FOR IMMEDIATE RELEASE

July 15, 2026

Company Name:	**Leopalace21 Corporation**
Representative:	Bunya Miyao, President and CEO
Code Number:	8848 (Tokyo Stock Exchange, Prime Market)
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Notice Concerning Appeal of Shareholder Derivative Lawsuit

Leopalace21 Corporation (Headquarters: Nakano-ku, Tokyo; President and CEO: Bunya Miyao; the "Company") announced that, through an inquiry to the Tokyo District Court, the Company confirmed that TENZAN Co., Ltd. (shareholding ratio: 0.0003%), a corporate shareholder that previously had business transactions with the Company and one of the plaintiffs in the shareholder derivative lawsuit (the "Lawsuit"), filed an appeal with the Tokyo High Court on July 13, 2026 against the judgment dated June 25, 2026 which had dismissed all claims of the plaintiffs, as announced in the news release made on the same day titled "Notice Concerning Judgment in Shareholder Derivative Lawsuit", under which TENZAN Co., Ltd. and three individual shareholders of the Company brought the Lawsuit against 22 current and former Directors and five current and former Audit & Supervisory Board Members of the Company, seeking damages on behalf of the Company.

1. Appellant

TENZAN Co., Ltd.

2. Appellee

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

3. Summary of the Lawsuit for first instance

The Lawsuit was filed on the grounds that, in connection with the Company's outsourcing of the processing and reuse of furniture and home appliances, the Plaintiffs alleged that 26 individuals who were then Directors and Audit & Supervisory Board Members of the Company (the "Defendants") breached their duty of care of a good manager in relation to the fact that the Company paid, through TENZAN Co., Ltd., certain fees including recycling fees, to Sekaiz Co., Ltd. in the form of monthly outsourcing fees (maintenance service fees), as well as the fact that such monthly outsourcing fees were remitted to TENZAN Co., Ltd. The Plaintiffs sought that the Defendants be held jointly and severally liable to pay JPY 3,500 million, plus delay damages, to the Company. In addition, regarding the tender process conducted in February 2022 for the delivery, installation, and removal of furniture and home appliances, the Plaintiffs claimed that the tender period was too short to ensure a proper bidding process in accordance with the Company's CSR Procurement Guidelines, resulting in insufficient cost reductions. The Plaintiffs alleged that eight Directors and Audit & Supervisory Board Members at the time breached their duty of care and sought damages of approximately JPY 400 million to be paid to the Company.

As stated in the "Notice Concerning Assisting Intervention in Shareholder Derivative Lawsuit" dated December 22, 2023, the Company recognizes that the Lawsuit was filed for the purpose of promoting the Plaintiffs' interests or causing damage to the Company. The Company therefore determined that it was necessary to participate appropriately in the proceedings in support of the Defendants in order to enable the court to make a proper determination, taking the position that the Plaintiffs' claims lack merit.

The judgement of the first instance was rendered on June 25, 2026, at the Tokyo District Court, and all the Plaintiff's claims against the Defendants were dismissed.

4. Outlook

At present, the Company believes that this Lawsuit will have no material impact on its business performance or financial results. The Company will promptly disclose any matters that should be announced in connection with this Lawsuit, if any arise in the future.

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