Consolidated Financial Statements (Japanese Accounting Standard) May 10, 2024

(For the Fiscal Year 2023)

Name of Company Listed: **Leopalace21 Corporation** Stock Listing: Tokyo Stock Exchange
Code Number: 8848 URL https://www.leopalace21.co.jp
Representative: (Title) President and CEO (Name): Bunya Miyao
Name of Contact Person: (Title) Director, Executive Officer and Chief of the Corporate Management Headquarters (Name): Shinji Takekura TEL 050-2016-2907
Scheduled Date of the Ordinary General Meeting of Shareholders June 27, 2024
Scheduled Date of Commencement of Dividend Payments: June 28, 2024
Scheduled Date of Securities Report Submission June 27, 2024
Supplemental Explanatory Material Prepared: Yes
Results Briefing Held: Yes (for institutional investors and security analysts)

1. Consolidated Financial Results for the Fiscal Year 2023 (April 1, 2023 – March 31, 2024)

(1) Consolidated financial results (Amounts less than JPY 1 million are omitted)
(The percentage figures indicate rate of gain or loss compared with the previous fiscal year.)

	Net sales		Operating profit		Recurring profit		Net income attributable to shareholders of the parent company	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
FY ended March 31, 2024	422,671	4.0	23,313	136.0	19,476	198.4	42,062	112.3
FY ended March 31, 2023	406,449	2.0	9,879	456.7	6,526	–	19,810	67.1

(Note) Comprehensive income Fiscal Year 2023: JPY 44,143 million (84.0%)
Fiscal Year 2022: JPY 23,996 million (56.4%)

	Net income per share	Diluted net income per share	Return on equity	Recurring income / Total capital	Operating profit / Net sales
	JPY	JPY	%	%	%
FY ended March 31, 2024	130.91	100.12	95.6	10.5	5.5
FY ended March 31, 2023	60.22	48.20	157.3	4.2	2.4

(Reference) Share of profit of entities accounted for using equity method Fiscal Year 2023: JPY (248) million
Fiscal Year 2022: JPY 14 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Equity per share
	JPY million	JPY million	%	JPY
FY ended March 31, 2024	205,000	71,679	31.2	201.15
FY ended March 31, 2023	166,548	32,922	14.5	73.29

(Reference) Ownership equity As of March 31, 2024: JPY 63,904 million
As of March 31, 2023: JPY 24,115 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	JPY million	JPY million	JPY million	JPY million
FY ended March 31, 2024	21,422	851	(7,119)	68,143
FY ended March 31, 2023	10,545	906	(2,819)	52,860

2. Dividend Status

	Dividend per share					Total cash dividends (annual)	Dividend payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	End of Q1	End of Q2	End of Q3	End of FY	Annual Total			
	JPY	JPY	JPY	JPY	JPY	JPY million	%	%
FY ended March 31, 2023	–	0.00	–	0.00	0.00	–	–	–
FY ended March 31, 2024	–	0.00	–	5.00	5.00	1,619	3.8	3.6
FY ending March 31, 2025 (Estimate)	–	5.00	–	5.00	10.00		21.9	

3. Consolidated Earnings Forecasts for the Fiscal Year ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(The percentage figures for a full fiscal year indicate rate of gain or loss compared with the previous full fiscal year, and those for the quarter indicate rate of gain or loss from the same quarter of the previous fiscal year.)

	Net sales		Operating profit		Recurring profit		Net income attributable to shareholders of the parent company		Net income per share
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY
Six months ending September 30, 2024	213,100	0.6	14,600	(1.5)	13,800	5.3	12,800	8.0	40.29
FY ending March 31, 2025	428,600	1.4	26,600	14.1	24,900	27.8	14,500	(65.5)	45.64

(Notes)

(1) Changes in major subsidiaries during the period (change in specific subsidiaries resulting in a change in the scope of consolidation): Yes

Inclusion: —, Exclusion: two, ASPENN INVESTMENTS PTE. LTD. and another company

(Note) For details, please refer to 3. Consolidated Financial Statements and Notes (5) Notes Regarding Consolidated Financial Statements (Changes in major subsidiaries during the consolidated fiscal year) on p.19 of the attached document.

(2) 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

(3) Total number of outstanding shares (common stock)

(i) Total number of outstanding shares at term end (including treasury stock)

As of March 31, 2024: 329,389,515 shares As of March 31, 2023: 329,389,515 shares

(ii) Total treasury stock at term end

As of March 31, 2024: 11,694,361 shares As of March 31, 2023: 335,211 shares

(iii) Average number of outstanding shares during the term

As of March 31, 2024: 321,303,270 shares As of March 31, 2023: 328,995,828 shares

(Note) The Company has introduced a stock delivery trust system, and the Company's shares held by the trust are included in the number of treasury stock deducted from the calculation of the number of treasury stock at the end of the period and the average number of shares during the period.

(Reference) Summary of Non-Consolidated Financial Results

1. Results of the Fiscal Year Ended March 2024 (April 1, 2023 - March 31, 2024)

(1) Non-Consolidated Financial Results

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

	Net sales		Operating profit		Recurring profit		Net income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
FY ended March 31, 2024	403,461	3.1	24,916	121.4	21,879	139.9	44,554	96.3
FY ended March 31, 2023	391,259	2.2	11,254	374.8	9,121	–	22,695	59.2

	Net income per share	Diluted net income per share
	JPY	JPY
FY ended March 31, 2024	138.67	106.05
FY ended March 31, 2023	68.98	55.22

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Equity per share
	JPY million	JPY million	%	JPY
FY ended March 31, 2024	192,851	65,555	33.9	205.58
FY ended March 31, 2023	153,612	24,454	15.7	73.45

(Reference) Ownership equity As of March 31, 2024: JPY 65,312 million
As of March 31, 2023: JPY 24,170 million

2. Earnings Forecasts for the Fiscal Year ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(The percentage figures for a full fiscal year indicate rate of gain or loss compared with the previous full fiscal year, and those for the quarter indicate rate of gain or loss from the same quarter of the previous fiscal year.)

	Net sales		Recurring profit		Net income		Net income per share
	JPY million	%	JPY million	%	JPY million	%	JPY
Six months ending September 30, 2024	202,900	0.5	13,900	0.8	13,800	7.8	43.44
FY ending March 31, 2025	408,000	1.1	24,800	13.3	16,100	(63.9)	50.68

- These 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, (4) Future Prospects" on p.8 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 May 10, 2024.

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1. Summary of Business Results

(1) Analysis of Business Results

(JPY million)

	FY ended March 31, 2024	FY ended March 31, 2023	Difference	Percentage change
Net sales	422,671	406,449	+16,222	+ 4.0 %
Gross profit (ratio)	68,835 (16.3 %)	53,285 (13.1 %)	+15,549	+29.2 % (+3.2 p)
Operating profit (ratio)	23,313 (5.5 %)	9,879 (2.4 %)	+13,434	+136.0% (+3.1 p)
EBITDA (Operating profit + Depreciation)	27,974	16,449	+11,525	+70.1%
Recurring profit	19,476	6,526	+12,949	+ 198.4 %
Net income attributable to shareholders of the parent company	42,062	19,810	+22,251	+ 112.3 %

Although it is necessary to pay attention to the effects of global monetary tightening, a slowdown in the Chinese economy and other factors, the economy remained in a state of gradual recovery under improving employment and income conditions during the fiscal year ended March 31, 2024.

The number of new housing starts for the rental market declined by 2.0% YoY and the number of vacant houses continues to increase in the rental housing market. In order to ensure a stable occupancy rate amid the difficulty of increased vacant houses due to the declining population, falling birthrate, and aging population, the Company believes it is important to target single-person households, which are expected to continue to increase; implement sales strategies that match regional and customer characteristics; keep and increase property values through appropriate maintenance; and provide highly convenient services by introducing real estate tech solutions.

Under these circumstances, the Leopalace21 group (the “Group”) has worked to stabilize its earnings structure and financial base by focusing on optimizing costs through selective concentration, while strengthening profitability by increasing occupancy rates and average unit rent.

As a result, net sales for the fiscal year ended March 31, 2024 amounted to JPY 422,671 million, up 4.0% year on year, due to an increase in the average unit rent and average occupancy rate. Operating profit was JPY 23,313 million, up 136.0% year on year, due to improved profitability from declined cost of rent payment to the apartment owners resulting from contractual adjustments of master-lease rent, despite higher restoration cost of the rental properties and increased maintenance cost. Recurring profit was JPY 19,476 million, up 198.4% year on year, mainly due to interest expenses and funding costs.

Net income attributable to shareholders of the parent was JPY 42,062 million, up 112.3% year on year, achieving the second consecutive year of growth in both revenue and profit, mainly due to the recording of JPY 26,564 million in income taxes-deferred (profit) because of to an increase in deferred tax assets, despite recording of JPY 2,730 million in loss related to repairs due to soaring material prices and an increase in the ratio of subcontracted work to eliminate obvious defects by the end of 2024.

EBITDA for the fiscal year ended March 31, 2024 was JPY 27,974 million, an increase of 70.1% year on year.

(Results by segment)

(JPY million)

	Net sales			Operating profit (loss)		
	FY ended March 31, 2024	FY ended March 31, 2023	Difference	FY ended March 31, 2024	FY ended March 31, 2023	Difference
Leasing Business	407,489	391,438	+16,050	30,386	16,887	+13,499
Elderly Care Business	14,007	13,941	+65	(621)	(1,208)	+587
Other Businesses	1,175	1,069	+105	(2,391)	(2,706)	+314
Adjustments	–	–	–	(4,059)	(3,092)	(967)
Total	422,671	406,449	+16,222	23,313	9,879	+13,434

(i) Leasing Business

In Leasing Business, the Company has been striving to secure stable occupancy rates through various measures. They included online contract conclusion that allows everything from room search to contract signing without face-to-face meetings, promotion of smart apartments which enable electrical appliances and door locks to be operated with a smartphone, establishing a position as the brains behind the company-leased housing for corporate customers, strengthening relationships with real estate agents, and implementing detailed sales strategies tailored to the specific characteristics and requirements of each client and area. The Company has been trying to improve profitability by reviewing unit rents and others as well.

For the fiscal year ended March 31, 2024, the occupancy rate at the end of the period was 88.03%, down 0.80 points from the end of the previous fiscal year, with an average occupancy rate of 85.99%, up 1.33 points YoY. The number of units under management was 554 thousand, a reduction of 6.8 thousand units from the end of the previous fiscal year.

In addition, the Company has undertaken office consolidation initiatives to enhance business efficiency by implementing digital technologies in line with its DX strategy. As a result, the number of direct leasing sales offices at the end of the period was 72, a reduction of 37 offices from the end of the previous fiscal year.

Consequently, net sales for the fiscal year ended March 31, 2024 increased by 4.1% YoY to JPY 407,489 million due to elevated average unit rent and an improved occupancy rate. Operating profit was JPY 30,386 million, a growth of 79.9% YoY, due to the increased revenue and improved profitability resulting from the favorable cost structure.

(ii) Elderly Care Business

In Elderly Care Business, due to efforts of various revenue boosting measures and continued cost control, net sales increased by 0.5% YoY to JPY 14,007 million and operating loss amounted to JPY 621 million, a reduction of loss by JPY 587 million YoY.

The number of facilities at the end of the fiscal year ended March 31, 2024 was 85, a reduction of 2 from the end of the previous fiscal year.

(iii) Other Businesses

Other Businesses segment, which includes the operation of Guam resort facilities, reported net sales of JPY 1,175 million, up 9.9% YoY, and operating loss of JPY 2,391 million, a reduction of loss by JPY 314 million YoY. The result was caused by the continued sluggish occupancy rate of Guam resort facilities amid the reduced number of visitors to Guam which did not reach the level prior to the COVID-19 pandemic, although the occupancy rate temporarily increased due to usage by individuals, including workers engaged in typhoon damage reconstruction efforts.

(2) Analysis of Consolidated Financial Position

(JPY million)

	March 31, 2024	March 31, 2023	Difference	Percentage change
Assets	205,000	166,548	+ 38,451	+ 23.1 %
Liabilities	133,320	133,625	(305)	(0.2) %
Net assets	71,679	32,922	+38,757	+117.7 %
Equity ratio	31.2 %	14.5 %	–	+ 16.7 p

Assets at the end of March 2024 were JPY 205,000 million, an increase of JPY 38,451 million from the end of the previous consolidated fiscal year. This was mainly due to decreases of JPY 845 million in machinery, equipment and vehicles (net), JPY 1,623 million in other non-current assets (net), and JPY 1,254 million in other intangible fixed assets, while cash and deposits and deferred tax assets increased by JPY 15,066 million and JPY 26,577 million, respectively.

Total liabilities amounted to JPY 133,320 million, a reduction of JPY 305 million from the end of the previous consolidated fiscal year. This was mainly due to increases of JPY 560 million in current portion of long-term debt, JPY 2,363 million in accounts payable-other and JPY 1,093 million in provision for apartment vacancy loss, while decreases of JPY 1,016 million in advances received and long-term advances received, JPY 2,243 million in provision for losses related to repairs, and JPY 1,134 million in long-term debt were recorded, respectively.

Total net assets increased by JPY 38,757 million from the end of the previous consolidated fiscal year to JPY 71,679 million. This was mainly due to an increase of 4,153 million in treasury stock due partly to treasury stock purchase that began in July 2023, a reduction of JPY 989 million in non-controlling interests due to payment of treasury stock purchase and dividend to non-controlling shareholder of a consolidated subsidiary, whereas foreign currency transaction adjustments increased by JPY 1,212 million due to depreciating JPY and JPY 42,062 million was recorded as net income attributable to shareholders of the parent.

The equity ratio increased to 31.2%, a 16.7-point increase from the end of the previous consolidated fiscal year.

(3) Analysis of Cash Flows Position

Net cash provided by operating activities amounted to JPY 21,422 million, an increase of JPY 10,876 million from the previous consolidated fiscal year. This was mainly due to a decrease of JPY 1,016 million in advances received, interest paid of JPY 4,080 million, and payment related to repairs of JPY 5,000 million, while income before taxes and other adjustments was JPY 17,005 million, depreciation and amortization was JPY 4,660 million, loss related to repairs was JPY 2,730 million yen, and an increase in provision for apartment vacancy loss was JPY 1,093 million.

Net cash provided by investing activities totaled JPY 851 million, a decrease of JPY 55 million from the previous consolidated fiscal year. This was mainly due to a net outflow of JPY 295 million for payment for deposit of fixed deposits and proceeds from withdrawal of fixed deposits, while there were JPY 1,165 million in proceeds from sale of shares in subsidiaries pertaining to change in scope of consolidation.

Net cash used in financing activities totaled JPY 7,119 million, an increase of JPY 4,300 million from the previous consolidated fiscal year. This was mainly due to repayment of long-term debt of JPY 30,185 million, repayment of finance lease obligations of JPY 654 million, purchase of treasury stock of JPY 3,466 million, payments for funding costs of JPY 962 million, payment for purchased treasury stock of a consolidated subsidiary from non-controlling shareholders of JPY 940 million, and payment of dividend to a non-controlling shareholder of JPY 910 million, whereas proceeds from long-term debt of JPY 30,000 million.

As a result, cash and cash equivalents at the end March 2024 became JPY 68,143 million, an increase of JPY 15,282 million from the end of the previous consolidated fiscal year.

Free cash flow at the end of March 2024 was JPY 22,273 million, an increase of JPY 10,821 million from the end of the previous consolidated fiscal year.

(Reference) Trends in cash flow indicators

	FY ended March 31, 2020	FY ended March 31, 2021	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Equity ratio (%)	0.7	(5.3)	0.7	14.5	31.2
Equity ratio based on market value (%)	33.0	31.1	45.7	70.5	80.1
Ratio of cash flows to interest-bearing debt (years)	-	-	-	3.0	1.4
Interest coverage ratio (times)	-	-	-	2.4	5.2

Equity ratio: shareholders' equity/total assets
Equity ratio based on market value: market capitalization / total assets
Ratio of cash flows to interest-bearing debt: interest-bearing debt / operating cash flows
Interest coverage ratio: Cash flows from operating activities / interest paid
(Note 1) All calculations are based on consolidated financial figures.

(Note 2) Market capitalization is calculated by multiplying the closing stock price at the end of the fiscal year by the number of shares issued and outstanding (less treasury stock) at the end of the fiscal year.
(Note 3) Cash flows from operating activities are used for cash flow. Interest-bearing debt includes all liabilities on the consolidated balance sheets for which interest is paid. As to the interest paid, interest paid in the Consolidated Statements of Cash Flows is used.
(Note 4) Cash flows to interest-bearing debt ratio and interest coverage ratio for the period from fiscal year 2019 to fiscal year 2021 are not shown due to negative cash flows from operating activities.

(4) Future Prospects

Looking ahead, we expect the occupancy rate to continue to improve, but electricity and gas rates are expected to rise and outsourcing costs are expected to soar. We will, therefore, strive to improve profitability by focusing on raising unit sales prices, while strategically allocating necessary costs. We will also strive to secure a stable profit structure and financial base for re-growth and shareholder returns.

For the fiscal year 2024, the Company expects net sales of JPY 428,600 million, up 1.4 % year on year, operating profit of JPY 26,600 million, up 14.1 % year on year, recurring profit of JPY 24,900 million, up 27.8 % year on year, and net income attributable to shareholders of the parent of JPY 14,500 million, down 65.5 % year on year.

The above forecasts are based on information available as of the date of publication of this document, and actual results may differ from the forecasts due to various factors.

(5) Basic Policy on Profit Distribution and Dividends for the Fiscal Year ended March 2024 and Fiscal Year ending March 2025

The Company recognizes that returning profits to shareholders is an important management issue and has made it a basic policy to strengthen profitability and pay continuous and stable dividends in order to secure dividend resources. However, in light of its recent financial situation, the Company has prioritized strengthening its earning power and stabilizing the financial base, and has continued to pay no dividends since March 2019.

The Company has revised its dividend policy in order to enhance returns to shareholders by resuming dividend payments as soon as possible, since it has made progress in recovering business performance and improving its financial position by continuing to implement structural reforms, as well as building a structure with a view to resuming dividend payments in the fiscal year 2021 and beyond.

In response to these circumstances, the Company repurchased JPY 3,466 million of treasury stock in the fiscal year ended March 2024 as a return to shareholders, and has decided to resume dividend payments as a means of further returning profits to shareholders. For the fiscal year 2023 , the Company plans to pay a year-end dividend of 5 yen per share, which will be proposed at the Company's general shareholders' meeting scheduled to be held in June 2024.

For the fiscal year ending March 2025, the Company plans to pay an interim dividend of JPY 5 and a year-end dividend of JPY 5, annual dividend of JPY 10.

2. Basic Approach to the Selection of Accounting Standards

The Group prepares its consolidated financial statements in accordance with Japanese GAAP in order to ensure comparability of the consolidated financial statements from period to period and between companies.

The Company's policy is to respond appropriately to the application of International Financial Reporting Standards (IFRS), considering trends in the ratio of foreign shareholders and trends at other companies in the same industry in Japan.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(JPY million)

	March 31, 2024	March 31, 2023
<Assets>		
Current assets		
Cash and deposits	68,627	53,560
Trade receivables	7,670	8,121
Accounts receivable for completed projects	628	432
Real estate for sale	129	273
Payment for construction in progress	182	159
Raw materials and supplies	533	775
Prepaid expenses	1,757	1,320
Accounts receivable	964	710
Other	4,838	4,425
Allowance for doubtful accounts	(2,904)	(3,027)
Total current assets	**82,428**	**66,752**
Non-current assets		
Property, plant, and equipment		
Buildings and structures	63,732	60,829
Accumulated depreciation	(44,808)	(41,663)
Buildings and structures (net)	18,923	19,165
Machinery, equipment, and vehicles	21,218	21,071
Accumulated depreciation	(15,468)	(14,474)
Machinery, equipment, and vehicles (net)	5,750	6,596
Land	31,661	31,220
Leased assets	15,392	21,921
Accumulated depreciation	(13,903)	(20,375)
Leased assets (net)	1,488	1,546
Construction in progress	219	119
Other	16,748	16,960
Accumulated depreciation	(15,655)	(14,243)
Others (net)	1,093	2,716
Total property, plant, and equipment	**59,137**	**61,364**
Intangible fixed assets		
Other	1,358	2,612
Total intangible fixed assets	**1,358**	**2,612**
Investments and other assets		
Investment securities	4,827	5,384
Long-term loans	506	510
Fixed trade receivables	273	249
Long-term prepaid expenses	359	422
Deferred tax assets	51,730	25,152
Other	7,573	5,877
Allowance for doubtful accounts	(3,194)	(1,778)
Total investments and other assets	**62,075**	**35,819**
Total non-current assets	**122,571**	**99,796**
Total assets	**205,000**	**166,548**

(JPY million)

	March 31, 2024	March 31, 2023
<Liabilities>		
Current liabilities		
Accounts payable	2,875	2,549
Accounts payable for completed projects	104	34
Current portion of long-term debt	620	59
Lease obligations	297	1,155
Accounts payable -other	15,036	12,673
Accrued income taxes	423	451
Advances received	33,855	34,134
Customer advances for projects in progress	227	144
Provision for warranty obligations on completed projects	19	4
Provision for fulfillment of guarantees	926	603
Provision for losses related to repairs	6,660	6,053
Other	3,111	3,860
Total current liabilities	**64,158**	**61,724**
Non-current liabilities		
Long-term debt	29,225	30,359
Lease obligations	737	275
Long-term advances received	5,662	6,399
Lease/guarantee deposits received	7,214	7,548
Provision for losses related to repairs	8,679	11,530
Deferred tax liabilities	–	13
Provision for apartment vacancy loss	4,683	3,590
Provision for stock benefits	529	–
Liability for retirement benefits	10,011	9,714
Other	2,417	2,470
Total non-current liabilities	**69,161**	**71,901**
Total liabilities	**133,320**	**133,625**
<Net assets>		
Shareholders' equity		
Common stock	100	100
Capital surplus	30,121	136,240
Retained earnings	32,867	(116,006)
Treasury stock	(4,359)	(205)
Total shareholders' equity	**58,729**	**20,128**
Accumulated other comprehensive income		
Net unrealized gains on other securities	(85)	(97)
Foreign currency translation adjustments	5,330	4,117
Remeasurements of defined benefit plans	(69)	(32)
Total accumulated other comprehensive income	**5,175**	**3,986**
Share subscription rights	242	284
Non-controlling interests	7,532	8,522
Total net assets	**71,679**	**32,922**
Total liabilities and net assets	**205,000**	**166,548**

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

(Consolidated Statements of Income)

(JPY million)

	FY ended March 31, 2024 (Apr 2023 – Mar 2024)	FY ended March 31, 2023 (Apr 2022 – Mar 2023)
Net sales		
Leasing Business net sales	407,489	391,438
Net sales of other businesses	15,182	15,011
Total sales	**422,671**	**406,449**
Cost of sales		
Cost of sales of Leasing Business	337,594	336,132
Cost of sales of other businesses	16,241	17,031
Total cost of sales	**353,836**	**353,163**
Total gross profit	**68,835**	**53,285**
Selling, general and administrative expense		
Advertising expenses	2,388	2,674
Sales commission	2,004	2,380
Allowance for doubtful accounts	(234)	919
Officer's compensation or remuneration	281	290
Salaries and bonuses	18,204	16,737
Retirement benefit expenses	1,087	1,112
Rent	1,711	2,069
Depreciation and amortization	775	965
Taxes and public dues	4,376	4,328
Other	14,927	11,928
Total selling, general and administrative expenses	**45,521**	**43,406**
Operating profit	**23,313**	**9,879**
Non-operating income		
Interest income	61	227
Dividend income	95	72
Valuation gains of investment securities	108	129
Foreign exchange gains	582	386
Share of profit of entities accounted for using equity method	–	14
Gains on redemption of deposit	93	–
Other	411	380
Total non-operating income	**1,352**	**1,210**
Non-operating expenses		
Interest expenses	3,622	4,370
Funding costs	962	–
Share of loss of entities accounted for using equity method	248	–
Other	356	192
Total non-operating expenses	**5,190**	**4,563**
Non-operating expenses	**19,476**	**6,526**
Extraordinary income		
Gains on sale of property, plant and equipment	9	29
Gains on sale of shares in subsidiaries	618	–
Gains on liquidation of subsidiaries	4	45
Total extraordinary income	**633**	**75**

	FY ended March 31, 2024 (Apr 2023 – Mar 2024)	FY ended March 31, 2023 (Apr 2022 – Mar 2023)
Extraordinary losses		
Loss on sale of property, plant and equipment	0	44
Loss on retirement of property, plant and equipment	38	181
Impairment loss	26	830
Loss related to repairs	2,730	2,544
Loss on sale of shares in subsidiaries	–	153
Loss on valuation of shares of subsidiaries	26	–
Loss on closure of offices	282	–
Total extraordinary losses	**3,104**	**3,754**
Income (loss) before taxes and minority interests	**17,005**	**2,847**
Corporate, inhabitant and enterprise taxes	**616**	**702**
Income taxes-deferred	**(26,564)**	**(18,538)**
Total income taxes	**(25,948)**	**(17,835)**
Net income	**42,953**	**20,682**
Net income (loss) attributable to non-controlling interests	**891**	**872**
Net income attributable to shareholders of the parent company	**42,062**	**19,810**

(Consolidated Statements of Comprehensive Income)

(JPY million)

	FY ended March 31, 2024 (Apr 2023 – Mar 2024)	FY ended March 31, 2023 (Apr 2022 – Mar 2023)
Net income	**42,953**	**20,682**
Other comprehensive income		
Net unrealized gains on other securities	12	(58)
Foreign currency translation adjustments	1,213	3,377
Remeasurements of defined benefit plans	(36)	(1)
Share of other comprehensive income of entities using equity method	-	(3)
Total other comprehensive income	**1,189**	**3,314**
Comprehensive income	**44,143**	**23,996**
(Breakdown)		
Comprehensive income attributable to shareholders of the parent	43,250	23,121
Comprehensive income attributable to non-controlling interests	892	875

(3) Consolidated Statement of Changes in Net Assets

Fiscal year ended March 2024 (April 1, 2023 to March 31, 2024)

(JPY million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the previous year-end	100	136,240	(116,006)	(205)	20,128
Changes in the fiscal year					
Deficit disposition		(106,847)	106,847		-
Net income attributable to shareholders of the parent			42,062		42,062
Acquisition of treasury stock				(6,116)	(6,116)
Disposal of treasury stock		730		1,962	2,692
Change in scope of consolidation			(36)		(36)
Changes in shares of parent from transactions with non-controlling interests		(0)			(0)
Changes of items other than shareholders' equity (net)					
Total changes in the fiscal year	–	(106,118)	148,873	(4,153)	38,600
Balance at the current year-end	100	30,121	32,867	(4,359)	58,729

	Accumulated other comprehensive income				Share subscription rights	Non-controlling interests	Total net assets
	Net unrealized gains on other securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total			
Balance at the previous year-end	(97)	4,117	(32)	3,986	284	8,522	32,922
Changes in the fiscal year							
Deficit disposition							-
Net income attributable to shareholders of the parent							42,062
Acquisition of treasury stock							(6,116)
Disposal of treasury stock							2,692
Change in scope of consolidation							(36)
Changes in shares of parent from transactions with non-controlling interests							(0)
Changes of items other than shareholders' equity (net)	12	1,212	(36)	1,188	(42)	(989)	156
Total changes in the fiscal year	12	1,212	(36)	1,188	(42)	(989)	38,757
Balance at the current year-end	(85)	5,330	(69)	5,175	242	7,532	71,679

Fiscal year ended March 2023 (April 1, 2022 to March 31, 2023)

(JPY million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the previous year-end	100	136,345	(135,749)	(302)	392
Changes in the fiscal year					
Net income attributable to shareholders of the parent company			19,810		19,810
Acquisition of treasury stock				(0)	(0)
Disposal of treasury stock		(24)		97	72
Change in scope of consolidation			(67)		(67)
Changes in shares of parent from transactions with non-controlling interests		(80)			(80)
Changes of items other than shareholders' equity (net)					
Total changes in the fiscal year	-	(105)	19,743	97	19,735
Balance at the current year-end	100	136,240	(116,006)	(205)	20,128

	Accumulated other comprehensive income				Share subscription rights	Non-controlling interests	Total net assets
	Net unrealized gains on other securities	Foreign currency translation adjustments	Remeas-urements of defined benefit plans	Total			
Balance at the previous year-end	(39)	746	(31)	675	357	9,608	11,034
Changes in the fiscal year							
Net income attributable to shareholders of the parent company							19,810
Acquisition of treasury stock							(0)
Disposal of treasury stock							72
Change in scope of consolidation							(67)
Changes in shares of parent from transactions with non-controlling interests							(80)
Changes of items other than shareholders' equity (net)	(58)	3,371	(1)	3,311	(72)	(1,086)	2,152
Total changes in the fiscal year	(58)	3,371	(1)	3,311	(72)	(1,086)	21,888
Balance at the current year-end	(97)	4,117	(32)	3,986	284	8,522	32,922

(4) Consolidated Statements of Cash Flows

(JPY million)

	FY ended March 31, 2024 (Apr 2023–Mar 2024)	FY ended March 31, 2023 (Apr 2022–Mar 2023)
Cash flows from operating activities		
Income (loss) before taxes and other adjustments	17,005	2,847
Depreciation	4,660	6,570
Impairment loss	26	830
Loss related to repairs	2,730	2,544
Amortization of goodwill	–	7
Increase (decrease) in allowance for doubtful accounts	1,615	84
Increase (decrease) in liabilities for retirement benefits	241	201
Increase (decrease) in provision for stock benefits	529	–
Increase (decrease) in provision for apartment vacancy loss	1,093	(2,042)
Loss on closure of offices	282	–
Interest and dividend income	(156)	(299)
Interest expenses	3,622	4,370
Funding costs	962	–
Foreign exchange loss (gain)	(582)	(386)
Share of loss (profit) of entities accounted for using equity method	248	(14)
Loss (gain) on sales of property, plant and equipment	(9)	15
Loss on retirement of property, plant and equipment	38	181
Loss (gain) from valuation of investment securities	(108)	(129)
Loss on valuation of shares in subsidiaries	26	–
Loss (gain) on sale of shares in subsidiaries	(618)	153
Loss (gain) on liquidation of subsidiaries	(4)	(45)
Decrease (increase) in trade receivables	164	498
Decrease (increase) in real estate for sale	159	508
Decrease (increase) in costs on projects in progress	(23)	24
Decrease (increase) in long-term prepaid expenses	166	327
Increase (decrease) in accounts payable	935	873
Increase (decrease) in advances received on projects in progress	83	191
Increase (decrease) in advances received	(1,016)	1,680
Increase (decrease) in guarantee deposits received	(367)	246
Increase (decrease) in accrued consumption taxes	379	88
Other	(999)	181
subtotal	31,085	19,509
Interest and dividends received	287	298
Interest paid	(4,080)	(4,371)
Payment related to repairs	(5,000)	(3,337)
Payment related to office closures	(222)	–
Income taxes paid	(646)	(1,553)
Cash flows from operating activities	**21,422**	**10,545**

(JPY million)

	FY ended March 31, 2024 (Apr 2023–Mar 2024)	FY ended March 31, 2023 (Apr 2022–Mar 2023)
Cash flows from investing activities		
Purchase of property, plant and equipment	(247)	(377)
Proceeds from sales of property, plant and equipment	26	513
Payment for purchases of intangible assets	(72)	(233)
Payments for purchase of investment securities	(100)	(229)
Proceeds from sale of investment securities	4	182
Payment for purchase of shares in subsidiaries and affiliates	–	(5)
Proceeds from sales of shares in subsidiaries and affiliates	–	225
Proceeds from liquidation of subsidiaries	85	63
Payments for sale of shares in subsidiaries pertaining to change in scope of consolidation	–	(711)
Proceeds from sale of shares in subsidiaries pertaining to change in scope of consolidation	1,165	–
Payments for loans	(26)	(24)
Proceeds from collection of loans	55	700
Payment for deposit of fixed deposits	(995)	(700)
Proceeds from withdrawal of fixed deposits	700	1,500
Other	256	2
Cash flows from investing activities	**851**	**906**
Cash flows from financing activities		
Proceeds from long-term debt	30,000	–
Repayment of long-term debt	(30,185)	(115)
Repayment of finance lease obligations	(654)	(741)
Payment for funding costs	(962)	–
Payment for purchased treasury stock	(3,466)	(0)
Payment for purchased treasury stock of subsidiaries	(940)	(990)
Payment of dividend to a non-controlling shareholder	(910)	(972)
Proceeds from exercise of stock options	0	0
Cash flows from financing activities	**(7,119)**	**(2,819)**
Effect of exchange rate changes on cash and cash equivalents	**128**	**318**
Increase (decrease) in cash and cash equivalents	**15,282**	**8,951**
Cash and cash equivalents at beginning of period	**52,860**	**44,023**
Decrease in cash and cash equivalents on exclusion from consolidation	**–**	**(114)**
Cash and cash equivalents at end of period	**68,143**	**52,860**

(5) Notes Regarding Consolidated Financial Statements

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

There are no relevant items.

(Changes in major subsidiaries during the fiscal year ended March 31, 2024)

The Company transferred all shares of ASPENN INVESTMENTS PTE. LTD., which were held by LEOPALACE21 SINGAPORE PTE. LTD. a consolidated subsidiary of the Company during the Q2 of the consolidated fiscal year ended March 31, 2024. Consequently, ASPENN INVESTMENTS PTE. LTD. and its subsidiary were excluded from the scope of consolidation.

(Additional Information)

(Transactions in which the Company's shares are issued to employees, etc. through a trust)

Based on the resolution of the Board of Directors held on February 28, 2024, the Company has decided to introduce the stock grant trust for the employees plan (Hereinafter referred to as the "Plan".), an incentive plan for employees, with the aim of enhancing the Company's corporate value over the medium to long term by enhancing investment in human resources and employee engagement through the expansion of the welfare system for the Company's employees (Hereinafter referred to as "Employees".), and raising awareness of the Company's business performance and rising stock prices from the same perspective as shareholders and management through employees holding common stock of the Company (Hereinafter referred to as " the Company's shares".).

(1) Outline of transactions

This is an incentive plan under which a trust (the “Trust”) is established with money contributed by the Company as the source of funds, the Trust acquires the Company's shares, and the Company's shares are delivered through the Trust to Employees who satisfy certain requirements based on points awarded to them. Such points are granted according to the Employee's grade and performance evaluation, etc., in accordance with the stock granting regulations established by the Board of Directors of the Company, and the number of the Company's shares to be delivered to each Employee is determined by the number of points awarded.

The acquisition of the Company's shares by the Trust will be funded entirely by the Company, so there will be no burden on the Employees.

(2) Shares of the Company remaining in the trust

The Company's shares remaining in the trust are recorded as treasury stock under net assets at their book value in the trust (excluding the amount of incidental expenses). The book value of such treasury stock for the fiscal year ended March 31, 2024 was JPY 2,649 million and the number of shares was 6,162,700.

(3) Book value of loans recorded under the gross amount method

There are no relevant items.

(Segment Information and others)

[Segment information]

1. Overview of Reportable Segments

The Company's reportable segments are components of the Company for which separate financial information is available and which are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

The Company has three reportable segments: Leasing Business, Elderly Care Business, and Other Businesses.

The Leasing Business segment leases and manages apartments and other properties, conducts maintenance work, provides broadband services, guarantees rental obligations, provides company housing agency services, operates a solar power generation business, provides small-amount short-term insurance, and acts as a real estate broker.

The Elderly Care Business operates nursing care facilities, and the Other Business operates resort facilities in Guam.

2. Calculation of net sales, profit or loss, assets, liabilities and other items by reportable segment

The accounting method of the reported business segments is in accordance with the accounting standards adopted for the preparation of consolidated financial statements. Reportable segment income (loss) is based on operating profit, and intersegment revenues and transfers are based on prevailing market prices.

3. Information on net sales, profit or loss, assets, liabilities, and other items by reportable segment and breakdown of net sales

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(JPY million)

	Reportable segments				Adjustments (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Leasing Business	Elderly Care Business	Other Businesses	Total		
Net sales						
Ancillary service income	28,757	-	-	28,757	-	28,757
Maintenance	35,466	-	-	35,466	-	35,466
Company housing agency fee	932	-	-	932	-	932
Roof lease solar power generation	2,704	-	-	2,704	-	2,704
Construction subcontracting	670	-	-	670	-	670
Other	-	14,007	864	14,871	-	14,871
Sales from contracts with customer	68,531	14,007	864	83,402	-	83,402
Rent income	315,399	-	-	315,399	-	315,399
Ancillary service income	17,238	-	-	17,238	-	17,238
Rental guarantee	4,223	-	-	4,223	-	4,223
Furniture insurance	1,989	-	-	1,989	-	1,989
Other	108	-	311	419	-	419
Other sales	338,958	-	311	339,269	-	339,269
Sales to external customers	407,489	14,007	1,175	422,671	-	422,671

(JPY million)

	Reportable segments				Adjustments (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Leasing Business	Elderly Care Business	Other Businesses	Total		
Inter-segment sales and transfers	22	-	284	307	(307)	-
Total	407,512	14,007	1,460	422,979	(307)	422,671
Segment profit (loss)	30,386	(621)	(2,391)	27,373	(4,059)	23,313
Segment assets	53,968	4,164	22,982	81,115	123,884	205,000
Other Items						
Depreciation	2,952	51	1,149	4,153	507	4,660
Increase in property, plant and equipment and intangible assets	1,017	15	54	1,087	92	1,180

(Notes) 1. The details of adjustments are as follows.

Segment profit (loss)

(JPY million)

	Current consolidated fiscal year	Previous consolidated fiscal year
Elimination of intersegment transactions	243	201
Company-wide expenses*.	(4,303)	(3,293)
Total	(4,059)	(3,092)

* Corporate expenses mainly consist of general and administrative expenses related to administrative departments that do not belong to any reportable segment.

Segment assets

(JPY million)

	Current consolidated fiscal year	Previous consolidated fiscal year
Surplus working capital, long-term investment funds, and assets not attributable to reportable segments, etc.	123,884	83,096

Increase in property, plant and equipment and intangible assets

(JPY million)

	Current consolidated fiscal year	Previous consolidated fiscal year
Investments in equipment and other assets not attributable to reportable segments	92	61

2. Segment profit (loss) is adjusted with operating profit on the consolidated financial statements.

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(JPY million)

	Reportable segments				Adjustments (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Leasing Business	Elderly Care Business	Other Businesses	Total		
Net sales						
Ancillary service income	29,790	-	-	29,790	-	29,790
Maintenance	35,761	-	-	35,761	-	35,761
Company housing agency fee	837	-	-	837	-	837
Roof lease solar power generation	2,717	-	-	2,717	-	2,717
Construction subcontracting	1,222	-	-	1,222	-	1,222
Other	7	13,941	831	14,780	-	14,780
Sales from contracts with customer	70,336	13,941	831	85,108	-	85,108
Rent income	299,494	-	-	299,494	-	299,494
Ancillary service income	14,971	-	-	14,971	-	14,971
Rental guarantee	4,295	-	-	4,295	-	4,295
Furniture insurance	1,966	-	-	1,966	-	1,966
Other	374		238	612		612
Other sales	321,101	-	238	321,340	-	321,340
Sales to external customers	391,438	13,941	1,069	406,449	-	406,449
Inter-segment sales and transfers	51	-	263	314	(314)	-
Total	391,489	13,941	1,333	406,764	(314)	406,449
Segment profit (loss)	16,887	(1,208)	(2,706)	12,971	(3,092)	9,879
Segment assets	56,561	4,137	22,753	83,452	83,096	166,548
Other Items						
Depreciation	4,592	34	1,261	5,888	681	6,570
Increase in property, plant and equipment and intangible assets	1,637	21	24	1,684	61	1,745

[Related information]

Fiscal Year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

1. Information by product and service

This information is omitted because the same disclosure is made in the segment information.

2. Information by region

(1) Net sales

This information is omitted because sales to external customers in Japan account for more than 90% of the net sales in the consolidated statements of income.

(2) Property, plant, and equipment

(JPY million)

Japan	Guam, U.S. Territory	Other	Total
36,976	22,154	7	59,137

3. Information by major customer

Sales to external customers are omitted because there are no sales to specific customers that account for 10% or more of the net sales in the consolidated statements of income.

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

1. Information by product and service

This information is omitted because the same disclosure is made in the segment information.

2. Information by region

(1) Net sales

This information is omitted because sales to external customers in Japan account for more than 90% of the net sales in the consolidated statements of income.

(2) Property, plant, and equipment

(JPY million)

Japan	Guam, U.S. Territory	Other	Total
39,572	21,761	30	61,364

3. Information by major customer

Sales to external customers are omitted because there are no sales to specific customers that account for 10% or more of the net sales in the consolidated statements of income.

[Information on impairment loss of non-current assets by reportable segment]

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(JPY million)

	Leasing Business	Elderly Care Business	Other Businesses	Corporate or elimination	Total
Impairment loss	26	—	—	—	26

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(JPY million)

	Leasing Business	Elderly Care Business	Other Businesses	Corporate or elimination	Total
Impairment loss	380	2	447	-	830

[Information on amortization of goodwill and unamortized balance by reportable segment]

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

There are no relevant items.

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(JPY million)

	Leasing Business	Elderly Care Business	Other Businesses	Corporate or elimination	Total
Amortization for the year	7	-	-	-	7
Balance at the end of current period	-	-	-	-	-

[Information on gain on negative goodwill by reportable segment]

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023) and Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

There are no relevant items.

(Per share information)

	FY ended March 31, 2024 (Apr 2023–Mar 2024)	FY ended March 31, 2023 (Apr 2022–Mar 2023)
Net assets per share	JPY 201.15	JPY 73.29
Net income per share	JPY 130.91	JPY 60.22
Diluted net income per share	JPY 100.12	JPY 48.20

(Notes) The basis for calculating net income per share and diluted net income per share is as follows.

	FY ended March 31, 2024 (Apr 2023–Mar 2024)	FY ended March 31, 2023 (Apr 2022–Mar 2023)
Net income per share		
Net income attributable to shareholders of the parent (JPY million)	42,062	19,810
Amount not attributable to common shareholders (JPY million)	-	-
Net income attributable to shareholders of the parent for common stock (JPY million)	42,062	19,810
Average number of shares of common stock during the period (thousand shares)	321,303	328,995
Diluted net income per share		
Adjustment of net income attributable to shareholders of the parent (JPY million)	-	-
Increase in common stock (thousand shares)	98,808	82,014
Dilutive stock without dilutive effects and excluded from calculation of diluted net income per share	-	-

(Significant subsequent events)

There are no relevant items.