

Leopalace21 Corporation Financial Results for Q2 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.

In discussions with several financial institutions, Leopalace21 is working on final terms of contracts and aiming to complete refinancing as soon as possible.

■ Outline of Loan

Amount of Loan

JPY 30 billion

Maturity Date

November 4, 2025

Interest Rate

14.5% per annum

Early Repayment

Available from November 2, 2023

Leasing Business

Whilst average occupancy rate during H1 FY2023 was **86.33%** which was 0.25p lower than the plan, average unit rent was trending upward.

PL / BS

Net sales: JPY 211.8 billion, operating profit: JPY 14.8 billion, net income: JPY 11.8 billion achieved higher than the plan.

These were the record-high operating profit and net income for H1 since the 2007-2008 global financial crisis.

Equity ratio was improved to 20.3%

Promoting DX

Promoting DX throughout the Company, including **Online Contract, Smart Lock, AI-powered Chatbot, etc.**

As part of DX strategy, the company integrated leasing **sales office from 109 to 72**, significantly improving productivity.

Revision of Earnings Forecasts

Due to increased average unit rent and continued awareness of controlling cost, **the full-year forecasts were revised upward: net sales +0.5%, operating profit +30.2%, and net income +62.2%.**

Whilst the Company has conservative plans of costs associated with busy season and personnel reinforcement, cost-conscious approach will eventually reduce the cost.

Construction Defects Management

The Company has been discussing the way of repairing defects while tenants occupy the rooms in order to further accelerate the progress.

From April to the end of October 2023, 5,441 units were repaired, and the projected number of units to be repaired is approximately 23,100 as of the end of October.

Chapter 1

Outline of the Financial Results for Q2 FY2023

1

Strengthen profitability and stabilize financial base

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

Revised Plan of Full FY2023

Average occupancy rate
86.56%

Operating profit
JPY 18.1 billion

Occupancy rate at March-end
90.40%

Net income
JPY 12 .0billion

Equity ratio
18.11%

2

Promote structural reforms 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.

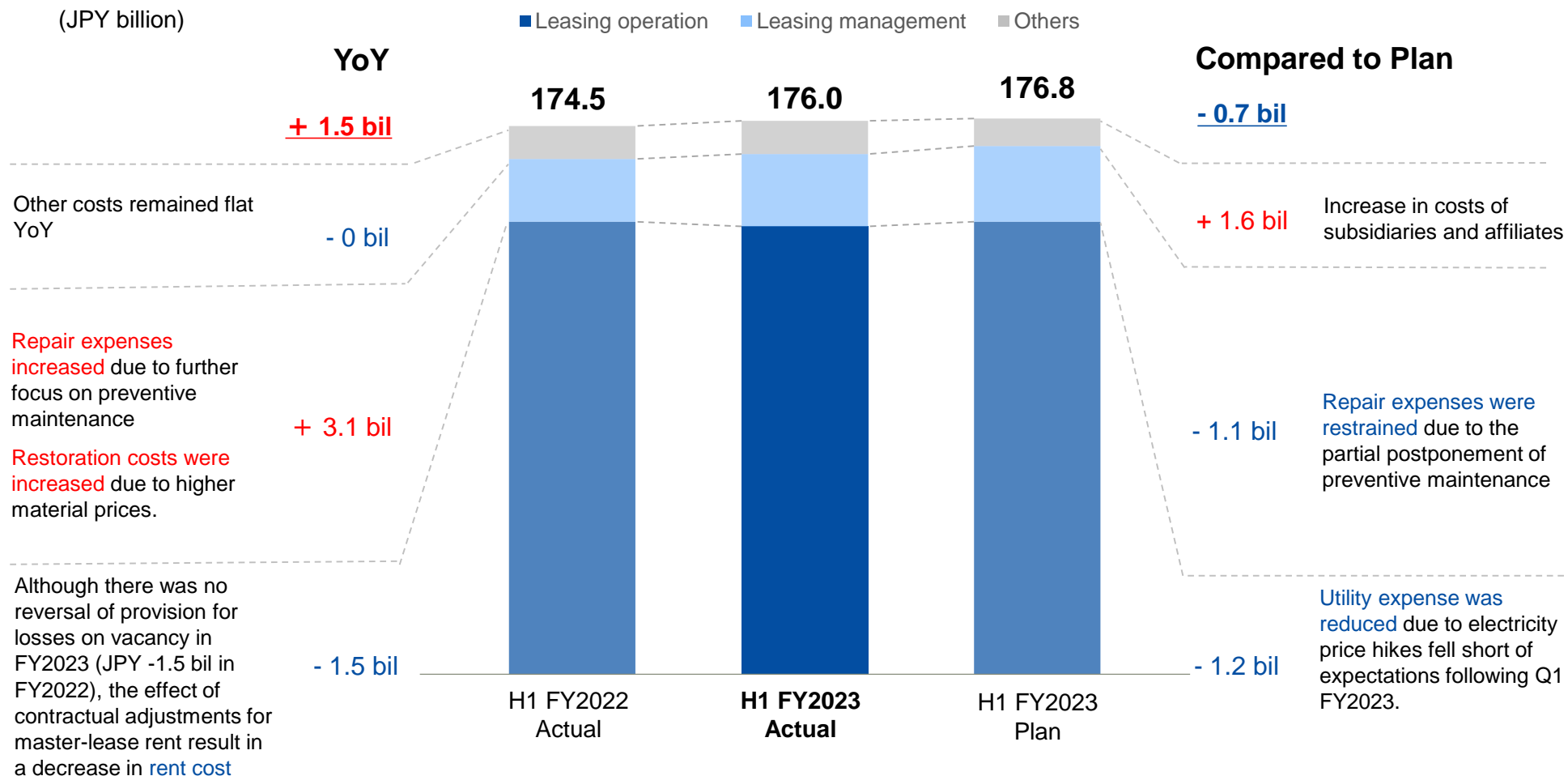
Reinforce the structure to achieve the repair plan and utilize company-wide available resources.

Strengthen governance

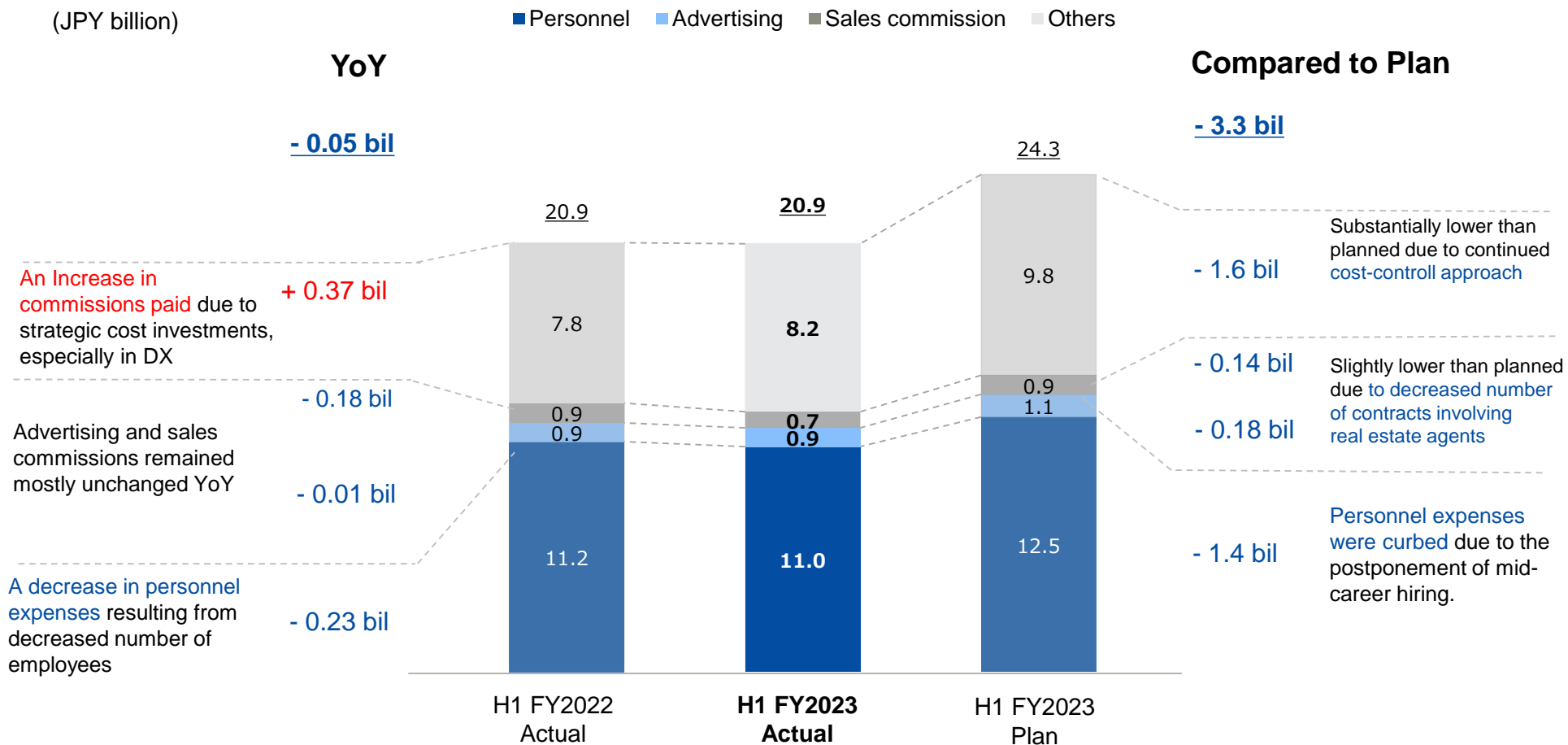
Sales and profits for each stage were achieved higher than the plan.
 Operating profit and net income for H1 were the highest ever since the 2007-2008 financial crisis.

(JPY million)	YoY	FY2022 H1 Actual	FY2023 H1 Actual	FY2023 H1 Plan	Compared with Plan	Factors contributing to changes
Net sales	+9,387	202,460	211,848	209,100	+2,748	<u>Net sales</u> Although occupancy rates were slightly lower than the plan, net sales were JPY 2.7 bil higher than the plan due to increase in average unit rent.
Cost of sales	+1,574	174,505	176,080	176,800	(719)	
Gross profit	+7,812	27,955	35,768	32,300	+3,468	<u>Cost of Sales</u> JPY -0.7 bil compared to the plan due to curbing of utility costs and partial postponement of property maintenance for the future.
%	+3.1p	13.8%	16.9%	15.4%	+1.4p	
SG&A	(52)	20,992	20,940	24,300	(3,359)	<u>SG&A</u> JPY -3.3 bil compared to the plan resulting from the postponement in hiring mid-career employees and continued cost-conscious approach.
Operating profit	+7,865	6,962	14,828	8,000	+6,828	
%	+3.6p	3.4%	7.0%	3.8%	+3.2p	
EBITDA	+6,750	10,551	17,301	11,300	+6,001	<u>Recurring profit</u> Interest expenses of JPY 2.1 bil were recorded.
Recurring profit	+7,677	5,434	13,111	5,700	+7,411	
Net income	+8,158	3,691	11,850	4,500	+7,350	<u>Net income</u> While JPY 590 mil in gain on sale of shares in subsidiaries was recorded extraordinary income, JPY 250 mil loss office closure and JPY 580 mil in loss related repairs were recorded an extraordinary loss.
Ave. occupancy rate	+2.42p	83.91%	86.33%	86.58%	(0.25)p	
EPS (JPY)	+25.25	11.22	36.47	13.68	+22.79	

Cost of Sales was lower than planned due to the partial postponement of preventive maintenance for the future and a lower-than-expected rise in electricity costs in the monthly contract.



SG&A expenses were significantly 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.

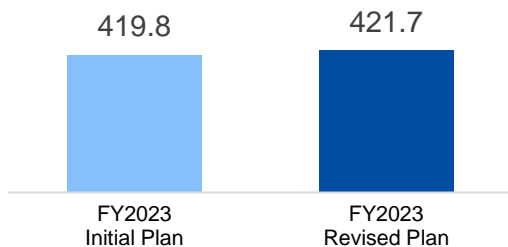
The Company took a conservative view and expects no increase in deferred tax assets. Operating profit and EBITDA is planned to recover in FY2024 and reach the levels before the revelation of construction defects problem.

(JPY million)	FY2023 Revised Plan	YoY	Factors Contributing to Changes	FY2024 Plan (reference)	YoY
Sales	421,700	+15,250	Sales from Leasing Business grow substantially due to increased occupancy rates and average unit rent.	432,200	+10,500
Cost of sales	354,200	+1,036	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	(1,200)
Gross profit	67,500	+14,214		79,200	+11,700
%	16.0%	+2.9 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%	+2.3 p
SG&A	49,400	+5,993		55,400	+6,000
Operating profit	18,100	+8,220	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	+5,700
%	4.3%	+1.9 p		5.5%	+1.2 p
EBITDA	24,700	+8,250		30,400	+5,700
Recurring profit	14,100	+7,573	No increase in deferred tax assets is expected. (FY2022 actual: JPY +18.5 billion)	20,100	+6,000
Net income	12,000	(7,810)		18,100	+6,100
Average Occupancy rate	86.56%	+1.90 p		89.62%	+3.06 p
ESP (JPY)	36.93	(23.29)	Occupancy rate is expected to steadily grow.	55.01	+18.08

Net sales

(JPY billion)

+0.5%

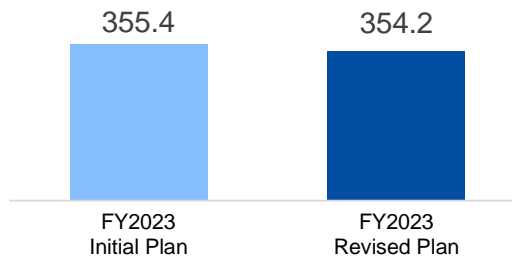


Increase in net sales of leasing business in full FY2023 by increased average unit rent

Cost of sales

(JPY billion)

-0.3%

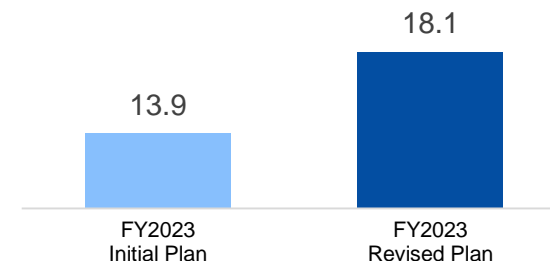


Whilst some costs are postponed from H1 to H2, decreasing in cost of the monthly rental contract takes offset due to curbing of utility expenses.

Operating profit

(JPY billion)

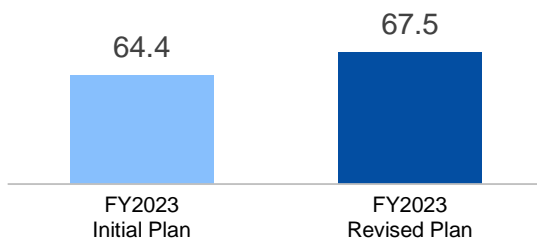
+30.2%



Gross profit

(JPY billion)

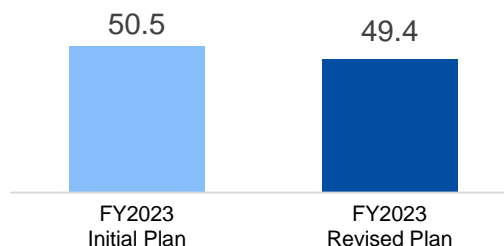
+4.8%



SG&A Expenses

(JPY billion)

-2.2%

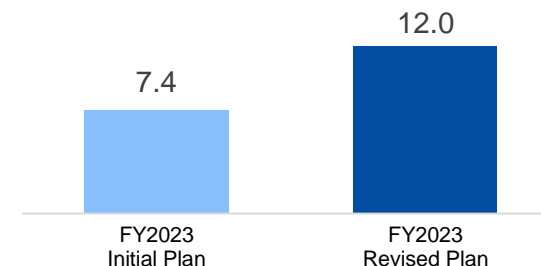


Although provisions for performance-linked bonuses were recorded in H2, curbing of mid-career hiring in H1 will result in decrease in SG&A of full FY2023.

Net income

(JPY billion)

+62.2%



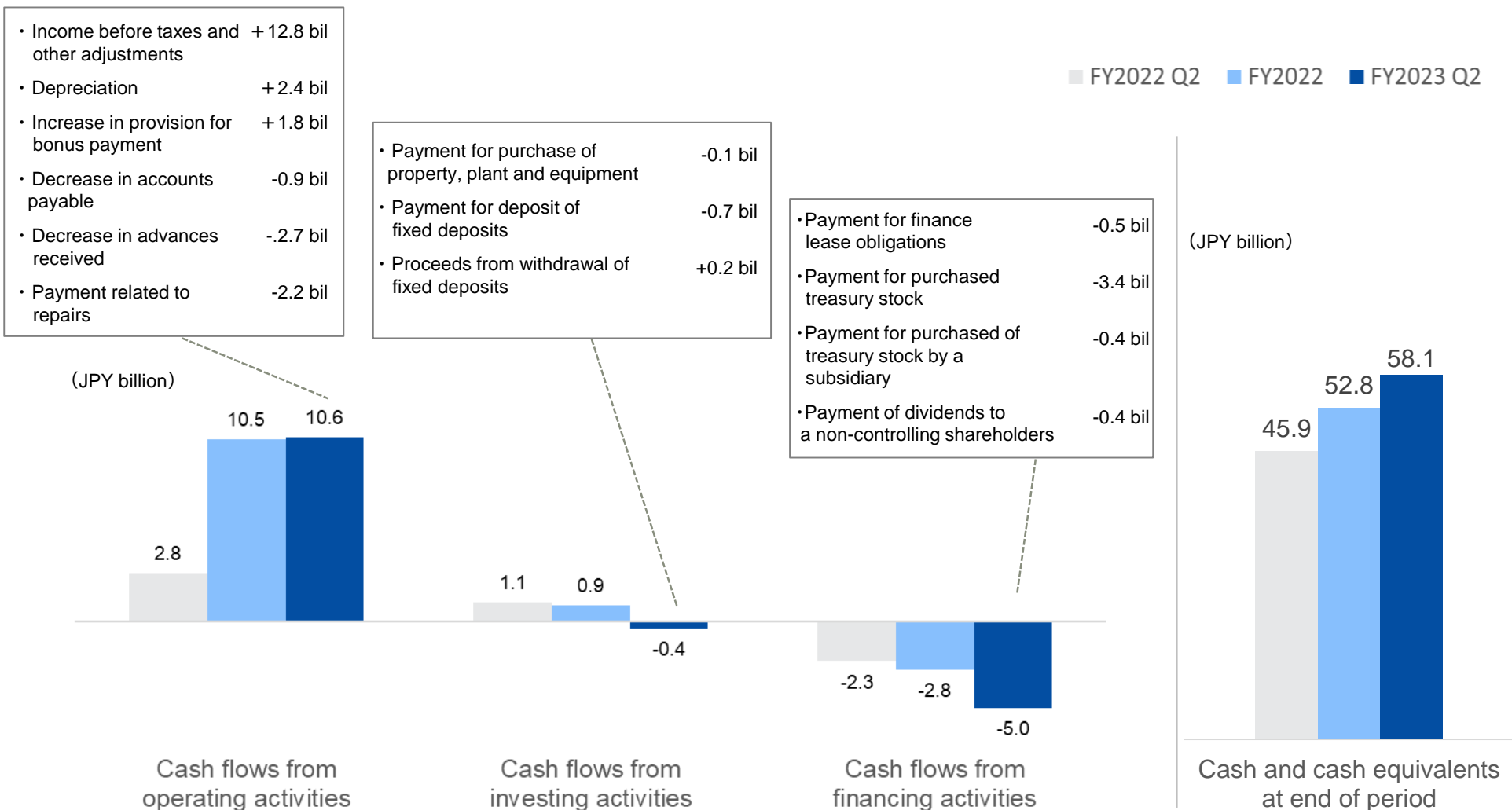
In Q4, the business model is structured with increased costs including tenant recruitment campaign and restoration costs which are triggered by a large number of move-out in advance for the new fiscal year. In H2, the Company plans conservative profits due to postponed property maintenance expenses from H1, temporary staffing during the busy season, and the posting of provisions for performance-linked bonuses.

(JPY million)	FY2022				FY2023					
	Q1	Q2	Q3	Q4	Q1		Q2		Q3	Q4
	Actual	Actual	Actual	Actual	Plan	Actual	Plan	Actual	Revised Plan	Revised Plan
Sales	101,406	101,053	101,056	102,931	104,900	106,375	104,200	105,472	104,000	105,900
Cost of sales	86,908	87,597	87,315	91,341	88,500	88,308	88,300	87,771	87,300	90,900
Gross profit	14,498	13,456	13,740	11,590	16,400	18,066	15,900	17,701	16,700	15,000
SG&A	10,919	10,073	9,934	12,479	12,000	10,444	12,300	10,495	13,400	15,000
Operating profit	3,579	3,383	3,806	(889)	4,400	7,622	3,600	7,205	3,300	0
Recurring profit	2,643	2,790	3,014	(1,921)	3,200	6,851	2,500	6,259	2,200	(1,200)
Net income	1,630	2,061	1,857	14,261	2,500	6,627	2,000	5,222	1,600	(1,500)

(JPY million)	End of FY2022	End of Q1 FY2023	End of Q2 FY2023	QoQ	Factors contributing to changes
Cash and deposits	53,560	58,158	58,822	+663	
Trade receivables	8,121	7,536	7,368	(167)	
Total assets	166,548	169,053	170,726	+1,672	
Interest-bearing debt*	31,849	32,023	30,785	(1,238)	■ Cash and deposits Whilst working on acquisition of treasury stock of JPY 3.4 bil, JPY +6.6 bil from end of Q1 FY2023 due to generating profit by business activities
Provision for losses related to repairs	17,583	16,517	16,104	(413)	
Provision for apartment vacancy loss	3,590	3,590	3,590	± 0	■ Provision for losses related to repairs (current: JPY 7.2 billion; non-current: JPY 8.8 billion) JPY -0.4 bil resulting from progress of repairs
Total liabilities	133,625	130,122	127,760	(2,361)	
Common stock	100	100	100	± 0	■ Provision for apartment vacancy loss (current: JPY 0.0 bil; non-current JPY 3.5 bil)
Capital surplus	136,240	29,391	29,376	(14)	No increase or decrease from end of Q1 FY2023
Retained earnings	(116,006)	(2,530)	2,655	+5,185	Since the occupancy rate has returned to the trends prior to the revelation of construction defects problem, no significant increase or decrease is expected in this FY.
Treasury stock	(205)	(205)	(3,614)	(3,409)	
Total shareholders' equity (A)	20,128	26,756	28,517	+1,761	■ Shareholders' equity JPY +1.7 from end of Q1 FY2023 due to net income of JPY 5.2 bil recorded in H1 and acquisition of treasury stock of JPY 3.4 bil
Total accumulated other comprehensive income (B)	3,986	3,999	6,056	+2,057	
Ownership equity (A) + (B)	24,115	30,755	34,574	+3,818	
Equity ratio	14.5%	18.2%	20.3%	+2.1p	■ Accumulated other comprehensive income Foreign currency translation adjustments increased by JPY +2.0 bil from end of Q1 FY2023.
Share subscription rights	284	284	242	(42)	
Non-controlling interests	8,522	7,891	8,148	+257	
Total net assets	32,922	38,931	42,965	+4,034	
Total liabilities and total net assets	166,548	169,053	170,726	+1,672	

* Interest-bearing debt = borrowings + lease obligations

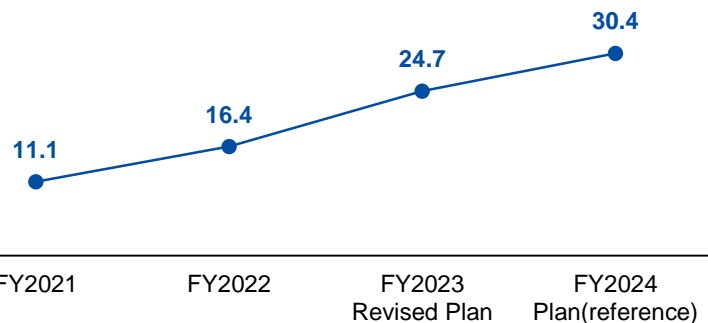
Cash flows from operating activities increased JPY +7.7 billion from end of Q2 FY2022 due to improved revenue from Leasing Business and efforts to reduce cost of sales and SG&A expenses.



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

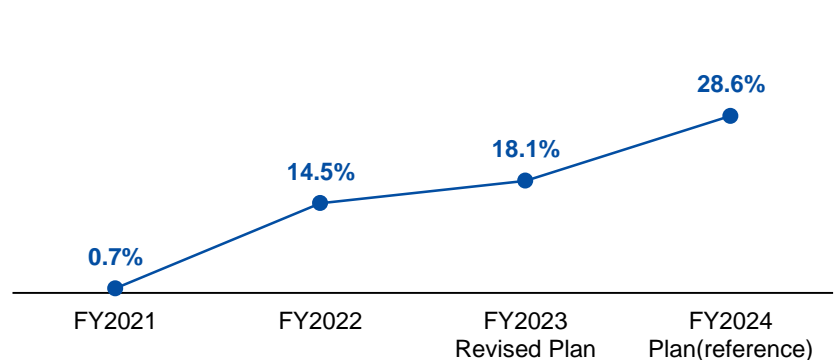
EBITDA*

(JPY billion)



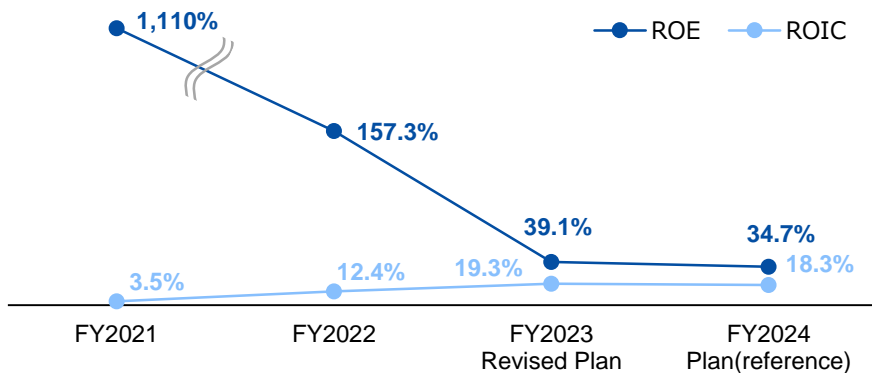
* EBITDA = Operating profit + Depreciation

Equity ratio*



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

ROE*・ROIC**

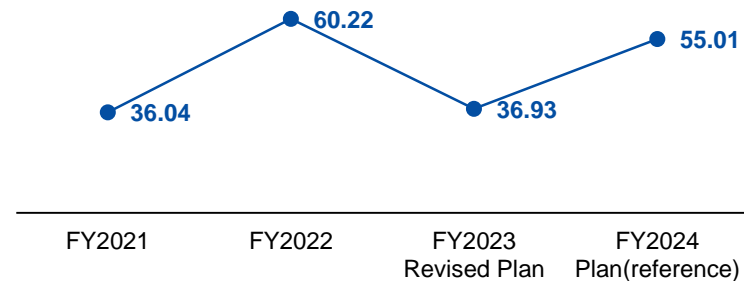


* ROE = Net income / Ownership equity

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

Net income per share (EPS*)

(JPY)



* EPS = Net income / Number of shares outstanding

Recapitalization

The recapitalization eliminated JPY 106.8 billion deficit in retained earnings, the source of dividends, and secured a flexible and agile capital policy and a structure that allows for the early resumption of dividends.

▼ 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	10.0
Other capital surplus	79.9	41.2 → 121.2	14.3 → 14.3
Retained earnings	(106.8)	(106.8)	106.8 → 0

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

Acquisition of Treasury Stock

In consideration of financial soundness and stock price levels, Leopalace21 announced acquisition of treasury stock on July 5, 2023.

The maximum number of shares to be acquired is 50 million shares within JPY 10 billion budget.

▼ Status of Acquisition

Total Number of Shares Acquired (as of October 31 2023)

11.45 million shares

Maximum 50 million Shares

Total Amount of Shares Acquired (as of October 31 2023)

JPY 3.4 billion

Maximum JPY 10 billion

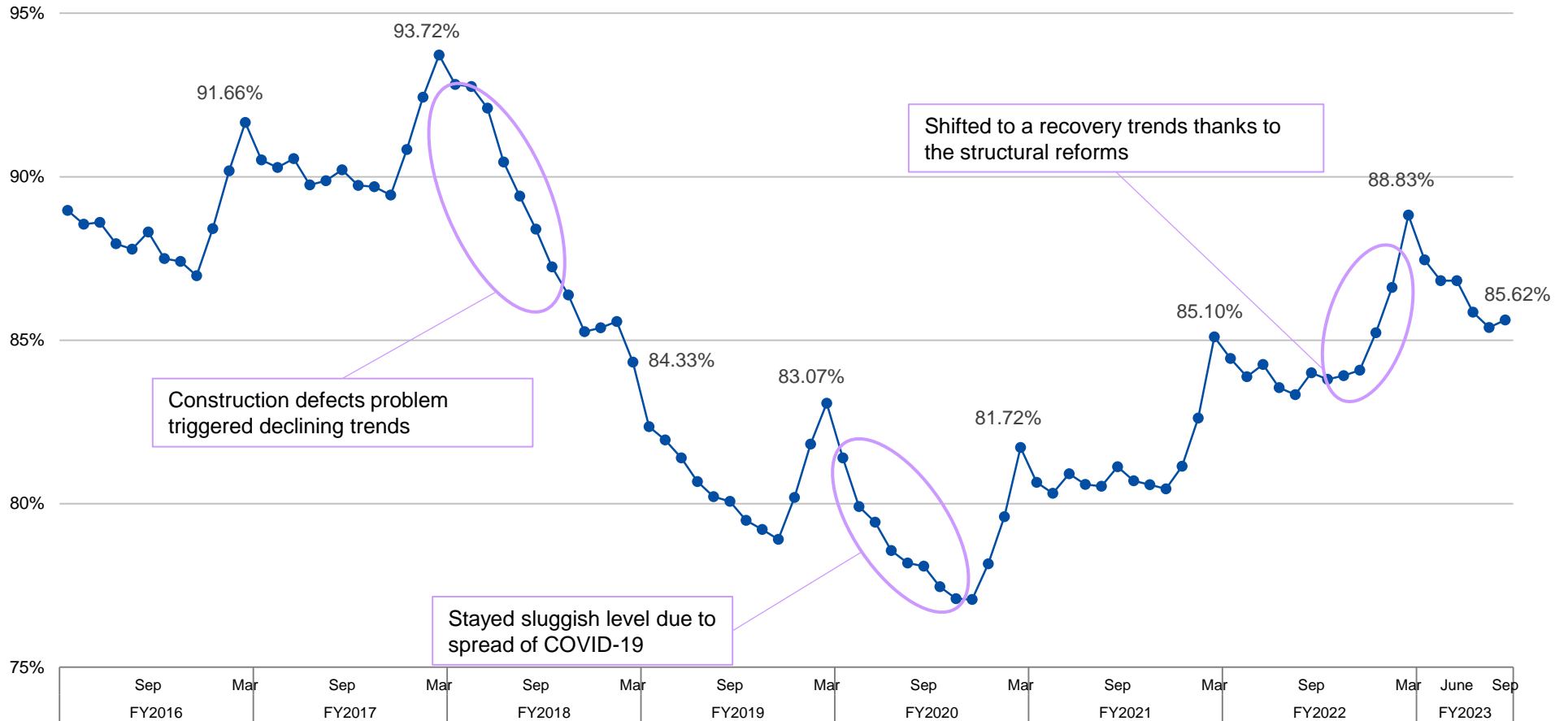
Period of Acquisition

July 6, 2023 to January 5, 2024

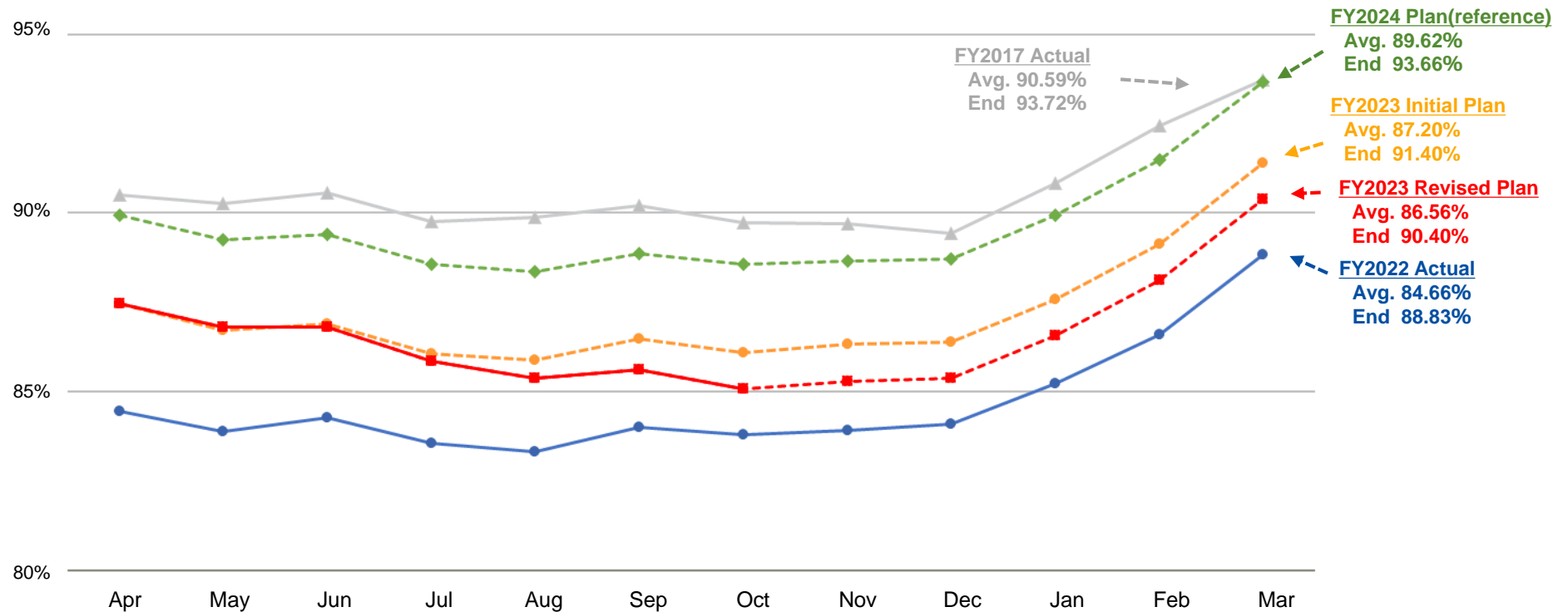
Chapter 2

Leasing Business Data and Measures

Occupancy rate had been increasing until FY2017 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.



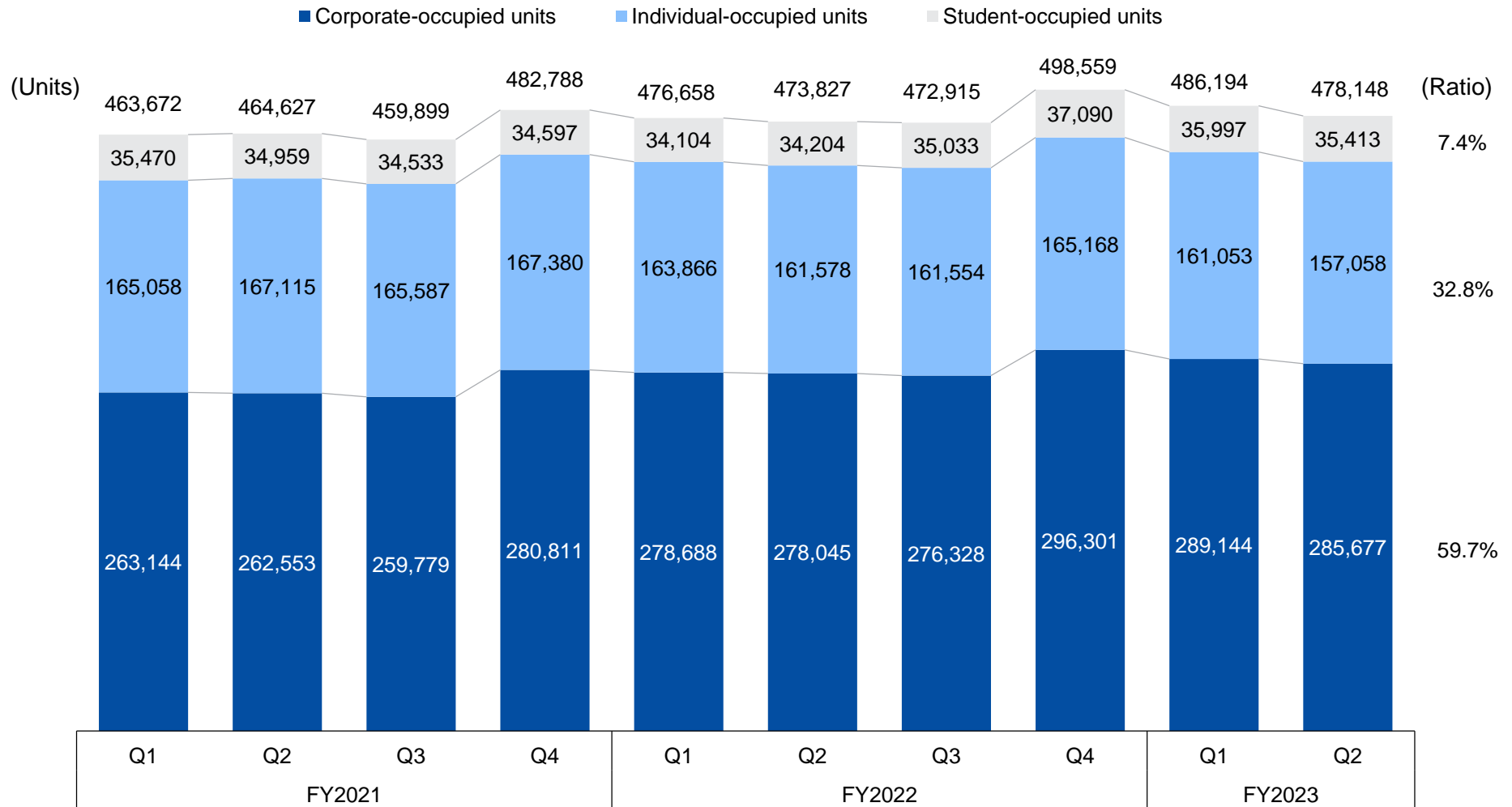
The average occupancy rate was 86.33% at the end of H1 (YoY +2.24 p) and the occupancy rate at the end of Q2 was 85.62% (YoY +1.62p) compared to the end of Q2 FY2022. The Company aims to return to the level by the end of FY2024 that it marked in FY2017, just prior to the revelation of the construction defects problem.



	Apr	May	Jun	Q1 Avg.	Jul	Aug	Sep	Q2 Avg.	H1 Avg.	Oct
FY2023	87.46%	86.82%	86.82%	87.03%	85.86%	85.39%	85.62%	85.62%	86.33%	85.07%
YoY	+3.02p	+2.94p	+2.56p	+2.84p	+2.31p	+2.06p	+1.62p	+1.99p	+2.24p	+1.27p

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

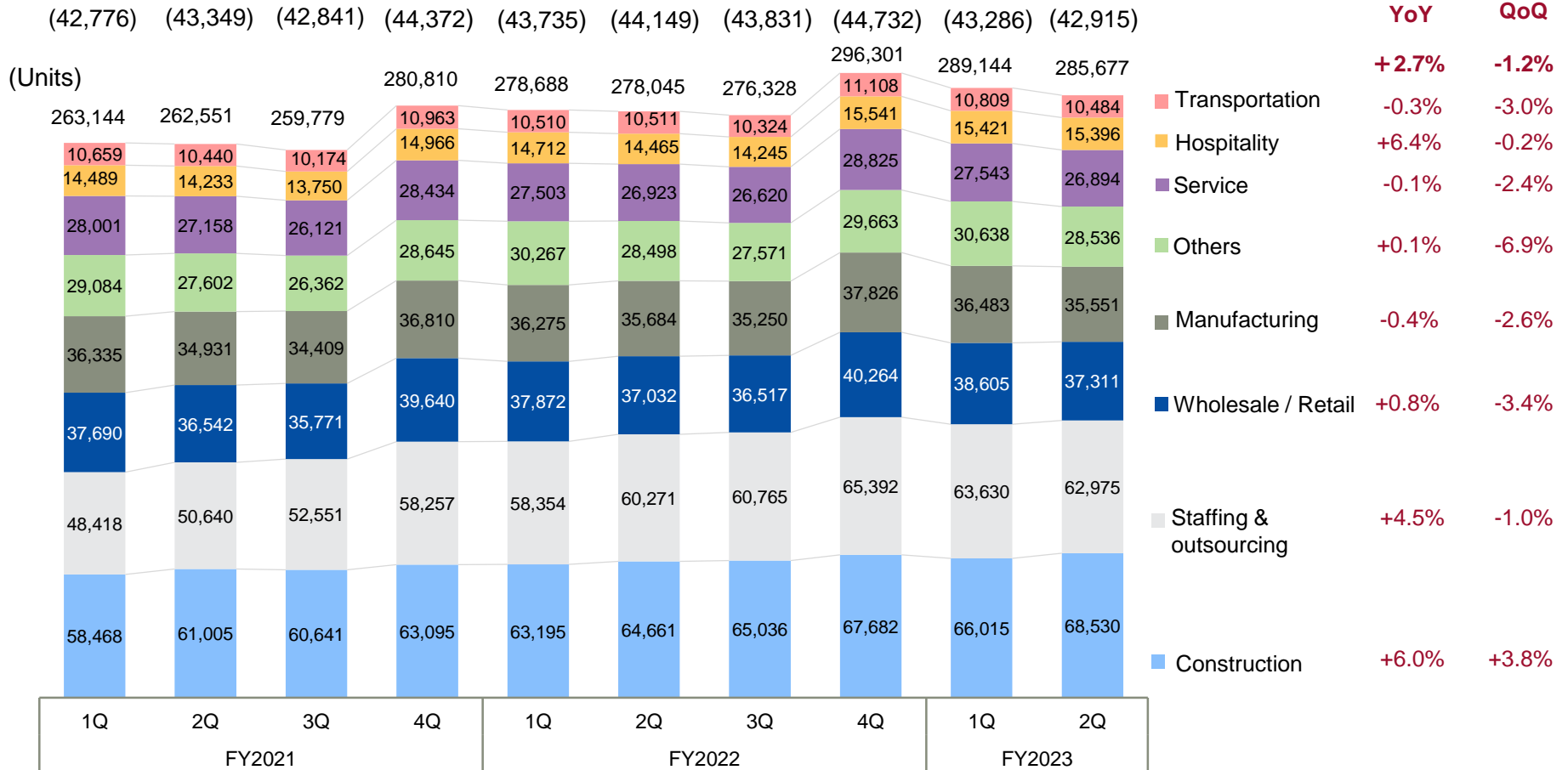
The corporate composition reached all-time high of 59.7% since the global financial crisis.



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

Construction sectors showed continued growth both in YoY and QoQ due to increased construction projects.

No. of companies



Number of units used by foreign national tenants is about 43 thousand, comprising about 22 thousand individual customers and about 21 thousand under corporate contracts, 9.1% of total occupation. (+1.3 p from end of Q2 FY2022 and +0.3 p from end of Q1 FY2023)

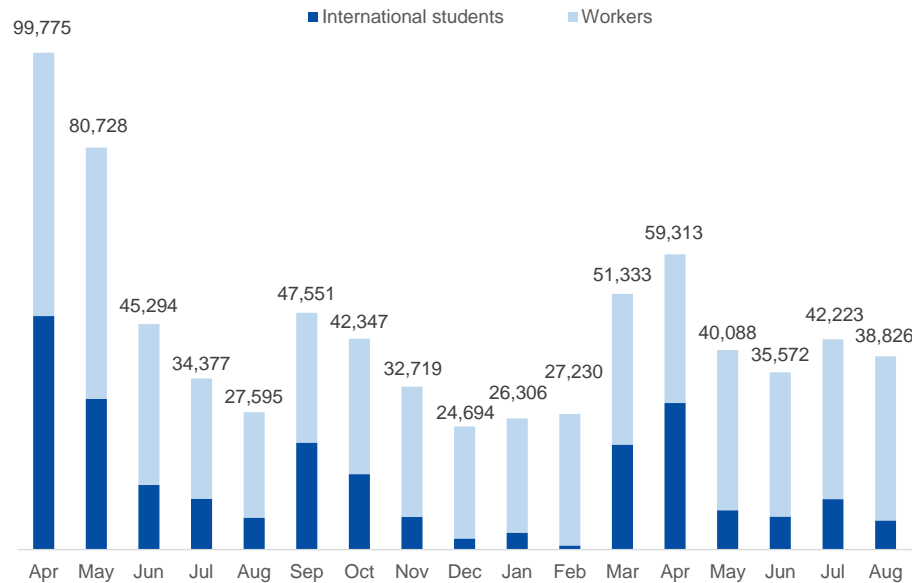
Amount of contract (individual customers)

1H FY2023 Actual

4,229 (- 747 against the plan, - 744 YoY)

Market Data

(trends of foreign nationals entering Japan)*

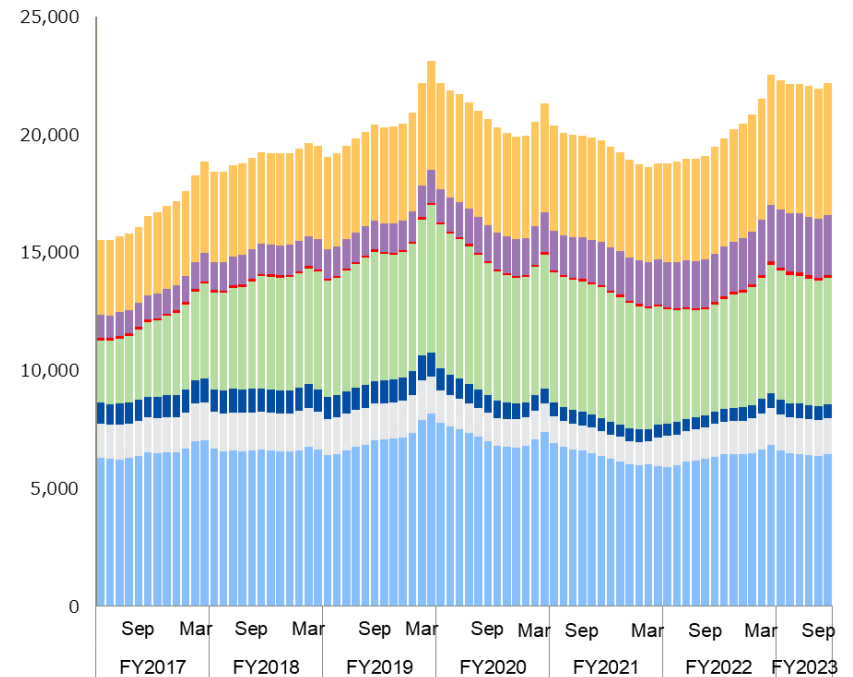


Trends of No. of contracts with individual customers

China S. Korea Taiwan Vietnam Thailand Other Southeast Asia Other

(Unit)

End of Q2 FY2023 Actual: 22,179 rooms
 (+13.8% vs Q2 FY2022 Actual, +0.1% vs end of Q1 FY2023)



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

Occupancy rates in Hokuriku region consisting of Toyama, Ishikawa, Fukui fluctuated substantially in both YoY and QoQ due to continuation and termination of infrastructure related construction projects.

Although Oita showed negative development due to cease of infrastructure-related projects and job training, Hokkaido, Iwate and Kumamoto remained high levels.

Managed unit: in thousands, Occupancy:%	Q2 FY2023			
	Managed units	Occupancy rate	YoY	QoQ
Hokkaido	13	91%	+ 8p	- 0p
Aomori	4	84%	- 3P	+1p
Iwate	3	93%	- 0p	- 0p
Miyagi	10	83%	- 0p	- 4p
Akita	2	92%	- 2p	- 0p
Yamagata	4	86%	+ 1p	- 4p
Fukushima	10	84%	+ 0p	+2p
Ibaraki	15	85%	+ 3p	- 0p
Tochigi	11	82%	- 3p	- 1p
Gunma	12	82%	+ 4p	- 1p
Saitama	45	87%	+ 4p	- 1p
Chiba	33	82%	+ 3p	- 2p
Tokyo	43	89%	+ 5p	- 2p
Kanagawa	40	87%	+ 0p	- 2p
Niigata	8	85%	+ 5p	- 0p
Toyama	5	90%	+ 12p	+2p

Managed unit: in thousands, Occupancy:%	Q2 FY2023			
	Managed units	Occupancy rate	YoY	QoQ
Ishikawa	5	87%	+ 9p	+5p
Fukui	4	82%	- 10p	- 3p
Yamanashi	4	85%	- 3p	- 2p
Nagano	11	92%	+ 2p	+ 0p
Gifu	7	83%	- 2p	- 1p
Shizuoka	24	81%	+ 3p	+ 0p
Aichi	41	87%	+ 1p	- 1p
Mie	11	73%	- 9p	- 1p
Shiga	8	90%	- 4p	- 4p
Kyoto	9	86%	- 1p	- 3p
Osaka	31	84%	+ 3p	- 1p
Hyogo	22	85%	- 0p	- 2p
Nara	3	90%	+ 6p	+1p
Wakayama	3	77%	+ 1p	- 2p
Tottori	2	83%	- 3p	- 0p
Shimane	2	95%	- 0p	+1p

Managed unit: in thousands, Occupancy:%	Q2 FY2023			
	Managed units	Occupancy rate	YoY	QoQ
Okayama	12	82%	- 0p	- 0p
Hiroshima	13	87%	+ 0p	- 1p
Yamaguchi	7	88%	- 2p	- 1p
Tokushima	2	77%	+ 1p	- 2p
Kagawa	4	79%	+ 1p	- 1p
Ehime	4	82%	- 1p	+1p
Kochi	2	82%	- 1p	+0p
Fukuoka	20	87%	+ 2p	- 1p
Saga	3	88%	- 0p	- 0p
Nagasaki	2	89%	+ 0p	- 5p
Kumamoto	7	93%	+ 1p	- 0p
Oita	4	77%	- 5p	- 4p
Miyazaki	2	85%	+ 3p	- 0p
Kagoshima	3	89%	+ 4p	+0p
Okinawa	5	97%	+ 5p	- 0p
Total	558	86%	+ 2p	- 1p

Refine the occupancy rate boosting measures exercised in FY2022 to achieve the occupancy rate plan in FY2023.

Corporate: Acquire larger share of business

Individual: Utilize real estate agents and DX solutions

Establish a position as the brains behind the company-leased housing strategy

- ◆ Top-level sales activities
Involve senior management team in customer interaction for resolving issues faced by the customers.
- ◆ Reinforce sales organizational structure
Reorganized the sales teams mainly for Tokyo metropolitan area. 11 departments instead of 8 for increased customer interaction time.
- ◆ Individual customer strategy
Increase use of rooms by responding to specific requirements.
<Extended corporate sales>
Responsible for strengthening six industries; Staffing & outsourcing, Construction, Transportation, Hospitality, Wholesale / Retail, and Nursing-care.
<Area-based corporate sales>
Build strong relationship with local companies.

Attract foreign nationals for increased use of rooms

Expand business by working with staffing agencies for foreign nationals and support agencies.

Collaborate with real estate agents

- ◆ Strengthen sales to real estate agents by working with major real estate agents and Village House in Fortress Group.
- ◆ H1 FY2023 achievement
 - No. of rental contracts through real estate agents: 6,185 (-2,380 YoY)
 - Ratio of contracts with individual customers through agents: 38.3% (-2.9p YoY)

Attract international students for increased use of rooms

Acquire increasing demand mainly by international students coming to Japan.

Utilize six IFCs and reinforce relationship with real estate agents and service providers which cater for students' needs.

Chapter 3

Promotion of Sustainability

Leopalace21 promotes DX to realize non face-to-face service from room search to contract signing and post-move-in support.

As part of the DX strategy, the offices were integrated from 109 to 72 in November,2023.

Finding Rooms

- **Online Contracts**

No need to visit offices from room viewing to contract signing

- **EcoSystem**

AI supports room search for company housing.

Contact Center

Opened on October 1,2023
Full-scale operation from November 1,2023

Beginning Occupancy

- **Smart Lock**

Customers no longer need to visit the leasing sales offices to pick up their keys.

- **Electronic contract (for individuals) / Leo-sign(for corporate customers)**

Digitalized contract signing contributes to paperless operation

Contract Administration Center

All admin works related to contract are undertaken.

During Occupancy

- **Chatbot**

Responding to any category of inquiries by AI-powered Chatbot

- **Voicebot**

AI receives inquiries on call and converts verbal messages into texts.

- **Corporate WEB System**

Centralized management of various data from billing to termination.

Tenants Support Center

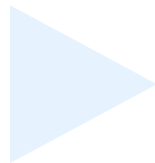
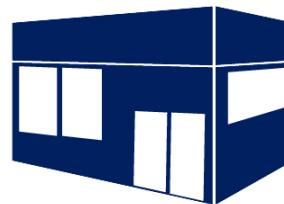
Responding to customer inquiries
24 hours a day, 7 days a week

Integrating Offices

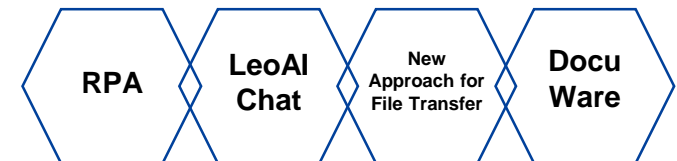
109 Offices



72 Offices



DX of admin works



Leopalace21 Scholarship Program was launched to address social problems such as recent sharp rise in tuition fees and long-term repayment of scholarships.

Leopalace21 supports new students entering universities, junior colleges, and vocational schools in April 2025 will be supported by either free rental of properties managed by Leopalace21 or benefit-type scholarship.



Details of Support	① Use of a room of Leopalace21 apartment without paying rent up to JPY1.2 million/year ② Benefit-type Scholarship JPY360,000/year	Support Period	Regular period in school
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Leopalace21 positioned human resource development as a most important management issue. It decided on new human capital management vision and selected six themes.



■ Leadership and Succession
 « Total hours of employee participation in training »

	FY2022	FY2023 Target
	4,096 hours	9,000 hours

■ Diverse Talents Acquisition
 «Hiring»

	FY2022	FY2023 Target
New graduates	-	50
Mid-career	54	146

■ Employee Engagement
 «Employee Engagement Indicator»

	FY2022	FY2023 Target
	8.6%	9.0%

«Turnover Rate»

	FY2022	Target Value
	11.1%	Within 5 -10%

■ Compliance and Ethics
 «Strengthen a sense of compliance»

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

■ Well-being Management
 «Rate of thorough examinations undergone after periodic medical examination»

	FY2022	FY2025 Target
	27.1%	80.0%

«Smoking Rate»

	FY2022	FY2024 Target
	31.9%	25.0%

■ Diversity and Inclusion
 «Female Management Positions»

	FY2022	FY2025 Target
No. of female managers	35	50
Rates of female managers	5.5%	7.8%

«Male employees taking leave for childcare»

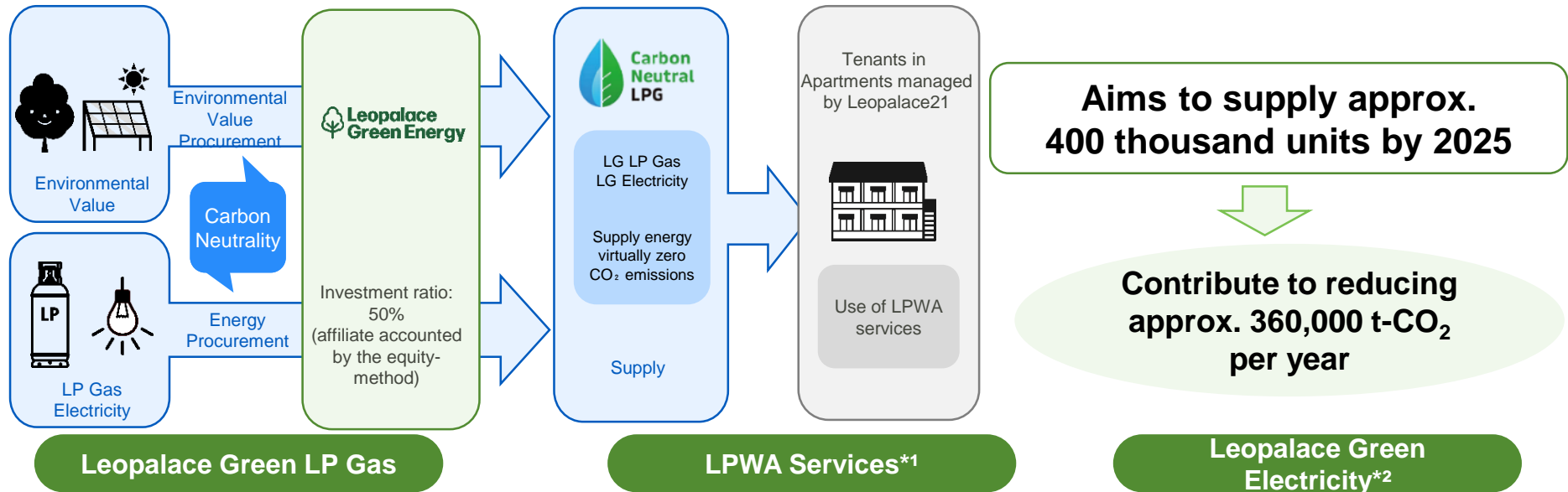
	FY2022	FY2023 Target
No. of male employees	20	-
Rate of childcare leave usage	35.7%	Within 30-40%

«Gender Wage Gap»

	FY2022	FY2023 Target
Regular Employees	69.1%	70.6%
Non-Regular Employees	63.6%	63.5%
Total	55.4%	55.5%

Leopalace21 started to offer Leopalace Green LP Gas and LPWA services with virtually zero CO₂ emissions to the apartments under management 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

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 certificates (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 23,100 rooms

Of the units requiring repair, we expect to repair approximately **23,100** units, including **16,879** units that have already been surveyed and **6,220** units that have not been investigated and are expected to be inadequate based on the results of the investigation to date.

(As of October 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	7,689	120,811	75,638	51,616	13,800
Other Series Total	23,802	4,521	70,568	35,401	11,458	9,300
Grand Total	39,085	12,210	191,379	111,039	63,074	23,100

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/>

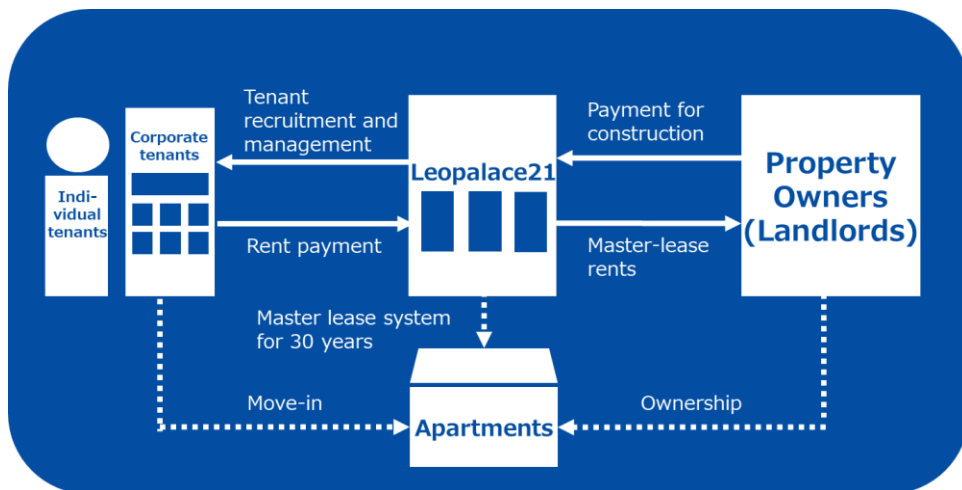
Appendix

Corporate Data (as of September 30, 2023)

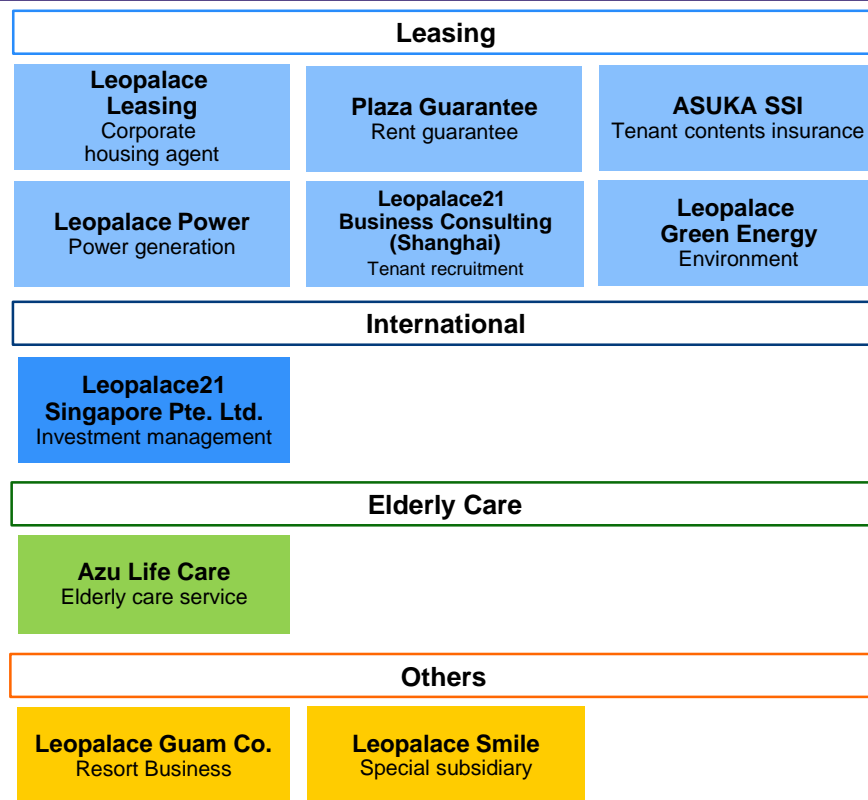
Established	August 17, 1973
Paid-in Capital	JPY 100 million
Representative Director	Bunya Miyao, President and CEO
Employees	3,939 (consolidated), 2,755 (non-consolidated)
Authorized Shares	750,000,000
Outstanding Shares	329,389,515 shares (not including 159,748,700 dilutive shares)
Shareholders	46,980

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 September 30, 2023)



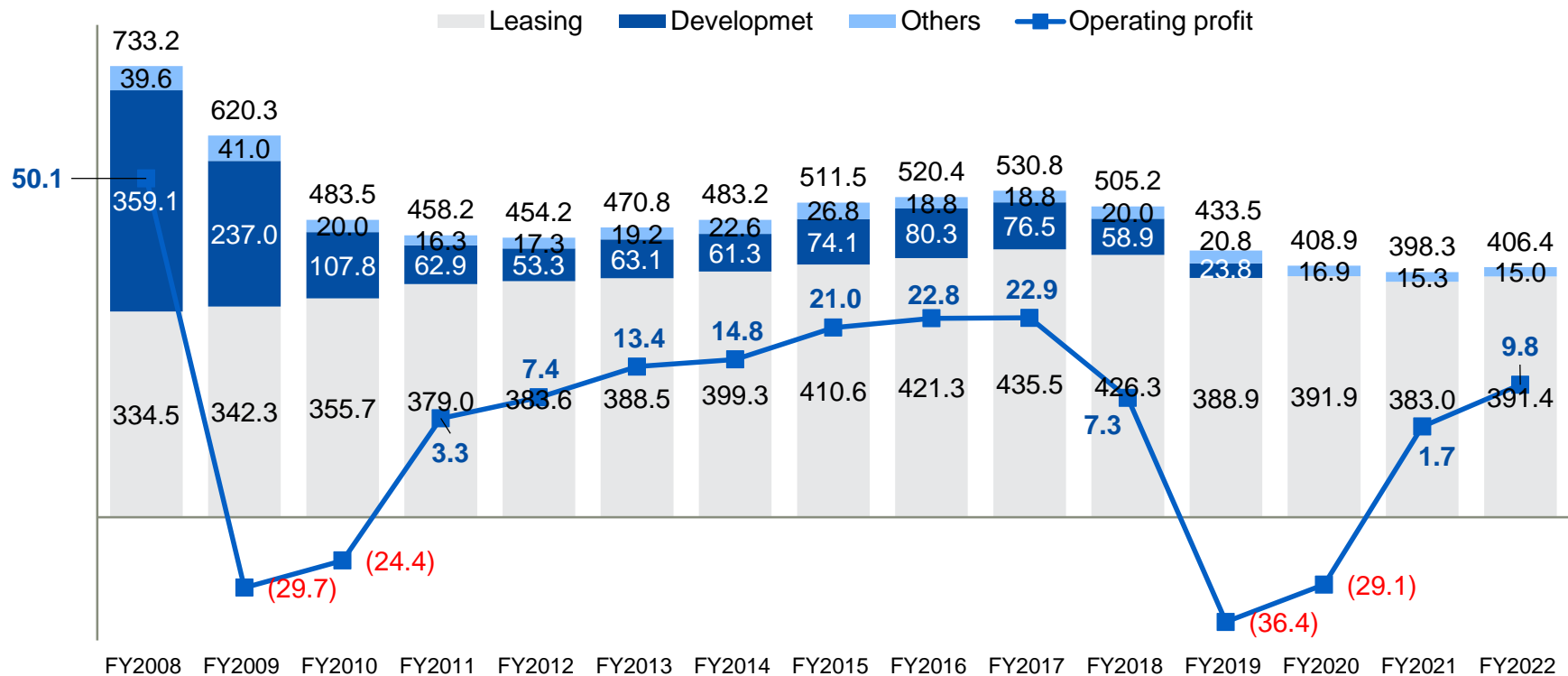
* Results of the International Business are reported under the Leasing Business segment.

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)



Recorded two consecutive operating losses due to the global financial crisis

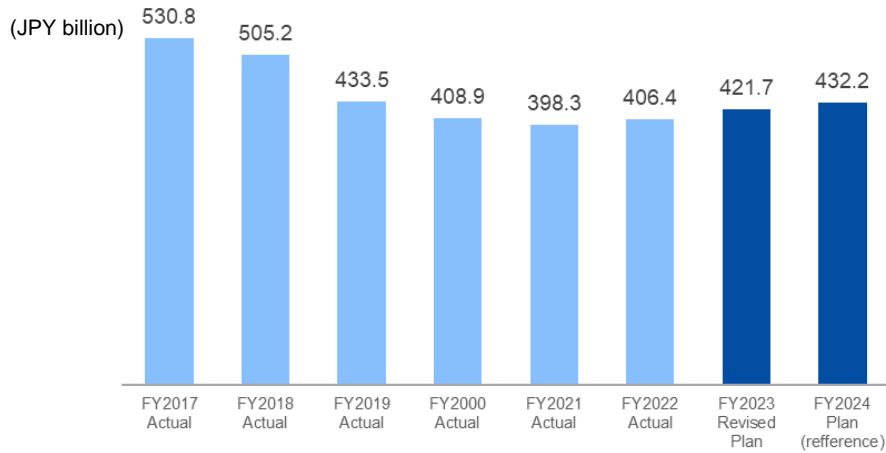
Shifted the business model to center on the Leasing Business aiming for mid- to long-term stable earnings structure

Construction defects problem came to light

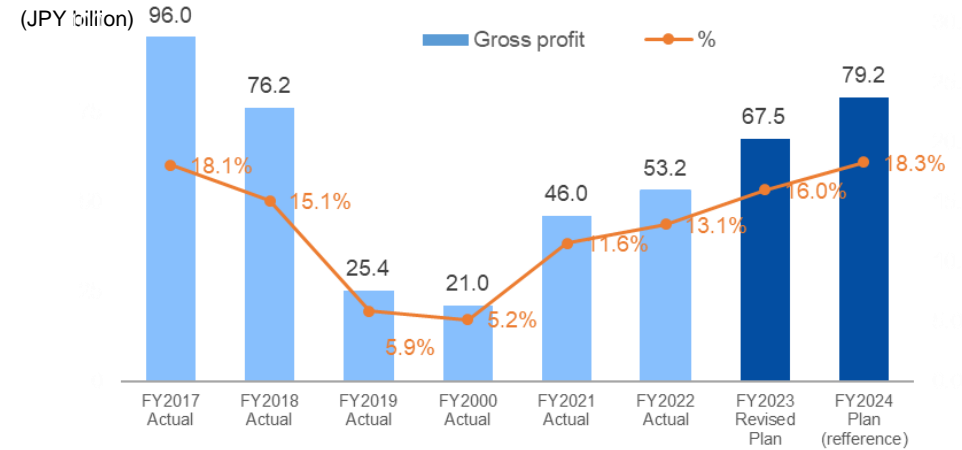
Continuous structural reforms
Impact by Covid-19

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.

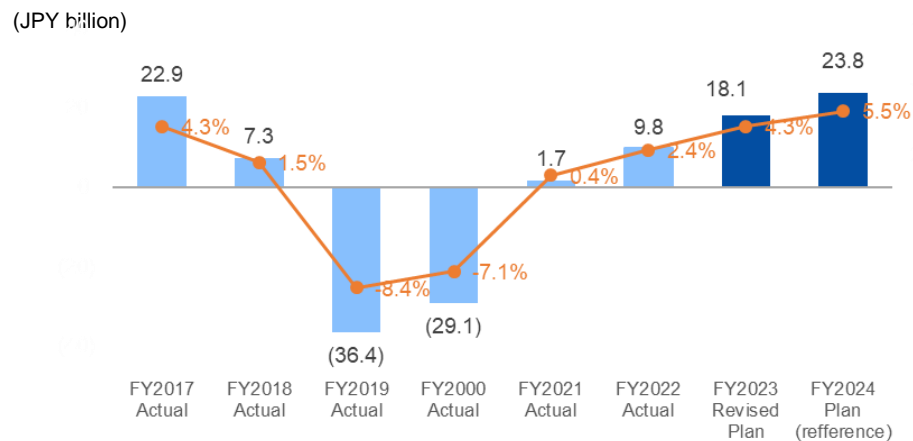
Net sales



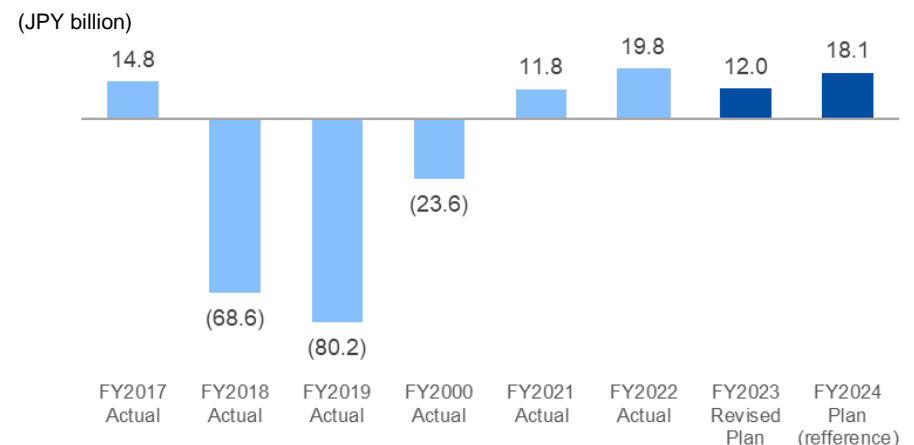
Gross profit



Operating profit

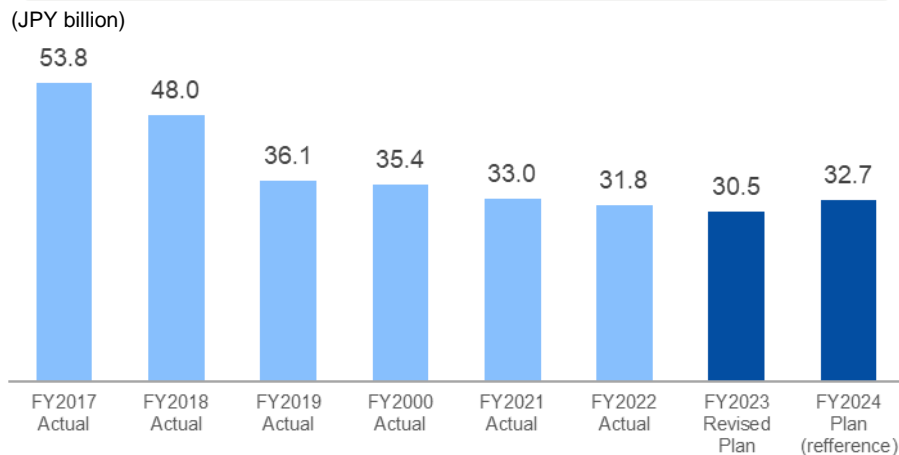


Net income

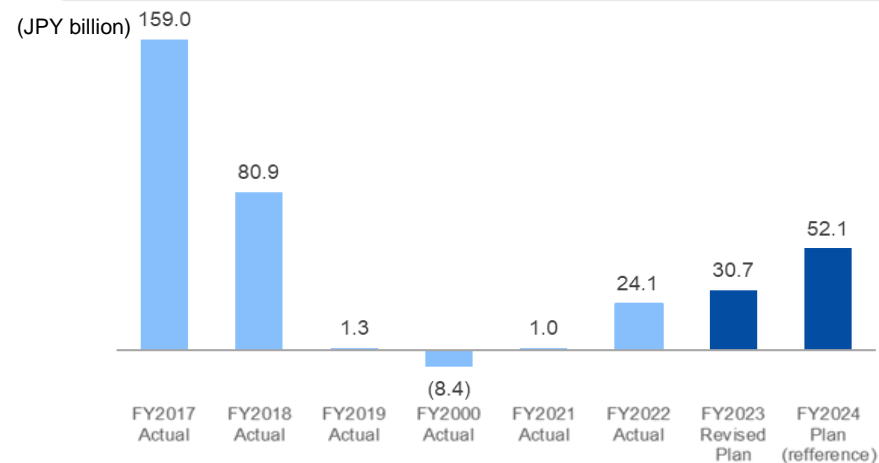


Strengthen equity capital by improving profitability and move toward dividend resumption.

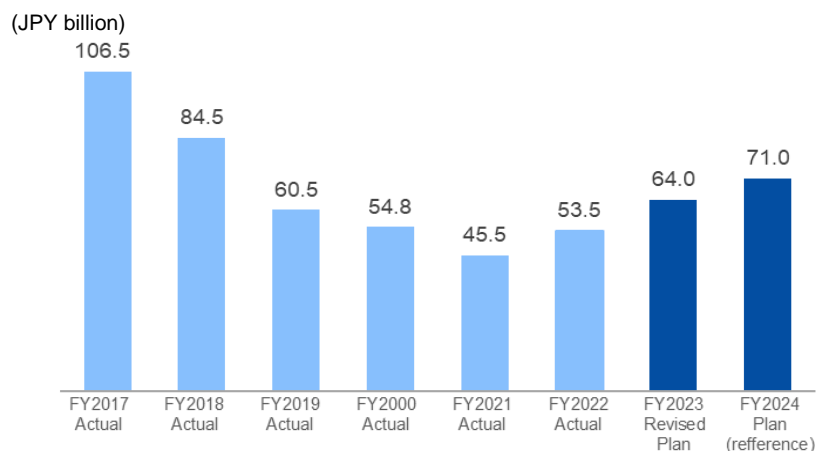
Interest-bearing debt*



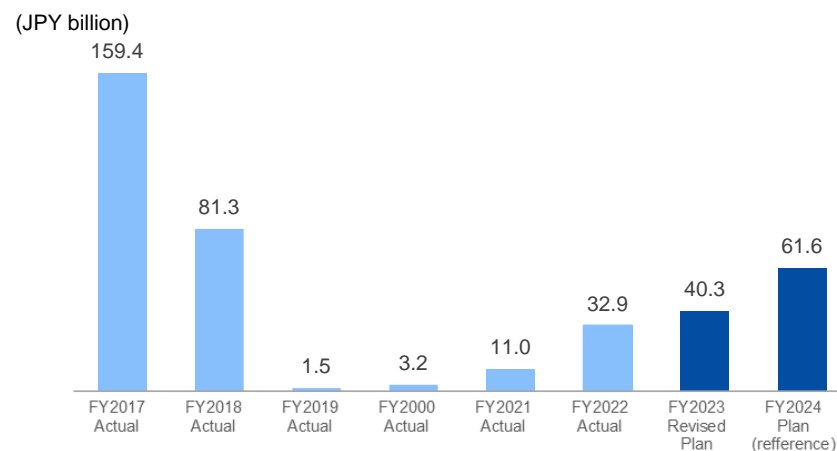
Ownership equity



Cash and deposits



Total net assets



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,
Leopalace21 Corporation

TEL : 050-2016-2907

E-mail : ir@leopalace21.com



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

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