

[TRANSLATION]

The following is an unofficial English translation of “Notice of Convocation of the 82nd Ordinary General Meeting of Shareholders” (“Notice”) by Sumitomo Forestry Co., Ltd. (“Company”). The Company provides this English translation for your reference and convenience only and without any warranty as to its accuracy or otherwise. The Japanese original is the sole official version and shall prevail in the event of any discrepancy between it and this English translation.

March 7, 2022

To Our Shareholders

Toshiro Mitsuyoshi
President/Director
Sumitomo Forestry Co., Ltd.
3-2, Otemachi 1-chome
Chiyoda-ku, Tokyo

NOTICE OF CONVOCATION OF THE 82nd ORDINARY GENERAL MEETING OF SHAREHOLDERS

We would like to express our appreciation for your courtesies always shown to us.

You are hereby notified of our 82nd Ordinary General Meeting of Shareholders (“Meeting”) to be held as described hereunder.

From the viewpoint of preventing further spread of COVID-19, we request shareholders to refrain from attending the Meeting, and instead exercise their voting rights prior to the Meeting by using the enclosed voting card, via the internet, or through other such means.

Please refer to “Reference Documents for the General Meeting of Shareholders” and exercise your voting rights in accordance with “Guidance Notes on Exercise of Voting Rights” (see page 2).

1. **Date and Time:** Tuesday, March 29, 2022 at 10:00 a.m.
2. **Place:** International Conference Hall, 2nd Floor, Keidanren Kaikan
1-3-2, Otemachi, Chiyoda-ku, Tokyo
3. **Agenda:**
 - Matters to be reported:**
 - Item No 1:** Reports on the Business Report, the Consolidated Financial Statements, and the Non-Consolidated Financial Statements for the 82nd business term (from January 1, 2021 to December 31, 2021);
 - Item No 2:** Report on the Results of Audits of the Consolidated Financial Statements for the 82nd business term by the Accounting Auditor and the Board of Statutory Auditors.
 - Proposals to be resolved:**
 - Proposal No 1:** Appropriation of Surplus
 - Proposal No 2:** Partial Amendments to the Articles of Incorporation
 - Proposal No 3:** Election of Nine (9) Directors
 - Proposal No 4:** Election of Two (2) Statutory Auditors
 - Proposal No 5:** Payment of Bonuses to Directors
 - Proposal No 6:** Revision of Amount of Remuneration for Directors
 - Proposal No 7:** Determination of the remuneration limit under the performance-based restricted stock remuneration plan for directors

• The Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements attached to this Notice, are part of the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements that have been audited by the Statutory Auditors for the purpose of an auditors’ report and by the Accounting Auditor for the purpose of an accounting auditor’s report.

• The following documents which are part of the documents that should be provided together with this Notice, are disclosed on our website (<https://sfc.jp/english/>) in accordance with the relevant laws and regulations and Article 17 of the Articles of Incorporation of the Company. Accordingly, those documents are not included in this Notice.

1. The Business Report: “Information on the Subscription Rights to Shares etc.” and “Systems Necessary to Ensure the Properness of Operations”
2. The Consolidated Financial Statements: “The Consolidated Statements of Changes in Net Assets” and “The Notes to the Consolidated Financial Statements”
3. The Non-Consolidated Financial Statements: “The Non-Consolidated Statements of Changes in Net Assets” and “The Notes to the Non-Consolidated Financial Statements”

• If there are any items that require amendments to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements by the day immediately prior to the Meeting, we will announce the amendments either by Postal Mail or by posting them on our website (<https://sfc.jp/english/>).

【Guidance Notes on Exercise of Voting Rights】

We recommend shareholders to exercise their voting rights prior to the Meeting by using the enclosed voting card, via the internet, or through other such means. If you choose to attend the Meeting, please submit the enclosed voting form to our receptionist at the Meeting and bring this Notice with you.

You can exercise your voting rights as follows;

(A): Voting by Postal Mail

Please indicate your approval or disapproval of each proposal on the enclosed voting form, and return it and ensure it is received by our Administrator of Share Registry no later than the deadline noted below.

Deadline for exercise of voting rights: 5:30 p.m. on Monday, March 28, 2022 (Japan Standard Time).

(B): Voting by “Smart Voting”

By using your smartphone or tablet to scan the “Smartphone use voting right exercise website login QR code” on the lower right of the enclosed voting form, you can exercise your voting rights via the website without entering your voting code and password.

✖**You can only vote by “Smart Voting” once.** If you intend to make a correction to the content of your vote after you exercised your voting rights, you are required to scan the QR code again and enter your voting code and password written on the enclosed voting form.

Deadline for exercise of voting rights: 5:30 p.m. on Monday, March 28, 2022 (Japan Standard Time).

(C): Voting by the Internet

Please use a personal computer, smartphone or cellular phone to access the Online Voting Site (<https://www.web54.net> (Japanese only)) and register your approval or disapproval of each proposal by using your voting code and password written on the enclosed voting form.

Deadline for exercise of voting rights: 5:30 p.m. on Monday, March 28, 2022 (Japan Standard Time).

(2) Matters of Exercising Voting Rights

- a. If you exercise your voting rights more than once by electromagnetic method (the Internet etc.), we will only accept the last exercise of your voting rights as valid.
- b. If you exercise your voting rights both by Postal Mail and by electromagnetic method (the Internet etc.), we will only accept the vote registered by electromagnetic method (the Internet etc.) as valid.

*Any access fees to internet service providers and any communication fees (including, but not limited to telephone fees) for the usage of the voting website for voting shall be borne by the shareholder.

*Please be aware that exercising voting rights by personal computer or smart phone may not be possible in certain internet user environments. In addition, exercising voting rights by cellular phone may not be possible with certain types of cellular phones.

Please contact the following numbers if you have any questions.

Administrator of Share Registry

Sumitomo Mitsui Trust & Banking Co., Ltd. (Help Desk)

• **Inquiries about exercising voting rights: 0120-652-031**

(AM9:00~PM9:00, Japan Standard Time) (Japanese only)

• **Other inquiries: 0120-652-031**

(weekdays AM9:00~PM5:00, Japan Standard Time)

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

In light of a comprehensive consideration of the balance of our base of operations, financial position and cash flow, the Company hereby proposes to appropriate the surplus as follows:

1. Year-end dividend

With regard to the dividend of retained earnings at the end of the fiscal year under review, based on our basic policy of continuously and stably returning profits to shareholders, we intend to increase the dividend by 20 yen per share compared to the previous fiscal year, taking into account our business performance for the fiscal year under review and other factors comprehensively, as follows:

The sum of the interim dividend and the year-end dividend will be 80 yen per share.

(1) Type of dividend assets:

Cash

(2) Allocation of dividend assets to our shareholders and the total amount thereof:

- 45 yen per ordinary share of common stock

- Total amount : 9,041,065,290 yen

(3) Effective date of the dividend payment:

March 30, 2022

2. Appropriation of other surplus

For the purpose of securing flexibility in capital policy, we intend to transfer a part of the general reserve to retained earnings brought forward as follows:

(1) The item of surplus to be increased, and the amount thereof:

Retained earnings brought forward	15,403,000,000 yen
-----------------------------------	--------------------

(2) The item of surplus to be decreased, and the amount thereof:

General reserve	15,403,000,000 yen
-----------------	--------------------

Proposal No. 2: Partial Amendments to the Articles of Incorporation

1.Reason for the proposal

The revised provisions stipulated in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are due to come into effect on September 1, 2022. The Company therefore proposes to make the following changes to its Articles of Incorporation in preparation for the introduction of a system for providing reference material for the General Meeting of Shareholders in electronic format.

(1) The proposed revision to Article 17 stipulates that the Company shall take measures to provide information constituting the content of reference material for the General Meeting of Shareholders, etc. in electronic format.

In addition, a provision shall be established to limit the scope of listed in hard copy documents issued to shareholders upon request.

(2) The Provision for Disclosure of Proxy Statement and Other Documents on Internet and Deemed Provision (Article 17 of the current Articles of Incorporation) will be no longer required and therefore deleted.

(3) Based on the additions and deletion listed above, a supplementary provision regarding the effective date, etc. will be established.

Current Articles of Incorporation	Proposed Amendment
Article 1. ~ Article 16. (Omitted)	Article 1. ~ Article 16. (Unchanged)
<u>Article 17. (Disclosure of Proxy Statement and Other Documents on Internet and Deemed Provision)</u> <u>The Company may deem to have provided its shareholders with information to be described or indicated in the proxy statement, business report, financial statements and consolidated financial statements for the purpose of convening the General Meeting of Shareholders by disclosing such information using Internet as prescribed in the Ministry of Justice Ordinance.</u>	(Deleted)
(Newly Added)	<u>Article 17. (Assumption of Provision of Materials such as Reference Documents for General Meeting of Shareholders by Disclosure on the Internet)</u> <u>When convening General Meeting of Shareholders, the Company shall assume that information pertaining to all items recorded or shown in General Meeting of Shareholders such as reference documents, business reports, financial statements and consolidated financial statements has been provided by disclosure on the Internet in accordance with ordinances of the Ministry of Justice.</u>
Article 18. ~ Article 42. (Omitted)	Article 18. ~ Article 42. (Unchanged)
(Newly added)	<u>Supplementary Provisions</u> <u>Article 1.</u> <u>The deletion of Article 17 (Disclosure of Proxy Statement and Other Documents on Internet and Deemed Provision) of Articles of Incorporation prior to the amendments and the new establishment of Article 17 (Assumption of Provision of Materials such as Reference Documents for General Meeting</u>

	<u>of Shareholders by Disclosure on the Internet) of the Articles of Incorporation after amendments shall be effective from September 1, 2022, the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019)(hereinafter referred to as the “Date of Enforcement”).</u>
	<u>Article 2.</u>
	<u>Notwithstanding the provision of the preceding paragraph, Article 17 (Disclosure of Proxy Statement and Other Documents on Internet and Deemed Provision) of Articles of Incorporation prior to the amendments shall remain effective regarding any General Meeting of Shareholders held on a date within six months from the Date of Enforcement.</u>
	<u>Article 3.</u>
	<u>These Supplementary Provisions shall be deleted when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the General Meeting of Shareholders in the preceding paragraph, whichever is later.</u>

Proposal No. 3: Election of Nine (9) Directors

At the conclusion of this Meeting, the term of office of all directors (nine) shall expire, and we would like to ask for the election of nine directors.

The nomination of each candidate is decided after consulting with the Nomination and Remuneration Advisory Committee, a voluntary committee chaired by an outside director, in which outside officers constitute a majority of its members.

Candidates for Directors are as follows:

Candidate No.	Name	Present Positions	
1	Akira Ichikawa	Representative Director, Chairman of the Board	Re-election
2	Toshiro Mitsuyoshi	Representative Director, President / Director, President and Executive Officer	Re-election
3	Tatsuru Satoh	Representative Director, Executive Vice President and Executive Officer	Re-election
4	Tatsumi Kawata	Director, Senior Managing Executive Officer	Re-election
5	Atsushi Kawamura	Director, Managing Executive Officer	Re-election
6	Ikuro Takahashi	Managing Executive Officer	New-election
7	Junko Hirakawa	Director	Re-election Outside Director Independent Officer
8	Izumi Yamashita	Director	Re-election Outside Director Independent Officer
9	Mitsue Kurihara	Director	Re-election Outside Director Independent Officer

1	<p>Akira Ichikawa (Born November 12, 1954)</p> <p><u>Re-election</u></p> <p>Number of shares in the Company owned: 76,800 shares</p> <p>Attendance at Board of Directors: 16/16 meetings</p>	<p>Career summary, positions and responsibility in the Company, and significant concurrent positions</p> <table border="0"> <tr> <td>April</td> <td>1978</td> <td>Joined the Company</td> </tr> <tr> <td>June</td> <td>2007</td> <td>Executive Officer</td> </tr> <tr> <td>June</td> <td>2008</td> <td>Director</td> </tr> <tr> <td></td> <td></td> <td>Managing Executive Officer</td> </tr> <tr> <td>April</td> <td>2010</td> <td>Representative Director (Current position)</td> </tr> <tr> <td></td> <td></td> <td>President / Director</td> </tr> <tr> <td></td> <td></td> <td>President and Executive Officer</td> </tr> <tr> <td>April</td> <td>2020</td> <td>Chairman of the Board(Current position)</td> </tr> </table>	April	1978	Joined the Company	June	2007	Executive Officer	June	2008	Director			Managing Executive Officer	April	2010	Representative Director (Current position)			President / Director			President and Executive Officer	April	2020	Chairman of the Board(Current position)
	April	1978	Joined the Company																							
June	2007	Executive Officer																								
June	2008	Director																								
		Managing Executive Officer																								
April	2010	Representative Director (Current position)																								
		President / Director																								
		President and Executive Officer																								
April	2020	Chairman of the Board(Current position)																								
<p>[Significant Concurrent Position at other companies] Outside Director of Konica Minolta, Inc.</p>																										
<p>[Reasons for nominating a candidate to be Director] The Company requests shareholders to re-elect Mr. Ichikawa as Director because the Company believes that he is capable of executing his duty as Director appropriately, based on his abundant experience and achievement in corporate management which he developed during his career as President/Director and Chairman of the Board.</p>																										
2	<p>Toshiro Mitsuyoshi (Born May 23, 1962)</p> <p><u>Re-election</u></p> <p>Number of shares in the Company owned: 19,800 shares</p> <p>Attendance at Board of Directors: 16/16 meetings</p>	<p>Career summary, positions and responsibility in the Company, and significant concurrent positions</p> <table border="0"> <tr> <td>April</td> <td>1985</td> <td>Joined the Company</td> </tr> <tr> <td>June</td> <td>2010</td> <td>Executive Officer</td> </tr> <tr> <td>April</td> <td>2011</td> <td>Managing Executive Officer</td> </tr> <tr> <td>June</td> <td>2014</td> <td>Director</td> </tr> <tr> <td>April</td> <td>2018</td> <td>Senior Managing Executive Officer</td> </tr> <tr> <td>April</td> <td>2020</td> <td>Representative Director(Current Position)</td> </tr> <tr> <td></td> <td></td> <td>President / Director(Current position)</td> </tr> <tr> <td></td> <td></td> <td>President and Executive Officer(Current position)</td> </tr> </table>	April	1985	Joined the Company	June	2010	Executive Officer	April	2011	Managing Executive Officer	June	2014	Director	April	2018	Senior Managing Executive Officer	April	2020	Representative Director(Current Position)			President / Director(Current position)			President and Executive Officer(Current position)
	April	1985	Joined the Company																							
June	2010	Executive Officer																								
April	2011	Managing Executive Officer																								
June	2014	Director																								
April	2018	Senior Managing Executive Officer																								
April	2020	Representative Director(Current Position)																								
		President / Director(Current position)																								
		President and Executive Officer(Current position)																								
<p>[Reasons for nominating a candidate to be Director] The Company requests shareholders to re-elect Mr. Mitsuyoshi as Director because the Company believes that, as he has been engaged in management of the Sumitomo Forestry Group(“Group”) as President / Director since April, 2020, he is capable of executing his duty as Director appropriately, based on his abundant experience and achievement in the Group’s business.</p>																										

3	<p>Tatsuru Satoh (Born December 14, 1955)</p> <p><u>Re-election</u></p> <p>Number of shares in the Company owned: 38,000 shares</p>	<p>Career summary, positions and responsibility in the Company, and significant concurrent positions</p>																	
		<table border="0"> <tr> <td>April</td> <td>1978</td> <td>Joined the Company</td> </tr> <tr> <td>June</td> <td>2012</td> <td>Executive Officer</td> </tr> <tr> <td>April</td> <td>2013</td> <td>Managing Executive Officer</td> </tr> <tr> <td>June</td> <td>2013</td> <td>Director</td> </tr> <tr> <td>April</td> <td>2016</td> <td>Senior Managing Executive Officer</td> </tr> <tr> <td>April</td> <td>2018</td> <td>Representative Director (Current position) Executive Vice President and Executive Officer (Current position)</td> </tr> </table>	April	1978	Joined the Company	June	2012	Executive Officer	April	2013	Managing Executive Officer	June	2013	Director	April	2016	Senior Managing Executive Officer	April	2018
	April	1978	Joined the Company																
June	2012	Executive Officer																	
April	2013	Managing Executive Officer																	
June	2013	Director																	
April	2016	Senior Managing Executive Officer																	
April	2018	Representative Director (Current position) Executive Vice President and Executive Officer (Current position)																	
<p>Attendance at Board of Directors: 16/16 meetings</p>	<p>[Responsibility in the Company] Administering Lifestyle Service Division In charge of General Administration, Secretary, External Relations, Personnel, IT Solutions, Intellectual Property, and Internal Audit</p> <p>[Significant Concurrent Position at other companies] Statutory Auditor of Kumagai Gumi Co., Ltd.</p>																		
<p>[Reasons for nominating a candidate to be Director] The Company requests shareholders to re-elect Mr. Satoh as Director because the Company believes that, as he has been Director since 2013, has served as Executive Officer in charge of General Administration, Personnel, among other roles, and currently is Executive Vice President and Executive Officer, he is capable of executing his duty as Director appropriately, based on his abundant experience and achievement in the Group's business and management.</p>																			
4	<p>Tatsumi Kawata (Born October 4, 1962)</p> <p><u>Re-election</u></p> <p>Number of shares in the Company owned: 11,600 shares</p>	<p>Career summary, positions and responsibility in the Company, and significant concurrent positions</p>																	
		<table border="0"> <tr> <td>April</td> <td>1986</td> <td>Joined the Company</td> </tr> <tr> <td>June</td> <td>2016</td> <td>Executive Officer General Manager of Corporate Planning Department</td> </tr> <tr> <td>April</td> <td>2017</td> <td>Managing Executive Officer General Manager of Corporate Planning Department</td> </tr> <tr> <td>April</td> <td>2018</td> <td>Managing Executive Officer</td> </tr> <tr> <td>June</td> <td>2018</td> <td>Director (Current Position)</td> </tr> <tr> <td>January</td> <td>2022</td> <td>Senior Managing Executive Officer (Current Position)</td> </tr> </table>	April	1986	Joined the Company	June	2016	Executive Officer General Manager of Corporate Planning Department	April	2017	Managing Executive Officer General Manager of Corporate Planning Department	April	2018	Managing Executive Officer	June	2018	Director (Current Position)	January	2022
	April	1986	Joined the Company																
June	2016	Executive Officer General Manager of Corporate Planning Department																	
April	2017	Managing Executive Officer General Manager of Corporate Planning Department																	
April	2018	Managing Executive Officer																	
June	2018	Director (Current Position)																	
January	2022	Senior Managing Executive Officer (Current Position)																	
<p>Attendance at Board of Directors: 16/16 meetings</p>	<p>[Responsibility in the Company] Administering Housing and Construction Division, and Environment and Resources Division In charge of Corporate Planning, Finance, Corporate Communications and Sustainability</p>																		
<p>[Reasons for nominating a candidate to be Director] The Company requests shareholders to re-elect Mr. Kawata as Director because the Company believes that, as he has served as General Manager of Personnel Department and Corporate Planning Department, among other roles, has been Director since 2018 and currently is Senior Managing Executive Officer, he is capable of executing his duty as Director appropriately, based on his abundant experience in the Group's business.</p>																			

5	<p>Atsushi Kawamura (Born February 24, 1965)</p> <p><u>Re-election</u></p> <p>Number of shares in the Company owned: 17,300 shares</p> <p>Attendance at Board of Directors: 16/16 meetings</p>	<p>Career summary, positions and responsibility in the Company, and significant concurrent positions</p>																
		<table border="0"> <tr> <td>April</td> <td>1987</td> <td>Joined the Company</td> </tr> <tr> <td>June</td> <td>2016</td> <td>Executive Officer Deputy Divisional Manager of Overseas Business Division</td> </tr> <tr> <td>April</td> <td>2017</td> <td>Managing Executive Officer (Current position)</td> </tr> <tr> <td>April</td> <td>2018</td> <td>Deputy Divisional Manager of Overseas Housing and Real Estate Division</td> </tr> <tr> <td>April</td> <td>2020</td> <td>Divisional Manager of Overseas Housing and Real Estate Division (Current Position)</td> </tr> <tr> <td>June</td> <td>2020</td> <td>Director (Current Position)</td> </tr> </table> <p>[Responsibility in the Company] Administering Timber and Building Materials Division In charge of Tsukuba Research Institute</p>	April	1987	Joined the Company	June	2016	Executive Officer Deputy Divisional Manager of Overseas Business Division	April	2017	Managing Executive Officer (Current position)	April	2018	Deputy Divisional Manager of Overseas Housing and Real Estate Division	April	2020	Divisional Manager of Overseas Housing and Real Estate Division (Current Position)	June
April	1987	Joined the Company																
June	2016	Executive Officer Deputy Divisional Manager of Overseas Business Division																
April	2017	Managing Executive Officer (Current position)																
April	2018	Deputy Divisional Manager of Overseas Housing and Real Estate Division																
April	2020	Divisional Manager of Overseas Housing and Real Estate Division (Current Position)																
June	2020	Director (Current Position)																
<p>[Reasons for nominating a candidate to be Director] The Company requests shareholders to re-elect Mr. Kawamura as Director because the Company believes that, as he has served as General Manager of Overseas Housing and Real Estate Department, Deputy Divisional Manager of Overseas Business, has been Director since 2020, and currently is Managing Executive Officer, he is capable of executing his duty as Director appropriately, based on his abundant experience in the Group's business.</p>																		
6	<p>Ikuro Takahashi (Born October 4, 1959)</p> <p><u>New-election</u></p> <p>Number of shares in the Company owned: 11,900 shares</p>	<p>Career summary, positions and responsibility in the Company, and significant concurrent positions</p>																
		<table border="0"> <tr> <td>April</td> <td>1984</td> <td>Joined the Company</td> </tr> <tr> <td>December</td> <td>2013</td> <td>Deputy Divisional Manager of Housing Division</td> </tr> <tr> <td>April</td> <td>2016</td> <td>Director and Managing Executive Officer of Sumitomo Forestry Home Tech Co., Ltd.</td> </tr> <tr> <td>October</td> <td>2017</td> <td>Deputy Divisional Manager of Housing Division</td> </tr> <tr> <td>June</td> <td>2018</td> <td>Executive Officer Deputy Divisional Manager of Housing and Construction Division</td> </tr> <tr> <td>April</td> <td>2020</td> <td>Managing Executive Officer (Current position) Divisional Manager of Housing and Construction Division (Current Position)</td> </tr> </table>	April	1984	Joined the Company	December	2013	Deputy Divisional Manager of Housing Division	April	2016	Director and Managing Executive Officer of Sumitomo Forestry Home Tech Co., Ltd.	October	2017	Deputy Divisional Manager of Housing Division	June	2018	Executive Officer Deputy Divisional Manager of Housing and Construction Division	April
April	1984	Joined the Company																
December	2013	Deputy Divisional Manager of Housing Division																
April	2016	Director and Managing Executive Officer of Sumitomo Forestry Home Tech Co., Ltd.																
October	2017	Deputy Divisional Manager of Housing Division																
June	2018	Executive Officer Deputy Divisional Manager of Housing and Construction Division																
April	2020	Managing Executive Officer (Current position) Divisional Manager of Housing and Construction Division (Current Position)																
<p>[Reasons for nominating a candidate to be Director] The Company requests shareholders to elect Mr. Takahashi as Director because the Company believes that, as he has served as General Manager of Engineering Department of the Housing Division, Deputy Divisional Manager of Housing Division, has been Executive Officer since 2018, and currently is Managing Executive Officer and Divisional Manager of Housing and Construction Division, he is capable of executing his duty as Director appropriately, based on his abundant experience in the Group's business.</p>																		

	<p>Junko Hirakawa (Born October 9, 1947)</p> <p><u>Re-election</u></p> <p><u>Outside Director</u></p> <p><u>Independent Officer</u></p> <p>Number of shares in the Company owned: 0 shares</p> <p>Attendance at Board of Directors: 16/16 meetings</p>	<p>Career summary, positions and responsibility in the Company, and significant concurrent positions</p> <table border="0"> <tr> <td>April</td> <td>1973</td> <td>Registered as Attorney at Law admitted in Japan</td> </tr> <tr> <td>February</td> <td>1979</td> <td>Registered as Attorney at Law admitted in New York</td> </tr> <tr> <td>October</td> <td>1983</td> <td>Partner of Yuasa and Hara</td> </tr> <tr> <td>July</td> <td>1997</td> <td>Established Hirakawa, Sato & Kobayashi (Currently City-Yuwa Partners) Partner of Hirakawa, Sato & Kobayashi</td> </tr> <tr> <td>February</td> <td>2003</td> <td>Partner of City-Yuwa Partners (Current position)</td> </tr> <tr> <td>June</td> <td>2012</td> <td>Outside Statutory Auditor of the Company</td> </tr> <tr> <td>June</td> <td>2014</td> <td>Outside Director of the Company (Current position)</td> </tr> </table> <p>[Significant concurrent positions at other companies] Attorney at Law Outside Director of Tokyo Financial Exchange Inc.</p>	April	1973	Registered as Attorney at Law admitted in Japan	February	1979	Registered as Attorney at Law admitted in New York	October	1983	Partner of Yuasa and Hara	July	1997	Established Hirakawa, Sato & Kobayashi (Currently City-Yuwa Partners) Partner of Hirakawa, Sato & Kobayashi	February	2003	Partner of City-Yuwa Partners (Current position)	June	2012	Outside Statutory Auditor of the Company	June	2014	Outside Director of the Company (Current position)
April	1973	Registered as Attorney at Law admitted in Japan																					
February	1979	Registered as Attorney at Law admitted in New York																					
October	1983	Partner of Yuasa and Hara																					
July	1997	Established Hirakawa, Sato & Kobayashi (Currently City-Yuwa Partners) Partner of Hirakawa, Sato & Kobayashi																					
February	2003	Partner of City-Yuwa Partners (Current position)																					
June	2012	Outside Statutory Auditor of the Company																					
June	2014	Outside Director of the Company (Current position)																					
7	<p>[Reasons for nominating a candidate to be Outside Director and expected roles] The Company requests shareholders to re-elect Ms. Hirakawa as Outside Director because we believe that as a lawyer well versed in corporate legal practices both in Japan and overseas, she is playing an appropriate role in strengthening our corporate governance. We hope that she will contribute to the strengthening of the supervisory function of management by making recommendations to general management based on her professional perspective. While she has not been involved in corporate management other than as Outside Director or Outside Statutory Auditor, we believe that she is able to appropriately perform the duties of Outside Director for the reason outlined above.</p>																						
	<p>■Special notes related to a candidate for Outside Director</p> <ol style="list-style-type: none"> Ms. Hirakawa is a candidate for Outside Director as set forth in Article 2, Paragraph 3, item 7 of the Ordinance for Enforcement of the Companies Act. The Company has notified Tokyo Stock Exchange, Inc. of the designation of Ms. Hirakawa as Independent Officer as required by its regulations. Ms. Hirakawa currently serves as Outside Director of the Company, and her term of office as Outside Director will have been seven (7) years and nine (9) months at the closing of the Meeting. In addition, Ms. Hirakawa served as an Outside Statutory Auditor of the Company from June 2012 to June 2014. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company concluded an agreement with Ms. Hirakawa to limit her liability under Article 423, Paragraph 1 of said Act. Total liability for damages under such agreement is limited to the aggregate sum of the amounts stipulated in each item of Article 425, Paragraph 1 of said Act. The Company is to enter into an agreement of the same nature and content with Ms. Hirakawa subject to approval of her re-election. 																						

	<p>Izumi Yamashita (Born February 1, 1948)</p> <p>[Re-election]</p> <p>[Outside Director]</p> <p>[Independent Officer]</p> <p>Number of shares in the Company owned: 0 shares</p> <p>Attendance at Board of Directors: 16/16 meetings</p>	<p>Career summary, positions and responsibility in the Company, and significant concurrent positions</p> <table border="1"> <tr> <td>July</td> <td>1971</td> <td>Joined the Bank of Japan</td> </tr> <tr> <td>April</td> <td>1998</td> <td>Director-General of Financial Markets Department, Bank of Japan</td> </tr> <tr> <td>March</td> <td>2002</td> <td>General Manager of Financial Marketing Division, Accenture Japan Ltd.</td> </tr> <tr> <td>April</td> <td>2003</td> <td>Executive Director of Japan Post</td> </tr> <tr> <td>April</td> <td>2005</td> <td>Deputy Governor of Japan Post</td> </tr> <tr> <td>October</td> <td>2007</td> <td>President, CEO, Representative Executive Officer of Japan Post Insurance Co., Ltd.</td> </tr> <tr> <td>June</td> <td>2012</td> <td>Chairman, Representative Executive Officer of Japan Post Insurance Co., Ltd.</td> </tr> <tr> <td>June</td> <td>2013</td> <td>Resigned from Chairman, Representative Executive Officer of Japan Post Insurance Co., Ltd.</td> </tr> <tr> <td>June</td> <td>2016</td> <td>Outside Director of the Company (Current position)</td> </tr> </table> <p>[Significant concurrent position at other companies] Outside Director of AEON Bank, Ltd.</p>	July	1971	Joined the Bank of Japan	April	1998	Director-General of Financial Markets Department, Bank of Japan	March	2002	General Manager of Financial Marketing Division, Accenture Japan Ltd.	April	2003	Executive Director of Japan Post	April	2005	Deputy Governor of Japan Post	October	2007	President, CEO, Representative Executive Officer of Japan Post Insurance Co., Ltd.	June	2012	Chairman, Representative Executive Officer of Japan Post Insurance Co., Ltd.	June	2013	Resigned from Chairman, Representative Executive Officer of Japan Post Insurance Co., Ltd.	June	2016	Outside Director of the Company (Current position)
July	1971	Joined the Bank of Japan																											
April	1998	Director-General of Financial Markets Department, Bank of Japan																											
March	2002	General Manager of Financial Marketing Division, Accenture Japan Ltd.																											
April	2003	Executive Director of Japan Post																											
April	2005	Deputy Governor of Japan Post																											
October	2007	President, CEO, Representative Executive Officer of Japan Post Insurance Co., Ltd.																											
June	2012	Chairman, Representative Executive Officer of Japan Post Insurance Co., Ltd.																											
June	2013	Resigned from Chairman, Representative Executive Officer of Japan Post Insurance Co., Ltd.																											
June	2016	Outside Director of the Company (Current position)																											
8	<p>[Reasons for nominating a candidate to be Outside Director and expected roles]</p> <p>The Company requests shareholders to re-elect Mr. Yamashita as Outside Director because the Company believes that he is playing an appropriate role for the enhancement of our corporate governance, based on his abundant experience in the financial industry and deep insight as a business manager. The Company expects that he will contribute to the strengthening of the supervisory function of management by making recommendations to general management based on his experience and insight.</p>																												
	<p>■Special notes related to a candidate for Outside Director</p> <ol style="list-style-type: none"> 1. Mr. Yamashita is a candidate for Outside Director as set forth in Article 2, Paragraph 3, item 7 of the Ordinance for Enforcement of the Companies Act. 2. The Company has notified Tokyo Stock Exchange, Inc. of the designation of Mr. Yamashita as Independent Officer as required by its regulations. 3. On March 24, 2020, AEON Bank, Ltd., for which Mr. Yamashita serves as an outside director, received a cease and desist order from the Consumer Affairs Agency for misrepresentation as provided in Article 5, item 2 of the Act against Unjustifiable Premiums and Misleading Representations in regard to its new card membership promotion program. Mr. Yamashita, who was unaware of the fact until the case was brought to light, regularly provided comments and opinions from the viewpoint of legal compliance. In addition, after the case came to light, Mr. Yamashita has actively given suggestions for furtherance of compliance with laws and regulations as well as establishment of a recurrence prevention measures, thus fulfilling his duties as an outside director. 4. Mr. Yamashita currently serves as Outside Director of the Company, and his term of office as Outside Director will have been five (5) years and nine (9) months at the closing of the Meeting. 5. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company concluded an agreement with Mr. Yamashita to limit his liability under Article 423, Paragraph 1 of said Act. Total liability for damages under such agreement is limited to the aggregate sum of the amounts stipulated in each item of Article 425, Paragraph 1 of said Act. The Company is to enter into an agreement of the same nature and content with Mr. Yamashita subject to approval of his re-election. 																												

9	<p>Mitsue Kurihara (Born April 7, 1964)</p> <p>Re-election</p> <p>Outside Director</p> <p>Independent Officer</p> <p>Number of shares in the Company owned: 0 shares</p> <p>Attendance at Board of Directors: 13/13 meetings (since appointed Director on March 30,2021)</p>	<p>Career summary, positions and responsibility in the Company, and significant concurrent positions</p>																							
	<table border="0"> <tr> <td style="padding-right: 10px;">April</td> <td style="padding-right: 10px;">1987</td> <td>Joined the Japan Development Bank (Currently the Development Bank of Japan Inc.)</td> </tr> <tr> <td>June</td> <td>2008</td> <td>Visiting Fellow at the International Policy Research Institute of Stanford University</td> </tr> <tr> <td>June</td> <td>2010</td> <td>Deputy Manager of Financial Department, Development Bank of Japan Inc.</td> </tr> <tr> <td>May</td> <td>2011</td> <td>General Manager of medical/living office, Corporate Finance Department Division 4, Development Bank of Japan Inc.</td> </tr> <tr> <td>April</td> <td>2013</td> <td>General Manager of Corporate Finance Department Division 6, Development Bank of Japan Inc.</td> </tr> <tr> <td>February</td> <td>2015</td> <td>Statutory Auditor of Development Bank of Japan Inc.</td> </tr> <tr> <td>June</td> <td>2020</td> <td>Chairman, Representative Director of Value Management Institute, Inc. (Current Position)</td> </tr> <tr> <td>March</td> <td>2021</td> <td>Outside Director of the Company (Current position)</td> </tr> </table>	April	1987	Joined the Japan Development Bank (Currently the Development Bank of Japan Inc.)	June	2008	Visiting Fellow at the International Policy Research Institute of Stanford University	June	2010	Deputy Manager of Financial Department, Development Bank of Japan Inc.	May	2011	General Manager of medical/living office, Corporate Finance Department Division 4, Development Bank of Japan Inc.	April	2013	General Manager of Corporate Finance Department Division 6, Development Bank of Japan Inc.	February	2015	Statutory Auditor of Development Bank of Japan Inc.	June	2020	Chairman, Representative Director of Value Management Institute, Inc. (Current Position)	March	2021	Outside Director of the Company (Current position)
	April	1987	Joined the Japan Development Bank (Currently the Development Bank of Japan Inc.)																						
June	2008	Visiting Fellow at the International Policy Research Institute of Stanford University																							
June	2010	Deputy Manager of Financial Department, Development Bank of Japan Inc.																							
May	2011	General Manager of medical/living office, Corporate Finance Department Division 4, Development Bank of Japan Inc.																							
April	2013	General Manager of Corporate Finance Department Division 6, Development Bank of Japan Inc.																							
February	2015	Statutory Auditor of Development Bank of Japan Inc.																							
June	2020	Chairman, Representative Director of Value Management Institute, Inc. (Current Position)																							
March	2021	Outside Director of the Company (Current position)																							
<p>[Significant concurrent positions at other companies]</p> <p>Chairman of the Board of Value Management Institute, Inc.</p> <p>Outside Director of Chubu Electric Power Co., Inc.</p> <p>Outside Director of Development Bank of Japan Inc.</p>																									
<p>[Reasons for nominating a candidate to be Outside Director and expected roles]</p> <p>The Company requests shareholders to re-elect Ms. Kurihara as Outside Director because the Company believes that she is playing an appropriate role for the enhancement of our corporate governance based on her deep insight and abundant experience in finance. The Company expects that she will contribute to the strengthening of the supervisory function of management by making recommendations to general management based on her insight and experience.</p>																									
<p>■Special notes related to a candidate for Outside Director</p> <ol style="list-style-type: none"> 1. Ms. Kurihara is a candidate for Outside Director as set forth in Article 2, Paragraph 3, item 7 of the Ordinance for Enforcement of the Companies Act. 2. The Company has notified Tokyo Stock Exchange, Inc. of the designation of Ms. Kurihara as Independent Officer as required by its regulations. 3. Ms. Kurihara currently serves as Outside Director of the Company, and her term of office as Outside Director will have been one (1) year at the closing of the Meeting. 4. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company is to enter into an agreement with Ms. Kurihara to limit her liability under Article 423, Paragraph 1 of said Act. Total liability for damages under such agreement shall be limited to the aggregate sum of the amounts stipulated in each item of Article 425, Paragraph 1 of said Act. 																									

Notes: 1. None of the candidates above has any special conflicts of interest with the Company.

2. The number of shares in the Company owned by each candidate stated above is as of December 31, 2021.

3. The Company has concluded liability insurance contract for officers, etc., providing compensation for damages arising as a result of the responsibilities assumed by insured officers in their execution of duties, or any claims made against them with regard to these responsibilities. If the election of each candidate for Director is approved as proposed, they will become the insured parties. The insured officers will not pay for the insurance premiums. The Company intends to renew this liability insurance contract at the next renewal date.

Proposal No. 4: Election of Two (2) Statutory Auditors

The terms of office of Statutory Auditors, Mr. Yoshimasa Tetsu and Mr. Makoto Matsuo, will expire at the conclusion of this year's General Meeting of Shareholders. Accordingly, the Company hereby proposes the election of two (2) Statutory Auditors.

The nomination of the candidates were decided, in consultation with the Nomination and Remuneration Advisory Committee chaired by an outside director, in which outside officers constitute a majority of its members. The Company has obtained approval for this proposal from the Board of Statutory Auditors.

The candidates for the Statutory Auditors are as follows:

1	Yoshimasa Tetsu (Born December 23, 1948)	Career summary, positions in the Company, and significant concurrent positions		
	Re-election	November 1976	Joined Daiichi Audit Corporation (Currently Ernst & Young ShinNihon LLC)	
	Outside Statutory Auditor	August 1981	Registered as Certified Public Accountant	
	Independent Officer	May 1987	Partner of Century Audit Corporation (Currently Ernst & Young ShinNihon LLC)	
	Number of shares in the Company owned: 0 shares	August 1997	Representative partner of Century Audit Corporation	
	Attendance at Board of Directors: 16/16 meetings	June 2011	Resigned from Ernst & Young ShinNihon LLC	
	Attendance at Board of Statutory Auditors: 14/14 meetings	June 2018	Outside Statutory Auditor of the Company (Current position)	
			[Significant concurrent positions at other companies] Certified Public Accountant Outside Statutory Auditor of Daiwa Motor Transportation Co., Ltd.	
	[Reasons for nominating a candidate to be Outside Statutory Auditor] As a certified public accountant, Mr. Tetsu has advanced expertise and extensive practical experience in financial and accounting, and the Company requests shareholders to re-elect him as outside statutory auditor, considering that his knowledge and experience are utilized in our auditing operations. He has never been involved in the management of companies by any method other than becoming an outside statutory auditor in the past, but for the reasons mentioned above, he is determined to be able to properly perform his duties as an outside statutory auditor.			
	■Special notes related to a candidate for Outside Director			
1.	Mr. Tetsu is a candidate for Outside Statutory Auditor as set forth in Article 2, Paragraph 3, item 8 of the Ordinance for Enforcement of the Companies Act.			
2.	The Company has notified Tokyo Stock Exchange, Inc. of the designation of Mr. Tetsu as Independent Officer as required by its regulations.			
3.	Mr. Tetsu currently serves as Outside Statutory Auditor of the Company, and his term of office as Outside Statutory Auditor will have been three (3) years and nine (9) months at the closing of the Meeting.			
4.	Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company is to enter into an agreement with Mr. Tetsu to limit his liability under Article 423, Paragraph 1 of said Act. Total liability for damages under such agreement shall be limited to the aggregate sum of the amounts stipulated in each item of Article 425, Paragraph 1 of said Act.			

<p>Makoto Matsuo (Born May 28, 1949)</p> <p><u>Re-election</u></p> <p><u>Outside Statutory Auditor</u></p> <p><u>Independent Officer</u></p> <p>Number of shares in the Company owned: 0 shares</p> <p>Attendance at Board of Directors: 16/16 meetings</p> <p>Attendance at Board of Statutory Auditors: 14/14 meetings</p>	<p>Career summary, positions in the Company, and significant concurrent positions</p>																	
	<table border="1"> <tr> <td>April</td> <td>1975</td> <td>Registered as attorney at Law admitted in Japan)</td> </tr> <tr> <td>March</td> <td>1979</td> <td>Registered as Attorney at Law admitted in New York</td> </tr> <tr> <td>September</td> <td>1980</td> <td>Partner of Ozaki & Momo-o</td> </tr> <tr> <td>April</td> <td>1989</td> <td>Established Momo-o, Matsuo & Namba</td> </tr> <tr> <td></td> <td></td> <td>Partner of Momo-o, Matsuo & Namba (Current Position)</td> </tr> <tr> <td>June</td> <td>2018</td> <td>Outside Statutory Auditor of the Company (Current position)</td> </tr> </table> <p>[Significant concurrent positions at other companies] Attorney at Law Outside Director of CAPCOM Co., Ltd. (Member of the Audit and Supervisory Committee) Outside Statutory Auditor of Solasia Pharma K.K. Outside Statutory Auditor of Taisho Pharmaceutical Holdings Co., Ltd.</p>	April	1975	Registered as attorney at Law admitted in Japan)	March	1979	Registered as Attorney at Law admitted in New York	September	1980	Partner of Ozaki & Momo-o	April	1989	Established Momo-o, Matsuo & Namba			Partner of Momo-o, Matsuo & Namba (Current Position)	June	2018
April	1975	Registered as attorney at Law admitted in Japan)																
March	1979	Registered as Attorney at Law admitted in New York																
September	1980	Partner of Ozaki & Momo-o																
April	1989	Established Momo-o, Matsuo & Namba																
		Partner of Momo-o, Matsuo & Namba (Current Position)																
June	2018	Outside Statutory Auditor of the Company (Current position)																
2	<p>[Reasons for nominating a candidate to be Outside Statutory Auditor] Mr. Matsuo, as an attorney at law, is familiar with corporate legal affairs at home and abroad, and the Company requests shareholders to re-elect him as outside statutory auditor, considering that he properly performs auditing operations from a professional standpoint. He has not been involved in the management of the companies by any method other than becoming an outside director or an outside auditor in the past, but he is determined to be able to properly perform his duties as an outside auditor for the above reasons.</p> <p>■Special notes related to a candidate for Outside Director</p> <table border="1"> <tr> <td>1.</td> <td>Mr. Matsuo is a candidate for Outside Statutory Auditor as set forth in Article 2, Paragraph 3, item 8 of the Ordinance for Enforcement of the Companies Act.</td> </tr> <tr> <td>2.</td> <td>The Company has notified Tokyo Stock Exchange, Inc. of the designation of Mr. Matsuo as Independent Officer as required by its regulations.</td> </tr> <tr> <td>3.</td> <td>Mr. Matsuo currently serves as Outside Statutory Auditor of the Company, and his term of office as Outside Statutory Auditor will have been three (3) years and nine (9) months at the closing of the Meeting.</td> </tr> <tr> <td>4.</td> <td>Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company is to enter into an agreement with Mr. Matsuo to limit his liability under Article 423, Paragraph 1 of said Act. Total liability for damages under such agreement shall be limited to the aggregate sum of the amounts stipulated in each item of Article 425, Paragraph 1 of said Act.</td> </tr> </table>	1.	Mr. Matsuo is a candidate for Outside Statutory Auditor as set forth in Article 2, Paragraph 3, item 8 of the Ordinance for Enforcement of the Companies Act.	2.	The Company has notified Tokyo Stock Exchange, Inc. of the designation of Mr. Matsuo as Independent Officer as required by its regulations.	3.	Mr. Matsuo currently serves as Outside Statutory Auditor of the Company, and his term of office as Outside Statutory Auditor will have been three (3) years and nine (9) months at the closing of the Meeting.	4.	Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company is to enter into an agreement with Mr. Matsuo to limit his liability under Article 423, Paragraph 1 of said Act. Total liability for damages under such agreement shall be limited to the aggregate sum of the amounts stipulated in each item of Article 425, Paragraph 1 of said Act.									
1.	Mr. Matsuo is a candidate for Outside Statutory Auditor as set forth in Article 2, Paragraph 3, item 8 of the Ordinance for Enforcement of the Companies Act.																	
2.	The Company has notified Tokyo Stock Exchange, Inc. of the designation of Mr. Matsuo as Independent Officer as required by its regulations.																	
3.	Mr. Matsuo currently serves as Outside Statutory Auditor of the Company, and his term of office as Outside Statutory Auditor will have been three (3) years and nine (9) months at the closing of the Meeting.																	
4.	Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company is to enter into an agreement with Mr. Matsuo to limit his liability under Article 423, Paragraph 1 of said Act. Total liability for damages under such agreement shall be limited to the aggregate sum of the amounts stipulated in each item of Article 425, Paragraph 1 of said Act.																	

- Notes: 1. None of the candidates above has any special conflicts of interest with the Company.
 2. The number of shares in the Company owned by each candidate stated above is as of December 31, 2021.
 3. The Company has concluded liability insurance contract for officers, etc., providing compensation for damages arising as a result of the responsibilities assumed by insured officers in their execution of duties, or any claims made against them with regard to these responsibilities. If the election of each candidate for Director is approved as proposed, they will become the insured parties. The insured officers will not pay for the insurance premiums. The Company intends to renew this liability insurance contract at the next renewal date.

(Reference)

The table below shows the expertise and experience expected of directors and auditors in particular (when each director and auditor candidate is appointed at this general meeting).

		Title	Corporate management	ESG Sustainability	Global	Real estate development Architecture	Financial accounting	Legal Affairs Risk Management Internal Audit	IT・DX	Industrial policy
Directors	Akira Ichikawa	Representative Director, Chairman of the Board	●	●	●		●	●	●	●
	Toshiro Mitsuyoshi	Representative Director, President/Director, Corporate Officer	●	●	●	●				
	Tatsuru Satoh	Representative Director, Executive Vice President and Executive Officer	●	●			●	●	●	
	Tatsumi Kawata	Director, Senior Managing Executive Officer	●	●	●		●			
	Atsushi Kawamura	Director, Managing Executive Officer	●	●	●	●				
	Ikuro Takahashi	Director, Managing Executive Officer		●		●				
	Junko Hirakawa	Outside Director		●	●			●		
	Izumi Yamashita	Outside Director	●	●	●		●		●	●
Mitsue Kurihara	Outside Director	●	●	●		●			●	
Statutory Auditors	Akihisa Fukuda	Senior Statutory Auditor	●	●	●	●	●		●	
	Noriaki Toi	Statutory Auditor		●	●			●		
	Yoshitsugu Minagawa	Outside Statutory Auditor		●						●
	Yoshimasa Tetsu	Outside Statutory Auditor		●			●			
	Makoto Matsuo	Outside Statutory Auditor		●	●			●		

Proposal No. 5: Payment of Bonuses to Directors

Regarding bonuses to directors for the fiscal year under review, the Company intends to pay a total of 165,000,000 yen to six (6) directors, excluding outside directors, out of nine (9) directors as of the end of the fiscal year under review, as performance-linked remuneration, taking into account the performance of the fiscal year under review and other factors.

The contents of this bonus are in accordance with our decision policy on individual remuneration for the current fiscal year and are considered appropriate. Specifically, the Company comprehensively judges the amount calculated based on a certain formula that takes into account the level of consolidated ordinary income excluding actuarial differences relating to retirement benefit accounting and net income attributable to the shareholders of the parent company (a formula for calculating the amount of bonus in proportion to the amount of profit), and determines the amount by consulting the Nomination and Remuneration Advisory Committee, a voluntary committee chaired by an outside director, in which outside officers constitute a majority of its members.

In addition, the Company requests shareholders to entrust the determination of the amount to be paid to each director to the Board of Directors.

Proposal No. 6: Revision of the Amount of Remuneration for Directors

The current amount of remuneration for the directors of the Company was approved at the 76th Ordinary General Meeting of Shareholders held on June 24, 2016 as not more than 40,000,000 yen per month (of which up to 5,000,000 yen per month is payable to outside directors). In addition, the 78th Ordinary General Meeting of Shareholders held on June 22, 2018 approved the maximum amount of 100,000,000 yen per year in remuneration for directors (excluding outside directors) under the restricted stock remuneration plan. Bonuses to be paid to directors in accordance with the business results for each business year are approved at the ordinary general meeting of shareholders for the relevant business year.

In conjunction with the formulation of a new three-year medium-term management plan starting from the 83rd business term (from January 1, 2022 to December 31, 2022), the Company has decided to review the current executive remuneration plan with the aim of establishing an executive remuneration plan that will enable each executive to raise awareness for the achievement of the medium-term management plan.

The new executive remuneration plan will comprise (i) fixed remuneration commensurate with the executive's responsibilities and roles, (ii) annual performance-based bonus as a short-term incentive (the "Bonus"), and (iii) performance-based restricted stock remuneration as a medium- to long-term incentive. The short-term incentives, and medium- to long-term incentives will not be paid to outside directors, who are responsible for management supervision from an independent standpoint, in view of the nature of the incentive remuneration based on performance targets.

Under the new executive remuneration plan, fixed remuneration and Bonuses will be paid as cash remuneration. Meanwhile, in order to enable flexible operation of the director remuneration system that covers Bonuses in addition to fixed remuneration, this Proposal proposes that the method of setting the amount of remuneration for directors be changed from setting the maximum monthly amount of fixed remuneration to setting the maximum annual amount of fixed remuneration plus Bonuses, and that the remuneration amount be revised from up to 40,000,000 yen per month (of which up to 5,000,000 yen per month is for outside directors) to up to 650,000,000 yen per year (of which up to 60,000,000 yen per year is for outside directors). Please note that the remuneration limit under the performance-based restricted stock remuneration plan, for which approval is requested in Proposal No. 7, will be set separately.

The outline of the Company's policy for determining the details of individual remuneration for directors is as stated in the Business Report, but the board of directors meeting held on February 14, 2022 passed a resolution to change the substance of such policy subject to the approval of this Proposal and Proposal No. 7. The outline of the Company's policy for determining the details of individual remuneration for directors after the change is as stated in the Reference Documents for the General Meeting of Shareholders (p. 19 of this document). The Company has concluded that the substance of this Proposal is necessary and appropriate to determine the details of individual remuneration for directors in line with the policy after the said change.

The Nomination and Remuneration Advisory Committee chaired by an outside director, in which outside officers (three outside directors, and three outside statutory auditors) constitute a majority of its eight members, has expressed its opinion that the substance of this Proposal is appropriate.

Please note that if Proposal No. 3 is approved as proposed, the number of directors will be nine (three of which will be outside directors).

Proposal No. 7: Determination of the remuneration limit under the performance-based restricted stock remuneration plan for directors

While the remuneration for directors of the Company consists of monthly remuneration, Bonuses, and restricted stock remuneration, the Company hereby proposes to introduce a new performance-based restricted stock remuneration plan (the "Plan") for its directors (excluding outside directors; the "Subject Directors"). Shareholders are requested to leave the details of the Plan to the board of directors within the scope described below.

Although the 78th Ordinary General Meeting of Shareholders held on June 22, 2018 approved the maximum amount of 100,000,000 yen per year in remuneration for the Subject Directors, if this Proposal is approved as proposed, the said stock remuneration plan will be abolished, and thereafter, no share will be delivered under the said stock remuneration plan and no monetary remuneration receivable will be vested for such delivery.

1. Reasons of the proposal and the reasons why the proposed remuneration limit is considered appropriate

This Proposal seeks shareholders' approval for a new remuneration offered for the grant of performance-based restricted shares to the Subject Directors and proposes the introduction of the Plan separately from the maximum amount of remuneration for directors (up to 650,000,000 yen per year (of which up to 60,000,000 yen per year is for outside directors)) for which approval is sought in Proposal No. 6.

The purpose of the Plan is to provide the Subject Directors with incentives to continuously improve the Company's corporate value and to further promote value sharing between the Subject Directors and shareholders. The outline of the Company's policy for determining the details of individual remuneration for directors is as stated in the Business Report, but the board of directors meeting held on February 14, 2022 passed a resolution to change the substance of such policy subject to the approval of Proposal No. 6 and this Proposal. The outline of the Company's policy for determining the details of individual remuneration for directors after the change is as stated in the Reference Documents for the General Meeting of Shareholders (p. 19 of this document). The purpose of the introduction of the Plan is as stated above, and the substance of this Proposal and the Plan is necessary and appropriate to determine the details of individual remuneration for directors in accordance with the said policy after the change. In addition, the maximum number of shares to be delivered to the Subject Directors in a business year will be no more than 0.05% of the total number of issued shares (as of December 31, 2021). Therefore, the Company concludes that the substance of this Proposal is appropriate.

The Nomination and Remuneration Advisory Committee chaired by an outside director, in which outside officers (three outside directors, and three outside statutory auditors) constitute a majority of its eight members, has expressed its opinion that the substance of this Proposal is appropriate.

Please note that if Proposal No. 3 is approved as proposed, the number of the Subject Directors will be six.

2. The maximum amount of monetary remuneration receivables vested for the grant of performance-based restricted shares

The total amount of monetary remuneration receivables to be vested in the Subject Directors for the grant of performance-based restricted shares under this Proposal will be up to 100,000,000 yen per business year, as an amount considered reasonable in light of the above-mentioned purposes (However, the actual vesting of monetary remuneration receivables will, in principle, be made by adding up the monetary remuneration receivables for the evaluation period as described below.).

3. The maximum number of common shares issued or disposed of

The Subject Directors will receive the issuance or disposition of common shares of the Company by means of tendering all of the monetary remuneration receivables vested under this Proposal as property contributed in kind. The total number of common shares to be issued or disposed of as a result of this shall not exceed 100,000 shares per business year (However, the actual delivery of common shares will, in principle, be made adding up the common shares issued or disposed of for the evaluation period as described below. In addition, if a share split, gratis allotment of shares, or consolidation of shares of the common stock of the Company is implemented on or after the date of the resolution of this Proposal, this maximum number of shares to be issued will be changed in proportion to the applicable split ratio, allotment ratio or consolidation ratio.). The amount to be paid in per share will be equal to the closing price of the common stock of the Company on the Tokyo Stock Exchange on the business day preceding the date on which the board of directors resolves the amount of such monetary remuneration receivables to be vested (or if no trading is effected on that date, the closing price on the most recent trading day prior to the date of the resolution). The specific timing of vesting and distribution to each Subject Director will be determined by the board of directors taking into account the views of the Nomination and Remuneration Advisory Committee.

Under the Plan, in order to allot restricted shares to the Subject Directors, the period covered by the Company's medium-term management plan (which will be no less than three years, with the initial term of such period being from January 1, 2022 to December 31, 2024) is designated as the evaluation period, and after the expiration of the evaluation period, the amount obtained by multiplying the amount determined based on each Subject Director's position in the evaluation period (however, this amount will be adjusted using the ratio of the period in office to the evaluation period; "Standard Stock Remuneration Amount by Position") by the vesting rate is vested in each Subject Director as monetary remuneration receivables. Then, by means of having the Subject Directors tender all of such monetary remuneration receivables to the Company as property contributed in kind, the Company will issue or dispose of common shares of the Company to the Subject Directors and have them hold such shares.

Method of calculating the number of shares to be delivered

Number of shares to be delivered = Standard Stock Remuneration Amount by Position (*1)
× vesting rate (*2) / amount to be paid in per share

- (*1) The Standard Stock Remuneration Amount by Position will be determined by the board of directors.
- (*2) The vesting rate will be set using a certain formula based on the performance indicators to be specified by the board of directors (please see p. 21 – p. 22).

4. Time of delivery of shares

The issuance or disposition of common shares of the Company under the Plan will be effected after the expiration of the evaluation period, in principle. In issuing or disposing of such shares, the Company and each of the Subject Directors (excluding any director who retires from directorship due to expiration of his/her term of office or other justifiable reason (including resignation due to any reason deemed unavoidable by the Company or retirement due to death) on or before the date of the first ordinary general meeting of shareholders to be held after the expiration of the evaluation period) will enter into a share allotment agreement (the “Allotment Agreement”). The Allotment Agreement shall include the matters set out in (I) through (IV) below. In principle, the date of the lifting of the Restriction on Transfer for a Subject Director shall be the date of his/her retirement. For the purpose of this Proposal, “retirement” means retirement from the position of director or executive officer of the Company, and all other positions specified by the board of directors of the Company.

- (I) The Subject Director shall not transfer, create a security interest on, or otherwise dispose of the common shares of the Company allotted to him/her under the Allotment Agreement (the “Restriction on Transfer”) during the period from the date of allotment under the Allotment Agreement to the date of his/her retirement (the “Restriction Period”);
- (II) In the event of any illegal or wrongful action or other misconduct by the Subject Director, or retirement for any reason other than the ones stated in (i) and (ii) of (III) below, the Company shall acquire such common shares without compensation;
- (III) The Restriction on Transfer shall be lifted at the time of the Subject Director’s retirement if the retirement is either due to (i) expiration of his/her term of office or other justifiable reason, or any reason deemed unavoidable by the Company, or (ii) retirement for death; and
- (IV) If, during the Restriction Period, a merger agreement under which the Company is merged, a share exchange agreement or share transfer plan under which the Company becomes a wholly-owned subsidiary, or any other corporate reorganization matter is approved at a general meeting of shareholders of the Company (or approved by the board of directors of the Company if such corporate reorganization and the like does not require approval of the Company’s general meeting of shareholders), the Restriction on Transfer shall be lifted prior to the effective date of such corporate reorganization and the like by a resolution of the board of directors.

During the Restriction Period, the shares allotted to each Subject Director under the Allotment Agreement will be managed in a dedicated account to be opened by the Subject Director with the securities company designated by the Company in order to prevent the transfer of, creation of security interest on, or other disposition of such shares during the Restriction Period.

In the following cases, there will be no Restriction on Transfer in the share allotment agreement that the Company will enter into with a Subject Director:

- (I) If, during the evaluation period, a Subject Director retires due to the expiration of his/her term of office or for any other justifiable reason (including resignation due to any reason deemed unavoidable by the Company or retirement due to death):

The amount obtained by multiplying the Standard Stock Remuneration Amount by Position by the vesting rate (The vesting rate to be used will be 100%, and the amount to be vested shall not exceed the above-mentioned upper limit of the total amount of monetary remuneration receivables under the Plan) will be vested in the Subject Director (or the bereaved family members in the case of retirement due to death) as monetary remuneration receivables during the evaluation period. By means of having the Subject Director (or the bereaved family members) tender such receivables as property contributed in kind, the Company will issue or dispose of such number of common shares of the Company with no Restriction on Transfer as is calculated by using the same calculation formula as in “Method of calculating the number of shares to be delivered” above (which number shall not exceed the above-mentioned maximum number of shares to be delivered under the Plan).

- (II) If, on or before the date of the first ordinary general meeting of shareholders to be held after the expiration of the evaluation period, a Subject Director retires due to the expiration of his/her term of office or for any other justifiable reason (including resignation due to any reason deemed unavoidable by the Company or retirement due to death):

The amount obtained by multiplying the Standard Stock Remuneration Amount by Position by the vesting rate (the amount to be vested shall not exceed the above-mentioned upper limit of the total amount of monetary remuneration receivables under the Plan) will be vested in the Subject Director (or the bereaved family members in the case of retirement due to death) monetary remuneration receivables. By means of having the Subject Director (or the bereaved family members) tender such receivables as property contributed in kind, the Company will issue or dispose of such number of common shares of the Company with no Restriction on Transfer as is calculated by using the same calculation formula as in the "Method of calculating the number of shares to be delivered" above (which number shall not exceed the above-mentioned maximum number of shares to be delivered under the Plan).

In the event that the board of directors confirms any illegal or wrongful action or other misconduct by a Subject Director during the evaluation period, the Company may demand restriction of the vesting of remuneration in such Subject Director or return of the remuneration paid to such Subject Director under the Plan.

5. Others

If, after the commencement of the evaluation period, and prior to the issuance or disposition of common shares of the Company as described in 3. and 4. above, a merger agreement under which the Company is merged, a share exchange agreement or share transfer plan under which the Company becomes a wholly-owned subsidiary, or any other corporate reorganization matter is approved at the Company's general meeting of shareholders (or approved by the board of directors of the Company if such corporate reorganization and the like does not require approval of the Company's general meeting of shareholders), the Company shall, by a resolution of the board of directors of the Company, (i) vest monetary remuneration receivables in the Subject Directors prior to the effective date of such corporate reorganization and the like, and have them contribute the vested monetary remuneration receivables in kind, and deliver to them common shares of the Company (by way of issuance or disposition) with no Restriction on Transfer, or (ii) pay the Subject Directors cash in lieu of vesting monetary remuneration receivables to be contributed in kind.

In the case of (i) above, the amount of monetary remuneration receivables vested in the Subject Director will be determined within the upper limit of the total amount of monetary remuneration receivables mentioned in 2. above taking into account the achievement rate of each of the indicators used for performance evaluation according to the period from the commencement date of the evaluation period to the date of approval of such corporate reorganization and the like, the Subject Director's position during such period, and the time of the resolution of the board of directors. In addition, the number of shares to be delivered shall be the number obtained by dividing such amount of monetary remuneration receivables by the amount to be paid in per share (which shall be the amount stated in 3. above.) (However, such number shall not exceed the maximum number of shares to be delivered mentioned in 3. above.).

In the case of (ii) above, the amount payable to the Subject Director will be determined within the upper limit of the total amount of monetary remuneration receivables mentioned in 2. above taking into account the achievement rate of each of the indicators used for performance evaluation according to the period from the commencement date of the evaluation period to the date of approval of such corporate reorganization and the like, the Subject Director's position during such period, and the time of the resolution of the board of directors.

- * If this Proposal is approved as proposed, a similar stock remuneration plan will be introduced for executive officers who do not concurrently serve as directors.

<Reference Material> Outline of the Company's new executive remuneration plan

In conjunction with the announcement of the Company's long-term vision named Mission TREEING 2030, and a new three-year medium-term management plan starting from the 83rd business term (from January 1, 2022 to December 31, 2022), the board of directors resolved at its meeting held on February 14, 2022 to ask shareholders for approval to revise the Company's executive remuneration plan for the 83rd business term and thereafter to a plan which is more closely linked to the Company's business performance, as described below.

The outline of the new executive remuneration plan to be implemented subject to the shareholders' approval of Proposal No. 6 "Revision of the Amount of Remuneration for Directors" and Proposal No. 7 "Determination of the remuneration limit under the performance-based restricted stock remuneration plan for directors" for this general meeting of shareholders are as follows:

1. Outline of the substance of the policy for determining the details of individual remuneration for directors

(1) Basic policies

The remuneration of directors of the Company is designed in accordance with the following policies:

- i. The remuneration plan should be highly linked not only to short-term performance but also to medium- to long-term performance and improvement of corporate value;
- ii. The plan should be linked to the value to be newly created and provided in the course of promoting the ESG integrated management;
- iii. The plan should be designed to be linked to the shareholder value of the Company;
- iv. The remuneration level should be such that the Company can secure and maintain the human resources necessary to achieve its long-term vision; and
- v. The plan should ensure transparency and objectivity in the remuneration determination process.

(2) Remuneration level

From the perspective of ensuring objectivity and appropriateness of the executive remuneration, the level of remuneration for directors of the Company will be set with reference to the levels of other companies as surveyed by outside professional organizations, with the aim of achieving the mid-to-high level of remuneration in companies of similar size. The Company will revise the remuneration levels as necessary in response to changes in the external environment.

(3) Composition of remuneration

The remuneration for directors of the Company comprises (i) fixed remuneration commensurate with the director's responsibilities and roles, (ii) annual performance-based Bonus as a short-term incentive, and (iii) performance-based restricted stock remuneration as a medium- to long-term incentive. Thus, the remuneration plan is designed to encourage management efforts from a short-term, and medium- to long-term perspective and to appropriately reward the results of such efforts. The remuneration for outside directors, who are responsible for management supervision from an independent standpoint and not in a position to execute business, is composed solely of fixed remuneration.

(4) Policy for determining the amount of fixed remuneration

The amount of fixed remuneration is determined based on the following policy:

- i. The Company will determine the amount of fixed remuneration for each position of directors in accordance with their responsibilities and roles. The fixed remuneration will be on a monthly basis, and a fixed monthly amount will be paid in cash on a fixed date of each month.
- ii. The amount of remuneration for outside directors, consisting only of monthly remuneration as fixed remuneration, will be determined in accordance with their responsibilities and roles.
- iii. The amount of remuneration for directors (total of fixed remuneration and annual performance-based Bonus) will be up to 650,000,000 yen per year (of which up to 60,000,000 yen per year is for outside directors) based on the resolution of the general meeting of shareholders.

(5) Policy for determining the method of calculation of the amount of the annual performance-based Bonus

The method of calculation is determined based on the following policy:

- i. The Company will pay an annual performance-based Bonus to each Subject Director as a short-term incentive.
- ii. The amount of annual performance-based Bonus will be determined through comprehensive judgment based on the amount obtained by multiplying the standard Bonus amount determined for each position by the payment rate which varies in proportion to the base profit for each business year (the amount obtained by deducting actuarial differences regarding employees' retirement benefit obligation, and net income attributable to non-controlling interests from consolidated recurring income for the fiscal year covered)
- iii. The Company adopts the method of amortizing actuarial differences regarding employees' retirement benefit obligation in a lump sum in a single business year. Accordingly, any significant fluctuation in such actuarial differences due to stock price fluctuations, interest rate conditions, or otherwise at the end of the business year will have a significant impact on the business performance. Therefore, for the calculation of the base profit, the Company uses the consolidated recurring income after deducting actuarial differences regarding employees' retirement benefit obligation.
- iv. The payment of annual performance-based Bonus will be determined by the board of directors within the limit of the remuneration amount (total amount of fixed remuneration and annual performance-based Bonus) for directors approved at the general meeting of shareholders (650,000,000 yen per year (of which up to 60,000,000 yen per year is for outside directors)), based on the view of the Nomination and Remuneration Advisory Committee chaired by an outside director, in which outside officers constitute a majority of its members.

(6) Policy for determining the method of calculation of the amount of performance-based restricted stock remuneration

The method of calculation is determined based on the following policy:

- i. The Company will vest performance-based restricted stock remuneration in each Subject Directors as a medium- to long-term incentive.
- ii. The performance-based restricted stock remuneration is structured to reflect the Company's performance during each period (three years) of the medium-term management plan in the level of vesting. The standard stock remuneration amount prescribed for each position consists of (i) a portion linked to the growth rate of the Company's market capitalization relative to TOPIX (two-thirds of the Standard Stock Remuneration Amount by Position), and (ii) a portion linked to the achievement rate of the greenhouse gas emission reduction target based on SBT (Science Based Targets) (one-third of the Standard Stock Remuneration Amount by Position), each during the subject period.
- iii. The stock remuneration amount to be vested in each Subject Director will be determined by the board of directors after the end of the subject period by calculating the cumulative amount of stock remuneration during the subject period based on the actual value of each evaluation index, taking into account the views of the Nomination and Remuneration Advisory Committee.
- iv. The amount to be vested as performance-based restricted stock remuneration will be 100,000,000 yen or less per business year based on the resolution of the general meeting of shareholders. Similarly, the number of shares to be delivered per business year will be 100,000 shares or less.

(7) Remuneration composition ratio

The plan has been designed so that the ratio of fixed remuneration to variable remuneration for directors should be 60 to 40 when the base profit is 100,000,000,000 yen. Specifically, fixed remuneration accounts for 60%, annual performance-based Bonus (variable) accounts for 25%, and performance-based restricted stock remuneration (variable) accounts for 15% of the total remuneration, respectively. The remuneration for outside directors consists solely of fixed remuneration.

(8) Remuneration governance

The matters regarding executive remuneration, such as the amount of individual remuneration for directors, will be determined at a board of directors meeting taking into account the views of the Nomination and Remuneration Advisory Committee chaired by an outside director, in which outside officers (three outside directors, and three outside statutory auditors) constitute a majority of its eight members.

(9) Forfeiture of remuneration

In the event that the board of directors confirms any illegal or wrongful action or other misconduct by a Subject Director, the Company may demand restriction of the vesting of remuneration in such Subject Director, or return of the remuneration paid to such Subject Director.

2. Method of calculating the performance-based remuneration

(1) Annual performance-based Bonus (short-term incentive)

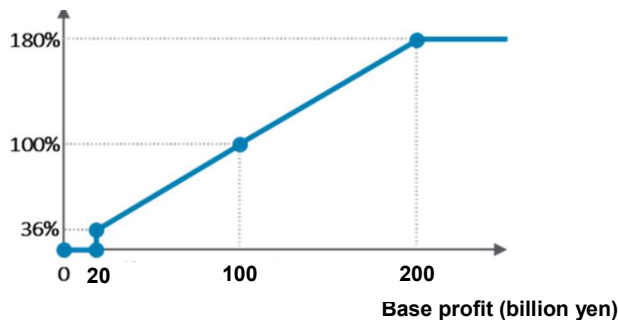
The amount of annual performance-based Bonus payable as short-term incentive remuneration will be determined through comprehensive judgment based on the amount obtained by multiplying the standard Bonus amount to be determined by position by the payment rate which is variable in proportion to the base profit for each business year (the amount obtained by deducting actuarial differences regarding employees' retirement benefit obligation, and net income attributable to non-controlling interests from consolidated recurring income for the fiscal year covered). The formula for calculating the amount payable is as follows:

<Calculation Formula>

Bonus amount = standard Bonus amount by position × payment rate (*)

Incentive curb for annual performance-based Bonus

Payment rate



* The payment rate range will be from 0% (lower limit) to 180% (upper limit).

(2) **Performance-based restricted stock remuneration (medium- to long-term incentive remuneration)**

Under the plan for performance-based restricted stock remuneration as a medium- to long-term incentive remuneration, in order to promote management that emphasizes medium- to long-term enhancement of shareholder value, restricted shares in a number corresponding to the achievement status of the medium-term management plan are granted to the Subject Directors after the end of the final business year of the three-year medium-term management plan period as an incentive for improving the Company's corporate value during the medium-term management plan period. The initial period covered by this plan will be three years from January 1, 2022 to December 31, 2024 (the "Initial Coverage Period").

The amount of performance-based restricted stock remuneration to be vested is calculated using two indicators. The calculation formulas are as follows:

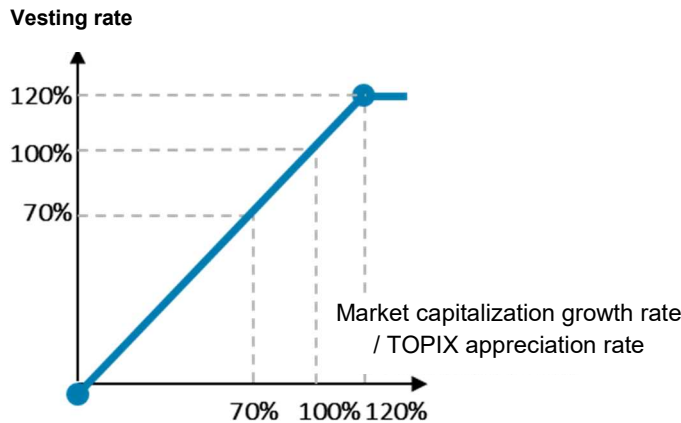
i. Remuneration linked to the market capitalization growth rate

Remuneration linked to the market capitalization growth rate is designed to compare the Company's market capitalization growth rate with the TOPIX appreciation rate to objectively measure the Company's relative valuation in the stock market and reflect it in remuneration.

<Calculation Formula>

Remuneration linked to the market capitalization growth rate
 = amount equivalent to two-thirds of the Standard Stock Remuneration Amount by Position × vesting rate (the Company’s market capitalization growth rate during the medium-term management plan period / TOPIX appreciation rate during the same period) (*)

Incentive curb for remuneration linked to the market capitalization growth rate



* The vesting rate range will be from 0% (lower limit) to 120% (upper limit).

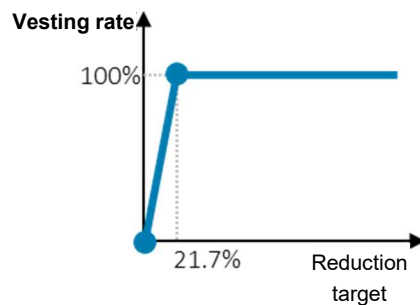
- ii. Remuneration linked to the sustainability index achievement rate
 Since the maximum vesting rate is set at 100%, if the Company fails to achieve the emission reduction target (*1) that it has set based on the SBT (Science Based Targets *2), the amount of remuneration vested in proportion to the target achievement rate will be reduced accordingly from the Standard Stock Remuneration Amount by Position, thereby providing a strong incentive to achieve the target.

<Calculation Formula>

Remuneration linked to the sustainability index achievement rate
 = amount equivalent to one-third of the Standard Stock Remuneration Amount by Position × vesting rate (achievement rate of the SBT-based emission reduction target under the medium-term management plan) (*3)

Incentive curb for remuneration linked to the sustainability index achievement rate

(Initial Coverage Period: 3 years)



- *1 The emission reduction target for the Initial Coverage Period has been set at -21.7% compared to the Company’s figures in FY 2017.
- *2 “SBT” refers to the emission reduction targets set by companies and to be achieved in five to fifteen years in consistency with the level required by the Paris Agreement that was adopted at the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) and took effect in 2016 (which sets a goal of limiting global temperature increase to well below 2°C above pre-industrial levels and pursuing efforts to limit the increase to 1.5°C).
- *3 The vesting rate range will be from 0% (lower limit) to 100% (upper limit).

CONSOLIDATED BALANCE SHEET

As of December 31, 2021

(Million yen)

ASSETS**Current assets:**

Cash and deposits	¥	139,957
Notes and accounts receivable-trade		140,075
Accounts receivable from completed construction contracts		49,496
securities		3,303
Merchandise and Finished goods		24,426
Work in process		1,483
Raw materials and supplies		9,696
Costs on uncompleted construction contracts		14,973
Real estate for sale		49,180
Real estate for sale in process		332,898
Short-term loans receivable		35,493
Accounts receivable-other		54,680
Other		36,600
Allowance for doubtful accounts		(348)

Total current assets**891,912****Noncurrent assets:****Property, plant and equipment:**

Buildings and structures		58,350
Machinery, equipment and vehicles		23,031
Land		41,516
Mature timber		38,331
Leased assets		7,677
Construction in progress		9,889
Other		5,390

Total property, plant and equipment**184,183****Intangible assets:**

Goodwill		4,559
Other		16,111

Total intangible assets**20,671****Investments and other assets:**

Investment securities		181,436
Long-term loans receivable		7,115
Net defined benefit assets		590
Deferred tax assets		7,773
Other		21,448
Allowance for doubtful accounts		(902)

Total investments and other assets**217,460****Total noncurrent assets****422,314****Total assets****¥ 1,314,226**

- 24 -
CONSOLIDATED BALANCE SHEET
As of December 31, 2021

(Million yen)

LIABILITIES

Current liabilities:

Notes and accounts payable-trade	¥	134,065
Accounts payable for construction contracts		98,165
Short-term loans payable		25,024
Commercial Papers		12
Lease obligations		825
Income taxes payable		6,248
Advances received on uncompleted construction contracts		40,101
Provision for employees' bonuses		22,460
Provision for directors' bonuses		165
Provision for warranties for completed construction		7,492
Asset retirement obligations		961
Other		85,485

Total current liabilities **421,003**

Long-term liabilities:

Bonds payable		90,152
Bonds with subscription rights		10,035
Long-term loans payable		168,278
Lease obligations		8,438
Deferred tax liabilities		23,044
Provision for directors' retirement benefits		332
Net defined benefit liability		17,148
Asset retirement obligations		1,778
Other		33,929

Total long-term liabilities **353,134**

Total liabilities **774,136**

NET ASSETS

Shareholders' equity:

Common stock		50,064
Capital surplus		33,899
Retained earnings		359,641
Treasury stock		(2,362)

Total shareholders' equity **441,241**

Accumulated other comprehensive income:

Valuation difference on available-for-sale securities		37,226
Deferred gains or losses on hedges		3,403
Foreign currency translation adjustment		13,699
Remeasurements of defined benefit plans		42

Total accumulated other comprehensive income **54,370**

Subscription rights to shares **116**

Non-controlling interests **44,361**

Total net assets **540,089**

Total liabilities and net assets **¥ 1,314,226**

CONSOLIDATED STATEMENTS OF INCOME

For the year ended December 31, 2021

		(Million yen)
Net sales	¥	1,385,930
Cost of sales		1,063,936
<u>Gross profit</u>		<u>321,994</u>
Selling, general and administrative expenses		208,344
<u>Operating income</u>		<u>113,651</u>
Non-operating income:		
Interest income		393
Purchase discounts		343
Dividends income		1,674
Equity in earnings of affiliates		17,782
Foreign exchange profit		747
Other		7,673
Total non-operating income		28,613
Non-operating expenses:		
Interest expenses		2,219
Sales discounts		613
Other		1,681
Total non-operating expenses		4,513
<u>Recurring income</u>		<u>137,751</u>
Extraordinary loss:		
Loss on valuation of investment securities		3,819
Total extraordinary loss		3,819
<u>Income before income taxes and minority interests</u>		<u>133,932</u>
Income taxes-current		23,765
Income taxes-deferred		5,651
<u>Net income</u>		<u>104,516</u>
Net income attributable to non-controlling interests		17,341
<u>Net income attributable to owners of parent</u>	¥	<u>87,175</u>

NON-CONSOLIDATED BALANCE SHEET

As of December 31, 2021

(Million yen)

ASSETS**Current assets:**

Cash and time deposits	¥	71,967
Notes receivable-trade		49,956
Accounts receivable-trade		72,440
Accounts receivable from completed construction contracts		38,250
Marketable securities		3,303
Finished goods, logs and lumber		16,975
Costs on uncompleted construction contracts		8,176
Real estate for sale		17,281
Real estate for sale in process		10,607
Advance payments		651
Prepaid expenses		1,667
Short-term loans receivable		35,000
Short-term loans receivable from subsidiaries and affiliates		7,177
Accounts receivable-other		74,803
Other		1,025
Allowance for doubtful accounts		(1,224)

Total current assets**408,052****Noncurrent assets:****Property, plant and equipment:**

Buildings		16,332
Structures		1,117
Machinery and equipment		841
Vehicles		3
Tools, furniture and fixtures		982
Land		12,125
Mature timber		9,137
Leased assets		3,142
Construction in progress		3,387

Total property, plant and equipment**47,065****Intangible assets:**

Telephone subscription rights		180
Right of utilization on forest road		63
Right of using facilities		1
Industrial property rights		12
Software		7,426

Total intangible assets**7,681****Investments and other assets:**

Investment securities		79,553
Stocks of subsidiaries and affiliates		237,192
Investments in other securities of subsidiaries and affiliates		1,500
Long-term loans receivable		214
Long-term loans receivable from employees		16
Long-term loans receivable from subsidiaries and affiliates		17,294
Claims provable in bankruptcy, claims provable in rehabilitation and other		732
Long-term prepaid expenses		1,372
Other		10,399
Allowance for doubtful accounts		(8,568)

Total investments and other assets**339,704****Total noncurrent assets****394,449****Total assets****¥ 802,501**

NON-CONSOLIDATED BALANCE SHEET

As of December 31, 2021

(Million yen)

LIABILITIES**Current liabilities:**

Notes payable-trade	¥	25,036
Accounts payable-trade		87,079
Accounts payable for construction contracts		100,523
Long-term loans payable due within 1 year		8,584
Lease obligations		578
Accounts payable-other		7,806
Income taxes payable		768
Accrued consumption taxes		2,357
Accrued expenses		1,272
Advances received		13,672
Advances received on uncompleted construction contracts		27,776
Deposits received		45,748
Unearned revenue		229
Provision for employees' bonuses		7,580
Provision for directors' bonuses		165
Provision for warranties for completed construction		1,826
Asset retirement obligation		961
Other		7

Total current liabilities**331,967****Long-term liabilities:**

Bonds payable		90,000
Bonds with subscription rights		10,035
Long-term loans payable		33,830
Guarantee deposited		4,871
Lease obligations		2,868
Deferred tax liabilities		9,029
Provision for retirement benefits		5,879
Provision for loss on business of subsidiaries and affiliates		2,276
Asset retirement obligation		1,442
Other		1,144

Total long-term liabilities**161,375****Total liabilities****493,342****NET ASSETS****Shareholders' equity:**

Capital stock		50,064
Capital surplus:		
Legal capital surplus		49,004
Other capital surplus		259
<u>Total capital surplus</u>		<u>49,263</u>
Retained earnings:		
Legal retained earnings		2,857
Other retained earnings		
Reserve for reduction entry		1,715
General reserve		154,722
Retained earnings brought forward		9,712
Total other retained earnings		166,150
<u>Total retained earnings</u>		<u>169,007</u>
Treasury stock		(291)
Total shareholder's equity		268,043

Valuation and translation adjustments:

Valuation difference on available-for-sale securities		37,645
Deferred gains or losses on hedges		3,356

Total valuation and translation adjustments**41,001****Subscription rights to shares****116****Total net assets****309,160****Total liabilities and net assets****¥ 802,501**

NON-CONSOLIDATED STATEMENTS OF INCOME

For the year ended December 31, 2021

	(Million yen)
Net sales:	
Net sales of goods	¥ 127,353
Completed contracts	342,849
Total net sales	470,202
Cost of sales:	
Cost of goods sold	106,741
Cost of completed contracts	269,985
Total cost of sales	376,726
<u>Gross profit</u>	<u>93,476</u>
Selling, general and administrative expenses:	88,729
<u>Operating income</u>	<u>4,748</u>
Non-operating income:	
Interest income	162
Interest on securities	7
Purchase discounts	244
Dividends income	8,305
Other	2,098
Total non-operating income	10,815
Non-operating expenses:	
Interest expenses	204
Bond interest expenses	326
Sales discounts	455
Other	1,217
Total non-operating expenses	2,201
<u>Recurring income</u>	<u>13,361</u>
Extraordinary loss:	
Loss on valuation of investment securities	3,886
Total extraordinary loss	3,886
<u>Income before income taxes</u>	<u>9,475</u>
Income taxes-current	572
Income taxes-deferred	1,935
<u>Net income</u>	¥ <u>6,969</u>

(Amounts less than one (1) million yen in the Consolidated Financial Statements and the Non-Consolidated Financial Statements are rounded to the nearest million yen.)

– End –