



FY Nov 2021

Financial Result Summary

January 13, 2022



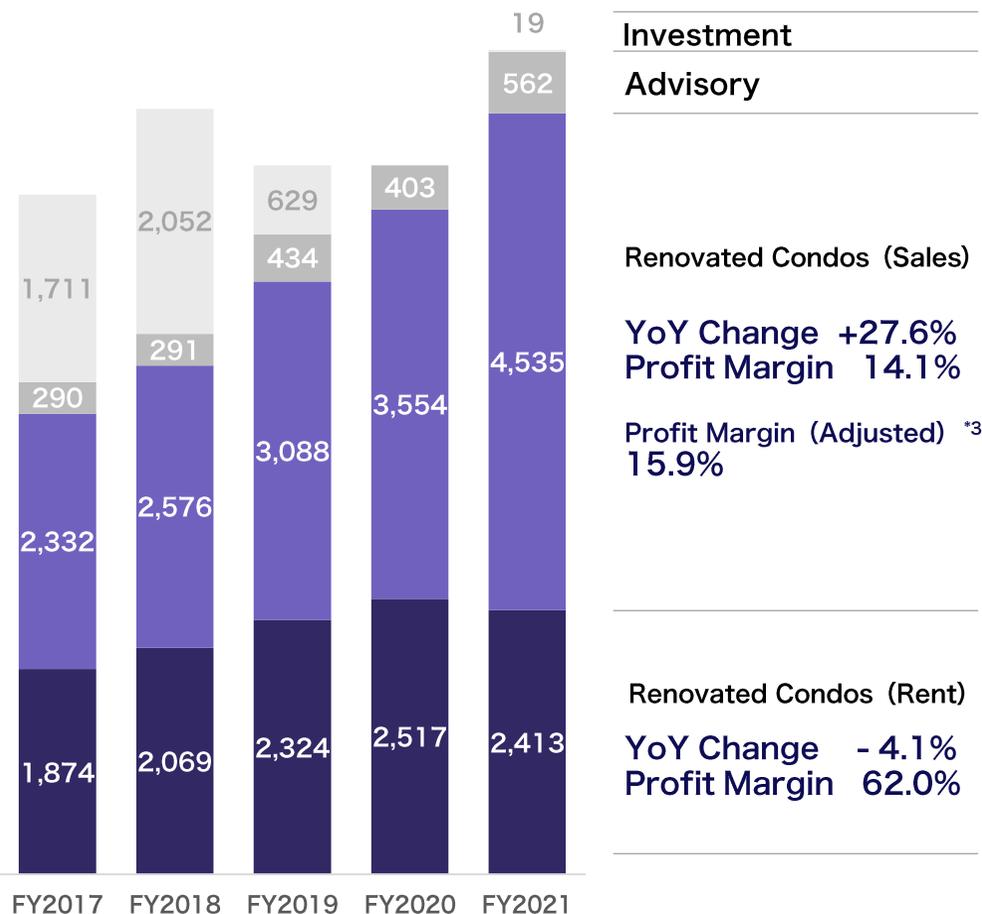
- 1. Executive Summary**
2. Business Outline
3. Corporate Strategy
4. Environment, Society and Governance
5. Shareholder Returns
6. Company Profile

- Strength in renovated condominium business contributed to best-ever profit.

Consolidated P/L (Summary)

	FY Nov 2020 (JPY million)	FY Nov 2021 (JPY million)	YoY Change
Sales	39,568	36,897	-6.8%
Renovated condominium business	38,858	36,006	-7.3%
Investment business	-	20	-
Advisory business	709	871	+22.7%
Gross profit	5,971	7,450	+24.8%
Renovated condominium business *1	5,568	6,868	+23.3%
Investment business	-	19	-
Advisory business	403	562	+39.6%
SG&A	2,689	3,163	+17.6%
Operating profit	3,281	4,286	+30.6%
Recurring profit	2,496	3,688	+47.7%
Net income	1,729	2,402	+38.9%

Gross Profit (Business Segment) *2 (JPY million)



*2 MTM loss in each business segment is not shown in this figure.

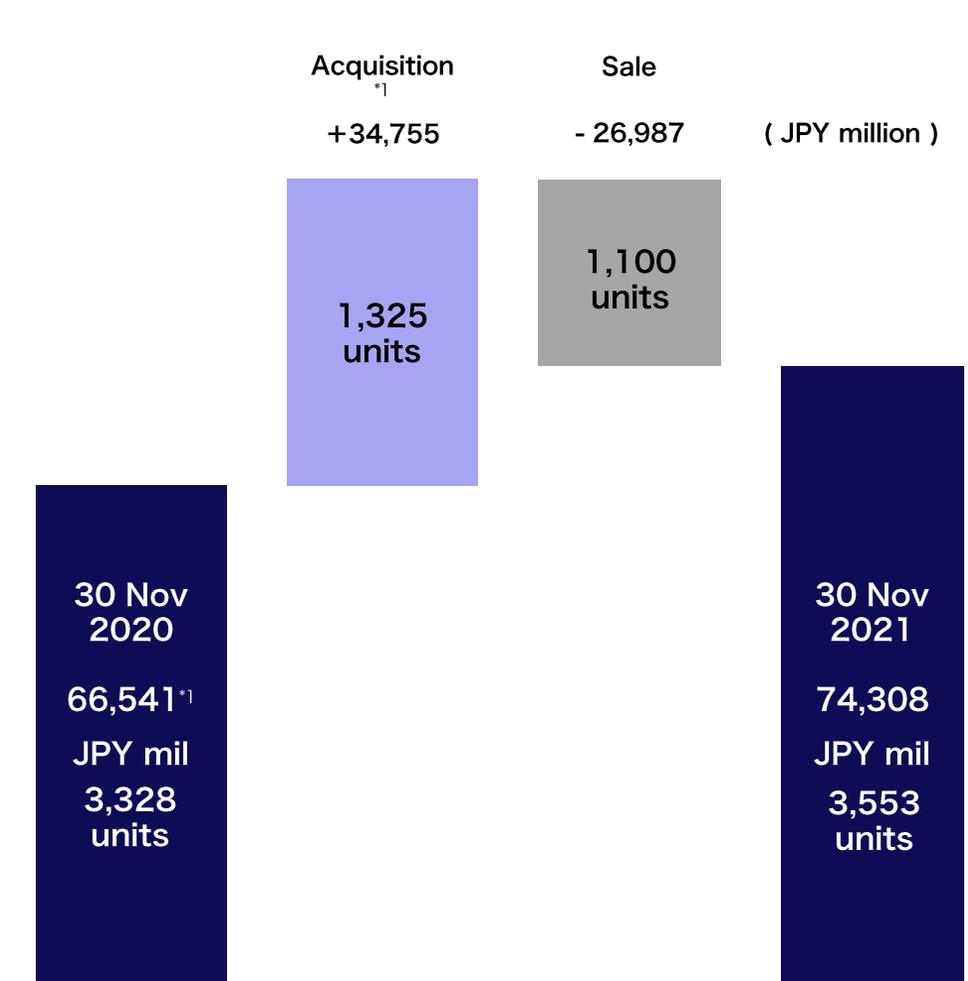
*3 Profit margin excluding transaction cost from cost of sales.

*1 Include MTM loss (FY2020 : 504 million, FY2021 : 80 million)

- Aggressive acquisitions led inventories to go up by 11.7% YoY.

Consolidated BS (Summary)
Change in Inventories

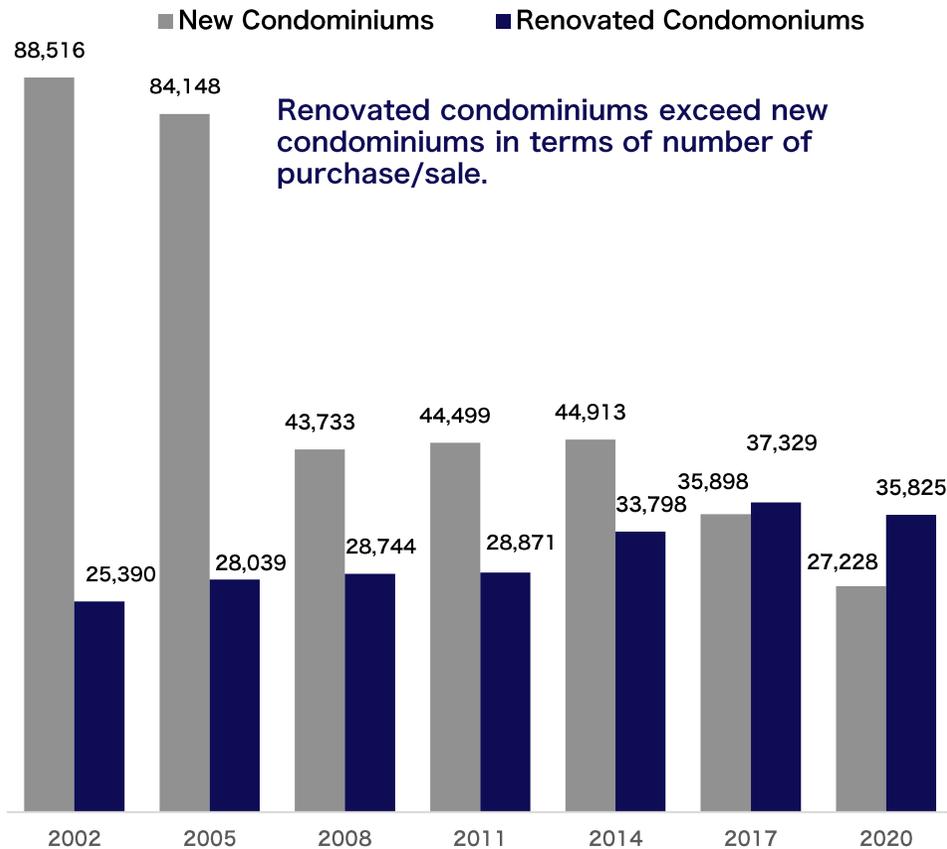
	FY Nov 2020 (JPYmillion)	FY Nov 2021 (JPYmillion)	YoY Change
Current assets	75,342	79,280	+5.2%
Cash and deposits	7,405	3,112	-58.0%
Inventories	66,541	74,308	+11.7%
Fixed assets	1,414	1,559	+10.2%
Tangible fixed assets	43	38	-11.4%
Total assets	76,758	80,843	+5.3%
Short-term liabilities	10,107	10,590	+4.8%
Long-term liabilities	46,938	48,991	+4.4%
Shareholder's equity	19,637	21,201	+8.0%
Capital-to-asset ratio	25.6%	26.2%	


^{*1} Including increase in book value as a result of renovation.

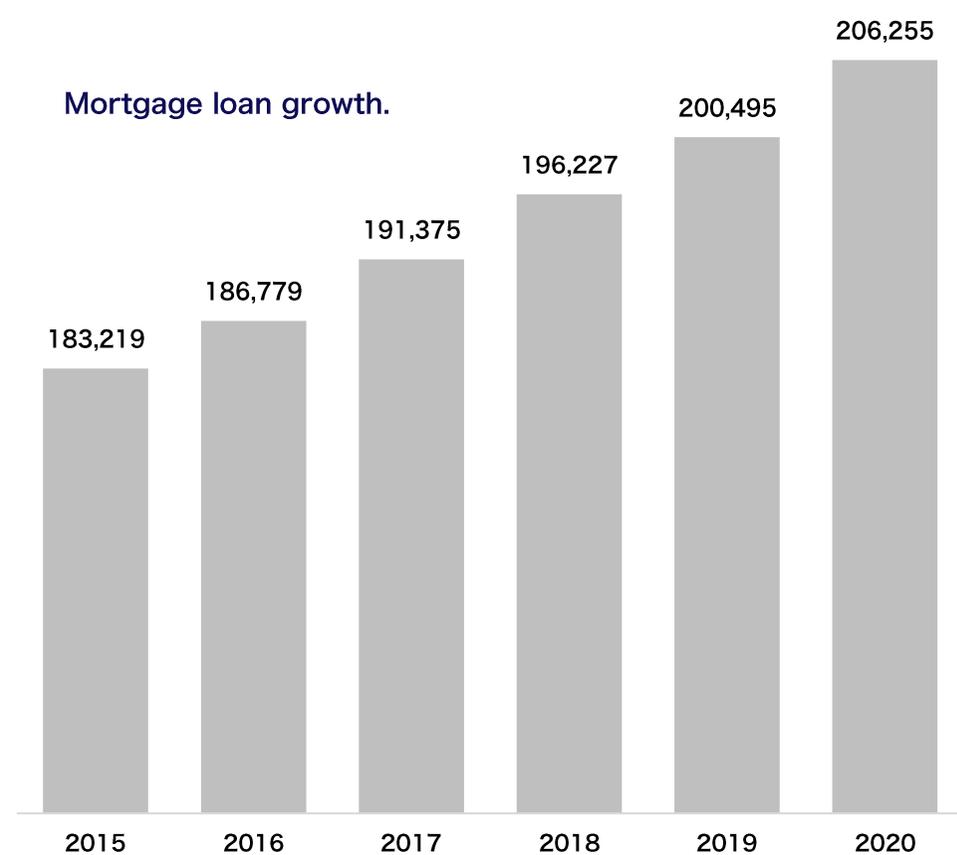
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- We anticipate demand for pre-owned condominiums to stay solid as supply of new condominiums remains limited.
- Easy monetary policy is keeping mortgage rates low, supporting the housing market.

<The Number of condominium sales (Tokyo Metro Area)>



<Mortgage loan balance (JPY billion)>



(Source) ZENTAKUREN real estate research industry, annual real estate business statistics, Starmica

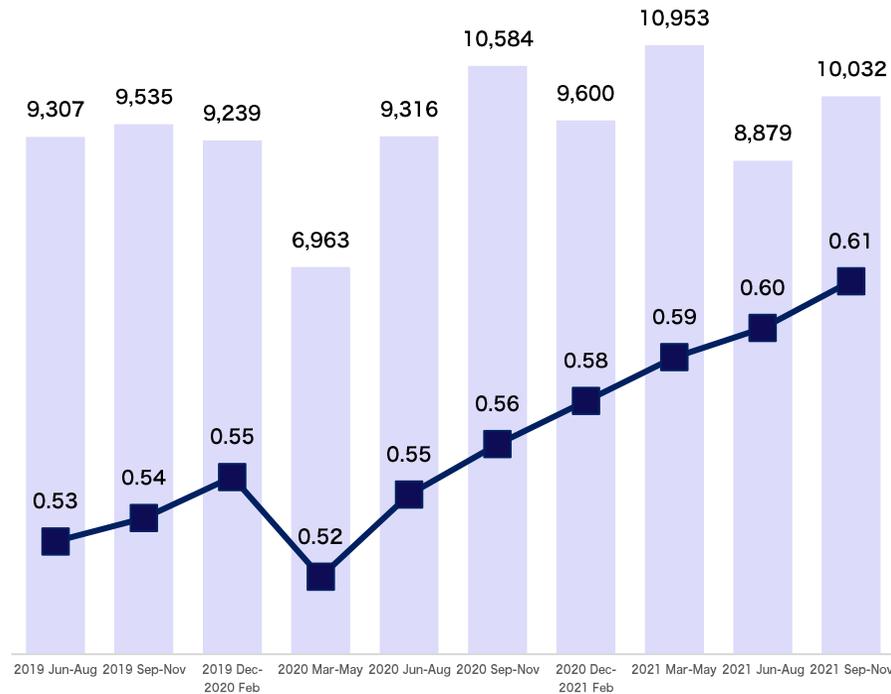
(Source) The Real Estate Transaction Promotion Center, real estate business statistics, Starmica.

- We have mixed views toward future purchase/sale price, that reached the highest level.
- Inventories are at lowest levels and bottoming out.

The unit price per square meter increased from 0.53 JPY million to 0.61 JPY million.

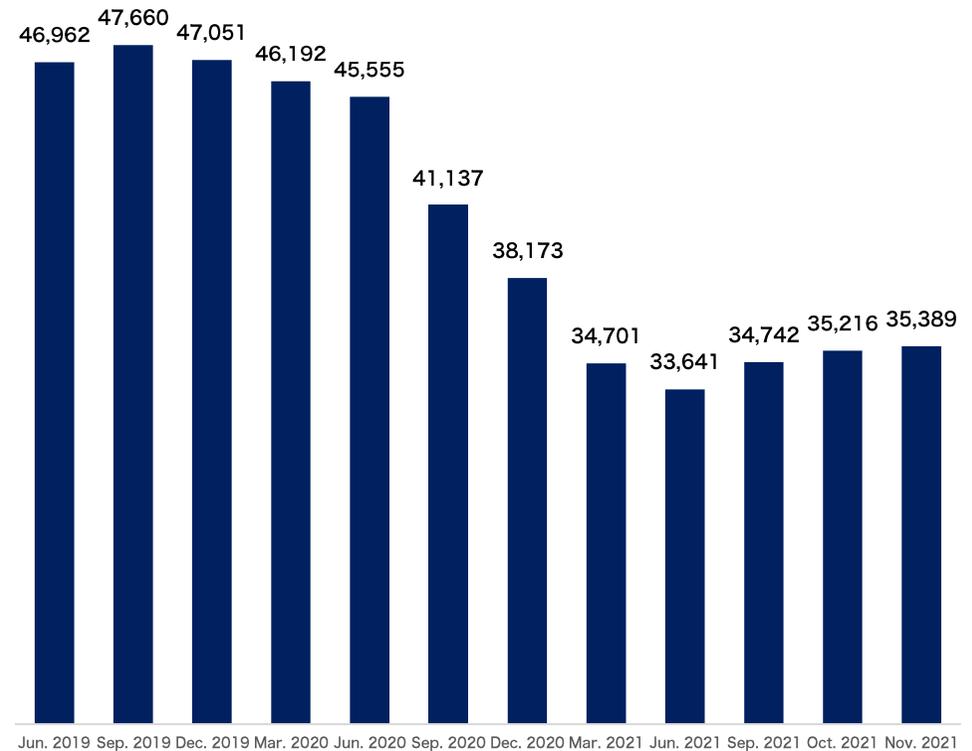
<Number of units (pre-owned condominium) and the unit price per square meter sold in Tokyo Metropolitan Area (units, JPY million) >

Number of units (pre-owned condominium) sold — Unit price per square meter



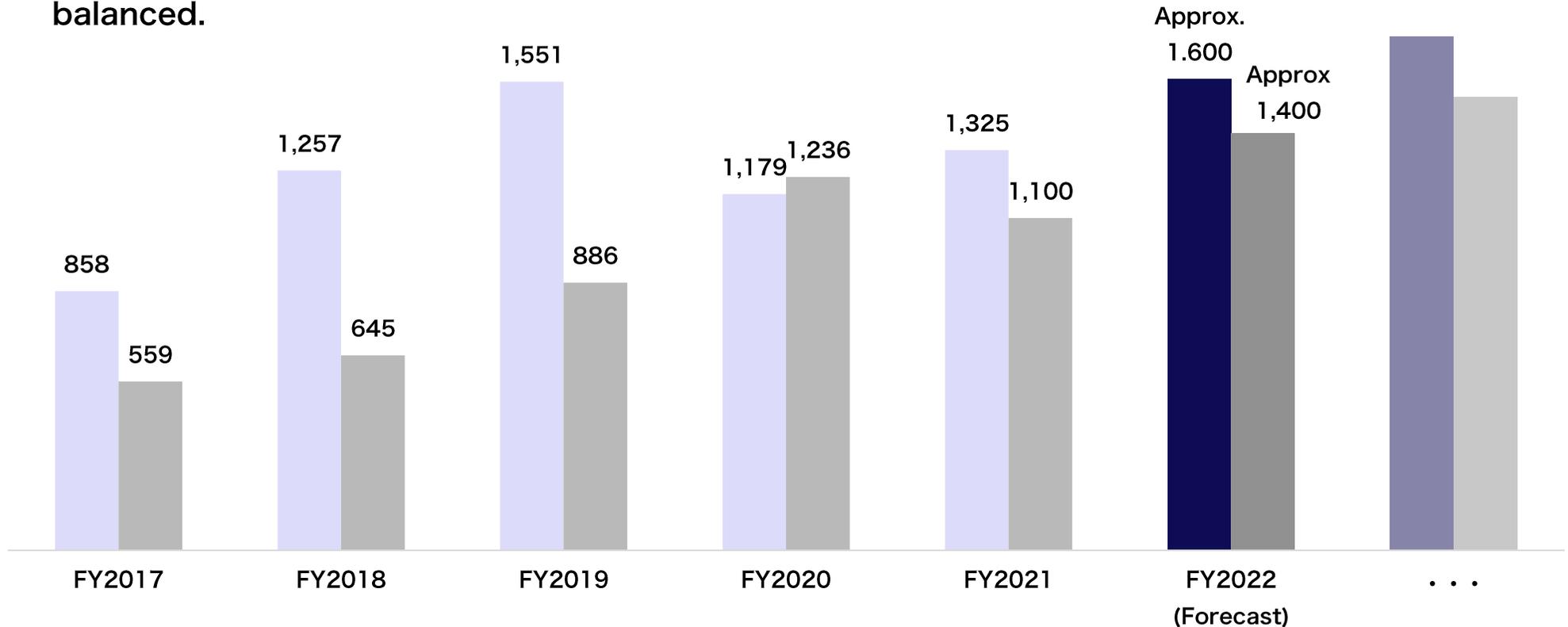
Inventory increased gradually from June to November.

< Number of units (pre-owned condominium) in market of Tokyo Metropolitan Area (units) >



(Source) Monthly Market Watch from Real Estate Information Network System, Starmica

- We strive to become the industry leader, and have been making aggressive acquisitions in the last 5 years.
- For FY2022, we will focus on managing number of acquisitions to keep demand and supply well balanced.



-Marketing efforts in major regional cities contributed to inventory growth.
-Higher vacancies and acquisition of vacant condominiums contributed to sales growth.

-For FY2020, we focused to keep our cash balance high, favored early exit (sale of condominiums).
-For FY2021, we turned to make aggressive acquisitions.

-For FY2022, we seek to achieve best-ever results in both acquisition and sales.
-For FY2023, we will further expand our franchise.

- For FY2022, we seek to achieve best-ever results in acquisition and sales while building a strong financial base.

Acquisition and sales

Financial base

Goal

- Establish the most outstanding position in the industry

- Secure access to investment capital for future expansion

KGI

- Acquisition: 1,600 units
- Sales: 1,400 units (highest-ever # of units)

- Capital-to-asset ratio: improve from end of Nov 2021 (26.2%)

Strategy

#1 Area strategy

- Greater focus in Tokyo metropolitan area
- Business development in additional regional cities

#1 Retained earnings

- Stable rent lease business / growth in condominium sales

#2 Subsidiary

- Planned opening of Starmica Residence in Osaka (brokerage business)

#2 Inventory turnover

- Acquisition of both owner-change and vacant condominiums

#3 Renovation

- Product offering to focus on comfort and modern design

#3 Finance

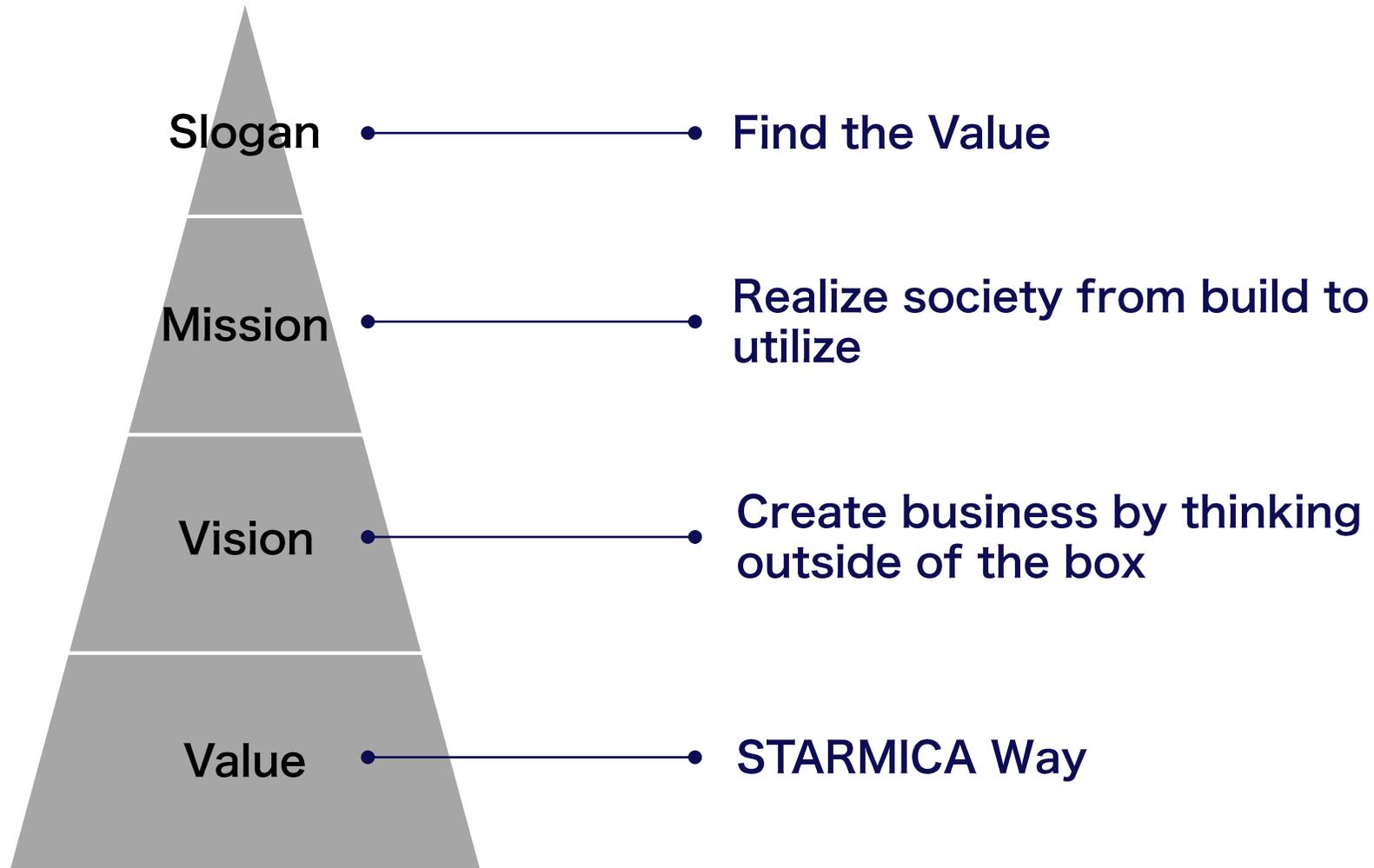
- Enhanced stability from wider variety of bank relationships

- We aim to exceed previous year's best-ever results.

	FY2021 Result (JPY million)	FY2022 Forecast (JPY million)	YoY Change
Sales	36,897	46,274	+25.4%
Renovated condominium business	36,006	45,551	+26.5%
Investment business	20	-	-
Advisory business	871	723	-17.0%
Gross profit	7,450	8,579	+15.1%
Renovated condominium business	6,868	8,077	+17.6%
Investment business	19	-	-
Advisory business	562	501	-10.8%
SG&A	3,163	3,793	+19.9%
Operating income	4,286	4,786	+11.6%
Recurring profit	3,688	4,071	+10.4%
Net income	2,402	2,803	+16.7%

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- Strive to be a creative business innovator, and become the industry leader.



- In addition to core business, seek new opportunities in non-asset business.

STAR MICA **STARMICA HOLDINGS**
Find the Value

Strategic planning of Starmica Group / General management

STAR MICA **STARMICA**

Purchase and Sale of Renovated condominium

Core Business

Sales and marketing of condominiums to real demand

Acquisition, hold and sales cycle
Balance sheet business

STAR MICA **STARMICA**
Residence

Intermediary of renovated condominium

STAR MICA **STARMICA**
Property

Property management

STAR MICA **STARMICA**
Asset Partners

Real estate investment consulting

Non-asset Business

Residential real estate, condominiums to HNW clients, investors

Fee business

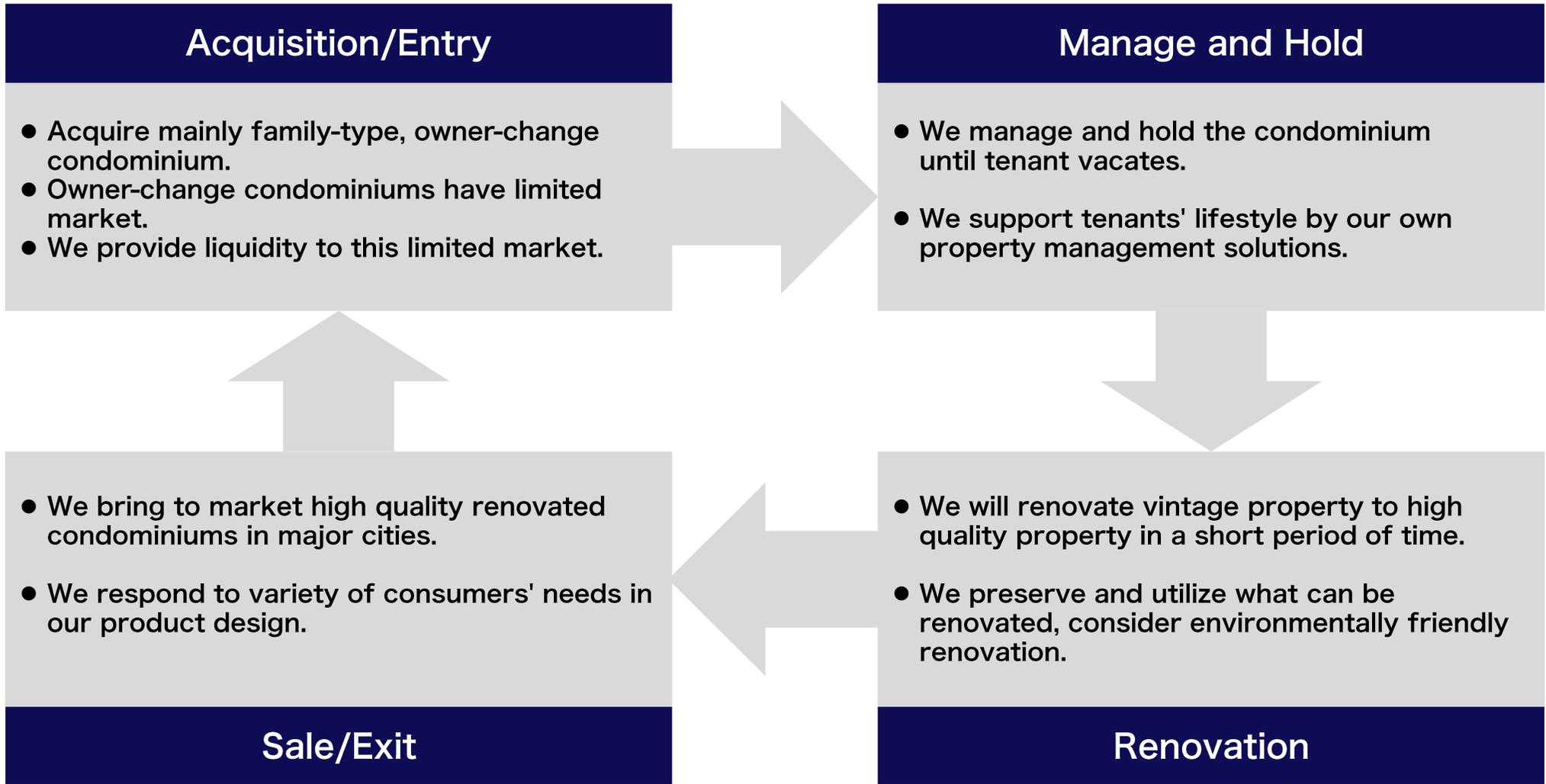
STAR MICA **STARMICA**
Asset Management

Investment advisory
Wealth management

Smai+

Real estate investment management

- Our value proposition.



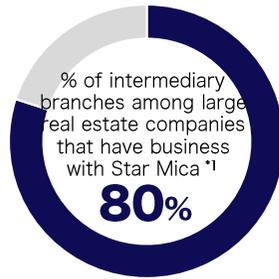
- Systematic operation to make solid and aggressive acquisitions.

< Operational flow (example) >

Access to Information

4,000units/month

POINT① : Strong relationship with intermediaries.



We have been successful in building relationships as a pioneer in the market for over 20 years.

POINT② : Diversified acquisition channel.

Able to meet and discuss sale and lease back requests.
Able to proceed with purchase and sale from web-based inquiries.



Selection of properties for acquisition

POINT③ : Strict process for property acquisition.

We check property from actual consumers' perspective anti-earthquake, supplemental construction, exterior maintenance level etc.

Final check for acquisition

POINT④ : Valuation of condominium from proprietary database and extensive market experience.

Total number of units purchased over 12,000unit

3% of initial number of property information

120units/month

POINT⑤ : We have sufficient capital to make multiple acquisitions with short notice.

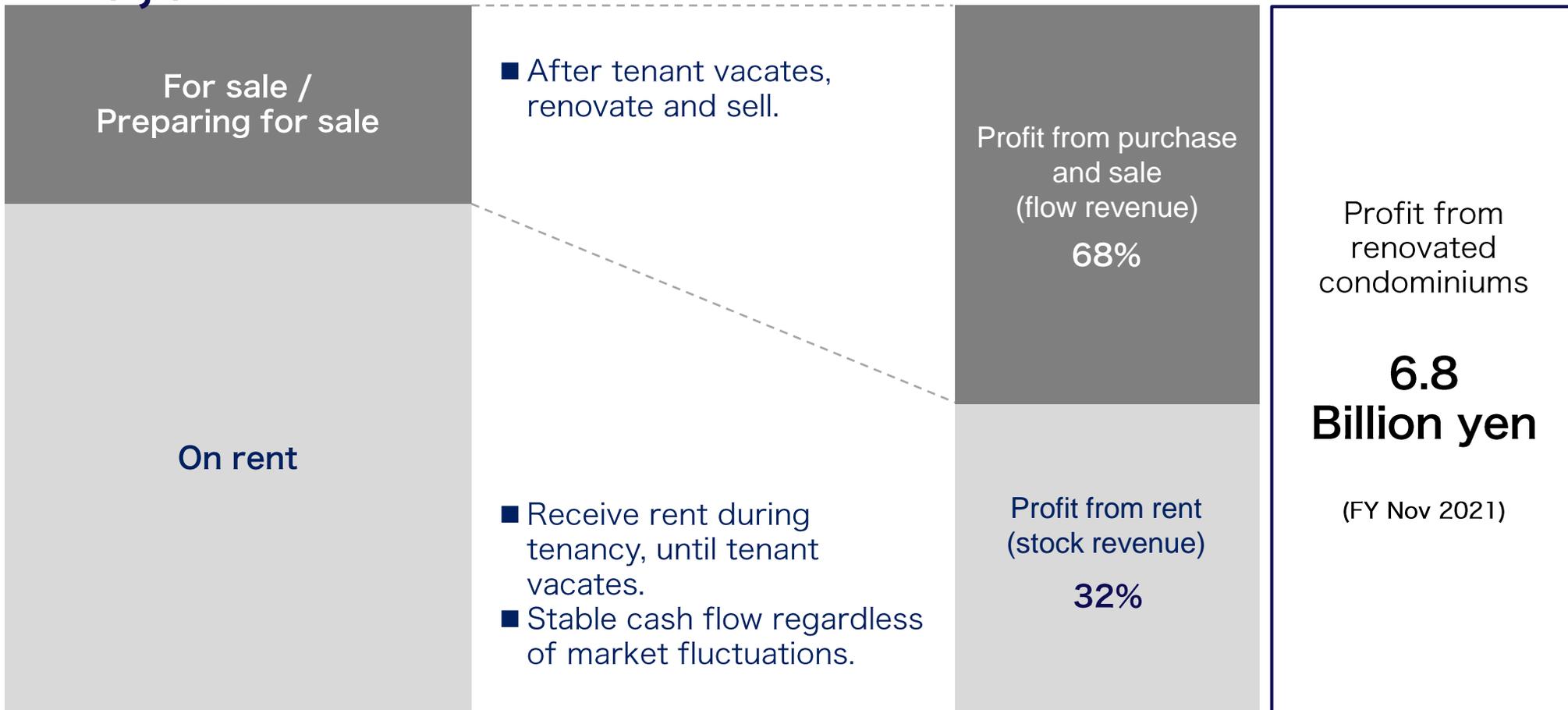
Bank credit facilities Over 20 billion yen

*1 (Source) The Real Estate Transaction Promotion Center "Statistics of Real Estate Industry"

- We produce hybrid revenue of rent and sales, derived from #1 property holdings in Japan.

Number of properties
3,500 units

Profit to Sales Ratio (%)



- Manage cost and time for large volume of renovation while keeping up the quality.

Planning to achieve maximum comfort.

- Design for working women, to offer comfort around the bathroom, kitchen, and flow line.



We offer a wide range of renovation plans to meet diverse lifestyles.

MODERN

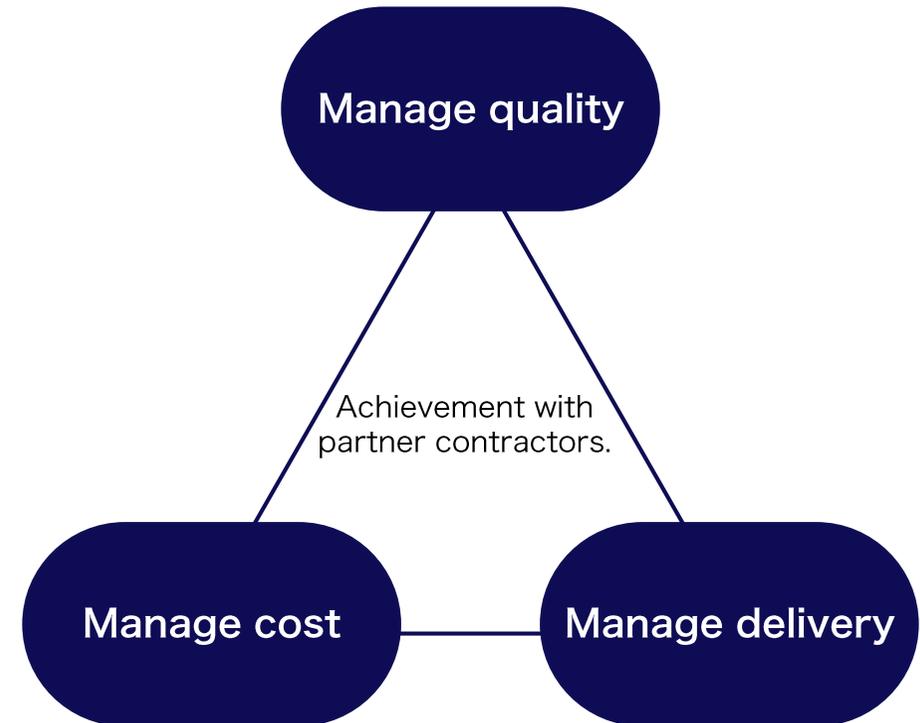


NATURAL



Strong network with contractors to optimize quality, cost and time required for renovation.

- Partnership with wide variety of contractors in major cities.
- Promote standardization to meet increasing number of renovation.



- We are ready to meet diverse needs by customer-oriented renovation plan.
- We raised number of offerings to 50 units/year from favorable results.

AQUISITION ▶ **DESIGN AND PLANNING** ▶ **PROMOTION / SALES** ▶ **RENOVATION / DELIVERY**

Schemes



画像提供: cowcamo

New Concept / Targeting

Acquisition of vacant condominiums in popular Southwest Tokyo

Pre-packaged renovation for secondary buyers

Establish customer base from cowcamo

Renovation service fee revenue

Achievements / Future Developments

Initial FY goal will be 3 units/month, then to 5 units/months

Successful merchandizing to fit between standard renovation and full-order renovation

Great customer feedback
Better inventory turnover

Improvement in operation, better quality, faster delivery

- We offer renovated condominiums at reasonable price.

Residents will be able to live in a higher spec condominiums designed for ownership, with same monthly cost of rent.

We offer renovated condominiums in Tokyo metropolitan area and in major regional cities.

Standard monthly rent*¹
125
thousand yen



Monthly mortgage repayment*²
84
thousand yen



*¹ Based on our corporate results at FY Nov 2021, average sales price of approx 30.0million yen, average space of 68.47 square meters.

*² Assumed mortgage loan of 30.0 million yen, at 1%, for 35 years.

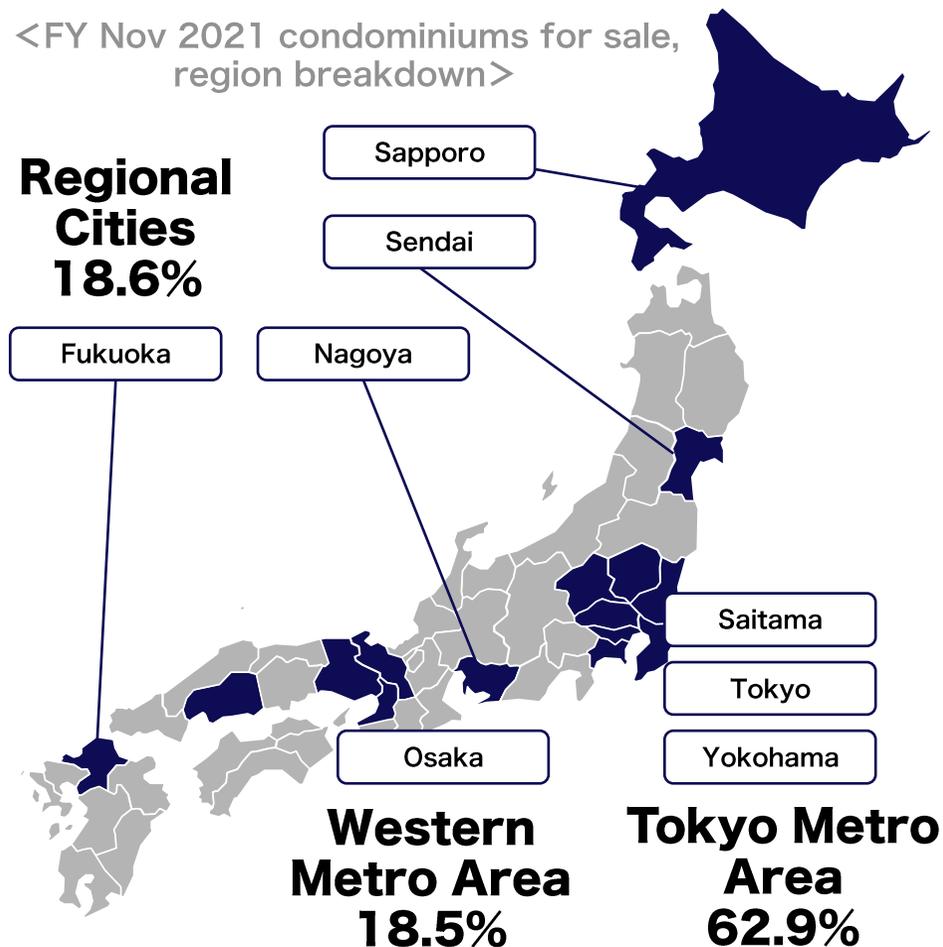
<Range of sales price (JPY million) *³>



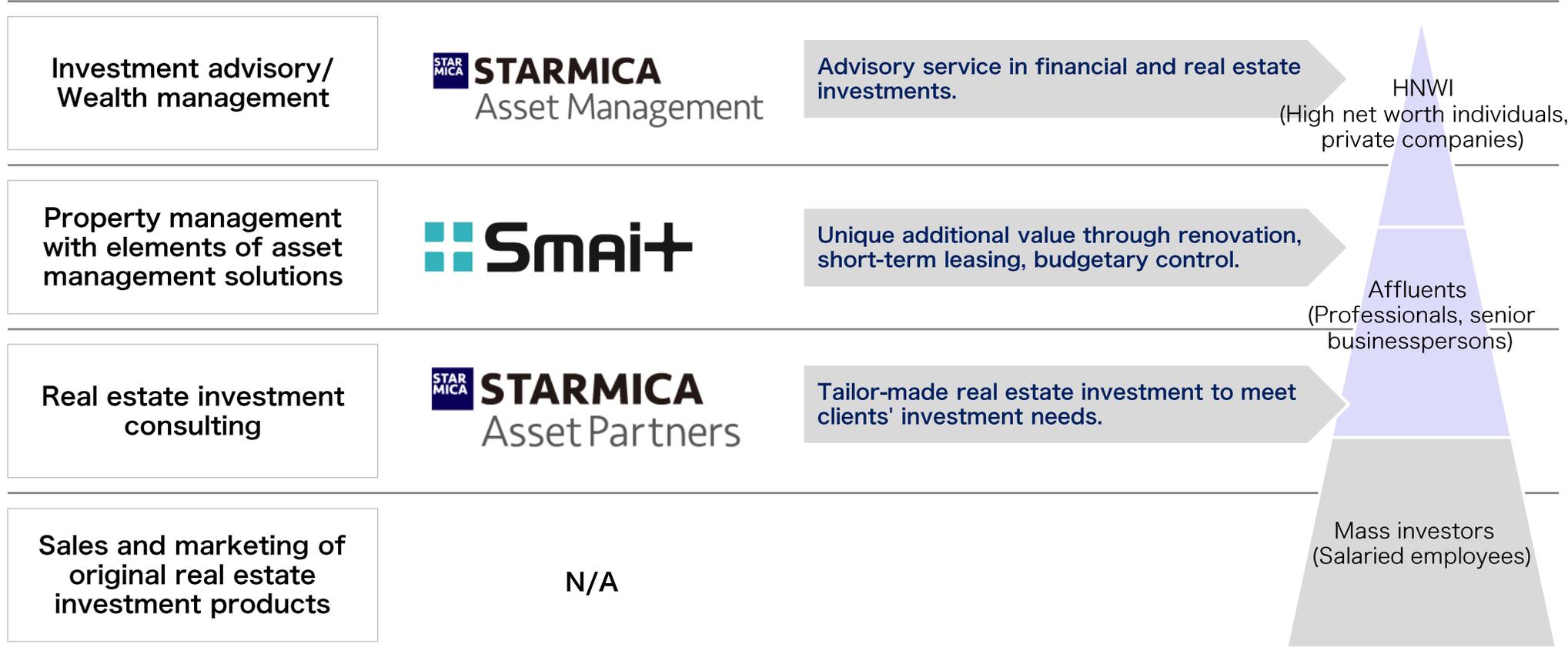
*³ Based on the sales price in FY Nov 2021 (proportion of units sold) .

*⁴ Assumed mortgage loan of 20/30/40 million yen at 1%, for 35 years.

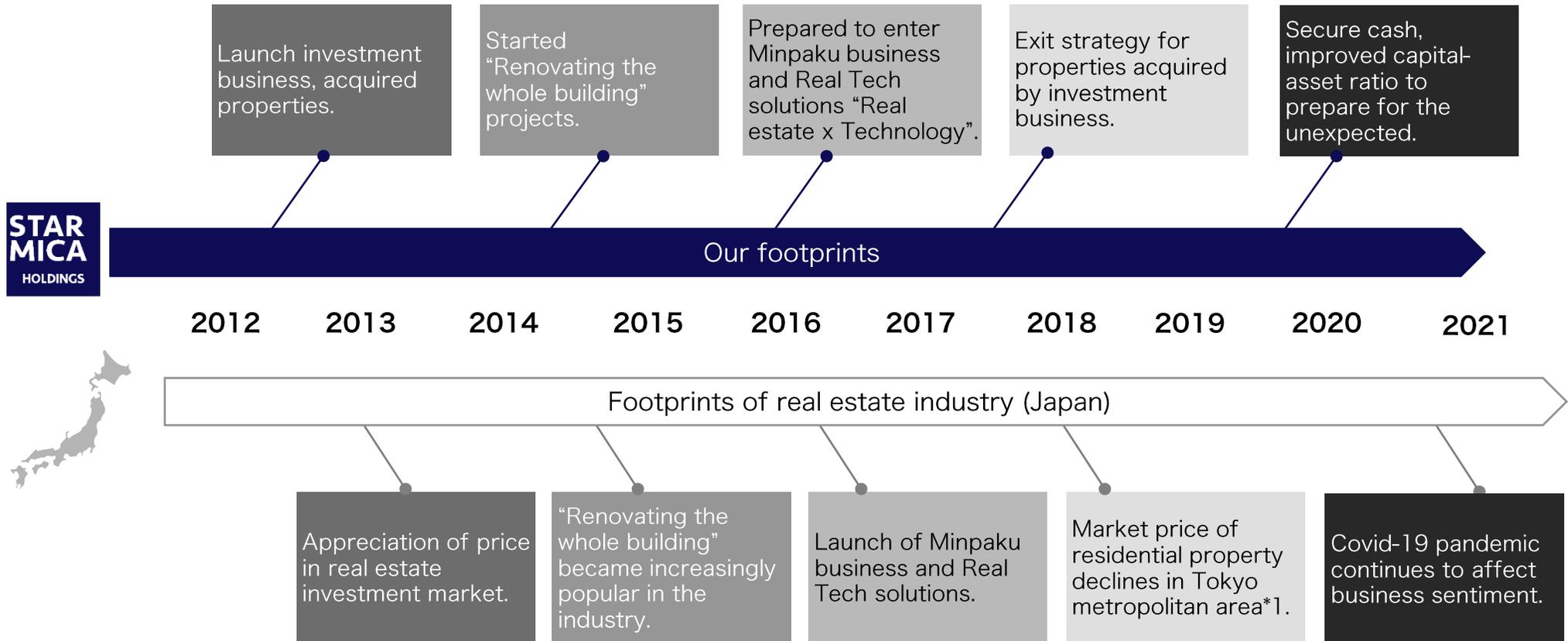
<FY Nov 2021 condominiums for sale, region breakdown>



- Service offering in wealth management/investor services business by 3 group companies.
- Aim to create unique value in the market with experienced professionals.



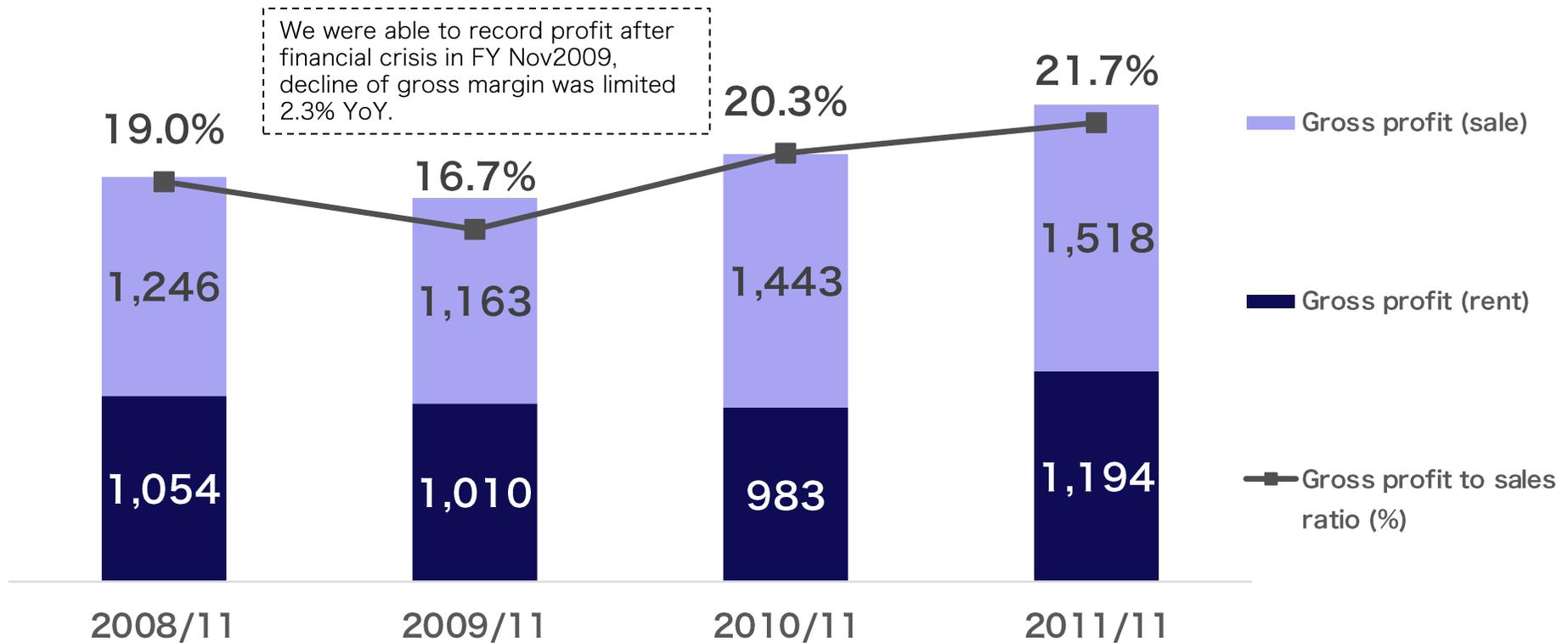
- Understand the current flow of the market, play a leadership role in the industry.



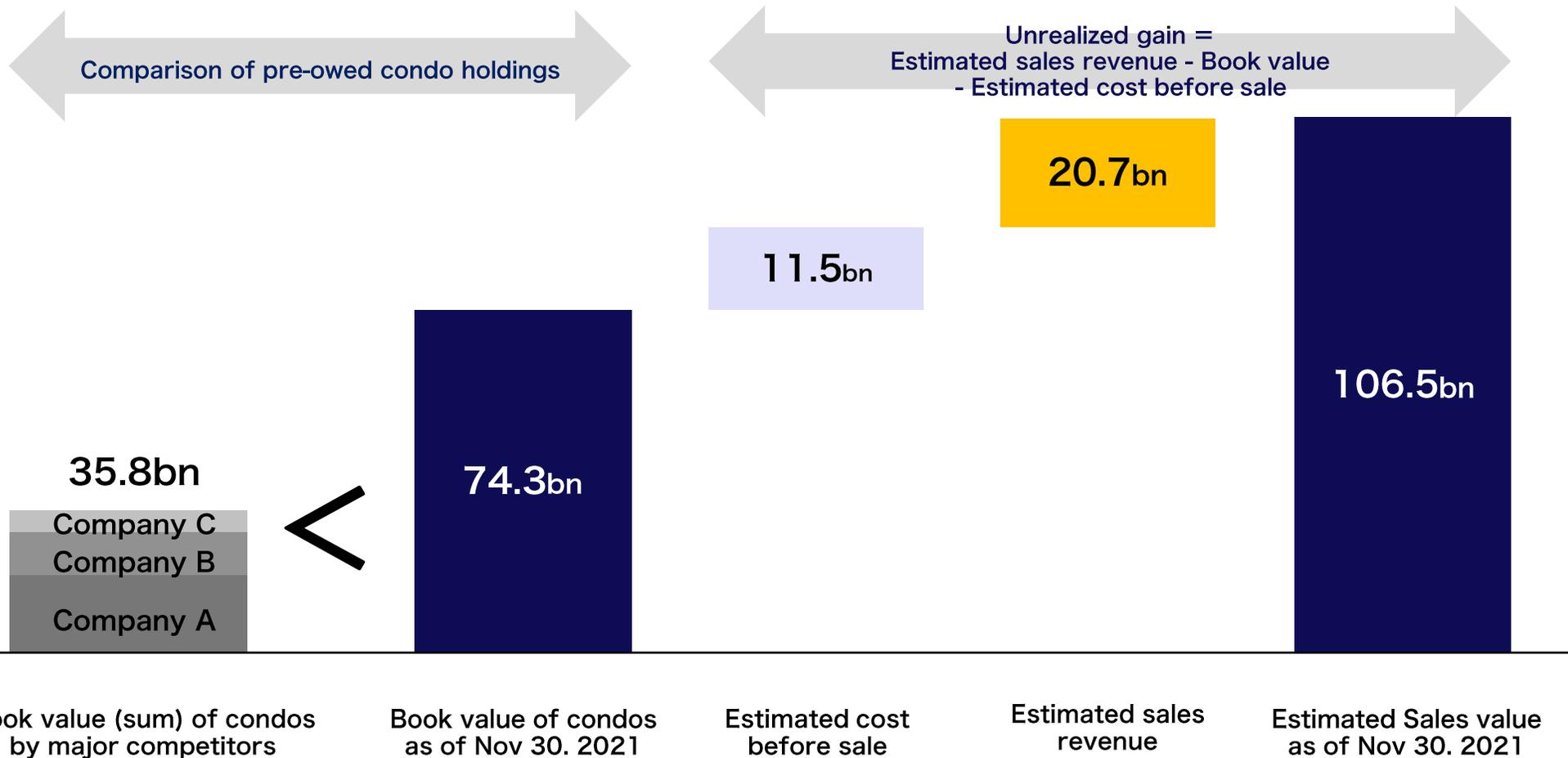
*1 Real estate information web site, Kenbiya, most recent quarterly property market report for investments.

- Strong business model that worked through the period of financial crisis.

<Profitability of renovated condominium business (JPY million, %)>



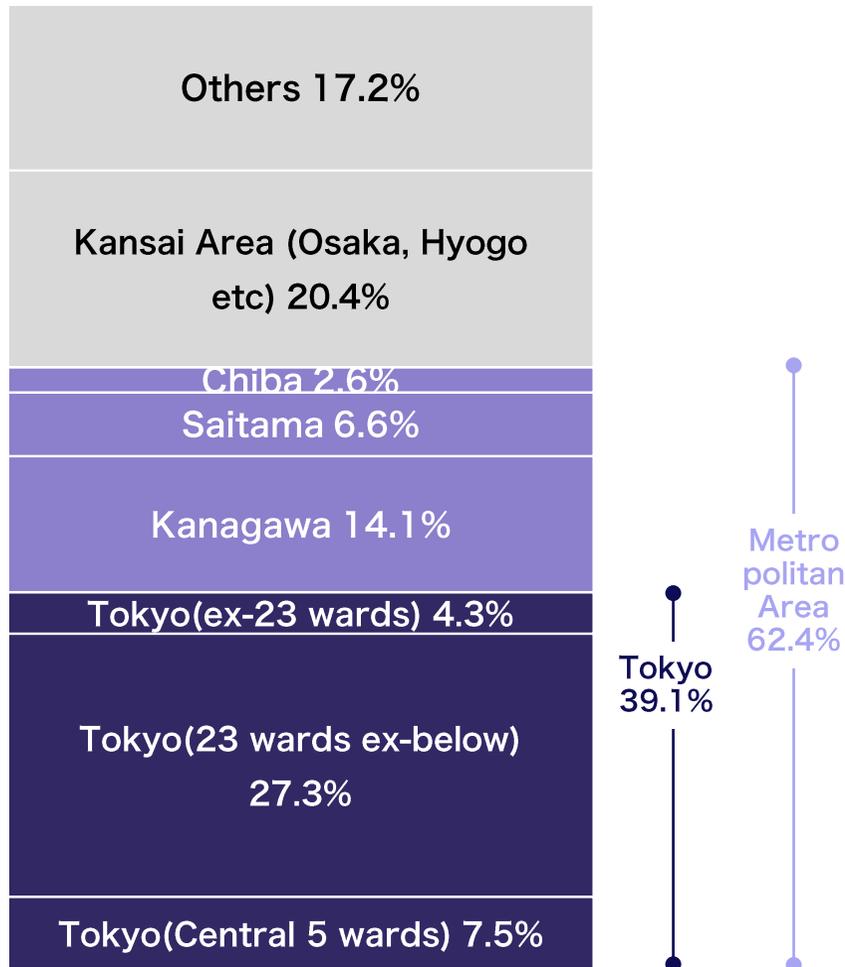
- We own more than 3,500 pre-owned condominiums, the largest owner in Japan.
- Unrealized gain in pre-owned condominiums are estimated to be over 20 billion yen.



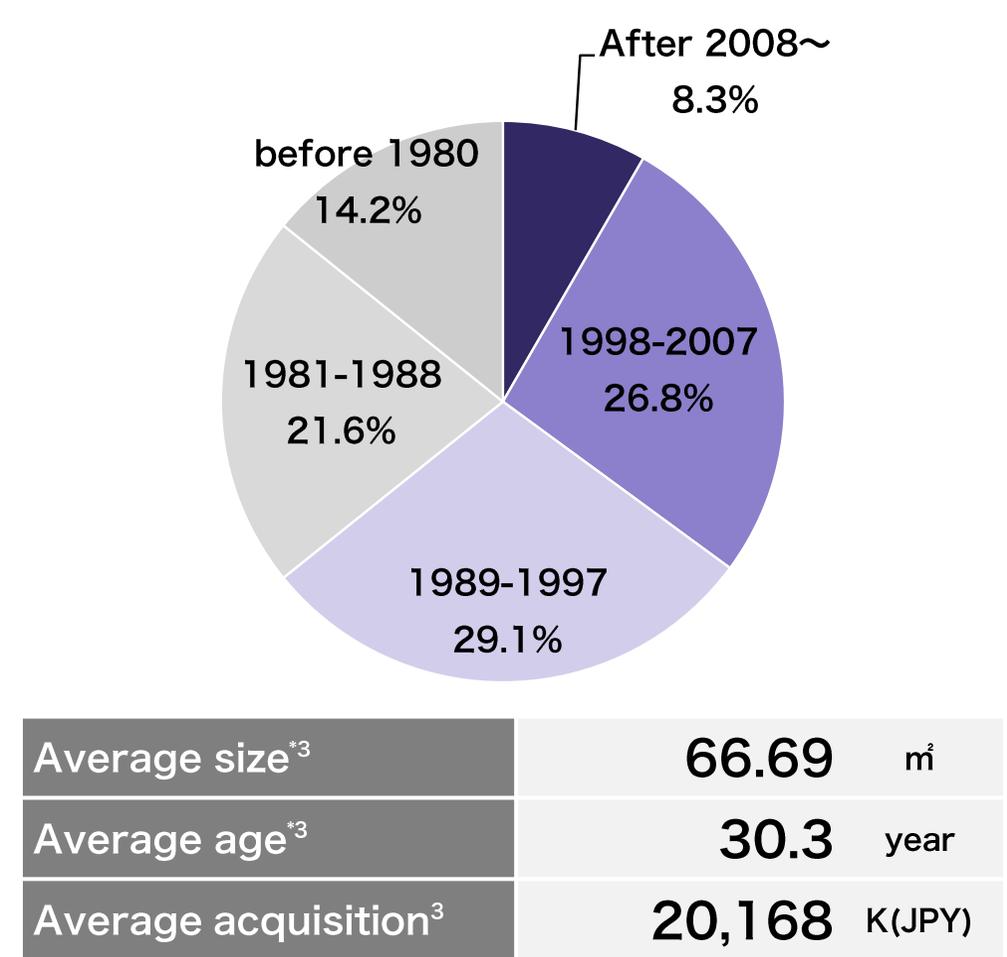
(Source) Listed comparable companies, gross profit margin of consolidated financial results for the recent year.

- A well diversified condominium portfolio.

Composition by region*1



Composition by year built*2



*1 Above figures are as of November 2021.

*2 Average property figures are based on number of properties. (all unit based)
 *3 Regional and Age segregation are based on acquisition amount. (all unit based)

- Our business is highly recognized socially.

Business model valued globally

We were rewarded Porter Prize in 2011, for the business model and social contribution, first from real estate industry.



The Porter Prize was established to bestow recognition on Japanese companies that have achieved and maintained superior profitability in a particular industry by implementing unique strategies based on innovations in products, processes, and ways of managing. The name of the award is derived from Professor Michael E. Porter of Harvard University, a leading authority on strategy with a longstanding interest in Japan.

(cited from the website <https://www.porterprize.org/english/about/index.html>)

**Social contribution
For the next generation entrepreneurs**

■ Contribution to Academia

- Held entrepreneur courses in Kyoto University, Gakushuin University.
- Sent guest lecturer to MBA programs in both domestic and international schools.
- Accept college student interns from both domestic and international schools.

■ Feedback of intelligence we gained through our business



- Selected Tokyo Stock Exchange “Prime Market” as we meet all the listing criteria.

Listing Criteria for
the “Prime Market”

Our Compliance

Footsteps to the “Prime Market”

No. of Tradable
Shares

At least
20,000 units



July 9, 2021
Primary judgement regarding the
status of compliance with the
listing criteria

Tradable Share
Market Cap

At least
JPY 10 bn



August 26, 2021
Board of Directors’ Meeting

Tradable Share
Ratio

At least
35.0%



September 1, 2021
Application
for selection of “Prime Market”
as a new market category

Trading Value

At least JPY avg.
20 million on
daily basis



April 4, 2022
To be listed
to the “Prime Market”

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- Our commitment to stakeholders

Starmica Group's corporate mission is to strive and realize a society from "build" to "utilize". We will pursue growth and prosperity, by operating our business fairly and faithfully, and will challenge to create a business model contributing the public.



Consumers

As a professional, we will always challenge ourselves to meet various customer needs.



Employees

We will realize a highly transparent corporate governance platform. We will provide a reasonable work environment for all employees.



Business Partners

We will build fair and reliable relationships with business partners.



Eco-efficiency

By supplying renovated condominiums, we will contribute in reducing CO2 emission and preserving the environment.



Community

We will strive to provide solutions to various challenges in the Japanese community. We hope to play an essential role in Japan.

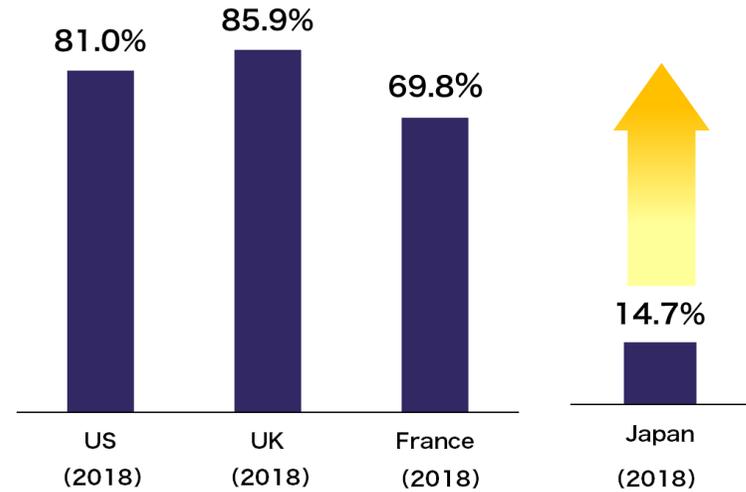
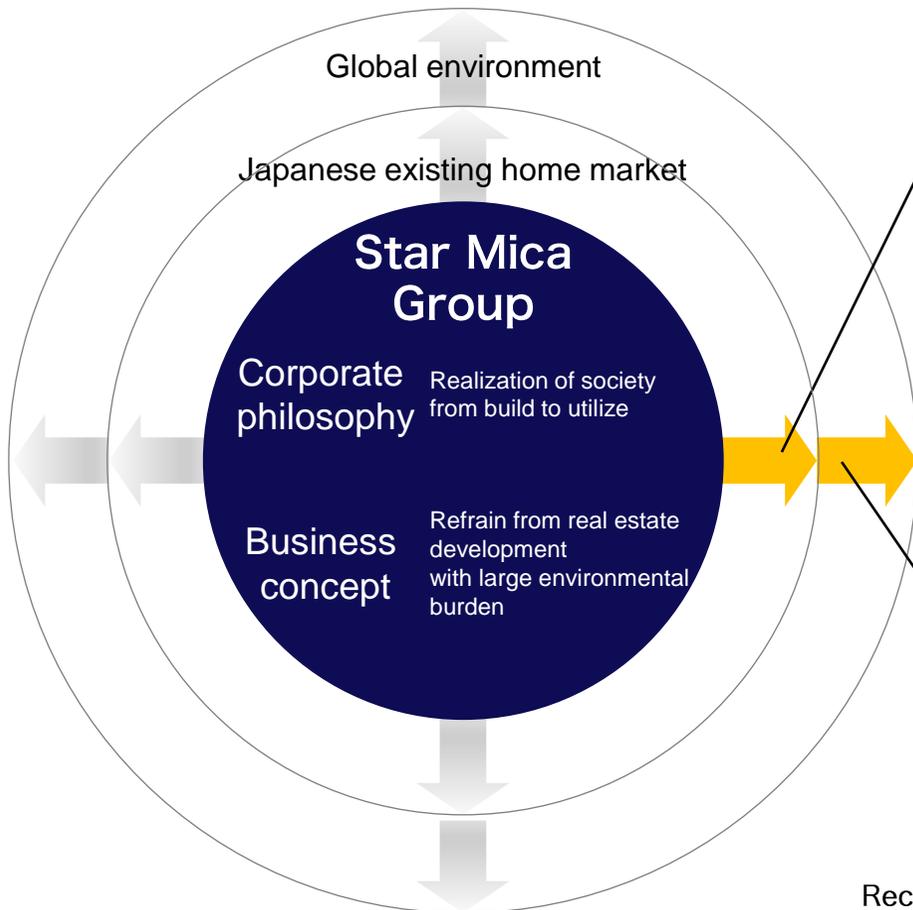


Shareholders / investors

We will make necessary disclosures appropriately. We are ready to make active communication through IR.

- Business model to reduce environmental burden, realize recycling society.

Contributing to existing home sales.
 70-90% of home market in developed countries are used (pre-owned) properties, whereas 10% in Japan.



(Source) Ministry of Land, Infrastructure and Transport Housing Economics Report 2019

By promoting existing home sales, environmental burden will decline.
 CO2 emission of renovation is 3% of reconstruction



(Source) Renovation Council web site "What is renovation?"

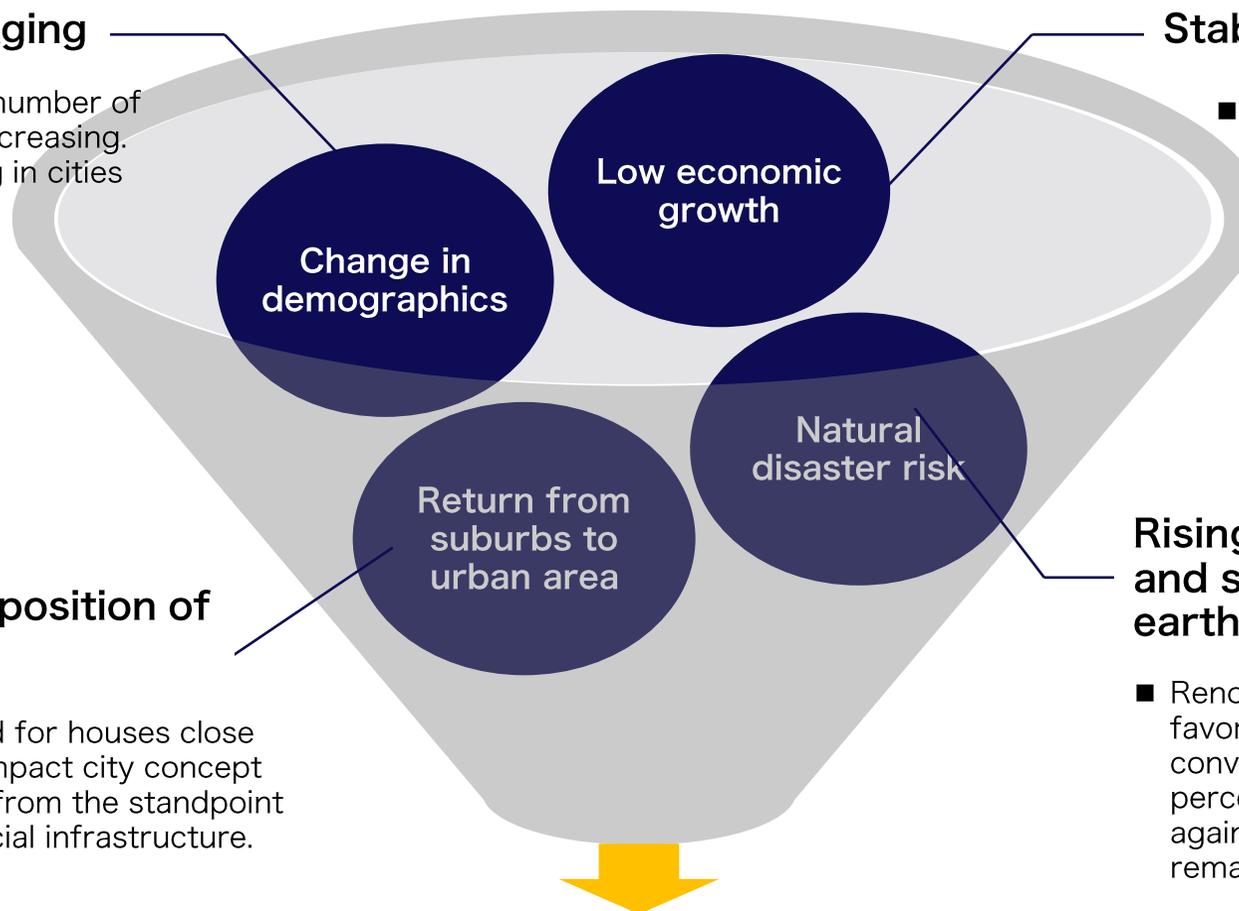
- Offer solutions to challenges of Japan, by promoting renovated condominiums in Tokyo metropolitan area and major cities.
- Strive to become "Star Mica Group" that meets various needs.

Depopulation • Aging

- On the other hand, number of households in still increasing. Demand for housing in cities remains strong.

Stable overall income

- Pricey newly built condominiums turns down demand of mainstream population wishing to buy them in cities.



Change in composition of households

- Results in demand for houses close to workplace. Compact city concept would accelerate from the standpoint of maintaining social infrastructure.

Rising desire for safety and security after major earthquake

- Renovated condominiums are favored for its affordability and convenience, however general perception of uncertainty against earthquake resistance remains.

Star Mica Group offers safety, security and convenience at a reasonable price.

- Transparency in governance, consideration of work environment will contribute to our offering of high-quality properties.

Framework to share group values

Credo for all group members, "STARMICA Way"

Quarterly town hall meeting, share corporate strategy

<Examples of STARMICA Way>

- Open and flat communication
- Let's work smart
- Surprise the others with speed
- Stay cool etc....

Corporate culture of teamwork

3 stages for all group members

Variety of intra-divisional projects

360° evaluation system



High level compliance consciousness

× No individual goal

× No over-incentivized compensation

Strong compliance operation

Outside directors (at Star Mica Holdings): 75%

Nomination and Remuneration Committee governed by outside directors

Smart-Work with IT

Enhanced cloud system
Mobilization and remote work



increased productivity per head

Average overtime 17.1 hours/month

Friendly work environment for women

Product development team led by women

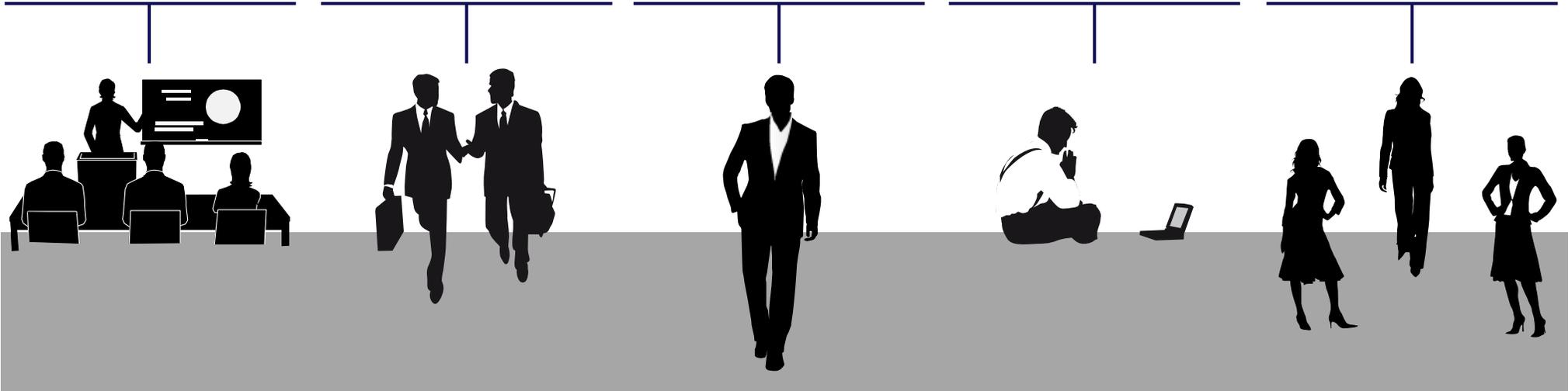
女性の“ウレシイ”をかたちに。

しあわせリノベ 研究所

"Shiawase (Happy) Renovation"

Ratio of women group members : 45%

Ratio of women taking maternity leave, childcare leave:100%



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- For FY2022, we will focus on profitability and asset efficiency.

		FY Nov 2021	On-going strategy
ROE^{*1}		11.8%	Maintain and improve ROE
		 	
Profitability	Net profit margin ^{*2}	6.5%	Maintaining profit margin
		×	
Asset efficiency	Asset turnover ratio ^{*3}	0.46	Improving inventory turnover by acquiring vacant condominiums
		×	
Financial stability	Leverage ^{*4}	4.0x	Managing leverage to raise capital-to-asset ratio.

^{*1} Return on Equity (ROE) = Net income / Average shareholder's equity

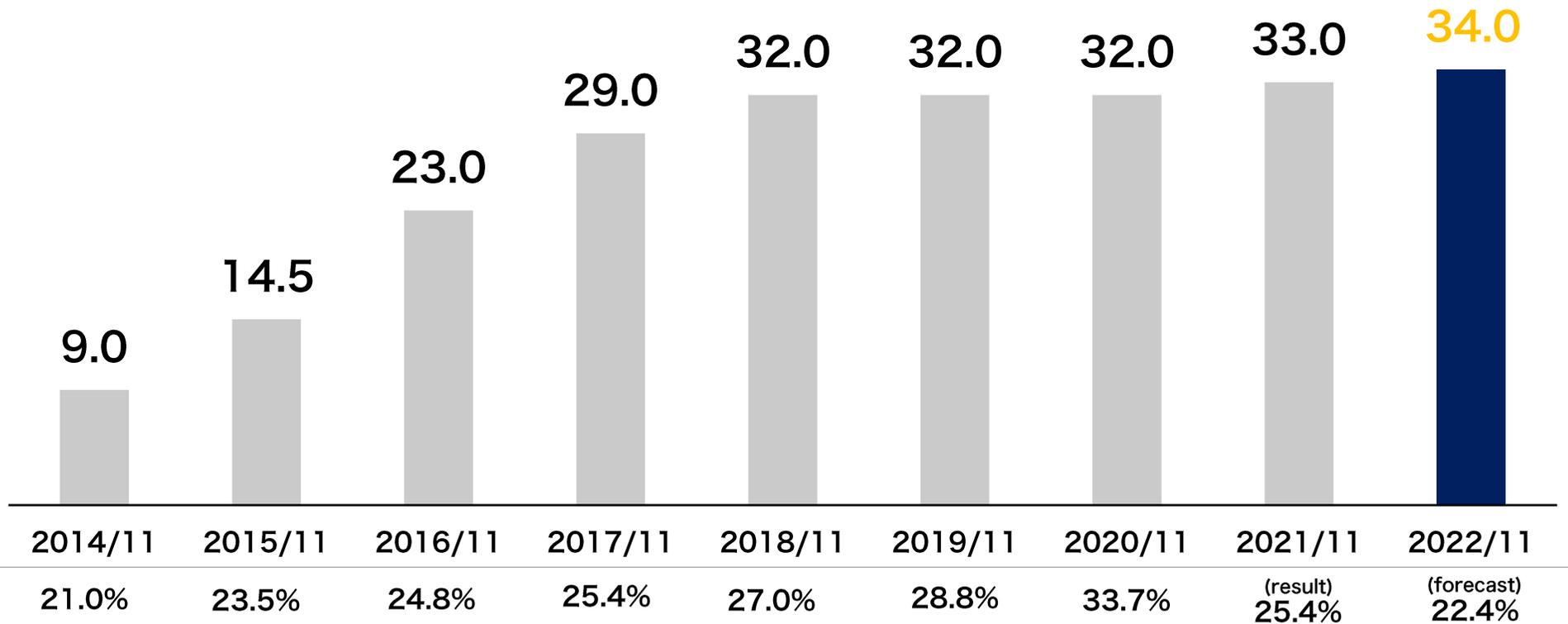
^{*3} Asset turnover ratio = Sales / Total assets

^{*2} Net profit margin= Net income / Sales

^{*4} Leverage = Total assets / Average shareholder's equity

- For FY2022, total annual dividend per share is planned to be JPY34 (JPY1 higher than FY2021).
- We are also planning share buy-back to increase shareholder value.

<History of annual dividend per share (JPY) *1>



History of consolidated dividend payout ratio *1

*1 Due to stock split of 1-2 in October 2017, past per share dividends are adjusted.

- Over 5,000 individuals as loyal shareholders.
- 20% held by overseas investors, Star Mica business being recognized in global market.

Number of
stocks
18,482,955

(Except of
treasury stocks
: 574,304)

Number of
investors
5,428

Overseas
Investors
21.3%

- State Street Bank And Trust Company 505019 . . . 2.3%
- JP Morgan Chase Bank 380646 . . . 2.0%
- BBH/Sumitomo Mitsui Trust (UK) Limited (Japan Small Cap Fund) . . . 1.5%
- Banque Pictet and Cie SA . . . 1.5%

Individual
Investors
(Japan)
21.1%

- Number of individual investors : 5,259

Institutional
Investors
(Japan)
27.4%

- Custody Bank of Japan. (Account in trust) . . . 10.3%
- The Master Trust Bank of Japan, Ltd. (Account in trust) . . . 10.0%
- SMBC Nikko Securities Inc. . . . 1.8%
- Custody Bank of Japan. (Account in trust No. 9) . . . 1.5%

CEO
30.1%

- Masashi Mizunaga . . . 30.1%

*1 Listed major shareholders of Star Mica Holdings Co., Ltd.

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Company name	Star Mica Holdings Co., Ltd.
Representative	Chairman and CEO Masashi Mizunaga
Date of incorporation	July 24, 1998
Listing date	June 1, 2019
Listed market	Tokyo Stock Exchange 1st Section (stock code: 2975)
Shareholders' equity	21,207 million yen
Offices	Tokyo head office (Minato Ward), Sapporo branch (Sapporo City), Sendai branch (Sendai City), Saitama branch (Saitama City), Yokohama branch (Yokohama City), Osaka branch (Osaka City), Fukuoka Branch (Fukuoka City) ,, Nagoya Office (Nagoya City)
Main Bank	MUFG Bank,Ltd, Sumitomo Mitsui Banking Corporation, Aozora Bank, Mizuho bank, Ltd, Resona Bank, Ltd.
Auditor	KPMG AZSA LLC
Employees	144
Businesses	Renovated Condominium business, Investment business, Advisory business

¹ Consolidated basis unless otherwise noted

 **STARMICA HOLDINGS**

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