FOR IMMEDIATE RELEASE

October 7, 2024

Company Name: **Leopalace21 Corporation**
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Notice Concerning Shareholder Derivative Lawsuit

Leopalace21 Corporation (Headquarters: Nakano-ku, Tokyo; President and CEO: Bunya Miyao; the "Company") announced that the Company received on October 4, 2024, a notice of lawsuit dated September 5, 2024, by three of the Company's individual shareholders to the effect that they had filed a shareholder derivative lawsuit (the "Lawsuit") against twenty-three current and former Directors and five current and former Audit & Supervisory Board Members, claiming compensation for damages.

The Company recognized that the notice of lawsuit is related to the announcement dated December 13, 2023, titled as "Notice Concerning Shareholders' Derivative Lawsuit."

1. Persons who filed the Lawsuit (the "Plaintiffs")

Three persons of the Individual shareholders of the Company

2. Persons subject to the Lawsuit (the "Defendants")

Twenty-three current and former Directors of the Company
Five current and former Audit & Supervisory Board Members of the Company
Please note that one of the Company's Audit & Supervisory Members is the same person as one of the former Directors of the Company.

3. Outline of the Lawsuit

Leopalace21 Corporation, through TENZAN Co., Ltd. to which it entrusted the delivery of furniture and home appliances, paid Sekaiz Co., Ltd, to which it entrusted the processing and reuse of furniture and home appliances as maintenance outsourcing expenses. for the fees for discarded furniture and home appliances including recycling fees. The fact that Leopalace21 remitted the maintenance outsourcing expenses to Tenzan Co., Ltd. itself constitutes a breach of the duty of care of a good manager by the Directors and the Audit & Supervisory Board Members (27 in total) who were in office during the payment period, and Leopalace21 should be held liable for JPY 3,518,894,547.

4. Company's position

As announced in the "Notice Concerning Shareholders' Representative Lawsuit" dated December 13, 2023 ("Another Lawsuit"), the Company was sued by TENZAN Co., Ltd., and the three individual shareholders, the Plaintiffs, also participated in Another Lawsuit. TENZAN Co., Ltd. and the three individual shareholders claimed that the Directors and Audit &

Supervisory Board Members who were in office during the payment period breached their duty of due care of a prudent manager and the Company paid an unnecessary maintenance outsourcing fees to Sekaiz, Co., Ltd. through TENZAN Co., Ltd. Subsequently, as a result of the proceedings in Another Lawsuit, the Plaintiffs, perhaps believing that the above argument was not acceptable, this time claimed that the Company's payment of the maintenance outsourcing fees to Tenzan Co., Ltd. was itself a loss, and that the Directors and Audit & Supervisory Board Members had breached their duty of due care as a good manager.

Therefore, the Lawsuit is merely a change in the legal structure of damages with regard to the same maintenance outsourcing expenses in Another Lawsuit, and it is groundless. The Company recognized that the Lawsuit was filed for the purpose of benefiting TENZAN Co., Ltd. and the Plaintiffs, or for the purpose of causing damage to the Company.

5. Public Notice

The Company will immediately make an electric public notice as set forth below.

"The Company noticed under the provisions of Article 849 (5) of the Companies Act that a shareholder derivative lawsuit against twenty-three current and former Directors, and five current and former Audit & Supervisory Board Members in the Tokyo District Court by a shareholder of the Company (Case number: 2024 (Wa) 70382) and the Company received the notice of lawsuit on October 4, 2024. Please note that one of the Audit & Supervisory Board Members is the same person as one former Director of the Company."

6. Impact on the Business Performance

The Lawsuit is filed by the Plaintiffs against the Defendants demanding compensation for damages. The Lawsuit has no impact on the Company's business performance, and if any future event which should be disclosed arises, the Company will announce it promptly.

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