

Securities code: 8927  
October 12, 2021

To our shareholders

2-10-11 Meguro, Meguro-ku, Tokyo  
Meiho Enterprise Co., Ltd.

Chairman &

Representative Mitsuru Yabuki  
Director

## Notice of the 53rd Ordinary General Meeting of Shareholders

We would like to express our sincere gratitude for your continued support.

We hereby give notice that the 53rd Ordinary General Meeting of Shareholders of the Company will be held as follows.

In order to avoid the risk of coronavirus infection, we strongly recommend that you refrain from coming to the meeting in person, and exercise your voting rights in advance in writing or via the Internet. In particular, we ask that elderly shareholders, those with underlying medical conditions, and those who are pregnant, who are considered most likely to be severely affected by the infection, use extra caution when exercising their voting rights. If you are eligible to vote, please review the reference documents for the General Meeting of Shareholders shown below and vote by 5:30 pm on Tuesday, October 26, 2021.

Best regards

1. Date and time           October 27, 2021 (Wednesday) at 10:00 am (venue opens at 9:00 am)
2. Location             2-15-19 Kamiosaki, Shinagawa-ku, Tokyo  
MG Meguro Ekimae, 2nd floor meeting rooms H, I, and J  
(Please refer to the map at the end of this document for the location of the General Meeting of Shareholders.)
3. Meeting Objectives  
Matters to Be Reported
  1. Business Report and Consolidated Financial Statements for the 53rd Term (from August 1, 2020 to July 31, 2021) and Report on the Results of Audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
  2. Financial Statements Report for the 53rd term (from August 1, 2020 to July 31, 2021)

### Resolutions

Proposal No. 1 Appropriation of Retained Earnings

Proposal No. 2 Appointment of the Accounting Auditor

Proposal No. 3 Election of Three (3) Directors (excluding those who are members of the Audit and Supervisory Committee)

Proposal No. 4 Election of Two (2) Directors who are members of the Audit and Supervisory Committee

Proposal No. 5 Election of One (1) Director who is a substitute member of the Audit and Supervisor

The end

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If you plan to attend the meeting, please submit the enclosed Voting Form to the reception desk at the venue.

Any amendments to the Business Report, Financial Statements, Consolidated Financial Statements and reference documents for the General Meeting of Shareholders attached to this Notice of the General Meeting of Shareholders will be posted on the Company's website (<https://www.meiho-est.com/>).

#### Measures to Prevent COVID-19 Infection

- \* The body temperature of shareholders will be checked before entry. Shareholders who are judged by the management staff to be in poor health will be notified and may be refused admission.
- \* Shareholders planning to attend in person are asked to be sure to bring a mask. Please be sure to wear your mask at all times inside the venue.
- \* The management staff of this general meeting will check the physical condition of those entering, including checking body temperature, and they will be required to wear a mask.
- \* In order to reduce the risk of the spread of infection and to ensure the continuation of the company's business, only some of our executives may attend the meeting or their attendance will be made online, regardless of their health condition on the day of the meeting.
- \* Depending on the circumstances regarding the spread of COVID-19, the venue or the start time may be changed.

In that case, we will post a notification on our website (<https://www.meiho-est.com/>). Even if you plan to attend the meeting in person, please be sure to check the Company's website beforehand.

- \* Please note that the number of seats has been significantly reduced in order to provide sufficient space between seats for shareholders. Please note that we may have to refuse entry if all available seats are taken

(Documents Provided)

## Business Report

( From August 1, 2020  
to July 31, 2021 )

### 1. Current Status of the Corporate Group

#### (1) Overview of business for the current consolidated fiscal year

##### 1) Business progress and results

During the consolidated fiscal year, the Japanese economy is showing signs of a gradual recovery, with personal consumption, housing investment, and capital investment exceeding the levels before the spread of the COVID-19 virus. However, demand for food and beverages and inbound demand remain sluggish, and industry polarization is increasing. The COVID-19 vaccination rate has been steadily on the rise. However, the balance between prevention of the infection spread and socioeconomic activities is in a state of constant flux, and the future remains uncertain due to the extension of the State of Emergency Declaration and semi-emergency measures in major cities.

In the real estate industry in which the Meiho Group operates, housing construction costs are unstable due to the soaring price of building materials as a result of the global rise in lumber prices caused by the COVID-19 pandemic (so-called "Wood Shock") and price hikes in PVC resin products.

Under these business circumstances, the Group made the following efforts in each business segment.

In the real estate sales business, the Group proactively pursued purchasing and sales activities for its main brands, MIJAS and EL FARO, and completed the delivery of 21 properties in the suburbs of central Tokyo, including MIJAS Ikebukuro (Toshima-ku, Tokyo), the 100th property in the series. In the real estate revitalization business, the Group has made efforts to further expand earnings by developing and offering the "ME BLD." series and other diverse products to uncover potential customers for rental properties.

In the real estate leasing business, the Group was forced to discontinue regular seminars for existing owners. However, non-face-to-face communication activities, customer satisfaction questionnaires, and other initiatives have been conducted to ensure continuous information sharing and exchange with existing owners. For its main brands, the MIJAS

In the real estate brokerage business, the Group made efforts to increase revenues by introducing properties in line with customer needs by leveraging its unique information network, including other businesses such as the real estate sales business and EL FARO series, the Group offers a one-stop service, from the creation of products to their management, thereby endeavoring to maintain high quality and high occupancy rates. Consequently, the series is creating synergies within the Group, with their good recognition as highly profitable real estate investment products, triggering repeated purchases of real estate investment product series.

In the real estate brokerage business, the Group made efforts to increase revenues by introducing properties in line with customer needs by leveraging its unique information network, including other businesses such as the real estate sales business.

In the contracting business, the Group worked to generate further revenues by designing and constructing five properties in the "MIJAS" series and one property in the "EL FARO" series, as well as by actively proposing renovations and remodeling suited to the characteristics and conditions of the properties under management.

As a result of the above, the Group's consolidated net sales for the current fiscal year stood at 10,181 million yen (up 2.8% year on year), as the timing of the sale of some projects was postponed from the previous fiscal year to the current fiscal year due to the State of Emergency Declaration, and the impact of the COVID-19 virus was limited in the current fiscal year. In addition, we were able to secure stable profit margins and profit amounts for all our investment real estate sales projects, such as MIJAS and EL FARO, while reducing selling, general and administrative expenses with lower advertising expenses through the cancellation and reduction of face-to-face sales, exhibitions, and seminars in order to prevent the spread of COVID-19. As a result, operating profit stood at 982 million yen (up 78.1% year on year) and ordinary profit stood at 961 million yen (up 116.3% year on year). Also, as a result of careful consideration of the recoverability of deferred tax assets in light of the results for the current fiscal year and future business trends, and a partial reversal of deferred tax assets in the fourth quarter of the fiscal year ended July 31, 2021, profit attributable to owners of parent stood at 825 million yen (up 169.7% year on year).

### Overview of Reportable Segments

- A. In the real estate sales business, we delivered 18 properties in the MIJAS series (apartment development project) and three properties in the "EL FARO" series (premium rental apartment project). In the real estate revitalization business, we sold one income-producing real estate property and land for a development project. As a result, net sales totaled 7,746 million yen (down 3.5% year on year) and segment income totaled 787 million yen (up 108.8% year on year).
- B. In the real estate leasing business, due to property management fees for the management business of the real estate management company, a Group company, net sales totaled 2,117 million yen (down 1.2% year on year), and segment income totaled 337 million yen (up 1.9% year on year).
- C. In the real estate brokerage business, with real estate brokerage and other fees, net sales totaled 57 million yen (1 million yen in the previous consolidated fiscal year), and segment income totaled 18 million yen (1 million yen in the previous consolidated fiscal year).
- D. Regarding the contracting business, mainly due to the execution of contracted construction and renovation works, net sales totaled 243 million yen (down 7.3% year on year), and segment income totaled 2 million yen (down 84.4% year on year).
- E. This section refers to those business segments not included in the reportable segments. With the main contribution of the insurance agency business, net sales totaled 34 million yen (down 3.4% year on year), and segment income totaled 32 million yen (down 3.6% year on year).

2) Information about capital expenditures

A. Major facilities acquired during the current consolidated fiscal year

There is nothing to report.

B. New installation and expansion of major facilities in progress during the current consolidated fiscal year

There is nothing to report.

C. Sales, removal, and loss of important non-current assets during the current consolidated fiscal year

There is nothing to report.

3) Information about financing

Not applicable.

4) Business transfers, absorption-type company split or incorporation-type company split

Not applicable.

5) Acquisition of the business of other companies

Not applicable.

6) Acquisition or disposal of the shares or other equity or stock acquisition rights of other companies

Not applicable.

7) Succession of rights and obligations related to the business of other corporations, etc. through absorption-type merger or absorption-type split

Not applicable.

(2) Status of assets and profit (loss)

Category	50th Term (FY ended July 31, 2018)	51st Term (FY ended July 31, 2019)	52nd Term (FY ended July 31, 2020)	53rd Term (Current consolidated fiscal year) (FY ended July 31, 2021)
Net sales (million yen)	14,479	10,638	9,907	10,181
Ordinary profit (million yen)	2,624	291	444	961
Profit attributable to owners of parent (million yen)	2,256	138	305	825
Basic earnings per share (yen)	93.93	5.85	12.96	34.95
Total assets (million yen)	10,312	11,521	11,448	11,607
Net assets (million yen)	4,257	4,190	4,372	5,085
Net assets per share (yen)	179.75	176.98	184.69	214.75

(Note) The figures for the 50th Term reflect revisions to the financial statements for previous years.

(3) Information about significant parent companies and subsidiaries

Significant subsidiaries

Company name	Share capital	Ratio of voting rights of the Company	Main business activities
Meiho Properties Co., Ltd.	33,200 <sup>thousand yen</sup>	98.0%	Real estate leasing, real estate brokerage
House Saison Enterprise Co., Ltd.	15,000 <sup>thousand yen</sup>	100.0%	Real estate leasing, real estate brokerage
Moon Asset Co., Ltd.	50 <sup>thousand yen</sup>	100.0%	Real estate development and management

(4) Issues to be addressed

In the market for rental real estate for investment, which is the focus of the Company's MIJAS brand of rental apartments, the number of vacant houses continues to increase, particularly in regional cities. In order to secure stable occupancy rates in spite of the nationwide difficulty in recovering demand, it is necessary to focus on supplying properties in urban areas, where a high occupancy rate can be expected in the future, and to implement a strategy of differentiation by offering value-added services.

In regard to COVID-19, which continues to spread nationwide, as a result of the declaration of a state of emergency and the extension of priority measures to prevent the spread of the disease in major cities, the balance between preventing the spread of the disease and maintaining socioeconomic activities continues to be in a state of flux, and business measures with an eye on "With/Post COVID-19" are required.

In this business environment, in line with the Company's corporate philosophy of being a "comprehensive developer focused on creating things" in order to build lifelong relationships with our customers, the real estate sales business saw strong sales in its core business, including the Group's one-stop service product, rental apartment brand MIJAS, which combines development, sales, and property management (18 properties supplied in the fiscal year ended July 31, 2021), and the premium rental condominium brand EL FARO (3 properties supplied in the fiscal year ended July 31, 2021), with a target of supplying around 25 properties per year.

The Group's business base, including the markets for its core businesses, remains strong, and although the impact of the COVID-19 pandemic, which continues to spread nationwide, is currently limited, we will continue to actively purchase land for business and carry out sales activities, while giving due consideration to preventing the spread of COVID-19 over the next fiscal year and beyond.

(5) Main business activities (as of July 31, 2021)

Business Category	Description of Business
Real estate sales business	Sales of the MIJAS rental apartment series and EL FARO series of premium rental apartments, etc.
Real estate leasing business	Subleasing of rental apartments, etc.
Real estate brokerage business	Brokerage services arising in connection with the real estate sales business
Contracting business	Contract construction and renovation
Other	Insurance agency business, etc.



(6) Main sales offices (as of July 31, 2021)

Our Company	Head office: Meguro-ku, Tokyo, Kansai branch: Kyoto-shi, Kyoto
Meiho Properties Co., Ltd.	Head office: Meguro-ku, Tokyo
House Saison Enterprise Co., Ltd.	Head office: Kyoto-shi, Kyoto
Moon Asset Co., Ltd.	Head office: Kyoto-shi, Kyoto

(7) Status of employees (as of July 31, 2021)

1) Information about the Group employees

Number of employees	Change from the end of the previous consolidated fiscal year
71people	Decrease of 4 people

2) Information about the Company employees

Number of employees	Change from the end of the previous business year	Average age	Average years of service
29people	Decrease of 2 people	39.6 years old	8.3 year(s)

(8) Information about major creditors (as of July 31, 2021)

Creditors	Balance of borrowings
Kyoto Chuo Shinkin Bank	925million yen
Higashi-Nippon Bank Ltd.	661million yen
Tokyo City Shinkin Bank	545million yen
Kiraboshi Bank, Ltd.	511million yen
Setagaya Shinkin Bank	503million yen

(9) Other significant matters concerning the Group

Not applicable.

## 2. Information about the Company

### (1) Information about shares (as of July 31, 2021)

1) Total number of  
 outstanding shares 24,661,000shares

2) Number of shareholders 6,143people

### 3) Information about major shareholders

Name of shareholder	Number of shares held (shares)	Shareholding ratio (%)
Mitsuru Yabuki	7,871,600	33.33
House Saison Co., Ltd.	3,417,700	14.47
DAIWA CM SINGAPORE LTD - NOMINEE ROBERT LUKE COLLICK (Daiwa Securities Co.Ltd.)	1,149,900	4.87
Heartful Saison Co., Ltd.	900,000	3.81
Tetsuzo Kimura	500,000	2.12
Shoei Co., Ltd.	428,400	1.81
PHILLIP SECURITIES CLIENTS (RETAIL)	311,200	1.32
Hideyuki Mizuno	255,000	1.08
Nomura Securities Co., Ltd.	187,600	0.79
Minoru Wada	155,000	0.66

(Note) Although the Company holds 1,047,160 shares of treasury stock, it is excluded from the major shareholders above.

The shareholding ratio is also calculated excluding the treasury stock (1,047,160 shares).

(2) Share acquisition rights, etc.

1) Status of the share acquisition rights held by Company Directors as compensation for execution of duties (as of July 31, 2021)

Not applicable.

2) Status of the share acquisition rights issued to employees, etc. as compensation for execution of duties during the current fiscal year

Not applicable.

3) Other status of share acquisition rights, etc.

Not applicable.

(3) Information about directors

1) Board members (as of July 31, 2021)

Position within the Company	Name	Responsibilities and other important positions	
Chairman & Representative Director	Mitsuru Yabuki	Azabu Building Co., Ltd. Land Capital Partners Co., Ltd.	President and Representative Director President and Representative Director
President	Takahiro Umeki	Meiho Properties Co., Ltd. House Saison Enterprise Co., Ltd.	President and Representative Director Director
Director and Managing Executive Officer	Shunji Yasuda	Head of the Management Department Meiho Properties Co., Ltd. House Saison Enterprise Co., Ltd.	Auditor Auditor
Director and Executive Officer	Yuji Suzuki	Management Planning Supervisor Fez Inc.	Director, Executive Officer, CFO
Director (Audit and Supervisory Committee Member)	Yui Kayano	Vasco Da Gama Offices	Partner
Director (Audit and Supervisory Committee Member)	Yutaka Yamamuro		
Director (Audit and Supervisory Committee Member)	Kazuya Shimamura	Shimamura Law & Accounting 3-D Matrix, Ltd. Cosmo Bio Co., Ltd. AZoom Co., Ltd. CAICA Inc.	Representative Outside Director Outside Director Outside Auditor Outside Director
Director (Audit and Supervisory Committee Member)	Tetsuzo Kimura	Shoei Co., Ltd.	Representative Director
Director (Audit and Supervisory Committee Member)	Taiji Yamamoto		

(Note) 1. Yui Kayano, Yutaka Yamamuro, Kazuya Shimamura, Tetsuzo Kimura and Taiji Yamamoto are Outside Directors.

- The Company does not appoint full-time Audit and Supervisory Committee members. Instead, it has designated specific Audit and Supervisory Committee members to gather information through attendance at management meetings and regular interviews with the internal audit department to ensure the effectiveness of audits.
- Director Kazuya Shimamura is a certified public accountant and has considerable knowledge of finance and accounting.
- The Company has designated Director Yutaka Yamamuro as an independent Director in accordance with the provisions of the Tokyo Stock Exchange and has notified the Exchange of this designation.

2) Matters related to the policy for determining remuneration, etc. for each individual Director  
 Remuneration for Company Directors is delegated to Representative Directors by the Board of Directors within the compensation limits resolved at the General Meeting of

Shareholders. Remuneration for Directors is fixed remuneration only; performance-linked remuneration has not been adopted.

The mandatory is the Chairman and Representative Director, Mitsuru Yabuki. The authority delegated to him is the discretionary authority to determine the remuneration of each Director within the compensation limits resolved at the General Meeting of Shareholders, taking into consideration the duties and responsibilities of each Director, their performance, and the business environment. The reason for the delegation of authority is that the term of office of Company Directors is one year, and the Representative Director has an overall view of the Company, which enables him to determine the appropriate remuneration for each Director, taking into consideration his or her duties, responsibilities and performance, as well as the management environment, etc. It is also intended to motivate each Director to play an active role without delay. In determining the remuneration, the Representative Director listens to and gives due consideration to the opinions of the Audit and Supervisory Committee.

Because the amount of remuneration for each individual Director is determined based on the above, the Board of Directors believes that such remuneration is in line with the decision-making policy.

The amount of remuneration for each Audit and Supervisory Committee member is a fixed amount that is not affected by the Company's business performance, as the members of the Audit and Supervisory committee are responsible for auditing the execution of duties of the entire Group, and is determined through discussions among members of the Audit and Supervisory Committee.

### 3) Total remuneration, etc. for Directors

Category	Persons paid	Amount paid
Directors (excluding Audit and Supervisory Committee members) (portion to Outside Directors)	6 people (-) people	77 million yen (-) million yen
Director (Audit and Supervisory Committee members) (portion to Outside Directors)	7 people (7) people	18 million yen (18) million yen
Total (portion to Outside Directors)	13 people (7) people	96 million yen (18) million yen

(Note) 1. The maximum amount of remuneration for Directors (excluding Audit and Supervisory Committee members) was resolved at the Ordinary General Meeting of Shareholders held on October 29, 2015 to be 200 million yen per year. The number of Directors (excluding Audit and Supervisory Committee members) as of the close of this Ordinary General Meeting of Shareholders is six (6).

2. The maximum amount of remuneration for Directors who are Audit and Supervisory Committee members

was resolved at the Ordinary General Meeting of Shareholders held on October 29, 2015 to be 20 million yen per year. The number of Directors (Audit and Supervisory Committee members) as of the close of this Ordinary General Meeting of Shareholders is three (3).

4) Outline of the Directors and Officers Liability Insurance

The Company has entered into a Directors and Officers Liability Insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with the Directors, Corporate Auditors, and Executive Officers of the Company, and its subsidiaries as insured parties. The insurance covers losses that may arise due to insured parties assuming liability for their execution of duties, or receiving a claim for the pursuit of such liability. However, there are certain exemptions, such as non-coverage of damages caused by acts committed with the knowledge that such acts are in violation of laws and regulations. The insurance premiums are fully paid by the Company, and the insured persons do not bear the cost of the premiums.

5) Matters concerning Outside Directors

Outside Directors (Audit and Supervisory Committee members)

- A. Status of concurrent positions held by executive officers of other companies and the relationship between the Company and the other companies  
 - Not applicable.
- B. Status of concurrent positions held by Outside Directors of other companies and the relationship between the Company and the other companies  
 - Not applicable.
- C. Main activities during the current fiscal year  
 - Attendance at meetings of the Board of Directors and the Audit and Supervisory Committee

Category	Name	Main activities
Outside Directors (Audit and Supervisory Committee members)	Yui Kayano	He has attended all 21 meetings of the Board of Directors and all 13 meetings of the Audit and Supervisory Committee held since he assumed the office of Outside Director (Audit and Supervisory Committee member). As a legal expert through his career as an attorney-at-law, he appropriately fulfilled the role expected of an Outside Director, supervising the execution of duties by Directors and Executive Officers, and making necessary comments on proposals and deliberations as appropriate.
	Yutaka Yamamuro	He attended all 23 meetings of the Board of Directors and all 15 meetings of the Audit and Supervisory Committee held during the current fiscal year. He appropriately fulfilled the role expected of an Outside Director, such as supervising the execution of duties by Directors and Executive Officers, by making necessary comments on proposals and deliberations from his expert perspective as an experienced management executive of a financial institution.
	Kazuya Shimamura	He attended all 23 meetings of the Board of Directors and all 15 meetings of the Audit and Supervisory Committee held during the current fiscal year. He appropriately fulfilled the role expected of an Outside Director, supervising the execution of duties by Directors and Executive Officers, and making necessary comments on proposals and deliberations from his professional perspective as a certified public accountant and lawyer.
	Tetsuzo Kimura	He has attended all 21 meetings of the Board of Directors and all 13 meetings of the Audit and Supervisory Committee held since he assumed the office of Outside Director (Audit and Supervisory Committee member). He appropriately fulfilled the role expected of an Outside Director, supervising the execution of duties by Directors and Executive Officers, and making necessary comments on proposals and deliberations from his expert perspective as someone with many years of experience as a manager.

	Taiji Yamamoto	He has attended all 21 meetings of the Board of Directors and all 13 meetings of the Audit and Supervisory Committee held since he assumed the office of Outside Director (Audit and Supervisory Committee member). He appropriately fulfilled the role expected of him as an Outside Director, supervising the execution of duties by Directors and Executive Officers, and making necessary comments on proposals, deliberations, etc. from an objective standpoint based on his experience and broad insight cultivated at multiple companies.
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D. Summary of the Liability Limitation Agreement

Based on the provisions of Article 427, Paragraph 1 of the Companies Act, the Company and each member of the Audit and Supervisory Committee have entered into an agreement to limit their liability for damages as stipulated in Article 423, Paragraph 1 of the same act. The limit on liability for damages under the agreement is the amount stipulated in laws and regulations.



(4) Information about the Accounting Auditor

1) Name: Johnan Accounting Office

(Note) On February 25, 2021, the Company agreed to terminate the audit contract with Genwa & Co., which had been the Company's accounting auditor. At the Audit and Supervisory Committee meeting held on the same day, the Johnan Accounting Office was appointed as temporary accounting auditor and took office.

2) Amount of Remuneration, etc.

	Genwa & Co.	Johnan Accounting Office
1. Remuneration, etc. for the current fiscal year	10million yen	9million yen
2. Total amount of money and other financial benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	10million yen	9million yen

(Notes) 1. In the contract between the Company and the Accounting Auditor, the amount of remuneration for audits based on the Companies Act and the amount of remuneration for audits based on the Financial Instruments and Exchange Act are not clearly distinguished, nor are they practically distinguishable, so the amount of remuneration for the fiscal year under review includes the sum of these amounts.

2. The Company's Audit and Supervisory Committee, reviewed the content of the Accounting Auditor's audit plan, their execution of duties in the previous fiscal year and the basis for the estimate of audit remuneration by acquiring the necessary materials and reports from the Directors, relevant internal departments and the accounting auditor, while referring to the Practical Guidelines for Coordination with Accounting Auditors published by the Japan Corporate Auditors Association. As a result, the Audit and Supervisory Committee has given its approval in accordance with Article 399, Paragraph 1 of the Companies Act.

3) Policy on Dismissal or Non-reappointment of the Accounting Auditor

The Audit and Supervisory Committee shall dismiss the Accounting Auditor with the unanimous consent of the Audit and Supervisory Committee members if the Accounting Auditor falls under any of the reasons set forth under Article 340, Paragraph 1 of the Companies Act. In addition, if it is deemed difficult for the Accounting Auditor to properly fulfill its duties, the Audit and Supervisory Committee will determine the details of the proposal for dismissal or non-reappointment of the Accounting Auditor which will be submitted to the General Meeting of Shareholders.

(5) Summary of the resolution regarding the establishment of systems, etc. to ensure the proper execution of operations

The details of the resolution on the establishment the Company's internal control system to be implemented in accordance with Article 362, Paragraph 4, Item 6 of the Companies Act, and the establishment of an internal control system as stipulated in Article 100 of the Ordinance for Enforcement of the Companies Act are summarized below.

1) System to ensure that the execution of duties by Directors complies with laws and regulations and the Company's Articles of Incorporation

Directors mutually supervise the execution of duties by other Directors through the Board of Directors. The Directors who are members of the Audit and Supervisory Committee have voting rights at the Board of Directors meetings and check the legality of the execution of duties by the Directors who are not members of the Audit and Supervisory Committee in compliance with laws and regulations and the Articles of Incorporation through statements of opinions from a viewpoint independent of the Directors who are not members of the Audit and Supervisory Committee and audits conducted in accordance with the Audit and Supervisory Committee Regulations and audit plans.

2) Systems for the storage and management of information related to the execution of duties by Directors

The Company carries out the appropriate storage and management of records related to decision-making at important meetings such as the Board of Directors and the Management Committee, as well as other important documents and information concerning the execution of duties by Directors, in accordance with laws and regulations and internal rules, and verifies and reviews the status of operations as necessary. When decisions are made in writing, they are managed in accordance with the preparation procedures and storage methods stipulated in the Rules of the Internal Approval System.

3) Regulations and other systems for managing the risk of loss

Directors have the authority and responsibility to establish systems and measures for managing risk. Accordingly, an Internal Audit Office under the direct control of the Representative Director and a Legal Department in the Management Department, which is in charge of providing guidance on legal compliance and implementing checks to avoid risk of loss. In the event of a serious incident at the Company or one of its subsidiaries, the Company will convene an Emergency Response Council, take prompt action, and establish a system to minimize loss and damage.

4) System to ensure the efficient execution of duties by Directors

The Board of Directors shall meet once a month to make decisions on important matters stipulated in laws and regulations and the Board of Directors Rules, and to supervise the execution of duties by Directors. In addition, by establishing the Management Committee as a decision-making body for the execution of duties, the Board of Directors has focused its functions on the supervisory function, thereby improving the efficiency of the execution of duties and strengthening the checking function of the Board of Directors. The Management Committee is composed of Directors, Directors of the Company's subsidiaries, and other executives of equivalent rank or higher. It meets once a month to deliberate and review important matters, make decisions on the execution of duties in a flexible manner, and share information.

5) System to ensure that the execution of duties by employees of the Company and its subsidiaries complies with laws and regulations and the Company's Articles of Incorporation

The Company and its subsidiaries have established the Rules on Division of Responsibilities, the Rules on Administrative Authority, the Rules of the Internal Approval System, and the Code of Ethics to clarify the authority and responsibilities of each officer and employee, and to establish a system to ensure that their duties are executed in a lawful, appropriate, and efficient manner.

In addition, the Company and its subsidiaries have established an Internal Audit Office under the direct control of the Representative Director. In accordance with the Internal Audit Rules, the Internal Audit Office periodically conducts internal audits of overall business operations, including compliance with laws and regulations, the Articles of Incorporation, and internal regulations, as well as the appropriateness of procedures and the execution of duties, and reports the results to the Representative Director, the Board of Directors, and the Audit and Supervisory Committee. In addition, the Internal Audit Office shall follow up on the status of improvement and implementation of recommendations and matters identified through internal audits.

In accordance with the Internal Reporting System Operation Rules, the Company and its subsidiaries have established a system to ensure the proper handling of reports and consultations to ensure the early detection and correction of legal violations and other issues related to compliance.

- 6) System to ensure the appropriate operation of the business by corporate group consisting of the Company and its subsidiaries

Information on the management of the Company's subsidiaries is reported to the Management Committee as necessary, and the system ensures that the Company's intentions are reflected in important decisions concerning their management. The audits by Directors who are members of the Company's Audit and Supervisory Committee and regular internal audits by the Internal Audit Office also cover subsidiaries, and the results of these audits are reported to the Board of Directors and the Audit and Supervisory Committee.

- 7) Matters concerning the system for employees required to assist the Audit and Supervisory Committee in its duties and the independence of such employees from the Directors

Due to its size, the Company does not currently have employees to assist the Audit and Supervisory Committee in its duties. However, the Internal Audit Office shall assist the Audit and Supervisory Committee in its duties upon receiving a request for investigation from the Audit and Supervisory Committee. Furthermore, if the Audit and Supervisory Committee deems it necessary, full-time employees shall be assigned to assist the Audit and Supervisory Committee within a reasonable scope after discussions with the Audit and Supervisory Committee. The appointment and transfer of such employees shall be subject to the consent of the Audit and Supervisory Committee, and such employees shall remain independent from the Directors.

- 8) Systems for Directors and employees to report to the Audit Committee and other systems for reporting to the Audit Committee, and systems for ensuring that the Audit Committee's audits are conducted effectively

The Audit and Supervisory Committee audits the execution of duties by Directors in accordance with laws and regulations, the Audit and Supervisory Committee rules, and the Audit and Supervisory Committee auditing standards.

In order to ensure the effectiveness of audits and appropriate reporting to the Audit and Supervisory committee, the system shall be such that Directors who are Audit and Supervisory committee members may attend meetings of the Board of Directors and management meetings, receive reports on important management information in a timely manner, and express their opinions. They may also inspect important internal documents such as minutes and approval documents at any time at their discretion, and have the

authority to request explanations from Directors and employees as necessary.

The Audit and Supervisory Committee shall share information with the Internal Audit Office, collaborate with the Accounting Auditor, and use internal organizations to efficiently investigate the legality and appropriateness of the business activities of Directors and employees.

Employees may report the following matters directly to the Audit and Supervisory Committee.

- A. Facts that could potentially cause significant damage to the Company
- B. Serious violations of laws and regulations or the Articles of Incorporation

- 9) Policies related to procedures for prepayment or reimbursement of expenses incurred in the execution of duties by Directors who are Audit and Supervisory Committee Members or the treatment of expenses and debts arising in the execution of such duties

When a Director who is a member of the Audit and Supervisory Committee makes a request to the Company for advance payment of expenses in connection with the execution of his or her duties, the Company shall promptly settle such expenses and debts after deliberation by the department in charge, unless it is proven that the expenses or debts related to such request are not necessary for the execution of the duties of the Director in question.

- 10) System to ensure the reliability of financial reporting

To ensure the reliability of financial reporting and the effective and appropriate submission of internal control reports as stipulated in the Financial Instruments and Exchange Act, the Company shall, under the direction of the Representative Director, develop and establish an internal control system, continuously evaluate that the system functions effectively and appropriately, and take corrective actions when necessary. The Company shall also ensure compliance with the Financial Instruments and Exchange Act and related laws and regulations.

11) Preventing Relationships with Antisocial Forces

a) The Company shall take a firm stance against any person or group that engages in antisocial activities, violence, or unreasonable demands, such as organized crime groups or corporate racketeers, and shall block all relationships with them.

b) In the event of aggression toward the Company by antisocial forces, the Company shall not give in to them, but firmly reject them and respond appropriately in accordance with the Manual for Preventing Damage from Antisocial Forces.

The implementation status of measures to improve the internal control system during the past year is as follows.

The Company and its subsidiaries, led by the Management Department, aim to establish an internal control system that meets the needs of the times, including the thorough internal dissemination of the Compliance Manual (Code of Ethics) and internal training on the prohibition of insider trading, and are conducting employee training with this in mind. Through these initiatives, we will continue to strive to further enhance our internal control system to strengthen and thoroughly enforce compliance.

(6) Overview of the Operation of Systems to Ensure the Appropriateness of Business Activities

The following is an overview of the "Operation of Systems to Ensure the Appropriateness of Business Activities" of the Company.

The Company periodically reports to the Board of Directors on the operation of the system to ensure the appropriateness of business activities, and conducts reviews of the system as necessary.

1) As the basis of the compliance system, we have conducted one training session for the officers and employees of the Company and its subsidiaries in order to raise their awareness of compliance and to prevent wrongful acts, based on the Conduct Guidelines, which serve as a guide to corporate behavior. The Management Department as the lead department, the Company has tried to establish, maintain, and improve the internal control system, and as necessary, has had each department develop rules, guidelines, manuals, etc., and evaluate the operation status.

2) The Internal Audit Office is responsible for conducting internal audits, and the Management Department, as the department in charge of compliance, have conducted 14 audits based on the annual audit plan.

- 3) Directors who are members of the Audit and Supervisory Committee can make a request to the General Manager of the Internal Audit Office to investigate internal audits as necessary, and also exchange information with the Accounting Auditor on a regular basis.
- 4) In the event that a Director discovers a serious violation of laws or regulations or any other material fact related to compliance at the Company, the Director is required to report the matter to the Compliance Committee immediately, and to report the matter to the Board of Directors without delay. The Company has confirmed that there were no such reports during the current business year.
- 5) As an internal reporting system for violations of laws and regulations and other compliance-related issues, the Company has established an internal reporting system, whereby the General Manager of the Legal Division and Directors who are members of the Audit and Supervisory Committee receive information, which shall be operated in accordance with the Internal Reporting System Operation Rules. The Company has confirmed that there were no such reports during the current business year.

## Consolidated Balance Sheet

(as of July 31, 2021)

(Unit: thousand yen)

Net assets		Liabilities	
Title	Amount	Title	Amount
Current assets	10,686,414	Current liabilities	2,246,863
Cash and deposits	3,404,314	Accounts payable	105,544
Accounts receivable	31,669	Short-term borrowings	487,500
Real estate for sale	1,730,826	Current portion of long-term borrowings	1,012,839
Real estate for sale in process	3,969,645	Current portion of bonds payable	26,000
Short-term loans receivable	1,450,000	Lease obligations	1,759
Other	100,147	Income taxes payable	14,848
Allowance for doubtful accounts	(188)	Provision for bonuses	70,552
Non-current assets	920,600	Other	527,818
Property, plants and equipment	597,976	Non-current liabilities	4,275,146
Buildings and structures	163,263	Long-term borrowings	4,024,839
Land	428,215	Corporate bonds	32,000
Leased assets	4,378	Lease obligations	3,173
Other	2,119	Other	215,133
Intangible assets	160		
Investments and other assets	322,463	<b>Total liabilities</b>	<b>6,522,009</b>
Investment securities	36,900	<b>Net assets</b>	
Long-term loans receivable	428,815	Shareholders' equity	5,070,065
Long-term accounts receivable	405,440	Share capital	100,000
Deferred tax assets	40,438	Capital surplus	1,495,610
Other	241,309	Retained earnings	3,854,929
Allowance for doubtful accounts	(830,440)	Treasury shares	(380,474)



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		Accumulated other comprehensive income	1,100
		Valuation difference on available-for-sale securities	1,100
		Non-controlling interests	13,840
		Total net assets	5,085,005
Total assets	11,607,015	Total liabilities and net assets	11,607,015

(Note) Amounts are rounded down to the nearest thousand yen.

## Consolidated Statement of Income

( From August 1, 2020  
 to July 31, 2021 )

(Unit: thousand yen)

Title	Amount	
Net sales		10,181,094
Cost of sales		8,147,257
Gross profit		2,033,837
Selling, general and administrative expenses		1,051,077
Operating profit		982,759
Non-operating income		
Interest income	46,404	
Penalty income	8,033	
Compensation received	78,167	
Insurance claim income	84	
Surrender value of insurance policies	1,207	
Reversal allowance for doubtful accounts	16,580	
Other	8,700	159,177
Non-operating expenses		
Interest expenses	125,049	
Commissions expenses	49,382	
Other	5,588	180,021
Ordinary profit		961,915
Extraordinary income		
Gain on sale of investment securities	195	195
Profit before income taxes		962,110
Income taxes - current	26,868	
Income taxes - deferred	105,919	132,787
Profit		829,323
Profit attributable to non-controlling interests		3,993
Profit attributable to owners of parent		825,330

(Note) Amounts are rounded down to the nearest thousand yen.

## Consolidated Statement of Changes in Equity

( From August 1, 2020  
 to July 31, 2021 )

(Unit: thousand yen)

	Equity attributable to owners of parent				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	100,000	1,495,610	3,147,668	(380,474)	4,362,804
Changes during period					
Profit attributable to owners of parent			825,330		825,330
Dividends of surplus			(118,069)		(118,069)
Changes in items other than shareholders' equity (net)					-
Total change during period	-	-	707,260	-	707,260
Ending balance	100,000	1,495,610	3,854,929	(380,474)	5,070,065

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Beginning balance	(1,666)	(1,666)	11,847	4,372,984
Change during period				
Profit attributable to owners of parent				825,330
Dividends of surplus				(118,069)
Changes in items other than shareholders' equity (net)	2,766	2,766	1,993	4,759
Total change during period	2,766	2,766	1,993	712,020
Ending balance	1,100	1,100	13,840	5,085,005

(Note) Amounts are rounded down to the nearest thousand yen.

Notes to Consolidated Financial Statements

I. Notes to Going Concern Assumptions

Not applicable.

II. Important notes related to significant matters forming the basis for the preparation of consolidated financial statements

1. Matters concerning the scope of consolidation

Number of consolidated subsidiaries	3 companies
Names of consolidated subsidiaries	Meiho Properties Co., Ltd. House Saison Enterprise Co., Ltd. Moon Asset Co., Ltd.

In the current consolidated fiscal year, Macross Development Godo Kaisha was excluded from the scope of consolidation due to completion of its liquidation.

2. Application of the equity method

Number of companies accounted for by the equity method Not applicable.

3. Matters concerning the fiscal year, etc. of consolidated subsidiaries

The fiscal year end of the consolidated subsidiaries is the same as the consolidated fiscal year end.

4. Accounting Policy Matters

(1) Valuation standards and methods for important assets

1) Valuation standards and methods for securities

Other securities

Securities with market value .....Market value method based on market prices, etc. as of the closing date  
 (All valuation differences are directly charged or credited to net assets, and the cost of securities sold is calculated using the moving average method)

Securities without market value .....Cost method based on the moving average method

2) Valuation standards and methods for inventory

A. Real estate for sale, .....Cost method based on the specific cost method (consolidated balance sheet real estate for sale in process amounts are calculated by writing down the book value of assets based on their decline in profitability)

B. Supplies .....Cost method based on the moving average method

(Included in current assets "Other")

(2) Method for depreciation of important depreciable assets

1) Property, plant and equipment: Declining-balance method

(excluding leased assets)However, for buildings (excluding building fixtures) acquired on or after April 1, 1998, and building fixtures and structures acquired on or after April 1, 2016, the straight-line method is applied.

The main useful lifespans are as follows.

Buildings and structures: 7 to 50 years

2) Intangible assets: Straight-line method

(excluding leased assets)However, software for internal use is amortized using the straight-line method based on the internal usage period (5 years).

3) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership

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The straight-line method is applied, which uses zero for the residual value for the useful lifespan that equals lease period.

(3) Standards on recognition of material allowances

1) Allowance for loan losses

In order to prepare for losses due to uncollectible accounts, for normal obligors, the amounts deemed necessary are provided in the allowance based on the actual ratio of credit losses in the past. In the case of intensive control obligors and certain other obligors, the expected uncollectible amounts are provided in the allowance after considering the recoverability of each claim.

2) Provision for bonuses

It is recorded based on the estimated amount deemed necessary for bonus payments to employees.

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(4) Accounting standards for significant income and expenses

1) Portion of construction work completed by the end of the current consolidated fiscal year for which the outcome is deemed certain

Percentage of completion method (the percentage completed is estimated based on the cost-to-cost method)

2) Other construction

Completed contract method

(5) Other important matters for the preparation of consolidated financial statements

1) Deferred charges

Bond Issuance Costs are recognized as expenses when incurred.

2) Consumption taxes and local consumption taxes

Consumption taxes and local consumption taxes are primarily excluded from the transaction amounts, however, the tax-included method is used for consolidated subsidiaries that are tax-exempt.

Consumption taxes, etc. on fixed assets that are not deductible are recorded as "Other" under investments and other assets and amortized over five years on a straight-line basis, and recorded under selling, general and administrative expenses.

3) Application of the consolidated tax payment system

The Company applies the consolidated tax payment system.

(4) Application of tax effects related to the transition from the consolidated tax payment system to the group aggregation system

In regard to the transition to the group aggregation system established in the Act for Partial Revision of the Income Tax Act (Law No. 8, 2020) and the items for which the non-consolidated tax payment system was reviewed in conjunction with the transition to the group aggregation system, the treatment in paragraph 3 of "Treatment of Application of Tax Effect Accounting for Transition from a Consolidated Taxation System to a Group Aggregation System" (Practical Issues Report No. 39 March 31, 2020) is applied. As a result, the Company does not apply the provisions of Paragraph 44 of the "Accounting Standards Application Guidelines for Tax Effect Accounting" (Accounting Standards Application Guidelines for Business Enterprises No. 28, February 16, 2018), and the amounts of deferred tax assets and liabilities are based on the provisions of the tax law prior to the revision.

III. Notes to Accounting Estimates

These are items for which the amount was recorded in the consolidated financial statements for the current consolidated fiscal year based on accounting estimates, none of which might have a material impact on the consolidated financial statements for the following consolidated fiscal year.

IV. Notes to the Consolidated Balance Sheet

1. Accumulated depreciation of property, plants, and equipment 41,706thousand yen

2. Pledged assets and corresponding liabilities

(1) Pledged assets

Real estate for sale 1,546,270thousand yen

Real estate for sale in process 3,960,664thousand yen

Buildings 154,731thousand yen

Land 428,215thousand yen

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Total 6,089,881thousand yen

(2) Liabilities corresponding to the above

Short-term borrowings 487,500thousand yen

Current portion of long-term borrowings 895,067thousand yen

Long-term borrowings 3,656,265thousand yen

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Total 5,038,832thousand yen

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V. Notes to Consolidated Statements of Changes in Equity

1. Type and total number of shares issued and type and number of treasury shares

	Number of shares at the start of the current consolidated fiscal year	Number of shares increased in the current consolidated fiscal year	Number of shares decreased in the current consolidated fiscal year	Number of shares at the end of the current consolidated fiscal year
Issued shares				
Ordinary shares	24,661,000	-	-	24,661,000
Treasury shares				
Ordinary shares	1,047,160	-	-	1,047,160

2. Matters concerning dividends

Dividends paid

Resolutions	Share type	Dividend amount (thousand yen)	Dividend per share (yen)	Record date	Effective date
Wednesday, October 28, 2020 Ordinary General Meeting of Shareholders	Ordinary shares	118,069	5.00	Friday, July 31, 2020	Thursday, October 29, 2020

(2) Dividends with a record date falling in the current consolidated fiscal year but an effective date that falls in the following consolidated fiscal year

Resolutions	Share Type	Dividend Source	Total dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
Wednesday, October 27, 2021 Ordinary General Meeting of Shareholders	Ordinary shares	Retained earnings	188,910	8.00	Saturday, July 31, 2021	Thursday, October 28, 2021

3. Type and number of shares to be issued upon exercise of stock acquisition rights as of the end of the current consolidated fiscal year

Not applicable.

VI. Notes to Financial Instruments

1. Matters concerning the status of financial instruments

(1) Policy on financial instruments

Based on its business and capital investment plans, the Group raises necessary funds mainly by borrowing from banks and other financial institutions and issuing bonds.

(2) Details of financial instruments and their risks

Accounts receivable are exposed to the credit risk of business partners.

Short-term loans receivable are loans to our major shareholder, House Saison Co., Ltd., related to new development projects. The Company is exposed to the risk of delays in repayment depending on the financial conditions and business progress of the major shareholder.

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Investment securities consist mainly of stocks, and listed stocks are exposed to the risk of market price fluctuations.

Long-term loans receivable are long-term loans receivable from employees, and long-term accounts receivable consist of long-term loans receivable and long-term accounts receivable from business partners. Long-term loans receivable from business partners and long-term accounts receivable from business partners (hereinafter referred to as "long-term receivables") are receivables from business partners who have invested in real estate development projects in China, and are exposed to the risk of difficulties in collection due to the slowdown of the Chinese economy, country risk, and the progress of relevant real estate development projects, as well as the credit risk of business partners.

Most of the accounts payable, which consist mainly of trade liabilities, are due within one year.

Funds from loans payable and bonds payable are mainly used for working capital, and some long-term borrowings payable and bonds payable are exposed to the risk of interest rate fluctuations.



(3) Risk management system for financial instruments

1) Management of credit risk (risk related to contractual default by business partners, etc.)

The Group strives to reduce risks associated with trade receivables by following the Group's internal management regulations. In addition, each department monitors the status of major customers on a regular basis, managing their due dates and balances, and strives for the early identification and mitigation of collection concerns due to deterioration in financial conditions, etc.

With regard to receivables from major shareholders, in accordance with the Group's internal management regulations, the Finance Division monitors the status of the counter parties and manages the use, due dates, and outstanding balances of such receivables. At the same time, other reference items concerning financial conditions, etc. are used as the basis for early identification of collection concerns, which are periodically reported to the Board of Directors and the Management Committee.

With regard to long-term receivables, the Company identifies potential collection concerns at an early stage by analyzing trends in the Chinese economy and country risks, monitoring the progress of real estate development projects in China, and obtaining financial statements of business partners and analyzing their financial conditions, etc. The findings are reported to the Board of Directors and the Management Committee.

2) Management of market risks (risk of fluctuations in stock prices, interest rates, etc.)

The Group periodically monitors the market value of investment securities and the financial status, etc. of issuers (business partners) and reports to the Board of Directors. In addition, the Group continuously reviews the status of its holdings, taking into account market conditions and relationships with business partners.

With regard to loans and bonds, the Company prepares a list of borrowing interest rates for each financial institution and monitors rate fluctuations.

3) Management of liquidity risk related to fund procurement (risk of being unable to make payments on due dates)

The Group manages liquidity risk through the timely preparation and updating of cash flow plans by the Finance Group of the management Department based on reports from each department, as well as by maintaining liquidity on hand.

(4) Supplementary explanation of matters related to the market value of financial instruments

The market value of financial instruments includes values based on market prices and, where market prices are not available, values calculated rationally. Since the factors incorporated in the calculation of such values are variable, the values may fluctuate due to the adoption of different assumptions, etc.

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2. Matters concerning the market value of financial instruments

The total amount recorded on the consolidated balance sheet as of July 31, 2021, the market value and the difference between the two are as follows. Items for which the market value is extremely difficult to determine are not included. (Note 2: Reference)

(Units: thousand yen)

	Amount recorded on the consolidated balance sheet	Market value	Difference
(1) Cash and deposits	3,404,314	3,404,314	-
(2) Accounts receivable	31,669	31,669	-
(3) Short-term loans receivable	1,450,000	1,450,000	-
(4) Investment securities Other securities	16,900	17,250	350
(5) Long-term receivables Long-term loans receivable	428,815		
Long-term accounts receivable	405,440		
Allowance for doubtful accounts (*)	(830,440)		
	3,815	3,815	-
Total assets	4,906,699	4,907,049	350
(1) Accounts payable	105,544	105,544	-
(2) Short-term borrowings	487,500	487,500	-
(3) Long-term borrowings (including long-term borrowings to be repaid within one year)	5,037,678	5,047,353	9,674
(4) Bonds (including bonds scheduled to be redeemed within 1 year)	58,000	57,985	(14)
Total liabilities	5,688,723	5,698,383	9,660

(\*) The allowance for doubtful accounts recorded individually for long-term loans receivable and long-term accounts receivable is deducted.

(Note 1) Matters concerning the method of calculating the market value of financial instruments and securities

Assets

(1) Cash and deposits, (2) Accounts receivable

Because these are all settled within a short period, their market value is close to their book value and is therefore recorded at that book value.

(3) Short-term loans receivable

The short-term loans receivable represent loans for new business funds to our major shareholder, House Saison Co., Ltd. Because these are all settled within a short period, their market value is close to their book value and is therefore recorded at that book value.

(4) Investment securities

Other securities

The market value of stocks and other securities is mainly based on their price on the stock exchange. In addition, because golf memberships in the form of shares do not have market prices on exchanges, the amount recorded on the consolidated balance sheet is based on their book value, and the market value is based on the transaction price.

(5) Long-term receivables

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The market value of long-term loans receivable to employees is calculated by discounting the total amount of principal interest by the interest rate assumed when a similar new loan is made.

Other long-term loans receivable and long-term accounts receivable are doubtful receivables, and the allowance for doubtful accounts is calculated based on the estimated amount of collection. The market value of these items is an approximation of the amount obtained by deducting the relevant allowance for doubtful accounts from the amount on the consolidated balance sheet as of the consolidated balance sheet date, and is therefore recorded at that amount.

Liabilities

(1) Accounts payable, (2) Short-term borrowings

Because these are all settled within a short period, their market value is close to their book value and is therefore recorded at that book value.

(3) Long-term borrowings (including long-term borrowings to be repaid within one year), (4) Bonds (including bonds scheduled to be redeemed within one year)

The market value of long-term borrowings and bonds is calculated by discounting the total amount of principal and interest by the interest rate assumed for similar new loans or bonds.

(Note 2) Unlisted stocks (amount shown on consolidated balance sheet: 20 million yen) are not included in "(4) Investment securities" because they do not have market prices and it is considered extremely difficult to determine their market value.

VII. Notes to Per Share Information

1. Net assets per share	214.75 yen
2. Basic earnings per share	34.95 yen

VIII. Notes on Material Post-Balance Sheet Events

Not applicable.

IX. Other notes

Not applicable.

## Balance Sheet

(as of July 31, 2021)

(Unit: thousand yen)

Assets		Liabilities	
Title	Amount	Title	Amount
Current assets	7,215,828	Current liabilities	1,740,949
Cash and deposits	2,241,412	Accounts payable	76,279
Accounts receivable	3,740	Short-term borrowings	487,500
Real estate for sale	822,920	Current portion of long-term borrowings	966,607
Real estate for sale in process	3,994,032	Current portion of bonds payable	26,000
Supplies	1,887	Lease obligations	1,158
Advance payments to suppliers	50,431	Accounts payable	24,862
Prepaid expenses	7,364	Accrued expenses	6,976
Accounts receivable	49,161	Advances received	25,171
Other	44,876	Deposits received	21,487
Non-current assets	190,062	Provision for bonuses	45,709
Property, plants and equipment	8,347	Other	59,197
Buildings	5,564	Non-current liabilities	3,009,859
[fuzzy]Tools, furniture and fixtures 3,266 3,266	501	Long-term borrowings	2,968,239
Leased assets	2,281	Corporate bonds	32,000
Intangible assets	102	Lease obligations	1,378
Other	102	Guarantee deposits received	8,242
Investments and other assets	181,612		
Investment securities	35,600		
Shares of subsidiaries and associate	73,601	Total liabilities	4,750,809
Long-term loans receivable	425,000		
Long-term loans receivable from employees	3,815	Net assets	
Long-term accounts receivable	405,440	Shareholders' equity	2,653,980
Deferred tax assets	22,263	Share capital	100,000
		Capital surplus	1,488,913

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Other	46,333	Other capital surpluses	1,488,913
Allowance for doubtful accounts	(830,440)	Retained earnings	1,445,542
		Legal retained earnings	25,000
		Other retained earnings	1,420,542
		Retained earnings brought forward	1,420,542
		Treasury shares	(380,474)
		Valuation and translation adjustments	1,100
		Valuation difference on available-for-sale securities	1,100
		Total net assets	2,655,080
Total assets	7,405,890	Total liabilities and net assets	7,405,890

(Note) Amounts are rounded down to the nearest thousand yen.

Statement of Income

( From August 1, 2020  
 to July 31, 2021 )

(Unit: thousand yen)

Title	Amount	
Net sales		7,737,011
Cost of sales		6,441,043
Gross profit		1,295,967
Selling, general and administrative expenses		624,736
Operating profit		671,230
Non-operating income		
Interest income	749	
Dividends received	100,500	
Penalty income	7,884	
Compensation received	78,167	
Surrender value of insurance policies	1,189	
Reversal allowance for doubtful accounts	15,960	
Other	6,661	211,112
Non-operating expenses		
Interest expenses	116,328	
Commissions expenses	47,190	
Other	1,302	164,822
Ordinary profit		717,520
Extraordinary income		
Gain on sale of investment securities	195	195
Profit before income taxes		717,716
Income taxes - current	(49,240)	
Income taxes - deferred	109,903	60,662
Profit		657,053

(Note) Amounts are rounded down to the nearest thousand yen.

## Statement of Changes in Equity

( From August 1, 2020  
 to July 31, 2021 )

(Unit: thousand yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Other capital surpluses	Total capital surpluses	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Beginning balance	100,000	1,488,913	1,488,913	25,000	881,558	906,558
Changes during period						
Profit					657,053	657,053
Dividends of surplus					(118,069)	(118,069)
Changes in items other than shareholders' equity (net)						-
Total changes during period	-	-	-	-	538,984	538,984
Ending balance	100,000	1,488,913	1,488,913	25,000	1,420,542	1,445,542

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Beginning balance	(380,474)	2,114,996	(1,666)	(1,666)	2,113,330
Changes during period					
Profit		657,053			657,053
Dividends of surplus		(118,069)			(118,069)
Changes in items other than shareholders' equity (net)		-	2,766	2,766	2,766
Total changes during period	-	538,984	2,766	2,766	541,750
Ending balance	(380,474)	2,653,980	1,100	1,100	2,655,080

(Note) Amounts are rounded down to the nearest thousand yen.

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Notes to specific items

I. Notes to Going Concern Assumptions

Not applicable.

II. Notes to Important Accounting Policies

1. Valuation standards and methods for assets

(1) Valuation standards and methods for securities

Shares of subsidiaries .....Cost method based on the moving average method  
and affiliates

Other securities

Securities with .....Market value method based on market prices, etc. as of the closing date  
market value (All valuation differences are directly charged or credited to net assets, and  
the cost of securities sold is calculated using the moving average method)

Securities without .....Cost method based on the moving average method  
market value

(2) Valuation standards and methods for inventory

1) Real estate for sale, .....Cost method based on the specific cost method (balance sheet amounts are  
real estate for sale in calculated by writing down the book value of assets based on their decline in  
process profitability)

2) Supplies .....Cost method based on the moving average method

2. Depreciation method for non-current assets

(1) Property, plants, and equipment Declining-balance method

(excluding leased assets) However, for buildings (excluding building fixtures) acquired on or after  
April 1, 1998, and building fixtures and structures acquired on or after April  
1, 2016, the straight-line method is applied.  
The main useful lifespans are as follows.

Buildings: 8 to 50 years

Tools, furniture, and fixtures: 4 to 15 years

(2) Intangible assets Straight-line method

(excluding leased assets) However, software for internal use is amortized using the straight-line  
method based on the internal usage period (5 years).

(3) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership

The straight-line method is applied, using the lease period as the useful lifespan and assuming a residual  
value of zero.

3. Accounting standards for allowances

(1) Allowance for doubtful accounts

In order to prepare for losses due to bad debts, we have recorded the expected unrecoverable amount as the  
bad debt rate in the case of general receivables, and considering the individual recoverability in the case of specific  
doubtful receivables.

(2) Provision for bonuses

To provide for the payment of employee bonuses, an allowance is provided based on the estimated payment  
amount.

4. Accounting standards for significant income and expenses

(1) Construction work deemed to have been completed by the end of the current fiscal year and for which the  
outcome is deemed certain

Percentage of completion method (the estimate of the percentage completed is based on the cost proportion  
method)

(2) Other construction



Completed contract method

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5. Other important matters forming the basis for the preparation of financial statements

(1) Method of accounting for deferred assets

Bond issuance costs are fully expensed at the time of expenditure.

(2) Accounting for consumption tax, etc.

Consumption tax and local consumption tax are accounted for by the tax exclusion method.

Consumption taxes, etc. on non-current assets that are not deductible are recorded as "Other" under investments and other assets and amortized over five years on a straight-line basis, and recorded under selling, general and administrative expenses.

(3) Application of the consolidated taxation system

The Company applies the consolidated tax payment system.

(4) Application of tax effects related to the transition from the consolidated tax payment system to the group aggregation system

In regard to the transition to the group aggregation system established in the Act for Partial Revision of the Income Tax Act (Law No. 8, 2020) and the items for which the non-consolidated tax payment system was reviewed in conjunction with the transition to the group aggregation system, the treatment in paragraph 3 of "Treatment of Application of Tax Effect Accounting for Transition from a Consolidated Taxation System to a Group Aggregation System" (Practical Issues Report No. 39 March 31, 2020) is applied. As a result, the Company does not apply the provisions of Paragraph 44 of the "Accounting Standards Application Guidelines for Tax Effect Accounting" (Accounting Standards Application Guidelines for Business Enterprises No. 28, February 16, 2018), and the amounts of deferred tax assets and liabilities are based on the provisions of the tax law prior to the revision.

III. Notes to Accounting Estimates

These are items for which the amount was recorded in the financial statements for the current fiscal year based on accounting estimates, none of which might have a material impact on the financial statements for the following fiscal year.

IV. Notes to the Balance Sheet

1. Accumulated depreciation of property, plants, and equipment

9,147thousand yen

2. Assets pledged as collateral and corresponding liabilities

(1) Assets pledged as collateral

Real estate for sale	822,920thousand yen
Real estate for sale in process	3,994,032thousand yen
<u>Total</u>	<u>4,816,953thousand yen</u>

(2) Amount of liabilities corresponding to the above

Short-term borrowings	487,500thousand yen
Current portion of long-term borrowings	849,467thousand yen
<u>Long-term borrowings</u>	<u>2,599,665thousand yen</u>
<u>Total</u>	<u>3,936,632thousand yen</u>

3. Monetary claims and liabilities to affiliated companies

Receivables from and payables to affiliated companies, excluding those listed separately, are as follows.

Short-term monetary claims	68,238thousand yen
Long-term monetary claims	8,242thousand yen

4. Guarantee obligations

The Company provides debt guarantees to the following consolidated subsidiaries for borrowing from financial institutions.

Meiho Properties Co., Ltd.	176,400thousand yen
Moon Asset Co., Ltd.	391,800thousand yen

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V. Notes to the Statement of Income

Value of transactions with affiliated companies

Business transactions

Value of purchases

105,286thousand yen

Transactions other than business transactions

93,774thousand yen

VI. Notes to the Statement of Changes in Net Assets

Matters concerning the type and number of shares of treasury stock

	Number of shares at the beginning of the current fiscal year	Increase in the number of shares during the current fiscal year	Decrease in the number of shares during the current fiscal year	Number of shares at the end of the current fiscal year
Treasury shares				
Ordinary shares	1,047,160	-	-	1,047,160

VII. Notes to Tax Effect Accounting

Breakdown of deferred tax assets and deferred tax liabilities by major cause

(Deferred tax assets)

Allowance for doubtful accounts

287,332thousand yen

Investment securities

16,722thousand yen

Other

20,645thousand yen

Subtotal of deferred tax assets

324,700thousand yen

Valuation allowance

(302,437)thousand yen

Total deferred tax assets

22,263thousand yen

VIII. Notes to Transactions With Related Parties

(1) Subsidiaries, etc.

(Unit: thousand yen)

Attribute	Name of company	Percentage of voting rights held (Owned)	Relationship with the related party	Transaction details	Transaction value	Title	Ending balance
Subsidiary	Meiho Properties Co., Ltd.	Direct 98.04%	Borrowing of funds Interlocking Directors Debt guarantee Order for construction	Borrowing of funds (Note) 1	100,000	Short-term borrowings	-
				Repayment of borrowings	300,000	-	-
				Payment of interest (Note) 1	6,375	-	-
				Receipt of dividends (Note) 2	100,000	-	-
				Debt guarantee (Note) 3	176,400	-	-
				Order for construction (Note) 4	792,035	Real estate for sale	73,489
		Real estate for sale in process	244,225				
Subsidiary	House Saison Enterprise Co., Ltd.	100% direct	Interlocking Directors	Amount attributable individually due to consolidated taxation (Note) 5	14,711	Accounts receivable	14,711
Subsidiary	Moon Asset Co., Ltd.	100% direct	Debt guarantee	Debt guarantee (Note) 6	391,800	-	-

The above amounts do not include consumption tax, etc.

Transaction terms and policies for determining transaction terms

(Note) 1. With regard to borrowing of funds, the borrowing interest rate is determined reasonably in consideration of the market interest rate.

2. Dividends received are based on the amounts determined by governing bodies of the subsidiary, such as the General Meeting of Shareholders.
3. The Company provides debt guarantees for Meiho Properties Co., Ltd. to obtain loan contracts from financial institutions. The debt guarantee transaction total represents the loan balance as of July 31, 2021. The Company does not receive payment of fees for the guarantees.
4. Orders for construction work are placed on the same general terms as for transactions with independent third parties.

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5. The amount individually attributable to consolidated tax payments is allocated based on the Company's calculation of consolidated tax payments.
6. The Company provides debt guarantees for Moon Asset Co., Ltd. to obtain loan contracts from financial institutions. The debt guarantee transaction total represents the loan balance as of July 31, 2021. The Company does not receive payment of fees for the guarantees.

(2) Directors and major shareholders (limited to individuals)

(Unit: thousand yen)

Type	Name or company name	Business field or occupation	Voting rights, etc. held (owned) (%)	Relationship with the related party	Transaction details	Transaction value	Title	Ending balance
Board member	Mitsuru Yabuki	Chairman & Representative Director of the Company	(owned) directly 33.33	Debt guarantee	Debt guarantee	116,732	-	-

The above amounts do not include consumption tax, etc.

Transaction terms and policies for determining transaction terms

(Note) The Company has received a debt guarantee for a loan agreement from our financial institution. The debt guarantee transaction total represents the loan balance as of July 31, 2021. In addition, the Company has not paid any guarantee fees.

IX. Notes to Per Share Information

- |                             |            |
|-----------------------------|------------|
| 1. Net assets per share     | 112.44 yen |
| 2. Basic earnings per share | 27.82 yen  |

X. Notes on Material Post-Balance Sheet Events

Not applicable.

XI. Other notes

Not applicable.

## Accounting Auditor's Audit Report on Consolidated Financial Statements

### Independent Auditor's Report

September 21, 2021

Meiho Enterprise Co., Ltd.  
To the Board of Directors

Johnan Accounting Office  
Shibuya-ku, Tokyo

Certified  
Public Accountant Toshiaki Yamanoi

Certified  
Public Accountant Takao Yamakawa

#### Auditor's Opinion

We have performed an audit of the consolidated financial statements, namely, the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Changes in Equity, and the Notes to the Consolidated Financial Statements of Meiho Enterprise Co., Ltd. for the fiscal year from August 1, 2020 to July 31, 2021, in accordance with Article 444, Section 4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and operational results of the corporate group consisting of Meiho Enterprise Co., Ltd. and its consolidated subsidiaries, applicable to the fiscal year ended July 31, 2021, in accordance with accounting principles generally accepted in Japan.

#### Basis for the Auditor's Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility in regard to auditing standards is stated in the Auditor's Responsibility for the Audit of Consolidated Financial Statements. In accordance with the rules of professional ethics in Japan, we are independent of the Company and its consolidated subsidiaries, and we have fulfilled our other ethical responsibilities as auditors. We have concluded that we have obtained sufficient and appropriate audit evidence to form the basis for our opinion.

#### Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statement

It is the responsibility of management to prepare and properly display consolidated financial statements in accordance with corporate accounting standards generally accepted in Japan. This includes establishing and operating the internal controls deemed necessary by management to enable the preparation and fair presentation of consolidated financial statements that are free of any material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements on the basis of the going concern assumption, and for disclosing, if necessary, matters related to going concern in accordance with accounting principles generally accepted in Japan.

It is the responsibility of the Audit and Supervisory Committee to monitor the execution of duties by the Directors in the development and operation of the financial reporting process.

#### Responsibilities of the Auditor for the Audit of the Consolidated Financial Statements

The Auditor is responsible for obtaining reasonable assurance that the consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, based on the audit performed by the Auditor, and to express an opinion on the consolidated financial statements from an

independent standpoint in the Auditor's Report. A misstatement is considered to be material if it is likely to result from fraud or error and, individually or in the aggregate, to affect the decisions of those using the consolidated financial statements.

The auditor exercises professional judgment throughout the audit process in accordance with auditing standards generally accepted in Japan, and performing the following while maintaining an attitude of professional skepticism.

- Identify and assess risks of material misstatement due to fraud or error. Also, formulate and implement audit procedures that address the risks of material misstatement. The selection and application of audit procedures shall be at the discretion of the Auditor. Furthermore, the Auditor shall obtain sufficient appropriate audit evidence to provide a basis for expressing an opinion.
- Although the purpose of an audit of consolidated financial statements is not to express an opinion on the effectiveness of internal controls, in making those risk assessments, the Auditor shall consider internal controls that are relevant to the audit in order to formulate audit procedures that are appropriate in the circumstances.
- The Auditor shall evaluate the appropriateness of the accounting policies in use and how they are applied by management, as well as the rationality of accounting estimates made by management and the adequacy of related notes.
- The Auditor shall conclude whether it is appropriate for management to prepare the consolidated financial statements on the going concern basis and, whether there is any material uncertainty regarding events or conditions that could potentially cast significant doubt on the Company's ability to continue as a going concern based on the audit evidence obtained. In the event that a material uncertainty regarding the Company's ability to continue as a going concern is identified, the Auditor is required to draw attention to the Notes to the Consolidated Financial Statements in the Auditor's Report or, if these Notes are not appropriate, to express a qualified opinion with exceptive items on the consolidated financial statements. The Auditor's conclusions shall be based on audit evidence obtained up to the date of the Auditor's Report, but subsequent events or circumstances could potentially make it impossible for the Company to continue as a going concern.
- The Auditor shall evaluate whether the presentation of the consolidated financial statements and related notes conform to the accounting standards generally accepted in Japan, and whether the presentation, structure, and content of the consolidated financial statements, including the related notes, and the consolidated financial statements fairly present the underlying transactions and accounting events.
- The Auditor shall obtain sufficient appropriate audit evidence regarding the finances of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. The Auditor is responsible for the direction, supervision, and implementation of the audit of the consolidated financial statements. The auditor has sole responsibility for the auditor's opinion.

The Auditor shall report to the Audit and Supervisory Committee on the scope and timing of the planned audit, significant audit findings, including significant deficiencies in internal controls, identified in the course of performing the audit, as well as other matters required by auditing standards.

The Auditor shall report to the Audit and Supervisory Committee regarding compliance with the Japanese rules of professional ethics regarding independence, and on matters that could reasonably be considered to affect the independence of the Auditor, and on any safeguards taken in order to eliminate or reduce impediments.

#### Interests

The Company and its consolidated subsidiaries have no interest in us that requires disclosure pursuant to the provisions of the Certified Public Accountant Law.

The end

## Accounting Auditor's Audit Report on Financial Statements

### Independent Auditor's Report

September 21, 2021

Meiho Enterprise Co., Ltd.  
To the Board of Directors

Johnan Accounting Office  
Shibuya-ku, Tokyo

Certified  
Public Accountant Toshiaki Yamanoi

Certified  
Public Accountant Takao Yamakawa

#### Auditor's Opinion

We have audited the financial statements, namely, the Balance Sheet, the Statement of Income, the Statement of Changes in Equity, the Notes to the Financial Statements, and the attached detailed statements thereof (hereinafter referred to as the "Financial Statements, etc.") of Meiho Enterprise Co., Ltd. for the 53rd fiscal year from August 1, 2020 to July 31, 2021, in accordance with Article 436, Section 2, Paragraph 1 of the Companies Act.

In our opinion, the Financial Statements, etc. referred to above present fairly, in all material respects, the financial position and results of operations of the Company for the period for which they were prepared, in accordance with accounting principles generally accepted in Japan.

#### Basis for the Auditor's Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility in regard to auditing standards is stated in the Auditor's Responsibility for the Audit of Financial Statements. We are independent of the Company and have fulfilled our other ethical responsibilities as Auditors in accordance with the rules of professional ethics in Japan. We have concluded that we have obtained sufficient and appropriate audit evidence to form the basis for our opinion.

The responsibility of management and the Audit and Supervisory Committee for Financial Statements, etc.

It is the responsibility of management to prepare and properly display Financial Statements, etc. in accordance with corporate accounting standards generally accepted in Japan. This includes establishing and operating the internal controls deemed necessary by management to enable the preparation and fair presentation of financial statements that are free of any material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing whether it is appropriate to prepare them on the basis of the going concern assumption, and for disclosing, if necessary, matters related to going concern in accordance with accounting principles generally accepted in Japan.

It is the responsibility of the Audit and Supervisory Committee to monitor the execution of duties by the Directors in the development and operation of the financial reporting process.

Responsibilities of the Auditor for the Audit of the Financial Statements, etc.

The Auditor is responsible for obtaining reasonable assurance that the Financial Statements, etc. as a whole are free of material misstatement, whether due to fraud or error, based on the audit performed by



the Auditor, and to express an opinion on the Financial Statements, etc. from an independent standpoint in the Auditor's Report. A misstatement is considered to be material if it is likely to result from fraud or error and, individually or in the aggregate, to affect the decisions of those using the Financial Statements, etc.

The auditor exercises professional judgment throughout the audit process in accordance with auditing standards generally accepted in Japan, and performing the following while maintaining an attitude of professional skepticism.

- Identify and assess risks of material misstatement due to fraud or error. Also, formulate and implement audit procedures that address the risks of material misstatement. The selection and application of audit procedures shall be at the discretion of the Auditor. Furthermore, the Auditor shall obtain sufficient appropriate audit evidence to provide a basis for expressing an opinion.
- Although the purpose of an audit of Financial Statements, etc. is not to express an opinion on the effectiveness of internal controls, in making those risk assessments, the Auditor shall consider internal controls that are relevant to the audit in order to formulate audit procedures that are appropriate in the circumstances.
- The Auditor shall evaluate the appropriateness of the accounting policies in use and how they are applied by management, as well as the rationality of accounting estimates made by management and the adequacy of related notes.
- The Auditor shall conclude whether it is appropriate for management to prepare the Financial Statements, etc. on the going concern basis and, whether there is any material uncertainty regarding events or conditions that could potentially cast significant doubt on the Company's ability to continue as a going concern based on the audit evidence obtained. In the event that a material uncertainty regarding the Company's ability to continue as a going concern is identified, the Auditor is required to draw attention to the Notes to the Financial Statements, etc. in the Auditor's Report or, if these Notes are not appropriate, to express a qualified opinion with exceptive items on the Financial Statements. The Auditor's conclusions shall be based on audit evidence obtained up to the date of the Auditor's Report, but subsequent events or circumstances could potentially make it impossible for the Company to continue as a going concern.
- The Auditor shall evaluate whether the presentation of the Financial Statements, etc. and related notes conform to the accounting standards generally accepted in Japan, and whether the presentation, structure, and content of the Financial Statements, etc., including the related notes, and the Financial Statements, etc. fairly present the underlying transactions and accounting events.

The Auditor shall report to the Audit and Supervisory Committee on the scope and timing of the planned audit, significant audit findings, including significant deficiencies in internal controls, identified in the course of performing the audit, as well as other matters required by auditing standards.

The Auditor shall report to the Audit and Supervisory Committee regarding compliance with the Japanese rules of professional ethics regarding independence, and on matters that could reasonably be considered to affect the independence of the Auditor, and on any safeguards taken in order to eliminate or reduce impediments.

#### Interests

The Company has no interest in us that requires disclosure pursuant to the provisions of the Certified Public Accountant Law.

The end

## Audit Report of the Audit and Supervisory Committee

### Audit Report

The Audit and Supervisory Committee has audited the execution of duties by the Directors for the 53rd fiscal year from August 1, 2020 to July 31, 2021. The methods and results of the audit are reported as follows.

#### 1. Audit Method and Details

The Audit and Supervisory Committee received regular reports from the Directors and employees, etc. on the details of the resolutions of the Board of Directors regarding the matters listed in Article 399-13, Paragraph 1, Item 1 (b) and (c) of the Companies Act and the status of the systems (internal control systems) established based on such resolutions. We requested explanations and expressed our opinions as necessary, and conducted our audit in the following manner.

In accordance with the Audit Policy and division of duties established by the Audit and Supervisory Committee, in cooperation with the Company's Internal Control Department, we attended important meetings, received reports from Directors and employees, etc., on matters related to the execution of their duties, requested explanations as necessary, reviewed important approval documents, etc., and investigated the status of operations and assets at the head office and other major business locations. In regard to subsidiaries, we communicated and exchanged information with their Directors and corporate auditors, and received reports from the subsidiaries on their business activities as necessary.

In regard to the matters noted in Article 118, Item 5 (a) of the Ordinance for Enforcement of the Companies Act and the judgment and reasons described in (b) of the same item, which are stated in the business report, we conducted examinations based on deliberations at meetings of the Board of Directors and other meetings.

We monitored and verified that the Accounting Auditor maintained its independence and conducted appropriate audits, received reports from the Accounting Auditor on the execution of its duties, and requested explanations as necessary. We also received notification from the Accounting Auditor that it has established a "system to ensure the proper execution of its duties" (matters set forth under Article 131 of the Ordinance on Company Accounting) in accordance with the Quality Control Standards for Audits (October 28, 2005, Business Accounting Council) and other relevant standards, and requested explanations when necessary.

Based on the above methods, we have reviewed the Business Report and its attached detailed statements, the financial statements (Balance Sheet, Statement of Income, Statement of Changes in Equity and Notes to specific items) and their attached detailed statements, and the consolidated financial statements (Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Equity, and Notes to Consolidated Financial Statements) for the fiscal year under review.

#### 2. Audit Results

##### 1) Results of the audit of the Business Report, etc.

1. In our opinion, the Business Report and attached detailed statements fairly present the condition of the Company in conformity with the related laws and regulations and the Company's Articles of Incorporation.
2. We have found no evidence of wrongful acts or material facts in violation of laws and regulations or the Articles of Incorporation in connection with the Directors' execution of their duties.
3. In our opinion, the content of the resolutions of the Board of Directors regarding the internal control system is appropriate. We have found no matters worthy of mention regarding the content of the Business Report and the execution of duties by the Directors with respect to the internal control system.

##### 2) Results of the audit of financial statements and attached detailed statements

In our opinion, the auditing methods and results of the Accounting Auditor, Johnan Accounting Office, are appropriate.

##### 3) Results of the audit of the consolidated financial statements

In our opinion, the auditing methods and results of the Accounting Auditor, Johnan Accounting Office, are appropriate.

September 22, 2021

Meiho Enterprise Co., Ltd. Audit and Supervisory Committee

Chairman of the Audit and Supervisory Committee	Yui Kayano	Seal
Audit and supervisory committee member	Yutaka Yamamuro	Seal
Audit and supervisory committee member	Kazuya Shimamura	Seal
Audit and supervisory committee member	Tetsuzo Kimura	Seal
Audit and supervisory committee member	Taiji Yamamoto	Seal

(Note) Audit and supervisory committee members, Yui Kayano, Yutaka Yamamuro, Kazuya Shimamura, Tetsuzo Kimura, and Taiji Yamamoto, are Outside Directors as stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.

The end

## Reference Documents for the General Meeting of Shareholders

### Proposals and references

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

Matters concerning the end of term dividend

Regarding the appropriation of surplus, the Company proposes the following, taking into consideration business results for the current fiscal year and future business development, etc.

(1) Type of dividend property

To be paid in cash

(2) Matters concerning the allocation of dividend property and the total amount thereof

8.00 yen per share of the Company's ordinary shares

Total dividends: 188,910,720 yen

(3) The day on which the distribution of dividend of surplus takes effect

October 28, 2021

#### Proposal No. 2: Appointment of the Accounting Auditor

The Company will cancel the audit contract with the audit corporation Genwa & Co., which had served as the Company's Accounting Auditor, as of February 25, 2021 by agreement. In order to avoid the absence of an Accounting Auditor and to maintain a system to ensure the continuation of appropriate auditing operations, Johnan Accounting Office was appointed as Temporary Accounting Auditor at the Audit and Supervisory Committee meeting held on the same day, continuing to the present time.

Therefore, we hereby propose that the Johnan Audit Corporation, which was established under parent firm Johnan Accounting Office, be appointed as Accounting Auditor.

This proposal is based on the decision of the Audit and Supervisory Committee. The reason for the Audit and Supervisory Committee's selection of Johnan Audit Corporation as candidate for Accounting Auditor is that, based on their execution of duties as Temporary Accounting Auditor, Johnan Audit Corporation continues to be appropriate as the Company's accounting auditor, and after comprehensively considering their expertise, independence, quality control system required of an accounting auditor, and appropriateness of their audit fees, etc., the Audit and Supervisory Committee, has determined that Johnan Audit Corporation is suitable as the Company's Accounting Auditor.

The candidates for Accounting Auditor are as follows.

(as of August 31, 2021)

Name	Johnan Audit Corporation
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Office location	Asai Building 3F, 2-1-9 Ebisu-Minami, Shibuya-ku, Tokyo, Japan
History	July 2021 Johnan Audit Corporation was established
Overview	Capital: 8 million yen Number of members: 6 (certified public accountants)

Proposal No. 3: Election of Three (3) Directors (excluding Directors who are members of the Audit and Supervisory Committee)

As the terms of office of all four (4) Directors (excluding Directors who are members of the Audit and Supervisory Committee; the same shall apply hereinafter in this agenda) will expire at the conclusion of this General Meeting of Shareholders, the Company proposes the election of three (3) Directors.

The candidates for Director are as follows.

Candidate number	Name (date of birth)	History, position in the Company, and responsibilities (important concurrent positions)	Company shares held
1	Mitsuru Yabuki (born September 5, 1969)	August 2000 Azabu Building Co., Ltd. President and Representative Director (current position) March 2007 Land Capital Partners Co., Ltd. President and Representative Director (current position) September 2020 Chairman and Representative Director of the Company (current position) (to the present) (Important concurrent positions) Azabu Building Co., Ltd. President and Representative Director Land Capital Partners Co., Ltd. President and Representative Director	Ordinary shares 7,871,600 shares
2	Takahiro Umeki (born May 19, 1960)	April 1986 TOA Corporation May 2005 Joined Tokyo Tenant Center Co., Ltd. (now Meiho Properties Co., Ltd.) August 2006 Executive Director of the same company August 2007 Meiho Corporation Co., Ltd. Director and Senior Managing Executive Officer August 2008 Director and Senior Managing Executive Officer of the Company November 2009 Meiho Properties Co., Ltd. President and Representative Director (current position) February 2012 Director of the Company August 2013 Director and Executive Vice President of the Company September 2016 House Saison Enterprise Co., Ltd. Director (current position) October 2009 President and Representative Director of the Company September 2020 Director and President of the Company (current position) (to the present) (Important concurrent positions)	Ordinary shares 25,800 shares

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		Meiho Properties Co., Ltd.	President	and	
		Representative Director			
		House Saison Enterprise Co., Ltd.	Director		

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Candidate number	Name (date of birth)	History, position in the Company, and responsibilities (important concurrent positions)	Company shares held
3	Shunji Yasuda (born June 1, 1960)	April 1983 Joined Daiho Corporation October 2003 Chief of Corporate Planning Section, Corporate Planning Office & General Manager, Legal Division of the same company April 2006 Joined the Company August 2008 Executive Officer, General Manager of Legal Department October 2010 Director, Head of the Management Department February 2012 Executive Officer, Head of the Management Department August 2015 House Saison Enterprise Co., Ltd. Auditor October 2015 Director and Executive Officer, Manager October 2009 Director and Executive Officer, Head of the Management Department (current position) October 2009 House Saison Enterprise Co., Ltd. Director September 2020 Meiho Properties Co., Ltd., Auditor (current position) September 2020 House Saison Enterprise Co., Ltd. Auditor (current position) (to the present)  (Important concurrent positions) Meiho Properties Co., Ltd. Auditor House Saison Enterprise Co., Ltd. Auditor	Ordinary shares 6,200 shares

- (Note) 1. Among the candidates for Directors, those who have special interests in the Company are as follows. Takahiro Umeki is President and Representative Director of Meiho Properties, Co., Ltd., a consolidated subsidiary of the Company.
2. Mitsuru Yabuki and Shunji Yasuda do not have any special interest relationship with the Company.
  3. The Company has entered into a Directors and Officers Liability Insurance contract with an insurance company, as provided for in Article 430-3, Paragraph 1 of the Companies Act. The insurance contract covers any damages that may arise due to the insured person's responsibility for the performance of their duties or the receipt of a claim for the pursuit of such responsibility. A candidate who is elected and assumes office will be included as an insured person under the insurance contract. The insurance policy will be renewed with the same contents at the time of the next renewal.

Proposal No. 4 Election of Two (2) Directors who are members of the Audit and Supervisory Committee

Because the terms of office of 2 Directors who are members of the Audit and Supervisory Committee will expire at the conclusion of this General Meeting of Shareholders, the Company proposes the election of two (2) Directors who are members of the Audit and Supervisory Committee. The Company has obtained the consent of the Audit and Supervisory Committee for this proposal.

The candidates for Directors who are members of the Audit and Supervisory Committee are as follows

Candidate number	Name (date of birth)	History, position in the Company, and responsibilities (important concurrent positions)	Company shares held
1	Kazuya Shimamura (born October 20, 1972)	October 1995 Joined Deloitte Touche Tohmatsu (now Deloitte Touche Tohmatsu LLC) April 1998 Registered as a Certified Public Accountant October 2004 Registered Attorney October 2004 Joined Abe, Ikubo & Katayama Law Firm March 2008 Established Shimamura Law & Accounting Representative (current position) June 2008 Sodick Plustech Co., Ltd. Outside Auditor July 2008 3-D Matrix, Ltd. Outside Auditor July 2012 Outside Director of the same company (current position) March 2014 Cosmo Bio Co., Ltd. Outside Director (current position) June 2015 IBSsystem Co., Ltd. Outside Auditor January 2017 AZoom Co., Ltd. Outside Auditor (current position) January 2017 SJI Co. Ltd. (now CAICA Inc.) Outside Director (current position) October 2019 Director of the Company (Audit and Supervisory Committee member) (current position) (to the present)  (Important concurrent positions) Shimamura Law & Accounting Representative 3-D Matrix, Ltd. Outside Director Cosmo Bio Co., Ltd. Outside Director AZoom Co., Ltd. Outside Director CAICA Inc. Outside Director	-
2	Yuhei Matsumoto (born September 9, 1984)	April 2008 Joined Lehman Brothers Securities Inc. November 2008 Advantage Partners Inc. Vice President April 2012 KATITAS Co., Ltd. Auditor	-



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Candidate number	Name (date of birth)	History, position in the Company, and responsibilities (important concurrent positions)	Company shares held
		May 2013 Hokuo Holdings Co., Ltd. Auditor December 2014 KATTITAS Co., Ltd. Director June 2015 Wavedash Co., Ltd. Auditor March 2019 Fitlife Corporation President and Representative Director (current position) (to the present)  (Important concurrent positions) Fitlife Corporation President and Representative Director	

(Note) 1. There are no special interests between any of the candidates and the Company.

The Company has designated Kazuya Shimamura as an Independent Director in accordance with the provisions of the Tokyo Stock Exchange and has notified the Exchange of such designation.

2. Both Kazuya Shimamura and Yuhei Matsumoto are candidates for Outside Director.
3. Mr. Shimamura's term of office as an Outside Director (Audit and Supervisory Committee member) will be 2 years from the conclusion of this General Meeting of Shareholders.
4. The reasons for the appointment of both Mr. Shimamura and Mr. Matsumoto as candidates for Outside Director and their expected roles are as follows.

Kazuya Shimamura, if appointed as an Outside Director, will bring a wealth of experience and a high level of insight and expertise from his many years of service as an attorney and certified public accountant. As a specialist in law, finance, and accounting, he can be expected to strengthen the effectiveness of the decision-making and supervisory functions of the Board of Directors from a standpoint independent of management, and we therefore propose his election as an Outside Director who is a member of the Audit and Supervisory Committee.

We nominate Yuhei Matsumoto for election as an Outside Director and member of the Audit and Supervisory Committee because, if appointed as an Outside Director, he can be expected to enhance the decision-making capability of the Board of Directors from a standpoint independent of management by leveraging his broad insight as a manager, and his extensive business experience in the private equity business, as a Director and Corporate Auditor for portfolio companies, which included the evaluation and value enhancement of portfolio companies.

5. Neither candidate is an executive or officer of a specified related business entity of the Company, nor have they served as an executive or officer of a specified related business entity of the Company during the past 10 years.
6. Neither candidate has any arrangement to receive a large amount of money or other assets from the Company or any business entity in a special relationship with the Company, nor have they received any such assets within the past 2 years.
7. Neither candidate is the spouse, a relative within the third degree of kinship, or similar relation to an executive or Director of the Company or any business entity in a special relationship with the Company.
8. Neither candidate has been an executive of a joint stock company whose rights and obligations were inherited by the Company within the past 2 years as a result of a merger, absorption-type split, incorporation-type split, or transfer of business immediately prior to such merger, etc.
9. The Company has entered into a liability limitation agreement with Kazuya Shimamura which limits his liability for damages to the amount stipulated by law. In the event that Mr. Shimamura is reappointed, the Company intends to continue the above liability limitation agreement.

If the election of Mr. Yuhei Matsumoto is approved, the Company plans to enter into a liability limitation agreement with him to limit his liability for damages to the amount stipulated by law.

10. The Company has entered into a Directors and Officers Liability Insurance contract with an insurance company, as provided for in Article 430-3, Paragraph 1 of the Companies Act. The insurance contract covers any damages that may arise due to the insured person's responsibility for the performance of

their duties or the receipt of a claim for the pursuit of such responsibility. A candidate who is elected and assumes office will be included as an insured person under the insurance contract. The insurance policy will be renewed with the same contents at the time of the next renewal.

(Reference)

Expertise and experience (skill matrix) expected of Directors (incumbent/candidate) by the Company

Position	Name	Attribute	Years in office	Field of experience expected of Directors (incumbent/candidate) *					
				Corporate management	Sales Business strategy	Legal affairs Compliance Risk management	Human resources Labor relations Human resource development	Accounting Financial affairs	ESG
Chairman & Representative Director	Mitsuru Yabuki	Reappointment	1 year	•	•				•
Director & President	Takahiro Umeki	Reappointment	13 years	•	•		•		
Executive Director	Shunji Yasuda	---	6 years	•		•		•	
Outside Director	Yui Kayano	Current position	1 year			•	•		•
Outside Director	Kazuya Shimamura	Reappointment	Independent Director	2 years			•	•	•
Outside Director	Tetsuzo Kimura	Current position	1 year	•	•				•
Outside Director	Taiji Yamamoto	Current position	Independent Director	1 year	•	•			•
Outside Director	Yuhei Matsumoto	New appointment	-	•	•				•

\* The three main areas of field experience expected of Directors (incumbent/candidates) are listed.

Proposal No. 5: Election of one (1) Director who is member of the Audit and Supervisory Committee

The Company proposes the election of one (1) substitute member of the Audit and Supervisory Committee in advance to fill the vacancy in the number of members stipulated by law.

The Company has obtained the consent of the Audit and Supervisory Committee for this proposal.

In regard to the effect of this appointment, the appointment may be canceled by a resolution of the Board of Directors with the consent of the Audit and Supervisory Committee only before the elected candidate takes office.

The candidates for the position of substitute Director who is a member of the Audit and Supervisory Committee is as follows

Name (Date of birth)	Brief history and important concurrent positions	Company shares held
Toru Uchihashi (born November 27, 1978)	September 2007 Registered Attorney September 2007 Joined Tamiya Godo Law Office March 2008 Delegate to the Japan Federation of Bar Associations April 2011 Standing member of the Daini Tokyo Bar Association April 2014 Visiting Professor, Toin University of Yokohama Law School (to the present)	-

(Note) 1. There are no special interests between the Company and the candidate to become a Director who is a substitute member of the Audit and Supervisory Committee.

2. Toru Uchihashi is a candidate for Outside Director who is a substitute member of the Audit and Supervisory Committee.

3. The reasons for selecting Toru Uchihashi as a candidate for Outside Director who is a substitute member of the Audit and Supervisory Committee and his expected roles are as follows.

(1) Reasons for the selection as a candidate for Outside Director who is a substitute member of the Audit and Supervisory Committee

The Company proposes to elect Toru Uchihashi as an Outside Director who is a substitute member of the Audit and Supervisory Committee so that in the event that he assumes the position of Outside Director he can use his experience and expertise as an attorney within the structure of the Company's Audit and Supervisory Committee.

(2) Reasons for believing that Mr. Uchihashi will be able to appropriately perform his duties as a member of the Audit and Supervisory Committee and his expected role

The Company expects that Toru Uchihashi will monitor overall management and provide effective advice as an Outside Director who is a member of the Audit and Supervisory Committee, taking advantage of his rich experience as an attorney, and proposes to elect him as a Director who is a substitute member of the Audit and Supervisory Committee.

4. The candidate is not an executive or officer of a specified related business entity of the Company, nor has he been an executive or officer of a specified related business entity of the Company during the past 10 years.

5. The candidate has no arrangement to receive a large amount of money or other assets from the Company or any business entity in a special relationship with the Company, nor has he received any such

- properties within the past 2 years.
6. The candidate is not the spouse, a relative within the third degree of kinship, or similar relation to an executive or Director of the Company or any business entity in a special relationship with the Company.
  7. The candidate has not been an executive of a joint stock company whose rights and obligations were inherited by the Company within the past 2 years as a result of a merger, absorption-type split, incorporation-type split, or transfer of business immediately prior to such merger, etc.
  8. In the event that the candidate assumes the office of Director who is a member of the Audit and Supervisory Committee, the Company plans to enter into an agreement with him to limit his liability for damages under Article 423, Paragraph 1 of the Companies Act, in accordance with the provisions of Article 427, Paragraph 1 of the same act.
  9. The Company has entered into a Directors and Officers Liability Insurance contract with an insurance company, as provided for in Article 430-3, Paragraph 1 of the Companies Act. The insurance contract covers any damages that may arise due to the insured person's responsibility for the performance of their duties or the receipt of a claim for the pursuit of such responsibility. A candidate who is elected and assumes office will be included as an insured person under the insurance contract. The insurance policy will be renewed with the same contents at the time of the next renewal.

The end