

FOR IMMEDIATE RELEASE

June 29, 2022

Company Name: **Leopalace21 Corporation**
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Notice Concerning Removal from Grace Period Pertaining to Delisting Resulting from Elimination of Excessive Liabilities

Leopalace21 Corporation (Headquarters: Nakano-ku, Tokyo; President and CEO: Bunya Miyao; the “Company”) announced that the Tokyo Stock Exchange removed the Company from the grace period pertaining to delisting subsequent to the Company’s submission of Annual Securities Report for the fiscal year ended March 2022 to the Kanto Local Finance Bureau on June 29, 2022 in which the Company reported that it eliminated the excessive liabilities. The Company entered into the grace period for delisting caused by its state of excessive liabilities at the end the fiscal year ended March 2021.

1. Statutory Disclosure Document

Annual Securities Report for the fiscal year from April 1, 2021 to March 31, 2022 (49th fiscal period, available in Japanese language only)

2. Circumstances Leading to Elimination of Excessive Liabilities

The Company recorded excessive liabilities of JPY 8,105 million at the end of the fiscal year ended March 2021 resulting from stagnant occupancy rate due to expanded impact of COVID-19 pandemic and subdued seasonal personnel changes by the corporate customers, a major customer segment of the Leasing Business, decreased demand by students and foreign nationals.

The Company have been making its efforts in stabilizing the business and financial operation through continuously carrying out the measures which were adopted by the drastic business reconstruction policy announced on April 30, 2020, shifting management resources to the Leasing Business, a core business, by selective concentration and implementing the drastic structural reforms to fundamentally improve the financial base which have been in place since the fiscal year ended March 2021.

The Company recorded cost of sales of JPY 352,289 million, a reduction by JPY 35,583 million by cutting down leasing operation cost and leasing management cost; recorded selling and general administrative expenses of JPY 44,302 million , a reduction of JPY 5,966 million through streamlining the operation to improve the profitability. The average occupancy rate was increased to 81.2%, plus 2.3 point year on year, as a result of implementing DX solutions offering such as web-based customer

services, apartment viewing and rental contract signing as well as strengthening customer acquisition through the real estate agents network.

As a result, the Company recorded the net asset of JPY 1,425 million and hence eliminated excessive liabilities at the end of March 2022.

3. Future Outlook

The Company remains committed to make further efforts in improving operational efficiency, strengthening management structure and further enhance the corporate value. The Company appreciates for the stakeholders' continued understanding and cooperation.

END