

Hoosiers Holdings Co., Ltd. (3284)
Second Quarter
Fiscal Year Ending March 2023
Explanatory Materials on
Financial Results

November 10, 2022



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1. 2Q of FY3/23 overview of results

Executive summary

■ 2Q of FY3/23 overview of results

- ✓ While profit decreased YoY due to condo's completion concentration in 2H, full-year performance forecasts remain unchanged due to steady progress in contract
- ✓ Condominiums and condominiums for seniors maintain high gross margin
- ✓ Carefully purchased land to which the rise in material costs can be passed on

■ 2Q of FY3/23 full-year performance forecasts and shareholder return policy

- ✓ No change in full-year performance forecasts and annual dividend forecast announced at the beginning of the year

■ Main topics

- ✓ Condominiums: Made steady progress in development in regional cities
- ✓ Condominiums for seniors: First property in Tokyo's 23 wards
"DUO SCENE Egota-no-Mori Park" was completed
- ✓ ESG: Information disclosure in line with TCFD recommendations, acquired third-party evaluation (GRESB)

Consolidated income statement

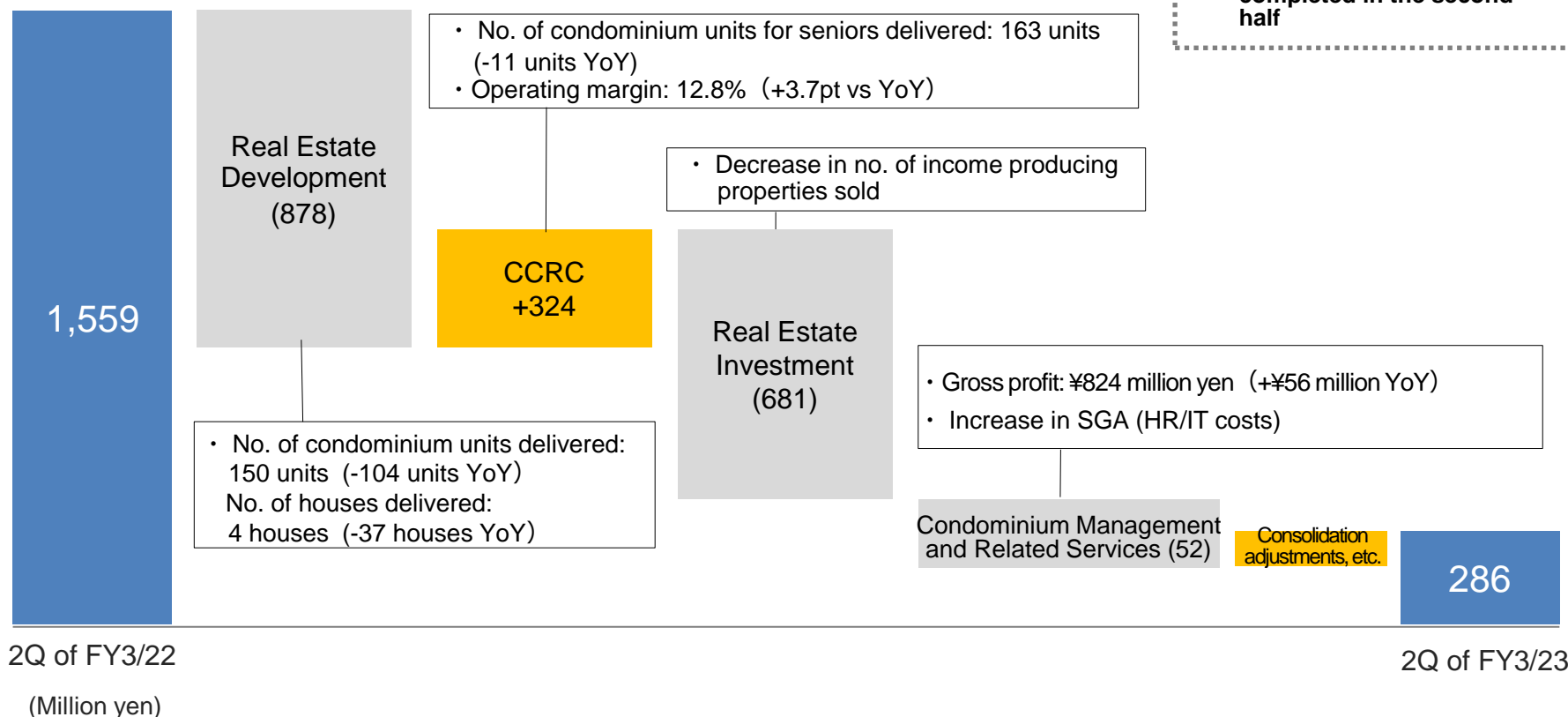
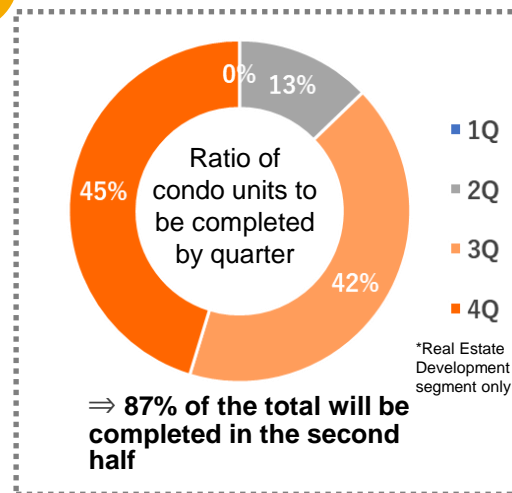
● Net sales: ¥20,102 million (down 25.2% YoY) Operating income: ¥286 million (down 81.6% YoY)

Ordinary loss: ¥237 million Loss attributable to owners of parent: ¥256 million

(Million yen)	2Q of FY3/22		2Q of FY3/23		YoY change	Full-year forecasts	Progress vs forecasts
	Results	Composition ratio	Results	Composition ratio			
Net sales	26,863		20,102		(6,760)	80,000	25.1%
Gross profit	6,095	22.7%	4,624	23.0%	(1,470)		
Selling, general and administrative expenses	4,536	16.9%	4,337	21.6%	(198)		
Operating income	1,559	5.8%	286	1.4%	(1,272)	7,300	3.9%
Non-operating income	361	1.3%	308	1.5%	(53)		
Non-operating expenses	841	3.1%	832	4.1%	(9)		
Ordinary income (loss)	1,078	4.0%	(237)	(1.2%)	(1,316)	6,500	(3.6%)
Extraordinary income	11	0.0%	54	0.3%	42		
Extraordinary losses	105	0.4%	-	-	(105)		
Income (loss) before income taxes	985	3.7%	(183)	(0.9%)	(1,168)		
Income taxes- current	213	0.8%	66	0.3%	(146)		
Income taxes – deferred	173	0.6%	(132)	(0.7%)	305		
Profit (loss) attributable to owners of parent	483	1.8%	(256)	(1.3%)	(739)	4,200	(6.1%)

Operating income fluctuation analysis by segment

- Real Estate Development: Net sales and profit decreased due to completion concentration in 2H resulting in a decrease in number of units completed in 1H
- CCRC: Net sales and profit increased due to delivery of “DUO SCENE Egota-no-Mori Park”, etc.
- Real Estate Investment: Net sales and profit decreased due to concentration of sales of income producing properties in 4Q resulting in a decrease in number of buildings sold in 1H
- Condominium Management and Related Services: Net sales increased due to recovery in hotel business, etc., but Profit in 1H decreased YoY due to investment in SGA (HR/IT costs) for regrowth



Performance by segment

Real Estate Development

	2Q of FY3/22	2Q of FY3/23	YoY change	Full-year forecasts	Progress vs forecasts
(Million yen)					
Net sales	11,795	6,202	(5,592)	44,600	13.9%
Condominiums	8,870	5,754	(3,115)	-	-
Houses	2,824	391	(2,433)	-	-
Other	100	56	(43)	-	-
Gross profit	2,510	1,425	(1,084)	-	-
Condominiums	2,007	1,343	(664)	-	-
Houses	423	40	(382)	-	-
Other	78	41	(37)	-	-
Gross profit margin	-	-		-	-
Condominiums	22.6%	23.3%	+0.7pt	-	-
Houses	15.0%	10.5%	(4.5pt)	-	-
Operating income (loss)	228	(649)	(878)	-	-
Delivered units	-	-	-	-	-
Condominiums	254 units	150 units	(104 units)	1,034 units	14.5%
Houses	41 units	4 units	(37 units)	46 units	8.7%

CCRC

	2Q of FY3/22	2Q of FY3/23	YoY change	Full-year forecasts	Progress vs forecasts
(Million yen)					
Net sales	7,480	7,842	361	13,600	57.7%
Gross profit	1,907	2,005	97	-	-
(Gross profit margin)	25.5%	25.6%	+0.1pt	-	-
Operating income	678	1,003	324	-	-
Delivered units	174 units	163 units	(11 units)	310 units	52.6%
No. of units under management	1,592 units	1,942 units	350 units	1,942 units	100%

Performance by segment

Real Estate Investment

	2Q of FY3/22	2Q of FY3/23	YoY change	Full-year forecasts	Progress vs forecasts
(Million yen)					
Net sales	4,868	3,000	(1,867 units)	15,100	19.9%
Gross profit	1,179	457	(721 units)	-	-
(Gross profit margin)	24.2%	15.3%	(8.9pt)	-	-
Operating income (loss)	407	(274)	(681)	-	-
Income producing properties sold	2 buildings	-	(2 buildings)	8 buildings	-
Flats sold	3 buildings	4 buildings	1 building	7 buildings	57.1%

Condominium Management and Related Services

	2Q of FY3/22	2Q of FY3/23	YoY change	Full-year forecasts	Progress vs forecasts
(Million yen)					
Net sales	3,282	3,400	117	6,660	51.1%
Operating income	149	96	(52)	-	-

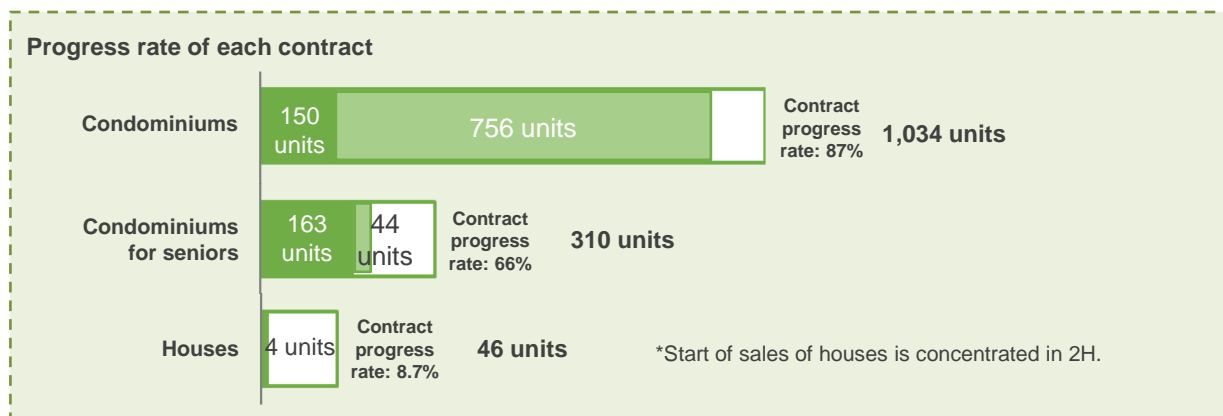
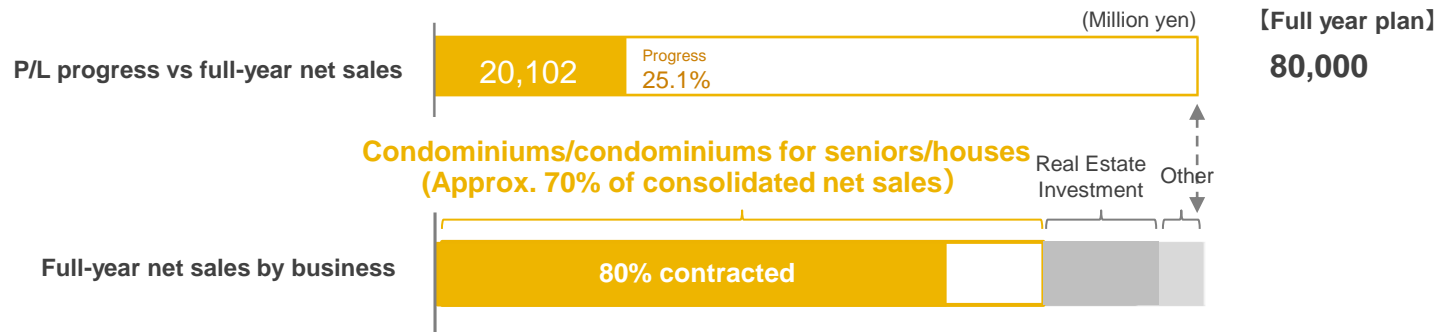
Other

	2Q of FY3/22	2Q of FY3/23	YoY change	Full-year forecasts	Progress vs forecasts
(Million yen)					
Net sales	42	26	(16)	40	66.9%
Operating income	10	4	(6)	-	-

Progress of full-year plan

● The progress in 2Q toward full-year plan (net sales basis) recorded on P/L is 25.1%, but most of the contracts (80%) for condominiums, condominiums for seniors, and houses which account for approx.70% of total net sales were already signed

⇒ **No change in consolidated performance forecasts for FY3/23**



Consolidated balance sheet

- Real estate for sale decreased due to a decrease in finished inventory of condominiums for seniors and is expected to further decrease toward the end of the fiscal year
- Real estate for sale in process increased by ¥11.8 billion due to settlement for procurement

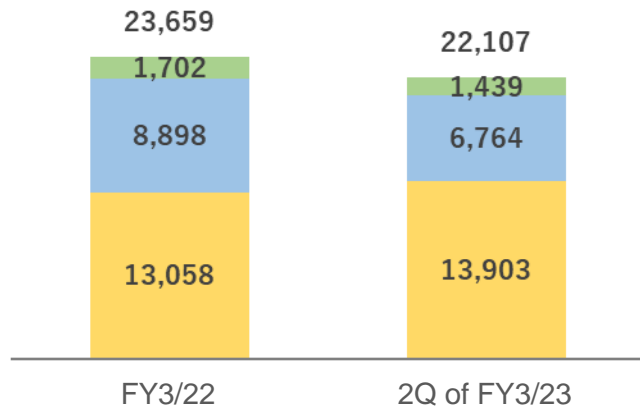
(Million yen)	FY3/21	FY3/22	2Q of FY3/23	YoY Change	Major factors
Current assets	105,142	96,672	103,651	6,979	
Cash and deposits	29,293	32,035	27,377	-4,658	
Real estate for sale	31,122	23,659	22,107	-1,552	✓ Due to a decrease in inventory of condominiums for seniors
Real estate for sale in process	37,029	33,599	45,404	11,805	✓ Due to settlement for procurement of land for condominiums
Other	7,697	7,377	8,762	1,385	
Non-current assets	30,888	31,233	31,226	-7	
Land	11,166	9,423	9,185	-238	
Buildings	11,280	14,411	14,527	115	
Other	8,441	7,397	7,513	116	
Deferred assets	-	-	-	-	
Total assets	136,030	127,905	134,877	6,972	
Liabilities	99,661	88,945	95,623	6,677	
Total interest-bearing debt	84,099	72,656	77,203	4,546	
Short-term interest-bearing debt	29,625	23,874	22,771	-1,102	
Long-term interest-bearing debt	54,474	48,782	54,431	5,649	
Other	15,562	16,288	18,419	2,131	
Net assets	36,368	38,960	39,254	294	
Equity	28,861	31,263	31,418	154	
Total liabilities and net assets	136,030	127,905	134,877	6,972	
Equity Ratio	21.2%	24.4%	23.3%		
D/E ratio	2.3 times	1.9 times	2.0 times		
ROA	3.3%	4.3%	-		

Inventory

- (Real estate for sale) CCRC decreased by ¥2 billion due to progress in delivery of condominiums for seniors
- (Real estate for sale in process) Approx. ¥10 billion was recorded on B/S due to progress in settlement for land procurement for condominiums, including those for which contracts were signed but not yet settled as of March 2022

—— Breakdown of real estate for sale ——

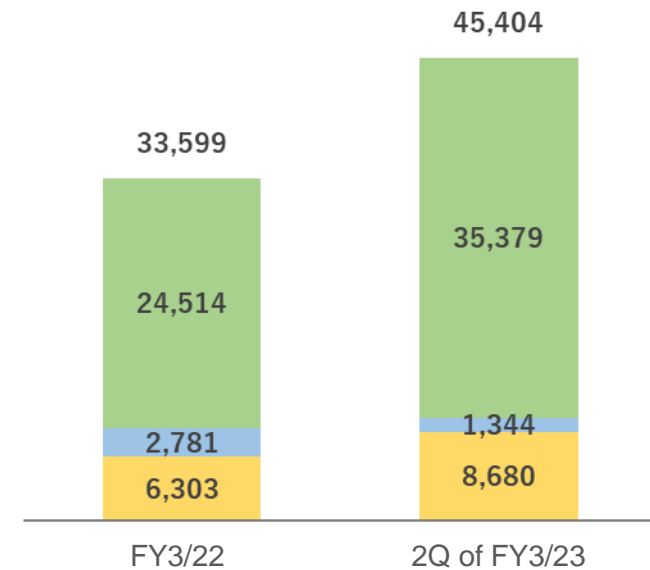
(Million yen)



■ Real Estate Development (Condominiums/Houses)
■ CCRC (Condominiums for seniors)
■ Real Estate Investment (Income-producing properties)

— Breakdown of real estate for sale in process —

(Million yen)



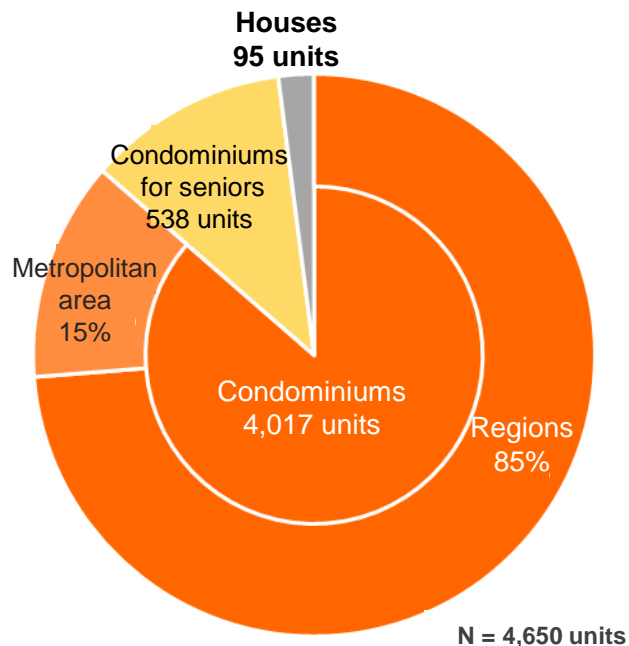
■ Real Estate Development (Condominiums/Houses)
■ CCRC (Condominiums for seniors)
■ Real Estate Investment (Income-producing properties)

Procurement | Residential property sales

- Proactively purchasing land for FY3/25
- Carefully promoted land procurement and product planning in good locations which can be priced to secure profits despite the impact of surging material costs

Residential property sales/pipeline

- ✓ Land for sale: Secured 4,650 units
Including 4,017 condominium units (85% in regional cities)



N = 4,650 units

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

Our footprint in Japan

- ✓ Have properties in 38 prefectures
- ✓ Cumulative number of units supplied*1 : Approx. 20,000 units



*1) Total number of units supplied of condominiums, condominiums for seniors, and houses

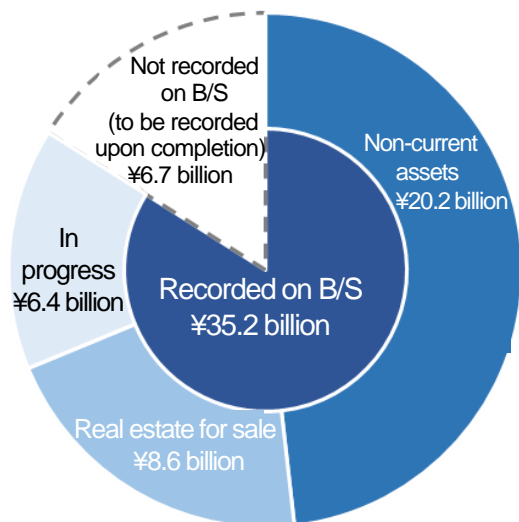
Procurement | Real estate investment

- ¥35.2 billion was recorded on B/S. The ratio of “residences” in income producing properties increased. Promoted asset replacement to increase the ratio of “offices in good location that can be converted to residences and condominiums”

Investment in income producing properties
by account

✓ Recorded on B/S: ¥35.2 billion
Not recorded on B/S (to be recorded on
B/S upon completion): ¥6.7 billion

¥41.9 billion

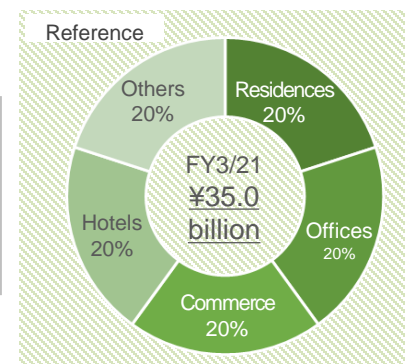
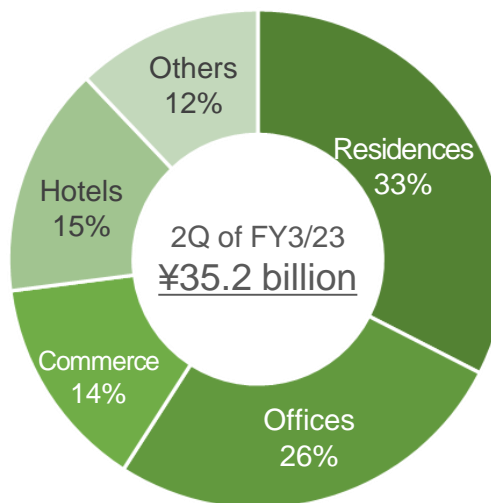


B/S balance by
asset type



Income producing properties
(recorded on B/S) by asset type

✓ Increase in the ratio of “residences” in income producing properties
【FY3/21】 20% ⇒ 【2Q of FY3/23】 33%



*Excluding overseas properties and flats

2. Shareholder return policy

Shareholder return policy

- Interim dividend: ¥24 (as forecasted at the beginning of the period)
- Plan dividend of **JPY48 per share (Interim: JPY24, Year-end: JPY24)**

	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23 (plan)
Profit attributable to owners of parent (Million yen)	4,564	3,195	276	2,878	3,068	4,200
Dividends per share	¥24	¥25	¥35	¥24	¥36	¥48
Total dividends (Million yen)	971	1,439	2,009	988	1,288	1,718
Payout ratio	20.2%	44.9%	720.1%	47.1%	41.5%	40.4%
DOE	3.5%	3.3%	4.6%	3.1%	4.2%	Approx. 5%
EPS	¥118.55	¥55.68	¥4.86	¥50.98	¥86.74	¥118.71

3. 1H of FY3/23 topics

Development: Condominiums in regional cities

- Condominium projects in the prime location in front of a station in major regional cities are making steady progress

[Notogawa] With six months until delivery (March 2023), all units were sold out in September 2022

[Iwaki] Pre-opening started (received many requests for documents and new visit reservations)

*Contract signing is set to start in November

“Duo Hills Notogawa Ekimae”

- Project: Redevelopment project of the former Nisshinbo Notogawa factory
- Location: Higashiomi City, Shiga (city with a population of approx. 110 thousand)
- Transportation: 2-minute walk from Notogawa Station on JR Tokaido Main Line
- Delivery: March 2023 (plan to start)
- Number of units: 129 units

Rendering



“Mid Tower Iwaki”

- Project: Iwaki Station Namiki Dori area category 1. urban redevelopment project
- Location: Iwaki City, Fukushima (city with a population of approx. 320 thousand)
- Transportation: 3-minute walk from Iwaki Station on JR Joban Line/Banetsutou Line
- Delivery: December 2024 (plan to start)
- Number of units: 216 units, 3 stores

Rendering



Left) MID TOWER IWAKI [Residential building] Right) 63 PLAZA [Commercial building]

CCRC: Condominiums for seniors

[Egota] High-priced middle-scale property in the city center, less burden on B/S as there are only a few unsold units upon completion and delivery

[Kawawa-cho] Land rearrangement project in front of a station that combines “business, greenery, and residence” *Sales started in October 2022

“DUO SCENE Egota-no-Mori Park”



■ Property Details

- Location: 1 chome, Toyotamanaka, Nerima-ku, Tokyo
- No. of units: 84 units (6 stories above ground)
- Transportation: 17-minute walk from Nerima Station on Toei Oedo Line
- Delivery: September 2022

“DUO SCENE Yokohama Kawawa-cho Garden”



■ Property Details

- Location: Tsuzuki-ku, Yokohama City, Kanagawa
- No. of units: 149 units (10 stories above ground)
- Transportation: 5-minute walk from Kawawa-cho Station on Yokohama Municipal Subway Green Line
- Delivery: February 2024 (planned)

● The Group received the award for four consecutive years (Received two awards)

1) Duo Scene Omiya “Life that enjoys greenery and sky”

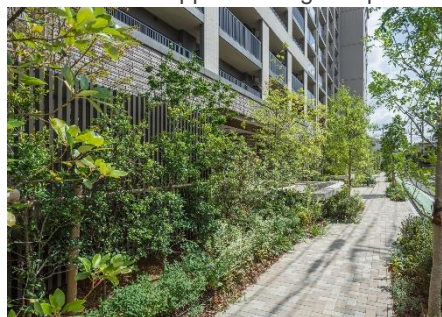
2) DUO FLATS Nishijin EAST/WEST “Rental housing to enjoy bicycle life”

———— [Evaluation point] Duo Scene Omiya —————

- ✓ There are a leafy promenade and a walking trail accessible to local residents and a sub-entrance facing the walking trail to create a place for condo residents and local residents to get together



Appearance/green promenade



Green walking trail



Sub-entrance

———— [Evaluation point] DUO FLATS Nishijin EAST/WEST —————

- ✓ Residential units have a large “doma” space that can be used for display and maintenance of the bicycle, and common facilities include a café and a lounge where people can come to with their bicycles to help create a local community through bicycles



Residential unit with a large “doma” space



Cafe



Resident-only lounge

Customer satisfaction ranking for new condominiums

● Customer satisfaction ranking by new condominium buyers “SUUMO AWARD 2022”

⇒ Condominium developer section <Tokyo Metropolitan area>

Received **Grand Prize** in “**Customer satisfaction category**” and **Excellence Award** in “**Price/quality balance category**”

[Grand Prize] Customer satisfaction category

Evaluation summary

Highly evaluated for quick, polite, and reliable service during the purchase process such as responses to inquiries and explanation of various procedures



[Excellence Award] Price/quality balance category

Evaluation summary

Highly evaluated by buyers for good balance between quality and price of the property



[Survey summary of condominium developer/sales company section]

- Name: Survey on the satisfaction level after condominium purchase and the brand
- Purpose: To understand loyalty and satisfaction level of buyers and contribute to business enhancement of developers/sales companies
- Targets: 8,271 people who purchased after 2018 in the Tokyo metropolitan area (Tokyo, Kanagawa, Chiba, Saitama, and Ibaraki)
- Method: Online survey and mail survey
- Period: From September 9, 2021 to October 25, 2021
- Number of respondents: 4,571
- Surveyed by: Recruit

About “SUUMO AWARD”

A ranking based on the customer satisfaction survey conducted by Recruit of people who purchased new condominiums after 2014 in the Tokyo metropolitan area (Tokyo, Kanagawa, Saitama, Chiba, and Ibaraki) about various aspects of condominium developers and management companies such as quality, price, and efforts. The survey has been conducted since 2002 with companies receiving feedback about the consumer evaluation individually, and the results have been published since 2018 with an aim to improve services and businesses of the entire industry by disclosing companies receiving high evaluation and their efforts. In 2022, the 5th survey was conducted.

4. Sustainability

Sustainability

- TCFD: GHG emissions (Scope 1 & 2) disclosure * Scope 3 will be disclosed by September 2023
- Duo Avenue Aobadai: Solar power system* is installed in all units as a standard feature
- GRESB Real Estate Assessment: **Acquired “1 Star” and “Green Star”**

Information disclosure in line with the TCFD recommendations

- (1) Governance: Disclosed
- (2) Strategy: To be disclosed by September 30, 2023
- (3) Risk management: Disclosed
- (4) Metrics and targets: CO₂ emissions (Scope 1&2): Disclosed
CO₂ emissions (Scope 3): To be disclosed by September 30, 2023

Information Disclosure Based on TCFD Recommendations

June 27, 2022
Hoosiers Holdings

The Group's Policy on Climate Change

In recent years, extreme weather considered to have been caused partly by climate change has been occurring in various parts of the world and having a significant impact on our economic and social activities, making the response to climate change a pressing issue. Under such circumstances, the movement to incorporate decarbonization into corporate management accelerated globally after the Paris Agreement, and the private sector is required to contribute to the achievement of the Sustainable Development Goals (SDGs) through proactive measures to combat climate change.

Under the Medium-Term Management Plan (for FY3/22 to FY3/26), the Group is promoting ESG management with the target of integrating business strategy and ESG strategy. Going forward, we will further accelerate our measures to combat climate change with the aim of contributing to the achievement of the 2°C target set out by the Paris Agreement. We also recognize the importance of the climate-related financial information disclosure and will work to enhance the information disclosure recommended by the TCFD.

Recommended disclosure items in the TCFD recommendations

Governance	Disclose the organization's governance around climate-related risks and opportunities
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning
Risk management	Disclose how the organization identifies, assesses, and manages climate-related risks
Metrics and targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities

“Duo Avenue Aobadai”

- ✓ Solar power system in all units as a standard feature (all 44 units)
- ✓ Delivery: After February 2023 (planned)

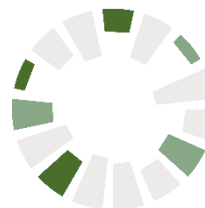


<Benefits of introduction>

- (1) Reduce CO₂ emissions
- (2) Save electricity cost during the day
- (3) Can be used as emergency power supply in case of power outage

*Using “Zuttomo Solar (flat-rate plan)” a flat-rate solar power service offered by Tokyo Gas Co., Ltd.

GRESB Real Estate Assessment



G R E S B
☆☆☆☆☆ 2022

- ✓ First participated in GRESB Real Estate in 2022
- ✓ Acquired “1 Star” and “Green Star”

Contact us:

■ IR inquiries ■

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

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