

An aerial photograph of a city at sunset. The sun is low on the horizon, casting a warm orange glow over the city. The city is densely packed with buildings, and a few taller structures are visible in the distance. The sky is a mix of orange and blue. The ARUHI logo is overlaid on the image, with the letter 'U' highlighted in yellow.

**ARUHI**

**MID-TERM STRATEGIC PLAN 2021**

**May 11, 2021**

# EXECUTIVE SUMMARY

# ARUHI'S SECOND STAGE STARTS TODAY

ARUHI will evolve from a mortgage loan company to a globally unique **one-stop homebuying service company**. We aim to become a **consumer brand** with second-to-none recognition and customer experience.

- **Point 1**

First pillar: further **accelerate growth** in the housing loan business; aim at CAGR 15.8% in the number of loans executed (FYE Mar 22 to FYE Mar 26)

- **Point 2**

Second pillar: start full-scale profitable **real estate business** (residential purpose only)

- **Point 3**

Third pillar: start full-scale profitable **consumer service business**

- **Point 4**

Provide complete one-stop service to homebuyers and achieve **complete business synergy**.

The second and third are also our core businesses.

# WHY WE ASPIRE TO BECOME A ONE-STOP HOMEBUYING SERVICE COMPANY

In 2020, the world faced an unprecedented crisis. Our mind set has changed. Our life/work-styles have changed. Our society has changed.



Going forward, the population will decline, unoccupied houses will increase. Our society, our people crave for **easier homebuying and relocation**, utilizing the stock of quality unoccupied properties.



However, there is not yet a company providing a **complete one-stop service** for property, finance and life.



Then, let that be ARUHI.  
After all, that was ARUHI's first vision and mission.

# GOING BACK TO OUR BASICS

## 2015: Old Mission Statement



Life is an accumulation of ARUHI, meaning “one day” in Japanese. The “one day” a customer purchases a home, is very special.

To make that “one day” the very best for our customers, ARUHI provides housing loan products to meet various customer needs, and we propose them in our diversified channels including our nationwide sales offices.

We also provide support to customers at each life stage; from searching an ideal home to services that will reduce daily cost of living. It is our wish to make our customers’ new life enjoyable and fulfilling.

As a **“Lifestyle Producing Company”**, ARUHI will support customers to realize a better and comfortable life, from the beginning and the life that continues.

## 2021: New Mission Statement

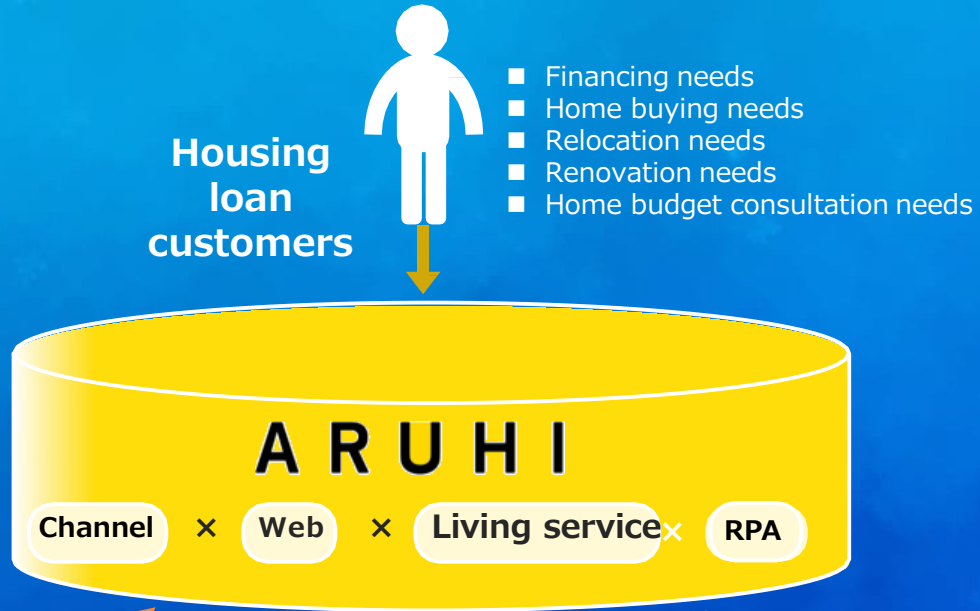
**“One-stop Homebuying Service Company”**

# **OVERVIEW OF OUR NEW BUSINESS MODEL**

**: A TRULY PURPOSE DRIVEN MODEL**

# FROM GEOCENTRIC TO HELIO(CUSTOMER)CENTRIC

## Past Business Model (Multi-platformer)



### Financial Institutions

- Lending needs
- Distribution needs
- Administration cost reduction needs

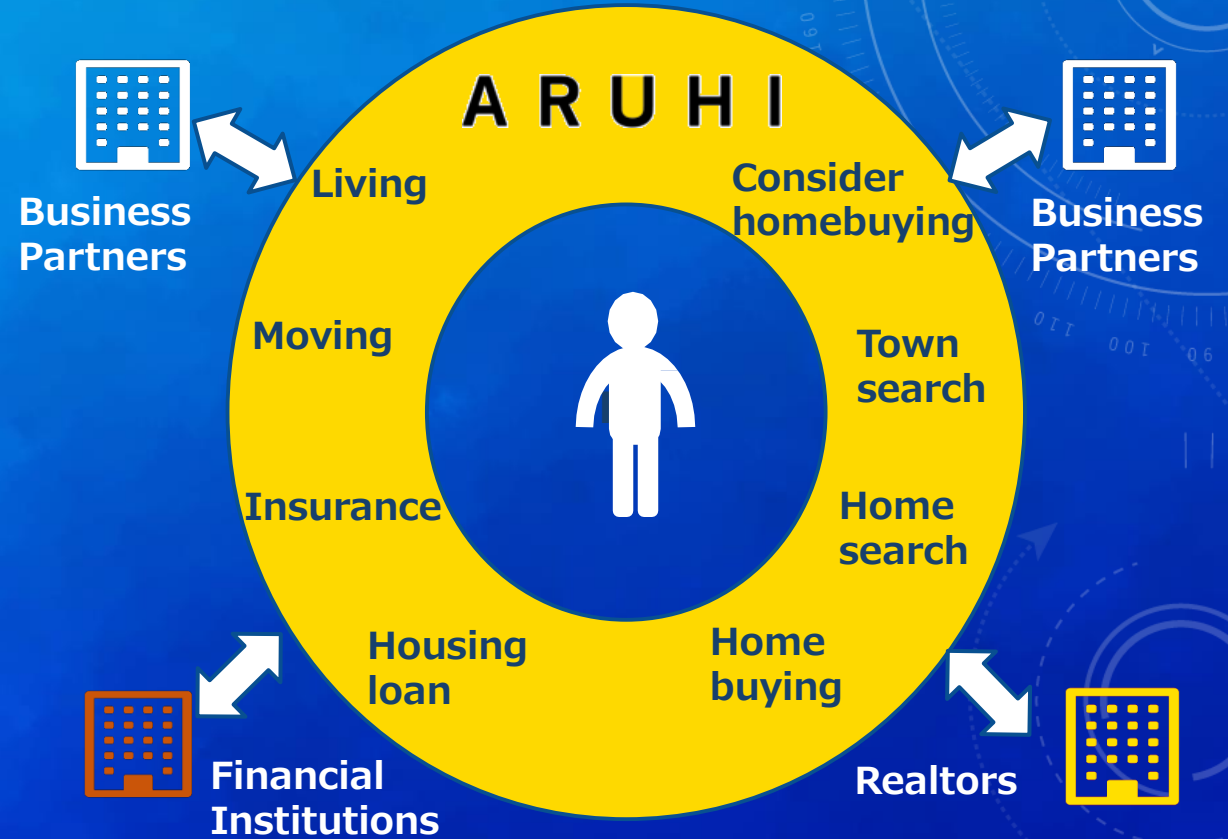
### Realtors

- Property selling needs
- Financing needs

### Consumer Goods & Service Companies

- Sell products / services

## New business model (Consumer brand)



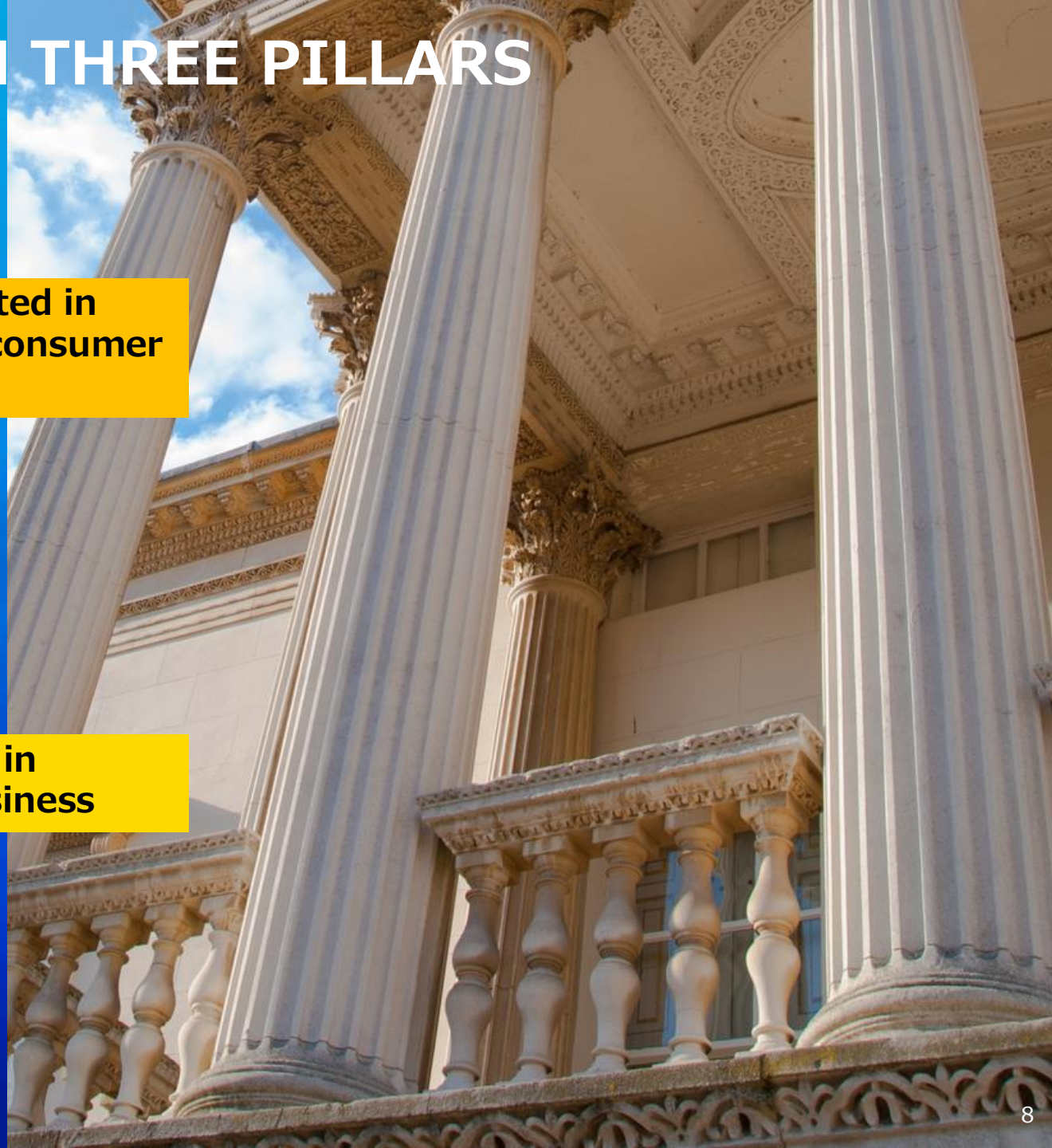
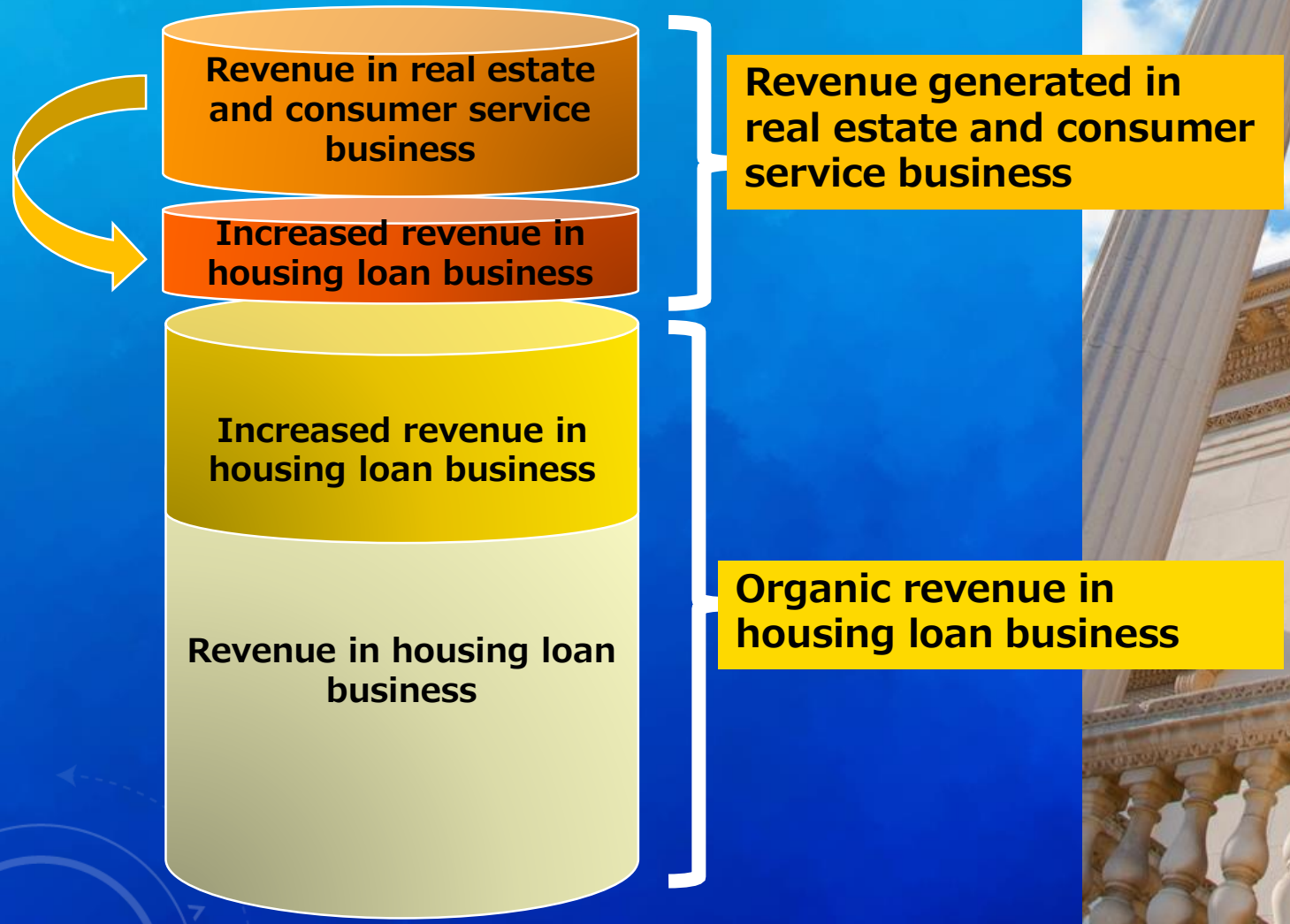
# THREE BUSINESS PILLARS AS A CONSUMER BRAND: FOLLOWING THE CUSTOMER JOURNEY





# COMPLETE SYNERGY BETWEEN THREE PILLARS

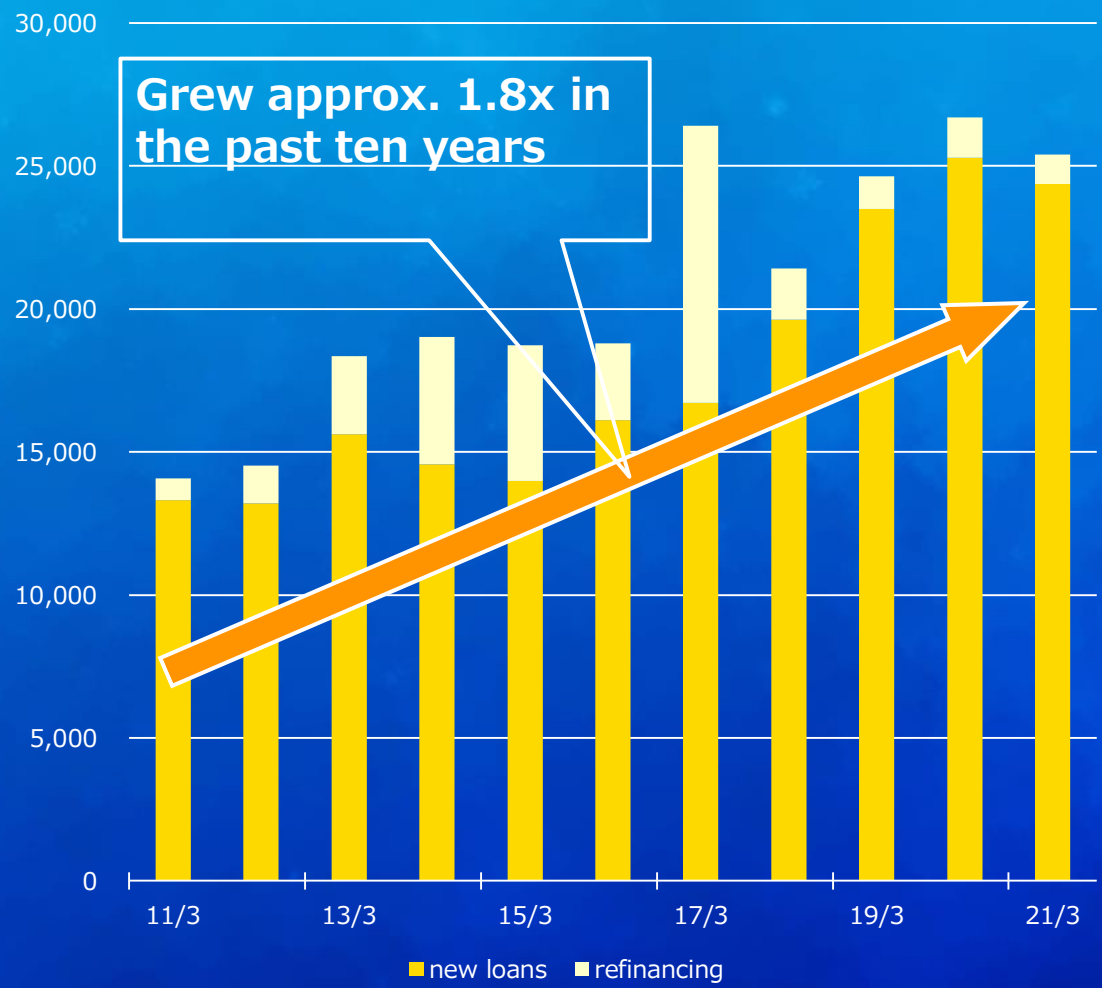
## Image



# PAST, PRESENT, FUTURE

# GROWTH IN THE PAST TEN YEARS (HOUSING LOAN BUSINESS)

## Number of loan executions



## Income before tax



## Number of sales offices



## Share of Flat 35 (inc. refinance)

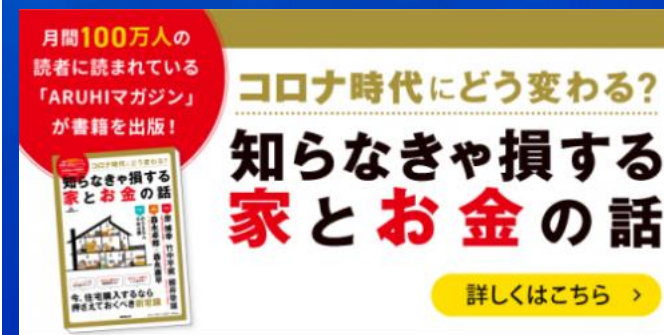
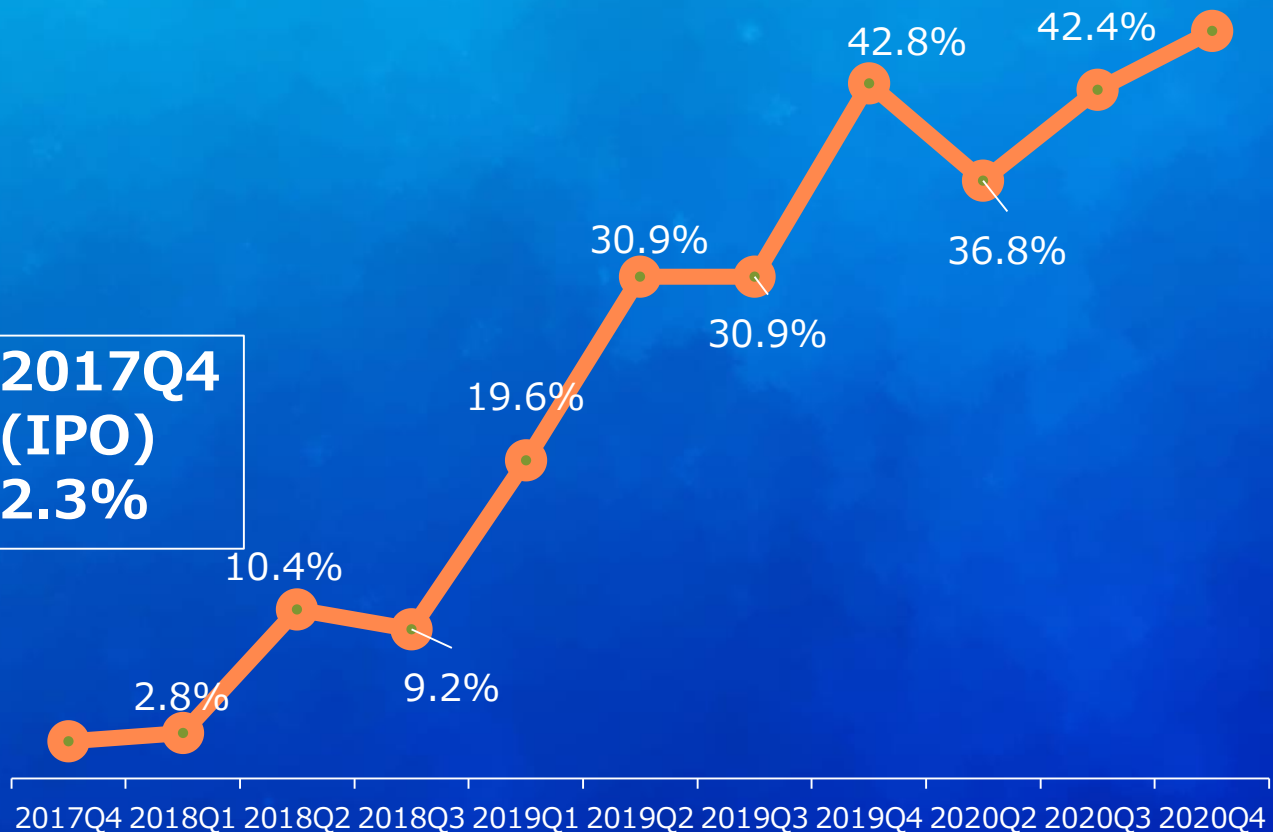


# TRACK RECORD AS A CONSUMER BRAND

ARUHI's brand recognition rate\*

now  
46%

2017Q4  
(IPO)  
2.3%

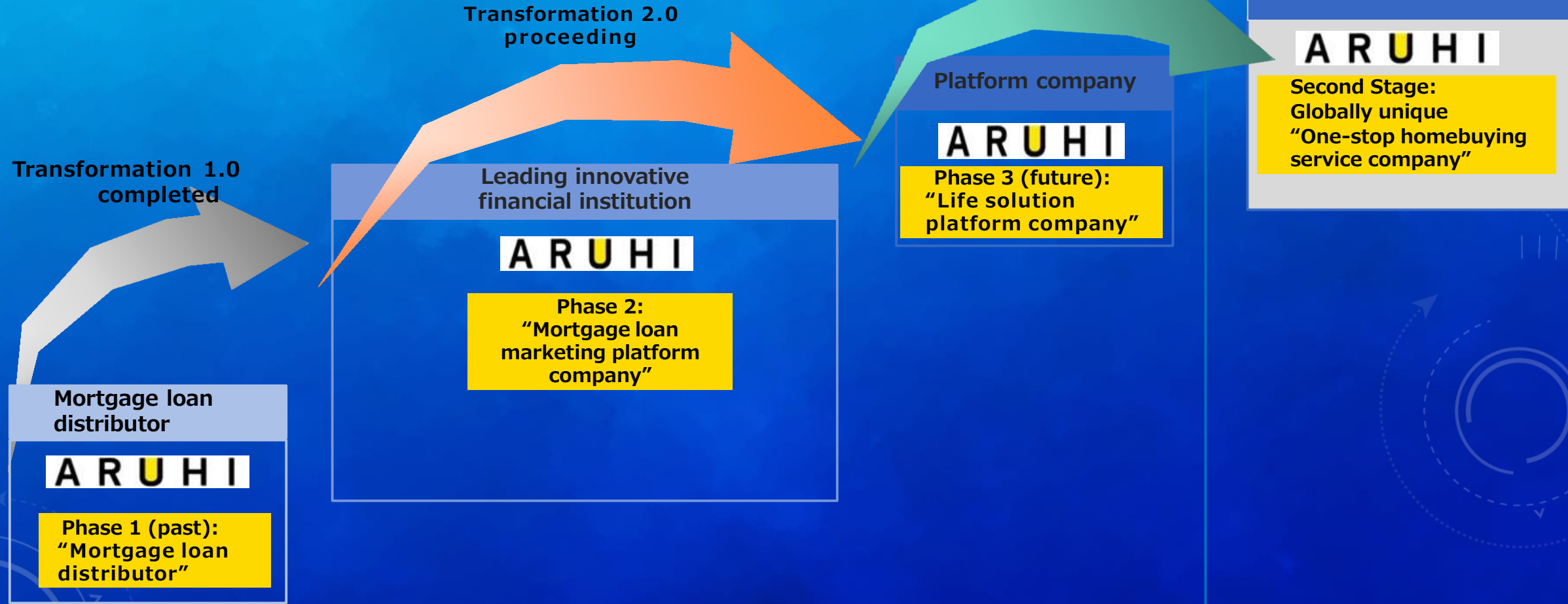


\*Recognition rate: survey results by Macromill, Inc.  
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# FROM IPO ROADSHOW PRESENTATION MATERIAL IN 2017

## ARUHI'S UNIQUE POSITION

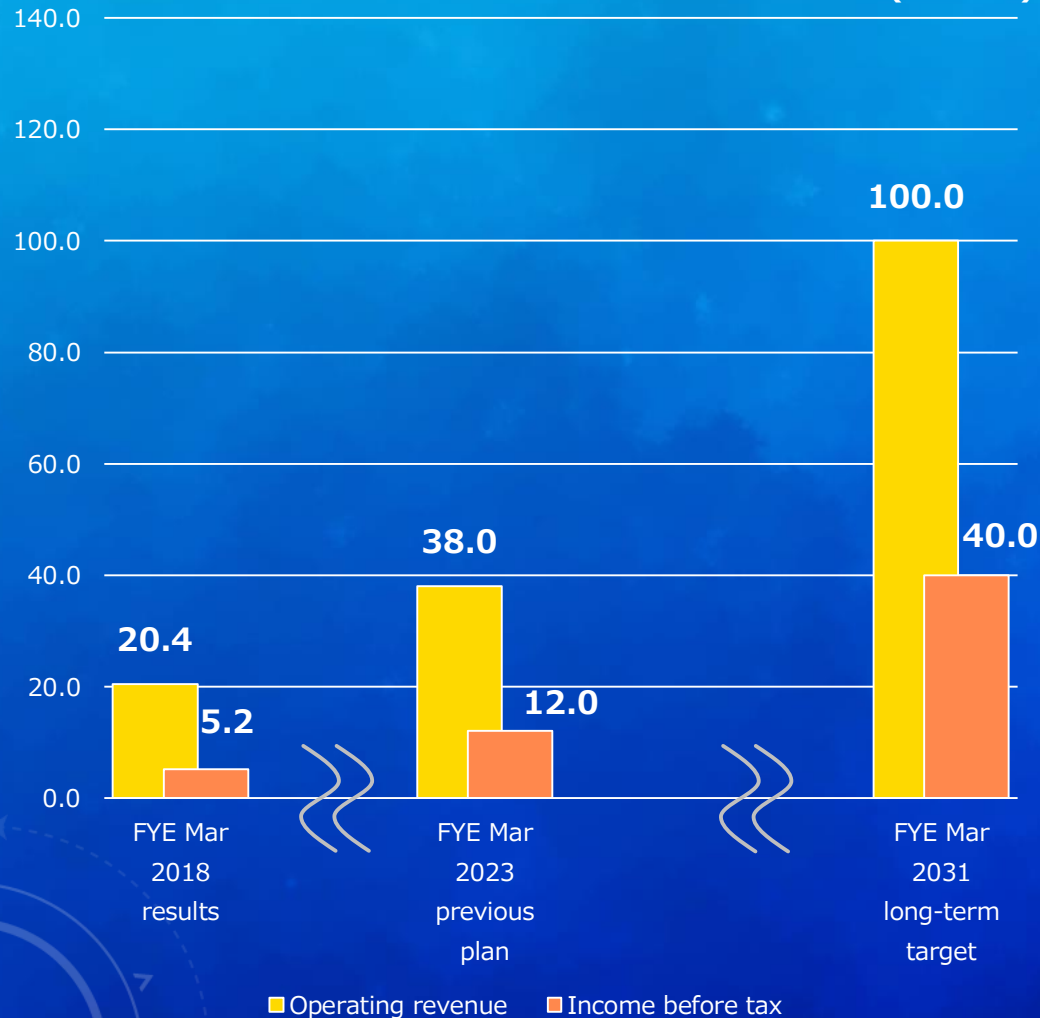
Positioned as a leading innovative company in the financial institution sector, aiming to transform into a life solution platform company



# VISION OF MID TO LONG TERM GROWTH

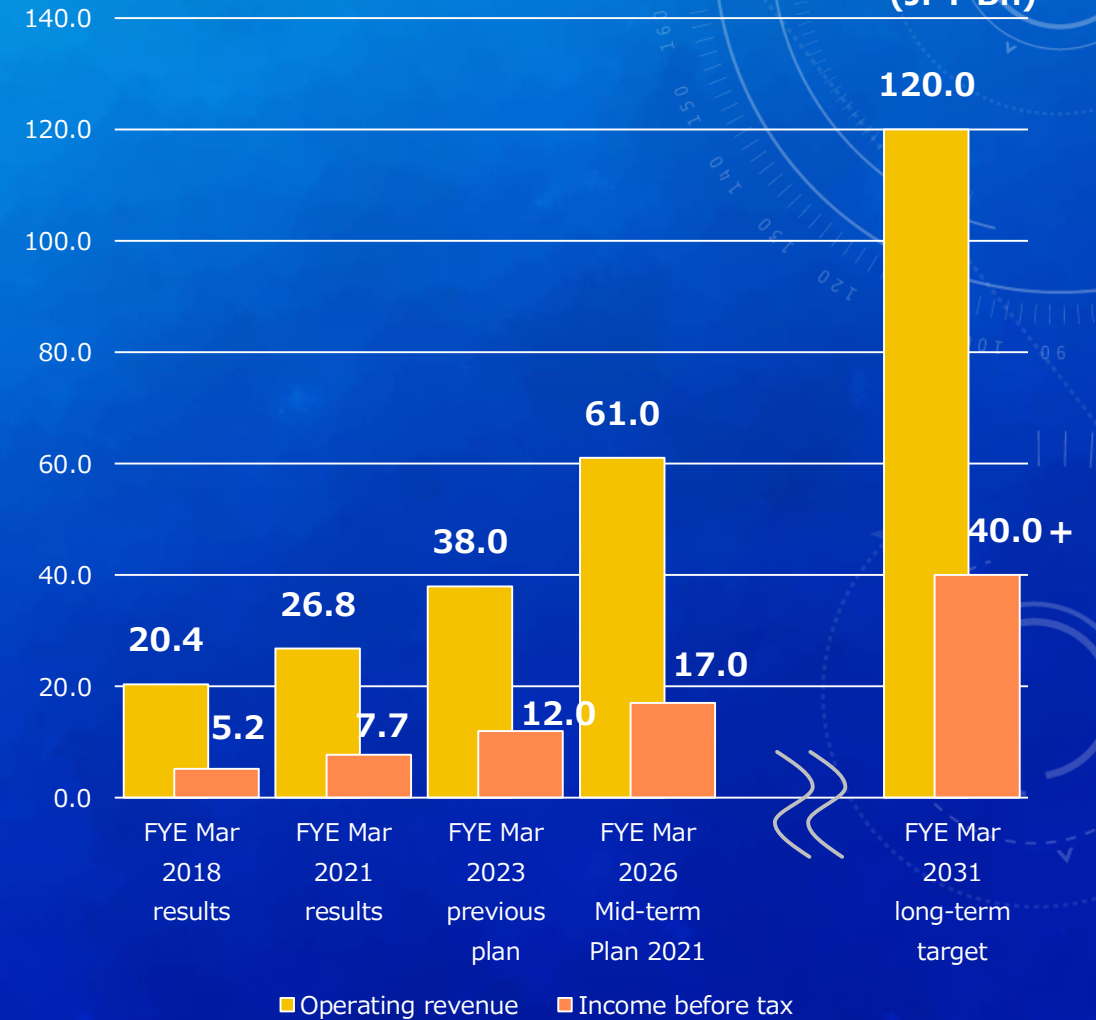
## Previous mid-term plan (Aug 2018)

(JPY Bn)



## New mid-term plan (May 2021)

(JPY Bn)



# REAL ESTATE BUSINESS



Which town is the best to live in?

I need a home that suits my life-style.



I want advice from a reliable realtor.



I still have a loan for my current home and can't sell the home yet. What should I do?



Town search

Home search

Homebuying concierge

Buy & Resell  
Renovation  
Prop tech  
Interim loan

# SUPPORT CUSTOMERS FROM THE VERY BEGINNING: LEAD GENERATION

Town search

Home search

Concierge

Real estate

Loan

Moving

Living

## Customers considering homebuying

### Most Livable Town Award



- Events taken place at six areas
- Several events each year
- More than 500 times on media
- Collaboration with local governments

### ARUHI Magazine



- Comprehensive website on homes, finance and living
- Organic unique users: 1MM
- Sales of book: #1@Amazon (home category)

NEW

### Personal Livable Town

Analyze by AI, propose towns that meet each individuals' life-style

**ARUHI**  
#1 website for town search



Personalized town recommendation



Recommended property in this town



Enormous lead generation

Consult concierge





# HOMEBUYING CONCIERGE: NURTURING

Customers considering homebuying

NEW

Personal Livable Town



Consult  
concierge



Enormous prospects and  
data accumulated

NEW

ARUHI

住み替えコンシェルジュ  
[ARUHI Homebuying Concierge]

- Organize real estate agents (1,000 members)
- Consult homebuying online and off-line sites
- Propose towns, properties and loan plans that meet each customers' life-style

Nurturing

ARUHI Career  
Recruitment and  
training service

Business  
support

Partnership

Referral  
(neutral)

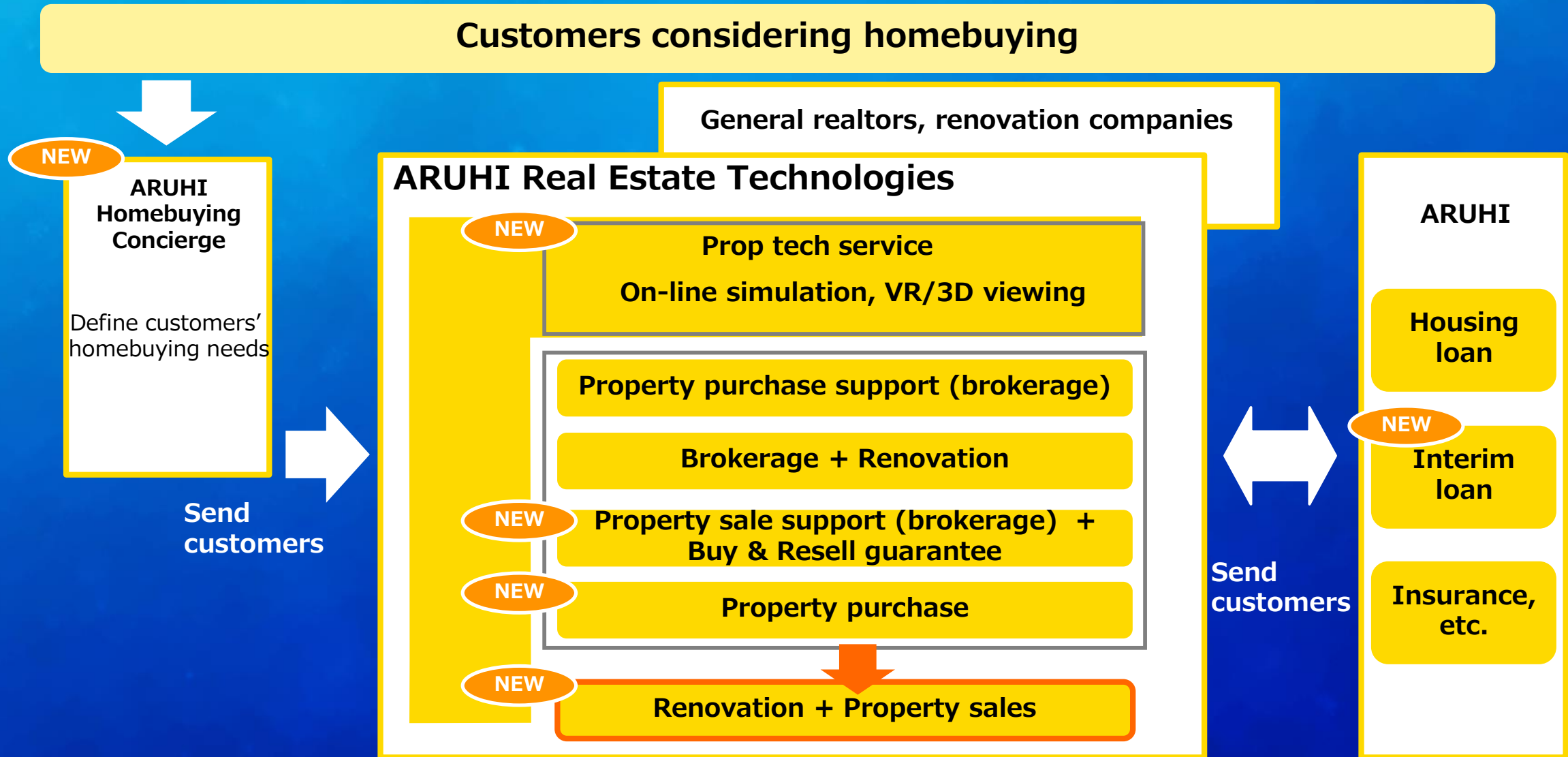
General realtors

General renovation  
companies

ARUHI Real Estate  
Technologies

ARUHI (housing  
loan business)

# CUSTOMIZED INTEGRATED SOLUTION: CONVERSION



# HOUSING LOAN BUSINESS



Can I borrow a  
housing loan for  
my new home?

**Housing loan  
Insurance**

# FURTHER STRENGTHEN POSITION AS A LEADING MORTGAGE BANK



	FYE Mar 2018	FYE Mar 2021	Target by FYE Mar 2026
Share in Flat 35 market <sup>1</sup>	23%	approx. 30%	over 40%
Share in housing loan market <sup>2</sup>	3%	4%	over 7%
Amount of loan executions (annual)	0.6 JPY Tn	0.8 JPY Tn	1.6 JPY Tn
Number of loan executions (annual)	21K	25K	53K
Number of sales offices (nationwide)	133	152	250
Business model	Continue fee business model with minimal balance sheet risk		

# FURTHER ACCELERATE HOUSING LOAN BUSINESS WITH NEW BUSINESS IN ADDITION TO CURRENT THREE STRENGTHS

## Strengths

Second-to-none processing speed utilizing technology; RPA and AI



Wide product lineup, both fixed and variable rate



Nationwide sales network: 152 sales offices +15/yr



Customers from Real Estate Business and Consumer Service Business

NEW

## Strategic Initiatives

Further expand market share in pre-owned property segment

NEW

Promote bundle sales strategy

NEW

Change to a customer segment driven sales organization

# NEW PRODUCT STRATEGY AS A CONSUMER BRAND: PROMOTE BUNDLE SALES STRATEGY

Town search

Home search

Con cierge

Real estate

Loan

Moving

Living

- Flat 35
- Super Flat
- Flat 35 α
- Variable rate loan
- Flat 35 renovation
- Various loans

+

**NEW** Moving Tidying up

**NEW** Mobility  
おトクにマイカー 定額 **カルモ**くん

**NEW** Energy service  
*au*

**NEW** Insurance  
20歳~40歳のためのサービス 未来パッケージ  
MS&AD 三井住友海上

**More to come**

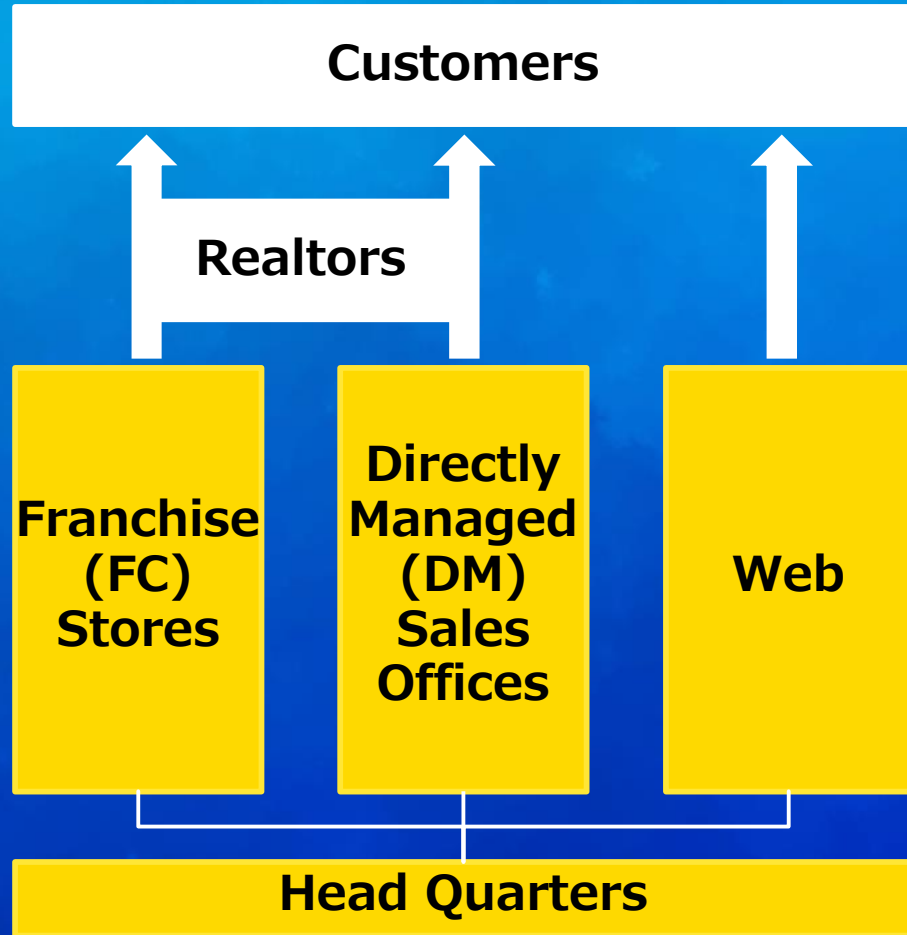
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- One-stop service
- Reduce living cost
- Bridge to consumer service business

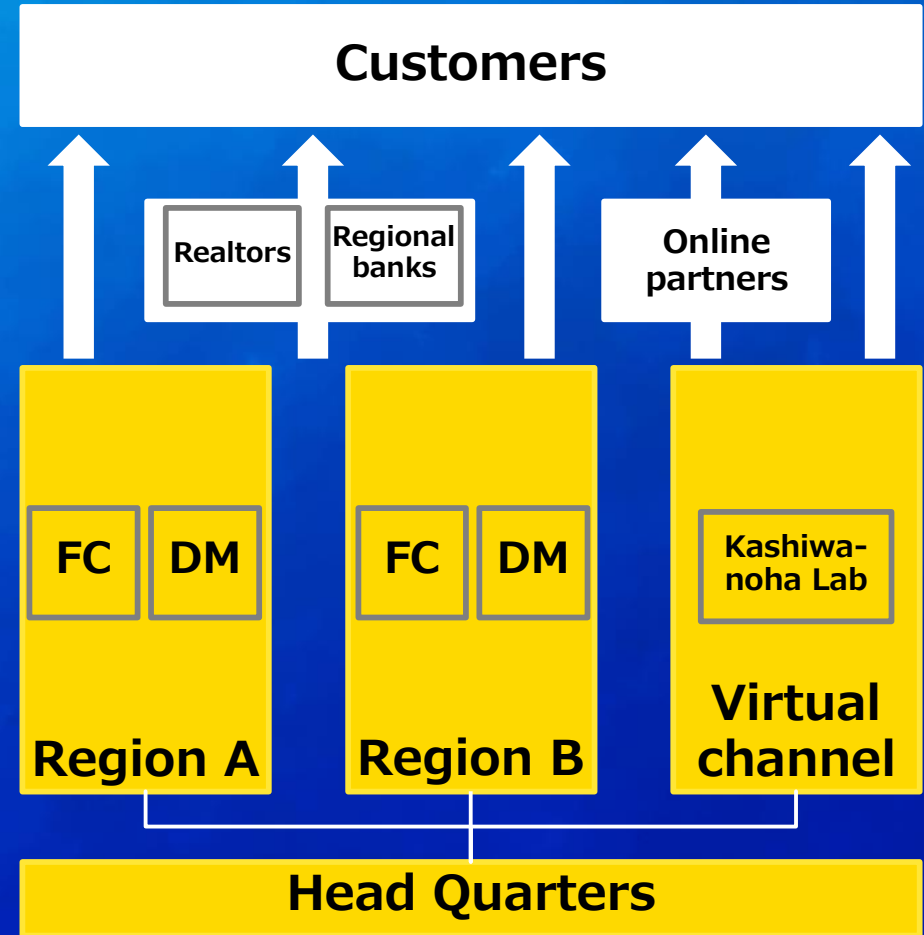
# SHIFT FROM CHANNEL DRIVEN ORG TO CUSTOMER SEGMENT DRIVEN ORG



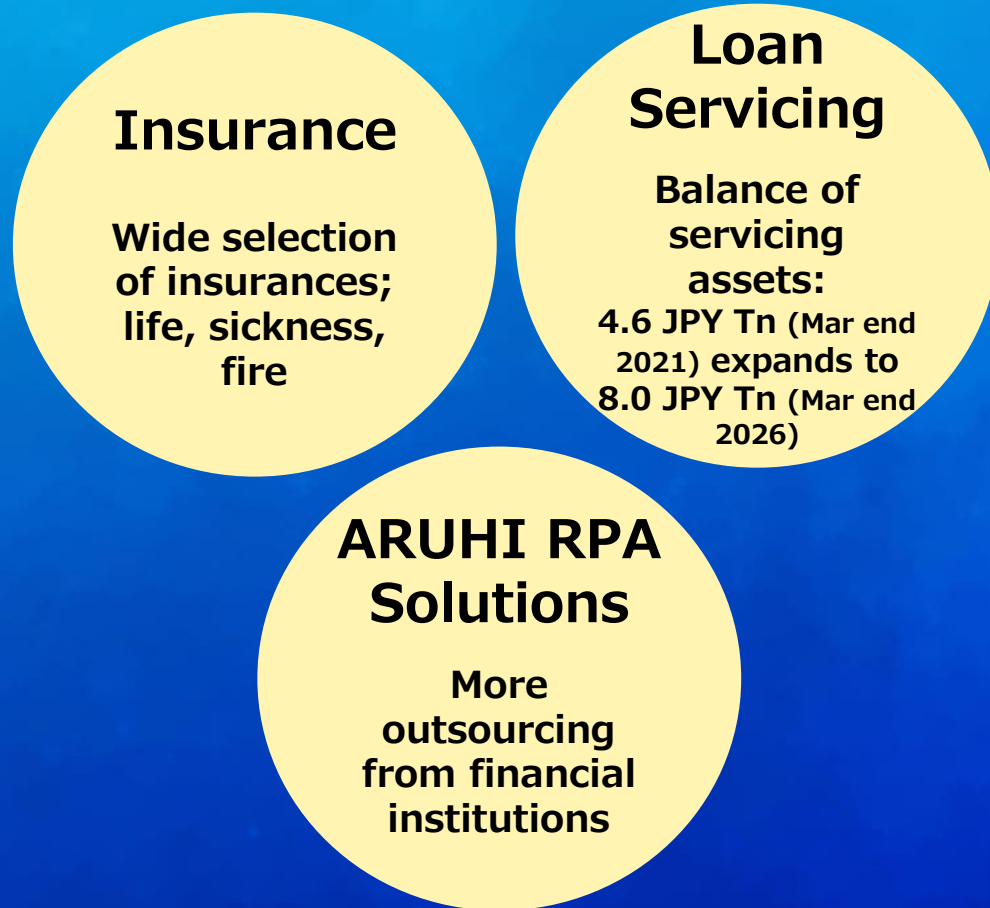
Previous



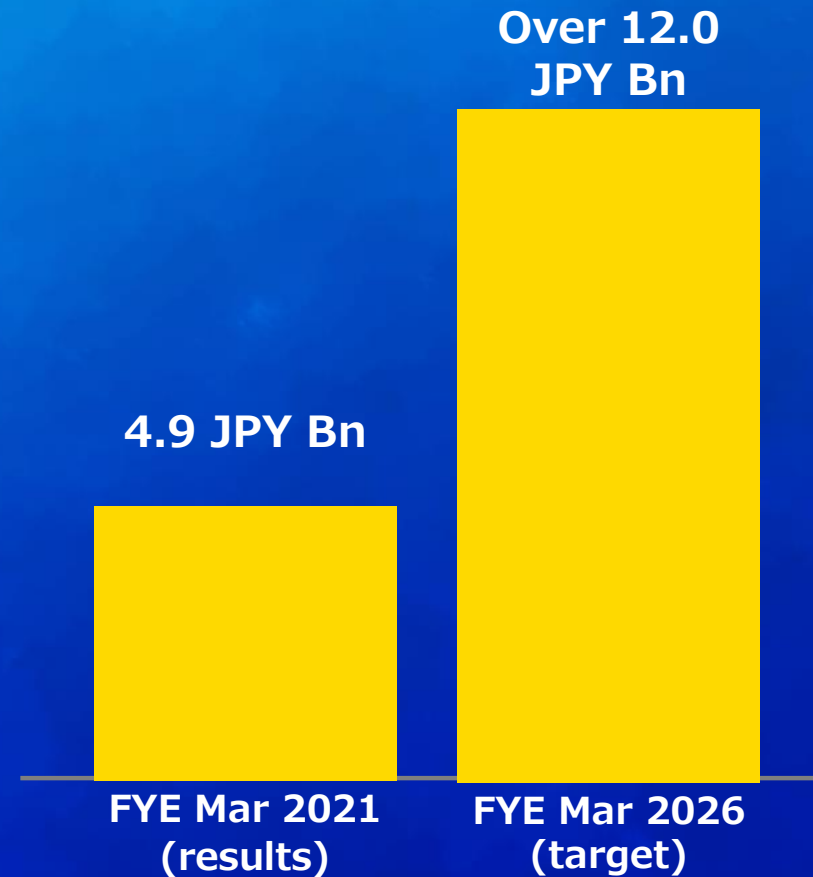
Now



# ACCELERATE GROWTH OF STOCK-TYPE BUSINESS



## Recurring revenue in stock-type business





# CONSUMER SERVICE BUSINESS



It's costly and  
troublesome.

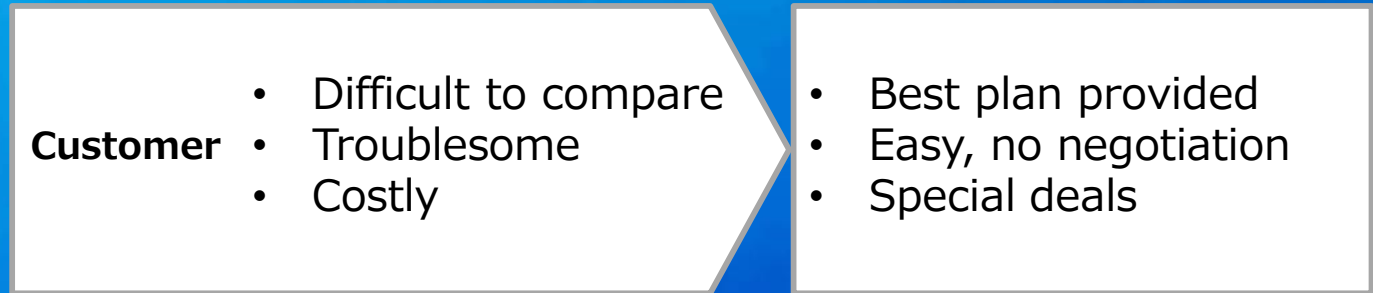


For a better  
new life and  
future!

**Moving  
Tidying up**

**Mobility  
Living**

# NEW BUSINESS: MOVING SERVICE



Know timing

Bundle with loans

**ARUHI**

Nationwide sales network

Introduce



# TARGET FOR MID-TERM STRATEGIC PLAN 2021

Unit: JPY Bn

	FYE March 2021	Mid-term Strategic Plan 2021			FYE March 2031 (target)	note
		FYE March 2022	FYE March 2026 (plan)	CAGR FYE Mar 21 to FYE Mar 26		
Operating revenue	26.8	29.5	61.0	17.9%	120.0	
Housing loan business	21.6	-	37.0	11.3%	-	Loan origination, financing
Other businesses	5.2	-	24.0	35.8%	-	Loan servicing, insurance, real estate, consumer service
Income before tax	7.7	8.5	17.0	17.0%	40.0+	
margin	29%	29%	28%	-	30%+	
ROE	18%	-	18%	-	18%	
Number of housing loan executions	25,000	30,000	53,000	15.8%	-	

# SYNCHRONIZATION BETWEEN BUSINESS MANAGEMENT AND ESG POLICY

# ESG



## Environment

- Revitalize stock assets by focusing on pre-owned property business
- Issue Green RMBS to finance mortgage loans exclusive to energy saving homes
- Utilize technology, accelerate paperless operation



## Social

- Leverage the “Most Livable Town Award”
- Collaboration with several local governments/companies to promote town development and relocation
- Promote new, diversified work styles under the new normal



## Governance

- Management placing value on the corporate governance code
- Three External Directors on Board
- Operate fraud transaction detection system utilizing AI
- Hired special advisors from National Police Agency to strengthen compliance

- Utilizing the “Most Livable Town Award”, promote town development and relocation
- Collaborating with local governments and local companies, contribute to societies by their revitalization such as providing solutions to unoccupied home, etc.



Innovation lab @Kashiwanoha



# RETAIN HIGH CAPITAL PRODUCTIVITY, MAXIMIZE SHAREHOLDER VALUE

<b>1</b>	<b>Improve shareholder value</b>	<b>Targeted ROE: 18%</b>
<b>2</b>	<b>Stable shareholder return (stable increase in dividends)</b>	<b>Targeted dividend payout ratio: 35 to 40%</b> Share buyback to be considered depending on environment
<b>3</b>	<b>Maintain healthy balance sheet</b>	<ul style="list-style-type: none"><li>• <b>Optimal financial leverage</b></li><li>• <b>Keep mortgage loan assets off the balance sheet through securitization</b></li><li>• <b>Net D/E ratio<sup>1</sup> under 1.0</b></li></ul>

1: Net D/E ratio = {Borrowings (consolidated) – (cash & cash equivalents – deposits received) – operating loans receivable (non-consolidated)} / Total Equity (consolidated)

# THE KEY TAKEAWAYS

1

## **Evolve from a mortgage loan company to a globally unique one-stop homebuying service company**

- Let us leave behind the self-defined platformer idea, and transform to a consumer brand completely focusing on homebuyers.

2

## **One-stop Homebuying Service**

- Three pillars: provide a complete one-stop service to homebuyers, complete synergy in business
- Real Estate Business
- Housing Loan Business
- Consumer Service Business

3

## **Achieve high growth and high profitability with minimal balance sheet risk**

- Continue high growth in all three business pillars
- Maintain high profitability, aim 18% in ROE

4

## **ESG: Leverage the “Most Livable Town Award” for S**

- Collaborate with local governments and local companies on unoccupied home solution, take regional revitalization measures and contribute to our society.

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**A NEW JOURNEY BEGINS**

**A R U H I**