

Securities code: 8927

October 11, 2023

(Start date of measures for electronic provision: October 4, 2023)

To our shareholders

2-10-11 Meguro, Meguro-ku, Tokyo

Meiho Enterprise Co., Ltd.

President, Chairman & Mitsuru Yabuki  
Representative Director

## Notice of the 55th Ordinary General Meeting of Shareholders

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

We hereby give notice that the 55th Ordinary General Meeting of Shareholders of the Company will be held as follows.

When convening this General Meeting of Shareholders, we take measures for electronic provision and post the items subject to measures for electronic provision on the following websites:

The Company's website:

<https://meiho-est.com/ir/ir-li/>



(Please access the above website and select “Documents Related to General Meetings of Shareholders” and then “Notice of the 55th Ordinary General Meeting of Shareholders” to check the materials.)

Tokyo Stock Exchange's website (TSE Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>



On the above TSE website, please search by the issue name (company name) “Meiho Enterprise” or the securities code “8927” and select “Basic information” and then “Documents for public inspection/PR information” to view the information.

If you are not attending the meeting in person, you may exercise your voting rights via the Internet or in writing. Please review the reference documents for the General Meeting of Shareholders included in the items subject to measures for electronic provision and vote by 5:30 pm on Wednesday, October 25, 2023.

Best regards

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1. Date and time    October 26, 2023 (Thursday) at 10:00 am (venue opens at 9:00 am)
  2. Location            2-10-11 Meguro, Meguro-ku, Tokyo  
9th Floor Meguro Yamate Place, Meiho Enterprise headquarters meeting room  
(Please refer to the map of the venue at the end of this document.)

3. Meeting Objectives

- Matters to be Reported
1. Business Report and Consolidated Financial Statements for the 55th Term (from August 1, 2022 to July 31, 2023) and Report on the Results of Audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
  2. Financial Statements Report for the 55th term (from August 1, 2022 to July 31, 2023)

Resolutions

- Proposal No. 1 Appropriation of Surplus
- Proposal No. 2 Partial Amendments to the Articles of Incorporation
- Proposal No. 3 Election of Three (3) Directors (excluding those who are members of the Audit and Supervisory Committee)
- Proposal No. 4 Election of Two (2) Directors who are members of the Audit and Supervisory Committee
- Proposal No. 5 Election of One (1) Director who is a substitute member of the Audit and Supervisory Committee

4. Other Matters Decided Upon Convocation

A Voting Form with no indication of approval or disapproval of a proposal will be counted as a vote for approval.

The end

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

© If revisions to the items subject to measures for electronic provision arise, the details of the revisions will be posted on the respective websites where they are posted.

© Guide to the web shareholder newsletter “M’s connection”

The web shareholder newsletter “M’s connection” will be released on our IR website after the General Meeting of Shareholders.

The newsletter will give you a better understanding of what makes our company stand out. Please take a look at it.

URL: <https://meiho-est.com/ir/ir-ka/2023/>



## Reference Documents for the General Meeting of Shareholders

### Proposals and references

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

##### Matters concerning the end of term dividend

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

(1) Type of dividend property

To be paid in cash

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

9.00 yen per share of the Company's ordinary shares

Total dividends: 265,434,660 yen

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

October 27, 2023

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

1. Reason for the proposal

1) To clarify the business description in line with the current status of our activities, Article 2 (Purpose) of the current Articles of Incorporation will be partially amended.

2) To enable the execution of an agile and flexible capital policy in preparation for future business deployment, the total number of authorized shares prescribed in Article 6 (Total Number of Authorized Shares) of the current Articles of Incorporation will be increased from 98,644,000 shares to 122,159,600 shares.

2. Details of changes

The following changes will be made:

(Changes are underlined.)

| Current Articles of Incorporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Proposed Amendments                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Article 2 (Purpose)<br/>                     The purpose of the Company shall be to engage in the following businesses:<br/>                     1. Real estate sales and leasing, and brokerage thereof<br/>                     2. Real estate appraisal<br/>                     3. Entrustment and contracting of management and operation of condominiums, buildings, and various facilities<br/>                     4. Design, construction, and contracting of civil engineering, construction, and various facilities<br/>                     5. Management and administration of buildings and apartments<br/>                     6. Services related to the service industry<br/>                     7. Non-life insurance agency business<br/>                     8. Financial instruments business<br/>                     9. Consulting related to real estate development, planning, design, supervision, contracting, and leasing management<br/> <u>10. Worker dispatch services</u><br/> <u>11.</u> Specified joint real estate venture business<br/> <u>12.</u> Management and administration of hotels, inns, and other lodging facilities<br/> <u>13.</u> Any business incidental or related to the preceding items</p> | <p>Article 2 (Purpose)<br/>                     The purpose of the Company shall be to engage in the following businesses:<br/>                     1-9 (Unchanged)</p> <p>(Deleted)<br/> <u>10.</u> Specified joint real estate venture business<br/> <u>11.</u> Management and administration of hotels, inns, and other lodging facilities<br/> <u>12.</u> Any business incidental or related to the preceding items</p> |

|                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Article 6 (Total Number of Authorized Shares and Total Number of Authorized Class Shares)</p> <p>1. Total number of the authorized shares of the Company shall be <u>98,644,000</u>.</p> <p>2. Total number of the authorized class shares of the Company for each class share shall be as follows:<br/> Ordinary shares: <u>98,644,000</u> shares</p> | <p>Article 6 (Total Number of Authorized Shares and Total Number of Authorized Class Shares)</p> <p>1. Total number of the authorized shares of the Company shall be <u>122,159,600</u>.</p> <p>2. Total number of the authorized class shares of the Company for each class share shall be as follows:<br/> Ordinary shares: <u>122,159,600</u> shares</p> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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

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

The candidates for Director are as follows.

| Candidate number | Name (date of birth)                       | History, position in the Company, and responsibilities (important concurrent positions)                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Company shares held                     |
|------------------|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| 1                | Mitsuru Yabuki<br>(born September 5, 1969) | <p>August 2000 Azabu Building Co., Ltd.<br/>President and Representative Director (current position)</p> <p>March 2007 Land Capital Partners Co., Ltd.<br/>President and Representative Director (current position)</p> <p>September 2020 President, Chairman &amp; Representative Director of the Company (current position) (to the present)</p> <p>(Important concurrent positions)<br/> Azabu Building Co., Ltd. President and Representative Director<br/> Land Capital Partners Co., Ltd. President and Representative Director</p> | Ordinary shares<br>13,218,600<br>shares |





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

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

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

| Candidate number | Name (date of birth)                        | History, position in the Company, and responsibilities (important concurrent positions)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Company shares held |
|------------------|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 1                | Kazuya Shimamura<br>(born October 20, 1972) | <p>October 1995    Joined Deloitte Touche Tohmatsu (now Deloitte Touche Tohmatsu LLC)</p> <p>April 1998      Registered as a Certified Public Accountant</p> <p>October 2004    Registered Attorney</p> <p>October 2004    Joined Abe, Ikubo &amp; Katayama Law Firm</p> <p>March 2008      Established Shimamura Law &amp; Accounting Representative (current position)</p> <p>June 2008       Sodick Plustech Co., Ltd. Outside Auditor</p> <p>July 2008       3-D Matrix, Ltd. Outside Auditor</p> <p>July 2012       Outside Director of the same company (current position)</p> <p>March 2014      Cosmo Bio Co., Ltd. Outside Director</p> <p>June 2015       IBSYSTEM Co., Ltd. Outside Auditor</p> <p>January 2017    AZOOM Co., Ltd. Outside Auditor (current position)</p> <p>January 2017    SJI Co. Ltd. (now CAICA DIGITAL Inc.) Outside Director (current position)</p> <p>October 2019    Director of the Company (Audit and Supervisory Committee member) (current position)</p> <p>March 2022      Cosmo Bio Co., Ltd. Outside Director (Audit and Supervisory Committee member) (current position) (to the present)</p> <p>(Important concurrent positions)</p> <p>Shimamura Law &amp; Accounting Representative</p> <p>3-D Matrix, Ltd.                      Outside Director</p> <p>Cosmo Bio Co., Ltd.                      Outside Director (Audit and Supervisory Committee member)</p> <p>AZOOM Co., Ltd.                      Outside Auditor</p> <p>CAICA DIGITAL Inc.                      Outside Director</p> | -                   |



| Candidate number | Name (date of birth)                        | History, position in the Company, and responsibilities (important concurrent positions)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Company shares held |
|------------------|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 2                | Yuhei Matsumoto<br>(born September 9, 1984) | <p>April 2008      Joined Lehman Brothers Securities Inc.</p> <p>November 2008      Advantage Partners Inc.<br/>Vice President</p> <p>April 2012      KATITAS Co., Ltd.      Auditor</p> <p>May 2013      Hokuo Holdings Co., Ltd.      Auditor</p> <p>December 2014      KATITAS Co., Ltd.      Director</p> <p>June 2015      Wavedash Co., Ltd.      Auditor</p> <p>March 2019      Fitlife Corporation<br/>President and Representative Director</p> <p>October 2021      Director of the Company (Audit and<br/>Supervisory Committee member) (current<br/>position)<br/>(to the present)</p> | -                   |

- (Note) 1. There are no special interests between any of the candidates and the Company.  
The Company has designated Kazuya Shimamura as an Independent Director in accordance with the provisions of the Tokyo Stock Exchange and has notified the Exchange of such designation.
2. Kazuya Shimamura and Yuhei Matsumoto are candidates for Outside Director.
  3. Mr. Shimamura's term of office as Outside Director (Audit and Supervisory Committee member) will be 4 years at the conclusion of this General Meeting of Shareholders. Mr. Matsumoto's term of office as Outside Director (Audit and Supervisory Committee member) will be 2 years at the conclusion of this General Meeting of Shareholders.
  4. The reasons for the appointment of Mr. Shimamura and Mr. Matsumoto as candidates for Outside Director and their expected roles are as follows.  
Kazuya Shimamura, if appointed as an Outside Director, will bring a wealth of experience and a high level of insight and expertise from his many years of service as an attorney and certified public accountant. As a specialist in law, finance, and accounting, he can be expected to strengthen the effectiveness of the decision-making and supervisory functions of the Board of Directors from a standpoint independent of management, and we therefore propose his election as an Outside Director who is a member of the Audit and Supervisory Committee.  
We nominate Yuhei Matsumoto for election as an Outside Director and member of the Audit and Supervisory Committee because, if appointed as an Outside Director, he can be expected to enhance the decision-making capability of the Board of Directors from a standpoint independent of management by leveraging his broad insight as a manager, and his extensive business experience in the private equity business, as a Director and Corporate Auditor for portfolio companies, which included the evaluation and value enhancement of portfolio companies.
  5. Neither candidate is an executive or officer of a specified related business entity of the Company, nor have they served as an executive or officer of a specified related business entity of the Company during the past 10 years.
  6. Neither candidate has any arrangement to receive a large amount of money or other assets from the Company or any business entity in a special relationship with the Company, nor have they received any such assets within the past 2 years.
  7. Neither candidate is the spouse, a relative within the third degree of kinship, or similar relation to an executive or Director of the Company or any business entity in a special relationship with the Company.
  8. Neither candidate has been an executive of a joint stock company whose rights and obligations were inherited by the Company within the past 2 years as a result of a merger, absorption-type split, incorporation-type split, or transfer of business immediately prior to such merger, etc.
  9. The Company has entered into a liability limitation agreement with Kazuya Shimamura and Yuhei Matsumoto which limits their liability for damages to the amount stipulated by law. In the event that they are reappointed, the Company intends to continue the above liability limitation agreement.
  10. The Company has entered into a Directors and Officers Liability Insurance contract with an insurance

company, as provided for in Article 430-3, Paragraph 1 of the Companies Act. The insurance contract covers any damages that may arise due to the insured person's responsibility for the performance of their duties or the receipt of a claim for the pursuit of such responsibility. A candidate who is elected and assumes office will be included as an insured person under the insurance contract. The insurance policy will be renewed with the same contents at the time of the next renewal.

(Reference)

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

| Position                           | Name             | Attribute        |                      | Years in office | Field of experience expected of Directors (incumbent/candidate) * |                         |                                          |                                                            |                              |     |
|------------------------------------|------------------|------------------|----------------------|-----------------|-------------------------------------------------------------------|-------------------------|------------------------------------------|------------------------------------------------------------|------------------------------|-----|
|                                    |                  |                  |                      |                 | Corporate management                                              | Sales Business strategy | Legal affairs Compliance Risk management | Human resources Labor relations Human resource development | Accounting Financial affairs | ESG |
| Chairman & Representative Director | Mitsuru Yabuki   | Reappointment    |                      | 3 years         | ●                                                                 | ●                       |                                          |                                                            |                              | ●   |
| Senior Managing Director           | Shunji Yasuda    | Reappointment    |                      | 8 years         | ●                                                                 |                         | ●                                        |                                                            | ●                            |     |
| Director                           | Shigeki Yoshida  | Reappointment    |                      | 1 year          |                                                                   | ●                       |                                          |                                                            |                              |     |
| Outside Director                   | Yui Kayano       | Current position |                      | 3 years         |                                                                   |                         | ●                                        | ●                                                          |                              | ●   |
| Outside Director                   | Kazuya Shimamura | Reappointment    | Independent Director | 4 years         |                                                                   |                         | ●                                        | ●                                                          | ●                            |     |
| Outside Director                   | Tetsuzo Kimura   | Current position |                      | 3 years         | ●                                                                 | ●                       |                                          |                                                            |                              | ●   |
| Outside Director                   | Taiji Yamamoto   | Current position | Independent Director | 3 years         | ●                                                                 | ●                       |                                          |                                                            |                              | ●   |
| Outside Director                   | Yuhei Matsumoto  | Reappointment    |                      | 2 years         | ●                                                                 | ●                       |                                          |                                                            |                              | ●   |

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

#### Proposal No. 5: Election of One (1) Director who is a substitute member of the Audit and Supervisory Committee

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

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

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

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

| Name<br>(date of birth)                    | Brief history and important concurrent positions                                                                                                                                                                                                                                                            | Company<br>shares held |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Toru Uchihashi<br>(born November 27, 1978) | September 2007 Registered Attorney<br>September 2007 Joined Tamiya Godo Law Office<br>March 2008 Delegate to the Japan Federation of Bar Associations<br>April 2011 Standing member of the Daini Tokyo Bar Association<br>April 2018 Standing member of the Daini Tokyo Bar Association<br>(to the present) | -                      |

- (Note) 1. There are no special interests between the Company and the candidate to become a Director who is a substitute member of the Audit and Supervisory Committee.
2. Toru Uchihashi is a candidate for Outside Director who is a substitute member of the Audit and Supervisory Committee.
3. The reasons for selecting Toru Uchihashi as a candidate for Outside Director who is a substitute member of the Audit and Supervisory Committee and his expected roles are as follows.
- (1) Reasons for the selection as a candidate for Outside Director who is a substitute member of the Audit and Supervisory Committee
- The Company proposes to elect Toru Uchihashi as an Outside Director who is a substitute member of the Audit and Supervisory Committee so that in the event that he assumes the position of Outside Director he can use his experience and expertise as an attorney within the structure of the Company's Audit and Supervisory Committee.
- (2) Reasons for believing that Mr. Uchihashi will be able to appropriately perform his duties as a member of the Audit and Supervisory Committee and his expected role
- The Company expects that Toru Uchihashi will monitor overall management and provide effective advice as an Outside Director who is a member of the Audit and Supervisory Committee, taking advantage of his rich experience as an attorney, and proposes to elect him as a Director who is a substitute member of the Audit and Supervisory Committee.
4. The candidate is not an executive or officer of a specified related business entity of the Company, nor has he been an executive or officer of a specified related business entity of the Company during the past 10 years.
5. The candidate has no arrangement to receive a large amount of money or other assets from the Company or any business entity in a special relationship with the Company, nor has he received any such properties within the past 2 years.
6. The candidate is not the spouse, a relative within the third degree of kinship, or similar relation to an executive or Director of the Company or any business entity in a special relationship with the Company.
7. The candidate has not been an executive of a joint stock company whose rights and obligations were inherited by the Company within the past 2 years as a result of a merger, absorption-type split, incorporation-type split, or transfer of business immediately prior to such merger, etc.
8. In the event that the candidate assumes the office of Director who is a member of the Audit and Supervisory Committee, the Company plans to enter into an agreement with him to limit his liability for damages under Article 423, Paragraph 1 of the Companies Act, in accordance with the provisions of Article 427, Paragraph 1 of the same act.
9. The Company has entered into a Directors and Officers Liability Insurance contract with an insurance company, as provided for in Article 430-3, Paragraph 1 of the Companies Act. The insurance contract covers any damages that may arise due to the insured person's responsibility for the performance of their duties or the receipt of a claim for the pursuit of such responsibility. A candidate who is elected and assumes office will be included as an insured person under the insurance contract. The insurance policy will be renewed with the same contents at the time of the next renewal.

The end

## Business Report

(August 1, 2022 to July 31,  
2023)

### 1. Current Status of the Corporate Group

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

##### 1) Business progress and results

During the current consolidated fiscal year (August 1, 2022 to July 31, 2023), the Japanese economy has been on a recovery path for economic activities across society thanks to a recovery of events held and domestic travel demands as well as inbound demands according to an increase in the number of tourists visiting Japan following the easing and lifting of various regulations imposed due to the COVID-19 pandemic. On the other hand, the outlook remains uncertain because of the concerns over soaring raw material and crude oil prices associated with the prolonged situation in Ukraine, price hikes caused by the excessive depreciation of the yen, and permanent labor shortage in all industries.

The real estate industry, in which the Meiho Group operates, has been unaffected by the COVID-19 pandemic and has entered the post-COVID phase, and the domestic and overseas investors' strong willingness to buy real estate in Japan remains at a high level backed by the recovery of the Japanese economy and the continued depreciation of the yen and low interest rates.

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

In the real estate sales business, we are proceeding with the development of whole-building investment products mainly in the Jonan and Josai areas, which are particularly well-located in Tokyo's 23 wards by leveraging our strengths in information analysis and business planning to our fullest. In addition, in the sales activities of our main brand series, MIJAS and EL FARO, we completed the delivery of 17 buildings including EL FARO Ookayama (Meguro-ku, Tokyo) and completed the delivery of seven properties for development projects.

In the real estate leasing business, in order to maximize profits for existing owners, in addition to area marketing, we aim to eliminate vacancies by setting the optimal rent based on the AI assessment system and contract execution examples and by proposing

leasing strategies utilizing our network of brokerage firms in the Tokyo metropolitan area, thereby achieving high occupancy rates in the properties managed by the Group. We have also introduced an application for information exchange with owners and continue to share and exchange information through CS surveys and other measures. For our main brands, the MIJAS and EL FARO series, the Group offers a one-stop service, from the creation of products to their management, thereby maintaining high quality and high occupancy rates. Consequently, the series is creating synergies within the Group, with their positive recognition as highly profitable real estate investment products, triggering repeated purchases of whole-building investment product series.

In the real estate brokerage business, the Group is working to increase revenues by introducing properties in line with customer needs through the use of its unique information network comprising real estate sales business and other businesses.

In the contracting business, the Group worked to increase earnings through the completion and delivery of nine buildings and the design and construction of 13 buildings in the MIJAS and EL FARO series, along with other remodeling and renovation projects tailored to the characteristics of properties under our management.

In addition, during the current consolidated fiscal year, the Group has welcomed two construction companies, Kyoiegumi Co., Ltd. and Meiho Engineering Co., Ltd. as new Group members. This is intended to strengthen cooperation among businesses in order to improve the corporate value of the Group as a whole, and at the same time, by specializing in the business of each Group company, we aim to establish a system in which the Group can offer consistent services such as property purchase, planning, construction, sales, property management after sale, brokerage, rental solicitation, renovation proposals, etc.

As a result of the above, revenues for the consolidated fiscal year under review were 15,247 million yen (up 36.6% year on year) as the sales of real estate investment products such as the main brands, MIJAS and EL FARO, secured higher profit margins and amounts than originally expected. For the profit at each stage, operating profit was 1,304 million yen (up 16.9% year on year), ordinary profit was 968 million yen (up 3.9% year on year), and profit attributable to owners of parent was 637 million yen (down 0.4% year on year).

## Overview of Reportable Segments

- A. In the real estate sales business, we sold two buildings in the MIJAS series (apartment development project) and 15 buildings in the EL FARO series (rental apartment project) and sold seven properties for development projects. As a result, revenues were 11,647 million yen (up 36.2% year on year), and segment profit was 1,613 million yen (up 53.7% year on year).
  - B. In the real estate leasing business, revenues were 2,081 million yen (up 2.2% year on year), and segment profit was 179 million yen (down 18.5% year on year), due to property management fees for the management business of the real estate management company, a Group company.
  - C. In the real estate brokerage business, revenues were 16 million yen (down 40.7% year on year), and segment profit was 16 million yen (down 33.7% year on year), reflecting real estate brokerage and other fees.
  - D. Regarding the contracting business, due to the execution of construction contracts and renovation works, revenues were 1,465 million yen (up 189.5% year on year) and segment loss was 248 million yen (segment profit of 21 million yen in the same period of the previous year).
  - E. This section refers to business segments not included in the reportable segments. Due mainly to insurance agency services, revenues were 45 million yen (up 0.5% year on year) and segment profit was 37 million yen (down 14.1% year on year).
- 2) Information about capital expenditures
- A. Major facilities acquired during the current consolidated fiscal year  
There is nothing to report.
  - B. New installation and expansion of major facilities in progress during the current consolidated fiscal year  
There is nothing to report.
  - C. Sales, removal, and loss of important non-current assets during the current consolidated fiscal year  
There is nothing to report.
- 3) Information about financing
- During the current consolidated fiscal year, the Company raised 1,028 million yen in capital by issuing new shares through a third-party allotment.
- 4) Business transfers, absorption-type company split or incorporation-type company split
- In October 2022, the Company established Meiho Engineering Co., Ltd. as a wholly-

owned subsidiary to have it take over the construction contracting business of Meiho Properties Co., Ltd., a wholly-owned consolidated subsidiary of the Company. In February 2023, Meiho Engineering Co., Ltd. took over the construction contracting business from Meiho Properties Co., Ltd. through a company split (simplified absorption-type split).

5) Acquisition of the business of other companies

Not applicable.

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

In August 2022, the Company acquired 92% of the shares of Kyoiegumi Co., Ltd. and made it a consolidated subsidiary.

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

Not applicable.

(2) Status of assets and profit (loss)

| Category                                |               | 52nd Term<br>(FY ended July 31,<br>2020) | 53rd Term<br>(FY ended July 31,<br>2021) | 54th Term<br>(FY ended July 31,<br>2022) | 55th Term<br>(Current consolidated fiscal year)<br>(FY ended July 31, 2023) |
|-----------------------------------------|---------------|------------------------------------------|------------------------------------------|------------------------------------------|-----------------------------------------------------------------------------|
| Revenues                                | (million yen) | 9,907                                    | 10,181                                   | 11,160                                   | 15,247                                                                      |
| Ordinary profit                         | (million yen) | 444                                      | 961                                      | 932                                      | 968                                                                         |
| Profit attributable to owners of parent | (million yen) | 305                                      | 825                                      | 640                                      | 637                                                                         |
| Basic earnings per share                | (yen)         | 12.96                                    | 34.95                                    | 27.11                                    | 23.73                                                                       |
| Total assets                            | (million yen) | 11,448                                   | 11,607                                   | 13,987                                   | 22,480                                                                      |
| Net assets                              | (million yen) | 4,372                                    | 5,085                                    | 5,530                                    | 7,006                                                                       |
| Net assets per share                    | (yen)         | 184.69                                   | 214.75                                   | 234.19                                   | 237.55                                                                      |

(3) Information about significant parent companies and subsidiaries

Significant subsidiaries

| Company name                      | Share capital       | Ratio of voting rights of the Company | Main business activities                   |
|-----------------------------------|---------------------|---------------------------------------|--------------------------------------------|
| Meiho Properties Co., Ltd.        | 33,200 thousand yen | 100.0%                                | Real estate leasing, real estate brokerage |
| House Saison Enterprise Co., Ltd. | 15,000 thousand yen | 100.0%                                | Real estate leasing, real estate brokerage |
| Moon Asset Co., Ltd.              | 50 thousand yen     | 100.0%                                | Real estate development and management     |
| Kyoeigumi Co., Ltd.               | 90,000 thousand yen | 92.0%                                 | Contracting                                |
| Meiho Engineering Co., Ltd.       | 60,000 thousand yen | 100.0%                                | Contracting                                |

(Note) 1. Kyoeigumi Co., Ltd. has become a consolidated subsidiary following the acquisition of its shares.

2. Meiho Engineering Co., Ltd. has become a consolidated subsidiary due to its establishment.



#### (4) Issues to be addressed

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

To cope with these business issues, we have set a planned annual supply target of around 25 buildings for the whole-building investment product brands MIJAS and EL FARO series (17 buildings were supplied in the fiscal year ended July 2023), as a comprehensive developer focusing on manufacturing in order to become a partner for life, as in our corporate philosophy. We will actively promote lot purchasing activities and sales activities mainly in the Jonan and Josai areas, which are particularly well-located in Tokyo's 23 wards, as the development areas of the main business by leveraging our strengths in information analysis and business planning to our fullest.

Although the business base including the market of our Group's main business remains strong, as for future business development, each company of the Group including the new Group members will independently chart its own growth strategy, establish each company's system, define authority and responsibility, accelerate decision-making, and further increase the speed of management, thereby promoting the growth of the entire Group, strengthening and expanding the business base, and proceeding business activities as a united group to further increase profitability.

#### (5) Main business activities (as of July 31, 2023)

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

## (6) Main sales offices (as of July 31, 2023)

|                                   |                                                                           |
|-----------------------------------|---------------------------------------------------------------------------|
| Our Company                       | Head office: Meguro-ku, Tokyo, Kansai branch: Kyoto-shi, Kyoto            |
| Meiho Properties Co., Ltd.        | Head office: Meguro-ku, Tokyo                                             |
| House Saison Enterprise Co., Ltd. | Head office: Kyoto-shi, Kyoto                                             |
| Moon Asset Co., Ltd.              | Head office: Kyoto-shi, Kyoto                                             |
| Kyoeigumi Co., Ltd.               | Head office: Setagaya-ku, Tokyo; Saitama sales office: Niiza-shi, Saitama |
| Meiho Engineering Co., Ltd.       | Head office: Meguro-ku, Tokyo                                             |

## (7) Status of employees (as of July 31, 2023)

## 1) Information about the Group employees

|                     |                                                              |
|---------------------|--------------------------------------------------------------|
| Number of employees | Change from the end of the previous consolidated fiscal year |
| 133people           | Increase of 45 people                                        |

## 2) Information about the Company employees

|                     |                                                   |               |                          |
|---------------------|---------------------------------------------------|---------------|--------------------------|
| Number of employees | Change from the end of the previous business year | Average age   | Average years of service |
| 43people            | Increase of 10 people                             | 34.2years old | 5.9year(s)               |

## (8) Information about major creditors (as of July 31, 2023)

|                            |                       |
|----------------------------|-----------------------|
| Creditors                  | Balance of borrowings |
| Kinkisangyou Shinkumi Bank | 2,064million yen      |
| Higashi-Nippon Bank Ltd.   | 1,033million yen      |
| Johoku Shinkin Bank        | 914million yen        |
| Hana Shinkumi Bank         | 910million yen        |
| Shonan Shinkin Bank        | 908million yen        |
| Kyoto Chuo Shinkin Bank    | 855million yen        |
| Setagaya Shinkin Bank      | 730million yen        |
| Tokyo City Shinkin Bank    | 650million yen        |
| MUFG Bank, Ltd.            | 446million yen        |
| Asuka Shinkumi Bank        | 304million yen        |

- (9) Other significant matters concerning the Group  
Not applicable.

## 2. Information about the Company

### (1) Information about shares (as of July 31, 2023)

- 1) Total number of outstanding shares 30,539,900shares  
2) Number of shareholders 6,872people  
3) Information about major shareholders

| Name of shareholder    | Number of shares held (shares) | Shareholding ratio (%) |
|------------------------|--------------------------------|------------------------|
| Mitsuru Yabuki         | 13,218,600                     | 44.82                  |
| House Saison Co., Ltd. | 3,400,000                      | 11.53                  |
| Primavera Co., Ltd.    | 900,000                        | 3.05                   |
| Seiho Tanaka           | 600,000                        | 2.03                   |
| Satoshi Kuwahata       | 531,900                        | 1.80                   |
| Tetsuzo Kimura         | 500,000                        | 1.70                   |
| Shoei Co., Ltd.        | 428,400                        | 1.45                   |
| Masaru Ishihara        | 289,000                        | 0.98                   |
| Nobuyo Yamamoto        | 164,000                        | 0.56                   |
| Minoru Wada            | 155,000                        | 0.53                   |

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

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

### (2) Share acquisition rights, etc.

- 1) Status of the share acquisition rights held by Company Directors as compensation for execution of duties (as of July 31, 2023)

Not applicable.

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

Not applicable.

3) Other status of share acquisition rights, etc.

Not applicable.

### (3) Information about directors

#### 1) Board members (as of July 31, 2023)

| Position within the Company                       | Name             | Responsibilities and other important positions                                                                                   |                                                                                               |
|---------------------------------------------------|------------------|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| President, Chairman & Representative Director     | Mitsuru Yabuki   | Azabu Building Co., Ltd.<br>Land Capital Partners Co., Ltd.                                                                      | President and Representative Director<br>President and Representative Director                |
| Director and Senior Managing Executive Officer    | Shunji Yasuda    | Manager<br>Meiho Properties Co., Ltd.<br>House Saison Enterprise Co., Ltd.<br>Kyoiegumi Co., Ltd.<br>Meiho Engineering Co., Ltd. | Auditor<br>Auditor<br>Director<br>Director                                                    |
| Director and Executive Officer                    | Shigeki Yoshida  | General Manager of Sales Division<br>Meiho Properties Co., Ltd.<br>Kyoiegumi Co., Ltd.<br>Meiho Engineering Co., Ltd.            | Director<br>Director<br>Director                                                              |
| Director (Audit and Supervisory Committee Member) | Yui Kayano       | Vasco Da Gama Offices                                                                                                            | Partner                                                                                       |
| Director (Audit and Supervisory Committee Member) | Kazuya Shimamura | Shimamura Law & Accounting<br>3-D Matrix, Ltd.<br>Cosmo Bio Co., Ltd.<br>AZoom Co., Ltd.<br>CAICA DIGITAL Inc.                   | Representative<br>Outside Director<br>Outside Director<br>Outside Auditor<br>Outside Director |
| Director (Audit and Supervisory Committee Member) | Tetsuzo Kimura   | Shoei Co., Ltd.                                                                                                                  | Representative<br>Director                                                                    |
| Director (Audit and Supervisory Committee Member) | Taiji Yamamoto   | SXA Inc.                                                                                                                         | Representative<br>Director                                                                    |
| Director (Audit and Supervisory Committee Member) | Yuhei Matsumoto  |                                                                                                                                  |                                                                                               |

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

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

Exchange of such designation.

2) Matters related to the policy for determining remuneration, etc. for each individual Director

The Company resolved a policy on determining the details of remuneration, etc. for individual Directors (excluding those who are members of the Audit and Supervisory Committee) at the Board of Directors meeting held on February 25, 2021, and for individual Outside Directors at the Audit and Supervisory Committee, respectively.

Remuneration for Company Directors is delegated to Representative Directors by the Board of Directors within the compensation limits resolved at the General Meeting of Shareholders. Remuneration for Directors is fixed remuneration only; performance-linked remuneration has not been adopted.

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

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

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

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

| Category                                                                                              | Persons paid           | Amount paid                        |
|-------------------------------------------------------------------------------------------------------|------------------------|------------------------------------|
| Directors<br>(excluding Audit and Supervisory<br>Committee members)<br>(portion to Outside Directors) | 4 people<br>(-) people | 76 million yen<br>(-) million yen  |
| Director (Audit and Supervisory<br>Committee members)<br>(portion to Outside Directors)               | 5 people<br>(5) people | 17 million yen<br>(17) million yen |
| Total<br>(portion to Outside Directors)                                                               | 9 people<br>(5) people | 94 million yen<br>(17) million yen |

- (Note) 1. The maximum amount of remuneration for Directors (excluding Audit and Supervisory Committee members) was resolved at the Ordinary General Meeting of Shareholders held on October 29, 2015 to be 200 million yen per year. The number of Directors (excluding Audit and Supervisory Committee members) as of the close of this Ordinary General Meeting of Shareholders is six (6).
2. The maximum amount of remuneration for Directors who are Audit and Supervisory Committee members was resolved at the Ordinary General Meeting of Shareholders held on October 29, 2015 to be 20 million yen per year. The number of Directors (Audit and Supervisory Committee members) as of the close of this Ordinary General Meeting of Shareholders is three (3).

### 4) Outline of the Directors and Officers Liability Insurance

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

### 5) Matters concerning Outside Directors

Outside Directors (Audit and Supervisory Committee members)

- A. Status of concurrent positions held by executive officers of other companies and the relationship between the Company and the other companies

The important concurrent positions related to Outside Directors of the Company are as described for "(3) Information about directors", however, there are no special interests between the concurrent positions and the Company.

- B. Status of concurrent positions held by Outside Directors of other companies and the relationship between the Company and the other companies

Not applicable.

- C. Main activities during the current fiscal year

- Attendance at meetings of the Board of Directors and the Audit and Supervisory Committee

| Category                                                       | Name             | Main activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------------------------------------|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Outside Directors<br>(Audit and Supervisory Committee members) | Yui Kayano       | He attended all 21 meetings of the Board of Directors and all 12 meetings of the Audit and Supervisory Committee held during the current fiscal year. As a legal expert through his career as an attorney-at-law, he appropriately fulfilled the role expected of an Outside Director, supervising the execution of duties by Directors and Executive Officers, and making necessary comments on proposals and deliberations as appropriate.                                                  |
|                                                                | Kazuya Shimamura | He attended 20 out of the 21 meetings of the Board of Directors and all 12 meetings of the Audit and Supervisory Committee held during the current fiscal year. He appropriately fulfilled the role expected of an Outside Director, supervising the execution of duties by Directors and Executive Officers, and making necessary comments on proposals and deliberations from his professional perspective as a certified public accountant and lawyer.                                     |
|                                                                | Tetsuzo Kimura   | He attended 19 out of the 21 meetings of the Board of Directors and 10 out of the 12 meetings of the Audit and Supervisory Committee held during the current fiscal year. He appropriately fulfilled the role expected of an Outside Director, supervising the execution of duties by Directors and Executive Officers, and making necessary comments on proposals and deliberations from his expert perspective as someone with many years of experience as a manager.                       |
|                                                                | Taiji Yamamoto   | He attended all 21 meetings of the Board of Directors and all 12 meetings of the Audit and Supervisory Committee held during the current fiscal year. He appropriately fulfilled the role expected of him as an Outside Director, supervising the execution of duties by Directors and Executive Officers, and making necessary comments on proposals, deliberations, etc. from an objective standpoint based on his experience and broad insight cultivated at multiple companies.           |
|                                                                | Yuhei Matsumoto  | He attended 20 out of the 21 meetings of the Board of Directors and all 12 meetings of the Audit and Supervisory Committee held during the current fiscal year. He appropriately fulfilled the role expected of him as an Outside Director, supervising the execution of duties by Directors and Executive Officers, and making necessary comments on proposals, deliberations, etc. from an objective standpoint based on his experience and broad insight cultivated at multiple companies. |

#### D. Summary of the Liability Limitation Agreement

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

(4) Information about the Accounting Auditor

1) Name:

Johnan Audit Corporation

2) Amount of Remuneration, etc.

|                                                                                                                                | Amount paid    |
|--------------------------------------------------------------------------------------------------------------------------------|----------------|
| 1. Remuneration, etc. for the current fiscal year                                                                              | 23 million yen |
| 2. Total amount of money and other financial benefits to be paid by the Company and its subsidiaries to the Accounting Auditor | 23 million yen |

- (Note) 1. In the contract between the Company and the Accounting Auditor, the amount of remuneration for audits based on the Companies Act and the amount of remuneration for audits based on the Financial Instruments and Exchange Act are not clearly distinguished, nor are they practically distinguishable, so the amount of remuneration for the fiscal year under review includes the sum of these amounts.
2. The Company's Audit and Supervisory Committee, reviewed the content of the Accounting Auditor's audit plan, their execution of duties in the previous fiscal year and the basis for the estimate of audit remuneration by acquiring the necessary materials and reports from the Directors, relevant internal departments and the accounting auditor, while referring to the Practical Guidelines for Coordination with Accounting Auditors published by the Japan Corporate Auditors Association. As a result, the Audit and Supervisory Committee has given its approval in accordance with Article 399, Paragraph 1 of the Companies Act.

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

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

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

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

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

Directors mutually supervise the execution of duties by other Directors through the Board of Directors. The Directors who are members of the Audit and Supervisory



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

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

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

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

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

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

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

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

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

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

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

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

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

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

Due to its size, the Company does not currently have employees to assist the Audit and Supervisory Committee in its duties. However, the Internal Audit Office shall assist the Audit and Supervisory Committee in its duties upon receiving a request for investigation from the Audit and Supervisory Committee. Furthermore, if the Audit and

Supervisory Committee deems it necessary, full-time employees shall be assigned to assist the Audit and Supervisory Committee within a reasonable scope after discussions with the Audit and Supervisory Committee. The appointment and transfer of such employees shall be subject to the consent of the Audit and Supervisory Committee, and such employees shall remain independent from the Directors.

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

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

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

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

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

A. Facts that could potentially cause significant damage to the Company

B. Serious violations of laws and regulations or the Articles of Incorporation

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

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

10) System to ensure the reliability of financial reporting

To ensure the reliability of financial reporting and the effective and appropriate

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

11) Preventing Relationships with Antisocial Forces

- a) The Company shall take a firm stance against any person or group that engages in antisocial activities, violence, or unreasonable demands, such as organized crime groups or corporate racketeers, and shall block all relationships with them.
- b) In the event of aggression toward the Company by antisocial forces, the Company shall not give in to them, but firmly reject them and respond appropriately in accordance with the Manual for Preventing Damage from Antisocial Forces.

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

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

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

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

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

- 1) As the basis of the compliance system, we have conducted one training session for the officers and employees of the Company and its subsidiaries in order to raise their awareness of compliance and to prevent wrongful acts, based on the Conduct Guidelines, which serve as a guide to corporate behavior. The Management Department as the lead department, the Company has tried to establish, maintain, and improve the internal control system, and as necessary, has had each department develop rules, guidelines, manuals, etc., and evaluate the operation status.
- 2) The Internal Audit Office is responsible for conducting internal audits, and the Management Department, as the department in charge of compliance, have conducted 12 audits based on the annual audit plan.
- 3) Directors who are members of the Audit and Supervisory Committee can make a request to the General Manager of the Internal Audit Office to investigate internal audits as necessary, and also exchange information with the Accounting Auditor on a regular basis.
- 4) In the event that a Director discovers a serious violation of laws or regulations or any other material fact related to compliance at the Company, the Director is required to report the matter to the Compliance Committee immediately, and to report the matter to the Board of Directors without delay. The Company has confirmed that there were no such reports during the current business year.
- 5) As an internal reporting system for violations of laws and regulations and other compliance-related issues, the Company has established an internal reporting system, whereby the General Manager of the Legal Division and Directors who are members of the Audit and Supervisory Committee receive information, which shall be operated in accordance with the Internal Reporting System Operation Rules. The Company has confirmed that there were no such reports during the current business year.

## Consolidated Balance Sheet

(as of July 31, 2023)

(Units: thousand yen)

| Assets                                          |                   | Liabilities                                           |                   |
|-------------------------------------------------|-------------------|-------------------------------------------------------|-------------------|
| Title                                           | Amount            | Title                                                 | Amount            |
| Current assets                                  | 20,219,074        | Current liabilities                                   | 8,915,792         |
| Cash and deposits                               | 3,662,815         | Notes payable and accounts payable - trade            | 749,304           |
| Accounts receivable - trade and contract assets | 274,663           | Short-term borrowings                                 | 1,816,630         |
| Real estate for sale                            | 2,209,126         | Current portion of long-term borrowings               | 4,877,309         |
| Real estate for sale in process                 | 13,259,154        | Current portion of bonds payable                      | 16,000            |
| Short-term loans receivable                     | 498,123           | Lease obligations                                     | 854               |
| Other                                           | 315,833           | Income taxes payable                                  | 229,745           |
| Allowance for doubtful accounts                 | (643)             | Provision for bonuses                                 | 100,432           |
| Non-current assets                              | 2,261,300         | Allowance for compensation for completed construction | 964               |
| Property, plant and equipment                   | 1,859,563         | Other                                                 | 1,124,551         |
| Buildings and structures                        | 852,365           | Non-current liabilities                               | 6,558,491         |
| Land                                            | 968,944           | Long-term borrowings                                  | 6,191,871         |
| Leased assets                                   | 1,154             | Retirement benefits liabilities                       | 70,735            |
| Other                                           | 37,099            | Lease obligations                                     | 511               |
| Intangible assets                               | 19,072            | Deferred tax liabilities                              | 108,028           |
| Investments and other assets                    | 382,663           | Other                                                 | 187,345           |
| Investment securities                           | 16,550            | <b>Total liabilities</b>                              | <b>15,474,284</b> |
| Long-term loans receivable                      | 425,940           | <b>Net assets</b>                                     |                   |
| Long-term accounts receivable - other           | 385,440           | Shareholders' equity                                  | 7,004,040         |
| Deferred tax assets                             | 55,110            | Share capital                                         | 614,403           |
| Other                                           | 310,063           | Capital surplus                                       | 2,014,814         |
| Allowance for doubtful accounts                 | (810,440)         | Retained earnings                                     | 4,755,296         |
|                                                 |                   | Treasury shares                                       | (380,474)         |
|                                                 |                   | Accumulated other comprehensive income                | 2,050             |
|                                                 |                   | Valuation difference on available-for-sale securities | 2,050             |
|                                                 |                   | <b>Total net assets</b>                               | <b>7,006,090</b>  |
| <b>Total assets</b>                             | <b>22,480,374</b> | <b>Total liabilities and net assets</b>               | <b>22,480,374</b> |

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

## Consolidated Statement of Income

( August 1, 2022 to July 31, 2023 )

(Units: thousand yen)

| Title                                          | Amount  |            |
|------------------------------------------------|---------|------------|
| Revenues                                       |         | 15,247,891 |
| Cost of sales                                  |         | 12,166,983 |
| Gross profit                                   |         | 3,080,908  |
| Selling, general and administrative expenses   |         | 1,776,034  |
| Operating profit                               |         | 1,304,873  |
| Non-operating income                           |         |            |
| Interest income                                | 37,431  |            |
| Penalty income                                 | 2,591   |            |
| Surrender value of insurance policies          | 11,133  |            |
| Reversal allowance for doubtful accounts       | 10,000  |            |
| Compensation for damage                        | 49,162  |            |
| Other                                          | 3,183   | 113,502    |
| Non-operating expenses                         |         |            |
| Interest expenses                              | 271,429 |            |
| Commissions expenses                           | 168,802 |            |
| Other                                          | 9,525   | 449,756    |
| Ordinary profit                                |         | 968,619    |
| Extraordinary income                           |         |            |
| Gain on sale of non-current assets             | 1,249   |            |
| Gain on sale of investment securities          | 245     |            |
| Gain on bargain purchase                       | 16,183  | 17,679     |
| Profit before income taxes                     |         | 986,299    |
| Income taxes - current                         | 346,925 |            |
| Income taxes - deferred                        | 10,150  | 357,076    |
| Profit                                         |         | 629,222    |
| Loss attributable to non-controlling interests |         | 8,717      |
| Profit attributable to owners of parent        |         | 637,940    |

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

## Consolidated Statement of Changes in Equity

(August 1, 2022 to July 31, 2023 )

(Units: thousand yen)

|                                                        | Shareholders' equity |                 |                   |                 |                            |
|--------------------------------------------------------|----------------------|-----------------|-------------------|-----------------|----------------------------|
|                                                        | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Beginning balance                                      | 100,000              | 1,500,411       | 4,306,266         | (380,474)       | 5,526,203                  |
| Changes during period                                  |                      |                 |                   |                 |                            |
| Issuance of new shares                                 | 514,403              | 514,403         | -                 | -               | 1,028,807                  |
| Profit attributable to owners of parent                | -                    | -               | 637,940           | -               | 637,940                    |
| Dividends of surplus                                   | -                    | -               | (188,910)         | -               | (188,910)                  |
| Changes in items other than shareholders' equity (net) |                      |                 |                   |                 |                            |
| Total changes during period                            | 514,403              | 514,403         | 449,029           | -               | 1,477,837                  |
| Ending balance                                         | 614,403              | 2,014,814       | 4,755,296         | (380,474)       | 7,004,040                  |

|                                                        | Accumulated other comprehensive income                |                                              | Total net assets |
|--------------------------------------------------------|-------------------------------------------------------|----------------------------------------------|------------------|
|                                                        | Valuation difference on available-for-sale securities | Total accumulated other comprehensive income |                  |
| Beginning balance                                      | 4,000                                                 | 4,000                                        | 5,530,203        |
| Changes during period                                  |                                                       |                                              |                  |
| Issuance of new shares                                 | -                                                     | -                                            | 1,028,807        |
| Profit attributable to owners of parent                | -                                                     | -                                            | 637,940          |
| Dividends of surplus                                   | -                                                     | -                                            | (188,910)        |
| Changes in items other than shareholders' equity (net) | (1,950)                                               | (1,950)                                      | (1,950)          |
| Total changes during period                            | (1,950)                                               | (1,950)                                      | 1,475,887        |
| Ending balance                                         | 2,050                                                 | 2,050                                        | 7,006,090        |

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



## Notes to Consolidated Financial Statements

### I. Notes to Going Concern Assumptions

Not applicable.

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

#### 1. Matters concerning the scope of consolidation

|                                     |                                                                                                                                               |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Number of consolidated subsidiaries | 5 companies                                                                                                                                   |
| Names of consolidated subsidiaries  | Meiho Properties Co., Ltd.<br>House Saison Enterprise Co., Ltd.<br>Moon Asset Co., Ltd.<br>Kyoiegumi Co., Ltd.<br>Meiho Engineering Co., Ltd. |

Kyoiegumi Co., Ltd. has been included in the scope of consolidation following the acquisition of its shares.

Also, Meiho Engineering Co., Ltd. has been included in the scope of consolidation due to its establishment.

#### 2. Application of the equity method

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

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

The closing date of Kyoiegumi Co., Ltd., a consolidated subsidiary, is September 30. When preparing the consolidated financial statements, financial statements based on the provisional settlement of the account as of June 30 are used. Necessary adjustments are made for significant transactions that occurred between the closing date of the subsidiary and the consolidated closing date.

#### 4. Accounting Policy Matters

##### (1) Valuation standards and methods for important assets

###### 1) Valuation standards and methods for securities

Other securities

Securities other than shares that do not have a market value ..... Market value method based on market prices, etc. as of the closing date  
(All valuation differences are directly charged or credited to net assets, and the cost of securities sold is calculated using the moving average method)

Shares that do not have a market value ..... Cost method based on the moving average method

###### 2) Valuation standards and methods for inventories

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

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

(Included in current assets "Other")

##### (2) Method for depreciation of important depreciable assets

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

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

The main useful lifespans are as follows.

Buildings and structures: 7 to 50 years

###### 2) Intangible assets: Straight-line method

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

### 3) Leased assets

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

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

### (3) Standards on recognition of material allowances

#### 1) Allowance for loan losses

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

#### 2) Provision for bonuses

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

#### 3) Allowance for compensation for completed construction

To prepare for losses from defect warranty related to completed construction contracts, the amount estimated by taking into account the past records, etc. is recorded.

### (4) Accounting standards for significant income and expenses

The contents of principal performance obligations in the main business concerning revenue from contracts with customers of the Company and its consolidated subsidiaries and the ordinary points in time that such performance obligations are satisfied (the ordinary points in time to recognize revenue) are as follows:

#### 1) Real estate sales business

In the real estate sales business, the Company sells condominiums through joint ventures and by itself. For condominium sales by itself, the Company deems a performance obligation to be satisfied upon delivery of goods to a customer and recognizes revenue at such point in time.

#### 2) Real estate leasing business

In the real estate leasing business, the Company leases residences, offices, retail premises, etc., and provides contract-related services and building management services for real estate owned by others. Revenues from the leasing of residences, offices, retail premises, etc. are recognized according to the Accounting Standard for Lease Transactions. The Company deems a performance obligation to be satisfied upon completion of a contract such as move-in/out for contract-related services and building management services, and upon completion of the provision of services for building management services, respectively, and recognizes revenue at such point in time.

#### 3) Real estate brokerage business

In the real estate brokerage business, the Company brokers land for condominiums, etc. that arises in connection with the real estate sales business. For the brokerage business, the Company deems a performance obligation to be satisfied upon the conclusion of a sales contract with a customer and recognizes revenue at such point in time.

#### 4) Contracting business

In the contracting business, the Company provides construction contracting and renovation works. For such business, the Company deems a performance obligation to be satisfied as construction progresses and recognizes revenue over a certain period. However, when the period from the start date of the transaction based on the contract to the time that the performance obligation is expected to be fully satisfied is considerably short, the Company does not recognize revenue for a certain period but does so when such obligation is fully satisfied.

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

1) Deferred charges

Bond issuance costs are recognized as expenses when incurred.

Share issuance costs are recognized as expenses when incurred.

2) Non-deductible consumption taxes and local consumption taxes

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

3) Retirement benefits

When calculating retirement benefit liabilities and retirement benefit expenses, certain consolidated subsidiaries apply the simplified method, in which the amount payable for retirement benefits at the end of the fiscal year is used for the calculation of retirement benefit obligation.

4) Application of tax effect accounting for the transition from a consolidated tax payment system to a non-consolidated tax payment system

The Company and its consolidated subsidiaries have transitioned to a non-consolidated tax payment system from the current consolidated fiscal year. Accordingly, based on Paragraphs 33 and 69 of the Treatment of Accounting and Disclosure in the Case of Applying the Group Aggregation System (Practical Issues Report No. 42, August 12, 2021), the deferred tax assets and deferred tax liabilities since the end of the previous consolidated fiscal year are recorded as if the non-consolidated tax payment system were applied from the current fiscal year.

III. Notes to Changes in Accounting Policies

Not applicable.

IV. Notes to the Revenue Recognition

(1) Revenue breakdown

The Company and its consolidated subsidiaries are engaged in the real estate sales business, real estate leasing business, real estate brokerage business, contracting business, and other businesses. In the real estate sales business, the main types of goods or services and revenue are our main brands MIJAS and EL FARO of 8,965,513 thousand yen and other condominium sales of 2,682,422 thousand yen. In the real estate leasing business, the main types of goods or services and revenue are contract-related services and building management services of 596,068 thousand yen. In the real estate brokerage business, the main type of goods or services and revenue is brokerage services of 16,927 thousand yen. In the contracting business, the main types of goods or services and revenue are construction contracting and renovation works of 1,456,841 thousand yen.

(2) Basic information for understanding revenue

Basic information for understanding revenue is as described in (4) Accounting standards for significant income and expenses, 4. Accounting Policy Matters, Important notes related to significant matters forming the basis for the preparation of consolidated financial statements.

(3) Information for understanding revenue for the current and future consolidated fiscal years

1) Balance, etc. of contract assets and contract liabilities

Contract assets and contract liabilities in the Company and its consolidated subsidiaries are omitted as the balances are insignificant and no material changes have arisen. The revenues generated from the performance obligation satisfied (or partially satisfied) in a previous period and recognized in the current consolidated fiscal year have no materiality.

2) Transaction prices allocated to the remaining performance obligations

The Company and its consolidated subsidiaries apply practical expedient and omit the transaction prices allocated to the remaining performance obligations as there are no material contracts whose initially anticipated contract period exceeds one year. Also, there are no material amounts of consideration arising from contracts with customers that are not included in the transaction prices.

## V. Notes to Accounting Estimates

### 1. Valuation of loans receivable

(1) Amount of loans receivable from House Saison Co., Ltd. recorded in the consolidated financial statements for the current consolidated fiscal year

|                                 | Current consolidated fiscal year |
|---------------------------------|----------------------------------|
| Short-term loans receivable     | 494,773 thousand yen             |
| Allowance for doubtful accounts | - thousand yen                   |
| Total                           | 494,773 thousand yen             |

(2) Information on the details of significant accounting estimates for the identified item

The Group provides loans receivable to House Saison Co., Ltd., a major shareholder. The said loans receivable are appropriated through the company to finance the acquisition of real estate for development owned by House Saison Enterprise Asia Co., Ltd., a subsidiary of the company in Thailand.

As for the accounting standards of the valuation of loans receivable and allowance for doubtful accounts, the Group adopts the method in which the receivables are appropriately classified based on the debtor's business condition, ability to repay, etc., and allowance for doubtful accounts is recorded according to the classification of receivables.

The said loans receivable are valued using the financial content valuation method, and the said loans receivables are adequately secured by establishing mortgage by transfer for the receivables owned by the company, setting up joint and several guarantees by subsidiaries of the company, establishing mortgage for the above real estate for development, establishing mortgage for other income-producing real estate owned by the company, pledging collateral for investment securities owned by the representative of the company, and setting up personal guarantee by the representative of the company. Therefore, the Company has determined that the establishment of an allowance for doubtful accounts is not necessary. This decision, however, is based on the assumption that future events such as the realization of the sale of the pledged assets will occur, and at the current moment, there is uncertainty as to the timing and amount of the collection. If the occurrence of future events differs from expectations, judgments related to accounting estimates may change in the consolidated financial statements for the next consolidated fiscal year.

### 2. Valuation of real estate for sale and real estate for sale in process related to the real estate sales business

(1) Amount recorded in the consolidated financial statements for the current consolidated fiscal year

|                                        | Current consolidated fiscal year |
|----------------------------------------|----------------------------------|
| Real estate for sale                   | 2,209,126 thousand yen           |
| Real estate for sale in process        | 13,259,154 thousand yen          |
| Written-down book value of inventories | - thousand yen                   |

(2) Information on the details of significant accounting estimates for the identified item

The Group evaluates real estate for sale, etc. by the carrying amount or the net realizable value at the end of the current consolidated fiscal year, whichever is lower, and the net realizable value is calculated by deducting estimated additional construction cost and estimated direct selling expenses (hereinafter referred to as the "Estimated Additional Costs") from the selling price.

When calculating the net realizable value, the selling price is estimated using the contract value for properties whose sales contract is already concluded, or for properties whose sales contract is not yet concluded, the amount calculated by dividing revenues estimated to be provided when the certain property is made available for rent (hereinafter referred to as the "Projected Revenues from Rent") by expected yield.

For the estimates, assumptions such as unit selling prices in sales areas and construction prices, etc. based on the records of the Group are used.

As the above Projected Revenues from Rent and the expected yield are affected by the condition of the real estate market, and the Estimated Additional Costs are affected by fluctuation of construction costs associated with various factors, mainly a delay in development, the impact on the consolidated financial statements may be material if a write-down of real estate for sale, etc. is determined as necessary to be recorded.

#### VI. Notes to the Consolidated Balance Sheet

|                                                                |                        |
|----------------------------------------------------------------|------------------------|
| 1. Accumulated depreciation of property, plants, and equipment | 538,093thousand yen    |
| 2. Assets pledged as collateral and corresponding liabilities  |                        |
| (1) Assets pledged as collateral                               |                        |
| Cash and deposits                                              | 163,000thousand yen    |
| Real estate for sale                                           | 2,026,982thousand yen  |
| Real estate for sale in process                                | 12,810,899thousand yen |
| Buildings                                                      | 884,852thousand yen    |
| Land                                                           | 767,575thousand yen    |
| Total                                                          | 16,653,309thousand yen |
| (2) Liabilities corresponding to the above                     |                        |
| Short-term borrowings                                          | 1,354,480thousand yen  |
| Current portion of long-term borrowings                        | 4,697,817thousand yen  |
| Long-term borrowings                                           | 5,915,348thousand yen  |
| Total                                                          | 11,967,645thousand yen |

#### VII. Notes to Consolidated Statements of Changes in Equity

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

|                 | Number of shares at the start of the current consolidated fiscal year | Number of shares increased in the current consolidated fiscal year | Number of shares decreased in the current consolidated fiscal year | Number of shares at the end of the current consolidated fiscal year |
|-----------------|-----------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------|
| Issued shares   |                                                                       |                                                                    |                                                                    |                                                                     |
| Ordinary shares | 24,661,000                                                            | 5,878,900                                                          | -                                                                  | 30,539,900                                                          |
| Treasury shares |                                                                       |                                                                    |                                                                    |                                                                     |
| Ordinary shares | 1,047,160                                                             | -                                                                  | -                                                                  | 1,047,160                                                           |

##### 2. Matters concerning dividends

###### (1) Dividends paid

| Resolutions                                               | Share type      | Dividend amount (thousand yen) | Dividend per share (yen) | Record date   | Effective date   |
|-----------------------------------------------------------|-----------------|--------------------------------|--------------------------|---------------|------------------|
| October 27, 2022 Ordinary general meeting of shareholders | Ordinary shares | 188,910                        | 8.00                     | July 31, 2022 | October 28, 2022 |

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

| Resolutions                                               | Share type      | Dividend Source   | Total dividends (thousand yen) | Dividend per share (yen) | Record date   | Effective date   |
|-----------------------------------------------------------|-----------------|-------------------|--------------------------------|--------------------------|---------------|------------------|
| October 26, 2023 Ordinary general meeting of shareholders | Ordinary shares | Retained earnings | 265,434                        | 9.00                     | July 31, 2023 | October 27, 2023 |

3. Type and number of shares to be issued upon exercise of stock acquisition rights as of the end of the current consolidated fiscal year  
Not applicable.

## VIII. Notes to Financial Instruments

### 1. Matters concerning the status of financial instruments

#### (1) Policy on financial instruments

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

#### (2) Details of financial instruments and their risks

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

Short-term loans receivable are exposed to the risk of delays in repayment depending on the financial conditions and business progress of the loanees.

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

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

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

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

#### (3) Risk management system for financial instruments

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

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

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

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

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

The Group periodically monitors the market value of investment securities and the financial status, etc. of issuers (business partners) and reports to the Board of Directors. In addition, the Group continuously

reviews the status of its holdings, taking into account market conditions and relationships with business partners.

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

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

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

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

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

## 2. Matters concerning the market value of financial instruments

The total amount recorded on the consolidated balance sheet as of July 31, 2023, the market value and the difference between the two are as follows.

(Units: thousand yen)

|                                                                                    | Amount recorded on the consolidated balance sheet | Market value | Difference |
|------------------------------------------------------------------------------------|---------------------------------------------------|--------------|------------|
| Investment securities                                                              |                                                   |              |            |
| Other securities                                                                   | 16,550                                            | 16,550       | -          |
| Long-term receivables                                                              |                                                   |              |            |
| Long-term loans receivable                                                         | 425,940                                           |              |            |
| Long-term accounts receivable - other                                              | 385,440                                           |              |            |
| Allowance for doubtful accounts (*2)                                               | (810,440)                                         |              |            |
|                                                                                    | 940                                               | 974          | 34         |
| Total assets                                                                       | 17,490                                            | 17,524       | 34         |
| Long-term borrowings (including long-term borrowings to be repaid within one year) | 11,069,180                                        | 10,989,628   | (79,551)   |
| Bonds (including bonds scheduled to be redeemed within one year)                   | 16,000                                            | 16,008       | 8          |
| Total liabilities                                                                  | 11,085,180                                        | 11,005,637   | (79,543)   |

(\*1) Cash and deposits, accounts receivable - trade and contract assets, short-term loans receivable, notes payable and accounts payable - trade, and short-term borrowings are omitted as they are cash, and their market value is close to their book value since they are settled in the short term.

(\*2) The allowance for doubtful accounts recorded individually for long-term loans receivable and long-term accounts receivable is deducted.

## 3. Matters regarding the breakdown, etc. of financial instruments based on the appropriate classification of market values

The market values of financial instruments are classified into the following three levels based on their observability and materiality of the inputs used in the calculation of the market values.

Level 1 market value: Market value calculated based on the (unadjusted) market price in an active market for identical asset or liability

Level 2 market value: Market value calculated using the inputs that are directly or indirectly observable, other than those in Level 1

Level 3 market value: Market value calculated using inputs that are material but not observable

When using multiple inputs that have a significant impact on the calculation of market value, the market value is classified to the level that has the lowest priority in the calculation of market value among the levels to which each of those inputs belongs.

(1) Financial instruments that use the market value as the amount recorded on the consolidated balance sheet  
(Units: thousand yen)

| Classification        | Market value |         |         |        |
|-----------------------|--------------|---------|---------|--------|
|                       | Level 1      | Level 2 | Level 3 | Total  |
| Investment securities |              |         |         |        |
| Other securities      |              |         |         |        |
| Shares                | 16,550       | -       | -       | 16,550 |
| Total assets          | 16,550       | -       | -       | 16,550 |

(2) Financial instruments that do not use the market value as the amount recorded on the consolidated balance sheet  
(Units: thousand yen)

| Classification        | Market value |            |         |            |
|-----------------------|--------------|------------|---------|------------|
|                       | Level 1      | Level 2    | Level 3 | Total      |
| Long-term receivables | -            | 974        | -       | 974        |
| Total assets          | -            | 974        | -       | 974        |
| Long-term borrowings  | -            | 10,989,628 | -       | 10,989,628 |
| Corporate bonds       | -            | 16,008     | -       | 16,008     |
| Total liabilities     | -            | 11,005,637 | -       | 11,005,637 |

(Note) Explanation of the valuation techniques used in and inputs related to the calculation of market values

#### Investment securities

The market value of listed shares is mainly based on the market price and is classified as a Level 1 market value.

#### Long-term receivable (long-term loans receivable and long-term accounts receivable)

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

Other long-term loans receivable and long-term accounts receivable are doubtful receivables, and their market value is calculated by discounted cash flow using the estimated amount of collection based on the collateral and the financial position of the loanee.

The market value calculated for these loans is classified as a Level 2 market value.

#### Long-term borrowings and bonds payable

The market value of long-term borrowings and bonds is calculated by discounting the total amount of principal and interest by the interest rate assumed for similar new loans or bonds and is classified as a Level 2 market value.

### IX. Notes to Per Share Information

|                             |            |
|-----------------------------|------------|
| 1. Net assets per share     | 237.55 yen |
| 2. Basic earnings per share | 23.73 yen  |



## X. Notes on Material Post-Balance Sheet Events

Not applicable.

## XI. Other Notes

(Business Combination and Related Matters)

(Business combination through acquisition)

At the Board of Directors meeting held on August 25, 2022, the Company resolved to acquire shares of Kyoiegumi Co., Ltd. (hereinafter referred to as “Kyoiegumi”) and acquired its shares on August 31, 2022.

### (1) Overview of the business combination

#### 1) Name of the acquired company and its business

Name of the acquired company: Kyoiegumi Co., Ltd.

Business: Contracting for construction work, etc.

#### 2) Main reasons for the business combination

Kyoiegumi is a general construction company headquartered in Setagaya-ku, Tokyo, with 70 years of history since its establishment in 1952.

Kyoiegumi has many certified construction-related personnel and engineers and has completed a large number of construction jobs, mainly for public buildings, condominiums, commercial buildings, and large-scale renovations.

The Group currently consists of the Company and three consolidated subsidiaries, and operates a planning and sales business for whole-building investment products, a property management business, a construction contracting business, and so on.

In particular, one of our subsidiaries, Meiho Properties Co., Ltd., constructs seven to eight buildings per year in our mainstay MJAS and EL FARO series, which are newly-constructed whole-building investment apartments for rent. However, to counter the shortage and aging of construction engineers and the rising construction costs in the future, as well as to further increase the number of buildings we supply and expand the scale of our sales, we need to secure a construction company that can continuously and stably undertake our construction work. We believe that Kyoiegumi’s participation in the Group will greatly contribute in this regard.

This also helps Kyoiegumi and the Group share designing and construction technology by collaborating in the construction of commercial buildings and development of real estate, and enables us to improve construction technology and expand sales scale Group-wide by exchanging employees, mainly engineers, within the Group.

For the above reasons, we determined that making Kyoiegumi our subsidiary will contribute to the enhancement of the Group’s business foundation and the expansion of our business in the medium to long term, and decided to acquire its shares.

#### 3) Date of business combination

August 31, 2022 (share acquisition date)

September 30, 2022 (deemed acquisition date)

#### 4) Legal form of business combination

Acquisition of shares for cash consideration

#### 5) Name of the company after combination

Unchanged.

#### 6) Ratio of voting rights acquired

92%

#### 7) Primary basis for determining the acquiring company

By the Company’s acquiring shares for cash consideration.

### (2) Period of the acquired company’s results included in the consolidated financial statements

October 1, 2022 to June 30, 2023

### (3) Cost of acquiring the acquired company and breakdown by type of consideration

Not disclosed, due to the non-disclosure agreement with the counterparty.

### (4) Amount of gain on bargain purchase accrued and reason for the accrual

1) Amount of gain on bargain purchase accrued was 16,183 thousand yen

2) Reason for the accrual

Since the net asset value at the time of combination exceeded the acquisition cost, the difference was

recognized as a gain on bargain purchase.

(Transactions under common control)

At the Board of Directors meeting held on October 26, 2022, the Company resolved to establish a new subsidiary (Meiho Engineering Co., Ltd.) to spin-off the construction contracting business division of Meiho Properties Co., Ltd., a subsidiary of the Company and take over its business, and to conduct an absorption-type demerger (hereinafter referred to as the "Demerger") between the splitting company, Meiho Properties Co., Ltd., and the successor company, Meiho Engineering Co., Ltd. In line with this, Meiho Engineering Co., Ltd. was established on October 26, 2022, the conclusion of an absorption-type demerger agreement was approved by a resolution of the Board of Directors on December 15, 2022, and the absorption-type demerger agreement was concluded on the same date. Subsequently, the relevant proposals were approved at the Extraordinary Meetings of Shareholders of both the splitting company and the successor company held on January 26, 2023, and the absorption-type demerger became effective as of February 1, 2023.

Furthermore, upon the demerger, the successor company issued 15 shares of common stock of the successor company, all of which were allotted and delivered to the spin-off company. On the effective date of the demerger, the spin-off company distributed the relevant shares to the Company as surplus (distribution-in-kind).

As a result, all shares of Meiho Engineering Co., Ltd. acquired by Meiho Properties Co., Ltd. were transferred to the Company, making Meiho Engineering Co., Ltd. a wholly owned subsidiary of the Company.

(1) Overview of the demerger transactions

1) Name and description of the subject business

Business name: Contracting business conducted by Meiho Properties Co., Ltd., a consolidated subsidiary of the Company

Business activities: Mainly the design, supervision, and contracting of engineering and construction work, along with consulting services related to these activities.

2) Date of business combination

February 1, 2023

3) Legal form of the demerger

An absorption-type demerger in which Meiho Properties Co., Ltd. is the demerged company and Meiho Engineering Co., Ltd is the successor company.

4) Name of the company after combination

Meiho Engineering Co., Ltd.

5) Other matters concerning the overview of the transaction

It is expected that the real estate and construction industry in which the Meiho Group operates will face a difficult business environment due to personnel shortages, rising construction costs, and a shrinking rental housing market caused by declining birthrates, an aging population, and a shrinking population. Under such conditions, in order for our Group to further develop as a comprehensive real estate and construction company in the future, it is necessary for each business to formulate its own growth strategy and to strengthen and expand its business base, while at the same time strengthening cooperation among the various businesses. To this end, we have decided on this demerger because it will enable us to promote the growth of the whole Group by further increasing the speed of management by building a structure specialized for each business, clarifying authority and responsibility, and accelerating decision making.

(2) Overview of accounting processing

The demerger has been processed as a transaction under common control based on the "Accounting Standard for Business Combinations" and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures."

## Balance Sheet

(as of July 31, 2023)

(Units: thousand yen)

| Assets                                |            | Liabilities                             |            |
|---------------------------------------|------------|-----------------------------------------|------------|
| Title                                 | Amount     | Title                                   | Amount     |
| Current assets                        | 17,115,485 | Current liabilities                     | 7,321,985  |
| Cash and deposits                     | 1,760,705  | Accounts payable - trade                | 99,854     |
| Real estate for sale                  | 1,477,647  | Short-term borrowings                   | 1,717,450  |
| Real estate for sale in process       | 12,989,466 | Current portion of long-term borrowings | 4,725,471  |
| Supplies                              | 1,346      | Current portion of bonds payable        | 16,000     |
| Advance payments to suppliers         | 139,044    | Lease obligations                       | 198        |
| Prepaid expenses                      | 20,353     | Accounts payable - other                | 86,449     |
| Accounts receivable - other           | 11         | Accrued expenses                        | 10,336     |
| Other                                 | 726,911    | Advances received                       | 410,726    |
| Non-current assets                    | 519,988    | Deposits received                       | 39,273     |
| Property, plant and equipment         | 32,397     | Provision for bonuses                   | 64,327     |
| Buildings                             | 21,936     | Income taxes payable                    | 141,442    |
| Tools, furniture and fixtures         | 10,285     | Other                                   | 10,455     |
| Leased assets                         | 175        | Non-current liabilities                 | 4,666,137  |
| Intangible assets                     | 1,450      | Long-term borrowings                    | 4,645,488  |
| Other                                 | 1,450      | Guarantee deposits received             | 20,649     |
| Investments and other assets          | 486,141    | Total liabilities                       | 11,988,122 |
| Investment securities                 | 16,550     |                                         |            |
| Shares of subsidiaries and associate  | 320,169    | Net assets                              |            |
| Long-term loans receivable            | 425,000    | Shareholders' equity                    | 5,645,301  |
| Long-term accounts receivable - other | 385,440    | Share capital                           | 614,403    |
| Deferred tax assets                   | 38,613     | Capital surplus                         | 2,003,316  |
| Other                                 | 110,808    | Legal capital surplus                   | 514,403    |
| Allowance for doubtful accounts       | (810,440)  | Other capital surpluses                 | 1,488,913  |
|                                       |            | Retained earnings                       | 3,408,055  |
|                                       |            | Legal retained earnings                 | 25,000     |
|                                       |            | Other retained earnings                 | 3,383,055  |
|                                       |            | Retained earnings brought forward       | 3,383,055  |
|                                       |            | Treasury shares                         | (380,474)  |

|              |            |                                                       |            |
|--------------|------------|-------------------------------------------------------|------------|
|              |            | Valuation and translation adjustments                 | 2,050      |
|              |            | Valuation difference on available-for-sale securities | 2,050      |
|              |            | Total net assets                                      | 5,647,351  |
| Total assets | 17,635,473 | Total liabilities and net assets                      | 17,635,473 |

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

## Statement of Income

(August 1, 2022 to July 31,  
2023)

(Units: thousand yen)

| Title                                        | Amount  |            |
|----------------------------------------------|---------|------------|
| Revenues                                     |         | 11,363,244 |
| Cost of sales                                |         | 9,124,901  |
| Gross profit                                 |         | 2,238,343  |
| Selling, general and administrative expenses |         | 1,052,255  |
| Operating profit                             |         | 1,186,088  |
| Non-operating income                         |         |            |
| Interest income                              | 12,029  |            |
| Compensation for damage                      | 30,326  |            |
| Dividends received                           | 362,144 |            |
| Surrender value of insurance policies        | 1,222   |            |
| Reversal allowance for doubtful accounts     | 10,000  |            |
| Other                                        | 480     | 416,203    |
| Non-operating expenses                       |         |            |
| Interest expenses                            | 257,015 |            |
| Commissions expenses                         | 167,859 |            |
| Other                                        | 7,668   | 432,542    |
| Ordinary profit                              |         | 1,169,749  |
| Profit before income taxes                   |         | 1,169,749  |
| Income taxes - current                       | 220,907 |            |
| Income taxes - deferred                      | 13,594  | 234,502    |
| Profit                                       |         | 935,246    |

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

## Statement of Changes in Equity

(August 1, 2022 to July 31,  
2023)

(Units: thousand yen)

|                                                        | Shareholders' equity |                       |                         |                         |                         |                                         |
|--------------------------------------------------------|----------------------|-----------------------|-------------------------|-------------------------|-------------------------|-----------------------------------------|
|                                                        | Share capital        | Capital surplus       |                         |                         | Retained earnings       |                                         |
|                                                        |                      | Legal capital surplus | Other capital surpluses | Total capital surpluses | Legal retained earnings | Other retained earnings brought forward |
| Beginning balance                                      | 100,000              | -                     | 1,488,913               | 1,488,913               | 25,000                  | 2,636,718                               |
| Changes during period                                  |                      |                       |                         |                         |                         |                                         |
| Issuance of new shares                                 | 514,403              | 514,403               | -                       | 514,403                 | -                       | -                                       |
| Profit                                                 |                      | -                     | -                       |                         |                         | 935,246                                 |
| Dividends of surplus                                   |                      | -                     | -                       |                         |                         | (188,910)                               |
| Changes in items other than shareholders' equity (net) |                      | -                     | -                       |                         |                         |                                         |
| Total changes during period                            | 514,403              | 514,403               | -                       | 514,403                 | -                       | 746,336                                 |
| Ending balance                                         | 614,403              | 514,403               | 1,488,913               | 2,003,316               | 25,000                  | 3,383,055                               |

|                                                        | Shareholders' equity    |                 |                            | Valuation and translation adjustments                 |                                             | Total net assets |
|--------------------------------------------------------|-------------------------|-----------------|----------------------------|-------------------------------------------------------|---------------------------------------------|------------------|
|                                                        | Total retained earnings | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments |                  |
| Beginning balance                                      | 2,661,718               | (380,474)       | 3,870,157                  | 4,000                                                 | 4,000                                       | 3,874,157        |
| Changes during period                                  |                         |                 |                            |                                                       |                                             |                  |
| Issuance of new shares                                 | -                       | -               | 1,028,807                  | -                                                     | -                                           | 1,028,807        |
| Profit                                                 | 935,246                 | -               | 935,246                    |                                                       |                                             | 935,246          |
| Dividends of surplus                                   | (188,910)               | -               | (188,910)                  |                                                       |                                             | (188,910)        |
| Changes in items other than shareholders' equity (net) |                         | -               |                            | (1,950)                                               | (1,950)                                     | (1,950)          |
| Total changes during period                            | 746,336                 | -               | 1,775,143                  | (1,950)                                               | (1,950)                                     | 1,773,193        |
| Ending balance                                         | 3,408,055               | (380,474)       | 5,645,301                  | 2,050                                                 | 2,050                                       | 5,647,351        |

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

## Notes to specific items

### I. Notes to Going Concern Assumptions

Not applicable.

### II. Notes to Important Accounting Policies

#### 1. Valuation standards and methods for assets

##### (1) Valuation standards and methods for securities

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

##### Other securities

Securities other than shares that .....Market value method based on market prices, etc. as of the closing date  
do not have a market value (All valuation differences are directly charged or credited to net assets, and  
the cost of securities sold is calculated using the moving average method)

Shares that do not have a .....Cost method based on the moving average method  
market value

##### (2) Valuation standards and methods for inventories

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

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

#### 2. Depreciation method for non-current assets

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

(excluding leased assets)

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

The main useful lifespans are as follows.

Buildings: 8 to 50 years

Tools, furniture, and fixtures: 4 to 15 years

##### (2) Intangible assets Straight-line method

(excluding leased assets)

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

##### (3) Leased assets

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

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

#### 3. Accounting standards for allowances

##### (1) Allowance for doubtful accounts

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

##### (2) Provision for bonuses

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

#### 4. Accounting standards for significant income and expenses

The contents of principal performance obligations in the main business related to revenue from contracts  
with customers of the Company and the ordinary points in time that such performance obligations are satisfied  
(the ordinary points in time to recognize revenue) are as follows:

##### (1) Real estate sales business

In the real estate sales business, the Company sells condominiums through joint ventures and by itself.  
For condominium sales by itself, the Company deems a performance obligation to be satisfied upon

delivery of goods to a customer and recognizes revenue at such point in time.

(2) Real estate leasing business

Revenues from the real estate leasing business of the Company are recognized according to the Accounting Standard for Lease Transactions.

(3) Real estate brokerage business

In the real estate brokerage business, the Company brokers land for condominiums, etc. that arises in connection with the real estate sales business. For the brokerage business, the Company deems a performance obligation to be satisfied upon the conclusion of a sales contract with a customer and recognizes revenue at such point in time.

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

(1) Method of accounting for deferred assets

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

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

(2) Accounting for consumption tax, etc.

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

(3) Application of tax effect accounting for the transition from a consolidated tax payment system to a non-consolidated tax payment system

The Company has transitioned to a non-consolidated tax payment system from the current fiscal year. Accordingly, based on Paragraphs 33 and 69 of the Treatment of Accounting and Disclosure in the Case of Applying the Group Aggregation System (Practical Issues Report No. 42, August 12, 2021), the deferred tax assets and deferred tax liabilities since the end of the previous fiscal year are recorded as if the non-consolidated tax payment system were applied from the current fiscal year.

III. Notes to Changes in Accounting Policies

Not applicable.

IV. Notes to the Revenue Recognition

Basic information for understanding revenue

Basic information for understanding revenue is as described in 4. Accounting standards for significant income and expenses, II. Notes to Important Accounting Policies.

V. Notes to Accounting Estimates

1. Valuation of real estate for sale and real estate for sale in process related to the real estate sales business

(1) Amount recorded in the financial statements for the current fiscal year

|                                        | Current fiscal year     |
|----------------------------------------|-------------------------|
| Real estate for sale                   | 1,477,647 thousand yen  |
| Real estate for sale in process        | 12,989,466 thousand yen |
| Written-down book value of inventories | - thousand yen          |

(2) Information on the details of significant accounting estimates for the identified item

The Group evaluates real estate for sale, etc. by the carrying amount or the net realizable value at the end of the current fiscal year, whichever is lower, and the net realizable value is calculated by deducting estimated additional construction cost and estimated direct selling expenses (hereinafter referred to as the “Estimated Additional Costs”) from the selling price.

When calculating the net realizable value, the selling price is estimated using the contract value for properties whose sales contract is already concluded, or for properties whose sales contract is not yet



concluded, the amount calculated by dividing revenues estimated to be provided when the certain property is made available for rent (hereinafter referred to as the “Projected Revenues from Rent”) by expected yield. For the estimates, assumptions such as unit selling prices in sales areas and construction prices, etc. based on the records of the Group are used.

As the above Projected Revenues from Rent and the expected yield are affected by the condition of the real estate market, and the Estimated Additional Costs are affected by fluctuation of construction costs associated with various factors, mainly a delay in development, the impact on the financial statements may be material if a write-down of real estate for sale, etc. is determined as necessary to be recorded.

## VI. Notes to the Balance Sheet

|                                                                                                                            |                        |
|----------------------------------------------------------------------------------------------------------------------------|------------------------|
| 1. Accumulated depreciation of property, plants, and equipment                                                             | 15,232thousand yen     |
| 2. Assets pledged as collateral and corresponding liabilities                                                              |                        |
| (1) Assets pledged as collateral                                                                                           |                        |
| Real estate for sale                                                                                                       | 1,293,090thousand yen  |
| Real estate for sale in process                                                                                            | 12,810,899thousand yen |
| Total                                                                                                                      | 14,103,989thousand yen |
| (2) Amount of liabilities corresponding to the above                                                                       |                        |
| Short-term borrowings                                                                                                      | 1,257,000thousand yen  |
| Current portion of long-term borrowings                                                                                    | 4,555,683thousand yen  |
| Long-term borrowings                                                                                                       | 4,445,000thousand yen  |
| Total                                                                                                                      | 10,257,683thousand yen |
| 3. Monetary claims and liabilities to affiliated companies                                                                 |                        |
| Receivables from and payables to affiliated companies, excluding those listed separately, are as follows.                  |                        |
| Short-term monetary claims                                                                                                 | 638,110thousand yen    |
| Short-term monetary liabilities                                                                                            | 48,260thousand yen     |
| Long-term monetary liabilities                                                                                             | 20,649thousand yen     |
| 4. Guarantee obligations                                                                                                   |                        |
| The Company provides debt guarantees to the following consolidated subsidiaries for borrowing from financial institutions. |                        |
| Meiho Properties Co., Ltd.                                                                                                 | 162,000thousand yen    |
| Moon Asset Co., Ltd.                                                                                                       | 361,800thousand yen    |
| Kyoeigumi Co., Ltd.                                                                                                        | 64,000thousand yen     |

## VII. Notes to the Statement of Income

|                                                                                                                                                                                                                                                  |                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 1. Value of transactions with affiliated companies                                                                                                                                                                                               |                     |
| Business transactions                                                                                                                                                                                                                            |                     |
| Value of purchases                                                                                                                                                                                                                               | 119,328thousand yen |
| Transactions other than business transactions                                                                                                                                                                                                    | 363,221thousand yen |
| 2. Notes to changes in presentation methods                                                                                                                                                                                                      |                     |
| “Compensation for damage” included in “Other” under “Non-operating income” for the previous fiscal year (3,000 thousand yen in the previous fiscal year) is listed separately for the current fiscal year due to an increase in its materiality. |                     |

VIII. Notes to the Statement of Changes in Net Assets

Matters concerning the type and number of shares of treasury stock

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

IX. Notes to Tax Effect Accounting

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

(Deferred tax assets)

Allowance for doubtful accounts

280,412thousand yen

Investment securities

16,203thousand yen

Other

26,642thousand yen

Subtotal of deferred tax assets

323,258thousand yen

Valuation allowance

(284,644)thousand yen

Total deferred tax assets

38,613thousand yen

X. Notes to Transactions with Related Parties

(1) Subsidiaries, etc

(Units: thousand yen)

| Attribute  | Name of company                   | Percentage of voting rights held (Owned) | Relationship with the related party                                             | Transaction details                    | Transaction value | Title                           | Ending balance |
|------------|-----------------------------------|------------------------------------------|---------------------------------------------------------------------------------|----------------------------------------|-------------------|---------------------------------|----------------|
| Subsidiary | Meiho Properties Co., Ltd.        | Direct 100%                              | Interlocking Directors Borrowing of funds Debt guarantee Order for construction | Borrowing of funds (Note) 1            | 750,000           | Short-term borrowings           | -              |
|            |                                   |                                          |                                                                                 | Repayment of borrowings                | 750,000           | -                               | -              |
|            |                                   |                                          |                                                                                 | Payment of interest (Note) 1           | 9,789             | -                               | -              |
|            |                                   |                                          |                                                                                 | Receipt of dividends (Note) 2          | 221,900           | -                               | -              |
|            |                                   |                                          |                                                                                 | Debt guarantee (Note) 3                | 162,000           | -                               | -              |
|            |                                   |                                          |                                                                                 | Payment for construction work (Note) 4 | 686,880           | Real estate for sale            | 6,715          |
|            |                                   |                                          |                                                                                 |                                        |                   | Real estate for sale in process | 43,860         |
| Subsidiary | House Saison Enterprise Co., Ltd. | Direct 100%                              | Interlocking Directors Borrowing of funds                                       | Borrowing of funds (Note) 1            | 260,000           | Short-term borrowings           | -              |
|            |                                   |                                          |                                                                                 | Repayment of borrowings                | 260,000           | -                               | -              |
|            |                                   |                                          |                                                                                 | Payment of interest (Note) 1           | 849               | -                               | -              |
|            |                                   |                                          |                                                                                 | Receipt of dividends (Note) 2          | 140,000           | -                               | -              |
| Subsidiary | Moon Asset Co., Ltd.              | Direct 100%                              | Debt guarantee                                                                  | Debt guarantee (Note) 5                | 371,400           | -                               | -              |
| Subsidiary | Kyoeigumi Co., Ltd.               | Direct 92.0%                             | Interlocking Directors Loan of funds Debt guarantee Order for construction      | Loan of funds (Note) 1                 | 300,000           | Short-term loans receivable     | 450,000        |
|            |                                   |                                          |                                                                                 | Receipt of interest (Note) 1           | 9,431             | -                               | -              |
|            |                                   |                                          |                                                                                 | Debt guarantee (Note) 6                | 64,000            | -                               | -              |
|            |                                   |                                          |                                                                                 | Payment for construction work (Note) 4 | 585,962           | Real estate for sale in process | 345,274        |
| Subsidiary | Meiho Engineering Co., Ltd.       | Direct 100%                              | Interlocking Directors Loan of                                                  | Loan of funds (Note) 1                 | 150,000           | Short-term loans receivable     | 150,000        |

|  |  |  |                                    |                                              |         |                                    |         |
|--|--|--|------------------------------------|----------------------------------------------|---------|------------------------------------|---------|
|  |  |  | funds<br>Order for<br>construction | Receipt of interest<br>(Note) 1              | 1,910   | -                                  | -       |
|  |  |  |                                    | Payment for<br>construction work<br>(Note) 4 | 711,286 | Real estate for<br>sale in process | 438,112 |

The above amounts do not include consumption tax, etc.

Transaction terms and policies for determining transaction terms

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

2. Dividends received are based on the amounts determined by governing bodies of the subsidiary, such as the General Meeting of Shareholders.
3. The Company provides debt guarantees for Meiho Properties Co., Ltd. to obtain loan contracts from financial institutions. The debt guarantee transaction total represents the loan balance as of July 31, 2023. The Company does not receive payment of fees for the guarantees.
4. Order values for construction work and payment amounts thereunder are placed on the same general terms as for transactions with independent third parties.
5. The Company provides debt guarantees for Moon Asset Co., Ltd. to obtain loan contracts from financial institutions. The debt guarantee transaction total represents the loan balance as of July 31, 2023. The Company does not receive payment of fees for the guarantees.
6. The Company provides debt guarantees for Kyoeigumi Co., Ltd. to obtain loan contracts from financial institutions. The debt guarantee transaction total represents the loan balance as of June 30, 2023. The Company does not receive payment of fees for the guarantees.

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

(Units: thousand yen)

| Type         | Name or company name | Business field or occupation                                 | Voting rights, etc. held (owned) (%) | Relationship with the related party | Transaction details | Transaction value | Title | Ending balance |
|--------------|----------------------|--------------------------------------------------------------|--------------------------------------|-------------------------------------|---------------------|-------------------|-------|----------------|
| Board member | Mitsuru Yabuki       | President, Chairman & Representative Director of the Company | (Owned) directly 44.82               | Debt guarantee                      | Debt guarantee      | 91,316            | -     | -              |

The above amounts do not include consumption tax, etc.

Transaction terms and policies for determining transaction terms

(Note) The Company has received a debt guarantee for a loan agreement from our financial institution. The debt guarantee transaction total represents the loan balance as of July 31, 2023. In addition, the Company has not paid any guarantee fees.

#### XI. Notes to Per Share Information

1. Net assets per share 191.48 yen
2. Basic earnings per share 34.79 yen

#### XII. Notes on Material Post-Balance Sheet Events

Not applicable.

#### XIII. Other Notes

For notes to business combination and related matters, refer to XI. Other Notes (Business Combination and Related Matters), Notes to Consolidated Financial Statements.

# Accounting Auditor's Audit Report on Consolidated Financial Statements

## Independent Auditor's Report

September 25, 2023

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

Johnan Audit Corporation  
Shibuya-ku, Tokyo

Designated Partner  
Executive Member  
Certified  
Public  
Accountant

Takao Yamakawa

Designated Partner  
Executive Member  
Certified  
Public  
Accountant

Haruo Shiono

### Auditor's Opinion

We have performed an audit of the consolidated financial statements, namely, the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Changes in Equity, and the Notes to the Consolidated Financial Statements of Meiho Enterprise Co., Ltd. for the fiscal year from August 1, 2022 to July 31, 2023, in accordance with Article 444, Section 4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and operational results of the corporate group consisting of Meiho Enterprise Co., Ltd. and its consolidated subsidiaries for the period for which they were prepared, in accordance with accounting principles generally accepted in Japan.

### Basis for the Auditor's Opinion

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

### Other Information

Other information refers to Business Report and its attached detailed statements. Management is responsible for preparing and disclosing the other information. Also, it is the responsibility of the Audit and Supervisory Committee to monitor the execution of duties by the Directors in the development and operation of the reporting process of the other information.

The scope of our audit opinion on the consolidated financial statements does not include the other information, and we do not express an opinion on such information.

Our responsibility in auditing the consolidated financial statements is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other information and the consolidated financial statements or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other information.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated

## Financial Statement

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

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

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

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

The Auditor is responsible for obtaining reasonable assurance that the consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, based on the audit performed by the Auditor, and to express an opinion on the consolidated financial statements from an independent standpoint in the Auditor's Report. A misstatement is considered to be material if it is likely to result from fraud or error and, individually or in the aggregate, to affect the decisions of those using the consolidated financial statements.

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

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

The Auditor shall report to the Audit and Supervisory Committee on the scope and timing of the

planned audit, significant audit findings, including significant deficiencies in internal controls, identified in the course of performing the audit, as well as other matters required by auditing standards.

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

#### Interests

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

The end

# Accounting Auditor's Audit Report on Financial Statements

## Independent Auditor's Report

September 25, 2023

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

Johanan Audit Corporation

Shibuya-ku, Tokyo

Designated Partner  
Executive Member  
Certified  
Public  
Accountant

Takao Yamakawa

Designated Partner  
Executive Member  
Certified  
Public  
Accountant

Haruo Shiono

### Auditor's Opinion

We have audited the financial statements, namely, the Balance Sheet, the Statement of Income, the Statement of Changes in Equity, the Notes to the Financial Statements, and the attached detailed statements thereof (hereinafter referred to as the "Financial Statements, etc.") of Meiho Enterprise Co., Ltd. for the 55th fiscal year from August 1, 2022 to July 31, 2023, in accordance with Article 436, Section 2, Paragraph 1 of the Companies Act.

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

### Basis for the Auditor's Opinion

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

### Other Information

Other information refers to Business Report and its attached detailed statements. Management is responsible for preparing and disclosing the other information. Also, it is the responsibility of the Audit and Supervisory Committee to monitor the execution of duties by the Directors in the development and operation of the reporting process of the other information.

The scope of our audit opinion on the financial statements does not include the other information, and we do not express an opinion on such information.

Our responsibility in auditing the financial statements is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other information and the financial statements, etc. or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other information.

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

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



error.

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

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

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

The Auditor is responsible for obtaining reasonable assurance that the Financial Statements, etc. as a whole are free of material misstatement, whether due to fraud or error, based on the audit performed by the Auditor, and to express an opinion on the Financial Statements, etc. from an independent standpoint in the Auditor's Report. A misstatement is considered to be material if it is likely to result from fraud or error and, individually or in the aggregate, to affect the decisions of those using the Financial Statements, etc.

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

- Identify and assess risks of material misstatement due to fraud or error. Also, formulate and implement audit procedures that address the risks of material misstatement. The selection and application of audit procedures shall be at the discretion of the Auditor. Furthermore, the Auditor shall obtain sufficient appropriate audit evidence to provide a basis for expressing an opinion.

- Although the purpose of an audit of Financial Statements, etc. is not to express an opinion on the effectiveness of internal controls, in making those risk assessments, the Auditor shall consider internal controls that are relevant to the audit in order to formulate audit procedures that are appropriate in the circumstances.

- The Auditor shall evaluate the appropriateness of the accounting policies in use and how they are applied by management, as well as the rationality of accounting estimates made by management and the adequacy of related notes.

- The Auditor shall conclude whether it is appropriate for management to prepare the Financial Statements, etc. on the going concern basis and, whether there is any material uncertainty regarding events or conditions that could potentially cast significant doubt on the Company's ability to continue as a going concern based on the audit evidence obtained. In the event that a material uncertainty regarding the Company's ability to continue as a going concern is identified, the Auditor is required to draw attention to the Notes to the Financial Statements, etc. in the Auditor's Report or, if these Notes are not appropriate, to express a qualified opinion with exceptive items on the Financial Statements. The Auditor's conclusions shall be based on audit evidence obtained up to the date of the Auditor's Report, but subsequent events or circumstances could potentially make it impossible for the Company to continue as a going concern.

- The Auditor shall evaluate whether the presentation of the Financial Statements, etc. and related notes conform to the accounting standards generally accepted in Japan, and whether the presentation, structure, and content of the Financial Statements, etc., including the related notes, and the Financial Statements, etc. fairly present the underlying transactions and accounting events.

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

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

Interests

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

The end

# Audit Report of the Audit and Supervisory Committee

## Audit Report

The Audit and Supervisory Committee has audited the execution of duties by the Directors for the 55th fiscal year from August 1, 2022 to July 31, 2023. The methods and results of the audit are reported as follows.

### 1. Audit Method and Details

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

- 1) In accordance with the Audit Policy and division of duties established by the Audit and Supervisory Committee, in cooperation with the Company's Internal Control Department, we attended important meetings, received reports from Directors and employees, etc., on matters related to the execution of their duties, requested explanations as necessary, reviewed important approval documents, etc., and investigated the status of operations and assets at the head office and other major business locations. In regard to subsidiaries, we communicated and exchanged information with their Directors and corporate auditors, and received reports from the subsidiaries on their business activities as necessary.
- 2) We monitored and verified that the Accounting Auditor maintained its independence and conducted appropriate audits, received reports from the Accounting Auditor on the execution of its duties, and requested explanations as necessary. We also received notification from the Accounting Auditor that it has established a "system to ensure the proper execution of its duties" (matters set forth under Article 131 of the Ordinance on Company Accounting) in accordance with the Quality Control Standards for Audits (October 28, 2005, Business Accounting Council) and other relevant standards, and requested explanations when necessary.

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

### 2. Audit Results

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

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

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

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

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

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

September 26, 2023

Meiho Enterprise Co., Ltd. Audit and Supervisory Committee  
Chairman of the Audit and Supervisory  
Committee

Yui Kayano

|                                        |                     |
|----------------------------------------|---------------------|
| Audit and supervisory committee member | Kazuya<br>Shimamura |
| Audit and supervisory committee member | Tetsuzo Kimura      |
| Audit and supervisory committee member | Taiji Yamamoto      |
| Audit and supervisory committee member | Yuhei<br>Matsumoto  |

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

The end