Leopalace21 Corporation
Financial Results for Fiscal Year 2025



Table of Contents

Executive Summary p.3

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

Chapter 2 Leasing Business Conditions p.11

Chapter 3 Development Business Conditions p.19

Appendix p.22

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

Executive Summary

PL

For FY2025, we **met its targets** across the board, **from net sales to net income**.

- Net sales: JPY 444.8 bil (0.2% above plan)
- Operating profit: JPY 35.9 bil (3.4% above plan)
- Recurring profit: JPY 34.8 bil (5.6% above plan)
- Net income: JPY 14.9 bil (14.9% above plan)

Leasing Business

Driven by corporate contracts, **the average unit rent for new contracts in FY2025 remained at a high level**. The full-year average unit rent (index) was 114 (up 6 p YoY). The average occupancy rate in FY2025 was 85.78% (up 0.22 p YoY), and the occupancy rate at the end of the fiscal year was 88.78% (up 1.21 p YoY), with both figures showing an increase compared with the previous fiscal year.

Development Business

We **achieved the yearly plan** of new orders in terms of building and apartment unit and order intake for FY2025, the first year of business resumption.
The full-year result were **107 buildings, 1,524 units and JPY 14.1 bil.**

Chapter 1

Outline of the Financial Results for FY2025

	Comparison with FY2024		FY2024 Actual	FY2025 Actual	FY2025 Revised Plan Nov	Comparison with FY2025 Revised Plan		Factors contributing to changes
Net sales	+3.0%	+12,989	431,831	**444,820**	444,100	+720	+0.2%	■Net sales Average unit rent continued at high level mainly driven by corporate contracts.
Cost of sales	+0.3%	+1,074	354,537	**355,611**	354,900	+711	+0.2%	■Cost of sales Costs of leasing management increased YoY and against plan due to enhanced maintenance.
Gross profit	+15.4%	+11,914	77,293	**89,208**	89,200	+8	+0.0%	
%	+2.2 p	–	17.9%	**20.1%**	20.1%	–	(0.0) p	■SG&A Increased significantly YoY, primarily due to improved employee compensation and benefits and headcount growth, but came in below the plan, reflecting a decline in contracts involving real estate agents, among other factors.
SG&A	+10.8%	+5,179	48,062	**53,242**	54,400	(1,157)	(2.1)%	
Operating profit	+23.0%	+6,735	29,231	**35,966**	34,800	+1,166	+3.4%	■Non-operating expenses Interest expenses of JPY 0.9 billion were recorded, a decrease of JPY 0.58 billion YoY.
%	+1.3 p	–	6.8%	**8.1%**	7.8%	–	+0.3p	
EBITDA	+19.8%	+6,477	32,734	**39,211**	37,800	+1,411	+3.7%	■Extraordinary losses JPY 10.0 billion loss on cancellation of treasury stock acquisition rights was recorded in Q1.
Recurring profit	+29.4%	+7,906	26,936	**34,842**	33,000	+1,842	+5.6%	
Net income	(16.4)%	(2,927)	17,861	**14,933**	13,000	+1,933	+14.9%	■Net income Income taxes – deferred of JPY 8.2 billion were recorded.
EPS (JPY)	(19.7)%	(11.08)	56.22	**45.14**	37.80	+7.34	+19.4%	

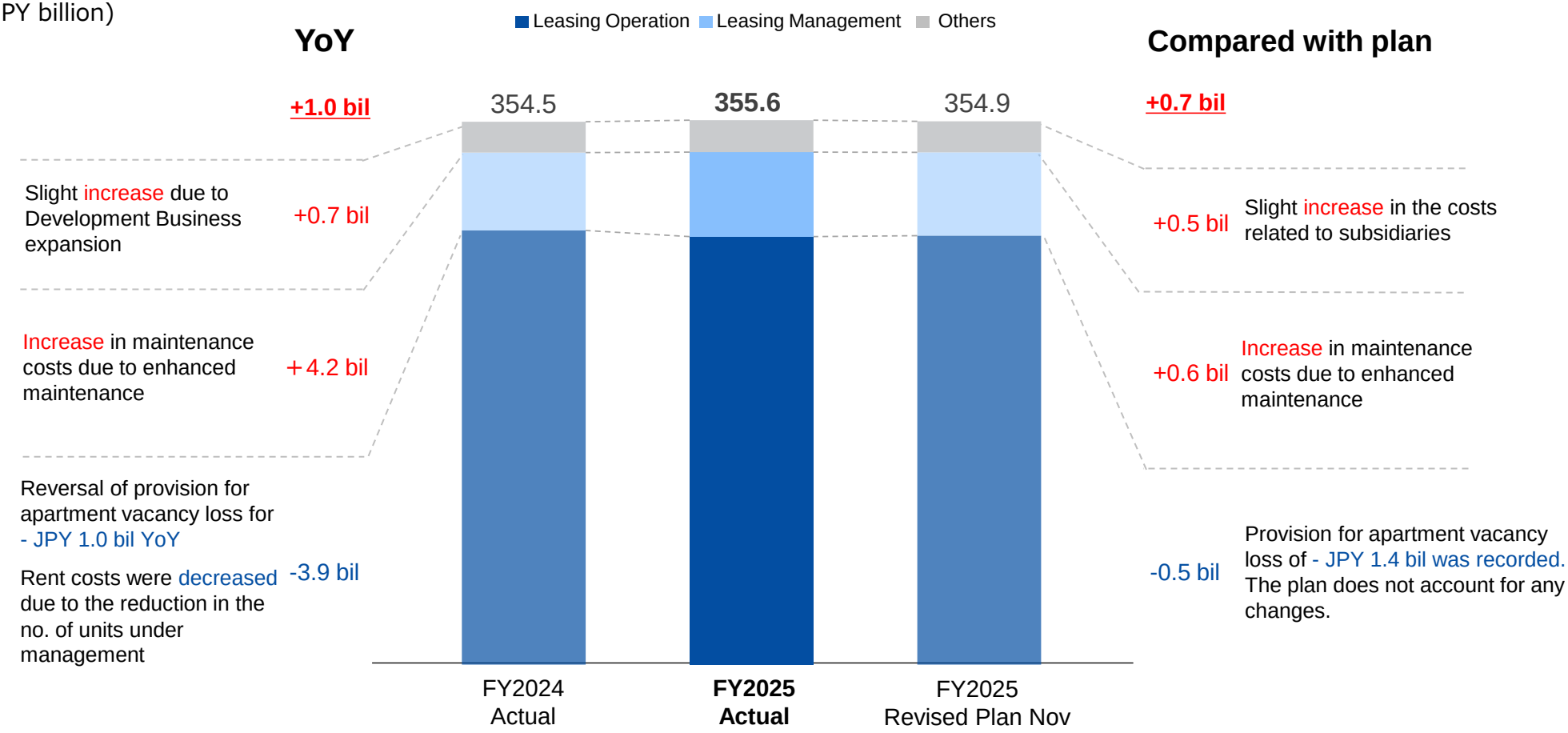
2. PL (Quarterly Comparison)

(JPY million)	FY2024				FY2025						
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		FY Total	
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Revised Plan Nov	Actual	Revised Plan Nov	Actual
Net sales	108,917	107,247	107,805	107,860	111,717	110,293	110,699	111,900	**112,109**	444,100	**444,820**
Cost of sales	87,519	88,563	88,399	90,054	86,659	88,818	89,490	90,400	**90,643**	354,900	**355,611**
Gross profit	21,398	18,683	19,405	17,805	25,058	21,474	21,209	21,500	**21,466**	89,200	**89,208**
SG&A	11,108	11,546	11,375	14,031	12,851	13,632	12,612	15,200	**14,144**	54,400	**53,242**
Operating profit	10,289	7,137	8,030	3,774	12,206	7,841	8,596	6,300	**7,321**	34,800	**35,966**
Recurring profit	10,244	6,484	8,151	2,055	11,516	7,510	8,785	5,800	**7,029**	33,000	**34,842**
Net income	6,084	4,511	4,795	2,469	525	4,152	5,336	3,400	**4,919**	13,000	**14,933**

3. Cost of Sales

Cost of sales for FY2025 increased slightly compared with both the previous fiscal year and the revised plan, due to factors such as enhanced maintenance efforts.

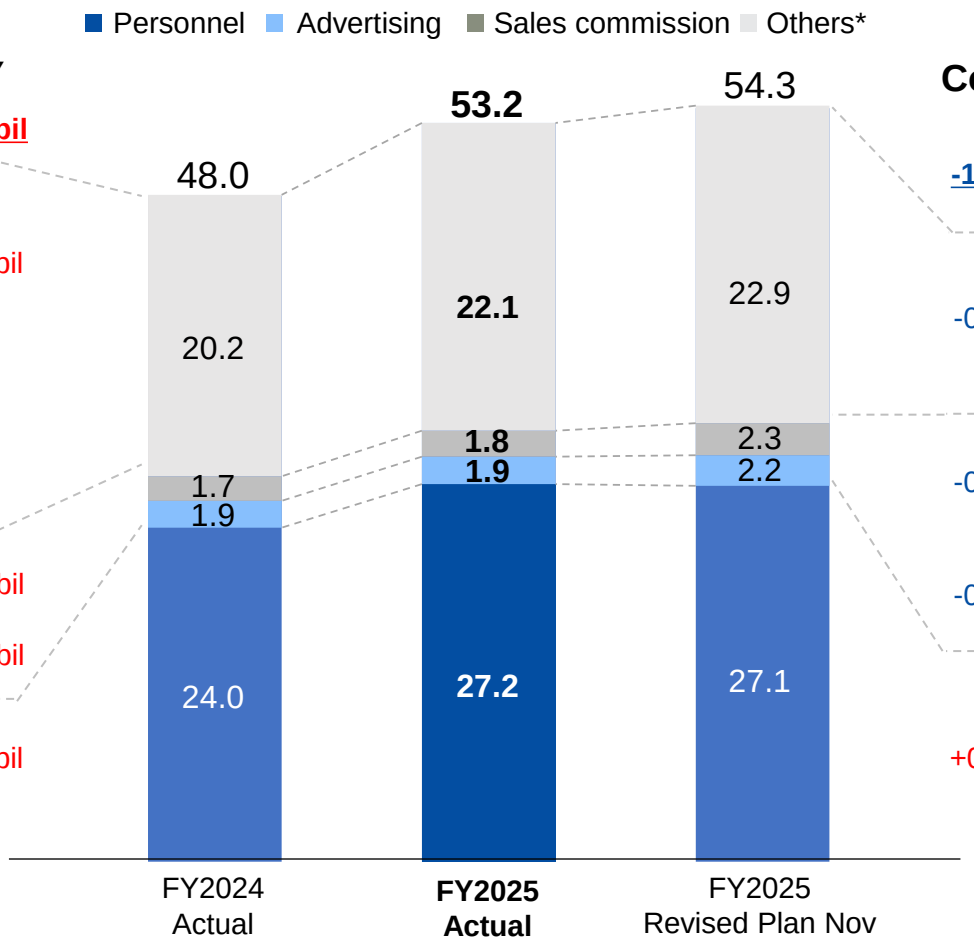
(JPY billion)



4. SG&A Expenses

Significant increase from the previous year due to higher personnel costs, while below plan due to lower-than-expected expenses such as commission fees.

(JPY billion)



YoY

+5.1 bil

An increase was recorded from FY2025 due to reclassification of loss related to repairs from extraordinary losses to SG&A expenses — +1.9 bil

An increase in commission fee due to the budget increase in accordance with plan by each division — +0.0 bil

The number of contracts involving real estate agents was slightly increased compared with the previous period — +0.0 bil

An increase due to improvement to employee compensation and benefits and in the number of employees by 241 from the previous period — +3.1 bil

Compared with plan

-1.1 bil

-0.7 bil — Impact due to decrease in commission fee and others

-0.4 bil

-0.2 bil — The number of contracts involving real estate agents was slightly below the plan

+0.1 bil — Almost in line with the plan

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

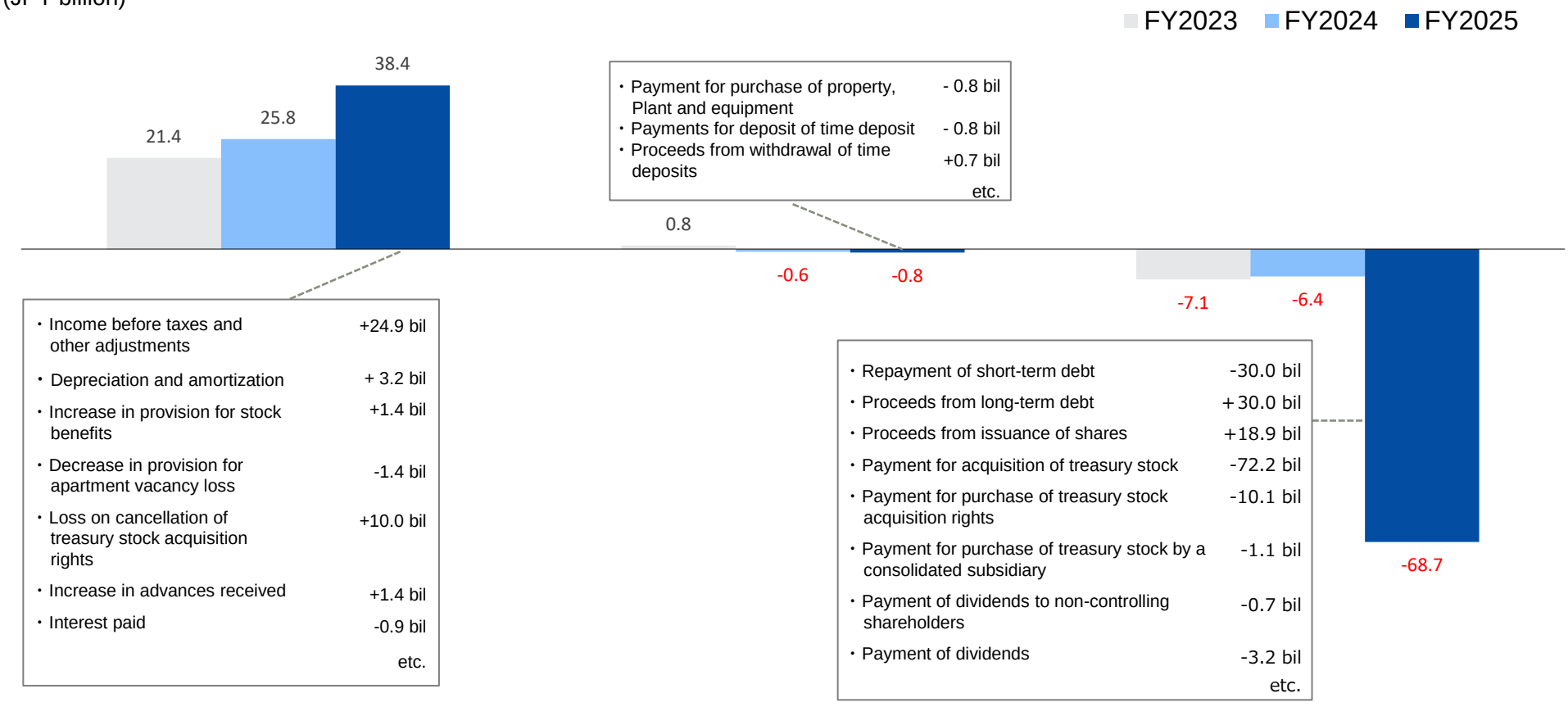
5. BS

(JPY million)	End of FY2024	End of Q3 FY2025	End of FY2025	Delta from end of FY2024	Delta from end of Q3	Factors contributing to changes
Cash and deposits	88,408	46,515	**57,908**	(30,499)	+11,393	■Cash and deposits Revenue and other income from the Leasing Business increased by JPY 11.3 billion from the end of Q3.
Trade receivables	7,913	6,815	**7,927**	+14	+1,112	
Total assets	216,625	164,147	**176,574**	(40,051)	+12,426	
Interest-bearing debt*	31,630	31,829	**32,600**	+970	+771	
Provision for warranty obligations on completed projects	7,177	6,593	**6,263**	(913)	(329)	
Provision for apartment vacancy loss	4,337	3,561	**2,913**	(1,423)	(647)	■Provision for apartment vacancy loss (current: JPY 2.18 billion; non-current: JPY 0.73 billion) Due to the improvement in earnings of properties, a decrease of JPY 1.4 billion from the end of FY2024 and a decrease of JPY 0.6 billion from the end of Q3.
Total liabilities	128,356	124,799	**130,180**	+1,823	+5,380	
Common stock	100	100	**100**	±0	±0	
Capital surplus	30,120	15,015	**15,015**	(15,105)	±0	
Retained earnings	47,490	21,430	**26,349**	(21,140)	+4,919	
Treasury stock	(4,359)	(8,749)	**(8,749)**	(4,389)	(0)	
Total shareholders' equity	73,350	27,796	**32,715**	(40,634)	+4,919	
Total accumulated other comprehensive income	7,918	6,043	**7,943**	+24	+1,900	■Retained earnings Increased by JPY 4.9 billion from the end of Q3 due to recognition of quarterly net income.
Ownership equity	81,269	33,839	**40,659**	(40,610)	+6,819	
Equity ratio	37.5%	20.6%	**23.0%**	(14.5) p	+2.4 p	
Share subscription rights	391	22	**22**	(369)	±0	
Non-controlling interests	6,607	5,485	**5,712**	(895)	+226	
Total net assets	88,268	39,347	**46,393**	(41,875)	+7,046	

* Interest-bearing debt = borrowings + lease obligations

Driven by improved profitability, cash flows from operating activities increased to JPY 38.4 billion. (cash flows from operating activities for FY2017 was JPY 27.3 billion.)
Free cash flow reached JPY 37.6 billion, up JPY 12.3 billion YoY.

(JPY billion)



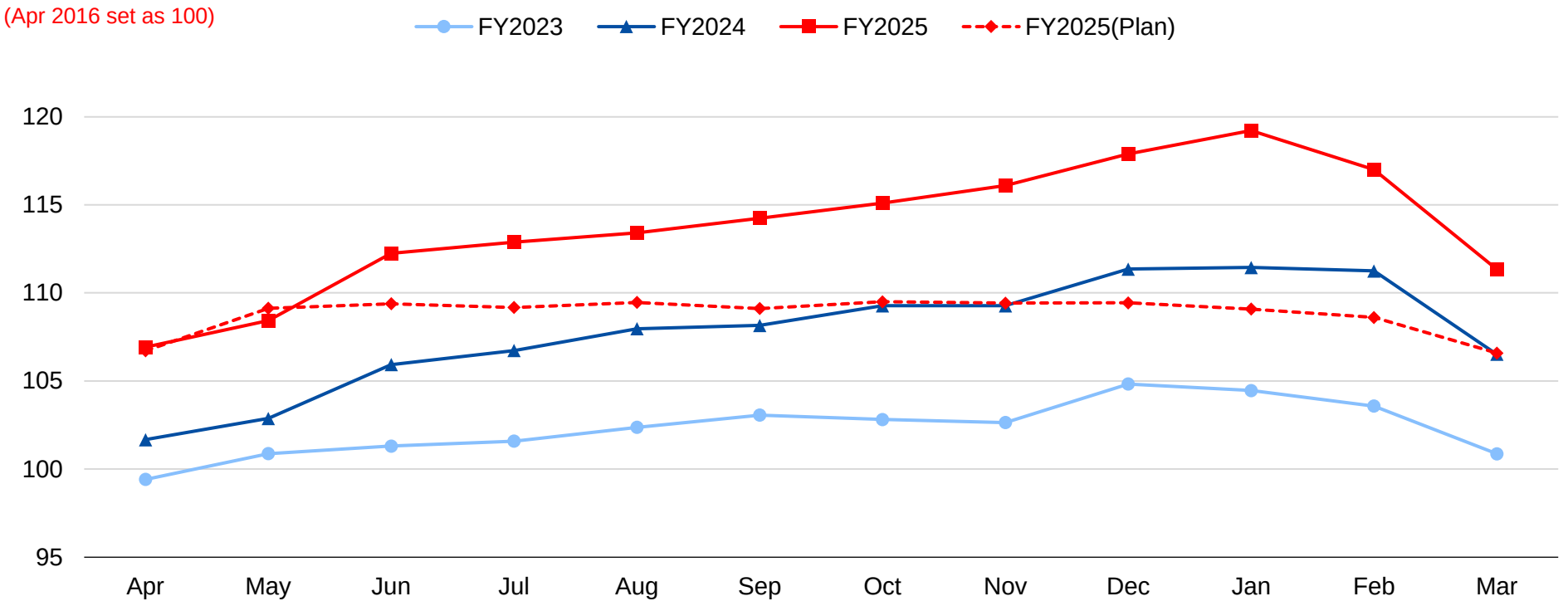
Chapter 2

Leasing Business Conditions

1. Changes in Average Unit Rent for New Contracts

The average unit rent for new contracts (index) for FY2025 remained at a high level, driven by the corporate customers' rising unit rent.

(Apr 2016 set as 100)

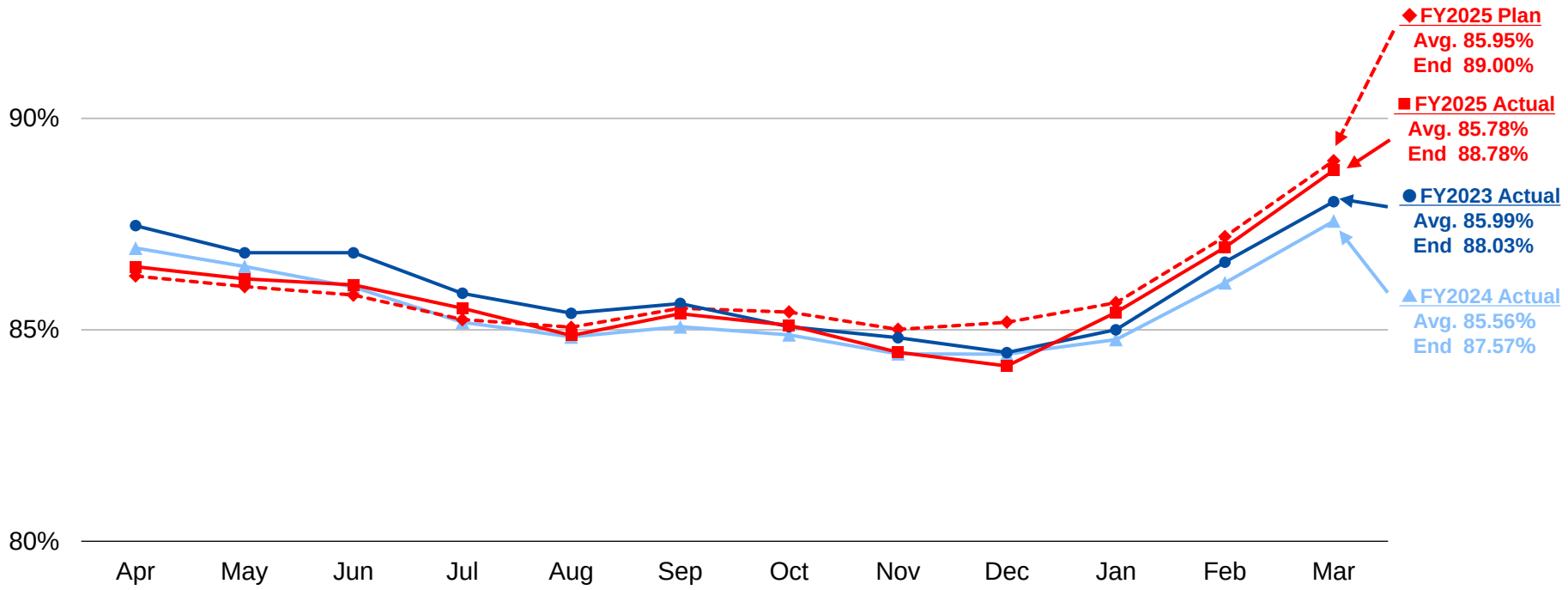


	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	FY Average
FY2023	99	101	101	102	102	103	103	103	105	104	104	101	102
FY2024	102	103	106	107	108	108	109	109	111	111	111	107	108
FY2025	107	108	112	113	113	114	115	116	118	119	117	111	114

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

2. Movements in Occupancy Rate

Driven primarily by corporate contracts, primarily consisting of foreign national tenants, the average occupancy rate in FY2025 was 85.78% (+0.22 p YoY) and that at the end of the fiscal year was 88.78% (+1.21 p YoY).

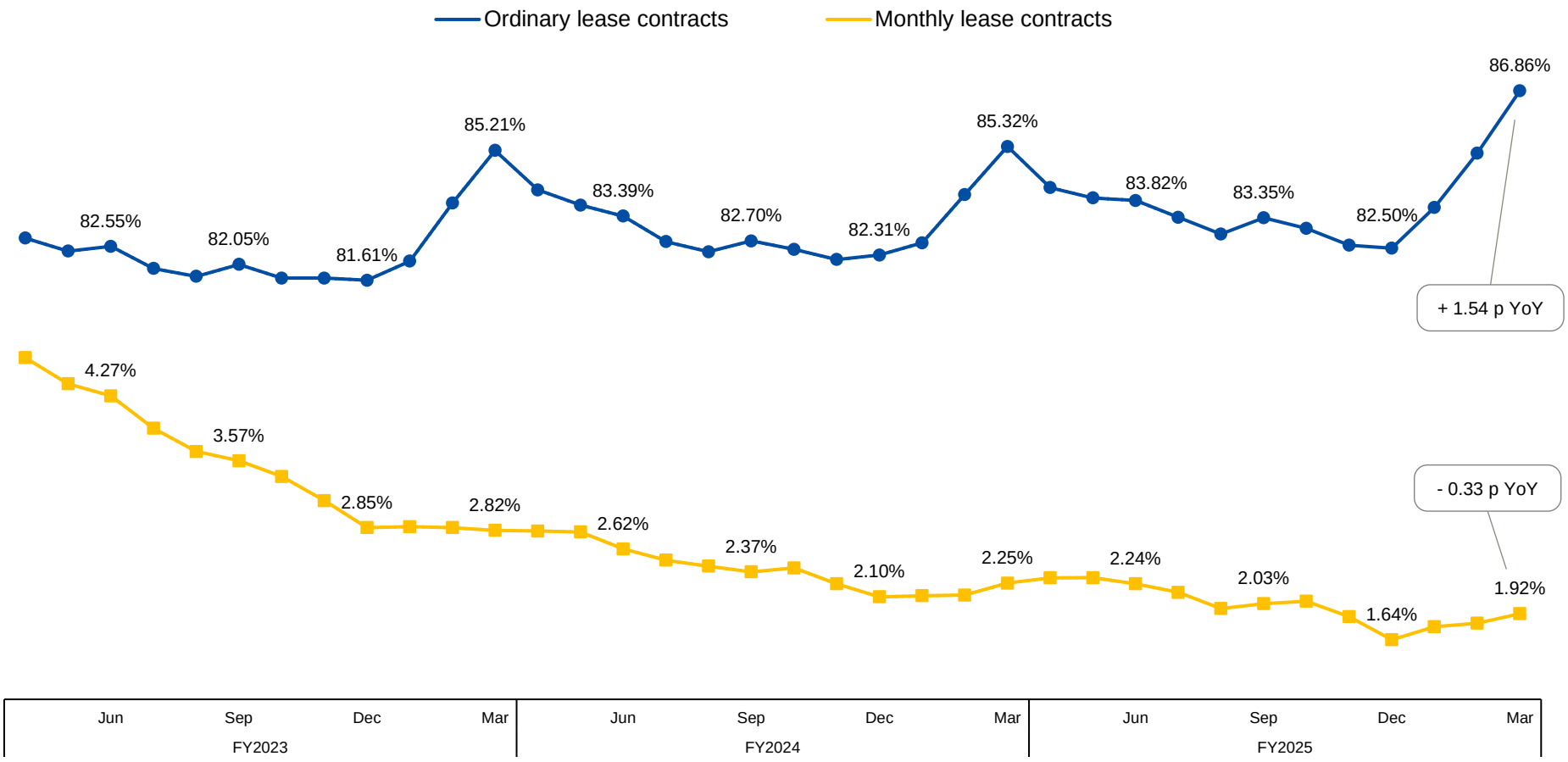


	Apr	May	Jun	Apr-Jun Average	Jul	Aug	Sep	Jul-Sep Average	Oct	Nov	Dec	Oct-Dec Average	Jan	Feb	Mar	Jan-Mar Average	FY Average
FY2023	87.46%	86.82%	86.82%	87.03%	85.86%	85.39%	85.62%	85.62%	85.07%	84.81%	84.46%	84.78%	85.00%	86.60%	88.03%	86.54%	85.99%
FY2024	86.93%	86.50%	86.01%	86.48%	85.18%	84.83%	85.07%	85.03%	84.88%	84.43%	84.42%	84.58%	84.77%	86.11%	87.57%	86.15%	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%	85.41%	86.94%	88.78%	87.04%	85.78%

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

3. Changes in Occupancy Rate by Type of Contract

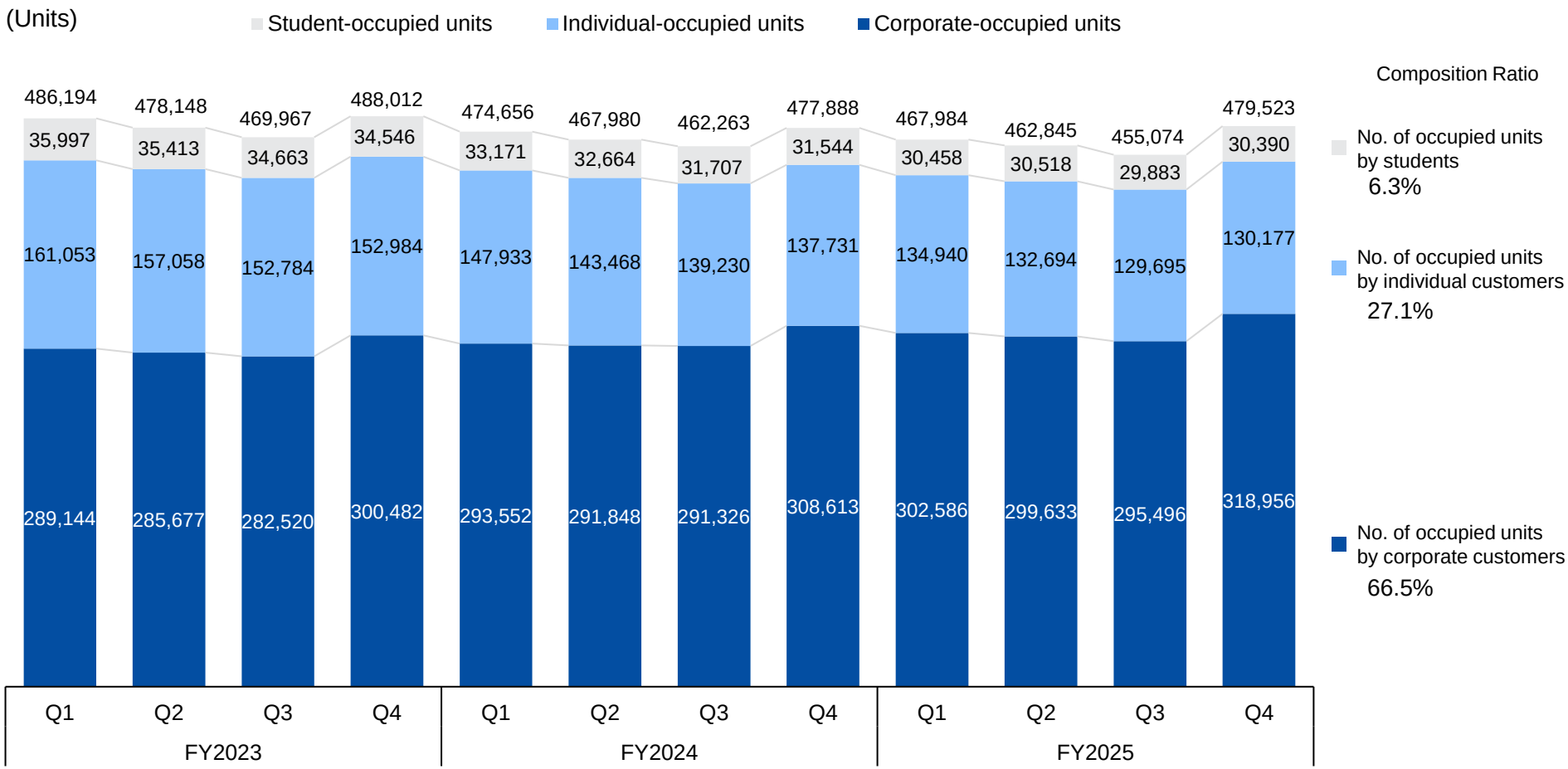
We continued a policy of restraining monthly lease contracts*1 which yield low profits.
The occupancy rate for ordinary lease contracts*2 has remained higher than the previous period.



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 66.5%.
(+1.9 p YoY, +1.6 p QoQ)



	FY2023 Q1	FY2023 Q2	FY2023 Q3	FY2023 Q4	FY2024 Q1	FY2024 Q2	FY2024 Q3	FY2024 Q4	FY2025 Q1	FY2025 Q2	FY2025 Q3	FY2025 Q4
Total	486,194	478,148	469,967	488,012	474,656	467,980	462,263	477,888	467,984	462,845	455,074	479,523
Student-occupied units	35,997	35,413	34,663	34,546	33,171	32,664	31,707	31,544	30,458	30,518	29,883	30,390
Individual-occupied units	161,053	157,058	152,784	152,984	147,933	143,468	139,230	137,731	134,940	132,694	129,695	130,177
Corporate-occupied units	289,144	285,677	282,520	300,482	293,552	291,848	291,326	308,613	302,586	299,633	295,496	318,956

5. Occupancy by Industry

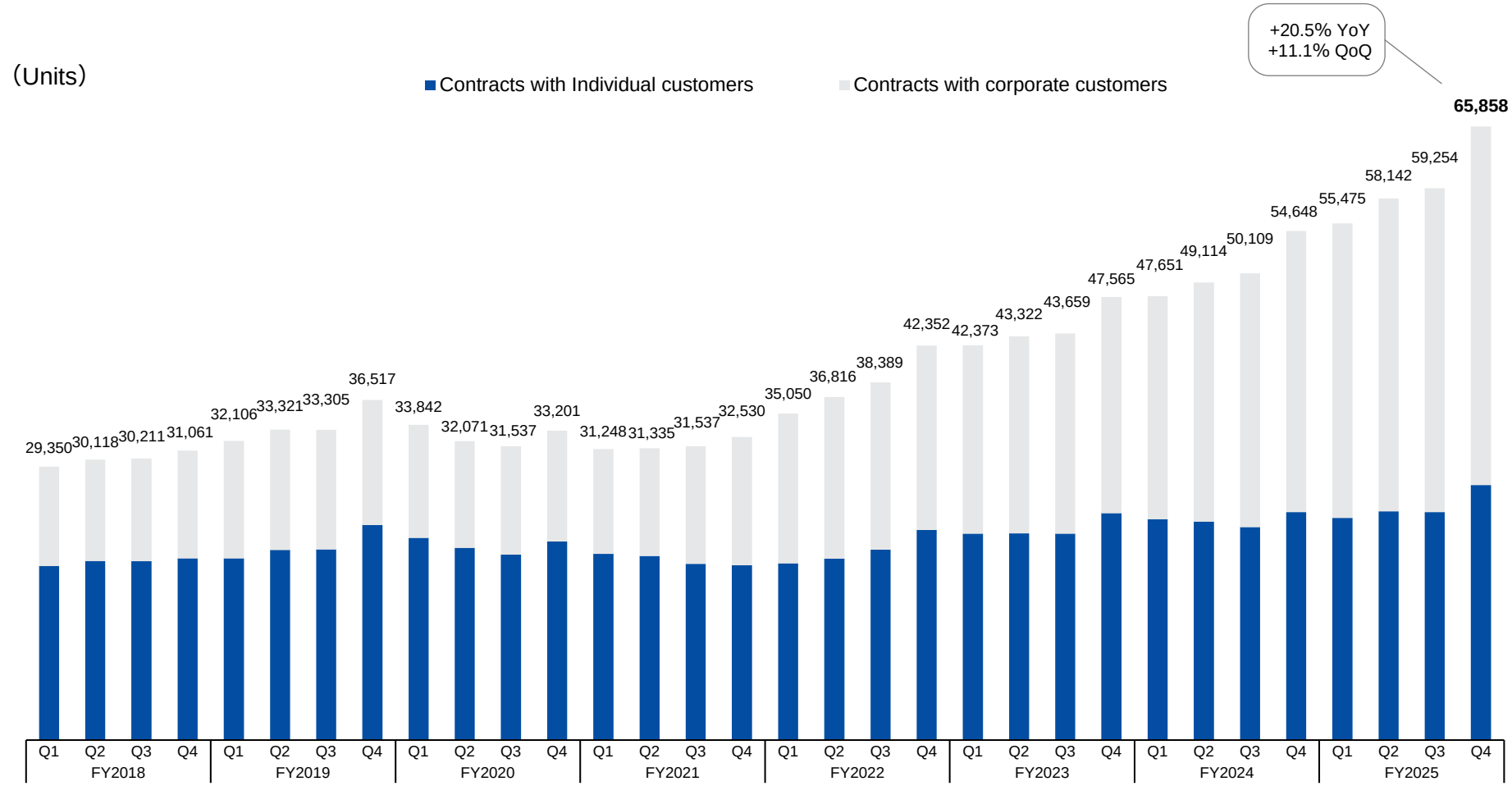
Supported by a steady increase in demand for new graduates, all sectors recorded significant QoQ growth. The hospitality sector maintained strong both YoY and QoQ growth, driven by an increase in the hiring of foreign national workers.



	YoY	QoQ
	+3.4%	**+7.9%**
Transportation	+3.7%	+7.2%
Hospitality	+14.5%	+13.3%
Service	+1.2%	+9.3%
Others	+7.9%	+10.3%
Manufacturing	-0.6%	+9.1%
Wholesale / Retail	+3.5%	+10.7%
Staffing & outsourcing	+2.6%	+6.6%
Construction	+1.5%	+4.1%

6. No. of Units Used by Foreign Nationals

The number of units used by foreign national tenants reached a record high of 65,858 representing 13.7% of the total. The number of foreign national tenants in corporate contracts, particularly in the industry of hospitality and wholesale/retail saw firm increase.



7. Units and Occupancy Rates by Prefecture

The Occupancy rates in the Tokyo metropolitan area and three neighboring prefectures have risen to a level where there are almost no vacancies. In regional areas, occupancy rates have improved significantly in some prefectures that had been struggling, such as Aomori, Mie, and Wakayama.

End of Q4 FY2025	Managed units (thousand)	Occupancy rate	YoY	QoQ
Hokkaido	13	84%	−0 p	+3 p
Aomori	3	80%	+6 p	+4 p
Iwate	3	85%	−1 p	+2 p
Miyagi	9	81%	+2 p	+5 p
Akita	2	89%	+8 p	+7 p
Yamagata	3	78%	−2 p	+4 p
Fukushima	9	83%	−1 p	+4 p
Ibaraki	15	91%	+2 p	+4 p
Tochigi	11	84%	−0 p	+6 p
Gunma	11	83%	+0 p	+4 p
Saitama	44	96%	+5 p	+6 p
Chiba	32	96%	+5 p	+6 p
Tokyo	41	99%	+2 p	+4 p
Kanagawa	39	96%	+1 p	+6 p
Niigata	8	79%	+1 p	+5 p
Toyama	5	89%	+6 p	+9 p

End of Q4 FY2025	Managed units (thousand)	Occupancy rate	YoY	QoQ
Ishikawa	5	89%	+3 p	+4 p
Fukui	4	84%	−6 p	+6 p
Yamanashi	4	95%	−1 p	+4 p
Nagano	10	87%	−1 p	+3 p
Gifu	7	82%	+0 p	+3 p
Shizuoka	23	80%	+0 p	+3 p
Aichi	40	88%	−1 p	+3 p
Mie	11	79%	+8 p	+8 p
Shiga	8	91%	+1 p	+5 p
Kyoto	8	93%	−0 p	+4 p
Osaka	29	92%	+3 p	+7 p
Hyogo	21	88%	−0 p	+4 p
Nara	3	86%	+2 p	+2 p
Wakayama	3	78%	+3 p	+5 p
Tottori	2	79%	+3 p	+0 p
Shimane	2	97%	+7 p	+4 p

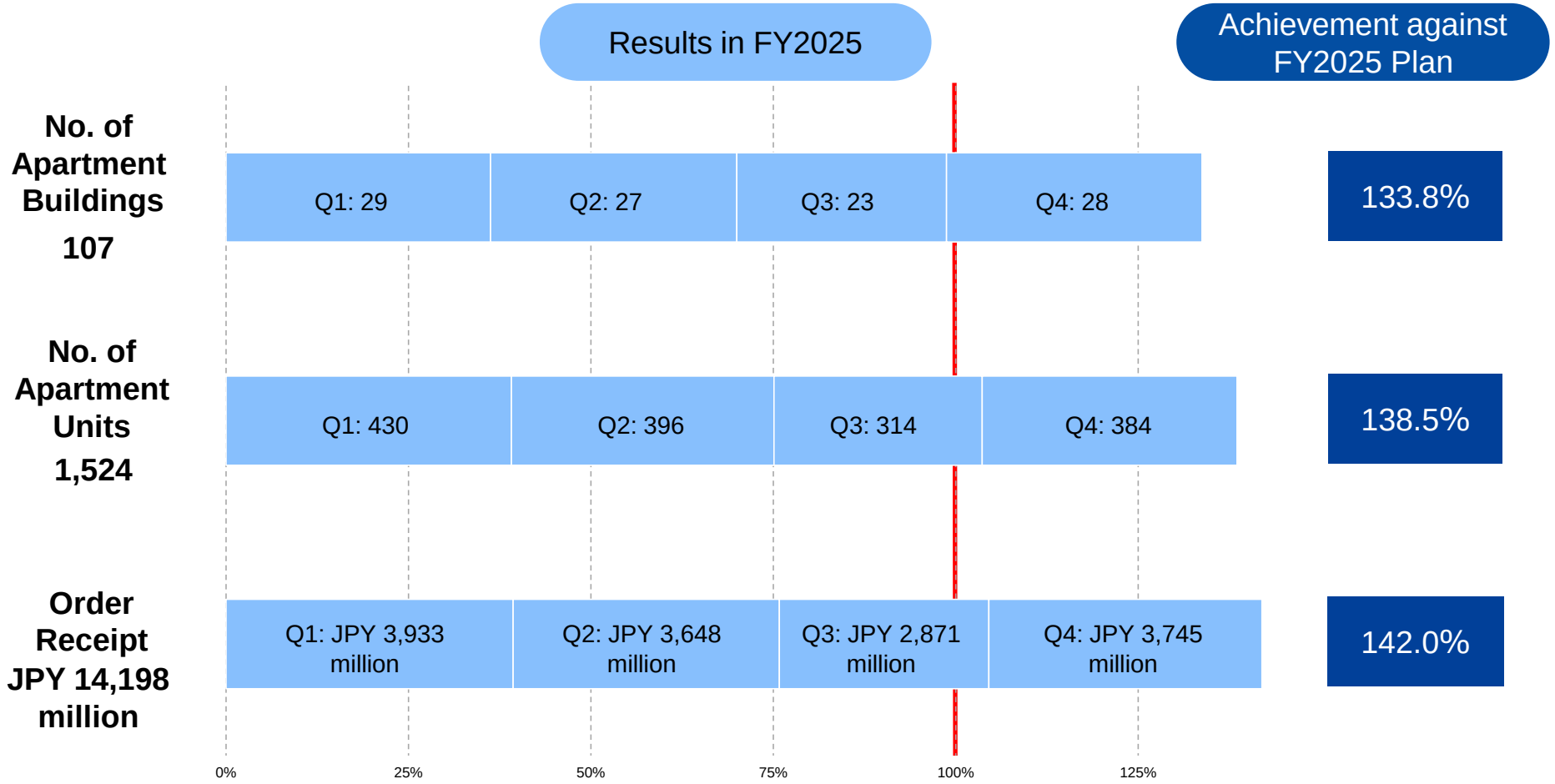
End of Q4 FY2025	Managed units (thousand)	Occupancy rate	YoY	QoQ
Okayama	11	83%	+0 p	+4 p
Hiroshima	13	89%	+4 p	+7 p
Yamaguchi	7	81%	−3 p	+6 p
Tokushima	2	71%	−2 p	−1 p
Kagawa	4	78%	+1 p	+3 p
Ehime	4	73%	−4 p	+3 p
Kochi	2	84%	+3 p	+1 p
Fukuoka	19	89%	−0 p	+4 p
Saga	3	81%	−3 p	+9 p
Nagasaki	2	80%	+3 p	+4 p
Kumamoto	6	74%	−15 p	+2 p
Oita	4	84%	−0 p	+5 p
Miyazaki	2	75%	−13 p	+1 p
Kagoshima	3	79%	−3 p	+1 p
Okinawa	5	99%	−0 p	+2 p
Total	540	89%	+1 p	+5 p

Chapter 3

Development Business Conditions

1. Order Receipt Plan and Rate of Achievement

In FY2025, the first year of full-scale resumption, the full-year order receipt plan was achieved. From FY2026, we will expand the activities into Osaka, Hiroshima, and Fukuoka to drive further order receipt efforts.





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.



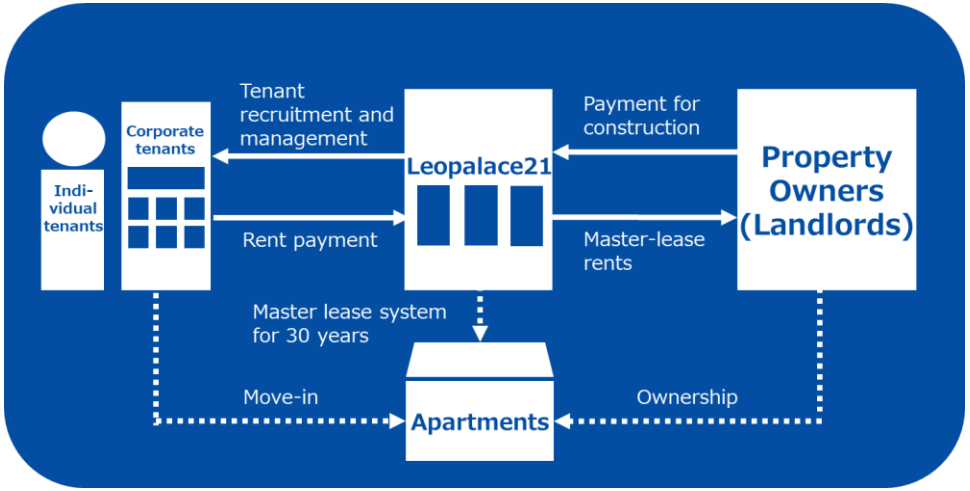
Appendix

Corporate Data (as of March 31, 2026)

Established	August 17, 1973
Paid-in Capital	JPY 100 million
Representative Director	Bunya Miyao, President and CEO
Employees	4,150 (consolidated), 2,952 (non-consolidated)
Authorized Shares	750,000,000
Outstanding Shares	334,415,678
Shareholders	32,047

Business Model

Providing apartment units equipped with furniture and appliances
72% of the listed companies have used Leopalace21's services



Group Companies (as of March 31, 2026)

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

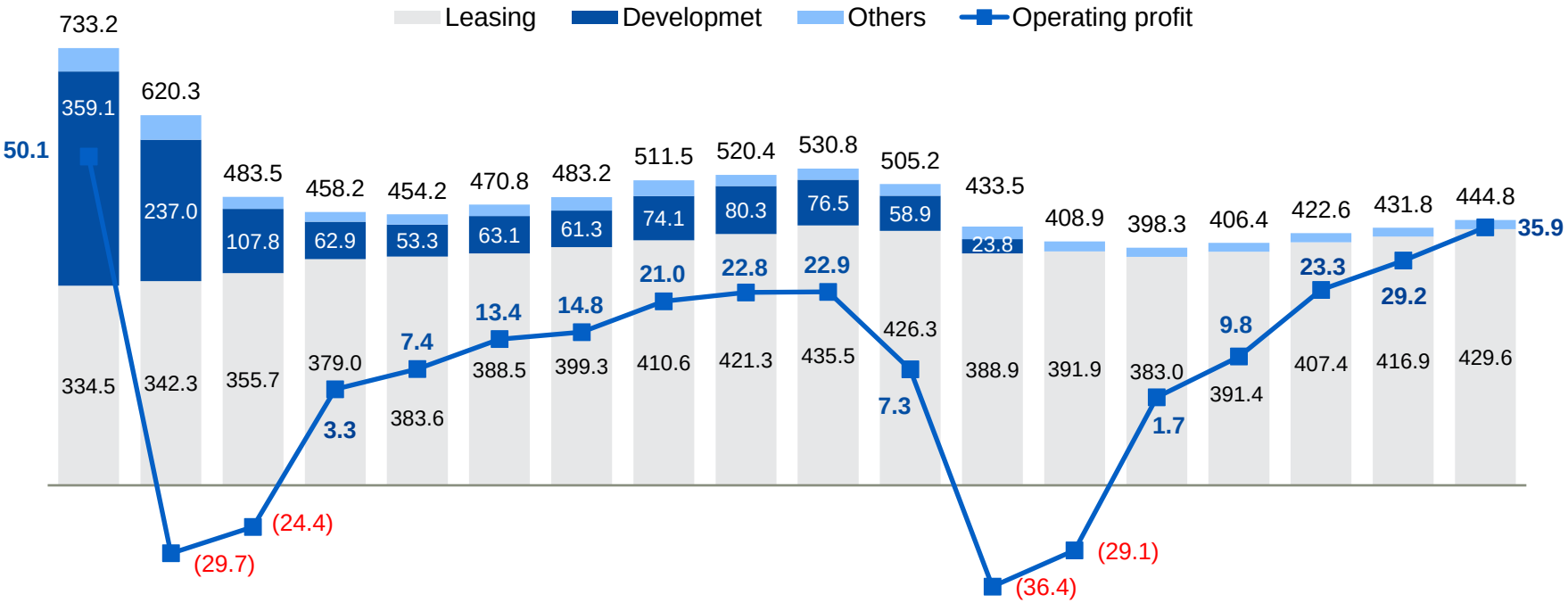
- **Leopalace Guam Co.** — Resort Business
- **Leopalace Smile** — Special subsidiary

* 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 five 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

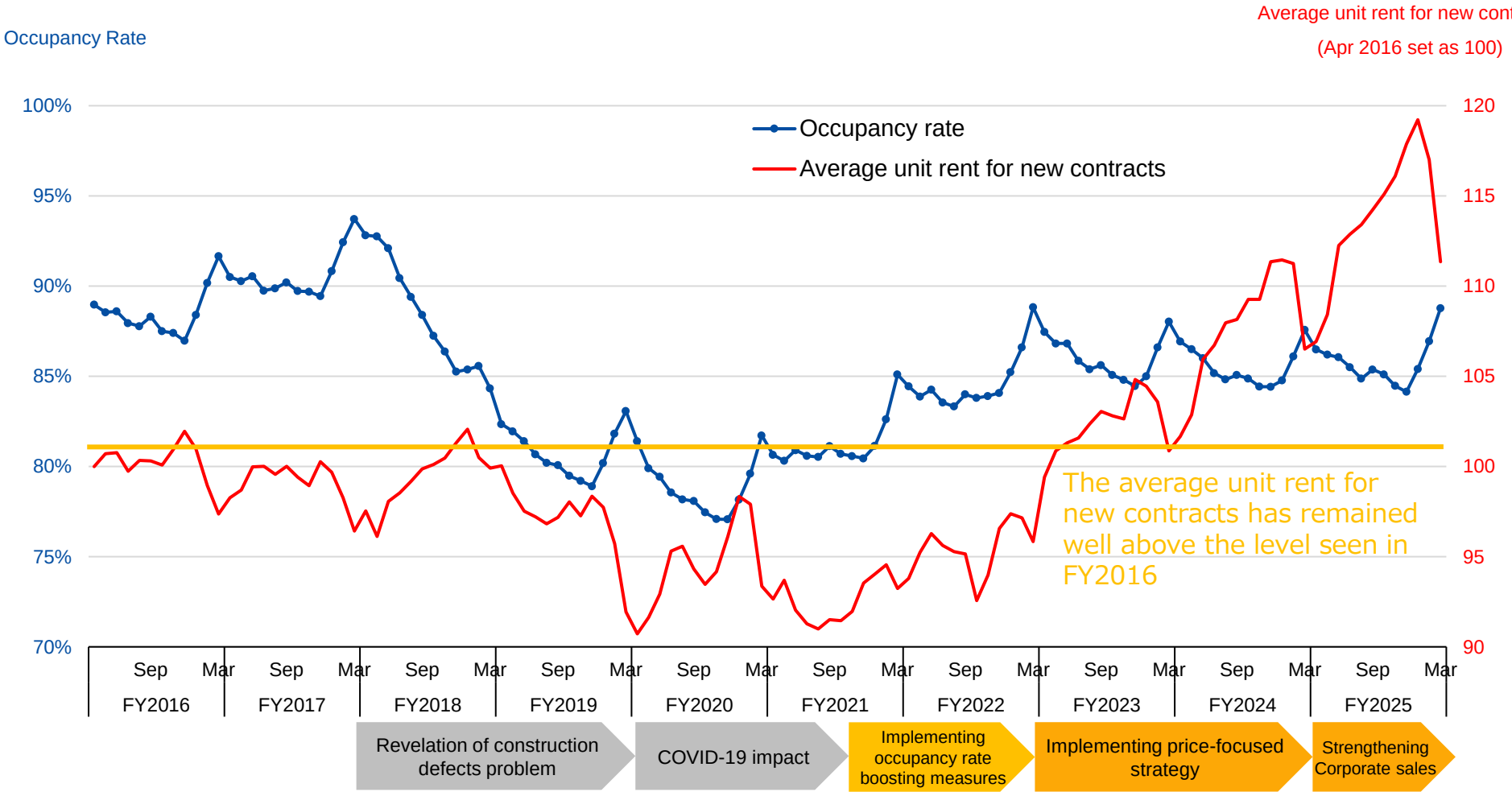
Construction defects problem came to light

Continuous structural reforms

COVID-19 Impact

3. Occupancy Rate and Ave. Unit Rent for New Contracts Trends

The average unit rent for new contracts has been on an upward trend, driven by the price-focused strategy implemented starting in FY2023 and the elevated average unit rent achieved by the corporate contracts in FY2025.



4. Outline of the Capital Strategy Related to Fortress (2020-2025)

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 March 31, 2026)

*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 has executed on February 27, 2026 to reduce interest on the existing loan.

	Before Refinancing	After Refinancing
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

Purpose of Well-being Management

- Establish an environment where every employee can consistently deliver high performance
- Improve employee engagement and reduce employee turnover
- Achieve sustainable growth by enhancing the value of human capital

External Assessment

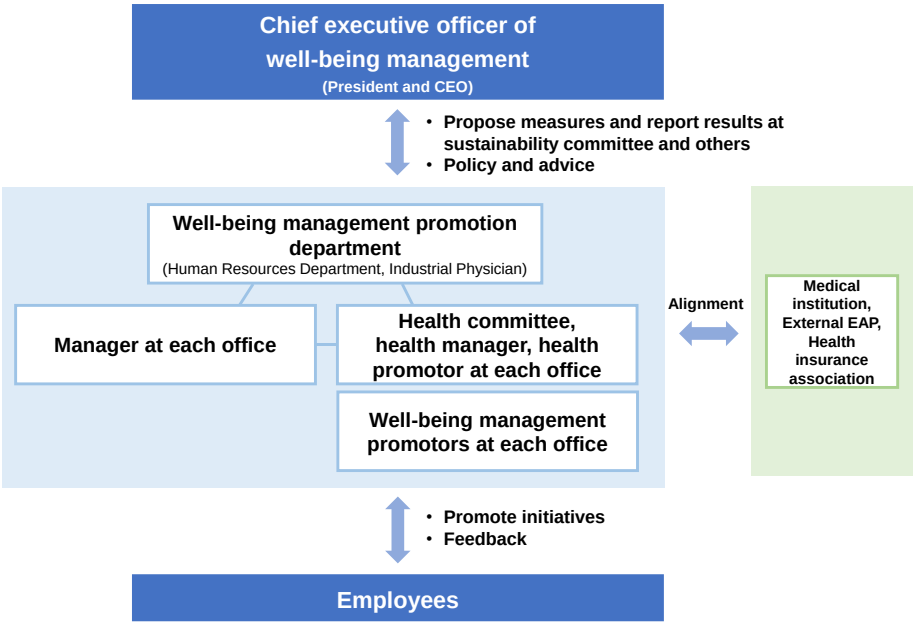
Our initiatives in well-being management have been recognized and resulted in its first-ever selection as the Health & Productivity Stock 2026 and certified among top 500 Health & Productivity Management Organizations for the first time in six years.

2026 健康経営銘柄 KENKO Investment for Health

2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門 ホワイト500

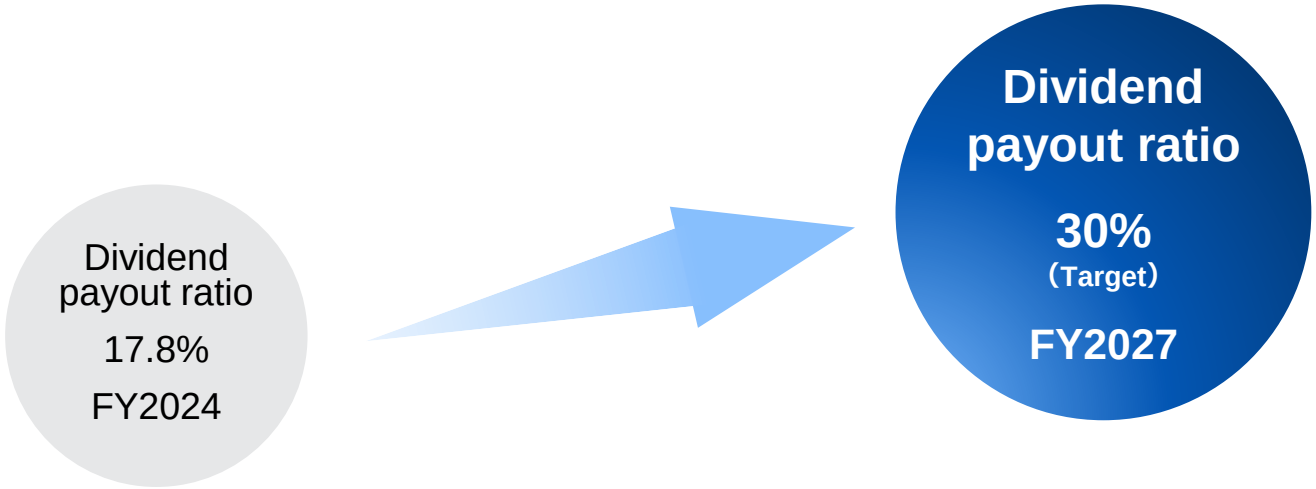
Organizational Structure

Positioning the Human Resources Department as the well-being management driving force, we implement various initiatives involving managers at each branch office and Health Committee.



7. Shareholder Return

We plan to pay an annual dividend of JPY 10 for FY2025, and intend to increase it to JPY 15 for FY2026, 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	Dividend payout ratio (Consolidated)
FY2024	JPY 5.00	JPY 5.00	JPY 10.00	17.8%
FY2025	JPY 5.00	JPY 5.00 (Forecast)	JPY 10.00 (Forecast)	22.2% (Forecast)
FY2026	JPY 5.00 (Forecast)	JPY 10.00 (Forecast)	JPY 15.00 (Forecast)	21.5% (Forecast)

Contact: IR Promotion Section, Corporate Communication Department,
Leopalace21 Corporation
E-mail：ir@leopalace21.com

© Leopalace21 Corporation. ALL RIGHTS Reserved.