



May 12, 2025

Company name: KOURAKUEN CORPORATION
Representative: Tsutae Niida, Representative Director, Chairman and President
(Tokyo Stock Exchange Prime Market; Stock Code: 7554)
Inquiries: Hideo Watanabe, Executive Managing Director,
Senior General Manager of Administration Division
Tel.: 024-943-3351

Notice Concerning Reduction of Legal Capital Surplus, Reduction of Legal Retained Earnings, and Appropriation of Other Surplus

KOURAKUEN CORPORATION (the "Company") hereby announces that it has resolved, at a meeting of the Board of Directors held on May 12, 2025, to file a proposal regarding "Reduction of Legal Capital Surplus, Reduction of Legal Retained Earnings, and Appropriation of Other Surplus" at the 55th Annual General Meeting of Shareholders to be held on June 19, 2025. The details are described below.

1. Purpose

In order to make up the deficit in retained earnings brought forward as of the end of the current fiscal year and to improve the soundness of its financial position, the Company proposes to reduce the amounts of legal capital surplus and legal retained earnings pursuant to Article 448, Paragraph 1 of the Companies Act, and to appropriate other surplus pursuant to Article 452 of the Companies Act.

2. Details of the reduction of legal capital surplus, reduction of legal retained earnings, and appropriation of other surplus

(1) Reduction of legal capital surplus and retained earnings

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| i. Amount of legal capital surplus to be reduced: | ¥1,582,953,568 |
| ii. Amount of other capital surplus to be increased: | ¥1,582,953,568 |
| iii. Amount of legal retained earnings to be reduced: | ¥62,800,000 |
| iv. Amount of retained earnings brought forward to be increased: | ¥62,800,000 |

(2) Appropriation of other surplus

Following the increase in other capital surplus due to (1) above, the total amount of other capital surplus and the general reserve will be reduced and transferred to retained earnings brought forward.

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| i. Amount of other capital surplus to be decreased: | ¥1,732,285,603 |
| ii. Amount of general reserve to be decreased: | ¥2,930,070,000 |
| iii. Amount of retained earnings brought forward to be increased: | ¥4,662,355,603 |

3. Schedule for the reduction of legal capital surplus, reduction of legal retained earnings, and appropriation of other surplus

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| (1) Resolution by the Board of Directors: | May 12, 2025 |
| (2) Resolution by the General Meeting of Shareholders: | June 19, 2025 (planned) |
| (3) Effective date: | June 20, 2025 (planned) |

4. Future Outlook

This matter constitutes a reclassification of accounts within the net assets of the balance sheet and has no impact on the Company's financial results. There will be no change in the amounts of the Company's net assets, total number of shares issued, or net assets per share.

The above details are subject to approval at the Annual General Meeting of Shareholders to be held on June 19, 2025.