

FOR IMMEDIATE RELEASE

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Company Name: **Leopalace21 Corporation**
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Notice Concerning Prospective Elimination of Excessive Liabilities

Leopalace21 Corporation (Headquarters: Nakano, Tokyo; President and CEO: Bunya Miyao; the “Company”) announced that the Company is going to eliminate the excessive liabilities. The Company entered into the grace period for delisting dated June 29, 2021 caused by its state of excessive liabilities reported in the fiscal year ended March 2021, in accordance with the Article 601, Paragraph 1, Item 5 of the Tokyo Stock Exchange’s Securities Listing Regulations.

The Company announced in its Annual Securities Report dated June 29, 2021 (from April 1, 2020 to March 31, 2021, available in Japanese language only) that it recorded excessive liabilities* of JPY 8,105 million for the financial results ended March 2021. The amount of excessive liabilities* was developed to JPY 5,276 million as announced in the Consolidated Financial Statements (Japanese Accounting Standard) dated February 10, 2022 for the nine months ended December 31, 2021

The Company has been engaged in during the fiscal year ended March 2022 continued drastic structural reforms such as transferring or withdrawing from non-core and unprofitable businesses, and cost-cutting efforts, in combination with improving occupancy rates by implementing measures such as longer reach of customers through the strengthened tie with real estate agents network, and initiative of web-based customer services, apartment viewing and rental contract signing.

As a result, the Company recorded the net sales of JPY 398,366 million, operating profit of JPY 1,774 million, recurring loss of JPY 2,151 million, net income attributable to shareholders of the parent of JPY 11,854 million, and net assets* of JPY 1,425 million as shown in the “Financial Statements (Japanese Accounting Standard) for the fiscal year ended March 31, 2022” dated May 13, 2022. The excessive liabilities* were therefore eliminated at the end of the fiscal year.

The Company will submit to the Kanto Local Finance Bureau in late June 2022 the Annual Securities Report for the fiscal year ended March 2022, by which the Company officially announces the elimination of excessive liabilities. The Tokyo Stock Exchange will remove the Company from the grace period pertaining to delisting.

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

* The excessive liabilities or net assets per the Tokyo Stock Exchange is defined as ownership equity plus share subscription rights

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