

KATITAS Co., Ltd.

Financial Results Presentation For the First Nine Months of the 45th Fiscal Year Ending March 31, 2023 (FY2022)

February 3, 2023

Before



After



(Securities Code: 8919, Prime Market of TSE)

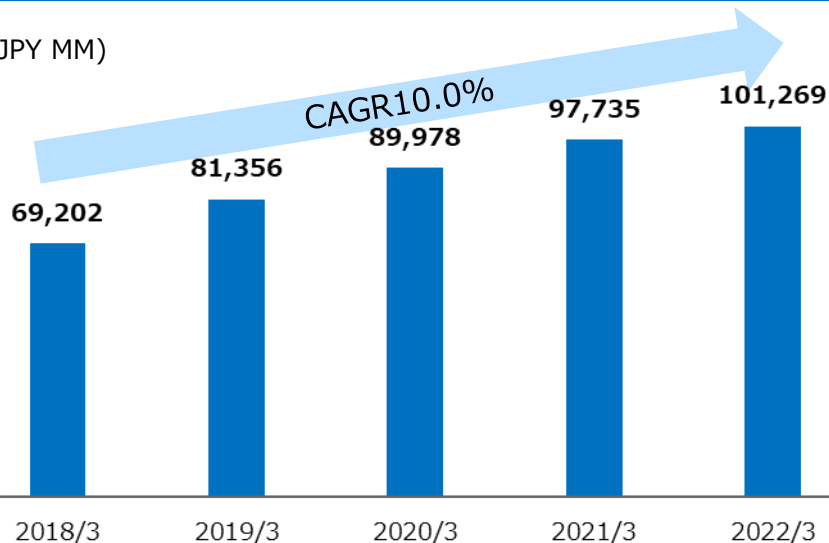
Presentation Highlights

- | | | |
|-----------|--|----------------|
| 1. | Overview of Financial Results for the First Nine Months of the FY2022 (Ending March 31, 2023) | P2-P9 |
| 2. | Third Mid-Term Business Plan and Management Plan for FY2022 (Ending March 31, 2023) | P11-P23 |
| 3. | Overview of Business Model | P25-P45 |
| 4. | APPENDIX | P47-P59 |

1. Sales and Operating Profit Trend

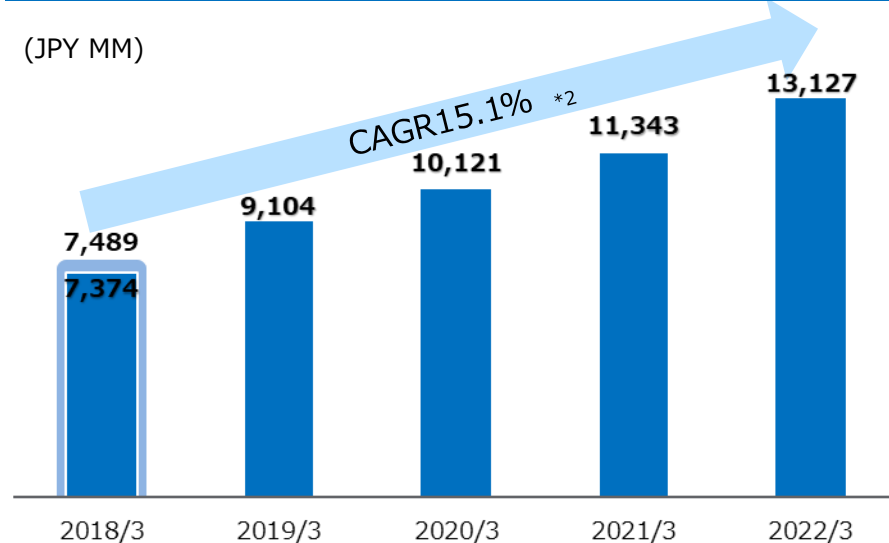
Historical Net Sales (FY-base)

(JPY MM)



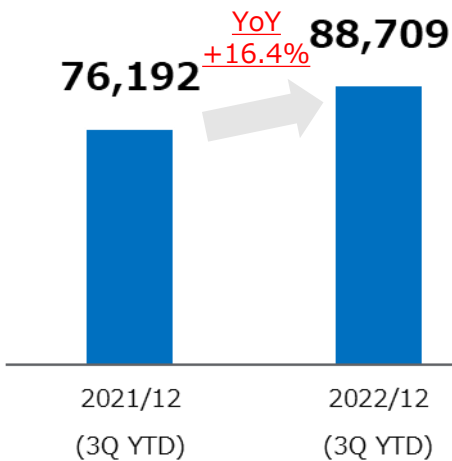
Historical Operating Profit (FY-base) ⁽¹⁾

(JPY MM)



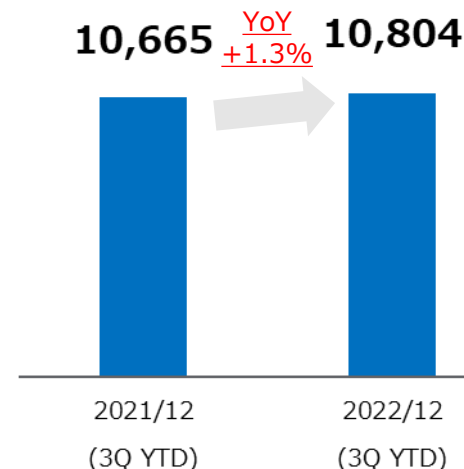
Historical Net Sales (3Q FY2022)

(JPY MM)



Historical Operating Profit (3Q FY2022)

(JPY MM)



(1) The adjustment amount of operating profit in 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 Nine Months of the FY2022 (Apr - Dec 2022)

- Net sales and operating profit, the Company's primary KPIs, measured up favorably against full-year projections.
- Per-unit gross profit came in above projections, but average price per property sold exceeded projections by a wider margin, resulting in a gross profit margin that was lower than forecast.
In pursuit of growth in net sales and operating profit, the Company invested in its inventory while remaining conscious of capital efficiency to avoid missing out on growth opportunities.
- Performance is sufficiently on pace to achieve the Company's initial full-year operating profit forecast of JPY14.0 billion.
Despite changes in its external environment (e.g., rising interest rates), the Company continues to forecast net sales and profit growth of about 10% in FY2023 and thereafter.

(JPY MM)	FY2021	FY2022		FY2022(plan)	
	3Q YTD	3Q YTD	YoY	Full-year	% of plan
Net sales	76,192	88,709	+16.4%	113,376	78.2%
Number of properties sold	4,646	5,080	+9.3%	6,845	74.2%
Gross profit	18,786	19,909	+6.0%	26,201	76.0%
Gross profit margin (%)	24.7%	22.4%	-2.2pt	23.1%	-
SG&A expenses	8,120	9,105	+12.1%	12,183	74.7%
Operating profit	10,665	10,804	+1.3%	14,018	77.1%
Operating profit margin (%)	14.0%	12.2%	-1.8pt	12.4%	-
Ordinary profit	10,516	10,681	+1.6%	13,875	77.0%
Net income	7,100	7,211	+1.6%	9,355	77.1%
Adjusted net income	7,100	7,209	+1.5%	9,355	77.1%

1. Highlights of Financial Results for 3Q FY2022 (Oct - Dec 2022)

(JPY MM)	3Q FY2021	3Q FY2022	YoY	
Sales	Net sales	26,633	29,549	+10.9%
	Number of properties sold	1,589	1,643	+3.4%
	Gross profit margin (%)	24.4%	21.7%	-2.6pt
Profit	SG&A expenses	2,701	3,052	+13.0%
	Operating profit	3,789	3,367	-11.1%
	Operating profit margin (%)	14.2%	11.4%	-2.8pt
Key indicators	Inventory real estates	40,916	55,061	+34.6%
	ROA (LTM)	22.7%	21.3%	-1.3pt

- **Net sales grew more than 10% due to increases in number of properties sold and average price per property sold.**
 - The Company reports a strong sales environment. Monthly responses were up by at least 10% YoY during all months.
 - Deliveries declined somewhat in 3Q in part because the Company focused more heavily on deliveries in 2Q and in part because responses declined during the *O-Bon* Lantern Festival period, when no COVID-19-related behavioral restrictions were in place.
 - As in 2Q, the Company stressed the importance of improving its conversion rate (turning property introductions into contracts) because of its small completed inventory. Furthermore, the Company maintained its focus on construction schedule management.
- **Gross profit margin declined YoY, but per-unit gross profit came in strong.**
 - Gross profit margin was more or less in line with KATITAS's projections. Gross profit per contract (an operational KPI) exceeded forecast.
 - REPRICE's gross profit margin was lower than projected. However, its per-unit gross profit was higher than forecast and remained above levels observed prior to COVID-19.
 - REPRICE's large contribution to the Company's sales mix was one major factor contributing to the decline in gross profit margin.

- **Despite declining YoY due to the lower gross profit margin, operating profit in 3Q was generally commensurate with projections.**
 - The Company reported no change in the cost structure associated with its SG&A expenses. It also booked no notable seasonal expenses.
 - In Q3 FY2021, the Company generated high operating profit thanks to a strong gross profit margin.
 - As stated in its 2Q financial results presentation, the Company has expected a 3Q decline in profit since the beginning of FY2022. Results were more or less commensurate with initial projections, and the Company does not foresee any obstacles affecting the achievement of its full-year operating profit forecast of JPY14.0 billion.

- **Both KATITAS and REPRICE reported strong procurement and inventory levels. The Company has secured enough inventory to generate growth heading into FY2023. Long-term inventories remain low.**
 - Number of houses purchased in Q3: 2,033 (+11.3% YoY)
 - Purchase price: Continued to be stable at KATITAS, while a high level was maintained at REPRICE.
 - Total inventory rose 34.6% from end-Q3 FY2021 (+35.9% compared to the end of FY2019, before the outbreak of COVID-19)
 - Balance of completed inventory rose 39.3% YoY (ratio of completed inventory in Q3 FY2022: 59.3%)
 - ROA and adjusted ROE remained high at 21.3% and 25.0%, respectively.

(1) Ratio of completed inventory = real estate for sale / (real estate for sale + real estate for sale in process) (2) ROA (LTM) = Total operating profit (LTM) / average of total assets at end-September of previous FY and end-September of current FY

(3) ROE (LTM) = Total profit attributable to owners of parent (LTM) / average of balances of shareholders' equity at end-September of previous FY and end-September of current FY

(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 P23 (5) From the 1Q results briefing materials: Calculate quarterly ROA, ROE and Inventory turnover ratio based on LTM (last 12 months)

1. Progress Versus Management Plan for FY2022 (Ending March 31, 2023)

- The Company's gross profit margin was lower than initially forecast, but gross profit per unit came in above initial projections. Net sales and all profit categories exceeded 75% of their corresponding full-year projections, and the Company indicates that the outlook for achieving these projections remains promising.
- The Company will issue special year-end bonuses equivalent to a predetermined portion of the amount by which operating profit exceeds annual projections. The amount remaining after the payment of these bonuses will be reflected through the calculation of final annual operating profit at the end of 4Q.
- Fixed mortgage interest rates have risen due to growth in long-term interest rates. However, at least 70% of mortgage users in Japan utilize floating-rate mortgages. The Company noted no shifts in customer sentiment and has not reported any changes in its contract cancellation rate due to mortgage rejection since December. If payment amounts rise due to growth in interest rates, some existing customers may begin to find making purchases prohibitively difficult. However, the Company anticipates that this impact would be neutral, projecting that customers would gravitate toward KATITAS properties, which are less expensive than newly constructed properties.
- The Company reported no significant changes in terms of other external environmental factors such as prices for housing equipment or lumber. As in the case of interest rate growth, the Company expects impact associated with material price increases to be neutral. The Company reached this conclusion because it will be able to reflect this price growth through adjustments to its selling prices. Furthermore, the Company projects that it will be capable of mitigating cost growth impact through innovative alterations of its renovation plans.
- Inventory buildup has been steady, so the Company has maintained its Third Mid-Term Business Plan forecast projecting sales and operating profit growth of about 10%.

(JPY MM)	3Q FY2022 (ended Dec 31, 2022)		FY2022 Plan (ended Mar 31, 2023)		
	Results	vs sales (%)	Full-year		
			Plan	vs sales (%)	% of plan
Net sales	88,709	100.0%	113,376	100.0%	78.2%
Number of properties sold	5,080	-	6,845	-	74.2%
Gross profit	19,909	22.4%	26,201	23.1%	76.0%
Operating profit	10,804	12.2%	14,018	12.4%	77.1%
Ordinary profit	10,681	12.0%	13,875	12.2%	77.0%
Profit attributable to owners of parent	7,211	8.1%	9,355	8.3%	77.1%
(Ref)Adjusted profit attributable to owners of parent	7,209	8.1%	9,355	8.3%	77.1%

1. Financial Highlights

(JPY MM)	FY2021					FY2022								
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD	vs Q	vs Q (%)	YTD	YTD (%)
Net sales	24,337	25,221	26,633	25,076	101,269	28,351	30,809	29,549		88,709	+2,916	+10.9%	+12,516	+16.4%
Number of properties sold	1,496	1,561	1,589	1,474	6,120	1,663	1,774	1,643		5,080	+54	+3.4%	+434	+9.3%
Number of property purchased	1,594	1,729	1,826	1,706	6,855	1,780	1,901	2,033		5,714	+207	+11.3%	+565	+11.0%
Gross profit	5,930	6,365	6,490	5,861	24,647	6,513	6,975	6,419		19,909	-70	-1.1%	+1,123	+6.0%
Gross profit Margin(%)	24.4%	25.2%	24.4%	23.4%	24.3%	23.0%	22.6%	21.7%		22.4%	-2.6pt		-2.2pt	
SG&A expenses	2,748	2,670	2,701	3,399	11,519	3,027	3,025	3,052		9,105	+350	+13.0%	+985	+12.1%
Operating profit	3,181	3,694	3,789	2,462	13,127	3,486	3,950	3,367		10,804	-421	-11.1%	+138	+1.3%
Operating profit Margin(%)	13.1%	14.6%	14.2%	9.8%	13.0%	12.3%	12.8%	11.4%		12.2%	-2.8pt		-1.8pt	
Ordinary profit	3,131	3,648	3,736	2,180	12,697	3,445	3,909	3,326		10,681	-409	-11.0%	+165	+1.6%
Ordinary profit margin(%)	12.9%	14.5%	14.0%	8.7%	12.5%	12.2%	12.7%	11.3%		12.0%	-2.8pt		-1.8pt	
Net income	2,109	2,468	2,522	-254	6,845	2,328	2,643	2,240		7,211	-282	-11.2%	+111	+1.6%
Net income margin(%)	8.7%	9.8%	9.5%	-1.0%	6.8%	8.2%	8.6%	7.6%		8.1%	-1.9pt		-1.2pt	
EPS (JPY)	27.36	32.00	32.68	-3.33	88.71	30.13	34.19	28.91		93.22	-3.77	-11.5%	+1.18	+1.3%
Adjusted net income	2,109	2,468	2,522	1,484	8,584	2,325	2,643	2,240		7,209	-282	-11.2%	+109	+1.5%
Adjusted net income margin(%)	8.7%	9.8%	9.5%	5.9%	8.5%	8.2%	8.6%	7.6%		8.1%	-1.9pt		-1.2pt	
Adjusted EPS (JPY)	27.36	32.00	32.68	19.21	111.25	30.10	34.19	28.91		93.20	-3.77	-11.5%	+1.16	+1.3%
											vs 21/12	vs 21/12(%)	vs 22/3	vs 22/3(%)
Cash and deposits	16,906	17,555	14,851	13,409		9,632	10,194	6,290			-8,560	-57.6%	-7,118	-53.1%
Real estate for sale	20,502	20,891	23,453	25,440		28,298	28,968	32,678			+9,225	+39.3%	+7,238	+28.5%
Real estate for sale in process	14,040	16,619	17,463	19,422		19,535	20,882	22,382			+4,919	+28.2%	+2,960	+15.2%
Inventory real estates	34,543	37,510	40,916	44,862		47,834	49,851	55,061			+14,144	+34.6%	+10,198	+22.7%
Inventory turnover ratio (LTM)	2.07	2.10	2.04	1.96		1.94	1.95	1.83			-0.20			
Total assets	54,603	58,101	58,951	62,644		62,138	63,806	65,440			+6,489	+11.0%	+2,796	+4.5%
ROA (LTM)	21.2%	22.2%	22.7%	22.2%		23.0%	22.5%	21.3%			-1.3pt			
Interest-bearing liabilities	19,250	18,875	18,875	18,500		18,500	18,500	20,500			+1,625	+8.6%	+2,000	+10.8%
Shareholders' equity	29,003	31,503	32,803	32,562		33,541	36,241	36,752			+3,948	+12.0%	+4,190	+12.9%
Equity-to-asset ratio (%)	53.1%	54.2%	55.6%	52.0%		54.0%	56.8%	56.2%			+0.5pt		+4.2pt	
ROE (LTM)	30.8%	29.2%	29.0%	22.6%		22.6%	21.4%	20.0%			-9.0pt			
Adjusted ROE (LTM)	30.7%	29.1%	29.0%	28.3%		28.1%	26.5%	25.0%			-4.0pt			
											vs 1H	vs 2H	vs FY	
decrease in Inventory real estates		-4,079		-7,352	-11,432		-4,998				-918			
Cash flows from operating activities		+56		-2,547	-2,490		-1,825				-1,882			
Cash flows from investing activities		-7		-12	-20		-50				-42			
Cash flows from financing activities		-1,602		-1,586	-3,189		-1,339				+263			
Increase of cash and cash equivalents, at the beginning of the year		-1,553		-4,146	-5,700		-3,214				-1,661			

(1) ROA (LTM) = Total operating profit (LTM) / average of total assets at end-September of previous FY and end-September of current FY

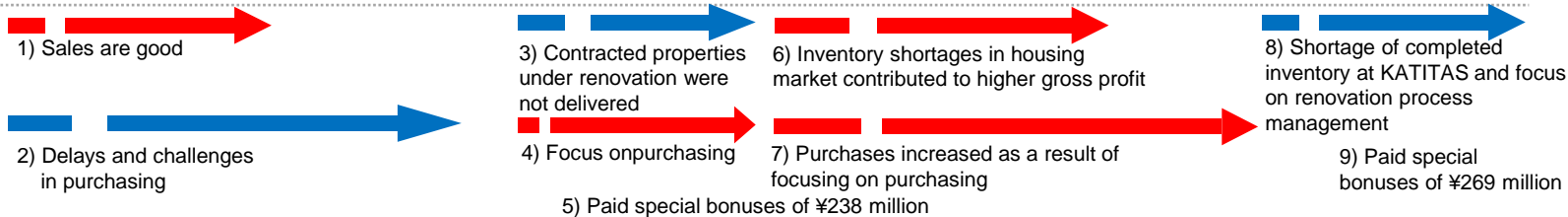
(2) ROE (LTM) = Total profit attributable to owners of parent (LTM) / average of balances of shareholders' equity at end-September of previous FY and end-September of current FY

(3) For details of accounting adjustments for adjusted profit attributable to owners of parent, adjusted EPS and adjusted ROE, please refer to the table on P23 (4) From the 1Q results briefing materials : Calculate quarterly ROA, ROE and Inventory turnover ratio based on LTM (last 12 months)

1. Supplementary Explanation of Quarterly Results

(Reposted from 4Q FY2021)

	1Q FY2020 (2020/6)	2Q FY2020 (2020/9)	3Q FY2020 (2020/12)	4Q FY2020 (2021/3)	1Q FY2021 (2021/6)	2Q FY2021 (2021/9)	3Q FY2021 (2021/12)	4Q FY2021 (2022/3)
Sales	22,500	26,761	26,208	22,264	24,337	25,221	26,633	25,076
Operating Profit	2,417	3,287	3,320	2,317	3,181	3,694	3,789	2,462
Number of property sold	1,417	1,676	1,671	1,391	1,496	1,561	1,589	1,474
Number of property purchased	1,214	1,409	1,686	1,548	1,594	1,729	1,826	1,706



Factors Causing Fluctuations in Quarterly Results in the Previous Period (Ended March 2021)

- 1) 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**.
- 2) 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.
- 3) 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**.
- 4) We focused on purchasing. As a result, **the number of properties purchased in 4Q rose 15.3%** year on year.
- 5) The Company resolved to pay special year-end bonuses totaling ¥238 million. Such bonuses are aimed at enhancing employee motivation to achieve stable growth.

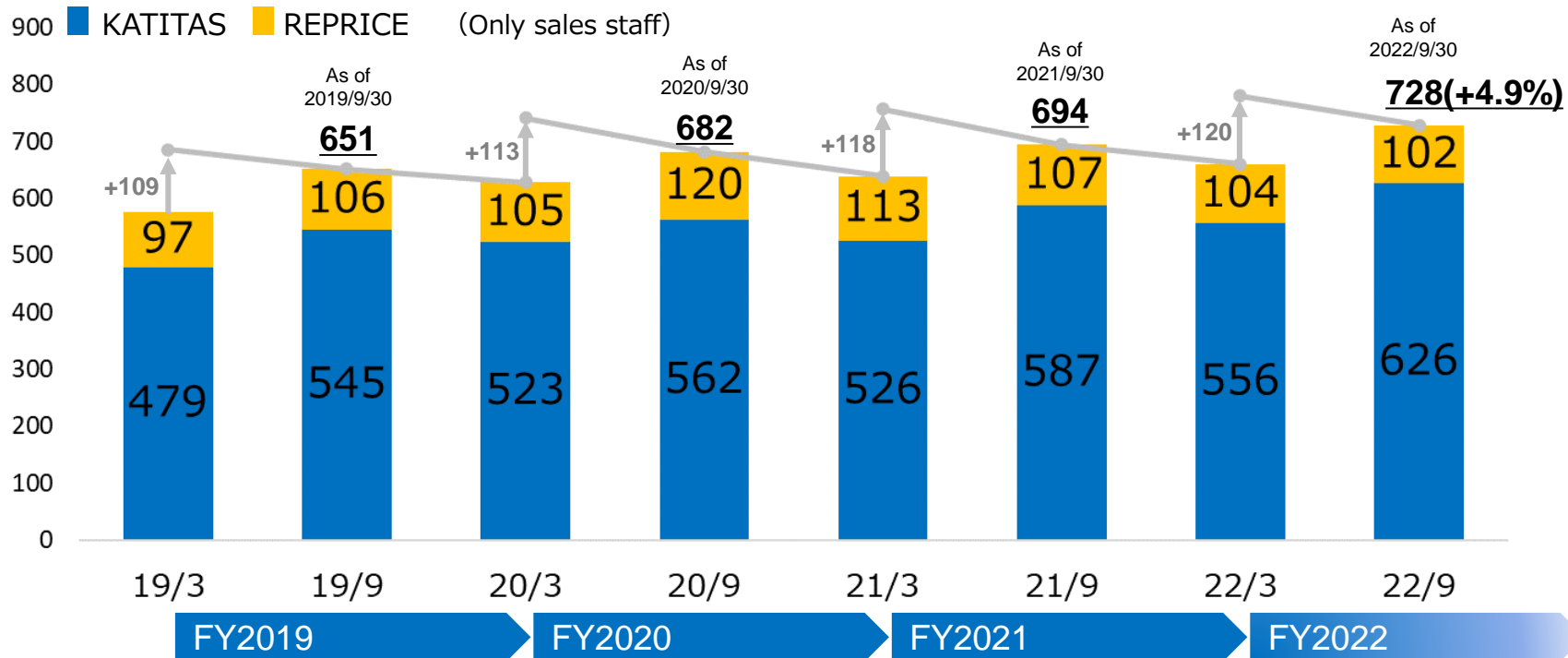
Factors Causing Fluctuations in Quarterly Results during the Current Period (Ended March 2022)

- 6) Due to inventory shortages in the housing market, we received a high number of responses. **The gross profit margin rose** in areas covered by REPRICE where the decline in market inventories was pronounced.
- 7) The number of purchase appraisal requests increased. We also focused on purchasing activities, resulting in a **17.0% YoY increase in the number of properties purchased over the full year** as we worked to secure inventory for stable growth.
- 8) Purchase delays in FY2020 caused **a shortage of completed inventory**. As we focused on renovation process management and refrained from operations that emphasize the number of deliveries, the number of properties sold declined.
- 9) We surpassed the OP target in the Second Mid-Term Business Plan of ¥13.0 billion and decided to pay a special performance-linked bonus of ¥269 million to employees to motivate them to work toward achieving the targets in the Third Mid-Term Business Plan as well.

1. Number of sales staff

(Reposted from 2Q FY2022)

- The number of individuals receiving job offers to join the company in April 2023 remained steady, with 100 at KATITAS and 18 at REPRICE.
- KATITAS's employee count has recovered and is rising thanks to various retention measures. The Company expects its employee count to continue rising steadily on a year-to-year basis moving forward.
- REPRICE transferred some of its sales operations to headquarters, resulting in a decrease in its sales personnel. However companywide productivity improved.⁽¹⁾



		FY2019	FY2020	FY2021	FY2022
New Graduates	KATITAS	+91 people (No. of back-office employees: 1)	+88 people	+104 people	+107 people (No. of back-office employees: 1)
	REPRICE	+20 people (No. of back-office employees: 1)	+27 people (No. of back-office employees: 2)	+14 people	+15 people (No. of back-office employees: 1)
Monthly avg ⁽²⁾	KATITAS	543 people	558 people	584 people	-
	REPRICE	107 people	120 people	108 people	-

(1) Productivity = sum of the number of homes procured and the number of homes sold by REPRICE over a period, divided by the number of sales employees of REPRICE

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

1. Topics

- Concluded a collaborative agreement concerning the promotion of a vacant house bank system with Hioki, Kagoshima Prefecture
 The Company has cooperated and collaborated with several municipalities in the past, but this pact is the first comprehensive partnership agreement it has concluded to date. Kagoshima Prefecture has one of Japan's highest vacant house rates, and Hioki alone currently contains approximately 4,300 vacant houses with no designated uses.
 *The increase in vacant houses within Japan is a major social issue due to the aging of the nation's population and the depopulation of its rural areas. About 80% of the properties KATITAS purchases are vacant homes. Consequently, KATITAS has earned a reputation as a company that strives to address this major social issue through its business activities.
- Delivered a presentation at a meeting of the Working Group on Impact Investment established by the FSA in October 2022
 The Company delivered a presentation at a meeting of the FSA's Working Group on Impact Investment, discussing its evolution into a recognized impact investment target and explaining the importance of mutual engagement between investors and issuing entities to the promotion of future impact investment.

Concluded a collaborative agreement concerning the promotion of a vacant house bank system with Hioki, Kagoshima Prefecture



KATITAS website: [The Company concludes a collaborative agreement concerning the promotion of a vacant house bank system with the City of Hioki \(December 19, 2022\)](#)

Delivered a presentation at a meeting of the Working Group on Impact Investment established by the FSA



FSA website: [Working Group on Impact Investment \(third meeting held on November 25, 2022\)](#)

Presentation Highlights

1.

Overview of Financial Results for the First Nine Months of the FY2022 (Ending March 31, 2023)

P2-P9

2.

Third Mid-Term Business Plan and Management Plan for FY2022 (Ending March 31, 2023)

P11-P23

3.

Overview of Business Model

P25-P45

4.

APPENDIX

P47-P59

2. Management Plan for FY2022 (Ending March 31, 2023)

(Reposted from 4Q FY2021)

- We will start FY2022 with an increase in the beginning balance of real estate for sale, etc. We aim to expand sales and the number of properties sold by more than 10%.
- We expect inventory shortages in the overall market to gradually normalize. We forecast a decline in the gross profit margin but aim for operating profit growth of around 7%.
- Our purchase price of housing equipment inched up, but this increase can be passed on to selling prices. Newly built houses are prone to be affected by rising lumber and housing equipment prices more than renovated pre-owned houses, making it likely that selling prices will remain elevated. This may result in a relative increase in the attractiveness of pre-owned houses which we handle, but we have not factored this into the plan for FY2022.
- The purchasing environment has recovered and the effects of the spread of the COVID-19 have diminished. We will continue to invest in inventory to achieve stable growth in FY2023 and beyond. However, we will not “purchase for the sake of purchasing” aimed at securing inventory, and quality will continue to be a priority in our purchasing policy.

(JPY MM)	FY2021 (ended Mar 31, 2022)				FY2022 (ended Mar 31, 2023)					
	The first half		Full-year		The first half			Full-year		
	Results	vs sales (%)	Results	vs sales (%)	Plan	YoY (%)	vs sales (%)	Plan	YoY (%)	vs sales (%)
Net Sales	49,559	100.0%	101,269	100.0%	56,990	+15.0%	100.0%	113,376	+12.0%	100.0%
Number of properties sold	3,057	-	6,120	-	3,449	+12.8%	-	6,845	+11.8%	-
Gross profit	12,295	24.8%	24,647	24.3%	13,355	+8.6%	23.4%	26,201	+6.3%	23.1%
Operating profit	6,876	13.9%	13,127	13.0%	7,282	+5.9%	12.8%	14,018	+6.8%	12.4%
Ordinary profit	6,780	13.7%	12,697	12.5%	7,212	+6.4%	12.7%	13,875	+9.3%	12.2%
Profit attributable to owners of parent	4,577	9.2%	6,845	6.8%	4,865	+6.3%	8.5%	9,355	+36.7%	8.3%
(Ref)Adjusted profit attributable to owners of parent	4,577	9.2%	8,584	8.5%	4,865	+6.3%	8.5%	9,355	+9.0%	8.3%

(1) For details of accounting adjustments for adjusted profit attributable to owners of parent, please refer to the table on P23.

* 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. Dividends

(Reposted from 4Q FY2021)

- We will hike the year-end dividend for FY2021 to ¥17.5 per share from ¥16.0 per share in the initial plan (disclosed on April 28, 2022).
- In FY2022, we plan to distribute an interim dividend of ¥24.0 per share and a year-end dividend of ¥24.5 per share for a total annual dividend of ¥48.5 per share.
- During the new mid-term period, we aim for a dividend payout ratio of 40% or higher on an adjusted net profit basis.
- Our policy is not to reduce the total amount of dividends per year unless under special circumstances.

	FY2021 (ended March 31, 2022)		Forecast for FY2022 (ending March 31, 2023)	
	Interim	Year-end	Interim	Year-end
Dividends per share (initial forecast)	¥16.0	¥17.5 (¥16.0)	¥24.0	¥24.5
Dividend payout ratio	37.8%		40.1%	
Dividend payout ratio ⁽¹⁾ (based on adjusted net profit)	30.1%		-	

(1) Adjusted net profit: Net profit adjusted for consumption tax and other items. Please see P23 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.

Third Mid-Term Business Plan (FY2022 – FY2024)

Initiatives for the Pre-Owned House Refurbishing Business

(Reposted from 4Q FY2021)

- Aim to supply over 10,000 houses per year in the future while maintaining or raising the quality and value of the houses we provide rather than being focused on rapid growth.
- Aim for Net sales and operating profit CAGR of 10% in the Third Mid-Term Business Plan period.
- ROA (an indicator of asset efficiency) will be an important management indicator to ensure that inventory turnover and operating margin can be improved or kept at a high level.

(JPY MM)	FY2021		FY2024	
	Results		Plan	CAGR
Net sales	101,269	...	134,000	10%
Operating profit	13,127	...	17,500	10%
ROA	22%	...	20%	-
Dividend payout ratio (based on adjusted net profit)	37.8% (30.1%)	...	40%	-

Priority measures

1. Conduct recruiting activities centered on new graduates and enhance various systems to continue to strengthen employee retention as well as train and foster personnel at the manager level and above.
2. Achieve productivity improvements by optimizing overall operations through BPR and considering system implementation.
3. Expand capacity to manage contractors and carpenters, who are our important partners in supplying houses.
4. Deliberate further on M&A possibilities to accelerate growth in existing businesses.

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

(2) For details of accounting adjustments for adjusted profit attributable to owners of parent, adjusted EPS and adjusted ROE, please refer to the table on P23

* MTBPs announced externally after adopting our new structure are set as starting points. 1st: FY2016 - FY2018; 2nd: FY2019 - FY2021; 3rd: FY2022 - FY2024

* 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.

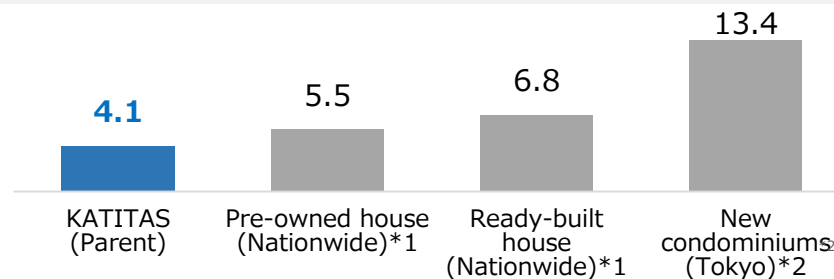
2. Third Mid-Term Business Plan (FY2022 – FY2024) Sustainability Initiatives

(Reposted from 4Q FY2021)

- By expanding our pre-owned house renovation business, we will contribute to solving social problems such as vacant homes and the lack of affordable houses. Through business expansion, we will help solve social issues and contribute to realizing a sustainable society.
- Renovated pre-owned homes consume fewer resources and emits less CO2 than newly built homes. In the new mid-term period, we will further enhance our environmental initiatives including the improvement of insulation performance and reduction of CO2 emissions.

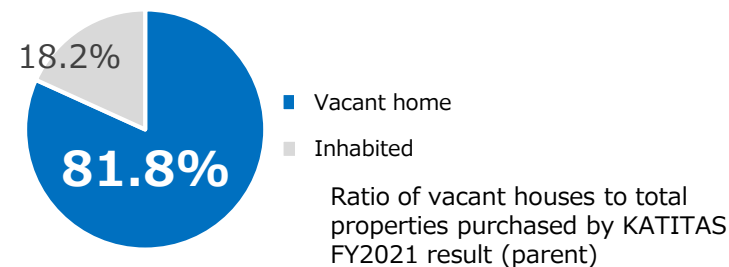
Ratio of mortgage to annual income

- ✓ Housing price “affordability” index
- ✓ Maintain at around 5x.
- ✓ Our properties are about half the price of newly built homes in the same area. We will continue to handle low-priced properties.



No. of properties sold

- ✓ Vacant housing problem solution index
- ✓ Aiming to increase proportionate to sales growth, and solve the problems of even more vacant houses.
- ✓ We mainly purchase vacant houses. This means that one house we purchase contributes to one less vacant house.



Environmental initiatives

- ✓ Improve product quality by considering renovation methods that balance higher insulation performance with cost control.
- ✓ Reduce CO2 emissions (scheduled to disclose reduction targets in disclosures based on the TCFD Framework)



Example of installing double-paned window



Example of installing insulation

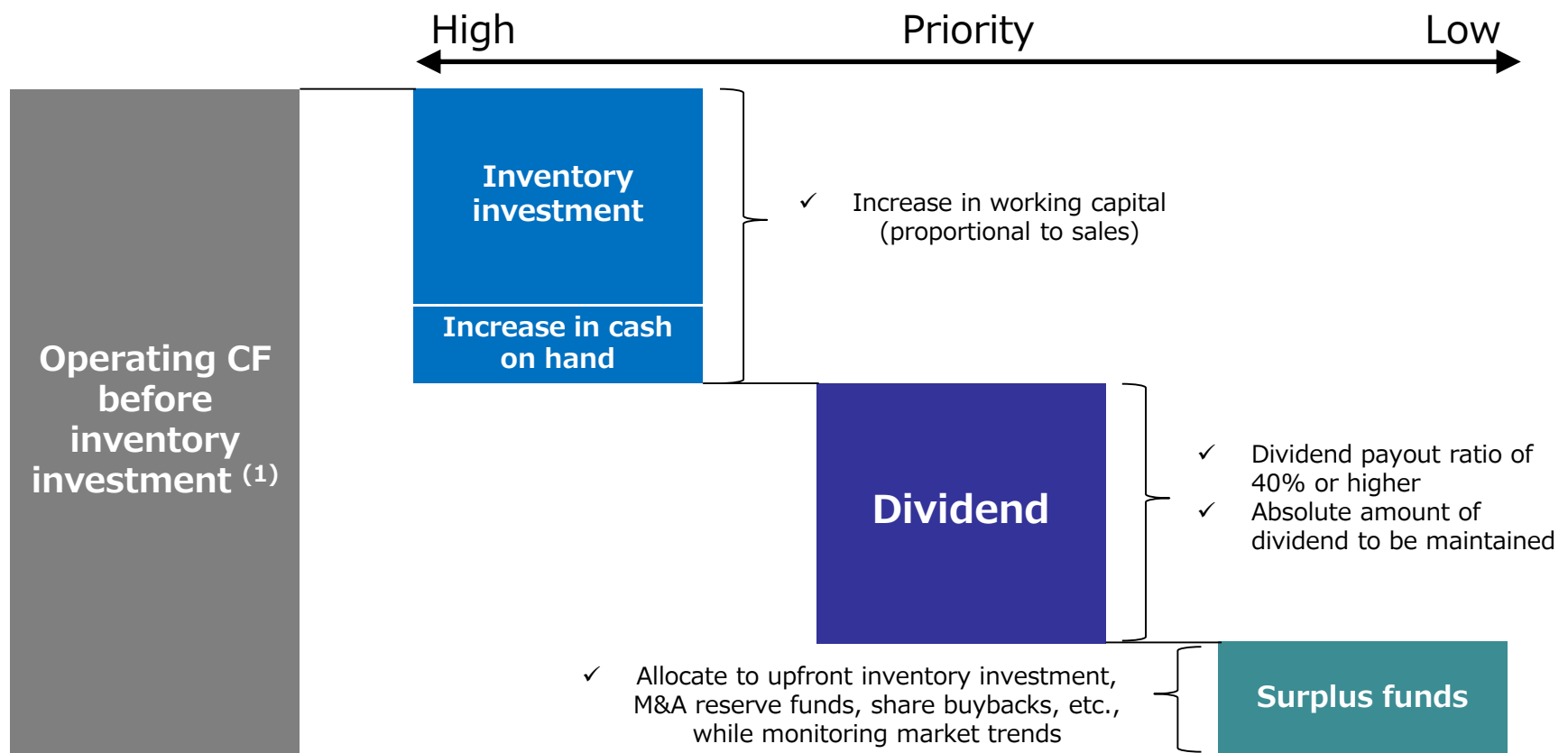
*1 Source: Japan Housing Finance Agency (FY2020 summary table)

*2 Source: Tokyo Kantai Co., Ltd. press release “Annual Income Ratio for New Condominiums” (October 28, 2021)

2. Third Mid-Term Business Plan (FY2022 – FY2024) Financial Strategy and Shareholder Returns

(Reposted from 4Q FY2021)

- Place the highest priority on using the cash flow generated to invest in inventory for the growth of our existing business.
- Raise the dividend payout ratio to at least 40% during the Third Mid-Term Business Plan period to maintain ROE at robust levels. (Our policy is not to reduce the total annual dividend except under special circumstances.)
- Converted bank loans to unsecured bank loans in March 2022 in order to utilize debt with low cost of capital for M&A and other large investments.



⁽¹⁾ Operating CF before inventory investment = The amount after adding the change in inventory to operating CF

* MTBPs announced externally after adopting our new structure are set as starting points. 1st: FY2016 - FY2018; 2nd: FY2019 – FY2021; 3rd: FY2022 – FY2024

* 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. Review of Second Mid-Term Business Plan

(Reposted from 4Q FY2021)

- Due to COVID-19, purchases were delayed especially in urban areas, resulting in temporary shortages of inventory and a shortfall against our sales revenue plan. However, we were able to demonstrate that our business model can deliver stable sales growth at a CAGR of 8% even in an unfavorable business environment.
- Profit improved by implementing measures one at a time to improve gross profit per contract. In addition, operations improved to raise productivity, leading to an overshoot in operating profit against the plan.
- We will continue to focus on stable operations rather than rapid growth, as we make steady progress toward achieving the Mid-Term Business Plan.

2nd Mid-Term Business Plan Quantitative Plan & Growth Strategy

Progress

Net Sales

- ✓ FY2021 **about 110 billion yen**
- ✓ CAGR of **about 10%**

- FY2021 **101.2 billion yen**
- CAGR: **8%**
- Main reason for shortfall was purchasing delays in FY2020.
- Realized stable growth largely unaffected by the business environment.

Operating Profit

- ✓ FY2021 **approx. 13 billion yen**
- ✓ CAGR **over 10%**

- FY2021 **13.1 billion yen**
- CAGR : **13%**
- Measures such as option sales, curbing price discounting, and cost reductions led to a higher gross profit per contract.
- Productivity gains due to promotion of contracts with renovation underway and fully-reserved tours contributed.

Strategy Framework

- ✓ Stronger area marketing
- ✓ Push ahead with market development
- ✓ Continue strengthening existing strategies, etc.

- Adapted new earthquake resistance standard to properties with old earthquake resistance standard in all prefectures. Improved product strength.
- Although we are still in the process of developing markets with high growth potential, improvement in gross margin contributed significantly to growth in operating profit.
- Recruitment of new graduates and training of personnel at store-manager level progressed as planned.
- Created a financial structure that facilitates debt financing by converting bank loans to unsecured bank loans.

2. Growth Strategy at KATITAS (1): Enhance Sales Force (FY2021 Results)

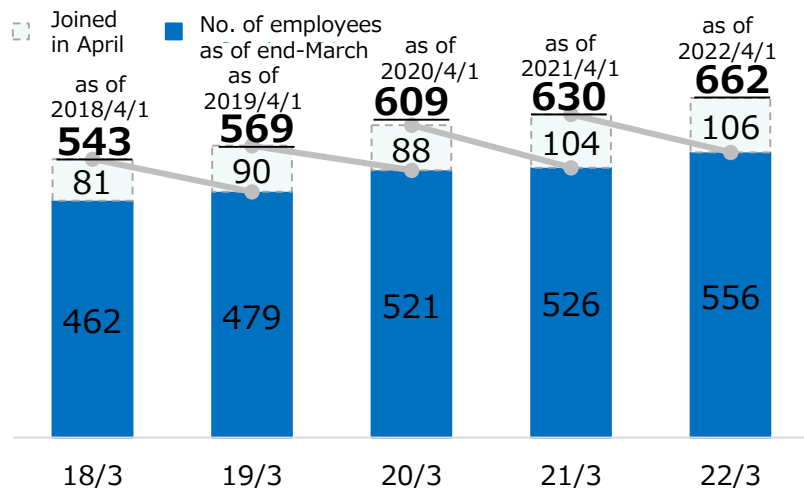
(Reposted from 4Q FY2021)

- There's ample supply of vacant houses in Japan and sufficient demand for low-priced houses. The potential market is sizable both for purchases and sales.
- KATITAS plans to expand through an increase in procured and sold homes by increasing sales staff headcount while maintaining and improving productivity.
- The current challenge we face in increasing sales staff is lowering the turnover rate. We reduced the rate from FY2020 and will continue to improve it going forward.

Sales Staff	Productivity	Capacity(FY2021 Results)
Sales employees ⁽¹⁾ (average during the fiscal year) 541.0	Procurement 9.6 / sales employee	Number of properties procured: 5,177 ⁽²⁾
	Sales 8.6 / sales employee	Number of properties sold: 4,627

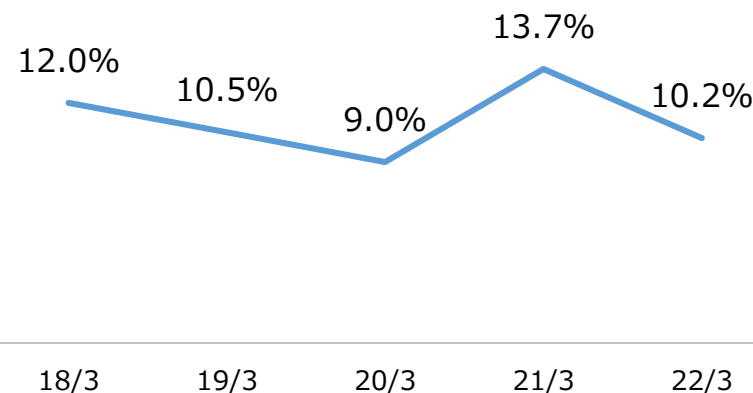
Number of sales staff

- ✓ Number of sales staff as of April 1, 2022: +5.1% YoY
- ✓ Hiring still focused on new graduates. FY2022 new employees: 107 (incl. 1 person belonging to an administrative department)



Turnover rate⁽³⁾

- ✓ Started improving HR system in April 2021. Employee engagement survey results were favorable.
- ✓ Ongoing measures taken from April 2022 onward.
- ✓ Decided to pay special year-end bonus for FY2021.



(1) Number of sales staff = Number of store staff (incl. contract and part-time) + number of deputy sales managers and section managers

(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) Figures represent historical results of KATITAS (non-consolidated)

2. Growth Strategy at KATITAS (2): Productivity Improvement (FY2021 Results)

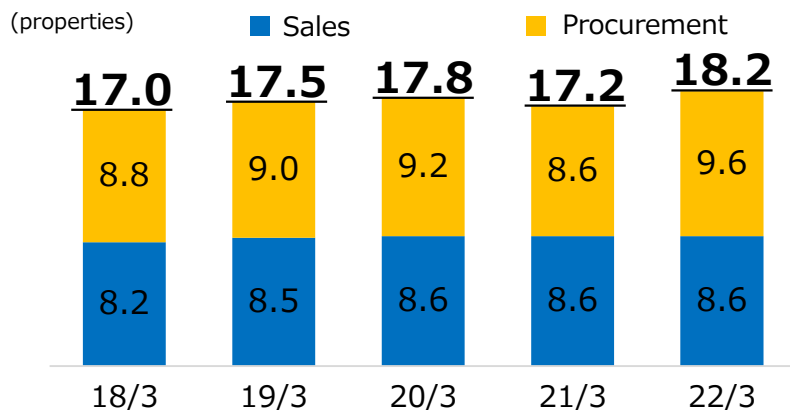
(Reposted from 4Q FY2021)

- Our productivity is on an uptrend, except for FY2020, when purchases decreased as the number of vacant houses on sale shrank due to COVID-19.
- In FY2021, the number of properties sold was sluggish due to inventory shortages, but productivity reached a record high.
- We expect further improvements through measures such as fully-reserved tours, which is taking root, and promotion of contracts with renovation underway.

Sales Staff	Productivity	Capacity(FY2021 Results)
Sales employees ⁽¹⁾ (average during the fiscal year) 541.0	Procurement 9.6 / sales employee	Number of properties procured: 5,177 ⁽²⁾
	Sales 8.6 / sales employee	Number of properties sold: 4,627

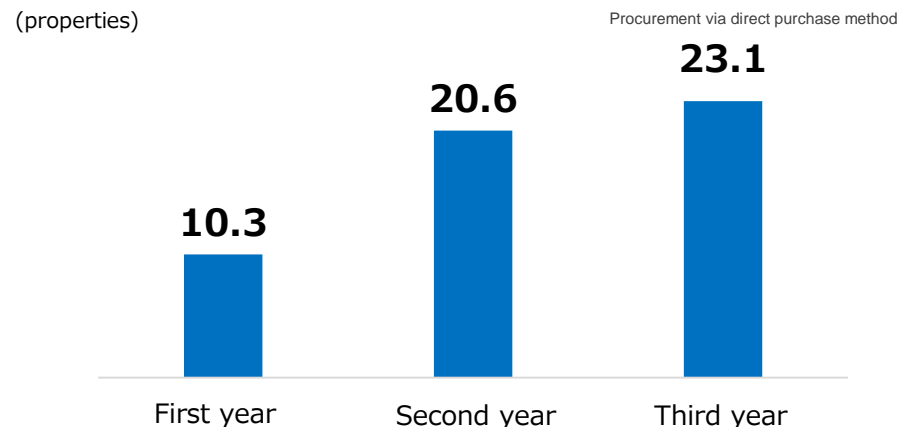
Productivity of sales staff⁽³⁾

- ✓ An increase in contracts with renovation underway and various operational improvements contributed to higher productivity.
- ✓ By drawing on the voice of people working on-site, we made improvements in workflows, IT environment, etc.
- ✓ BPR⁽⁵⁾ projects will be promoted to further advance streamlining of operations.



Productivity of new graduate employees⁽⁴⁾

- ✓ Productivity improvement every year through a training program that combines headquarters training with OJT.
- ✓ By increasing the number of employees at store-manager level, we increased capacity for training and accelerated the time it takes until new employees start contributing to the business.



(1) Number of sales staff = Number of store staff (incl. contract and part-time) + number of deputy sales managers and section managers

(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) 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

(4) Average calculated from the results of the last three fiscal years

(5) BPR : Business Process Re-engineering

(6) Figures represent historical results of KATITAS (non-consolidated)

2. Growth Strategy at REPRICE (FY2021 Results)

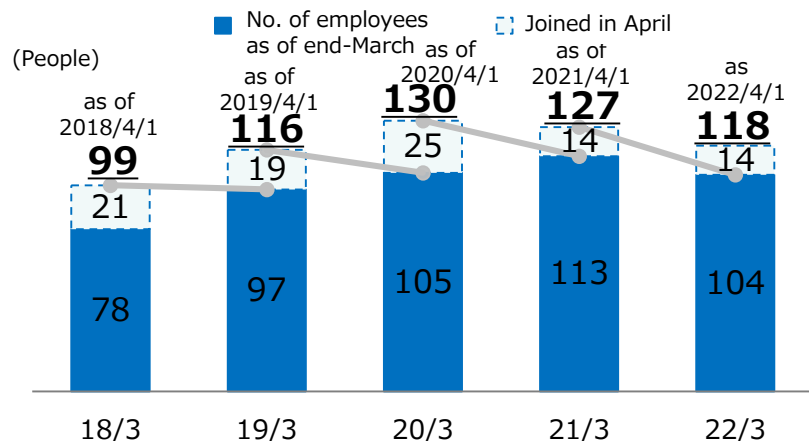
(Reposted from 4Q FY2021)

- Like KATITAS, we plan to drive growth at REPRICE by increasing sales staff and maintaining or raising productivity.
- In the last two years, we reined in the number of staff hired due to concerns of over capacity and instead focused on raising productivity.
- In FY2021, sales productivity decreased due to purchase delays stemming from COVID-19 in FY2020. However, purchasing productivity has been recovering in conjunction with an improvement in the purchasing environment.

Sales Staff	Productivity	Capacity(FY2021 Results)
Sales employees (average during the fiscal year) 108.5	Procurement 15.5 / sales employee	Number of properties procured:1,648
	Sales 13.8 / sales employee	Number of properties sold:1,493

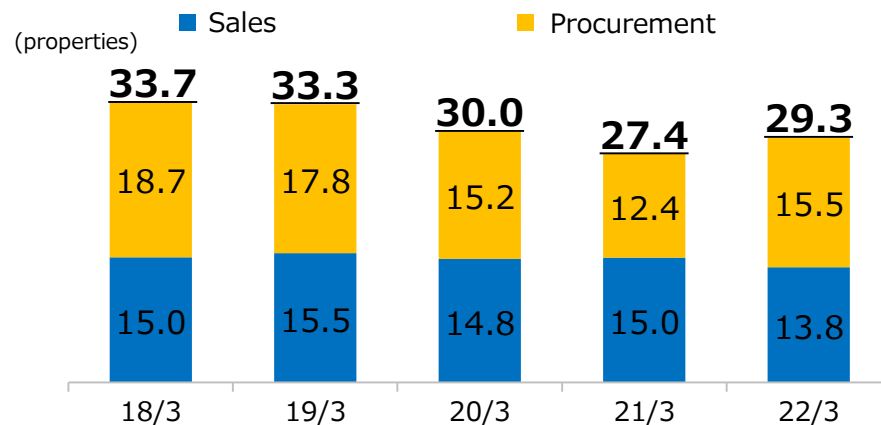
Number of sales staff

- ✓ Hired 15 new graduates in April 2022 (of which, 1 belongs to an administrative department).
- ✓ Transferred 7 sales staff to the sales support department to raise productivity and enhance product strength.
- ✓ Promoted capable staff to leaders and expanded the number of areas with our eyes on future business expansion.



Productivity⁽¹⁾

- ✓ Declined as a result of an increase in detached houses (which require more man-hours) but profitability improved.
- ✓ In the three years since FY2017, we prioritized increasing the number of sales staff and hired a total of about 70 new graduates. But due to an increase in inexperienced staff, productivity declined.
- ✓ Expecting productivity gains going forward due to enhanced headquarters support and the benefits of system investments.



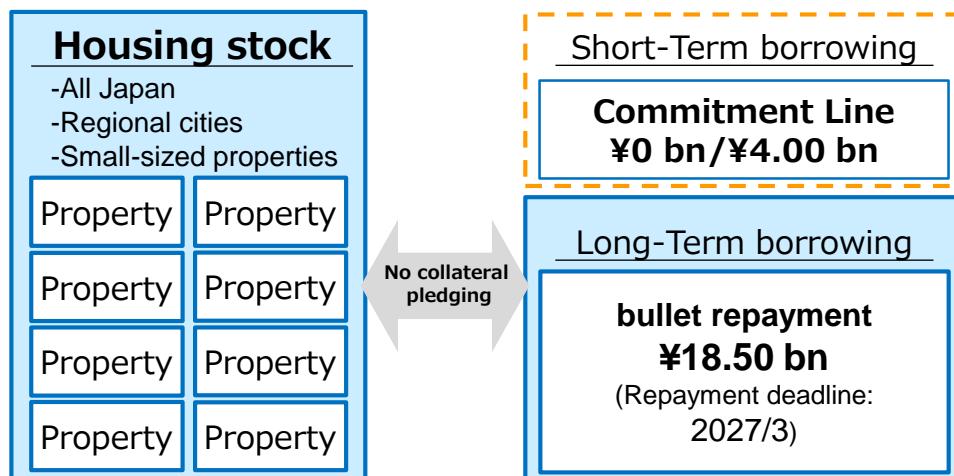
(1) Productivity= sum of the number of homes procured and the number of homes sold by REPRICE over a period, divided by the average of the number of sales employees of REPRICE at the beginning and end of the fiscal year

2. Refinancing of Syndicated Loans

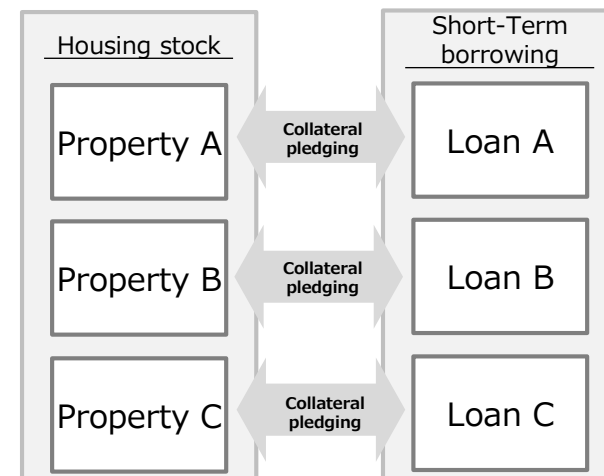
(Reposted from 4Q FY2021)

- We were able to refinance our loans as unsecured loans, due to improved creditworthiness from financial institutions. This allowed us to reduce various costs associated with collateral pledging, such as trust fees and administrative burdens.
- We established a structure that enables flexible debt financing for future M&A and other investments.
- We obtained an evaluation from Rating and Investment Information, Inc. (R&I) that our long-term loans are in compliance with the Social Loan Principles.

KATITAS Stable funding through long-term debt



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



Strengths of funding structure

- We are one of the few companies in the real estate industry to borrow long-term working capital on an unsecured basis by establishing good relationships with financial institutions. This is because we demonstrate high safety and profitability, with an equity ratio of 52.0%, current rate^{*1} of 141.4%, and ratio of fixed assets to long-term capital^{*2} of 3.6%.
- Because of this unsecured funding, we no longer need administrative work associated with borrowing each time when making purchases, giving us greater flexibility when purchasing properties. We also don't need to pay trust fees or mortgage-related expenses when making purchases, thereby giving us a cost advantage.
- The inventory turnover ratio is 1.96/year indicating a fast inventory cash conversion rate. We use long-term debt to finance our operations and if we decide to halt our cash outflows (for real estate purchases, etc.) we can do so in about a month, meaning that it's not hard for us to increase our cash buffer level during times of sales deceleration.

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

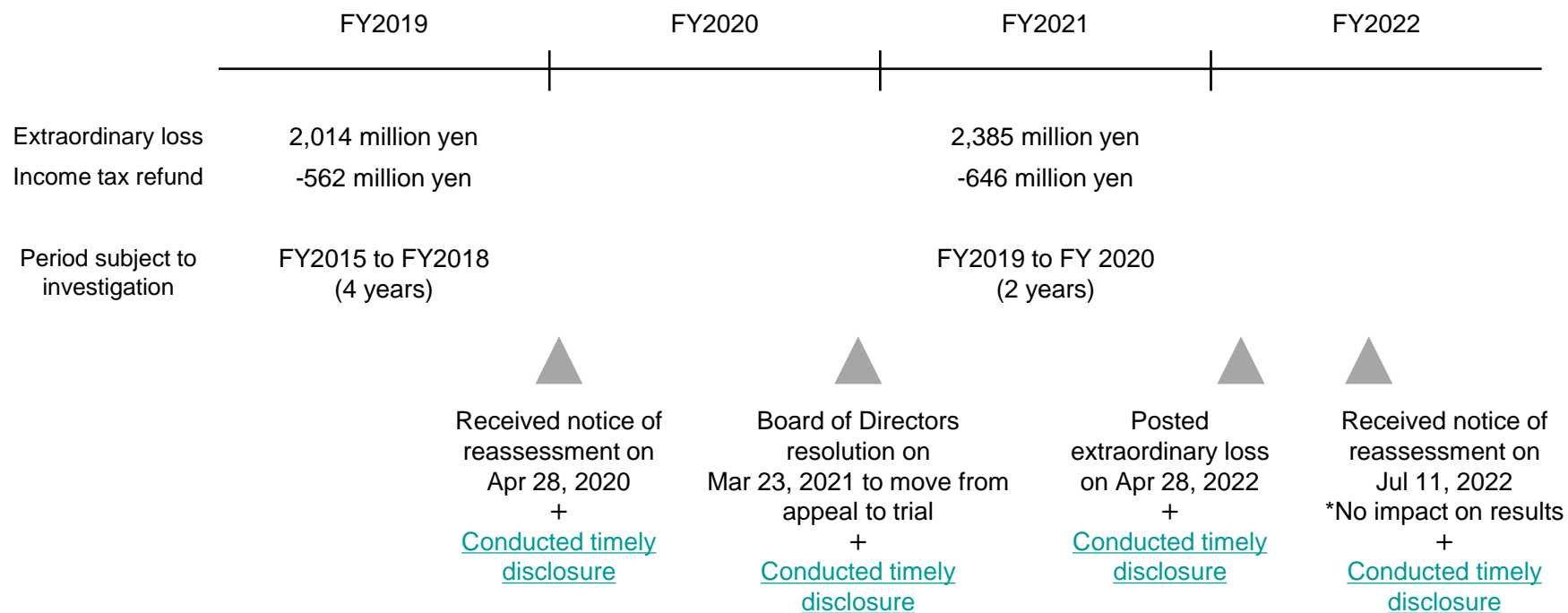
(2) Ratio of fixed assets to long-term capital = Total non-current assets / (Total non-current liabilities + Total net assets)

(reference) ["Notice Regarding the Conclusion of a Syndicated Loan Agreement and the Recording of Non-operating Expenses"](#) / ["Notice regarding an Evaluation of Compliance with Social Loan Principles"](#)

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

(Reposted from 2Q FY2022)

- The main point of contention is the difference of opinion on the “method of calculating the land value and building value when land and building are sold as a single unit.”
- The tax authorities conducted a tax audit covering the two-year period from FY2019 to FY2020 based on the same issue under contention, even though the lawsuit was pending against the tax authorities for a reassessment decision for the four-year period from FY2015 to FY2018.
- In July 2022, we received a notice of reassessment. However, we had already recorded a provision in FY2021, so there will be no impact on our financial results in FY2022.
- However, we do not believe our previous accounting or tax treatment was erroneous, and we will continue to use our previous accounting and tax treatment for consumption tax treatment.



2.

Supplemental Explanation of Progress of Reassessment Penalty, Etc. Imposed by the Regional Taxation Bureau

(Reposted from 2Q FY2022)

- The impact of the reassessment penalty, etc. imposed by the regional taxation bureau has already been recorded as extraordinary losses from FY 2015 to FY 2020. However, for FY 2021 (previous year) and FY 2022 (current year), nothing has been recorded because we have not been imposed any reassessment penalty, etc. by the bureau.
- Reason for not changing our accounting treatment
If we were to change it to that claimed by the bureau as the correct treatment, we would voluntarily change our accounting treatment and pay taxes, but that would be inconsistent with our claims made in litigation and other proceedings. Since we believe that the accounting treatment we have traditionally used is correct, we will continue to use it.
- For example, it is possible to record the potential tax risk as an estimated extraordinary loss when our budget is announced, but since it is not certain whether the bureau will conduct a tax audit or not, we believe that recording an uncertain extraordinary loss as a forecast would not be appropriate.
- Until our accounting treatment is ruled to be correct, we plan to continue the dispute all the way to the Supreme Court (who may make the final decision).
- It may take more than three years to reach a conclusion, during which time the potential tax risk is approximately 1 billion yen per year.

	If the current accounting treatment is continued	If the accounting treatment claimed by the regional taxation bureau is used
Impact on business performance	<ul style="list-style-type: none"> • Potential tax risk of approximately 1 billion yen per year 	<ul style="list-style-type: none"> • The tax risk is eliminated after the fiscal year of the change. • However, it will not be consistent with our claims in the appeals and litigation procedures for FY 2015 to FY 2020. • Impact on financial results due to the change in accounting treatment will occur and become apparent.
If we win the lawsuit	<ul style="list-style-type: none"> • Taxes paid due to the reassessment penalty, etc. will be refunded. 	<ul style="list-style-type: none"> • Differences for the six years from FY 2015 to FY 2020 and before the change in accounting treatment will be refunded.

2. Adjustment Item List

- We believe that the financial results, which include an extraordinary loss based on the tax audit by the Kanto Shinetsu Regional Taxation Bureau, do not properly represent the Company's financial results.
- We determined the amount of dividends based on the amount of profit after eliminating the impact of extraordinary losses and other items as well as the dividend payout ratio. In like manner, even if we were to win the lawsuit in the future and book an extraordinary profit, we will determine the amount of dividends based on profit after adjustment of the extraordinary profit as well as the dividend payout ratio.

	Full Year			First-half		
	FY2019	FY2020	FY2021	3Q FY2020	3Q FY2021	3Q FY2022
Profit attributable to owners of parent	5,190	7,440	6,845	5,924	7,100	7,211
Differences in consumption taxes, etc.	2,014 ⁽¹⁾	48 ⁽²⁾	2,385 ⁽¹⁾	45 ⁽²⁾	—	-2 ⁽³⁾
Refund of income taxes	-562	—	-646	—	—	0
Income taxes – deferred for refund of income taxes	28	-27	—	-19	—	—
Advisory fees ⁽⁴⁾	—	3	—	3	—	—
Tax impact to above adjustments	—	-1	—	—	—	—
Total of adjustment (After tax impact adjustment)	1,480	23	1,739	29	—	-1
Adjusted net profit attributable to owners of the parent	6,671	7,464	8,584	5,954	7,100	7,209
Adjusted EPS (JPY)	87.36	97.16	111.25	77.57	92.04	93.20
Adjusted dividend payout ratio(%)	30.9%	30.4%	30.1%	—	—	—

(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) Difference between amount provisioned in FY2021 and final reassessment amount.

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

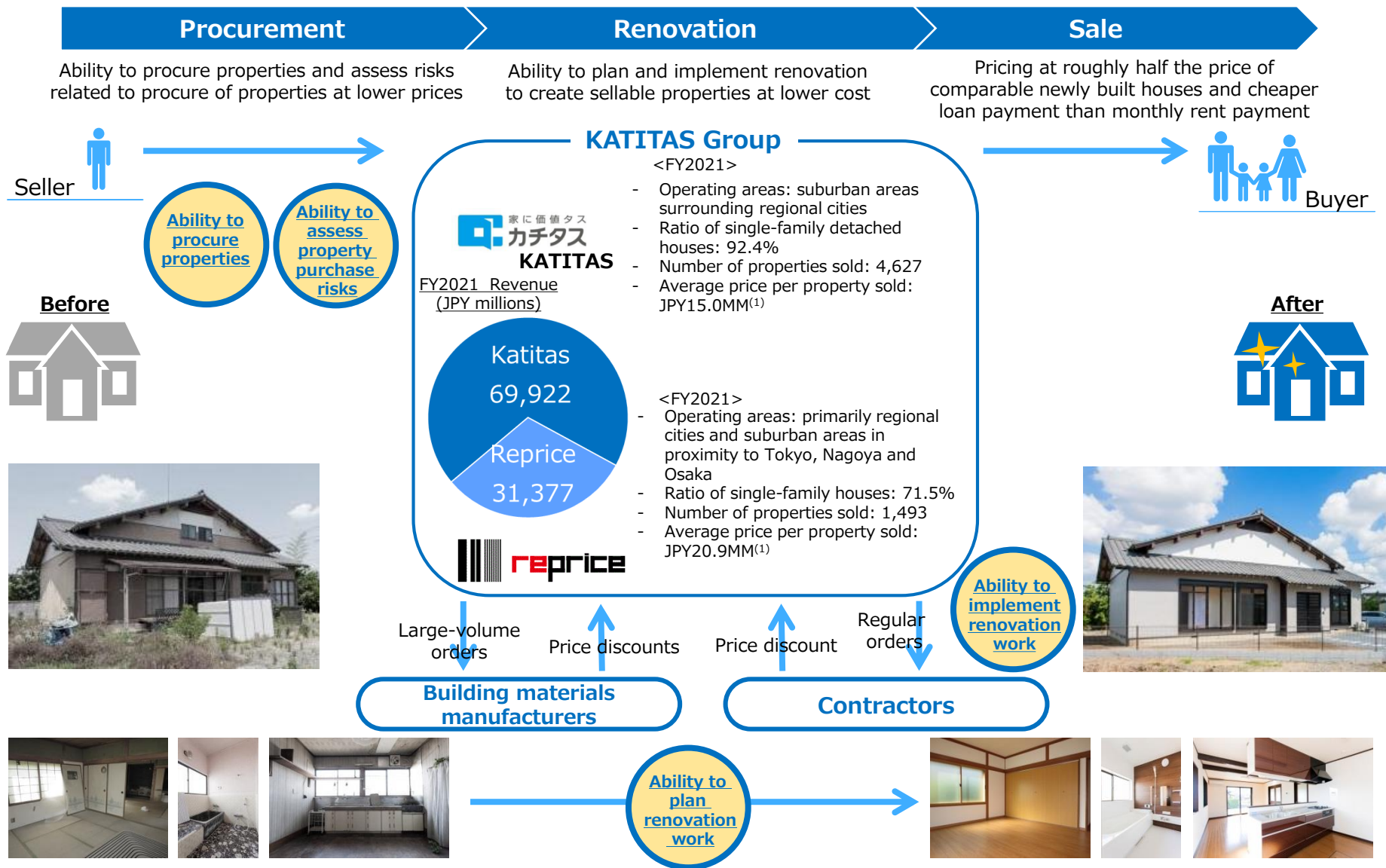
(5) Adjusted profit attributable to owners of parent is a financial indicator that the Company and its subsidiaries (collectively, the "Group") consider useful for evaluating the performance of the Group for investors. Effects of items that are nonrecurring (items that are not considered to be indicative of the results of ordinary operating activities, or items that do not appropriately indicate the Group's performance to competitors) are excluded from this financial indicator.

(6) Adjusted profit attributable to owners of parent excludes some items that affect profit, and its utilization as an analysis tool is significantly restricted. Consequently, there is a possibility that the indicator may not be comparable with the same or similar indicator of other companies in the same industry because of differences in calculation method, thereby decreasing the usefulness of the indicator.

Presentation Highlights

- | | | |
|-----------|--|----------------|
| 1. | Overview of Financial Results for the First Nine Months of the FY2022 (Ending March 31, 2023) | P2-P9 |
| 2. | Third Mid-Term Business Plan and Management Plan for FY2022 (Ending March 31, 2023) | P11-P23 |
| 3. | Overview of Business Model | P25-P45 |
| 4. | APPENDIX | P47-P59 |

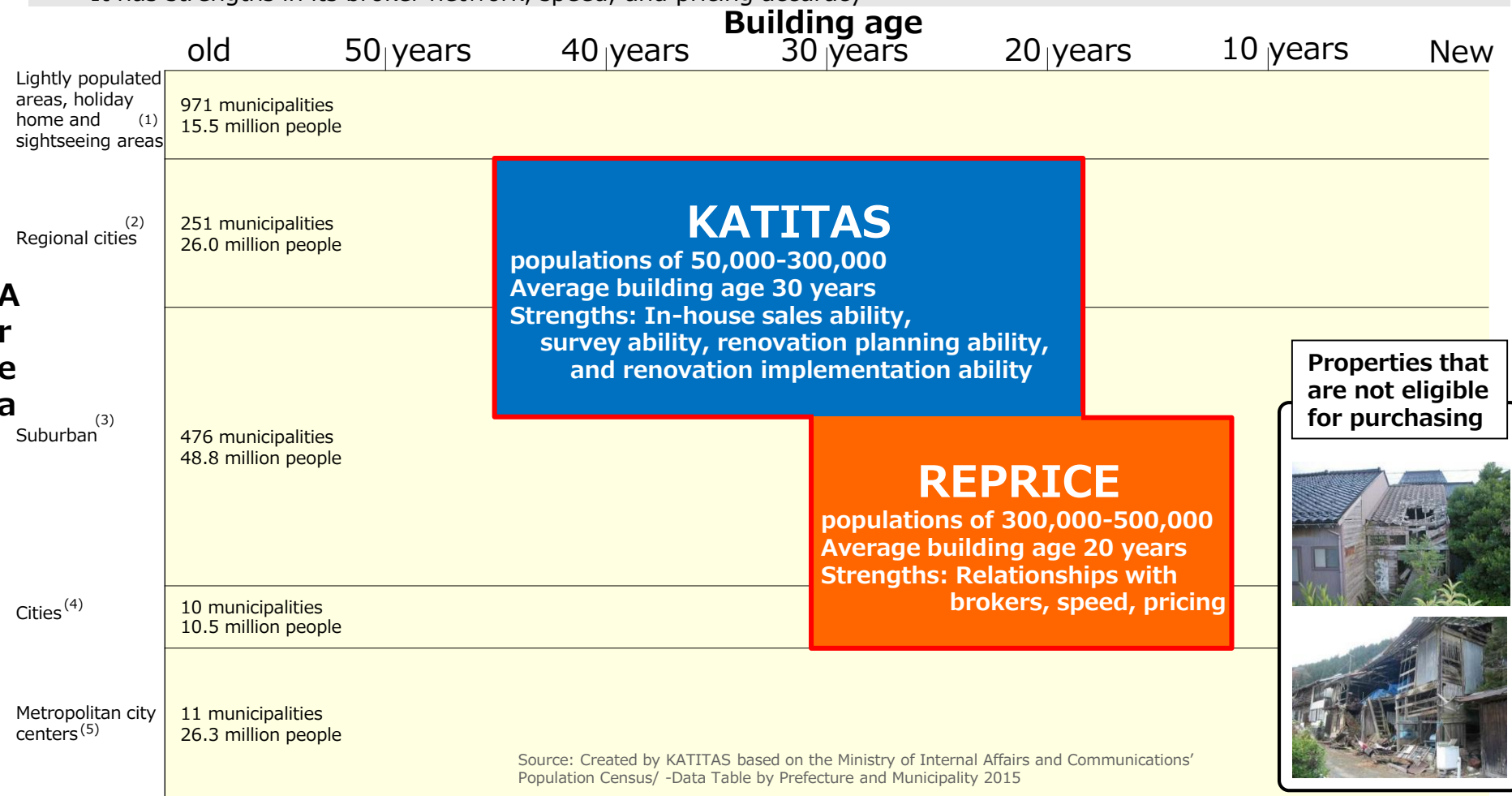
3. Business Model of KATITAS



(1) Excluding tax

3. 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, Sagamihara-shi)

3. Our Purpose: Bring as Much Joy as Possible to Towns and Cities”

We purchase, renovate, and re-sell vacant houses without buyers: This is how value (“*Kati*”) is added (“*tas*”) to houses that we sell.

- We purchase vacant and old houses that are unmarketable as-is. We then renovate them and make them marketable.
- We operate a value-added reselling business where we “add value (*kati tasu*)” to vacant houses that would otherwise have no value on its own.
- We consider this to be the “fourth option” in addition to newly built, pre-owned, and rental housing. And by offering these houses at reasonable prices, we help create better lives for customers.



Aiming to solve social issues through business: “Adding value (*kati- tas*)” to society

Supplying affordable housing	Despite slow-to-increase income levels in Japan, we supply decent housing at reasonable prices, which is in shortage.
Solving the social problem of vacant houses	We utilize the existing properties that are no longer in use in Japan where population is declining.
Revitalizing towns and cities	We contribute to stimulating regional economies through the utilization of vacant houses, orders to local construction companies, etc.
Realizing a circular economy	We reuse anything we can in our renovation work in order to save resources and reduce CO2 emissions.

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



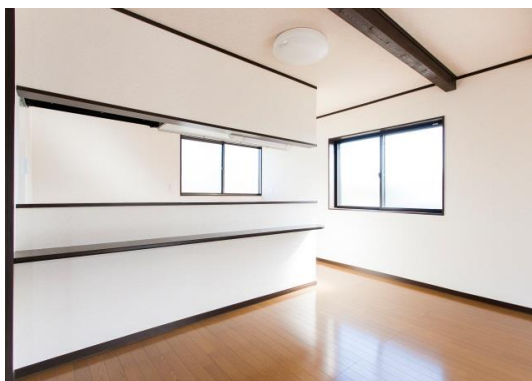
House where porch tiles were replaced, a new exit door was installed and the exterior wall was clad with accent tiles



Removed the gate and front yard to create four parallel parking spaces that can comfortably accommodate visitors.

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)



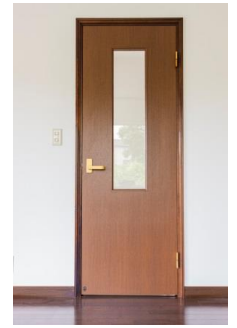
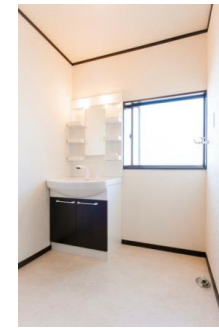
New look of an integrated LDK space with replaced flooring and wallpaper, after the floor plan with the living and dining rooms separated was altered by changing the location of the kitchen

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

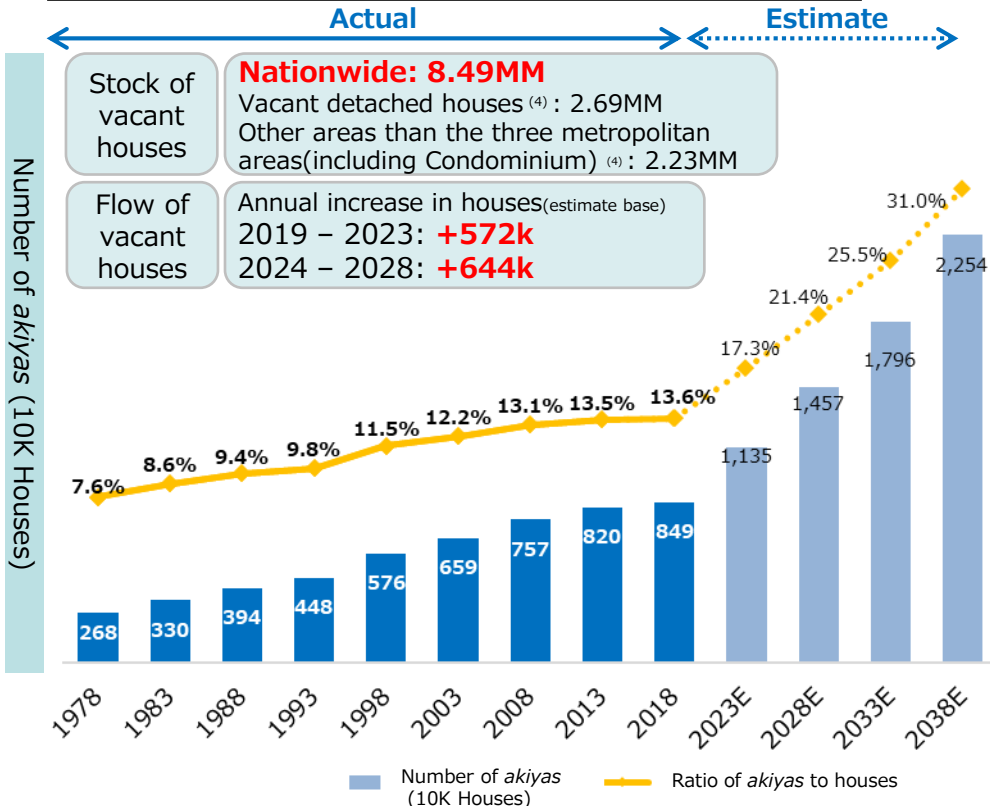
3.

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

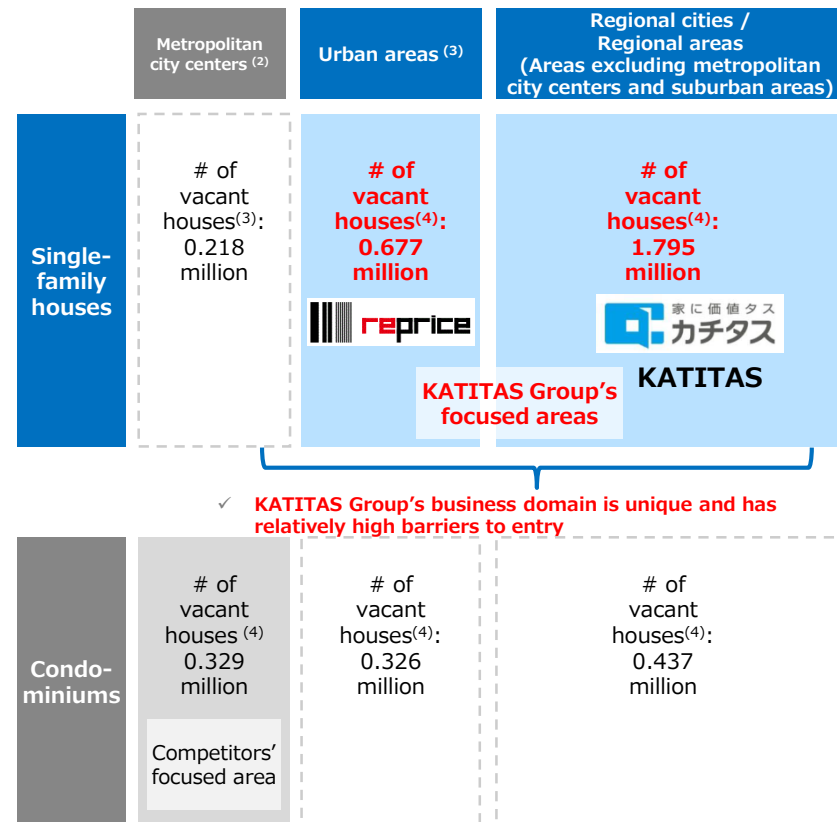
- There is a large number of vacant houses and the number is expected to increase, which provides KATITAS with procurement opportunities
- Although a large majority of such vacant houses cannot be distributed in the housing market on an "as-is" basis, KATITAS is capable of acquiring such houses with 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: Fundamental Reforms to Double ZEH for 2030 Policy Goals" by Nomura Research

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) 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) 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).

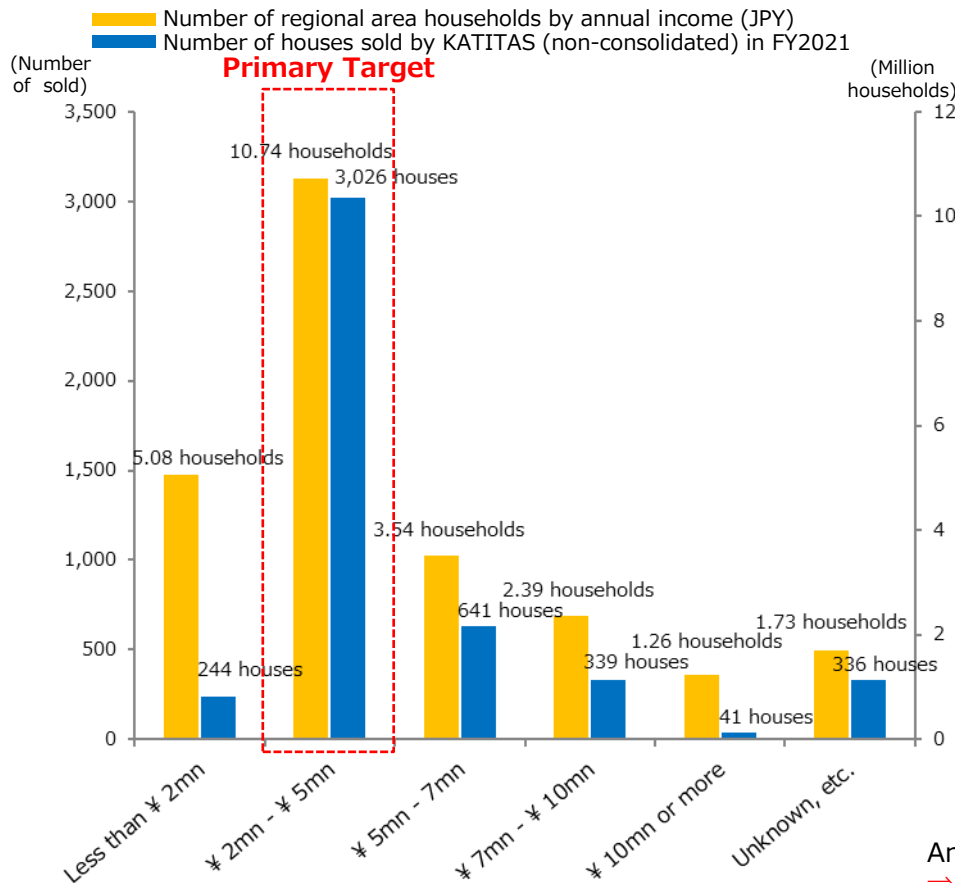
(4) Areas within three metropolitan areas excluding Tokyo 23 wards and ordinance-designated cities same as above.

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

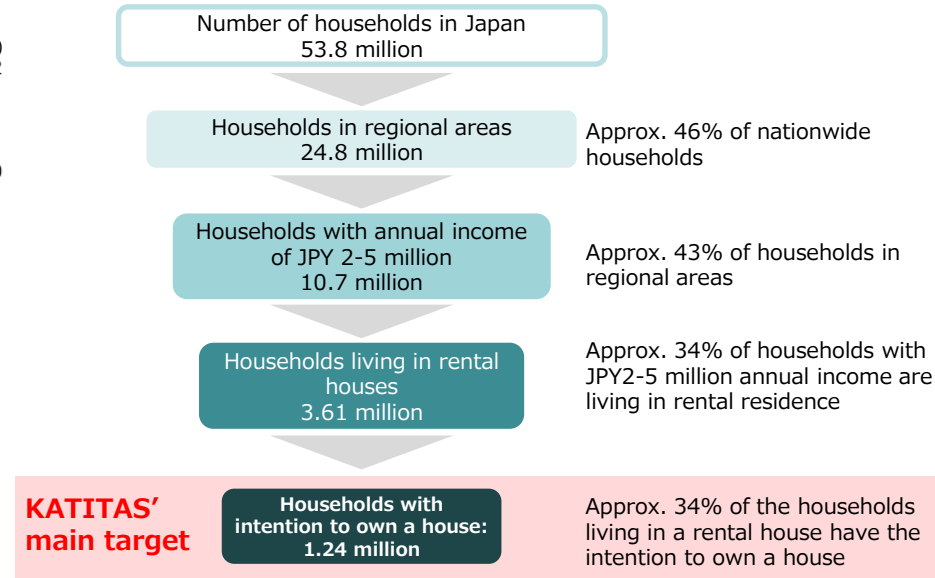
3. Fourth Housing Option in Regional Areas: Pre-Owned and Renovated Single-Family Houses

- KATITAS' primary target customer base consists of approximately 1.24 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 124,000 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 FY2021 was 4,627, which is equivalent to around 3.7% of the estimated market and many potential customers still exist.

Customer Group by Annual Income and Macro Environment



Large Potential Customer Base



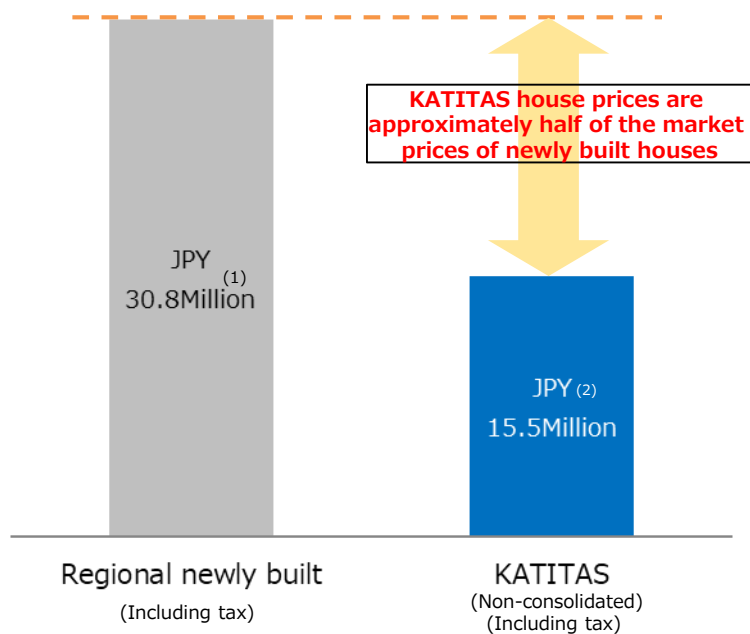
Based on the assumption that the duration of considering the purchase of housing units is **10 years**.
 ⇒ The size of the market including potential demand is estimated at about **124,000 houses** per year.

Annual number of houses sold by KATITAS: 4,627 (around 3.7% of target)
 ⇒ There are still many potential customers

3. Offering High-Quality Renovated Houses at Reasonable Prices

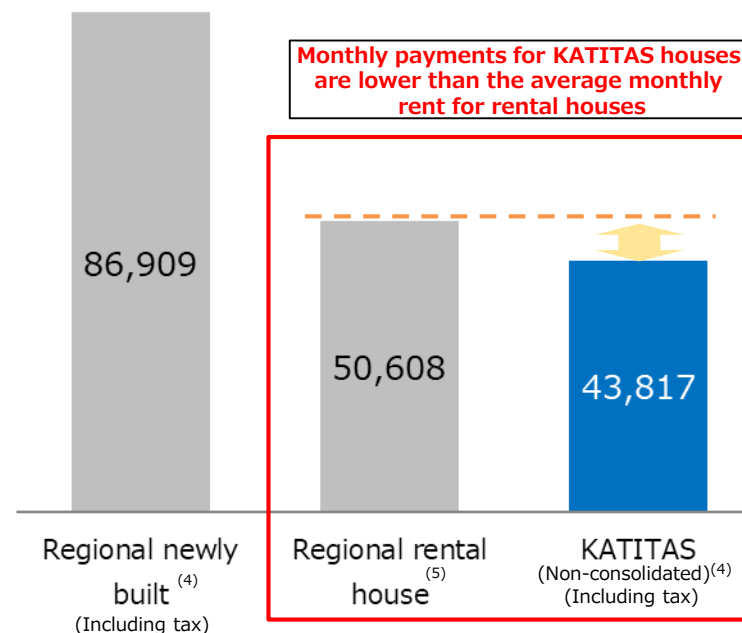
- KATITAS is able to offer renovated houses at roughly half the price of comparable newly built houses, that also offer lower monthly mortgage payments compared to renting
- Customers can purchase a home with a mortgage within their means, in accordance with the growth of their children and other life stages.
- Mortgage repayments will not increase as much as newly built houses even if interest rates were to rise.

Less Expensive than the Average Selling Price of Newly Built Houses



Timing of transaction	From January 2021 to December 2021
Timing of construction	In January 2021 and after
Type	Building lot (land and building)
Total floor area (m ²)	Between 50 and 200
Use of building	Housing

Lower Payments than Rental Houses⁽³⁾



Monthly repayment amount when mortgage interest rate rise

		Regional newly built	KATITAS
Mortgage interest rates	1.0%	JPY 86,909	JPY 43,817
	1.5%	JPY 94,267	JPY 47,527
	2.0%	JPY 101,988	JPY 51,419

(1) Average prices (including tax) of newly built houses are surveyed under the screening method described above, 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 2021 and March 2022.

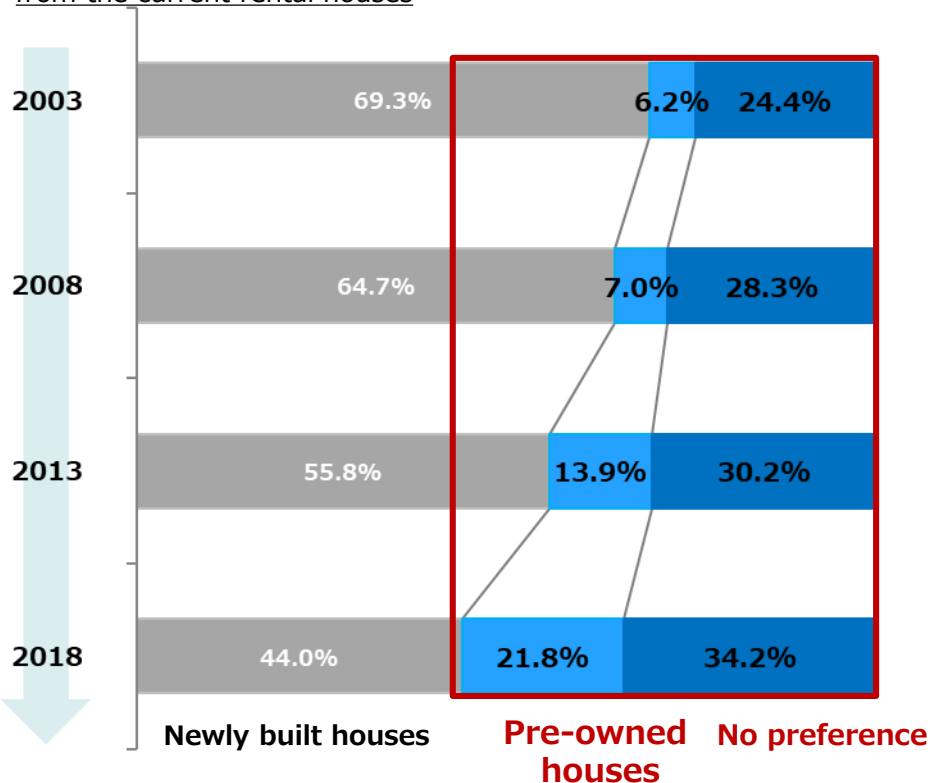
(3) Monthly rent paid by households other than single-person households
 (4) Payment amounts for Regional newly built and KATITAS are calculated based on the premise assuming that a buyer pays the average sale price under a 35-year loan with no initial down payment or other incentive payments at a fixed 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)"

3. Consumer Preferences Have Shifted Toward Accepting 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
- There is huge potential for more pre-owned houses to be distributed in the market if we can supply enough properties that are “clean and inexpensive.”
- The pre-owned housing market has been expanding in recent years and is expected to continue growing in the future.

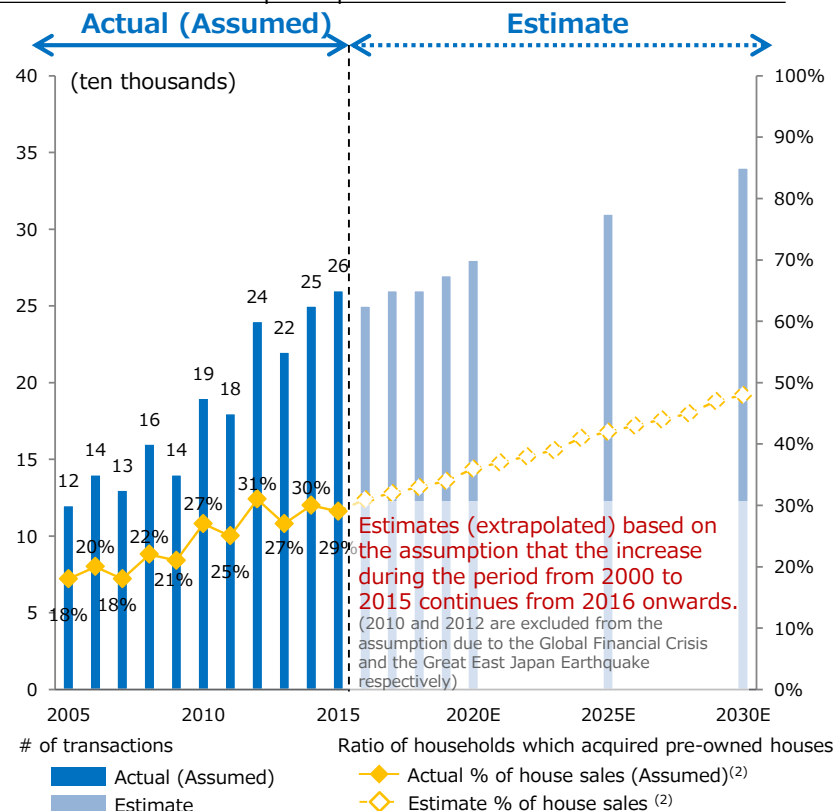
Mindset Change toward Ownership of Pre-owned Houses

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)”

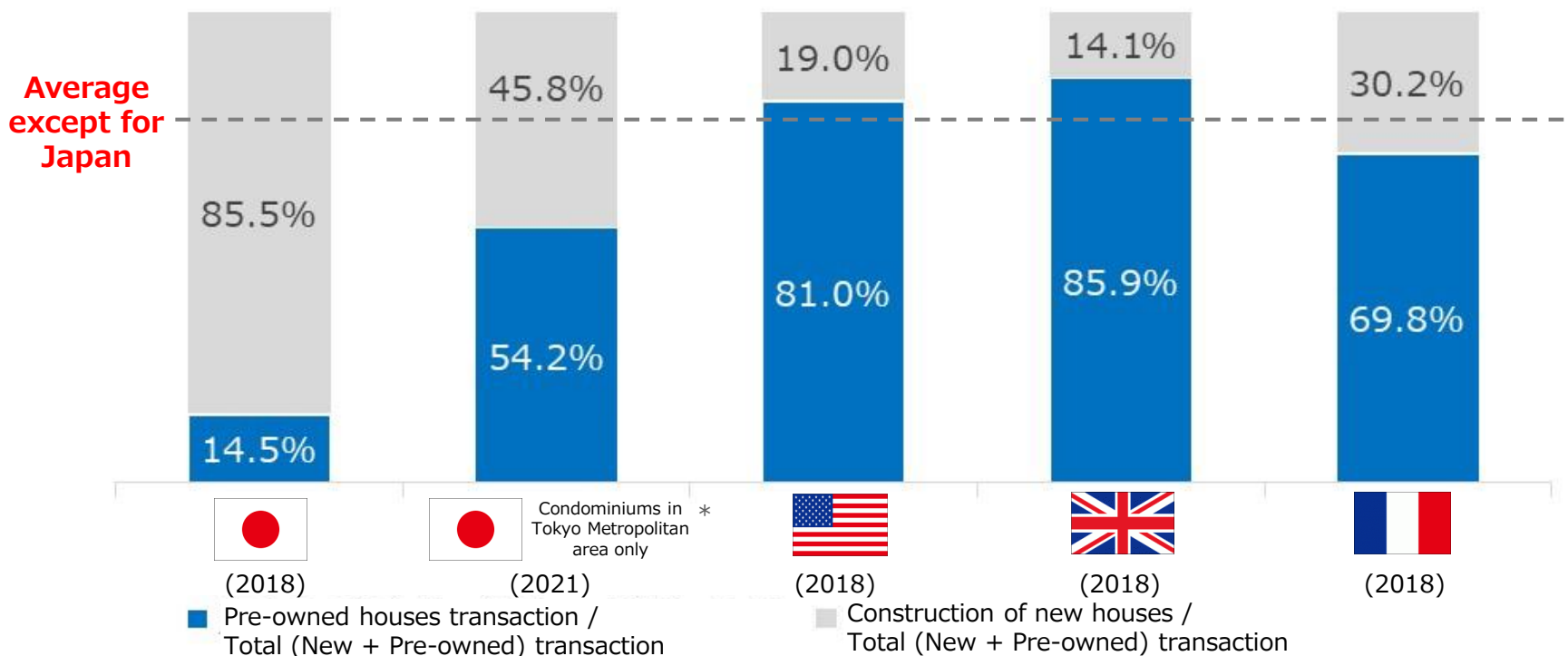
Source: Produced by KATITAS based on data in NRI’s June 7, 2016 press release claiming that existing housing will increase to 340,000 houses by 2030 and unoccupied houses will double to more than 20 million houses by 2033.

(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

3. Room for Growth in the Share of Regional Pre-owned Houses in Distribution

- Lower market share of pre-owned houses compared with United States and Europe
- In the Tokyo Metropolitan area, there are many “clean and inexpensive” used condominiums being supplied that their distribution volume has already surpassed that of new condominiums.
- By supplying “clean and inexpensive” detached houses in rural areas, we have a chance of capturing the untapped market for pre-owned houses.

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



*Ratio of pre-owned condominium units under contract to new condominium units on the market.

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 15.5 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 (75.5% of the Company's sales results)
Buyers' annual income	JPY 2-5 million (65.4% of the Company's sales results) (home loan to annual income ratio is 4.1) * 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.

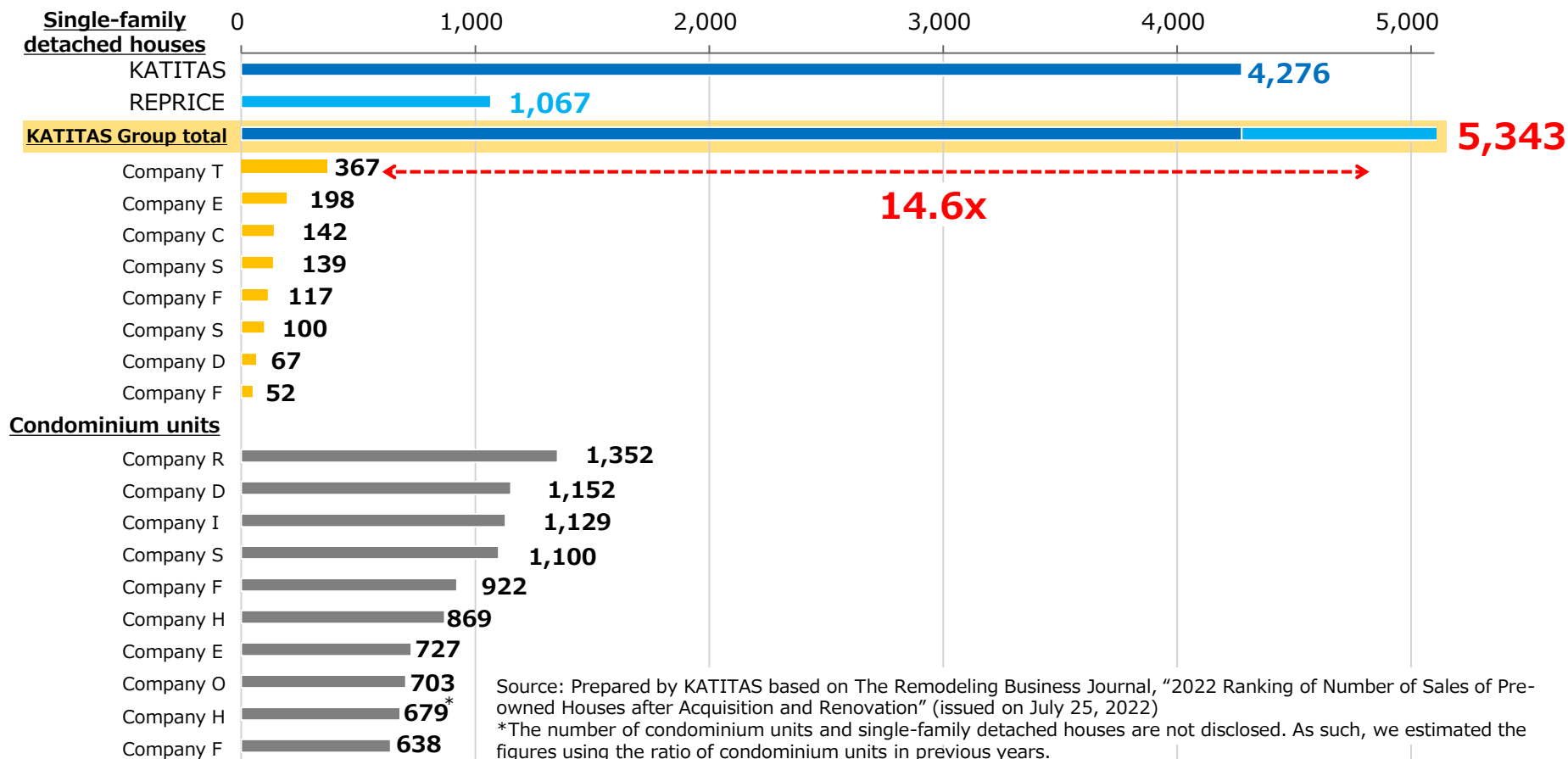
(2) Home loan to annual income ratio = selling price (including tax) / annual income

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

3. 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
- 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 (FY2021)



(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. Our Greatest Strength is the Know-How We Accumulated by Selling a Cumulative Total of 60,000 Houses. We Approach Even the Tedious Details with Persistent Care, While Managing Risks to Minimize Failures.

- 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.

Examples of Pre-purchase Inspections: Inspections concerning Three Major Risks Associated with Older Detached Houses

Termite Risk



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

Rain Leakage Risk



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.

Risks Associated with Property Rights



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. Barriers to Entry and Competitive Advantages of Our Business Model: Economies of Scale Do Not Apply Because Renovations Vary From One House to Another

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.

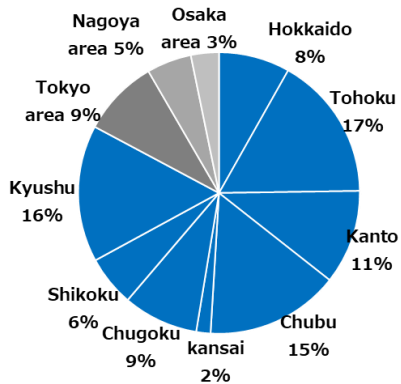
● Accumulate “experiences of success and failure” based on the results of more than 60,000 properties
 ● By focusing on regional cities and the middle-income range, we will build a platform that, unlike metropolitan city center and high-end markets, is resistant to market conditions
 ● Detailed management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

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

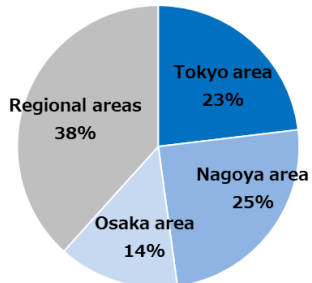
Nationwide Branch Network

KATITAS: Sales by area⁽¹⁾⁽²⁾ (FY2021, based on number of units) **Branch Locations⁽³⁾ of KATITAS** (As of March 31, 2022)



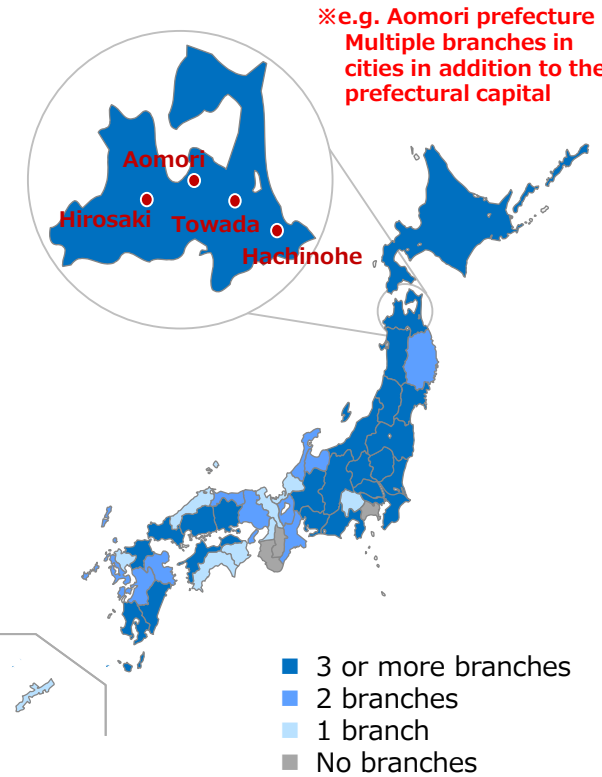
*Number of properties sold (FY2021): 4,627

REPRICE: Sales by area⁽²⁾ (FY2021, based on number of unit)



*Number of properties sold (FY2021): 1,493

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

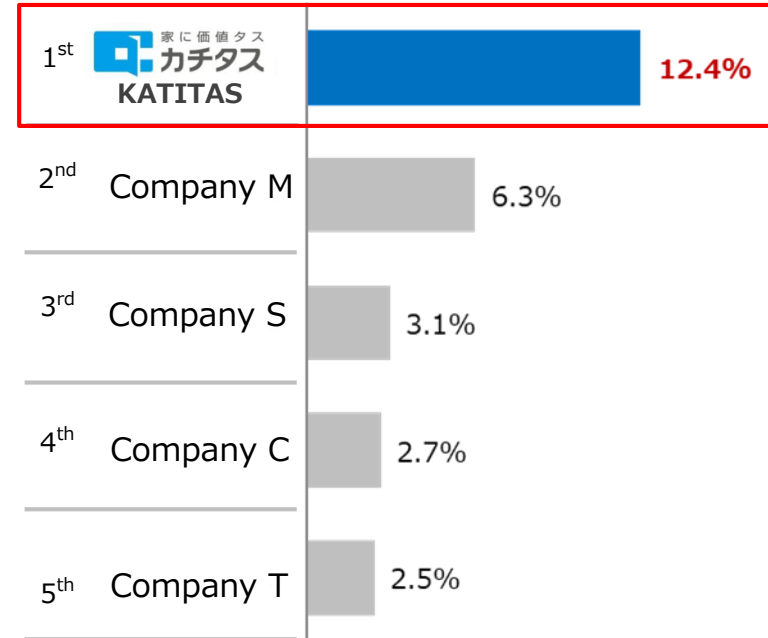


High Brand Recognition in Regional Areas

Survey on Brand Recognition⁽⁴⁾

UPDATE

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

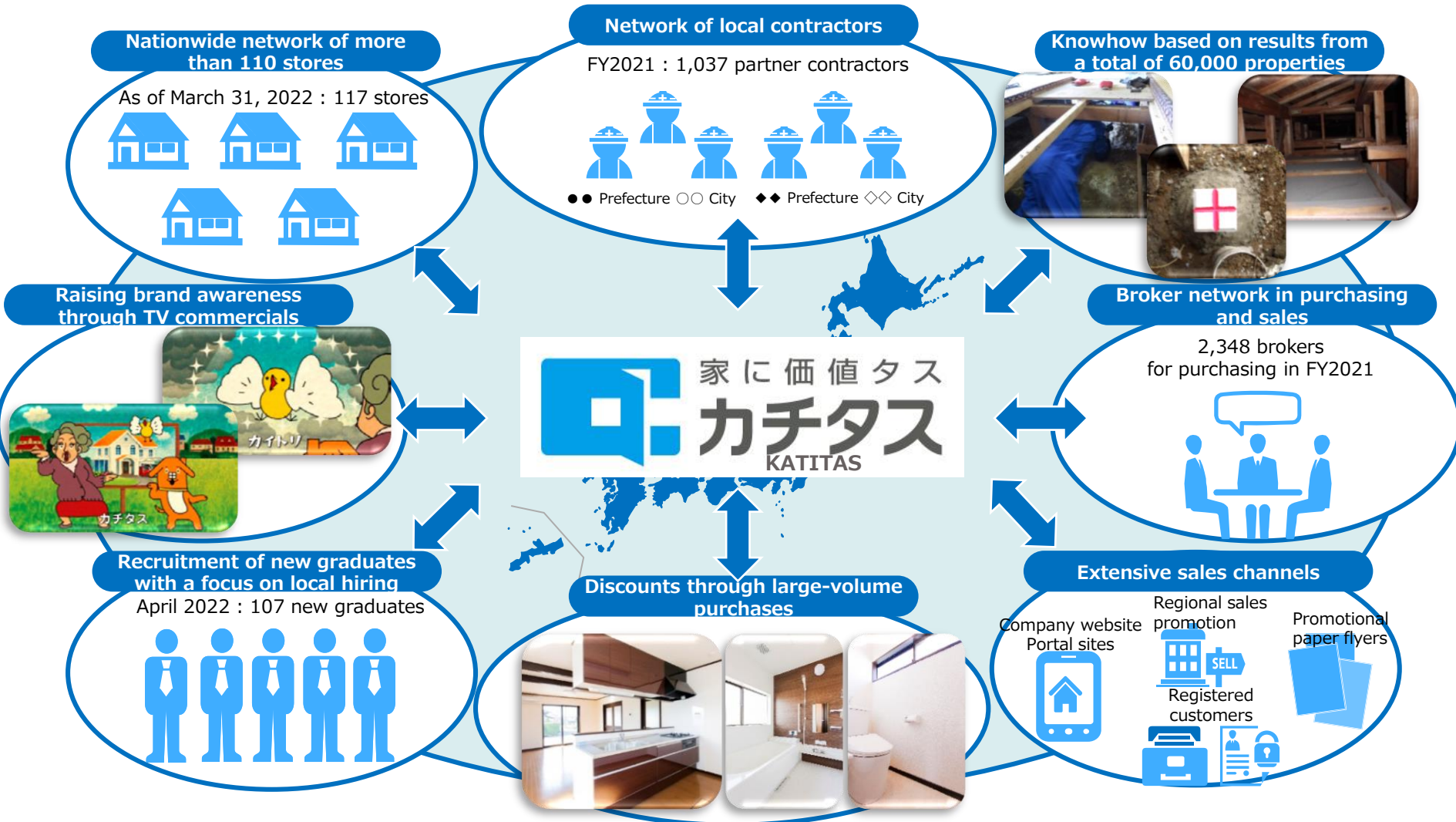


Source: Web-based survey without presenting answers options in January 2022 conducted by a third-party research firm requested by KATITAS. The number of samples of each survey was 1,100. 10 prefectures were selected as target survey areas and the surveys were conducted in rotation. The above chart shows 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.49
 (4) Surveyed areas in August 2022 were Iwate, Miyagi, Nagano, Miyazaki, Kochi, Oita, Ishikawa and Kagoshima prefectures (where TV commercials were aired), as well as Ibaraki and Shiga prefectures (where no TV commercials were aired)

3. Our Advantage Over Competitors is an Organic and Integrated Ecosystem

- The strength of KATITAS' 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. 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

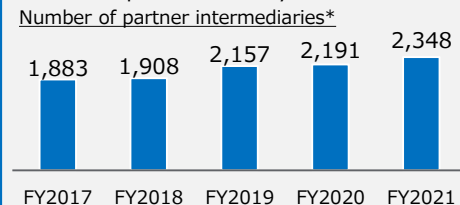
Ability to plan renovation work

- ✓ 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

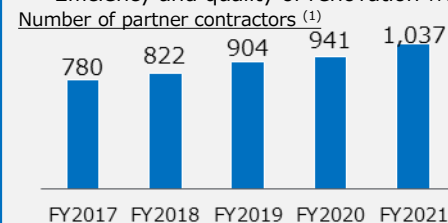
- ✓ Form alliances with local brokers throughout Japan to gain strength of presence in local markets
- ✓ Stable procurement system



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

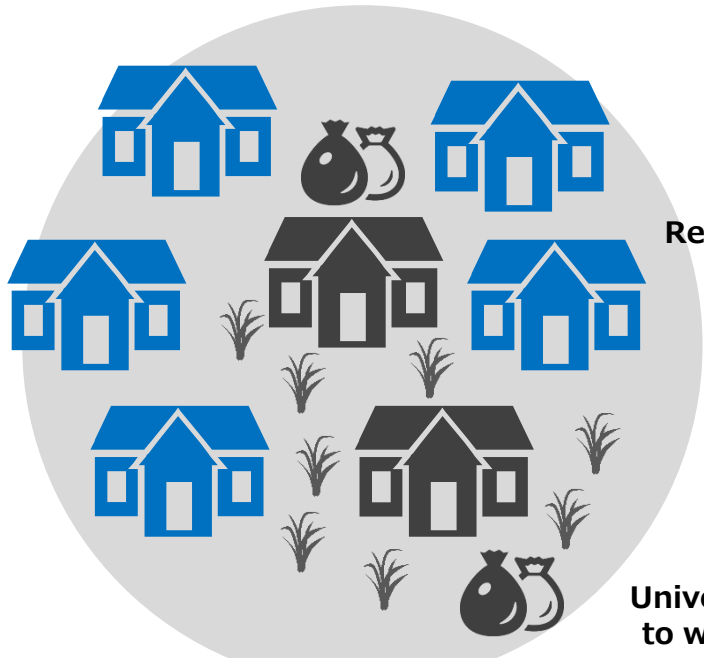
(1) The number of contractors and intermediary companies are on a non-consolidated basis

(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

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



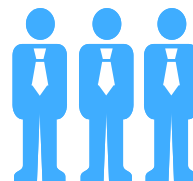
Vacant houses spoil the landscape and create concern over public safety

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



Renovation contractors

Creating employment

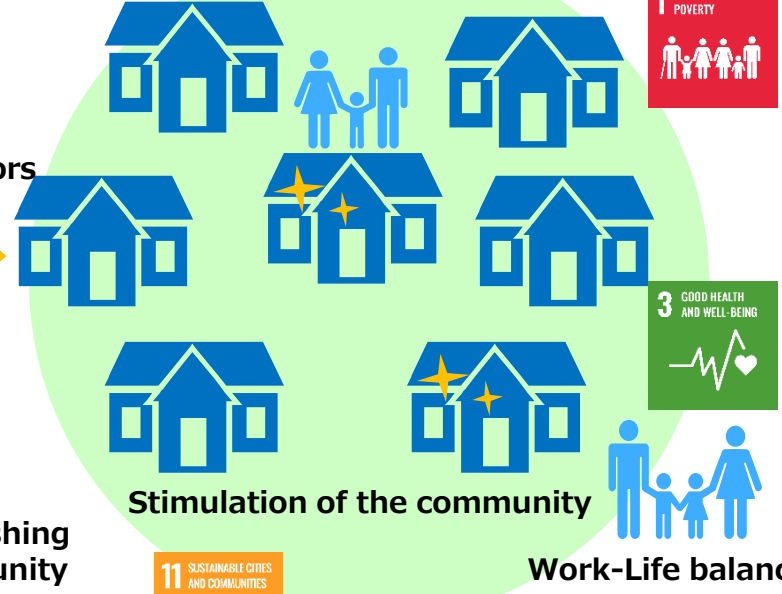


University students wishing to work for the community



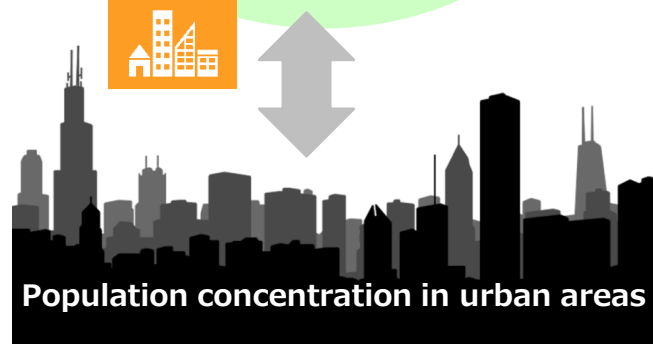
Resolving the vacant house issue by renovating and distributing vacant houses

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



Stimulation of the community

Work-Life balance



Population concentration in urban areas

*The UN's Sustainable Development Goals website : <https://www.un.org/sustainabledevelopment/>

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

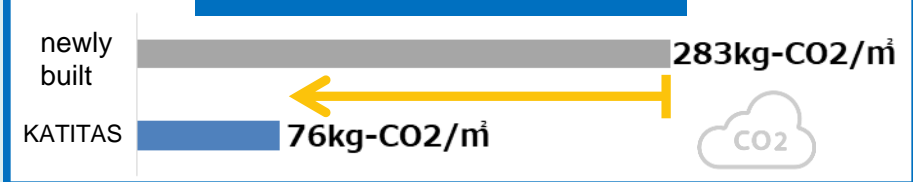
KATITAS' pre-owned house renovation business



Scrap and build new houses



CO2 emissions volume ⁽¹⁾



The wooden materials used



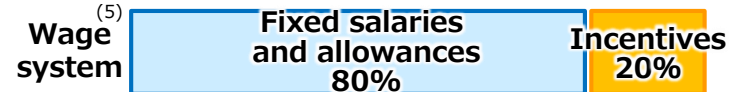
Independent outside directors: 1/3 of the total

- ✓ 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, 2022

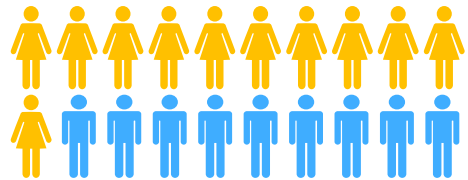
(5) Results for the fiscal year ended March 31, 2020

(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 (FY2021 results)



55% (11) of the company's top-ranking sales personnel were women

Percentage of female managers(As of April 2022)



Real estate (2)
industry average

20.3%

15.3%

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

Female employee ratio: 40.3% (As of April 2022)



Many women interested in renovations and housing

Ratio of women and men in terms of average years of service (As of March 31, 2022) (3)



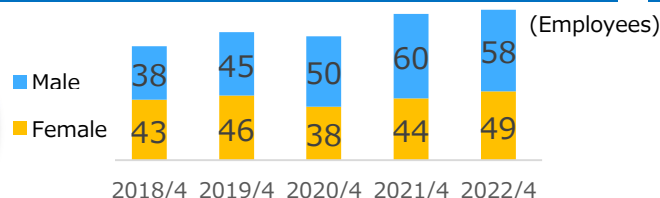
99%

Average for (4)
large companies

66%

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

**2022 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 (2021)"
 (3) Average years of service of female employees(6.6years) / Average years of service of male employees(6.6years)

(4) Average years of service of female employees(10.1years) / Average years of service of male employees(15.4years)
 Source: The Ministry of Health, Labour and Welfare "Basic Survey on Wage Structure (2021)"

Presentation Highlights

- | | | |
|-----------|--|----------------|
| 1. | Overview of Financial Results for the First Nine Months of the FY2022 (Ending March 31, 2023) | P2-P9 |
| 2. | Third Mid-Term Business Plan and Management Plan for FY2022 (Ending March 31, 2023) | P11-P23 |
| 3. | Overview of Business Model | P25-P45 |
| 4. | APPENDIX | P47-P59 |

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, 2022)
Number of outstanding shares	78,650,640 shares (As of March 31, 2022)
Listed Stock Market	TSE Prime Market (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, Chairman and CEO Takayuki Ushijima, President
Fiscal Year-End	March 31
Capitalization	JPY 75,000,000 (As of March 31, 2022)
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 117 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 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
Apr. 2022	Listed on the Prime Market of the Tokyo Stock Exchange

4. KATITAS Group Branch List (All Own Branches)

Branches (As of Dec 31, 2022)

UPDATE

KATITAS  家に価値タス

⇒ 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 Maebashi Kumagaya Koshigaya Saitama Iruma Higashi-Matsuyama Mobara Kisarazu Sakura Hachioji	Koshinetsu, Hokuriku Nagaoka Niigata Joetsu Shibata Tsubamesanjo Toyama Takaoka Kanazawa Nanao Fukui Kofu Ueda Nagano Matsumoto Ina Tokai Gifu Tajimi Ogaki Shizuoka Numazu Iwata Fuji Nagoya Toyohashi Matsuzaka Nabari Nara	Kansai Hikone Kusatsu Fushimi Fukuchiyama Kobe Himeji Takarazuka 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 Ujo Yatsushiro Oita Nakatsu Miyazaki Miyakonojo Nobeoka Kirishima Kagoshima Chuo Satsumasendai Okinawa
--	---	---	--	---


Total 123 Branches




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

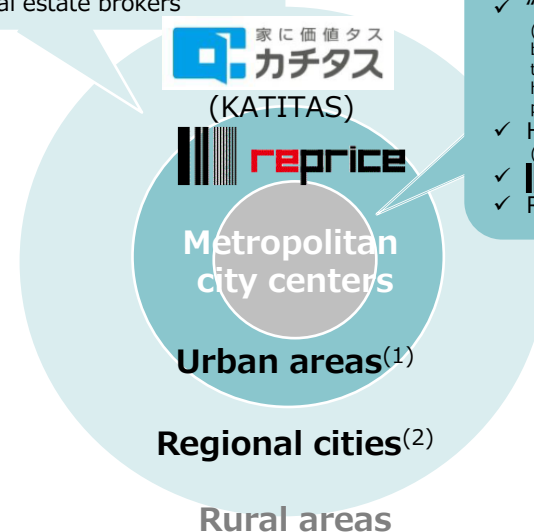
Total 14 Branches

Main types of house sellers

- ✓ Local home builders
- ✓  カチタス (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) Primarily regional cities and suburban areas in proximity to the three major metropolitan cities of Japan (Tokyo, Nagoya and Osaka)

(2) Suburban areas surrounding regional cities across Japan

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

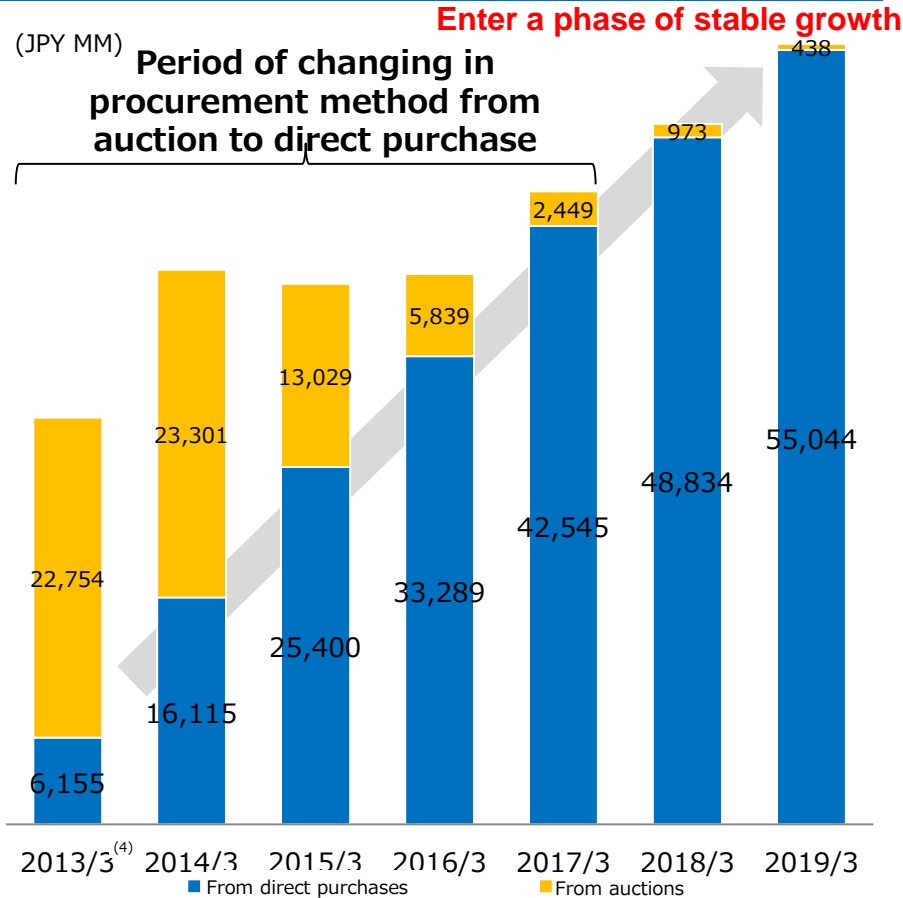
4.

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

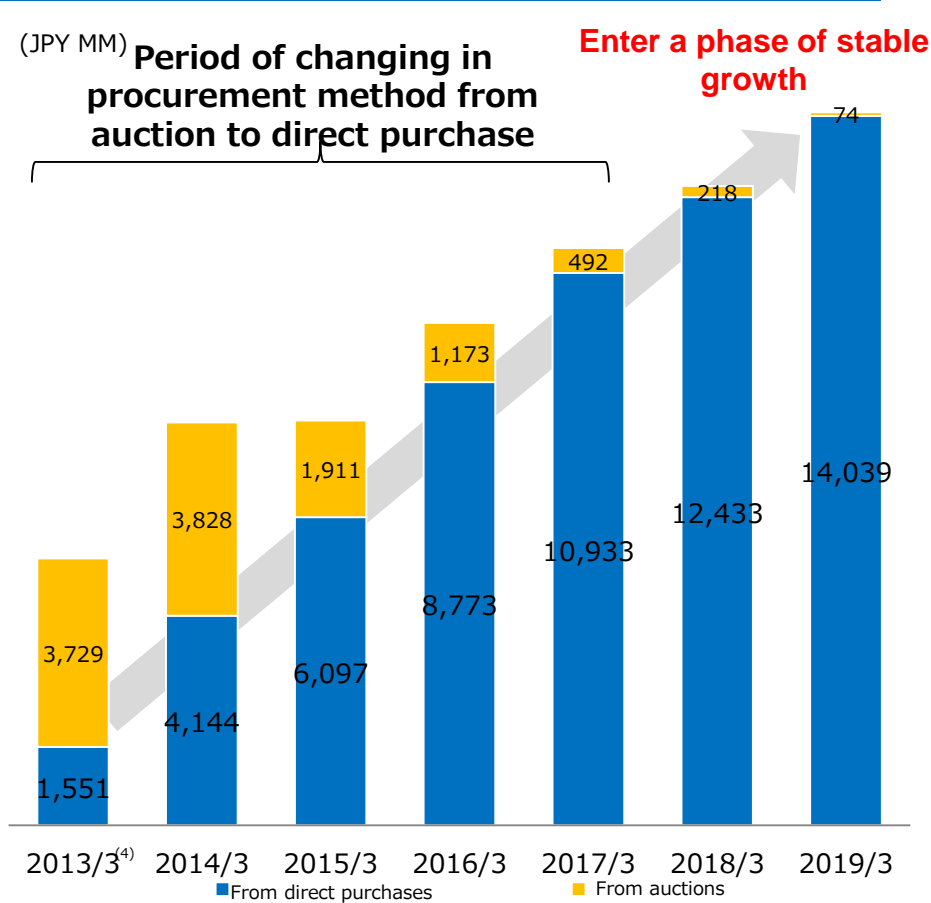
(Reposted from 4Q FY2018)

- 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.50 regarding the comparison between procurement through auctions and direct purchases

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

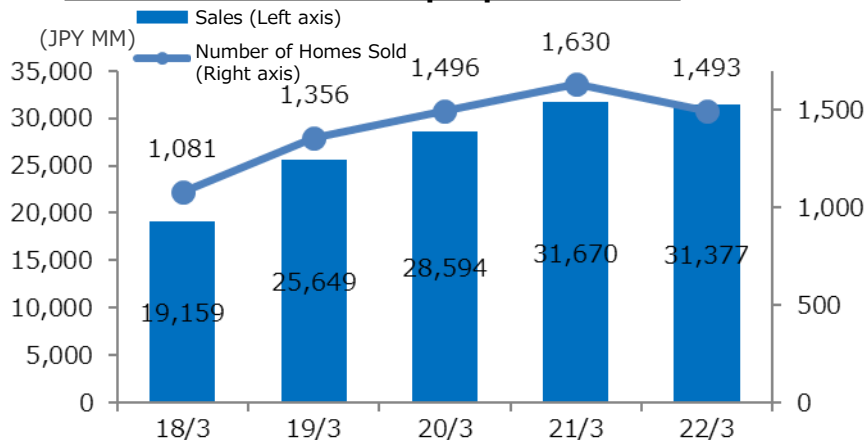
(3) Gross profit from sales attributed to homes procured through auction and direct purchases is based on the procurement costs and renovation costs of the homes before appraisal loss, loss from lower-of-cost-or-market valuation, impairment loss and other minor adjustments

(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

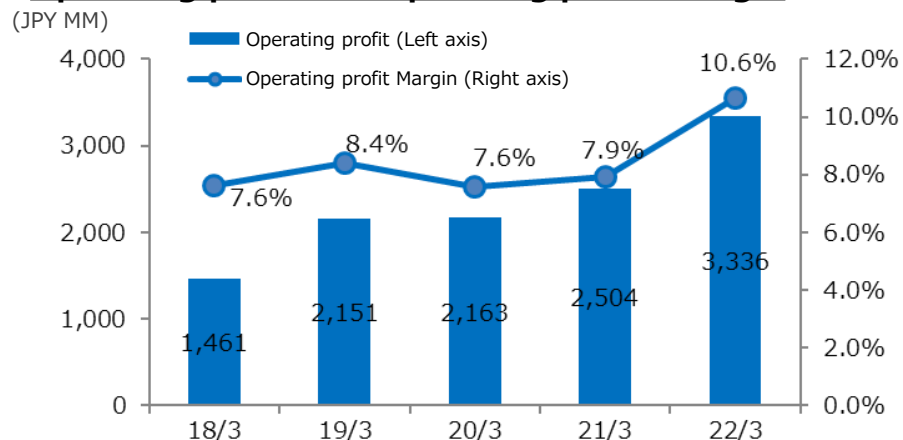
4. Merger and Synergies with REPRICE

- In March 2016, we conducted a merger with REPRICE by acquiring 100% of its shares and thereby removed funding constraints, which was the biggest hindrance to REPRICE's growth.
- We injected our know-how to REPRICE and have effectively switched their purchase strategy from auction to direct purchase and shifted property types from condominiums to detached houses.
- Both sales and operating profit have increased since the merger. Unlike KATITAS' operations which are centered around rural areas, REPRICE's operations are in the suburbs of the three major metropolitan areas where there are competitors.

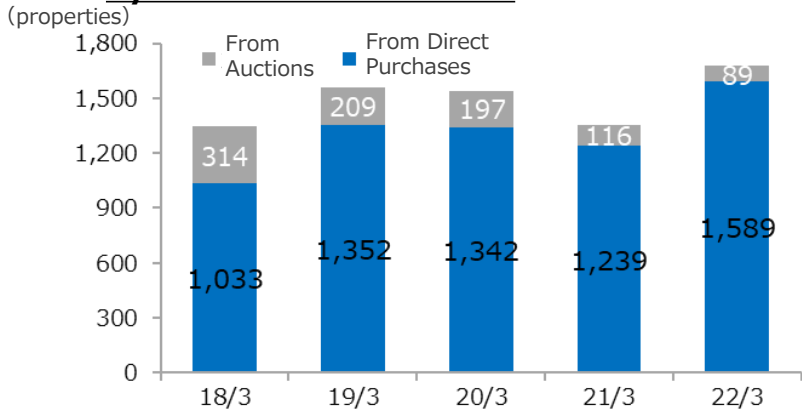
Sales and number of properties sold



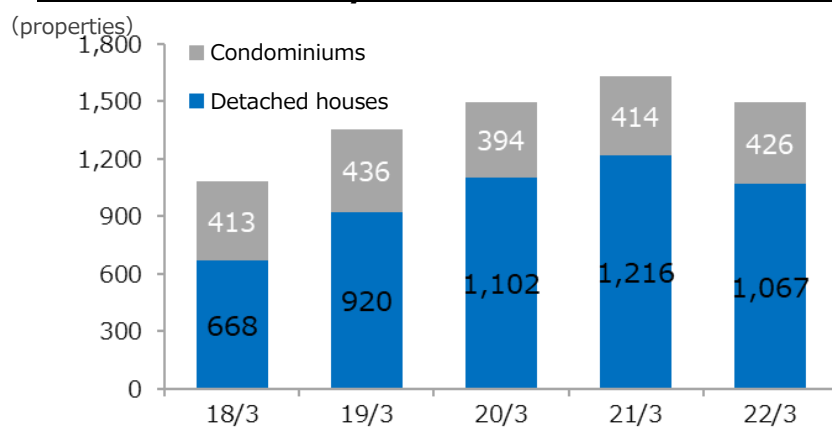
Operating profit and operating profit margin



Number of Houses Procured by Procurement Method



Number of sales by detached houses/condominiums

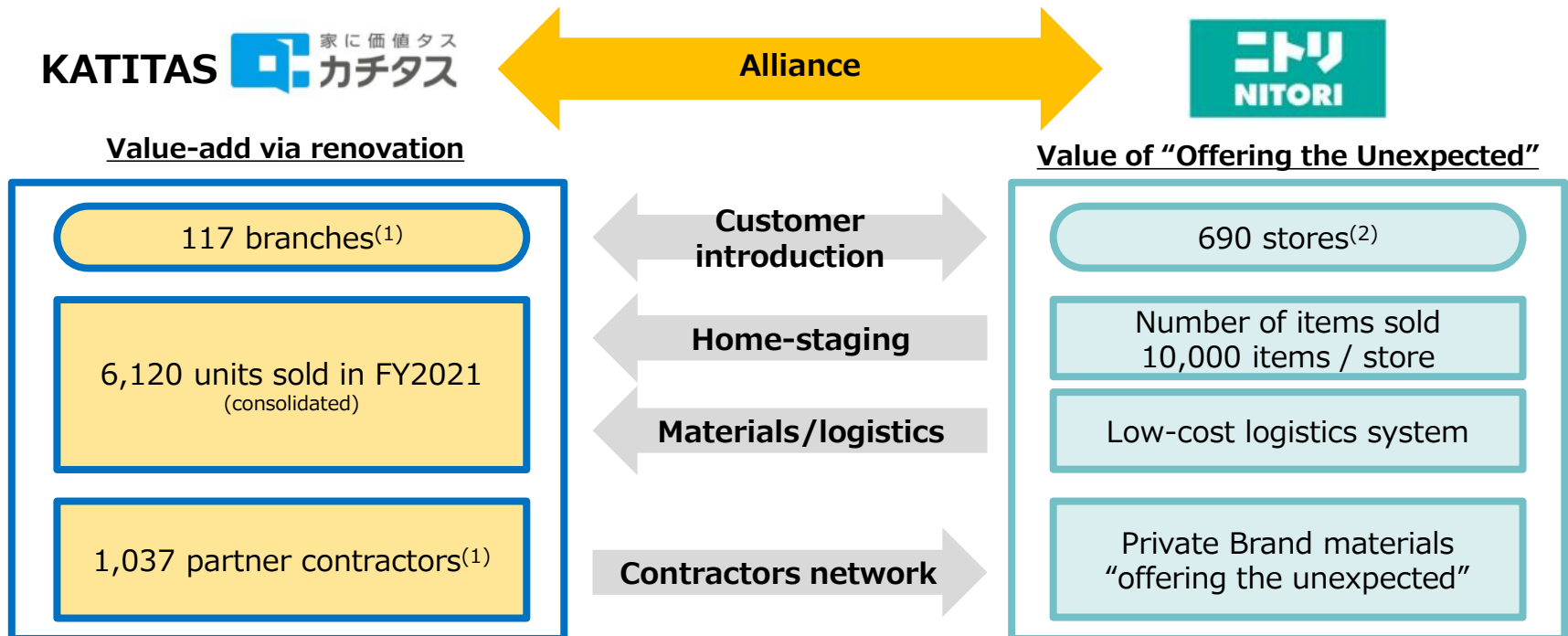


4. Alliance with Nitori Holdings (Announced on April 28, 2017)

- 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, 2022

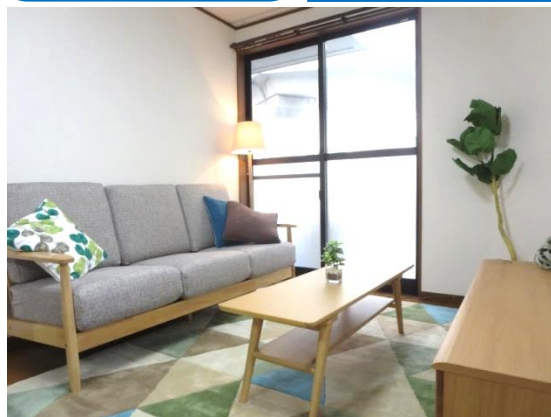
(2) Aggregate of "Nitori" stores, "Nitori Deco home" stores, "Nitori Express" stores and "Shimachu" stores in Japan (as of February 28, 2022)

4. 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

4. 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

4. 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

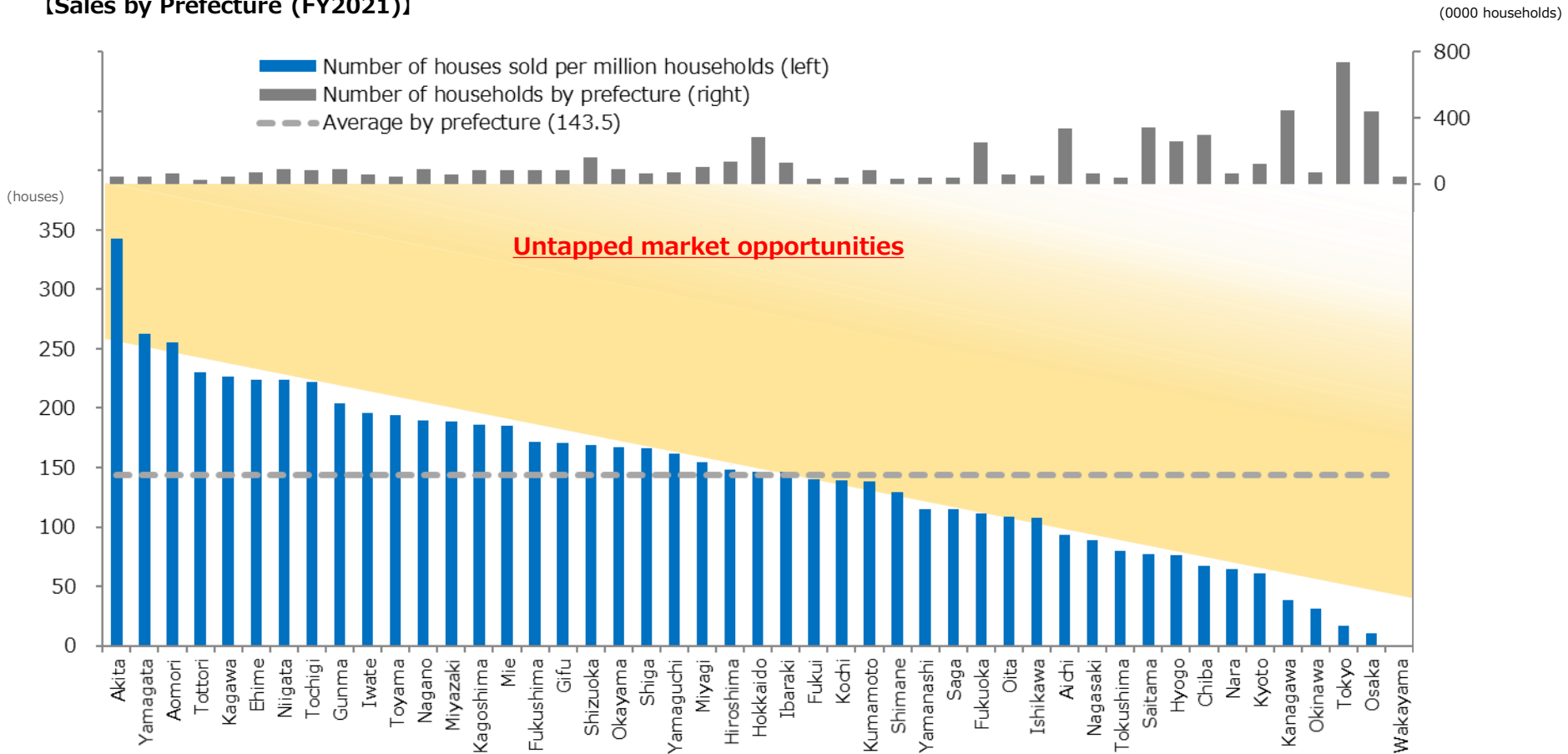
(1) Starting in 2014, METI has been granting annual awards to companies that address a variety of needs of consumers with the strengths of their unique business models

4. Untapped Market Opportunities

- Rural areas where the population is declining are more likely to see power builders* and new homebuilders pull out. Hence, the more rural a region is, the more attention our homes are getting.
- Prospective homebuyers in rural areas tend to have a lower income than those in the three major metropolitan areas, making it difficult for them to purchase expensive new homes.

Gap in Market Share by Region

(Sales by Prefecture (FY2021))



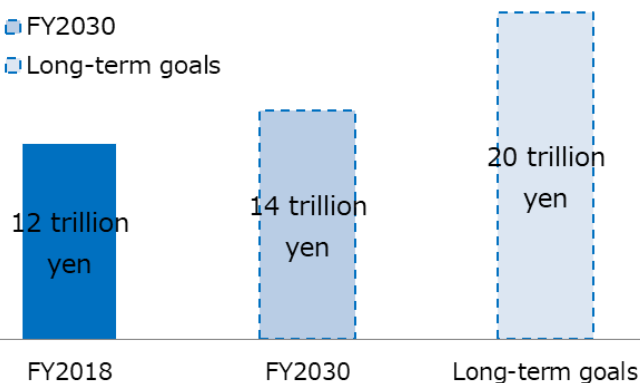
*Power builders: Home builders specializing in built-for-sale houses primarily targeting customers purchasing homes for the first time in the price range of JPY20MM-30MM.

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

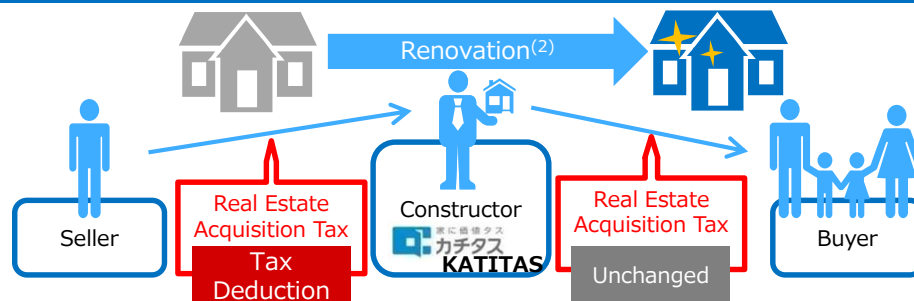


Government Plan

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. 24 years (1997/4/1~)	JPY12MM	JPY360k
Approx. 25~32 years (1989/4/1~1997/3/31)	JPY10MM	JPY300k
Approx. 33~36 years (1985/7/1~1989/3/31)	JPY4.5MM	JPY135k
Approx. 37~41 years (1981/7/1~1985/6/30)	JPY4.2MM	JPY126k
Approx. 41~46 years (1976/1/1~1981/6/30)	JPY3.5MM	JPY105k
Approx. 46~49 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)

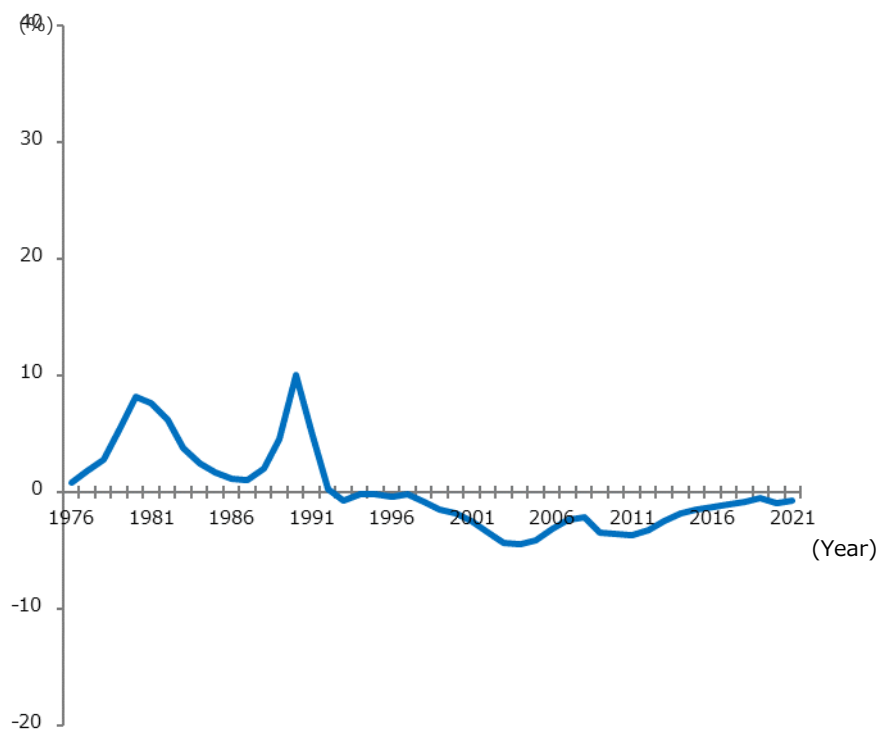
(2) Quake-resistance, energy-saving, barrier-free, water facilities

(3) Building age as of March 31, 2022

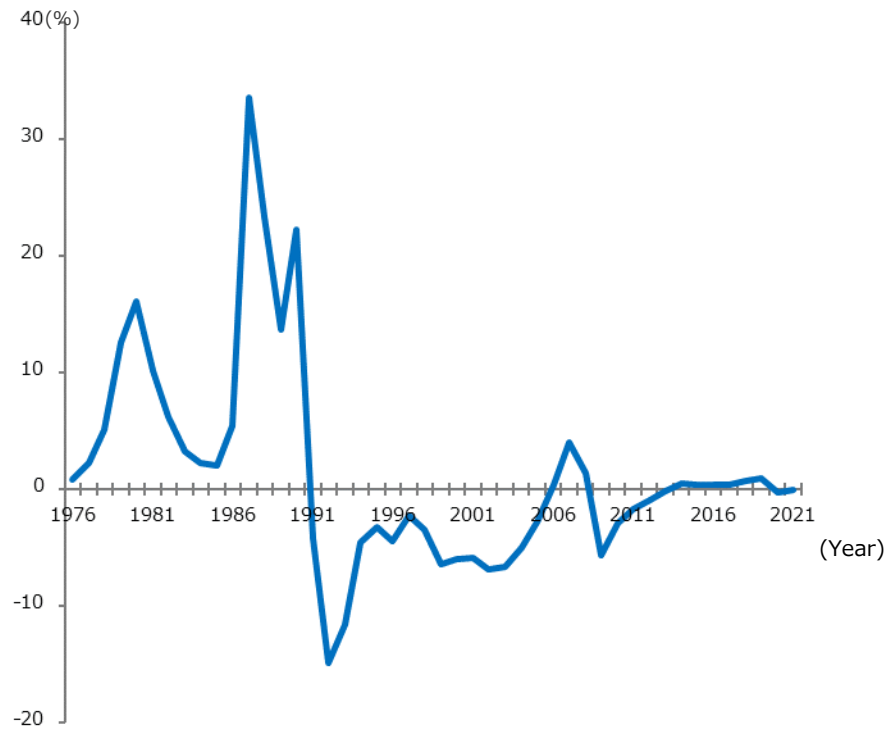
4. Trends in Land Prices - Regional Areas vs Three Metropolitan Areas

- 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