



# Business briefing

2023.4.27

**Moving towards the  
future together with all  
stakeholders in the real  
estate leasing market**

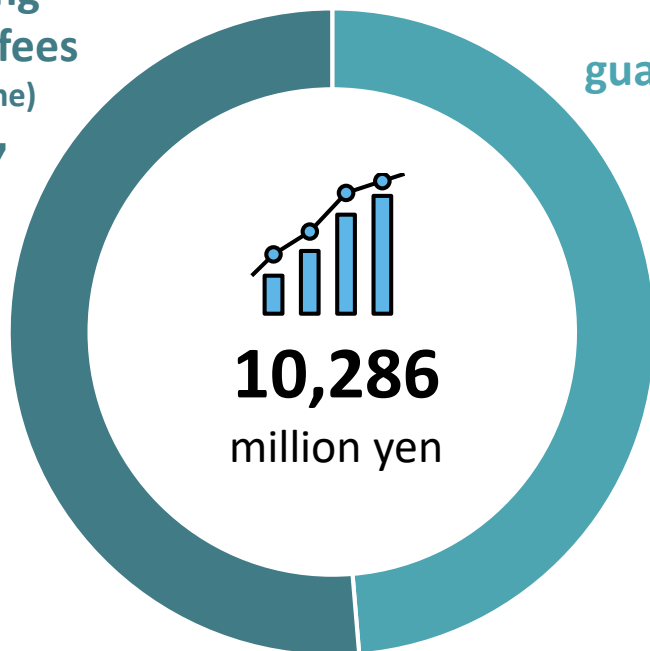


## Net sales

Financial stability: stock earnings are about half of net sales

Continuing  
guarantee fees  
(stock income)

**5,237**  
million yen



Initial  
guarantee fees  
**4,966**  
million yen

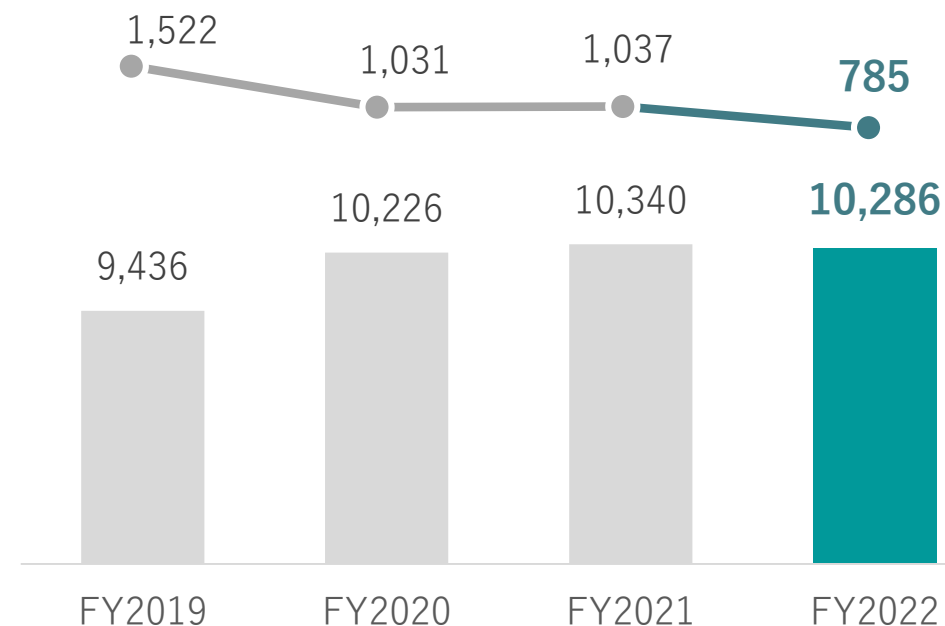
## Performance trends

Net sales: 10.2 billion yen

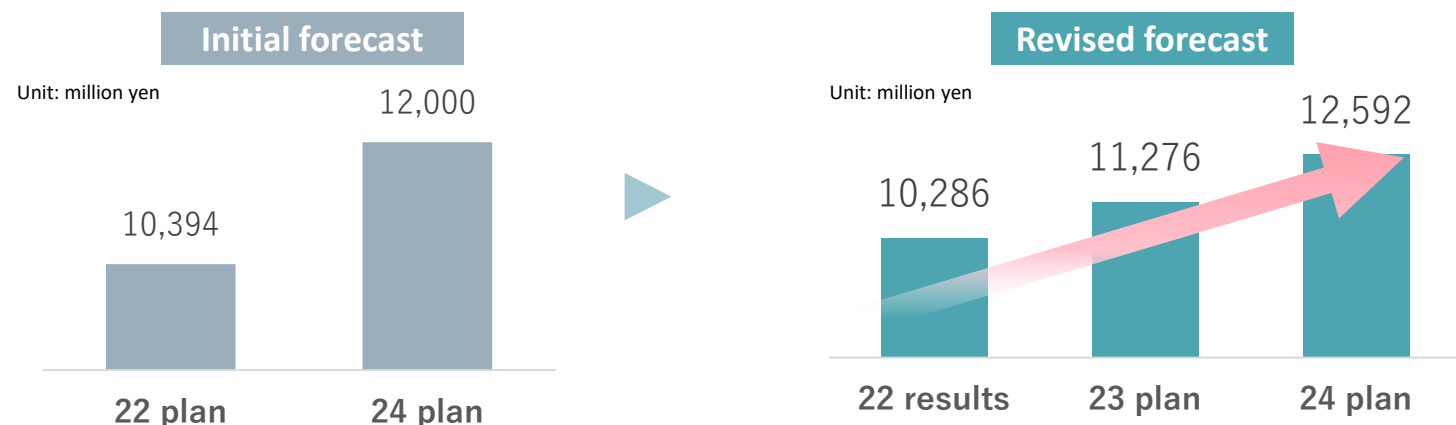
Operating income: 700 million yen

Unit: million yen

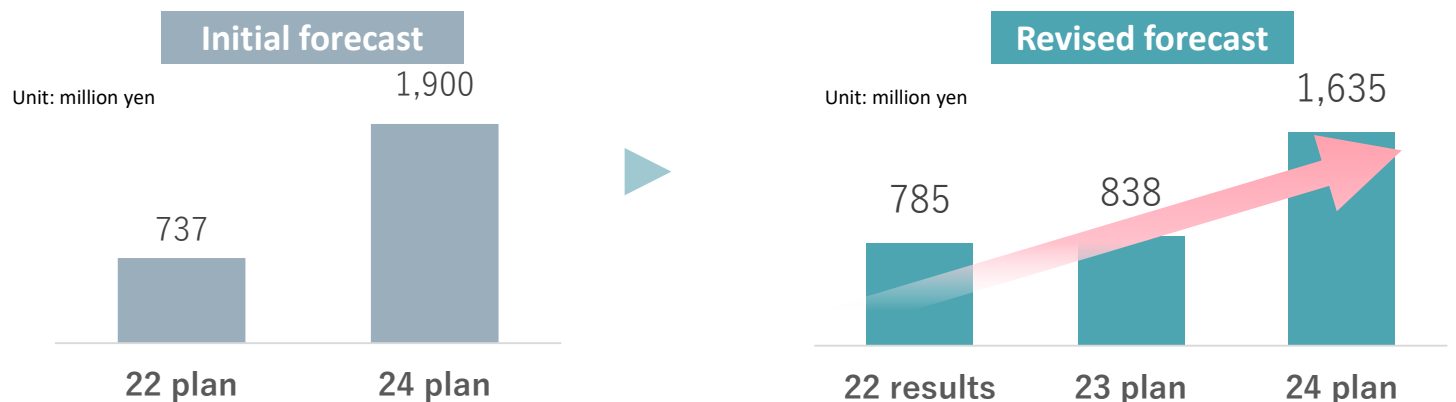
■ Sales    —○— Operating profit



## Net sales



## Operating profit



## Operating Income: Investments for Growth

1. Aggressive recruitment of sales personnel (40-person increase from initial plan)
2. Increase in new store opening costs (6 store openings)
3. Additional development of core systems
4. System for owners (new investment)

Revised plan due to up-front costs

## Sales expansion

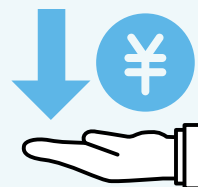


### Initiatives for growth

Expand sales by expanding areas and actively recruiting sales personnel

+

## Cost reduction

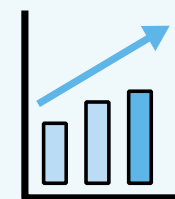


### Strengthen cost structure

Renovation of core systems  
Reduction of allowance for doubtful accounts and operation costs

=

## Profit expansion



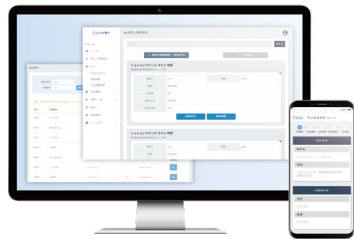
### Achievement of the medium-term management plan

Operating margin +5.4%

## Provision of services to management companies

### Expansion of guarantee DX

CasaWEB



- Operation of core system
- Improve operational efficiency using AI
- Strengthen cooperation using management software

### Expansion of business guarantees



- Reduce security deposit and increase occupancy rate
- Comprehensive guarantee, up to 24 months, restoration to original condition, legal procedure costs

## Expansion of warranty services

### Area expansion

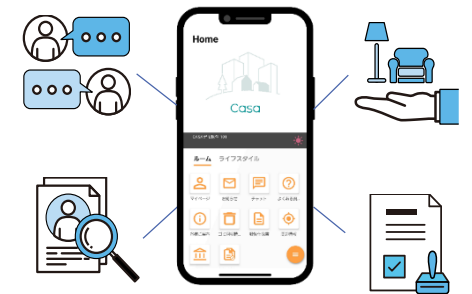


- New store opening
- Increase sales personnel in metropolitan areas
- Strengthen recruitment activities

**3 new store openings (2023)**

### Providing value-added services

Room Connect



- Provision of tenant management application
- Construction of a neighborhood issue response service

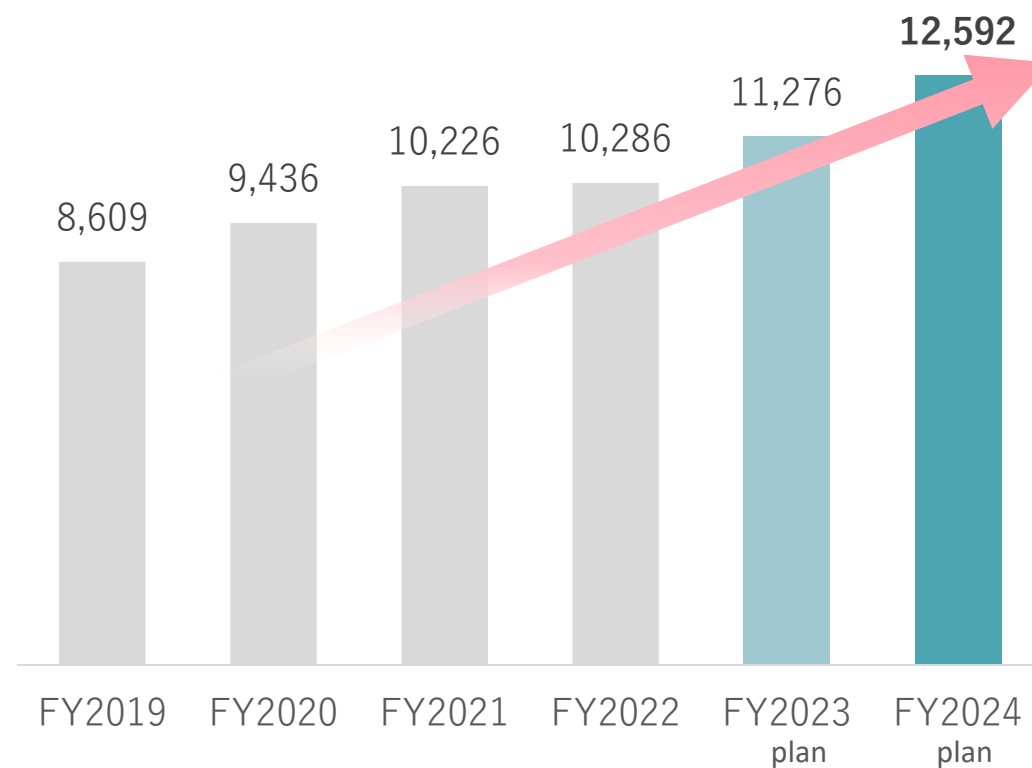
**Room Connect - May release**

## Area expansion



## Sales trends

Unit: million yen

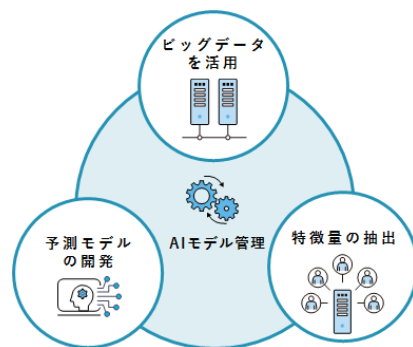




## Reduced provision of allowance for doubtful accounts

### Credit management

Build a credit score using AI



Control delinquency

### Receivables management

Dunning using technology



- Implementation of mass calling using IVR (interactive voice response)



- Realization of high contact rate using SMS



- Improving operational efficiency and response quality through voice recognition

Strengthening debt collection

## Compression of operating costs

Online from application to contract/tenant management



4,100 companies have installed CasaWEB

Utilization ratio  
58%

Application



Web application

Reduce application time and improve operational efficiency

Contract



Internet money transfer

Reduction of deficiencies in bank transfer procedures related to rent

Tenant management



Electronic contract

Online contract conclusion procedures



Tenant app

Inquiries, issues, reminders from phone to chat





## Sales Strategy

## Property management firms

Number of rented houses nationwide

**1,009** million houses

**52.4%**

Rising demand for rent guarantee services intensifies competition

## Self-management market

Number of rented houses nationwide

**916** million houses

**47.6%**

The number of inexperienced landlords and part-time landlords who do not have time to spare is increasing

Source: Rental Management Market Data Book 2021-2022 published by Nationwide Rental Housing Newspaper

# The Value We Provide

Respond to the needs of real estate management companies and self-managing landlords by solving problems in the real estate industry using IT

Casa

For management companies

Increase operational efficiency and profitability

For large and medium-sized companies



Direct S

For small and medium-sized companies



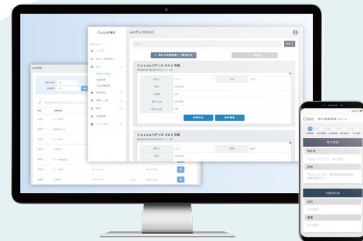
Direct Wide

For all distributors



For business

CasaWEB



COMPASS

For self-managing landlords

Provision of knowledge and services



Owned media



Influencers











Seminars

OwnerWEB



# Business Summary

Segment	Needs	Relationship	Service
 <p>Casa (real estate management companies)</p>	Increase profitability and improve operational efficiency	<div>                     Providing high returns and a wide range of guarantees using credit information                 </div>	 Direct S
	Improve operational efficiency and expand warranty coverage		 Direct Wide
	Increase occupancy rate and reduce risk of non-receipt	Initial cost reduction proposals and expansion of warranty coverage	 For business

 <p>COMPASS (self-managing landlords)</p>	Reduce risk in rental management and improve cash flow  Acquire information necessary for rental management	<ul style="list-style-type: none"> <li>▪ Provision of rental management platform</li> <li>▪ Landlord membership</li> <li>▪ Sales to landlord groups</li> </ul>	 Rental management system  Seminars for landlord groups  Dissemination via owned media
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For large and medium-sized companies

For small and medium-sized agencies

For all distributors

## Direct S

**FY2022**  
Number of new contracts year-on-year

8,423 cases **407%**

## Direct Wide

**FY2022**  
Number of new contracts year-on-year

2,611 cases —

## Landlord direct

**FY2022**  
Number of new contracts year-on-year

39,689 cases **122%**

## Basic

**FY2022**  
Number of new contracts year-on-year

47,043 cases **93%**

## Business warranty

**FY2022**  
Number of new contracts year-on-year

7,421 cases **112%**

## Special products using credit information

Accuracy of credit decisions and collection of receivables is improved utilizing financial screening. A wide range of guarantees and high returns are possible.

## Collection agency products

Main products for small and medium-scale businesses  
Covers incidental omissions of money collection agencies, lonely death insurance and home contents insurance

## Subrogation-type products

standard warranty  
Used when the management company supports collection management

## Business products

Service that guarantees commercial properties such as offices, SOHO, stores, and warehouses

# Direct Series Utilizing Credit Information

Improvement of the accuracy of credit decisions and the collection of receivables, enabling high returns and a wide range of guarantees

## Large/medium scale

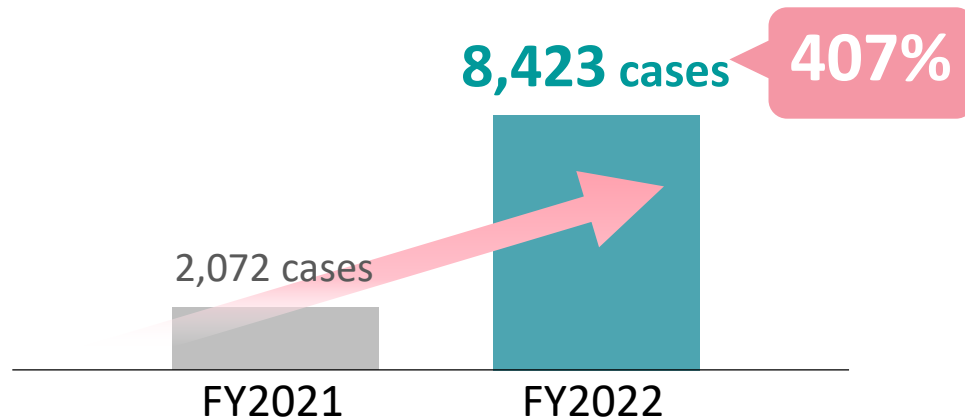


Direct S

High profit

Number of companies that have introduced the service:

63



## Small scale

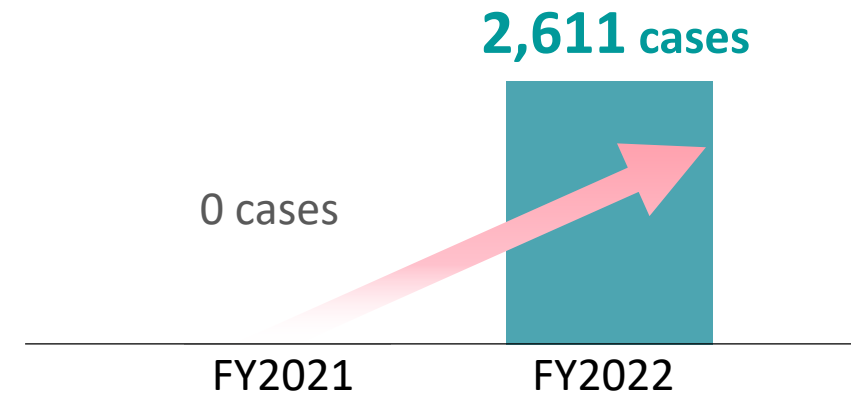


Direct Wide

Wide warranty coverage

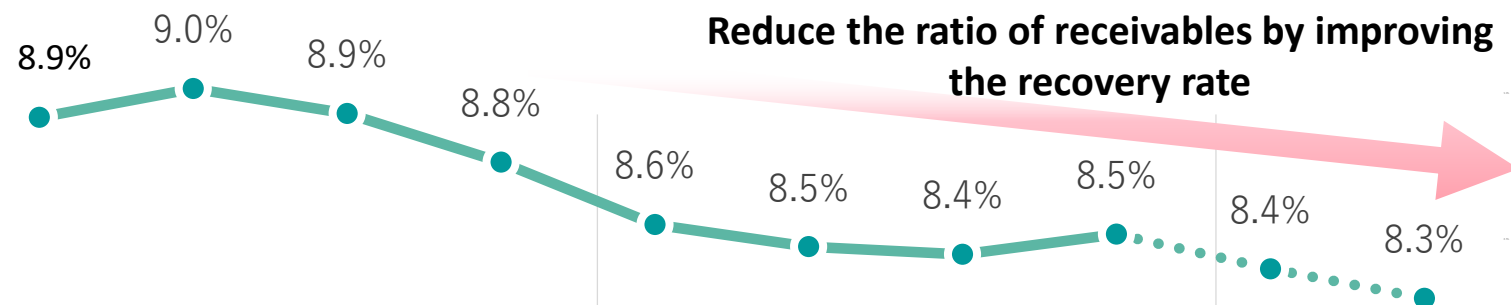
Number of companies that have introduced the service:

235

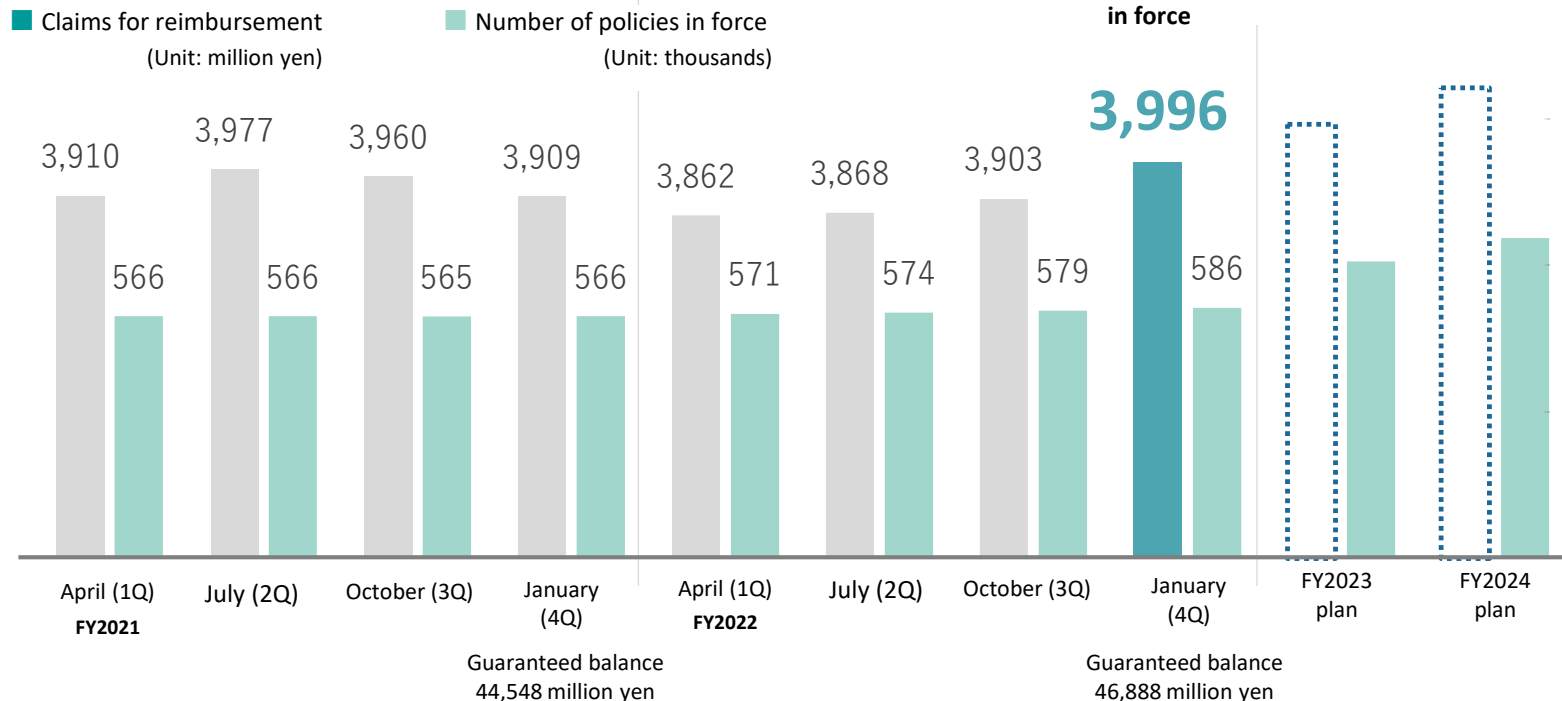


# Trends in Receivables

● Percentage of receivables: Receivables as a percentage of outstanding balance of guarantees



Indemnification receivables also increased due to an increase in policies in force



## Proactive use of digital channels for dunning

### Establishment of collection methods for each class of receivables



- Implementation of mass calling using IVR (interactive voice response)



- Realization of high contact rate using SMS



- Improving operational efficiency and response quality through voice recognition

## Mitigation of non-collection risk

### Strengthening the management of receivables collection

Cash promise management



History management



No contact management



Long-term receivables management





## Feature 1

Wide warranty coverage **Guaranteed up to 24 months**

Rent etc.



Restoration  
cost



Renewal fee



legal fees



## Feature 2

Occupancy rate increase due to initial cost reduction

Normal  
at the time of  
contract

Initial cost (deposit/guarantee) equivalent to 10  
months of monthly rent

Casa

Deposit/guarantee  
2 months

← Significant reduction in initial costs

## Feature 3

Reliable customer service with highly  
accurate screening



Examination data on 3 million  
transactions and unique  
examination expertise

## Feature 4

CasaW@B



Online registration



Online  
application



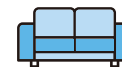
Electronic  
contract



Internet money  
transfer



Management software  
cooperation



Home insurance  
cooperation



Remittance  
details

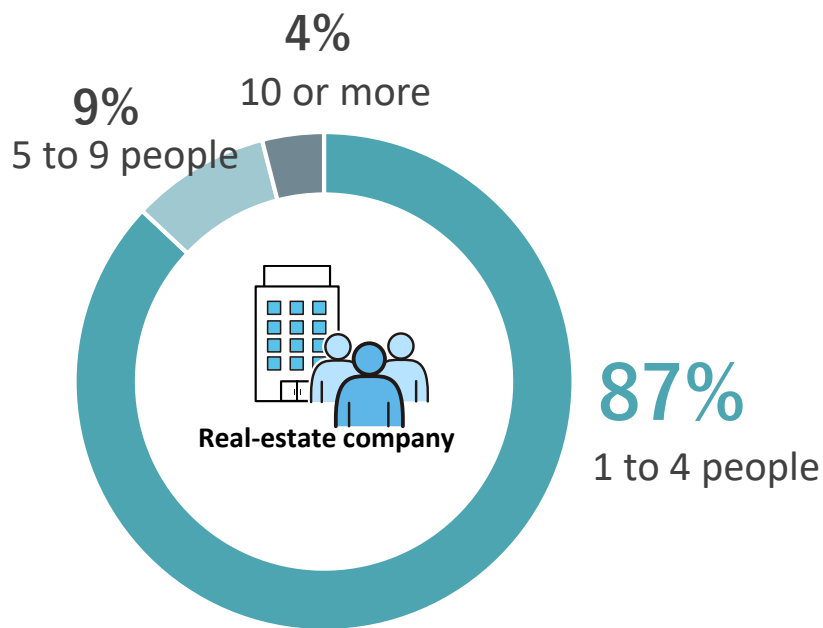


Notification of delinquency,  
payment, etc.



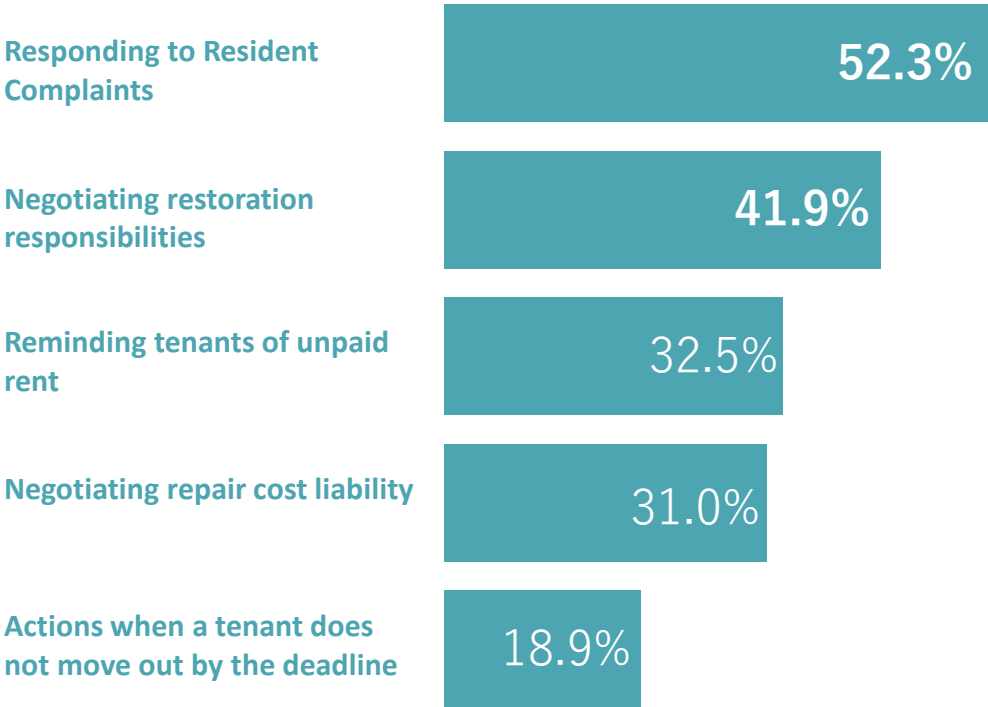
Cooperation with  
insurance companies

## Number of employees per real estate company



Source: Economic Census by the Ministry of Internal Affairs and Communications

## Things that are difficult for real estate management companies to handle



Source: Questionnaire survey on the rental housing management business

**Eliminate operational hassles and provide new revenue streams**

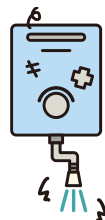
## Resident App — Room Connect

### Handling of equipment problems

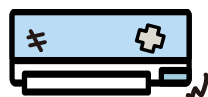
Water leaks



Water heater failures



Air conditioner malfunctions



### Responding to neighborhood issues

Tenant issues



Garbage issues



Parking issues

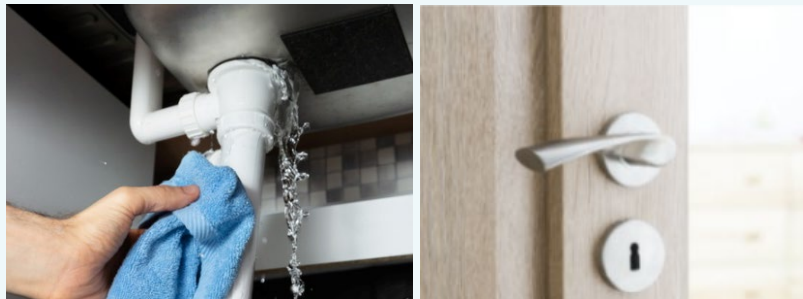




## Report issues to the management company



### Responding to equipment failures, etc.

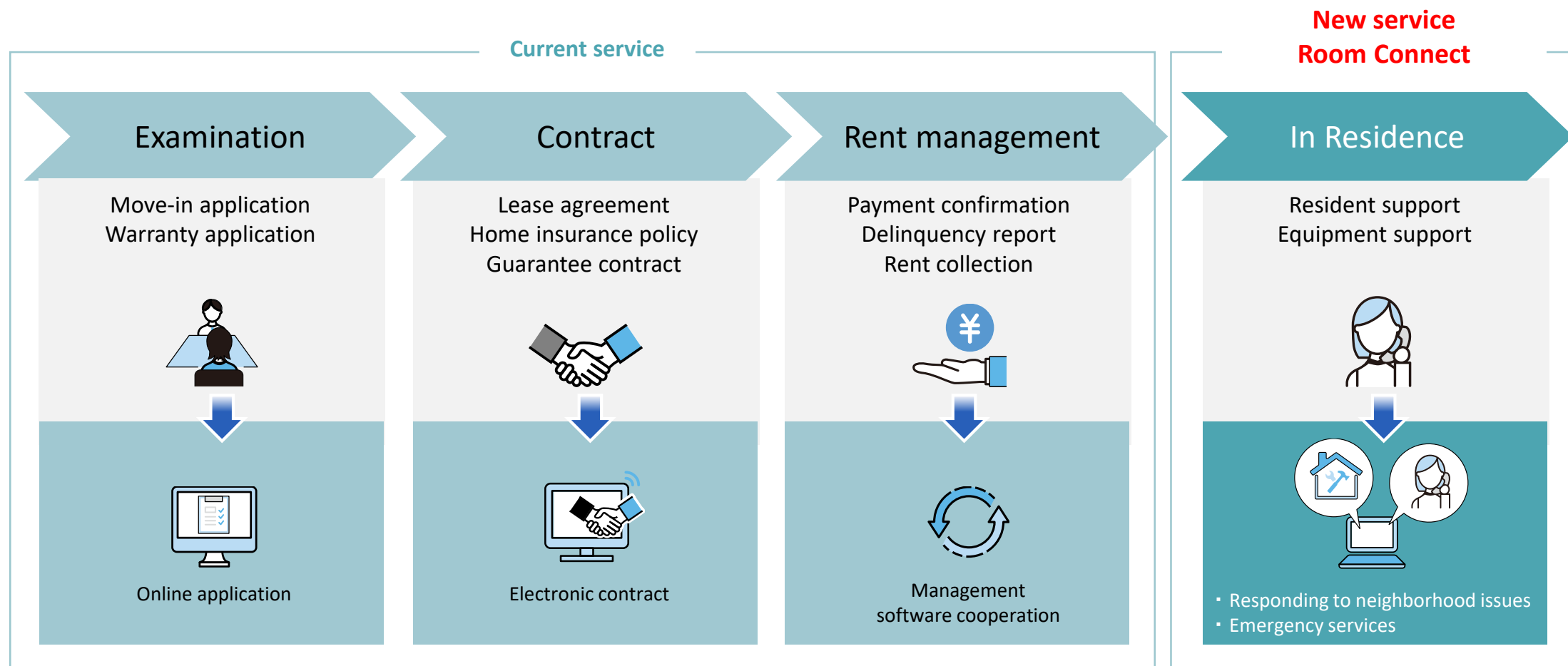


### Responding to neighborhood issues, etc.



# Construction of Administrative Work Streamlining Service

Improving the earnings and operational efficiency of real estate management companies







COMPASS



# Self-Managed Market Size

## Self-managed market

(COMPASS target market)

Number of rental housing units

**19.25** million (estimate)

Market share

**47.6%** Approximately **9 million** units

Source: Rental Management Market Data Book 2021-2022 published by Zenkoku Rental Housing Newspaper

## Average landlord using COMPASS



**Owns  
8 to 15 units**



**Voluntary management method**

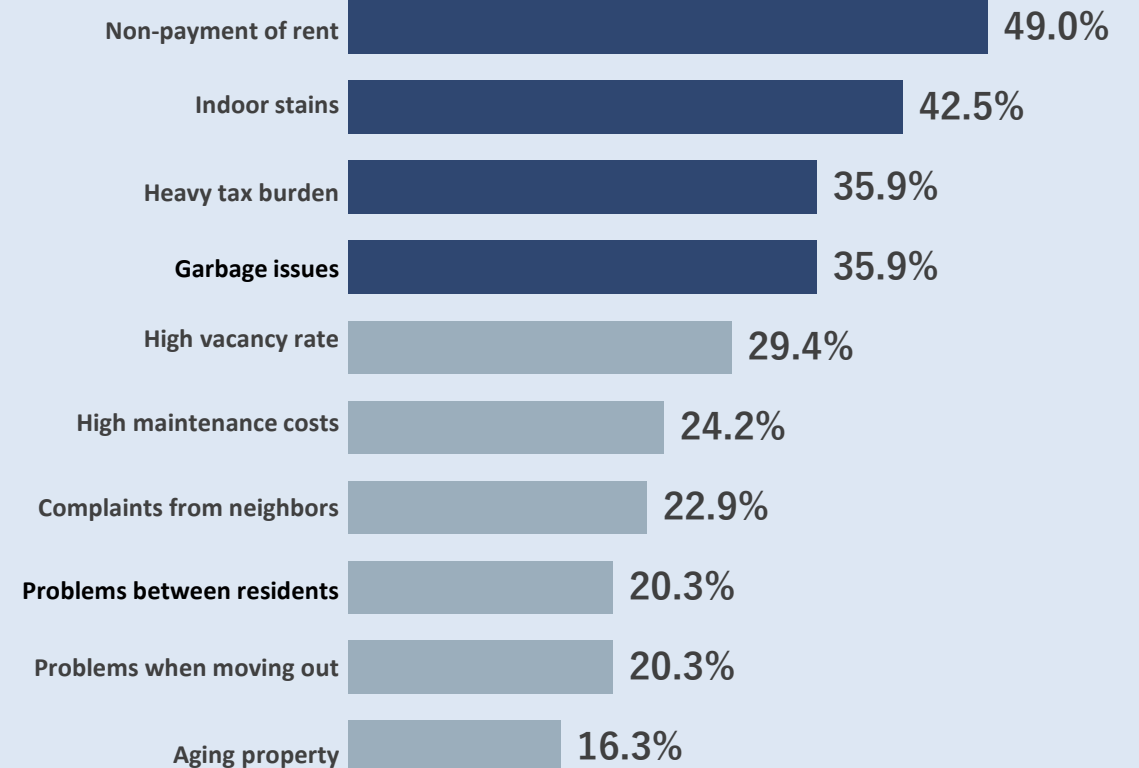


**Average building age: 34 years**



**30 to 60 years old**

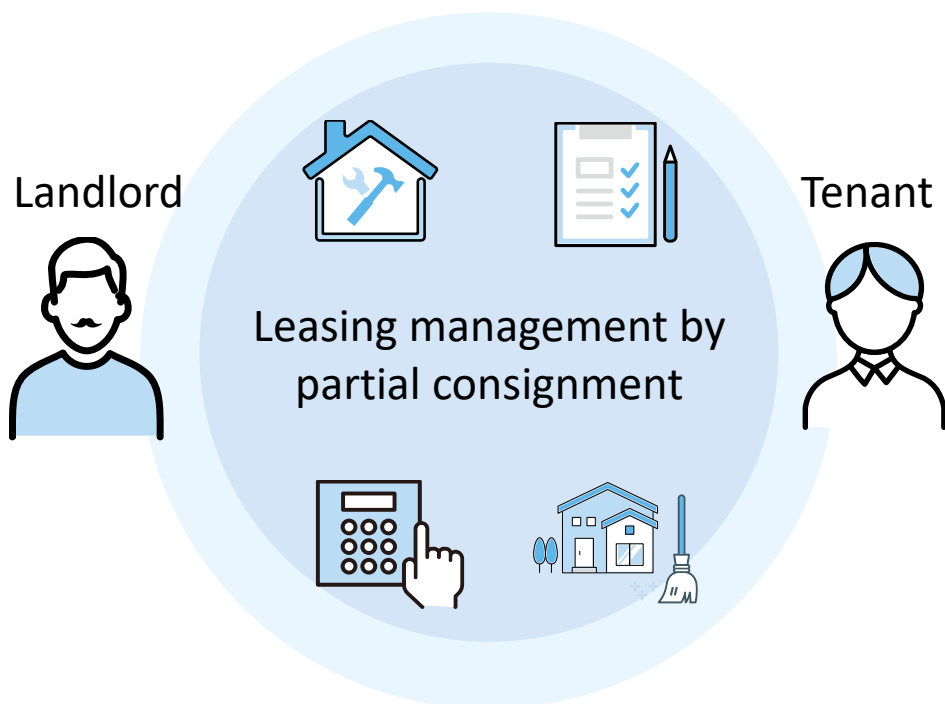
## Rental management issues





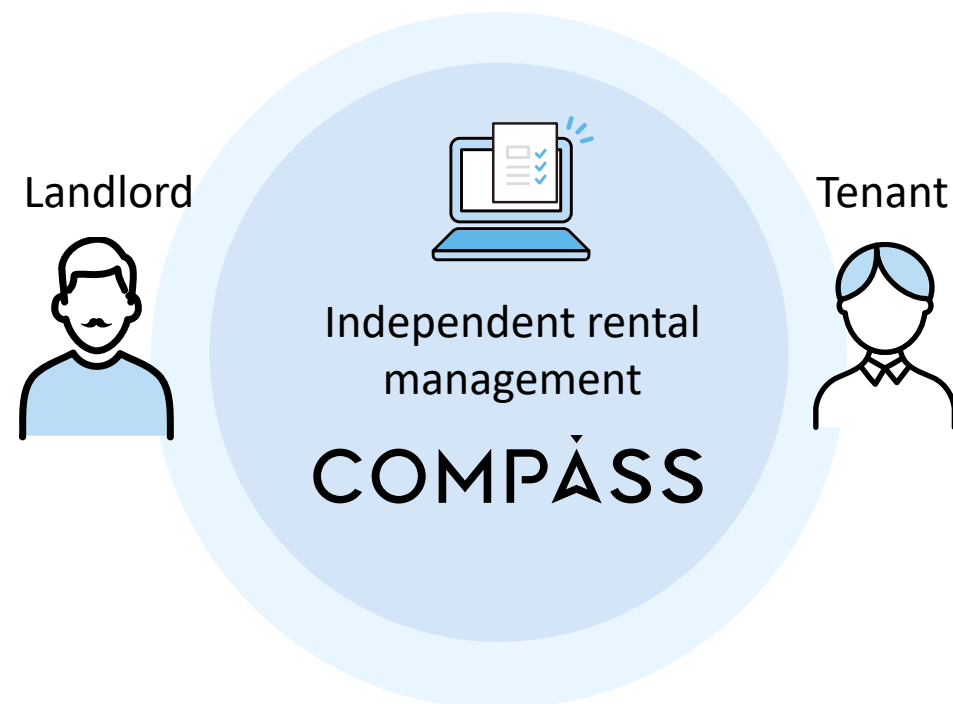
## Conventional self-managing landlord

Information asymmetry



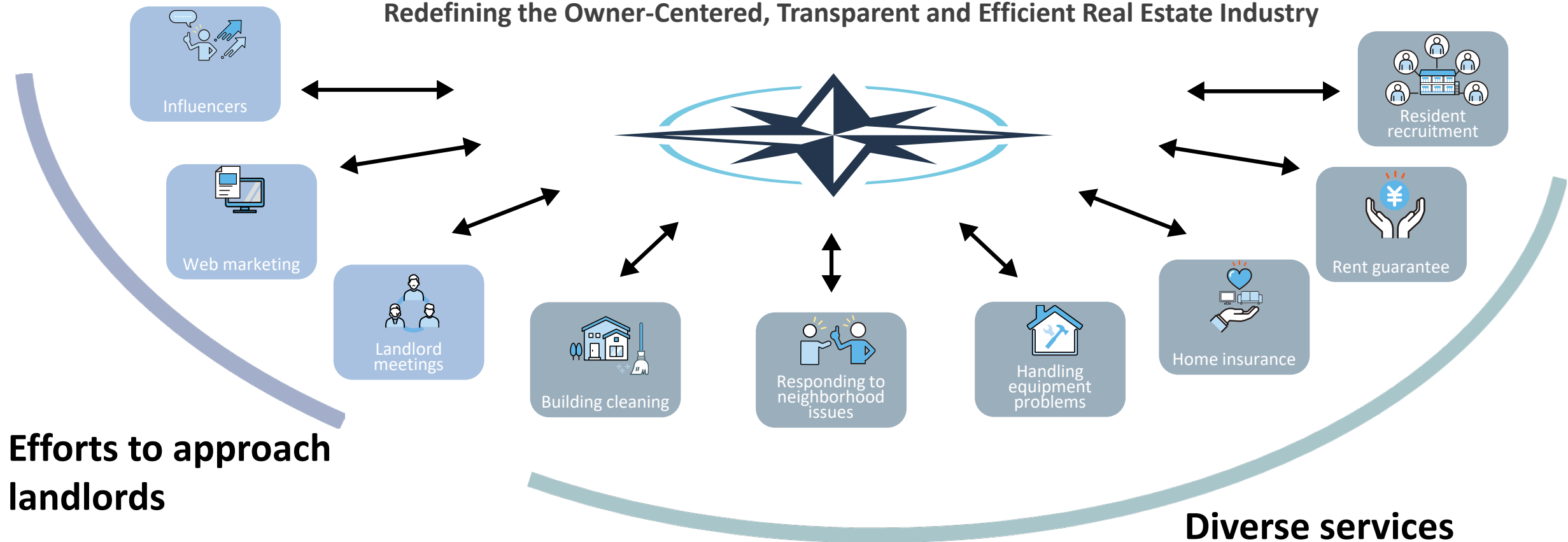
## Future self-managing landlord business

Information transparency



# COMPASS

Redefining the Owner-Centered, Transparent and Efficient Real Estate Industry



Approaching landlords

Landlord meetings



Influencers



Web marketing



Providing rent guarantees

Landlord direct



Collection agency



Rent guarantee



Lonely death insurance



Resident support

Expanding peripheral services

Diverse services



Handling equipment problems



Responding to neighborhood issues



Building cleaning



Home insurance

## OwnerWEB

Easy rental management using Owner WEB

In addition to rent guarantees, it is easy to solicit customers on the internet!

Resident recruitment



Rent management



Resident support



Witnessing property vacation



■ Web application

■ Electronic contract

Available directly to the owner!



Great for self-managing owners

Full service content



Lonely death insurance

Covers a wide range of expenses, including accident response costs, restoration costs, and rent loss.



Home insurance

Eliminates the hassle of subscribing to household contents insurance and the omission of renewal.



Emergency services

24-hour emergency services. Eliminates hassle for owners.

# Promotional Activities and Registration Status

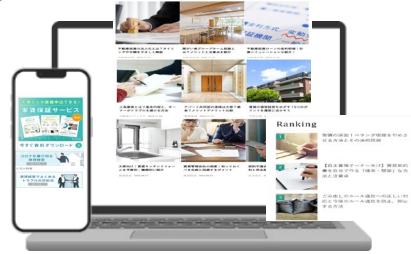
## Promotion



Holding owner seminars



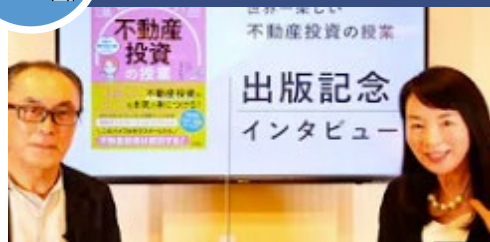
Owned media



Participation in owner fairs



Events



YouTube

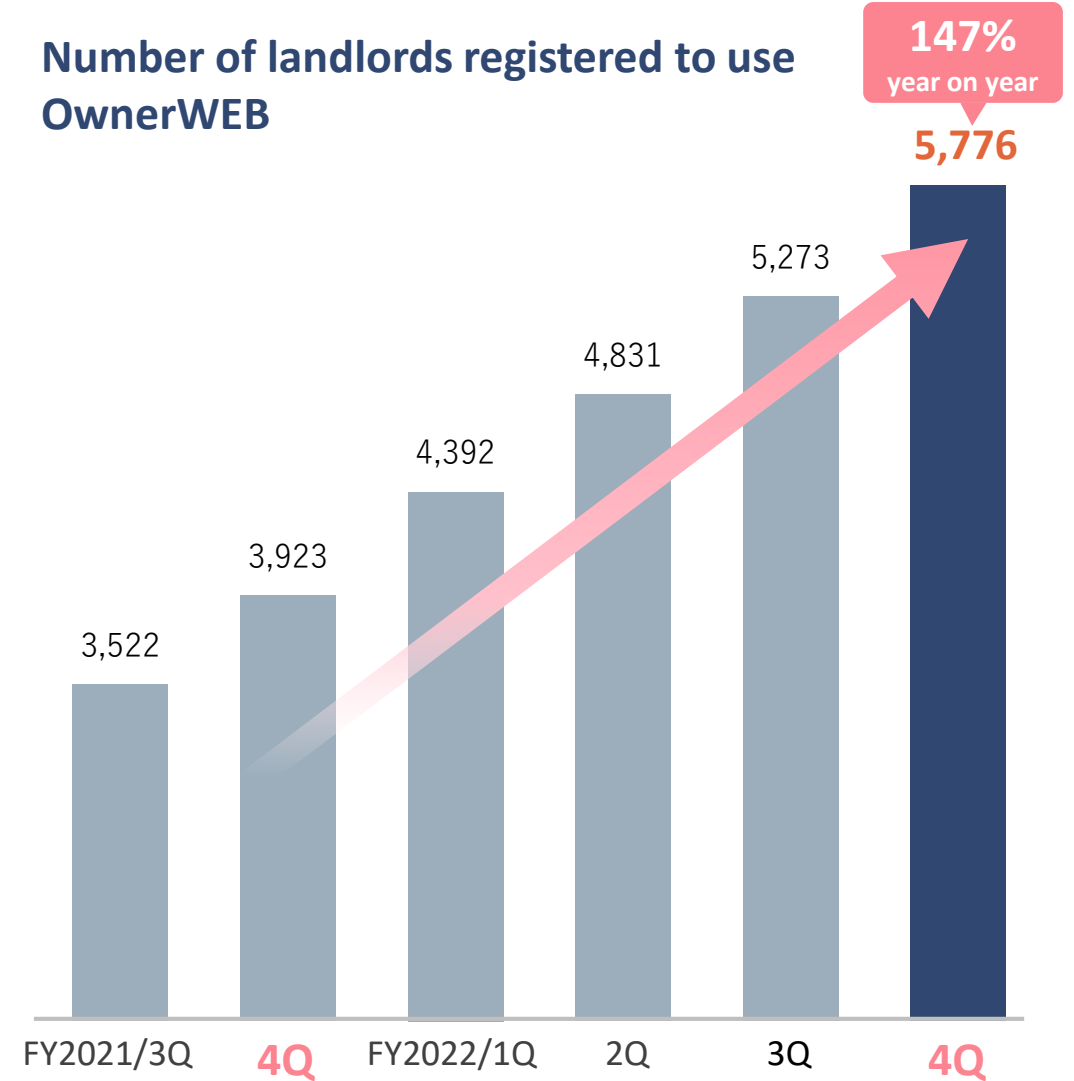


Seminars



## Landlord acquisition trend

Number of landlords registered to use OwnerWEB





# Environment Surrounding Children



## Establishment of the Children and Family Agency

Scheduled to be established on April 1, 2023.

The goal is to consolidate administrative affairs related to children, which were previously under the jurisdiction of the Ministry of Education, Culture, Sports, Science and Technology, the Ministry of Health, Labor and Welfare, the Cabinet Office and the National Police Agency.



## Divorce mediation digitization

Aiming to submit a bill on the digitalization of domestic relations conciliation procedures.

- ✓ Divorce by agreement and Divorce by mediation through discussion between couples
- ✓ Elimination of requirements for online meetings
- ✓ Digitalization of divorce by court



## Movement of Draft Bill in Family Law Subcommittee

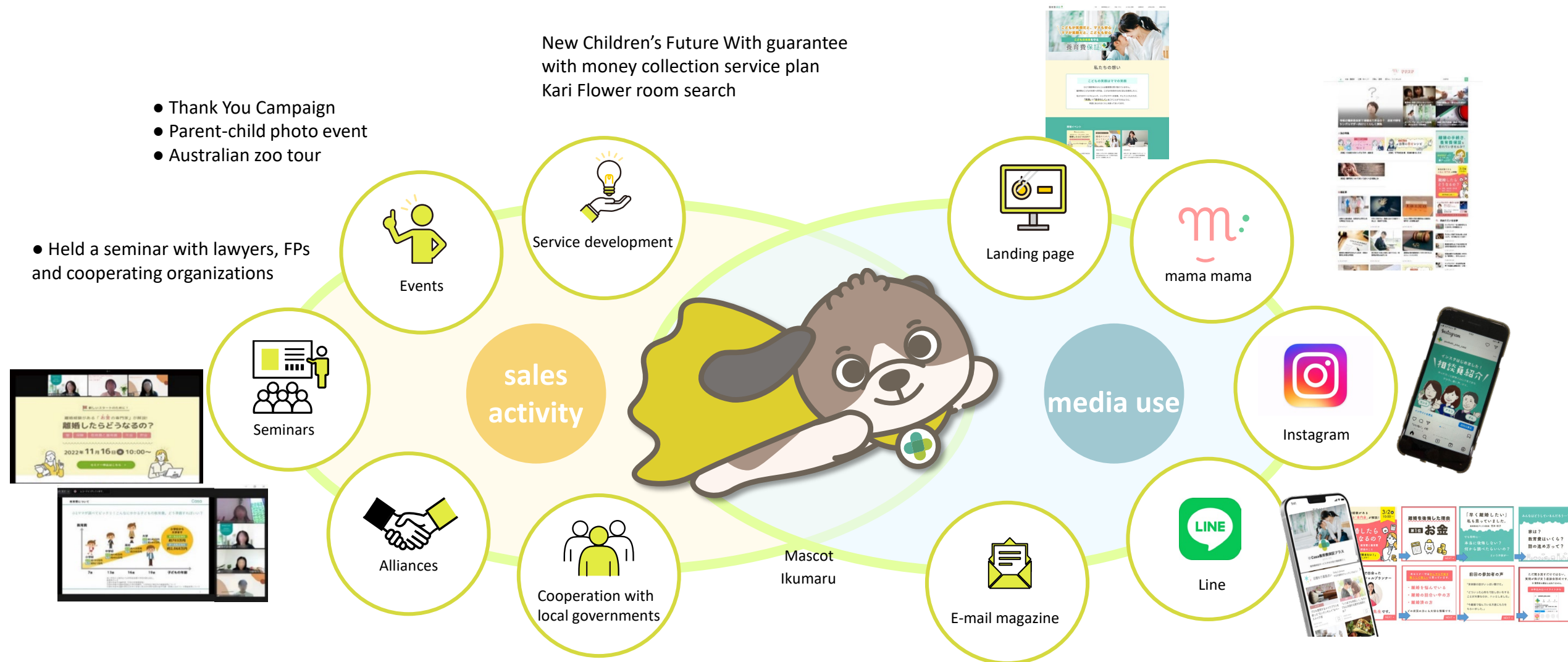
- ✓ Child custody — Both parents should be responsible for the child's upbringing even after divorce
- ✓ Child Support — It is necessary to arrange child support and ensure payment
- ✓ Visitation — Realization of safe and secure parent-child interaction is necessary

# Child Support Guarantee

- Thank You Campaign
- Parent-child photo event
- Australian zoo tour

- Held a seminar with lawyers, FPs and cooperating organizations

New Children's Future With guarantee  
with money collection service plan  
Kari Flower room search



Expanded to **216 local governments** as of February 2023

- Subsidies for expenses such as preparation of notarized deeds, etc.
- Subsidy for guarantee fee for child support guarantees



## Contribution to the SDGs by revitalizing the real estate market

Social contribution through the business itself

### Comfortable living with extended guarantees

Rent guarantees and child support guarantees are important services that form the basis of people's housing. Eliminating the need for a joint guarantor for tenants not only stabilizes landlords' rental management, but also enables the establishment of a society where everyone can live with peace of mind and build better human relationships.

#### The SDGs that the guarantee business contributes to



### A society of co-creation established by a real estate DX platform

The real estate DX platform provided by COMPASS collaborates with stakeholders such as residents, landlords and management companies to create new customer experiences for each. In addition to improving efficiency through systematization and the use of the Internet, we are also working to address unmet needs through collaborations with other industries.

#### The SDGs that the real estate DX platform contributes to





## Environment

The establishment of paperless operations and the reduction of CO<sub>2</sub> emissions through collaborations with food bank organizations



Enable the digital transformation of the real estate industry, where fax and paper contracts are the mainstream, to streamline operations.



Participated in a food bank organization as a sponsor and provided food assistance to residents.



## Society

Rent guarantee and child support guarantee  
Realization of a safe living environment



Maintain a healthy living environment by providing residents, single parents and children with safety.



## Governance

Achieving highly transparent management by complying with laws and regulations and strengthening information management



Strengthen the system by inviting experts and former police officers to be members of the Compliance and Risk Management Committee and provide training.

## ESG data As of the end of FY2022

### Percentage of employees that are women



Full-time employees: 37.2%  
Part-time employees: 91.7%

### Percentage of assistant managers that are women



24.8%

### Percentage of managers that are women



12.7%

### Percentage of eligible employees that take childcare leave by gender



Men: 66.7%  
Women: 100%

### Percent of annual paid leave taken by gender



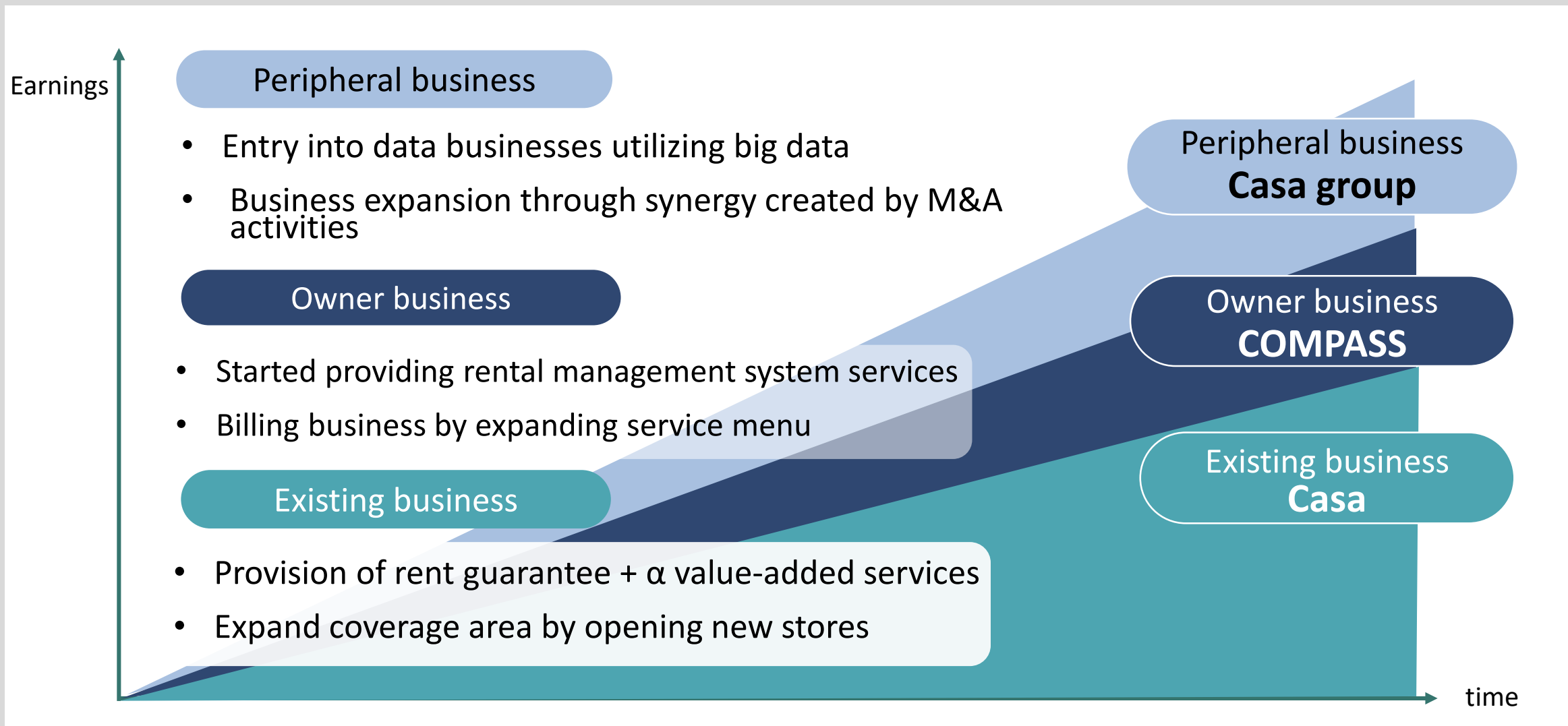
Men: 55.8%  
Women: 85.6%

### Turnover



Full-time employees: 7.0%

# Medium- to Long-term Growth Plan



- In addition to our business and industry trends, this document also discusses our future prospects based on our current plans, estimates and forecasts.
- These forward-looking statements contain various risks and uncertainties.
- Already known or unknown risks, uncertainties and other factors may or may not lead to results that are different than those contained in the forward-looking statements.
- We can not promise that our forward-looking statements are correct, and our results may differ materially from our forward-looking statements.
- The forward-looking statements in this document are made by us based on the information available as of April 27, 2023 , and do not reflect any future events or circumstances. We do not bear any responsibility to update or change the content of these statements.