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Notice Concerning Receipt of Loss Compensation Associated with Head Office Relocation and Recognition of Extraordinary Gains, Losses, and Other Items

LUCKLAND CO., LTD. (hereinafter, the "Company") hereby announces that, in connection with the redevelopment project planned for the Nishi-Shinjuku 3-chome area, where the Company's current head office is located (official project name: Tokyo City Planning Nishi-Shinjuku 3-chome West District Type I Urban Redevelopment Project), and as announced in the "Notice Regarding Relocation of Head Office and Partial Amendment to the Articles of Incorporation" released on February 13, 2026, the Company plans to relocate its head office to Minato-ku, Tokyo, with the relocation date to be resolved at a meeting of the Board of Directors to be held by December 31, 2026. At a meeting of the Board of Directors held today, the Company also resolved to enter into a loss compensation agreement with the Nishi-Shinjuku 3-chome West District Urban Redevelopment Association (hereinafter, the "Redevelopment Association") in connection with the relocation of its head office, and entered into the agreement on the same date.

In addition, the Company expects to receive loss compensation in connection with the relocation of its head office and to recognize extraordinary gain and extraordinary loss in the consolidated fiscal year ending December 31, 2026. Details are as follows.

1. Receipt of Loss Compensation

The Company entered into a loss compensation agreement with the Redevelopment Association today, under which it will receive loss compensation of ¥2,034 million in connection with the relocation of its head office.

Regarding the timing of receipt of the loss compensation, of the total ¥2,034 million, the Company expects to receive a provisional payment of ¥700 million in late July 2026. The remaining ¥1,334 million is expected to be received either in a lump sum or in installments by the scheduled rights conversion date in June 2027. The detailed schedule and other matters have not yet been determined at this time.

2. Recognition of Non-operating Expenses or Extraordinary Loss Associated with Head Office Relocation

In connection with the relocation of its head office, the Company expects to incur relocation expenses, including loss on retirement of non-current assets, and to recognize these expenses, including such loss and

double rent, as non-operating expenses or extraordinary loss by the end of March 2027. The relocation expenses are currently under review; however, based on the current estimate, the Company expects to recognize approximately ¥64 million as non-operating expenses or extraordinary loss in the second quarter of the fiscal year ending December 31, 2026, approximately ¥350 million to ¥450 million in total in the third and fourth quarters of the fiscal year ending December 31, 2026, and approximately ¥50 million to ¥100 million in the first quarter of the fiscal year ending December 31, 2027.

3. Recognition of Non-operating Income or Extraordinary Gain

As described in "1. Receipt of Loss Compensation" and "2. Recognition of Non-operating Expenses or Extraordinary Loss Associated with Head Office Relocation" above, the Company will receive loss compensation of ¥2,034 million. At this time, the Company is considering the timing of recognition and the accounting treatment of such compensation, on the premise that it will be recognized as non-operating income or extraordinary gain, including the following approaches:

- ✓ Recognize the income on the rights conversion date (scheduled for June 2027)
- ✓ Recognize the income over the period during which compensation is paid to the tenant vacating the Company's currently owned property due to the tenant's departure
- ✓ Recognize the income in line with the incurrence of rent and other expenses for the new head office location
- ✓ Recognize the income in line with the incurrence of relocation expenses, including moving expenses and loss on retirement of non-current assets, associated with the head office relocation

The timing of recognition and the accounting treatment of the loss compensation associated with the head office relocation are currently under review. The amount to be recognized in each quarter has not yet been determined.

4. Impact on Financial Results and Other Matters

As described above, the Company expects to recognize extraordinary gain and extraordinary loss in connection with the relocation of its head office. However, at this time, the net amount of non-operating income and expenses and extraordinary gain and extraordinary loss to be recognized in the consolidated fiscal year ending December 31, 2026 is expected to be immaterial. The Company will promptly announce any matters requiring timely disclosure if, as its review of the accounting treatment and assessment of the amounts to be recognized in each quarter progress, timely disclosure becomes necessary, or if timely disclosure of any revisions to the full-year consolidated earnings forecast becomes necessary.