

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
- Recurring profit: JPY 11.5 billion
- Operating profit: JPY 12.2 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.

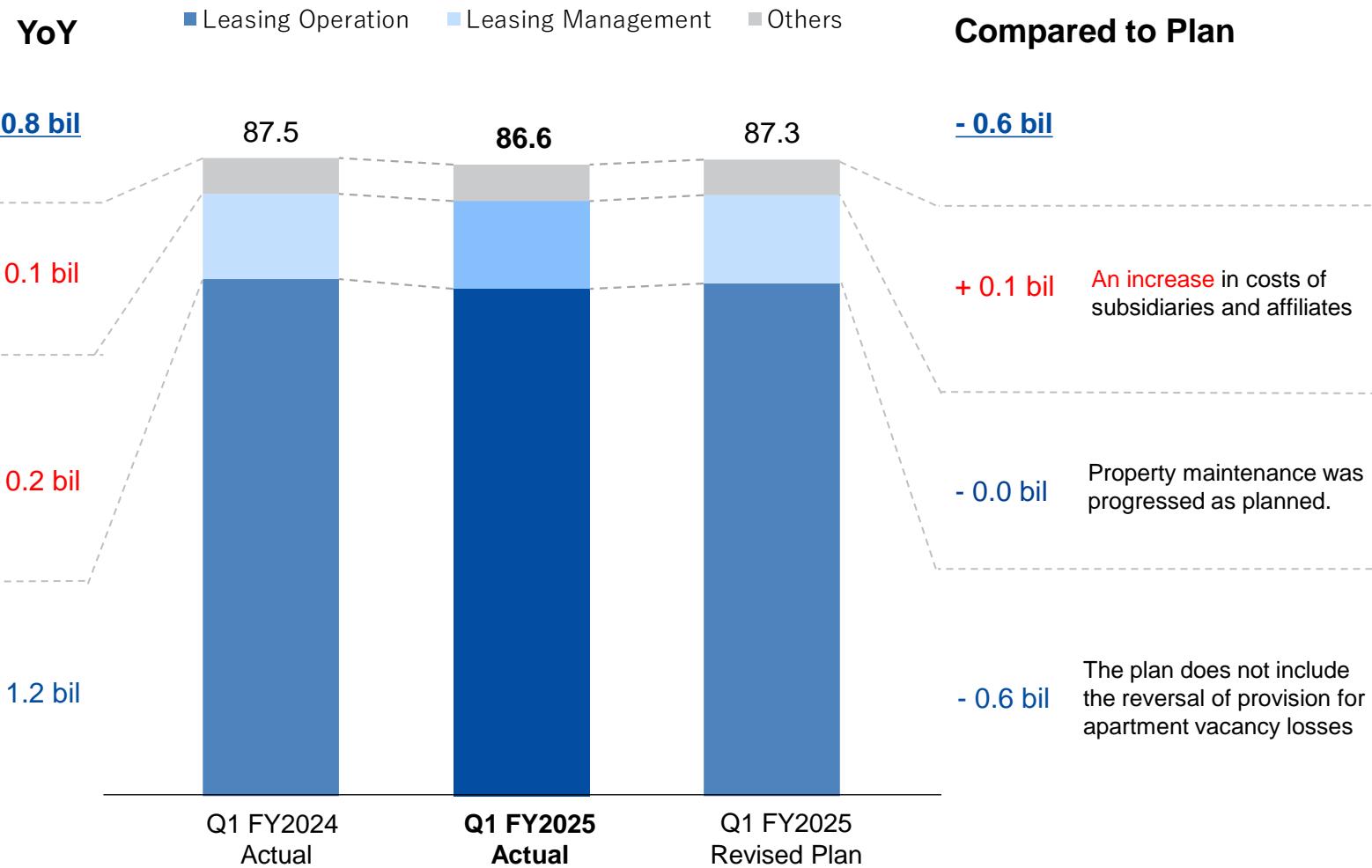
(JPY million)	Comparison vs Q1 FY2024 Actual		Q1 FY2024 Actual	Q1 FY2025 Actual	Q1 FY2025 Revised Plan	Differences		Factors contributing to changes
	Comparison vs Q1 FY2024 Actual	Q1 FY2024 Actual				Q1 FY2025 Actual	Q1 FY2025 Revised Plan	
Net sales	+2.6%	+2,799	108,917	111,717	110,000	+1,717	+1.6%	■ 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%	■ 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.
%	+1.5 p	-	9.4%	10.9%	9.3%	-	+1.6 p	
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%	Foreign exchange losses of JPY 0.1 billion were recorded.
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	Actual	Actual	Revised Plan	Actual	Revised Plan	Actual	Revised Plan	Actual	Revised Plan	Actual	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.

(JPY billion)



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

(JPY billion)

■ Personnel ■ Advertising ■ Sales commission ■ Others*

YoY

Compared to Plan

+ 1.7 bil

12.8

12.5

+ 0.3 bil

An increase is due to the loss related to repairs, which had been previously recorded as an extraordinary loss, was recorded as SG&A expenses, from FY2025.

The number of contracts involving real estate agents slightly decreased.

- 0.0 bil

- 0.0 bil

An Increase in the number of employees and improvements in employee compensation

+ 0.7 bil

11.1

4.6

0.4

0.4

5.5

5.7

0.3

0.3

6.3

5.2

0.6

0.5

6.3

+ 0.5 bil

- 0.2 bil

- 0.1 bil

+ 0.0 bil

An increase is due to the loss related to repairs, which had been previously recorded as an extraordinary loss, was recorded as SG&A, from FY2025.

Due to the focus on direct contracts with customers, the number of contracts involving real estate agents was slightly lower than planned.

Implemented human capital investment as planned.

Q1 FY2024
Actual

Q1 FY2025
Actual

Q1 FY2025
Revised Plan

* 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 compensation for completed construction	7,177	7,143	(33)	
Provision for apartment vacancy loss	4,337	3,737	(599)	■ 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.
Total liabilities	128,356	124,904	(3,452)	
Common stock	100	9,717	+9,617	
Capital surplus	30,120	39,736	+9,616	
Retained earnings	47,490	46,396	(1,093)	■ 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)
Treasury stock	(4,359)	(4,359)	±0	
Total shareholders' equity (A)	73,350	91,490	+18,140	
Total accumulated other comprehensive income (B)	7,918	6,668	(1,250)	■ 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.
Ownership equity (A) + (B)	81,269	98,158	+16,889	
Equity ratio	37.5%	42.9%	+5.4 p	
Share subscription rights	391	26	(365)	
Non-controlling interests	6,607	5,958	(648)	■ 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.
Total net assets	88,268	104,143	+15,874	

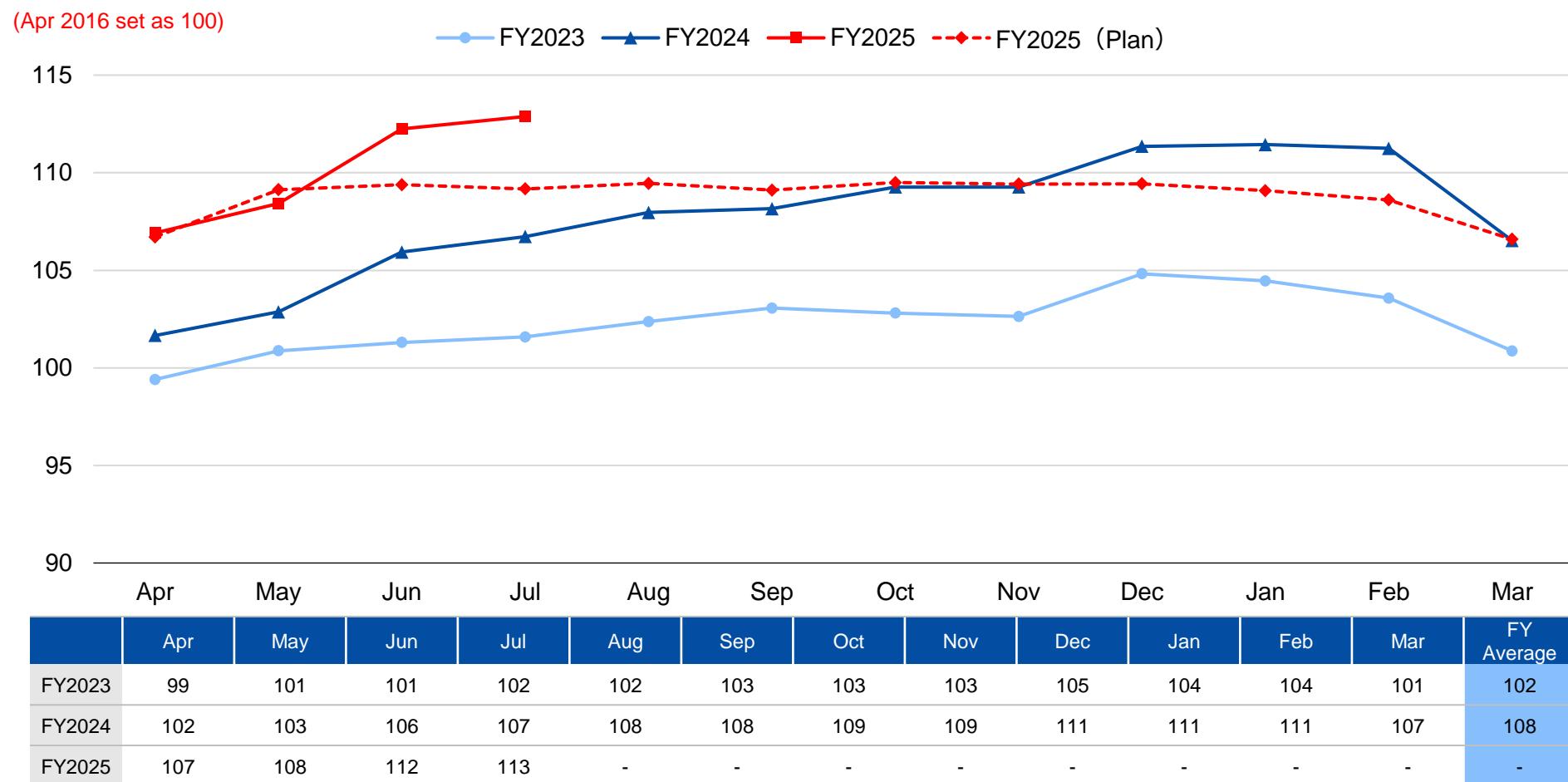
* The tender offer for treasury stock announced in May 2025 was settled on July 16, and, therefore, is not reflected in the balance sheet as of the end of Q1.

* Interest-bearing debt = borrowings + lease obligations

Chapter 2

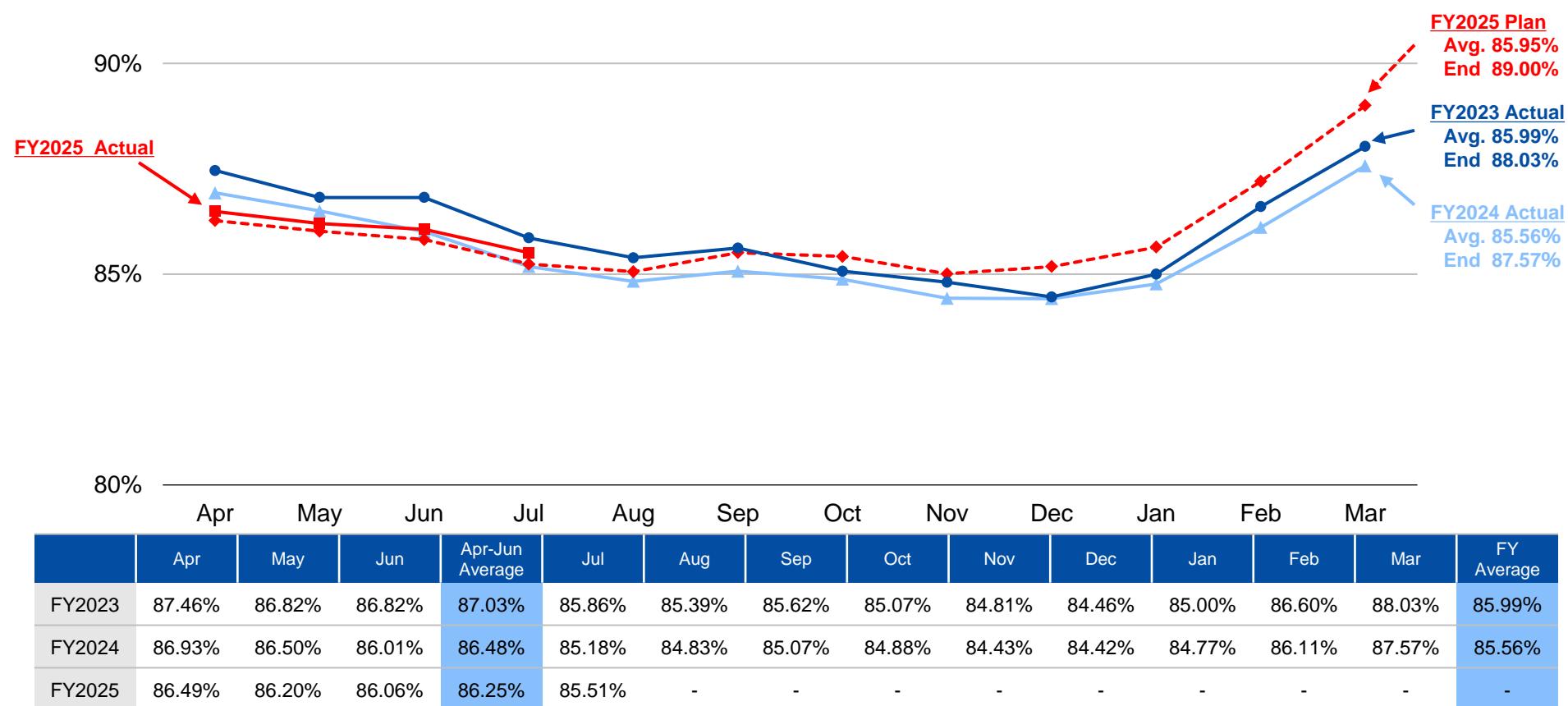
Leasing Business Conditions

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.



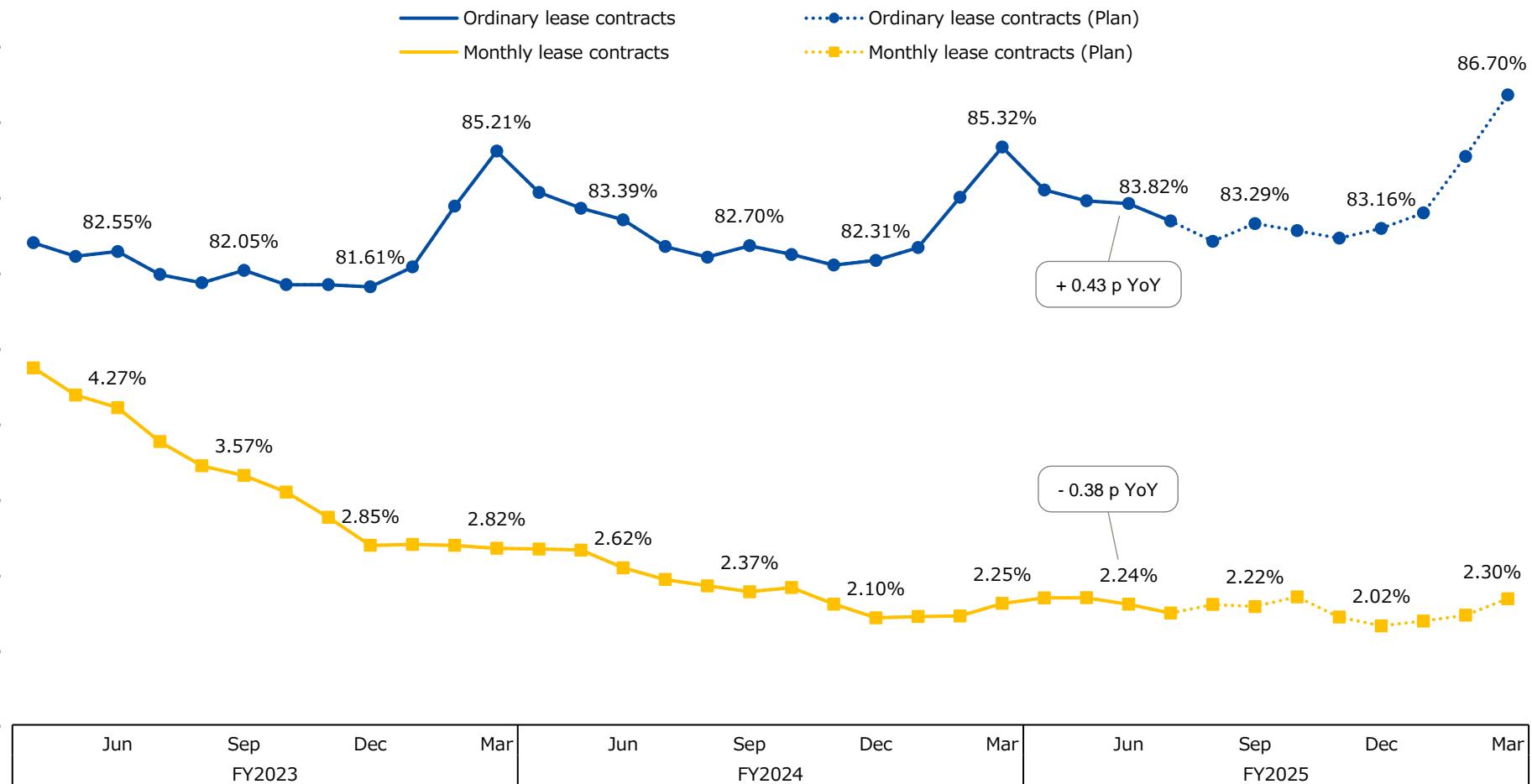
Monthly Data : <https://www.leopalace21.co.jp/english/ir/finance/monthly/index.html>

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.

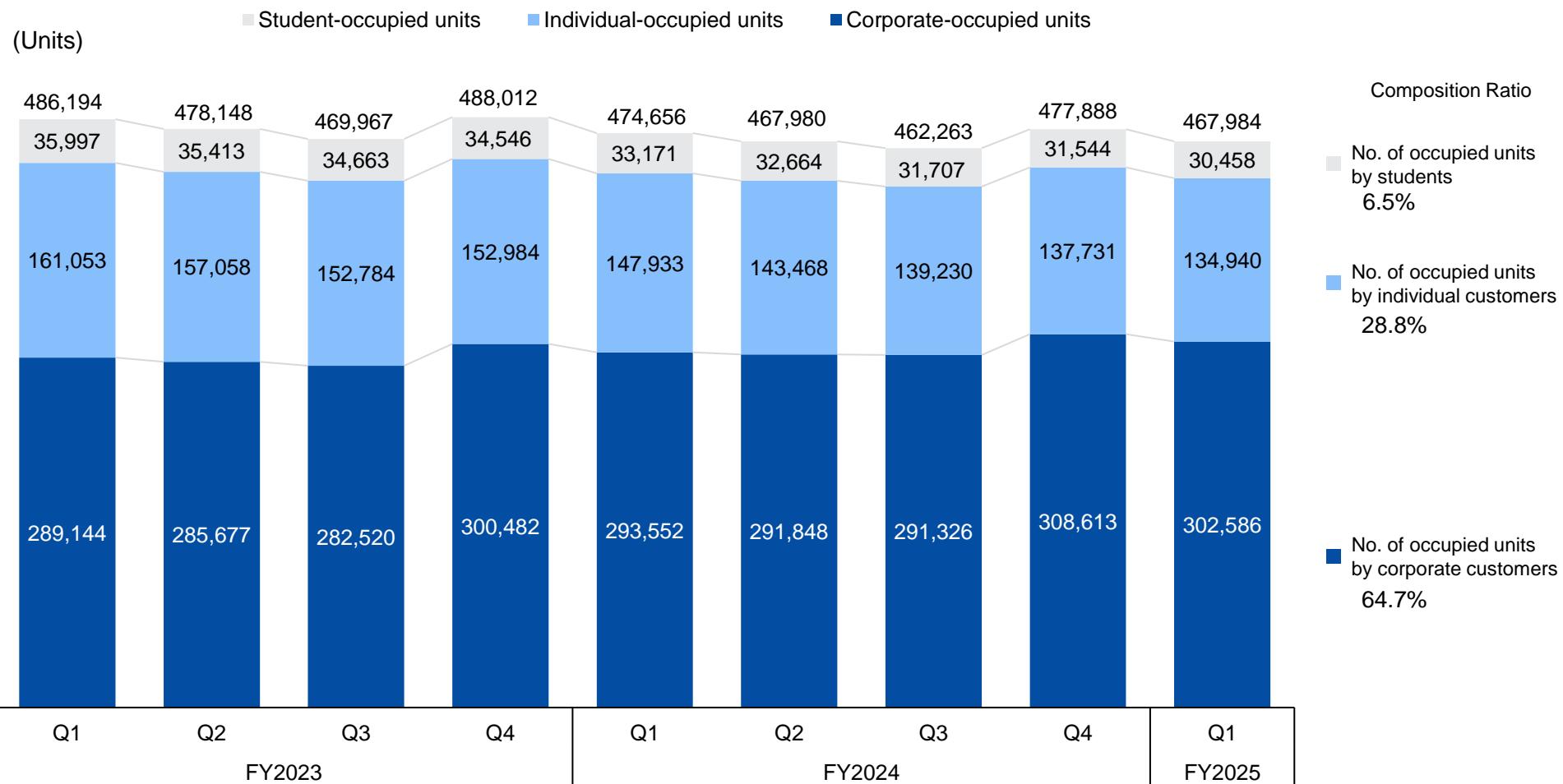


Monthly Data : <https://www.leopalace21.co.jp/english/ir/finance/monthly/index.html>

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%.



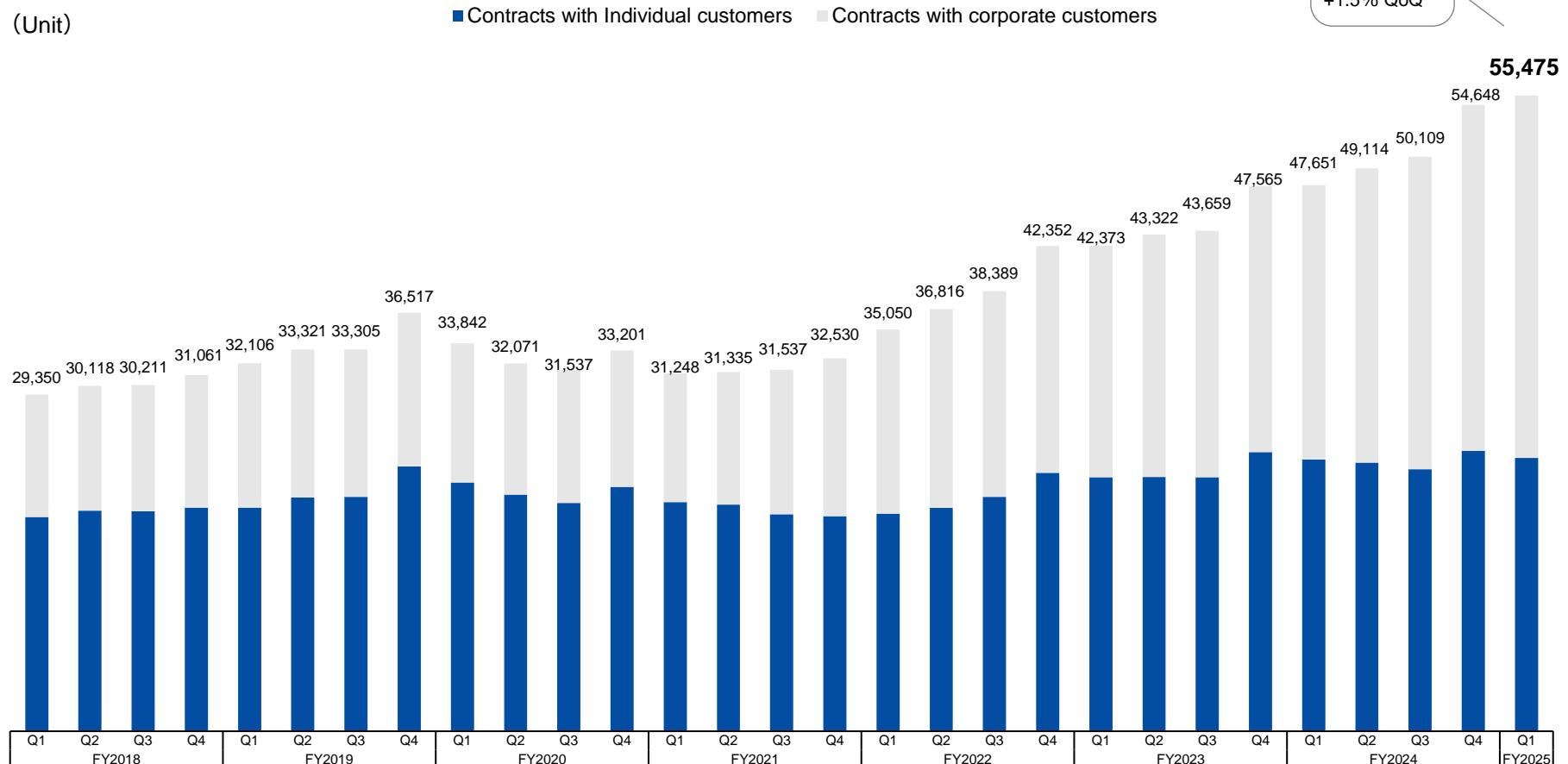
The number of units used by the corporate customers as of Q1 end reached a second peak following the one in Q1 FY2018 comparing Q1 to Q1 each year. The hospitality industry saw a remarkable +18.8% from end of Q1 FY2024 driven by post-COVID-19 hiring increases..

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.



 大阪府 Osaka

Entering date: January 29, 2025

Objective: Acceptance and retention of foreign human resources in Osaka

 熊本県 Kumamoto
Kumamoto Prefecture

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



HITS
Hitachi Regional Technical Support Center

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

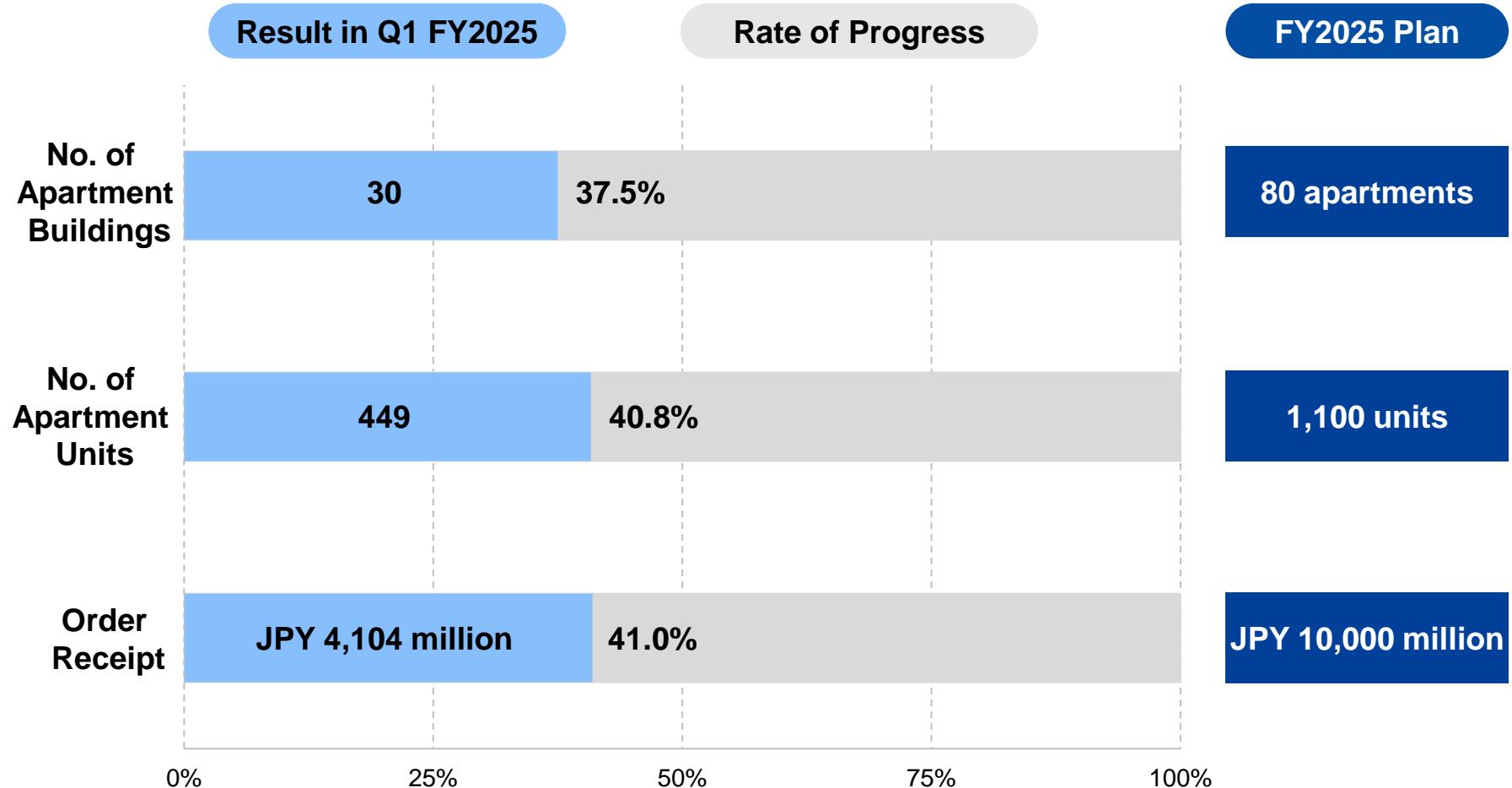
Q1 FY2025	Managed units (thousand)	Occupancy rate	YoY	QoQ
Okayama	11	80%	+ 2 p	- 2 p
Hiroshima	13	84%	- 2 p	- 1 p
Yamaguchi	7	78%	- 13 p	- 5 p
Tokushima	2	73%	+ 1 p	- 0 p
Kagawa	4	76%	- 5 p	- 1 p
Ehime	4	72%	- 5 p	- 5 p
Kochi	2	79%	+ 1 p	- 3 p
Fukuoka	19	88%	+ 0 p	- 2 p
Saga	3	78%	- 9 p	- 6 p
Nagasaki	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.



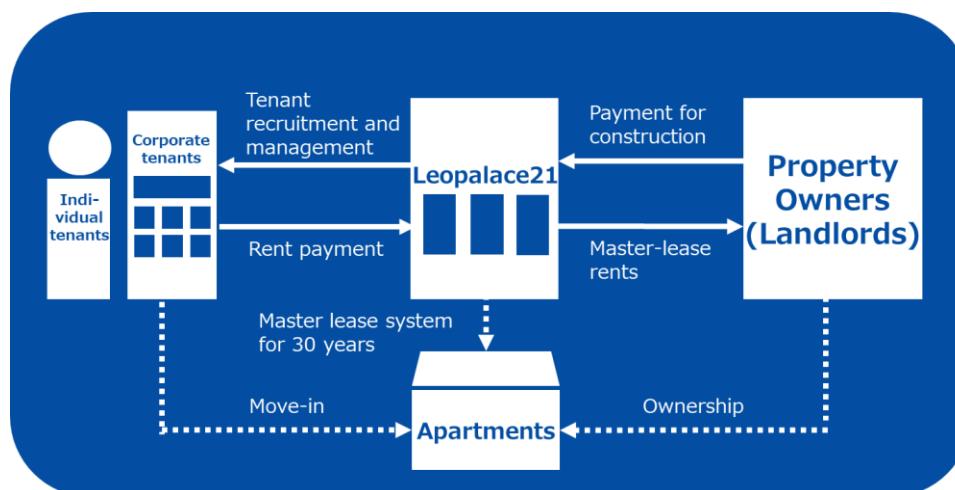
Appendix

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)

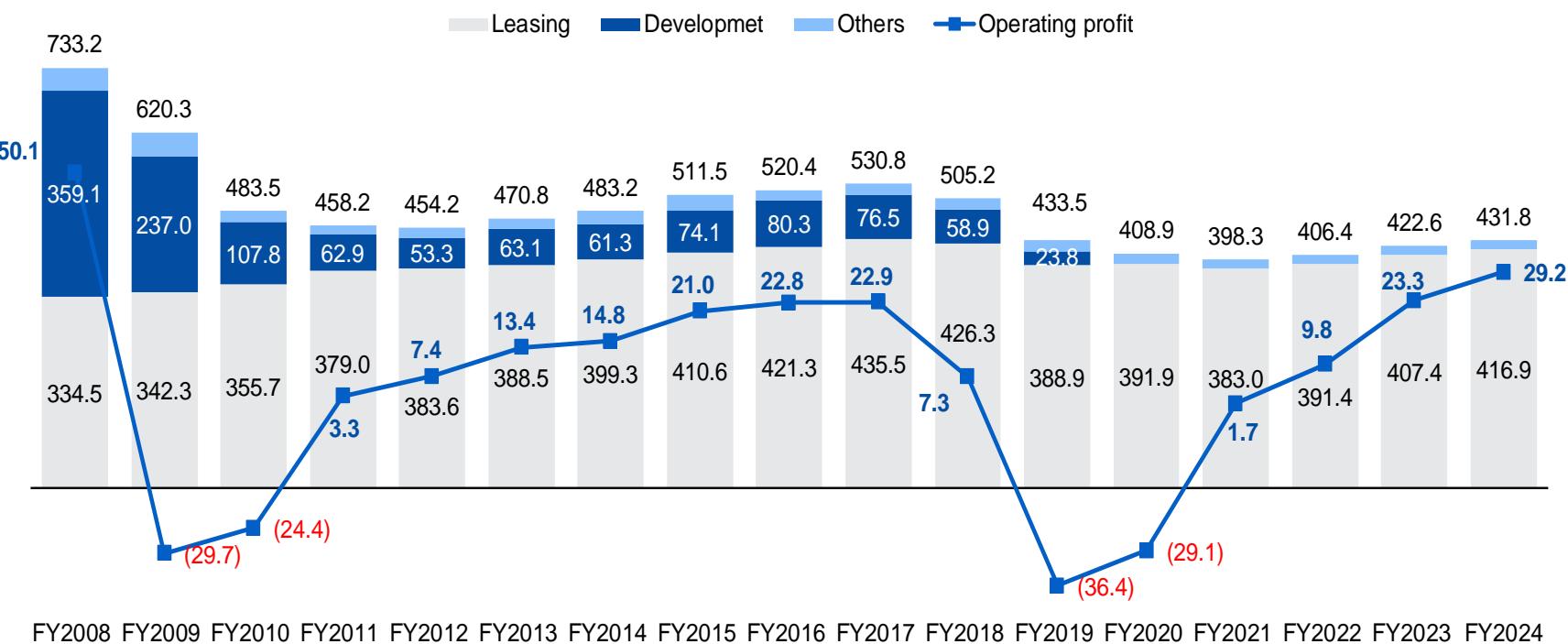
Leasing		
Leopalace Leasing Corporate housing agent	Plaza Guarantee Rent guarantee	ASUKA SSI Tenant contents insurance
Leopalace Power Power generation	Leopalace21 Business Consulting (Shanghai) Tenant recruitment	Leopalace Green Energy Environment
International*		
Leopalace21 Singapore Pte. Ltd. Investment management		
Elderly Care		
Azu Life Care Elderly care service		
Others		
Leopalace Guam Co. Resort Business	Leopalace Smile Special subsidiary	

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

2. Results Trend

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)



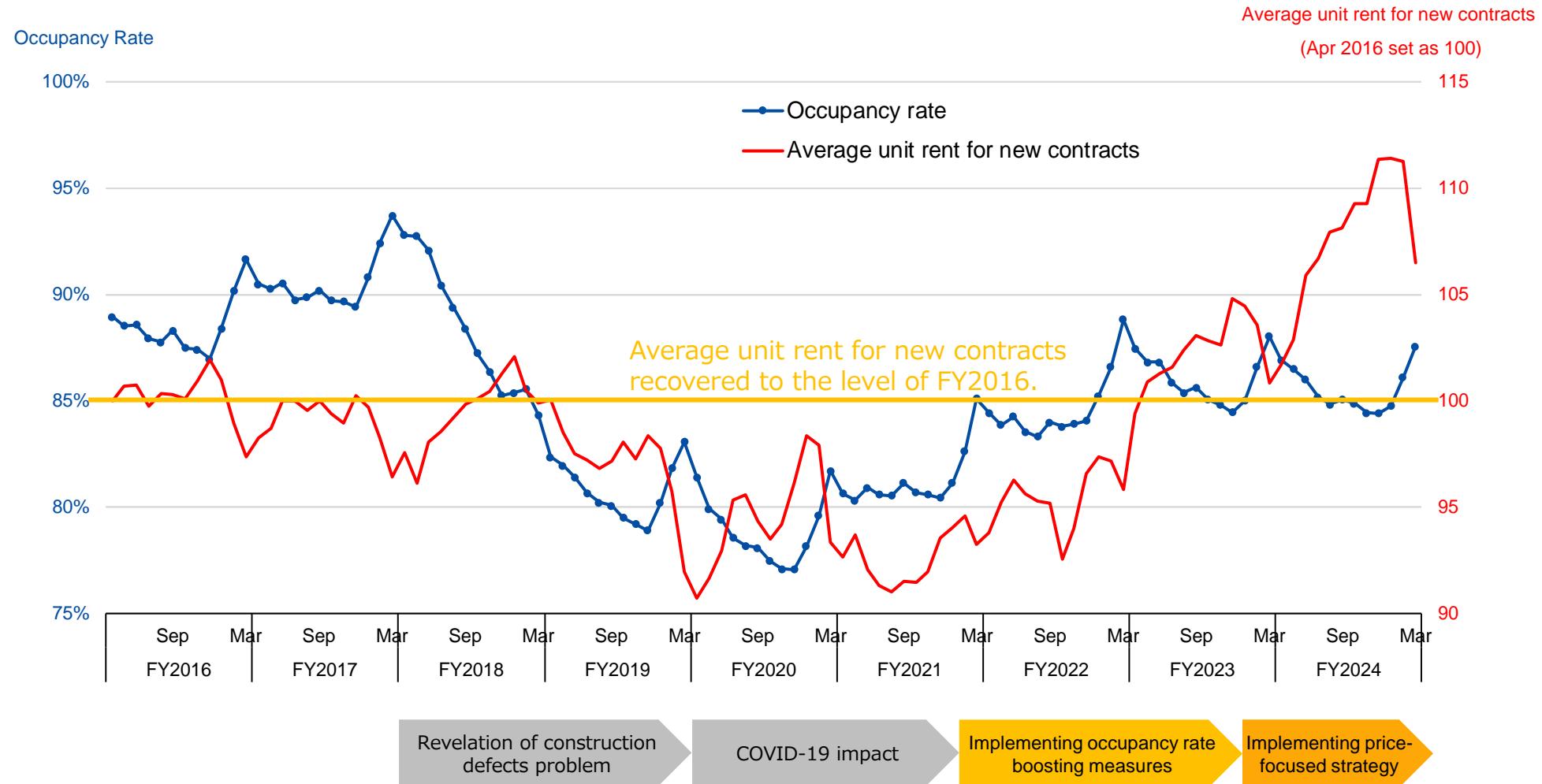
Recorded two consecutive operating losses due to the global financial crisis

Shifted the business model to center on the Leasing Business aiming for mid- to long-term stable earnings structure

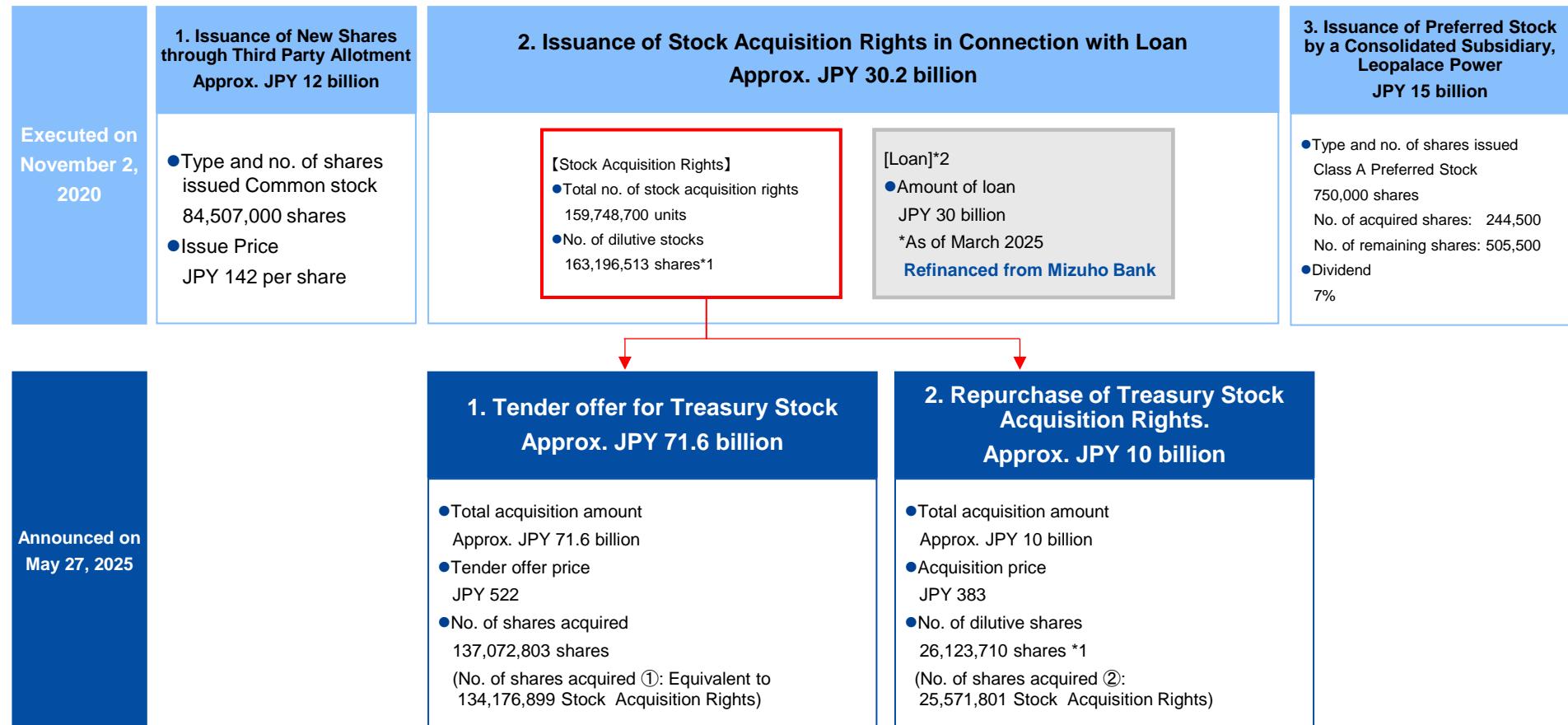
Construction defects problem came to light

Continuous structural reforms
COVID-19 Impact

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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