

Company Name: **Leopalace21 Corporation**
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(Corrections) Notice Concerning Capital Reserve Reduction and Appropriation of Other Capital Surplus

Leopalace21 Corporation (Headquarters: Nakano-ku, Tokyo; President and CEO: Bunya Miyao; the “Company”) hereby announces that there have been corrections made to the above-mentioned disclosure material released on May 12, 2023, at 3:00 pm (JST). Note that no corrections have been made to numerical data.

**1. Details of Corrections
(Before Corrections)**

Notice Concerning Capital Reserve Reduction and Appropriation of Other Capital Surplus

Leopalace21 Corporation (Headquarters: Nakano-ku, Tokyo; President and CEO: Bunya Miyao; the “Company”) has announced it has decided, under the approval of the Board of Directors on May 12, 2023, to submit a proposal on capital reserve reduction and appropriation of other capital surplus to the 50th Ordinary General Shareholders’ Meeting which is scheduled for June 29, 2023.

1. Purpose of Capital Reserve Reduction and Appropriation of Other Capital Surplus

The Company has come to record a deficit of JPY 106,847,975,571 in retained earnings carried forward at the end of the fiscal year ended March 31, 2023.

The Company therefore intends to eliminate the deficit in retained earnings carried forward by reducing the amount of capital reserve and appropriating other capital surplus as described below, as well as to realize a flexible and agile capital policy going forward and prepare itself to resume dividend payments as soon as possible.

2. Details of Capital Reserve Reduction

Capital reserve of JPY 51,235,265,165 will be reduced by JPY 41,235,265,165 and the same amount will be transferred to other capital surplus and the amount of capital reserve after the reduction will be JPY 10,000,000,000*, in accordance with Article 448, Paragraph 1 of the Companies Act.

* If the stock acquisition rights issued by the Company are exercised by the effective date, the amount of capital reserve increased by such exercise will not be subject to reduction, and the amount of capital reserve after the reduction may not be the said amount.

3.

3. Details of Appropriation of Other Capital Surplus

Subject to the condition that the capital reserve reduction in item 2 above becomes effective, JPY 106,847,975,571 of other capital surplus after the transfer in accordance with item 2 above will be reduced and transferred to retained earnings carried forward to compensate for the deficit, pursuant to Article 452 of the Companies Act. As a result, the amount of retained earnings carried

forward after the transfer will be JPY 0.

- (1) Accounting Item and Amount of Surplus To Be Reduced
Other capital surplus JPY 106,847,975,571
- (2) Accounting Item and Amount of Surplus To Be Increased
Retained earnings carried forward JPY 106,847,975,571

4. Schedule for Capital Reserve Reduction and Appropriation of Other Capital Surplus

- (1) May 12, 2023 Date of approval at the Board of Directors
- (2) June 26, 2023 (planned) Final date for creditors to file objections
- (3) June 29, 2023 (planned) Date of resolution at the Ordinary General Shareholders' Meeting
- (4) June 29, 2023 (planned) Effective date

5. Outlook

These transactions are accounting transfers within the net assets section, and consequently, the Company's net assets will remain unchanged and will not affect business results. The matter is subject to approval at the 50th Ordinary General Shareholders' Meeting to be held on June 29, 2023.

END

■ Background and Purpose

Wording written under the header is intentionally omitted as it was not relevant to the purpose of corrections.

■ Contribution by the owner

Wording written under the header is intentionally omitted as it was not relevant to the purpose of corrections.

END

(After Corrections)

■ Background and Purpose

This part is deleted.

■ Contribution by the owner

This part is deleted.

2. Reason for Corrections

The disclosure document titled "Notice Concerning Capital Reserve Reduction and Appropriation of Other Capital Surplus" dated May 12, 2023 was comprised of two parts. Although the disclosure details are complete with header 1 up to header 5, there was unnecessary wording thereafter with the header of "Background and Purpose" and "Contribution by the owner."

Those wording with the additional headers therefore should be deleted for correction.

END