

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, 2023

5-2-6, Toranomon, Minato-ku, Tokyo

Agora Hospitality Group Co., Ltd.

Representative Director, Gary Yan Kuen Kwok  
President & CEO

## Notice of Convocation of the 85<sup>th</sup> 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 85th Ordinary General Meeting of Shareholders of the Company will be held as follows.

The General Meeting of Shareholders has been provided electronically and, in accordance with Article 325-3 of the Companies Act, the matters provided electronically have been posted on the Company's website on the Internet, which you are invited to access and review on the Company's website below.

The Company's website <https://d.sokai.jp/9704/teiji/>

The electronic provision materials are posted on the website of the Tokyo Stock Exchange as well as on the website of the General Meeting of Shareholders on the Internet. If you are unable to view the electronic provision materials on our website, please access the Tokyo Stock Exchange website (Listed Company Information Service), enter or search for the 'company name' or 'securities code', select 'Basic Information' and 'Documents for Public Inspection/PR Information', and then view the information on the Notice of General Meeting of Shareholders page. TSE Listed Company Information Service

Tokyo Stock Exchange website (TSE Listed Company Information Service)  
<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

Please access the Tokyo Stock Exchange website (Listed Company Information Service), enter or search for the 'company name' or 'securities code', select 'Basic Information' and 'Documents for Public Inspection/PR Information', and then view the information on the Notice of General Meeting of Shareholders page. TSE Listed Company Information Service

Shareholders are kindly requested to exercise their voting rights in advance in writing or via the Internet and to refrain from attending the meeting regardless of their health condition.

We kindly request that you study the reference documents for the General Meeting of Shareholders and exercise your voting rights by 6pm on Wednesday 29 March 2023 (Wednesday) in accordance with the guidance set out below.

## Details

1. Date and time	Thursday, March 30, 2023, at 10 a.m. (Reception starts at 9:30 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"> <li>1. 85th. business year (from January 1 to December 31, 2022) Reporting business results, consolidated financial statements, and the result of consolidated financial statement audits performed by the Audit &amp; Supervisory Board</li> <li>2. 85th. business year (from January 1 to December 31, 2022) Reporting the details of financial statements</li> </ol> <p>Matters to be resolved:</p> <p>Proposal No. 1: Election of Seven (7) Directors Proposal No. 2: Election of One (1) Sub Audit and Supervisory Board member</p>
4. Guidance on exercising voting rights	<p>(1) Voting in writing Please indicate your approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form and return it to us by 6:00 p.m. on March 29, 2023.</p> <p>(2) Exercising voting rights on the Internet, etc. When exercising your voting rights via the Internet, etc., please read the [Instructions for Exercising Voting Rights via the Internet, etc.] below and enter your approval or disapproval according to the instructions on the screen.</p> <p>(3) The deadline for exercising your voting rights is 6:00 p.m. on Wednesday, March 29, 2023. Please exercise your voting rights as soon as possible.</p> <p>(4) Exercising voting rights in writing (by mail), If there is no indication, we will treat it as if there was an indication of approval. If you exercise your voting rights both in writing and via the Internet, etc., we will treat the exercise of your voting rights via the Internet, etc. as valid. In addition, if you exercise your voting rights multiple times via the Internet, etc., or if you exercise your voting rights more than once using a personal computer or smartphone, we will treat the last vote as a valid exercise of your voting rights. 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 Wednesday, March 29, 2023.</p>

That's all

- If you attend the meeting in person, please submit the voting form sent together with this Notice of Meeting to the reception desk at the meeting venue.
- The following items (i) and (ii) are not included in the document stating the items to be provided electronically, which will be delivered to shareholders who have requested delivery of the document in accordance with laws and regulations and Article 18 of the Company's Articles of Association.
  - (i) "Notes to Consolidated Financial Statements" of the consolidated financial statements.
  - (ii) "Notes to non-consolidated financial statements" of the financial statements.

Therefore, the information contained in the electronic provision of measures is part of the business report, financial statements, and financial statements audited by the Board of Statutory Auditors in preparing its audit report and the consolidated financial statements and financial statements audited by the Independent Auditor in preparing the Independent Auditor's report.
- If circumstances arise that require amendments to the electronic provision measures, please contact the website of the General Meeting of Shareholders on the Internet (<https://d.sokai.jp/9704/teiji/>) [and the TSE Listed Company Information Service (<https://www2.jpx.co.jp/tseHpFront/>)]. [JJK010010Action.do?Show=Show](https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show)], the information before and after the amendments will be posted.

Website for posting shareholder meeting materials (<https://d.sokai.jp/9704/teiji/>)  
 Tokyo Stock Exchange website (TSE Listed Company Information Service)  
 (<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>)  
 Agora Hospitality Group website (<https://www.agora.jp/group/>)




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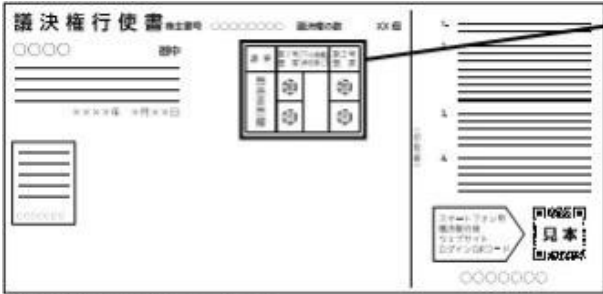
## Guidance on Exercising Voting Rights

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 style="text-align: center;"><b>Attending the General Meeting of Shareholders</b></p> <p>Please present the enclosed Voting Rights Exercise Form at the reception desk upon your arrival.</p> <p style="text-align: center;">Date and time</p> <p>10:00 a.m., Thursday, March 30, 2023 (Reception starts at 9:30 a.m.)</p>	 <p style="text-align: center;"><b>Exercising voting rights in writing (by postal mail)</b></p> <p>Please indicate your approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form and return it to us.</p> <p style="text-align: center;">Deadline</p> <p>Votes reaching us by 6:00 p.m. on Wednesday, March 29, 2023</p>	 <p style="text-align: center;"><b>Exercising voting rights on the Internet</b></p> <p>Please follow the instructions on the next page and enter your approval or disapproval of the proposals.</p> <p style="text-align: center;">Deadline</p> <p>Entries completed by 6:00 p.m., Wednesday, March 29, 2023</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1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2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.

# 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ーブの登録商標です。

- 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へ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:

### 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
<b>Gary Yan Kuen Kwok</b> 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

Date of Birth

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.

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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.

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Date of Birth

April 24, 1980

Number of the  
Company's shares held  
– Thousand shares

Candidate

3

Masami  
Egami

えがみ  
まさみ

Reappointment

Date of Birth

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, InterContinental Hotels Group (Manama, Bahrain)
2008	/	4	Resident Manager, InterContinental Hotels Group (Yokohama, Japan)
2010	/	8	Hotel Manager, Kempinski Hotels (Amman Dead Sea, Jordan)
2012	/	8	General Manager, Kempinski Hotels (Aqaba, Jordan)
2014	/	8	General Manager, Kempinski Hotels (Victoria, Seychelles)
2019	/	11	Director, 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

Date of Birth

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.

5

Candidate

**Takanori  
Kitamura**  
きたむら  
たかのり

**Reappointment**

External and Independent

Date of Birth  
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.

6

Candidate

**Clarence  
Yean Kang  
Wong**  
クラレンス・  
ウオン・カン・  
イエン

**Reappointment**

External

Date of Birth  
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

Date of Birth

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 the director of Far East Global Asia Limited, the Company's effective principal shareholder. The Company resolved to accept silent partnership investments in Agora Ohama LLC by a resolution of the Board of Directors on September 13, 2022, and a close relative of hers. We receive a silent association investment of 364 million yen.
- (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 ten (10) 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 six (6) 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 five (5) 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 Mr. 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 a 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 a candidate in this proposal is as a substitute 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.

Candidate	Brief personal history, positions in the Company, and important concurrent positions in other companies	
<b>Yoshinori</b> <b>Hirano</b> ひらの よしのり	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
	2013 / 7	CapitaLand Mall Japan K.K. Tokyo, Japan Head of Asset Management and Investment Dept. 7/2013 – 3/2015
	2015 / 3	Composition Capital Partners Asia Limited, Hong Kong Vice President, Investment Dept.
	2017 / 2	Liaison Japan K.K., Japan Founder, the President and Representative Director (present)

## Reappointment

## External

Date of Birth  
December 3, 1977  
Number of the  
Company's shares  
held  
– Thousand shares

## Reason for Appointment

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.

- (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 the 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. The candidate Mr. Yoshinori Hirano is a candidate for sub external audit and supervisory board member
- (Note) 4. Since December 2005, the Company has entered into liability insurance contracts for officers, etc., the Company and its subsidiaries, as well as the directors and corporate auditors belonging to them, as with 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 resolution items No. 1 and No. 2 are approved and adopted, the status of officers will be as follows.

Male: 9 Female: 1

Japanese: 5, non-Japanese: 5

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			●	●	

(Attached document)

## I. Business Report (From January 1, 2022, to December 31, 2022)

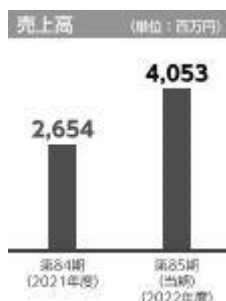
### I Status of the Company

#### 1. Business progress and results

In the current financial year, the Company's turnover increased significantly over the previous year to JPY 4,951 million (up 47.5% compared to the previous year). In the hotel business, recovery from the new coronavirus infection was observed mainly in the rooms department, and as a result, sales in the hotel business amounted to JPY 4,053 million (an increase of 52.7% on the previous year). In the other investment business, sales for the year under review increased by JPY194 million to JPY897 million (up 27.6% from the previous year). This was mainly due to an increase in sales from the memorial park business in Malaysia. Next, in terms of operating expenses, the Group has properly managed the consumption of water, gas, and oil as part of its overall cost-cutting efforts, but the operating loss was JPY1,401 million, mainly due to the impact of the weak yen and high resource prices, and a decrease in the number of applications for employment adjustment subsidies as the business recovered. The operating loss worsened to JPY1,401 million (previous year: operating loss of JPY1,367 million). The non-operating income included JPY 223 million in subsidies for absence from work, etc., JPY 117 million in equity method investment income, and JPY 92 million in foreign exchange gains, while non-operating expenses included ¥ 90 million in interest paid, resulting in an ordinary loss of JPY1,106 million (ordinary loss of JPY 1,351 million in the previous year). Next, a net loss attributable to owners of the parent company of JPY 1,298 million yen (net loss attributable to owners of the parent company of JPY 1,683 million yen in the previous year) was recorded due to the recording of a loss on withdrawal from business of JPY 127 million yen following the termination of operations of Agora Kanazawa and Imai-so as an extraordinary loss and income tax adjustments, etc.

Item	84th (December 2021) Amount (million yen)	85th (December 2022) Amount (million yen)	Year-on-Year Rate of change
Net sales	3, 357	4, 951	47. 5% increase
Operating loss (－)	-1, 367	-1, 401	-
Ordinary loss (－)	-1, 351	-1, 106	-
Net loss attributable to owners of the parent (－)	-1, 683	-1, 298	-

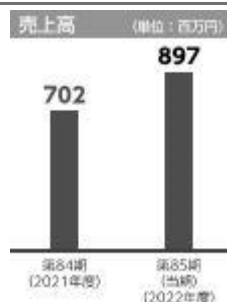
The sales status of the corporate group by business category is as follows.  
Hotel Business division



#### Hotel Business

In the Hotel business segment, Hotel facilities closed during the previous year's period have resumed operations. Under such circumstances, although some delays in recovery were observed in the restaurant and banquet sections, the Hotel section recovered mainly due to a recovery in demand for Hotels, mainly for business use, nationwide travel support (National Travel Discount), and the easing of waterfront measures regarding new coronavirus infection after October 11, 2022. However, the restaurant and banquet departments still remain weak, still affected by the spread of the new coronavirus infection. As a result, net sales of the Hotel business segment in the current consolidated fiscal year were 4,053 million yen (up 52.7% from the previous year). Next, as part of a comprehensive review of operating costs, we have managed to achieve appropriate energy efficiency in gas, electricity, and other energy sources mainly at the Hotel Agora Regency Osaka Sakai and the Agora Hotel Osaka Moriguchi, which has been affected by the weak yen and high resource prices. In addition. Until the previous fiscal year, employment expenses adjustment subsidies based on Hotel facility closures were offset against employment expenses, but as a result of a decrease in the amount applied for as business recovered, the amount to be recorded as operating expenses increased, and the operating loss of the Hotel business segment worsened in the current fiscal year to 1,208 million yen (previous fiscal year (compared with an operating loss of 1,130 million yen in the previous fiscal year).

#### Other investment business division



In the memorial park business in Malaysia, sales increased to 867 million yen (up 28.2% from the previous year) and its operating income increased significantly to 180 million yen (up 158.3% from the previous year) as a result of strong delivery of memorial park plots. In the memorial park business, despite the impact of the new coronavirus infection, new orders increased steadily and deliveries also increased. The securities business posted an operating loss of 74 million yen (the operating loss of 54 million yen in the same period of the previous year), but rental income from other real estate and other factors resulted in net sales of 897 million yen (up 27.6% year-on-year) and operating income of 129 million yen (up 107.5% year-on-year) for the other investment business segment.

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 Group sees potential inbound demand as a growth opportunity and has made capital investments of JPY 832 million, mainly in the accommodation business.

In the accommodation business, a capital investment of JPY 831 million was made in hotel construction.

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

3. Financing

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

Due to the resolution of the Board of Directors on 13 September 2022, a resolution was passed to accept a silent association investment in Agora Ohama LLC, and on 27 September 2022, a silent association investment of JPY 364 million was received.

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.

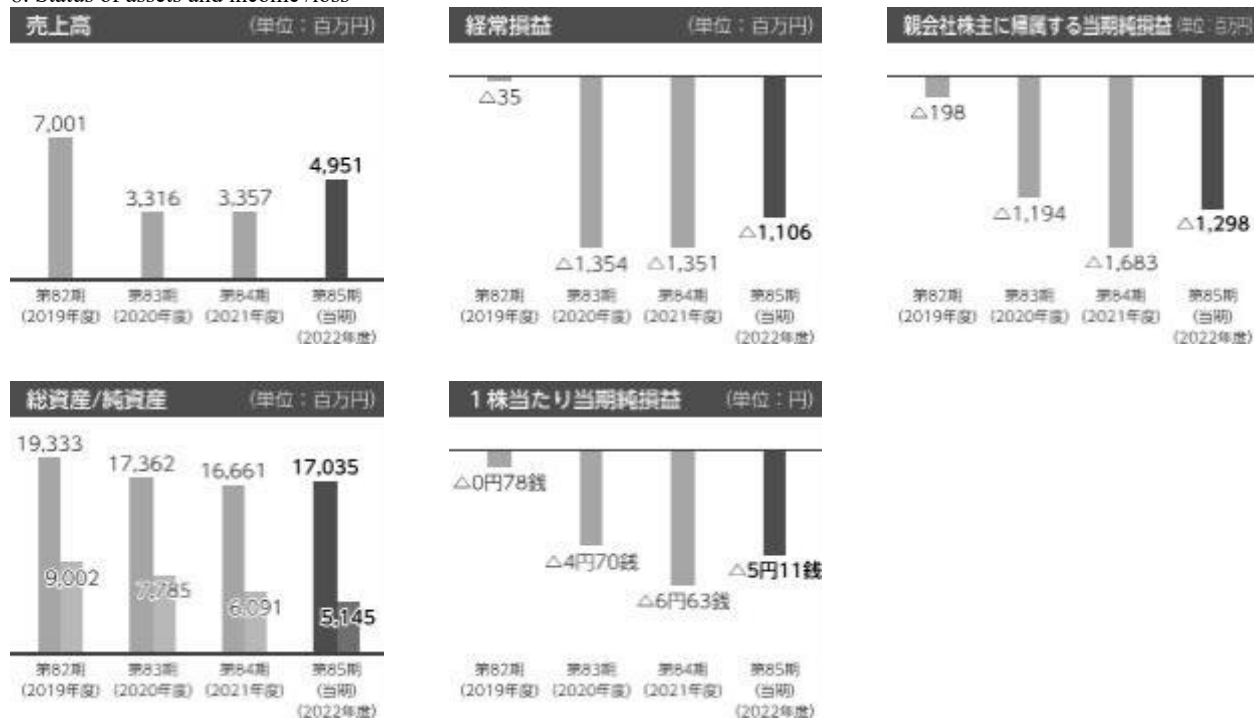
6. Succession of rights and obligations regarding the business of other corporations due to an absorption-type merger (including a merger with a party other than Japanese companies (limited to a merger in which the Company will continue to exist after the merger)) or an absorption-type split

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		2019 82nd Fiscal Year	2020 83rd Fiscal Year	2021 84th Fiscal Year	2022 85th Fiscal Year (Fiscal year under review)
Net sales s	(Million yen))	7,001	3,316	3,357	4,951
Ordinary loss (－)	(Million yen)	－35	－1,354	－1,351	－1,106
Net loss (－) attributable to owners of the parent	(Million yen)	－198	－1,194	－1,683	－1,298
Earnings per share Net loss per share	(yen)	－0.78	－4.70	－6.63	－5.11
Total assets	(Million yen)	19,333	17,362	16,661	17,035
Net assets	(Million yen)	9,002	7,785	6,091	5,145



## 9. Issues to be addressed

Our daily lives have been affected greatly by COVID-19 in the past 36 months. It is very encouraging to witness that the situation has stabilized and the world has gradually returned to normal in the past six months. Japan has started to welcome international guests again since October last year, this has given everyone in our Company excitement and energy to fulfill our vision of providing “A Collection of Beautiful Japan” experience to all of our guests.

Since few years ago we have announced our strategy of expanding our portfolio of new urban boutique hotels including the opening of Tsukiji and Kanazawa in 2019 with the aim of increasing our brand recognition in the market and further promote our vision. Since then, in order to continue building on this strategy and vision, despite the pandemic crisis we have successfully opened three new properties in Ginza, Kyoto Karasuma and Kyoto Shijo. Recently in November last year, we have opened our latest property in Tokyo, the ONE@Tokyo designed by the world-renowned architect Kengo Kuma.

While we are achieving growth with our new properties opening, during the coronavirus period it was also a good timing for us to further enhance our internal qualities and efficiencies. A hotel is only as good as its staff. The Agora Hotel Alliance is redefining the concept of "hospitality," as "people who think and act with compassion for others". While having the knowledge and open mind to welcome the world to Japan, at the root, we will focus on developing human resources who can provide warm and homely hotel services with high quality. We are starting an Agora Hotel Alliance Base-up Academy to provide skill-up training. These are targeted to be available to all our staff throughout the alliance from General Manager to new graduate joiners. In addition, we aim to establish a "section trainer" system where mentors will provide psychological and technical care for all new employees, including mid-career hires and also serves as workplace education manager. We will also improve communication so that the voices of our employees can be effectively conveyed to management. These initiatives for employees are also related 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 striving to contribute to the improvement of business performance. Finally, The next few years will be important for Agora. We look forward to implementing our growth plans and welcoming national and international customers.

## 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

#### (Subsidiaries)

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

#### (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, 2022)

Hotel Business and other investment business

12. Major lenders (as of December 31, 2022)

Lender	Balance of loans
Tokyo Star Bank, Ltd.	4,161 million yen
Kansai Mirai Bank, Ltd.	1,122 million yen
United Overseas Bank Limited	930 million yen
Resona Bank, Limited	737 million yen

13. Employee status (as of December 31, 2022)

Segment	Hotel Business	Other investment business	Corporate (Common)	Total
number of employees	323 persons	33persons	8 persons	364 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, 2022)

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, 2022)

- 1) Total number of authorized shares 1,200,000,000 shares
- 2) Total number of issued shares 281,708,934 shares  
Including 27,764,569 shares of treasury stock
- 3) Total number of shareholders at the end of the fiscal year 15,817 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	32.73
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)	7,813	3.08
BNP PARIBAS SINGAP ORE/2S/JASDEC/CLIENT ASSET	3,001	1.18
Rakuten Securities	2,439	0.96
Takayuki Kawana	2,078	0.82
Interactive Brokers LLC	1,355	0.53
493611 BBH DBS Bank Hong Kong Limited Account 005 Non-US	1,317	0.52
Custody Bank of Japan, Ltd. (Trust)	1,202	0.47

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

(Note) 2. The Company holds 27,764,569 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 25 shares
- (2) Disposal shares
- Stock type Ordinary stock
- Number of shares - shares
- (3) Shares held
- Stock type Ordinary stock
- Number of shares 27,764,569 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 the performance of duties

(as of December 31, 2022)

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, 2022)

##### 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
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's Board of Directors resolved at its meeting on 28 February 2022 on the policy for determining the content of the remuneration, etc. for each individual director. 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.

The granted 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 2022 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 2023 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 the 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. The Company's Board of Directors, at its meeting held on 29 March 2022, resolved to delegate the decision on the amount of remuneration for each director to the President and CEO, Gary Yan Kuen Kwok. The content of this authority is the amount of each director's basic remuneration within the remuneration limit approved by the General Meeting of Shareholders, and the reason for delegating these authorities is that the Company has determined that the representative director is best suited to fairly assess 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)	7person (3person)	62,501thousand yen (1,984thousand yen)	- (-)	4,556thousand yen (126thousand yen)	67,058thousand yen (2,111thousand yen)
Audit & Supervisory Board Members (External auditors)	3person (2person)	6,980thousand yen (1,370thousand yen)	- (-)	40thousand yen (20thousand yen)	7,020thousand yen (1,390thousand yen)
Total (External officers)	10person (5person)	69,481thousand yen (3,354thousand yen)	- (-)	4,597thousand yen (146thousand yen)	74,079thousand yen (3,501thousand yen)

(Note) 1. As of the end of the current fiscal year, there are Seven (7) directors and Three (3) Audit & Supervisory Board Members. There are two directors who have no basic remuneration. These two (2) 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
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 seven(7) times out of eight(8) 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(6) times out of eight(8) 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 eight(8) times all 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 seven (7) of eight (8) times Board of Directors meetings held and nine (9) of ten (10) 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 seven (7) times out of eight (8) times and the Audit & Supervisory Board meetings seven (7) times out of Ten (10) times during the current fiscal year. he has a useful opinion about strengthening the legal compliance system and internal control system.

(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	3,501 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           | 30,000 thousand yen |
| (2) Total amount of money and other property benefits to be paid by the Company and its subsidiaries | 31,400 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 eight(8) 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 the 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

(Unit: thousand yen)

Item	85th term As of December 31, 2022	Item	85th term As of December 31, 2022
<b>Assets</b>		<b>Liabilities</b>	
<b>I Current assets</b>	<b>4,400,377</b>	<b>I Current liabilities</b>	<b>8,404,462</b>
cash on hand and in banks	2,118,867	accounts payable	214,751
accounts receivable	395,509	Short-term debt	54,312
marketable securities	333,745	Current portion of long-term debt	4,231,571
supplies	76,213	arrears	3,077,343
Expenditures for development projects, etc.	1,205,760	accrued expenses	44,782
Other	289,369	Income taxes payable	92,025
Allowance for doubtful accounts	-19,087	Other	689,676
<b>II Fixed Assets</b>	<b>12,576,548</b>	<b>II Noncurrent liabilities</b>	<b>3,485,005</b>
<b>1. Tangible fixed assets</b>	<b>10,707,889</b>	Long-term debt	2,799,839
Buildings and structures	3,679,753	Long-term guarantee deposits received	288,443
vehicles and transportation equipment	8,477	Asset retirement obligations	46,000
Tools, furniture, and fixtures	84,762	Other	350,722
lot	5,985,194	<b>total liabilities</b>	<b>11,889,468</b>
Construction in progress	949,700	<b>Total net assets</b>	
<b>2. Intangible assets</b>	<b>988,024</b>	<b>I Shareholders' equity</b>	<b>3,468,621</b>
trademark	0	capital stock	8,534,406
software	10,719	Capital surplus	2,646,000
goodwill	977,305	Retained earnings	-6,678,247
<b>3. Investments and other assets</b>	<b>880,634</b>	treasury stock	-1,033,538
Investments in securities	213,862	II Accumulated other comprehensive income	65,429
long-term loans	480,034	Net unrealized gains (losses) on available-for-sale securities, net of taxes	7
Other	186,736	Foreign currency translation adjustments	65,421
Deferred assets	58,199	<b>III Stock acquisition rights</b>	<b>97,364</b>
opening expenses	58,199	<b>IV Noncontrolling interest</b>	<b>1,514,242</b>
<b>Total assets</b>	<b>17,035,125</b>	<b>Total net assets</b>	<b>5,145,657</b>
		<b>Total liabilities and net assets</b>	<b>17,035,125</b>



## Consolidated Statements of Income

(Unit: thousand yen)

Item	85th term	
	From January 1, 2022 Through December 31, 2022	
I Net sales		4,951,169
II Cost of sales		4,524,170
Gross profit		426,998
III Selling, general and administrative expenses		1,828,451
Operating loss		1,401,452
IV Non-operating income		
interest income	5,937	
Dividends received	2	
profit on currency exchange	92,367	
Equity in earnings of affiliates	117,602	
prepaid card lapse profit	1,992	
Cooperation money received	223,917	
Other	12,770	454,589
V Non-operating expenses		
interest expense	90,577	
financing costs	27,887	
Amortization of opening costs	32,983	
Other	7,723	159,171
Ordinary loss		1,106,035
VI Extraordinary loss		
Loss on withdrawal from business	127,629	127,629
Loss before income taxes and minority interests		1,233,664
Corporate, inhabitant and enterprise taxes	136,940	
Income taxes-deferred	4,083	141,024
Net loss		1,374,689
Net loss attributable to noncontrolling interests		76,614
Net loss attributable to owners of the parent		1,298,074

## Consolidated Statements of Changes in Net Assets

(from January 1, 2022, to December 31, 2022)

(Unit: thousand yen)

Item	capital stock				
	capital stock	Capital surplus	Retained earnings	treasury stock	Total shareholders' equity
Balance at January 1, 2022	8,534,406	2,646,000	-5,380,173	-1,033,537	4,766,696
Changes during the consolidated fiscal year					
Net loss attributable to owners of the parent (-)			-1,298,074		-1,298,074
Net changes of items other than shareholders' equity during the consolidated fiscal year				-0	-0
Total changes during the consolidated fiscal year	-	-	-1,298,074	-0	-1,298,074
Balance at December 31, 2022	8,534,406	2,646,000	-6,678,247	-1,033,538	3,468,621

(Unit: thousand yen)

Item	Accumulated other comprehensive income			subscription warrant	non-controlling shareholder holdings	Total net assets
	Other marketable securities Valuation difference on available-for-sale securities	exchange conversion Adjustment account	Other Comprehensive income Cumulative total			
Balance at January 1, 2022	-	11,377	11,377	92,767	1,220,357	6,091,198
Changes during the consolidated fiscal year						
Net loss attributable to owners of the parent (-)						-1,298,074
Net changes of items other than shareholders' equity during the consolidated fiscal year	7	54,043	54,051	4,597	293,884	352,534
Total changes during the consolidated fiscal year	7	54,043	54,051	4,597	293,884	-945,540
Balance at December 31, 2022	7	65,421	65,429	97,364	1,514,242	5,145,657

## Financial statements

### Balance Sheet

		(Unit: thousand yen)	
Item	85th term As of December 31, 2022	Item	85th term As of December 31, 2022
<b>Assets</b>		<b>Liabilities</b>	
I Current assets	1,613,965	I Current liabilities	1,455,875
cash on hand and in banks	913,302	Short-term debt	54,312
accounts receivable	319,804	Short-term loans payable to subsidiaries and affiliates	818,497
marketable securities	333,745	Current portion of long-term debt	1,946
Accounts receivable from subsidiaries and affiliates	957,120	Arrears	488,309
Other	33,239	Accrued expenses	1,806
Allowance for doubtful accounts	-943,246	Income taxes payable	1,421
II Fixed Assets	7,634,456	Other	89,582
1. Tangible fixed assets	1,404,775	II Noncurrent liabilities	837,369
Buildings and structures	66,386	Long-term debt	77,312
Tools, furniture, and fixtures	7,225	Long-term loans payable to subsidiaries and affiliates	437,910
lot	1,331,163	Long-term accrued liabilities	255,559
2. Intangible assets	0	Long-term guarantee deposits received	20,583
software	0	Asset retirement obligations	46,000
3. Investments and other assets	6,229,680	Deferred tax liabilities	3
Investments in securities	30,874	<b>Total liabilities</b>	<b>2,293,245</b>
Shares of subsidiaries and affiliates	1,803,139	<b>Total net assets</b>	
Long-term loans receivable from subsidiaries and affiliates	1,034,223	I Shareholders' equity	6,857,803
Other securities of subsidiaries and affiliates	3,752,134	1. Capital	8,534,406
Long-term accounts receivable	277,288	2. Capital surplus	1,917,295
Long-term prepaid expenses	1,823	Capital reserve	224,533
Other	41,948	Other capital surpluses	1,692,761
Allowance for doubtful accounts	-711,753	3. Retained earnings	-2,560,360
<b>Total assets</b>	<b>9,248,421</b>	Other retained earnings	-2,560,360
		Retained earnings brought forward	-2,560,360
		4. Treasury Stock	-1,033,538
		II Valuation and translation adjustments	7
		Net unrealized gains (losses) on available-for-sale securities, net of taxes	7
		Stock acquisition rights	97,364
		<b>Total net assets</b>	<b>6,955,176</b>
		<b>Total liabilities and net assets</b>	<b>9,248,421</b>

## Profit and Loss Statement

(Unit: thousand yen)

Item	85th term From January 1, 2022 Through December 31, 2022	
I Net sales		68,524
II Cost of sales		310,792
gross loss		242,267
III Selling, general and administrative expenses		513,775
Operating loss		756,043
IV Non-operating income		
Interest and dividend income	80,538	
prepaid card lapse profit	1,992	
profit on currency exchange	62,717	
Other	5,724	150,971
V Non-operating expenses		
interest expense	3,066	
Other	128	3,195
Ordinary loss		608,267
VI Extraordinary loss		
Loss on withdrawal from business	20,000	20,000
Loss before income taxes		628,267
Corporate, inhabitant, and enterprise taxes		1,210
Net loss		629,477

## Statement of Changes in Net Assets

(from January 1, 2022 to December 31, 2022)

(Unit: thousand yen)

Item	capital stock				
	capital stock	Capital surplus			Retained earnings
		capital reserve	Other capital surpluses	Total capital surplus	Other retained earnings Retained earnings brought forward
Balance at January 1, 2022	8,534,406	224,533	1,692,761	1,917,295	-1,930,883
Changes of items during the period					
Net loss (loss)					-629,477
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	-	-	-629,477
Balance at December 31, 2022	8,534,406	224,533	1,692,761	1,917,295	-2,560,360

(Unit: thousand yen)

Item	capital stock		Valuation and translation adjustments	subscription warrant	Total net assets
	treasury stock	Total shareholders' equity	Available-for-sale securities Valuation difference on available-for-sale securities		
Balance on January 1, 2022	-1,033,537	7,487,281	-	92,767	7,580,048
Changes in items during the period					
Net loss (loss)		-629,477			-629,477
Net changes of items other than shareholders' equity	0		7	4,597	4,605
Total changes of items during the period	0	-629,477	7	4,597	-624,871
Balance on December 31, 2022	-1,033,538	6,857,803	7	97,364	6,955,176

# Audit Report

## Audit Report of the Accounting Auditor on the Consolidated Financial Statements

Audit report of the independent auditor

February 24, 2023

Agora Hospitality Group Co., Ltd.

In the board of directors

Avantia G.P.

Chiyoda Ku, Tokyo

Designated company member

Business Execution Member Certified Accountant Hiroaki Soma

Designated company member

Business Execution Member Certified Accountant Daisuke Kato

### Audit opinion

Based on the provisions of Article 444, Paragraph 4 of the Companies Act, the Audit Corporation is the consolidated financial statements of the Agora Hospitality Group Co., Ltd. for the consolidated fiscal year from January 1, 2022 to December 31, 2022, that is, We audited the consolidated balance sheet, consolidated income statement, consolidated statement of changes in shareholders' equity, and consolidated notes.

The period for which the above consolidated financial statements are related to the consolidated financial statements of a corporate group consisting of Agora Hospitality Group Co., Ltd. and consolidated subsidiaries in accordance with corporate accounting standards generally accepted in Japan. We acknowledge that the status of the property and profit and loss of the company is properly displayed in all important points.

### Basis for audit opinion

Management's responsibility is to prepare and properly display consolidated financial statements in accordance with corporate accounting standards generally accepted in Japan. This includes establishing and operating internal controls that management deems necessary to prepare and properly display consolidated financial statements without material misstatement due to fraud or error.

In preparing the consolidated financial statements, the management evaluates whether it is appropriate to prepare the consolidated financial statements based on the premise of a going concern, and based on the corporate accounting standards generally accepted in Japan. If it is necessary to disclose a matter concerning a going concern, it is responsible for disclosing the matter.

The responsibility of the corporate auditors and the board of corporate auditors is to monitor the execution of duties by the directors in the development and operation of the financial reporting process.

### **Responsibilities of management, corporate auditors and board of corporate auditors for consolidated financial statements**

Management's responsibility is to prepare and properly display consolidated financial statements in accordance with corporate accounting standards generally accepted in Japan. This includes establishing and operating internal controls that management deems necessary to prepare and properly display consolidated financial statements without material misstatement due to fraud or error.

In preparing the consolidated financial statements, the management evaluates whether it is appropriate to prepare the consolidated financial statements based on the premise of a going concern, and based on the corporate accounting standards generally accepted in Japan. If it is necessary to disclose a matter concerning a going concern, it is responsible for disclosing the matter.

The responsibility of the Corporate Auditors and the Board of Corporate Auditors is to monitor the execution of duties by the Directors in the development and operation of the financial reporting process.

### **Auditor's Responsibilities in Auditing Consolidated Financial Statements**

The auditor's liability is independent in the audit report, with reasonable assurance that the overall consolidated financial statements are free of material misstatement due to fraud or error, based on the audit conducted by the auditor. From the standpoint, it is to express an opinion on the consolidated financial statements. Misstatements can be caused by fraud or error and are deemed important if they are reasonably expected to affect the decision-making of users of consolidated financial statements, either individually or aggregated. To.

The auditor shall make a judgment as a professional expert through the auditing process in accordance with the auditing standards generally accepted in Japan, and shall carry out the following with professional skepticism.

-Identify and assess material misstatement risks due to fraud or error. In addition, we will formulate and implement audit procedures that address the risk of material misstatement. The selection and application of audit procedures is at the discretion of the auditor. In addition, obtain sufficient and appropriate audit evidence on which to base your opinion.

-Although the purpose of auditing consolidated financial statements is not to express an opinion on the effectiveness of internal control, the auditor may formulate appropriate audit procedures according to the situation when conducting a risk assessment. Consider internal controls related to audits.

-Evaluate the appropriateness of the accounting policies adopted by management and their application methods, as well as the rationality of accounting estimates made by management and the validity of related notes.

-It is important for management to prepare consolidated financial statements on the premise of a going concern, and for events or situations that raise important doubts on the premise of a going concern based on the audit evidence obtained. Conclude if there is any uncertainty. If there is material uncertainty regarding the going concern assumption, draw attention to the notes in the consolidated financial statements in the audit report, or if the notes in the consolidated financial statements regarding material uncertainties are not appropriate. Is required to express an opinion with exclusions on the going concern. The auditor's conclusions are based on audit evidence obtained by the date of the audit report, but future events and circumstances may prevent the entity from surviving as a going concern.

-Whether the display and notes of the consolidated financial statements comply with the standards of corporate accounting generally accepted in Japan, as well as the display, structure and contents of the consolidated financial statements including related notes, and consolidation. Evaluate whether the financial statements properly represent the underlying transactions and accounting events.

-Obtain sufficient and appropriate audit evidence regarding the financial information of the company and its consolidated subsidiaries to express their views on the consolidated financial statements. The auditor is responsible for the instructions, supervision and implementation of auditing consolidated financial statements. The auditor is solely responsible for the audit opinion.

The Audit & Supervisory Board Members shall inform the Audit & Supervisory Board Members and the Audit & Supervisory Board of important audit findings, including the scope and timing of the planned audit, significant deficiencies in internal control identified during the audit implementation process, and audits. Report on other matters required by the standard.

The auditor complies with the Audit & Supervisory Board Members and the Board of Corporate Auditors regarding the provisions on professional ethics regarding independence, matters that are reasonably considered to affect the independence of the auditor, and obstacles. If safeguards are in place to remove or mitigate the problem, report the details.

### **Interests**

There is no stake in the Company and its consolidated subsidiaries and the Audit Corporation or Business Execution Employees that should be stated pursuant to the provisions of the Certified Public Accountants Act.

that's all