

Company Name: **Leopalace21 Corporation**
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Notice Concerning Revision of Earnings Forecasts

Leopalace21 Corporation (Headquarters: Nakano, Tokyo; President and CEO: Bunya Miyao; the "Company") announced the following revision of earnings forecasts for the first half ended September 30, 2022 considering the recent performance trends comparing with the previous earnings forecasts which were announced on May 16, 2022.

1. Revision of Earnings Forecasts

[Consolidated]

Revision to earnings forecasts for the first half of the fiscal year ending March 31, 2023

(Apr 1, 2022 – Sep 30, 2022)

(JPY Million)

	Net sales	Operating profit	Recurring profit	Net income attributable to shareholders of the parent	Net income per share (JPY)
Previous forecast (A)	202,400	2,600	100	(1,000)	(3.04)
Revised forecast (B)	202,500	7,000	5,400	3,700	11.25
Amount change (B – A)	100	4,400	5,300	4,700	
Percentage change (%)	0.0	169.2	—	—	
(Reference) Results for H1 of FY ended March 2022	199,550	809	(1,332)	647	1.97

[Non-consolidated]

Revision to earnings forecasts for the first half of the fiscal year ending March 31, 2023

(Apr 1, 2021 – Sep 30, 2022)

(JPY Million)

	Net sales	Recurring profit	Net income	Net income per share (JPY)
Previous forecast (A)	195,500	1,300	1,200	3.65
Revised forecast (B)	195,800	6,700	5,100	15.50
Amount change (B – A)	300	5,400	3,900	
Percentage change (%)	0.2	415.4	325.0	
(Reference) Results for H1 of FY ended March 2022	192,187	(1,672)	1,398	4.25

2. Reasons for Revision of Consolidated Earnings Forecasts

Although occupancy rates were lower than the planned from July to September, the Company expects sales to be almost in line with the initial forecast due to higher average unit rent.

Gross profit and operating profit are expected to increase significantly because, in cost of sales, preventive apartment maintenance expenses were not spent as planned, and a reversal of provision for apartment vacancy loss of JPY 1.5 billion was recorded in the first half in contrast to the planned reversal of JPY 3 billion at the end of the fiscal year, and in SG&A expenses, lack of sufficient number of new employees against the hiring plan and underspent system investment expenses contributed to the reduction.

Note: The forecasts of financial results reported herein were prepared based on the information available as of the date on which this material was announced, and actual results may differ from the forecasts due to various factors in the future.

3. Earnings Forecasts for the Full Fiscal Year

Although the profit level for the first half of the fiscal year significantly exceeded the forecast at the beginning of the fiscal year, the forecast for the full fiscal year has not been revised because the suppression of cost of sales and SG&A expenses is due to the postponement of the cost or expenses which will be recorded in line with the plan during the rest of the fiscal year. Considering the impact of the new coronavirus infection and the uncertain outlook for the market, including the economic and financial situation, the Company has decided to leave the full-year forecasts unchanged from those announced on May 16, 2022.

If it becomes necessary to revise the earnings forecast in the future, the Company will disclose it promptly.

The Company is going to hold an announcement of business results and briefing session for the first half of the fiscal year ending March 31, 2023 for institutional investors and security analysts on Friday, November 11, 2022 at 5:00 pm. Those who wish to attend in the event, please register at the following URL. The event is hold in Japanese language only. The summary of content is provided in English at a later date.

URL for registration: https://zoom.us/webinar/register/WN_hvt2nC8pSMGqwT5gD9YrDg

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