

January 14, 2022

To whom it may concern:

Company name: Samty Co., Ltd.
Representative: Yasuhiro Ogawa,
Representative Director and President
Stock Listings: Tokyo Stock Exchange Stock code: 3244
Contact Person: Izumi Jozuka,
Head of IR Office, Corporate Planning Department
Telephone: +81-3-5224-3139

(Corrections)
Concerning Corrections to Parts of Consolidated Financial Statements
(Based on Japanese GAAP) for the First Quarter Ended February 28, 2021

Samty Co., Ltd. (hereinafter referred to as "the Company") has made corrections to parts of the content stated in its Consolidated Financial Statements (Based on Japanese GAAP) for the first quarter ended February 28, 2021, which were announced on March 30, 2021. The corrections are set out below.

The corrections are underlined.

1. Reasons for corrections

The Company's fiscal year-end audit was conducted by Ernst & Young ShinNihon LLC, the Company's accounting auditor (hereinafter referred to as "the Audit Corporation"). As a result of a review conducted by the Audit Corporation in December 2021, it was pointed out that it would be necessary to correct the estimation of the calculated amount of negative goodwill and the category for recording revenue in the fiscal year-end audit with regard to the accounting treatment for a business combination, carried out by the Company after prior consultation with the Audit Corporation, of the now consolidated subsidiary R&K Limited in the financial statements for the first half ended May 31, 2021. As a result of careful consideration in response to this having been pointed out, the Company stated that the amount equivalent to negative goodwill recorded under non-operating income in the quarterly Consolidated Statements of Income for the first half and third quarter of the fiscal year ended November 2021, was "Share of profit of entities accounted for using equity method." The Company has carried out the treatment that transferred an amount equivalent to approximately ¥2.3 billion to "Gain on negative goodwill" as extraordinary income, and revised the reduced amount by approximately ¥1.3 billion. As a result of this treatment, the Company has recorded "Gain on negative goodwill" of approximately ¥3.3 billion yen under extraordinary income for the fiscal year ended November 2021.

In addition, with regard to the accounting treatment relating to the business combination of the Shangri-La Kyoto Nijojo special-purpose company—covered in the "Notice Concerning Change of Subsidiary Due to Start of Joint Business with Shangri-La Group and Acquisition of Equity in Special Purpose Company" released on March 29, 2021—after prior consultation with the Audit Corporation, the Company had announced the calculation of an amount equivalent to approximately ¥2.7 billion in negative goodwill in the fiscal year ended November 30, 2021, and that it that it expected to record approximately ¥1.6 billion in the fiscal year ending November 30, 2022. However, as a result of the review conducted by the Audit Corporation in December 2021, it was pointed out that it was not appropriate to record the amount equivalent to negative goodwill. Since various administrative procedures related to real estate development that had initially been envisioned were delayed due to the issuance of a state of emergency in response to COVID-19 infections, as a result of careful consideration in response to this having been pointed out, the Company decided to conservatively review the equivalent amount of negative goodwill and postpone the recording itself in consideration of the state of progress of the current development procedures.

The Company has therefore corrected the descriptions of the relevant items.

2. Corrections

2. Consolidated Financial Statements and Main Explanatory Notes

(3) Notes Relating to Consolidated Financial Statements

(Significant Events after the Reporting Period)

(Business combination by acquisition of equity interest in silent partnership business)

(Business combination by acquisition of equity interest in special purpose company)

3. Corrected content

2. Consolidated Financial Statements and Main Explanatory Notes

(3) Notes Relating to Consolidated Financial Statements

(Significant Events after the Reporting Period)

[Before correction]

(Business combination by acquisition of equity interest in silent partnership business)

At the Board of Directors' meeting held on March 26, 2021, the Company resolved to change its consolidated subsidiary R&K Limited, a limited liability company that holds and manages trust beneficiary rights in a trust property—the Aloft Osaka Dojima hotel operated by Marriott International, the world's largest hotel chain—by the acquisition of equity interests in a silent partnership business.

(1) Outline of business combination

1) Name of acquired business and details of its business

Name of acquired business: R&K Limited

Details of business: Acquisition, development, holding and disposal of real estate, Leasing and management of real estate, Acquisition, holding, management and disposal of real estate trust beneficiary rights, All other businesses incidental to or related to the business concerned

2) Main reasons for implementing business combination

Under the new medium-term management plan, Samty Toughening Plan (Post-COVID Version), which was formulated in January 2021, a key strategy is to continue carefully selected investment in anticipation of the market after the recovery in hotel demand. Aloft Hotel is a hotel brand operated by Marriott International for music creators and travelers who love music. Currently, it has more than 190 hotels in 29 countries and regions around the world.

We believe that the promotion of this business combination will contribute to the stability and profitability of Samty Group and to the enhancement of the Group's corporate value.

3) Date of business combination

First / April 8, 2021 (planning equity interest of 27.2%)

Second / End of April 2021 (planning equity interest of 28.4%)

Both to be acquired if the contract conditions are met.

4) Legal method of business combination

Acquisition of equity interest in silent partnership business

5) Name after business combination

No change

6) Ratio of voting rights acquired

Voting right ratio after acquisition 55.6%

7) Main grounds for deciding on the acquiring company

For the Company to deliver equivalent value and acquire an equity stake

(2) Acquisition cost of acquired company and its breakdown

This will not be disclosed at the request of the other party acquiring an equity interest

(3) Details and amounts of major acquisition-related costs

Not yet decided at this time

(4) Amount and cause of goodwill generated, amortization method and amortization period

If the first acquisition is carried out, the amount equivalent to negative goodwill of approximately ¥2.2 billion will be recorded as non-operating income by deeming the company an equity-method affiliate in the second quarter consolidated accounting period of the fiscal year ending November 2021. Furthermore, if a second acquisition is carried out, it is expected that approximately ¥2.5 billion will be recorded as extraordinary income in addition to becoming a consolidated subsidiary by acquiring additional equity interests during the second quarter consolidated accounting period. These amounts have been calculated on a tentative basis.

- (5) Amount of assets accepted and liabilities assumed on date of business combination and their principal breakdown
Not yet decided at this time

[After correction]

(Business combination by acquisition of equity interest in silent partnership business)

At the Board of Directors' meeting held on March 26, 2021, the Company resolved to change its consolidated subsidiary R&K Limited, a limited liability company that holds and manages trust beneficiary rights in a trust property—the Aloft Osaka Dojima hotel operated by Marriott International, the world's largest hotel chain—by the acquisition of equity interests in a silent partnership business.

(1) Outline of business combination

1) Name of acquired business and details of its business

Name of acquired business: R&K Limited

Details of business: Acquisition, development, holding and disposal of real estate,
Leasing and management of real estate, Acquisition, holding,
management and disposal of real estate trust beneficiary rights,
All other businesses incidental to or related to the business concerned

2) Main reasons for implementing business combination

Under the new medium-term management plan, Samty Toughening Plan (Post-COVID Version), which was formulated in January 2021, a key strategy is to continue carefully selected investment in anticipation of the market after the recovery in hotel demand. Aloft Hotel is a hotel brand operated by Marriott International for music creators and travelers who love music. Currently, it has more than 190 hotels in 29 countries and regions around the world.

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3) Date of business combination

First / April 8, 2021 (planning equity interest of 27.2%)
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4) Legal method of business combination

Acquisition of equity interest in silent partnership business

5) Name after business combination

No change

6) Ratio of voting rights acquired

Voting right ratio after acquisition 55.6%

7) Main grounds for deciding on the acquiring company

For the Company to deliver equivalent value and acquire an equity stake

(2) Acquisition cost of acquired company and its breakdown

This will not be disclosed at the request of the other party acquiring an equity interest

(3) Details and amounts of major acquisition-related costs

Not yet decided at this time

(4) Amount and cause of goodwill generated, amortization method and amortization period

The acquisition of equity interests in silent partnerships is expected to generate gain on negative goodwill of approximately ¥3.3 billion yen. These amounts have been tentatively calculated.

(5) Amount of assets accepted and liabilities assumed on date of business combination and their principal breakdown

Not yet decided at this time

[Before correction]

(Business combination by acquisition of equity interest in special purpose company)

At the Board of Directors' meeting held on March 29, 2021, the Company resolved to change its subsidiary in accordance with the launch of its (tentative name) Shangri-La Kyoto Nijo Castle hotel development project (hereinafter referred to as "the project") and the indirect acquisition of equity interests of the special purpose company (SPC) with Shangri-La Asia Ltd. (hereinafter referred to as "the Shangri-La Group"), which develops a global hotel chain through the Company's subsidiary SAMTY ASIA INVESTMENTS PTE. LTD. (hereinafter referred to as "SAI"), as a partner

(1) Outline of business combination

1) Name of acquired business and details of its business

Name of acquired business: SPC Shangri-La Kyoto Nijojo

Details of business: Business related to the transfer, management and disposal of specified assets in accordance with the asset liquidation plan based on the Act on the Liquidation of Assets, and all other business incidental to the liquidation of those specified assets.

2) Main reasons for implementing business combination

Under the new medium-term management plan Samty Toughening Plan (Post-COVID Version), which was formulated in January 2021, a key strategy is to continue carefully selected investment in anticipation of the market after the recovery in hotel demand. The Shangri-La Group operates 102 hotels under four brands in 26 countries around the world and Shangri-La Hotels, the hotels that the group is planning, are five-star luxury hotels centered on major cities in the Asia-Pacific region, the Middle East, North America and Europe. Having first entered the market in Japan with Shangri-La Tokyo in 2009, this project marks the second planned for Japan and the first to be launched in the Kansai region.

We believe that the promotion of the project will contribute to the stability and profitability of Samty Group and to the enhancement of the Group's corporate value.

3) Date of business combination

First / End of November 2021 (planning equity interest of 49.0%)

Second / End of December 2021 (planning equity interest of 31.0%)

Both to be acquired if the contract conditions are met.

4) Legal method of business combination

Acquisition of equity interest in SPC

5) Name after business combination

No change

6) Ratio of voting rights acquired

Voting right ratio after acquisition 80.0%

7) Main grounds for deciding on the acquiring company

For SAI to deliver equivalent value and acquire an equity stake

(2) Acquisition cost of acquired company and its breakdown

This will not be disclosed at the request of the other party acquiring an equity interest

(3) Details and amounts of major acquisition-related costs

Not yet decided at this time

(4) Amount and cause of goodwill generated, amortization method and amortization period

If the first acquisition is carried out, the amount equivalent to negative goodwill of approximately ¥2.7 billion will be recorded as non-operating income by deeming the company an equity-method affiliate in the second quarter consolidated accounting period of the fiscal year ending November 2021. Furthermore, if a second acquisition is carried out, the company will become a consolidated subsidiary by acquiring additional equity interests in the fiscal year ending November 2022, and the amount equivalent to negative goodwill of approximately ¥1.6 billion will be recorded as extraordinary income. These amounts have been calculated on a tentative basis.

- (5) Amount of assets accepted and liabilities assumed on date of business combination and their principal breakdown
Not yet decided at this time

[After correction]

(Business combination by acquisition of equity interest in special purpose company)

At the Board of Directors' meeting held on March 29, 2021, the Company resolved to change its subsidiary in accordance with the launch of its (tentative name) Shangri-La Kyoto Nijo Castle hotel development project (hereinafter referred to as "the project") and the indirect acquisition of equity interests of the special purpose company (SPC) with Shangri-La Asia Ltd. (hereinafter referred to as "the Shangri-La Group"), which develops a global hotel chain through the Company's subsidiary SAMTY ASIA INVESTMENTS PTE. LTD. (hereinafter referred to as "SAI"), as a partner

(1) Outline of business combination

1) Name of acquired business and details of its business

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Both to be acquired if the contract conditions are met.

4) Legal method of business combination

Acquisition of equity interest in SPC

5) Name after business combination

No change

6) Ratio of voting rights acquired

Voting right ratio after acquisition 80.0%

7) Main grounds for deciding on the acquiring company

For SAI to deliver equivalent value and acquire an equity stake

(2) Acquisition cost of acquired company and its breakdown

This will not be disclosed at the request of the other party acquiring an equity interest

(3) Details and amounts of major acquisition-related costs

Not yet decided at this time

(4) Amount and cause of goodwill generated, amortization method and amortization period

Not yet decided at this time

(5) Amount of assets accepted and liabilities assumed on date of business combination and their principal breakdown

Not yet decided at this time

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