

Presentation of Financial Results for Fiscal 2020,
Ended September 30, 2020
DEAR LIFE CO., LTD.

November 13, 2020



DEAR LIFE

Securities code 3245 on the First Section of the
Tokyo Stock Exchange



DEAR LIFE

Overview of the Dear Life Group's Businesses

Real Estate Business



- Development and sale of real estate in central Tokyo
- Development is focused on urban condominium Buildings¹
- Net sales: ¥27,420 million



Sales Promotion Business

DEAR LIFE AGENCY

- Operated by the subsidiary, Dear Life Agency Co., Ltd., the business offers various promotional support services, and handles outsourcing of sales and administrative staff mainly in the real estate industry.
- Net sales: ¥220 million



Palma Co., Ltd. (Affiliated Company)

Securities code 3461 on the Mothers section of the Tokyo Stock Exchange

- Palma provides BPO services² and develops facilities for the self-storage market.
- It established a capital alliance with the Japan Post Group in 2018 with the aim of jointly creating synergies.
- Handling about 60% of Japan's self storage facilities³, Palma is the country's largest service



1. Urban condominium buildings are designed for singles and DINKs, and are situated within walking distance of the nearest train station in the Tokyo area.
 2. BPO services are self storage business process outsourcing services with payment guarantee conditions, and cover contract administration, inspections, payment administration, delinquent payment administration, and removal of abandoned items in storage.
 3. Self storage facilities are rental storage facilities, including trunk rooms.

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☑ Main Factors Underlying Results

◎ Real Estate Business

Acquisitions: Despite the temporary slowdown following the declaration of a state of emergency, we exceeded the previous year's performance in the acquisition of development projects and income-producing properties.

Sales: To secure reliable profit amid the future market uncertainty, we sold 41 properties.

◎ Sales Promotion Business

Despite a large fall in dispatched staff numbers due to customers voluntarily reducing business operations for a period, income recovered in the second half. Currently, performance equals that for the same period of the previous year.

◎ Palma Co., Ltd. (affiliated company offering self storage services)

During the COVID-19 pandemic, we saw increase in orders for BPO services with payment guarantee conditions and in development and operation of self-storage facilities.

☑ Operational and capital alliance with Japan M&A Solutions Co., Ltd.

In line with the medium-term management plan "Investment to Create New Business Fields," we entered an operational and capital alliance with an M&A company that specializes in small and medium enterprises.

We are pursuing increased opportunities to access and use information on properties requiring action due to business succession, business revitalization, etc., as well as investment information leading to broadening of businesses.

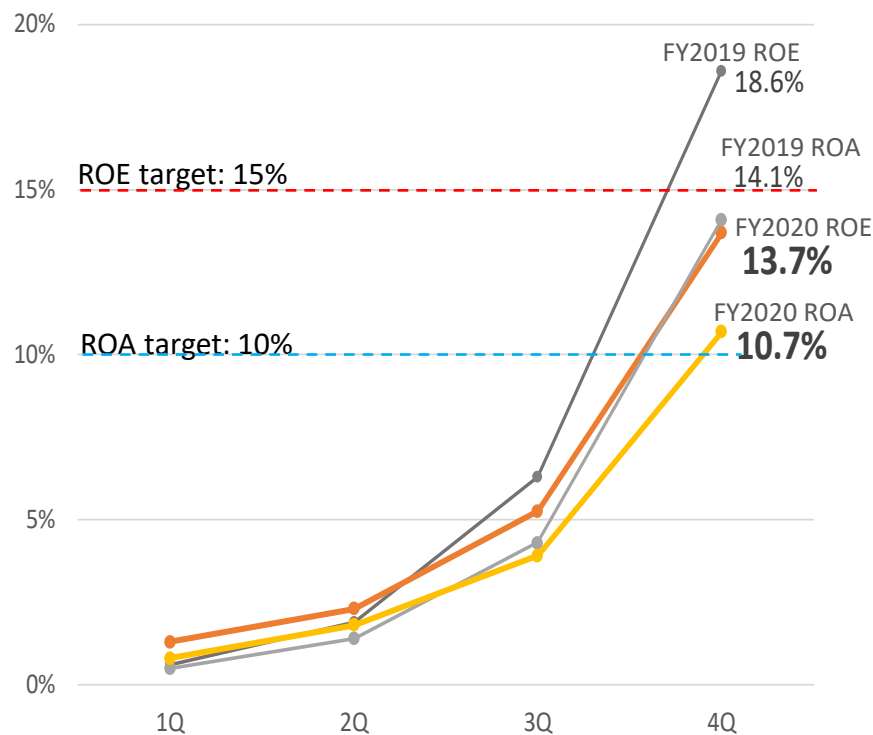
Fiscal 2020 Results



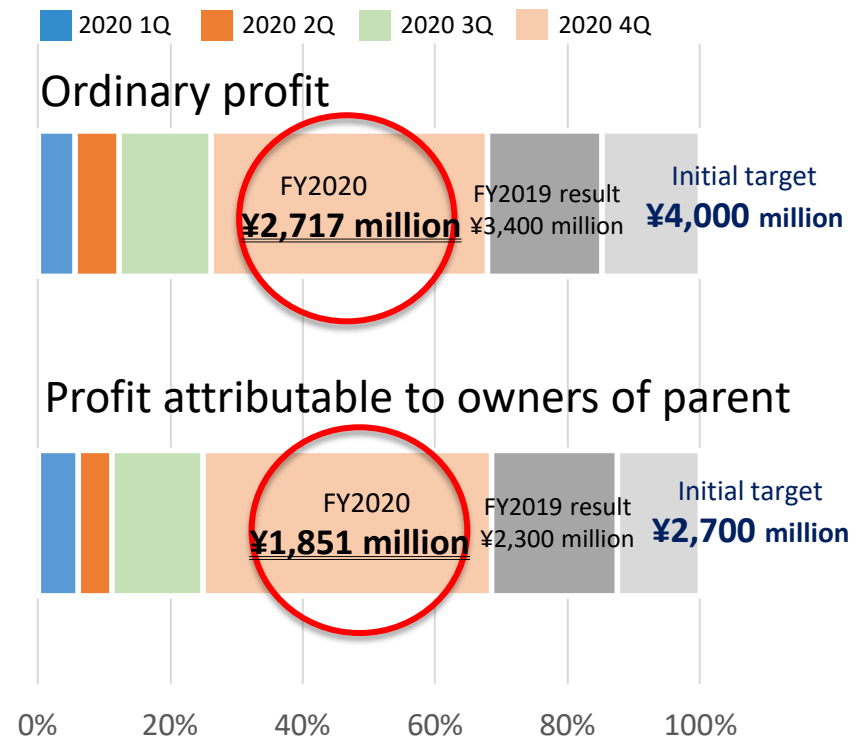
☑ Ordinary profit ¥2.71 billion (down 20.3% YoY), profit attributable to owners of parent ¥1.85 billion (down 21.7% YoY). Solid profit was secured despite future market uncertainty.

☑ ROA at 10.7% met target level. ROE fell slightly short but reached a satisfactory level.

ROE and ROA targets and actual quarterly figures



FY2020 targets and results



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Consolidated Financial Results and Key Performance Indicators in Fiscal 2020



	2019	2020	Difference	Percentage change
(Millions of yen)	(1)	(2)	(2)−(1)	(2)/(1)
Net sales	19,866	27,649	7,783	139%
Operating profit	3,333	2,603	−730	78%
Ordinary profit	3,409	2,717	−692	79%
Profit attributable to owners of parent	2,363	1,851	−512	78%
Earnings per share (Yen)	59.52	47.71	−11.81	80.15%
Net cash provided by (used in) operating activities	(3,165)	6,354	9,519	
Net cash used in investing activities	(114)	(415)	−300	
Net cash provided by (used in) financing activities	337	(3,024)	−3,362	
Cash and cash equivalents at end of period	10,142	13,056	2,914	
	Sept. 30, 2019	Sept. 30, 2020	Difference	Percentage change
(Millions of yen)	(1)	(2)	(2)−(1)	(2)/(1)
Total assets	25,337	25,092	−245	99%
Interest-bearing liabilities	10,665	8,828	−1,837	82%
Shareholders' equity	13,089	13,783	694	105%
Capital-to-assets ratio (%)	51.7	54.9	3.2	106%
Debt-to-equity ratio (times)	0.81	0.64	−0.17	79%

Income Statement

- The prioritizing of turnover of inventory assets increased the number of property sales and boosted net sales.
- As a result, commission payments also rose.

Cash Flow Statement

- Sales of development projects progressed substantially in Q4.
- Due to the slowdown in acquisitions, repayment of borrowing led to increased outflows.

Balance Sheet, etc.

- Due to the voluntary reduction in business operations by affiliates during the state of emergency, there was a temporary slowdown in acquisitions.
- Shareholders' equity was utilized to help restrain acquisition costs.
- The steady sales of portfolio properties resulted in effective debt-freedom.

Main Results from the Consolidated Income Statement in Fiscal 2020



Millions of yen	FY2019	FY2020	Difference
Net sales	19,866	27,649	7,783
Real Estate Business	19,515	27,426	7,911
Sales Promotion Business	350	223	-125
Selling, general and administrative expenses	1,006	1,369	363
Operating profit	3,333	2,603	-730
Non-operating income	209	254	45
Non-operating expenses	133	140	7
Ordinary profit	3,409	2,717	-692
Profit attributable to owners of parent	2,363	1,851	-512

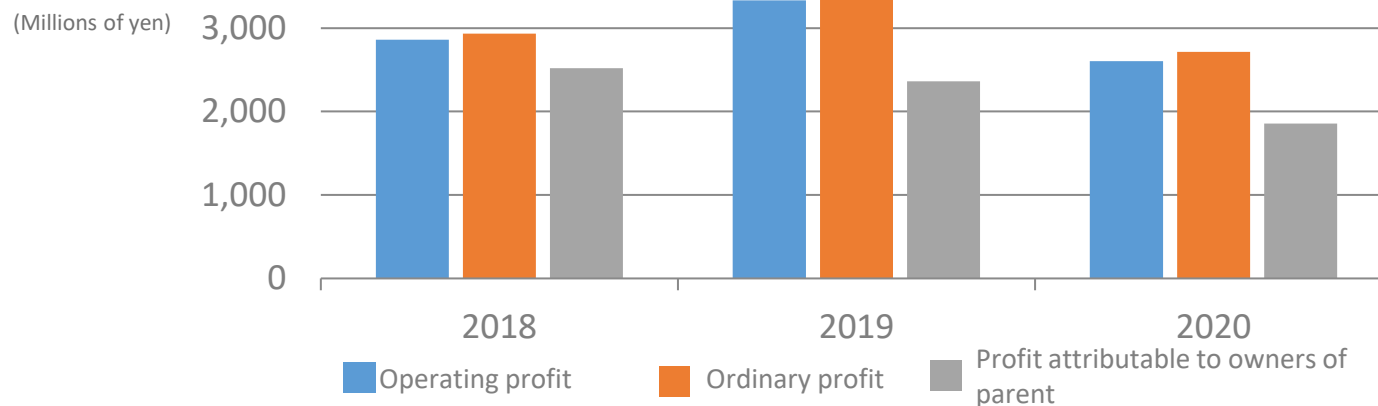
Main reasons for year-on-year difference

Net sales and operating profit

- With priority given to securing profit at an early stage, many development projects were sold.
- Net sales decreased in the Sales Promotion Business due to customers voluntarily reducing business operations for a period.

Selling expenses

With the increase in the number of properties sold, commission payments also rose.

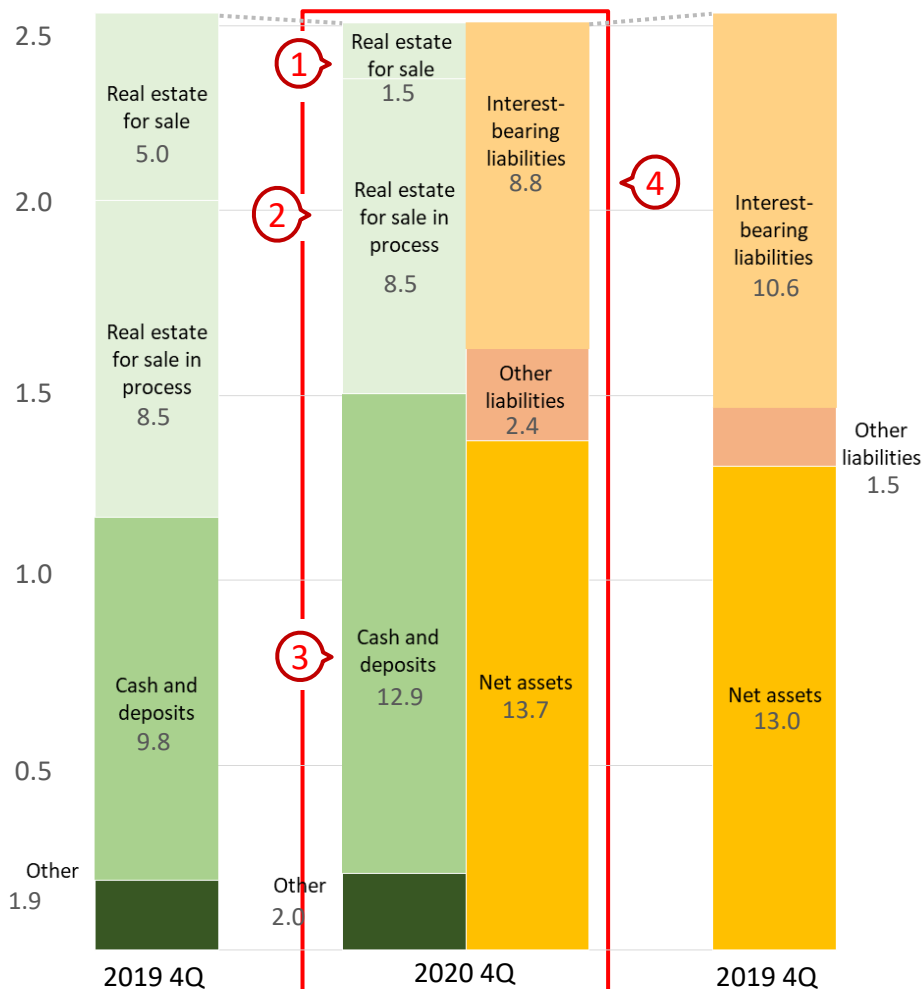


Main Results from the Consolidated Balance Sheet



☑ Solid profit performance boosts capital-to-assets ratio to 54.9%.

(Billions of yen)



Assets

① Sale of a number of large-scale properties

② Focus on selling activity for steady profit accumulation

As a result of ① and ② cash and deposits in hand grew by 32%.

Liabilities and net assets

④ Steady repayment in line with progress of property sales

Capital-to-assets ratio 54.9%

Building of a sound financial base

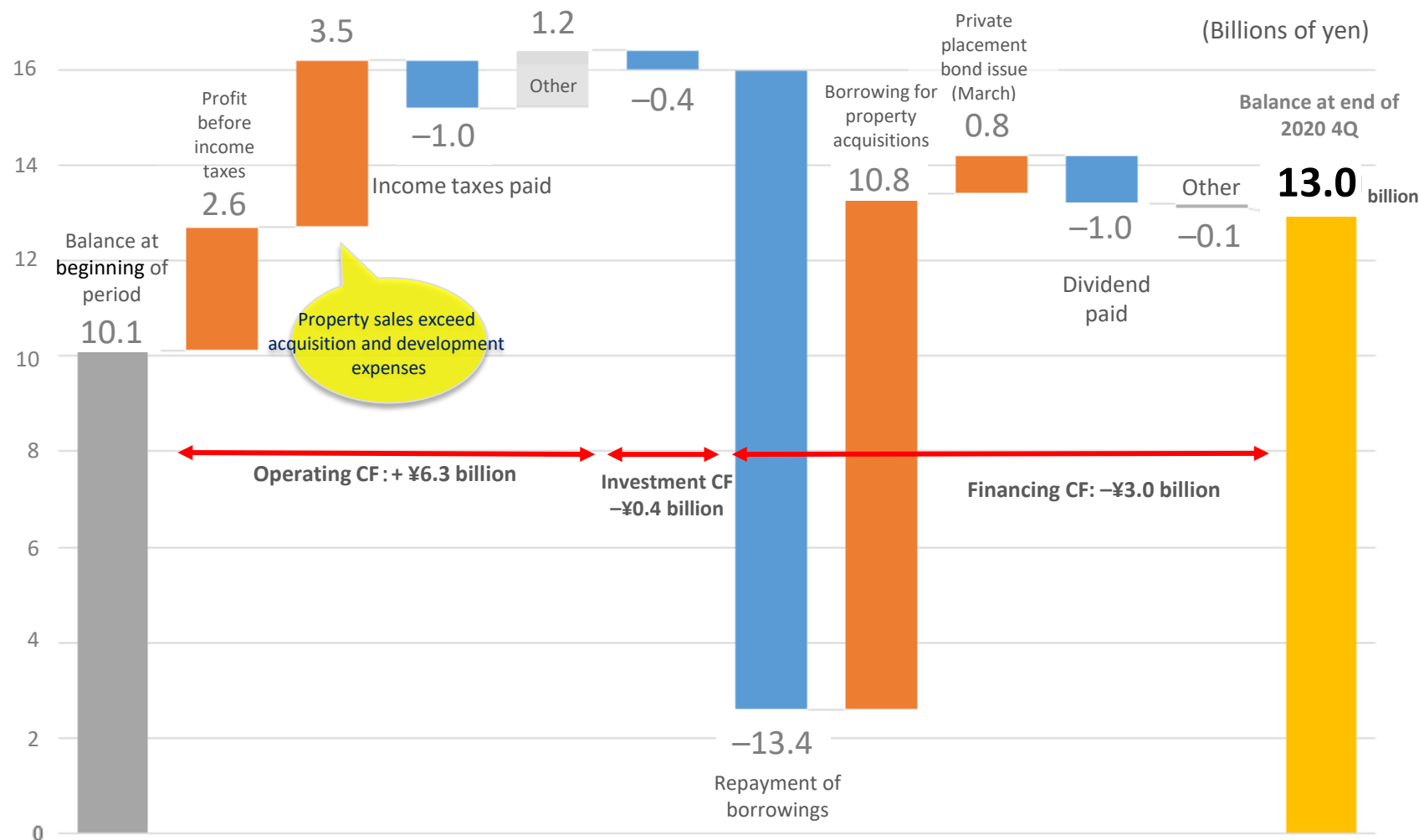
(Real estate industry average 30%)





Fiscal 2020 Consolidated Cash Flow

☑ As a result of steady property sales, cash reserves exceed ¥13.0 billion, which will be invested for further expansion of business scale.



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Summary of Fiscal 2020 Financial Results by Business Segment

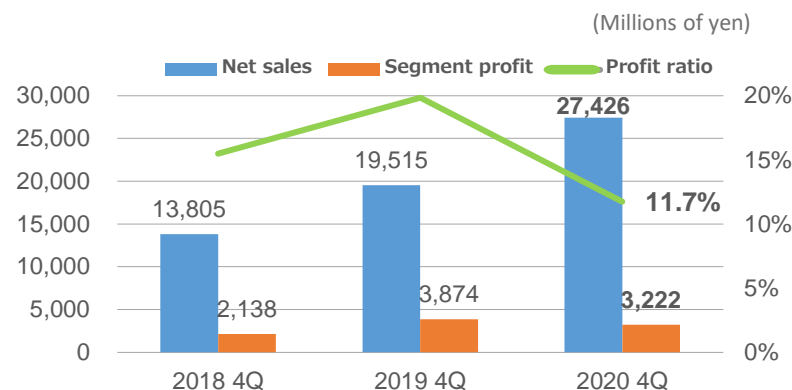
Real Estate Business

Net sales increased 40.5% YoY to ¥27,426 million, and segment profit fell 17.8% YoY to ¥3,222 million.

☑ Amid future market uncertainty, we prioritized securing income at an early stage.

In the last quarter, 21 properties were sold, with profit maintained above a certain level.

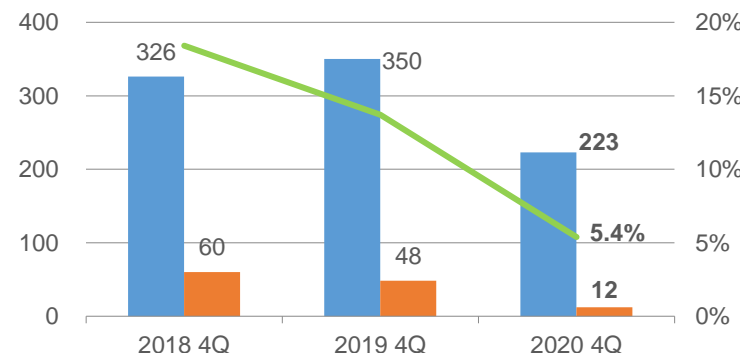
☑ Using a plentiful cash reserve, we gave priority focus to actively acquiring properties in central Tokyo and other prime locations.



Sales Promotion Business

Net sales decreased 36.3% YoY to ¥223 million, and segment profit declined 75.0% YoY to ¥12.4 million.

☑ Heavily impacted for a time by the closure of customer showrooms, business has now recovered and new orders continue to be secured.



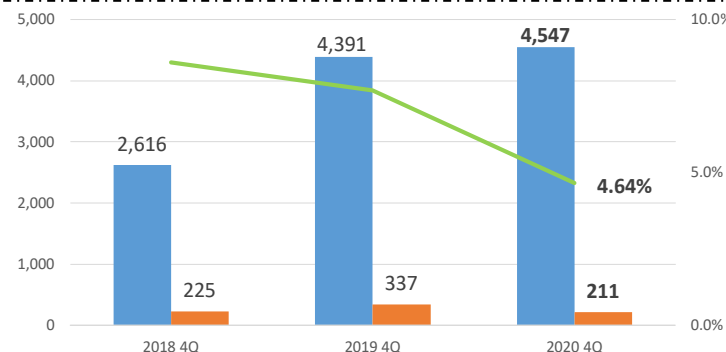
Palma Co., Ltd. (Affiliated Company)

Net sales: ¥4,547 million

Profit attributable to owners of parent: ¥211 million

☑ Facility development and sales expanded steadily

☑ A solid level of commissions was achieved in BPO services with payment guarantee conditions, including IT services allowing viewings and contracts without face-to-face contact



☑ Residential market remains robust despite the COVID-19 crisis.

- Under favorable market conditions, net sales reached a record high
- A diverse range of investors (individuals, general corporations, real estate companies, and real estate investment funds) demonstrating our track record as a capable and dependable property supplier

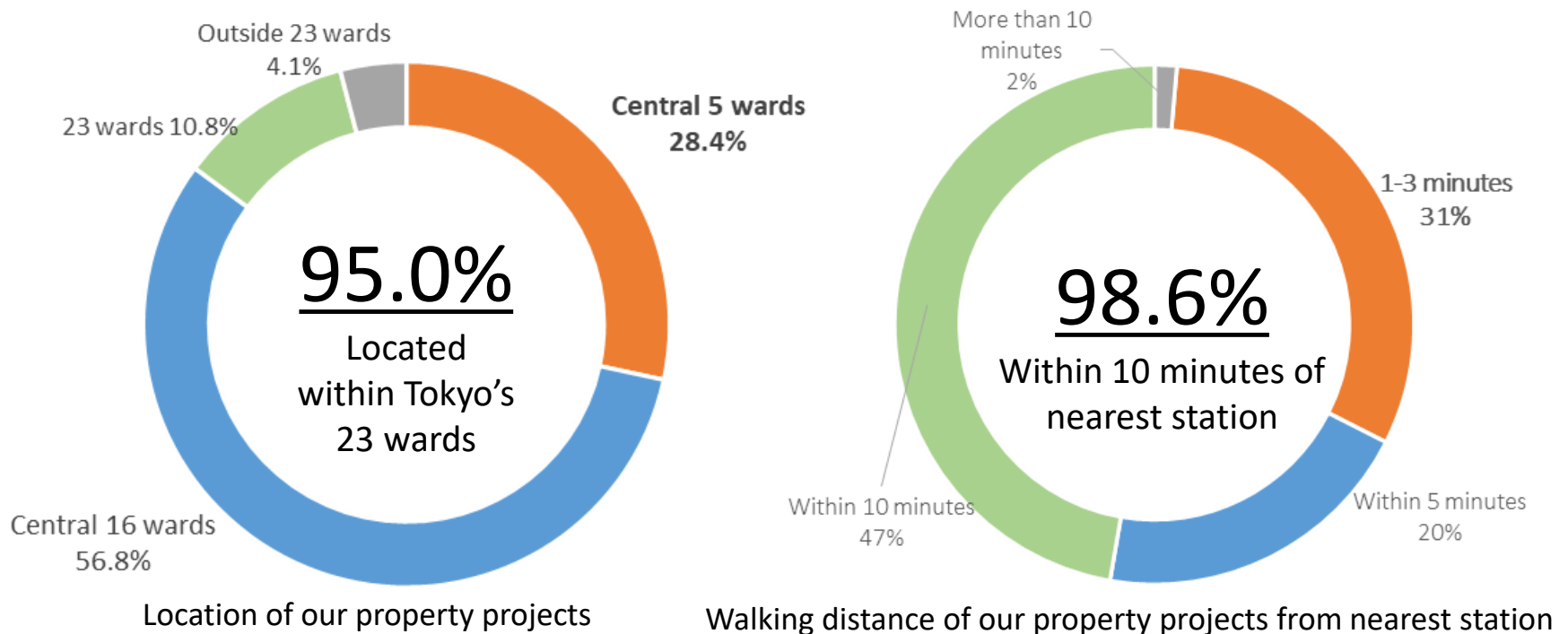


▶ Honjo-azumabashi Project: Total of 22 residential units sold September 2020



☑ Consistent investment policy of selective focus on central Tokyo

- Despite a temporary slowdown due to the state of emergency, development site acquisitions exceeded the previous year's level with a business scale of ¥32.1 billion.
- In line with increased project scale, further improvement in profit efficiency can be expected.



* The property portfolio value of approximately ¥32.1 billion is comprised of the total costs of development projects and the total acquisition price of income producing properties.

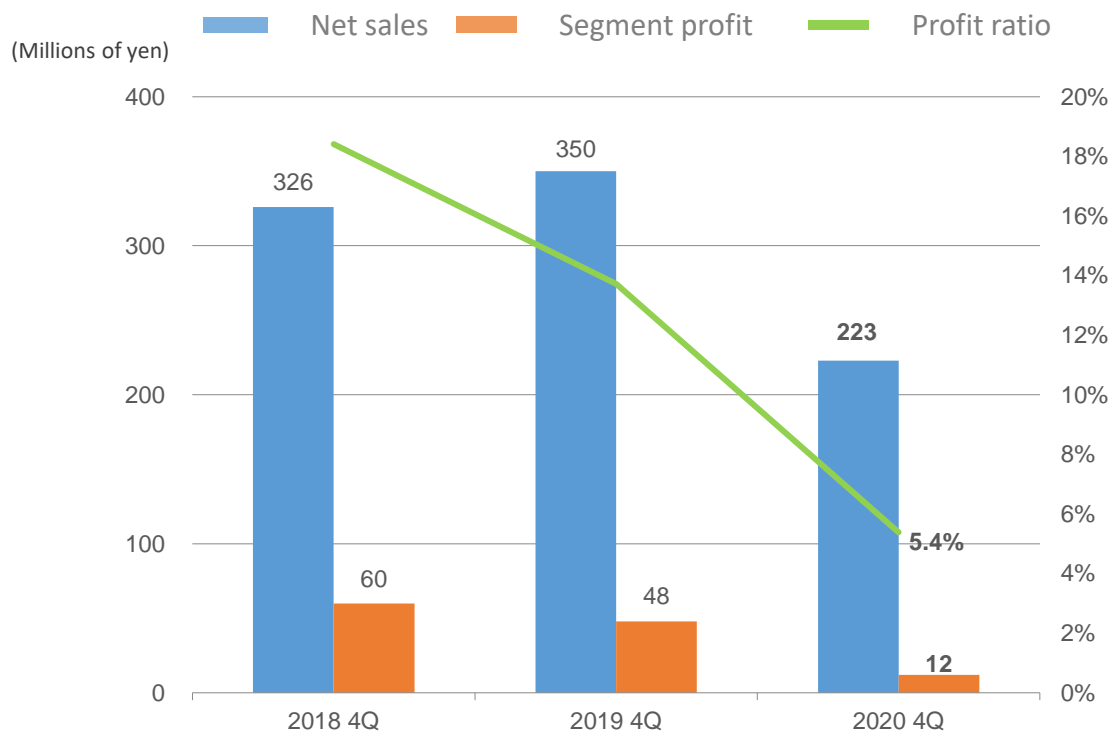
* Central 5 wards: Chiyoda, Chuo, Minato, Shibuya, and Shinjuku wards.

Central 16 wards: Central 5 wards plus Bunkyo, Taito, Sumida, Koto, Shinagawa, Ota, Meguro, Setagaya, Suginami, Nakano, and Toshima wards.

Overview of the Sales Promotion Business

☑ **Despite the heavy impact of COVID-19, business is now recovering.**

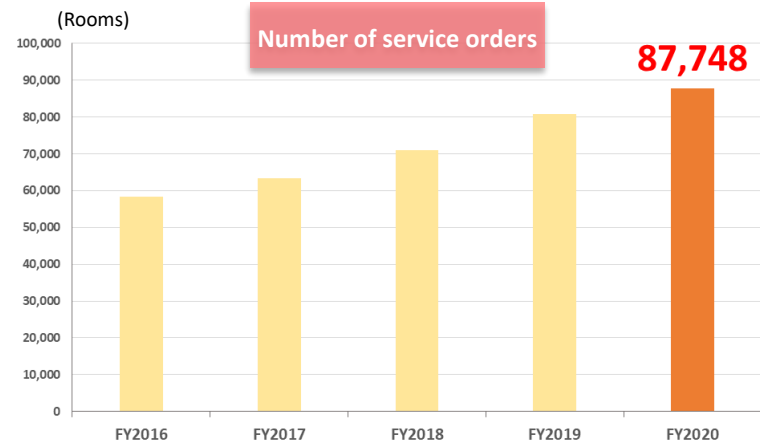
- Dispatched staff numbers fell as customers voluntarily reduced business operations, generating expenses to maintain employment
- The number of dispatch sites recovered gradually in the second half. In response to strong demand for rental apartments in central Tokyo, new orders are increasing.



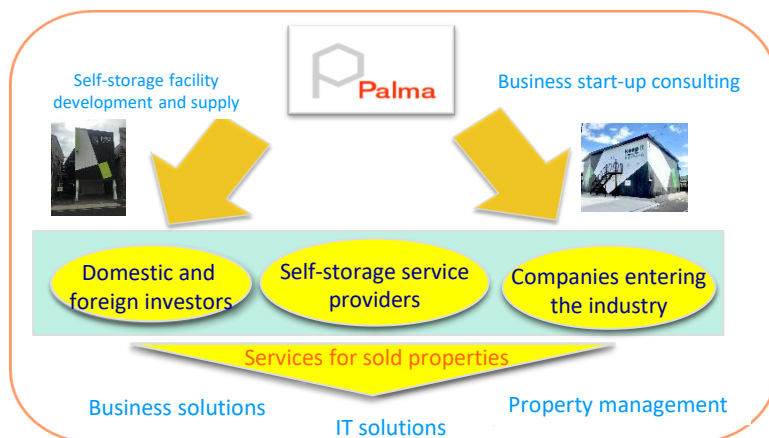


Business solutions services: BPO services with payment guarantee conditions

- ☑ BPO services with payment guarantee conditions grew, as did installation of online payment and inventory control systems
- ☑ The service's signature feature, a reception and contract proxy service that uses non-physical channels such as the Internet, provides smooth operational and user environments despite the COVID-19 pandemic. Opportunities increased to secure commissions for a range of services.



Turnkey solutions services: Property development and supply combined with BPO services



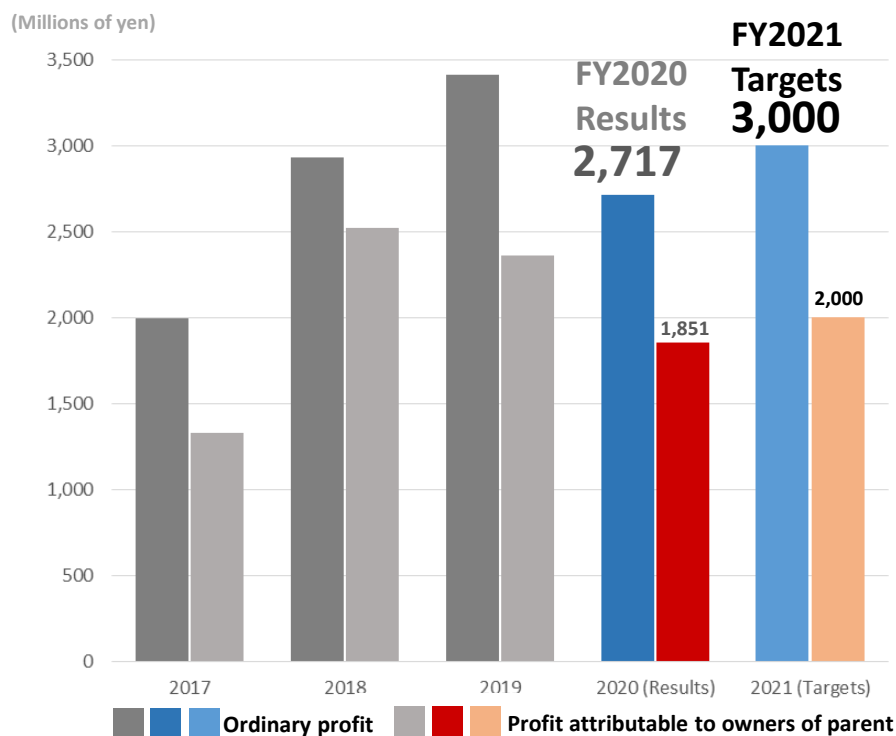
- ☑ Although COVID-19 had some impact in terms of delays with facility development projects and changes in investor attitudes, eight properties were sold and net sales exceeded those of the previous fiscal year.
- ☑ Progress is being made on development, sales, and operational consulting services for five properties.
- ☑ Investment was expanded in response to new demand envisaged around home working and other new lifestyle patterns.

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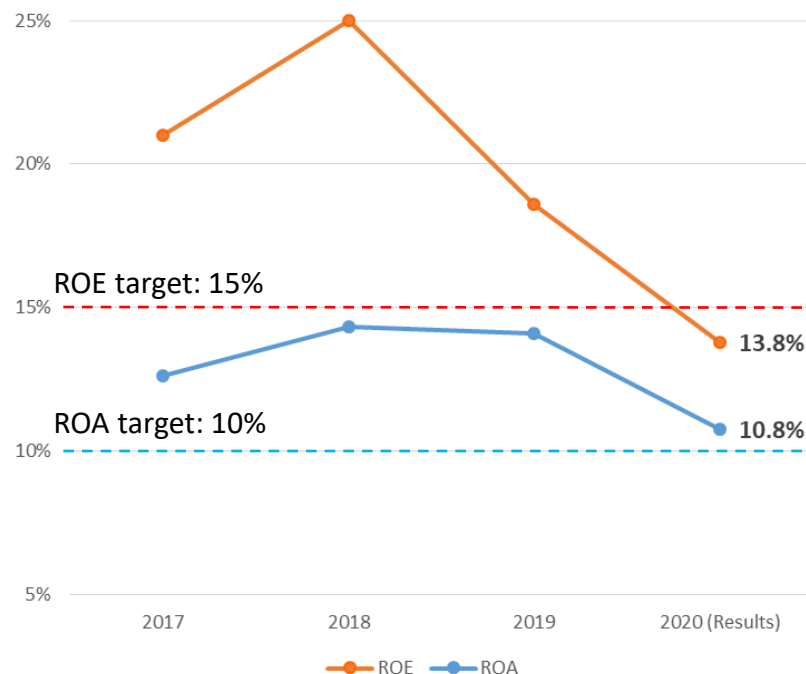
Profit Targets for Fiscal 2021

- ☑ Targets of ¥3.0 billion for ordinary profit and ¥2.0 billion for profit attributable to owners of parent
- Ordinary profit target of ¥5.0 billion for 2022 backed by sound financial base
- ☑ Dividend target of ¥20 per share (payout ratio 40%)

Ordinary profit and profit attributable to owners of parent



Fiscal year targets and results for ROE and ROA





Key Initiatives: Real Estate Business

Continuing to actively invest in main businesses with the goal of establishing a foundation for growth over the medium and long terms

Increase the scale of development and investment projects

- Continue increasing the scale of development and investment projects, especially for condominiums designed for singles and DINKs
- Create investment opportunities for medium and large properties by utilizing partnerships, multipurpose facility development projects, and various other means
- Continuously sell off properties while taking account of development plans, future building operations, market trends, and consolidated profits

Increasing development and investment project earnings



Continue building up a stable income-producing asset portfolio

- Leverage our sound financial footing to boost investment in assets that can be used over the medium and long terms to generate stable earnings
- In addition to increasing asset values, watch the market with the aim of realizing capital gains

Increasing portfolio earnings



Key Initiatives: Real Estate Business

Property portfolio area

Focus on development and investment in properties located near train stations in central Tokyo

- Highly selective targeting of properties located in the 23 wards of Tokyo and within 30 minutes by train from major stations
- Boosting investment in areas with convenient access to workplaces, restaurants, and residences, such as the Ichigaya, Iidabashi, and Kagurazaka areas



Looking toward Ichigaya from Iidabashi Station



(Reference material) List of Main Property Projects



Akatsuka project



DeLCCS Kagurazaka-Tenjincho project



Ojima project

Main development projects currently underway

Project name	Project type	Location	Nearest station
Ichigaya-Yanagicho	Commercial, office, and residential building development	Shinjuku Ward, Tokyo	Approx. 1-minute walk from Ichigaya-Yanagicho Station of Toei Oedo Subway Line
DeLCCS Kagurazaka-Tsukudocho	Commercial building development	Shinjuku Ward, Tokyo	Approx. 4-minute walk from Iidabashi Station on Toei Oedo Subway Line, etc.
Iidabashi II	Condominium building development	Shinjuku Ward, Tokyo	Approx. 6-minute walk from Iidabashi Station of Tokyo Metro Tozai Line, etc.
Kinshicho IV	Condominium building development	Koto Ward, Tokyo	Approx. 10-minute walk from Kinshicho Station of Tokyo Metro Hanzomon Line
Ryogoku-Ekimae	Condominium building development	Sumida Ward, Tokyo	Approx. 1-minute walk from Ryogoku Station of JR Sobu Local Line
Yoyogi-Uehara	Condominium building development	Shibuya Ward, Tokyo	Approx. 5-minute walk from Yoyogi-Uehara Station of Tokyo Metro Chiyoda Line, etc.
Koenji III	Development, planning and sale	Suginami Ward, Tokyo	Approx. 6-minute walk from Koenji Station of JR Chuo and Sobu Local lines

In addition to these, 27 other projects are currently underway.

Main income-producing projects currently owned

Project name	Asset type	Location	Nearest station
Philpark Omotesando	Commercial and office building	Shibuya Ward, Tokyo	Approx. 5-minute walk from Omotesando Station of Tokyo Metro Hanzomon Line
DeLCCS Kagurazaka II	Commercial building	Shinjuku Ward, Tokyo	Approx. 3-minute walk from Iidabashi Station of Tokyo Metro Tozai Line
DeLCCS Nakano Shimbashi	Residential and office building complex	Nakano Ward, Tokyo	Approx. 4-minute walk from Nakano-shimbashi Station of Tokyo Metro Marunouchi Line
Azumabashi 3-chome Bldg.	Commercial and residential complex	Sumida Ward, Tokyo	Approx. 1-minute walk from Honjo-azumabashi Station of Toei Asakusa Subway Line

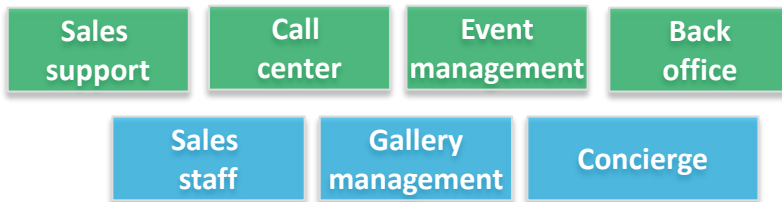
In addition to these, 10 other properties are currently owned.

* Development, planning and sale involves creating and executing a development plan for real estate that is suitable to a site after demolishing buildings on the site, conducting soil pollution tests, settling property rights, and obtaining permits have been approved) and then selling the property.



Dear Life Agency Co., Ltd. (Subsidiary providing staffing-related services)

Wide-ranging capabilities



Resources

- ◆ Relations with major real estate firms
- ◆ Female-led staff spanning many generations
- ◆ Extensive sales and customer service experience
- ◆ Event management know-how
- ◆ Staff development and training expertise
- ◆ Detailed system for following up on outsourced staff
- ◆ Able to arrange operations on a short-term basis

Improve the competitiveness of mainstay staff outsourcing services

- Continue promoting sales of staff outsourcing to the real estate industry, in which demand is high for personnel and outsourced staff when the economy is healthy
- Focus on improving the quality and quantity of outsourced staff through recruitment and training as well as on deploying them in other industries

Promote alliances and M&A

- Broaden services offered through mergers, acquisitions, joint ventures, and business tie-ups



✓ Acquisition of DLX Holdings Co., Ltd., as subsidiary

We concluded a basic agreement on the acquisition as a subsidiary of DLX Holdings Co., Ltd., which is under the control of NFC HOLDINGS, Inc. We plan to make DLX Holdings the parent company of N-STAFF Co., Ltd.

In this way, we aim to generate synergy with the Sales Promotion Business and establish a highly specialized staff outsourcing business.



Overview of N-STAFF Co., Ltd.

Address	1-25-8, Ikebukuro, Toshima-ku, Tokyo
Business activities	Staff outsourcing to call centers for credit card companies, insurance companies, etc.
Representative	Representative Director Satoru Tsukamoto
Established	August 26, 2019 (as spin-off from NFC HOLDINGS, Inc.)
Method of acquisition as subsidiary	Following establishment of DLX Holdings, it will acquire all stock of N-STAFF Co., Ltd. DEAR LIFE will then receive a third-party share allocation from DLX Holdings, resulting in its holding a share of more than 51% in DLX Holdings, which will become a subsidiary.

☑ Medium-term management plan: “Investment to Create New Business Fields”

Operational and capital alliance with Japan M&A Solutions Co., Ltd. (November 2019)

We aim to generate business opportunities through access to and utilization of company and investment data and information on properties requiring action in M&A procedures



JMA

Investment in Coin Space K.K. (May 2019)



coin space

Anticipating growing demand for co-working spaces, we will cooperate in opening and operating facilities

Capital investment in venture fund spun out of Waseda University (May 2019)

Offering DEAR LIFE’s expertise to businesses targeted by the fund and aiming to create opportunities for alliances and collaboration

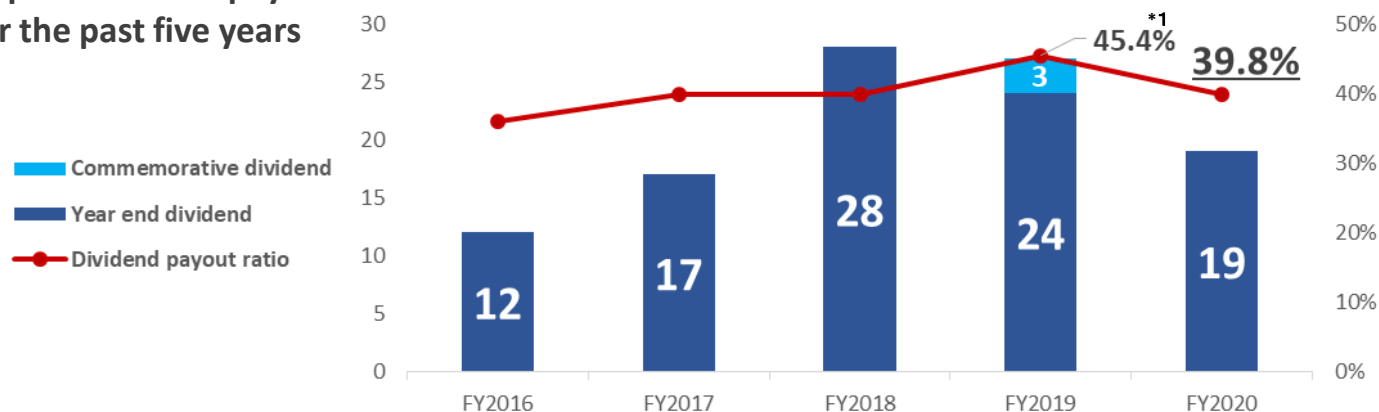


WERU Investment
Research & Business Development

Shareholder Returns Policy

☑ Dividends: Consolidated payout ratio 40%: Dividend of ¥19 per share

Dividend per share and payout ratio over the past five years



*1. The Fiscal 2019 dividend included a ¥3 commemorative dividend to mark the Company's 15th anniversary, excluding which the payout ratio was 40.3%.

☑ Acquisition of Company Shares

Decision to acquire own shares with upper limit of ¥500 million, 1,250,000 shares

Acquisition period	November 16, 2020 to May 31, 2021
Maximum number of shares	1,250,000 shares (3.22% of total shares in issue)
Total value (upper limit)	¥500 million
Acquisition method	Market purchase through Tokyo Stock Exchange

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