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Notice Concerning Revision of Earnings Forecasts and Recording an Extraordinary Income

Leopalace21 Corporation (Headquarters: Nakano, Tokyo; President and CEO: Bunya Miyao; the "Company") announced the following revision of earnings forecasts considering the recent performance trends based on a resolution at the Board of Directors Meeting held on November 8, 2021, comparing with the previous earnings forecasts which were announced on May 14, 2021. In addition, the Company is going to record an extraordinary income for 1st half of the fiscal year ended September 30, 2021.

1. Revision of Earnings Forecasts

(1) Outline of revised earnings forecasts

[Consolidated]

Revision to earnings forecasts for the 1st half of fiscal year ending March 31, 2022

(April 1, 2021 – Sep 30, 2021)

(JPY Million)

	Net sales	Operating profit	Recurring profit	Net income attributable to shareholders of the parent for 1H	Net income per share for 1H (yen)
Previous forecast (A)	198,000	(7,400)	(9,700)	(11,500)	(34.97)
Revised forecast (B)	199,600	800	(1,300)	600	1.82
Amount change (B – A)	1,600	8,200	8,400	12,100	
Percentage change (%)	0.8	—	—	—	
(Reference) Results for the 1st half of the fiscal year ended March 31, 2021	208,647	(12,616)	(12,854)	(17,571)	(71.95)

Revision to earnings forecasts for the fiscal year ending March 31, 2022

(April 1, 2021 – March 31, 2022)

(JPY Million)

	Net sales	Operating profit	Recurring profit	Net income attributable to shareholders of the parent	Net income per share (yen)
Previous forecast (A)	402,900	2,000	(2,900)	(5,600)	(17.03)
Revised forecast (B)	400,600	2,000	(2,900)	(1,500)	(4.56)
Amount change (B – A)	(2,300)	0	0	4,100	
Percentage change (%)	(0.6)	0.0	0.0	—	
(Reference) Results for the fiscal year ended March 31, 2021	408,959	(29,182)	(34,170)	(23,680)	(84.88)

[Non-consolidated]

Revision to earnings forecasts for the 1st half of fiscal year ending March 31, 2022

(April 1, 2021 – Sep 30, 2021)

(JPY Million)

	Net sales	Recurring profit	Net income for 1H	Net income per share for 1H (yen)
Previous forecast (A)	190,300	(9,900)	(10,900)	(33.15)
Revised forecast (B)	192,200	(1,700)	1,400	4.26
Amount change (B – A)	1,900	8,200	12,300	
Percentage change (%)	1.0	—	—	
(Reference) Results for the 1st half of the fiscal year ended March 31, 2021	199,302	(13,249)	(18,008)	(73.73)

Revision to earnings forecasts for the fiscal year ending March 31, 2022

(April 1, 2021 – March 31, 2022)

(JPY Million)

	Net sales	Recurring profit	Net income	Net income per share (yen)
Previous forecast (A)	387,300	(2,900)	(4,100)	(12.47)
Revised forecast (B)	386,200	(2,800)	300	0.91
Amount change (B – A)	(1,100)	100	4,400	
Percentage change (%)	(0.3)	—	—	
(Reference) Results for the fiscal year ended March 31, 2021	392,513	(29,005)	(18,685)	(66.97)

(2) Reasons for Revision of Earnings Forecasts for 1st Half of Fiscal Year ending March 2022

The Company has been engaged in continued drastic structural reforms and efforts to increase the occupancy rates, in accordance with the profitability improvement plan announced on May 14, 2021.

The Company's continued cost-cutting measures across the board since the previous fiscal year have produced effective results and contributed to the reduction in cost of sales by JPY 3.1 billion due mainly to the reversal of provision for apartment vacancy loss of JPY 2.5 billion and the reduction in SG&A expenses by JPY 3.6 billion, compared with the respective plans. The average occupancy rate of the Leasing Business exceeded the planned average occupancy rate by 0.21 points. The Company has revised the earnings forecasts because the respective measures in the profitability improvement plan produced larger results than the planned targets.

In addition, the Company reflected on the revision of 1st half earnings forecasts the recording of an extraordinary income which is detailed later.

(3) Reasons for Revision of Earnings Forecast for Fiscal Year ending March 2022

Whilst the Company expects the factors mentioned for the 1st half of the fiscal year to produce partially continued momentum for the rest of the fiscal year ending March 2022, the Company is cautious about continuing unit rent decrease and reducing revenues at

subsidiary companies due to the impact of COVID-19 pandemic. Accordingly, the Company has revised full-year earnings forecasts for the fiscal year ending March 2022 on consolidated and non-consolidated basis.

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 the future factors.

2. Recording of the Extraordinary Income

The Company is going to record the reversal of provision for losses related to repairs of JPY 3,326 million for the 1st half of the fiscal year ending March 2022 due to the reduced unit repair cost by placing batch orders and by employing a changed repair method.

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