

Consolidated Financial Statements (Japanese Accounting Standard)

November 14, 2025

(For the six months ended September 30, 2025)

Name of Company Listed: **Leopalace21 Corporation** Stock Listing: Tokyo Stock Exchange
 Code Number: 8848 URL: <https://www.leopalace21.co.jp/english/> Location of Head Office: Tokyo
 Representative: Position: President and CEO Name: Bunya Miyao
 Name of Contact Person: Position: Director, Executive Officer and Chief of the Corporate Management Headquarters
 Name: Shinji Takekura Telephone: +81-50-2016-2907
 Scheduled Date of Semi-annual Securities Report Submission: November 14, 2025
 Scheduled Date of Commencement of Dividend Payments: December 15, 2025
 Supplemental Explanatory Material Prepared: Yes
 Results Briefing Held: Yes (for institutional investors and security analysts)

1. Results for the Six Months ended September 30, 2025 (April 1, 2025 – September 30, 2025)

(1) Consolidated financial results (Amounts less than JPY 1 million are omitted)

(The percentage figures indicate rate of gain or loss compared with the same period in the last fiscal year)

	Net sales		Operating profit		Recurring profit		Net income attributable to shareholders of the parent	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Six months ended September 30, 2025	222,010	2.7	20,048	15.0	19,027	13.7	4,678	(55.9)
Six months ended September 30, 2024	216,165	2.0	17,426	17.5	16,729	27.6	10,596	(10.6)

(Note) Comprehensive income in the six months ended September 30, 2025: JPY 3,124 million [(78.6)%]

Comprehensive income in the six months ended September 30, 2024: JPY 14,597 million [0.4%]

	Net income per share	Diluted net income per share
	JPY	JPY
Six months ended September 30, 2025	13.60	11.83
Six months ended September 30, 2024	33.35	24.38

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	JPY million	JPY million	%
As of September 30, 2025	160,748	36,145	18.6
As of March 31, 2025	216,625	88,268	37.5

(Reference) Ownership equity as of September 30, 2025: JPY 29,830 million; as of March 31, 2025: JPY 81,269 million

2. Dividend Status

	Dividend per share				
	End of Q1	End of Q2	End of Q3	End of FY	Annual
	JPY	JPY	JPY	JPY	JPY
FY ended March 31, 2025	—	5.00	—	5.00	10.00
FY ending March 31, 2026	—	5.00			
FY ending March 31, 2026 (Estimate)			—	5.00	10.00

(Note) Change from the latest dividend forecast: No

3. Consolidated Earnings Forecasts for the Fiscal Year ending March 31, 2026 (April 1, 2025 – March 31, 2026)

(The percentage figures for full fiscal year indicate rate of gain or loss compared with the previous full fiscal year.)

	Net sales		Operating profit		Recurring profit		Net income attributable to shareholders of the parent		Net income per share
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY
FY ending March 31, 2026	444,100	2.8	34,800	19.1	33,000	22.5	13,000	(27.2)	37.80

(Note) Change from the latest earnings forecast: Yes

(Notes)

- (1) Significant changes in the scope of consolidation during the period: No
- (2) Use of accounting procedures specific to the preparation of semi-annual consolidated financial statements: Yes
(Note) For details, please refer to 2. Semi-annual Consolidated Financial Statements and Notes (4) Notes Regarding Semi-annual Consolidated Financial Statements (Application of accounting methods specific to the preparation of semi-annual consolidated financial statements) in p. 13.
- (3) Changes in accounting policies, procedures or reporting methods used in preparation of financial statements and restatements
 - (i) Changes in accounting policies accompanying revision of accounting standards, etc.: No
 - (ii) Changes in accounting policies other than (i) above: No
 - (iii) Changes in accounting estimates: No
 - (iv) Restatements: No
- (4) Total number of outstanding shares (common stock)
 - (i) Total number of outstanding shares at term end (including treasury stock)
As of September 30, 2025: 334,415,678 shares, As of March 31, 2025: 329,389,515 shares
 - (ii) Total treasury stock at term end
As of September 30, 2025: 16,720,784 shares, As of March 31, 2025: 11,694,621 shares
 - (iii) Average number of outstanding shares during the period
Six months ended September 30, 2025: 343,911,003 shares, Six months ended September 30, 2024: 317,695,103 shares

– Semi-annual financial statements are not subject to auditing under the Financial Instruments and Exchange Act.

– Explanation on the proper use of the business forecasts, and other special notices:

(Note on the business forecasts and other forward-looking statements)

The business forecasts and other forward-looking statements contained in this report are based on information currently available to Leopalace21 (hereinafter the “Company”) and on certain assumptions that the Company has judged to be reasonable. Readers should be aware that a variety of factors might cause actual results to differ significantly from these forecasts. Please refer to “1. Summary of Business Results, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements” on p. 6 of the attached document for the assumptions used in forecasting business results and precautions regarding the use of business results forecasts.

(Method for the acquisition of supplemental explanatory material)

Supplemental Explanatory Material is planned to be posted on the Company’s website on November 14, 2025.

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1. Summary of Business Results

(1) Analysis of Business Results

(JPY million)

	Six months ended September 30, 2025	Six months ended September 30, 2024	Difference	Percentage change
Net sales	222,010	216,165	+5,845	+2.7%
Cost of sales	175,478	176,082	(604)	(0.3)%
Gross profit (ratio)	46,532 (21.0%)	40,082 (18.5%)	+6,450	+16.1% (+2.5 p)
Selling, general and administrative expenses	26,484	22,655	+3,828	+16.9%
Operating profit (loss) (ratio)	20,048 (9.0%)	17,426 (8.1%)	+2,621	+15.0% (+0.9 p)
EBITDA (Operating profit (loss) + Depreciation)	21,655	19,272	+2,382	+12.4%
Recurring profit (loss)	19,027	16,729	+2,297	+13.7%
Net income (loss) attributable to shareholders of the parent	4,678	10,596	(5,918)	(55.9)%

Net sales for H1 of the fiscal year ending March 2026 amounted to JPY 222,010 million, up 2.7% YoY, due to an increasing trend in the average unit rent. Operating profit was JPY 20,048 million, up 15.0% YoY, as the improvement of profitability from increasing average unit rent and reduced cost of sales absorbed the increase in SG&A expenses due to promoting human capital investment, including the increase in the number of employees and improvements to workers' conditions. Recurring profit was JPY 19,027 million, up 13.7% YoY.

Net income attributable to shareholders of the parent was JPY 4,678 million, down 55.9% YoY, mainly due to the recording of JPY 10,068 million in extraordinary losses related to the loss on cancellation of treasury stock acquisition rights.

EBITDA for H1 of the fiscal year ending March 2026 increased by 12.4% YoY to JPY 21,655 million.

Results by segment are as follows:

(JPY million)

	Net sales			Operating profit (loss)		
	Six months ended September 30, 2025	Six months ended September 30, 2024	Difference	Six months ended September 30, 2025	Six months ended September 30, 2024	Difference
Leasing Business	214,381	208,572	+5,808	24,073	21,533	+2,539
Elderly Care Business	6,882	6,910	(28)	(467)	(441)	(25)
Other Businesses	746	681	+65	(1,307)	(1,170)	(137)
Adjustments	–	–	–	(2,249)	(2,494)	+245
Total	222,010	216,165	+5,845	20,048	17,426	+2,621

(i) Leasing Business

During H1 of the fiscal year ending March 2026, the occupancy rate at the end of the period was 85.38% (up 0.31 points from the end of the same period of the previous fiscal year), with an average occupancy rate of 85.75% (no change from the end of the same period of previous fiscal year). The index of average unit rent for new contracts (the index in April 2016 deemed to be 100) at the end of the period was 114, up 6 points from the end of the same period of the previous fiscal year.

Consequently, net sales for H1 of the fiscal year ending March 2026 increased by 2.8% YoY to JPY 214,381 million due to elevated average unit rent and other factors. Operating profit was JPY 24,073 million, a growth of 11.8% YoY, due to increased revenue, declined cost of rent payment to the apartment owners, the reversal of provisions for apartment vacancy loss, and other factors.

(ii) Elderly Care Business

For H1 of the fiscal year ending March 2026, net sales decreased by 0.4% YoY to JPY 6,882 million and operating loss amounted to JPY 467 million, an increase in loss of JPY 25 million YoY. The number of facilities at the end of the period was 85.

(iii) Other Businesses

For H1 of the fiscal year ending March 2026, net sales increased by 9.6% YoY to JPY 746 million and operating loss amounted to JPY 1,307 million, an increase in loss of JPY 137 million YoY.

(2) Analysis of Consolidated Financial Position

(JPY million)

	September 30, 2025	March 31, 2025	Difference	Percentage change
Assets	160,748	216,625	(55,877)	(25.8)%
Liabilities	124,602	128,356	(3,754)	(2.9)%
Net assets	36,145	88,268	(52,123)	(59.1)%
Equity ratio	18.6 %	37.5 %	—	(18.9)p

Assets at the end of H1 of the fiscal year ending March 2026 were JPY 160,748 million, a decrease of JPY 55,877 million from the end of the previous fiscal year. This was mainly due to decreases of JPY 47,307 million in cash and deposits, JPY 1,257 million in others (cash advance) in current assets, JPY 1,908 million in buildings and structures (net), and JPY 3,184 million in deferred tax assets.

Total liabilities amounted to JPY 124,602 million, a reduction of JPY 3,754 million from the end of the previous fiscal year. This was mainly due to decreases of JPY 586 million in accounts payable, JPY 3,482 million in accounts payable - other, JPY 1,707 million in advances received and long-term advances received, and JPY 685 million in provision for apartment vacancy loss, whereas provision for bonus payment increased by JPY 2,291 million and provision for stock benefits increased by JPY 1,038 million.

Total net assets decreased by JPY 52,123 million from the end of the previous fiscal year to JPY 36,145 million. This was mainly due to a decrease of JPY 15,104 million in capital surplus (an increase of JPY 19,234 million due to a capital reduction after issuance of new shares, an increase of JPY 679 million due to the disposal of treasury stock to a stock grant trust, and a decrease of JPY 35,017 million due to the cancellation of treasury stock), a decrease of JPY 29,761 million in retained earnings (an increase of JPY 4,678 million due to the recording of net income attributable to shareholders of the parent, a decrease of JPY 32,820 million due to the cancellation of treasury stock, and a decrease of JPY 1,619 million due to payment of dividends), an increase of JPY 4,393 million in treasury stock (an increase of JPY 71,552 million due to a tender offer, an increase of JPY 679 million in the book value in the trust, and a decrease of JPY 67,837 million due to cancellation), and a decrease of JPY 2,158 million in foreign currency translation adjustments due to the appreciation of the yen.

The equity ratio decreased to 18.6%, an 18.9-point decrease from the end of the previous fiscal year.

[Cash flows]

(JPY million)

	Six months ended September 30, 2025	Six months ended September 30, 2024	Difference
Cash flows from operating activities	18,578	10,373	+8,205
Cash flows from investing activities	(148)	(463)	+314
Cash flows from financing activities	(66,112)	(2,902)	(63,210)
Balance of cash and cash equivalents	39,347	75,219	(35,872)
Free cash flow*	18,430	9,910	+8,520

* Free cash flow = Cash flows from operating activities + Cash flows from investing activities

Net cash provided by operating activities amounted to JPY 18,578 million, an increase of JPY 8,205 million YoY. This was mainly

due to a decrease of JPY 685 million in provision for apartment vacancy loss, a decrease of JPY 1,700 million in accounts and other payables, a decrease of JPY 1,707 million in advances received, while income before income taxes was JPY 9,090 million, depreciation and amortization were JPY 1,607 million, there were increases of JPY 2,291 million in provision for bonus payment and JPY 1,038 million in provision for stock benefits, and loss on cancellation of treasury stock acquisition rights was JPY 10,068 million.

Net cash used in investing activities totaled JPY 148 million, a decrease in cash used of JPY 314 million YoY. This was mainly due to proceeds from sale of property, plant and equipment of JPY 130 million, while payment for purchase of property, plant and equipment was JPY 308 million.

Net cash used in financing activities totaled JPY 66,112 million, an increase in cash used of JPY 63,210 million YoY. This was mainly due to payment for acquisition of treasury stock of JPY 72,212 million, purchase of treasury stock acquisition rights of JPY 10,102 million, and payment of dividends of JPY 1,619 million, whereas proceeds from issuance of shares were JPY 18,969 million.

As a result, cash and cash equivalents as of September 30, 2025 was JPY 39,347 million, a decrease of JPY 35,872 million from the end of the H1 of the previous fiscal year.

Free cash flow for H1 of the fiscal year ending March 2026 was JPY 18,430 million, an increase of JPY 8,520 million YoY.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements

The Company has revised the consolidated earnings forecasts for the consolidated fiscal year ending March 2026 that were announced on May 27, 2025 in “Notice Concerning Revisions of Earnings Forecasts and Recording of Extraordinary Losses” as follows.

For details, please refer to “Notice Concerning Differences between Earnings Forecasts and Actual Results for the First Half, and Revisions of Earnings Forecasts for FY2025.”

Revision to earnings forecasts for the full fiscal year ending March 31, 2026 (April 1, 2025 – March 31, 2026)

	Net sales	Operating profit	Recurring profit	Net income attributable to shareholders of the parent	Net income per share
Previous forecast (A)	JPY million 441,400	JPY million 32,400	JPY million 30,900	JPY million 11,600	JPY 34.79
Revised forecast (B)	444,100	34,800	33,000	13,000	37.80
Amount change (B – A)	2,700	2,400	2,100	1,400	
Percentage change (%)	0.6	7.4	6.8	12.1	
(Reference) Results for the fiscal year ended March 31, 2025	431,831	29,231	26,936	17,861	56.22

(Note) This forward-looking statement is based on the information which is available on the date of release, but actual results may differ significantly from these forecasts due to various factors.

2. Semi-annual Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(JPY million)

	September 30, 2025	March 31, 2025
<Assets>		
Current assets		
Cash and deposits	41,100	88,408
Trade receivables	7,133	7,913
Accounts receivable for completed projects	1,317	1,085
Securities	100	100
Real estate for sale	270	174
Costs on construction contracts in progress	323	229
Prepaid expenses	2,629	2,198
Others	4,979	6,236
Allowance for doubtful accounts	(3,061)	(3,129)
Total current assets	54,793	103,215
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	17,548	19,456
Machinery, equipment and vehicles (net)	4,721	5,009
Land	31,603	32,410
Leased assets (net)	1,187	1,358
Construction in progress	211	269
Others (net)	343	470
Total property, plant and equipment	55,616	58,974
Intangible assets		
Others	953	1,002
Total intangible assets	953	1,002
Investments and other assets		
Investment securities	4,409	4,616
Long-term loans	475	486
Long-term prepaid expenses	1,439	1,418
Deferred tax assets	39,792	42,977
Others	5,273	6,226
Allowance for doubtful accounts	(2,004)	(2,292)
Total investments and other assets	49,385	53,432
Total non-current assets	105,955	113,409
Total assets	160,748	216,625

(JPY million)

	September 30, 2025	March 31, 2025
<Liabilities>		
Current liabilities		
Accounts payable	8,102	8,689
Accounts payable for construction contracts	132	424
Short-term borrowings	30,000	30,000
Lease obligations	386	398
Accounts payable - other	6,426	9,909
Accrued income taxes	635	401
Advances received	35,059	36,493
Customer advances for construction contracts in progress	907	340
Provision for bonus payment	2,291	—
Provision for warranty obligations on completed projects (short-term)	1,808	1,834
Provision for losses on construction contracts	—	8
Provision for apartment vacancy loss (short-term)	2,766	3,216
Provision for fulfillment of guarantees	657	759
Others	2,582	2,868
Total current liabilities	91,757	95,343
Non-current liabilities		
Lease obligations	1,050	1,232
Long-term advances received	4,748	5,021
Lease/guarantee deposits received	6,085	6,424
Provision for warranty obligations on completed projects	5,159	5,343
Provision for apartment vacancy loss	885	1,121
Provision for stock benefits	1,993	954
Liability for retirement benefits	10,529	10,380
Others	2,391	2,536
Total non-current liabilities	32,845	33,013
Total liabilities	124,602	128,356
<Net assets>		
Shareholders' equity		
Common stock	100	100
Capital surplus	15,015	30,120
Retained earnings	17,729	47,490
Treasury stock	(8,753)	(4,359)
Total shareholders' equity	24,091	73,350
Accumulated other comprehensive income		
Net unrealized gains (losses) on other securities	(180)	(151)
Foreign currency translation adjustments	5,963	8,122
Remeasurements of defined benefit plans	(43)	(51)
Total accumulated other comprehensive income	5,739	7,918
Share subscription rights	26	391
Non-controlling interests	6,289	6,607
Total net assets	36,145	88,268
Total liabilities and net assets	160,748	216,625

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(JPY million)

	Six months ended September 30, 2025 (Apr 2025-Sep 2025)	Six months ended September 30, 2024 (Apr 2024-Sep 2024)
Net sales	222,010	216,165
Cost of sales	175,478	176,082
Gross profit	46,532	40,082
Selling, general and administrative expenses	26,484	22,655
Operating profit (loss)	20,048	17,426
Non-operating income		
Interest income	24	20
Dividend income	13	12
Gain on valuation of investment securities	54	46
Foreign exchange gain	43	—
Share of profit of entities accounted for using equity method	—	62
Others	246	161
Total non-operating income	383	303
Non-operating expenses		
Interest expenses	473	735
Commission fee	660	—
Funding costs	150	—
Stock granting expenses	83	—
Foreign exchange loss	—	248
Share of loss of entities accounted for using equity method	20	—
Others	14	16
Total non-operating expenses	1,404	1,000
Recurring profit (loss)	19,027	16,729
Extraordinary income		
Gain on sale of property, plant and equipment	63	—
Gain on reversal of share subscription rights	150	—
Reversal of provision for losses related to repairs	—	1,402
Total extraordinary income	213	1,402
Extraordinary losses		
Loss on retirement of property, plant and equipment	3	4
Impairment loss	78	—
Loss on cancellation of treasury stock acquisition rights	10,068	—
Total extraordinary losses	10,150	4
Income (loss) before income taxes	9,090	18,127
Income taxes	3,786	6,919
Net income (loss)	5,304	11,208
Net income (loss) attributable to non-controlling interests	625	612
Net income (loss) attributable to shareholders of the parent	4,678	10,596

Consolidated Statements of Comprehensive Income

(JPY million)

	Six months ended September 30, 2025 (Apr 2025-Sep 2025)	Six months ended September 30, 2024 (Apr 2024-Sep 2024)
Net income (loss)	5,304	11,208
Other comprehensive income		
Net unrealized gains (losses) on other securities	(28)	(59)
Foreign currency translation adjustments	(2,158)	3,439
Remeasurements of defined benefit plans	8	9
Total other comprehensive income	(2,179)	3,389
Comprehensive income	3,124	14,597
(Breakdown)		
Comprehensive income attributable to shareholders of the parent	2,498	13,985
Comprehensive income attributable to non-controlling interests	625	612

(3) Consolidated Statements of Cash Flows

(JPY million)

	Six months ended September 30, 2025 (Apr 2025-Sep 2025)	Six months ended September 30, 2024 (Apr 2024-Sep 2024)
Cash flows from operating activities		
Income (loss) before income taxes	9,090	18,127
Depreciation and amortization	1,607	1,845
Impairment loss	78	—
Reversal of provision for losses related to repairs	—	(1,402)
Increase (decrease) in provision for bonus payment	2,291	1,888
Increase (decrease) in allowance for doubtful accounts	(458)	1,028
Increase (decrease) in liability for retirement benefits	161	142
Increase (decrease) in provision for stock benefits	1,038	159
Increase (decrease) in provision for apartment vacancy loss	(685)	—
Interest and dividend income	(38)	(33)
Interest expenses	473	735
Funding costs	150	—
Commission fee	660	—
Stock granting expenses	83	—
Foreign exchange loss (gain)	(43)	248
Share of loss (profit) of entities accounted for using equity method	20	(62)
Loss (gain) on sale of property, plant and equipment	(63)	—
Loss on retirement of property, plant and equipment	1	4
Loss on retirement of intangible assets	2	—
Loss (gain) on valuation of investment securities	(54)	(46)
Loss on cancellation of treasury stock acquisition rights	10,068	—
Gain on reversal of share subscription rights	(150)	—
Decrease (increase) in trade and other receivable	544	393
Decrease (increase) in real estate for sale	(104)	(33)
Decrease (increase) in costs on construction contracts in progress	(94)	(5)
Decrease (increase) in long-term prepaid expenses	19	47
Increase (decrease) in accounts and other payables	(1,700)	(1,745)
Increase (decrease) in customer advances for construction contracts in progress	567	345
Increase (decrease) in advances received	(1,707)	(2,151)
Increase (decrease) in guarantee deposits received	(450)	(395)
Increase (decrease) in accrued consumption taxes	(195)	(829)
Others	(1,880)	(4,198)
Subtotal	19,232	14,063
Interest and dividends received	171	271
Interest paid	(473)	(734)
Payment related to repairs	—	(2,827)
Income taxes paid	(351)	(400)
Net cash provided by operating activities	18,578	10,373

(JPY million)

	Six months ended September 30, 2025 (Apr 2025-Sep 2025)	Six months ended September 30, 2024 (Apr 2024-Sep 2024)
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	(308)	(92)
Proceeds from sale of property, plant and equipment	130	–
Payment for purchase of intangible assets	(95)	(34)
Proceeds from redemption of investment securities	–	403
Payment for purchase of investment securities	(17)	(17)
Proceeds from sale of investment securities	–	3
Proceeds from liquidation of subsidiaries	–	40
Payment for loans	(52)	(15)
Proceeds from collection of loans	11	13
Payments for deposit of time deposits	(700)	(819)
Proceeds from withdrawal of time deposits	759	–
Others	124	56
Net cash provided by (used in) investing activities	(148)	(463)
Cash flows from financing activities		
Repayment of long-term debt	–	(310)
Repayment of finance lease obligations	(202)	(104)
Proceeds from issuance of shares	18,969	–
Payment for acquisition of treasury stock	(72,212)	(0)
Purchase of treasury stock acquisition rights	(10,102)	–
Payment for purchase of treasury stock by a consolidated subsidiary	(570)	(460)
Payment of dividends to non-controlling shareholders	(374)	(408)
Payment of dividends	(1,619)	(1,619)
Net cash provided by (used in) financing activities	(66,112)	(2,902)
Effect of exchange rate changes on cash and cash equivalents	(46)	68
Net increase (decrease) in cash and cash equivalents	(47,728)	7,076
Cash and cash equivalents at beginning of period	87,075	68,143
Cash and cash equivalents at end of period	39,347	75,219

(4) Notes Regarding Semi-annual Consolidated Financial Statements

(Notes regarding the premise of the Company as a going concern)

There are no relevant items.

(Notes related to the significant changes in the amount of shareholders equity)

(Issuance of new shares and capital reduction)

The Company received payment on June 11, 2025, from Chidori Godo Kaisha, a business entity related to Fortress Investment Group LLC, due to the partial exercise of share subscription rights, resulting in an increase of JPY 9,617 million in both common stock and capital reserve.

The total increase amount of JPY 19,234 million was transferred to other capital surplus on July 31, 2025, based on a resolution of the 52nd Ordinary General Shareholders' Meeting held on June 26, 2025.

(Acquisition of treasury stock)

The Company acquired 137,072,803 shares of treasury stock on July 16, 2025, based on a resolution of the Board of Directors during a meeting held on May 27, 2025.

As a result, treasury stock has increased by JPY 71,552 million.

(Disposal of treasury stock)

The Company disposed of 2,939,100 shares of treasury stock to a stock grant trust established by the Company on August 26, 2025, based on a resolution of the Board of Directors during a meeting held on August 8, 2025.

As a result, a gain on the disposal of treasury stock has been realized. Additionally, since the shares of the Company remaining in the trust are recorded as treasury stock at their book value in the trust, both treasury stock and other capital surplus have increased by JPY 679 million each.

(Cancellation of treasury stock)

The Company canceled 132,046,640 shares of treasury stock on September 29, 2025, based on a resolution of the Board of Directors during a meeting held on September 19, 2025.

As a result, other capital surplus decreased by JPY 35,017 million, other retained earnings decreased by JPY 32,820 million, and treasury stock decreased by JPY 67,837 million.

As a result, during H1 of the fiscal year ending March 2026, capital surplus decreased by JPY 15,104 million, retained earnings decreased by JPY 29,761 million, and treasury stock increased by JPY 4,393 million, resulting in capital surplus of JPY 15,015 million, retained earnings of JPY 17,729 million, and treasury stock of JPY 8,753 million as of the end of H1 of the fiscal year ending March 2026.

(Application of accounting methods specific to the preparation of semi-annual consolidated financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by rationally estimating the effective tax rate after applying tax effect accounting to income before income taxes for the fiscal year ending March 31, 2026 including the H1 cumulative, and multiplying income before income taxes for H1 cumulative by the said estimated effective tax rate.

However, if the calculation of tax expenses using such estimated effective tax rate would be significantly unreasonable, the statutory effective tax rate is used.

(Segment Information)

Six months ended September 30, 2025 (April 1, 2025 - September 30, 2025)

1. Information on net sales including breakdown, profit or loss, liabilities and other items by reportable segment

(JPY million)

	Reportable segments				Adjustments (Note 1)	Amount stated in Consolidated Statement of Income (Note 2)
	Leasing Business	Elderly Care Business	Other Businesses	Total		
Net sales						
Ancillary services	14,681	—	—	14,681	—	14,681
Maintenance works	18,694	—	—	18,694	—	18,694
Company housing agency	522	—	—	522	—	522
Roof lease solar power generation	1,603	—	—	1,603	—	1,603
Construction contracting	567	—	—	567	—	567
Others	—	6,882	499	7,381	—	7,381
Revenue from contracts with customers	36,068	6,882	499	43,450	—	43,450
Rent income	166,462	—	—	166,462	—	166,462
Ancillary services	9,297	—	—	9,297	—	9,297
Rental guarantee	1,755	—	—	1,755	—	1,755
Furniture insurance	797	—	—	797	—	797
Others	—	—	247	247	—	247
Other revenues	178,312	—	247	178,560	—	178,560
Sales to customers	214,381	6,882	746	222,010	—	222,010
Inter-segment sales and transfers	8	—	171	180	(180)	—
Total	214,390	6,882	918	222,191	(180)	222,010
Segment profit (loss)	24,073	(467)	(1,307)	22,297	(2,249)	20,048

Note 1: The segment profit (loss) adjustments of JPY (2,249) million includes JPY 143 million in eliminated inter-segment transactions and JPY (2,393) million in corporate expenses that are not allocated to any reportable segment. Corporate expenses mainly consist of general and administrative expenses related to administrative departments that do not belong to any reportable segment.

Note 2: Segment profit (loss) is adjusted with operating profit in the semi-annual consolidated statements of income.

2. Information on impairment loss of non-current assets by reportable segment

In the Leasing Business segment, the book value of assets for lease whose net realizable value has significantly declined was reduced to the recoverable amount, and the amount of the reduction was recorded as impairment loss of JPY 78 million under extraordinary losses.

Six months ended September 30, 2024 (April 1, 2024 - September 30, 2024)

Information on net sales including breakdown, profit or loss, liabilities and other items by reportable segment

(JPY million)

	Reportable segments				Adjustments (Note 1)	Amount stated in Consolidated Statement of Income (Note 2)
	Leasing Business	Elderly Care Business	Other Businesses	Total		
Net sales						
Ancillary services	14,374	—	—	14,374	—	14,374
Maintenance works	17,794	—	—	17,794	—	17,794
Company housing agency	485	—	—	485	—	485
Roof lease solar power generation	1,581	—	—	1,581	—	1,581
Construction contracting	408	—	—	408	—	408
Others	—	6,910	462	7,373	—	7,373
Revenue from contracts with customers	34,644	6,910	462	42,017	—	42,017
Rent income	161,983	—	—	161,983	—	161,983
Ancillary services	9,246	—	—	9,246	—	9,246
Rental guarantee	1,977	—	—	1,977	—	1,977
Furniture insurance	721	—	—	721	—	721
Others	—	—	218	218	—	218
Other revenues	173,928	—	218	174,147	—	174,147
Sales to customers	208,572	6,910	681	216,165	—	216,165
Inter-segment sales and transfers	8	—	157	166	(166)	—
Total	208,581	6,910	839	216,331	(166)	216,165
Segment profit (loss)	21,533	(441)	(1,170)	19,921	(2,494)	17,426

Note 1: The segment profit (loss) adjustments of JPY (2,494) million includes JPY 132 million in eliminated inter-segment transactions and JPY (2,626) million in corporate expenses that are not allocated to any reportable segment. Corporate expenses mainly consist of general and administrative expenses related to administrative departments that do not belong to any reportable segment.

Note 2: Segment profit (loss) is adjusted with operating profit in the semi-annual consolidated statements of income.