

Leopalace21 Corporation

Financial Results for Q1 Fiscal Year 2025



Executive Summary p.3

Chapter 1 Outline of the Financial Results for Q1 FY2025 p.4

Chapter 2 Leasing Business Conditions p.10

Chapter 3 Development Business Conditions p.19

Appendix p.21

(Note) This material contains some forward-looking statements. Please understand that actual results may differ significantly from these forecasts due to various factors.

PL

Net sales and profits at each stage up to net income exceeded the plan in Q1.

- Net sales : JPY 111.7 billion
- Operating profit: JPY 12.2 billion
- Recurring profit: JPY 11.5 billion
- Net income : JPY 0.5 billion

Leasing
Business

Both average unit rent and occupancy rate remained strong.

The average unit rent for new contracts (index) in June **reached a record high of 112 (+6 from the end of June 2024)** The occupancy rate at the end of June also exceeded the level of the same month of the previous year.

Development
Business

We are making steady progress towards achieving the FY2025 full-year plan of JPY 10 billion orders with the full-scale resumption of taking orders from FY2025, received orders for **30 buildings, 449 units, totaling JPY 4.1 billion** in Q1.

Tender Offer for
Treasury Stock

In May 2025, we announced a Tender Offer for Treasury Stock and Repurchase of Treasury Stock Acquisition Rights, **resolving concerns about dilution of shares of common stock** caused by the exercise of stock acquisition rights.

Dividend

At the Ordinary General Shareholders' Meeting held on June 26, a year-end dividend of **JPY 5 per share** was resolved and paid.

For FY2025, **an annual dividend of JPY 10 per share** is planned.

Chapter 1

Outline of the Financial Results for Q1 FY2025

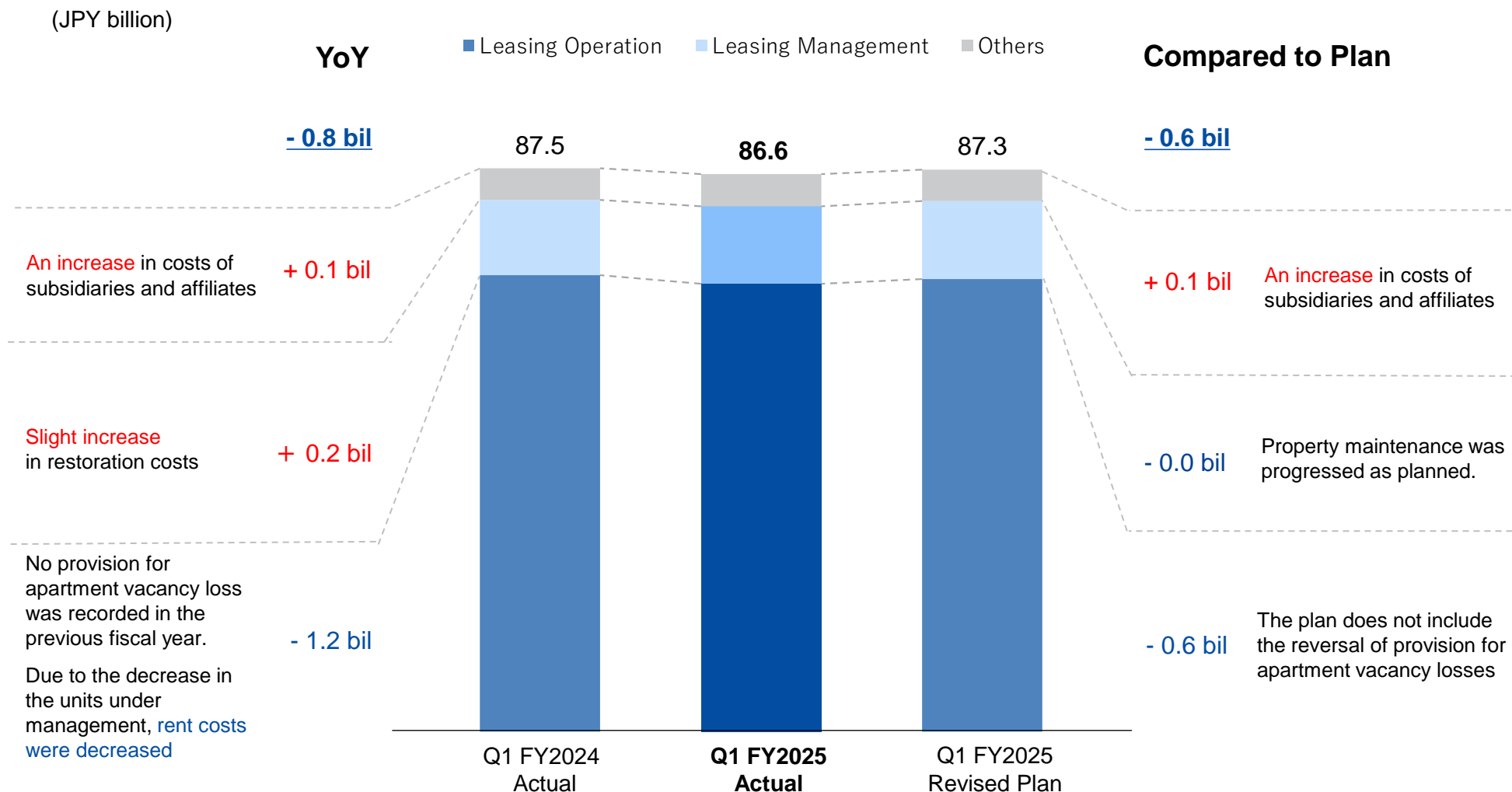
Net sales and profits at each stage up to net income exceeded the plan in Q1. Although net income decreased, operating profit and recurring profit increased significantly compared to the previous year.

| (JPY million) | Comparison vs Q1 FY2024 Actual | | Q1 FY2024 Actual | Q1 FY2025 Actual | Q1 FY2025 Revised Plan | Differences | | Factors contributing to changes |
|------------------|--------------------------------|---------|------------------|------------------|------------------------|-------------|---------|--|
| | | | | | | | | |
| Net sales | +2.6% | +2,799 | 108,917 | 111,717 | 110,000 | +1,717 | +1.6% | ■ Net sales The average unit rent, primarily for corporate contracts, remained at a high level. |
| Cost of sales | (1.0)% | (859) | 87,519 | 86,659 | 87,300 | (640) | (0.7)% | ■ Cost of sales Reversal of provision for apartment vacancy loss was recorded JPY 0.59 billion. (JPY ±0 both YoY and compared to the plan) |
| Gross profit | +17.1% | +3,659 | 21,398 | 25,058 | 22,700 | +2,358 | +10.4% | |
| % | +2.8 p | - | 19.6% | 22.4% | 20.6% | - | +1.8 p | |
| SG&A | +15.7% | +1,742 | 11,108 | 12,851 | 12,500 | +351 | +2.8% | ■ SG&A Increase compared to the previous year due to a rise in the number of employees and improvement of employee compensation. |
| Operating profit | +18.6% | +1,917 | 10,289 | 12,206 | 10,200 | +2,006 | +19.7% | |
| % | +1.5 p | - | 9.4% | 10.9% | 9.3% | - | +1.6 p | ■ Non-operating expenses Interest expenses were recorded JPY 0.24 billion, there was a decrease of JPY 0.12 billion in YoY. A commission fee of JPY 0.26 billion was recorded due to conducting the tender offer for treasury stock. Foreign exchange losses of JPY 0.1 billion were recorded. |
| EBITDA | +16.1% | +1,802 | 11,216 | 13,018 | 11,000 | +2,018 | +18.3% | |
| Recurring profit | +12.4% | +1,272 | 10,244 | 11,516 | 9,700 | +1,816 | +18.7% | |
| Net income | (91.4)% | (5,558) | 6,084 | 525 | (800) | +1,325 | +165.6% | ■ Net income JPY 10 billion loss on cancellation of treasury stock acquisition rights was recorded as an extraordinary loss. |
| EPS (JPY) | (92.1)% | (17.64) | 19.15 | 1.51 | (2.30) | +3.81 | +165.7% | |

For FY2025, we expect profits, excluding net income, to peak in Q1, with costs increasing in Q4 due to a higher number of move-ins and move-outs, following the usual annual performance trend.

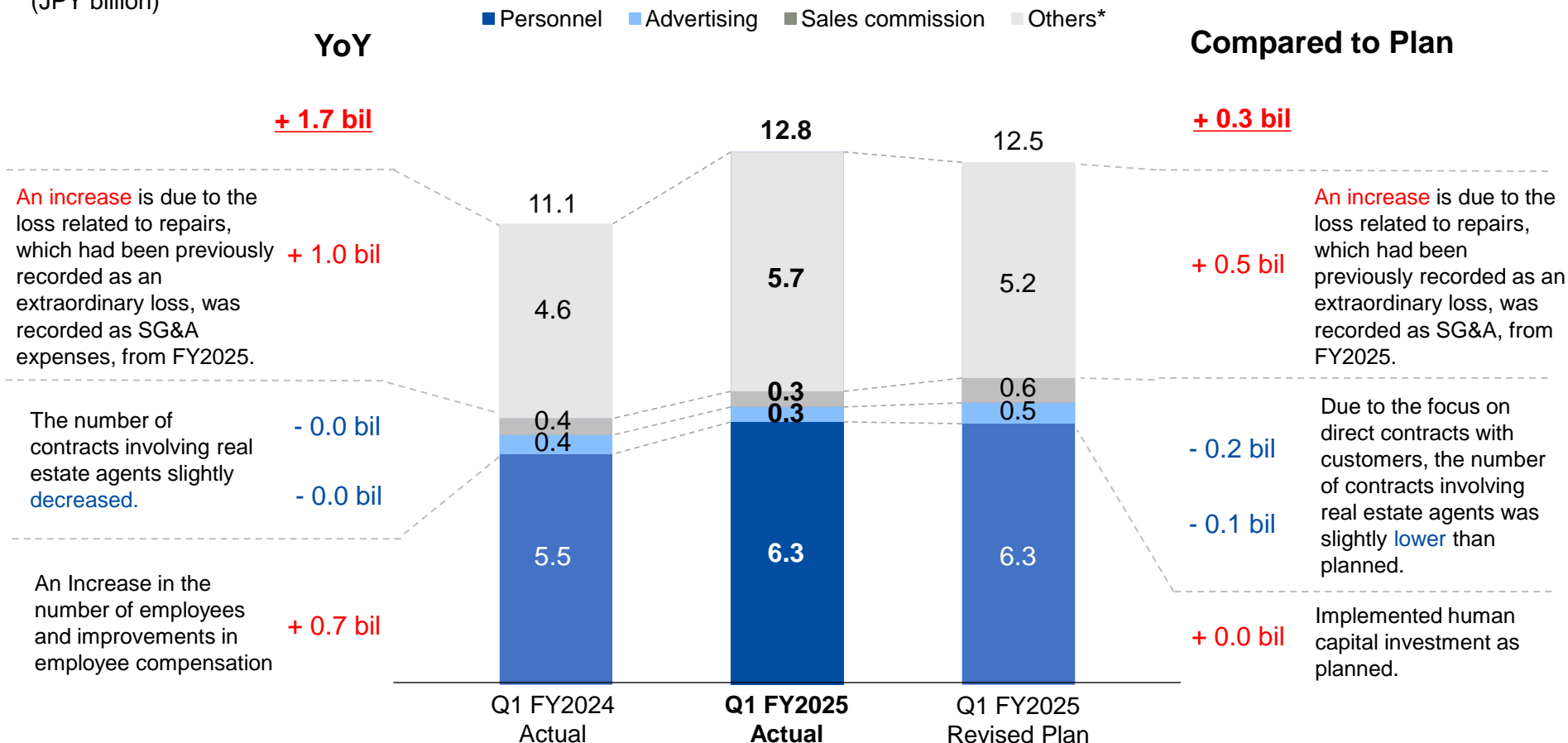
| JPY million | FY2024 | | | | FY2025 | | | | | |
|------------------|---------|---------|---------|---------|--------------|---------|--------------|--------------|--------------|--------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | | Q2 | Q3 | Q4 | FY Total |
| | Actual | Actual | Actual | Actual | Revised Plan | Actual | Revised Plan | Revised Plan | Revised Plan | Revised Plan |
| Net sales | 108,917 | 107,247 | 107,805 | 107,860 | 110,000 | 111,717 | 109,500 | 110,000 | 111,900 | 441,400 |
| Cost of sales | 87,519 | 88,563 | 88,399 | 90,054 | 87,300 | 86,659 | 88,800 | 88,700 | 90,500 | 355,300 |
| Gross profit | 21,398 | 18,683 | 19,405 | 17,805 | 22,700 | 25,058 | 20,700 | 21,300 | 21,400 | 86,100 |
| SG&A | 11,108 | 11,546 | 11,375 | 14,031 | 12,500 | 12,851 | 12,900 | 12,800 | 15,500 | 53,700 |
| Operating profit | 10,289 | 7,137 | 8,030 | 3,774 | 10,200 | 12,206 | 7,800 | 8,500 | 5,900 | 32,400 |
| Recurring profit | 10,244 | 6,484 | 8,151 | 2,055 | 9,700 | 11,516 | 7,400 | 8,100 | 5,700 | 30,900 |
| Net income | 6,084 | 4,511 | 4,795 | 2,469 | (800) | 525 | 4,200 | 4,800 | 3,400 | 11,600 |

Due to the reversal of apartment vacancy loss provision of JPY 0.59 billion, Cost of Sales was slightly lower than both the previous year and the plan.



Personnel expenses increased from the previous year, due to the promotion of human capital management.

(JPY billion)



* Others: Taxes and public charges, commission expense, rent expense, repair and maintenance expenses, travelling, depreciation and amortization, etc.

| (JPY million) | End of FY2024 | End of Q1 FY2025 | From the end of last quarter | Factors contributing to changes |
|---|------------------|---------------------|---------------------------------|--|
| Cash and deposits | 88,408 | 105,460 | +17,052 | ■ Cash and deposits Due to the partial exercise of treasury stock acquisition rights by Chidori Godo Kaisha, there was an increase of JPY 17 billion from the end of last quarter. |
| Trade receivables | 7,913 | 7,119 | (793) | |
| Total assets | 216,625 | 229,047 | +12,422 | |
| Interest-bearing debt* | 31,630 | 31,528 | (102) | ■ Provision for apartment vacancy loss (current: JPY 2.8 billion; non-current: JPY 0.8 billion) Due to the improvement in earnings of properties, there was a decrease of JPY 0.59 billion from the end of last quarter. |
| Provision for compensation for completed construction | 7,177 | 7,143 | (33) | |
| Provision for apartment vacancy loss | 4,337 | 3,737 | (599) | |
| Total liabilities | 128,356 | 124,904 | (3,452) | |
| Common stock | 100 | 9,717 | +9,617 | ■ Common stock At the Ordinary General Shareholders' Meeting held on June 26, Reduction of the Amount of Common Stock and Capital Reserve was resolved. (Effective date: July 31, 2025) |
| Capital surplus | 30,120 | 39,736 | +9,616 | |
| Retained earnings | 47,490 | 46,396 | (1,093) | |
| Treasury stock | (4,359) | (4,359) | ±0 | ■ Total shareholder's equity Due to the partial exercise of treasury stock acquisition rights by Chidori Godo Kaisha, there was an increase of JPY 18.1 billion from the end of last quarter. |
| Total shareholders' equity (A) | 73,350 | 91,490 | +18,140 | |
| Total accumulated other comprehensive income (B) | 7,918 | 6,668 | (1,250) | |
| Ownership equity (A) + (B) | 81,269 | 98,158 | +16,889 | ■ Non-controlling interests Due to the acquisition of treasury stock and dividend payments by Leopalace Power, there was a decrease of JPY 0.64 billion from the end of last quarter. |
| Equity ratio | 37.5% | 42.9% | +5.4 p | |
| Share subscription rights | 391 | 26 | (365) | |
| Non-controlling interests | 6,607 | 5,958 | (648) | |
| Total net assets | 88,268 | 104,143 | +15,874 | |

* The tender offer for treasury stock announced in May 2025 was settled on July 16, and, therefore, is not reflected in the balance sheet as of the end of Q1.

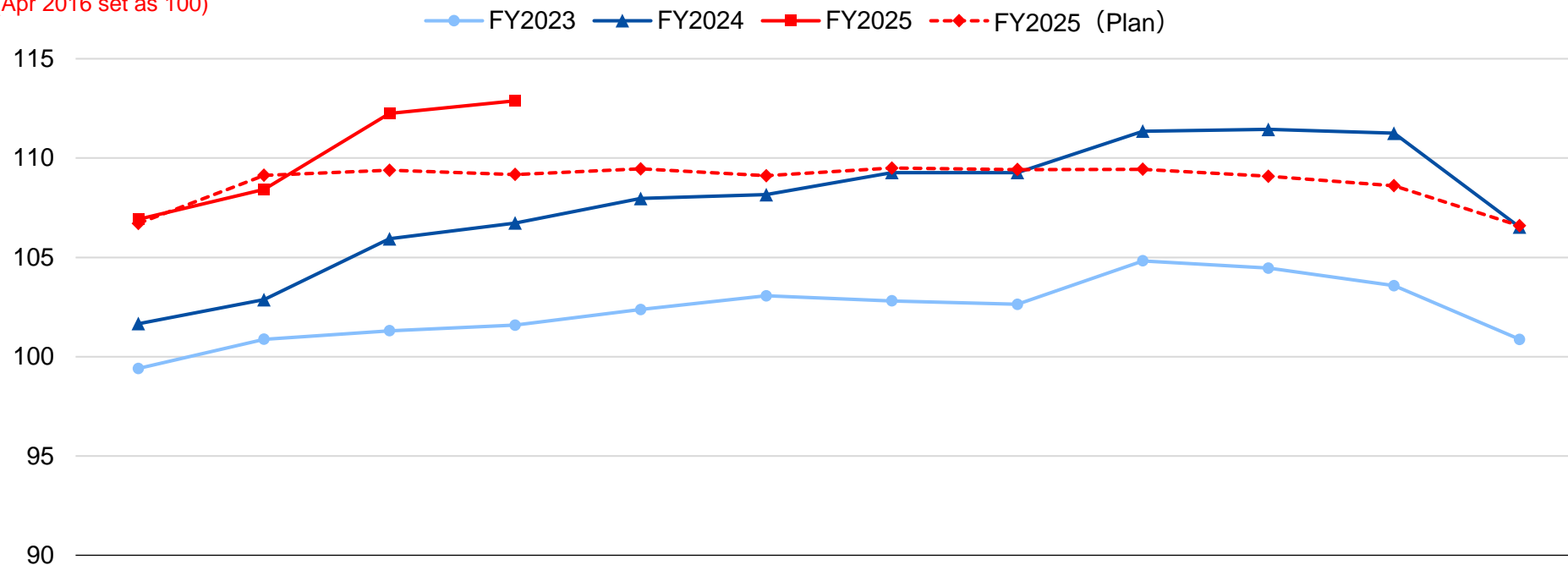
* Interest-bearing debt = borrowings + lease obligations

Chapter 2

Leasing Business Conditions

The average unit rent for new contracts for corporate customers maintained high levels due to continued effect of price-focused strategies, which led to achieving the index of all-time high 112.

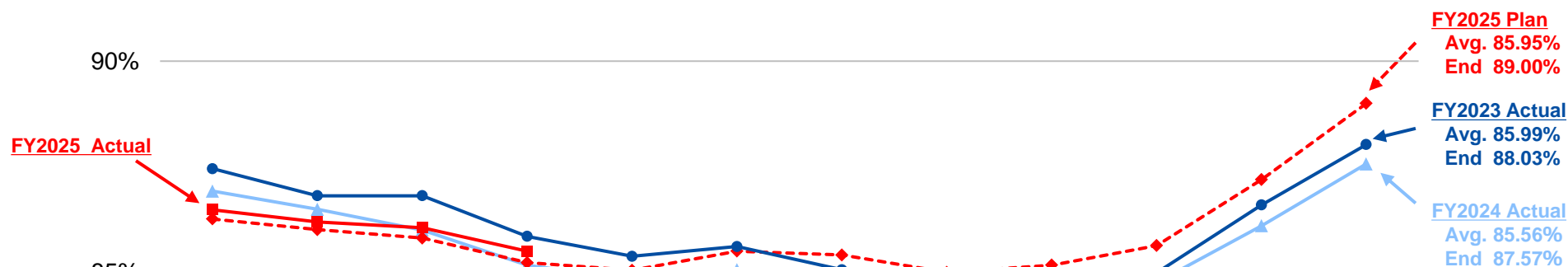
(Apr 2016 set as 100)



| | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | FY Average |
|--------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------------|
| FY2023 | 99 | 101 | 101 | 102 | 102 | 103 | 103 | 103 | 105 | 104 | 104 | 101 | 102 |
| FY2024 | 102 | 103 | 106 | 107 | 108 | 108 | 109 | 109 | 111 | 111 | 111 | 107 | 108 |
| FY2025 | 107 | 108 | 112 | 113 | - | - | - | - | - | - | - | - | - |

Monthly Data : <https://www.leopalace21.co.jp/english/ir/finance/monthly/index.html>

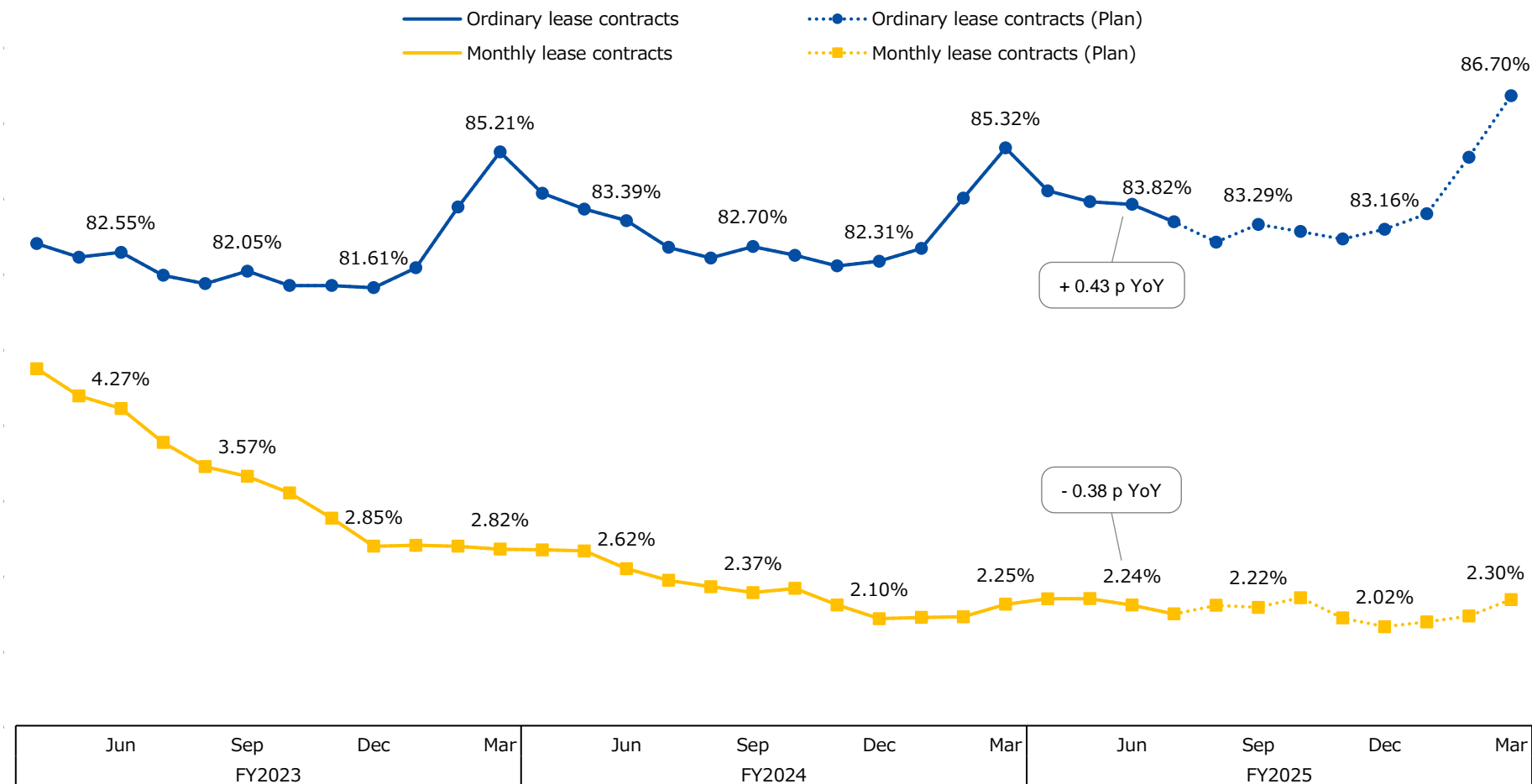
The increased orders from the corporate customers especially those hiring foreign nationals resulted in higher than planned occupancy rate by 0.21 p. It was the first positive monthly result in the past 18 months, when comparing the current against the 12-month prior numbers.



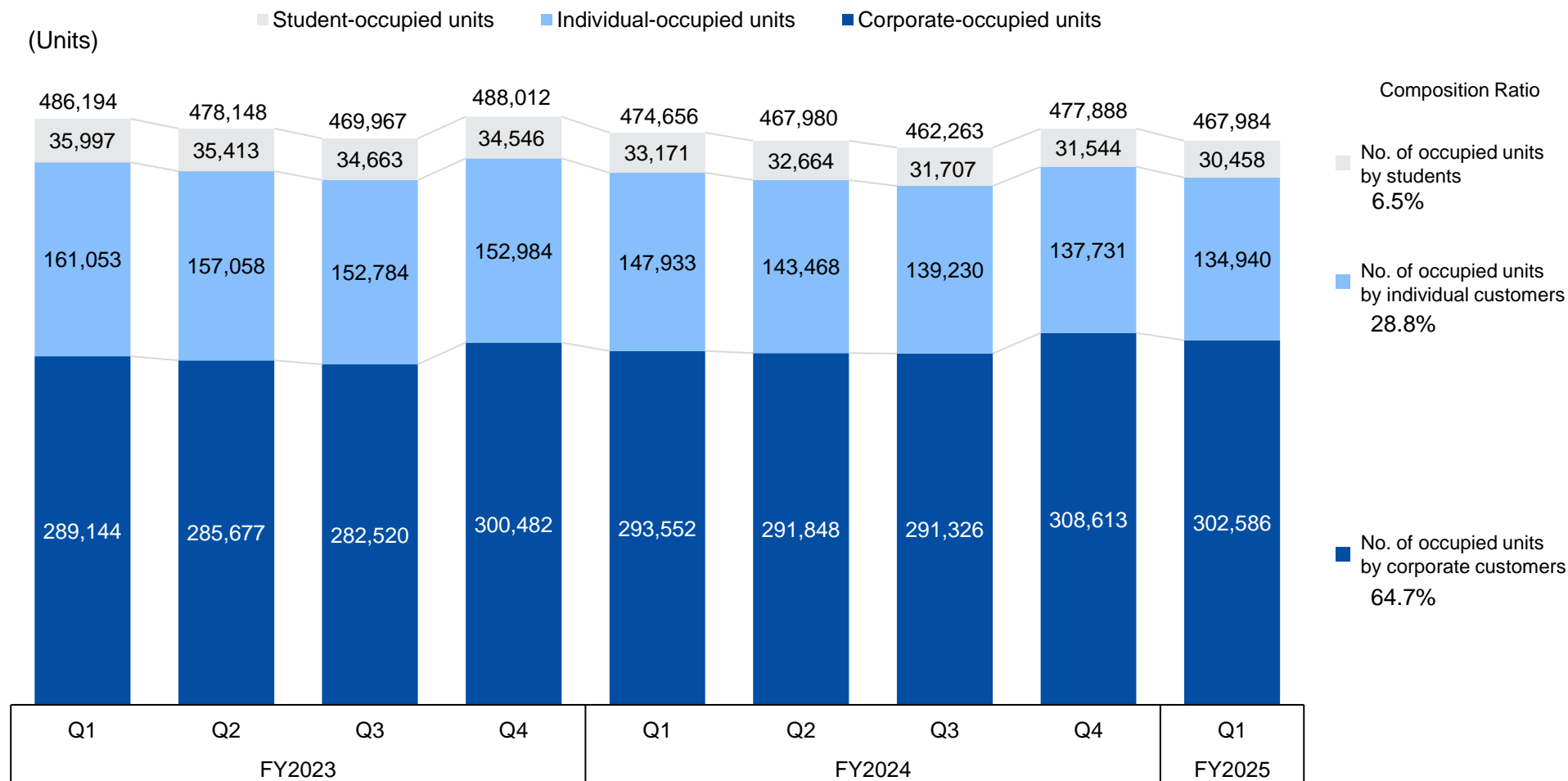
| 80% | | | | | | | | | | | | | | |
|--------|--------|--------|--------|-----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------|
| | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | | |
| | Apr | May | Jun | Apr-Jun Average | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | FY Average |
| FY2023 | 87.46% | 86.82% | 86.82% | 87.03% | 85.86% | 85.39% | 85.62% | 85.07% | 84.81% | 84.46% | 85.00% | 86.60% | 88.03% | 85.99% |
| FY2024 | 86.93% | 86.50% | 86.01% | 86.48% | 85.18% | 84.83% | 85.07% | 84.88% | 84.43% | 84.42% | 84.77% | 86.11% | 87.57% | 85.56% |
| FY2025 | 86.49% | 86.20% | 86.06% | 86.25% | 85.51% | - | - | - | - | - | - | - | - | - |

Monthly Data : <https://www.leopalace21.co.jp/english/ir/finance/monthly/index.html>

We continued a policy of restraining monthly lease contracts for FY2025 as well.
The occupancy rates of ordinary lease contracts increased from the end of June 2024.

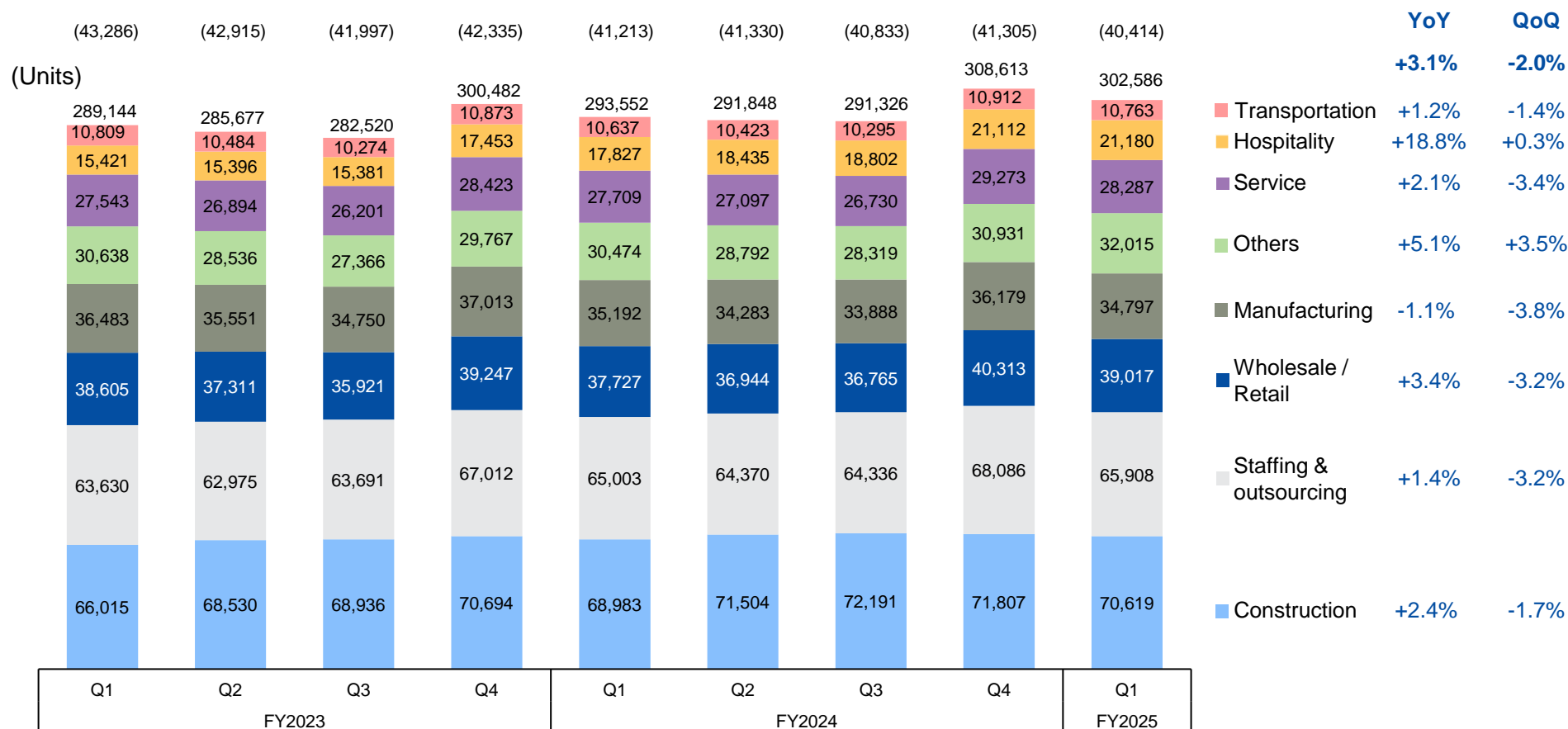


The composition ratio by the corporate customers reached the record high of 64.7%.

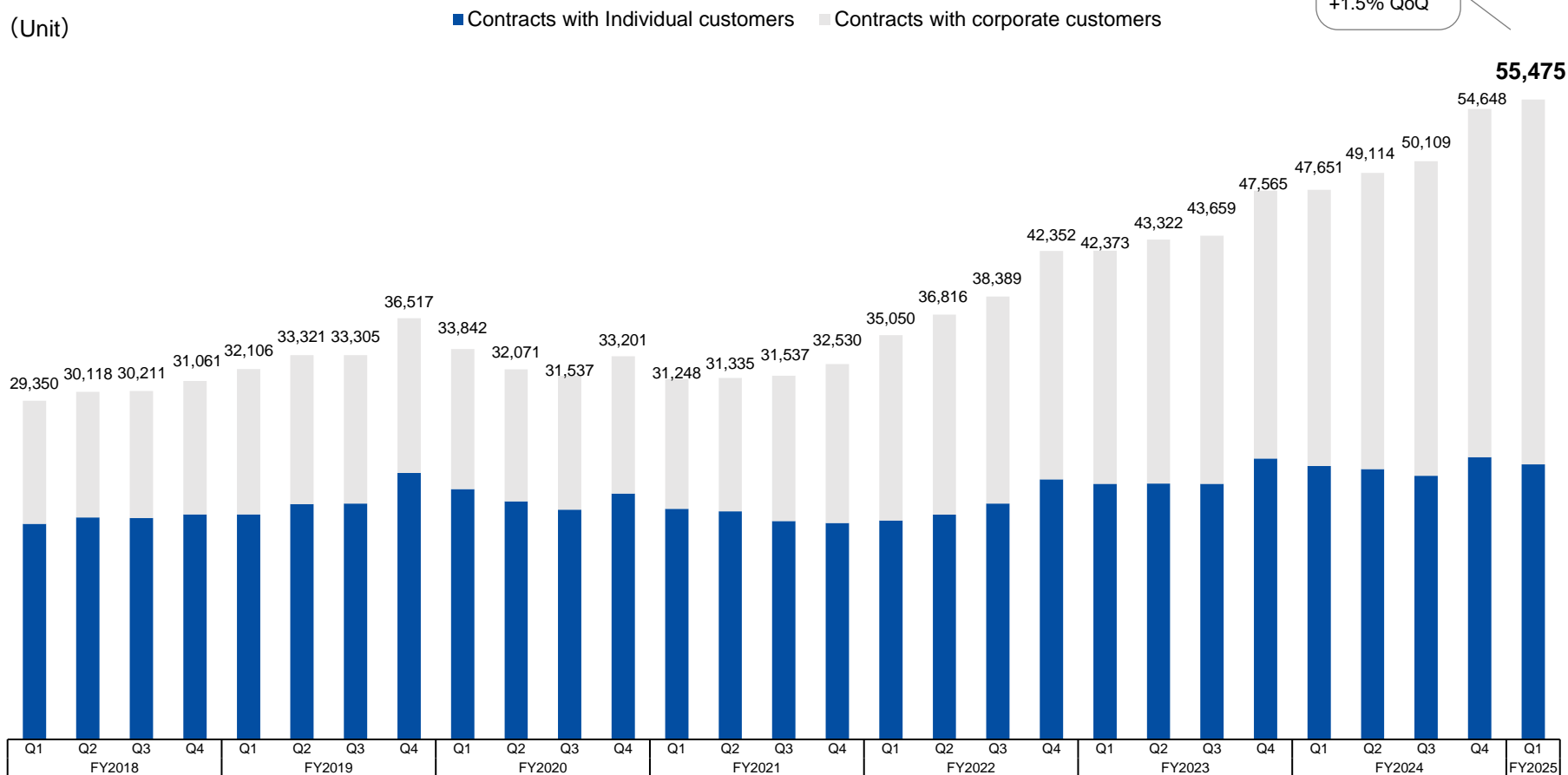


The number of units used by the corporate customers as of Q1 end reached a second peak following the one in Q1 FY2018 comparing Q1 to Q1 each year. The hospitality industry saw a remarkable +18.8% from end of Q1 FY2024 driven by post-COVID-19 hiring increases..

No. of companies



The number of units used by foreign national tenants reached a record high of 55,475 at the end of Q1 FY2025, which represented 11.9% of the total, a 0.5 p increase from the end of Q4 FY2024. The number of foreign national tenants in corporate contracts, particularly in the industry of hospitality, wholesale/retail and service continues to increase.



Agreements were concluded with Prefectures of Osaka, Kumamoto, Kochi and the Hitachi Regional Technical Support Center, to address the issues of human resource shortages across Japan and support accepting and retaining foreign human resources.



Entering date: January 29, 2025

Objective: Acceptance and retention of foreign human resources in Osaka



Entering date: May 27, 2025

Objective: Acceptance and retention of foreign human resources in Kumamoto



Kochi Prefecture

Entering date: June 27, 2025

Objective: Acceptance and retention of foreign human resources in Kochi



Entering date: July 17, 2025

Objective: Acceptance and retention of foreign human resources in the northern coastal area of Ibaraki

The occupancy rates in the Fukui and Shimane recorded positive results in both YoY and QoQ due to the demand for new construction projects and temporary staff. Hokuriku region saw a decline due to reduction of disaster recovery projects. Other regions were affected by completion of redevelopment or construction projects.

| Q1 FY2025 | Managed units (thousand) | Occupancy rate | YoY | QoQ |
|-----------|-----------------------------|----------------|------|------|
| Hokkaido | 13 | 87% | -2 p | +3 p |
| Aomori | 3 | 77% | -2 p | +3 p |
| Iwate | 3 | 86% | +2 p | -0 p |
| Miyagi | 9 | 78% | -1 p | -1 p |
| Akita | 2 | 87% | -3 p | +6 p |
| Yamagata | 3 | 81% | +2 p | +1 p |
| Fukushima | 9 | 81% | -3 p | -4 p |
| Ibaraki | 15 | 86% | -1 p | -3 p |
| Tochigi | 11 | 80% | -1 p | -4 p |
| Gunma | 11 | 80% | -2 p | -3 p |
| Saitama | 44 | 90% | +1 p | -1 p |
| Chiba | 32 | 91% | +3 p | -1 p |
| Tokyo | 42 | 95% | +3 p | -2 p |
| Kanagawa | 39 | 92% | +4 p | -2 p |
| Niigata | 8 | 79% | -8 p | +1 p |
| Toyama | 5 | 83% | -4 p | +1 p |

| Q1 FY2025 | Managed units (thousand) | Occupancy rate | YoY | QoQ |
|-----------|-----------------------------|----------------|------|------|
| Ishikawa | 5 | 88% | -4 p | +2 p |
| Fukui | 4 | 91% | +8 p | +1 p |
| Yamanashi | 4 | 95% | +2 p | -0 p |
| Nagano | 11 | 89% | +1 p | +1 p |
| Gifu | 7 | 80% | -1 p | -2 p |
| Shizuoka | 23 | 78% | -2 p | -2 p |
| Aichi | 40 | 87% | -0 p | -2 p |
| Mie | 11 | 71% | +1 p | -0 p |
| Shiga | 8 | 88% | -1 p | -2 p |
| Kyoto | 8 | 91% | +1 p | -2 p |
| Osaka | 30 | 88% | +1 p | -2 p |
| Hyogo | 21 | 86% | +1 p | -2 p |
| Nara | 3 | 82% | -5 p | -2 p |
| Wakayama | 3 | 72% | -3 p | -3 p |
| Tottori | 2 | 77% | -3 p | +1 p |
| Shimane | 2 | 92% | +4 p | +3 p |

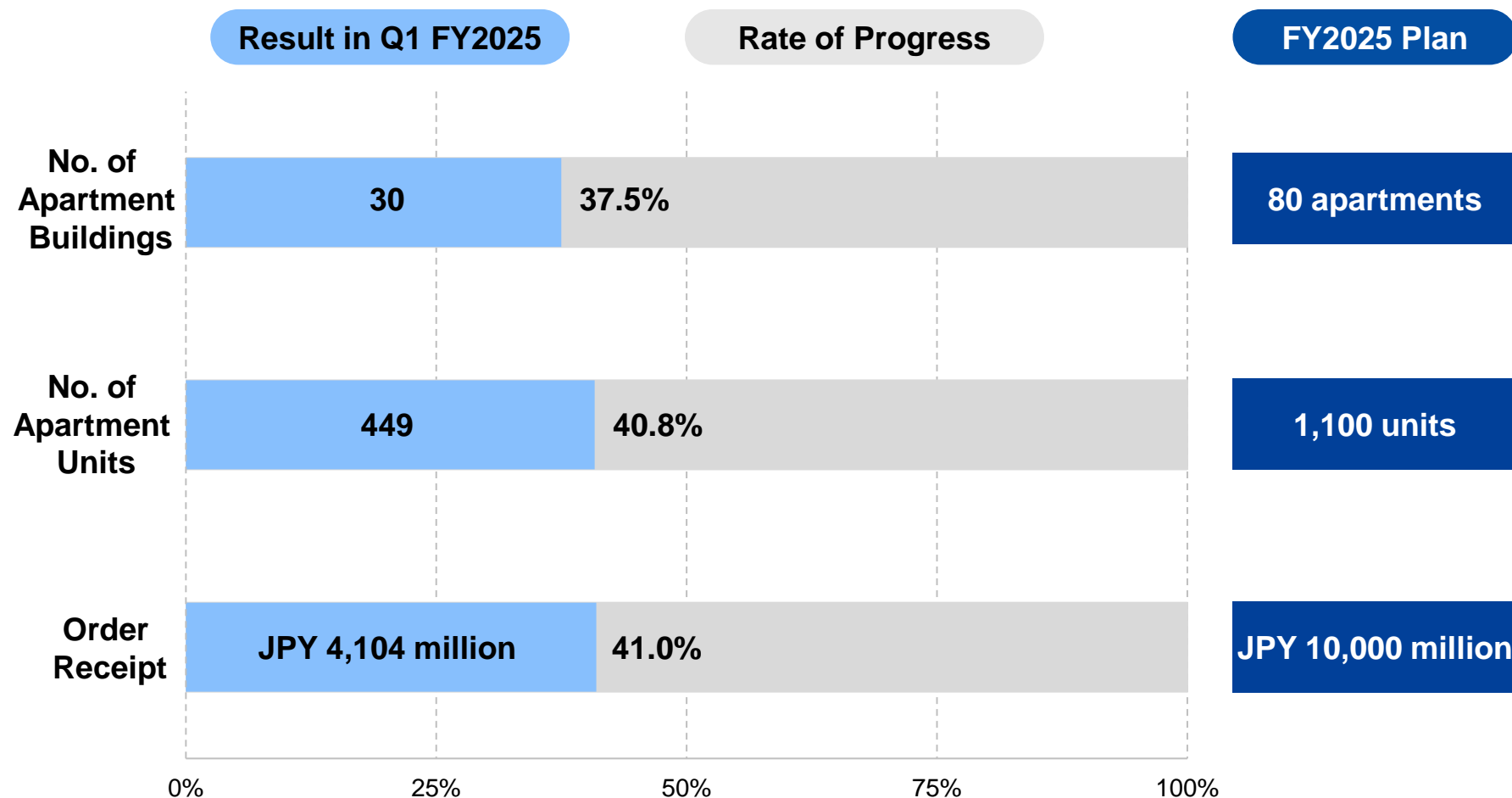
| Q1 FY2025 | Managed units (thousand) | Occupancy rate | YoY | QoQ |
|-----------|-----------------------------|----------------|-------|------|
| Okayama | 11 | 80% | +2 p | -2 p |
| Hiroshima | 13 | 84% | -2 p | -1 p |
| Yamaguchi | 7 | 78% | -13 p | -5 p |
| Tokushima | 2 | 73% | +1 p | -0 p |
| Kagawa | 4 | 76% | -5 p | -1 p |
| Ehime | 4 | 72% | -5 p | -5 p |
| Kochi | 2 | 79% | +1 p | -3 p |
| Fukuoka | 19 | 88% | +0 p | -2 p |
| Saga | 3 | 78% | -9 p | -6 p |
| Nagasaki | 2 | 76% | -4 p | -1 p |
| Kumamoto | 7 | 84% | -0 p | -5 p |
| Oita | 4 | 82% | +2 p | -2 p |
| Miyazaki | 2 | 87% | -3 p | -1 p |
| Kagoshima | 3 | 79% | -4 p | -4 p |
| Okinawa | 5 | 99% | +2 p | -0 p |
| Total | 543 | 86% | +0 p | -2 p |

Chapter 3

Development Business Conditions

Resumed full-scale development business from FY2025.

In Q1, the company made a good start toward achieving the full-year order receipt plan.



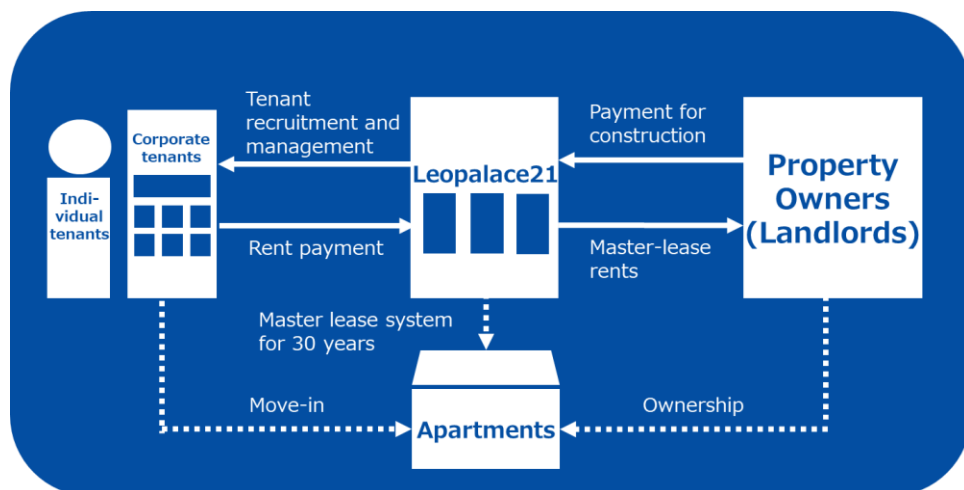
Appendix

Corporate Data (as of June 30, 2025)

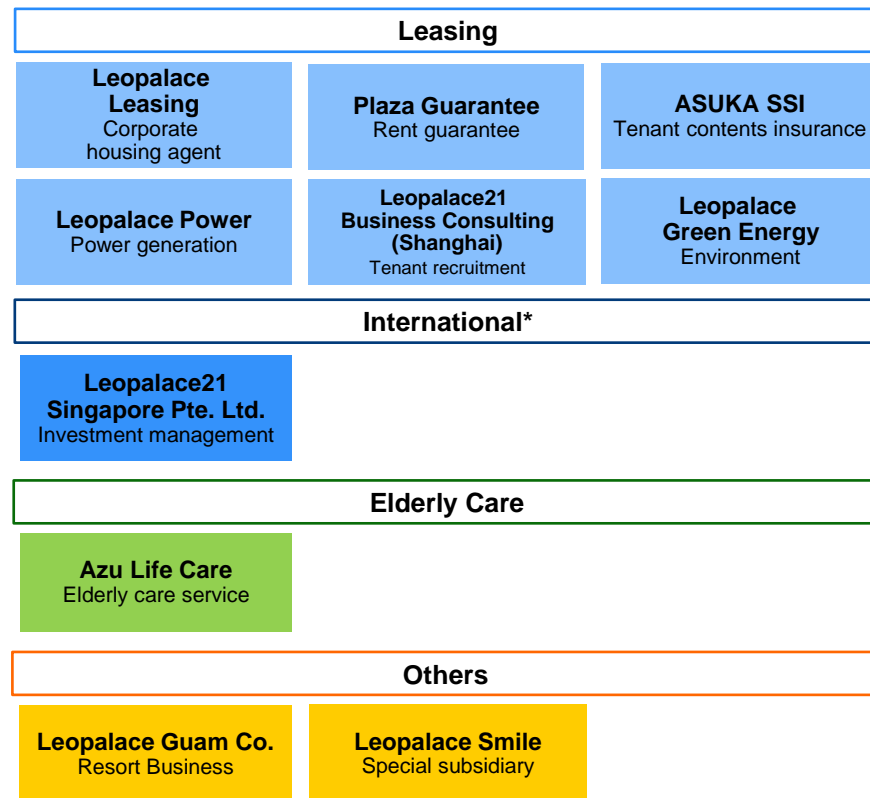
| | |
|-------------------------|--|
| Established | August 17, 1973 |
| Paid-in Capital | JPY 100 million (as of July 31, 2025) |
| Representative Director | Bunya Miyao, President and CEO |
| Employees | 4,081 (consolidated), 2,860 (non-consolidated) |
| Authorized Shares | 750,000,000 |
| Outstanding Shares | 466,462,318 |
| Shareholders | 36,860 (as of March 31, 2025) |

Business Model

**Offer about 540,000 studio-type apartment units
equipped with furniture and appliances
73% of the listed companies use Leopalace21's services**



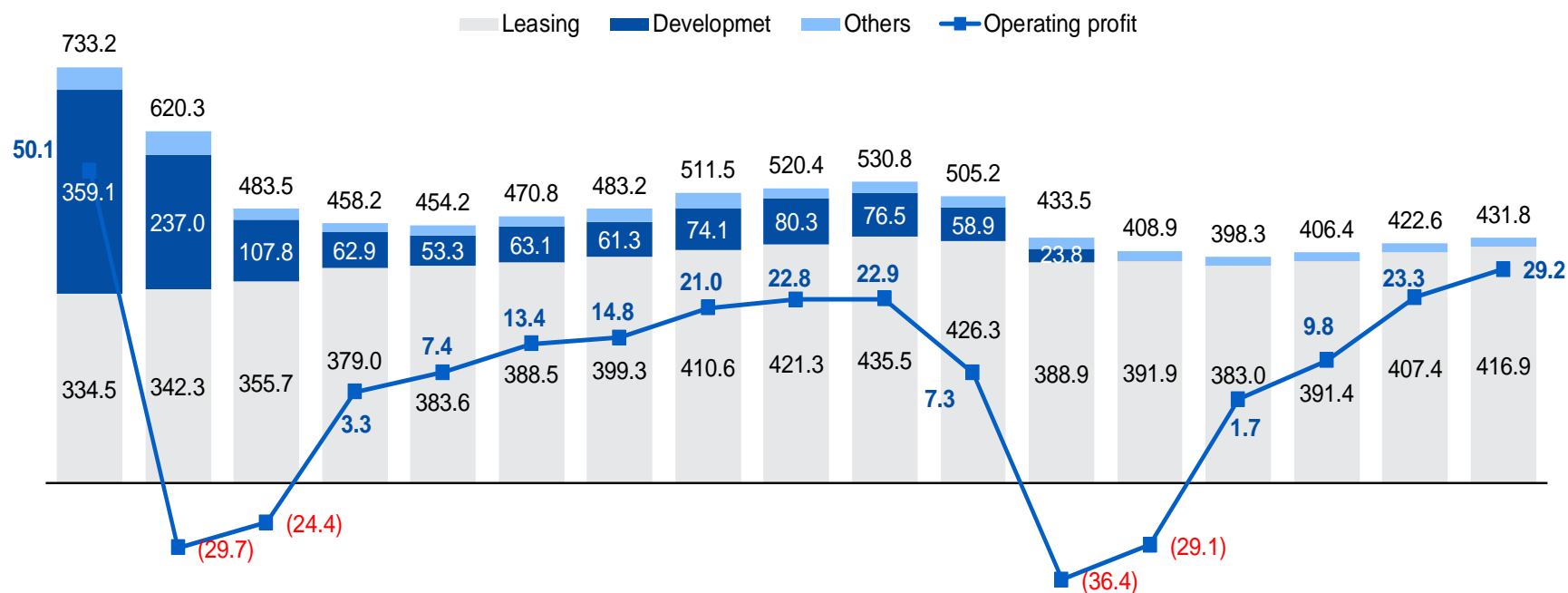
Group Companies (as of June 30, 2025)



* Results of the International Business are reported under the Leasing Business segment.

Leopalace21 shifted its business model to center on the Leasing Business after the global financial crisis. With construction defects problem coming to light in FY2018 and another blow by COVID-19 impact starting from FY2020, implementing continuous structural reforms turned operating profit in four consecutive years from FY2021.

(JPY billion)

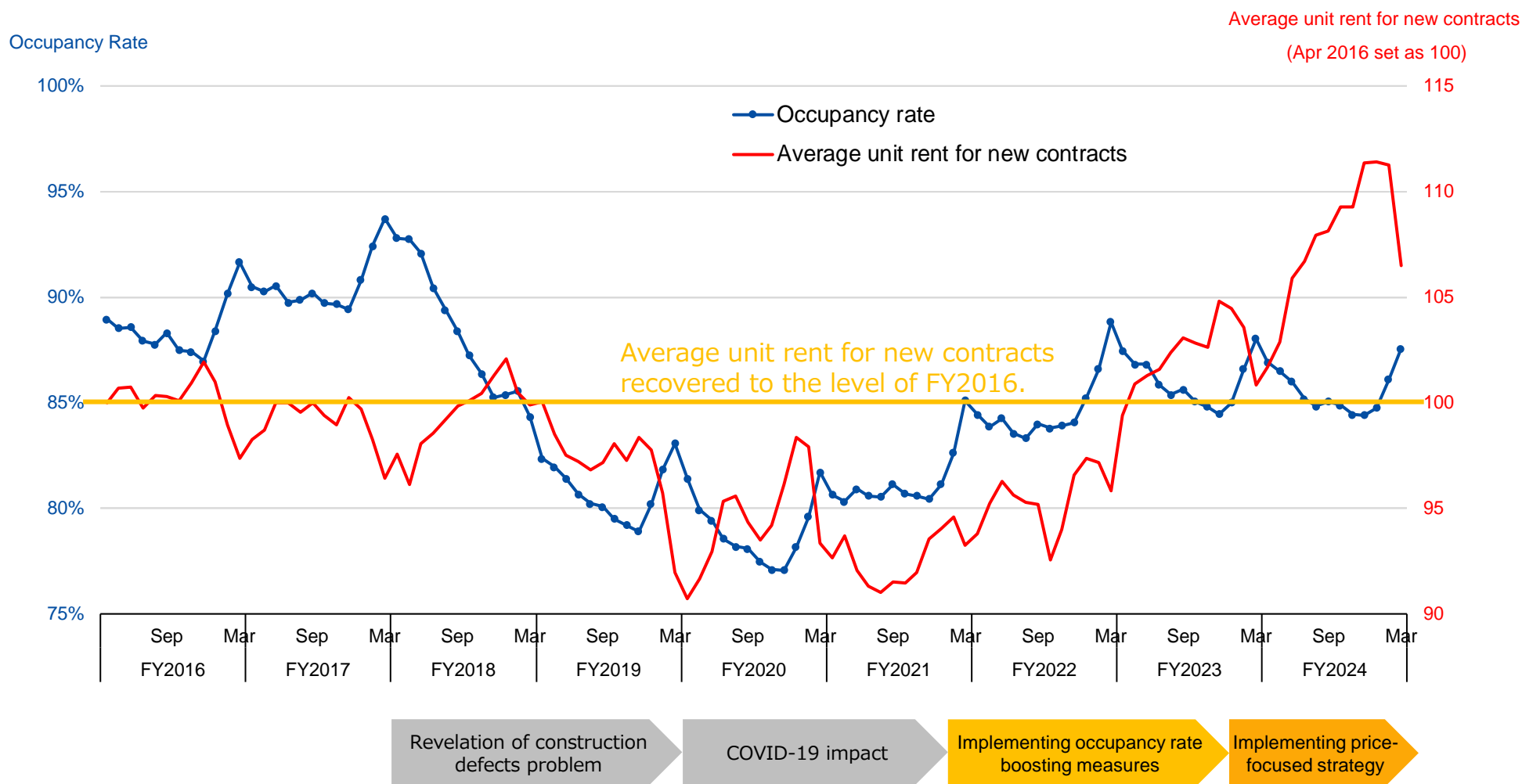


FY2008 FY2009 FY2010 FY2011 FY2012 FY2013 FY2014 FY2015 FY2016 FY2017 FY2018 FY2019 FY2020 FY2021 FY2022 FY2023 FY2024

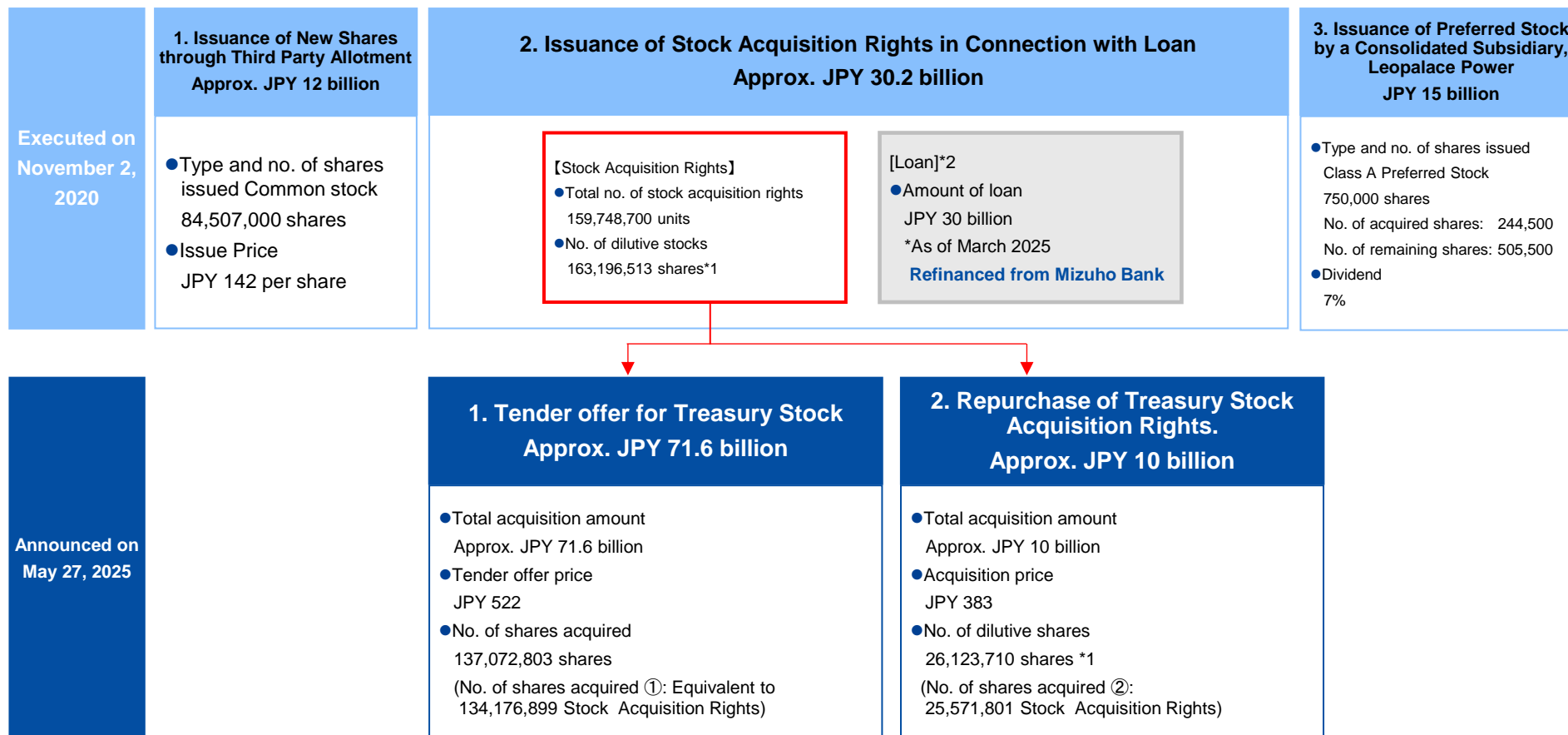


3. Changes in Occupancy Rate and Average Unit Rent for New Contracts

The average unit rent for new contracts increased to the level of FY2016 due to implementing price-focused strategy for FY2023.



In order to alleviate concerns about dilution related to the exercise of stock acquisition rights, and to improve capital efficiency and medium- to long-term corporate value, we executed a Tender Offer for Treasury Stock and Repurchase of Treasury Stock Acquisition Rights.



*1 Taking into account the no. of additional shares to be issued for stock acquisition rights, based on the terms and conditions of the 5th series stock acquisition rights.

*2 Refer to "[Notice Concerning Debt Financing from Mizuho Bank, Ltd. \(Refinancing\)](#)" dated March 7, 2025

Dividend

For FY2024, an annual dividend increase to JPY 10 has been implemented.

The same dividend amount is planned for FY2025, with a target dividend payout ratio of 30% for FY2027.

Dividend Policy

- ◆ We plan to utilize cash generated from the growth of the Leasing Business to implement stable shareholder returns.
- ◆ We aim to continue stable dividends while balancing investment in growth and shareholder returns.

Dividend per share

| | End of Q2 | End of FY | Total |
|----------------------|-----------|-----------|-----------|
| FY2024 | JPY 5.00 | JPY 5.00 | JPY 10.00 |
| FY2025 (Forecast) | JPY 5.00 | JPY 5.00 | JPY 10.00 |

Conclusion of Commitment Line Agreement*

Concluded a commitment line agreement with Mizuho Bank, Ltd.

Purpose

- ◆ To expand flexible fundraising measures for the Company's funding needs for sustainable growth and further strengthening its financial base.

Outline

- ◆ Maximum loan amount: JPY 10 billion
- ◆ Date of agreement: July 31, 2025
- ◆ Term of agreement: 1 year
- ◆ Type of contract: Individual relative method
- ◆ Collateral: Unsecured and unguaranteed

* " [Notice Concerning Conclusion of Commitment Line Agreement](#) " dated July 29, 2025

Contact: PR and IR Section, Corporate Planning Department,
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