Leopalace21 Corporation
Financial Results for H1 Fiscal Year 2026



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(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

TOB

The tender offer for Leoplace21's common shares and other securities by K891, Inc. has been completed.
The Company's shares are expected to be delisted from the Tokyo Stock Exchange during 2027.

PL

2Q cumulative results **exceeded targets at all profit levels**.

- Net sales: JPY 232.5 bn (+JPY 0.6 bn vs plan)
- Operating profit: JPY 24.0 bn (+JPY 2.6 bn vs plan)
- Recurring profit: JPY 23.9 bn (+JPY 2.7 bn vs plan)
- Net income: JPY 12.3 bn (+JPY 1.1 bn vs plan)

Leasing Business

The average unit rent for new contracts and occupancy rate in H1 FY2026 **exceeded plan**.
The average unit rent for new contracts (index) in September remained at a record-high level of 123 (+9 p YoY). The average occupancy rate in H1 FY2026 was 86.87% (+1.12 p YoY, +0.36 p vs plan).

Development Business

Following the expansion of our business location network in FY2026, cumulative 2Q orders reached **71 buildings, 1,084 units, and JPY 10.4 billion.** Progress for all metrics **exceeds 50% of the full-year plan.**

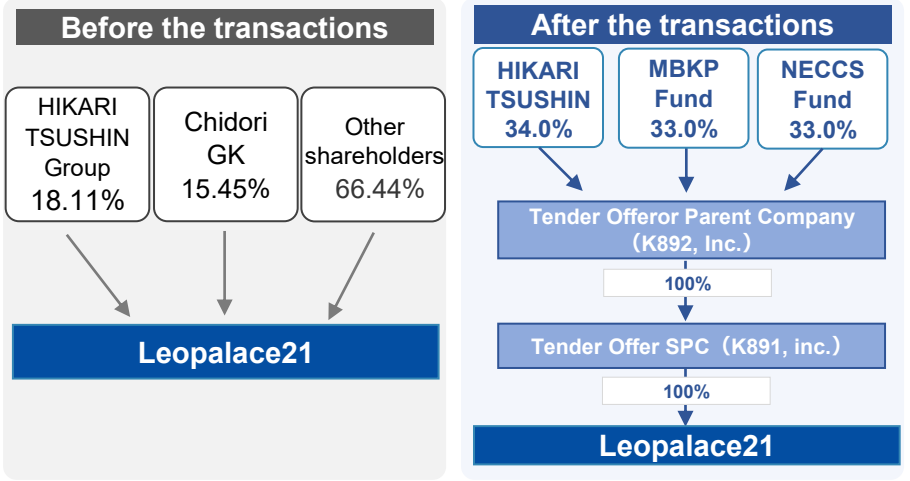
Privatization of the Company Through the Tender Offer by K891, Inc.

The tender offer by K891, Inc. was completed with 207,044,870 shares tendered, exceeding the minimum threshold of 158,716,000 shares. The Company's shares are expected to be delisted following the prescribed procedures, including an extraordinary shareholders meeting.

Purpose of Privatization

- **Enhancing medium- to long-term corporate value**
- **Addressing the New Lease Accounting Standard**
- **Concentrating management resources on core businesses**
- **Realizing synergies with the new shareholder**

Changes in Capital Structure



Note: Considering an absorption-type merger with K891, Inc., in which the Company will be the absorbed company.

Upcoming Schedule

October 30, 2026
End of Tender Offer Period

November 9, 2026
Commencement of Settlement
Remittance of the tender offer consideration to tendering shareholders

January 2027 onward
Extraordinary Shareholders' Meeting and Delisting (Expected)
Following approval of the share consolidation, the privatization is expected to be completed during 2027

September 14, 2026 : Expression of Opinion in Support of the Tender Offer for the Share Certificates, Etc. of the Company by K891, Inc.
October 31, 2026 : Results of the Tender Offer for the Share Certificates, Etc. of the Company by K891,

Chapter 1

Outline of the Financial Results for H1 FY2026

(JPY million)	Comparison with H1 FY2025 Actual		H1 FY2025 Actual*	H1 FY2026 Actual	H1 FY2026 Revised Plan	Differences		Factors contributing to changes
Net sales	+4.7%	+10,538	222,010	**232,549**	231,900	+649	+0.3%	■Net sales The average unit rent remained at a high level due to corporate contracts, leading to significant growth YoY.
Cost of sales	+3.0%	+5,209	175,458	**180,668**	182,100	(1,431)	(0.8%)	■Cost of sales Increase YoY due to enhanced properties maintenance.
Gross profit	+11.4%	+5,329	46,552	**51,881**	49,800	+2,081	+4.2%	
%	+1.3 p	–	21.0%	**22.3%**	21.5%	–	+0.8 p	
SG&A	+5.2%	+1,374	26,484	**27,859**	28,400	(540)	(1.9%)	■SG&A Increased YoY due to the promotion of investments in human capital and DX Initiatives etc.
Operating profit	+19.7%	+3,955	20,067	**24,022**	21,400	+2,622	+12.3%	
%	+1.3 p	–	9.0%	**10.3%**	9.2%	–	+1.1 p	■Non-operating expenses Total JPY 0.51 bn incl. interest expenses of JPY 0.32 bn. (Total JPY 1.40 bn incl. interest expenses of JPY 0.47 bn and commission fee of JPY0.66 bn in H1 of the previous fiscal year.)
EBITDA	+18.1%	+4,001	22,063	**26,064**	23,000	+3,064	+13.3%	
Recurring profit	+25.7%	+4,896	19,046	**23,943**	21,200	+2,743	+12.9%	
Net income	+164.3%	+7,700	4,687	**12,388**	11,200	+1,188	+10.6%	■Net income An extraordinary loss of JPY 3.4 bn was recorded due to the transfer of Elderly Care Business. An extraordinary loss of JPY 10.0 bn was recorded in the previous fiscal year due to the cancellation of treasury stock acquisition rights.
EPS (JPY)	+186.0%	+25.35	13.63	**38.98**	35.25	+3.73	+10.6%	

* Figures for FY2025 are presented on a restated basis following the accounting policy change effective from the beginning of Q1 FY2026.

2. PL (Quarterly Comparison)

The full-year earnings forecast was revised in connection with the transfer of the Elderly Care Business announced on September 14, 2026 .

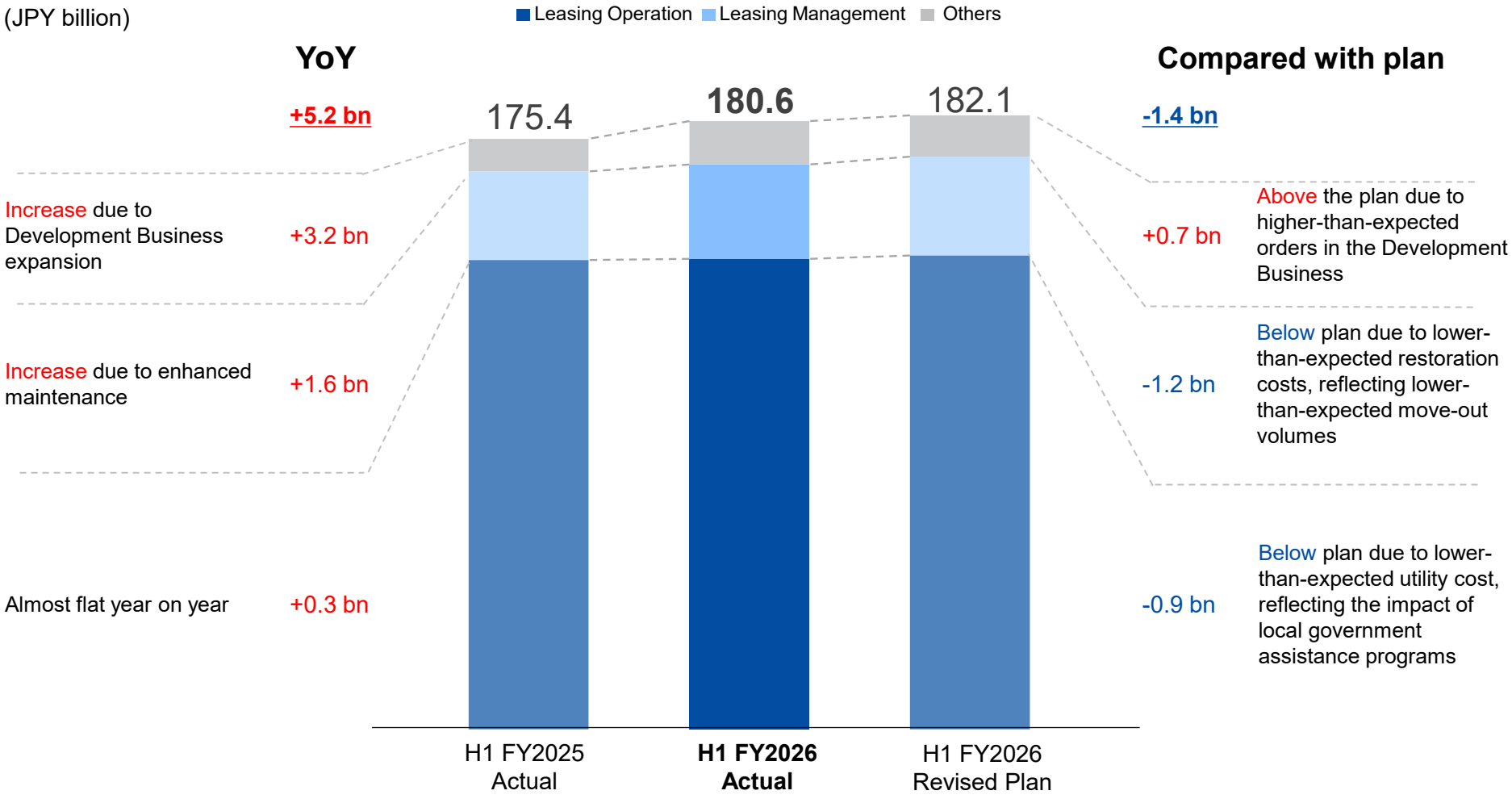
(JPY million)	FY2025*				FY2026					
	Q1	Q2	Q3	Q4	Q1	Q2		Q3	Q4	FY Total
	Actual	Actual	Actual	Actual	Actual	Revised Plan	Actual	Revised Plan	Revised Plan	Revised Plan
Net sales	111,717	110,293	110,699	112,109	115,902	115,800	**116,647**	116,300	113,400	461,600
Cost of sales	86,612	88,846	89,514	90,372	89,391	92,200	**91,277**	93,000	89,800	364,900
Gross profit	25,105	21,446	21,185	21,736	26,511	23,600	**25,369**	23,300	23,600	96,700
SG&A	12,851	13,632	12,612	14,144	14,388	14,500	**13,470**	14,400	15,100	57,900
Operating profit	12,253	7,813	8,572	7,591	12,123	9,100	**11,899**	8,900	8,500	38,800
Recurring profit	11,563	7,482	8,761	7,300	12,279	9,000	**11,664**	8,900	8,300	38,400
Net income	555	4,131	5,318	5,091	7,034	4,100	**5,353**	5,200	5,000	21,400

* Figures for FY2025 are presented on a restated basis following the accounting policy change effective from the beginning of Q1 FY2026.

3. Cost of Sales

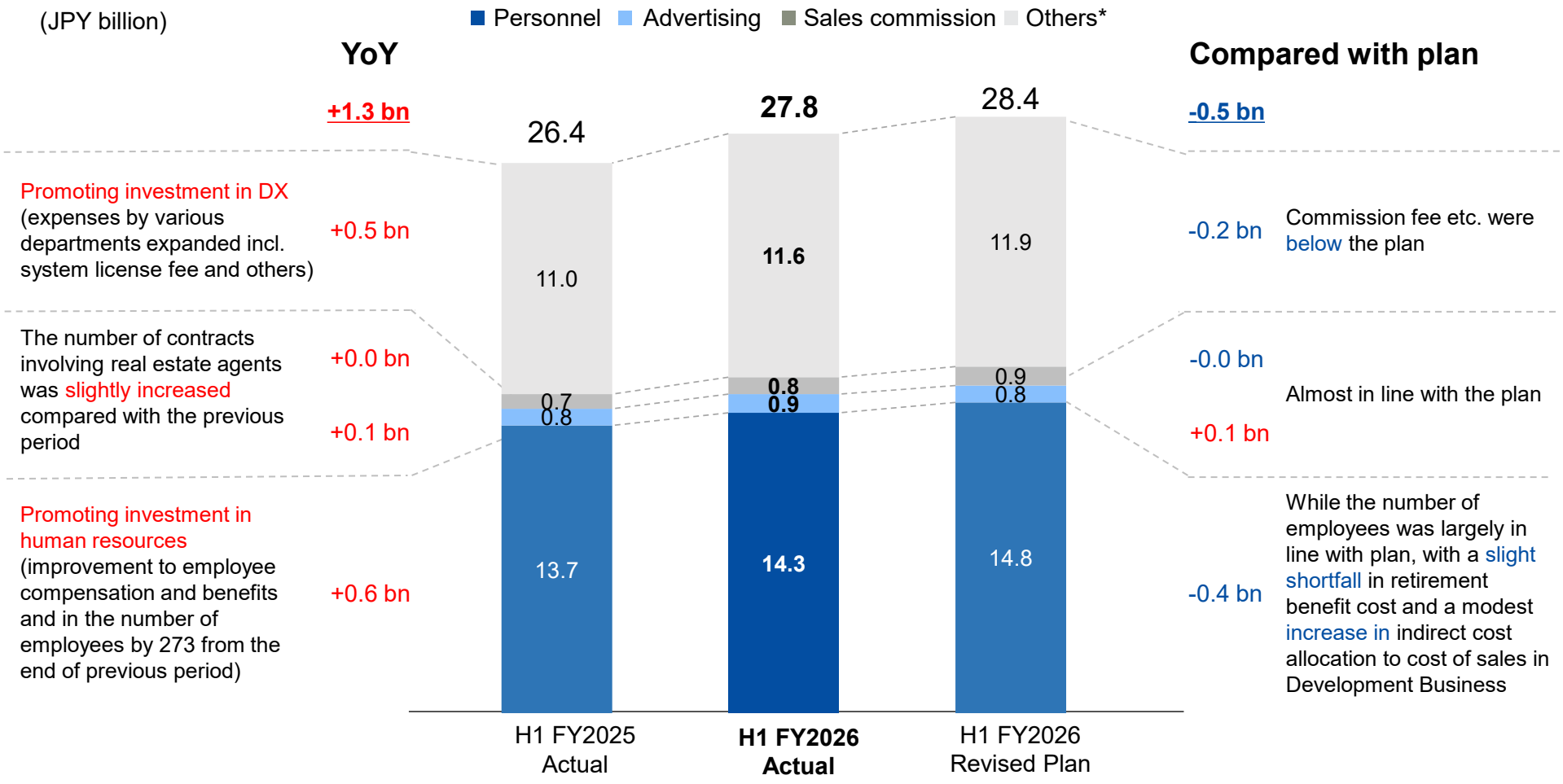
Cost of sales increased compared with the Q2 FY2025 due to factors such as enhanced maintenance efforts.

(JPY billion)



4. SG&A Expenses

Increase from the previous year due to investing in human resources and DX.



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

5. BS

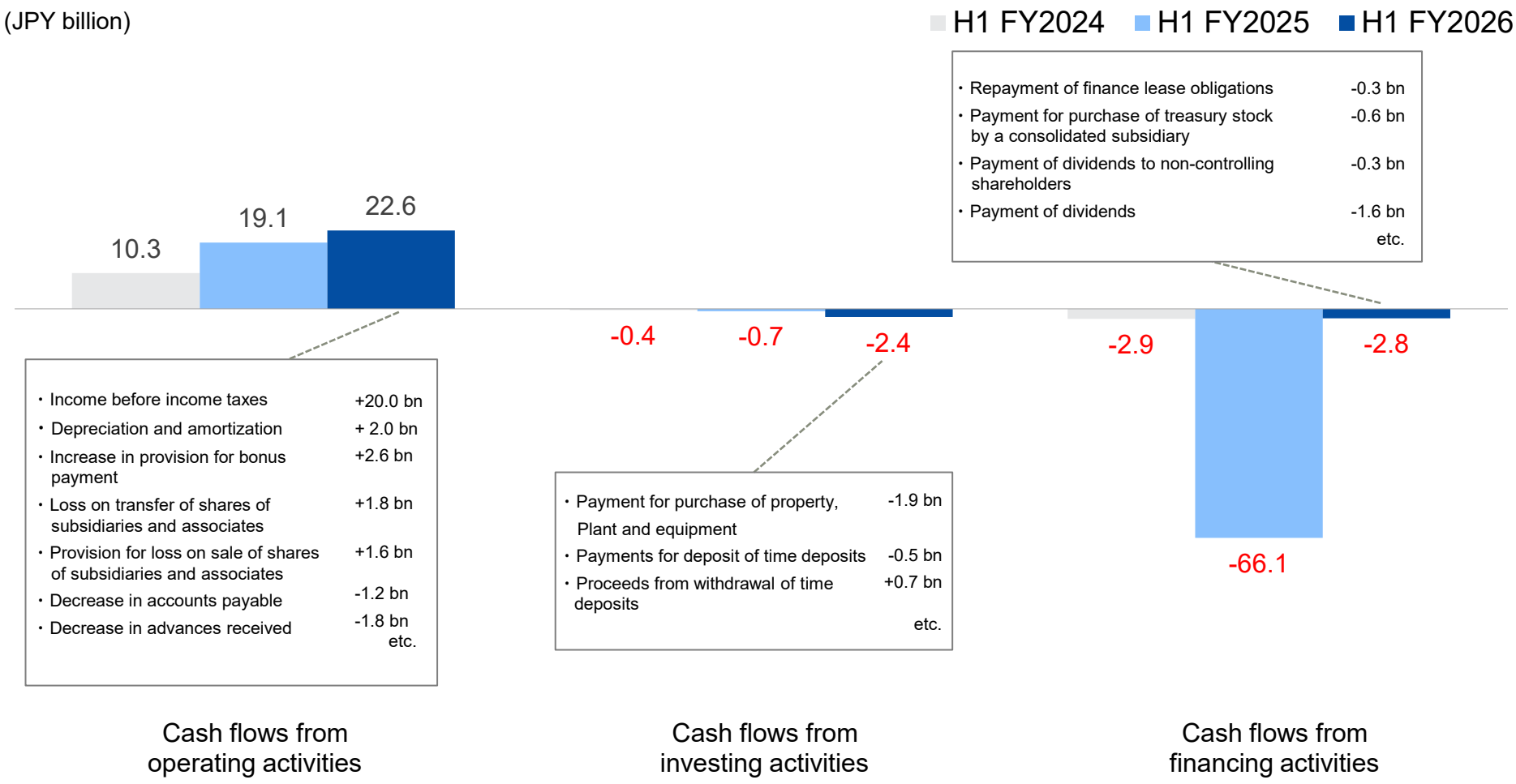
(JPY million)	End of FY2025**	End of Q1 FY2026	End of Q2 FY2026	Change from the end of Q1	Factors contributing to changes
Cash and deposits	57,908	65,719	**74,614**	+8,895	■Cash and deposits Revenue and other income from the Leasing Business increased by JPY 8.8 bn from the end of Q1.
Trade receivables	7,927	7,132	**7,236**	+104	
Total assets	178,331	182,754	**191,268**	+8,513	
Interest-bearing debt*	32,600	32,448	**32,287**	(160)	
Provision for warranty obligations on completed projects	6,263	5,705	**5,314**	(391)	
Provision for apartment vacancy loss	2,913	3,193	**3,522**	+329	
Total liabilities	130,180	129,510	**131,766**	+2,255	
Common stock	100	100	**100**	±0	
Capital surplus	15,015	15,014	**15,014**	±0	
Retained earnings	28,106	33,505	**38,859**	+5,353	■Retained earnings Increased by JPY 5.3 bn from the end of Q1 due to recognition of quarterly net income
Treasury stock	(8,749)	(8,728)	**(8,631)**	+97	
Total shareholders' equity	34,472	39,891	**45,342**	+5,450	
Total accumulated other comprehensive income	7,943	8,246	**8,836**	+589	
Ownership equity	42,416	48,138	**54,178**	+6,040	
Equity ratio	23.8%	26.3%	**28.3%**	+2.0 p	
Share subscription rights	22	22	**20**	(2)	
Non-controlling interests	5,712	5,083	**5,303**	+220	
Total net assets	48,150	53,244	**59,502**	+6,258	

* Interest-bearing debt = borrowings + lease obligations

** Figures for FY2025 are presented on a restated basis following the accounting policy change effective from the beginning of Q1 FY2026.

6. CF

Free cash flow reached JPY 20.1 billion, up JPY 1.7 billion YoY.
Due to implementing tender offer for treasury stock, there was a significant decrease in cashflows from financing activities on FY2025.



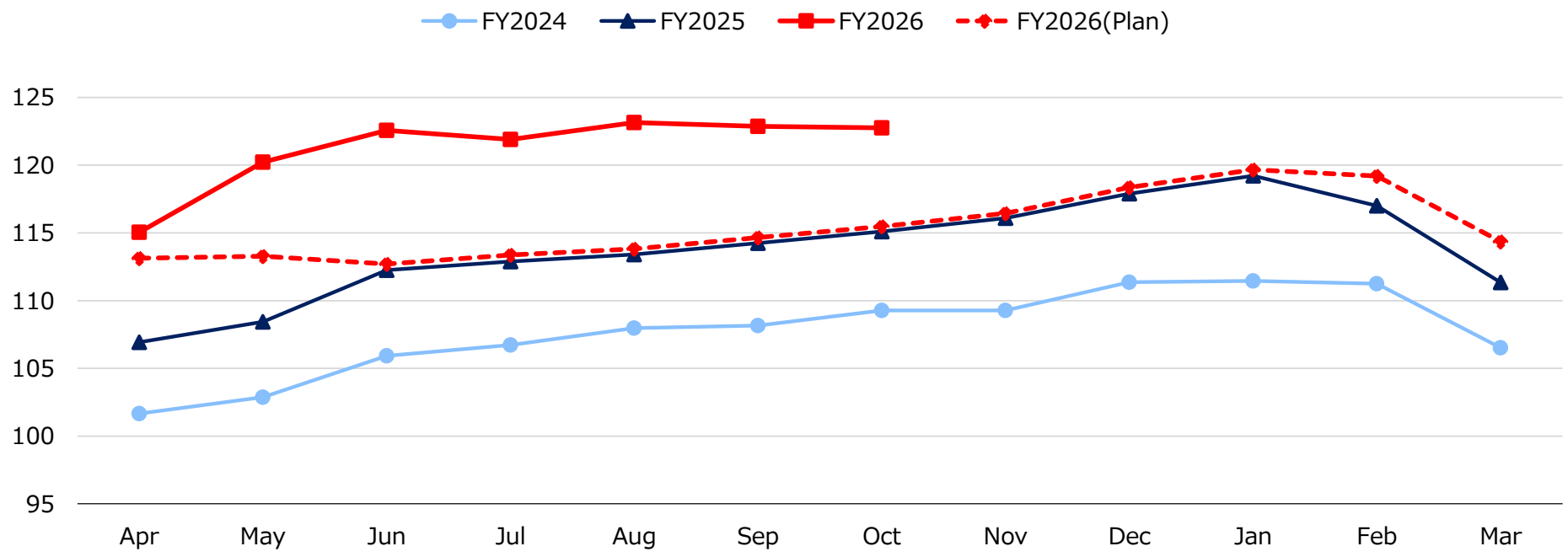
Chapter 2

Leasing Business Conditions

1. Changes in Average Unit Rent for New Contracts

Driven by higher rents in corporate contracts, the average unit rent for new contracts (index) remained at a high level in Q2 FY2026.

(Apr 2016 set as 100)

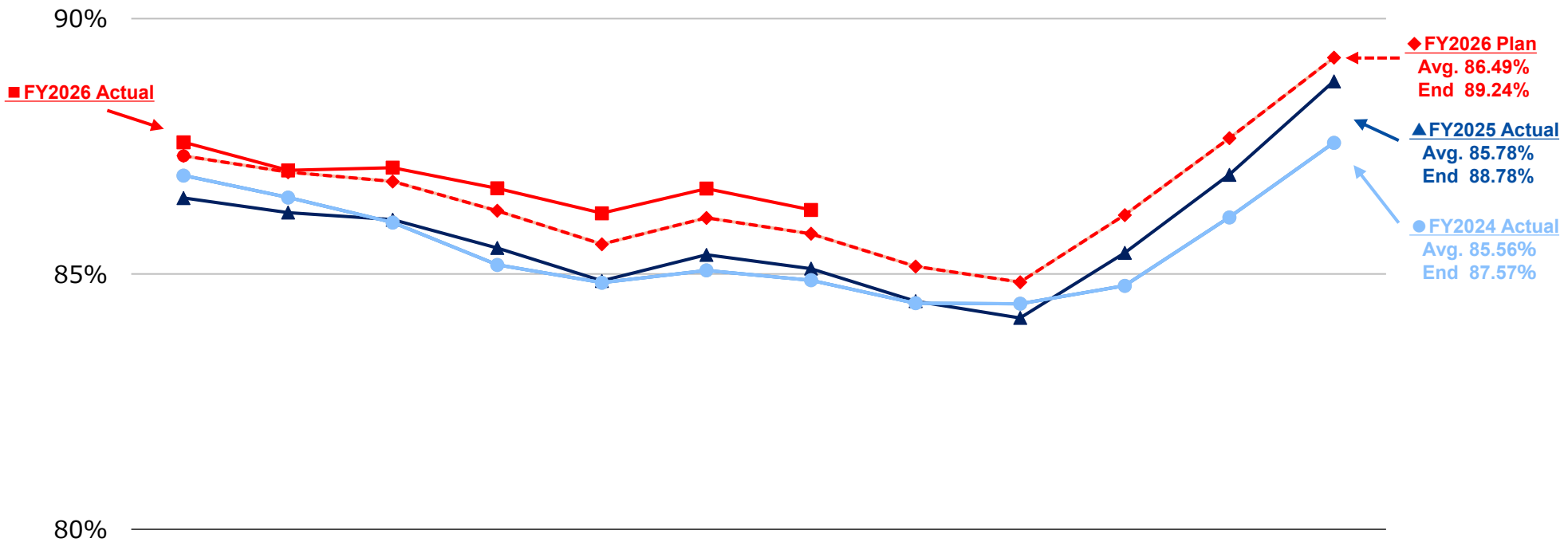


	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	FY Average
FY2024	102	103	106	107	108	108	109	109	111	111	111	107	108
FY2025	107	108	112	113	113	114	115	116	118	119	117	111	114
FY2026	115	120	123	122	123	123	123	-	-	-	-	-	-

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

2. Movements in Occupancy Rate

Robust corporate demand, led by foreign-national tenants, drove the average occupancy rate to 86.87% in H1 FY2026 (up 1.12 p YoY and 0.36 p above plan).

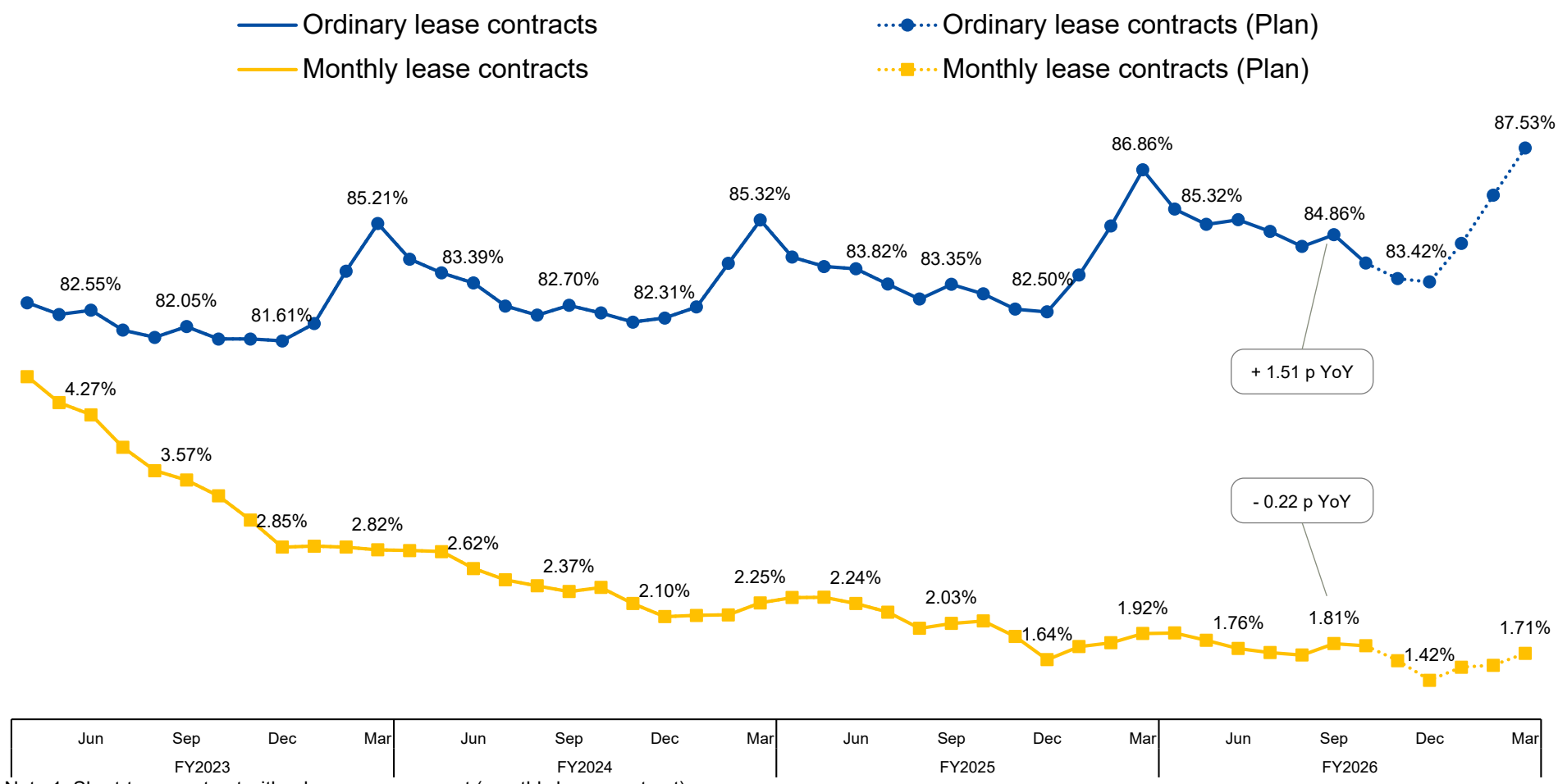


	Apr	May	Jun	Apr-Jun Average	Jul	Aug	Sep	Jul-Sep Average	H1 Average	Oct	Nov	Dec	Jan	Feb	Mar	FY Average
FY2024	86.93%	86.50%	86.01%	86.48%	85.18%	84.83%	85.07%	85.03%	85.75%	84.88%	84.43%	84.42%	84.77%	86.11%	87.57%	85.56%
FY2025	86.49%	86.20%	86.06%	86.25%	85.51%	84.87%	85.38%	85.25%	85.75%	85.11%	84.47%	84.14%	85.41%	86.94%	88.78%	85.78%
FY2026	87.58%	87.03%	87.08%	87.23%	86.68%	86.19%	86.67%	86.52%	86.87%	86.26%	-	-	-	-	-	-

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

3. Changes in Occupancy Rate by Type of Contract

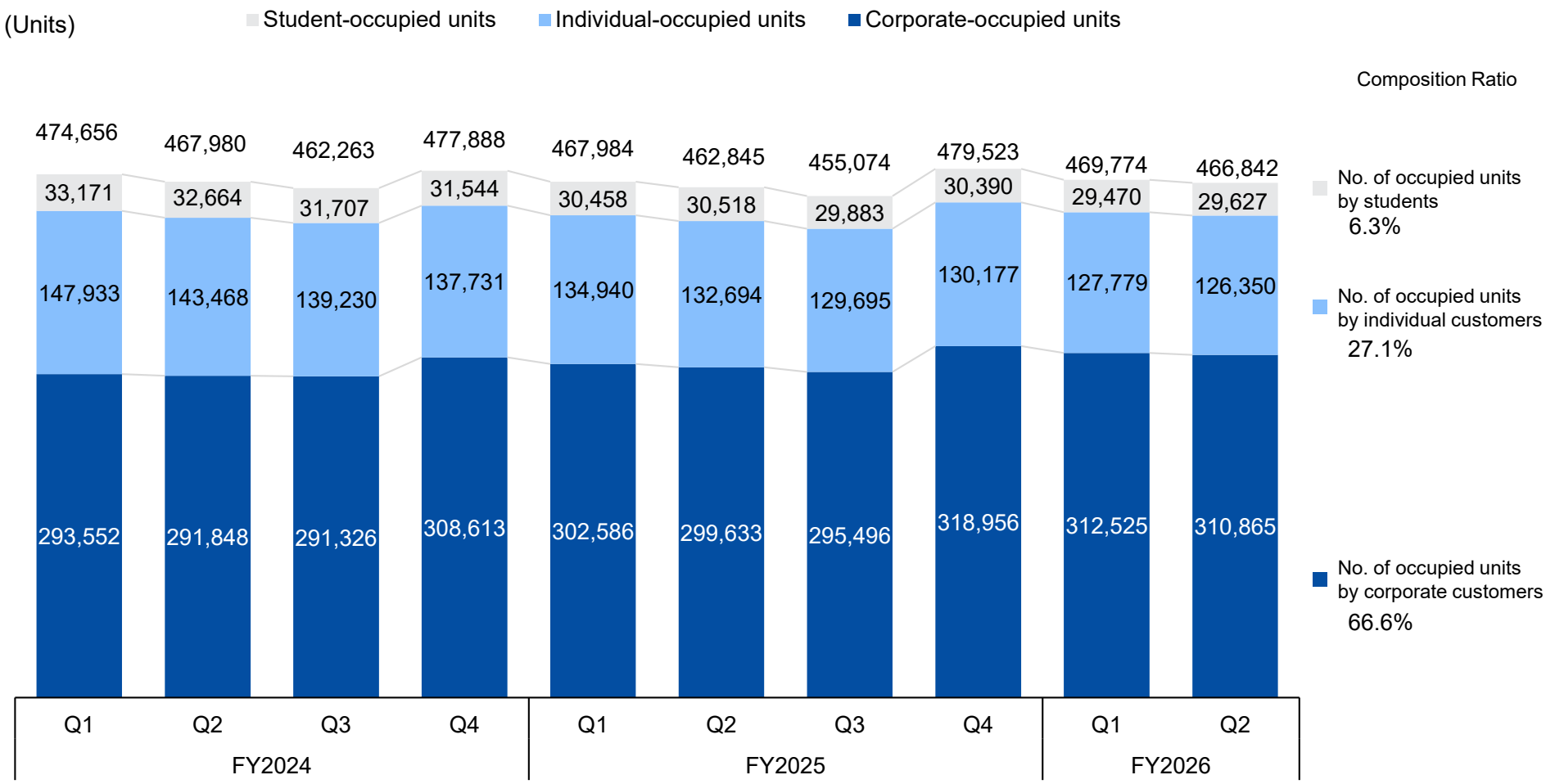
Continued to limit lower-margin monthly lease contracts*1; occupancy under ordinary lease contracts*2 remained above the prior-year level.



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

4. Shares of Occupied Units by Customer Segment

The composition ratio by the corporate customers remained at 66.6%, the highest level in the past.
(+1.9 p YoY, +0.1 p QoQ)

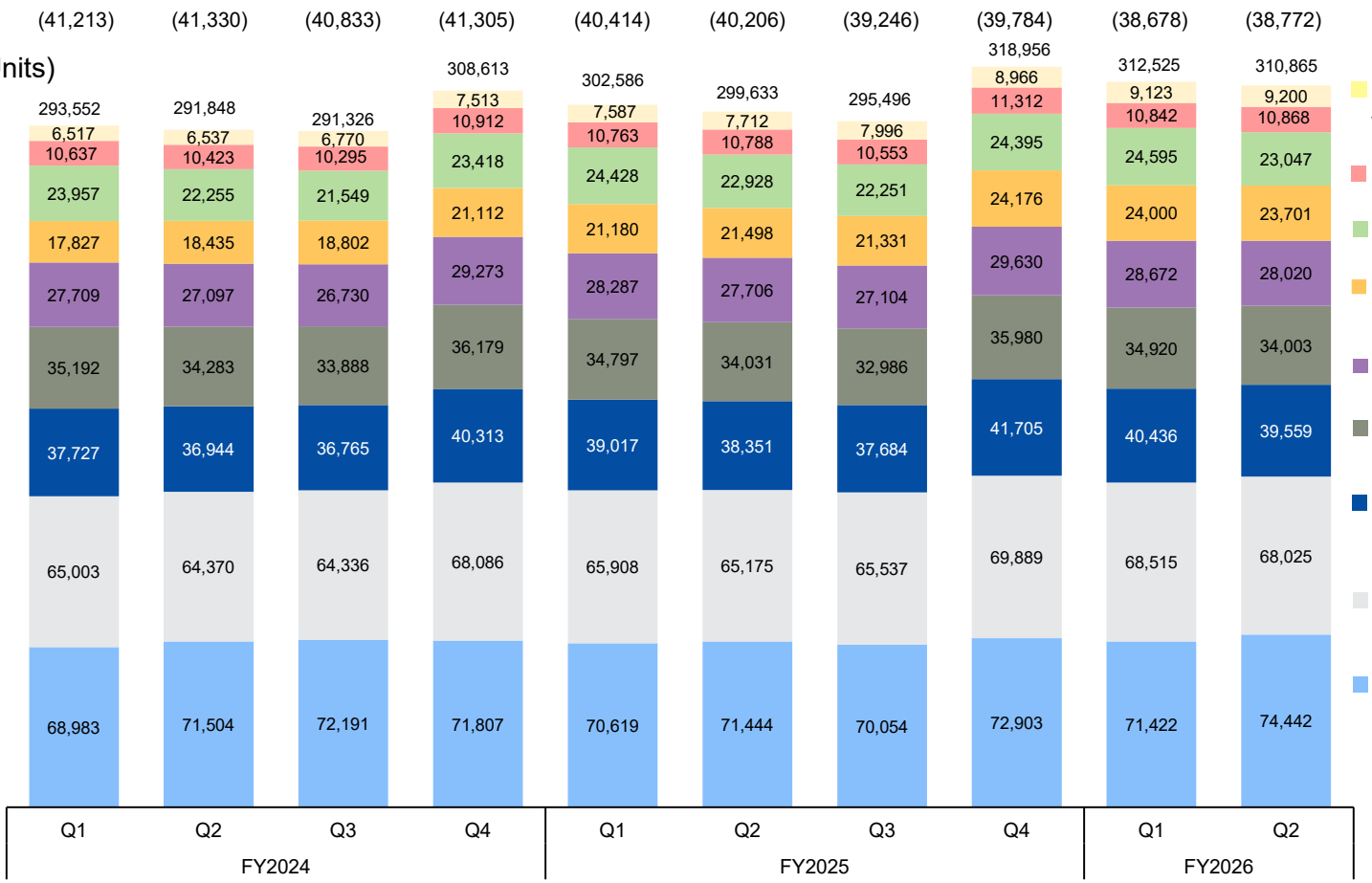


5. Occupancy by Industry

Corporate contract units reached a record high as the end of Q2. Supported by an increase in foreign national workers, the food service and hospitality and medical and welfare sectors recorded strong YoY growth. The number of units occupied by construction sector was at a record high due to disaster recovery demand and other factors.

No. of companies

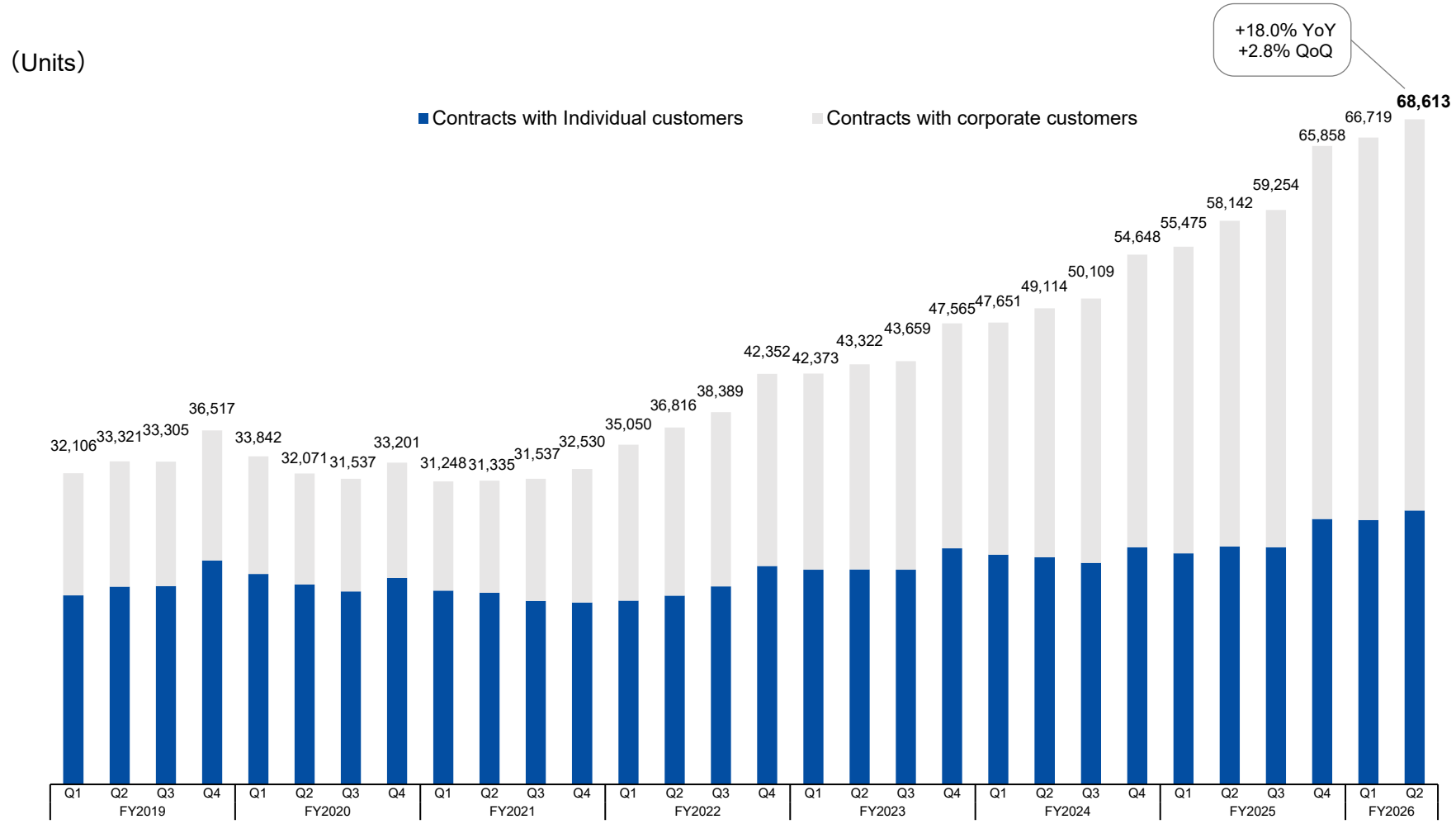
(Units)



	YoY	QoQ
	+3.7%	-0.5%
Medical and welfare services	+19.3%	+0.8%
Transportation	+0.7%	+0.2%
Others	+0.5%	-6.3%
Food service and hospitality	+10.2%	-1.2%
Service	+1.1%	-2.3%
Manufacturing	-0.1%	-2.6%
Wholesale / Retail	+3.1%	-2.2%
Staffing & outsourcing	+4.4%	-0.7%
Construction	+4.2%	+4.2%

6. No. of Units Used by Foreign Nationals

Foreign-national occupancy reached a record high of 68,613 units, representing 14.7% of total occupied units. Corporate demand from foreign nationals grew steadily across the wholesale/retail, construction, medical and welfare, and transportation sectors.



7. Units and Occupancy Rates by Prefecture

Occupancy in the Tokyo metropolitan area (Tokyo and three neighboring prefectures) remained at a high level, supported by solid corporate demand. Aomori Prefecture recorded substantial YoY and QoQ growth for a second consecutive quarter, driven by increased construction and engineering demand.

Q2 FY2026	Managed units (thousand)	Occupancy rate	YoY	QoQ
Hokkaido	13	85%	−2 p	+0 p
Aomori	3	92%	+9 p	+8 p
Iwate	3	89%	+2 p	+1 p
Miyagi	9	80%	+2 p	−1 p
Akita	2	91%	+2 p	−4 p
Yamagata	3	81%	+1 p	+0 p
Fukushima	9	82%	+1 p	+1 p
Ibaraki	15	89%	+4 p	−0 p
Tochigi	11	81%	+3 p	−1 p
Gunma	11	80%	+1 p	−2 p
Saitama	44	92%	+2 p	−2 p
Chiba	32	92%	+2 p	−2 p
Tokyo	41	95%	+1 p	−1 p
Kanagawa	38	91%	+2 p	−2 p
Niigata	8	83%	+2 p	+1 p
Toyama	5	89%	+2 p	+0 p

Q2 FY2026	Managed units (thousand)	Occupancy rate	YoY	QoQ
Ishikawa	5	89%	−1 p	+1 p
Fukui	4	84%	−3 p	−1 p
Yamanashi	4	95%	+1 p	−0 p
Nagano	10	88%	−1 p	+1 p
Gifu	7	85%	+4 p	+2 p
Shizuoka	23	78%	+1 p	−0 p
Aichi	40	87%	+1 p	+1 p
Mie	11	77%	+8 p	+1 p
Shiga	8	89%	+0 p	−1 p
Kyoto	8	88%	−3 p	+0 p
Osaka	29	89%	+1 p	−1 p
Hyogo	21	84%	−1 p	−1 p
Nara	3	82%	−0 p	−2 p
Wakayama	3	74%	+2 p	−1 p
Tottori	2	76%	−6 p	−1 p
Shimane	2	98%	+4 p	+0 p

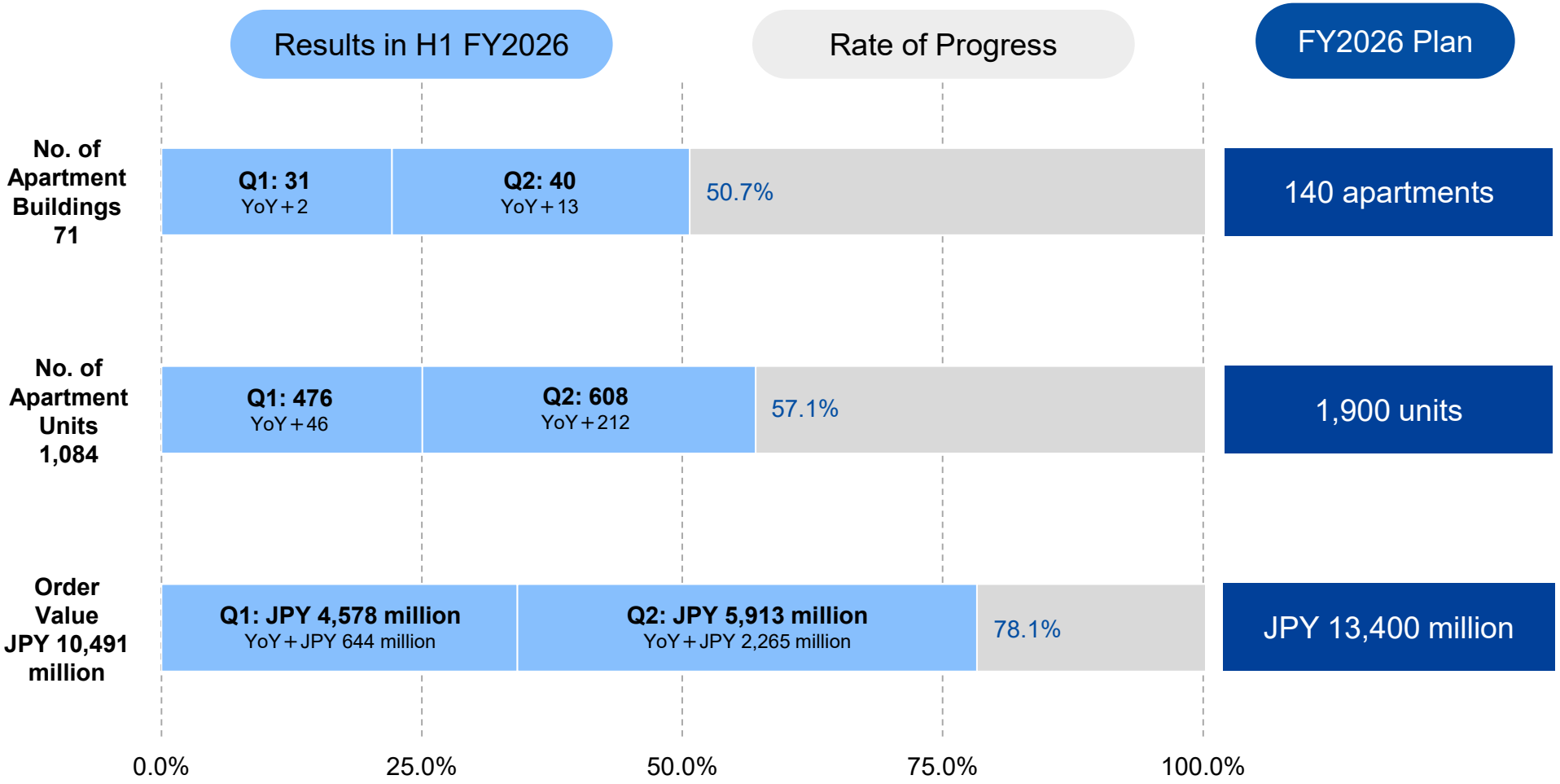
Q2 FY2026	Managed units (thousand)	Occupancy rate	YoY	QoQ
Okayama	11	79%	+1 p	+1 p
Hiroshima	13	86%	+3 p	−1 p
Yamaguchi	7	79%	+2 p	−1 p
Tokushima	2	71%	−1 p	+2 p
Kagawa	4	75%	−2 p	−1 p
Ehime	4	72%	−0 p	+0 p
Kochi	2	81%	+0 p	+2 p
Fukuoka	19	89%	+3 p	+0 p
Saga	3	81%	+10 p	−2 p
Nagasaki	2	73%	−6 p	−3 p
Kumamoto	6	81%	+2 p	+8 p
Oita	4	79%	−0 p	−1 p
Miyazaki	2	72%	−11 p	−1 p
Kagoshima	3	78%	−2 p	+4 p
Okinawa	5	98%	−0 p	−2 p
Total	538	87%	+1 p	−0 p

Chapter 3

Development Business Conditions

1. Order Receipt Plan and Rate of Progress

We expanded the activities in Osaka, Hiroshima and Fukuoka in FY2026. Order intake is progressing steadily toward the full-year target.





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 previous 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.



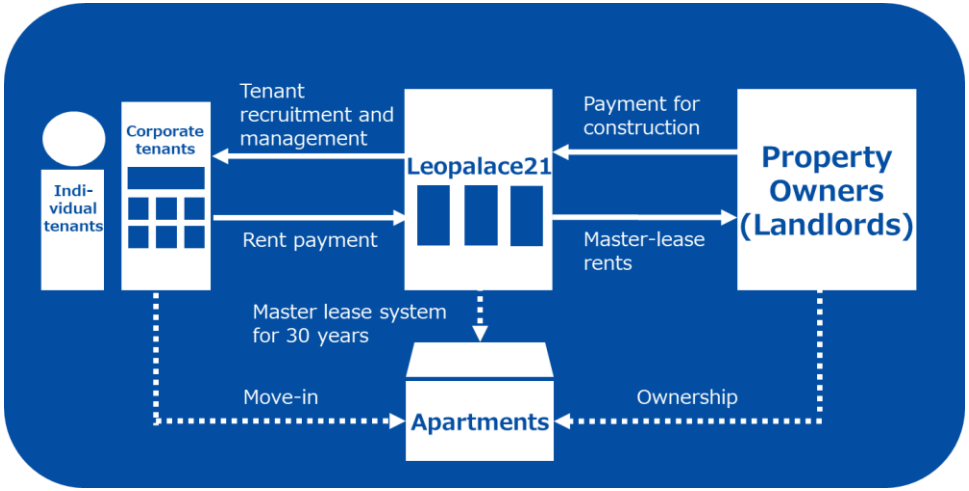
Appendix

Corporate Data (as of September 30, 2026)

Established	August 17, 1973
Paid-in Capital	JPY 100 million
Representative Director	Bunya Miyao, President and CEO
Employees	4,342 (consolidated), 2,844 (non-consolidated)
Authorized Shares	750,000,000
Outstanding Shares	334,415,678
Shareholders	22,544

Business Model

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



Group Companies (as of October 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** — Sustainable Energy Provider

International*

- **Leopalace21 Singapore** — Investment management

Others

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

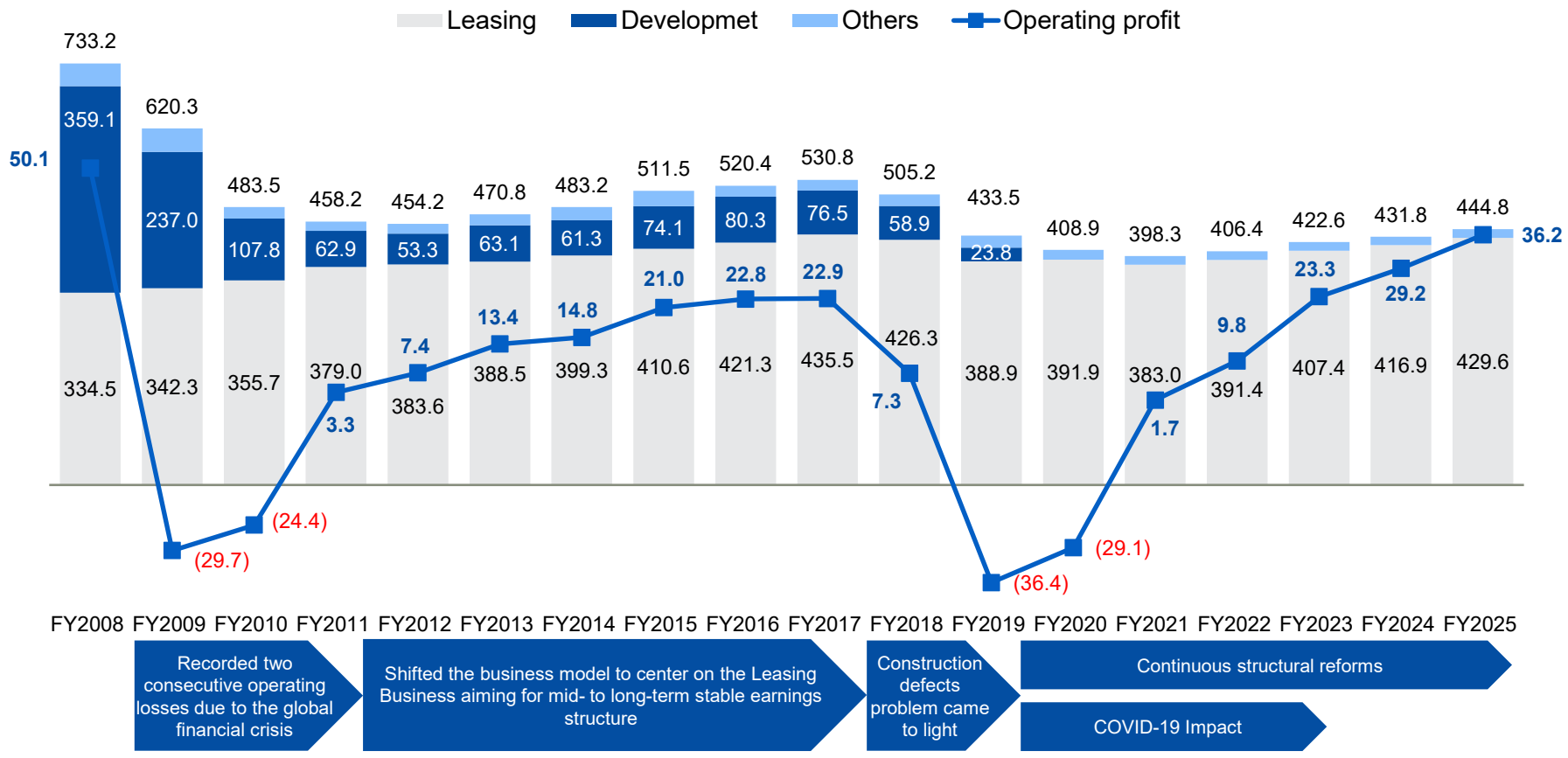
Results of the International Business are reported under the Leasing Business segment.

All shares of the Elderly Care Business were transferred on October 30, 2026.

2. Results Trend

Leopalace21 shifted its business model to focus 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.

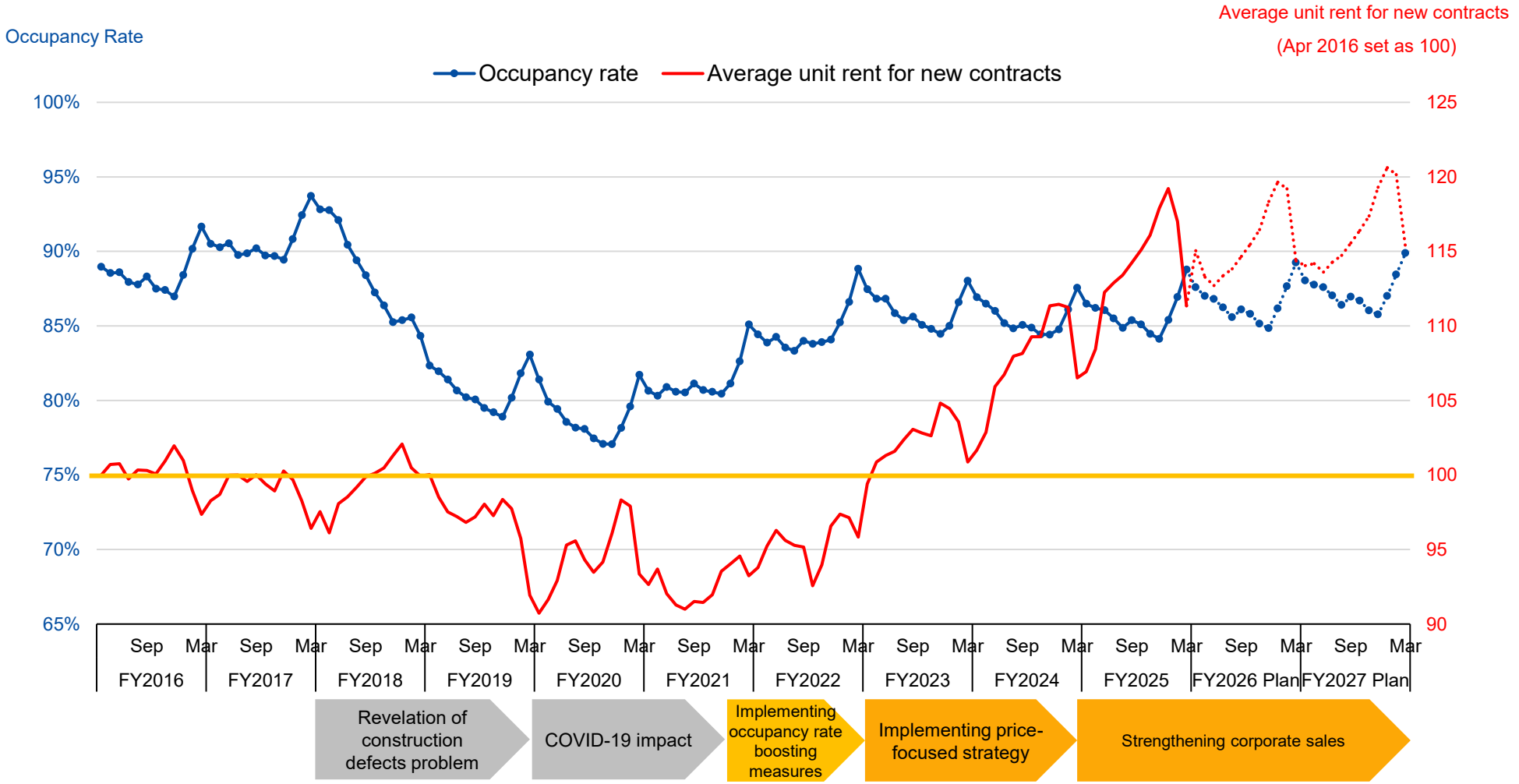
(JPY billion)



* Figures for FY2025 are presented on a restated basis following the accounting policy change effective from the beginning of Q1 FY2026.

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.

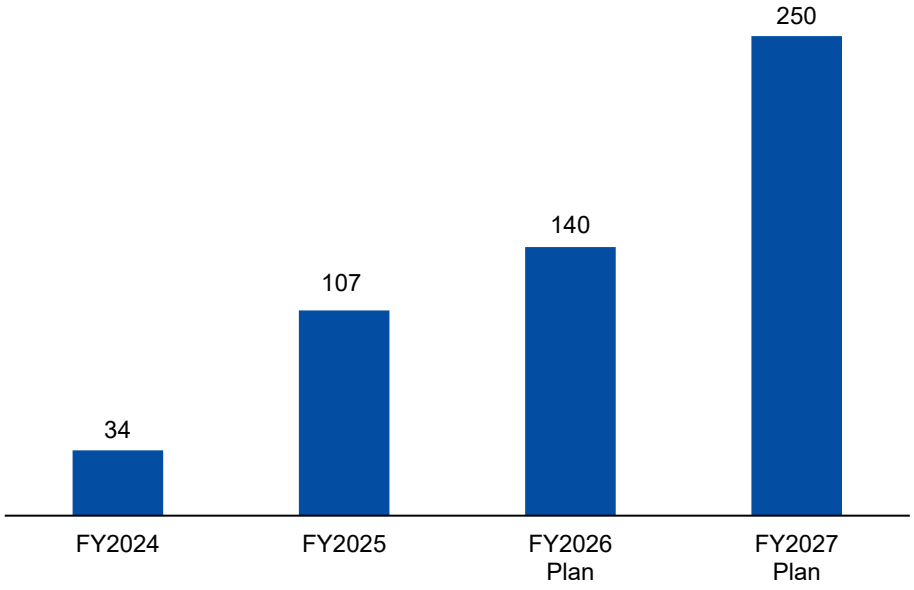


Promoted a slower decline in the number of apartment units under management and reduced the average age of apartment buildings through rebuilding existing apartments and land-set sales.

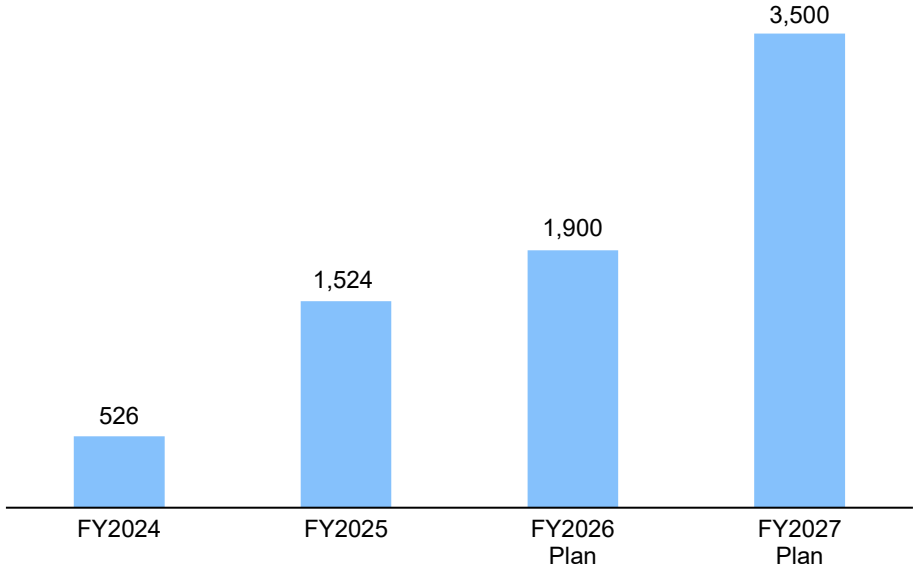
Changes in no. of apartment units under management

FY2024	FY2025	FY2026 (plan)	FY2027 (plan)
546,000	540,000	537,000	534,000

Order intake: no. of apartment buildings



Order intake: no. of apartment units



Leopalace21

