

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

Dear Shareholders,

Securities code: 9704

March 10, 2025

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

Agora Hospitality Group Co., Ltd.

Representative Director, Chairperson Chiu Wing Kwan Winnie

Notice of Convocation of the 87th Ordinary General Meeting of Shareholders

Thank you for your continued support and cooperation with the management of Agora Hospitality Group. Notice is hereby given that the 87th Ordinary General Meeting of Shareholders of the Company will be held as follows.

The General Meeting of Shareholders will be accessible electronically, and in accordance with Article 325-3 of the Companies Act, the electronically provided materials have been posted on the Company's website. Please access and review them on the Company's website below.



Website for posting shareholder meeting materials <https://d.sokai.jp/9704/teiji/>

The electronic materials are posted on the website of the Tokyo Stock Exchange as well as on the website of the General Meeting of Shareholders.



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

If you are unable to attend the meeting, you may exercise your voting rights via the Internet or in writing (by mail). Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 6:00 p.m. on Monday, March 24, 2025 (JST), in accordance with the instructions below.

Details

1. Date and time	Tuesday, March 25, 2025, 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"> 1. 87th. business year (from January 1 to December 31, 2024) The business results, consolidated financial statements, and the result of consolidated financial statement audits performed by the Audit & Supervisory Board 2. 87th. business year (from January 1 to December 31, 2024) The details of financial statements <p>Matters to be resolved:</p> <ul style="list-style-type: none"> Proposal No. 1: Election of Seven (7) Directors Proposal No. 2: Election of Three (3) Audit and Supervisory Board Members Proposal No. 3: Revision of the Amount of Remuneration, etc. for Directors and Audit & Supervisory Board Members Proposal No. 4: Issuance of Share Acquisition Rights as Stock Options
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 the form to us by 6:00 p.m. on Monday, March 24, 2025.</p> <p>(2) Exercising voting rights on the Internet, etc. When exercising your voting rights via the Internet, etc., please read [Instructions for Exercising Voting Rights via the Internet, etc.] below and enter your approval or disapproval according to the instructions there.</p> <p>(3) The deadline for exercising your voting rights is 6:00 p.m. on Monday, March 24, 2025. Please exercise your voting rights as soon as possible.</p> <p>(4) Exercising voting rights in writing (by mail). If no indication is provided, we will treat it as 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. Additionally, 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 the valid exercise of your voting rights.</p>

- 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.

The information contained in the electronic provision of measures is, therefore, part of the business report, consolidated 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>), and 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.




Attending the General Meeting of Shareholders

Please present the enclosed Voting Rights Exercise Form at the reception desk upon your arrival.

Date and time

10:00 a.m. on Tuesday, March 25, 2025 (Reception starts at 9:30 a.m.)




Exercising Voting Rights in Writing (by Postal Mail)

Please indicate your approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form and return it to us.

Deadline

Votes are to reach us by 6:00 p.m. on Monday, March 24, 2025



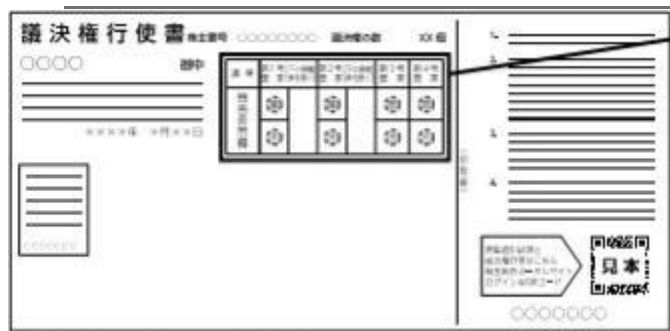
Exercising Voting Rights on the Internet

Please follow the instructions on the next page and enter your approval or disapproval of the proposals.

Deadline

Entries are to be completed by 6:00 p.m. on Monday, March 24, 2025

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、2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3、4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., the vote on the Internet, etc., will prevail. If you have voted multiple times on the Internet, etc., we will treat the last vote cast as the effective one.

Instructions on Exercising Voting Rights on the Internet

Exercising voting rights on the Internet
Entries to be completed by 6:00 p.m. on Monday,
March 24, 2025

スマートフォン等による議決権行使方法

① 議決権行使書用紙に記載のQRコードを読み取ります。



※QRコードは(株)デンソーウェブの登録商標です。

② 株主総会ポータル®トップ画面から「議決権行使へ」ボタンをタップします。



③ スマート行使®トップ画面が表示されます。以降は画面の案内に従って賛否をご入力ください。



PC等による議決権行使方法

以下のURLより議決権行使書用紙に記載のログインID・パスワードをご入力の上アクセスしてください。ログイン以降は画面の案内に従って賛否をご入力ください。

株主総会ポータルURL ▶<https://www.soukai-portal.net>

議決権行使ウェブサイトも引き続きご利用いただけます。 ▶<https://www.web54.net>

事前質問受付のご案内

事前質問受付期限 2025年3月24日(月)午後6時まで

本株主総会においては、株主総会ポータルを通じて、株主様より議案に関するご質問を事前に承ります。いただいたご質問の中で株主の皆さまの関心が高いと思われるご質問については、本株主総会にて取り上げさせていただきます。上記の議決権行使方法と同様に、株主総会ポータルにアクセスいただき、トップ画面から「事前質問へ」ボタンをタップ/クリックします。「事前質問のご入力」画面が表示されますので、以降は画面の案内に従ってご質問をご入力ください。

※いただいたご質問に対して、個別に回答はいたしませんのでご了承ください。

ご注意事項

- 一度議決権を行使した後で行使内容を変更される場合、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」をご入力いただく必要があります。
- インターネットと書面により重複して議決権を行使された場合は、インターネットによる議決権行使を有効なものとし、また、インターネットによって複数回議決権を行使された場合は、最後に行われたものを有効な議決権行使としてお取扱いいたします。
- 1・4・7・10月の第1月曜日0:00～5:00は、メンテナンスのためご利用いただけません。

お問い合わせ

三井住友信託銀行
証券代行ウェブサポート
専用ダイヤル

0120-652-031

(受付時間 9時～21時)



ぜひQ&Aも
ご確認ください。

Reference Documents for General Meeting of Shareholders

Bills and references

Item 1: Election of Seven (7) Directors

The term of office of six 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 seven Directors (including three External Directors). The candidates for Directors are as follows:

Candidate **1**

**Winnie
Wing Kwan
Chiu**

Reappointment

Date of birth
April 24, 1980
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/ 6	Director of Malaysia Land Properties Sdn. Bhd. (present)
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)
2015/ 3	Director of Far East Global Asia Limited (present)
2015/ 6	External Director, the Company
2019/ 3	Director, the Company
2019/ 6	Executive Director, Far East Consortium International Ltd.
2024/ 3	Representative Director Chairperson, Agora Hospitality Group Co., Ltd. (present)
	Representative Director, Agora Hospitalities Co., Ltd. (present)
	Representative Director, Agora Hotel Management Sakai Co., Ltd. (present)
	Representative Director, Agora Hotel Management Osaka Co., Ltd. (present)
	Representative Director, Agora Hotel Management Tokyo Co., Ltd. (present)
	Representative Director, Namba Hotel Operations Co., Ltd. (present)

Reason for Appointment

The candidate, Ms. Winnie Wing Kwan Chiu, has extensive global experience in the lodging business acquired as the president of Dorsett Hospitality International, which operates Dorsett hotels. 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 operations. The Company expected that through leveraging her global network, she would contribute to expanding the business and appointed her in March 2019 as a Director. 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 and has stated that transparency of the Company's decision-making process and information disclosure shall be improved through governance enhancement while placing importance on compliance. In our hotel business, in which a large number of female employees play active roles, we believe that we should work on developing systems, etc., with an aim to create a more comfortable workplace. We will work actively with her to strengthen governance, promote women in the workplace, and support them in achieving a balance between work and family life.

Although the candidate, Ms. Winnie Wing Kwan Chiu, is the daughter of Mr. David Chiu, who is a major shareholder of the Company, we have selected her as a candidate for representative director and chairperson after considering her relationship with our major shareholders and other factors. Two of our independent outside directors interviewed the candidate for representative director, and after obtaining their opinion that her remaining in the post of representative director and chairperson is appropriate, the Board of Directors deliberated and selected her.

Candidate 2

XIAN
Chuping

Reappointment

Date of birth

August 30, 1972

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

1983/ 7	Beijing International Studies University Bachelor of Arts in Japanese
1990/ 3	Fukushima University Master of Economics
2011/12	Senior Executive Program for China By China Europe International Business School (CEIBS) / Harvard Business School (HBS) / Tsinghua University School of Economics and Management (TSEM)
1983/ 9	China Radio International Japanese Department
1990/ 4	Yamaichi Securities Co. Ltd. Director of Foreign Fixed Income Department
1994/ 6	Yamaichi Securities Hong Kong Limited General Manager of Fixed Income Department
1998/ 2	Daiwa Securities SMBC Hong Kong Limited General Manager of Securities Department
2002/ 7	Daiwa Securities Co., Ltd. Chief Representative of Beijing Representative Office
2008/10	Daiwa SMBC-SSC Securities Co., Ltd. Vice Chairman
2014/ 4	Daiwa Securities Co., Ltd. Chief Representative of Beijing Representative Office
2017/ 4	Daiwa Capital Markets Hong Kong Limited President and Chief Executive Officer
2018/ 4	Daiwa Securities Group Inc. Senior Managing Director / Deputy Head of Asia & Oceania Daiwa Capital Markets Hong Kong Limited President and Chief Executive Officer *Stationed in Hong Kong
2021/ 7	Daiwa Securities Group Inc. Senior Managing Director / Deputy Head of Asia & Oceania Daiwa Capital Markets Hong Kong Limited President and Chief Executive Officer *Stationed in Hong Kong Daiwa Securities (China) Co., Ltd. Chairman Daiwa (Shanghai) Corporate Strategic Advisory Co. Ltd. Chairman
2022/ 9	Daiwa Capital Markets Hong Kong Limited Head of China Daiwa Securities (China) Co., Ltd. Chairman
2024/ 3	Agora Hospitality Group Co., Ltd. Director CEO & President Agora Hospitalities Co., Ltd. Director (present) Agora Hotel Management Sakai Co., Ltd. Director (present) Agora Hotel Management Osaka Co., Ltd. Director (present) Agora Hotel Management Tokyo Co., Ltd. Director (present) Namba Hotel Operations Co., Ltd. Director (present)
2024/ 8	Agora Hospitality Group Co., Ltd. Representative Director President & CEO (present)

Reason for Appointment

The candidate, Mr. Xiang Chuping, has been involved in the financial business for many years and has extensive experience and knowledge in business management, including serving as an executive at a major Japanese securities company. Since assuming the post of Director in March 2024, he has made a significant contribution to the Group's growth by leveraging his broad experience, knowledge concerning global business management, and strong leadership. If he is selected as originally proposed, he will become Representative Director, President & CEO. He is scheduled to supervise the Company's business.

Although we have not yet established a nominating committee for the election of candidates for directors at this annual shareholders' meeting, two of our independent outside directors have interviewed candidates for director for this election, and after obtaining their opinion that him remaining in the post of the Representative Director, President & CEO is appropriate, the Board of Directors deliberated and selected him.

Candidate 3

Hiroshi Aso

Reappointment

Date of birth

September 17, 1968

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

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)
2017/ 3	The Company, Director (present)

Reason for Appointment

The candidate, Mr. Hiroshi Aso, previously 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 continuing his duties as Director after two of our independent outside directors have interviewed candidates for Director for this election and have selected him as a candidate.

Candidate 4

Takanori
Kitamura

Reappointment

External and Independent

Date of birth

November 15, 1946

Number of the Company's shares
held

30 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, Agora Hospitalities Co, Ltd. (present)
2015/ 8	Visiting professor at the Chinese University of Hong Kong
2023/ 8	Honorary Fellow, Chinese University of Hong Kong (present)

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 his 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. After several directors including our independent outside directors have interviewed the candidates for directors, he has been nominated as a candidate for External Director of the Company, based on his wide range of experience as a diplomat and academic and his rich international experience, and we believe that he will continuously be able to appropriately carry out the supervisory function of the business execution system as an External Director of the Company. He satisfies the requirements for independence stipulated by the Tokyo Stock Exchange and will continue to be an independent director if elected as proposed.

Candidate **5**

Clarence Yean Kang Wong

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)
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, which operates Dorsett hotels, he provides advice and supervises the Company's business operations from the perspective of a manager operating a global hotel chain.

After several directors, including our independent outside directors, interviewed the candidates for director, the Company considered him capable of continuing to appropriately oversee its operations as an External Director and selected him as a candidate for External Director.

Candidate **6**

Giovanni Angelini

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

1996	Council Member of the Hong Kong Management Association (HKMA), Hong Kong
1999/ 6	CEO and Managing Director, Shangri-La Hotels and Resorts
2009/ 5	Chairman of Angelini Hospitality (present)
2011/ 4	Vice Chairman, Dusit Fudu International Hotel Management (Shanghai) Co., Ltd.
2013/ 6	Independent External Director, New Century Real Estate Investment Trust
2014/ 3	Independent External Director, Dorsett Hospitality International Limited
2018/10	External Director, the Company (present)
2018	Professor of Practice (Hotel Management) School of Hotel & Tourism Management, The Polytechnic University, Hong Kong
2022	Advisory Board Member, The Landmark Development/OTT Financial Group, Toronto, Canada (present)

Reason for appointment and outline of expected role

The candidate, Mr. Giovanni Angelini, assumed the position of 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 the 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, after several directors, including our independent outside directors, interviewed the candidates for director, the Company deems him fully capable of continuing to fulfill his roles as an advisor and supervisor of its operations and selected him as a candidate for External Director.

He meets the requirements for independence specified by the Tokyo Stock Exchange and, if elected as proposed, will continue to be an Independent Director.

Candidate 7

Shi Huiting

New Candidate

Date of birth

April 11, 1992

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

2016/ 1	Executive in charge of PR and IR, joined Dorsett Hospitality International
2018/11	Executive in charge of PR and IR, Far East Consortium International Ltd.
2019/ 9	Finance Manager, Dorsett Hospitality International
2023/ 2	Finance Associates Director, Dorsett Hospitality International (present)
2024/ 3	Temporarily transferred to Agora Hospitality Group (present)

Reason for appointment and outline of expected role

Candidate Shi Huiting holds senior positions at listed real estate companies and hotel management companies in Hong Kong. She has extensive knowledge in the field of public relations and investor relations for the hotel and real estate business and has received high praise in the investor relations field, such as being selected the 2019 Best IR Team by Hong Kong Investor Relations Association. Later, after switching to the finance department, she made use of the experience she cultivated through investor relations and obtained CFA Institute certified securities analyst qualification and U.S. certified public accountant (CPA) qualifications, and specializes in corporate finance, acquisitions, and hotel asset management. Presently, she has been temporarily transferred to the Company and is engaged in the company's strategic initiatives spanning hotel operations, asset management, and corporate finance as a senior manager. The Company deems her capable of supervising operations in the execution of operations for overall corporate management and made her a candidate. The Company is convinced that adding Ms. Shi Huiting, who has extensive practical experience in IR and finance and a strategic perspective on overall corporate management, to the Board of Directors will greatly contribute to improving our corporate value.

Although we have not yet established an official nominating committee for the selection process of the candidate Ms. Shi Huiting, two of our independent outside directors and the Representative Director interviewed the candidate, and based on the results, the Board of Directors deliberated and selected her.

- (Note) 1. The candidate, Ms. Winnie Wing Kwan Chiu, is the daughter of Mr. David Chiu, a substantial major shareholder. The Agora Hospitality Group's Board of Directors resolved on 13 September 2022 to make a silent partnership investment in Agora Ohama Godo Kaisha, a consolidated subsidiary of The Agora Hospitality Group, and Agora Ohama Godo Kaisha has received a silent partnership investment of 1,652 million yen by 31 December 2024 from a legal entity substantially represented by a close relative of Ms. Winnie Wing Kwan Chiu.
- (Note) 2. Other than the above, the candidates do not have a special interest in the Company.
- (Note) 3. Candidates Takanori Kitamura, Clarence Yean Kang Wong, and Giovanni Angelini are Candidates for External Director specified in Item 7, 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 Twelve (12) 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 Eight (8) 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 for Six (6) years and Six (6) months upon the conclusion of the Ordinary General Meeting of Shareholders. The Company plans to designate him as an Independent Director pursuant to the provisions of the Tokyo Stock Exchange.
- (Note) 7. The Company has entered into contracts with candidates 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 were selected based on their knowledge and experience, which qualifies them to conduct business management appropriately, fairly, and efficiently, in accordance with 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 an insurance company 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 appointment 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 the content during the term of office.

Election of Three (3) Audit and Supervisory Board Members

The terms of office of all three (3) Audit and Supervisory Board Members will expire at the end of this annual general meeting of shareholders. Therefore, we request the appointment of three (3) Audit and Supervisory Board Members.

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

The candidates for Audit and Supervisory Board Members are as follows.

Candidate **1**

Juichiro Sugito

Reappointment

Date of birth

June 11, 1956

Number of the Company's shares held

50 Thousand shares

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

1980/ 4	Joined Tokyo Sogo Shinyo K.K.
2009/10	Joined Agora Hospitality Group
2010/ 1	General Manager of the Finance and Accounting Department, Agora Hospitality Group
2016/ 7	General manager assistant to CFO, Agora Hospitality Group
2017/ 3	Full-time auditor, Agora Hospitality Group (present)

Reason for Appointment

The candidate, Mr. Juichiro Sugito, took office as the Company's auditor in 2017 and takes the role of a full-time auditor. He has served as the Company's General Manager of the Finance and Accounting Department for many years and has extensive knowledge of finance and accounting concerning the Group's business.

The Company deems that he is capable of continuously strengthening its audit system and has made him a candidate for the Audit and Supervisory Board Member.

Candidate 2

Shinji Shibuya

New Candidate

External and Independent

Date of birth

November 16, 1967

Company's shares held

60 Thousand shares

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

1992/ 4	Joined Yamaichi Securities Co., Ltd.
1998/ 2	Joined Hitachi, Ltd.
2000/ 9	Section Chief, IPO Department, Nikko Cordial Corporation
2002/ 9	Deputy Section Chief, International Business Planning Department, Daiwa Securities SMBC Co. Ltd.
2004/10	Deputy CEO, Daiwa SMBC-SSC Securities Co. Ltd.
2006/ 4	Representative of Beijing Representative Office, Daiwa Securities SMBC Co. Ltd.
2008/12	Chief Representative of Beijing Representative Office, Daiwa Securities Co., Ltd.
2014/ 4	General Manager of Corporate Planning Department and Section Chief of International Planning Section, Daiwa Securities Co. Ltd.
	Director, Daiwa Securities SMBC Hong Kong
2016/ 4	CEO, Daiwa-Cathay Capital Markets (Taipei)
2019/10	CEO, Daiwa (Shanghai) Corporate Strategic Advisory Co. Ltd.
2020/12	Chairman, Director, Managing Deputy CEO and Supervising Committee Constituent Member, Daiwa Securities (China) Co., Ltd.

Reason for Appointment

The candidate, Mr. Shinji Shibuya, has extensive experience in securities and finance through working at financial institutions and has specialized knowledge about business in China and Hong Kong. Furthermore, he has experience in monitoring operations related to the management of overseas business companies, and based on abundant knowledge on such, the Company has deemed that he is capable of appropriately performing the duty of an external auditor and made him a candidate for a newly appointed external auditor. If he is selected as originally proposed, he is planned to be an independent officer.

Candidate 3

Veanne Wai Ling
Wong

New Candidate

External

Date of birth

July 4, 1968

Company's shares held

— Thousand shares

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

1990/ 8	Tax consultant, Joined PWC
1995/10	The Hokkaido Takushoku Bank, Ltd.
1998/ 7	Mizuho Securities Asia Limited
1999/ 4	Director, Mizuho Securities Asia Limited
2003/ 4	Director and COO, Mizuho Securities Asia Limited
2010/ 7	Director and CFO, Mizuho Securities Asia Limited
2013/ 1	Director, COO and CFO, Mizuho Securities Asia Limited
2021/ 5	CEO (Chief Executive Officer), Stella Consulting Group (present)

Reason for Appointment

The candidate Ms. Veanne Wai Ling Wong joined PWC, engaged in tax consulting service work for financial institutions, individuals, and companies aiming to invest in Japan, and then oversaw human resources, general affairs, accounting, finance, risk management, operations, and IT departments as a director, CFO, and COO at a financial institution, and has extensive experience and knowledge concerning corporate management. Currently, as CEO of Stellar Consulting, she is engaged in consulting services related to investment in China, mainly for financial institutions and European conglomerates. As the candidate utilizes her extensive management experience in tax consulting and financial institutions and has specialized knowledge concerning finance and accounting, the Company has deemed that the candidate is capable of carrying out audit operations appropriately from a wide range of perspectives, such as monitoring the execution of our overseas business operations and has made her a candidate for a newly appointed external auditor.

- (Note) 1. No special interests exist between the candidates and the Company.
- (Note) 2. Both candidates, Shinji Shibuya and Veanne Wai Ling Wong are the candidates for external auditors.
- (Note) 3. The Company plans to designate the candidate, Shinji Shibuya, as an Independent Officer as stipulated by the Tokyo Stock Exchange.
- (Note) 4. The Company has concluded a contract with the candidate Mr. Juichiro Sugito to limit his liability under Article 423, Paragraph 1 of the Companies Act. The amount of limitation of the liability for damages pursuant to this contract will be the amount specified in laws and regulations. If his reappointment as an auditor is approved as originally proposed, the Company plans to continue the contract to limit his liability under Article 423, Paragraph 1 of the Companies Act.
- (Note) 5. If the appointment of each of the candidates, Shinji Shibuya and Veanne Wai Ling Wong, as an external auditor, is respectively approved as originally proposed, the Company plans to conclude contracts to limit their liability under Article 423, Paragraph 1 of the Companies Act.
- (Note) 6. Since December 2005, the Company has entered into a liability insurance contract with an insurance company that places the Company, its subsidiaries, and its directors and Audit & Supervisory Board Members as insureds. The premiums are fully paid by the Company. Claims for damages caused by the insured's illegal acquisition of profits or benefits will not be covered by the above insurance contract. If the appointment of all candidates is approved, they will be insured under the contract. In addition, we plan to update the content during the term of office.

Reference

If resolution item No. 1 is approved and adopted, the status of officers will be as follows.

Male: 7 Female: 3

Japanese: 4, non-Japanese: 6

Name	Title	Experience in a service industry such as the 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
Ms. Winnie Wing Kwan Chiu	Director	•	•		•	•
Mr. XIAN Chuping	Director			•	•	•
Mr. Hiroshi Aso	Director	•			•	
Mr. Takanori Kitamura	Director		•		•	
Mr. Clarence Yean Kang Wong	Director	•		•	•	•
Mr. Giovanni Angelini	Director	•	•		•	•
Mr. Shi Huiting	Director		•	•	•	•
Mr. Juichiro Sugito	Auditor			•		
Mr. Shinji Shibuya	Auditor			•	•	
Ms. Veanne Wai Ling Wong	Auditor			•	•	

Revision of the Amount of Remuneration, etc. for Directors and Audit & Supervisory Board Members

At the 79th Ordinary General Meeting of Shareholders held on March 29, 2017, it was resolved that the maximum amount of remuneration for directors, excluding remuneration, etc., relating to granting of share acquisition rights to directors of the Company, is within 120 million yen per year (of which, within 60 million yen for external directors), and at the 79th Ordinary General Meeting of Shareholders held on March 29, 2017, it was resolved that the maximum amount of remuneration for Audit & Supervisory Board Members is 18 million yen per year. However, subject to approval of Item 1 and Item 2, the Company proposes to revise the amount of remuneration for directors to within 150 million yen per year (of which, within 75 million yen for external directors) and the amount of remuneration for Audit & Supervisory Board Members to 20 million yen per year. The purpose is to strengthen the Company's corporate governance system, and the proposal is based on comprehensive considerations of various factors, such as the responsibilities of the Audit & Supervisory Board Members.

As before, the amount of remuneration for directors does not include the salary as employees of employees who concurrently serve as directors. This agenda has been deliberated and reported by two independent external directors, and the Company believes that the content is adequate.

As for the allocation, the Company wishes the allocation regarding remuneration for directors to be left to the discussions by the Board of Directors and the allocation regarding remuneration for auditors to be left to the discussions by the Audit & Supervisory Board.

The current number of directors is six (of which three are external directors), and if Item 1 is approved and passed as originally proposed, the number of directors at the end of this general meeting will be seven (of which three are external directors).

The current number of the Audit & Supervisory Board Members is three (of which, two are external auditors), and if Item 2 is approved and passed as originally proposed, the number of the Audit & Supervisory Board Members at the end of this general meeting will be three (of which, two are external auditors).

Issuance of Share Acquisition Rights as Stock Options

Based on the provisions of Articles 236, 238, and 239 of the Companies Act, in order to further increase motivation and morale for business performance and lead to improvement of corporate value, the Company asks for approval to issue share acquisition rights as stock options free of charge to directors of the Company and its subsidiaries as well as employees of the Company and its subsidiaries who the Board of Directors of the Company has approved, and to delegate decisions on offering matters to the Company's Board of Directors.

Regarding share acquisition rights granted to directors of the Company, if they fall under remuneration, etc. for directors in Article 361, paragraph 1 of the Companies Act, the maximum amount of remuneration for directors is 150 million yen per year on the premise that Item 3 is approved. However, separate from the remuneration framework for directors described above, this agenda asks for approval concerning specific calculation methods for the amount of remuneration, etc. for directors stipulated in Article 361, Paragraph 1, Item 2 of the Companies Act and the upper limit of share acquisition rights stipulated in Article 361, Paragraph 1, Item 4 of the act. The total amount of remuneration as stock option granted as remuneration for a director of the Company during a year is the amount obtained by multiplying the fair price per share acquisition right calculated on the day the share acquisition rights were allocated by the upper limit of the number of share acquisition rights allocated to the director of the Company. Both of the specific calculation methods for the remuneration, etc., concerning share acquisition rights to be granted as stock options and the upper limit of the number of share acquisition rights, etc., the Company asks for approval in this agenda item are based on the Company's policies, etc., relating to determining the details of remuneration for directors, etc., and by comprehensively considering the Company's business performance and the amount of non-monetary remuneration, etc., to further increase motivation and morale of directors and employees for business performance and lead to improvement of corporate value. The Company believes that the calculation methods, upper limits of the number of share acquisition rights, etc., are adequate.

The directors of the Company who are subject to allotment are four directors who execute business on the assumption that Item 1 and Item 2 are approved, and the upper limit of the number of share acquisition rights to be allotted shall be 180,000, which are for the Company's directors.

1. Reason for the need to solicit subscribers for share acquisition rights on particularly favorable terms

Conventionally, the Company has granted stock options to directors, auditors, and employees based on approval from the annual general meetings of shareholders to increase motivation toward improving business performance and increasing corporate value. Moving forward, the Company plans to grant the following stock options with the aim of further increasing motivation and morale for improving business performance and rising stock prices.

2. Content and maximum number of share acquisition rights to shares that can be offered based on the matters resolved at this General Meeting of Shareholders

(1) Persons eligible for the allotment of share acquisition rights

Directors of the Company and its subsidiaries and executive employees of the Company and its subsidiaries

(2) Types and number of shares subject to share acquisition rights

The upper limit of ordinary stocks of the Company to be granted is 20,000,000 shares (of which 18,000,000 shares are for the Company's directors). In case the Company performs a share split or share consolidation of the Company's ordinary stocks after the date of resolution of this agenda item, the number of shares subject to share acquisition rights shall be adjusted according to the following formula. However, such an adjustment shall be made with regard only to the number of shares subject to share acquisition rights that have not been exercised at such time, and any fraction less than one share arising as a result of such an adjustment shall be rounded down.

Number of shares after adjustment =

Number of shares before adjustment × Share split or consolidation ratio

Also, in case the Company undertakes a merger, absorption-type split, incorporation-type split, share exchange or share transfer, or when other cases that require number adjustments occur, the Company will adjust the number of shares deemed necessary within a reasonable range.

(3) Number of share acquisition rights

The upper limit is 200,000 (of which the number for the Company's directors is 180,000). (The number of shares to be issued for one share acquisition right is 100 shares of the Company's ordinary stocks.) However, in the event that the Company conducts a share split, etc., adjustments similar to (2) above shall be made.

(4) Amount to be paid in exchange for share acquisition rights

No cash payment is required.

(5) Value of assets to be contributed upon exercise of the share acquisition rights

The value of the property to be contributed to the exercise of each share acquisition right is the paid amount per share that can be issued by exercising the share acquisition rights (hereinafter referred to as the “Exercise Price”) multiplied by the number of shares subject to share acquisition rights. The Exercise Price shall be the amount arrived by multiplying the average closing price of the Company’s ordinary stocks on the Tokyo Stock Exchange on each day (excluding any date when the transaction cannot be concluded) of the month preceding the month in which the date when the share acquisition rights allotment day (herein after referred to as the “Allocation Date”) falls under by 1.05. Any fraction less than one yen shall be rounded up to the nearest one yen. However, if such a calculated price falls below the closing price on the day before the Allocation Date (closing price on the most recent day prior if the transaction cannot be concluded), then the Exercise Price shall be the amount of the closing price on the day before the Allocation Date. In the event that, following the Allocation Date, the Company conducts a share split or share consolidation, the Exercise Price shall be adjusted using the formula below when the split or consolidation shares becomes effective, with any fraction less than one yen resulting from the adjustment being rounded up to the nearest one yen.

$$\begin{aligned} \text{Number of shares after adjustment} = \\ \text{Number of shares before adjustment} \times \text{Share split or consolidation ratio} \end{aligned}$$

In the event that, following the Allocation Date, the Company issues new shares or disposes of treasury shares at a value below fair value (excluding cases due to share acquisition rights or the exercise of share acquisition rights), the Exercise Price shall be adjusted using the formula below, with any fraction less than one yen resulting from the adjustment being rounded up to the nearest one yen.

$$\begin{aligned} \text{Exercise price after adjustment} = & \text{Exercise price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of newly issued shares} \times \text{Paid-in amount per share}}{\text{Fair value}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}} \end{aligned}$$

In the above formula, “number of shares already issued” is the number obtained by deducting the number of treasury shares held by the Company from the total number of the Company’s outstanding shares, and in case the Company is to dispose of its treasury shares, “number of newly issued shares” shall be read alternatively as “number of treasury shares to be disposed of,” respectively.

Also, following the Allocation Date, in case the Company undertakes a merger, absorption-type split, incorporation-type split, share exchange or share transfer, or when other cases that require Exercise Price adjustments occur, the Company will adjust the Exercise Price deemed necessary within a reasonable range.

(6) Period during which the share acquisition rights may be exercised

Any date during the period from May 1, 2027 to April 30, 2032, and decided by the Board of Directors.

(7) Conditions for the exercise of the share acquisition rights

- (i) The optionee must be at the position of a director, Audit & Supervisory Board Member, employee, or other equivalent position of the Company or its subsidiaries at the time of exercising the share acquisition rights.
- (ii) Even if the optionee loses the position of (i) above, the execution of the share acquisition rights shall be approved by the Board of Directors, except in the case of dismissal, disciplinary dismissal, dismissal on grounds, resignation, or retirement for personal reasons.
- (iii) In case the optionee dies, the heir will not be allowed to inherit the share acquisition rights.
- (iv) Pledging of share acquisition rights and other dispositions are not permitted.
- (v) Other conditions for exercising shall be as set forth in the share acquisition rights grant agreement concluded between the Company and the share acquisition rights holder based on the resolution of the general meeting of shareholders and the Board of Directors.

(8) Reasons and conditions for the acquisition of the share acquisition rights

- (i) When a merger agreement in which the Company will become the extinguished company has been approved, or when a proposal for share exchange agreement approval and a proposal for share transfer by which the Company will become a wholly owned subsidiary has been approved by a general meeting of shareholders, the Company may obtain the share acquisition rights at no consideration on a date separately determined by the Company’s Board of Directors or the Company’s representative director who has been delegated by the Board of Directors.
- (ii) When a share acquisition rights holder cannot exercise the share acquisition rights because the holder no longer fulfills the conditions stipulated in (7) above, the Company may obtain the share acquisition rights at no consideration on a date separately determined by the Company’s Board of Directors or the Company’s representative director who has been delegated by the Board of Directors.

(9) Restrictions on the transfer of the share acquisition rights

When transferring share acquisition rights, approval from the Board of Directors is required.

- (10) Matters concerning share capital and legal capital surplus that will increase when shares are issued through the exercise of the share acquisition rights
- (i) The amount of share capital to be increased when shares are issued through the exercise of the share acquisition rights shall be the amount obtained by multiplying the maximum amount of increase in share capital, etc., which is calculated in accordance with Article 17, paragraph 1 of the Regulations for Corporate Accounting by 0.5, with any fraction less than one yen resulting from the calculation be rounded up to the nearest one yen.
 - (ii) The amount of legal capital surplus to be increased when shares are issued through exercise of the share acquisition rights shall be the amount obtained by deducting the amount of share capital to be increased set forth in (i) above from the maximum amount of increases in share capital, etc. set forth in (i).
- (11) Handling of fractions
Any fractions of less than one share in the number of shares to be granted to the share acquisition rights holder who has exercised the share acquisition rights shall be rounded down.
- (12) Specific calculation methods for directors' remuneration, etc.
The amount of share acquisition rights to be issued as remuneration, etc., for directors of the Company shall be the amount obtained by multiplying the fair value per share acquisition right by the total number of share acquisition rights to be allocated to directors in office of the Company on the Allocation Date. The fair value of the share acquisition rights shall be calculated using a stock option price calculation model such as the Black Scholes model based on various conditions that shall be applied on the Allocation Date.
- (13) Other details regarding the share acquisition rights shall be determined by the Board of Directors, which decides offering matters for the share acquisition rights.

(Attached document)

I. Business Report (From January 1, 2024, to December 31, 2024)

I. Status of the Company

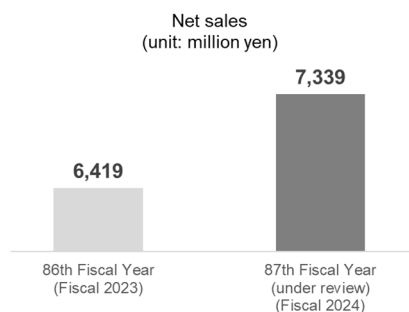
1. Business progress and results

Net sales for the fiscal year under review were significantly influenced by the external factor of the increasing foreign visitors to Japan. In 2024, the number of foreign visitors to Japan was on a recovery trend throughout the year, reaching 2.48 million in a single month in December. This is due to several factors, including the gradual easing of COVID-19's impact leading to the relaxation of border restrictions, the continued depreciation of the yen, and the recovery of airline flight operations. The accommodation facilities operated by the Agora Hospitality group (the "Group") also saw increased sales thanks to strong inbound tourist demand. As a result, net sales surpassed the previous year's results to 8,377 million yen (up 14.6%), comprising 7,339 million yen (up 14.3%) for the Hotel business and 1,037 million yen (up 16.6%) for the Other investment business, which includes the memorial park business and residential and other real estate development business, all on a year-on-year basis. As for operating expenses, the continued depreciation of the yen led to an increase in overall operating costs, including material costs, utilities expenses, and personnel expenses. However, ongoing cost reduction efforts resulted in an operating profit of 501 million yen (in contrast to an operating loss of 93 million yen in the previous fiscal year). As for non-operating income, the Company recorded 156 million yen, including 85 million yen as share of profit of entities accounted for using equity method and 23 million yen as gain on sale of securities. Meanwhile, the Company recorded non-operating expenses of 410 million yen, including 105 million yen as interest expenses, 37 million yen as foreign exchange losses and 224 million yen as provision of allowance for doubtful accounts. Consequently, the Company posted an ordinary profit of 248 million yen (in contrast to the ordinary loss of 195 million yen in the previous fiscal year). With the recording of income taxes - currently amounting to 176 million yen, etc., profit attributable to owners of parent came to 108 million yen (in contrast to loss attributable to owners of parent of 149 million yen in the previous fiscal year).

Item	86th Fiscal Year (December 2023) Amount (million yen)	87th Fiscal Year (December 2024) Amount (million yen)	Year-on-Year Rate of Change
Net sales	7,309	8,337	14.6%
Operating profit (loss)	(93)	501	-
Ordinary profit (loss)	(195)	248	-
Profit (loss) attributable to owners of parent	(149)	108	-

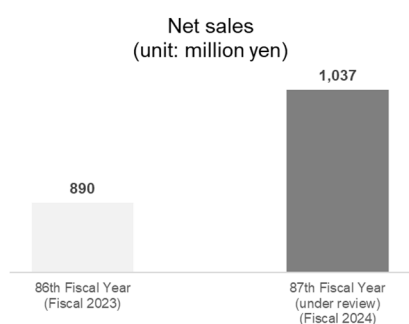
The sales status of the corporate group by business category is as follows.

Hotel Business division



In the Hotel business segment, all the accommodation facilities showed further recovery during the fiscal year under review due to a steady increase in the number of foreign visitors to Japan. Sales of the main hotels were 2,773 million yen (up 7.9% year on year) at Hotel Agora Regency Osaka Sakai and 1,496 million yen (up 6.5% year on year) at Hotel Agora Osaka Moriguchi. In particular, sales significantly surpassed the previous fiscal year's results in Tokyo, with 938 million yen (up 39.6% year on year) at Agora Tokyo Ginza and 573 million yen (up 30.7% year on year) at Agora Place Tokyo Asakusa, due to an increase in the number of foreign visitors to Japan. Accordingly, the entire Hotel business segment posted net sales of 7,339 million yen (up 14.3% year on year). While the lodging departments achieved good performance thanks to larger inbound tourist demand, the restaurant and banquet departments have been impacted by staff shortages, and some restaurants are still closed. To mitigate the negative impact on earnings, the Company has been making efforts to provide appropriate staffing within the hotels. Although the segment was affected by such factors as higher natural resource costs, higher material costs and utilities expenses under the continued depreciation of the yen and the hiring cost to cover staff shortages, the increase in foreign visitors to Japan contributed to larger segment profits, leading to operating profit of 698 million yen (up 384.0% year on year).

Other investment business division



Cemetery buyer trends in Malaysia remain strong throughout 2024 to date. Particularly in urban areas, cemetery prices have surged along with soaring land prices, leading to increased demand for suburban cemeteries and indoor ossuaries. In accordance with this trend, net sales in the Company's memorial park business in Malaysia increased steadily to 902 million yen (up 4.1% year-on-year), and operating profit stood at 142 million yen (up 28.1% year-on-year). Because the Company's columbarium is located near Kuala Lumpur and can meet new demands, as it also offers affordable ossuaries and niches (permanent recesses for placing remains), it progressed strongly both in terms of new orders and continued deliveries of existing contracts in the current fiscal year under review.

The performance of the residential and other real estate development business remained almost unchanged from the previous fiscal year, with net sales of 23 million yen (down 1.2% year on year) and operating profit of 15 million yen (up 11.3% year on year), while the securities business posted operating profit of 105 million yen (in contrast to operating loss of 20 million yen in the previous fiscal year). As a result of this, net sales in the Other investment business came to 1,037 million yen (up 16.6% year-on-year) for the fiscal year under review, with an operating profit of 263 million yen (up 151.3% year-on-year).

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 a capital investment of 2,984 million yen for hotel construction and other efforts in the Hotel business. In addition, in the Other investment business, a capital investment of 6 million yen was made mainly for the memorial park business.

3. Financing

Financing in the financial year under review consisted of own funds as well as borrowings from financial institutions and the acceptance of an anonymous association investment in Agora Ohama LLC, which received an anonymous association investment of 643 million yen in January 2024 and 289 million yen in June 2024.

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.

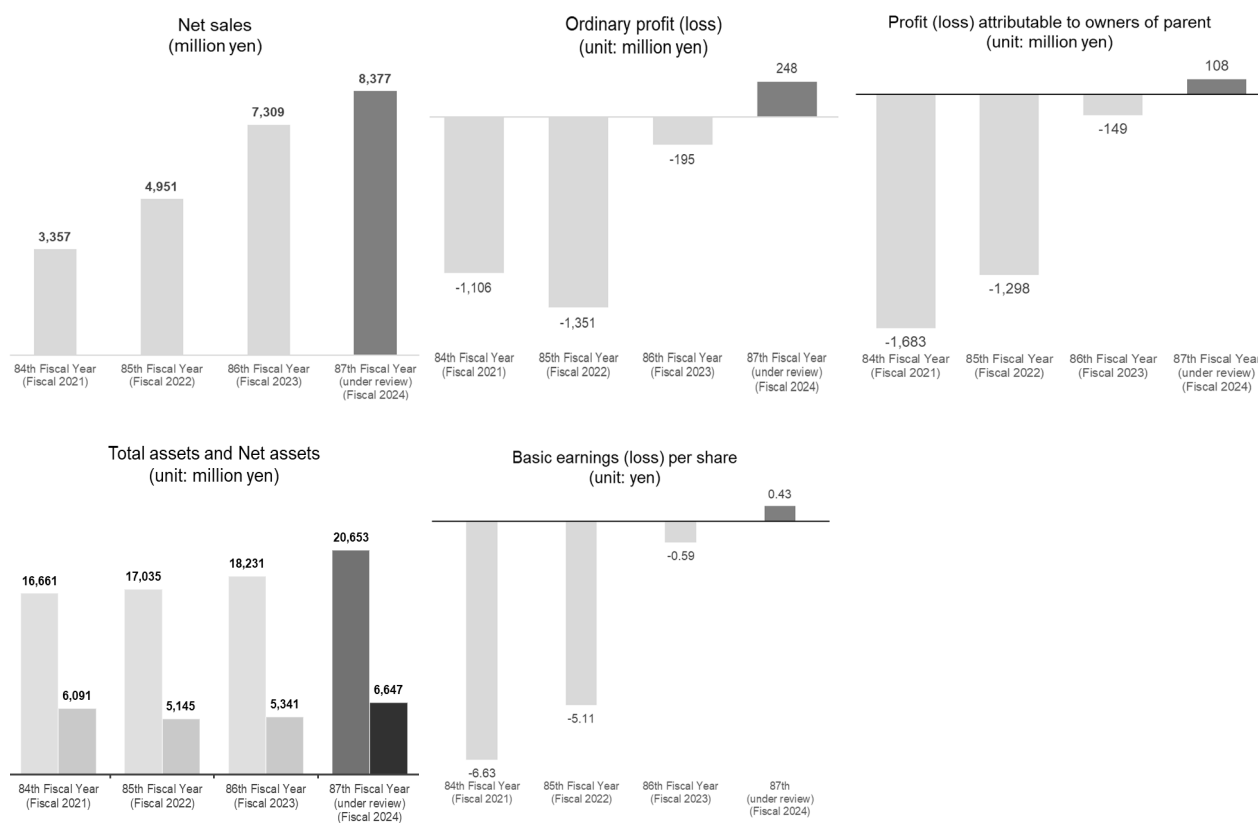
6. Succession of rights and obligations regarding the business of other corporations due to an absorption-type merger (including a merger with a party other than Japanese companies (limited to a merger in which the Company will continue to exist after the merger)) or an absorption-type split

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		2021	2022	2023	2024
		84th Fiscal Year	85th Fiscal Year	86th Fiscal Year	87th Fiscal Year (Fiscal year under review)
Net sales	(million yen)	3,357	4,951	7,309	8,377
Ordinary profit (loss)	(million yen)	(1,351)	(1,106)	(195)	248
Profit (loss) attributable to owners of parent	(million yen)	(1,683)	(1,298)	(149)	108
Basic earnings (loss) per share	(yen)	(6.63)	(5.11)	(0.59)	0.43
Total assets	(million yen)	16,661	17,035	18,231	20,653
Net assets	(million yen)	6,091	5,145	5,341	6,647

9. Issues to be addressed

The number of foreign visitors to Japan was on a recovery trend in 2024, reaching 2.48 million in a single month in December. The accommodation facilities operated by the Group also saw increased sales backed by strong inbound tourist demand, and the net sales for the fiscal year under review surpassed the previous year's results to 8,377 million yen (up 14.6% year-on-year). The performance improved significantly, with operating profit at 501 million yen (in contrast to operating loss of 93 million yen in the previous fiscal year), ordinary profit at 248 million yen (in contrast to ordinary loss of 195 million yen in the previous fiscal year) and profit attributable to owners of parent at 108 million yen (in contrast to loss attributable to owners of parent of 149 million yen in the previous fiscal year). As COVID-19's impact gradually eased, the Group was able to achieve extremely good results thanks to the efforts of each and every employee. As we begin 2025, we are very happy to welcome a new year with all of our shareholders as the global recovery becomes clear.

The road to the future we aim for continues. The Group positions 2025 as a year to make significant achievements where what we have cultivated so far will blossom. In preparation for the start of the next medium-term management plan, we have taken the first step by securing the management of three hotels under IHG Hotels & Resorts' new "Garner" brand (Garner Hotel Osaka Honmachi Midosuji, Garner Hotel Osaka Honmachi Kita Semba and Garner Hotel Osaka Honmachi Station), which will be the first entry in Japan. Furthermore, in March, "Dorsett by Agora Osaka Sakai," which is the hotel under a business alliance with Hong Kong's Dorsett Hospitality International, will open for the first time in Japan. These projects are symbolic initiatives showing full-scale partnerships with foreign brands and mean that we are emerging into new markets. The opening of new hotels through collaboration with overseas brand hotels is a huge opportunity to strengthen our brand power and enhance our presence both domestically and internationally.

Based on these initiatives, we have set "30 hotels in five years" as a new medium-term target. This figure is not just a target; it is a guideline for expanding the brand and strengthening market competitiveness. To achieve this, in addition to growing Agora's sole brand, it is essential to accelerate partnerships with overseas brand hotels. On the other hand, there are also issues in terms of profitability and efficiency. This year's important theme is to address these issues and to proceed with business improvements. Additionally, the Group still has liabilities incurred during the period when businesses were closed due to the spread of COVID-19, and it is expected that it will take a certain amount of time to eliminate them.

Furthermore, Agora Hotel Alliance regards human resources as the key to success and is focusing on fostering a spirit of "hospitality." They believe that "hospitality" means considering others' perspectives. To that end, they are implementing various initiatives so that every employee can grow. Specifically, they have introduced training programs to support employees, enhance their skills, and implement mentor/buddy systems to support new employees so that they can smoothly integrate into the workplace. Furthermore, they aim to improve retention rates by revitalizing communication between employees and creating a comfortable working environment. On top of such efforts, in order to acquire diverse human resources, in addition to conventional recruitment activities, they use SNS and industry-specific recruitment sites and introduce employee referral systems. Additionally, they encourage the growth of each and every employee by promoting flexible work styles and supporting employees' career advancement. By actively working on human resource development and recruitment through such efforts, the Agora Hotel Alliance aims to provide the best "hospitality" to customers and aim for sustainable growth.

We will continue to evolve into a sustainable and powerful organization by advancing growth and improvement on both wheels. By actively taking on challenges, we would like to lead such evolution to a significant achievement of the entire company. With the keywords "challenge" and "growth," we will continue to make this year a year of further growth and transformation.

As for other investment business, by appropriately managing risks such as environment and human rights through close communication with the local communities, the Group aims to improve performance of the memorial park business in Malaysia against the backdrop of steady market growth.

The next few years will be a pivotal time for Agora. The Group looks forward to steadily implementing our growth plans and welcoming domestic and international guests.

10. Status of the parent company and significant subsidiaries

(1) Relationship with the parent company

There is nothing significant to be noted.

(2) Status of important subsidiaries and affiliated companies

(Subsidiary)

Company Name	Capital or investment	Investment ratio	Major business
Agora Hospitalities Co., Ltd.	57,496 thousand yen	100.0%	Hotel Business in Japan
Agora Hotel Management Osaka Co., Ltd.	4,800 thousand yen	100.0%	Hotel Business in Japan
Agora Hotel Management Sakai Co., Ltd.	0 thousand yen	100.0%	Hotel Business in Japan
Namba Hotel Operations Co., Ltd.	30,100 thousand yen	100.0%	Hotel Business in Japan
Galaxy GK	100 thousand yen	100.0% (100.0%)	Hotel Business in Japan
Bata International, Inc.	199 USD	49.7% [50.3%]	Real estate development business such as housing in Australia
Rawan Memorial Park	1,000 thousand Malaysian Ringgit	92.7% [7.3%]	Memorial Park business in Malaysia

(Affiliates)

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

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, 2024)

Hotel Business and other investment business

12. Major lenders (as of December 31, 2024)

Lender	Balance of loans
The Tokyo Star Bank, Ltd.	4,161 million yen
Resona Bank, Limited	2,714 million yen
Kansai Mirai Bank, Ltd.	1,051 million yen
United Overseas Bank Limited	930 million yen

13. Employee status (as of December 31, 2024)

Segment	Hotel Business	Other investment business	Corporate (Common)	Total
number of employees	369 persons	38 persons	8 persons	415 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, 2024)

Name	Location
Head Office	Tokyo Metropolitan area
Hotel Agora Osaka Moriguchi	Osaka
Hotel Agora Regency Osaka Sakai	Osaka
Agora Place, Osaka Namba	Osaka
Agora Tokyo Ginza	Tokyo Metropolitan area
Agora Place Tokyo Asakusa	Tokyo Metropolitan area
Hidden Valley	Australia
Lawan Memorial Park	Malaysia

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

During the fiscal year under review, with the recovery from the global spread of COVID-19 becoming clear, the Group posted operating profit of 501 million yen, ordinary profit of 248 million yen, and profit attributable to owners of parent of 108 million yen. On the other hand, the Group still has liabilities incurred during the period when businesses were closed due to the spread of COVID-19 infection. Since it is expected that it will take a certain amount of time to eliminate these liabilities, the Group’s cash flow has become a concern, and there exists a situation that raises significant doubts on going concern assumption.

In order to resolve this situation, the Company has secured working capital for the time being by thoroughly reducing fixed costs and procuring working capital from financial institutions, in addition to selling rental properties owned by the Group in July 2020 and non-current assets owned by the Company in March 2023.

Based on the above, as of the end of the financial year under review, no material uncertainty regarding the premise of a going concern is deemed to exist, and no ‘Notes on the premise of a going concern’ is presented in the consolidated financial statements and financial statements.

II. Matters Regarding Shares (as of December 31, 2024)

- 1) Total number of authorized shares 1,200,000,000 shares
- 2) Total number of issued shares 281,708,934 shares
Including 27,734,941 shares of treasury stock
- 3) Total number of shareholders at the end of the fiscal year 19,248 persons

4) Status of the top 10 shareholders

Shareholder name	Number of shares held Unit: Thousand shares	Holding ratio %
Bank Julius Baer & Co. Ltd. Singapore Clients	112,095	44.14
KING TERRACE LIMITED	38,368	15.11
BNP PARIBAS SINGAPORE / 2S/ JASDEC / CLIENT ASSET	3,001	1.18
The Master Trust Bank of Japan, Ltd.	1,992	0.78
Mizuho Securities Co., Ltd.	1,959	0.77
Shuji Narisawa	1,600	0.63
INTERACTIVE BROKERS LLC	1,381	0.54
493611 BBH-DBS Bank Hong Kong Limited Account 005 Non- U.S.	1,317	0.52
Bank Julius Baer & Co. Ltd. Hong Kong Client Account	1,000	0.39
JP JPMSE LUX RE NOMURA INT PLC 1 EQCO	968	0.38

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

(Note) 2 The Company holds 27,734,941 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	311 shares
- (2) Disposal shares

Stock type	Ordinary stock
Number of shares	30,000 shares
- (3) Shares held

Stock type	Ordinary stock
Number of shares	27,734,941 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, 2024)

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	181,300 pieces
Directors (excluding External Directors)	3 persons	175,000 pieces
External Director of the Company	3 persons	4,700 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	18,130,000 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	653,760,000 yen	
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 the second anniversary of the allotment date until the day before the third anniversary, 66% of the allocated stock acquisition rights may be exercised. However, if any stock acquisition rights have been exercised by the second anniversary, the total number of exercised stock acquisition rights shall not exceed 66% of the allotted stock acquisition rights. Fractions of less than one (1) share subscription right that become exercisable shall be discarded.</p> <p>(4) From the date of issuance 3 years after the allotment date to the 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 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 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>	

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, 2024)

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

Positions and responsibilities	Name	Significant concurrent positions
Representative Director Chairperson	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, Representative Director and President of Agora Hospitalities Co., Ltd., Representative Director of Agora Hotel Management Sakai Co., Ltd., Representative Director of Agora Hotel Management Osaka Co., Ltd., Representative Director of Agora Hotel Management Tokyo Co., Ltd., Representative Director of Namba Hotel Operations Co., Ltd.
Representative Director, CEO & President	Xian Chuping	Director of Agora Hospitalities Co., Ltd., Director of Agora Hotel Management Sakai Co., Ltd., Director of Agora Hotel Management Osaka Co., Ltd., Director of Agora Hotel Management Tokyo Co., Ltd., Director of Namba Hotel Operations Co., Ltd.
Director	Hiroshi Aso	Director of Agora Hospitalities Co., Ltd.
Director	Takanori Kitamura	Honorary Fellow, The Chinese University of Hong Kong
Director	Clarence Yean Kang Wong	COO (in charge of Southeast Asia and China) of Dorsett Hospitality International Limited
Director	Angelini Giovanni	Chairman, Angelini Hospitality, Professor of Practice (Hotel Management) School of Hotel & Tourism Management, The Polytechnic University, Hong Kong
Full-time auditor	Juichiro Sugito	–
Auditor	Shinji Endo	Shinji Endo Tax Accountant Office
Auditor	Boswell Wai Hung Cheung	Far East Consortium International CFO and Company Secretary

- (Note) 1. Director Masami Egami (COO) retired on July 31, 2024, due to his resignation.
- (Note) 2. Directors Takanori Kitamura, Clarence Yean Kang Wong, and Angelini Giovanni are outside directors as prescribed in Article 2, Item 15 of the Companies Act
- (Note) 3. 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) 4. Mr. Juichiro Sugito, a 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) 5. The Company has designated Director Takanori Kitamura, Director Angelini Giovanni, and Audit & Supervisory Board Member Shinji Endo 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 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 judges that the content 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 at 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 fixed monthly remuneration, and according to the position, responsibilities, and years of office, the level of other companies, our business performance, and employee salary level. The decision will be made by comprehensively considering the quasi.
3. Policy on non-monetary compensation, etc.
Our company has traditionally granted stock options to our directors and auditors at certain times to increase their motivation to improve business performance and increase corporate value and to align them with the common interests of our shareholders. The number of stock options granted is determined according to the responsibility and scope of each director's business execution and the burden of management monitoring within the maximum amount of remuneration approved at the general meeting of shareholders. Furthermore, we will provide appropriate incentives to those eligible for the grant to maximize shareholder value and corporate value over the medium to long term and make them aware that they are in a position to be responsible for the stock price.
4. Decision policy regarding the ratio of each type of remuneration, etc.
As a rough guide, the ratio of each type of remuneration for directors (excluding outside directors) in FY2023 shall be 7:3 between basic remuneration and non-monetary remuneration. The proportion of each type shall be determined when setting remuneration during the reelection period for directors, taking into consideration the company's business performance and the amount of non-monetary remuneration, etc., in a comprehensive manner.
5. Matters related to the determination of the content of individual remuneration, etc. for directors
Regarding the amount of basic remuneration for each individual, the specific content is delegated to the representative director based on a resolution of the Board of Directors within the remuneration limit approved at the general meeting of shareholders. At the Board of Directors meeting held on March 26, 2024, the Company resolved to delegate the determination of the amount of remuneration for each director to Representative Director and Chairperson Winnie Wing Kwan Chiu. The content of this authority is the amount of the basic remuneration of each director within the range of the remuneration limit approved by the resolution of the general meeting of shareholders, and the reason for delegating this authority is to fairly balance the degree of work burden of each director. We have determined that the representative director is the most appropriate person to conduct the evaluation. Furthermore, we have decided to establish a voluntary remuneration committee and a voluntary nomination committee within the next few years and strengthen governance so that the monitoring function can be fully performed mainly by external directors.

(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)	5 persons (3)	66,753 thousand yen (2,315 thousand yen)	— (—)	— (—)	66,753 thousand yen (2,315 thousand yen)
Audit & Supervisory Board Members (External auditors)	3 persons (2)	8,540 thousand yen (1,410 thousand yen)	— (—)	— (—)	8,540 thousand yen (1,410 thousand yen)
Total (External officers)	8 persons (5)	75,293 thousand yen (3,855 thousand yen)	— (—)	— (—)	75,293 thousand yen (3,855 thousand yen)

- (Note) 1. As of the end of the current fiscal year, there are Six (6) directors and Three (3) Audit & Supervisory Board Members. There is one director who has no basic remuneration. This one (1) person is a director who also serves as an officer of a subsidiary and receives compensation from the subsidiary as an officer. In addition, one (1) person who resigned from the Company's director on July 31, 2024, also served as an officer of a subsidiary and received compensation from the subsidiary. Therefore, the person received no basic remuneration from the Company and thus was not included in the total amount of remuneration, etc., for the business year under review.
- (Note) 2. The content of non-monetary remuneration, etc., is the stock option of the Company, and the conditions for allotment are as described in "3. Policy on non-monetary remuneration, etc."
- (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 is for outside directors) (excluding the 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 (of which four were outside directors). 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 (of which four were outside directors).
- (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 Audit & Supervisory Board Members at the end of the general meeting of shareholders is three (3) (of which, the number of external Audit & Supervisory Board Members is two (2)).

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

The Company has entered into a Directors and Officers Liability Insurance contract with an insurance company since December 2005, with the directors and Audit & Supervisory Board Members of the Company and its subsidiaries as the insured. The Company bears the full cost of the 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

Position and responsibilities	Name	Significant concurrent status
Director	Takanori Kitamura	Honorary Fellow, The Chinese University of Hong Kong
Director	Clarence Yean Kang Wong	Dorset Hospitality International COO (South East Asia / China)
Director	Angelini Giovanni	Chairman, Angelini Hospitality, Director, Professor of The Polytechnic University, Hong Kong
Auditor	Shinji Endo	Shinji Endo Tax Accountant Office
Auditor	Boswell Wai Hung Cheung	Far East Consortium International CFO and Company Secretary

- (Note) There is no special interest between the Company and other corporations, etc., for which outside officers concurrently serve.

(2) Main activity status of outside officers

Position and responsibilities	Name	Summary of duties performed in relation to the role expected to be fulfilled.
Director	Takanori Kitamura	He attended three (3) out of five (5) meetings of the Board of Directors held during the current fiscal year. He expressed useful opinions regarding the execution of the Company's business, including 1) international situation and trends of overseas tourists, 2) analysis of overseas tourists' tastes, and 3) external information transmission and public relations, based on his experience as a diplomat.
Director	Clarence Yean Kang Wong	He attended five (5) out of five (5) meetings of the Board of Directors held during the current fiscal year. Provided a wealth of insight into the hotel business, which is the company's core business, and provided opinions that are useful for the management of the company from his perspective as a corporate manager. Additionally, he has shared useful opinions beyond the Board of Directors meetings on strengthening the legal compliance system and internal control systems.
Director	Angelini Giovanni	He attended five (5) out of five (5) meetings of the Board of Directors held during the current fiscal year and made appropriate comments based on his extensive experience in the hotel business over many years and his knowledge and experience as a manager. In addition, he has provided useful opinions regarding the hotel business, which is the core business of the Company, not only at meetings of the Board of Directors.

Position and responsibilities	Name	Main activity status
Auditor	Shinji Endo	He attended three (3) out of five (5) of the Board of Directors and four (4) out of seven (7) meetings of the Board of Corporate Auditors held during the fiscal year under review and expressed his opinions useful for the Company's management from his professional perspective as a certified tax accountant. He also provided useful opinions on strengthening the legal compliance system and internal control system, etc., not only at the Board of Directors meetings.
Auditor	Boswell Wai Hung Cheung	He attended three (3) out of five (5) meetings of the Board of Directors and five (5) out of seven (7) meetings of the Board of Corporate Auditors held during the fiscal year under review and provided useful opinions from his professional perspective as an accountant on matters such as strengthening legal compliance systems and internal control systems.

(3) Total amount of remuneration for outside officers

Item	Number of people	Remuneration, etc.
Total amount of remuneration for external officers	5 persons	3,855 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 35,000 thousand yen

(2) Total amount of money and other property benefits to be paid by the Company and its subsidiaries 36,600 thousand yen

(Note) 1. Due to the fact that the amount 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 the 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, the Audit & Supervisory Board shall conduct audits on the effectiveness and functionality of internal control systems, make efforts to identify and correct issues at an early stage, and work to enhance the 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 by laws and regulations.
- (3) Rules concerning the management of the 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 the 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 comply 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 the 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 the 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 five (5) 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 the 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 operations.
With respect to subsidiaries outside Japan, the Representative Director and CFO is in charge of their business and monitors and manages 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 comply 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. The 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 seven (7) 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) The 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.

VII. 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.

VIII. 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 the 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 that 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

Account title	87th Fiscal Year As of December 31, 2024
Assets	
I Current assets	5,382,835
Cash and deposits	2,869,712
Accounts receivable - trade	622,558
Securities	68,137
Supplies	113,693
Costs on development business and other	1,487,177
Other	235,960
Allowance for doubtful accounts	(14,403)
II Non-current assets	15,242,969
1. Property, plant and equipment	13,889,747
Buildings and structures, net	3,202,311
Vehicles	14,577
Tools, furniture and fixtures	83,134
Land	5,510,992
Construction in progress	5,078,731
2. Intangible assets	697,576
Software	11,986
Goodwill	685,590
3. Investments and other assets	655,645
Investment securities	119,750
Long-term loans receivable	449,464
Deferred tax assets	180,491
Other	127,926
Allowance for doubtful accounts	(221,987)
III Deferred assets	27,487
Business commencement expenses	27,487
Total assets	20,653,292

(Unit: thousand yen)	
Account title	87th Fiscal Year As of December 31, 2024
Liabilities	
I Current liabilities	5,746,275
Accounts payable - trade	304,519
Current portion of long-term borrowings	1,266,107
Accounts payable - other	3,369,342
Accrued expenses	32,755
Income taxes payable	46,798
Provision for bonuses	83,360
Other	643,390
II Non-current liabilities	8,259,986
Long-term borrowings	7,672,831
Long-term guarantee deposits	226,444
Deferred tax liabilities	17,506
Other	343,203
Total liabilities	14,006,261
Net assets	
I Shareholders' equity	3,428,401
Share capital	8,534,406
Capital surplus	2,646,101
Retained earnings	(6,719,689)
Treasury shares	(1,032,417)
II Accumulated other comprehensive income	279,189
Valuation difference on available-for-sale securities	279,189
III Share acquisition rights	97,203
IV Non-controlling interests	2,842,236
Total net assets	6,647,031
Total liabilities and net assets	20,653,292

Consolidated Statement of Income

(Unit: thousand yen)

Account title	87th Fiscal Year	
	From January 1, 2024 to December 31, 2024	
I Net sales		8,377,563
II Cost of sales		5,597,529
Gross profit		2,780,034
III Selling, general and administrative expenses		2,278,106
Operating profit (loss)		501,927
IV Non-operating income		
Interest income	18,851	
Rental income from buildings	7,024	
Share of profit of entities accounted for using equity method	85,109	
Gain on sale of securities	23,283	
Gain on expiration of prepaid card	1,152	
Other	21,366	156,788
V Non-operating expenses		
Interest expenses	105,675	
Financing expenses	15,445	
Foreign exchange losses	37,728	
Amortization of business commencement expenses	17,907	
Provision of allowance for doubtful accounts	224,434	
Other	9,403	410,595
Ordinary profit (loss)		248,120
Profit (loss) before income taxes		248,120
Income taxes - current	176,207	
Income taxes - deferred	(102,364)	73,843
Profit (loss)		174,276
Profit (loss) attributable to non-controlling interests		66,210
Profit (loss) attributable to owners of parent		108,066

Consolidated Statement of Changes in Equity (from January 1, 2024 to December 31, 2024) (Unit: thousand yen)

Item	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of January 1, 2024	8,534,406	2,646,000	(6,827,756)	(1,033,540)	3,319,110
Changes of items during the consolidated fiscal year					
Exercise of share acquisition rights		100		1,140	1,240
Profit attributable to owners of parent			108,066		108,066
Purchase of treasury shares				(17)	(17)
Net changes in items other than shareholders' equity					
Total changes during the consolidated fiscal year	-	100	108,066	1,122	109,290
Balance as of December 31, 2024	8,534,406	2,646,101	(6,719,689)	(1,032,417)	3,428,401

(Unit: thousand yen)

Item	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance as of January 1, 2024	24,011	67,869	91,880	97,364	1,833,544	5,341,901
Changes of items during the consolidated fiscal year						
Exercise of share acquisition rights						1,240
Profit attributable to owners of parent						108,066
Purchase of treasury shares						(17)
Net changes in items other than shareholders' equity	(24,011)	211,319	187,308	(160)	1,008,692	1,195,840
Total changes during the consolidated fiscal year	(24,011)	211,319	187,308	(160)	1,008,692	1,305,130
Balance as of December 31, 2024	-	279,189	279,189	97,203	2,842,236	6,647,031

Financial Statements

Balance Sheet

(Unit: thousand yen)

Account title	87th Fiscal Year As of December 31, 2024
Assets	
I Current assets	865,250
Cash and deposits	251,794
Accounts receivable - trade	327,724
Securities	68,137
Accounts receivable from subsidiaries and associates - other	971,044
Other	38,908
Allowance for doubtful accounts	(792,358)
II Non-current assets	8,384,846
1. Property, plant and equipment	894,601
Buildings and structures, net	36,363
Tools, furniture and fixtures	1,275
Land	856,961
2. Intangible assets	448
Software	448
3. Investments and other assets	7,489,796
Investment securities	880
Shares of subsidiaries and associates	1,803,339
Long-term loans receivable from subsidiaries and associates	989,584
Investments in other securities of subsidiaries and associates	5,109,959
Long-term accounts receivable - other	326,656
Other	42,756
Allowance for doubtful accounts	(783,380)
Total assets	9,250,096

Account title	87th Fiscal Year As of December 31, 2024
Liabilities	
I Current liabilities	1,790,737
Short-term borrowings from subsidiaries and associates	1,193,896
Current portion of long-term borrowings	63,801
Accounts payable - other	496,120
Accrued expenses	2,565
Income taxes payable	1,210
Other	33,141
II Non-current liabilities	1,146,413
Long-term borrowings	11,531
Long-term borrowings from subsidiaries and associates	521,994
Long-term accounts payable - other	301,058
Long-term guarantee deposits	19,829
Provision for loss on business	292,000
Total liabilities	2,937,151
Net assets	
I Shareholders' equity	6,215,741
1. Share capital	8,534,406
2. Capital surplus	1,917,396
Legal capital surplus	224,533
Other capital surplus	1,692,862
3. Retained earnings	(3,203,644)
Other retained earnings	(3,203,644)
Retained earnings brought forward	(3,203,644)
4. Treasury shares	(1,032,417)
II Share acquisition rights	97,203
Total net assets	6,312,945
Total liabilities and net assets	9,250,096

Profit and Loss Statement

(Unit: thousand yen)

Account title	87th Fiscal Year	
	From January 1, 2024 to December 31, 2024	
I Net sales		341,903
II Cost of sales		62,941
Gross profit		278,962
III Selling, general and administrative expenses		564,281
Operating loss		285,318
IV Non-operating income		
Interest and dividend income	70	
Rental income from buildings	4,363	
Gain on sale of securities	23,283	
Gain on expiration of prepaid card	1,152	
Other	12,291	41,161
V Non-operating expenses		
Interest expenses	7,966	
Foreign exchange losses	34,082	
Provision of allowance for doubtful accounts	666	
Other	8	42,723
Ordinary loss		286,880
VI Extraordinary losses		
Provision for loss on business	292,000	292,000
Loss before income taxes		578,881
Income taxes - current		1,210
Loss		580,091

Statement of Changes in Equity

(from January 1, 2024 to December 31, 2024) (Unit: thousand yen)

(data) item	Shareholders' equity				
	Share capital	Capital surplus			Retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings
					Retained earnings brought forward
Balance as of January 1, 2024	8,534,406	224,533	1,692,761	1,917,295	(2,623,553)
Changes of items during period					
Exercise of share acquisition rights			100	100	
Net loss (loss)					(580,091)
Purchase of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	–	–	100	100	(580,091)
Balance as of December 31, 2024	8,534,406	224,533	1,692,862	1,917,396	(3,203,644)

(Unit: thousand yen)

Item	Shareholders' equity		Valuation and translation adjustments	Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities		
Balance as of January 1, 2024	(1,033,540)	6,794,609	24,011	97,364	6,915,985
Changes of items during period					
Exercise of share acquisition rights	1,140	1,240			1,240
Net loss (loss)		(580,091)			(580,091)
Purchase of treasury shares	(17)	(17)			(17)
Net changes in items other than shareholders' equity			(24,011)	(160)	(24,171)
Total changes during period	1,122	(578,867)	(24,011)	(160)	(603,039)
Balance as of December 31, 2024	(1,032,417)	6,215,741	–	97,203	6,312,945

Auditors' Report

Auditors' Report by Financial Auditors on Consolidated Financial Statements

Independent Auditor's Report

February 26, 2025

Agoura Hospitality Group, Inc.
To: Board of Directors

Avantia Audit Corporation
Tokyo Office

designated employee Managing Partner	certified public accountant	Daisuke Kato
designated employee Managing Partner	certified public accountant	Kota Watabe

Audit Opinion

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity, and the notes to consolidated financial statements of Agoura Hospitality Group, Inc. for the fiscal year from January 1, 2024 to December 31, 2024, in accordance with Article 444(4) of the Companies Act.

We recognize that the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Agoura Hospitality Group, Inc. and its consolidated subsidiaries for the period for which the consolidated financial statements were prepared in conformity with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under these auditing standards is further described in the Auditors' Responsibility for the Audit of the Consolidated Financial Statements. We are independent of the Company and its consolidated subsidiaries and fulfill our other ethical responsibilities as auditors in accordance with the rules of professional ethics in Japan. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

Other Descriptions

The other statements are the business report and attached documents. Management is responsible for the preparation and disclosure of the other statements. It is also the responsibility of the corporate auditors and the board of corporate auditors to monitor the directors' performance of their duties in the development and operation of the reporting process for the other statements.

Our audit opinion on the consolidated financial statements does not include the other statements, and we express no opinion on any of the other statements.

Our responsibility in the audit of the consolidated financial statements is to read the other information carefully and, in the course of that reading, to consider whether there are material differences between the other information and the consolidated financial statements or knowledge we have acquired in the course of our audit, and to pay attention to whether there are any indication of material errors in the other information other than such material differences.

If, based on the work we have performed, we determine that there are material errors in the other statements, we are required to report these facts.

We have no matters to report on the other statements.

Responsibility of Management, Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes the establishment and operation of internal control determined as necessary by management for the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for evaluating whether it is appropriate to prepare the consolidated financial statements on a going concern basis and for disclosing any matters related to going concern that are required to be disclosed in accordance with accounting principles generally accepted in Japan.

The responsibility of the Corporate Auditors and the Board of Corporate Auditors is to monitor the directors' performance of their duties in the development and operation of the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

The auditor is responsible for obtaining reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, based on the audit performed by the auditor, and for expressing an opinion on the consolidated financial statements in the auditor's report from an independent standpoint. A misstatement is considered to be material if it could reasonably be expected to result from fraud or error and, individually or in the aggregate, could reasonably be expected to influence the decisions of users of the consolidated financial statements.

The auditor shall exercise professional judgment throughout the audit process in accordance with auditing standards generally accepted as fair and appropriate in Japan and shall maintain professional skepticism and

- Identify and assess the risks of material misstatement due to fraud or error. The auditor shall also design and perform audit procedures that address the risks of material misstatement. The selection and application of audit procedures shall be at the auditor's discretion. In addition, sufficient and appropriate audit evidence must be obtained to provide a basis for expressing an opinion.
- The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of internal control; however, in making those risk assessments, the auditor considers internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of the accounting policies and methods of application thereof adopted by management, the reasonableness of the accounting estimates made by management, and the adequacy of the related notes.
- Conclude whether it is appropriate for management to prepare the consolidated financial statements on a going concern basis and, based on the audit evidence obtained, whether a material uncertainty exists regarding events or circumstances that might cast significant doubt on the entity's ability to continue as a going concern. If a material uncertainty regarding the entity's ability to continue as a going concern exists, the auditor is required to call for caution on the notes to the consolidated financial statements in the auditor's report or, if the notes to the consolidated financial statements are not appropriate with respect to the material uncertainty, to express an opinion with exclusions on the consolidated financial statements. The auditor's conclusion is based on audit evidence obtained up to the date of the auditor's report, but future events or circumstances may cause the entity to cease to exist due to going concern.
- Evaluate whether the presentation and notes to the consolidated financial statements conform to accounting principles generally accepted in Japan and whether the presentation of consolidated financial statements, including the related notes, as well as their structure, contents, and the consolidated financial statements present the underlying transactions and accounting events fairly.

The auditor shall report to the corporate auditors and the board of corporate auditors on the scope and timing of the planned audit significant audit findings, including material deficiencies in internal controls identified during the course of the audit and other matters required by the audit standards.

The auditor shall report to the corporate auditors and the board of corporate auditors on the auditor's compliance with the rules of professional ethics in Japan regarding independence and any matters that may reasonably be considered to affect the auditor's independence and any safeguards, if any, applied to remove or mitigate disincentives to acceptable level.

Relationship of interest

The auditing firm or its designated engagement partners have no interest relationship with the Company or its consolidated subsidiaries, which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act.

End

Auditors' Report by Financial Auditors on Financial Statements

Independent Auditor's Report

February 26, 2025

Agoura Hospitality Group, Inc.

To: Board of Directors

Avantia Audit Corporation
Tokyo Office

designated employee Managing Partner certified public accountant Daisuke Kato

designated employee Managing Partner certified public accountant Kota Watabe

Audit Opinion

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in equity, the notes to financial statements and their attached documents (hereafter refer to as the "financial statements, etc.") of Agoura Hospitality Group, Inc. for the fiscal year from January 1, 2024 to December 31, 2024, in accordance with Article 436 paragraph 2 item 1 of the Companies Act.

We recognize that the financial statements, etc., referred to above present fairly, in all material respects, the financial position and results of operations of Agoura Hospitality Group Co., Ltd. for the period for which the financial statements, etc., were prepared in conformity with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under these auditing standards is further described in the Auditors' Responsibility for the Audit of the Financial Statements, etc. We are independent of the Company and fulfill our other ethical responsibilities as auditors in accordance with the rules of professional ethics in Japan. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

Other Descriptions

The other statements are the business report and attached documents. Management is responsible for the preparation and disclosure of the other statements. It is also the responsibility of the corporate auditors and the board of corporate auditors to monitor the directors' performance of their duties in the development and operation of the reporting process for the other statements.

Our audit opinion on the financial statements, etc., does not include the other statements, and we express no opinion on any of the other statements.

Our responsibility in the audit of the financial statements, etc. is to read the other information carefully and, in the course of reading the other information, to consider whether there are material differences between the other information and the financial statements, etc., or knowledge we have acquired in the course of our audit, and to pay attention to whether there are any indication of material errors in the other information other than such material differences.

If, based on the work we have performed, we determine that there are material errors in the other statements, we are required to report these facts.

We have no matters to report on the other statements.

Responsibility of Management, Corporate Auditors and the Board of Corporate Auditors for the Financial Statements, etc.

Management is responsible for the preparation and fair presentation of the financial statements, etc., in accordance with accounting principles generally accepted in Japan. This includes the establishment and operation of internal control determined as necessary by management for the preparation and fair presentation of the financial statements, etc., that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, etc., management is responsible for evaluating whether it is appropriate to prepare the financial statements, etc., on a going concern basis and for disclosing any matters related to going concern that are required to be disclosed in accordance with accounting principles generally accepted in Japan.

The responsibility of the Corporate Auditors and the Board of Corporate Auditors is to monitor the directors' performance of their duties in the development and operation of the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements, etc.

The auditor is responsible for obtaining reasonable assurance about whether the financial statements, etc. as a whole are free of material misstatement, whether due to fraud or error, based on the audit performed by the auditor, and for expressing an opinion on the financial statements, etc. in the auditor's report from an independent standpoint. A misstatement is considered to be material if it could reasonably be expected to result from fraud or error and, individually or in the aggregate, could reasonably be expected to influence the decisions of users of the financial statements, etc.

The auditor shall exercise professional judgment throughout the audit process in accordance with auditing standards generally accepted as fair and appropriate in Japan and shall maintain professional skepticism and

- Identify and assess the risks of material misstatement due to fraud or error. The auditor shall also design and perform audit procedures that address the risks of material misstatement. The selection and application of audit procedures shall be at the auditor's discretion. In addition, sufficient and appropriate audit evidence must be obtained to provide a basis for expressing an opinion.
- The purpose of an audit of the financial statements, etc., is not to express an opinion on the effectiveness of internal control; however, in making those risk assessments, the auditor considers internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of the accounting policies and methods of application thereof adopted by management, the reasonableness of the accounting estimates made by management, and the adequacy of the related notes.
- Conclude whether it is appropriate for management to prepare the financial statements, etc., on a going concern basis and, based on the audit evidence obtained, whether a material uncertainty exists regarding events or circumstances that might cast significant doubt on the entity's ability to continue as a going concern. If a material uncertainty regarding the entity's ability to continue as a going concern exists, the auditor is required to call for caution about the notes to the financial statements, etc. in the auditor's report or, if the notes to the financial statements, etc. are not appropriate with respect to the material uncertainty, to express an opinion with exclusions on the financial statements, etc. The auditor's conclusion is based on audit evidence obtained up to the date of the auditor's report, but future events or circumstances could cause the entity to cease to exist due to going concern.
- Evaluate whether the presentation and notes to the financial statements, etc. conform to accounting principles generally accepted in Japan, and whether the presentation of the financial statements, etc., including the related notes, as well as their structure, contents, and the financial statements, etc., present fairly the underlying transactions and accounting events.

The auditor shall report to the corporate auditors and the board of corporate auditors on the scope and timing of the planned audit and significant audit findings, including material deficiencies in internal controls identified during the course of the audit and other matters required by the audit standards.

The auditor shall report to the corporate auditors and the board of corporate auditors on the auditor's compliance with the rules of professional ethics in Japan regarding independence and any matters reasonably believed to affect the auditor's independence and any safeguards, if any, applied to remove or mitigate disincentives to an acceptable level.

Relationship of interest

The auditing firm or its designated engagement partners have no interest relationship with the Company, which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act.

End

Audit & Supervisory Board's Report

Audit Report

The Audit & Supervisory Board has discussed and prepared this Audit Report based on the audit reports prepared by each of the Audit & Supervisory Board Members pertaining to the conduct of duties by Members of the Board of Directors during 87th business year extending from January 1, 2024 through December 31, 2024, and reports as follows.

1. Methods and contents of Audit by the Audit & Supervisory Board Members and the Audit & Supervisory Board
 - (1) The Audit & Supervisory Board determined the audit policies, division of duties, etc., and received a report from each Audit & Supervisory Board Member on the execution of audit and its results. The Audit & Supervisory Board also received reports from directors, accounting auditors, etc. on the execution of their duties and asked for explanations as necessary.
 - (2) In compliance with standards for audits by Audit & Supervisory Board Members stipulated by the Audit & Supervisory Board and based on the audit policies, division of duties, etc., each Audit & Supervisory Board Member communicated with Members of the Board of Directors, employees in internal audit departments and other departments, etc. and strived to collect information and develop an auditing environment, while executing audit under following methods.
 - i) Attended the Board of Directors' meetings and other important meetings and received reports from Members of the Board of Directors and employees, etc. on the execution of their duties and asked for explanations as necessary. Each Audit & Supervisory Board Member also reviewed important approval documents and surveyed operations and assets at the Company's head office and major business offices. As for the subsidiaries, each Audit & Supervisory Board Member communicated with subsidiaries' Members of the Board of Directors, etc., exchanged information with them, and received reports on business from the subsidiaries as necessary
 - ii) Regularly received reports from Members of the Board of Directors and employees, etc. on the structures and operations regarding system to ensure that execution of duties by the Members of the Board of Directors as described in business reports conforms to laws and regulations as well as the articles of incorporation, and other systems established based on resolutions at the Board of Directors' meetings regarding establishment of systems stipulated in Article 100, paragraph 1 and paragraph 3 of Regulations for Enforcement of the Companies Act as necessary to secure appropriateness of operations by a business group comprised of a stock company and subsidiaries (internal control system) and content of such resolutions, asked for explanations as necessary, and expressed opinions.
 - iii) Monitored and verified whether the accounting auditor holds an independent position and executes appropriate audit, received reports on the execution of duties from the accounting auditor and asked for explanations as necessary. Each Audit & Supervisory Board Members also received notice from the accounting auditor confirming that the "systems to ensure the appropriate execution of duties by the accounting auditor" (as described in each of the items of Article 131 of the Regulations for Corporate Accounting) has been properly developed in accordance with the "quality control standard for auditing" (Business Accounting Council), etc., and asked for explanations as necessary.

Based on the above method, we examined business reports regarding the business year under review and their attached documents, financial statements (the balance sheet, the statement of income, the statement of changes in equity, the notes to financial statements and their attached documents), and their attached documents, and consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity, and the notes to consolidated financial statements).

2. Results of Audit
 - (1) Audit results concerning the business report, etc.
 - i) It is recognized that the business report and attached documents accurately represent the Company's situation as required by laws and regulations and the Articles of Incorporation.
 - ii) It is recognized that no irregularity or violation of applicable laws or regulations or the Articles of Incorporation was found with respect to the execution of duties by Members of the Board of Directors.

iii) It is recognized that the content of resolutions of the Board of Directors concerning the internal control system is appropriate. It is also recognized that there is nothing to point out concerning the contents of business reports and the execution of duties by Members of the Board of Directors with respect to the internal control system.

(2) Audit results concerning financial statements and attached documents

It is recognized that the auditing method of Avantia Audit Corporation, the accounting auditor, and the results of the audit are appropriate.

(3) Audit results of consolidated financial statements

It is recognized that the auditing method of Avantia Audit Corporation, the accounting auditor, and the results of the audit are appropriate.

February 25, 2025

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

Full-time Audit & Supervisory Board Member Juichiro Sugito

Audit & Supervisory Board Member (External Auditor) Shinji Endo

Audit & Supervisory Board Member (External Auditor) Boswell Wai Hung Cheung

(Note) Auditor Shinji Endo and Auditor Boswell Wai Hung Cheung are the external auditors as stipulated in Article 2 Item 16 and Article 355 paragraph 3 of the Companies Act.

End