

[TRANSLATION]

The following is an unofficial English translation of “Notice of Convocation of the 80th Ordinary General Meeting of Shareholders” (“Notice”) by Sumitomo Forestry Co., Ltd. (“Company”). The Company provides this English translation for your reference and convenience only and without any warranty as to its accuracy or otherwise. The Japanese original is the sole official version and shall prevail in the event of any discrepancy between it and this English translation.

June 5, 2020

To Our Shareholders

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

## NOTICE OF CONVOCAION OF THE 80th ORDINARY GENERAL MEETING OF SHAREHOLDERS

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

You are hereby notified of our 80th Ordinary General Meeting of Shareholders (“Meeting”) to be held as described hereunder.

Recently, in order to prevent the spread of COVID-19, the government and prefectural governors have requested self-restraint in going outside. After careful consideration of this situation, we decided to hold the Meeting, taking appropriate measures to prevent infections.

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

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

1. **Date and Time:** Tuesday, June 23, 2020 at 10:00 a.m.
2. **Place:** Main Conference Room of the Company on the 8th Floor of Keidanren Kaikan at 3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo
3. **Agenda:**
  - Matters to be reported:**
    - Item No 1:** Reports on the Business Report, the Consolidated Financial Statements, and the Non-Consolidated Financial Statements for the 80th business term (from April 1, 2019 to March 31, 2020);
    - Item No 2:** Report on the Results of Audits of the Consolidated Financial Statements for the 80th business term by the Accounting Auditor and the Board of Statutory Auditors.
  - Proposals to be resolved:**
    - Proposal No 1:** Appropriation of Surplus
    - Proposal No 2:** Partial Amendment to the Articles of Incorporation
    - Proposal No 3:** Election of Eight (8) Directors
    - Proposal No 4:** Election of Two (2) Statutory Auditors
    - Proposal No 5:** Payment of Bonuses to Directors

---

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

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

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

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

## **【Guidance Notes on Exercise of Voting Rights】**

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

You can exercise your voting rights as follows;

### **(A): Voting by Postal Mail**

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

Deadline for exercise of voting rights: 5:30 p.m. on Monday, June 22, 2020 (Japan Standard Time).

### **(B): Voting by electromagnetic method (the Internet etc.)**

#### **1. Exercising Voting Rights via the Internet**

Please use a personal computer, smartphone or cellular phone to access the Online Voting Site (<https://www.web54.net> (Japanese only)) and register your approval or disapproval of each proposal in accordance with “Exercising Your Voting Rights” (see below).

#### **2. Electronic Voting Platform for Institutional Investors**

Institutional investors, who have applied to use “Electronic Voting Platform for Institutional Investors” operated by ICJ Inc. in advance, may use the voting platform to exercise your voting rights.

Deadline for exercise of voting rights: 5:30 p.m. on Monday, June 22, 2020 (Japan Standard Time).

## **(2) Matters of Exercising Voting Rights**

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

## **【Exercising Your Voting Rights via the Internet】**

(1) Please access the Online Voting Site (<https://www.web54.net>), and follow the instructions.

(2) Please log in the website with your voting code and password written on the enclosed voting form. Then, register your approval or disapproval of each proposal following the instructions on the screen.

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

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

Please contact the following Help Desk for inquiries about exercising voting rights via the Internet.

**Administrator of Share Registry**  
**Sumitomo Mitsui Trust & Banking Co., Ltd. (Help Desk)**  
**Phone (toll-free within Japan): 0120-652-031**  
**(AM9:00~PM9:00, Japan Standard Time) (Japanese only)**

**<Help Desk for other inquiries >**  
**Phone (toll-free within Japan): 0120-782-031**  
**(Weekday, AM9:00~PM5:00, Japan Standard Time)**

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1: Appropriation of Surplus

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

#### 1. Year-end dividend

In light of a comprehensive consideration of the operating performance for the relevant business term and other relevant factors in accordance with the Company's basic policy of continuously and steadily returning profits to our shareholders, the Company proposes to pay the following year-end dividend for this business term and to pay it as follows:

The annual dividend for this business term including the interim dividends will be forty (40) yen per share.

##### (1) Type of dividend assets:

Cash

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

-20 yen per ordinary share of common stock

- Total amount : 3,649,313,560 yen

##### (3) Effective date of the dividend payment:

June 24, 2020

#### 2. Appropriation of other surplus

In order to reinforce its base of operations and prepare for future business development, the Company hereby proposes to provide an amount as general reserve as follows:

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

General reserve	117,000,000 yen
-----------------	-----------------

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

Retained earnings brought forward	117,000,000 yen
-----------------------------------	-----------------

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

### 1. Reasons for Amendments

- (1) The Company intends to change its fiscal year (from April 1 of each year to March 31 of the following year) to run from January 1 to December 31 of each year in order to unify the fiscal year end within the Sumitomo Forestry Group (“Group”) with the view to bringing further transparency in its management through timely and appropriate disclosure of management information. For this purpose, the Company proposes to make necessary amendments to Article 14 (Time of Convocation of General Meeting of Shareholders), Article 15 (Record Date for the Ordinary General Meeting of Shareholders), Article 39 (Fiscal Year) and Article 41 (Interim Dividends) of the Articles of Incorporation. In addition, the Company proposes, as a transitional measure, to establish supplementary provisions to accommodate the expected change in the 81st business term, which will become nine months from April 1, 2020 to December 31, 2020 as a result of the proposed change in the fiscal year.
- (2) The Company intends to shorten the term of office of Directors from two years to one year with the view to establishing a management system which can swiftly respond to changes in the business environment and providing more opportunities for our shareholders to indicate their confidence in the Directors. For this purpose, the Company proposes to make necessary amendments to Article 22 (Term of Office) of the Articles of Incorporation.

### 2. Details of Amendments

Details of the amendments are as follows:

(Underlines indicate the amended portions.)

Current Articles of Incorporation	Proposed Amendment
<p>Article 14. (Time of Convocation of General Meeting of Shareholders)</p> <p>The ordinary General Meeting of Shareholders of the Company shall be convened in <u>June</u> of each year and an extraordinary General Meeting of Shareholders shall be convened whenever necessary.</p> <p>Article 15. (Record Date for the Ordinary General Meeting of Shareholders)</p> <p>The record date for voting at the Ordinary General Meeting of Shareholders of the Company shall be 31st <u>March</u> of each year.</p> <p>Article 16. ~ Article 21. (Omitted)</p> <p>Article 22. (Term of Office)</p> <p>The term of office of Directors shall expire at the close of the Ordinary General Meeting of Shareholders to be held with regard to the last of the fiscal term ending within <u>two years</u> after their election; <u>provided, however, that the term of office of any Director elected to fill a vacancy or because of an increase in the number of Directors shall coincide with the term of other Directors then serving.</u></p>	<p>Article 14. (Time of Convocation of General Meeting of Shareholders)</p> <p>The ordinary General Meeting of Shareholders of the Company shall be convened in <u>March</u> of each year and an extraordinary General Meeting of Shareholders shall be convened whenever necessary.</p> <p>Article 15. (Record Date for the Ordinary General Meeting of Shareholders)</p> <p>The record date for voting at the Ordinary General Meeting of Shareholders of the Company shall be 31st <u>December</u> of each year.</p> <p>Article 16. ~ Article 21. (Unchanged)</p> <p>Article 22. (Term of Office)</p> <p>The term of office of Directors shall expire at the close of the Ordinary General Meeting of Shareholders to be held with regard to the last of the fiscal term ending within <u>one year</u> after their election. (Deleted)</p>

Current Articles of Incorporation	Proposed Amendment
<p>Article 23. ~ Article 38. (Omitted)</p> <p>Article 39. (Fiscal Year) The fiscal year of the Company shall commence with the first day of <u>April</u> of each year and end on the 31st day of <u>March</u> of the <u>succeeding</u> year.</p> <p>Article 40. (Omitted)</p> <p>Article 41. (Interim Dividends) The Company may, by a resolution of the Board of Directors, pay an interim dividend to the shareholders or registered share pledgees recorded in the register of shareholders as of the 30th day of <u>September</u> of each year.</p> <p>Article 42. (Omitted)</p> <p>(Newly added)</p>	<p>Article 23. ~ Article 38. (Unchanged)</p> <p>Article 39. (Fiscal Year) The fiscal year of the Company shall commence with the first day of <u>January</u> of each year and end on the 31st day of <u>December</u> of the <u>same</u> year.</p> <p>Article 40. (Unchanged)</p> <p>Article 41. (Interim Dividends) The Company may, by a resolution of the Board of Directors, pay an interim dividend to the shareholders or registered share pledgees recorded in the register of shareholders as of the 30th day of <u>June</u> of each year.</p> <p>Article 42. (Unchanged)</p> <p><u>Supplementary Provisions</u></p> <p><u>Article 1.</u> <u>Notwithstanding the provision of Article 39, the 81st business term shall be nine months from 1st April 2020 to 31st December 2020.</u></p> <p><u>Article 2.</u> <u>Notwithstanding the provision of Article 41, the record date for the interim dividend for the 81st business term shall be 30th September 2020.</u></p> <p><u>Article 3.</u> <u>The preceding two Articles and this Article shall be deleted at the close of the 81st business term.</u></p>

**Proposal No. 3: Election of Eight (8) Directors**

The terms of office of all ten (10) Directors will expire at the closing of the Meeting. Therefore, the Company hereby proposes to elect eight (8) Directors, decreasing the number of Directors by two(2) to ensure swift management decision making.

The candidates for the Directors are as follows:

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

1	<div><div><b>Akira Ichikawa</b> (Born November 12, 1954)</div><div>Re-election</div><div><b>Number of shares in the Company owned:</b> 69,500 shares</div><div><b>Attendance at Board of Directors:</b> 15/15 meetings</div></div>	Career summary, positions and responsibility in the Company, and significant concurrent positions
		<div><div><div>April1978</div><div>Joined the Company</div></div><div><div>June2007</div><div>Executive Officer</div></div><div><div>June2008</div><div>Director</div></div><div><div></div><div>Managing Executive Officer</div></div><div><div>April2010</div><div>Representative Director (Current position)</div></div><div><div></div><div>President / Director</div></div><div><div></div><div>President and Executive Officer</div></div><div><div>April2020</div><div>Chairman of the Board(Current position)</div></div></div>
<div><div>[Reasons for nominating a candidate to be Director]</div><div>The Company requests shareholders to re-elect Mr. Ichikawa as Director because the Company believes that, as he has been engaged in management of the Group as President / Director since 2010, and currently is Chairman of the Board since April 2020, he is capable of executing his duty as Director appropriately, based on his abundant experience and achievement in corporate management.</div></div>		
2	<div><div><b>Toshiro Mitsuyoshi</b> (Born May 23, 1962)</div><div>Re-election</div><div><b>Number of shares in the Company owned:</b> 12,700 shares</div><div><b>Attendance at Board of Directors:</b> 15/15 meetings</div></div>	Career summary, positions and responsibility in the Company, and significant concurrent positions
		<div><div><div>April1985</div><div>Joined the Company</div></div><div><div>June2010</div><div>Executive Officer</div></div><div><div>April2011</div><div>Managing Executive Officer</div></div><div><div>June2014</div><div>Director</div></div><div><div>April2015</div><div>President / Director of</div></div><div><div></div><div>Sumitomo Forestry Home Tech Co., Ltd.</div></div><div><div>April2017</div><div>Divisional Manager of Housing Division</div></div><div><div>April2018</div><div>Senior Managing Executive Officer</div></div><div><div></div><div>Divisional Manager of Housing and Construction Division</div></div><div><div>April2020</div><div>Representative Director(Current Position)</div></div><div><div></div><div>President / Director(Current position)</div></div><div><div></div><div>President and Executive Officer(Current position)</div></div></div>
<div><div>[Reasons for nominating a candidate to be Director]</div><div>The Company requests shareholders to re-elect Mr. Mitsuyoshi as Director because the Company believes that, as he has served as Divisional Manager of Overseas Business Division, Divisional Manager of Housing and Construction Division, among other roles, has been Director since 2014, and currently is President / Director since April, 2020, he is capable of executing his duty as Director appropriately, based on his abundant experience and achievement in the Group’s business.</div></div>		

3	<div>Shigeru Sasabe</div> <div>(Born February 28, 1954)</div> <div>Re-election</div> <div>Number of shares in the Company owned: 36,921 shares</div> <div>Attendance at Board of Directors: 15/15 meetings</div>	Career summary, positions and responsibility in the Company, and significant concurrent positions
		<div><div>April 1977</div><div>Joined the Company</div></div> <div><div>June 2008</div><div>Executive Officer</div></div> <div><div>April 2010</div><div>Managing Executive Officer</div></div> <div><div>June 2010</div><div>Director</div></div> <div><div>April 2014</div><div>Senior Managing Executive Officer</div><div>Divisional Manager of Overseas Business Division</div></div> <div><div>April 2016</div><div>Representative Director (Current position)</div><div>Executive Vice President and Executive Officer (Current position)</div></div> <div><div>April 2018</div><div>Divisional Manager of Overseas Housing and Real Estate Division</div></div> <div><div>April 2020</div><div>Divisional Manager of Timber and Building Materials Division (Current position)</div></div>
		<div>[Responsibility in the Company]</div> <div>Administering Environment and Resources Division</div>
		<div>[Reasons for nominating a candidate to be Director]</div> <div>The Company requests shareholders to re-elect Mr. Sasabe as Director because the Company believes that, as he has been Director since 2010, has served as Divisional Manager of Lifestyle Service Division and Overseas Housing and Real Estate Division, among other roles, and currently is Executive Vice President and Executive Officer, and Divisional Manager of the Timber and Building Materials Division, he is capable of executing his duty as Director appropriately, based on his abundant experience and achievement in the Group’s business and management.</div>
4	<div>Tatsuru Satoh</div> <div>(Born December 14, 1955)</div> <div>Re-election</div> <div>Number of shares in the Company owned: 31,000 shares</div> <div>Attendance at Board of Directors: 15/15 meetings</div>	Career summary, positions and responsibility in the Company, and significant concurrent positions
		<div><div>April 1978</div><div>Joined the Company</div></div> <div><div>June 2012</div><div>Executive Officer</div></div> <div><div>April 2013</div><div>Managing Executive Officer</div></div> <div><div>June 2013</div><div>Director</div></div> <div><div>April 2016</div><div>Senior Managing Executive Officer</div></div> <div><div>April 2018</div><div>Representative Director (Current position)</div><div>Executive Vice President and Executive Officer (Current position)</div></div>
		<div>[Responsibility in the Company]</div> <div>Administering Lifestyle Service Division</div> <div>In charge of General Administration, Secretary, External Relations, Personnel, IT Solutions, Intellectual Property, Internal Audit, and Tsukuba Research Institute</div> <div>[Significant Concurrent Position at Other Company]</div> <div>Statutory Auditor of Kumagai Gumi Co.,Ltd.</div>
		<div>[Reasons for nominating a candidate to be Director]</div> <div>The Company requests shareholders to re-elect Mr. Satoh as Director because the Company believes that, as he has been Director since 2013, has served as Executive Officer in charge of General Administration, Personnel, among other roles, and currently is Executive Vice President and Executive Officer, he is capable of executing his duty as Director appropriately, based on his abundant experience and achievement in the Group’s business and management.</div>



5	<div><div><div>Tatsumi Kawata</div><div>(Born October 4, 1962)</div></div><div>Re-election</div><div><div>Number of shares in the Company owned:</div><div>7,800 shares</div></div><div><div>Attendance at Board of Directors:</div><div>15/15 meetings</div></div></div>	<div>Career summary, positions and responsibility in the Company, and significant concurrent positions</div> <div><div><div>April1986</div><div>Joined the Company</div></div><div><div>April2014</div><div>General Manager of Corporate Planning Department</div></div><div><div>June2016</div><div>Executive Officer</div></div><div><div></div><div>General Manager of Corporate Planning Department</div></div><div><div>April2017</div><div>Managing Executive Officer (Current position)</div></div><div><div></div><div>General Manager of Corporate Planning Department</div></div><div><div>April2018</div><div>Managing Executive Officer</div></div><div><div>June2018</div><div>Director (Current Position)</div></div></div>
		<div>[Responsibility in the Company]</div> <div>Administering Housing and Construction Division</div> <div>In charge of Corporate Planning, Finance, Corporate Communications and Sustainability</div>
	<div>[Reasons for nominating a candidate to be Director]</div> <div>The Company requests shareholders to re-elect Mr. Kawata as Director because the Company believes that, as he has served as General Manager of Personnel Department and Corporate Planning Department, among other roles, has been Director since 2018 and currently is Managing Executive Officer, he is capable of executing his duty as Director appropriately, based on his abundant experience in the Group’s business.</div>	
6	<div><div><div>Atsushi Kawamura</div><div>(Born February 24, 1965)</div></div><div>New-election</div><div><div>Number of shares in the Company owned:</div><div>13,100 shares</div></div></div>	<div>Career summary, positions and responsibility in the Company, and significant concurrent positions</div> <div><div><div>April1987</div><div>Joined the Company</div></div><div><div>April2014</div><div>General Manager of Overseas Housing and Real Estate Department</div></div><div><div>April2016</div><div>Deputy Divisional Manager of Overseas Business Division</div></div><div><div></div><div>General Manager of Overseas Housing and Real Estate Department</div></div><div><div>June2016</div><div>Executive Officer</div></div><div><div></div><div>Deputy Divisional Manager of Overseas Business Division</div></div><div><div>April2017</div><div>Managing Executive Officer (Current position)</div></div><div><div>April2018</div><div>Deputy Divisional Manager of Overseas Housing and Real Estate Division</div></div><div><div>April2020</div><div>Divisional Manager of Overseas Housing and Real Estate Division (Current Position)</div></div></div>
	<div>[Reasons for nominating a candidate to be Director]</div> <div>The company requests shareholders to elect Mr. Kawamura as Director because the Company believes that, as he has served as General Manager of Overseas Housing and Real Estate Department, Deputy Divisional Manager of Overseas Business, has been Executive Officer since 2016, and currently is Managing Executive Officer, he is capable of executing his duty as Director appropriately, based on his abundant experience in the Group’s business.</div>	

7

<div><div><div><div><div><div></div></div><div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div><div></div></div></div></div></div></div><div><div><div><div><div></div></div></div><div><div><div><div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div>
--

<div><div><div>Izumi Yamashita</div><div>(February 1, 1948)</div></div><div>Re-election</div><div>Outside Director</div><div>Independent Officer</div><div>Number of shares in the Company owned: 0 shares</div><div>Attendance at Board of Directors: 15/15 meetings</div></div>	Career summary, positions and responsibility in the Company, and significant concurrent positions		
	July	1971	Joined the Bank of Japan
	April	1998	Director-General of Financial Markets Department, Bank of Japan
	March	2002	General Manager of Financial Marketing Division, Accenture Japan Ltd
	April	2003	Executive Director of Japan Post
	April	2005	Deputy Governor of Japan Post
	October	2007	President, CEO, Representative Executive Officer of Japan Post Insurance Co., Ltd.
	June	2012	Chairman, Representative Executive Officer of Japan Post Insurance Co., Ltd.
	June	2013	Resigned from Chairman, Representative Executive Officer of Japan Post Insurance Co., Ltd.
	June	2016	Outside Director of the Company (Current position)
[Significant concurrent position at other company] Outside Director of AEON Bank, Ltd.			
8	<div>[Reasons for nominating a candidate to be Outside Director] The Company requests shareholders to re-elect Mr. Yamashita as Outside Director because the Company believes that he has abundant experience in the financial industry and deep insight as a business manager, he is playing an appropriate role for the enhancement of our corporate governance by, among other things, providing recommendations for general management.</div> <div>■Special notes related to a candidate for Outside Director</div> <div><div>1. Mr. Yamashita is a candidate for Outside Director as set forth in Article 2, Paragraph 3, item 7 of the Ordinance for Enforcement of the Companies Act.</div><div>2. The Company has notified Tokyo Stock Exchange, Inc. of the designation of Mr. Yamashita as Independent Officer as required by its regulations.</div><div>3. On March 24, 2020, AEON Bank, Ltd., for which Mr. Yamashita serves as an outside director, received a cease and desist order from the Consumer Affairs Agency for misrepresentation as provided in Article 5, item 2 of the Act against Unjustifiable Premiums and Misleading Representations in regard to its new card membership promotion program. Mr. Yamashita, who was unaware of the fact until the case was brought to light, regularly provided comments and opinions from the viewpoint of legal compliance. In addition, after the case came to light, Mr. Yamashita has actively given suggestions for furtherance of compliance with laws and regulations as well as establishment of a recurrence prevention measures, thus fulfilling his duties as an outside director.</div><div>4. Mr. Yamashita currently serves as Outside Director of the Company, and his term of office as Outside Director will have been four (4) years at the closing of the Meeting.</div><div>5. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company concluded an agreement with Mr. Yamashita to limit his liability under Article 423, Paragraph 1 of said Act. Total liability for damages under such agreement is limited to the aggregate sum of the amounts stipulated in each item of Article 425, Paragraph 1 of said Act. The Company is to enter into an agreement of the same nature and content with Mr. Yamashita subject to approval of his re-election.</div></div>		

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

2. The number of shares in the Company owned by each candidate stated above is as of March 31, 2020.

**Proposal No. 3: Election of Two (2) Statutory Auditors**

At the closing of the Meeting, Statutory Auditor Hitoshi Hayano will resign and the term of office of Statutory Auditor Yoshitsugu Minagawa will expire. Accordingly, the Company hereby proposes the election of two (2) Statutory Auditors.

The Board of Statutory Auditors has already approved this proposal.

The candidates for Statutory Auditors are as follows:

1	<b>Akihisa Fukuda</b> (Born April 16, 1957)	Career summary, positions in the Company, and significant concurrent positions	
	<u>New election</u>	April 1981	Joined the Company
	<b>Number of shares in the Company owned:</b> 15,500 shares	June 2010	Executive Officer
	<b>Attendance at Board of Directors:</b> 15/15 meetings	April 2011	Managing Executive Officer
		June 2014	Director (Current position)
		October 2015	Divisional Manager of Timber and Building Materials Division
		April 2020	Executive Officer(Current position)
[Reasons for nominating a candidate to be Statutory Auditor] The Company requests shareholders to elect Mr. Fukuda as Statutory Auditor because the Company believes that, as he has served as Director, Executive Officer in charge of Corporate Planning, Finance and Information Systems, and Divisional Manager of Timber and Building Materials Division, among other roles, and has abundant experience in the Group’s business, he is capable of playing his part in effective audits as Statutory Auditor appropriately.			
2	<b>Yoshitsugu Minagawa</b> (Born April 27, 1954)	Career summary, positions in the Company, and significant concurrent positions	
	<u>Re-election</u>	April 1978	Joined the Ministry of Agriculture and Forestry (Currently called Ministry of Agriculture, Forestry and Fisheries)
	<u>Outside Director</u>	July 2010	Director-General of Forestry Agency, Ministry of Agriculture, Forestry and Fisheries
	<u>Independent Officer</u>	September 2012	Vice-Minister of Agriculture, Forestry and Fisheries
	<b>Number of shares in the Company owned:</b> 0 shares	August 2015	Advisor to the Ministry of Agriculture, Forestry and Fisheries
	<b>Attendance at Board of Directors:</b> 14/15 meetings	March 2016	Resigned from Advisor to the Minister of Agriculture, Forestry and Fisheries
	<b>Attendance at Board of Statutory Auditors:</b> 15/15 meetings	June 2016	Outside Statutory Auditor of the Company(Current Position)
[Significant concurrent position at other company] Chief Counselor of Norinchukin Research Institute Co., Ltd.			
[Reasons for nominating a candidate to be Outside Statutory Auditor] The Company requests shareholders to re-elect Mr. Minagawa as Outside Statutory Auditor because the Company believes that he will use in his audit work his abundant experience and deep insight on forestry administration as well as the agricultural, forestry and fishery sectors. While Mr. Minagawa has not been involved in corporate management, we believe that he is able to appropriately perform the duties of Outside Statutory Auditor for the reason outlined above.			
■Special notes related to a candidate for Outside Statutory Auditor			
1. Mr. Minagawa is a candidate for Outside Statutory Auditor as set forth in Article 2, Paragraph 3, item 8 of the Ordinance for Enforcement of the Companies Act.			
2. The Company will notify Tokyo Stock Exchange, Inc. of the designation of Mr. Minagawa as Independent Officer as required by its regulations.			
3. Mr. Minagawa currently serves as Outside Statutory Auditor of the Company, and his term of office as Outside Statutory Auditor will have been four (4) years at the closing of the Meeting.			
3. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company will enter into an agreement with Mr. Minagawa to limit his liability under Article 423, Paragraph 1 of said Act, subject to approval of his election. Total liability for damages under such agreement shall be limited to the aggregate sum of the amounts stipulated in each item of Article 425, Paragraph 1 of said Act.			

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

2. The number of shares in the Company owned by each candidate stated above is as of March 31, 2020.

**Proposal No. 5: Payment of Bonuses to Directors**

The Company hereby proposes to pay bonuses in the total amount of 143,000,000 yen for eight (8) Directors, excluding Outside Directors, among ten (10) Directors in office at the end of this business term, comprehensively taking into account the operating performance for this business term and other relevant factors.

The Company also proposes that bonus amount for each Director be determined by the Board of Directors.

– End –

# CONSOLIDATED BALANCE SHEET

As of March 31, 2020

(Million yen)

## ASSETS

### **Current assets:**

Cash and time deposits	¥	92,774
Notes and accounts receivable-trade		123,030
Accounts receivable from completed construction contracts		34,766
Marketable securities		3,658
Finished goods, logs and lumber		18,949
Work in process		1,254
Raw materials and supplies		8,188
Costs on uncompleted construction contracts		14,164
Real estate for sale		66,734
Real estate for sale in process		185,405
Short-term loans receivable		20,461
Accounts receivable-other		46,377
Other		20,845
Allowance for doubtful accounts		(545)

**Total current assets** **636,059**

### **Noncurrent assets:**

#### **Property, plant and equipment:**

Buildings and structures		58,436
Machinery, equipment and vehicles		25,362
Land		39,603
Mature timber		34,243
Leased assets		7,073
Construction in progress		9,399
Other		5,330

**Total property, plant and equipment** **179,446**

#### **Intangible assets:**

Goodwill		7,588
Other		14,886

**Total intangible assets** **22,474**

#### **Investments and other assets:**

Investment securities		137,845
Long-term loans receivable		4,165
Net defined benefit assets		92
Deferred tax assets		5,983
Other		19,564
Allowance for doubtful accounts		(860)

**Total investments and other assets** **166,789**

**Total noncurrent assets** **368,709**

**Total assets** **¥ 1,004,768**

- 15 -  
**CONSOLIDATED BALANCE SHEET**  
As of March 31, 2020

(Million yen)

**LIABILITIES**

**Current liabilities:**

Notes and accounts payable-trade	¥ 109,179
Accounts payable for construction contracts	83,281
Short-term loans payable	39,403
Lease obligations	495
Income taxes payable	4,862
Advances received on uncompleted construction contracts	35,224
Provision for employees' bonuses	15,337
Provision for directors' bonuses	143
Provision for warranties for completed construction	5,388
Asset retirement obligations	857
Other	68,721

**Total current liabilities** **362,892**

**Long-term liabilities:**

Bonds payable	90,000
Bonds with subscription rights	10,070
Long-term loans payable	120,537
Lease obligations	7,986
Deferred tax liabilities	6,262
Provision for directors' retirement benefits	125
Net defined benefit liability	22,574
Asset retirement obligations	1,378
Other	25,880

**Total long-term liabilities** **284,811**

**Total liabilities** **647,704**

**NET ASSETS**

**Shareholders' equity:**

Common stock	32,786
Capital surplus	21,290
Retained earnings	255,545
Treasury stock	(2,339)

**Total shareholders' equity** **307,282**

**Accumulated other comprehensive income:**

Valuation difference on available-for-sale securities	16,842
Deferred gains or losses on hedges	2,531
Foreign currency translation adjustment	(4,240)
Remeasurements of defined benefit plans	82

**Total accumulated other comprehensive income** **15,215**

**Subscription rights to shares** **120**

**Non-controlling interests** **34,448**

**Total net assets** **357,064**

**Total liabilities and net assets** **¥ 1,004,768**

- 16 -  
**CONSOLIDATED STATEMENTS OF INCOME**

For the year ended March 31, 2020

	(Million yen)
<b>Net sales</b>	<b>¥ 1,104,094</b>
<b>Cost of sales</b>	<b>861,405</b>
<b><u>Gross profit</u></b>	<b><u>242,689</u></b>
 <b>Selling, general and administrative expenses</b>	 <b>191,312</b>
<b><u>Operating income</u></b>	<b><u>51,377</u></b>
 <b>Non-operating income:</b>	
Interest income	451
Purchase discounts	365
Dividends income	1,552
Equity in earnings of affiliates	8,097
Other	3,020
<b>Total non-operating income</b>	<b>13,485</b>
 <b>Non-operating expenses:</b>	
Interest expenses	2,706
Sales discounts	693
Foreign exchange losses	101
Other	2,538
<b>Total non-operating expenses</b>	<b>6,038</b>
 <b><u>Recurring income</u></b>	 <b><u>58,824</u></b>
 <b>Extraordinary gains:</b>	
Gain on sales of noncurrent assets	102
Gain on sales of investment securities	3
<b>Total extraordinary gains</b>	<b>105</b>
 <b>Extraordinary loss:</b>	
Loss on sales of noncurrent assets	35
Loss on retirement of noncurrent assets	227
Loss on valuation of investment securities	1,943
Loss on liquidation of subsidiaries and affiliates	53
Loss on liquidation of subsidiaries and affiliates	212
Loss on change in equity	111
Impairment loss	389
Loss on disaster	840
<b>Total extraordinary loss</b>	<b>3,811</b>
 <b><u>Income before income taxes and minority interests</u></b>	 <b><u>55,118</u></b>
Income taxes-current	16,730
Income taxes-deferred	(477)
 <b><u>Net income</u></b>	 <b><u>38,865</u></b>
 <b>Net income attributable to non-controlling interests</b>	 <b>11,013</b>
 <b><u>Net income attributable to owners of parent</u></b>	 <b><u>¥ 27,853</u></b>



- 17 -  
**NON-CONSOLIDATED BALANCE SHEET**  
As of March 31, 2020

(Million yen)

**ASSETS**

**Current assets:**

Cash and time deposits	¥	59,148
Notes receivable-trade		43,604
Accounts receivable-trade		64,735
Accounts receivable from completed construction contracts		27,562
Marketable securities		3,658
Finished goods, logs and lumber		12,783
Costs on uncompleted construction contracts		6,929
Real estate for sale		27,257
Real estate for sale in process		11,938
Advance payments		979
Prepaid expenses		1,448
Short-term loans receivable		20,000
Short-term loans receivable from subsidiaries and affiliates		5,836
Accounts receivable-other		67,075
Other		73
Allowance for doubtful accounts		(493)

**Total current assets** **341,964**

**Noncurrent assets:**

**Property, plant and equipment:**

Buildings	16,368
Structures	1,097
Machinery and equipment	1,124
Vehicles	3
Tools, furniture and fixtures	1,045
Land	12,862
timber	9,045
Leased assets	2,359
Construction in progress	1,421

**Total property, plant and equipment** **45,323**

**Intangible assets:**

Telephone subscription right	180
Right of utilization on forest road	78
Right of using facilities	1
Industrial property rights	18
Software	5,941

**Total intangible assets** **6,218**

**Investments and other assets:**

Investment securities	51,724
Stocks of subsidiaries and affiliates	218,039
Investments in other securities of subsidiaries and affiliates	260
Long-term loans receivable	230
Long-term loans receivable from employees	35
Long-term loans receivable from subsidiaries and affiliates	15,273
Claims provable in bankruptcy, claims provable in rehabilitation and other	768
Long-term prepaid expenses	867
Deferred tax assets	1,973
Other	8,802
Allowance for doubtful accounts	(7,549)

**Total investments and other assets** **290,422**

**Total noncurrent assets**

**Total assets** **¥ 694,494**

- 18 -  
**NON-CONSOLIDATED BALANCE SHEET**  
As of March 31, 2020

(Million yen)

**LIABILITIES**

**Current liabilities:**

Notes payable-trade	¥ 19,237
Accounts payable-trade	71,600
Accounts payable for construction contracts	92,746
Long-term loans payable due within 1 year	5,521
Lease obligations	476
Accounts payable-other	6,647
Income taxes payable	1,284
Accrued consumption taxes	70
Accrued expenses	1,163
Advances received	13,479
Advances received on uncompleted construction contracts	24,515
Deposits received	34,538
Unearned revenue	236
Provision for employees' bonuses	6,920
Provision for directors' bonuses	143
Provision for warranties for completed construction	1,945
Asset retirement obligation	857
Other	47

**Total current liabilities** **281,425**

**Long-term liabilities:**

Bonds payable	90,000
Bonds with subscription rights	10,070
Long-term loans payable	34,559
Guarantee deposited	4,722
Lease obligations	2,081
Provision for retirement benefits	12,964
Provision for loss on business of subsidiaries and affiliates	2,584
Asset retirement obligation	1,133
Other	893

**Total long-term liabilities** **159,006**

**Total liabilities** **440,431**

**NET ASSETS**

**Shareholders' equity:**

Capital stock	32,786
Capital surplus:	
Legal capital surplus	31,726
Other capital surplus	259
<u>Total capital surplus</u>	<u>31,985</u>
Retained earnings:	
Legal retained earnings	2,857
Other retained earnings	
Reserve for special depreciation	24
Reserve for reduction entry	1,715
General reserve	154,177
Retained earnings brought forward	11,066
Total other retained earnings	166,983
<u>Total retained earnings</u>	<u>169,840</u>
Treasury stock	(287)
<b>Total shareholder's equity</b>	<b>234,323</b>

**Valuation and translation adjustments:**

Valuation difference on available-for-sale securities	17,110
Deferred gains or losses on hedges	2,510

**Total valuation and translation adjustments** **19,620**

**Subscription rights to shares** **120**

**Total net assets**

**Total liabilities and net assets** **254,063**

**¥ 694,494**

- 19 -  
**NON-CONSOLIDATED STATEMENTS OF INCOME**  
For the year ended March 31, 2018

	(Million yen)
<b>Net sales:</b>	
Net sales of goods	¥ 124,310
Completed contracts	334,552
<b>Total net sales</b>	<b>458,862</b>
<b>Cost of sales:</b>	
Cost of goods sold	106,649
Cost of completed contracts	254,530
<b>Total cost of sales</b>	<b>361,179</b>
<b><u>Gross profit</u></b>	<b><u>97,683</u></b>
<b>Selling, general and administrative expenses:</b>	<b>90,451</b>
<b><u>Operating income</u></b>	<b><u>7,232</u></b>
<b>Non-operating income:</b>	
Interest income	248
Interest on securities	14
Purchase discounts	254
Dividends income	11,629
Other	1,269
<b>Total non-operating income</b>	<b>13,415</b>
<b>Non-operating expenses:</b>	
Interest expenses	199
Bond interest expenses	261
Sales discounts	528
Other	1,399
<b>Total non-operating expenses</b>	<b>2,387</b>
<b><u>Recurring income</u></b>	<b><u>18,260</u></b>
<b>Extraordinary income:</b>	
Gain on sales of noncurrent assets	57
Gain on sales of investment securities	3
<b>Total extraordinary income</b>	<b>60</b>
<b>Extraordinary loss:</b>	
Loss on sales of non-current assets	1
Loss on retirement of noncurrent assets	138
Loss on valuation of investment securities	1,943
Loss on valuation of investments in capital of subsidiaries and affiliates	245
Loss on valuation of stocks of subsidiaries and affiliates	59
Loss on liquidation of subsidiaries and associates	105
Impairment loss	249
<b>Total extraordinary loss</b>	<b>2,741</b>
<b><u>Income before income taxes</u></b>	<b><u>15,579</u></b>
Income taxes-current	3,778
Income taxes-deferred	(1,162)
<b><u>Net income</u></b>	<b>¥ <u>12,962</u></b>

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

– End –