



FY Nov 2022

Financial Result Summary

January 13, 2023



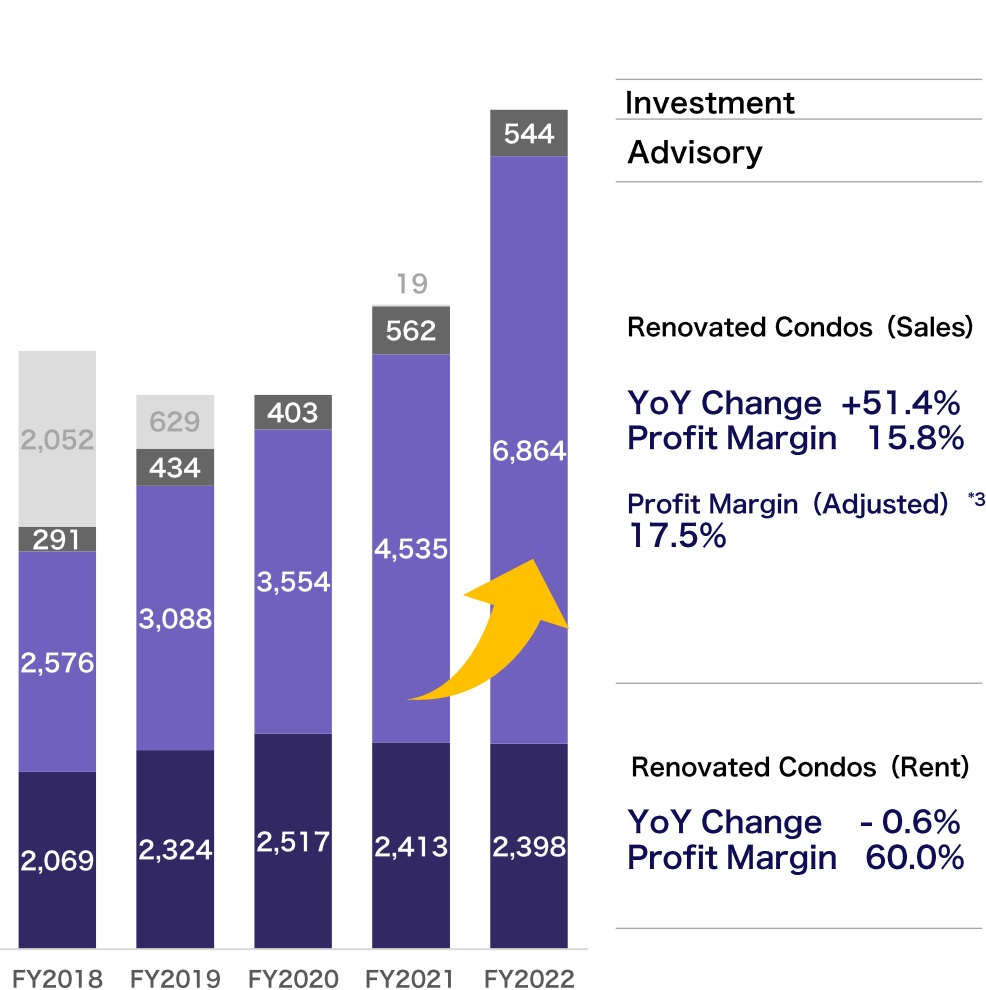
- 1. Executive Summary**
2. Business Outline
3. Corporate Strategy
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5. Shareholder Returns
6. Appendix

- Achieved best-ever profit for second consecutive year.
- Strong demand in renovated condominium market contributed to our profit and margins.

Consolidated P/L (Summary)

	FY Nov 2021 (JPY million)	FY Nov 2022 (JPY million)	YoY Change
Sales	36,897	48,211	+30.7%
Renovated condominium business	36,006	47,449	+31.8%
Investment business	20	-	-
Advisory business	871	762	-12.4%
Gross profit	7,450	9,759	+31.0%
Renovated condominium business *1	6,868	9,215	+34.2%
Investment business	19	-	-
Advisory business	562	544	-3.2%
SG&A	3,163	3,661	+15.7%
Operating profit	4,286	6,098	+42.3%
Recurring profit	3,688	5,418	+46.9%
Net income	2,402	3,709	+54.4%

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



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

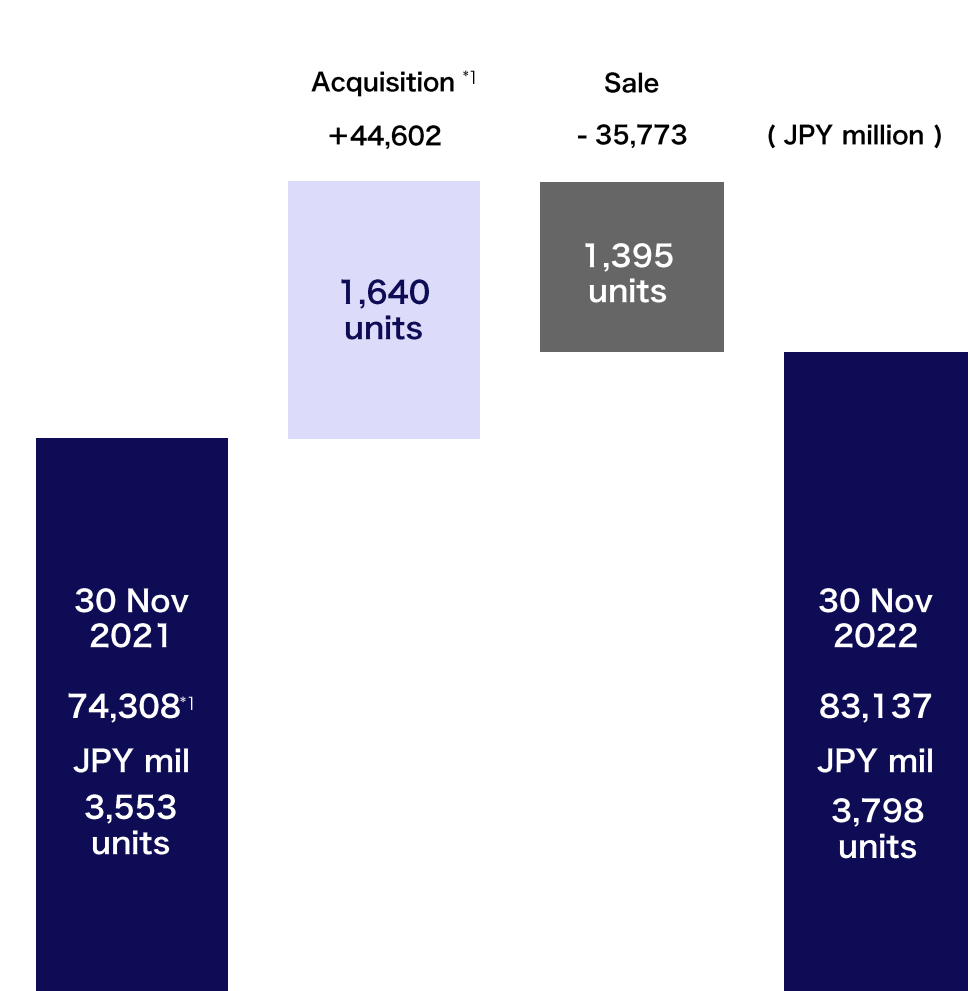
*3 Profit margin excluding transaction cost from cost of sales.

*1 Include MTM loss (FY2021 : 80 million, FY2022 : 48 million)

- Aggressive acquisitions (Over 1,600 units) led inventories to go up by 11.9% YoY.
- Property acquisitions and share buy-back(2Q) led to lower capital-to-asset ratio.

Consolidated BS (Summary)
Change in Inventories

	FY Nov 2021 (JPYmillion)	FY Nov 2022 (JPYmillion)	YoY Change
Current assets	79,280	88,111	+11.1%
Cash and deposits	3,112	3,110	-0.1%
Inventories*1	74,308	83,137	+11.9%
Fixed assets	1,559	2,264	+45.2%
Tangible fixed assets	38	61	+59.1%
Total assets	80,843	90,378	+11.8%
Short-term liabilities	10,590	12,250	+15.7%
Long-term liabilities	48,991	56,853	+16.0%
Shareholder's equity*2	21,201	21,214	+0.1%
Capital-to-asset ratio	26.2%	23.5%	



*1 Inventories = Pre-owned condominiums (with or without tenants)

*2 Reflects share buyback of 3,258 JPYmillion (1,936,623 shares) in FY 2022.

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

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- Operated according to our 5-year corporate action plan “Challenge 2022” from FY2018 to FY2022.
- At the end of FY2022, we were able to double sales, profit and assets compared to the beginning of FY2018.

	FY2017	FY2022	Business Achievements from 2018 to 2022
Sales	23.0_{bn}	48.2_{bn}	<p>① Transactions of condos increased by 2.1x ➢ # of units acquired: 800units→1,600units ➢ # of units sold: 600units→1,400units</p> <p>② Increased portfolio diversification by expanding branch offices to regional cities.</p> <p>③ Reinvested cash flow from investment business for future growth of renovated condominium business. Realized growth in brokerage and property management. (Advisory business operating profit grew from JPY290mn to JPY544mn) .</p> <p>④ Horizontal expansion in business area coverage through new branch opening contributed to tenant management and enhanced intrinsic property value.</p> <p>⑤ Asset turnover ratio improved by increased acquisition of vacant units.</p> <p>⑥ Increased leverage to boost capital efficiency and accelatate business expansion.</p>
Operating profit	3.5_{bn}	6.1_{bn}	
Doubled			
Inventories^{*1}	44.4_{bn}	83.1_{bn}	
ROE	14.1%	16.9%	

*1 The figure only includes inventories of renovate condominium business segment (excludes those of investment business segment).

- We have been successfully leading the growth of the industry by increasing purchase/sale and building inventories in renovated condominiums.

<History of Renovated Condominium Business (units) >

< Early stage >

Our unique business model developed to IPO in 6 years.

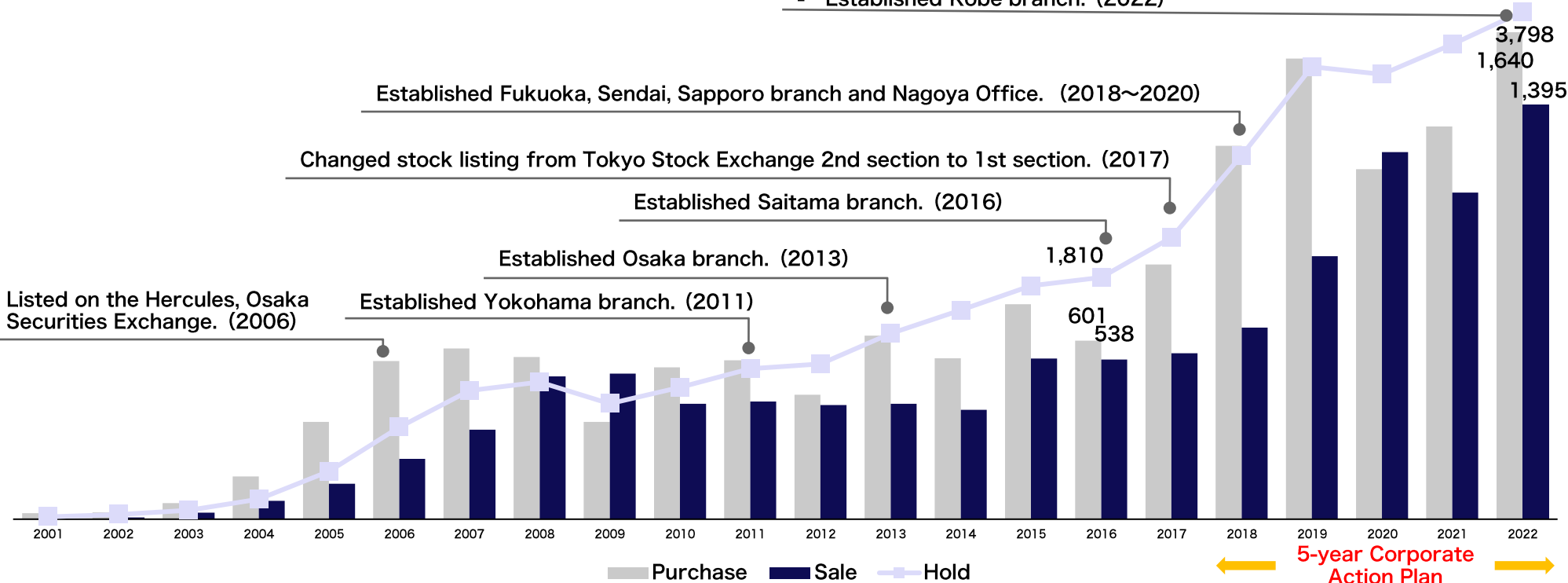
< Establishing stage >

Strengthened our business model by building strong asset base, increased stability in our operations.

< Expansion stage >

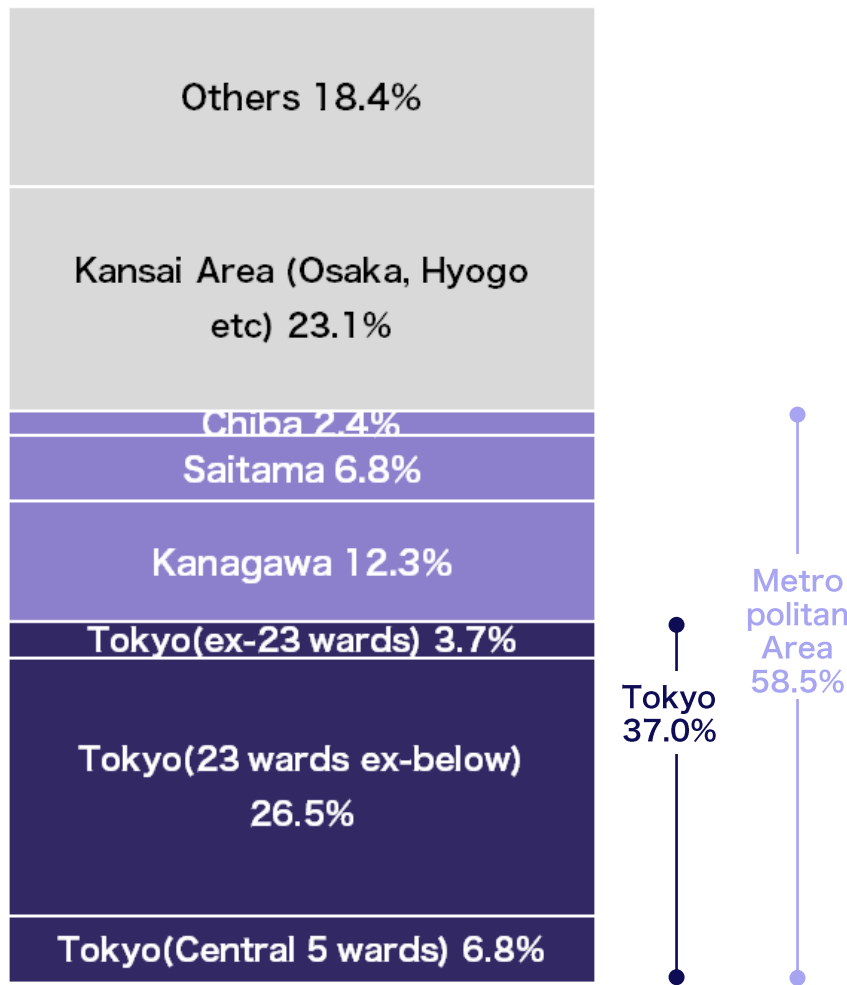
Expansion of our business and strategy to market vacant units, both contributed to strong growth in our sales volume.

- Listed on the Tokyo Stock Exchange Prime Market.(2022)
- Established Kobe branch. (2022)

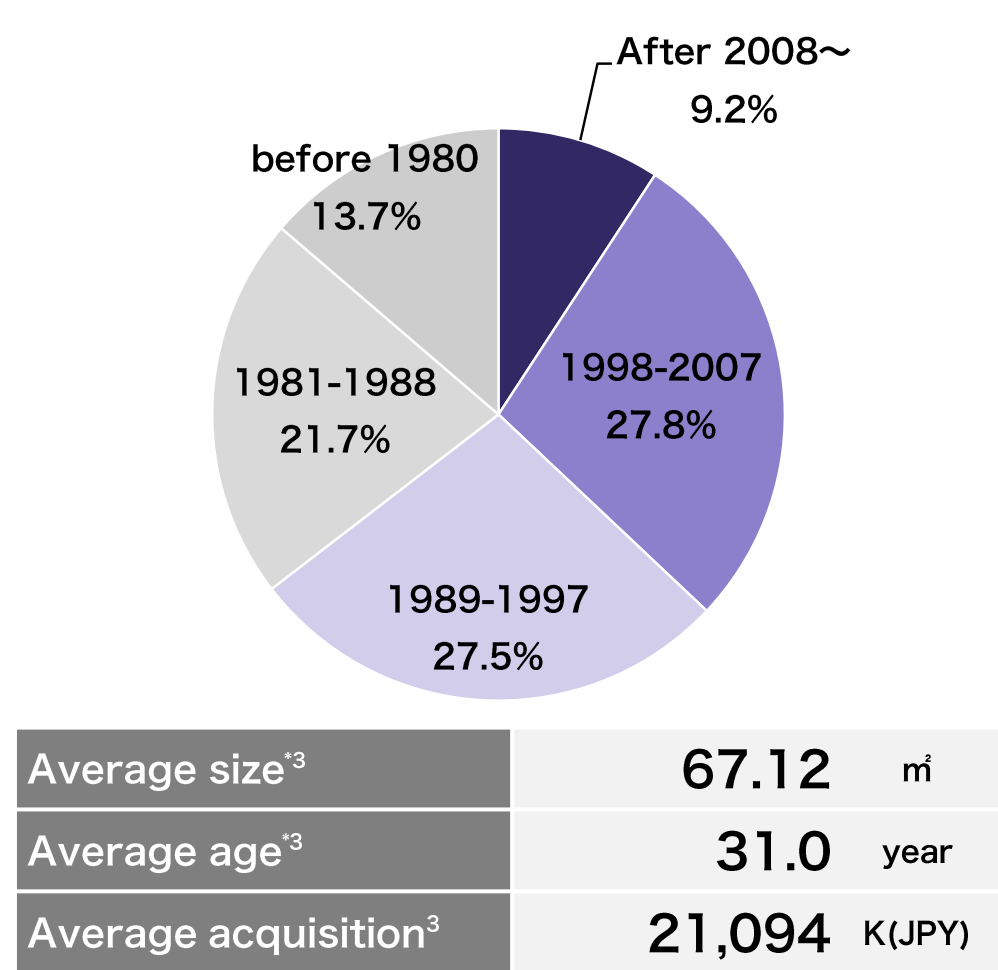


- A well diversified condominium portfolio.

Composition by region*1



Composition by year built*2



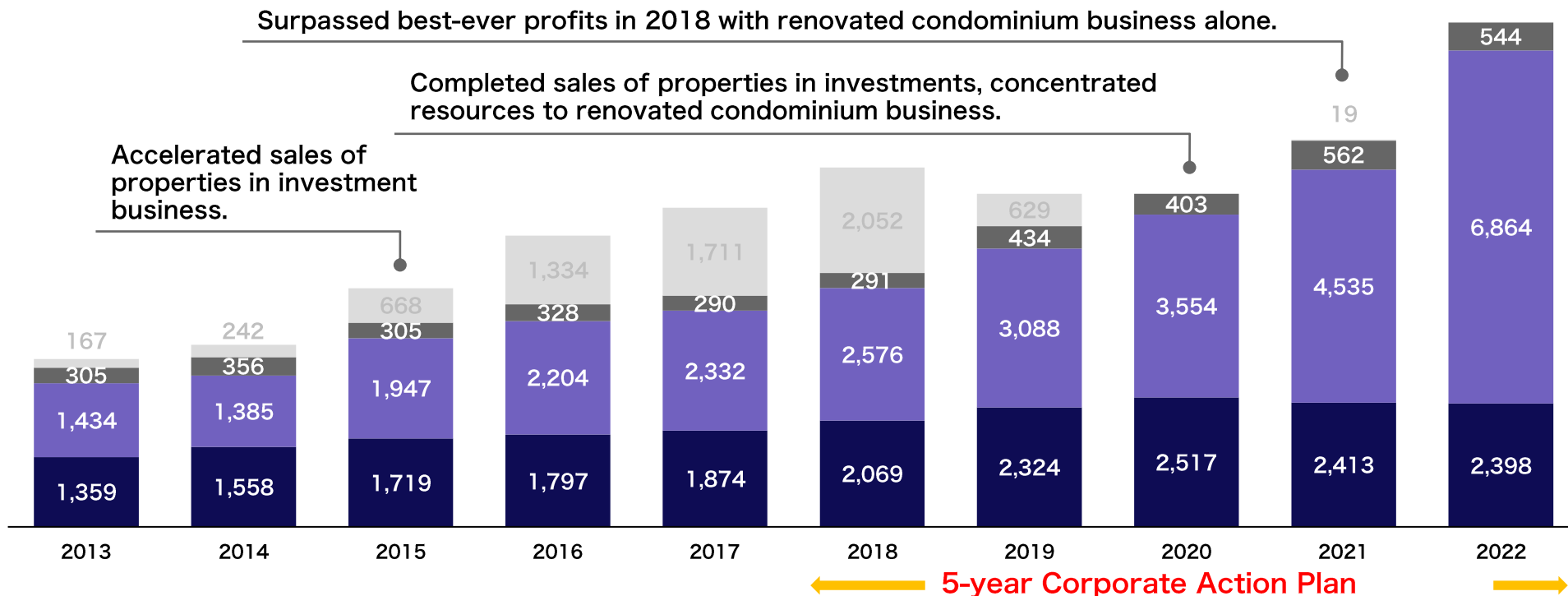
*1 Above figures are as of November 2022.

*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)

- Along with increase in inventories, rent income has stabilized.
- Marketing and sales strategy is contributing to margins and strong profit growth.

< Changes in sales profits by segments (JPY bn) >

■ Renovated Condos (Rent) ■ Renovated Condos (Sales) ■ Advisory ■ Investment

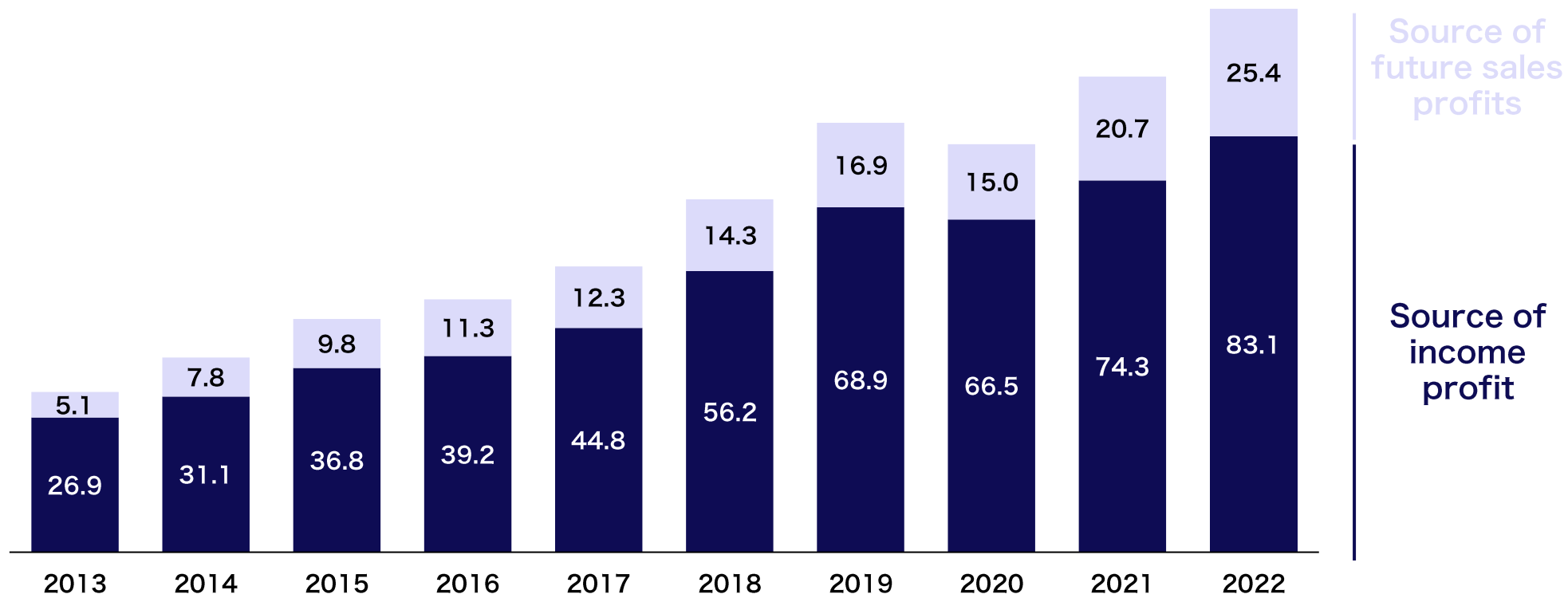


*1 Excluded MTM loss in each business segment

- Continue aggressive acquisition to secure rent income (stable income profit).
- Accumulating quality inventory, is a positive factor for expected future profit from sales (flow profit) .

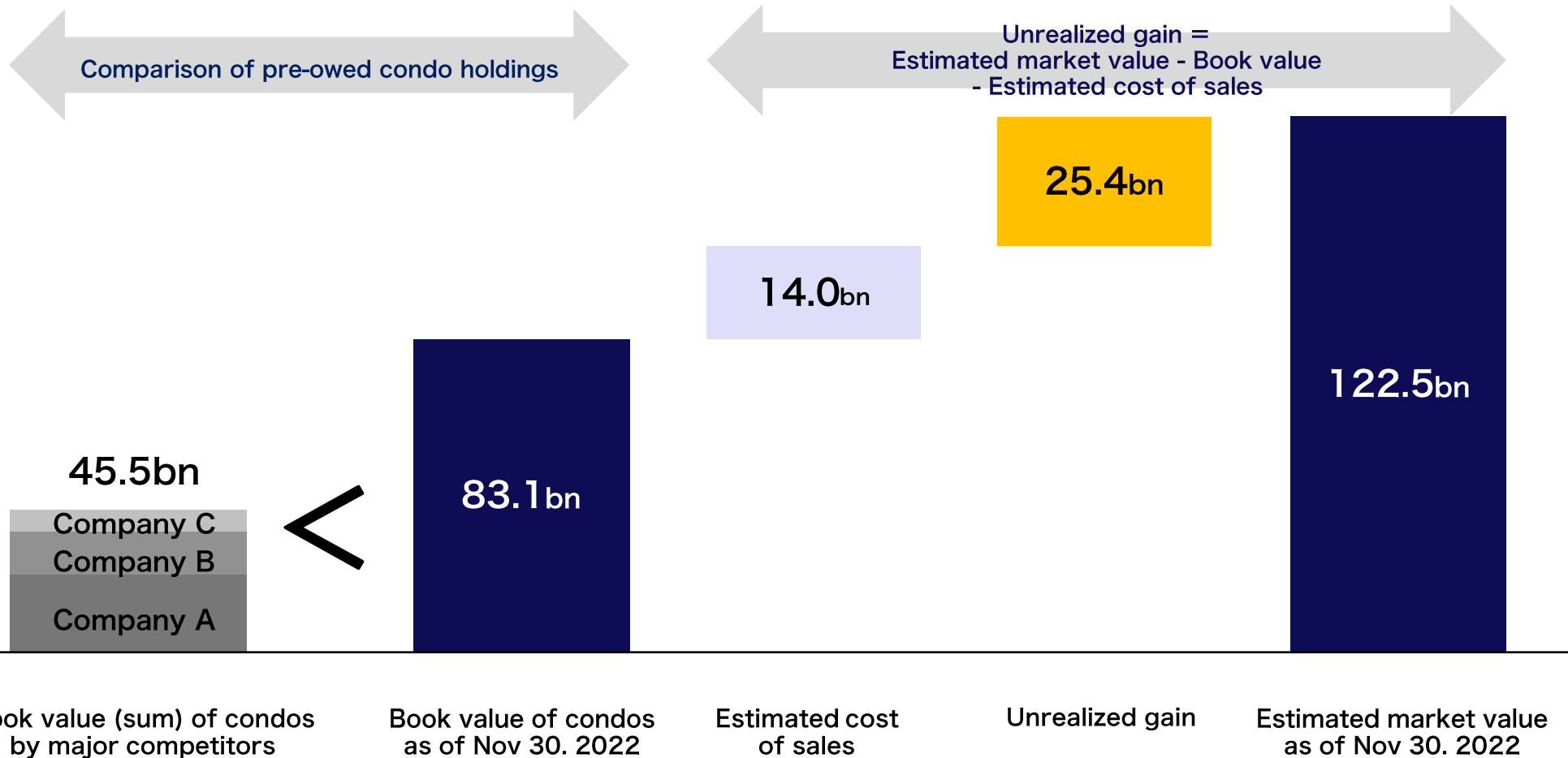
<History of Inventories and Unrealized Gain (JPY bn) >

■ Inventories ■ Unrealized Gain^{*1}



*1 Unrealized gain = Estimated sales revenue - Book value - Estimated cost before sale

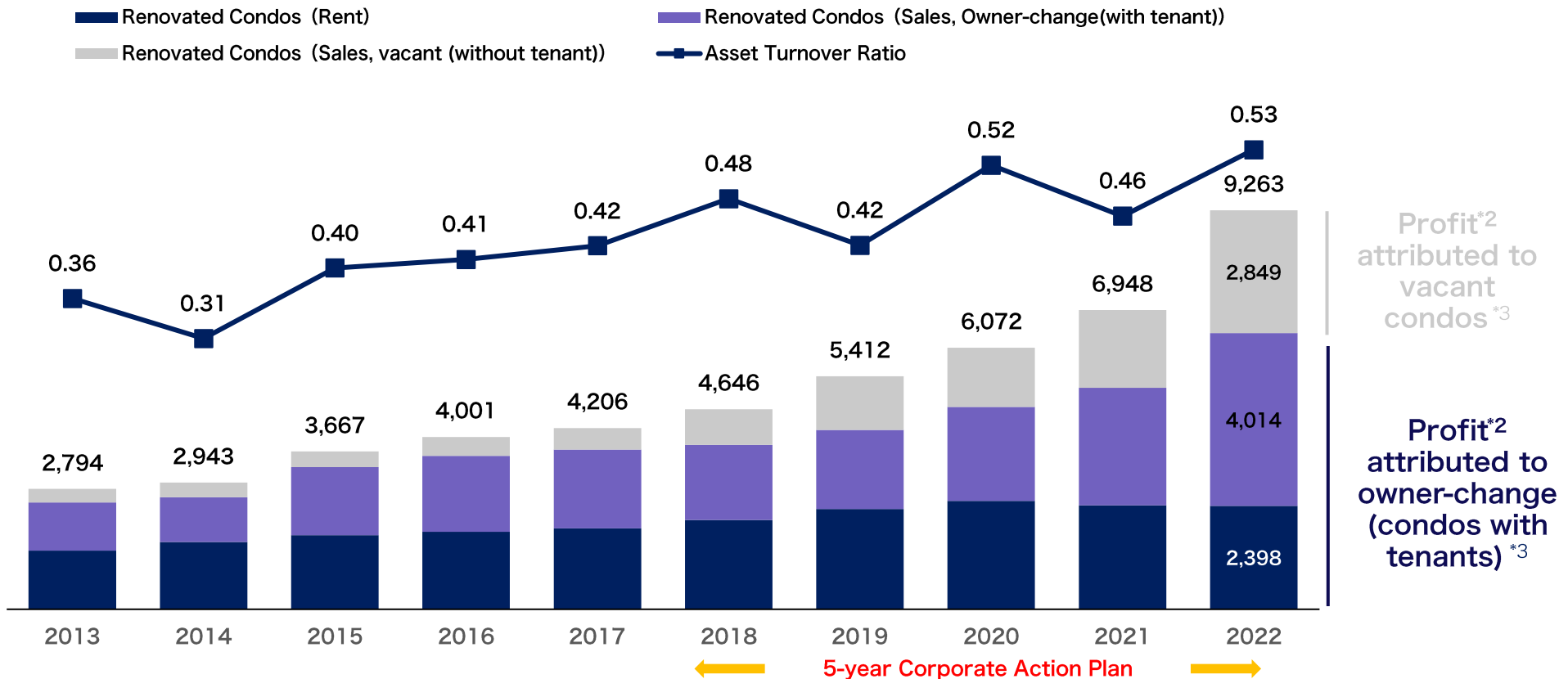
- We own more than 3,700 pre-owned condominiums, the largest owner in Japan.
- Unrealized gain in pre-owned condominiums are estimated to be over 25 billion yen.



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

- Improved asset turnover ratio for better ROE, by increasing transactions of vacant unit, which has faster cycle in realizing profits.

<Breakdown of Gross Profit by acquisition product (JPY mil) Along with History of Asset Turnover Ratio *1 >



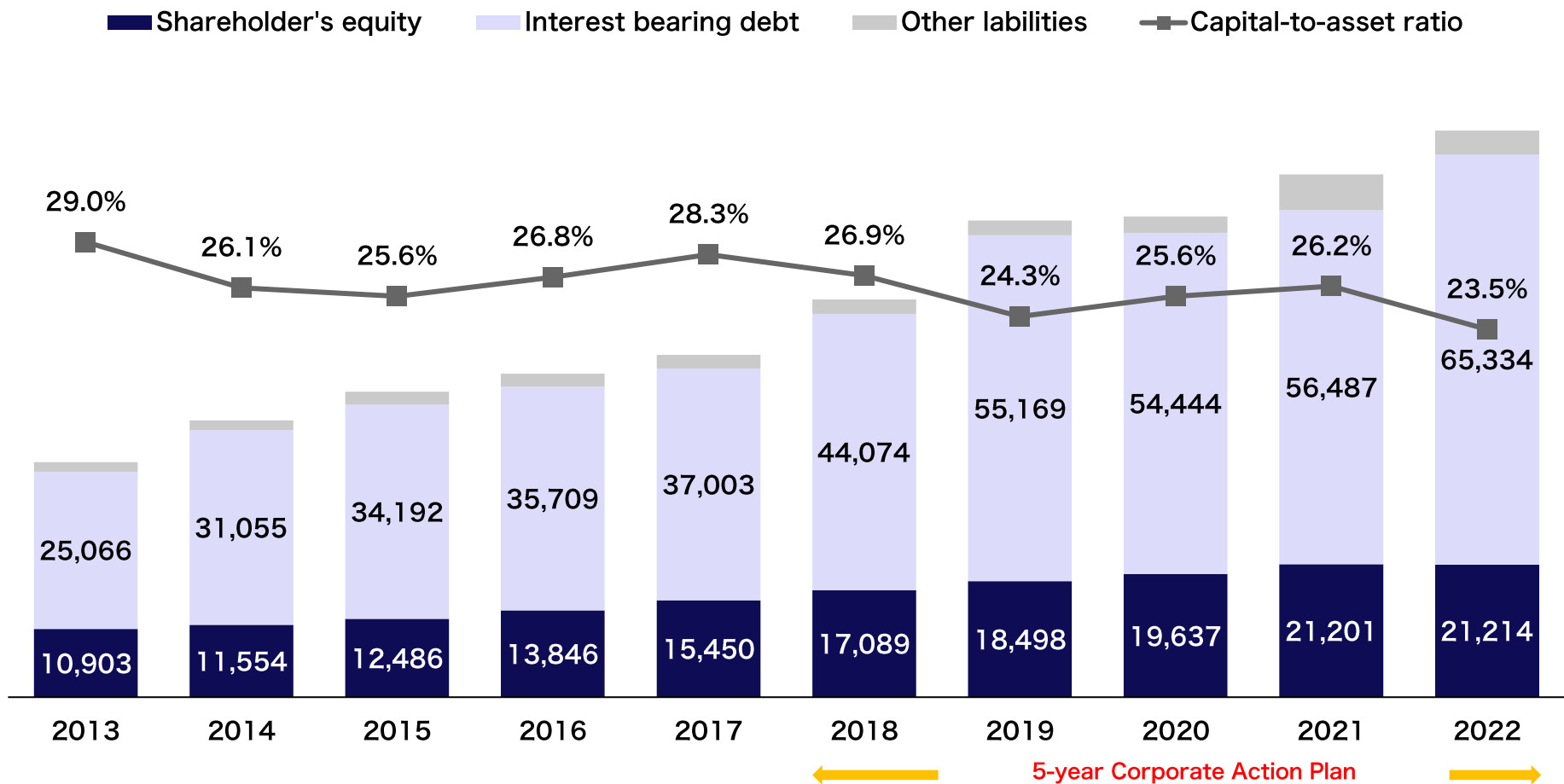
*1 Asset turnover ratio = Sales / Total assets

*2 The breakdown of profit (vacant condos / condos with tenants) is an approximate figure.

*3 Owner change (OC) condominiums: Be sold after tenant's vacancy and renovation.
 Vacant condominiums: Be sold after renovation (be purchased without tenant).

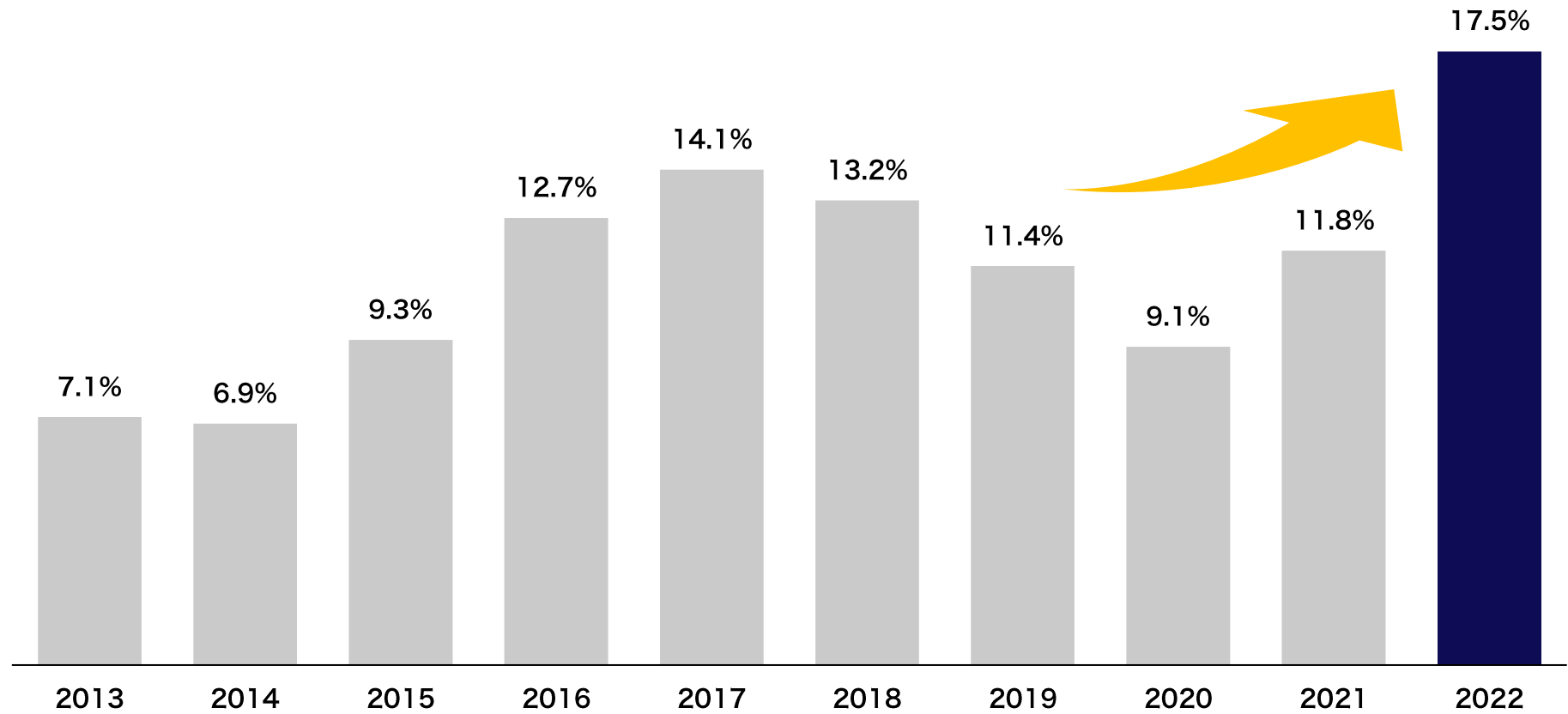
- Utilized long-term debt for growth, while maintaining healthy balance sheet.

<History of the Amount of Debt/Equity (JPY mn, %) >



- Enhanced ROE by higher margin and financial leverage.

<History of Return on Equity (ROE) *1 (%) >



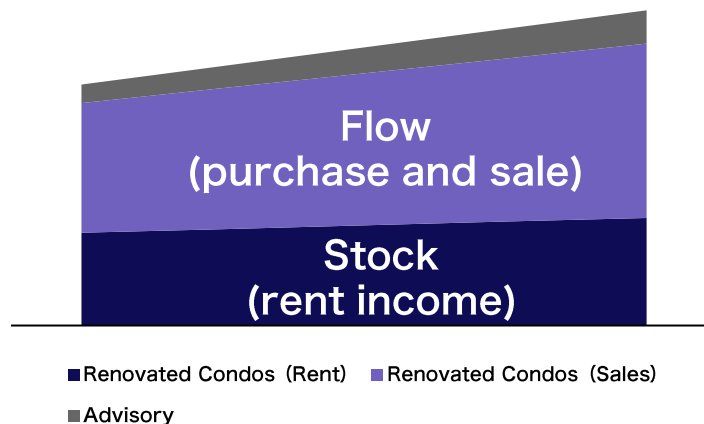
*1 Return on Equity (ROE) = Net income / Average shareholder's equity

← **5-year Corporate Action Plan** →

- Our goal is to lead the market through solid growth, backed by strong financials.

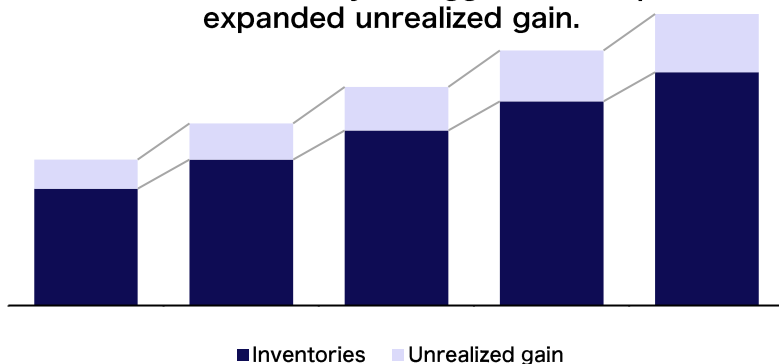
< Growth in P/L >

Benefit from both flow and stable income profit (hybrid profit).



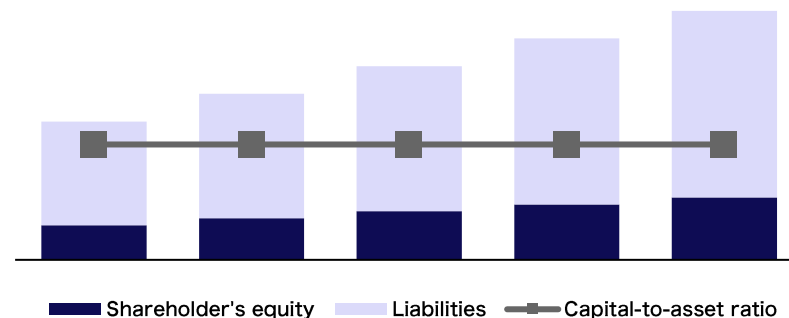
< Growth in BS >

Accumulated inventory via aggressive acquisition, expanded unrealized gain.

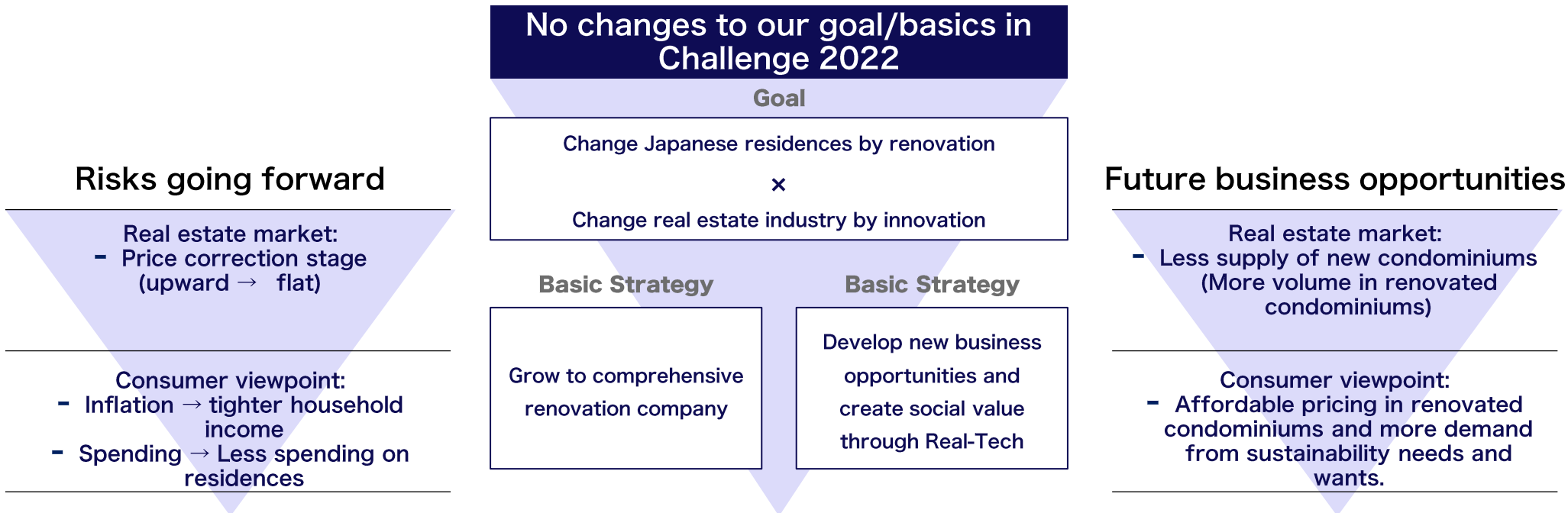


< Finance Strategy >

Carefully managed amount of debt allowed us to expand our business.



- Following our 5-year corporate plan and seek to further expand our business.
- Due to uncertainty in market, we will maintain our previous commitments in our mid-term corporate plan.



Strategy points beyond FY Nov 2023

Unique business model in owner change (OC) and vacant condominiums will lead us to continue our solid and aggressive acquisition plan

Solid

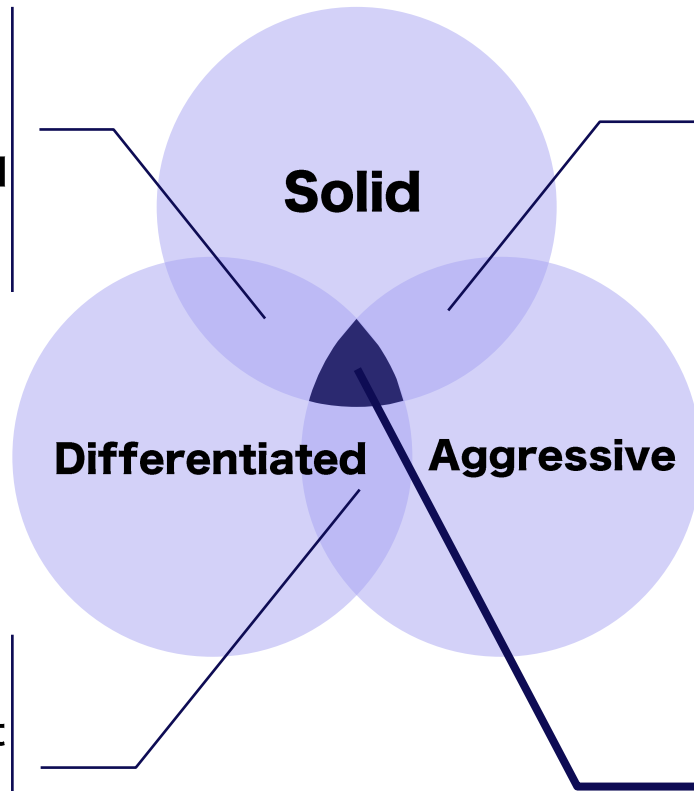
Differentiated

Aggressive

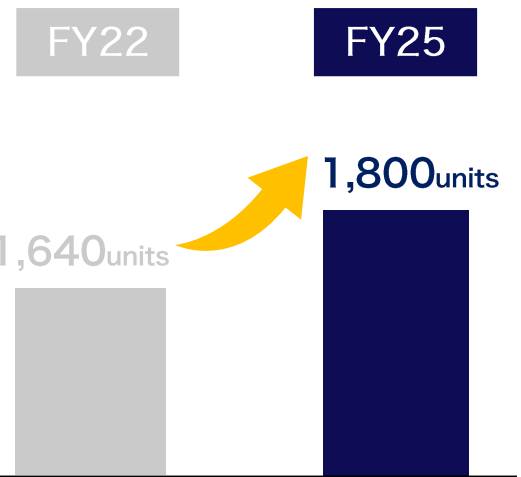
- Continue acquisition of owner change (OC) condominiums and drive solid growth.

Main stream of acquisition is from OC condominiums*, acquisition of vacant condominiums is sub stream and we plan to keep volume under control.

Acquiring high-end and compact condominiums to meet various needs.



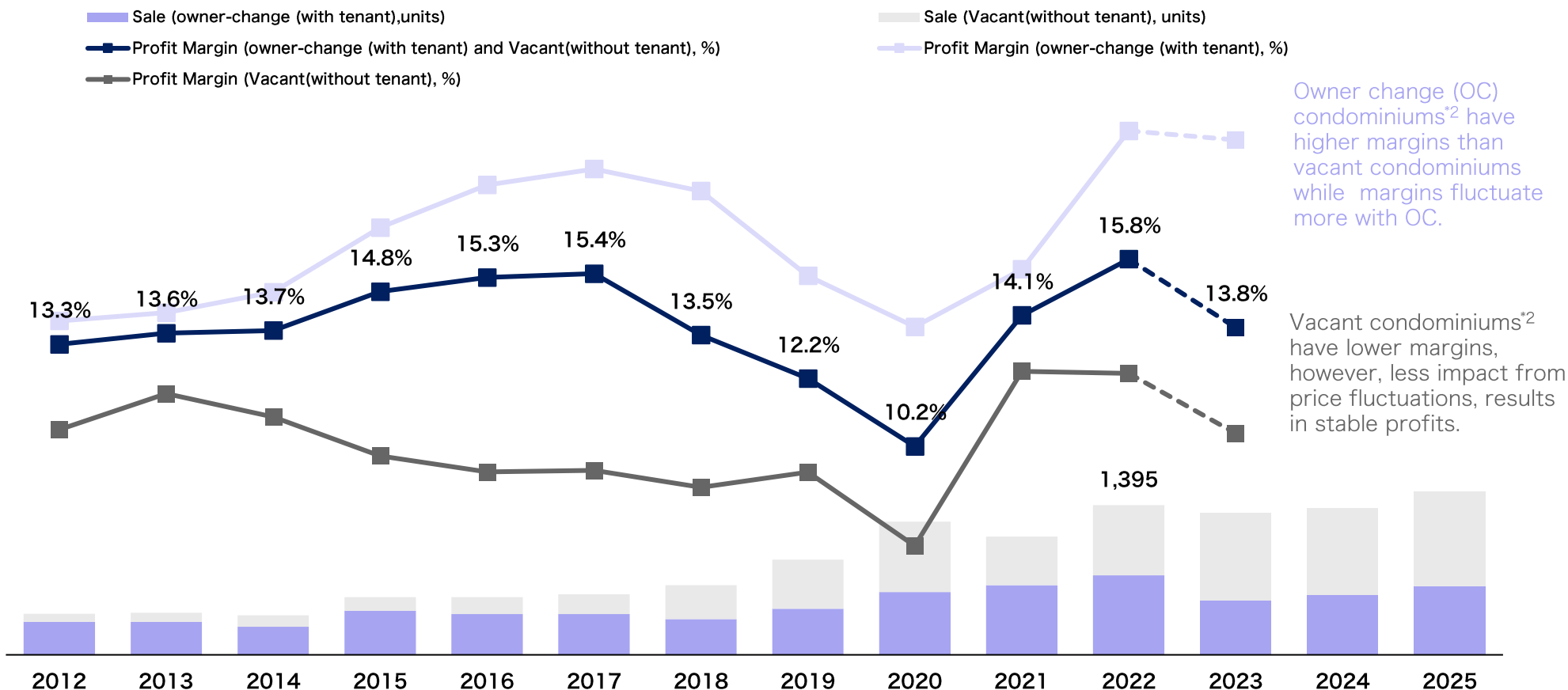
More acquisitions in convenient urban areas, less in suburbs where unit price is less attractive.



* OC condominiums: secondary condominiums with tenants

- We anticipate our margins will become closer to the level we realized in 2019 or before.
- We plan to increase transaction volume to cover lower margins, which will in turn, contribute to our stable growth trajectory.

<Sales and Profit Margin by the Type of Condos *1 (unit, %) >



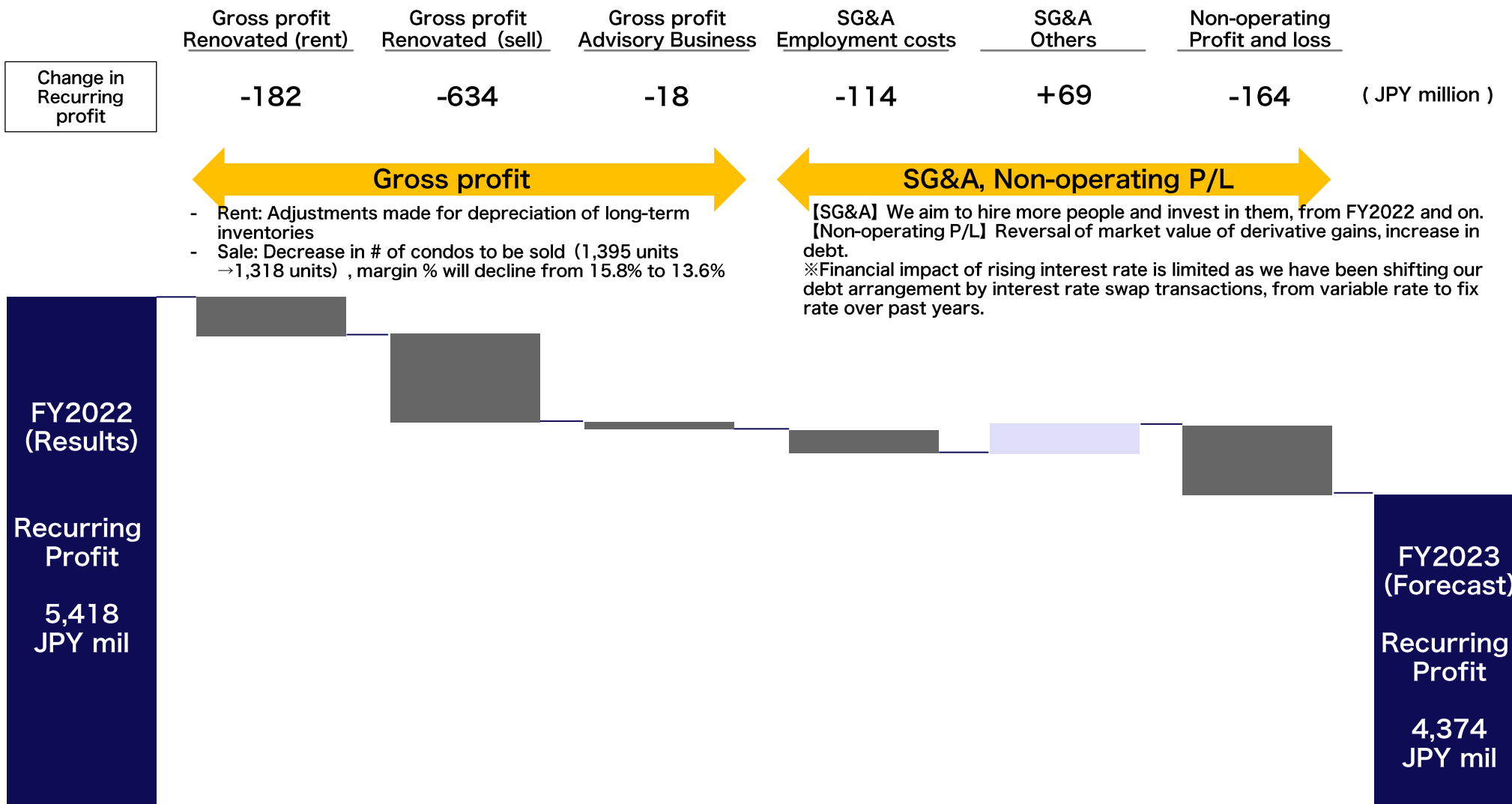
*1 The breakdown of profit (vacant condos / condos with tenants) is an approximate figure.

*2 Owner change (OC) condominiums: Be sold after tenant's vacancy and renovation.
Vacant condominiums: Be sold after renovation (be purchased without tenant).

- Prepare for unexpected change in business environment by strengthening our financial base and enrich our human resources.

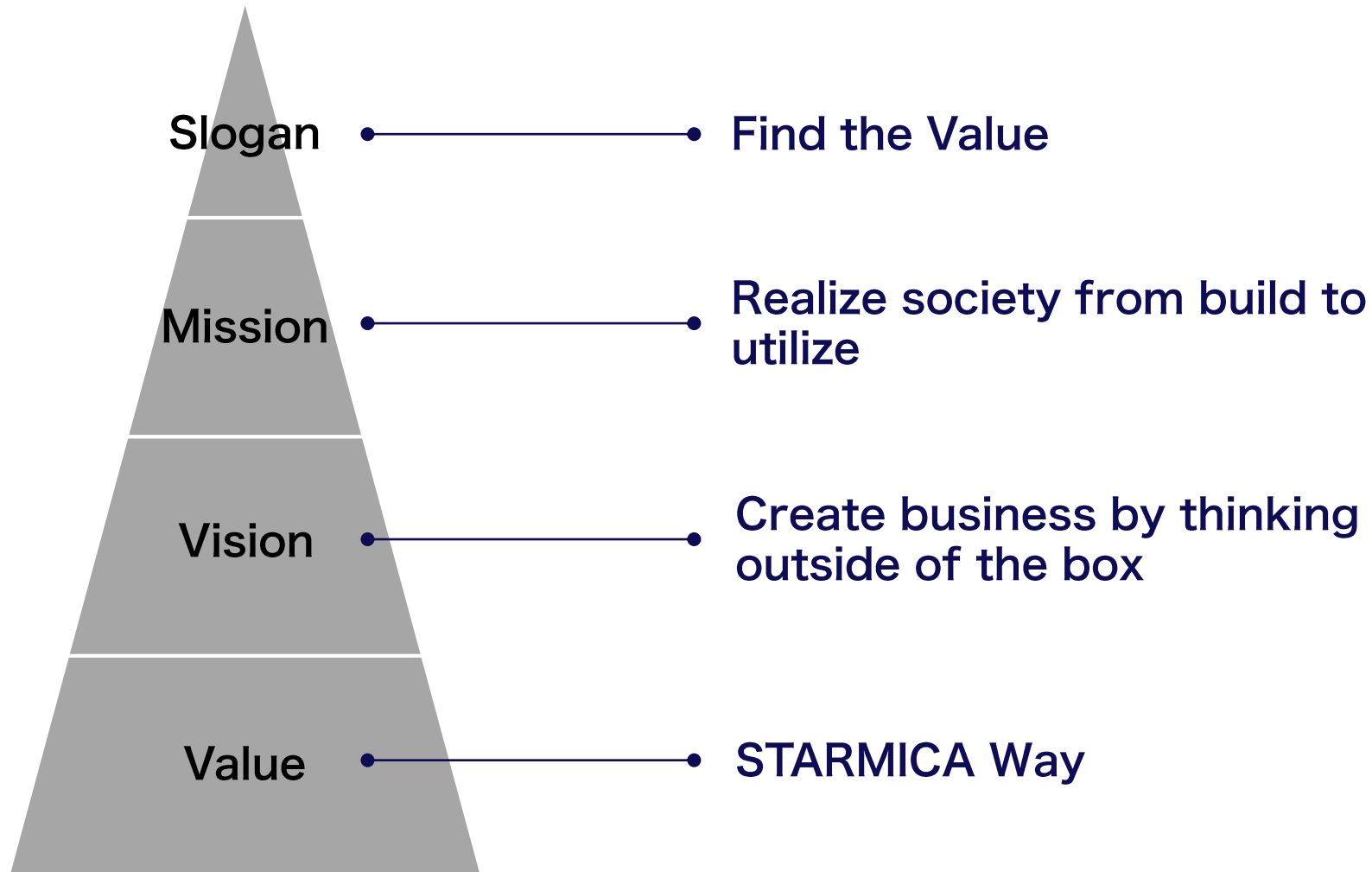
	FY2022 Result (JPY million)	FY2023 Forecast (JPY million)	YoY Change
Sales	48,211	50,264	+4.3%
Renovated condominium business	47,449	49,530	+4.4%
Investment business	-	-	-
Advisory business	762	733	-3.8%
Gross profit	9,759	8,924	-8.6%
Renovated condominium business	9,215	8,398	-8.9%
Investment business	-	-	-
Advisory business	544	525	-3.4%
SG&A	3,661	3,705	+1.2%
Operating income	6,098	5,218	-14.4%
Recurring profit	5,418	4,374	-19.3%
Net income	3,709	3,011	-18.8%

- We anticipate renovated condominium price will stabilize from recent rise.



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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.

STARMICA HOLDINGS
Find the Value

Strategic planning of Starmica Group / General management



- Our value proposition.

Acquisition/Entry

- Acquire mainly family-type, owner-change condominium.
- Owner-change condominiums have limited market.
- We provide liquidity to this limited market.

Manage and Hold

- We manage and hold the condominium until tenant vacates.
- We support tenants' lifestyle by our own property management solutions.

- We bring to market high quality renovated condominiums in major cities.
- We respond to variety of consumers' needs in our product design.

Sale/Exit

- We will renovate vintage property to high quality property in a short period of time.
- We preserve and utilize what can be renovated, consider environmentally friendly renovation.

Renovation

- Systematic operation to make solid and aggressive acquisitions.

< Operational flow (example) >

Access to Information

4,000units/month

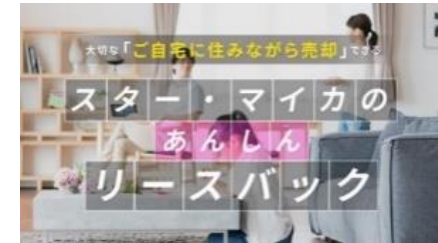
POINT① : Strong relationship with intermediaries.



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 14,000unit

3% of initial number of property information

120units/month

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

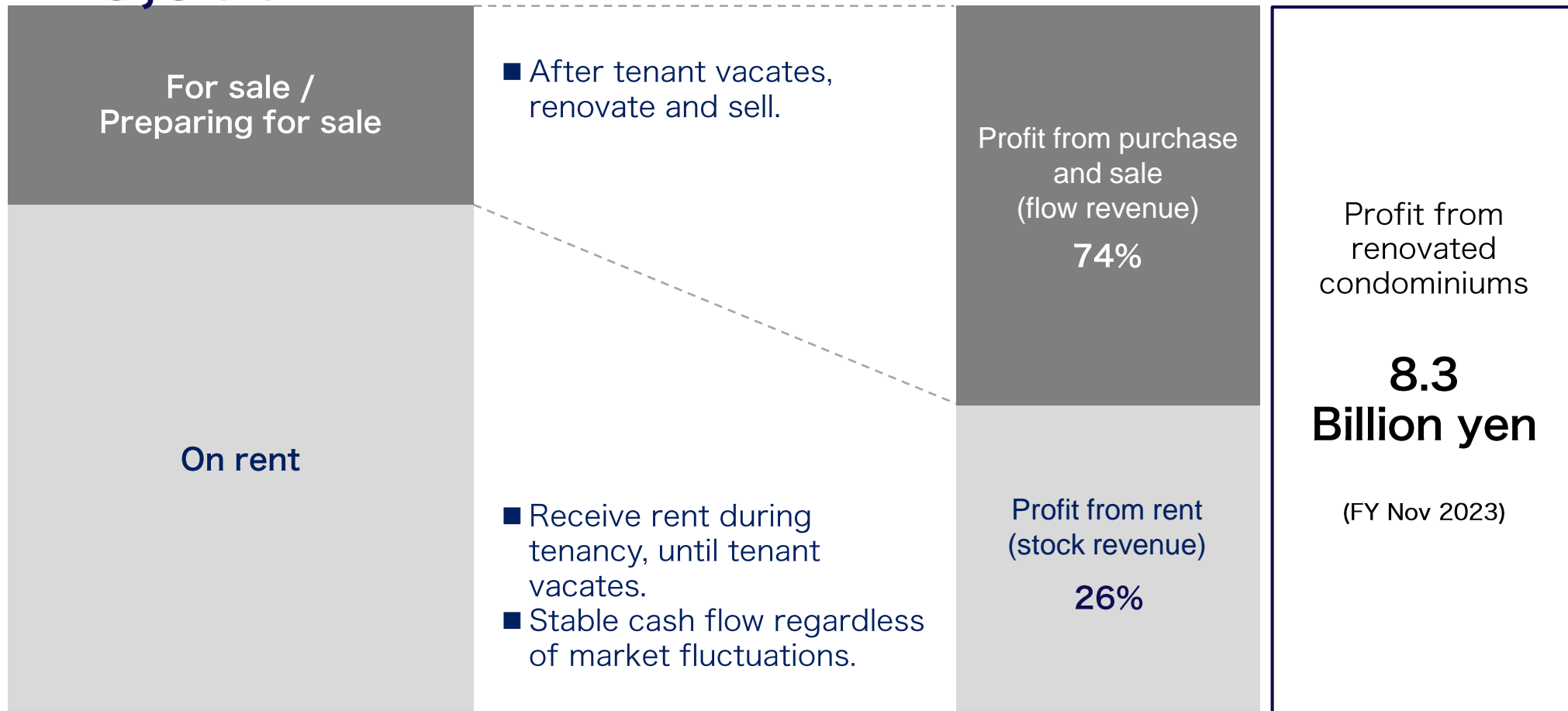
Bank credit facilities Over 20 billion yen

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

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

Number of properties
3,800 units

Profit to Sales Ratio (%)



- **Manage cost and time for large volume of renovation while maintaining the quality.**

Planning to achieve maximum comfort.

- Design for urban workers, to offer comfort around the bathroom, kitchen, and flow line.



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

MODERN

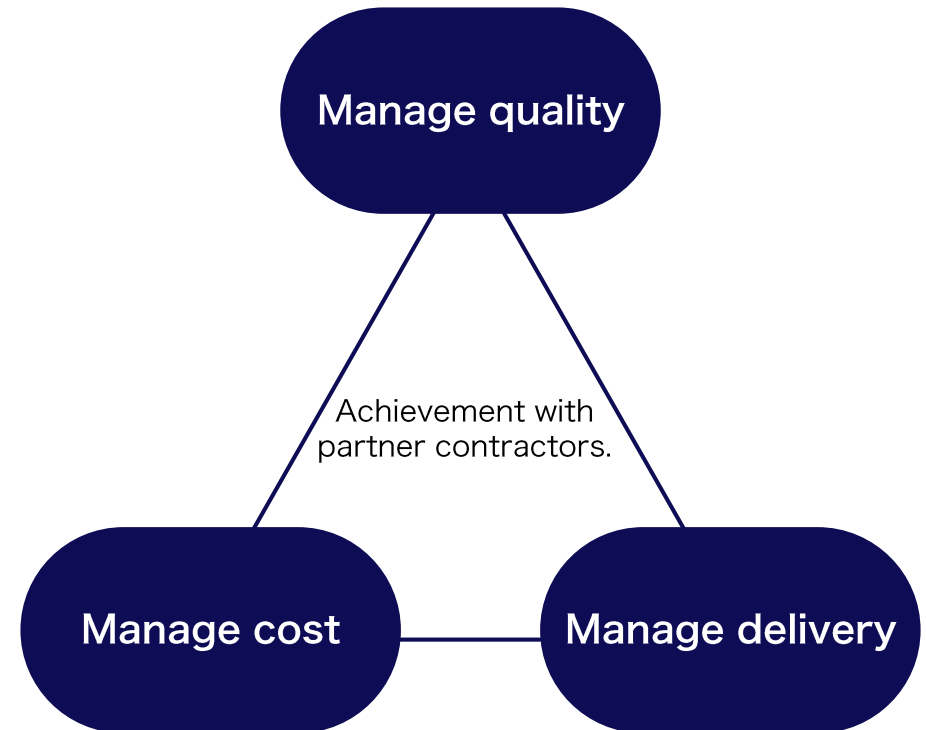


NATURAL



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.

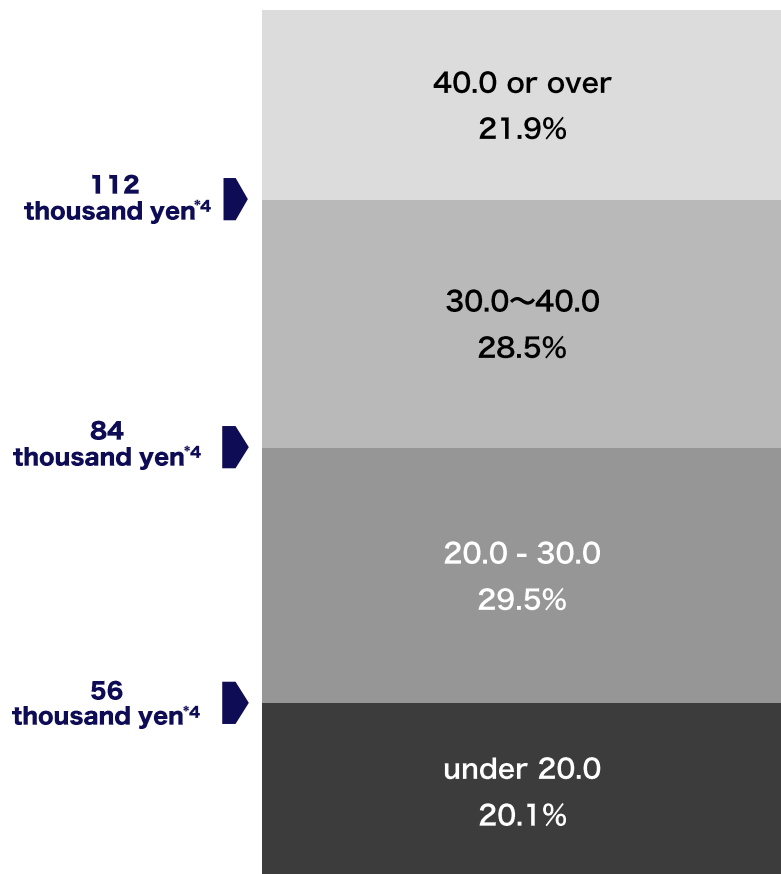


- We offer renovated condominiums at reasonable price.

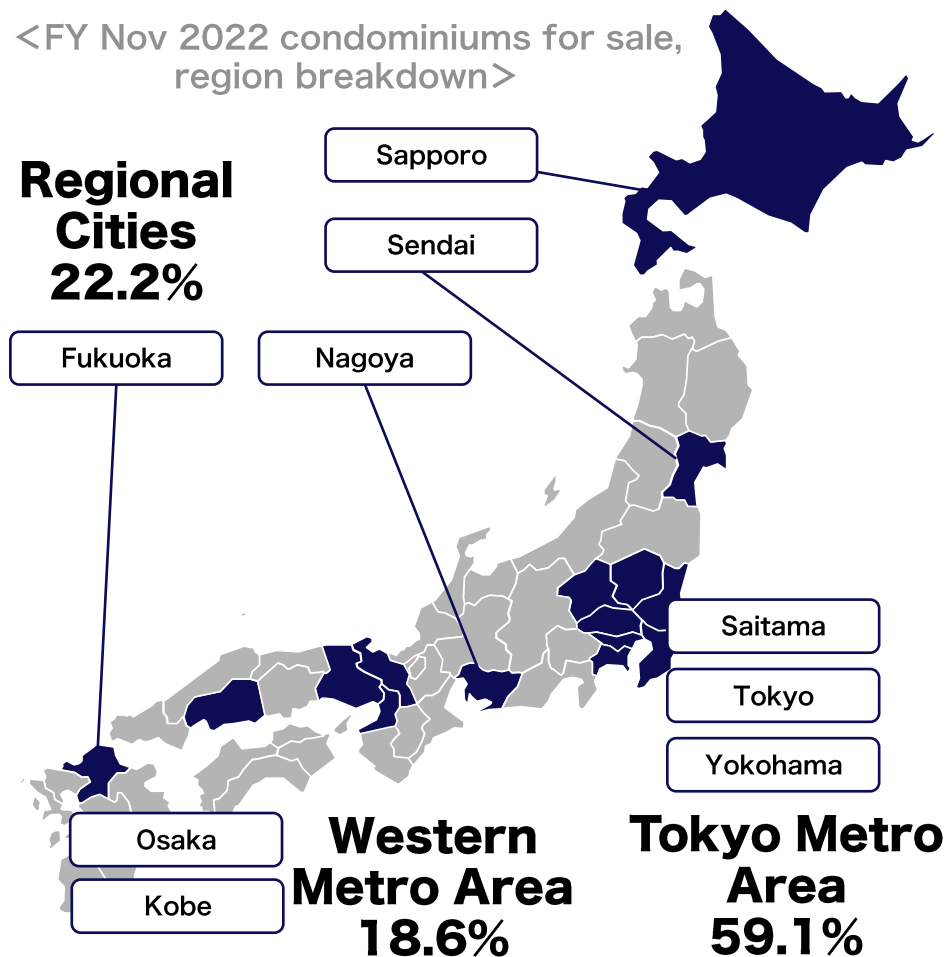
Residents will be able to live in a higher spec condominiums designed for ownership, with same monthly cost of rent.

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

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

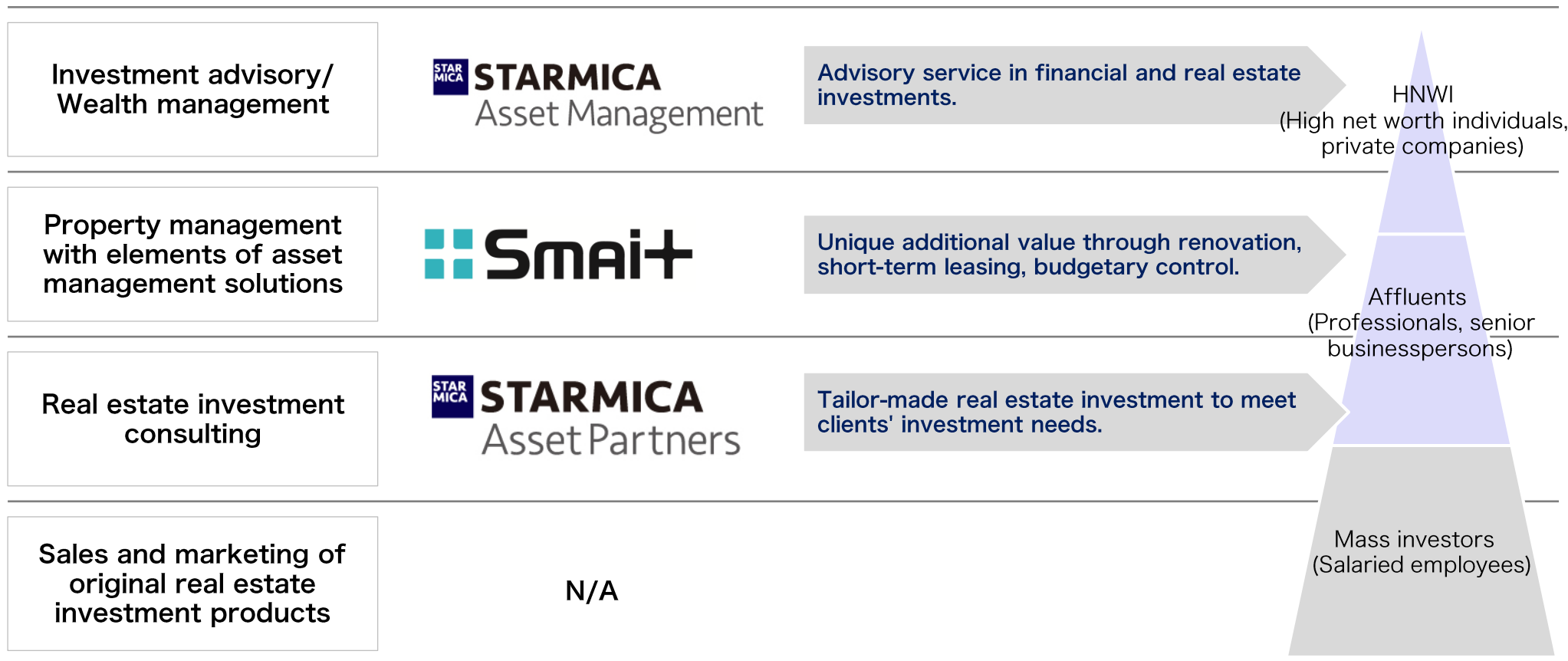


<FY Nov 2022 condominiums for sale, region breakdown>

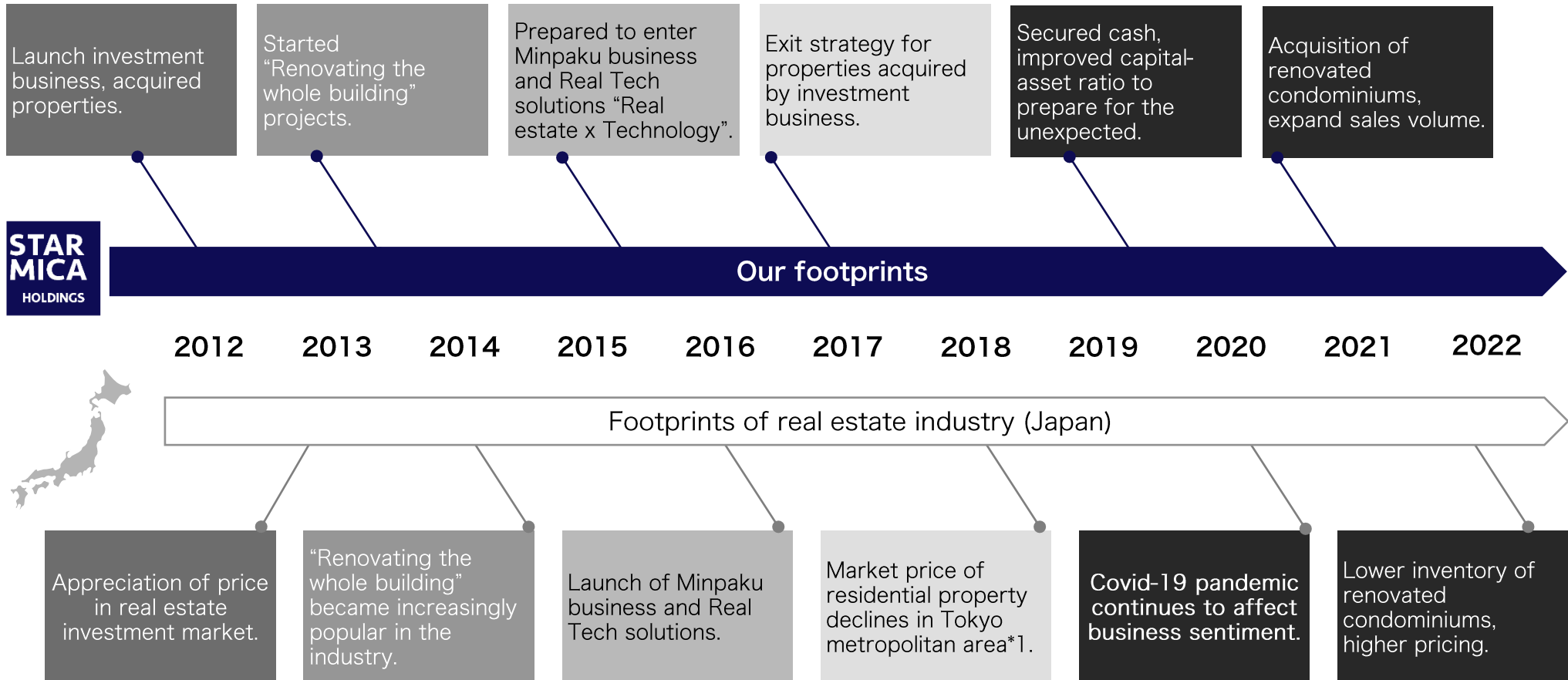


³ Based on the sales price in FY Nov 2022 (proportion of units sold) .
⁴ Assumed mortgage loan of 20/30/40 million yen at 1%, for 35 years.

- 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.

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- Our commitment to stakeholders
- We plan to disclose more ESG information at the end of Jan. 2023 on Website.

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.

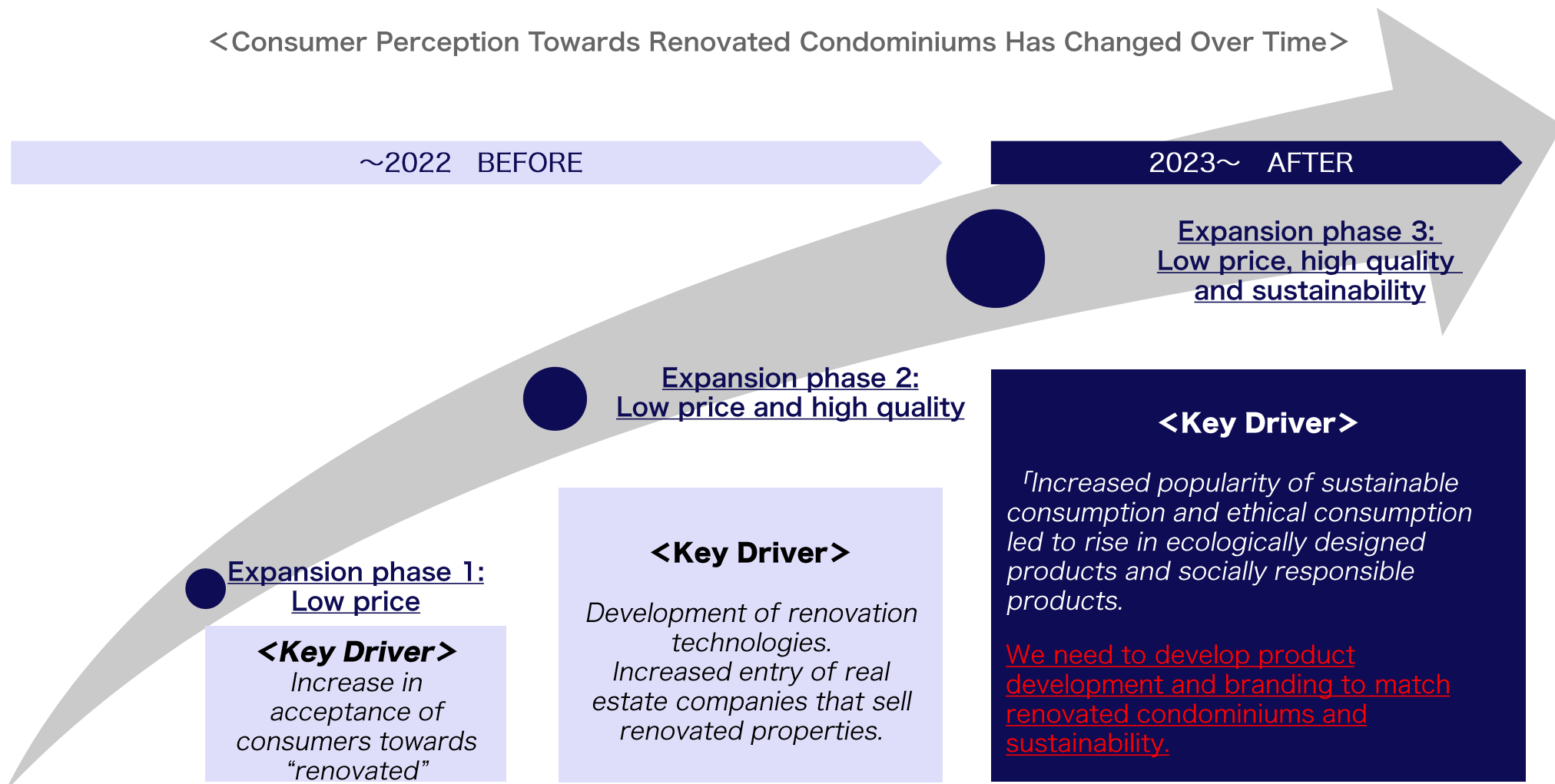


Shareholders / investors

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

- Our challenge is branding of renovated condominiums under Sustainability.
- We strive to become a leading company of the industry.

<Consumer Perception Towards Renovated Condominiums Has Changed Over Time>



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- For FY2023, we will focus on profitability and asset efficiency.

		FY Nov 2022	On-going strategy
ROE^{*1}		17.5%	Maintain ROE
		 	
Profitability	Net profit margin ^{*2}	7.7%	Maintaining profit margin
		×	
Asset efficiency	Asset turnover ratio ^{*3}	0.53	Improving inventory turnover by acquiring vacant condominiums
		×	
Financial stability	Leverage ^{*4}	4.3x	Managing leverage to raise capital-to-asset ratio.

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

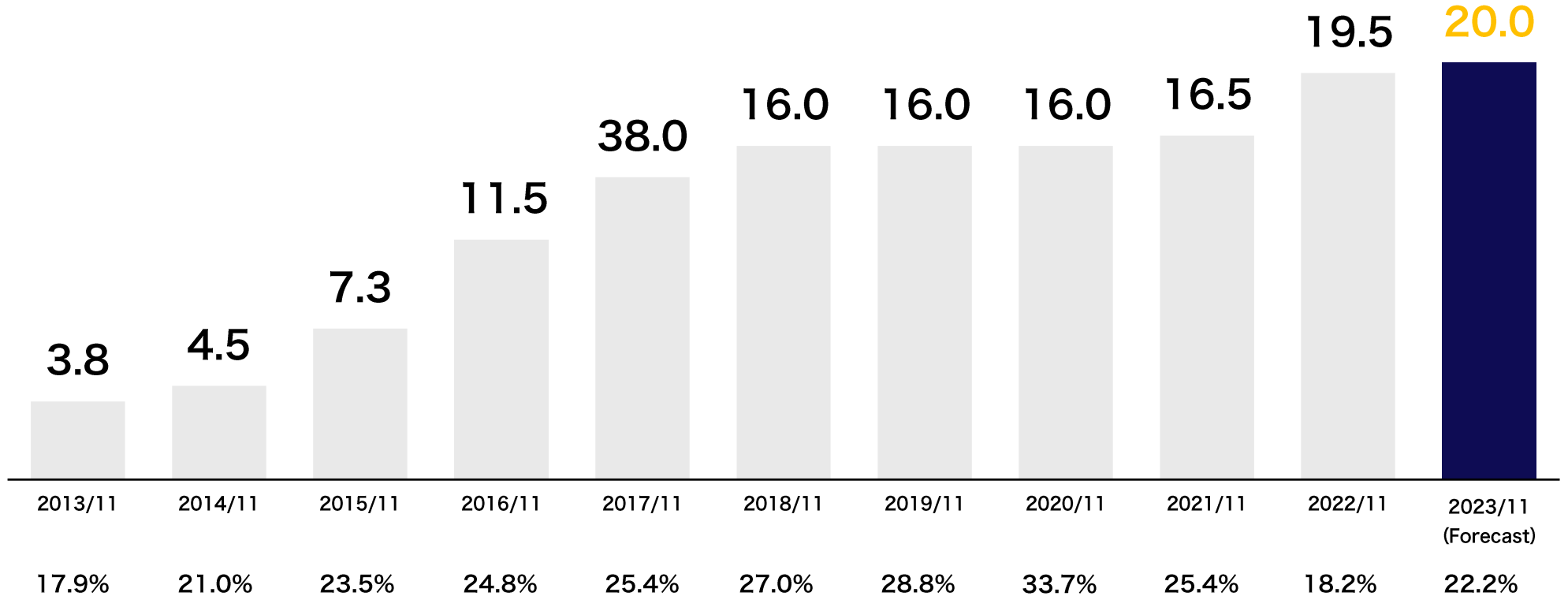
^{*3} Asset turnover ratio = Sales / Total assets

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

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

- Gradual increase in dividends to meet profit growth stage.
- For FY2023, total annual dividend per share is planned to be JPY20 (JPY0.5 higher than FY2022).

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

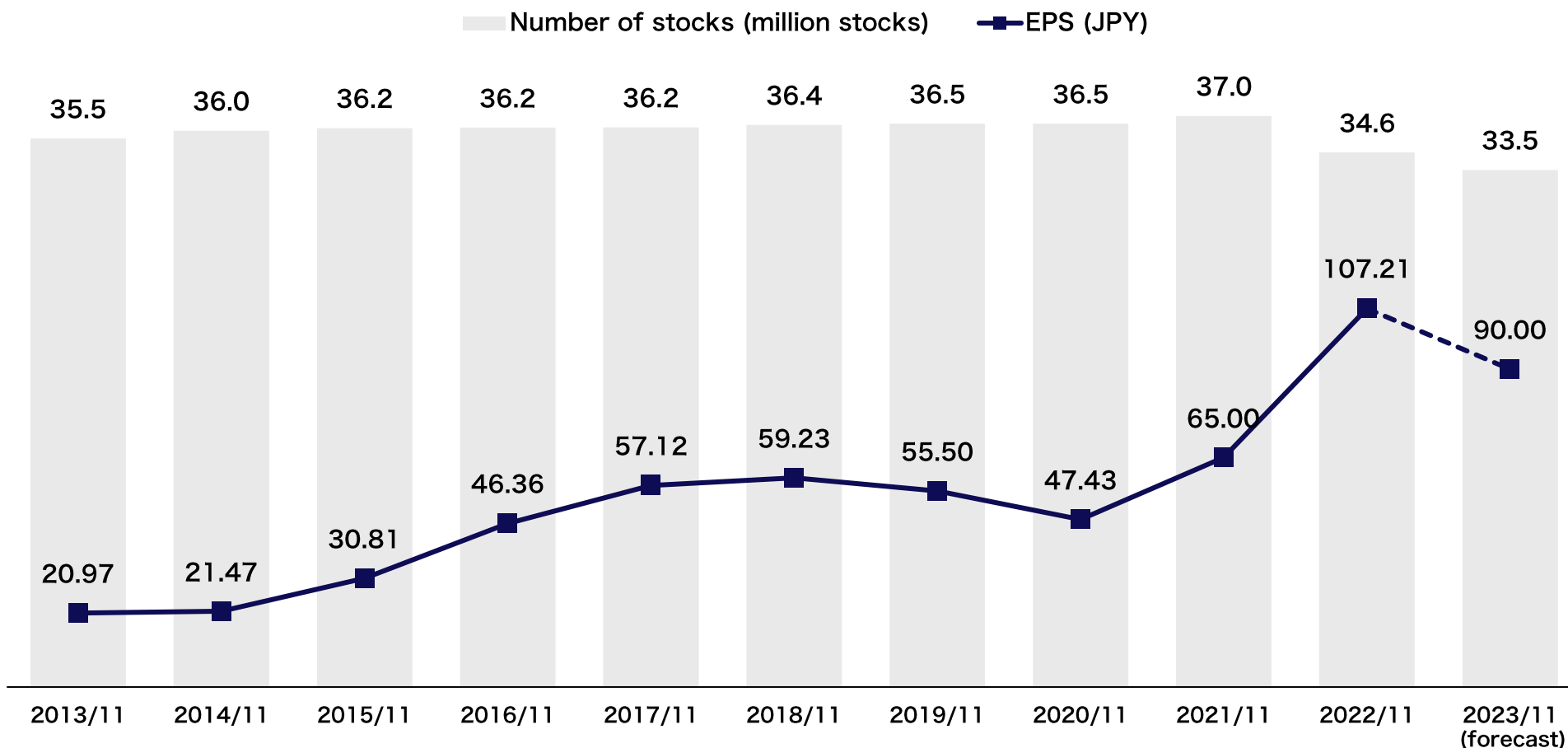


History of consolidated dividend payout ratio *1

*1 Due to stock split of 1-2 in October 2017 and in December 2022, past per share dividends are adjusted.

- Share buybacks contributed to higher EPS.

<History of number of stocks and Earnings per share *1 >



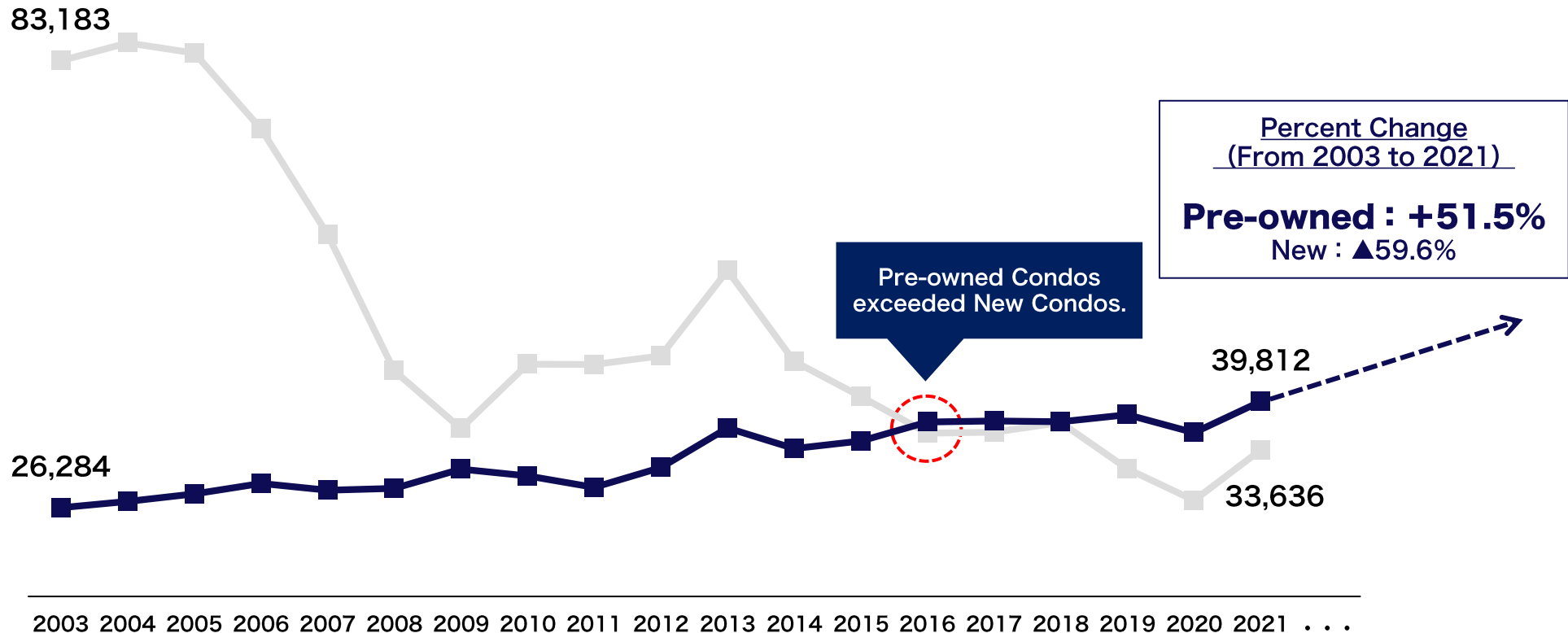
*1 Due to stock split of 1-2 in October 2017 and in December 2022, past per share dividends are adjusted.

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- After 2016, renovated condominium sales volume became higher than that of newly built condominiums.
- We believe demand for renovated condominiums remains solid, longer-term growth in this market is warranted.

<Annual Transactions of New/Pre-owned Condos (Tokyo Metropolitan Area) >

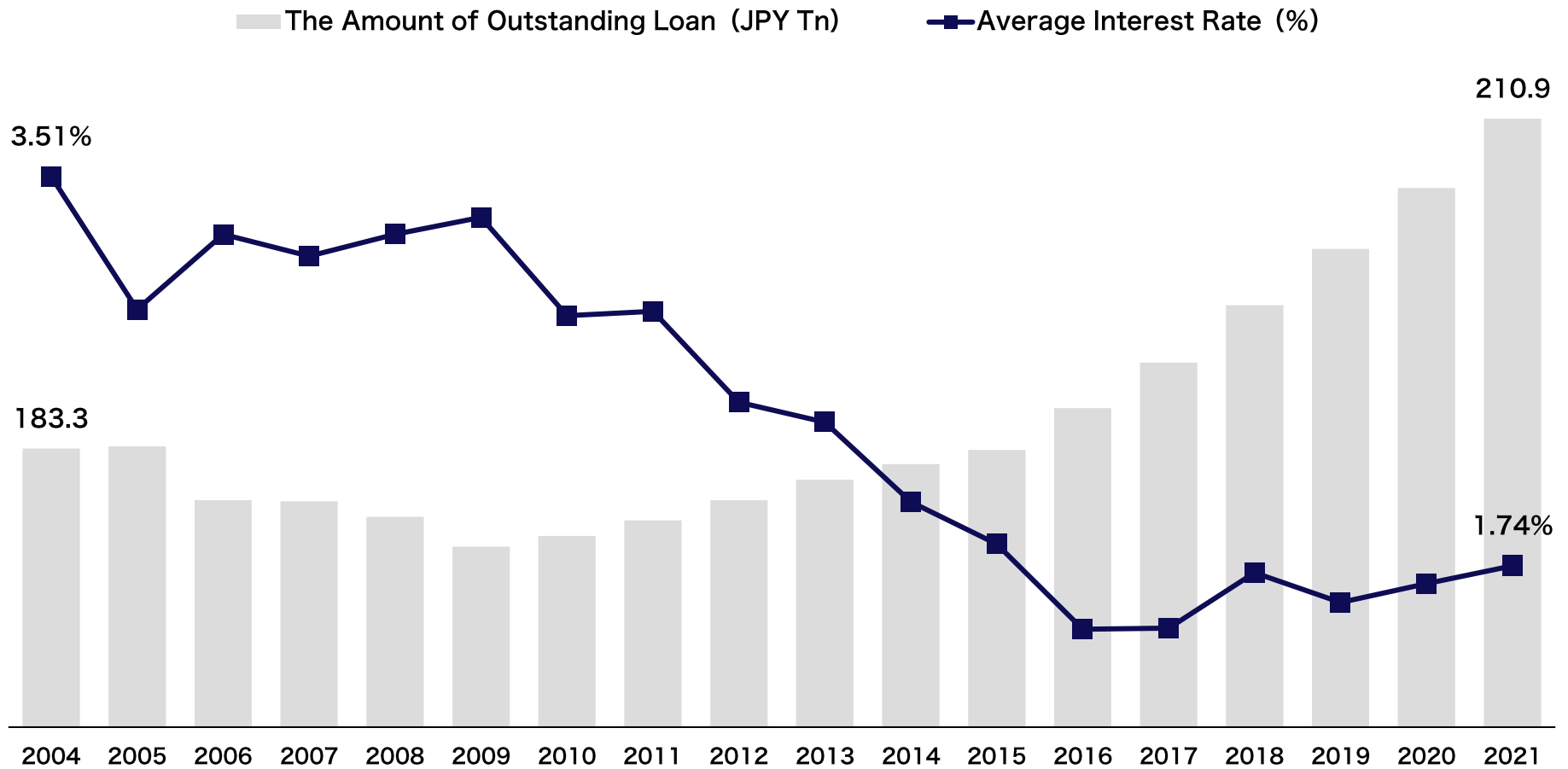
■ New ■ Pre-owned



(Source) Real Estate Economics Research Center "Condominium Market in Japan", REINS "Market Watch"

- Low mortgage rates and tax relief will promote residential property market financially.

<The Amount of Outstanding Loan and Average Interest Rate (flat 35 housing loan)>



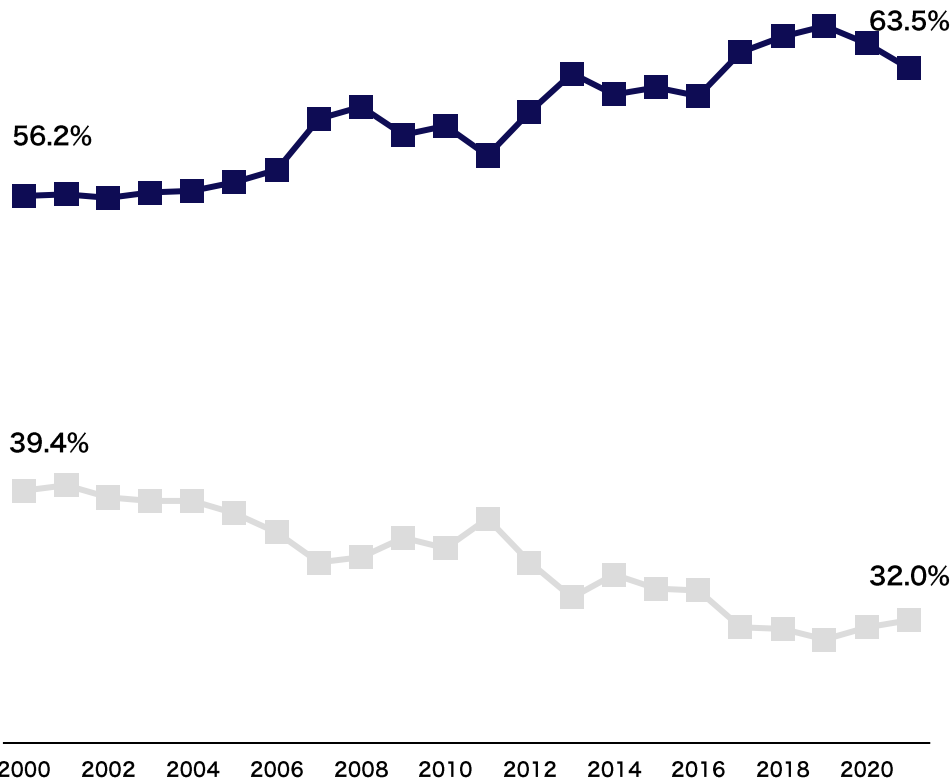
(Source) Japan Housing Finance Agency "Interest Rate of Flat 35 Housing Loan", The Real Estate Transaction Promotion Center "Statistics in Real Estate Industry"
Interest rate is calculated by averaging up the highest and lowest interest rate (monthly).

- Mortgage loan repayment appears to be reasonable compared to rent payment among consumers and thus contributing to increased number of home buyers.

Number of home buyers have gradually increased over 20 years.

<% of House Owners and Non-House Owners>

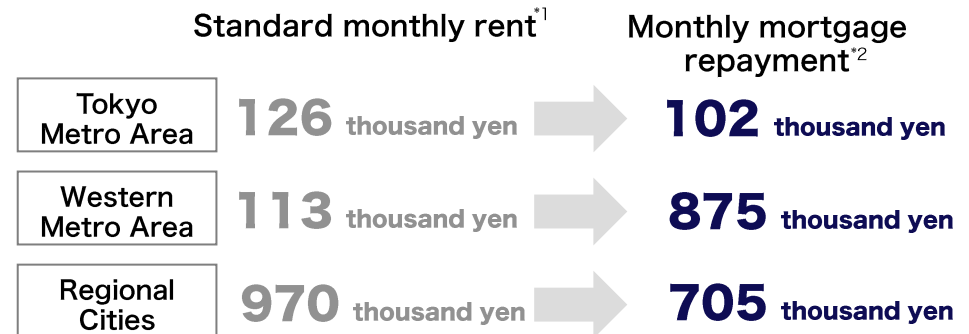
■ House Owners ■ Non-House Owners



(Source) Statistic Bureau, Ministry of Internal Affairs and Communications

Factor①: Low interest rate, reasonable monthly repayment

<Comparison of Monthly Payout (Purchase / Rent) In 2022>

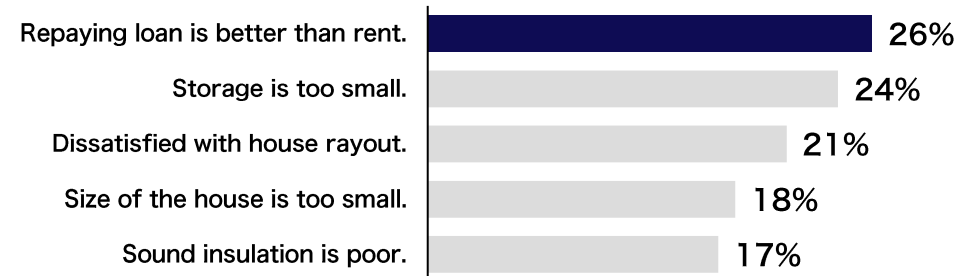


*1 Based on condos sold by STARMICA in FY Nov 2022.

*2 Assumed mortgage loan at 1%, for 35 years.

Factor②: Concept of rent = expense, home = asset had become more popular

<The Result of Questionnaire; Considerable point when buying house >

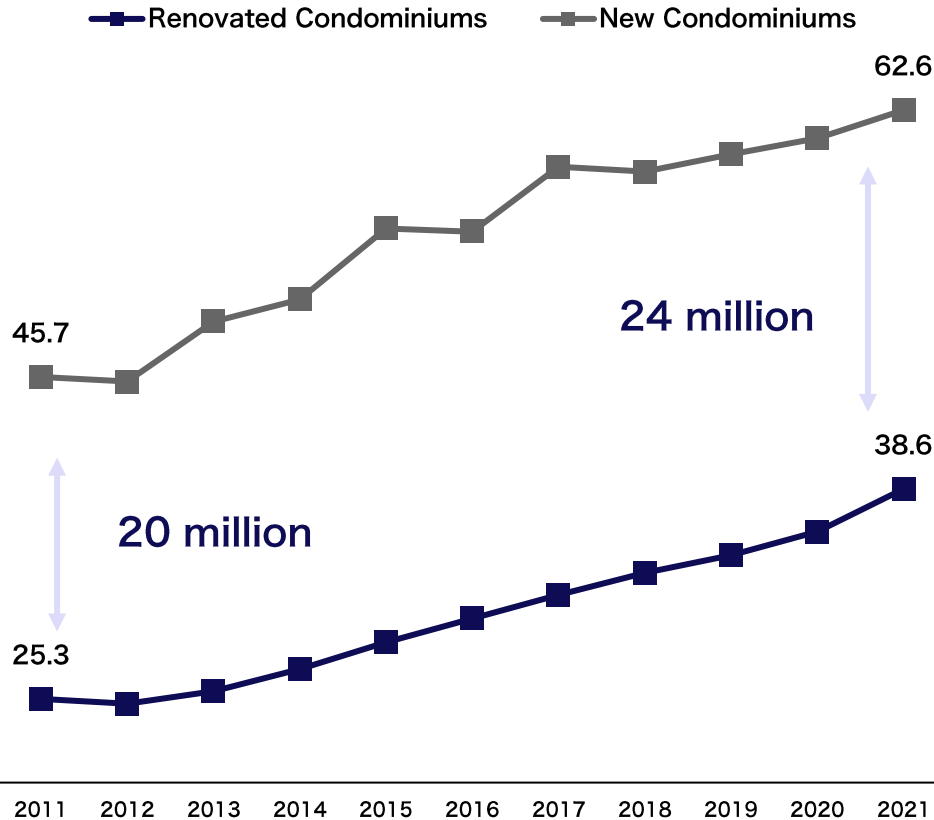


(Source) Recruit Co., Ltd "Survey for Home Buyers in Dec, 2021 / Annual Result"

- Renovated condominiums have gained more popularity as newly built condominium pricing soared.

Renovated condominiums are more affordable than new ones.

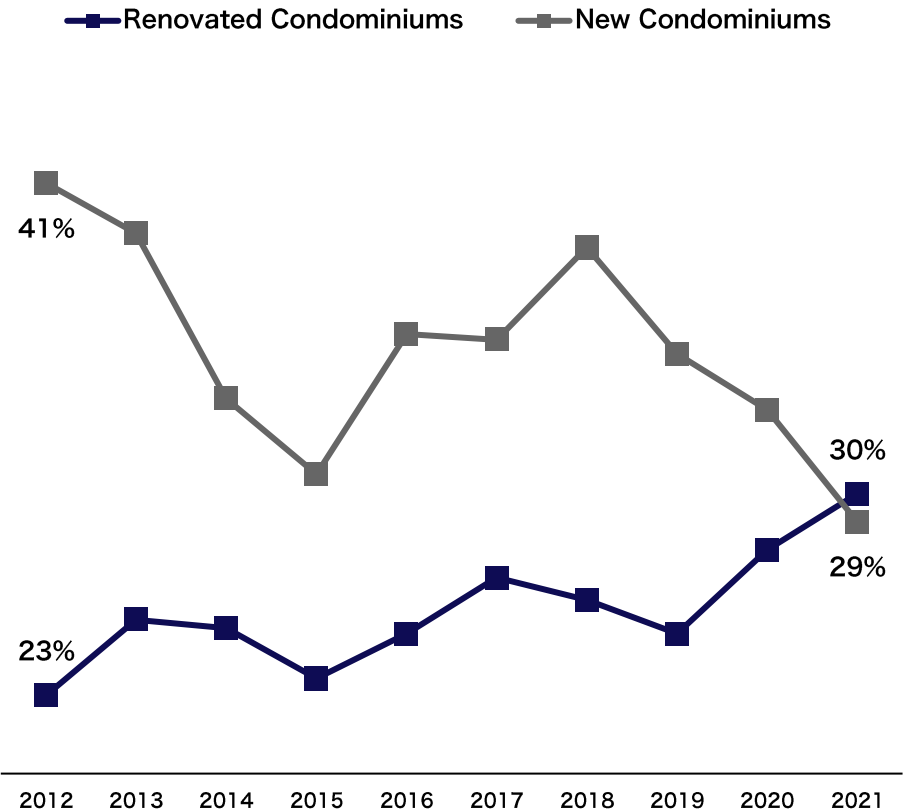
<Average Selling Price of Condos in Tokyo Metropolitan Area (JPY million) >



(Source) National Federation of Real Estate Brokerage Associations Real Estate Institute Research "Real Estate Market Annual Statistics", Real Estate Economics Research Center "Market Data in Tokyo Metropolitan Area", REINS "Annual Market Watch".

Renovated condominiums are becoming popular among other options.

<The result of Questionnaire ; *Which type of condos (renovated or new condos) did you consider to buy first?* >

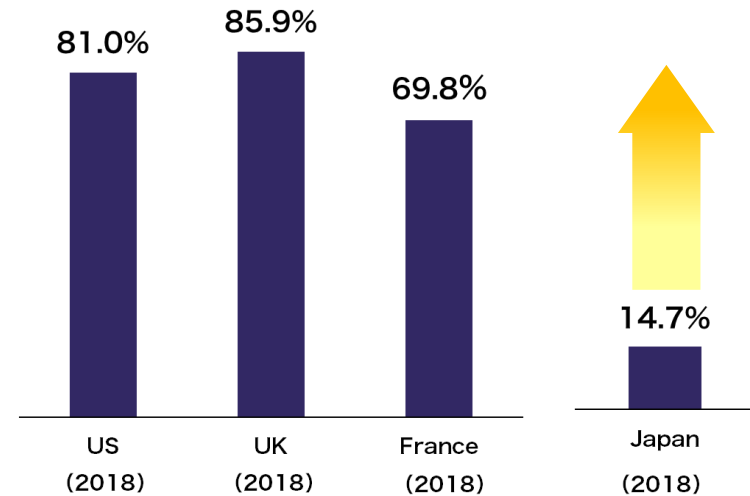
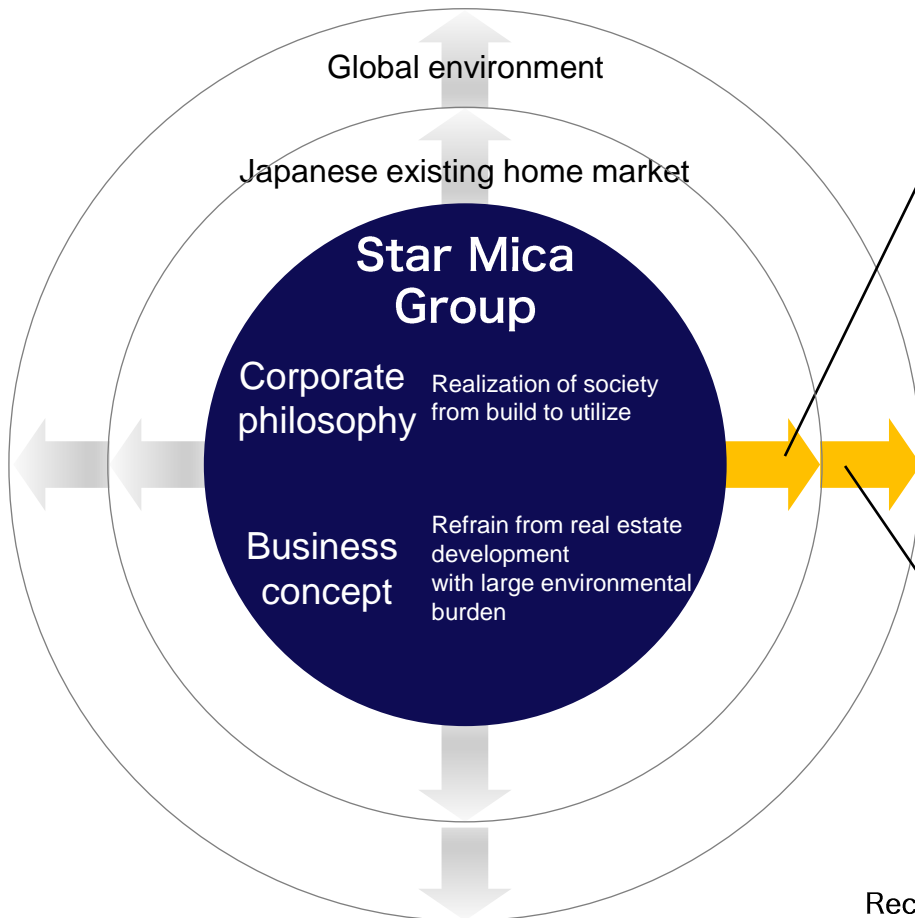


(Source) Recruit Co., Ltd "Survey for Home Buyers in Dec, 2021 / Annual Result"

- 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?"

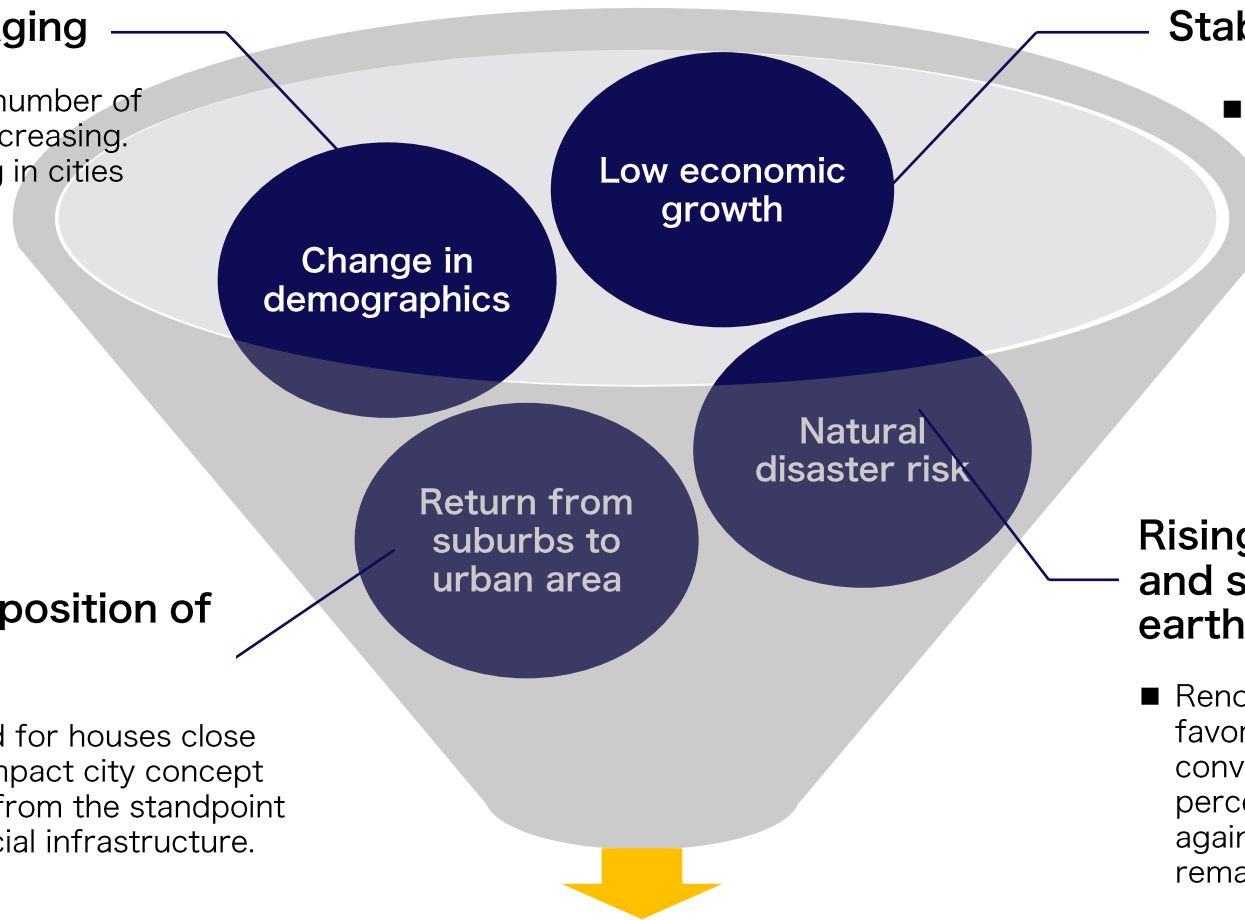
- Offer solutions to challenges of Japan, by promoting renovated condominiums in Tokyo metropolitan area and major cities.
- Strive to become "Star Mica Group" that meets various needs.

Depopulation • Aging

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

Stable overall income

- Pricy 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.

- 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



- 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 17.0 hours/month

Friendly work environment for women

Product development team led by women

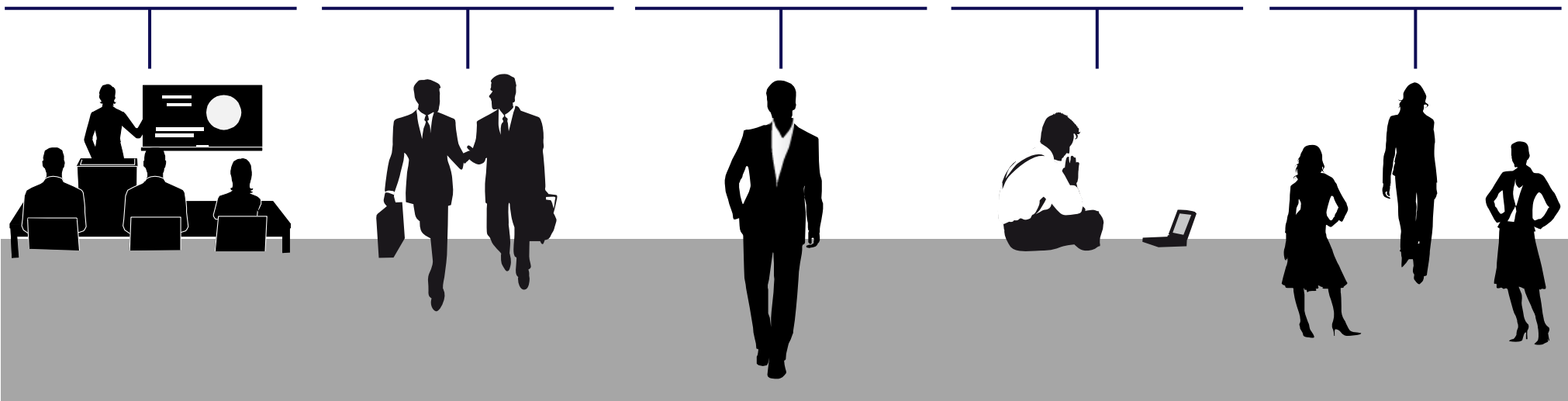
女性の“ウレシイ”をかたちに。

しあわせリノベ 研究所

"Shiawase (Happy) Renovation"

Ratio of women group members : 48%

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



- Over 5,000 individuals as loyal shareholders.
- 25% held by overseas investors, Star Mica business being recognized in global market.

Number of
stocks*2
16,730,263

(Except of
treasury stocks
: 269,737)

Number of
investors
5,564

Overseas
Investors
25.5%

- GOVERNMENT OF NORWAY . . . 2.9%
- STATE STREET BANK AND TRUST COMPANY 505019 . . . 2.6%
- JP MORGAN CHASE BANK 380646 . . . 2.2%
- KIA FUND 136 . . . 1.9%
- BANQUE PICTET AND CIE SA . . . 1.7%
- NORTHERN TRUST CO.(AVFC) RE UK PENSION FUNDS EXEMPT LENDING ACCOUNT . . . 1.6%

Individual
Investors
(Japan)
13.7%

- Number of individual investors : 5,389

Institutional
Investors
(Japan)
26.7%

- The Master Trust Bank of Japan, Ltd. (Account in trust) . . . 14.2%
- Custody Bank of Japan. (Account in trust No. 9) . . . 7.6%
- The Nomura Trust and Banking Co., Ltd (Account in investment trust) . . . 1.5%

CEO
34.2%

- Masashi Mizunaga . . . 34.2%

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

*2 Cancelled treasury stocks (2,241,190 shares) on Aug 31, 2022. Implemented two-for-one stock split on Dec 1, 2022.

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 Prime Section (stock code: 2975)
Shareholders' equity	21,190 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), Kobe Branch (Kobe 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	152
Businesses	Renovated Condominium Business, Investment Business, Advisory Business

¹ Consolidated basis unless otherwise noted

 **STARMICA HOLDINGS**

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TEL : +81 3 5776 2785

E-mail : ir.group@starmica.co.jp

URL : <https://www.starmica-holdings.co.jp/>

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- This presentation is not to be construed as a solicitation to invest in the company. Investors must make their own investment decisions.