

Briefing for Earnings Results for the Second Quarter of Fiscal Year Ending June 2021



HOUSE DO Co., Ltd. (Stock Code: 3457)
February 16, 2021

- 1. The medium-term management plan revision**
- 2. Abolition of the shareholder benefit program**
- 3. Effects of the COVID-19 pandemic**
- 4. Situation for House-Leaseback Business**
- 5. Future prospect of Reverse Mortgage Guarantee Business**

Both sales and profit reached record highs in 1H as progress remained favorable.

Net Sales

¥187.3 billion
(+29.1% YoY)

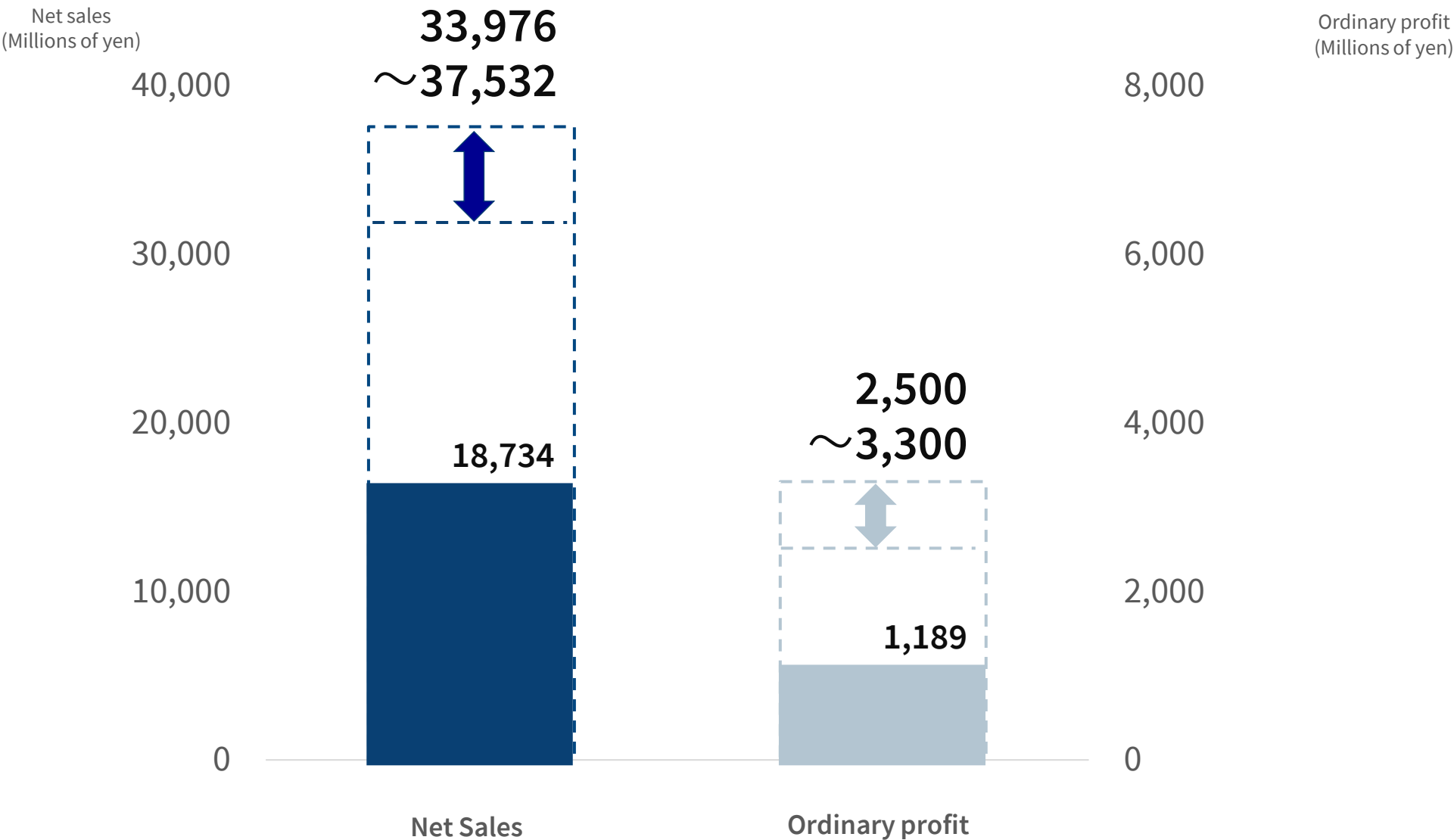
Operating Profit

¥12.4 billion
(+135.3% YoY)

Ordinary Profit

¥11.8 billion
(+157.7% YoY)

The Second Quarter of FY6/21 Progress toward FY Targets



The Second Quarter of FY6/21 Sales by Business Segment

(Millions of yen)

(Year-on-year comparison)	FY6/20 2Q Result	FY6/21 2Q Result	YoY change
Franchisee Business	1,457	1,631	+ 12.0%
House-Leaseback Business	5,937	5,986	+ 0.8%
Finance Business	446	561	+ 25.8%
Real Estate Buying and Selling Business	3,281	7,033	+ 114.3%
Real Estate Brokerage Business	1,096	1,103	+ 0.7%
Renovation Business	1,519	1,399	(7.9%)
Koyama Construction G	923	1,228	+ 32.9%
Other	7	1	(84.9%)
Adjustment	(155)	(211)	-
Total	14,514	18,734	+ 29.1%

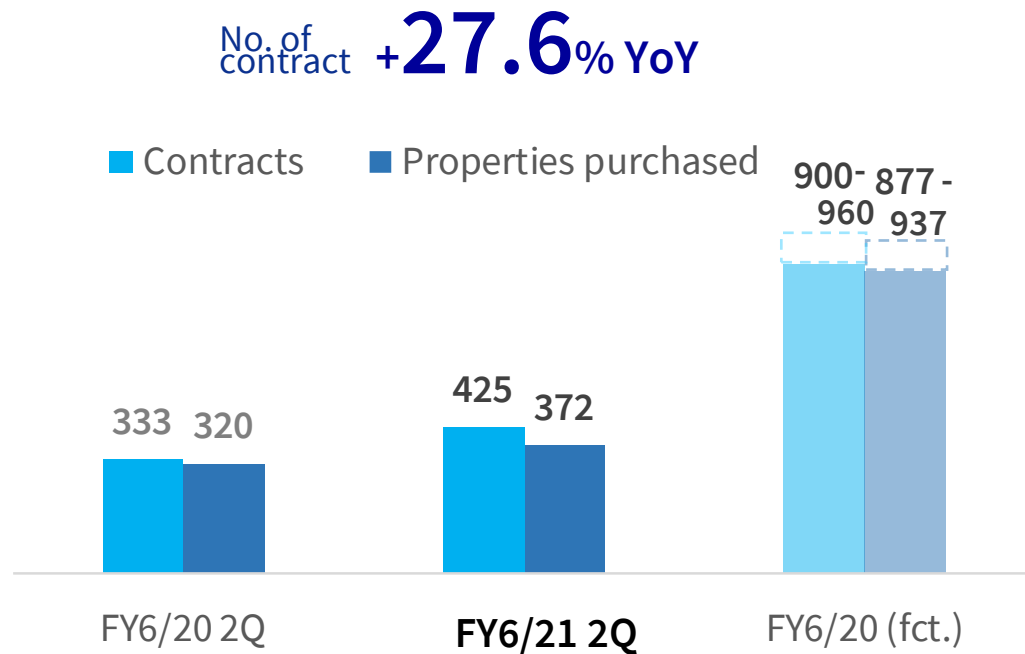
The Second Quarter of FY6/21 Operating Profit by Business Segment

(Millions of yen)

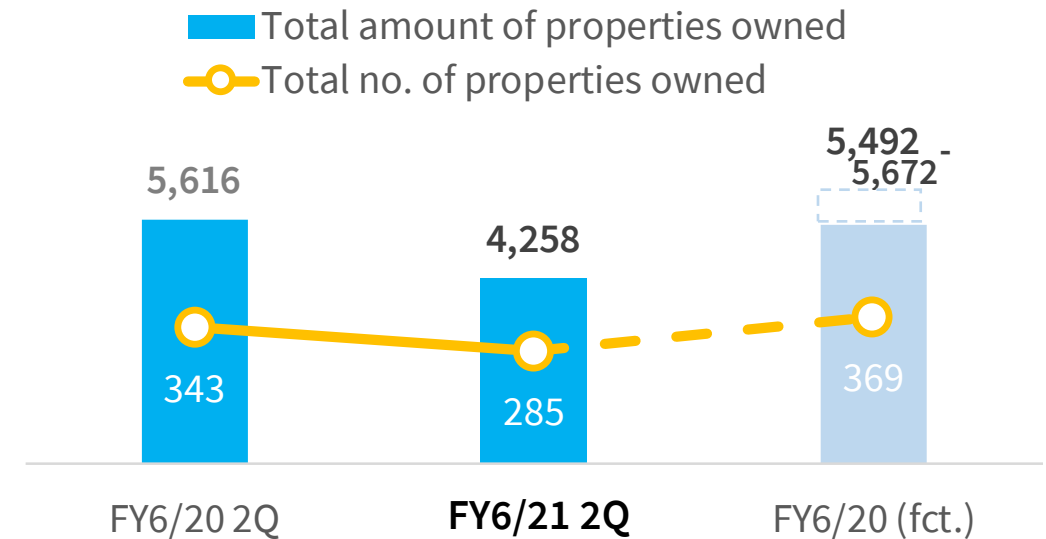
	FY6/20 2Q Result	FY6/21 2Q Result	YoY change
(Year-on-year comparison)			
Franchisee Business	846	1,081	+ 27.9%
House-Leaseback Business	678	749	+ 10.4%
Finance Business	(67)	55	-
Real Estate Buying and Selling Business	160	525	+ 226.4%
Real Estate Brokerage Business	240	244	+ 1.6%
Renovation Business	119	92	(22.3%)
Koyama Construction G	83	131	+ 56.5%
Other	(6)	(7)	-
Adjustment	(1,528)	(1,631)	-
Total	527	1,241	+ 135.3%

House-Leaseback Business

Changes in Number of Contracts and Properties Purchased



Changes in Total Number and Amount of Properties Owned



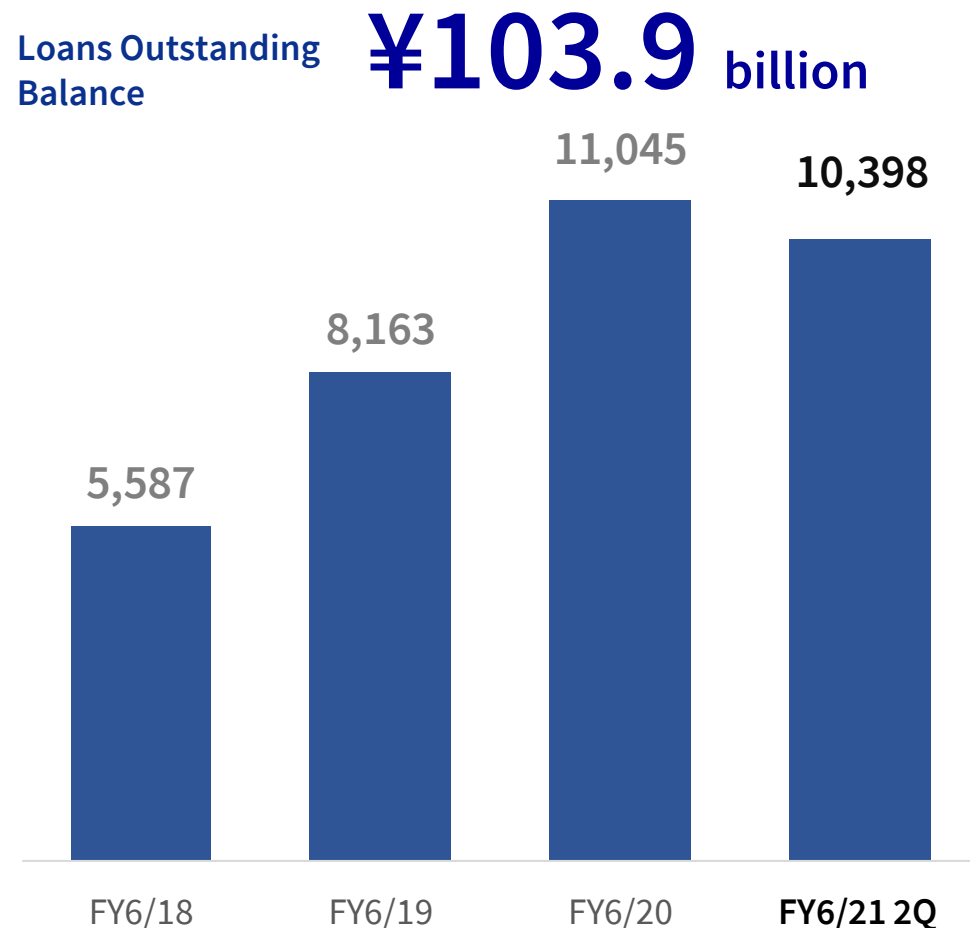
■ 425 House-Leaseback contracts (monthly average of 70.8 contracts) Up 27.6% YoY

Aggressive investment in advertising, promotion, and personnel led to a steady increase in House-Leaseback contracts.

■ Sold assets to HLB Fund No. 7 (Transfer price: ¥ 3,453 million)

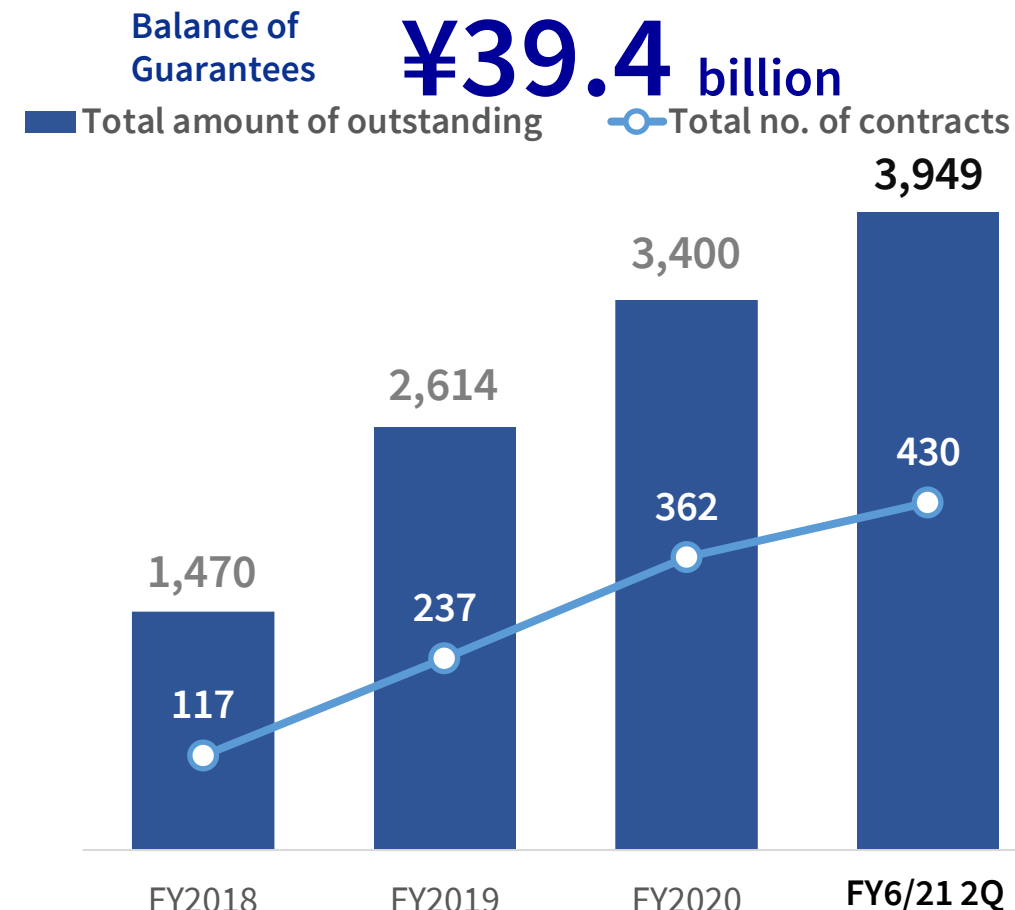
Finance Business

Changes in Loans Outstanding



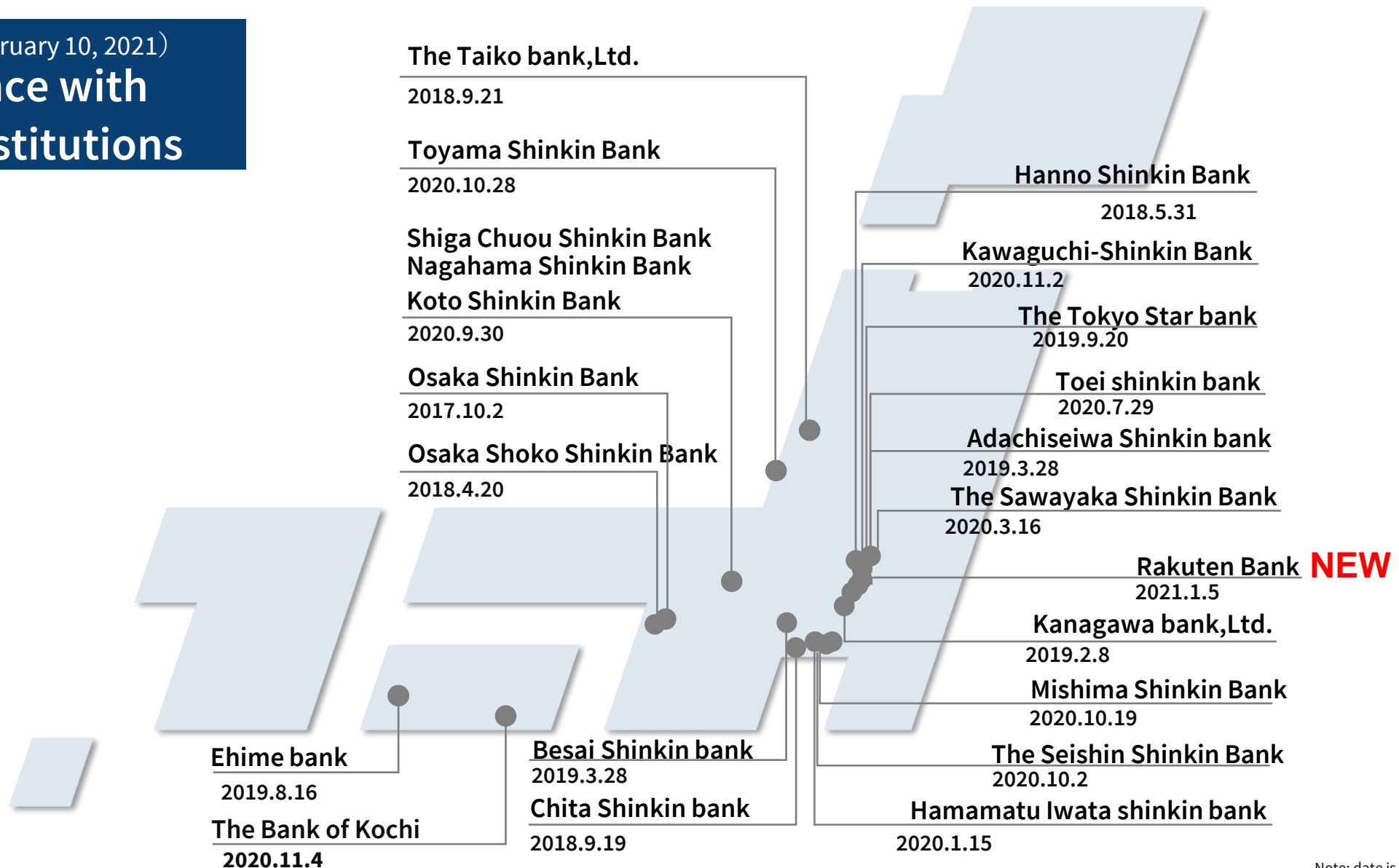
Changes in Number and Amount of Revers Mortgage Guarantees

Millions of yen



- Both sales and profit rose YoY thanks to an increase in earning power associated with a rise in balances of real estate secured loans and reverse mortgage guarantees. We aim to improve earnings further by enhancing counseling related to real estate utilization.
- Alliance with Rakuten Bank that offers reverse mortgage loans throughout Japan and allows applicants to sign loan agreements without leaving their homes.

22 (as of February 10, 2021)
**Alliance with
Financial Institutions**



Note: date is based on released day

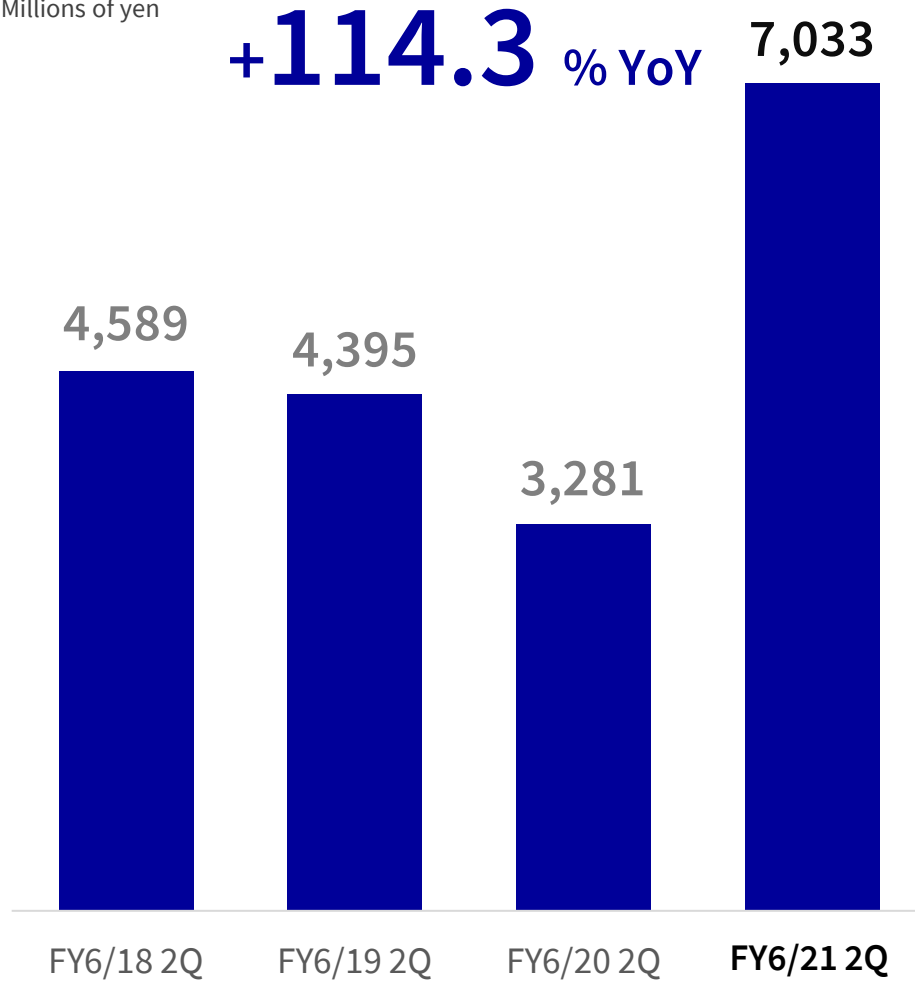
Real Estate Buying and Selling Business

HOUSEDO

Changes in Net sales

Millions of yen

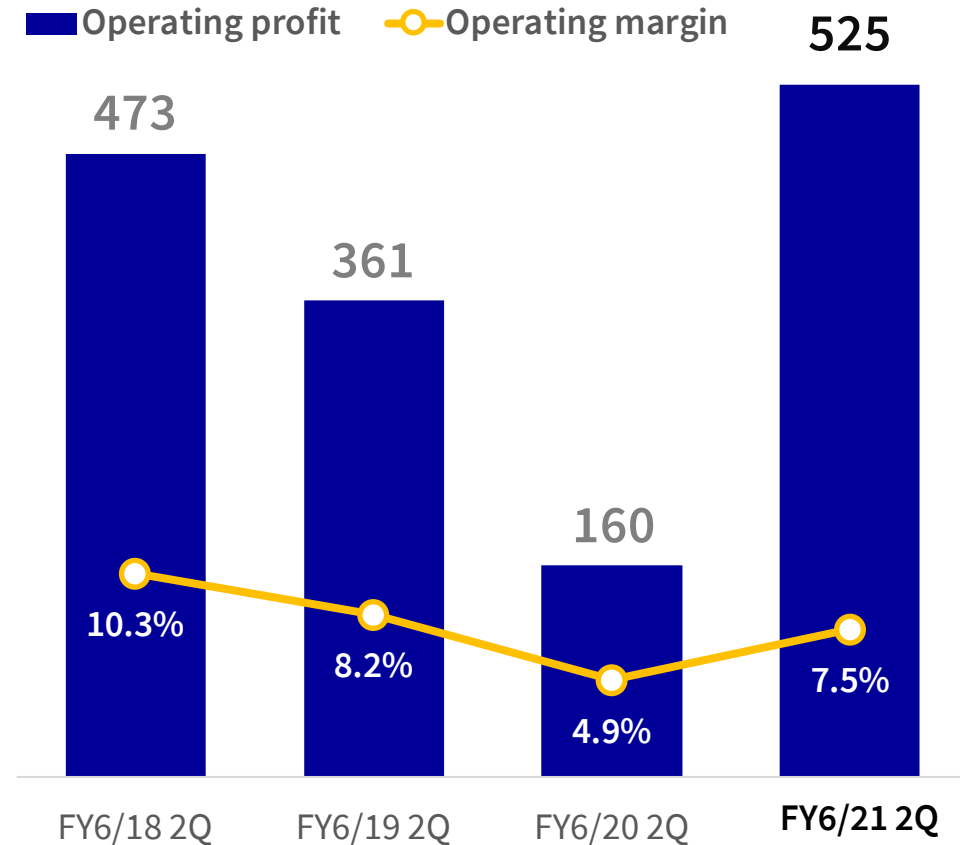
+114.3 % YoY



Changes in Operating Profit

Millions of yen

+226.4 % YoY



■ Despite the COVID-19 pandemic, we have enhanced our product inventories through continuous procurement and captured strong actual demand.

■ In Q2, both sales and profit exceeded minimum full-year projections for FY6/21.

Selling, General and Administrative Expenses

Millions of yen					
	FY6/20 2Q		FY6/21 2Q		Y o Y change
		% to sales		% to sales	
SG&A expenses	4,880	33.6%	5,080	27.1%	+ 4.1%
Personnel	2,176	15.0%	2,335	12.5%	+ 7.3%
Advertising and promotion	771	5.3%	854	4.6%	+ 10.7%
Office maintenance	183	1.3%	199	1.1%	+ 8.8%
Others	1,749	12.1%	1,691	9.0%	(3.3%)
(Gross profit	5,407	37.3%	6,321	33.7%)

■ SG&A expense to sales ratio decreased from 33.6% to 27.1% YoY

■ Continued investing in advertising, promotion, and personnel to expand earnings, but effectively controlled expenses overall.

Consolidated Balance Sheet

	Millions of yen		
	FY6/20	FY6/21 2Q	Change
Current assets	41,505	39,756	(1,748)
Cash and deposits	19,274	19,396	+ 121
Inventories	10,685	9,494	(1,190)
Other	11,545	10,865	(679)
Non-current assets	12,737	13,886	+ 1,148
Property, plant and equipment	9,184	10,066	+ 881
Intangible assets	897	923	+ 25
Investments and other assets	2,655	2,896	+ 240
Total assets	54,243	53,642	(600)

- Inventories decreased as a result for sales for large-scales project in Buying and selling business and decreasing in real estate for sale
- Other decreased as a result of increases in operating loans
- Property, plant and equipment increased due to purchasing of House-Leaseback Assets

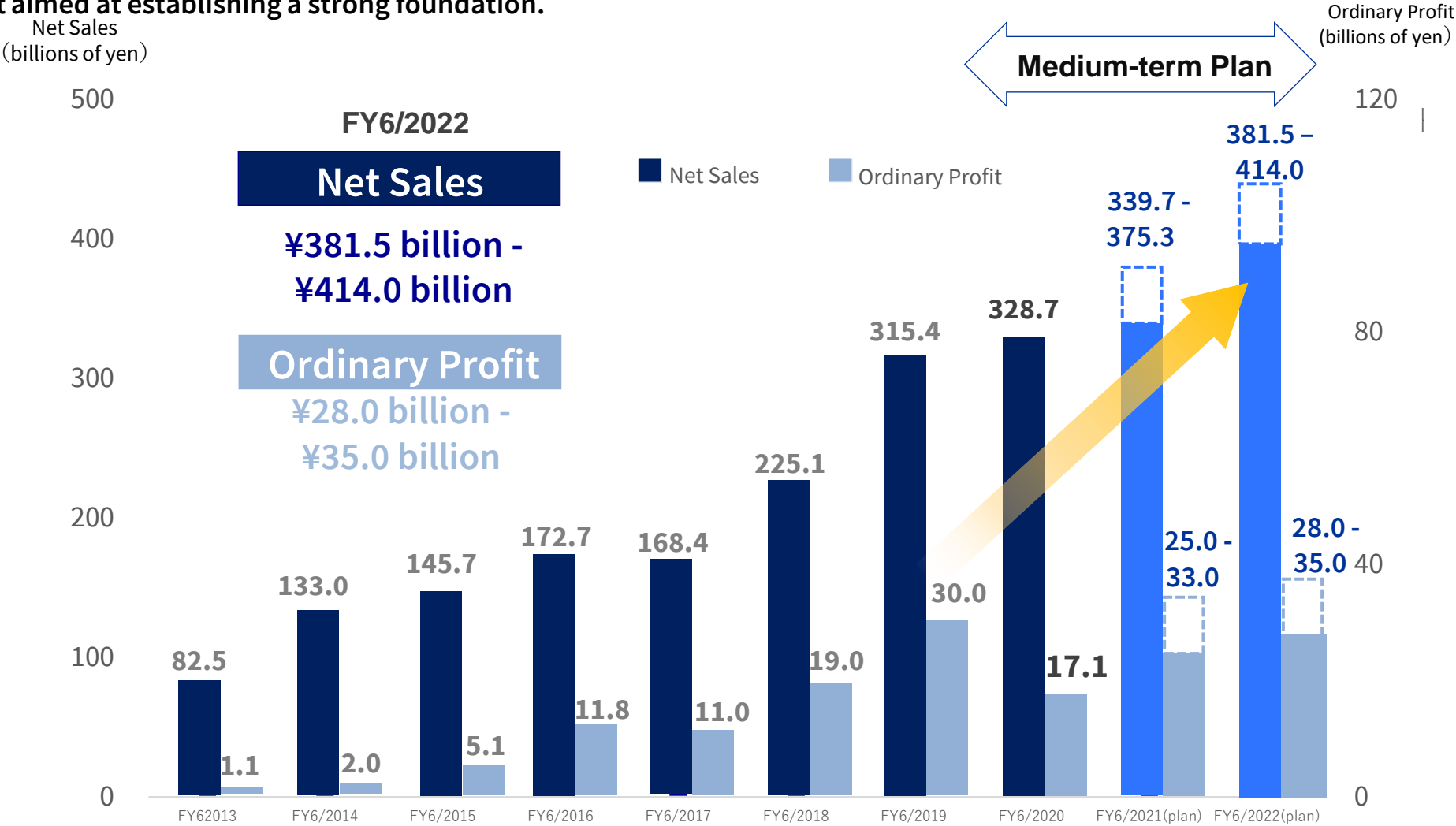
	Millions of yen		
	FY6/20	FY6/21 2Q	Change
Liabilities	42,664	41,642	(1,021)
Current liabilities	21,432	19,837	(1,594)
Non-current liabilities	21,232	21,805	+ 572
Net assets	11,578	12,000	+ 421
Shareholders' equity	11,600	12,021	+ 421
Accumulated other comprehensive income	(56)	(60)	(3)
Subscription rights to shares	35	39	+ 4
Total liabilities and net assets	54,243	53,642	(600)

Shareholder's equity ratio 21.3% **22.3%**

- Current liabilities decreased mainly due to a fall in short-term loans payable
- Non-current liabilities increased primarily due to a rise in long-term loans payable
- Shareholders' equity increased because of increasing in retained earnings due to the recording of quarterly net income and dividend payments

Revised Medium-term Plan (Final Year in FY6/22)

- No changes in Basic policy; Aggressive invest in growth-driving businesses to increase earnings
- Housing demand is strong, as is current progress in terms of business results. However, we have revised targets for the final year of our medium-term management plan due to ongoing impact on all businesses from the COVID-19 pandemic, changes in external environments, and proactive investment aimed at establishing a strong foundation.



Reverse Mortgage Guarantee Business

→ Expansion of alliance with financial institutions

→ Reinforce Digital Assessment Dep.(Digitizing in Government)
(Promote Artificial intelligence)

Reinforce Real Estate Buying and Selling Business (Opportunity has arrived)

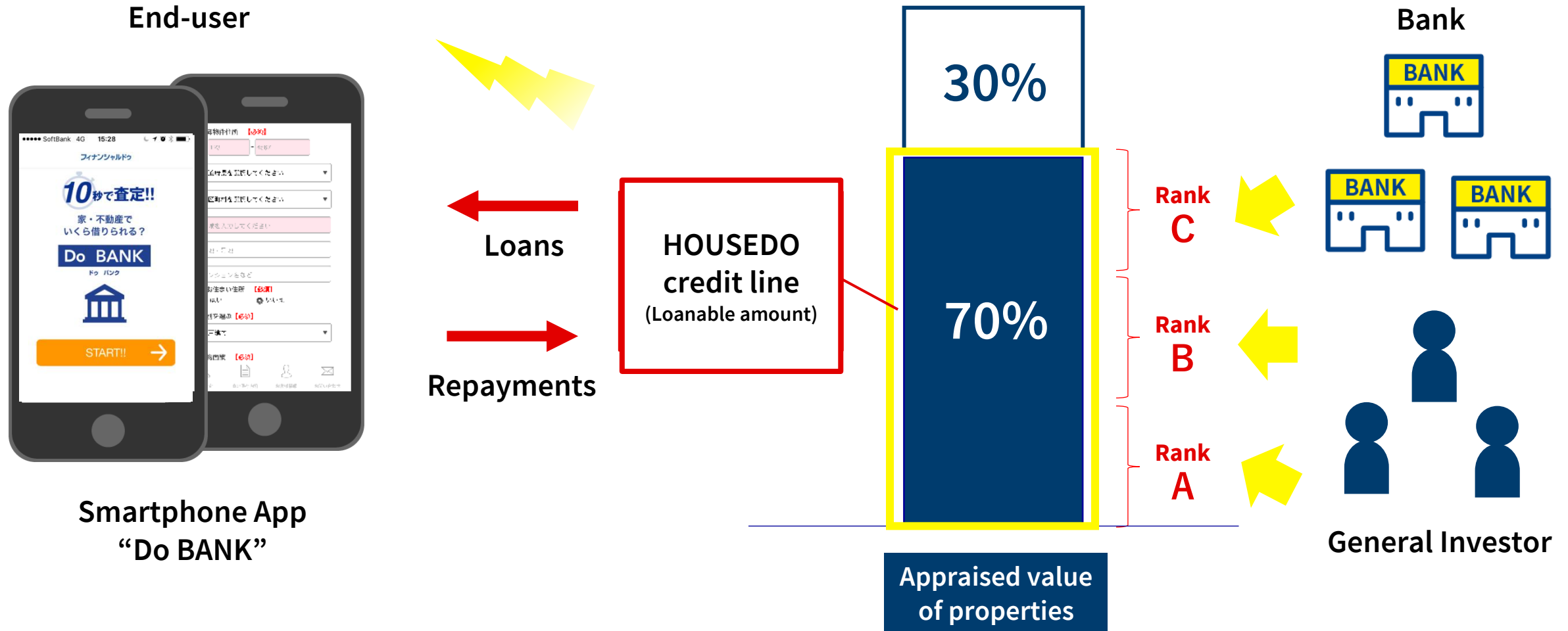
Business in Thailand

→ Strengthen purchase and resale in Second-hand house according with performance

→ Start to recruit member franchised stores

Invest in Digital, human resources and real estate

Online using AI





Innovate the industry!

- Making the industry that benefit customers -

Japan **1,000** stores Asia **50,000** stores