







Leopalace21 Corporation

Financial Results for Q1 Fiscal Year 2023



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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.

**Leasing
Business**

Average occupancy rate during Q1 FY2023 was **87.03%** which almost remained in line with the plan, while average rent was increased and significantly exceeded the plan.

PL

Net sales: JPY 106.3 billion, operating profit: JPY 7.6 billion, net income: JPY 6.6 billion

Achieved plan for sales and profits for each stage.

This was the record-high operating profit and net income for Q1 since the 2007-2008 global financial crisis.

BS

Cash and deposits at the end of Q1 were JPY 58.1 billion (+ JPY4.5 billion, compared with Q4 FY2022), the first increase in Q1 vs Q4 in the previous year since the global financial crisis.

Equity ratio improved to 18.2%.

**Construction
Defects
Management**

In Q1, the number of units repaired was 2,105, in line with the plan. The number of units expected to be repaired is **about 26,900** (as of the end of July 2023).

The Company has started discussing with tenants so that repair works can be done before moving out in order to further accelerate the progress.

**Acquisition
of Treasury
Stock**

Announced acquisition of treasury stock, with maximum of **JPY 10 billion and 50 million shares** during the period of **July 6, 2023 - January 5, 2024**.

Chapter 1

Outline of the Financial Results for Q1 FY2023

1

Strengthen profitability and stabilize financial base

Increase ownership equity by strengthening profitability, and consider improving shareholder return and capital efficiency.

Average occupancy rate
87.20%

Operating profit
JPY 13.9 billion

Occupancy rate at March-end
91.40%

Net income
JPY 7.4 billion

Equity ratio
17.7%

2

Promote structural reform and DX

Continue constant structural reforms and utilize digital technology to improve customer convenience and operational efficiency.

Transfer or withdraw from non-core unprofitable businesses

Work out an effective human resources strategy

Steadily build up smart lock installation

3

Carry on repairing construction defects

Continue repairing obvious construction defects to complete it by end of Dec 2024.

Reinforce the structure to achieve the repair plan and utilize company-wide available resources.

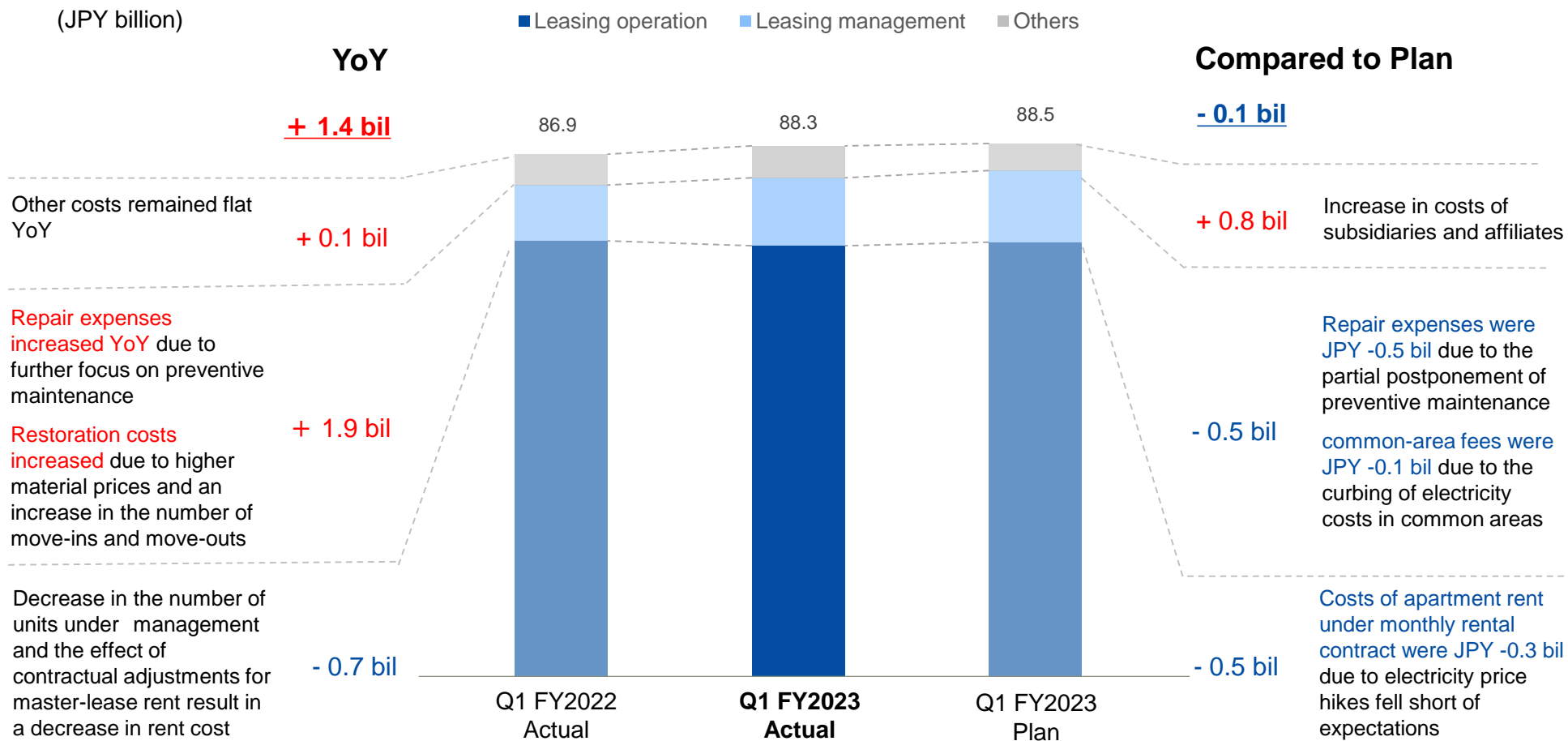
Strengthen governance

Achieved plan for sales and profits for each stage.

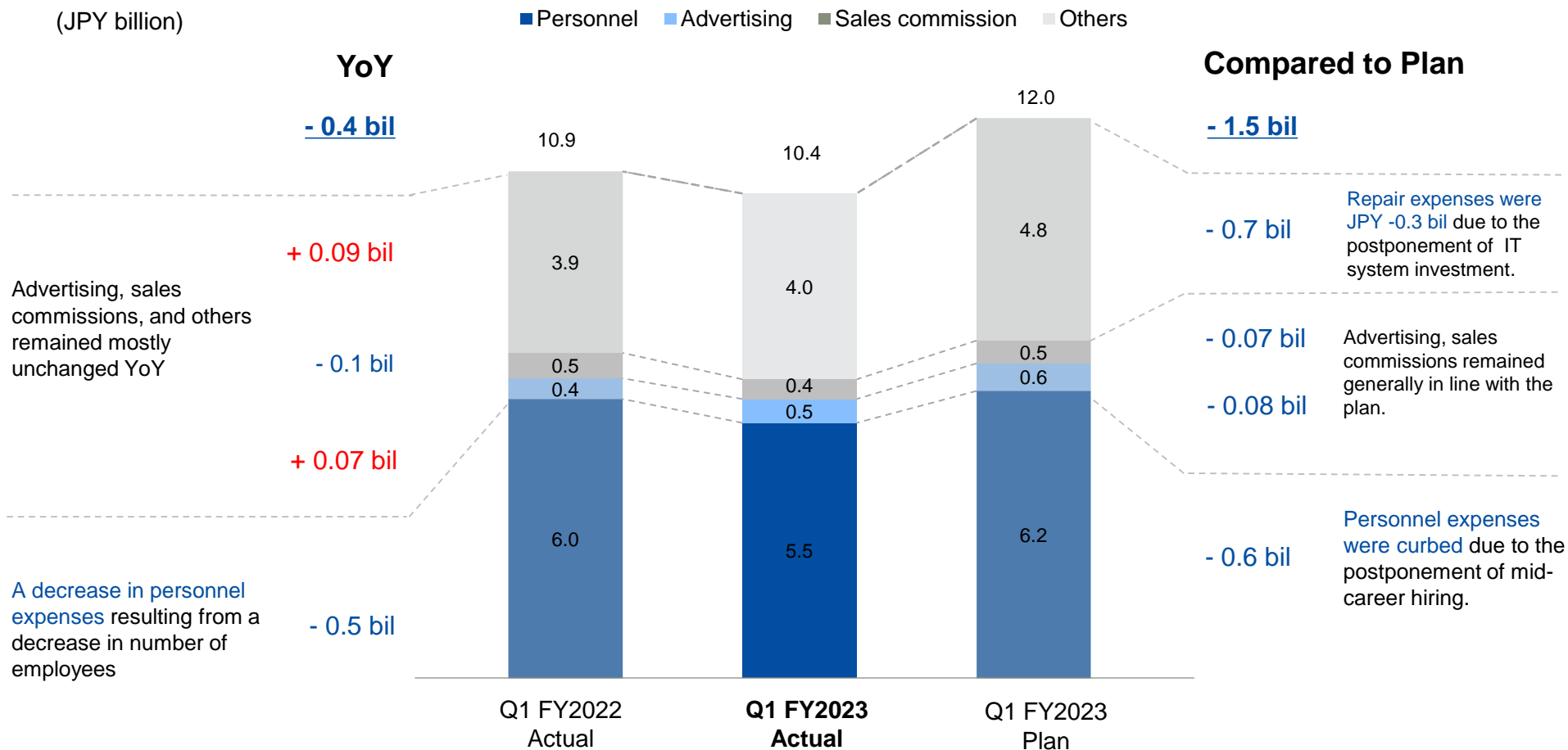
This was the record-high operating profit and net income for Q1 since the 2007-2008 financial crisis.

(JPY million)	FY2022 Q1 Actual	FY2023 Q1 Plan	FY2022 Q1 Actual			Factors contributing to changes
				YoY	Compared with Plan	
Net sales	101,406	104,900	106,375	+4,968	+1,475	<u>Net sales</u> JPY +1.4 bil against the plan due to the increase in average rents while occupancy rates remained almost in line with the plan.
Cost of sales	86,908	88,500	88,308	+1,400	(191)	
Gross profit	14,498	16,400	18,066	+3,567	+1,666	<u>Cost of Sales</u> JPY +1.4 bil YoY as a result of continuing to focus on preventive maintenance from FY2022 and an increase in restoration costs due to higher material prices and an increase in the number of move-ins and move-outs.
%	14.3%	15.6%	17.0%	+2.7p	+1.4p	
SG&A	10,919	12,000	10,444	(475)	(1,555)	<u>SG&A</u> JPY -1.5 bil compared to the plan resulting from the postponement in hiring employees and IT system investment.
Operating profit	3,579	4,400	7,622	+4,043	+3,222	
%	3.5%	4.2%	7.2%	+3.7p	+3.0p	
EBITDA	5,453	6,100	8,959	+3,506	+2,859	<u>Recurring profit</u> Recording of interest expenses of JPY 1.0 bil.
Recurring profit	2,643	3,200	6,851	+4,208	+3,651	
Net income	1,630	2,500	6,627	+4,997	+4,127	<u>Net income</u> JPY 320 mil in reversal of provision for losses related repairs was recorded as extraordinary income.
Ave. occupancy rate	84.19%	87.03%	87.03%	+2.84p	±0.00p	
EPS (JPY)	4.96	7.60	20.14	+15.18	+12.54	

Cost of sales increased YoY due to an increase in leasing management costs, but remained generally in line with the plan.



SG&A expenses were lower than planned due to the postponement of mid-career hiring and the control of other expense items.



*Others: Taxes and public charges, commission expense, rent expense, repair and maintenance expenses, depreciation and amortization, etc.

The Company expects no increase in deferred tax assets.

Operating profit and EBITDA is planned to recover and reach the level before the revelation of construction defects problem in FY2024.

(JPY million)	FY2023 Plan	YoY	Factors Contributing to Changes	FY2023 Plan (reference)	YoY
Sales	419,800	+13,351	Sales from Leasing Business grow substantially due to increased occupancy rates.	432,200	+12,400
Cost of sales	355,400	+2,237	The exercise of contractual adjustments for master-lease rent has run its course, which will take effect in the reduction of leasing operation cost.	353,000	(2,400)
Gross profit	64,400	+11,115		79,200	+14,800
%	15.3%	+2.2 p	Increased utility cost affects cost of apartment rent under monthly rental contract. Higher restoration and maintenance costs due to soaring material and labor unit costs. Balance of provision for apartment vacancy loss remains unchanged.	18.3%	+3.0 p
SG&A	50,500	+7,094		55,400	+4,900
Operating profit	13,900	+4,021	Personnel expenses increase mainly due to base salary increase and provision for bonuses. Other elements include IT system investment and resumption of new graduate hiring	23,800	+9,900
%	3.3%	+0.9 p		5.5%	+2.2 p
EBITDA	20,500	+4,050		30,400	+9,900
Recurring profit	9,400	+2,874	No extraordinary income/losses are planned. No increase in deferred tax assets is expected. (FY2022 actual: JPY +18.5 billion)	20,100	+10,700
Net income	7,400	(12,410)		18,100	+10,700
Average Occupancy rate	87.20%	+2.54 p	Occupancy rate is expected to steadily grow.	89.62%	+2.42 p
ESP (JPY)	22.49	(37.73)		55.01	+32.52

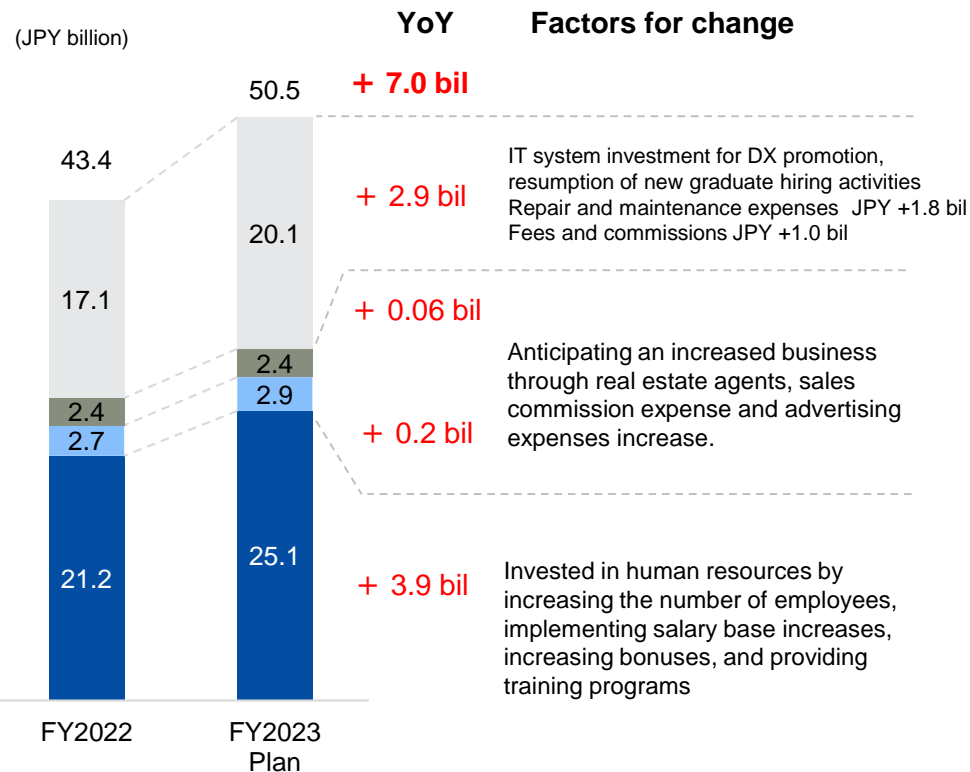
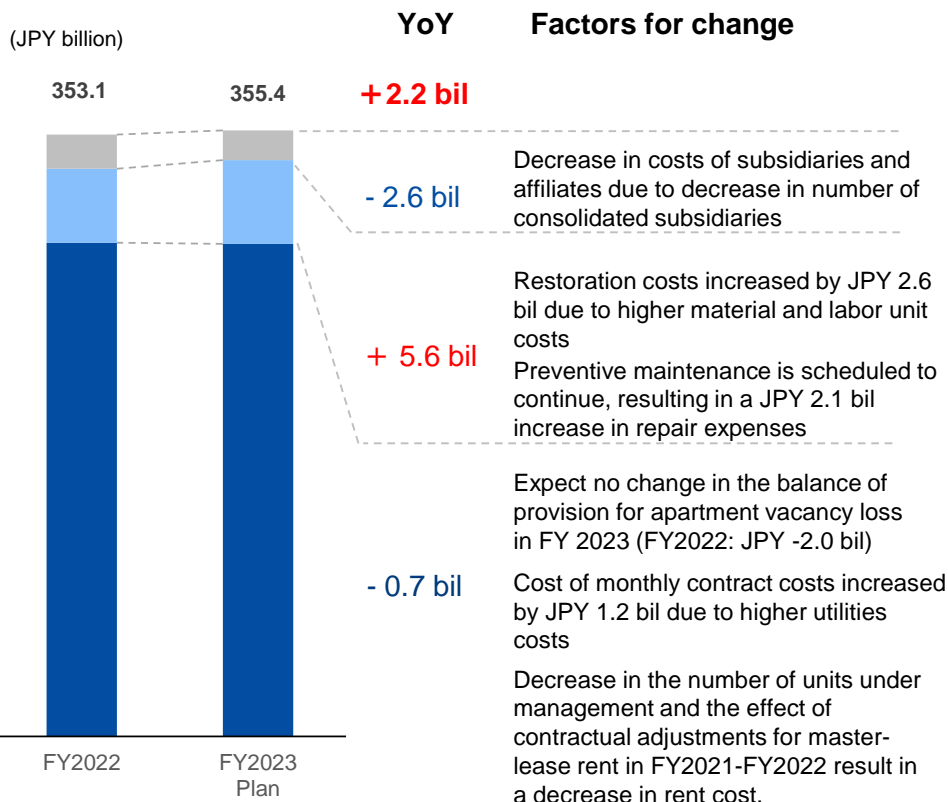
The Company will focus on restraining costs through selective concentration for FY2022 onward in order to achieve sustainable growth, in addition to cutting costs across the Company since the revelation of the construction defects problem.

Cost of sales

SG&A expenses

■ Leasing operation ■ Leasing management ■ Others

■ Personnel ■ Advertising ■ Sales commission ■ Others



Q1 FY2023 results exceeded the plan due to higher average rent and SG&A cost control.

(JPY million)	FY2022				FY2023				
	Q1	Q2	Q3	Q4	Q1		Q2	Q3	Q4
	Actual	Actual	Actual	Actual	Plan	Actual	Plan	Plan	Plan
Sales	101,406	101,053	101,056	102,931	104,900	106,375	104,200	104,400	106,300
Cost of sales	86,908	87,597	87,315	91,341	88,500	88,308	88,300	88,600	90,000
Gross profit	14,498	13,456	13,740	11,590	16,400	18,066	15,900	15,800	16,300
SG&A	10,919	10,073	9,934	12,479	12,000	10,444	12,300	12,400	13,800
Operating profit	3,579	3,383	3,806	(889)	4,400	7,622	3,600	3,400	2,500
Recurring profit	2,643	2,790	3,014	(1,921)	3,200	6,851	2,500	2,300	1,400
Net income	1,630	2,061	1,857	14,261	2,500	6,627	2,000	1,900	1,000

(JPY million)	End of FY2022	End of Q1 FY2023	QoQ
Cash and deposits	53,560	58,158	+4,597
Trade receivables	8,121	7,536	(585)
Total assets	166,548	169,053	+2,505
Interest-bearing debt*	31,849	32,023	+173
Provision for losses related to repairs	17,583	16,517	(1,065)
Provision for apartment vacancy loss	3,590	3,590	± 0
Total liabilities	133,625	130,122	(3,503)
Common stock	100	100	± 0
Capital surplus	136,240	29,391	(106,848)
Retained earnings	(116,006)	(2,530)	+113,475
Total shareholders' equity (A)	20,128	26,756	+6,627
Total accumulated other comprehensive income (B)	3,986	3,999	+12
Ownership equity (A) + (B)	24,115	30,755	+6,640
Equity ratio	14.5%	18.2%	+3.7p
Share subscription rights	284	284	(0)
Non-controlling interests	8,522	7,891	(631)
Total net assets	32,922	38,931	+6,008
Total liabilities and total net assets	166,548	169,053	+2,505

Factors contributing to changes

■ **Cash and deposits**

JPY +4.5 bil from end of FY2022 due to increase in occupancy rate and average rent, as well as continued cost control.

■ **Provision for losses related to repairs**

(current: JPY 6.5 billion; non-current: JPY 10.0 billion)
Decrease of JPY 1.0 bil from end of FY2022 due to progress of repairs and a JPY 320 million reversal of provision for losses related to repairs.

■ **Provision for apartment vacancy loss**

(current: JPY 0.0 bil; non-current JPY 3.5 bil)
No increase or decrease from end of FY2022
Since the occupancy rate has returned to the trend prior to the revelation of construction defects problem, no significant increase or decrease is expected in this FY.

■ **Capital surplus**

Recapitalization on June 29, 2023, transferred JPY 106.8 bil to "Retained Earnings"

■ **Ownership equity**

Net income of JPY 6.6 bil during Q1 was recorded.

■ **Non-controlling interests**

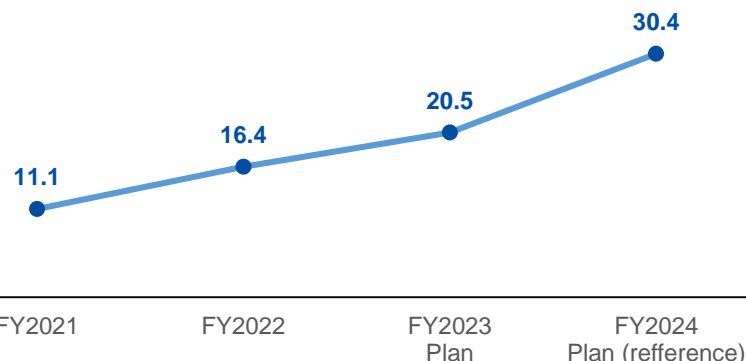
Decreased by JPY 0.6 bil during Q1 FY2023 due to Leopalace Power Corporation's acquisition of its own shares and dividends payments.

* Interest-bearing debt = borrowings + lease obligations

Each key indicator will reach a high level in FY2024 due to the strengthening of Leasing Business and financial base.

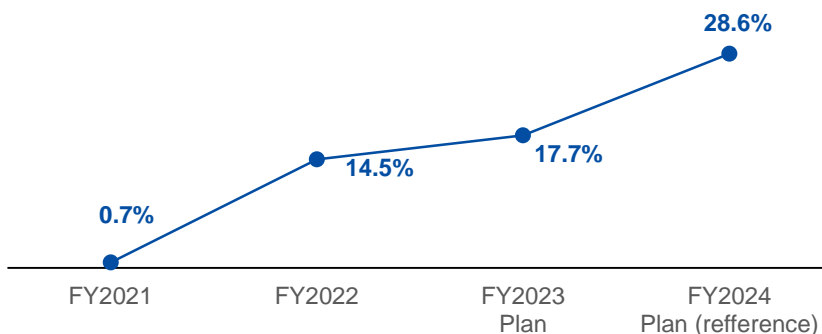
EBITDA*

(JPY billion)



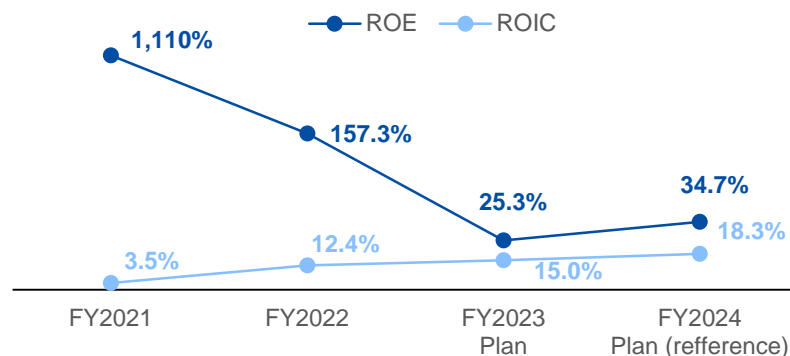
* EBITDA = Operating profit + Depreciation

Equity ratio*



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

ROE*・ROIC**

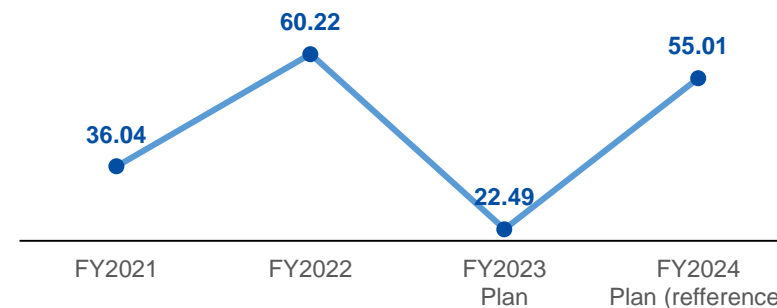


* ROE = Net income / Ownership equity

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

Net income per share (EPS*)

(JPY)



* EPS = Net income / Number of shares outstanding

Eliminate deficit in retained earnings carried forward, which is the source of dividends, through recapitalization.

Capital Reserve Reduction and Appropriation of Other Capital Surplus*

▼ Shareholders' equity (non-consolidated basis)

(JPY billion)	Before appropriation	→	After appropriation
Common stock	0.1		0.1
Capital surplus	131.2		24.3
Capital reserve	51.2	10.0	10.0
Other capital surplus	79.9	121.2	14.3
Retained earnings	(106.8)	(106.8)	0

Note: Arrows in the original image indicate the following changes: Capital reserve decreases by 10.0; Other capital surplus increases by 41.2 and then decreases by 14.3; Retained earnings increases by 106.8.

- 1 Reducing the amount of capital reserve of JPY 41.2 billion and appropriating other capital surplus
- 2 Transferring other capital surplus of JPY 106.8 billion to retained earnings carried forward
- 3 Retained earnings became JPY 0 and compensated for the deficit

Securing a flexible and agile capital policy that enables early resumption of dividends

* Approved at the 50th Ordinary General Shareholders' Meeting on June 29, 2023
Effective date: June 29, 2023

Considering the financial strength and stock price, the Company announced the acquisition of its treasury stock on July 5, 2023.

Details of the acquisition are as follows:

	Number of Shares Acquired	Total Amount of Shares Acquired	Period of Acquisition
Status of Acquisition (as of the end of July)	8,036,000 shares	JPY 2.4 billion	July 6, 2023 – July 31, 2023
Details of Resolution for Acquisition	50,000,000 shares (maximum)	JPY 10 billion (maximum)	July 6, 2023 – January 5, 2024

■ Total treasury stock at term end

As of March 31, 2023	:335,211 shares
As of July 31, 2023	:7,150,961 shares

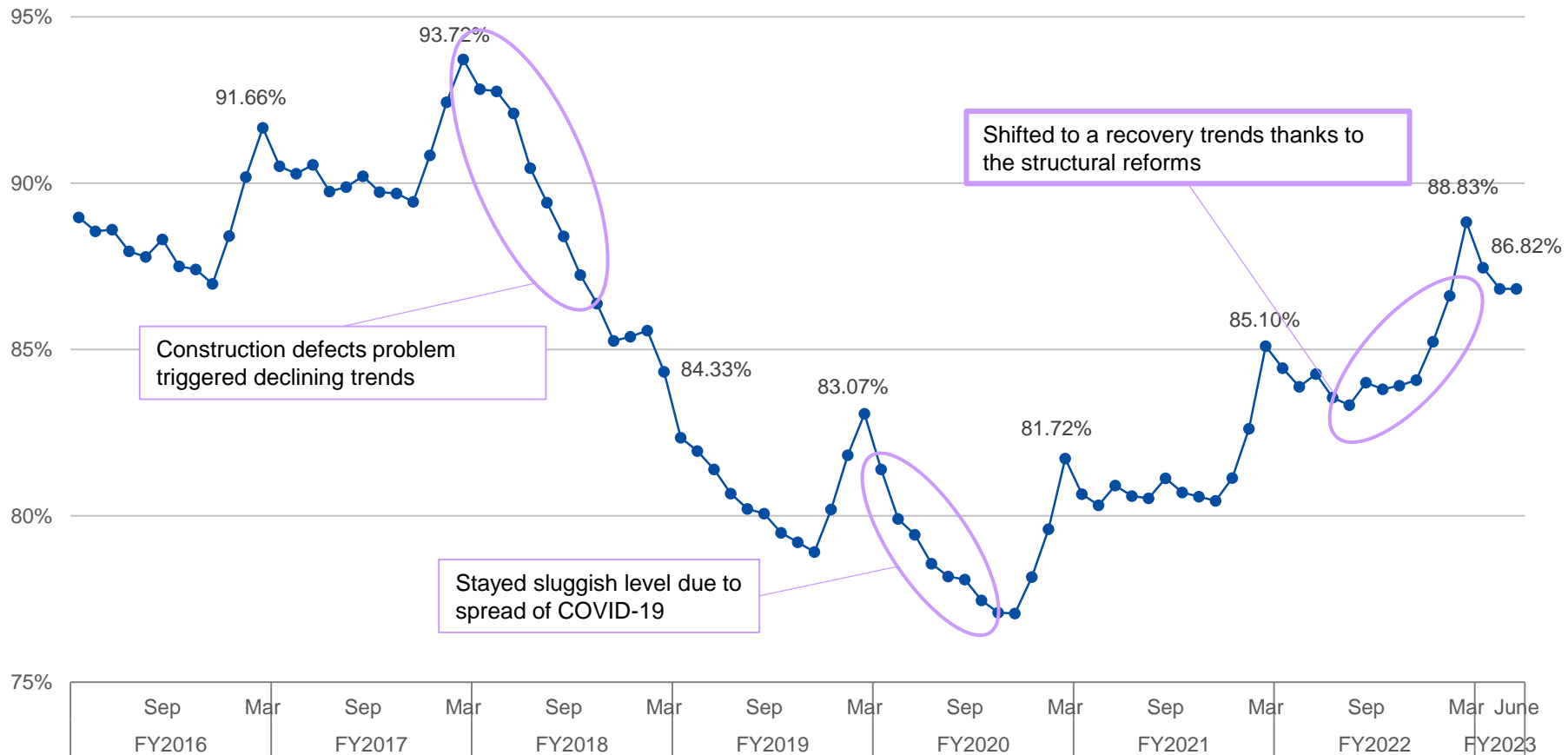
Ref: Notice Concerning Determination of Matters Relating to Acquisition of Treasury Stock (July 5, 2023)
Notice Concerning Status of Acquisition of Treasury Stock (August 4, 2023)

Chapter 2

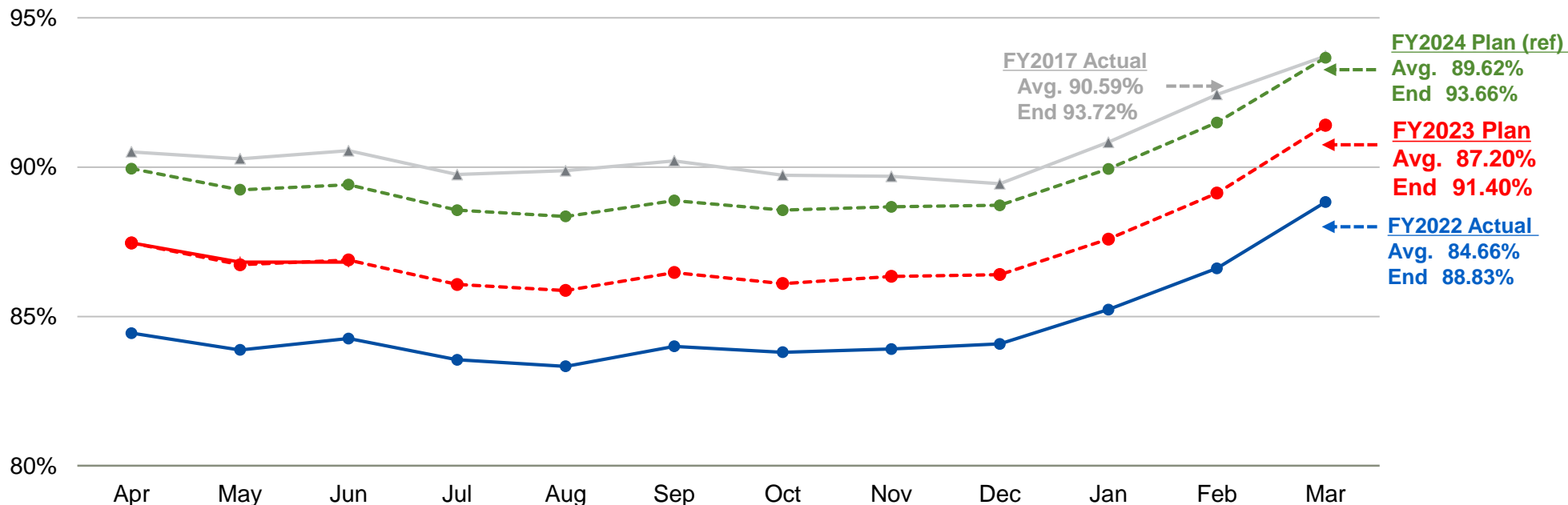
Leasing Business Data and Measures

Occupancy rate had been increasing until FY 2017 after the financial crises, and it began to decrease from FY2018 due to the construction defects problem and COVID-19. The rate bottomed out in December FY2020 and turned to a recovery trends. It remained at the level prior to the revelation of the construction defects problem in FY2022 onward.

Occupancy Rate



The occupancy rates were as planned with the end of Q1 of 86.82%, up 2.56 p compared to the Q1 FY2022 and average rate of 87.03% (YoY +2.84 p). The Company aims to return to the level by the end of FY2024 that it marked in FY2017, just prior to the revelation of the construction defects problem.

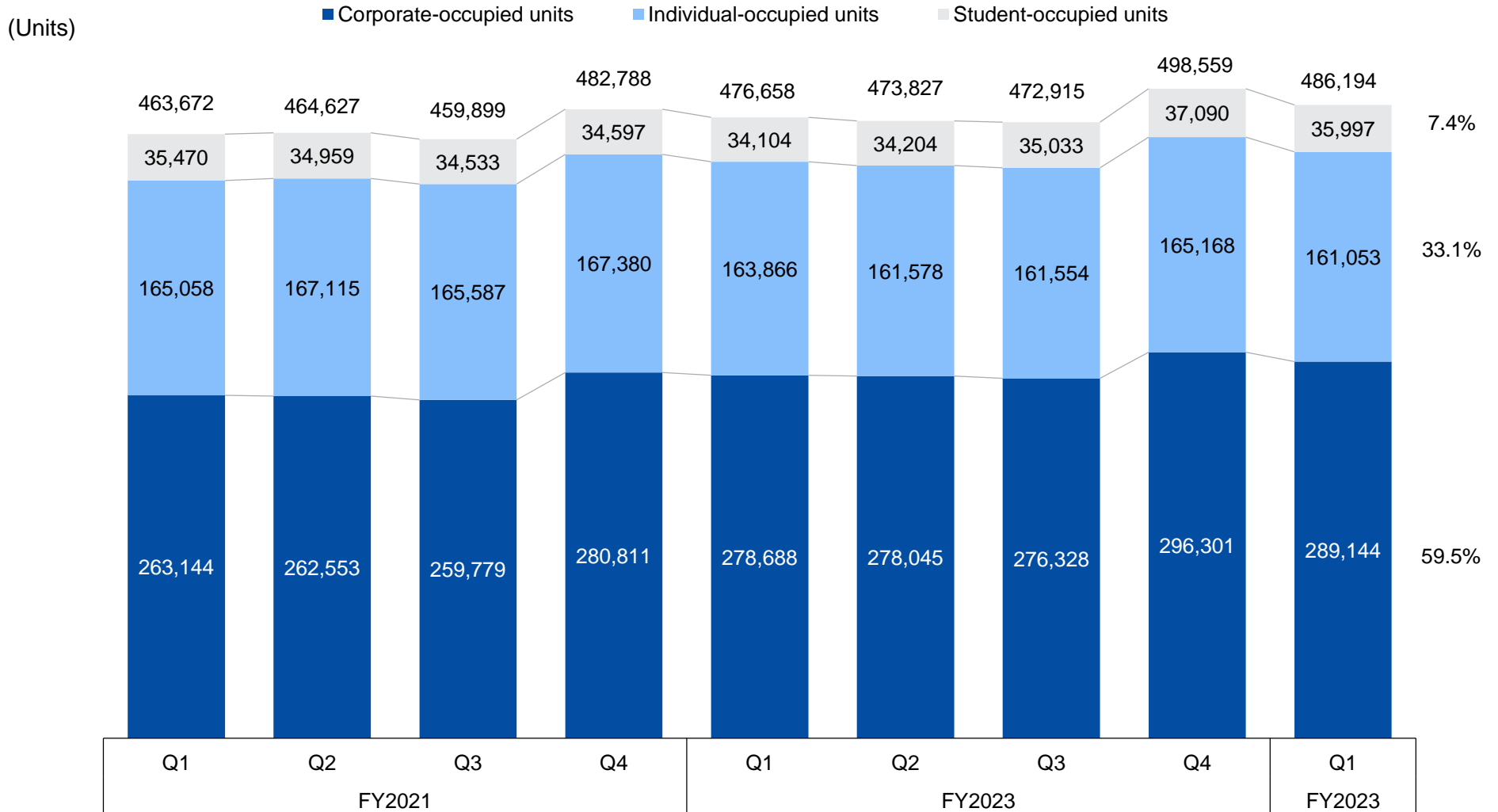


	FY2017	FY2022	vs plan		FY2023 plan	FY2024 plan (reference)		
			vs plan	YoY		YoY	YoY	
Average occupancy rate	90.59%	84.66%	(0.39) p	+3.44 p	87.20%	+2.54 p	89.62%	+2.42 p
Year-end occupancy rate	93.72%	88.83%	+0.39 p	+3.73 p	91.40%	+2.57 p	93.66%	+2.26 p

*Monthly Data: <https://eg.leopalace21.co.jp/ir/finance/getsuji.html>

The number of occupied units by corporate customers grew substantially with 289,144, an increase of 10,456 compared with Q1 FY2022.

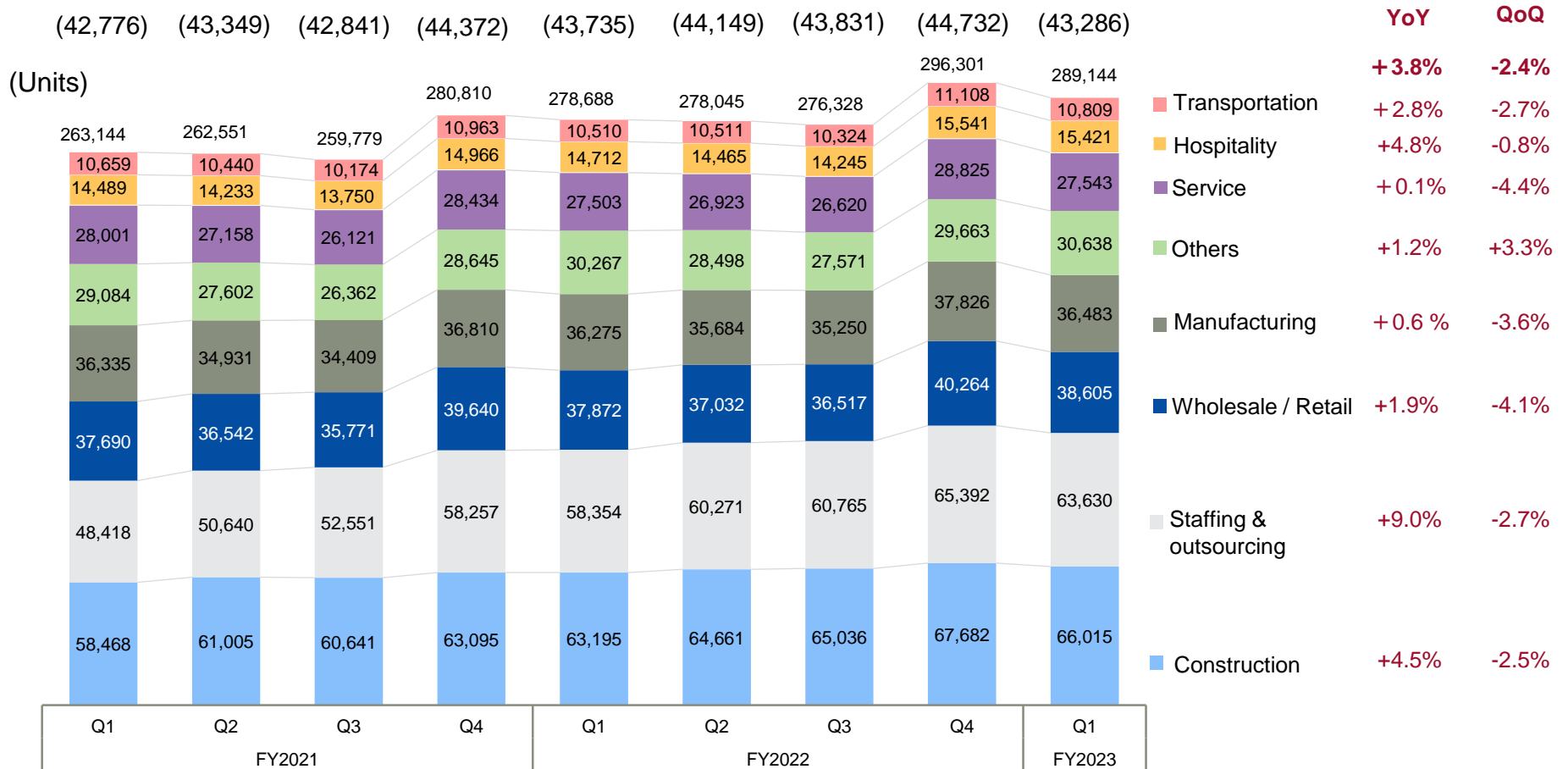
The corporate composition reached all-time high of 59.5% since the global financial crisis.



Approximately 80% of listed companies in Japan use Leopalace21 services.

Staffing & outsourcing and construction sectors showed continued growth. Hospitality showed recovery trends due to mitigation of COVID-19 impact.

No. of companies

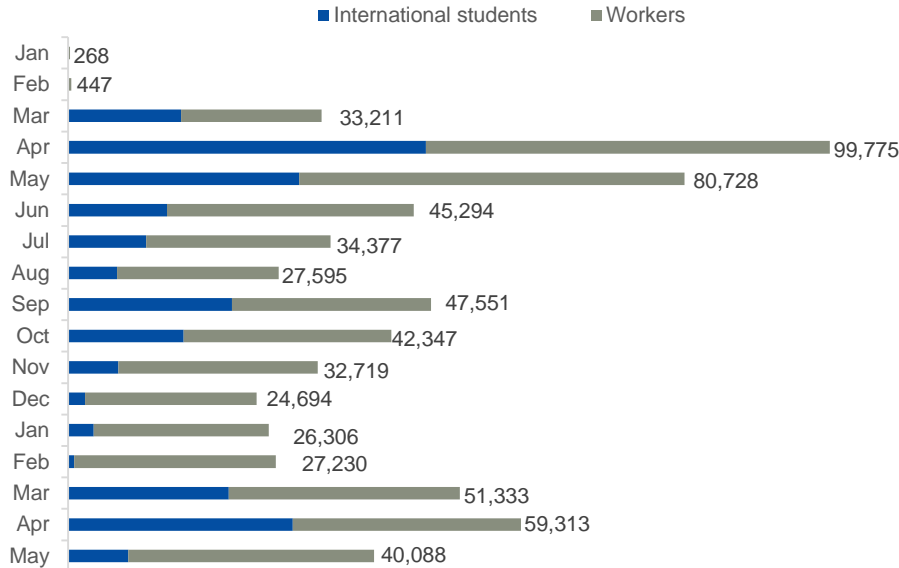


Number of units used by foreign national tenants is about 42 thousand, comprising about 22 thousand individual customers and about 20 thousand under corporate contracts, 8.7% of total occupation. (+1.2 p from end of Q1 FY2022 and -0.1 p from end of Q4 FY2022)

▶ **Contracts with foreign national customers (Individual customers)**

▶ **Q1 FY2023 Actual**
2,133 (- 564 against the plan, - 629 YoY)

▼ **Trends of foreign nationals entering Japan***

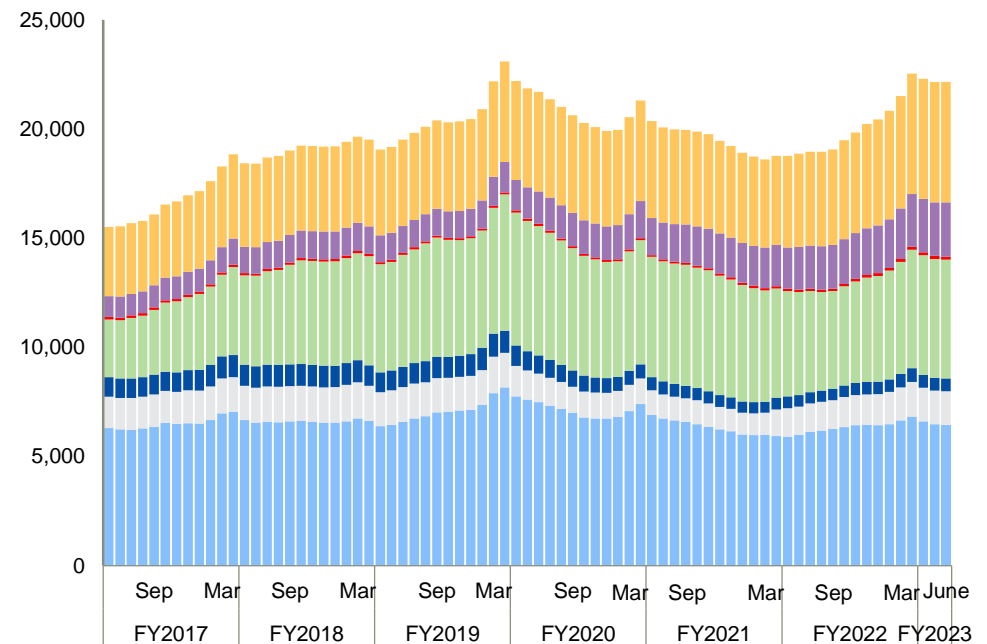


Trends of No. of contracts with individual foreign nationals

China S. Korea Taiwan Vietnam Thailand Other Southeast Asia Other

(Unit)

Q1 FY2023 Actual: 22,152 rooms
 (+16.8% vs Q1 FY2021 Actual, -1.7% vs end of Q4 FY2022)



*Source: Statistics on number of foreign nationals entering Japan by nationality and region

Occupancy rate in Hokkaido and Toyama increased in both YoY and QoQ due to demand for infrastructure construction. The rate in Mie decreased in both YoY and QoQ due to completion of construction projects.

Managed unit: in thousands, Occupancy:%	Q1 FY2023			
	Managed units	Occupancy rate	YoY	QoQ
Hokkaido	13	91%	+10 p	+8 p
Aomori	4	83%	-3 p	±0 p
Iwate	3	94%	+2 p	+1 p
Miyagi	10	87%	+4 p	-2 p
Akita	2	92%	-4 p	±0 p
Yamagata	4	90%	+4 P	+1 p
Fukushima	10	83%	+2 P	-3 p
Ibaraki	15	86%	+4 p	-4 p
Tochigi	11	83%	±0 p	-4 p
Gunma	12	83%	+6 p	-2 p
Saitama	45	89%	+4 p	-2 p
Chiba	33	84%	+5 p	-3 p
Tokyo	43	91%	+6 p	-2 p
Kanagawa	40	89%	+1 p	-4 p
Niigata	9	85%	+6 p	-1 p
Toyama	5	89%	+10 p	+4 p

Managed unit: in thousands, Occupancy:%	Q1 FY2023			
	Managed units	Occupancy rate	YoY	QoQ
Ishikawa	5	82%	+4 p	+1 p
Fukui	4	85%	-7 p	-2 p
Yamanashi	4	87%	-2 p	-4 p
Nagano	11	92%	+5 p	-2 p
Gifu	7	84%	-1 p	-3 p
Shizuoka	24	81%	+4 p	-1 p
Aichi	41	88%	+1 p	-2 p
Mie	11	73%	-9 p	-4 p
Shiga	8	94%	±0 p	-2 p
Kyoto	9	89%	+2 p	-3 p
Osaka	31	85%	+3 p	-3 p
Hyogo	22	87%	+3 p	-2 p
Nara	3	90%	+5 p	-1 p
Wakayama	3	78%	+3 p	-4 p
Tottori	2	83%	-2 p	-4 p
Shimane	2	94%	-2 p	+1 p

Managed unit: in thousands, Occupancy:%	Q1 FY2023			
	Managed units	Occupancy rate	YoY	QoQ
Okayama	12	83%	+1 p	-1 p
Hiroshima	13	89%	+1 p	-3 p
Yamaguchi	7	88%	±0 p	-2 p
Tokushima	2	79%	-5 p	±0 p
Kagawa	5	80%	-1 p	-2 p
Ehime	4	82%	-6 p	-1 p
Kochi	2	82%	+1 p	-5 p
Fukuoka	20	88%	+2 p	-1 p
Saga	3	88%	-3 p	-3 p
Nagasaki	2	94%	+2 p	-1 p
Kumamoto	7	93%	+2 p	-2 p
Oita	4	81%	-3 p	-3 p
Miyazaki	2	85%	+1 p	-3 p
Kagoshima	3	89%	+4 p	-3 p
Okinawa	5	97%	+4 p	±0 p
Total	560	87%	+3 p	+2 p

Refine the occupancy rate boosting measures exercised in FY2022 to achieve the occupancy rate plan.

Corporate: Acquire larger share of business	Individual: Utilize real estate agents and DX solutions
<p data-bbox="99 425 845 496">Obtain customer's buy-in for realizing corporate housing strategy as an expert</p> <ul style="list-style-type: none"> <li data-bbox="99 504 1011 604">◆ <u>Top-level sales activities</u> Involve senior management team in customer interaction for resolving issues faced by the customer. <li data-bbox="99 618 1011 718">◆ <u>Reinforce sales organizational structure</u> Reorganized the sales teams mainly for Tokyo metropolitan area. 11 departments instead of 8 for increased customer interaction time. <li data-bbox="99 732 1011 803">◆ <u>Individual customer strategy</u> Increase use of rooms by responding to specific requirements. <p data-bbox="99 818 1011 946"><Extended corporate sales> Responsible for strengthening six industries; Staffing & outsourcing, Construction, Transportation, Food & beverage, Wholesale / Retail, and Nursing-care.</p> <p data-bbox="99 961 1011 1018"><Area-based corporate sales> Build strong relationship with local companies.</p> <p data-bbox="99 1039 845 1110">Attract foreign nationals for increased use of rooms</p> <p data-bbox="99 1125 1011 1196">Expand business by working with staffing agencies for foreign nationals and support agencies.</p> <p data-bbox="99 1203 1011 1272">(Note) FY2023 plan for no. of contracts of corporate customers with foreign national tenants: About 10,000</p>	<p data-bbox="1083 518 1674 575">Collaborate with real estate agents</p> <ul style="list-style-type: none"> <li data-bbox="1083 589 2024 661">◆ Strengthen sales to real estate agents by working with major real estate agents and Village House in Fortress Group. <li data-bbox="1083 689 2024 875">◆ <u>Q1 FY2023 achievement</u> <ul style="list-style-type: none"> <li data-bbox="1104 732 2024 803">• No. of rental contracts through real estate agents: 3,374 (-29.2% YoY) <li data-bbox="1104 811 2024 875">• Ratio of contracts with individual customers through agents: 38.9% (-4.6 p YoY) <p data-bbox="1083 896 1674 975">Attract international students for increased use of rooms</p> <p data-bbox="1083 1003 2024 1075">Acquire increasing demand mainly by international students coming to Japan.</p> <p data-bbox="1083 1082 2024 1146">Utilize six IFCs and reinforce relationship with real estate agents and service providers which cater for students' needs.</p> <p data-bbox="1083 1168 2024 1203">(Note) FY2023 plan for individual rental contracts: About 12,000</p>

Chapter 3

Promotion of Sustainability

DX VISION

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

Smart Lock

- ◆ Reached installation of 130,000 apartment units under management, which is the industry-largest.
- ◆ Reducing the time and effort of visiting stores and issuing related documents by eliminating the need to hand over keys.



AI-powered voicebot / chatbot

- ◆ Full-scale operation of chatbot for tenants covering all kinds of inquiries from August 2023
- ◆ No. of inquiries handled by chatbot: 120,732 (March – July)



Response rate Improved by about 20%.

Contract-related work reduction for corporate customers by digitalization

- ◆ DX streamlines and reduces the processes from arrangement to contract, renewal, and cancellation.
- ◆ Number of works related company housing reduced by about 40%.

Finding Rooms

EcoSystem

AI assists in finding rooms for company housing.

Contract / Renewal

Leo-sign

Apartment contract signing can be done as short as one day.

Billing / Contract Termination

Corporate WEB System

Centralized management of various data from billing to termination.

Leopalace21 positioned human resources strategy as the most important management resources. Highlighted six most important themes.

■ Leadership and Succession

《 Total hours of employee participation in training 》

FY2022	FY2023 Plan
4,096 hours	9,000 hours

■ Diverse Talents Acquisition

	FY2022	FY2023 Plan
Graduated	-	50
Mid-career	54	146

*Excluding employment at nursing care facilities (Azumi En) in the Elderly Care Business

■ Employee Engagement

《Employee Engagement Indicators》

FY2022	FY2023 Plan
8.6%	9.0%

《Job Turnover Rate》

FY2022	Target Value
11.1%	5-10%

■ Compliance and Ethics

《Strengthen a sense of compliance》

	FY2022	FY2023 Plan
Number of E-learning sessions	10 times	9 times
Awareness of Compliance Hotline	92.1%	No numerical target



■ Well-being Management

《Rate of patients receiving a full medical examination after regular medical checkups 》

FY2022	FY2025 Plan
Aggregation in process	80.0%

《Smoking Rate》

FY2022	FY2024 Plan
31.9%	25.0%

■ Diversity and Inclusion

《Female Management Positions》

	FY2022	FY2025 Plan
Numbers	35	50
Rates	5.5%	7.8%

《Male employees taking leave for childcare》

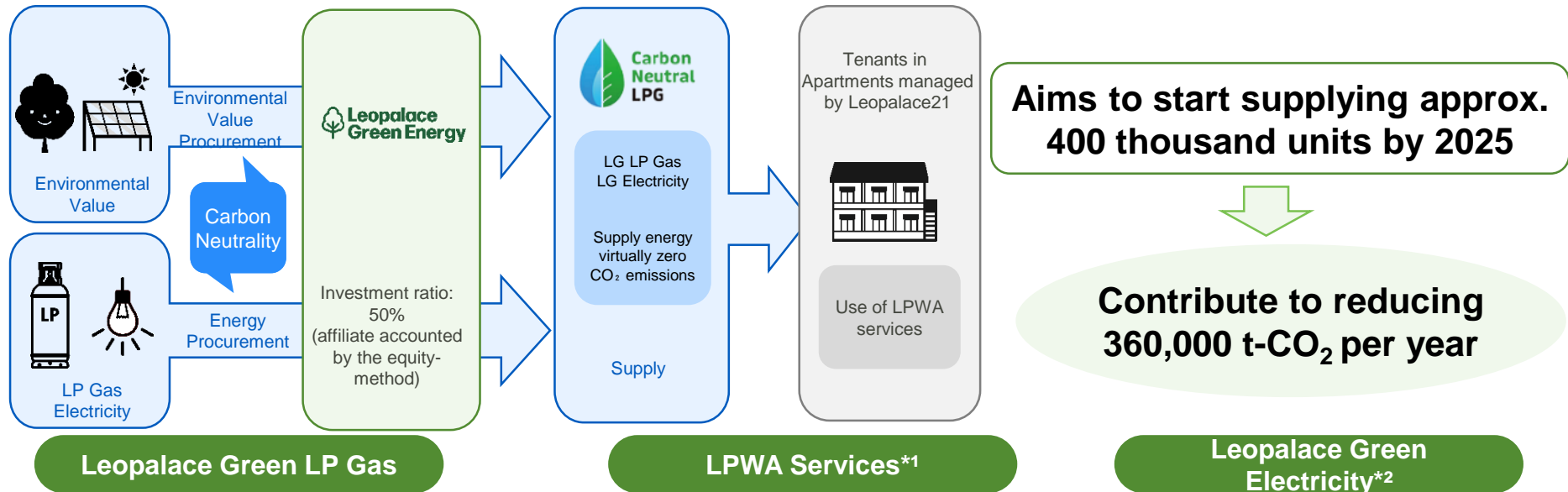
	FY2022	FY2023 Plan
Numbers	20	-
Acquisition Ratio	35.7%	30~40%

《Gender Wage Gap》

	FY2022	FY2023 Plan
Permanent Employees	69.1%	70.6%
Non-Permanent Employees	63.6%	63.5%
Overall	55.4%	55.5%

Leopalace21 plans to offer Green LP Gas and LPWA services with virtually zero CO₂ emissions to the apartments under management starting in 2023, in response to the government's declaration of Carbon Neutrality by 2050.

Leopalace Green Energy Project



Leopalace Green LP Gas

LP Gas with virtually zero CO₂ emissions

The LP gas offsets the greenhouse gases generated in the entire value chain of LP gas, including transportation from production to consumption, by carbon credits obtained from environmental conservation projects, thereby making **virtually zero CO₂ emissions from LP gas**

LPWA Services*1

Remote operation of gas valve opening and automatic detection of gas leaks

LGLP gas supplier will strive for a **fair and transparent LGLP gas rate structure** through operational efficiency **for improving convenience and safety** through web-based acceptance of openings, web-based billing, and 24-hour gas usage monitoring.

Leopalace Green Electricity*2

Virtually zero CO₂ emissions during power generation

It is renewable energy power with **virtually zero CO₂ emissions** with non-fossil certificate (certifying the value of no carbon dioxide emissions during power generation).

*1 LPWA: Low Power Wide Area

*2 Leopalace Green Electricity is scheduled for service start as soon as it is ready.

Chapter 4

Construction Defects Management

Estimated number of rooms requiring repairs: About 26,900 rooms

Of the units requiring repair, we expect to repair approximately **26,900** units, including **18,023** units that have already been surveyed and **8,910** units that have not been surveyed and are expected to be inadequate based on the results of the survey to date.

(As of July 31, 2023)

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 requiring repairs		Expected No. of to-be-repaired rooms
				No. of rooms requiring repairs	No. of rooms with repairs completed	
Nail Series / Six Series Total	15,283	7,708	121,066	80,214	49,568	16,300
Other Series Total	23,802	4,542	70,793	42,479	10,534	10,600
Grand Total	39,085	12,250	191,859	122,693	60,102	26,900

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 works: <https://www.leoplace21.co.jp/info/en/news/progress.html>

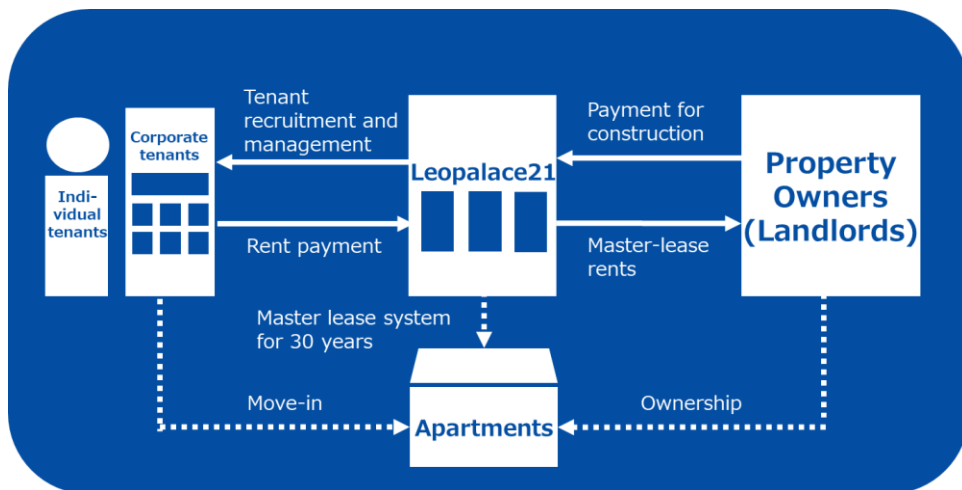
Appendix

Corporate Data (as of June 30, 2023)

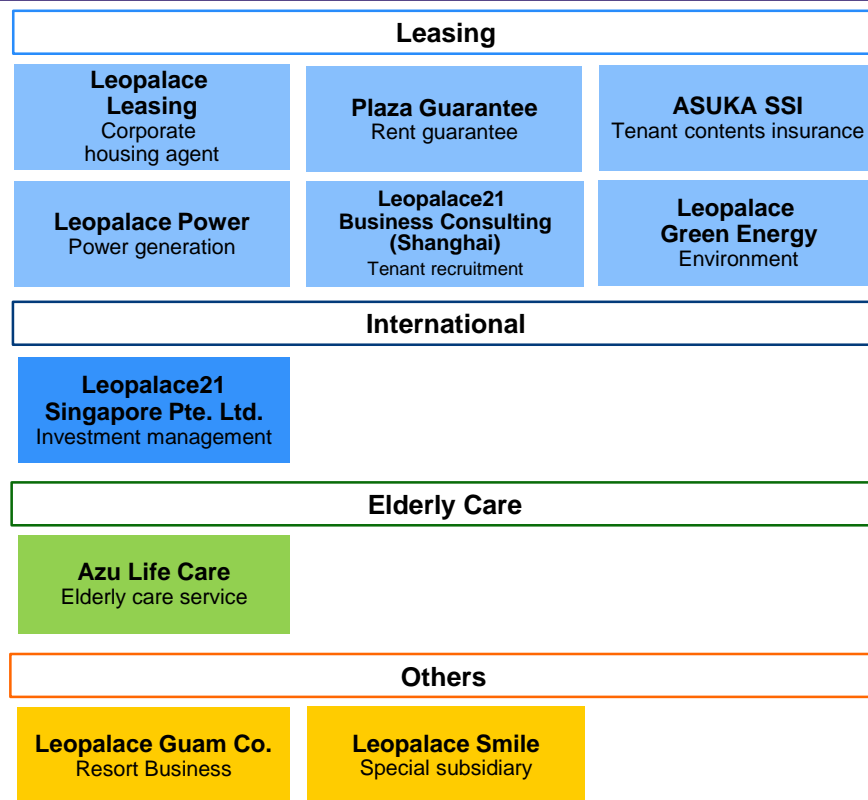
Established	August 17, 1973
Paid-in Capital	JPY 100 million
Representative Director	Bunya Miyao, President and CEO
Employees	3,965 (consolidated), 2,778 (non-consolidated)
Authorized Shares	750,000,000
Outstanding Shares	329,389,515 shares (not including 159,748,700 dilutive shares)
Shareholders	47,232(As of March 31, 2023)

Business Model

Offer 560,000 studio-type units equipped with furniture and home appliances
approx. 80% of listed companies use Leopalace21's services



Group Companies (as of June 30, 2023)



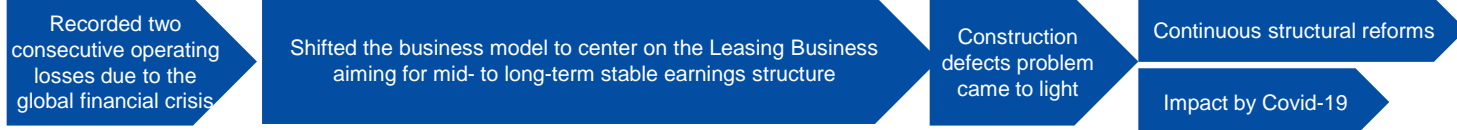
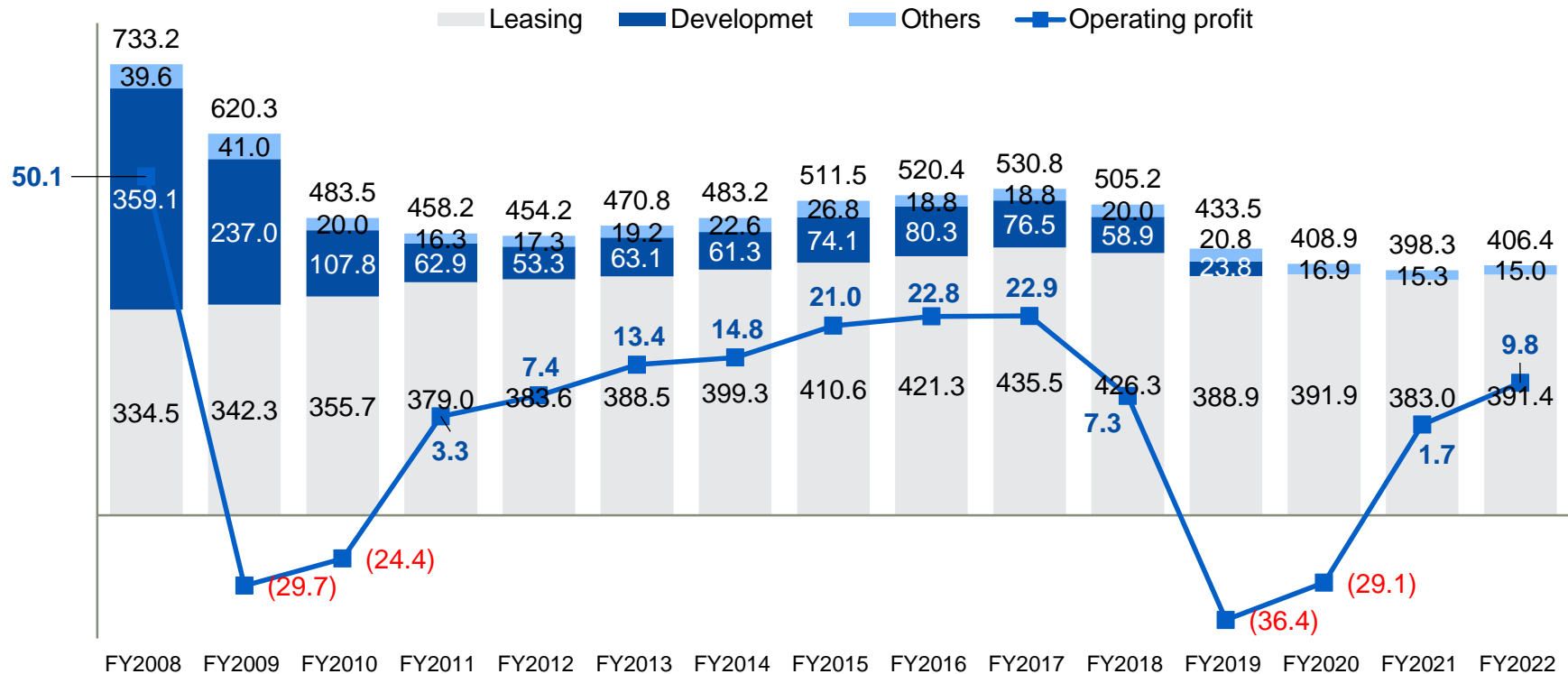
* Results of the International Business are reported under the Leasing Business segment.

2: Results Trend

Leopalace21 shifted its business model to center on the Leasing Business after the global financial crisis. With construction defects problem revealed in FY2018 and another blow by COVID-19 impact starting from FY2020, implementing continuous structural reforms turned operating profit in 2 consecutive years from FY2021.

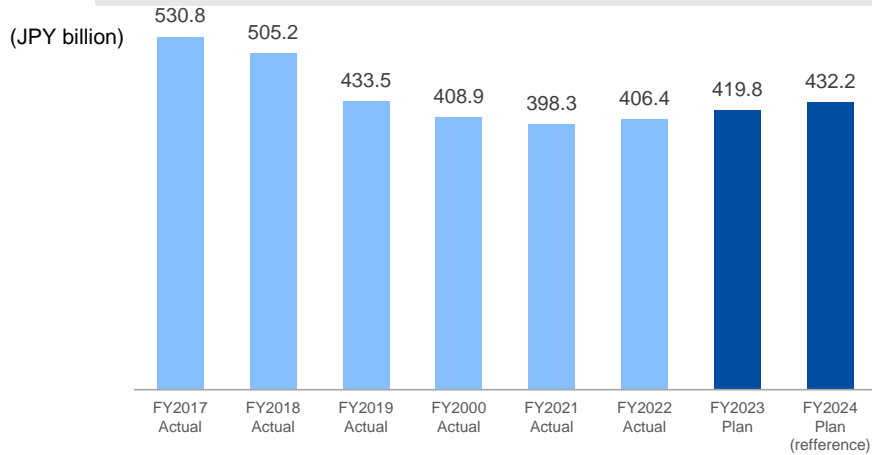
Sales (JPY billion)

OP (JPY billion)

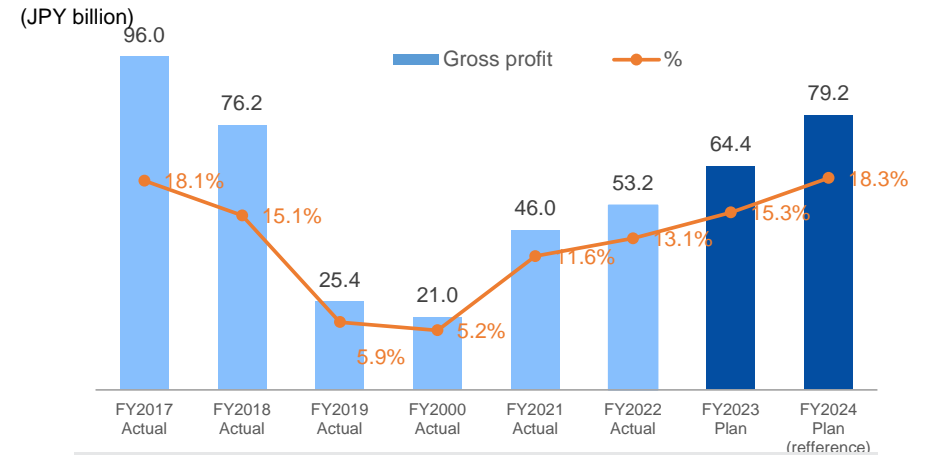


Operating profit has been increasing since FY2019 reflecting the profit structure improvement. Continued structural reforms increased net income to sales ratio and that of FY2024 outperforms FY2017.

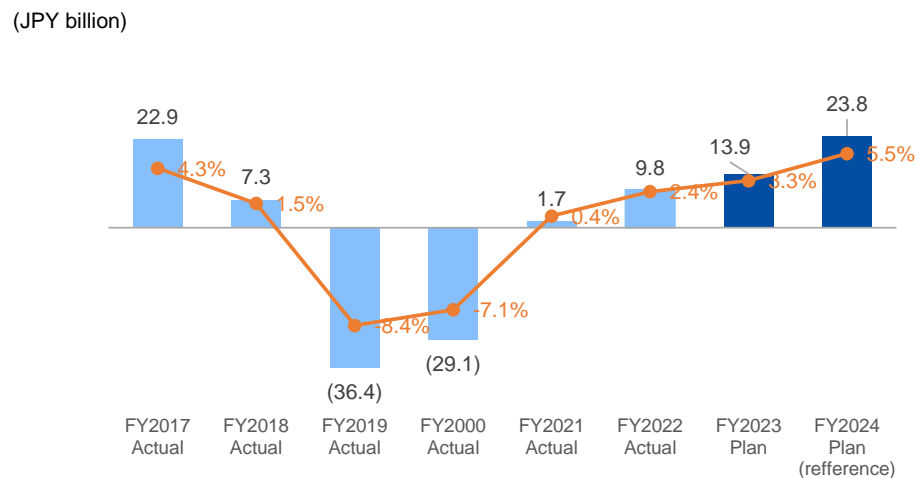
Sales



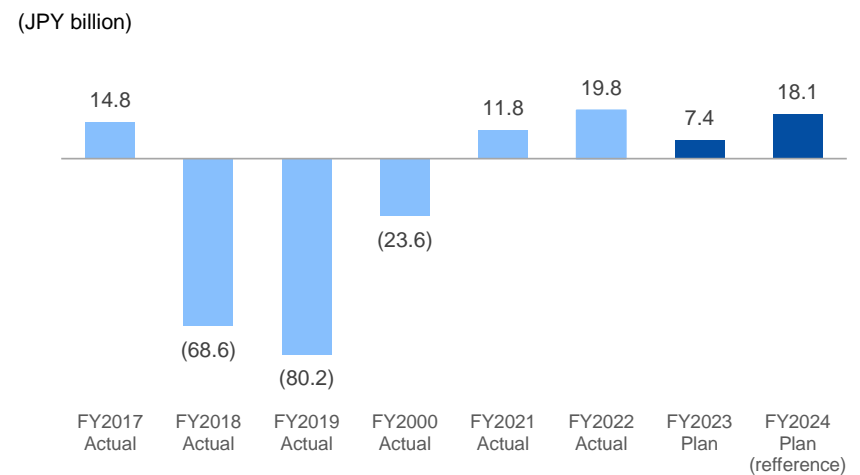
Gross profit



Operating profit



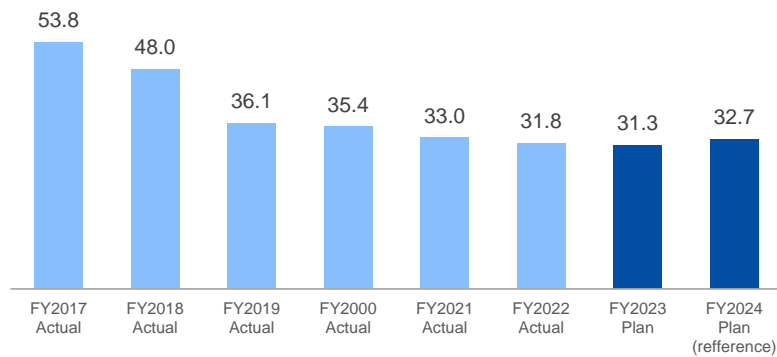
Net income*



Strengthen equity capital by improving profitability and move toward dividend resumption.

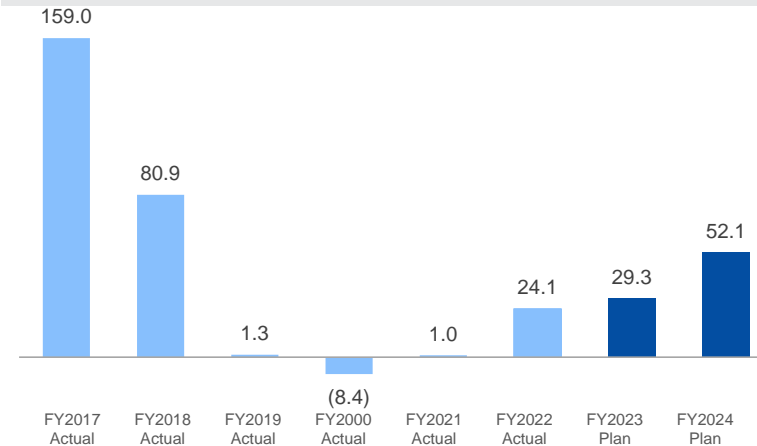
Interest-bearing debt*

(JPY billion)



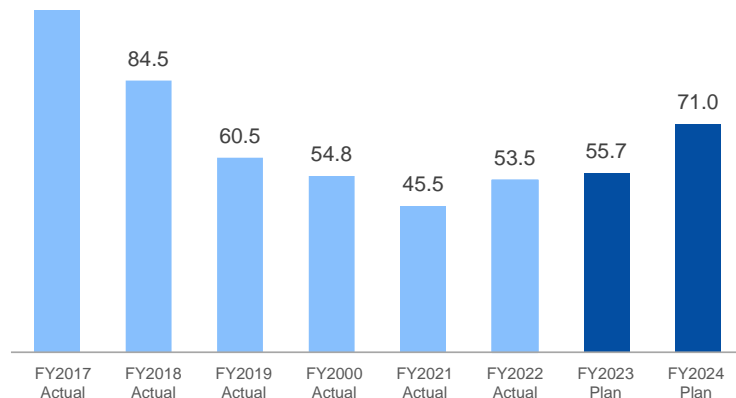
Ownership equity

(JPY billion)



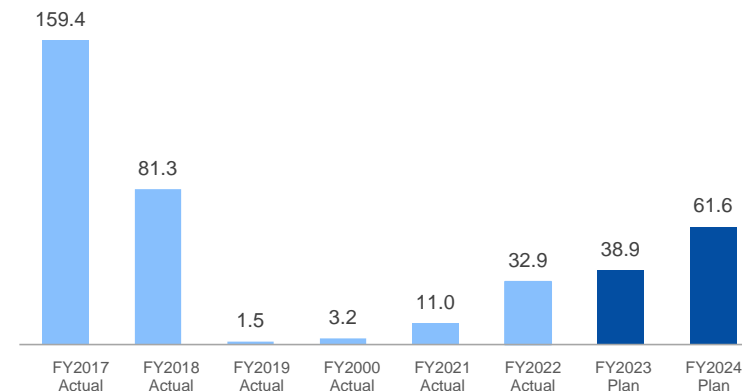
Cash and deposits

(JPY billion)



Total net assets

(JPY billion)



Interest-bearing debt = borrowings + lease obligations + bonds

Does not contain in prepayment of borrowings, refinancing, or conversion of stock acquisition rights.

Contact: IR Section, Corporate Planning Department,
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*Business hour: 9:00-18:00 (except Saturdays, Sundays and Company holidays)

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