

**FOR IMMEDIATE RELEASE**

September 9, 2022

Company Name: **Leopalace21 Corporation**  
Representative: Bunya Miyao, President and CEO  
Code Number: 8848 (Tokyo Stock Exchange, Prime Market)  
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**Notice Concerning Change in Consolidated Subsidiary (Transfer of Shares) and  
Recording of Extraordinary Loss**

Leopalace21 Corporation (Headquarters: Nakano-ku, Tokyo; President and CEO: Bunya Miyao; the "Company") resolved at a meeting of its Board of Directors held on September 9, 2022 to transfer the whole shares in Morizou Co., Ltd. (hereinafter "Morizou"), a consolidated subsidiary of the Company as described below.

The Company also announced that it expects to incur an extraordinary loss in the first half of the fiscal year ending March 31, 2023 as a result of the share transfer.

1. Purpose of Transferring the Shares

Morizou Co., Ltd. designs, constructs, and supervises custom-built detached houses mainly in the Kanto and Chubu regions, and offers mid-range to high-end detached houses made of Kiso Hinoki, a famous Japanese cypress.

The Company has built a capital relationship with Morizou and created synergy effects in the construction business since March 2015. The Company announced that it has decided to transfer its shares in Morizou to GRANDES, Inc., considering optimal allocation of management resources throughout the Company group in the future and for the further growth of Morizou,

2. Outline of Morizou, the subsidiary to be transferred

(1) Name	Morizou Co., Ltd.
(2) Address	1-14-8 Shimomae, Toda City, Saitama Prefecture
(3) Representative	Hideki Matsunaga, Representative Director President
(4) Business description	Design, construction and supervision of custom-built detached houses; Renovation and maintenance
(5) Capital	JPY 85 million
(6) Founded	October 23, 2009

(7) Major shareholders and shareholding ratio	Leopalace21 Corporation HIRAI HOLDINGS Co., Ltd. TN Partners Inc.	88.24% 5.88% 5.88%	
(8) Relationship between the Company and Morizou	In terms of capital	The Company owns 88.24% shares in Morizou	
	In terms of personnel	The Company sends one director, one audit & supervisory board member, and ten employees on secondment.	
	In terms of business	The Company has business relationship with Morizou in referral of customers. The Company lends funds to Morizou.	
(9) Morizou's business results and financial positions for the past three years			
Fiscal year end	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022
Net assets	JPY (419) million	JPY (433) million	JPY (651) million
Total assets	JPY 617 million	JPY 472 million	JPY 325 million
Net assets per share	JPY (2,465.12)	JPY (2,548.67)	JPY (3,830.79)
Net sales	JPY 3,256 million	JPY 3,200 million	JPY 3,184 million
Operating (loss)	JPY (267) million	JPY (23) million	JPY (153) million
Recurring (loss)	JPY (258) million	JPY (9) million	JPY (154) million
Net (loss)	JPY (294) million	JPY (14) million	JPY (217) million
Net (loss) per share	JPY (1,732.73)	JPY (83.54)	JPY (1,282.12)
Dividend per share	JPY –	JPY –	JPY –

### 3. Outline of the purchaser of the shares in Morizou

(1) Name	GRANDES, Inc.
(2) Address	2-1-10, Miyakomachi, Oita City, Oita Prefecture
(3) Representative	Hiroshi Kamei, President and CEO
(4) Business description	Sales of ready-built houses, FORLUX series; condominiums for investment, RESCO series; and apartments for investment, Attrese series Construction business Construction and real estate consulting
(5) Capital	JPY 268 million
(6) Founded	November 22, 2006
(7) Net assets	JPY 1,902 million
(8) Total assets	JPY 3,718 million

(9)	Major shareholders and shareholding ratio	Hiroshi Kamei	48.08%
		EZ Consulting Ltd.	11.42%
(10)	Relationship between the Company and GRANDES, Inc.	In terms of capital	None
		In terms of personnel	None
		In terms of business	None
		In terms of related party status	None

4. Number of shares transferred, value of the transfer and shareholding before and after the transfer

(1)	Number of owned shares before the transfer	170,000 shares (Percentage of voting rights held: 100%)
(2)	Number of owned shares to transfer	170,000 shares (Number of voting rights: 170,000)
(3)	Value of the transfer	JPY 1
(4)	Number of owned shares after the transfer	0 shares

(Note) The Company's shareholding ratio of Morizo is 88.24%. The Company will purchase the shares held by the minority shareholders for JPY 80 million prior to transferring all shares to GRANDES, Inc.

5. Timeline

(1)	Date of resolution at the Board of Directors	September 9, 2022
(2)	Date of concluding the share transfer agreement	September 9, 2022
(3)	Effective date of share transfer	October 1, 2022 (planned)

6. Outlook

The Company will record extraordinary loss of JPY 4 million on a consolidated basis, and JPY 350 million on a non-consolidated basis for the first half of fiscal year ending March 2023.

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