






Leopalace21 Corporation Financial Results for H1 Fiscal Year 2025



	Executive Summary	p.3
 Chapter 1	Outline of the Financial Results for H1 FY2025	p.4
 Chapter 2	Leasing Business Conditions	p.11
 Chapter 3	Development Business Conditions	p.19
	Appendix	p.22

(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 H1.

Especially, **net income in H1 recorded +37.6% compared to the plan.**

- | | | | |
|---------------------|-------------------|---------------------|------------------|
| • Net sales: | JPY 222.0 billion | • Operating profit: | JPY 20.0 billion |
| • Recurring profit: | JPY 19.0 billion | • Net income: | JPY 4.6 billion |

Leasing Business

Both average unit rent for new contracts and average unit rent for all occupied units were increased. The average unit rent for new contracts (index) in September **reached a record high of 114**. The occupancy rate has **exceeded the level of the same month of the previous year since June 2025** and marked 85.38% at the end of Q2.

Development Business

We received orders for 56 buildings, 826 units, 7.5 billion orders in H1 with the full-scale resumption of taking orders from FY2025.

We are making steady progress towards achieving the FY2025 full-year plan of JPY 10.0 billion orders.

Revisions of Earnings Forecast

Considering the recent performance trends, we have revised earning forecasts for FY2025 **upwards**.

- | | | | |
|---------------------|---------------------------|---------------------|---------------------------|
| • Net sales: | JPY 444.1 billion (+0.6%) | • Operating profit: | JPY 34.8 billion (+7.4%) |
| • Recurring profit: | JPY 33.0 billion (+6.8%) | • Net income: | JPY 13.0 billion (+12.1%) |

Financial Strategies

All acquired stock acquisition rights were cancelled in June 2025.

In September 2025, **132,046,640 shares of treasury stock were cancelled**, alleviating concerns about dilution.

For FY2025, **an interim dividend of JPY 5 per shares** will be implemented, and **a year-end dividend of JPY 5 per shares** is planned, making **a total of JPY 10 for the year**.

Chapter 1

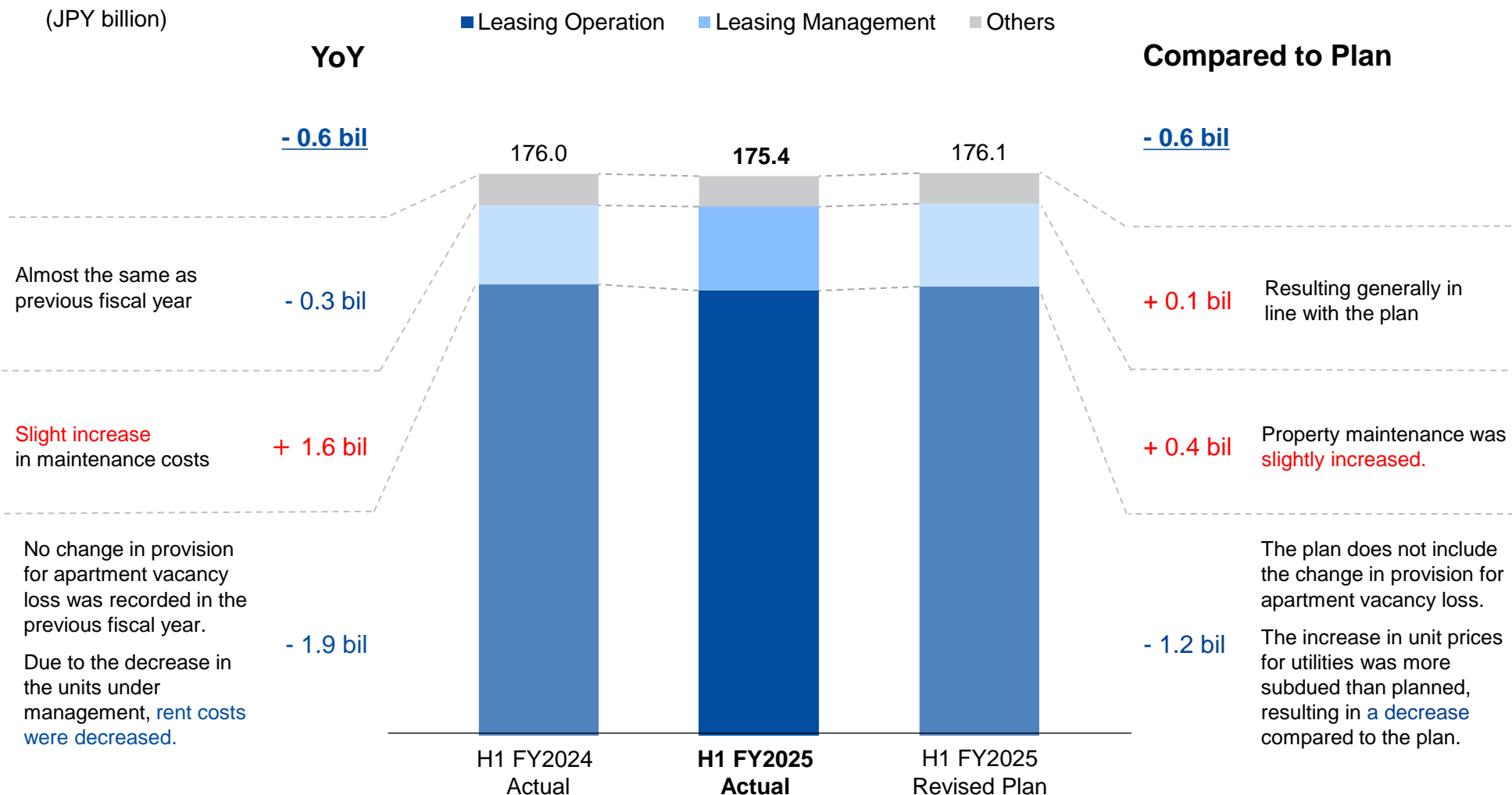
Outline of the Financial Results for H1 FY2025

(JPY million)	Comparison vs H1 FY2024 Actual		H1 FY2024 Actual	H1 FY2025 Actual	H1 FY2025 Revised Plan	Differences		Factors contributing to changes
	%	JPY million				%	JPY million	
Net sales	+2.7%	+5,845	216,165	222,010	219,500	+2,510	+1.1%	<p>■ Net sales The average unit rent, primarily for corporate contracts, remained at a high level.</p>
Cost of sales	(0.3)%	(604)	176,082	175,478	176,100	(621)	(0.4)%	<p>■ Cost of sales Reversal of provision for apartment vacancy loss was recorded JPY 0.68 billion. (No change in provision for apartment vacancy loss was recorded in FY2024, and none is planned for FY2025.)</p>
Gross profit	+16.1%	+6,450	40,082	46,532	43,400	+3,132	+7.2%	<p>■ SG&A Increase from the previous year, driven by a rise in the number of employees and improvement of employee compensation and benefits.</p>
%	+2.5 p	-	18.5%	21.0%	19.8%	-	+1.2 p	
SG&A	+16.9%	+3,828	22,655	26,484	25,400	+1,084	+4.3%	<p>■ Non-operating expenses Interest expenses were recorded JPY 0.47 billion; a decrease of JPY 0.26 billion in YoY. A commission fee of JPY 0.66 billion was recorded.</p>
Operating profit	+15.0%	+2,621	17,426	20,048	18,000	+2,048	+11.4%	
%	+0.9 p	-	8.1%	9.0%	8.2%	-	+0.8 p	
EBITDA	+12.4%	+2,382	19,272	21,655	19,600	+2,055	+10.5%	<p>■ Net income JPY 10.0 billion loss on cancellation of treasury stock acquisition rights was recorded as an extraordinary loss. Income taxes were recorded JPY 3.7 billion.</p>
Recurring profit	+13.7%	+2,297	16,729	19,027	17,100	+1,927	+11.3%	
Net income	(55.9)%	(5,918)	10,596	4,678	3,400	+1,278	+37.6%	
EPS (JPY)	(59.2)%	(19.75)	33.35	13.60	9.89	+3.71	+37.5%	

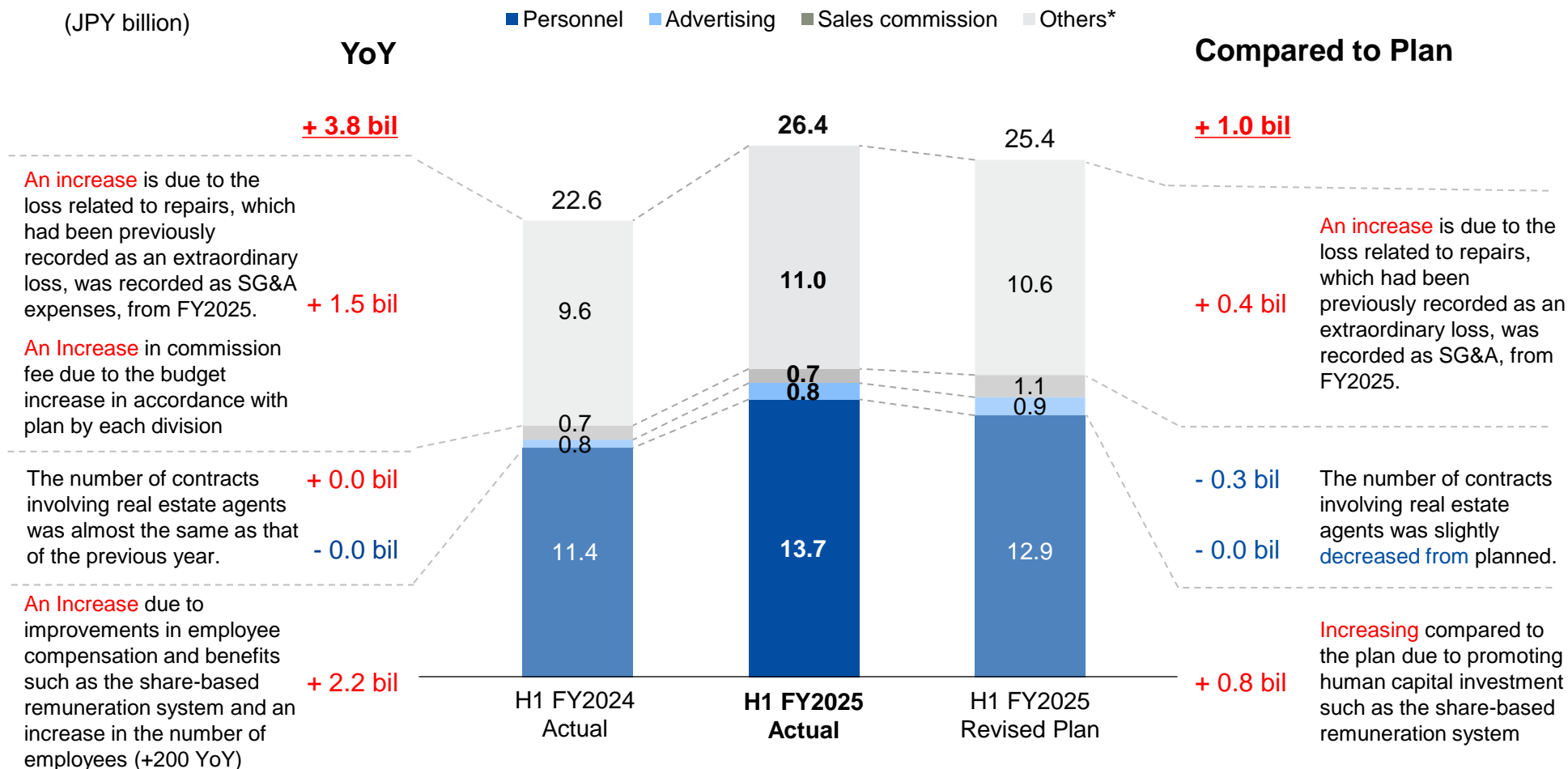
Due to increase in unit rents from Q1 to Q2, we revised earnings forecast for FY2025 upwards.

JPY million	FY2024				FY2025								
	Q1	Q2	Q3	Q4	Q1	Q2		Q3		Q4		FY Total	
	Actual	Actual	Actual	Actual	Actual	Revised Plan May	Actual	Revised Plan May	Revised Plan Nov	Revised Plan May	Revised Plan Nov	Revised Plan May	Revised Plan Nov
Net sales	108,917	107,247	107,805	107,860	111,717	109,500	110,293	110,000	110,200	111,900	111,900	441,400	444,100
Cost of sales	87,519	88,563	88,399	90,054	86,659	88,800	88,818	88,700	89,000	90,500	90,400	355,300	354,900
Gross profit	21,398	18,683	19,405	17,805	25,058	20,700	21,474	21,300	21,200	21,400	21,500	86,100	89,200
SG&A	11,108	11,546	11,375	14,031	12,851	12,900	13,632	12,800	12,700	15,500	15,200	53,700	54,400
Operating profit	10,289	7,137	8,030	3,774	12,206	7,800	7,841	8,500	8,500	5,900	6,300	32,400	34,800
Recurring profit	10,244	6,484	8,151	2,055	11,516	7,400	7,510	8,100	8,200	5,700	5,800	30,900	33,000
Net income	6,084	4,511	4,795	2,469	525	4,200	4,152	4,800	4,900	3,400	3,400	11,600	13,000

While costs of leasing management increased compared to the plan due to enhanced preventive maintenance, cost of sales was generally in line with the plan by reversal of provision for apartment vacancy loss of JPY 0.68 billion due to the improvement in earnings of properties.



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



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

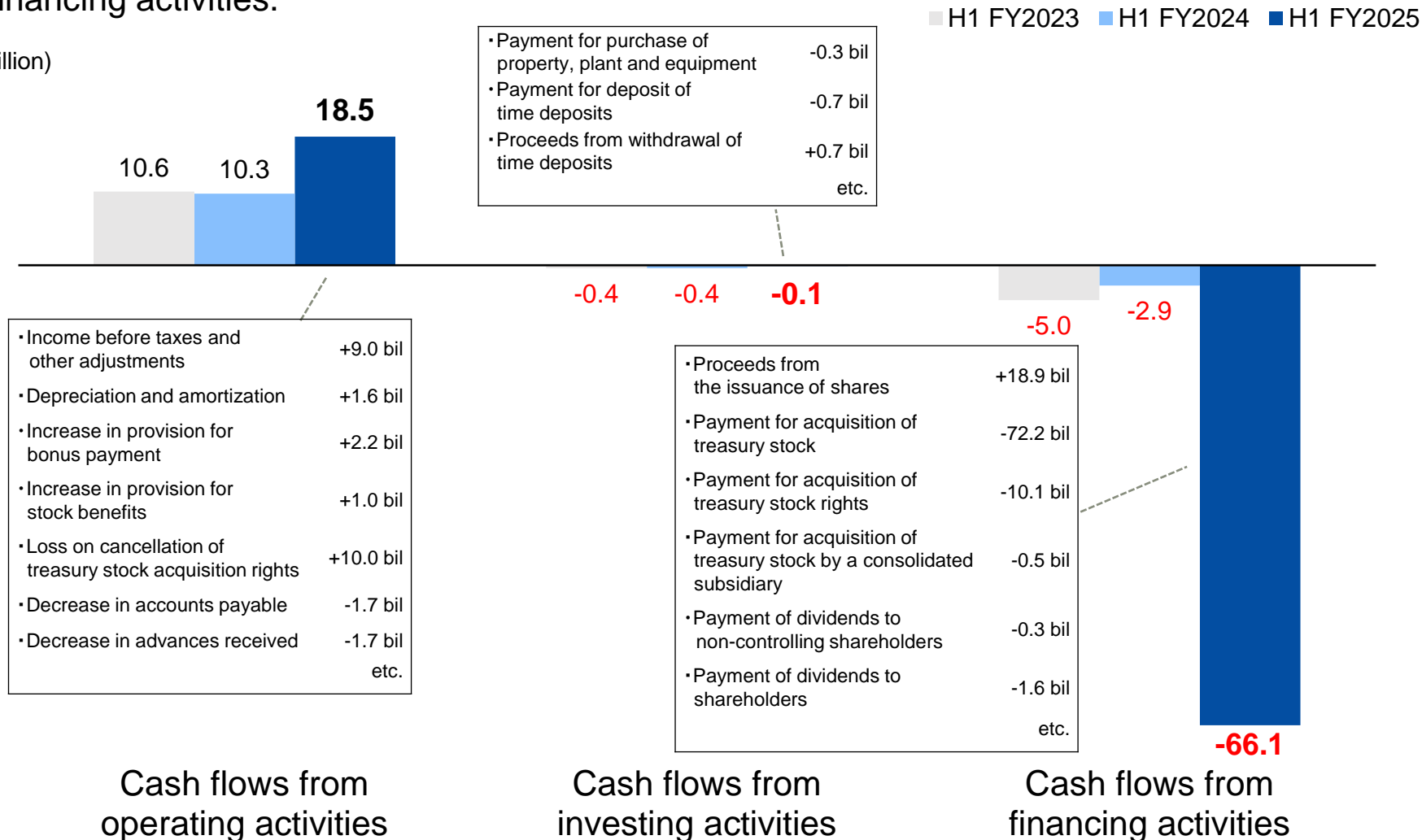
(JPY million)	End of FY2024	End of Q1 FY2025	End of Q2 FY2025	From the end of last quarter	Factors contributing to changes
Cash and deposits	88,408	105,460	41,100	(64,359)	■ Cash and deposits Due to implementing tender offer for treasury stock, there was a decrease JPY 64.3 billion from the end of last quarter. (Date of settlement: July 16, 2025)
Trade receivables	7,913	7,119	7,133	+14	
Total assets	216,625	229,047	160,748	(68,299)	
Interest-bearing debt*	31,630	31,528	31,437	(90)	■ Provision for apartment vacancy loss (current: JPY 2.7 billion; non-current: JPY 0.88 billion) Due to the improvement in earnings of properties, there was a decrease of JPY 80 million from the end of last quarter.
Provision for compensation for completed construction	7,177	7,143	6,968	(175)	
Provision for apartment vacancy loss	4,337	3,737	3,651	(86)	
Total liabilities	128,356	124,904	124,602	(301)	
Common stock	100	9,717	100	(9,617)	■ Common stock At the Ordinary General Shareholders' Meeting held on June 26, 2025; Reduction of the Amount of Common Stock and Capital Reserve was resolved and implemented. (Effective date: July 31, 2025)
Capital surplus	30,120	39,736	15,015	(24,720)	
Retained earnings	47,490	46,396	17,729	(28,667)	■ Capital surplus While there was an increase by capital reduction and trust for share-based remuneration system, due to cancellation of treasury stock, there was a decrease of JPY 24.7 billion from the end of last quarter.
Treasury stock	(4,359)	(4,359)	(8,753)	(4,393)	
Total shareholders' equity (A)	73,350	91,490	24,091	(67,399)	
Total accumulated other comprehensive income (B)	7,918	6,668	5,739	(928)	■ Retained earnings While the quarterly net income was recorded, there was a decrease of JPY 28.6 billion from the last quarter due to cancellation of treasury stock.
Ownership equity (A) + (B)	81,269	98,158	29,830	(68,328)	
Equity ratio	37.5%	42.9%	18.6%	(24.3) p	
Share subscription rights	391	26	26	±0	■ Treasury stock Due to the tender offer for treasury stock (JPY -71.5 billion), cancellation of treasury stock (JPY +67.8 billion), and trust for share-based remuneration (JPY -0.6 billion), there was a decrease of JPY 4.3 billion.
Non-controlling interests	6,607	5,958	6,289	+330	
Total net assets	88,268	104,143	36,145	(67,997)	

* Interest-bearing debt = borrowings + lease obligations

Free cash flows was recorded JPY 18.4 billion.(JPY +8.5 billion YoY)

Due to implementing tender offer for treasury stock, there was a significant decrease in cashflows from financing activities.

(JPY billion)



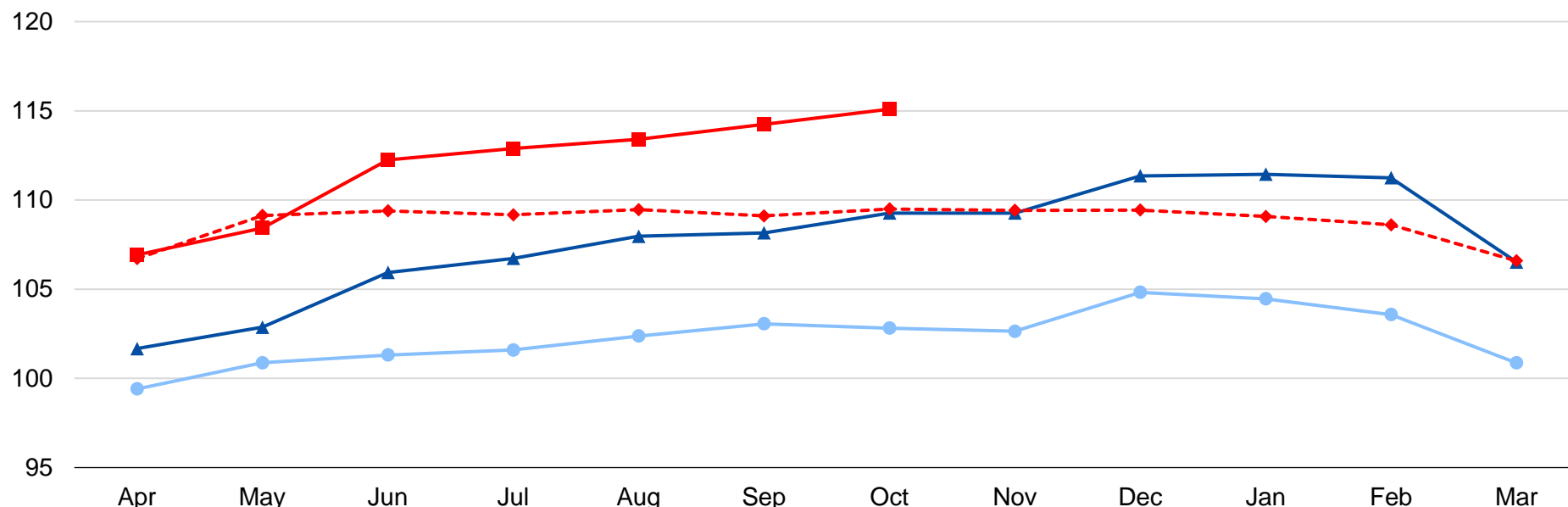
Chapter 2

Leasing Business Conditions

The average unit rent(index) for new contracts maintained high levels driven by corporate contracts, which led to achieving the index of all-time high 114.

(Apr 2016 set as 100)

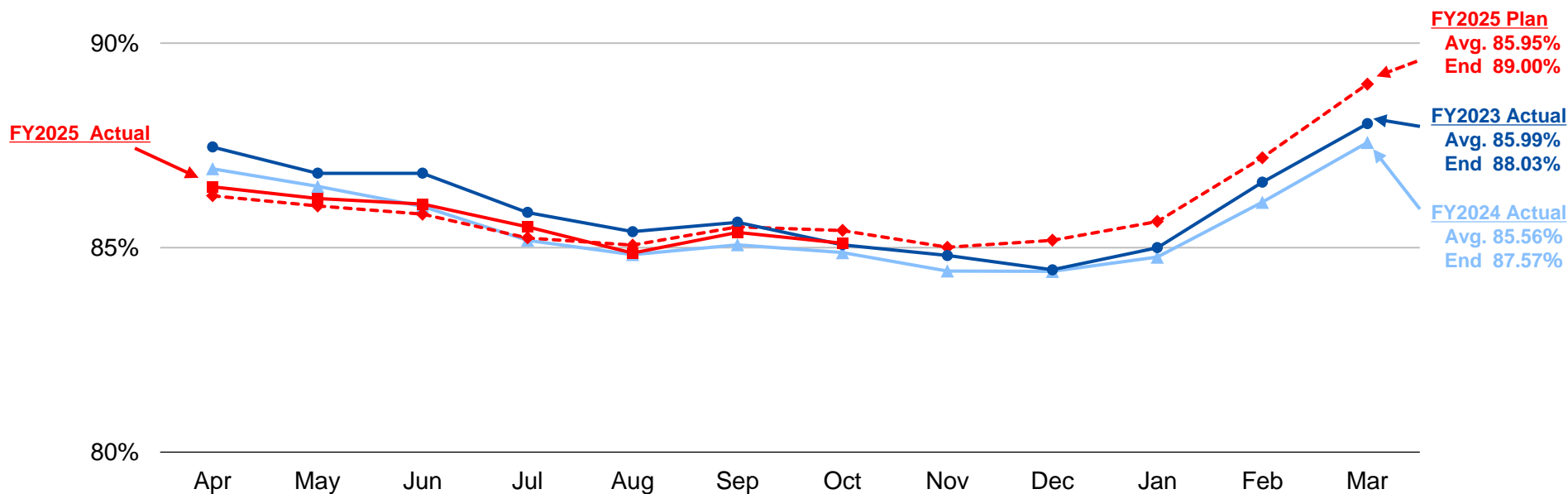
FY2023 FY2024 FY2025 FY2025(Plan)



	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	113	114	115	-	-	-	-	-	-

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

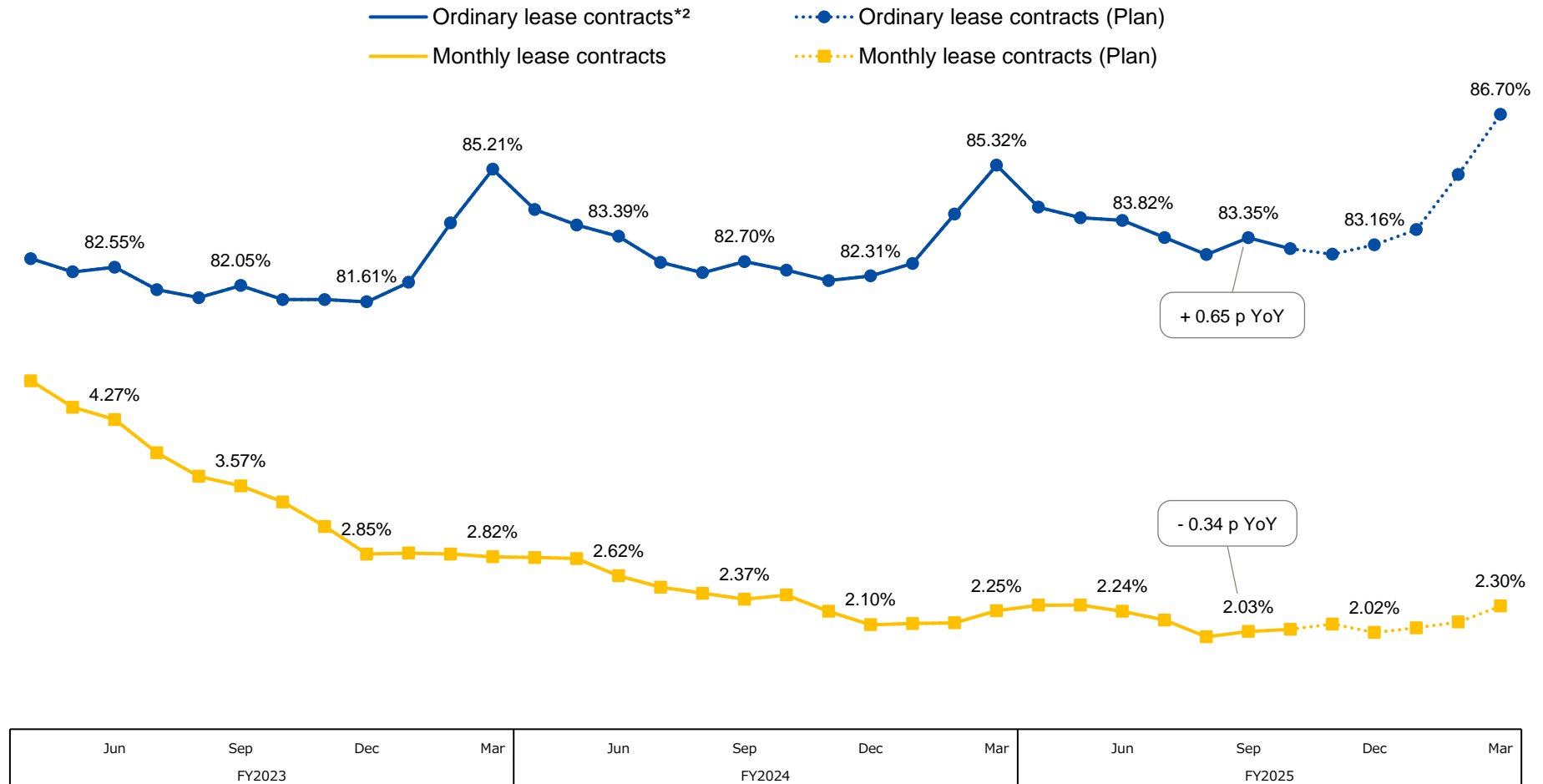
The increased orders from the corporate customers especially those hiring foreign nationals contributed to good performance. The occupancy rates for Q2 were higher than those recorded in the same quarter of the previous year.



	Apr	May	Jun	Apr-Jun Average	Jul	Aug	Sep	Jul-Sep Average	H1 Ave.	Oct	Nov	Dec	Jan	Feb	Mar	FY Average
FY2023	87.46%	86.82%	86.82%	87.03%	85.86%	85.39%	85.62%	85.62%	86.33%	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%	85.03%	85.75%	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%	84.87%	85.38%	85.25%	85.75%	85.11%	-	-	-	-	-	-

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

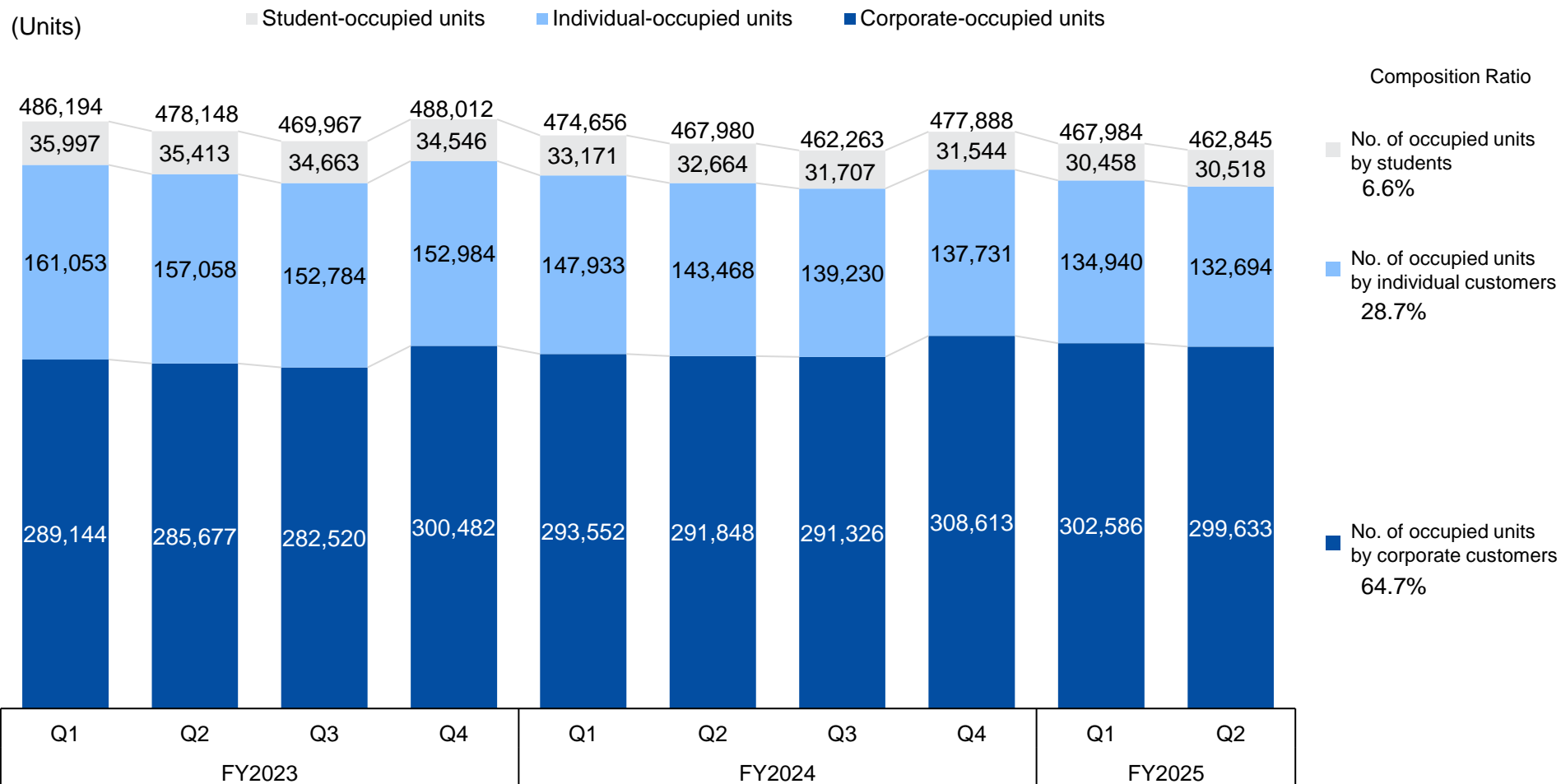
We continued a policy of restraining monthly lease contracts*¹ for FY2025 as well.



Note 1: Short-term contract with a lump sum payment (monthly contract)

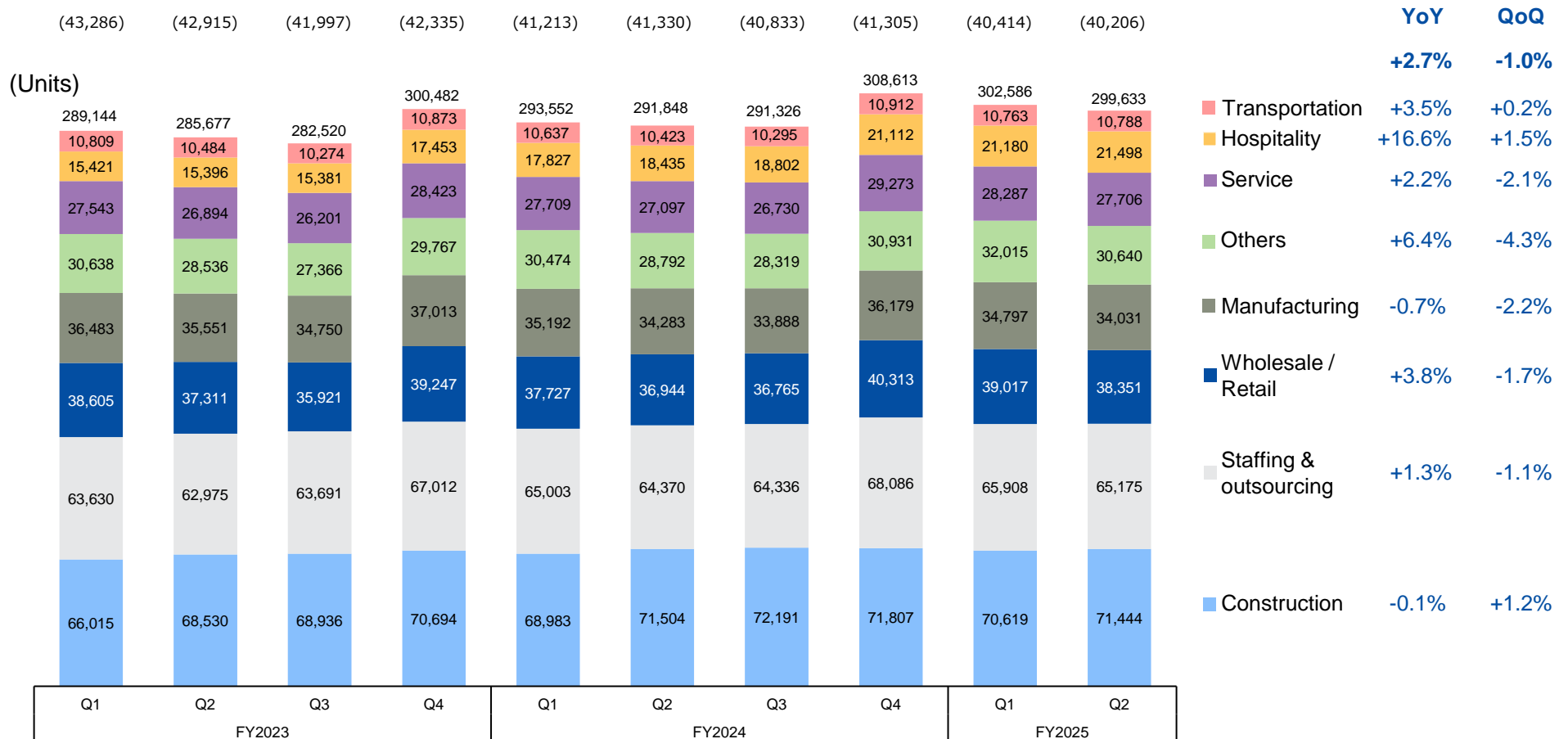
Note 2: Long-term contract with monthly payment (ordinary contract)

The composition ratio by the corporate customers reached the record high of 64.7%.
 (+2.3 p YoY, +0.0 p QoQ)



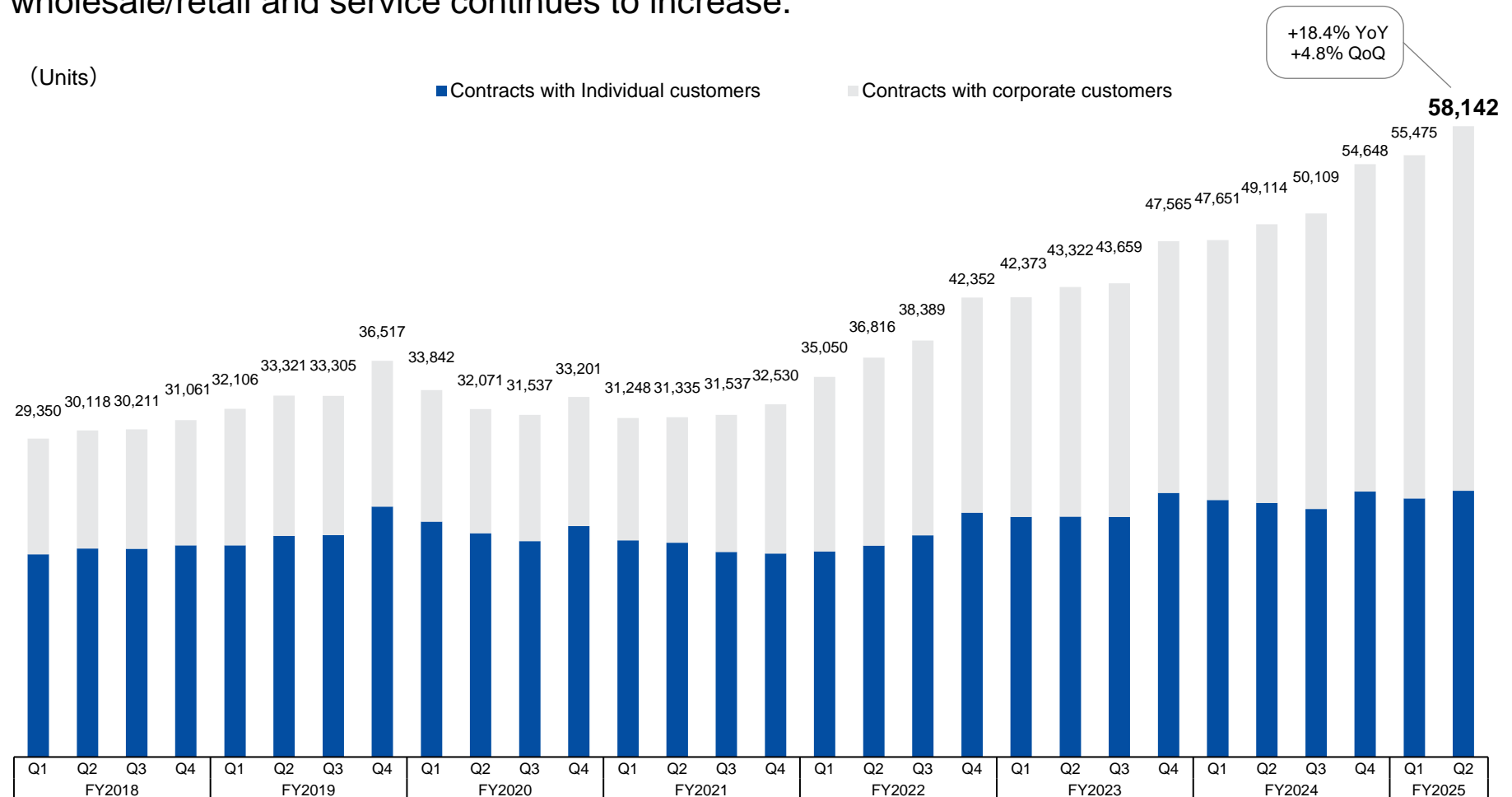
The hiring market remained robust due to increased demand for foreign national talents. The hospitality industry saw a remarkable growth YoY, the same pattern continued from Q1.

No. of companies



The number of units used by foreign national tenants reached a record high of 58,142, which represented 12.6% of the total.

The number of foreign national tenants in corporate contracts, particularly in the industry of hospitality, wholesale/retail and service continues to increase.



The occupancy rates in the Tokyo metropolitan area recorded positive results YoY due to solid corporate demand. Aomori, Akita, Tottori and Shimane saw an increase both YoY and QoQ due to the demand for new construction projects such as factories and power plants. Yamaguchi and prefectures in Kyushu region saw a decline affected by completion of various construction projects.

End of Q2 FY2025	Managed units (thousand)	Occupancy rate	YoY	QoQ
Hokkaido	13	87%	-4 p	+0 p
Aomori	3	83%	+3 p	+6 p
Iwate	3	87%	+1 p	+1 p
Miyagi	9	77%	-1 p	-1 p
Akita	2	89%	+4 p	+2 p
Yamagata	3	79%	-1 p	-2 p
Fukushima	9	81%	-3 p	+1 p
Ibaraki	15	85%	-0 p	-1 p
Tochigi	11	78%	-1 p	-2 p
Gunma	11	79%	-1 p	-1 p
Saitama	44	90%	+3 p	+0 p
Chiba	32	90%	+4 p	-1 p
Tokyo	42	95%	+4 p	-1 p
Kanagawa	39	89%	+3 p	-2 p
Niigata	8	81%	-6 p	+1 p
Toyama	5	86%	-1 p	+3 p

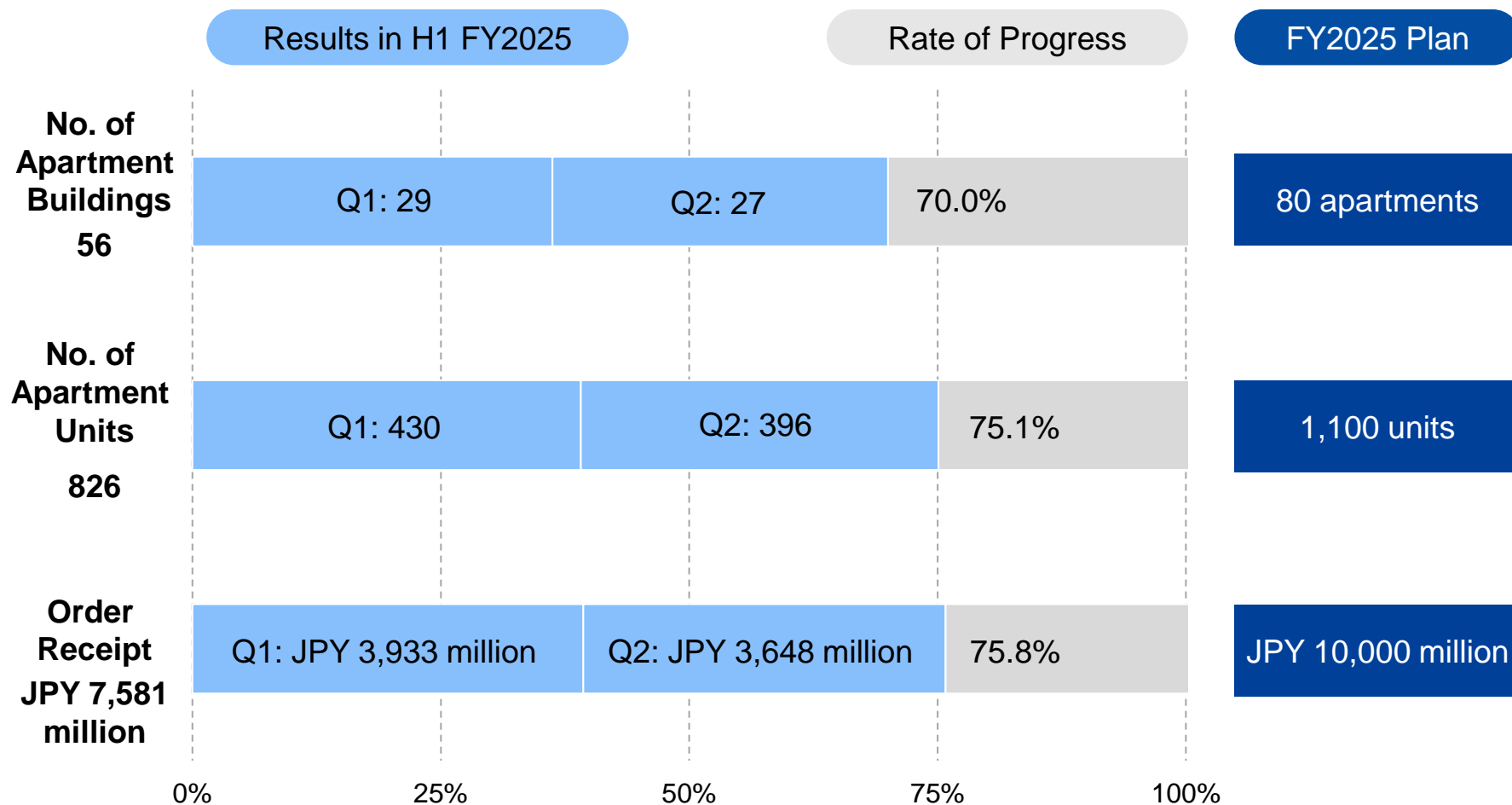
End of Q2 FY2025	Managed units (thousand)	Occupancy rate	YoY	QoQ
Ishikawa	5	90%	+3 p	+2 p
Fukui	4	87%	+5 p	-3 p
Yamanashi	4	94%	-1 p	-2 p
Nagano	11	89%	+1 p	-1 p
Gifu	7	81%	-2 p	+0 p
Shizuoka	23	77%	-2 p	-1 p
Aichi	40	87%	+1 p	-1 p
Mie	11	69%	-2 p	-2 p
Shiga	8	89%	+1 p	+1 p
Kyoto	8	91%	+3 p	+1 p
Osaka	29	87%	+2 p	-0 p
Hyogo	21	85%	-0 p	-1 p
Nara	3	82%	-2 p	+1 p
Wakayama	3	72%	-1 p	+0 p
Tottori	2	82%	+3 p	+4 p
Shimane	2	94%	+6 p	+2 p

End of Q2 FY2025	Managed units (thousand)	Occupancy rate	YoY	QoQ
Okayama	11	78%	-2 p	-2 p
Hiroshima	13	83%	-1 p	-1 p
Yamaguchi	7	77%	-14 p	-1 p
Tokushima	2	72%	-0 p	-1 p
Kagawa	4	77%	-2 p	+1 p
Ehime	4	72%	-3 p	+0 p
Kochi	2	81%	+2 p	+2 p
Fukuoka	19	85%	-1 p	-2 p
Saga	3	71%	-15 p	-6 p
Nagasaki	2	79%	+4 p	+3 p
Kumamoto	7	79%	-7 p	-5 p
Oita	4	80%	+2 p	-3 p
Miyazaki	2	83%	-9 p	-4 p
Kagoshima	3	80%	-3 p	+1 p
Okinawa	5	98%	-0 p	-2 p
Total	542	85%	+0 p	-1 p

Chapter 3

Development Business Conditions

Progress is steady toward achieving the full-year order receipt plan. For FY2025, the first year of full-scale resumption, we are conducting order acquisition activities in the Tokyo metropolitan area and Nagoya.





Designed to redefine single living.

Building on our expertise as a leader in studio apartments, we've launched the new model created with fresh ideas—free from conventional norms.



▶ Embrace a new style: versatile single living

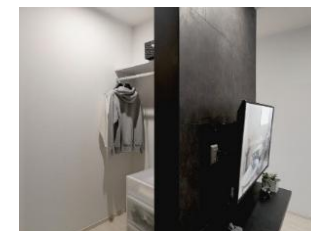
Standard with a wall-mounted TV to maximize space. The adjustable mount allows you to position it to suit your lifestyle. For evolving cooking styles, the kitchen features an easy-to-clean tabletop IH cooking heater.



Move the heater aside to free up the worktop and create more cooking space.

▶ Minimal partitions

Removing interior walls reduces construction costs compared to older models. Connected spaces allow for consistent air conditioning, ensuring uniform comfort. The open design enhances a sense of spaciousness and improves space efficiency.



Walk-in open closet



Sanitary area

▶ Built with a reinforced ceiling

Adopts a reinforced ceiling designed to prevent fire spread during a blaze. In addition to improved sound insulation and enhanced fire-resistance performance, it also promotes better constructability.





Appendix

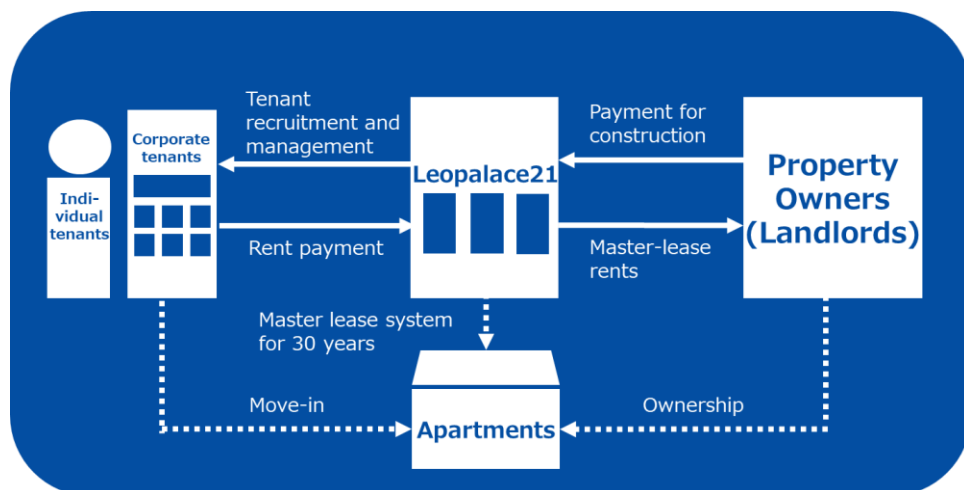


Corporate Data (as of September 30, 2025)

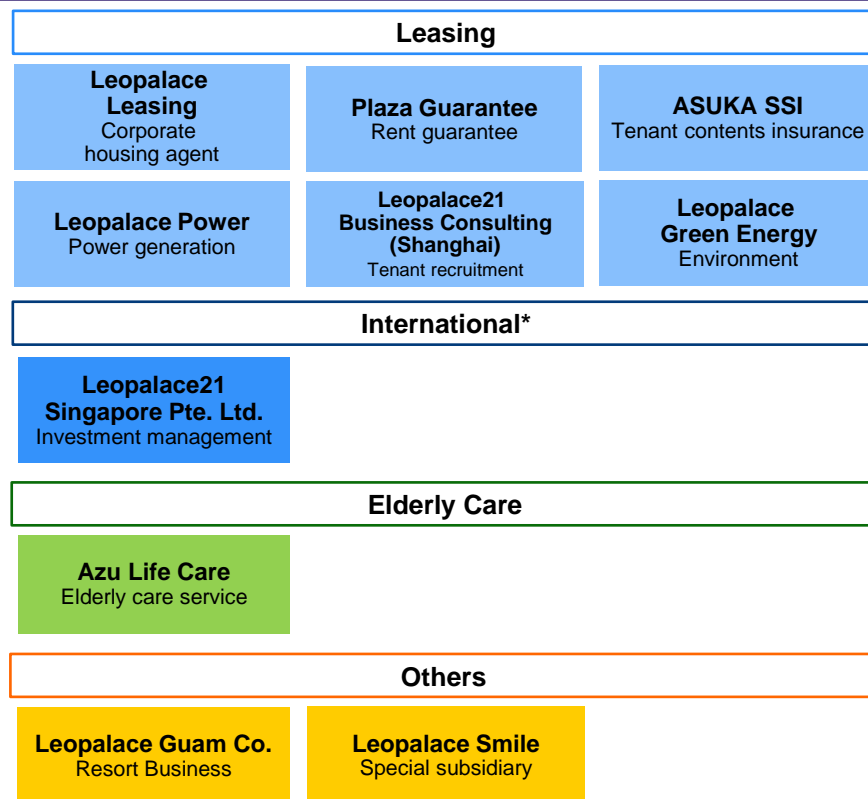
Established	August 17, 1973
Paid-in Capital	JPY 100 million
Representative Director	Bunya Miyao, President and CEO
Employees	4,069 (consolidated), 2,884 (non-consolidated)
Authorized Shares	750,000,000
Outstanding Shares	334,415,678
Shareholders	33,888

Business Model

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



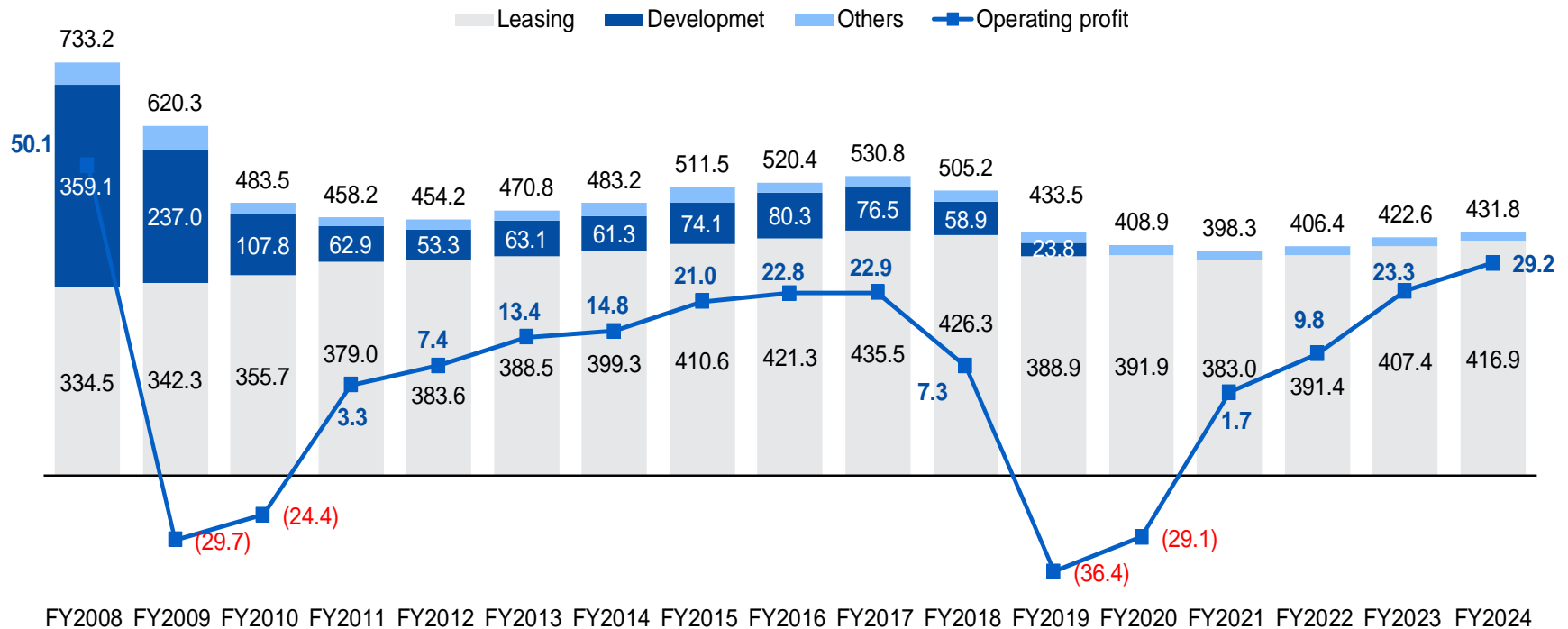
Group Companies (as of September 30, 2025)



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

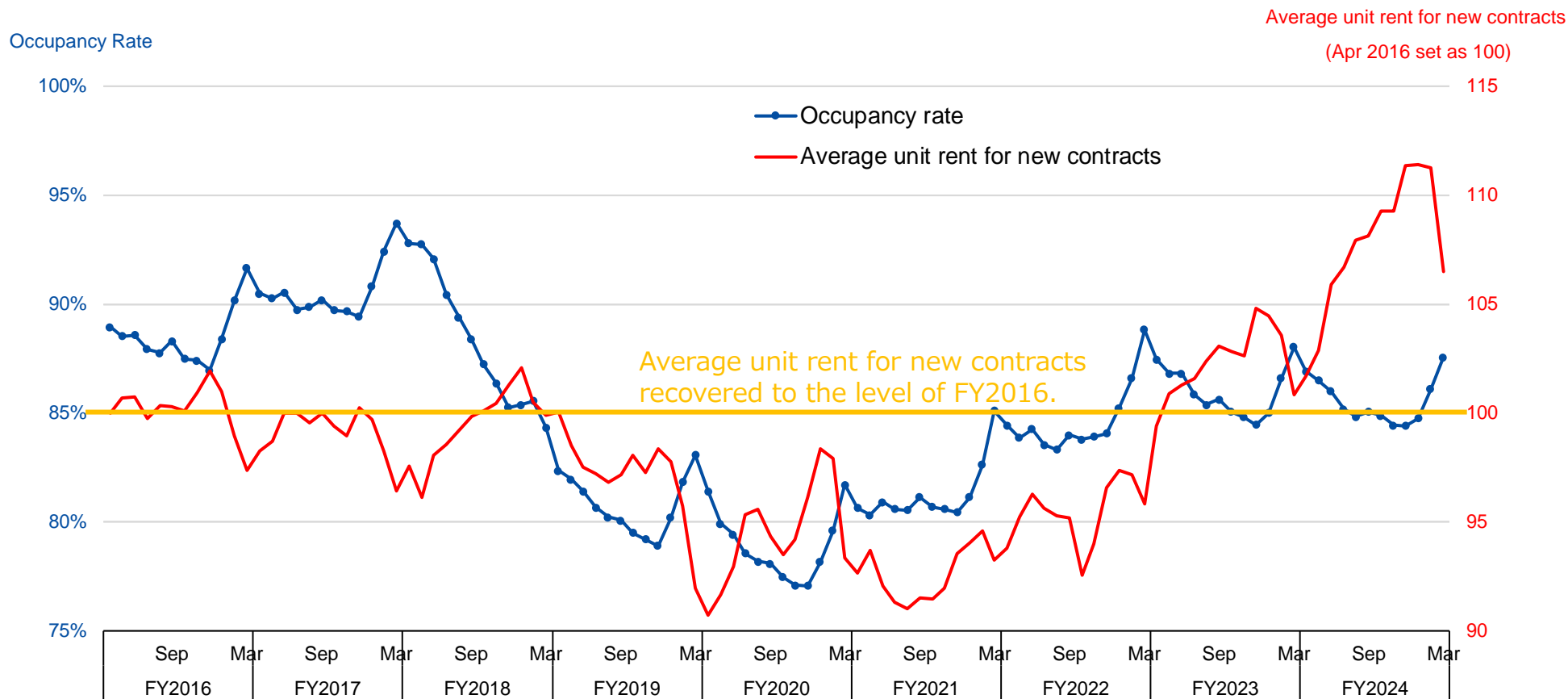
Leopalace21 shifted its business model to center on the Leasing Business after the global financial crisis. With construction defects problem coming to light in FY2018 and another blow by COVID-19 impact starting from FY2020, implementing continuous structural reforms turned operating profit in four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

(JPY billion)

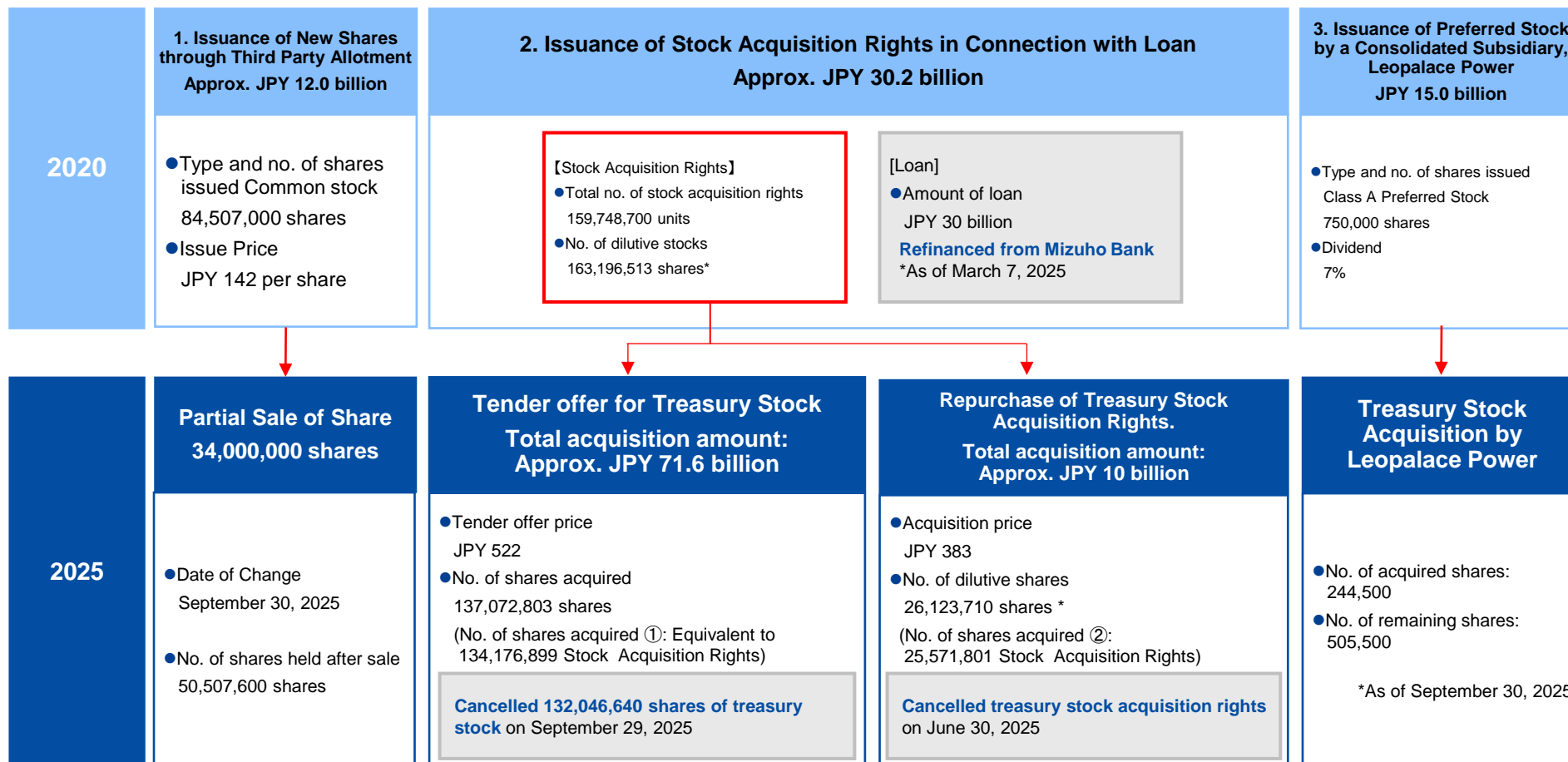


3. Changes in Occupancy Rate and Average Unit Rent for New Contracts Leopalace21

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

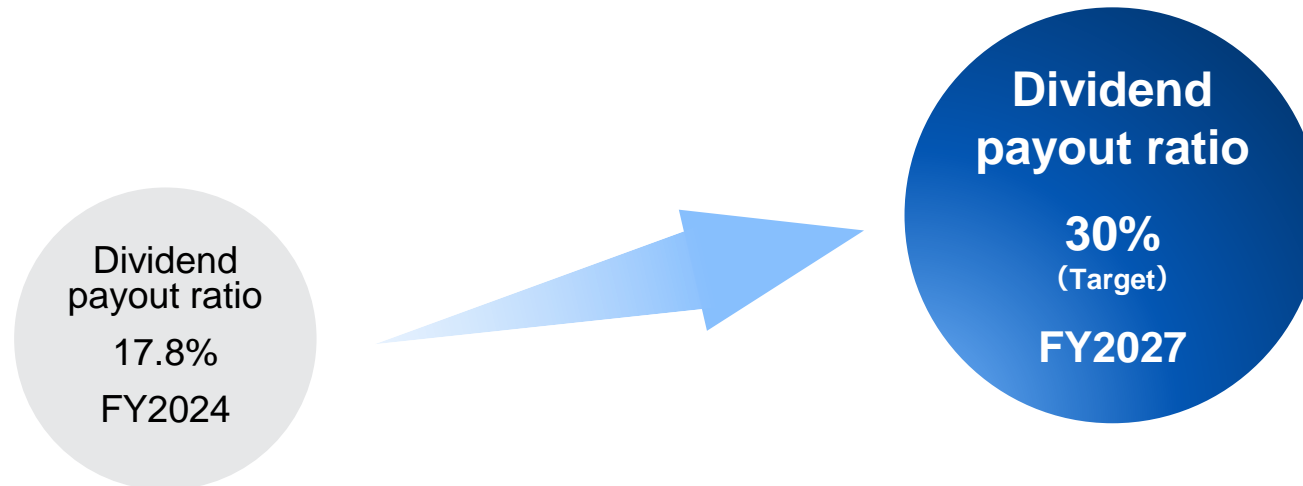


To alleviate concerns about dilution related to the exercise of stock acquisition rights, we executed a Tender Offer for Treasury Stock, Repurchase of Treasury Stock Acquisition Rights and Cancellation of Treasury Stock.



* 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.

For FY2024, an annual dividend increase to JPY 10 was 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	JPY 5.00	JPY 5.00 (Forecast)	JPY 10.00 (Forecast)

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