

Leopalace21 Corporation

Financial Results for Fiscal Year 2024



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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.

PL

Due to the increase in rent per unit, **operating profit and recurring profit saw significant year-on-year growth**. The full-year operating profit was **the highest since the global financial crisis**. Operating profit: JPY 29.2 billion (YoY +25.4%)
Recurring profit: JPY 26.9 billion (YoY +38.3%)

BS

Due to the stabilization of earnings, **cash and deposits increased to JPY 88.4 billion** (YoY + JPY 19.7 billion).
The equity ratio rose to 37.5% (YoY +6.3 p).

Leasing
Business

Due to the driving force of corporate contracts, **the average unit rent for new contracts continued to show an upward trend** in FY 2024. The average unit rent for new contracts (index) for the full year was 108, +6 p YoY. The number of corporate-use units at the end of FY 2024 was 308,613, the second-highest level since FY 2017.

Refinancing

Executed **the refinancing of a JPY 30 billion loan from Mizuho Bank** on March 14, 2025. This refinancing reduces the interest burden and converts the loan to an unsecured and non-guaranteed status, thereby enhancing our financial stability and flexibility.

Dividend

The interim dividend has been paid with **JPY 5 per share** for FY2024. **A year-end dividend of JPY 5 per share is planned, bringing the total annual dividend to JPY 10 per share**, indicating a planned increase in dividends.

Chapter 1

Outline of the Financial Results for FY2024

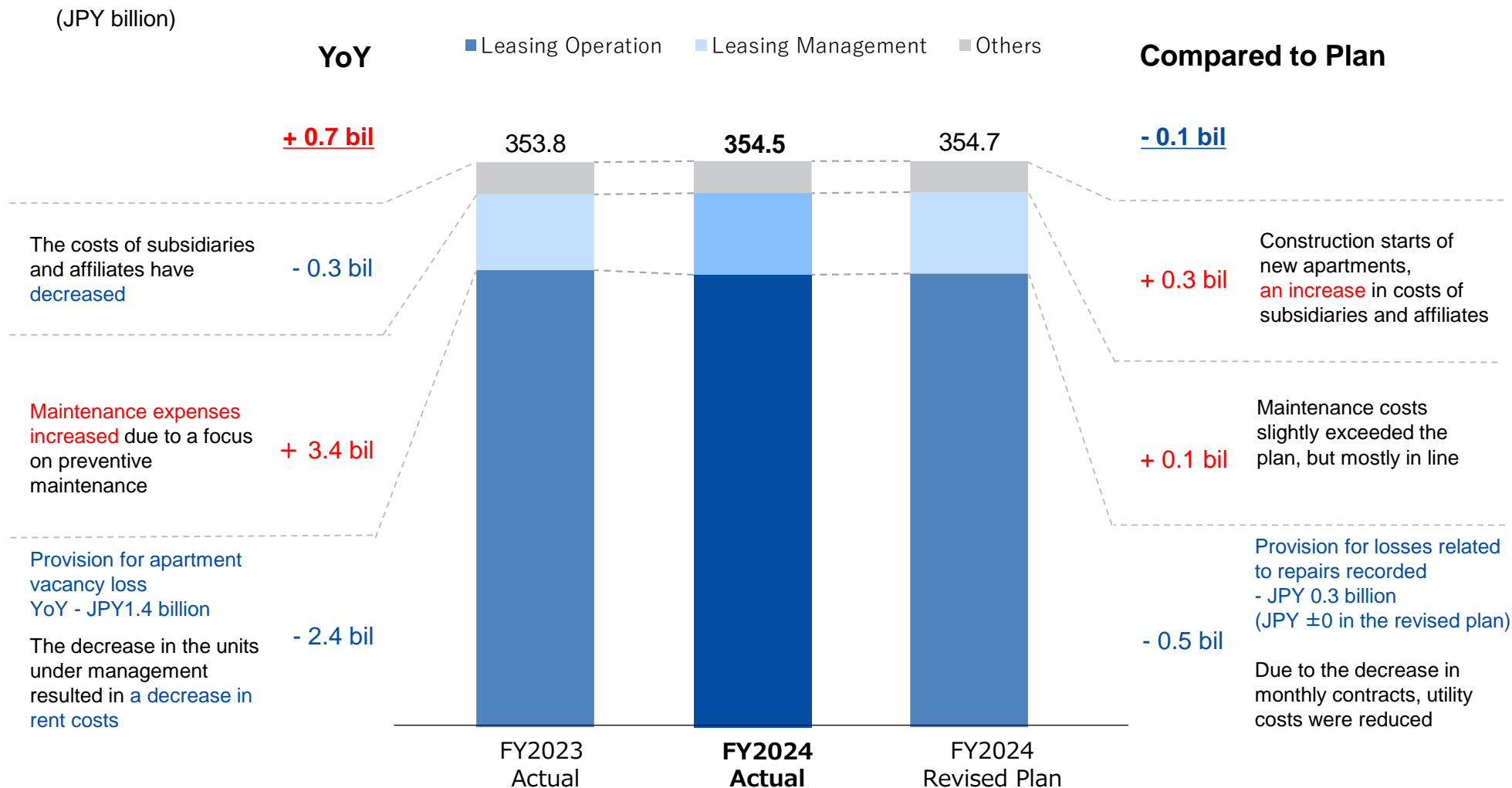
Due to the increase in average unit rent, the profits at each stage from gross profit to recurring profit are higher compared to the previous year. Net income exceeded the plan by 3.2%.

(JPY million)	Comparison vs FY2023 Actual		FY2023 Actual	FY2024 Actual	FY2024 Revised Plan	Differences		Factors contributing to changes
Net sales	+2.2%	+9,159	422,671	431,831	433,300	(1,468)	(0.3%)	■ Net sales Significant year-on-year increase due to the high level of average unit rent for new contracts for corporate contracts. However, due to the review of the monetization period for services aimed at corporations, it fell short of the planned figures.
Cost of sales	+0.2%	+700	353,836	354,537	354,700	(162)	(0.0%)	
Gross profit	+12.3%	+8,458	68,835	77,293	78,600	(1,306)	(1.7%)	
%	+1.6 p	-	16.3%	17.9%	18.1%	-	(0.2 p)	■ Cost of sales Slight increase from the previous year, but almost in line with the plan due to focusing on preventive maintenance etc.,
SG&A	+5.6%	+2,541	45,521	48,062	47,600	+462	+1.0%	
Operating profit	+25.4%	+5,917	23,313	29,231	31,000	(1,768)	(5.7%)	■ SG&A Personnel expenses were slightly higher than planned due to increased bonuses.
%	+1.3 p	-	5.5%	6.8%	7.2%	-	(0.4 p)	
EBITDA	+17.0%	+4,759	27,974	32,734	34,500	(1,765)	(5.1%)	■ Non-operating expenses Due to the refinancing in December 2023, interest expenses decreased to JPY 1.4 billion although interest expenses for FY2023 were JPY 3.6 billion. In conjunction with the refinancing in March 2025, funding costs of JPY 1 billion were recorded.
Recurring profit	+38.3%	+7,459	19,476	26,936	29,800	(2,863)	(9.6%)	
Net income	(57.5%)	(24,200)	42,062	17,861	17,300	+561	+3.2%	
EPS (JPY)	(57.1%)	(74.69)	130.91	56.22	54.45	+1.77	+3.3%	■ Net income JPY 1.3 billion in reversal of provision for losses related to repairs was recorded as extraordinary income, and JPY 8.7 billion in income taxes deferred was recorded.

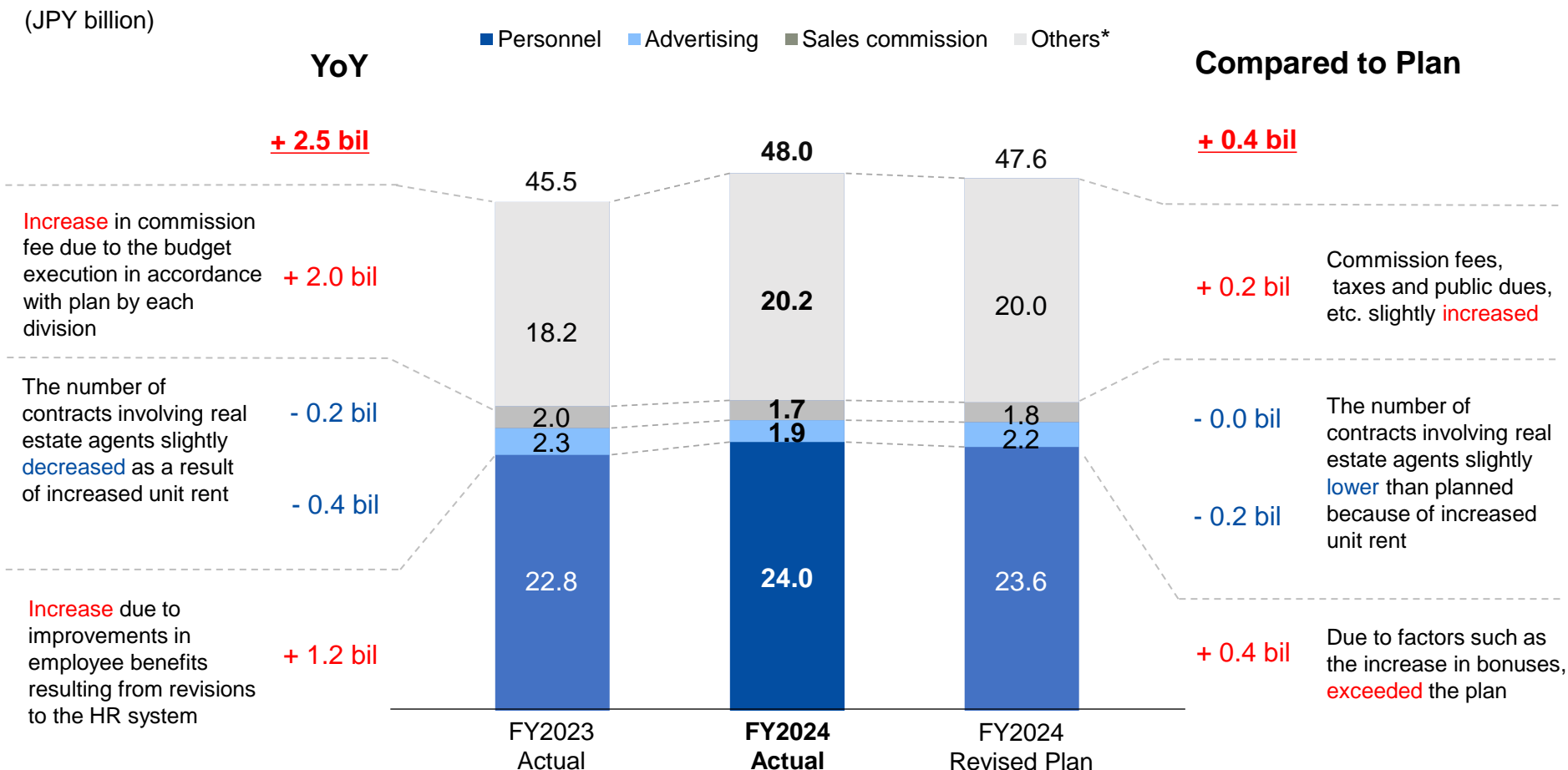
Net sales were positive YoY in each quarter due to an increase in the average unit rent.

JPY million	FY2023				FY2024							
	Q1	Q2	Q3	Q4	Q1		Q2		Q3		Q4	
	Actual	Actual	Actual	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Revised Plan	Actual
Net sales	106,375	105,472	104,728	106,095	106,900	108,917	106,200	107,247	106,700	107,805	109,300	107,860
Cost of sales	88,308	87,771	87,627	90,128	87,200	87,519	87,900	88,563	88,400	88,399	90,200	90,054
Gross profit	18,066	17,701	17,100	15,966	19,700	21,398	18,300	18,683	18,300	19,405	19,100	17,805
SG&A	10,444	10,495	11,918	12,662	11,600	11,108	11,800	11,546	11,900	11,375	13,600	14,031
Operating profit	7,622	7,205	5,181	3,304	8,100	10,289	6,500	7,137	6,400	8,030	5,500	3,774
Recurring profit	6,851	6,259	3,455	2,909	7,700	10,244	6,100	6,484	6,000	8,151	4,900	2,055
Net income	6,627	5,222	3,028	27,183	4,400	6,084	3,500	4,511	3,600	4,795	1,900	2,469

Cost of Sales was generally in line with the plan, although costs of leasing management increased from previous year due to enhance preventive maintenance.



Significant year-on-year increase due to improvements in employee benefits and budget expansions in each department, resulting from the stabilization of the financial foundation.

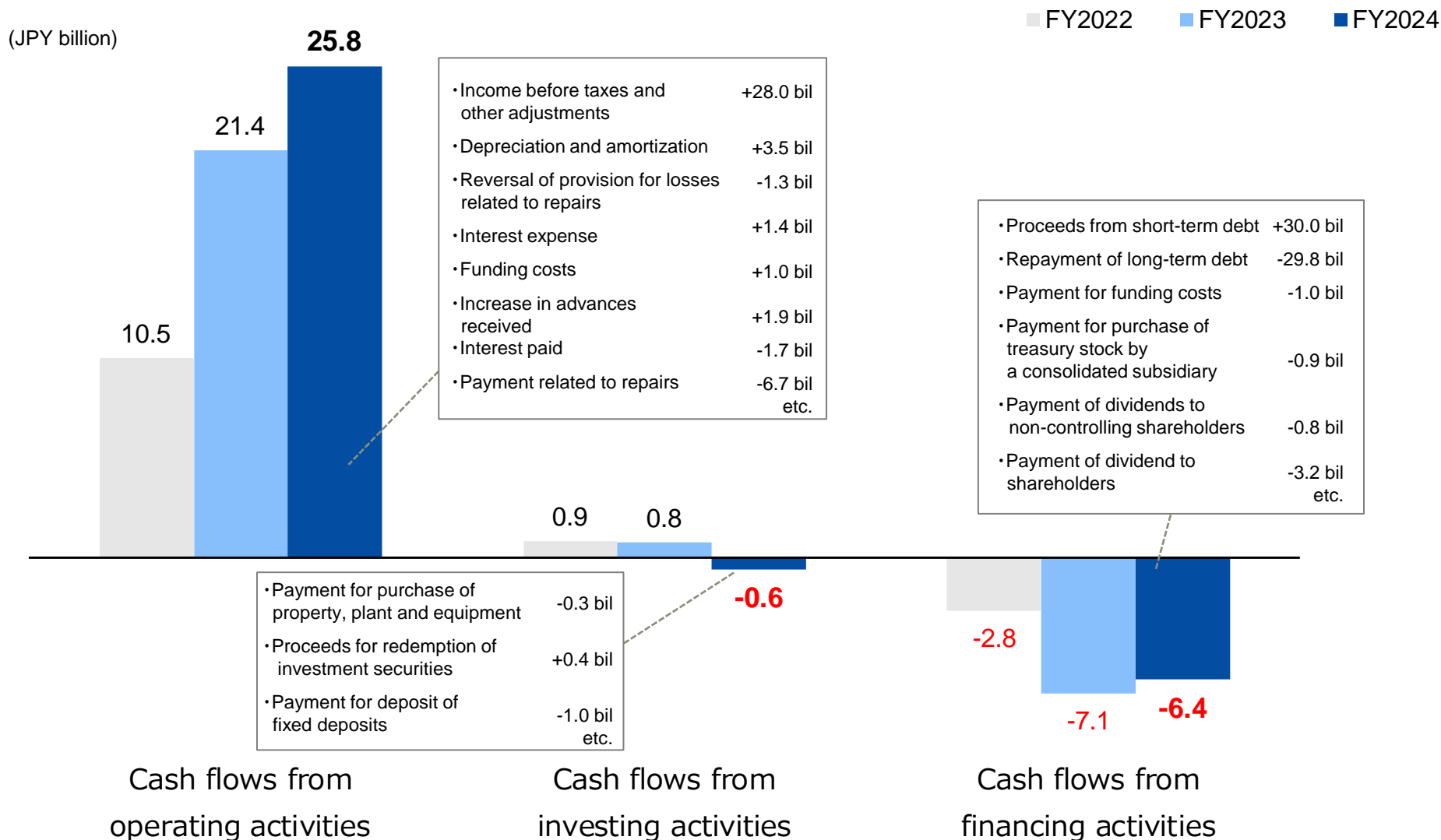


* Others: Taxes and public charges, commission expense, rent expense, repair and maintenance expenses, travelling, depreciation and amortization, etc.

(JPY million)	End of FY2023	End of Q3 FY2024	End of FY2024	YoY	QoQ	Factors contributing to changes
Cash and deposits	68,627	78,050	88,408	+19,781	+10,357	■ Cash and deposits Due to the stabilization of revenue, a year-on-year increase of JPY 19.7 billion was achieved.
Trade receivables	7,670	6,758	7,913	+242	+1,154	
Total assets	205,000	204,043	216,625	+11,625	+12,581	
Interest-bearing debt*	30,879	30,775	31,630	+750	+854	■ Provision for compensation for completed construction A transfer was made from provision for losses related to repairs. Current: JPY 1.8 billion; Non-current: JPY 5.3 billion; Total: JPY 7.1 billion
Provision for losses related to repairs	15,339	8,664	-	(15,339)	(8,664)	
Provision for compensation for completed construction	19	65	7,177	+7,157	+7,112	■ Provision for apartment vacancy loss Due to the improvement in earnings of some properties, there was a decrease of JPY 300 million YoY and a decrease of JPY 300 million QoQ. Current: JPY 3.2 billion; Non-current: JPY 1.1 billion; Total: JPY 4.3 billion
Provision for apartment vacancy loss	4,683	4,683	4,337	(346)	(346)	
Total liabilities	133,320	121,158	128,356	(4,963)	+7,197	
Common stock	100	100	100	±0	±0	■ Equity ratio Due to the recording of net profit, retained earnings increased by JPY 14.6 billion YoY. The impact of the yen depreciation, the foreign currency translation adjustment (accumulated other comprehensive income) increased by JPY 2.7 billion YoY.
Capital surplus	30,121	30,120	30,120	(1)	±0	
Retained earnings	32,867	45,020	47,490	+14,622	+2,469	
Treasury stock	(4,359)	(4,359)	(4,359)	(0)	±0	
Total shareholders' equity (A)	58,729	70,880	73,350	+14,621	+2,469	
Total accumulated other comprehensive income (B)	5,175	5,136	7,918	+2,743	+2,782	
Ownership equity (A) + (B)	63,904	76,017	81,269	+17,364	+5,252	
Equity ratio	31.2%	37.3%	37.5%	+6.3 p	+0.2 p	
Share subscription rights	242	391	391	+149	±0	
Non-controlling interests	7,532	6,476	6,607	(925)	+131	
Total net assets	71,679	82,885	88,268	+16,588	+5,383	

* Interest-bearing debt = borrowings + lease obligations

Due to the generation of stable operating cash flow, cash and cash equivalents increased to JPY 87 billion.



Chapter 2

Leasing Business Conditions

The average unit rent for new contracts maintained high levels due to rent hikes in the single-household apartment market and continued price-focused strategies.

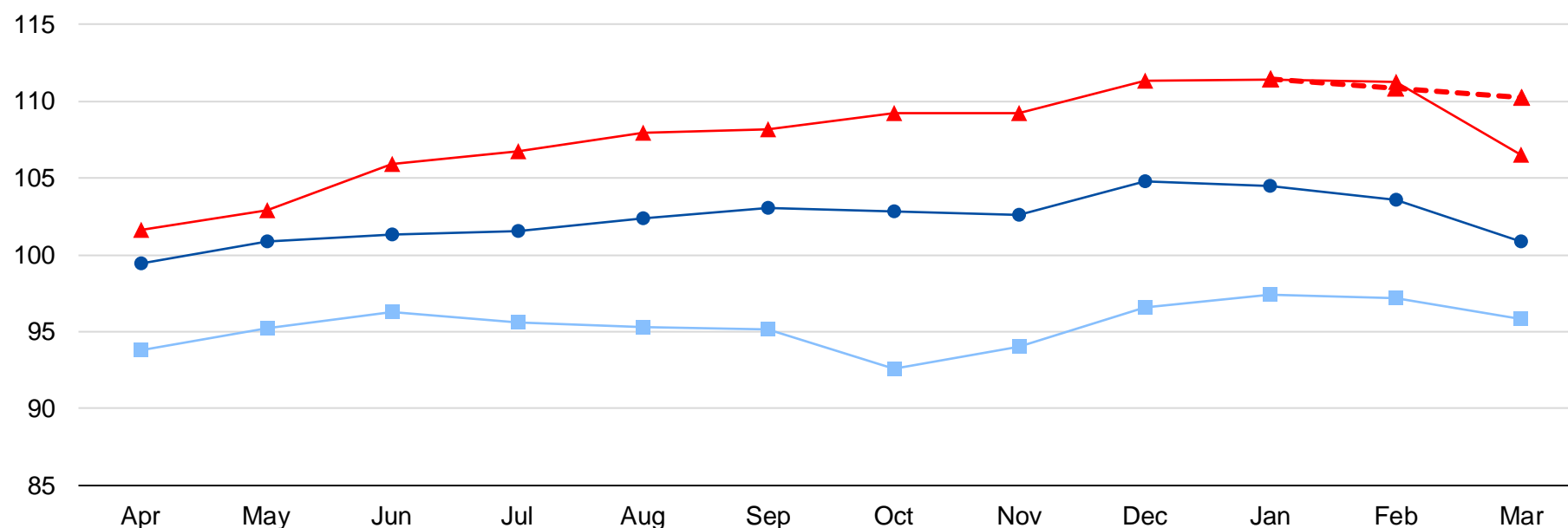
(Apr 2016 set as 100)

■ FY2022

● FY2023

▲ FY2024

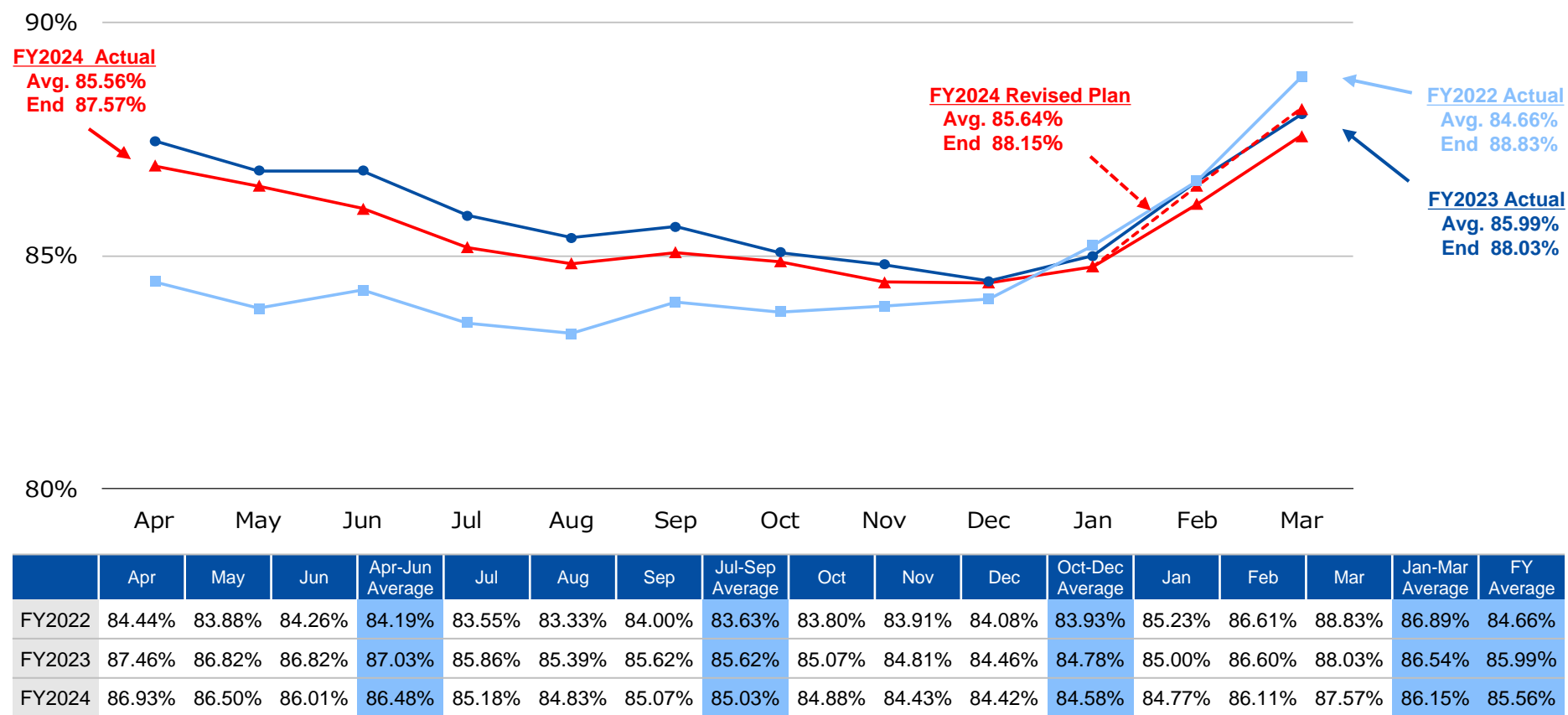
---▲ FY2024 (Revised Plan)



	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	FY Average
FY2022	94	95	96	96	95	95	93	94	97	97	97	96	96
FY2023	99	101	101	102	102	103	103	103	105	104	104	101	102
FY2024	102	103	106	107	108	108	109	109	111	111	111	107	108

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

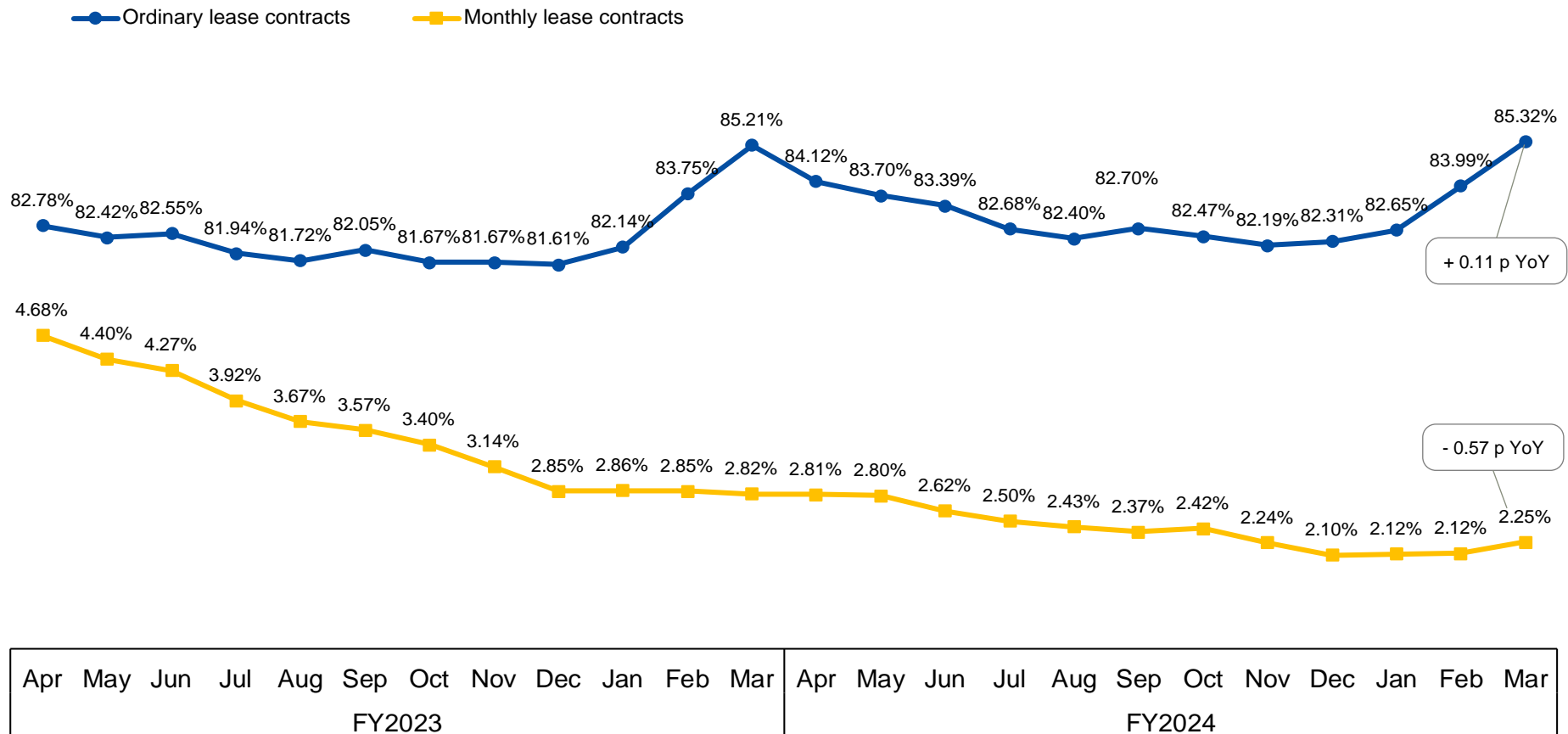
As a result of implementing price-focused strategies to improve profitability and restraining monthly lease contracts by 2.71% over the two-year period, the occupancy rates resulted in 87.57% at the end of March 2025, a decrease of 0.46 p YoY, with an average occupancy rate of 85.56%, a decrease of 0.43 p YoY.



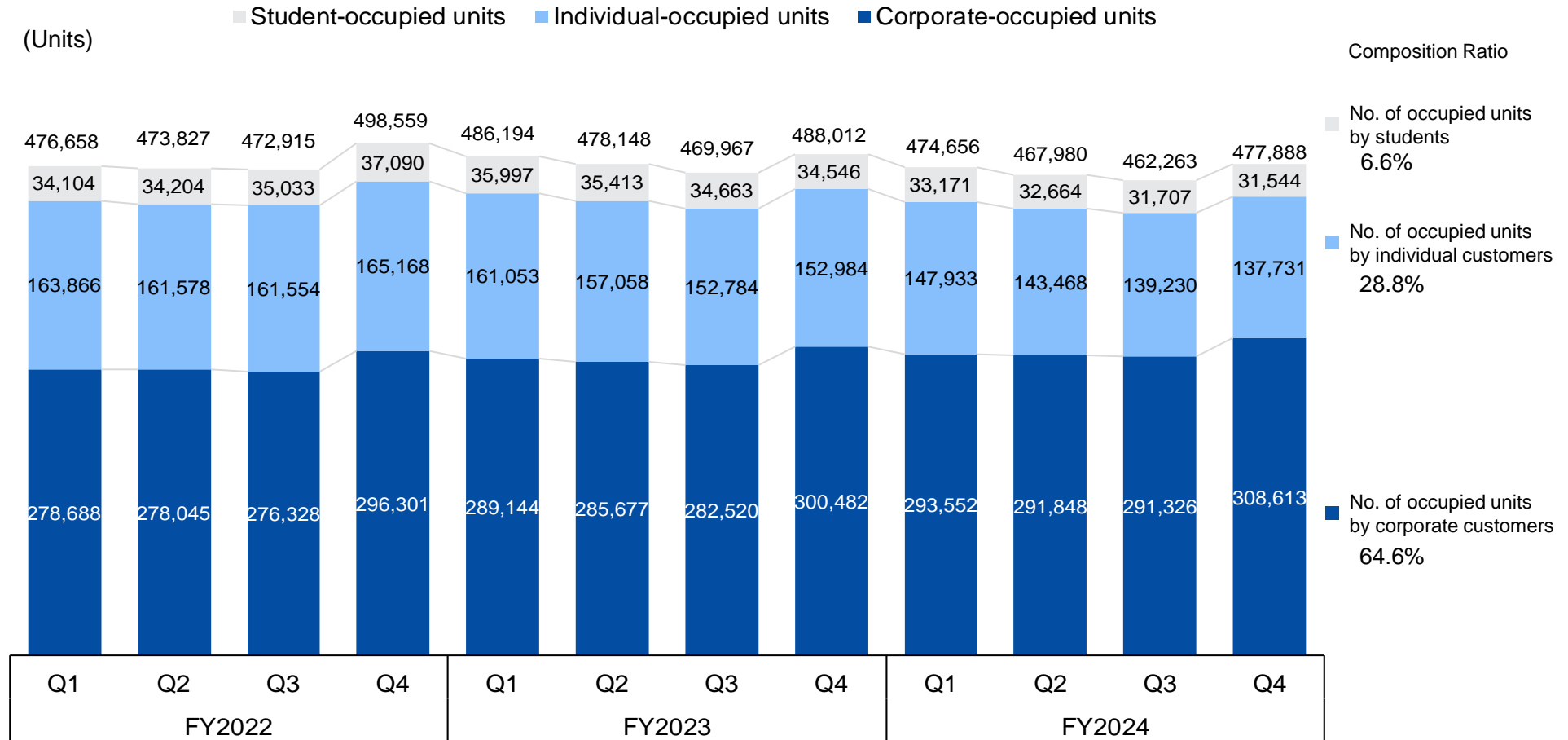
Monthly Data : <https://www.leopalace21.co.jp/english/ir/finance/monthly/index.html>

We continued a policy of restraining monthly lease contracts, which are less profitable than ordinary lease contracts for FY2024, in order to improve the profitability.

The occupancy rates of ordinary lease contracts increased from the same month last year.



The composition ratio by the corporate customers reached the record high of 64.6%.

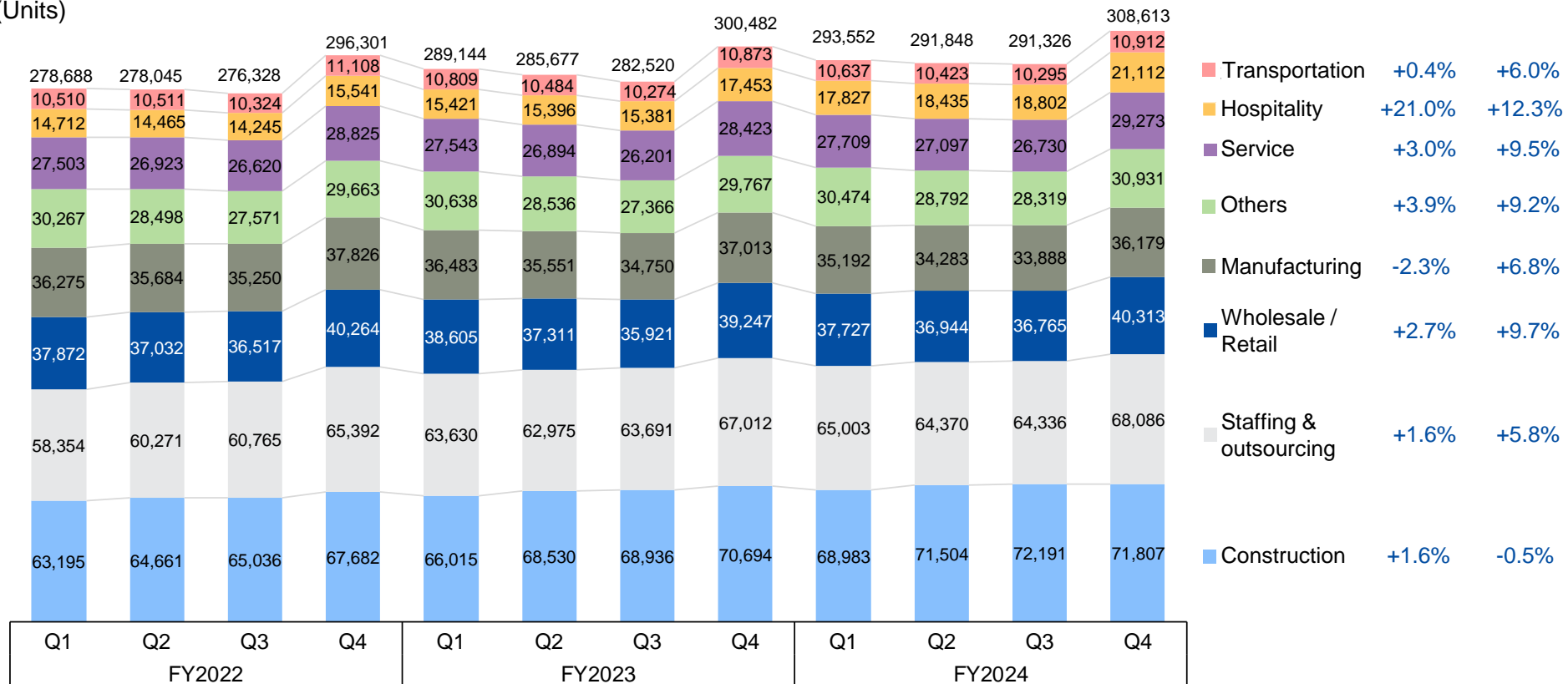


The number of units used in the staffing & outsourcing industry and hospitality industry reached an all-time high.

No. of companies

(43,735) (44,149) (43,831) (44,732) (43,286) (42,915) (41,997) (42,335) (41,213) (41,330) (40,833) (41,305)

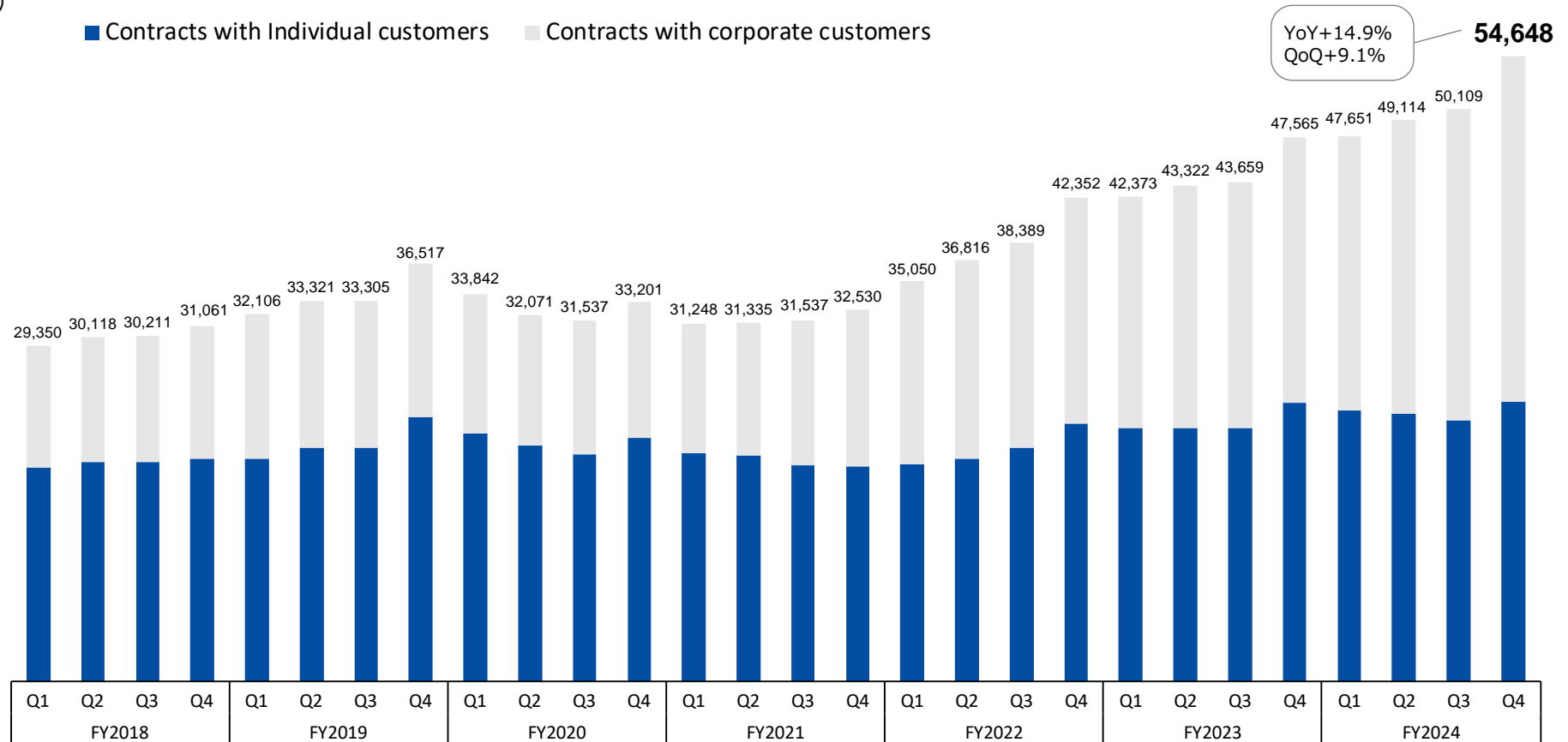
(Units)



The number of units used by foreign national tenants reached a record high of 54,648 at the end of FY2024, which represented 11.4% of the total.

The number of foreign national tenants in corporate contracts, particularly in the hospitality industry, continues to increase.

(Unit)



The occupancy rates in the Tokyo Metropolitan Area increased both YoY and QoQ due to the demand for new graduates. Hokuriku region saw a decline compared to the same month last year due to reduction of disaster recovery projects. Kyushu Region were down from the same month last year due to the completion of construction projects.

Q4 FY2024	Managed units (thousand)	Occupancy rate	YoY	QoQ
Hokkaido	13	84%	-0 p	+1 p
Aomori	3	74%	-3 p	+5 p
Iwate	3	86%	+1 p	+3 p
Miyagi	9	79%	-3 p	+1 p
Akita	2	81%	-3 p	+6 p
Yamagata	3	80%	+1 p	+1 p
Fukushima	9	84%	-1 p	+1 p
Ibaraki	15	89%	+1 p	+3 p
Tochigi	11	84%	+0 p	+4 p
Gunma	11	83%	-2 p	+2 p
Saitama	45	91%	+0 p	+4 p
Chiba	32	92%	+2 p	+5 p
Tokyo	42	97%	+2 p	+6 p
Kanagawa	39	94%	+3 p	+5 p
Niigata	8	78%	-5 p	-1 p
Toyama	5	83%	-10 p	+3 p

Q4 FY2024	Managed units (thousand)	Occupancy rate	YoY	QoQ
Ishikawa	5	86%	-10 p	+4 p
Fukui	4	89%	+7 p	+6 p
Yamanashi	4	96%	+3 p	+3 p
Nagano	11	88%	-2 p	+2 p
Gifu	7	82%	-0 p	-1 p
Shizuoka	23	80%	-4 p	+2 p
Aichi	40	89%	-0 p	+3 p
Mie	11	71%	-3 p	+2 p
Shiga	8	90%	-1 p	+3 p
Kyoto	9	93%	-0 p	+4 p
Osaka	30	89%	+1 p	+5 p
Hyogo	21	88%	+0 p	+3 p
Nara	3	84%	-7 p	+1 p
Wakayama	3	75%	-2 p	+2 p
Tottori	2	77%	-8 p	+0 p
Shimane	2	89%	-6 p	+4 p

Q4 FY2024	Managed units (thousand)	Occupancy rate	YoY	QoQ
Okayama	11	82%	+2 p	+3 p
Hiroshima	13	85%	-5 p	+2 p
Yamaguchi	7	83%	-8 p	-3 p
Tokushima	2	73%	+1 p	+0 p
Kagawa	4	77%	-5 p	+1 p
Ehime	4	77%	-3 p	-3 p
Kochi	2	81%	+0 p	+3 p
Fukuoka	19	89%	-2 p	+3 p
Saga	3	83%	-9 p	+2 p
Nagasaki	2	77%	-14 p	+4 p
Kumamoto	7	90%	+6 p	+2 p
Oita	4	84%	+3 p	+4 p
Miyazaki	2	88%	-6 p	-1 p
Kagoshima	3	82%	+1 p	+4 p
Okinawa	5	100%	+1 p	+0 p
Total	545	88%	-0 p	+3 p

Chapter 3

Promotion of Sustainability

The number of apartment units with smart lock installed was approximately 310,000 as of end of March 2025.



Enhanced customer convenience

Door is unlockable by a smartphone app, a smart card or PIN entry to numeric keypad

Start a new chapter of life in a new apartment unit without having to stop by a leasing sales office to pick up keys

Improved productivity

91% of new tenants moved into apartment units with smart lock installed in FY2024

The amount of work related to handing over keys was substantially reduced

The number of units with smart lock installed

FY2022 Approximately 70,000 units	▶	FY2023 Approximately 240,000 units	▶	FY2024 Approximately 310,000 units
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Time-Saving Effect

FY2022 Approximately 20,000 hours	▶	FY2023 Approximately 140,000 hours	▶	FY2024 Approximately 170,000 hours
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The number of Sales Offices

FY2022 109 offices	▶	FY2023 72 offices	▶	FY2024 70 offices
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Leopalace21 Scholarship Program was launched to address social problems such as recent sharp rise in tuition fees and long-term repayment of scholarships. We decided to continue Leopalace21 Scholarship Program for FY2026* following its initial program launched for FY2025.



**Details
of
Support**

- (1) Use of a room of Leopalace21 apartment without paying rent **up to JPY 1.2 million/year**
- (2) Benefit-type Scholarship **JPY 360,000/year**

**Support
Period**

Regular period in school

* Refer to "[Notice Concerning Leopalace21 Scholarship Program for FY2026 Application Guidelines Announced](#)" dated January 6, 2025

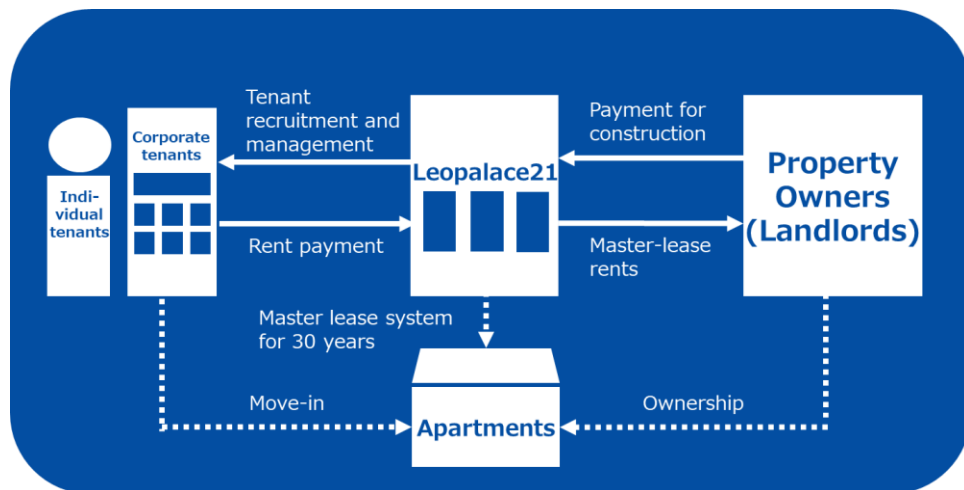
Appendix

Corporate Data (as of March 31, 2025)

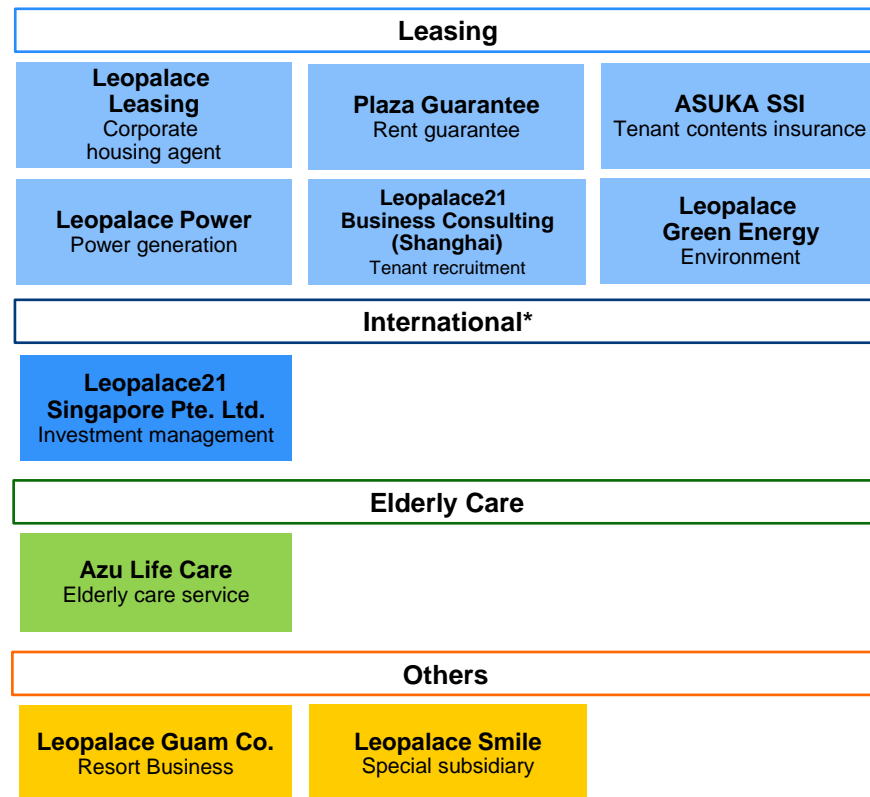
Established	August 17, 1973
Paid-in Capital	JPY 100 million
Representative Director	Bunya Miyao, President and CEO
Employees	3,909 (consolidated), 2,723 (non-consolidated)
Authorized Shares	750,000,000
Outstanding Shares	329,389,515 shares (not including 159,748,700 dilutive shares)
Shareholders	36,860

Business Model

**Offer about 550,000 studio-type apartment units
equipped with furniture and appliances
73% of the listed companies use Leopalace21's services**



Group Companies (as of March 31, 2025)



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

1. Construction Defects Management

**Eliminate obvious defects
by the end of 2024**

2. Strengthen Profitability

**Implement profit
optimization strategy**

- Occupancy Plan (Revised)
Average: 85.64%
End of FY: 88.15%
- Unit Rent Plan (Revised)
Ave. unit rent for new contracts:
+ 5.9% YoY
Ave. unit rent for all occupied units:
+ 4.7% YoY

3. Promote Sustainability Management

Promote DX

**Promote
Human Capital
Management**

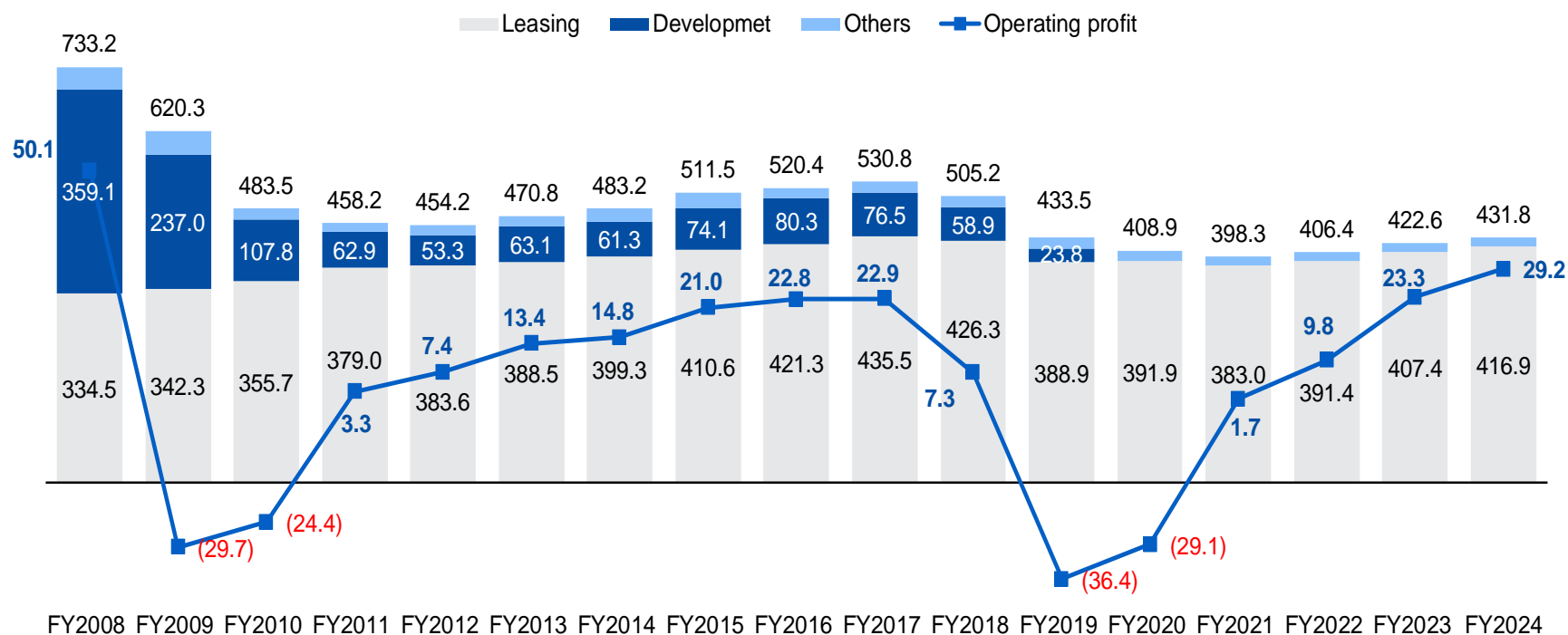
4. Prepare Framework for Mid- to Long-term Growth

**Prepare a
framework
for resuming
development
business**

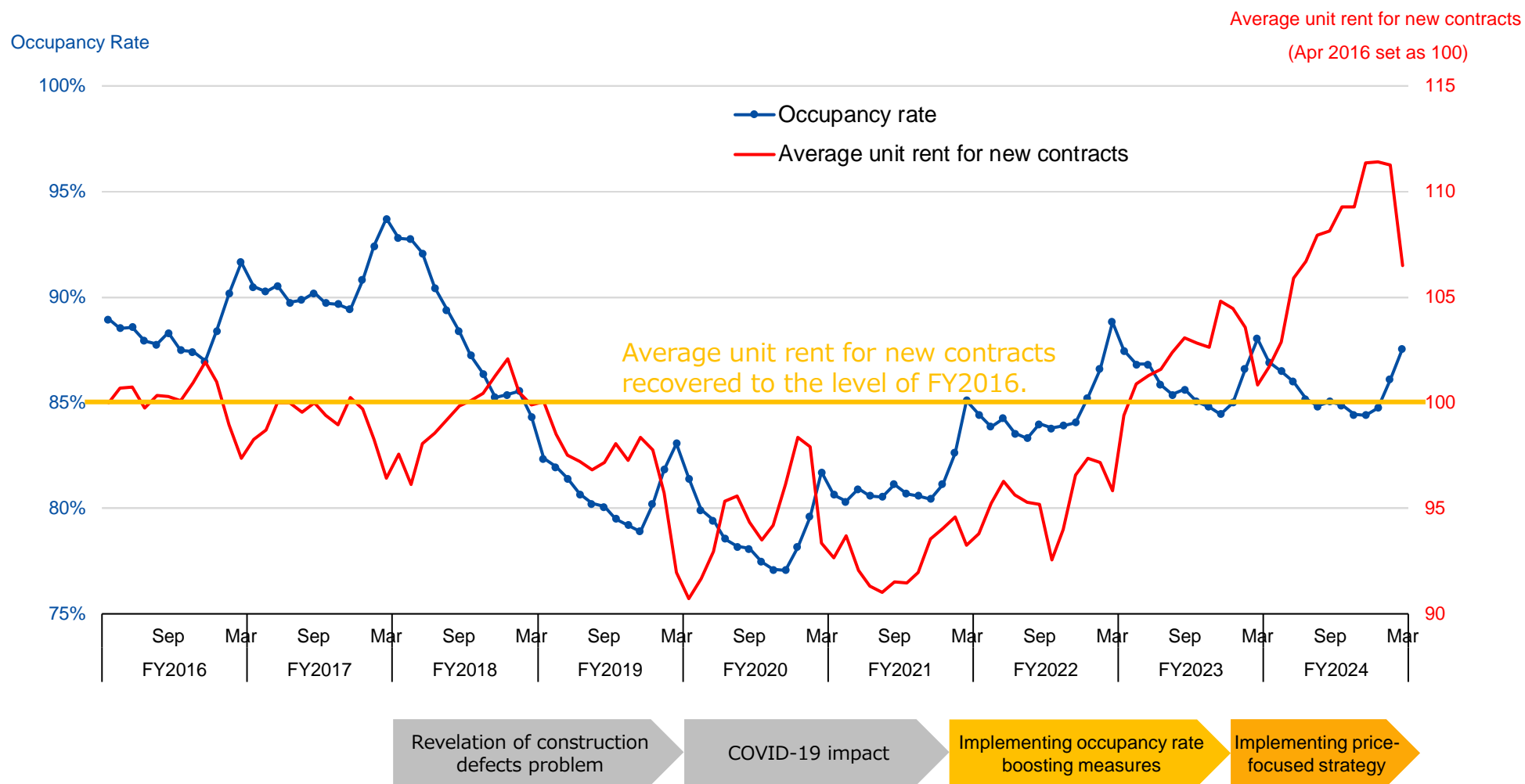
**Formulate a
brand strategy**

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

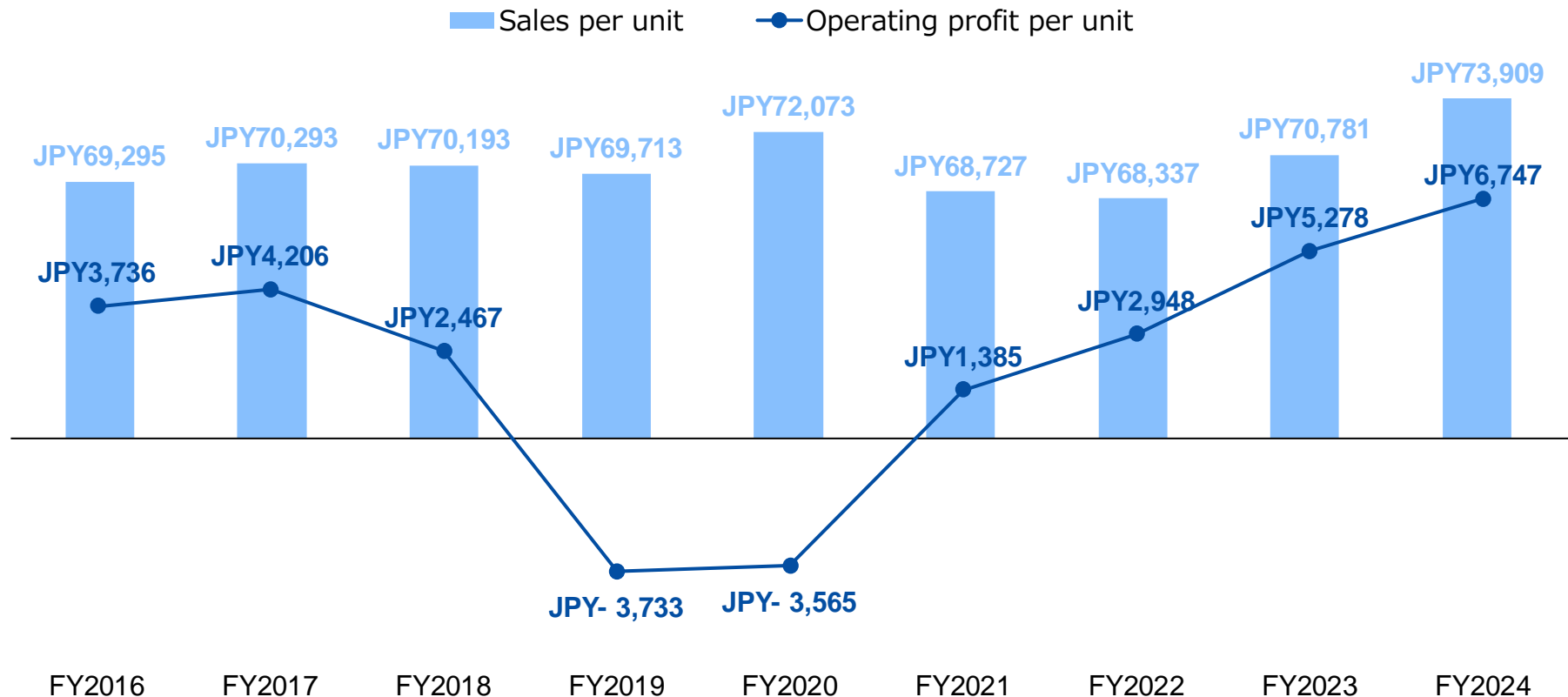
(JPY billion)



The average unit rent for new contracts increased to the level of FY2016 due to implementing price-focused strategy for FY2023.



Operating profit per unit reached all time high due to increased unit rent and optimized cost. We aim to grow profit by keeping the profitability and increasing occupancy rate.



* Sales per unit (Operating profit) = Sales for Leasing Business Segment (Operating profit) / Number of occupied units per annum

Leopalace21 received funds for approximately JPY 57.2 billion from Fortress Investment Group on November 2, 2020*¹. Refinancing of JPY 30 billion was executed with a loan from Mizuho Bank on March 14, 2025.

► Amount raised

Approximately JPY 57.2 billion

(Approx. JPY 54 billion after deducting expenses)

(i) Issuance of New Shares through Third Party Allotment Approx. JPY 12 billion	(ii) Issuance of Stock Acquisition Rights in Connection with Loan Approx. JPY 30.2 billion	(iii) Issuance of Preferred Stock by a Consolidated Subsidiary, Leopalace Power JPY 15 billion								
<ul style="list-style-type: none">◆ Type and no. of shares issued Common stock 84,507,000 shares◆ Issue price JPY 142 per share	<table><tr><th>Loan *2</th><th>Stock acquisition rights</th></tr><tr><td>◆ Principal amount of loan: JPY 30 billion</td><td>◆ Issuance cost Approx. JPY 0.2 billion in total</td></tr><tr><td>◆ Maturity date Nov. 4, 2025</td><td>◆ No. of dilutive shares 159,748,700 shares</td></tr><tr><td>◆ Applicable interest rate 5–5.5% per annum</td><td></td></tr></table>	Loan *2	Stock acquisition rights	◆ Principal amount of loan: JPY 30 billion	◆ Issuance cost Approx. JPY 0.2 billion in total	◆ Maturity date Nov. 4, 2025	◆ No. of dilutive shares 159,748,700 shares	◆ Applicable interest rate 5–5.5% per annum		<ul style="list-style-type: none">◆ Type and no. of shares issued Class A Preferred Stock 750,000 shares No. of acquired shares 216,000 No. of unacquired shares 534,000◆ Dividend rate 7%
Loan *2	Stock acquisition rights									
◆ Principal amount of loan: JPY 30 billion	◆ Issuance cost Approx. JPY 0.2 billion in total									
◆ Maturity date Nov. 4, 2025	◆ No. of dilutive shares 159,748,700 shares									
◆ Applicable interest rate 5–5.5% per annum										

Note: Refinancing was executed on March 14, 2025 by borrowing from Mizuho Bank. (For details, refer to p.29)

*¹ Refer to “[Notice Concerning Completion of Payment with respect to Issuance of New Shares and Other Items](#)” dated November 2, 2020

*² Refer to “[Notice Concerning Debt Financing \(Refinancing\)](#)” dated December 22, 2023

Executed the refinancing of a JPY 30 billion loan from Mizuho Bank on March 14, 2025.

	Former loan		New loan*
Amount of loan	JPY 30 billion	▶	JPY 30 billion
Maturity date	Nov. 4, 2025	▶	Commitment period: 1 year from the initial loan drawdown date Term loan period : 3 year anniversary of the last day of the commitment period
Applicable interest rate	5–5.5% per annum	▶	Commitment line - JPY Tibor + 2.50% Term loan - JPY Tibor + 3.50%
Repayment method	Lump-sum repayment after partial equal repayment of principal	▶	Lump-sum repayment on maturity
Security interests / Guaranty	Real estate, shares of our subsidiaries, etc.	▶	Unsecured / non-guaranteed

* Refer to [“Notice Concerning Debt Financing from Mizuho Bank, Ltd. \(Refinancing\)”](#) dated March 7, 2025

Acquisition of treasury stock

Implemented a share repurchase program considering financial position and level of share prices.

Period of acquisition

From July 6, 2023 to January 5, 2024

Result

Total amount of
shares acquired

JPY 3.4 billion

Total number of
shares acquired

11,450 thousand

Dividend

Resumed dividend payment after six-year interval in FY2023.

Increased dividend expected for FY2024.

Dividend Policy

- ◆ The Company followed a policy of resuming dividend payment for FY2023 and set the year-end dividend forecast of JPY 5 per share.
- ◆ Pay continuous and stable dividends afterward by comprehensively considering performance trends, financial conditions, and other factors.

Dividend per share

	End of Q2	End of FY	Total
FY2023	-	JPY 5.00	JPY 5.00
FY2024	JPY 5.00	JPY 5.00 (Planned)	JPY 10.00 (Planned)

Contact: PR and IR Section, Corporate Planning Department,
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