

KATITAS Co., Ltd.

Financial Results Presentation For the First Six Months of the 44th Fiscal Year Ending March 31, 2022 (FY2021)

Nov 5, 2021

Before



After



(Securities Code: 8919, First Section of TSE)

Presentation Highlights

1.

Overview of Financial Results for the First Six Months of the FY2021 (Ending March 31, 2022)

P2-P8

2.

Management Plan for FY2021 (Ending March 31, 2022)

P10-P19

3.

Overview of Business Model

P21-P40

4.

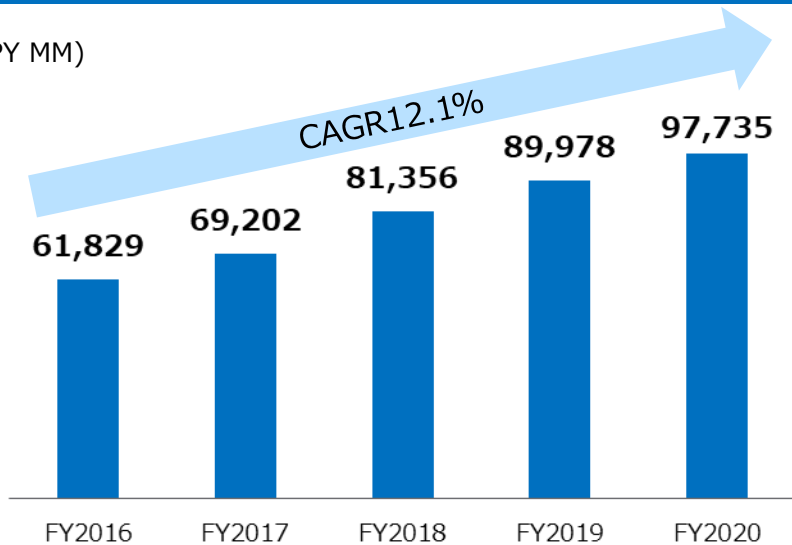
APPENDIX

P42-P58

1. Sales and Operating Profit Trend

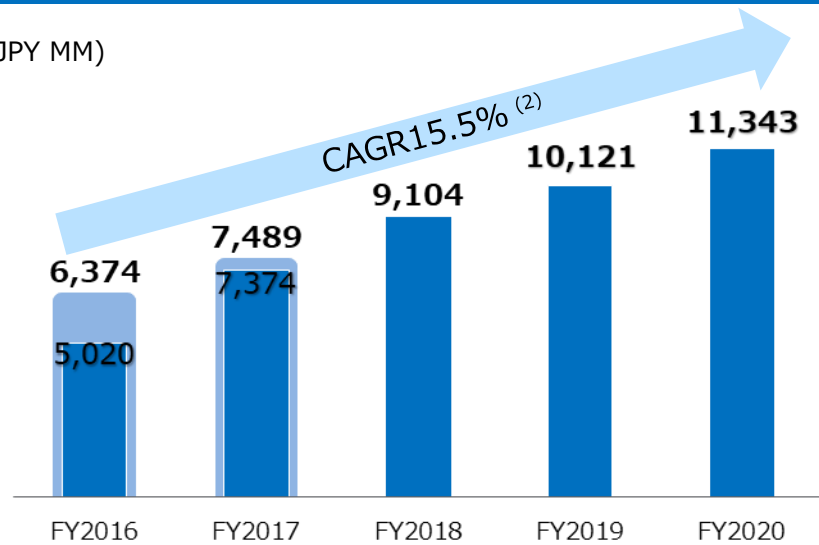
Historical Net Sales (FY-base)

(JPY MM)



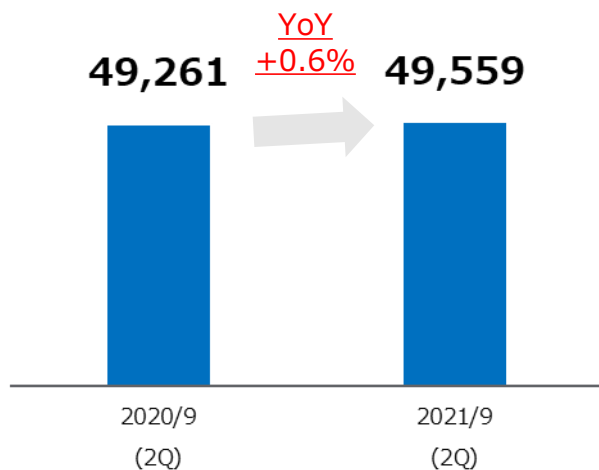
Historical Operating Profit (FY-base) ⁽¹⁾

(JPY MM)



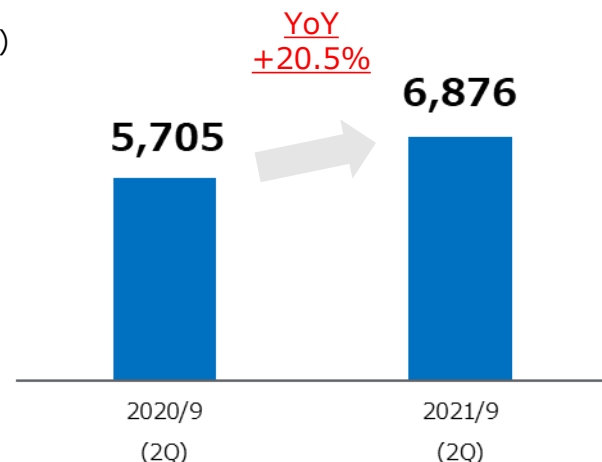
Historical Net Sales (FY2021 2Q)

(JPY MM)



Historical Operating Profit (FY2021 2Q)

(JPY MM)



(1) The adjustment amount of operating profit in FY2016 and FY2017 reflects the effect of an inventory revaluation carried out during the business integration with Reprice and the amount of expenses related to stock listing.
 (2) Growth rate of adjusted operating profit

1. Highlights of Financial Results for the First Six Months of the FY2021 (Ending March 31, 2022)

	(JPY MM)	Results	YoY(%)	% of plan	
Sales	Net sales	49,559	+0.6%	47.8%	<ul style="list-style-type: none"> ■ Sales environment continued to be solid. But a shortage of renovated inventory led to slightly fewer deliveries in 2Q. <ul style="list-style-type: none"> • Number of initial inquiries declined during the Olympics but has already recovered. • Ratio of contracts on houses being renovated remained elevated. Contracts on houses that have yet to be renovated were not recognized as sales. • Cut back on easy discounts rather than focusing on the number of deliveries. ■ Gross profit margin improved from 1Q. <ul style="list-style-type: none"> • Number of new construction starts is on the rise nationwide. But inventory of completed properties (new and pre-owned) is low even though demand remains strong. • Long-term inventories, which are prone to thin margins, remain low.
	Number of properties sold	3,057	-1.2%	46.6%	
	Gross profit margin (%)	24.8%	+2.7pt	-	
Profit	SG&A expenses	5,419	+4.2%	47.6%	<ul style="list-style-type: none"> ■ High operating profit margin due to increased gross profit margin. <ul style="list-style-type: none"> • SG&A expenses increased due to the following growth investments: uptick in personnel expenses as a result of recruiting sales staff and raising performance-linked pay, and increased advertising expenses to bolster purchases. • Continuously designed systems that reward performance and reduce workload, in order to attract more sales employees and raise productivity. • Number of sales employees (cons.) as of end-2Q rose by 55 (+8.6%) from end-March. ■ Established Sustainability Promotion Office. <ul style="list-style-type: none"> • Began to increase disclosure of non-financial information, including compliance with TCFD.
	Operating profit	6,876	+20.5%	55.0%	
	Operating profit margin (%)	13.9%	+2.3pt	-	
Inventory	(JPY MM)		YoY(%)	vs. March 2021	<ul style="list-style-type: none"> ■ Purchasing environment improved to pre-COVID level. <ul style="list-style-type: none"> • Number of purchases in 2Q: 1,729 (+22.7% YoY). Concerns receded as market environment improved and field staff focused on purchases. • Inventory value rose from last year. Uptrend is expected to continue. • Ratio of completed inventories is low. Sep. 2020: 71.5% → Mar. 2021: 58.8% → Sep. 2021: 55.7% • Maintained robust ROA (24.2%) and ROE (30.7%).
	Inventory real estates	37,510	+11.8%	+12.2%	
	Inventory turnover ratio	2.10	+0.03	-	

(1) Inventory turnover ratio = cost of sales for a period x 2 / average of the amount of inventory at the beginning and end of the period

(2) ROA = operating profit x 2 / average of total assets as of the beginning and end of period

(3) ROE = Profit attributable to owners of parent x 2 / average of balances of shareholders' equity at beginning and end of period

1. Progress Versus Management Plan for FY2021 (Ending March 31, 2022)

- Demand was strong but housing supply was lower than initially expected. Gross profit margin rose due to curbing discounts. Operating profit, a key indicator, was high.
- Supply of housing equipment (e.g., toilets, water heaters) was partially delayed. As of the beginning of Q3 FY21, the amount of real estate for sale for which renovations have been completed was 87.1% of the level at the beginning of Q3 FY20. We will make our best effort to shorten the construction period of renovations during Q3, but some deliveries are likely to be pushed back because of delays in the supply of housing equipment.
- We expect deliveries of completed inventory to pick up in Q4 and to achieve higher sales than last year as the total number of sold properties in FY21 exceeds FY20.
- The supply/demand balance in the housing market is gradually normalizing as new construction starts rise. We expect gross profit margin to inch down from 2H FY21.
- We plan to hire about the same number of new graduates in April 2022 as last year. Retention measures have a delayed effect, so we'll monitor their effects annually.

(JPY MM)	FY2021 2Q (ended Sep 30, 2021)	FY2021 Plan(ended Mar 31, 2022)			
		The first half		Full-year	
		Plan	vs. Plan	Plan	vs. Plan
Sales	49,559	50,665	97.8%	103,622	47.8%
Number of properties sold	3,057	3,219	95.0%	6,558	46.6%
Gross profit	12,295	11,838	103.9%	23,891	51.5%
Margin(%)	24.8%	23.4%	-	23.1%	-
Operating profit	6,876	6,207	110.8%	12,509	55.0%
Margin(%)	13.9%	12.3%	-	12.1%	-
(Ref)EBITDA	6,993	6,325	110.6%	12,744	54.9%
Ordinary profit	6,780	6,097	111.2%	12,293	55.2%
Profit attributable to owners of parent	4,577	4,073	112.4%	8,210	55.8%
(Ref)Adjusted profit attributable to owners of parent	4,577	4,073	112.4%	8,210	55.8%

(1) EBITDA = Operating profit+ Depreciation + Amortization of goodwill

(2) For details of accounting adjustments for adjusted profit attributable to owners of parent, please refer to the table on P19.

* The above information includes forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Please refer to the disclaimer on the last page of this presentation.

1. Financial Highlights

(JPY MM)	FY2020 2Q (ended Sep 30, 2020)	FY2021 2Q (ended Sep 30, 2021)			(Ref) Full-Year FY2020
		Results	YoY	YoY (%)	Results
Net sales	49,261	49,559	+297	+0.6%	97,735
Number of properties sold	3,093	3,057	-36	-1.2%	6,155
Gross profit	10,906	12,295	+1,389	+12.7%	22,189
Margin(%)	22.1%	24.8%	+2.7pt	-	22.7%
Operating profit	5,705	6,876	+1,170	+20.5%	11,343
Margin(%)	11.6%	13.9%	+2.3pt	-	11.6%
(Ref)EBITDA	5,825	6,993	+1,167	+20.0%	11,582
Ordinary profit	5,583	6,780	+1,196	+21.4%	11,125
Profit attributable to owners of parent	3,711	4,577	+866	+23.3%	7,440
(Ref)Adjusted profit attributable to owners of parent	3,759	4,577	+817	+21.8%	7,464
Inventory turnover ratio(times)	2.07	2.10	+0.03	-	2.04
Net assets	25,455	31,675	+6,219	+24.4%	28,243
Total assets	54,455	58,101	+3,645	+6.7%	55,520
Equity-to-asset ratio(%)	46.5%	54.2%	+7.7pt	-	50.6%
EPS(JPY)	48.37	59.36	+10.99	-	96.85
(Ref)Adjusted EPS(JPY)	49.00	59.36	+10.36	-	97.16
ROA(%)	21.2%	24.2%	+3.1pt	-	20.8%
ROE(%)	31.0%	30.7%	-0.2pt	-	29.3%
(Ref) Adjusted ROE (%)	31.4%	30.7%	-0.6pt	-	29.4%

(1) EBITDA = Operating profit + Depreciation + Amortization of goodwill (consolidated only) (2) ROA = operating profit x 2 / average of total assets as of the beginning and end of period

(3) ROE = Profit attributable to owners of parent x 2 / average of balances of shareholders' equity at beginning and end of period

(4) For details of accounting adjustments for adjusted profit attributable to owners of parent, adjusted EPS and adjusted ROE, please refer to the table on P19

1. Selected Consolidated Balance Sheet Data and Cash Flow Statement

(JPY MM)	End of FY2020 (ended Mar 31, 2021)	FY2021 2Q (ended Sep 30, 2021)	
		Results	vs. March 2021
Cash and deposits	19,109	17,555	-1,553
Real estate for sale	19,656	20,891	+1,235
Real estate for sale in process	13,774	16,619	+2,844
Inventory real estates	33,430	37,510	+4,080
Non-current assets	2,053	1,823	-229
Total assets	55,520	58,101	+2,580
Accounts payable – trade	3,051	3,242	+191
Short-term loans payable	–	–	–
Long-term loans payable ⁽¹⁾	19,250	18,875	-375
Net assets	28,243	31,675	+3,431
Total of liabilities and net assets	55,520	58,101	+2,580

(JPY MM)	FY2020 2Q (ended Sep 30, 2020)	FY2021 2Q (ended Sep 30, 2021)	
		Results	YoY
(Increase) decrease in real estate for sale	6,940	-4,079	-11,019
Cash flows from operating activities	12,159	56	-12,102
Cash flows from investing activities	-15	-7	+7
Cash flows from financing activities	-3,391	-1,602	+1,788
Increase (decrease) of cash and cash equivalents, at the beginning of the year	8,753	-1,553	-10,306

(1) Long-term loans payable=Current portion of long-term loans payable+Long-term loans payable

1. Supplementary Explanation of Quarterly Results

(Reposted from FY2020 4Q)

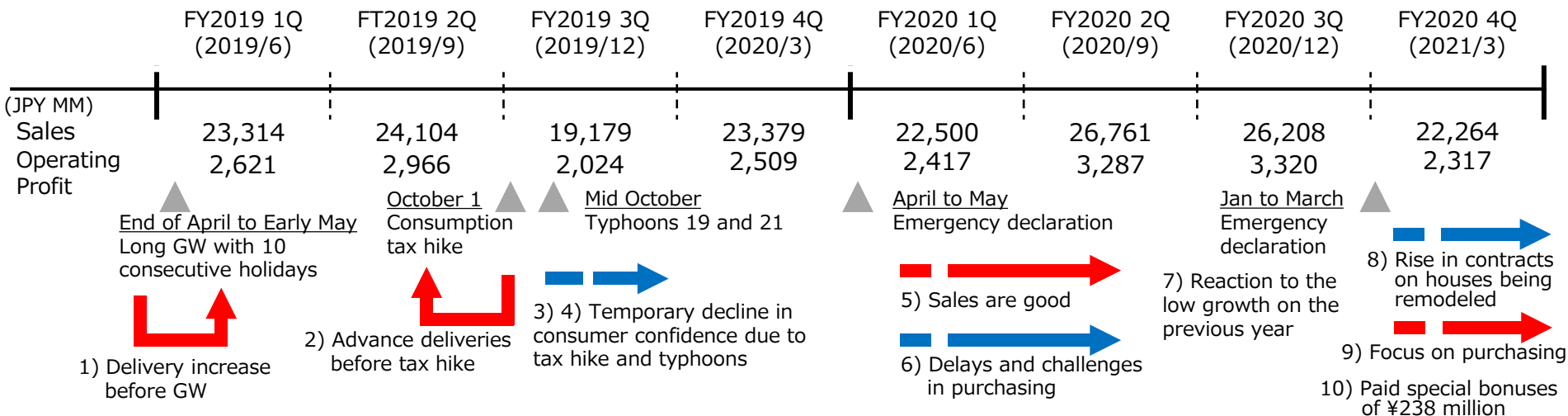
It is possible that the external environment may impact “quarterly results” to some extent. However, demand is firm, so there is no change in the trend of stable growth on an "annual basis".

Factors Causing Fluctuations in Quarterly Results in the Previous Period (Ending March 2020)

- 1) Long Golden Week (10 consecutive holidays) in May 2019. April 2019 net sales were up due to an increase in customers wishing to move during the period of consecutive holidays.
- 2) There was a concentration of deliveries in advance of the consumption tax hike. Sales during September 2019 increased in anticipation of the tax hike.
- 3) The consumption tax hike had a psychological effect on consumer behavior, causing net sales to drop afterward due to a temporary decline in consumer confidence.
- 4) The record-breaking series of typhoons that hit Japan during October 2019 prevented sales activities, resulting in a decline in sales.

Factors Causing Fluctuations in Quarterly Results during the Current Period (Ending March 2021)

- 5) Demand for inexpensive, high-quality detached houses has been firm, and an increase in responses compared to the previous period resulted in higher net sales.
- 6) On the other hand, the number of house purchases decreased due to the fact that sellers were avoiding contact with strangers, such as that involved with home viewings, in order to avoid the possibility of coronavirus infection.
- 7) The growth on the previous year is low due to the factors mentioned above in items 3) and 4), so the ratio of increase in sales and profit will be higher.
- 8) Sales contracts were favorable due to steady demand, but many houses were still being remodeled thus sales were carried over to the next fiscal year.
- 9) We focused on purchasing. As a result, the number of properties purchased rose 15.3% year on year.
- 10) The Company resolved to pay special year-end bonuses totaling ¥238 million. Such bonuses are aimed at enhancing employee motivation to achieve stable growth.



1. Impact of COVID-19 on sales and purchasing

(Reposted from FY2020 4Q)

	Market environment over the past year	Our initiatives over the past year
Sales	<ul style="list-style-type: none"> • Demand for low-priced detached houses was firm. • The market in outlying and suburban areas was relatively unaffected by economic fluctuations. • As people spend more time at home, demand for improved housing environments has been gradually materializing. • Working from home is becoming mainstream at more companies. More people are relocating to live and work in outlying and suburban areas where prices are lower and more space is available. • The housing supply is decreasing. According to REINS⁽¹⁾ statistics, a shortage exists in the stock of detached houses and condominiums in urban and outlying areas, pointing to a sellers' market. 	<ul style="list-style-type: none"> • The number of initial inquiries from customers decreased between February and April 2020. However, since May 2020 the number of inquiries has been up year on year. • We stepped up ongoing measures, such as accumulating customer lists, promoting contracts on houses being renovated, and pursuing option sales. • We curtailed discounting and price reductions, began conducting open house viewings by appointment only, and have introduced new measures since the outbreak of the COVID-19 pandemic, such as VHS⁽²⁾. • Our success rate has risen as a result. At the same time, the gross profit margin and gross profit per unit have increased.
Purchasing	<ul style="list-style-type: none"> • A large number of real estate brokers worked at home or suspended operations between March and May 2020. • In the first half, sellers were hesitant, due to reluctance to have other people visit their homes, voluntary restraint at moving outside their home prefectures, and concerns that selling prices would be low. • The Japanese population is characterized by a falling number of childbirths and an aging population. In addition, the stock of new houses continues to rise due to new construction. For this reason, the market is experiencing an irreversible trend toward more houses lying vacant as the result of inheritance and people entering care facilities. Although some short-term fluctuations may occur, we expect purchasing to remain stable over the medium to long term. 	<ul style="list-style-type: none"> • Properties purchased in Q1: 1,214 (-17.4% year on year) • Properties purchased in Q2: 1,409 (-15.7% year on year) • Properties purchased in Q3: 1,686 (+3.2% year on year) • Properties purchased in Q4: 1,548 (+15.3% year on year) • When the state of emergency was declared in April 2020, we began vetting purchases more stringently, given the uncertain outlook for sales. • At Katitas, 70% of houses are purchased through brokers; the figure is 90% at Reprice. In the first half, purchasing was affected by a lower level of activity by real estate brokers. • We promoted purchasing by running advertisements in regional newspapers and on YouTube. These efforts effectively led to assessments. • The year-on-year rate of increase in the number of properties purchased has been rising. A stable purchasing environment appears to be returning.

(1) Real Estate Information Network System (REINS) is a system operated by the Real Estate Information Network for managing various types of data related to the retail market for real estate.

(2) VHS: abbreviation for Virtual Home Staging (Please refer to P40 for details)

Presentation Highlights

- | | | |
|-----------|---|----------------|
| 1. | Overview of Financial Results for the First Six Months of the FY2021 (Ending March 31, 2022) | P2-P8 |
| 2. | Management Plan for FY2021 (Ending March 31, 2022) | P10-P19 |
| 3. | Overview of Business Model | P21-P40 |
| 4. | APPENDIX | P42-P58 |

2. Mid-Term Business Plan (FY2019-2021)

(Reposted from FY2019 4Q)

- Formulated the Mid-Term Business Plan (FY2019-FY2021)⁽¹⁾ aiming to build a structure for continuous growth by enabling both Katitas and Reprice to make use of each other's strengths and to sell 10,000 houses per year in the long term
- Continue stable growth rather than aiming for rapid growth, while maintaining and improving quality and value of provided homes
- Start considering new businesses aiming to provide a wide range of solutions to the empty-home problem using existing assets, based on the business model strengths and accumulated know-how

Quantitative Targets

Net sales	Operating profit
<ul style="list-style-type: none"> ✓ Approx. ¥110 billion for FY2021 (Increase of approx. ¥30 billion compared to FY2018) ✓ CAGR of around 10% 	<ul style="list-style-type: none"> ✓ Approx. ¥13 billion range for FY2021 (Increase of approx. ¥4 billion compared to FY2018) ✓ CAGR of over 10%

Growth Strategy

Strengthen area marketing

- ① Separate and optimize the sales to match the characteristics of local markets.
- ② Strengthen development and support of area and store managers by introducing a range of systems, etc.
- ③ Continue collaboration with local builders to strengthen product capabilities.

Promote market development

- ① Horizontally deploy methods from the areas of success to the areas with room for development.
- ② Actively assign human resources to growth areas.
- ③ Improve efficiency of operations by expanding the Head Office functions.

Continue to strengthen existing strategies

- ① Continue and expand aggressive recruitment mainly among new graduates.
- ② Improve sales productivity by promoting contracts of houses being renovated, etc.
- ③ Intensify examination of new business and other M&A opportunities

(1) Targets in the Mid-Term Business Plan do not include amounts for potential M&As and the impacts of new businesses.

* The above information includes forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Please refer to the disclaimer on the last page of this presentation.

2. Management Plan for FY2021 (Ending March 31, 2022)

(Reposted from FY2020 4Q)

- We aim to maintain stable growth, with operating profit growth of around 10%.
- Given the favorable sales climate, we aim to boost the inventory turnover ratio and improve the gross profit margin.
- We expect the year-on-year rate of increase in the number of properties purchased to move toward recovery. However, inventory was short at the beginning of the year.
- We will continue working to increase the number of properties purchased to ensure steady growth from FY2022.
- Even so, we will continue to uphold our quality-focused purchasing policy, rather than simply maintaining inventories through “purchases for the sake of purchases.”
- Through operational improvements at sales locations, we will step up initiatives to reduce work loads and enhance productivity.

(JPY MM)	FY2020 (ended Mar 31, 2021)		FY2021 (ended Mar 31, 2022)					
	The first half	Full-year	The first half			Full-year		
			Plan	YoY(%)	vs. Sales (%)	Plan	YoY(%)	vs. Sales (%)
Sales	49,261	97,735	50,665	+2.8%	100.0%	103,622	+6.0%	100.0%
Number of properties sold	3,093	6,155	3,219	+4.1%	-	6,558	+6.5%	-
Gross profit	10,906	22,189	11,838	+8.5%	23.4%	23,891	+7.7%	23.1%
Operating profit	5,705	11,343	6,207	+8.8%	12.3%	12,509	+10.3%	12.1%
(Ref)EBITDA	5,825	11,582	6,325	+8.6%	12.5%	12,744	+10.0%	12.3%
Ordinary profit	5,583	11,125	6,097	+9.2%	12.0%	12,293	+10.5%	11.9%
Profit attributable to owners of parent	3,711	7,440	4,073	+9.7%	8.0%	8,210	+10.3%	7.9%
(Ref)Adjusted profit attributable to owners of parent	3,759	7,464	4,073	+8.3%	8.0%	8,210	+10.0%	7.9%

(1) EBITDA = Operating profit+ Depreciation + Amortization of goodwill

(2) For details of accounting adjustments for adjusted profit attributable to owners of parent, please refer to the table on P19.

* The above information includes forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Please refer to the disclaimer on the last page of this presentation.

2.

Growth Strategy of Katitas: Increasing Sales Staff Headcount and Improving Productivity (FY2020 Results)

(Reposted from FY2020 4Q)

- Large number of vacant properties that can be purchased in Japan; potential market size for Katitas is considerable.
- Katitas plans to expand through an increase in procured and sold homes by increasing sales staff headcount while maintaining and improving productivity.

Sales Staff

Sales employees⁽¹⁾
(average during the fiscal year)
525

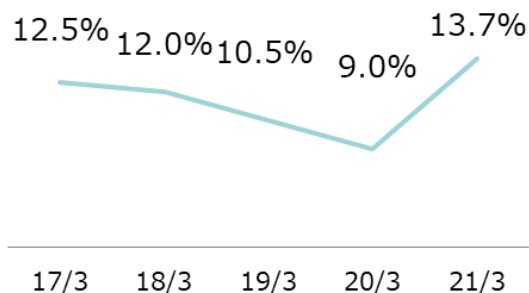
Increase in Number of Sales Employees

- Continued hiring with a focus on new graduates
- A new graduate 104 joined Katitas in April 2021

New initiatives to enhance retention

- Strengthen initiatives to reduce work loads through operational improvements
- Pay special year-end bonuses, introduce a defined contribution pension plan

<Historical Turnover Rate⁽³⁾>



Productivity

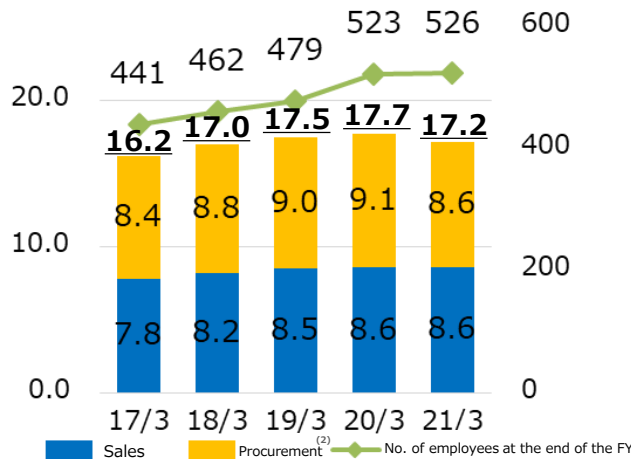
× Procurement 8.6⁽²⁾ / sales employee =

× Sales 8.6 / sales employee =

Improvement in Productivity of Sales Employees

- Improvement in productivity by increasing the inventory turnover ratio and improving operations

<Growth in Sales Employees' Productivity⁽²⁾⁽⁴⁾>



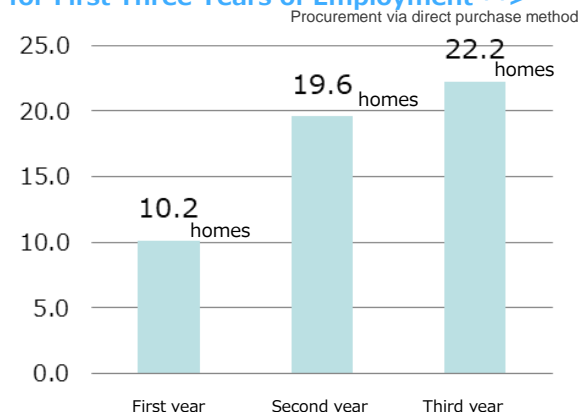
Capacity(FY2020 Results)

Number of properties procured: 4,502⁽²⁾

Number of properties sold: 4,525

- Increased productivity of new graduate employees in a short time through established training programs

<Average Productivity of New Graduates for First Three Years of Employment⁽⁵⁾>



(1)The number of sales employee includes employees in branches, sales department managers and section chiefs
 (2)Earnings presentation materials from the fiscal year ended March 31, 2021, will include properties purchased at auction, retroactively applied in previous fiscal years.
 (3)Turnover rate = number of employees who resigned or retired during the fiscal year / number of employees at the beginning of the fiscal year

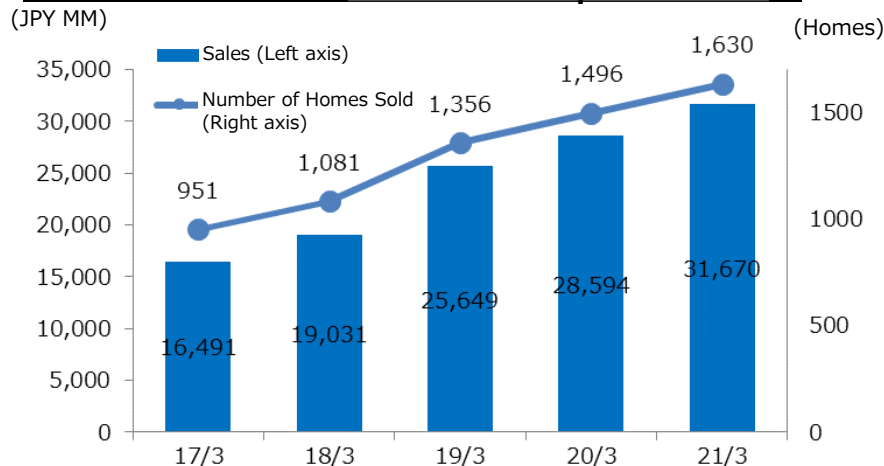
(4)Productivity= sum of the number of homes purchased and the number of homes sold by Katitas over a period, divided by the average of the number of sales employees of Katitas at the beginning and end of the period
 (5)Averages taken of each year's annual new graduate figures beginning with April 2013
 (6)Figures represent historical results of Katitas (non-consolidated)

2. Reprice: Business Status (FY2020 Results)

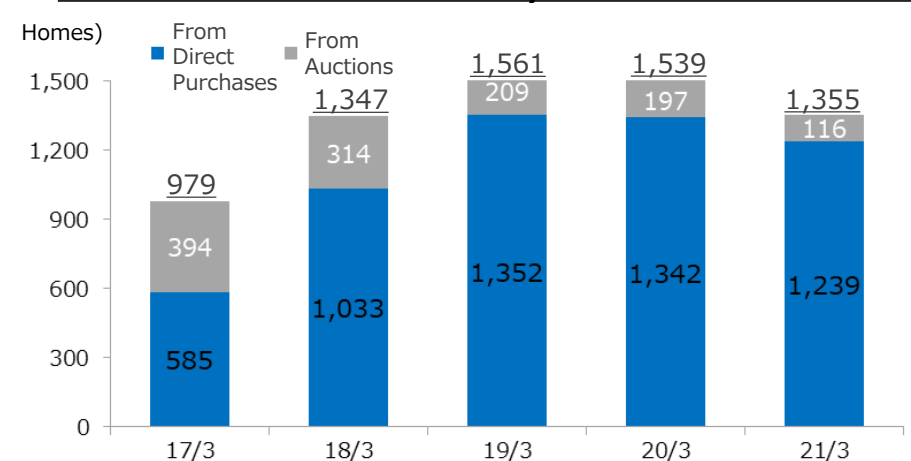
(Reposted from FY2021 1Q)

- Reprice's growth strategy is to increase the sales staff headcount and improve productivity. In the 3 years from FY2018, it prioritized increasing the sales staff headcount and hired a total of approx. 70 new graduates. However, as the number of inexperienced sales staff rose, productivity declined. Recently, it has been curbing hiring to about 15 people per year in a bid to raise productivity.
- Compared to Katitas, Reprice has a shortage of inventory. But profit margins have improved thanks to setting prices in line with market conditions and exercising restraint on discounting and price cutting.
- After the March 2016 merger, Reprice has increased the number of homes sold at a 5-year CAGR of 14.4%, owing to the elimination of financial constraints and the emergence of synergies.

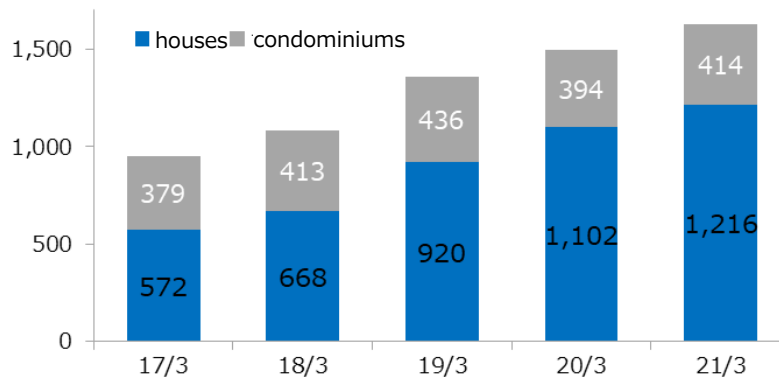
Sales Volume (1) and Number of Properties Sold (1)



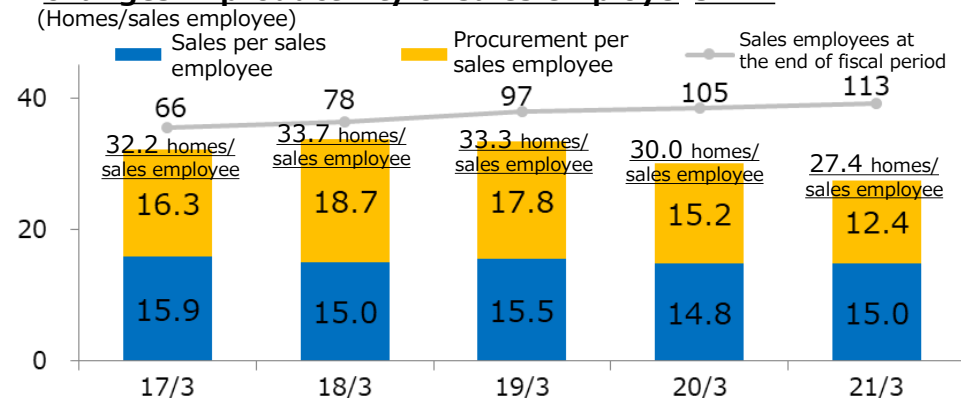
Number of Houses Procured by Procurement Method (1)



Number of sales by houses/condominiums (1)



Number of sales employees at FY end and changes in productivity of sales employees(1)(2)

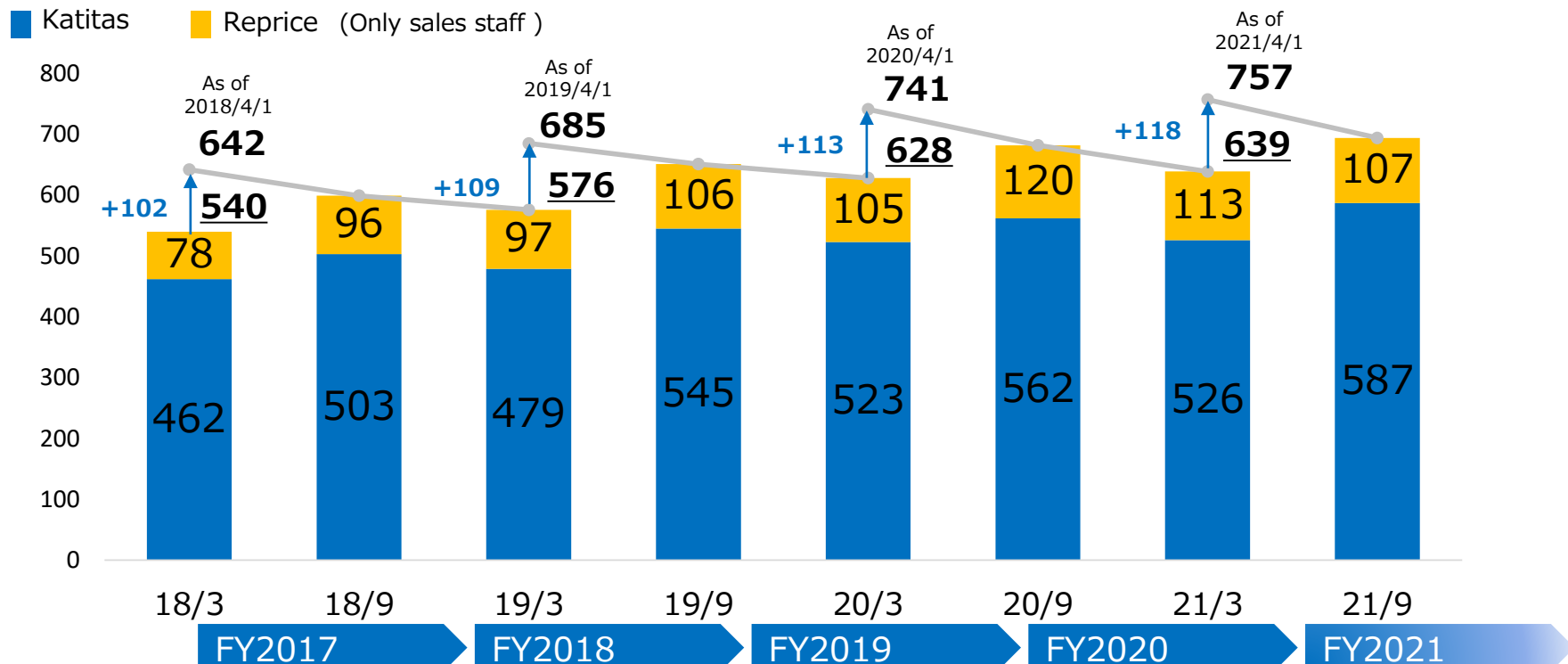


(1) Sales volume and number of homes procured and homes sold, and are for Reprice Co., Ltd. and Comprehensive Urban Development Corporation (a former subsidiary of Reprice, which was sold in September 2016)

(2) Productivity= sum of the number of homes procured and the number of homes sold by Katitas over a period, divided by the average of the number of sales employees of Katitas at the beginning and end of the fiscal year

2. Number of sales staff UPDATE

- The number of sales employees at end-Sep. rose by 55 from end-Mar. Effects of various retention measures are gradually emerging.
- Launched a BPR project team⁽¹⁾ to improve employee retention and raise productivity by reducing workload.
- Continued recruiting activities, focusing on new graduates. The number of people offered jobs to join in April 2022 was about the same as in previous years (100 at Katitas, 15 at Reprice)⁽²⁾.



		FY2017	FY2018	FY2019	FY2020	FY2021
New graduates	Katitas	+59 people (No. of back-office employees: 1)	+81 people	+91 people(No. of back-office employees: 1)	+88 people	+104 people
	Reprice	+5 people(No. of back-office employees: 1)	+22 people(No. of back-office employees: 1)	+20 people(No. of back-office employees: 1)	+27 people(No. of back-office employees: 2)	+14 people
Monthly avg ⁽³⁾	Katitas	477 people	498 people	543 people	558 people	—
	Reprice	76 people	95 people	107 people	120 people	—

(1) BPR (Business Process Re-engineering): Drastic reform of business flow and operational structure

(2) As of October 1, 2021

(3) Monthly avg = The total of the number of sales employees at the end of each month / 12

2. Dividends

(Reposted from FY2020 4Q)

- We decided on a FY2020 year-end dividend of ¥16.0 per share, up from our initial forecast of ¥13.5 (announced on April 27, 2021).
- As a result, total dividends for FY2020 amounted to ¥29.5 per share (interim dividend of ¥13.5, year-end dividend of ¥16.0)
- For FY2021, we forecast total dividends of ¥32.0 per share (¥16.0 each for interim and year-end dividends).
- We plan to maintain a consolidated dividend payout ratio of 30% or more and continue paying dividends twice each year.

	FY2020 (ended March 31, 2021)		Forecast for FY2021 (ending March 31, 2022)	
	Interim	Year-end	Interim	Year-end
Dividends per share (initial forecast)	¥13.5	¥16.0 (¥13.5)	¥16.0	¥16.0
Dividend payout ratio	30.5%		30.0%	
Dividend payout ratio ⁽¹⁾ (based on adjusted net profit)	30.4%		-	

(1) Adjusted net profit: Net profit adjusted for consumption tax and other items. Please see P19 for details on adjustment items.]

* The above information includes forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Please refer to the disclaimer on the last page of this presentation.

2. Performance stability

(Reposted from FY2020 4Q)

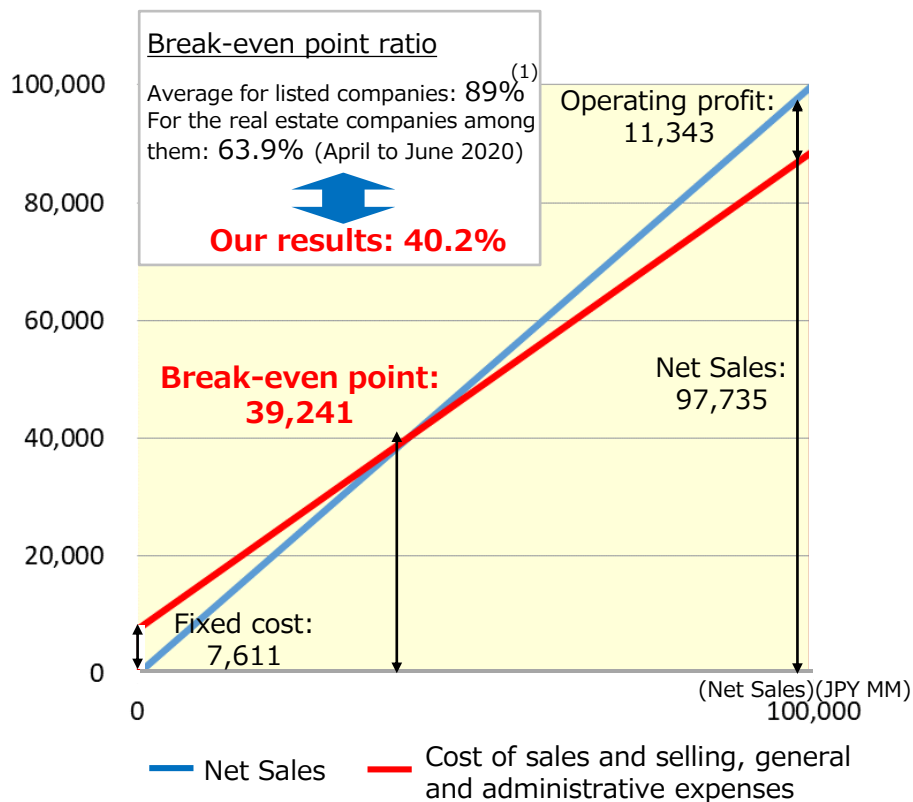
- Fixed costs are small relative to variable costs, making it easy for profits to stabilize.
- Geographical diversification minimizes risk of impairment due to disasters, and provisions for a portion of the cost of long-term inventory serves to curb future losses.

The cost structure with a high variable cost ratio and small fluctuations in profit

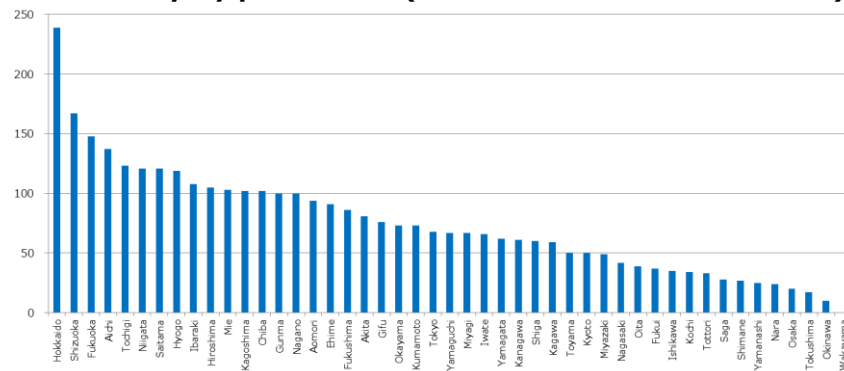
Holdings dispersed throughout Japan / low risk of major impairment due to disaster

(Net Sales & Cost)(JPY MM)

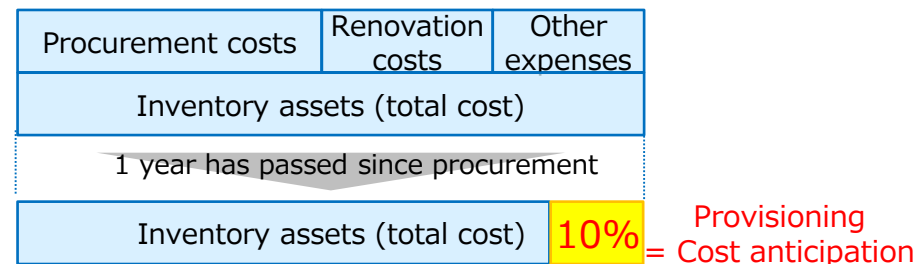
Cost Structure (FY2020)



Inventory by prefecture (as of the end of March 2021)



Provisioning for long-term inventory at 10% of cost⁽²⁾



- The number of properties that would be in the red based on the gross profit of the property itself is in the 1% range.
- The number of properties that lose money on a property gross profit basis after provisioning is even more limited.

(1) Nihon Keizai Shimbun, September 19, 2020: "Deficits due to reduced revenues, Increasing vulnerability, Sudden rise from April to June, Break-even ratios in 19 industries over 90%, with air transport at 300%"

(2) Long-term inventory: inventory for which 1 year has passed since purchase settlement

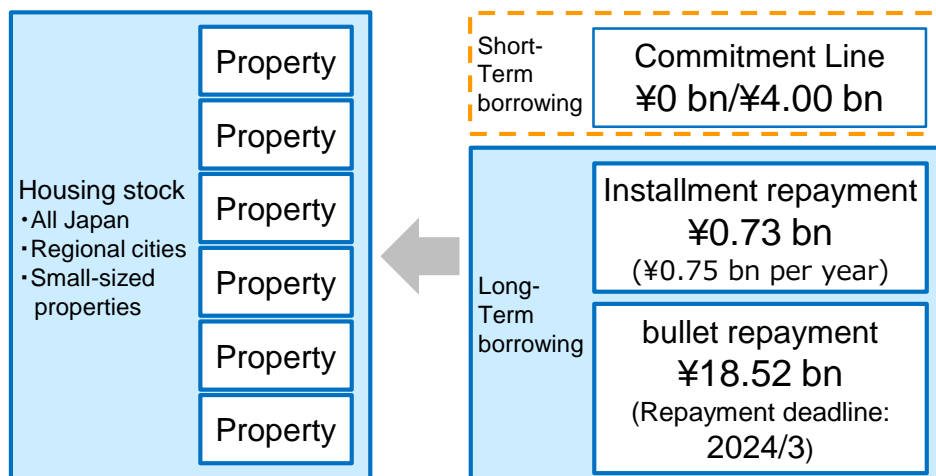
2. Financial Stability

(Reposted from FY2020 4Q)

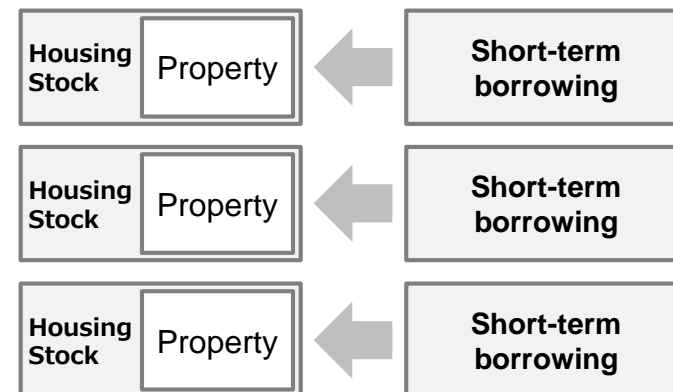
- Katitas takes out working capital loans to cover all its operating needs thanks to its high profitability and stable financial position.
- This has operating advantages in terms of improving procurement flexibility and financial advantages in terms of making it easier to secure on-hand liquidity even in an unfavorable environment.

KATITAS

Stable borrowing through the arrangement of a syndicated loan



Borrowing by taking out individual short-term loans for each property



Balance Sheet Strengths

- Katitas can purchase properties flexibly without the need to borrow funds at the time of purchase.
- Katitas can ensure on-hand liquidity provided it controls purchases when sales decline.
- Katitas already has commitment lines as back-up lines of credit and will continue to build good relationships with financial institutions.
- The current rate is 232.6%⁽¹⁾, and the ratio of fixed assets to long-term capital is 4.4%⁽²⁾. Liquidity of real estate for sale, etc. was also high, at 2.04 times per year.
- Katitas enjoys financial stability, with an equity-to-asset ratio of 50.6%.

(1) Current rate = (Current assets - Real estate for sale - Real estate for sale in process) / Current liabilities

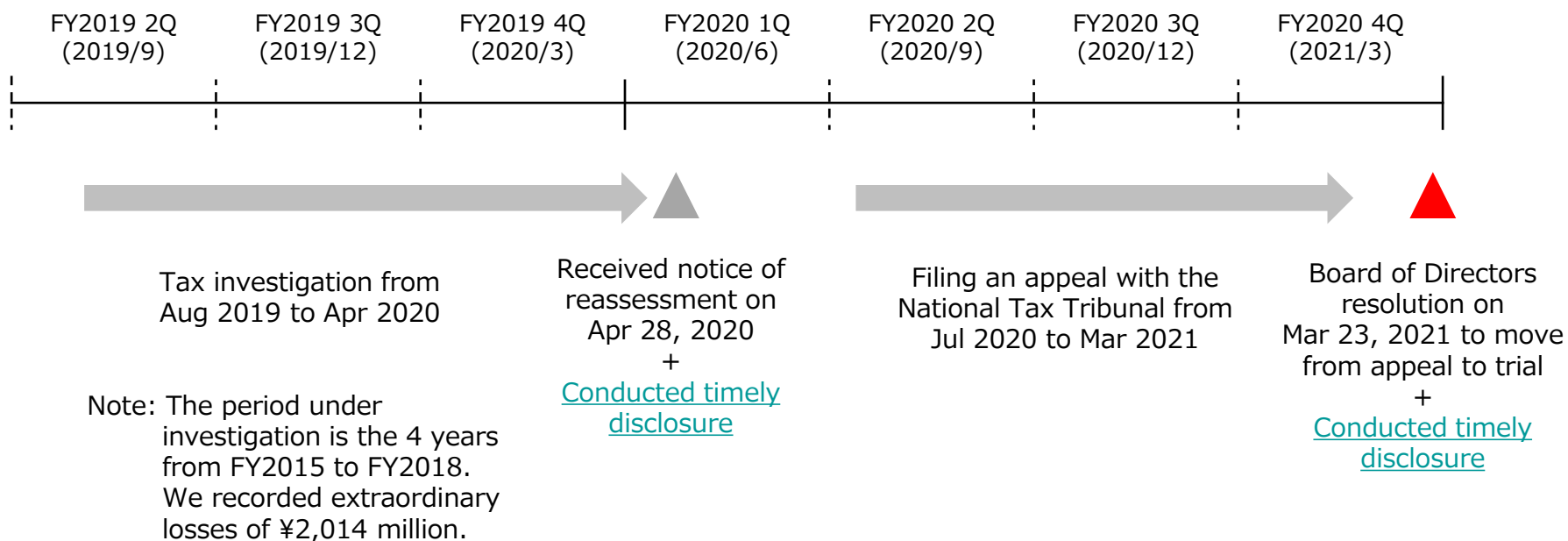
(2) Ratio of fixed assets to long-term capital = Total non-current assets / (Total non-current liabilities + Total net assets)

2.

Progress in the Reassessment Penalty, etc. from the Regional Taxation Bureau

(Reposted from FY2020 4Q)

- As announced in a press release on April 28, 2020, Katitas believes that there are no errors in its existing accounting and tax treatment. Accordingly, the Company has moved ahead with necessary procedures for filing an appeal against the reassessment penalty.
- At a meeting on March 23, 2021, the Board of Directors resolved to file an appeal by the end of March 2021 with the Tokyo District Court asking for the tax authorities to rescind the reassessment penalty (the “Appeal”). The Appeal was received by the Tokyo District Court on March 29, 2021.
- As we had expected to file the Appeal, our forecast remains unchanged.
- The costs of the lawsuit will have a negligible impact on operating performance.
- In our accounting and tax processes, we plan to maintain our current method of handling consumption tax.



2. Adjustment Item List

- Following a tax investigation by the Kantoshinetsu Regional Taxation Bureau, Katitas recorded a consumption tax difference of JPY 2,014 million under extraordinary losses.
- The Company is not in full agreement with the reassessment penalty. Accordingly, we are filing an appeal with the Tokyo District Court.
- Katitas plans to continue using its Proportional Division Method in its accounts in the future.

	Full Year			First Quarter		
	FY2018	FY2019	FY2020	FY2019 2Q	FY2020 2Q	FY2021 2Q
Profit attributable to owners of parent	5,926	5,190	7,440	3,690	3,711	4,577
Differences in consumption taxes, etc.	–	2,014 ⁽¹⁾	48 ⁽²⁾	–	45 ⁽²⁾	–
Refund of income taxes	–	-562	–	–	–	–
Income taxes – deferred for refund of income taxes	–	28	-27	–	–	–
Advisory fees ⁽³⁾	–	–	3	–	3	–
Tax impact to above adjustments	–	–	-1	–	-0	–
Total of adjustment (After tax impact adjustment)	–	1,480	23	–	48	–
Adjusted net profit attributable to owners of the parent	5,926	6,671	7,464	3,690	3,759	4,577
Adjusted EPS (JPY) ⁽⁴⁾	78.81	87.36	97.16	48.41	49.00	59.36
Adjusted dividend payout ratio(%)	33.0%	30.9%	30.4%	–	–	–

(1) Amount subject to reassessment due to a difference in views on the method of calculating consumption tax, based on a tax investigation by the Kantoshinetsu Regional Taxation Bureau. The Company is filing an appeal with the Tokyo District Court because it considers the penalty unacceptable.

(2) Rough estimate of a delinquent tax pertaining to the Reassessment Penalty, etc.

(3) The amount paid to lawyers, tax accountants, and other professionals in relation to tax reassessment, etc.

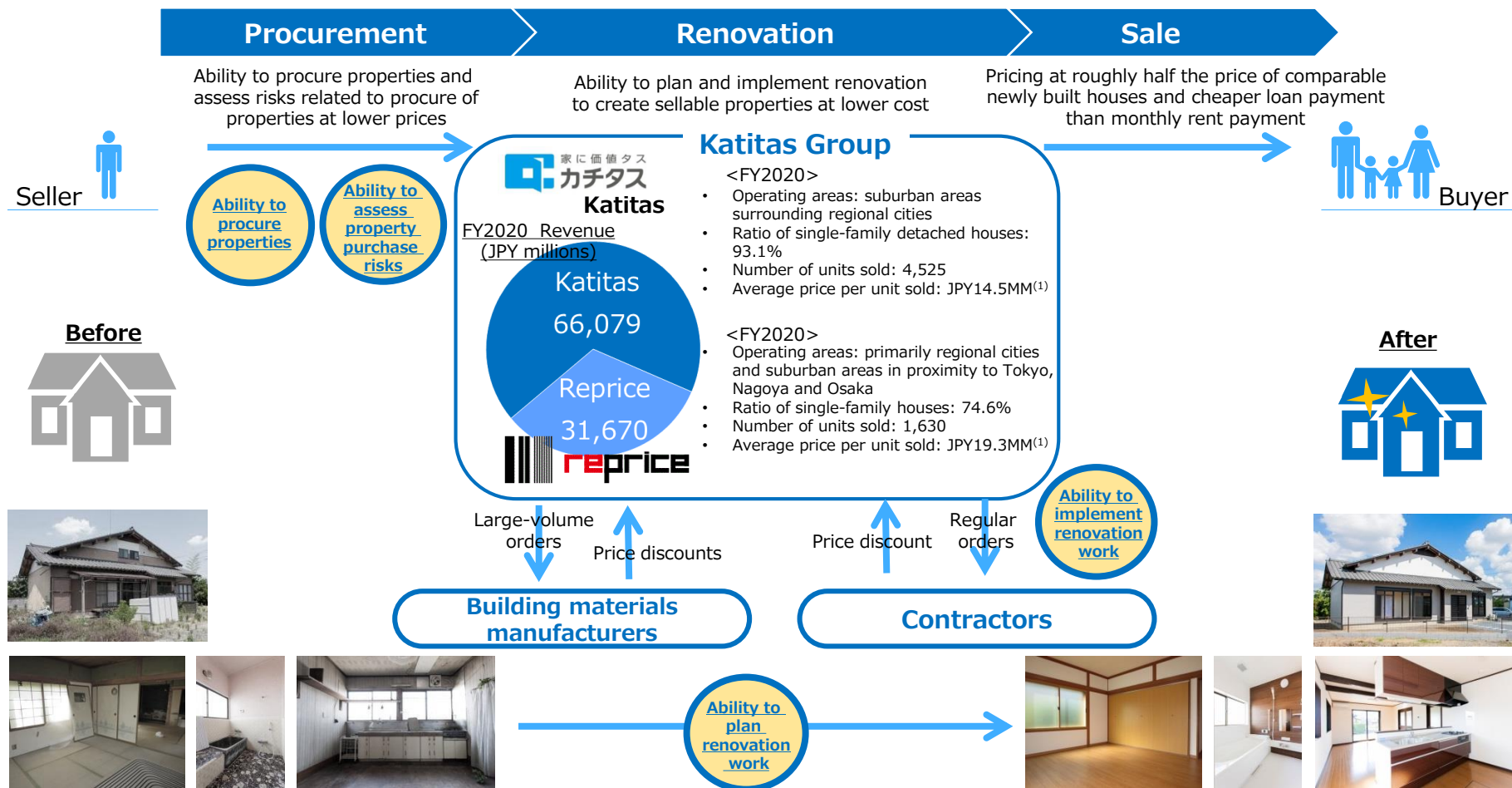
(4) The Company conducted a two-for-one common stock split on April 1, 2020. Adjusted EPS is calculated as if the stock split had occurred at the beginning of the fiscal year ended March 31, 2019.

Presentation Highlights

- | | | |
|-----------|---|----------------|
| 1. | Overview of Financial Results for the First Six Months of the FY2021 (Ending March 31, 2022) | P2-P8 |
| 2. | Management Plan for FY2021 (Ending March 31, 2022) | P10-P19 |
| 3. | Overview of Business Model | P21-P40 |
| 4. | APPENDIX | P42-P58 |

3. Business Model of Katitas

- Katitas purchases lower-cost pre-owned vacant houses through its unique know-how, adds value to them through renovation and sells them at roughly half the price of comparable newly built houses
- Katitas sells renovated pre-owned single-family houses to the market targeting middle- and lower-income households in regional cities as a new “Fourth Option” – an alternative housing option to newly built, “as is” pre-owned and rental houses

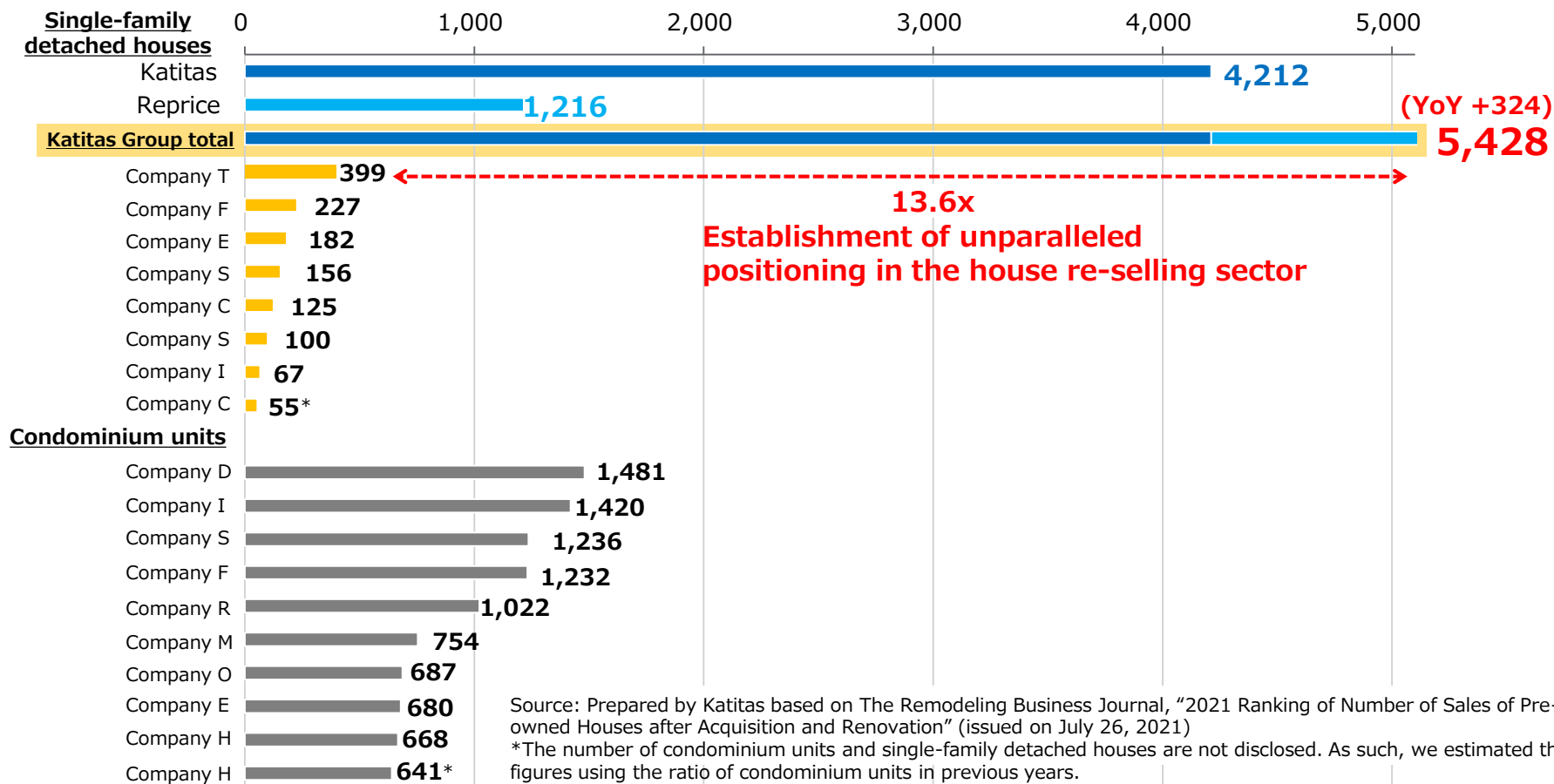


(1) Excluding tax

3. Number of Houses Sold is Over 10 Times that of No.2 Ranked Company

- No.1 among House Reselling Businesses⁽¹⁾ in terms of number of units sold in FY2019
- Established unique positioning by focusing on pre-owned single-family detached houses located in regional cities and Regional areas that competitors find challenging to bring to the market

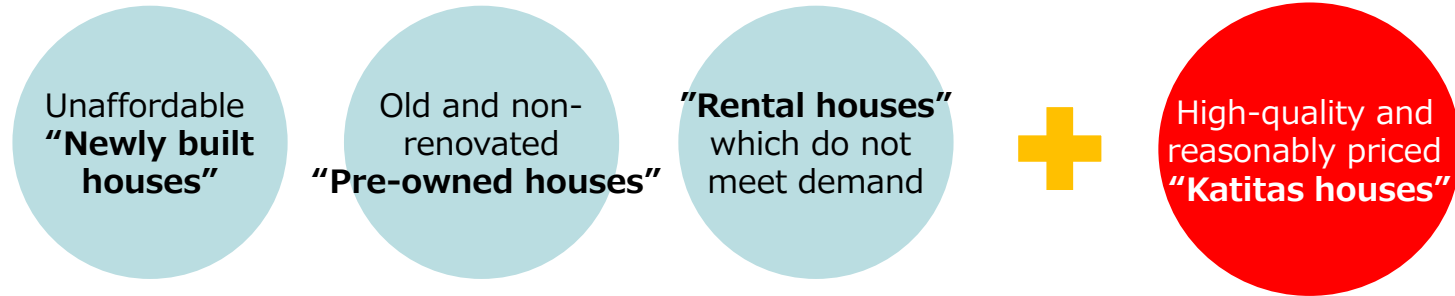
Number of Units Sold by Major House Re-sellers (FY2020)



(1) A "Housing Reselling Business" is defined as one conducted by certified "building lot and transactions" dealers with extensive know-how in renovation so as to efficiently and effectively improve the quality of existing house inventory (Requests for FY2016 Tax Reform (Special Measures Concerning Taxation))

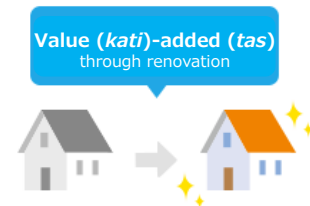
3. Katitas's Unique Model and Positive Social Impact

Providing a 4th housing option – an affordable alternative to newly built houses, pre-owned houses and rental houses



Katitas's Unique Model : Creating value from valueless "as-is" houses

- Purchase, renovate and re-sell pre-owned single-family houses and houses left vacant which are valueless "as-is"
- Value-added house re-selling business: "Kati (= "value" in Japanese) tas (= "to add" in Japanese) to valueless "as is" properties"



Positive Social Impact : Addressing one of Japan's social issues

- A pressing social issue in Japan facing population decline is what to do with the existing vacant houses in regional areas
- Sales of previously vacant, unused houses to new homeowners stimulate local economies and help foster community development

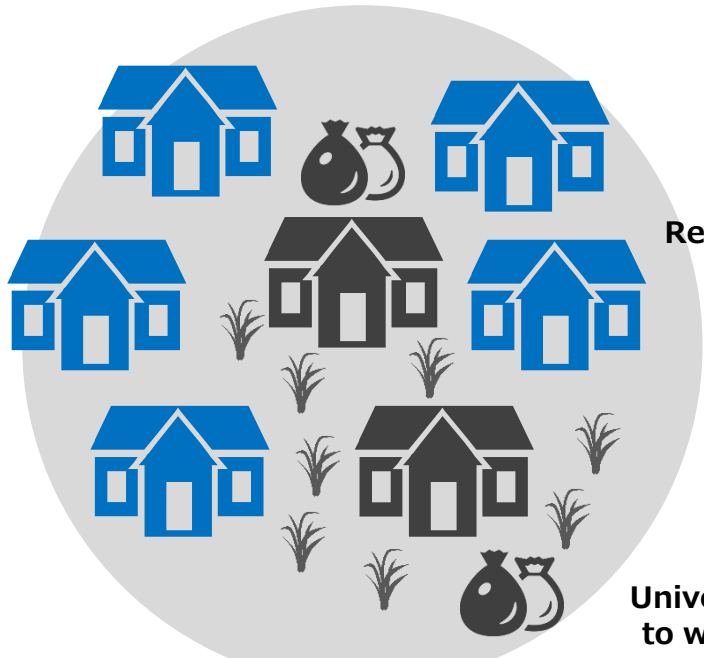
Addressing Issue of Vacant Houses (*Akiya*)

Stimulation of Local Economy

Environmentally Friendly

3. Katitas' ESG and SDGs : Contributing to Acquisition of Affordable Housing for Low- and Middle-Income Households

There are 8.49 million vacant houses nationwide, a large social problem



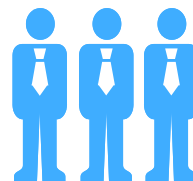
Vacant houses spoil the landscape and create concern over public safety

Various regional social problems including the aging population, young people leaving and the hollowing out of the economy



Renovation contractors

Creating employment

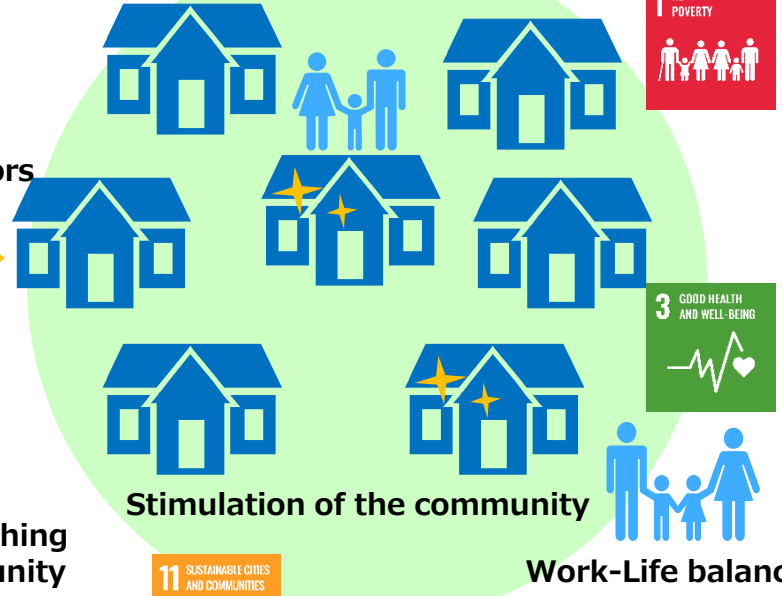


University students wishing to work for the community



Resolving the vacant house issue by renovating and distributing vacant houses

Affordable houses for people with annual household income of ¥2-5 million



Stimulation of the community

Work-Life balance



Population concentration in urban areas

3. Katitas' ESG and SDGs: Status of Overall Initiatives

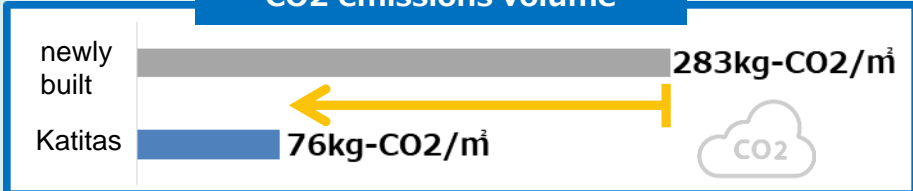
Katitas' pre-owned house renovation business



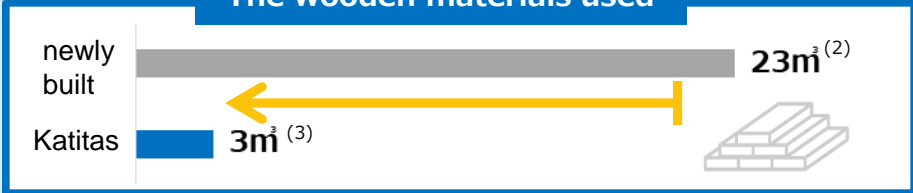
Scrap and build new houses



CO2 emissions volume ⁽¹⁾



The wooden materials used



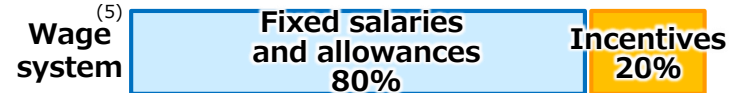
Independent outside directors: 1/3 of the total

- ✓ Of those, three are Independent Outside Directors.
- ✓ Outside Director attendance ratio: 100% ⁽⁴⁾
- ✓ Flat Board of Directors operations in which Directors can comment freely.



Salaries of sales employees are mainly fixed salaries

- ✓ Incentives make up a small percentage of salaries, which are less likely to become contributors to unreasonable sales activities and sales.



Weekly video conference connecting all branches nationwide

- ✓ Communication including failure cases and compliance.



The three reporting principles

- ✓ Thorough internal notifications on compliance awareness.

- Promptly** report trouble
 - Report the bad things first**
 - Do not lie**
- Voluntary Remuneration Advisory Committee
 - Monthly partner meetings held with renovation contractors (KRP Meeting)
 - Monthly human rights education

(1) Source: Kimoto, Ikaga, Hanaki, Shintani, and Noguchi (2009), "Projection of CO2 Emissions from Construction, Renovation, and Demolition of Housing to 2050"

(2) Source: "Current Status and Issues in the Forestry, Logging, and Timber Industry," Forestry Agency (March 2021)

(3) Our standard remodeling property results, constructed in December 2018

(4) Results for the fiscal year ended March 31, 2021

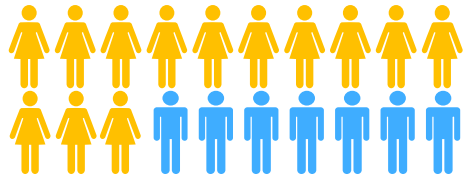
(5) Results for the fiscal year ended March 31, 2020

(for employees ranging from personnel in charge to sales department managers)

3. Katitas' ESG and SDGs : Company Where Female Employees Can Take an Active Role

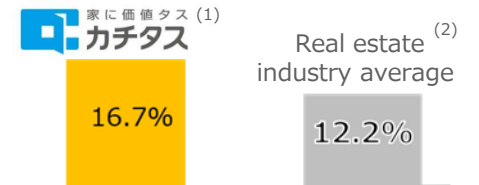
- Katitas actively recruits and promotes women because operations to purchase houses and to remodel them are ones in which women can take an active role.
- Katitas contributes to the revitalization of local regions through the creation of job opportunities for women, which is an issue in local regions and the suburbs where the Company operates.
- In June 2020, Katitas was selected as a new constituent of the MSCI Japan Empowering Women Select Index.

Annual sales ranking of sales employees (FY2020 results)



65% (13) of the company's top-ranking sales personnel were women

Percentage of female managers(As of April 2021)



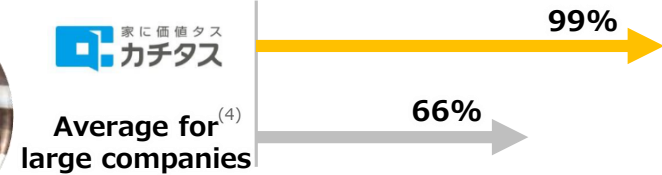
Katitas also has a high percentage of women in managerial positions*1

Female employee ratio: 39.2% (As of April 2021)



Many women interested in renovations and housing

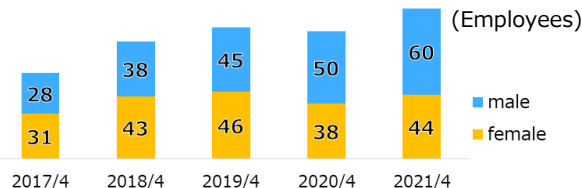
Ratio of women and men in terms of average years of service (As of March 31, 2021) ⁽³⁾



Average for large companies ⁽⁴⁾

There is little difference in average years of service between men and women.

Breakdown of new-graduate recruits by gender



A high percentage of the company's new-graduate recruits are women

Selected as a new constituent of the MSCI Japan Empowering Women Select Index

2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

THE INCLUSION OF KATITAS Co., Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF KATITAS Co., Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

(1) Total number in management and supervisory roles, including Katitas's sales and administrative divisions
 (2) Source: Teikoku Databank "Awareness Survey of Corporate Attitudes Towards Promotion of Women (2020)"

(3) Average years of service of female employees/Average years of service of male employees

(4) Source: The Ministry of Health, Labour and Welfare "Basic Survey on Wage Structure (2020)"

3. Updated ESG Report to Reflect Investor Feedback

(Reposted from FY2021 1Q)

- We updated the ESG Report (published in November 2020) to reflect the feedback we received during constructive dialogues with investors.
- We disclosed our purpose (vision) and included the voices of many stakeholders.
- We disclosed the risks and opportunities related to climate change (with reference to TCFD), the economic impact of our business and the number of beneficiaries, and more.

Voices of many stakeholders

Introduced the value provided by Katitas through its business. Included stakeholder voices to help investors gain a fuller understanding of our business.

Purpose
Bring as much joy as possible to towns and cities

Customer voices: values provided by KATITAS
We were first looking for a house to rent but had to leave a house by KATITAS. We decided to buy this house in addition. The design had a lot of things that we liked. In addition, the design had a lot of things that we liked. In addition, the design had a lot of things that we liked.

iii-4 Mutual growth through collaboration with local partner builders
KATITAS is committed to local partner builders for the expansion of its business. We are committed to continuing this initiative because we believe setting up opportunities for our CEO and employees to work together is important to us.

Enhanced disclosure on governance

Disclosed an interview with an independent outside director, a skills matrix, and our policy for determining executive compensation.

Interview with an Independent Outside Director
Interviewed Mr. Takashi Kato, an independent outside director, about his role and the company's governance.

IV-2. Supervision of business execution by the Board of Directors
The Board of Directors reviews and determines management policies and priority plans, manages, and supervises the business execution to realize a sustainable expansion of corporate value in pursuing the company's corporate vision.

IV-3. Enhanced governance through the reward system
A wage system helping firms serve employees based on the compensation package with flexibility focus.

Policy for determining remuneration for directors
The remuneration of the Company's directors is designed with the aim of compensating them for the value of their work and the content of corporate value.

Clarification of the process of deciding the remuneration of officers
The remuneration of the Company's executive officers is determined based on the results of their work and the content of corporate value.

Reflected many feedback from investors

Proactively reflected feedback we received from investors in constructive dialogues during IR activities.

Relation between our business and risks of climate change
1. Impact and response to the physical risks of climate change
2. Impact and response to political & legal transitions
3. Opportunities due to shifts in customer orientation toward

1-2. To achieve the circular economy
A circular society that
- Reduces waste
- Recycles resources
- Saves energy
- Reduces CO2 emissions

The magnitude of value KATITAS creates by revitalizing vacant houses
Customer: Revitalized houses
Number of beneficiaries: 1,000+
Number of jobs created: 1,000+

3. The Company's Customer Profile

	Customer profile
Business area	Suburban areas surrounding regional cities (Targeting regions with populations of 50,000 – 300,000)
Properties handled	Mainly pre-owned single-family detached houses which have become vacant due to events such as inheritance
Average selling price	JPY 15.0 million (including tax)
Buyers' needs	Actual demand (purchases made for the purpose of the buyer themselves living in the property as a residence)
Buyers' age range	30s–50s (75.2% of the Company's sales results)
Buyers' annual income	JPY 2-5 million (69.9% of the Company's sales results) (home loan to annual income ratio is 3.94) * Households with annual incomes between JPY 2-5 million are the largest volume zones in rural areas, excluding the three major cities.
Type of buyers' loan	Home loan
Financial institutions with loan transactions	Nationwide regional banks, shinkin banks, credit associations and labor banks, etc.
Source of loan payments	Buyer's flow income

(1) Figures for average selling price, buyers' age range, and buyers' annual income are from cumulative results for the fiscal year ended March 31, 2021.

(2) Home loan to annual income ratio = selling price (including tax) / annual income

Annual income based on customer responses. Calculated excluding customers that pay in full in cash, customers with unknown income, and corporations.

3. Examples of Value-Added Properties (1): Appearance and Exterior Work

- Work on appearance is intended to improve endurance and make houses look more attractive
- Expansion of parking spaces is essential in Regional areas; decisions on procuring properties are made depending on whether such expansion is possible or not, and potential acquisition of adjacent land and scaling-down of the size of houses are examined



Renovated one-story house: replaced the damaged eaves and refreshed the dilapidated exterior



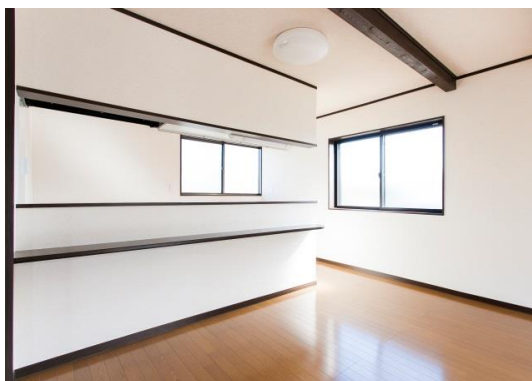
House where porch tiles were replaced, a new exit door was installed and the exterior wall was clad with accent tiles



House where two parking spaces were created by removing garden trees and part of the retaining wall

3. Examples of Value-Added Houses (2): Interior Work

- Not only re-wallpapering and re-flooring, but also a willingness to make floor plan changes helps Katitas' efforts to "create comfortable dwelling spaces"
- Renovation work is intended to erase traces of former owners completely, while selected parts of houses are left untouched in order to curb costs (and eventually, to rein in selling prices)



New look of an integrated LDK space with replaced flooring and wallpaper, after the floor plan with the living and dining rooms separated was altered by changing the location of the kitchen

Conversion of two adjoining Japanese rooms into two modern Western rooms, by installing a wall and replacing tatami mats with flooring, at a low cost achieved by using the original sash

Renovated entrance, by replacing the carpet with flooring, cladding the entrance foyer with new terracotta-style tiles and installing a new shoe closet

3. Examples of Value-Added Houses (3): Facilities Work

- New plumbing products are installed to improve usability and cleanliness
- Materials are purchased at lower prices through bulk purchases, which results in large-scale renovation work at about half the price paid in personally-requested renovation work



Newly-installed kitchen unit with a hanging cupboard, replacing the inconvenient unit used for more than 30 years and resulting in drastic improvement in both usability and appearance

A new modular bath system is installed in approx. 90% of houses purchased

A new multi-functional toilet is also installed in approx. 90% of houses purchased

A new washstand is installed in approx. 90% of houses purchased and many requests for locational change are met

Room doors and other fittings are replaced and repaired as necessary

3. Implementing risk management based on track record of 60,000 projects

- Katitas has accumulated a stock of “failure cases” through purchasing and selling more than 60,000 houses. These cases frequently occur as a result of errors made at the time of purchasing. Failure cases are shared with branches nationwide on a weekly basis.
- Before purchasing, in addition to clarifying the boundaries with adjacent land, Katitas conducts “three-party on-site meetings” with the renovation contractor and termite exterminator. The three parties will check the entire house to ascertain whether the building has deterioration in the frame, or a history of roof leakage.
- Katitas will also carry out extensive inspections both during renovation and at the time of completion, in order to minimize failures and problems that may occur after the property has been delivered.

Details of pre-purchasing inspection



The termite exterminator performs an inspection of the underfloor space looking for evidence of termite damage. This avoids unexpected renovation costs, and reduces the risk of procuring a property that is difficult to renovate



The renovation contractor will check the entire frame of the building including the roof space looking for evidence of roof leaks and pests. These inspections increase the accuracy of renovation cost estimates.



A land survey is conducted on every project. This provides comfort to the buyer. Land surveys are unnecessary for pre-owned condominiums.

Examples of cases which required major repair after purchasing or after sale



Unstable foundations were discovered after purchasing. This needed to be repaired before sale which led to additional costs.



Case in which subsidence under the floor was discovered after purchasing. A major rebuilding of the foundation was necessary.



Case in which the roof leaked after sale. A full repair was carried out under the warranty against defects.



Case in which deterioration in roof materials was noticed after sale. As a partial repair was not possible, the entire roof had to be replaced.

● Katitas regards these failure cases as the “assets of the company,”. They are shared with the entire company on a weekly basis to prevent recurrences (= minimize risk)

● Nevertheless, unsaleable properties are occasionally procured due to unexpected defects.

3. Entry Barrier of Katitas' Business Model and Competitive Advantage

Entry Barrier	Individual property characteristics		Regional characteristics	
	<p><u>Property conditions are extremely varied</u> Even with properties built by the same home builder, the deterioration of properties differs based on the location and maintenance.</p>	<p><u>Economies of scale do not apply</u> In addition to the individual characteristics of the homes themselves, extreme differences in the levels of deterioration make standardized reforms difficult, and economies of scale do not easily apply.</p>	<p><u>Lifestyles by region</u> Lifestyles differ throughout Japan with its heavy snowfall regions and hot and humid regions, meaning thorough regional knowledge is required to respond to customer needs.</p>	<p><u>Differing business environments</u> The presence of competition as well as the number and level of partner companies such as contractors and other licensed professionals differ by region.</p>

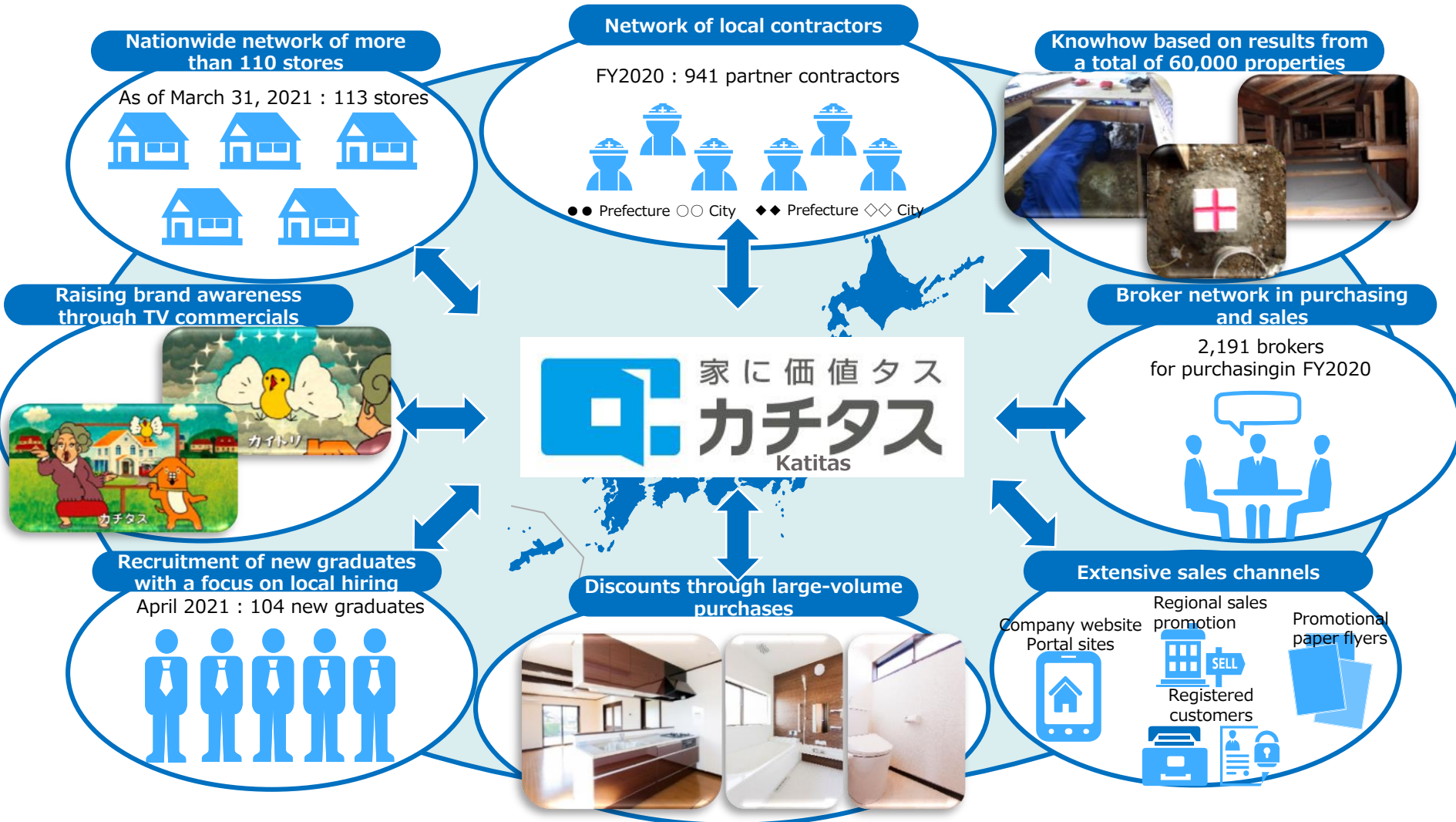
We will create our own unique positioning by properly managing the balance between "standardization" and "individual solutions"

Competitive Advantage	Standardization policies	Individual solutions policies
	<ul style="list-style-type: none"> ● <u>Preparation and weekly updates of manuals</u> ~Organize individual work processes including purchasing, reforms, and sales in detail. Create manuals for renovation contractors as well. ● <u>Standardization of knowledge</u> ~Collect information on good knowledge and bad knowledge through weekly business condition reports. Standardize and disseminate solution methods to workplaces through weekly company-wide morning video conferences. ● <u>Checking system at headquarters</u> ~Check the contents of contracts and reforms at headquarters from a third-party perspective. 	<ul style="list-style-type: none"> ● <u>Sales staff oversees every phase of the business flow</u> ~By overseeing every phase from the property acquisition to reform plans to sales, the sales staff takes responsibility for everything from property quality to customer support. ● <u>Hire personnel with ties to each region throughout Japan</u> ~Hire "exceptional students wishing to work for the region" at local universities and establish positioning as a company that works for the region. ● <u>Compensation system not reliant on results</u> ~Compensation system based on fixed salaries to allow employees to work for a long time and accumulate the benefits of experience.

● Accumulate "experiences of success and failure" based on the results of more than 60,000 properties
 ● By focusing on regional cities and the middle-income range, we will build a platform that, unlike metropolitan city center and high-end markets, is resistant to market conditions
 ● Hiring and development that enhances personnel performance
 ● Detailed management by a management class with diverse backgrounds

3. Build a strong foundation that cannot be imitated by competitors through an organically integrated ecosystem

- The strength of Katitas's business model is as a strong, organically integrated collective, and not in individual, exceptional strengths.
- Build a highly unique business model that cannot be easily imitated by competitors.

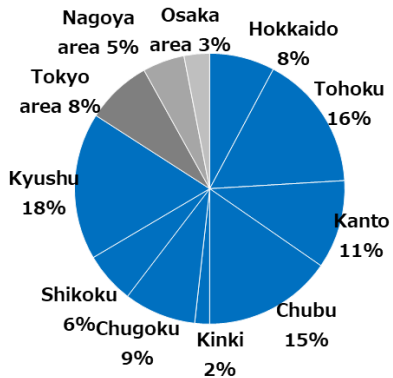


3. Nationwide Branch Network and High Brand Recognition

- Katitas maximizes purchasing and sales opportunities by covering geographic areas not or rarely accessed by competitors, including small- and medium-sized cities with populations between 50,000-300,000
- Katitas has No.1 brand recognition in regional areas

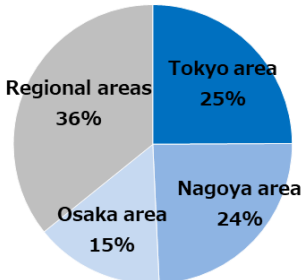
Nationwide Branch Network

Katitas: Sales by area⁽¹⁾⁽²⁾
(FY2020, based on number of units)



*Number of units sold (FY2020): 4,525

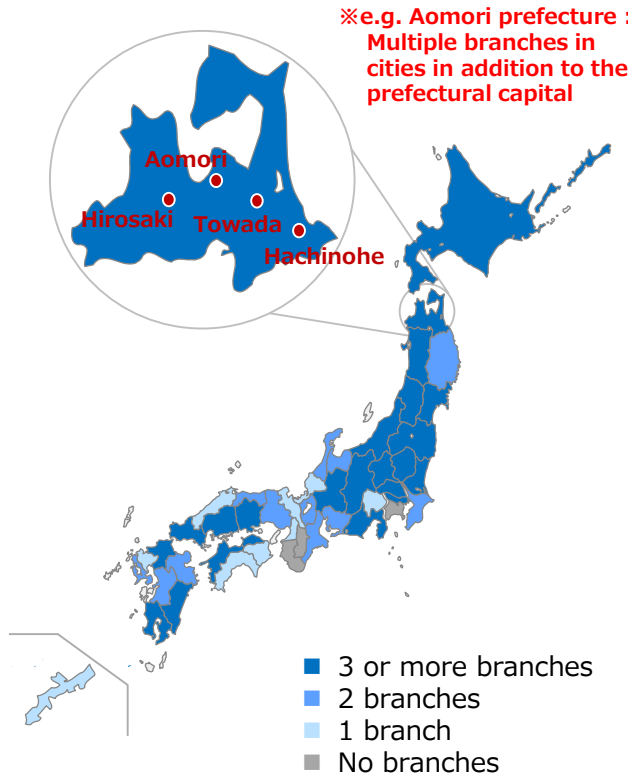
Reprice: Sales by area⁽²⁾
(FY2020, based on number of unit)



*Number of units sold annually: 1,630

**"Regional areas" are other areas than the "three metropolitan areas"⁽²⁾

Branch Locations⁽³⁾ of Katitas
(As of March 31, 2021)



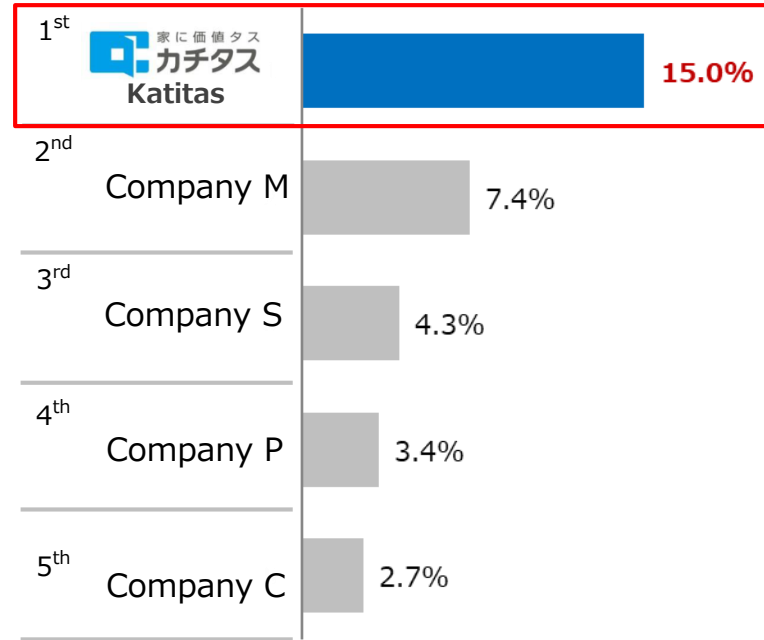
High Brand Recognition in Regional Areas

UPDATE

Survey on Brand Recognition⁽⁴⁾

Q. "Which company comes to mind if you are asked about a company to which one could sell a house?"

(Surveyed without presenting answers options in August 2021 in areas where Katitas TV commercials were aired)



Source: Web-based survey conducted by a third-party research firm requested by Katitas. The number of samples of each survey was 1,100. Ten prefectures were selected as target survey areas and the surveys were conducted in rotation. The above chart shows aggregated results of prefectures where Katitas TV commercials were aired

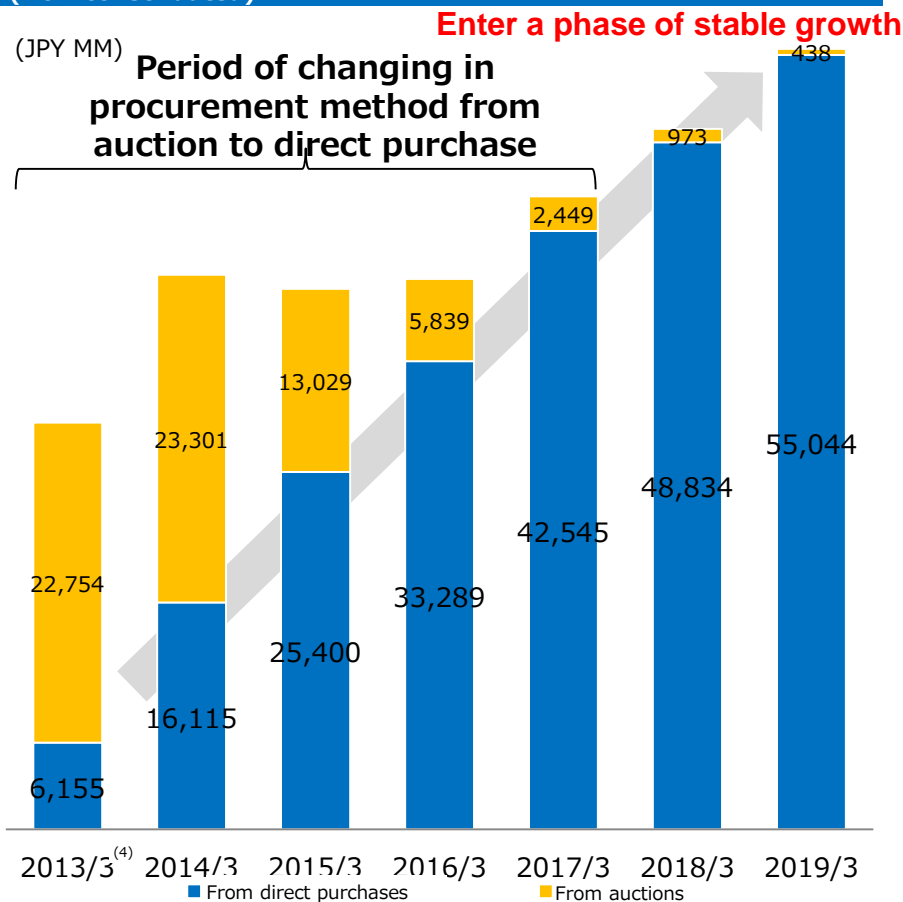
(1) Tohoku: Aomori, Iwate, Miyagi, Akita, Yamagata and Fukushima prefectures. Kanto: Ibaraki, Tochigi and Gunma Prefectures. Chubu: Niigata, Toyama, Ishikawa, Fukui, Yamanashi, Nagano and Shizuoka prefectures. Kinki: Shiga and Wakayama prefectures. Chugoku: Tottori, Shimane, Okayama, Hiroshima and Yamaguchi prefectures. Shikoku: Tokushima, Kagawa, Ehime and Kochi prefectures. Kyushu: Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima and Okinawa prefectures.
 (2) Three Metropolitan Areas (defined by the Ministry of Internal Affairs and Communications): Tokyo area (Saitama, Chiba, Kanagawa and Tokyo prefectures), Nagoya area (Gifu, Aichi and Mie prefectures) and Osaka area (Osaka, Hyogo, Nara and Kyoto prefectures)
 (3) Branch list is explained in detail on P.45
 (4) Surveyed areas in August 2021 were Akita, Yamagata, Ibaraki, Ishikawa, Yamanashi, Mie, Okayama, Kagawa, Nagasaki and Kagoshima prefectures (where TV commercials were aired), as well as Saitama and Chiba prefectures (where no TV commercials were aired)

3. Increased Ratio of Properties Procured Through Direct Purchases as Compared to Auction Purchases Contributed to Rapid Growth in Sales and Gross Profit

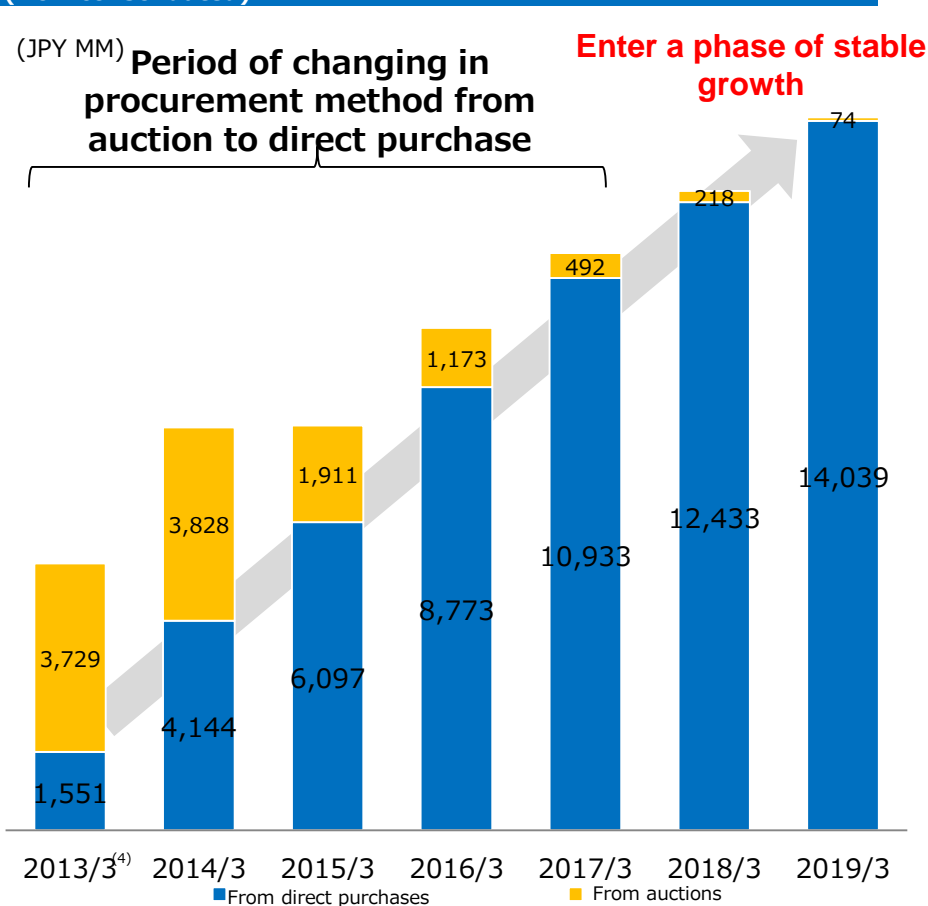
(Reposted from FY2018 4Q)

- Katitas has largely shifted its property procurement method from auctions to direct purchases.⁽¹⁾ This drastic reform increased gross profit
- From the fiscal year ended March 31, 2018, Katitas is likely to enter a phase of stable growth of around 10% annually

Historical Sales⁽²⁾ Breakdown by Procurement Method (Non-consolidated)



Historical Gross Profit⁽²⁾⁽³⁾ Breakdown by Procurement Method (Non-consolidated)



(1) Please refer to P.55 regarding the comparison between procurement through auctions and direct purchases

(2) Sales and gross profit are based on managerial accounting

(3) Gross profit from sales attributed to homes procured through auction and direct purchases is based on the procurement costs and renovation costs of the homes before appraisal loss, loss from lower-of-cost-or-market valuation, impairment loss and other minor adjustments

(4) During the fiscal year ended March 31, 2013, we changed the end of our fiscal year from January 20 to March 31 and as a result the fiscal year ended March 31, 2013 covers the approximately 14-month period from January 21, 2012 until March 31, 2013

3. Unique Business Model to Add Value to Vacant Houses

- Katitas adds value to under-valued vacant houses by renovating them for re-sale
- Katitas' unique business model and its efforts to solve problems related to vacant houses in regional areas are highly regarded by external parties, as represented by the award given by the Ministry of Economy, Trade and Industry and the Porter Prize

Awarded by the Ministry of Economy, Trade and Industry as an Innovative Renovation Company in FY2015⁽¹⁾



- Contribution made through purchasing/reselling pre-owned houses with a focus on regional single-family houses. Developed a framework to enhance customer satisfaction by minimizing renovation costs
- As an industry leader, not only tackling the empty house problem but also established its own construction quality standard which contributes to the soundness of the industry

Porter Prize in FY2017



The reasons awards were received can be viewed through the following URL or by double-clicking on the above icon.

http://katitas.jp/information/ir/file/2017porter_prize_Eng.pdf

- The prize is intended to recognize outstanding Japanese companies that implement **excellent competitive strategies**
- The prize bestows recognition on Japanese companies that have **achieved and maintained superior profitability** by implementing **unique strategies** based on innovations in products, processes, and ways of managing
- Reason for the award; (1) Katitas renovates pre-owned houses in regional areas and sells them at price levels that make mortgage payments competitive with renting. (2) Katitas continues its growth by providing high quality houses in regional areas where population is decreasing with limited supply of newly built houses

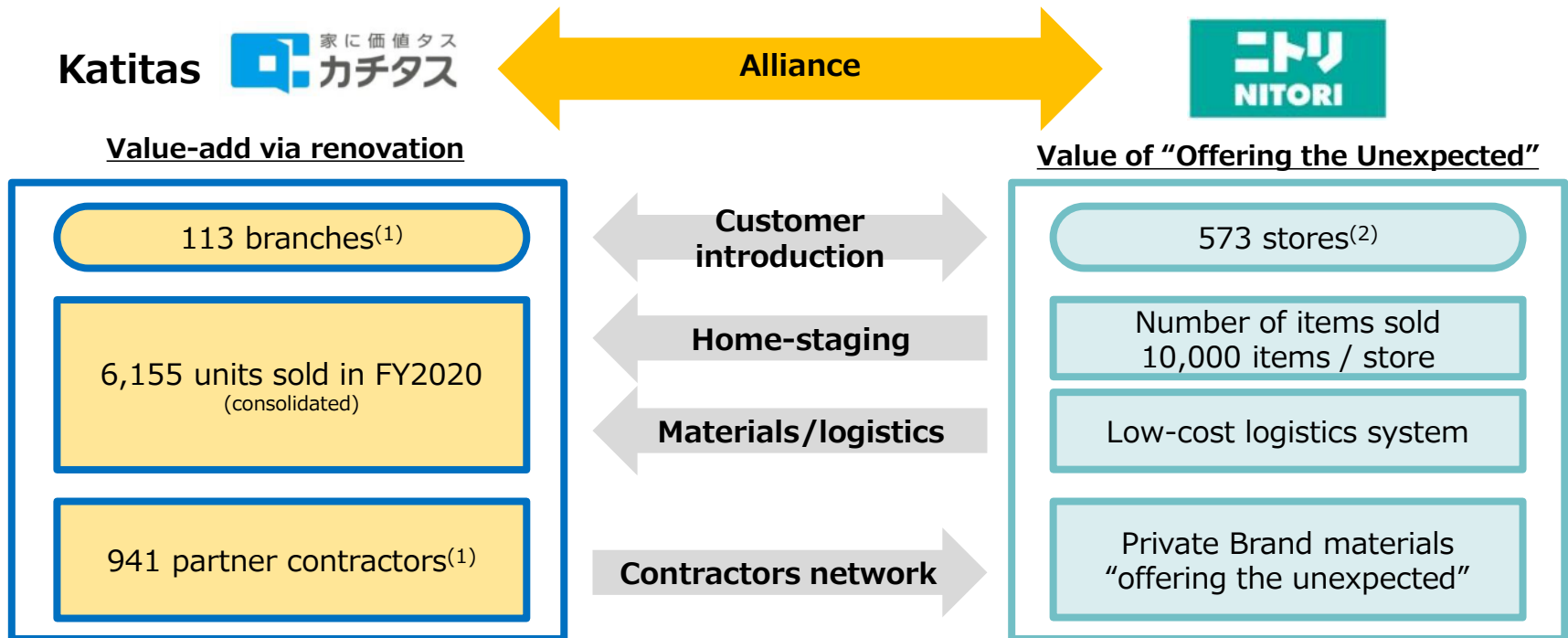
(1) Starting in 2014, METI has been granting annual awards to companies that address a variety of needs of consumers with the strengths of their unique business models

3. Alliance with Nitori Holdings (Announced on April 28, 2017)

- Advantage Partners transferred 34% of Katitas' shares to Nitori Holdings for JPY23,300 MM
- Katitas and Nitori entered into an alliance that aims to utilize their respective strengths to provide enriched and more comfortable living environments to their customers

Expected Synergies

From House Re-seller to Lifestyle Provider



(1) As of March 31, 2021

(2) Aggregate of "Nitori" stores, "Nitori Express" stores and "Nitori Deco house" stores in Japan (as of February 28, 2021)

3. Progress of Alliance-based Operations(1/2)

- Pre-owned houses fitted with Nitori furniture and interior items not only convey a more concrete image of the post-move lifestyle and living space to those considering purchasing, but also have the advantage to the purchaser of incorporating the expense into the home loan, so that there is no burden associated with the new lifestyle.
- Those who have purchased a property from the Katitas Group are presented with a coupon which will earn them five times more points than usual when they purchase Nitori products

Sales Service

Offering and selling pre-owned houses fitted with Nitori furniture and interior items



Sales Service

Issuing coupons that can be used for purchases of Nitori products

カチタス・リプライスご成約者様 ニトリ特別クーポン

ニトリ
メンバーズ
ポイント

5倍
プレゼント!

SAMPLE

〈クーポンご利用上のご注意〉

●お一人様1回までのご利用とさせていただきます。●ニトリメンバーズ会員様対象です。(当日入金可)●ニトリネット・電話でのご注文、ニトリ法人事業部・リフォーム事業部ではご利用いただけません。●送料・組立料・設置料などのサービス料金は除きます。●クーポンのコピーはご利用いただけません。●付与されたポイントはお買い物の翌日からご利用いただけます。●クーポンはお会計時に回収させていただきます。●他のクーポンや割引、キャンペーンとの併用はできません。●有償・無償問わず、クーポンの第三者への譲渡は禁止します。●購入金額が100円(税別)未満の場合はポイント加算いたしません。 ※お会計の前に店員へお渡しください。

Coupon presented to purchasers when properties are delivered

ニトリ
NITORI

【ニトリ×カチタス 業務提携特別サービス】

※詳細は物件内覧時に弊社担当にお尋ねください

カチタスの住宅をご成約いただいた方に、ニトリでの商品購入時に利用できる
ニトリポイント5倍クーポンを差し上げます

ニトリ
NITORI

reprice

業務提携特別サービス実施中

リプライスの住宅をご購入頂くと、ニトリ店舗・テコホーム店舗で使える

ニトリメンバーズポイント**5倍**クーポン
プレゼント!

※詳細は物件内覧時に弊社担当にお尋ねください

Website banner announcing that coupons will be given

3. Progress of Alliance-based Operations(2/2)

- "VHS (Virtual Home Staging)" virtually installs Nitori furniture in Katitas properties.
- This can be implemented more easily in terms of cost and furniture delivery logistics than showing a "furnished house".
- VHS increases the success rate, so using VHS before revising prices helps to curtail price reductions.

中古戸建 **1 Yokomori, Akita-shi, Akita (single-family homes)** 予約制見学会受付中 4月24日(土)

【リフォーム済】4月24日(土)予約制見学会開催(前日18時まで要電話予約) 5LDK。駐車場並列3台駐車可能。大家族におすすめの住宅です。





Selling Price
JPY 15.8MM
(Including tax)

Monthly payments
JPY 44,573

Land 325.98㎡ Building 125.85㎡ (5 bedroom + 1 bathroom)

[現地見学会](#) [パノラマ写真有り](#)



Links to a 360° panorama allows viewers to take virtual tour of a property while moving the view around.



Switchable with one click



Currently, VHS is used mainly for living rooms

Presentation Highlights

- | | | |
|-----------|---|----------------|
| 1. | Overview of Financial Results for the First Six Months of the FY2021 (Ending March 31, 2022) | P2-P8 |
| 2. | Management Plan for FY2021 (Ending March 31, 2022) | P10-P19 |
| 3. | Overview of Business Model | P21-P40 |
| 4. | APPENDIX | P42-P58 |

4. Company Summary



Name	KATITAS Co., Ltd.
Date of Establishment	September 1, 1978
Representative	Katsutoshi Arai, President and CEO
Fiscal Year-End	March 31
Capitalization	JPY 3,778,871,000 (As of March 31, 2021)
Number of outstanding shares	78,650,640 shares (As of March 31, 2021)
Listed Stock Market	TSE 1st Section (Securities Code: 8919)
Headquarters	4-2 Mihara-cho, Kiryu-shi, Gunma
Tokyo office	Shinkawa Nakano TH Bld., 1-18-3, Shinkawa, Chuo-ku, Tokyo
MSI Management Center	3-12 Kotohira-cho, Kiryu-shi, Gunma
Subsidiary	REPRICE Co., Ltd.



Name	REPRICE Co., Ltd.
Date of Establishment	June 19, 1996
Representative	Katsutoshi Arai, President and CEO
Fiscal Year-End	March 31
Capitalization	JPY 75,000,000 (As of March 31, 2021)
Headquarters	NF Bld., 1-9-16, Sakae, Naka-ku, Nagoya-shi, Aichi
Parent company	KATITAS Co., Ltd.

4. History

Date	Event
Sep. 1978	Established as Yasuragi Co., Ltd., in Kiryu, Gunma Prefecture with ¥10 million in capital to conduct the stone quarrying business
Dec. 1988	Acquired a real estate brokerage license and started the real estate sales and agency business
Aug. 1998	In line with the revised Civil Execution Act, established a business model of purchasing real estate at property auctions and selling refurbished properties
Mar. 1999	Opened the Takasaki Branch (later opened more regional branches, reaching a total of 113 as of March 31, 2021)
Feb. 2004	Listed on the Centrex Market of the Nagoya Stock Exchange
Mar. 2012	Tender offer for the Company's shares by Advantage Partners Inc., a private-equity fund
Jul. 2012	Delisted from the Centrex Market of the Nagoya Stock Exchange
Jul. 2013	Changed company name to KATITAS Co., Ltd.
Feb. 2016	Received the METI Minister Award for "Advanced Rehabilitation Remodeler" from the Ministry of Economy, Trade and Infrastructure
Mar. 2016	Acquired all shares of REPRICE Co., Ltd. (now a consolidated subsidiary)
Apr. 2017	Formed a capital and business alliance with Nitori Holdings Co., Ltd.
Oct. 2017	Received the 17th Porter Prize (sponsored by the School of International Corporate Strategy, Hitotsubashi University Business School)
Dec. 2017	Listed shares on the First Section of the Tokyo Stock Exchange
Mar. 2020	Due to stable growth post-listing, achieved consolidated operating profit of ¥10.0 billion
Apr. 2021	Cumulative number of homes sold by Katitas surpasses 60,000
May. 2021	Cumulative number of homes sold by Reprice surpasses 10,000

4. Management Team (Executive Directors)

Katsutoshi Arai, President and CEO of Katitas and Reprice



- After working at Sanwa Bank (now MUFG Bank) and Bain & Company, obtained an MBA at Columbia University and then joined Recruit. In May 2012, joined the new management team of the former Yasuragi (now Katitas) as the company was taken private. Has been CEO since then.
- During his time at Recruit, was in charge of new business development related to housing, which he launched and grew as a business. Became sales manager of the custom-built housing business which at the time was a low-profile business, achieving rapid growth of its sales, becoming general manager in one year.
- Creating a foundation for stable growth through management that combines his background in consulting, MBA, and sales skills.

Shinichi Onizawa, Director, General Manager of Sales Headquarters



- Joined Yasuragi in June 2001.
- Involved in management of the Sales Headquarters since the Yasuragi days.
- As an industry veteran, is very familiar with the risks related to the purchase and sale of pre-owned homes.

Kazuhiro Yokota, Director, General Manager of Administration Headquarters



- After working at Recruit, established Career Design Center, which listed on TSE (ticker: 2410), and served as representative director and vice president.
- Joined Yasuragi in August 2012.
- Advanced understanding of business administration and the recruiting of talented personnel due to extensive experience and performance.

Harutoshi Oe, Director, General Manager of Marketing Office



- Previously worked at Recruit (medium- and long-term strategy office) and chief editor of a housing magazine.
- Joined Yasuragi in January 2013.
- Brought into the Company to strengthen its marketing.
- Helped to raise Katitas brand awareness through TV commercials and newspaper ads promoting purchases.

Takayuki Ushijima, Director, Vice President of Reprice



- After working at a recruitment consulting company, joined Reprice in May 2009.
- At Reprice, promoted to area manager three months after joining the company. In 2014, became the youngest director ever.
- Engaged in building up Reprice's organization, leading the company's growth.

4. Katitas Group Branch List (All Own Branches)

Branches (As of Sep 30, 2021)

UPDATE

Katitas  ⇒ Nationwide network covering regional small- to medium- sized cities

 **reprice** ⇒ Focus on urban areas


Hokkaido Sapporo Otaru Asahikawa Iwamizawa Kitami Hakodate Kushiro Obihiro Muroran	Kanto Mito Tsukuba Shimotsuma Hitachi Tochigi Utsunomiya Oyama Nasu Ota Midori Numata Takasaki Kumagaya Koshigaya Saitama Iruma Higashi-Matsuyama ⁽¹⁾ Mobarra Sakura Hachioji	Koshinetsu, Hokuriku Nagaoka Niigata Joetsu Shibata Tsubamesanjo Toyama Takaoka Kanazawa Nanao Fukui Kofu Ueda Nagano Matsumoto Ina	Kansai Hikone Kusatsu Fukuchiyama Kobe Himeji Chugoku Tottori Yonago Izumo Okayama Tsuyama Higashi-Hiroshima Hiroshima Fukuyama Miyoshi Yamaguchi Shimonoseki Iwakuni	Shikoku Tokushima Takamatsu Marugame Matsuyama Saijo Uwajima Kochi Kyushu Fukuoka Kita-Kyushu Kurume Iizuka Omota Saga Sasebo Isahaya Kumamoto Yatsushiro Oita Nakatsu Miyazaki Miyakonojo Nobeoka Kirishima Kagoshima Chuo Satsumasendai Okinawa
--	---	---	---	--

Total 115 Branches


Reprice Tokai Reprice Tokyo Shibarikyu Reprice Tokyo Daimon Reprice Hokkaido Reprice Tohoku Reprice Kita-Kanto Reprice Shinshu Reprice Shizuoka	Reprice Gifu Reprice Kansai Reprice Chugoku Reprice Okayama Reprice Shikoku Reprice Kyushu
--	---

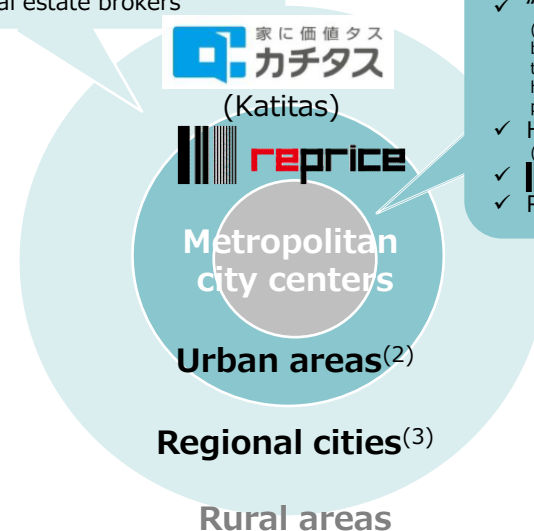
Total 14 Branches

Main types of house sellers

- ✓ Local home builders
- ✓  (Katitas)
- ✓ Real estate brokers

Main types of house sellers

- ✓ Home builders
- ✓ "Power Builders"
(home builders specializing in built-for-sale houses primarily targeting customers purchasing home for the first time in the price range of JPY20MM-30MM)
- ✓ House re-sellers
(primarily condominium units)
- ✓  reprice
- ✓ Real estate brokers



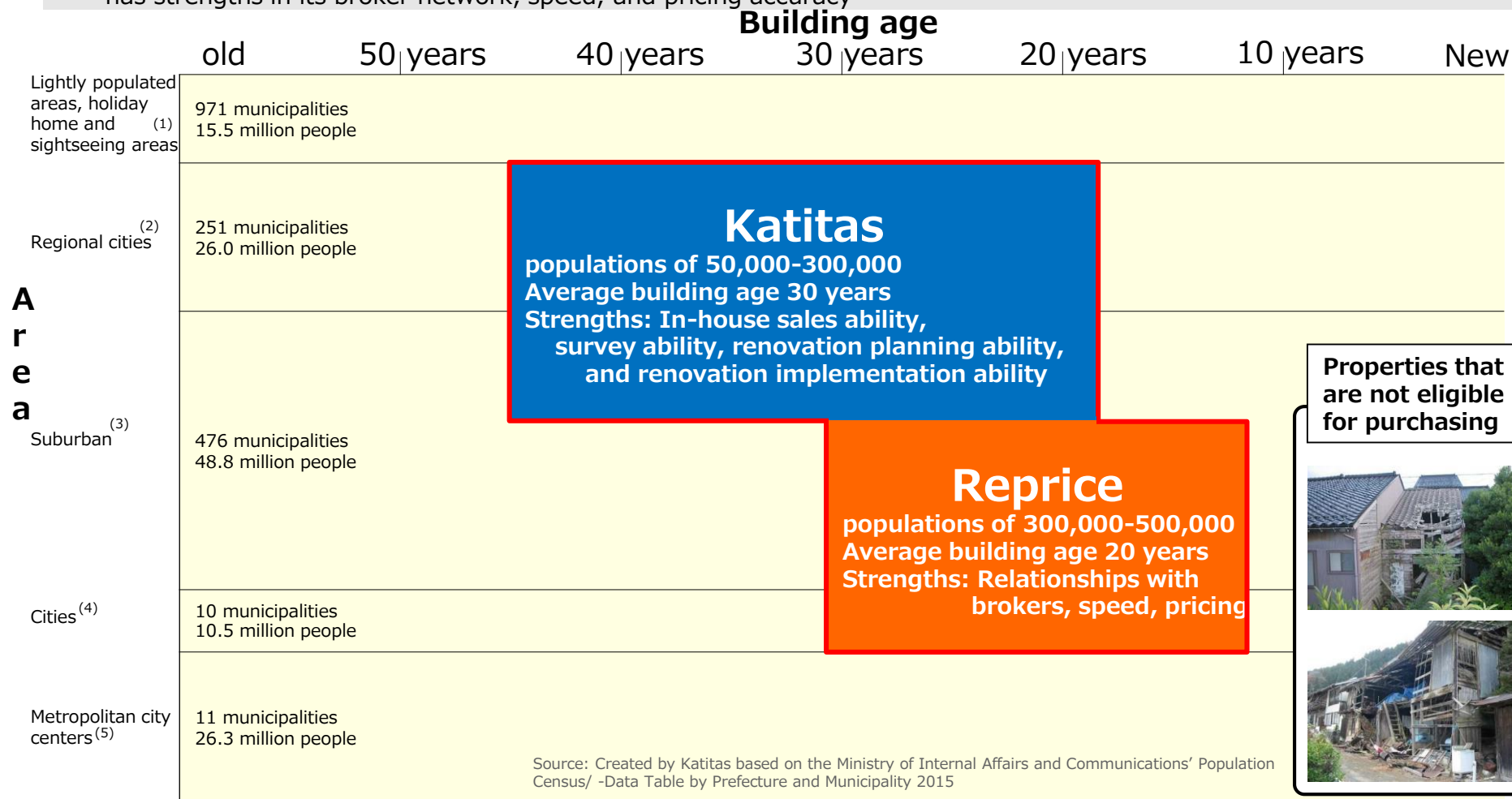
(1) The branches newly opened in July 2021

(2) Primarily regional cities and suburban areas in proximity to the three major metropolitan cities of Japan (Tokyo, Nagoya and Osaka)

(3) Suburban areas surrounding regional cities across Japan

4. Business Development Areas and Building Ages of the Group

- Katitas focuses on regional cities (population 50,000-300,000) and buildings with an average 30 years. It has strengths in in-house sales ability, survey ability, renovation planning ability, and renovation implementation ability.
- Reprice focuses on urban and suburban areas (population 300,000-500,000) and buildings with an average 20 years. It has strengths in its broker network, speed, and pricing accuracy



(1) Lightly populated areas, holiday home and sightseeing areas: Municipalities with populations under 50,000 excluding areas within the three metropolitan areas

(2) Regional cities: Municipalities with populations of 50,000-300,000 excluding areas within the three metropolitan areas

(3) Suburban areas : Areas within three metropolitan areas excluding Tokyo 23 wards, ordinance-designated cities same as above and municipalities with populations of 300,000-500,000

(4) Cities: Ordinance-designated cities outside the Tokyo 23 wards and three metropolitan areas (Sapporo-shi, Fukuoka-shi, Hiroshima-shi, Sendai-shi, Kitakyushu-shi, Niigata-shi, Hamamatsu-shi, Kumamoto-shi, Okayama-shi, Shizuoka-shi)

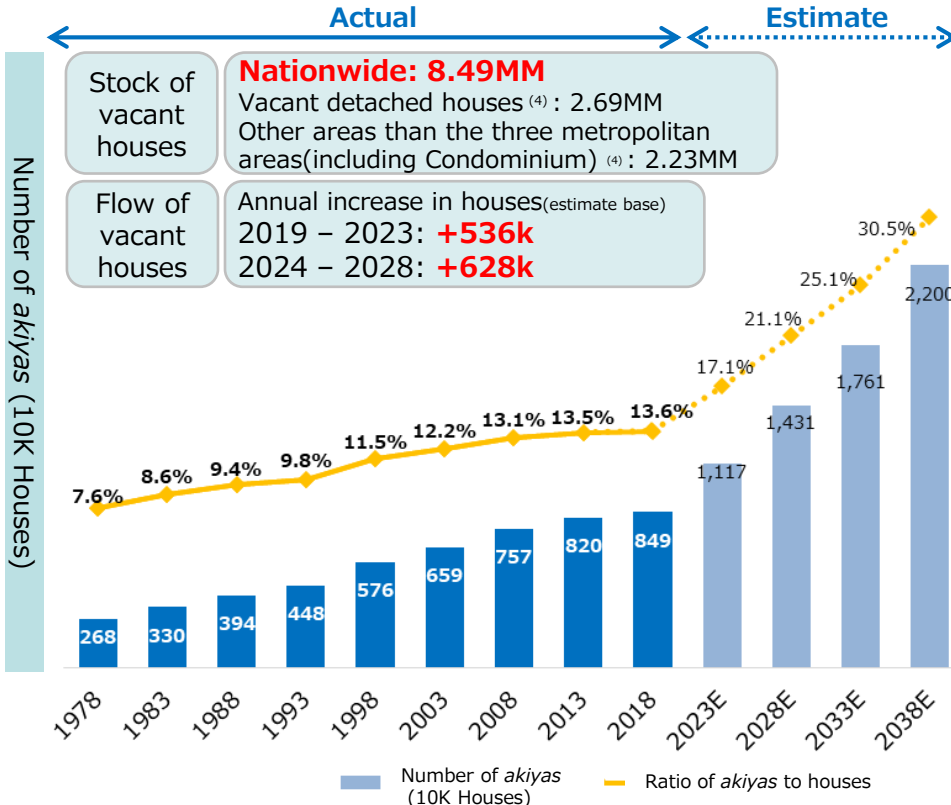
(5) Metropolitan city centers: Tokyo 23 wards and ordinance-designated cities within three metropolitan areas (Osaka-shi, Nagoya-shi, Kyoto-shi, Yokohama-shi, Kobe-shi, Kawasaki-shi, Chiba-shi, Saitama-shi, Sakai-shi, Sagami-hara-shi)

4. Medium and Long Term Expansion with Opportunities for Procurement Based on Increased Supply of Vacant Houses

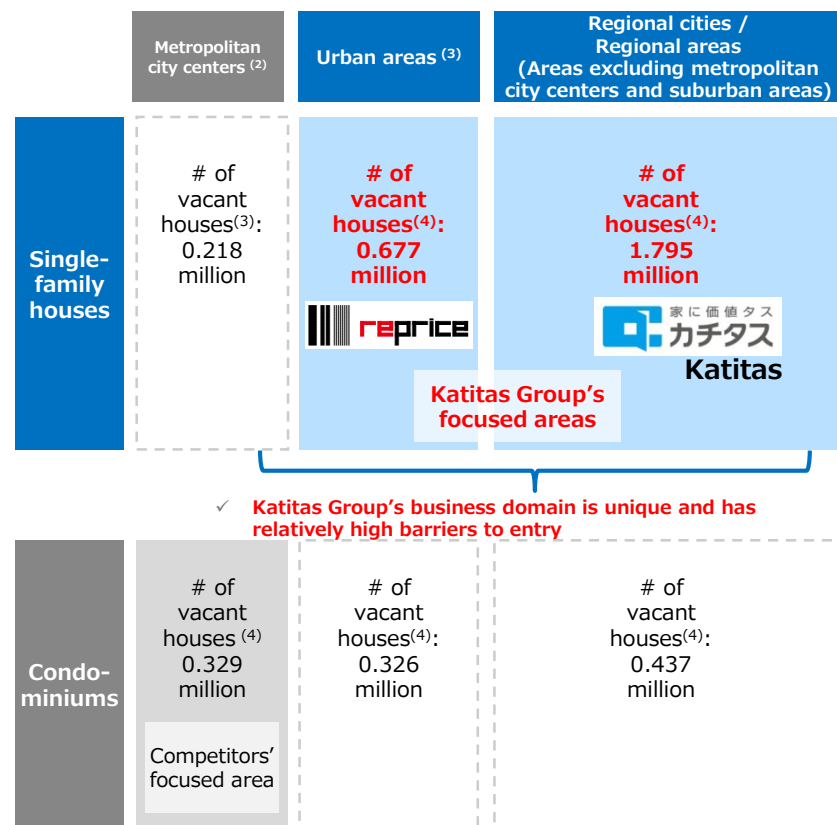
- There is a large number of vacant houses and the number is expected to increase, which provides Katitas with procurement opportunities
- Although a large majority of such vacant houses cannot be distributed in the housing market on an "as-is" basis, Katitas is capable of acquiring such houses with a low level of competition

Abundance in Stock and Flow of Vacant Houses⁽¹⁾

Number and Predicted Rate of Increase of Vacant Houses



Unique Business Segment



Source: Ministry of Internal Affairs and Communications, "2018 Housing and Land Survey Approximate Tabulation of Dwellings", Estimates are prepared by Katitas based on "Scenario 1: Retirement rate will return to the level in FY2008 - FY2012" in "Housing Market and Its Issues in 2040: Long-Term Outlook and Short-Term Analysis due to COVID-19" by Nomura Research Institute, Ltd.

Source: Ministry of Internal Affairs and Communications, "2018 Housing and Land Survey (Revised Report)"

(1) Vacant houses include pre-owned properties and rental houses

(2) Tokyo 23 wards and ordinance-designated cities within three metropolitan areas (Osaka-shi, Nagoya-shi, Kyoto-shi, Yokohama-shi, Kobe-shi, Kawasaki-shi, Chiba-shi, Saitama-shi, Sakai-shi, Sagami-hara-shi)

(3) Areas within three metropolitan areas excluding Tokyo 23 wards and ordinance-designated cities same as above

(4) Pre-owned properties and rental houses are excluded from the calculation of vacant houses same as above

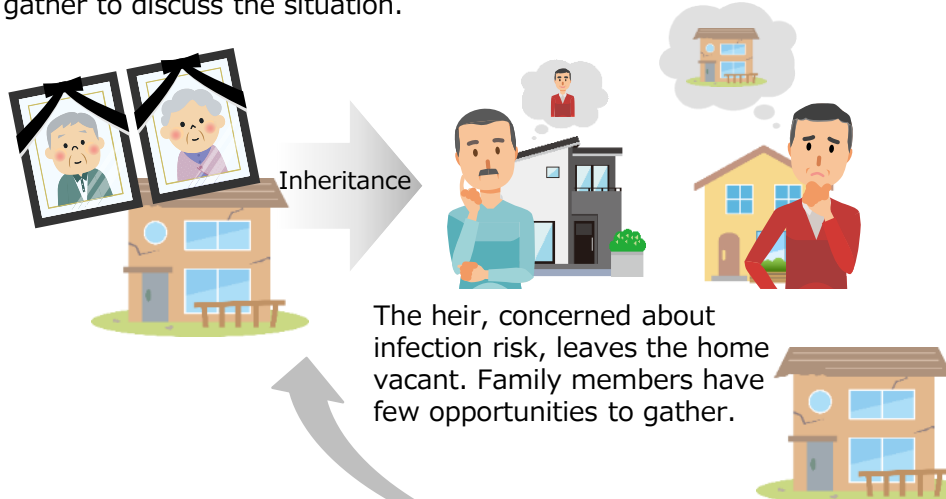
4. Reasons for Temporary Purchasing Issues

(Reposted from FY2020 3Q)

Home Inheritance

→The heir, an adult, has built another house. He has no need for the inherited house, which then **lies vacant**.

- The house was built 30–40 years ago, around the time the heir entered elementary school.
- The heir is currently between 40-60 years old and is concerned about COVID-19 infection, so is limiting contact with other people and movement outside the prefecture where he lives.
- There are fewer opportunities for family members to gather (such as for memorial services, religious festivals, and year-end holidays), and dealing with the family home requires that siblings gather to discuss the situation.



The heir, concerned about infection risk, leaves the home vacant. Family members have few opportunities to gather.

Senior Owners

→A house becomes vacant when the owner moves into a care facility.

- Buying or selling a house requires contact with the owner. (Confirmation of intent by a judicial scrivener may also be needed.)
- Many seniors resist meeting others in person, due to concerns about infection risk.
- Care homes may prohibit visitors. (Japan's Ministry of Health, Labour and Welfare introduced mitigation measures on October 15, 2020.)

Care facility



The owner, aged 80+, is in a senior care facility. Family members are unable to visit.

Vacant houses

The **pause** in information about vacant houses is **only temporary**.
The number of vacant homes is **rising each year**.



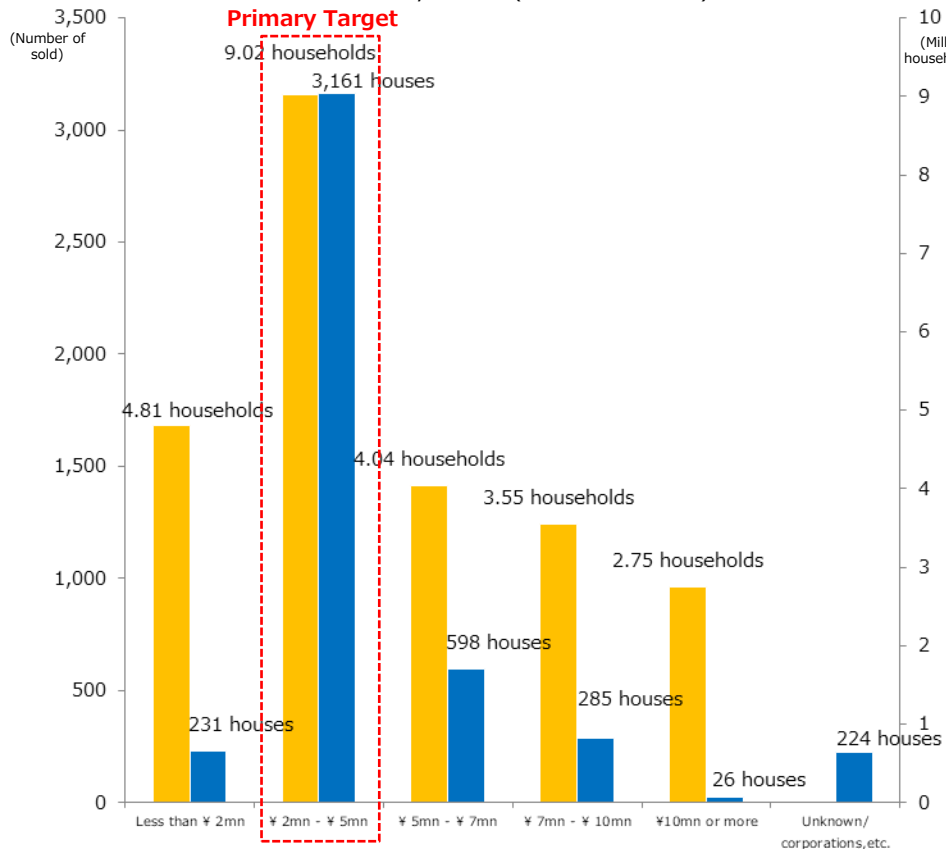
**The issue is with timing: when information about vacant houses becomes available.
The size of the market for unoccupied houses (purchasing environment) remains unchanged.**

4. Fourth Housing Option in Regional Areas: Pre-Owned and Renovated Single-Family Houses

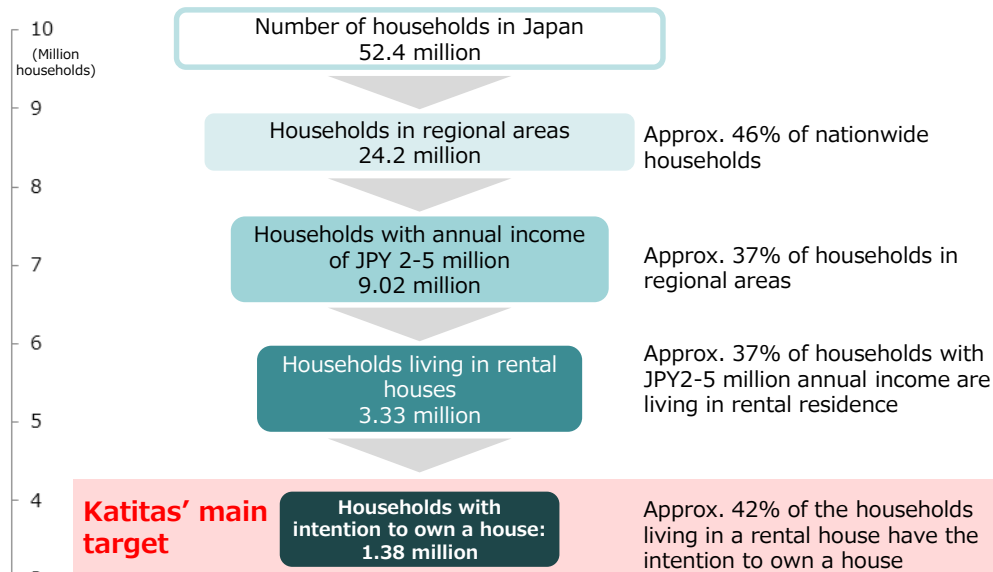
- Katitas' primary target customer base consists of approximately 1.38 million households currently living in rental houses in regional areas, with annual income of JPY2-5 million and the intention to own a house
- Based on the assumption that there is demand for 138,000 units if the duration of the abovementioned families considering the purchase of housing units is 10 years.
- The number of properties sold by Katitas in FY2020 was 4,525, which is equivalent to around 3% of the estimated market and many potential customers still exist.

Customer Group by Annual Income and Macro Environment

■ Number of regional area households by annual income (JPY)
■ Number of houses sold by Katitas (non-consolidated) in FY2020



Large Potential Customer Base



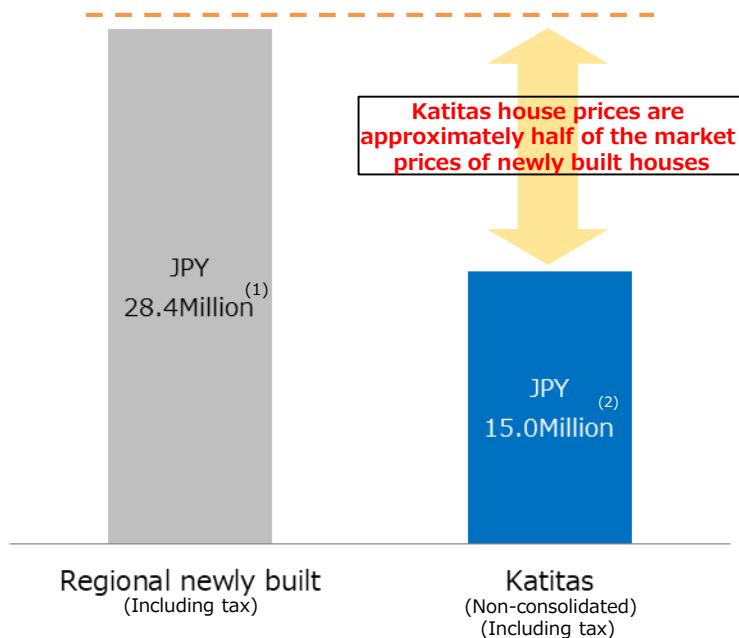
Based on the assumption that the duration of considering the purchase of housing units is **10 years**.
⇒ The size of the market including potential demand is estimated at about **138,000 houses** per year.

Annual number of houses sold by Katitas: 4,525 (around 3% of target)
⇒ There are still many potential customers

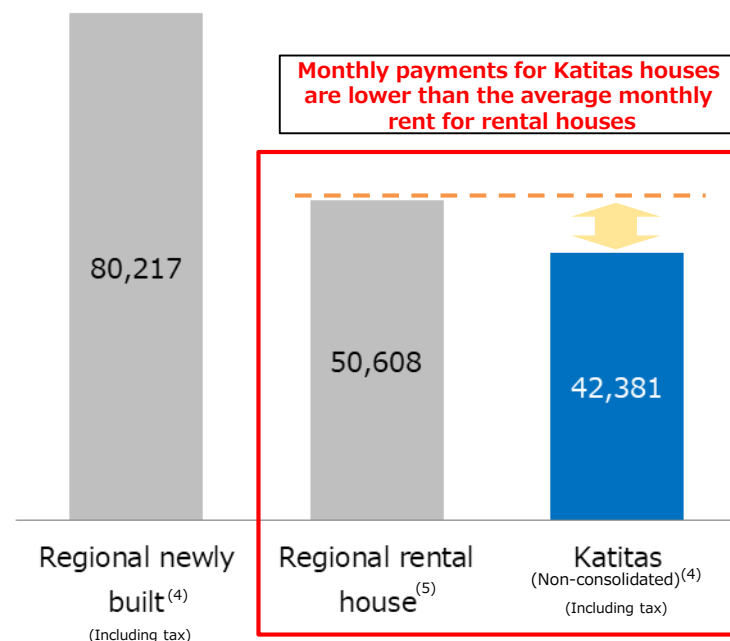
4. Offering High-Quality Renovated Houses at Reasonable Prices

- Katitas offers high-quality renovated houses at reasonable prices, which provides customers a “Fourth Option” to either newly built, pre-owned (non-renovated) or rental houses
- Katitas is able to offer renovated houses at roughly half the price of comparable newly built houses, that also offer lower monthly mortgage payments compared to renting

Less Expensive than the Average Selling Price of Newly Built Houses



Lower Payments than Rental Houses⁽³⁾



Timing of transaction From April 2016 to March 2017

Timing of construction In January 2016 and after

Type Building lot (land and building)

Total floor area (m²) Between 50 and 200

Use of building Housing

(1) Average prices (including tax) of newly built houses are surveyed under the following screening method, based on the “Integrated System of Land Information” operated by Ministry of Land, Infrastructure, Transport and Tourism
(2) The average sales price of Katitas is calculated based on the sale price of properties constructed during the period between April 2019 and March 2020.

(3) Monthly rent paid by households other than single-person households

(4) Payment amounts for Regional newly built and Katitas are calculated based on the premise assuming that a buyer pays the average sale price under a 35-year loan with no initial down payment or other incentive payments at a fixed interest rate of 1.0% for the life of the loan

(5) Source: Ministry of Internal Affairs and Communications, “2018 Housing and Land Survey (Revised Report)”

4. Expanding Market for Procurement and Sale of Pre-owned Houses

- Increasing number of households with less preference for newly built houses and increasing preference for pre-owned houses even in the Japanese market where traditionally people tend to prefer newly built houses
- Expansion of the pre-owned housing market is expected to continue according to research by Nomura Research Institute, Ltd. (NRI)

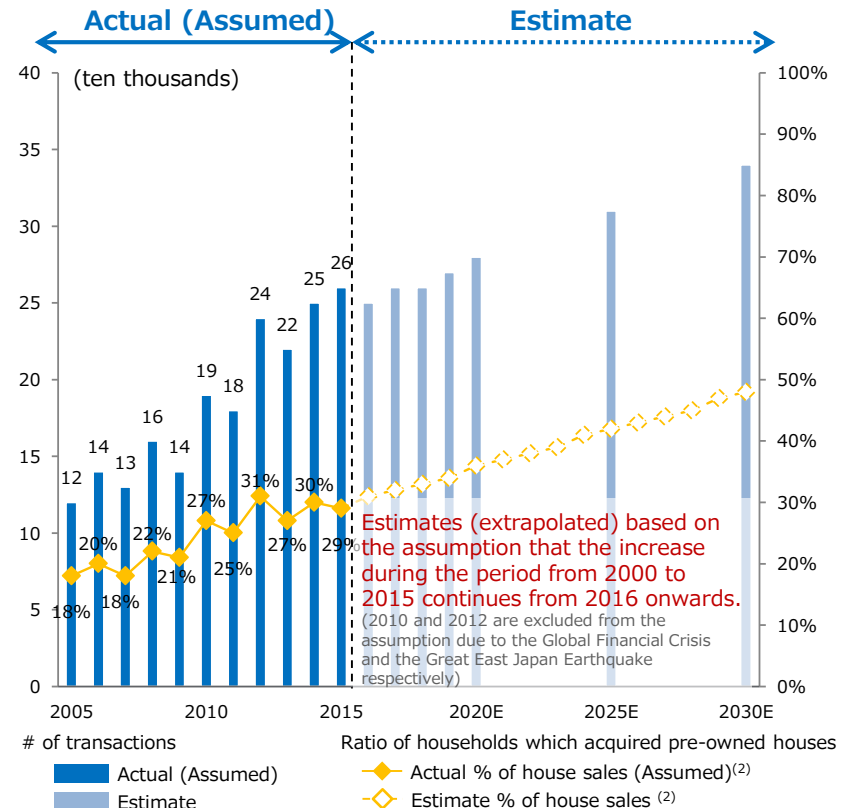
Mindset Change toward Ownership of Pre-owned Houses

Survey of preference in moving to newly built or pre-owned houses from the current rental houses



Increase in Transactions of Pre-owned Houses

Actual and estimated figures of transactions of pre-owned houses and ratio of households which acquired pre-owned houses from 2005 to 2015



Source: Housing Bureau of Ministry of Land, Infrastructure, Transport and Tourism, "Comprehensive Survey on Housing and Living Environments (2018)"

Source: Produced by Katitas based on data in NRI's June 7, 2017 press release claiming that existing housing will increase to 340,000 houses by 2030 and unoccupied houses will double to more than 20 million houses by 2033.

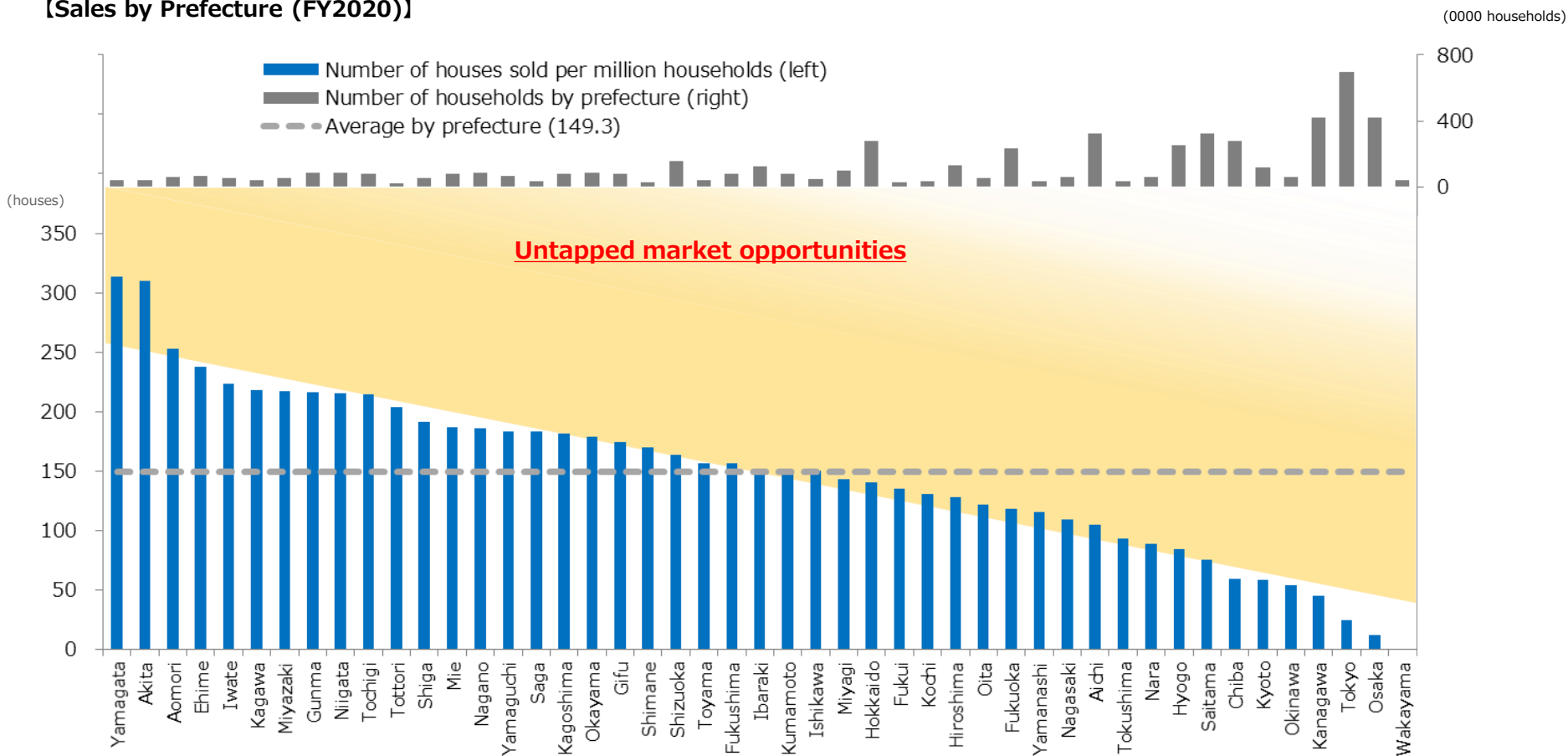
(1) NRI estimates / forecasts based on Census, Ministry of Internal Affairs and Communications "Population estimate", "Housing and Land survey", National Social Security and Population Research Institute "Forecast of number of Japan's households" and NRI Questionnaire on housing purchasers
 (2) Questionnaire by NRI : Ratio of households which acquired pre-owned houses (excluding newly built houses) out of households which acquired a house

4. Untapped Market Opportunities

- Housing sales of Katitas vary by region, although the branch network finally covers all areas of Japan
- It is intended to expand the share in each sales area through quantitative and qualitative measures (recruit of salespersons and enhancement of salespersons' capabilities, respectively)

Gap in Market Share by Region

(Sales by Prefecture (FY2020))



4. Katitas' Advantages in Supplying High-Quality Renovated Homes at Reasonable Prices

- Track record of dealing over 60,000 pre-owned single-family homes, leading to accumulation of know-how (Management of failure)
- Conducting efficient procurement and renovation by utilizing organized third parties such as builders and intermediaries
- Advantage in ability to procure vacant pre-owned homes that competitors are unable to acquire, utilizing our ability to judge, procure, plan and renovate

Accumulated Knowhow based on Track Record

Ability to assess property purchase risks

- ✓ Careful inspection and leverage track record to knowledgeably assess properties that on face might seem too risky for competitors to procure
- ✓ Purchase price determined with strong awareness of expected renovation costs and likely selling price

Ability to plan renovation work

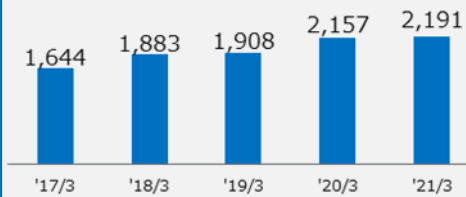
- ✓ Exploit renovation know-how to meet customer needs with a reasonable selling price
- ✓ Plan renovation to make purchased properties sellable, by addressing region specific needs
- ✓ Awarded by the Ministry of Economy, Trade and Industry as an Innovative Renovation Company in 2015⁽³⁾

Well-organized Third Parties

Ability to procure properties

- ✓ Form alliances with local brokers throughout Japan to gain strength of presence in local markets
- ✓ Stable procurement system

Number of partner intermediaries*

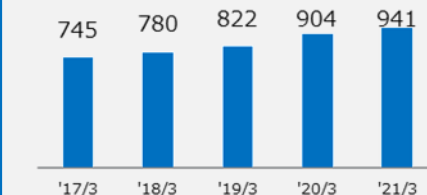


* Number of intermediary companies with which Katitas concluded one or more purchase transaction annually

Ability to implement renovation work

- ✓ Entrust renovation work to partner contractors that are knowledgeable about Katitas quality
- ✓ Efficiency and quality of renovation work

Number of partner contractors⁽¹⁾



*Number of contractors to which Katitas placed one or more orders or which engaged in renovation work at one or more homes annually (except termite extermination)

(1) The number of contractors and intermediary companies are on a non-consolidated basis

(2) Starting in 2014, METI has been granting annual awards to companies that address a variety of needs of consumers with the strengths of their unique business models

4. Comparison: Detached Houses vs Condominium Units

- There are few companies which can accommodate renovations for regional older detached houses. Price competition rarely occurs at the procurement and selling stages
- Cost-effective promotion can be achieved because of limited numbers of competitors exist

Detached house in regional area

Regional detached housing stock⁽¹⁾: 14.6 (million units)



City area condominium

Three metropolitan areas condominiums stock⁽¹⁾: 4.34 (million units)



Product

- ✓ Mainly wooden
- ✓ Interior + Exterior construction (parking extension etc.)
- ✓ Many properties **for which, without renovation, there are no buyer**

- ✓ Reinforced concrete
- ✓ Mainly interior renovations
- ✓ Many properties **can be sold without renovation**

Value-added points

- ✓ **Time-consuming and value-added** renovation (Need to deal with various aspects, such as area under flooring, termites and other structural issues so that the renovation needs skilled workers and experience)

- ✓ **Instant and low value-adding** renovation (Easy renovation such as interior renovation)

Distribution network

- ✓ Leading brokers have not entered the regional markets so that **bespoke procurement and selling networks need to be established**

- ✓ Brokerage network is well-established and there is **low need to newly establish procurement and selling network**

Attractiveness of regional detached house market

Competition environment

- ✓ Market entry is difficult and there are few competitors ⇒ **Price competition is less likely to occur (both in procurement and selling)**

- ✓ Market entry is easy and there are many competitors ⇒ **Significant price competition (both in procurement and selling)**

Promotion

- ✓ Promotional costs (Net advertisement and TV commercial) is relatively low
- ✓ Few competitors so **accumulated costs invested in advertising are likely to be recored**

- ✓ Promotion cost is high
- ✓ Many competitors so that **accumulated costs invested in advertisement are less likely to be realized**

Price volatility

- ✓ Procurement and selling prices are generally stable. **Resistant to fluctuations in real estate market condition**

- ✓ Procurement and selling prices are both **volatile against real estate market condition**

(1)Source: Ministry of Internal Affairs and Communications, "2013 Housing and Land Survey (Revised Report)"

4. (Ref)Shift from Auction Procurement to Direct Purchases (FY2016 Results)

- Shift from procurement by auction to direct purchase has enabled us to alleviate difficulty in procurement, minimize price competition, reduce inventory turnover period, and minimize quality risk

	Residential properties procured mainly through auction	Residential properties procured mainly through direct purchase
Targeted portfolios	<ul style="list-style-type: none"> Residential properties subject to auction due to owners' inability to repay housing loans, etc. Sold through courts 	<ul style="list-style-type: none"> Residential properties purchased from house owners directly or through housing brokers
Difficulty in procurement	<ul style="list-style-type: none"> Anyone can participate in auction process Purchasing team is not required for negotiations with house owners <p>→ Entry barrier: Low</p>	<ul style="list-style-type: none"> Purchasing requires relationships with residential brokers and brand power Proposals and negotiations with house owners are required for sale (a strong purchasing team is essential) <p>→ Entry barrier: High</p>
Price competition	<ul style="list-style-type: none"> Supply volume is unstable and sensitive to economic circumstances Many participants in the market spurs price competition <p>→ Gross margin ratio⁽²⁾: Low (20.1%⁽¹⁾)</p>	<ul style="list-style-type: none"> Stable supply volume backed by events such as inheritance and relocation of residence Negotiation-based transactions are less likely to cause price competition <p>→ Gross margin ratio⁽²⁾: High (25.7%⁽¹⁾)</p>
Inventory period	<ul style="list-style-type: none"> Longer time for properties to be delivered after a successful bid <p>→ Inventory period⁽³⁾: Long (340 days⁽¹⁾)</p>	<ul style="list-style-type: none"> Properties can be delivered shortly after purchase, which enables us to commence renovations promptly <p>→ Inventory period⁽³⁾: Short (177 days⁽¹⁾)</p>
Quality risk	<ul style="list-style-type: none"> Preliminary inspection of properties prior to a bidding is not possible <p>→ Risk related to quality of residence: High</p>	<ul style="list-style-type: none"> Preliminary inspection of properties prior to purchase is possible <p>→ Risk related to quality of residence: Low</p>

(1) Figures in brackets represent historical results of Katitas on a non-consolidated basis (averages with respect to properties procured through auctions or direct purchases (FY2017/3))

(2) Gross margin ratio (Management accounting base): Gross profit ÷ Net sales

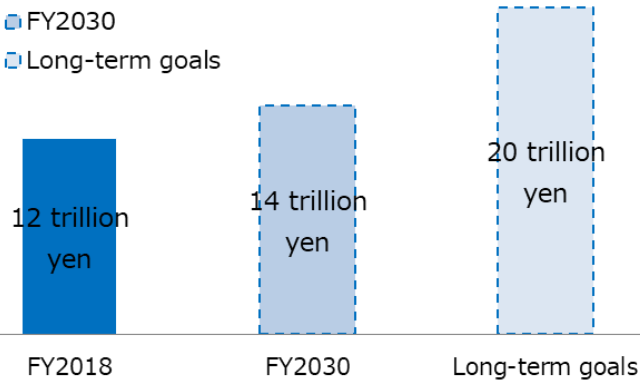
(3) Inventory period: Simple average number of days from the date procured to the date sold of each property

4. Market Revitalization Backed by Governmental Policies

- The Government of Japan is making efforts to build a society in which real estate stock is efficiently used by expanding the market of pre-owned houses and renovation projects, with an aim to solve problems related to the rapidly proliferating number of vacant houses
- Specifically, reduction in the real estate acquisition tax has decreased procurement costs (on a scaled basis according to building age)

Japanese Government's Plan to Expand Market Size of Pre-owned Houses and Renovation Market ⁽¹⁾

- FY2018
- FY2030
- Long-term goals

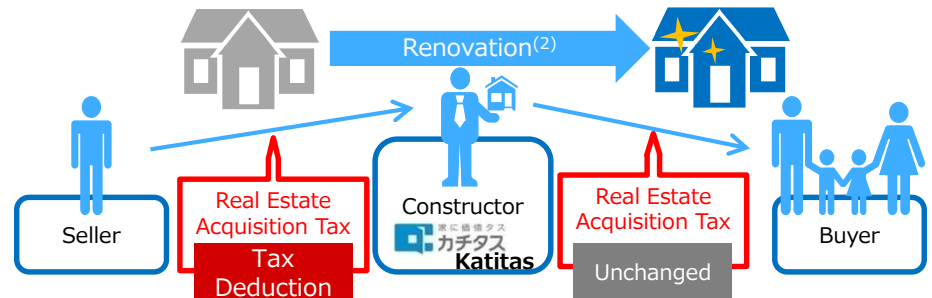


Government Plan

To accelerate residential stock utilization by promoting distribution of pre-owned houses and utilization of vacant houses

Important to support house resellers to effectively promote circulation of pre-owned houses

Specific Measures: Reduction in Real Estate Acquisition Tax Imposed on Resold Pre-owned Houses



Building

Tax relief according to building age⁽³⁾
→ To be reduced by 3% from tax base

Building Age (yy/mm/dd)	Deduction	Reduction
~Approx. 23 years (1997/4/1~)	JPY12MM	JPY360k
Approx. 24~31 years (1989/4/1~1997/3/31)	JPY10MM	JPY300k
Approx. 32~35 years (1985/7/1~1989/3/31)	JPY4.5MM	JPY135k
Approx. 35~39 years (1981/7/1~1985/6/30)	JPY4.2MM	JPY126k
Approx. 39~45 years (1976/1/1~1981/6/30)	JPY3.5MM	JPY105k
Approx. 45~48 years (1973/1/1~1975/12/31)	JPY2.3MM	JPY69k

FY2018 tax reform

Taxation on Land
 ・JPY45,000 per building
 or
 ・Tax amount for the space of the doubled floor area (up to 200㎡)

Tax burden reduction based on whichever is higher. Enacted on April, 2018.

(1) Source: Ministry of Land, Infrastructure, Transport and Tourism, Housing Bureau, Housing Policy Division "Housing Policy Basic Plan (Nationwide) (Full Text)" (March 19, 2021)

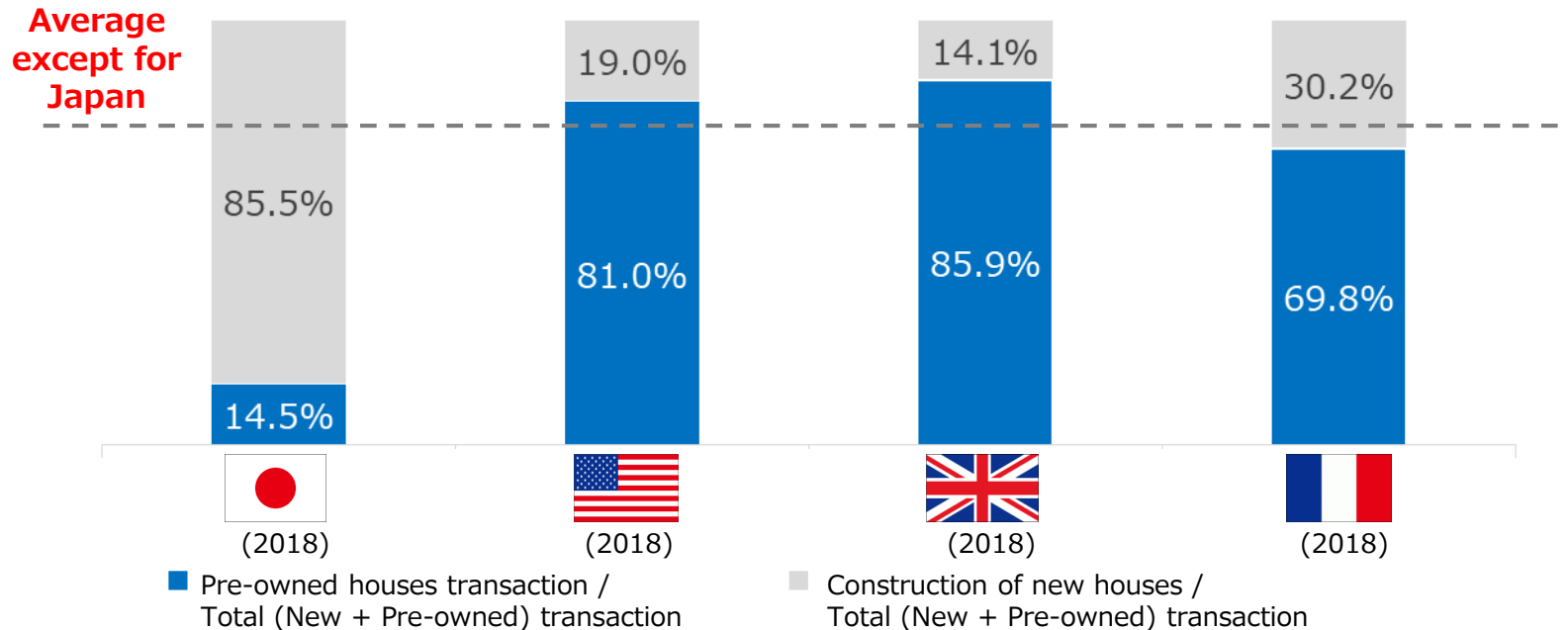
(2) Quake-resistance, energy-saving, barrier-free, water facilities

(3) Building age as of March 31, 2021

4. Pre-owned Houses Market Share of Each Country

- Lower market share of pre-owned houses compared with United States and Europe

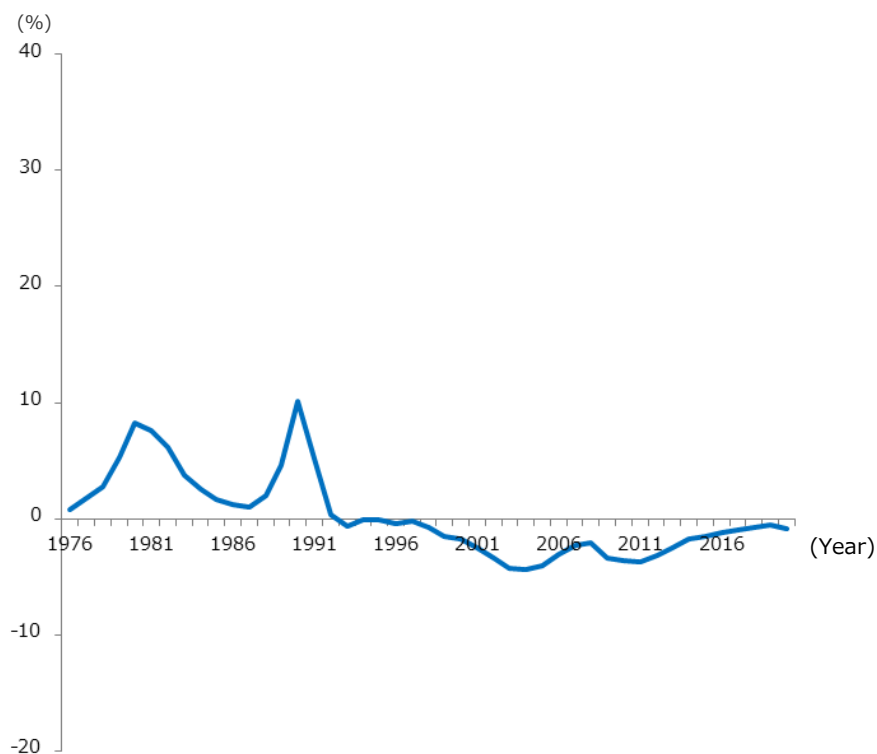
Pre-owned houses Market Share - Japan vs United States and Europe



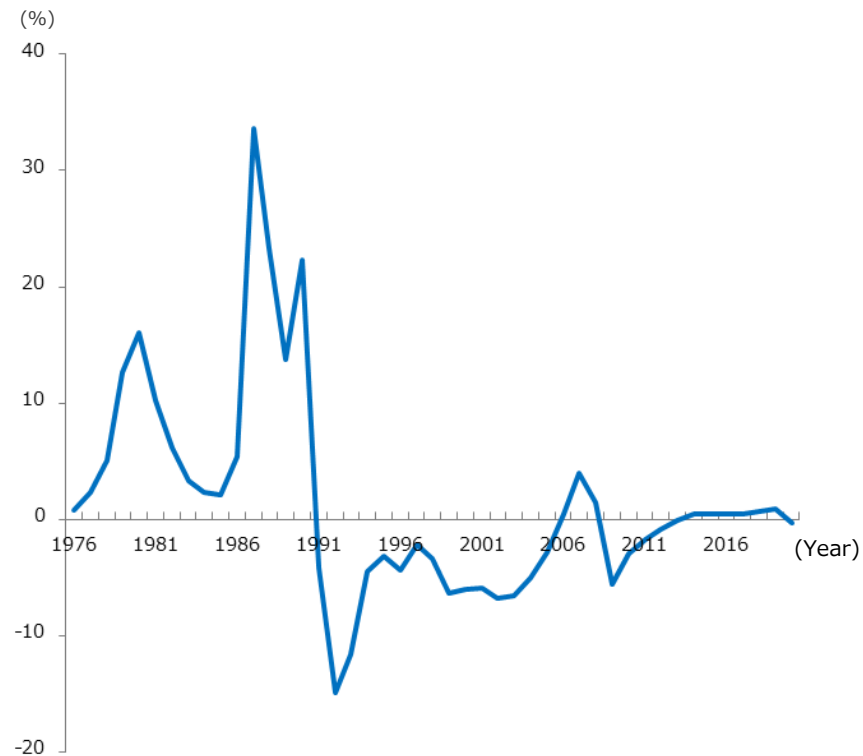
4. Trends in Land Prices - Regional Areas vs Three Metropolitan Areas

- As land prices in regional areas fluctuate based on actual demand, the level of volatility is lower than that in urban areas.
- In addition, with the trend of stable and low land prices, fluctuations in land prices have a limited influence on prices of residential properties in regional areas.
- As a result, buying and re-selling residential properties in regional areas is less subject to market volatility.

Trends in land prices of residential districts in regional areas, compared to the previous year



Trends in land prices of residential districts in the three metropolitan areas, compared to the previous year



Disclaimer

This presentation was prepared solely for the purpose of presenting general background information regarding KATITAS CO., LTD (“Katitas”) as of the date of this presentation. This presentation does not constitute an offer to sell or the solicitation of an offer to buy any security in the United States, Japan or any other jurisdiction and should not be treated as giving investment advice to any recipients.

This presentation is based on the economic, regulatory, market and other conditions as in effect on the date hereof, and Katitas does not guarantee that this information is true, accurate or complete. It should be understood that subsequent developments may affect the information contained in this presentation, which Katitas is not under an obligation to update, revise or affirm. The information in this presentation is subject to change without prior notice and such information may change materially. Neither this presentation nor any of its contents may be disclosed to or used by any other party for any purpose without the prior written consent of Katitas.

This presentation contains statements that constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including estimations, forecasts, targets and plans. Such forward-looking statements do not represent any guarantee by management of future performance. In many cases, but not all, we use such words as “aim,” “anticipate,” “believe,” “continue,” “endeavor,” “estimate,” “expect,” “initiative,” “intend,” “may,” “plan,” “potential,” “probability,” “project,” “risk,” “seek,” “should,” “strive,” “target,” “will” and similar expressions to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Any forward-looking statements in this document are based on the current assumptions and beliefs of Katitas in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause Katitas’ actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by such forward-looking information.

The information in connection with or prepared by companies or parties other than Katitas is based on publicly available and other information as cited, and Katitas has not independently verified the accuracy and appropriateness of, nor makes any warranties of, such information.

These materials contain non-GAAP financial measures, including adjusted operating profit, EBITDA, adjusted EBITDA, and adjusted net profit attributable to owners of the parent. These non-GAAP financial measures should not be considered in isolation or as a substitute for the most directly comparable financial measures presented in accordance with Japanese GAAP. Please refer to reconciliation tables for details.

This presentation and its contents are proprietary, confidential information and may not be reproduced, published or otherwise disseminated without Katitas’ written consent.

Throughout this presentation, unless otherwise specified, FY refers to the fiscal year ended March 31 of the following year (for example, FY2020 refers to the fiscal year ended March 31, 2021).

In this presentation, unless otherwise specified, references to our “homes” include single-family detached houses and condominium units that Katitas acquires, renovates and resells as part of its business. Data presented for “homes” is on a gross basis, excluding home returns.

This is a partial English translations of the original Japanese version prepared only for the convenience of shareholders residing outside Japan. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

On March 30, 2016, Katitas completed the acquisition of Reprice Co., Ltd. (“Reprice”) and its two wholly owned subsidiaries (Comprehensive Urban Development Corporation and Arctive Co., Ltd.), and Reprice became a wholly owned subsidiary of Katitas as of the same date. Because the date of the acquisition of Reprice was deemed to be March 31, 2016 for accounting purposes, the consolidated balance sheet of Katitas as of March 31, 2016 reflects the consolidation of Reprice but the consolidated results of operations of Reprice for the period from March 30, 2016 to March 31, 2016 are not reflected in Katitas’ consolidated statements of income, comprehensive income, changes in equity and cash flows for the fiscal year ended March 31, 2016. On September 2, 2016, Katitas sold all of the shares of Comprehensive Urban Development Corporation, and on September 30, 2016, Katitas sold all of the shares of Arctive Co., Ltd. to third parties. Due to the consolidation of the results of operations of Reprice and its subsidiaries in Katitas’ results of operations for the fiscal year ended March 31, 2017, Katitas’ results of operations for that fiscal year are not directly comparable to the results of operations for prior fiscal years. Further, prior to the completion of the acquisition of Reprice on March 30, 2016, Katitas did not have any subsidiaries.