

Dear Shareholders,

Notice of the 88th Ordinary General Meeting of
Shareholders
Items Subject to Electronic Provision Measures

Notes to Consolidated Financial Statements
Notes to Non-consolidated Financial Statements
(January 1, 2025 to December 31, 2025)

Agora Hospitality Group Co., Ltd.

The "Consolidated Notes" and "Separate Notes" have been omitted from the documents provided to shareholders upon request (documents containing electronic provision measures) in accordance with laws and regulations and Article 18 of the Company's Articles of Incorporation.

Note to the Consolidated Financial Statements

(Note Regarding the Going Concern Assumption)

Not applicable.

(Notes on Significant Matters Forming the Basis for the Preparation of Consolidated Financial Statements)

1. Scope of Consolidation

(1) Consolidated Subsidiaries

- Number of Consolidated Subsidiaries: 34
- Names of Major Consolidated Subsidiaries

(Domestic)

Agora Hospitalities Co., Ltd.
Agora Hotel Management Osaka Co., Ltd.
Agora Hotel Management Sakai Co., Ltd.
Agora Hotel Management Tokyo Co., Ltd.
Galaxy LLC, etc.

(Overseas)

Bata International Co.
Rawang Memorial Park Co., Ltd., etc.

(2) Changes in Scope of Consolidation

Agora Alliance Co., Ltd. was established during the current consolidated fiscal year and has been included in the scope of consolidation.

(3) Non-Consolidated Subsidiaries

- Name of Non-Consolidated Subsidiary
Agora Service Co.

- Reason for exclusion from the scope of consolidation

The single non-consolidated subsidiary is small in scale, and its total assets, net sales, net income (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest), etc., do not have a material impact on the consolidated financial statements.

2. Matters Related to the Application of the Equity Method

(1) Non-Consolidated Subsidiaries and Affiliates Subject to the Equity Method

- Affiliates accounted for by the equity method: 3 companies
- Names of Major Companies, etc.

Hidden Valley Australia Pty Ltd, etc.

(2) Non-Consolidated Subsidiaries and Affiliates Not Subject to the Equity Method

- Names of major companies, etc.

Agora Services Pty Ltd, Makaria Properties Pty Ltd

- Reasons for not applying the equity method

Non-consolidated subsidiaries and affiliates not accounted for under the equity method are excluded from the scope of equity method application because, based on their net income (loss) attributable to equity interests and retained earnings attributable to equity interests, their exclusion has a negligible effect on the consolidated financial statements and they are not material as a whole.

3. Fiscal Year of Consolidated Subsidiaries

The fiscal years of all consolidated subsidiaries coincide with the consolidated fiscal year.

4. Accounting Policies

(1) Valuation Standards and Methods for Significant Assets

- ① Securities
- Securities held for trading Fair value method (cost of sales calculated using the moving average method)
 - Other Securities Securities other than stocks without market prices
 - Fair value method (valuation differences are recognized directly in net assets; cost is determined using the moving average method)
 - Stocks without market prices
 - Cost method using the moving average method
- ② Inventory
- Inventories held for Cost method (using the write-down method for reduced profitability) sale in the ordinary course of business
 - Supplies Moving Average Method (Last-in, First-out Method for certain consolidated subsidiaries)
 - Development project expenditures Specific identification method
- (2) Depreciation Method for Significant Depreciable Assets
- Property, plant, and Straight-line method equipment However, some consolidated subsidiaries use the declining balance method for tangible fixed assets other than buildings.
(Main useful lives: Buildings 8 to 39 years)
 - Intangible Fixed Assets ... Straight-line method
(Main amortization period: 5 years for internally developed software)
- (3) Treatment of Significant Deferred Assets
- Start-up Expenses These are amortized using the straight-line method over the period during which their effects are expected to be realized, not exceeding five years from the date of commencement.
- (4) Criteria for Recognizing Significant Allowances
- ① Allowance for Doubtful Accounts
- To prepare for bad debt losses on accounts receivable, etc., the estimated uncollectible amount is recorded based on the historical bad debt ratio for general receivables, and based on an individual assessment of collectability for specific receivables such as doubtful accounts.
- ② Provision for Bonuses
- To prepare for the payment of employee bonuses, an allowance is recorded based on the estimated amount to be paid.
- (5) Significant Revenue and Expense Recognition Criteria
- The Group operates the "Accommodation Business," centered on the operation of hotels and food and beverage facilities and the provision of related services, and the "Other Investment Business," centered on cemetery operations and other businesses. Revenue arising from these businesses is primarily recognized in accordance with contracts with customers. The agreed-upon consideration does not contain significant financial elements. Furthermore, there is no significant variable consideration that could cause the amount of consideration to fluctuate.
- Revenue Recognition for Accommodation Business
- The hotel business primarily provides guest rooms, food and beverage services, banquet services, and related ancillary services. Revenue is recognized when the customer obtains control of the goods or services at the point of delivery and the Group's performance obligation (delivery of goods or services) is satisfied.
- Revenue Recognition for Other Investment Businesses
- Other investment operations primarily involve the sale of cemetery plots. Since the sale of cemetery plots involves a performance obligation to deliver the property based on a sales contract with the customer, this obligation is deemed to be satisfied at a point in time. Therefore, revenue is recognized at the time of delivery.

(6) Criteria for Converting Significant Foreign Currency-Denominated Assets or Liabilities into Japanese Yen
Monetary assets and liabilities denominated in foreign currencies are translated into yen at the spot exchange rate prevailing on the consolidated balance sheet date. Translation differences are recognized as profit or loss. Assets and liabilities of overseas subsidiaries are translated into yen at the spot exchange rate prevailing on the consolidated balance sheet date. Translation differences are included in the foreign currency translation adjustment account within shareholders' equity and in non-controlling interests.

(7) Amortization Method and Period for Goodwill

Goodwill is amortized on a straight-line basis over the period over which the benefit is expected to accrue. However, goodwill of immaterial amount is expensed in full when incurred.

(Notes on Changes in Accounting Policies)

(Application of "Accounting Standard for Income Taxes, Resident Taxes, and Business Taxes, etc.")

The "Accounting Standard for Income Taxes, Resident Taxes, and Business Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "2022 Revised Accounting Standard") and related standards have been applied from the beginning of the current consolidated fiscal year.

Regarding the amendment concerning the classification of income taxes, resident taxes, and business taxes (taxation of other comprehensive income), the transitional treatment specified in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the exception clause in Paragraph 65-2(2) of the "Guidance on Accounting Standards for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "2022 Revised Guidance") have been applied.

This change in accounting policy has no impact on the consolidated financial statements.

(Significant Accounting Estimates)

(Impairment of Fixed Assets)

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

Property, plant, and equipment	¥13,426,986 thousand
Intangible Fixed Assets	¥558,327 thousand

(2) Information on significant accounting estimates related to identified items

The Group recognizes impairment losses when it is no longer probable that the carrying amount of a fixed asset will be recovered due to a decline in profitability. In such cases, the recoverable amount is recognized as the carrying amount of the fixed asset, and the difference is recognized as a loss for the current period. When there are indications of impairment, such as persistent operating losses or changes in usage that significantly reduce the recoverable amount, the Group determines whether to recognize an impairment loss by comparing the total undiscounted future cash flows expected to be generated from the asset group with its carrying amount.

If impairment is determined to be necessary, the carrying amount is reduced to the recoverable amount, and the decrease in carrying amount is reduced to the recoverable amount.

In determining whether an impairment loss should be recognized, assumptions such as estimated cash flows based on future business plans are used. For the lodging business, the business plan estimates future cash flows primarily based on assumptions of increased guest numbers accompanying the rise in the number of foreign visitors to Japan and an increase in the average selling price.

The net selling price is used to measure impairment losses, and real estate appraisals are referenced to calculate this net selling price.

Furthermore, if changes in the business environment necessitate a revision of accounting estimates, additional impairment losses may be recognized in the following consolidated fiscal year.

(Notes to the Consolidated Balance Sheet)

1. Assets Pledged as Collateral and Related Liabilities

(1) Assets pledged as collateral

Buildings and Structures	¥2,681,627 thousand
Tools, furniture, and fixtures	¥8,490 thousand
Land	¥4,654,030 thousand
Construction in progress	¥1,272 thousand
Total	<u>¥7,345,421 thousand</u>

(2) Liabilities secured by collateral assets

Long-term borrowings due within one year	¥977,550 thousand
Long-term borrowings	¥5,082,200 thousand
Total	<u>¥6,059,750 thousand</u>

2. Accumulated depreciation of tangible fixed assets ¥4,267,352 thousand

3. Non-Recourse Debt

Non-recourse long-term borrowings ¥4,161,500 thousand

Assets corresponding to non-recourse debt

Buildings and Structures	¥1,226,279 thousand
Tools, furniture, and fixtures	¥1,443 thousand
Land	¥3,531,633 thousand
Total	<u>¥4,759,355 thousand</u>

(Notes to Consolidated Statement of Changes in Shareholders' Equity)

1. Types and Total Number of Shares Issued as of the End of the Current Consolidated Fiscal Year

Common stock 281,708,934 shares

2. Type and number of shares subject to stock acquisition rights (excluding those for which the initial exercise period has not commenced) as of the end of the current consolidated fiscal year

Common stock — shares

(Notes on Financial Instruments)

1. Matters Concerning the Status of Financial Instruments

(1) Policy for Financial Instruments

The Group manages surplus funds in highly secure financial assets and, for funding, adopts a policy of utilizing bank loans as necessary in accordance with its business plans.

(2) Details of Financial Instruments, Their Risks, and Risk Management Framework

Accounts receivable, which are operating receivables, are exposed to customer credit risk. These are managed individually, including managing due dates and balances for each customer.

Securities and investment securities are primarily stocks and are exposed to market price fluctuation risk and credit risk, among others. For those with market value, the Group assesses their market value on a quarterly basis.

Long-term loans are exposed to credit risk associated with borrowers. For these, recoverability is assessed individually.

Accounts payable, accrued liabilities, accrued expenses, and accrued income taxes, which are operating liabilities, have payment due dates within one year.

Borrowings are primarily used for acquiring real estate and other hotel assets. These borrowings are subject to variable interest rates and are therefore exposed to interest rate fluctuation risk. Management of these borrowings

is conducted through measures such as creating funding plans.

Long-term security deposits received are deposits received based on real estate lease agreements, and the Company has an obligation to return the full amount upon termination of the real estate lease agreement.

2. Matters Concerning the Fair Value of Financial Instruments

The amounts recorded on the consolidated balance sheet, fair values, and the differences between them as of December 31, 2025, are as follows.

	Consolidated Balance Sheet Carrying Amount (Thousand Yen)	Fair Value (Thousand Yen)	Difference (Thousand Yen)
Securities			
Trading securities	94,835	94,835	—
Long-term loans receivable	472,881	472,881	—
Allowance for Doubtful Accounts	△354,002	△354,002	—
Net Total Amount	118,879	118,879	—
Total	213,714	213,714	—
Long-term borrowings	8,912,740	8,906,978	△5,761
Long-term deposits received	226,922	224,982	△1,939
Total Liabilities	9,139,662	9,131,960	△7,701

(Note 1) "Cash and deposits," "Accounts receivable," "Accounts payable," "Accrued liabilities," "Accrued expenses," and "Accrued income taxes" are omitted because they are cash or will be settled in the near term, and their fair values approximate their carrying amounts.

(Note 2) Stocks and other securities without market prices are not included in "Investment securities." The amounts of these financial instruments recorded on the consolidated balance sheet are as follows.

Category	Current Consolidated Fiscal Year (Thousand Yen)
Unlisted Stocks	188,922

3. Explanation of Valuation Techniques and Inputs Used to Determine the Fair Value of Financial Instruments

The fair value of financial instruments is classified into the following three levels based on the observability and significance of the inputs used in the valuation:

Level 1 Fair Value: Fair value determined using the quoted price (unadjusted) in an active market for the identical asset or liability

Level 2 Fair Value: Fair value determined using inputs that are observable either directly or indirectly, other than Level 1 inputs

Level 3 Fair Value: Fair value calculated using significant unobservable inputs

When multiple inputs significantly affecting the fair value measurement are used, the fair value is classified at the level with the lowest priority in the measurement process among the levels to which those inputs belong.

- (1) Financial instruments recorded at fair value on the consolidated balance sheet
Current fiscal year (December 31, 2025)

Category	Fair Value (Thousand Yen)			
	Level 1	Level 2	Level 3	Total
Securities				
Trading Securities	94,835	—	—	94,835
Total	94,835	—	—	94,835

- (2) Financial instruments other than those recorded at fair value on the consolidated balance sheet
Current fiscal year (December 31, 2025)

Category	Fair Value (Thousand Yen)			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	—	—	118,879	118,879
Total Assets	—	—	118,879	118,879
Long-term borrowings	—	8,906,978	—	8,906,978
Long-term deposits received	—	224,982	—	224,982
Total Liabilities	—	9,131,960	—	9,131,960

(Note) Explanation of valuation techniques used to determine fair value and inputs related to fair value calculation

Securities and Investment Securities

Listed stocks are valued using quoted market prices. As listed stocks are traded in an active market, their market value is classified as Level 1 fair value.

Long-term loans

For long-term loans receivable, the estimated amount of bad debts is calculated based on the expected recoverable amount. Therefore, the fair value approximates the amount recorded on the consolidated balance sheet as long-term loans receivable at the consolidated balance sheet date, less the allowance for doubtful accounts. Consequently, this amount is used as the fair value. These are classified as Level 3 fair value.

Long-term borrowings

The fair value of long-term borrowings is calculated using the discounted present value method based on the total amount of principal and interest and the interest rate that would be assumed if a similar new borrowing were made. This fair value is classified as Level 2.

Long-term Deposits Received

The fair value of long-term guarantee deposits is calculated using the discounted present value method based on the future cash flows for each liability classified by maturity period and an interest rate that reflects the remaining term and credit risk. These are classified as Level 2 Fair Value.

(Notes on Revenue Recognition)

(1) Information on the breakdown of revenue arising from contracts with customers

(Unit: Thousand Yen)

	Reporting Segment			Other	Total
	Accommodation Business	Other Investment Business	Total		
Accommodation	5,160,044	—	5,160,044	—	5,160,044
Food and Beverage	1,156,922	—	1,156,922	—	1,156,922
Banquet	1,755,020	—	1,755,020	—	1,755,020
Cemetery	—	894,053	894,053	—	894,053
Other	600,611	—	600,611	—	600,611
Revenue arising from contracts with customers	8,672,600	894,053	9,566,653	—	9,566,653
Other Revenue	289,542	51,975	341,517	—	341,517
Sales to external customers	8,962,142	946,028	9,908,171	—	9,908,171

(Note) Other revenues include revenues based on Accounting Standard for Financial Instruments (ASBJ Statement No. 10) and rental income based on Accounting Standard for Lease Transactions (ASBJ Statement No. 13).

(2) Information for Understanding Revenue Recognition

As stated in "(5) Significant Revenue and Expense Recognition Criteria" under "4. Accounting Policies" in the Notes on Significant Matters Underlying the Preparation of Consolidated Financial Statements.

(3) Information for Understanding the Amount of Revenue for the Current Fiscal Year and Subsequent Fiscal Years

① Contract Balance

The balances of receivables and contract liabilities arising from contracts with customers are as follows.

	Beginning of Current Fiscal Year	End of Current Fiscal Year
Contract receivables arising from contracts with customers		
Accounts receivable	¥622,558 thousand	¥559,101 thousand
Contract Liabilities	¥302,119 thousand	¥312,436 thousand

Contract liabilities arising from contracts with customers are primarily included in other fixed liabilities on the consolidated balance sheet. Contract liabilities mainly relate to advance payments and long-term deposits received for cemetery operations and accommodation services in Malaysia, as well as related ancillary services.

② Transaction price allocated to remaining performance obligations

As of the end of the current consolidated fiscal year, the amounts of transaction prices allocated to unfulfilled (or partially unfulfilled) performance obligations and the periods during which they are expected to be recognized in the future are as follows. The Group applies a practical expedient in disclosing transaction prices allocated to remaining performance obligations. Contracts with a term exceeding one year, such as gift certificates and similar contracts, are included in the disclosure, while contracts with a term of one year or less are excluded.

	Current Fiscal Year
Within one year	¥72 thousand
Over 1 year	¥3,764 thousand

Total	¥3,836 thousand
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(Notes on Investment and Rental Properties)

The total amount of rental real estate is immaterial and therefore omitted.

(Notes on Per Share Information)

1. Net Assets per Share	¥21.03
2. Net Income Per Share	¥4.82

(Notes on Significant Subsequent Events)

Not applicable.

Notes to Non-Consolidated Financial Statements

(Note Regarding Going Concern Assumption)

None.

(Notes on Significant Accounting Policies)

1. Asset Valuation Standards and Methods

Valuation Basis and Methods for Securities

① Securities Held for Trading

Market value method (cost of sales calculated using the moving average method)

② Shares of Subsidiaries and Affiliates

Cost method using the moving average method

Investments in other related companies are accounted for by recognizing the Company's share of profit or loss and adjusting the carrying amount of such investments accordingly. ③ Other Securities

Securities other than stocks without market prices

Market value method (valuation differences are recognized directly in net assets; cost of sales is calculated using the moving average method)

Stocks and other securities without market prices

Cost method using the moving average method

Regarding investments in anonymous partnerships, the company records the amount equivalent to its share of the partnership's assets as capital investment. The company also records the amount equivalent to its share of the net profit or loss generated by the partnership's operations as net profit or loss for the current period.

2. Depreciation Method for Fixed Assets

Tangible Fixed Assets ···· Straight-line method

(Primary useful lives: Buildings 15–35 years)

Intangible Fixed Assets ··· Straight-line method

(Primary amortization period: 5 years for internally developed software)

3. Accounting Standards for Allowances

Allowance for Doubtful Accounts

To prepare for bad debt losses on accounts receivable, etc., the estimated uncollectible amount is recorded based on the historical bad debt ratio for general receivables and on an individual assessment of collectability for specific receivables such as doubtful accounts.

Provision for Bonuses

To prepare for the payment of employee bonuses, an allowance is recorded based on the estimated amount to be paid.

Business Loss Reserve

To prepare for losses related to the operations of affiliated companies, the estimated loss amount is recorded by individually considering the financial condition of the affiliated company and the prospects for future recovery.

4. Significant Revenue and Expense Recognition Policies

The Company provides services primarily consisting of real estate leasing and management to its group companies, which operate the "Accommodation Business" centered on hotel and food and beverage facility operations and related ancillary services, and the "Other Investment Business" centered on cemetery and other

operations. Revenue arising from these businesses is primarily recognized in accordance with contracts with customers, and the agreed-upon consideration does not contain significant financial elements. Furthermore, there is no significant variable consideration that could cause the amount of consideration to fluctuate.

5. Other Significant Matters Forming the Basis for Preparing Financial Statements

Conversion of Foreign Currency-Denominated Assets and Liabilities into Japanese Yen

Monetary assets and liabilities denominated in foreign currencies are converted into yen at the spot exchange rate prevailing at the end of the fiscal period. The resulting translation differences are recognized as profit or loss.

(Notes on Changes in Accounting Policies)

(Application of "Accounting Standard for Income Taxes, Resident Taxes, and Business Taxes, etc.")

The "Accounting Standard for Income Taxes, Resident Taxes, and Business Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "2022 Revised Accounting Standard") and related standards have been applied from the beginning of the current fiscal year.

Regarding the amendment concerning the classification of income taxes, resident taxes, and business taxes (taxation of other comprehensive income), the company has applied the transitional treatment specified in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the exception clause in Paragraph 65-2(2) of the "Guidance on Accounting Standards for Tax Effect Accounting"(ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "2022 Revised Guidance").

This change in accounting policy has no impact on the financial statements.

(Notes on Accounting Estimates)

(Allowance for Doubtful Accounts Related to Affiliates)

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

Accounts Receivable	¥327,724 thousand
Receivables from Affiliated Companies	¥1,315,775 thousand
Long-term loans receivable from affiliated companies	¥1,053,078 thousand
Allowance for doubtful accounts (current)	¥885,917 thousand
Allowance for doubtful accounts (non-current)	¥1,019,075 thousand

(2) Information on significant accounting estimates related to identified items

The allowance for doubtful accounts is evaluated by estimating the recoverable amount based on the financial condition of the relevant affiliated companies as of December 31, 2025, and each company's business plan.

Should changes in the business environment necessitate a revision of these accounting estimates, additional allowance for doubtful accounts may be recorded in the following fiscal year.

(Notes to the Balance Sheet)

1. Assets pledged as collateral and related liabilities

(1) Assets pledged as collateral

Capital Contribution	¥825 thousand
Anonymous Partnership Investment (Galaxy LLC)	¥1,074,457 thousand

(2) Debt related to collateral assets

Long-term borrowings (Virgo LLC)	¥4,161,500 thousand
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2. Accumulated depreciation of tangible fixed assets ¥255,999 thousand

3. Guarantee obligations

The Company guarantees borrowings of other companies from financial institutions and other lenders.

Gemini LLC (Note)	¥977,550 thousand
Agora Ohama LLC (Note)	¥2,743,057 thousand
Agora Hotel Management Tokyo Co., Ltd.	¥52,544 thousand
Total	<u>¥3,773,151 thousand</u>

(Note) These are loans guaranteed by the Company to Resona Bank, Ltd. and others.

4. Monetary receivables from and payables to affiliated companies (excluding those shown separately)

Short-term monetary claims	¥327,724 thousand
Long-term monetary claims	¥356,184 thousand
Short-term monetary liabilities	¥306,532 thousand

(Notes to the Statement of Income)

Total transaction amount for business transactions and other transactions with affiliated companies

Operating Transactions (Revenue)	¥524,894 thousand
Operating Transactions (Expense)	¥19,277 thousand
Non-operating transactions (Income)	¥4,723 thousand
Non-operating transactions (Expense)	¥9,228 thousand

(Notes to the Statement of Changes in Shareholders' Equity)

Total number of treasury stock at the end of the current fiscal year

Common stock	15,005,055 shares
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(Notes on Tax Effect Accounting)

Breakdown of Major Causes for Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets

Allowance for Doubtful Accounts	¥767,431 thousand
Loss on valuation of shares of affiliated companies	¥4,557,681 thousand
Loss on valuation of fixed assets	¥61,552 thousand
Loss on disposal of fixed assets	¥2,673 thousand
Stock-based compensation expense	¥20,424 thousand
Provision for business losses	¥195,135 thousand
Provision for bonuses	¥2,639 thousand
Accumulated deficit	¥1,116,514 thousand
Other	¥9,738 thousand
Subtotal of deferred tax assets	<u>¥6,733,790 thousand</u>
Valuation allowance	<u>(6,733,790) thousand yen</u>
Total deferred tax assets	<u>¥0 thousand</u>

(Note) The Act for Partial Revision of the Income Tax Act, etc. (Act No. 13 of 2025) was enacted by the Diet on March 31, 2025. As a result, the "Special Defense Corporate Tax" will be levied starting from fiscal years beginning on or after April 1, 2026. Accordingly, deferred tax assets and liabilities related to temporary differences expected to reverse in fiscal years beginning on or after November 1, 2026, have been calculated using a statutory effective tax rate changed from 30.6% to 31.5%. The impact of this tax rate change is immaterial.

(Notes on Transactions with Related Parties)

1. Related Parties, etc.

- ① Name
Supreme Team Co.
- ② Ratio of the Company's Voting Rights to Total Voting Rights of Related Parties
92.7%
- ③ Relationship between the Company and Related Parties
Subsidiary
- ④ Details of the transaction
Not applicable.
- ⑤ Transaction amount by type
Not applicable. Investment in investment enterprise partnership (Silent partnership)
- ⑥ Transaction Terms and Policy for Determining Transaction Terms
Not applicable.
- ⑦ Balances at the end of the current fiscal year for major items related to receivables or payables arising from transactions
Long-term receivables ¥356,184 thousand
- ⑧ Changes in Transaction Terms
None.

2. Related Parties, etc.

- ① Name
Bata International
- ② Ratio of Voting Rights Held by the Company to Total Voting Rights of Related Parties
49.7%
- ③ Relationship between the Company and the Related Party
Subsidiary
Concurrent directorship, etc.
- ④ Details of the transaction
Loans
- ⑤ Transaction amount by type
Not applicable.
- ⑥ Transaction Terms and Policy for Determining Transaction Terms
Determined appropriately based on agreement between the parties.
- ⑦ Balance at the end of the current fiscal year for major items related to receivables or payables arising from transactions
Long-term loans receivable from affiliated companies ¥1,053,078 thousand
Other receivables from affiliated companies ¥5,139 thousand
*An allowance for doubtful accounts of ¥1,003,047 thousand has been recorded for other receivable from related companies and long-term loans to related companies. (An additional ¥236,361 thousand was recorded during the current fiscal year)
- ⑧ Changes in Transaction Terms
None.

3. Related Parties, etc.

- ① Name
Agora Hospitalities Co., Ltd.
- ② Ratio of Voting Rights Held by the Company to Total Voting Rights of Related Parties
100.0%

- ③ Relationship between the Company and the Related Party
 - Subsidiary
 - Concurrent directorship, etc.
- ④ Details of the transaction
 - Sublease Income
 - Business Contracting
- ⑤ Transaction amount by type

Rent Received	¥4,363 thousand
Management Service Income	¥1,200 thousand
- ⑥ Transaction Terms and Policy for Determining Transaction Terms
 - Determined appropriately based on agreement between the parties.
- ⑦ Balance at the End of the Current Fiscal Year for Major Items Related to Receivables or Payables Arising from Transactions

Other receivable from affiliated companies	¥201,234 thousand
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*An allowance for doubtful accounts of ¥168,901 thousand has been recorded for accounts receivable from affiliated companies. (An additional ¥76,866 thousand was provided during the current fiscal year.)
- ⑧ Changes in transaction terms
 - None.

4. Related Parties, etc.

- ① Name
 - Agora Hotel Management Izu Co., Ltd.
- ② Ratio of Voting Rights Held by the Company to Total Voting Rights of Related Parties
 - 100.0%
- ③ Relationship between the Company and the Related Party
 - Subsidiary
 - Concurrent directorship, etc.
- ④ Details of the transaction
 - Receipt of Facility Rent
 - Administrative Service Income
- ⑤ Transaction amount by type
 - Not applicable.
- ⑥ Transaction Terms and Policy for Determining Transaction Terms
 - Determined appropriately based on agreements between the parties.
- ⑦ Balances at the End of the Current Fiscal Year for Major Items Related to receivables or payables Arising from Transactions

Accounts Receivable	¥327,724 thousand
Other receivables from Affiliates	¥128,369 thousand

*An allowance for doubtful accounts of ¥435,742 thousand has been recorded against accounts receivable and receivables from affiliated companies. (An additional ¥1 thousand was recorded during the current fiscal year)
- ⑧ Changes in Transaction Terms
 - None.

5. Related Parties, etc.

- ① Name
 - Agora Hotel Management Tokyo Co., Ltd.
- ② Ratio of Voting Rights Held by the Company to Total Voting Rights of Related Parties
 - 100.0%
- ③ Relationship between the Company and the Related Party

Subsidiary

Concurrent directorship, etc.

④ Details of the transaction

Administrative Service Income

⑤ Transaction amount by type

Not applicable.

⑥ Transaction Terms and Policy for Determining Transaction Terms

Determined appropriately based on agreement between the parties.

⑦ Balances at the End of the Current Fiscal Year for Major Items Related to Receivables or Payables Arising from Transactions

Other receivable from affiliated companies ¥61,301 thousand

Guarantee obligations ¥52,544 thousand

*An allowance for doubtful accounts of ¥61,301 thousand has been recorded against receivable from affiliated companies. (A reversal of ¥122,012 thousand was recorded during the current fiscal year.)

⑧ Changes in Transaction Terms

None.

6. Related Parties, etc.

① Name

Agora Hotel Management Osaka Co., Ltd.

② Ratio of Voting Rights Held by the Company to Total Voting Rights of Related Parties

100.0%

③ Relationship between the Company and the Related Party

Subsidiary

Concurrent directorship, etc.

④ Details of the transaction

Transactions involving prepaid payment instruments

Receipt of Administrative Fees

⑤ Transaction amount by type

Not applicable

⑥ Transaction Terms and Policy for Determining Transaction Terms

Determined appropriately based on agreements between the parties.

⑦ Balances at the End of the Current Fiscal Year for Major Receivables or Payables Arising from Transactions

Accounts receivable from affiliated companies ¥155,657 thousand

*An allowance for doubtful accounts of ¥117,481 thousand has been recorded for accounts receivable from affiliated companies. (An allowance of ¥110,591 thousand was recorded during the current fiscal year.)

⑧ Changes in transaction terms

None.

7. Related Parties, etc.

① Name

Agora Hotel Management Sakai Co., Ltd.

② Ratio of Voting Rights Held by the Company to Total Voting Rights of Related Parties

100.0%

③ Relationship between the Company and the Related Party

Subsidiary

Concurrent directorship, etc.

④ Details of the transaction

Transactions involving prepaid payment instruments
Receipt of Administrative Fees

- ⑤ Transaction amount by Type
Not applicable
- ⑥ Transaction Terms and Policy for Determining Transaction Terms
Determined appropriately based on agreements between the parties.
- ⑦ Balances at the end of the current fiscal year for major receivables or payables arising from transactions
 - Accounts receivable from affiliated companies ¥107,432 thousand
 - Accounts Payable ¥7,799 thousand

*An allowance for doubtful accounts of ¥95,623 thousand has been recorded for accounts receivable from affiliated companies. (An additional ¥28,041 thousand was recorded during the current fiscal year.)
- ⑧ Changes in Transaction Terms
None.

8. Related Parties, etc.

- ① Name
Namba Hotel Operations Co., Ltd.
- ② Ratio of Voting Rights Held by the Company to Total Voting Rights of Related Parties
100.0%
- ③ Relationship Between the Company and Related Parties
Subsidiary
Concurrent directorship, etc.
- ④ Details of the transaction
Temporary loan arrangement
- ⑤ Transaction amount by type
Not applicable
- ⑥ Transaction Terms and Policy for Determining Transaction Terms
Determined appropriately based on agreement between the parties.
- ⑦ Balance at the end of the current fiscal year for major receivables or liabilities arising from transactions
 - Accounts receivable from affiliated companies ¥573,000 thousand
- ⑧ Changes in Transaction Terms
None.

9. Related Parties, etc.

- ① Name
Agora Ohama LLC
- ② Ratio of Voting Rights Held by the Company to Total Voting Rights of Related Parties
100.0%
- ③ Relationship between the Company and the Related Party
Subsidiary
- ④ Details of the transaction
Investment in anonymous partnership (silent partnership)
- ⑤ Transaction amount by type
 - Distribution income from anonymous partnership ¥92,491 thousand
- ⑥ Transaction Terms and Policy for Determining Transaction Terms
Determined appropriately based on agreements between the parties.
- ⑦ Balance at the End of the Current Fiscal Year for Major Receivables or Liabilities Arising from Transactions
 - Other Securities of Affiliated Companies (Limited Partnership Investments) ¥1,710,066 thousand
 - Guarantees ¥2,743,057 thousand

- ⑧ Changes in transaction terms
None

10. Related Parties, etc.

- ① Name
Galaxy LLC
- ② Ratio of Voting Rights Held by the Company to Total Voting Rights of Related Parties
100.0%
- ③ Relationship Between the Company and Related Parties
Subsidiary
- ④ Details of the transaction
Receipt of dividends
Borrowing of Funds
- ⑤ Transaction amount by type
Distribution income from anonymous partnership ¥421,095 thousand
- ⑥ Transaction Terms and Policy for Determining Transaction Terms
Determined appropriately based on agreements between the parties.
- ⑦ Balance at the End of the Current Fiscal Year for Major Receivables or Liabilities Arising from Transactions
- | | |
|--|---------------------|
| Other Securities of Affiliated Companies (Limited Partnership Investments) | ¥1,310,360 thousand |
| Short-term loans from related companies | ¥127,000 thousand |
- ⑧ Changes in transaction terms
None.

11. Related Parties, etc.

- ① Name
Virgo LLC
- ② Ratio of Voting Rights Held by the Company to Total Voting Rights of Related Parties
100.0%
- ③ Relationship between the Company and the Related Party
Subsidiary
- ④ Details of the transaction
Borrowing of funds
- ⑤ Transaction amount by type
Not applicable.
- ⑥ Transaction Terms and Policy for Determining Transaction Terms
Determined appropriately based on agreement between the parties.
- ⑦ Balances at the end of the current fiscal year for major receivables or liabilities arising from transactions
- | | |
|--|---------------------|
| Assets pledged as collateral | |
| Capital contributions | ¥825,000 |
| Anonymous Partnership Investment (Galaxy LLC) | ¥1,074,457 thousand |
| Short-term loans from affiliated companies (Valgo LLC) | ¥820,000 thousand |
- ⑧ Changes in Transaction Terms
None.

12. Related Parties, etc.

- ① Name
Galaxy LLC (Prime Height)
- ② Ratio of Voting Rights Held by the Company to Total Voting Rights of Related Parties
100.0%
- ③ Relationship Between the Company and Related Parties
Subsidiary
- ④ Details of the transaction
Receipt of dividends
- ⑤ Transaction amount by type
Not applicable
- ⑥ Transaction Terms and Policy for Determining Transaction Terms
Determined appropriately based on agreements between the parties.
- ⑦ Balances at the End of the Current Fiscal Year for Major Receivables or Liabilities Arising from Transactions
Other securities of affiliated companies (contributions to anonymous partnerships) ¥2,630,031 thousand
- ⑧ Changes in Transaction Terms
None.

13. Related Parties, etc.

- ① Name
Orion LLC
- ② Proportion of Voting Rights Held by the Company Relative to Total Voting Rights of Related Parties
100.0%
- ③ Relationship Between the Company and Related Parties
Subsidiary
- ④ Details of the transaction
Borrowing of funds
- ⑤ Transaction amount by type
Not applicable.
- ⑥ Transaction Terms and Policy for Determining Transaction Terms
Determined appropriately based on agreement between the parties.
- ⑦ Balances at the end of the current fiscal year for major receivables or liabilities arising from transactions
Short-term borrowings from affiliated companies ¥155,491 thousand
- ⑧ Changes in Transaction Terms
None.

14. Related Parties, etc.

- ① Name
Gemini LLC
- ② Proportion of Voting Rights Held by the Company Relative to Total Voting Rights of Related Parties
100.0%
- ③ Relationship Between the Company and Related Parties
Subsidiary
- ④ Details of the transaction
Borrowing of funds
- ⑤ Transaction amount by type
Not applicable.
- ⑥ Transaction Terms and Policy for Determining Transaction Terms
Determined appropriately based on agreement between the parties.

- ⑦ Balances at the end of the current fiscal year for major receivables or liabilities arising from transactions
- | | |
|---|-------------------|
| Short-term borrowings from affiliated companies | ¥298,000 thousand |
| Accounts Payable | ¥140,130 thousand |
| Guarantees | ¥977,550 thousand |
- ⑧ Changes in Transaction Terms
None.

15. Related Parties, etc.

- ① Name
Rawang Memorial Park Co.
- ② Ratio of Voting Rights Held by the Company to Total Voting Rights of Related Parties
100.0%
- ③ Relationship Between the Company and the Related Party
Subsidiary
- ④ Details of the transaction
Borrowing of funds
- ⑤ Amount by Transaction Type
Interest paid ¥9,218 thousand
- ⑥ Transaction Terms and Policy for Determining Transaction Terms
Determined appropriately based on agreements between the parties.
- ⑦ Balances at the end of the current fiscal year for major receivables or liabilities arising from transactions
- | | |
|--|-------------------|
| Long-term borrowings from affiliated companies | ¥673,208 thousand |
|--|-------------------|
- ⑧ Changes in Transaction Terms
None.

16. Directors and Major Individual Shareholders

(Unit: Thousands of yen)

Attribute	Name	Voting Rights Ownership Ratio	Related Party with the Company	Transaction Details	Transaction Amount	Account Title	Balance at End of Fiscal Year
Officer	Chiu Wing Kwan (Winnie)	2.88%	The Company Representative Director	Exercise of share acquisition rights	432,000	—	—
Officer	Hiroshi Aso	0.14%	Director of the Company	Exercise of share acquisition rights	18,000	—	—

Transaction Terms and Policy for Determining Transaction Terms

(Note) This reflects the exercise of stock options granted pursuant to a resolution of the General Meeting of Shareholders held on March 26, 2019, during the current fiscal year. The transaction amount reflects the amount obtained by multiplying the number of shares granted through the exercise of stock options during the current fiscal year by the subscription price.

(Notes on Revenue Recognition)

The fundamental information for understanding revenue arising from contracts with customers is disclosed in "4. Significant Revenue and Expense Recognition Criteria" under Notes on Significant Accounting Policies.

(Notes on Per Share Information)

1. Net Assets Per Share	¥23.51
2. Net Loss per Share	¥1.78

(Notes on Significant Subsequent Events)

None.