Leopalace21 Corporation
Financial Results for Q3 Fiscal Year 2025



Table of Contents

Executive Summary p.3

Chapter 1 Outline of the Financial Results for Q3 FY2025 p.4

Chapter 2 Leasing Business Conditions p.10

Chapter 3 Development Business Conditions p.18

Appendix p.21

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

PL

Net sales and all profit levels up to net income through the Q3 **met the plan.**

- Net sales: JPY 332.7 billion, +0.2% against plan
- Operating profit: JPY 28.6 billion, +0.5% against plan
- Recurring profit: JPY 27.8 billion, +2.3% against plan
- Net income: JPY 10.0 billion, +4.3% against plan

Leasing Business

Both average unit rent for new contracts and average unit rent for all occupied units were increased in Q3. The average unit rent for new contracts (index) in December **reached a record high of 118**, which was mainly driven by the corporate contracts.

Development Business

We received new orders in earnest in FY2025 and **secured cumulative orders of 79 buildings (1,140 units) wih a total value of JPY 10.4 billion** through Q3.
The number of units ordered and the order value **had met the full-year plan by the end of Q3.**

Chapter 1

Outline of the Financial Results for Q3 FY2025

(JPY million)	Comparison vs Q3 FY2024 Actual		Q3 FY2024 Actual	Q3 FY2025 Actual	Q3 FY2025 Revised Plan Nov	Differences		Factors contributing to changes
Net sales	+2.7%	+8,739	323,970	**332,710**	332,200	+510	+0.2%	■ **Net sales** The average unit rent, primarily for corporate contracts, remained at a high level.
Cost of sales	+0.2%	+485	264,482	**264,968**	264,500	+468	+0.2%	
Gross profit	+13.9%	+8,254	59,488	**67,742**	67,700	+42	+0.1%	
%	+2.0 p	-	18.4%	**20.4%**	20.4%	-	(0.0) p	■ **SG&A** Increase from the previous year, driven by improvement of employee compensation and benefits and a rise in the number of employees.
SG&A	+14.9%	+5,066	34,031	**39,097**	39,200	(102)	(0.3)%	
Operating profit	+12.5%	+3,188	25,456	**28,645**	28,500	+145	+0.5%	■ **Non-operating expenses** Interest expenses of JPY 0.7 billion were recorded, a YoY decrease of JPY 0.42 billion.
%	+0.7 p	-	7.9%	**8.6%**	8.6%	-	+0.0 p	
EBITDA	+10.4%	+2,923	28,131	**31,054**	30,800	+254	+0.8%	
Recurring profit	+11.8%	+2,932	24,880	**27,813**	27,200	+613	+2.3%	■ **Extraordinary losses** JPY 10.0 billion loss on cancellation of treasury stock acquisition rights was recorded in Q1.
Net income	(34.9)%	(5,376)	15,391	**10,014**	9,600	+414	+4.3%	■ **Net income** Income taxes of JPY 7.1 billion were recorded.
EPS (JPY)	(38.3)%	(18.57)	48.45	**29.88**	28.64	+1.24	+4.3%	

2. PL (Quarterly Comparison)

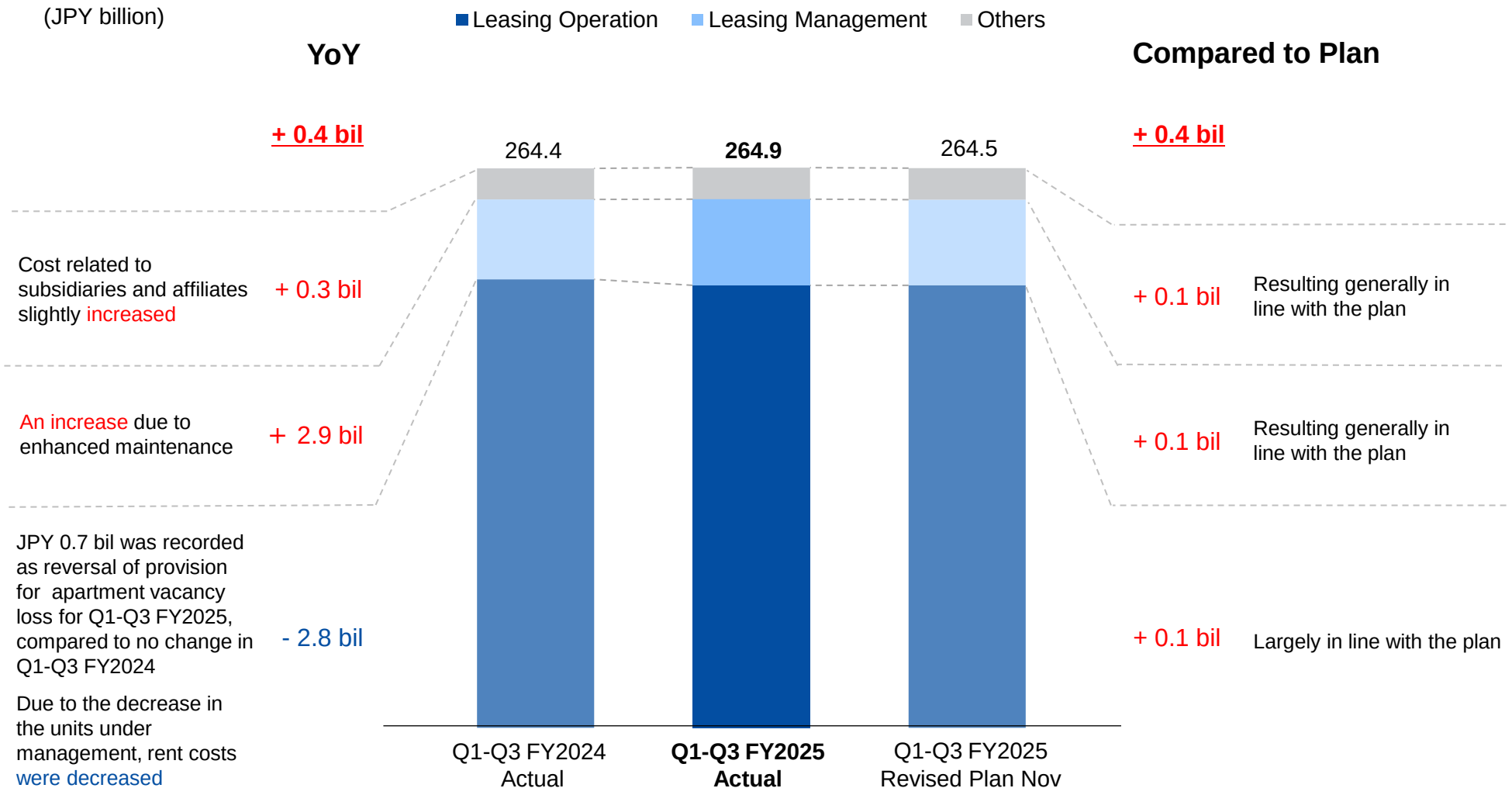
Results for Q3 achieved the plan for net sales and all profit levels up to net income.

JPY million	FY2024				FY2025					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3		Q4	FY Total
	Actual	Actual	Actual	Actual	Actual	Actual	Revised Plan Nov	Actual	Revised Plan Nov	Revised Plan Nov
Net sales	108,917	107,247	107,805	107,860	111,717	110,293	110,200	**110,699**	111,900	444,100
Cost of sales	87,519	88,563	88,399	90,054	86,659	88,818	89,000	**89,490**	90,400	354,900
Gross profit	21,398	18,683	19,405	17,805	25,058	21,474	21,200	**21,209**	21,500	89,200
SG&A	11,108	11,546	11,375	14,031	12,851	13,632	12,700	**12,612**	15,200	54,400
Operating profit	10,289	7,137	8,030	3,774	12,206	7,841	8,500	**8,596**	6,300	34,800
Recurring profit	10,244	6,484	8,151	2,055	11,516	7,510	8,200	**8,785**	5,800	33,000
Net income	6,084	4,511	4,795	2,469	525	4,152	4,900	**5,336**	3,400	13,000

3. Cost of Sales

Costs of leasing management increased compared to the previous period due to enhanced maintenance.

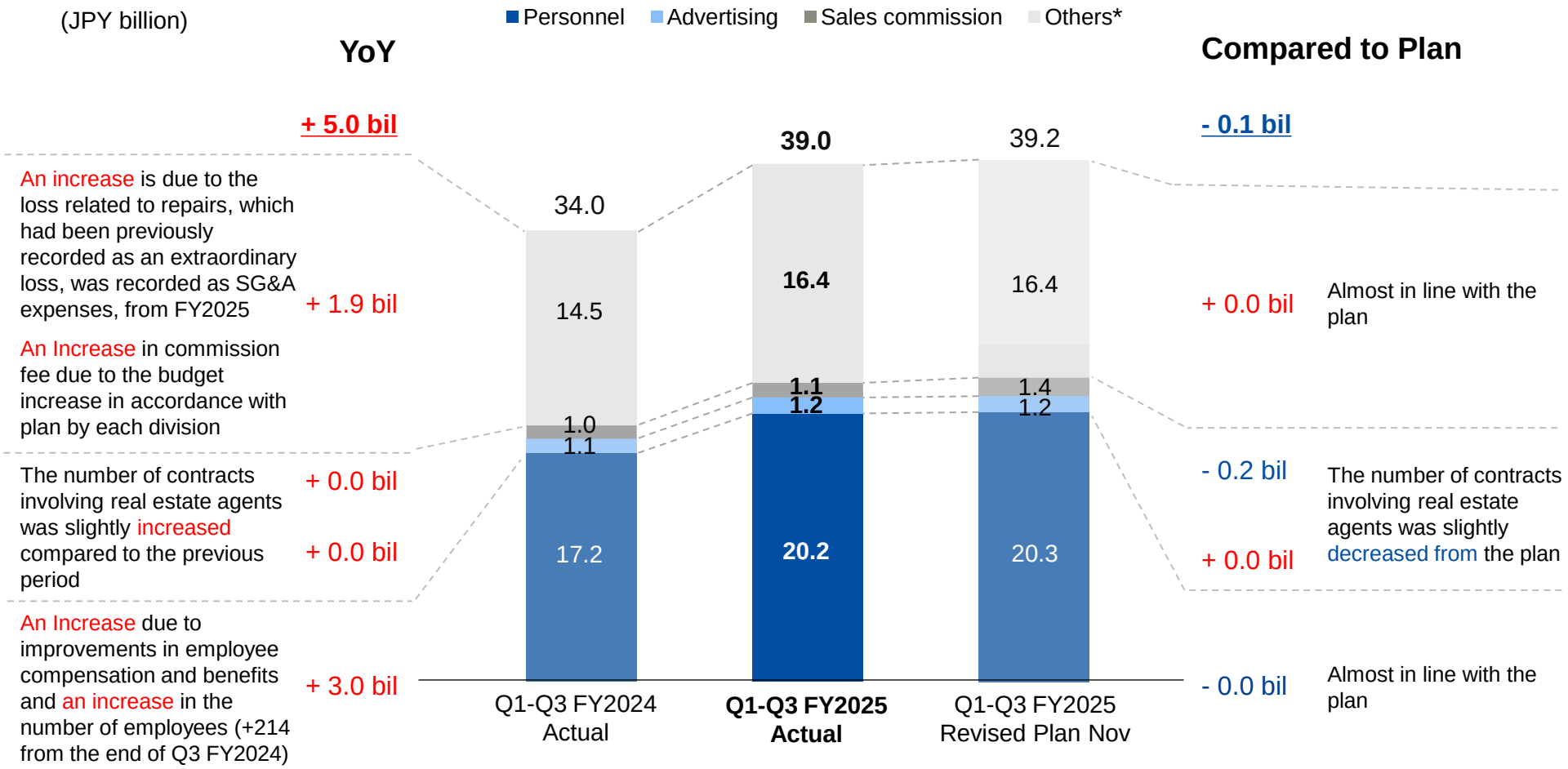
(JPY billion)



4. SG&A Expenses

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

(JPY billion)



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

5. BS

(JPY million)	End of FY2024	End of Q2 FY2025	End of Q3 FY2025	From the end of last quarter
Cash and deposits	88,408	41,100	**46,515**	+5,414
Trade receivables	7,913	7,133	**6,815**	(318)
Total assets	216,625	160,748	**164,147**	+3,399
Interest-bearing debt*	31,630	31,437	**31,829**	+391
Provision for compensation for completed construction	7,177	6,968	**6,593**	(375)
Provision for apartment vacancy loss	4,337	3,651	**3,561**	(90)
Total liabilities	128,356	124,602	**124,799**	+197
Common stock	100	100	**100**	±0
Capital surplus	30,120	15,015	**15,015**	(0)
Retained earnings	47,490	17,729	**21,430**	+3,701
Treasury stock	(4,359)	(8,753)	**(8,749)**	+4
Total shareholders' equity (A)	73,350	24,091	**27,796**	+3,705
Total accumulated other comprehensive income (B)	7,918	5,739	**6,043**	+303
Ownership equity (A) + (B)	81,269	29,830	**33,839**	+4,009
Equity ratio	37.5%	18.6%	**20.6%**	+2.0 p
Share subscription rights	391	26	**22**	(3)
Non-controlling interests	6,607	6,289	**5,485**	(803)
Total net assets	88,268	36,145	**39,347**	+3,201

Factors contributing to changes

■ Cash and deposits
Revenue and other income from the Leasing Business increased by JPY 5.4 billion from the end of the previous quarter.

■ Provision for apartment vacancy loss (current: JPY 2.7 billion; non-current: JPY 0.77 billion)
Due to the improvement in earnings of properties, a decrease of JPY 90 million was recorded from the end of the previous quarter.

■ Retained earnings
Increased by JPY 3.7 billion from the end of the previous quarter due to the recognition of quarterly net income.

* Interest-bearing debt = borrowings + lease obligations

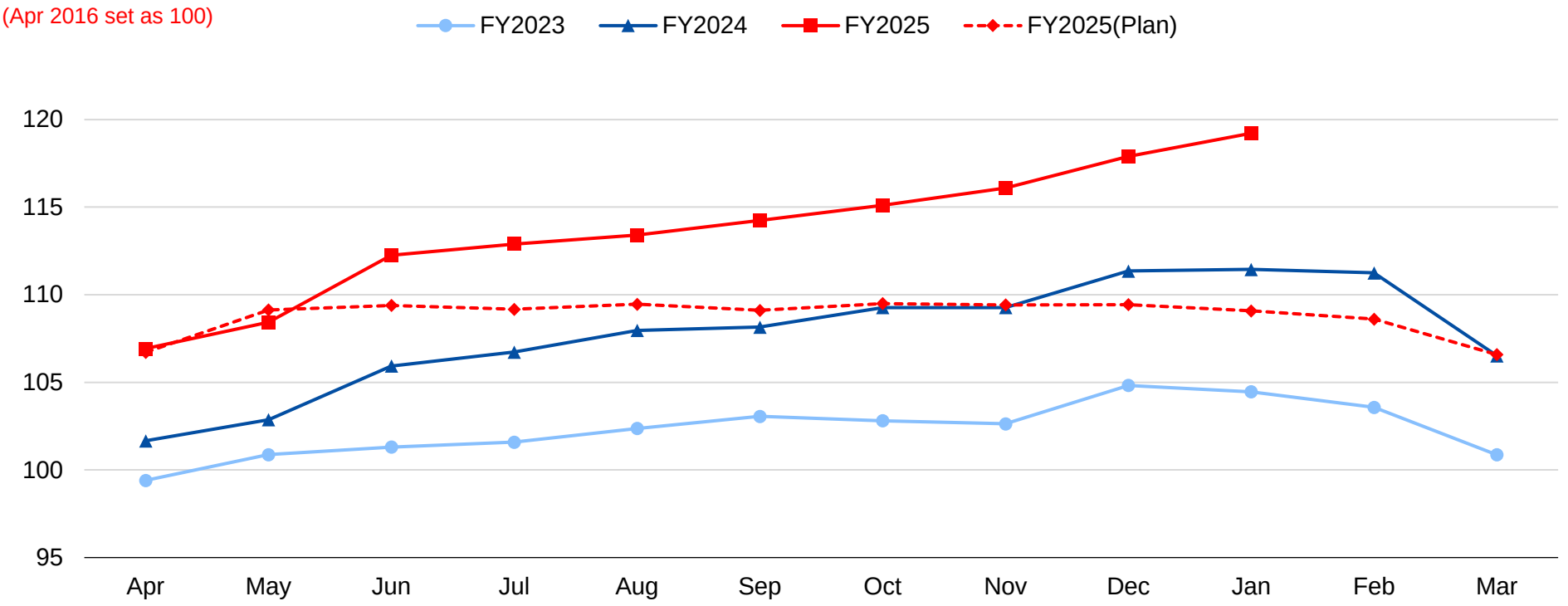
Chapter 2

Leasing Business Conditions

1. Changes in Average Unit Rent for New Contracts

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 118 in the last month of Q3.

(Apr 2016 set as 100)

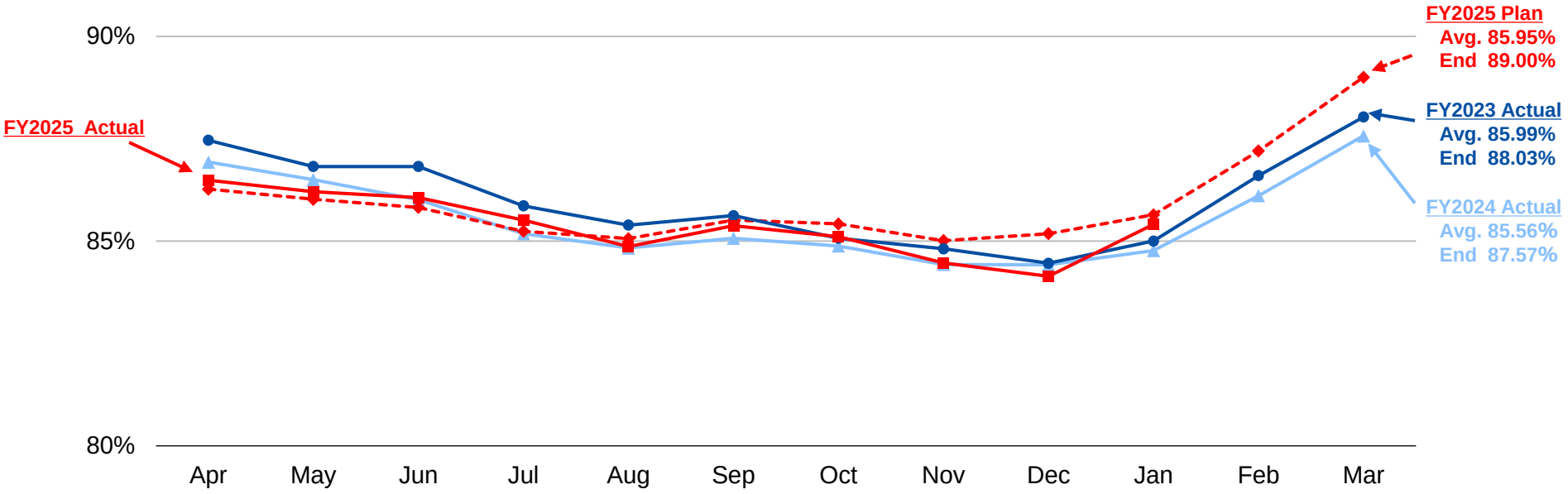


	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	FY Average
FY2023	99	101	101	102	102	103	103	103	105	104	104	101	102
FY2024	102	103	106	107	108	108	109	109	111	111	111	107	108
FY2025	107	108	112	113	113	114	115	116	118	119	-	-	-

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

2. Movements in Occupancy Rate

The occupancy rate for Q3 cumulative maintained the same level as the one recorded in the same period of the previous year. This is because the corporate contracts remained steady, while the individual contracts declined.

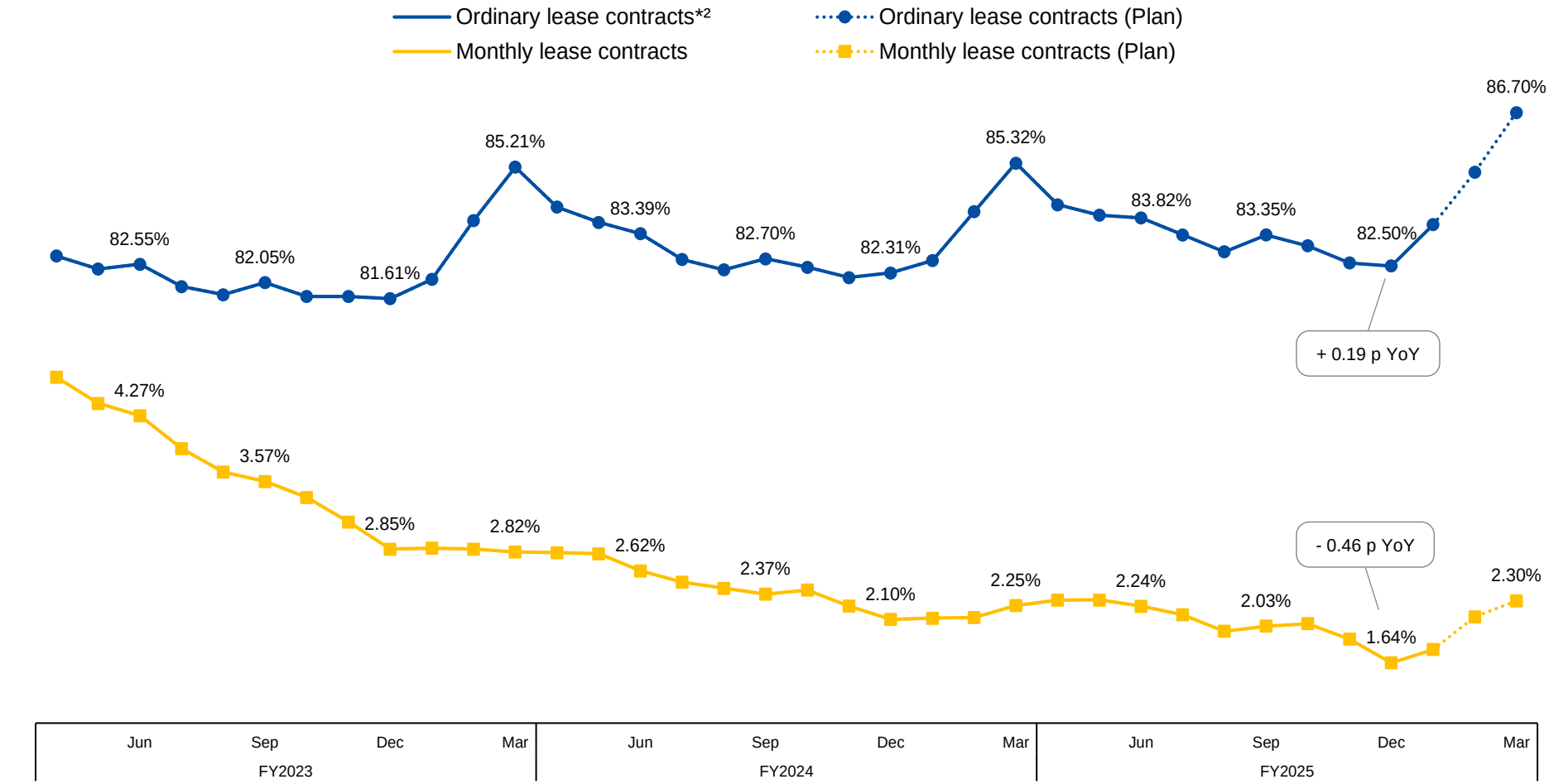


	Apr	May	Jun	Apr-Jun Average	Jul	Aug	Sep	Jul-Sep Average	Oct	Nov	Dec	Oct-Dec Average	Q3 cumulative Ave.	Jan	Feb	Mar	FY Average
FY2023	87.46%	86.82%	86.82%	87.03%	85.86%	85.39%	85.62%	85.62%	85.07%	84.81%	84.46%	84.78%	85.81%	85.00%	86.60%	88.03%	85.99%
FY2024	86.93%	86.50%	86.01%	86.48%	85.18%	84.83%	85.07%	85.03%	84.88%	84.43%	84.42%	84.58%	85.36%	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%	85.11%	84.47%	84.14%	84.57%	85.36%	85.41%	-	-	-

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

3. Changes in Occupancy Rate by Type of Contract

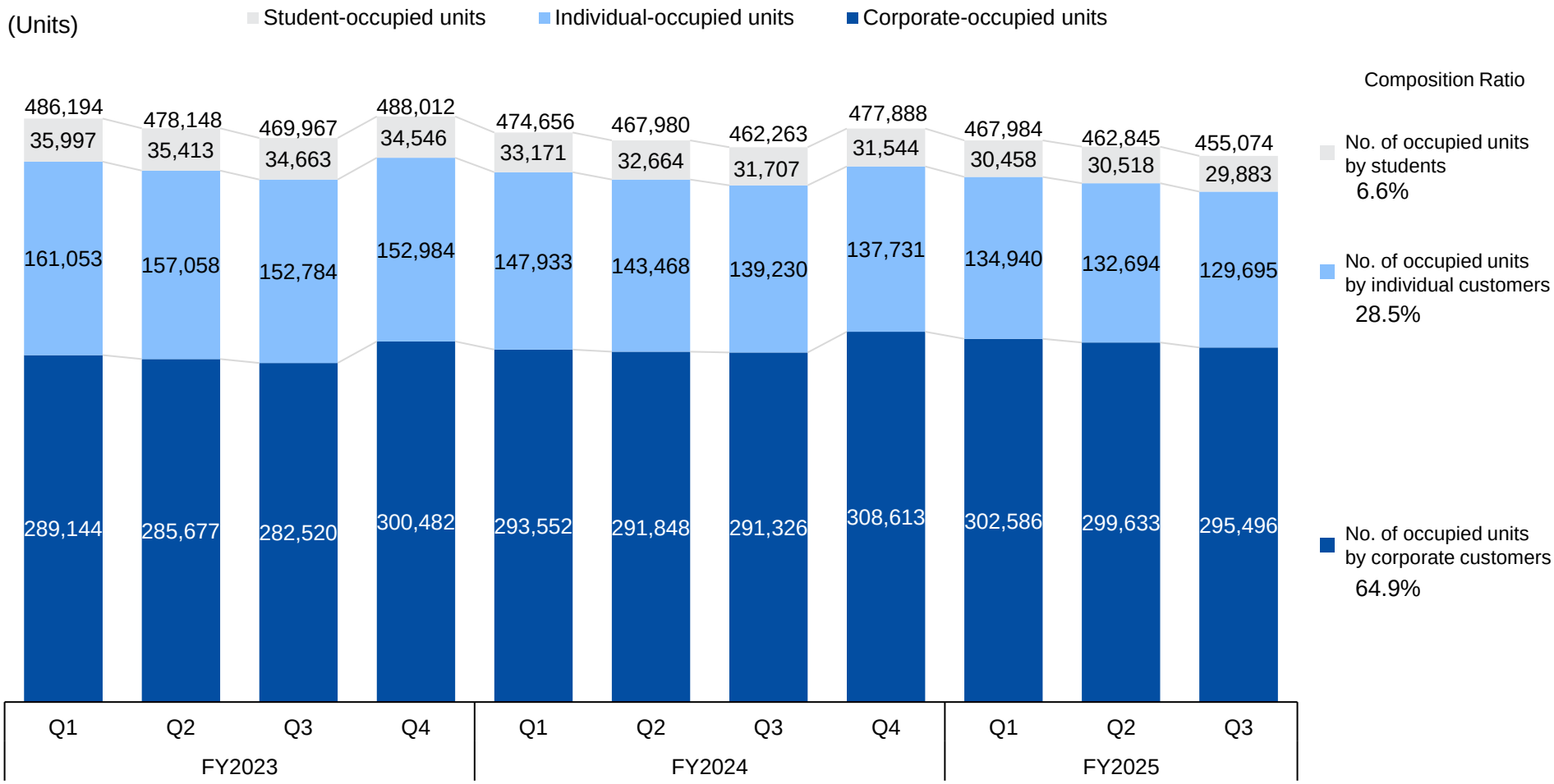
We continued a policy of restraining monthly lease contracts*1 which yield low profits.



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

4. Shares of Occupied Units by Customer Segment

The composition ratio by the corporate customers reached the record high of 64.9%.
(+1.9 p YoY, +0.2 p QoQ)



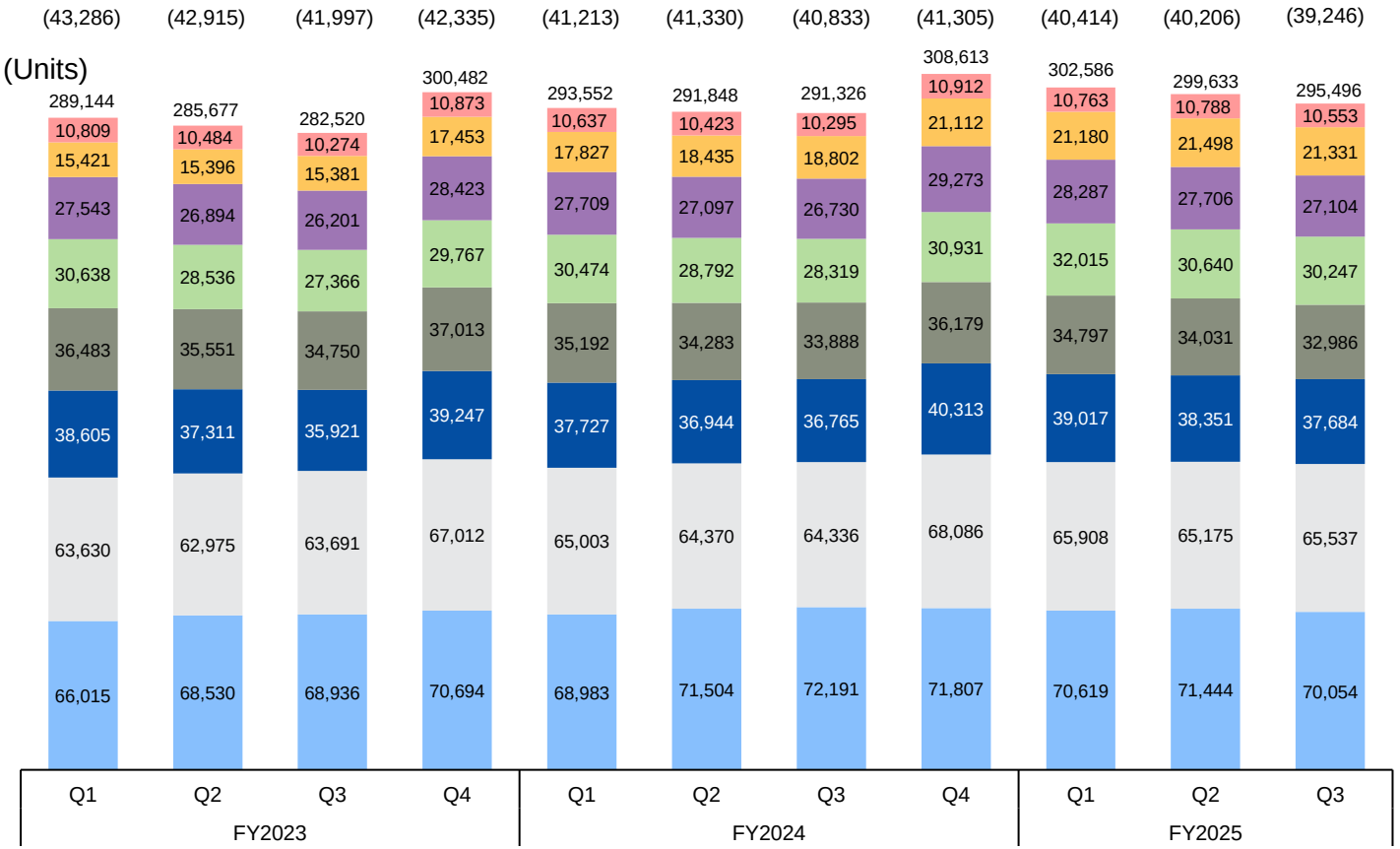
5. Occupancy by Industry

The hospitality industry saw remained robust growth YoY due to increased hiring of foreign national talents.

The staffing and outsourcing showed marginal growth QoQ which usually sees decline in line with its quarterly trends.

No. of companies

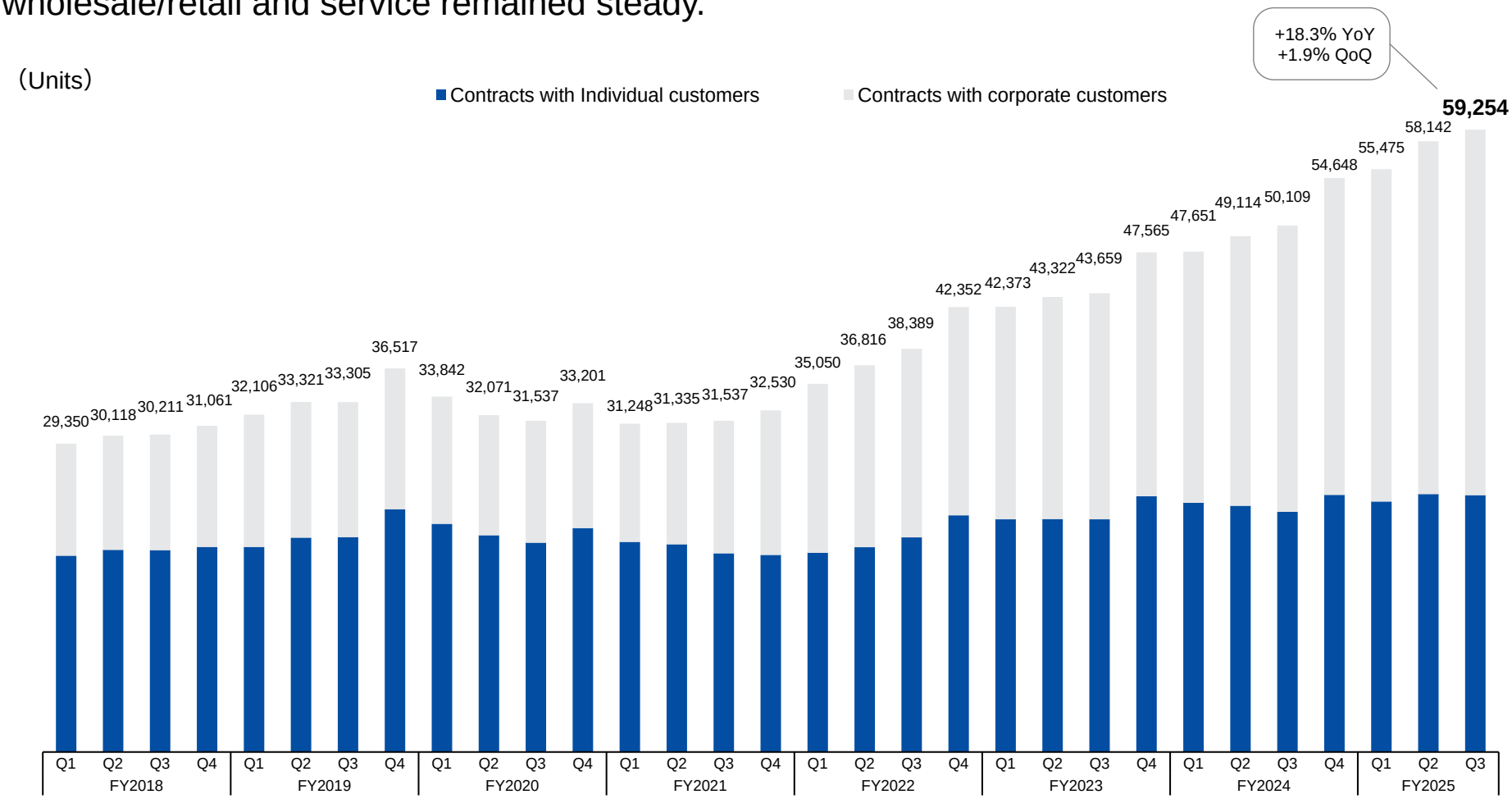
(Units)



	YoY	QoQ
	+1.4%	**-1.4%**
Transportation	+2.5%	-2.2%
Hospitality	+13.5%	-0.8%
Service	+1.4%	-2.2%
Others	+6.8%	-1.3%
Manufacturing	-2.7%	-3.1%
Wholesale / Retail	+2.5%	-1.7%
Staffing & outsourcing	+1.9%	+0.6%
Construction	-3.0%	-1.9%

6. No. of Units Used by Foreign Nationals

The number of units used by foreign national tenants reached a record high of 59,254 representing 13.0% of the total.
The number of foreign national tenants in corporate contracts, particularly in the industry of hospitality, wholesale/retail and service remained steady.



7. Units and Occupancy Rates by Prefecture

Tokyo and the three neighboring prefectures saw positive growth both YoY and QoQ, driven by solid corporate demand. Occupancy rates declined in the Tohoku and Kyushu regions due to vacancies resulting from the completion of various construction projects.

End of Q3 FY2025	Managed units (thousand)	Occupancy rate	YoY	QoQ
Hokkaido	13	81%	−3 p	−6 p
Aomori	3	76%	+7 p	−7 p
Iwate	3	83%	+0 p	−4 p
Miyagi	9	76%	−2 p	−1 p
Akita	2	82%	+7 p	−7 p
Yamagata	3	75%	−5 p	−5 p
Fukushima	9	79%	−4 p	−2 p
Ibaraki	15	87%	+0 p	+2 p
Tochigi	11	78%	−2 p	+0 p
Gunma	11	79%	−2 p	−0 p
Saitama	44	90%	+3 p	+0 p
Chiba	32	91%	+4 p	+1 p
Tokyo	42	95%	+4 p	+0 p
Kanagawa	39	90%	+1 p	+0 p
Niigata	8	74%	−5 p	−7 p
Toyama	5	79%	−0 p	−7 p

End of Q3 FY2025	Managed units (thousand)	Occupancy rate	YoY	QoQ
Ishikawa	5	86%	+4 p	−5 p
Fukui	4	78%	−6 p	−9 p
Yamanashi	4	91%	−2 p	−3 p
Nagano	10	84%	−3 p	−5 p
Gifu	7	79%	−3 p	−1 p
Shizuoka	23	77%	−1 p	−0 p
Aichi	40	85%	−1 p	−2 p
Mie	11	70%	+1 p	+1 p
Shiga	8	86%	−2 p	−3 p
Kyoto	8	89%	+0 p	−2 p
Osaka	29	85%	+1 p	−2 p
Hyogo	21	84%	−2 p	−1 p
Nara	3	84%	+1 p	+2 p
Wakayama	3	72%	−0 p	+1 p
Tottori	2	79%	+2 p	−3 p
Shimane	2	93%	+7 p	−2 p

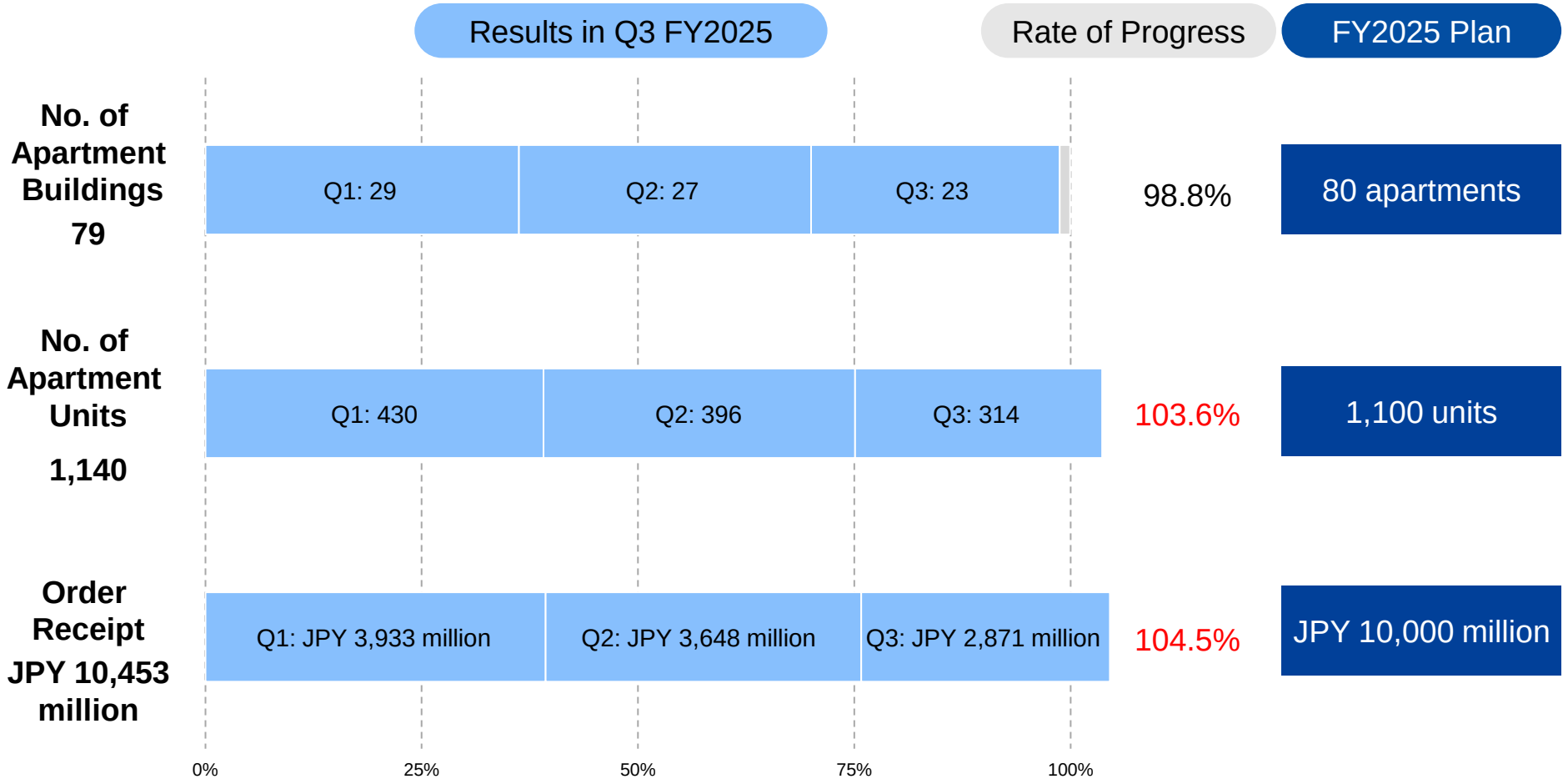
End of Q3 FY2025	Managed units (thousand)	Occupancy rate	YoY	QoQ
Okayama	11	79%	−1 p	+0 p
Hiroshima	13	82%	−1 p	−1 p
Yamaguchi	7	75%	−11 p	−2 p
Tokushima	2	72%	−1 p	−0 p
Kagawa	4	76%	−0 p	−2 p
Ehime	4	70%	−10 p	−2 p
Kochi	2	84%	+5 p	+3 p
Fukuoka	19	85%	−1 p	−0 p
Saga	3	72%	−9 p	+1 p
Nagasaki	2	76%	+2 p	−3 p
Kumamoto	7	73%	−15 p	−6 p
Oita	4	79%	−2 p	−1 p
Miyazaki	2	74%	−14 p	−9 p
Kagoshima	3	78%	+0 p	−2 p
Okinawa	5	98%	−1 p	±0 p
Total	540	84%	−0 p	−1 p

Chapter 3

Development Business Conditions

1. Order Receipt Plan and Rate of Progress

The number of units ordered and order value had already been achieved the full-year plan as of Q3, and the fiscal year ending March 2026, the first year of full-scale resumption, is progressing smoothly.





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.



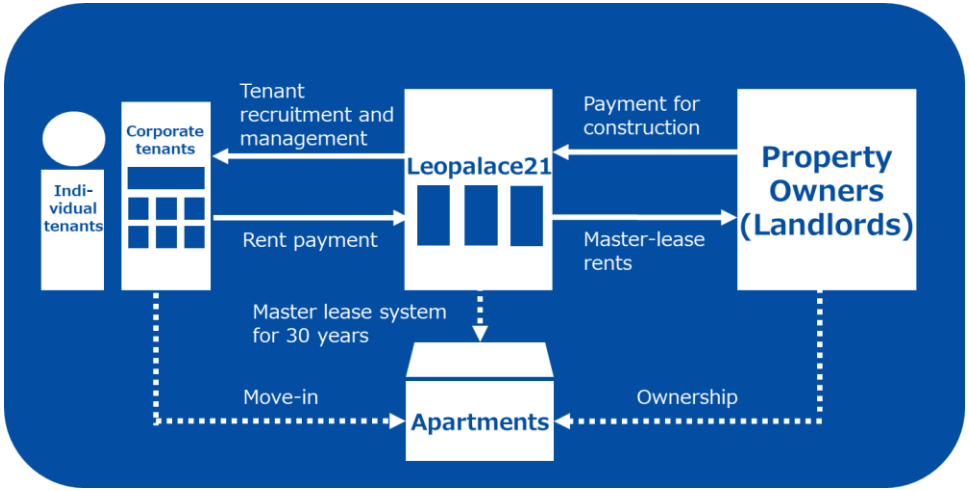
Appendix

Corporate Data (as of December 31, 2025)

Established	August 17, 1973
Paid-in Capital	JPY 100 million
Representative Director	Bunya Miyao, President and CEO
Employees	4,106 (consolidated), 2,925 (non-consolidated)
Authorized Shares	750,000,000
Outstanding Shares	334,415,678
Shareholders	33,888 (as of September 30, 2025)

Business Model

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



Group Companies (as of December 31, 2025)

Leasing

- **Leopalace Leasing** — Corporate housing agent
- **Plaza Guarantee** — Rent guarantee
- **ASUKA SSI** — Tenant contents insurance
- **Leopalace Power** — Power generation
- **Leopalace21 Business Consulting (Shanghai)** — Tenant recruitment
- **Leopalace Green Energy** — Environment

International*

- **Leopalace21 Singapore Pte. Ltd.** — Investment management

Elderly Care

- **Azu Life Care** — Elderly care service
- **Azu Residence** — Elderly care service

Others

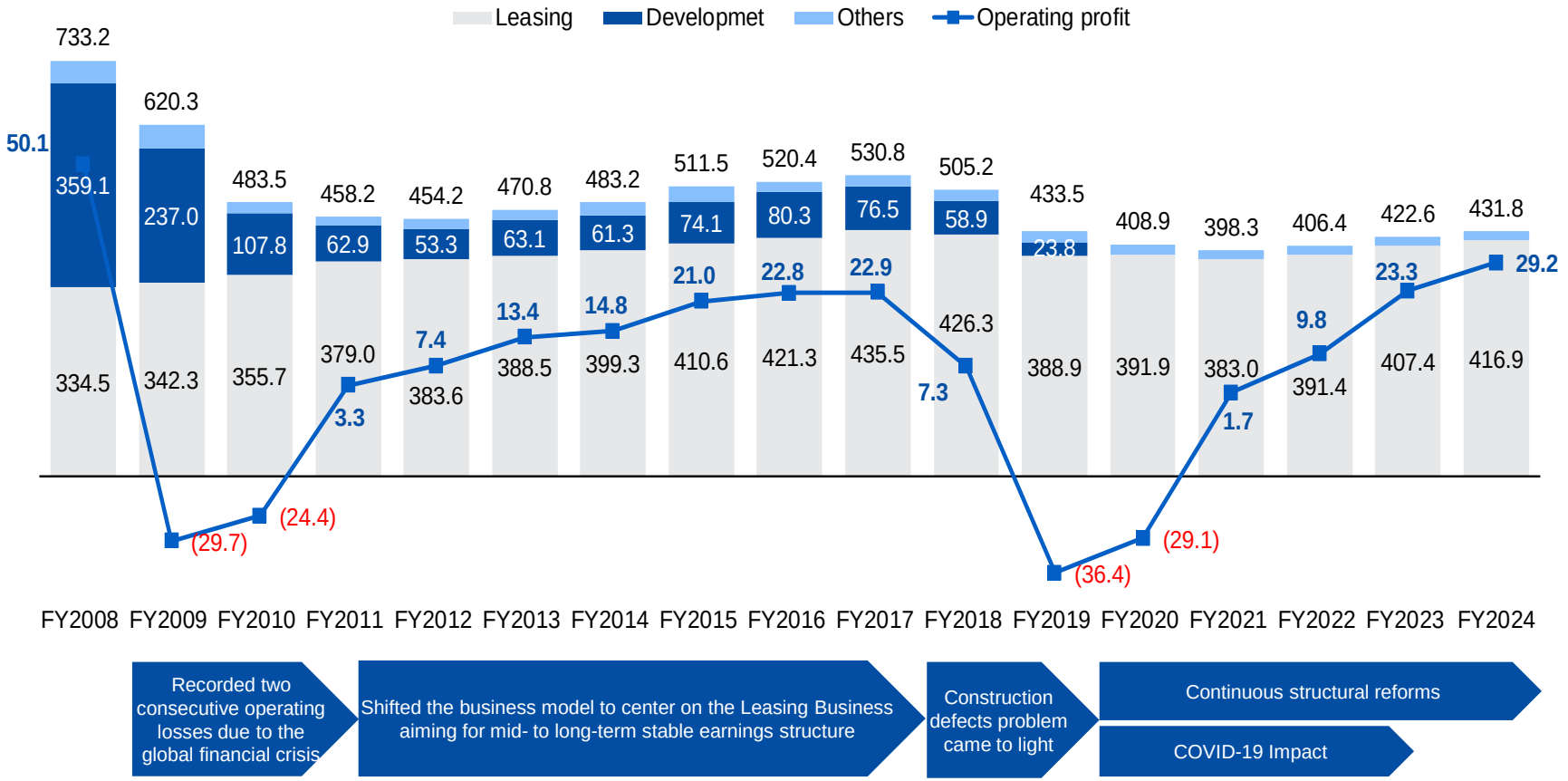
- **Leopalace Guam Co.** — Resort Business
- **Leopalace Smile** — Special subsidiary

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

2. Results Trend

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

(JPY billion)



Recorded two consecutive operating losses due to the global financial crisis

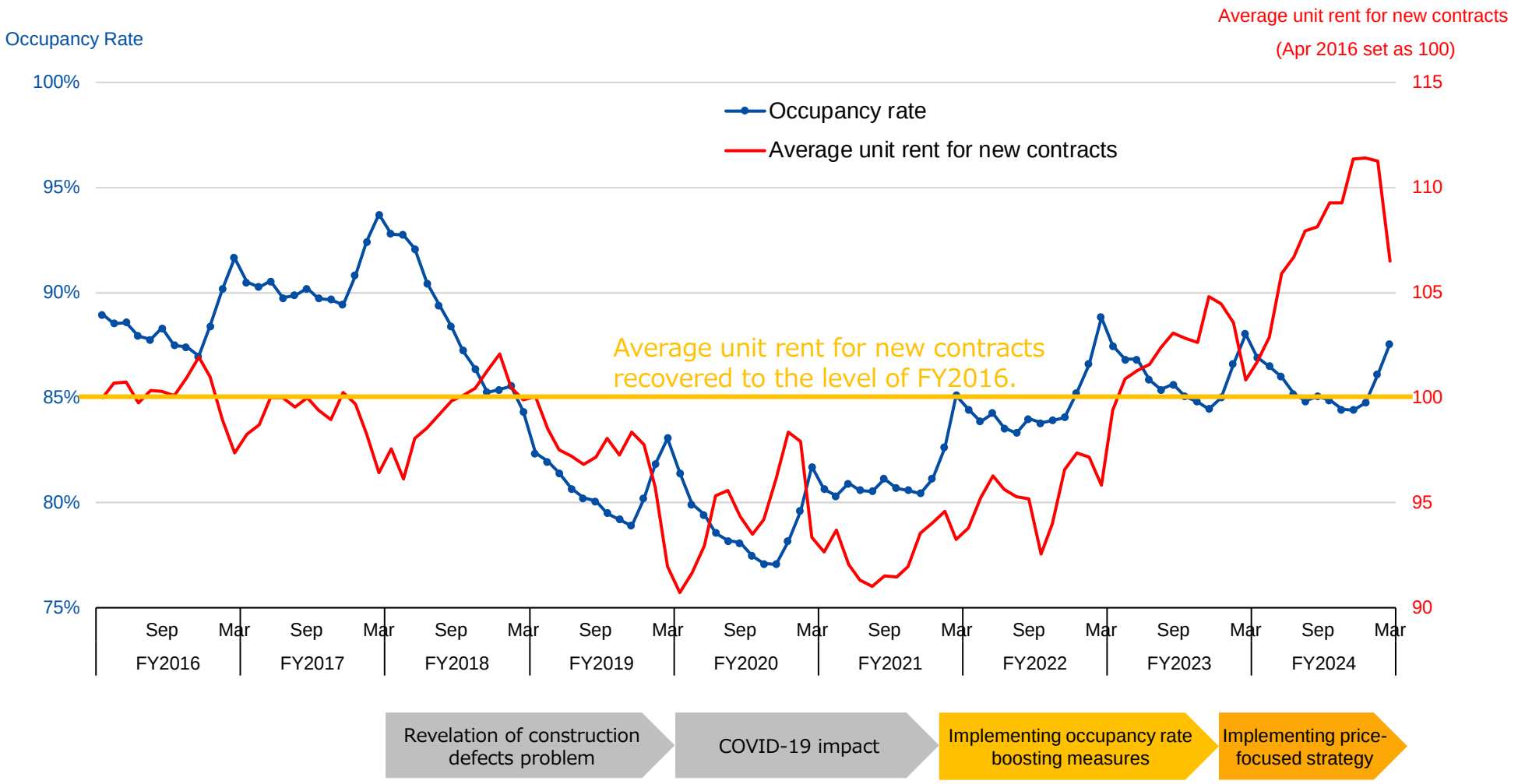
Shifted the business model to center on the Leasing Business aiming for mid- to long-term stable earnings structure

Construction defects problem came to light

Continuous structural reforms

COVID-19 Impact

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



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.

2020

1. Issuance of New Shares through Third Party Allotment
Approx. JPY 12.0 billion

- Type and no. of shares issued Common stock
  84,507,000 shares
- Issue Price
  JPY 142 per share

2. Issuance of Stock Acquisition Rights in Connection with Loan
Approx. JPY 30.2 billion

【Stock Acquisition Rights】
- Total no. of stock acquisition rights
  159,748,700 units
- No. of dilutive stocks
  163,196,513 shares*

[Loan]
- Amount of loan
  JPY 30.0 billion

Refinanced from Mizuho Bank
*As of March 7, 2025

3. Issuance of Preferred Stock by a Consolidated Subsidiary, Leopalace Power
JPY 15.0 billion

- Type and no. of shares issued
  Class A Preferred Stock
  750,000 shares
- Dividend
  7%

2025

Partial Sale of Share
34,000,000 shares

- Date of Change
  September 30, 2025
- No. of shares held after sale
  50,507,600 shares

Tender offer for Treasury Stock
Total acquisition amount: Approx. JPY 71.6 billion

- Tender offer price
  JPY 522
- No. of shares acquired
  137,072,803 shares
  (No. of shares acquired ①: Equivalent to 134,176,899 Stock Acquisition Rights)

Cancelled 132,046,640 shares of treasury stock on September 29, 2025

Repurchase of Treasury Stock Acquisition Rights.
Total acquisition amount: Approx. JPY 10 billion

- Acquisition price
  JPY 383
- No. of dilutive shares
  26,123,710 shares *
  (No. of shares acquired ②: 25,571,801 Stock Acquisition Rights)

Cancelled treasury stock acquisition rights on June 30, 2025

Treasury Stock Acquisition by Leopalace Power

- No. of acquired shares: 272,500
- No. of remaining shares: 477,500

*As of December 31, 2025

*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.

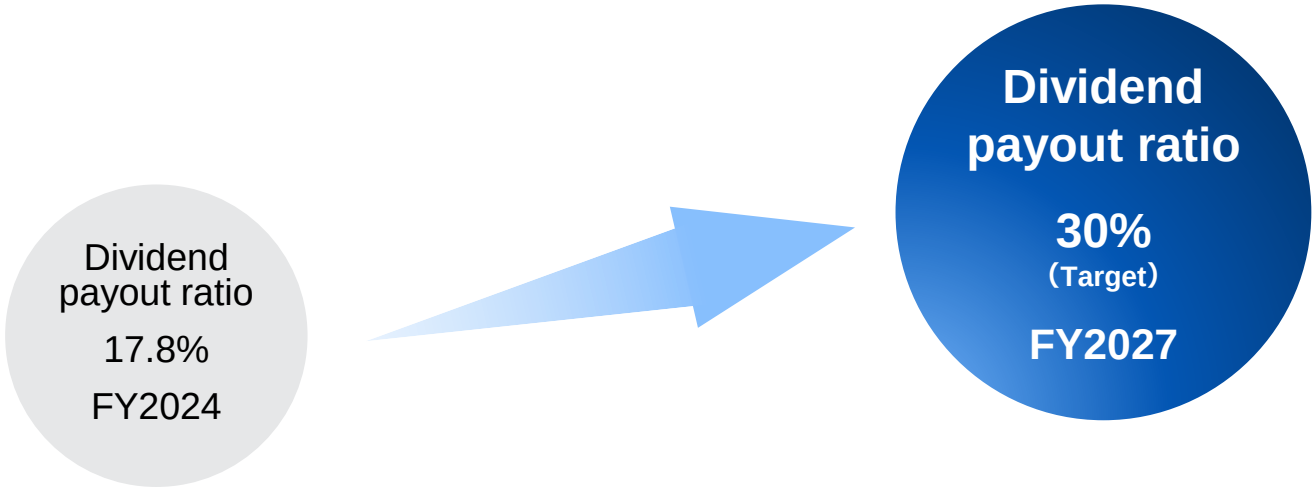
5. Refinancing the Debt of JPY 30.0 billion in February 2026

The refinancing is scheduled to be executed on February 27, 2026 to reduce interest on the existing loan.

	Existing loan	New loan
Lender	Mizuho Bank, Ltd.	Mizuho Bank, Ltd.
Loan amount	JPY 30.0 billion	JPY 30.0 billion
Term of agreement	Commitment period: 1 year from the initial loan drawdown date Term loan period: 3-year anniversary of the last day of the commitment period	3 years from February 27, 2026
Applicable interest rate	Commitment line: JPY Tibor + 2.50% Term loan: JPY Tibor + 3.50%	JPY Tibor + 1.10%
Repayment method	Lump-sum repayment on maturity	Lump-sum repayment on maturity
Collateral and guarantee	None	None

6. Shareholder Return

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)

Contact: PR and IR Section, Corporate Planning Department,
Leopalace21 Corporation
E-mail：ir@leopalace21.com

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