

Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Dear Shareholders

Securities code: 9704
March 9, 2022

5-2-6, Toranomom, Minato-ku, Tokyo
Agora Hospitality Group Co., Ltd.

Representative Director, Gary Yan Kuen Kwok
President & CEO

Notice of Convocation of the 84th Ordinary General Meeting of Shareholders

Thank you for your continued support and cooperation provided to the management of Agora Hospitality Group. Notice is hereby given that the 84th Ordinary General Meeting of Shareholders of the Company will be held as follows. You are kindly requested to exercise your voting rights in advance in writing or via the Internet, etc., and to refrain from coming the venue to the meeting regardless of your health condition. Please review the Reference Documents for the General Meeting of Shareholders shown below and exercise your voting rights in accordance with the instructions provided below by 6:00 p.m. on Monday, March 28, 2022.

Details

1. Date and time	Tuesday, March 29, 2022 at 10 a.m.
2. Venue	4-45-1, Ebisujima-cho, Sakai-ku, Sakai, Osaka Banquet room, Rikyu, 3rd. floor, Hotel Agora Regency Osaka Sakai
3. Purpose of the meeting	<p>Matters to be reported:</p> <ol style="list-style-type: none"> 84th. business year (from January 1 to December 31, 2021) Reporting business results, consolidated financial statements, and the result of consolidated financial statement audits performed by the Audit & Supervisory Board 84th. business year (from January 1 to December 31, 2021) Reporting the details of financial statements <p>Matters to be resolved:</p> <ol style="list-style-type: none"> Proposal No. 1: Partial changes to the Articles of Incorporation Proposal No. 2: Election of Seven (7) Directors Proposal No. 3: Election of One (1) Sub Audit and Supervisory Board member
4. Guidance on exercising voting rights	<p>(1) Voting in writing Please indicate your approval or disapproval for the proposals on the enclosed Voting Rights Exercise Form and return it to us by 6:00 p.m. on March 28, 2022.</p> <p>(2) Exercising voting rights on the Internet, etc. If you wish to vote on the Internet, etc., please read the attachment, Guidance on Exercising Voting rights on the Internet, etc., below and cast your vote by 6:00 p.m. on Monday, March 28, 2022.</p> <p>(3) If you have voted twice by voting both in writing and on the Internet, etc., your vote on the Internet, etc. will prevail. If you have voted multiple times on the Internet, etc. or using a PC and mobile phone, the last vote you cast will prevail.</p>

- If you plan to attend in person, please present the enclosed Voting Rights Exercise Form at the reception desk upon your arrival.
- Pursuant to the applicable provisions of laws, regulations, and the Articles of Incorporation, posting notes to consolidated financial statements and notes to non-consolidated financial statements on the website of Agora Hospitality Group (<https://www.agora.jp>) will be deemed as the provision of written notes to shareholders. Therefore, the attachments to this notice of convocation constitute a part of the documents audited by a member of the Audit & Supervisory Board and accounting auditor.
- If a revision was made in business reports, consolidated financial statements, other financial statements, and the Reference Document for the General Meeting of Shareholders it will be posted on our website (<https://www.agora.jp>) after correction.
- We plan to mail this Notice of the Convocation of the 84th Ordinary General Meeting of Shareholders on March 9, 2022, but released it in advance to provide you with the information at an early stage.




Agora Hospitality Group website (<https://www.agora.jp>)



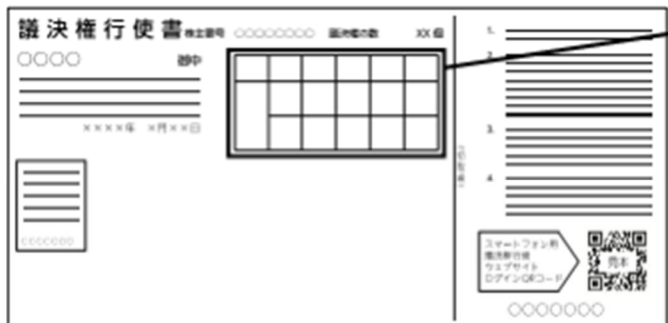
Guidance on Exercising Voting Rights

Voting rights at General Meetings of Shareholders are important rights of you as a shareholder. Please exercise your voting rights after reading and considering the details of the attached Reference Document for the General Meeting of Shareholders.

The following three ways to exercise your voting rights are available.

 <p>Attending the General Meeting of Shareholders</p> <p>Please present the enclosed Voting Rights Exercise Form at the reception desk upon your arrival.</p> <p>_____</p> <p>Date and time</p> <p>10:00 a.m., Tuesday, March 29, 2022 (Reception starts at 9:30 a.m.)</p>	 <p>Exercising voting rights in writing (by postal mail)</p> <p>Please indicate your approval or disapproval for the proposals on the enclosed Voting Rights Exercise Form and return it to us.</p> <p>_____</p> <p>Deadline</p> <p>Votes reaching us by 6:00 p.m. on Monday, March 28, 2022</p>	 <p>Exercising voting rights on the Internet</p> <p>Please follow the instructions on the next page and enter your approval or disapproval for the proposals.</p> <p>_____</p> <p>Deadline</p> <p>Entries completed by 6:00 p.m., Monday, March 28, 2022</p>
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Instructions on Filling the Voting Rights Exercise Form



※議決権行使書はイメージです。

こちらに議案の賛否をご記入ください。

第●号議案

- 全員賛成の場合 >> 「賛」の欄に○印
- 全員反対する場合 >> 「否」の欄に○印
- 一部の候補者を反対する場合 >> 「賛」の欄に○印をし、反対する候補者の番号をご記入ください。

第●号議案

- 賛成の場合 >> 「賛」の欄に○印
- 反対する場合 >> 「否」の欄に○印

If you have voted both in writing (by postal mail) and on the Internet, etc., your vote on the Internet, etc. will prevail. If you have voted multiple times on the Internet, etc., we will treat the last vote you cast as the effective one.

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Instructions on Exercising Voting Rights on the Internet

How to read a QR code "Smart Voting"

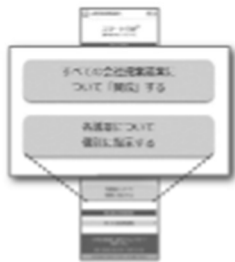
You can log into the voting website without entering a voting code and password.

- 1 議決権行使書用紙右下に記載のQRコードを読み取ってください。



※「QRコード」は株式会社デンソーウェブの登録商標です。

- 2 以降は画面の案内に従って賛否をご入力ください。



「スマート行使」での議決権行使は1回に限り可能です。
 議決権行使後に行使内容を変更する場合は、お手数ですがPC向けサイトへアクセスし、議決権行使書用紙に記載の「議決権行使コード」・「パスワード」を入力してログイン、再度議決権行使をお願いいたします。
 ※QRコードを再度読み取っていただくと、PC向けサイトへ遷移できます。

How to enter a voting code and password

Voting Website <https://www.web54.net>

- 1 議決権行使ウェブサイトアクセスしてください。



- 2 議決権行使書用紙に記載された「議決権行使コード」をご入力ください。



- 3 議決権行使書用紙に記載された「パスワード」をご入力ください。



- 4 以降は画面の案内に従って賛否をご入力ください。

※操作画面はイメージです。

Sumitomo Mitsui Trust Bank Securities Agency Web Support Dedicated
Dial

TEL: 0210-652-031 (toll-free)
(Reception time: 9:00-21:00)

Please contact us at the phone number on the right if you have a question about how to operate a PC or mobile phone

Institutional investors may use the electronic voting platform for institutional investors operated by ICJ, Inc.

Reference Documents for General Meeting of Shareholders

Bills and references

Item 1	Partial amendment of articles of incorporation
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1. Reason for proposal

Due to the "Act for Partial Amendment of the Industrial Competitiveness Enhancement Act, etc." that came into effect on June 16, 2021, a new "General Meeting of Shareholders with No Location" (so-called Virtual Only General Meeting of Shareholders) will be held. With the approval, Article 13, Paragraph 2 of the Articles of Incorporation of the Company will be added. It is reasonable for us to continue or continue to have an impact even at the time of the general meeting of shareholders due to the spread of infectious diseases such as the new coronavirus infection and natural disasters. We believe that there may be cases where it is expected. When the Board of Directors determines that it is not appropriate to hold a general meeting of shareholders with a fixed location due to the spread of infectious diseases or the occurrence of natural disasters, it is not appropriate for shareholders without a fixed location. We request that the Articles of Incorporation be changed as necessary so that the general meeting can be held. The effect of Article 13, Paragraph 2 of the Articles of Incorporation is that, in addition to the resolution at the Ordinary General Meeting of Shareholders, the General Meeting of Shareholders, whose location is not specified by the Company, will strengthen industrial competitiveness while giving consideration to securing the interests of shareholders. Regarding the fact that the requirements specified by the Ordinance of the Ministry of Economy, Trade and Industry and the Ordinance of the Ministry of Justice are met as a case that contributes to this, the confirmation is received on condition that the Minister of Economy, Trade and Industry and the Minister of Justice are confirmed in accordance with the Ordinance of the Ministry of Economy, Trade and Industry and the Ordinance of the Ministry of Justice. It shall occur on the same day.

Next, the revised provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the "Act for Partial Amendment of the Companies Act" (Act No. 70 of the First Year of the Ordinance) will come into effect on September 1, 2022. In order to prepare for the introduction of the electronic provision system of the Company, the Articles of Incorporation of the Company will be amended as follows.

- (1) Proposal for change Article 18, Paragraph 1 stipulates that electronic provision measures will be taken for the information contained in the reference documents for the general meeting of shareholders.
- (2) Proposal for change Article 18, Paragraph 2 provides provisions to limit the scope of matters to be stated in the document to be delivered to the shareholders who have requested the written delivery.
- (3) For providing reference documents for general meetings of shareholders as being deemed to be disclosed on the Internet are no longer necessary and will be deleted.
- (4) With the above-mentioned new establishment / deletion, supplementary provisions regarding the effective date, etc. will be established.

2. The contents of change

The changes are as follows:

(Underlined indicates the changed part.)

Current Articles of Incorporation	P r o p o s e d c h a n g e
Articles 1-12 (Articles omitted)	Articles 1-12 (as is)
Article 13 (convocation) The Ordinary General Meeting of Shareholders shall be convened within three months from the day following each business year, and the Extraordinary General Meeting of Shareholders shall be convened as needed. (Newly established)	Article 13 (convocation) The Ordinary General Meeting of Shareholders shall be convened within three months from the day following each business year, and the Extraordinary General Meeting of Shareholders shall be convened as needed. <u>2. When the Board of Directors decides that it is not appropriate to hold a general meeting of shareholders with a fixed location due to the spread of infectious diseases or the occurrence of a natural disaster, the Company will hold the general meeting of shareholders. It can be an unspecified general meeting of shareholders.</u>
Articles 14 to 17 (articles omitted)	Articles 14 to 17 (as is)

Article 18 (Provided as Internet disclosure of reference documents for general meetings of shareholders)
At the time of convening a general meeting of shareholders, the Company will disclose to shareholders information related to matters to be stated or displayed in the reference documents, business reports, financial statements, and consolidated financial statements of the general meeting of shareholders by using the Internet. It can be regarded as provided for.
(Newly established)

Article 19 -Article 36 (Article omitted)
(Newly established)

(Delete)

Article 18 (Electronic provision measures, etc.)
When convening a general meeting of shareholders, the Company shall include the reference documents for the general meeting of shareholders, etc.
Electronic provision measures shall be taken for the information that is contained.
2 Our company is stipulated by the Ordinance of the Ministry of Justice among the matters to be provided electronically. Write all or part of the thing by the record date of voting rights. It may not be stated in the document to be delivered to the shareholders who requested the face-to-face delivery.

Articles 19-36 (as is)

Supplementary provisions

1. Deletion and amendment of Article 18 of the current Articles of Incorporation, provided as Internet disclosure of reference documents for general meetings of shareholders, Article 18, electronic provision measures, etc., is a law that partially amends the Companies Act, REIWA 1st Year Former Law No. 70, It shall come into effect on September 1, 2022, hereinafter referred to as the "enforcement date".

2. Notwithstanding the provisions of the preceding paragraph, Article 18 of the current Articles of Incorporation shall still be effective for a general meeting of shareholders whose date is within six months from the date of enforcement.
At the time of convening a general meeting of shareholders, the Company will disclose to shareholders information related to matters to be stated or displayed in the reference documents, business reports, financial statements, and consolidated financial statements of the general meeting of shareholders by using the Internet. It can be regarded as provided for.

3. This Supplementary Provision shall be deleted after 6 months have passed from the enforcement date or 3 months have passed from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.

Item 2:

Election of Seven (7) Directors

The term of office of seven Directors (including three External Directors) will expire upon the conclusion of the ordinary general meeting of stockholders. The Company requests that its shareholders appoint the following persons as the succeeding Directors.

Elect and appoint the seven Directors (including three External Directors). The candidates for Directors are as follows:

Candidate	1	Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies
Gary Yan Kuen Kwok クオック・ ゲイリー・ ヤン・ クエン	2003 / 9	Asia Corporate Finance Group, Credit Suisse Investment Bank
	2007 / 5	Asia Corporate Finance Group, Bank of America Merrill Lynch Investment Bank
	2009 / 1	Asia General Industries Group, Bank of America Merrill Lynch Investment Bank
	2013 / 1	Director, Corporate Finance Group, Bank of America Merrill Lynch Investment Bank
	2015 / 9	Senior Director heading Gaming and Lodging Group, Bank of America Merrill Lynch Investment Bank
	2017 / 1	Co-founder and Executive Vice President of Sinokor Investment Corporation Limited
	2017 / 3	External Director, the Company
	2018 / 3	Representative Director of the Company (present post)
	2018 / 3	Representative Director, President & Chief Executive Officer, Agora Hospitalities Co., Ltd. (present post)
	2020 / 5	Representative Director, Agora Hotel Management Sakai Co. Ltd. (present post)
2020 / 5	Representative Director, Agora Hotel Management Osaka Co. Ltd. (present post)	

Reappointment

Birth dates

December 21, 1980

Number of the
Company's shares held
– Thousand shares

Reason for Appointment

The candidate, Mr. Gary Yan Kuen Kwok, assumed the position of External Director of the Company in March 2017 and has been responsible primarily for supervising the Company's business operations based on his extensive knowledge of the lodging business acquired through prior positions at financial institutions and excellent insight into global business. Since March 2018, he has been the Company's Representative Director, President & CEO and in charge of the Company. He makes decisions about management strategies and overall management operation and performs comprehensive supervision. The Company deems that he is capable of appropriately continuing his duties as Director and has made him a candidate for Director.

Candidate

2

Winnie
Wing
Kwan
Chiu

ウィニー・

チュウ

ウィン・

クワン

Reappointment

Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies

2002	/	6	Director of Malaysia Land Properties Sdn. Bhd. (present post)
2008	/	7	Non-Executive Director, Land and General Bhd.
2010	/	6	Executive Director, Dorsett Hospitality International
2011	/	11	President & Executive Director of Dorsett Hospitality International (present post)
2015	/	3	Director of Far East Global Asia Limited (present post)
2015	/	3	External Director, the Company
2019	/	3	Director, the Company (present post)
2019	/	6	Executive Director, Far East Consortium International Ltd.

Reason for Appointment

The candidate, Ms. Winnie Wing Kwan Chiu has global experience in the lodging business acquired as the president of Dorsett Hospitality International operating Dorsett hotels and extensive knowledge of the worldwide lodging business. She assumed the position of External Director of the Company in June 2015 and has been responsible primarily for the supervision of the Company's business operation. The Company expected that its synergy with her global network would allow it to expand the business and appointed her in March 2019 as a Director who would perform duties. Additionally, she has been providing appropriate opinions about the Company's growth strategies and business operation as chair of the Board of Directors since June 2015. The Company expects that she is capable of appropriately continuing her duties as Director and has made her a candidate for Director who would perform duties. Ms. Winnie Wing Kwan Chiu is a Director at Far East Global Asia Ltd., the principal shareholder of the Company.

Birth dates

April 24, 1980

Number of the
Company's shares held
– Thousand shares

Candidate

3

Masami
Egami

えがみ
まさみ

Reappointment

Birth dates

August 1, 1970

Number of the
Company's shares held

—Thousand shares

Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies

1990	/	3	Joined Hilton international (Osaka, Japan)
2005	/	7	Director of Sales & Marketing and Acting General Manager at InterContinental Hotels Group (Manama, Bahrain)
2008	/	4	Resident Manager, InterContinental Hotels Group (Yokohama, Japan)
2010	/	8	Hotel Manager at Kempinski Hotels (Amman Dead Sea, Jordan)
2012	/	8	General Manager at Kempinski Hotels (Aqaba, Jordan)
2014	/	8	General Manager at Kempinski Hotels (Victoria, Seychelles)
2019	/	11	Director of Agora Hospitalities Co, Ltd. (present post)
2020	/	3	Director, Agora Hospitality Group (present post)

Reason for Appointment

The candidate, Mr. Masami Egami started his career in the Hotel Business from the Food & Beverage section in 1990 and worked in Rooms Operations, Room Reservations, Sales and Marketing, Quality Management, and all other sections in the hotel business. He subsequently worked as a General Manager at Kempinski Hotels and built a career in hotel management spanning about 30 years. He has developed extensive work experience in 11 countries, including Japan, Europe, the Middle East, Africa, and Asia. The Company considered that his broad international perspective and rich experience would adequately qualify him as a decision-maker on its important management issues and as a supervisor in its business operation and appointed him as Director in March 2020. The Company deems that he is capable of appropriately continuing his duties as Director and has made him a candidate for Director.

Candidate

4

Hiroshi
Aso

あそ
ひろし

Reappointment

Birth dates

September 17, 1968

Number of the
Company's shares held

10Thousand shares

Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies

1993	/	4	Joined ITOCHU Corporation
1995	/	4	Tokyo Humania Enterprise Inc. (temporary transfer) Hotel Nikko Tokyo business preparation section
2002	/	4	Joined E-Ship K.K.
2005	/	1	Deputy CEO, Ten Key Advertising Co. (Shanghai)
2006	/	10	CEO & President, Xin Hua Net Japan K.K.
2007	/	12	Deputy CEO, Shanghai Tianji Advertising
2011	/	1	Director of Agora Hospitalities Co, Ltd. (present post)
2017	/	3	The Company, Director (present post)

Reason for Appointment

The candidate, Mr. Hiroshi Aso, joined ITOCHU Corporation, worked at the business preparation section of Hotel Nikko Tokyo and a trading company in China and other Asian regions, and has experience with business in China. He assumed the position of Director of the Company in March 2017 and has made decisions about the overall management of the Company and operating and overseeing new projects in the Company's core lodging business based on his extensive experience in trading and distribution businesses in Asia and profound international perspective. The Company deems that he is capable of appropriately continuing his duties as Director and has made him a candidate for Director.

Candidate **5**

**Takanori
Kitamura**
きたむら
たかのり

Reappointment

External and Independent

Birth dates
November 15, 1946
Number of the
Company's shares held
— Thousand shares

Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies

1972	/ 4	Joined the Ministry of Foreign Affairs (MOFA)
1989	/ 1	Chief of Research Planning Department, Economic Cooperation Bureau
1990	/ 12	Protocol Office, Minister's Secretariat, MOFA
1998	/ 7	Minister to China
2004	/ 4	Consulate General in Hong Kong
2006	/ 9	Ambassador to Greece
2010	/ 7	Retired from MOFA
2010	/ 8	Professor at the Chinese University of Hong Kong
2013	/ 3	External Director, the Company (present)
2015	/ 8	Visiting professor at the Chinese University of Hong Kong (present post)

Reason for appointment and outline of expected role

The candidate, Mr. Takanori Kitamura, was appointed as the External Director of the Company in March 2013. He is also registered as an independent director as stipulated by the Tokyo Stock Exchange. Mr. Kitamura has the following qualifications: (1) Based on his experience as a diplomat, he has analyzed geopolitical risks regarding the trends of overseas tourists who are easily influenced by international situations; (2) Analyzing the tastes of overseas tourists based on my experience as a consul general ambassador in Hong Kong and Greece, both of which are tourism-oriented regions; (3) Based on his experience as a diplomat, he provides advice on the execution of the Company's business based on his knowledge of external information transmission and public relations. He also supervises the execution of business from an independent standpoint. He has been nominated as a candidate for External Director of the Company, based on his wide range of experience as a diplomat and academician and his rich international perspective, and we believe that he will be able to appropriately carry out the supervisory function of the business execution system as an External Director of the Company. He satisfies the requirements for independence stipulated by the Tokyo Stock Exchange and will continue to be an independent director if elected as proposed.

Candidate **6**

**Clarence
Yean Kang
Wong**

クラレンス・
ウオン・カン・
イエン

Reappointment

External

Birth dates
December 3, 1970
Number of the
Company's shares held
— Thousand shares

Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies

2002	/ 12	Business Development Manager, Far East Consortium International Limited
2003	/ 3	Audit and Supervisory Committee Member, the Company
2005	/ 3	Retired from the position of Audit and Supervisory Committee Member of the Company
2005	/ 8	CFO, Parkson Retail Group Ltd.
2013	/ 8	CFO, Dorsett Hospitality International Limited
2015	/ 2	Company Secretary, Dorsett Hospitality International Limited
2015	/ 6	Audit and Supervisory Committee Member, the Company
2016	/ 1	COO (in charge of Southeast Asia and China) of Dorsett Hospitality International Limited (present post)
2017	/ 3	Retired from the position of Audit and Supervisory Committee Member of the Company
2017	/ 3	External Director, the Company (present)

Reason for appointment and outline of expected role

The candidate, Mr. Clarence Yean Kang Wong, assumed the position of Audit and Supervisory Committee Member of the Company in June 2015 and External Director in March 2017. As a COO of Dorsett Hospitality International Limited operating Dorsett hotels, he provides advice and supervises the Company's business operation from the perspective of a manager operating a global hotel chain. The Company considers him capable of continuing to appropriately oversee its operation as External Director and made him a candidate for External Director.

Candidate

7

Giovanni

Angelini

アンジェリーニ・

ジョバンニ

Reappointment

External and Independent

Birth dates

September 23, 1945

Number of the
Company's shares held

—Thousand shares

Brief personal history, positions and responsibilities in the Company and important concurrent positions in other companies

1999	/	6	CEO and Managing Director, Shangri-La Hotels and Resorts
2009	/	5	Chairman of Angelini Hospitality (present post)
2011	/	4	Vice Chairman, Dusit Fudu International Hotel Management (Shanghai) Co., Ltd. (present post)
2013	/	6	Independent External Director, New Century Real Estate Investment Trust (present post)
2014	/	3	Independent External Director, Dorsett Hospitality International Limited
2018	/	10	External Director, the Company (present)

Reason for appointment and outline of expected role

The candidate, Mr. Giovanni Angelini, assumed the position of an External Director of the Company in October 2018. He has been registered as an Independent Director specified by the Tokyo Stock Exchange and provides advice and supervises the Company's business management from an independent position. He has broad experience in global hotel business, including a former job as CEO of Shangri-La Hotels and Resorts, and thorough knowledge of the lodging business that is the Company's core business. Therefore, the Company deems him fully capable of continuing to fulfill his roles as an advisor and supervisor of its operations and made him a candidate for External Director. He meets the requirements for independence specified by the Tokyo Stock Exchange and, if elected as proposed, will be a new Independent Director.

- (Note) 1. The candidate, Ms. Winnie Wing Kwan Chiu, is Director of Far East Global Asia Limited, the Company's effective principal shareholder.
- (Note) 2. Other than the above, the candidates do not have a special interest in the Company.
- (Note) 3. Messrs. Takanori Kitamura, Clarence Yean Kang Wong, and Giovanni Angelini, are Candidates for External Director specified in item (vii), paragraph (3), Article 2 of the Ordinance for Enforcement of the Companies Act.
- (Note) 4. The term of office of the candidate, Mr. Takanori Kitamura, as External Director of the Company, will be nine (9) years upon the conclusion of the Ordinary General Meeting of Shareholders. The Company plans to designate him as Independent Director pursuant to the provisions of the Tokyo Stock Exchange.
- (Note) 5. The term of office of the candidate, Mr. Clarence Yean Kang Wong, as External Director of the Company will be five (5) years upon the conclusion of the Ordinary General Meeting of Shareholders. He assumed the office of the Company's Audit and Supervisory Committee Member in the past.
- (Note) 6. The term of office of the candidate, Mr. Giovanni Angelini, as External Director of the Company will be four (4) years and Six (6) months upon the conclusion of the Ordinary General Meeting of Shareholders. The Company plans to designate him as Independent Director pursuant to the provisions of the Tokyo Stock Exchange.
- (Note) 7. The Company has entered into contracts with Messrs. Takanori Kitamura, Clarence Yean Kang Wong, and Giovanni Angelini, to limit liability under Article 423, Paragraph 1 of the Companies Act. The amount of limitation of the liability for damages pursuant to this agreement will be the amount specified in laws and regulations. If the reappointment of each person is approved as an external Director as originally proposed, we will continue the contract to limit the liability under Article 423, Paragraph 1 of the Companies Act.
- (Note) 8. The candidates for the appointment of Directors at the Ordinary General Meeting of Shareholders have been selected by considering their knowledge and experience qualifying them for appropriately, fairly, and efficiently conduct business management, taking into account the provisions of the Companies Act, Financial Instruments and Exchange Act, and other relevant laws. The candidates were interviewed, screened, and selected by the Board of Directors.
- (Note) 9. Since December 2005, the Company has entered into liability insurance contracts for officers, etc., with the Company and its subsidiaries, as well as the directors and corporate auditors belonging to them, as insured. The insurance premium is fully borne by the company. Claims for damages caused by the insured's illegal acquisition of profits or facilities will not be covered by the above insurance contract. If the reappointment of each person is approved as an external Director as originally proposed, he / she will continue to be insured under the contract. In addition, we plan to update with the same content during the term of office.

Election of One (1) Sub Audit and Supervisory Board member

The Company requests that we appoint one (1) substitute external auditor in case the number of corporate auditors stipulated by law is insufficient. We request the appointment of candidate in this proposal is as substitutes for two (2) current External corporate auditors, “Shinji Endo” and “Boswell Wai Hung Cheung”, If the candidate appointed as an Audit and Supervisory Board member, the term of office will be until the expiration of the term of the other auditor, as stipulated in the Articles of Incorporation of the Company.

The consent of the Audit and Supervisory Board has been obtained for the submission of this proposal.

The Candidate for Supplementary Audit and Supervisory Board Members is as follows.

		Brief personal history, positions in the Company and important concurrent positions in other companies	
Candidate		2002 / 4	ORIX Corporation, Japan
		2005 / 7	CapitaLand Japan K.K. Tokyo, Japan Head of Asset management and Investment Dept., ACRJ Japan Rental Housing Fund
	Yoshinori	2013 / 7	CapitaLand Mall Japan K.K. Tokyo, Japan Head of Asset management and Investment Dept. 7/2013 – 3/2015
	Hirano	2015 / 3	Composition Capital Partners Asia Limited, Hong Kong Vice President, Investment Dept.
	ひらの よしのり	2017 / 2	Liaison Japan K.K., Japan Founder, the President and Representative Director (present)
Reappointment		2021 / 3	Substitute Audit & Supervisory Board Member of the Company (present)
External		Reason for Appointment	
Birth dates	December 3, 1977	Messrs. Yoshinori Hirano has gained experience in all areas of real estate transactions such as real estate appraisal, due diligence, and real estate transactions, and is also responsible for investment asset management at overseas real estate investment companies. He has cultivated a wealth of achievements and a rich international sense in real estate investment. After that, he established Liaison Japan Co., Ltd. and serves as the representative director. He is also a qualified real estate appraiser and has specialized knowledge of real estate valuation. Based on his abundant knowledge and professional viewpoint, we believe that he will be able to properly carry out his duties as an external corporate auditor.	
Number of the Company's shares held	– Thousand shares		

(Note) 1. Messrs. Yoshinori Hirano is the President and Representative Director of Liaison Japan Co., Ltd., and the Company has a business consignment contract with the company regarding the development and management of real estate.

(Note) 2. If Messrs. Yoshinori Hirano becomes the Company plans to sign an agreement with each of them to limit the liability for damages specified in Paragraph (1), Article 423 of the Companies Act. The amount of limitation of the liability for damages pursuant to this agreement will be the amount specified in laws and regulations.

(Note) 3. Since December 2005, the Company has entered into liability insurance contracts for officers, etc., with the Company and its subsidiaries, as well as the directors and corporate auditors belonging to them, as insured. The insurance premium is fully borne by the company. Claims for damages caused by the insured's illegal acquisition of profits or facilities will not be covered by the above insurance contract. After the reappointment of candidate Yoshinori Hirano as a substitute Audit & Supervisory Board Member is approved as originally proposed, if he becomes an Audit & Supervisory Board Member, he / she will be insured under the contract. The same content will be updated during the term of office.

That's all

Reference

If the resolution item No. 2 and No. 3 are approved and adopted, the status of officers will be as follows.

Male: 10 Female: 1 (Substitute Auditor: 1 Male)

Japanese: 6, non-Japanese: 5 (Substitute auditor: 1 Japanese)

Name	Title	Experience in service industry such as hospitality industry and professional management experience	Experience in overseas tourism administration, geopolitical knowledge, international business analysis of overseas tourists' tastes and trends based on the international situation	Specialized knowledge and ability in accounting and finance	Abundant international knowledge and experience	Real estate transactions
Mr. Gary Yan Kuen Kwok	Director	●	●	●	●	●
Ms. Winnie Wing Kwan Chiu	Director	●	●		●	●
Mr. Masami Egami	Director	●	●		●	
Mr. Hiroshi Aso	Director	●			●	
Mr. Takanori Kitamura	Director		●		●	
Mr. Clarence Yean Kang Wong	Director	●		●	●	●
Mr. Giovanni Angelini	Director	●	●		●	●
Mr. Juichiro Sugito	Auditor			●		
Mr. Shinji Endo	Auditor			●		
Mr. Boswell Waihan Cheung	Auditor			●	●	
Mr. Yoshinori Hirano	Substitut Auditor			●	●	●

(Attached document)

I. Business Report (From January 1, 2021 to December 31, 2021)

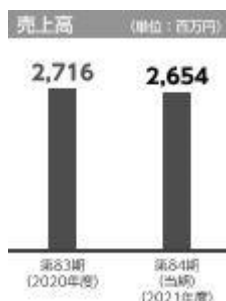
I Status of the Company

1. Business progress and results

Consolidated net sales for the Company in FY2021 were 3,357 million yen, up 1.2% year-on-year, slightly higher than the previous year. In the Hotel Business, the spread of the COVID-19 infection had a major impact on all hotel businesses, including guest rooms, restaurants, and banquets. As a result, Net sales in the Hotel Business were 2,654 million yen down 2.3% year-on-year. In the other investment business, Net sales in 2021 increased by 103 million yen to 702 million yen, up 17.2% year-on-year. The steady sales of the Malaysian Memorial Park business contributed to the increase in consolidated sales of the Company. In addition, The Company is making efforts to reduce costs overall, and as a result, the operating loss improved slightly to 1,367-million-yen, operating loss of 1,371 million yen in the same period of the previous year. As for non-operating income, equity in earnings of affiliates of 106-million-yen, foreign exchange gains of 57 million yen, etc. were recorded, but due to the fact that the consumption tax refund recorded in the previous fiscal year did not occur in FY2021 and the increase in amortization of opening costs related to Agora Tokyo Ginza, etc., as a result, ordinary loss was 1,351-million-yen, ordinary loss of 1,354 million yen in the previous fiscal year. Next, as an extraordinary loss, the loss due to the COVID-19 infection decreased significantly was 190 million yen in FY2021, the same as the previous year was 349 million yen in the previous fiscal year. The gain on sales of fixed assets recorded in the previous fiscal year did not occur in the current fiscal year, and the net loss attributable to owners of the parent company was 1,683 million yen, the same as the previous year was 1,194 million yen, due to the recording of corporate tax adjustments.

Item	83rd (December 2020) Amount (million yen)	84th (December 2021) Amount (million yen)	Year-on-Year Rate of change
Net sales	3,316	3,357	1.2 % increase
Operating loss (—)	— 1,371	— 1,367	-
Ordinary loss (—)	— 1,354	— 1,351	-
Net loss attributable to owners of the parent (—)	— 1,194	— 1,683	-

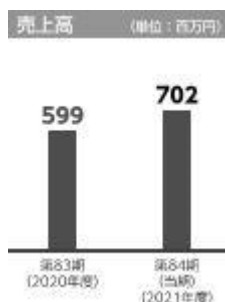
The sales status of the corporate group by business category is as follows.
Hotel Business division



Hotel Business

In the Hotel Business Division, Agora Tokyo Ginza was opened in April 2021, and all Hotels are open as of the end of 2021, even though some Hotels were closed at the end of 2020. However, the Hotel Business as a whole was still affected by the spread of the COVID-19 infection, and sales decreased by 62 million yen from the previous fiscal year to 2,654 million yen, down 2.3% from the previous fiscal year. However, during the fourth quarter of the current consolidated fiscal year, the number of hotel users increased, and the sales of Hotel Agora Regency Osaka Sakai increased by 15 million yen to 406 million yen, up 4.0% from the same quarter of the previous year. Agora Hotel Osaka Moriguchi's sales increased by 27 million yen to 224 million yen, up 13.7% from the same quarter of the previous year, and sales of the Hotel Business as a whole increased by 130 million yen to 903 million yen, the same quarter of the previous year. The overall Hotel Business showed a recovery trend toward the latter half of 2021, and although it cannot be predicted in the future, the effects of the COVID-19 infection are showing signs of bottoming out. In addition, as our efforts to completely review operating costs, an increase of 7 million yen increased to an operating loss of 1,130-million-yen, operating loss of 1,138-million-yen in the previous fiscal year, a slight improvement. In addition, as an extraordinary loss, the loss due to the new coronavirus infection decreased significantly to 190 million yen, the same as the previous year was 349 million yen in the previous year. As a result, the net Hotel Business sales for the whole year were almost flat. However, the contribution of cost reduction in operation was recognized.

Other investment business division



In the Other Investment Business Division, net sales for the current consolidated fiscal year increased by 103 million yen to 702 million yen, up 17.2% from the previous year, but operating income decreased to 62 million yen, down 18.5% from the previous year. This was due to the sale of real estate for lease in July 2020, which resulted in a decrease in sales of 103 million yen in the housing and other real estate development business to 26 million yen, down 79.5% from the previous fiscal year and operating income of 4 million yen, down 92.1% from the previous fiscal year, while in the Malaysia In the Memorial Park business, net sales increased significantly to 676 million yen, up 43.9% from the previous year, and its operating income was 113 million yen, up 158.3% from the previous year, which compensated for the decrease in income from the sale of rental real estate. In the Memorial Park business, although there was a pandemic of the COVID-19 infection, the volume of new orders was stable and deliveries increased. The securities investment business posted an operating loss of 54 million yen.

Dividends for the current consolidated fiscal year will not be paid in consideration of the enhancement of internal reserves necessary for future aggressive business development in the Hotel Business, which is the core business of the Group. We ask for the understanding of our shareholders.

2. Capital investment

The company assume potential inbound demand as a growth opportunity and has made capital investments of 148 million yen, mainly in the Hotel Business.

In the Hotel Business, the Group made a capital investment of 147 million yen in the construction of hotels and other facilities.

In the other investment business, we made a capital investment of 1 million yen, mainly in the cemetery business.

3. Financing

During the consolidated fiscal year under review, the Company used cash on hand and borrowing from financial institutions.

4. Transfers, absorption-type splits or incorporation-type splits of business

There is nothing significant to be noted.

5. Acceptance of business

There is nothing significant to be noted.

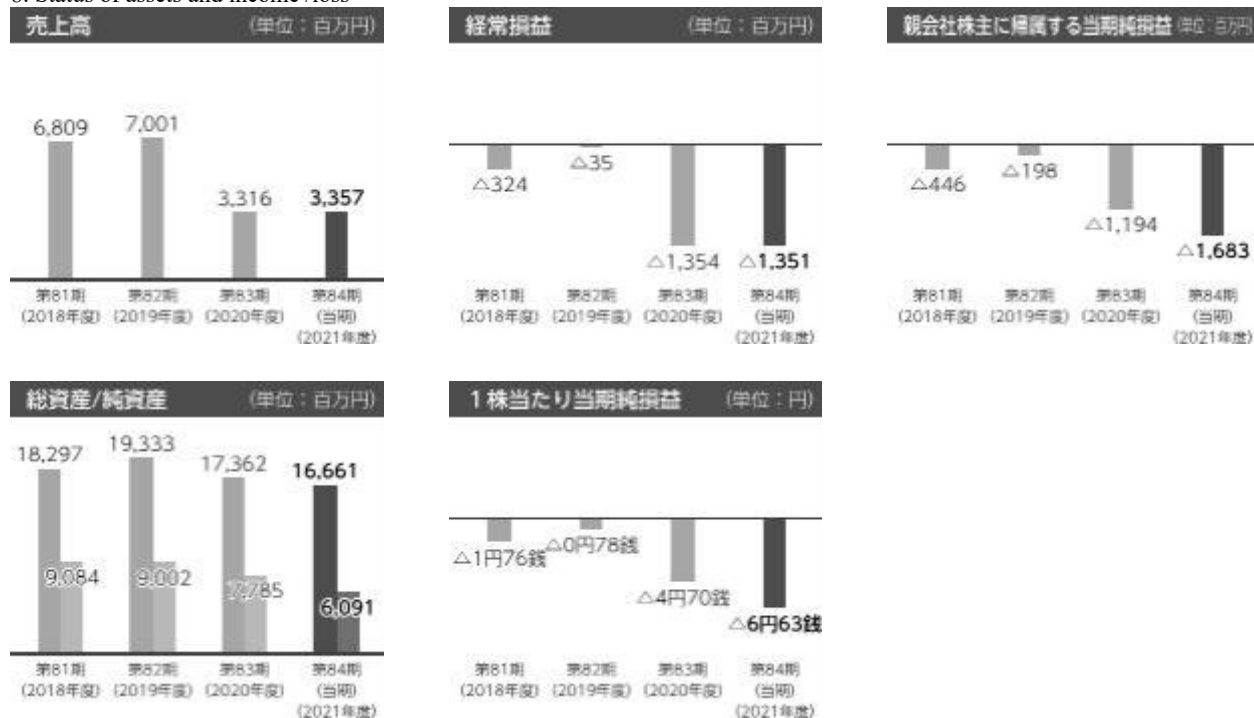
6. Succession of rights and obligations regarding the business of other corporations due to an absorption-type merger (including a merger with a party other than Japanese companies (limited to a merger in which the Company will continue to exist after the merger)) or an absorption-type split

There is nothing significant to be noted.

7. Acquisition or disposal of equity interests (including shares) or share acquisition rights of other companies.

There is nothing significant to be noted.

8. Status of assets and income /loss



Item		2018 81st Fiscal Year	2019 82nd Fiscal Year	2020 83rd Fiscal Year	2021 84th Fiscal Year (Fiscal year under review)
Net sales	(Million yen)	6,809	7,001	3,316	3,357
Ordinary loss (－)	(Million yen)	－ 324	－ 35	－ 1,354	－ 1,351
Net loss (－) attributable to owners of the parent	(Million yen)	－ 446	－ 198	－ 1,194	－ 1,683
Earnings per share Net loss per share	(yen)	－ 1.76	－ 0.78	－ 4.70	－ 6.63
Total assets	(Million yen)	18,297	19,333	17,362	16,661
Net assets	(Million yen)	9,084	9,002	7,785	6,091

9. Issues to be addressed

Since the start of the new coronavirus epidemic in March 2020, we have found every opportunity to increase sales in our Hotel Business by winning orders from sports groups and finding business demand. Since the start of the new coronavirus epidemic in March 2020, we have taken every opportunity to increase our revenue by getting orders from sports groups and tapping into business demand. We are still in the midst of the largest pandemic in our history, and we will continue to manage our costs as tightly as we did in 2021 and run the company in the most efficient way. But in 2022, it is time to stop talking about these words and start thinking positively. In 2022, it is time to stop talking about “new coronavirus epidemic”, thinking positively. The vaccination rate for the new coronavirus infection in Japan has reached about 80%, and although there was a state of emergency declared in the second half of 2021, compared to the same period of the previous year, business activities have resumed, domestic travel is already on the way to recovery, and customers are returning to the opportunity to enjoy restaurants and other places with peace of mind. We believe that domestic demand will continue to recover and human flow will increase in fiscal 2022. We will continue to monitor such changes in market demand and strive to improve our room rates by providing quality and services that differentiate us from our competitors. However, in order for the business environment to return to its previous state, it is necessary to quickly return to a situation where overseas travelers can travel without restrictions. Although we cannot be too sure of the future due to the spread of new coronavirus strains and other factors, we believe that the potential demand for visiting Japan is high and will soon recover as governments resume overseas travel and resume travel campaigns to Japan. We assume such potential inbound demand as a growth opportunity, and we have been aggressively expanding our business in the Hotel Business by developing accommodation facilities planned from contraction in areas where we expect to attract foreign tourists. In the midst of the pandemic, we decided to open three new hotels, Agora Tokyo Ginza, Agora Kyoto Karasuma, and Agora Kyoto Shijo, in order to increase our brand awareness in the market and further promote our vision. Despite the pandemic, we successfully opened three new hotels: Agora Tokyo Ginza, Agora Kyoto Karasuma, and Agora Kyoto Shijo. We are confident that our performance after the new coronavirus epidemic will exceed the before FY2019, and as a result, we will be able to create more corporate value, share price and market capitalization.

Secondly, we believe that expanding our human resources and investing in them is essential and that this pandemic situation is a good opportunity for us to further improve the quality and efficiency of our internal operations. In all situations, we must always strive for excellence. What really distinguishes excellence from mediocrity is the ability to achieve the best possible results in any situation. I am convinced that we can achieve excellence and become an even stronger company through the teamwork and commitment of our employees to do their best in their work. In the Hotel Business, people are the most important factor for success. We will focus on cultivating human resources who have a global perspective and knowledge, but who also have a warm heart and can provide home-like hotel services of high quality. We will build an organization and structure that will support the development of such human resources, and we will also enhance our training system to achieve continuous human resource development and career advancement. Over the next 12 months, we have major plans to upgrade every aspect of our company, including sales, marketing, branding, IT, operations, customer satisfaction, administration, and finance, all with the constant goal of delivering better results and making our company the most efficient it can be to provide the best experience for our customers. We will consistently aim to make our company the most efficient company so that we can provide the best experience to our customers. We will develop human resources who will be responsible for the Hotel Business in the next generation and strive to consolidate and streamline operational tasks by curbing long working hours. We will also improve communication so that the voices of our employees can be effectively conveyed to management. These initiatives for employees are also relate to the SDGs activities that are being discussed these days, and providing fair educational opportunities is an important theme that the company should address, and we will actively work on it.

In the other investment business, we will continue to control possible risks in the Memorial Park business in Malaysia by maintaining close communication with the local community and strive to contribute to the improvement of business performance. Finally, I would like to reiterate that 2022 is a year to look forward to the future with a positive outlook, without being bound by the past. By working together as a company and continuing to make constant efforts, I am confident that we will be a better and stronger company after we emerge from the effects of the new coronavirus.

10. Status of the parent company and significant subsidiaries

(1) Relationship with the parent company

There is nothing significant to be noted.

(2) Status of important subsidiaries and affiliated companies

(Subsidiary)

Company Name	Capital or investment	Investment ratio	Major business
Agora Hospitalities Co., Ltd.	57,496 thousand yen	100.0%	Hotel Business in Japan
Agora Hotel Management Osaka Co., Ltd.	4,800 thousand yen	100.0%	Hotel Business in Japan

Agora Hotel Management Sakai Co., Ltd.	0	thousand yen	100.0%	Hotel Business in Japan
Namba Hotel Operations Co., Ltd.	30,100	thousand yen	100.0%	Hotel Business in Japan
Galaxy GK	100	thousand yen	100.0% (100.0%)	Hotel Business in Japan
Bata International, Inc.	199	USD	49.7% [50.3%]	Real estate development business such as housing in Australia
Rawan Memorial Park	1,000	Thousand Malaysian Ringgit	92.7% [7.3%]	Memorial Park business in Malaysia

(Note) Following the sale of real estate for lease held by the Group on July 31, 2020, Minami-Azabu 21 GK and Toranomon GK were liquidated on March 18, 2021, and Kamiyacho General Incorporated Association was liquidated on June 1, 2021. As a result, Minami Azabu 21 GK and Toranomon GK were liquidated on March 18, 2021, and Kamiyacho General Incorporated Association on June 1, 2021.

(Affiliates)

Company Name	Capital or investment	Investment ratio	Major business
Hidden Valley Australia	2 Australian dollar	50.0% (50.0%)	Real estate development business such as housing in Australia

(Note) In the investment ratio column, numbers in () show indirect investment, and those in [] show the investment ratio of persons in a close relationship, etc.

11. Major business contents (as of December 31, 2021)

Hotel Business and other investment business

12. Major lenders (as of December 31, 2021)

Lender	Balance of loans
Tokyo Star Bank, Ltd.	4,161 million yen
Kansai Mirai Bank, Ltd.	1,139 million yen
United Overseas Bank Limited	930 million yen
Resona Bank, Limited	350 million yen

13. Employee status (as of December 31, 2021)

Segment	Hotel Business	Other investment business	Corporate (Common)	Total
number of employees	455 persons	34 persons	10 persons	499 persons

(Note) 1. The number of employees indicates the number of personnel.

(Note) 2. The number of employees under “Corporate (Common)” indicates the number of employees who engage in duties of more than one segment or management divisions, etc. that cannot be categorized into specific business segments.

14. Major offices (as of December 31, 2021)

Name	Location
Head office	Tokyo
Hotel Agora Osaka Moriguchi	Osaka prefecture
Hotel Agora Regency Osaka Sakai	Osaka prefecture
Agora Place Osaka Namba	Osaka prefecture
Agora Kanazawa	Ishikawa Prefecture
Hidden Valley	Australia
Rawan Memorial Park	Malaysia

15. Other important matters regarding the current state of the corporate group

The Company has been affected by the rapid and significant decrease in demand for hotel business due to the spread of the new coronavirus infection and the resulting nationwide declaration of a state of emergency, and as a result has recorded an operating loss. However, The Company has secured working capital for the time being by selling real estate for lease on July 31, 2020 and borrowing working capital from financial institutions, and as of the end of the current

fiscal year, The Company has determined that there is no significant uncertainty regarding the premise of a going concern. As of the end of the current fiscal year, we have determined that there is no significant uncertainty regarding the premise of the Company as a going concern, and therefore have not included it in the "Notes on premise of a going concern" in the consolidated financial statements and non-consolidated financial statements.

II Matters Regarding Shares (as of December 31, 2021)

- 1) Total number of authorized shares 1,200,000,000 shares
- 2) Total number of issued shares 281,708,934 shares
Including 27,764,544 shares of treasury stock
- 3) Total number of shareholders at the end of the fiscal year 15,425 persons

4) Status of the top 10 shareholders

Shareholder name	Number of shares held Unit: Thousand shares	Holding ratio %
Credit Swiss AG Hong Kong Trust Account First Global Asia Account Two	83,095	32.72
UBS AG Singapore	40,000	15.75
Far East Global Asia Co., Ltd.	29,000	11.42
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,839	4.66
DBS Bank Limited 700104	3,001	1.18
Takayuki Kawana	2,080	0.82
Custody Bank of Japan, Ltd. (Trust)	1,726	0.68
Interactive Brokers LLC	1,358	0.53
493611 BBH DBS Bank Hong Kong Limited Account 005 Non-US	1,317	0.52
Shuji Narizawa	1,200	0.47

(Note) 1. Less than 1,000 shares are rounded down.

(Note) 2. The Company holds 27,764,544 shares of treasury stock, but is excluded from the above major shareholders.

(Note) 3. The holding ratio is calculated after deducting treasury stock.

5) Other important matters regarding stocks, Acquisition, disposal, etc. of treasury stock, during the current period and holding at the end of the current period

- (1) Acquired shares
- | | |
|------------------|----------------|
| Stock type | Ordinary stock |
| Number of shares | - shares |
- (2) Disposal shares
- | | |
|------------------|----------------|
| Stock type | Ordinary stock |
| Number of shares | - shares |
- (3) Shares held
- | | |
|------------------|-------------------|
| Stock type | Ordinary stock |
| Number of shares | 27,764,544 shares |

III. Matters regarding the Company's share acquisition rights

- 1) Outline of the contents of share acquisition rights held by Company officers on the last day of the fiscal year granted as consideration for performance of duties

(As of December 31, 2021)

Items	9th Stock Acquisition Rights	
Issuance resolution date	Annual General Meeting of Shareholders Held on March 26, 2019	
No. of holders and No. of stock acquisition rights	8 persons	181,600 pieces
Directors (excluding External Directors)	3 persons	175,000 pieces
External Director of the Company	3 persons	5,000 pieces
Corporate Auditor	2 persons	1,600 pieces
Types of shares subject to stock acquisition rights	Ordinal stock	
Number of shares subject to stock acquisition rights	18,160,000 shares	
Payment amount of stock acquisition rights	Free of charge	
Number of shares per stock acquisition right	100	
Total amount of assets invested when exercising stock acquisition rights	JPY 653,760,000 -	
Stock acquisition rights exercise period	<p>From May 30, 2020 to April 30, 2025</p> <p>(1) The entire allotment of the stock acquisition rights may not be exercised prior to the date on which one (1) year has passed from the date of issuance.</p> <p>(2) 33.0% of the allotment of the stock acquisition rights may be exercised from the date on which one (1) year has passed from the date of issuance to the date of two years after the allotment date (if a fraction less than one unit arises in the number of exercisable stock acquisition rights, such fraction shall be discarded).</p> <p>(3) From date of issuance two years after the date of allotment to the day before date of issuance three years after the date of allotment, 66% of the stock acquisition rights allocated, however, if any part of the stock acquisition rights have been exercised by the anniversary date two years after the date of allotment, the total of the exercised stock acquisition rights shall not exceed 66% of the allotted stock acquisition rights, exercise of stock acquisition rights. Fractions of less than one (1) share subscription right that become exercisable shall be discarded.</p> <p>(4) From date of issuance 3 years after the allotment date to date of issuance 5 years after the allotment date, all of the allotted stock acquisition rights may be exercised.</p>	

Conditions of exercise	<p>(1) The Target Company must be a director, corporate auditor, employee, or other equivalent position of the Company or its subsidiaries at the time of exercising stock acquisition rights.</p> <p>(2) Even if the Target Company loses the status of (1) above, the stock acquisition rights shall be approved by the Board of Directors, except in the case of dismissal, disciplinary dismissal, dismissal of reminders, resignation or retirement for personal reasons. Exercise can be permitted.</p> <p>(3) If the subject dies, the heir will not be allowed to inherit the stock acquisition rights.</p> <p>(4) Pledge of stock acquisition rights and other dispositions are not permitted.</p> <p>(5) Other conditions for exercising shall be as set forth in the stock acquisition rights grant agreement concluded between the Company and the stock acquisition rights holder based on the general meeting of shareholders and the resolution of the Board of Directors.</p>
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- 2) Status of stock acquisition rights issued to employees, etc. as compensation for the execution of their duties during the fiscal year under review
Not applicable

IV Matters Regarding Company Officers (As of December 31, 2021)

1) Names, responsibilities and significant concurrent positions of directors and Audit & Supervisory Board Members

Positions and responsibilities	Name	Significant concurrent positions
President and CEO	Gary Yan Kuen Kwok	President of Agora Hospitalities Co., Ltd., Representative Director of Agora Hotel Management Sakai Co., Ltd., Representative Director of Agora Hotel Management Osaka Co., Ltd., Co-founder and Executive Vice President of Sinokor Investment Corporation
Director	Winnie Wing Kwan Chiu	Director of Far East Global Asia, Director of Malaysia Land Properties Sdn. Bhd, President of Dorset Hospitality International, Executive Director of Far East Consortium International
Director	Masami Egami	Director of Agora Hospitalities Co., Ltd.
Director	Hiroshi Aso	Director of Agora Hospitalities Co., Ltd.
Director	Takanori Kitamura	Visiting Professor, Chinese University of Hong Kong
Director	Clarence Yean Kang Wong	Chief Operating Officer, Southeast Asia & China
Director	Angelini Giovanni	Chairman, Angelini Hospitality, Director, Dusit Fudu International Hotel Management, Shanghai-China, Council Member, HKMA, Hong Kong, Advisory Board, OTT Properties, Toronto-Canada, Professor of Practice, School of Hotel and Tourism Management, Polytechnic University, Hong Kong, Adjunct Associate Professor, School of Hotel and Tourism Management, the Chinese University of Hong Kong.
Full-time auditor	Juichiro Sugito	—
Auditor	Shinji Endo	Shinji Endo Tax Accountant Office
Auditor	Boswell Wai Hung Cheung	Far East Consortium International CFO and Company Secretary

(Note) 1. Directors Takanori Kitamura, Clarence Yean Kang Wong and Angelini Giovanni are outside director as prescribed in Article 2, Item 15 of the Companies Act

(Note) 2. Audit & Supervisory Board Members Shinji Endo and Boswell Wai Hung Cheung are outside audit & supervisory board members as prescribed in Article 2, Item 16 of the Companies Act.

(Note) 3. Mr. Juichiro Sugito, Full-time Audit & Supervisory Board Member, has served as General Manager of the Finance and Accounting Department of the Company for many years and has considerable knowledge of finance and accounting. In addition, Mr. Shinji Endo has the specialized knowledge and experience cultivated as a Tax Accountant, and Mr. Boswell Wai Hung Cheung is a Certified Public Accountant. They have considerable knowledge related to finance and accounting.

(Note) 4. The Company has designated Takanori Kitamura, Director Angelini Giovanni, and Shinji Endo, Audit & Supervisory Board Members, as independent officers based on the provisions of the Tokyo Stock Exchange, and has notified the Tokyo Stock Exchange.

2. Outline of the contents of the liability limitation contract

Outside Directors Takanori Kitamura, Clarence Yean Kang Wong and Angelini Giovanni, Audit & Supervisory Board Members Juichiro Sugito, Shinji Endo and Boswell Wai Hung Cheung are liable for damages under Article 423, Paragraph 1 of the Companies Act. We have concluded a contract to limit the number of damages, and the maximum number of damages based on the contract is the amount stipulated by law for each person.

3. Total amount of remuneration for directors and Audit & Supervisory Board Members

(1) Policy, etc. for determining the details of remuneration, etc. for Board Members

The Company has resolved at the Board of Directors a decision policy regarding the content of individual remuneration for directors.

In addition, the Board of Directors shall determine the method of determining the content of remuneration, etc. and the determined remuneration, etc. for individual remuneration, etc. of directors for the current fiscal year.

The company judge that the content of is consistent with the decision policy and is in line with the decision policy.

The content of the decision policy regarding the content of individual remuneration for directors is as follows.

1. Basic policy

The remuneration of our directors is the level of the external market for executive remuneration and the responsibility and category of business execution of each director when determining individual remuneration.

The type and amount of remuneration are determined in consideration of the minimum amount of executive compensation according to the burden of surrounding and management monitoring.

2. Policy on the amount of individual remuneration, etc. of basic remuneration, monetary remuneration, including policy on determining conditions until the time when remuneration, etc. is given nothing.

The remuneration of our directors is a fixed monthly remuneration, and according to the position, responsibilities, and years of office, the level of other companies, our business performance, and employee salary water. The decision will be made by comprehensively considering the quasi.

3. Policy on non-monetary compensation, etc.

Our company has traditionally aimed to increase the motivation to improve business performance and increase corporate value, and to match it with the common interests of shareholders.

Therefore, stock options are granted to the directors and Audit & Supervisory Board Members of the Company at certain times. To give

The number of options is the responsibility and scope of each director's business execution within the range of the maximum amount of remuneration approved at the general meeting of shareholders.

It is decided according to the burden of management monitoring. For those who have been granted the grant, the highest medium- to long-term shareholder value and corporate value

We give appropriate motivation to increase the size and recognize that we are in a position to take responsibility for stock prices.

4. Decision policy regarding the ratio of each type of remuneration, etc.

The ratio of each type of remuneration, etc. in 2021 for directors (excluding outside directors) shall be approximately 7:3 (basic remuneration: non-monetary remuneration, etc.). The ratio of each type of remuneration, etc. in fiscal 2022 and thereafter shall be determined at the time of election of Directors, taking into account the Company's business performance and the amount of non-monetary remuneration, etc. and in a comprehensive manner.

5. Matters related to the determination of the content of individual remuneration, etc. for directors

The amount of basic remuneration for each individual director is delegated to the representative director for determination of specific details based on the resolution of the Board of Directors, within the limit of the amount of remuneration approved at the General Meeting of Shareholders. At a meeting of the Board of Directors held on March 30, 2021, the Company resolved to delegate to the Representative Director the authority to determine the amount of remuneration for each Director. The content of this authority is the amount of basic remuneration for each director within the limit of the amount of remuneration approved by the resolution of the General Meeting of Shareholders. The reason for delegating these authorities is that the Company has determined that representative directors are best suited to fairly evaluate the degree of workload of each director

(2) Total amount of remuneration, etc. for the current fiscal year

Item	Payment personnel of BOD members	Basic remuneration	Performance-linked remuneration, etc.	Non-monetary remuneration	Total amount of remuneration
Directors (External directors)	6 persons	40,683 thousand yen	-	17,411 thousand yen	58,095 thousand yen
	(3 persons)	(1,910) thousand yen	(-)	(483 thousand yen)	(2,393 thousand yen)
Audit & Supervisory Board Members (External auditors)	3 persons	6,335 thousand yen	-	154 thousand yen	6,490 thousand yen
	(2 persons)	(1,214) thousand yen	(-)	(77 thousand yen)	(1,291 thousand yen)
Total (External officers)	10 persons	47,019 thousand yen	-	17,565 thousand yen	64,585 thousand yen
	(5 persons)	(3,124) thousand yen	(-)	(561 thousand yen)	(3,685 thousand yen)

(Note) 1. As of the end of the current fiscal year, there are 7 directors and 3 Audit & Supervisory Board Members. There are two directors who have no basic remuneration. These two people. He is a director who also serves as an officer of a subsidiary and receives compensation from the subsidiary as an officer. In addition, two directors who do not receive the basic remuneration. One person receives non-monetary compensation.

(Note) 2. The content of non-monetary remuneration, etc. is the shares of the Company, and the conditions for allotment are as described in "3. Policy on non-monetary remuneration, etc." In addition, this business year The status of grants is described in "III.2. Status of stock acquisition rights delivered to employees, etc. as consideration for the execution of duties during the current fiscal year."

(Note) 3. The amount of monetary compensation for directors is within 120 million yen per year at the 79th Ordinary General Meeting of Shareholders held on March 29, 2017 (of which 60 million yen per year for outside directors).(Within) (not including salary for employees of directors who also serve as employees). The number of directors at the end of the general meeting of shareholders is nine. Devil. In addition, at the 81st Ordinary General Meeting of Shareholders held on March 29, 2019, the upper limit of stock options to be granted as compensation separately from monetary compensation was set. We have resolved to have no more than 27,763,700 shares. The number of directors at the end of the general meeting of shareholders is eight.

(Note) 4. At the 79th Ordinary General Meeting of Shareholders held on March 29, 2017, the amount of monetary compensation for Audit & Supervisory Board Members was resolved to be within 18 million yen per year. The general meeting of shareholders. At the end of the general meeting, the number of Audit & Supervisory Board Members is three. At the 81st Ordinary General Meeting of Shareholders held on March 29, 2019, remuneration will be given separately from monetary remuneration. We have resolved to limit the stock options to 27,763,700 shares. The number of directors at the end of the general meeting of shareholders is three.

4. Summary of the contents of the Directors and Officers Liability Insurance Policy

The Company has entered into a liability insurance contract for directors and Audit & Supervisory Board Members with the Company, its subsidiaries, and their directors and Audit & Supervisory Board Members as insureds since December 2005. The premiums are fully paid by the Company. The insurance premiums are fully paid by the Company. The Company pays all insurance premiums. The above insurance policy does not cover claims for damages arising from the insured's illegally obtained benefits or favors. The insurance policy is scheduled to be renewed during the term of office with the same contents.

5. Matters concerning outside officers

(1) Important concurrent positions of outside officers

Positions and responsibilities	Name	Significant concurrent status
Director	Takanori Kitamura	Visiting Professor, Chinese University of Hong Kong
Director	Clarence Yean Kang Wong	Dorset Hospitality International COO (Southeast Asia / China)
Director	Angelini Giovanni	Chairman, Angelini Hospitality, Director, Dusit Fudu International Hotel Management, Shanghai-China, Council Member, HKMA, Hong Kong, Advisory Board, OTT Properties, Toronto-Canada, Professor of Practice, School of Hotel and Tourism Management, Polytechnic University, Hong Kong, Adjunct Associate Professor, School of Hotel and Tourism Management, the Chinese University of Hong Kong.
Auditor	Shinji Endo	Shinji Endo Tax Accountant Office
Auditor	Boswell Wai Hung Cheung	Far East Consortium International CFO and Company Secretary

(Note) There is no special interest between the Company and other corporations, etc., for which outside officers concurrently serve.(2) Main activity status of outside officers

Positions and responsibilities	Name	Summary of duties performed in relation to the role expected to be fulfilled.
--------------------------------	------	---

Director	Takanori Kitamura	He attended the Board of Directors meetings held five times out of seven times in the current fiscal year, and based on his abundant experience in international affairs as a diplomat, not only at the Board of Directors meeting, he gave useful opinions on the management of the Company.
Director	Clarence Yean Kang Wong	He attended the Board of Directors meetings held six times in the current fiscal year, and has a wealth of insight into the hotel business, which is the core business of the Company, and has useful opinions on the management of the Company from the perspective of a corporate manager. In addition, he gives useful opinions not only at the meeting of the Board of Directors but also about strengthening the legal compliance system and internal control system.
Director	Angelini Giovanni	He attended the Board of Directors meetings held in the current fiscal year six times out of seven times, and made appropriate remarks based on his abundant experience in the hotel business over many years and his knowledge and experience as a manager. In addition, he gives useful opinions not only at the board of directors but also about the hotel business, which is the core business of the Company.

Positions and responsibilities	Name	Main activity status
Auditor	Shinji Endo	He attended the all of Seven times Board of Directors meetings held and the all of ten times Audit & Supervisory Board meetings in the current fiscal year, and expressed useful opinions on the management of the Company from a professional perspective as a tax accountant. We are here. In addition, he gives useful opinions not only at the meeting of the Board of Directors but also about strengthening the legal compliance system and internal control system.
Auditor	Boswell Wai Hung Cheung	He attended the Board of Directors meetings held five times out of seven times and the Audit & Supervisory Board meetings six times out of Ten times during the current fiscal year. I have a useful opinion about.

(3) Total amount of remuneration for outside officers

Item	Number of people	Amount of remuneration, etc.
Total amount of remuneration for external officers	5 persons	3,685 thousand yen

V Matters Regarding Accounting Auditors

1. Name of Accounting Auditor
Avantia GP

2. Remuneration, etc. for Accounting Auditor

- | | |
|--|---------------------|
| (1) Remuneration, etc. for Accounting Auditor with respect to the fiscal year under review | 28,000 thousand yen |
| (2) Total amount of money and other property benefits to be paid by the Company and its subsidiaries | 28,800 thousand yen |

(Note) 1. Due to the fact that amounts of audit fees, etc. for audit services under the Companies Act and those of audit services under the Financial Instruments and Exchange Act are not clearly distinguished in the audit agreement between the Company and Accounting Auditors, and the fact that it is not practically possible to categorize them, remunerations, etc. above indicate aggregated amounts of said fees for the fiscal year under review.

(Note) 2. Pursuant to the “Practical Guidelines for Cooperation with Accounting Auditors” published by the Japan Audit & Supervisory Board Members Association, Audit & Supervisory Board of the Company reviewed the fairness of the audit hours and remuneration, etc. for Accounting Auditors for the fiscal year under review, upon having confirmed audit hours by audit item, changes in audit fees and the status of audit plans and actual results in the past fiscal years. Accordingly, the Company has obtained the consent of the Audit & Supervisory Board Members with respect to remuneration, etc. for Accounting Auditors as prescribed in Article 399, Paragraph 1 of the Companies Act.

3. Details of non-audit services

Not applicable.

4. Policy on decision to dismiss or not to re-appoint an Accounting Auditor

Audit & Supervisory Board shall determine the content of a proposal for the dismissal or non-reappointment of an Accounting Auditor to be submitted to a general meeting of shareholders if the Board judges it necessary to do so or in any other cases where there is difficulty in the execution of duties by an Accounting Auditor.

In addition, in the case where an Accounting Auditor is regarded as falling under any of the items of Article 340, Paragraph 1 of the Companies Act, Audit & Supervisory Board shall dismiss Accounting Auditor based on the unanimous agreement of Audit & Supervisory Board. In this case, a Corporate Auditor designated by Audit & Supervisory Board shall report about the dismissal of an Accounting Auditor and the reason for the dismissal at the general meeting of shareholders convened immediately following the dismissal.

VI Matters Regarding Establishment of a System to Ensure the Appropriateness of Business Activities

1. Outline of contents of resolutions of the Board of Directors

Summary of systems necessary to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation and other systems necessary to ensure the properness of operations is as follows.

(1) Systems necessary to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation

For the proper and efficient management of business operations, Directors and employees shall comply with laws and regulations, the Articles of Incorporation and rules in good faith and make every effort to execute their duties. In addition, Audit & Supervisory Board shall conduct audits on the effectiveness and functionality of internal control systems, make efforts to identify and correct issues in an early stage and work to enhance supervision of overall management functions.

(2) Systems to retain and manage information pertaining to the execution of duties by Directors

(i) The Company shall appropriately retain and manage information pertaining to the execution of duties by Directors in accordance with the Rules of the Board of Directors, the Rules on Internal Information Management, etc.

(ii) Regarding the management and preservation of documents, the Company shall retain them for periods necessary for its operations, unless otherwise provided for in laws and regulations.

(3) Rules concerning the management of risk of loss and other systems

The Company shall develop organizations and functions that oversee risk management, and implement other measures necessary to minimize loss from a variety of risks that will have a significant impact on the management of the Company, including changes in the management environment, other disasters and incidents; changes in asset value such as overseas investments and foreign exchange and share price fluctuations; and legal regulations.

(4) Systems necessary to ensure efficiency in the execution of duties by Directors

(i) The Board of Directors of the Company shall determine matters concerning basic policies on business operations of the Company, matters concerning annual business plans and other important matters concerning the execution of operations, and oversee the status of business operations sequentially.

(ii) In order to ensure management speed, the Company shall hold management meetings as necessary to determine important matters for the execution of operations other than matters to be submitted to the Board of Directors' meetings.

(5) Systems necessary to ensure the properness of operations in the corporate group comprised of the Company and its subsidiaries and affiliates in and outside Japan

(i) With respect to subsidiaries and affiliates of the Company, rules on reporting to the Company matters concerning the execution of duties by Directors, etc. of subsidiaries and affiliates, rules on the management of risk of loss and other systems

A. The Company shall have its subsidiaries and affiliates in and outside Japan regularly report their business results, etc. to the Company and carry out necessary consultations.

B. The Company shall establish sections in charge of overseas business and promote business operations and management.

(ii) Systems necessary to ensure efficiency in the execution of duties by Directors, etc. of subsidiaries and affiliates of the Company. The Company shall establish systems that ensure the efficient execution of duties by Directors, etc. of subsidiaries and affiliates based on concurrent holding by Directors of the Company of the position of Directors of subsidiaries and affiliates.

(iii) Systems necessary to ensure that the execution of duties by Directors, etc. and employees of subsidiaries and affiliates of the Company complies with laws and regulations and the Articles of Incorporation. The Company shall provide consultation and assistance for the development of systems necessary to dispatch relevant Directors and Audit & Supervisory Board Members to subsidiaries and affiliates of the Company in and outside Japan and to ensure the properness of operations

(6) Matters concerning assigning employees, if requested by Audit & Supervisory Board Members, to assist Audit & Supervisory Board Members in the execution of their duties and matters necessary to ensure the independence of such employees from Directors and the effectiveness of instructions given to such employees by Audit & Supervisory Board Members

(i) In order to enhance the effectiveness of audits by Audit & Supervisory Board Members and aid them in implementing audits, the Company shall establish and develop systems to support their audits through cooperation with the Internal Audit Office.

(ii) Employees who assist Audit & Supervisory Board Members in the execution of duties shall independently carry out such duties without being subject to instructions and orders from other Directors, etc.

(iii) In the case where said employees concurrently serve as employees of other departments, said employees shall engage in duties by prioritizing those pertaining to Audit & Supervisory Board Members.

- (7) Systems for Directors and employees to report to Audit & Supervisory Board Members and other systems necessary to ensure that audits are effectively conducted by Audit & Supervisory Board Members
- (i) Audit & Supervisory Board Members shall attend the Board of Directors' meetings, management meetings and other important meetings and conduct audits on the execution of duties by Directors.
 - (ii) Directors and employees of the Company and its subsidiaries and affiliates shall, if they become aware of situations that may cause serious damage to the Company or may be in violation of laws and regulations, the Articles of Incorporation, etc., report such matters to Audit & Supervisory Board Members as appropriate. In addition, the Company shall work to establish systems assuring that whistleblowers will not suffer from any disadvantageous treatment due to their submission of reports.
 - (iii) Audit & Supervisory Board Members shall periodically exchange information with Accounting Auditors and corporate lawyers.
 - (iv) In order to pay costs incurred from the execution of duties by Audit & Supervisory Board Members, the Company shall include funds for such payment in the annual budget. It shall promptly amortize said costs or liabilities within the budget when Audit & Supervisory Board Members request advance payment, reimbursement, etc. of costs.

2. Summary of status of operation of said systems in the fiscal year under review

- (1) Systems necessary to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation

Pursuant to the Rules of the Board of Directors and the Guidelines on Decision-making prescribed in the Authority Rules, the Board of Directors approved important management matters submitted as proposals by the chair of the Board of Directors, received reports on the execution of duties from officers, etc. and business executors and oversaw the overall management. In addition, deliberations and reporting were conducted by the Board of Directors in a timely and appropriate manner on important managerial issues in addition to matters subject to submission to the Board of Directors. Moreover, the Company developed a whistleblowing system for employees. The Internal Audit Office led initiatives for the prompt and appropriate response to whistleblowing, implemented strict measures with respect to violations and aimed to take preventive measures.

- (2) Systems to retain and manage information pertaining to the execution of duties by Directors

The Company manages the execution of duties by Directors in accordance with the Rules of the Board of Directors and the Guidelines on Decision-making prescribed in the Authority Rules. With regard to the retention of information on such execution of duties, it is appropriately preserved and managed in accordance with the Rules on the Management of Corporate Information, which are rules pertaining to insider information management. Minutes of general meetings of shareholders and meetings of the Board of Directors, accounting books, contracts and other important documents are appropriately preserved and managed in the respective departments in charge.

- (3) Rules concerning the management of risk of loss and other systems

The Board of Directors are responsible as an organization vested with the function to oversee the management of risks that will have a significant impact on the management of the Company, including changes in the management environment, other disasters and incidents; changes in asset value such as overseas investments and foreign exchange and share price fluctuations; and legal regulations. The Board of Directors met seven(7) times during the fiscal year under review and held deliberations as necessary to minimize losses concerning business operations.

- (4) Systems necessary to ensure efficiency in the execution of duties by Directors

Pursuant to the Rules of the Board of Directors and the Guidelines on Decision-making prescribed in the Authority Rules, the Board of Directors approved important management matters submitted as proposals by the chair of the Board of Directors, received reports on the execution of duties from officers, etc. and business executors and oversaw the overall management. In addition, as a function to supplement the operation of the Board of Directors, the Company has established Rules on Collective Decision-making to facilitate business operation through the appropriate delegation of authority to respective officers in accordance with the Guidelines on Decision-making prescribed in the Authority Rules.

- (5) Systems necessary to ensure the properness of operations in the corporate group comprised of the Company and its subsidiaries and affiliates in and outside Japan
- (i) With respect to subsidiaries and affiliates of the Company, rules on reporting to the Company matters concerning the execution of duties by Directors, etc. of subsidiaries and affiliates, rules on the management of risk of loss and other systems. With respect to subsidiaries in Japan, the Company has them report their business results, etc. to the Company every month and carries out necessary consultations for business operation. With respect to subsidiaries outside Japan, the Representative Director and CFO are in charge of their business and monitor and manage their operations.
 - (ii) Systems necessary to ensure efficiency in the execution of duties by Directors, etc. of subsidiaries and affiliates of the Company. Directors who execute business operations of the Company concurrently serve as Directors of its subsidiaries and affiliates and this situation is stated in IV. Matters regarding officers of the Company.
 - (iii) Systems necessary to ensure that the execution of duties by Directors, etc. and employees of subsidiaries and affiliates of the Company complies with laws and regulations and the Articles of Incorporation
- The Company has been dispatching relevant Directors and Audit & Supervisory Board Members to subsidiaries and affiliates of the Company in and outside Japan. Representative Director was dispatched to overseas subsidiaries to conduct monitoring of operations during the fiscal year under review. In addition, employees of domestic subsidiaries of the Company are familiar with the whistleblowing system. The Internal Audit Office is leading initiatives for prompt and appropriate responses to whistleblowing, implements strict measures with respect to violations and endeavors to take preventive measures.
- (6) Matters concerning assigning employees, if requested by Audit & Supervisory Board Members, to assist Audit & Supervisory Board Members in the execution of their duties and matters necessary to ensure the independence of such employees from Directors and the effectiveness of instructions given to such employees by Audit & Supervisory Board Members
- (i) To enhance the effectiveness of audits by Audit & Supervisory Board Members and help them smoothly carry out audits, the Company has established and developed systems to support their audits through cooperation with the Internal Audit Office.
 - (ii) Employees who assist Audit & Supervisory Board Members in the execution of duties concurrently serve as employees of other departments and carry out duties by giving priority to those pertaining to Audit & Supervisory Board Members.
- (7) Systems for Directors and employees to report to Audit & Supervisory Board Members and other systems necessary to ensure that audits are effectively conducted by Audit & Supervisory Board Members
- (i) Meetings of Audit & Supervisory Board were held ten (10) times. Audit policies and plans were formulated upon discussion among the Audit & Supervisory Board Members. By attending important internal meetings and making on-site visits to monitor business activities, Audit & Supervisory Board Members conducted audits of operations and status of assets, the execution of duties by Directors and status of compliance with laws and regulations, the Articles of Incorporation, etc.
 - (ii) Internal Audit Office has been established as a section vested with voluntary audit and governance functions. Audit & Supervisory Board Members have been periodically exchanging information with Accounting Auditors and corporate lawyers and have conducted audits of the status of the execution of duties by Directors at appropriate times. Moreover, the Company developed a whistleblowing system for employees. The Internal Audit Office led initiatives for the prompt and appropriate response to whistleblowing, implemented strict measures with respect to violations and aimed to take preventive measures.
 - (iii) In order to enhance the effectiveness of audit functions, Audit & Supervisory Board Members regularly obtain information from Japan Audit & Supervisory Board Members Association and pursue self-improvement through participation in various training sessions, etc. In addition, full-time Audit & Supervisory Board Members are leading initiatives for periodic exchange of opinions with Accounting Auditors and cooperation with corporate lawyers.

7. Basic Policy Regarding Control of the Company

The Company has not established a particular basic policy regarding a party who controls decisions on the Company's financial and business policies, etc.

8. Policy regarding decisions on distribution of surplus, etc.

With respect to dividends, the Company shall strive to supplement internal reserves in the future, which is necessary for positive development of the Hotel Business, the core business of the Group. The Company believes that, in order to make distribution of surplus, etc., it is an important step to establish a revenue structure which enables the stable posting of net profit attributable to owners of parent. Considering drastic changes in the management environment, the Company has not publicly released medium-term, three-year management plans or numerical targets for ROE, etc. However, the Company believes it is essential to secure stable revenues and improve operating results by expanding the hotel alliance operated by the Group with an eye to the continuous expansion of the Company's business and the establishment of revenue structure

Consolidated Financial Statements

Consolidated Balance Sheet

84th period As of December 31, 2021

(Unit: thousand yen)

Description	Amount	Description	Amount
Assets		Liabilities	
I . Current assets	4,331,151	I . Current liabilities	4,416,119
Cash and deposits	1,931,359	Accounts payable - trade	175,429
Accounts receivable-trade	250,774	Short-term borrowings	136,905
Securities	520,621	Current portion of long-term borrowings	1,217,857
Supplies	67,626	Accounts payable - other	2,334,741
Development projects in progress	1,165,720	Accrued expenses	40,325
Other	408,347	Income taxes payable	43,604
Allowance for doubtful accounts	— 13,298	Provision for point card certificates	148
		Other	467,107
II . Non-current assets	12,168,517	II . Non-current liabilities	6,153,887
1. Property, plant and equipment	10,198,326	Long-term borrowings	5,444,883
Buildings and structures	3,938,541	Long-term guarantee deposits	360,161
Vehicles	3,705	Asset retirement obligations	26,000
Tools, furniture and fixtures	97,900	Other	322,841
Land	5,985,194	Total liabilities	10,570,007
Construction in progress	172,984	Net assets	
2. Intangible assets	1,136,911	I . Shareholders' equity	4,766,696
Trademark right	0	Share capital	8,534,406
Software	13,748	Capital surplus	2,646,000
Goodwill	1,123,163	Retained earnings	— 5,380,173
3. Investments and other assets	833,279	Treasury shares	— 1,033,537
Investment securities	293,720	II . Accumulated other comprehensive income	11,377
Long-term loans receivable	245,968	Foreign currency translation adjustment	11,377
Other	293,589	III. Share acquisition rights	92,767
III. Deferred assets	161,535	IV. Non-controlling interests	1,220,357
opening expenses	161,535	Total net assets	6,091,198
Total assets	16,661,205	Total liabilities and net assets	16,661,205

Consolidated Statement of Income (From January 1, 2021 to December 31, 2021)

(Unit: thousand yen)

Item	84th period	
	From January 1, 2021	To December 31, 2021
I . Net sales		3,357,290
II . Cost of sales		3,102,464
Gross profit		254,826
III. Selling, general and administrative expenses		1,622,669
Operating loss		1,367,843
IV. Non-operating income		
Interest income	2,190	
Dividend income	2	
Rental income from buildings	3,895	
Foreign exchange gains	57,301	
Share of profit of entities accounted for using equity method	106,761	
Gain on expiration of prepayment cards	3,367	
Other	15,216	188,735
V. Non-operating expenses		
Interest expenses	93,031	
Financing expenses	28,401	
Amortization of opening costs	45,465	
Share of loss of entities accounted for using equity method		
Other	5,712	172,612
Ordinary loss		1,351,719
VI. Extraordinary profits		
profit on sale of fixed assets	3,500	3,500
VI. Extraordinary losses		
Profit (loss) on withdrawal from business	167,797	
Loss from new coronavirus infection	204,389	372,187
Profit (loss) before income taxes		1,720,406
Income taxes - current	67,355	
Income taxes-deferred	−40,168	27,186
Net Loss		1,747,593
Profit (loss) attributable to non-controlling interests		64,306
Profit (loss) attributable to owners of parent		1,683,287

Statement of changes in equity (From January 1, 2021 to December 31, 2021)
(Unit: thousand yen)

Item	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance on January 1, 2021	8,534,406	2,646,000	−3,696,886	−1,033,537	6,449,983
Changes in items during the year					
Profit (loss) attributable to owners of parent			−1,683,287		−1,683,287
Net changes in items other than shareholders' equity during the year					
Total changes in items during the year	−	−	−1,683,287	−	−1,683,287
Balance on Monday, December 31, 2021	8,534,406	2,646,000	−5,380,173	−1,033,537	4,766,696

Item	Accumulated other comprehensive income		Stock acquisition rights	Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance on January 1, 2021	−28,840	−28,840	83,897	1,280,096	7,785,137
Changes in items during the year					
Profit (loss) attributable to owners of parent					−1,683,287
Net changes in items other than shareholders' equity during the year	40,217	40,217	8,869	−59,739	−10,651
Total changes in items during the year	40,217	40,217	8,869	−59,739	−1,693,938
Balance on Monday, December 31, 2021	11,377	11,377	92,767	1,220,357	6,091,198

Financial Statements

Balance Sheet

84th period As of December 31, 2021

(Unit: thousand yen)

Description	Amount	Description ⁴	Amount
Assets		Liabilities	
I. Current assets	1,857,386	I. Current liabilities	1,340,038
Cash and deposits	714,178	Short-term borrowings from subsidiaries and associates	136,905
Accounts receivable-trade	288,124	Current portion of long-term borrowings	686,590
Securities	520,621	Accounts payable - other	1,912
Accounts receivable from subsidiaries and affiliates	1,060,228	Accrued expenses	466,222
Other	24,972	Income taxes payable	1,832
Allowance for doubtful accounts	-750,738	Provision for point card certificates	1,421
II. Non-current assets	7,424,877	Asset retirement obligations	148
1. Property, plant and equipment	1,408,184	Other	45,004
Buildings and structures	68,417	II. Non-current liabilities	362,176
Tools, furniture and fixtures	8,603	Long-term borrowings	79,258
Land	1,331,163	Long-term guarantee deposits	22,364
2. Intangible assets	0	Asset retirement obligations	26,000
Software	0	Other	234,553
3. Investments and other assets	6,016,692	Total liabilities	1,702,214
Investment securities	30,863	Net assets	
Shares of subsidiaries and associates	1,803,139	I. Shareholders' equity	7,487,281
Long-term loans receivable from subsidiaries and associates	963,212	1. Share capital	8,534,406
Investments in other securities of subsidiaries and associates	3,582,247	2. Capital surplus	1,917,295
Long-term accounts receivable - other	254,496	Legal capital surplus	224,533
Long-term prepaid expenses	3,611	Other capital surplus	1,692,761
Other	42,005	3. Retained earnings	-1,930,883
Allowance for doubtful accounts	-662,883	Other retained earnings	-1,930,883
		Retained earnings brought forward	-1,930,883
		4. Treasury shares	-1,033,537
		II Stock acquisition rights	92,767
Total assets	9,282,263	Total net assets	7,580,048
		Total liabilities and net assets	9,282,263

Non-consolidated Statement of Income (From January 1, 2021 to December 31, 2021)

(Unit: thousand yen)

Item	84tht period	
	From January 1, 2021	
	To December 31, 2021	
I . Net sales		75,520
II . Cost of sales		283,305
Gross profit		207,785
III. Selling, general and administrative expenses		502,503
Operating loss		710,288
IV. Non-operating income		
Interest and dividend income	50,009	
Rental income from buildings	8,259	
Gain on expiration of prepayment cards	3,367	
Foreign exchange profit	20,903	
Other	7,774	90,313
V. Non-operating expenses		
Interest expenses	994	
Other	436	1,431
Ordinary loss		621,405
VI Extraordinary income		
Gain on sales of fixed assets	3,500	3,500
VI Extraordinary loss		
Loss on impairment of fixed assets	167,797	167,797
Loss before income taxes		785,702
Income taxes – current		1,210
Loss		786,912

Non-consolidated Statement of Changes in Equity

Statement of changes in equity (From January 1, 2021 to December 31, 2021)

(Unit: thousand yen)

Item	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total other capital surplus
Balance on January 1, 2021	8,534,406	224,533	1,692,761	1,917,295
Changes in items during period				
Profit (loss)				
Net changes in items other than shareholders' equity				
Total changes in items during period	—	—	—	—
Balance on Monday, December 31, 2021	8,534,406	224,533	1,692,761	1,917,295

(Unit: Thousand yen)

Item	Shareholders' equity			Stock acquisition right	Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity		
	Other retained earnings				
	Retained earnings brought forward				
Balance on January 1, 2021	—1,143,970	—1,033,537	8,274,194	83,897	8,358,091
Changes in items during period					
Profit (loss)	—786,912		—786,912		—786,912
Net changes in items other than shareholders' equity				8,869	8,869
Total changes in items during period	—786,912	—	—786,912	8,869	—778,043
Balance on Monday, December 31, 2021	—1,930,883	—1,033,537	7,487,281	92,767	7,580,048

Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Audit Report

With respect to the directors' performance of their duties during the 84rd business year (from January 1, 2021 to December 31, 2021), the Audit & Supervisory Board has prepared this audit report after deliberations based on the audit reports prepared by each Auditor, and hereby report as follows:

1. Method and Contents of Audit by Auditor and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board has established the audit policies, assignment of duties, etc. and received a report from each Auditor regarding the states of implementation of their audits and results thereof. In addition, the Audit & Supervisory Board has received reports from the directors, etc. and the accounting auditor regarding the status of performance of their duties, and requested explanations as necessary.
- (2) In accordance with the audit policies and assignment of duties etc. which are based on Auditing Standard established by the Audit & Supervisory Board, each Auditor endeavored to facilitate a mutual understanding with the directors, the internal audit division and other employees, etc., endeavored to collect information, maintain the audit environment, and executed the audit utilising the following methods.
 - (i) Each Auditor has attended the important meetings of the board of Directors etc., received reports on the status of the directors' performance of duties from them and employees and requested explanations as necessary, examined important approval/decision documents, and examined the status of the corporate affairs and assets of the head office and principal business locations.

With respect to the subsidiaries, each Auditor endeavored to facilitate a mutual understanding and exchanged information with the directors of each subsidiary and received from subsidiaries reports on their respective business as necessary.
 - (ii) Each Auditor received reports from the directors and employees etc. on the establishment and the status of implementation, requested

explanations as necessary and expressed an opinion about the status of the contents of the board of directors' resolutions regarding the development and maintenance of the system to ensure that the directors' performance of their duties complied with all laws, regulations and the articles of incorporation of the company and other systems that are set forth in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of a joint stock company and its consolidated subsidiaries, and the systems (internal control systems) based on such resolutions.

- (iii) Each Auditor monitored and verified whether the accounting auditor maintained its independence and properly conducted its audit, received a report from the accounting auditor on the status of its performance of duties, and requested explanations as necessary. Each Auditor was notified by the accounting auditor that they had established a "system to ensure that the performance of the duties of the accounting auditor was properly conducted" (the matters listed in the items of Article 131 of the Company Accounting Regulations) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council on October 28, 2005), and requested explanations as necessary.

Based on the above-described methods, each Auditor examined the business report, accounting documents (balance sheet, profit and loss statement, statements of changes in shareholders' equity, and notes to financial statements) and the annexed specifications thereto, as well as the consolidated accounting documents (consolidated balance sheet, consolidated profit and loss statement, consolidated statements of changes in shareholders' equity, and notes to consolidated financial statements), for the business year under consideration.

2. Results of Audit

(1) Results of Audit of Business Report, etc.

- (i) We acknowledge that the business report and the annexed specifications thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the articles of incorporation of the company.
- (ii) We acknowledge that no misconduct or material fact constituting a violation

of any law or regulation or the articles of incorporation of the company was found with respect to the directors' performance of their duties.

(iii) We acknowledge that the board of directors' resolutions with respect to the internal control systems is appropriate. We did not find any matter to be raised as a concern with respect to the contents of business report and the directors' performance of their duties concerning the internal control systems.

(2) Results of Audit of Accounting Documents and their Annexed Specifications

We acknowledge that the methods and results of audit performed by the accounting auditor, Avantia GP Audit Corporation, are appropriate.

(3) Results of Audit of Consolidated Accounting Documents

We acknowledge that the methods and results of audit performed by the accounting auditor, Avantia GP Audit Corporation, are appropriate.

February 25th, 2022

The Audit & Supervisory Board of Agora Hospitality Group Co., Ltd.

Standing Auditor

Juichiro Sugito

Auditor (External Auditor)

Shinji Endo

Auditor (External Auditor)

Cheung Wai Hung Boswell

(Note) Auditor Shinji Endo, Auditor Cheung, Wai Hung Boswell are External Auditor according to Article 2, item 16 and Article 335, paragraph 3 of the Companies Act of Japan.