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(Stock Exchange Code 8125)
May 10, 2022

To Shareholders with Voting Rights:

Teiji Wakita
President and Representative Director
Wakita & Co., LTD.
1-3-20 Edobori, Nishi-ku,
Osaka, Japan

**NOTICE OF CONVOCATION OF
THE 62ND ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Please be informed that the 62nd Ordinary General Meeting of Shareholders of Wakita & Co., LTD. (the “Company”) will be held as set forth below.

In place of attending the meeting in person on the day, you may exercise your voting rights in writing. In this case, please review the “Reference Documents for the General Meeting of Shareholders” below, indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by 5:30 p.m. on Wednesday, May 25, 2022, Japan time.

- 1. Date and Time:** Thursday, May 26, 2022 at 10:00 a.m. Japan time (Doors will open at 9:00 a.m.)
2. Place: Ninth floor conference room of the Head Office of the Company,
located at 1-3-20 Edobori, Nishi-ku, Osaka, Japan.

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 62nd Fiscal Year (March 1, 2021 - February 28, 2022) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 62nd Fiscal Year (March 1, 2021 - February 28, 2022)

Proposals to be resolved:

< Proposals by the Company: Proposals No. 1 through No. 4 >

- Proposal No. 1:** Appropriation of Surplus
Proposal No. 2: Partial Amendments to the Articles of Incorporation
Proposal No. 3: Election of Six (6) Directors (Excluding Directors who are Audit and Supervisory Committee Members)
Proposal No. 4: Election of One (1) Director who is an Audit and Supervisory Committee Member

< Shareholder Proposals: Proposals No. 5 through No. 9 >

- Proposal No. 5:** Election of One (1) Director who is not an Audit and Supervisory Committee Member
Proposal No. 6: Appropriation of Surplus
Proposal No. 7: Amendment to the Articles of Incorporation concerning Disclosure of Cost of Capital
Proposal No. 8: Amendment to the Articles of Incorporation concerning Individual Compensation for Representative Director
Proposal No. 9: Amendment to the Articles of Incorporation concerning Shares Held for the Purpose of Cross-Shareholding

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- Please bring with you the enclosed Voting Rights Exercise Form and submit it at the reception desk.
 - Any revisions to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements or the Non-consolidated Financial Statements shall be posted on the Company's website: <https://www.wakita.co.jp/>
 - For documents that are to be provided upon this Notice of Convocation, pursuant to provisions of laws and regulations as well as Article 15 of the Company's Articles of Incorporation, the following information posted on the Company's website (<https://www.wakita.co.jp/>) is not presented in the attached documents of this Notice of Convocation
 - (i) Business Report: "Structure to Ensure Appropriateness of Business Operations, and the Management Status of the Structure"
 - (ii) Consolidated Financial Statements: "Consolidated Statements of Changes in Net Assets" and "Notes"
 - (iii) Non-consolidated Financial Statements: "Non-consolidated Statements of Changes in Net Assets" and "Notes"

Accordingly, the attached documents present a portion of the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Audit and Supervisory Committee Members and the Accounting Auditor when they prepared the Audit and Supervisory Committee's Audit Report and Accounting Auditor's Audit Report, respectively.

The Company's website: <https://www.wakita.co.jp/>

Reference Documents for the General Meeting of Shareholders

Proposals and References

< Proposals by the Company: Proposals No. 1 through No. 4 >

Proposal No. 1: Appropriation of Surplus

The Company considers that returning profits to shareholders is an important task for management. Its basic policy is to pay out stable dividends while considering the necessities to improve its financial status and to meet financing needs for future business development.

In consideration of this policy, the Company proposes an ordinary dividend of 33 yen per share for the year-end dividend for the fiscal year ended February 28, 2022, an increase of 3 yen per share compared to the previous fiscal year.

Matters concerning the year-end dividend

- (1) Type of dividend property
Cash
- (2) Allotment of dividend property to the shareholders and total amount of dividends
33 yen per common share of the Company
Total amount of dividends: 1,716,082,203 yen
- (3) Effective date of appropriation of surplus
May 27, 2022

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

1. Reasons for the Proposal

The system for providing general shareholder meeting materials in electronic format stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced from September 1, 2022. Accordingly, the Company proposes to amend the Articles of Incorporation of the Company to prescribe that information contained in the reference documents for the general meeting of shareholders, etc. will be provided electronically, and that the scope of matters to be included in the paper copy to be sent to shareholders who have requested it may be limited.

The current provisions related to the internet disclosure and deemed provision of the reference documents for the general meeting of shareholders, etc. will become unnecessary and will therefore be deleted, and supplementary provisions related to the effective date, etc. will be established in line with these changes.

2. Details of Amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="193 824 818 920"><u>(Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.)</u></p> <p data-bbox="193 920 818 1285"><u>Article 15 The Company may, when convening a General Meeting of Shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference materials for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements, by disclosing such information through the internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p> <p data-bbox="391 1308 620 1341">(Newly established)</p>	<p data-bbox="1066 824 1177 857">(Deleted)</p> <p data-bbox="831 1308 1299 1341"><u>(Measures for Electronic Provision, Etc.)</u></p> <p data-bbox="831 1352 1406 1509"><u>Article 15 The Company shall, when convening a General Meeting of Shareholders, provide information contained in the reference materials for the general meeting of shareholders, etc. electronically.</u></p> <p data-bbox="831 1509 1414 1731">2. <u>Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p>

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p data-bbox="831 203 1129 235"><u>Supplementary provisions</u></p> <ol style="list-style-type: none"> <li data-bbox="831 257 1417 510">1. <u>The deletion of Article 15 (Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation prior to amendment and the establishment of Article 15 (Measures for Electronic Provision, Etc.) of the amended Articles of Incorporation shall come into effect on September 1, 2022.</u> <li data-bbox="831 517 1417 801">2. <u>Notwithstanding the provisions of the preceding paragraph, Article 15 (Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation prior to amendment shall remain in force with respect to a General Meeting of Shareholders held at any time until February 28, 2023.</u> <li data-bbox="831 808 1417 965">3. <u>These supplementary provisions shall be deleted on March 1, 2023, or after the lapse of three months from the date of the General Meeting of Shareholders set forth in the preceding paragraph, whichever is later.</u>

Proposal No. 3: Election of Six (6) Directors (Excluding Directors who are Audit and Supervisory Committee Members)

Since the terms of all Directors (excluding Directors who are Audit and Supervisory Committee Members) (six (6) Directors) will expire at the conclusion of this General Meeting of Shareholders, the Company proposes the election of six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members).

This Proposal has received an opinion from the Audit and Supervisory Committee that all the candidates are qualified.

The candidates for Director (excluding Directors who are Audit and Supervisory Committee Members) are as follows.

No.	Name (Age)	Candidate Attributes	Current positions at the Company	Length of service as Director	Attendance at Board of Directors meetings
1	Haruo Toishi (82)	Reelection	Director and Chairman	53 years	94% (15 out of 16 meetings)
2	Teiji Wakita (65)	Reelection	President and Representative Director	30 years	100% (16 out of 16 meetings)
3	Toshio Oda (71)	Reelection	Senior Managing Director	14 years	100% (16 out of 16 meetings)
4	Kazuhiro Shimizu (65)	Reelection	Senior Managing Director	6 years	94% (15 out of 16 meetings)
5	Shoichi Washio (65)	Reelection	Director	6 years	94% (15 out of 16 meetings)
6	Keiji Ishikawa (63)	Reelection	Director	3 years	88% (14 out of 16 meetings)

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

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
1	Haruo Toishi (April 4, 1940) (82 years old) <u>Reelection</u>	March 1960 April 1969 March 1976 April 1990 May 1998 May 2004 March 2008 May 2016	Joined the Company Director, Branch Manager of Tokyo Branch Director, Division General Manager Managing Director, Division General Manager Senior Managing Director, General Manager of Sales Division Director, Vice President, General Manager of Sales Division Director, Vice President, General Manager of Sales Division and General Manager of Real Estate Business Division Director and Chairman (to present)	100,448
<p>[Length of service as Director] 53 years [Attendance at Board of Directors meetings] 94% (15 out of 16 meetings) [Reason for election] Mr. Haruo Toishi has gained a wealth of experience, achievements and insight regarding the management of the Group since its foundation. The Company believes that he is qualified to make decisions on important management matters and supervise business execution, and therefore nominated him again as a candidate for Director.</p>				
2	Teiji Wakita (February 10, 1957) (65 years old) <u>Reelection</u>	April 1992 May 1992 May 1998 August 2000 May 2002 May 2004 May 2016	Joined the Company Director, Chief of President's Office Managing Director, in charge of President's Office Managing Director, Deputy General Manager of Sales Division Senior Managing Director, Deputy General Manager of Sales Division President and Representative Director President and Representative Director, General Manager of Sales Division (to present)	1,080,600
<p>[Length of service as Director] 30 years [Attendance at Board of Directors meetings] 100% (16 out of 16 meetings) [Reason for election] Mr. Teiji Wakita has achievements of having led the entire Group as President and Representative Director. The Company believes that his wealth of experience and high degree of insight regarding overall management are indispensable for the management of the Group, and therefore nominated him again as a candidate for Director.</p>				
3	Toshio Oda (April 3, 1951) (71 years old) <u>Reelection</u>	April 1976 February 2005 May 2006 May 2008 May 2014 May 2016 May 2021	Joined Taiyo-Kobe Bank Limited (presently Sumitomo Mitsui Banking Corporation) Joined the Company Executive Officer, General Manager of General Affairs Division Director, General Manager of General Affairs Division Director, Managing Executive Officer, Deputy General Manager, of Administration Division and General Manager of General Affairs Division Managing Director, Deputy General Manager of Administration Division Senior Managing Director, General Manager of Administration Division (to present)	5,000
<p>[Length of service as Director] 14 years [Attendance at Board of Directors meetings] 100% (16 out of 16 meetings) [Reason for election] Mr. Toshio Oda has contributed to the establishment of the Administration department for many years. The Company believes that he is qualified to make decisions on important matters related to the Group's corporate management and execute business, and therefore nominated him again as a candidate for Director.</p>				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
4	Kazuhiro Shimizu (June 30, 1956) (65 years old) <u>Reelection</u>	April 1979 May 1999 March 2007 May 2011 May 2016 September 2017 May 2018 May 2019 November 2019 May 2021	Joined the Company Branch Manager of Tokyo Chuo Branch President and Representative Director, CHIBA LEASE KOGYO CORPORATION Executive Officer, Branch Manager, Tokyo Chuo Branch, the Company Director, Deputy Chief Officer of Construction Equipment Leasing Division President and Representative Director, Izumi-Lease Co., Ltd. Managing Director, Deputy Chief Officer of Construction Equipment Business Division, the Company Managing Director, Deputy General Manager of Sales Division and Chief Officer of Construction Equipment Business Division Director, CSS Engineering Co., Ltd. Senior Managing Director, Deputy General Manager of Sales Division, Chief Officer of Construction Equipment Business Division, in charge of International Trading Department (to present), the Company	26,800
<p>[Length of service as Director] 6 years [Attendance at Board of Directors meetings] 94% (15 out of 16 meetings) [Reason for election] Mr. Kazuhiro Shimizu has served in the Construction Equipment Business Division for many years, and has a wealth of experience, achievements and a high degree of insight in his field of specialty. The Company believes that he is qualified to make decisions on important matters related to the Group's corporate management and execute business, and therefore nominated him again as a candidate for Director.</p>				
5	Shoichi Washio (April 12, 1957) (65 years old) <u>Reelection</u>	April 1980 April 2011 May 2011 May 2016	Joined The Sanwa Bank, Limited (presently MUFG Bank, Ltd.) Joined the Company Executive Officer, Chief of Legal and Examination Office Director, Chief of Legal and Examination Office (to present)	5,000
<p>[Length of service as Director] 6 years [Attendance at Board of Directors meetings] 94% (15 out of 16 meetings) [Reason for election] Mr. Shoichi Washio has served in Legal and Examination Office, and has a high degree of insight and decision-making ability. The Company believes that he is qualified to make decisions on important matters related to the Group's corporate management and execute business, and therefore nominated him again as a candidate for Director.</p>				
6	Keiji Ishikawa (January 14, 1959) (63 years old) <u>Reelection</u>	April 1984 March 2000 May 2018 March 2019 May 2019	Joined the Company Branch Manager, Osaka Branch, Systems Business Division Executive Officer, General Manager of Systems Sales Division Executive Officer, General Manager of Systems Business Division Director, General Manager of Systems Business Division (to present)	5,500
<p>[Length of service as Director] 3 years [Attendance at Board of Directors meetings] 88% (14 out of 16 meetings) [Reason for election] Mr. Keiji Ishikawa has served in the former Film & Audio Division (presently Systems Business Division), and has a wealth of experience, achievements and insight. The Company believes that he is a person who will contribute to the future development of our Group's commercial affairs business department, and therefore nominated him again as a candidate for Director.</p>				

(Note) The Company has taken out directors and officers liability insurance, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with all Directors (excluding Directors who are Audit and Supervisory Committee Members) as

the insured. The directors who are included as the insured shall receive compensation for their liability borne from performance of their duties or for their liability arising from claims in pursuit of that liability. If a candidate assumes the office of Director, he or she will be included as the insured under the said insurance policy. The Company plans to renew the said insurance policy during the term of office of each candidate.

Proposal No. 4: Election of One (1) Director who is an Audit and Supervisory Committee Member

Since the term of Director who is an Audit and Supervisory Committee Member, Mr. Katsuhiko Aoki will expire at the conclusion of this General Meeting of Shareholders, the Company proposes the election of one (1) Director who is an Audit and Supervisory Committee Member.

This Proposal has received the consent of the Audit and Supervisory Committee.

The candidate for Director who is an Audit and Supervisory Committee Member is as follows.

Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held	
Katsuhiko Aoki (September 19, 1956) (65 years old) <div style="border: 1px solid black; padding: 2px; display: inline-block; text-align: center;"> Reelection Outside Independent </div>	April 1980	0	
	June 2001		Joined Mitsubishi Corporation
	April 2012		Manager of M&A Unit, Financial Business Division, Mitsubishi Corporation
	June 2015		Senior Vice President, General Manager of CEO Office, Industrial Finance, Logistics & Development Group, Mitsubishi Corporation
	June 2018		Managing Director, Mitsubishi UFJ Lease & Finance Company Limited
	July 2019		Managing Executive Officer, General Manager of Real Estate Business Division, Mitsubishi UFJ Lease & Finance Company Limited
	May 2020		Advisor, Corporate Directions, Inc. (to present)
	June 2020		Outside Director (Audit and Supervisory Committee Member), the Company (to present)
	Outside Corporate Auditor, AIG Japan Holdings Kabuhsiki Kaisha (to present)		
	[Significant concurrent positions] Advisor, Corporate Directions, Inc. Outside Corporate Auditor, AIG Japan Holdings Kabushiki Kaisha		
[Length of service as Outside Director] 2 years			
[Attendance at Board of Directors meetings] 100% (16 out of 16 meetings)			
[Attendance at Audit and Supervisory Committee meetings] 100% (14 out of 14 meetings)			
[Reason for election and overview of expected role] Mr. Katsuhiko Aoki, who gained a wealth of experience over many years at a general trading company and a financial institution, has broad insight. He is expected to leverage his insight to provide valuable advice regarding corporate management. The Company believes that he is qualified to make decisions on important management matters and supervise business execution, and therefore nominated him again as a candidate for Outside Director who is an Audit and Supervisory Committee Member.			

(Notes)

1. There are no special interests between the Company and the candidate.
2. Mr. Katsuhiko Aoki is a candidate for Outside Director. He will have served for two years as an Outside Director who is an Audit and Supervisory Committee Member as of the conclusion of this General Meeting of Shareholders.
3. The Company has designated Mr. Katsuhiko Aoki as an independent officer in accordance with the requirements of the Tokyo Stock Exchange and notified the exchange accordingly. If he is elected and assumes the office of Director who is an Audit and Supervisory Committee Member, the Company intends to maintain his status as an independent officer.
4. The Company has entered into an agreement with Mr. Katsuhiko Aoki to limit his liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act, to the amount specified by laws and regulations, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act and Article 28 of the Company's Articles of Incorporation. The Company intends to enter into a similar agreement with him if he is elected and assumes the office of Director who is an Audit and Supervisory Committee Member. Under the agreement, the maximum liability of the Director who is an Audit and Supervisory Committee Member will be the minimum amount of liability stipulated in Article 425,

Paragraph 1 of the Companies Act.

5. The Company has taken out directors and officers liability insurance, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with all Directors who are Audit and Supervisory Committee Members as the insured. The directors who are included as the insured shall receive compensation for their liability borne from performance of their duties or for their liability arising from claims in pursuit of that liability. If the candidate assumes the office of Director, he will be included as the insured under the said insurance policy. The Company plans to renew the said insurance policy during the term of office of the candidate.

[Reference] Skills Matrix

The matrix below shows the main areas of expertise, background, and the insight and experience expected of each Director.

	Main areas of expertise and background (insight and experience expected of Directors)					
	1	2	3	4	5	6
	Corporate management	Industry insight	Accounting and finance	Personnel and HR development	Legal and compliance	Diversity
Haruo Toishi	●	●				
Teiji Wakita	●	●	●	●		
Toshio Oda			●	●		
Kazuhiro Shimizu		●				
Shoichi Washio					●	
Keiji Ishikawa		●				
Tadakazu Uchida					●	
Yasuhiro Kuraguchi			●			
Hirokatsu Ishikura		●				
Noriko Ishida					●	●
Katsuhiko Aoki	●		●			

< Shareholder Proposals: Proposals No. 5 through No. 9 >

Proposals No. 5 through No. 9 have been proposed by two shareholders.

The content, agenda, outline and reasons for the proposals are organized by proposal and are presented just as they were submitted by the proposing shareholders. Note 3. of [Reason for nomination for candidate as an Outside Director] under 1. Outline of the Proposal in Proposal No. 5 has been presented just as it was received from the proposing shareholders and does not represent a decision by the Company.

Content of the Proposals:

Where formal adjustments (including, but not limited to, the amendment of article numbering) become necessary to the chapters or articles presented in 3 to 5 below (hereinafter “these Proposals”) due to the adoption or rejection of another Proposal at this Ordinary General Meeting of Shareholders (including proposals by the Company), the articles under these Proposals shall be considered as if the necessary adjustments had already been made. See https://stracap.jp/english/proposal/2022_wakita or the Campaign Websites link at the top right of the Strategic Capital, Inc. homepage: <https://stracap.jp/english/>. All figures presented in the shareholder proposals are based on the consolidated financial statements unless otherwise indicated.

(Note from the Company) “3 to 5 below” refers to the proposals from Proposals No. 7 to Proposal No. 9.

Proposal No. 5: Election of One (1) Director who is not an Audit and Supervisory Committee Member

1. Outline of the Proposal:

Election of one Director who is not an Audit and Supervisory Committee Member.

[Name (date of birth)]

Maruki Tsuyoshi (July 23, 1959)

[Brief personal history]

April 1982	Joined Nomura Securities Co., Ltd.
August 1999	Executive vice-president, M & A Consulting Inc.
May 2006	CEO, MAC Asset Management Co., Ltd.
February 2010	Representative Director, TNP Strategic Capital Co., Ltd.
September 2012	Representative Director (current position), Strategic Capital

[Significant concurrent positions]

Representative Director, Strategic Capital Co., Ltd.

[Number of Company Shares Owned]

0 shares

[Reason for nomination for candidate as an Outside Director]

As a large shareholder of the Company, the proposing shareholders are aware of the problem of the Company’s stock price remaining below its dissolution value for a long time and are keen on increasing shareholder value through management based on the cost of capital.

The proposing shareholders have selected the candidate based on the expectation he can contribute to the enhancement of the Company’s shareholder value through his knowledge on capital markets gained from working at Nomura Securities Co., Ltd. and through his continued experience as a representative director and investment manager of an investment management company.

(Notes)

1. There is no particular interest between the candidate and the Company.
2. Strategic Capital Inc., whose representative is the candidate, holds 100 shares of the Company’s shares as of the end of February 28, 2022. Also, Strategic Capital Inc. is under a discretionary investment contract with INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP (the Fund) and the Fund holds 3,391,100 shares of the Company's shares as of the same day. Strategic Capital Inc. and the Fund do not fall under the category of major shareholder of the Company.

3. If the candidate is elected, the Company will register him as an independent director in accordance with the Tokyo Stock Exchange's rules and regulation.

2. Reasons for the Proposal:

Since 2010, the Company's stock price has never exceeded its dissolution value, and as of March 11, 2022, the stock price was approximately 0.5 times its dissolution value. The investment in rental real estate for which the return is less than the WACC is one main reason for such low valuation.

As of the end of the FY ending February 28, 2021, the market value of rental properties owned by the Company was 62.7 billion yen. If these assets were transferred to a real estate investment trust ("REIT") at a reasonable price, and the Company or its subsidiary were to become a REIT operating company, capital efficiency of the Company would improve greatly. However, for a long time, the Board of Directors has neglected to take fundamental efforts to improve shareholder value and has left the stock price in the doldrums.

Therefore, we propose the election of the candidate with the expectation that he will play an active role in proposing measures such as utilization of REITs to the Board of Directors and promoting discussion of such measures.

< Opinion of the Board of Directors on Proposal No. 5 >

The Board of Directors of the Company opposes Proposal No. 5.

• **Reasons for the Opposition**

The Company has established a Nomination and Compensation Committee composed of a majority of independent Outside Directors as a non-statutory body to advise the Board of Directors, with the aims of ensuring the fairness, transparency, and objectivity of processes related to the nomination and compensation of Directors and enhancing the Company's corporate governance structure.

Candidates for the office of Director are selected by decision of the Board of Directors in light of advice and recommendations from the Nomination and Compensation Committee. This decision process has been followed in selecting the candidates for Director proposed by the Company to this Ordinary General Meeting of Shareholders.

The Company has proposed six (6) candidates for Director (excluding a candidate for Director who is an Audit and Supervisory Committee Member). Each candidate for Director possesses the necessary judgment, expertise, and knowledge, in addition to a high standard of ethics. Moreover, each candidate has a thorough knowledge of the Company's business, as well as knowledge, experience, and expertise in fields such as corporate management, industry insight, accounting and finance, personnel and HR development, legal and compliance. Furthermore, four (4) of the five (5) Directors who are Audit and Supervisory Committee Members are Outside Directors who are independent officers (independent Outside Directors). Independent Outside Directors therefore comprise more than one-third (1/3) of all Directors.

The Company's Board of Directors believes that a Board of Directors composed of the Directors (excluding Directors who are Audit and Supervisory Committee Members) and Directors who are Audit and Supervisory Committee Members whom the Company has nominated as candidates will bring about the sustainable improvement of the Company's corporate value and will thus serve the interests of the Company's shareholders.

By contrast, the use of a real estate investment trust (REIT) put forward in the reasons for the proposal means that the Company would withdraw from the real estate leasing business that it currently operates, and change the nature of its business to real estate management. However, the Company has little need to procure funding through the use of a REIT. Moreover, the real estate business, including the real estate leasing business, is an important business to the Company, which it has identified as a source of stable revenue in its 2025 Medium-term Management Plan announced on April 8, 2022. The Company considers that continuing the real estate leasing business will contribute to stable shareholder returns in the future.

The Nomination and Compensation Committee has examined the election of the candidate for Director presented in this proposal and has come to the conclusion that it is unnecessary to elect the candidate as a Director. The Company's Board of Directors has a similar view and believes that the Directors (excluding Directors who are Audit and Supervisory Committee Members) and Directors who are Audit and Supervisory Committee Members whom the Company has nominated as candidates represent the optimal composition of the Board of Directors.

Due to the reasons above, the Board of Directors of the Company opposes the proposal. In addition, note 3. of this proposal states that "if the candidate is elected, the Company will register him as an independent director in accordance with the Tokyo Stock Exchange's rules and regulation." This statement has been

presented just as it was received from the proposing shareholders and does not represent a decision by the Company.

Proposal No. 6: Appropriation of Surplus

1. Outline of the Proposal:

- (1) Type of dividend property
Cash
- (2) Allotment of dividend property to the shareholders and total amount of dividends
Use either the dividend per common share based on the proposal concerning the appropriation of surplus made by the Company's Board of Directors and adopted in the 62nd Ordinary General Meeting of Shareholders (hereinafter "the Company's Appropriation of Surplus Proposal"), or the appropriation of surplus (including a scheduled appropriation) at the end of February 2022 adopted by the day of the 62nd Ordinary General Meeting of Shareholders in accordance with Article 34 of the Company's Articles of Incorporation, as the amount of dividend per common share determined by the Company's Board of Directors (hereinafter "the Company's Dividend Amount"). Deduct the Company's Dividend Amount from 67 yen, add the result to the Company's Dividend Amount, and pay it as a dividend. If the figure obtained after rounding the profit per share for the 62nd fiscal year to the nearest whole number (hereinafter "actual EPS") differs from 67 yen, change the figure above from 67 yen to the actual EPS. The total amount of dividends is the dividend amount multiplied by the number of shares eligible for dividends as of the record date of voting rights in the Company's 62nd Ordinary General Meeting of Shareholders.
- (3) Effective date of appropriation of surplus
The day after the 62nd Ordinary General Meeting of Shareholders of the Company is held.

If a proposal on the appropriation of surplus is made by the Company in the 62nd Ordinary General Meeting of Shareholders, this Proposal shall be an additional proposal that is independent from the said proposal, and is compatible with the said proposal.

2. Reasons for the Proposal:

This is a proposal that aims to convert the total amount of profit into dividends.

The Company's equity ratio as of the end of February 2021 was around 70%, and it was around 68% at the end of November 2021. These figures are extremely high, considering that the Company engages mainly in the business of the sale, leasing, etc. of civil engineering and construction equipment, materials handling machines, and such. In addition to having a high equity ratio, the Company also maintains an unusually high level of near money assets.

The Company does not need to allocate any more funds to its internal reserves. In fact, increasing equity any further will only lead to a decrease in ROE. By returning the surplus funds to shareholders, the Company can raise shareholder value, and it may even lead to an increase in share price. Therefore, the Company should significantly increase its dividends of surplus. Furthermore, besides doing so for the fiscal year ended February 28, 2022, the Company should continue to adopt a payout ratio of 100% as its capital policy in the subsequent years, so as to demonstrate its intention of not accumulating capital in the medium to long term.

< Opinion of the Board of Directors on Proposal No. 6 >

The Board of Directors of the Company opposes Proposal No. 6.

• Reasons for the Opposition

The Company considers that returning profits to shareholders is an important task for management. Its basic policy is to pay out stable dividends while considering the necessities to improve its financial status and to meet financing needs for future business development.

To further enhance shareholder returns, the Company has established the policy of a total return ratio of 100%, including dividends and share buybacks, each fiscal year for the next three years from the fiscal year ending February 28, 2023, to the fiscal year ending February 28, 2025. This policy was presented under "Growth Investment Together with Shareholder Returns" in "Notice on the Establishment of the 2025 Medium-term Management Plan (Fiscal Year Ending February 28, 2023, to Fiscal Year Ending February 28, 2025)" announced on April 8, 2022. In the fiscal year ending February 28, 2023, the first year of the Medium-term Management Plan, we will achieve a total return ratio of 100% through the combination of a share buyback and a planned dividend of 35 yen per common share of the Company.

This proposal requests for the total amount of profit in the fiscal year ended February 28, 2022, to be paid out as dividends. However, the Company is able to achieve sufficient returns to shareholders without

implementing such a dividend, through a combination of dividends and share buybacks based on the policy described above.

Due to the reasons above, the Board of Directors of the Company opposes the proposal.

Proposal No. 7: Amendment to the Articles of Incorporation concerning Disclosure of Cost of Capital

1. Outline of the Proposal:

Add the following chapter and article to the current Articles of Incorporation.

Chapter 7 Disclosure of Cost of Capital
(Disclosure of Cost of Capital)

Article 37. The Company shall disclose the weighted average cost of capital in its Corporate Governance Reports, which the Company submits to the Tokyo Stock Exchange, as well as the basis of calculation thereof. The weighted average cost of capital to be disclosed shall be an amount that the Company has identified in the period from a month before the submission date until the submission date.

2. Reasons for the Proposal:

Principal 5-2 of the Corporate Governance Code (“CGC”) requires the management team of a company to accurately identify the company’s cost of capital. Therefore, the Company’s management team should also be required to accurately identify the Company’s cost of capital, and formulate or review business plans and capital policies etc. accordingly.

However, in the Corporate Governance Report (hereinafter “CG Report”) dated June 1, 2020, the Company admitted that its ROE was lower than the cost of shareholders’ equity, but did not disclose the cost of shareholders’ equity. Further, the description of the cost of capital itself has been deleted in the CG Reports released after June 1, 2021.

The Company should disclose the cost of shareholders’ equity and the weighted average cost of capital. Furthermore, the Company should conduct dialogue with investors including shareholders, and formulate its management strategies and management plans after accurately identifying its cost of capital.

< Opinion of the Board of Directors on Proposal No. 7 >

The Board of Directors of the Company opposes Proposal No. 7.

• Reasons for the Opposition

The proposal requests for the addition of certain stipulations to the Articles of Incorporation, but the Company’s Board of Directors does not think that it is appropriate to add those stipulations to the Articles of Incorporation, or the fundamental principles of the Company.

In addition, Principle 5.2 of the Corporate Governance Code, which is cited as a reason for the proposal, states that “When establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and capital policies, and present targets for profitability and capital efficiency after accurately identifying the company’s cost of capital. Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as reviewing their business portfolio and investments in fixed assets, R&D, and human capital, and specific measures that will be taken in order to achieve their plans and targets.” It does not request for the disclosure of the weighted average cost of capital and the basis of calculation thereof in the Corporate Governance Report.

In relation to the Corporate Governance Code, instead of the disclosure of the cost of shareholders’ equity figure itself being important, the Company perceives the formulation of profitability plans, etc. through identifying the cost of shareholders’ equity as important.

The Company announced its 2025 Medium-term Management Plan on April 8, 2022. In the formulation process, upon accurately identifying the cost of shareholders’ equity, the Company comprehensively considered various management indicators rather than focusing most resources on only a portion of the management indicators, and carried out the setting of appropriate management indicators.

Due to the reasons above, the Board of Directors of the Company opposes the proposal.

Proposal No. 8: Amendment to the Articles of Incorporation concerning Individual Compensation for Representative Director

1. Outline of the Proposal:

Add the following chapter and article to the current Articles of Incorporation.

Chapter 8 Disclosure of Executive Compensation

(Disclosure of individual compensation for representative director)

Article 38. The Company shall disclose, in the CG Report which it submits to the Tokyo Stock Exchange, the amount paid as compensation to representative director in the previous fiscal year (including non-monetary compensation).

2. Reasons for the Proposal:

Despite a stock price well below its dissolution value, the Company's management has failed to implement significant measures to increase shareholder value. We are concerned that the President is receiving excessive compensation despite the depressed stock price and lacks the incentive to increase shareholder value, further depressing the stock price. To dispel such concerns, we request the disclosure of individual compensation.

Although the Company does have a voluntary Nomination and Compensation Committee, the final decision on individual compensation for directors is entrusted to the President, and it is possible the supervisory function of individual compensation is not sufficiently effective for the President. Therefore, the Company should disclose the individual compensation of representative director to show the amount is appropriate.

< Opinion of the Board of Directors on Proposal No. 8 >

The Board of Directors of the Company opposes Proposal No. 8.

• Reasons for the Opposition

The Company has established a Nomination and Compensation Committee composed of a majority of independent Outside Directors as a non-statutory body to advise the Board of Directors, with the aims of ensuring the fairness, transparency, and objectivity of processes related to the nomination and compensation of Directors and enhancing the Company's corporate governance structure. In accordance with the new policy for determining compensation, etc. for individual Directors decided at the meeting of the Board of Directors held on April 22, 2022, compensation, etc. for individual Directors, including the Representative Director, are determined by the Board of Directors after referral to, and report by, the Nomination and Compensation Committee.

Regarding disclosure, the Company properly discloses the total amount of compensation and the number of recipients for each class of officer in its Business Report and Annual Securities Report, in accordance with laws and regulations. The Company's Board of Directors believes that the Company provides sufficient disclosure to enable confirmation by its shareholders. Because none of the Company's officers receives individual compensation, etc. totaling 100 million yen or greater on a consolidated basis, the individual amounts of compensation are not disclosed in the Annual Securities Report, in accordance with laws and regulations.

The Company's Board of Directors therefore considers the decision process and method of disclosure of the amounts of compensation for the Company's officers, including the Representative Director, to be appropriate, and considers the amendments to the Articles of Incorporation set forth in this proposal to be unnecessary. As this proposal concerns compensation, etc. for Directors, the Nomination and Compensation Committee has deliberated on the need for the amendments to the Articles of Incorporation set forth in this proposal and has come to the conclusion that such amendments are unnecessary.

Due to the reasons above, the Board of Directors of the Company opposes the proposal.

Proposal No. 9: Amendment to the Articles of Incorporation concerning Shares Held for the Purpose of Cross-Shareholding

1. Outline of the Proposal:

Add the following chapter and article to the current Articles of Incorporation.

Chapter 9 Cross-shareholdings

(Assessment of the purpose for holding cross-shareholdings and disclosure of the results)

Article 39.

- (1) In order to examine whether the holding of cross-shareholdings is fulfilling its purpose of “maintaining and strengthening business relationships,” the Company shall, at least once a year, inform the issuer of the cross-shareholdings of its intention to sell the said shares.
- (2) The Company shall disclose, in the CG Report which it submits to the Tokyo Stock Exchange, the details of the response obtained from each issuing company as the result of the assessment stipulated in the preceding section.

2. Reasons for the Proposal:

The proposing shareholders believe the Company should not hold any cross-shareholdings because there is no causal relationship between holding cross-shares and the business relationship.

In fact, almost all the issuers of the Company’s cross-shareholdings have complied with CGC Supplemental Principal 1-4-1, and in response to our inquiries, several issuers including Yokogawa Bridge Corp. denied any relationship between holding shares and business transactions.

Therefore, we suspect the purpose of cross-shareholdings, “to maintain and strengthen business relationships,” disclosed in the Company’s annual Securities Report for the FY ending February 28, 2022, is wrong and unfounded.

Considering the above-mentioned responses from some issuers, we request the Company to examine whether the purposes of cross-shareholdings disclosed by the Company are being fulfilled. As to cross-shareholdings that do not fulfill the purpose, the Company should establish its policy to reduce such cross-shareholdings in accordance with the CGC.

< Opinion of the Board of Directors on Proposal No. 9 >

The Board of Directors of the Company opposes Proposal No. 9.

• Reasons for the Opposition

The proposal requests for the addition of certain stipulations to the Articles of Incorporation, but the Company’s Board of Directors does not think that it is appropriate to add those stipulations to the Articles of Incorporation, or the fundamental principles of the Company.

As stated in its Corporate Governance Report, the Company only holds shares for the purpose of cross-shareholding when it deems that the holding of such shares will lead to the maintenance or expansion of its business partners, or to the creation of new business opportunities. Also, the number of shares of each company held and the amount recorded on the Non-consolidated Balance Sheet are disclosed in the securities report.

The proposal requests the Company to add a section to its Articles of Incorporation stipulating that “in order to examine whether the holding of cross-shareholdings is fulfilling its purpose of ‘maintaining and strengthening business relationships,’ the Company shall, at least once a year, inform the issuer of the cross-shareholdings of its intention to sell the said shares” and that “the Company shall disclose, in the CG Report which it submits to the Tokyo Stock Exchange, the details of the response obtained from each issuing company as the result of the assessment.” However, the Company considers it inappropriate to inform the issuer of cross-shareholdings of a general intention to sell shares regardless of whether such an intention exists in that case. Furthermore, for shares held for cross-shareholding, the Board of Directors conducts reviews to check whether there is a valid economic rationality of holding each company’s shares when considering the cost, whether it is meaningful to hold the shares, and such, deliberating such issues at Board of Directors meetings, and determining the corresponding policies. The Company therefore considers that there is little need for the procedures presented in the proposal.

Due to the reasons above, the Board of Directors of the Company opposes the proposal.

End of Document

Consolidated Financial Statements

Consolidated Balance Sheet

(As of February 28, 2022)

(Millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	59,950	Current liabilities	28,910
Cash and deposits	27,774	Notes and accounts payable - trade	18,524
Notes and accounts receivable - trade	22,430	Short-term borrowings	1,103
Securities	6,150	Current portion of long-term borrowings	77
Merchandise	2,930	Lease obligations	5
Supplies	111	Income taxes payable	1,569
Other	631	Provision for bonuses	373
Allowance for doubtful accounts	(78)	Other	7,255
Non-current assets	84,425	Non-current liabilities	16,372
Property, plant and equipment	70,157	Long-term borrowings	172
Assets for rent	11,320	Lease obligations	15
Real estate for rent	43,808	Deferred tax liabilities	899
Buildings and structures	5,781	Deferred tax liabilities for land revaluation	435
Land	8,413	Provision For Share Based Compensation Expenses For Directors	84
Leased assets	15	Provision for retirement benefits for directors (and other officers)	18
Other	818	Retirement benefit liability	252
Intangible assets	7,797	Long-term accounts payable - facilities	10,434
Goodwill	7,163	Other	4,058
Other	634	Total liabilities	45,282
Investments and other assets	6,470	(Net assets)	
Investment securities	4,041	Shareholders' equity	98,969
Retirement benefit asset	689	Share capital	13,821
Deferred tax assets	271	Capital surplus	16,627
Other	1,911	Retained earnings	68,675
Allowance for doubtful accounts	(443)	Treasury shares	(154)
Total assets	144,376	Accumulated other comprehensive income	(596)
		Valuation difference on available-for-sale securities	1,288
		Deferred gains or losses on hedges	94
		Revaluation reserve for land	(2,144)
		Remeasurements of defined benefit plans	164
		Non-controlling interests	720
		Total net assets	99,093
		Total liabilities and net assets	144,376

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

Consolidated Statement of Income

(March 1, 2021 – February 28, 2022)

(Millions of yen)

Description	Amount	
Net sales		74,989
Cost of sales		55,189
Provision of unrealized income on installment sales		81
Reversal of unrealized income on installment sales		247
Gross profit		19,965
Selling, general and administrative expenses		14,459
Operating profit		5,506
Non-operating income		
Interest income	13	
Dividend income	119	
Purchase discounts	47	
Foreign exchange gains	37	
Gain on investments in investment partnerships	22	
Other	68	308
Non-operating expenses		
Interest expenses	105	
Loss on cancellation of insurance policies	24	
Other	23	153
Ordinary profit		5,661
Extraordinary income		
Gain on sales of non-current assets	541	
Gain on sale of investment securities	28	570
Extraordinary losses		
Loss on sales of non-current assets	0	
Loss on retirement of non-current assets	7	
Impairment losses	144	151
Profit before income taxes		6,080
Income taxes - current	2,611	
Income taxes - deferred	(236)	2,375
Profit		3,704
Profit attributable to non-controlling interests		131
Profit attributable to owners of parent		3,573

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

Non-consolidated Financial Statements

Non-consolidated Balance Sheet

(As of February 28, 2022)

(Millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	47,791	Current liabilities	22,086
Cash and deposits	23,089	Notes payable - trade	12,790
Notes receivable - trade	5,117	Accounts payable - trade	2,793
Accounts receivable - trade	12,311	Accounts payable - other	495
Securities	6,150	Income taxes payable	1,158
Merchandise	703	Accrued consumption taxes	628
Supplies	67	Provision for bonuses	225
Other	382	Deferred installment income	320
Allowance for doubtful accounts	(31)	Accounts payable - facilities	3,106
		Other	569
Non-current assets	83,773	Non-current liabilities	11,794
Property, plant and equipment	59,414	Long-term accounts payable - other	881
Assets for rent	6,686	Deferred tax liabilities	302
Real estate for rent	43,050	Deferred tax liabilities for land revaluation	435
Buildings	2,932	Provision for retirement benefits	2
Structures	899	Provision for share based compensation expenses for directors	84
Land	5,703	Long-term accounts payable - facilities	6,999
Other	141	Guarantee deposits received	2,593
Intangible assets	532	Other	493
Leasehold right	143	Total liabilities	33,881
Other	389		
Investments and other assets	23,826	(Net assets)	
Investment securities	4,015	Shareholders' equity	98,538
Shares of subsidiaries and associates	17,142	Share capital	13,821
Lease and guarantee deposits	666	Capital surplus	16,627
Prepaid pension costs	451	Legal capital surplus	15,329
Other	1,933	Other capital surplus	1,297
Allowance for doubtful accounts	(383)	Retained earnings	68,244
		Legal retained earnings	1,182
		Other retained earnings	67,061
		Reserve for reduction entry of buildings	15
		Reserve for reduction entry of land	68
		General reserve	42,000
		Retained earnings brought forward	24,978
		Treasury shares	(154)
		Valuation and translation adjustments	(855)
		Valuation difference on available-for-sale securities	1,288
		Revaluation reserve for land	(2,144)
Total assets	131,564	Total net assets	97,683
		Total liabilities and net assets	131,564

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

Non-consolidated Statement of Income

(March 1, 2021 – February 28, 2022)

(Millions of yen)

Description	Amount	
Net sales		53,430
Cost of sales		41,224
Provision of unrealized income on installment sales		81
Reversal of unrealized income on installment sales		247
Gross profit		12,371
Selling, general and administrative expenses		7,842
Operating profit		4,529
Non-operating income		
Interest income	15	
Dividend income	163	
Purchase discounts	47	
Foreign exchange gains	31	
Other	212	469
Non-operating expenses		
Interest expenses	78	
Other	5	83
Ordinary profit		4,915
Extraordinary income		
Gain on sales of non-current assets	531	
Gain on sale of investment securities	18	550
Extraordinary losses		
Loss on retirement of non-current assets	3	3
Profit before income taxes		5,462
Income taxes - current	1,800	
Income taxes - deferred	(136)	1,663
Profit		3,798

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.