

**Hoosiers Holdings (3284)**

**Fiscal Year March 2022**

**Explanatory Materials on  
Financial Results**

**May 12, 2022**



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# **1. Medium-Term Management Plan Review**

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# Medium-Term Management Plan Review

※Excerpts from the Medium-Term Management Plan materials disclosed on May 13, 2021

Improve profitability and slim down balance sheets to achieve stable earnings growth and improve financial soundness

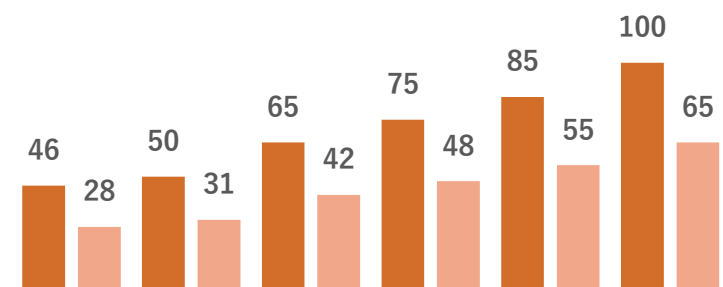
Plan to improve ROE and EPS through completed capital restructuring

Plan net sales of around ¥92 billion in FY3/26, without pursuing excessive scale expansion

## Profit plan

Profit target	Ordinary income	Profit attributable to owners of parent
	¥10 billion	¥6.5 billion
	Ordinary income margin over 10%	

- Ordinary Income (Unit: 100 million yen)
- Profit attributable to owners of parent

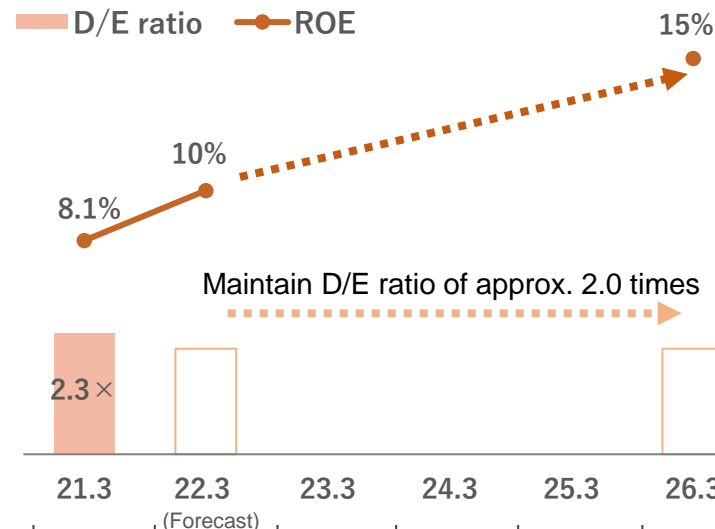


	21.3	22.3 (Forecast)	23.3	24.3	25.3	26.3
Ordinary income	46	50	65	75	85	100
Profit attributable to owners of parent	28	31	42	48	55	65

## Capital and financial policies

Capital efficiency	ROE	Financial indicator	Maintain D/E ratio at approx. 2.0 times
	Over 15%		

■ D/E ratio ■ ROE



	21.3	22.3 (Forecast)	23.3	24.3	25.3	26.3
D/E ratio	2.3 times	Approx. 2.0 times				Approx. 2.0 times
ROE	8.1%	Over 10%				Over 15%

## ■ Improvement of profit margin

[Improvement of business cycle/efficient use of B/S] → Improve gross profit margin in residential property sales business and reduce sales/inventory costs  
 [Strengthening of business portfolio] → Expand highly profitable business (rental profit/overseas share of profit of entities accounted for using equity method)

## **2. FY3/22 overview of results**

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# FY3/22 highlights

## Topics

## Description

### Full-year results of FY3/22

- Net sales **¥79,542** million ((¥680) million vs FY3/21)
  - Ordinary income **¥5,692** million (+¥1,076 million vs FY3/21)
  - Profit\*1 **¥3,068** million (+¥190 million vs FY3/21)
  - ROE **10.2%**, D/E ratio **1.9 times**  
⇒ **Profits increased** YoY .
- \* Profit attributable to owners of parent

### Launch of private REIT

- Originated Hoosiers Private REIT Investment Corporation

### Changes in officers (Enhanced management structure and corporate governance)

#### ○Dated April 1, 2022

- **Tetsuya Hirooka**, **Chairman** and Representative Director, Executive Officer
- **Eiichi Ogawa**, **President** and Representative Director, Executive Officer

#### ○Dated June 24, 2022 (subject to approval at Annual Meeting of Shareholders)

- Transition to a **Company with Audit & Supervisory Committee**

### Progress in purchase of property/lands

- **Largest amount of purchase in the last 3 years:**  
Decided to invest approx. ¥75 billion mainly for land for condominiums

# Overview of FY3/22 consolidated income statement

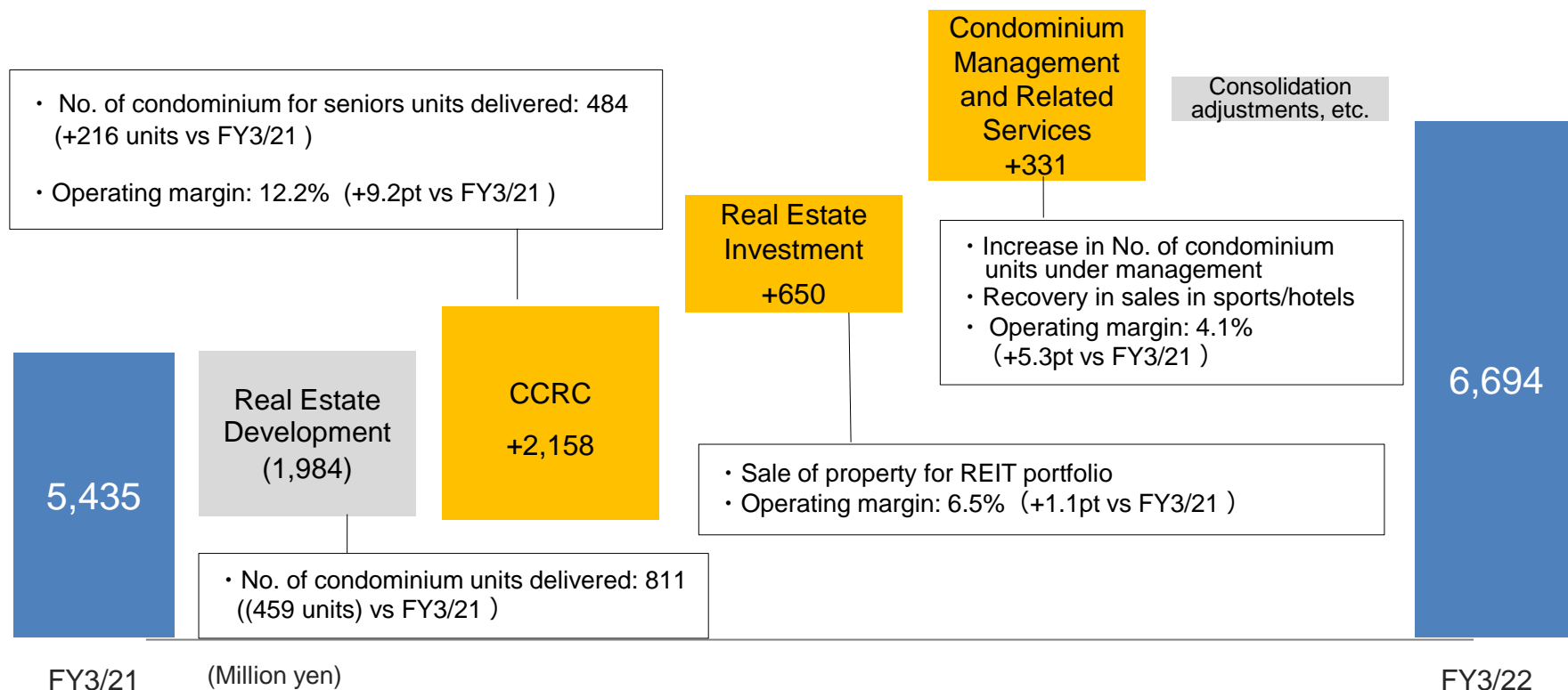
- Net sales: ¥79,542 million (down 0.8% YoY)    Operating income: ¥6,694 million (up 23.2% YoY)  
 Operating margin: 8.4% (+1.6pt)    Ordinary income margin: 7.2% (+1.4pt)    Profitability has improved

	FY3/21		FY3/22					
(Million yen)	Results	Composition ratio	Results	Composition ratio	YoY change		Full-year forecasts	vs full-year Forecasts
Net Sales	80,222		79,542		(680)		76,000	4.7%
Gross profit	16,077	20.0%	16,681	21.0%	603	+1.0pt		
Selling, general and administrative expenses	10,642		9,986		(655)			
Operating income	5,435	6.8%	6,694	8.4%	1,259	+1.6pt	5,700	17.4%
Non-operating income	682		698		15			
Non-operating income	1,502		1,700		198			
Ordinary income	4,616	5.8%	5,692	7.2%	1,076	+1.4pt	5,000	13.8%
Extraordinary income	476		11		(464)			
Extraordinary losses	1,742		553		(1,189)			
Income before income taxes	3,349	4.2%	5,151	6.5%	1,801	+2.3pt		
Income taxes—current	1,497		1,238		(259)			
Income taxes—deferred	(992)		643		1,635			
Profit attributable to Owners of parent	2,878	3.6%	3,068	3.9%	190	+0.3pt	3,100	▲1.0%

(Million yen)	FY3/19	FY3/20	FY3/21	FY3/22
Cash flows from operating activities	(3,316)	16,110	10,722	20,259
Cash flows from investing activities	(12,987)	(670)	(3,058)	(4,172)
Cash flows from financing activities	12,131	(10,159)	(15,077)	(9,896)

# Overview of FY3/22 Operating income fluctuation analysis by segment

- Real Estate Development: Net sales decreased due to a decrease in number of units delivered
- CCRC: Net sales increased with an increased number of units delivered. Operating margin increased 9.2pt YoY
- Real estate investment: Sold REIT property. Operating margin increased 1.1pt YoY
- Condominium Management and Related services: No. of condominium units under management increased, sales in hotels and sports recovered





# Consolidated balance sheet

(Million yen)	FY3/20	FY3/21	FY3/22	YoY change	Major factors
<b>Current assets</b>	114,734	105,142	96,672	(8,470)	
Cash and deposits	31,736	29,293	32,035	2,742	
Real estate for sale	25,888	31,122	23,659	(7,463)	✓ Sold property for REIT portfolio
Real estate for sale in process	50,283	37,029	33,599	(3,430)	✓ Little impact of purchase
Other	6,826	7,697	7,377	(319)	
<b>Non-current assets</b>	29,135	30,888	31,233	345	
Land	11,048	11,166	9,423	(1,742)	✓ Increase in income-producing property held for long term
Buildings	10,389	11,280	14,411	3,131	
Other	7,698	8,441	7,397	(1,044)	
<b>Deferred assets</b>	28	-	-	-	
<b>Total assets</b>	143,897	136,030	127,905	(8,124)	
<b>Liabilities</b>	101,070	99,661	88,945	(10,716)	
Total interest-bearing debt	84,920	84,099	72,656	(11,442)	✓ Decrease in interest-bearing debt
Short-term interest-bearing debt	32,859	29,625	23,874	(5,751)	
Long-term interest-bearing debt	52,060	54,474	48,782	(5,691)	
Other liabilities	16,150	15,562	16,288	726	
<b>Net assets</b>	42,827	36,368	38,960	2,591	
Equity Ratio	42,111	28,861	31,263	2,401	
<b>Total liabilities and net assets</b>	143,897	136,030	127,905	(8,124)	
Equity Ratio	29.3%	21.2%	24.4%		
D/E ratio	2.0 times	2.3 times	1.9 times		
ROA	3.7%	3.3%	4.3%		

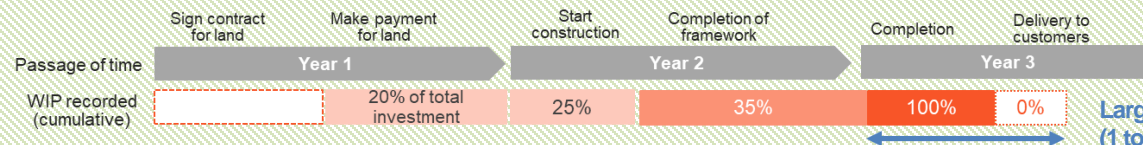
○Cash flow structure of the Company's typical property  
 e.g.: 110 units in major regional cities/total cost of ¥3 billion  
 ✓ Land (¥0.5 billion) and construction cost, etc. (¥2.5 billion)  
 (land/building ratio approx. 20% : approx. 80%)  
 ✓ Cash outflow up to immediately before completion:  
 ¥1 billion (approx. 33%)

If 90% or more of total units is sold before completion  
**IRR: over 40%**

Image of business cycle

Only 15 to 35% of total investment is recorded on BS for following reasons:

- (1) Nature of the business cycle of condominiums
- (2) Location is mainly in regional cities (land/building ratio)

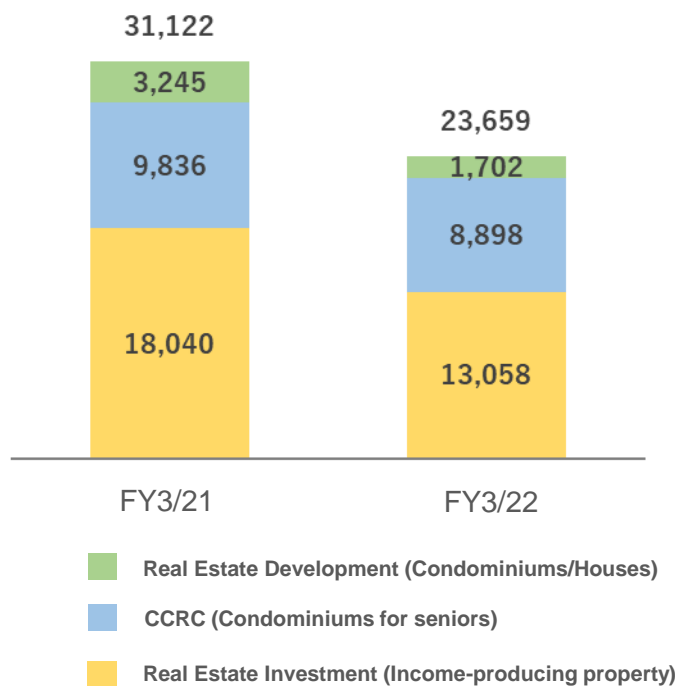


# Inventory

- (Real estate for sale) Income-producing property decreased due to sale of property for REIT portfolio
- (Real estate for sale in progress) Condominiums increased due to purchase but only part of it is recorded on BS

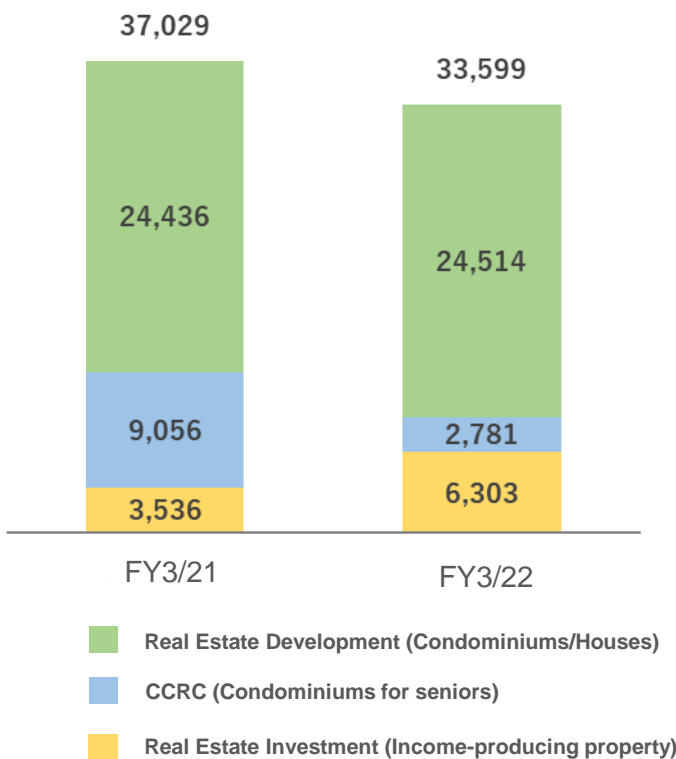
Breakdown of real estate for sale

(Million yen)



Breakdown of real estate for sale in process

(Million yen)

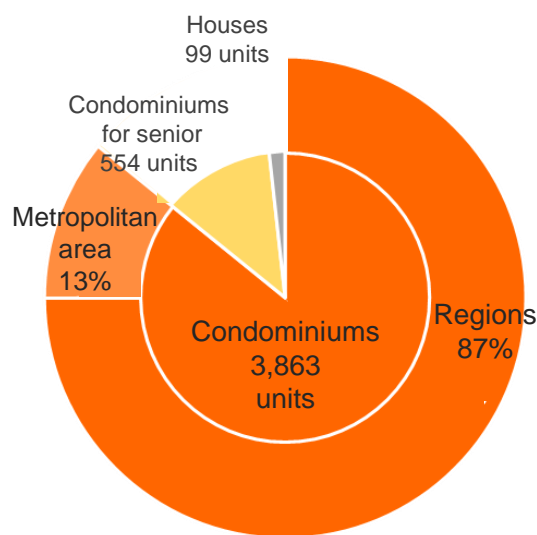


# Procurement

- Acquired property worth approx. ¥75 billion on total investment basis in FY3/22 (Real Estate Development, CCRC, Real Estate Investment)
- Continue aggressive purchases
  - Houses: carefully select while monitoring construction cost trend and competitive situation
  - Condominiums: Aggressively attempt to move into central Tokyo and Metropolitan area to take advantage of strong BS while maintaining the region ratio of over 80% (including senior and development of residence for lease)

Residential Property Sales/ Pipeline

✓ Land for sale: Secured 4,516 units  
Including 3,863 condominium units  
(87% in regional cities)

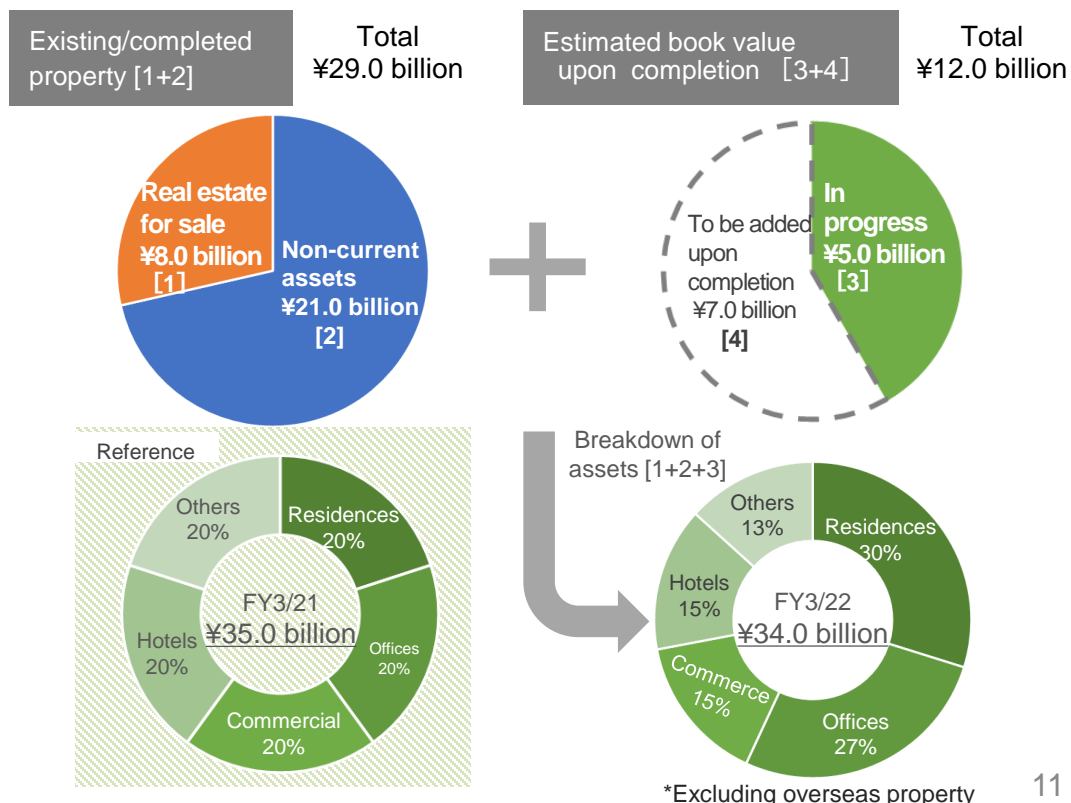


**N = 4,516 units**

\*Including properties for which contracts have been signed but not yet settled

Real Estate Investment/ Properties held

✓ Completed property + estimated book value upon completion:  
¥41.0 billion [1+2+3+4]



### **3. FY3/23 full-year performance forecasts**

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## FY3/23 full-year performance forecasts

- Ordinary income ¥6,500 million, profit attributable to owners of parent ¥4,200 million
- Achieve ROE of over 12% while maintaining D/E ratio at 2.0 level

	(Million yen)	FY3/22 Results	Composition ratio	FY3/23 Forecast	Composition ratio	YoY % change
<b>Consolidated business performance</b>	Net Sales	79,542		80,000		0.6%
	Operating income	6,694	8.4%	7,300	9.1%	9.0%
	Ordinary Income	5,692	7.2%	6,500	8.1%	14.2%
	Profit attributable to owners of parent	3,068	3.9%	4,200	5.3%	36.9%
<b>Net sales by segment</b>	Real Estate Development	36,520		44,600		22.1%
	CCRC	20,781		13,600		(34.6%)
	Real Estate Investment	16,948		15,100		(10.9%)
	Condominium Management and Related Services	6,659		6,660		0.0%
	Other	78		40		(48.7%)
	Consolidation adjustments	(1,446)		-		-
<b>Management indicators</b>	Equity Ratio	24.4%		-		
	ROE	10.2%		Over 12%		
	D/E ratio	1.9 times		Approx. 2.0 times		

Net sales by segment is before consolidation elimination.

All forecasts provided in this page are based on certain reasonable assumptions and beliefs in light of information currently available and, therefore, it is not intended for guaranteeing to meet them. Actual results may differ from our forecasts due to various unforeseen reasons.

# Real Estate Development

- Delivered units 1,034 (+223 units vs FY3/22), outstanding contracts at beginning of period 577 units (contract rate 55%/+11pt vs FY3/22)
- Net sales ¥44,600 million (+22.1% vs FY3/22), further improvement in gross profit margin

(Million yen)	FY3/21	FY3/22	FY3/23	YoY change
<b>Net sales</b>	55,478	36,520	44,600	8,080
Condominiums	45,340	30,012	-	-
Houses	9,758	6,249	-	-
Other	378	258	-	-
<b>Gross profit</b>	10,998	7,646	-	-
Condominiums	9,497	6,446	-	-
Houses	1,182	1,018	-	-
Other	319	182	-	-
<b>gross profit margin</b>	-	-	-	-
Condominiums	20.9%	21.5%	-	-
Houses	12.1%	16.3%	-	-
<hr/>				
Delivered units				
Condominiums	1,270 units	811 units	1,034 units	223 units
Houses	125 units	91 units	46 units	(45 units)
<hr/>				
Condominiums				
Outstanding contracts at beginning of year	667 units	359 units	577 units	218 units
Contract ratio at beginning of year	52%	44%	55%	+11pt

# Condominiums under regional redevelopment projects

- Participated in “Tajimi Station South Area Redevelopment Project” to be the center of Tajimi City, Gifu Prefecture, in 2015
- Located in the center of the urban function induction area in the location optimization plan.
- Recognized mainly by the middle-aged and seniors for its convenient location in front of the station and adjacent to a commercial facility



Mixed commercial and residential redevelopment in front of the station  
“Mid Rise Tower Tajimi”

## ■ Characteristics of the area

- Tajimi City is a major city in the Greater Nagoya Region (population of approx. 100 thousand)
- The development area is positioned as “Area to become a feature in front of the station”
- Citi hall, financial institutions, commercial facilities, etc. are within walking distance

## ■ Purchasers’ voice “Why we chose this property”

- Convenient location and high asset value (for the future of children and grandchildren)
- Comfortable living environment in future years even without a car

## ■ Property Details

- Total 225 units, 29 stories above ground
- 2 min. walk from Tajimi Station, Taita Line, JR Chuo-Main Line

\*All units are expected to be delivered in late December 2022

# CCRC

- (Sales) 310 units are scheduled to be delivered, reducing finished inventory at year end to approx. 100 units  
→Burden on BS will be reduced. Shift to high turnover model.
- (Management) Total units under management will reach approx. 1,942 units.  
Steady increase in earnings

(Million yen)	FY3/21	FY3/22	FY3/23	YoY change
<b>Net sales</b>	11,571	20,781	13,600	(7,181)
Gross profit	2,421	5,156	-	-
(gross profit margin)	20.9%	24.8%	-	-
Delivered units	268 units	484 units	310 units	(174 units)
No. of units under management	1,385 units	1,858 units	1,942 units	84 units
Outstanding contracts at beginning of year	137 units	219 units	66 units	(153 units)
Contract ratio at beginning of year	51%	45%	21%	(24 pt)



Duo Scene Funabashi Takanedai  
(Funabashi City, Chiba, 207 units were delivered in August 2021 )



Duo Scene Omiya  
(Saitama City, Saitama, 266 units were delivered in October 2021)

\*Net sales and gross profit are before elimination of intersegment transactions.



# First property in Tokyo's 23 wards

- “DUO SCENE Ekoda-no-Mori ” \* to be delivered in late September, 2022
- Our first urban-style condominiums for seniors with 84 units
- Ekoda-no-Mori Park and medical and commercial facilities are within walking distance

DUO SCENE Ekoda-no-Mori Park



Restaurant



Garden “Place in the Sun”

Property map



## Property Details

- Address: 1 chome, Toyotamanaka, Nerima-ku, Tokyo
- No. of units: 84 units (6 stories above ground)
- Transportation: 14 min. walk from Shin-Egoda Station, Oedo Line
- Delivery: To be delivered in late September 2022

# Real Estate Investment

- Increase aggressive investment and sales of in-house developed residence for lease (Duo Flats) and apartments (Duo Maison)
- Decided on redevelopment of 2 old hotels/ 1 income-producing building (to condominiums for sale/lease)
- Overseas business: Dividend income from Project in Vietnam “La Casa” will be recorded (start recording profit in overseas business)

(Million yen)	FY3/21	FY3/22	FY3/23	YoY change
<b>Net Sales</b>	8,064	16,948	15,100	(1,848)
Gross profit	1,764	2,965	-	-
(Gross profit margin)	21.9%	17.5%	-	-
Income producing property sold	4 buildings	10 buildings	8 buildings	(2)
Flats sold	6 buildings	8 buildings	7 buildings	(1)

Developed residence (to be sold in FY3/23)



DUO FLATS Iidabashi EAST/WEST  
(Bunkyo-ku, Tokyo/Total 34 units)



DUO FLATS Ueno Matsugaya  
(Taito-ku, Tokyo/Total 39 units)

Project in Vietnam



La Casa  
(Ho Chi Minh City, Vietnam)

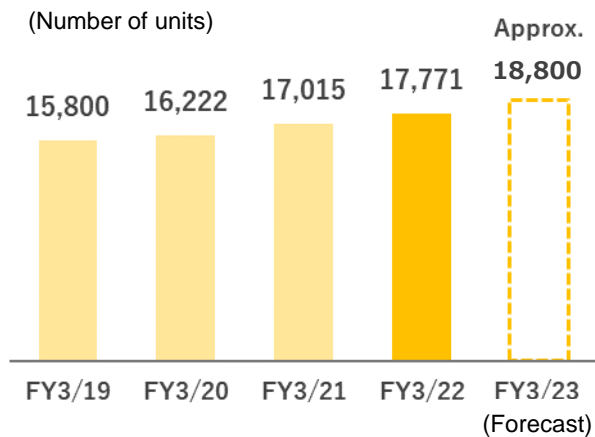
\*Net sales and gross profit are before elimination of intersegment transactions. Dividend income is recorded in non-operating income

# Condominium Management and Related Services

- Condominium management: Steadily increased to 18,800 units under management

(Million yen)	FY3/21	FY3/22	FY3/23	YoY change
Net Sales	6,278	6,659	6,660	1
Operating Income	(60)	271	-	-

Progress in number of condominium units under management



Condominiums in regional cities × Seniors × Sports

- ✓ "Medical Fitness Sanitas24" is scheduled to open in June
- ✓ Form partnership with the adjacent Moriyama Hospital and make suggestions to improve health



## **4. Sustainability**

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# Sustainability

- Established the Sustainability Committee and enhanced ESG promoting structure
- In terms of environment, developed ZEH targets, and in terms of governance, decided to transition to a Company with Audit and Supervisory Committee

## New ESG promoting structure

Board of Directors

Chairman and Representative Director /  
President and Representative Director

### Sustainability Committee

Chair : Chairman and Representative Director  
Committee Member : executive officer,  
presidents, etc. of the Group's major  
subsidiaries  
Role : Determine basic policy/plan, etc.

Sustainability Promotion Office

Each business division

## Topics

### E Developed ZEH target toward FY2030

#### Response to climate changes

- Development of eco-friendly property
  - ✓ New condominiums for sale
    - : **Make all properties to be supplied meet the requirements of ZEH-M Oriented or higher by FY2030**
  - ✓ New rental property (DBJ Green Building certification): Start constructing one or more property every year

### G Decided to transition to a Company with Audit and Supervisory Committee

#### Main purpose

- ✓ Enhance the Board of Directors' function to supervise executive persons and secure effective audit system

#### Points of Audit and Supervisory Committee

- ✓ **Form the Board of Directors with a majority of outsider directors**
- ✓ **Appoint 1 female director**

# Transition to a Company with Audit and Supervisory Committee

- Board of Directors made up of a majority of outside directors
- Appoint 1 female director

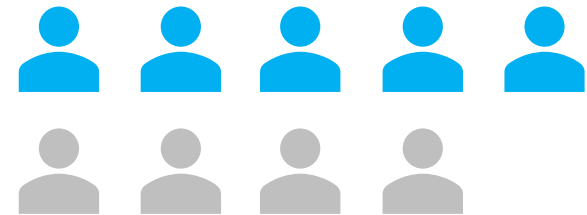
Enhance of corporate governance including diversity

Members of the Board of Directors after transition to a Company with Audit and Supervisory Committee

Independence/diversity of directors

Name		New title
Tetsuya Hirooka		Chairman and Representative Director, Executive Officer
Eiichi Ogawa		President and Representative Director, Executive Officer
Tsutomu Ikuma		Director and Senior Managing Executive Officer
Masatoshi An	Outside	Outside Director
Shoji Tsuboyama	Outside	Outside Director
Atsuhiro Imai		Director, Audit and Supervisory Committee Member
Mieko Hayakawa	Female Outside	Outside Director, Audit and Supervisory Committee Member
Masatoshi Sakaki	Outside	Outside Director, Audit and Supervisory Committee Member
Yoshinori Watanabe	Outside	Outside Director, Audit and Supervisory Committee Member

○Independent outside directors **5/9**



○Female director **1/9**



## **5. Shareholder return policy**

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# Shareholder return policy

- Plan dividend of JPY48 per share (Interim: JPY24, Year-end: JPY24)  
Increase of ¥12 YoY
- EPS is forecast to be ¥118. Increase of approx. ¥31 YoY.

\*Return policy: “Payout ratio of over 40%” “DOE of over 4%”

	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23 (planned)
Profit attributable to owners of parent (Million yen)	4,564	3,195	276	2,878	3,068	<b>4,200</b>
Dividends per share	¥24	¥25	¥35	¥24	¥36	<b>¥48</b>
Total dividends (Million yen)	971	1,439	2,009	988	1,288	<b>1,718</b>
Payout ratio	20.2%	44.9%	720.1%	47.1%	41.5%	<b>40.4%</b>
DOE	3.5%	3.3%	4.6%	3.1%	4.2%	<b>Approx. 5.0%</b>
EPS	¥118.55	¥55.68	¥4.86	¥50.98	¥86.74	<b>¥118.71</b>



## Contact us:

### ■ IR inquiries ■

Hoosiers Holdings  
Business Planning Office; tel. +81-3-3287-0704  
E-mail [ir@hoosiers.co.jp](mailto:ir@hoosiers.co.jp)  
URL <https://www.hoosiers.co.jp>

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