English Version

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KATITAS Co., Ltd.

Financial Results Presentation

For the First Three Months of the 46th Fiscal Year Ending March 31, 2024 (FY2023)

Aug 7, 2023

Before

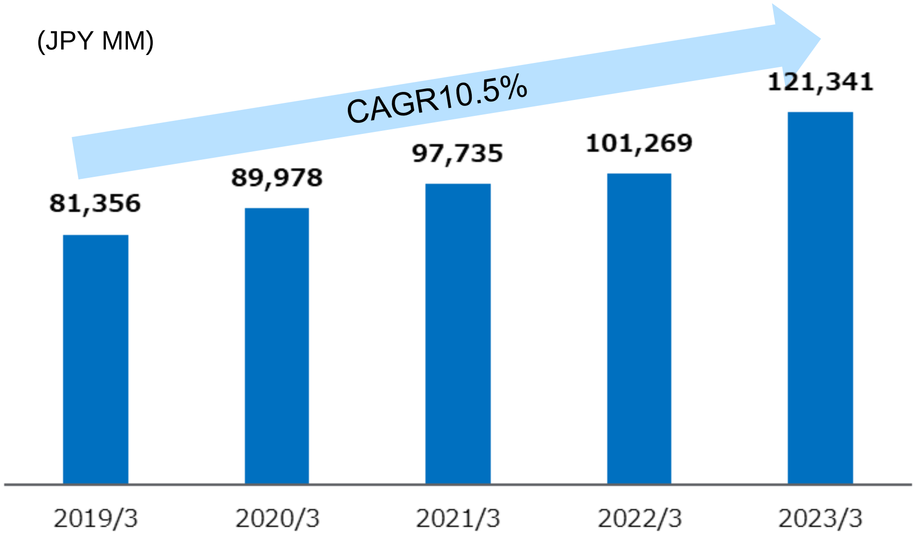
After

(Securities Code: 8919, Prime Market of TSE)

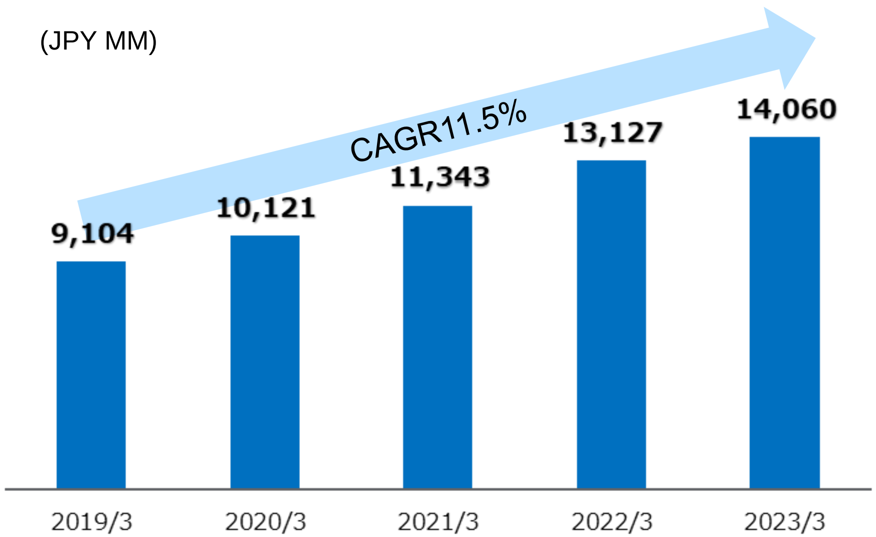
Presentation Highlights

1. Sales and Operating Profit Trend

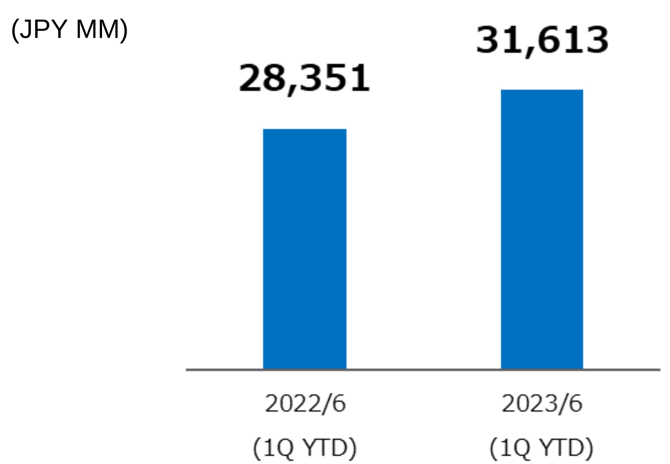
Historical Net Sales (FY-base)



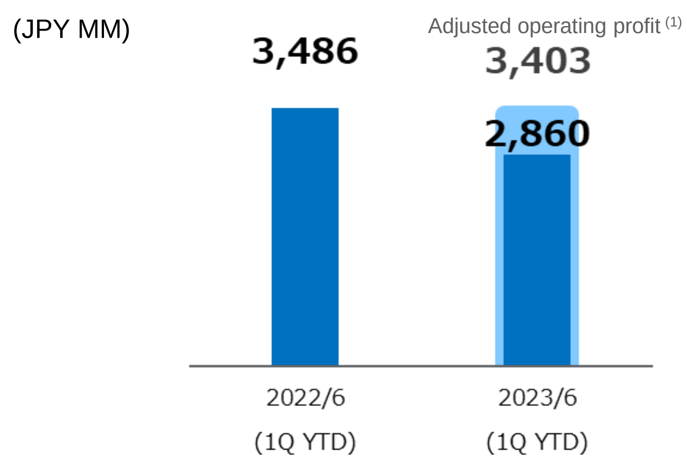
Historical Operating Profit (FY-base)



Historical Net Sales (FY2023 1Q)



Historical Operating Profit (FY2023 1Q)



(1) For details on adjusted items, please see the Adjustment Item List on slide 8.

1. Highlights of Financial Results for 1Q FY2023 (Apr - Jun 2023)

	(JPY MM)	1Q FY2022	1Q FY2023	YoY
Sales	**Net sales**	**28,351**	**31,613**	**+11.5%**
Sales	Number of properties sold	1,663	1,789	+7.6%
Sales	Gross profit margin (%)	23.0%	21.2%	-1.8pt
Profit	SG&A expenses	3,027	3,829	+26.5%
Profit	**Operating profit**	**3,486**	**2,860**	**-17.9%**
Profit	Operating profit margin (%)	12.3%	9.0%	-3.2pt
Profit – Operating profit adjusted for consumption taxes, etc.	Adjusted SG&A expenses (1)	3,027	3,286	+8.6%
Profit – Operating profit adjusted for consumption taxes, etc.	**Adjusted operating profit** (1)	**3,486**	**3,403**	**-2.4%**
Profit – Operating profit adjusted for consumption taxes, etc.	Adjusted operating profit margin (%) (1)	12.3%	10.8%	-1.5%
Key indicators	Inventory real estates	47,834	54,151	+13.2%
Key indicators	**Adjusted ROA (LTM)** (1),(2)	**23.0%**	**21.7%**	**-1.4pt**

- **Sales were robust, with the number of properties sold second only to Q4 FY2022, which was the highest ever**
  - Growth in responses somewhat slowed due to limited inventory of newly acquired properties as the Company reined in procurement since 4Q FY2022.
    However, the total number of responses was up YoY. Responses are currently sluggish due to price hikes.
  - 2Q started with a smaller number of properties YoY in inventory that are already contracted and under renovation.
  - There was no change in the number of cancelled contracts or the ratio of cancellations attributed to mortgage application rejections.
- **GPM was unchanged from 4Q FY2022, showing signs of bottoming out**
  - KATITAS' GPM was at the same level as 4Q FY2022, but per-unit gross profit was higher than 4Q FY2022.
  - REPRICE's GPM fell from Q4 FY2022.
  - The Group raised sale prices by a total of ¥1.6 billion since late June. GPM is expected to improve from the second half of the fiscal year.

- **Operating profit was largely in line with plan, but declined YoY due to higher SG&A expenses on the booking of consumption tax equivalents**
  - Due to a court ruling against the Company in the consumption tax lawsuit, we recorded the difference in consumption taxes, etc. as SG&A expenses.
  - Adjusted SG&A expenses and adjusted operating profit are disclosed to facilitate YoY comparison of financial results. These figures show what the results would have been in the absence of the Reassessment Penalty, etc. from the tax authorities relating to consumption taxes, etc. (i.e., if the court had ruled in favor of the Company).
- **Lawsuit regarding consumption taxes**
  - The Company filed an appeal to the Tokyo High Court in June 2023. It will take about a year until the High Court reaches a decision, and another year or so for the Supreme Court to do so, if the appeal goes that far.
  - From the current fiscal year onward, the Company will apply the accounting treatment largely consistent with the method recommended by the tax authorities and book consumption tax equivalents as SG&A expenses. This way, even if the High Court rules against the Company, it will not incur any negative impact, including extraordinary losses, on its earnings.

- **Inventories are at an optimal level. Company has secured sufficient inventory for future growth.**
  - Number of houses purchased in Q1: 1,699 (-4.6% YoY). The Company continued to rein in procurement, as it did in 4Q FY2022.
  - Purchase price: Same level as in 4Q FY2022
  - Balance of completed inventory (3) was optimal, at 66.9%

(1) For details on adjusted items, please see the Adjustment Item List on slide 8.
(2) ROA (LTM) = Total operating profit (LTM) / average of total assets at end-June of previous FY and end-June of current FY
(3) Ratio of completed inventory = real estate for sale / (real estate for sale + real estate for sale in process)

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1. Progress Versus Management Plan for FY2023 (Ending March 31, 2024)

- Results for the first half of the year are expected to fall short of plan due to a one-time decline in responses as a result of price hikes.
- The Company group implemented price hikes amounting to a total of ¥1.6 billion since late June. Because of the time lag caused by mortgage contract signing, etc. between the time of sales contract signing and delivery, the effect of price hikes will gradually materialize toward the second half of the fiscal year. For this reason, the Company maintained its full-year forecast.
- The Company expanded incentives linked to profit generated by sales personnel in the aim of increasing profit. We also revised managerial accounts to increase per-unit profit, in efforts to respond to the rising cost of housing facilities. We intend to continue negotiating to lower costs going forward.
- The Company continued pushing forward with measures to curb cost of sales by conducting partial renovations.
- Progress in securing inventory is in line with plan, with total amount of inventory up by more than 10% YoY.

(JPY MM)	FY2023 1Q (ended June 30, 2023)		FY2023 Plan (ended Mar 31, 2024)					
			The first half			Full-year		
	Results	vs sales (%)	Plan	% of plan	vs sales (%)	Plan	% of plan	vs sales (%)
Sales	**31,613**	**100.0%**	**65,788**	**48.1%**	**100.0%**	**132,464**	**23.9%**	**100.0%**
Number of properties sold	1,789	-	3,752	47.7%	-	7,529	23.8%	-
Gross profit	6,690	21.2%	14,344	46.6%	21.8%	28,864	23.2%	21.8%
Operating profit	**2,860**	**9.0%**	**6,581**	**43.5%**	**10.0%**	**13,216**	**21.6%**	**10.0%**
(Ref) Adjusted operating profit	**3,403**	**10.8%**	**7,706**	**44.2%**	**11.7%**	**15,466**	**22.0%**	**11.7%**
Ordinary profit	2,798	8.9%	6,477	43.2%	9.8%	12,954	21.6%	9.8%
(Ref) Adjusted ordinary profit	3,340	10.6%	7,602	43.9%	11.6%	15,204	22.0%	11.5%
Profit attributable to owners of parent	2,120	6.7%	4,441	47.7%	6.8%	8,866	23.9%	6.7%
(Ref) Adjusted profit attributable to owners of parent	2,315	7.3%	5,215	44.4%	7.9%	10,416	22.2%	7.9%

(1) For details on adjusted items, please see the Adjustment Item List on slide 8.
* The above information includes forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Please refer to the disclaimer on the last page of this presentation.

1. Financial Highlights

(JPY MM)	FY2022					FY2023								
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD	vs Q	vs Q (%)	YTD	YTD (%)
Net sales	28,351	30,809	29,549	32,631	121,341	31,613				31,613	+3,262	+11.5%	+3,262	+11.5%
Number of properties sold	1,663	1,774	1,643	1,847	6,927	1,789				1,789	+126	+7.6%	+126	+7.6%
Number of property purchased	1,780	1,901	2,033	1,597	7,311	1,699				1,699	-81	-4.6%	-81	-4.6%
Gross profit	6,513	6,975	6,419	6,945	26,855	6,690				6,690	+176	+2.7%	+176	+2.7%
Gross profit Margin (%)	23.0%	22.6%	21.7%	21.3%	22.1%	21.2%				21.2%	-1.8pt		-1.8pt	
SG&A expenses	3,027	3,025	3,052	3,689	12,795	3,829				3,829	+801	+26.5%	+801	+26.5%
Operating profit	3,486	3,950	3,367	3,256	14,060	2,860				2,860	-625	-17.9%	-625	-17.9%
Operating profit Margin (%)	12.3%	12.8%	11.4%	10.0%	11.6%	9.0%				9.0%	-3.2pt		-3.2pt	
Ordinary profit	3,445	3,909	3,326	3,151	13,833	2,798				2,798	-647	-18.8%	-647	-18.8%
Ordinary profit margin (%)	12.2%	12.7%	11.3%	9.7%	11.4%	8.9%				8.9%	-3.3pt		-3.3pt	
Net income	2,328	2,643	2,240	-1,120	6,091	2,120				2,120	-207	-8.9%	-207	-8.9%
Net income margin (%)	8.2%	8.6%	7.6%	-3.4%	5.0%	6.7%				6.7%	-1.5pt		-1.5pt	
EPS（JPY）	30.13	34.19	28.91	-14.57	78.66	27.29				27.29	-2.84	-9.4%	-2.84	-9.4%
											vs 22/6	vs 22/6(%)	vs 23/3	vs 23/3(%)
Cash and deposits	9,632	10,194	6,290	8,728		9,680					+48	+0.5%	+952	+10.9%
Real estate for sale	28,298	28,968	32,678	34,064		36,203					+7,904	+27.9%	+2,139	+6.3%
Real estate for sale in process	19,535	20,882	22,382	20,079		17,948					-1,587	-8.1%	-2,131	-10.6%
Inventory real estates	47,834	49,851	55,061	54,143		54,151					+6,317	+13.2%	+7	+0.0%
Inventory turnover ratio (LTM)	1.94	1.95	1.83	1.91		1.91					-0.03			
Total assets	62,138	63,806	65,440	66,304		66,950					+4,812	+7.7%	+645	+1.0%
ROA（LTM）(%)	23.0%	22.5%	21.3%	21.8%		20.8%					-2.2pt			
Interest-bearing liabilities	18,500	18,500	20,500	18,500		23,000					+4,500	+24.3%	+4,500	+24.3%
Shareholders' equity	33,541	36,241	36,752	35,655		35,833					+2,292	+6.8%	+177	+0.5%
Equity-to-asset ratio（%）	54.0%	56.8%	56.2%	53.8%		53.5%					-0.5pt		-0.3pt	
ROE（LTM）(%)	22.6%	21.4%	20.0%	17.9%		17.0%					-5.6pt			
											vs 1H	vs 2H	vs FY	
decrease in Inventory real estates		-4,998		-4,296	-9,294									
Cash flows from operating activities		-1,825		+358	-1,467									
Cash flows from investing activities		-50		-35	-85									
Cash flows from financing activities		-1,339		-1,789	-3,128									
Net increase (decrease) in cash and cash equivalents		-3,214		-1,466	-4,681									

(1) ROA (LTM) = Total operating profit (LTM) / average of total assets at end-June of previous FY and end-June of current FY
(2) ROE (LTM) = Total profit attributable to owners of parent (LTM) / average of balances of shareholders' equity at end-June of previous FY and end-June of current FY

1. (Reference) Financial Highlights Based on Adjusted Profits

(JPY MM)	FY2022					FY2023								
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD	vs Q	vs Q (%)	YTD	YTD (%)
Net sales	28,351	30,809	29,549	32,631	121,341	31,613				31,613	+3,262	+11.5%	+3,262	+11.5%
Number of properties sold	1,663	1,774	1,643	1,847	6,927	1,789				1,789	+126	+7.6%	+126	+7.6%
Number of property purchased	1,780	1,901	2,033	1,597	7,311	1,699				1,699	-81	-4.6%	-81	-4.6%
Gross profit	6,513	6,975	6,419	6,945	26,855	6,690				6,690	+176	+2.7%	+176	+2.7%
Gross profit Margin (%)	23.0%	22.6%	21.7%	21.3%	22.1%	21.2%				21.2%	-1.8pt		-1.8pt	
Adjusted SG&A expenses	3,027	3,025	3,052	3,689	12,795	3,286				3,286	+259	+8.6%	+259	+8.6%
Adjusted operating profit	3,486	3,950	3,367	3,256	14,060	3,403				3,403	-82	-2.4%	-82	-2.4%
Adjusted operating profit margin (%)	12.3%	12.8%	11.4%	10.0%	11.6%	10.8%				10.8%	-1.5pt		-1.5pt	
Adjusted ordinary profit	3,445	3,909	3,326	3,151	13,833	3,340				3,340	-105	-3.1%	-105	-3.1%
Adjusted ordinary profit margin (%)	12.2%	12.7%	11.3%	9.7%	11.4%	10.6%				10.6%	-1.6pt		-1.6pt	
Adjusted net income	2,325	2,643	2,240	2,231	9,441	2,315				2,315	-10	-0.4%	-10	-0.4%
Adjusted net income margin (%)	8.2%	8.6%	7.6%	6.8%	7.8%	7.3%				7.3%	-0.9pt		-0.9pt	
Adjusted EPS（JPY）	30.10	34.19	28.91	28.71	121.91	29.79				29.79	-0.31	-1.0%	-0.31	-1.0%
Adjusted ROA (LTM)(%)	23.0%	22.5%	21.3%	21.8%		21.7%				21.7%	-1.4pt		-1.4pt	
Adjusted ROE (LTM)(%)	28.1%	26.5%	25.0%	27.7%		27.2%				27.2%	-1.0pt		-1.0pt	

(1) For details on adjusted items, please see the Adjustment Item List on slide 8.

1. Adjustment Item List

		FY2022					FY2023					FY2023 Plan		
		1Q	2Q	3Q	4Q	Full-year	1Q	2Q	3Q	4Q	Full-year	1H	2H	Full-year
SG&A expenses		3,027	3,025	3,052	3,689	12,795	3,829					7,763	7,884	15,647
Adjust-ments: Difference in consumption taxes, etc. (SG&A expenses)	①	–	–	–	–	–	-542					-1,125	-1,125	-2,250
Adjusted SG&A expenses		3,027	3,025	3,052	3,689	12,795	3,286					6,638	6,759	13,397
Operating profit		3,486	3,950	3,367	3,256	14,060	2,860					6,581	6,634	13,216
Adjust-ments: Difference in consumption taxes, etc. (SG&A expenses)	①	–	–	–	–	–	+542					+1,125	+1,125	+2,250
Adjusted operating profit		3,486	3,950	3,367	3,256	14,060	3,403					7,706	7,759	15,466
Ordinary profit		3,445	3,909	3,326	3,151	13,833	2,798					6,477	6,477	12,954
Adjust-ments: Difference in consumption taxes, etc. (SG&A expenses)	①	–	–	–	–	–	+542					+1,125	+1,125	+2,250
Adjusted ordinary profit		3,445	3,909	3,326	3,151	13,833	3,340					7,602	7,602	15,204
Profit before income taxes		3,447	3,905	3,326	-1,627	9,051	2,973					6,477	6,477	12,954
Adjust-ments: Difference in consumption taxes, etc. (SG&A expenses)	①	–	–	–	–	–	+542					+1,125	+1,125	+2,250
Difference in consumption taxes, etc. (extraordinary loss)	②	-3	+0	–	+4,736	+4,733	-180					–	–	–
Other (extraordinary loss)	③	–	–	–	+41	+41	–					–	–	–
Adjustment on profit before income taxes, subtotal	①+②+③	-3	+0	–	+4,777	+4,774	+362					+1,125	+1,125	+2,250
Adjusted profit before income taxes		3,443	3,905	3,326	3,150	13,826	3,335					7,602	7,602	15,204
Total income taxes		1,118	1,262	1,086	-507	2,959	852					2,035	2,052	4,087
Adjust-ments: Income taxes – current	④	–	–	–	+700	+700	–					–	–	–
Refund of income taxes	⑤	-0	–	–	+797	+796	–					–	–	–
Tax adjustments in adjustment items	⑥	–	–	–	-72	-72	+167					+351	+349	+700
Adjustment on total income taxes, subtotal	④+⑤+⑥	-0	–	–	+1,426	+1,425	+167					+351	+349	+700
Adjusted total income taxes		1,117	1,262	1,086	919	4,385	1,020					2,386	2,401	4,787
Profit attributable to owners of parent		2,328	2,643	2,240	-1,120	6,091	2,120					4,441	4,424	8,866
Adjust-ments: Difference in consumption taxes, etc. (SG&A expenses)	①	–	–	–	–	–	+542					+1,125	+1,125	+2,250
Difference in consumption taxes, etc. (extraordinary loss)	②	-3	+0	–	+4,736	+4,733	-180					–	–	–
Other (extraordinary expenses)	③	–	–	–	+41	+41	–					–	–	–
Adjustment on total income taxes	④+⑤+⑥	+0	–	–	-1,426	-1,425	-167					-351	-349	-700
Adjustment on profit attributable to owners of parent, subtotal	①～⑥ total	-2	+0	–	+3,351	+3,349	+194					+774	+776	+1,550
Adjusted profit attributable to owners of parent		2,325	2,643	2,240	2,231	9,441	2,315					5,215	5,200	10,416

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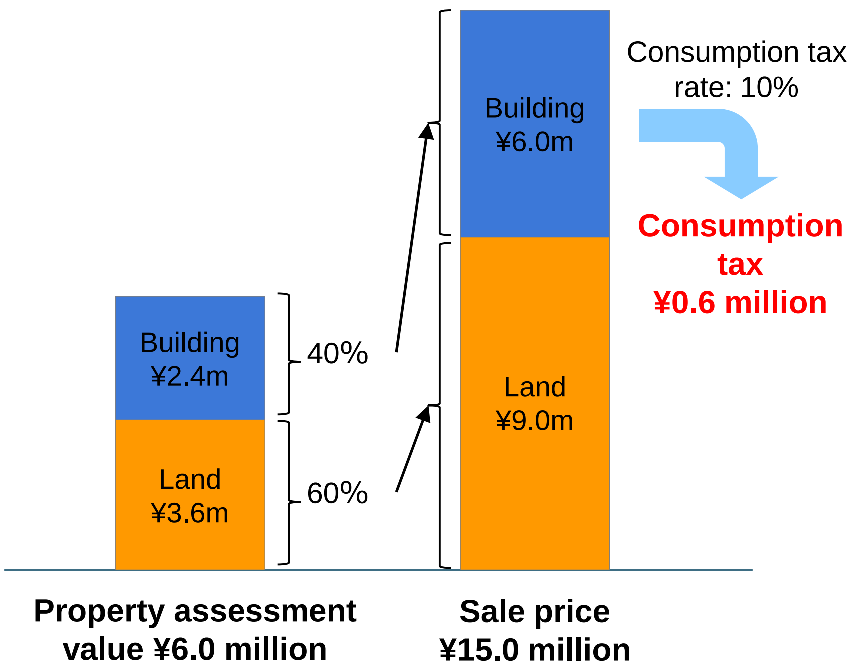
1. Differences in the Views of the Company and Tax Authorities

(figures provided here are for illustrative purposes only)

- While land transactions are exempt from consumption taxes, building transactions are subject to consumption taxes. In transactions involving preowned homes, the Company considers land and building as a single entity, and hence, it is necessary to rationally distinguish between non-taxable and taxable transactions.
- The Company applies a calculation method largely consistent with the “Apportionment based on property assessment value” as prescribed in the Frequently Asked Questions page of the National Tax Agency’s website[1]. Note that the calculation method based on the “Apportionment based on property assessment value” is commonly used by business operators engaged in the purchase and resale of preowned homes.
- If the Company were to adopt the method recommended by the tax authorities, it would not be able to calculate the amount of consumption taxes until the cost of renovation is determined, making it practically impossible to set the sale price and conduct sales activities for its properties while they undergo renovation. Note that approximately 40% of the Company’s sales contracts are closed while properties are undergoing renovation.
  As such, the method pushed for by the tax authorities is unrealistic as it will hinder the Company’s existing business flow.

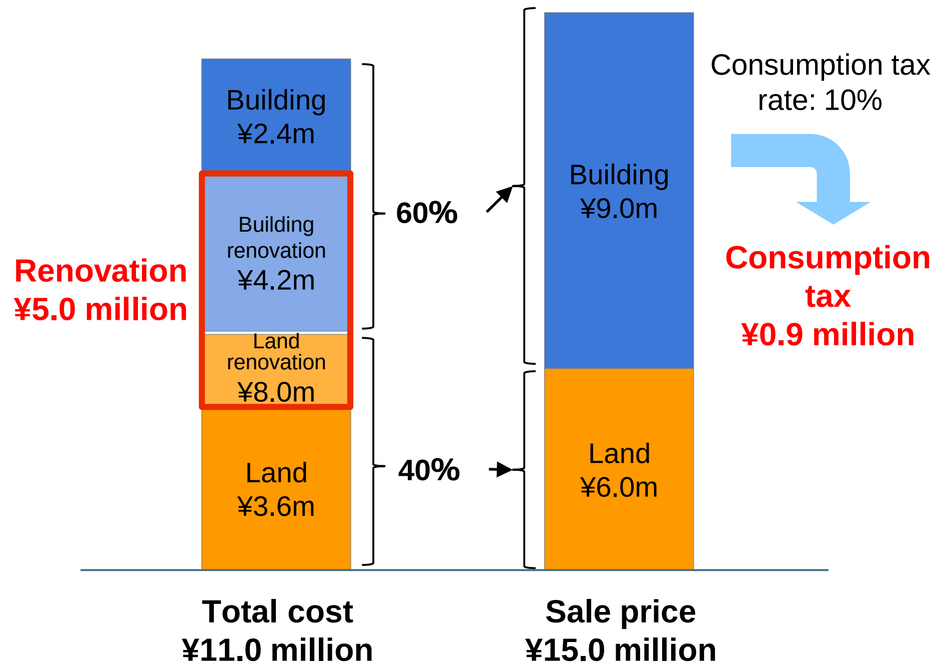
KATITAS’ calculation method

Apportion the value of land and building based on property assessment value[2]



Calculation method advocated by tax authorities

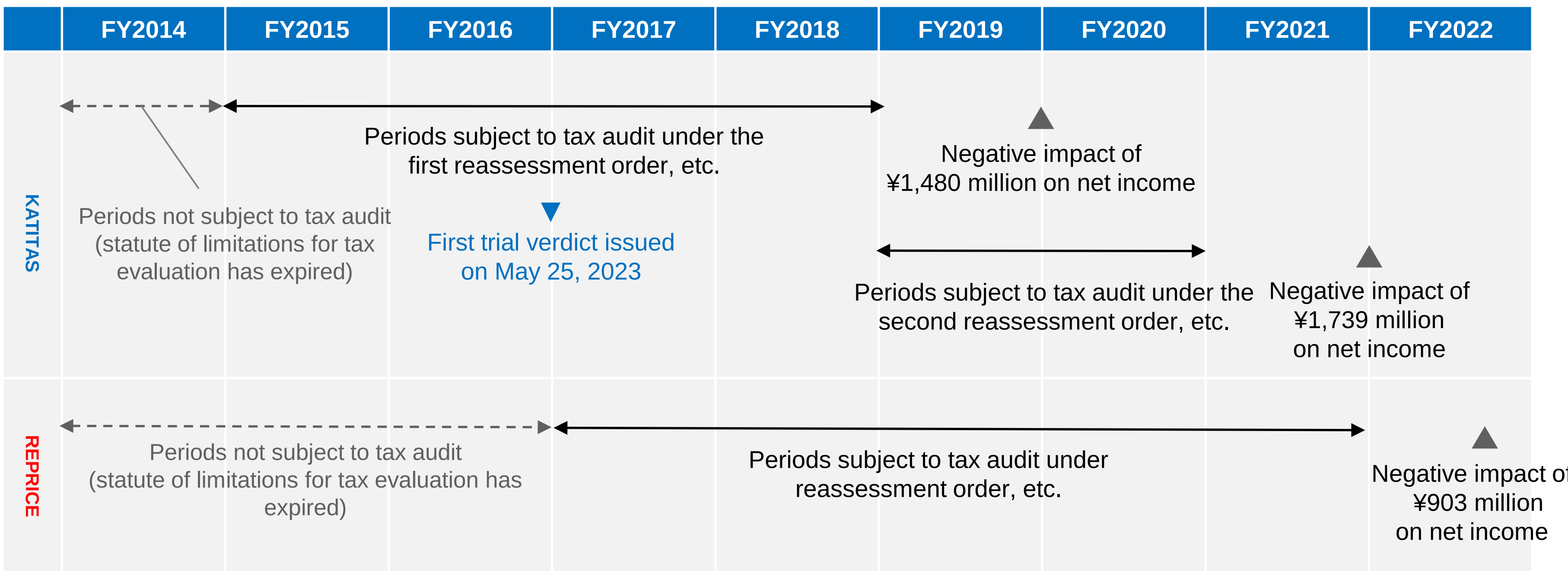
Apportion the value of land and building based on the sum of property assessment value at the time of purchase and cost of renovation



(1) National Tax Agency’s Frequently Asked Questions No. 6301: Tax base (https://www.nta.go.jp/taxes/shiraberu/taxanswer/shohi/6301_qa.htm)
(2) For its calculation, the Company uses the actual apportionment percentages of property assessment value of properties sold in the past. The percentages are recalculated semi-annually.

1. About the Reassessment Penalty, etc. from the Regional Taxation Bureau

- The recording of extraordinary losses disclosed in April 2023 was due to the Reassessment Penalty, etc. issued to subsidiary REPRICE.
- From September 2022, REPRICE was subject to a tax examination by the tax authorities targeting the five-year period from the fiscal year ended March 31, 2018 (FY2017) to the fiscal year ended March 31, 2022 (FY2021). For the consolidated earnings of the fiscal year ended March 31, 2023 (FY2022), the Company recorded ¥1,332 million in extraordinary losses for differences in consumption taxes, etc. for the five years corresponding to the period subject to the tax examination and ¥429 million for the refund of income taxes (reduction of income taxes). As a result, net income was lowered by ¥903 million.
- The accounting and tax treatment adopted by REPRICE had been discussed in the tax examination regarding the accounting treatment for consumption tax, etc., targeting the fiscal years from the fiscal year ended May 31, 2012 to the fiscal year ended May 31, 2014, which was carried out recently. However, as that discussion did not result in REPRICE receiving special guidance, REPRICE continued to adopt the accounting and tax treatment method.
- The accounting and tax treatment disapproved by the tax authorities is similar to the accounting and tax treatment KATITAS used, and the said accounting and tax treatment was adopted by REPRICE prior to its merger with KATITAS in March 2016.



1. Court Decision on Consumption Tax

- On May 25, 2023, the court delivered the first verdict for the Company's lawsuit against the tax authorities, dismissing the Company's claim for revocation of the reassessment order, etc. As a result of the court decision, we incurred a ¥2,447 million negative impact on net income in 2022.
- Due to this judgement, from FY2023 onward the Company will retroactively calculate the difference in taxes obtained by using the Group's and tax authorities' (claimed) methods, and book this amount as SG&A expenses. This will have a negative impact on operating profit, ordinary profit, and net income.
- On June 8, 2023, the Company appealed to the Tokyo High Court. It will take about a year for the High Court to make a decision, and another year or so for the Supreme Court to do so, if it goes that far.
  From the current fiscal year onward, the Company will apply the accounting treatment largely consistent with the method recommended by the tax authorities, so even if the High Court rules against the Company, it will not incur any negative impact, such as extraordinary losses, on its earnings.

<table>
<tr><th></th><th>FY2021</th><th>FY2022</th><th>After FY2023</th></tr>
<tr><td>KATITAS</td><td colspan="2">Negative impact of
¥2,145 million on net income
（Record for FY2022）</td><td>Negative impact of
¥1,750 million on Operating profit
Negative impact of
¥1,220 million on net income</td></tr>
<tr><td>REPRICE</td><td>Recorded extraordinary losses as FY2021 was subject to tax reassessment
(see previous slides)</td><td>Negative impact of
¥302 million on net income
（Record for FY2022）</td><td>Negative impact of
¥500 million on Operating profit
Negative impact of
¥330 million on net income</td></tr>
</table>

1. (Ref) Historical consolidated financial statements

(Reposted from FY2022 4Q)

- The impact on the Company's earnings was attributed to handling the difference in views on the accounting and tax treatment between the Company and the Regional Taxation Bureau.
- The amounts in the consolidated financial statements, assuming that the discrepancy between the calculation method applied by the Group and the calculation method advocated by the Regional Taxation Bureau had been accounted for as selling, general and administrative expenses by the Group from the beginning in the last five years, are as follows.
- Looking at the business environment surrounding the Group, the main purchase target is vacant houses, of which there are approximately 8.5 million throughout Japan.
- The number of vacant houses is increasing every year, making the enormous number of properties the target of purchase.
- The buyers of pre-owned homes that the Group renovates are in the annual income bracket of 2 to 5 million yen, the largest income bracket among Japanese households, and the demand for these properties is robust.
- As such, the business environment surrounding the Group has stayed the same, and the Company believes that its growth strategy of achieving stable growth in the vast market with significant social challenges will not be affected at all.

	FY2018	FY2019	FY2020	FY2021	FY2022	CAGR
Net sales	81,356	89,978	97,735	101,269	121,341	10.5%
Operating profit	8,538	9,033	9,850	11,632	12,016	8.9%
Ordinary profit	8,174	8,807	9,633	11,201	11,786	9.6%
Profit attributable to owners of parent	5,448	5,725	6,229	7,323	7,985	10.0%
Basic earnings per share	72.46	74.98	81.09	94.91	103.11	9.2%

* The said amounts are reference figures estimated by the Group and are not subject to audit by the auditors.
* The said amounts are calculated based on the assumption that the discrepancy between the calculation method applied by the Group and the calculation method advocated by the Regional Taxation Bureau had been recorded as selling, general and administrative expenses. In addition, the calculation is based on the assumption that the additional tax for underpayment and delinquent tax related to the Reassessment Penalty, etc., was recorded as an extraordinary loss for the subject fiscal year.
* The said amounts are assumed amounts, and "Accounting Standard for Accounting Changes and Error Corrections" and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (accounting standard for retrospective adjustments in previous fiscal years) have not been applied.

Presentation Highlights

2. Management Plan for FY2023 (Ending March 31, 2024)

- With no major change expected in the external environment surrounding the Group, we aim for stable growth of around 10% in both net sales and operating profit.
- We expect the rising trend in the inventory of newly built detached houses in urban and suburban areas to be adjusted in the first half of the year. Meanwhile, we expect to see impact from higher costs in the second half and later, driven by an increase in housing equipment prices.
- In efforts to offset the impact of higher costs, we plan to roll out various initiatives to increase per-unit gross profit.
- We do not expect higher long-term interest rates to have a significant impact on our earnings, as most buyers opt for variable rate mortgages. Also, we believe the impact of short-term interest rate increases to be neutral, as this will lead to the inflow of customers from the newly built housing market, which is more likely to be affected by the rate increases.
- On May 25, 2023, the court delivered the first verdict for the Company's lawsuit against the tax authorities, dismissing the Company's claim for revocation of the reassessment order, etc. Due to the court decision, from FY2023 onward the Company will retroactively calculate the difference in taxes obtained by using the Group's and tax authorities' (claimed) methods and book this amount as SG&A expenses. Excluding the impact of tax corrections, net income is expected to grow steadily.

(JPY MM)	FY2022 (ended Mar 31, 2023)						FY2023 (ended Mar 31, 2024)								
	1H		2H		Full-year		1H			2H			Full-year		
	Results	vs sales (%)	Results	vs sales (%)	Results	vs sales (%)	Plan	YoY (%)	vs sales (%)	Plan	YoY (%)	vs sales (%)	Plan	YoY (%)	vs sales (%)
Net Sales	**59,160**	**100.0%**	**62,180**	**100.0%**	**121,341**	**100.0%**	**65,788**	**+11.2%**	**100.0%**	**66,676**	**+7.2%**	**100.0%**	**132,464**	**+9.2%**	**100.0%**
Number of properties sold	3,437	-	3,490	-	6,927	-	3,752	+9.2%	-	3,777	+8.2%	-	7,529	+8.7%	-
Gross profit	13,489	22.8%	13,365	21.5%	26,855	22.1%	14,344	+6.3%	21.8%	14,519	+8.6%	21.8%	28,864	+7.5%	21.8%
Operating profit	**7,436**	**12.6%**	**6,623**	**10.7%**	**14,060**	**11.6%**	**6,581**	**-11.5%**	**10.0%**	**6,634**	**+0.2%**	**10.0%**	**13,216**	**-6.0%**	**10.0%**
Adjusted operating profit	**7,436**	**12.6%**	**6,623**	**10.7%**	**14,060**	**11.6%**	**7,706**	**+3.6%**	**11.7%**	**7,759**	**+17.2%**	**11.6%**	**15,466**	**+10.0%**	**11.7%**
Ordinary profit	7,355	12.4%	6,478	10.4%	13,833	11.4%	6,477	-11.9%	9.8%	6,477	-0.0%	9.7%	12,954	-6.4%	9.8%
Adjusted ordinary profit	7,355	12.4%	6,478	10.4%	13,833	11.4%	7,602	+3.4%	11.6%	7,602	+17.3%	11.4%	15,204	+9.9%	11.5%
Profit attributable to owners of parent	4,971	8.4%	1,119	1.8%	6,091	5.0%	4,441	-10.7%	6.8%	4,424	+295.1%	6.6%	8,866	+45.6%	6.7%
Adjusted profit attributable to owners of parent	4,969	8.4%	4,471	7.2%	9,441	7.8%	5,215	+5.0%	7.9%	5,200	+16.3%	7.8%	10,416	+10.3%	7.9%

(1) For details on adjusted items, please see the Adjustment Item List on slide 8.
* 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 FY2022 4Q)

- We will hike the year-end dividend for FY2022 to ¥25.0 per share from ¥24.5 per share in the initial plan (disclosed on April 27, 2023).
- In FY2023, we plan to distribute an interim dividend of ¥27.0 per share and a year-end dividend of ¥27.0 per share for a total annual dividend of ¥54.0 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.
- We believe that the financial results, which include an extraordinary loss based on the tax audit by the tax authorities, 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.
- For FY2023, the Company plans to pay dividends according to the dividend forecast released on May 9, 2023.

	FY2022 (ended March 31, 2023)		Forecast for FY2023 (ending March 31, 2024)	
	Interim	Year-end	Interim	Year-end
Dividends per share (initial forecast)	¥24.0	¥25.0 (¥24.5)	¥27.0	¥27.0
Dividend payout ratio	62.3%		47.3%	
Dividend payout ratio(1) (based on adjusted net profit)	40.2%(1)		40.3%(1)	

(1) For details on adjusted items, please see the Adjustment Item List on slide 8.

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

Initiatives for the Pre-Owned House Refurbishing Business

(Reposted from FY2022 4Q)

- 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.

	FY2021		FY2024	
(JPY MM)	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 slide 8 .
* 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.

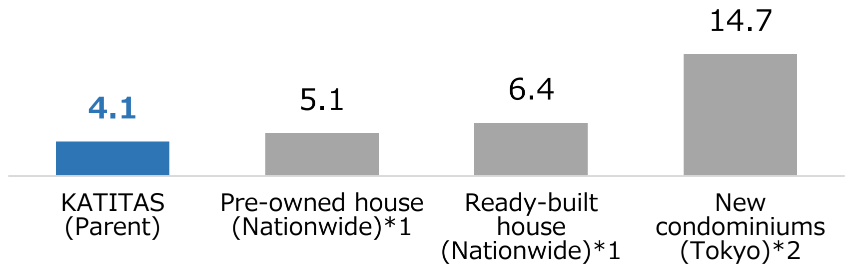
2. Third Mid-Term Business Plan (FY2022 – FY2024)
Sustainability Initiatives

(Reposted from FY2022 4Q)

- 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.

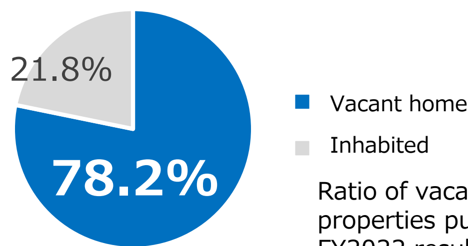
Ratio of mortgage to annual income

- ✓ 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.



Ratio of vacant houses to total properties purchased by KATITAS FY2022 result (parent)

Environ-mental 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

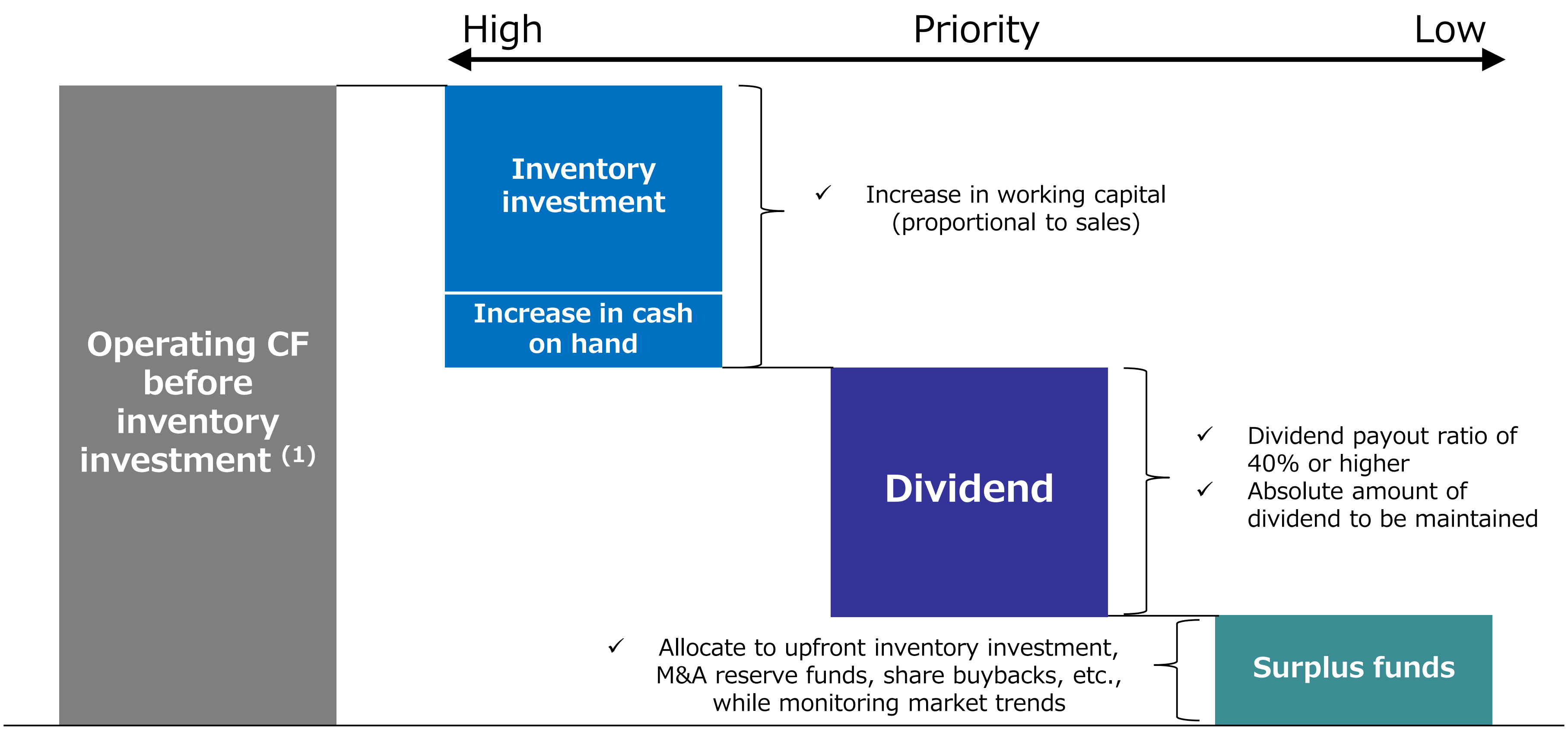
Example of installing insulation

*1 Source: Japan Housing Finance Agency (FY2021 summary table)
*2 Source: Tokyo Kantei Co., Ltd. press release "Annual Income Ratio for New Condominiums" (October 31, 2022)

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

(Reposted from FY2022 4Q)

- 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
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2. Growth Strategy at KATITAS (1): Enhance Sales Force (FY2022 Results)

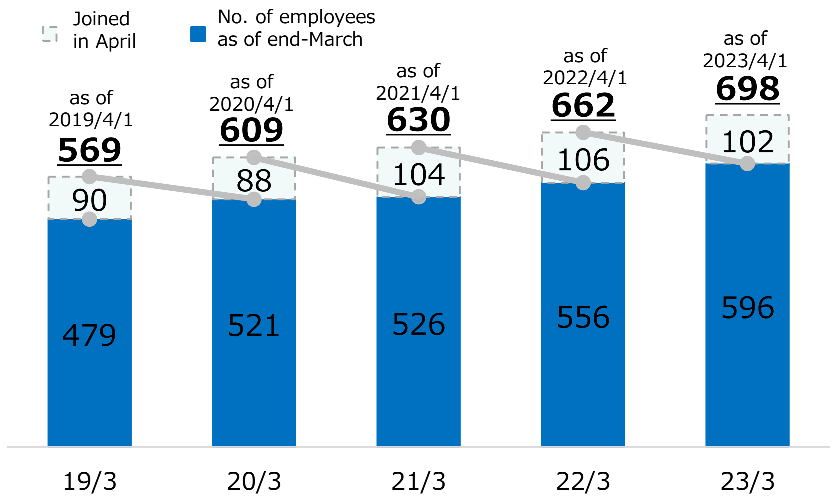
(Reposted from FY2022 4Q)

- 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 will continue to improve the rate going forward.

Sales Staff		Productivity		Capacity (FY2022 Results)
Sales employees(1) (average during the fiscal year) 576.0	×	Procurement 9.5 / sales employee	=	Number of properties procured: 5,487 (2)
	×	Sales 9.0 / sales employee	=	Number of properties sold: 5,209

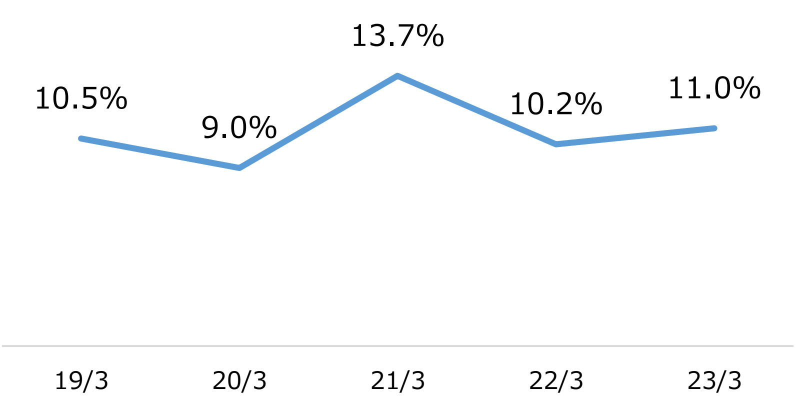
Number of sales staff

- ✓ Number of sales staff as of April 1, 2023: +5.4% YoY
- ✓ Hiring still focused on new graduates. FY2023 new employees: 102



Turnover rate(3)

- ✓ We continued to improve the HR system with the aim of curbing the turnover rate, and the employee engagement survey results continued to be favorable.
- ✓ The increase in FY2022 was due to an increase in Retirees. (mainly those who reached their retirement age; 10, up from 1 in 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 (FY2022 Results)

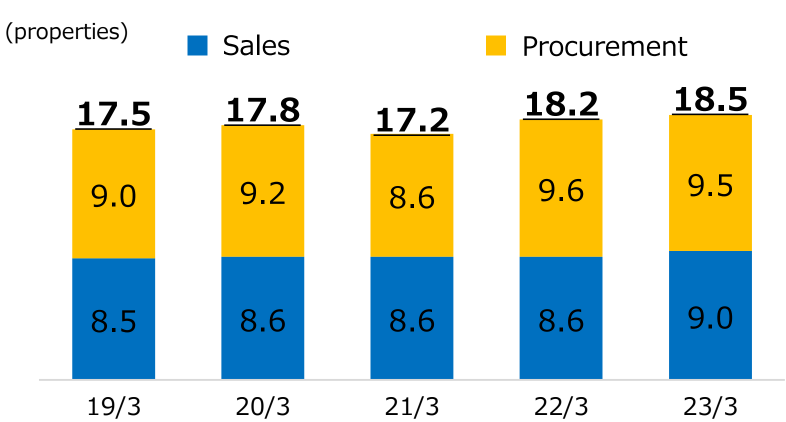
(Reposted from FY2022 4Q)

- 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.
- We resolved inventory shortages in the second half of FY2022. Restrictions on sales were resolved, and productivity reached a record high.
- In April 2023, we transitioned from a structure consisting of 2 sales divisions to one with 10 sales divisions and offices. We intend to further promote various sales measures.

Sales Staff		Productivity		Capacity (FY2022 Results)
Sales employees(1) (average during the fiscal year) 576.0	×	Procurement 9.5 / sales employee	=	Number of properties procured: 5,487 (2)
	×	Sales 9.0 / sales employee	=	Number of properties sold: 5,209

Productivity of sales staff(3)

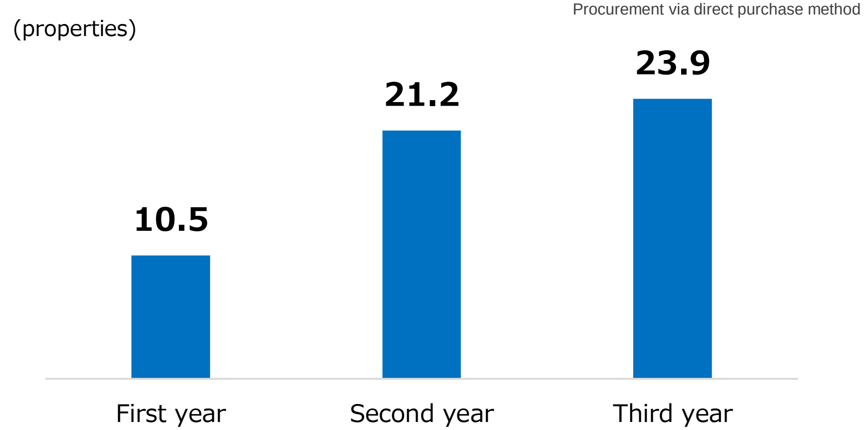
- ✓ An increase in contracts with renovation underway and various operational improvements contributed to higher productivity.
- ✓ By drawing on the voice of people working on-site, we made improvements in workflows, IT environment, etc.
- ✓ BPR(5) projects will be promoted to further advance streamlining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

Procurement via direct purchase method



(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 (FY2022 Results)

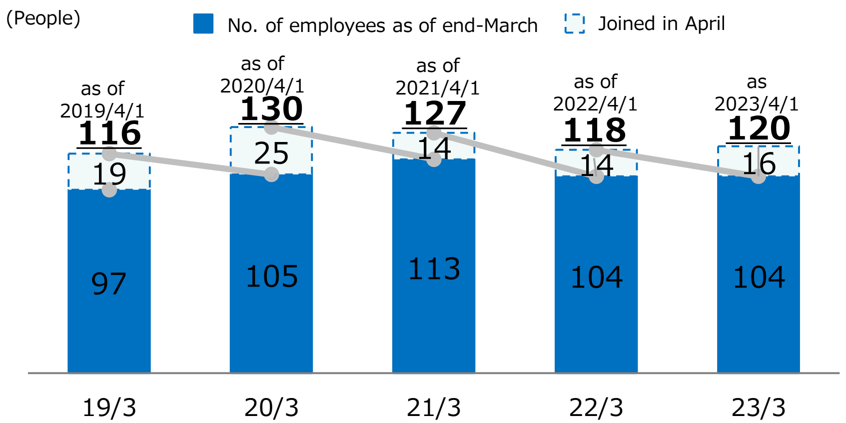
(Reposted from FY2022 4Q)

- Like KATITAS, we plan to drive growth at REPRICE by increasing sales staff and maintaining or raising productivity.
- In FY2020 and FY2021, we refrained from hiring due to capacity issues. Growth in sales staff temporarily stalled due to transfer of some staff to the sales support department.
- In FY2022, sales productivity increased, as we resolved inventory shortages and the new structure with reinforced sales support functions, such as the provisional appraisal function at the time of purchase, took root in REPRICE.

Sales Staff		Productivity		Capacity (FY2022 Results)
Sales employees (average during the fiscal year) 104.0	×	Procurement 17.5 / sales employee	=	Number of properties procured: 1,824
	×	Sales 16.5 / sales employee	=	Number of properties sold: 1,718

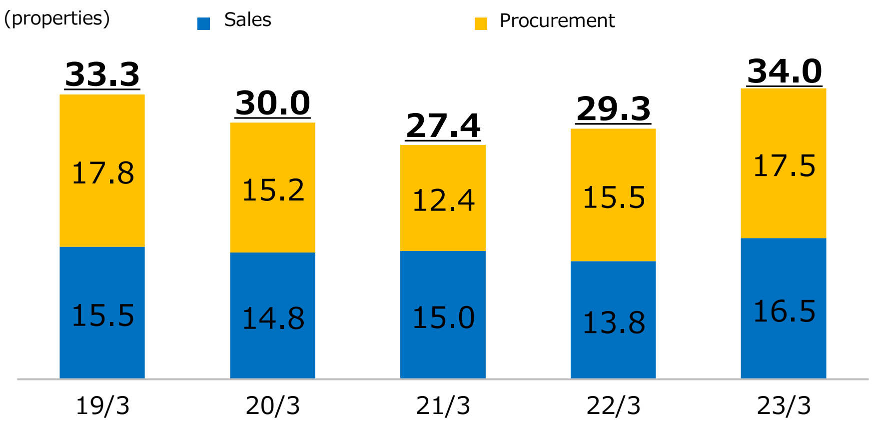
Number of sales staff

- ✓ Hired 16 new graduates in April 2023.
- ✓ In FY2021, transferred some sales staff to the sales support department to improve productivity and product appeal.
- ✓ Areas of operation increased from 26 to 30, due to growth in the number of properties handled.



Productivity(1)

- ✓ Declined as a result of an increase in detached houses (which require more man-hours) but profitability improved.
- ✓ In FY2018–FY2019, productivity declined due to a greater number of sales personnel with limited experience, as we hired more new graduates.
- ✓ Anticipate ongoing improvement backed by reinforced headquarters support and increased efficiency of system investments.

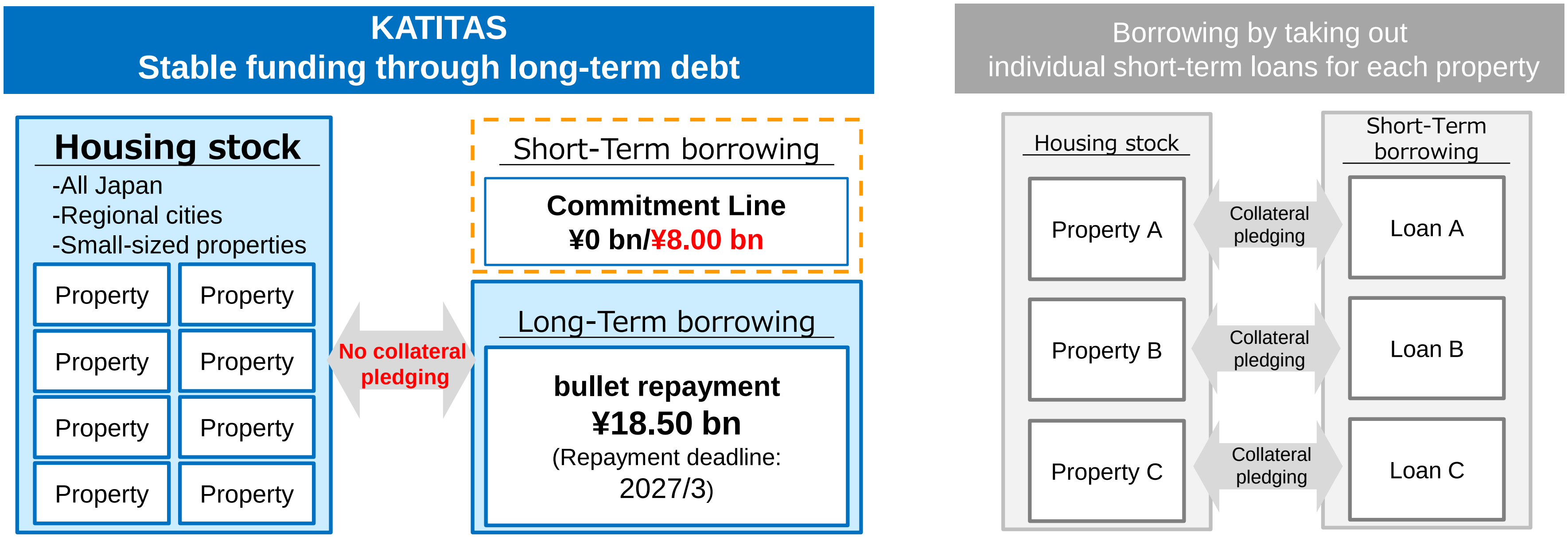


(1) Productivity= sum of the number of homes procured and the number of homes sold by REPRICE over a period, divided by the average of the number of sales employees of REPRICE at the beginning and end of the fiscal year

2. Established a flexible, unsecured funding structure, owing to improved creditworthiness

(Reposted from FY2022 4Q)

- 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.
- In FY2022, we increased committed lines of credit in response to increased working capital to support growth. These were short-term borrowings, and were allocated to cover fluctuations in inventory value during the fiscal year.



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 53.8%, current rate[*1] of 86.7%, and ratio of fixed assets to long-term capital[*2] of 3.3%.
- 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 1.91/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)
（Ref） "Notice Regarding the Conclusion of a Changing Syndicated Loan Agreement"

1. Stable business that is not easily affected by changes in the external environment

(Reposted from FY2022 4Q)

- We enjoy stable demand for our renovated pre-owned houses as our customers purchase the properties to live in rather than for investment (which we call "actual demand"). Our offerings are priced at the lowest level in the industry, and we target the consumer base in the household income segment with the largest population.
- Our strengths are our ability to flexibly respond to changes in the external environment, management capability to have all our employees, including those working on-site, to be familiar with the countermeasures below, and operational ability to put these measures into practice.
- We achieved stable financial growth even during the COVID-19 pandemic.

Periods affected by the COVID-19 pandemic (FY2020–FY2022)

	FY2019	FY2020	FY2021	FY2022	
External environment	• Consumption tax hike (8%→10%) • Climate change, e.g., large typhoons	• Spread of COVID-19 • Soaring wood prices • Supply chain disruptions	• Tokyo Olympics • Change in the supply-demand balance of detached homes • Weak yen caused by an interest rate hike in the US	• Soaring resource prices • Impact of inflation on disposable income • End of the COVID-19 pandemic	
Counter-measures	• Sales activities promoting mortgage tax breaks, housing benefits, and other programs • Expanded products with housing latent defects insurance	• Introduced NITORI's Virtual Home Staging (VHS) • Offered appointment-only house tours • Bolstered PR for property procurement • Accumulated a customer list • Increased contracts for properties undergoing renovation • Curtailed price reductions and discounts	• Expanded retention measures • Installed toilets, hot water heaters, etc. post-delivery • Set prices in line with market conditions • Bolstered procurement to resolve inventory shortages • Renovated some properties	• Raised prices of properties on sale • Further expanded retention measures • Adjusted sales and purchase in line with supply-demand balance	

Not easily affected by changes in the external environment, the Company achieved stable growth

	FY2019	FY2020	FY2021	FY2022	CAGR
Net sales (million yen)	89,978	97,735	101,269	121,341	**10.5%**
Operating profit (million yen)	10,121	11,343	13,127	14,060	**11.6%**
No. of properties sold	5,801	6,155	6,120	6,927	**6.1%**
No. of properties purchased	6,117	5,857	6,855	7,311	**6.1%**

Presentation Highlights

3. Business Model of KATITAS

- KATITAS purchases pre-owned detached houses in regional areas, and renovate them to accommodate today's living styles before selling them at half the price of newly built houses.
- About 80% of properties we purchase are empty, vacant houses. We create social value by resolving the issue of vacant houses and providing affordable housing.

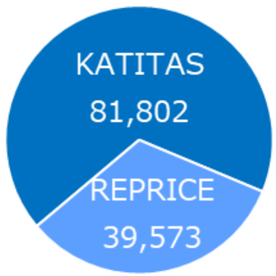
Procurement → **Renovation** → **Sale**

Seller → **KATITAS Group** → Buyer

Ability to procure properties

Ability to assess property purchase risks

FY2022 Revenue (JPY millions)



	KATITAS	REPRICE
Operating areas	Suburban areas and Regional Cities	Cities and Suburban areas
Number of properties sold	5,209 houses	1,718 houses
Ratio of single-family detached houses	93.0%	72.6%
Average price per property sold (1)	15.6MM	22.9MM

Before

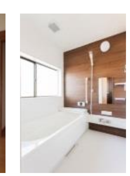
After

Large-volume orders / Price discounts — **Building materials manufacturers**

Price discount / Regular orders — **Contractors**



Ability to plan renovation work → **Ability to implement renovation work**


(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

Building age

old | 50 years | 40 years | 30 years | 20 years | 10 years | New

Area

Area	
Lightly populated areas, holiday home and sightseeing areas (1)	971 municipalities 15.5 million people
Regional cities (2)	251 municipalities 26.0 million people
Suburban (3)	476 municipalities 48.8 million people
Cities (4)	10 municipalities 10.5 million people
Metropolitan city centers (5)	11 municipalities 26.3 million people

KATITAS
populations of 50,000-300,000
Average building age 30 years
Strengths: In-house sales ability, survey ability, renovation planning ability, and renovation implementation ability

REPRICE
populations of 300,000-500,000
Average building age 20 years
Strengths: Relationships with brokers, speed, pricing

Properties that are not eligible for purchasing

Source: Created by KATITAS based on the Ministry of Internal Affairs and Communications' Population Census/ -Data Table by Prefecture and Municipality 2015

(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.

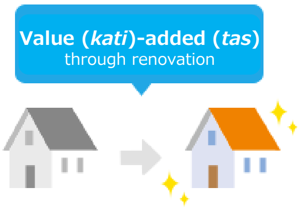
- We purchase vacant and old houses that are unmarketable as-is. We then renovate them and make them marketable.
- We operate a value-added reselling business where we “add value (*kati tasu*)” to vacant houses that would otherwise have no value on its own.
- We consider this to be the “fourth option” 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.

Unaffordable **“Newly built houses”**

Old and non-renovated **“Pre-owned houses”**

”Rental houses” which do not meet demand

\+



High-quality and reasonably priced **“KATITAS houses”**

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

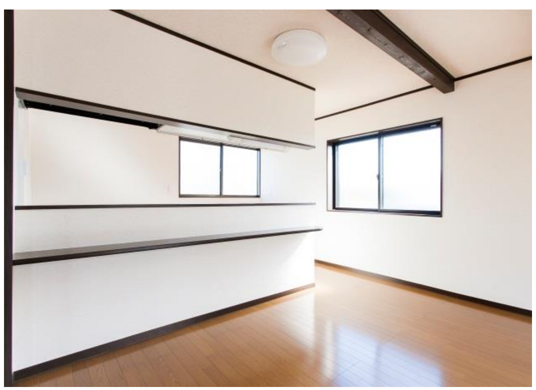

Renovated one-story house: replaced the damaged eaves and refreshed the dilapidated exterior


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

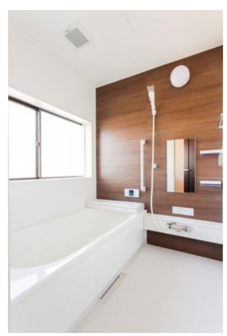
Conversion of two adjoining Japanese rooms into two modern Western rooms, by installing a wall and replacing tatami mats with flooring, at a low cost achieved by using the original sash

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

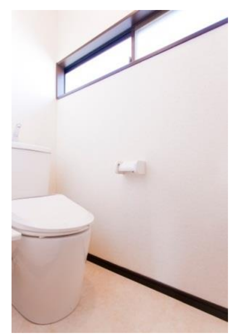
3. Examples of Value-Added Houses (3): Facilities Work

- 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

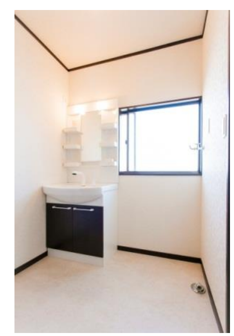
Newly-installed kitchen unit with a hanging cupboard, replacing the inconvenient unit used for more than 30 years and resulting in drastic improvement in both usability and appearance



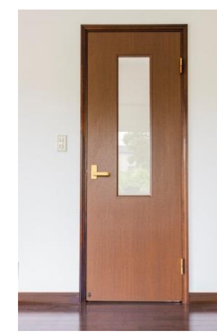
A new modular bath system is installed in approx. 90% of houses purchased



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



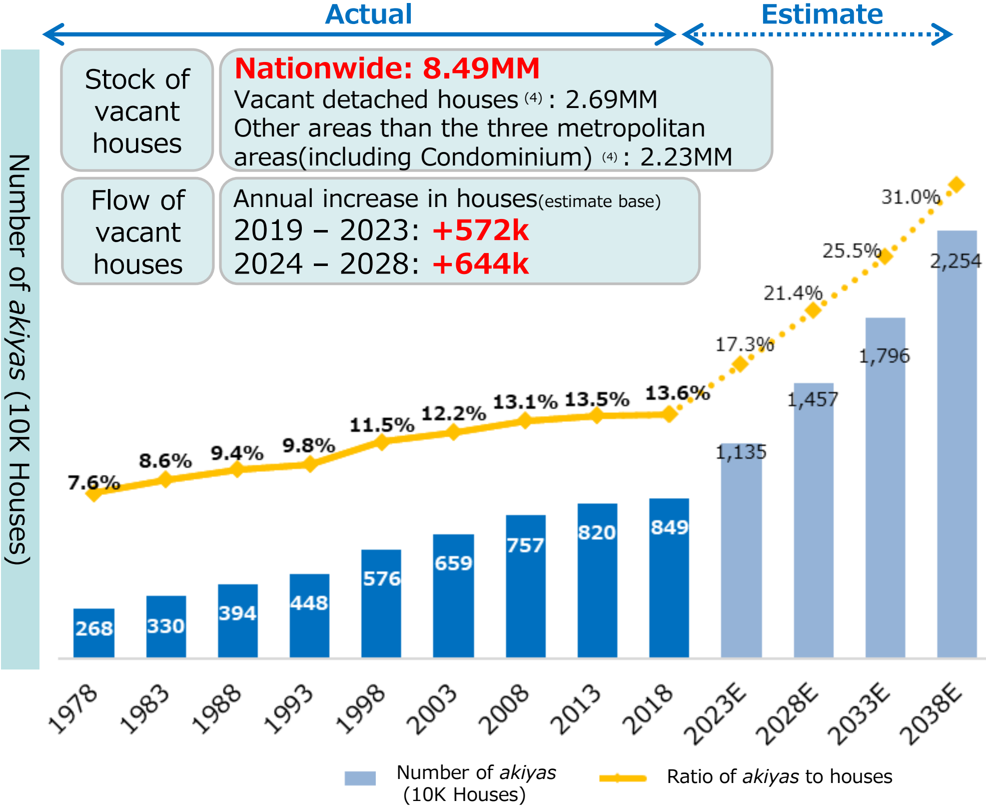
Room doors and other fittings are replaced and repaired as necessary

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



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 Institute, Ltd.

Unique Business Segment

	Metropolitan city centers (2)	Urban areas (3)	Regional cities / Regional areas (Areas excluding metropolitan city centers and suburban areas)
Single-family houses	# of vacant houses(3): 0.218 million	# of vacant houses(4): 0.677 million reprice	# of vacant houses(4): 1.795 million KATITAS
Condo-miniums	# of vacant houses (4) 0.329 million Competitors' focused area	# of vacant houses(4): 0.326 million	# of vacant houses(4): 0.437 million

KATITAS Group's focused areas

✓ KATITAS Group's business domain is unique and has relatively high barriers to entry

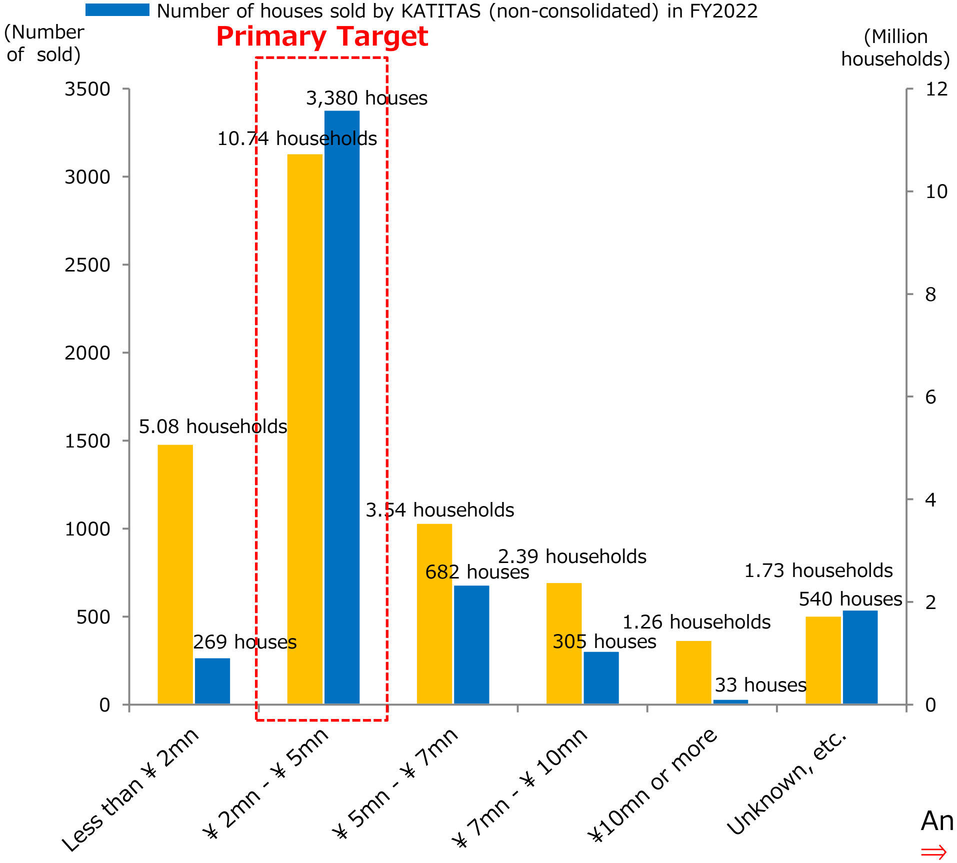
Source: Ministry of Internal Affairs and Communications,"2018 Housing and Land Survey (Revised Report)"

(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, Sagamihara-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.

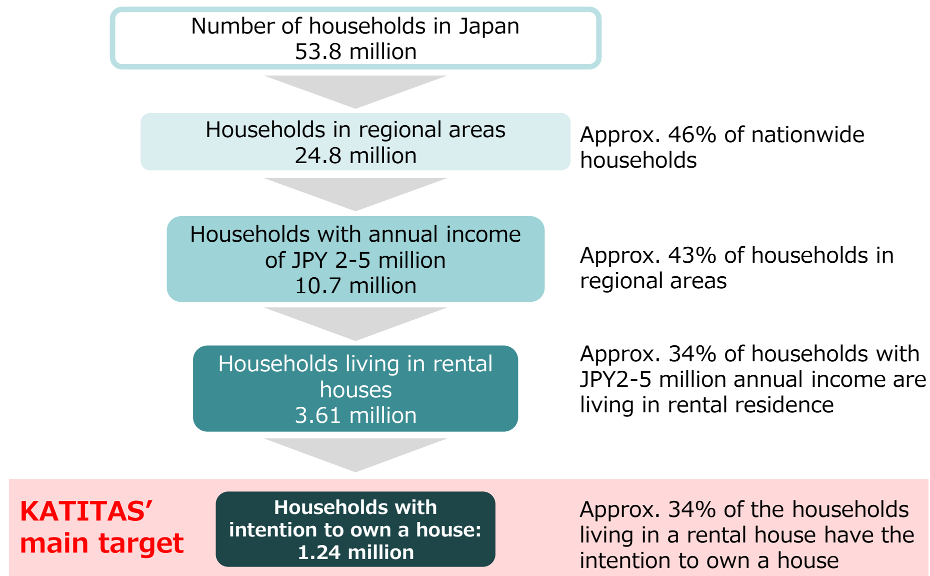
3. Fourth Housing Option in Regional Areas: Pre-Owned and Renovated Single-Family Houses

- 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 FY2022 was 5,209, which is equivalent to around 4.2% 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.

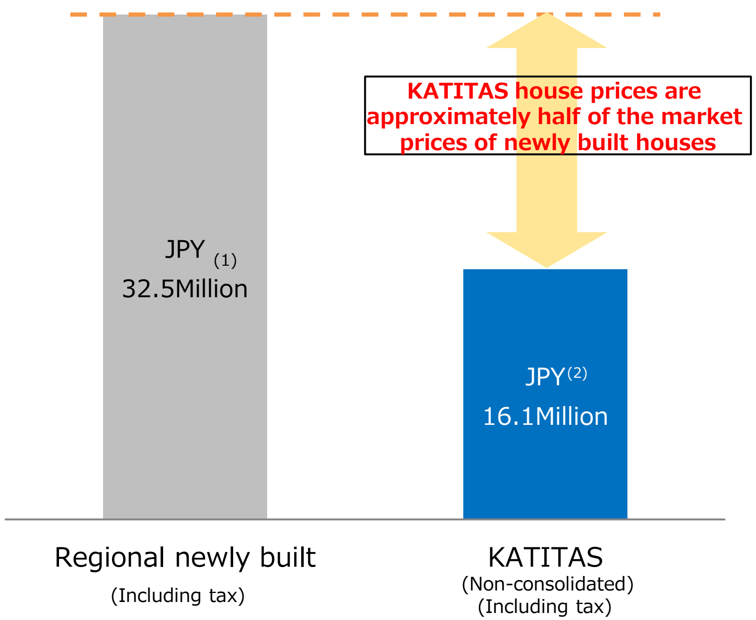
Annual number of houses sold by KATITAS: 5,209 (around 4.2% of target)
⇒ There are still many potential customers

Sources: Ministry of Health, Labour and Welfare "2015 Comprehensive Survey of Living Conditions", Ministry of Internal Affairs and Communications "2018 Housing and Land Survey (Revised Report)", National Institute of Population and Social Security Research "2014 Household Projections for Japan by Prefectures" and Ministry of Land, Infrastructure, Transport and Tourism "Outline of 'FY2015 Survey of Public Consciousness about Land Issues'"

3. Offering High-Quality Renovated Houses at Reasonable Prices

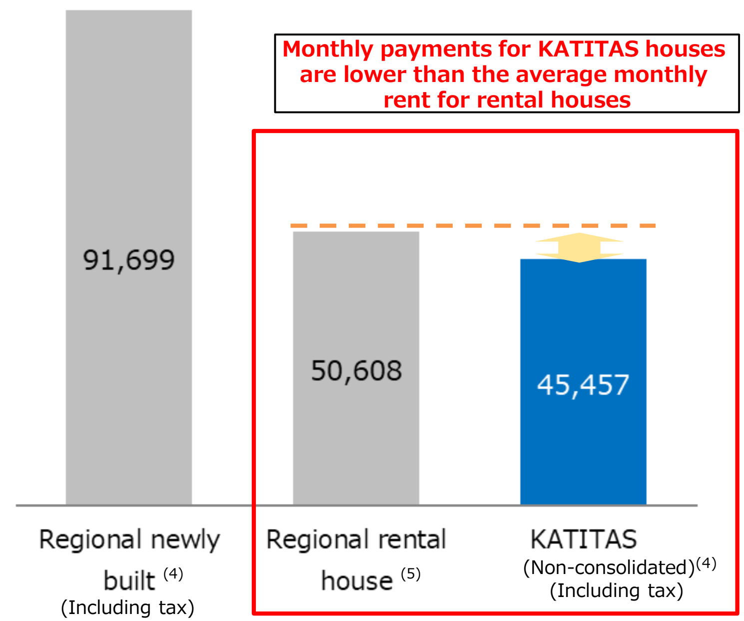
- KATITAS is able to offer renovated houses at roughly half the price of comparable newly built houses, that also offer lower monthly mortgage payments compared to renting
- Customers can purchase a home with a mortgage within their means, in accordance with the growth of their children and other life 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 2022 to December 2022
Timing of construction	In January 2022 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%	¥ 91,699	¥ 45,457
	1.5%	¥ 99,463	¥ 49,305
	2.0%	¥ 107,609	¥ 53,343

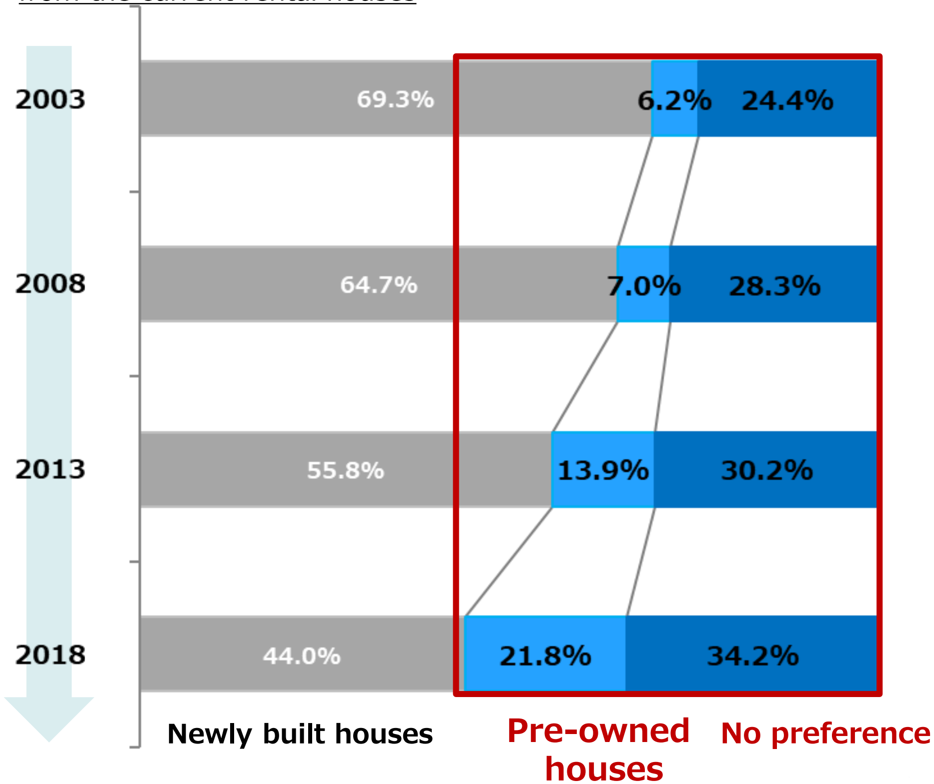
(1)Average prices (including tax) of newly built houses are surveyed under the screening method described above, based on the "Integrated System of Land Information" operated by Ministry of Land, Infrastructure, Transport and Tourism
(2)The average sales price of KATITAS is calculated based on the sale price of properties constructed during the period between April 2022 and March 2023.
(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

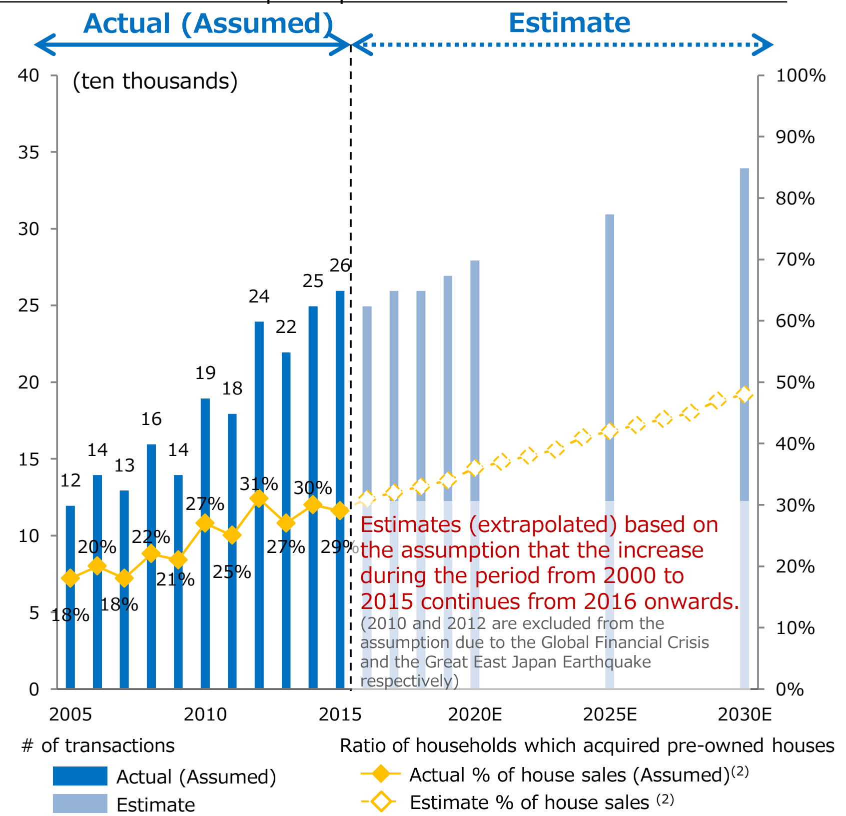
Survey of preference in moving to newly built or pre-owned houses from the current rental houses



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

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



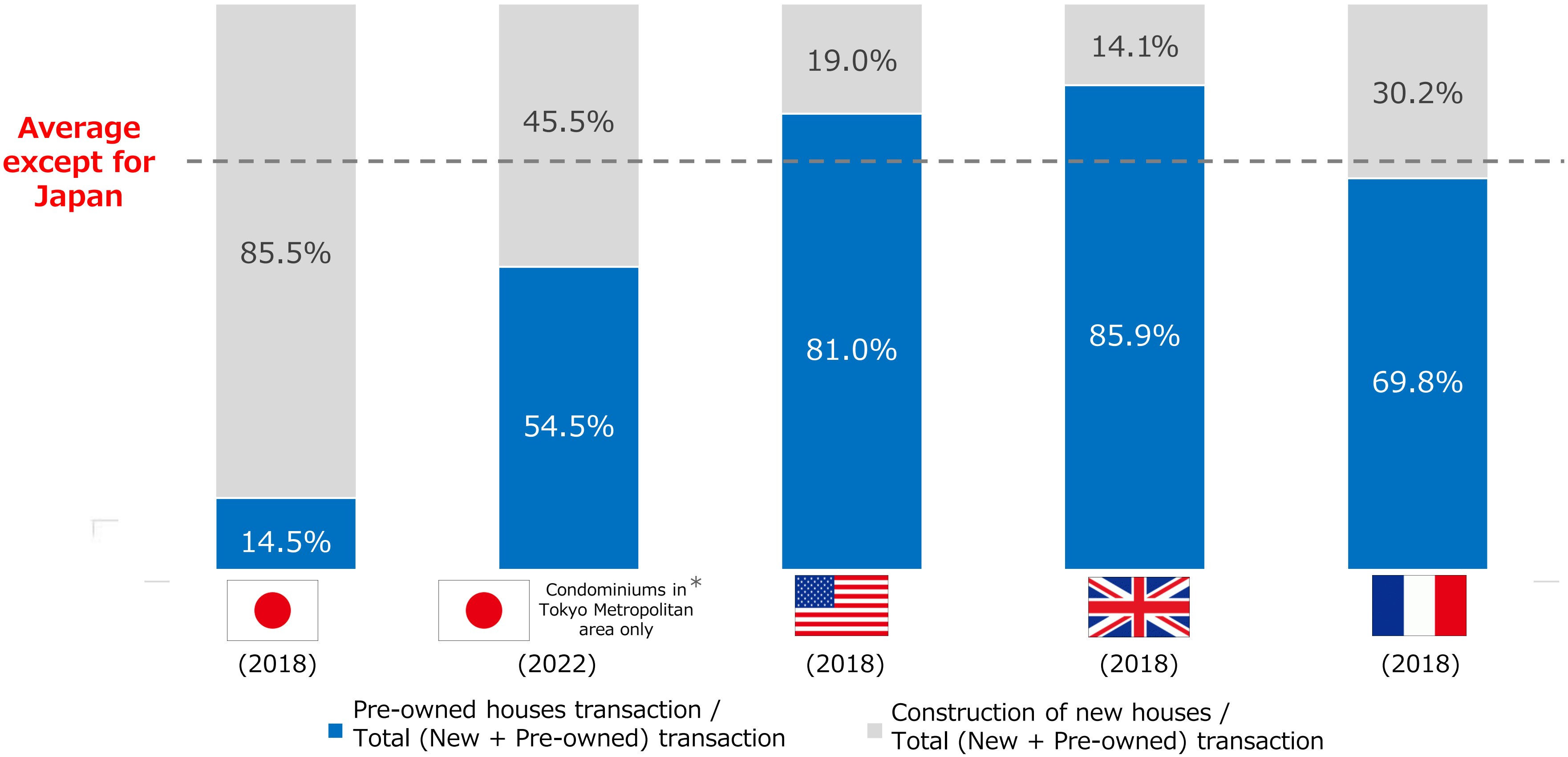
Source: Produced by KATITAS based on data in NRI's June 7, 2016 press release claiming that existing housing will increase to 340,000 houses by 2030 and unoccupied houses will double to more than 20 million houses by 2033.

(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.

Source: Ministry of Land, Infrastructure, Transport and Tourism, "Revitalization of the Pre-owned Housing Market" (May 7, 2020) / Real Estate Economic Institute "Nationwide New Condominium for Sale Market Trends 2022 (Annual Summary)" / Real Estate Information Network for East Japan "Trends in the Metropolitan Real Estate Distribution Market (2022)"

3. The Company's Customer Profile

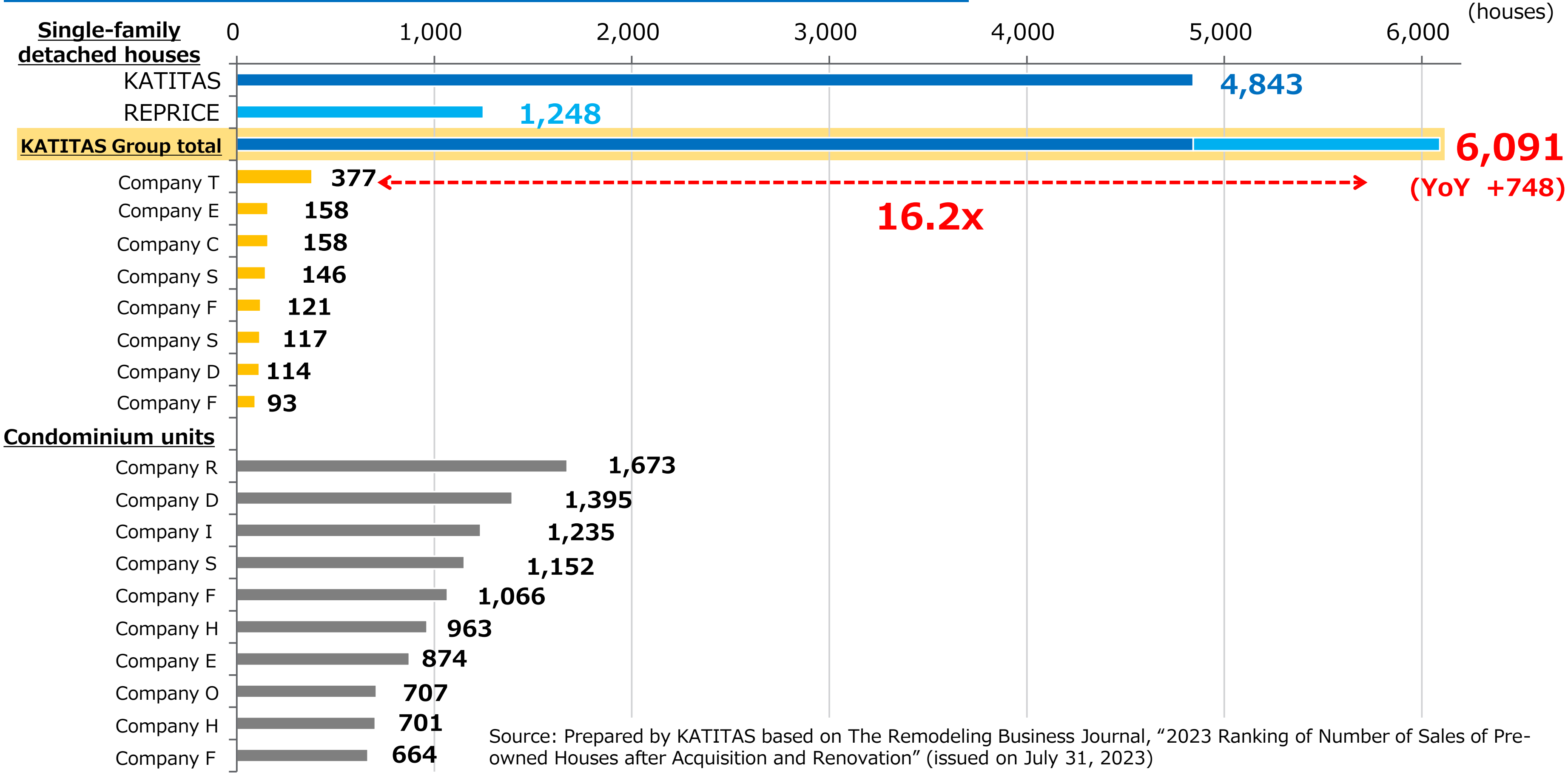
	Customer profile
Business area	**Suburban areas surrounding regional cities** (Targeting regions with populations of 50,000 – 300,000)
Properties handled	Mainly pre-owned single-family **detached houses** which have become vacant due to events such as inheritance
Average selling price	**JPY 16.1 million** (including tax)
Buyers' needs	**Actual demand** (our customers purchase the properties to live in rather than for investment)
Buyers' age range	**30s–50s** (71.2% of the Company's sales results)
Buyers' annual income	**JPY 2-5 million** (64.9% 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	**Mortgage**
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, 2023.
(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 (FY2022) UPDATE



Source: Prepared by KATITAS based on The Remodeling Business Journal, “2023 Ranking of Number of Sales of Pre-owned Houses after Acquisition and Renovation” (issued on July 31, 2023)

(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 70,000 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 70,000 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

家に価値タス カチタス

Entry Barrier

Individual property characteristics

Property conditions are extremely varied

Even with properties built by the same home builder, the deterioration of properties differs based on the location and maintenance.

Economies of scale do not apply

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.

Regional characteristics

Lifestyles by region

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.

Differing business environments

The presence of competition as well as the number and level of partner companies such as contractors and other licensed professionals differ by region.

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

Competitive Advantage

Standardization policies

- **Preparation and weekly updates of manuals**

  ～Organize individual work processes including purchasing, reforms, and sales in detail.
  Create manuals for renovation contractors as well.

- **Standardization of knowledge**

  ～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.

- **Checking system at headquarters**

  ～Check the contents of contracts and reforms at headquarters from a third-party perspective.

Individual solutions policies

- **Sales staff oversees every phase of the business flow**

  ～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.

- **Hire personnel with ties to each region throughout Japan**

  ～Hire "exceptional students wishing to work for the region" at local universities and establish positioning as a company that works for the region.

- **Compensation system not reliant on results**

  ～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 70,000 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

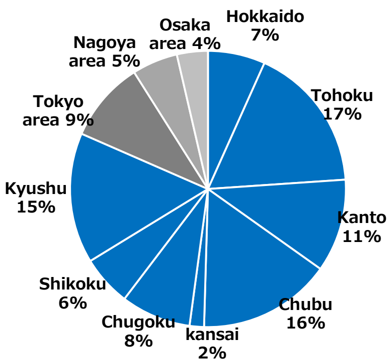
3. Nationwide Branch Network and High Brand Recognition

■ 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

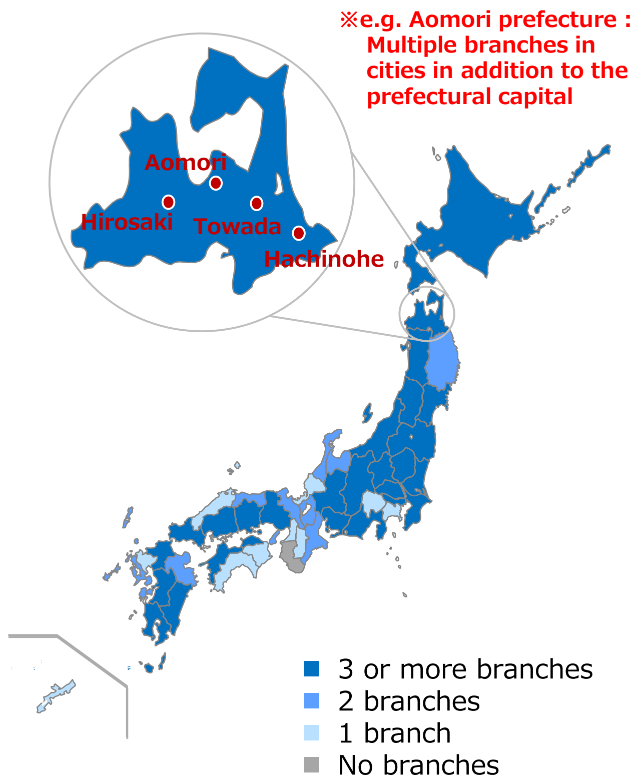
Nationwide Branch Network

KATITAS: Sales by area(1)(2)
(FY2022, based on number of units)

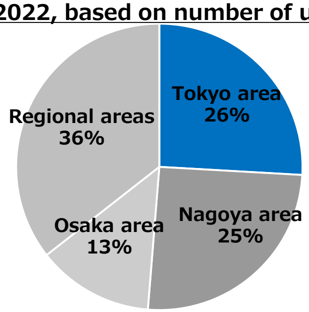


*Number of properties sold (FY2022): 5,209

Branch Locations(3) of KATITAS
(As of March 31, 2023)



REPRICE: Sales by area(2)
(FY2022, based on number of unit)

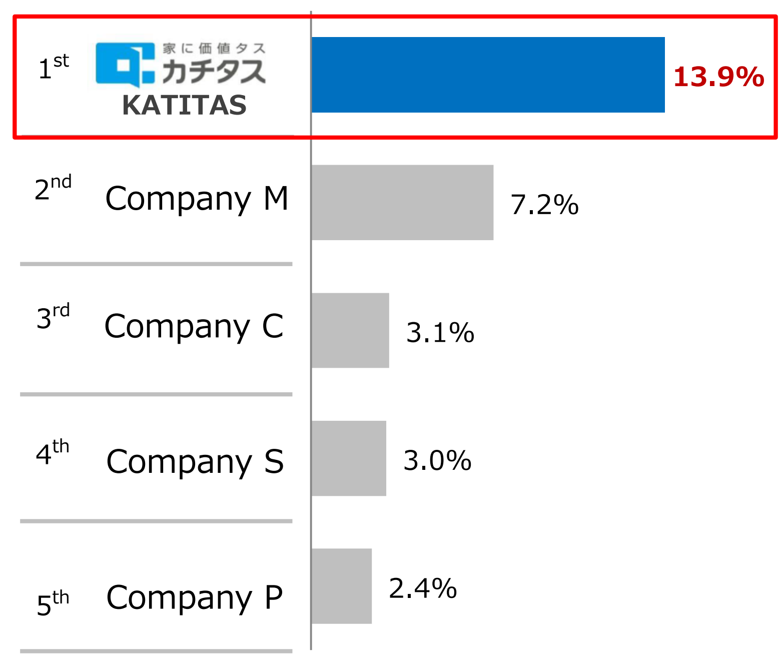


*Number of properties sold (FY2022): 1,718
*"Regional areas" are other areas than the "three metropolitan areas"(2)

High Brand Recognition in Regional Areas

Survey on Brand Recognition(4)

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

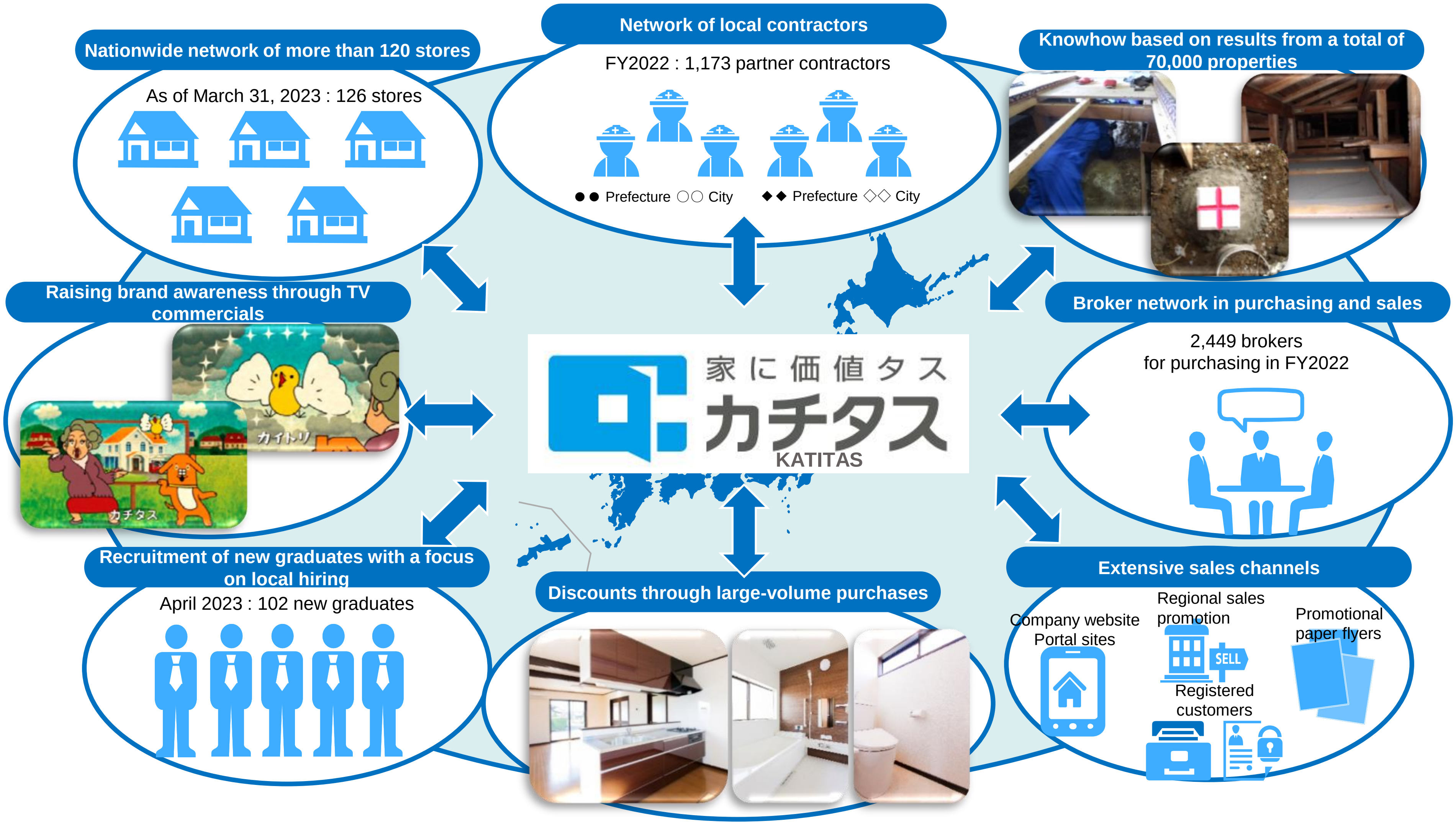


Source: Web-based survey without presenting answers options in February 2023 conducted by a third-party research firm requested by KATITAS. The number of samples of each survey was 1,100. 10 prefectures were selected as target survey areas and the surveys were conducted in rotation. The above chart shows 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 February 2023 were Aomori, Iwate, Akita, Niigata, Ishikawa, Yamaguchi, Kumamoto and Kagoshima prefectures (where TV commercials were aired), as well as Gunma and Mie 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 70,000 pre-owned single-family homes, leading to accumulation of know-how (Management of failure)
- Conducting efficient procurement and renovation by utilizing organized third parties such as builders and intermediaries
- Advantage in ability to procure vacant pre-owned homes that competitors are unable to acquire, utilizing our ability to judge, procure, plan and renovate

Accumulated Knowhow based on Track Record

Ability to assess property purchase risks

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

Ability to plan renovation work

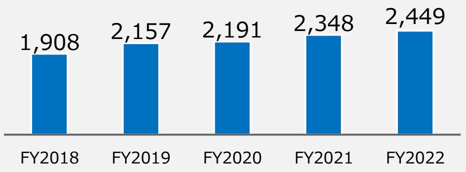
- ✓ Exploit renovation know-how to meet customer needs with a reasonable selling price
- ✓ Plan renovation to make purchased properties sellable, by addressing region specific needs
- ✓ Awarded by the Ministry of Economy, Trade and Industry as an Innovative Renovation Company in 2015[3]

Well-organized Third Parties

Ability to procure properties

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

Number of partner intermediaries*

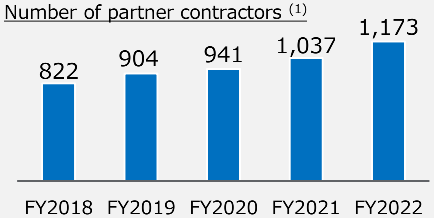


* Number of intermediary companies with which KATITAS concluded one or more purchase transaction annually

Ability to implement renovation work

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

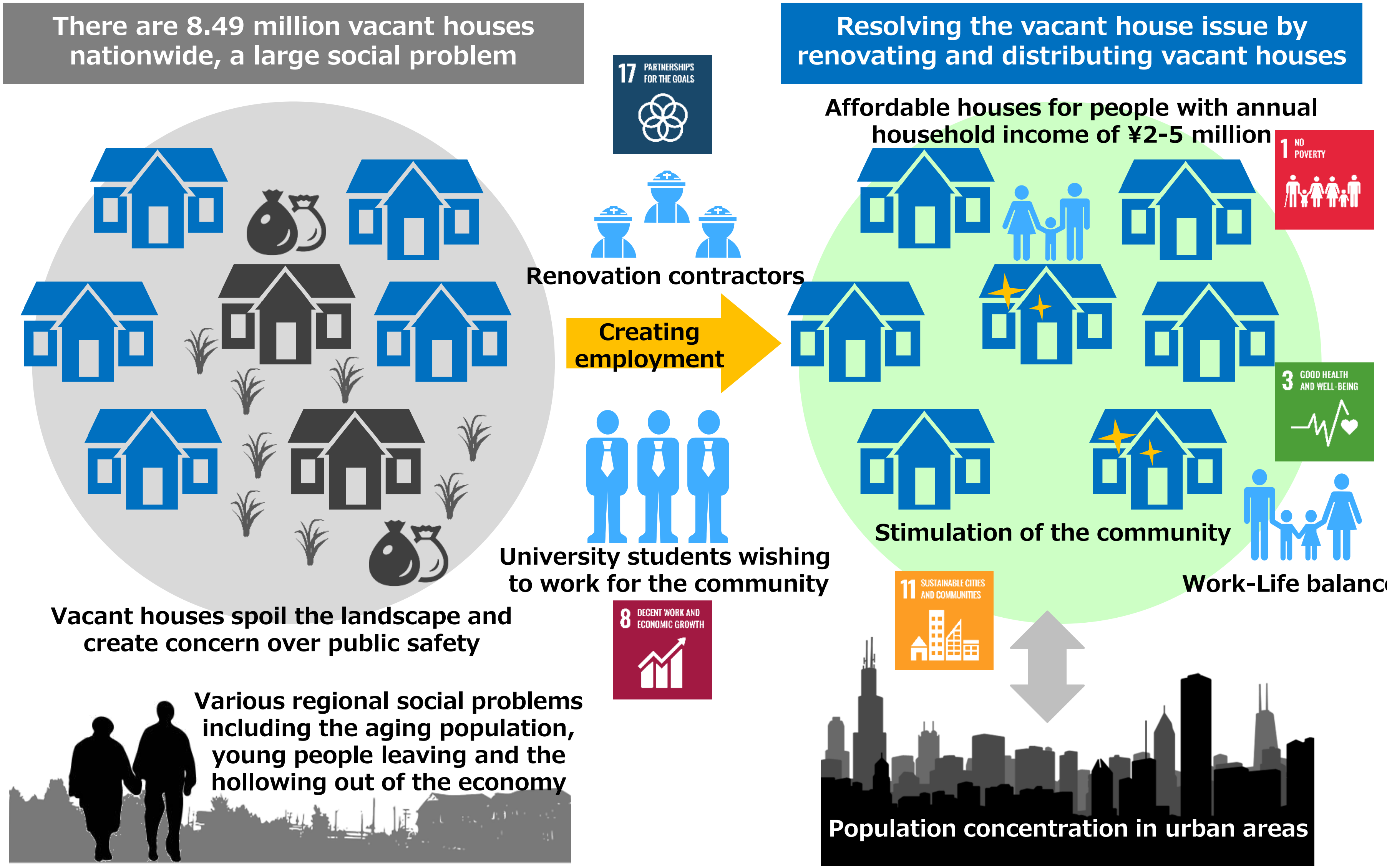
Number of partner contractors [1]



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

(1) The number of contractors and intermediary companies are on a non-consolidated basis
(2) Starting in 2014, METI has been granting annual awards to companies that address a variety of needs of consumers with the strengths of their unique business models

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



*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

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Scrap and build new houses

CO2 emissions volume (1)

newly built	283kg-CO2/㎡
KATITAS	76kg-CO2/㎡

The wooden materials used

newly built	23㎥ (2)
KATITAS	3㎥ (3)

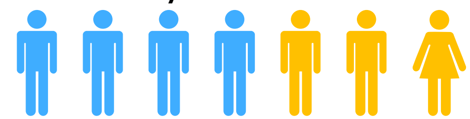
7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

15 LIFE ON LAND

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.

Wage system (5)	Fixed salaries and allowances 80%	Incentives 20%

Weekly video conference connecting all branches nationwide

- ✓ Communication including failure cases and compliance.

The three reporting principles

- ✓ Thorough internal notifications on compliance awareness.

1. **Promptly** report trouble
2. **Report the bad** things first
3. **Do not lie**

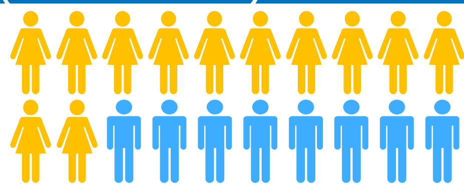
- Voluntary Remuneration Advisory Committee
- Monthly partner meetings held with renovation contractors (KRP Meeting)
- Monthly human rights education

(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, 2023
(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

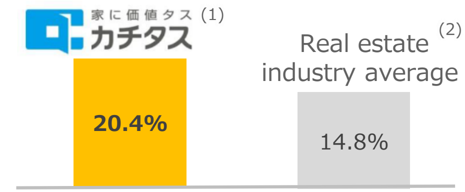
- KATITAS actively recruits and promotes women because operations to purchase houses and to remodel them are ones in which women can take an active role.
- KATITAS contributes to the revitalization of local regions through the creation of job opportunities for women, which is an issue in local regions 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 (FY2022 results)



60% (12) of the company's top-ranking sales personnel were women

Percentage of female managers(As of April 2023)

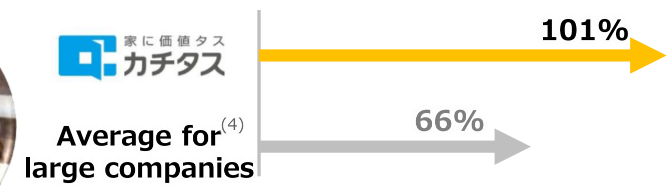


KATITAS also has a high percentage of women in managerial positions*1

Female employee ratio: 40.3% (As of April 2023)

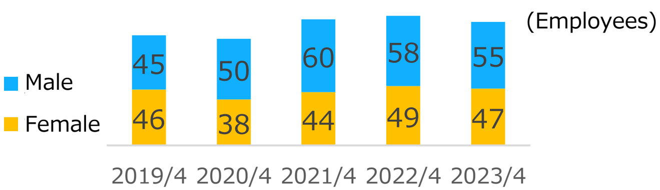
Many women interested in renovations and housing

Ratio of women and men in terms of average years of service (As of March 31, 2023) (3)



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

2023 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

(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 (2022)"
(3) Average years of service of female employees(6.6years) / Average years of service of male employees(6.5years)
(4) Average years of service of female employees(10.5years) / Average years of service of male employees(15.8years)
Source: The Ministry of of Health, Labour and Welfare "Basic Survey on Wage Structure (2022)"

Presentation Highlights

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, 2023)
Number of outstanding shares	78,650,640 shares (As of March 31, 2023)
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, 2023)
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
May. 2021	Cumulative number of homes sold by REPRICE surpasses 10,000
Apr. 2022	Listed on the Prime Market of the Tokyo Stock Exchange
May. 2023	Cumulative number of homes sold by KATITAS surpasses 70,000

4. KATITAS Group Branch List（All Own Branches）

Branches (As of Jun 30, 2023)

KATITAS 家に価値タス カチタス ⇒ Nationwide network covering regional small- to medium- sized cities

Hokkaido
Sapporo
Otaru
Asahikawa
Iwamizawa
Kitami
Hakodate
Kushiro
Obihiro
Muroran

Tohoku
Hirosaki
Towada
Hachinohe
Aomori
Morioka
Ichinoseki
Hanamaki(1)
Sendai
Ishinomaki
Natori
Osaki
Akita
Yokote
Odate
Yamagata
Sakata
Yonezawa
Koriyama
Iwaki
Aizu
Fukushima

Kanto
Mito
Tsukuba
Shimotsuma
Hitachi
Tochigi
Utsunomiya
Oyama
Nasu
Ota
Midori
Numata
Takasaki
Maebashi
Kumagaya
Koshigaya
Kawagoe
Iruma
Higashi-Matsuyama
Honjo(1)
Mobara
Kisarazu
Sakura
Hachioji
Hon'atsugi

Koshinetsu, Hokuriku
Nagaoka
Niigata
Joetsu
Shibata
Tsubamesanjo
Toyama
Takaoka
Kanazawa
Nanao
Fukui
Kofu
Ueda
Nagano
Matsumoto
Ina
Suwa(1)

Tokai
Gifu
Tajimi
Ogaki
Shizuoka
Numazu
Iwata
Fuji
Nagoya
Toyohashi
Matsuzaka
Nabari

Kansai
Hikone
Kusatsu
Fushimi
Fukuchiyama
Kobe
Himeji
Takarazuka
Nara

Chugoku
Tottori
Yonago
Izumo
Okayama
Tsuyama
Higashi-Hiroshima
Hiroshima
Fukuyama
Miyoshi
Yamaguchi
Shimonoseki
Iwakuni

Shikoku
Tokushima
Takamatsu
Marugame
Matsuyama
Saijo
Uwajima
Kochi

Kyushu
Fukuoka
Fukuoka-Higashi
Kita-Kyushu
Kurume
Iizuka
Omuta
Saga
Sasebo
Isahaya
Kumamoto
Yatsushiro
Uki
Oita
Nakatsu
Miyazaki
Miyakonojo
Nobeoka
Kirishima
Kagoshima-Chuo
Satsumasendai
Okinawa

Total 129 Branches

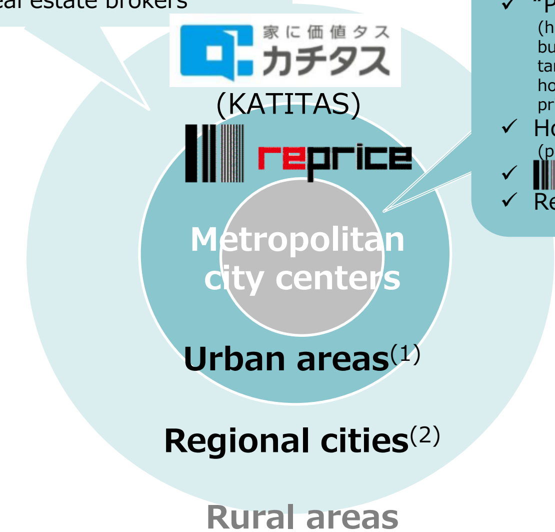
＋

reprice ⇒Focus on urban areas

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

Total 14 Branches

Main types of house sellers
- ✓ Local home builders
- ✓ 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) The branches newly opened in FY2023 1Q

(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	✓ Residential properties subject to auction due to owners' inability to repay housing loans, etc. ✓ Sold through courts	✓ Residential properties purchased from house owners directly or through housing brokers
Difficulty in procurement	✓ Anyone can participate in auction process ✓ Purchasing team is not required for negotiations with house owners **→ Entry barrier: Low**	✓ 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) **→ Entry barrier: High**
Price competition	✓ Supply volume is unstable and sensitive to economic circumstances ✓ Many participants in the market spurs price competition **→ Gross margin ratio(2): Low (20.1%(1))**	✓ Stable supply volume backed by events such as inheritance and relocation of residence ✓ Negotiation-based transactions are less likely to cause price competition **→ Gross margin ratio(2): High (25.7%(1))**
Inventory period	✓ Longer time for properties to be delivered after a successful bid **→ Inventory period(3): Long (340 days(1))**	✓ Properties can be delivered shortly after purchase, which enables us to commence renovations promptly **→ Inventory period(3): Short (177 days(1))**
Quality risk	✓ Preliminary inspection of properties prior to a bidding is not possible **→ Risk related to quality of residence: High**	✓ Preliminary inspection of properties prior to purchase is possible **→ Risk related to quality of residence: Low**

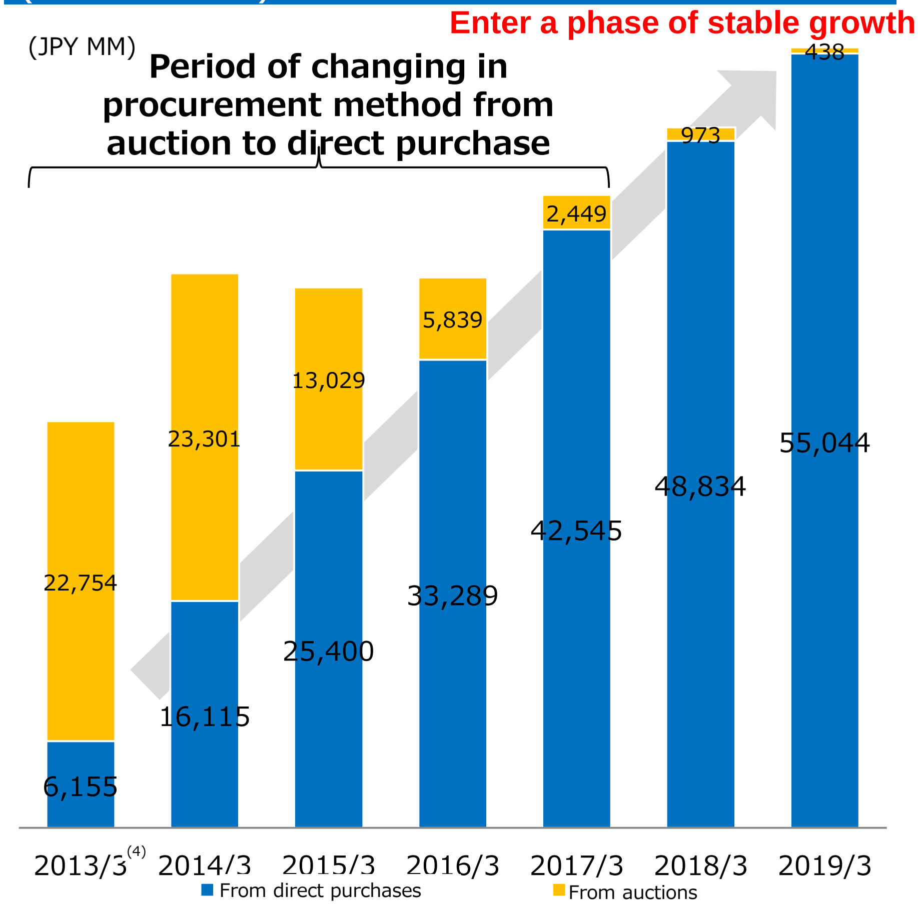
(1) Figures in brackets represent historical results of KATITAS on a non-consolidated basis (averages with respect to properties procured through auctions or direct purchases (FY2017/3))
(2) Gross margin ratio (Management accounting base): Gross profit ÷ Net sales
(3) Inventory period: Simple average 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

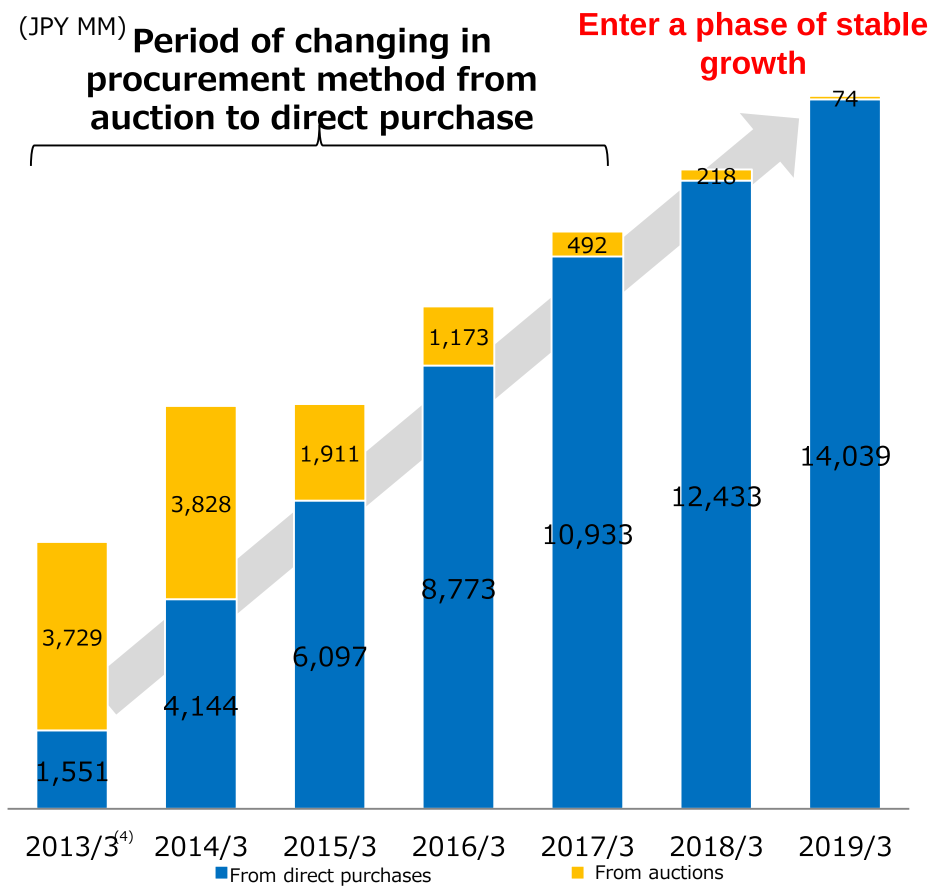
(Reposted from 4Q FY2018)

- 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)

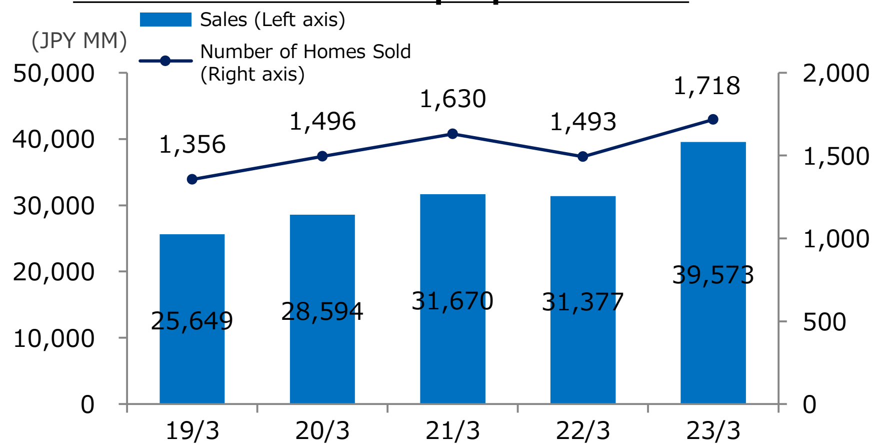


(1) Please refer to P.50 regarding the comparison between procurement through auctions and direct purchases
(2) Sales and gross profit are based on managerial accounting
(3) Gross profit from sales attributed to homes procured through auction and direct purchases is based on the procurement costs and 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

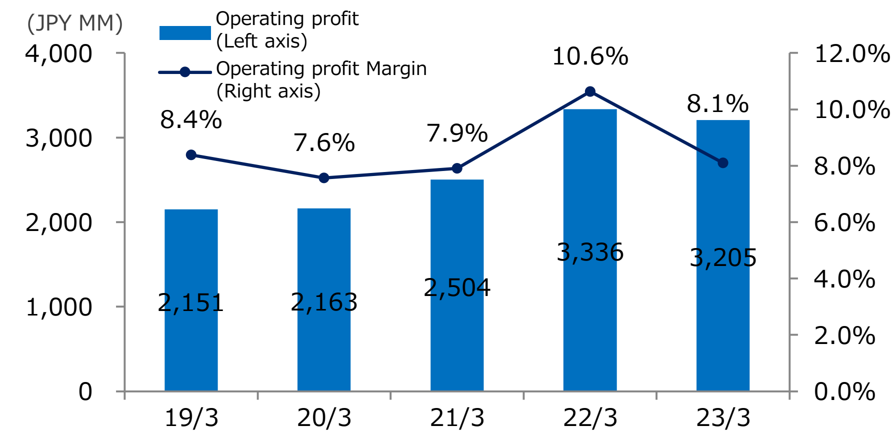
4. Merger and Synergies with REPRICE

- 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.

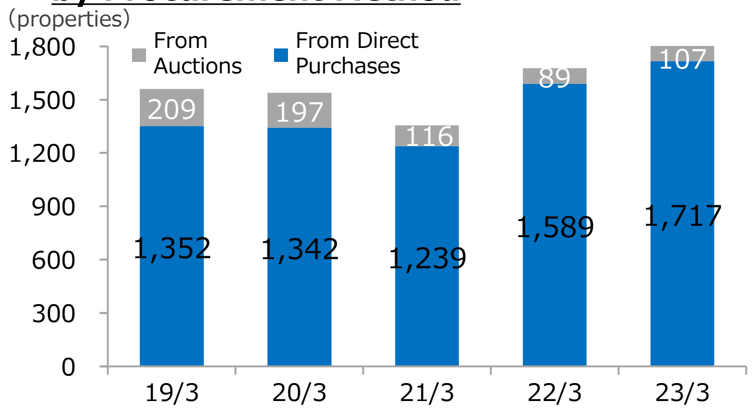
Sales and number of properties sold



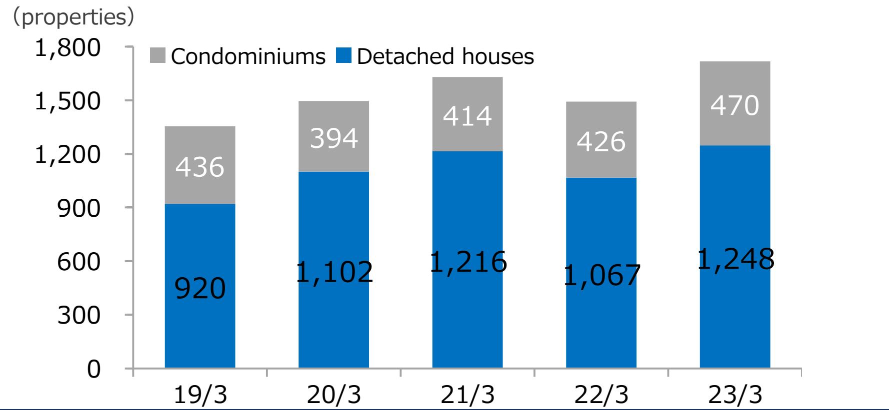
Operating profit and operating profit margin



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

KATITAS 家に価値タス カチタス ⟷ **Alliance** ⟷ ニトリ NITORI

Value-add via renovation

- 126 branches(1)
- 6,927 units sold in FY2022 (consolidated)
- 1,173 partner contractors(1)

Customer introduction ⟷

← **Home-staging**

← **Materials/logistics**

Contractors network →

Value of "Offering the Unexpected"

- 725 stores(2)
- Number of items sold 10,000 items / store
- Low-cost logistics system
- Private Brand materials "offering the unexpected"

(1) As of March 31, 2023
(2) Aggregate of "Nitori" stores, "Nitori Deco home" stores, "Nitori Express" stores and "Shimachu" stores in Japan (as of November 20, 2022)

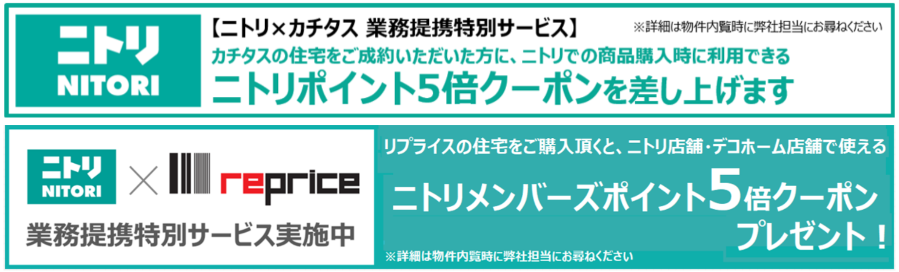
4. Progress of Alliance-based Operations(1/2)

- 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**

Coupon presented to purchasers when properties are delivered



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)

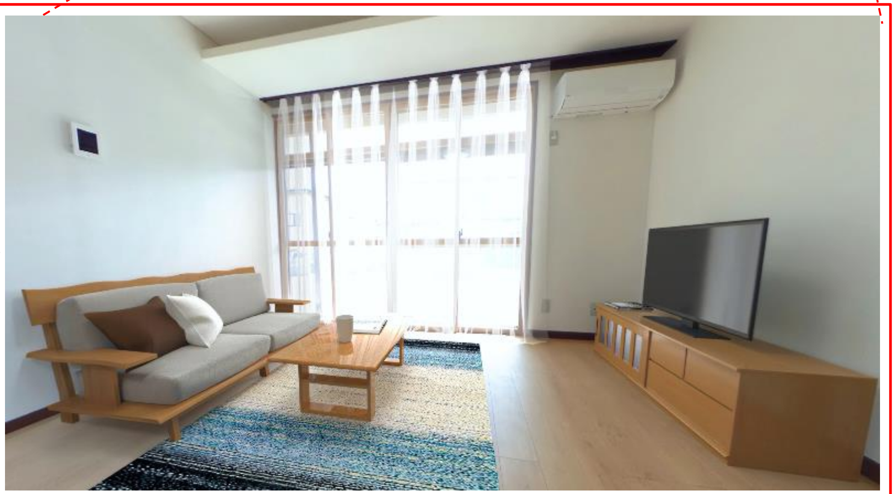
Monthly payments
JPY 44,573

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)]

先進的な
リフォーム事業者表彰
経 済 産 業 大 臣 賞

- 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

PORTER
PRIZE-2017
AWARD WINNER

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

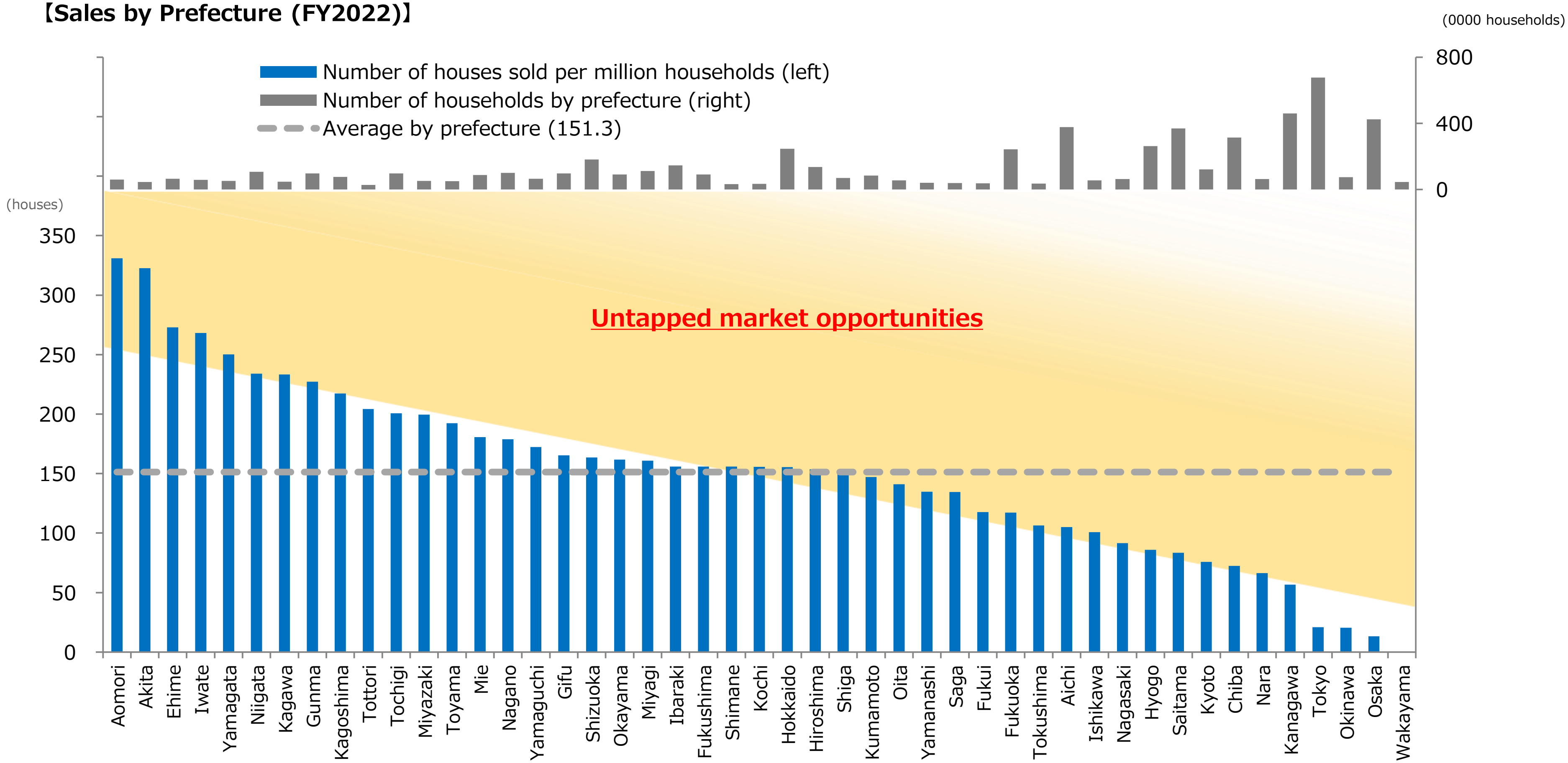
(1) Starting in 2014, METI has been granting annual awards to companies that address a variety of needs of consumers with the strengths of their unique business models

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 (FY2022)】

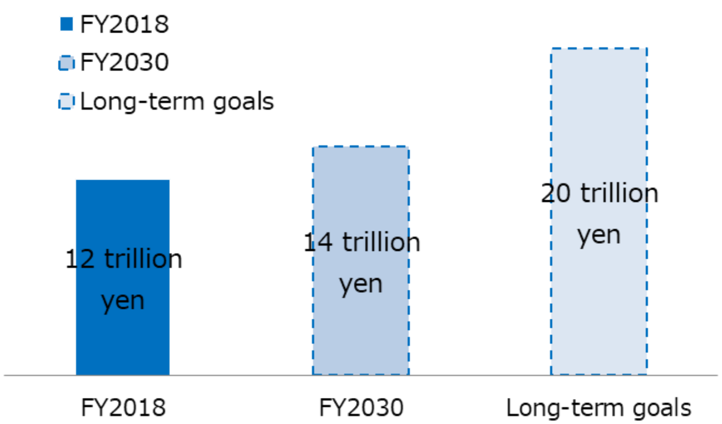


*Power builders: Home builders specializing in built-for-sale houses primarily targeting customers purchasing homes for the first time in the price range of JPY20MM-30MM.

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]

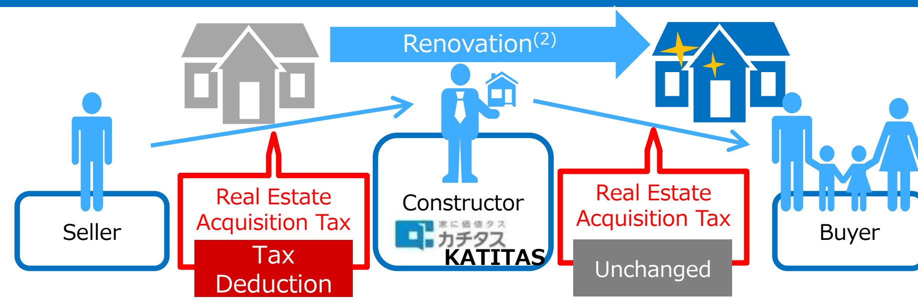


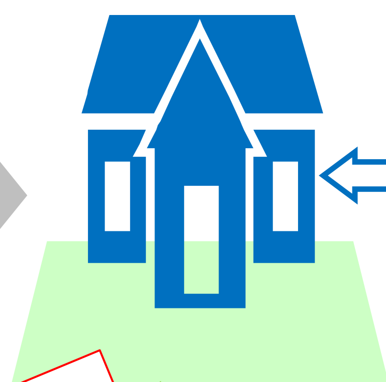
Government Plan

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. 25 years (1997/4/1~)	JPY12MM	**JPY360k**
Approx. 26~33 years (1989/4/1~1997/3/31)	JPY10MM	**JPY300k**
Approx. 34~37 years (1985/7/1~1989/3/31)	JPY4.5MM	**JPY135k**
Approx. 37~42 years (1981/7/1~1985/6/30)	JPY4.2MM	**JPY126k**
Approx. 42~47 years (1976/1/1~1981/6/30)	JPY3.5MM	**JPY105k**
Approx. 47~50 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㎡)**

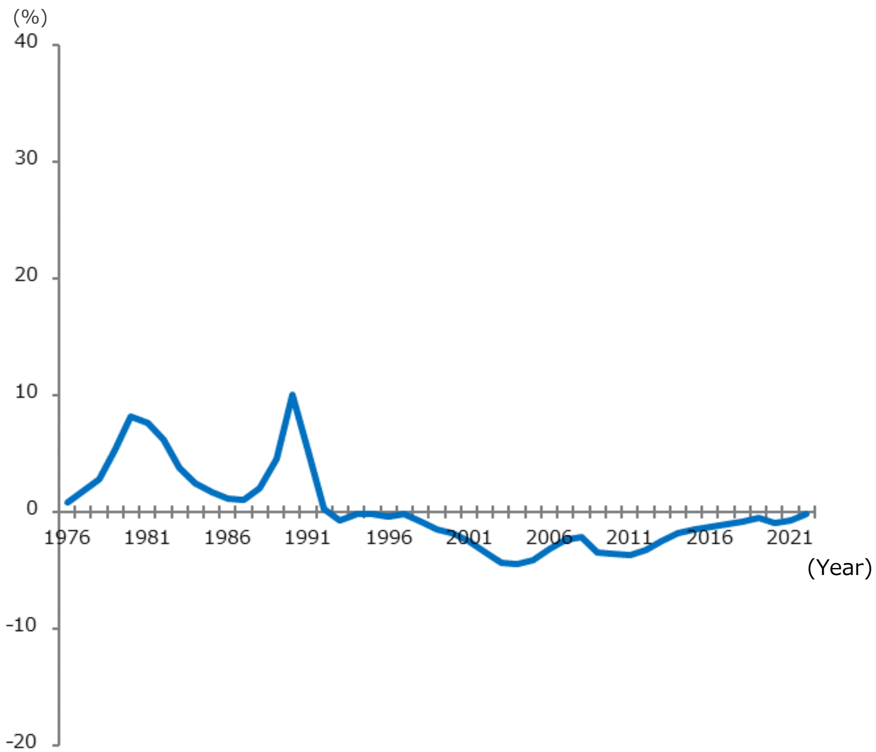
Tax burden reduction based on whichever is higher. Enacted on April,2018.

(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, 2023

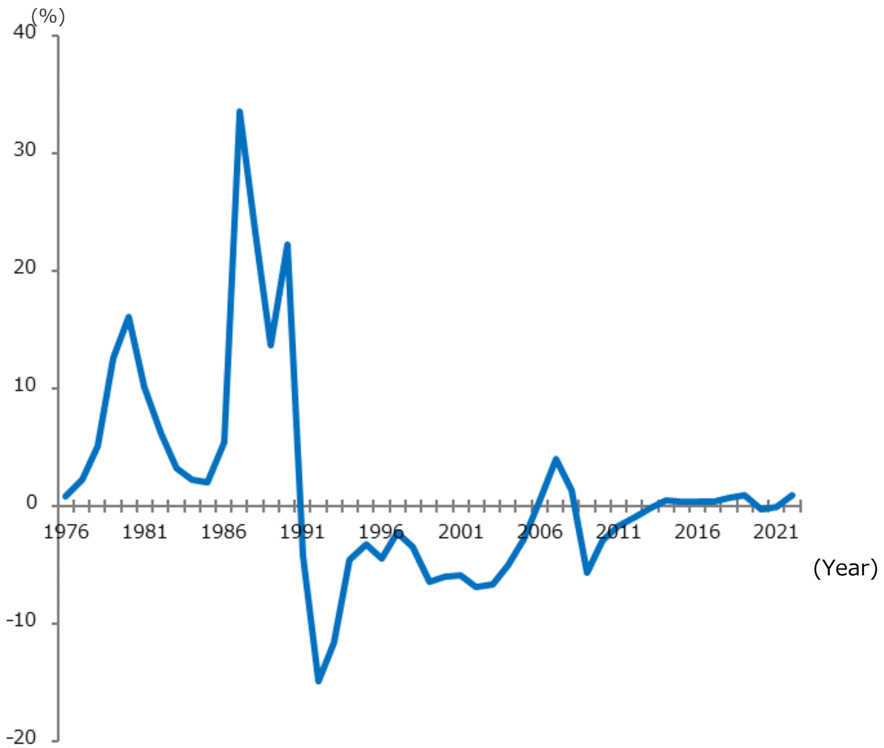
4. Trends in Land Prices - Regional Areas vs Three Metropolitan Areas

- 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



Source: Ministry of Land, Infrastructure, Transport and Tourism, “Survey of Land Prices by Prefecture”

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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.