

Presentation of Financial Results for the First Half of
Fiscal 2021, Ending September 30, 2021
DEAR LIFE CO., LTD.

May 14, 2021



DEAR LIFE

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

Overview of the DEAR LIFE Group's Businesses

Real Estate Business



DEAR LIFE

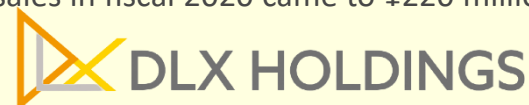
- Development and sale of real estate in central Tokyo
- Development is focused on urban condominium buildings¹
- Net sales in fiscal 2020 came to ¥27,420 million.



Sales Promotion Business



- Operating mainly in the real estate industry, provides outsourcing of sales and administrative staff and offers various promotional support services.
- Net sales in fiscal 2020 came to ¥220 million.

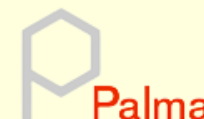


- Provides call center staff outsourcing to insurance companies and other businesses through the subsidiary NSTAFF Co., Ltd.
- Was made a subsidiary in January 2021 through acquisition of more than 51% of its stock

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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Summary of Financial Results in the First Half of Fiscal 2021



☑ Main Factors Underlying Results

	FY2020 first half	FY2021 first half
Net sales	¥7,188 million	¥4,873 million
Operating profit	¥512 million	¥142 million
Ordinary profit	¥492 million	¥202 million
Profit attributable to owners of parent	¥301 million	¥103 million

◎ Real Estate Business

Acquisitions: Acquisition of 8 development sites and income-producing properties, including some located in the Iidabashi and Kagurazaka areas.

Sales: 11 sale contracts concluded for the third quarter and after.

◎ Sales Promotion Business

Increased profits despite reduced staff dispatch to customer showrooms following the renewed declaration of a state of emergency.

Acquired DLX Holdings Co., Ltd., as a subsidiary.

Aim to secure stable sales through the remotely based insurance business operations of N-STAFF Co., Ltd.

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

Developed self-storage facilities and handling of their subsequent operations grew substantially.

Made a subsidiary of the design and construction company Reiwa Engineering Corp.

Moved to accelerate growth in the turnkey solutions services business.

Summary of Financial Results in the First Half of Fiscal 2021



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

Aimed to generate synergy with the sales promotion business and establish a highly specialized staff outsourcing business.

Incorporated as a Group member N-STAFF, a company engaged in agency sales of insurance products through remote means ideally adapted to the COVID era.



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 Satoshi Tsukamoto
Established	August 26, 2019 (as spin-off from NFC HOLDINGS, Inc.)
Current status	Following establishment of DLX Holdings, it acquired all stock of N-STAFF Co., Ltd. On January 8, 2021, DEAR LIFE received a third-party share allocation from DLX Holdings, resulting in its holding a share of more than 51% in DLX Holdings, which became a subsidiary.

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Consolidated Financial Results and Key Performance Indicators in the First Half of Fiscal 2021



(Millions of yen)	FY2020 1st half (1)	FY2021 1st half (2)	Difference (2)-(1)	Percentage change (2)/(1)
Net sales	7,188	4,873	-2,315	67.8%
Operating profit	512	142	-370	27.7%
Ordinary profit	492	202	-290	41.1%
Profit attributable to owners of parent	301	103	-198	34.2%
Earnings per share (yen)	7.78	2.67	-5.11	34.3%
Net cash used in operating activities	(4,744)	(7,797)	-3,053	
Net cash provided by (used in) investing activities	(62)	474	536	
Net cash provided by financing activities	2,679	3,987	1,308	
Cash and cash equivalents at end of period	8,014	9,721	1,707	
	As of Sept. 30, 2020	As of Mar. 31, 2021	Difference	Percentage change
(Millions of yen)	(1)	(2)	(2)-(1)	(2)/(1)
Total assets	25,092	28,542	3,450	114%
Interest-bearing liabilities	8,828	13,898	5,070	157%
Shareholders' equity	13,783	12,833	-950	93%
Capital-to-assets ratio (%)	54.9	45.0	-9.9	82%
Debt-to-equity ratio (times)	0.64	1.08	0.44	169%

Income Statement

Net sales decreased year on year due to large-scale property sales in the previous year.

Cash Flow Statement

For operating activities, progress was made with acquisition and development of large-scale properties.

For investing activities, an inflow of ¥202 million was recorded through acquisition of DLX Holdings Co., Ltd., as a subsidiary.

For financing activities, borrowings increased due to the acquisition of large-scale properties.

Balance Sheet, etc.

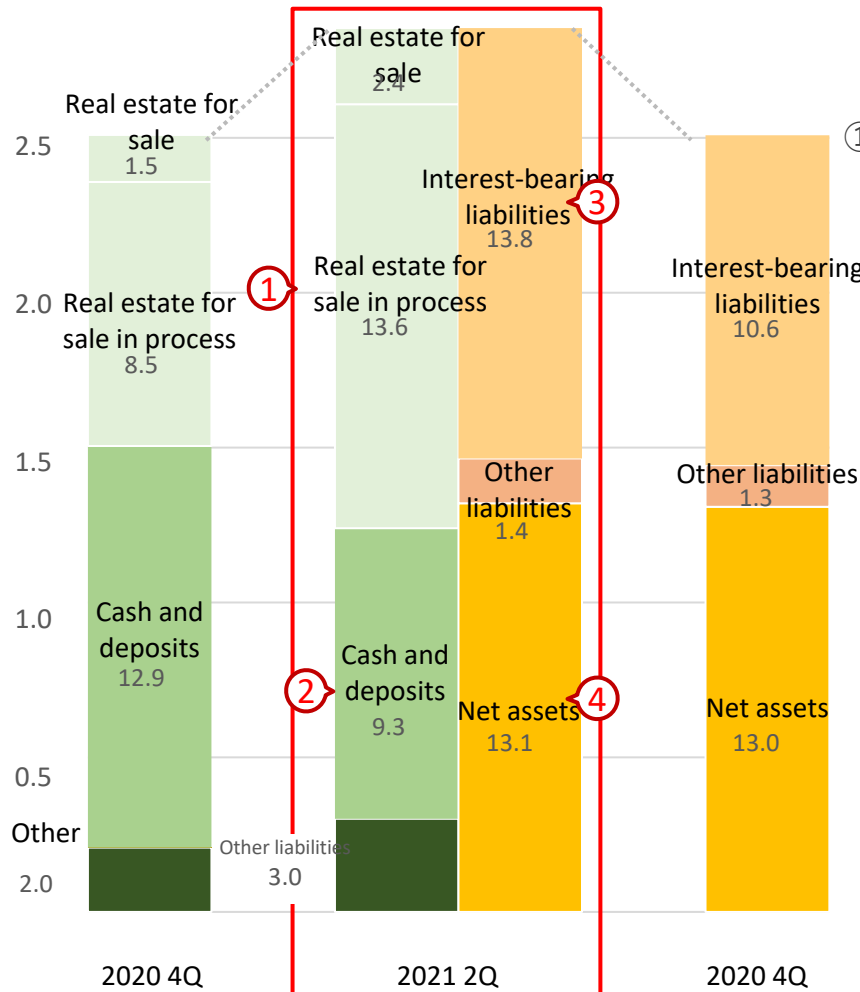
- Priority focus on acquisition of development sites
- Shorter project cycles led to increased use of own capital and reduction in the capital-to-assets ratio

Main Results from the Consolidated Balance Sheet as of the End of the First Half of Fiscal 2021



☑ Priority focus on property acquisition and development. Expanded scale of business while making proactive use of cash reserves.

(Billions of yen) 3.0



① Focus on property acquisition and development activity

② Projects of short duration funded from cash reserves

⇒ Increase in interest-bearing liabilities reduced

Sufficient cash reserves maintained

Liabilities and Net Assets

③ Decreasing trend due to ② above

④ Capital-to-assets ratio **45.0%**

Sound financial footing maintained

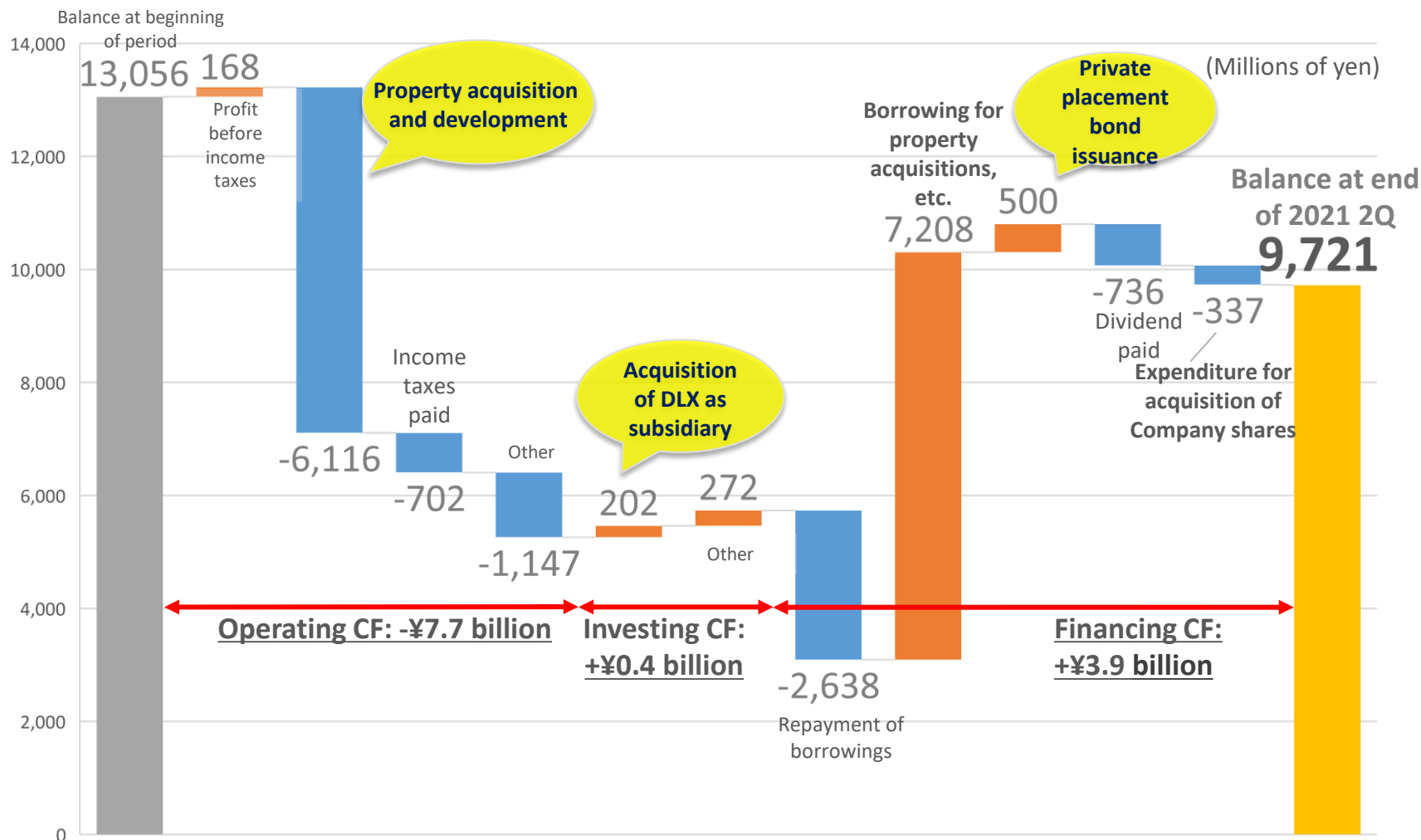
(Real estate industry average: 30%)

Main Results from the Consolidated Cash Flow Statement in the First Half of Fiscal 2021



DEAR LIFE

☑ Drove investment to prepare for expansion of business scale. Also progressed smoothly with funding procurement from financial institutions.

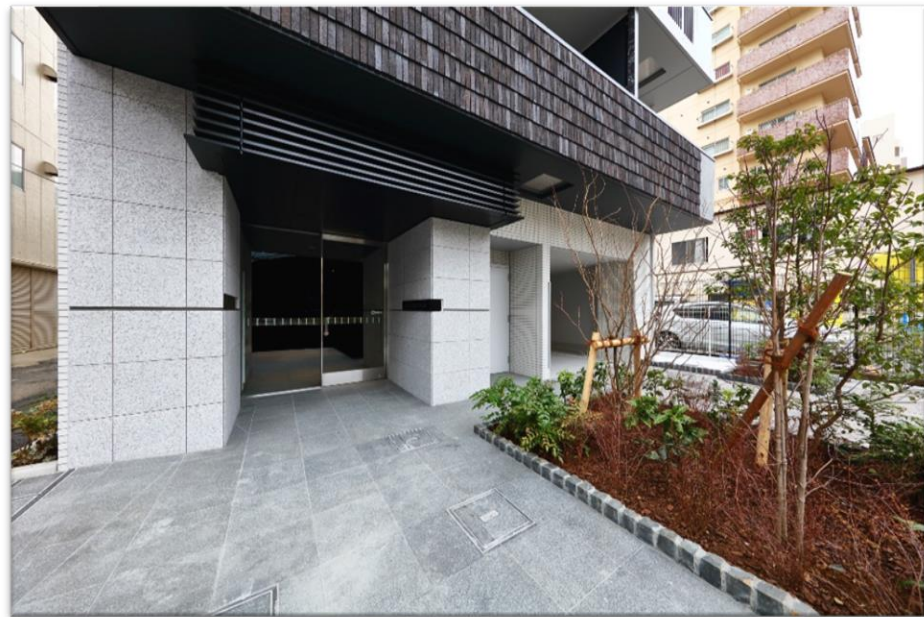


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Real Estate Business (1): Properties Sold in the First Half of Fiscal 2021

☑ Residential market remains robust despite COVID pandemic

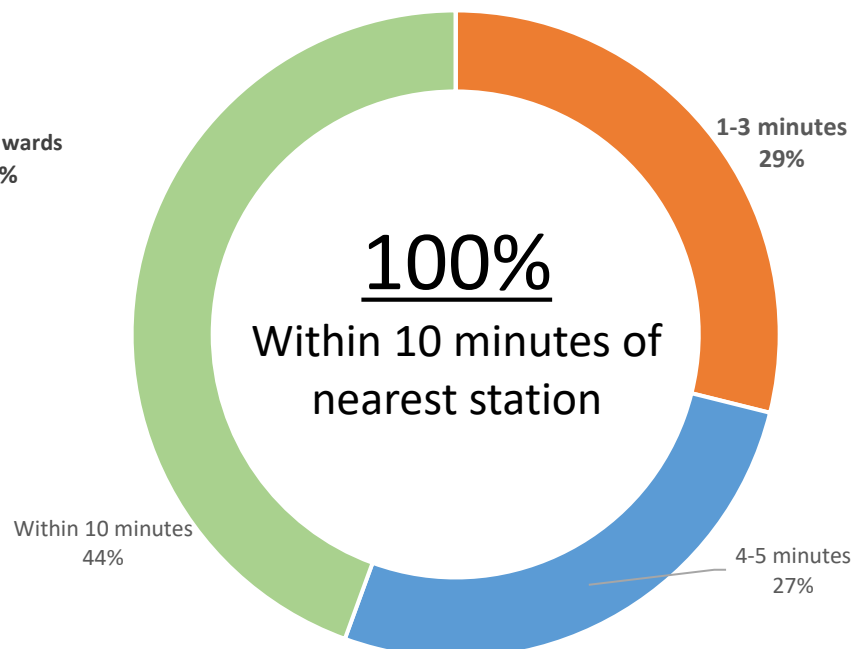
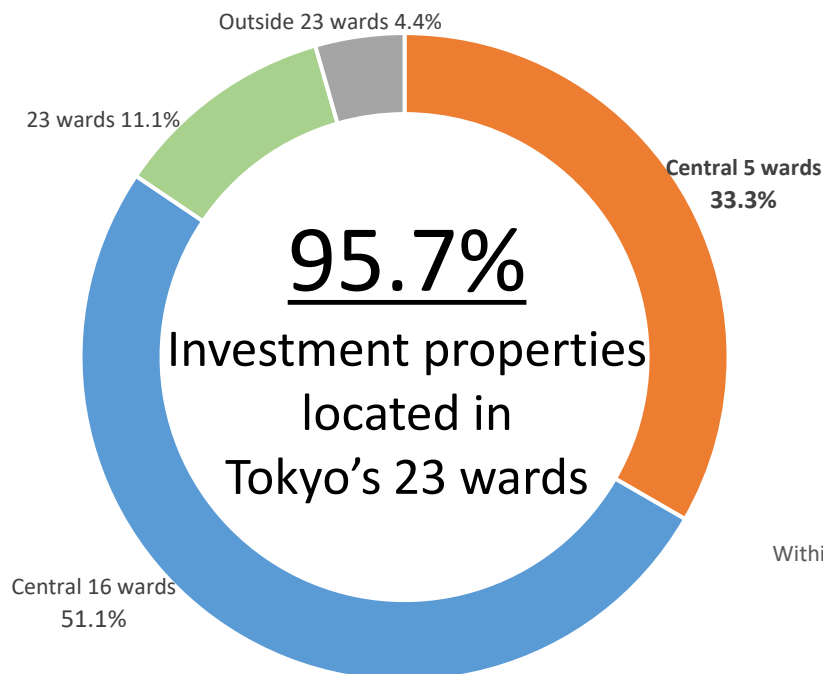
- 11 sales contracts have been concluded since the start of the second half
- Properties were sold to a diverse range of investors (individuals, general corporations, real estate companies, real estate investment funds, etc.), demonstrating our track record as a dependable property supplier with planning capabilities.



▶ Shin-Otsuka project completed and sold in January 2021

✓ Consistent investment policy of selective focus on central Tokyo

- In the second quarter of fiscal 2021, despite impaired contact with property owners and adjoining land owners, payment delays, and other impacts of the repeated states of emergency, the Company acquired development sites and income-producing properties worth around ¥6.2 billion.
- In line with increased project scale, further improvement in profit efficiency can be expected.



Notes: 1. The property portfolio value of approximately ¥6.2 billion is comprised of the total costs of development projects and the total acquisition price of income producing properties.

2. 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 Affiliates

DEAR LIFE AGENCY (wholly owned subsidiary)

- Reduction in dispatched staff numbers due to customer showroom closures following the renewed declaration of a state of emergency.
- Despite the fall in net sales, segment profit increased due to a decrease in selling, general and administrative expenses.

DLX HOLDINGS (51.2%-owned subsidiary)

- Deemed acquisition as of the end of March 2021. Will contribute to the consolidated income statement from the third quarter.
- Aims to secure stable sales through the remotely based insurance operations of N-STAFF Co., Ltd.

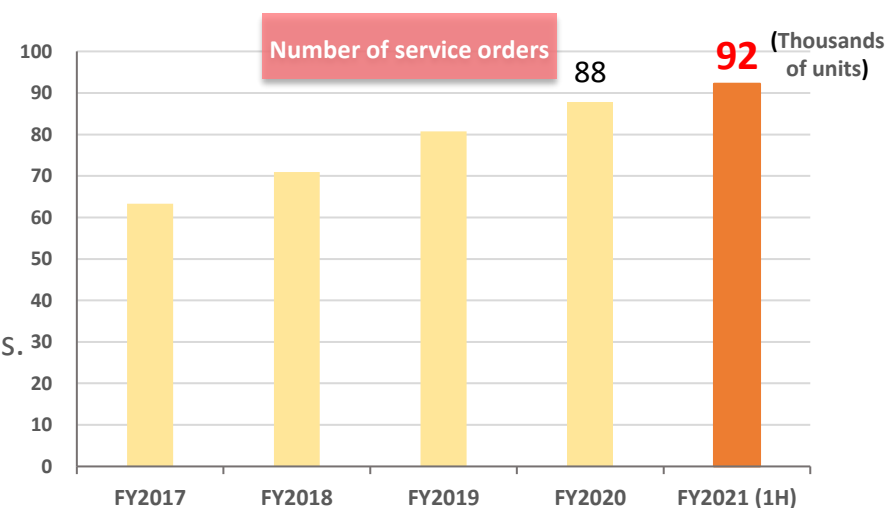
Palma (41.2%-owned equity-method affiliate)

● BPO services with payment guarantee conditions:

Provision of smooth operational and user environments through reception and proxy contract services using non-physical channels such as the Internet. Increased opportunities to secure commissions for a range of services.

● Turnkey solutions services:

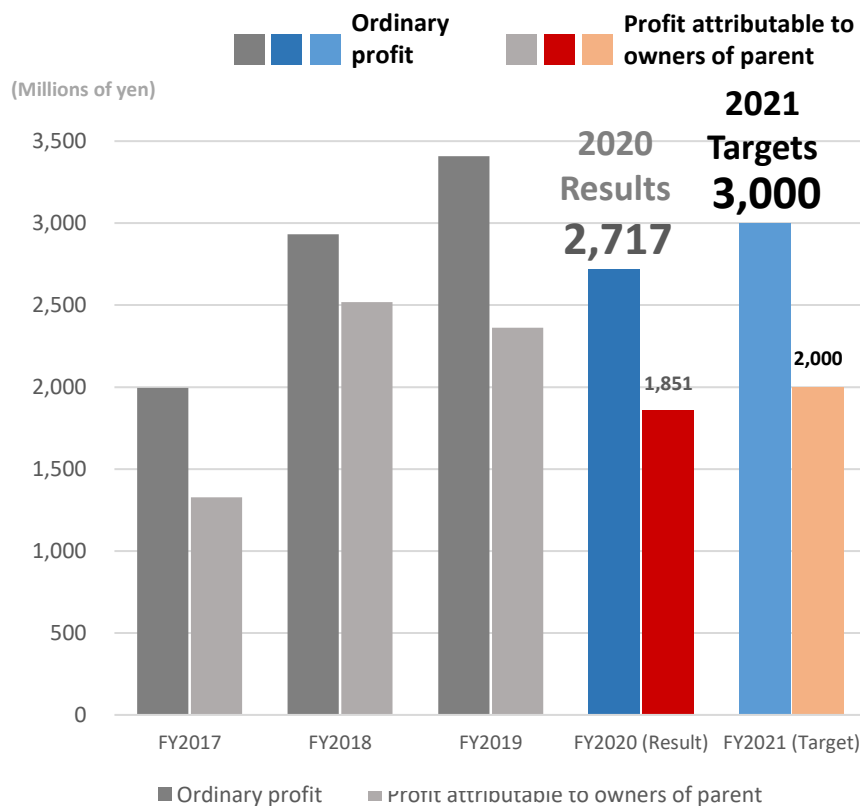
Progress is being made on development, sale, and operational consulting services for six properties.



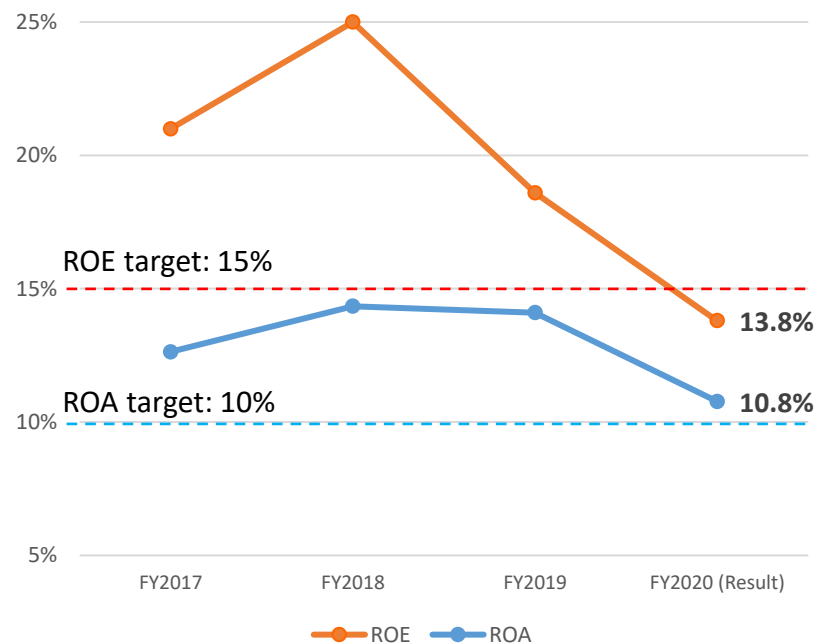
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Profit Targets for Fiscal 2021

- ☑ Targets of ¥3.0 billion for ordinary profit and ¥2.0 billion for profit attributable to owners of parent.
Target of ¥5.0 billion for ordinary profit in 2022 with real estate development and investment as the main driver
- ☑ Leverage M&A to progress with expansion of operations in the staff outsourcing business.



Fiscal year targets and results for ROE and ROA



Real Estate Business: Investment Strategies in Fiscal 2021

- Carefully search for and select real estate in central Tokyo which is marketable, scarce, and in demand for leasing, even amid the COVID-19 pandemic.
- Continue accumulating property information and broadening acquisition channels through strengthened recruitment and personnel increase
- Swiftly and flexibly plan projects through collaboration with in-house architects and business partners.



Representative image of entrance foyer

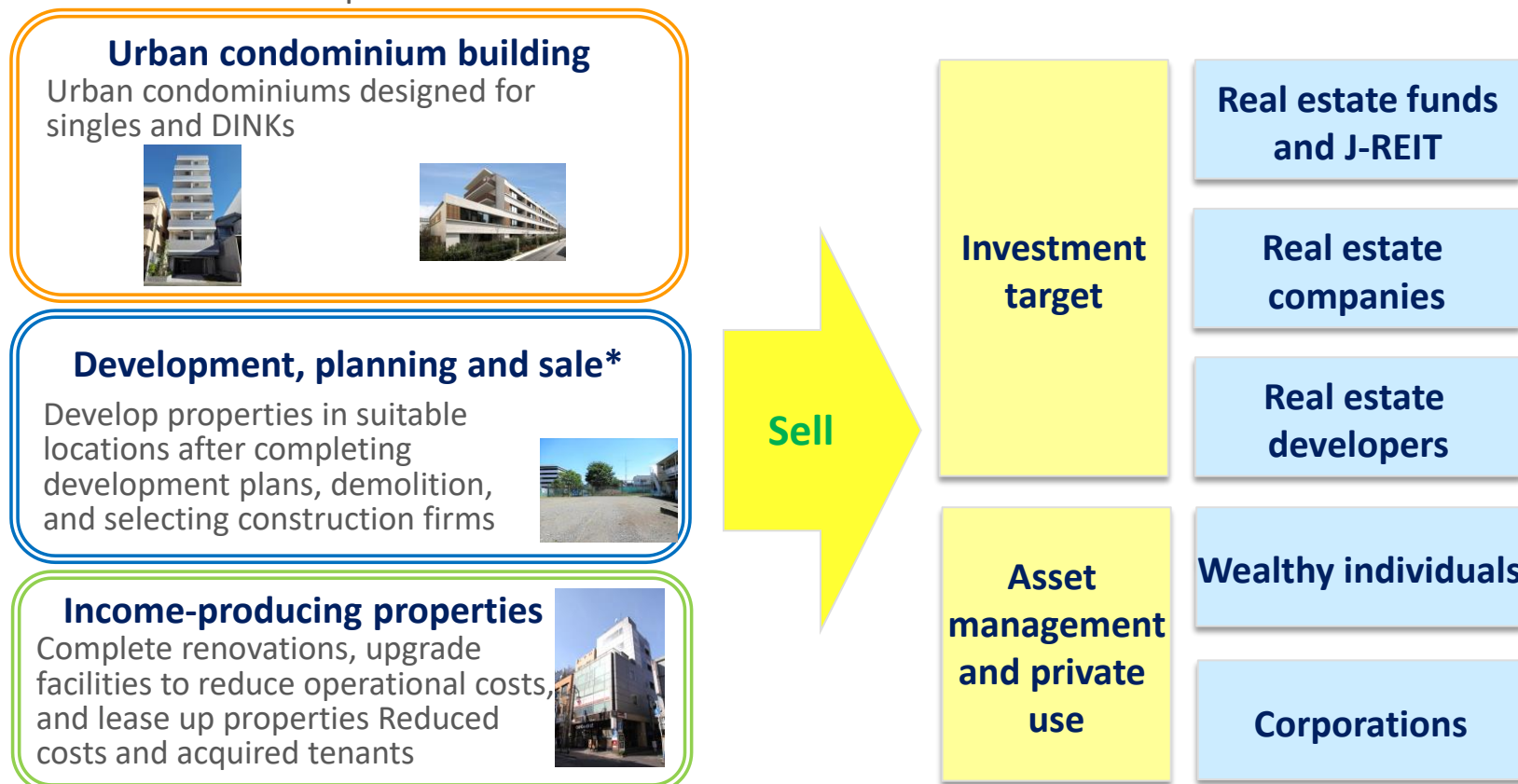
▶ **Ryogoku-Ekimae project**

Located 1-minute walk from East Exit of JR Ryogoku Station,
Sumida Ward, Tokyo

24-unit condominium development project currently in progress

Real Estate Business: Sales Strategies in Fiscal 2021

- ☑ Steady level of interest in assets invested in or operated by the Company.
- ☑ The Company will maintain a large cash reserve by focusing on development, planning and sale projects that have a short turnaround time.
- ☑ Energetic sales activity concentrating mainly on sales companies and funds investing in one-room condominium developments.



* 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.

Real Estate Business: Properties Scheduled for Future Sale



DEAR LIFE

- ◆ At present, DEAR LIFE plans to sell 11 properties, including urban condominium buildings and income-producing properties.
- ◆ The Company will earnestly proceed with the sale of properties that it owns, is developing, and are scheduled for completion in the future.



Ikebukuro project



Ichigaya-Yanagicho project



Itabashi V project

Main properties scheduled for sale in the future

Project name	Location	Property type	Status as of May 14	Planned accounting period for recording of sales
Ikebukuro	Toshima	Urban condominium building development	Sales payments received	Fiscal 2021 3Q
Ichigaya-Yanagicho	Shinjuku		Sales contracts concluded	Fiscal 2021 3Q
Itabashi IV	Kita		Sales contracts concluded	Fiscal 2021 4Q
Itabashi V	Kita		Sales contracts concluded	Fiscal 2021 4Q
Hachimanyama	Suginami	Development, planning and sale	Sales payments received	Fiscal 2021 3Q
Koenji III	Suginami		Sales contracts concluded	Fiscal 2021 3Q

(Reference material) List of Main Property Projects



Main development projects currently underway

Project name	Project type	Location	Nearest station
Ikebukuro	Condominium building development	Toshima Ward, Tokyo	Approx. 10-minute walk from Ikebukuro Station of Tokyo Metro Fukutoshin Line
Itabashi IV	Condominium building development	Kita Ward, Tokyo	Approx. 5-minute walk from Itabashi Station of JR Saikyo Line
Kinshicho IV	Condominium building development	Koto Ward, Tokyo	Approx. 10-minute walk from Kinshicho Station of Tokyo Metro Hanzomon Line
Ryogoku-Ekimaie	Condominium building development	Sumida Ward, Tokyo	Approx. 1-minute walk from Ryogoku Station of JR Sobu Line
Ichigaya-Yanagicho	Condominium building development	Shinjuku Ward, Tokyo	Approx. 1-minute walk from Ushigome-yanagicho Station of Toei Oedo Subway Line
Kiyosumi-shirakawa II	Condominium building development	Koto Ward, Tokyo	Approx. 1-minute walk from Kiyosumi-shirakawa Station of Tokyo Metro Hanzomon Line and Toei Oedo Subway Line
Itabashi V	Condominium building development	Kita Ward, Tokyo	Approx. 3-minute walk from Itabashi Station of JR Saikyo Line
Ryogoku IV	Condominium building development	Sumida Ward, Tokyo	Approx. 7-minute walk from Ryogoku Station of Toei Oedo Subway Line
Omori VI	Condominium building development	Shinagawa Ward, Tokyo	Approx. 9-minute walk from Omori Station of JR Keihin-Tohoku Line
Akabane	Condominium building development	Kita Ward, Tokyo	6-minute walk from Akabane Station of various JR lines
Kagurazaka-Yaraicho II	Condominium building development	Shinjuku Ward, Tokyo	3-minute walk from Kagurazaka Station of Tokyo Metro Tozai Line
Higashi-Shinjuku III	Development, planning and sale	Shinjuku Ward, Tokyo	Approx. 3-minute walk from Higashi-shinjuku Station of Toei Oedo Subway Line and Tokyo Metro Fukutoshin Line
Hachimanyama	Development, planning and sale	Suginami Ward, Tokyo	Approx. 4-minute walk from Hachimanyama Station of Keio Line
Narimasu II	Development, planning and sale	Itabashi Ward, Tokyo	Approx. 7-minute walk from Chikatetsu-narimasu Station of Tokyo Metro Yurakucho and Fukutoshin lines
Shimo	Development, planning and sale	Kita Ward, Tokyo	Approx. 2-minute walk from Shimo Station of Tokyo Metro Namboku Line

In addition to these, 30 other projects are currently underway.

Main income-producing properties currently owned

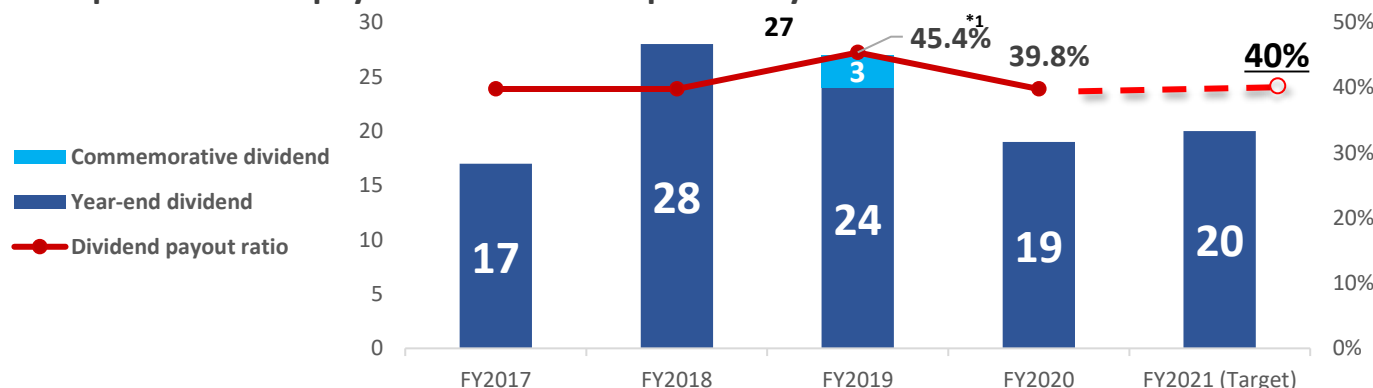
Project name	Asset type	Location	Nearest station
Philpark Omotesando	Commercial and office building	Shibuya Ward, Tokyo	Approx. 5-minute walk from Omotesando Station of Tokyo Metro Hanzomon Line
DeLCCS Kagurazaka-Tsukudocho	Commercial building	Shinjuku Ward, Tokyo	Approx. 4-minute walk from Iidabashi 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
DeLCCS Azumabashi III	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 projects are currently owned.

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- ☑ Dividend: ¥19 per share, total of ¥737,370,772 in dividends paid
- ☑ Target of ¥20 per share for fiscal 2021 (payout ratio 40%)

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

Acquisition in progress of maximum 1.25 million Company shares with maximum value of ¥500 million

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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