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(Stock Exchange Code 8125)

May 9, 2023

(Date of commencement of measures for electronic provision: May 2, 2023)

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 63RD ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Please be informed that the 63rd Ordinary General Meeting of Shareholders of Wakita & Co., LTD. (the “Company”) will be held as set forth below.

We have adopted measures for the electronic provision of information for this General Meeting of Shareholders. The information to be provided electronically is available on the following website.

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

The information is also available from the following website.

Tokyo Stock Exchange website (Tokyo Stock Exchange Listed Company Search)
<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the website shown above and enter “Wakita” in the “Issue name (company name)” box or “8125” in the “Code” box to search. Click on “Basic Information” then “Documents for public inspection/PR information” to view the information in “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting” under “Filed information available for public inspection.”

If you decide not to attend the meeting in person on the day, you may exercise your voting rights via the Internet, etc., or in writing. In this case, please review the “Reference Documents for the General Meeting of Shareholders” provided through the measures for the electronic provision of information, and exercise your voting rights by the end of business (5:30 p.m.) on Wednesday, May 24, 2023, Japan time.

- 1. Date and Time:** Thursday, May 25, 2023 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 63rd Fiscal Year (March 1, 2022 - February 28, 2023) 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 63rd Fiscal Year (March 1, 2022 - February 28, 2023)

Proposals to be resolved:

< Proposals by the Company: Proposals No. 1 through No. 3 >

Proposal No. 1: Appropriation of Surplus

Proposal No. 2:	Election of Four (4) Directors (Excluding Directors who are Audit and Supervisory Committee Members)
Proposal No. 3:	Election of Three (3) Directors who are Audit and Supervisory Committee Members
< Shareholder Proposals: Proposals No. 4 through No. 10 >	
Proposal No. 4:	Election of One (1) Director who is not an Audit and Supervisory Committee Member
Proposal No. 5:	Appropriation of Surplus
Proposal No. 6:	Amendment to the Articles of Incorporation concerning Shares Held for the Purpose of Cross-Shareholding
Proposal No. 7:	Amendment to the Articles of Incorporation concerning Chairperson of the Board of Directors
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 Disclosure of Cost of Capital
Proposal No. 10:	Amendment to the Articles of Incorporation concerning Formulation and Disclosure of a Plan to Achieve a PBR of 1x or More

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- Please bring with you the enclosed Voting Rights Exercise Form and submit it at the reception desk.
 - Pursuant to provisions of laws and regulations as well as Article 15 of the Company's Articles of Incorporation, the following information provided electronically is not presented in the paper copy sent to shareholders.
 - Business Report: "Structure to Ensure Appropriateness of Business Operations, and the Management Status of the Structure"
 - Consolidated Financial Statements: "Consolidated Statements of Changes in Net Assets" and "Notes"
 - Non-consolidated Financial Statements: "Non-consolidated Statements of Changes in Net Assets" and "Notes"
- Accordingly, the paper copy presents 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.
- Any revisions to the information provided electronically will be posted on each of the websites on which the information is presented.

Reference Documents for the General Meeting of Shareholders

Proposals and References

< Proposals by the Company: Proposals No. 1 through No. 3 >

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 38 yen per share for the year-end dividend for the fiscal year ended February 28, 2023, an increase of 5 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
38 yen per common share of the Company
Total amount of dividends: 1,909,458,428 yen
- (3) Effective date of appropriation of surplus
May 26, 2023

Proposal No. 2: Election of Four (4) Directors (Excluding Directors who are Audit and Supervisory Committee Members)

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 four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members), reducing the number of directors by two (2) to facilitate flexible decision-making.

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	Teiji Wakita (66)	Reelection	President and Representative Director	31 years	100% (16 out of 16 meetings)
2	Toshio Oda (72)	Reelection	Senior Managing Director	15 years	100% (16 out of 16 meetings)
3	Kazuhiro Shimizu (66)	Reelection	Senior Managing Director	7 years	100% (16 out of 16 meetings)
4	Keiji Ishikawa (64)	Reelection	Director	4 years	88% (14 out of 16 meetings)

(Notes)

1. There are no special interests between the Company and any of the above director candidates.
2. The Company has taken out directors and officers liability insurance, as stipulated in Article 430-3, Paragraph 1 of the Companies Act. 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 candidates assume the office of Director, they will be included among the insured under the said insurance policy. The Company plans to renew the said insurance policy during the term of office of each candidate.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Teiji Wakita (February 10, 1957) (66 years old) <u>Reelection</u>	<p>April 1992 Joined the Company</p> <p>May 1992 Director, Chief of President's Office</p> <p>May 1998 Managing Director, in charge of President's Office</p> <p>August 2000 Managing Director, Deputy General Manager of Sales Division</p> <p>May 2002 Senior Managing Director, Deputy General Manager of Sales Division</p> <p>May 2004 President and Representative Director</p> <p>May 2016 President and Representative Director, General Manager of Sales Division (to present)</p>	1,080,600
<p>[Length of service as Director] 31 years</p> <p>[Attendance at Board of Directors meetings] 100% (16 out of 16 meetings)</p> <p>[Reason for election]</p> <p>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>			
2	Toshio Oda (April 3, 1951) (72 years old) <u>Reelection</u>	<p>April 1976 Joined Taiyo-Kobe Bank Limited (presently Sumitomo Mitsui Banking Corporation)</p> <p>February 2005 Joined the Company</p> <p>May 2006 Executive Officer, General Manager of General Affairs Division</p> <p>May 2008 Director, General Manager of General Affairs Division</p> <p>May 2014 Director, Managing Executive Officer, Deputy General Manager, of Administration Division and General Manager of General Affairs Division</p> <p>May 2016 Managing Director, Deputy General Manager of Administration Division</p> <p>May 2021 Senior Managing Director, General Manager of Administration Division (to present)</p>	5,000
<p>[Length of service as Director] 15 years</p> <p>[Attendance at Board of Directors meetings] 100% (16 out of 16 meetings)</p> <p>[Reason for election]</p> <p>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
3	Kazuhiro Shimizu (June 30, 1956) (66 years old) <u>Reelection</u>	<p>April 1979 Joined the Company</p> <p>March 2007 President and Representative Director, CHIBA LEASE KOGYO CORPORATION</p> <p>May 2011 Executive Officer, Branch Manager, Tokyo Chuo Branch, the Company</p> <p>May 2016 Director, Deputy Chief Officer of Construction Equipment Leasing Division</p> <p>May 2018 Managing Director, Deputy Chief Officer of Construction Equipment Business Division, the Company</p> <p>May 2019 Managing Director, Deputy General Manager of Sales Division and Chief Officer of Construction Equipment Business Division</p> <p>May 2021 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</p> <p>February 2023 Director, Daiki Sangyo Co., Ltd. (to present)</p> <p>[Significant concurrent positions] Director, Daiki Sangyo Co., Ltd.</p>	26,800
<p>[Length of service as Director] 7 years</p> <p>[Attendance at Board of Directors meetings] 100% (16 out of 16 meetings)</p> <p>[Reason for election]</p> <p>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>			
4	Keiji Ishikawa (January 14, 1959) (64 years old) <u>Reelection</u>	<p>April 1984 Joined the Company</p> <p>May 2018 Executive Officer, General Manager of Systems Sales Division</p> <p>May 2019 Director, General Manager of Systems Business Division</p> <p>September 2022 Director, General Manager of Systems Business Division and General Manager of Frontier Business Division (to present)</p> <p>Director, Sunnetworklive Corporation (to present)</p> <p>March 2023 Director, Nichii carenet & Co., LTD (presently Wakita carenet & Co., LTD) (to present)</p> <p>April 2023 Director, Chief Officer of Commercial Affairs Business Department (to present), the Company</p> <p>[Significant concurrent positions] Director, Sunnetworklive Corporation Director, Wakita carenet & Co., LTD</p>	5,500
<p>[Length of service as Director] 4 years</p> <p>[Attendance at Board of Directors meetings] 88% (14 out of 16 meetings)</p> <p>[Reason for election]</p> <p>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>			

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

Since the terms of four (4) Directors who are Audit and Supervisory Committee Members, Mr. Tadakazu Uchida, Mr. Yasuhiro Kuraguchi, Mr. Hirokatsu Ishikura, and Ms. Noriko Ishida will expire at the conclusion of this General Meeting of Shareholders, the Company proposes the election of three (3) Directors who are Audit and Supervisory Committee Members.

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

The candidates for Directors who are an Audit and Supervisory Committee Members are as follows.

No.	Name (Age)	Candidate Attributes	Current positions at the Company	Length of service as Director (Audit and Supervisory Committee Member)	Attendance at meetings
1	Shoichi Washio (66)	New election	Director	-	Board of Directors meetings: 100% (16 out of 16 meetings)
2	Yasuhiro Kuraguchi(72)	Reelection Outside Independent	Outside Director (Audit and Supervisory Committee Member)	6 years	Board of Directors meetings: 100% (16 out of 16 meetings) Audit and Supervisory Committee meetings: 100% (14 out of 14 meetings)
3	Noriko Ishida (74)	Reelection Outside Independent	Outside Director (Audit and Supervisory Committee Member)	4 years	Board of Directors meetings: 100% (16 out of 16 meetings) Audit and Supervisory Committee meetings: 100% (14 out of 14 meetings)

(Notes)

1. There are no special interests between the Company and any of the candidates.
2. Mr. Shoichi Washio will have served seven years as a Director who is not an Audit and Supervisory Committee Member as of the conclusion of this General Meeting of Shareholders. The attendance at Board of Directors meetings shown for Mr. Shoichi Washio represents his attendance in the capacity of Director who is not an Audit and Supervisory Committee Member during the Company's 63rd Fiscal Year.
3. If Mr. Shoichi Washio is elected and assumes the office of Director who is an Audit and Supervisory Committee Member, the Company intends to enter into an agreement with him to limit his liability for damages (to the minimum amount specified by laws and regulations) in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act.
4. The Company has entered into an agreement with Mr. Yasuhiro Kuraguchi and Ms. Noriko Ishida to limit their liability for damages (to the minimum amount specified by laws and regulations) in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act. The Company intends to enter into similar agreements with them if their reelection is approved.
5. Mr. Yasuhiro Kuraguchi is a candidate for Outside Director. He will have served six years as an Outside Director who is an Audit and Supervisory Committee Member as of the conclusion of this General Meeting of Shareholders. He served as an Outside Audit & Supervisory Board Member of

- the Company in the past.
6. Ms. Noriko Ishida is a candidate for Outside Director. She will have served four years as an Outside Director who is an Audit and Supervisory Committee Member as of the conclusion of this General Meeting of Shareholders.
 7. The Company has designated Mr. Yasuhiro Kuraguchi and Ms. Noriko Ishida as independent officers in accordance with the requirements of the Tokyo Stock Exchange and notified the exchange accordingly. If they are elected and assume the office of Director who is an Audit and Supervisory Committee Member, the Company intends to maintain their status as independent officers.
 8. The Company has taken out directors and officers liability insurance, as stipulated in Article 430-3, Paragraph 1 of the Companies Act. 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 candidates assume the office of Director, they will be included among the insured under the said insurance policy. The Company plans to renew the said insurance policy during the term of office of each candidate.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
1	Shoichi Washio (April 12, 1957) (66 years old) <u>New election</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 who is an Audit and Supervisory Committee Member] -</p> <p>[Attendance at Board of Directors meetings] 100% (16 out of 16 meetings)</p> <p>[Reason for election]</p> <p>Mr. Shoichi Washio has served in Legal and Examination Office. He has a high degree of insight and decision-making ability regarding credit risk in each of the Group's business fields, and is well-versed in the Group's businesses. The Company believes that he will be able to appropriately perform his duties as Director who is an Audit and Supervisory Committee Member based on these experience and achievements.</p>			
2	Yasuhiro Kuraguchi (August 25, 1950) (72 years old) <u>Reelection</u> <u>Outside</u> <u>Independent</u>	April 1973 March 1976 June 2005 July 2007 July 2013 May 2016 June 2016 May 2017 September 2021	Joined Asahi & Co. (presently KPMG AZSA LLC) Registered as certified public accountant Vice Chairman, the Japanese Institute of Certified Public Accountants Kinki Chapter Standing Director, the Japanese Institute of Certified Public Accountants Representative Director, Kuraguchi Certified Public Accountant Office (to present) Outside Audit & Supervisory Board Member, the Company Outside Director (Audit and Supervisory Committee Member), NIPPON DENTSU CO., LTD. Outside Director (Audit and Supervisory Committee Member), the Company (to present) Company Auditor, Customedia Co., Ltd. (to present)	0
	<p>[Significant concurrent positions]</p> <p>Representative Director, Kuraguchi Certified Public Accountant Office Company Auditor, Customedia Co., Ltd.</p> <p>[Length of service as Outside Director] 6 years</p> <p>[Attendance at Board of Directors meetings] 100% (16 out of 16 meetings)</p> <p>[Attendance at Audit and Supervisory Committee meetings] 100% (14 out of 14 meetings)</p> <p>[Reason for election and overview of expected role]</p> <p>As Mr. Yasuhiro Kuraguchi has expert knowledge and a wealth of experience as a certified public accountant, he is expected to provide valuable advice in the area of corporate accounting. The Company believes that he is qualified to make decisions on important management matters and supervise business execution from an objective standpoint independent of business execution, and therefore nominated him again as a candidate for Outside Director who is an Audit and Supervisory Committee Member. While Mr. Kuraguchi has no experience with business management in the past except for his involvement in the role of outside officer, he is judged to have enough capabilities to appropriately perform his duties as Outside Director who is an Audit and Supervisory Committee Member based on the aforementioned reasons.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	<p data-bbox="201 353 400 450">Noriko Ishida (August 30, 1948) (74 years old)</p> <p data-bbox="236 479 365 575"> Reelection Outside Independent </p>	<p data-bbox="427 259 1278 645"> April 1976 Registered as attorney-at-law (Osaka Bar Association) April 1981 Representative Director, Ishida Law Office (presently Lion Bridge Law Office) (to present) April 2001 Vice Chairman, Osaka Bar Association April 2014 Chairman, Osaka Bar Association Vice Chairman, Japan Federation of Bar Associations April 2018 Director, Nagamori Academy (to present) May 2019 Outside Director (Audit and Supervisory Committee Member), the Company (to present) [Significant concurrent positions] Representative Director, Lion Bridge Law Office Director, Nagamori Academy </p>	0
<p data-bbox="185 651 1278 1032"> [Length of service as Outside Director] 4 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] As Ms. Noriko Ishida has a wealth of experience and expert knowledge as an attorney-at-law, she is expected to provide valuable advice in the area of legal affairs. The Company believes that she is qualified to make decisions on important management matters and supervise business execution from an objective standpoint independent of business execution, and therefore nominated her again as a candidate for Outside Director who is an Audit and Supervisory Committee. While Ms. Ishida has no experience with business management in the past except for her involvement in the role of outside officer, she is judged to have enough capabilities to appropriately perform her duties as Outside Director who is an Audit and Supervisory Committee Member based on the aforementioned reasons. </p>			

[Reference] Skills Matrix

The matrix below shows the main areas of expertise, background, and the insight and experience expected of each Director, if Proposal No. 2 and Proposal No. 3 are approved and passed.

	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
Teiji Wakita	●	●	●	●		
Toshio Oda			●	●	●	
Kazuhiro Shimizu		●				
Keiji Ishikawa		●				
Shoichi Washio					●	
Yasuhiro Kuraguchi			●			
Noriko Ishida					●	●
Katsuhiko Aoki	●		●			

< Shareholder Proposals: Proposals No. 4 through No. 10 >

Proposals No. 4 through No. 10 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. 4 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 7 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 chapters and articles of the Company’s Articles of Incorporation under these Proposals shall be considered as if the necessary adjustments had already been made. See <https://stracap.jp/english/wp-content/uploads/2023/04/PRESS-RELEASE-regarding-WAKITA-CO-LTD-8125.pdf> 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 7 below” refers to the proposals from Proposal No. 6 to Proposal No. 10.

Proposal No. 4: 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 trading at a PBR of less than 1x for a long time and are keen on increasing shareholder value through management based on the cost of capital.

We 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, 2023. 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 4,161,000 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 regulations.

2. Reasons for the Proposal:

Since 2010, the Company's PBR has never exceeded 1, and as of March 20, 2023, it was approximately 0.6x. The investment in rental real estate for which the return is less than the weighted average cost of capital is one main reason for such low valuation.

As of the end of the FY ended February 28, 2022, the market value of rental properties owned by the Company was 58.5 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 share 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. 4** >

The Board of Directors of the Company opposes Proposal No. 4.

• **Opinion of the Board of Directors**

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 the 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 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, for the reasons presented below. 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.

• **Reasons**

Each of the four (4) candidates for Director (excluding Directors who are Audit and Supervisory Committee Members) that the Company is proposing to this Ordinary General Meeting of Shareholders has a thorough knowledge of the Company's business and possesses knowledge, experience, and expertise in corporate management, industry insight, finance, personnel, legal and other fields. Moreover, if the Company's proposals for the election of Directors are approved and passed by this Ordinary General Meeting of Shareholders, the Company will have a total of eight (8) Directors, of whom four (4) will be Directors who are Audit and Supervisory Committee Members. Of these, three (3) will be independent Outside Directors, comprising 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 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 as the reason 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 identified the real estate business, including the real estate leasing business, as an important business generating stable revenue under its 2025 Medium-term Management Plan announced last year. The Company considers that continuing the real estate leasing business will contribute to stable shareholder returns in the future.

Proposal No. 5: 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 63rd 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 2023 adopted by the day of the 63rd 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 71 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 63rd fiscal year to the nearest whole number (hereinafter "actual EPS") differs from 71 yen, change the figure above from 71 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 63rd Ordinary General Meeting of Shareholders.
- (3) Effective date of appropriation of surplus
The day after the 63rd 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 63rd 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.

As of the end of February 2022, the Company's equity ratio was approximately 68% which is very high. In addition, the Company also has an unusually high level of near money assets.

While the Company has pledged a 100% total return ratio, its market capitalization is approximately 60.0 billion yen as of Feb 28, 2023, and stable shareholders, consisting of the Founder's family and corporate shareholders who are business partners, is estimated to account for over 50% and there is concern that acquiring treasury shares from the market will lead to a further decline in liquidity. Therefore a 100% payout ratio rather than a total return ratio should be adopted as a shareholder return policy.

In light of the Company's excessive accumulation of equity and near money assets, although a share buyback itself is desirable, it is preferable that the Company repurchases its shares from shareholders who cross-hold them in order to prevent liquidity shortage as much as possible.

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

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

• **Opinion of the Board of Directors**

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 ended 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 ended February 28, 2023, to Fiscal Year ending February 28, 2025)" announced on April 8, 2022.

• **Reasons**

For the fiscal year ended February 28, 2023, the first year of the Medium-term Management Plan, we plan to propose a dividend of 38 yen per common share of the Company at the 63rd Ordinary General Meeting of Shareholders scheduled for May 25, 2023, as announced in "Notice on Dividends of Surplus" on April 7, 2023. If this proposal is approved and passed then, in combination with share buybacks, the Company will achieve a

total return ratio of 100%.

This proposal requests for the total amount of profit in the fiscal year ended February 28, 2023, 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.

Proposal No. 6: 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 7 Cross-shareholdings

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

Article 37.

- (1) The Board of Directors shall verify the appropriateness of each of the Company's cross-shareholding by examining in detail whether the purpose of such holding is appropriate and whether the benefits and risks from each holding cover the cost of capital.
- (2) 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.
- (3) The Company shall disclose, in the CG Report which it submits to the Tokyo Stock Exchange, the details of the verification of the Board from (1) and the response obtained from each issuing company as the result of the assessment stipulated in (2).

2. Reasons for the Proposal:

Principle 1-4 of the Corporate Governance Code ("CGC") requires companies to specifically examine whether the purpose of cross-shareholding is appropriate and whether the benefits and risks from each holding cover the company's cost of capital and to disclose the details of such examination.

As of the end of February 2022, the Company held approximately 3.1 billion yen in cross-shareholdings, and while claiming compliance with CGC Principle 1-4, it did not disclose specific scrutiny and verification of such cross-shareholdings.

On the other hand, almost all of the issuers of shares cross-held by the Company have complied with CGC Supplemental Principle 1-4-1, and the proposing shareholder has received responses from several of those issuers denying any relationship between holding shares and business transactions.

Therefore, in addition to the disclosure of specific examination and verification as stipulated in CGC Principle 1-4 above, at least once a year, the Company should inform the issuing company of the cross-held shares of its desire to sell the shares in order to verify that the purpose of the holdings is actually being fulfilled. The Company should also disclose the issuing company's response.

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

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

• **Opinion of the Board of Directors**

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 relationships, 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.

This proposal requests the Company to add a provision to its Articles of Incorporation stipulating that "the Board of Directors shall examine the appropriateness of each of the Company's cross-shareholding by examining in detail whether the purpose of such holdings is appropriate and whether the benefits and risks from each holding cover the cost of capital." However, the Company already examines its cross-shareholdings once per year in terms of factors such as whether there is a valid economic rationale for those shareholdings when considering the cost and whether it is meaningful to hold the shares. In view of the fact that verification and other steps are already in place, the Company considers that there is little need for the procedures presented in the proposal.

• **Reasons**

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.

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.

Proposal No. 7: Amendment to the Articles of Incorporation concerning Chairperson of the Board of Directors

1. Outline of the Proposal:

Amend Article 22 of the current Articles of Incorporation as follows.

Current Articles of Incorporation

(Persons authorized to convene and chair meetings of the board of directors)

Article 22. Except as otherwise provided by laws and regulations, the President shall convene and chair meetings of the Board of Directors. In the absence or incapacity of the President, another Director shall convene and preside at the meeting of the Board of Directors in accordance with the order previously determined by the Board of Directors.

Proposed Amendments

(Persons authorized to convene and chair meetings of the board of directors)

Article 22. Except as otherwise provided by law and regulations, the President shall convene meetings of the Board of Directors. In the absence or incapacity of the President, another Director shall convene the meeting of the Board of Directors in accordance with the order previously determined by the Board of Directors.

2. The Board of Directors shall be chaired by an Outside Director previously determined by the Board of Directors. If such Outside Director is unable to act as Chair, another Outside Director shall take the chair in the order previously determined by the Board of Directors. In the absence or incapacity of all Outside Directors, a Director other than an Outside Director shall chair the meeting in other order previously determined by the Board of Directors.

2. Reasons for the Proposal:

CGC Principle 4-3 requires the Board of Directors to fulfill a highly effective supervisory function over management from an independent and objective standpoint.

In this regard, the supervisory function of the Board of Directors must be questioned, as Mr. Teiji Wakita, the founding family member is effectively the largest shareholder of the Company and serves as the President and Representative Director of the Company in addition to the Chairperson of the Board of Directors.

The Company's share price has remained well below 1x PBR underlining the need for the Board of Directors to strengthen its function to supervise whether the management team is executing on its business operations that contribute to increasing shareholder value. To this end, the Board of Directors should be chaired by an outside director rather than an executive to further improve corporate governance.

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

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

• Opinion of the Board of Directors

The Company's Board of Directors is chaired by the President and Representative Director, who is closely familiar with the Company's business operations. A framework is in place for the checking and supervision of management by other Directors and highly independent Outside Directors, who comprise one-third (1/3) of all Directors, and we believe that the Board of Directors is fulfilling its supervisory function.

• Reasons

The Company is aware of the debate regarding whether the chairperson of the Board of Directors should be separate from the chief executive officer. The Company's Board of Directors is chaired by the President and Representative Director, who is closely familiar with the Company's business operations. A framework is in place for the checking and supervision of management by highly independent Outside Directors, who comprise one-third (1/3) of all Directors. Under this framework, opportunities are provided for Outside Directors to be briefed in advance on important agenda items prior to the day of the relevant meeting of the Board of Directors, and ample time is secured for deliberation on proposals.

Meetings of the Board of Directors feature lively discussions, including appropriate advice and suggestions from the Outside Directors, and optimal decisions are made after exhausting those discussions. Evaluation of the effectiveness of the Board of Directors has also revealed that Directors consider that the Board of Directors is fulfilling its role and responsibilities as a supervisory organ. In this way, we believe that the Board of Directors

is fulfilling its supervisory function under the framework described above.

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 share price well below 1x PBR, 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 share price and lacks the incentive to increase shareholder value, further depressing the share 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.

• **Opinion of the Board of Directors**

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. The proposal states that "the final decision on individual compensation for directors is entrusted to the President" but, in accordance with the policy for determining the details of 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.

• **Reasons**

Regarding disclosure of compensation, etc. for Directors, 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 amendment to the Articles of Incorporation set forth in this proposal to be unnecessary.

Proposal No. 9: 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 9 Disclosure of Cost of Capital
(Disclosure of Cost of Capital)

Article 39. 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:

CGC Principal 5-2 requires the management team of a company to accurately identify the company's cost of capital. In its "Council of Experts Concerning the Follow-up of Market Restructuring," the Tokyo Stock Exchange has indicated that it intends to encourage management teams to raise awareness and literacy of their company's cost of capital and share price and to promote efforts for improvement.

However, in its Corporate Governance Report ("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 same is true for the latest CG report dated May 30, 2022.

The Company should accurately identify its cost of shareholders' equity and the weighted average cost of capital, disclose them, and then hold dialogues with shareholders and develop its management plan.

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

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

• Opinion of the Board of Directors

CGC Principle 5-2, 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 actual figures that form the basis of calculation thereof in the Corporate Governance Report.

In view of the requirements of the Tokyo Stock Exchange to engage in management with an awareness of the cost of capital and the share price, we will proceed to consider policies, targets and plan periods for the improvement of return on capital and market evaluation, as well as specific initiatives and the disclosure of progress against these initiatives.

• Reasons

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

When formulating the Company's 2025 Medium-term Management Plan announced on April 8, 2022 and the full-year forecasts of financial results for the fiscal year ending February 29, 2024 announced on April 7, 2023, upon accurately identifying the cost of capital, we 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.

Proposal No. 10: Amendment to the Articles of Incorporation concerning Formulation and Disclosure of a Plan to Achieve a PBR of 1x or More

1. Outline of the Proposal:

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

Chapter 10 Management Plan (Management Plan)

Article 40. If the Price-to-Book Ratio (PBR*) as of the last trading on the Tokyo Stock Exchange (“TSE”) during the previous fiscal year of the Company is less than 1x, the Company shall formulate a management plan that is considered reasonably necessary to achieve a PBR of 1x or greater and announce such plan through the Timely Disclosure Network (TDnet) operated by the TSE by the announcement of the 2nd quarter results of the current fiscal year.

* PBR shall be calculated by dividing the share price of Company’s common share by the Company’s consolidated net assets per share (the number of treasury shares is deducted from the number of shares issued, and the figure is calculated in accordance with the Accounting Standards Board of Japan Guidance No. 4, Guidance on Accounting Standard for Earnings Per Share)

2. Reasons for the Proposal:

At the “Council of Experts Concerning the Follow-up of Market Restructuring,” the TSE indicated that it would take particularly aggressive measures against companies with PBR that were consistently below 1, including a strong request that they disclose their policies and specific efforts to improve their cost of capital and return on invested capital. The timing of the implementation of these requests is set for spring 2023.

In addition, those companies will be required to analyze their progress at least once a year and update their disclosures. For the Company with a PBR of less than 1, it will be necessary to respond to these requirements as soon as possible.

Since 2010, the Company’s PBR has never exceeded 1. It is clear that drastic management reform and changes to capital policies are necessary in order to break out of the long-term share price slump. To this end, we request that the Company formulates and announces a concrete plan to respond to the TSE’s request.

< Opinion of the Board of Directors on Proposal No. 10 >

The Board of Directors of the Company opposes Proposal No. 10.

• **Opinion of the Board of Directors**

In view of the requirements of the TSE to engage in management with an awareness of the cost of capital and the share price, we will accurately identify the cost of capital and the return on invested capital. Moreover, the Board of Directors plans to thoroughly analyze and evaluate the present situation and consider policies and targets, then disclose this information as promptly as possible.

• **Reasons**

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 the 2025 Medium-term Management Plan announced last year, the Company reoriented from stability to growth and is striving to enhance shareholder value. The Company has also established the policy of a total return ratio of 100%, including dividends and share buybacks, each fiscal year for the three years starting from the fiscal year ended February 28, 2023, aiming for “growth investment together with shareholder returns.” We expect to achieve this target for the fiscal year ended February 28, 2023.

In the fiscal year ending February 29, 2024, we will continue to promote “growth investment together with shareholder returns” based on the 2025 Medium-term Management Plan and work to improve shareholder value.

We will also further enhance our investor briefings and financial results briefing materials, etc. to facilitate a fuller understanding of the Company’s growth, as well as actively disclose the status of initiatives related to the Company’s growth strategy.

End of Document

Consolidated Financial Statements

Consolidated Balance Sheet

(As of February 28, 2023)

(Millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	50,467	Current liabilities	20,848
Cash and deposits	20,210	Notes and accounts payable – trade	10,626
Notes receivable – trade	7,739	Short-term borrowings	920
Accounts receivable – trade	12,442	Current portion of long-term borrowings	122
Securities	3,713	Lease obligations	20
Merchandise	5,305	Income taxes payable	1,201
Supplies	150	Provision for bonuses	405
Other	975	Other	7,552
Allowance for doubtful accounts	(69)	Non-current liabilities	18,229
Non-current assets	88,184	Long-term borrowings	543
Property, plant and equipment	75,716	Lease obligations	22
Assets for rent	12,457	Deferred tax liabilities	814
Real estate for rent	42,678	Deferred tax liabilities for land revaluation	435
Buildings and structures	6,604	Provision for share based compensation expenses for directors	106
Land	11,079	Provision for retirement benefits for directors (and other officers)	21
Leased assets	38	Retirement benefit liability	283
Other	2,858	Long-term accounts payable - facilities	11,969
Intangible assets	6,706	Other	4,032
Goodwill	6,070	Total liabilities	39,078
Other	636	(Net assets)	
Investments and other assets	5,761	Shareholders' equity	99,386
Investment securities	2,991	Share capital	13,821
Retirement benefit asset	787	Capital surplus	16,627
Deferred tax assets	223	Retained earnings	71,092
Other	2,260	Treasury shares	(2,154)
Allowance for doubtful accounts	(503)	Accumulated other comprehensive income	(676)
Total assets	138,652	Valuation difference on available-for-sale securities	1,086
		Deferred gains or losses on hedges	185
		Revaluation reserve for land	(2,144)
		Remeasurements of defined benefit plans	195
		Non-controlling interests	864
		Total net assets	99,574
		Total liabilities and net assets	138,652

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

Consolidated Statement of Income

(March 1, 2022 – February 28, 2023)

(Millions of yen)

Description	Amount	
Net sales		78,870
Cost of sales		57,374
Gross profit		21,495
Selling, general and administrative expenses		15,730
Operating profit		5,765
Non-operating income		
Interest income	5	
Dividend income	136	
Purchase discounts	38	
Foreign exchange gains	53	
Gain on investments in investment partnerships	31	
Other	81	347
Non-operating expenses		
Interest expenses	144	
Compensation for damage	61	
Other	26	231
Ordinary profit		5,880
Extraordinary income		
Gain on sales of non-current assets	29	
Gain on sale of investment securities	410	440
Extraordinary losses		
Loss on retirement of non-current assets	8	
Impairment losses	25	
Other	1	35
Profit before income taxes		6,285
Income taxes - current	2,407	
Income taxes - deferred	(145)	2,262
Profit		4,023
Profit attributable to non-controlling interests		121
Profit attributable to owners of parent		3,901

(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, 2023)

(Millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	37,350	Current liabilities	14,788
Cash and deposits	16,047	Notes payable - trade	4,534
Notes receivable - trade	5,596	Accounts payable - trade	3,059
Accounts receivable - trade	9,104	Accounts payable - other	651
Securities	3,713	Income taxes payable	838
Merchandise	2,286	Accrued consumption taxes	237
Supplies	76	Provision for bonuses	250
Other	552	Accounts payable - facilities	3,723
Allowance for doubtful accounts	(26)	Other	1,492
Non-current assets	88,723	Non-current liabilities	13,370
Property, plant and equipment	64,348	Deferred tax liabilities	258
Assets for rent	7,786	Deferred tax liabilities for land revaluation	435
Real estate for rent	41,921	Provision for retirement benefits	0
Buildings	3,313	Provision for share based compensation expenses for directors	106
Structures	974	Long-term accounts payable - facilities	8,684
Land	7,928	Guarantee deposits received	2,824
Other	2,425	Other	1,061
Intangible assets	522	Total liabilities	28,159
Leasehold right	143	(Net assets)	
Other	379	Shareholders' equity	98,969
Investments and other assets	23,852	Share capital	13,821
Investment securities	2,811	Capital surplus	16,627
Shares of subsidiaries and associates	17,324	Legal capital surplus	15,329
Lease and guarantee deposits	713	Other capital surplus	1,297
Prepaid pension costs	505	Retained earnings	70,675
Other	2,926	Legal retained earnings	1,182
Allowance for doubtful accounts	(430)	Other retained earnings	69,492
Total assets	126,074	Reserve for reduction entry of buildings	14
		Reserve for reduction entry of land	68
		General reserve	42,000
		Retained earnings brought forward	27,410
		Treasury shares	(2,154)
		Valuation and translation adjustments	(1,055)
		Valuation difference on available-for-sale securities	1,088
		Revaluation reserve for land	(2,144)
		Total net assets	97,914
		Total liabilities and net assets	126,074

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

Non-consolidated Statement of Income

(March 1, 2022 – February 28, 2023)

(Millions of yen)

Description	Amount	
Net sales		53,682
Cost of sales		40,511
Gross profit		13,170
Selling, general and administrative expenses		8,409
Operating profit		4,761
Non-operating income		
Interest income	7	
Dividend income	180	
Purchase discounts	38	
Foreign exchange gains	66	
Other	224	517
Non-operating expenses		
Interest expenses	94	
Compensation for damage	51	
Other	12	158
Ordinary profit		5,120
Extraordinary income		
Gain on sale of non-current assets	0	
Gain on sale of investment securities	410	411
Extraordinary losses		
Loss on retirement of non-current assets	1	
Impairment losses	25	27
Profit before income taxes		5,504
Income taxes - current	1,640	
Income taxes - deferred	(52)	1,588
Profit		3,916

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