

(Translation)

Latest revision: December 26, 2023

KATITAS Co., Ltd.

President and CEO, Katsutoshi Arai

Securities code: 8919

<https://www.katitas.jp/>

The status of the Company's corporate governance is as follows.

I. Basic Approaches on Corporate Governance, Capital Structure, Company Attributes, and Other Basic Information

1. Basic Approaches

Under the management philosophy, "Opening doors to the future. Contributing to communities and customers by adding value to homes", the Company is always working to accelerate and streamline management decision-making by quickly identifying changes in the ever-evolving business environment. To that end, we recognize that corporate governance is important as the foundation for improving the soundness and transparency of our management, living up to the social trust of our stakeholders, and steadily increasing our corporate value. We are striving to build and strengthen an effective corporate governance system based on a corporate auditing system consisting of a Board of Directors, which decides and supervises the execution of important business operations concerning the entire Group, as well as corporate auditors and a Board of Corporate Auditors which are independent of the Board of Directors and monitor the directors' execution of their duties.

Reasons for Not Implementing Each of the Principles of the Corporate Governance Code

Supplementary Principle 4-8-1: Effective Use of Independent Outside Directors

The Company has appointed three independent outside directors, who actively contribute to discussions at Board of Directors meetings, but the Company does not hold formal, regular information liaison meetings, etc., consisting solely of independent parties outside of the Company. Meetings are held on an irregular basis to exchange information and share opinions between the President and independent outside directors.

Supplementary Principle 4-8-2: Effective Use of Independent Outside Directors

The Company has not appointed a lead independent outside director responsible for meeting with investors, but its outside directors are available to meet with investors upon request.

Disclosure Based on the Principles of the Corporate Governance Code update

Principle 1-4: Strategic Shareholdings

The Company does not engage in strategic shareholdings. In principle, we do not intend to engage in strategic shareholdings in the future.

Principle 1-7: Transactions between Affiliated Parties

In the case of transactions between affiliated parties, the Company requires the approval of the Board of Directors, taking into consideration the rationality of the transaction in question, the appropriateness of the transaction terms, and other factors affecting the interests of the Company and its shareholders. In addition, we will disclose transactions with affiliated parties based on a determination of materiality according to provisions of the Corporate Accounting Rules and Rules For Consolidated Financial Statements.

Supplementary Principle 2-4-1

<Our approach to ensuring diversity>

In 2012, the Company went private. Since then, in order to rebuild our business, we have been promoting the hiring and appointment of people with diverse experiences, including top management. Through this experience, we believe that respecting diverse perspectives and values and reflecting them in management is essential to achieving sustainable growth through continuous corporate transformation and increasing corporate value.

Based on this belief, we implement a character-based hiring and promotion policy that emphasizes ability and performance, regardless of gender or nationality. We will continue our efforts to create an internal environment in which diverse personnel

can play an active role.

<Voluntary and measurable targets to ensure diversity>

As suggested by the fact that many of our top salespeople are women, we believe that there are opportunities for women to play an active role in the used home rehabilitation business. Therefore, we will continue to promote the hiring and appointment of women from the perspective of business growth.

The Company has set the following two quantitative goals with respect to the recruitment of women and the promotion of women to management positions.

1) Ratio of female employees among full-time employees as of 2030: 37% or more (36.6% as of March 31, 2023)

2) Ratio of female employees appointed to management positions by 2030: 30% or more (35.5% as of March 31, 2023)

The Company promotes the retention of women by implementing character-based promotions, and believes this will bring the ratio of female employees in management positions closer to the ratio of female employees in full-time positions.

<Status of ensuring diversity>

The status of female employee utilization in the Company is as described below.

-Ratio of female managers as of April 2023: 20.4%

-Ratio of female employees as of April 1, 2023: 37.5% (ratio of female employees including part-time employees, etc.: 40.3%)

-Ratio of female employees among new graduates joining the company in April 2023: 46.1%

-Ratio of female employees among the top 20 sales employees: 60.0%(FY2022)

The Group's domestic sales account for 100% of total sales as we only deal in domestic real estate. For this reason, the Group does not actively hire non-Japanese employees. However, the Group implements character-based hiring and appointment, which emphasizes ability and performance, so nationality is not a criterion in making decisions.

As for mid-career hiring, almost all of the KATITAS ' section managers and area managers and above are mid-career hires because we only began hiring new graduates in April 2013.

<Human resource development policy and work environment improvement policy to ensure diversity>

Our growth strategy is to improve salesperson x productivity (number of transactions per salesperson).

The Company placed the hiring of new graduates at the core of its recruiting efforts in the fiscal year ended March 31, 2017, and intends to continuously increase the number of salespeople going forward. To this end, we believe it is important to retain employees who are going through life events such as marriage, childbirth, and childcare.

The Company has implemented various measures to improve the retention of salespeople (e.g., setting up a contact point for customer inquiries after delivery, making shift leaves more flexible, introducing a defined contribution pension plan). We have also introduced services such as an outside consultation service and a medical consultation service.

We will continue to take various steps to improve the work environment to ensure diversity.

Principle 2-6: Functioning as an Asset Owner of Corporate Pensions

The Group has not adopted a corporate pension plan under which it serves as asset owner. However, the Group has introduced a defined contribution pension plan as part of its employee benefit program.

Principle 3-1: Enhancement of Information Disclosure

(1) Please refer to the Company's website for information on its management philosophy, strategies, and plans.

Management philosophy: <https://katitas.jp/en/information/company/representative/>

Management strategy and plans (Financial Results Presentation): <https://katitas.jp/en/ir/material.html>

(2) For the Company's basic approaches and policies on corporate governance, please refer to "I-1. Basic Approaches" in this document.

(3) Policies and procedures for the Board of Directors in determining remuneration for directors are stipulated in the "Decision Policy on the Content of Remuneration, etc. for Directors by Individual" as follows.

1. Basic Policy

The Company's remuneration for directors shall be within the range of the total annual remuneration resolved at the general meeting of shareholders (Note), and the remuneration system shall function sufficiently as an incentive to continuously improve the corporate value. When determining remuneration for individual directors, the basic policy is to set an appropriate level, considering factors such as their titles, roles, contributions, goal achievements, and performances.

Specifically, remuneration for executive directors shall consist of basic remuneration as fixed remuneration, monetary remuneration linked to individual performance, and stock-based compensation with restriction on transfer. Outside directors who are responsible for supervising functions shall only be rewarded basic remuneration in view of their duties.

(Note)

(1) Up to 300 million yen in annual remuneration, as resolved at the Extraordinary General Meeting of Shareholders held on January 15, 2002.

(2) Up to 40 million yen per year and no more than 20,000 shares in stock-based compensation with restriction on transfer within the range of (1) above, as resolved at the General Meeting of Shareholders held on June 25, 2021.

In addition, a resolution on stock option compensation (3) to (5) below has been made separately from (1).

(3) Up to 300 million yen per year in stock option compensation for the first series of stock acquisition rights, as resolved at the Extraordinary General Meeting of Shareholders held on July 26, 2013.

(4) Up to 300 million yen per year in stock option compensation for the fourth and fifth series of stock acquisition rights, as resolved at the Extraordinary General Meeting of Shareholders held on March 30, 2017.

*However, the fifth stock acquisition rights have all been exercised.

(5) Up to 300 million yen per year in stock option compensation for the sixth series of stock acquisition rights, as resolved at the Extraordinary General Meeting of Shareholders held on September 22, 2017.

We do not plan on granting stock options to directors for the time being but will revise this decided policy if such stock options are granted.

2. Policy on determining the amount of remuneration, etc. for the basic remuneration (monetary remuneration) by individual (including policies concerning the decision of the timing or conditions under which remuneration, etc. is to be given)

The basic remuneration of the Company's directors shall be fixed monthly remuneration and shall be determined taking into account factors such as titles, roles, contributions, and goal achievements.

The retirement benefit system will be terminated subsequent to the termination payout of retirement benefits (payment shall be made at the time of resignation of each director) according to the term of office until the conclusion of the General Meeting of Shareholders held on June 25, 2021.

3. Policy on determining the content and the method for calculating the amount or number of performance-linked remuneration, non-monetary remuneration, etc. (including policies on determining the timing or conditions under which remuneration, etc. is granted).

Performance-linked remuneration, etc. shall be monetary remuneration linked to individual performance, with the aim of raising awareness of contributing to medium- to long-term business performance improvement. The amount of monetary remuneration for one year shall be determined, taking into account the following: (1) the degree of achievement of the single-year targets for sales and operating profit (whether the targets are for consolidated or parent results vary depending on the director's position, and the achievement of the sales target is used as an indicator for some directors only); (2) the degree of achievement of key KPIs that are important for achieving the targets (the content of KPIs vary depending on the director's position); and (3) evaluation on foundation building for achieving stable growth over the medium to long term (qualitative factor). The monetary remuneration for one year shall then be divided into 12 equal parts and paid together with the monthly fixed remuneration stated above in 2.

Non-monetary remuneration, etc. shall be stock-based compensation with restriction on transfer. The number or amount of shares as stock-based compensation with restriction on transfer allocated to directors shall be determined and allocated once a year by resolution of the Board of Directors within the range resolved at the general meeting of shareholders, taking into account the purpose of the stock-based compensation with restriction on transfer, the scope of responsibilities and position of each applicable director, and all other circumstances. Shares with restriction on transfer granted as compensation shall not be transferred, set as security interests, or disposed in other ways until the date on which directors subject to payment resign or retire from the Company's director's or other positions specified by the Company's Board of Directors. The transfer restriction shall be lifted at the expiration of the transfer restriction period for all shares, provided that a director continued to serve as the Company's director and hold other positions specified by the Company's Board of Directors during the period specified by the Company's Board of Directors (service provision period). However, if a director loses his position as the Company's director or other positions before the service provision period expires for reasons deemed justifiable by the Company's Board of Directors, the number of shares and the timing the transfer restriction is lifted shall be reasonably adjusted as necessary. If a director resigns during the service provision period without justifiable reasons, violates laws and regulations or internal rules, or falls under other reasons specified by the Company's Board of Directors that make it appropriate for the Company to acquire allotted shares free of charge, the Company shall acquire allotted shares free of charge.

The approximate ratio of the amount of basic remuneration, the amount of performance-linked remuneration, etc., and the amount of non-monetary remuneration, etc. shall be 7:2:1 (in the case of achieving 100% of the performance indicators by individual; ratio varies depending on the director).

4. Matters related to decisions on the content of directors' remuneration, etc. by individual

The amount of remuneration by individual shall be determined by the President and CEO delegated to determine the specific content of remuneration by individual based on a resolution of the Board of Directors, following deliberations by the Nomination and Remuneration Advisory Committee, including the President and CEO and independent outside directors.

(4) When the Board of Directors appoints senior management and nominates candidates for directors and corporate auditors, the Board of Directors decides by comprehensively taking into account the experience and abilities of nominated candidates for directors and corporate auditors in addition to the skills and experience required from the Board of Directors

as a whole.

(5) Individual appointments or nominations when nominating candidates for directors and corporate auditors are disclosed in the Notice of Convocation of the General Meeting of Shareholders. In addition, the reasons for the appointment of outside directors and outside corporate auditors are described in "II-1. Directors Related - Relationship with the Company (2)" and "II-1. Corporate Auditors Related - Relationship with the Company (2)."

Supplemental Principle 3-1-3: Sustainability Initiatives, etc.

Sustainability initiatives

The Company has made sustainability its strategic cornerstone based on the idea that the fundamental goal driving its business operations is the achievement of a sustainable society. Its business of purchasing, renovating, and selling second-hand houses helps to provide affordable housing and to solve social issues, such as the growing number of vacant houses. We established the Sustainability Promotion Office in October 2021 and the Sustainability Committee in April 2022. These bodies are responsible for formulating Group policies and strategies in non-financial areas and monitoring the implementation of initiatives at each Group company.

In addition, the Company discloses information in accordance with recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). Please refer to our website for disclosure details.

Furthermore, the Group is striving to reduce CO2 emissions by switching to effective Renewable Energy with Non-Fossil Fuel Energy Certificate for its offices, stores, and properties.

Investment in human capital and intellectual property, etc.

The Group firmly believes that, in order to achieve growth, it must improve its handling capacity by increasing its staff of sales personnel and enhancing productivity. Additionally, the Group recognizes that its strength lies in the expertise it has established while amassing a track record of over 60,000 sales (parent company). Based on this recognition, it continuously recruits superior personnel while conducting employee training and acquiring and developing expertise.

-Recruitment of superior personnel

Throughout Japan, the Company is hiring employees who are interested in working locally and contributing to local communities. In April 2023, the Group hired a total of 118 new graduates.

In addition, to prevent talented employees from leaving, the Company is continuously improving various personnel systems. For example, the Company have recently established a new refreshment leave system and defined a contribution pension system. The Company will continue to develop and enhance various personnel systems.

-Employee training

The Company provides training for new employees when they are hired and on a regular basis following their initial employment. It conducts training involving role-playing on a weekly basis to improve the sales skills of its new employees. The Company issues allowances and has established various support systems to help its staff members become licensed real estate agents.

The Company supports employees who are candidates to become store managers by holding quarterly training sessions to improve their assessment capabilities when making purchases and enhance their skills in the field of renovation planning. For personnel in management positions and higher levels, the Company encourages participation in external online courses that it funds with the aim of improving management skills and abilities related to the formulation of area and store strategies. The company simultaneously monitors the participation levels of these courses. Please refer to our website (<https://katitas.jp/en/information/sustainability/>) for an overview of our training courses.

-Acquisition and development of expertise

The Company recognizes that its strength lies in its abilities to assess potential purchases and plan renovations. To improve these assessment and planning capabilities throughout its organization, the Group holds weekly status meetings that are attended by the president and CEO, general managers, department heads, and office managers. During these meetings, attendees share examples of both successes and failures, as well as instances of complaints. In order to prevent further examples of these failures and complaints, the Company modifies workflows associated with important cases as necessary and shares details regarding these cases at weekly morning teleconferences attended by all sales staff.

Supplementary Principle 4-1-1: Board of Director Roles and Responsibilities

The Company stipulates matters required by law to be resolved by the Board of Directors and important management decisions in the Board of Directors Regulations and in the attached table, Board of Directors Resolutions. In addition, under the convocation of the Representative Director, a Management Council consisting of general managers, department heads, office managers, full-time corporate auditors, etc., deliberates important management policies, reports on the status of execution of business strategies, and discusses important matters related to all of these in order to ensure smooth and prompt business operations, in addition to matters on the board of directors agenda.

Principle 4-9: Criteria for Determining the Independence and Qualifications of Independent Outside Directors

In appointing independent outside directors, we refer to the experience and abilities that the Board of Directors as a whole should possess, as well as the criteria for determining the independence of independent directors stipulated by Tokyo Stock Exchange, Inc. Furthermore, we make a decision based on the assumption that they have sufficient independence to perform their duties as outside directors, taking into consideration their background and relationship with the Company. In addition to the above-mentioned criteria for independence, the Company strives to select persons who can engage in discussions from the perspective of general shareholders, based on interviews with the CEO.

Supplementary Principle 4-10-1: Use of voluntary mechanisms

The Company has established the Nomination and Remuneration Advisory Committee as a voluntary advisory body for its Board of Directors.

The roles and structure of the committee, as well as about members and main topics discussed in the committee are described in the supplementary explanation section of II-1 [Director Related] in this report.

Supplementary Principle 4-11-1: Preconditions for Ensuring the Effectiveness of the Board of Directors and Board of Corporate Auditors

The Company's Board of Directors appoints three of its seven directors and two of its four corporate auditors from outside the Company to adopt an objective perspective independent of management, strengthen monitoring and supervising functions, and provide highly transparent management. To ensure the function of the Board of Directors as the highest body for management execution and supervision, the Company limits the number of directors to the maximum number that enables substantive discussions and selects members so that they are composed of suitable persons in view of the balance between knowledge, experience, and abilities, diversity, and appropriate size.

In addition, the Company has specified the insight and experience required of its directors and has included a skills matrix disclosing these attributes for each director in both its ESG Report (<https://katitas.jp/en/information/sustainability/>) and its Notice of the 45th Ordinary General Meeting of Shareholders.

Supplementary Principle 4-11-2: Preconditions for Ensuring the Effectiveness of the Board of Directors and Board of Corporate Auditors

For outside directors, the Company limits the number of their assignments as officers of other listed companies to reasonable range, so that they are able to devote the time and effort necessary to properly fulfill their roles and responsibilities. Important concurrent positions held by directors are disclosed in the notice of convocation of the General Meeting of Shareholders and in financial statements, etc.

Supplementary Principle 4-11-3: Preconditions for Ensuring the Effectiveness of the Board of Directors and Board of Corporate Auditors

The Board of Directors conducted interviews with independent outside directors and questionnaire surveys for all directors and corporate auditors to evaluate the effectiveness of the Board of Directors as a whole.

■The outline of the evaluation based on the questionnaire survey

(1) Evaluation period

- March 2023: Distributed and collected questionnaires
- April 2023: Reported the results of the evaluation of the effectiveness of the Board of Directors

(2) Evaluation process

- Respondents: All directors and corporate auditors
- Response method: Anonymous response (multiple choice questions based on 5-level evaluation and open-ended answer to each question)
- Evaluation period: Broad of Directors meeting held in the fiscal year ended March 31, 2023
- Main evaluation items:
 - i. Management of the Board of Directors (examination period, length of meetings, frequency of meetings, status of improvement, etc.)
 - ii. Content of discussions by the Board of Directors (status of the creation of documents on resolutions and reports, etc.)
 - iii. Composition of the Board of Directors (number of people, expertise, diversity, etc.)
 - iv. Communication between members of the Board of Directors (environment, atmosphere, status of discussions, efforts on issues and assignments, etc.)
 - v. Initiatives for ESG and SDGs (status of disclosure, evaluation of the effectiveness of the Board of Directors, etc.)

(3) Summary of evaluation results

The evaluation results showed generally positive responses in all categories, with few negative evaluations overall. Positive evaluations included comments such as "analysis of business performance is performed appropriately," "analysis of changes in

business environment, including trends among markets and competitors, is conducted adequately," and "unresolved issues raised during Board of Directors meetings are addressed during the subsequent meeting held the following month." Meanwhile, critical evaluations included comments such as "sufficient time should be set aside for discussions regarding medium- and long-term corporate value enhancement and medium- and long-term growth strategies," "information should be closely scrutinized due to enormous volumes of material," and "materials should be provided sooner and meetings should be held at earlier dates."

An effectiveness evaluation of the Board of Directors performed for the fiscal year ended March 31, 2022 raised the following issues: "sufficient time should be set aside to discuss medium- to long-term growth strategies" and "information disclosure on ESG and SDGs should be enhanced, including the preparation of an integrated report and disclosure on the website." The effectiveness evaluation for the fiscal year ended March 31, 2023 resulted in positive feedback regarding improvements achieved with regard to these issues. Favorable comments included, "medium- and long-term issues are being addressed and evaluated in turn by the Board of Directors" and "the Company has expanded its disclosure of ESG and SDG-related information." However, the evaluation also resulted in critical comments, such as "the Company should establish a separate forum for discussing medium- and long-term growth strategies" and "materials are too large in volume." These comments represent ongoing concerns, and the Company will continue striving for improvement with regard to these issues. The Company will continue to address issues raised through these evaluations as it strives to further improve the effectiveness of its Board of Directors.

■Interviews with independent outside directors

The Company obtained the evaluation that there is no problem with the effectiveness of the Board of Directors, including the protection of minority shareholders' interests. Please refer to the Company's website for the full interview.

-Mr. Tsukuda (https://ssl4.eir-parts.net/doc/8919/ir_material_for_fiscal_ym1/111835/00.pdf)

-Mr. Kumagai (https://ssl4.eir-parts.net/doc/8919/ir_material_for_fiscal_ym1/111836/00.pdf)

-Ms. Suto (https://ssl4.eir-parts.net/doc/8919/ir_material_for_fiscal_ym3/131954/00.pdf)

Supplementary Principle 4-14-2: Training for Directors and Corporate Auditors

Each director and corporate auditor is nominated upon determining whether their abilities, experience, and knowledge are sufficient to perform their duties, and approval is obtained from the general meeting of shareholders. As necessary, general managers provide lectures for recently appointed directors and corporate auditors to ensure that deliberations conducted at meetings of the Board of Directors are based on a deep understanding of the Company's business. In addition, as mentioned above, meetings are held on an irregular basis between the president and independent outside directors to exchange information and share opinions.

When newly appointed directors and corporate auditors require training that utilizes external resources (attending external lectures, etc.), the Company will provide this training at its own expense.

Principle 5-1: Policy on Constructive Dialog with Shareholders

The Company will respond positively to requests from shareholders for constructive dialog within reason, in order to contribute to sustainable growth and enhance corporate value over the medium to long term. Policies for this purpose are as follows.

(1) Designation of directors for overall dialog with shareholders, and measures to encourage organic cooperation among internal departments

To promote constructive dialog with shareholders, we will appoint a person within the Corporate Planning Office to be in charge of investor relations, and will share information appropriately with related departments.

(2) Measures to enhance means of communication other than individual meetings

We will enhance methods of dialog other than individual meetings by continuing to hold financial results briefings, etc. To facilitate a better understanding of its business activities, the Group regularly holds property tours primarily for institutional investors. With cooperation from analysts employed by securities firms, the Group holds two web tours for institutional investors using images of properties for sale.

(3) Measures to provide feedback to senior management regarding the opinions and concerns of shareholders

The content of dialog with shareholders, including their opinions and concerns, will be reported to senior management in a timely manner through various reporting channels, including the Management Council. Most recently, the Company has applied feedback received from discussions with shareholders to its prioritization of sustainability initiatives and its policies regarding the content of individual disclosures.

(4) Measures related to the management of insider information

The Company has established and thoroughly enforces its Rules for Prevention of Insider Trading, which apply to all employees of the consolidated group. When engaging in dialog with shareholders, we will comply with these regulations and rules on timely disclosure, and manage information appropriately to prevent the dissemination of insider information.

Principle 5-2: Actions Toward Achieving Management Conscious of Capital Costs and Stock Prices (update)

Management Initiatives for Achieving Consciousness of Capital Costs and Stock Prices

Our corporate group recognizes the necessity of consistently achieving capital profitability that surpasses capital costs for the enhancement of long-term corporate value. In connection with this, our Third Medium-Term Management Plan, disclosed in May 2022, sets a goal of achieving a Return on Assets (ROA) of 20% and a dividend payout ratio of 40% or more. The aim is to maintain and improve Return on Equity (ROE) by enhancing ROA while sustaining a high dividend payout ratio.

We closely monitor the trend of ROA at each monthly board of directors meeting. In the day-to-day business operations, we utilize the profit amount in management accounting, considering the turnover period of real estate sales and capital costs, as an evaluation metric for our sales staff. This approach aligns the financial indicators outlined in our targeted Third Medium-Term Management Plan with the daily operational goals of our sales teams.

As a result, our group's ROE for the fiscal year ending in March 2023 reached 17.9%. It is important to note that for the same period, we recorded a special loss related to ongoing disputes, totaling 3,349 million yen. Excluding the impact of this special loss, the adjusted ROE stands at 27.7%. Based on this, we believe that our capital profitability exceeds the assumed capital costs.

While our corporate group has consistently maintained a PBR (Price-to-Book Ratio) above 1, we are actively advancing initiatives aimed at improving ROE and reducing capital costs, including optimizing capital structure. We are committed to further enhancing corporate value.

2. Capital Structure

Foreign shareholding ratio	30% or higher
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Status of Major Shareholders update

Name or identifier	No. of shares owned	Ratio (%)
Nitori Holdings Co., Ltd.	26,712,420	34.35
The Master Trust Bank of Japan, Ltd. (trust account)	9,106,700	11.71
Custody Bank of Japan, Ltd. (trust account)	6,269,900	8.06
STATE STREET BANK AND TRUST COMPANY 505001	2,816,427	3.62
JPLLC CLIENT ASSET S-SK J	2,738,999	3.52
STATE STREET BANK AND TRUST COMPANY 505038	1,470,500	1.89
JP MORGAN CHASE BANK 380072	1,221,100	1.57
NORTHERN TRUST CO. (AVFC) RE UKUC UCITS CLIENTS NON LENDING 10PCT TREATY AC COUNT	1,217,500	1.57
STATE STREET BANK AND TRUST COMPANY 505019	1,116,473	1.44
The Dai-ichi Life Insurance Company, Limited	1,070,400	1.38

Controlling shareholders (excluding the parent company)	---
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Parent company	No
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Supplementary explanation update

- In addition to the above, there are 877,175 shares of treasury stock.
- Among the aforementioned total shares, the number of shares related to trust business is as follows:
 - For The Master Trust Bank of Japan, Ltd. (trust account), the number of shares related to trust business is 3,260,500 shares. The breakdown includes 3,074,900 shares for investment trust setups and 185,600 shares for pension trust setups.
 - For Custody Bank of Japan, Ltd. (trust account), the number of shares related to trust business is 4,417,800 shares. The breakdown includes 4,107,900 shares for investment trust setups and 309,900 shares for pension trust setups.
- In the large-scale shareholding report (amendment report) made available for public inspection on June 6, 2023, Mitsui Sumitomo Trust Bank, Limited, is reported to own the following shares as of June 6, 2023. However, we cannot confirm the actual number of shares owned as of September 30, 2023, so this situation is not included in the above major shareholder

status. The contents of the large-scale shareholding report (amendment report) are as follows:

(Name or Entity Name / Number of Owned Shares or Securities / Ownership Ratio)

-Mitsui Sumitomo Trust Asset Management Co., Ltd. / 1,561,200 shares / 1.98%

-Nikko Asset Management Co., Ltd. / 2,494,400 shares / 3.17%

3. Company attributes

Stock exchange listing and market classification	Tokyo Prime Market
Fiscal term	March
Industry	Real estate business
Number of employees at the end of the most recent fiscal year (consolidated)	500 and more to less than 1,000 employees
Net sales for the most recent fiscal year (consolidated)	100 billion and more to less than 1 trillion yen
Number of consolidated subsidiaries at the end of the most recent fiscal year	Less than 10 subsidiaries

4. Guidelines on measures to protect minority shareholders when conducting transactions with controlling shareholders

5. Other special circumstances that may significantly impact corporate governance

One director (Mr. Toshiyuki Shirai) and one corporate auditor (Mr. Nobu Fukuda) have been appointed from Nitori Holdings Co., Ltd., which owns 34.35% of the total number of issued shares (based on the voting rights ratio). However, we recognized that the independence of the Company's management is secured because there are no restrictions from Nitori Holdings Co., Ltd. in the Company's business activities and management decisions, and appointments from Nitori Holdings Co., Ltd. do not account for the majority of the Company's Board of Directors.

II Status of Management Control Structures and Other Corporate Governance Systems Related to Administrative Decision-Making, Execution, and Supervision

1. Matters concerning organizational structure and operations, etc.

Organizational form	Company with corporate auditors
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Director Related

Number of directors stipulated in the articles of incorporation	10 people
Term of office of directors stipulated in the articles of incorporation	1 year
Chairman of the Board of Directors	President and CEO
Number of directors	7 people
Status of appointment of outside directors	Appointed
Number of outside directors	3 people
Number of outside directors designated as independent directors	3 people

Miwa Suto	○	—	Ms. Miwa Suto has been invited to serve as an outside director by virtue of her professional expertise as a certified public accountant and the wealth of knowledge and experience she has acquired through her corporate and business research and strategic consulting activities, which enables her to reach management decisions based on comprehensive perspectives and oversee management from an independent standpoint. In addition, she has been designated as an independent director because she has no special interest in the Company, and there is no risk of conflicts of interest with general shareholders.
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A voluntary committee equivalent to a nominating committee or compensation committee

Established

Status of establishment of a voluntary committee, composition of members, and committee chairperson attributes

	Committee name	All committee members	Full-time committee	Internal director	Outside director	Outside expert	Other	Committee Chairperson
A voluntary committee equivalent to a nominating committee	Nomination and Remuneration Advisory Committee	3	0	2	1	0	0	No Committee Chairperson
A voluntary committee equivalent to a compensation committee	Nomination and Remuneration Advisory Committee	3	0	2	1	0	0	No Committee Chairperson

Supplementary explanation

The Nomination and Remuneration Advisory Committee has been established as a voluntary advisory body for the nomination of candidates for directors and the determination of director compensation.

This committee, which exists to improve the objectivity and transparency of nomination procedures and compensation decisions includes both the president and CEO and independent outside directors. It holds discussions regarding the suitability of potential candidates for nomination while considering the skills and experience of the Company's Board of Directors as a whole, the backgrounds of all candidates for the positions of director and corporate auditor, the relationships between the candidates and the Company, and the abilities of these candidates to perform their duties appropriately. Furthermore, when deliberating on compensation, the committee also accounts for a variety of other factors including positions, roles, levels of contribution, degrees of goal achievement, and performance of directors.

During the year ended March 31, 2023, the committee met a total of four times to deliberate on changes in the composition of the Board of Directors due to the retirement of officers and the operation of the executive compensation system, and reported the contents of the deliberations to the Board of Directors. The Administrative Headquarters serves as a management office for the Nomination and Remuneration Advisory Committee.

Relationship with the Company (2)

Name	Independent director	Supplemental explanation of applicable items	Reason for appointment
Yuki Ichikawa	○	—	Mr. Ichikawa has been invited to serve as an outside corporate auditor by virtue of the broad insight and extensive experience he has accumulated in the area of corporate legal risk while practicing primarily in the field of international legal affairs, which enables him to monitor corporate governance systems from an objective and independent standpoint. In addition, he has been designated as an independent director because he has no special interest in the Company, and there is no risk of conflicts of interest with general shareholders.
Tomoko Tsunoda	○	—	Ms. Tsunoda has been invited to serve as an outside corporate auditor by virtue of her professional expertise as a certified public accountant and the broad insight and extensive experience she has acquired through her position as a corporate manager, which enables her to monitor corporate governance systems from an objective and independent standpoint. In addition, she has been designated as an independent director because she has no special interest in the Company, and there is no risk of conflicts of interest with general shareholders.

Independent Director Related

Number of independent directors

5 people

Other matters concerning independent directors

The Company has appointed three of its outside directors and two of its outside corporate auditors as independent directors, respectively, based on the criteria for determining the independence of independent directors and independent corporate auditors established by Tokyo Stock Exchange.

Incentive Related

Status of implementation of measures concerning incentives for directors

Introduction of performance-linked remuneration system and stock option system

Supplementary explanation of applicable items

The Company has introduced stock-based compensation (shares with restriction on transfer) for executive directors, etc. The purpose of this system is to provide incentives for sustainable improvement of the Company's corporate value and to further promote the sharing of value with shareholders.

Also the Company has adopted a resolution at the General Meeting of Shareholders to issue stock options to internal directors, employees, etc., with or without compensation. The following is a list of stock options granted since the fiscal period ended March 2014.

1st series of stock options (without compensation) Resolved at the Extraordinary General Meeting of Shareholders held on July 26, 2013 33,796 units (3 internal directors, 32 employees, and 1 individual)

2nd series of stock options (without compensation) Resolved at the extraordinary general meeting of shareholders held on September 29, 2016 28,385 units (1 internal director, 32 employees, 1 director of a subsidiary, 46 employees of a subsidiary)

3rd series of stock options (with compensation) Resolved at the extraordinary general meeting of shareholders held on September 29, 2016 16,972 units (1 internal director, 1 individual)

4th series of stock options (without compensation) Resolved at the extraordinary general meeting of shareholders held on March 30, 2017 8,793 units (one internal director)

5th series of stock options (without compensation) Resolved at the extraordinary general meeting of shareholders held on March 30, 2017 3,000 units (one internal director)

6th series of stock options (without compensation) Resolved at the extraordinary general meeting of shareholders held on September 22, 2017 49,560 units (one internal director)

*1 In accordance with a resolution of the Board of Directors on August 22, 2017, the Company executed a stock split on September 22, 2017, at a ratio of 30 shares per share of common stock.

*2 In accordance with a resolution of the Board of Directors on March 13, 2020, the Company executed a stock split on April 1, 2020, at a ratio of 2 shares per share of common stock.

Person eligible to receive stock options

Internal directors, internal corporate auditors, employees, directors of subsidiaries, employees of subsidiaries, others

Supplementary explanation of applicable items

The Company has introduced a stock option plan for its directors and employees to motivate them to work diligently, so that the interests of the Company are aligned with the interests of its directors and employees.

The Company has also introduced a restricted stock option plan to provide employees with incentives to sustainably increase corporate value and to further promote value sharing with shareholders. Restricted transferable shares are granted to managers who are candidates for future senior management positions, and the requirement for removal of the restriction on transfer is defined as a certain period of enrollment.

In addition, the Company has introduced an employee stock ownership plan to align the interests of employees with those of the Company and to support their asset building. Eligible participants are employees who have been employed by the Company for at least one year. In addition to contributions, participants receive certain incentive payments from the Company, and a fixed amount is accumulated each month.

Director Remuneration Related

Disclosure status (of compensation for individual directors)

Individual compensation is not disclosed

Supplementary explanation of applicable items

Information on total remuneration for each category of the Company's directors, total remuneration, etc., by type and the number of eligible directors and corporate auditors for the fiscal period ended March 2023 is disclosed in the annual financial statements.

Four internal directors: Total of 93 million yen (basic remuneration: 70 million yen, restricted stock compensation: 19 million yen, stock options: 2 million yen, officers' retirement benefits: 1 million yen)

One internal corporate auditor: Total of 9 million yen (basic remuneration 9 million yen)

Three outside directors: Total of 15 million yen (basic remuneration 15 million yen)

Two external corporate auditor: Total of 9 million yen (basic remuneration 9 million yen)

The above amounts and number of personnel do not include two unpaid director and one unpaid corporate auditor.

The Company abolished its retirement benefit plan for directors and corporate auditors effective from the conclusion of the General Meeting of Shareholders held on June 25, 2021 and has resolved to, upon their retirements, pay directors and corporate auditors who have continued to hold office following the conclusion of this meeting of shareholders retirement benefits commensurate with the tenures they had completed prior to the abolishment of the retirement benefit plan. In accordance with this resolution, the Company paid 28 million yen in retirement benefits to two directors who retired during the fiscal year ended March 31, 2023. The officers' retirement benefits amount indicated above is equivalent to the difference between the 28 million yen in retirement benefits paid and a 27 million-yen provision for retirement benefits for directors (and other officers).

A policy for determining remuneration or its calculation method

Established

The amount of remuneration of directors or the policy for determining how to calculate the amount is as described in “I-1. Principle 3-1: Enhancement of Information Disclosure.”

Outside Director (Outside Corporate Auditor) Support System

Although the Company has not designated a department or person in charge of supporting the duties of outside directors and outside corporate auditors, the Company does have a system in place to provide necessary support, mainly through the Administrative Headquarters.

In addition, the Administrative Headquarters takes measures such as sharing necessary materials in advance when the Board of Directors meetings are held. Through these measures, they provide support to the Board of Directors, the Board of Corporate Auditors, in cooperation with internal audits, audits by corporate auditors, and accounting audits, so that sufficient deliberations can be made, and an environment can be created to enable them to effectively fulfill their supervisory roles.

2. Matters concerning functions such as business execution, auditing and supervision, nominations, and decisions on remuneration (outline of the current corporate governance system)

Board of Directors

As a general rule, the Company holds regular meetings of the Board of Directors once a month, with extraordinary meetings of the Board of Directors held as needed to enable rapid management decision-making. In order to ensure the functioning of the Board of Directors, the Company limits the number of directors to the maximum number that allows for substantive discussions. The Board of Directors consists of 11 members: 7 directors, including 3 independent outside directors, and 4 corporate auditors, including 2 independent outside corporate auditors. In addition, the Company has invited presidents of listed companies and directors with a wide range of knowledge in business and legal affairs to serve as outside directors, in order to create a system that enables management decision-making based on a broader perspective, and management supervision from outside the Company.

Board of Corporate Auditors

The Company's Board of Corporate Auditors consists of four members, including two outside corporate auditors. As a general rule, regular meetings of the Board of Corporate Auditors are held once a month, and extraordinary meetings of the Board of Corporate Auditors are held as needed to audit the daily activities of the Directors, including the execution of their duties. Full-time corporate auditors attend general meetings of shareholders, meetings of the Board of Directors, meetings of the Management Council and other meetings as necessary to gain an understanding of management policies and other matters, and to communicate important matters discovered during corporate audits to ensure the effectiveness of corporate governance. In addition, each corporate auditor conducts audits in accordance with the audit plan and strives to strengthen the auditing function of the corporate auditors by sharing information regularly with the internal auditors and accounting auditors.

Internal Audits

The Company has established the Internal Audit Office as an organization under the direct control of the President and CEO, and has assigned two internal auditors. The Internal Audit Office and the Corporate Auditors cooperate to check the soundness of corporate management. The Internal Audit Office formulates internal audit plans in accordance with the “Internal Audit Implementation Regulations”, and conducts audits with the approval of the President and CEO. The person in charge of internal auditing reports the results of the audit for the confirmation the President and CEO, and then reports the audit results to the person in charge of each department. After that, the person in charge of each department submits a follow-up policy, and after that, follow-up audits are conducted as necessary.

Accounting Audits

The Company has an auditing contract with Deloitte Touche Tohmatsu LLC. In addition to regular audits of financial statements, etc. by the auditing firm, the Company also receives surveys on the status of development and operation of systems and procedures related to internal controls and accounting records to the extent deemed necessary for the purpose of auditing, and receives feedback on the results.

Management Council

The Company's Management Council includes the President and CEO, the General Manager, department heads, office managers, full-time corporate auditors, etc. As a general rule, regular Management Council meetings are held once a month, and extraordinary Management Council meetings are held as needed. At the Management Council, decisions on important management policies are made, reports are given on the status of business strategy execution, and important matters concerning overall management are deliberated.

Compliance Committee

The Compliance Committee is composed of the President and CEO (Committee Chairperson), internal committee members including women, and external committee members including lawyers, and is held once a month in principle.

The Committee reports on compliance violations that occur within the Company, harassment reports, whistleblowing, external reports, and other information. In addition, it checks the contents of complaint reports, establishes a system to prevent progression into compliance violations or litigations, and checks whether there are important matters that are applicable to compliance in general.

Nomination and Remuneration Advisory Committee

KATITAS has established the Nomination and Remuneration Advisory Committee as a voluntary advisory body for its Board of Directors.

The roles and structure of the committee, as well as about members and main topics discussed in the committee are described in the supplementary explanation section of II-1 [Director Related] in this report.

Sustainability Committee

The Company has established a Sustainability Committee, effective April 2022, as a body to identify risks and opportunities and to formulate policies to address them with respect to management issues related to sustainability.

Members of the committee include the president and CEO and other directors. The committee meets at least once per quarter, and during the fiscal year ended March 31, 2023, the committee held discussions regarding amendments to materials issues and activities aimed at ensuring diversity.

3. Reasons for choosing the current corporate governance system

The Company has established the General Meeting of Shareholders, Board of Directors and Board of Corporate Auditors as entities in accordance with the Companies Act. In addition, the Company has established the Management Council and the Compliance Committee as its own management bodies, based on the recognition that prompt sharing of business and risk information for management decision-making and thorough compliance are essential for improving corporate value. In addition, the Company believes that the most appropriate management system places people who are familiar with the Company's operations in the positions of directors in charge of business execution, while at the same time, as board members, these directors mutually supervise each other's management decision-making and business execution, in order to achieve faster management decision-making, with auditing by the Board of Corporate Auditors.

III Status of Measures concerning Shareholders and Other Interested Parties

1. Status of efforts to revitalize the General Meeting of Shareholders and facilitate the exercise of voting rights

	Supplementary explanation
Exercise of voting rights by electromagnetic method	Shareholders who are unable to attend the general meeting of shareholders may exercise their voting rights in writing or via the Internet.
Participation in the Electronic Voting Platform and other initiatives to improve the voting environment for institutional investors	The Company participates in the electronic voting platform operated by ICJ, Inc.
Provision of the convocation notices (summaries) in English	Notice of convocation of the General Meeting of Shareholders is posted in English simultaneously with the Japanese version on the Company's website. (https://katitas.jp/en/ir/news.html)

2. Status of IR Activities

	Supplementary explanation	Explanation by the CEO
Development and announcement of the disclosure policy	The Company has established a disclosure policy that is available for review on its website (https://katitas.jp/en/ir/disclosure.html).	
Regular briefings held for analysts and institutional investors	The Company holds a financial results briefing after each announcement of quarterly financial results. When announcing interim and full-year financial results, the president and CEO provides explanations and responds to relevant inquiries.	Yes
Regular briefings held for investors from overseas	The President and CEO and IR representative provide explanations on financial results and business strategies to overseas investors in North America, Europe, Asia, and other countries through participation in investor conferences hosted by securities companies	Yes
IR materials posted on website	Notices of convocation and resolutions of general shareholder meetings, financial statements, briefing materials for financial results, annual securities reports, press releases, and other materials are posted on the Company's website in a timely manner. The Company discloses information to overseas investors by translating financial statements, briefing materials for financial results, limited notices of convocation of general shareholder meetings, and important timely disclosure materials into English.	
Establishment of a department (person in charge) related to investor relations	The Company has an IR representative in the Corporate Planning Division along with a dedicated contact point (e-mail). During the fiscal year ended March 31, 2023, the Company proactively held meetings with investors, including (other than financial results briefings) a total of more than 200 one-on-one meetings with fund managers and analysts in Japan and overseas and more than 20 large meetings and small meetings. The Company also held nine property tours for individual investors.	
Other	The Company continued to hold shareholder relations meetings during the fiscal year ended March 31, 2023 as in the previous fiscal year and met with departments in charge of exercising voting rights, etc. at four institutional investors. For ESG-related information, please refer to the Company's website (https://katitas.jp/en/information/sustainability/).	

3. Status of efforts related to respect for the positions of stakeholders

	Supplementary explanation
Provisions regarding respect for the positions of stakeholders through internal regulations, etc.	The Company has established its "Management Philosophy," "Value Provided," and "The KATITAS Promise," and respects the positions of all stakeholders and aims to be a company that "adds value" for all stakeholders. As a specific example, in our Basic Procurement Policy, we stipulate "respect for human rights," which sets forth the prohibition of discrimination and harassment as well as forced labor and child labor.

Implementation of environmental conservation and CSR (corporate social responsibility) activities, etc.

Formulation of policies for the provision of information to stakeholders

Other

In our CSR activities, as stated in our management philosophy, we aim to "add value to homes" and contribute to the revitalization and development of local communities by renovating and reselling homes that are underutilized in the community or difficult to sell in the general pre-owned home market. The Company recognizes that Sustainability-oriented management is a necessary part of corporate social responsibility, and that the role played by corporations in solving social issues, as represented by SDGs (Sustainable Development Goals), is becoming increasingly important. We believe that the Group's business of refurbishing pre-owned homes contributes to environmental protection by significantly reducing CO2 emissions and the amount of lumber used in comparison to building new housing. It can also contribute to the government's efforts to solve the nationwide vacant house problem.

The Company will actively promote communication with our shareholders and investors through general shareholder meetings and IR activities, and strive to disclose necessary information to all stakeholders in a timely and appropriate manner.

Compliance

The Company considers compliance to be a top priority event in business growth and has established three reporting principles as follows.

1. Report problems immediately
2. Report bad things first
3. We do not advocate lying.

In addition, events related to compliance, including the above three principles of reporting, as well as examples of failures that can be used to increase knowledge of our business, are shared every Thursday at TV morning meetings that connect all of our branches nationwide.

IV Matters Related to Internal Control Systems, Etc.

1. Basic Policy on Internal Control System and Its Development Status

In order to complete the development of "systems necessary to ensure that the execution of the duties by the directors complies with the laws and regulations and the articles of incorporation, and other systems prescribed by the applicable Ordinance of the Ministry of Justice as systems necessary to ensure the properness of operations of a Stock Company" as stipulated in Article 362, Paragraph 4, Item 6 of the Companies Act (internal control systems), the Company's Board of Directors passed a resolution on the "Basic Policy for the Development of Internal Control Systems". The following is an outline of the policy.

a. Systems to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation

(a) In order to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation, respect our corporate ideals, and fulfill our social responsibility, we have established the "Basic Philosophy" and made it fully known to all directors and employees.

(b) The Company has established the Compliance Committee, which is independent of the business execution departments, and regularly examines and analyzes the business activities of all branches, and reports the results to the Board of Directors as part of our efforts to maintain and improve our compliance system.

(c) We have established an Internal Reporting System to prevent violations of laws, the Articles of Incorporation, and internal regulations, or to detect and correct such violations at an early stage.

(d) This system enhances the functions of the Internal Audit Office, checks whether the execution of duties by directors and employees complies with laws, the Articles of Incorporation, and internal regulations, and monitors their enforcement. The results of internal audits are reported to the President and CEO and the Board of Corporate Auditors.

b. System for the storage and management of information concerning execution of duties by directors

In addition to appropriately storing and managing information based on internal regulations such as the "Document Management Regulations", the system enables directors and corporate auditors to view this information at any time.

c. Rules and other systems for managing the risk of losses

In order to avoid or minimize risks related to compliance, disasters, quality, information security, etc., the Compliance Committee manages and monitors the risk across the organization, while the Manager of the General Affairs Department establishes rules and guidelines, prepares manuals, etc., in cooperation with the directors in charge of each department as a company-wide measure.

d. System to ensure the efficient execution of duties by directors

(a) In addition to monthly meetings, the Board of Directors holds extraordinary meetings when necessary to make decisions flexibly and promptly, share information, and supervise the execution of duties by directors.

(b) The Board of Directors regularly reviews the progress of the budget and actual results for each period based on the performance of the business divisions, in order to improve business performance.

e. Matters concerning employees who are asked by corporate auditors to assist them in their duties

In the event that the Board of Corporate Auditors requests the appointment of employees to assist them in their duties, the Company will appoint suitable employees from within the Company as assistants after consultation with the Corporate Auditors. However, there are currently no requests from the corporate auditors for employees to assist them in their duties.

f. System for reporting to corporate auditors by directors and employees, and other matters related to reporting to corporate auditors

Directors and employees are required to report to the Board of Corporate Auditors all cases, not only of serious violations of laws and regulations and the Articles of Incorporation, but also matters that could significantly impact the Company's and the Group's operations or business performance, the implementation of internal audits, or internal reporting.

g. Other systems to ensure the effectiveness of audits by corporate auditors

(a) The Board of Corporate Auditors meets at least once a month.

(b) Regular discussion meetings are held between the Board of Corporate Auditors and the President and CEO.

(c) The Board of Corporate Auditors regularly exchanges opinions and information with the Internal Audit Office, the Accounting Auditors, and the Corporate Auditors of subsidiaries to collaborate to ensure the effectiveness of audits.

(d) Corporate Auditors attend the Board of Directors meetings, Compliance Committee meetings, and other important meetings, and when necessary, request explanations from directors or employees.

2. Basic policy and status of measures to exclude antisocial forces

The Company Group's basic policy is to avoid any relationship with antisocial forces, to fulfill its social responsibility as a company by complying with laws and regulations, to take a resolute stance against antisocial forces that pose a threat to the order and safety of civil society, and to resolutely reject any unreasonable demands from such forces. Therefore, the Company has established a system to exclude antisocial forces as follows.

(1) We hold training sessions on how to prevent transactions with antisocial forces as part of our Compliance Committee and study groups to ensure the full awareness of all employees.

(2) We have established the "Regulations for the Prevention of Transactions with Antisocial Forces", and in the event of unreasonable demands from antisocial forces, the Legal Department of the Administration Division, which is the department responsible, will centrally manage all information and take prompt action, including consultation with the relevant police department and legal counsel.

(3) When conducting transactions, we have a system in place to prevent transactions with antisocial forces, which includes obtaining and keeping a written pledge in accordance with the implementation of the ordinance to exclude organized crime groups, and confirming that the counterpart of the transaction is not an antisocial force.

V Other

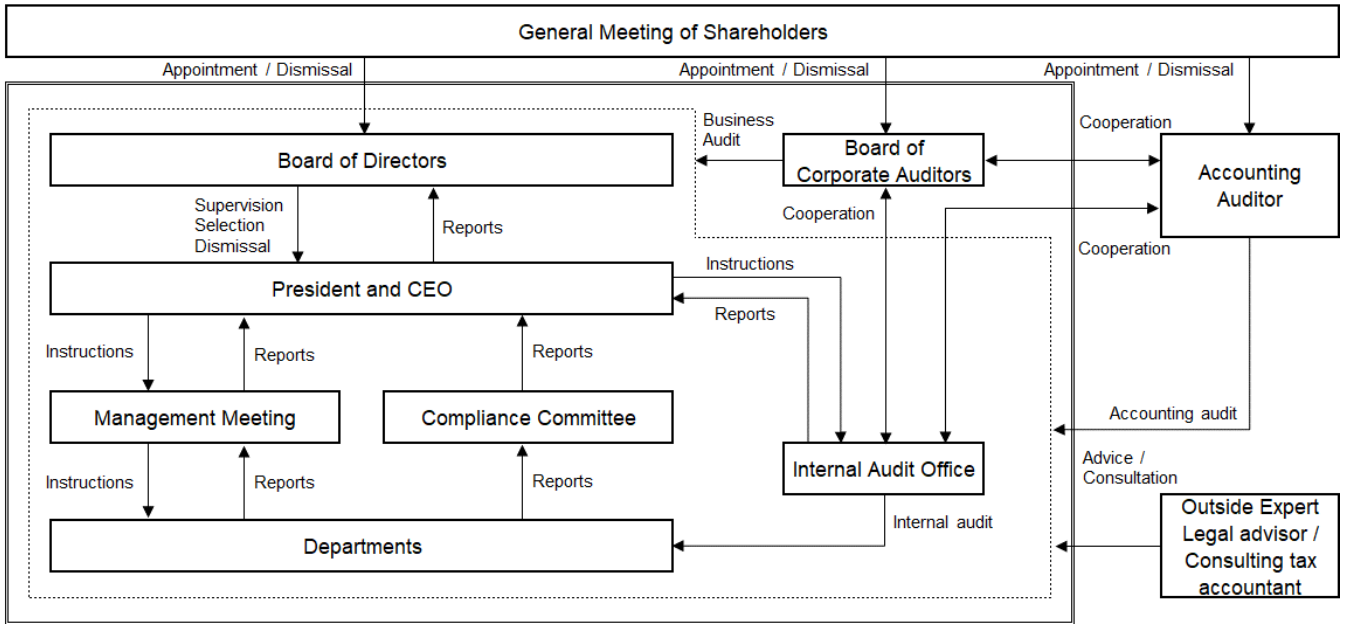
1. Introduction of anti-takeover measures

Introduction of anti-takeover measures	No
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Supplementary explanation of applicable items

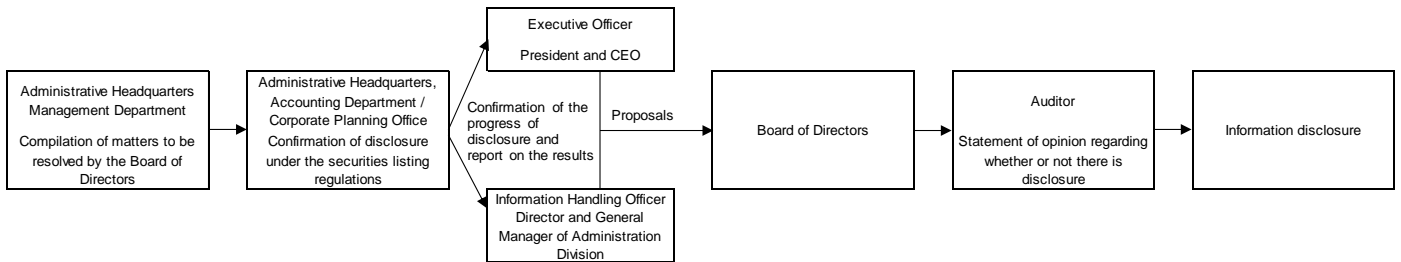
2. Other matters related to the corporate governance system, etc.

Schematic diagram (reference)

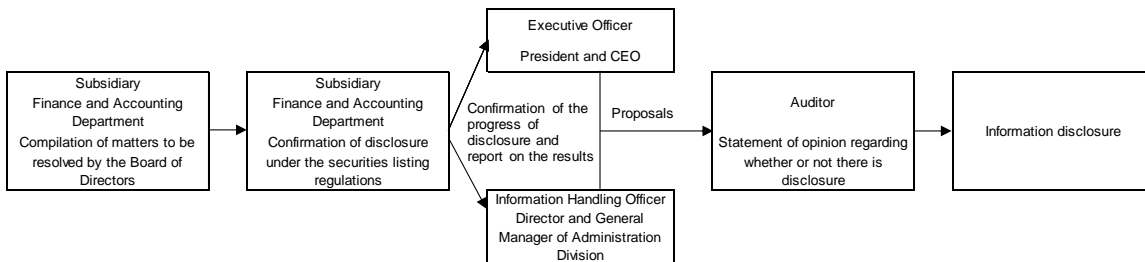


Summary of the timely disclosure system (schematic diagram)

Information on decisions and financial results related to the Company



Information on facts of decisions related to subsidiaries



Information on the facts of occurrence related to the Company

