

January 30, 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 Implementing Company Split—Simplified Absorption-type
and Change in Subsidiary (Change in Specified Subsidiary)**

Leopalace21 Corporation (Headquarters: Nakano-ku, Tokyo; President and CEO: Bunya Miyao; the "Company") resolved at a meeting of its Board of Directors held on January 30, 2026 to implement a company split in which the rights and obligations relating to 22 fee-based nursing homes, of the Company's Elderly Care Business with the effective date of April 1, 2026. The rights and obligations relating to those facilities will be succeeded to by the Company's wholly owned subsidiary, Azu Residence Co., Ltd. ("Azu Residence"), by means of an absorption-type company split (the "Company Split") and the Company implement a capital increase for Azu Residence as described below.

Since the Company Split is a simplified absorption-type company split between the Company and its wholly owned subsidiary, some disclosure items and details are omitted from this notice.

As a result of this capital increase, the amount of capital stock of Azu Residence will be equivalent to 10% or more of the Company's capital stock, making Azu Residence as a specified subsidiary of the Company.

1. Purpose of the Company Split

In the Company's mid-term management plan, "New Growth 2028," announced on May 9, 2025, the Company set the goal of achieving profitability in its Elderly Care Business at an early stage through stable operations by improving utilization rates.

In implementing the Company Split, the Company will transfer the Elderly Care Business to the consolidated subsidiary. It aims to clarify management challenges and enable Azu Residence to enhance profitability and improve operational efficiency.

2. Outline of the Company Split

(1) Dates

Date of resolution at the Board of Directors	January 30, 2026
Date of concluding the Company Split agreement	January 30, 2026
Effective date	April 1, 2026

(Note) Since the Company Split falls under the category of a simplified absorption-type

company split as stipulated in Article 784, Paragraph 2 of the Companies Act for the Company, the splitting company, and a summary form absorption-type company split as stipulated in Article 796, Paragraph 1 of the Companies Act for Azu Residence, the succeeding company, it will be conducted without obtaining resolutions at the respective general shareholders' meetings.

(2) Method of the Company Split

The Company will be the splitting company and Azu Residence will be the succeeding company in the absorption-type split.

(3) Details of Allocation of Shares in the Company Split

Since the Company Split will be conducted between the Company and its wholly owned subsidiary, no shares or other consideration will be allocated upon the Company Split.

(4) Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights upon the Company Split

There are no applicable items.

(5) Increase or Decrease in Capital as a Result of the Company Split

There will be no increase or decrease in the Company's capital because of the Company Split.

(6) Rights and Obligations to Be Succeeded by the Succeeding Company

Upon the Company Split, the succeeding company will succeed to the assets, liabilities relating to the 22 facilities subject to the Company Split, as well as other assets held by the Company in connection with the Elderly Care Business, as specified in the Company Split agreement.

(7) Prospects for Fulfillment of Obligations

The Company determined that there are no issues with the likelihood of fulfillment regarding the obligations to be borne by the Company and Azu Residence after the effective date of the Company Split.

3. Overview of the Parties Involved in the Company Split (as of September 30, 2025)

	Splitting company	Succeeding company
(1) Name	Leopalace21 Corporation	Azu Residence Co., Ltd.
(2) Address	2-54-11, Hon-cho, Nakano-ku, Tokyo, Japan	2-54-11, Hon-cho, Nakano-ku, Tokyo, Japan
(3) Representative	Bunya Miyao, President and CEO	Takahiro Maeda, Representative Director
(4) Business description	Leasing Business Elderly Care Business Other Businesses	Elderly Care Business
(5) Capital	JPY 100 million	JPY 2 million

(6) Founded	August 17, 1973	June 25, 2025
(7) Outstanding number of shares	334,415,678	40
(8) Major shareholders and shareholding ratio	UH Partners 2 Investment Limited Partnership 15.47% Chidori Godo Kaisha 15.45% The Master Trust Bank of Japan, Ltd.(Trust Account) 6.93% Custody Bank of Japan, Ltd. (Trust Account) 4.44% Morgan Stanley MUFG Securities Co., Ltd. 3.68%	Leopalace21 Corporation 100%
(9) Financial position and operating results of the immediately preceding fiscal year ended		
Fiscal year	Fiscal year ended March 2025 (consolidated)	As the company was established on June 25, 2025, it has no completed fiscal year.
Net assets	JPY 88,268 million	
Total assets	JPY 216,625 million	
Net assets per share	JPY 255.81	
Net sales	JPY 431,831 million	
Operating profit	JPY 29,231 million	
Recurring profit	JPY 26,936 million	
Net income attributable to shareholder of the parent	JPY 17,861 million	
Net income per share	JPY 56.22	

4. Outline of Business to Be Split

(1) Description of Business to Be Split

Businesses related to the 22 fee-based nursing homes in the Company's Elderly Care Business

(2) Operating Results of the Business to Be Split for the Fiscal Year Ended March 31, 2025

Net sales JPY 3,551 million

(3) Items and Book Value of Assets and Liabilities to Be Split (as of March 31, 2025)

Assets		Liabilities	
Item	Book value	Item	Book value
Current Assets	JPY 614 million	Current Liabilities	JPY 489 million
Non-current Assets	JPY 633 million	Non-current Liabilities	JPY 210 million
Total	JPY 1,247 million	Total	JPY 700 million

(Note) The assets and liabilities to be split will be determined after adding or subtracting any increase or decrease that may occur until the effective date.

5. Situation after the Company Split

	Splitting company	Succeeding company
(1) Name	Leopalace21 Corporation	Azu Residence Co., Ltd.
(2) Address	2-54-11, Hon-cho, Nakano-ku, Tokyo, Japan	2-54-11, Hon-cho, Nakano-ku, Tokyo, Japan
(3) Representative	Bunya Miyao, President and CEO	Takahiro Maeda, Representative Director
(4) Business description	Leasing Business Elderly Care Business Other Businesses	Elderly Care Business
(5) Capital	JPY 100 million	JPY 2 million
(6) Fiscal year end	March 31	March 31

6. Change in Consolidated Subsidiary

(1) Reasons behind the change

In connection with the Company Split, to enhance the operational efficiency of the subject business and achieve profitability as soon as possible, the Company will conduct a capital increase of JPY 380 million for Azu Residence. This aims to stabilize the successor company's business foundation and secure working capital.

As a result of this capital increase, the amount of Azu Residence's capital stock will be equivalent to 10% or more of the Company's capital stock, making Azu Residence a specified subsidiary.

(2) Details of capital increase

(1) Scheduled date for completion of capital increase	April 2, 2026
(2) Capital increase amount	JPY 380 million
(3) Capital stock after capital increase	JPY 192 million
(4) Capital reserve after capital increase	JPY 190 million
(5) Shareholding ratio after capital increase	Leopalace21 Corporation 100%

7. Outlook

Since this is a company split between the Company and its wholly owned subsidiary, the impact on consolidated financial results will be negligible.

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