くらしに価値タス
カチタス

Integrated Report 2025

2025.08.29

CONTENTS

A year in which we developed “on-site capabilities,” including qualitative and quantitative improvements in human capital, establishing a foundation for growth toward the new medium-term management plan

We purchase vacant houses mainly in regional areas, renovate them, and sell them.

Through our business, we believe we can achieve growth while addressing a large number of social issues such as solving the problem of increasing number of vacant houses and providing affordable housing.

Going forward, we will continue to deliver value that exceeds expectations.

President and CEO

Katsutoshi Arai

Looking back on the fiscal year ended March 31, 2025

In the fiscal year ended March 2025, the prices of goods and services increased successively, in tandem with rising raw material and import prices, while mortgage interest rates rose due to the Bank of Japan’s policy rate hikes. Together, these factors contributed to a year marked by an overall rise in consumer living costs. Amid this environment, our Group continued its sales policy centered on offering low-priced homes to address the rise in living costs, providing houses that met customer needs. As a result of these initiatives, in addition to traditional family households of couples with children, we also welcomed purchases from a variety of other household, including single individuals, couples without children, and single-parent households—single mothers and fathers. By adhering to our motto of “safe, clean, and practical,” and offering low-priced, high-quality homes to meet the needs of increasingly diverse household structures, we have established a dominant No. 1 position in the industry.

As a result, in the fiscal year ended March 2025, our Group recorded 7,372 homes sold, net sales of 129.5 billion yen, and operating profit of 14.2 billion yen. While the number of homes sold fell short of plan, profit per home increased, enabling us to exceed our most important target—operating profit—by 200 million yen (+12.2% YoY). We also distributed a special performance-linked bonus to employees for the first time in two years, and even after this return, we still exceeded our target. As a result, we believe we achieved solid results overall in the fiscal year ended March 2025.

Looking back on the Third Medium-Term Management Plan

Under the Third Medium-Term Management Plan, we worked to build a foundation for growth toward becoming a company that will provide 10,000 homes annually in the future. Operating profit—our most important target (operating profit adjusted for consumption tax differences)—fell short of the targeted 10% CAGR, but as noted above, we achieved a 10% increase in the fiscal year ended March 2025.

With respect to our key initiatives, employees hired through new graduate recruitment, which began in 2014, have increasingly been promoted to branch managers. Today, over 60% of our branch managers are former new graduate hires. As a result, we believe the organization has matured into a highly responsive organization where sales strategies can be effectively implemented.

Furthermore, in our top-performing branches, we are now seeing not only the execution of sales initiatives but also the development of on-site capabilities to independently adapt these initiatives to local market characteristics. Examples of initiatives from outstanding branches are shared company-wide at our quarterly kick-off meetings, and we feel that the level of these presentations continues to improve each time.

With respect to productivity improvements, we advanced initiatives such as introducing a marketing automation tool and establishing frameworks to promote digital transformation (DX). We believe these efforts have enabled us to build a foundation for growth leading into the next medium-term management plan.

Outlook for the Fiscal Year Ending March 2026

As for the external environment, we expect rising living costs—driven by the weak yen and higher prices—to continue. Even as financial burdens grow, we aim to continue strengthening our low-priced product offerings to reduce customers’ housing costs and help them allocate more of their resources to hobbies, their children’s education, and other aspects of a fulfilling lifestyle.

Furthermore, while there was a last-minute surge in new housing starts ahead of the new environmental regulations that took effect in April 2025, excluding this factor, the number of starts has declined YoY for over two years. As a result, the supply of new homes is unlikely to increase going forward, and with soaring material costs and additional expenses needed to comply with environmental regulations, we expect the prices of new detached houses to continue rising. Rising prices for new homes are also affecting floor area, which is showing signs of shrinking. We believe that our Group’s homes can offer value not only in terms of price but also in terms of floor space, and that their relative attractiveness to customers will continue to increase.

Another step toward 10,000 annual home sales
“Bring as much joy as possible to towns and cities”

Reaffirming the value we can provide amid increasingly diverse lifestyles

The five material (key) issues we have set forth, along with their goals, are directly aligned with the KPIs we constantly monitor in our business operations. Our pre-owned home purchase and resale business creates a virtuous cycle in which business growth expands impact, and expanded impact in turn drives further business growth. Below, we introduce two of the five material issues.

In relation to “creating social impact,” Japan has approximately 9 million vacant houses, which are causing problems such as the deterioration of surrounding living environments and declines in real estate value. Through our business, we aim to help solve the problem of vacant houses, operating with a target of maintaining a roughly 80% ratio of vacant houses among properties we acquire. In the fiscal year ended March 2025, the actual ratio was 75.5%.

In the fiscal year ended March 2025, we came to recognize that selling affordable homes is becoming more meaningful to customers than ever before. As a new initiative, in addition to fully renovated homes, we began offering partially renovated homes as well as “as-is” properties, where inspections and removal of movables were conducted prior to purchase but little renovation was carried out. As a result, many customers purchased such properties, sharing positive feedback such as, “I was able to buy this home because it wasn’t a fully renovated property, which would have been too expensive,” “As an elderly person living alone, a partially renovated home with only the first floor refurbished at a lower price suited me best,” and “Since I was worried my small children may take a toll on the house, I preferred an unrenovated home where I can let them grow up freely.”

As a result of these initiatives, our customer base has also diversified. For example, single-parent households—single mothers and fathers—have grown to about 15% of our total homes sold, while customers in their 50s and older now account for around 30%. In this way, we are providing homes to groups more likely to be considered “the housing disadvantaged,” such as single-parent households, senior citizens, and foreign nationals, who are often denied rental housing. By offering a wide range of renovation options, we believe we are contributing to the realization of our vision of “Adding Value to Lifestyle.”

“Qualitative and quantitative improvement of human capital” is especially important because our business does not rely on factories or other facilities—our source of value creation is people. For this reason, we have strived to hire talented individuals and create an environment where they can work with a high degree of motivation, thereby enhancing employee engagement. As a result of these efforts, we were honored to be selected among the top companies in the Best Motivation Company Award 2025, Medium-Sized Company Division (under 1,000 employees), which recognizes firms with high employee engagement. In addition, as noted earlier, the promotion of new graduate employees to branch manager positions—and the resulting development of a highly responsive organization—represent major achievements.

In communicating with employees during branch visits, we have come to feel that two major factors drive their strong performance: enjoying the highly autonomous work at KATITAS and experiencing personal growth. Although our work—where each employee is responsible for the entire process from purchasing to selling a property—is very demanding, even first-year new graduates are given discretion over areas such as renovation planning and sales policies. They are also able to experience personal growth through the quality of the homes they have renovated and the words of appreciation they receive from customers. As a result, employees can feel their contribution by adding value to society, housing, customers, and their team. As the management team, we believe it is our responsibility to support these efforts by providing career advancement opportunities, expanding incentive programs, and establishing support systems that allow employees to work with peace of mind even as their life stages change. We aim to continue enhancing the work environment and increasing the number of colleagues who share our commitment to solving social issues.

Fourth Medium-Term Management Plan Toward “Re-accelerating Growth”

Under the Fourth Medium-Term Management Plan, we will work toward achieving the medium-term targets set when the current management team took office in 2012: 10,000 homes sold and operating profit of 20 billion yen.

	FY2027	
	Plan	CAGR
Number of properties sold	10,000	10.7%
Operating profit	20,000 Million yen	12.0%
ROE	20% or more	-
Dividend payout ratio	50.0% or more & progressive dividend payment	-

In formulating the Fourth Medium-Term Management Plan, we held numerous discussions throughout the year at Board of Directors meetings, management retreats, and other forums. At the retreats, we envisioned future social changes and worked backward to identify the actions we should take now. The outcomes were then presented to the Board of Directors, where outside directors provided multifaceted input based on their extensive experience. These insights were reviewed again at the management retreats, establishing a recurring cycle.

One of the themes of discussion was the initiatives of REPRICE, which struggled during the Third Medium-Term Management Plan. We acknowledge in hindsight that although knowledge and practices that had succeeded at KATITAS were shared with REPRICE, they were not fully translated into action. Therefore, in the Fourth Medium-Term Management Plan, we will take a step further in personnel exchange by creating opportunities such as mutual secondments, joint regional meetings in the same areas, and shared rooms on our internal social networking system. Some of these measures had already been implemented in the previous fiscal year, and since results began to appear in the second half of the fiscal year ended March 2025, we believe that these results will further expand as personnel exchange progresses.

We also held extensive discussions on our financial KGIs (Key Goal Indicators). In addition to the existing KGIs—annual number of houses sold, operating profit, and dividend payout ratio—we have newly set ROE as a performance goal and will manage operations with a focus on capital efficiency.

We envision a future in which achieving 10,000 annual home sales will make KATITAS homes a natural part of the consideration set for any customer looking to purchase a home. To realize this vision, we aim not only to deepen our existing business but also to implement new initiatives, including acquiring new customers and entering untapped markets. Through these efforts, we will provide more customers with homes that are safe, clean, and practical.

Through these initiatives, we aim to realize our purpose—“Bring as much joy as possible to towns and cities”—by achieving our long-term vision of “becoming the company that enriches people's lives the most in Japan.”

01

About KATITAS

Employee stories

The customers who sold us this condominium had originally purchased it from KATITAS three years earlier. After a lifestyle change, they considered moving again, and KATITAS bought back the condominium while they purchased a detached home from us. We were pleased to be entrusted with such a significant purchase twice, and we feel strong social significance in providing housing at prices that enable new choices in line with lifestyle changes.

Purpose・Corporate philosophy

Purpose

Bring as much joy as possible to towns and cities

We take responsibility and pride in our work as a pioneer in used housing renovation, lead the used housing industry, help people live without wasting money while valuing local areas, and change the housing market.

We are greeted by the wonderful smiling faces of our customers who say, "I‘m glad I sold my house to KATITAS" and "I’m glad I bought a house from KATITAS." We cherish the bonds between our trading partners who say, "We’d like to form long-term relationship with KATITAS," and aspire to become a company that each of our employees can take pride in as a member of KATITAS.

In order to do so, we will acquire even better properties, plan as many good residential building products as possible, and sell as many residential buildings as we can than last year, last month, and yesterday, to bring as many happy lifestyles to as many people as possible.

Corporate philosophy

Opening the Doors to the Future

For regional areas and customers through adding value to lifestyle

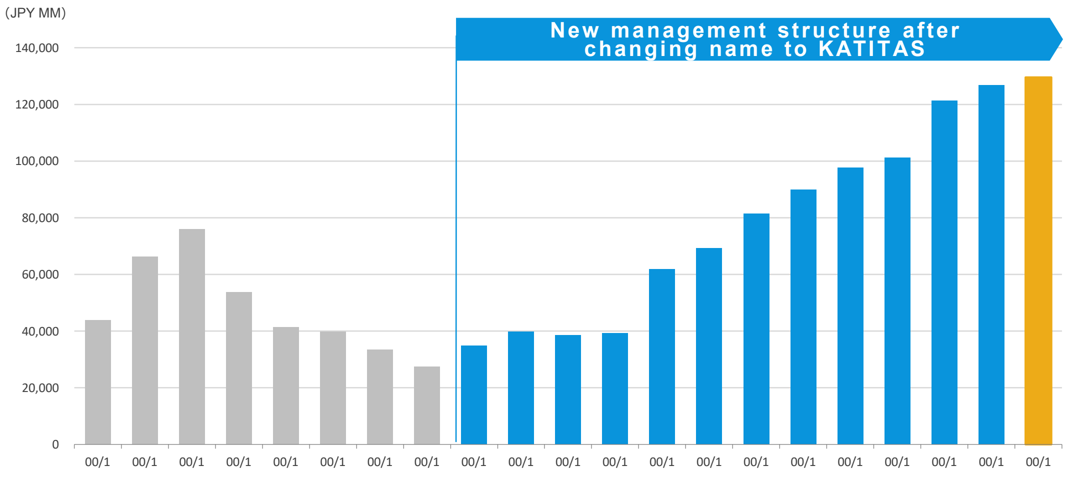
Through our activities to add value to lifestyle, we will provide a door to the future to as many areas and people living there as possible, propose new styles of life to bring about house revitalization from the new house-centric Japanese way of living, and continue to support the revitalization and development of local regions.

History

History

Sep. 1978	Established as Yasuragi Co., Ltd., in Kiryu, Gunma Prefecture with ¥10 million in capital to conduct the stone quarrying business
Dec. 1988	Acquired a real estate brokerage license and started the real estate sales and agency business
Aug. 1998	In line with the revised Civil Execution Act, established a business model of purchasing real estate at property auctions and selling refurbished properties
Feb. 2004	Listed on the Centrex Market of the Nagoya Stock Exchange
Mar. 2012	Tender offer for the Company's shares by Advantage Partners Inc., a private-equity fund
Jul. 2012	Delisted from the Centrex Market of the Nagoya Stock Exchange
Jul. 2013	Changed company name to KATITAS Co., Ltd.
Mar. 2016	Acquired all shares of REPRICE Co., Ltd.
Apr. 2017	Formed a capital and business alliance with Nitori Holdings Co., Ltd.
Dec. 2017	Listed on the First Section of the Tokyo Stock Exchange
May. 2021	Cumulative number of homes sold by REPRICE surpasses 10,000
Apr. 2022	Listed on the Prime Market of the Tokyo Stock Exchange
Feb. 2022	Cumulative number of homes sold by KATITAS surpasses 80,000

Historical Net Sales



Business revitalization during fund ownership: Transition from auction procurement to purchase procurement

The Company embarked on the pre-owned home renovation business by acting on the 1998 revision of the Civil Execution Law. Initially, there was little competition in acquiring auctioned properties, allowing us to capitalize on our first-mover advantage and successfully expand the business. In 2004, we were listed on the Nagoya Stock Exchange Centrex market.

However, due to the low barriers to entry and the ease of obtaining information on auctioned properties with the spread of the Internet, the number of bidders increased, creating conditions that tended to drive up winning bid prices. Subsequently, the Financial Facilitation Act, which was enacted in response to the global financial crisis, imposed an obligation on financial institutions to make efforts to revise repayment schedules at the request of mortgage borrowers, leading to a decrease in the number of properties being auctioned. Purchasing prices consequently rose. Due to these circumstances, the profitability of our business deteriorated, and the Company was delisted in 2012 after accepting a TOB from Advantage Partners, who bet on our revitalization potential.

After that, we changed our company name to KATITAS and stabilized our purchasing by changing our procurement channel from auctions to purchases. Several factors contributed to this stabilization: a steady supply of properties through purchase of inherited homes, the ability to thoroughly inspect properties before purchase, which improved the accuracy of renovation cost estimates, and amid the rising need for strong sales skills to propose offers and negotiate with sellers, we were able to secure and develop talented individuals who could excel in these areas. Furthermore, we accumulated substantial construction expertise and know-how since the period when auction procurement was our primary focus.

	Residential properties procured mainly through auction	Residential properties procured mainly through direct purchase
Targeted portfolios	• Properties sold through court in auction format • Many are properties for which the homeowners became unable to repay their mortgages or other loans	• Properties purchased directly from homeowners or through an intermediary • Many are old houses that became vacant due to inheritance, etc.
Difficulty in procurement	• Numerous buyers because bidding is open to all • No need to negotiate with homeowners (no sales skills required)	• Few buyers for rural and old vacant homes • Need for networks with brokers and brand power to appeal to sellers • Need to make proposals and negotiate with homeowners regarding sales (requires sales skills)
Price competition	• Supply of properties is unstable since it is dependent on the state of the economy • Preponderance of bidders exacerbates price competition	• Stable supply due to inheritance etc. • One-on-one dealings, as in negotiated transactions, typically minimize price rivalry.
Quality risk	• Originally anticipated renovation budgets are susceptible to overruns since it is not possible to inspect properties prior to bidding	• Properties may be inspected prior to purchasing, which helps discourage overruns on initially anticipated renovation budgets

Topics | Winner of the Porter Prize (2017)

The "Porter Prize" focuses on "implementation of outstanding competitive strategies."

For more details, scan the QR code on the right.

Business model

A simple business model of purchasing, renovating, and selling

Our group buys pre-owned, older detached homes in rural areas, renovates them to fit modern lifestyles, and resells them at around half the price of a new home. Approximately 80% of the pre-owned homes we purchase are vacant, and through our business we create social value by "solving the problem of vacant houses" and "providing affordable housing."

01 Purchase

We carefully purchase refurbishable properties using our skillful purchasing and discerning eye.

02 renovating & merchandizing

We plan and construct beautiful properties at low cost with our renovation planning and construction capabilities.

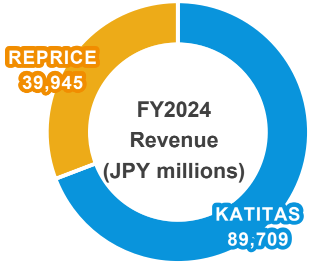
03 Sales

We sell homes for about half the price of a new home, and the customer's monthly mortgage payment is less than the rent on a rental property.

Before

Seller

KATITAS Group



	カチタス	reprice
Operating Areas	Suburban areas and Regional Cities	Cities and Suburban areas
Number of properties sold	5,597houses	1,775houses
Ratio of single-family detached Houses	93.8%	73.5%
Average price per property sold (1)	15.8MM	22.4MM

Large-volume orders ↓ ↑ Price discounts

Building materials manufacturers

Regular orders ↓ ↑ Price discounts

Contractors

After

Buyer

(1) Excluding tax

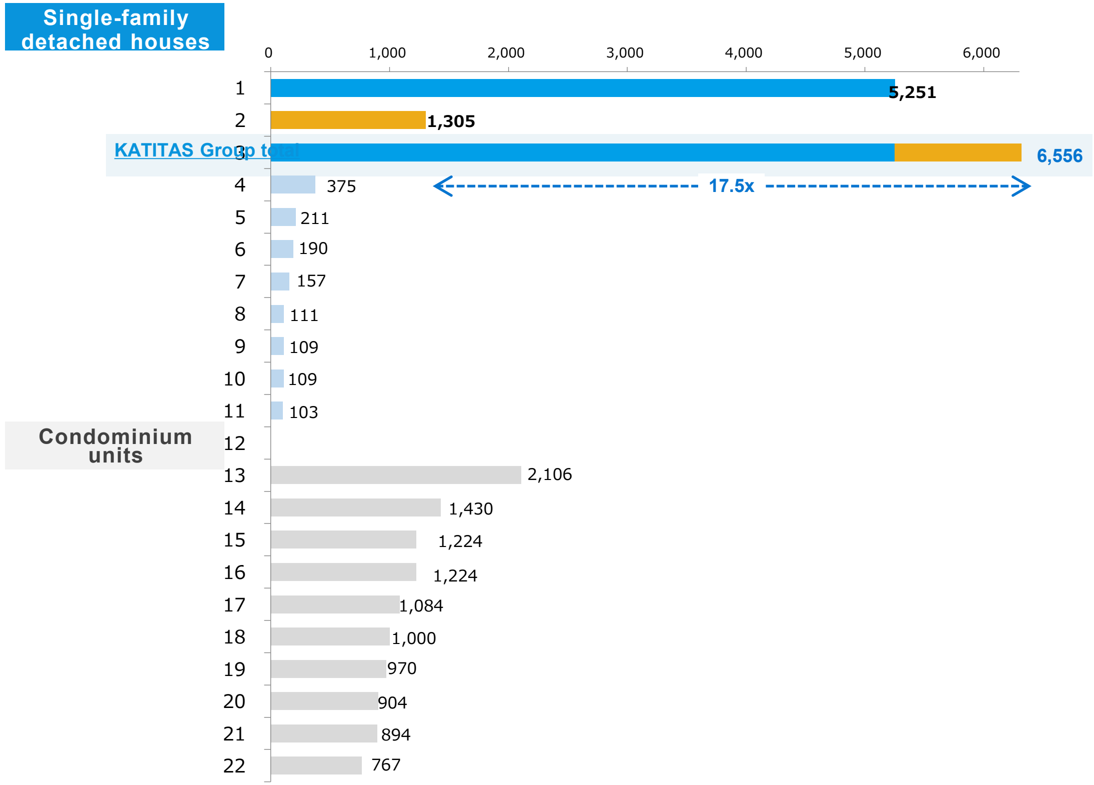
Our strengths

Positioning within the industry

In the detached home purchase and resale industry, KATITAS has ranked first for 12 consecutive years with annual sales of 5,251 units, and group company REPRICE Co., Ltd. ranks second, giving our group an overwhelming number-one position in the industry.

Number of Units Sold by Major House Re-sellers

(FY2024)



Source: Prepared by KATITAS based on The Remodeling Business Journal, "2025 Ranking of Number of Sales of Pre-owned Houses after Acquisition and Renovation" (issued on July 28, 2025)

Barriers to entry into the detached homes purchase and resale industry and our competitive advantage

Termite infestations, water leaks, and issues related to property rights are significant risks commonly associated with pre-owned detached homes. The seller is responsible for repairing any defects such as leaks for two years after sale and delivery, so the most important point when purchasing is to not overlook signs of these risks. At KATITAS, we work to minimize these risks based on the know-how we have accumulated through over 80,000 sales.

Risk management through three-party inspection at the time of purchase

At the time of purchase, we conduct property inspections by three parties: a termite control company, a renovation partner company, and our company.

Termite risk

The photo on the left shows an underfloor investigation by a termite control company. We have determined that detached homes are at risk of termites after around 10 years. In particular, the detached homes that we handle, which are around 30 years old, are at a high risk, so we carefully investigate them for termite damage. By conducting preliminary investigations before purchasing, we prevent unexpected renovation costs and reduce the risk of purchasing properties that are beyond repair.

Risk of rain leaks

At the time of purchase, renovation partners conducts structural surveys, including the attics. We have determined that detached homes are at risk of leaking when they are around 20 years old. We have also determined that, with detached homes, owners essentially need to paint the exterior walls once every 10 years and repair the roof once every 20 years. In Japan, however, the practice of renovation has not taken root, so many houses have never had their exterior walls painted or their roofs repaired in the 30 years since they were built.
Therefore, make renovation costs estimations more accurate by checking the status of rain leaks and damage caused by pests and vermin.

Rights-related risks

We also clarify boundaries with neighboring property, something unique to pre-owned detached houses and not necessary for pre-owned condominiums. In rural areas, re-zoning is often not done like it is in urban areas. As a result, the boundaries between neighboring property may be blurred. Problems with neighboring property due to boundary incursion may be reported when the property changes hands. We therefore sort out rights issues before conducting sales activities so that the purchaser may live comfortably after the sale.

Stakeholder map

To "add value" differently for people we interact with through the business, we will be creating the "KATITAS standards" with which products, services and satisfaction of a grade that is not just "as expected" but even "exceeding the expectations" are offered.

To provide second-hand residential houses that satisfy both outstanding and underlying needs and make new owners feel secure

I viewed about 20 homes in the city, but I couldn't commit to the others as I was worried they might not last another 30 years. KATITAS carefully explained the inspection results for rain leaks and termite damage, as well as the details of the renovations, allowing me to make an immediate decision.

I purchased an "as-is" home without renovations. Being in my late 50s, I could not afford a new home or even a fully renovated one. Thanks to a KATITAS home, I was able to realize my hope of owning a home. I am truly grateful.

I lived in this house during my elementary school years, when it was a rental. Back then I thought it was old-fashioned, but after the renovation it looks completely different. In this beautifully reborn home, I plan to make new memories.

Identifying house value from a different perspective than our contenders' to realize easy-to-handle, comfortable purchases with quick response

I have no siblings, and clearing out the house I inherited alone had become a heavy burden. When I was told, "Please just take your keepsakes. You don't need to clean; you can leave it as it is," I felt the burden lifted from my shoulders and was truly grateful.

I inherited a home in Nagano, but because I lived far away, I couldn't manage it properly and it was causing trouble for the neighbors. Within a month of consulting with KATITAS, they purchased it from me. I was also able to complete the contract procedures at the branch near my current home, and I felt reassured by KATITAS' nationwide presence.

I remember when a nearby home was beautifully renovated by KATITAS five years ago. From that time, I had already decided that if I ever sold my house, it would be through KATITAS. I feel proud to have sold to a company that plays such an important role in helping shift society toward valuing things.

To deliver what they expected through investments by achieving both social contribution and earnings through conduct of business to realize stable growth

Although I research companies around the world, I have never seen a business model like that of KATITAS. It is truly unique and outstanding, and it has my full support.

The purchase and resale of pre-owned homes in regional areas is clearly a business model that contributes to society. This is precisely the reason why investing in KATITAS gives us peace of mind.

I have come to understand from these results and sources of competitiveness that the purchase and resale of detached pre-owned homes cannot be sustained with only pre-acquisition inspection, renovation planning, and construction capabilities, but also requires a deep understanding of each home and the ability to explain it in a way that dispels customer concerns at the time of sale. I was reminded once again that KATITAS sales employees, who possess these abilities, are truly excellent.

To become partners that mutually complements purchases and sales by leveraging the strengths of each other

I've worked in the real estate brokerage industry for 20 years, but I don't think I've seen any company as thorough in its investigations as KATITAS. They meticulously check everything—from property boundaries and legal restrictions to interviewing sellers and neighboring residents. That's why I can confidently introduce them to customers.

With the addition of variations such as "as-is" sales, partial renovations, and full renovations, I am now able to introduce KATITAS homes to a wider range of customers. Even when a customer I accompanied on viewings requests a fully renovated home, KATITAS promptly responds with information on selling prices and renovation timelines, making it easier for me to present the property.

To provide an environment in which they can develop themselves depending on their motivation and performance by handling comprehensive jobs from initial purchase to resale in succession

I was drawn to KATITAS by the appeal of working in comprehensive housing production. The work requires multitasking and is therefore demanding, but I find daily motivation in the words of gratitude from sellers who say their "burden has been lifted" and the words of trust from buyers who say, "I'll buy from you."

I don't have any peers who joined in the same year at my branch, but I have over 100 peers nationwide. Every day I see emails about someone closing a deal, which motivates me to be the next. They're rivals, but also colleagues I can turn to for advice when I face challenges, which is reassuring.

To become partners for mutually better performance by stabilizing the business management through orders of high frequency and accuracy

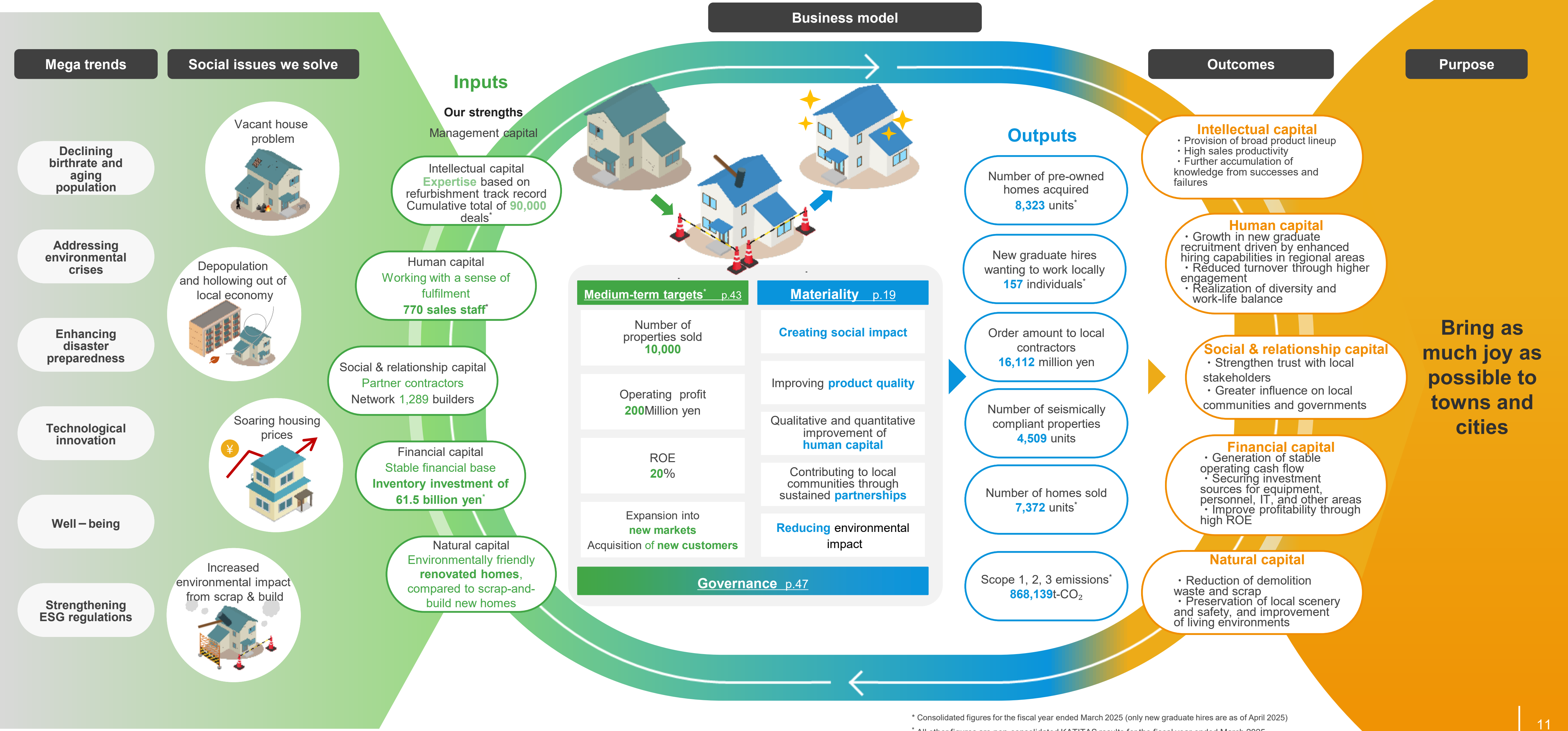
Even as new construction projects decrease, KATITAS provides stable work, allowing us to continue our work with peace of mind. For independent contractors, it is difficult to keep up with legal changes, but thanks to the study sessions they organized, I was able to improve both my knowledge and skills. I feel that KATITAS is a considerate company that truly understands partner contractors.

KATITAS understands the daily inconveniences previous owners faced while living in the home, and often develops a clear concept for how to market the property—such as targeting single-person households. They also share the background and story behind each property. I feel excited and fulfilled to be part of the process of bringing these ideas and intentions to life.

Source: KATITAS employee survey accompanying company-wide kickoff (July 2025)

Value-creation story

We are solving social challenges such as the problem of vacant houses and soaring housing prices by fully leveraging the expertise we have cultivated through the renovation of more than 90,000 pre-owned homes across our Group, our employees nationwide who create value together, and the capital of diverse stakeholders who support us. The distribution of pre-owned homes revitalizes local economies, and the resulting outcomes further enhance our capital, creating an even greater cycle of value. By further growing this circular business model, we aim to realize our purpose: "Bring as much joy as possible to towns and cities."



* Consolidated figures for the fiscal year ended March 2025 (only new graduate hires are as of April 2025)

* All other figures are non-consolidated KATITAS results for the fiscal year ended March 2025

Management capital

The business foundation of our Group is built on five forms of management capital: intellectual, human, social & relationship, financial, and natural. By organically linking and circulating these forms of capital, we are addressing the problem of vacant houses, providing affordable homes, and promoting the development of local economies. We aim to further expand this cycle, working toward sustainable local communities and the enhancement of corporate value.

Intellectual capital

Expertise derived from track record of renovations

- Total sales of **90,000** homes[*1]
- Sales productivity: **18.8** homes/ person
- Accumulation of information on failure cases through weekly monitoring

Please see "Our strengths" on page 9.
Please see "Qualitative and quantitative improvement of human capital" on page 28.

Human capital

Nationwide allocation of talented personnel

- Sales staff: **770** [*1]
- High employee engagement
- High female employee ratio of **37.0%**

Please see "Qualitative and quantitative improvement of human capital" on page 28.

Social & relationship capital

Partner contractors

Robust ecosystem in regional areas

- Partner contractors: **1,292**
- Network of **2,857** real estate brokerage firms
- Strong recognition, underscored by No. 1 position[*2] in "Survey on Companies to Sell Your Home To"

Please see "Contributing to local communities through sustained partnerships " on page 36.

Financial capital

Stable financial base

Stable financial base

- Inventory investment: **61.5** billion yen[*1]
- Shareholders' equity: **45.7** billion yen[*1]
- Unsecured borrowings: **34.5** billion yen[*1*3]

Please see "Financial Highlights " on page 54.

Natural capital

Renovated homes with lower environmental impact

- Compared to scrap-and-build new homes, renovated homes are more environmentally friendly
- CO_2 emissions (Scope 1, 2, 3): **868,139** t-CO_2[*1]

Please see "Reducing environmental impact" on page 39.

*1 * Consolidated figures for the fiscal year ended March 2025 (only new graduate hires are as of April 2025)

*2 Surveyed areas in February 2025 were Akita, Yamagata, Niigata, Ishikawa, Nagano, Ehime, Nagasaki, Kagoshima prefectures (where TV commercials were aired), as well as Gunma and Shiga prefectures (where no TV commercials were aired)

*3 Includes 8.0 billion yen in unused commitment lines as of March 31, 2025

02

External Environment Surrounding KATITAS

Employee stories

This home was 47 years old and had large steps at the entrance and hallway. By redesigning the entrance with a double-step threshold (*gamachi*), we made it easier for people of all ages to enter. I am always thinking, “What kind of home makes life easier for the people who live there?”

Growing problem of vacant houses

Negative Impacts of Vacant Homes

Vacant homes are increasing year by year, leading to numerous issues such as the deterioration of the surrounding living environment and a decline in property values. This problem is especially severe in suburban and rural areas where our group operates, as the pace of vacant home growth is faster than in urban centers, making it a serious social issue. Specific negative impacts of the rise and increase in vacant homes include the following:

Collapse due to deterioration

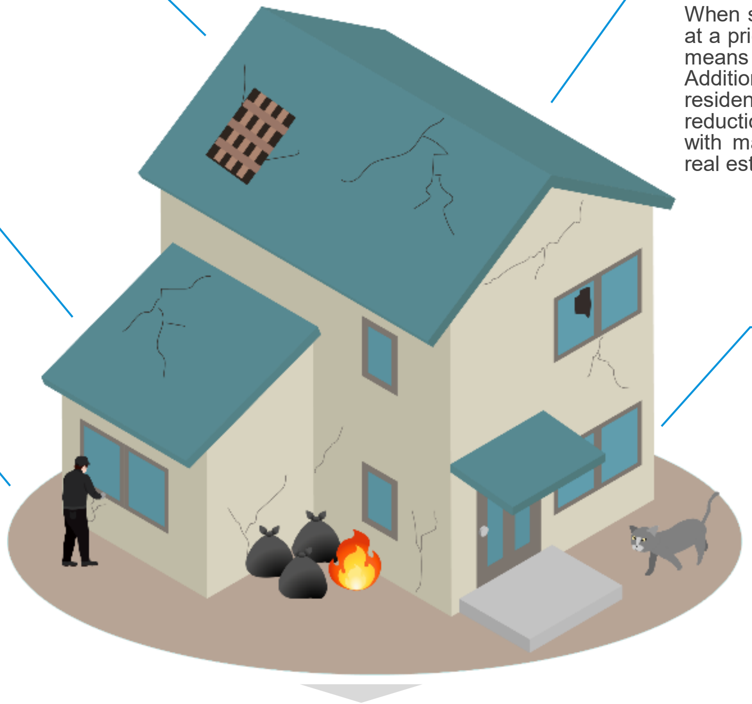
Houses deteriorate rapidly if not properly maintained. As a result, during natural disasters such as typhoons or earthquakes, they can collapse, posing a danger to nearby residents or passersby, with the owner potentially being held accountable for negligence. When a house has significantly deteriorated or is near collapse, renovation becomes difficult, and demolition often becomes the only viable option.

Decline in public safety

Vacant homes often become breeding grounds for crime, including trespassing, illegal dumping, and even arson. Arson, in particular, tends to go unnoticed for longer, resulting in more extensive damage. The rise in vacant homes can lead to a decline in public safety, causing anxiety among nearby residents and negatively impacting their quality of life.

Degradation of landscape and sanitation

In addition to houses, poor maintenance of the surrounding land, such as overgrown trees and unkempt lawns, can harm the landscape. This can also lead to pest infestations or small animals taking up residence, worsening sanitary conditions. Managing or cutting trees on a vacant property is complicated because anyone other than the owner risks being accused of trespassing or property damage, making it difficult for neighbors to address the issue, further complicating the problem.



Decrease in property values

Vacant and deteriorating homes lose their value as structures. When such homes are put on the market, the property is often sold at a price that accounts for the cost of demolishing the house, which means it will likely sell for less than the land's inherent value. Additionally, land with a vacant home may lose its designation as residential property, potentially disqualifying it from property tax reductions. Beyond the devaluation of individual properties, areas with many vacant homes tend to experience a general decline in real estate prices.

Economic burden on the local community

As the population declines, homes that are no longer inhabited fall into disrepair due to lack of maintenance, leading to deterioration. This, in turn, worsens the surrounding landscape and negatively impacts the quality of life for nearby residents. Additionally, managing or demolishing vacant homes requires significant financial resources. While local governments now have the authority to demolish dangerous vacant homes at risk of collapse, these costs often fall on the municipalities. The rise in vacant homes increases the financial burden on local governments, potentially forcing them to reduce budgets for other public services such as education and welfare, ultimately affecting the lives of local residents.

Our group is committed to addressing and preventing the issues mentioned above by purchasing as many vacant homes or homes at risk of becoming vacant as possible, renovating and restoring them, and subsequently selling them. Through this process, we contribute to the revitalization of local economies.

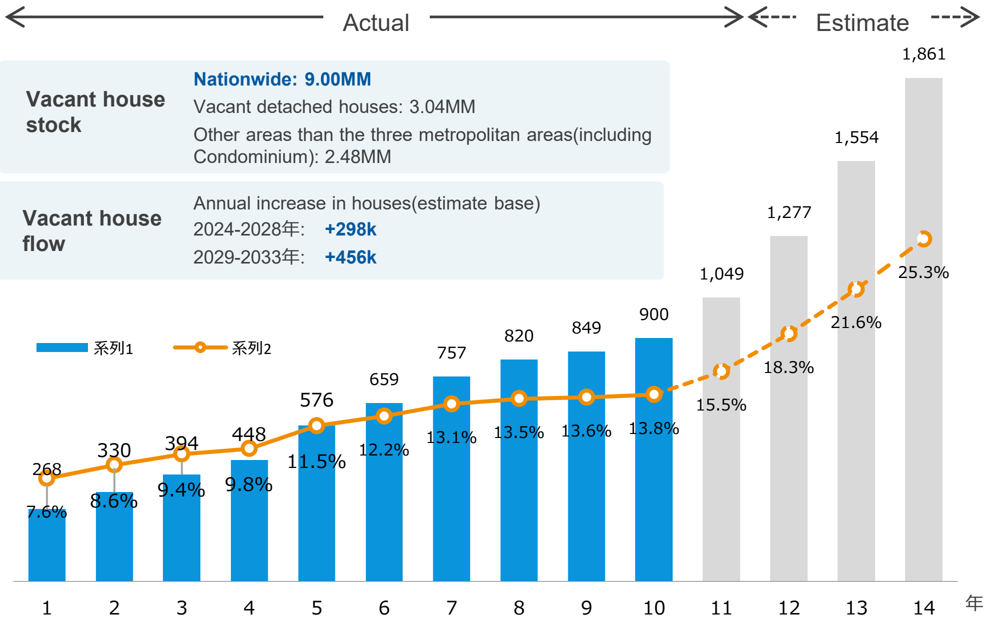
Ample supply of vacant houses available for purchase

Ongoing increase in vacant houses

The number of vacant houses across Japan continues to increase every year, and as of 2023, there were 9.00 million such houses (the ratio of vacant houses to the total number of houses nationwide is 13.8%), making it a major social problem. Vacant houses left unattended not only degrade the landscape, but also pose dangers to the surrounding areas in the form of collapsing exterior walls or roofing and are also detrimental to public safety due to the potential for illegal trespassing and arson. Nevertheless, many vacant houses remain abandoned because since it is difficult to attract buyers to vacant homes.

Homes go vacant when the owner passes away and the property is inherited and left unattended, or when elderly owners leave their homes and move into nursing care facilities.

Forecast of the number/percentage of the vacant houses



Source: Ministry of Internal Affairs and Communications, "2023 Housing and Land Survey Approximate Tabulation of Dwellings (Revised Report)", Estimates are prepared by KATITAS based on the news release, "New Housing Starts Expected to Fall to 580,000 in FY2040 and the Ratio of Vacant Houses Expected to Rise to Around 25% in 2043," (June 13, 2024) issued by Nomura Research Institute, Ltd.

Mechanism for the occurrence of vacant houses

Inheritance

Unused by inheritor

Used by inheritor
Inherited homes are rarely used since inheritors often already have their own homes

Inheritor sells inherited property

Not put on sale
No progress made on organizing leftover belongings; house remains vacant like a storage as a result.

Buyers

No buyers
Hard to find buyers of pre-owned houses in exiting condition and house becomes vacant as a result.

Reason for acquiring vacant house (n=3,912)	
Inheritance	54.6%
Ordered/bought newly built house	24.1%
Purchased pre-owned house	14.0%
Gift	3.3%
Other/Unknown	4.0%

Reason for leaving house vacant (n=1,097/multiple choice)	
Storage for belongings	60.3%
Too expensive to dismantle	46.9%
No use for land even if it were cleared	36.7%
Poor quality of house	33.2%
Might use in the future	33.1%

Source: Prepared by KATITAS based on Ministry of Land, Infrastructure, Transport and Tourism, "Survey of Vacant House Owners in 2019"

Interior of a property purchased by KATITAS. We reduce the burden on sellers by purchasing homes along with their chattels.

Supplementary | Moving into a nursing home

There are many cases where houses become vacant not only due to inheritance, but also due to elderly people moving into nursing care facilities.

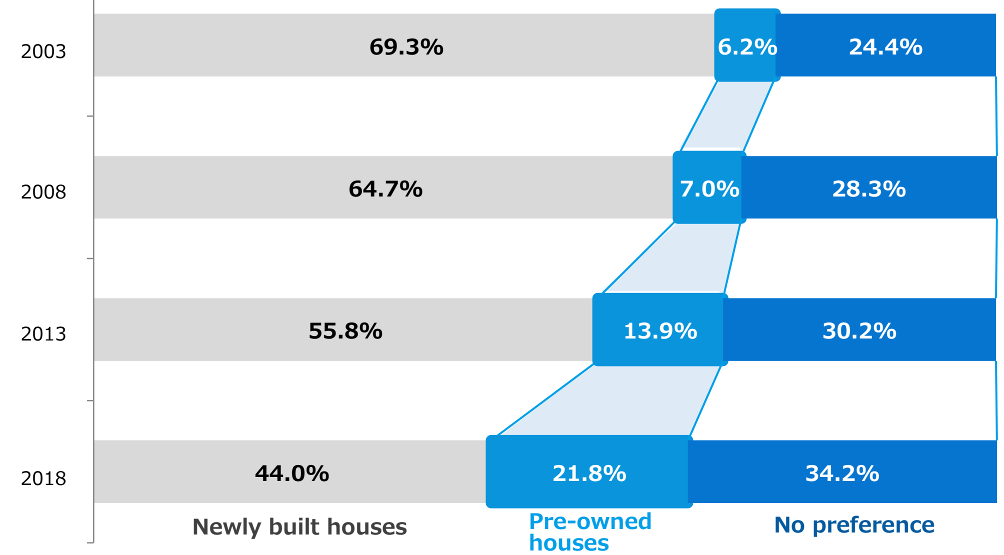
Shifting preferences toward pre-owned homes

Consumer preferences are warming to pre-owned homes

Traditionally, the consensus has been that the strong preference for new construction in the Japanese housing market prevented pre-owned homes from going into circulation. However, a survey conducted by the Ministry of Land, Infrastructure, Transport and Tourism on renting households' inclination toward relocation indicates more and more households hold no particular insistence on building a new house. In fact, the circulation of pre-owned properties in condominiums in the Tokyo metropolitan area has already exceeded the circulation of newly built properties, and we believe the reason for this is the prevalence of pre-owned condominiums in the metropolitan area, which are relatively easy to handle, and are considered "clean and inexpensive." Given these factors, we believe that by continuing to supply "clean and inexpensive" properties in the rural pre-owned home market, there is significant potential to increase the overall volume of transactions for pre-owned detached homes.

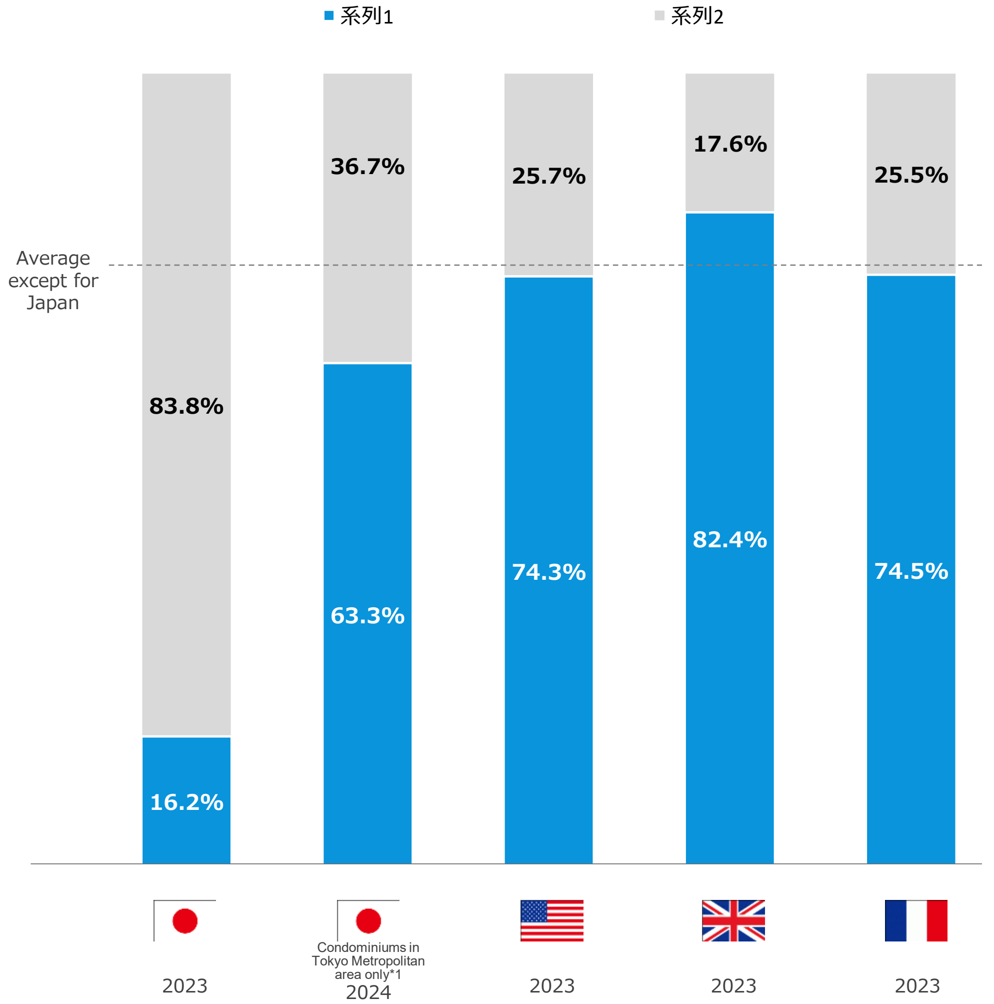
Mindset Change toward Ownership of Pre-owned Houses

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



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

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



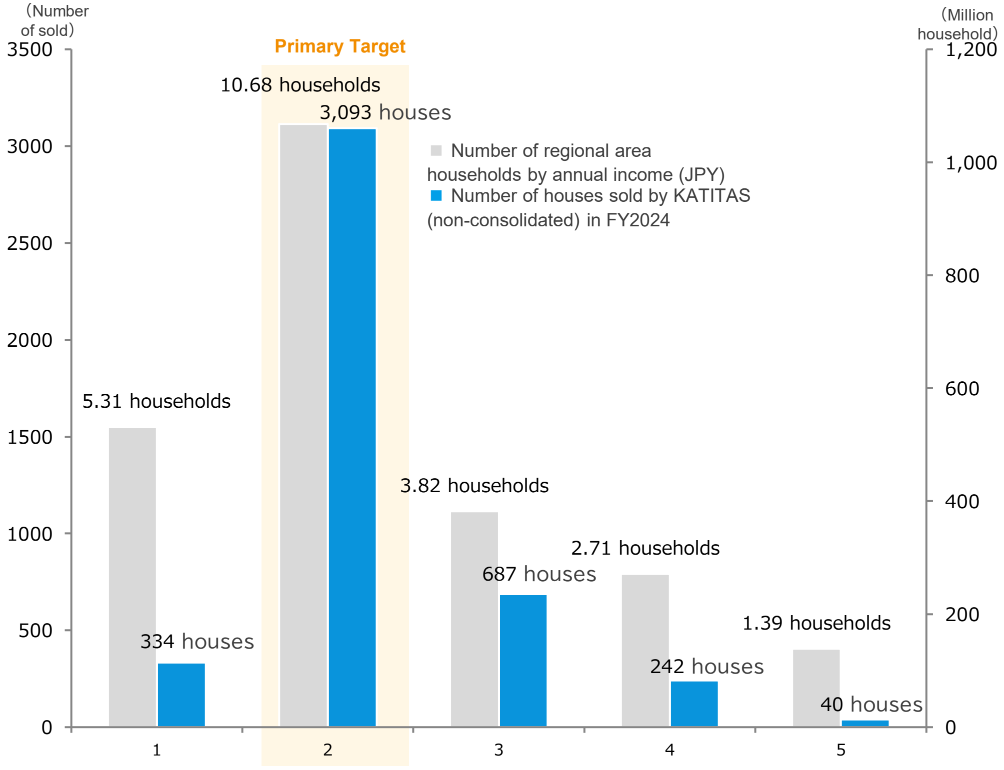
Source: Ministry of Land, Infrastructure, Transport and Tourism "Organizations Utilizing Housing and the Distribution of Existing Housing (September 25, 2024)" / Real Estate Economic Institute "Nationwide New Condominium for Sale Market Trends 2024 (Annual Summary)" / Real Estate Information Network for East Japan "Trends in the Metropolitan Real Estate Distribution Market (2024)"
*1 Ratio of pre-owned condominium units under contract to new condominium units on the market.

Need for affordable housing

Approaching a market with many potential customers

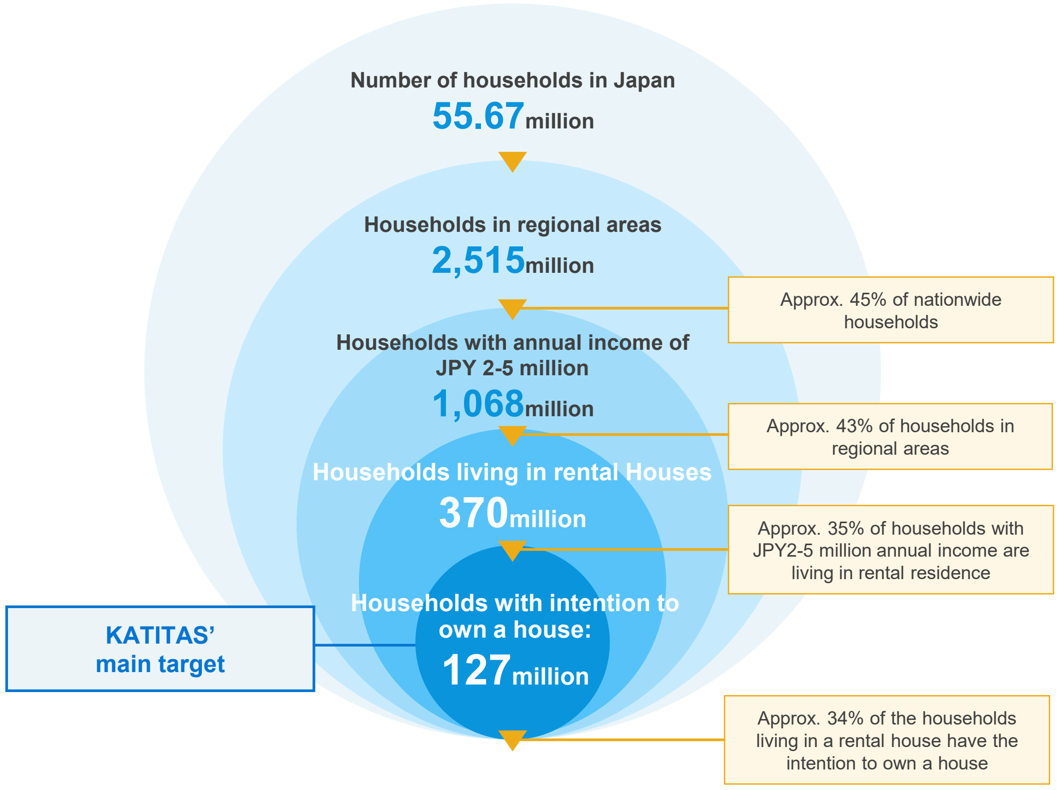
Many of KATITAS' buyers are in the annual household income range of 2 million to 5 million yen, and this is the most populous annual income demographic in rural areas. In an economic environment with poor prospects for income growth, many households find it difficult to afford newly built homes, so we believe there is substantial potential demand for the homes we offer. Our sales volume of 5,597 units in March 2025 represents an estimated market share of approximately 4.4%, and we believe that there are many more potential customers.

Customer Group by Annual Income and Macro Environment



Sources: Ministry of Internal Affairs and Communications “2023 Housing and Land Survey (Revised Report)”

Large Potential Customer Base



Based on the assumption that the duration of considering the purchase of housing units is 10 years.
The size of the market including potential demand is estimated at about 127,000 houses per year.

Annual number of houses sold by KATITAS
5,597 (around 4.4 % of target)

Sources: Ministry of Internal Affairs and Communications “2023 Housing and Land Survey (Revised Report)”, Ministry of Land, Infrastructure, Transport and Tourism “2018 Comprehensive Survey on Housing and Living Environments”

03

Materiality and Initiatives

Employee stories

This property was purchased by a customer while renovations were still in progress. Our partner contractors not only contributed renovation ideas but also kept the site in order so customers could be shown around at any time, and even explained the renovations to customers during viewings. They truly serve as a second sales force.

Materiality

To achieve sustainable growth and enhance corporate value, we have identified materiality (key issues) by recognizing the challenges that must be addressed and how to respond. Based on these key issues, we consider the formulation of the medium-term management plan and the direction of our business operations.

01 Ascertaining social issues

Identifying international standards and ESG rating evaluation agency items

We have compiled a long list of 965 items with reference to international frameworks (SDGs, GRI, SASB), evaluation items of each rating agency (FTSE, S&P, MSCI), and issues recognized by the Japanese government and economic organizations. We have aggregated the items on this long list into 19 social issues, taking into account their similarities and relevance to the KATITAS Group's businesses.

02 Considering social issues and extracting materiality

Classify each social issue based on two parameters: "Importance to stakeholders" and "Importance to the company."

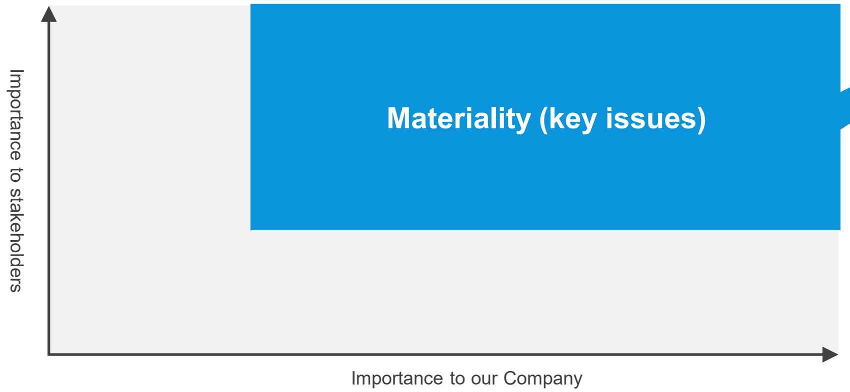
We examined the importance of the 19 aggregated social issues from two perspectives: ``importance to stakeholders'' and ``importance to the company.'' We extracted these as materiality by taking into consideration consistency with our Company's vision and examples of value creation for stakeholders that we have accumulated internally, as well as continuity with previous sustainability-related initiatives.

03 Discussion and identification at management level

Deliberation by the Sustainability Committee and Board of Directors

The extracted materiality was discussed by the Sustainability Committee (chaired by the President and Representative Director), and final deliberation was held by the Board of Directors to identify the materiality as KATITAS Group's materiality.

Concept of materiality



Materiality and KPI

As shown in the diagram below, we have classified our materiality into five categories and identified 13 specific issues.
We set metrics and goals that serve as KPIs for each task item, and monitor our degree of achievement.

Materiality	Issue item	KPI	Objective
Creating social impact	Solving the vacant house problem	①Ratio of vacant houses among purchased properties	①80% or higher annually
		②Number of houses sold	②10,000 by 2030
	Providing affordable housing	③Ratio of housing price to annual income	③Under 5 times annually
Improving product quality	Controlling defects after delivery	④Ratio of repair costs to sales	④Around 0.3% annually
	Improving customer satisfaction	⑤Phone survey response rate as a customer protection initiative (sales activity quality survey)	⑤80% or higher annually
	Improving quake resistance of properties for sale	⑥Rate of earthquake resistance work performed	⑥Not disclosed
Qualitative and quantitative improvement of human capital	Improving productivity through company-wide initiatives	⑦Number of purchases and sales per sales employee	⑦20 by 2030
	Creating a comfortable working environment	⑧Employee engagement	⑧BBB or higher
	Retention of talented human resources	⑨Turnover rate for all employees	⑨10% annually
	Promoting diversity	⑩Ratio of women among those promoted to managerial positions	⑩30% or higher by 2030
Contributing to local communities through sustainable partnerships	Returning economic benefits to partner contractors and other aspects of local communities	⑪Number of orders placed with partner contractors = Number of purchases	⑪10,000 by 2030
	Business continuity support for partner contractors	⑫Number of industrial accidents at partner contractors	⑫Not disclosed
Reducing environmental impact	Reducing CO2 emissions associated with business activities	⑬Scope 1 and 2 reduction	⑬50% reduction by 2030 (compared to the fiscal year ended March 2021)
	Improving insulation	⑭Number of insulation work carried out	⑭Not disclosed

Creating social impact

Policy

By adding value to “rural × detached × older houses,” we solve the problem of vacant houses, provide affordable housing, revitalize local economies, and promote CO_2 reduction and a nature-positive approach. We believe these efforts will help realize a circular society and enhance the well-being of all stakeholders connected to us.

In this way, while continuing to have a positive impact on society, we aim to realize our purpose: “Bring as much joy as possible to towns and cities.”

KPI

Solving the vacant house problem

	FY2022	FY2023	FY2024	Objective
Ratio of vacant houses among purchased properties (non-consolidated)	78.2%	75.8%	75.5%	80% or higher annually
Number of houses sold	6,927	7,169	7,372	10,000 by 2030

Providing affordable housing

	FY2022	FY2023	FY2024	Objective
Ratio of housing price to annual income (non-consolidated)	4.1x	4.2x	4.3x	Under 5 times annually

Topics for the fiscal year ended March 2025

Diversification of customers

In response to rising living costs caused by higher utility bills and successive food price increases, our Group has continued to offer affordable housing options. Specifically, we have taken steps to keep selling prices down by thoroughly inspecting structural components before purchase, disposing of belongings left by previous owners and selling homes “as-is,” or carrying out partial renovations such as replacing only water fixtures or damaged flooring that customers are most concerned about. These measures have enabled us to provide homes to customers who could not afford fully renovated properties..

Customers who purchase our homes include not only families (couples with children), but also single individuals, couples without children, and single-parent households such as single mothers and fathers. By age group, buyers in their 50s and older accounted for 30.9%, allowing us to offer better living options to a broader range of households than ever before.

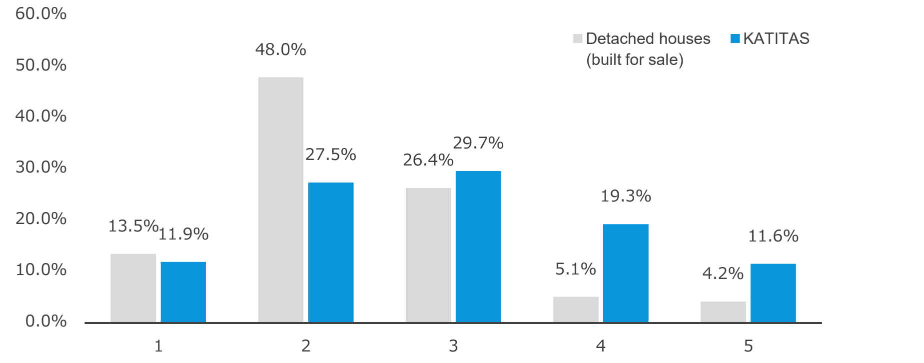
Going forward, we will further diversify our renovation plans and aim to provide homes at affordable prices that meet customer needs.

Household composition of buyers

Couples without children	Couples with children	Single-parent households	Three-generation households	Single-person households	Other
22.5%	39.6%	15.2%	5.9%	12.6%	4.2%

Buyers by age group

Source: Properties handed over between August 2024 and May 2025



Source: KATITAS non-consolidated results from April 2024 to March 2025
Ministry of Land, Infrastructure, Transport and Tourism, “FY2023 Housing Market Trends Survey Report” Time-Series Comparison Table (Built-for-Sale Housing) Detached Houses

Impact logic model

Outputs

- Number of pre-owned homes acquired **6,364** units (incl. **4,808** vacant homes)
- New graduate hires wanting to work locally **129** individuals
- Order amount to local contractors **16,112** million yen
- Number of seismically compliant properties **4,509** units
- Number of homes sold **5,597** units (Price-to-income ratio: **4.2** times)

※All other figures are non-consolidated KATITAS results for the fiscal year ended March 2025

Outcomes

Short-term

- **Maintaining public safety**
- **Creating sales opportunities**
- Reduction in **Virgin material** usage
- **Job creation** in **rural areas**
- Commitment to construction and planning **Improving the quality of properties for sale**
- Providing **affordable housing**

Through our initiatives in affordable housing, we have been able to provide homes to a broader range of customers spanning diverse ages, family structures, and incomes.

Mid-term

- Solving **the vacant house problem**
- **CO2 reduction** Contribution to **a nature-positive approach**
- Increase in the working-age resident population
- **Revitalization of the local economy**
- **Increase in the supply of** affordable, high-quality **pre-owned homes**

Long-term

- Achievement of **a circular society**
- Improvement in **well-being**

Purpose

Bring as much joy as possible to towns and cities

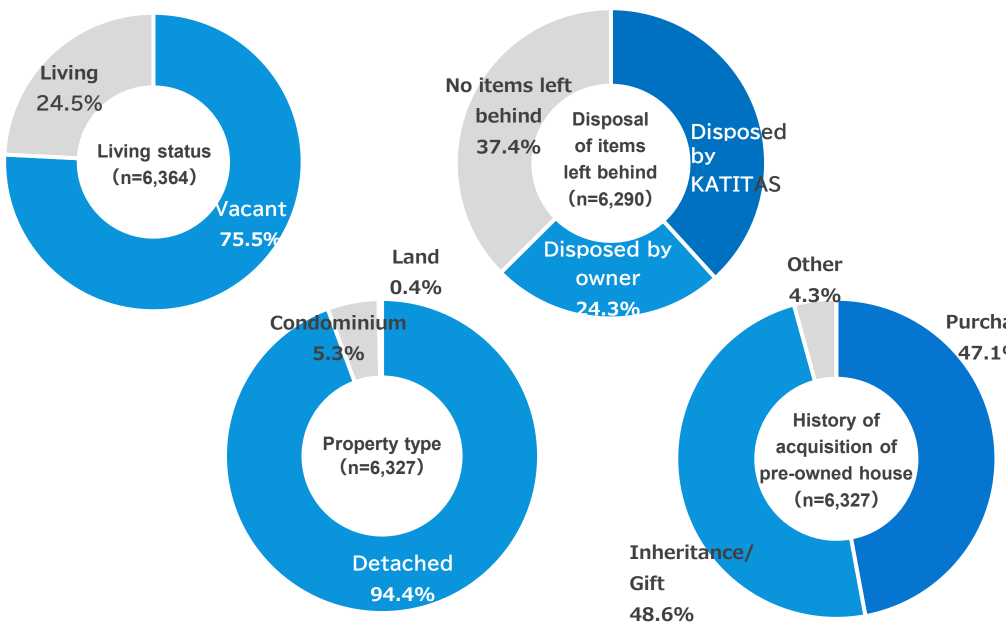
Solving the vacant house problem

Resolution of the "vacant house issue" by "adding value" to "rural x detached x old houses"

Ever increasing vacant houses has become a major social problem in Japan. The number of vacant houses across the country continues to increase every year, and as of 2018, there were 8.49 million such houses (the ratio of vacant houses to the total number of houses in Japan is 13.6%). The company mainly handles houses in rural areas, older buildings, and detached homes, many of which have been inherited and are no longer occupied. Most of the distribution of pre-owned homes is concentrated in urban x newer x condominium units, and we are solving the more challenging problem of vacant detached homes in rural areas. We are committed to resolving social issues through our business activities by renovating homes to create a sustainable cycle of community life.

We purchase vacant houses scattered all over Japan, and as of the fiscal year ended March 31, 2025, we have purchased, refurbished, and sold 4,808 vacant houses. In addition, many of the reasons why a house becomes vacant are because the seller's inheritors have taken up residence elsewhere, or because the seller has moved into a nursing care facility. We will continue to expand the volume of properties we handle to help solve the problem of vacant houses.

Status of vacant houses handled by KATITAS



Source: Results for the fiscal year ended March 31, 2025 (non-consolidated)

Inherited vacant houses are often left as they are since disposing of furniture, home appliances, and other chattels that were used by the inheritees (in many cases, the owners are the parents of the inheritors) is mentally stressful for the inheritor (seller). By purchasing the property, including the remaining items, we are able to take the burden off the seller's shoulders.



Topics | Engagement and other related initiatives in impact investing

Our creation of social impact through business operations has been acknowledged, and we have gained recognition as an impact stock. Impact investing is an investment approach that, in addition to pursuing financial returns, aims to simultaneously solve social and environmental issues. Our initiatives—such as solving the problem of vacant houses and providing affordable housing—are among the efforts valued by investors. With our impact investors, we continue to exchange views on the impacts we are delivering, along with the methods of measurement and disclosure.

In addition to engagement with investors, on October 4, 2024, we presented a case study of our impact disclosure initiative at the seminar "Corporate Value through Impact Investing: Case Studies of Listed Companies and Perspectives of Impact Investors," hosted by the Japan Impact-driven Financing Initiative. In the accompanying panel discussion with investors, President Arai participated as a speaker, providing an opportunity to convey the company's approach to a broader audience.

Furthermore, in the March 2025 issue of Forbes Japan, KATITAS was introduced as a listed Japanese company selected by multiple asset management firms as an impact investment target, with coverage of our business model and case examples of quantifying our social impact. President Arai was also selected as one of the "100 People Shaping the Future of the Impact Economy."

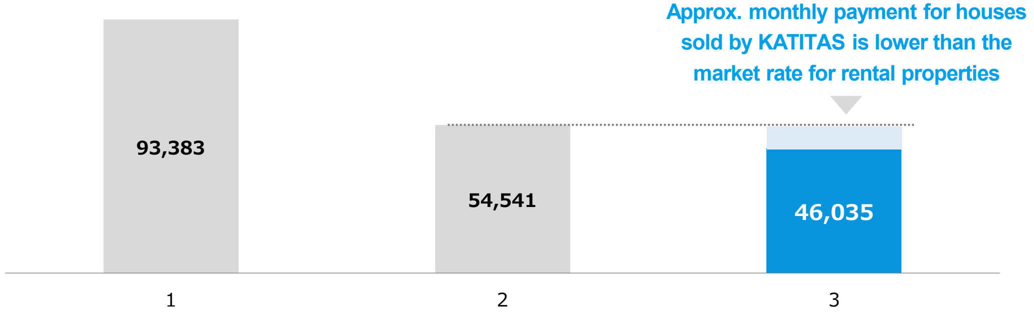

Providing affordable housing

Affordable housing (providing homes at reasonable prices) offers

The KATITAS Group supports people's lives in the area of "shelter," one of the three major elements of daily life (clothing, food, and shelter), by providing high-quality housing at affordable prices.

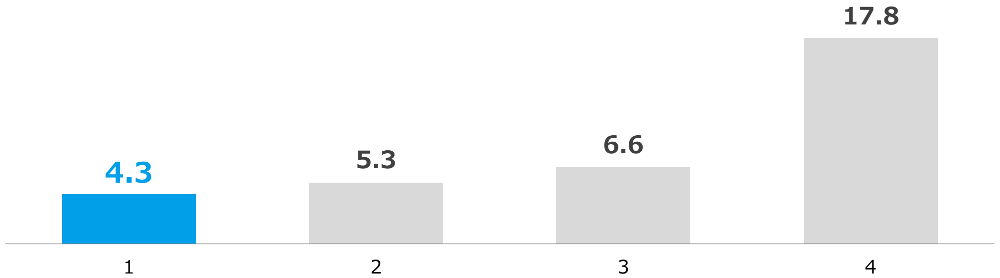
Our homes are offered at prices where the monthly mortgage payments are comparable to or even lower than the rent of nearby rental properties, allowing buyers to purchase without placing a significant burden on their finances. The average mortgage-to-annual income ratio for our customers is 4.3x, making it easier for them to allocate their budget to expenses beyond housing costs.

Comparison with house rents



*1 The amounts of rural/new-built and KATITAS (stand-alone) are calculated assuming a full mortgage with no down payment, 30-year term, at 1.0%-fixed interest rate, and no additional bonus repayment.
*2 Source: Ministry of Land, Infrastructure, Transport and Tourism, "Real Estate Information Library."
*3 Rents are the amount paid monthly. Single-person households are excluded. *4 Source: Ministry of Internal Affairs and Communications, "2023 Housing and Land Survey (Revised Report)"

Comparison by mortgage to annual income ratio

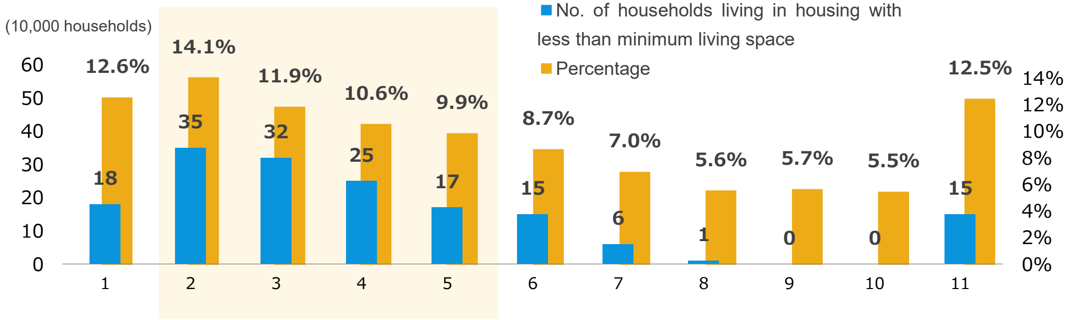


*1 Source: Japan Housing Finance Agency (FY2024 summary table)
*2 Source: Tokyo Kantei Co., Ltd. press release "Annual Income Ratio for New Condominiums" (October 31, 2024)

Relationship between annual income and the number and percentage of households in private rented housing with less than minimum living space

The rent burden by annual income shows that the lower the household income, the greater the percentage of monthly expenditures spent on rent.

The primary household income range of customers purchasing our renovated homes is between 2 million and 5 million yen, which represents the most common income bracket in rural areas. In many cases, our renovated homes are larger than the rental properties where our customers currently reside, and they often feature updated water fixtures and household amenities. This enables us to offer improved living conditions without imposing additional financial strain on the buyer.

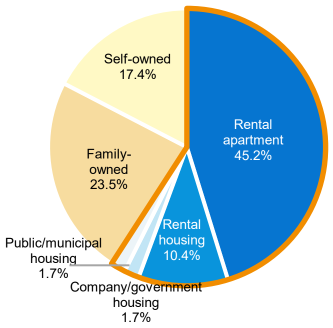


Source: Ministry of Land, Infrastructure, Transport and Tourism, Housing Bureau, "Council for Social Infrastructure Development, Housing and Residential Land Sectional Committee, New Housing Safety Net Study Subcommittee" (July 2016)

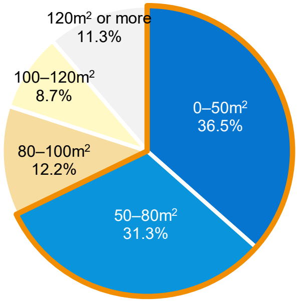
Size of the homes we sell

About 60% of the customers who have purchased our homes previously lived in rental apartments or leased houses. In addition, about two-thirds relocated from homes of 80m² or smaller. Since our homes average 116.4m² for detached houses and 67.8m² for condominiums, we are improving buyers' living environments by providing homes larger than those they lived in before.

Type of residence before purchase



Size of residence before purchase

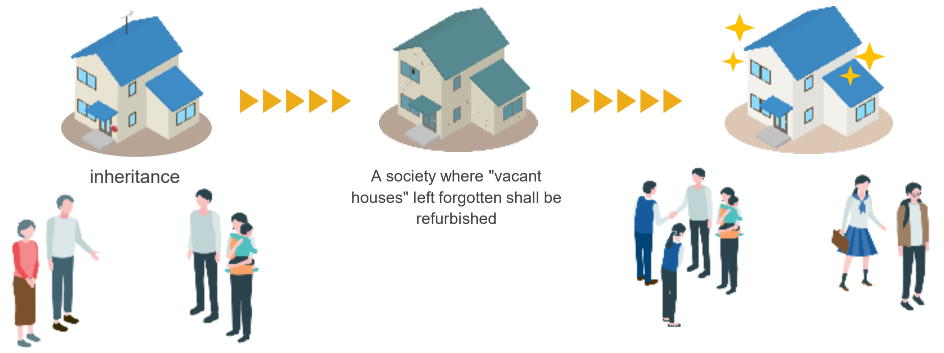


Source: Survey of customers whose properties were handed over in March 2025

To achieve the circular economy

To achieve the circular economy

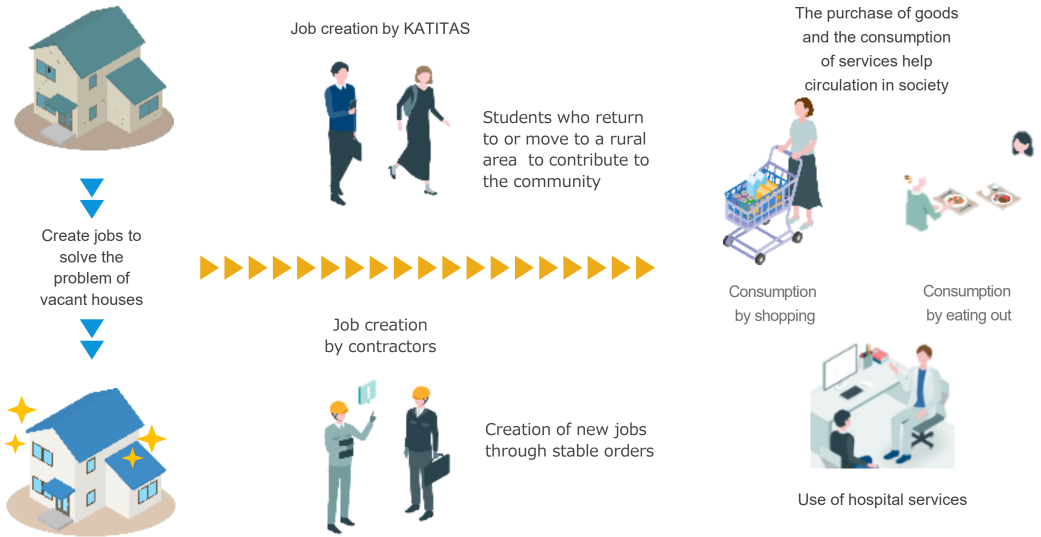
Circular economy through the circulation of existing resources and assets



To achieve the circular economy	Annual property tax (50,000 yen x 10 years.) Cost of disposing household goods: Future demolition costs: Lower price than newly built house	0.5mn yen *1 0.3mn yen *2 1.2mn yen *3 16.7mn yen	**Total economic impact of rehabilitating one vacant house**	**1,870 mn yen**
Number of beneficiaries per property	(Beneficiary at the time of purchase) Number of heirs to one ancestor (Beneficiary at the time of sale) Average number of people residing in the purchased house	2.7 people *4 3.0 people *5	**Total number of beneficiaries**	**5.7 people**
Fiscal year ended March 2025: Basic information	Number of sales in one year	7,372 properties	**Economic impact** **Total number of beneficiaries**	**137,856 mn yen** **42,020 people**
Economic impact and number of beneficiaries when 10,000 properties are sold	Number of sales in one year	10,000 properties	**Economic impact** **Total number of beneficiaries**	**187,000 mn yen** **57,000 people**

*1 : MLIT: Our calculation based on "Survey on Owners of Vacant Homes" (2019) *2 : MIC: Report on survey results regarding the current state of services to sort out the belongings of the deceased. *3 : MLIT: Our calculation based on the situation of housing inventory in Japan *4 : MoF: Materials on basic counting related to inheritance tax and gift tax.*5 : "Housing Market Trends Survey Report" (2024), pre-owned detached houses

Realization of a regional circular economy through the creation of local jobs



Direct job creation	**Number of employees** Consumption expenditures of working households **Impact on local economic revitalization** **Number of new graduates joining KATITAS in April 2025** Consumption expenditures of people in their 20s **Impact on local economic revitalization**	**737** *1 ¥221,277/month *2 **¥1,956mn/year** **129** ¥124,581/month *3 **¥192mn/year**	**Total direct impact**	**¥2,148mn/year**
Indirect job creation	Partner builders (incl. construction labor cost and housing equipment cost) No. of employees per builder Consumption expenditures of working households	1,292 *4 3 *5 ¥221,277/month *2	**Total indirect impact**	**¥10,292mn/year**

*1 As of March 31, 2025 (non-consolidated; actual) *2 Calculated by KATITAS based on the Ministry of Internal Affairs and Communications' 2024 Family Income and Expenditure Survey Report 'Monthly income and expenditures per household' *3 Calculated by KATITAS based on the Ministry of Internal Affairs and Communications' 2024 Family Income and Expenditure Survey Report 'Monthly income and expenditure per household by gender and age group' *4 Actual number in fiscal year ended March 31, 2025 (number of builders to which we placed at least one order or which performed at least one project in the year; excludes termite control) *5 Based on the median number of builder employees from the 7th Nationwide Builder Survey Aggregation Results conducted once a year by KATITAS

Improving product quality

Policy

Because a home is the most expensive durable consumer good in life, we are committed to creating products that allow our customers who purchase them to live with peace of mind for many years. Pre-owned homes differ in their surrounding environment, regional characteristics, and builders for each property, making it difficult to standardize them as products. For this reason, we have set "safe, clean, and practical" as the core policy of our product development, and uphold the "KATITAS standards," under which we provide quality and satisfaction that go beyond, rather than simply meet, expectations. We will keep striving for the continuous improvement of product quality.

KPI

Controlling defects after delivery

	FY2022	FY2023	FY2024	Objective
Ratio of repair costs to sales	0.25%	0.20%	0.27%	Around 0.3% annually

Improving customer satisfaction

	FY2022	FY2023	FY2024	Objective
Phone survey response rate as a customer protection initiative (sales activity quality survey) (non-consolidated)	82.2%	80.9%	65.5%	80% or higher annually

Improving quake resistance of properties for sale

	FY2022	FY2023	FY2024	Objective
Rate of earthquake resistance work performed (non-consolidated)	(Before start of data collection)	4,470	4,509	Not disclosed

Topics for the fiscal year ended March 2025

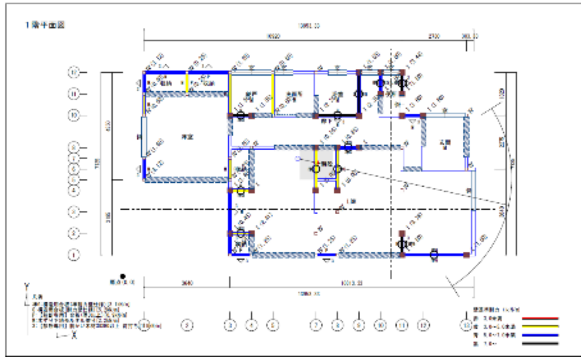
Improving quake resistance

Some customers looking for pre-owned homes feel uneasy about the risk of a structural collapse during an earthquake and therefore hesitate to proceed with a purchase. To address this, we work with building inspection and survey companies to carry out renovations that make houses built under the old seismic standards conform to the new seismic standards. At present, approximately 30% of the homes we acquire are detached houses under the old seismic standards, and of these, about half are renovated to meet the new seismic standards before sale.
In addition, when purchasing homes that comply with the new standards, customers can benefit from tax incentives, which helps reduce their financial burden. Through these initiatives, we will continue to provide homes where customers can live with peace of mind going forward.

Installation of new earthquake-resistant walls

Installation of seismic reinforcement fixtures

We calculate the current seismic performance score of the building and draft reinforcement plans to meet the score required under the new seismic standards. Seismic retrofitting is carried out by installing new load-bearing walls and seismic reinforcement hardware, followed by the issuance of an evaluation report form a third-party organization.



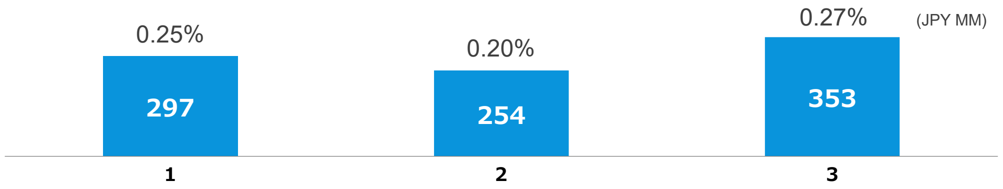
We prepare drawings of the existing structure, develop plans to add missing load-bearing walls, and carry out the construction accordingly.

Initiatives to provide customers with safe, clean, and practical homes

Post-delivery repairs

If there are any defects for which the Group is responsible after the delivery of a house sold by the Group (including contractual non-conformities), the Group will repair the defects at its own expense. Furthermore, even if the Group is not legally responsible for the defect, the Group will perform the repair work if deemed to be appropriate, in order to improve customer satisfaction and protect customers. The management team reviews the cost of post-delivery repairs on a weekly basis using this as a quality indicator of our renovation work. In conjunction, they review a detailed description of complaints and defects. The table below shows the repair costs for each fiscal year and their share in net sales. To ensure that repair requests are properly reported by sales personnel and appropriate repair measures are taken, we consider it desirable for the share of repair costs in net sales to be equivalent to or moderately lower than at present.

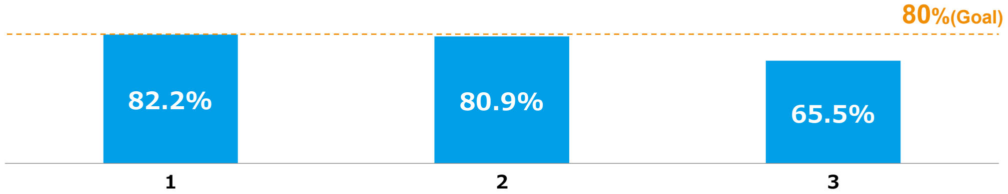
Ratio of post-delivery repair costs and net sales



Survey to check the quality of sales activities

To ensure customer protection, we have a headquarters staff different from our sales staff conduct a follow-up phone survey with customers who have entered into a contract with us. This is done to check if sales activities by our sales staff are conducted legally and properly and if there are any discrepancies between the contract and the customer's perception of the contract. Our goal is to have 80% of customers respond to these follow-up phone surveys since some customers can't answer calls during the daytime. The table below shows our customer response rate (the number of calls made with customers divided by the total number of contracts).

Survey to check the quality of sales activities



Responsible Advertising and Public Relations Activities

Basic Policy

We at KATITAS Co., Ltd. conduct responsible advertising and public relations activities in compliance with relevant laws and regulations, such as the Act against Unjustifiable Premiums and Misleading Representations, the Building Lots and Buildings Transaction Business Law, and the Fair Competition Code Concerning the Representation of Real Estate. Out of consideration for various stakeholders, we strive to engage in appropriate and moderate advertising activities that do not cause misunderstanding or discomfort, while aiming to be receptive to expectations and demands of society and adequately reflect them in our business endeavors.

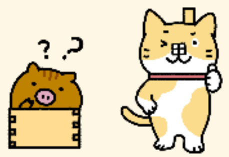
Measures to Ensure Appropriate Advertising Activities

Led primarily by the Marketing, we inform and educate sales personnel so that they engage in appropriate advertising and public relations activities.　As a major initiative, we have established a manual for posting online advertisements to ensure appropriate dissemination of information and prevent violation of laws and regulations when posting online ads. The manual is designed to help sales personnel comply with relevant laws and regulations when posting online ads, and provides a framework for preventing violation of such laws and regulations. Moreover, the manual is intended to help employees create and post online ads that appropriately and effectively convey the appeal of properties for sale. KATITAS Standard refers to the quality of text and photographs that can adequately convey the appeal of the properties. In addition, we hold the "Net Dojo" study sessions, primarily for new graduate hires. In these study sessions, we share concrete, actual examples of good online ads (texts, including property description and ad copy) and ways to take photographs for effectively conveying the appeal of properties in line with KATITAS Standard, and demonstrate how to create and post an actual property ad online. We hire more than 100 new graduates annually and assign them to each of our offices, and to maintain quality befitting of KATITAS Standard, we require them to attend the study sessions. Further, by having sales personnel and managers attend these sessions as well, we aim to have all our offices to have a thorough understanding of and strictly abide by the rules for posting online ads. In the case of an event that may affect our stakeholders, we immediately share information on such an event and announce our intended course of action at a morning video conference attended by all employees.

Management Structure

In order to ensure compliance with laws and regulations, we have established an advertising management structure led by the Marketing and　Information Systems Department. In particular, a dedicated staff from the Marketing and Sales Planning Headquarters evaluates property information posted on the webpage customers view when searching for a property. The staff evaluates the property information in the three categories of legal compliance, photographs, and texts. In addition to evaluating the online ads, the staff provides suggestions for revisions and follow-up confirmation of revisions made thereafter. All offices undergo such an evaluation process at least once every six months. Through these efforts, we manage to avoid disseminating information that may mislead customers.　There was no violation of laws and regulations in our advertising and public relations activities that resulted in administrative penalties in fiscal 2023.

Topics｜Launch of new characters



In addition to "Kaitori" and "Inu," the well-known characters from the KATITAS commercials with the jingle "Kaitori♪Kaitori♪KATITAS♪," two new characters have been introduced: "Urimasu," a boar piglet sitting on a traditional *masu* sake cup, and the adorable "Neko." The new commercial has also begun airing, featuring Urimasu running around the house shouting, "KATITAS isn't just about purchasing!" and playfully explaining that the homes sold by KATITAS are wonderful (and affordable).

The new commercial can also be viewed on our website (via the QR code on the right).

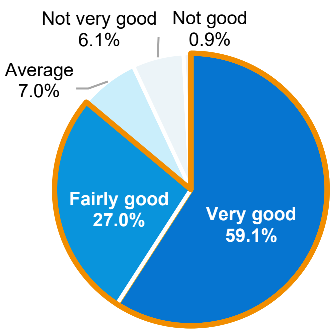
Customer opinions

Customer survey

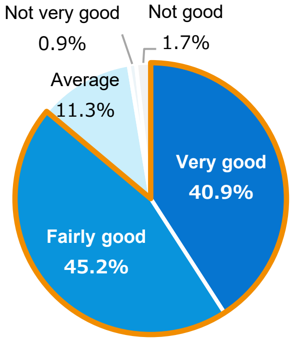
We conduct surveys in various ways to gather feedback from both customers who sold to us and those who purchased from us. In addition to surveys, we also collect opinions through our Customer Consultation Office, inquiries on our website, online reviews, social media posts, and direct comments to our employees. These opinions are shared promptly and appropriately with relevant departments for follow-up.

Furthermore, we regularly circulate the feedback we receive to all employees so that it can be used to improve our products and services.

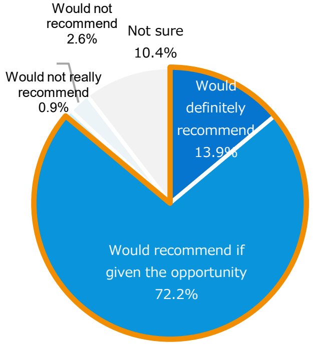
Overall satisfaction with products and services



Satisfaction with purchased property



Would you recommend us to friends and acquaintances?



Source: Survey of customers whose properties were handed over in March 2025

Topics | Launch of the Web Magazine "Igokochi" Showcasing Life in KATITAS Homes

With the update to our tagline, we have launched a web magazine called Igokochi, where readers can get a glimpse into the lives of those who chose to live in renovated pre-owned homes.

The magazine features stories from individuals who sold homes filled with memories, as well as insights into the new lives and lifestyles of those who purchased a KATITAS home.

Please visit our website to explore more.

Customer Interview

Mr. H and family,
Gyoda City, Saitama Prefecture
Purchased from Kumagaya Branch in February 2023

During the viewing, the couple was able to envision both living in the home and running their restaurant business there, leading them to purchase their desired home-and-restaurant property.

Although we initially decided not to purchase, we are grateful that KATITAS reached out to us again after the renovation was completed.

For over 30 years, we operated a restaurant in a property that combined both our restaurant and residence. After relocating, we wanted to continue running a restaurant under the same conditions, so we were searching for a similar property.

We had actually viewed the property once while it was still under renovation, but at the time we could not picture what life would be like after the renovation or how it would feel to operate our restaurant there, so we decided not to purchase. A few months later, however, we received a call from the KATITAS representative saying, "The renovation has been completed—would you like to come for another viewing?" Although we felt bad about having declined the purchase earlier, we were very happy that the representative still remembered us even after several months, and we immediately agreed to view the property again on my next day off.

What surprised us when we saw the completed renovation was how beautiful the property had become—completely different from when we had first viewed it during construction. This time, we could clearly envision both living there and running our restaurant in the property, thinking, "We'll place the tables here and start serving food…" It felt like we could open the restaurant right away. In the period between the first and second viewing, we had looked at other properties as well, but those would have required additional construction for restaurant water fixtures and incurred extra costs such as brokerage commissions, pushing them over our budget. In comparison, the KATITAS property was move-in ready, immediately usable as a restaurant, and had the added advantage of lower ancillary costs beyond the purchase price—making it especially appealing.

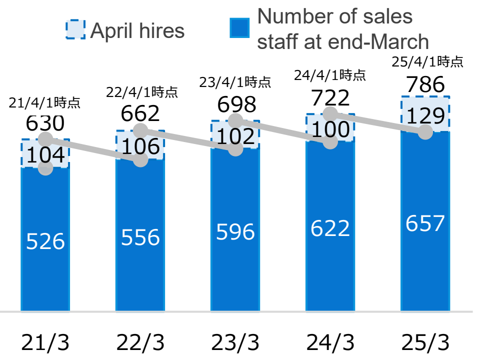
Having now lived here for about two years, there are moments when the space feels a little limited, but for two people it is enough, and we are very satisfied. The KATITAS staff are wonderful, and we are especially grateful to our representative. We are truly happy we made this purchase.

Qualitative and quantitative improvement of human capital

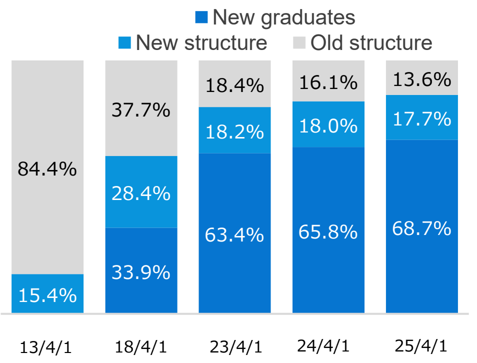
Policy

At KATITAS, each sales staff member is responsible for the entire process from purchasing pre-owned homes to planning renovations and selling them. For this reason, we have positioned improvements in human capital, including higher per capita productivity of sales staff, at the core of our growth strategy. In particular, employees who are passionate about solving the problem of vacant houses and revitalizing regional areas, and who find fulfillment in their work, are the true source of our competitiveness. Our policy is to create a workplace environment and provide growth opportunities that allow these employees to fully demonstrate their commitment.

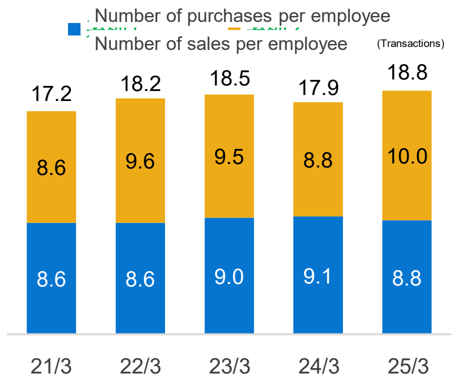
Sales staff



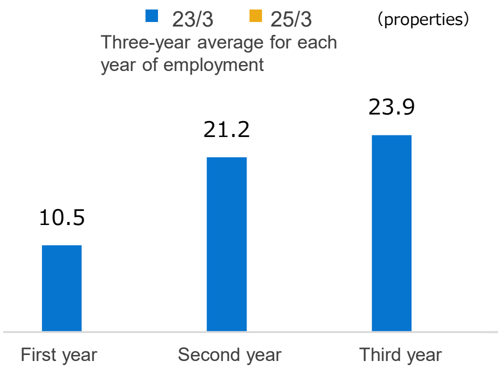
Ratio of new graduate hires



Productivity



Productivity of new graduate hires



KPI

Improving productivity through company-wide initiatives

	FY2022	FY2023	FY2024	Objective
Number of purchases and sales per sales employee (non-consolidated)	18.5	17.9	18.8	20 by 2030

Creating a comfortable working environment

	FY2022	FY2023	FY2024	Objective
Employee engagement (non-consolidated)	BBB or higher	BBB or higher	BBB or higher	BBB or higher

Retention of talented human resources

	FY2022	FY2023	FY2024	Objective
Turnover rate for all employees (non-consolidated)	11.0%	10.1%	11.0%	10% annually

Promoting diversity

	FY2022	FY2023	FY2024	Objective
Ratio of women among those promoted to managerial positions (non-consolidated)	35.5%	24.0%	35.7%	30% or higher by 2030

Employees' sense of fulfillment in their work drives business growth

Topics for the fiscal year ended March 2025

Increase in number of new graduate hires

In April 2025, 129 new graduates joined the company. Since 2013, we have concentrated on new graduate recruitment, building a vibrant organization centered on highly motivated, team-oriented individuals. Because our business is directly connected to addressing social issues such as solving the problem of vacant houses and revitalizing regional economies, we have attracted increasing attention over the years among students eager to contribute to their local communities. In recent years, we have even received inquiries from university seminar groups conducting research on the vacant house problem.

Active recruitment of former employees

To strengthen mid-career hiring, we have introduced the "K-Turn" program, which allows us to rehire former employees who previously worked at our company and have since gained experience at other companies or in other fields. Employees who have rejoined under this program have shared comments such as, "I once again realized how rewarding it is to work at KATITAS, where one person can handle a property consistently from purchase to sale." We will continue to use this program as one of our mid-career recruitment channels.

Reorganization of personnel development framework

In April 2025, we reorganized the Career Design Office into the Organizational Strategy Promotion Office. Targeting young employees in their third to fifth years who are expected to become future leadership candidates, we will provide training programs designed to support career advancement and develop their expertise as sales specialists.

Improving productivity through DX promotion

As part of our DX initiatives, we launched an internal chatbot powered by generative AI. This chatbot, introduced mainly in the sales department, enables quick access to accumulated internal knowledge such as work procedures and past transactions.

As a result, sales staff can now reduce the time previously spent consulting back-office departments and devote more of their time to core tasks such as purchasing, renovation, and sales.

Employee engagement

Within our Group, we measure employee engagement twice a year, using this as a leading KPI for our turnover rate. Most recently, we received high evaluations from employees, earning 7th place in the Medium-Sized Company Division of the Best Motivation Company Award 2025 (for companies with fewer than 1,000 employees).

* The Best Motivation Company Award is an annual event organized by Link and Motivation. From among the companies where it conducted employee engagement surveys in 2024, the top 10 companies with the highest "Engagement Scores"—a standardized score quantifying the degree of mutual understanding and affinity between companies and employees, calculated based on a database of 12,650 companies and 5.09 million employees—are recognized.

2025
BEST MOTIVATION COMPANY AWARD
中堅企業部門
(1,000名未満)

Survey results for first-year employees

Separately from the above, we conduct individual surveys for young employees up to their third year with the company with a high likelihood of turnover. These surveys cover items such as workplace environment, human relationships (including relations with supervisors and support systems), and job content (such as fulfillment and enjoyment). Based on the results, supervisors and the Personnel Department at headquarters hold individual interviews with each employee.

Human Relationships
Relationship with supervisors, support systems
4.36

Job content
Enjoyment and fulfillment
4.22

Work environment
Work location
4.30

Source: Internal survey conducted in FY2024

Interview with human resources officer

Kazuhito Yokota

Director and General Manager of Administrative Division

Mr. Yokota joined the Company after the fund buyout in August 2012
Since joining the Company, he has been in charge of administration, primarily human resources.

Mr. Yokota joined us as one of our executives once the Company went private after Advantage Partners Co., Ltd. made a tender offer for Yasuragi Co., Ltd., the predecessor of KATITAS. He took the lead in expanding human capital through changes in hiring policies and changes in evaluation and compensation systems, achieving significant growth over the next 10 years.
Fiscal year ended March 31, 2013: Sales volume 2,467 houses ・ net sales 27.2 billion yen ・ operating profit 1.1 billion yen
Fiscal year ended March 31, 2025: Sales volume 7,372 houses ・net sales 129.5 billion yen ・operating profit 14 billion yen

Q What led up to your joining KATITAS?

I originally worked at Recruit Co., Ltd., and later worked in the recruitment business for many years as a founding member of Career Design Center Co., Ltd. When I was considering a career change from my previous job, I focused on finding a promising business in a field other than the recruitment business. When I learned about Yasuragi's business at the time, I was attracted to it because I realized that it was the complete opposite of the recruiting business, where you are constantly competing with other recruiters in the Tokyo metropolitan area. Yasuragi also had a unique business that faced a market consisting of vacant houses in rural areas and customers living in local areas. At that time, Yasuragi was dealing with issues in its organization, systems, and employee conditions, so I decided to join the company because I thought I could make use of my value.

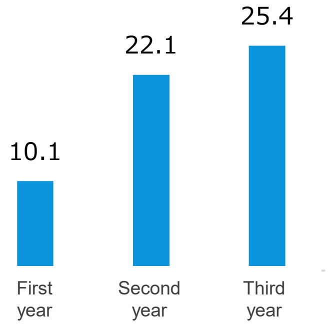
Q More than 60% of our current sales staff are new graduates. What led up to the start of new graduate hiring?

When I joined Yasuragi at the time, our policy was to focus on mid-career hires, not rejecting those who come to us, and not pursuing those who leave. Employees were individualistic and lacked a sense of teamwork. There was also no solid evaluation and reward system, which left room for only those whocould hit the ground running. For this reason, there was persistent opposition to hiring new graduates, arguing that we had no time to train them. However, to reduce the turnover rate we believed it was necessary to foster a sense of camaraderie among employees, so we decided to start hiring new graduates. With that in mind, we started hiring them little by little after achieving our target number of mid-career hires.

In 2013, we hired our first nine new graduates, followed by 19 the following year, and 27 the year after that, and they achieved results comparable to mid-career employees. President Arai and I both originally worked at Recruit, and we shared the understanding that if we created an organization like Recruit, our business performance would definitely improve. So based on the speed and results of new graduate employees, we expanded the number of new graduate hires while persuading existing sales employees that this was the right thing to do.

Productivity of new graduate employees

Average calculated from the results of the last three fiscal years



Q What kind of employees work at KATITAS? How do you recruit truly productive talent?

Above all, the advantage of hiring new graduates is that you can perform "entry management." When hiring, we place emphasis on the personality traits of good, strong, and smart youngsters so as to foster KATITAS' organizational culture. Since our company has branches all over the country, many of our branches have minimal staff, and the atmosphere of one person has a large impact on the branch, so we think it’s important to have we think it's important to have people with good personality and solid core. Because they are in charge of the entire business process of purchasing, renovating, and selling pre-owned homes, sales staff need to have the ability to think backward through the business process. In addition, repetition is necessary in order to become familiar with the work content, but since we run a low-frequency business, doing about one purchase and one sale per month, it is difficult to raise up proficiency levels. Hence, our recruits have few opportunities to put their skills to the test, and they need to have the wisdom to learn from their failures on one deal and apply those lessons to the next one, and reflect the successes and failures of other people in the creation of their own products.

We have gone through a lot of trial and error in order to attract talented people. Initially, human resources hired in Tokyo were assigned to regional areas. Such staff would then complain, "I don't have any friends out here, the snowy roads are frightening, and I can't speak the local language. It's a triple hardship." This made it difficult to retain human resources. Based on that experience, I expanded my work area and hired people in Tokyo, Nagoya, and Osaka, but many requests for assignments to major cities did not take hold. Because of these failures, our recruiters went to local universities in Aomori Prefecture to conduct recruitment activities, such as hiring at a local university in Aomori Prefecture for assignments at a branch in Aomori Prefecture, and this led to the recruitment and retention of excellent human resources.

Another boost for recruitment was the fact that over the past five or six years, many national and public universities have established departments related to regional revitalization. Many students are very interested in the vacant house issue, and some are already running private lodging as part of their courses. We believe that this growing social interest is also a factor in our ability to attract talented human resources.

Q What was your goal in designing your employee evaluation and reward system?

When I joined Yasuragi, 80% of the sales staff were hourly contract employees, and sales staff incentives were individualistic rather than team-based. However, precisely because of this individualism, we accumulated past performance data linked to individuals, making it easy to see the productivity of sales employees at a glance, and creating a data environment that made it easy to predict the speed of growth from the time they joined the company.

We set convincing personal goals based on data analysis, and after setting them, we spent time repeatedly explaining and communicating with sales staff to make sure they were thoroughly understood. The goal was not to focus on the number of properties sold, but rather on the profits from the properties sold. By designing profit in management accounting to reflect indirect costs and time costs, we incorporated the concept of cost of capital without the sales staff even being aware of it.

We also designed our system to make sales employees more aware of their team’s performance. Our business model tends to be individualistic, as one salesperson works on a property from end to end. However, as mentioned above, it is difficult to increase proficiency since only a small number of properties are handled in a year. We believe that we can double or triple the experience if we work as a team, so we have set incentives for team performance to foster team awareness and create an environment where people can follow up on each other.

These incentives are fine-tuned on a quarterly basis to match our businessstrategy at the time. Incorporating management's intentions into incentives enables sales employees and management to see things from a shared perspective, and we believe therein lies the basis of our steady growth.

Interview with human resources officer

Q What efforts do you take to maintain high employee engagement?

Since employees enjoy their work in the first place, employee engagement is naturally high, and by gradually improving benefits and compensation systems, we aim to further improve satisfaction.

I believe that the unique traits in KATITAS' work are the significance of our business content since it helps solve social issues and the enjoyment of the type of work that we engage in every day. At the time, I had just joined Yasuragi and the company was not in very good condition. I heard many complaints from sales employees about the company, but at the same time, I also heard many opinions that the work itself is very enjoyable. I had a sense of the significance of the business before joining the company, but I realized that working at KATITAS is a very interesting job since sales employees takes responsibility and discretion for refurbishing the homes they handled themselves. Based on this awareness, when hiring, we emphasize the value-oriented aspects of rewarding and enjoyable work rather than the human-centered aspects of organizational culture and workers.

We believe that the attitude of the management team also contributes to high engagement. For example, during the recruitment process, President Arai interviews each employee individually during the final interview, and when a sales contract is closed after joining the company, he sends a congratulatory email to each sales employee. One of the characteristics of KATITAS is that the company president visits our branches about twice a month and directly calls the staff in charge if there is a good example. The proximity to management from each branch is another one of KATITAS' unique features.

We also conduct a semi-annual employee engagement survey, and management analyzes the reasons for the result of that survey while imagining the faces of our branch members. Thus, management spends a lot of time working on our organization and employees. Management has a very high level of understanding of employees, and I feel that this is also one of the reasons for our strong evaluation in terms of employee engagement.

Q How much of the organizational structure you envisioned when you joined the company do you think you have achieved?

I think I have achieved about 80% of my initial ideal. From the beginning, I believed that the company culture would change if new graduates made up half of all employees and branch managers. Ever since we actually reached basically that level, I feel that employee engagement has increased and that there has been an increase in positive content on employee review sites. We also believe that one of the results of our efforts to create an ideal organization is that our employees have spontaneously started projects related to business improvement such as standardization of renovation.

I think we can achieve the remaining 20% when we become a company with momentum like Recruit. In particular, I hope that our employees will come up with ideas for new businesses in a company where they can embody the idea of creating opportunities for themselves and transforming themselves through opportunities, rather than from the top down. Recently, I feel that we are getting closer to this level of organization, such as creating better business tools to improve business at the branch level.

Q Please tell us about the initiatives you will focus on going forward in the human resources field.

First of all, we will continue to work on recruitment, training, and retention of new employees. Another major component is increasing productivity per person. In terms of recruitment, we have accumulated data on personalities that are compatible with our company. Since we have been able to verify our hypothesis based on data and our track record, I feel that we will be able to continue to hire high-quality employees from now on. In terms of training and retention, I feel that there is a need to increase career options. As the number of new graduate hires increases, the number of employees who want to choose from a variety of career options is also increasing. Traditionally, the main career path for sales employees has been to become a manager, such as a branch manager or section manager. Going forward, we would like to consider expanding the range of career options for employees who want to be active as sales specialists or take on challenges other than sales.

In addition, approximately 40% of our sales staff are women, and approximately 25% of our newly appointed branch managers as of the fiscal year ended March 31, 2025 are women, so we are a company where women can thrive. Until now, we have been able to respond flexibly to life events unique to women, but I feel that we need to consider introducing a life event system that will provide even more care to more female employees than ever before.

In terms of productivity, we will raise the focus on sales. Up till now, we have set the standard number of transactions required of sales staff at 24 per year (one purchase and one sale per month), and we have given out an award called "Over24." In recent years, though, more and more sales employees have been achieving Over24 in their second year with the company, so we have raised the standard and changed it to Over32.

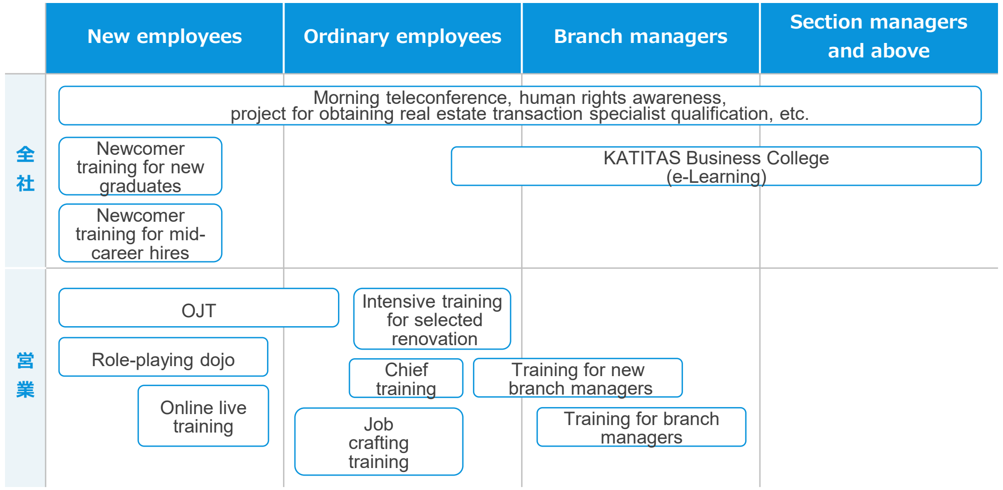
Since we do not have any production facilities, human capital accounts for a large portion of our management resources. Therefore, we believe that continuing to pay close attention to the details of employees, flexibly changing and evolving systems and benefits, and creating a company where people can work long term with high levels of satisfaction will be the source of sustainable growth.

Improving productivity through company-wide initiatives

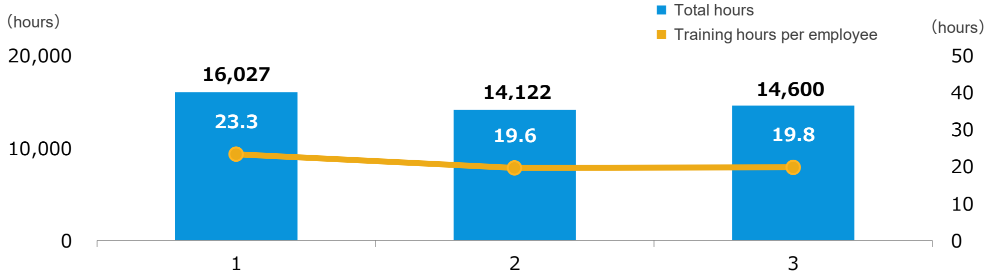
We believe that increasing the number of employees and improving the productivity of sales employees (number of purchases and sales per employee) are important issues for achieving stable growth.

At KATITAS, we mainly recruit new graduates and conduct training for new employees primarily through group training and on-the-job training. We also conduct company-wide training regularly for all sales employees (including contract and part-time employees) to standardize the sales methods and quality of renovation at branches across the country. The overall picture of the training is shown on the right.

Training system



Training hours



Morning teleconference

Every Thursday morning, we connect all offices nationwide in a teleconference where we have the president, department heads, and others share information on points to note related to performance trends, legal system revisions, and other topics. As part of our efforts to improve our renovation quality, we are continually sharing information on cautionary points forrenovation construction based on recent cases of defects and good renovation examples. We send out a survey after the conference to check how much employees have understood the information that was shared, and if necessary, we share the information again and answer individual questions.（All employees belonging to sales branches (including contract and part-time employees) answer surveys after teleconferences.） In the fiscal year ended March 31, 2025, we held a total of 50 morning teleconferences.

Intensive training for selected renovation

We ask section managers to recommend branch manager candidates and provide these candidates with small-group training, which are aimed at enhancing their renovation planning skills. Serving as their instructor is a full-time staff member (registered first-class architect) from our Product Planning Department. Training is conducted in a small group with content ranging from classroom training to hands-on training at a KATITAS property, providing participants with intensive opportunity to raise their skills. In the fiscal year ended March 2025 (FY2024), we held this training four times and 23 people participated.

Topics | Tier-specific training and timely workshops on legal revisions

At KATITAS, we provide company-wide and tier-specific training workshops aimed at enhancing employee skills and strengthening the overall expertise of our organization. In addition, as part of building a structure capable of flexibly responding to changes in the social environment and regulatory landscape, we provide workshops in response to revisions of relevant laws as needed. For example, when the Building Standards Act was revised in April 2025, we held training workshops for both sales and administrative staff, explaining the background behind the revision, details of the regulatory changes, their impacts on operations, specific workflow changes, and other related matters. To make the sessions more practical and interactive, we also made efforts to incorporate quiz-style exercises based on typical renovation scenarios.

Creating a comfortable working environment

Flexible personnel systems to enhance job satisfaction

Even if the local university graduates wish to work for the region, they are increasingly working away from the local area due to the conditions. We are conducting locally routed recruitment, resolving the challenges that talented students who are "motivated to work to help the regions" face such as:

- **less potential employer candidates in rural communities; or**
- **to find opportunities to leverage on their "regional reinvention," "resolution to vacant house issues" or "regional revitalization" learnings at school,**

thus offering creation of jobs and development of job satisfaction.

Designing a system where achievements are properly rewarded

KATITAS implements an 'Awarding system' to recognize the teams/individuals with outstanding achievements for the "Year," "Quarters" and "Months." We pay incentives depending on the level of goal achievement, job results and contribution to the business performance. The incentives are designed to link with the "team," "area" and "corporate" goals to avoid egoistic individualism.
We also present the "KATITAS Recognition of Remodeling Idea Award" to the involved employees and the case when an excellent renovation is planned and a house that won the customer satisfaction is offered.

Practicing flexible job rotations and relocations

Our sales operation network expands to over 100 locations, respectively run by 4 to 5 employees. Because of the location management in a small group, bad chemistry may develop between them from time to time. For such problems, we work for the right staff assignments, conducting quarterly job rotations and relocations flexibly.
We sometimes hear an expert branch manager say, "I wish to return to a member job because I love the KATITAS work itself rather than the store management." By flexibly addressing such request, a KATITAS culture has been established in which employees can return to a member job to perform and deliver as just a single player.

Employee Engagement Survey Implementation

The KATITAS Group has implemented the MOTIVATION CLOUD offered by Link and Motivation Inc. and is monitoring motivation of our employees, conducting semiannual surveys.
We are committed to continued efforts to better drive job satisfaction of our employees who are "motivated to work to help the region," enhancing their motivation through the periodic monitoring.
During the fiscal year ended March 2025, we conducted two employee engagement surveys. The results exceeded the target of BBB or higher for both KATITAS and REPRICE.

Locally routed recruitment

KATITAS is mainly conducting recruitment of students who are motivated to "work to help the regions" or "contribute to the regional revitalization." Instead of hiring in in the metropolitan areas such as Tokyo or Kansai Areas and assigning locally, students are hired and assigned in the same region as their hometown or university, which constitutes around 80% of the job assignments at KATITAS. We even conduct a survey prior to their joining for management of their motivation so they may work in a region that can drive job satisfaction.

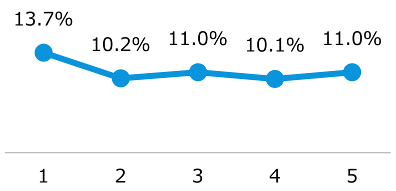
Retention of talented human resources

Creating a work environment that ensures safety and security

Our sales staff comprehensively handle the entire process of selecting, investigating, and purchasing properties, planning renovations, and sales activities. The ability to effectively select older homes and the ability to plan to create the kind of lifestyle sought by our customers cannot be acquired overnight. Therefore, it is important to keep talented employees highly motivated and retain them over the long term.　For this reason, we are working on designing a system aimed at retaining sales employees, conducting engagement surveys for fixed-point observations of satisfaction levels, and monitoring our turnover rates, which serves as a metric of our results.

While we promote restructuring, we currently have a turnover rate of around 10%, which we believe is an appropriate level.

Turnover rate



Turnover rate = number of employees who resigned or retired during the fiscal year / number of employees at the beginning of the fiscal year

We recognize that creating an environment in which our employees (including contract and part-time employees) can perform their work in a safe and secure manner, both mentally and physically, will contribute to better employee retention rates. To this end, our company takes measures to reduce physical accidents and has established various welfare systems to maintain mental health.

With regard to reducing occupational accidents, we have set a target of reducing the rate of occupational accidents per employee (number of occupational accidents resulting in one or more days of absence from work/number of employees) to 0.60 or less, which is our average for the past. Many of these occupational accidents are traffic accidents. These traffic accidents are caused by the long distances traveled by sales employees to move between properties by car. As a specific measure to reduce traffic accidents, we regularly collect driving record certificates from employees to identify the number of traffic law violations on an individual basis, and publicize the trends within the company to raise awareness of safe driving while also preventing employees from driving with suspended or revoked licenses.

In addition to statutory systems such as regular health checkups and stress checks, the welfare system also includes a 24-hour consultation desk with external counselors and AskDoctors (an online doctor consultation service) provided by M3, Inc. We are also striving to support employees' mental and physical health by introducing a long-term leave system based on performance and years of service.

		FY2022	FY2022	FY2023
No. of occupational accidents resulting in an employee taking a day or more of leave (incl. traffic accidents) *1		2cases (0cases)	2cases (1cases)	5cases (4cases)
% of occupational accidents per employee	Target	**0.6%**	**0.6%**	**0.6%**
	Result	0.29%	0.28%	0.68%
No. of accidents resulting in death of an employee while on duty		0cases	0cases	0cases
% of employees taking a medical checkup *2		98.4%	98.9%	99.4%
% of employees taking a stress check *2		88.1%	93.1%	94.1%

*1 Accidents that have occurred during commute are excluded. *2 The data reflects all employees (including contract and part-time employees).

Topics | Step-up leave (long-term leave system)

This system was introduced in October 2020, and employees are provided with five consecutive holidays (nine consecutive holidays when combined with regular holidays) and an incentive stipend of 100,000 yen, depending on their performance and years of service. This system was introduced with the management team's desire to reward the daily efforts of employees who work hard to achieve results, and to encourage them to continue working long term.

At the briefing session before the introduction of the system, some employees expressed their enthusiasm for the scheme, saying, "I want to do my best to take time off as soon as possible" and "I want to continue working hard because the environment is becoming easier to work in," while some expressed concerns, such as: "I'm not sure if I can really take time off," "With my current workload, I can't imagine being able to take consecutive holidays," and "Will I really be able to take consecutive holidays even at a small branch or even if I'm a branch manager?" Therefore, in order to create an environment where employees can take time off without undue stress, we have considered ways to deal with each type of job position and set aside a preparation period to ensure smooth organization management, including for superiors.

As a result, a total of 348 employees have used this system so far, and we have received positive comments from them, saying such things as "I want to work hard and look forward to the next one."　In addition, the voices of step-up leave users are shared in the in-house newsletter "KATITAS News," which is published once a month. Through this newsletter, we are also working to encourage employees to take the step-up leave by making it easier for them to imagine taking the leave themselves.

Comment from Branch Manager M (while on leave), Chiba Area Section, Kanto Sales Department

Taking advantage of the step-up leave system, I took a seven-day, five-night trip to Finland. It was my first overseas trip since elementary school, yet the 13-hour flight didn't feel burdensome at all. I enjoyed the streets of Helsinki, visited the Moomin Museum, and even met Santa Claus in person. I was deeply moved to see the aurora on two consecutive nights. Lying on a frozen lake and gazing upward, the aurora seemed to cascade down from the sky—a moment I'll treasure for a lifetime.

Before taking leave, our branch had not yet achieved its targets, and I worried that my absence as branch manager might worsen the situation. But while I was away, my supervisor and team members stayed in close contact and continued closing deals, as if to ease my concerns. Their support was incredibly encouraging and made me feel that we were truly one team. Thanks to the step-up leave system, I was able to recharge both mentally and physically and take on the busy March sales season with renewed energy, which ultimately helped us achieve our targets.

This was my second time taking step-up leave, and when my family said, "You work for a great company," I felt truly proud. I want to continue working hard every day so I can enjoy another overseas trip next time. Since step-up leave isn't limited to just once, but can be taken multiple times by consistently delivering strong results, I hope to keep contributing to the company going forward.

At Santa Claus Village

Comment from colleague

Before the branch manager went on leave, he carefully handed off responsibilities to the team, which allowed operations to run smoothly in his absence. We worked together to deliver strong results, enabling him to fully rest and recharge. Thanks to our teamwork, we were able to welcome him back smoothly and with peace of mind.

Promoting diversity

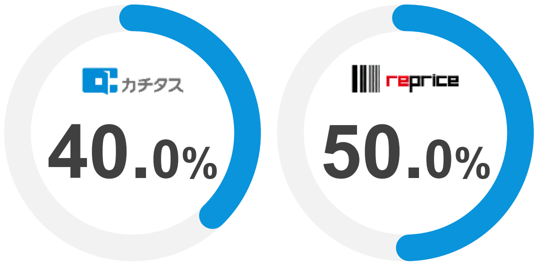
At our group, we prioritize hiring and promoting based on ability and performance, regardless of gender. This has enabled women to thrive even in the traditionally male-dominated real estate industry. Additionally, due to the relatively short period since the launch of our full-scale new graduate hiring program, a majority of area managers and department heads have come from mid-career hires.

Track record of women in the workplace

Female employee ratio

(As of April 1, 2025)

Many women interested in renovations and housing

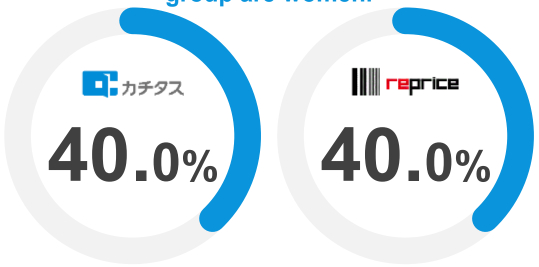


（Ratio of full-time female employees: 37.4%.） （Ratio of full-time female employees: 41.9%.）

Annual sales ranking of sales employees

(FY03/24 Results)

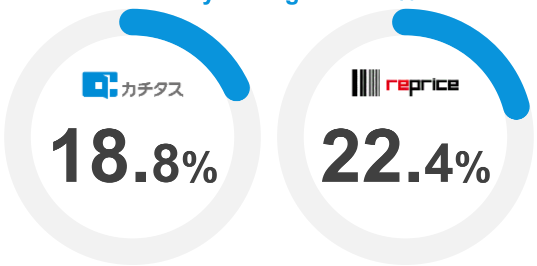
Nearly half of the top 20 salespeople at our group are women.



Percentage of female managers

(As of April 1, 2024)

A higher ratio compared to the real estate industry average of 16.7%.



※Counted managers and supervisors in KATITAS' sales and administrative departments
※Source: TEIKOKU DATABANK, LTD., "Survey of Corporate Attitudes Towards Promotion of Women (2024)"

Addition to the MSCI Japan Empowering Women Index*1

Inclusion in MSCI Japan Empowering Women Index for 6 consecutive years*1

2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

*1 THE INCLUSION OF KATITAS Co., Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF KATITAS Co., Ltd. BY MSCI OR ANY OF ITSAFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

		KATITAS	REPRICE
Breakdown of new-graduate recruits by gender (hired in April 2025)	Male Employees (Number of People)	73	10
	Female Employees (Number of People)	56	18
Gender Ratio of Mid-Career Hires (FY2024)	Male Employees (Number of People)	12	4
	Female Employees (Number of People)	11	6
Comparison of the average years of service, female to male（FY2024）	Average years of service of female employees / Average years of service of male employees	98.2%	73.6%
Gender pay gap for full-time employees（FY2024）	Managerial positions	96.0%	78.4%
	General positions	96.6%	87.3%
Childcare leave usage rate（FY2024）	Male	85.7%	85.7%
	Female	100%	100%

Ranking	Company Name	Score
1	P&G Japan LLC	12.41
2	Microsoft Japan Co., Ltd.	12.32
3	**KATITAS Co., Ltd.**	**11.88**
4	Recruit Co., Ltd.	11.80
5	PwC Consulting LLC	11.75

Based on the "Top Companies Where Female Employees in Their 20s Feel Career Growth" (Work Motivation Research Institute Report Vol. 121) by OpenWork Inc.

2030 Targets for Women's Promotion

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 pre-owned home rehabilitation business. Therefore, we will continue to promote the hiring and appointment of women from the perspective of business growth.
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. Our company has set quantitative goals for hiring women and promoting them to management positions, as shown below.

Goals		Progress status			
Ratio of female employees among full-time employees	Ratio of female employees appointed to management positions	Ratio of female employees among full-time employees (As of March 31, 2025)		Ratio of female employees appointed to management positions (FY2024)	
		カチタス	reprice	カチタス	reprice
37%以上	30%以上	37.0%	42.0%	35.7%	45.5%

Contributing to local communities through sustainable partnerships

Policy

We are working to revitalize regional economies through the renovation and distribution of pre-owned homes. All renovation work is handled exclusively by local partner contractors, and about two-thirds of the pre-owned homes we purchase are sourced through local real estate agencies. By conducting this series of activities as an integrated process, we have fostered strong partnerships with local stakeholders. Going forward, we will further strengthen these sustainable relationships and deepen collaboration with local governments and others, thereby contributing to the development of regional communities.

KPI

Returning economic benefits to partner contractors and other aspects of local communities

	FY2022	FY2023	FY2024	Objective
Number of orders placed with partner contractors = Number of purchases	7,311	7,008件	8,323件	10,000 by 2030

Business continuity support for partner contractors

	FY2022	FY2023	FY2024	Objective
Number of industrial accidents at partner contractors	6cases	16cases	14cases	Not disclosed

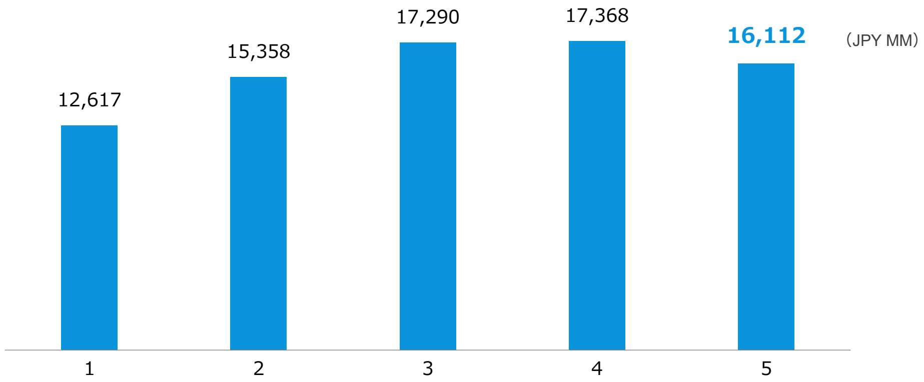
Topics for the fiscal year ended March 2025

Study sessions to address legal and regulatory revisions and related matters

When important laws or systems are revised, we provide updates to partner contractors through the KATITAS Reform Newsletter, which we issue on a regular basis. In addition, at KATITAS Remodeling Partner (KRP) Meetings and ad-hoc online sessions, we create opportunities to share and learn from recent renovation-related mistakes. By doing so, we help our partner contractors—who play a key role in product creation—enhance their skills.

Initiatives to drive continuous construction orders and stable cash flow

Most of our partner contractors are small to mid-sized companies. We have built relationships that generate ongoing renovation projects with many of them, and to support their cash flow, we set three closing dates per month and maintain a short payment cycle. Partner contractors have provided feedback such as: "Having a stable flow of renovation projects is reassuring, especially as new construction work declines," "The short payment cycle reduces cash flow concerns," and "With rising costs of water-related fixtures and building materials, KATITAS supplying the necessary items helps us manage our finances more effectively."



Mutual Development with Partners

Hosting KATITAS Remodeling Partners Meetings

Once a month, we invite 10 to 20 partner contractors from respective regions to host the "KATITAS Remodeling Partners (KRP) Meeting." Programs including "Introduction of the KATITAS Business Direction," "Right/wrong Knowledge Sharing," "Builder Recognition Awarding" and "Get-together Party" are conducted at the KRP Meetings.

Since many of our younger sales reps are hired as new graduates, they work on remodeling planning through advice from the partner contractors on construction knowledge and insights. We are committed to continuing this initiative because we believe setting up opportunities for our CEO and the leadership team to directly communicate with the partner contractors is critical in order to secure mutual understanding as partners.

Excerpts of questionnaire responses by partner contractors

About the President's Message

With fewer new house construction projects, I sometimes worry about having less work. But when I heard about KATITAS' goal of "10,000 home sales," I felt excited. I look forward to handling many more renovation projects, so please keep purchasing homes. I want to grow together with KATITAS and help achieve this goal.

About the President's Message

Having worked with the company since the Yasuragi era, I've witnessed KATITAS's growth firsthand. I was reminded once again that this is thanks to the shared commitment of President Arai and all the branch staff to delivering enriched lifestyles to their customers. I share that same commitment, and I will continue doing my best alongside them.

Explanation of points requiring caution in general construction

By identifying the characteristics and shortcomings of each property, we were able to clarify which aspects to utilize and which to improve. I hope to continue working with the KATITAS representatives to implement plans that reflect current trends.

Explanation of points requiring caution in general construction

The company provided clear, photo-based explanations of failure cases from across Japan, which gave me a real sense of just how many different types of complaints can occur. I intend to share these insights with the on-site carpenters and use them to help improve the quality of our work—so we can build homes where customers can truly feel at ease.

Introduction of partner builders

Since we usually don't get to meet contractors from other companies while working on-site, the KRP Meetings have given us the chance to interact and learn about each other's areas of expertise in renovation work. I feel that going forward we will be able to work together more closely.

Impressions of KRP Meetings

I had attended similar meetings before, but this was the first time I experienced such a bright and friendly atmosphere, which left a strong impression on me. I was especially impressed by the emphasis on referring to us as "partner contractors" and by the humble eagerness to learn from others.

"Cooperative agreement regarding vacant house countermeasures project" signed with local governments

On Friday, December 16, 2022, we signed a "cooperation agreement regarding the promotion of an 'Akiya Bank' (vacant house bank) system" with Hioki City, Kagoshima Prefecture. Although we have previously entered into partnership agreements with several local governments, this is the first time we have concluded a comprehensive partnership agreement. Through this partnership agreement, property sale consultations submitted to Hioki City's vacant house bank are shared with KATITAS, and our flyers are enclosed with the city's property tax notices. Kagoshima Prefecture, where Hioki City is located, has the highest vacancy rate in Kyushu. Additionally, there are around 4,300 vacant houses in Hioki City that have yet to be designated for any specific use. Furthermore, when we renovate and sell vacant houses that we purchase through the Akiya Bank system, we also register the sales information with that Akiya Bank. We would like to provide new options for those considering an I-turn or U-turn to Hioki City, or for those considering purchasing a home in Hioki City, since not only vacant houses in their current condition but also renovated vacant houses will be registered with the Akiya Bank. Since the signing of the partnership agreement, we have received numerous property appraisal requests from residents in Hioki City, resulting in the successful acquisition of several properties.

Our initiative with Hioki City was featured in the Ministry of Land, Infrastructure, Transport and Tourism's Real Estate and Construction Economy Bureau report, "Progress on the Program for Promoting Vacant House Measures by Real Estate Businesses."

In FY2024, we also entered into new agreements to promote vacant house measures with Nakafurano Town in Sorachi-gun, Hokkaido, and Iwata City in Shizuoka Prefecture, as well as collaboration agreements with the following municipalities.

Signing ceremony at Hioki City Hall.
Mayor Yoshitaka Nagayama (left) and Katsutoshi Arai (right)

Partnering local governments

- Hioki City, Kagoshima Prefecture
- Kawai Town, Kitakatsuragi-gun, Nara Prefecture
- Nakafurano Town, Sorachi-gun, Hokkaido
- Iwata City, Shizuoka Prefecture

Supplier management

Returning economic benefits to building companies and other aspects of local communities

At KATITAS, we rely on local partner contractors for all our renovation projects.

In rural areas, compared to cities, the demand for new detached houses, condos, large buildings, and public construction has declined, leading to fewer jobs for contractors. In such an environment, we are creating jobs of house renovation in those local areas. In the fiscal year ended March 2025, we placed orders totaling 16,112 million yen with our partner contractors. Additionally, our renovations, focused on low-rise detached houses and carried out indoors without the use of heavy machinery, are safer and have a lower risk of accidents compared to large-scale construction projects.

Health and Safety

We recognize that ensuring that partner contractors related to our business carry out renovation work safely and securely is a crucial issue for the sustainable development of the Company. For this reason, we conduct a questionnaire survey of our partner contractors once a year to ascertain their workload, construction capacity, business continuity status, and whether there have been any accidents.

Our renovation sites are mainly two-story detached houses, and most renovation work is done indoors, so we believe serious accidents are unlikely to occur. The following table shows the number of accidents that have occurred in the last three fiscal years.

In the fiscal year ended March 31, 2025, partner contractors reported a total of 14 occupational accidents resulting in one or more days of absence from work. This total includes minor injuries such as falls from stepladders and cuts and puncture wounds caused by nails and other tools. KATITAS puts up warning signs at renovation sites and also takes other measures to continue safe business activities with partner contractors.

	FY2022	FY2023	FY2024
Number of fatal accidents at partner contractors	0 cases	0 cases	0 cases
No. of occupational accidents resulting in at partner contractors taking a day or more of leave	6 cases	16 cases	14 cases
Number of targets for survey	659 companies	717 companies	623 companies
Number of valid responses	398 companies	717 companies	623 companies

Procurement policy

We have established the following as our Basic Procurement Policy with the aim to "add value" to society. This policy is based on our recognition of the need to take environmental impact and social issues into consideration when procuring renovation materials and housing equipment. We will promote procurement based on this policy by disseminating it to our partner contractors and suppliers.

- We shall not engage in inhumane or unfair treatment (e.g., discrimination, harassment of any kind), showing respect to our employees and those of our business partners.
- We prohibit child labor and forced labor.

- We shall comply with all relevant laws, regulations, and social norms.

- We shall promote resource conservation, active use of externally certified materials (e.g., FSC certified lumber) in consideration of environmental and social issues, and green procurement.
- We shall demonstrate consideration for biodiversity conservation.

- We prohibit acts in violation fiof laws and regulations that impede the principle of fair competition or acts that are suspected of such violations (e.g., violation of antitrust laws, violation of subcontracting laws, abuse of preferential position).
- We prohibit giving or receiving entertainment, gifts, money, or the like to obtain or maintain an unfair advantage or preferential treatment.

Topics | Winner of the METI Minister Award for advanced remodeling companies(2015)

We were recognized for building a system that enhances customer satisfaction by minimizing renovation costs for pre-owned homes, as well as for expanding our purchase and resale business, focusing primarily on detached homes in rural areas.

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Reducing environmental impact

Policy

Through the renovation and distribution of pre-owned homes, our group contributes to reducing material consumption and waste generation, conserving resources, and lowering CO_2 emissions by making effective use of existing housing stock. In light of the growing frequency of extreme weather events and natural disasters caused by climate change, we are also working to improve insulation performance and promote the use of electricity with non-fossil fuel certificates. In doing so, we aim to reduce environmental impact and provide sustainable living environments.

KPI

Reducing CO2 emissions associated with business activities

	FY2022	FY2023	FY2024	Objective
Scope 1 and 2 reduction	46.0%	46.0%	48.3%	50% reduction by 2030 (compared to the fiscal year ended March 2021)

Improving insulation

	FY2022	FY2023	FY2024	Objective
Number of insulation work carried out	Not disclosed			

Topics for the fiscal year ended March 2025

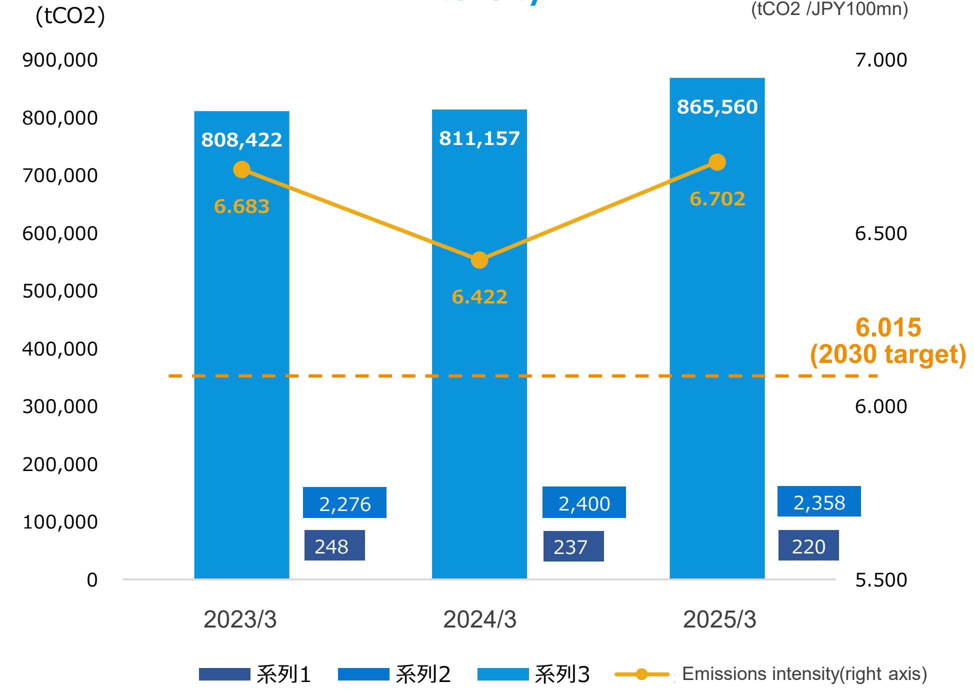
Energy efficiency in housing

About 60% of the homes we sell are more than 30 years old and therefore have lower insulation performance compared to recently built houses. To address this, we are working to improve energy efficiency through measures such as installing underfloor insulation, additional insulation, and interior storm windows. In particular, we are promoting initiatives to install interior storm windows in response to customer requests, while carefully balancing installation with customers' budget expectations.

Within the company, we organize study sessions to share knowledge with sales staff involved in renovation planning, ensuring they understand the benefits of interior storm windows—not only in terms of lowering running costs for customers but also in reducing environmental impact through improved insulation performance.

For disclosures based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, please refer to our website.

Scope 1, 2, and 3 Emissions and Emission Intensity



Comparison of new and pre-owned homes

To resolve the serious housing shortage after World War II, the government implemented a housing policy to promote new-built houses for massive supply. During the high-growth period that followed, we had seen an environment that went so far as "Houses will sell if you only build them" in which the scrap & build that demolishes the second-hand residential policy for new-built became the mainstream supply of housing in Japan.
Though such trend still persists today, we are convinced, in this slow but declining demographic phase of Japan, that housing for another cycle through remodeling of second-hand residential houses, instead of building new ones, should make "the new way of living" with less environmental load and more earth-consciousness.

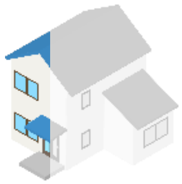
Comparison of CO2 emissions

New-built

KATITAS

CO_2 emission[*1]

About 1/4

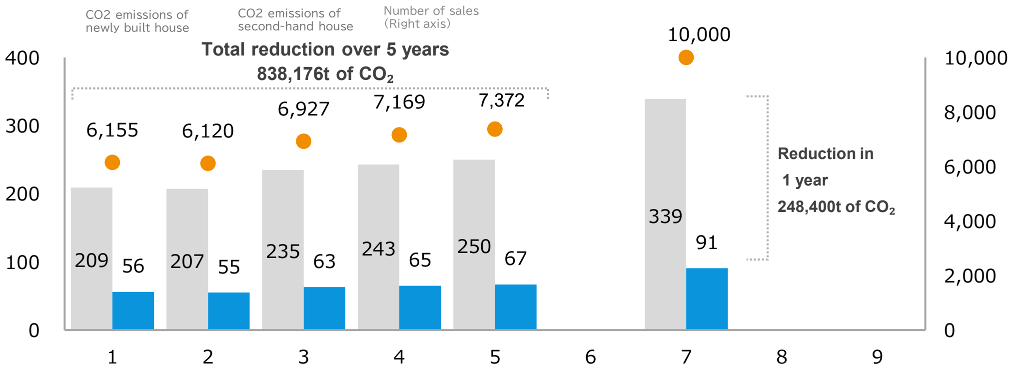


283kg-CO_2/㎡

76kg-CO_2/㎡

*1 1 Source: "Estimation of CO2 Emission from Construction, Renovation and Demolition of Residential Buildings up to 2050" Chart 4 CO2 Emissions Volume by Floor Space "Housing Construction/Wooden Construction"

Over the past five years, KATITAS has reduced a cumulative total of approx. 838,176t of CO2 emissions by selling renovated houses compared to building new houses.
If we sell 10,000 renovated houses in the future, that will mean we can reduce 248,400t of CO2 emissions in one year.



※Calculated on the assumption that the floor area of each housing unit is 120㎡

Comparison of lumber usage

New-built

KATITAS

Lumber consumption

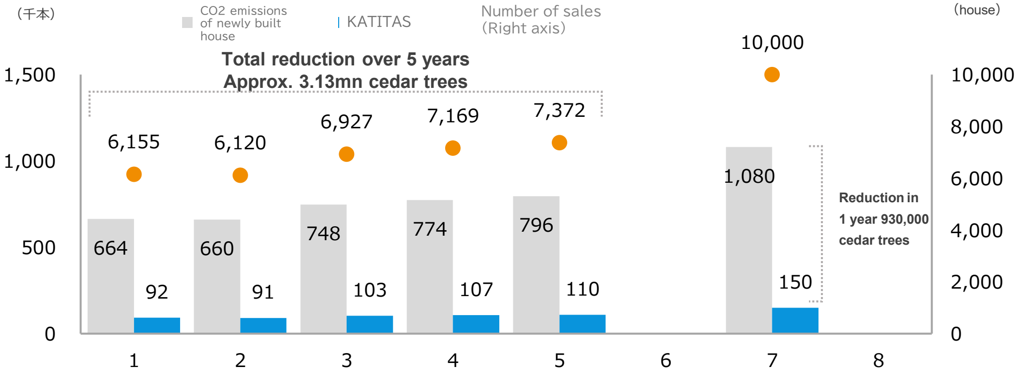
About 1/7

23/㎥

3/㎥

*2 Source: Forestry Agency "Current status and challenges of forests, forestry, and timber industry (March 2021)" 3. Current status and challenges of the timber industry
*3 Source: Record of our standard remodeling performed in June 2025

Over the past five years, KATITAS has reduced a cumulative total of approx. 3.13 million cedar trees cut by selling renovated houses compared to building new houses (about 2,100 hectares of forest).If we sell 10,000 renovated houses in the future, that will mean that we can reduce about 930,000 cedar trees cut in one year.
Recently, the rising demand for lumber has caused prices to surge, creating issues such as being unable to procure lumber. However, at KATITAS, we can manage our business stably with a relatively minor impact, because the amount of lumber used is small compared to newly built houses.

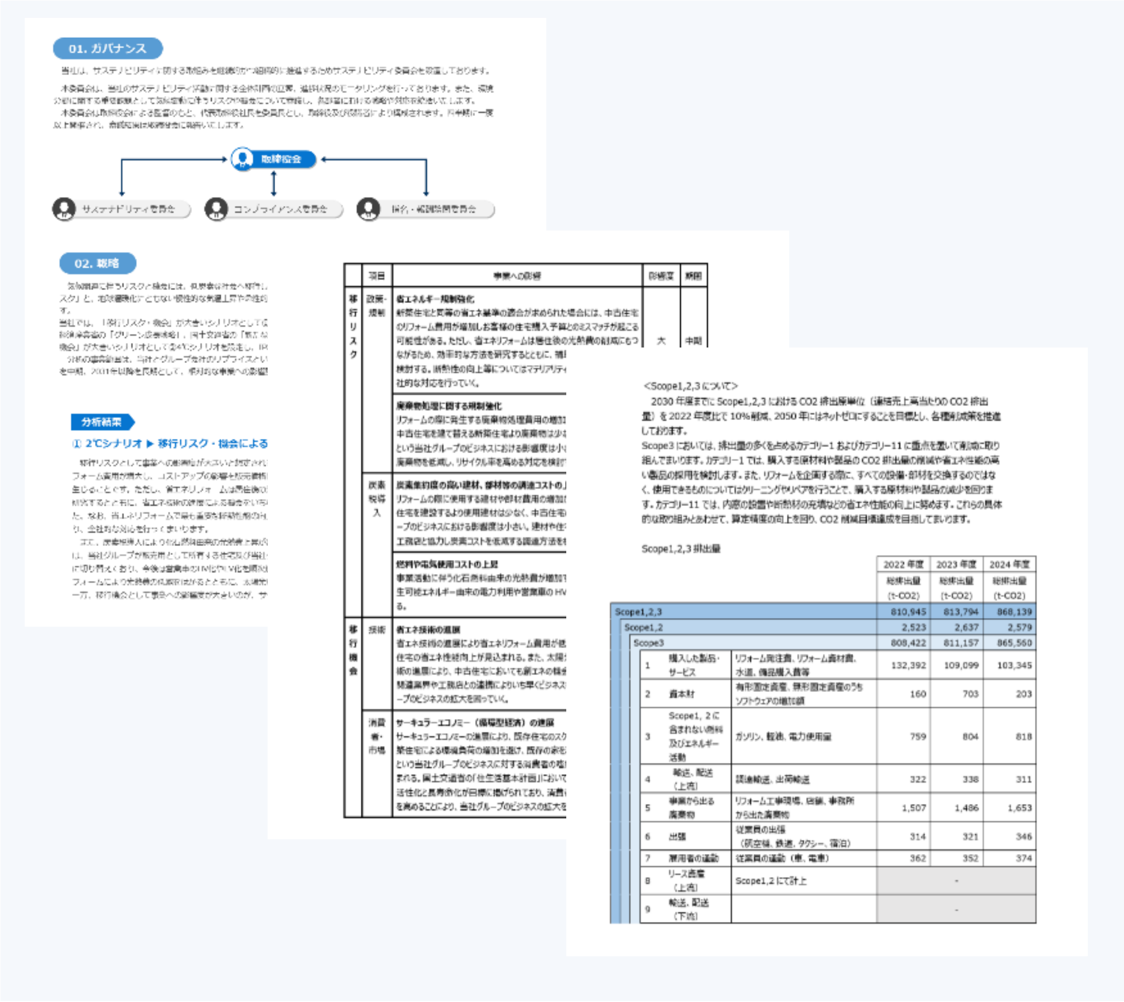


Source: Our estimates based on Agriculture and Forestry Research Center, Forestry Research Institute, "Management of Artifici al Forests" and Saitama Prefecture Agriculture and Forestry Department Forestry Development Division, "Guideline for Maintaining Wooden Publi c Buildings."

Other environmental initiatives

Disclosures based on Task Force on Climate-related Financial Disclosures Recommendations

Since first making disclosures in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations in June 2022, we have continued to make disclosures on a regular basis. With the formulation of our Fourth Medium-Term Management Plan in FY2025, we reviewed and updated our scenario analysis. (More information is available here.)

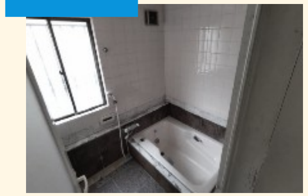


ESG Databook

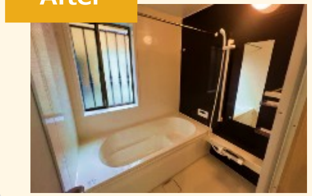
In March 2025, we compiled ESG-related information and figures and published our ESG Databook. To facilitate data collection by external evaluation agencies and other stakeholders, the information is available for download in Excel format from our website. (Download link here).

Topics | Examples of renovations to reduce environmental impact

Before



After



By replacing outdated plumbing fixtures with high-efficiency, water-saving models and installing additional insulation, we are helping to reduce environmental impact while also lowering customers' water and electricity costs.

04

Growth Strategy and Promotion Framework

Employee stories

There was a staircase between the kitchen and the living room, which made it difficult to connect the two spaces. To ease the sense of confinement, we installed small windows in the wall to let in light and created storage under the stairs, adding an accent to the space. Hearing a visitor say, “Oh, this is lovely,” during the tour was very rewarding.

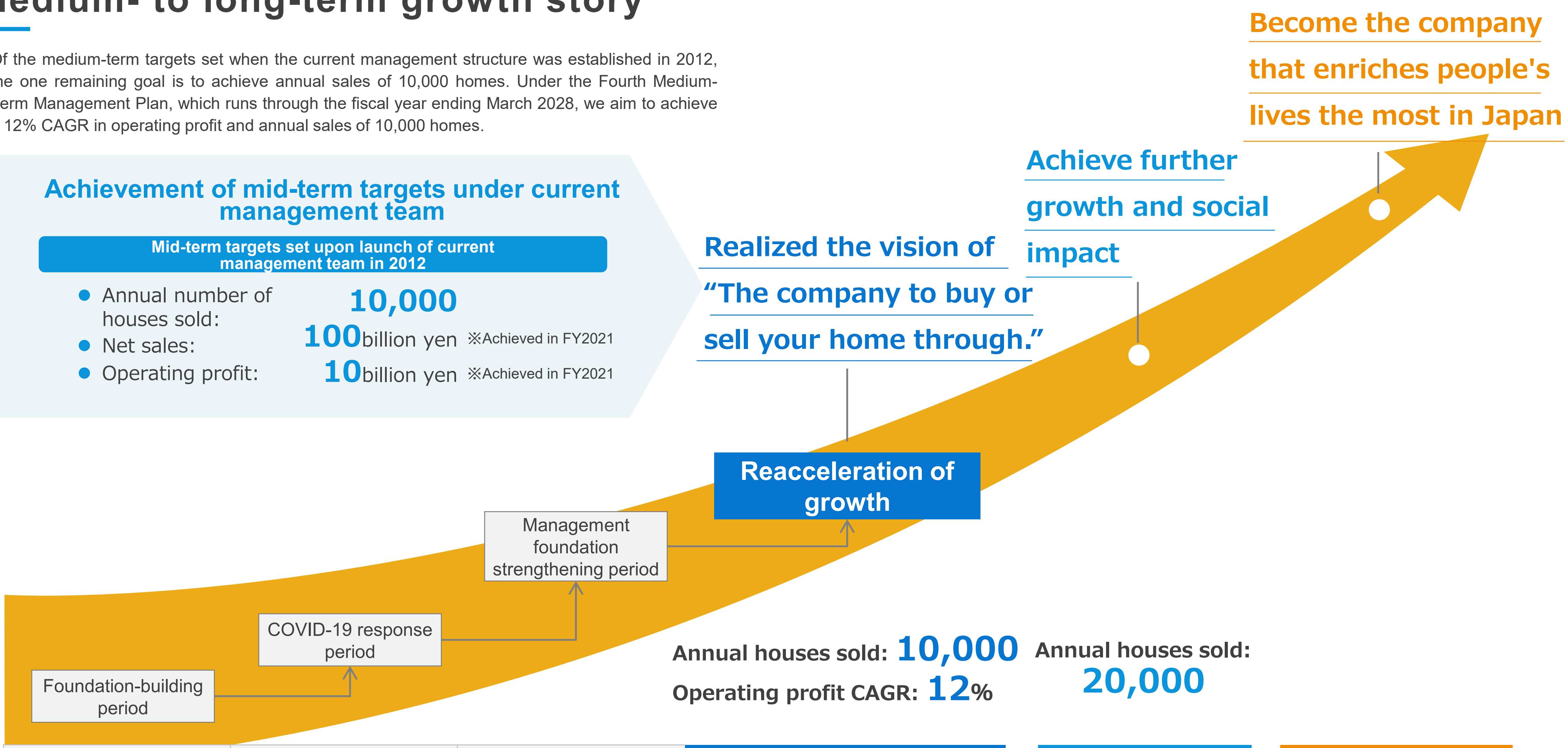
Medium- to long-term growth story

Of the medium-term targets set when the current management structure was established in 2012, the one remaining goal is to achieve annual sales of 10,000 homes. Under the Fourth Medium-Term Management Plan, which runs through the fiscal year ending March 2028, we aim to achieve a 12% CAGR in operating profit and annual sales of 10,000 homes.

Achievement of mid-term targets under current management team

Mid-term targets set upon launch of current management team in 2012

- Annual number of houses sold: **10,000**
- Net sales: **100** billion yen ※Achieved in FY2021
- Operating profit: **10** billion yen ※Achieved in FY2021



First Mid-Term Business Plan			Second Mid-Term Business Plan			Third Mid-Term Business Plan			Fourth Mid-Term Business Plan			▶ 2035	▶ Long-term Vision
17.3	18.3	19.3	20.3	21.3	22.3	23.3	24.3	25.3	26.3	27.3	28.3		

Fourth Medium-Term Management Plan

Review of quantitative targets in the Third Medium-Term Management Plan

	Plan	Results	Highlights
Net sales	134 billion yen CAGR:10%	129.5 billion yen CAGR:8.6%	• Results fell slightly short of target due to inventory shortages at the start of FY2024 and the strategic use of low-priced products, which lowered the average selling price. Inventory shortages were resolved by the end of FY2024 • Low-priced products capture the demand for low-priced housing and we continue to pursue them as we believe it is an effective measure with high gross profit margin and high turnover • Faced challenges increasing sales staff at REPRICE during the third mid-term plan period. Retention improved in FY2024 and new graduate hiring increased to 30 employees after April 2025
Adjusted operating profit	17.5 billion yen CAGR:10%	16.1 billion yen CAGR:7.2%	• KATITAS: Achieved target with a three-year 10% CAGR through initiatives such as low-priced products, price increases, and a revision of incentive system • REPRICE: We were unable to flexibly respond to changes in the detached housing market following the COVID-19 pandemic. Per-unit gross profit came short of target. Results improved from 2H FY2024 through measures including the introduction of low-priced products, incentive system, and cost control for renovations
Adjusted ROA*1	20%	20.1%	• Indicator for achieving business growth while maintaining inventory turnover • Focused on core areas of regional/detached houses/vacant houses, and maintained high profit margins and inventory turnover rates
Dividend payout ratio	40% or more on an adjusted net income basis	40.2%	• Operating profit fell owing to the consumption tax-related litigation, which was not included in our initial mid-term plan. We calculated dividend payments based on “adjusted net income” excluding this impact and proceeded with dividend payments

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

Review of key initiatives

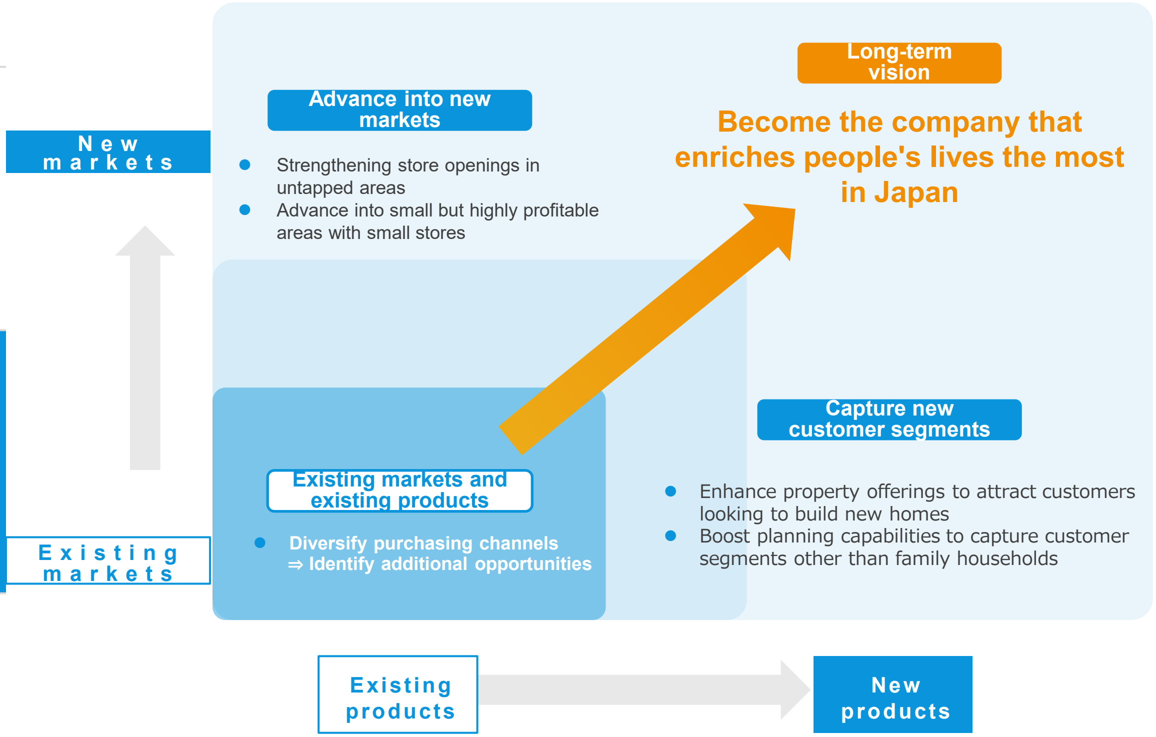
	Plan	Highlights
Sales staff	• Strengthen hiring efforts focused on new graduates and improve employee retention by enhancing various systems • Continue development and output of personnel at the store manager level and above	• CAGR of the number of sales staff: KATITAS (parent) 5.7%, REPRICE 2.8% • At Katitas, the ratio of store managers who joined as new graduates exceeded 60%,surpassing the initial target of 50% set at the start of new graduate hiring. This has become a driving force behind strategic initiatives • Engagement survey results, which serve as a leading KPI for employee turnover, remained at a favorable level. Received the Best Motivation Company Award 2025
Productivity	• Optimize overall operations through BPR • Improve productivity through consideration of system implementation	• Sales productivity CAGR*2: KATITAS (parent) 1.1% (gross profit per sales staff CAGR 3.7%),REPRICE 6.3% • Introduced marketing automation tools at KATITAS, improving the thoroughness of follow-up with prospective customers who have inquired. Recruited managerial talent from outside the Company and established a new digital transformation team. Prepared the organization for the new mid-term plan • REPRICE uses Salesforce as its core system. Received an award from Salesforce headquarters in the US
Contractors	• Increasing the number of housing units that contractors and carpenters–our important partners in supplying houses–can construct by increasing their capacity	• Partner contractor count CAGR: 7.6% at KATITAS (parent), 12.0% at REPRICE • Capacity constraints eased as new construction starts declined and low-priced products increased
M&A	• Deliberate further on M&A possibilities to accelerate growth in existing businesses	• Created a long list and made progress in verifying synergy likelihood and deal feasibility • As the purpose is to secure human resources, M&A without consent is difficult, and realization may require a corresponding amount of time
Sustainability	• Ratio of mortgage to annual income: 5x or lower • Increase number of properties sold • Improve product quality by considering renovation methods that balance higher insulation performance with cost control • Enhance disclosures based on the TCFD Framework	• Ratio of mortgage to annual income: 4.3x*3 • Number of properties sold: 7,372 (ratio of vacant houses to total properties purchased is 76%*3) • Environmental initiatives: In addition to promoting the installation of interior storm windows, we introduced repair methods that generate less waste than conventional methods • Provided disclosures based on the TCFD Framework. Calculated and disclosed Scope 3 Emissions

*2 Productivity= sum of the number of homes purchased and the number of homes sold over a period, divided by the average of the number of sales employees at the beginning and end of the period
*3 Figures for KATITAS (parent)

Aiming to achieve expansion of growth potential and acceleration in growth

Envisioned initiatives for the medium-term management plan

While deepening our existing businesses, we will advance into new geographic markets and develop novel products that can reach untapped customer segments. Furthermore, by cultivating new markets and customer bases, we aim to broaden our growth potential and accelerate growth.



Management indicators and targets

	FY2024		FY2027	
	実績		Plan	CAGR
Number of properties sold	7,372件	・・・	10,000	10.7%
Operating profit	14,222百万円	・・・	20,000 Million yen	12.0%
ROE	22.2%	・・・	20%or more	-
Dividend payout ratio	45.8%	・・・	50.0%or more & progressive dividend payment	-

Basic strategy and related materiality

	Fourth Medium-Term Management Plan: basic strategy	Related materiality
1	**Increase sales staff and strengthen Training** ∟Open stores in untapped areas ∟Open small stores	• Creating social impact • Qualitative and quantitative improvement of human capital
2	**Improve productivity** ∟Set strategic inventory budget	• Qualitative and quantitative improvement of human capital
3	**Diversify renovation projects** ∟Capture new customer segments	• Creating social impact • Improving product quality • Reducing environmental impact
4	**Diversify purchasing channels**	• Creating social impact • Contributing to local communities through sustainable partnerships
5	**M&A**	• —
6	**Improve REPRICE earnings stability**	• Qualitative and quantitative improvement of human capital • Contributing to local communities through sustainable partnerships

Interview with Representative Director and President of REPRICE

Takayuki Ushijima

Representative Director and President
REPRICE Co., Ltd.

Joined Like Co., Ltd. (now REPRICE Co., Ltd.) in 2009. Appointed Director and Vice President in 2017, and Representative Director and President in 2022. Also serves as Director at KATITAS, responsible for promoting Group strategy.

After joining REPRICE as a sales staff member, Mr. Ushijima went on to serve as a General Manager of the Sales Department and General Manager of the Sales Planning Department. He promoted operational efficiency, which became the foundation for growth, and drove the development of an organizational culture that continues to adapt and evolve. Following the management integration of KATITAS and REPRICE, he succeeded REPRICE's owner-president, became Vice President, and was subsequently appointed Representative Director and President.

- Fiscal year ended March 2017: Number of houses sold: 951, net sales: 16.5 billion yen, operating profit: 1.2 billion yen
- Fiscal year ended March 2025: Number of houses sold: 1,775, net sales: 39.9 billion yen, operating profit: 2.5 billion yen

Q Could you please tell us once again about REPRICE's strengths and distinctive features?

Compared with KATITAS, REPRICE's distinguishing feature lies in its operations and organizational structure tailored to urban areas. In urban property acquisitions, competition with other buyers is common, so the ability to conduct rapid and accurate property appraisals is essential. To achieve this, REPRICE has accumulated a large database of past transactions and established the "Market Strategy Promotion Department" to handle data analysis. These efforts allow us to deliver rapid and accurate property appraisals, supporting business expansion in urban areas and high productivity among our sales staff. This ability is one of REPRICE's core strengths.

Q Could you reflect on the performance and initiatives undertaken during the fiscal year ended March 2025, as well as over the course of the Third Medium-Term Management Plan (FY2023–FY2025)?

In the fiscal year ended March 2025, operating profit increased by approximately 25%. However, over the three-year span of the Third Medium-Term Management Plan, we were unable to meet our target of a 10% CAGR in adjusted operating profit. We attribute this shortfall to two main factors: first, the significant impact of deteriorating market conditions for new detached houses; and second, a higher-than-expected turnover rate, which hindered our ability to scale up sales personnel as planned.

In FY03/25, the effects of various measures implemented in response to these challenges began to materialize. To address the shift in market conditions for new detached houses, we introduced low-price products and strengthened group sales initiatives. The low-price offerings were designed to capture demand for affordable housing, as inflation continued to put pressure on household budgets. Recently, approximately 20% of homes sold were low-price products, suggesting that we are gradually adapting to changes in consumer preferences. Group sales is an initiative in which KATITAS brokers sales of REPRICE properties. By having KATITAS advertise REPRICE listings and introduce them to customers who inquire about KATITAS properties, we have been able to strengthen sales beyond prior levels.

In addition, for exterior wall work and exterior construction, which tend to be costly, we achieved cost reductions by separating these from the main construction and outsourcing them to the lowest-cost contractors in each area.

We significantly reduced our turnover rate from 14% in the fiscal year ended March 2024 to 8% in the fiscal year ended March 2025. We believe two initiatives contributed to this improvement. First, we created opportunities for leaders across different departments to share their views of challenges and advise one another on response strategies, enabling proactive action when signs of turnover appeared. Second, we introduced a mentor system for new employees, who are more likely to experience physical or mental strain during the adjustment period. We feel that these initiatives have produced results, as none of the new employees who joined in April 2024 have left the company. In addition, in the engagement survey conducted in April 2025, we achieved our best results to date. We intend to continue managing our turnover rate with 10% as a benchmark.

Q Apart from business performance, have you observed any changes or evolution in the organization?

We have seen tangible progress in both our ability to execute initiatives and in employees' awareness of profitability. Regarding execution, we believe our ability to implement initiatives thoroughly has improved through repeated company-wide communication of the purpose behind each measure and by sharing best practices. In terms of profitability awareness, we introduced a profit-linked bonus system in April 2024. Previously, REPRICE's sales staff tended to focus primarily on increasing the number of homes sold to maximize profit. Under the new system, however, awareness of the profitability of individual properties has grown. As a result, the company's goal of maximizing operating profit has become more closely aligned with employee compensation, leading to improved motivation and greater acceptance of compensation levels.

As these changes have taken root, the profit-enhancing measures implemented in the previous fiscal year—namely, low-price products, group sales, and the separate outsourcing of exterior construction—have become more deeply embedded and consistently executed across the organization. We believe these developments provide a strong foundation for generating even greater results from future initiatives.

Q Could you share your outlook for FY2026 and the initiatives for the period covered by the Fourth Medium-Term Management Plan period (FY2026–FY2028)?

As soaring material and labor costs and tighter environmental regulations accelerate price increases for new homes, we expect demand for pre-owned housing to strengthen further over the coming year.

At REPRICE, our policy is to expand both sales volume and profit while maintaining consistent quality, including by enrolling properties in defect insurance programs.

In the Fourth Medium-Term Management Plan, one of our core strategies is to improve profitability, with particular emphasis on reducing renovation costs. In some regions, costs have remained persistently high, and as a countermeasure, we plan to actively seek competitive bids. To this end, we are working to develop relationships with new contractors in these areas, creating an environment that allows us to select the optimal partner from multiple candidates and assign construction work accordingly.

Column | Please tell us about the management integration with KATITAS

REPRICE carried out a management integration with KATITAS in 2016. At the time, there were concerns that REPRICE might lose the ability to set its own strategy as the management team was largely composed of members from KATITAS. However, these concerns proved to be completely unfounded. While joining a listed company group did present challenges, such as in decision-making authority and budget control, the benefits of the integration have significantly outweighed the difficulties. For example, prior to the integration, financial constraints had a considerable impact on operations, including being limited to purchasing properties in specific areas or having to cut prices to accelerate sales. These issues have been completely resolved since the integration. In addition, REPRICE has broadened its range of initiatives by adopting measures that produced results at KATITAS. At the same time, REPRICE has been ahead of KATITAS in several areas, such as system implementation. For example, thanks to our introduction of Salesforce, we ranked first nationwide in the Small and Medium-Sized Enterprise category of the Salesforce User Group (SFUG), which recognizes outstanding use cases. We have also shared this expertise with KATITAS.

Looking ahead, we aim to achieve further growth as we work toward our shared goals: "A Better Life for Everyone" (REPRICE's purpose) and "Bring as much joy as possible to towns and cities" (KATITAS's purpose).

Board of Directors promoting business growth

Auditor (Outside)
Kanae Fukushima
2025: Auditor, KATITAS

Auditor
Nobu Fukuda
2019: Auditor, KATITAS

Director (Outside)
Ryuichiro Nakao
2025: Director, KATITAS

Director (Outside)
Miwa Suto
2021: Director, KATITAS

Auditor
Tetsuo Takahashi
2014: Joined KATITAS
2025: Auditor, KATITAS

Auditor (Outside)
Tomoko Tsunoda
2021: Auditor, KATITAS

Director (Outside)
Hideaki Tsukuda
2019: Director, KATITAS

Director
Takayuki Ushijima
2009: Joined KATITAS group company
2017: Director, KATITAS

Representative Director
President
Katsutoshi Arai
2012: Joined KATITAS Representative Director and President

Director
General Manager of Administrative Division
Kazuhito Yokota
2012: Joined KATITAS
2017: Director, KATITAS
2017: General Manager of Administrative Division

Director
Toshiyuki Shirai
2017: Director, KATITAS

Skill matrix of the board of directors

We have established the following skills matrix for our Board of Directors. Skills and experience relevant to our strategy include HR (i.e., skills needed to expand the sales force to increase housing supply capacity) and "sales/marketing" and "IT digital" (i.e., skills needed to improve productivity). We also consider "legal/risk management" and "construction/industry experience" to be important skills for preventing the occurrence of defects after delivery, which is the greatest risk to our business.

		Katsutoshi Arai	Kazuhito Yokota	Takayuki Ushijima	Toshiyuki Shirai	Hideaki Tsukuda	Miwa Suto	Ryuichiro Nakao	Tetsuo Takahashi	Nobu Fukuda	Tomoko Tsunoda	Kanae Fukushima
		Director							Corporate Auditor			
Skills/Experience, etc.	Company management	●	●		●	●		●			●	
	HR		●	●	●	●						●
	Sales / Marketing	●		●	●		●			●		
	Legal / Risk Management								●			●
	ESG					●						
	Accounting / Finance	●	●				●			●	●	
	IT Digital						●	●				
	Construction / Industry Experience			●				●	●		●	
Profile	Executive Director (Including executive directors of subsidiaries)	○	○	○	-	-	-	-	-	-	-	-
	Of the Executive Directors, etc., those who joined the Company by means other than new graduate hire	○	○	○	-	-	-	-	-	-	-	-
	Notice as an Independent Officer	-	-	-	-	○	○	○	-	-	○	○
	Length of service of independent officer	-	-	-	-	6	5	1	-	-	5	1
	Gender	Male	Male	Male	Male	Male	Female	Male	Male	Male	Female	Female
	Age (As of June 30, 2025)	56	57	41	69	61	61	61	58	48	54	51

* "●" marks in the skills matrix indicate skills and experience specifically sought for each director (up to three per person).

Sustainability action framework

The KATITAS Group believes that by contributing to the creation of a sustainable society by solving social issues through the pre-owned home purchase and resale business, we can also achieve sustainable growth.

Specifically, approximately 80% of the houses we purchase are vacant, and through our business we help solve Japan's growing problem of vacant houses. We also contribute to the realization of better lives for our customers by providing affordable housing at approximately half the price of newly built homes. In addition, the KATITAS Group generates local employment by operating businesses in the suburbs and regional cities.

The KATITAS Group will continue to operate its business with the aim of solving social issues while achieving business growth.

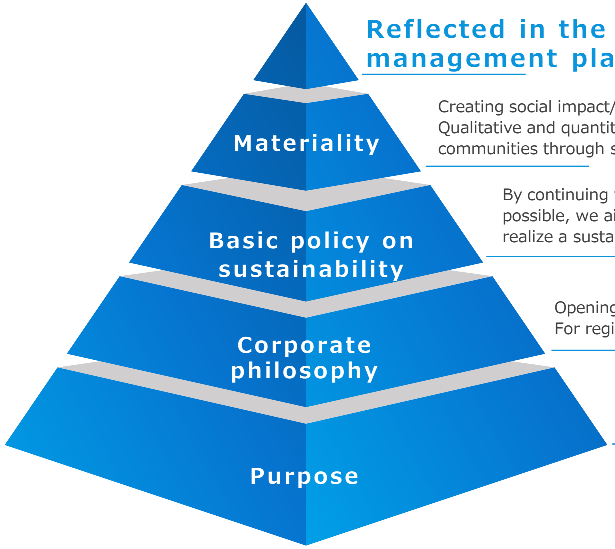
Basic policy on sustainability

By continuing to provide as many **"better lives"** as possible, we aim to contribute to our stakeholders and realize a sustainable society.

Where this policy figures in our philosophy

The relationship between purpose, this policy, and other components is as follows.

Reflected in the medium-term management plan& business plans



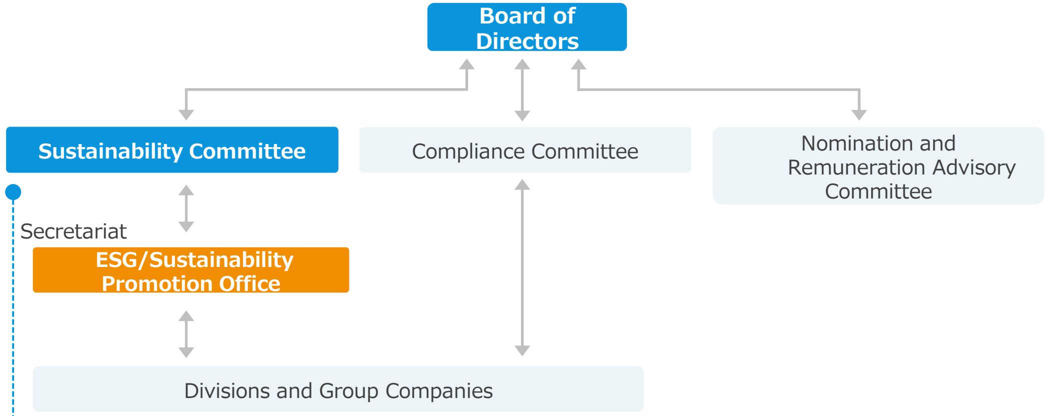
Creating social impact/Improving product quality/
Qualitative and quantitative improvement of human capital/Contributing to local communities through sustainable partnerships/Reducing environmental impact

By continuing to provide as many "better lives" as possible, we aim to contribute to our stakeholders and realize a sustainable society.

Opening the Doors to the Future.
For regional areas and customers through adding value to lifestyle

Bring as much joy as possible to towns and cities

Framework for promoting sustainability



Sustainability Committee

The KATITAS Group aims to establish and promote sustainable management in order to realize a sustainable society and improve corporate value through business activities, based on its purpose, management philosophy, and basic sustainability policy. To that end, we have established a Sustainability Committee for the purpose of determining and promoting sustainable management.
The Sustainability Committee formulates overall plans for the company's sustainability activities, monitors progress, evaluates achievements, and makes reports and recommendations to the Board of Directors.

The Sustainability Committee is supervised by the Board of Directors, chaired by the president and CEO, and composed primarily of executives and other officers. Meetings will be held at least once a quarter, and the results of deliberations will be reported to the Board of Directors. The committee met four times in the fiscal year ended March 31, 2025.

Topics | Selected as a case example in "SDGs Gunma Business Practice"

This program recognizes companies within the prefecture that carry out advanced and exemplary initiatives based on the Sustainable Development Goals (SDGs). By broadly sharing and promoting these efforts, it aims to foster sustainable development across the entire region.

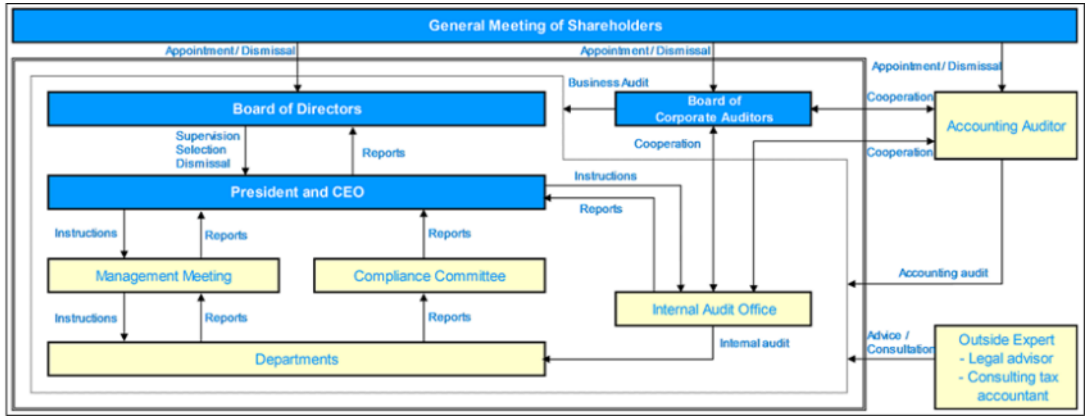
KATITAS was recognized in the Social-Issue-Solving Business category for its implementation of a business model that contributes in multiple ways to addressing social issues, such as solving the problem of vacant houses, providing housing at reasonable prices, and reducing environmental impact through the reuse of resources.

SDGs GUNMA BUSINESS PRACTICE
SDGsぐんま ビジネスプラクティス

Corporate governance structure

Corporate Governance Structure

We have established the General Meeting of Shareholders, the Board of Directors, and the Board of Corporate Auditors as bodies under the Companies Act, and we have set up the Management Meeting and the Compliance Committee as our own internal management bodies. We believe that the most appropriate management structure for the Company is one in which individuals who are well versed in our business serve as directors responsible for business execution, while at the same time, as members of the Board of Directors, mutually supervise each other's execution of duties and facilitate swifter decision-making on management matters, with audits conducted by the Board of Corporate Auditors. For details on the various bodies, please refer to our ESG Databook.



Body	Members
Board of Directors	Chairperson: Katsutoshi Arai (President & CEO) In-house Directors: Katsutoshi Arai, Kazuhito Yokota, Takayuki Usizima, Takayuki Shirai Outside Directors: Hideki Tsukuda, Miwa Suto, Ryuichiro Nakao In-house Auditors: Tetsuo Takahashi, Nobu Fukuda Outside Auditors: Tomoko Tsunoda, Kanae Fukushima
Board of corporate auditors	Chairperson : Tetsuo Takahashi（Full-Time Corporate Auditor） In-house Auditors: Tetsuo Takahashi，Nobu Fukuda Outside Auditors: Tomoko Tsunoda，Kanae Fukushima
Nomination and Remuneration Advisory Committee	Chairperson: None In-house Directors: Katsutoshi Arai, Takayuki Shirai Outside Directors: Hideki Tsukuda
Compliance Committee	Chairperson: Katsutoshi Arai Committee Members: Katsutoshi Arai, Kazuhito Yokota, Tetsuo Takahashi, Yuki Ichikawa, General Manager of Internal Audit Office, General Manager of Administration Division,　General Manager of Sales Division, Other Manager (Female)
Sustainability Committee	Chairperson: Katsutoshi Arai Committee Members: Katsutoshi Arai, Kazuhito Yokota, Head of ESG/Sustainability Promotion Office
Executive Committee	Katsutoshi Arai, Kazuhito Yokota, Tetsuo Takahashi, General Manager of Business Strategy Headquarters, General Manager of Business Strategy Promotion Office, General Manager of Administration Division, General Manager of Product Planning Division, General Manager of Corporate Planning Office, General Manager of General Affairs Division, General Manager of Internal Audit Office, General Manager of Sales Division

Improved structure and effectiveness of the corporate board

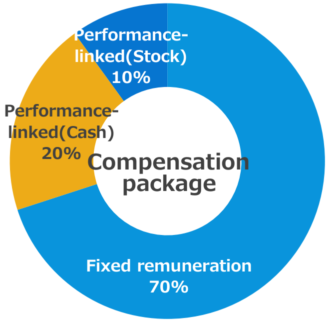
The Company invites independent outside directors, each with specialized knowledge, so that 3 out of 7 directors (42.9%) monitor the business execution by executive directors from an independent standpoint.
Outside directors are composed of managers of operating companies, experts in corporate governance promotion, and members who have extensive experience and knowledge in accounting, marketing, or other fields, and we are committed to highly transparent business operations.

Nomination and Remuneration Advisory Committee

At the extraordinary general meeting of shareholders held on January 15, 2002, we decided that the amount of remuneration, etc. of the Company's directors shall not exceed 300 million yen per year (provided, however, salaries of employees who concurrently serve as directors are not included). The remuneration of officers is then decided after discussions with the Nomination and Remuneration Advisory Committee, which is voluntarily established and consists of internal and external officers.

Policy for determining remuneration for directors

The remuneration of the Company's directors is designed with the aim of compensating them for the stable growth of earnings and the creation of new corporate value. We understand that the design of the director remuneration system is an important management issue that contributes to securing outstanding management resources and sustainably developing as a publicly listed company. Based on this recognition, in June 2021, we decided to introduce a performance-linked stock-based compensation system with restriction on transfer for executive directors and reviewed the design of the remuneration system with an eye toward medium- to long-term improvement of corporate value.
Executive director compensation includes three main components: fixed compensation, performance-based cash compensation (tied to financial KPIs such as sales and operating profit, as well as individual KPIs set for each director, evaluations related to establishing a foundation for stable growth, and sustainability KPIs), and performance-based compensation (in the form of restricted stock awards). The approximate ratio of each component, assuming 100% achievement of performance targets, is shown on the right, though the actual ratio may vary by director.



Transactions with related parties

When conducting transactions with related parties, such transactions are subject to approval by the Board of Directors, taking into account factors such as the rationality of the transaction, the appropriateness of the terms, and the impact on the interests of the Company and minority shareholders. Furthermore, related-party transactions are disclosed based on an assessment of materiality, in accordance with the provisions of the Company Accounting Regulations, the Consolidated Financial Statement Regulations, and other applicable rules. If a conflict-of-interest transaction with a related party arises, it is deliberated and resolved by the Board of Directors, with input from outside directors, and the status of such transactions is reported in a timely manner. For the fiscal year ended March 2025, the transaction amount with Nitori Holdings was JPY70mn, of which JPY56mn consisted of Nitori gift certificates used for sales promotion purposes.

Strategic shareholdings

We do not hold any strategic shareholdings and, as a general rule, do not intend to hold such shares in the future.

Efforts to strengthen compliance

Holding monthly Compliance Committee meetings

The Compliance Committee discusses the most serious cases of rule violations that occur due to a lack of thorough awareness or understanding of the rules.
The Compliance Committee is attended by the President, the General Manager of Sales Headquarters, the General Manager of Administration Headquarters, full-time corporate auditors, the General Manager of the Internal Audit Office, and the General Manager of the Administrative Division. In addition, outside committee members are invited to bring in an objective and expert perspective from outside the company, and female committee members are invited to bring in a female perspective, so that compliance can be examined from a variety of perspectives.
Decisions made by the Compliance Committee are publicized at morning video meetings and shared internally as regular reports to the Board of Directors.

Body	Overview	
Compliance Committee	Purpose	Establishment, dissemination, and institutionalization of the compliance framework.
	Authority	Deliberation and decision-making on measures to prevent recurrence of serious compliance violations (including cases of misconduct), as well as on measures to prevent recurrence of serious claims, and other related matters.
	Activities	In principle, the committee meets once a month. It receives reports on compliance violations and harassment cases that have occurred within the Company, internal and external whistleblowing, and other related matters. It also reviews the content of complaints, develops frameworks to prevent compliance violations and escalating into litigation, and confirms whether there are any important matters relating to overall compliance.

Enhanced compliance awareness through the Morning Video Sessions

We work to cultivate compliance awareness by weekly communicating without exception to all employees, "1. Report problems immediately," "2. Report negative things first" and "3. Do not lie" as the "Three reporting principles" in the aforementioned Morning Video Sessions.
We are also working to enhance the compliance awareness by reminding at the Sessions that all employees must know the rules, referring to the violations caused by unsecured or limited knowledge of the rules.

Weekly video conference connecting stores nationwide

- Alerts on information leaks and handling of insider information
- Content and alerts regarding fraud and accidents occurring in the industry and the world at large
- Sharing examples of failures and rule violations that occurred in our business
- Compliance Committee Meeting report

Three reporting principles

Assured intra-company notification of the compliance awareness

1. **Report** problems promptly
2. Report **negative things first**
3. **Do not lie**

Sensible monitoring conducted through the Business Update Meetings

The Business Update Meetings are called for on every Monday by the division/group managers to monitor such factors as the business conditions, complaint cases and remodeling delays.
For understanding of the business conditions, we perform sensible monitoring through reviews including reasons for low-profitability properties and properties with revised unit price.
To confirm the complaint details, we review causes of the complaints and the future incident potential to further build on the expertise from our transaction record of 80,000 properties in total. If a complaint can potentially propagate across other properties, it is reflected in the checklist or announced in the Morning Video Sessions as leverage for improvement of the product quality.

Morning Video Sessions facilitating management/field staff communication

As our sales operation network expands to over 100 locations, we currently have less opportunities of direct communication between the management and store staff. Meanwhile, because communication of the management message through the organizational layers often causes misunderstanding and delay of reach, we offer opportunities for direct messaging.
Having staff of all stores suspend their work to participate in the Morning Video Session for an hour from 9 a.m. every Thursday, we are working for the direct and timely delivery of management messages.
Additionally, to avoid one-way communication of the Morning Video Sessions, we are conducting survey and collection, including a check on the degree of understanding, improvement proposals from the field staff perspective and requests from the stores, to ensure the meeting facilitates bilateral communication. Update of response to the questions and requests raised in the survey is also reviewed at aforementioned Business Update Meetings to monitor how the voices from the field are responded to as well.

Monitoring through mutual checks at sales sites and headquarters

As a professional operator dealing with real estate, we have established a mutual checking system that involves sales sites and the headquarters so that customers can complete the purchasing procedures of houses with peace of mind.
Prior to the housing contract, a registered real-estate broker provides explanation of the documents on important matters, and the headquarters conducts a detailed check of those documents. This checking system not only allows customers to complete the housing contract with peace of mind but also helps the Company prevent violations of our obligation to give explanations as a registered real-estate broker.
In addition, the content of the renovation is checked by the Product Planning Department comprising several members who are registered architects, regarding the content of the sales site's renovation plan and the order amount. This check system secures the housing quality, prevents renovation that violates the Building Standards Act, and reduces the risk of placing expensive renovation orders.

Monitoring through audits by corporate auditors and internal audits

The Company conducts business audits by corporate auditors and internal audits by the Internal Audit Office to confirm the operational status of sales stores and sales sites and to check the properties on sale.
During the course of one year, we conduct audits of more than 100 stores nationwide, and we check approximately 500 properties from the customer's perspective.
Corporate auditors and the Internal Audit Office work together to objectively support the securing of quality in operations and properties to have customers purchase houses with peace of mind and to provide them with a comfortable lifestyle.

Structure of the Board of Directors and efforts to ensure effectiveness

Assessment of board effectiveness

The BOD meetings are effectively working as a place of monthly business operation monitoring and discussions. They are managed in an atmosphere of unfettered and free exchange of opinions, receiving frequent questions from outside directors concerning business performance monitoring. The KATITAS BOD meetings are therefore managed with solid awareness of dialogs with the investors.

In addition, advice based on the insights of outside directors are often provided, which helps the business operations in a timely manner. Questions from the outside directors that were not answered or marked as tasks at BOD meetings are worked through to possibly follow up by the next monthly meeting.

The Board of Directors conducted questionnaire surveys for all directors and corporate auditors to evaluate the effectiveness of the Board as a whole. A summary of the evaluation is provided below.

(1) Evaluation period

- March 2025: Distributed and collected questionnaires
- April 2025: 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, 2025
- 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 show that all items received high overall ratings, with few negative responses, leading to a generally positive assessment.

Positive comments included: “Comprehensive analysis of performance, markets, peer trends, and other factors is being conducted;” “Reporting items have been streamlined, allowing more time for discussion of key issues;” and “Individual meetings between the President & CEO and outside directors are effective.” On the other hand, suggestions for improvement included: “Growth investment should be pursued more proactively;” “Comparative analysis should include growth companies outside the industry;” “Managers closer to the sales front line should also participate;” “Given the large volume of reporting materials, the information should be more rigorously reviewed;” “Materials should be submitted earlier;” and “Audit results from the Internal Audit Office should be reported.” With regard to the recurring suggestion of establishing a separate forum to discuss medium- to long-term growth strategies, one comment noted that during the formulation of the Fourth Medium-Term Management Plan, extending the time allocated for Board meetings enabled more in-depth discussion.

On the execution side, following each monthly Board of Directors meeting, we hold a review session to address the day’s discussion points, pending matters, and other issues, as part of our efforts to enhance the Board’s effectiveness. Going forward, we will continue to address the issues identified in this evaluation and work to further enhance the effectiveness of the Board of Directors.

Separately from this questionnaire survey, we also conduct individual interviews with independent outside auditors regarding their evaluation of the effectiveness of the Board of Directors, and disclose the results accordingly.

Excerpt of comments from assessment of the corporate board effectiveness

*5-tiered evaluation

★★★★★	Very satisfactory
★★★★	Satisfactory
★★★	Average
★★	Not very satisfactory
★	Not satisfactory

Agenda content ★★★★

When conducting industry analysis, we would like you to include not only purchase-and-resale companies and major builders, but also companies within the real estate sector that are enhancing corporate value or undertaking noteworthy initiatives, so that they can serve as references for new business development.

Agenda content ★★★★

Even after the management integration, it appears that each company continues to operate independently. With future M&A and other initiatives in mind, I hope to see the Group formulate and communicate a common mission and vision.

Agenda consideration period ★★★★

With regard to discussions of the new medium-term management plan at the Board of Directors, it is highly favorable that a long consideration period and ample opportunities for deliberation were provided. In addition, it is commendable that, for matters requiring prior information, care was taken to avoid hasty decision-making.

Content of prepared materials ★★★★

For the monthly regular reporting materials, while streamlining the content, I would like to see the addition of more detailed analysis broken down by store, region, and other relevant categories.

Meeting management ★★★

For executive officers who are not members of the Board of Directors, I would like to see consideration given to creating opportunities, on a rotating basis, for them to report on the execution of their duties.

Meeting management ★★★★★

The efforts to address issues from the previous meeting at the following session are clear and highly commendable.

Meeting duration ★★★

The improvement of gross profit per property, leading to both an increase in total profit and the achievement of a high profit margin, is a highly meaningful outcome. At the same time, I would appreciate a more systematic explanation of the background and causal relationships that led to these results.

Director composition ★★★

It may be advisable to increase the number of executive directors. At present, the composition seems somewhat skewed toward outside directors. While a larger proportion of outside directors is favorable from a governance perspective, from the standpoint of business operations and employee motivation, it would also be beneficial to promote employees to director positions.

Director composition ★★★★

The knowledge, experience, abilities, and other qualities of the outside directors are exemplary. However, for inside directors, I have the impression there is a lack of sufficiently experienced personnel, particularly in areas such as capital policy and the development of management systems.

ESG/SDGs disclosure ★★★★

KATITAS operates a groundbreaking business model on a nationwide scale, with its operations inherently linked to ESG. In future disclosures, I hope ESG initiatives will be communicated more proactively and prominently.

Status of operational improvements since last year ★★★

While I recognize that continuous improvement is being made, I hope to see further enhancements in light of the results of this effectiveness evaluation.

Interview with independent outside officers

Interview with an Independent Outside Corporate Auditor (2025.3.25) Resignation in June 2025

Yuki Ichikawa

Independent outside corporate auditor

Appointed as outside corporate auditor of The Company in April 2010
Partner, Sato New Law Offices
Attorney at law (Japan) / Licensed in the State of New York

Mr. Ichikawa is a specialist in corporate and international legal affairs, with experience serving as an outside director and outside auditor for several listed companies. Well-versed in legal matters related to real estate transactions, he contributes to improving the effectiveness of the Company's legal risk management operations and oversight as an outside corporate auditor and member of the Compliance Committee.

Q Please tell us about the circumstances leading to your appointment as an outside corporate auditor for Katitas, and your impressions at the time.

I was appointed at the Annual General Meeting of Shareholders in 2010, when the company was still named "Yasuragi" and led by its owner-president. I was recommended via an audit firm after the previous auditor had stepped down, at a time when there was a need to strengthen internal governance. My background in general corporate legal affairs and incident response was cited as a key reason for the recommendation. At the time of my appointment, the company was still an owner-operated business. Under the strong leadership of the owner-president, the company gave the impression of being highly responsive to timing—issuing bold directives to ramp up property purchases, for example. While there was a clear sense of speed, I believe the company also carried a corresponding degree of legal risk.

Q Since then, Katitas's ownership has shifted from the original owner to a private equity (PE) fund, and later to becoming a listed company. How do you feel Katitas has changed through these transitions?

Compared to the IPO, I believe the most significant changes occurred around the time when Advantage Partners ("AP") acquired 100% ownership of the company. After AP's acquisition, there were changes in both management and staff, and I often had the impression that the atmosphere within the company became noticeably brighter and that the organization began to settle. There are two changes that I particularly regard as significant. First, employees seemed to develop a greater sense of purpose in their work, which became apparent during company-wide kick-off meetings and other such events. After the structural changes, I felt that employees began approaching their work more positively, and that an environment fostering creativity and new ideas began to take shape. Second, information became more openly and promptly shared with executive officers. The volume of information shared at Board meetings increased, and as information came to be shared appropriately and in a timely manner, I believe this contributed to a reduction in both business risk and legal risk.

Q How would you assess the Board of Directors in terms of how it is operated and its oversight function?

Due in part to the company's history under fund ownership, the Board of Directors currently receives very detailed reports. It may now be entering a phase where it is appropriate to narrow the scope of reporting and place greater focus on discussion. Feedback and comments from external investors are also regularly shared, and I believe this initiative is useful in raising awareness among officers and management about how investors view the company. As for the Board's oversight function, I believe it is working very effectively. One notable aspect is the nature of its involvement. For example, in the recent discussions around the new medium-term management plan, I believe the Board played a supportive role in supporting a growth-focused direction. Going forward, I would also like to see management express a clearer and stronger sense of intent regarding the company's operational direction.

Q Have you ever felt there were signs of a conflict of interest in the relationship between Nitori and Katitas?

I have never had any concerns or felt any signs of a conflict of interest between Nitori and Katitas. Katitas's management policies have consistently reflected a perspective focused on the interests of shareholders as a whole, and I have never felt that any decision was made with a particular shareholder—Nitori included—in mind. Even when receiving comments from Nitori, I have found that many of them, such as emphasizing profitability at the store level, are useful and informative from Katitas's standpoint as well.

Q Please tell us about how Katitas manages risk and your evaluation of that management.

Given the nature of the business—selling pre-owned homes—I understand that a certain degree of legal disputes is to be expected. Based on the reports I receive as a member of the Compliance Committee and other channels, I feel that the Company has been responding appropriately to incidents as they arise. I would like to see even greater effort put into sharing the lessons learned from past issues within the Company and thoroughly reinforcing awareness of preventive measures internally to ensure similar incidents do not occur again.

Q What are your expectations for Katitas going forward, and if there is anything you believe is necessary for the Company to continue growing, please let us know.

In my personal view, companies that clearly recognize their mission within society tend to be strong. This is because all staff can feel a sense of purpose in working to fulfill that mission, and support from external stakeholders who resonate with the mission can also become a tailwind for the company. Katitas's business carries an excellent mission—such as addressing the issue of vacant homes and contributing to regional revitalization. Of course, as a listed company, Katitas must pursue profit. At the same time, I sincerely hope that everyone at Katitas will always remain aware that their work is tied to such a meaningful mission, and continue to take pride in it as they aim for further growth.

Past interviews with independent outside directors

Interview with an Independent outside director (Hideaki Tsukuda) (2024.4.2)
Interview with an Independent outside director (Miwa Suto) (2023.1.18)
Interview with an Independent outside director (Seiichi Kumagai) (2021.9.29)

05

Financial Information / Reference Information

Employee stories

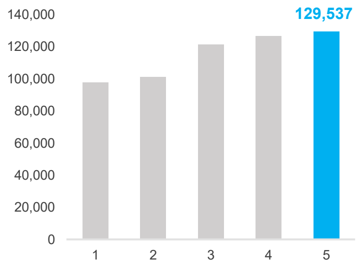
This photo shows a REPRICE property that was sold with Nitori furniture installed. To streamline the ordering process, we established several furnishing patterns aligned with the renovation concept. Customers have responded positively, noting that having items like dining tables and sofas in place helps them better picture daily life in the home.

Financial Highlights

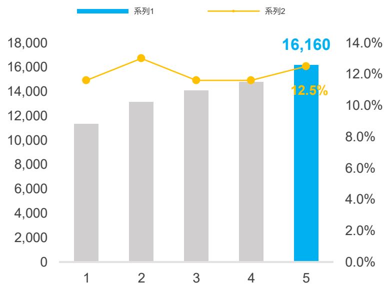
(Millions of yen)

	2021/3	2022/3	2023/3	2024/3	2025/3
Net sales	97,735	101,269	121,341	126,718	129,537
(YoY change)	+8.6%	+3.6%	+19.8%	+4.4%	+2.2%
Number of properties sold	6,155	6,120	6,927	7,169	7,372
Cost of sales	75,545	76,621	94,485	98,904	98,835
Gross profit	22,189	24,647	26,855	27,814	30,702
(Gross profit margin)	22.7%	24.3%	22.1%	21.9%	23.7%
Selling, general and administrative expenses	10,845	11,519	12,795	15,141	16,479
Operating profit	11,343	13,127	14,060	12,672	14,222
(Operating profit margin)	11.6%	13.0%	11.6%	10.0%	11.0%
Adjusted operating profit	11,343	13,127	14,060	14,757	16,160
(Adjusted operating profit margin)	11.6%	13.0%	11.6%	11.6%	12.5%
Ordinary profit	11,125	12,697	13,833	12,321	13,876
(Ordinary profit margin)	11.4%	12.5%	11.4%	9.7%	10.7%
Adjusted ordinary profit	11,125	12,697	13,833	14,406	15,814
(Adjusted ordinary profit margin)	11.4%	12.5%	11.4%	11.4%	12.2%
Net income	7,440	6,845	6,091	8,497	9,550
(Net income margin)	7.6%	6.8%	5.0%	6.7%	7.4%
Adjusted net income	7,464	8,584	9,441	9,872	10,889
(Adjusted net income margin)	7.6%	8.5%	7.8%	7.8%	8.4%
Basic earnings per share	96.85	88.71	78.66	109.23	122.22
Adjusted earnings per share (in exact yen)	97.16	111.25	121.91	126.90	139.35
Dividends per share (in exact yen)	29.50	33.50	49.00	54.00	56.00
(Dividend payout ratio)	30.5%	37.8%	62.3%	49.4%	45.8%
(Adjusted dividend payout ratio)	30.4%	30.1%	40.2%	42.6%	40.2%
Real estate for sale・Real estate for sale in process	33,430	44,862	54,143	52,252	61,535
(Inventory turnover)	2.04	1.96	1.91	1.86	1.74
Shareholders' equity	28,091	32,562	35,655	40,289	45,719
Net assets	28,243	32,752	35,768	40,341	45,719
Total assets	55,520	62,644	66,304	77,366	83,329
Equity-to-asset ratio	50.6%	52.0%	53.8%	52.1%	54.9%
Interest-bearing liabilities	19,250	18,500	18,500	26,500	26,500
D/E ratio	0.7倍	0.6倍	0.5倍	0.7倍	0.6倍
ROA	20.8%	22.2%	21.8%	17.6%	17.7%
Adjusted ROA	20.8%	22.2%	21.8%	20.5%	20.1%
ROE	29.3%	22.6%	17.9%	22.4%	22.2%
Adjusted ROE	29.4%	28.3%	27.7%	26.0%	25.3%
Number of employees (consolidated)	749	783	832	859	922
(Pre-owned house renovation business)	696	727	771	798	852
(Company-wide)	53	56	61	61	70

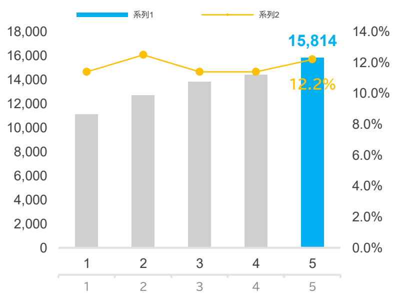
Net sales



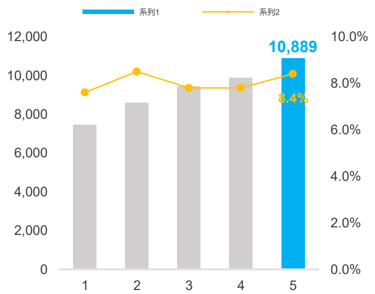
Adjusted operating profit/ Adjusted operating profit margin



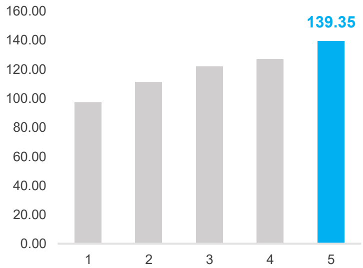
Adjusted ordinary profit/ Adjusted ordinary profit margin



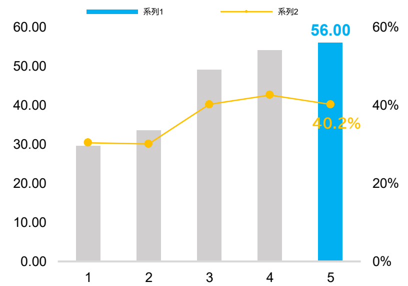
Adjusted net income/ Adjusted net income margin



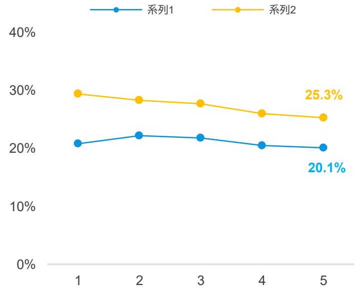
Adjusted earnings per share (in exact yen)



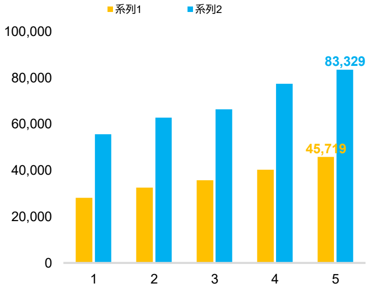
Dividends per share/ Adjusted dividend payout ratio



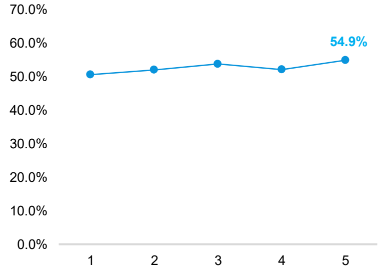
Adjusted ROA/Adjusted ROE



Shareholders' equity/Total assets



Equity-to-asset ratio



*1 Net income per share, adjusted net income per share, and dividends per share are calculated taking into account the stock splits on September 22, 2017 and April 1, 2020.
*2 ROA = Operating profit / average of total assets as of the beginning and end of period, Adjusted ROA = Adjusted operating profit / average of total assets as of the beginning and end of period
*3 ROE = Net income / average of balances of shareholders' equity at beginning and end of period, Adjusted ROE = Adjusted net income / average of balances of shareholders' equity at beginning and end of period
*4 Adjusted operating profit (margin), Adjusted ordinary profit (margin), Adjusted net income (margin), adjusted net income per share, adjusted dividend payout ratio, adjusted ROA, and adjusted ROE exclude the effect of non-ordinary profit/loss (items not considered indicative of the results of normal operating activities and are not an adequate representation of the Group's performance in comparison to its competitors).

(Millions of yen)

Consolidated balance sheet	2021/3	2022/3	2023/3	2024/3	2025/3
Assets					
Current assets	53,467	60,773	64,505	75,334	81,050
Cash and deposits	19,109	13,409	8,728	22,027	18,766
Real estate for sale	19,656	25,440	34,064	37,454	39,141
Real estate for sale in process	13,774	19,422	20,079	14,798	22,394
Income taxes refund receivable	13	671	914	448	5
Other	916	1,833	723	609	745
Allowance for doubtful accounts	-2	-3	-4	-4	-3
Non-current assets	2,053	1,870	1,798	2,031	2,278
Property, plant and equipment					
Buildings and structures, net	149	140	124	154	147
Land	528	527	579	579	565
Other	36	29	23	24	86
Total property, plant and equipment	714	697	726	758	800
Intangible assets					
Goodwill	396	198	-	-	-
Other	29	31	51	-	-
Total intangible assets	426	230	51	151	155
Investments and other assets					
Deferred tax assets	713	731	762	814	992
Other	207	217	261	310	331
Allowance for doubtful accounts	-8	-4	-3	-2	-1
Investments and other assets	912	943	1,020	1,122	1,322
Total assets	55,520	62,644	66,304	77,366	83,329
Liabilities					
Current liabilities	8,615	11,252	11,944	10,441	11,028
Accounts payable - trade	3,051	3,769	4,340	4,723	4,534
Current portion of long-term borrowings	730	-	-	-	-
Contract liabilities	-	453	370	327	509
Income taxes payable	2,441	2,330	1,817	2,123	2,667
Accrued consumption taxes	48	2,409	2,851	581	81
Provision for bonuses	329	390	429	355	557
Construction warranty reserve	287	305	348	344	378
Provision for loss on litigation	0	2	2	6	2
Provision for loss on disaster	9	5	53	66	54
Other	1,716	1,585	1,731	1,912	2,241
Non-current liabilities	18,662	18,639	18,590	26,583	26,581
Long-term borrowings	18,520	18,500	18,500	26,500	26,500
Allowance for directors' retirement benefits	94	98	71	71	71
Other	47	40	19	11	9
Total liabilities	27,277	29,891	30,535	37,025	37,610
Net assets					
Shareholders' equity	28,091	32,562	35,655	40,289	45,719
Share capital	3,778	3,778	3,778	3,778	3,778
Capital surplus	3,640	3,649	3,640	3,703	3,763
Retained earnings	21,435	25,813	28,685	33,139	38,395
Treasury shares	-763	-679	-448	-332	-219
Share acquisition rights	152	190	112	52	-
Total net assets	28,243	32,752	35,768	40,341	45,719
Total liabilities and net assets	55,520	62,644	66,304	77,366	83,329

(Millions of yen)

Consolidated statement of income	2021/3	2022/3	2023/3	2024/3	2025/3
Net sales	97,735	101,269	121,341	126,718	129,537
Cost of sales	75,545	76,621	94,485	98,904	98,835
Gross profit	22,189	24,647	26,855	27,814	30,702
Selling, general and administrative expenses	10,845	11,519	12,795	15,141	16,479
Operating profit	11,343	13,127	14,060	12,672	14,222
Non-operating income	45	40	39	41	34
Commission income	7	6	5	5	5
Insurance claim income	3	15	8	2	0
Discount revenue	8	4	7	9	4
Income of compensation	13	-	-	6	9
Other	12	12	17	17	14
Non-operating expenses	262	470	265	392	380
Interest expenses	208	173	190	228	306
Commission for syndicated loans	34	278	58	98	28
Other	20	18	16	65	46
Ordinary profit	11,125	12,697	13,833	12,321	13,876
Extraordinary income	-	0	53	12	0
Gain on sale of non-current assets	-	0	1	-	0
Insurance claim income	-	-	52	-	-
Differences in consumption taxes, etc.	-	-	-	12	-
Extraordinary losses	51	2,385	4,836	28	6
Loss on sale of non-current assets	-	-	-	-	6
Loss on retirement of non-current assets	0	0	0	8	0
Impairment losses	3	0	4	-	-
Loss due to disaster	-	-	4	7	-
Provision for loss on disaster	-	-	49	13	-
Differences in consumption taxes, etc.	48	2,385	4,777	-	-
Profit before income taxes	11,073	10,311	9,051	12,305	13,870
Income taxes - current	3,786	4,129	3,789	3,911	4,497
Income taxes - refund	-	-646	-797	-52	-0
Income taxes – deferred	-152	-17	-31	-51	-177
Total income taxes	3,633	3,466	2,959	3,808	4,319
Profit	7,440	6,845	6,091	8,497	9,550
Profit attributable to owners of parent	7,440	6,845	6,091	8,497	9,550

(Millions of yen)

Consolidated statement of cash flows	2021/3	2022/3	2023/3	2024/3	2025/3
Cash flows from operating activities	14,724	-2,490	-1,467	9,502	1,162
Increase/decrease in inventories (- represents increase)	7,065	-11,432	-9,294	1,891	-9,284
Cash flows from investing activities	-21	-20	-85	-192	-152
Cash flows from financing activities	-4,731	-3,189	-3,128	3,989	-4,270
Net increase (decrease) in cash and cash equivalents (- represents decrease)	9,971	-5,700	-4,681	13,299	-3,260
Cash and cash equivalents at beginning of period	9,137	19,109	13,409	8,728	22,027
Cash and cash equivalents at end of period	19,109	13,409	8,728	22,027	18,766

Highly transparent accounting and active engagement in dialogue

Simple and visible accounting processes centered on the accounting linked to cash and deposits

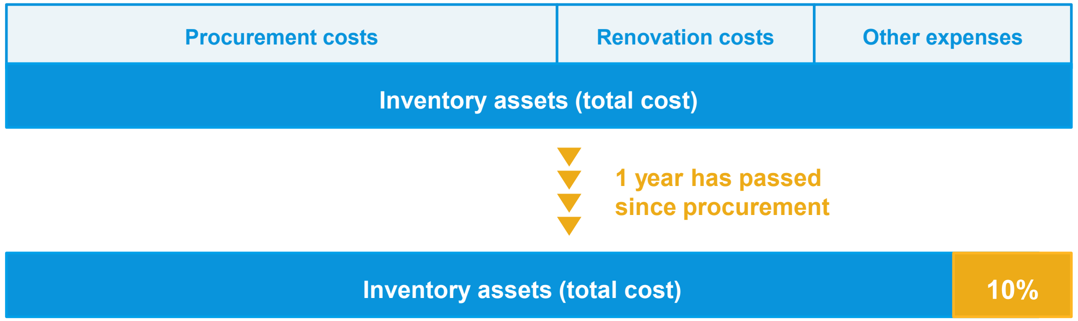
Accounting process linked to cash and deposits

Revenue and inventory of KATITAS are recorded through an accounting process that links them to the cash and deposits account activities.
For example, at the point of sale, about 80% of the buyers leverage housing loans to purchase the KATITAS properties. Payment of the amount of property purchase is directly remitted from the loaner bank of the buyer to KATITAS. The remittance in turn is recorded as revenue, linked to the cash and deposits account, with which a visible accounting process is secured. Because we have no credit risk burden, the accounting process involves fewer account items used for the accounting estimates.

Recording valuation loss as provision for slow-moving inventory

Real estate held for resale occupies a major part of Assets in our balance sheet. Because our real estate held for resale is distributed in rural communities with smaller land price volatility, the level of value volatility risks from slow moving is lower than in urban areas.

Although there is only a low risk of value volatility, the Company works to implement conservative accounting treatment by accounting for long-term inventory such as real estate for sale. Specifically, if it has been more than one year since we purchased a piece of real estate for sale, we record 10% of the cost as a reserve for valuation losses.



Provisioning = Cost anticipation

- The number of properties that would be in the red based on the gross profit of the property itself is in the 1% range.
- The number of properties that lose money on a property gross profit basis after provisioning is even more limited.

* Long-term inventory: inventory for which 1 year has passed since purchase settlement

Attitude for proactive dialogs with investors through the IR activities

Assigning dedicated IR personnel, our IR efforts are focused on dialogs with investors. Thanks to the KATITAS model that is simple yet profound, running its business in regional markets less familiar to most of our investors, we are convinced that a widespread understanding of the business model through dialogs with investors is important.
Additionally, by providing regular opportunities for IR personnel to share investor feedback from IR activities with the leadership team, we work to leverage our business operations on the voices from investors.

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.
- The Company does not hold briefing sessions specifically for individual investors. However, in order to provide information to individual investors, it discloses (i) the scripts of financial results briefings (including question and answer sessions) and (ii) frequently asked questions and answers covering topics considered useful for investment decisions, on its corporate website.

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

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, 2025, 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 one property tour for investors.

Other

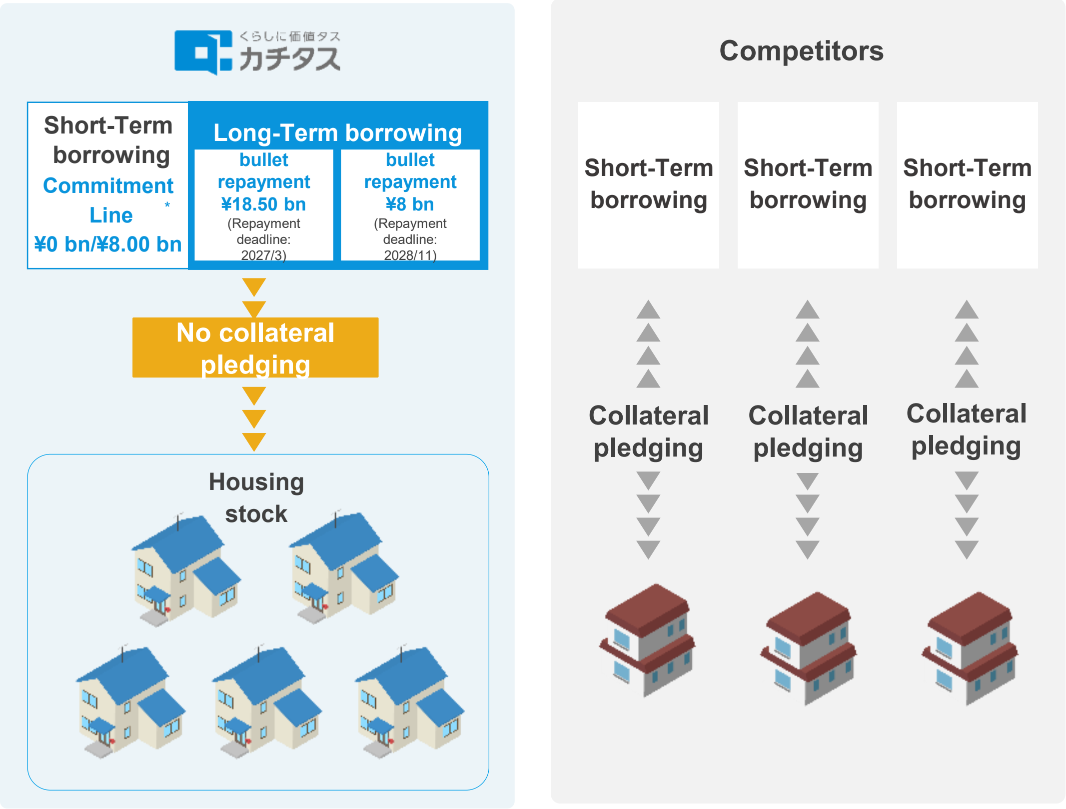
- The Company continued to hold shareholder relations meetings during the fiscal year ended March 31, 2025 as in the previous fiscal year and met with departments in charge of exercising voting rights, etc. at four institutional investors.
- For ESG-related information, please refer to the Company's website（https://katitas.jp/information/sustainability/）

Stable funding and decentralized inventory holding

Stable financing

By building good relationships with financial institutions, KATITAS is able to form syndicated loans and obtain stable funding through long-term debt.

In addition, when it comes to borrowing by purchase and resale businesses, common practice is to take out separate loans and set collateral for each individual property purchased. However, since our stable financial situation and business model have been acknowledged, we are raising working capital through long-term loans and borrowing without collateral. This allows us to eliminate the hassle and cost of putting up collateral.

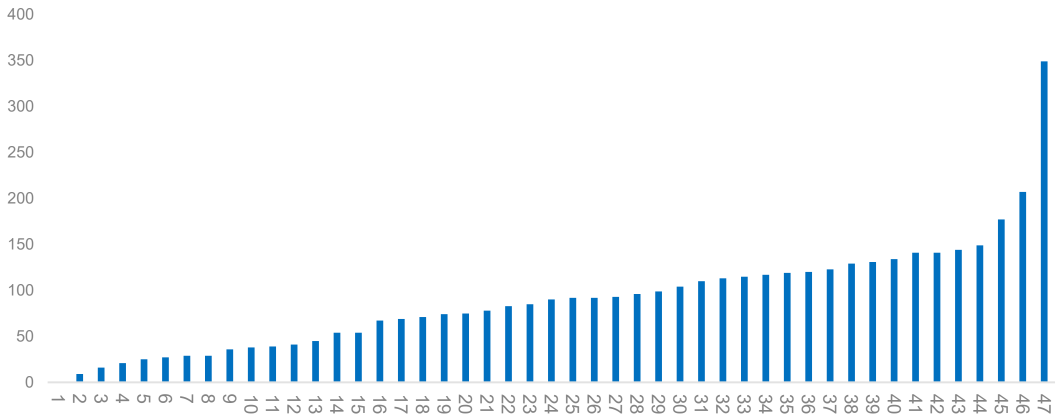


* * The commitment line loan balance is as of the end of March 2025

Reduction of inventory risk through dispersed holding across the country

The houses we own are dispersed across the country. We are therefore less susceptible to natural disasters and land price fluctuations in specific areas and have a strong bulwark against disaster risks.
Furthermore, since the cost per property is approximately 10 million yen, any impact will be limited even if we do incur damage due to a disaster.

Number of houses in stock by prefecture (As of March 31, 2025)



If a building is damaged in a disaster, we will carry out restoration work after surveying the damage. If the damage is severe, we will consider demolishing the building to ensure safety as well as take all other appropriate measures.

Progress on KPIs for positive impact finance

Positive Impact Finance uses an impact assessment framework independently developed by Mizuho Research & Technologies, Ltd., based on the Principles for Positive Impact Finance. When an entity is confirmed to have the intention of generating positive impacts, financing is provided to offer continuous support for its business.

Impact	Housing [Negative]			Employment [Negative]		Resource Efficiency & Safety [Negative]		Climate [Negative]			Waste [Negative]			Employment & Inclusive, Healthy Economies [Positive]	Housing & Inclusive, Healthy Economies [Positive]	Economic Convergence [Positive]
KPI	Annual sales volume (consolidated)	Vacant house ratio of acquired properties (direct purchase, non-consolidated)	Employee workplace accident rate (non-consolidated)	Employee turnover rate (Non-consolidated)	Efforts to improve insulation efficiency (non-consolidated)	Calculation of greenhouse gas emissions (scope 3; consolidated)		Setting greenhouse gas reduction targets & plans (scope 1, 2, 3; consolidated)	Efforts in line with greenhouse gas reduction targets and plans (scope 1, 2, 3; consolidated)		Monitoring of paper usage (non-consolidated)		Exploration and promotion of paper usage reduction initiatives	Ratio of women among those promoted to managerial positions (non-consolidated)	Ratio of housing price to annual income (Non-consolidated)	Number of orders placed with local contractors (consolidated)
Goals & Policies	10,000 units by FY2030	Each FY: 80% or more	Each FY: 0.6% or less	Each FY: 10% or less	Each FY: Promote initiatives	Complete by FY2024		Complete by FY2025	Promote initiatives through FY2028		Complete by FY2024		Promote initiatives each year from FY2025 onward	30% or higher by FY2030	Each FY: Less than 5x	FY2030: 10,000 units
Progress (FY2024)	7,372units	75.5%	0.68%	11.0%	Interior storm window trial complete; nationwide installation made available from April 2025	Disclosure based on TCFD recommendations released in June 2024		Disclosure based on TCFD recommendations released in June 2025			5,520,134 sheets (A3 equivalent)		Measuring usage	35.7%	4.3x	8,323units
SDGs Goals	11		17	8		7	12	13			12		15	5	11	10
SDGs Target	11.1	11.3	17.17	8.5	8.8	7.3	12.2	13.1	11.1	11.3	12.2	12.5	15.2	5.5	11.1	10.2
	By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries	Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	By 2030, double the global rate of improvement in energy efficiency	By 2030, achieve the sustainable management and efficient use of natural resources	Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries	By 2030, achieve the sustainable management and efficient use of natural resources	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

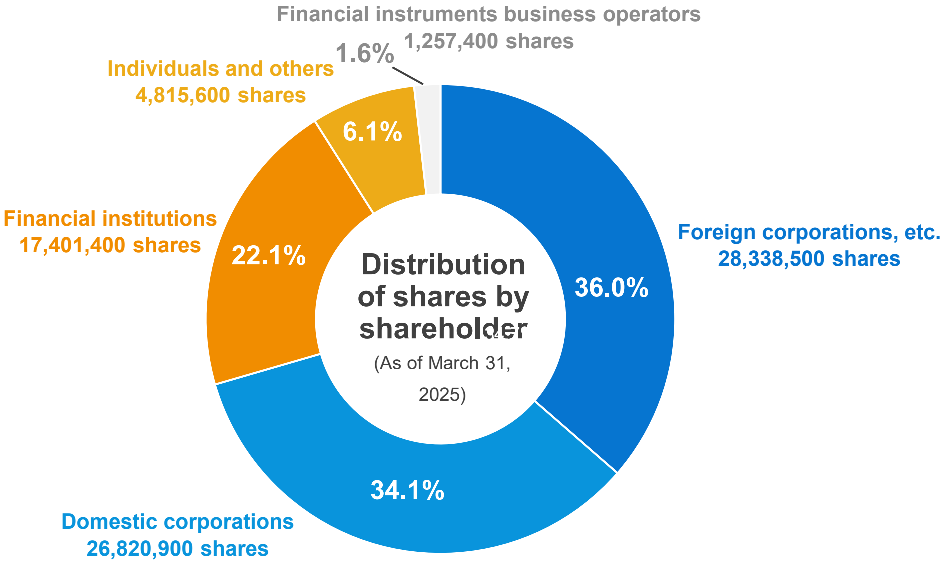
Other reference information

Company Summary (As of March 31, 2025)

Name	KATITAS Co., Ltd.
Headquarters	4-2 Mihara-cho, Kiryu-shi, Gunma
Capitalization	3,778,871,000 yen
Date of Establishment	September 1,1978
Number of employees (consolidated)	922

Distribution of shares by shareholder (As of March 31, 2024)

Total number of authorized shares	160,000,000 shares
Total number of issued shares	78,650,640 shares
Total number of shareholders	7,255
Stock code	8919
Listed stock exchange	Tokyo Stock Exchange Prime Market



*Calculated excluding shares less than one unit

Editor's note

Thank you for reading the "KATITAS Integrated Report 2023".

The primary purpose of this report is to deepen our stakeholders' understanding of how our group contributes to society through our "value-adding" business—embodied in our name "KATITAS" (a combination of "value" and "add" in Japanese)—and to walk alongside you as partners in advancing our business.

In this third edition, we place particular emphasis on communicating our Fourth Medium-Term Management Plan, launched in April 2025, as well as our initiatives for employees, the true source of the Company's value. The plan was formulated after more than a year of deliberation, building on the "foundation for growth" established during the period of the Third Medium-Term Management Plan. It sets out the roadmap and strategy toward achieving 10,000 annual home sales across the Group. We also invite you to read the interview with the President of our group company, REPRICE, which we hope will deepen your understanding of the Group's growth.

As highlighted in President Arai's interview, our employees continue to grow every day, driven by a passion for their work and a tangible sense of personal growth. He often reminds us, "Work doesn't become interesting on its own. The more energy you put in, the more interesting it becomes. Let's make work enjoyable together." Our employees embody this mindset. We hope this gives you a glimpse of their spirit, through their stories and the voices of our stakeholders.

We will continue to engage in dialogue with our stakeholders to ensure appropriate information disclosure and further increase corporate value. We look forward to your continued support and encouragement.

Period covered by this report

The fiscal Year ended March 2025
(April 1, 2024 – March 31, 2025)
*Includes some activities from previous and subsequent periods.

Guidelines used as reference for disclosure

- IIRC "International Integrated Framework"
- Ministry of Economy, Trade and Industry "Integrated Disclosure and Dialogue Guidance for Collaborative Value Creation"

IR website information

You can find the latest investor information, including financial results and sustainability initiatives, on our company's website.

Disclaimer

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