Consolidated Financial Statements (Japanese Accounting Standard)

May 15, 2026

(For the Fiscal Year 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 the Ordinary General Shareholders' Meeting: June 25, 2026
Scheduled Date of Commencement of Dividend Payments: June 26, 2026
Scheduled Date of Securities Report Submission: June 19, 2026
Supplemental Explanatory Material Prepared: Yes
Results Briefing Held: Yes (for institutional investors and security analysts)

1. Consolidated Financial Results for the Fiscal Year 2025 (April 1, 2025 – March 31, 2026)

(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	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
FY ended March 31, 2026	444,820	3.0	35,966	23.0	34,842	29.4	14,933	(16.4)
FY ended March 31, 2025	431,831	2.2	29,231	25.4	26,936	38.3	17,861	(57.5)

(Note) Comprehensive income Fiscal Year 2025: JPY 15,920 million [(25.8)%]
Fiscal Year 2024: JPY 21,468 million [(51.4)%]

	Net income per share	Diluted net income per share	Return on equity	Recurring profit / Total assets	Operating profit / Net sales
	JPY	JPY	%	%	%
FY ended March 31, 2026	45.14	41.87	24.5	17.7	8.1
FY ended March 31, 2025	56.22	40.64	24.6	12.8	6.8

(Reference) Share of profit of entities accounted for using equity method Fiscal Year 2025: JPY (333) million
Fiscal Year 2024: JPY (34) million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Equity per share
	JPY million	JPY million	%	JPY
As of March 31, 2026	176,574	46,393	23.0	127.98
As of March 31, 2025	216,625	88,268	37.5	255.81

(Reference) Ownership equity As of March 31, 2026: JPY 40,659 million
As of March 31, 2025: JPY 81,269 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, 2026	38,467	(815)	(68,794)	55,924
FY ended March 31, 2025	25,899	(604)	(6,404)	87,075

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, 2025	—	5.00	—	5.00	10.00	3,238	17.8	4.4
FY ended March 31, 2026	—	5.00	—	5.00	10.00	3,268	22.2	5.2
FY ending March 31, 2027 (Estimate)	—	5.00	—	10.00	15.00		21.5	

3. Consolidated Earnings Forecasts for the Fiscal Year ending March 31, 2027 (April 1, 2026 – March 31, 2027)

(The percentage figures for full fiscal year indicate rate of gain or loss compared with the previous FY;
Those for the six-month period represent the change compared with the same term in the previous FY.)

	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
Six months ending September 30, 2026	231,900	4.5	21,400	6.7	21,200	11.4	12,300	162.9	38.72
FY ending March 31, 2027	465,000	4.5	38,500	7.0	38,100	9.3	22,200	48.7	69.88

(Notes)

(1) Significant changes in the scope of consolidation during the period: Yes
Inclusion: one company Azu Residence Co., Ltd.
Exclusion: —
(Note) For details, please refer to "3. Consolidated Financial Statements and Notes (5) Notes Regarding Consolidated Financial Statements (Changes in major subsidiaries during the fiscal year ended March 31, 2026)" 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, 2026: 334,415,678 shares As of March 31, 2025: 329,389,515 shares
(ii) Total treasury stock at term end
As of March 31, 2026: 16,712,064 shares As of March 31, 2025: 11,694,621 shares
(iii) Average number of outstanding shares during the period
FY ended March 31, 2026: 330,842,410 shares FY ended March 31, 2025: 317,695,021 shares
(Note) Leopalace21 has introduced a stock delivery trust system, and its 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 31, 2026 (April 1, 2025 - March 31, 2026)

(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, 2026	425,066	2.9	35,704	16.3	35,462	22.0	15,114	(28.9)
FY ended March 31, 2025	412,941	2.3	30,712	23.3	29,059	32.8	21,264	(52.3)

	Net income per share	Diluted net income per share
	JPY	JPY
FY ended March 31, 2026	45.68	42.38
FY ended March 31, 2025	66.93	48.38

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Equity per share
	JPY million	JPY million	%	JPY
As of March 31, 2026	167,717	42,758	25.5	134.51
As of March 31, 2025	205,449	83,663	40.5	262.11

(Reference) Ownership equity As of March 31, 2026: JPY 42,735 million
As of March 31, 2025: JPY 83,271 million

2. Earnings Forecasts for the Fiscal Year ending March 31, 2027 (April 1, 2026 – March 31, 2027)

(The percentage figures for full fiscal year indicate rate of gain or loss compared with the previous FY; Those for the six-month period represent the change compared with the same term in the previous FY.)

	Net sales		Recurring profit		Net income		Net income per share
	JPY million	%	JPY million	%	JPY million	%	JPY
Six months ending September 30, 2026	219,800	3.7	21,700	14.1	13,900	142.3	43.75
FY ending March 31, 2027	440,900	3.7	39,500	11.4	25,400	68.1	79.95

- 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. 7 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 15, 2026.

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1. Summary of Business Results

(1) Analysis of Business Results

(JPY million)

	FY ended March 31, 2026	FY ended March 31, 2025	Difference	Percentage change
Net sales	444,820	431,831	+12,989	+3.0%
Cost of sales	355,611	354,537	+1,074	+0.3%
Gross profit (ratio)	89,208 (20.1%)	77,293 (17.9%)	+11,914	+15.4% (+2.2 p)
Selling, general and administrative expenses	53,242	48,062	+5,179	+10.8%
Operating profit (loss) (ratio)	35,966 (8.1%)	29,231 (6.8%)	+6,735	+23.0% (+1.3 p)
EBITDA (Operating profit (loss) + Depreciation)	39,211	32,734	+6,477	+19.8%
Recurring profit (loss)	34,842	26,936	+7,906	+29.4%
Net income (loss) attributable to shareholders of the parent	14,933	17,861	(2,927)	(16.4%)

(Summary of business results)

Net sales for the fiscal year ended March 31, 2026 increased by 3.0% YoY to JPY 444,820 million due to an increasing trend in the average unit rent. Operating profit increased by 23.0% YoY to JPY 35,966 million, as the improvement of profitability due to increased revenue and reduced cost of sales outweighed the increase in SG&A expenses associated with human capital investment, such as an increase in the number of employees and improvements to workers' compensation and benefits. EBITDA increased by 19.8% YoY to JPY 39,211 million, and recurring profit increased by 29.4% YoY to JPY 34,842 million, both progressing smoothly.

Net income attributable to shareholders of the parent was JPY 14,933 million, down 16.4% YoY, mainly due to the recording of JPY 10,068 million in loss on cancellation of treasury stock acquisition rights under extraordinary losses as well as JPY 8,224 million in income taxes - deferred in line with a partial reversal of deferred tax assets.

(Results by segment)

(JPY million)

	Net sales			Operating profit (loss)		
	FY ended March 31, 2026	FY ended March 31, 2025	Difference	FY ended March 31, 2026	FY ended March 31, 2025	Difference
Leasing Business	429,623	416,918	+12,705	44,295	38,059	+6,235
Elderly Care Business	13,652	13,726	(74)	(1,062)	(803)	(258)
Other Businesses	1,544	1,186	+357	(2,677)	(2,608)	(68)
Adjustments	–	–	–	(4,589)	(5,416)	+826
Total	444,820	431,831	+12,989	35,966	29,231	+6,735

(i) Leasing Business

For the fiscal year ended March 31, 2026, the occupancy rate at the end of the period was 88.78%, up 1.21 points from the end of the previous fiscal year, with the average occupancy rate for the fiscal year at 85.78%, up 0.22 points YoY. 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 111, up 4 points from the end of the previous fiscal year.

Consequently, net sales for the fiscal year ended March 31, 2026 increased by 3.0% YoY to JPY 429,623 million due to the higher occupancy rate and elevated average unit rent. Operating profit was JPY 44,295 million, a growth of 16.4% YoY, due to the increased revenue and improved profitability resulting from the favorable cost structure.

(ii) Elderly Care Business

Net sales for the fiscal year ended March 31, 2026 decreased by 0.5% YoY to JPY 13,652 million and operating loss amounted to JPY 1,062 million, an increase in loss of JPY 258 million YoY.

The number of facilities at the end of the period was 85.

(iii) Other Businesses

Net sales for the fiscal year ended March 31, 2026 increased by 30.2% YoY to JPY 1,544 million and operating loss amounted to JPY 2,677 million, an increase in loss of JPY 68 million YoY.

(2) Analysis of Consolidated Financial Position

(JPY million)

	March 31, 2026	March 31, 2025	Difference	Percentage change
Assets	176,574	216,625	(40,051)	(18.5)%
Liabilities	130,180	128,356	+1,823	+1.4%
Net assets	46,393	88,268	(41,875)	(47.4)%
Equity ratio	23.0%	37.5%	–	(14.5) p

Total assets at the end of the fiscal year ended March 31, 2026 were JPY 176,574 million, a decrease of JPY 40,051 million from the end of the previous fiscal year. This was mainly due to decreases of JPY 30,499 million in cash and deposits, JPY 1,361 million in buildings and structures (net), and JPY 8,696 million in deferred tax assets, whereas leased assets (net) increased by JPY 841 million.

Total liabilities amounted to JPY 130,180 million, an increase of JPY 1,823 million from the end of the previous fiscal year. This was mainly due to increases of JPY 1,082 million in accounts payable, JPY 2,182 million in advances received, and JPY 1,479 million in provision for stock benefits, whereas there were decreases of JPY 685 million in long-term advances received, JPY 1,423 million in provision for apartment vacancy loss, and JPY 1,001 million in liability for retirement benefits.

Total net assets decreased by JPY 41,875 million from the end of the previous fiscal year to JPY 46,393 million. This was mainly due to decreases of JPY 15,105 million in capital surplus and JPY 21,140 million in retained earnings, and an increase of JPY 4,389 million in treasury stock.

For information on the major factors contributing to these changes, please refer to “(3) Consolidated Statements of Changes in Net Assets” under “3. Consolidated Financial Statements and Notes” on p. 13.

The equity ratio decreased to 23.0%, a 14.5-point decrease from the end of the previous fiscal year.

(3) Analysis of Cash Flows Position

(JPY million)

	FY ended March 31, 2026	FY ended March 31, 2025	Difference
Cash flows from operating activities	38,467	25,899	+12,568
Cash flows from investing activities	(815)	(604)	(211)
Cash flows from financing activities	(68,794)	(6,404)	(62,389)
Balance of cash and cash equivalents	55,924	87,075	(31,150)

Net cash provided by operating activities amounted to JPY 38,467 million, an increase of JPY 12,568 million from the previous fiscal year. This was mainly due to income before income taxes of JPY 24,924 million, depreciation and amortization of JPY 3,245 million, increases of JPY 1,479 million in provision for stock benefits and JPY 1,496 million in advances received, and loss on cancellation of treasury stock acquisition rights of JPY 10,068 million, while there were decreases of JPY 1,423 million in provision for apartment vacancy loss and JPY 1,449 million in others (provision for warranty obligations on completed projects, etc.).

Net cash used in investing activities totaled JPY 815 million, an increase of JPY 211 million from the previous fiscal year. This was mainly due to payment for purchase of property, plant and equipment of JPY 809 million and payment for purchase of intangible assets of JPY 188 million, while proceeds from sale of property, plant and equipment were JPY 202 million.

Net cash used in financing activities totaled JPY 68,794 million, an increase of JPY 62,389 million from the previous fiscal year. This was mainly due to payment for acquisition of treasury stock of JPY 72,212 million, payment for purchase of treasury stock acquisition rights of JPY 10,102 million, and payment of dividends of JPY 3,247 million, whereas proceeds from issuance of shares were JPY 18,969 million.

As a result, cash and cash equivalents as of March 31, 2026 was JPY 55,924 million, a decrease of JPY 31,150 million from the end of the previous fiscal year.

Free cash flow (cash flows from operating activities and cash flows from investing activities) for the fiscal year ended March 31, 2026 was JPY 37,652 million, an increase of JPY 12,356 million from the previous fiscal year.

(Reference) Trends in cash flow indicators

	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024	FY ended March 31, 2025	FY ended March 31, 2026
Equity ratio (%)	0.7	14.5	31.2	37.5	23.0
Equity ratio based on market value (%)	45.7	70.5	80.1	85.6	114.3
Ratio of interest-bearing debt to cash flows (years)	–	3.0	1.4	1.2	0.8
Interest coverage ratio (times)	–	2.4	5.2	14.9	42.7

Equity ratio: shareholders' equity / total assets
Equity ratio based on market value: market capitalization / total assets
Ratio of interest-bearing debt to cash flows: interest-bearing debt / cash flows from operating activities
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, less treasury stock, at the end of the fiscal year.
(Note 3) Cash flows from operating activities are used for cash flows. 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) Ratio of interest-bearing debt to cash flows and interest coverage ratio for the fiscal year ended March 31, 2022 are not shown due to negative cash flows from operating activities.

(4) Future Prospects

For the fiscal year ending March 31, 2027, the Company expects net sales of JPY 465,000 million, up 4.5% YoY, operating profit of JPY 38,500 million, up 7.0% YoY, recurring profit of JPY 38,100 million, up 9.3% YoY, and net income attributable to shareholders of the parent of JPY 22,200 million, up 48.7% YoY.

As to the details, please refer to the Notice Concerning Formulation of Medium-term Management Plan “New Growth 2028,” which was announced separately today.

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 2026 and Fiscal Year Ending March 2027

The Company regards the return of profit to its shareholders as its most important management issue, and has established a basic policy to pay stable and continuous dividends through the sustainable enhancement of corporate value and the realization of medium- to long-term growth.
Additionally, in our Medium-term Management Plan, we have set a target to achieve a dividend payout ratio of 30% by the fiscal year ending March 31, 2028. While also taking into account the potential to boost current dividend levels, we will endeavor to gradually enhance shareholder returns in accordance with improvements in our earnings power.
We will determine the distribution of profits by taking trends in our business performance, our financial condition, and other factors into comprehensive consideration while considering a balance with the internal reserves needed for future growth investments and the reinforcement of our financial constitution.
Moreover, over time, we have been acquiring treasury stock. Going forward, we will continue to actively and flexibly examine ways to boost total shareholder returns, including acquisitions of treasury stock, from the standpoints of improving capital efficiency and enhancing shareholder returns.
For the fiscal year ended March 31, 2026, the Company is planning to pay an annual dividend of JPY 10 per share (consisting of an interim dividend of JPY 5 and a year-end dividend of JPY 5), and intends to propose the year-end dividend of JPY 5 at the general shareholders’ meeting to be held in June 2026.
For the fiscal year ending March 31, 2027, based on the above basic policy, the Company plans to pay dividends of JPY 15 per share (consisting of an interim dividend of JPY 5 and a year-end dividend of JPY 10), an increase of JPY 5 over the annual dividend for the fiscal year ended March 31, 2026. Note that the Company will continue to examine ways to enhance shareholder returns, taking into account future trends in its business performance, its financial condition, and other factors.

2. Basic Approach to the Selection of Accounting Standards

The Group (meaning the Company and its consolidated subsidiaries) prepares its consolidated financial statements in accordance with Japanese GAAP in order to ensure comparability 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 developments at other companies in the same industry in Japan.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(JPY million)

	March 31, 2026	March 31, 2025
<Assets>		
Current assets		
Cash and deposits	57,908	88,408
Trade receivables	7,927	7,913
Accounts receivable for completed projects	1,554	1,085
Securities	–	100
Real estate for sale	524	174
Costs on construction contracts in progress	720	229
Raw materials and supplies	761	486
Prepaid expenses	2,232	2,198
Accounts receivable	1,261	906
Others	4,756	4,844
Allowance for doubtful accounts	(2,973)	(3,129)
Total current assets	**74,674**	**103,215**
Non-current assets		
Property, plant and equipment		
Buildings and structures	69,008	69,348
Accumulated depreciation	(50,913)	(49,891)
Buildings and structures (net)	18,095	19,456
Machinery, equipment and vehicles	21,766	21,560
Accumulated depreciation	(17,342)	(16,550)
Machinery, equipment and vehicles (net)	4,423	5,009
Land	32,253	32,410
Leased assets	4,195	9,423
Accumulated depreciation	(1,995)	(8,065)
Leased assets (net)	2,199	1,358
Construction in progress	331	269
Others	15,720	16,090
Accumulated depreciation	(15,491)	(15,620)
Others (net)	228	470
Total property, plant and equipment	**57,531**	**58,974**
Intangible assets		
Others	923	1,002
Total intangible assets	**923**	**1,002**
Investments and other assets		
Investment securities	4,152	4,616
Long-term loans	466	486
Fixed trade receivables	282	261
Long-term prepaid expenses	1,453	1,418
Deferred tax assets	34,280	42,977
Others	5,256	5,965
Allowance for doubtful accounts	(2,447)	(2,292)
Total investments and other assets	**43,444**	**53,432**
Total non-current assets	**101,899**	**113,409**
Total assets	**176,574**	**216,625**

(JPY million)

	March 31, 2026	March 31, 2025
<Liabilities>		
Current liabilities		
Accounts payable	9,771	8,689
Accounts payable for construction contracts	581	424
Short-term borrowings	–	30,000
Lease obligations	637	398
Accounts payable - other	9,437	9,909
Accrued income taxes	617	401
Advances received	38,676	36,493
Customer advances for construction contracts in progress	1,107	340
Provision for warranty obligations on completed projects (short-term)	941	1,834
Provision for losses on construction contracts	–	8
Provision for apartment vacancy loss (short-term)	2,181	3,216
Provision for fulfillment of guarantees	740	759
Others	2,966	2,868
Total current liabilities	**67,660**	**95,343**
Non-current liabilities		
Long-term borrowings	30,000	–
Lease obligations	1,963	1,232
Long-term advances received	4,335	5,021
Lease/guarantee deposits received	6,075	6,424
Provision for warranty obligations on completed projects	5,322	5,343
Provision for apartment vacancy loss	731	1,121
Provision for stock benefits	2,434	954
Liability for retirement benefits	9,379	10,380
Others	2,277	2,536
Total non-current liabilities	**62,520**	**33,013**
Total liabilities	**130,180**	**128,356**
<Net assets>		
Shareholders' equity		
Common stock	100	100
Capital surplus	15,015	30,120
Retained earnings	26,349	47,490
Treasury stock	(8,749)	(4,359)
Total shareholders' equity	**32,715**	**73,350**
Accumulated other comprehensive income		
Net unrealized gains (losses) on other securities	(234)	(151)
Foreign currency translation adjustments	7,335	8,122
Remeasurements of defined benefit plans	841	(51)
Total accumulated other comprehensive income	**7,943**	**7,918**
Share subscription rights	22	391
Non-controlling interests	5,712	6,607
Total net assets	**46,393**	**88,268**
Total liabilities and net assets	**176,574**	**216,625**

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

Consolidated Statements of Income

(JPY million)

	FY ended March 31, 2026 (Apr 2025–Mar 2026)	FY ended March 31, 2025 (Apr 2024–Mar 2025)
Net sales		
Sales from Leasing Business	429,623	416,918
Sales from Other Businesses	15,196	14,913
Total net sales	**444,820**	**431,831**
Cost of sales		
Cost of sales from Leasing Business	338,851	338,235
Cost of sales from Other Businesses	16,760	16,302
Total cost of sales	**355,611**	**354,537**
Total gross profit	**89,208**	**77,293**
Selling, general and administrative expenses		
Advertising expenses	1,993	1,936
Sales commission expense	1,860	1,778
Transfer to allowance for doubtful accounts	176	413
Directors' bonuses	751	384
Salary and bonuses	21,507	19,087
Commission fee	7,474	7,357
Retirement benefit cost	1,132	1,110
Rent expense	1,679	1,640
Depreciation and amortization	808	560
Taxes and public charges	4,641	4,544
Others	11,215	9,247
Total selling, general and administrative expenses	**53,242**	**48,062**
Operating profit (loss)	**35,966**	**29,231**
Non-operating income		
Interest income	67	65
Dividend income	100	95
Gain on valuation of investment securities	96	91
Foreign exchange gain	493	–
Others	501	325
Total non-operating income	**1,260**	**578**
Non-operating expenses		
Interest expenses	900	1,489
Commission fee	660	–
Funding costs	330	1,049
Stock granting expenses	83	–
Foreign exchange loss	–	167
Share of loss of entities accounted for using equity method	333	34
Others	73	131
Total non-operating expenses	**2,383**	**2,873**
Recurring profit (loss)	**34,842**	**26,936**
Extraordinary income		
Gain on sale of property, plant and equipment	101	65
Reversal of provision for losses related to repairs	–	1,394
Gain on reversal of share subscription rights	150	–
Total extraordinary income	**251**	**1,459**

	FY ended March 31, 2026 (Apr 2025–Mar 2026)	FY ended March 31, 2025 (Apr 2024–Mar 2025)
Extraordinary losses		
Loss on sale of property, plant and equipment	0	–
Loss on retirement of property, plant and equipment	7	8
Impairment loss	93	302
Loss on change in equity	–	6
Loss on cancellation of treasury stock acquisition rights	10,068	–
Total extraordinary losses	**10,169**	**318**
Income (loss) before income taxes	**24,924**	**28,077**
Corporate, inhabitant and enterprise taxes	**804**	**608**
Income taxes - deferred	**8,224**	**8,744**
Total income taxes	**9,028**	**9,352**
Net income (loss)	**15,895**	**18,725**
Net income (loss) attributable to non-controlling interests	**961**	**864**
Net income (loss) attributable to shareholders of the parent	**14,933**	**17,861**

Consolidated Statements of Comprehensive Income

(JPY million)

	FY ended March 31, 2026 (Apr 2025–Mar 2026)	FY ended March 31, 2025 (Apr 2024–Mar 2025)
Net income (loss)	**15,895**	**18,725**
Other comprehensive income		
Net unrealized gains (losses) on other securities	(82)	(66)
Foreign currency translation adjustments	(786)	2,791
Remeasurements of defined benefit plans	893	18
Total other comprehensive income	**24**	**2,743**
Comprehensive income	**15,920**	**21,468**
(Breakdown)		
Comprehensive income attributable to shareholders of the parent	14,958	20,604
Comprehensive income attributable to non-controlling interests	961	864

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(JPY million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the previous year-end	100	30,120	47,490	(4,359)	73,350
Changes in the fiscal year					
Issuance of new shares	9,617	9,617			19,234
Capital reduction	(9,617)	9,617			–
Dividend of surplus			(3,253)		(3,253)
Net income attributable to shareholders of the parent			14,933		14,933
Acquisition of treasury stock				(73,741)	(73,741)
Disposal of treasury stock		679	(0)	1,514	2,193
Cancellation of treasury stock		(35,017)	(32,820)	67,837	–
Changes in shares of parent from transactions with non-controlling interests		(1)			(1)
Changes of items other than shareholders' equity (net)					
Total changes in the fiscal year	–	(15,105)	(21,140)	(4,389)	(40,634)
Balance at the current year-end	100	15,015	26,349	(8,749)	32,715

	Accumulated other comprehensive income				Share subscription rights	Non-controlling interests	Total net assets
	Net unrealized gains on other securities	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total			
Balance at the previous year-end	(151)	8,122	(51)	7,918	391	6,607	88,268
Changes in the fiscal year							
Issuance of new shares							19,234
Capital reduction							–
Dividend of surplus							(3,253)
Net income attributable to shareholders of the parent							14,933
Acquisition of treasury stock							(73,741)
Disposal of treasury stock							2,193
Cancellation of treasury stock							–
Changes in shares of parent from transactions with non-controlling interests							(1)
Changes of items other than shareholders' equity (net)	(82)	(786)	893	24	(369)	(895)	(1,240)
Total changes in the fiscal year	(82)	(786)	893	24	(369)	(895)	(41,875)
Balance at the current year-end	(234)	7,335	841	7,943	22	5,712	46,393

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(JPY million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the previous year-end	100	30,121	32,867	(4,359)	58,729
Changes in the fiscal year					
Dividend of surplus			(3,238)		(3,238)
Net income attributable to shareholders of the parent			17,861		17,861
Acquisition of treasury stock				(0)	(0)
Changes in shares of parent from transactions with non-controlling interests		(1)			(1)
Changes of items other than shareholders' equity (net)					
Total changes in the fiscal year	–	(1)	14,622	(0)	14,621
Balance at the current year-end	100	30,120	47,490	(4,359)	73,350

	Accumulated other comprehensive income				Share subscription rights	Non-controlling interests	Total net assets
	Net unrealized gains on other securities	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total			
Balance at the previous year-end	(85)	5,330	(69)	5,175	242	7,532	71,679
Changes in the fiscal year							
Dividend of surplus							(3,238)
Net income attributable to shareholders of the parent							17,861
Acquisition of treasury stock							(0)
Changes in shares of parent from transactions with non-controlling interests							(1)
Changes of items other than shareholders' equity (net)	(66)	2,791	18	2,743	149	(925)	1,967
Total changes in the fiscal year	(66)	2,791	18	2,743	149	(925)	16,588
Balance at the current year-end	(151)	8,122	(51)	7,918	391	6,607	88,268

(4) Consolidated Statements of Cash Flows

(JPY million)

	FY ended March 31, 2026 (Apr 2025–Mar 2026)	FY ended March 31, 2025 (Apr 2024–Mar 2025)
Cash flows from operating activities		
Income (loss) before income taxes	24,924	28,077
Depreciation and amortization	3,245	3,502
Impairment loss	93	302
Reversal of provision for losses related to repairs	–	(1,394)
Increase (decrease) in allowance for doubtful accounts	(20)	(843)
Increase (decrease) in liability for retirement benefits	364	396
Increase (decrease) in provision for stock benefits	1,479	424
Increase (decrease) in provision for apartment vacancy loss	(1,423)	(346)
Interest and dividend income	(168)	(160)
Interest expenses	900	1,489
Funding costs	330	1,049
Commission fee	660	–
Stock granting expenses	83	–
Foreign exchange loss (gain)	(493)	167
Share of loss (profit) of entities accounted for using equity method	333	34
Loss (gain) on sale of property, plant and equipment	(101)	(65)
Loss on retirement of property, plant and equipment	4	8
Loss on retirement of intangible assets	2	–
Loss (gain) on valuation of investment securities	(96)	(91)
Loss on cancellation of treasury stock acquisition rights	10,068	–
Gain on reversal of share subscription rights	(150)	–
Decrease (increase) in accounts receivable	(498)	(714)
Decrease (increase) in real estate for sale	(350)	(34)
Decrease (increase) in payment for construction in progress	(491)	(46)
Decrease (increase) in long-term prepaid expenses	29	78
Increase (decrease) in accounts payable	586	522
Increase (decrease) in customer advances for projects in progress	767	112
Increase (decrease) in advances received	1,496	1,997
Increase (decrease) in guarantee deposits received	(428)	(916)
Increase (decrease) in accrued consumption taxes	(47)	(464)
Others	(1,449)	1,564
Subtotal	39,654	34,652
Interest and dividends received	289	382
Interest paid	(900)	(1,735)
Payment related to repairs	–	(6,747)
Income taxes paid	(575)	(652)
Net cash provided by operating activities	**38,467**	**25,899**

(JPY million)

	FY ended March 31, 2026 (Apr 2025–Mar 2026)	FY ended March 31, 2025 (Apr 2024–Mar 2025)
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	(809)	(342)
Proceeds from sale of property, plant and equipment	202	127
Payment for purchase of intangible assets	(188)	(147)
Proceeds from redemption of investment securities	–	403
Payment for purchase of investment securities	(31)	(31)
Proceeds from liquidation of subsidiaries	–	40
Payment for loans	(97)	(52)
Proceeds from collection of loans	19	24
Payments for deposit of time deposits	(832)	(1,003)
Proceeds from withdrawal of time deposits	700	200
Others	221	176
Net cash provided by (used in) investing activities	**(815)**	**(604)**
Cash flows from financing activities		
Proceeds from short-term debt	–	30,000
Repayment of short-term debt	(30,000)	–
Proceeds from long-term debt	30,000	–
Repayment of long-term debt	–	(29,845)
Repayment of finance lease obligations	(287)	(480)
Proceeds from issuance of shares	18,969	–
Payment for funding costs	(55)	(1,049)
Payment for acquisition of treasury stock	(72,212)	(0)
Payment for purchase of treasury stock acquisition rights	(10,102)	–
Payment for purchase of treasury stock by a consolidated subsidiary	(1,130)	(990)
Payment of dividends to non-controlling shareholders	(728)	(800)
Proceeds from exercise of stock options	0	–
Payment of dividends	(3,247)	(3,238)
Net cash provided by (used in) financing activities	**(68,794)**	**(6,404)**
Effect of exchange rate changes on cash and cash equivalents	**(8)**	**41**
Net increase (decrease) in cash and cash equivalents	**(31,150)**	**18,931**
Cash and cash equivalents at beginning of period	**87,075**	**68,143**
Cash and cash equivalents at end of period	**55,924**	**87,075**

(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, 2026)

As Azu Residence Co., Ltd. was newly established during the fiscal year ended March 31, 2026, it is included in the scope of consolidation.

(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, performs building construction, renovation, repair, and 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 Businesses operate 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 profit (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, 2026 (April 1, 2025 to March 31, 2026)

(JPY million)

	Reportable segments				Adjustments (Note 1)	Amount stated in consolidated financial statements (Note 2)
	Leasing Business	Elderly Care Business	Other Businesses	Total		
Net sales						
Ancillary services	29,507	–	–	29,507	–	29,507
Maintenance works	37,551	–	–	37,551	–	37,551
Company housing agency	1,067	–	–	1,067	–	1,067
Roof lease solar power generation	2,771	–	–	2,771	–	2,771
Construction contracting	2,012	–	–	2,012	–	2,012
Others	–	13,652	1,031	14,683	–	14,683
Revenue from contracts with customers	72,911	13,652	1,031	87,594	–	87,594
Rent income	332,511	–	–	332,511	–	332,511
Ancillary services	18,676	–	–	18,676	–	18,676
Rental guarantee	3,616	–	–	3,616	–	3,616
Furniture insurance	1,907	–	–	1,907	–	1,907
Others	–	–	513	513	–	513
Other revenues	356,712	–	513	357,225	–	357,225
Sales to external customers	429,623	13,652	1,544	444,820	–	444,820
Intersegment sales and transfers	15	–	378	394	(394)	–
Total	429,639	13,652	1,922	445,214	(394)	444,820
Segment profit (loss)	44,295	(1,062)	(2,677)	40,556	(4,589)	35,966
Segment assets	56,648	3,948	23,832	84,429	92,144	176,574

(JPY million)

	Reportable segments				Adjustments (Note 1)	Amount stated in consolidated financial statements (Note 2)
	Leasing Business	Elderly Care Business	Other Businesses	Total		
Other items						
Depreciation	1,718	45	1,126	2,890	354	3,245
Increase in property, plant and equipment and intangible assets	1,818	17	290	2,126	69	2,195

Note 1: The details of adjustments are as follows.

Segment profit (loss)

(JPY million)

	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025
Elimination of intersegment transactions	289	256
Corporate expenses*	(4,879)	(5,673)
Total	(4,589)	(5,416)

* 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)

	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025
Surplus working capital, long-term investment funds, and assets not attributable to reportable segments, etc.	92,144	133,637

Increase in property, plant and equipment and intangible assets

(JPY million)

	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025
Investments in equipment and other assets not attributable to reportable segments	69	67

Note 2: Segment profit (loss) is adjusted with operating profit in the consolidated financial statements.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(JPY million)

	Reportable segments				Adjustments (Note 1)	Amount stated in consolidated financial statements (Note 2)
	Leasing Business	Elderly Care Business	Other Businesses	Total		
Net sales						
Ancillary services	29,023	–	–	29,023	–	29,023
Maintenance works	36,663	–	–	36,663	–	36,663
Company housing agency	1,010	–	–	1,010	–	1,010
Roof lease solar power generation	2,642	–	–	2,642	–	2,642
Construction contracting	1,382	–	–	1,382	–	1,382
Others	–	13,726	967	14,694	–	14,694
Revenue from contracts with customers	70,723	13,726	967	85,417	–	85,417
Rent income	322,958	–	–	322,958	–	322,958
Ancillary services	17,542	–	–	17,542	–	17,542
Rental guarantee	3,828	–	–	3,828	–	3,828
Furniture insurance	1,865	–	–	1,865	–	1,865
Others	–	–	218	218	–	218
Other revenues	346,194	–	218	346,413	–	346,413
Sales to external customers	416,918	13,726	1,186	431,831	–	431,831
Intersegment sales and transfers	17	–	341	358	(358)	–
Total	416,935	13,726	1,527	432,189	(358)	431,831
Segment profit (loss)	38,059	(803)	(2,608)	34,647	(5,416)	29,231
Segment assets	51,421	3,795	27,770	82,987	133,637	216,625
Other items						
Depreciation	1,957	46	1,170	3,173	329	3,502
Increase in property, plant and equipment and intangible assets	1,236	10	169	1,416	67	1,483

[Related information]

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

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
35,141	22,383	6	57,531

3. Information by major customer

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

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

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
35,365	23,602	6	58,974

3. Information by major customer

This information is omitted because there are no sales to specific external 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, 2026 (April 1, 2025 to March 31, 2026)

(JPY million)

	Leasing Business	Elderly Care Business	Other Businesses	Corporate or elimination	Total
Impairment loss	78	15	—	—	93

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(JPY million)

	Leasing Business	Elderly Care Business	Other Businesses	Corporate or elimination	Total
Impairment loss	64	19	—	218	302

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

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) and fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

There are no relevant items.

[Information on gain on negative goodwill by reportable segment]

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) and fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

There are no relevant items.

(Per-share information)

	FY ended March 31, 2026 (Apr 2025–Mar 2026)	FY ended March 31, 2025 (Apr 2024–Mar 2025)
Net assets per share	JPY 127.98	JPY 255.81
Net income per share	JPY 45.14	JPY 56.22
Diluted net income per share	JPY 41.87	JPY 40.64

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

	FY ended March 31, 2026 (Apr 2025–Mar 2026)	FY ended March 31, 2025 (Apr 2024–Mar 2025)
Net income per share		
Net income attributable to shareholders of the parent (JPY million)	14,933	17,861
Amount not attributable to common shareholders (JPY million)	–	–
Net income attributable to shareholders of the parent for common stock (JPY million)	14,933	17,861
Average number of shares of common stock during the period (thousand shares)	330,842	317,695
Diluted net income per share		
Adjustment of net income attributable to shareholders of the parent (JPY million)	–	–
Increase in common stock (thousand shares)	25,799	121,822
Potential shares without dilutive effects excluded from calculation of diluted net income per share	–	–

(Significant subsequent events)

(Company split of the Company's business)

As announced in the "Notice Concerning Implementing Company Split (Simplified Absorption-type Company Split) and Change in Subsidiary (Change in Specified Subsidiary)" disclosed on January 30, 2026, the Company transferred part of its Elderly Care Business to Azu Residence Co., Ltd., its wholly owned subsidiary, by means of an absorption-type company split as of April 1, 2026.

Note that the Company will account for this transaction as a transaction under common control in accordance with the "Accounting Standard for Business Combinations" and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures."