

# Innovate the Industry

## Briefing for Earnings Results for the Second Quarter of the Fiscal Year Ending June 2023

February 24, 2023

&Do Holdings Co., Ltd

【3457】



**&DO** HOLDINGS



- Both net sales and ordinary profit reached record highs in 1H.
- Compared to initial plan: Net Sales 111.1%, Ordinary Profit 123.5%

**Net Sales**

**25.4** bn yen

YoY change + 14.1%

**Operating Profit**

**1.74** bn yen

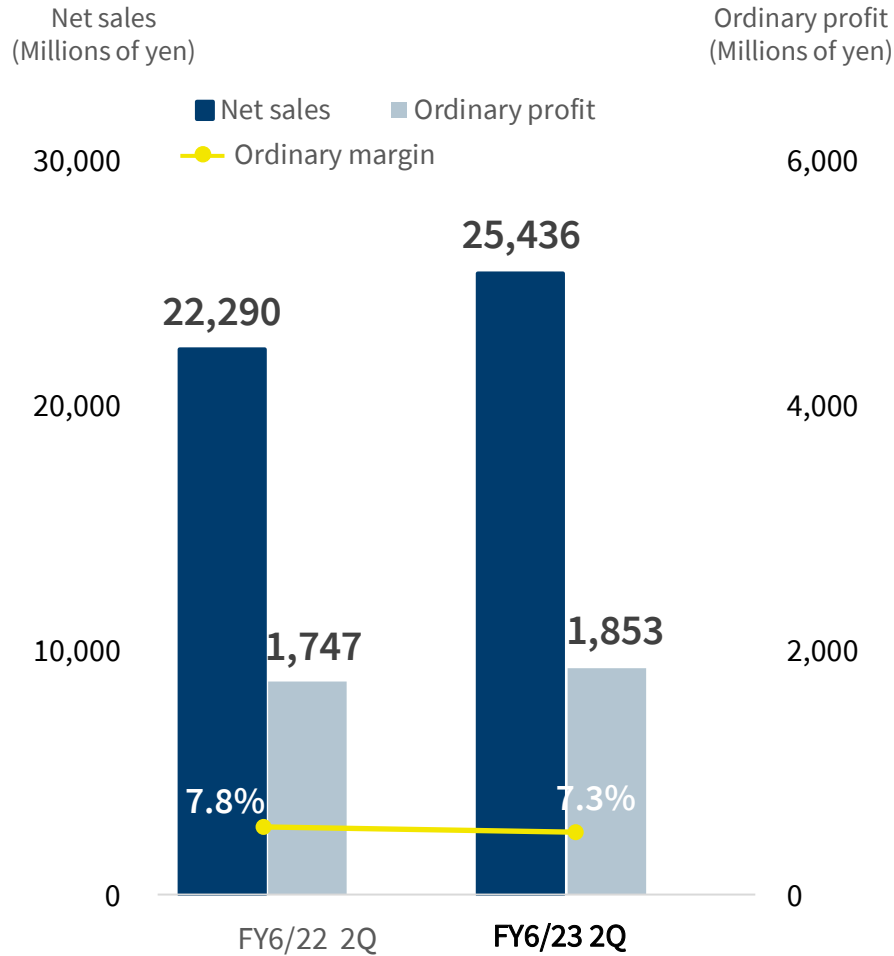
YoY change - 2.3%

**Ordinary Profit**

**1.85** bn yen

YoY change + 6.0%

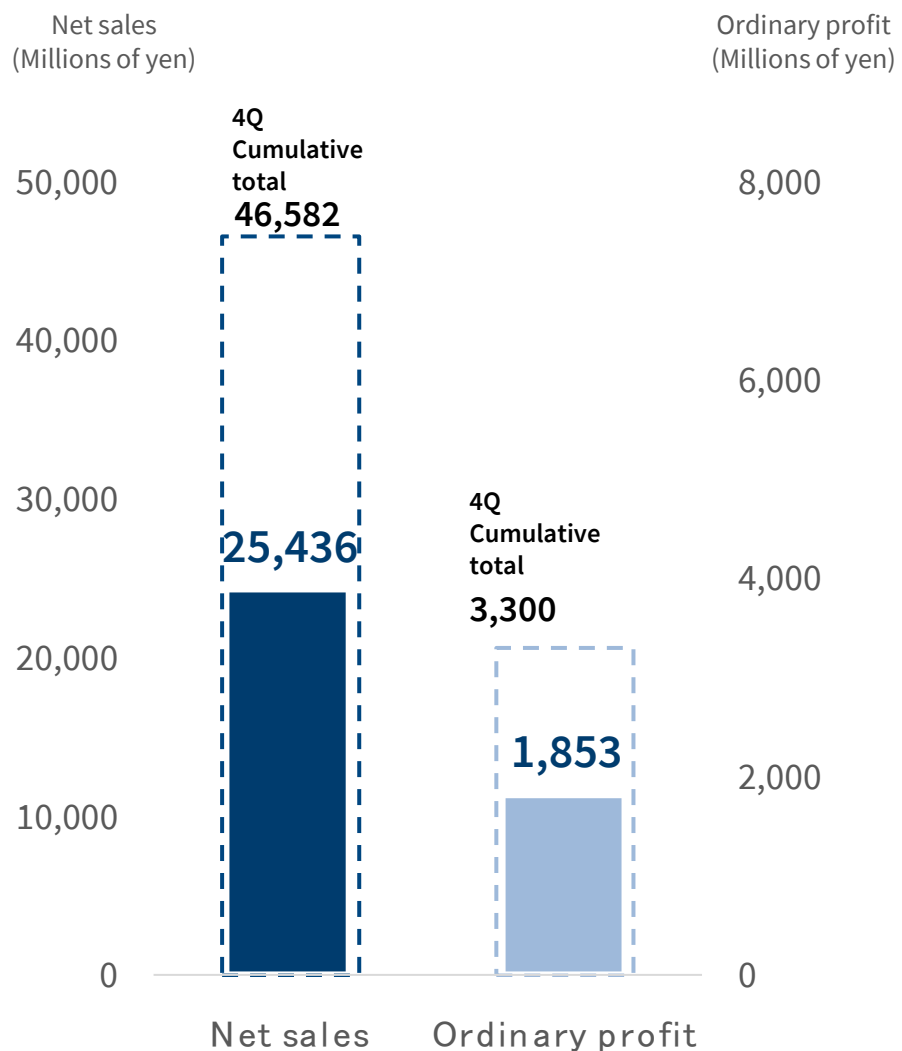
# The Second Quarter of FY6/23 Summary of Consolidated Statement of Income



(Year-on-year comparison)	FY6/22 2Q		FY6/23 2Q		YoY change
	Value	% to sales	Value	% to sales	
Net sales	22,290	100.0%	25,436	100.0%	+ 14.1%
Gross profit	7,174	32.2%	7,789	30.6%	+ 8.6%
SG&A expenses	5,382	24.1%	6,039	23.7%	+ 12.2%
Operating profit	1,791	8.0%	1,749	6.9%	-2.3%
Non-operating income	180	0.8%	377	1.5%	+ 109.6%
Non-operating expenses	224	1.0%	274	1.1%	+ 22.4%
Ordinary profit	1,747	7.8%	1,853	7.3%	+ 6.0%
Profit	1,169	5.2%	1,132	4.5%	-3.1%
EBITDA	2,156	9.7%	2,211	8.7%	+ 2.6%

Note: EBITDA=Operating Profit + Depreciation + Goodwill amortization

# The Second Quarter of FY6/2023 Progress toward and FY Target



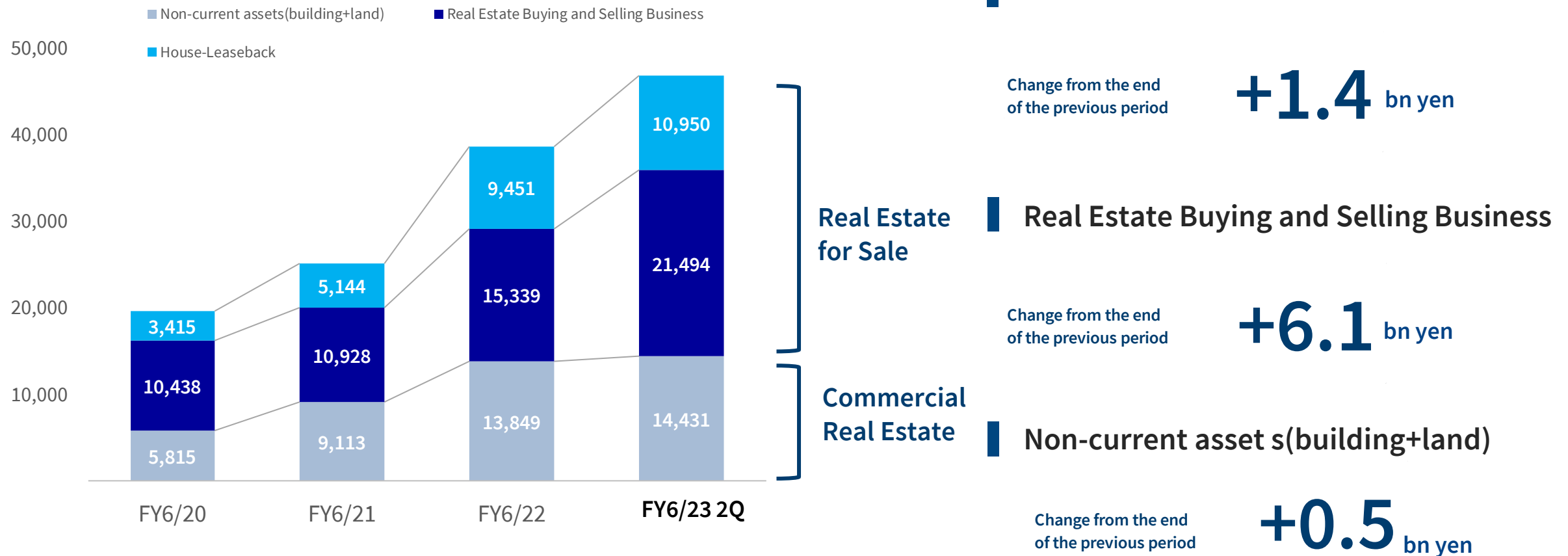
	FY6/23 2Q	FY6/23 2Q Cumulative Total	FY6/23 2Q Cumulative Total Compared to initial Plan	FY6/23 (fct.)	Progress ratio for FY6/23
Net sales	25,436	22,904	111.1%	46,582	54.6%
Operating profit	1,749	1,596	109.6%	3,452	50.7%
Ordinary profit	1,853	1,500	123.5%	3,300	56.2%
Profit	1,132	990	114.4%	2,178	52.0%
Earning per share(Yen)	57.91	50.60	—	111.33	—

# Key Indicators by Segment :Status of Real Estate Holdings

■ We secured ample inventory through proactive procurement aimed at fulfilling targets in our medium-term management plan.

(millions of yen)

\* Note: Based on book value excluding vacancies



Note: All House-Leaseback properties prior to FY6/22 are retroactively assumed to be real estate for sale.

# Consolidated Balance Sheet

(millions of yen)	FY6/22	FY6/23 2Q	YoY change
<b>Current assets</b>	36,875	<b>47,756</b>	+ 10,880
Cash and deposits	14,319	<b>10,300</b>	-4,019
Inventories	16,131	<b>32,635</b>	+ 16,504
Other	6,424	<b>4,820</b>	-1,604
<b>Non-current assets</b>	28,619	<b>20,733</b>	-7,886
Property, plant and equipment	22,838	<b>14,506</b>	-8,331
Intangible assets	1,372	<b>1,415</b>	+ 43
Investments and other assets	4,408	<b>4,810</b>	+ 401
<b>Total assets</b>	65,495	<b>68,489</b>	+ 2,993
Current Ratio	161.7%	<b>196.9%</b>	+35.2pt
Fixed Ratio	207.2%	<b>145.3%</b>	-61.9pt

(millions of yen)	FY6/22	FY6/23 2Q	YoY change
<b>Liabilities</b>	51,643	<b>54,177</b>	+ 2,534
Current liabilities	22,807	<b>24,254</b>	+ 1,446
Non-current liabilities	28,835	<b>29,923</b>	+ 1,087
<b>Net assets</b>	13,852	<b>14,311</b>	+ 458
Shareholders' equity	13,850	<b>14,280</b>	+ 429
Accumulated other comprehensive income	-37	<b>-9</b>	+ 27
Subscription rights to shares	38	<b>40</b>	+ 1
<b>Total liabilities and net assets</b>	65,495	<b>68,489</b>	+ 2,993
D/E Ratio	+3.3 times	<b>+3.3 times</b>	+0.1 times
Shareholder's equity ratio	21.1%	<b>20.8%</b>	-0.3pt

# Selling, General and Administrative Expenses

(Millions of yen)

	FY6/22 2Q		FY6/23 2Q		YoY change
		% to sales		% to sales	
<b>SG&amp;A expenses</b>	5,382	24.1%	6,039	23.7%	+ 12.2%
<b>Personnel</b>	2,363	10.6%	2,440	9.6%	+ 3.2%
<b>Advertising and promotion</b>	868	3.9%	931	3.7%	+ 7.3%
<b>Office maintenance</b>	210	0.9%	166	0.7%	-21.1%
<b>Others</b>	1,939	8.7%	2,501	9.8%	+ 28.9%
<b>( Gross profit</b>	<b>7,174</b>	<b>32.2%</b>	<b>7,789</b>	<b>30.6%</b>	<b>)</b>

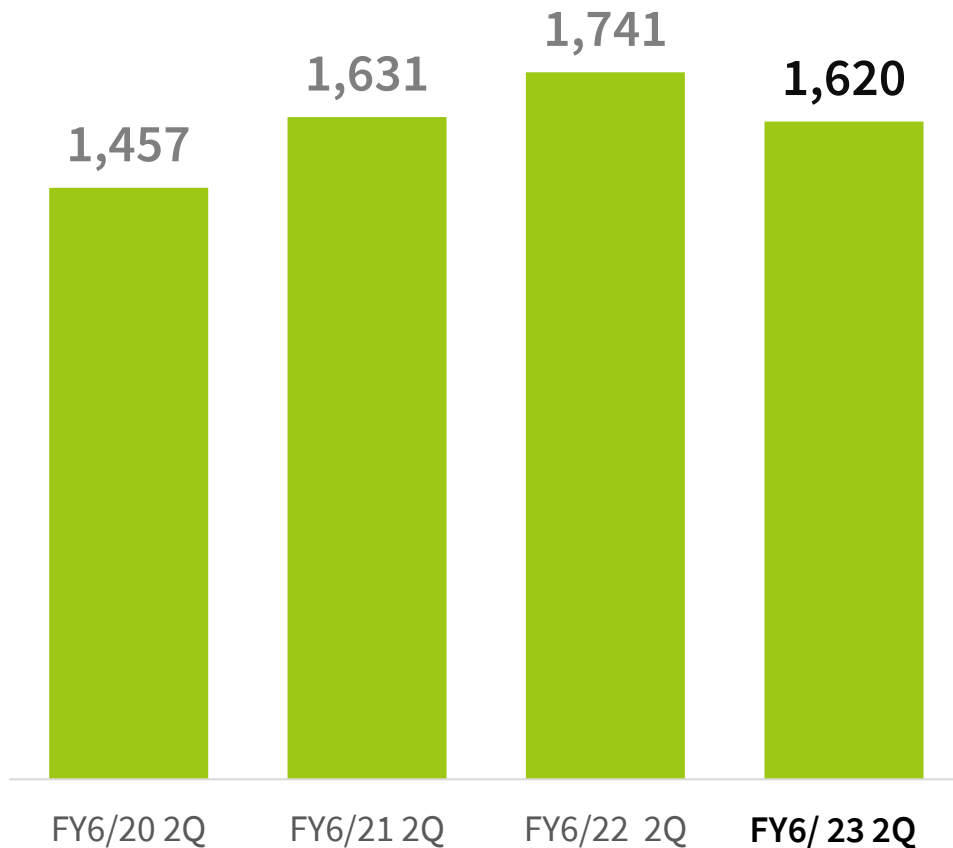
# The Second Quarter of FY6/23 Sales and Profit by Business Segment

Unit: millions of yen	Net Sales			Operating Profit		
	FY6/22 2Q	FY6/23 2Q	YoY change	FY6/22 2Q	FY6/23 2Q	YoY change
Franchisee	1,741	1,620	- 7.0%	1,183	1,044	- 11.7%
House-Leaseback	6,507	10,413	+ 60.0%	820	1,350	+ 64.5%
Finance	446	296	- 33.6%	91	87	- 4.7%
Real Estate Buying and Selling	11,355	11,186	- 1.5%	1,184	1,196	+ 1.1%
Real Estate Brokerage	1,210	966	- 20.2%	332	303	- 8.8%
Renovation Business	1,352	1,351	- 0.1%	93	132	+ 42.0%
Other	2	0	- 74.5%	-13	-18	—
Adjustment	-325	-398	—	-1,901	-2,346	—
<b>Total</b>	<b>22,290</b>	<b>25,436</b>	<b>+ 14.1%</b>	<b>1,791</b>	<b>1,749</b>	<b>- 2.3%</b>



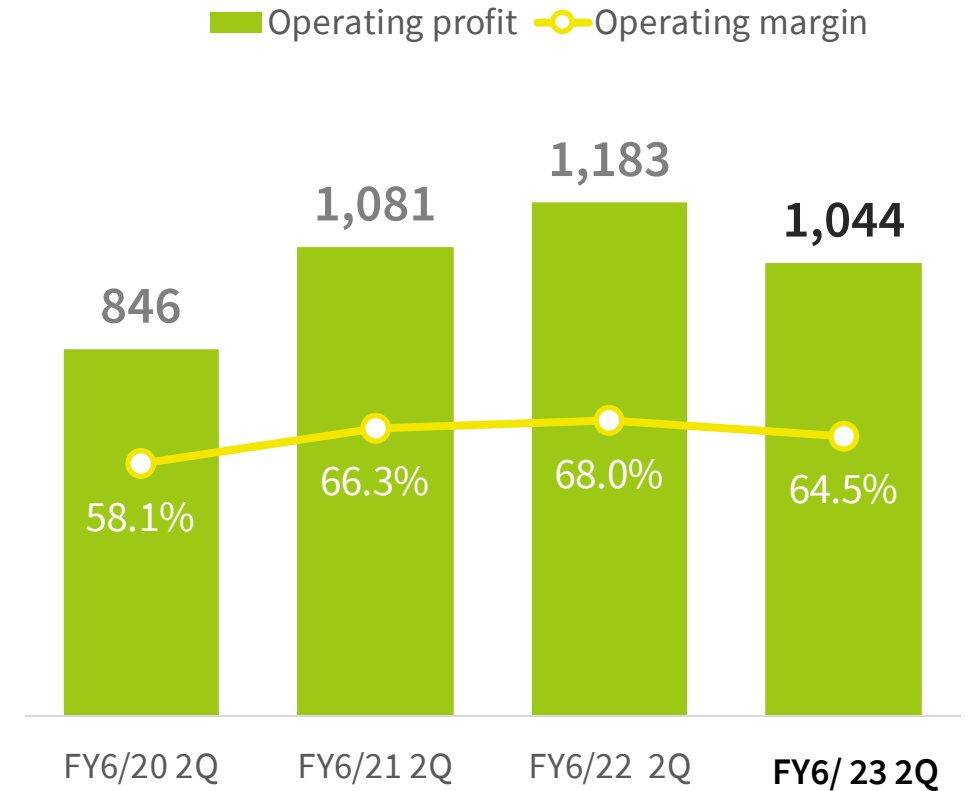
## Changes in Net Sales (Millions of yen)

YoY change **-7.0%**



## Changes in Operating Profit (Millions of yen)

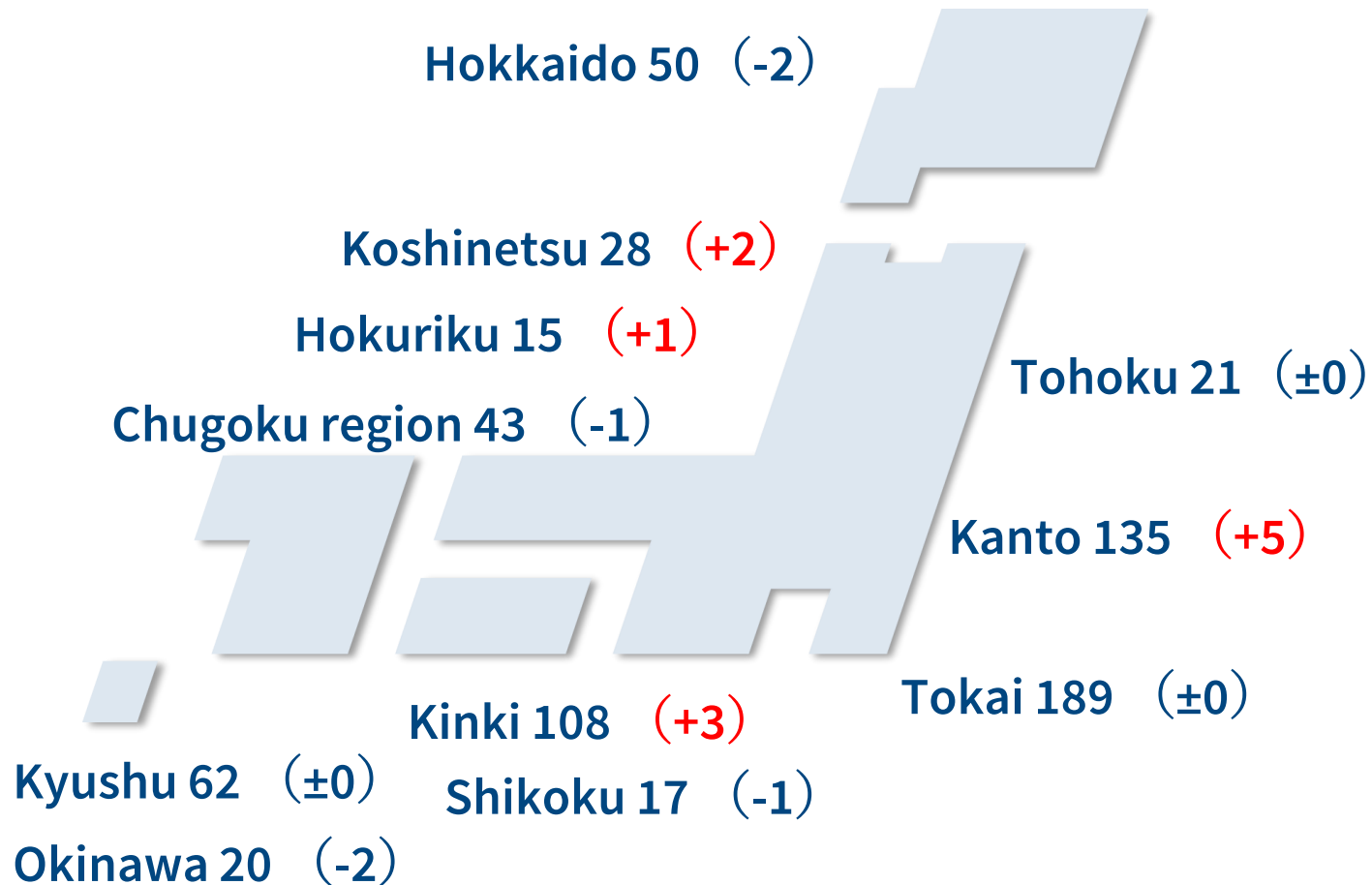
YoY change **-11.7%**



# Key Indicators by Segment: Franchisee Business

■ We steadily expanded our areas of focus in urban districts and have generated a solid increase in cumulative store openings since the close of FY6/22.

## ■ No. of stores by region



Note: Figures in parentheses indicate increase/decrease from the end of the previous period.

## ■ New franchisee contracts

**57** stores YoY change + 7.5%

## ■ New franchised stores opened

**70** stores YoY change + 25.0%

## ■ Total No. of Franchised stores

**688** stores Change from the end of the previous period + 5

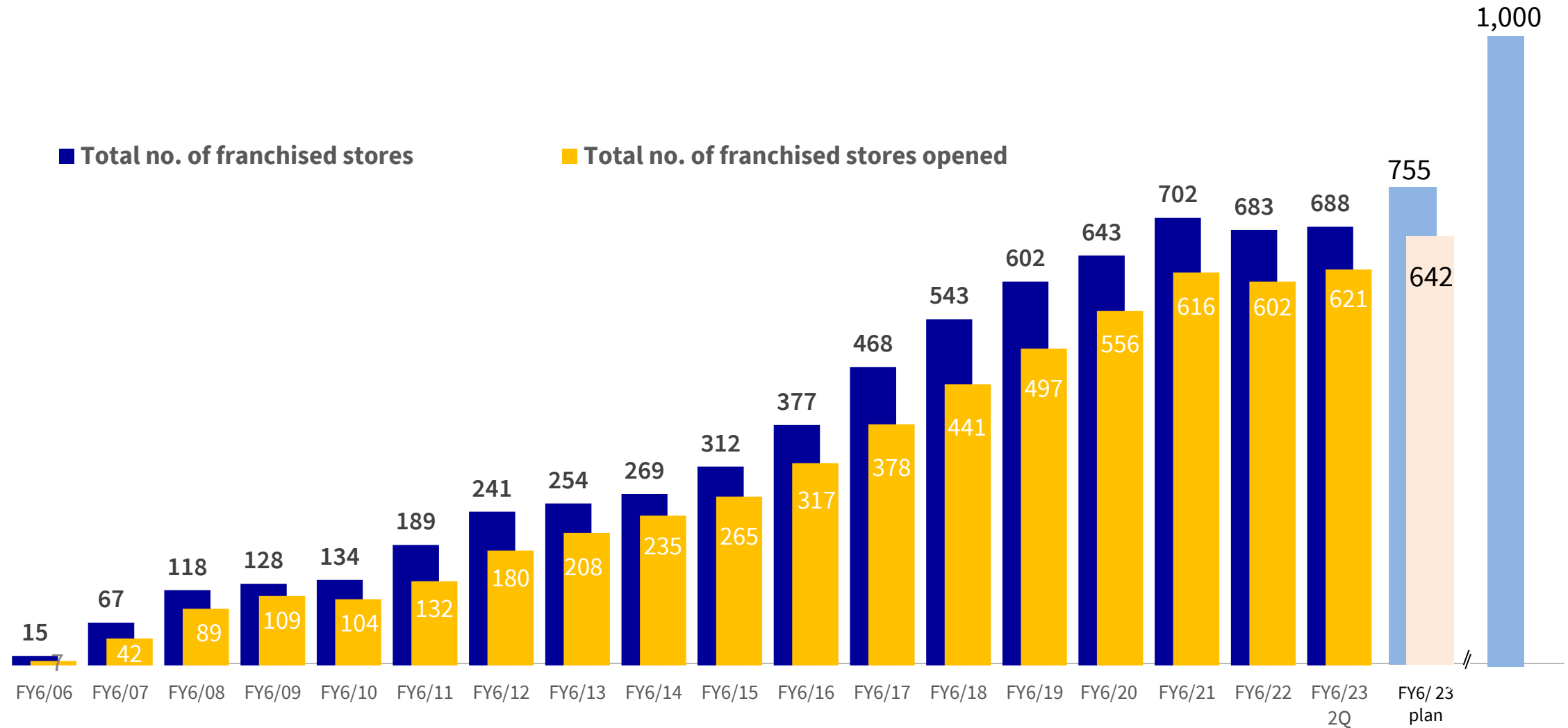
## ■ Total No. of Franchised stores opened

**621** stores Change from the end of the previous period + 19

# Franchisee Business : Changes in No. of stores

At the end of December 2022, there was a total of 688 franchised stores

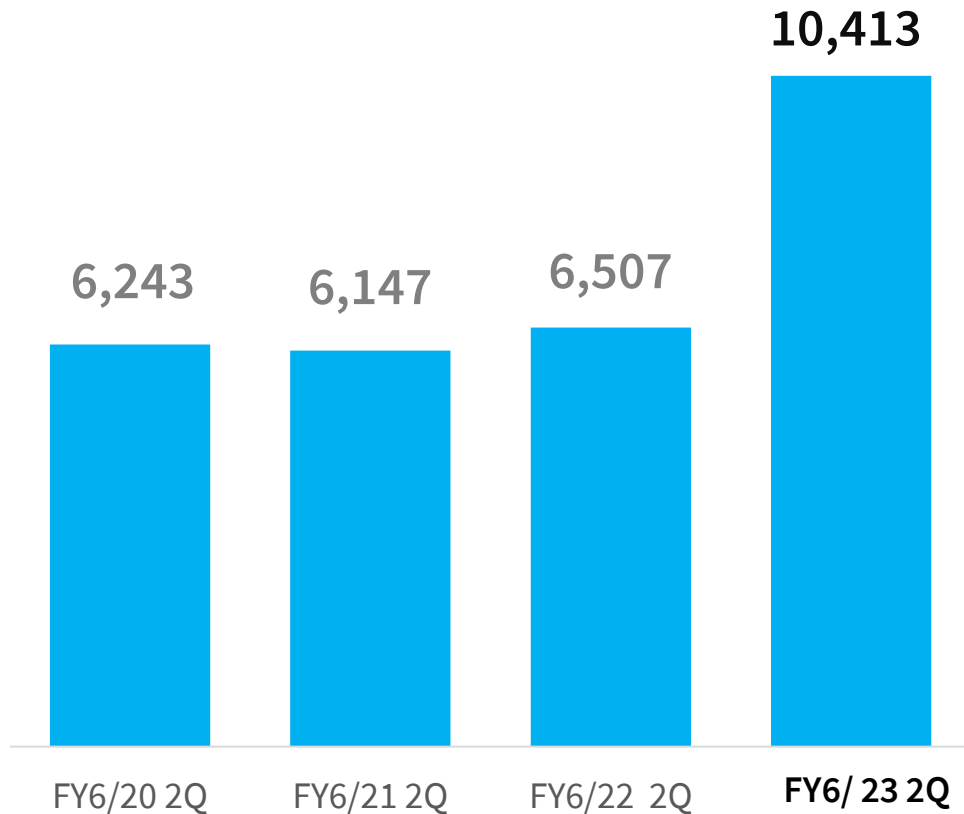
Note: Including 67 stores preparing to open (including RENT Do)



# House-Leaseback Business

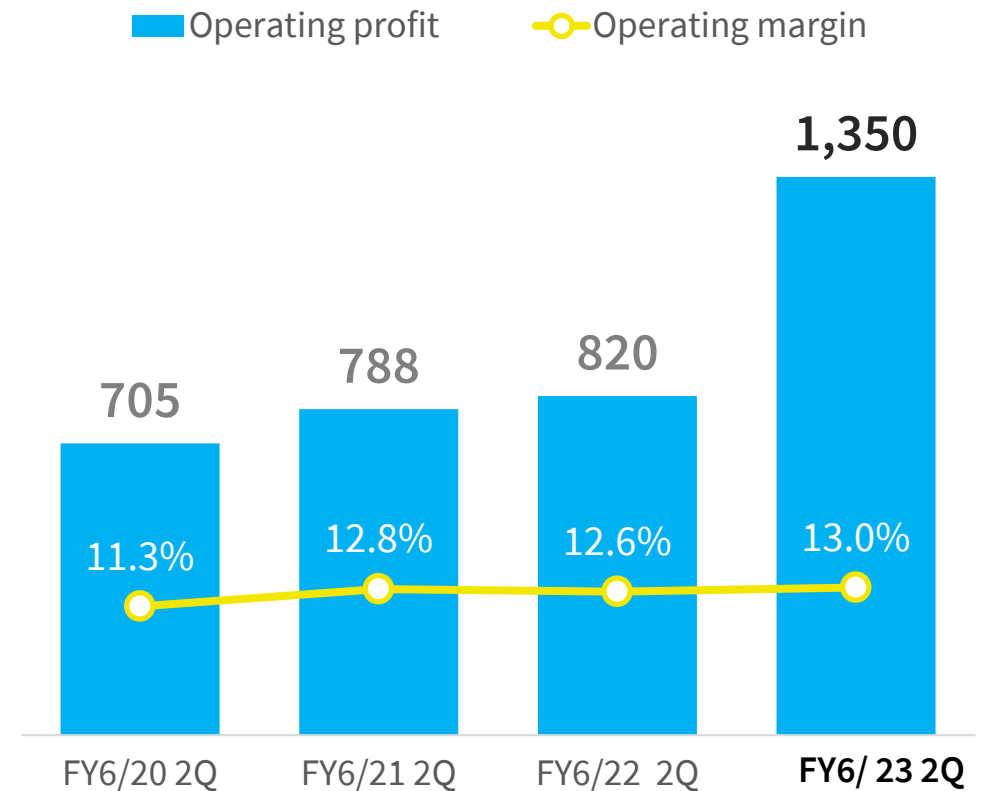
## Changes in Net Sales (Millions of yen)

YoY change **+ 60.0 %**



## Changes in Operating Profit (Millions of yen)

YoY change **+ 64.5 %**



# House-Leaseback Business: Gain on investment in silent partnerships

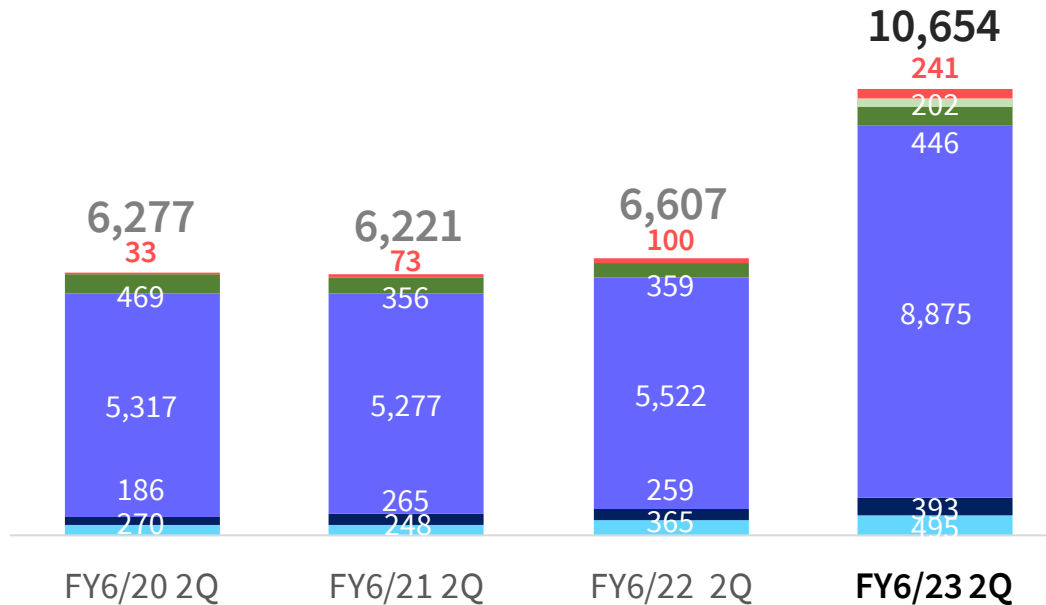
■ Segment results including impact from shares of profit obtained through HLB Funds (gain on investments in silent partnerships [non-operating income])

## Changes in Net Sales

(Millions of yen)

YoY chan **+ 61.2 %**

- Gain on investment in silent partnerships
- Profit sales
- Leasing revenue
- Income from sales
- Fees and others
- Rent income

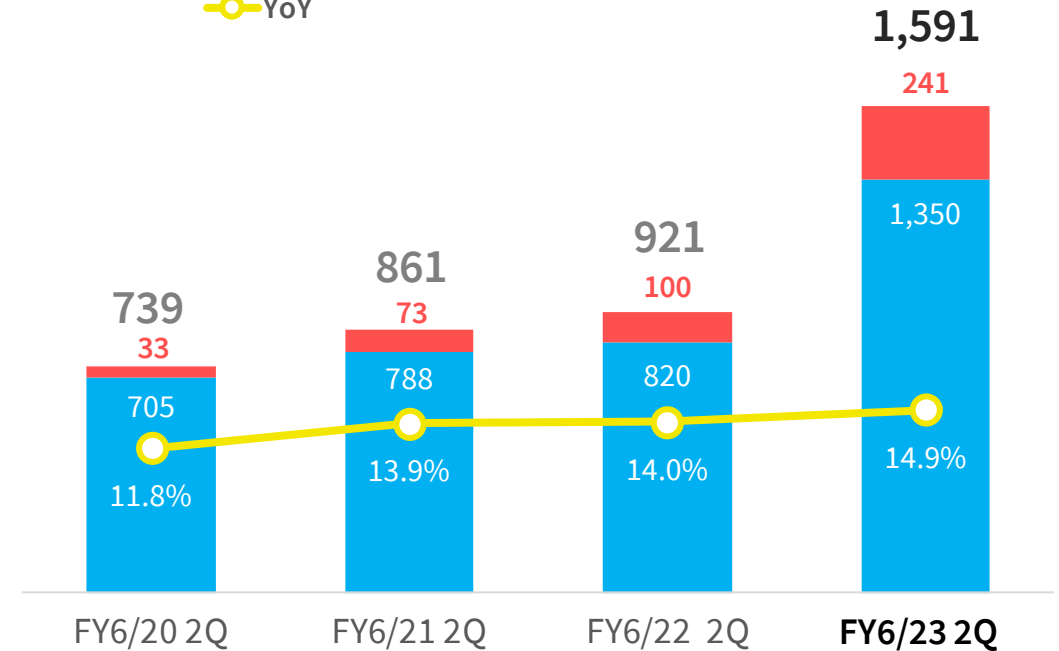


## Changes in Operating Profit

(Millions of yen)

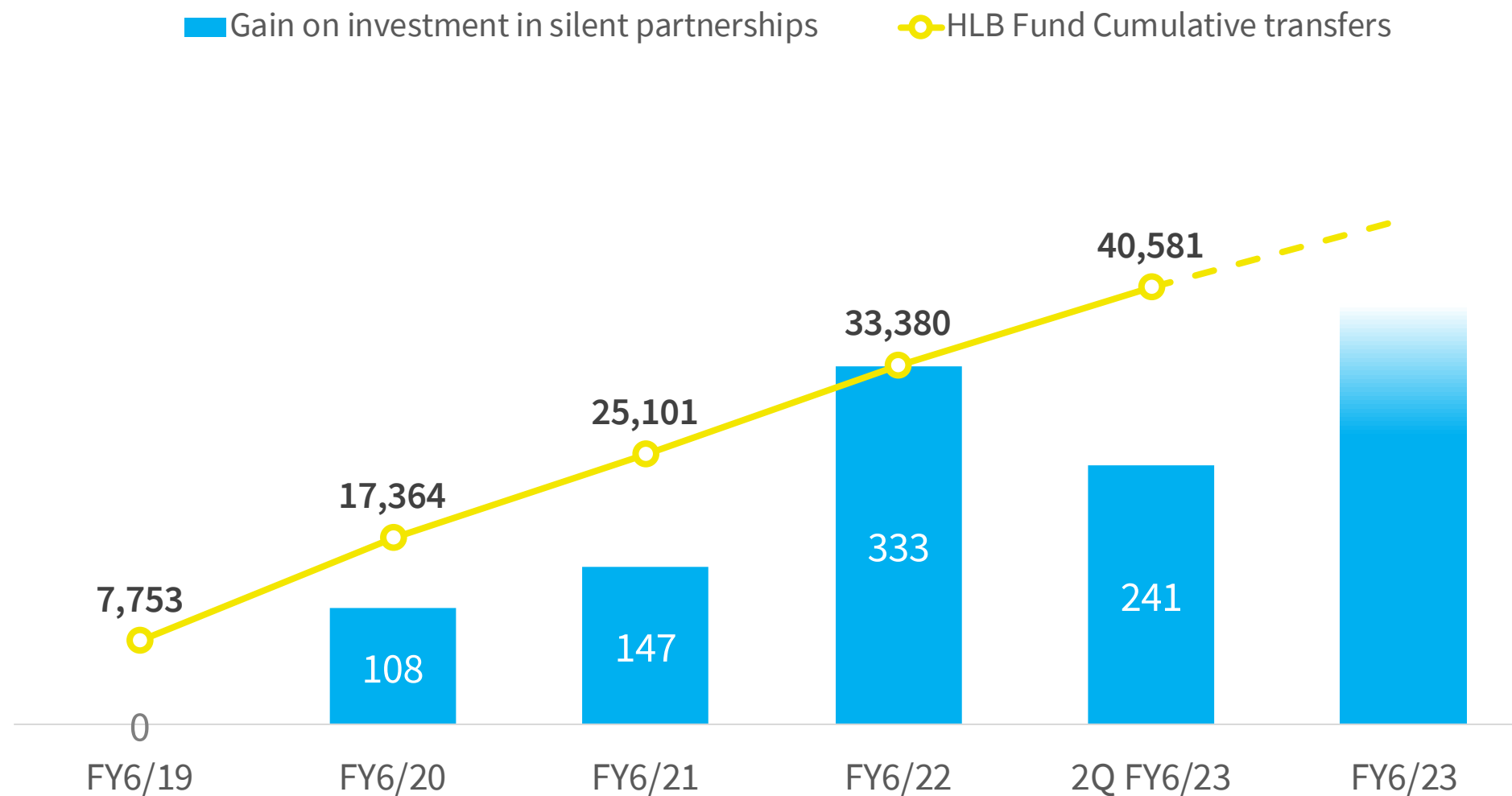
YoY change **+ 72.6 %**

- Operating profit
- Gain on investment in silent partnerships
- YoY



Note: Results prior to FY6/2020 are reference values reclassified to the new business segment classifications.

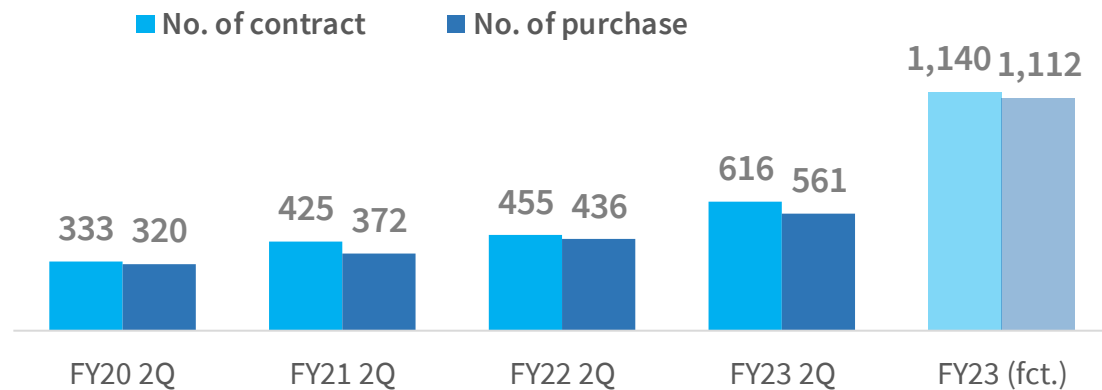
# Changes in HLB Fund Cumulative transfers and Gain on investment in silent partnerships



# Key Indicators by Segment: House-Leaseback Business

■ Purchase-leaseback contracts increased steadily; reported a net increase in total property holdings compared to end-FY6/22 despite the sale of properties to HLB Fund No. 12

## No. of contract and Purchased



## No. of HLB contracts

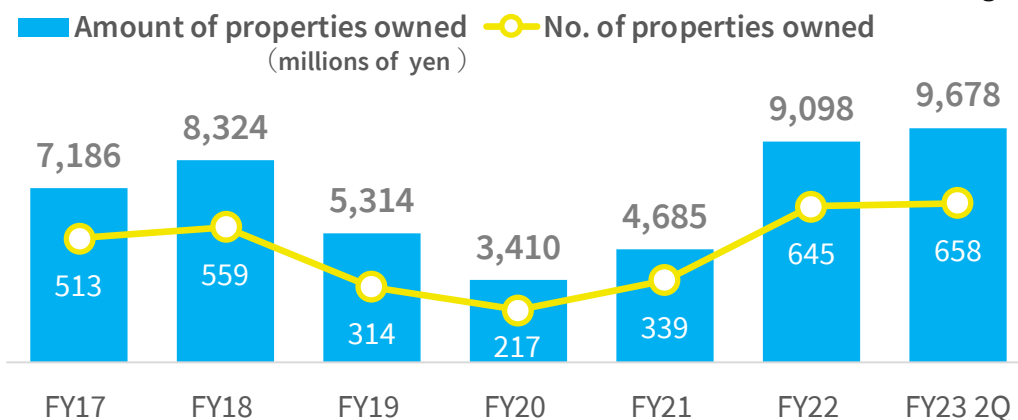
YoY change **+35.4** %

## No. of HLB purchased

YoY change **+28.7** %

## Total amount of balance and No. of properties owned

\* Note: Based on book value excluding vacancies



## Total No. of properties owned

Change from the end of the previous period **+13** case

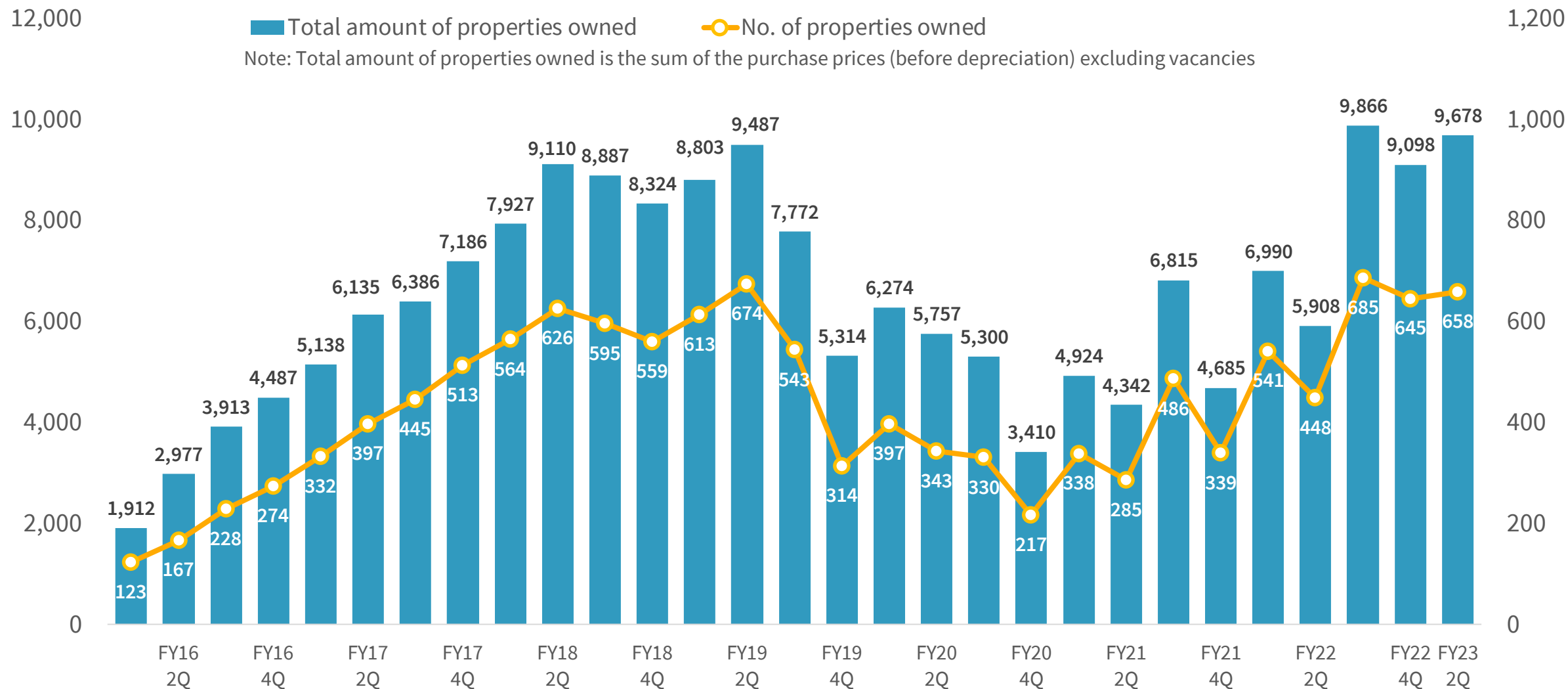
## Total Balance of owned properties

Change from the end of the previous period **+0.5** bn yen

# Total Amount and No. of Properties Owned

Total amount of properties owned (Millions of yen)

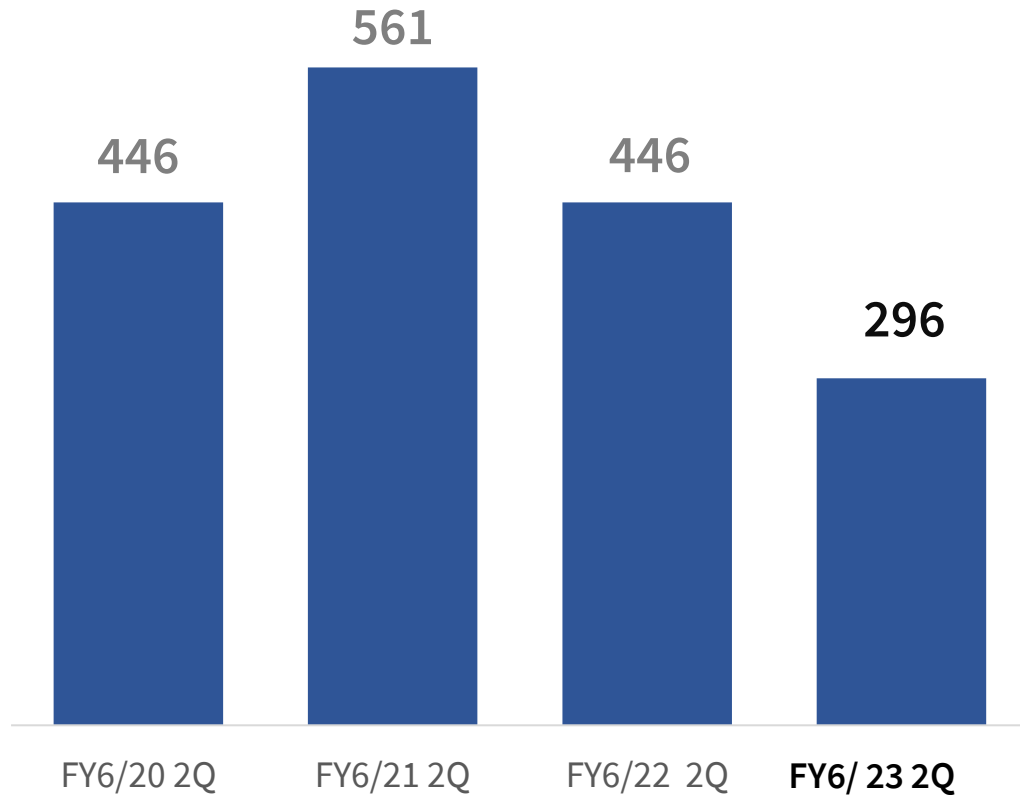
No. of properties owned





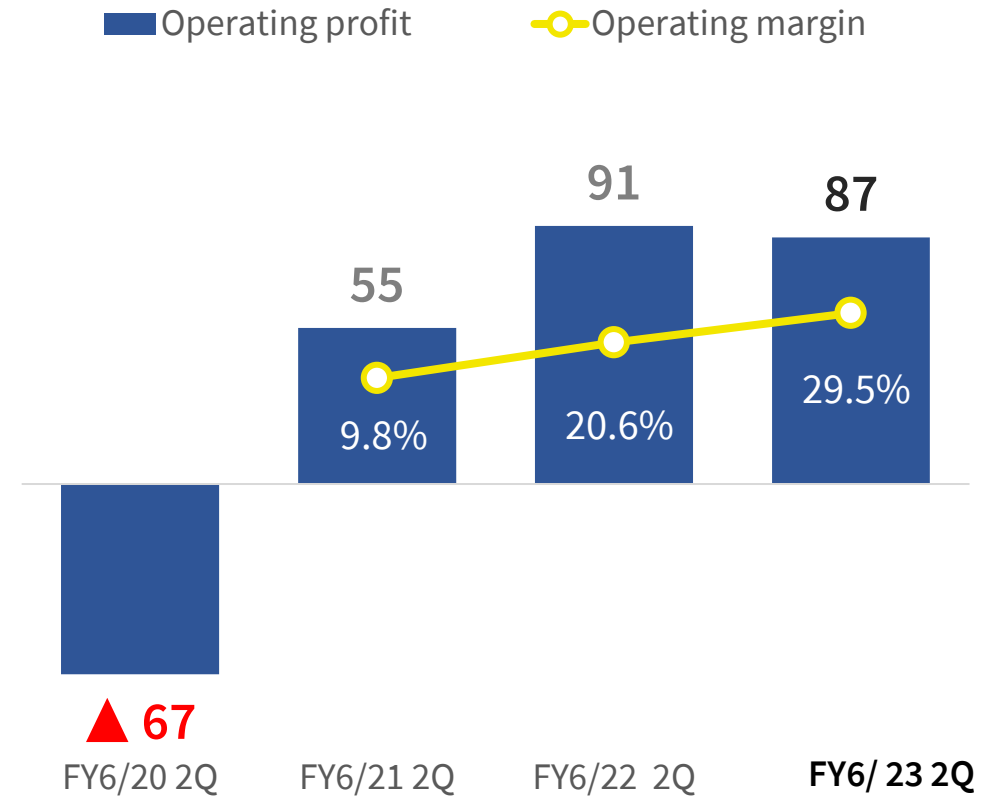
## Changes in Net Sales (Millions of yen)

YoY change - **33.6** %



## Changes in Operating Profit (Millions of yen)

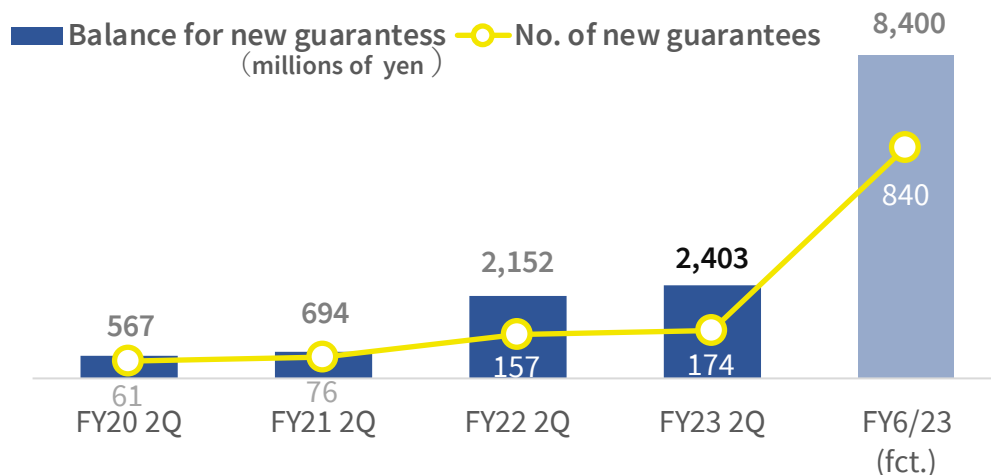
YoY change - **4.7** %



# Key Indicators by Segment: Reverse Mortgage Guarantees for Finance Business

■ Both the balance and number of new guarantees increased by double digits YoY; cumulative reverse mortgage guarantee balance also grew steadily

## No. of Reverse Mortgage Guarantees and Balance



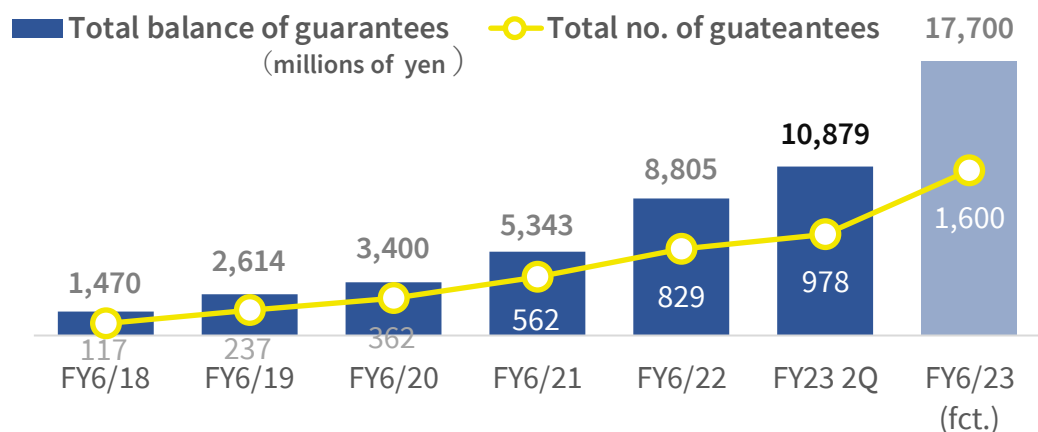
## No. of New Guarantees

YoY change **+ 10.8%**

## Balance for New Guarantees

YoY change **+ 11.7%**

## Total Balance and No. of Reverse Mortgage Guarantees



## Total No. of Reverse Mortgage Guarantees

Change from the end of the previous period **+149** case

## Total Balance of Reverse Mortgage Guarantees

Change from the end of the previous period **+2.07** bn yen

# Key Indicators by Segment: Alliance with Financial Institutions in Reverse Mortgage Guarantee Business

**41** (as of Feb. 13, 2023)  
**Alliance with  
 Financial Institutions**

Note : based on head released date

## Tohoku ・ Hokuriku

The Taiko bank,Ltd.	Fukushima Bank
Toyama Shinkin Bank	

## Kansai Area

Osaka Shoko Shinkin Bank	Shiga Chuou Shinkin Bank
Osaka Shinkin Bank	The Tajima Bank
Keiji Credit Association	Nagahama Shinkin Bank
Koto Shinkin Bank	

## Chugoku/Shikoku Area

Ehime bank	Shikoku Bank
Kasaoka Shinkumi Bank	Tamashima Shinkin Bank
The Bank of Kochi	Chugoku Bank

## Kanto Area

Adachiseiwa Shinkin bank	Shiba Shinkin Bank
Kanagawa Bank	Chunan shinkin bank
Kawaguchi-Shinkin Bank	Toei shinkin bank
Kiraboshi Bank	The Tokyo Star bank
Komatsugawa Shinkin Bank	Tokyo Higashi Shinkin Bank
The Saitamaken Shinkin Bank	Tokyo Bay Shinkin
The Sawayaka Shinkin Bank	Hanno Shinkin Bank
Showa Shinkin Bank	Rakuten Bank

## Tokai Area

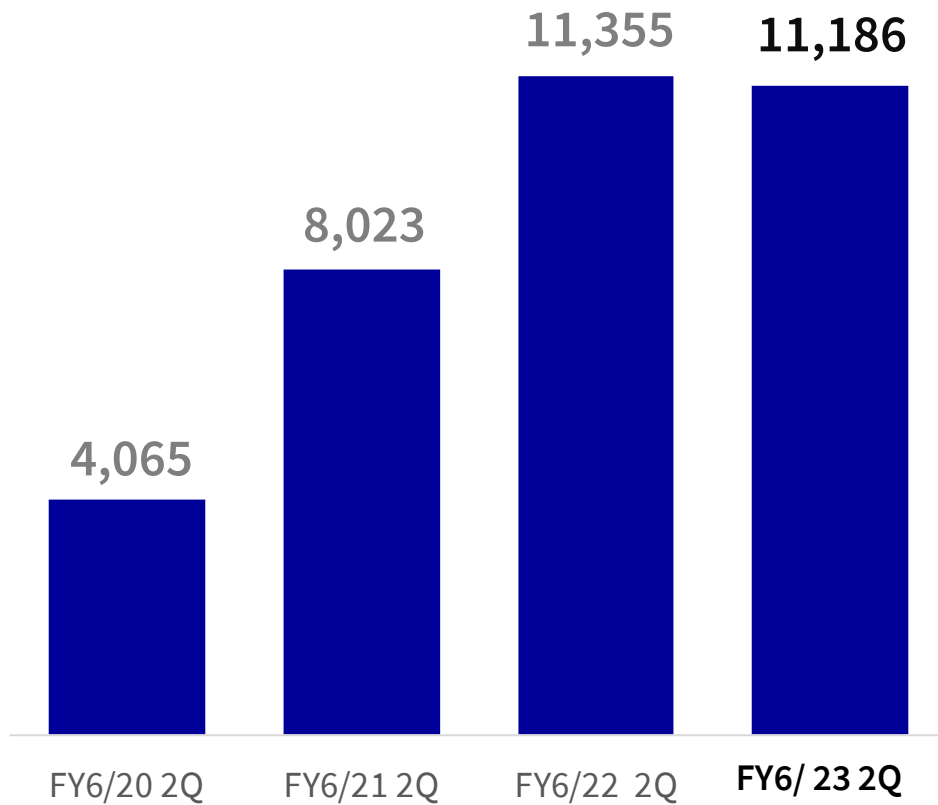
Enshu Shinkin Bank	Hamamatsu Iwata shinkin bank
San ju San bank	Bisai Shinkin bank
The Seishin Shinkin Bank	Fuji Shinkin Bank
Shizuoka Bank	Mishima Shinkin Bank
Chita Shinkin bank	

Note : the syllabary order and Area is classified based on head office location

# Real Estate Buying and Selling Business

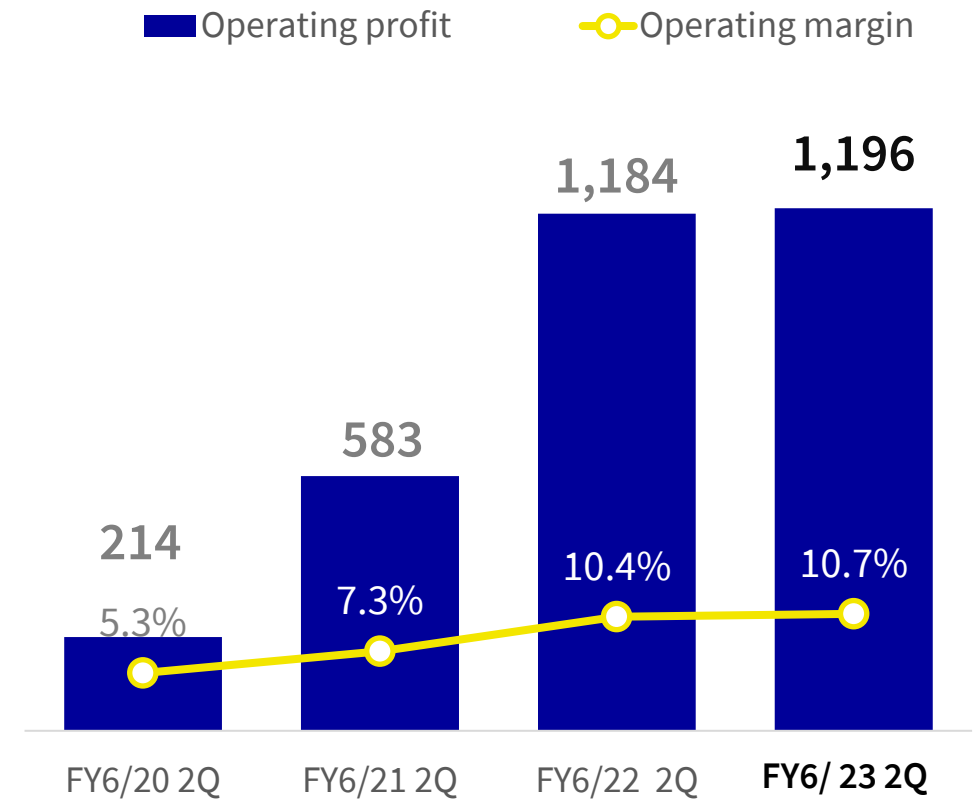
## Changes in Net Sales (Millions of yen)

YoY change - 1.5 %



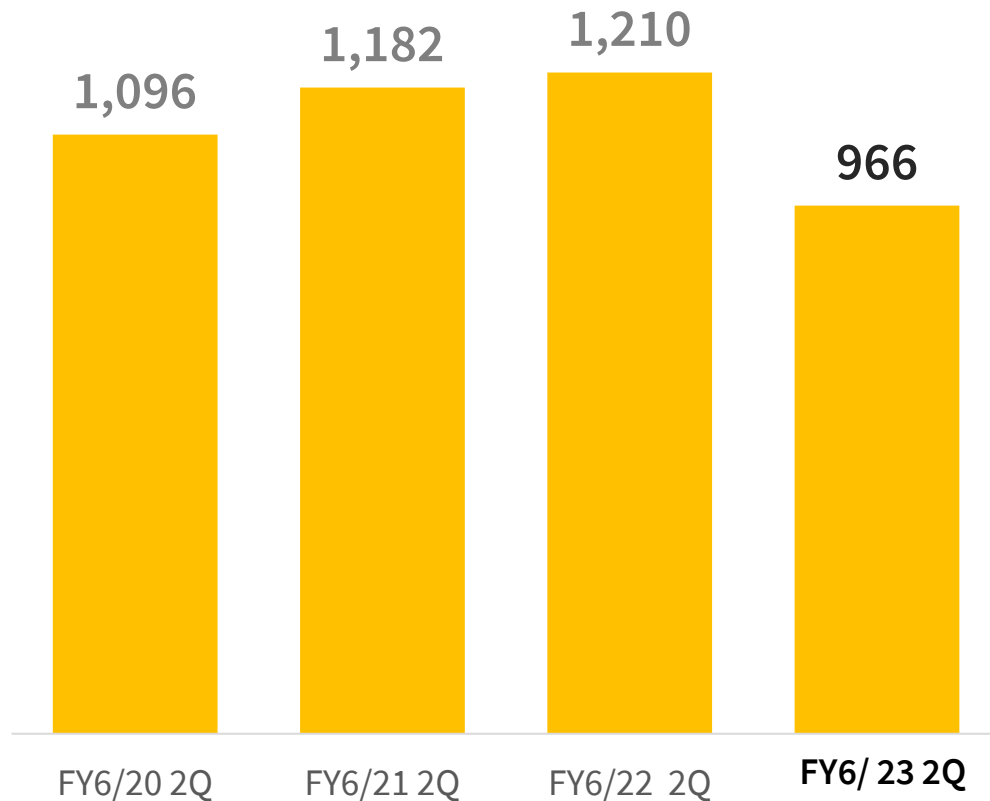
## Changes in Operating Profit (Millions of yen)

YoY change + 1.1 %



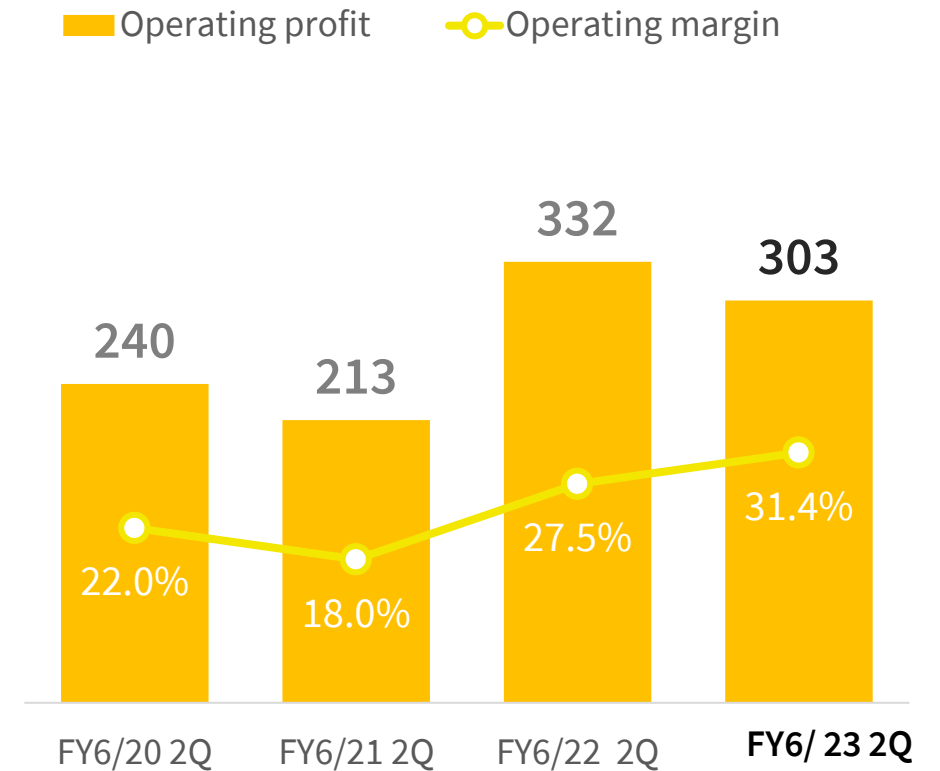
## Changes in Net Sales (Millions of yen)

YoY change - **20.2** %



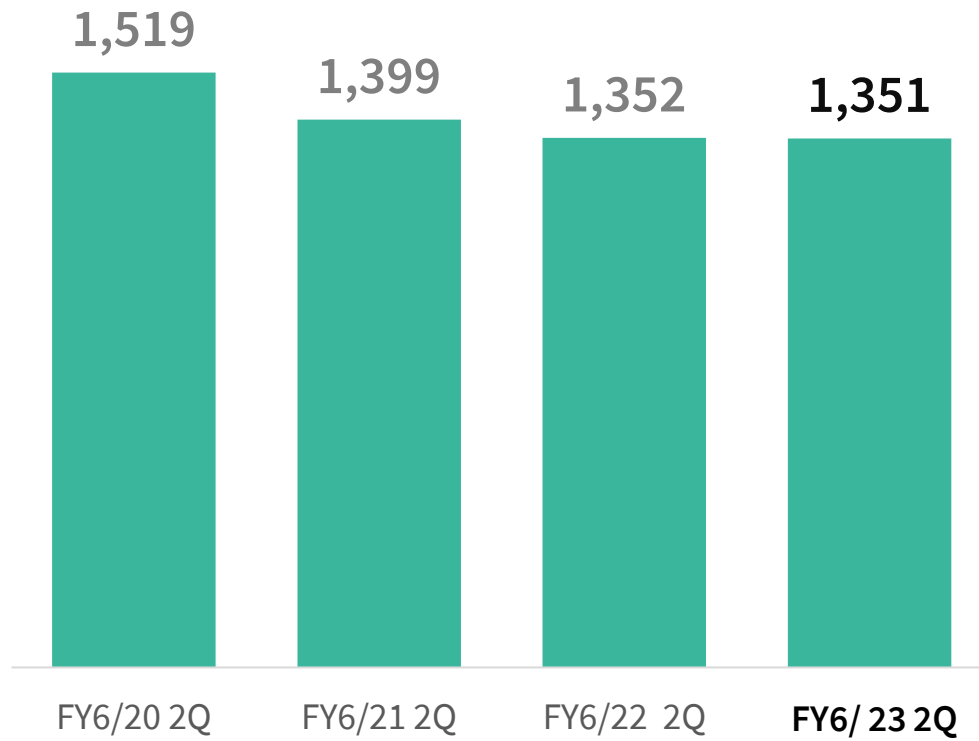
## Changes in Operating Profit (Millions of yen)

YoY change - **8.8** %



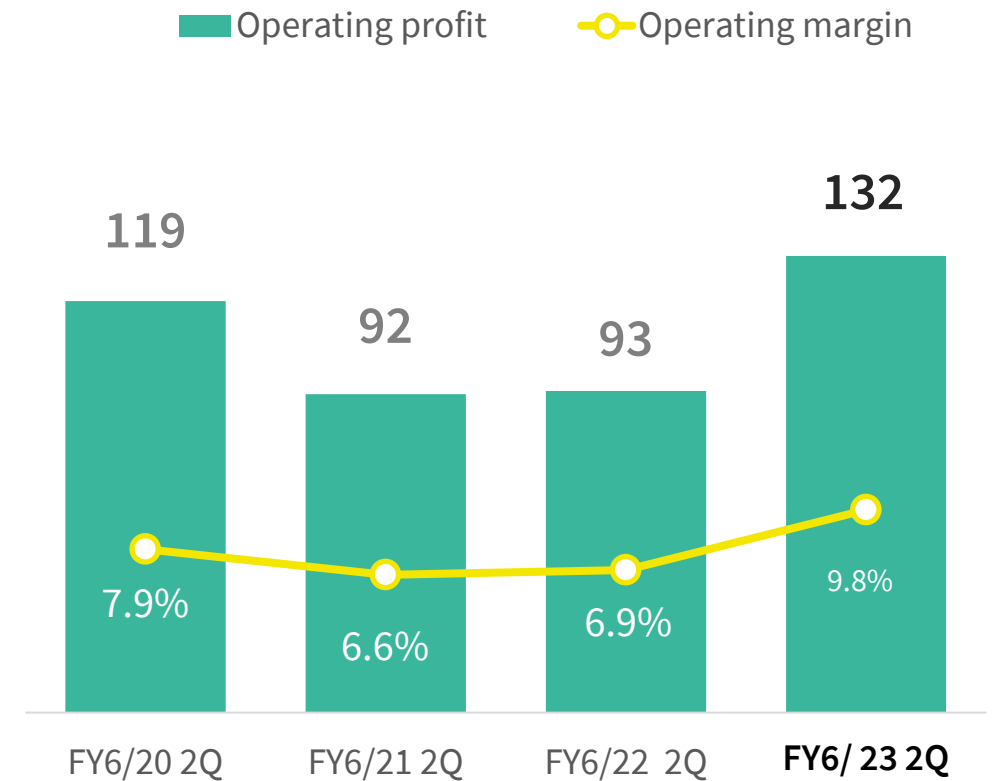
## Changes in Net Sales (Millions of yen)

YoY change **- 0.1 %**



## Changes in Operating Profit (Millions of yen)

YoY change **+ 42.0 %**



# Future Real Estate Market

- ✓ Resurgence of inbound tourism in Japan
- ✓ Might the impact of housing loan rates of up to 1.5% on housing-related sectors be minor?

# The Group's Perspective Regarding Concerns Surrounding Rising Loan Rates

Negative business from rising  
interest rates

## Real Estate Buying and Selling Business

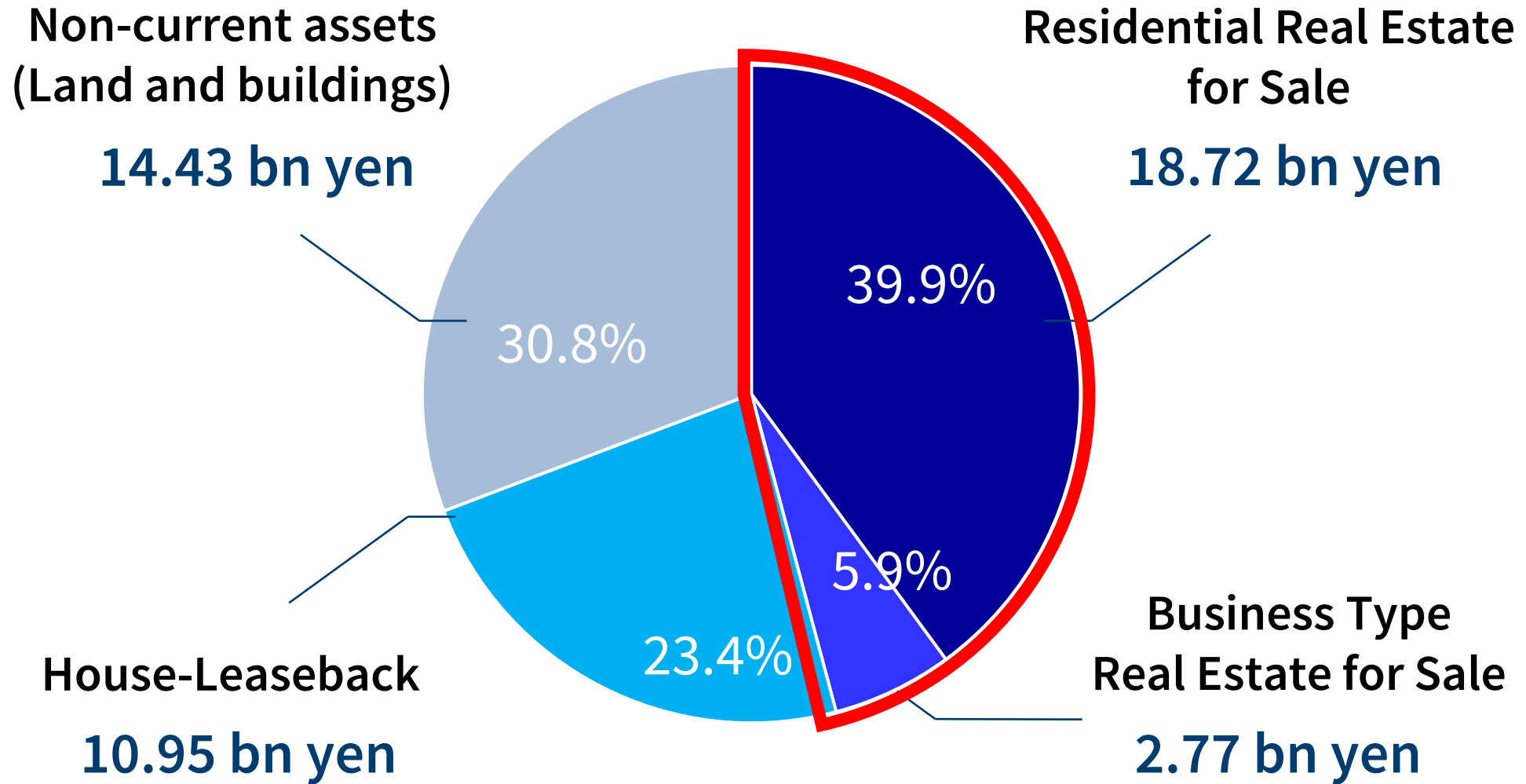
- Holds both residential and commercial real estate
- Conducts procurement in anticipation of inbound tourism and domestic demand
- Acquired properties that have become relatively inexpensive due to COVID-19
- Completed procurement targeting achievement of medium-term plan projections

Positive Business

## House-Leaseback Business

- High safety and security
- Demand to increase as loan rates rise
- Rate increases can be reflected through rent adjustments





# ■ Focus on accumulation of Reverse Mortgage Guarantees



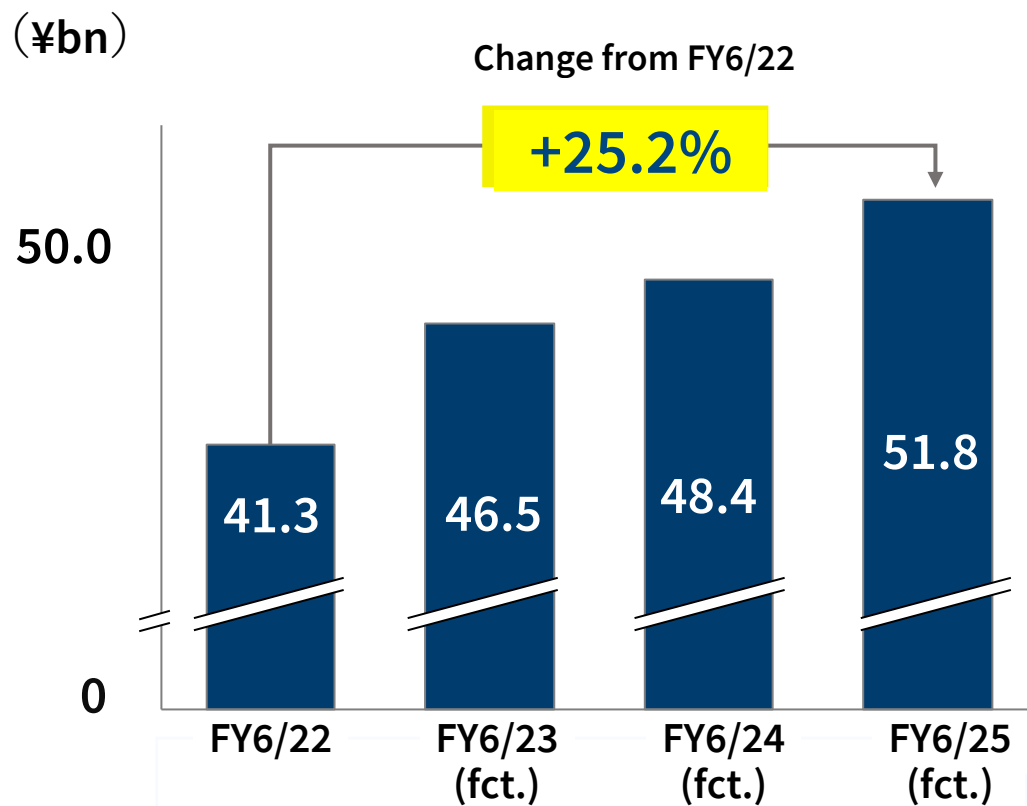
## If Interest rate raise

→ Opportunity to expand procurement of  
House-Leaseback properties

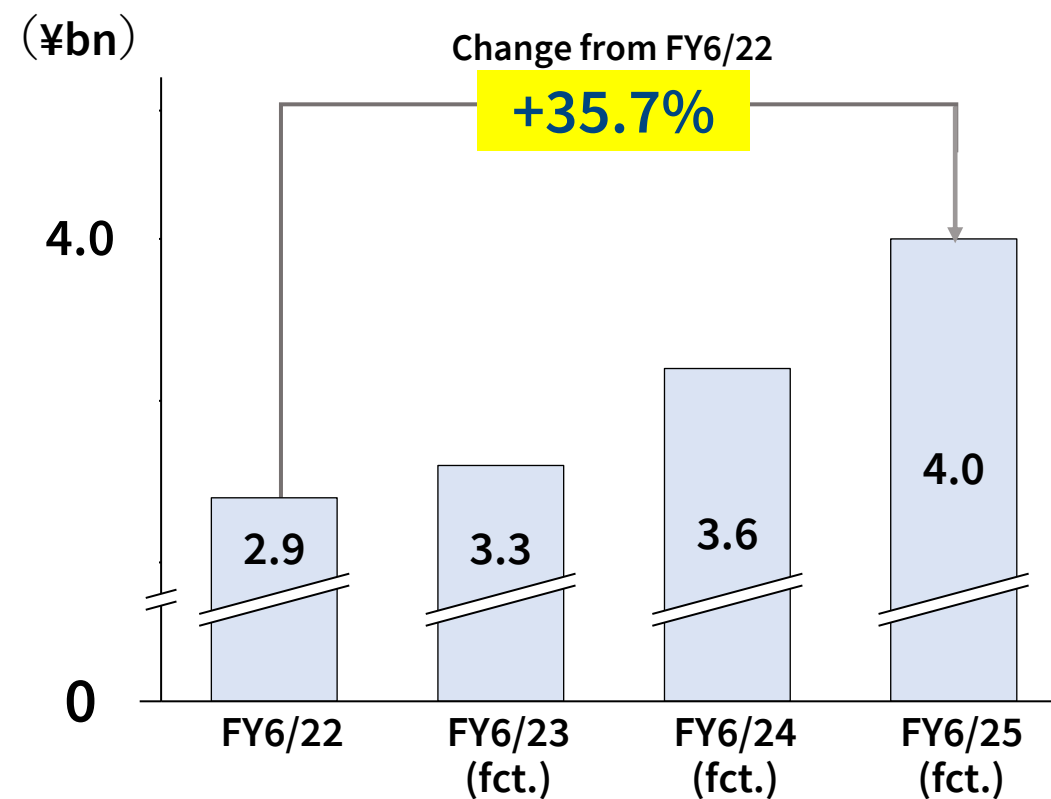
# Mid-term Management Plan (FY6/2023- FY6/2025)

Sales of ¥51.8 bn and Ordinary profit of ¥4.0 bn in FY6/25.

## Sales Plan



## Ordinary Profit Plan



# Future Growth Strategy

## New Medium-Term Management Plan Three Growth Strategies



**Further expansion of Growth-driving Businesses**



**Deepening Real Estate x Financial Services**



**Promotion of a highly profitable structure**



# Innovate the industry!

- Making the industry that benefit customers -

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

# &DO HOLDINGS

## Forward-looking Statements

Materials and information provided in this announcement contain forward-looking statements. These statements are based on expectations, forecasts and assumptions incorporating risk and uncertainties that may cause actual performance to differ from these statements.

Risk factors and other uncertainties include general economic conditions in Japan and other countries, such as industry and market conditions, and changes in interest rates and foreign exchange rates.

Even in the event of new information, a future event or some other event, the HOUSEDO Group has no obligation to update or revise the forward-looking statements in this announcement.

Note: Regarding the data by segment before the previous two fiscal year, the data before the segment classification review is included.

■ IR information : <https://www.housedo.co.jp/and-do/en/>

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