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Securities Code: 6804
June 6, 2018

To Those Shareholders with Voting Rights

Kenji Furuhashi
President and Representative Director
Hosiden Corporation
4-33, Kitakyuhoji 1-Chome, Yao City,
Osaka

NOTICE OF THE 68th ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 68th Ordinary General Meeting of Shareholders of Hosiden Corporation (the “Company”). The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights by paper ballot. Please review the Reference Documents for the General Meeting of Shareholders, and return the Voting Rights Exercise Form with your vote and seal by 5:00 p.m., Wednesday, June 27, 2018.

- 1. Date and Time:** Thursday, June 28, 2018 at 9:00 a.m.
- 2. Place:** Meeting room of Hosiden Corporation
4-33, Kitakyuhoji 1-Chome, Yao City, Osaka, Japan
- 3. Agenda of the Meeting:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements for the 68th Fiscal Term (from April 1, 2017 to March 31, 2018), and results of audits by the Accounting Auditor and the Board of Statutory Auditors of the Consolidated Financial Statements
 2. Non-Consolidated Financial Statements for the 68th Fiscal Term (from April 1, 2017 to March 31, 2018)
 - Matters to be resolved:**
 - Proposal No. 1:** Appropriation of Surplus
 - Proposal No. 2:** Election of Two Substitutes for Statutory Auditors
 - Proposal No. 3:** Payment of Bonuses to Directors

-For those attending, please present the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting.

-Any and all corrections that occurred with regard to the Reference Documents for the General Meeting of Shareholders, Business Report, Non-Consolidated and Consolidated Financial Statements will be published on our website (<http://www.hosiden.co.jp/>).

(REFERENCE)

Financial Highlights
(Year ended March 31)

		March 2014	March 2015	March 2016	March 2017	March 2018
1. Consolidated financial highlights						
Net sales	(Millions of yen)	205,148	148,237	139,949	150,082	299,440
Ordinary income (loss)	(Millions of yen)	3,555	1,819	(5,134)	1,804	10,548
Net income (loss)	(Millions of yen)	(3,361)	122	(10,698)	2,053	10,233
Comprehensive income	(Millions of yen)	(997)	1,025	(11,531)	3,018	10,928
Net assets	(Millions of yen)	91,560	89,918	76,162	76,661	86,992
Total assets	(Millions of yen)	123,179	128,517	106,716	119,045	139,390
Net assets per share	(Yen)	1,384.56	1,421.02	1,239.20	1,289.30	1,463.09
Net income (loss) per share	(Yen)	(50.83)	1.88	(173.65)	33.59	172.11
Diluted net income per share	(Yen)	-	-	-	-	165.35
Equity ratio	(%)	74.3	70.0	71.4	64.4	62.4
Return on equity	(%)	-	0.1	-	2.7	12.5
Cash flows from operating activities	(Millions of yen)	8,422	7,641	4,156	(1,572)	3,757
Cash flows from investing activities	(Millions of yen)	(5,348)	(3,692)	(2,372)	(3,456)	(5,673)
Cash flows from financing activities	(Millions of yen)	(219)	(2,785)	(2,986)	(3,192)	8,832
Cash and cash equivalents at year-end	(Millions of yen)	54,259	55,744	54,015	45,457	52,405
2. Non-Consolidated financial highlights						
Net sales	(Millions of yen)	141,885	107,953	93,246	100,622	239,879
Ordinary income (loss)	(Millions of yen)	1,530	3,206	(4,159)	1,617	7,143
Net income (loss)	(Millions of yen)	(6,261)	(2,539)	(9,385)	1,609	6,789
Common stock	(Millions of yen)	13,660	13,660	13,660	13,660	13,660
Total number of shares issued	(Thousand shares)	72,710	69,710	69,710	69,710	67,710
Net assets	(Millions of yen)	75,110	70,487	58,397	58,355	64,739
Total assets	(Millions of yen)	96,739	103,817	88,746	103,465	120,325
Net assets per share	(Yen)	1,135.80	1,113.94	950.16	981.42	1,088.82
Annual dividends per share [Interim dividends per share]	(Yen)	10 [5]	10 [5]	10 [5]	8 [3]	20 [5]
Net income (loss) per share	(Yen)	(94.68)	(39.09)	(152.34)	26.32	114.19
Diluted net income per share	(Yen)	-	-	-	-	109.66
Equity ratio	(%)	77.6	67.9	65.8	56.4	53.8
Return on equity	(%)	-	-	-	2.8	11.0
Payout ratio	(%)	-	-	-	29.9	17.5

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, 2018)

(Millions of yen)

Account item	Amount	Account item	Amount
Assets		Liabilities	
Current assets	118,763	Current liabilities	35,386
Cash and deposits	45,087	Notes payable and accounts payable—trade	24,390
Notes receivable and accounts receivable—trade	30,494	Short-term borrowings	5,064
Short-term investment securities	8,100	Accrued income taxes	1,320
Merchandise and finished goods	7,302	Deferred tax liabilities	2
Work in process	2,099	Provision for directors' bonuses	100
Raw materials and supplies	19,468	Other	4,507
Deferred tax assets	1,484	Long-term liabilities	17,011
Operating accounts receivable	1,688	Convertible bond-type bonds with subscription rights to shares	10,137
Other	3,063	Deferred tax liabilities	1,607
Allowance for doubtful accounts	(25)	Net defined benefit liability	4,481
		Other	784
Fixed assets	20,626	Total Liabilities	52,397
Tangible fixed assets	13,998	Net assets	
Buildings and Structures	4,029	Owners' equity	86,165
Machinery and vehicles	4,274	Capital	13,660
Land	3,496	Additional paid-in capital	19,596
Construction in progress	48	Retained earnings	60,658
Other	2,150	Treasury stock	(7,750)
Intangible fixed assets	339	Accumulated other comprehensive income	827
Software and other	339	Unrealized gains on available-for-sale securities	2,298
Investments and other assets	6,288	Exchange adjustment account	(1,703)
Investment securities	5,170	Re-measurements of defined benefit plans	233
Net defined benefit asset	2		
Deferred tax assets	540	Total Net Assets	86,992
Other	928		
Allowance for doubtful accounts	(353)		
Total Assets	139,390	Total Liabilities and Net Assets	139,390

Consolidated Statement of Income
(From April 1, 2017 to March 31, 2018)

(Millions of yen)

Account item	Amount	
Net sales		299,440
Cost of sales		275,174
Gross profit		24,266
Selling, general and administrative expenses		11,223
Operating income		13,043
Non-operating income		
Interest and dividends income	180	
Dividend income of insurance	32	
Other	104	317
Non-operating expenses		
Interest expenses	131	
Exchange loss	2,627	
Other	53	2,812
Ordinary income		10,548
Extraordinary income		
Profit on disposal of fixed assets	2	
Gain on sales of investment securities	0	
Gain on sales of golf memberships	45	
Other	2	50
Extraordinary losses		
Loss on disposal and sales of fixed assets	1	
Loss on sales of investment securities	0	
Impairment loss	212	
Other	0	215
Income before income taxes		10,384
Income taxes—current		1,330
Income taxes—deferred		(1,179)
Net income		10,233
Profit attributable to non-controlling interests		—
Profit attributable to owners of parent		10,233

Consolidated Statement of Changes in Net Assets
(From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Owners' equity				
	Capital	Additional paid-in capital	Retained earnings	Treasury stock	Total owners' equity
Balance as of April 1, 2017	13,660	19,596	52,898	(9,626)	76,528
Changes during the fiscal year					
Dividends from surplus			(594)		(594)
Profit attributable to owners of parent			10,233		10,233
Acquisition of treasury stock				(2)	(2)
Retirement of treasury stock			(1,878)	1,878	—
Net changes in items other than owners' equity during the fiscal year					
Total changes during the fiscal year	—	—	7,760	1,876	9,636
Balance as of March 31, 2018	13,660	19,596	60,658	(7,750)	86,165

	Accumulated other comprehensive income				Total net assets
	Unrealized gains on available-for-sale securities	Exchange adjustment account	Re-measurements of defined benefit plans	Total accumulated other comprehensive income	
Balance as of April 1, 2017	2,106	(2,107)	134	132	76,661
Changes during the fiscal year					
Dividends from surplus					(594)
Profit attributable to owners of parent					10,233
Acquisition of treasury stock					(2)
Retirement of treasury stock					—
Net changes in items other than owners' equity during the fiscal year	191	404	99	695	695
Total changes during the fiscal year	191	404	99	695	10,331
Balance as of March 31, 2018	2,298	(1,703)	233	827	86,992

Non-Consolidated Balance Sheet

(As of March 31, 2018)

(Millions of yen)

Account item	Amount	Account item	Amount
Assets		Liabilities	
Current assets	101,460	Current liabilities	32,978
Cash and deposits	33,677	Notes payable—trade	3,504
Notes receivable—trade	1,544	Accounts payable—trade	19,150
Accounts receivable—trade	24,793	Short-term borrowings	1,050
Short-term investment securities	8,100	Accounts payable—other	1,140
Merchandise and finished goods	1,029	Accrued expenses	1,009
Work in process	580	Income taxes payable	775
Raw materials and supplies	109	Deposits received	6,066
Deferred tax assets	1,101	Provision for directors' bonuses	50
Operating accounts receivable	29,368	Other	231
Accounts receivable—other	923	Long-term liabilities	23,402
Other	231	Convertible bond-type bonds with subscription rights to shares	10,137
Fixed assets	19,659	Reserve for retirement benefits	3,017
Tangible fixed assets	7,528	Reserve for loss on guarantees of subsidiaries and affiliates	2,597
Buildings	1,797	Reserve for loss on business of subsidiaries and affiliates	6,071
Structures	16	Deferred tax liabilities	1,042
Machinery and equipment	1,152	Other	535
Vehicles and transportation equipment	27	Total Liabilities	56,380
Tools, furniture and fixtures	936	Net assets	
Molds	459	Owners' equity	62,441
Land	3,100	Capital	13,660
Construction in progress	37	Additional paid-in capital	19,596
Intangible fixed assets	186	Capital reserve	19,596
Software	168	Retained earnings	36,934
Other	18	Legal reserve	1,049
Investments and other assets	11,944	Other retained earnings	35,884
Investment securities	5,170	Reserve for special depreciation	2
Stocks of subsidiaries and affiliates	3,985	Reserve for dividends	200
Investments in equity of subsidiaries and affiliates	2,134	Reserve for advanced depreciation of fixed assets	472
Long-term loans receivable from subsidiaries and affiliates	1,892	General reserve	26,350
Other	2,596	Retained earnings brought forward	8,859
Allowance for doubtful accounts	(3,834)	Treasury stock	(7,750)
		Valuation and translation adjustments	2,298
		Unrealized gains on available-for-sale securities	2,298
		Total Net Assets	64,739
Total Assets	121,119	Total Liabilities and Net Assets	121,119

Non-Consolidated Statement of Income
(From April 1, 2017 to March 31, 2018)

(Millions of yen)

Account item	Amount	
Net sales		239,879
Cost of sales		225,852
Gross profit		14,026
Selling, general and administrative expenses		5,273
Operating income		8,753
Non-operating income		
Interest and dividends income	851	
Other	255	1,107
Non-operating expenses		
Interest expenses	5	
Rent expenses	53	
Foreign exchange losses	2,628	
Other	29	2,717
Ordinary income		7,143
Extraordinary income		
Profit on disposal of fixed assets	4	
Gain on sales of investment securities	0	4
Extraordinary losses		
Loss on disposal of fixed assets	1	
Loss on sales of investment securities	0	
Impairment loss	102	
Loss on valuation of shares of subsidiaries and associates	45	
Loss on valuation of investments in capital of subsidiaries and associates	474	
Provision of reserve for loss on guarantees of subsidiaries and affiliates	85	710
Income before income taxes		6,437
Income taxes—current		689
Income taxes—deferred		(1,041)
Net income		6,789

Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Owners' equity										
	Capital	Additional paid-in capital			Retained earnings						Total retained earnings
		Capital reserve	Total additional paid-in capital	Legal reserve	Other retained earnings						
					Reserve for special depreciation	Reserve for dividends	Reserve for advanced depreciation of fixed assets	General reserve	Retained earnings brought forward		
Balance as of April 1, 2017	13,660	19,596	19,596	1,049	3	200	481	26,350	4,532	32,618	
Changes during the fiscal year											
Reversal of reserve for special depreciation					(0)				0	—	
Reversal of reserve for advanced depreciation of fixed assets							(9)		9	—	
Dividends from surplus									(594)	(594)	
Net income									6,789	6,789	
Acquisition of treasury stock											
Retirement of treasury stock									(1,878)	(1,878)	
Net changes in items other than owners' equity during the fiscal year											
Changes during the fiscal year	—	—	—	—	(0)	—	(9)	—	4,326	4,316	
Balance as of March 31, 2018	13,660	19,596	19,596	1,049	2	200	472	26,350	8,859	36,934	

(Millions of yen)

	Owners' equity		Valuation and translation adjustments	Total net assets
	Treasury stock	Total owners' equity	Unrealized gains on available-for-sale securities	
Balance as of April 1, 2017	(9,626)	56,248	2,106	58,355
Changes during the fiscal year				
Reversal of reserve for special depreciation		—		—
Reversal of reserve for advanced depreciation of fixed assets		—		—
Dividends from surplus		(594)		(594)
Net income		6,789		6,789
Acquisition of treasury stock	(2)	(2)		(2)
Retirement of treasury stock	1,878	—		—
Net changes in items other than owners' equity during the fiscal year			191	191
Changes during the fiscal year	1,876	6,192	191	6,384
Balance as of March 31, 2018	(7,750)	62,441	2,298	64,739

Reference Documents for the General Meeting of Shareholders

Proposals and references

Proposal No. 1: Appropriation of Surplus

Hosiden Corporation embraces providing returns to shareholders as one of our important corporate policies. While striving to increase corporate value with respect to research and development, and to increase investment in production equipment, etc. in response to rapidly advancing technology, the Company is steadfastly working to maintain and improve the level of profit return to shareholders, and is expanding business and reinforcing its financial position through such efforts as securing internal reserves from a long-term viewpoint.

Under this policy, the Company proposes the year-end dividend and other appropriation of surplus for the fiscal year as follows.

1. Types of dividend properties
Cash
2. Matters related to distribution of dividend properties and the amount
Shares of common stock of the Company: ¥15 per share (ordinary dividend of ¥10 and special dividend of ¥5)
Aggregate amount: ¥891,877,980
The annual dividend for the term, along with the interim dividend of ¥5 per share, will be ¥20 per share.
3. Effective date of the dividend of surplus
June 29, 2018

Proposal No. 2: Election of Two Substitutes for Statutory Auditors

The effect of electing Kazunori Nishimura and Masashi Mori, who were elected as substitutes for Statutory Auditors at the 67th Ordinary General Meeting of Shareholders, held on June 29, 2017, shall expire at the beginning of this General Meeting of Shareholders. In the case of a vacancy of Statutory Auditors, as stipulated by law, we hereby propose that Kazunori Nishimura be elected as a substitute for Statutory Auditor Saburo Kikyo and that Masashi Mori be elected as a substitute for Outside Statutory Auditors Takayuki Tanemura and Susumu Maruno.

The Board of Statutory Auditors has previously given its approval to this proposal.

The candidates for substitutes for Statutory Auditors are as follows:

Candidate No.	Name (Date of Birth)	Career summary and positions in the Company and important concurrent position		Number of shares of the Company held
1	Kazunori Nishimura (November 3, 1958)	April 1981 April 2017	Joined Hosiden Corporation General Manager, General Affairs Department (to the present)	4,150 shares
2	Masashi Mori (March 4, 1956)	April 1974 July 2008 July 2011 July 2014 August 2016	Joined Osaka Regional Taxation Bureau District Director, Shingu District Tax Office District Director, Itami District Tax Office District Director, Joto District Tax Office Established Masashi Mori Certified Tax Accountant Office (to the present) [Important concurrent positions] Director, Masashi Mori Certified Tax Accountant Office	0 shares

Notes: 1. No conflict of interest exists between the Company and the above candidates for substitutes for Statutory Auditors.

2. The matters concerning the candidate for substitute for Outside Statutory Auditors are described as follows:

- (1) Masashi Mori is a candidate for substitute for Outside Statutory Auditor. If he is appointed as an Outside Statutory Auditor, Mr. Mori will be notified to the Tokyo Stock Exchange, Inc. as an independent officer, since he satisfies the requirements for independent officers as stipulated by the TSE.
- (2) Having considered that Mr. Mori has considerable knowledge on finance and accounting as a certified tax accountant, as well as experience in serving in various positions including tax bureau chief, the Company has judged that he will be able to fully perform his duties as an Outside Statutory Auditor, and hereby proposes that he be elected as a substitute for Outside Statutory Auditor. Although he has not directly participated in business management other than participation as an Outside Director or Outside Statutory Auditor, the Company has judged that he will be able to fully perform his duties as an Outside Statutory Auditor for the above reasons.
- (3) In the event the election of Masashi Mori as a substitute for Statutory Auditor is approved and he assumes office as an Outside Statutory Auditor in the case of a vacancy of Statutory Auditors as stipulated by laws and ordinances, the Company, pursuant to the provisions of its Articles of Incorporation and Article 427, Paragraph 1 of the Companies Act, will enter into an agreement with Mr. Mori to limit his liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act to the amount specified in laws and ordinances.

Proposal No. 3: Payment of Bonuses to Directors

In consideration of factors such as the business results of the fiscal year, the Company requests approval for payment of ¥50,000,000 as bonuses to Directors for the four Directors in office, excluding Outside Directors, as of the end of the fiscal year.

We also propose that the specific amount to be paid to each Director be left to the discretion of the Board of Directors.