

Document Submitted	Securities Report
Legal Basis	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
Submitted to	Director-General of the Kanto Local Finance Bureau
Submission Date	March 27, 2023
Fiscal Year	24th Term (from January 1, 2022, to December 31, 2022)
Company Name	Metaplanet Inc. (Formerly Red Planet Japan, Inc.)
English Name	Metaplanet Inc. (Formerly Red Planet Japan, Inc.)
Representative's Position	Representative Director Simon Gerovich
Head Office Location	3-1-6 Motoazabu, Minato-ku, Tokyo (Formerly: 1-9-3 Nishigotanda, Shinagawa-ku, Tokyo)
Telephone Number	050-5835-0966 (main)
Contact Person's Name	Director and CFO Yoshihisa Ikurumi
Nearest Contact Location	3-1-6 Motoazabu, Minato-ku, Tokyo (Formerly: 1-9-3 Nishigotanda, Shinagawa-ku, Tokyo)
Telephone Number	050-5835-0966 (main)
Contact Person's Name	Director and CFO Yoshihisa Ikurumi
Public Inspection Location	Tokyo Stock Exchange, Inc. (Tokyo Chuo-ku Nihombashi Kabutocho 2-1)
Note	Due to the resolution at the extraordinary general meeting of shareholders held on February 7, 2023, the company name, English name, head office location, and nearest contact location were changed as above, effective from February 8, 2023.

Part I: Company Information

Section 1: Business Overview

1. Key Management Indicators

1. Consolidated Management Indicators

Fiscal Period	20 th Term	21 st Term	22 nd Term	23 rd Term	24 th Term
Fiscal Year-End	Dec 2018	Dec 2019	Dec 2020	Dec 2021	Dec 2022
Net Sales (in thousand yen)	1,736,200	2,509,743	784,949	518,451	366,121
Ordinary Loss (in thousand yen)	-318,543	-313,110	-2,187,900	-1,230,727	-836,658
Net Profit Attributable to Parent Company Shareholders or Net Loss (-) (in thousand yen)	252,060	-2,290,444	-2,967,158	-737,240	977,845
Comprehensive Income (in thousand yen)	557,226	-2,462,755	-2,820,566	-777,978	993,985
Net Assets (in thousand yen)	4,977,488	3,296,549	404,718	-373,414	617,518
Total Assets (in thousand yen)	16,436,324	15,059,665	14,541,905	13,091,183	5,357,296
Net Assets per Share (in yen)	158.54	56.14	6.95	-6.66	10.72
Net Income per Share or Net Loss per Share (-) (in yen)	8.39	-43.20	-51.92	-12.89	17.10
Net Income per Share after Potential Stock Adjustment (in yen)	8.34	-	-	-	-
Equity Ratio (%)	29.7	21.3	2.7	-2.9	11.4
Return on Equity (%)	5.8	-	-	-	159.5
Price-Earnings Ratio (times)	29.5	-	-	-	2.8
Cash Flows from Operating Activities (in thousand yen)	-826,614	-402,043	-565,914	-529,344	-296,305
Cash Flows from Investing Activities (in thousand yen)	-28,735	-1,803,756	-151,785	534,832	-285,037
Cash Flows from Financing Activities (in thousand yen)	1,840,494	693,578	-139,502	199,801	397,766
Ending Balance of Cash and Cash Equivalents (in thousand yen)	2,623,180	1,091,156	216,037	414,354	207,260
Number of Employees (including average number of temporary employees)	86 (9)	175 (15)	127 (16)	110 (8)	21 (-)

Notes:

1. Net income per share after potential stock adjustment is not listed for the 21st, 22nd, and 23rd terms because there are potential stocks, but net loss per share is recorded. For the 24th term, there are no potential stocks with a dilution effect.
2. Price-earnings ratio is not listed for the 21st, 22nd, and 23rd terms because net loss per share is recorded.
3. Return on equity is not listed for the 21st, 22nd, and 23rd terms because net loss attributable to parent company shareholders is recorded.
4. A stock consolidation was carried out on April 10, 2019, with one share for every 10 shares, based on the resolution of the ordinary general meeting of shareholders held on March 27, 2019. Therefore, net income per share or net loss per share, net income per share after potential stock adjustment, and net assets per share are calculated as if the stock consolidation had been carried out at the beginning of the 20th term (fiscal year ended December 2018).
5. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) has been applied from the beginning of the current consolidated fiscal year. The key

management indicators for the current consolidated fiscal year are based on the application of this accounting standard.

2. Management Indicators of the Reporting Company

Period	20th Term	21st Term	22nd Term	23rd Term	24th Term
Fiscal Year-End	Dec 2018	Dec 2019	Dec 2020	Dec 2021	Dec 2022
Net Sales (in thousand yen)	2,080,199	553,207	165,572	-	15,794
Ordinary Profit or Loss (-) (in thousand yen)	1,619,354	-472,321	-4,763,319	-153,371	-1,246,744
Net Profit or Net Loss (-) (in thousand yen)	1,497,955	-537,993	-9,631,465	364,510	-821,758
Capital Stock (in thousand yen)	482,562	3,089,205	3,096,887	0	0
Total Number of Issued Shares Common Shares	307,570,337	57,059,487	57,192,187	57,192,187	57,192,187
Net Assets (in thousand yen)	6,245,484	10,911,720	1,208,991	1,573,347	748,536
Total Assets (in thousand yen)	8,059,865	13,214,035	6,370,674	5,828,213	3,123,036
Net Assets per Share (in yen)	199.78	189.62	21.01	27.39	13.01
Dividend per Share (in yen) (including interim dividend per share)	0 (-)	0 (-)	0 (-)	0 (-)	0 (-)
Net Income per Share or Net Loss per Share (-) (in yen)	49.84	-10.15	-168.54	6.38	-14.37
Net Income per Share after Potential Stock Adjustment (in yen)	49.58	-	-	-	-
Equity Ratio (%)	76.2	81.9	18.9	26.9	23.8
Return on Equity (%)	30.2	-	-	23.3	-
Price-Earnings Ratio (times)	5.0	-	-	6.3	-
Dividend Payout Ratio (%)	-	-	-	-	-
Number of Employees (including average number of temporary employees)	13 (-)	14 (1)	6 (1)	5 (1)	7 (-)
Total Shareholder Return (%) (Comparison Index: Total Return TOPIX) (%)	45.2 (84.0)	36.5 (99.2)	17.7 (106.6)	12.9 (120.2)	15.2 (117.2)
Highest Stock Price (in yen)	41	174 (21)	120	68	107
Lowest Stock Price (in yen)	13	112 (13)	44	38	30

Notes:

1. Net income per share after potential stock adjustment is not listed for the 21st and 22nd terms because there are potential stocks, but net loss per share is recorded. For the 23rd term, there are no potential stocks with a dilution effect. For the 24th term, net loss per share is recorded and there are no potential stocks with a dilution effect.
2. Price-earnings ratio is not listed for the 21st, 22nd, and 24th terms because net loss per share is recorded.
3. Return on equity is not listed for the 21st, 22nd, and 24th terms because net loss is recorded.
4. The decrease in capital stock in the 23rd term is due to a capital reduction.
5. A stock consolidation was carried out on April 10, 2019, with one share for every 10 shares, based on the resolution of the ordinary general meeting of shareholders held on March 27,

2019. Therefore, the total number of issued shares decreased by 506,785,387 shares, resulting in 56,309,487 shares.

6. In the 21st term, due to the issuance of new shares by third-party allotment on February 20, 2019, there was an increase of 25,352,453 shares, an increase of 300,000 shares due to the issuance of new shares by third-party allotment on July 25, 2019, an increase of 200,000 shares due to the exercise of the 7th stock acquisition rights, and an increase of 450,000 shares due to the exercise of the 8th stock acquisition rights.
7. In the 22nd term, due to the exercise of the 8th stock acquisition rights on April 1, 2020, there was an increase of 132,700 shares.
8. A stock consolidation was carried out on April 10, 2019, with one share for every 10 shares, based on the resolution of the ordinary general meeting of shareholders held on March 27, 2019. Therefore, the net income per share or net loss per share, net income per share after potential stock adjustment, and net assets per share are calculated as if the stock consolidation had been carried out at the beginning of the 20th term (fiscal year ended December 2018).
9. Our company carried out a stock consolidation on April 10, 2019, with one share for every 10 shares. The calculation of total shareholder return takes into account the impact of this stock consolidation.
10. The highest and lowest stock prices from April 4, 2022, are those on the Tokyo Stock Exchange (Standard Market), and prior to that, they are those on the Tokyo Stock Exchange (JASDAQ (Standard)).
11. Our company carried out a stock consolidation on April 10, 2019, with one share for every 10 shares. The stock prices for the 21st term are listed as the highest and lowest stock prices after the stock consolidation, with the highest and lowest stock prices before the stock consolidation listed in parentheses.
12. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) has been applied from the beginning of the current fiscal year. The key management indicators for the current fiscal year are based on the application of this accounting standard.

2. Company History

Date	Event
June 1999	Established Daiki Sound Co., Ltd. in Yamato City, Kanagawa Prefecture, for planning, producing, and selling music CDs and records (capital: 10,000 thousand yen).
Dec 1999	Started CD pressing operations.
Oct 2003	Established the Independent Label Council, a voluntary organization with 12 record companies, and set up its secretariat within the company.
Nov 2004	Registered shares over-the-counter with the Japan Securities Dealers Association.
Dec 2004	Deregistered shares over-the-counter with the Japan Securities Dealers Association and listed shares on the JASDAQ Securities Exchange, Inc.
Nov 2005	Raised 1,500 million yen through the issuance of the 1st unsecured convertible bond with new share subscription rights for capital investment in new businesses.
Feb 2006	Established Beijing Zhigao Technology Co., Ltd. in China for new business development.
Apr 2006	Established Daiki Sound International, Inc. in the United States for distributing foreign music CDs in Japan.
June 2007	Raised 297 million yen through a third-party allotment of shares.
Aug 2007	Dissolved Daiki Sound International, Inc.
Nov 2007	Transferred all shares of Beijing Zhigao Technology Co., Ltd.
May 2008	Raised 278 million yen through a third-party allotment of shares to secure funds for settling purchase obligations.
Mar 2009	Raised 199 million yen through a third-party allotment of shares.
Apr 2010	Listed on the Osaka Securities Exchange JASDAQ market following the merger of the JASDAQ Securities Exchange and the Osaka Securities Exchange.
Oct 2010	Listed shares on the Osaka Securities Exchange JASDAQ (Standard) market following the integration of the Osaka Securities Exchange (JASDAQ), Hercules, and NEO markets.
Dec 2010	Raised 204 million yen through a third-party allotment of shares.
Mar 2011	Changed company name to Fonts Holdings Co., Ltd. after transitioning to a holding company structure.
Dec 2012	Transferred some of the A-type preferred shares owned by the parent company Minerva Debt Recovery Co., Ltd. (91,700 shares) to Red Planet Holdings Pte Ltd.
Jan 2013	Converted 91,700 A-type preferred shares owned by Red Planet Holdings Pte Ltd to common shares.
Apr 2013	Started a new business (hotel business) and acquired trust beneficiary rights (fixed assets).
Apr 2013	Signed a basic agreement on business collaboration with Red Planet Holdings Pte Ltd.
Apr 2013	Announced the 1st rights offering (non-commitment type/listed new share subscription rights allocation).
July 2013	Achieved a 98.3% exercise ratio and raised 681 million yen through the 1st rights offering.
July 2013	Listed shares on the Tokyo Stock Exchange JASDAQ (Standard) market following the integration of the physical markets of the OSE and TSE on July 16, 2013.
Aug 2013	Opened the first hotel, Tune Naha Okinawa (currently Red Planet Naha Okinawa), in Naha, Okinawa.
Dec 2013	Achieved a 91.39% exercise ratio and raised 2,010 million yen through the 2nd rights offering.
Jan 2014	Changed company name from Fonts Holdings Co., Ltd. to Red Planet Japan, Inc.

Apr 2014	Acquired land for hotel development in Nishiki, Naka-ku, Nagoya.
July 2014	Resolved to issue new shares and share subscription rights through third-party allotment.
July 2014	Acquired Hotel Royal Oak Gotanda (existing hotel) in Gotanda, Tokyo.
July 2014	Made Q's Dining Co., Ltd., Valore Co., Ltd., and Sweetstar Co., Ltd., which operate the food service business, consolidated subsidiaries through additional share acquisitions and capital acceptance agreements.
Sep 2014	Made Sweetstar Asia Limited a consolidated subsidiary through share acquisition.
Jan 2015	Made RPJ Co., Ltd. a consolidated subsidiary through the establishment of a subsidiary.
Feb 2015	Made Red Planet Foods Co., Ltd. a consolidated subsidiary through a company split (simple incorporation-type company split).
Mar 2015	Made Kyochon Asia Development Limited and Magnolia Bakery Korea Limited equity method affiliates, and Sweetstar Hawaii, LLC a consolidated subsidiary through the establishment of subsidiaries.
May 2015	Made Iron Fairies Co., Ltd. a consolidated subsidiary through the establishment of a subsidiary.
June 2015	Made Chicken Planet Co., Ltd. a consolidated subsidiary through the establishment of a subsidiary.
Sep 2015	Made Food Planet Co., Ltd. (formerly Ajet Co., Ltd.) an equity method affiliate through share acquisition.
June 2016	Sold shares of the consolidated subsidiaries operating the food service business to Food Planet Co., Ltd., and excluded Red Planet Foods Co., Ltd., Q's Dining Co., Ltd., Q's Management Co., Ltd., Sweetstar Co., Ltd., Sweetstar Asia Limited, RPJ Co., Ltd., Sweetstar Hawaii, LLC, Nitrogenie Hawaii, LLC, Chicken Planet Co., Ltd., and Iron Fairies Co., Ltd. from the scope of consolidation, and excluded Kyochon Asia Development Limited (Hong Kong entity) and Magnolia Bakery Korea Limited (Hong Kong entity) from the scope of the equity method.
Sep 2016	Resolved to issue new shares and the 7th share subscription rights through third-party allotment.
Dec 2016	Made Red Planet Ankarn GK a consolidated subsidiary through the establishment of a subsidiary.
Feb 2017	Sold all shares of the consolidated subsidiary Daiki Sound Co., Ltd., which operates the distribution business, and excluded it from the scope of consolidation.
June 2017	Sold all shares of Food Planet Co., Ltd. and excluded it from the scope of the equity method.
Oct 2017	Changed the anonymous association with RPJ Nagoya Nishiki GK as the operator to a consolidated subsidiary.
Oct 2017	Opened Red Planet Nagoya Nishiki in Nagoya City, Aichi Prefecture.
June 2018	Opened Red Planet Sapporo Susukino South in Sapporo City, Hokkaido.
June 2018	Made Red Planet Hotels Manila Corporation a consolidated subsidiary through the establishment of a subsidiary.
Nov 2018	Invested in a joint venture with Green Oak Investment Management Co., Ltd.
Dec 2018	Excluded Red Planet Ankarn GK from the scope of consolidation through the establishment of an anonymous association.
Feb 2019	Made Red Planet Hotels (Thailand) Limited, Red Planet Hotels Two (Thailand) Limited, Red Planet Hotels Three (Thailand) Limited, Red Planet Hotels Four (Thailand) Limited, Red Planet Hotels Five (Thailand) Limited, and Red Planet Hotels Six (Thailand) Limited consolidated subsidiaries through share acquisition.
July 2019	Resolved to issue new shares and the 8th share subscription rights through third-party allotment.
Sep 2019	Opened Red Planet Sapporo Susukino Central.

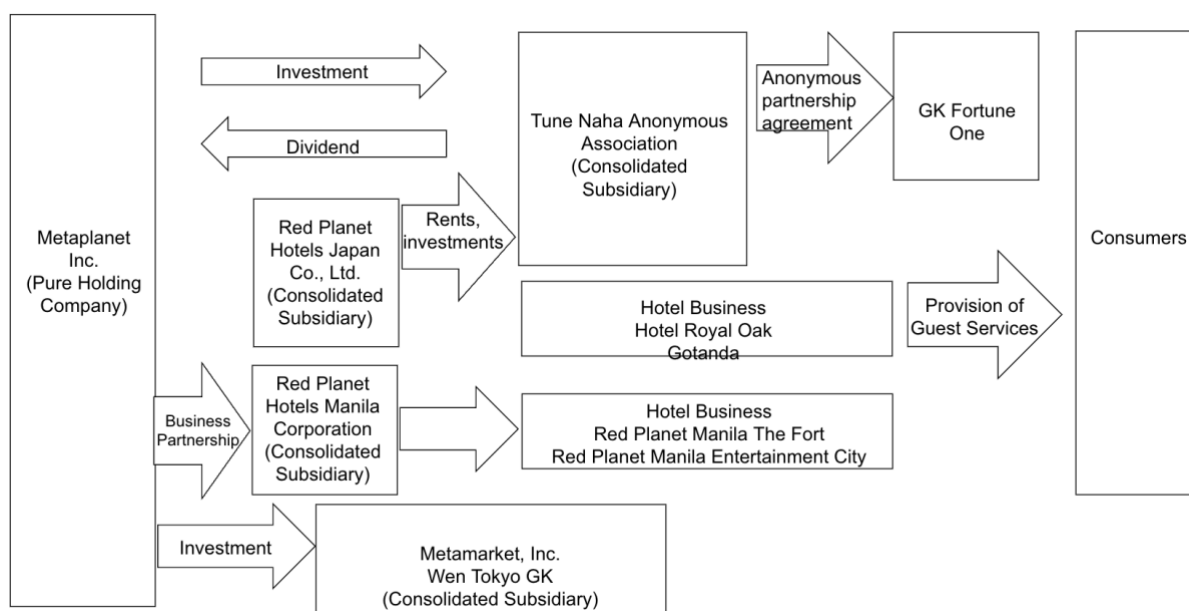
Aug 2020	Opened Red Planet Hiroshima.
Apr 2022	Transitioned from JASDAQ (Standard) to the Standard Market following the market division review by the Tokyo Stock Exchange.
May 2022	Sold all shares and excluded Red Planet Hotels (Thailand) Limited, Red Planet Hotels Two (Thailand) Limited, Red Planet Hotels Three (Thailand) Limited, Red Planet Hotels Four (Thailand) Limited, Red Planet Hotels Five (Thailand) Limited, and Red Planet Hotels Six (Thailand) Limited from the scope of consolidation.
June 2022	Excluded RPJ Nagoya Nishiki GK as the operator of the anonymous association, RPJ1 GK, and Red Planet Ankarn GK from the scope of consolidation through the transfer of investment interests.
Oct 2022	Made Meta Market Co., Ltd. and Wen Tokyo GK consolidated subsidiaries through the establishment of subsidiaries.
Jan 2023	Sold all shares and excluded Red Planet Hotels Manila Corporation from the scope of consolidation.
Feb 2023	Changed the company name from Red Planet Japan, Inc. to Metaplanet Inc.
Feb 2023	Resolved to issue new shares, the 9th share subscription rights, and the 10th share subscription rights (paid stock options) through third-party allotment and approved at the extraordinary general meeting of shareholders.
Feb 2023	Invested in Mercury Digital Assets Technologies Inc. located in Delaware, USA.

3. Description of Business

Our group consists of the company (Metaplanet Inc.), three consolidated subsidiaries (Red Planet Hotels Japan Co., Ltd., Tune Naha Anonymous Association, and Red Planet Hotels Manila Corporation) engaged in the hotel business, and two consolidated subsidiaries (Metamarket Inc. and Wen Tokyo GK) engaged in other businesses.

Note: Red Planet Hotels Manila Corporation has been excluded from the scope of consolidation as of the submission date due to the sale agreement concluded on January 10, 2023.

The business structure of the company and its major consolidated subsidiaries is shown in the following business system diagram:



4. Status of Affiliated Companies (As of December 31, 2022)

Name	Address	Capital or Investment	Main Business Activities	Ownership Ratio (%)	Relationship
(Parent Company) EVO FUND	Cayman Islands	83,925 (thousand USD)	Investment Business	(Owned) Direct 52.62	
(Consolidated Subsidiaries) Red Planet Hotels Japan Co., Ltd. (Note 2, 3, 4)	Shinagawa-ku, Tokyo	10,000 thousand yen	Hotel operation business, etc.	100.0 (owned)	Concurrent directors: 2, Management guidance
Tune Naha Anonymous Association (Note 2)	Minato-ku, Tokyo	485,919 thousand yen (total anonymous association investment)	Acquisition, holding, and disposal of real estate and real estate trust beneficiary rights	(Ownership ratio) 100.0 (4.97)	
Red Planet Hotels Manila Corporation (Note 2)	Metro Manila, Philippines	10,624 thousand PHP	Planning, development, ownership, management, and operation of hotels	(Owned) 100.0	Concurrent directors: 2
Metamarket Inc.	Minato-ku, Tokyo	1,000 thousand yen	Mainly business using advanced technologies such as Web 3, blockchain, and NFT	(Owned) 100.0	Concurrent director: 1
Wen Tokyo GK	Minato-ku, Tokyo	1,000 thousand yen	Mainly business using advanced technologies such as Web 3, blockchain, and NFT	(Owned) 100.0	Concurrent director: 1

Notes:

1. The ownership ratio in parentheses represents the indirect ownership ratio and is included within the total.
2. These companies are specified subsidiaries.
3. For Red Planet Hotels Japan Co., Ltd., the ratio of its net sales (excluding internal net sales among consolidated companies) to consolidated net sales exceeds 10%.

Major Profit and Loss Information:

Item	Red Planet Hotels Japan Co., Ltd.
Net Sales	305,065 thousand yen
Ordinary Profit	-336,724 thousand yen
Net Profit	2,153,809 thousand yen
Net Assets	-1,953,040 thousand yen
Total Assets	299,156 thousand yen

4. This company is in excess liabilities, and as of the end of December 2022, the amount of excess liabilities is as follows:
 - Red Planet Hotels Japan Co., Ltd.: 1,953,040 thousand yen
5. During the current consolidated fiscal year, the following major subsidiaries have been transferred:
 - Red Planet Hotels (Thailand) Limited
 - Red Planet Hotels Two (Thailand) Limited
 - Red Planet Hotels Three (Thailand) Limited
 - Red Planet Hotels Four (Thailand) Limited
 - Red Planet Hotels Five (Thailand) Limited
 - Red Planet Hotels Six (Thailand) Limited
 - Anonymous association with RPJ Nagoya Nishiki GK as the operator
 - RPJ1 GK
 - Red Planet Ankarn GK

These subsidiaries were excluded from the scope of consolidation as a result of the transfer of their shares or investment interests during the current consolidated fiscal year.

In addition, the following companies were newly established as wholly owned subsidiaries in October 2022 and have been included as consolidated subsidiaries:

- Metamarket Inc.
- Wen Tokyo GK

Red Planet Hotels Manila Corporation's board of directors resolved to sell its shares on January 10, 2023, and it is planned to be excluded from the scope of consolidation in March 2023.

6. During the current consolidated fiscal year, the following changes occurred regarding the parent company:
 - On September 27, 2022, Red Planet Holdings Pte. Ltd., which was the parent company and principal shareholder of the company, sold all its shares through a public offering and ceased to be the parent company and principal shareholder of the company. Consequently, Red Planet Hotels Limited, the parent company of Red Planet Holdings Pte. Ltd., also ceased to be the parent company of the company.
 - During the current consolidated fiscal year, the company received a report from EVO FUND LLC that it had acquired all the shares of the company through a public offering. As a result, EVO FUND LLC became the new parent company and principal shareholder holding more than 50% of the voting rights of the company. Subsequently, all the shares held by EVO FUND LLC were transferred to EVO FUND, making EVO FUND the sole parent company as of the end of the current consolidated fiscal year.

Furthermore, EVO FUND ceased to be the parent company on February 8, 2023, following the issuance of new shares through a third-party allotment, approved at the extraordinary general meeting of shareholders held on February 7, 2023.

5. Employee Status

(1) Status of Consolidated Companies (As of December 31, 2022)

Segment Name	Number of Employees (persons)
Sales Department	14 (—)
Entire Company (common)	7 (—)
Total	21 (—)

Notes:

1. The number of employees is the number of working personnel excluding those seconded from our group to outside the group, and including those seconded from outside the group to our group.
2. The figures in parentheses in the number of employees column represent the annual average number of temporary employees (calculated as eight-hour workdays).
3. Temporary employees include seasonal workers, part-timers, and contracted employees, excluding dispatched employees.
4. Our group is a single segment, so the number of employees is listed by department rather than by segment information.
5. The number of employees decreased by 89 compared to the end of the previous consolidated fiscal year due to retirements.

(2) Status of the Submitting Company (As of December 31, 2022)

Number of Employees (persons)	Average Age (years)	Average Length of Service (years)	Average Annual Salary (thousand yen)
7 (—)	43.4	1.8	9,181

Notes:

1. The number of employees is the number of working personnel excluding those seconded from our company to other companies, and including those seconded from other companies to our company.
2. The figures in parentheses in the number of employees column represent the annual average number of temporary employees (calculated as eight-hour workdays).
3. Temporary employees include seasonal workers, part-timers, and contracted employees, excluding dispatched employees.
4. The average annual salary includes bonuses and extraordinary wages.
5. The number of employees increased by 2 compared to the end of the previous fiscal year due to new hires.

(3) Status of Labor Unions

There are no labor unions established, but labor-management relations are amicable.

Part II: Business Status

1. Management Policy, Business Environment, and Issues to Address

Statements concerning the future are based on the judgments of our group as of the end of the current consolidated fiscal year.

(1) Basic Policy of the Company Our group has analyzed the current business environment from various perspectives, considering the overall domestic and international economic conditions, the significant amount of funds required for the development and operation of our group's main business, hotels, and the speed and spread of technological innovations creating new business opportunities worldwide. As a result, our group has determined that to continuously and progressively create shareholder value in the future, it is necessary to digitize our group's assets and business models by incorporating rapidly evolving technology and to challenge new business opportunities. Our group aims to become a company that can realize the expected profits from new business opportunities for our shareholders by rapidly expanding new businesses.

(2) Management Indicators to Aim For To enhance corporate value, our group's ultimate management goal is the sustainable growth of ordinary profit, emphasizing profit margins. We consider improving the ordinary profit margin on net sales as a key management indicator.

(3) Medium- to Long-term Management Strategy of the Company Our group intends to continue striving for further growth in the next fiscal year (ending December 2023) and beyond. By implementing various measures to improve our business revenue structure, we aim to achieve sustainable financial balance improvements and promote various measures to strengthen capital, thereby striving for stabilization in both business and financial aspects.

Progress on Initiatives Based on the Basic Policy:

- a) Termination of Lease Agreements for Our Hotels As announced in the "Notice on Termination of Lease Agreements for Our Hotels and the Occurrence of Extraordinary Profit" on March 11, 2022, we terminated lease agreements for two hotels we operated, recording an extraordinary profit of approximately 2,293,881 thousand yen due to the disappearance of lease liabilities, etc., in the first quarter. This resolved the state of excess liabilities at that time. Furthermore, as announced on May 2, 2022, we also withdrew from the hotel operation business in Thailand, advancing the review of our business. Additionally, on May 13, 2022, we announced the termination of the lease agreement for hotel operations in Hiroshima, and on July 15, 2022, we announced the termination of the lease agreement for hotel operations in Tokyo (Asakusa).
- b) Termination of Our Hotel Operations Our company is urgently reviewing all costs and restructuring our business to ensure the company's survival. In line with our strategy, we announced the termination of Red Planet Sapporo Susukino South's operations on September 27, 2022.
- c) Improvement of Profitability Our group is making management efforts by thoroughly reducing selling, general, and administrative expenses. Additionally, we are launching and operating new businesses other than hotels to become new sources of revenue.
- d) Promotion of Capital Policies While reviewing the hotel business and improving performance, we will explore new financing methods, including capital increases and loans. On February 7, 2023, we held an extraordinary general meeting of shareholders and raised 1,173,690 thousand yen through a third-party allotment capital increase and the issuance of new share subscription rights.

(4) Issues to Address

I. Review of Hotel Business and Launch of New Businesses

Our group has analyzed the current business environment from various perspectives, considering the overall domestic and international economic conditions, the significant amount of funds required for the development and operation of our group's main business, hotels, and the speed and spread of technological innovations creating new business opportunities worldwide. As a result, our group has determined that to continuously and progressively create shareholder value in the future, it is necessary to digitize our group's assets and business models by incorporating rapidly evolving technology and to challenge new business opportunities. Specifically, our group will focus on the following three businesses:

Business aimed at growth through the provision of products and services related to Web 3 and the metaverse:

"WEN Tokyo": A project to reconstruct the Gotanda hotel into a metaverse base and members' club using real estate development experience and NFT-related business, creating value from traditional hotel assets.

"Takumi-X": Creating NFTs linked to Japanese art by Japanese artists and craftsmen, establishing a community based on craftsmanship through NFT transactions and various events.

Development and operation of a platform that allows easy creation and trading of NFTs.

Advisory and consulting business for projects related to Web 3 and the metaverse:

Providing consulting by a team of experts to support the transition from Web 2 to Web 3 for overseas and Japanese companies unfamiliar with blockchain and decentralized technologies, and supporting the introduction of Web 3 businesses to Japan by overseas companies and the expansion of Japanese companies into overseas Web 3 businesses.

Investment business in projects, companies, and digital assets related to Web 3 and the metaverse:

Investing in promising companies and projects related to Web 3 and the metaverse, as well as digital assets (including NFTs, tokens, and cryptocurrencies tradable in Japan) that bring regular revenue or capital gains potential, aiming for long-term revenue acquisition.

Regarding the hotel business, we have already closed all hotels operated under lease agreements and the Sapporo hotel we owned, and we have decided to sell the hotels in the Philippines, intending to continue only the Gotanda property in the future.

- ##### II. Promotion of Capital Policies
- While reviewing the hotel business and improving performance through new businesses, we will explore new financing methods, including capital increases and loans. On February 7, 2023, we held an extraordinary general meeting of shareholders and raised 1,173,690 thousand yen through a third-party allotment capital increase and the issuance of new share subscription rights.
- ##### III. Cost Reduction
- In line with the review of the hotel business, we have closed all non-profitable hotels, excluding the Gotanda property, and will continue to thoroughly reduce costs. Additionally, we will implement thorough cost management to prevent unnecessary expenses from increasing with new businesses.

2. Business Risks

The following are the main matters that could have a significant impact on the business performance or financial condition of our group in relation to the business activities of our group. Our group recognizes the possibility of these risks occurring, strives to avoid their occurrence, and intends to respond appropriately if they do occur. However, if risks beyond the expectations of our group occur, it may have a significant impact on our business performance or financial condition. The matters concerning the future mentioned in the text are based on the judgments of our group as of the end of the current consolidated fiscal year.

A) Risks Related to the Hotel Business

- (1) **Economic Conditions and Real Estate Market Trends** The hotel business, which is our group's main business, tends to be influenced by the real estate market and economic conditions. In the future, if there are delays in our hotel construction plans due to soaring real estate prices or a decrease in acquisition opportunities, or if there is a decline in leisure demand due to economic downturns or an oversupply of rooms due to the opening of new hotels, it may affect our group's performance.
- (2) **Natural Disasters and Human Disasters** Our group's hotels may suffer damage to buildings and facilities due to natural disasters such as earthquakes and typhoons, or human disasters such as accidents and fires, leading to temporary business suspensions and resulting in revenue decreases.
- (3) **Leakage of Personal Information and Confidential Information** Our group has established internal systems for the strict management and protection of personal and confidential information it holds, and implements safety measures such as securing data backups for the maintenance and utilization of information systems. However, if there is a leakage of information or system trouble due to unexpected accidents, it could lead to a loss of trust in our group and impact our business performance, financial condition, and business operations.
- (4) **Relationship with the Parent Company** The parent company listed in "Part I: Company Overview, 4. Status of Affiliated Companies" owns 52.62% of the voting rights of our company's shares. While our group has borrowed funds from the parent company and its related companies in the past, the dependence on these transactions is extremely low, and we believe that independence from the parent company and its affiliates is secured. However, if there are changes in the management policy of the parent company, it may affect our group's business performance and financial condition.

B) Other Risks

- (1) **Dilution Due to Additional Issuance of Shares** In the future, unless the subscription price of shares falls significantly below the market price, we may issue additional shares or share subscription rights within the range of unissued shares of the total number of authorized shares without a resolution of the general meeting of shareholders. The issuance of shares or share subscription rights in the future at a price below the market price at that time could adversely affect the supply-demand balance of our common shares and may cause dilution of the shares.
- (2) **Significant Events Related to the Going Concern Assumption** Our group has continuously recorded operating losses, ordinary losses, and negative operating cash flows in past years. In the current consolidated fiscal year as well, we have recorded operating losses, ordinary losses, and negative operating cash flows. These circumstances raise significant doubts about the going concern assumption. Measures to resolve or improve these issues are

described in "Part V: Financial Status, 1. Consolidated Financial Statements, (1) Notes to Consolidated Financial Statements, (Matters Related to the Going Concern Assumption)."

3. Analysis of Financial Position, Business Results, and Cash Flows by Management

(1) Overview of Business Results

The overview of the financial position, business results, and cash flows (hereinafter referred to as "business results, etc.") of our group for the current consolidated fiscal year is as follows. The matters concerning the future mentioned in the text are based on the judgments of our group as of the end of the current consolidated fiscal year.

A) Financial Position and Business Results

1. Business Results

In the current consolidated fiscal year, despite the re-expansion of COVID-19 infections, we saw gradual movements toward the normalization of socio-economic activities with the relaxation of entry restrictions in various countries and easing of activity restrictions within Japan. However, in Japan, entry restrictions on individual travelers from around the world continued until the cap was relaxed in September, with the number of visitors remaining roughly at a maximum of 20,000 per day throughout the current consolidated fiscal year. Amid such unpredictable circumstances, our group made the tough decision to downsize hotel operations domestically and internationally to reduce costs.

Under such conditions, our group's sales decreased by 29.4% compared to the same period of the previous year. Additionally, due to operating expenses exceeding sales, we ultimately recorded a significant operating loss. Furthermore, we recorded mainly foreign exchange gains as non-operating income, interest expenses as non-operating expenses, lease cancellation gains as extraordinary income, and mainly provision for loss on debt guarantees and impairment losses as extraordinary losses. The lease cancellation gain arose from the early termination of lease contracts for lease assets that had previously been subject to impairment loss processing.

2. Financial Position

(a) Assets

The total assets at the end of the current consolidated fiscal year amounted to 5,357 million yen, a decrease of 7,733 million yen from the previous consolidated fiscal year. Current assets amounted to 510 million yen, a decrease of 335 million yen from the previous consolidated fiscal year, primarily due to decreases in cash and deposits by 207 million yen, accounts receivable by 51 million yen, and other current assets by 64 million yen. Fixed assets amounted to 4,846 million yen, a decrease of 7,398 million yen from the previous consolidated fiscal year, mainly due to decreases in tangible fixed assets by 6,796 million yen and investment and other assets by 601 million yen.

(b) Liabilities

Total liabilities at the end of the current consolidated fiscal year amounted to 4,739 million yen, a decrease of 8,724 million yen from the previous consolidated fiscal year, due to decreases in current liabilities by 432 million yen and fixed liabilities by 8,292 million yen.

(c) Net Assets

Net assets at the end of the current consolidated fiscal year amounted to 617 million yen, an increase of 990 million yen from the previous consolidated fiscal year, primarily due to recording a net income attributable to owners of the parent of 977 million yen.

B) Cash Flows

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the current consolidated fiscal year decreased by 207 million yen from the previous consolidated fiscal year to 207 million yen. The status of each cash flow and their causes are as follows:

(Operating Cash Flow)

Funds spent on operating activities amounted to 296 million yen (529 million yen spent in the same period of the previous year). The main factors include a pre-tax net income of 979 million yen, depreciation of 160 million yen, impairment loss of 284 million yen, lease cancellation gain of -2,867 million yen, interest expenses of 76 million yen, provision for loss on debt guarantees of 804 million yen, and an increase in accounts payable of 81 million yen.

(Investing Cash Flow)

Funds spent on investing activities amounted to 285 million yen (534 million yen income in the same period of the previous year). The main factors include expenditures for the acquisition of tangible fixed assets of -317 million yen, income from the refund of anonymous association investment of 132 million yen, and expenditures for long-term loans of -96 million yen.

(Financing Cash Flow)

Funds obtained from financing activities amounted to 397 million yen (199 million yen obtained in the same period of the previous year). The main factors include income from short-term borrowings of 501 million yen, expenditures for repayment of long-term borrowings of -86 million yen, income from long-term borrowings of 42 million yen, and expenditures for repayment of lease liabilities of -60 million yen.

C) Production, Orders, and Sales Performance

1. Purchase Performance Purchase performance by segment is as follows:

Segment Name	Current Consolidated Fiscal Year (January 1, 2022, to December 31, 2022)	
	Amount (Thousand Yen)	Year-over-Year Change (%)
Hotel Business	181,616	102.4%

(Note: The amounts are based on purchase prices.)

2. Order Performance As we are in the service industry, this section is not applicable.

3.

4. Sales Performance Sales performance by segment is as follows:

Segment Name	Current Consolidated Fiscal Year (January 1, 2022, to December 31, 2022)	
	Amount (Thousand Yen)	Year-over-Year Change (%)
Hotel Business	366,121	70.6%

Analysis and Examination of the Business Performance Situation from the Management's Perspective

The recognition, analysis, and examination of the business performance situation of our group from the management's perspective are as follows. The matters concerning the future mentioned in the text are based on the judgments of our group as of the end of the current consolidated fiscal year.

(1) Recognition, Analysis, and Examination of the Financial Position and Business Performance Situation

The financial position and business performance situation of our group for the current consolidated fiscal year are as described in "Section 2: Business Overview, Item 3: Analysis of Financial Position, Business Performance, and Cash Flow by Management (1) Overview of Business Performance, etc. A) Financial Position and Business Performance Situation."

The factors that significantly affect the business performance of our group are as described in "Section 2: Business Overview, Item 2: Business Risks."

The objective indicators for judging the achievement of our group's business policies, strategies, or business goals are ordinary income and the ordinary income margin on sales.

1. Ordinary Income Due to the strict decision to downsize hotel operations domestically and internationally to reduce costs, our group's sales for the current consolidated fiscal year were 366 million yen, a decrease of 29.4% compared to the previous consolidated fiscal year. By reducing selling, general, and administrative expenses and recording non-operating income that exceeded non-operating expenses, the ordinary loss decreased compared to the previous consolidated fiscal year, resulting in an ordinary loss of 836 million yen.
2. Ordinary Income Margin on Sales The ordinary income margin on sales was -228.5%. Moving forward, we aim to maintain and improve the occupancy rate and unit price of existing hotels, rapidly establish and expand new businesses to secure revenue, and continue cost reductions to record ordinary income.

The results for the target indicators of our group for the current and previous consolidated fiscal years are as follows:

Indicator	(in million yen)		
	Current Consolidated Fiscal Year	Previous Consolidated Fiscal Year	Change Rate
Net Sales	366	518	-29.4%
Ordinary Income (Loss)	-836	-1,230	-
Ordinary Income (Loss) Margin on Sales	-228.5%	-237.4%	-

(Note: The amounts are truncated below one million yen.)

(2) Analysis and Examination of Cash Flow Situation, and Information on Sources of Capital and Liquidity of Funds

The cash flow situation of our group for the current consolidated fiscal year is as described in "Section 2: Business Overview, Item 3: Analysis of Financial Position, Business Performance, and Cash Flow by Management (1) Overview of Business Performance, etc. B) Cash Flow Situation."

Regarding the sources of capital and liquidity of funds, our group secures funds for working capital and capital expenditures through internal funds or borrowings and capital increases.

(3) Important Accounting Estimates and Assumptions Used in Those Estimates

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in Japan. In preparing these consolidated financial statements, estimates that affect assets, liabilities, revenue, and expenses are comprehensively considered based on past performance, current conditions, and available information, and the most reasonable estimates and assumptions are continuously used at that time. However, since estimates and assumptions involve uncertainty, actual results may differ.

The impact of the spread of COVID-19 on accounting estimates and the assumptions used in those estimates are as described in "Section 5: Financial Information, Item 1: Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes, Important Accounting Estimates" and "Section 5: Financial Information, Item 2: Financial Statements, (1) Financial Statements, Notes, Important Accounting Estimates."

4. Important Contracts in Management

There are no relevant matters.

5. Research and Development Activities

There are no relevant matters.

Chapter 3: Status of Facilities

1. Overview of Capital Investment, etc.

The total amount of capital investment carried out during the current consolidated fiscal year was approximately 317 million yen. The breakdown of this amount primarily includes an increase in construction in progress associated with the renovation of hotels by Red Planet Hotels Manila Corporation.

2. Status of Major Facilities

The major facilities in our group are as follows:

(1) Reporting Company As of December 31, 2023

Business Office (Location)	Segment Name	Equipment Content	Book Value (thousand yen)						Number of Employees (persons)
			Buildings	Trust Buildings	Land	Trust Land	Others	Total	
Head Office (Minato-ku, Tokyo)	Hotel Business	Head Office Function	121	—	—	—	893	1,014	7
	Hotel Business	Hotel Related Facilities	—	106,584	—	1,198,594	—	1,305,178	—

(Note)

1. There are no major facilities currently suspended.
2. "Others" in the book value represents tools, instruments, and equipment.

(2) Domestic Subsidiaries As of December 31, 2023

Company Name	Business Office (Location)	Segment Name	Equipment Content	Book Value (thousand yen)						Number of Employees (persons)
				Buildings and Structures	Trust Buildings and Trust Structures	Trust Land	Lease Assets	Others	Total	
Tune Naha Anonymous Association	Head Office (Minato-ku, Tokyo)	Hotel Business	Head Office Function	—	1,221,799	91	—	—	1,221,891	—
Red Planet Hotels Japan Inc.		Hotel Business	Hotel Related Facilities	10,324	—	—	—	30,726	41,051	14

(Note)

1. There are no major facilities currently suspended.
2. "Others" in the book value represents construction in progress.

(3) Overseas Subsidiaries

As of December 31, 2023

Company Name	Business Office (Location)	Segment Name	Equipment Content	Book Value (thousand yen)					Number of Employees (persons)
				Buildings and Structures	Lot	Trust Land	Others	Total	
Red Planet Hotels Manila Corporation	Head Office (Minato-ku, Tokyo)	Hotel Business	Head Office Function	—	—	—	1,899,774	1,899,774	—

(Note)

1. There are no major facilities currently out of operation.
2. The "Other" category in the book value refers to construction in progress.

3. Plans for New Construction, Disposal, etc., of Facilities

No relevant matters.

Chapter 4. Status of the Submitting Company

1. Status of Shares

(1) Total Number of Shares

① Total Number of Shares

Type	Authorized Number of Shares (shares)
Common Stock	228,237,948
Total	228,237,948

(Note) By resolution of the extraordinary general meeting of shareholders held on February 7, 2023, the Articles of Incorporation were amended, and the authorized number of shares was increased by 271,762,052 shares to 500,000,000 shares as of February 7, 2023.

② Issued Shares

Type	Number of Shares Issued as of End of Fiscal Year (December 31, 2022)	Number of Shares Issued as of Submission Date (March 27, 2023)	Name of Stock Exchange or Authorized Financial Instruments Firms Association	Details
Common Stock	57,192,187	114,692,187	Tokyo Stock Exchange Standard Market	The unit of shares is 100 shares.
Total	57,192,187	114,692,187	-	-

(Note) The number of shares issued as of the submission date does not include the number of shares issued upon the exercise of stock acquisition rights from March 1, 2023, to the submission date of this securities report. The number of shares issued has increased by 57,500,000 shares due to a public offering of new shares with a payment date of February 8, 2023.

(2) Status of Stock Acquisition Rights

① Details of Stock Option Plan

No applicable items.

② Details of Rights Plan

No applicable items.

③ Status of Other Stock Acquisition Rights, etc.

Fifth Series of Stock Acquisition Rights by Resolution of the Board of Directors on February 24, 2015

Resolution Date	February 24, 2015
Number of Stock Acquisition Rights (units)	54,500 (10 shares per stock acquisition right)
Type, Content, and Number of Shares for Stock Acquisition Rights (units)	Common Stock 545,000
Amount to be Paid upon Exercise of Stock Acquisition Rights (yen)	5,300
Exercise Period of Stock Acquisition Rights	From March 12, 2015, to March 11, 2023
Issuance Price and Amount Incorporated into Capital when Issuing Shares through Exercise of Stock Acquisition Rights	<p>Issuance Price 530 yen, Capital Incorporated 265 yen</p> <ol style="list-style-type: none"> 1. Issuance Price per Share when Issuing Shares through Exercise of Stock Acquisition Rights: The issuance price per share of common stock delivered upon the exercise of the stock acquisition rights shall be the amount obtained by dividing the total amount to be paid upon exercise of the stock acquisition rights by the total number of shares subject to the stock acquisition rights. 2. Amount of Capital and Capital Reserve Increase when Issuing Shares through Exercise of Stock Acquisition Rights: The amount of capital to be increased when issuing common stock through the exercise of stock acquisition rights shall be half of the upper limit of the amount of capital, etc., to be increased as calculated based on the provisions of Paragraph 1 of Article 17 of the Company Accounting Regulations (any fractions less than one yen arising from the calculation shall be rounded up), and the amount of capital reserve to be increased shall be the amount obtained by subtracting the amount of capital to be increased from the upper limit of the amount of capital, etc., to be increased.
Condition of Exercise of Stock Acquisition Rights	Refer to Note 4 below

Note:

1. Each stock acquisition right entitles the holder to 10 shares of common stock. The details are as of the end of the fiscal year (December 31, 2022). Since there are no changes in the content as of the end of the previous month (February 28, 2023) from the end of the fiscal year, the description as of the end of the previous month is omitted.
If the company conducts a stock split or reverse stock split after the allocation date, the number of shares will be adjusted according to the following formula. This adjustment will apply only to the number of shares underlying unexercised stock acquisition rights at that time, and any fractional shares resulting from the adjustment will be rounded down.
Adjusted number of shares = Pre-adjustment number of shares × Ratio of split (or consolidation)
Additionally, if the company merges, splits, or reduces capital after the allocation date, or if an adjustment of the number of shares is necessary for other reasons, the number of shares will be appropriately adjusted within a reasonable scope.
2. Amount payable for subscription of stock acquisition rights or method of calculation, or statement that payment is not required:
85 yen per stock acquisition right

Amount of assets to be contributed upon exercise of stock acquisition rights or method of calculation:

5,300 yen per stock acquisition right

If the company conducts a stock split or reverse stock split after the allocation date, the exercise price will be adjusted according to the following formula, and any fractional amount less than one yen resulting from the adjustment will be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of Split (or consolidation)}}$$

If the company issues new shares or disposes of treasury stock at a price below market value after the allocation date, the exercise price will be adjusted according to the following formula, and any fractional amount less than one yen resulting from the adjustment will be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of ordinary shares already issued} + \frac{\text{Number of ordinary shares to be issued} \times \text{Paid-in amount per share}}{\text{Market value}}}{\text{Number of ordinary shares already issued} + \text{Number of ordinary shares to be issued}}$$

In the above formula, "number of issued shares" refers to the total number of issued shares of common stock, excluding treasury stock. If the company disposes of treasury stock, "number of new shares to be issued" will be read as "number of treasury shares to be disposed of".

Additionally, if an adjustment of the exercise price is necessary due to a merger, company split, or other similar circumstances after the allocation date, the exercise price will be appropriately adjusted within a reasonable scope.

3. Period during which stock acquisition rights can be exercised:
 From March 12, 2015, to March 11, 2023.
4. Conditions for exercising stock acquisition rights:
 - 1) If the average closing price of the company's common stock on the stock exchange for any one-month period (21 trading days, including the day) falls below 85% of the exercise price (adjusted appropriately by the board of directors), the holders must exercise all remaining stock acquisition rights at the adjusted exercise price by the end of the exercise period. However, this does not apply in the following cases:
 - a) If there is a significant misstatement in the company's disclosed information
 - b) If it is found that the company did not disclose important facts required by law or stock exchange regulations
 - c) If the company is delisted or undergoes bankruptcy, civil rehabilitation, corporate reorganization, special liquidation, or similar legal procedures
 - d) If the company engages in actions that significantly harm the trust of the stock acquisition right holders
 - 2) Holders can exercise the rights up to the following limits during the respective periods, unless the board of directors approves otherwise:
 - a) March 12, 2015, to March 11, 2017: Up to 30% of the total allocated stock acquisition rights
 - b) March 12, 2017, to March 11, 2019: Up to 60% of the total allocated stock acquisition rights

- c) March 12, 2019, to the end of the exercise period: All allocated stock acquisition rights
- 3) The exercise of stock acquisition rights by the heirs of the holders is not allowed.
 - 4) If the exercise of stock acquisition rights results in the total number of issued shares exceeding the authorized number of shares, the exercise cannot be performed.
 - 5) Partial exercise of less than one stock acquisition right is not allowed.
5. Conditions for the company to acquire stock acquisition rights:
If a merger agreement where the company is the disappearing company, a company split agreement where the company is the split company, or a stock exchange agreement where the company becomes a wholly-owned subsidiary is approved by the shareholders' meeting (or the board of directors if shareholders' meeting approval is not required), the company may acquire all stock acquisition rights without compensation on the date separately specified by the board of directors.

(3) Exercise Status of Convertible Bonds with Exercise Price Adjustment Clause

- Not Applicable

(4) Changes in Total Number of Issued Shares and Capital

Date	Change in Total Number of Issued Shares (Shares)	Total Number of Issued Shares After Increase (Shares)	Change in Capital (thousand yen)	Capital After Increase (thousand yen)	Change in Capital Reserve (thousand yen)	Capital Reserve After Increase (thousand yen)
January 1, 2018 - April 30, 2018 (Note 1)	34,600,000	307,570,337	439,385	482,562	439,385	4,124,915
February 20, 2019 (Note 2)	253,524,537	561,094,874	2,535,245	3,017,807	2,535,245	6,660,160
January 1, 2019 - March 31, 2019 (Note 3)	2,000,000	563,094,874	25,398	3,043,205	25,398	6,685,558
April 10, 2019 (Note 4)	-506,785,387	56,309,487	-	3,043,205	-	6,685,558
July 25, 2019 (Note 5)	300,000	56,609,487	19,950	3,063,155	19,950	6,705,508
August 28, 2019 (Note 6)	200,000	56,809,487	11,578	3,074,733	11,578	6,717,086
November 15, 2019 (Note 7)	250,000	57,059,487	14,472	3,089,205	14,472	6,731,559
April 1, 2020 (Note 8)	132,700	57,192,187	7,682	3,096,887	7,682	6,739,241
May 7, 2021 (Note 9)	-	57,192,187	-3,096,887	0	-5,404,495	1,334,745

Notes

1. During the period from January 1, 2018, to April 28, 2018, the total number of issued shares increased by 34,600,000 shares, capital increased by 439,385 thousand yen, and capital reserves increased by 439,385 thousand yen due to the exercise of the 7th series of stock acquisition rights.
2. This was due to a paid third-party allotment.
Issue price: 20 yen
Amount incorporated into capital: 10 yen

Allottee: Red Planet Hotels Limited

3. Increase due to the exercise of stock acquisition rights.
4. By resolution of the regular shareholders' meeting held on March 27, 2019, a reverse stock split was conducted at a ratio of 10 shares of common stock to 1 share on April 10, 2019, resulting in a decrease of 506,785,387 shares in the total number of issued shares, changing to 56,309,487 shares.
5. This was due to a paid third-party allotment.
Issue price: 133 yen
Amount incorporated into capital: 66.5 yen
Allottee: EVO FUND
6. Increase due to the exercise of stock acquisition rights.
7. Increase due to the exercise of stock acquisition rights.
8. Increase due to the exercise of stock acquisition rights.
9. Pursuant to the provisions of Article 447, Paragraph 1, and Article 448, Paragraph 1 of the Companies Act, capital was reduced by 3,096,887 thousand yen and capital reserves by 5,404,495 thousand yen by resolution of the shareholders' meeting to cover the deficit.
10. Due to a third-party allotment increase with a payment date of February 8, 2023, the total number of issued shares increased by 57,500,000 shares, capital increased by 575,000 thousand yen, and capital reserves increased by 575,000 thousand yen.

(5) [Status by Owner]

As of December 31, 2022

	Shareholder Composition (Number of shares per unit: 100 shares)								Number of Shares Less Than One Unit (shares)
	Govt. Local Public Bodies	Financial Institutions	Financial Instruments Business Operators	Other Corporations	Foreign Corporations		Individuals Others	Total	
					Non-Individuals	Individuals			
Number of Shareholders (persons)	—	—	13	25	20	56	6,247	6,361	—
Number of Shares Held (units)	—	—	7,506	1,679	407,534	1,214	152,403	570,336	158,587
Shareholding Ratio (%)	—	—	1.316	0.294	71.455	0.213	26.722	100.000	—

(Note) The 20,095 shares of treasury stock are included in "Individuals and Others" with 200 units and "Shares less than one unit" with 95 shares.

(6) Major Shareholders
As of December 31, 2022

Name or Company	Address	Number of Shares Owned (Shares)	Percentage of Total Shares Issued (Excluding Treasury Shares) (%)
EVO FUND	190 ELGIN AVE., GEORGE TOWN, GRAND CAYMAN, KY1-9005, CAYMAN ISLANDS (Tokyo, Chiyoda-ku)	30,000,030	52.47
BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE CLEARANCE ACC FOR THIRD PARTY (Permanent Agent: Hongkong and Shanghai Banking Corporation Tokyo Branch)	10 HAREWOOD AVENUE, LONDON NW1 6AA (Tokyo, Chuo-ku)	10,025,453	17.54
Sato Kagami	Tokyo, Toshima-ku	1,029,660	1.80
PHILLIP SECURITIES CLIENTS (RETAIL) Phillip Securities Co., Ltd. CEO Hitoshi Shimoyama	NORTHBRIDGE ROAD 250, RAFFLES CITY TOWER 6F, SGR (Tokyo, Chuo-ku)	400,500	0.70
Hideyuki Yuasa	Tokyo, Nakano-ku	350,000	0.61
Masaaki Kumagai	Tokyo, Nakano-ku	277,100	0.48
JPMorgan Securities Japan Co., Ltd. CEO Akira Ikeda	2-7-3 Marunouchi, Chiyoda-ku, Tokyo	194,800	0.34
Masahiro Nakamura	Tokyo, Tachikawa-shi	187,600	0.33
GMO Click Securities, Inc. CEO Hiroyasu Kito	1-2-3 Dogenzaka, Shibuya-ku, Tokyo	182,600	0.32
Takaya Shimoyama	Kumamoto-shi, Kumamoto-ken	154,310	0.27
Total		42,802,053	74.87

(Note)

1. The shareholding ratio is calculated excluding treasury shares (20,095 shares).
2. As of September 27, 2022, Red Planet Holdings Pte. Ltd., the former parent company and principal shareholder, no longer qualifies as such after applying for the public tender offer for all its shares. Consequently, its parent company, Red Planet Hotels Limited, is no longer our parent company.
3. During the fiscal year, we received a report from EVO FUND LLC stating that it had acquired all the shares tendered in the public tender offer, resulting in EVO FUND LLC holding more than 50% of the total voting rights, thus qualifying as our new parent company and principal shareholder. Subsequently, all shares held by EVO FUND LLC were transferred to EVO FUND, making EVO FUND the sole parent company as of the end of the fiscal year. However, EVO FUND ceased to be the parent company following a third-party allotment of new shares approved at an extraordinary general meeting on February 7, 2023.

(7) Status of Voting Rights

(i) Issued Shares

As of December 31, 2022

Category	Number of Shares	Number of Voting Rights	Description
Shares with No Voting Rights	-	-	-
Shares with Restricted Voting Rights (Own Shares)	-	-	-
Shares with Restricted Voting Rights (Others)	-	-	-
Shares with Full Voting Rights (Own Shares)	(Common Shares) 20,000	-	-
Shares with Full Voting Rights (Others)	(Common Shares) 57,013,600	570,136	-
Shares Less Than One Unit	(Common Shares) 158,587	-	-
Total Issued Shares	57,192,187	-	-
Total Voting Rights of All Shareholders	-	570,136	-

(ii) Own Shares, etc.

As of December 31, 2022

Owner's Name	Owner's Address	Number of Shares Owned in Own Name	Number of Shares Owned in Others' Names	Total Number of Shares Owned	Percentage of Total Issued Shares (%)
Metaplanet Inc.	3-1-6 Moto-Azabu, Minato-ku, Tokyo	20,000	-	20,000	0.04
Total	-	20,000	-	20,000	0.04

(Note) As of February 8, 2023, the company's name was changed from Red Planet Japan Inc. to Metaplanet Inc., and its location was changed from 1-9-3 Nishi-Gotanda, Shinagawa-ku, Tokyo to 3-1-6 Moto-Azabu, Minato-ku, Tokyo.

2. Status of Treasury Stock Acquisition

Type of Shares, etc.

Ordinary shares corresponding to Article 155, Item 7 of the Companies Act

(1) Status of Acquisition by Resolution of the General Meeting of Shareholders

There are no relevant matters.

(2) Status of Acquisition by Resolution of the Board of Directors

There are no relevant matters.

(3) Details of Acquisitions Not Based on Resolutions of the General Meeting of Shareholders or the Board of Directors

Category	Number of Shares (shares)	Total Value (thousand yen)
Treasury stock acquired during the business year	3,140	154
Treasury stock acquired during the period	420	15

Note: The treasury stock acquired during the period does not include shares acquired through purchases of shares less than one unit from March 1, 2023, to the date of submission of this securities report.

(4) Status and Handling of Treasury Stock Acquired

Category	Business Year		Current Period	
	Number of Shares (shares)	Total Disposal Value (thousand yen)	Number of Shares (shares)	Total Disposal Value (thousand yen)
Treasury stock solicited for subscription	-	-	-	-
Treasury stock disposed of by cancellation	-	-	-	-
Treasury stock transferred due to mergers, share exchanges, share transfers, or company splits	-	-	-	-
Other (-)	-	-	-	-
Number of treasury shares held	20,095	-	20,515	-

Note: The number of treasury shares held during the period does not include shares acquired through purchases of shares less than one unit from March 1, 2023, to the date of submission of this securities report.

3. Dividend Policy

The company recognizes the return of profits to shareholders as an important policy. It is our basic policy to provide long-term and stable dividends and returns of profits while improving profitability and financial health. The decision-making body and frequency for dividends are determined based on the resolution of the General Meeting of Shareholders at the end of the fiscal year, with dividends being executed once a year. Depending on the business performance, interim dividends can be executed based on the resolution of the Board of Directors. The company's Articles of Incorporation stipulate that interim dividends can be executed with the record date set at the end of June each year based on a resolution of the Board of Directors. Based on this basic

policy, it has been decided to forgo dividends for the current term. Retained earnings will be effectively invested as funds for new business developments.

4. Corporate Governance Status

(1) Overview of Corporate Governance

1. Basic Policy on Corporate Governance

To realize the corporate philosophy of becoming a company that provides better choices in an era where people choose their comfort (Quality of Living), our group considers the enhancement of corporate governance as one of the most important management issues. We place great emphasis on our relationships with various stakeholders, including shareholders.

Our group's basic policy on corporate governance is as follows:

1. Respect the positions of shareholders, employees, business partners, and other stakeholders, and emphasize relationships with them. By demonstrating and practicing our approach to each stakeholder at the company-wide level, we strive to maintain and develop these relationships.
2. Ensure a structure where the board of auditors rigorously audits the execution of duties and decisions on management policies by directors.
3. Recognize internal control and compliance adherence as top priorities, and strengthen organizational structures. We focus on auditing the operations of each department through internal auditors directly under the president, leveraging experts like legal advisors, and sharing risk information internally.
4. Enhance management transparency and fulfill accountability to shareholders and others by disclosing accounting and other information fairly and promptly. We actively disclose business conditions and prospects to investors and others through our website and other means.

Based on the above basic policy, we will continue to implement and evaluate necessary measures to achieve enhanced corporate governance.

2. Overview of the Corporate Governance Structure and Reasons for Adopting It

a. Overview of the Corporate Governance Structure

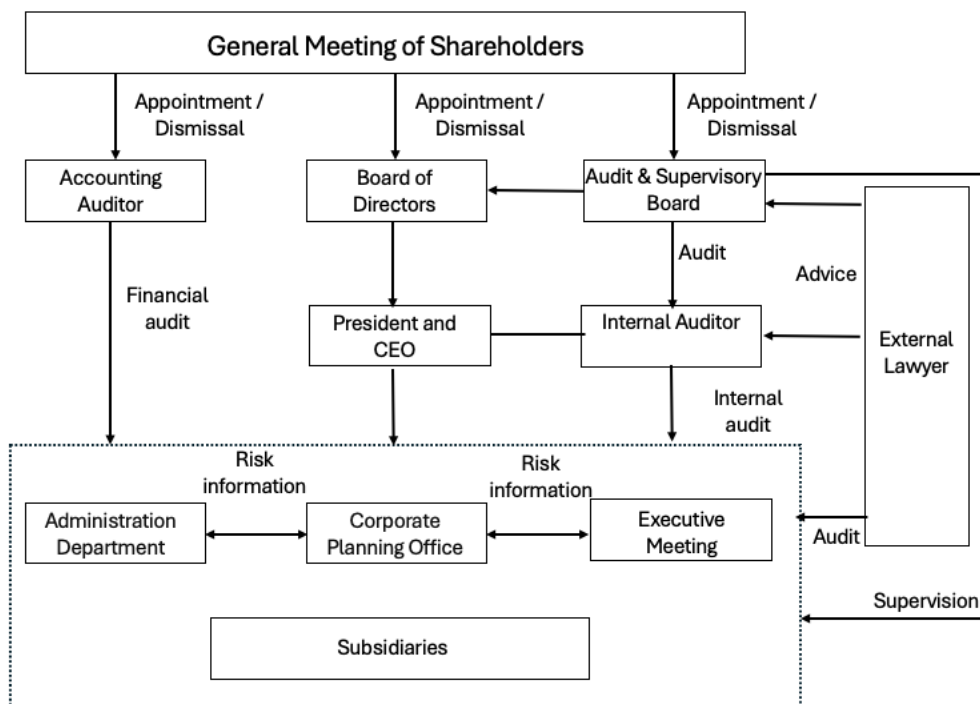
Our company's decision-making, execution, and oversight bodies are as follows:

- **Board of Directors:** As of the submission date, our Board of Directors consists of six members: one representative director and five other directors (including two outside directors). In addition to the regular monthly board meetings, extraordinary board meetings are held as necessary. During the current business year, the board met 20 times. Since November 2002, directors' terms have been set at one year, and we seek shareholder approval annually to swiftly adapt to any management environment and clarify accountability.
- **Executive Committee:** For important management issues, the Executive Committee, comprising directors and other senior employees, actively exchanges opinions before discussions at the Board of Directors. This setup ensures that management can swiftly share information and make decisions regarding on-site operations.
- **Auditors and Board of Auditors:** As a company with a board of auditors, as of the submission date, our board consists of three members, all of whom are outside auditors, with one serving full-time. The full-time auditor is a certified public accountant who conducts audits from a professional standpoint. Auditors attend board meetings and conduct rigorous audits of each director's duties.
- **Accounting Auditor:** We have a contract with the audit firm Yamabuki to conduct audits based on the Financial Instruments and Exchange Act and the Companies Act, ensuring appropriate audits.

b. Reasons for Adopting the Corporate Governance Structure

Our company aims to strengthen corporate competitiveness and enhance the speed, transparency, and rationality of management decisions. Recognizing compliance as fundamental to corporate governance, we strive to foster a corporate culture that respects social ethics and morals beyond merely adhering to laws and internal rules. Consequently, we have adopted the current structure to promote fair and sound corporate activities and enhance corporate governance.

Our company's bodies and the organizational structure related to internal control are as shown in the table below:



Other Matters Concerning Corporate Governance

(1) Status of Internal Control System

Based on the Companies Act and the Companies Act Enforcement Regulations, our company has established the following system to ensure the appropriateness of operations.

a. System to ensure that the execution of duties by directors complies with laws and the articles of incorporation:

- Our directors act with high ethical standards, comply with laws, the articles of incorporation, and internal regulations, and take the initiative in building systems to enhance the soundness and transparency of management. They provide appropriate guidance and direction to the members of our company and group.
- The board of directors, composed of our directors, operates properly based on the company's "Board of Directors Regulations."

b. System to ensure that the execution of duties by employees complies with laws and the articles of incorporation:

- We have established an independent internal auditor under the direct control of the president. The internal auditor plays an important role in monitoring, guiding, and advising from the perspective of compliance and internal control. Based on the company's "Internal Audit Regulations," the internal auditor conducts internal audits of each department, including subsidiaries, and continuously provides guidance on compliance with laws, articles of incorporation, and other internal regulations.
- Internal regulations serving as guidelines for compliance and internal control are periodically revised in accordance with amendments to relevant laws.

c. System for preserving and managing information related to the execution of duties by directors:

- Important documents and other information related to the execution of duties by directors are handled appropriately by a responsible director in charge, following the company's "Document Management Regulations" and "Internal Information Management Regulations." These tasks are also subject to internal audits by the internal audit department to ensure ongoing monitoring for compliance.

d. System for managing risk of loss:

- We establish a system to ensure directors and employees act based on appropriate risk management concepts, monitored and supervised by the internal auditor.
- Important risk information is reported at the regular monthly board of directors meetings and, as needed, at extraordinary board meetings. The executive committee, composed of directors and other senior employees, also discusses risk information to strengthen the risk management system.
- We have a contract with a law firm experienced in corporate legal affairs to receive timely legal advice on various legal issues as needed.

e. System to ensure efficient execution of directors' duties:

- To address important management issues, we actively exchange opinions through the executive committee composed of senior employees before discussions at the board of directors meetings. This ensures that the management team can share information and make decisions swiftly regarding on-site operations.

f. Matters concerning employees assisting audit committee members and their independence from directors:

- Although we currently do not have employees assisting audit committee members, we will consider establishing such positions based on the following policy:
 - If audit committee members request employees to assist with their duties, we will recognize the necessity and allow the appointment of such employees.
 - During the specified period of assistance, the authority over the designated employees' direction, treatment, etc., will be delegated to the audit committee, and those employees will not be subject to directors' instructions.

g. System for reporting to audit committee members by directors and employees:

- Recognizing the importance of the audit committee function, we establish a system to ensure timely reporting on important internal matters:

- Audit committee members attend all board meetings and important meetings, conducting hearings with directors as needed to receive reports and information on the execution of duties by the board and each director.
- Regular discussions are held with accounting auditors to receive reports and information on significant accounting policies, standards, changes, and other important accounting matters.
- Continuous information sharing and collaboration with the internal audit department regarding internal control system activities.
- A full-time audit committee member is designated to receive regular reports on important matters from employees during daily operations.
- Directors and employees report to audit committee members on management issues, significant risks, major matters concerning subsidiaries, minutes of important meetings, and other business documents as requested.

h. Other systems to ensure effective auditing by audit committee members:

- The management department is responsible for coordinating with audit committee members, supporting the smooth execution of audit duties by maintaining close communication on operational status, reporting important matters, etc. Continuous efforts are made to ensure effective auditing by facilitating appropriate exchanges of opinions between directors and audit committee members and maintaining the necessary environment.

i. Status of systems to ensure the appropriateness of operations at subsidiaries:

- Regular reports are requested from subsidiaries to ensure the appropriateness of their operations, with the parent company understanding the management content of subsidiaries.
- Important management matters of subsidiaries are submitted to the management meetings and board meetings of the parent company.
- Regular reports on the execution of operations and financial status, including settlements at subsidiaries, are received to confirm efficient execution of duties by subsidiary directors.
- Directors and employees of our group are thoroughly instructed to comply with laws following compliance regulations.
- A consultation and reporting system is established to preemptively manage risks related to compliance violations within the group.
- Our company's audit committee members also serve as audit committee members for subsidiaries, conducting necessary audits regularly.

(2) Status of Risk Management System

- Monthly reports on various risks associated with business activities are submitted to the board of directors and the executive committee composed of senior employees. By sharing risk information, we strengthen our internal management system.
- A contract with a reputable law firm ensures that our legal affairs officer receives timely legal advice on all legal issues.

(3) Matters Resolved by the Board of Directors that can be Resolved by Shareholders' Meeting and Reasons

a. Interim Dividend

- To provide flexible profit returns to shareholders, our articles of incorporation stipulate that the board of directors can resolve to pay interim dividends as of the end of June each year.

b. Acquisition of Own Shares

- To allow flexible execution of management measures in response to economic changes, our articles of incorporation stipulate that the board of directors can resolve to acquire its shares through market transactions based on Article 165, Paragraph 2 of the Companies Act.

c. Number of Directors

- Our articles of incorporation stipulate that the number of directors is limited to 10.

d. Resolution Requirements for the Election of Directors

- Our articles of incorporation stipulate that resolutions for the election of directors require the presence of shareholders holding one-third or more of the voting rights who can exercise their voting rights and a majority of the voting rights of those present. Cumulative voting is not adopted.

e. Special Resolution Requirements for the Shareholders' Meeting

- Our articles of incorporation stipulate that for special resolutions defined in Article 309, Paragraph 2 of the Companies Act, the presence of shareholders holding one-third or more of the voting rights who can exercise their voting rights is required, and two-thirds or more of those present must approve.

f. Exemption of Directors' Liability

- Our articles of incorporation stipulate that, based on Article 426, Paragraph 1 of the Companies Act, the board of directors can resolve to exempt directors (including former directors) and audit committee members (including former audit committee members) from liability for actions under Article 423, Paragraph 1 of the same Act to the extent permitted by law. This aims to establish an environment where directors and audit committee members can fully demonstrate their abilities and fulfill their expected roles.

g. Contents of the Limited Liability Contract for Outside Audit Committee Members

- Based on Article 427, Paragraph 1 of the Companies Act, our company has concluded contracts with outside audit committee members to limit their liability for damages under Article 423, Paragraph 1 of the same Act. The limit of liability under these contracts is the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.

h. Status of IR Activities

- Our company strives for accurate and prompt information disclosure to ensure management transparency, understanding the purpose of the timely disclosure system.
- In addition to statutory disclosure items, we have established a system to publish news releases and other occurrence facts on our website.

- Our IR activities are managed by the person responsible for information handling, who works closely with the board of directors, business departments, and management departments to ensure accurate and prompt disclosure of accounting and other information.

This detailed translation ensures that all critical points are accurately conveyed, maintaining the integrity of the original document.

(2) Status of Executives

1. List of Executives

7 men, 2 women (ratio of women among officers: 22.2%)

Position Title	Name (Date of Birth)	Brief Biography, Important Concurrent Positions, and Positions at the Company		Term of Office	Number of Shares Owned
Representative Director	Simon Gerovich (April 28, 1977)	May 2000 Sep 2000 Apr 2017 Jan 2010 Apr 2013 Oct 2015 Jun 2017 Mar 2022 Oct 2022	Graduated from Harvard University, Joined Goldman Sachs Japan Co., Ltd. Appointed CEO of Evolution Capital Public Company Limited Director of Red Planet Hotels Limited (current) Director of the Company Chairman of the Board of Directors of the Company Director of PT Red Planet Indonesia Tbk. (current) President of the Company (current) Representative Director of Metamarket Inc. (current) Representative Director of Wen Tokyo LLC (current)	(Note) 3, 5	2,500,000 shares
Director CFO	Yoshihisa Ikurumi (October 21, 1971)	Jan 1994 Jan 1997 Jul 2000 Oct 2002 May 2004 Aug 2015 Oct 2015 Oct 2015 Dec 2015 Dec 2015 Oct 2018 Oct 2018 Sep 2018	Assistant Vice President at Bank One Corporation (now JPMorgan Chase), USA Joined GE Capital Consumer Finance Co., Ltd. Joined M&A Advisory Department at Morgan Stanley M&A Japan Representative at Hewlett-Packard Japan, Ltd. CFO of Japan Business Systems, Inc. Executive Officer CFO of the Company Auditor of Red Planet Hotels Japan Inc. Auditor of Daiki Sound Co., Ltd. Director CFO of the Company (current) Representative Director of Daiki Sound Co., Ltd. Executive Officer of RPJ1 LLC Executive Officer of Epun Two LLC (current) Representative Director of Red Planet Hotels Japan Inc.	(Note) 3	500,000 shares

		Apr 2020			
Director COO	Yoshimi Abe (February 28, 1967)	1989 1990 1994 2018 2021 Jan 2023 Feb 2023	Joined BBDO Asatsu America Derivatives Department at Salomon Brothers Asia Ltd. Joined Goldman Sachs, primarily in the Japan Equities Department until 2016 Co-founded a staffing company Established WealthConnect Japan, COO COO of the Company (current) Director of the Company (current)	(Note) 3	250,000 shares
Director	Sam Gerovich (November 15, 1948)	1972 1975 1992 1997 2002 2006 2008 2009 2013 Mar 2016	Joined the Australian Department of Foreign Affairs Australian Consulate General in Hong Kong Australian Embassy in China Australian Embassy in Japan Australian Embassy in China Head of the Australian Office in Taiwan Chief Consul of the Australian Consulate General in Shanghai Director General of the Foreign Ministry's Bureau of Diplomatic Security Director General of North Asia, Foreign Ministry Australian Ambassador to Korea, North Korea, and Mongolia Australian Ambassador to APEC (Asia-Pacific Economic Cooperation) for Economic Diplomacy Director of the Company (current)	(Note) 3, 5	- shares
Director	David Spencer (November 8, 1966)	1987 1995 1995 1997 2005 Feb 2023	Joined Morgan Stanley Obtained MBA from Wharton School, University of Pennsylvania Associate at Booz Allen & Hamilton Managing Director in Commercial Finance and Strategic Planning at General Electric until 2005 Managing Director and Investment Committee Member at Emerald Hill Capital Partners (current) Director of the Company (current)	(Note) 1, 3	15,000,000 shares
Director	Drew Edwards	1994 2001	Joined Pfizer Pharmaceuticals Inc.	(Note) 1, 3	- shares

	(April 2, 1971)	2000	Obtained MBA from Kellogg School of Management and JD from Northwestern University		
		2002	Senior Associate in Investment Banking at Lehman Brothers, Inc.		
		2005	Director of Corporate Planning at McKesson Specialty Pharmaceuticals		
		2008	Established Japan Small Cap Division at Taiyo Pacific Partners		
		2017	Portfolio Manager at Advisory Research, Inc., growing assets under management from \$25 million to \$1.6 billion by 2017		
		2020	Founder and CEO of Usonian Investments LLC		
		Feb 2023	Head of Japanese Equities at Grantham Mayo Van Otterloo (current)		
			Director of the Company (current)		

Auditor	Masaya Takakuwa (October 27, 1977)	Oct 2000	Registered as a CPA assistant	(Note) 2, 4	-
		Oct 2000	Joined Chuo Aoyama Audit Corporation		
		Sep 2002	Joined Financial Services Agency as a Special Investigator for Securities Trading		
		Mar 2004	Registered as a Certified Public Accountant		
		Jul 2012	Registered as a Tax Accountant		
		Dec 2014	Auditor of the Company (current position)		
		Jul 2021	Registered as a Qualified Institutional Investor		
Auditor	Toshiaki Ohashi	Oct 2003	Registered with the Daini Tokyo Bar Association	(Note) 2, 4	-
			Joined Taiyo Law Office (currently		

	(March 17, 1975)	<p>Oct 2003 Paul Hastings Law Office, Foreign Joint Enterprise) as a lawyer</p> <p>Nov 2005 Joined Itomin Law Office (Foreign Joint Enterprise Morrison & Foerster Foreign Law Office) as a lawyer</p> <p>May 2008 Completed the Master of Laws (LL.M.) program at the University of Southern California</p> <p>May 2008 Worked at Morrison & Foerster LLP, Los Angeles office, California, USA</p> <p>Sep 2008 Registered as a lawyer in the state of California, USA</p> <p>Sep 2008 Transferred registration to the Dai-ichi Tokyo Bar Association</p> <p>Aug 2010 Joined Ozaki Law Office as a lawyer</p> <p>Aug 2010 Lawyer at Ohashi Law Office (Foreign Joint Enterprise Wheeler Foreign Law Office)</p> <p>Feb 2010 Auditor of the Company (current position)</p> <p>Mar 2010 Lawyer at Teramoto Legal & Accounting Office (current position)</p> <p>Mar 2010 External Director of Nexus Bank Co., Ltd. (current position)</p> <p>May 2015</p> <p>May 2016</p> <p>Feb 2019</p> <p>Mar 2020</p>		
Auditor	Shiho Boda January 7, 1966)	<p>Aor 1988 Joined Yamaichi Securities Co., Ltd. Solomon Brothers Asia Limited, Derivative Division</p> <p>Aug 1992 Registered as a lawyer (Tokyo Bar Association)</p> <p>Jan 2014 Joined Ando Hisaaki Law Office as a lawyer</p> <p>Jan 2014 Jeff Leong, Poon & Wong (Malaysia) Kasame & Associates (Thailand)</p> <p>Dev 2017 Joined Sakurada-dori General Law Office as a lawyer (current)</p> <p>Nov 2019 Outside Auditor of DAIZ Co., Ltd. (current)</p> <p>Apr 2020 Outside Auditor of Toyo Construction Co., Ltd. (current)</p> <p>Apr 2020 Auditor of our company (current)</p>	(Note) 2, 4	-

		Mar 2022			
		Jun 2022			
		Feb 2023			
Total					18,250,000

(Note)

1. Directors David Spencer and Drew Edwards are outside directors as defined in Article 2, Item 15 of the Companies Act.
2. Auditors Masaya Takakuwa, Toshiaki Ohashi, and Shiho Boda are outside auditors as defined in Article 2, Item 16 of the Companies Act.
3. The term of office for the directors is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending December 2022 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending December 2023.
4. The term of office for the auditors is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending December 2021 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending December 2024.
5. Representative Director and Chairman Simon Gerovich and Director Sam Gerovich are relatives within the second degree of kinship.
6. The company has entered into a directors' and officers' liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with the company bearing the full premium cost. The insurance compensates for any damages arising from the insured's execution of their duties or claims related to the pursuit of such responsibilities. The candidates will be included as insured persons under this insurance contract.

② Status of Outside Executives

Our company has two outside directors and three outside auditors.

There are no personal, capital, or business relationships or any other conflicts of interest between the company and the outside directors and auditors.

We have established criteria regarding independence from the company for the appointment of outside directors or outside auditors.

Outside director David Spencer has over 20 years of extensive experience in corporate management, corporate investment, and business revitalization, and he provides appropriate advice and suggestions regarding the launch of new businesses.

Outside director Drew Edwards has over 20 years of experience leading equity funds and provides appropriate advice and suggestions regarding the launch of new businesses.

Outside auditor Masaya Takakuwa offers appropriate advice and suggestions to ensure the appropriateness and propriety of decisions made by the board of directors, drawing from his extensive experience and knowledge in finance and accounting. He also provides necessary advice on our company's accounting system and internal audits at audit committee meetings.

Outside auditors Toshiaki Ohashi and Shiho Yasuda, leveraging their professional perspectives as lawyers, provide appropriate advice and suggestions to ensure the appropriateness and propriety of decisions made by the board of directors. They also offer necessary advice on our company's accounting system and internal audits at audit committee meetings.

③ Supervision or Audit by Outside Directors or Outside Auditors and Coordination with Internal Audits, Auditor Audits, and Accounting Audits, as well as the Relationship with the Internal Control Department Outside directors or outside auditors receive reports on auditor audits, internal audits, and accounting audits through the board of directors or the audit committee, and they exchange opinions with internal audit personnel and accounting auditors as necessary, fostering mutual collaboration.

(3) [Status of Audits]

1. Status of Auditor Audits Our company has an audit committee, and as of the filing date, the audit committee consists of three members, all of whom are outside auditors, with one being a full-time auditor. The full-time auditor holds a certified public accountant qualification and conducts audits from a professional standpoint. The auditors attend the audit committee as well as the board of directors meetings as needed, rigorously auditing the execution of duties by each director.

During the current fiscal year, the audit committee has held 10 meetings. The auditors have attended board of directors and other important meetings as needed, conducting strict audits on the execution of duties by each director. Additionally, the auditors, accounting auditors, and the internal audit department regularly exchange opinions and collaborate to improve operational and accounting issues and enhance the effectiveness of internal controls and compliance.

The activity status of individual auditors is as follows:

Name	Activity Status
Outside Auditor Masaya Takakuwa	Attended all 10 audit committee meetings held during the business year. Based on his extensive experience and knowledge in finance and accounting, he provides necessary advice on our company's accounting system and internal audits at audit committee meetings.
Outside Auditor Toshiaki Ohashi	Attended all 10 audit committee meetings held during the business year. From a professional standpoint as a lawyer, he provides necessary advice on our company's accounting system and internal audits at audit committee meetings.
Outside Auditor Tomoyo Toda	Attended all 10 audit committee meetings held during the business year. From a professional standpoint as a lawyer, he provides necessary advice on our company's accounting system and internal audits at audit committee meetings.
Outside Auditor Shiho Boda	Attended all one audit committee meetings held after February 7, 2023. From a professional standpoint as a lawyer, she provides necessary advice on our company's accounting system and internal audits at audit committee meetings.

Mr. Tomoyo Toda resigned as of the conclusion of the extraordinary general meeting of shareholders held on February 7, 2023.

2. Status of Internal Audits Our company has an independent internal audit department, with an internal auditor directly reporting to the president. The internal auditor conducts internal audits of each department, including subsidiaries, according to the annual schedule, providing continuous guidance on compliance with laws and internal regulations, and verifying that internal controls are functioning as an organization. Internal regulations, which serve as guidelines for internal control-related tasks, are amended as necessary in accordance with revisions to relevant laws under the guidance of the internal auditor.
3. Status of Accounting Audits
 - a. Name of Audit Corporation
Audit Corporation Yamabuki
 - b. Duration of Continuous Audits
Seven years
 - c. Certified Public Accountants Executing Operations
Designated Partner, Managing Partner Tomoaki Nishioka

Designated Partner, Managing Partner Jiro Eguchi

- d. Composition of Assistants for Audit Operations
The assistants for our company's accounting audit operations consist of three certified public accountants and one other individual.
- e. Policy and Reason for Selecting the Audit Corporation
The selection of the audit corporation is based on a comprehensive consideration of the quality control system, independence, expertise, and understanding of our business areas. The audit committee decides the content of proposals for the dismissal or non-reappointment of the accounting auditor to be submitted to the general meeting of shareholders if it is determined that there are obstacles to the execution of the accounting auditor's duties or other necessary reasons.
Additionally, if the audit committee deems that the accounting auditor falls under any of the items specified in Article 340, Paragraph 1 of the Companies Act, the accounting auditor will be dismissed with the consent of all auditors. In this case, the auditor selected by the audit committee will report the dismissal of the accounting auditor and the reasons for it at the first general meeting of shareholders convened after the dismissal.
- f. Evaluation of the Audit Corporation by the Auditors and the Audit Committee
The auditors and the audit committee, referring to the "Practical Guidelines for the Evaluation and Selection of Accounting Auditors" formulated by the Japan Audit & Supervisory Board Members Association, receive and hear reports from management on the actual activities, independence, and expertise of the accounting auditor, and through their own participation in on-site audits throughout the business year, evaluate whether the accounting auditor maintains audit quality and conducts appropriate audits.

4. Details of Audit Fees a. Details of Fees Paid to Certified Public Accountants

Division	Previous Consolidated Fiscal Year		Current Consolidated Fiscal Year	
	Remuneration Based on Audit Certification Work (thousand yen)	Remuneration Based on Non-Audit Work (thousand yen)	Remuneration Based on Audit Certification Work (thousand yen)	Remuneration Based on Non-Audit Work (thousand yen)
Submitting Company	36,000	—	27,000	—
Consolidated Subsidiaries	—	—	—	—
Total	36,000	—	27,000	—

b. Fees Paid to the Same Network as the Certified Public Accountants (excluding a.)

There are no applicable items.

c. Details of Other Important Fees Based on Audit Certification Work

There are no applicable items.

d. Policy for Determining Audit Fees

The fees are determined considering reasonable audit days and other factors.

e. Reasons for the Audit Committee's Consent to the Fees for the Certified Public Accountant

The reason why the audit committee consented to the fees for the certified public accountant proposed by the board of directors, in accordance with Article 399, Paragraph 1 of the Companies Act, is that after confirming and discussing the basis for the estimated fee amount, including the audit days in the audit plan explained by the certified public accountant, the committee judged that the relationship between the audit work and the fees is appropriate.

(4) Status of Officer Compensation

1. Matters Regarding the Policy on Determining the Amount of Compensation for Officers or the Method of Calculating It

The amount of compensation for officers is determined within the limit of compensation resolved by the General Meeting of Shareholders, taking into account the responsibilities and contributions of each officer, and the company's performance. The decision-making method is by resolution of the Board of Directors for directors and by resolution of the Audit & Supervisory Board for audit & supervisory board members. The compensation limit for directors is an annual amount of 200,000 thousand yen (Resolution at the 2nd Annual General Meeting of Shareholders on November 28, 2000), and the compensation limit for audit & supervisory board members is an annual amount of 50,000 thousand yen (Resolution at the 2nd Annual General Meeting of Shareholders on November 28, 2000).

2. Total Amount of Compensation by Officer Category, Total Amount by Type of Compensation, and Number of Eligible Officers

Officer Category	Total Compensation (in thousand yen)	Total amount of remuneration by type of remuneration (in thousands)				Number of Applicable Officers (persons)
		Basic Compensation (in thousand yen)	Stock Options (in thousand yen)	Bonuses (in thousand yen)	Retirement Benefits (in thousand yen)	
Directors (excluding external directors)	36,460	36,460	-	-	-	3
Audit & Supervisory Board Members (excluding external members)	-	-	-	-	-	-
External Officers	13,200	13,200	-	-	-	4

(Notes)

- a) The amount paid to directors does not include the salary portion for directors who concurrently serve as employees.
 - b) As of the end of the fiscal year, the number of directors is five and the number of audit & supervisory board members is three.
3. Total Consolidated Compensation by Officer There are no individuals with a total compensation of 100 million yen or more, so this is not disclosed.
 4. Important Employee Salaries for Officers Who Concurrently Serve as Employees Not applicable.

(5) Status of Shareholding

i. Number of Issues and Total Balance Sheet Amount of Investment Stocks Held for Purposes Other Than Pure Investment

Category	Number of Issues	Total Balance Sheet Amount (in thousand yen)
Unlisted Stocks	1	0
Stocks Other Than Unlisted Stocks	-	-

(Increase in Number of Shares During the Current Fiscal Year)

Category	Number of Issues	Total Acquisition Amount for Increased Shares (in thousand yen)	Reason for Increase in Number of Shares
Unlisted Stocks	-	-	-
Stocks Other Than Unlisted Stocks	-	-	-

(Decrease in Number of Shares During the Current Fiscal Year)

Category	Number of Issues	Total Sales Amount for Decreased Shares (in thousand yen)
Unlisted Stocks	-	-
Stocks Other Than Unlisted Stocks	-	-

ii. Investment Stocks Held for Purposes Other Than Pure Investment That Exceed 1% of Capital in Balance Sheet Amount During the Current Fiscal Year Not applicable.

iii. Investment Stocks Held for Pure Investment Purposes Not applicable.

Part V: Financial Status

1. Preparation Method of Consolidated Financial Statements and Financial Statements

(1) Our consolidated financial statements are prepared in accordance with the "Regulations on the Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28 of 1976, hereinafter referred to as the "Consolidated Financial Statements Regulations").

(2) Our financial statements are prepared in accordance with the "Regulations on the Terminology, Forms, and Preparation Methods of Financial Statements, etc." (Ordinance of the Ministry of Finance No. 59 of 1963, hereinafter referred to as the "Financial Statements Regulations"). Furthermore, as a company submitting special financial statements, we prepare our financial statements in accordance with the provisions of Article 127 of the Financial Statements Regulations.

2. Audit Certification

In accordance with the provisions of Paragraph 1 of Article 193-2 of the Financial Instruments and Exchange Act, our consolidated financial statements for the consolidated fiscal year (from January 1, 2022, to December 31, 2022) and financial statements for the business year (from January 1, 2022, to December 31, 2022) are audited by YAMABUKI Audit Corporation.

3. Special Efforts to Ensure the Appropriateness of Consolidated Financial Statements, etc.

We undertake special efforts to ensure the appropriateness of our consolidated financial statements, etc. Specifically, to establish a system capable of appropriately understanding the contents of accounting standards, we subscribe to professional journals and participate in seminars conducted by audit corporations, etc.

1. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

1. Consolidated Balance Sheet

Assets (Unit: Thousand Yen)	As of Dec 31, 2021	As of Dec 31, 2022
Current Assets		
Cash and Deposits	※2,※4 414,354	※2,※4 207,260
Accounts Receivable	69,013	17,225
Merchandise and Products	4,348	623
Raw Materials and Supplies	13,878	820
Others	355,129	290,827
Allowance for Doubtful Accounts	-10,911	△6,067
Total Current Assets	845,812	510,690
Fixed Assets		
Tangible Fixed Assets		
Buildings and Structures (net)	※2 1,133,026	10,446
Trust Buildings and Structures (net)	※2,※4 1,390,455	※2,※4 1,328,383
Machinery and Vehicles (net)	9,293	—
Trust Land	※2,※4 1,198,686	※2,※4 1,198,686
Lease Assets (net)	5,666,549	—
Construction in Progress	※2 1,748,087	※2 1,910,956
Others (net)	129,874	31,310
Total Tangible Fixed Assets	※1 11,275,972	※1 4,479,782
Intangible Fixed Assets		
Others	1,005	309
Total Intangible Fixed Assets	1,005	309
Investments and Other Assets		
Long-term Loans Receivable	222,164	328,978
Long-term Receivables	359,762	359,762
Others	※2 826,539	117,846
Allowance for Doubtful Accounts	-440,073	-440,073
Total Investments and Other Assets	968,393	366,514
Total Fixed Assets	12,245,371	4,846,606
Total Assets	13,091,183	5,357,296

(Unit: Thousand Yen)

Previous Consolidated Fiscal Year (December 31, 2021)	Current Consolidated Fiscal Year (December 31, 2022)	Liabilities
Current Liabilities		
Short-term Borrowings	-	501,887
Long-term Borrowings Due Within One Year	※2, ※4 2,160,004	※2, ※4 2,096,132
Lease Obligations	702,914	-
Accounts Payable	741,985	470,776
Accrued Expenses	208,621	223,093
Accrued Corporate Taxes	61,325	60,729
Deposits Received	186,335	296,485
Other	35,294	15,362
Total Current Liabilities	4,096,480	3,664,466
Fixed Liabilities		
Long-term Borrowings	※2 1,542,696	※2 1,068,499
Liabilities Related to Retirement Benefits	17,607	5,762
Lease Obligations	7,393,407	-
Asset Retirement Obligations	21,070	-
Long-term Deferred Revenue	388,956	-
Other	4,378	1,050
Total Fixed Liabilities	9,368,117	1,075,311
Total Liabilities	13,464,597	4,739,778
Net Assets		
Shareholders' Equity		
Capital Stock	0	0
Capital Surplus	-3,087,667	-3,087,667
Retained Earnings	2,913,406	3,891,251
Treasury Stock	※139,181	※139,414
Total Shareholders' Equity	※313,442	664,170
Accumulated Other Comprehensive Income		
Foreign Currency Translation Adjustment	-67,424	-51,284
Total Accumulated Other Comprehensive Income	-67,424	-51,284
Stock Acquisition Rights	7,452	4,632
Total Net Assets	-373,414	617,518
Total Liabilities and Net Assets	13,091,183	5,357,296

2. Consolidated Profit and Loss Statement and Consolidated Comprehensive Income Statement

Consolidated Profit and Loss Statement

Items	For the year ended Dec 31, 2021	For the year ended Dec 31, 2022
Net Sales	518,451	366,121
Cost of Sales	177,339	181,616
Gross Profit	341,112	184,504
Selling, General and Administrative Expenses	※1 1,766,218	※1 1,043,334
Operating Loss (-)	-1,425,105	-858,829
Non-operating Income		
Interest Income	6,832	803
Foreign Exchange Gain	96,666	88,880
Subsidy Income	18,507	6,747
Reversal of Allowance for Doubtful Accounts	275,200	—
Others	12,139	1,784
Total Non-operating Income	409,345	98,215
Non-operating Expenses		
Interest Expense	209,953	76,044
Others	5,013	—
Total Non-operating Expenses	214,967	76,044
Ordinary Loss (-)	-1,230,727	-836,658
Extraordinary Income		
Gain on Sales of Fixed Assets	※2 7	※2 94
Reversal of Stock Acquisition Rights	—	2,820
Gain on Lease Cancellation	※3 1,190,316	※3 2,867,218
Settlement Received	38,000	—
Debt Waiver Gain	—	※4 26,711
Others	—	9,249
Total Extraordinary Income	1,228,324	2,906,094
Extraordinary Losses		
Provision for Loss on Debt Guarantees	—	※5 804,961
Impairment Loss	※6 730,019	※6 284,125
Settlement Package	2,800	1,000
Total Extraordinary Losses	732,819	1,090,087
Profit or Loss Before Income Taxes	-735,222	979,348
Income Taxes (Current)	2,017	1,502
Total Income Taxes	2,017	1,502
Net Profit or Loss	-737,240	977,845
Net Profit or Loss Attributable to Parent Company's Shareholders	-737,240	977,845

Consolidated Comprehensive Income Statement

Items	For the year ended Dec 31, 2021	For the year ended Dec 31, 2022
Net Profit or Loss	-737,240	977,845
Other Comprehensive Income		
Foreign Currency Translation Adjustment	-40,738	16,140
Total Other Comprehensive Income	-40,738	16,140
Comprehensive Income	-777,978	993,985
(Breakdown)		
Comprehensive Income Attributable to Parent Company's Shareholders	-777,978	993,985
Comprehensive Income Attributable to Non- controlling Interests	—	—

3, Consolidated Statement of Changes in Shareholders' Equity

For the Fiscal Year Ended December 31, 2021 (From January 1, 2021 to December 31, 2021)

(Unit: Thousand Yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at Beginning of Period	3,096,887	2,316,828	-4,850,736	-139,027	423,952
Changes During Period					
Capital Reduction	-3,096,887	-5,404,495	8,501,383		
Net Loss Attributable to Parent Company's Shareholders			-737,240		-737,240
Purchase of Treasury Stock				-154	-154
Changes in Items Other than Shareholders' Equity					
Total Changes During Period	-3,096,887	-5,404,495	7,764,143	-154	-737,394
Balance at End of Period	0	-3,087,667	2,913,406	-139,181	-313,442

	Other Comprehensive Income		Stock Acquisition Rights	Total Net Assets
	Foreign Currency Translation Adjustment	Total Other Comprehensive Income		
Balance at Beginning of Period	-26,685	-26,685	7,452	404,718
Changes During Period				
Capital Reduction				
Net Loss Attributable to Parent Company's Shareholders				-737,240
Purchase of Treasury Stock				-154
Changes in Items Other than Shareholders' Equity	-40,738	-40,738	—	-40,738
Total Changes During Period	-40,738	-40,738	—	-778,133
Balance at End of Period	-67,424	-67,424	7,452	-373,414

For the Fiscal Year Ended December 31, 2022 (From January 1, 2022 to December 31, 2022)

(Unit: Thousand Yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at Beginning of Period	0	-3,087,667	2,913,406	-139,181	-313,442
Changes During Period					
Expiry of Stock Acquisition Rights					
Net Profit Attributable to Parent Company's Shareholders			977,845		977,845
Purchase of Treasury Stock				-232	-232
Changes in Items Other than Shareholders' Equity					
Total Changes During Period	—	—	977,845	-232	977,612
Balance at End of Period	0	-3,087,667	3,891,251	-139,414	664,170

	Other Comprehensive Income		Stock Acquisition Rights	Total Net Assets
	Foreign Currency Translation Adjustment	Total Other Comprehensive Income		
Balance at Beginning of Period	-67,424	-67,424	7,452	-373,414
Changes During Period				
Expiry of Stock Acquisition Rights			-2,820	-2,820
Net Profit Attributable to Parent Company's Shareholders				977,845
Purchase of Treasury Stock				△232
Changes in Items Other than Shareholders' Equity	16,140	16,140	—	16,140
Total Changes During Period	16,140	16,140	-2,820	990,932
Balance at End of Period	-51,284	-51,284	4,632	617,518

4. Consolidated Statements of Cash Flows

(Unit: Thousand Yen)

	Previous Fiscal Year (From January 1, 2021 to December 31, 2021)	Current Fiscal Year (From January 1, 2022 to December 31, 2022)
Cash Flows from Operating Activities		
Income (loss) before income taxes	-735,222	979,348
Depreciation	481,462	160,641
Impairment loss	730,019	284,125
Gain on sales of fixed assets	-7	-94
Provision for loss on guarantees	-	804,961
Gain on lease cancellation	-1,190,316	-2,867,218
Amortization of long-term prepaid expenses	39,960	17,446
Increase (decrease) in allowance for doubtful accounts	-272,371	-
Increase (decrease) in liabilities for retirement benefits	3,891	-3,227
Foreign exchange gains and losses	-97,734	-87,076
Interest and dividends received	-6,832	-803
Interest paid	209,953	76,044
Gain on debt exemption	-	-26,711
Gain on reversal of stock acquisition rights	-	-2,820
Increase (decrease) in accounts receivable	2,802	22,192
Increase (decrease) in inventories	295	1,228
Increase (decrease) in accounts payable	253,815	81,218
Others	235,652	331,580
Subtotal	-344,631	-229,165
Interest and dividends received	11,928	27
Interest paid	-204,466	-65,136
Income taxes paid (refunded)	7,826	-2,031
Net cash provided by (used in) operating activities	-529,344	-296,305
Cash Flows from Investing Activities		
Income from repayment of investments in silent partnerships	-	132,215
Payments for purchase of property, plant, and equipment	-414,078	-317,498
Proceeds from sales of property, plant, and equipment	7	98
Payments for long-term loans	-140,224	-96,369
Proceeds from collection of loans	990,644	-
Payments for lease and guarantee deposits	-16,111	-3,484
Proceeds from collection of lease and guarantee deposits	114,594	-
Net cash provided by (used in) investing activities	534,832	-285,037

(Unit: Thousand Yen)

	Previous Fiscal Year (From January 1, 2021 to December 31, 2021)	Current Fiscal Year (From January 1, 2022 to December 31, 2022)
Cash Flows from Financing Activities		
Income from short-term borrowings	-	501,887
Payments for long-term debt	-524,339	-86,339
Proceeds from long-term debt	869,119	42,546
Payments for lease obligations	-144,824	-60,094
Others	-154	-232
Net cash provided by (used in) financing activities	199,801	397,766
Effect of exchange rate changes on cash and cash equivalents	-6,972	-10,717
Net increase (decrease) in cash and cash equivalents	198,317	-194,293
Cash and cash equivalents at beginning of period	216,037	414,354
Increase (decrease) in cash and cash equivalents due to changes in the scope of consolidation	-	-12,800
Cash and cash equivalents at end of period	414,354	207,260

Notes

(Matters Concerning Going Concern Assumption)

Our group has been recording continuous operating losses, recurring losses, and negative operating cash flows for several years. These conditions also continued in the current consolidated fiscal year, raising significant doubts about the going concern assumption. Our group is implementing the following measures to resolve or improve these situations:

1. Review of the Hotel Business and Launch of New Businesses Our group has analyzed the current economic situation both domestically and internationally, the significant amount of funds required for the development and operation of our main hotel business, and the pace and extent of technological innovation creating new business opportunities globally. We concluded that for the continuous and developmental creation of shareholder value, it is necessary to digitize our assets and business models by incorporating rapidly evolving technologies and to take on new business opportunities. Specifically, our group will focus on the following three businesses:
 - Business aiming for growth by providing Web 3 and metaverse products and services:
 - "WEN Tokyo" project, repurposing our Gotanda hotel into a metaverse hub and member club leveraging our real estate development experience and NFT-related businesses.
 - "Takumi-X" project, creating NFTs linked to Japanese art and craftsmanship and building a community through NFT transactions and various events.
 - Developing and operating a platform for easy creation and trading of NFTs.
 - Advisory and consulting business for Web 3 and metaverse projects:
 - Providing consulting services to foreign and Japanese companies unfamiliar with blockchain and decentralized technologies, assisting with their transition from Web 2 to Web 3, and supporting international and domestic Web 3 business ventures.
 - Investment business in Web 3 and metaverse projects, companies, and digital assets:
 - Investing in promising Web 3 and metaverse-related companies, projects, and digital assets (including NFTs, tokens, and cryptocurrencies tradable in Japan) to generate regular income or capital gains.

The hotel business will be scaled down to only the Gotanda property, closing or selling all other properties.

2. Promotion of Capital Policy While aiming to improve performance through the review of the hotel business and new businesses, we will explore new financing methods, including capital increases and loans. On February 7, 2023, an extraordinary general meeting of shareholders was held to raise 1,173,690 thousand yen through a third-party allocation of shares and issuance of stock acquisition rights.
3. Cost Reduction Our group has terminated operations of all unprofitable hotels, excluding the Gotanda property, and will continue to pursue thorough cost reduction. Additionally, we will implement strict cost management to prevent unnecessary expenses associated with new businesses.

By steadily executing the above measures, our group aims to strengthen its management foundation. However, these measures are still in progress, and significant uncertainty remains regarding the going concern assumption. The consolidated financial statements are prepared on a going concern basis and do not reflect the impact of significant uncertainties regarding the going concern assumption.

(Significant Matters for Preparing Consolidated Financial Statements)

1. Matters Concerning the Scope of Consolidation

- Number of consolidated subsidiaries: 5
- Names of major subsidiaries are omitted as they are listed in "Section 1, Overview of the Company, 4. Status of Related Companies." The following subsidiaries were excluded from the scope of consolidation due to stock transfer on May 2, 2022:
 - Red Planet Hotels (Thailand) Limited
 - Red Planet Hotels Two (Thailand) Limited
 - Red Planet Hotels Three (Thailand) Limited
 - Red Planet Hotels Four (Thailand) Limited
 - Red Planet Hotels Five (Thailand) Limited
 - Red Planet Hotels Six (Thailand) Limited

The following entities were excluded from the scope of consolidation due to equity transfer on June 30, 2022:

- RPJ Nagoya Nishiki GK
- GK RPJ1
- GK Red Planet Angkor

The following entities were included in the scope of consolidation in October 2022 due to the establishment with 100% ownership by our company:

- Metamarket Inc.
- Wen Tokyo GK

2. Matters Concerning the Fiscal Year of Consolidated Subsidiaries

- The fiscal year-end of consolidated subsidiaries is consistent with the consolidated fiscal year-end.

3. Matters Concerning Accounting Policies

a. Important Standards and Methods for Evaluating Assets

i. Securities

Other securities without market value are valued at cost using the moving average method.

ii. Inventories

Valued at cost using the moving average method or the total average method, with the cost method (lower of cost or market value) used to recognize declines in profitability.

b. Important Depreciation Methods for Depreciable Assets

i. Tangible Fixed Assets (excluding lease assets)

Declining balance method (straight-line method for buildings acquired after April 1, 1998, building attachments, and structures acquired after April 1, 2016).

Main useful lives:

Buildings and structures: 3-29 years

Trust buildings and structures: 10-39 years

Others: 2-10 years

ii. Intangible Fixed Assets (excluding lease assets)

Straight-line method. Software for internal use is amortized over the internal usable period (5 years) using the straight-line method.

iii. Lease Assets

Finance leases without ownership transfer are depreciated using the straight-line method over the lease term with no residual value.

- c. Important Standards for Recording Provisions
 - i. Allowance for Doubtful Accounts
Recorded based on the historical default rate for general receivables and individually assessed amounts for specific receivables at risk of default.
- d. Accounting Treatment for Retirement Benefits
Recorded based on the estimated retirement benefit obligations at the end of the fiscal year.
- e. Important Revenue and Expense Recognition Standards
Revenue from hotel accommodations and related services is recognized when services are provided and goods are delivered to customers.
- f. Standards for Converting Foreign Currency-Denominated Assets and Liabilities into Japanese Yen
Foreign currency-denominated monetary assets and liabilities are converted to yen at the exchange rate on the balance sheet date, and the resulting exchange differences are recorded as income or expenses. The assets and liabilities of overseas subsidiaries are converted to yen at the exchange rate on the balance sheet date, and revenue and expenses are converted at the average exchange rate for the period. Exchange differences are included in the foreign currency translation adjustment account under net assets.
- g. Scope of Cash in the Consolidated Cash Flow Statement
Includes cash on hand, demand deposits, and short-term investments with maturities of three months or less from the acquisition date, which are easily convertible to cash and have an insignificant risk of value fluctuation.
- h. Other Important Matters for Preparing Consolidated Financial Statements
 - 1. Treatment of Deferred Assets
Stock issuance costs are expensed when incurred.
 - 2. Application of the Consolidated Taxation System
The consolidated taxation system is applied.
 - 3. Tax Effect Accounting in Transition from the Consolidated Taxation System to the Individual Taxation System
Our company and some domestic subsidiaries will transition to the individual taxation system from the consolidated taxation system starting from the next fiscal year, having submitted the necessary documents during the current fiscal year. Accordingly, tax effect accounting for corporate tax and local corporate tax is applied based on the "Practical Solution on Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (Practical Solution No. 42, August 12, 2021). For corporate and local corporate taxes, the "Practical Solution on the Treatment of Tax Effect Accounting for the Consolidated Taxation System" (Practical Solution No. 5, January 16, 2015) and the "Practical Solution on the Treatment of Tax Effect Accounting for the Consolidated Taxation System" (Practical Solution No. 7, January 16, 2015) are applied for the current fiscal year.

Notes

(Important Accounting Estimates)

(Accounting Estimates Related to the Evaluation of Fixed Assets)

1. Amounts Recorded in the Consolidated Financial Statements for the Current Fiscal Year

(Unit: Thousand Yen)

	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Tangible Fixed Assets	11,275,972	4,479,782
Impairment Loss	730,019	284,125

2. Information on Important Accounting Estimates Related to Identified Items

1. Method of Calculating the Amounts Recorded in the Consolidated Financial Statements for the Current Fiscal Year Our group identifies impairment signs when operating losses continue for two consecutive periods after allocating headquarters costs to each hotel, considering each hotel as the smallest unit generating independent cash flows. For hotels showing signs of impairment, if the total undiscounted future cash flows from the hotel fall below the book value of the fixed assets associated with the hotel, the amount by which the recoverable amount (the higher of net selling price or value in use) falls below the book value of the fixed assets is recorded as an impairment loss. The value in use among the recoverable amounts is based on estimates of undiscounted future cash flows from each hotel and multiple assumptions used in these estimates.
2. Main Assumptions Used to Calculate the Amounts Recorded in the Consolidated Financial Statements for the Current Fiscal Year The future cash flows mentioned above are based on future business plans prepared for each hotel. The main assumptions in these future business plans include the assumed room rate, assumed room occupancy rate, and the period until the end of the COVID-19 pandemic, among others, which are formulated considering past performance and industry trends for each hotel.
3. Impact on the Consolidated Financial Statements for the Next Fiscal Year These estimates are based on the information available as of the end of the current consolidated fiscal year. If there are changes in the conditions or assumptions that form the basis of these estimates, there may be a significant impact on the evaluation amount of fixed assets in the consolidated financial statements for the next fiscal year.

(Changes in Accounting Policies)

(Application of Accounting Standards for Revenue Recognition)

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the "Revenue Recognition Accounting Standard") has been applied from the beginning of the current consolidated fiscal year. Revenue is recognized at the amount expected to be received in exchange for promised goods or services when control of those goods or services is transferred to the customer. There is no impact on the profit and loss and the balance of retained earnings at the beginning of the current fiscal year as a result of this application.

(Application of Accounting Standards for Fair Value Measurement)

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the "Fair Value Measurement Accounting Standard") has been applied from the beginning of the current consolidated fiscal year. The new accounting policies prescribed by the Fair Value Measurement Accounting Standard are applied prospectively in accordance with transitional measures stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). There is no impact on the consolidated financial statements from this application. Additionally, disclosures about the breakdown of fair value levels for financial instruments are included in the "Financial Instruments" notes. However, in accordance with the transitional measures stipulated in Paragraph 7-4 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, July 4, 2019), the disclosures related to the previous consolidated fiscal year are not included.

(Changes in Presentation Methods)

(Consolidated Balance Sheet)

In the previous consolidated fiscal year, "Deposits Received" included in "Other" under "Current Liabilities" has been presented separately from the current consolidated fiscal year due to its increased materiality. To reflect this change, the previous consolidated fiscal year's consolidated financial statements have been reclassified. As a result, 221,630 thousand yen presented in "Other" under "Current Liabilities" in the previous consolidated fiscal year has been reclassified as 186,335 thousand yen for "Deposits Received" and 35,294 thousand yen for "Other."

(Notes to Consolidated Balance Sheet)

1. Accumulated Depreciation of Tangible Fixed Assets

(Unit: Thousand Yen)

	Previous Consolidated Fiscal Year (December 31, 2021)	Current Consolidated Fiscal Year (December 31, 2022)
Accumulated Depreciation of Tangible Fixed Assets	2,811,206	473,128

2. Secured Assets and Secured Liabilities

(1) Secured Liabilities are as follows:

(Unit: Thousand Yen)

	Previous Consolidated Fiscal Year (December 31, 2021)	Current Consolidated Fiscal Year (December 31, 2022)
Long-term Borrowings Due within One Year	2,160,004	2,096,132
Long-term Borrowings	1,132,939	749,468
Total	3,292,943	2,845,600

(2) Secured Assets are as follows:

(Unit: Thousand Yen)

	Previous Consolidated Fiscal Year (December 31, 2021)	Current Consolidated Fiscal Year (December 31, 2022)
Cash and Deposits	96,938	101,810
Buildings and Structures	631,341	-
Trust Buildings and Trust Structures	1,390,455	1,328,383
Trust Land	1,198,686	1,198,686
Construction in Progress	1,491,055	1,899,774
Investments and Other Assets (Others)	120,922	-
Total	4,929,399	4,528,654

3. Guarantee Obligations

The following are the details of the borrowings guaranteed from financial institutions by the company:

(Unit: Thousand Yen)

	Previous Consolidated Fiscal Year (December 31, 2021)	Current Consolidated Fiscal Year (December 31, 2022)
Red Planet Hotels Philippines Corporation	1,483,263	1,576,568

The following amounts are re-guaranteed by the following company:

(Unit: Thousand Yen)

	Previous Consolidated Fiscal Year (December 31, 2021)	Current Consolidated Fiscal Year (December 31, 2022)
Red Planet Hotels Limited	1,483,263	1,576,568

4. Non-Recourse Debt

(1) Non-Recourse Debt is as follows:

(Unit: Thousand Yen)

	Previous Consolidated Fiscal Year (December 31, 2021)	Current Consolidated Fiscal Year (December 31, 2022)
Long-term Borrowings Due within One Year	2,100,424	2,055,400
Total	2,100,424	2,055,400

(2) Assets Corresponding to Non-Recourse Debt are as follows:

(Unit: Thousand Yen)

	Previous Consolidated Fiscal Year (December 31, 2021)	Current Consolidated Fiscal Year (December 31, 2022)
Cash and Deposits	79,599	101,810
Trust Buildings and Trust Structures	1,390,455	1,328,383
Trust Land	1,198,686	1,198,686
Total	2,668,740	2,628,880

(Notes to Consolidated Statement of Income)

1. Major Expenses and Amounts of Selling, General and Administrative Expenses

(Unit: Thousand Yen)

	Previous Consolidated Fiscal Year (From January 1, 2021 to December 31, 2021)	Current Consolidated Fiscal Year (From January 1, 2022 to December 31, 2022)
Salaries and Allowances	295,325	167,071
Depreciation	481,462	160,641
Rents	399,617	189,380
Fees Paid	177,028	183,760

2. Details of Gains on Sales of Fixed Assets

(Unit: Thousand Yen)

	Previous Consolidated Fiscal Year (From January 1, 2021 to December 31, 2021)	Current Consolidated Fiscal Year (From January 1, 2022 to December 31, 2022)
Tangible Fixed Assets (Others)	7	94
Total	7	94

3. Details of Gains on Lease Termination

Previous Consolidated Fiscal Year (From January 1, 2021 to December 31, 2021): Gains from the termination of the lease contract related to Red Planet Okinawa Naha.

Current Consolidated Fiscal Year (From January 1, 2022 to December 31, 2022): Gains from the termination of lease contracts related to Red Planet Nagoya Nishiki, Red Planet Sapporo Susukino Chuo, Red Planet Hiroshima, and Red Planet Tokyo Asakusa.

4. Details of Debt Waiver Gains

Previous Consolidated Fiscal Year (From January 1, 2021 to December 31, 2021): There are no relevant matters.

Current Consolidated Fiscal Year (From January 1, 2022 to December 31, 2022): Gains from the waiver of payment obligations for management fees.

5. Details of Provisions for Losses on Debt Guarantees

Previous Consolidated Fiscal Year (From January 1, 2021 to December 31, 2021): There are no relevant matters.

Current Consolidated Fiscal Year (From January 1, 2022 to December 31, 2022): Due to a shortage of funds, the borrower could not repay the principal and interest on the due date, and

the company also could not fulfill its debt guarantee in cash due to a shortage of funds. As a result, the repayment of the loan was covered by the company's shares and claims in six subsidiaries in Thailand (hereinafter referred to as "the collateral"), resulting in these six subsidiaries being excluded from the consolidation scope. The net effect of this exclusion was provisioned at the time it was decided that the collateral would be used for the repayment of the loan.

6. Impairment Losses

Previous Consolidated Fiscal Year (From January 1, 2021 to December 31, 2021)

In the current consolidated fiscal year, the Group recognized impairment losses on the following asset groups and recorded special losses (730,019 thousand yen).

(Overview and Amount of Impairment Losses Recognized for Asset Groups)

Location	Main Use	Type	Impairment Loss (Thousand Yen)
Philippines	Hotel	Construction in Progress	352,671
		Investments and Other Assets (Others)	26,277
Thailand (*)	Hotel	Buildings and Structures	350,417
		Machinery and Equipment	653

(*) The two targeted hotels are listed together.

(Method of Grouping) The Group groups assets for each hotel based on the smallest unit that generates cash flows independent of other assets or asset groups.

(Background) The above hotels were reduced to their recoverable amount due to a decline in profitability that made investment recovery unlikely, and the decreased amount was recorded as an impairment loss.

(Method of Calculating Recoverable Amount) The recoverable amount is calculated using the value in use, and future cash flows are discounted at rates of 8.9% to 9.2%.

Current Consolidated Fiscal Year (From January 1, 2022 to December 31, 2022)

In the current consolidated fiscal year, the Group recognized impairment losses on the following asset groups and recorded special losses (284,125 thousand yen).

(Overview and Amount of Impairment Losses Recognized for Asset Groups)

Location	Main Use	Type	Impairment Loss (Thousand Yen)
Philippines	Hotel	Construction in Progress	284,125

(Method of Grouping) The Group groups assets for each hotel based on the smallest unit that generates cash flows independent of other assets or asset groups.

(Background) The above hotels were reduced to their recoverable amount due to a decline in profitability that made investment recovery unlikely, and the decreased amount was recorded as an impairment loss.

(Method of Calculating Recoverable Amount) The recoverable amount used to measure the impairment loss is the net selling price.

(Consolidated Statement of Comprehensive Income)
Amounts of Reclassification Adjustments and Tax Effects Related to Other Comprehensive Income

	Previous Consolidated Fiscal Year (From January 1, 2021 to December 31, 2021)	Current Consolidated Fiscal Year (From January 1, 2022 to December 31, 2022)
Exchange Translation Adjustment		
Current Period Amount	-40,738 thousand yen	16,140 thousand yen
Total Other Comprehensive Income	-40,738 thousand yen	16,140 thousand yen

(Consolidated Statement of Changes in Equity)

Previous Consolidated Fiscal Year (From January 1, 2021 to December 31, 2021)

1. Matters Related to Types and Numbers of Issued Shares and Types and Numbers of Treasury Shares

Type of Shares	Number of Shares at Beginning of Period	Number of Shares Increased during Period	Number of Shares Decreased during Period	Number of Shares at End of Period
Issued Shares				
Common Shares (Note 1)	57,192,187	-	-	57,192,187
Total	57,192,187	-	-	57,192,187
Treasury Shares				
Common Shares (Note 2)	14,225	2,730	-	16,955
Total	14,225	2,730	-	16,955

(Note) Treasury shares increased due to the purchase of shares less than one unit.

2. Matters Related to Stock Acquisition Rights

Company Name	Details	Type of Shares as Subject	Number of Shares as Subject				Balance at End of Period (Thousand Yen)
			Beginning of Period	Increase	Decrease	End of Period	
Submitting Company	2014 Third-Party Allotment Stock Acquisition Rights (Issued on February 21, 2014)	Common Stock	470,000	—	—	470,000	2,820
Submitting Company	2015 Third-Party Allotment Stock Acquisition Rights (Issued on March 12, 2015)	Common Stock	545,000	—	—	545,000	4,632
Total			1,015,000	—	—	1,015,000	7,452

(Note) The number of shares subject to stock acquisition rights indicates the number of shares assuming that the stock acquisition rights are exercised.

3. Matters Related to Dividends

(1) Amount of Dividend Payments No applicable items.

(2) Among dividends whose record date belongs to the current consolidated fiscal year, those whose effective date falls in the next consolidated fiscal year No applicable items.

Current Consolidated Fiscal Year (From January 1, 2022 to December 31, 2022)

1. Matters Related to Types and Numbers of Issued Shares and Types and Numbers of Treasury Shares

Type of Shares	Number of Shares at Beginning of Period	Number of Shares Increased during Period	Number of Shares Decreased during Period	Number of Shares at End of Period
Issued Shares				
Common Shares	57,192,187	-	-	57,192,187
Total	57,192,187	-	-	57,192,187
Treasury Shares				
Common Shares	16,955	3,140	-	20,095
Total	16,955	3,140	-	20,095

(Note) Treasury shares increased due to the purchase of shares less than one unit.

2. Matters Related to Stock Acquisition Rights

Company Name	Details	Type of Shares as Subject	Number of Shares as Subject				Balance at End of Period (Thousand Yen)
			Beginning of Period	Increase	Decrease	End of Period	
Submitting Company	2014 Third-Party Allotment Stock Acquisition Rights (Issued on February 21, 2014)	Common Stock	470,000	—	470,000	—	—
Submitting Company	2015 Third-Party Allotment Stock Acquisition Rights (Issued on March 12, 2015)	Common Stock	545,000	—	—	545,000	4,632
Total			1,015,000	-	470,000	545,000	4,632

(Note) The number of shares subject to stock acquisition rights indicates the number of shares assuming that the stock acquisition rights are exercised.

3. Matters Related to Dividends

(1) Amount of Dividend Payments No applicable items.

(2) Among dividends whose record date belongs to the current consolidated fiscal year, those whose effective date falls in the next consolidated fiscal year No applicable items.

(Consolidated Statement of Cash Flows Related Items)

Note 1: Relationship between the ending balance of cash and cash equivalents and the amount recorded in the consolidated balance sheet

	Previous Consolidated Fiscal Year (From January 1, 2021 to December 31, 2021)	Current Consolidated Fiscal Year (From January 1, 2022 to December 31, 2022)
Cash and Deposit Accounts	414,354 thousand yen	207,260 thousand yen
Time Deposits with a Deposit Term of Over Three Months	- thousand yen	- thousand yen
Cash and Cash Equivalents	414,354 thousand yen	207,260 thousand yen

Note 2: Breakdown of Assets and Liabilities of Companies that Ceased to Be Consolidated Subsidiaries Due to Stock Transfer During the Current Consolidated Fiscal Year
Due to the stock transfer, six companies in Thailand ceased to be consolidated subsidiaries and are excluded from the scope of consolidation from the current consolidated fiscal year. The amounts of assets and liabilities that decreased due to exclusion from the scope of consolidation are as follows:

	Amount (thousand yen)
Current Assets	107,259
Non-current Assets	1,578,624
Total Assets	1,685,883
Current Liabilities	169,944
Non-current Liabilities	710,978
Total Liabilities	880,922

The amount of cash and cash equivalents that decreased due to exclusion from the scope of consolidation is recorded as "Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation."

(Lease Transactions Related Items)
(Lessee)

1. Finance Lease Transactions *Finance Lease Transactions without Transfer of Ownership*
Contents of Lease Assets * Tangible Fixed Assets Primarily lease assets related to sale-and-leaseback transactions of hotel facilities.
2. Depreciation Method for Lease Assets The depreciation method for lease assets is described in "3. Significant Accounting Policies (2) Depreciation Method for Important Depreciable Assets" in the basic matters for preparing consolidated financial statements.
Operating Lease Transactions
Omitted due to immateriality of non-cancellable operating lease transactions.

(Financial Instruments Related Items)

1. Matters Concerning the Status of Financial Instruments
2. Financial Instruments Policy The Group raises necessary funds (mainly bank borrowings, issuance of new shares, and lease transactions) to execute its business plan, including capital investment. As for derivatives, the Group's policy is to avoid speculative transactions, only using them to hedge risks such as borrowing interest rates and foreign exchange fluctuations.
3. Contents and Risks of Financial Instruments Accounts receivable-trade, loans receivable, and long-term accounts receivable are subject to the credit risk of customers and counterparties. Accounts payable-trade are due within one year. Short-term borrowings are mainly for financing operational transactions, while long-term borrowings are mainly for financing capital investments. Some of these borrowings are denominated in foreign currencies and are exposed to foreign exchange fluctuation risks.
 1. Risk Management System for Financial Instruments 1. Credit Risk Management (Risk of Counterparties' Default) The Company monitors the status of major counterparties periodically and manages due dates and balances by transaction counterparties to mitigate credit risk, following its credit management regulations. The Group companies follow similar management procedures based on the Company's credit management regulations. As of the current consolidated fiscal year-end, the maximum credit risk exposure is represented by the carrying amount of financial assets in the consolidated balance sheet.
 2. 2. Market Risk Management (Foreign Exchange and Other Risks) The Company monitors market fluctuation risks, including foreign exchange fluctuations, continuously.
 3. 3. Liquidity Risk Management (Risk of Inability to Execute Payments on Due Dates) The Company manages liquidity risk by gathering information related to payments from each department, considering on-hand cash and deposits, and reporting monthly to responsible officers.
4. Supplementary Explanation Concerning the Fair Value of Financial Instruments The calculation of the fair value of financial instruments incorporates fluctuation factors, and the fair value may vary if different assumptions are adopted.

(Items Related to Financial Instruments' Fair Value)

The amounts recorded in the consolidated balance sheet, the fair value, and the differences are as follows:

Previous Consolidated Fiscal Year (December 31, 2021)

	Amount Recorded in Consolidated Balance Sheet (thousand yen)	Fair Value (thousand yen)	Difference (thousand yen)
(1) Long-term Loans Receivable	80,310		
Allowance for Doubtful Accounts (Note 2)	-80,310		
	-	-	-
(2) Long-term Accounts Receivable	359,762		
Allowance for Doubtful Accounts (Note 2)	-359,762		
	-	-	-
Total Assets	478,524	478,524	-

Notes:

- "Cash and deposits," "accounts receivable," and "accounts payable" are omitted as they are cash or settle in a short period, making their fair value approximate to the book value.
- "Long-term loans receivable" and "long-term accounts receivable" are shown net of individually recorded allowance for doubtful accounts.
- Amounts of financial instruments whose fair value is extremely difficult to determine:

Category	Amount (thousand yen)
Deposits and Guarantees (Note 1)	138,657
Long-term Loans Receivable (Note 2)	141,853
Long-term Loans Payable (including the amount repayable within one year) (Note 2)	3,702,700
Lease Obligations (including the amount repayable within one year) (Note 2)	8,096,321

Notes:

- These items are not included as they lack market prices, making it extremely difficult to determine their fair value.
- These items are not included as their recovery and repayment schedules are not fixed or certain, making future cash flows difficult to estimate and a reasonable credit risk premium impossible to calculate.

Current Consolidated Fiscal Year (December 31, 2022)

	Amount Recorded in Consolidated Balance Sheet (thousand yen)	Fair Value (thousand yen)	Difference (thousand yen)
(1) Long-term Loans Receivable	328,978		
Allowance for Doubtful Accounts (Note 2)	-80,310		
	248,667	248,667	-
(2) Long-term Accounts Receivable	359,762		
Allowance for Doubtful Accounts (Note 2)	-359,762		
	-	-	-
Total Assets	248,667	248,667	-
(1) Long-term Loans Payable (Note 3)	3,164,631	3,164,631	-
Total Liabilities	3,164,631	3,164,631	-

Note 1. "Cash and deposits," "accounts receivable," "short-term loans payable," "accounts payable," and "deposits received" are omitted as they are cash or settle in a short period, making their fair value approximate to the book value.

Note 2. "Long-term loans receivable" and "long-term accounts receivable" are shown net of individually recorded allowance for doubtful accounts.

Note 3. Long-term loans payable include the portion repayable within one year.

Note 4. Scheduled redemption amounts of monetary claims and securities with maturity after the consolidated closing date.

Previous Consolidated Fiscal Year (December 31, 2021)

(Unit: Thousand Yen)

Category	Within 1 Year	Over 1 Year and Within 5 Years	Over 5 Years and Within 10 Years	Over 10 Years
Cash and Deposits	414,354	-	-	-
Accounts Receivable	69,013	-	-	-
Total	483,368	-	-	-

Note: Long-term loans receivable of 141,853 thousand yen with uncertain recovery timing are not included in the table above.

Current Consolidated Fiscal Year (December 31, 2022)

(Unit: Thousand Yen)

Category	Within 1 Year	Over 1 Year and Within 5 Years	Over 5 Years and Within 10 Years	Over 10 Years
Cash and Deposits	207,260	-	-	-
Accounts Receivable	17,225	-	-	-
Long-term Loans Receivable	-	248,667	-	-
Total	224,486	248,667	-	-

Note5. Scheduled repayment amounts for corporate bonds, long-term borrowings, lease obligations, and other interest-bearing liabilities after the consolidated closing date.

Previous Consolidated Fiscal Year (December 31, 2021)

Category	Within 1 Year (thousand yen)	Over 1 Year and Within 2 Years (thousand yen)	Over 2 Years and Within 3 Years (thousand yen)	Over 3 Years and Within 4 Years (thousand yen)	Over 4 Years and Within 5 Years (thousand yen)	Over 5 Years (thousand yen)
Long-term Loans Payable	2,160,004	133,188	95,473	114,172	136,975	653,129
Total	2,160,004	133,188	95,473	114,172	136,975	653,129

Note: Long-term loans payable of 409,756 thousand yen and lease obligations (including the amount repayable within one year) of 8,096,321 thousand yen with uncertain repayment timing are not included in the table above.

Current Consolidated Fiscal Year (December 31, 2022)

Category	Within 1 Year (thousand yen)	Over 1 Year and Within 2 Years (thousand yen)	Over 2 Years and Within 3 Years (thousand yen)	Over 3 Years and Within 4 Years (thousand yen)	Over 4 Years and Within 5 Years (thousand yen)	Over 5 Years (thousand yen)
Long-term Loans Payable	2,096,132	57,024	73,317	93,683	118,122	407,320
Total	2,096,132	57,024	73,317	93,683	118,122	407,320

Note: Long-term loans payable of 319,030 thousand yen with uncertain repayment timing are not included in the table above.

3. Details Regarding the Breakdown of Financial Instruments' Fair Value by Level

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

- Level 1: Fair value determined based on quoted prices in active markets for identical assets or liabilities.
- Level 2: Fair value determined using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Fair value determined using unobservable inputs.

When multiple inputs with significant impacts on fair value are used, the fair value is classified according to the lowest priority level of the inputs used.

(1) Financial Instruments Recorded at Fair Value in the Consolidated Balance Sheet

No applicable items.

(2) Financial Instruments Not Recorded at Fair Value in the Consolidated Balance Sheet

Current Consolidated Fiscal Year (December 31, 2022)

Category	Fair Value (thousand yen)			
	Level 1	Level 2	Level 3	Total
Long-term Loans Receivable	-	248,667	-	248,667
Long-term Accounts Receivable	-	-	-	-
Long-term Loans Payable	-	3,164,631	-	3,164,631

Note: Explanation of Valuation Techniques and Inputs Used in Fair Value Measurement

- Long-term Loans Receivable: The fair value is approximately the book value on the balance sheet at the consolidated fiscal year-end minus the current estimate of doubtful accounts and is classified as Level 2.
- Long-term Accounts Receivable: The fair value is approximately the book value on the balance sheet at the consolidated fiscal year-end minus the current estimate of doubtful accounts and is classified as Level 2.
- Long-term Loans Payable: The fair value, including the portion repayable within one year, is calculated by discounting the total amount of principal and interest at the rate assumed for a similar new borrowing. It is classified as Level 2.

(Retirement Benefits)

Previous Consolidated Fiscal Year (January 1, 2021, to December 31, 2021)

Omitted due to insignificance.

Current Consolidated Fiscal Year (January 1, 2022, to December 31, 2022)

Omitted due to insignificance.

(Stock Options)

No applicable items.

(Tax Effect Accounting)

1. Breakdown of Major Causes of Deferred Tax Assets and Deferred Tax Liabilities

	Previous Consolidated Fiscal Year (thousand yen)	Current Consolidated Fiscal Year (thousand yen)
Deferred Tax Assets		
Allowance for Doubtful Accounts	156,617	154,316
Inventory Valuation Loss	2,454	2,454
Liabilities for Retirement Benefits	4,921	1,993
Asset Retirement Obligations	4,214	-
Excess of Depreciation on Lease	25,703	-
Assets		
Impairment Loss	1,062,516	141,417
Investment Securities Valuation Loss	11,725	11,725
Tax Loss Carried Forward (Note 2)	1,690,812	3,863,708
Others	288,759	18,666
Subtotal of Deferred Tax Assets	3,247,726	4,194,283
Valuation Allowance for Tax Loss Carried Forward (Note 2)	-1,690,812	-3,863,708
Valuation Allowance for Total Future Deductible Temporary Differences	-1,556,913	-330,574
Subtotal of Valuation Allowance (Note 1)	-3,247,726	-4,194,283
Total Deferred Tax Assets	-	-
Deferred Tax Liabilities		
Assets Corresponding to Asset Retirement Obligations	-3,295	-
Total Deferred Tax Liabilities	-3,295	-
Net Amount of Deferred Tax Assets or Liabilities (-)	-3,295	-

Note 1: The primary reasons for changes in valuation allowance are the increase/decrease in valuation allowance related to future deductible temporary differences from impairment losses and the increase in tax loss carried forward.

Note 2: Breakdown of tax loss carried forward and its deferred tax assets by expiration period

Previous Consolidated Fiscal Year (December 31, 2021)

	Within 1 year (thousand yen)	Beyond 1 year within 2 years (thousand yen)	Beyond 2 years within 3 years (thousand yen)	Beyond 3 years within 4 years (thousand yen)	Beyond 4 years within 5 years (thousand yen)	Beyond 5 years (thousand yen)	Total (thousand yen)
Tax Loss Carried Forward (Note)	114,623	41,506	22,547	102,026	400,457	1,009,651	1,690,812
Valuation Allowance	-114,623	-41,506	-22,547	-102,026	-400,457	-1,009,651	-1,690,812
Deferred Tax Assets	-	-	-	-	-	-	-

Note: Tax loss carried forward is multiplied by the statutory effective tax rate.

Current Consolidated Fiscal Year (December 31, 2022)

	Within 1 year (thousand yen)	Beyond 1 year within 2 years (thousand yen)	Beyond 2 years within 3 years (thousand yen)	Beyond 3 years within 4 years (thousand yen)	Beyond 4 years within 5 years (thousand yen)	Beyond 5 years (thousand yen)	Total (thousand yen)
Tax Loss Carried Forward (Note)	20,936	-	33,852	316,139	114,427	3,378,353	3,863,708
Valuation Allowance	-20,936	-	-33,852	-316,139	-114,427	-3,378,353	-3,863,708
Deferred Tax Assets	-	-	-	-	-	-	-

Note: Tax loss carried forward is multiplied by the statutory effective tax rate.

2. Major Items Causing Significant Differences Between Statutory Effective Tax Rate and Tax Rate After Applying Tax Effect Accounting

	Previous Consolidated Fiscal Year (December 31, 2021)	Current Consolidated Fiscal Year (December 31, 2022)
Statutory Effective Tax Rate	Omitted due to recording a pre-tax net loss	34.6%
(Adjustments)		
Contributions to Related Parties Abroad		17.9
Reversal of Foreign Currency Translation Adjustment		9.7
Impact of Valuation Allowance		-60.3
Others		-1.8
Tax Rate After Applying Tax Effect Accounting		0.2

(Business Combination)

I. Transfer of Subsidiary Shares

(1) Overview of Business Separation

1. Name of the Transferee Company:
 - Excel City Development Limited
2. Contents of the Separated Business and Names of the Separated Subsidiaries:
 - Hotel business operated by the following subsidiaries:
 - Red Planet Hotels (Thailand) Limited
 - Red Planet Hotels Two (Thailand) Limited
 - Red Planet Hotels Three (Thailand) Limited
 - Red Planet Hotels Four (Thailand) Limited
 - Red Planet Hotels Five (Thailand) Limited
 - Red Planet Hotels Six (Thailand) Limited
3. Main Reason for the Business Separation:
 - Our company provided a debt guarantee for a loan taken by Red Planet Hotels (Thailand) Limited (hereinafter referred to as "the borrower") from Excel City Development Limited (hereinafter referred to as "the lender"). This loan, with a loan limit of 30 million Thai Baht, an interest rate of 8.0% per annum, and a period of 90 days, was intended for working capital for the Thai business. The debt guarantee contract included a collateral agreement stipulating that if the borrower and our company could not repay the loan by the due date, we would transfer the shares and claims of the six Thai subsidiaries, including the borrower, to the lender.
 - Due to a lack of funds, the borrower could not repay the principal and interest by the due date, and our company was similarly unable to fulfill the debt guarantee in cash. As a result, the collateral was utilized for the loan repayment, leading to the exclusion of the six Thai subsidiaries from our consolidated scope.
4. Business Separation Date:
 - May 2, 2022
5. Other Details of the Transaction, Including Legal Form:
 - Transfer of shares in fulfillment of debt guarantee obligations

(2) Summary of the Accounting Treatment Implemented

1. Amount of Profit or Loss from Transfer:
 - Provision for Loss on Debt Guarantee: 804,961 thousand yen
2. Book Value of Assets and Liabilities Related to the Transferred Business and Major Breakdown:
 - Current Assets: 107,259 thousand yen
 - Fixed Assets: 1,578,624 thousand yen
 - Total Assets: 1,685,883 thousand yen
 - Current Liabilities: 169,944 thousand yen
 - Fixed Liabilities: 710,978 thousand yen
 - Total Liabilities: 880,922 thousand yen
3. Accounting Treatment:
 - Due to the high probability of loss occurrence from the exclusion from consolidation, a provision for loss on debt guarantee was recorded in the current consolidated fiscal year, and the provision was reversed for its intended purpose.

(3) Reporting Segment Including the Separated Business

- Single segment: Hotel business

(4) Approximate Amount of Profit or Loss Related to the Separated Business Included in the Consolidated Income Statement for the Current Consolidated Fiscal Year

- Current Consolidated Fiscal Year:
 - Revenue: 61,056 thousand yen
 - Operating Loss: (66,868 thousand yen)

II. Transfer of Equity Interests

(1) Overview of the Transfer of Equity Interests

1. Name of the Contract Counterparty:
 - General Incorporated Association Hotel Core Capital
2. Names of the Transferred Subsidiaries:
 - Anonymous Association with RPJ Nagoya Nishiki G.K. as Operator
 - RPJ1 G.K.
 - Red Planet Ankan G.K.
3. Main Reason for the Transfer:
 - On June 30, 2022, we entered into a contract with General Incorporated Association Hotel Core Capital for the transfer of equity interests in these three companies. As a result of this transfer, which became effective on the same date, these three companies were excluded from our consolidated subsidiaries. These companies are not currently engaged in business activities and have no future utilization prospects, leading to the decision to sell them to a third party as part of the reorganization of our consolidated subsidiaries.

III. Sale of Subsidiaries

- For the sale of subsidiaries, please refer to "(Important Subsequent Events) II" in "(1) Consolidated Financial Statements" in "1. Consolidated Financial Statements, etc." in "5. Financial Status."

(Asset Retirement Obligations)

- Omitted due to immateriality.

(Real Estate for Lease, etc.)

- No relevant matters.

(Revenue Recognition)

- Basic information for understanding revenue arising from contracts with customers:
 - The basic information for understanding revenue is described in "3. Important Basis for Preparation of Consolidated Financial Statements (5) Important Standards for Recording Revenue and Expenses."

Segment Information

Since our group operates in a single segment of "hotel business," the segment description is omitted.

[Related Information]

Previous Consolidated Fiscal Year (from January 1, 2021, to December 31, 2021)

1. Information by Product and Service

- As sales to external customers for a single service category exceed 90% of the total sales in the consolidated income statement, the description is omitted.

2. Information by Region

(1) Sales

(Unit: Thousand yen)

Japan	Philippines	Thailand	Total
435,356	-	83,095	518,451

(Note) Sales are classified by country or region based on the region where the services are provided.

(2) Tangible Fixed Assets

(Unit: Thousand yen)

Japan	Philippines	Thailand	Total
8,397,966	1,748,087	1,129,918	11,275,972

3. Information on Major Customers

- Since there are no customers accounting for 10% or more of the total sales in the consolidated income statement, the description is omitted.

Current Consolidated Fiscal Year (from January 1, 2022, to December 31, 2022)

1. Information by Product and Service

- As sales to external customers for a single service category exceed 90% of the total sales in the consolidated income statement, the description is omitted.

2. Information by Region

(1) Sales

(Unit: Thousand yen)

Japan	Philippines	Thailand	Total
305,065	-	61,056	366,121

(Note) Sales are classified by country or region based on the region where the services are provided.

(2) Tangible Fixed Assets

(Unit: Thousand yen)

Japan	Philippines	Thailand	Total
2,580,008	1,899,774	-	4,479,782

3. Information on Major Customers

Since there are no customers accounting for 10% or more of the total sales in the consolidated income statement, the description is omitted.

[Information on Impairment Losses on Fixed Assets by Reporting Segment]

- Since our group operates in a single segment of "hotel business," the description is omitted.

[Information on Amortization of Goodwill and Unamortized Balance by Reporting Segment]

- Since our group operates in a single segment of "hotel business," the description is omitted.

[Information on Gain on Negative Goodwill by Reporting Segment]

- Since our group operates in a single segment of "hotel business," the description is omitted.

Related Party Information

1. Transactions with Related Parties

(1) Transactions between the Company Submitting the Consolidated Financial Statements and Related Parties

(a) Parent Company and Major Shareholders (if the shareholder is a company, etc.)

Previous Consolidated Fiscal Year (from January 1, 2021, to December 31, 2021)

Type	Name of Company	Location	Capital Stock or Investment	Business Content or Occupation	Ownership Ratio (Owned) (%)	Relationship with Related Party	Content of Transaction	Transaction Amount (Thousand yen) (Note 1)	Account	Ending Balance (Thousand yen)
Parent	Red Planet Hotels Limited	Cayman Islands	195,208 (Thousand USD)	Hotel Business	(Owned) Indirect (65.7)	Concurrent Officers	Borrowing of Funds (Note 2)	29,447	Long-term Loan (note 2)	29,447
							Collection of Loan (Note 3)	713,644	-	-
							Guaranteed Debt (Note 4)	1,483,263	-	-

Notes:

1. Transaction amounts do not include consumption tax, etc.
2. Borrowing of funds is for the purpose of financing hotel construction by Red Planet Hotels Manila Corporation, and interest is exempted.
3. Loans are provided at a reasonable interest rate considering market interest rates.
4. Red Planet Hotels Limited guarantees external borrowings made by Red Planet Hotels Philippines Corporation, which are guaranteed by our company.

Current Consolidated Fiscal Year (from January 1, 2022, to December 31, 2022)

Type	Name of Company	Location	Capital Stock or Investment	Business Content or Occupation	Ownership Ratio (Owned) (%)	Relationship with Related Party	Content of Transaction	Transaction Amount (Thousand yen) (Note 1)	Account	Ending Balance (Thousand yen)
Parent	Red Planet Hotels Limited	Cayman Islands	195,208 (Thousand USD)	Hotel Business	(Owned) Indirect (70.50)	Concurrent Officers	Borrowing of Funds (Note 1,2)	16,170	-	-
							Guaranteed Debt (Note 4)	1,576,568	-	-
Parent	EVO FUND	Cayman Islands	83,925 (Thousand USD)	Investment Business	(Owned) Direct (52.62)	-	Borrowing of Funds (Note 1,3)	200,000	Short-term Loan	339,387

Notes:

1. EVO FUND LLC and EVO FUND acquired all shares (40,692,453 shares, ownership ratio 70.50%) held by Red Planet Holdings Pte. Ltd. and Red Planet Hotels Limited through a public tender offer on September 27, 2022, and became our new parent company. Transaction amounts are aggregated for the period they were related parties.
2. Borrowing of funds is for the purpose of financing hotel construction by Red Planet Hotels Manila Corporation, and interest is exempted.
3. Loans are provided at a reasonable interest rate considering market interest rates.
4. Red Planet Hotels Limited guarantees external borrowings made by Red Planet Hotels Philippines Corporation, which are guaranteed by our company.

(b) Subsidiaries of the Same Parent Company as the Company Submitting the Consolidated Financial Statements and Subsidiaries of Other Related Companies

Previous Consolidated Fiscal Year (from January 1, 2021, to December 31, 2021)

Type	Name of Company, etc.	Location	Capital Stock or Investment	Business Content or Occupation	Ownership Ratio (Owned) (%)	Relationship with Related Party	Content of Transaction	Transaction Amount (Thousand yen) (Note 1)	Account	Ending Balance (Thousand yen)
Subsidiary of Parent	Red Planet Hotels Pasing Tamo Corporation	Philippines	10,000 (Thousand PHP)	Hotel Business	-	Concurrent Officers	Collection of Loan (Note 2)	277,000	-	-
							Reversal of Loan Loss Provision (Note 2)	277,000	-	-
Subsidiary of Parent	Red Planet Hotels Philippines Corporation	Philippines	10,000 (Thousand PHP)	Hotel Business	-	Concurrent Officers	Repayment of Borrowing (Note 3)	426,176	-	-
							Guaranteed Debt (Note 4)	1,483,263	-	-

Notes:

1. Transaction amounts do not include consumption tax, etc.
2. A loan loss provision was set considering the financial condition and collectibility of the invested company. The provision was reversed upon loan collection.
3. Borrowing of funds is for the purpose of financing hotel construction by Red Planet Hotels Manila Corporation, and interest is exempted.
4. Red Planet Hotels Limited guarantees external borrowings made by Red Planet Hotels Philippines Corporation, which are guaranteed by our company.

Current Consolidated Fiscal Year (from January 1, 2022, to December 31, 2022)

Type	Name of Company, etc.	Location	Capital Stock or Investment	Business Content or Occupation	Ownership Ratio (Owned) (%)	Relationship with Related Party	Content of Transaction	Transaction Amount (Thousand yen) (Note 1)	Account	Ending Balance (Thousand yen)
Subsidiary of Parent	Red Planet Hotels Philippines Corporation	Philippines	10,000 (Thousand PHP)	Hotel Business	-	Concurrent Officers	Guaranteed Debt (Note 3)	1,576,568	-	-
Subsidiary of Parent	EVOLUTION JAPAN Asset Management Co., Ltd.	Chiyoda-ku, Tokyo	315,000	Investment Business	-	-	Borrowing of Funds (Note 1,2)	-	Short-term Loan	162,500

Notes:

1. EVO FUND LLC and EVO FUND acquired all shares (40,692,453 shares, ownership ratio 70.50%) held by Red Planet Holdings Pte. Ltd. and Red Planet Hotels Limited through a public tender offer on September 27, 2022, and became our new parent company. Transaction amounts are aggregated for the period they were related parties.
2. Loans are provided at a reasonable interest rate considering market interest rates.
3. Red Planet Hotels Limited guarantees external borrowings made by Red Planet Hotels Philippines Corporation, which are guaranteed by our company.

(c) Non-consolidated Subsidiaries and Affiliates of the Company Submitting the Consolidated Financial Statements

Previous Consolidated Fiscal Year (from January 1, 2021, to December 31, 2021)
None.

Current Consolidated Fiscal Year (from January 1, 2022, to December 31, 2022)
None.

(2) Transactions between Consolidated Subsidiaries of the Company Submitting the Consolidated Financial Statements and Related Parties

(a) Parent Company and Major Shareholders, etc.

Previous Consolidated Fiscal Year (from January 1, 2021, to December 31, 2021)

Type	Name of Company	Location	Capital Stock or Investment	Business Content or Occupation	Ownership Ratio (Owned) (%)	Relationship with Related Party	Content of Transaction	Transaction Amount (Thousand yen)	Account	Ending Balance (Thousand yen)
Parent	Red Planet Hotels Limited	Cayman Islands	195,208 (Thousand USD)	Hotel Business	65.7	Management Concurrent Officers	Repayment of Borrowings (Note)	51,564	Long-term Loan	135,573

• Note:

A consolidated subsidiary located in Thailand has borrowed funds. Additionally, due to concerns about financial deterioration, it has been exempted from paying interest.

Current Consolidated Fiscal Year (from January 1, 2022, to December 31, 2022)
There are no applicable matters

(1) Companies, etc. with the same parent company as the consolidated financial statement submitting company and subsidiaries, etc. of other related companies of the consolidated financial statement submitting company

Previous Consolidated Fiscal Year (from January 1, 2021, to December 31, 2021)

Type	Name of Company	Location	Capital Stock or Investment	Business Content or Occupation	Ownership Ratio (Owned) (%)	Relationship with Related Party	Content of Transaction	Transaction Amount (Thousand yen)	Account	Ending Balance (Thousand yen)
Subsidiary of Parent	Red Planet Hotels Paranaque Corporation	Philippines	10,000 (Thousand PHP)	Hotel Business	-	Concurrent Officers	Lending of Funds (Note)	140,224	Long-term Loan	141,853

Note:

A consolidated subsidiary located in the Philippines provided loans. Due to concerns about financial deterioration, interest was exempted.

Current Consolidated Fiscal Year (from January 1, 2022, to December 31, 2022)

Type	Name of Company	Location	Capital Stock or Investment	Business Content or Occupation	Ownership Ratio (Owned) (%)	Relationship with Related Party	Content of Transaction	Transaction Amount (Thousand yen)	Account	Ending Balance (Thousand yen)
Subsidiary of Parent	Red Planet Hotels Paranaque Corporation	Philippines	10,000 (Thousand PHP)	Hotel Business	-	Concurrent Officers	Lending of Funds (Note 1,2)	96,369	Long-term Loan (Note 1,2)	-

Notes:

1. EVO FUND LLC and EVO FUND acquired all shares (40,692,453 shares, ownership ratio 70.50%) held by Red Planet Holdings Pte. Ltd. and Red Planet Hotels Limited through a public tender offer on September 27, 2022, and became our new parent company. Transaction amounts are aggregated for the period they were related parties.
2. A consolidated subsidiary located in the Philippines provided loans. Due to concerns about financial deterioration, interest was exempted.

2. Notes on Parent Company and Major Related Companies

(1) Information on Parent Company

- EVO FUND (Unlisted)

(2) Summary Financial Information of Major Related Companies

Previous Consolidated Fiscal Year

- There are no applicable items.

Current Consolidated Fiscal Year

- There are no applicable items.

Net Assets and Net Income (Loss) per Share

Item	Previous Consolidated Fiscal Year (From January 1, 2021 to December 31, 2021)	Current Consolidated Fiscal Year (From January 1, 2022 to December 31, 2022)
Net assets per share	-6.66 yen	10.72 yen
Net income (-) per share	-12.89 yen	17.10 yen
Diluted net income per share after adjustment for potential shares	-	-

(Note)

1. The diluted net income per share after adjustment for potential shares for the previous consolidated fiscal year is not presented because, although there are potential shares, a net loss per share is recorded. Also, the diluted net income per share after adjustment for potential shares for the current consolidated fiscal year is not presented because there are no potential shares with a dilutive effect.
2. Basis for Calculating Net Income (Loss) per Share.

Item	Previous Consolidated Fiscal Year (From January 1, 2021 to December 31, 2021)	Current Consolidated Fiscal Year (From January 1, 2022 to December 31, 2022)
Net Income or Net Loss (-) per Share for the Current Period		
Net income (-) attributable to owners of parent	-737,240	977,845
Amount not attributable to common shareholders	-	-
Net income (-) attributable to owners of parent related to common stock	-737,240	977,845
Average number of shares of common stock during the period	57,176,485	57,176,485

Significant Subsequent Events

I. Issuance of New Shares through Third-Party Allotment, 9th Series of Stock Acquisition Rights, and 10th Series of Stock Acquisition Rights (Paid Stock Options for the 10th Series of Stock Acquisition Rights)

The Board of Directors resolved on December 28, 2022, to issue new shares, the 9th series of stock acquisition rights, and the 10th series of stock acquisition rights (paid stock options for the 10th series of stock acquisition rights) through a third-party allotment. After approval at the Extraordinary General Meeting of Shareholders held on February 7, 2023, the full payment of the total issue price (1,173,690 thousand yen) was completed as scheduled on February 8, 2023. As a result, the total number of issued shares and capital have increased as follows:

Type of Stock	Increase in Total Number of Issued Shares	Balance of Total Issued Shares	Increase in Capital (thousand yen)	Balance of Capital (thousand yen)	Increase in Capital Reserve (thousand yen)	Balance of Capital Reserve (thousand yen)
Common Stock	57,500,000	114,692,187	575,000	575,000	575,000	1,909,745

II. Sale of Shares of Consolidated Subsidiary

On January 10, 2023, the Board of Directors resolved to sell all shares of the consolidated subsidiary "Red Planet Hotels Manila Corporation" ("Manila Corp") to Polaris Holdings Corporation. The share purchase agreement was concluded with Polaris Asia, a consolidated subsidiary of Polaris Holdings Corporation. As a result, Manila Corp will be excluded from the scope of consolidation.

1. Background of the Share Sale The global COVID-19 pandemic appeared to have peaked temporarily. However, in Japan, restrictions on inbound travel from abroad continued, and with the emergence of the 7th wave, it is expected that it will take considerable time for hotel lodging demand to recover. In this context, we are urgently reviewing all costs and restructuring our business to ensure corporate survival. Although Manila Corp was progressing with the construction of two new hotels in the Manila metropolitan area of the Republic of the Philippines, we decided to sell its shares to secure future operating funds and reconsider our global strategy.
2. Name of the Transferee Polaris Asia Co., Ltd.
3. Timing of Sale March 2023 (Subject to prior written consent from Asia United Bank, which is providing loans to Manila Corp in the Philippines)
4. Name and Business Description of the Subsidiary
 1. Name: Red Planet Hotels Manila Corporation
 2. Business Description: Planning, development, ownership, management, and operation of hotels
5. Number of Shares Owned Before Sale, Number of Shares to be Sold, Ownership Ratio After Sale, Sale Price
 1. Number of Shares Owned Before Sale: 10,624,394 shares
 2. Number of Shares to be Sold: 10,624,394 shares
 3. Ownership Ratio After Sale: 0%
 4. Sale Price: 38 million yen

III. Sale of Red Planet Sapporo Susukino South

The Group closed the operations of "Red Planet Sapporo Susukino South" on September 30, 2022. After considering the sale of the hotel, a buyer has been determined. The Group also owns movable property such as furniture and fixtures of the hotel, which will be sold together.

1. Background of the Sale Agreement

We are preparing to shift our focus from the hotel ownership and operation business, which has been our main business, to new business areas related to Web3.0 and the Metaverse. Since we do not plan to reopen the hotel, we have decided to sell it promptly to repay bank loans, which are a financial burden. We have reached an agreement with the buyer regarding the sale, so we have decided to proceed with the sale.

2. Buyer

Not disclosed due to confidentiality agreement

3. Sale Price (excluding consumption tax, etc.)

Total sale price: 1,725,000,000 yen

4. Timing of Transfer

April 20, 2023 (scheduled)

5. Form of Sale

Sale of real estate trust beneficiary rights

6. Impact on Business Performance

Under review

Consolidated Detailed Statements

Corporate Bond Detailed Statement

No applicable items.

Borrowings Detailed Statement

Category	Balance at Beginning of Period (thousand yen)	Balance at End of Period (thousand yen)	Average Interest Rate (%)	Repayment Term
Short-term borrowings	-	501,887	3.00	-
Non-recourse long-term borrowings repayable within one year	2,100,424	2,055,400	2.55	-
Long-term borrowings repayable within one year (excluding non-recourse)	59,580	40,732	6.25	-
Lease obligations repayable within one year	702,914	-	-	-
Long-term borrowings	1,542,696	1,068,499	4.38	January 2024 to June 2030
Lease obligations	7,393,407	-	-	-
Total	11,799,022	3,666,518	-	-

Notes:

1. The "Average Interest Rate" represents the weighted average rate for the balance of borrowings at the end of the period.
2. The repayment schedule within five years after the consolidated balance sheet date for long-term borrowings (excluding those repayable within one year) is as follows:

Category	Over 1 year and within 2 years (thousand yen)	Over 2 years and within 3 years (thousand yen)	Over 3 years and within 4 years (thousand yen)	Over 4 years and within 5 years (thousand yen)
Long-term borrowings	57,024	73,317	93,683	118,122
Total	57,024	73,317	93,683	118,122

Note: Long-term borrowings of 319,030 thousand yen, for which the repayment timing is not reasonably predictable, are not included in the above schedule.

Asset Retirement Obligations Detailed Statement

The amount of asset retirement obligations at the beginning and end of the consolidated fiscal year is less than 1/100 of the total amount of liabilities and net assets at the beginning and end of the consolidated fiscal year, and thus is omitted.

(2) Other

Quarterly Information for the Current Consolidated Fiscal Year

Cumulative Period

Item	Q1	Q2	Q3	Current Fiscal Year
Revenue (thousand yen)	166,635	255,504	307,924	366,121
Profit before tax adjustments (thousand yen)	1,383,591	1,624,570	1,477,043	979,348
Net profit attributable to parent company's shareholders (thousand yen)	1,383,350	1,623,935	1,476,055	977,845
Net profit per share (yen)	24.20	28.40	25.82	17.10

Accounting Period

Item	Q1	Q2	Q3	Q4
Net profit (loss) per share (yen) (-)	24.20	4.21	-2.59	-8.71

(1) Financial Statements

1. Balance Sheet

(Unit: thousand yen)

Assets Section	Previous Fiscal Year (Dec 31, 2021)	Current Fiscal Year (Dec 31, 2022)
Current Assets		
Cash and Deposits	848	68,006
Accounts Receivable	※1 552,690	※1 553,453
Short-term Loans Receivable	500	1,737,397
Advances to Affiliates	391	9,692
Prepaid Expenses	4,222	5,680
Deposits to Affiliates	4,400	4,400
Others	※1 206,346	※1 29,896
Allowance for Doubtful Accounts	-666,792	-1,334,513
Total Current Assets	102,606	1,074,013
Fixed Assets		
Tangible Fixed Assets		
Buildings	550	550
Trust Buildings	※2 330,123	※2 330,123
Tools, Furniture, and Fixtures	8,302	8,653
Trust Land	※2 1,198,594	※2 1,198,594
Accumulated Depreciation	-204,010	-231,855
Total Tangible Fixed Assets	1,333,560	1,306,066
Intangible Fixed Assets		
Software	431	126
Total Intangible Fixed Assets	431	126
Investments and Other Assets		
Investment Securities	0	0
Shares in Affiliates	128,477	24,267
Other Securities of Affiliates	701,692	712,488
Investments	1,000	1,000
Anonymous Association Investments	227,077	—
Long-term Loans Receivable	※1 7,694,138	※1 1,470,819
Long-term Accounts Receivable	359,762	359,762
Guarantee Deposits	1,580	5,074
Allowance for Doubtful Accounts	-4,722,113	-1,830,582
Total Investments and Other Assets	4,391,615	742,829
Total Fixed Assets	5,725,606	2,049,022
Total Assets	5,828,213	3,123,036

(Unit: thousand yen)

	Previous Fiscal Year (Dec 31, 2021)	Current Fiscal Year (Dec 31, 2022)
Liabilities		
Current Liabilities		
Short-term Loans Payable	—	501,887
Current Portion of Long-term Loans Payable	—	※2 338,827
Accounts Payable	※1 73,605	※1 47,666
Accrued Expenses	27,947	31,937
Accrued Income Taxes	60,246	60,154
Deposits Received	5,018	49,850
Total Current Liabilities	166,817	1,030,325
Non-current Liabilities		
Long-term Loans Payable	※1,※2 1,698,456	※1,※2 1,344,174
Provision for Loss on Guarantees	2,389,591	—
Total Non-current Liabilities	4,088,048	1,344,174
Total Liabilities	4,254,866	2,374,499
Net Assets		
Shareholders' Equity		
Capital Stock	0	0
Capital Surplus		
Capital Reserve	1,334,745	1,334,745
Total Capital Surplus	1,334,745	1,334,745
Retained Earnings		
Legal Reserve	5,820	5,820
Other Retained Earnings		
Retained Earnings Brought Forward	364,510	-457,247
Total Retained Earnings	370,330	-451,427
Treasury Stock	-139,181	-139,414
Total Shareholders' Equity	1,565,895	743,904
Share Acquisition Rights	7,452	4,632
Total Net Assets	1,573,347	748,536
Total Liabilities and Net Assets	5,828,213	3,123,036

Profit and Loss Statement

(Unit: thousand yen)

Item	Previous Fiscal Year (Jan 1, 2021 - Dec 31, 2021)	Current Fiscal Year (Jan 1, 2022 - Dec 31, 2022)
Sales Revenue	※1 —	※1 15,794
Cost of Sales	※1 86,777	※1 164,406
Gross Loss (-)	-86,777	-148,612
Selling, General and Admin. Expenses	※2 258,114	※2 273,948
Operating Loss (-)	-344,891	-422,560
Non-operating Income		
Interest Income	※1 34,222	※1 0
Reversal of Allowance for Doubtful Accounts	106,360	—
Foreign Exchange Gains	69,545	135,541
Others	4,541	766
Total Non-operating Income	214,670	136,308
Non-operating Expenses		
Interest Expenses	※1 23,150	※1 34,778
Provision of Allowance for Doubtful Accounts	—	925,714
Total Non-operating Expenses	23,150	960,492
Ordinary Loss (-)	-153,371	-1,246,744
Extraordinary Income		
Reversal of Stock Acquisition Rights	—	2,820
Reversal of Provision for Loss on Debt Guarantee	481,092	2,389,591
Settlement Received	38,000	—
Others	—	8,888
Total Extraordinary Income	519,092	2,401,299
Extraordinary Loss		
Loss on Disposal of Affiliates	—	1,975,452
Total Extraordinary Loss	—	1,975,452
Profit or Loss Before Income Taxes	365,720	-820,897
Income Taxes, Inhabitants Taxes and Enterprise Taxes	1,210	860
Total Income Taxes	1,210	860
Net Profit or Net Loss (-)	364,510	-821,758

Statement of Changes in Shareholders' Equity

Previous Fiscal Year (from January 1, 2021, to December 31, 2021)

(Unit: thousand yen)

	Shareholders' Equity		
	Capital Stock	Capital Surplus	
		Capital Reserve	Total Capital Surplus
Balance at the beginning of the period	3,096,887	6,739,241	6,739,241
Changes during the period			
Issuance of new shares	-3,096,887	-5,404,495	-5,404,495
Net loss for the period (-)			
Acquisition of treasury stock			
Net changes in items other than shareholders' equity			
Total changes during the period	-3,096,887	-5,404,495	-5,404,495
Balance at the end of the period	0	1,334,745	1,334,745

	Capital Stock				Treasury Shares	Share Acquisition Rights	Total Shareholders' Equity	Total Net Assets
	Retained Earnings			Total Retained Earnings				
	Earnings Reserved	Other Retained Earnings	Retained Earnings					
Balance at the beginning of the period	5,820	-8,501,383	-8,495,563	-139,027	1,201,538	7,452	1,208,991	
Changes during the period								
Issuance of new shares		8,501,383	8,501,383		—		—	
Net loss for the period (-)		364,510	364,510		364,510		364,510	
Acquisition of treasury stock				-154	-154		-154	
Net changes in items other than shareholders' equity						—	—	
Total changes during the period	—	8,865,894	8,865,894	-154	364,356	—	364,356	
Balance at the end of the period	5,820	364,510	370,330	-139,181	1,565,895	7,452	1,573,347	

Statement of Changes in Shareholders' Equity

Current Fiscal Year (from January 1, 2022, to December 31, 2022)

(Unit: thousand yen)

	Shareholders' Equity		
	Capital Stock	Capital Surplus	
		Capital Reserve	Total Capital Surplus
Balance at the beginning of the period	0	1,334,745	1,334,745
Changes during the period			
Issuance of new shares			
Net loss for the period (-)			
Acquisition of treasury stock			
Net changes in items other than shareholders' equity			
Total changes during the period	—	—	—
Balance at the end of the period	0	1,334,745	1,334,745

	Capital Stock				Treasury Shares	Share Acquisition Rights	Total Shareholders' Equity	Total Net Assets
	Retained Earnings			Total Retained Earnings				
	Earnings Reserved	Other Retained Earnings	Retained Earnings					
Balance at the beginning of the period	5,820	364,510	370,330	-139,181	1,565,895	7,452	1,573,347	
Changes during the period								
Issuance of new shares						-2,820	-2,820	
Net loss for the period (-)		-821,758	-821,758		-821,758		-821,758	
Acquisition of treasury stock				-232	-232		-232	
Net changes in items other than shareholders' equity						—	—	
Total changes during the period	—	△821,758	-821,758	-232	-821,990	-2,820	-824,810	
Balance at the end of the period	5,820	△457,247	-451,427	-139,414	743,904	4,632	748,536	

Notes

Matters Regarding the Going Concern Assumption

The company has been continuously recording operating losses and ordinary losses over previous fiscal years. Additionally, for the current fiscal year, the company has recorded operating losses, ordinary losses, and a net loss for the period. These circumstances raise significant doubts about the company's ability to continue as a going concern.

As a holding company, the company has implemented and will continue to implement the following countermeasures to resolve or improve these conditions, which are expected to contribute to alleviating or improving the situation for the company:

1. Review of the Hotel Business and Launch of New Businesses

The company has analyzed the overall current economic conditions domestically and internationally, the substantial capital required for the development and operation of its core hotel business, and the pace and scope of technological innovation creating new business opportunities globally. The analysis concluded that for the continued and progressive creation of shareholder value, it is essential for the company to digitalize its assets and business models by incorporating rapidly evolving technologies and to venture into new business opportunities.

Specifically, the company will focus on the following three businesses:

- Business aimed at growth through the provision of Web 3 and Metaverse products and services: This includes the "WEN Tokyo" project to transform a Gotanda hotel into a Metaverse hub/member club leveraging real estate development and NFT-related business experience, "Takumi-X" to create NFTs tied to Japanese art and crafts and foster a community based on craftsmanship through NFT transactions and various events, and the development and operation of a platform that allows easy creation and trading of NFTs.
- Advisory and consulting business for projects related to Web 3 and Metaverse: The company will offer consulting services through a team of experts to support companies unfamiliar with blockchain and decentralized technologies in transitioning from Web 2 to Web 3, as well as supporting the introduction of Web 3 businesses by overseas companies into Japan and vice versa.
- Investment business in projects, companies, and digital assets related to Web 3 and Metaverse: The company will invest in promising companies, projects, and digital assets (including NFTs, tokens, and cryptocurrencies tradeable in Japan) related to Web 3 and Metaverse to achieve periodic income or capital gains.

Regarding the hotel business, all hotels operated under lease contracts and the hotel owned in Sapporo have already been closed, and the decision has been made to sell the hotel in the Philippines. Henceforth, only the Gotanda property will be continued.

2. Promotion of Capital Policy

While aiming to improve performance through the review of the hotel business and the initiation of new businesses, the company will consider new means of funding, including capital increases and loans. On February 7, 2023, an extraordinary general meeting of shareholders was held, and 1,173,690 thousand yen was raised through a third-party allotment of shares and issuance of stock acquisition rights.

3. Cost Reduction

In line with the review of the hotel business, the company has ceased operations of all hotels except for the Gotanda property due to unprofitability, and will continue to pursue thorough cost reductions. Additionally, stringent cost management will be implemented to prevent unnecessary expenses from escalating with the new businesses.

By steadily implementing the above measures, the company aims to strengthen its business foundation, though these measures are still in progress, and significant uncertainty regarding the going concern assumption remains at this time.

Financial statements are prepared on the assumption of the company's going concern, and do not reflect the impact of significant uncertainty regarding the going concern assumption.

Significant Accounting Policies

1. Valuation Standards and Methods for Assets
 - Valuation Standards and Methods for Securities
 - Investment in Subsidiaries and Affiliates: The cost method based on the moving average method is applied.
 - Other Securities of Affiliates: The method of reflecting distributed profits and losses in operating profit and loss and adjusting the same amount to the securities of affiliates is applied.
 - Other Securities:
 - Non-market Stock: The cost method based on the moving average method is applied.
 - Anonymous Partnership Investments: The method of reflecting distributed profits and losses in operating profit and loss and adjusting the same amount to the anonymous partnership investments is applied.
2. Depreciation Methods for Fixed Assets
 - Tangible Fixed Assets: The declining balance method is adopted (the straight-line method is applied for buildings acquired on or after April 1, 1998, building attachments acquired on or after April 1, 2016, and structures). The main useful lives are as follows:
 - Buildings and Trust Buildings: 3 to 17 years
 - Tools, Equipment, and Fixtures: 4 to 5 years
 - Intangible Fixed Assets:
 - Software for internal use is depreciated using the straight-line method based on the usable period within the company (5 years).
3. Provisioning Standards
 - Allowance for Doubtful Accounts:
 - To provide for losses due to bad debts, the actual rate of bad debts is used for general receivables, and the estimated uncollectible amount is provided for specific receivables by individually assessing collectibility.
 - Provision for Loss on Debt Guarantee:
 - To provide for losses related to debt guarantees, the estimated loss burden amount is provided considering the financial condition of the guaranteed company.
4. Other Basic Matters for Preparing Financial Statements
 - Handling of Deferred Assets
 - Stock Issuance Costs: Fully expensed at the time of payment.
 - Application of Consolidated Taxation System:
 - The consolidated taxation system is applied.
 - Accounting Treatment of Income Taxes and Local Income Taxes:
 - The company has previously applied the consolidated taxation system but will shift to the single tax filing system from the next fiscal year due to the submission of a notification not to apply the group taxation system during the current fiscal year. Accordingly, accounting treatment and disclosures related to income taxes and local income taxes have been made based on the assumption of applying the single tax filing system from the next fiscal year. The current fiscal year's accounting treatment and disclosures are based on the "Practical Solution on Accounting for Tax Effects under the Consolidated Taxation System (Part 1)" (Practical Issues Task

Force Report No. 5, January 16, 2015) and "Practical Solution on Accounting for Tax Effects under the Consolidated Taxation System (Part 2)" (Practical Issues Task Force Report No. 7, January 16, 2015).

Significant Accounting Estimates

Accounting Estimates for the Valuation of Fixed Assets

1. Amounts recorded in the financial statements for the current fiscal year (unit: thousand yen)

	Previous Fiscal Year	Current Fiscal Year
Tangible Fixed Assets	1,333,560	1,306,066

2. Information on significant accounting estimates for the identified items

The content is the same as described in the consolidated financial statements "Notes (Significant Accounting Estimates) Accounting Estimates for the Valuation of Fixed Assets."

Accounting Estimates for the Valuation of Investments and Loans to Affiliates

1. Amounts recorded in the financial statements for the current fiscal year (unit: thousand yen)

	Previous Fiscal Year	Current Fiscal Year
Short-term Loans Receivable	-	1,736,897
Allowance for Doubtful Accounts	-	-764,403
Investments in Affiliates	128,477	24,267
Long-term Loans Receivable	7,475,906	-
Allowance for Doubtful Accounts	-4,282,040	-
Provision for Allowance for Doubtful Accounts	-	764,403

2. Information on significant accounting estimates for the identified items

- ① Method for calculating the amounts recorded in the financial statements for the current fiscal year:
 - For investments in affiliates, if the actual value significantly falls below the acquisition cost and there is no sufficient evidence supporting the recoverability based on future business plans, impairment is recognized. For loans to affiliates, an allowance for doubtful accounts is provided based on a comprehensive assessment of the financial condition and business performance of the target company.
- ② Key assumptions used in the calculation of the amounts recorded in the financial statements for the current fiscal year:
 - Recoverability and collectibility are determined using future cash flows based on future business plans. Key assumptions in the business plans include the assumed room rates and occupancy rates for hotels operated by the target company and the duration until the resolution of the COVID-19 pandemic, formulated considering past performance and industry trends for each hotel.
- ③ Impact on the financial statements for the next fiscal year:
 - The estimates are based on information available at the end of the current fiscal year. If conditions or assumptions underlying the estimates change, there could be

significant impacts on the valuation of investments and loans to affiliates in the financial statements for the next fiscal year.

Changes in Accounting Policies

Application of Accounting Standards for Revenue Recognition

The company has applied the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan Statement No. 29, March 31, 2020, hereinafter referred to as the "Revenue Recognition Accounting Standard") from the beginning of the fiscal year. Revenue is recognized based on the amount expected to be received in exchange for promised goods or services when control of those goods or services is transferred to the customer. There is no impact on the profit and loss and the beginning balance of retained earnings for the current fiscal year.

Application of Accounting Standards for Fair Value Measurement

The company has applied the "Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan Statement No. 30, July 4, 2019, hereinafter referred to as the "Fair Value Measurement Accounting Standard") from the beginning of the fiscal year. In accordance with transitional measures stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan Statement No. 10, July 4, 2019), the company has applied the new accounting policies defined by the Fair Value Measurement Accounting Standard prospectively. There is no impact on the financial statements.

Changes in Presentation Methods

Balance Sheet

In the previous fiscal year, "Short-term Loans Receivable" included in "Other" under "Current Assets" has been presented separately from the current fiscal year due to an increase in materiality. To reflect this change in presentation, the financial statements for the previous fiscal year have been reclassified. As a result, "Other" under "Current Assets" amounting to 206,846 thousand yen in the previous fiscal year's balance sheet has been reclassified to "Short-term Loans Receivable" of 500 thousand yen and "Other" of 206,346 thousand yen.

Balance Sheet Related Notes

※1 Monetary Claims and Monetary Debts to Affiliates (Excluding those separately stated)

	Previous Fiscal Year (2021/12/31)	Current Fiscal Year (2022/12/31)
Short-term Monetary Claims	743,345 thousand yen	2,300,939 thousand yen
Long-term Monetary Claims	7,475,906 thousand yen	1,252,587 thousand yen
Short-term Monetary Debts	4,840 thousand yen	861,039 thousand yen
Long-term Monetary Debts	1,698,456 thousand yen	1,297,173 thousand yen

※2 Assets Pledged as Collateral and Related Debts

Assets Pledged as Collateral

	Previous Fiscal Year (2021/12/31)	Current Fiscal Year (2022/12/31)
Trust Building	133,408 thousand yen	106,584 thousand yen
Trust Land	1,198,594 thousand yen	1,198,594 thousand yen
Total	1,332,003 thousand yen	1,305,178 thousand yen

Trust building amounts are recorded after deducting impairment losses and accumulated depreciation.

Debts Related to Collateral

	Previous Fiscal Year (2021/12/31)	Current Fiscal Year (2022/12/31)
Long-term Loans Payable Due Within One Year	-	338,827 thousand yen
Long-term Loans Payable	1,669,009 thousand yen	1,297,173 thousand yen
Total	1,669,009 thousand yen	1,636,001 thousand yen

The above is accounted for as a financial transaction based on the "Practical Guidelines for Accounting for the Securitization of Real Estate Using Special Purpose Companies" (JICPA Accounting Practice Committee Report No. 15).

3 Guarantee Obligations

Guarantees for Loans from Financial Institutions to the Following Companies

	Previous Fiscal Year (2021/12/31)	Current Fiscal Year (2022/12/31)
Red Planet Hotels Philippines Corporation	1,483,263 thousand yen	1,576,568 thousand yen

Amounts Re-guaranteed by the Following Company:

	Previous Fiscal Year (2021/12/31)	Current Fiscal Year (2022/12/31)
Red Planet Hotels Limited	1,483,263 thousand yen	1,576,568 thousand yen

Guarantees for Fixed-term Building Lease Agreements for the Following Company

	Previous Fiscal Year (2021/12/31)	Current Fiscal Year (2022/12/31)
Red Planet Hotels Japan Co., Ltd.	1,881,110 thousand yen	- thousand yen

The above amounts are recorded after deducting the allowance for guaranteed losses.

Income Statement Related Notes

※1 Transaction Volume with Affiliates

Transaction Volume from Operating Transactions

	Previous Fiscal Year (2021/01/01 - 2021/12/31)	Current Fiscal Year (2022/01/01 - 2022/12/31)
Net Sales	- thousand yen	15,794 thousand yen
Cost of Sales	65,222 thousand yen	69,544 thousand yen
Non-operating Transactions	55,568 thousand yen	34,778 thousand yen

※2 Major Items and Amounts of Selling, General and Administrative Expenses and Their
Approximate Proportion

	Previous Fiscal Year (2021/01/01 - 2021/12/31)	Current Fiscal Year (2022/01/01 - 2022/12/31)
Directors' Compensation	40,668 thousand yen	58,180 thousand yen
Salaries and Allowances	44,981 thousand yen	32,134 thousand yen
Depreciation Expense	28,350 thousand yen	28,149 thousand yen
Taxes and Dues	312 thousand yen	326 thousand yen
Paid Compensation	50,959 thousand yen	62,139 thousand yen
Provision for Allowance for Doubtful Accounts	279 thousand yen	- thousand yen
Selling Expenses	-	-
General Administrative Expenses	100%	100%

Securities Related Notes

Subsidiary and Affiliate Stock

Previous Business Year (December 31 2021)

Balance Sheet Amounts for Stocks of Subsidiaries and Affiliates Whose Fair Values Are Extremely
Difficult to Determine

Classification	Previous Fiscal Year (2021/12/31)
Investments in Affiliates	128,477 thousand yen
Other Affiliate Securities	701,692 thousand yen
Total	830,170 thousand yen

Business Year (December 31 2022)

Balance Sheet Amounts for Non-market Stocks

Classification	Current Fiscal Year (2022/12/31)
Investments in Affiliates	24,267 thousand yen
Other Affiliate Securities	712,488 thousand yen
Total	736,755 thousand yen

Tax Effect Accounting

1. Breakdown of Main Causes for Deferred Tax Assets and Deferred Tax Liabilities

	Previous Fiscal Year (2021/12/31)	Current Fiscal Year (2022/12/31)
(Deferred Tax Assets)		
Allowance for Doubtful Accounts	1,865,314 thousand yen	1,094,783 thousand yen
Investment Securities Valuation Loss	11,725 thousand yen	11,725 thousand yen
Valuation Loss on Affiliates' Stock	860,822 thousand yen	197,124 thousand yen
Amount Included in Income for Fixed Asset Sale Gains	73,492 thousand yen	73,492 thousand yen
Allowance for Guarantee Losses	826,542 thousand yen	- thousand yen
Impairment Loss	43,075 thousand yen	43,075 thousand yen
Carried Forward Deficits	671,003 thousand yen	3,027,700 thousand yen
Others	110,117 thousand yen	7,304 thousand yen
Subtotal of Deferred Tax Assets	4,462,094 thousand yen	4,455,206 thousand yen
Valuation Allowance for Carried Forward Deficits	-671,003 thousand yen	-3,027,700 thousand yen
Valuation Allowance for Total Future Deductible Temporary Differences	-3,791,090 thousand yen	-1,427,505 thousand yen
Subtotal of Valuation Allowances	-4,462,094 thousand yen	-4,455,206 thousand yen
Total Deferred Tax Assets	— thousand yen	— thousand yen
(Deferred Tax Liabilities)		
Total Deferred Tax Liabilities	— thousand yen	— thousand yen
Net Deferred Tax Assets	— thousand yen	— thousand yen

2. Breakdown of Major Items Causing Significant Differences Between Statutory Effective Tax Rate and Actual Tax Rate After Applying Tax Effect Accounting

	Previous Fiscal Year (2021/03/31)	Current Fiscal Year (2022/12/31)
Statutory Effective Tax Rate	34.6%	Omitted due to reporting pre-tax net loss
(Adjustment)		
Permanently Non-deductible Items such as Directors' Compensation	0.3%	
Equalization Tax	0.3%	
Valuation Allowance	-34.9%	
Actual Tax Rate After Applying Tax Effect Accounting	0.3%	

Business Combinations, etc.

The same content is described in the consolidated financial statements “Notes (Business Combinations, etc.)” and is omitted here.

Revenue Recognition

There are no transactions subject to the application of accounting standards for revenue recognition, hence omitted.

Significant Subsequent Events

The same content is described in the consolidated financial statements “Notes (Significant Subsequent Events)” and is omitted here.

④ Detailed Schedules

Schedule of Property, Plant and Equipment

Classification	Type of Asset	Beginning Balance of Current Period	Increase During the Current Period	Decrease During the Current Period	Depreciation During the Current Period	Ending Balance of Current Period	Accumulated Depreciation
Tangible Fixed Assets	Building	305	—	—	183	121	428
	Trust Building	133,408	—	—	26,824	106,584	223,539
	Tools, Furniture and Fixtures	1,251	351	—	836	766	7,887
	Trust Land	1,198,594	—	—	—	1,198,594	—
	Total	1,333,560	351	—	27,845	1,306,066	231,855
Intangible Fixed Assets	Software	431	—	—	304	126	—
	Total	431	—	—	304	126	—

Schedule of Allowances

(unit: thousand yen)

Account Title	Beginning Balance	Increase	Decrease	Ending Balance
Allowance for Doubtful Accounts	5,388,906	3,165,095	5,388,906	3,165,095
Allowance for Guarantee Losses	2,389,591	-	2,389,591	-

Note:

- Reasons for recording and calculation methods of the amounts are described in the significant accounting policies.
- The amount in the "Decrease" column for allowance for doubtful accounts represents the amount of the write-off for specific receivables.

Details of Major Assets and Liabilities

Omitted because consolidated financial statements are prepared.

Others

No applicable matters.

Part VI: Overview of Stock Affairs of the Filing Company

Fiscal Year	From January 1 to December 31
Annual Shareholders' Meeting	In March
Record Date	December 31
Record Date for Dividend of Surplus	June 30, December 31
Number of Shares Per Trading Unit	100 shares
Purchase of Shares Less Than One Trading Unit	-
Method of Public Notice	Electronic public notice. However, in the event of accidents or other unavoidable reasons preventing electronic public notice, it will be posted in the Nihon Keizai Shimbun.
URL for Public Notices	https://metaplanet.jp/electronic-notifications/
Benefits for Shareholders	No applicable matters.

Part VII: Reference Information for the Filing Company

1. Information on the Parent Company, etc. of the Filing Company

- Name of the company that falls under Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act:
 - EVO FUND (Unlisted)

2. Other Reference Information

During the period from the start of the current fiscal year to the date of submission of the securities report, the following documents have been submitted:

1. Securities Reports, Attached Documents, and Confirmation Letters for Securities Reports
 - Fiscal Year: 23rd term (from January 1, 2021, to December 31, 2021)
 - Submitted to the Kanto Local Finance Bureau on March 29, 2022.
2. Internal Control Reports and Attached Documents
 - Fiscal Year: 23rd term (from January 1, 2021, to December 31, 2021)
 - Submitted to the Kanto Local Finance Bureau on March 29, 2022.
3. Correction Reports and Confirmation Letters for Securities Reports
 - Fiscal Year: 21st term (from January 1, 2019, to December 31, 2019)
 - Submitted to the Kanto Local Finance Bureau on July 19, 2022.
 - Fiscal Year: 22nd term (from January 1, 2020, to December 31, 2020)
 - Submitted to the Kanto Local Finance Bureau on July 19, 2022.
 - Fiscal Year: 23rd term (from January 1, 2021, to December 31, 2021)
 - Submitted to the Kanto Local Finance Bureau on July 19, 2022.
 - Fiscal Year: 23rd term (from January 1, 2021, to December 31, 2021)
 - Submitted to the Kanto Local Finance Bureau on August 15, 2022.
4. Quarterly Reports and Confirmation Letters for Quarterly Reports
 - 24th term, 1st quarter (from January 1, 2022, to March 31, 2022)
 - Submitted to the Kanto Local Finance Bureau on May 16, 2022.
 - 24th term, 2nd quarter (from April 1, 2022, to June 30, 2022)
 - Submitted to the Kanto Local Finance Bureau on August 15, 2022.
 - 24th term, 3rd quarter (from July 1, 2022, to September 30, 2022)
 - Submitted to the Kanto Local Finance Bureau on November 14, 2022.
5. Extraordinary Reports
 - Submitted to the Kanto Local Finance Bureau on March 31, 2022
 - Based on Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9 (Changes in Representative Directors) and Item 9-2 (Results of Voting Rights Exercise at General Shareholders Meeting) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs.
 - Submitted to the Kanto Local Finance Bureau on July 13, 2022
 - Based on Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 3 (Changes in Specified Subsidiaries) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs.
 - Submitted to the Kanto Local Finance Bureau on July 13, 2022
 - Based on Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 3 (Changes in Specified Subsidiaries) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs.
 - Submitted to the Kanto Local Finance Bureau on September 20, 2022

- Based on Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 3 (Changes in Parent Company) and Item 4 (Changes in Major Shareholders) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs.
 - Submitted to the Kanto Local Finance Bureau on November 14, 2022
 - Based on Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 3 (Changes in Parent Company) and Item 4 (Changes in Specified Subsidiaries) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs.
 - Submitted to the Kanto Local Finance Bureau on December 28, 2022
 - Based on Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 2-2 (Solicitation for Subscribing to New Share Options) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs.
 - Submitted to the Kanto Local Finance Bureau on February 8, 2023
 - Based on Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 3 (Changes in Parent Company) and Item 4 (Changes in Specified Subsidiaries) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs.
6. Correction Reports for Extraordinary Reports
- Submitted to the Kanto Local Finance Bureau on September 21, 2022
 - Correction report for the extraordinary report submitted on September 20, 2022, as mentioned above in item 5.
 - Submitted to the Kanto Local Finance Bureau on February 24, 2023
 - Correction report for the extraordinary report submitted on February 8, 2023, as mentioned above in item 5.
7. Securities Registration Statements
- Submitted to the Kanto Local Finance Bureau on December 28, 2022
 - Issuance of new shares and new share options through third-party allocation based on Article 277 of the Companies Act.
8. Correction Statements for Securities Registration Statements
- Submitted to the Kanto Local Finance Bureau on January 12, 2023
 - Correction statement for the securities registration statement submitted on December 28, 2022.

Part II [Information on the Guarantor of the Filing Company]

No applicable items.

Independent Auditor's Audit Report and Internal Control Audit Report

March 27, 2023

To the Board of Directors of Metaplanet Inc.

Audit Firm Yamabuki Tokyo Office
Managing Partner Certified Public Accountant Tomoaki Nishioka
Managing Partner Certified Public Accountant Jiro Eguchi

Financial Statement Audit

Audit Opinion

We have audited the consolidated financial statements of Metaplanet Inc. and its consolidated subsidiaries for the fiscal year from January 1, 2022, to December 31, 2022, which include the consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and the notes to the consolidated financial statements, in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Metaplanet Inc. and its consolidated subsidiaries as of December 31, 2022, and their financial performance and cash flows for the fiscal year then ended 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 responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

As described in the notes to the financial statements, the Company has been incurring operating losses, ordinary losses, and negative operating cash flows continuously from previous fiscal years, and has also recorded operating losses, ordinary losses, and negative operating cash flows for the current fiscal year, raising significant doubts about the Company's ability to continue as a going concern. The financial statements have been prepared assuming the Company will continue as a going concern, and the effects of this significant uncertainty have not been reflected in the consolidated financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for

the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Other information comprises information included in the securities report, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The audit committee and the audit committee members are responsible for overseeing the reporting process of other information. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee 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, and for such internal control as management determines is necessary to enable the preparation of 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 assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The audit committee is responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion. We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Relationship of Interest

There are no interests between the Company and our audit firm or the engagement partners that are required to be disclosed under the provisions of the Certified Public Accountants Act of Japan. The original of the above audit report is kept separately by the Company (the issuer of this securities report). XBRL data is not included in the scope of the audit.

Internal Control Audit

Audit Opinion

We have audited the internal control report of Metaplanet Inc. as of December 31, 2022, in accordance with Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act. In our opinion, the internal control report, which states that the internal control over financial reporting of Metaplanet Inc. as of December 31, 2022, is effective, is fairly stated in all material respects, in accordance with generally accepted standards for internal control over financial reporting in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with generally accepted standards for internal control audits in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Control section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the internal control report in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit Committee for the Internal Control Report

Management is responsible for establishing and maintaining internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting, in accordance with generally accepted standards for internal control over financial reporting in Japan. The audit committee is responsible for overseeing the establishment and maintenance of internal control audits in Japan, exercising professional judgment and maintaining professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence about the evaluation results of internal control over financial reporting described in the internal control report. The audit procedures selected depend on the auditor's judgment, including the assessment of the impact on the reliability of financial reporting.
- Consider the overall presentation of the internal control report, including the evaluation scope, procedures, and results described by management.
- Obtain sufficient appropriate audit evidence regarding the evaluation results of internal control over financial reporting described in the internal control report. We are responsible for the direction, supervision, and performance of the internal control audit. We are solely responsible for our audit opinion.

We communicate with the audit committee regarding the planned scope and timing of the internal control audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Relationship of Interest

There are no interests between the Company and our audit firm or the engagement partners that are required to be disclosed under the provisions of the Certified Public Accountants Act of Japan. The original of the above audit report is kept separately by the Company (the issuer of this securities report). XBRL data is not included in the scope of the audit.

Independent Auditor's Report

March 27, 2023

To the Board of Directors of Metaplanet Inc.

Yamabuki Audit Corporation Tokyo Office
Designated Engagement Partner Certified Public Accountant, Tomoaki Nishioka
Designated Engagement Partner Certified Public Accountant, Jiro Eguchi

Audit Opinion

We have audited the financial statements of Metaplanet Inc., which comprise the balance sheet, income statement, statement of changes in shareholders' equity, significant accounting policies, other notes, and supplementary schedules for the 24th fiscal year from January 1, 2022, to December 31, 2022, as specified under Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Metaplanet Inc. as of December 31, 2022, and the results of its operations for the year then ended in conformity with generally accepted accounting principles in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

As described in the notes to the financial statements concerning the assumption of going concern, the Company has continued to incur operating losses and ordinary losses, and has negative operating cash flows from prior years. Additionally, it has recorded operating losses and ordinary losses for the current fiscal year, raising significant doubt about the Company's ability to continue as a going concern. The financial statements have been prepared on the assumption of the Company's continuing as a going concern, and the effects of significant uncertainties regarding the going concern assumption are not reflected in the financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined that there are no key audit matters to communicate in our report.

Other Information

Other information comprises the information included in the securities report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles in Japan, and for the design, implementation, and maintenance of internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements. As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we

are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

Relationship of Interest

There are no interests between the Company and our audit firm or the engagement partners that are required to be disclosed under the provisions of the Certified Public Accountants Act of Japan.

Other Information

Other information comprises the information included in the securities report other than the consolidated financial statements, financial statements, and these audit reports. Management is responsible for preparing and disclosing other information. Additionally, the responsibility of the Audit & Supervisory Board members and the Audit & Supervisory Board is to oversee the execution of directors' duties concerning the development and operation of the reporting process for other information. Our audit opinion on the financial statements does not cover other information, and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If we conclude that there is a material misstatement of other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit & Supervisory Board for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles in Japan and for the design, implementation, and maintenance of internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with the Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Relationship of Interest

There are no interests between the Company and our audit firm or the engagement partners that are required to be disclosed under the provisions of the Certified Public Accountants Act of Japan.

[End] (Note) 1. The original audit report is kept separately by the Company (the securities report submitting company). 2. XBRL data is not subject to the audit.

Cover

Submitted Document	Internal Control Report
Legal Basis	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act
Submitted To	Kanto Local Finance Bureau Chief
Submission Date	March 27, 2023
Company Name	Metaplanet Inc. (Formerly Red Planet Japan, Inc.)
English Name	Metaplanet Inc. (Formerly Red Planet Japan, Inc.)
Representative Title and Name	Representative Director Simon Gerovich
Chief Financial Officer Title and Name	No relevant matters
Head Office Location	3-1-6 Motoazabu, Minato-ku, Tokyo (Former Head Office Location: 1-9-3 Nishigotanda, Shinagawa-ku, Tokyo)
Place for Public Inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)
Note	As per the resolution of the extraordinary general meeting of shareholders held on February 7, 2023, the company name, English name, head office location, and nearest contact location were changed as of February 8, 2023.

1. Matters Concerning the Basic Framework of Internal Control over Financial Reporting

President Simon Gerovich is responsible for establishing and operating internal control over financial reporting for the company and its consolidated subsidiaries (hereinafter referred to as the "Group"). The Group has established and operates internal control over financial reporting in accordance with the basic framework of internal control outlined in the "Standards for Evaluation and Audit of Internal Control over Financial Reporting and Implementation Standards for Evaluation and Audit of Internal Control over Financial Reporting (Opinion)" published by the Business Accounting Council. The Group is committed to maintaining the appropriateness and reliability of the financial reporting of the Group. It should be noted that internal control, due to judgment errors, oversight, collusion among multiple parties, unforeseen future events, changes in internal and external organizational environments, and atypical transactions, may not always function effectively. Therefore, internal control is not absolute in achieving its objectives and may not fully prevent or detect false statements in financial reporting.

2. Matters Concerning the Scope, Reference Date, and Procedures for Evaluation

The Group conducted an evaluation of internal control over financial reporting with December 31, 2022, as the reference date, in accordance with generally accepted standards for evaluating internal control over financial reporting. The outline of the evaluation procedures for internal control over financial reporting includes evaluating the design and operation of entity-level controls (company-wide internal controls) that have a significant impact on the overall consolidated financial reporting. Based on the results, the Group selected the business processes to be evaluated. In evaluating business processes, the Group analyzed the selected business processes, identified key control points that significantly impact the reliability of financial reporting, and evaluated the design and operation of these key control points to assess the effectiveness of internal control. The scope of the evaluation of internal control over financial reporting was determined based on the significance of the impact on the reliability of financial reporting for the Group. The significance of the impact on the reliability of financial reporting was determined considering both quantitative and qualitative materiality. Based on the results of the evaluation of entity-level controls, the Group reasonably determined the scope of evaluation of internal control over business processes. For the scope of evaluation of internal control over business processes, the Group selected key business locations that cumulatively account for approximately two-thirds of the total sales (after eliminating intercompany transactions) of the consolidated group for the current consolidated fiscal year, starting from the business locations with the highest sales. At the selected key business locations, the Group evaluated business processes related to significant accounting items for the Group's business objectives, such as sales and accounts receivable. Furthermore, regardless of the selected key business locations, the Group added significant business processes related to important accounting items involving estimates or forecasts and business processes involving high-risk transactions, considering their impact on financial reporting.

3. Matters Concerning the Results of Evaluation

As a result of the evaluation described above, President Simon Gerovich concluded that the internal control of the Group as of December 31, 2022, is effective.

4. Additional Matters

There are no relevant matters.

5. Special Matters

There are no relevant matters.

Cover

Submitted Document	Confirmation Document
Legal Basis	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act
Submitted To	Director-General of the Kanto Finance Bureau
Submission Date	March 27, 2023
Company Name	Metaplanet Inc. (Former name: Red Planet Japan, Inc.)
English Name	Metaplanet Inc. (Former English name: Red Planet Japan, Inc.)
Representative's Title and Name	Representative Director Simon Gerovich
Highest Financial Officer's Title and Name	No applicable information
Head Office Location	3-1-6 Motoazabu, Minato-ku, Tokyo (Former head office location: 1-9-3 Nishi-Gotanda, Shinagawa-ku, Tokyo)
Location for Public Inspection	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

Note: As decided at the extraordinary general meeting of shareholders held on February 7, 2023, the company name, English name, and head office location were changed as of February 8, 2023.

1. Matters Concerning the Appropriateness of the Content of the Securities Report

President & CEO Simon Gerovich confirms that the content of the securities report for the 24th fiscal term (from January 1, 2022, to December 31, 2022) is appropriately described in accordance with the Financial Instruments and Exchange Act.

2. Special Matters

There are no special matters to note in this confirmation.