

Leopalace21 Corporation









Financial Results for Q1 FY2022

This document and reference materials may contain forward-looking statements, but please note that actual results may differ significantly from these forecasts due to various factors.

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Re•connect



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PL

- Achieved plan for sales and profits for each stage (Sales: JPY 101.4 billion, operating profit: JPY 3.5 billion, net income: JPY 1.6 billion)
- Recorded Q1 operating profit for the first time in 4 years and net income for the first time in 5 years.

Leasing
Business

- Average rent was increased both YoY and against the plan.
- Recorded a large increase of average occupancy rate for Q1 of 84.19%, a 3.56 point increase YoY.

Cost
Control

- Cost of sales decreased by JPY 3.5 billion YoY and by JPY 1.1 billion against the plan. Postponement of leasing management cost contributed to the decrease against the plan and contractual adjustment of master-lease rent contributed to the decrease YoY.
- SG&A expenses decreased by JPY 0.1 billion from Q1 in the previous fiscal year and JPY 0.8 billion against the plan.

Chapter 1

Outline of the Financial Results for Q1 FY2022

Constant Structural Reforms

- ◆ Increase occupancy rate through following occupancy improvement measures.
 - Foreign national customers:
Capture demand generated by specified skilled workers and by international students
 - Corporate customers:
Obtain buy-in for realizing corporate housing strategy as an expert
 - Individual customers:
Utilize the real estate agents network and attract customers through web-based approach
- ◆ Improve ownership equity by profitable operation aiming for increased occupancy rate and controlled cost structure

Management Plan FY2022

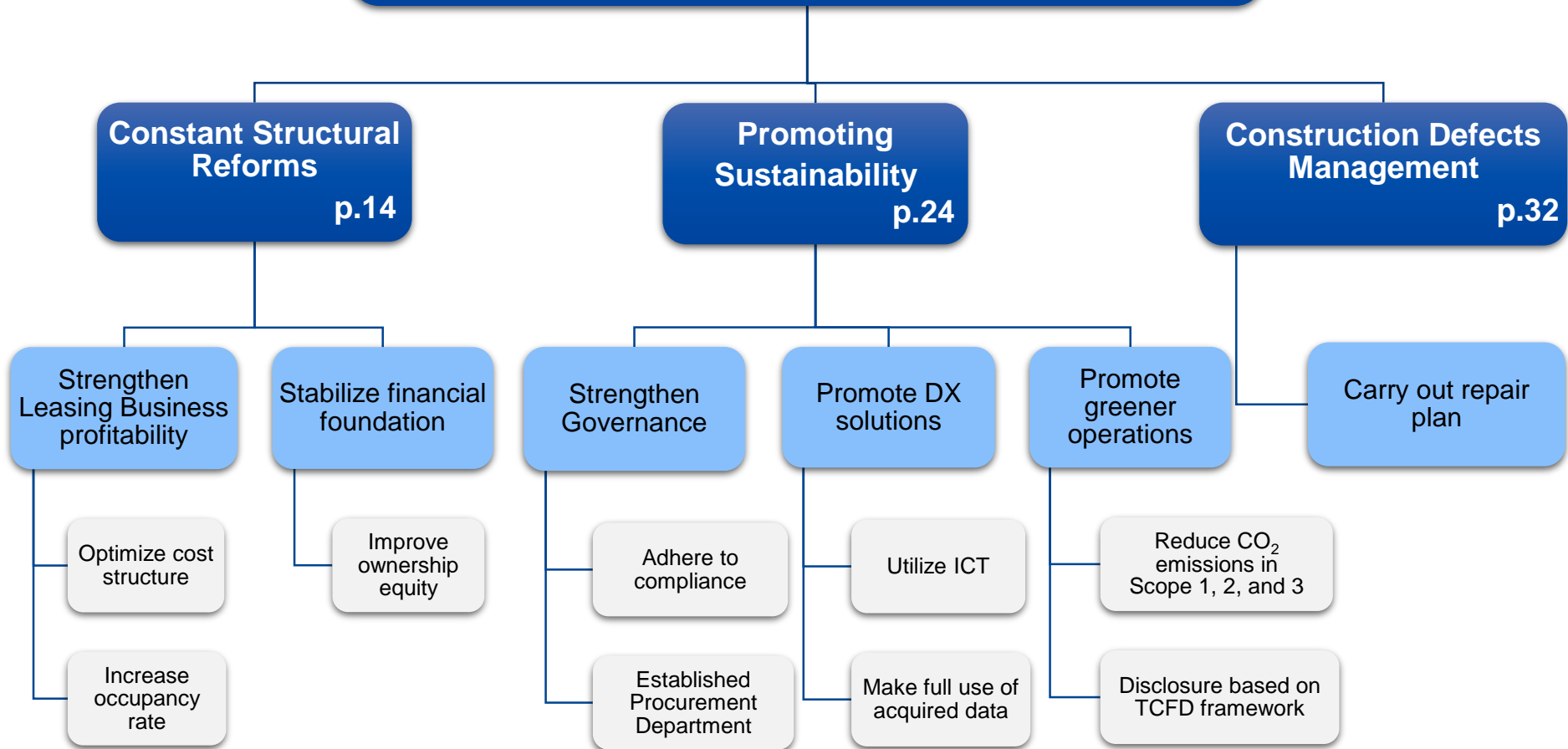
Promoting Sustainability

- ◆ Increase operational sustainability from environmental, social and economical aspects
- ◆ Achieve sustainable growth and increase mid-to long-term corporate value through undertaking initiatives in strengthening corporate governance, DX solution offerings and adopting greener operation based on social infrastructure of offering company houses and dormitories

Construction Defects Management

- ◆ Make steady progress in repairing the construction defects while prioritizing to restore the financial foundation
- ◆ Materialize repair completion for obvious defects by the end of 2024

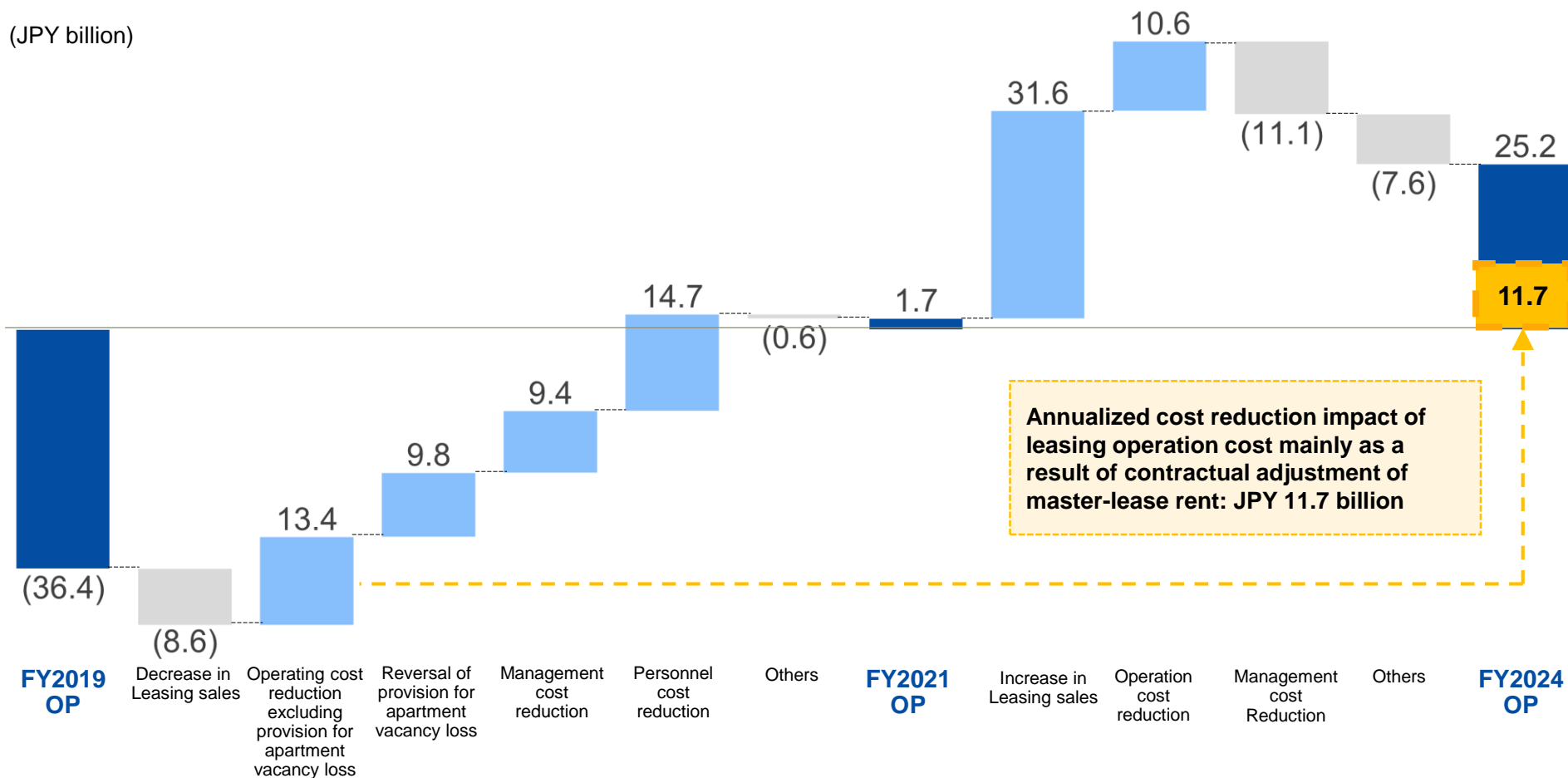
Management Policy FY2022



Continued measures for structural reforms to increase operating profit by JPY 38.1 billion in FY2021..
 Already achieved additional JPY 11.7 billion if annualize the impact; total JPY 49.8 billion of improvement is done.
 The Company aims to realize operating profit of JPY 25.2 billion through additional structural reform measures and sales efforts.

Main Factors of Increase / Decrease of Operating Profit

(JPY billion)



Improved occupancy rate and recovered unit rent contributed to increased net sales, for the first time in four financial years.

Highlights of Results

(JPY million)	Q1 FY2021 Actual	Q1 FY2022 Plan	Q1 FY2022 Actual			Factors contributing to changes
				YoY	Compared with Plan	
Net sales	100,244	100,400	101,406	+1,162	+1,006	Increase in average unit rent contributed to positive result against plan.
Cost of sales	90,472	88,100	86,908	(3,564)	(1,191)	The effect of contractual adjustment of master-lease rent helped cost of sales reduction YoY. Recording of provision for apartment vacancy loss of JPY minus 0.5 bil and postponement of leasing management cost contributed to the reduction against plan.
Gross profit	9,771	12,300	14,498	+4,727	+2,198	
%	9.7%	12.3%	14.3%	+4.5p	+2.0p	
SGAE	11,059	11,800	10,919	(140)	(880)	Due to increased gross profit and reduction in SGAE such as advertising and commission expense contributed larger operating profit both YoY and compared with plan.
Operating profit	(1,287)	500	3,579	+4,867	+3,079	
%	(1.3)%	0.5%	3.5%	+4.8p	+3.0p	
Recurring profit	(2,241)	(800)	2,643	+4,885	+3,443	Recording of interest expenses of JPY 1.1 bil in non-operating losses, and recording of loss related to repairs of JPY 0.24 bil and loss on retirement of property, plant and equipment of JPY 0.14 bil in extraordinary losses
Net income*	(957)	(1,400)	1,630	+2,587	+3,030	
Ave. occupancy rate	80.63%	84.26%	84.19%	+ 3.56p	(0.07)p	Average occupancy rate was greatly improved YoY as a result of implementing occupancy rate boosting measures.
EPS (JPY)	(2.91)	(4.25)	4.96	+ 7.87	+ 9.21	

The Company expects increased sales and profit for FY2022 YoY due to planned increased occupancy rate and cost reduction effect as a result of structural reforms. Plans for FY2023 and FY2024 indicate continuous growth in sales and operating profit.

Highlights of Plan

(JPY million)	FY2022 Plan	YoY	Factors Contributing to Changes	FY2023 Plan	FY2024 Plan
				(reference)	(reference)
Sales	410,800	+12,433	Sales from Leasing Business grow fast because of planned increase in occupancy rate	423,100	429,300
Cost of sales	348,800	(3,489)	Continued contractual adjustment for master-lease rent reduces the cost of sales whereas increase in management cost related to maintaining property partially offset the reduction.	353,400	350,100
Gross profit	62,000	+15,922		69,700	79,200
%	15.1%	+3.5%		16.5%	18.4%
SGAE	50,300	+5,997	Recording of provision for bonuses and sales initiative implementation increase personnel expenses in SGAE. Planned increase in occupancy rate and reduction in cost of sales contribute to the increase in operating profit.	52,200	54,000
Operating profit	11,700	+9,925		17,500	25,200
%	2.8%	+2.4%		4.1%	5.9%
Recurring profit	6,800	+8,951	No extraordinary income/losses are planned. income taxes—deferred is planned based on business performance recovery which contributes to large increase in net income.	12,900	22,100
Net income*	24,900	+13,045		13,400	19,400
Average Occupancy rate	85.1%	+3.8p	Occupancy rate follows the trend similar to that of FY2017. Number of outstanding shares remain the same as FY2021, therefore EPS increases in accordance with net income.	88.3%	91.3%
ESP (JPY)	75.6	+39.6		40.7	58.9

Quarterly Comparison

(JPY million)	Q1 (Apr-Jun)		Q2 (Jul-Sep)		Q3 (Oct-Dec)		Q4 (Jan-Mar)	
	FY2021 Actual	FY2022 Actual	FY2021 Actual	FY2022 Plan	FY2021 Actual	FY2022 Plan	FY2021 Actual	FY2022 Plan
Sales	100,244	101,406	99,305	102,000	97,920	103,300	100,895	105,100
Cost of sales	90,472	86,908	87,131	87,900	84,660	87,300	90,024	85,500
Gross profit	9,771	14,498	12,174	14,100	13,259	16,000	10,871	19,600
SGAE	11,059	10,919	10,076	12,000	9,794	11,200	13,371	15,300
Operating profit	(1,287)	3,579	2,097	2,100	3,465	4,800	(2,500)	4,300
Recurring profit	(2,241)	2,645	909	900	2,777	3,600	(3,596)	3,100
Net income*	(957)	1,630	1,605	400	5,217	3,300	5,988	22,600

Factors Contributing to Changes

- Planned higher occupancy rates for FY2022 in comparison with FY2021 result in higher sales against the same quarter in the previous fiscal year.
- Continued contractual adjustment for master-lease rent contributes to reduced cost of sales QoQ.
- SGAE increases in Q4 because of various sales measures implementation targeted for the busiest season.
- Reversal of provision for loss related repairs was recorded in extraordinary income for each quarter of FY2021. No extraordinary income/losses considered for FY2022. Q1FY2022 saw better net income due to better recurrent profit YoY. Net income for Q2 and Q3 will show smaller than the respective quarterly results in FY2021.
- Planned recording of income taxes-deferred for Q4 makes substantial increase in net income

* No changes from the quarterly plan at the beginning of FY2022.

Ownership equity augmented by JPY 3.0 billion QoQ due to increase in retained earnings and in accumulated other comprehensive income. Equity ratio became 2.9% at the end of Q1 FY2022. (+2.2p QoQ)

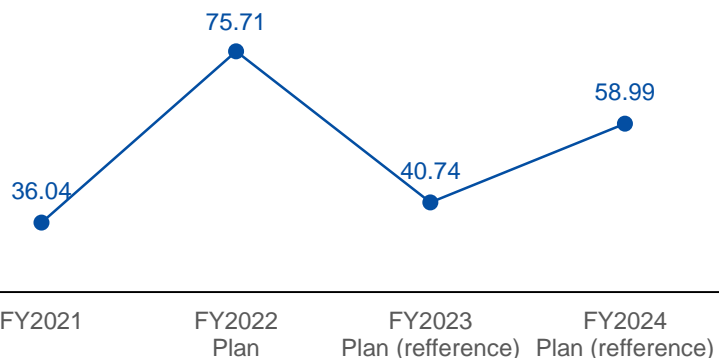
Balance Sheet – main items only

(JPY million)	FY2021	Q1 FY2022	QoQ	Factors contributing to changes (compared against end of FY2021)
Cash and deposits	45,523	43,869	(1,654)	■ Cash and deposits Q1 is usually a QoQ negative trend. Lowered decrease by restrained payment.
Total assets	145,430	143,097	(2,332)	
Interest-bearing debt*	33,045	32,991	(54)	■ Provision for losses related to repairs (current: JPY 2.6 billion; non-current: JPY 15.1 billion) Decrease of JPY 0.3 bil reflecting the progress of repairs. Insourcing repair works, lowered unit repair cost, sourcing based on quotation from multiple suppliers, and utilizing internally available resources made the balance of JPY 17.7 bil in from JPY 56.2 bil, the largest number recorded at the end of FY2019.
Provision for loss related to repairs	18,086	17,773	(313)	
Provision for apartment vacancy loss	5,632	5,053	(579)	
Total liabilities	134,396	129,817	(4,579)	■ Provision for apartment vacancy loss (current: JPY 3.6 bil; non-current JPY 1.4 bil) Reversal of JPY 0.5 bil as a result of reduced number of years for master-lease contract expiration.
Common stock	100	100	±0	
Capital surplus	136,345	136,339	(5)	■ Ownership equity Ownership equity augmented by JPY 3.0 billion QoQ due to increase in retained earnings and in accumulated comprehensive income.
Retained earnings	(135,749)	(134,134)	+1,615	
Total shareholders' equity (A)	392	2,020	+1,628	■ Non-controlling interests Decrease by JPY 0.7 bil due to Leopalace Power Corporation's acquisition of own shares and dividends payment.
Total accumulated other comprehensive income (B)	675	2,061	+1,386	
Ownership equity (A) + (B)	1,068	4,082	+3,014	
Share subscription rights	357	343	(13)	
Non-controlling interests	9,608	8,853	(755)	
Total net assets	11,034	13,279	+2,245	
Total liabilities and total net assets	145,430	143,097	(2,332)	

* Interest-bearing debt = borrowings + lease obligations

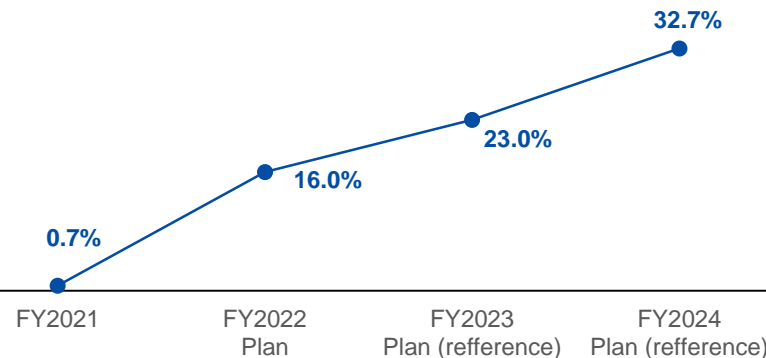
Due to continued structural reforms and improved balance sheet, EPS, ROE, ROIC and Equity ratio indicators reached favorable levels. Cash conversion cycle, a strength of the Company, remains to be negative days, which shows high efficiency of funds operations.

Net income per share (EPS*)



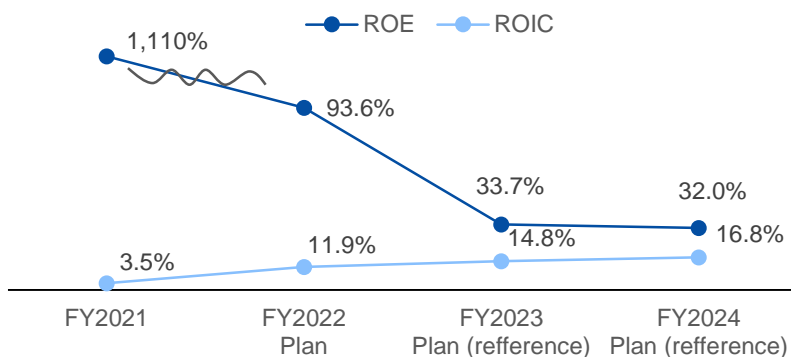
*EPS = Net income / Number of shares outstanding

Equity ratio*



*Equity ratio = Ownership equity / Total capital (Liability and Net assets)*100

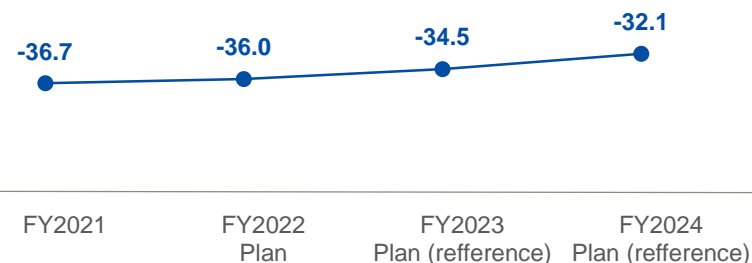
ROE*·ROIC**



* ROE = Net income / Ownership equity

**ROIC = NOPAT / Investment capital (Interest-bearing debt + shareholders' equity)

Cash conversion cycle (CCC*)

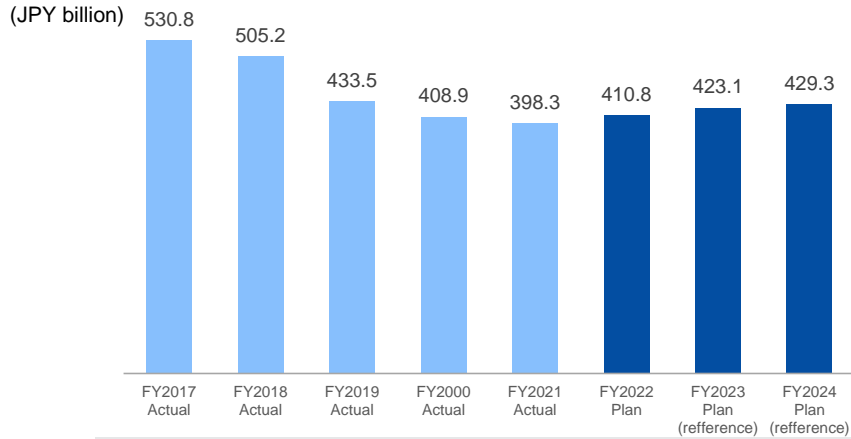


*CCC: The cash conversion cycle (CCC) is a metric that expresses the length of time (in days) that it takes for a company to convert its investments in inventory and other resources into cash flows from sales.

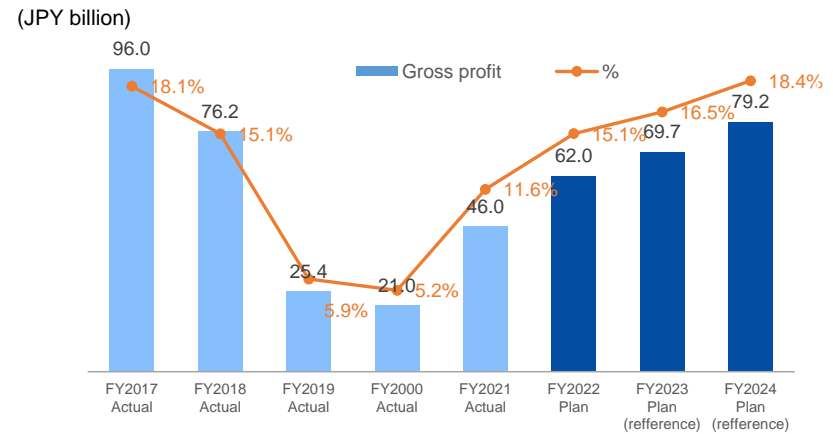
CCC = Receivables turnover period + Inventory turnover period – Payables turnover period

Operating profit has been increasing since FY2019 reflecting the profit structure improvement. Continued structural reforms increased net income to sales ratio and that of FY2024 outperforms FY2017.

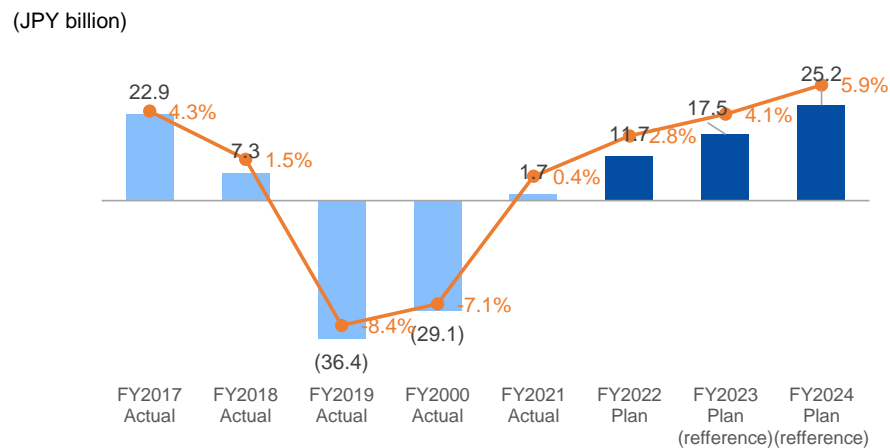
Sales



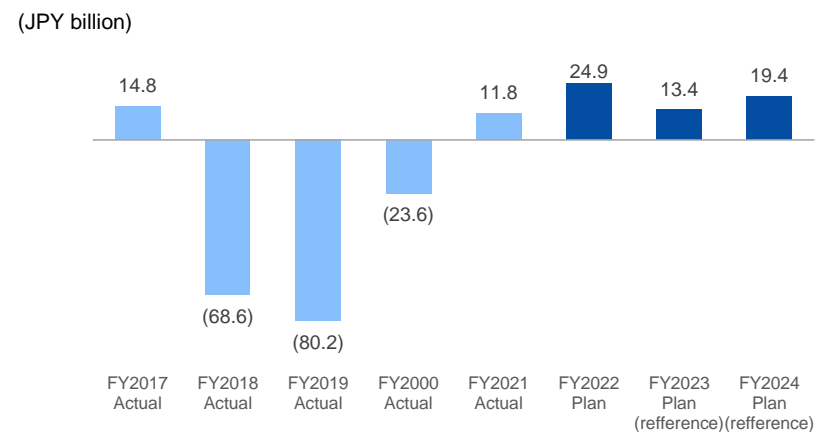
Gross profit



Operating profit

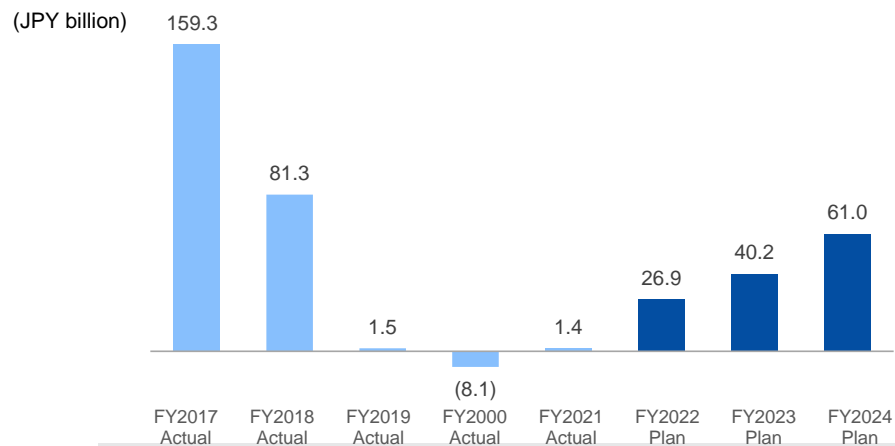


Net income*

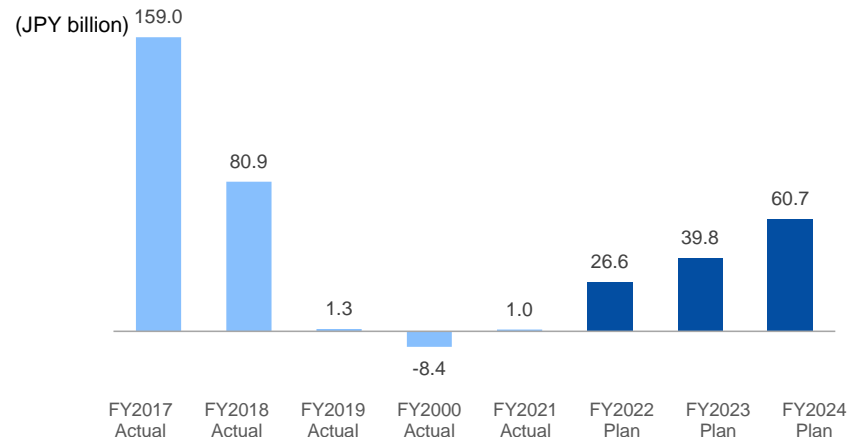


The Company eliminated excessive liabilities per Tokyo Stock Exchange’s definition at the end of March 2022. In addition to strengthening capital by recording net income, the Company starts to consider from FY2022 to FY2024 implementing shareholders return such as payment of dividends and share buybacks.

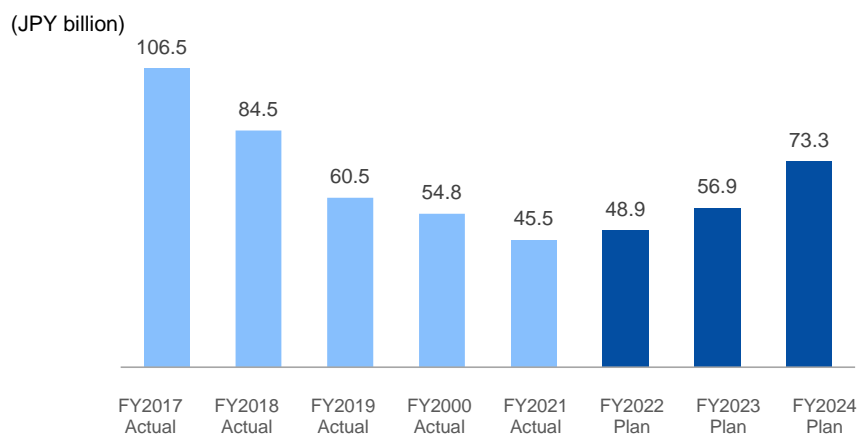
Ownership equity + Share subscription rights



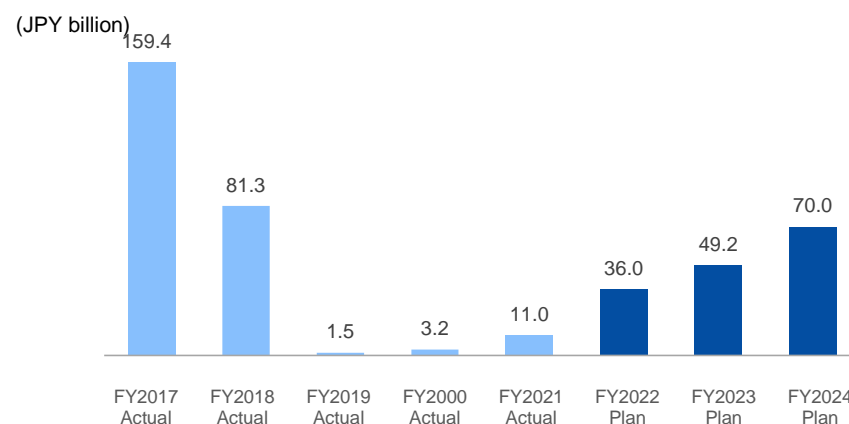
Ownership equity



Cash and deposits



Total net assets

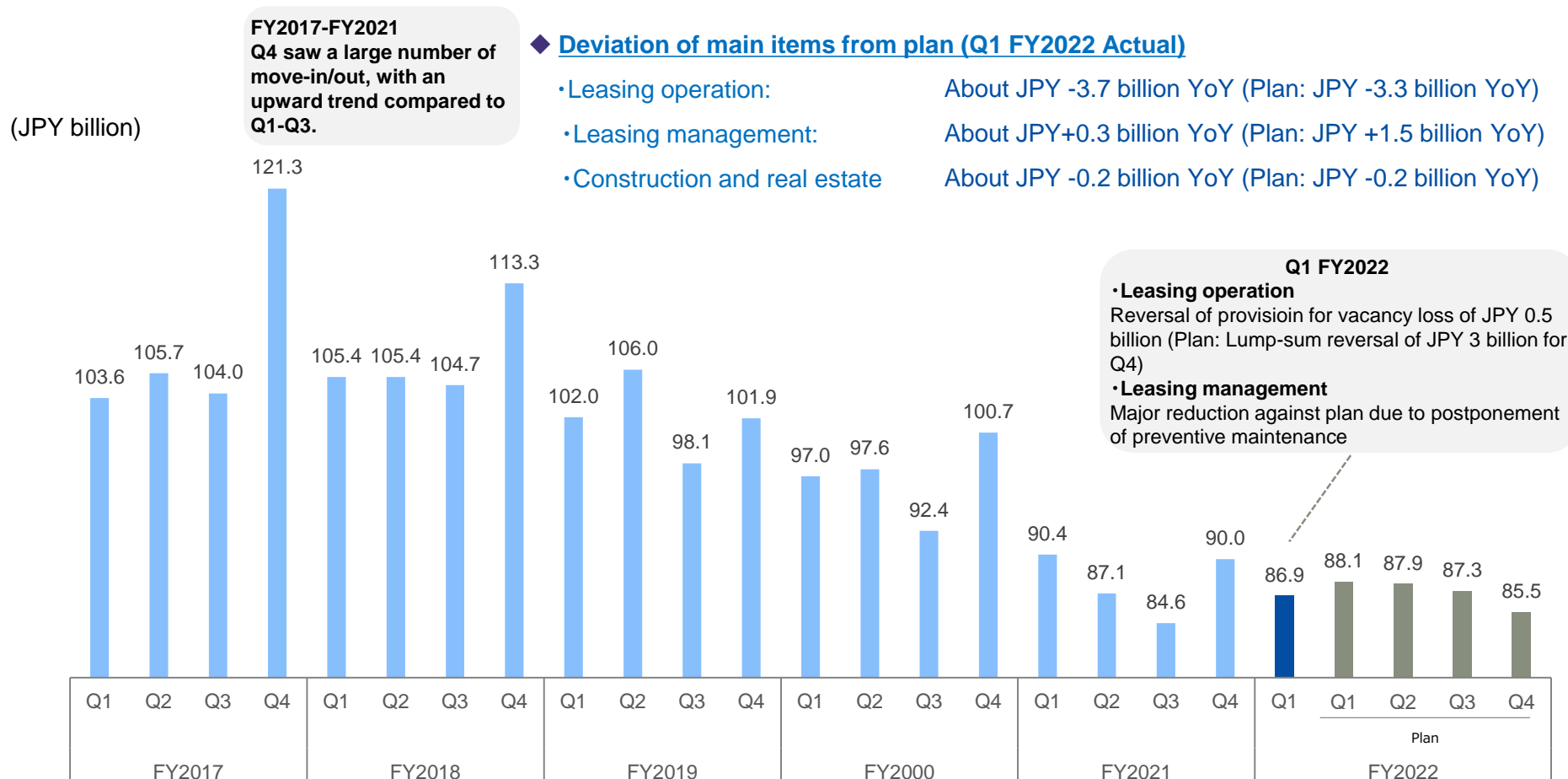


Chapter 2

Optimization of Cost Structure

Q1 FY2022 saw reduction of leasing management cost due to postponement of preventive maintenance. The difference against plan is going to be smaller over FY2022 total.

Quarterly Trends of Cost of Sales



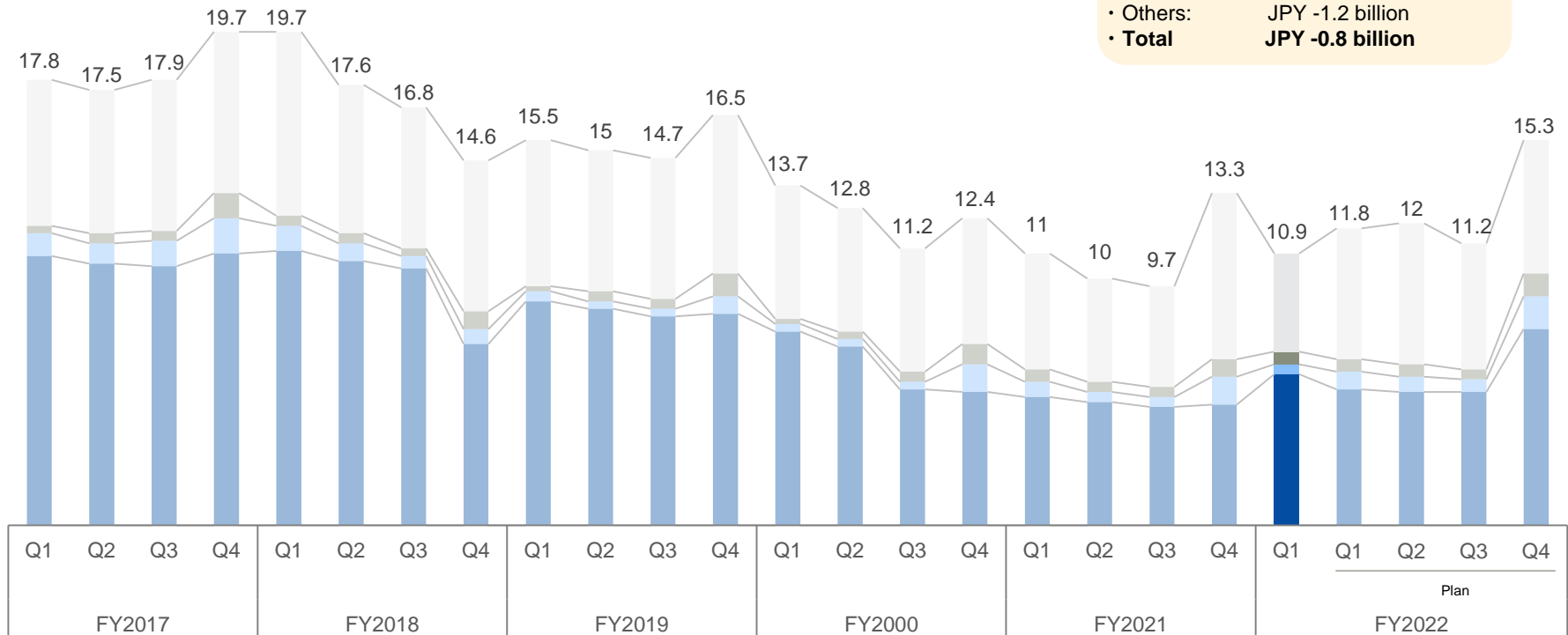
Despite personnel expenses exceeded the plan for Q1 FY2022 due to special bonus payment, significant reduction in the other SGAE items such as commission expense and repair and maintenance expenses resulted in smaller expenses compared with the total SGAE plan.

Quarterly Trends of SGAE

(JPY billion)

Q1 FY2022 Actual vs Plan

- Personnel: JPY +0.6 billion
- Commissions: JPY +0.0 billion
- Advertising: JPY -0.2 billion
- Others: JPY -1.2 billion
- **Total JPY -0.8 billion**



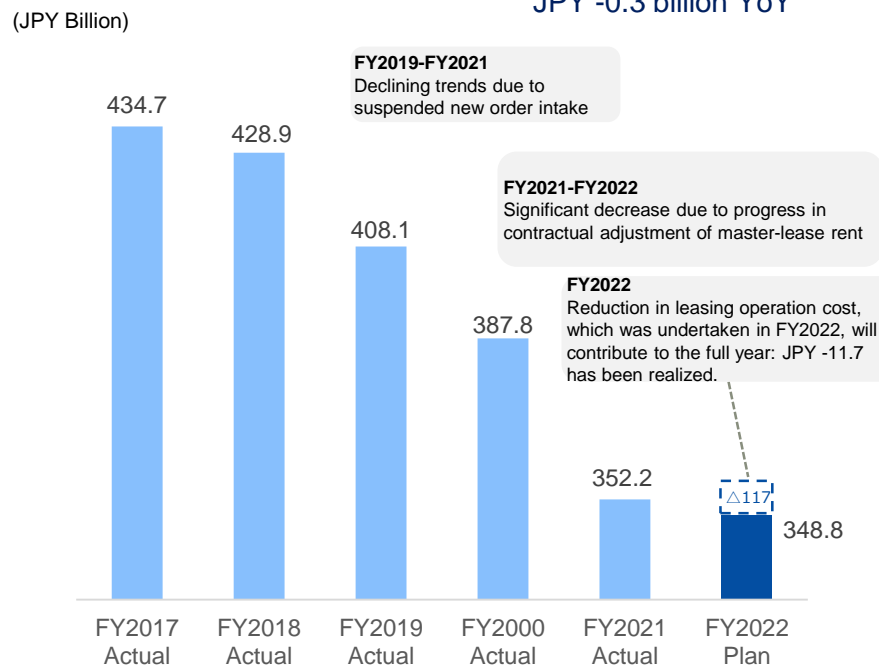
* Other SGAE: Taxes and public charges, commission expense, rent expense, repair and maintenance expenses, and depreciation and amortization

Leasing management cost will increase for FY2022 due to spending for preventive maintenance. Progress in contractual adjustment for master-lease rent will offset the increase and cost of sales continues to decrease compared to the previous years.

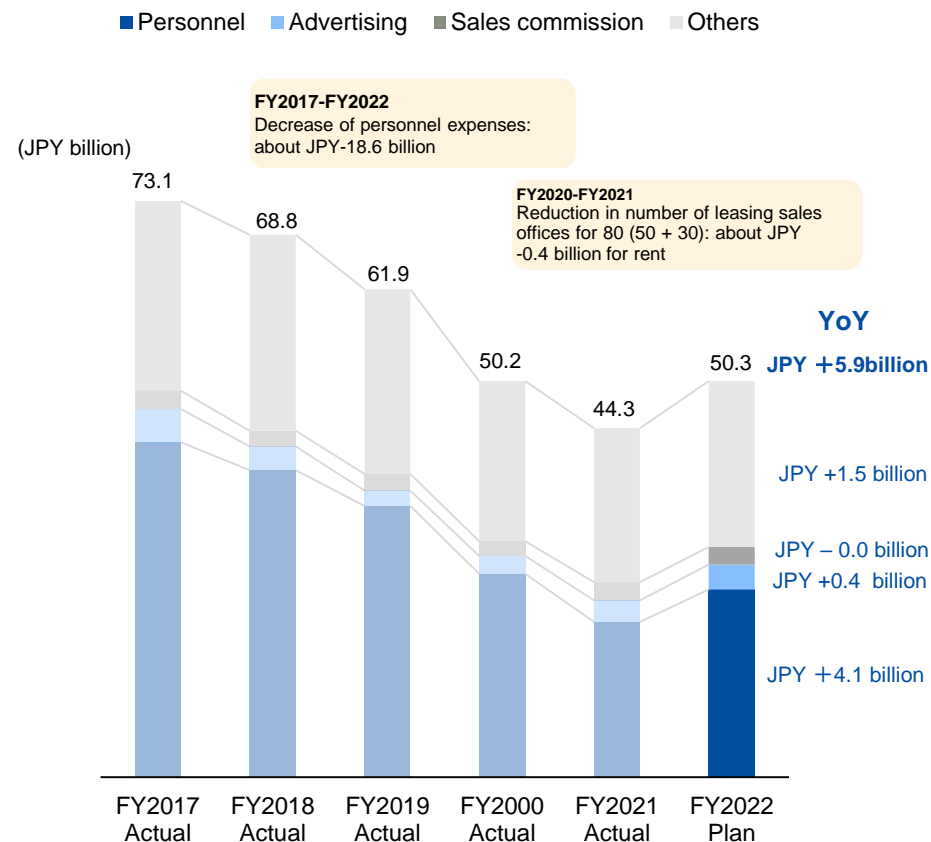
Cost of Sales

◆ **Increase/decrease in major items of cost of sales (FY2022 plan)**

- Leasing sales cost: JPY -8.3 billion YoY
- Leasing management cost: JPY +6.3 billion YoY
- Construction and real estate: JPY -0.3 billion YoY



SGAE

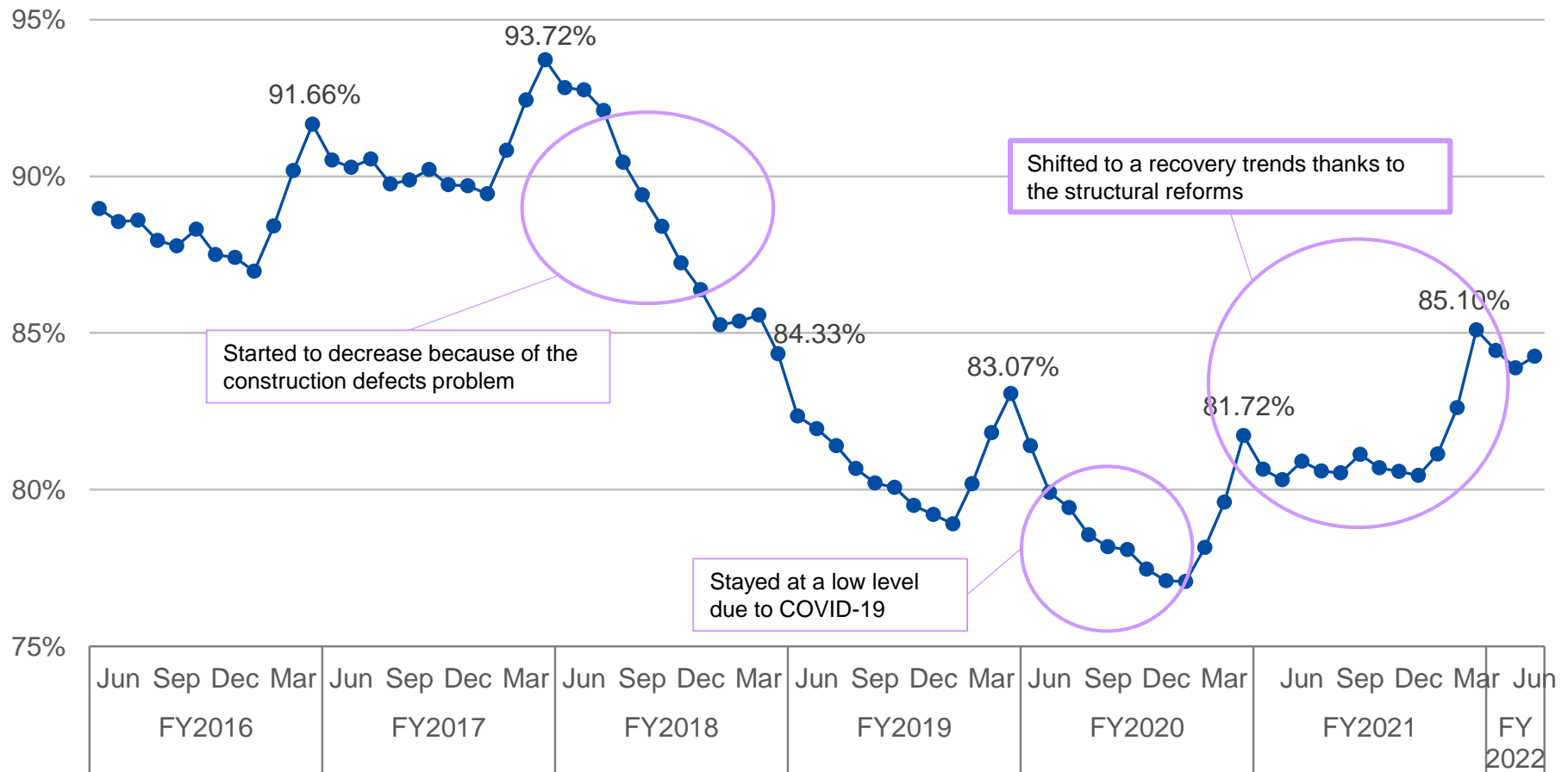


Chapter 3

Occupancy Improvement Measures

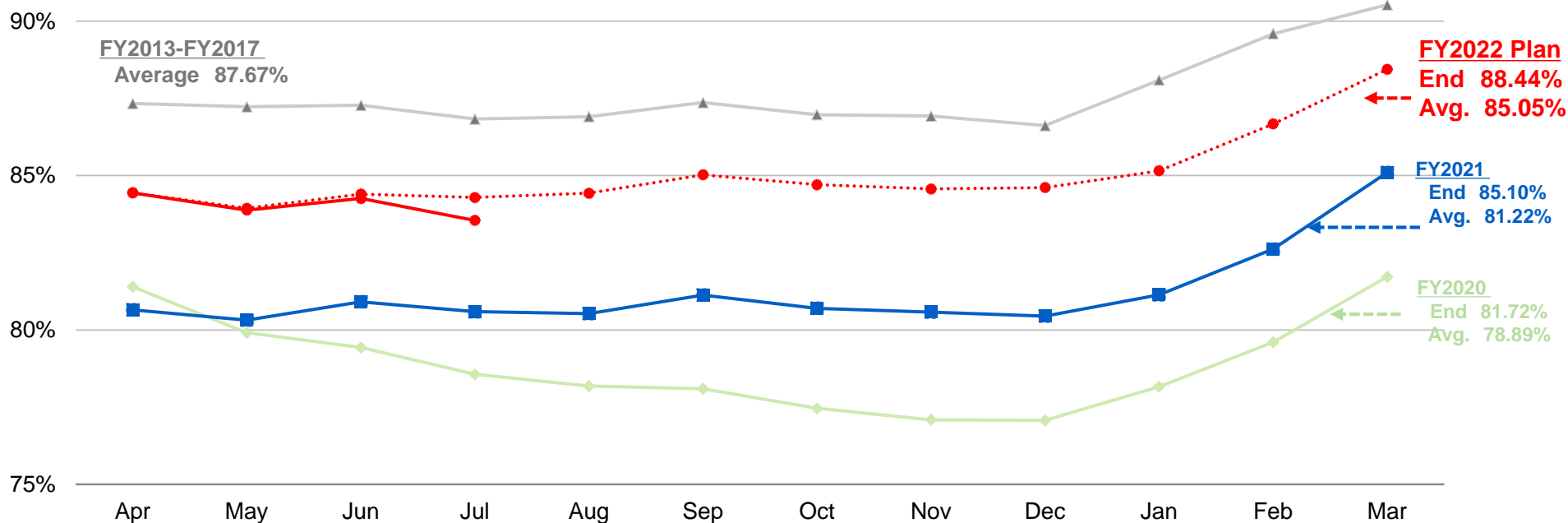
Occupancy rate had been increasing until FY 2017 after the Lehman collapse, it started to decrease from FY2018 due to the construction defects problem and COVID-19. By implementing measures to improve occupancy rate, it bottomed out in December FY2020 and turned to a recovery trends.

Occupancy Rate



The occupancy rate has been improved over FY2020 - FY2021 due to the occupancy rate boosting measures amid reducing impact by COVID-19 pandemic. The Company strives to achieve 88.44% at the end of FY2022 and 85.05% as the average of FY2022 to the former level by continued occupancy rate boosting measures.

Occupancy Rate Trends



① Apr – Jul (Actual)	② Aug - Dec	③ Jan - Mar
<p>Average occupancy rate for Q1 FY2022 was 84.19%. (-0.07 points against the plan) Occupancy rates remained almost in line with the plan due to the strengthened corporate sales structure and easing of entry restrictions in Japan. July landed at a lower-than-planned level due to the impact of the seventh wave of COVID-19</p>	<p>Slight upward trends in Sep backed by corporate customers' relocation demand and increase of international students for enrollment in autumn; marginal changes for Oct – Dec lacking demand-generating events in the past years.</p>	<p>Upward trends due to factors comprising corporate customers' relocation demand for the coming fiscal year, and emerging new students and new workers who look for apartment rooms in the past years. Approx. 3.8 point increase is targeted for Q4.</p>

*Monthly Data: <http://eg.leopalace21.com/ir/finance/getsuji.html>

The Company implements measures of boosting occupancy rate for segmented customers to achieve the plan. Efforts are made to attract increasing number of foreign national customers of specified skilled workers for designated activities and international students reflecting the relaxation of immigration restrictions in FY2022.

Acquire larger share at each corporate customer

Obtain customer's buy-in for realizing corporate housing strategy as an expert

- ◆ Top-level sales activities
Involve senior management team in customer interaction for resolving issues.
- ◆ Strengthen sales organizational structure
Reorganized the sales departments from five to eight in Tokyo metropolitan area aiming for increased customer interaction time.
- ◆ Individual customer strategy
Promote customers' use of rooms by responding to specific customer requirement.

Selected five industries for increased market share: staffing & outsourcing, construction, transport, food service, and distribution

Attract specified skilled workers * for increased use of rooms

Increase the use of rooms by specified skilled workers by collaborating with staffing agencies for foreign nationals and establishing stronger relationship with the support agencies.

Attract increased number of individual customers through real estate agents and use of web-based services

Collaboration with real estate agencies

- ◆ Strengthen sales to real estate agencies by working with major real estate agents and Village House in Fortress group.
- ◆ Achievement in Q1 FY2022
 - Number of rental contracts through real estate agencies: 7,910 (an increase of 3.5% YoY)
 - Ratio of contracts with individual customers through agencies: 43.3% (an increase of 5.3p YoY)

Strengthen web-based customer attraction

Reinforced digital marketing

⇒ Increase responses by drawing more traffic to the Company website

Attract international students * for increased use of rooms

Acquire the increasing demand by international students coming to Japan as a result of relaxation of immigration restrictions. Utilize seven IFCs, and strengthen relationship with real estate agencies and service providers which cater for students' needs.

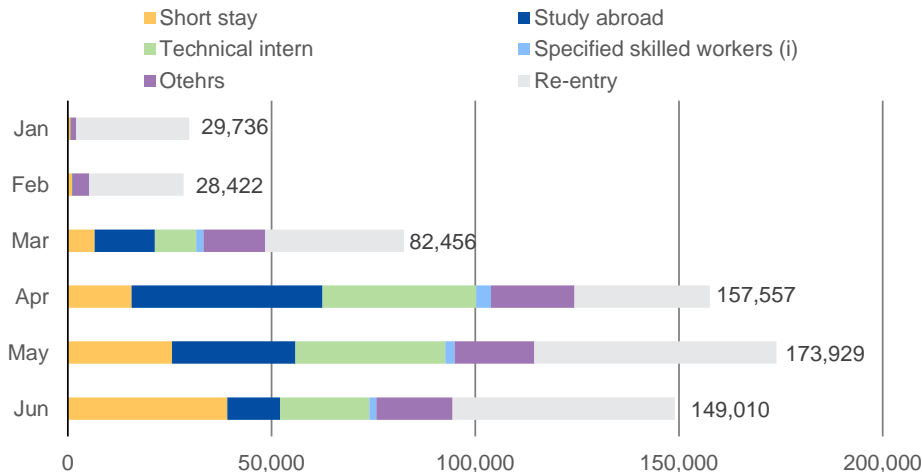
* Refer to P22 for details

The number of foreign nationals is expected to gradually increase due to the relaxation of immigration restrictions. Targets are set for each category of immigrants, aiming to acquire tenants at the level of FY2019 which is before the spread of COVID-19.

▶ **Contracts with foreign national customers (individual contract)**

- ▶ **Number of contracts Q1 (Actual)**
2,762 (+ 756 against the plan)
- ▶ **Number of contracts for full year (Plan)**
About 13,000 contracts (+65% YoY)

▼ **Trends of foreign nationals entering Japan**

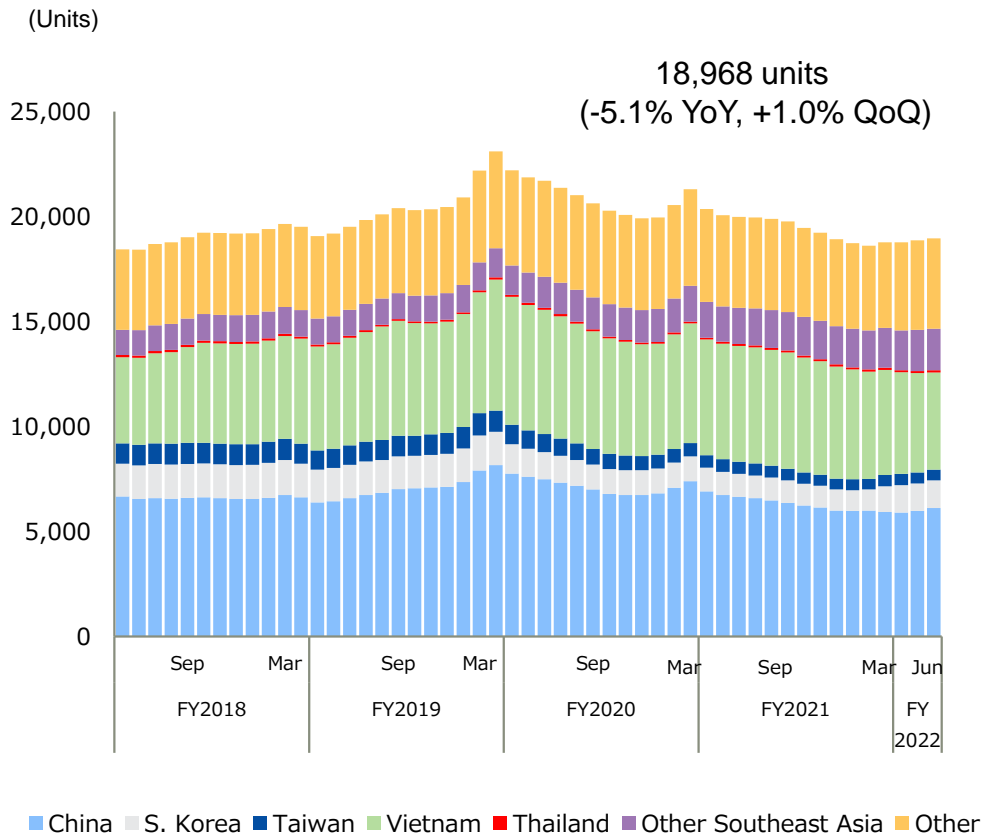


Source: Statistics on number of foreign nationals entering Japan and the number of Japanese nationals returning to Japan (Immigration Services Agency)

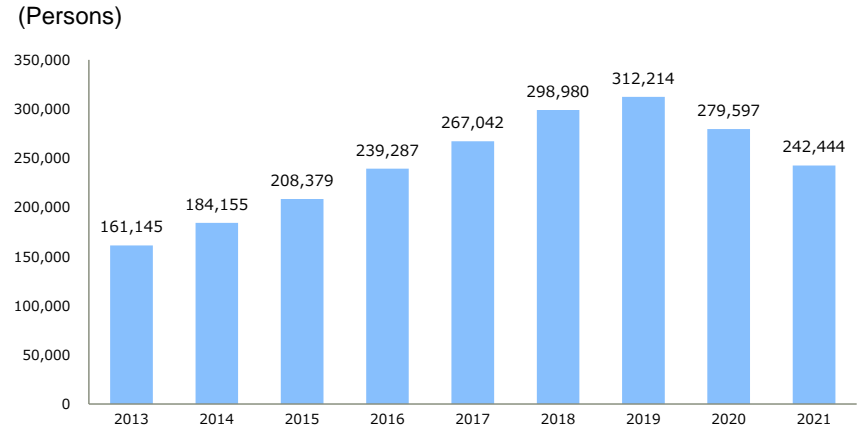
Target segment	Main measures to get response
International students	<ul style="list-style-type: none"> • University, business college, Japanese language school • Real estate agents • Study abroad center
Workers	<ul style="list-style-type: none"> • Real estate agents • Employment Agencies
Specified skilled workers	<ul style="list-style-type: none"> • Specified skilled workers support organizations • Real estate agents • Companies accepting foreign workers
Technical intern trainees	<ul style="list-style-type: none"> • Supervising organizations • Companies accepting foreign workers

Number of units used by foreign national tenants is about 36 thousand, comprising about 19 thousand individual customers and 17 thousand under corporate contracts, 7.5% of total occupation. (Q1FY2022 result: +0.3p. YoY, +0.6p. QoQ)

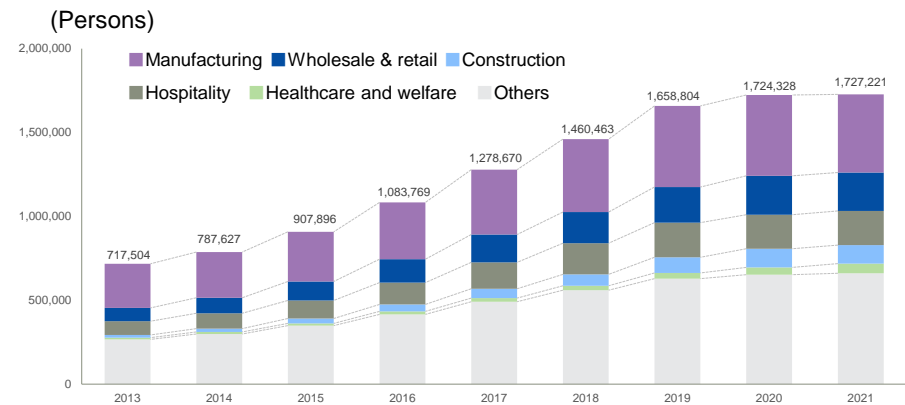
Occupied Units by Foreign Nationals
(Excluding Corporate Contracts)



International Students in Japan*1



Foreign Workers in Japan*2



*1 Excerpt from "Result of an Annual survey of International Students in Japan 2021" (Japan Student Services Organization)

*2 Excerpt from "Employment status of foreign workers in Japan" as of end of Oct 2021 (Ministry of Health, Labor, and Welfare)

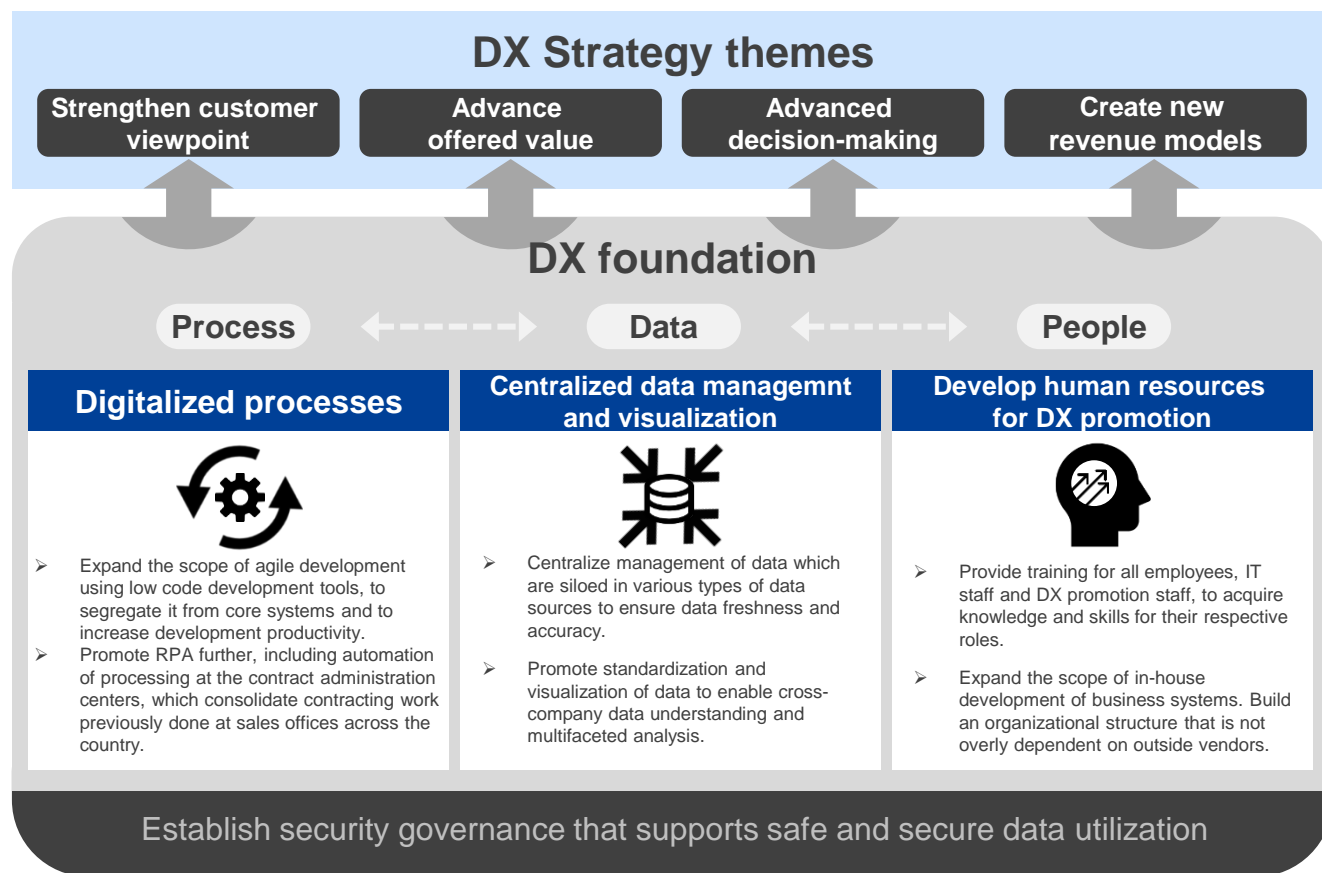
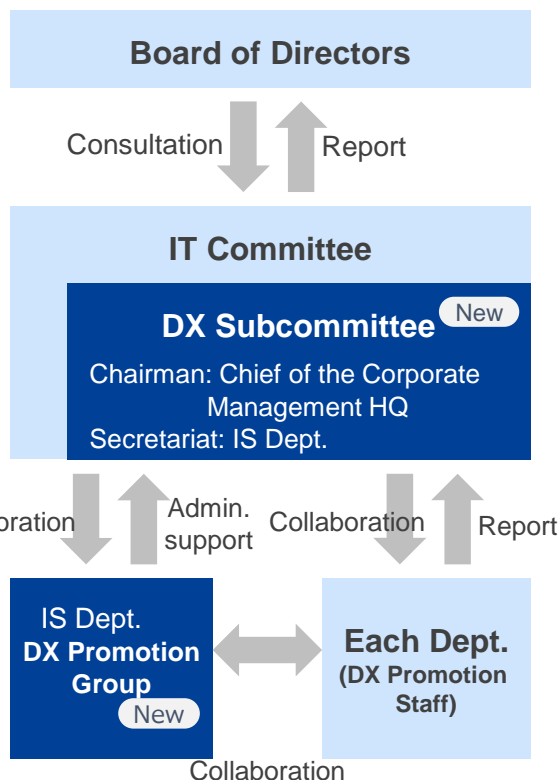
Chapter 4

Promotion of DX Solutions

The Company published its DX strategy to promote DX solutions on August 5, 2022. The Company strengthened DX promotion structure and aims at acquiring DX certified status and to be appointed as a DX stock.

DX VISION Create new value by offering advanced solutions for meeting people needs and expectations through DX

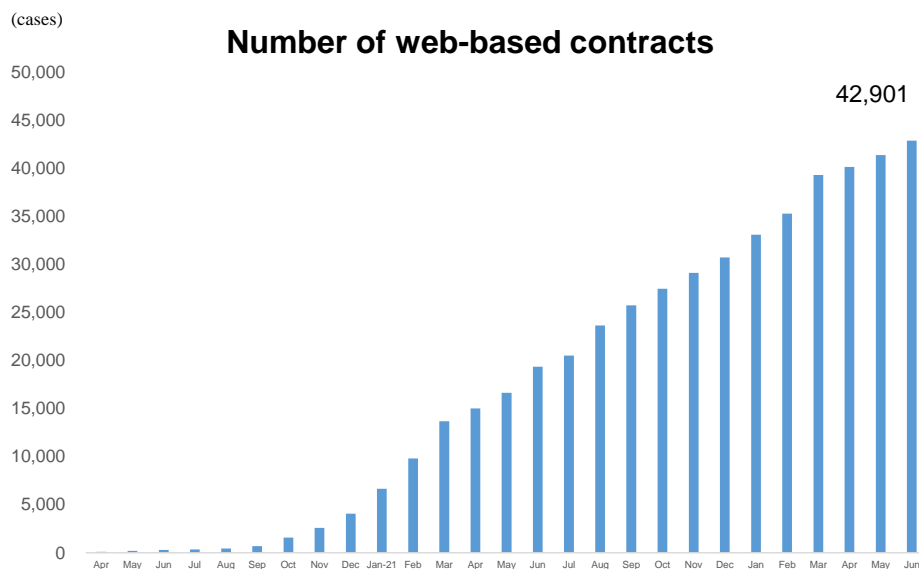
DX Promotion Structure



Leopalace21 has digitized all the process to conclude rental contracts with the customers apart from the term tenant contracts which require by law written documents to be presented to the tenants.

Every step from room search to contract signing can be completed without face-to-face transactions.

Development of Web-based Contracts



◆ **2015- Leo-sign (Electronic contract)**

Launched in 2015.
Fit for increasing trends of skipping seals on paper.
Employed by corporates for 13,237 cases (35.1%) during Q1 FY2022.

◆ **2019- Web-based contract**

Launched in Jun 2019.
Enabled non-face-to-face contract signing.
Q1 FY2022 results: 3,563

◆ **2020- Web-based customer services**

Launched in Oct 2020.
Enabled to use online room viewing and customer services. All procedures are possible without visiting our leasing sales offices combined with WEB-based contract signing and *LeoLock*.

◆ **2021- eKYC (Know Your Customer)**

Launched in Jan 2021.
Replaces submission of identity verification document and interview for identity verification with a digitized ID document and a web-based interview.

Started to install smart locks in FY2022 in addition to the services which we have been providing. Changed the connectivity and updated *LEONET* to be able to handle a stable data transmission that is less likely to cause line delay.

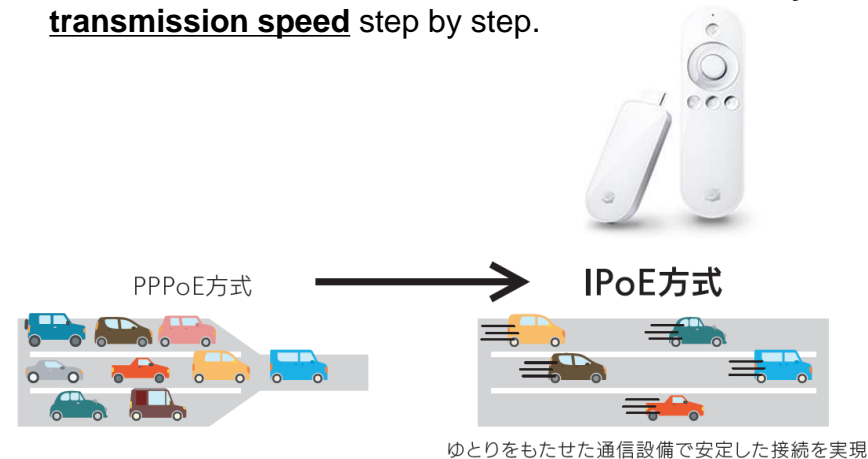
Smart lock

- ◆ Leopalace21 is installing the smart locks to **440 thousand apartment units**, or approx. 80% of its apartment units under management, starting from June 2022.
- ◆ The smart lock enables tenants to view rooms or move in the room **without visiting leasing sales office** for key handover. It **prevents face-to-face procedure** as a protective measure against infectious diseases.
- ◆ Tenants can **avoid the lost key** because the entrance door can be unlocked by multiple authentication methods using a smart phone, a smart card, or a PIN entry to a numeric keypad.



LEONET

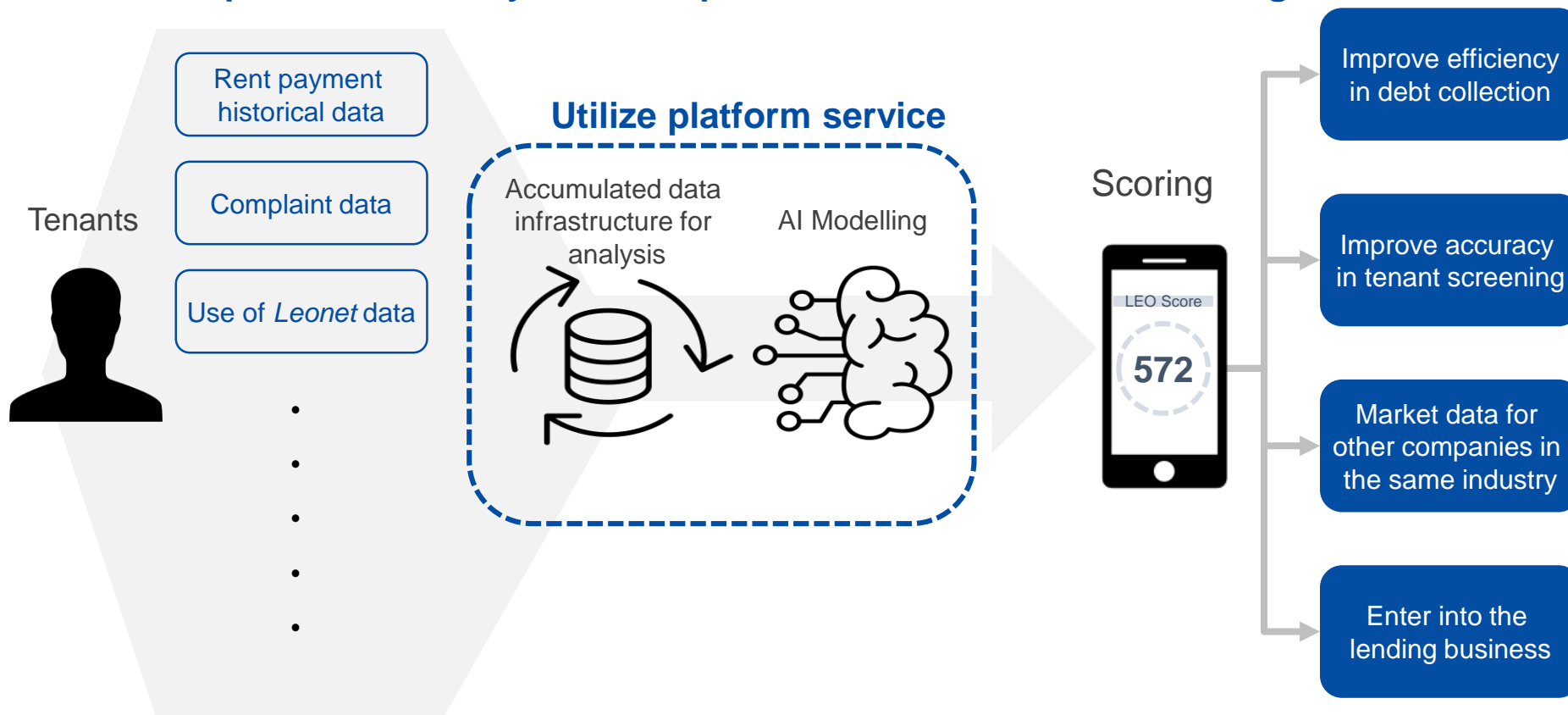
- ◆ Internet connection service comes standard with all apartment rooms which also offers various content such as video streaming and shopping.
- ◆ The switchover of lines is carried out with the full cooperation of NTT Communications Corporation in FY2022
- ◆ Upgrade the connection mode for FY2022 for **increased benefit of tenants** from the current PPPoE to IPoE method for **stable data transmission to avoid delay in transmission speed** step by step.



Apply AI technology to the huge accumulated data through Leasing Business operation. Investigate a business possibility of selling outside AI-powered creditworthiness scoring service and further develop to a platform business.

Possibility to develop to a platform business

Prepare a scheme by use of AI-powered creditworthiness scoring service



Chapter 5

Strengthen Corporate Governance / Promote Greener Operations

Further improve risk sensitivity and compliance awareness of all officers and employees by strengthening the functions of risk and compliance representatives in each department.

Procurement department was established in January 2022 so that it contributes to fortify the governance system and adhere to Leopalace21 Group CSR Procurement Guidelines.

Promote compliance

Aiming to transform into a corporate culture that motivates staffs to think and act based on Compliance First policy

Initiatives in Q1FY2022

- ◆ **Improve risk sensitivity and compliance awareness**
Made all employees familiar with how to effectively utilize in-house legal consultation and the system for searching judicial precedents. In addition, conducted training on the handling of important information, the new sublease law, and the revised Whistleblower Act. To eradicate harassment, a declaration on harassment was obtained from managers and above, and made available to all officers and employees.
- ◆ **Strengthen the functions of risk and compliance representatives in each department**
The operation of Risk Management Committee and Compliance Committee has been reviewed, and instead of secretariat, the persons in charge of risk management and compliance in each department lead the discussion. As a result, discussions on analysis of causes and preparing measures to prevent recurrence have become more active.

Established Procurement Department and Procurement Management Committee

Tightened the control of procurement process of goods and services including supplier selection based on Leopalace21 Group CSR Procurement Guidelines

Procurement department

- ◆ Newly established department in the Business Management Headquarters on Jan 26, 2022 in order to adhere to the CSR Procurement Guidelines.
- ◆ Procurement department will proceed with planning and execution of purchasing processes such as bidding, and will procure based on transparent and strict purchasing processes such as bidding for each type of transaction and type of procured product.

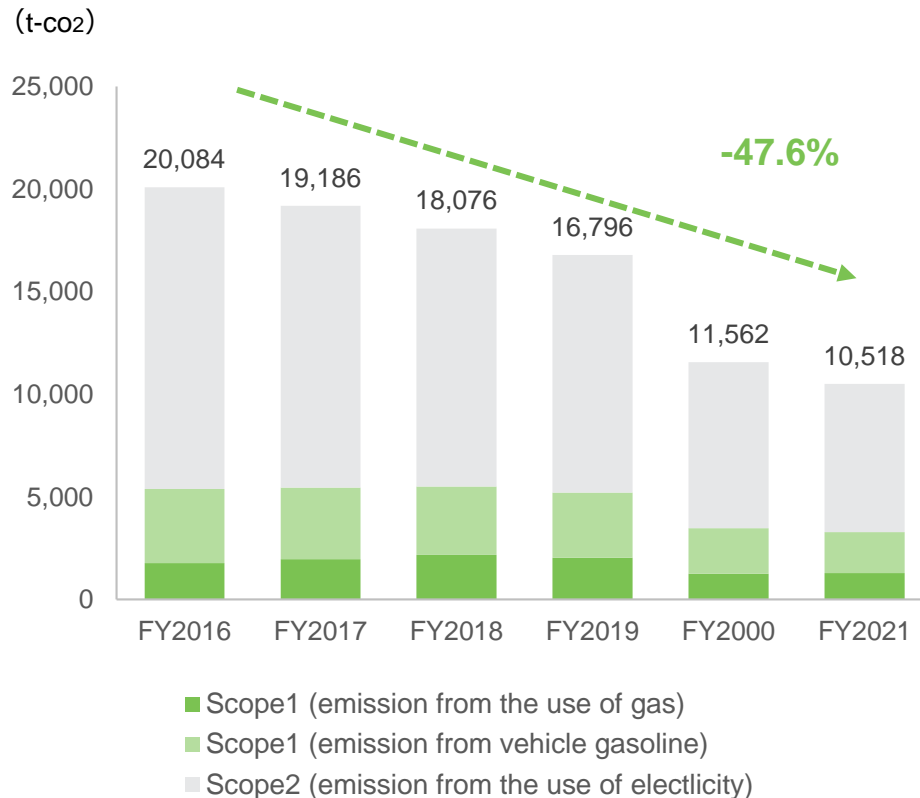
Procurement Management Committee

- ◆ Chaired by CEO and consisted of GM of the Business Management Headquarters, CLO, and the head of each management department.
- ◆ Deliberation and decision on important matters related to purchasing, ensuring appropriate quality and stricter selection of suppliers.

Achieved CO₂ emissions reduction targets for Scope 1 and 2 (from electricity, gas, and gasoline). The Company updated a goal of reducing the Scope 1 and 2 CO₂ emissions by 46% in FY 2030 compared to FY 2016.

CO₂ Emissions for Scope 1 and 2

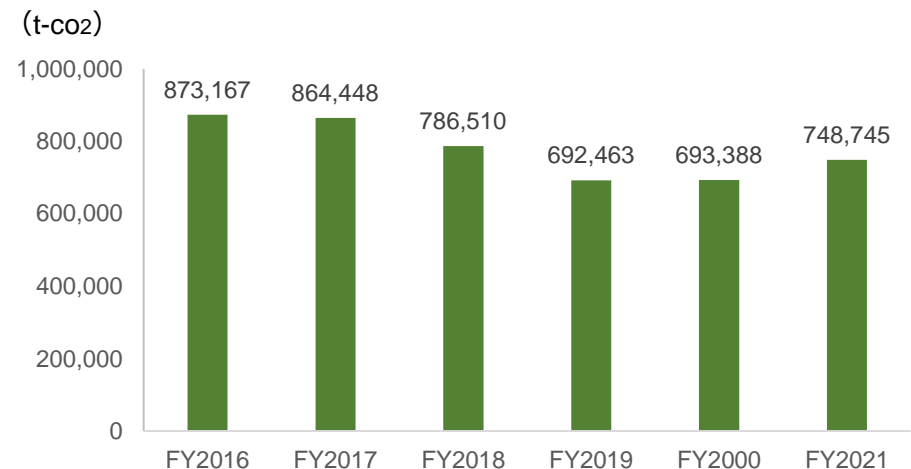
Goal:
Reduce the emissions by 46% in FY2030 compared to FY2016



Disclosure Based on TCFD Framework

- ◆ The Company expressed to support the recommendations by TCFD and participated in the consortium during FY2021.
- ◆ Launched a project for disclosure based on TCFD framework.
- ◆ The Company disclosed its activities in July 2022 on the corporate governance report.

CO₂ Emissions for Scope 3



Chapter 6

Construction Defects Management

Expected number of repaired units in the future: About 36,000 rooms

Of the 89,303 rooms that have been deducted “repairs completed” from "requiring repairs" in the below table, 22,611 rooms have been found defective as a result of the investigation. It is estimated that about 36,000 rooms need repairs, by adding 22,611 rooms to about 13,300 uninvestigated rooms that are estimated to be defective based on the past investigation results.

(As of July 2022)

Apartment series	No. of buildings	No. of buildings containing obvious defects	No. of all rooms which corresponds to No of buildings containing obvious defects	No. of rooms		Expected No. of to-be-repaired rooms
				requiring repairs	with repairs completed	
Nail Series / Six Series Total	15,283	7,752	121,813	87,669	45,546	21,000
Other Series Total	23,802	4,614	71,792	53,296	6,116	15,000
Grand Total	39,085	12,366	193,605	140,965	51,662	36,000

■ Status up to June 2022

Priority has been given to repairing rooms for which tenant recruitment was suspended because of obvious defects. Completed about 51,000 rooms by the end of June 2022.

■ Plan for July 2022 onward

Complete repairs for approximately 6,000 rooms by the end of March 2023

Steadily repair construction defects while continuing to rebuild the financial base. Aims to eliminate the rest of rooms with obvious defects **by the end of 2024.**

Progress of repair work: <https://www.leopalace21.co.jp/info/en/news/progress.html>

Fundamental approach to prevent recurrence : <https://www.leopalace21.co.jp/info/en/approach.html>

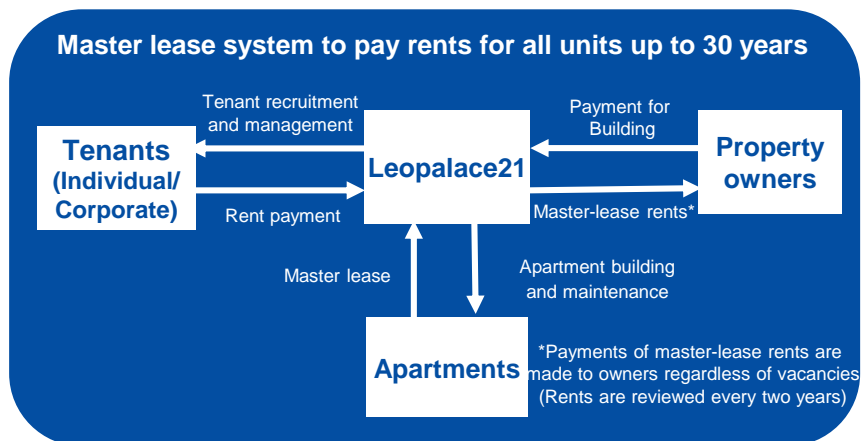
Appendix

Corporate Data (as of June 30, 2022)

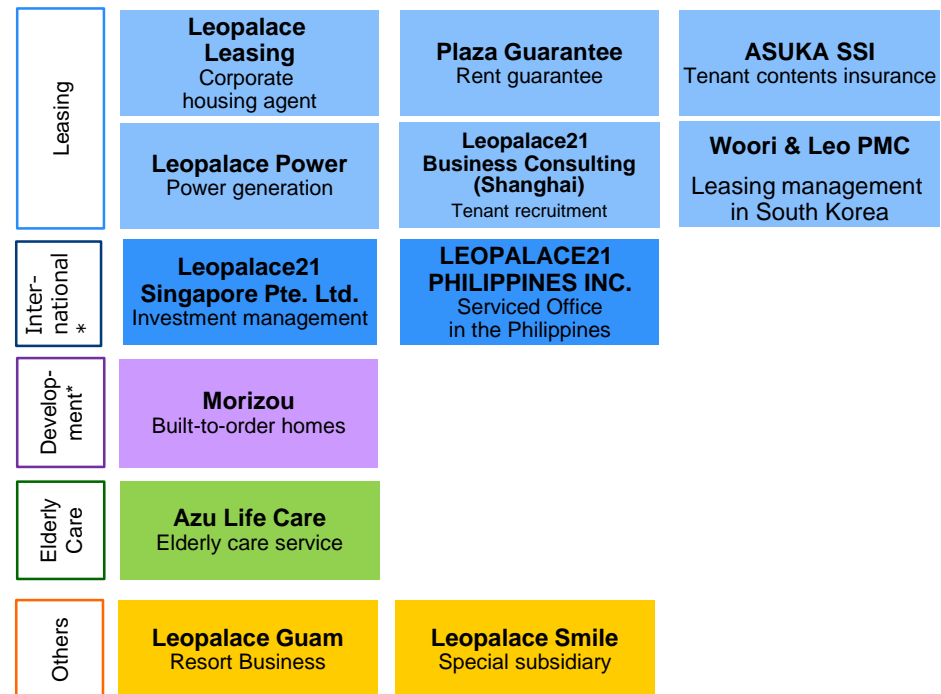
Established	August 17, 1973
Paid-in Capital	JPY 100 million
Representative Director	Bunya Miyao, President and CEO
Employees	4,265 (consolidated), 3,514 (non-consolidated)
Authorized Shares	750,000,000
Outstanding Shares	329,389,515 shares (not including 159,748,700 dilutive shares)
Shareholders	50,972 (as of March 31, 2022)

Business Model

Offer 570,000 studio-type units equipped with furniture and home appliances
 approx. 80% of listed companies have used Leopalace21's services



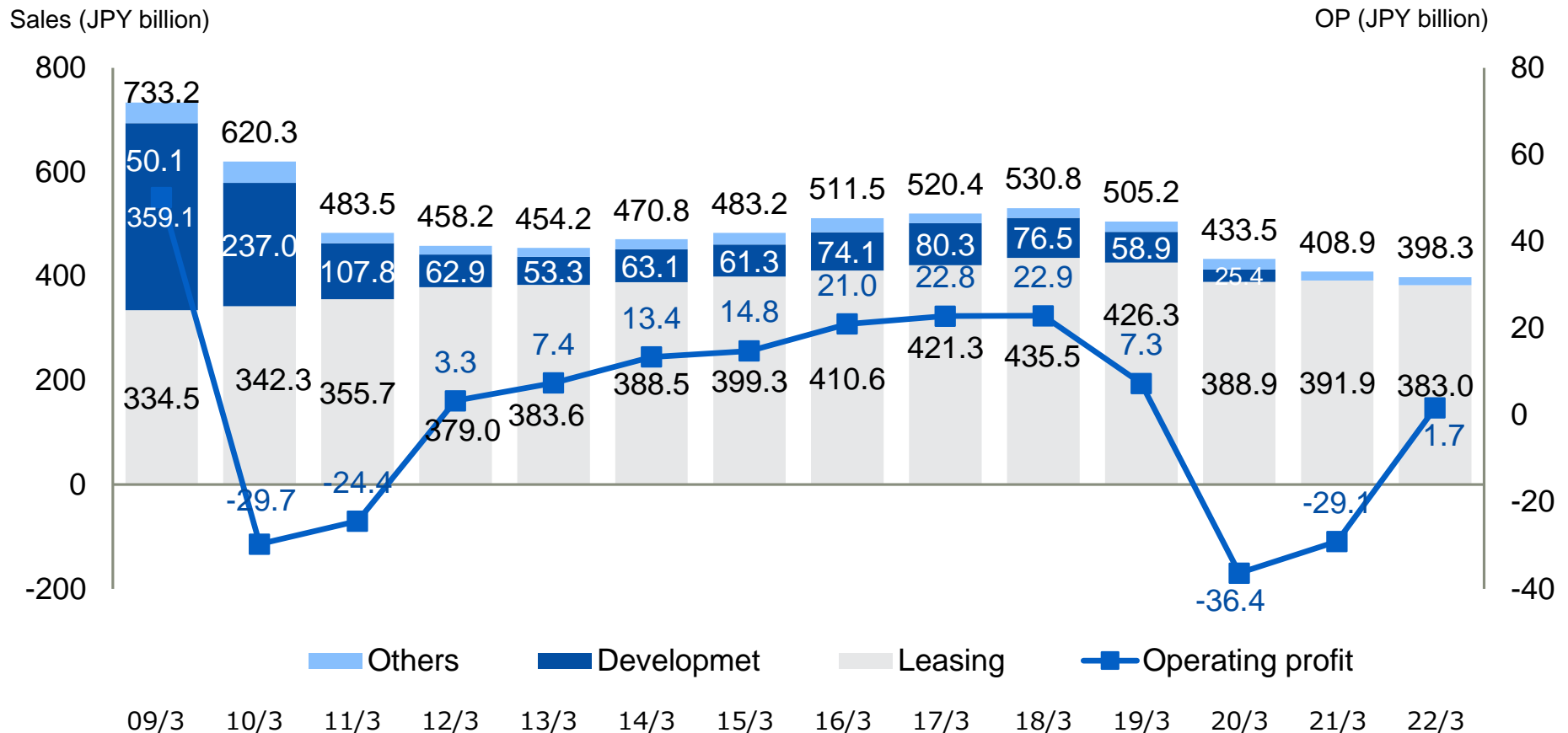
Group Companies (as of June 30, 2022)



- Results of the International Business and the Development Business are reported under the Leasing Business segment

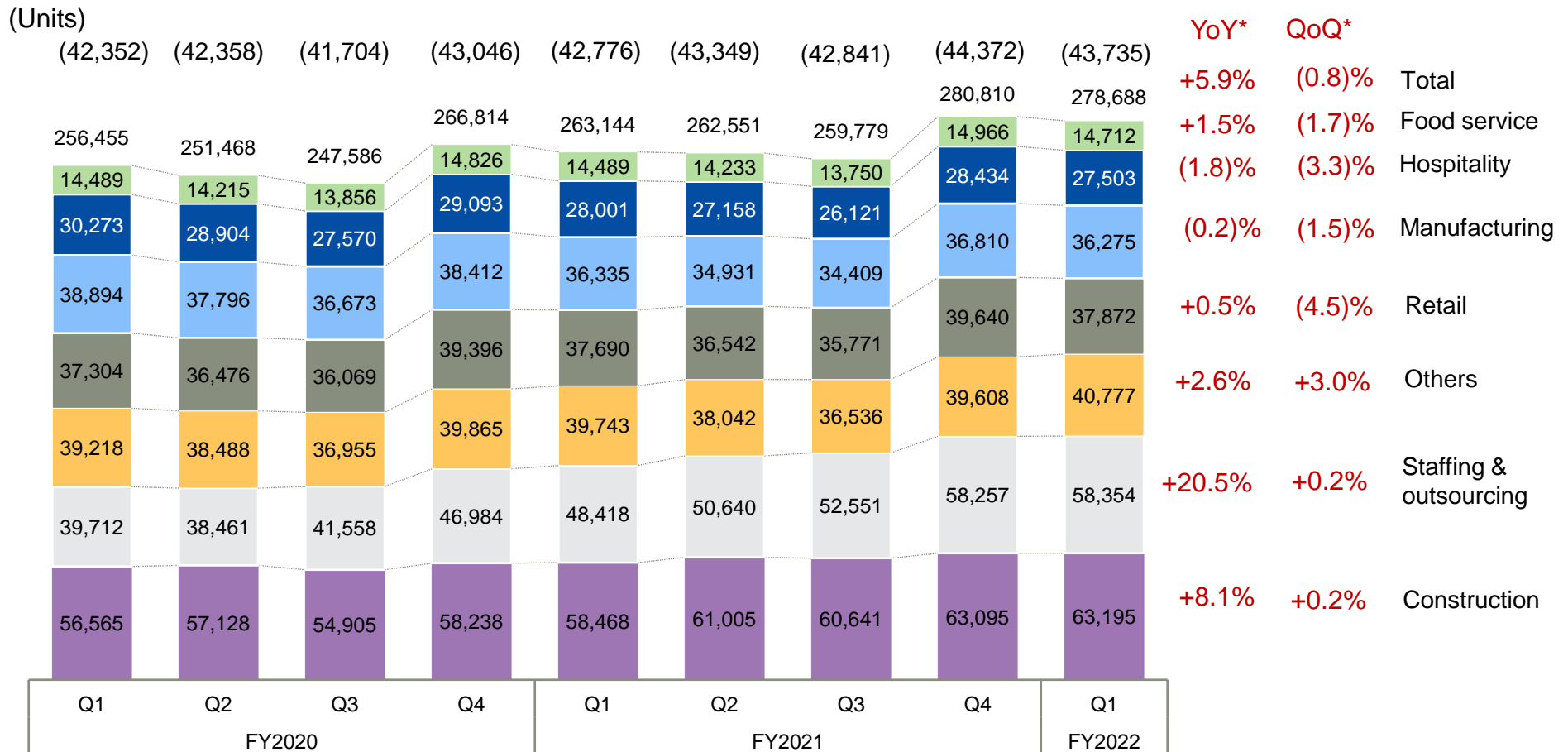
Leopalace21 reported operating losses for two consecutive years in FY2009 and FY2010 affected by the Lehman Collapse. As a result, the Company shifted the business model to center on the Leasing Business in order to realize a stable earnings structure for the mid to long term. Construction defects problem was revealed in FY2018. The Company recorded operating losses for the two consecutive years from FY2019 hit by COVID-19 impact despite its effort to be profitable by implementing structural reforms in FY2020. Operating income became positive in FY2021 by continuing structural reforms.

Results Trends



Approximately 80% of listed companies in Japan have used Leopalace21 services. The strong demand remained in staffing & outsourcing and construction during Q1 FY2022. Others includes education which increased much because of easing of entry restrictions in Japan.

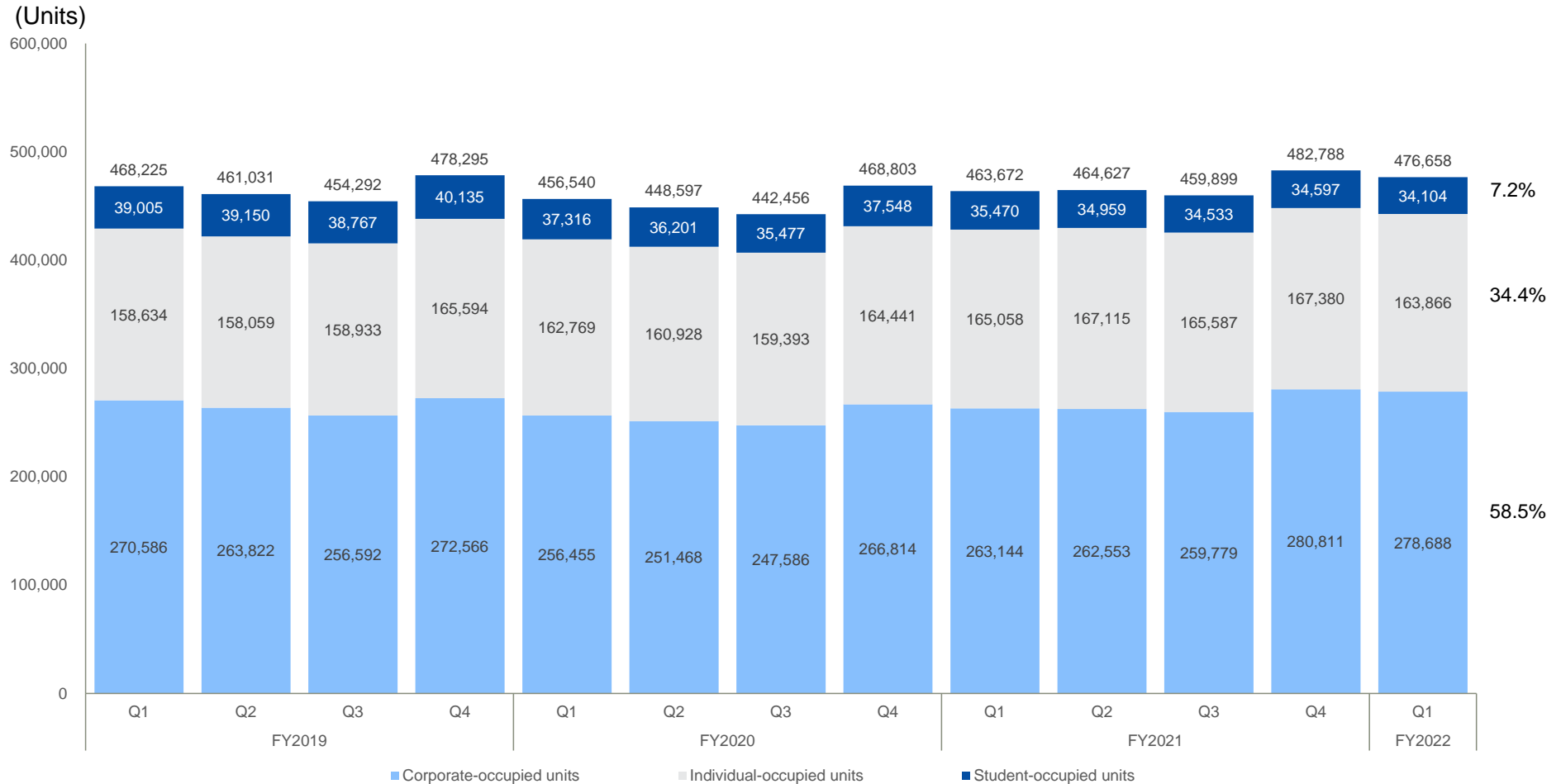
Number of Occupied Units by Industry



* YoY: compared with Q1 FY2021, QoQ: compared with Q4 FY2021

The number of occupied units under corporate contracts has substantially increased YoY by implementing measures to improve the occupancy rate and mitigated impact of COVID-19 pandemic.

Shares of Occupied Units by Group*



* Figures are as of the end of each quarter

Occupancy rate of all prefectures except Wakayama, Tottori, Tokushima, and Kagoshima increased YoY due to the implementation measures to improve occupancy rate amid the general downturn QoQ during the slack period. The national market has been divided into 7 areas since FY2021 in which sales and profit are individually managed.

Managed Units and Occupancy Rates by Area

Managed unit: in thousands, Occupancy:%	Q1 FY2022			
	Managed units	Occupancy rate	YoY	QoQ
Hokkaido	13	81%	+8p	+3p
Aomori	4	86%	+1p	+2p
Iwate	3	92%	+1p	-2p
Miyagi	10	83%	+3p	-1p
Akita	2	96%	+6p	+2p
Yamagata	4	86%	+2P	+3p
Fukushima	10	81%	+2P	-1p
Ibaraki	15	82%	+5p	-2p
Tochigi	11	83%	+7p	-1p
Gunma	12	78%	+1p	-1p
Saitama	46	84%	+4p	-1p
Chiba	34	78%	+1p	-1p
Tokyo	45	85%	+4p	±0p
Kanagawa	41	88%	+5p	-2p
Toyama	5	78%	+2p	-2p
Ishikawa	5	78%	+7p	+3p

Managed unit: in thousands, Occupancy:%	Q1 FY2022			
	Managed units	Occupancy rate	YoY	QoQ
Fukui	4	92%	+1p	-2p
Yamanashi	4	89%	+7p	+3p
Nagano	11	87%	+5p	+1p
Niigata	9	80%	+2p	+1p
Gifu	7	85%	+4p	-2p
Shizuoka	24	77%	+3p	±0p
Aichi	41	87%	+3p	-2p
Mie	12	82%	+5p	-2p
Shiga	8	93%	+7p	-1p
Kyoto	9	88%	+5p	-1p
Osaka	31	82%	+4p	-1p
Hyogo	22	84%	+2p	-1p
Nara	3	85%	+3p	-2p
Wakayama	3	76%	-1p	-2p
Tottori	2	85%	-7p	-6p
Shimane	2	96%	+3p	±0p

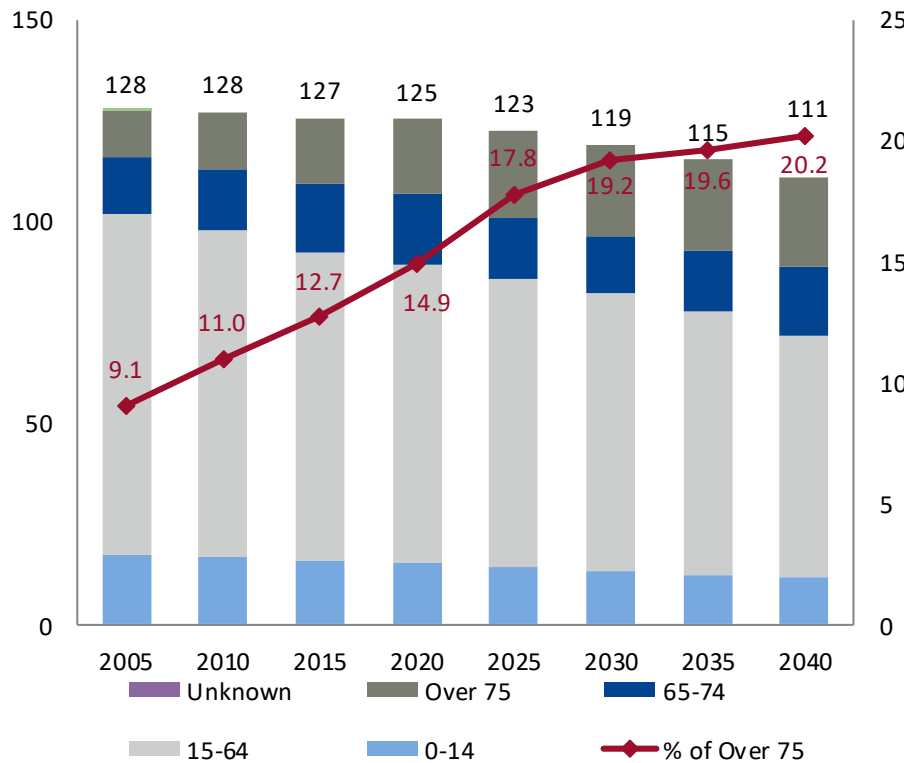
Managed unit: in thousands, Occupancy:%	Q1 FY2022			
	Managed units	Occupancy rate	YoY	QoQ
Okayama	12	82%	±0p	-2p
Hiroshima	14	87%	+3p	-1p
Yamaguchi	7	89%	+4p	-1p
Tokushima	2	83%	-5p	-6p
Kagawa	5	81%	+4p	+1p
Ehime	4	88%	+2p	+2p
Kochi	2	81%	±0p	-6p
Fukuoka	20	86%	+2p	-1p
Saga	3	91%	+5p	±0p
Nagasaki	2	92%	+5p	-1p
Kumamoto	7	91%	+5p	+1p
Oita	4	84%	+1p	±0p
Miyazaki	2	84%	±0p	±0p
Kagoshima	3	85%	-1p	-1p
Okinawa	5	93%	+3p	-1p
Total	565	84%	+3p	-1p

* YoY: compared with Q1 FY2021, QoQ: compared with Q4 FY2021

Total population will decrease to 110.92 million in 2040, accelerating the aging society in Japan. On the other hand, single-person households, which is the Company's main target, will continue to increase.

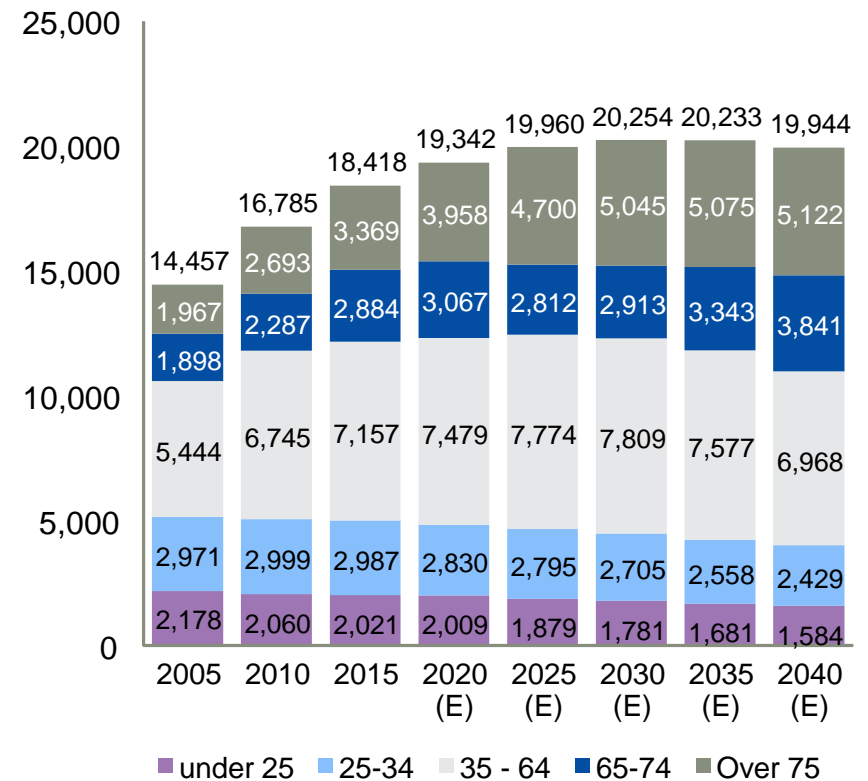
Number of General Households by Category

(Millions of people)



Number of Single-person Households by Age

(Thousands of households)



Source: White Paper on the Ageing Society prepared by Cabinet Office
 Excerpted from "Future Estimates of Households in Japan" (2018, National Institute of Population and Social Security Research)

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*Business hour: 9:00-18:00 (except Saturdays, Sundays and Company holidays)

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