



**To worthwhile life**

**Materials for the Briefing Session  
on the Financial Results for the  
Fiscal Year Ended June 30, 2022**

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# How the Company Performed in the Fiscal Year Ended in June 2022

01

# Summary of the Consolidated Financial Results for the Fiscal Year Ended in June 2022

## Significant rises in both net sales and profits YoY Achieved record net sales and profits

- Significant rises in both net sales and profits YoY
- Achieved higher net sales for the 14th year on end since the Company's foundation
- The stable acquisition of long-term warranty contracts in the housing area and an increase in warranty contracts in the renewable energy area/educational ICT area contributed to a significant advance in net sales.
- In the wake of the higher probability of future business expansion, the Company proactively carried out upfront investment in the organizational/human resources/system areas.
- Asset management that leveraged funds generated in warranty services (financial instruments/real estate) made progress to underpin profits.

	June 2021 (2020.7-2021.6)	June 2022 (2021.7-2022.6)	YoY ※	
<b>Net sales</b>	2,624 Millions of yen	<b>Record high</b> 3,305 Millions of yen	+680 Millions of yen	125.9%
<b>Operating profit</b>	381 Millions of yen	<b>Record high</b> 650 Millions of yen	+268 Millions of yen	170.3%
<b>Ordinary profit</b>	458 Millions of yen	<b>Record high</b> 767 Millions of yen	+309 Millions of yen	167.5%
<b>Net income</b>	243 Millions of yen	<b>Record high</b> 546 Millions of yen	+303 Millions of yen	224.7%

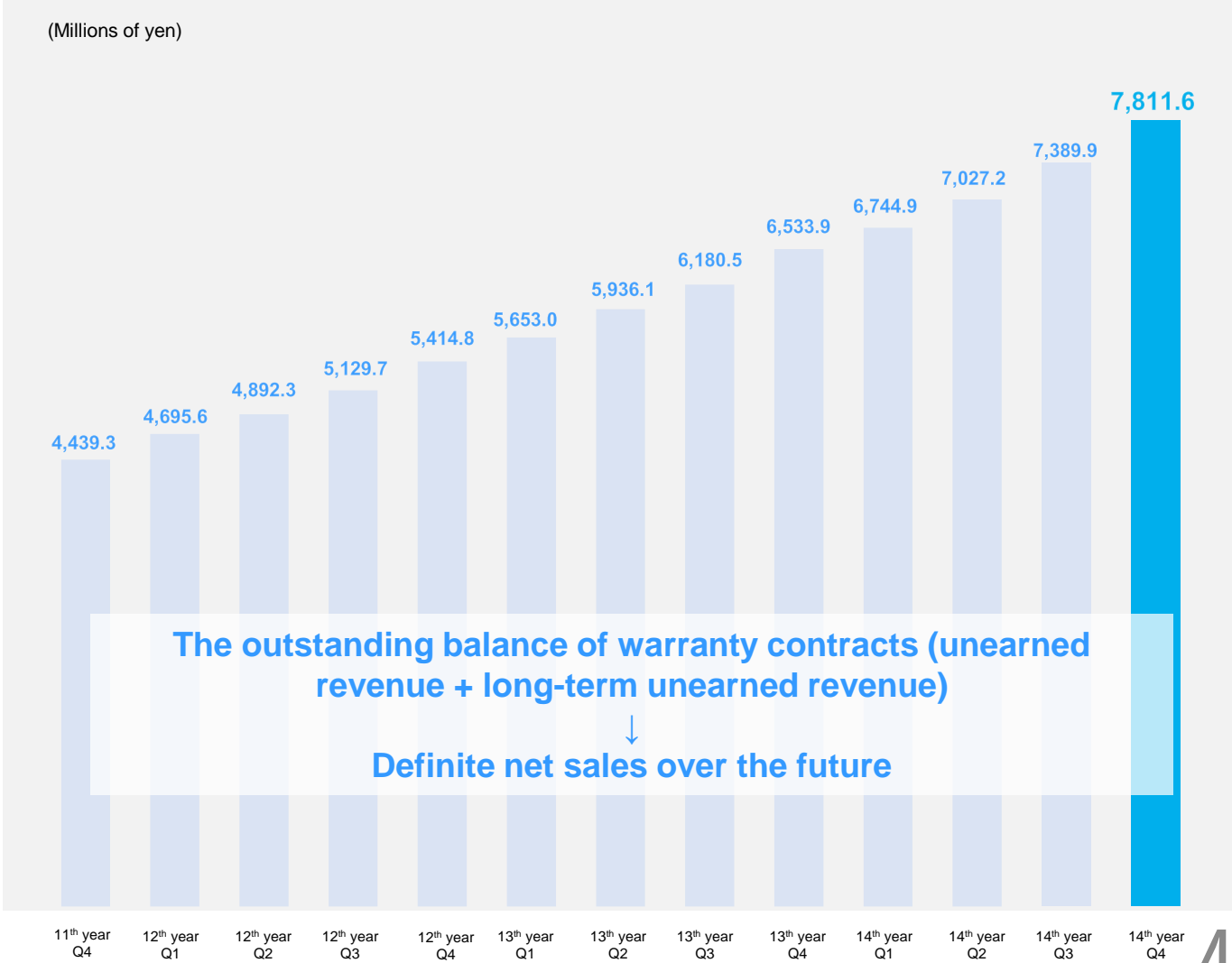
※The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, dated March 31, 2020) from the beginning of the consolidated accounting period ended June 2022, and as for the consolidated accounting period ended June 2021, the Company is using the figures obtained by the retroactive application of the said Accounting Standard.

# The outstanding balance of warranty contracts

(Total Housing Maintenance business)

- The outstanding balance of warranty contracts at the end of the fiscal year ended in June 2022 exceeded 7.8 billion yen, marking an all-time high.
- Of guarantee fee revenues, those not yet recorded as net sales were recorded as unearned revenue + long-term unearned revenue on the balance sheet.
- The outstanding balance of warranty contracts means definite net sales over the future, and thus the balance will be recorded as net sales sequentially to underpin future profitability.

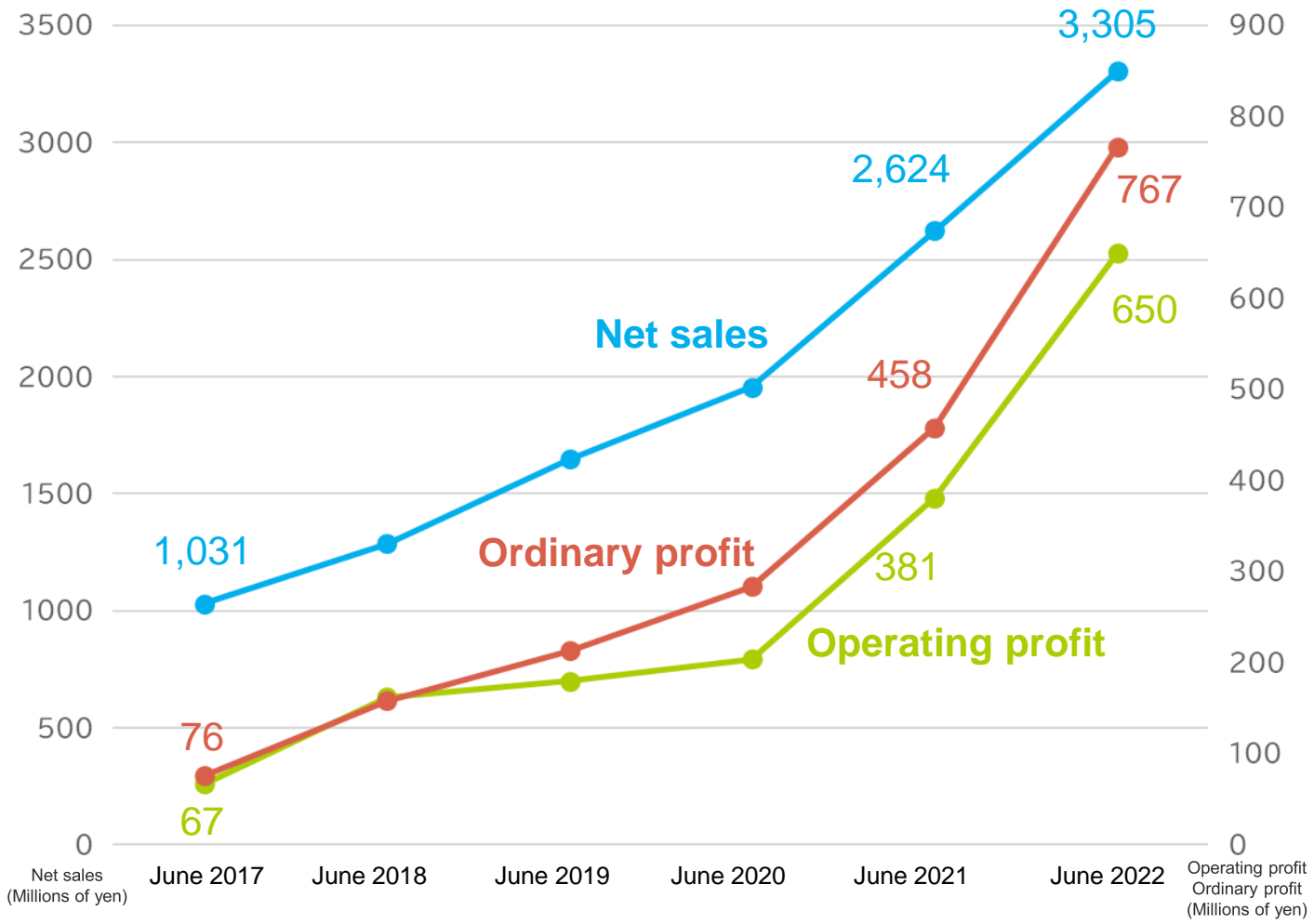
## The outstanding balance of warranty contracts exceeded 7.8 billion yen at the end of the fiscal year ended in June 2022



# Trends of financial results

- The rapid business expansion increased net sales to roughly three times and profits roughly 10 times compared with the fiscal year ended in June 2017.
- With respect to long-term warranty contracts, while net sales and costs are recorded on a pro rata basis in accordance with the warranty period, selling, general and administrative expenses are recorded en bloc, making the Company's earnings structure into one that tends to see profits squeezed in the initial stage of business.
- The maturing of business (an increase in an outstanding balance of warranty contracts) has turned it into the long-term stable earning structure, realizing the latest level of profits.
- Revenue from asset management has increased each year, becoming a stable source of profits.

## The rapid business expansion increased net sales to roughly three times and profits roughly 10 times (Compared with the fiscal year ended in June 2017)

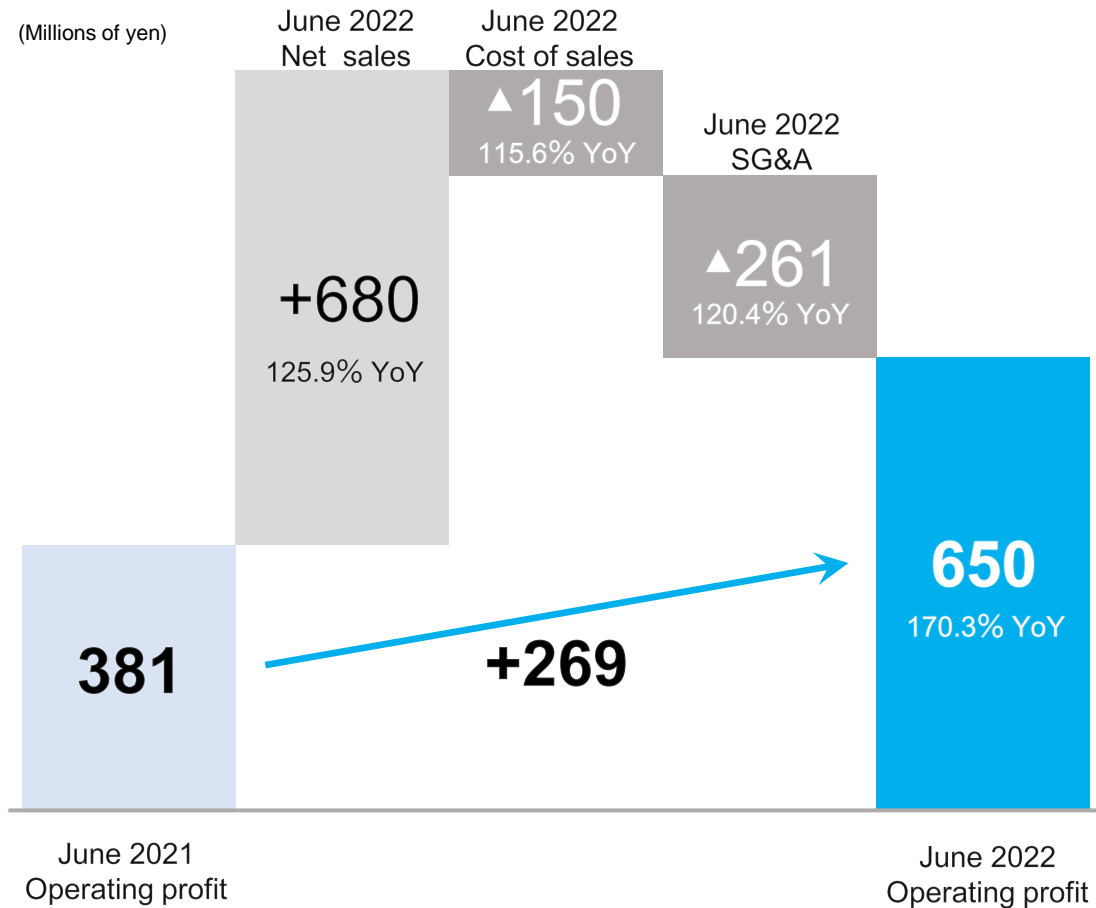


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# Factors for the YoY rise in operating profit

- An increase in net sales in excess of proactive growth investment significantly pushed up operating profit to roughly 1.7 times
- The stable acquisition of long-term warranty contracts in the housing area and an increase in warranty contracts in the renewable energy area/educational ICT area contributed to an advance in net sales.
- Looking ahead to an expansion of business in the fiscal year ending in June 2023 and beyond, the Company is expected to continue to proactively invest in the human resources/system areas.

An increase in net sales in excess of proactive growth investment significantly pushed up operating profit to roughly 1.7 times



# Net Sales by Segment

- Marked record-high net sales in all segments, and sustained stable growth.
- In the housing business, the new acquisition of long-term warranty contracts, centering on equipment and buildings, advanced smoothly.
- In the BPO business, the renewable energy area and the educational ICT area have driven its financial results.

## Record-high net sales in all segments Sustained stable growth

	June 2021 (2020.7-2021.6)	June 2022 (2021.7-2022.6)	YoY ※	
<b>Net sales</b>	2,624 Millions of yen	<b>Record high</b> 3,305 Millions of yen	+680 Millions of yen	125.9%
<b>Total Housing Maintenance business</b>	1,679 Millions of yen	<b>Record high</b> 1,922 Millions of yen	+242 Millions of yen	114.5%
<b>BPO business</b>	825 Millions of yen	<b>Record high</b> 1,244 Millions of yen	+418 Millions of yen	150.7%
<b>Other</b>	120 Millions of yen	<b>Record high</b> 138 Millions of yen	+18 Millions of yen	115.4%

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# Operating Profit/Loss by Segment

- Amid the continuing proactive investment in human resources/systems, the BPO business has driven profits.
- In the BOP business, the acquisition of high-margin contracts, centering on the renewable energy area, contributed to segment profits.
- In the housing area, while net sales and costs regarding long-term warranty are recorded on a pro rata basis in accordance with the guarantee period, selling, general and administrative expenses are recorded en bloc, making the area vulnerable to rises in SG&A.
- In both businesses, the Company has been continuing upfront investment in human resources/systems in anticipation of future business expansion. The same can be expected in the fiscal year ending in June 2023 and beyond.
- In the other segment, the Company sold off Yokohama House, a consolidated subsidiary, in June 2022.

## Continued to make proactive investment in human resources/systems The BOP business has driven profits

	June 2021 (2020.7-2021.6)	June 2022 (2021.7-2022.6)	YoY ※	
<b>Net sales</b>	381 Millions of yen	<b>Record high</b> 650 Millions of yen	+268 Millions of yen	170.3%
<b>Total Housing Maintenance business</b>	114 Millions of yen	<b>Record high</b> 111 Millions of yen	-4 Millions of yen	97.4%
<b>BPO business</b>	276 Millions of yen	<b>Record high</b> 541 Millions of yen	+264 Millions of yen	195.7%
<b>Other</b>	-9 Millions of yen	<b>Record high</b> -3 Millions of yen	+6 Millions of yen	—

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# **New Business Policy Going Forward**

02

## **Rebranding in the 15th year of the Company's foundation**

- As announced in the press release dated August 9, 2022, the Company redefined the value it provides on the occasion of the 15th anniversary of its foundation.
- The Company has renovated its corporate brand as a WorthTech Company that maximizes the property value of living by ingenious real and digital services.
- For details, see “Explanatory Materials for the New Business Policy” and an explanatory video (both are scheduled to be uploaded on the Company’s IR website on August 16, 2022).

# **We are a WorthTech Company.**

**We are a WorthTech  
Company that maximizes  
the property value of living  
by ingenious real and  
digital services.**

# Reorganization of Business Segments

- Along with the renovation of the corporate brand, the business segments were also reorganized into the two businesses of “Homeworth Tech business” and “ExtendTech business.”
- On top of the development of new guarantee and financial services, the Company continued to focus on the development of digital products in pursuit of the maximization of the value of all products and services.
- In the ExtendTech business in particular, the Company proactively planned and implemented its foray into new business areas.

Formerly, Total Housing Maintenance business

## HomeworthTech Business

The business specializes in the housing/real estate area and offers unique services developed from the standpoint of enhancing the value of houses.

Through services matching various needs, the business supports the realization of clients' business strategies.

Formerly, the BPO business

## ExtendTech Business

Not confined to the housing/real estate area, the business proactively offers services to a broad range of fields.

In recent years, in particular, the business is focusing on the renewable energy area and the educational ICT area to support many clients.

**How the Financial Results are  
Going to Look in the Fiscal  
Year Ending in June 2023**

03

# Consolidated Financial Results Forecast for the Year Ending in June 2022

## Substantial higher profits on higher net sales YoY forecast Ordinary profit expected to exceed 1 billion yen for the first time ever

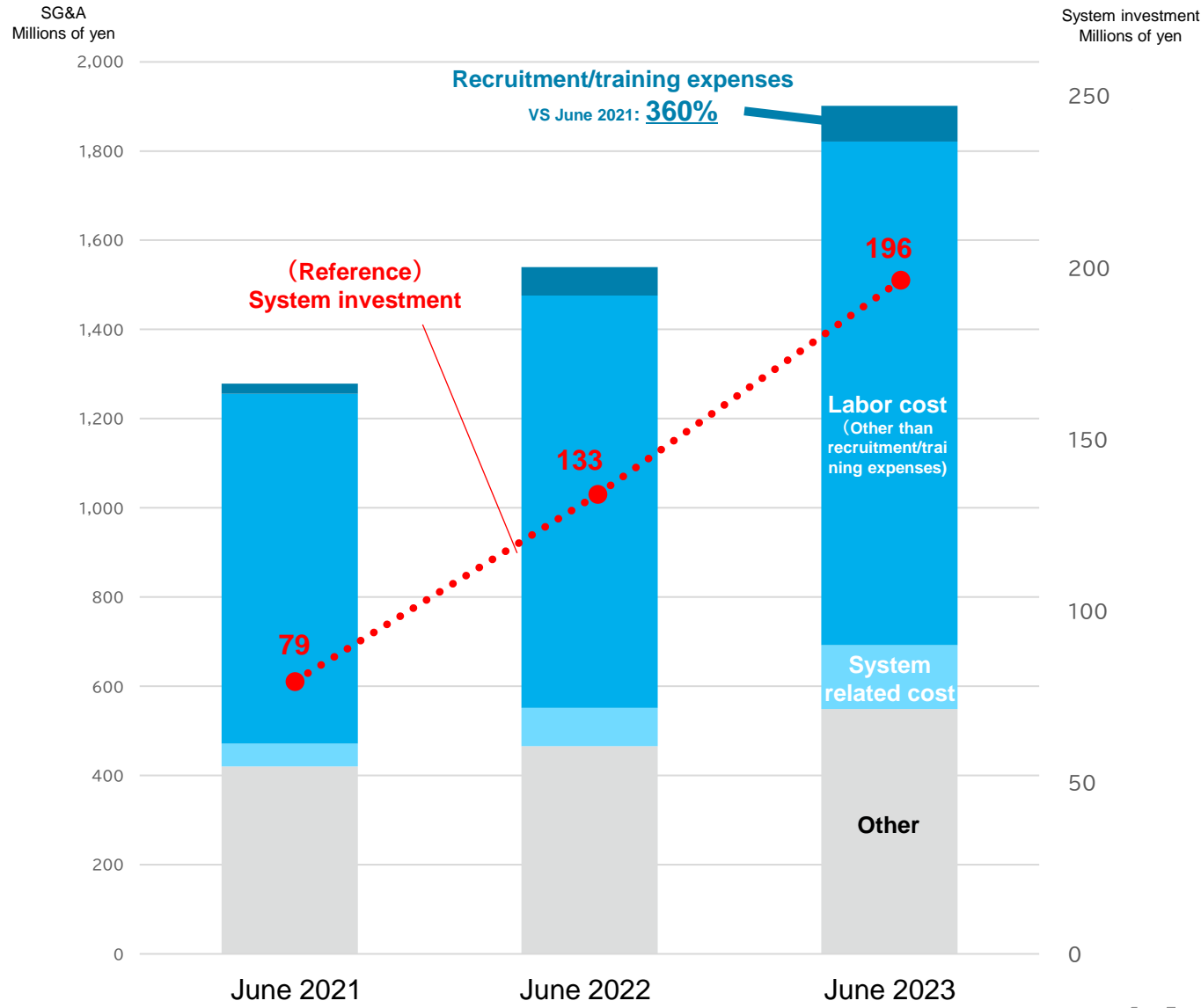
- Substantial higher profits on higher net sales YoY forecast
- Ordinary profit expected to exceed 1 billion yen for the first time thanks to a steady expansion of business partners and the expansion of business areas.
- The Company will strive to enhance the rate of return by promoting the efficient flows of business operations through thorough digitalization.

	June 2022 (2021.7-2022.6)	June 2023 (2022.7-2023.6)	YoY	
Net sales	3,305 Millions of yen	<b>Record high</b> 3,953 Millions of yen	+648 Millions of yen	119.6%
Operating profit	650 Millions of yen	<b>Record high</b> 860 Millions of yen	+210 Millions of yen	132.2%
Ordinary profit	767 Millions of yen	<b>Record high</b> 1,010 Millions of yen	+243 Millions of yen	131.6%
Net income	546 Millions of yen	<b>Record high</b> 685 Millions of yen	+139 Millions of yen	125.4%

# Assumed SG&A Trend and Breakdown

- In the wake of the higher probability of future business expansion, the Company will continuously bolster investment in human resources/systems.
- Labor cost is expected to expand to roughly 1.4 times, recruitment/training expenses to 3.6 times, and system-related expenses to roughly 2.8 times compared with those in the year ended in June 2021.
- Will simultaneously go ahead with the securing of human resources corresponding to increased transactions and the securing and nurturing of strategic system/planning human resources.
- The Company will partially review remuneration from the standpoints of responding to inflation in the domestic economy and securing capable human resources.
- Will step up investment in the development of digital products and business support systems.

# Will continue through, proactive investment in human resources/systems



# Net Sales Forecast by Segment

- Expects record-high net sales for the two main businesses.
- Long-term warranty contracts in the HomeWorth Tech business are likely to continue their steady trend.
- In the ExtendTech business, expects to see a rise in demand for warranties in the renewable energy area, in particular those related to photovoltaic power generation/electricity storage systems.
- The other segment is likely to see a decline in net sales YoY in the wake of the sell-off of Yokohama House in June 2022.

## Expects record-high net sales for the two main businesses

	June 2022 (2021.7-2022.6)	June 2023 (2022.7-2023.6)	YoY	
<b>Net sales</b>	3,305 Millions of yen	<b>Record high</b> 3,953 Millions of yen	+648 Millions of yen	119.6%
<b>Home Worth Tech business</b>	1,922 Millions of yen	<b>Record high</b> 2,212 Millions of yen	+290 Millions of yen	115.1%
<b>Extend Tech business</b>	1,244 Millions of yen	<b>Record high</b> 1,710 Millions of yen	+466 Millions of yen	137.5%
<b>Other</b>	138 Millions of yen	<b>Record high</b> 31 Millions of yen	-107 Millions of yen	22.5%

# Topics

04



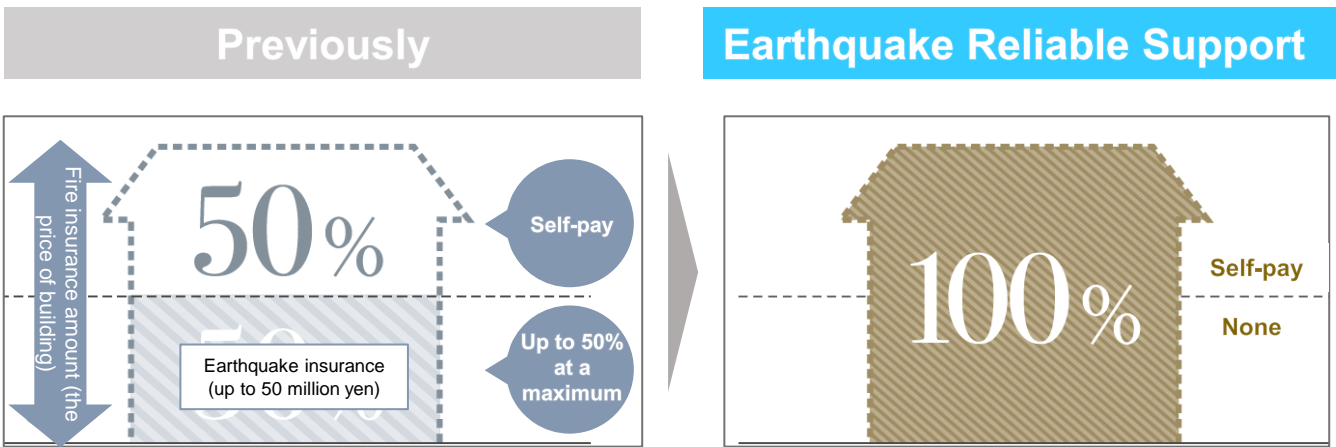
# Topics 1. The Release of the New Warranty Service

- We developed the warranty service for earthquakes in which both house builders and house owners have a strong interest with the backup from a large nonlife insurance firm.
- By offering the warranty service through house builders, we provide greater reliability to the branding of house builders and house owners.

## We started offering the new warranty service for houses, “Earthquake Reliable Service”

< Press Release dated July 8, 2022 >

**This was introduced as the warranty service that enables house owners to rebuild houses with certainty even in the event of damage from earthquakes.**



- ※1 There are certain conditions for the warranty coverage.
- ※2 The warranty service is designed to provide services to house owners and no payment of money is involved.

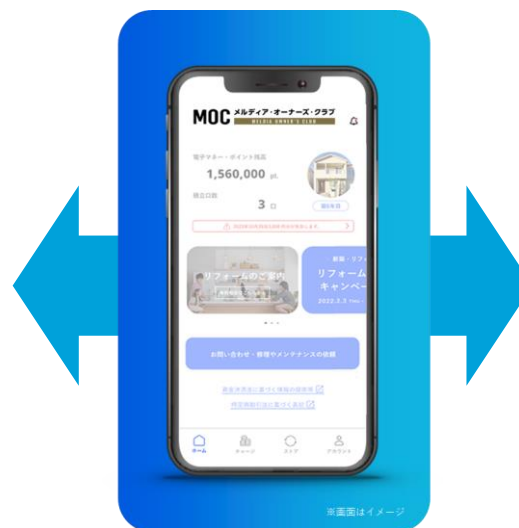
## Topics 2. A Major Business Operator Adopted the Service of “Housing Manager”

## We started offering guidance about “Housing Manager” to members of the Meldia Group

<Press Release dated July 15, 2022>

### Strengthen the relationship by “Housing Manager”

- Meldia Group: The “Housing Manager,” the smartphone application we provide, was adopted as an application for the owners’ club members, and we started offering guidance.
- We provide our warranty and finance in a seamless manner to existing and new owners of the Meldia Group, which supplies 2,600 houses annually.
- We will promote the introduction of the service as a stock business conversion support solution to house builders.



## Topics 3. Business Development in New Areas

The business expansion into new areas are gathering speed in the ExtendTech business.

- As a precursory case of an expansion of areas in the ExtendTech business, we started offering the warranty service in four new areas (mobility, cyber, music instrument and electronic terminal).
- Amid the accelerating business expansion into new areas, we will realize full digital transformation of warranty operations, using the digital product (all warranty), set to be launched in the fiscal year ending in June 2023, as a business weapon.

### Mobility (automobile) area



### Cyber area



### Music instrument area



### Electronic terminal area



# References

05

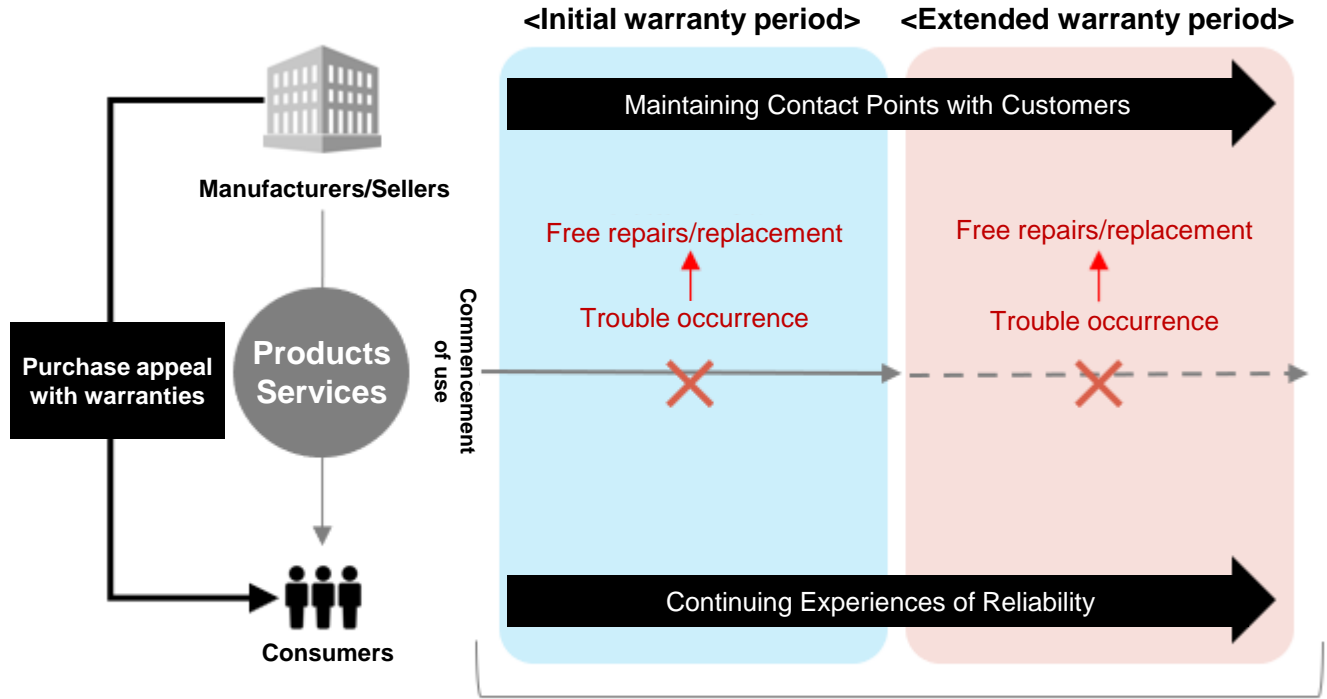
**(Reference)**  
**Main Solution**

**Purpose and Outline of the Warranty Service**

- Warranties have such functions as offering reliability experiences to customers and maintaining contact points with customers, as well as enhancing purchase appeal.
- By grasping the needs of client manufacturers and sellers, we provide agency services and support for business operations, in addition to the building of the warranty system.
- As we have the function of supporting assessment operations of nonlife insurance firms, it is possible to operate the warranty system in a stable and continuous manner.
- Currently, we provide warranty services mainly in the following three areas:

1. Housing area  
(Detached houses, condominiums)
2. Renewable energy area  
(Photovoltaic power generation, capacitors)
3. Education ICT area  
(Educational tablets)

**We implement the building and operational support of the warranty system in response to the needs of clients**



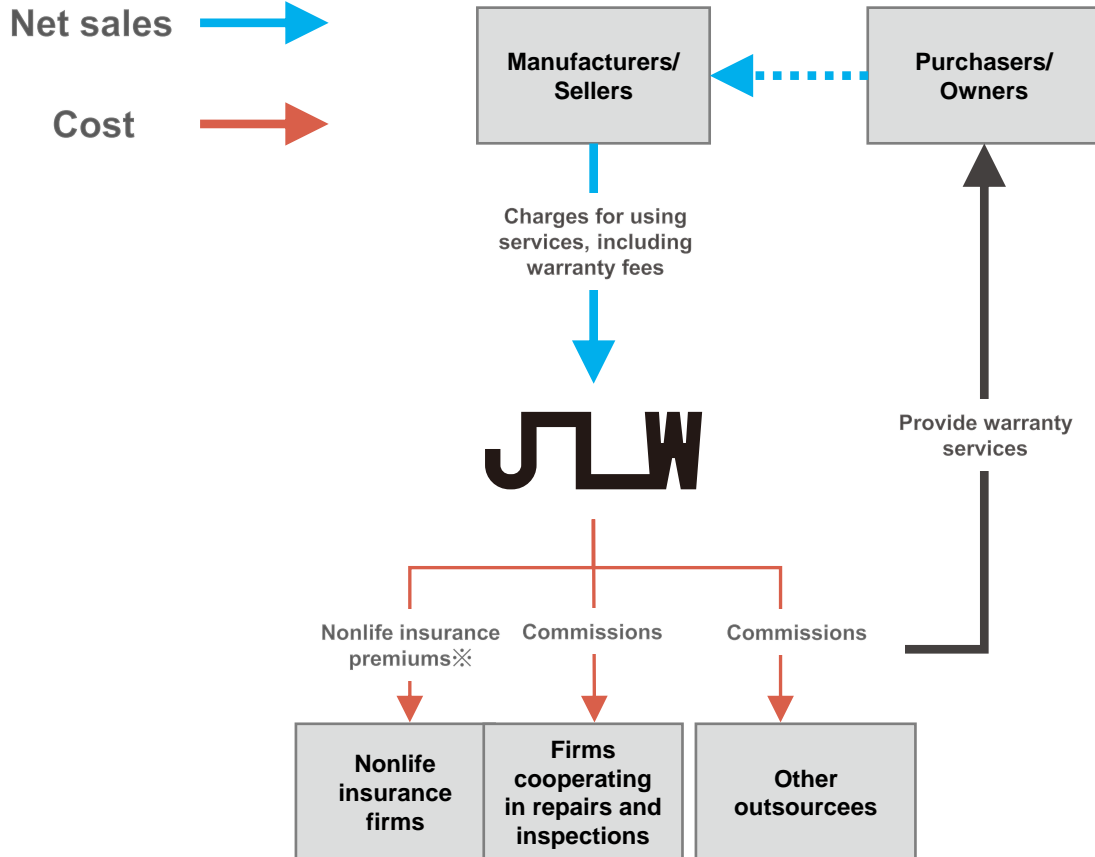
- Design/build warranty systems in accordance with the needs of companies  
e.g. Lengthen the initial warranty at the expense of manufacturers/sellers  
e.g. Offer the extended warranty service at the cost of consumers
- Undertake business operations and also provide CRM support

**(Reference)**  
**Main Solution**

**Warranty Service Flow and Our Strength**

- Independent product development capabilities and various networks constitute our strength.
- In our warranty services, we ensure the reliability of warranty execution by taking out a backup insurance policy.
- The following factors are of importance for warranty services based upon the provision of services:
  1. Relationships with nonlife insurance firms
  2. Broad knowledge, experiences and infrastructure of operations specializing in warranty services
  3. Adequate repair networks

**Independent product development capabilities and various networks constitute our strength**



※In the BPO business, manufacturers/sellers themselves often take out nonlife insurance policies, with nonlife insurance premiums recorded as deposits.

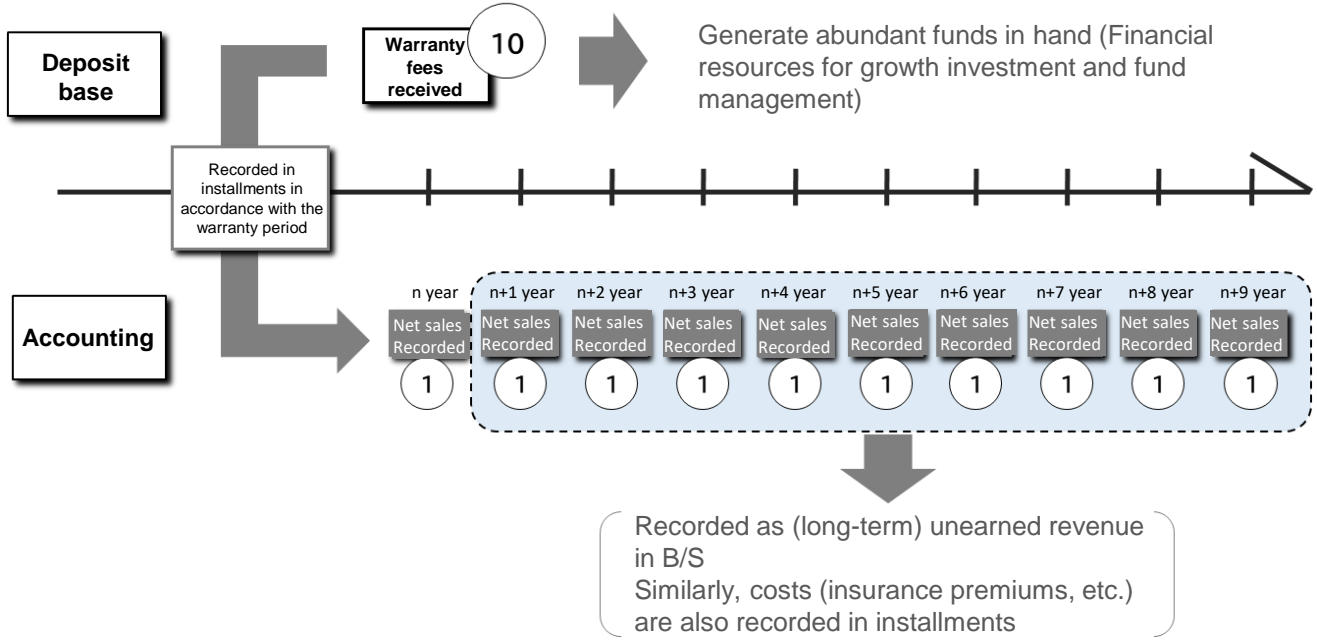
**(Reference)**  
**Main Solution**

**Accounting for Warranty Services (1)**

- The strength of warranty services shows up in the balance sheet.
- With respect to long-term warranty contracts, while net sales and costs are recorded on a pro rata basis in accordance with the warranty period, selling, general and administrative expenses are recorded en bloc, making the Company's earnings structure into one that tends to see profits squeezed in the initial stage of business.
- The maturing of business (an increase in an outstanding balance of warranty contracts) has turned it into the long-term stable earning structure.
- Long-term warranty contracts generate abundant funds in hand as warranty fees are obtained en bloc at the time of conclusion of contracts.
- Abundant funds arising from long-term warranty contracts can be used for proactive growth investment and asset management.

**The strength of warranty services shows up in the balance sheet**

**(Example) the case where warranty fees for the 10-year equipment warranty are received en bloc in the n year.**



# (Reference) Main Solution

## Accounting for Warranty Services (2)

- We undertake “HomeworthTech business” specializing in the housing/real estate area and “ExtendTech business” that broadly covers non-housing areas.
- For “HomeworthTech business” where we often serve as joint guarantee, net sales are mainly recorded on a pro rata basis in accordance with the warranty period. Thus, it is the stock-based business.
- For “ExtendTech business” that mainly covers system building and administration operations, net sales are mainly recorded en bloc for the fiscal year concerned. Thus, it is a flow-based business.

# Characterized by the Hybrid Management of Stock-Based and Flow-Based Businesses

