

Innovate the Industry

Briefing for Earnings Results for the Second Quarter of the Fiscal Year Ending June 2024

February 28, 2024

&Do Holdings Co., Ltd

【3457】



&DO HOLDINGS



- 1H results substantially exceeded initial targets Vs. initial forecast: net sales up 25.8%, ordinary profit up 16.4%

Net Sales

35.3 bn yen

(+39.1% YoY change)

Operating Profit

2.1 bn yen

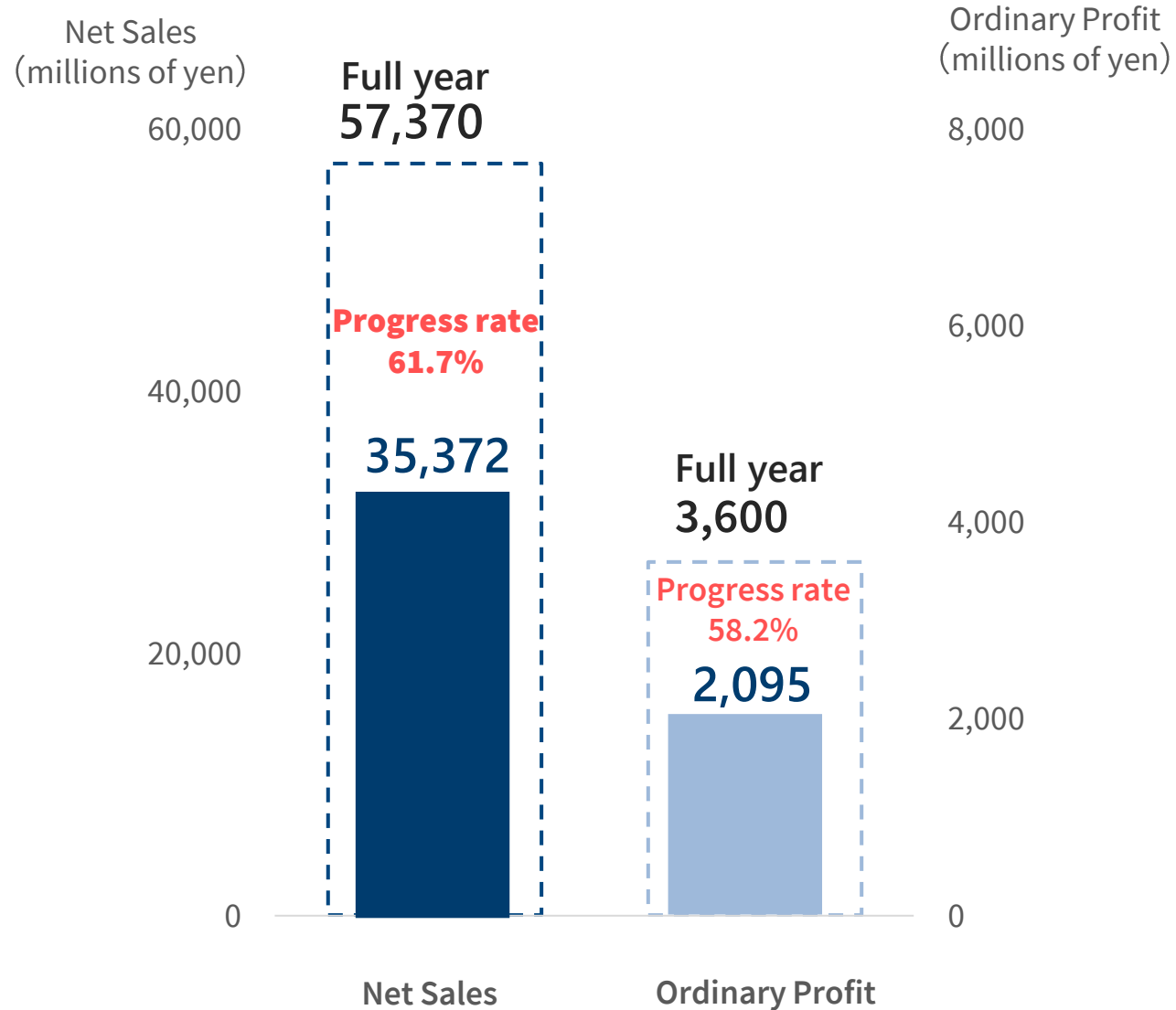
(+23.4% YoY change)

Ordinary Profit

2.0 bn yen

(+13.1% YoY change)

The Second Quarter of FY6/2024 Progress versus Initial Plan



■ 1H results were strong, with all indicators at about 60% of the full-year targets

Consolidated Balance Sheet 【Assets】

(millions of yen)

	FY6/23	FY6/24 2Q	YoY change
Cash and deposits	10,314	11,570	+ 1,255
Inventories	44,193	46,298	+ 2,104
Non-current assets	24,154	19,766	- 4,387

■ Active purchasing in the Real Estate Buying and Selling business, and inventories continued to increase

■ Sold large properties acquired one by one to reduce non-current assets

Consolidated Balance Sheet 【Liabilities and Net Assets】

(millions of yen)

	FY6/23	FY6/24 2Q	YoY change
Current liabilities	33,849	34,289	+ 440
Non-current liabilities	33,783	30,421	- 3,361
Shareholder's equity ratio	18.5%	20.0%	+1.5pt

- Interest-bearing debt decreased from the end of the previous period
- Shareholder's equity ratio 18.5% → **20.0%** **1.5 point improved**

The Second Quarter of FY6/24 Sales and Profit by Business Segment (growth-driving businesses)

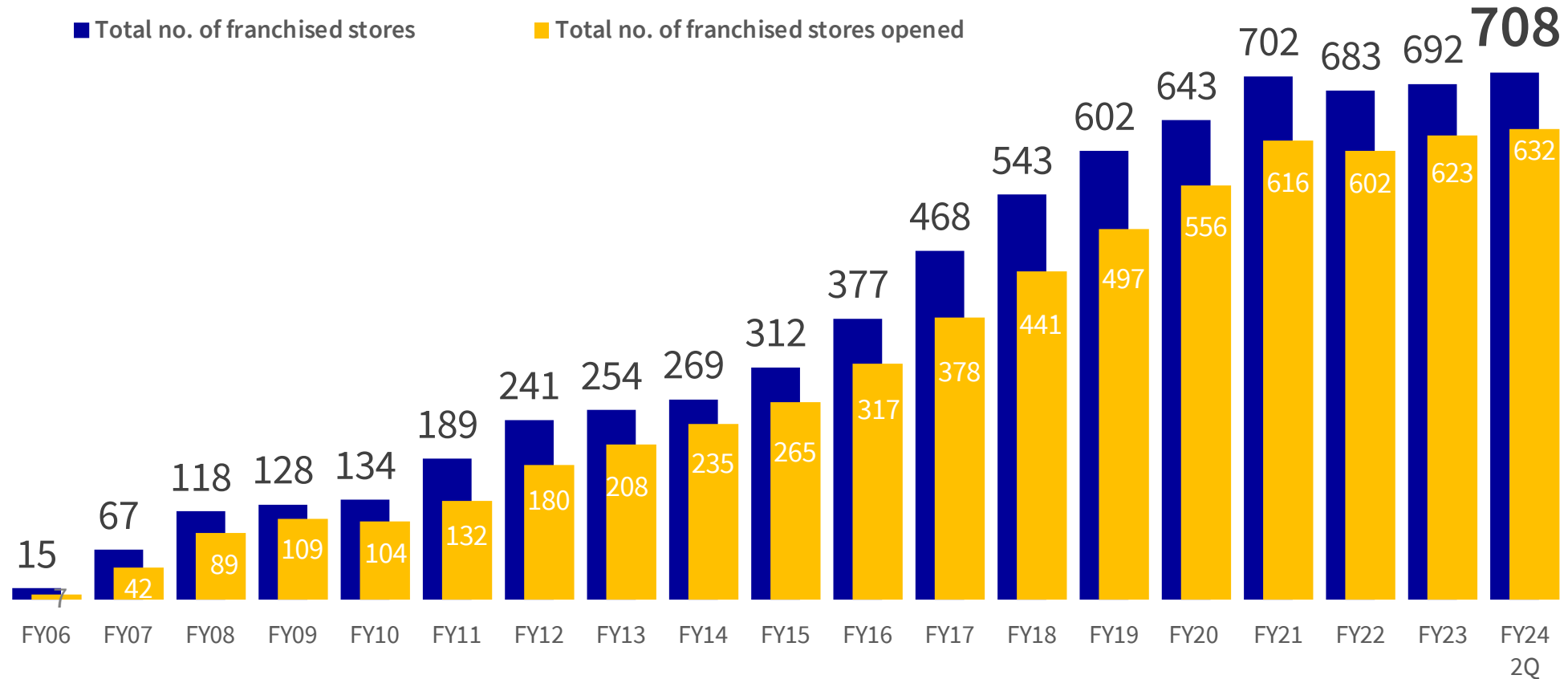
Unit: millions of yen	Net Sales			Operating Profit		
	FY6/23 2Q	FY6/24 2Q	YoY change	FY6/23 2Q	FY6/24 2Q	YoY change
Franchisee	1,620	1,637	+ 1.1%	1,044	991	- 5.2%
House-Leaseback	10,413	12,851	+ 23.4%	1,350	1,569	+ 16.2%
Finance	296	220	- 25.6%	87	28	- 67.9%
Real Estate Buying and Selling	11,186	18,946	+ 69.4%	1,196	1,700	+ 42.1%

■ The House-Leaseback and Real Estate Buying and Selling businesses continued contributing to overall performance

Franchisee Business : Changes in No. of stores

At the end of December 2023, there was a total of 708 franchised stores

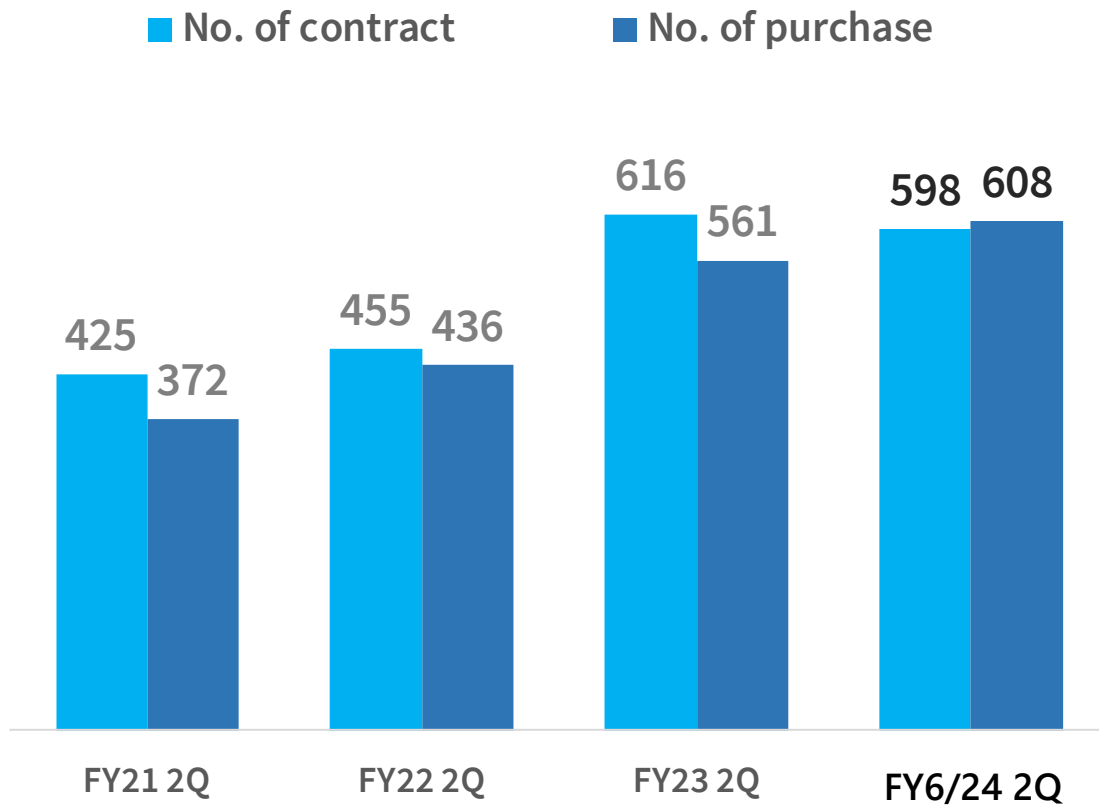
Note: Including 76 stores preparing to open (including RENT Do)



■ The number of new franchised stores grew steadily, despite upfront costs due to investments in human resources and promotions

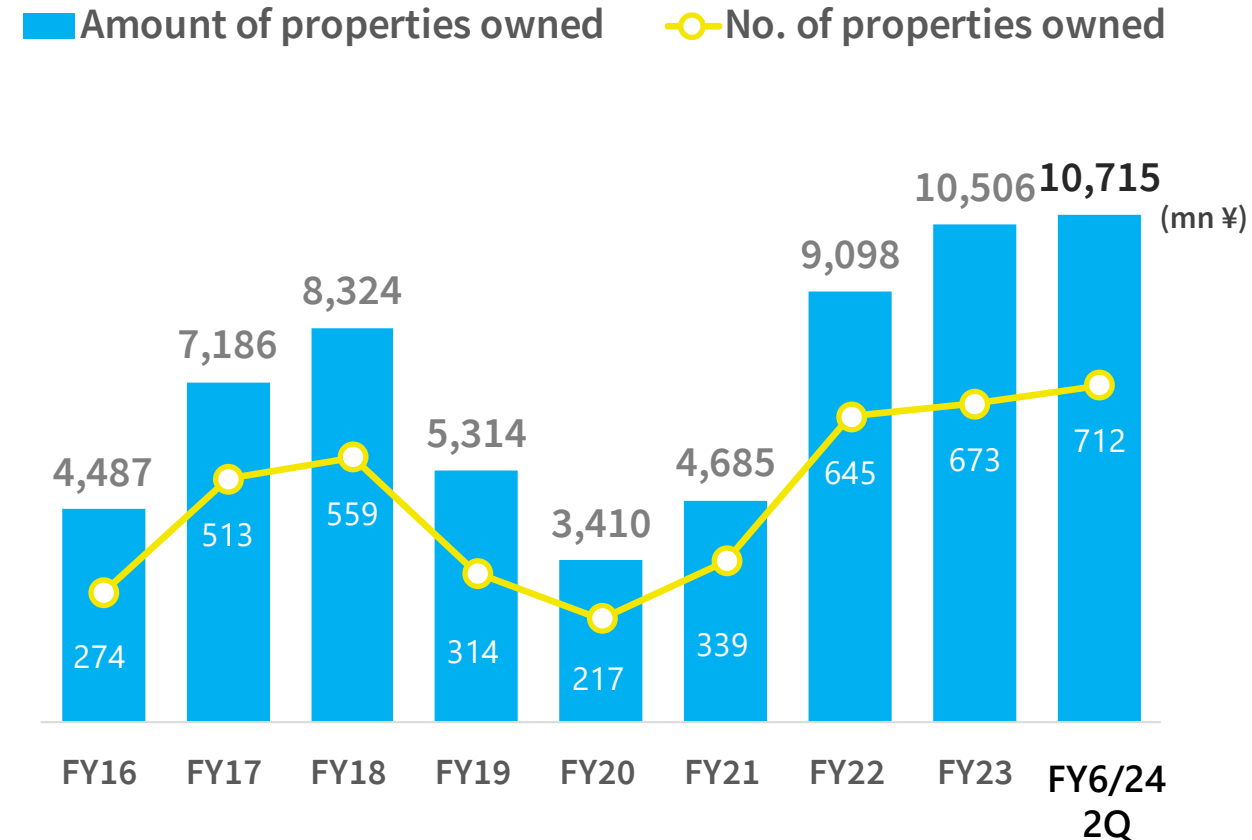
House-Leaseback Business

No. of contract and Purchased



Total amount of balance and No. of properties owned

*Note: Based on book value excluding vacancies

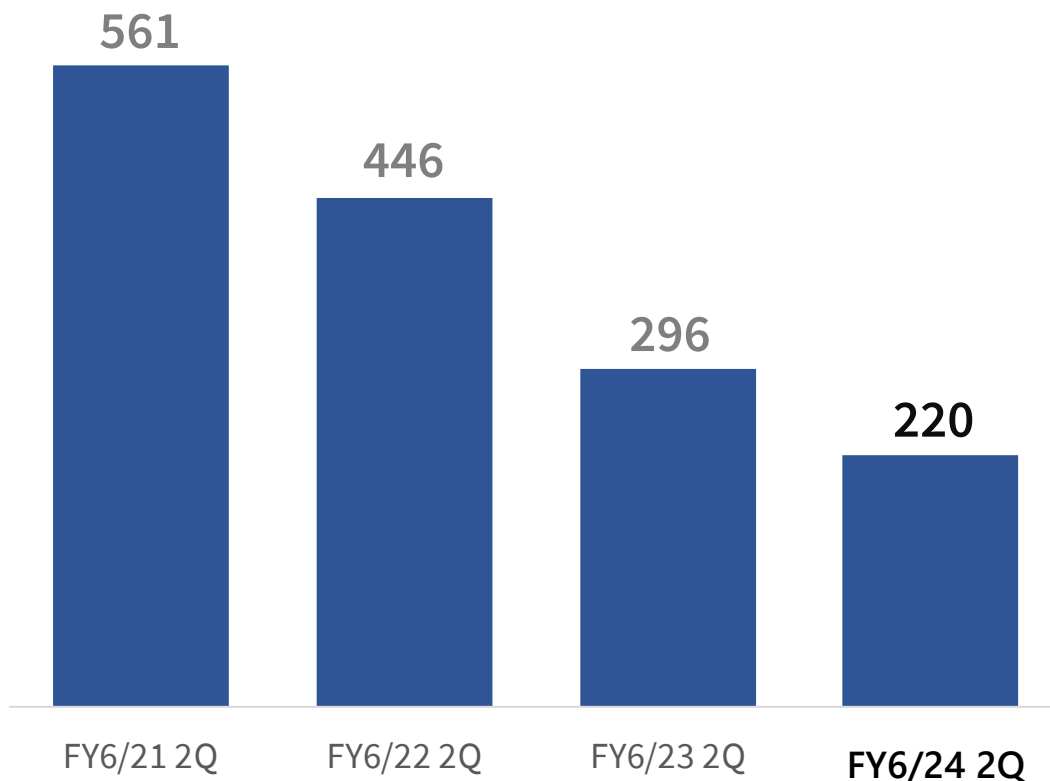


■ Total amount of properties owned remained high, while continuing to securitize properties every quarter

Changes in Net Sales

(Millions of yen)

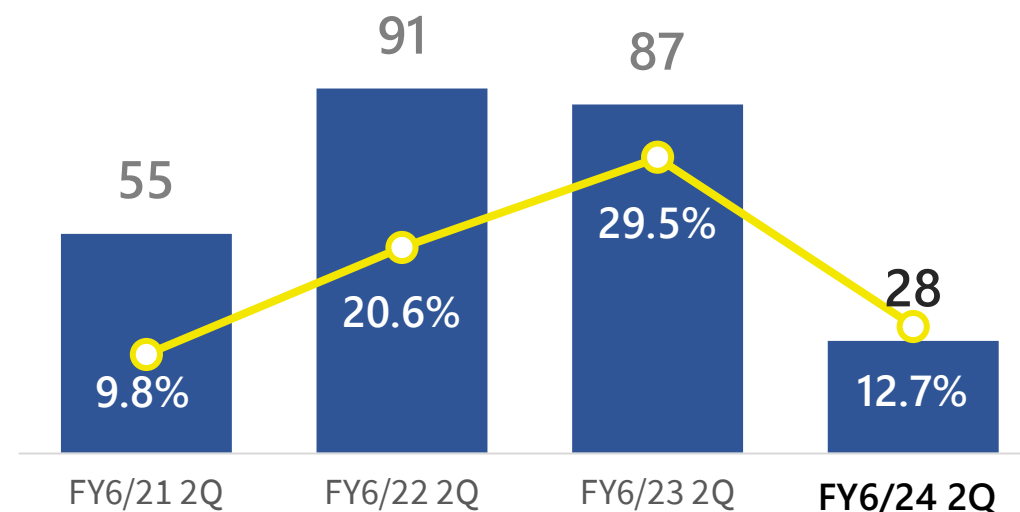
YoY change - **25.6%**



Changes in Operating Profit

(Millions of yen)

YoY change - **67.9%**



■ Sales and profit declines were due to a fall in real estate-backed loans; reverse mortgage guarantees expanded steadily

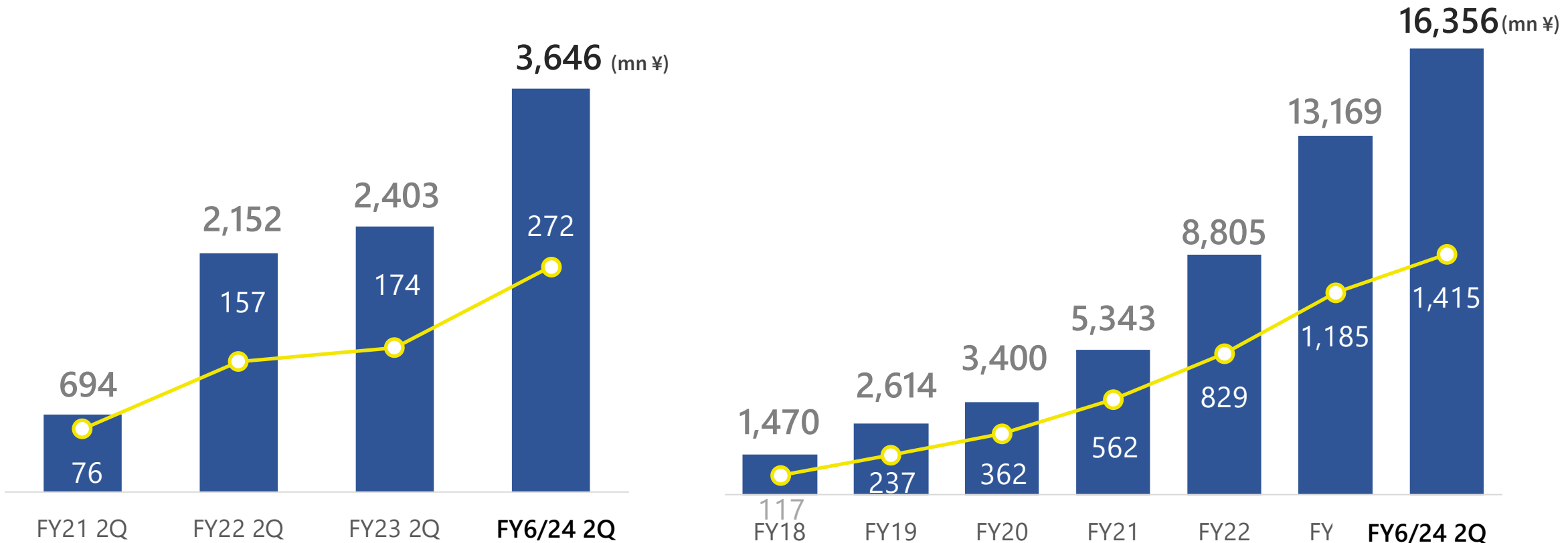
Finance Business (Reverse Mortgage Guarantees)

No. of Reverse Mortgage Guarantees and Balance

Total Balance and No. of Reverse Mortgage Guarantees

■ Balance for new guarantess ○ No. of new guarantees

■ Total balance of guarantees ○ Total no. of guateantees



■ The number and balance of new guarantees increased by over 50% YoY, with growth steadily accelerating

■ Sales of real estate properties slowly started to begin

Utilization of House-Leaseback

Conditions of the debtor	<ul style="list-style-type: none">● The debtor passed, and the eldest daughter who was living with the debtor was the only heir (the “heir”)● The heir was concerned about her retirement funds and did not want to leave the home she was living in, so she consulted with her financial institution
Processes leading to sales	<ul style="list-style-type: none">● Confirmed the heir’s needs during consultation for the sale of the property● With the client’s consent, the information regarding the case was shared within the Group, and a House-Leaseback manager had talks with the heir● House-Leaseback contract was signed in about a month and a half after the talks, and the reverse mortgage loan was repaid

Takeaway

- This was a case in which an heir other than the spouse of the debtor was able to continue living in the debtor’s home even after his/her passing

Purchase of the debtor's home

Conditions of the debtor	<ul style="list-style-type: none">● The debtor passed, and there were seven heirs, including the debtor's brothers and heirs per stirpes (nephews and nieces) (no cohabitants)● Because the heirs lived far from the debtor's home, they wished to resolve the matter quickly
Processes leading to sales	<ul style="list-style-type: none">● Confirmed the heirs' needs during consultation for the sale of the property● With the clients' consent, HOUSEDO Group managers met with the person representing the heirs and proposed to purchase the property directly; sales contract was signed in about a month

Takeaway

- Swiftly resolved the matter while addressing the needs of all heirs
- Supported inheritance procedures from sales contract signing to payment settlement

Swift sales through general brokerage

Conditions of the debtor	<ul style="list-style-type: none">● The debtor filed for voluntary liquidation● Even after six months, no progress was made in efforts to sell the debtor's property by a local real estate agent who was an acquaintance of the debtor and the attorney representing the debtor
Processes leading to sales	<ul style="list-style-type: none">● Through the debtor's attorney, the HOUSEDO Group signed a general mediation contract with the debtor● The property was sold within a month of signing the general mediation contract, and all receivables were collected in full

Takeaway

- **Swiftly sold the property through mediation by the HOUSEDO Group and receivables were collected in full**

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

49 (as of February 13, 2024)
**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
Kansai Mirai Bank, Limited	Nagahama Shinkin Bank
Keiji Credit Association	The Nanto Bank
Koto Shinkin Bank	Resona Bank, Limited.

Chugoku/Shikoku Area

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

Kanto Area

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

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Tokai Area

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

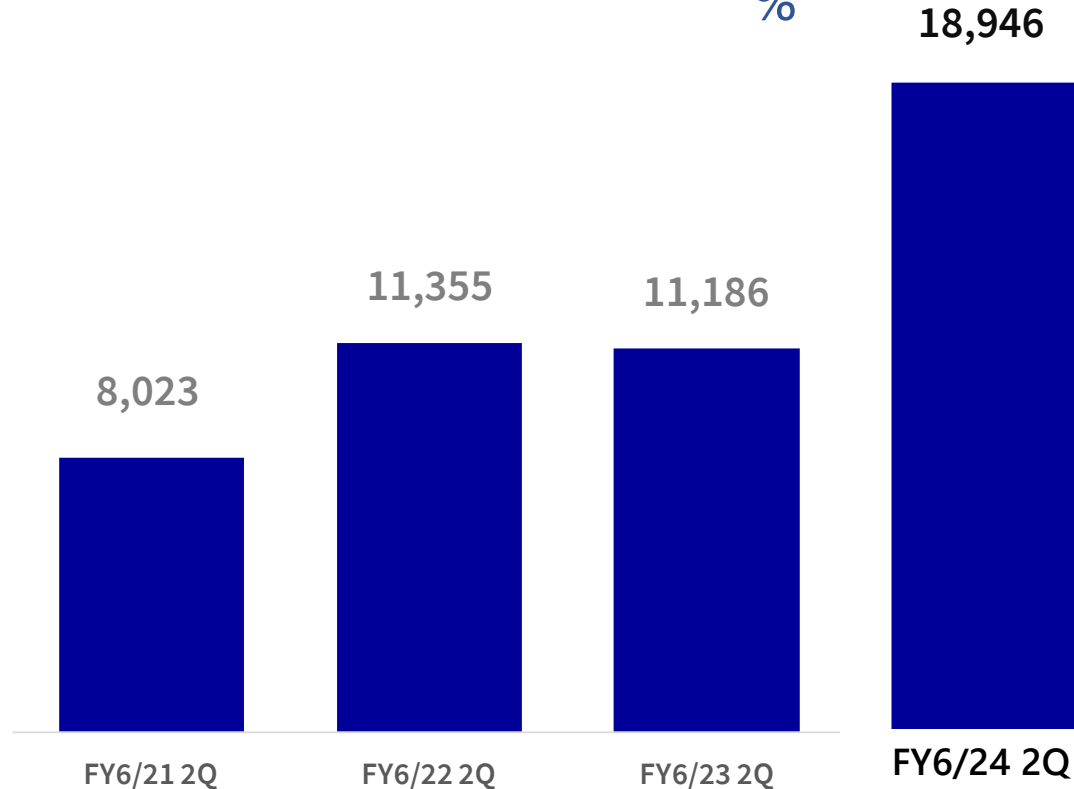
Note : the syllabary order and Area is classified based on head office location

Real Estate Buying and Selling

Changes in Net Sales

(Millions of yen)

YoY change **+ 69.4 %**

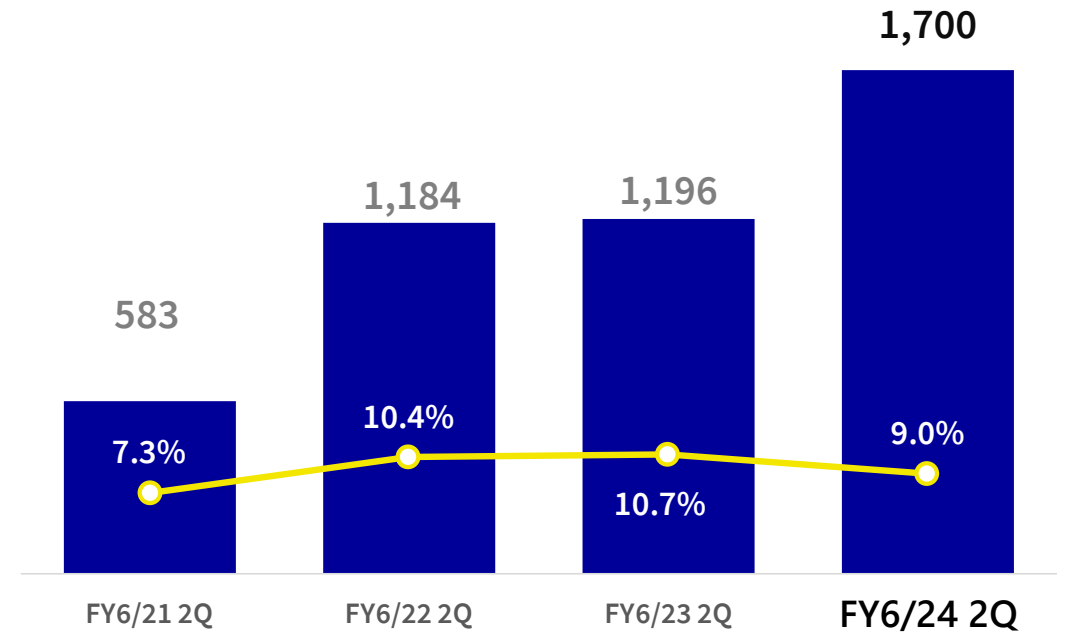


Changes in Operating Profit

(Millions of yen)

YoY change **+ 42.1 %**

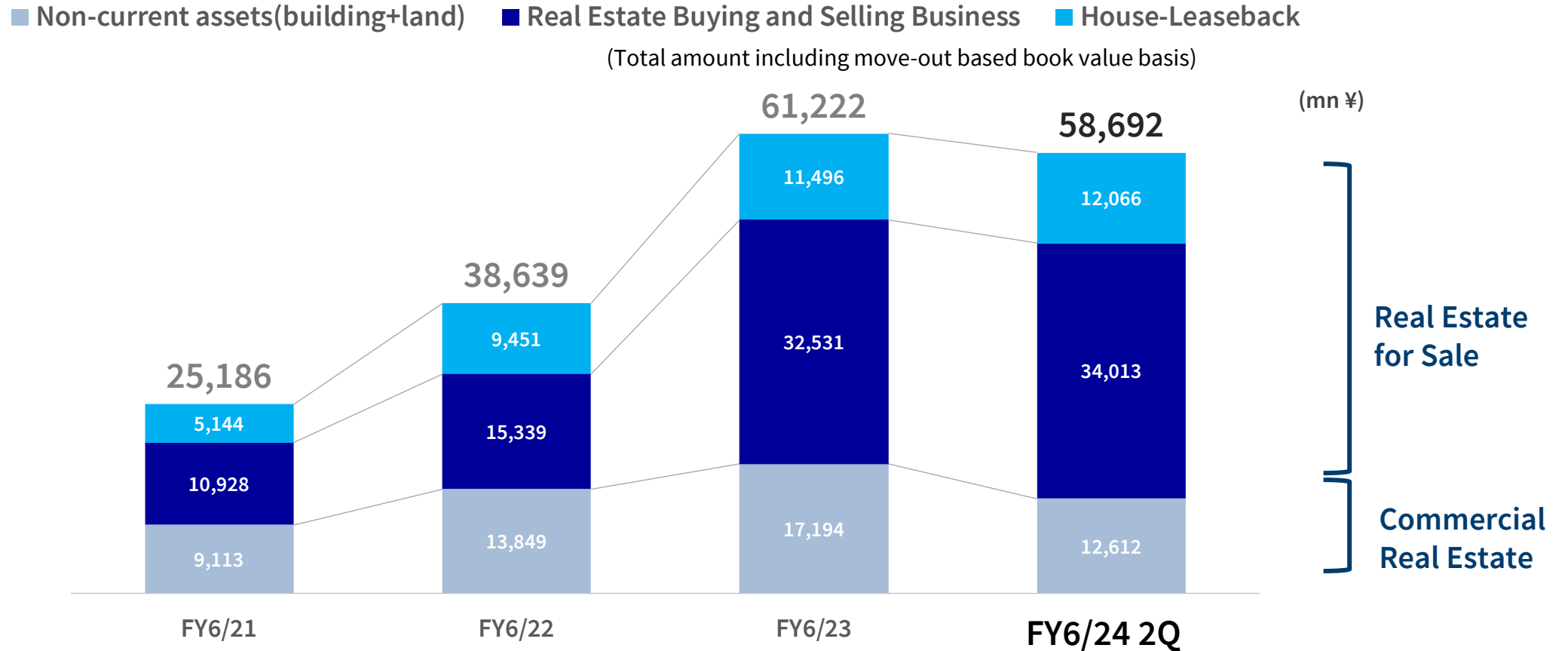
■ Operating profit ○ Operating margin



Note: Figures for the period prior to FY6/21 are reference values that have been reclassified to the new business segment classifications.

■ Sales of residential properties were robust; sales and profit sharply expanded backed in part by large property sales

Status of Real Estate Holdings



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

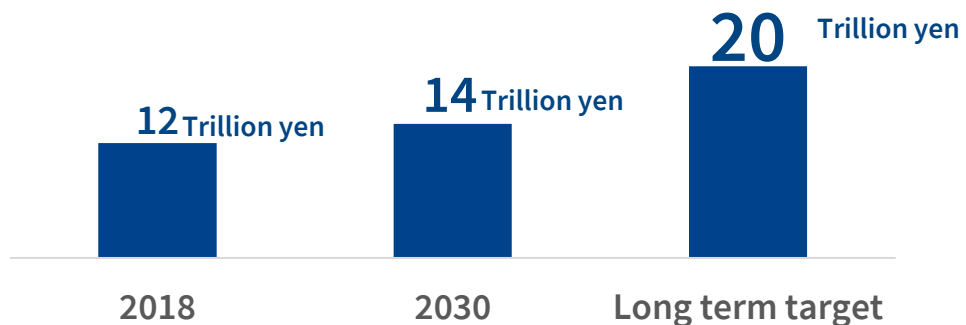
External environment

Purchase and Resale of Pre-owned House

Internal environment

■ Distribution of Pre-owned House and Market size of renovation

Performance Indicator for Basic Plan for Housing and Living (National Plan)



Quote: the Housing Bureau of the Ministry of Land Transport, “Basic Plan for Housing and Living (National Plan)”

■ Revision of various related laws

- Partial amendments to Act on Special Measures concerning Promotion of Vacant House
- Expansion and extension of special measures to control the occurrence of vacant houses, etc.

■ Average sales period in real estate sales business

- Sold in a shorter period of time than time-consuming subdivision development

Newly Built House	Approx. 1 yr
Pre-owned House	Approx. 7 mos
Pre-owned Cond.	Approx. 8 mos

Note: Period from purchase settlement to sale settlement

■ Extensive renovation experience and know-how

- 25 years of experience from the start of Renovation Business
- Approx. 1,800 cases per year and know-how

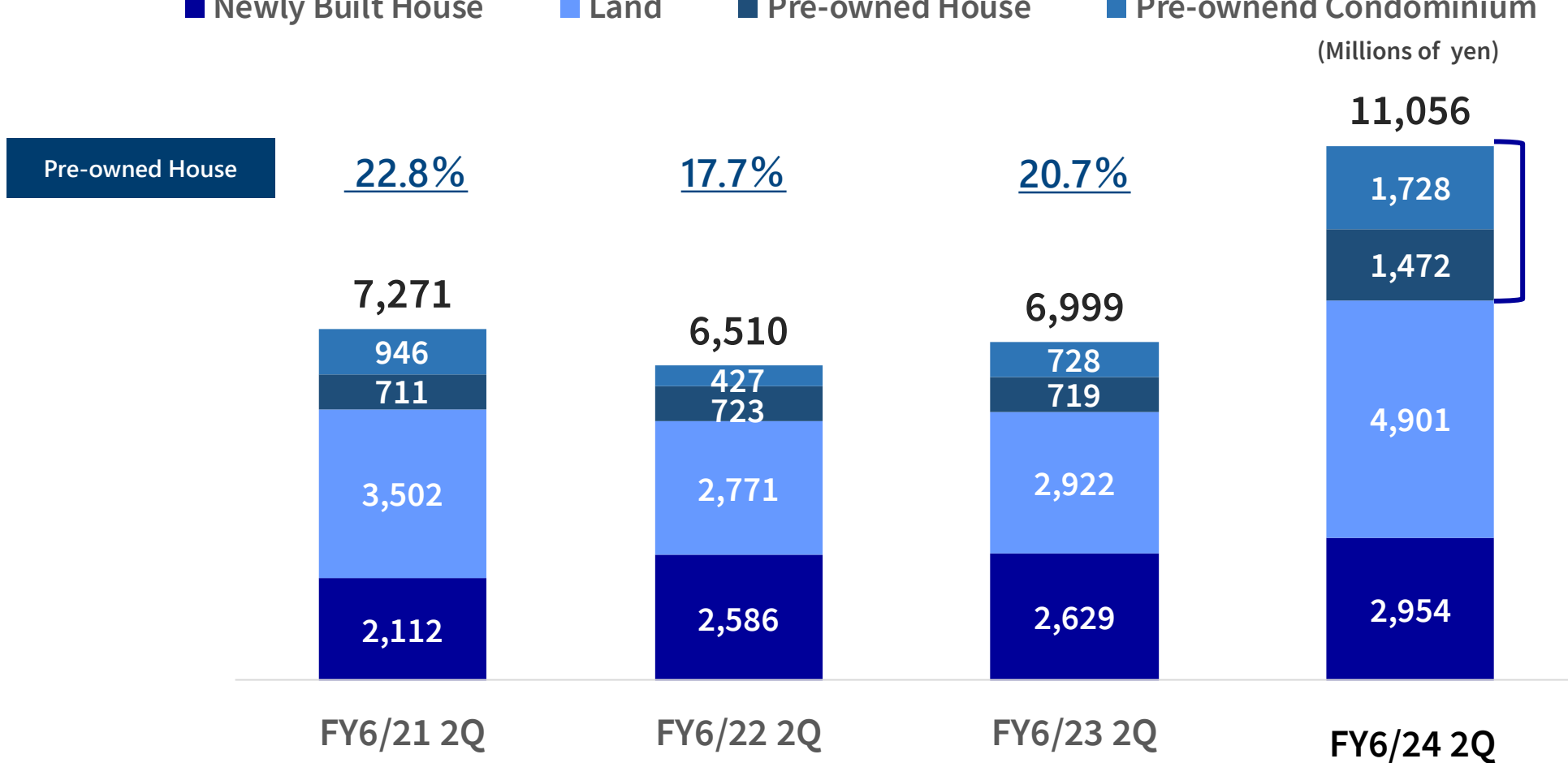


【Strengthening the Purchase and Resale of Pre-owned House】

The Second Quarter of FY6/24

Breakdown of housing related sales in Buying and Selling Business

■ Newly Built House
 ■ Land
 ■ Pre-owned House
 ■ Pre-ownend Condominium
 (Millions of yen)



Pre-owned House

YoY

20.7%

29.0%

Key Areas of Focus

- **Improve turnover in the Real Estate Buying and Selling Business**
(Procurement with an emphasis on location, pre-owned properties, small subdivisions)
- **Stop purchasing large properties (*exceptions exist)**
- **Step up pre-owned home purchases**
- **Strengthen guarantees for reverse mortgages and real estate-backed loans**

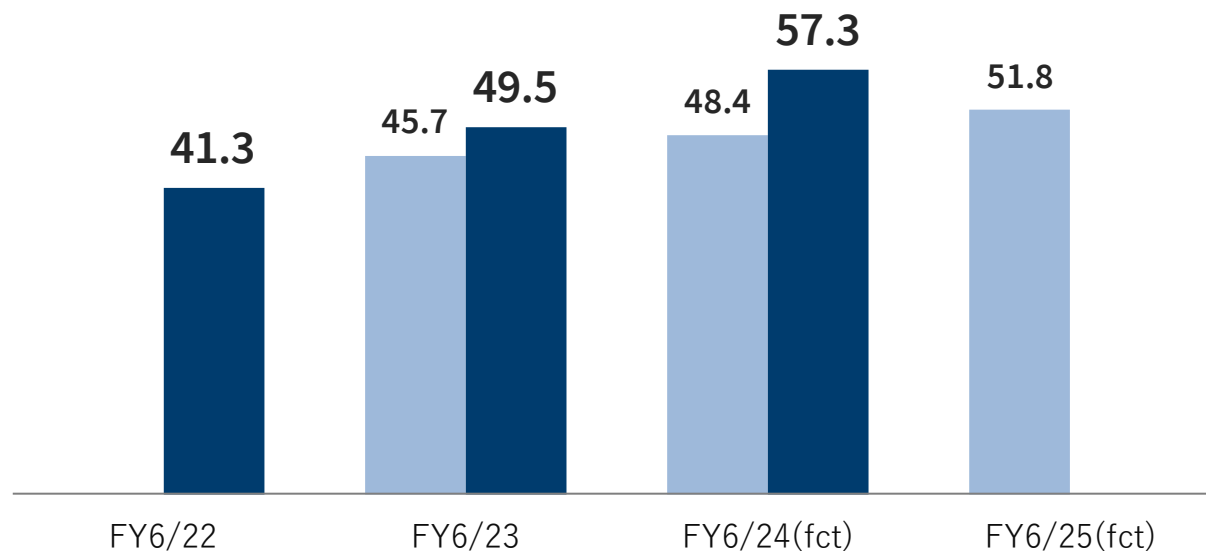
Mid-term Management Plan (FY6/2023- FY6/2025)

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

Sales Plan

(¥bn)

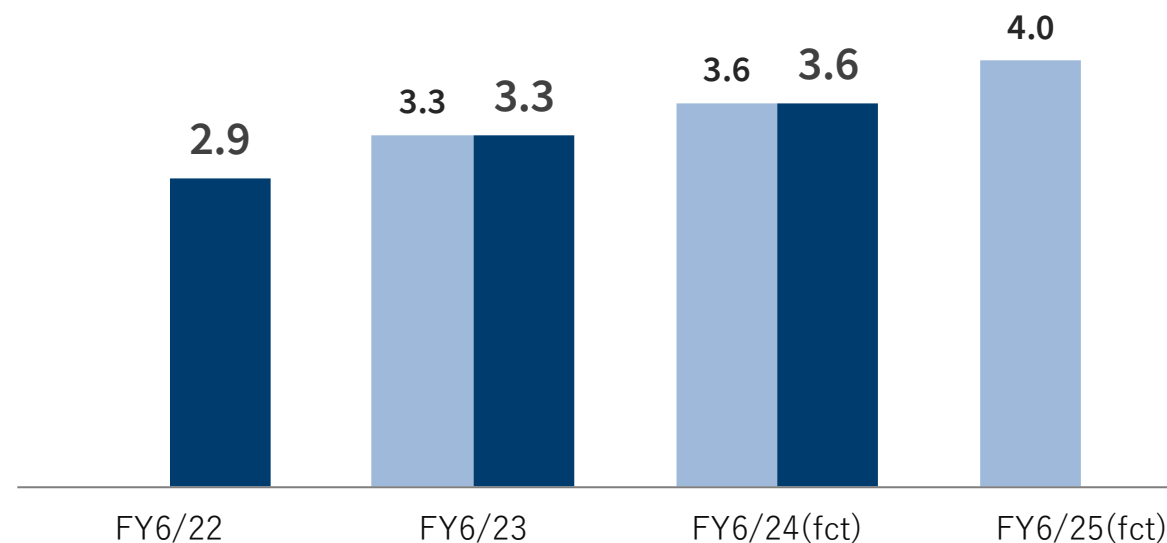
■ Initial Mid-term Management Plan ■ Resuly ▪ FY6/24 Plan



Ordinary Profit Plan

(¥bn)

■ Initial Mid-term Management Plan ■ Resuly ▪ FY6/24 Plan





Innovate the industry!

- Making the industry that benefit customers -

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

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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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