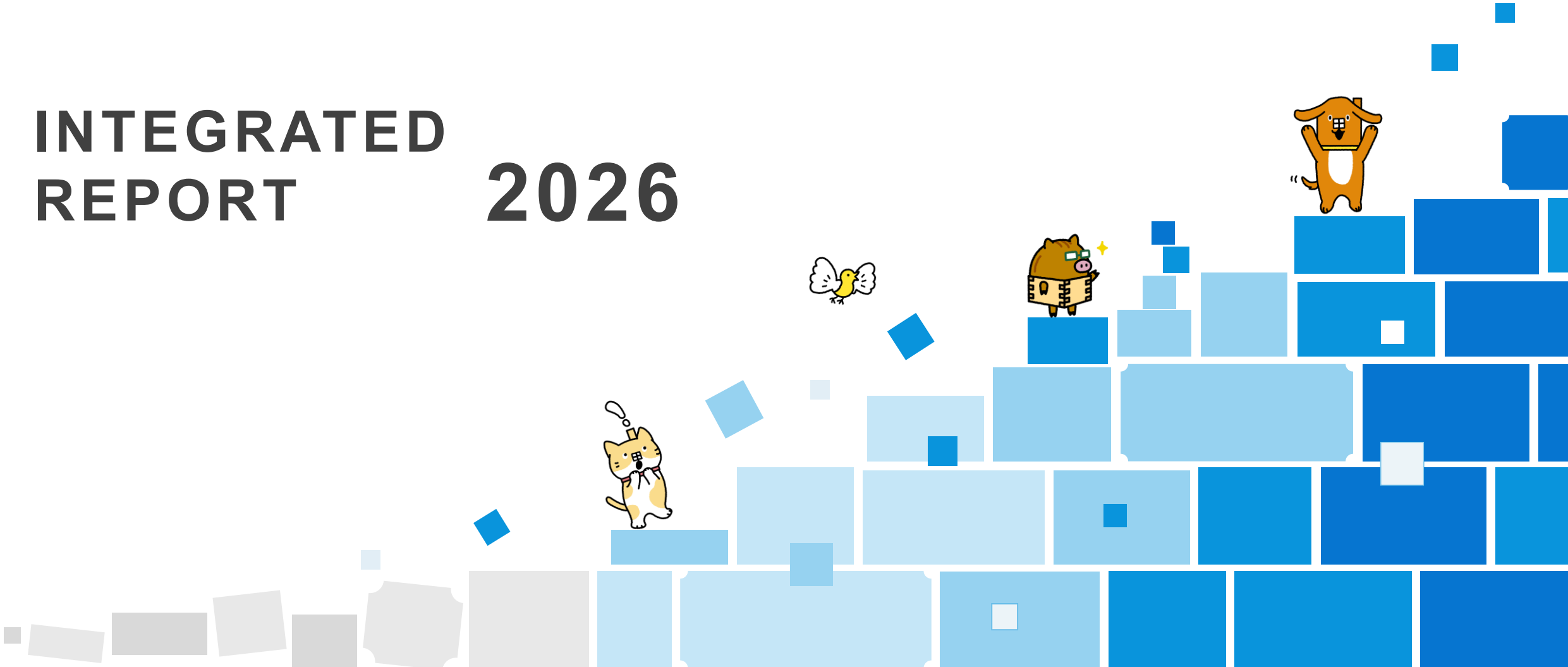
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カチタス

INTEGRATED REPORT 2026



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 a 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.



Top Message

Toward 10,000 homes sold through the growth of our people and organization

"Bring as much joy as possible to towns and cities"

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



A strong start to the Fourth Medium-Term Management Plan

In the fiscal year ended March 2026, the first year of the Fourth Medium-Term Management Plan, we recorded 8,380 homes sold, operating profit of 18.2 billion yen, and ROE of 25.2%, achieving our targets for all three key management indicators. For operating profit, our most important management indicator, we revised our initial target of 16.2 billion yen upward to 17.8 billion yen when we announced our first-half results. We exceeded this revised target even after paying 500 million yen in special performance-linked bonuses to employees. We consider these to be very strong results.

Our net sales are driven by the size of our sales force and productivity, measured by the number of property purchases and sales per employee. Together, these factors determine the number of properties sold and, ultimately, net sales. Our strong performance demonstrates that our growth strategy of expanding the sales force and raising productivity is steadily delivering results. Changes in the external environment are structurally increasing the cost of building new homes, including mandatory compliance with energy efficiency standards and revisions to the Building Standards Act. Rising construction costs are also reducing floor area, with newly built homes showing signs of becoming smaller. Against this backdrop, there is growing demand for spacious, affordable homes. We believe the affordability and space offered by our pre-owned home renovation business will become increasingly valuable to society.

Our strengths

Our greatest strength is the proprietary knowledge we have accumulated over many years. We hold data on more than 100,000 properties on a consolidated basis, including each property's condition at the time of purchase, its renovation plan, and its selling price. This information is not disclosed externally and represents an asset unique to KATITAS. Our culture emphasizes thoroughly learning from internal best practices and continuously improving them. Successful practices are shared throughout the Company at employee award ceremonies. One employee returning from a two-year external secondment remarked that it felt like coming back to a different company. This comment made a strong impression on me. Although incremental improvements can be difficult to recognize from day to day, taken together, they give me confidence that the Company continues to evolve.

Another strength is our on-site capability to plan renovations tailored to each property and customer. No two pre-owned homes are alike. We therefore take a selective approach to renovation, determining what to repair and what to retain based on the property's condition and the customer's budget. These decisions cannot be replicated through manuals alone. They depend on experience developed in the field.

By combining our accumulated knowledge with our on-site capabilities, we can meet diverse housing needs while providing affordable homes. Customers have told us, "I can put the money I saved toward education expenses," and "I was able to purchase the home because it was priced as a partially renovated property." We also provide homes to people often considered "the housing disadvantaged," including single-parent households, senior citizens, and foreign nationals, who may face difficulty securing rental housing. We believe this contributes to the realization of "Adding Value to Lifestyle," a vision embodied in the KATITAS name.

Turning knowledge accumulated from more than 100,000 properties into future value creation

Growth Strategy

—Deepening our core strategy and pursuing new growth under the medium-term management plan

Our core growth strategy is to expand our sales force and improve productivity.

A larger sales force drives growth in the number of property purchases and sales. However, new employees do not become fully productive immediately; they must build experience to assess properties accurately at the time of purchase, develop appropriate renovation plans, and deliver value to customers. As more employees gain experience and expertise, we can steadily increase transaction volume.

We began recruiting new graduates after the current management team took office in 2012. Employees who joined the Company as new graduates now account for more than 60% of both our sales staff and branch managers, significantly strengthening the depth of our sales organization. Under the current medium-term management plan, we raised our annual recruitment target from approximately 100 new graduates. In April 2026, the plan's second year, we hired 152 new graduates, exceeding our target. We also recruited executive officers and department head-level personnel for our corporate functions to support stable growth. These initiatives have strengthened the organizational foundation that enables frontline employees to work with confidence and improve their performance.

Higher productivity enables the same number of sales staff to deliver value to more customers. Company-wide digital transformation initiatives aim to maximize the time employees spend with customers by reducing the time required to prepare documents and improving the efficiency of market analysis. Over the medium to long term, we are also exploring the development of a proprietary KATITAS decision-making engine by training AI on knowledge accumulated within the Company. Our data from more than 100,000 properties gives us a unique opportunity to strengthen our competitiveness.

In addition to this core strategy, the Fourth Medium-Term Management Plan sets out several growth initiatives. These include increasing the sales mix of strategic inventory designed to attract customers considering newly built homes, expanding sales of low-price products to customer segments other than family households, and opening branches in smaller, less populated markets. These initiatives are steadily gaining traction and laying the foundation for future earnings growth.

Investment in Growth

— Prioritizing people and inventory and realizing the benefits of integration

Our capital allocation prioritizes recruiting and developing people and investing in inventory, which represents our products. We do not operate factories or similar production facilities. People are the source of our value creation, and the knowledge and on-site capabilities they accumulate constitute the competitiveness of our business. Investment in people extends beyond recruitment and development. We are also improving our compensation system and working environment so that employees receive appropriate recognition for their contributions and feel motivated to remain with KATITAS over the long term. Compared with the period before the current management team took office in 2012, both compensation per employee and the number of annual holidays have at least doubled. We regard this virtuous cycle as fundamental to our business. Company growth generates profits, employees share in the benefits, and a better working environment encourages them to remain with KATITAS over the long term.

M&A is our next priority after investment in people and inventory. Since joining the KATITAS Group ten years ago, REPRICE has increased both net sales and operating profit approximately fivefold through post-merger integration, while retaining nearly all of its key talent. KATITAS contributed its expertise in older properties and regional markets by sharing renovation planning methods designed to increase value and profit per property, as well as its HR and incentive systems. REPRICE, in turn, shared its expertise in improving productivity with KATITAS. We believe this two-way exchange has generated significant synergies.

Protecting Growth

—Preventing post-delivery defects as we grow

As our business grows, we continue to pay particular attention to defects discovered after a property has been delivered. If insufficient inspections or missed checks occur as the business expands, they can lead to post-delivery defects. Such defects undermine customer trust, place additional strain on frontline sales teams, and contribute to employee turnover. We learned this lesson through our own past experience and consider it the greatest risk to our business operations. To avoid purchasing properties that cannot be restored through renovation, we believe it is essential to inspect every property carefully. We then develop renovation plans that allow customers to live with peace of mind and conduct thorough final inspections once renovation work is complete. By consistently following these fundamental practices, we build long-term customer trust and create a positive working environment for employees. To achieve sustainable growth, we must balance quality and volume rather than pursue rapid expansion. As an industry leader, we also have a responsibility to uphold trust in the industry as a whole.



Adding Value to Lifestyle: Looking ahead to the next decade

The goal of 10,000 annual property sales, which we have pursued since the current management team took office in 2012, is now within reach. This target reflects our aim for KATITAS to be customers' first choice when selling or buying a home. We increasingly hear comments such as, "I had always planned to sell my parents' home to KATITAS," "When I decided to buy a home, I wanted to look at KATITAS properties first," and "The house I grew up in was a KATITAS home, so I joined the Company because I wanted to help provide homes to others." Each time we hear such comments, we are reminded that we provide more than homes. We provide choices in how people live.

We also view 20,000 annual property sales by 2035 as an achievable goal. However, our objective is not growth in scale alone.

Japan's population continues to decline while the number of vacant houses increases, and rising housing prices are making homeownership more difficult. Against this backdrop, we believe the ability to live where one chooses, at an affordable cost and in a home suited to one's needs, will become an increasingly important source of social value.

By adding new value to homes that are not currently available on the market and passing them on to new residents, we will continue operating our business with the aim of creating a society in which everyone can experience the joy of having a home.



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Editorial Policy

KATITAS addresses social issues and enhances corporate value by revitalizing vacant house and providing affordable housing.

This Integrated Report examines KATITAS's earning power, or the factors that enable us to generate sustainable profits, with a particular focus on the sources of our competitive advantage and our future growth strategy. Rather than cover every aspect of our business, this year's report concentrates on the key issues essential to understanding KATITAS.

We invite readers to view the report from the following three perspectives.

① **Business Opportunities:** How the growing number of vacant houses and rising housing prices are expanding demand for renovated older detached homes in regional markets.
② **Competitive Advantages:** How KATITAS, as a pioneer in the pre-owned home purchase and resale business, has transformed on-site experience into institutional knowledge and repeatable processes that differentiate both product quality and profitability.
③ **Sustainable Growth:** How KATITAS achieves sustainable growth by expanding its sales force and improving productivity, supported by continued investment in human capital.

We will continue to engage in dialogue with our stakeholders to ensure appropriate information disclosure and further increase corporate value.
For detailed financial and non-financial information not included in this Integrated Report, please visit our corporate website.

Overview of the Integrated Report and value creation process

01 Business Environment

External Environment（social issues）



Ongoing increase in vacant houses
Vacant houses are increasing nationwide due to inheritance and other factors

Soaring housing prices
Growing demand for affordable housing

Value created by KATITAS

Creating social impact (Materiality (Outputs))

Solving the vacant house problem

FY2025 No.of properties purchased: **7,682**
（Of which, vacant houses: **5,691**）

Impact of revitalizing vacant house

Economic impact per property: 19.6mn yen
Number of beneficiaries per property　5.9 people

Providing affordable housing

Affordability	**approximately half the price of newly built homes** Monthly payment at or below rent, including payments of ￥50,000 or less
Quality	**Safe, clean, and practical** Rigorous standardization of property inspections and renovation quality
Target	**People seeking to purchase a home** Families, single-parent households, and senior households

Reducing environmental impact (Materiality (Outputs))

02 Value Creation Framework

Business model

Purchase → Renovation → Sales



Integrated process from property acquisition through sale

Sources of competitive advantage

Historical origins　Failures lead to better systems



Risks specific to pre-owned detached homes



Customer complaints



Information gaps across organizational levels



Employee turnover

Transformation into systems　Systems designed to prevent failures



Risk reduction through three-party inspections



Customer Consultation Office
Reduced employee burnout



Morning teleconference
Prevention of information distortion



Stronger recruitment, training, and organizational capabilities



Competitive Advantages

Business expansion generates additional knowledge, continuously strengthening our competitive advantage

03 Growth Strategy

Growth formula

Qualitative and quantitative improvement of human capital (Materiality (Inputs)) = Increase sales staff × Improve productivity



Improving product quality (Materiality (Inputs))



Contributing to local communities through sustainable partnerships (Materiality (Inputs))

Fourth Medium-Term Management Plan targets and initiatives

	Plan	CAGR
Number of properties sold	Over 10,000	Over 10.7%
Operating profit	23,000 Million yen	17.4%
ROE	Maintain at least 20% Aim for 25%	-
Dividend payout ratio	50.0% or more & progressive dividend payment	-

- Increase sales staff and strengthen training
- Diversify purchasing channels
- Improve productivity
- M&A
- Diversify renovation projects
- Improve REPRICE earnings stability

Cash generation supporting growth ⇄ Reinvestment of cash generated

Financial strategy

- Maintaining a high ROE
- Investment for growth
- Stable shareholder returns

04 Foundation for Growth

Board of Directors promoting business growth
Management supported by diverse skills and expertise

Corporate Governance
Sound and transparent management practices

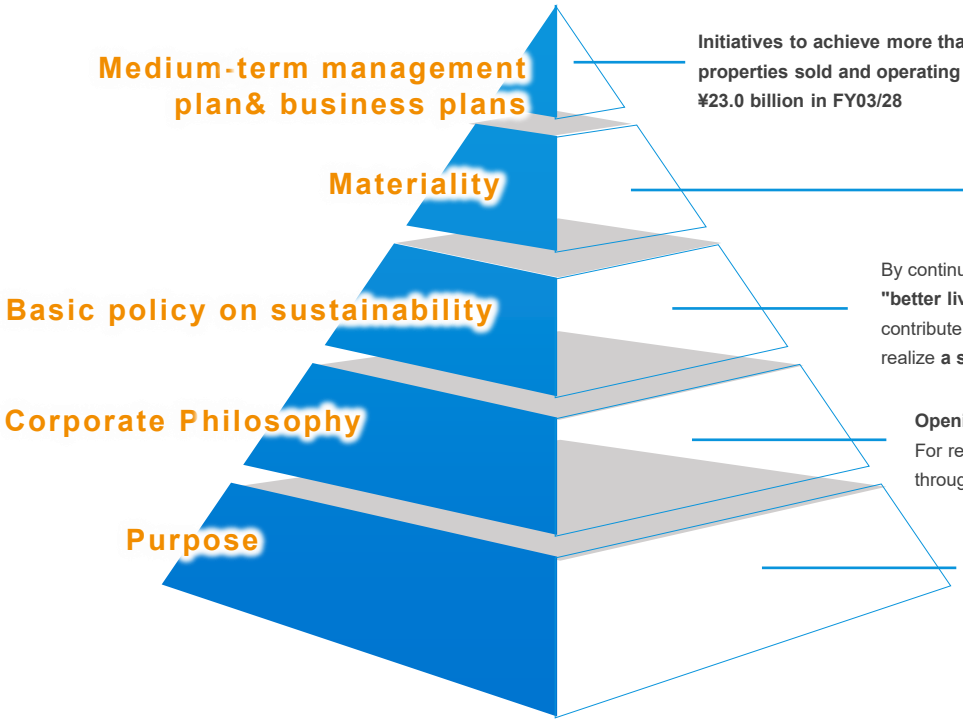
Strategy for enhancing corporate value

KATITAS believes that addressing social issues through its pre-owned home purchase and resale business contributes to a sustainable society while supporting the Company's sustainable growth and enhancing corporate value. To achieve these objectives, we have identified the issues that KATITAS must address and designated them as our material issues.

Specifically, vacant houses account for approximately three-quarters of the homes KATITAS purchases. By revitalizing these properties and returning them to the housing market, we help address Japan's growing vacant house problem. We also support better lives for our customers by providing affordable homes at approximately half the price of newly built homes. In addition, our operations in suburban and regional markets contribute to local employment.

KATITAS incorporates these material issues into the formulation of its medium-term management plans and the direction of its business operations. By addressing social issues while achieving business growth, we aim to contribute to realizing a sustainable society and enhance corporate value.

Strategy Overview



Initiatives to achieve more than 10,000 properties sold and operating profit of ¥23.0 billion in FY03/28

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

Outcomes Value provided to society

Materiality	Issue item	KPI	Objective	FY03/26 progress
Creating social impact	Solving the vacant house problem	Ratio of vacant houses among purchased properties(non-consolidated)	70% or higher annually	74.1%
		Number of properties sold	10,000 by 2028	8,380
	Providing affordable housing	Ratio of housing price to annual income (non-consolidated)	Under 5 times annually	4.4 times
Reducing environmental Impact	Reducing CO2 emissions associated with business activities	Scope 1 and 2 reduction	50% reduction by 2030 (compared to the fiscal year ended March 2021)	52.8%
		Scope 1 , 2 and 3 reduction	10% reduction by 2030 (compared to the fiscal year ended March 2023)	7.0%

Inputs Foundations supporting value creation

Materiality	Issue item	KPI	Objective	FY03/26 progress
Improving product quality	Controlling defects after delivery	Ratio of repair costs to sales	Around 0.3% annually	0.28%
	Improving customer satisfaction	Average Google review rating (non-consolidated)	4.0 or higher annually	4.68
	Improving quake resistance of properties for sale	Rate of earthquake resistance work performed (non-consolidated)	90% or higher by 2030	82.9%
Qualitative and quantitative improvement of human capital	Improving productivity through company-wide initiatives	Number of purchases and sales per sales employee (non-consolidated)	20 by 2030	20.6
	Creating a comfortable working environment	Employee engagement (non-consolidated)	BBB or above annually	BBB or above
	Retention of talented human resources	Turnover rate for all employees (non-consolidated)	Around 10% annually	10.6%
	Promoting diversity	Ratio of women among those promoted to managerial positions (non-consolidated)	30% or higher by 2030	32.0%
Contributing to local communities through sustainable partnerships	Returning economic benefits to partner contractors and other aspects of local communities	Number of orders placed with partner contractors = Number of purchases	10,000 by 2028	9,804
	Business continuity support for partner contractors	Lost-time accidents at partner contractors (non-consolidated; per 1,000 homes)	3 or below annually	1.71

01 Solving Social Issues



Value we provide

Selling customers

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

Customer (home seller) testimonial 1
Managing the family home I had inherited from a distance was difficult, particularly because so many belongings remained inside. Other companies I approached for an appraisal told me that demolition was the only option. KATITAS recognized the value of the house and also took care of the belongings left inside, which lifted a huge weight off my shoulders.

Customer (home seller) testimonial 2
I purchased a home from KATITAS and later sold my family home to the Company. I already knew the quality of KATITAS's service, so I had decided that KATITAS would be my first choice when the time came to sell. After becoming a seller myself, I learned that KATITAS takes the time to understand each home's history and conducts thorough property inspections. This gave me even greater confidence in the KATITAS home I had purchased.

Construction companies

Our employees

Buying customers

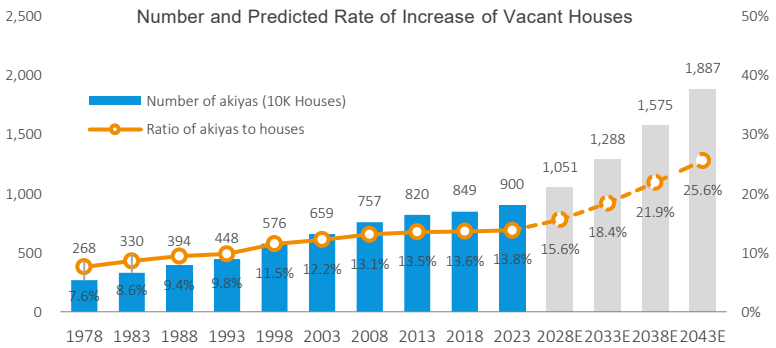
Brokerage firms

Our shareholders

Social issues addressed by KATITAS

Against the backdrop of population decline, a falling birthrate and aging population, and the concentration of people in urban areas, two social issues are becoming increasingly serious: the growing number of vacant houses and soaring housing prices. These issues have wide-ranging effects on people's lives and regional economies.

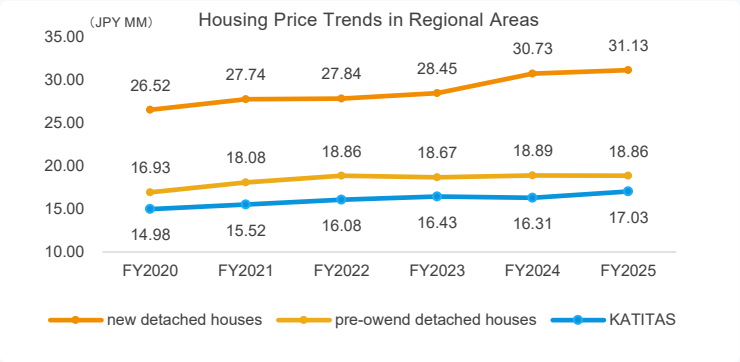
Ongoing increase in vacant houses



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, "The Housing Market in 2040 and Challenges: Changing Trends in Housing Starts and Initiatives to Respond to Change (June 12, 2025)" issued by Nomura Research Institute, Ltd.



Soaring housing prices



Source: Prepared by our company based on REINS Data Library (Real Estate Information Network System) and internal company data. Regional markets: all areas other than Tokyo, Kanagawa, Saitama, Chiba, Aichi, and Osaka prefectures. Prices for KATITAS include tax.

Collapse due to deterioration

Houses left vacant without proper maintenance deteriorate rapidly. If they collapse during a typhoon, earthquake, or other disaster, they may harm nearby residents or passersby, and their owners may be held liable for damages. Severely deteriorated houses can become impossible to restore, leaving demolition as the only option.

Deterioration in public safety, neighborhood appearance, and sanitation

Vacant houses can attract trespassers and criminal activity and may become targets for arson. Fires may go undetected for longer, increasing the resulting damage. Overgrown vegetation and infestations of pests and vermin can also harm neighborhood sanitation. The increasing number of vacant houses can therefore undermine public safety, sanitation, residents' peace of mind, and quality of life.

Decrease in property values

Vacant houses lose value as structures and generally sell at prices that reflect the cost of maintenance and demolition. As a result, they may be worth less than the underlying land alone. If the property no longer qualifies as residential land, it may lose eligibility for property tax reductions, increasing the owner's tax burden. Areas with many vacant houses also tend to experience declines in surrounding property values.

Economic burden on the local community

Unoccupied houses gradually decay due to lack of maintenance, harming the appearance and living environment of the surrounding area. Maintenance and demolition can be costly. If an owner fails to act, the local government may demolish the property through administrative enforcement and may ultimately bear the associated costs. An increasing number of vacant houses can therefore place pressure on local government finances, reduce the funding available for education, welfare, and other public services, and affect residents' lives.

Increasing barriers to homeownership

Housing prices continue to rise, making homeownership increasingly difficult, particularly for younger people and families with children. As the financial requirements increase, more people are giving up on purchasing a home or reconsidering their preferred location or the amount of space they need. This can affect both housing quality and people's ability to achieve a better quality of life.

Increased financial burden on households

Rising housing prices increase the cost of homeownership, including mortgage payments and down payments. As housing accounts for a greater share of household spending, families have less available for education, raising children, retirement savings, and other needs. Higher housing costs reduce households' financial flexibility and may affect their long-term plans.

Stagnation of regional economies

Higher homeownership costs reduce buyers' disposable income and constrain local consumption. If more people give up on purchasing homes, fewer residents may move into the area, weakening economic vitality. Weak housing demand also dampens local economic activity and can hinder sustainable growth in the regional economy, including the retail and service sectors.

Weakening of local communities

When barriers to homeownership deter younger households from moving into an area, population aging and outmigration accelerate, threatening the viability of local communities. As the population falls, essential services and infrastructure, including retail stores, medical facilities, and public transportation, become harder to maintain. Declining participation in disaster preparedness, crime prevention, and community events also weakens ties among residents. These developments erode mutual support and community safety, making the area less livable.

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Social issues addressed by KATITAS
Value created by KATITAS (Materiality (Outputs))
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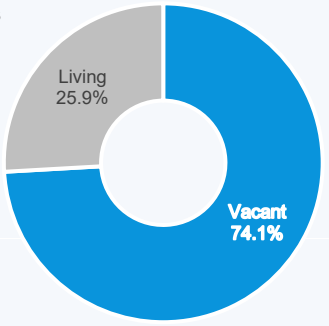
Value created by KATITAS（Materiality（Outputs））

KATITAS helps address social issues such as the growing number of vacant houses and rising housing prices by revitalizing vacant houses and providing them as affordable homes.
We also help reduce environmental impact by reusing building materials and fixtures wherever possible.

Solving the vacant house problem

Approx. 70% of the properties we handle are vacant houses, enabling the effective use of existing housing stock.

Living status



Source: Results for the fiscal year ended March 31, 2026 (non consolidated)

Circular economy through the circulation of existing resources and assets

Total economic impact of revitalizing vacant house

Annual property tax :(50,000 yen x 10 years.)	0.5mn yen
Cost of disposing household goods	0.3mn yen
Future demolition costs	1.2mn yen
Lower price than newly built house	17.6mn yen

19.6 mn yen

Number of beneficiaries per property

Beneficiary at the time of purchase	
Number of heirs to one ancestor	2.7 people
(Beneficiary at the time of sale)	
Average number of people residing in the purchased house	3.2 people

5.9 people

For further details on the economic impact generated, please refer to the ESG Databook.

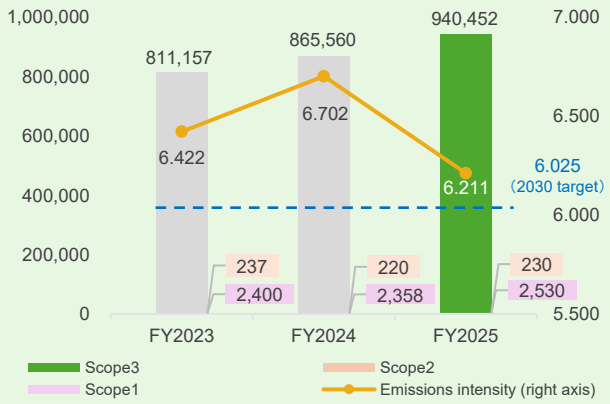
Annual purchase Volume
(non-consolidated)
7,682

Annual sales Volume
(non-consolidated)
6,422



Reducing environmental impact

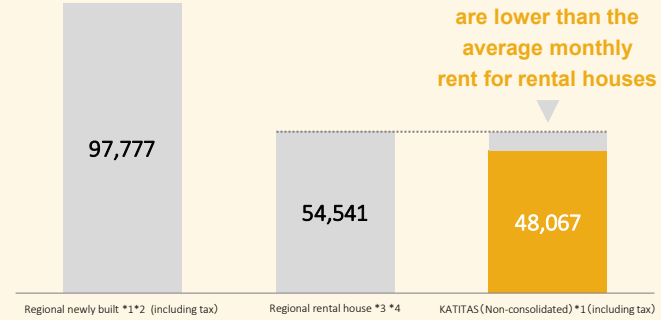
Reduction of Scope 1, 2, and 3 emissions



Providing affordable housing

Creating opportunities for homeownership by providing homes at approximately half the price of newly built homes

Monthly payments



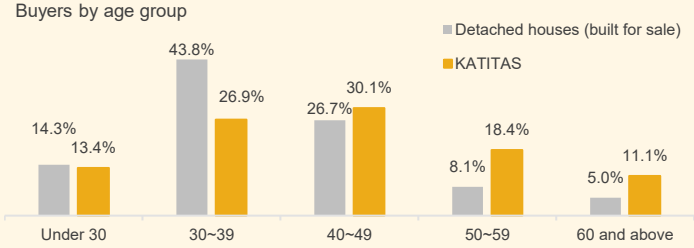
*1 Payment amounts for Regional newly built and KATITAS are calculated based on the premise assuming that a buyer pays the average sale price under a 35-year loan with no initial down payment or other incentive payments at a fixed interest rate of 1.0% for the life of the loan
*2 Source: Ministry of Land, Infrastructure, Transport and Tourism, "Real Estate Information Library."
*3 Monthly rent paid by households other than single-person households
*4 Source: Ministry of Internal Affairs and Communications, "2023 Housing and Land Survey (Revised Report)"

Providing homes that meet diverse lifestyle needs

Couples without children	Couples with children	Single-parent households	Threegeneration households	Single-person households	Other
24.2%	39.3%	14.8%	4.9%	11.8%	5.0%

Source: Prepared by KATITAS based on non-consolidated results from April 2025 through March 2026

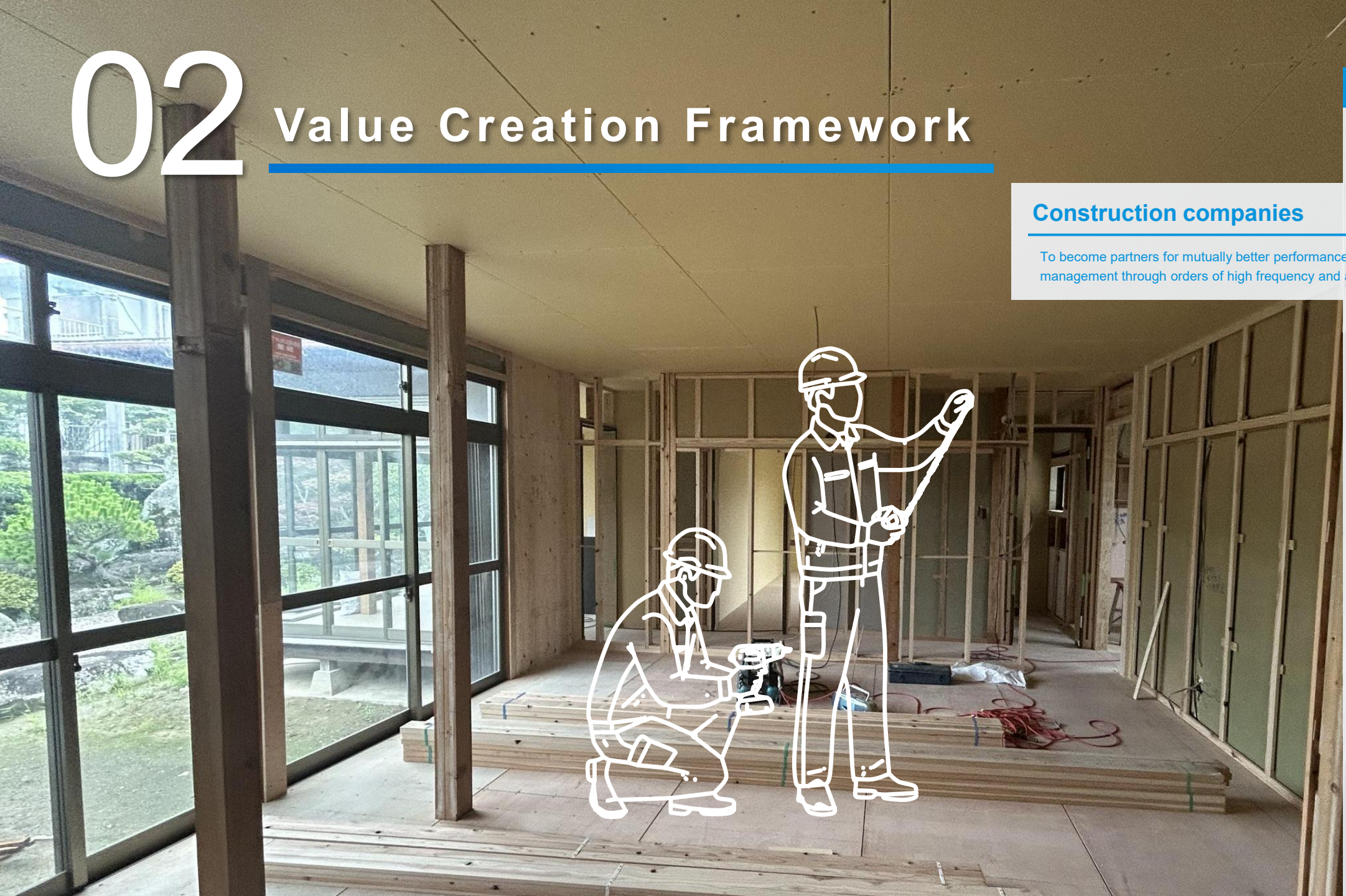
Buyers by age group



Source: Prepared by KATITAS based on non-consolidated results from April 2025 through March 2026
Ministry of Land, Infrastructure, Transport and Tourism, "FY2024 Housing Market Trends Survey Report" Time-Series Comparison Table (Built-for-Sale Housing) Detached Houses

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03 Growth Strategy
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02 Value Creation Framework



Construction companies

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

Partner contractor testimonial 1
KATITAS's steady flow of orders and short payment cycle give us confidence in taking on projects. Its detailed work instructions make it clear exactly what is required during renovation. If questions or issues arise, we can consult KATITAS immediately, helping prevent problems later. We also appreciated KATITAS bringing forward payments for certain renovation work in response to developments in the Middle East. This level of support provides the stability we need to continue working with KATITAS.

Partner contractor testimonial 2
We regard KATITAS as a partner in creating homes. The seismic retrofitting work we undertake for KATITAS has also encouraged our carpenters to deepen their knowledge and broaden their skills.

A simple business model of purchasing, renovating, and selling

KATITAS **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 70% 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 & merchandising

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.






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A hard-to-replicate competitive advantage built through past failures

Establishment of the pre-owned home purchase and resale business
Rapid nationwide expansion established the network that supports our business today

Transformation of the business model
Changed purchase method, stabilizing both the volume and quality of properties acquired.
Established the organizational capabilities needed to execute this complex business model.

Learning from failures and preventing recurrence
Addressed numerous failures and established systems and processes to prevent recurrence and reduce the risks specific to pre-owned homes

Accumulated knowledge becomes a competitive advantage
Operations based on accumulated knowledge become institutional capabilities that generate strong profitability and growth

01

Entered the market following the 1998 revision of the Civil Execution Act, acquiring properties through auctions

Entered the emerging market when competition was limited and expanded the business by capitalizing on first-mover advantage

Opened branches near courthouses nationwide and quickly developed networks with local real estate brokers and partner contractors



02

The Financial Facilitation Act reduced the number of properties available at auction. Business performance deteriorated, and the Company was delisted in 2012. The current management team took office and shifted the property acquisition channel from auctions to direct purchases.

Established a systematic management structure under the current management team

The previous approach largely left management to frontline operations. The new management team increased transparency between management and frontline employees, establishing a foundation for systematic business management.



Insufficient property inspections at the time of acquisition

Missed issues and inadequate assessments resulted in unexpected property repair costs.

▶ **Introduction of three-party on-site inspections**

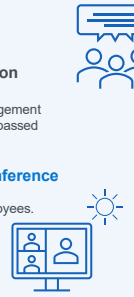
KATITAS, a termite control company, and a renovation partner jointly inspect each property, enabling more accurate inspections and assessments.

Distortion and delays in communication across organizational levels

With more than 100 branches nationwide, management messages became distorted or delayed as they passed through multiple organizational levels.

▶ **Introduction of the morning teleconference**

Branches nationwide connect online, allowing management to communicate directly with employees.



03

As the business expanded, various challenges emerged. We developed systems for turning lessons from failures into organizational knowledge.

Established a development and support system that enables each employee to manage the entire process from property acquisition through sale

Managing the entire process for pre-owned homes, which vary significantly from property to property, requires extensive employee training and experience. Headquarters supports employee development and shares lessons from failures throughout the Company to prevent recurrence, improving both employee productivity and work quality.



Employee turnover

Employee development and HR systems did not keep pace with growth, resulting in turnover, particularly among employees from the previous management structure.

▶ **Employee development and working environment improvements**

Strengthened training, reviewed the evaluation system, and created a more supportive working environment

Employee strain caused by customer complaints

Responsibility for handling complaints became concentrated among individual employees, increasing the mental and time burden on them.

▶ **Establishment of the Customer Consultation Office**

Centralized complaint handling within a dedicated department, helping prevent recurrence while reducing the burden on employees

04

Employees who joined the Company as new graduates have advanced into management positions. The organization has evolved into one in which management and frontline employees work as a single team.

Established a clear No. 1 competitive position in the industry

Talented employees find purpose in their work and openly share the knowledge gained through experience. This creates a virtuous cycle in which business growth generates further learning, which in turn strengthens our competitiveness.



Company-wide knowledge-sharing system

Successful practices and areas for improvement are shared across the Company through the weekly morning teleconference, monthly award ceremonies, quarterly kickoff meetings, regional meetings, and an internal social networking platform. This enables important information to be communicated promptly while allowing sufficient time to reflect on past experience. In this way, individual learning becomes organizational knowledge.

Culture of recognition

Outstanding branches are recognized each quarter and share their best practices across the Company. Recognizing successful initiatives and improvements has fostered a culture of initiative and ingenuity.



Knowledge sharing culture

Employees are committed to learning thoroughly from the Company's best practices and building on them. They actively learn from other branches, quickly put those lessons into practice, and share the resulting insights across the Company.

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Business model

Competitive Advantages

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Our employees

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

Employee perspective 1
Every property is different, as are the needs and expectations of each customer. I enjoy thinking through each case carefully and determining the best solution. I am involved throughout the entire process, from adding value to a pre-owned home to handing it over to its new owner. Seeing my own ideas make a difference is what makes this work both engaging and rewarding.

Employee perspective 2
Whenever I have a question, I can turn to my colleagues at the branch, the branch manager, section managers, or headquarters staff for advice. Everyone celebrates when we close a deal, and when I encounter difficulties, they work through them with me. Because everyone on the team supports one another, I feel confident taking on new challenges. This culture of mutual support is what I value most about working at KATITAS.

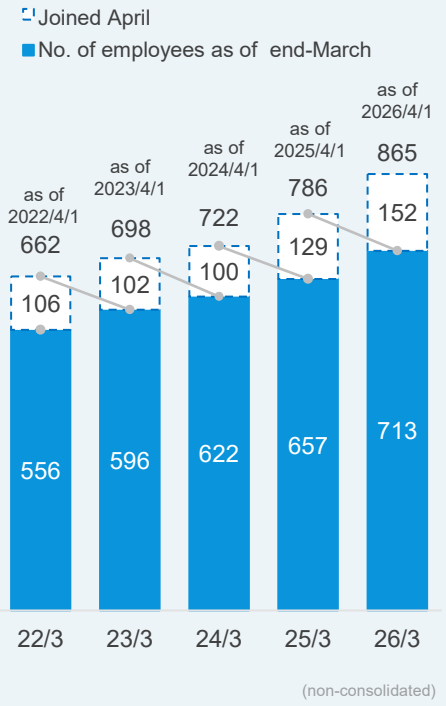
Value we provide

- Selling customers
- Construction companies
- Buying customers
- Brokerage firms
- Our shareholders

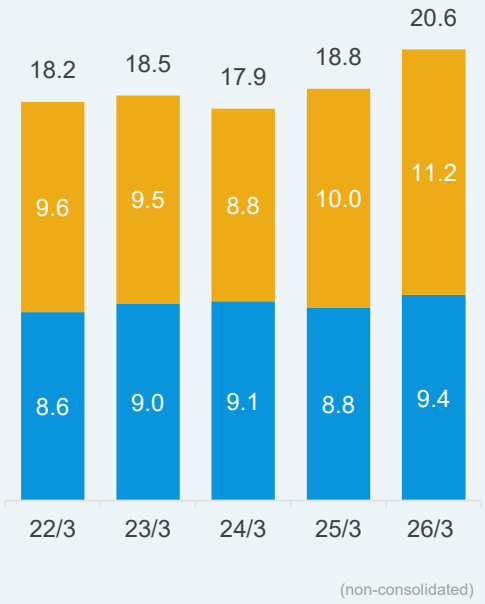
Sustainable growth driven by a larger sales force and higher productivity

Because our business performance is directly linked to the number of homes we can bring to market, we aim to achieve sustainable growth by expanding our sales force and raising productivity per employee.
Building on the expertise and repeatable processes we have developed, we will continue investing in human capital to further improve productivity and drive growth.

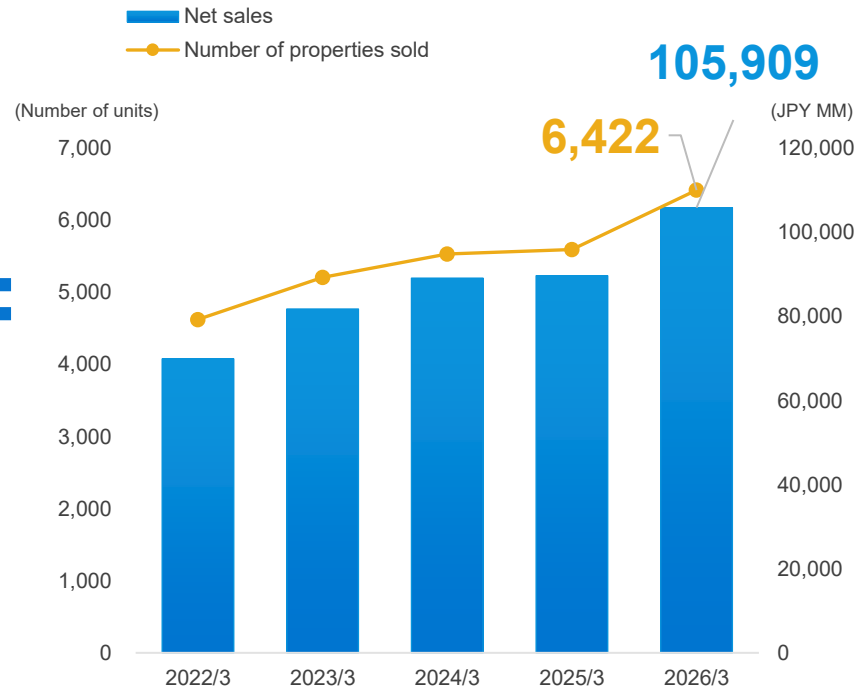
Increase sales staff



Improve productivity



Increase in properties sold and net sales



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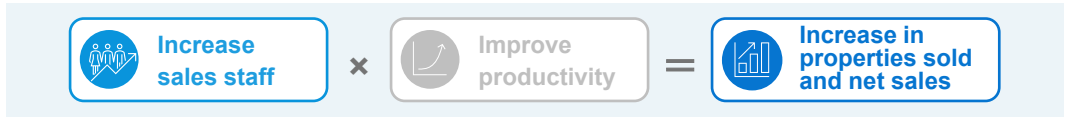
Interview with human resources officer



Kazuhito Yokota

Director and General Manager of Administrative Division

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.



Why are human capital and organizational development central to KATITAS's growth strategy?

Simply put, our growth strategy is driven by two factors: a larger sales force and higher productivity, measured by the number of property purchases and sales per salesperson. Our business model is built around a nationwide network of small, locally focused branches, and the market for renovated pre-owned homes still offers substantial room for growth. Each salesperson manages the entire process, from property acquisition and renovation planning through sale. Expanding our sales force therefore enables us to handle more properties and provide more homes to customers. Continued recruitment and retention are critical to our growth strategy.

What I consider most important is organizational culture. Simply increasing headcount is not enough. In branches with small teams, each employee's motivation to grow and relationships with colleagues directly affect retention. We therefore need to foster a culture in which employees want to build long careers with the Company. I believe that 80% of an organization's culture is determined by the people it hires and where they are assigned.

Expanding the sales force and improving productivity are not separate issues. Both result from sustained organizational development encompassing recruitment, training, retention, and organizational culture.

What role do hiring and placement decisions play in building a strong organization? What do you prioritize when recruiting and assigning employees?

A defining feature of our business model is that each branch operates with a small team. An employee may be one of 700 companywide, but at a branch, that person is one of only four or five. A single new graduate can therefore represent 20% to 25% of the team. Because each person's qualities and working style can significantly affect the branch's atmosphere and performance, carefully assessing every candidate is essential.

We therefore consider placement just as important as recruitment. We keep detailed records of the impressions each candidate makes during interviews and determine where that person is most likely to thrive. In making these decisions, the HR team considers not only the characteristics of each new hire but also the personalities and performance of the more experienced employees at each branch.

In recruitment, we look for candidates who are "sincere, determined, and eager to learn." By "sincere," we mean being open to feedback and acting with integrity in dealings with customers. This is particularly important because we provide homes in which customers will live for many years. "Determined" means being able to work backward from a goal and follow through to completion. "Eager to learn" means taking ownership of one's development and continuing to grow. A commitment to continuous learning is essential because an employee's responsibilities change significantly when promoted to branch manager.

In recent years, we have added another attribute to our recruitment criteria: a business mindset. Sincere and considerate candidates may initially view serving customers and generating profits as competing objectives, but we believe they are fully compatible. We create value and earn profits by developing homes that customers genuinely want and offering them at appropriate prices. Those profits reflect the value delivered to customers and fund employee compensation and future growth. By recruiting people who are receptive, act with integrity, and understand this relationship, we have built a workforce that confidently creates added value and generates profits.

Few companies give employees in their twenties the opportunity to identify customer needs, develop products, take responsibility for profitability, and gain management experience. These opportunities for professional growth are a distinctive feature of KATITAS and give us a significant advantage in recruitment.

How does KATITAS accumulate and consistently apply the knowledge that underpins its competitive strength?

We have maintained quality while expanding the business by turning individual experience into knowledge shared throughout the organization. We share both successes and failures across the Company rather than leaving them with individual employees or branches. We refine the lessons learned and apply them to the next challenge. This accumulated knowledge enables us to maintain consistent standards of quality and judgment even when the people involved change, which is one of our greatest strengths.

A representative example is our quarterly awards ceremony for outstanding branches. The ceremony does more than recognize results. Its central purpose is to identify and share how those results were achieved so that other branches can adopt the same practices. Award recipients explain which practices they learned from other branches and how they adapted or improved them for their own use. By turning individual successes into companywide knowledge, this cycle enables us to continue building our organizational expertise.

One recent example that stands out is a branch in Nagano that successfully entered the resort property market and shared the lessons from its success across the Company. Our organizational knowledge is not built through top-down direction from management. Rather, it grows out of initiatives developed by frontline employees.

With more than 100 new graduates joining KATITAS each year, helping them contribute as quickly as possible is essential. We assign each new employee a trainer who passes on practical knowledge and experience through day-to-day work. New employees and their trainers review progress through one-on-one meetings held at least once a month and through written reports. Many trainers tell us that teaching others also helps them grow. Taking on the training role deepens their own understanding, and we have also seen improvements in the quality of the reports submitted by trainers.



Award ceremony for outstanding branches

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Developing people and the organization to sustain growth

How does a culture that does not blame employees for mistakes help maintain quality? Please explain your approach to performance evaluations.

To turn experience into organizational knowledge, we must continue learning from failures as well as successes. We therefore emphasize openly sharing mistakes and customer complaints. This approach rests on a principle consistently upheld by management: employees will not be penalized in performance evaluations for mistakes made in good faith. Excessive blame encourages employees to conceal mistakes, depriving the organization of valuable opportunities to learn. We therefore make clear that employees who approach their work sincerely will not be disadvantaged in performance evaluations for making a mistake.

At the same time, we thoroughly investigate why each mistake occurred and how it could have been prevented. Management reviews every customer complaint each week and, when necessary, interviews frontline employees. The purpose is not to assign blame, but to draw lessons from each case that can be shared throughout the organization to prevent recurrence. Open reporting allows us to identify causes, make improvements, and share what we have learned across the Company, further raising quality. This ongoing cycle of learning and improvement underpins the quality of both our homes and our operations.

This approach supports not only higher quality but also employee retention. Because each salesperson manages a property throughout the entire process, reducing quality issues and customer complaints also eases the psychological burden on employees. This creates an environment in which they can build long careers with the Company. We believe that quality improvement and employee retention reinforce each other in a virtuous cycle.

What systems support employee retention and help employees remain engaged in their work?

We have deliberately developed systems that enable employees to continue contributing over the long term, with a particular focus on three areas.

The first is a performance-linked compensation system. We consider it essential that the Company's growth and higher profits lead directly to better compensation for employees. Our performance evaluation and compensation systems are designed to share the benefits of growth with employees. Linking corporate growth with each employee's development and compensation motivates employees to remain with the Company.

The second factor is the people employees work with. As noted earlier, each branch operates with a small team, so relationships with the branch manager and other team members have a significant effect on retention. We therefore conduct an employee engagement survey every six months. Each branch manager receives the branch's scores and feedback from team members, providing an objective view of the workplace. Using these results, branch managers identify areas for improvement and take action over the following six months. This process helps create a better working environment at each branch. We do not use survey results in performance evaluations, as doing so could discourage employees from providing candid feedback.

The third factor is support from headquarters. HR representatives maintain regular contact with employees, while branch managers include personnel updates in their weekly reports. These measures allow us to identify changes affecting employees at an early stage and provide timely support. We also offer flexible transfers in response to life events and individual circumstances, helping employees continue their careers with the Company as their circumstances change.

Please describe your future human capital strategy and the organization you aim to build over the next five to ten years.

Our immediate priority is to strengthen mid-career recruitment in two areas.

The first is recruiting specialists for headquarters functions, including digital transformation and marketing. As the Company grows, we must further enhance the expertise of our headquarters functions. As part of this effort, we have recruited more than five executive officer-level specialists for headquarters positions over the past two years or so.

The second is increasing mid-career recruitment for sales positions. Historically, we have focused on recruiting new graduates, while mid-career recruitment mainly served to fill vacancies at individual branches. Going forward, we intend to increase the proportion of mid-career hires within total recruitment.

We previously prioritized recruiting new graduates because establishing our organizational culture was our foremost concern. Employees who joined as new graduates now form the core of the organization, and the culture they helped build is firmly established. Mid-career hires can now integrate into this culture, providing a strong foundation for expanding mid-career recruitment.

Our most important ongoing priority is developing future managers, particularly branch managers. Continued expansion of our sales force requires capable managers to lead each branch. Over the next five to ten years, we want employees who joined as new graduates to grow into role models for younger colleagues.

Over the next five to ten years, we aim to become even more closely connected to local communities and deliver greater value to people's lives, in keeping with our vision of "Adding Value to Lifestyle." To achieve this, we must strengthen the organization as our workforce expands. Each employee must grow, pass experience and knowledge on to the next generation, and help develop those who follow. This creates a virtuous cycle in which employee growth strengthens the organization, which in turn develops the next generation. We believe this cycle is the essence of the human capital management that underpins KATITAS's sustainable growth.



Topics | External recognition of our human capital initiatives

Recognition for Creating a Growth Environment for Young Employees

Ranked 4th out of 19,681 companies in the "Growth Environment for Employees in Their 20s" category of the "Best Companies to Work For Ranking 2026" published by OpenWork

Ranking	Awarded Companies
1st	Simplex Inc.
2nd	CyberAgent, Inc.
3rd	The P&G Japan Limited
4th	**KATITAS Co., Ltd.**
5th	DeNA Co., Ltd.

Awards for High Employee Engagement

2026 MOTIVATION COMPANY

Received the "Motivation Company" award for two consecutive years in the Mid-sized Company Category (fewer than 1,000 employees) at the BMC (Best Motivation Company Award) 2026, an award program presented by Link and Motivation Inc. that recognizes companies with high employee engagement.

This award is presented to the **top 10 companies** with the highest engagement scores among companies that conducted engagement surveys in 2025.

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Interview with the executive officer responsible for business strategy



Akira Morikawa

Executive Officer, General Manager of Business Strategy Headquarters

Previously at Recruit Holdings Co., Ltd., Mr. Morikawa was involved in creative development and the planning and execution of marketing strategies in the HR and housing sectors. At KATITAS, as Chief Marketing Officer (CMO), his mission is to improve productivity (number of purchases and sales per employee) by increasing customer response and streamlining operations.

Increase sales staff × Improve productivity = Increase in properties sold and net sales

What initiatives is KATITAS pursuing to improve productivity?

The key to improving productivity is increasing the number of property purchases and sales per salesperson. Each of our salespeople manages the entire process from property acquisition and renovation planning through sale. Our net sales can therefore be expressed as the number of sales employees multiplied by the number of property purchases and sales per salesperson. Increasing transactions per salesperson while expanding our sales force is one of the pillars of our medium-term management plan.

Productivity depends not only on the capabilities of individual salespeople but also on internal infrastructure, including the business processes and systems that support their work. One of our main priorities is therefore to recruit and develop employees with strong potential and create an environment in which they can perform to their full potential.

In some DX initiatives, digitalizing the existing workflow becomes an end in itself. Similarly, some business process reengineering (BPR) initiatives focus almost entirely on eliminating tasks. Although these approaches can improve productivity, profitability in our business depends heavily on sound decision-making, particularly in assessing properties for acquisition, planning renovations, and setting selling prices.

Poorly implemented DX or BPR could eliminate essential work that protects quality and profitability, reducing workloads at the expense of profits. Rather than focusing solely on operational efficiency, we will pursue BPR and DX initiatives that improve quality and profit per hour worked. By developing processes and systems that support better-informed, more accurate decisions, we aim to increase both productivity and profitability.

In other words, while we actively streamline non-value-adding tasks such as data entry and duplicative processes, we believe more time should be devoted to work that creates value, including property assessments, renovation planning, and explaining properties to customers. We deliberately retain our end-to-end model, in which each salesperson manages a property throughout the entire process. Dividing responsibilities could create communication gaps that compromise both the quality of decision-making and the homes we deliver to customers.

During the Third Medium-Term Management Plan, which ended in the fiscal year ended March 2025, we carried out BPR projects with the participation of our sales division managers. These initiatives included redesigning our website, introducing an automated appointment-booking system, implementing Salesforce-based marketing automation, and developing the KATITAS Standard Plan to standardize renovation planning. Because we needed to quickly establish an IT foundation for operations that had previously been performed largely by hand, we initially relied on off-the-shelf solutions. Going forward, we believe some systems will need to be developed in-house to better meet the specific needs of our operations.

Efficiency measures used in other industries cannot simply be applied to the pre-owned home purchase and resale business. We must therefore work with frontline employees to test and refine which tasks should be streamlined and which should be retained, allowing us to pursue DX and BPR initiatives tailored to KATITAS. We believe the expertise developed through this process has become a strength that competitors cannot easily replicate.

Improving productivity also requires careful consideration of the properties we acquire, rather than focusing solely on workflows and systems. Maintaining a property mix with high turnover potential and considering productivity from the acquisition stage will remain important elements of our growth strategy.

What DX and AI initiatives will KATITAS pursue under the Fourth Medium-Term Management Plan?

Under the Third Medium-Term Management Plan, we focused on building the IT foundation needed to advance DX and BPR. As a result, using data to assess property mix and price ranges has become standard practice in frontline operations. Previously, operational data was not consistently available throughout the organization. Salesforce and other systems now allow employees to work from the same data when considering property mix and price ranges.

Under the Fourth Medium-Term Management Plan, we will build on this foundation to make decisions faster and more accurately. For example, branches currently review their property mix once a month. Conducting these reviews weekly would allow them to adjust the price ranges of the properties they handle more quickly as market conditions change. We believe this will improve both inventory turnover and productivity. To support this decision-making, we will step up our ongoing review of business processes and the in-house development of systems. We expect AI to play a key role in redesigning processes, defining system requirements, and developing systems. We will therefore continue to strengthen our recruitment of professionals with expertise in IT and AI.

We believe the knowledge accumulated over many years will become even more valuable in the era of DX and AI. On a consolidated basis, we hold data on more than 100,000 properties, including property acquisition details, renovation plans, and selling prices. This information is not publicly available and represents a proprietary asset unique to KATITAS. By training AI on this data, we aim to develop systems that support decision-making tailored to our business. The scale and depth of this data give us an advantage that competitors cannot easily replicate and provide a foundation for future value creation.

Because frontline sales employees have considerable discretion, they also handle many administrative tasks, including entering information for internal approval requests. We therefore aim to improve overall productivity by combining small applications tailored to our operations. Potential uses include AI screening approval requests before review by senior employees or branch managers, AI-OCR streamlining verification work, and AI-generated code supporting system development in administrative departments. Over time, we also aim to apply AI to the judgment-intensive work that underpins our competitiveness, including evaluating potential property acquisitions, setting selling prices, and planning renovations.

Some argue that advances in AI will eliminate human jobs, but we do not share that view. By using AI to handle the administrative tasks described above, our salespeople will be able to devote more time to higher-value decision-making.

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Improving frontline decision-making to maximize earnings power

At the same time, AI presents challenges such as hallucinations, where it generates plausible but factually incorrect information. Employees must therefore retain responsibility for final decisions rather than relying entirely on AI. We believe it is important to use AI in a way that draws on the respective strengths of people and technology.

What does productivity improvement unique to KATITAS look like?

The same systems and tools do not necessarily produce the same results at every company. Although data is an important asset, its true value depends on how it is interpreted and used to guide action. KATITAS has accumulated extensive frontline experience in assessing individual properties and enhancing their value. The resulting decision-making processes are firmly embedded throughout the organization, and data enables us to improve their quality further. We believe this is one of our core strengths.

Another strength is our team cohesion. Management, sales division managers, section managers, and branch managers work closely together in making decisions. They function as an interconnected network, coordinating flexibly as circumstances require. Markets are constantly changing, and our ability to quickly adjust policies and actions contributes to our high productivity. This strength was particularly evident during the COVID-19 pandemic. Even under difficult conditions, management and frontline employees continued working together and adapting, allowing us to respond quickly and navigate changes in the operating environment. Such a response would not have been possible if we had divided the organization in pursuit of short-term productivity alone.

For KATITAS, improving productivity means using DX and other advanced technologies to further strengthen two capabilities we have always valued: disciplined execution by frontline sales teams and our end-to-end model, in which each salesperson manages a property from acquisition through renovation and sale. DX will not eliminate the need for people. By streamlining routine tasks, it will allow each employee to create more value and enable more employees to contribute. This is our approach to improving productivity.

Could you tell us about your future initiatives and growth strategy?

Our first priority is building trust in pre-owned homes. As the supply of newly built homes declines, we expect interest in pre-owned homes to grow further. Providers unable to assure quality may be forced to leave the market. KATITAS will continue raising quality and establish the distinctive quality and reliability of its homes as a brand trusted by the market.

We will also diversify our property acquisition channels and attract new customer segments, as set out in the Fourth Medium-Term Management Plan. To maximize acquisitions, we will pursue every viable channel, including partnerships with local governments and companies in other industries.

On the sales side, we will expand our product lineup, including strategic inventory and low-price products, to offer more choices to customer groups we have not traditionally reached. Family households will remain our core customers, but we also aim to reach customers considering newly built homes, single-parent households, senior citizens, and foreign nationals seeking second homes or resort properties. A more diverse product lineup will allow us to serve a broader customer base. We will acquire homes that are not currently on the market and make as many as possible available to customers with increasingly diverse lifestyles.

We also believe there remains considerable scope to improve productivity. Because our business requires a strong local, on-the-ground presence, travel time and other time losses can constrain productivity. Advances in both software and devices offer many opportunities to address these issues.

The number of property purchases and sales per employee continues to increase, and we believe further gains are possible by developing employees' capabilities and using AI.

Over the next five to ten years, we aim to become a comprehensive provider of housing solutions that supports the circulation of homes in each region. We want to handle a broad range of residential transactions and meet diverse needs, from affordable homes to higher-priced properties in which we have historically had a limited presence. Becoming such a provider will require employees to develop broader and more advanced capabilities, but it will also present a highly rewarding challenge. By expanding our sales force and improving productivity, we will enable employees to take on a wider range of responsibilities as we work to become indispensable to the communities we serve.





Topics｜Addressing the vacant house problem by building lasting connections between people and local communities



KATITAS is partnering with GO & C Partners, operator of JapanoMa, which helps Australian residents purchase homes in regional Japan. As the decline in people connected to local communities contributes to vacant homes, KATITAS provides renovated, inspected pre-owned homes, while GO & C Partners helps overseas buyers select properties suited to their needs. Together, we aim to go beyond property transactions by connecting overseas buyers with local communities and encouraging lasting relationships.

Michelle, an Australian resident who purchased a home in Yubari

"I chose Yubari out of respect for the community, not because homes were inexpensive. The house is not an investment or rental property, but a place where family and friends can gather and return to. I shop locally and ask local residents to look after it while I am away. The more I learn about Yubari's history, the more attached I become. I know I will keep returning for years to come."

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Creating impact through human capital management

We place investment in human capital at the heart of our growth strategy. By recruiting and developing motivated people who want to contribute to local communities, we are expanding our sales force and raising productivity, measured by the number of property purchases and sales per employee. This, in turn, creates both social and financial impact.

Maximizing human capital
＜Inputs＞

- Recruit motivated employees who want to work in and contribute to local communities
- Recruit “good, strong, and smart youngsters” with a business mindset
- Provide performance-linked compensation focused on base pay, plus team incentives
- Improve retention through equal opportunities and employee surveys
- Improve efficiency through standardized operations
- Improve productivity through DX
- Implement measures including strategic inventory budget allocations
- Diversify purchasing channels

Improving service and product quality
＜Activities＞

- End-to-end job design
- Standardized employee development framework
- Knowledge sharing culture
- ROIC-based incentive system
- Higher employee engagement
- Occupational health and safety management
- Co-creation with brokerage firms and partner contractors
- More accurate property acquisition decisions
- Shorter renovation lead times and higher quality
- Use of regional and customer databases
- Higher-quality sales activities and effective use of time
- Expansion into new markets

Business results
＜Outputs＞

Improving customer satisfaction
Ratio of post-delivery repair costs and net sales : **Around 0.3%**
Google review rating: **4.0 or higher**

Increasing total value created
Number of properties sold : **10,000**
Property purchases and sales per salesperson: **20**

Greater job satisfaction
Turnover rate : **Around 10%**
Employee engagement: **BBB or higher**
Ratio of women among those promoted to managerial positions: **30% or higher**

Maximizing impact
＜Outcomes＞

Social impact
solving the problem of vacant houses
providing affordable housing
Improving quality of life and well-being

Financial impact
Higher capital efficiency and profitability

Reinvestment in human capital

Purpose

Bring as much Joy as possible to towns and cities

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Materiality（Inputs）

Improving product quality

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 20% 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

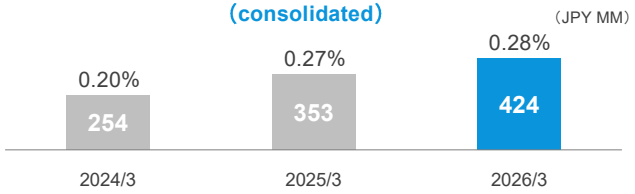


We calculate the current seismic performance score of the building and draft reinforcement plans to meet the score required under the new seismic standards. Seismic retrofitting is carried out by installing new load-bearing walls and seismic reinforcement hardware, followed by the issuance of an evaluation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

Improving customer satisfaction

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 (consolidated)



Google Business Profile Rating

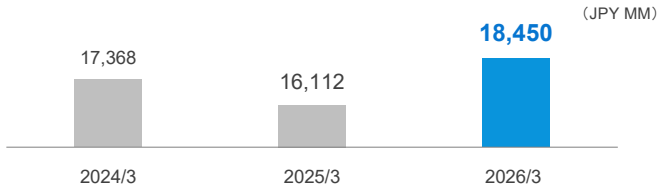
We aim to improve customer ratings by enhancing both product quality and the service provided by our sales staff. We use Google Maps ratings as a performance indicator, with results for the past year shown below.

4.68 (average across all branches)

Contributing to local communities through sustained partnerships

Initiatives to drive continuous construction orders and stable cash flow

Most of our partner contractors are small to mid-sized companies. We place renovation orders with these contractors on an ongoing basis. To support their cash flow, we have three closing dates each 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.”



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. Many of our sales employees are young and plan renovations with advice from our partner contractors. We hold KRP Meetings because we believe direct dialogue between our partner contractors and management, including the president, is essential to building mutual understanding.

Excerpts of questionnaire responses

About the President's Message

I was inspired by President Arai’s goals of selling 10,000 homes annually and ultimately 20,000 homes annually over the medium to long term, as well as his strong commitment to providing better lives. I want to share the enthusiasm of the KRP Meeting with our teams on site. We look forward to growing together with KATITAS.

Key considerations during renovation work

We learned about defects and customer complaints that we could not have known about from our own experience alone. Renovation can unlock a property’s potential, so we want to consult with KATITAS about both successes and problems as we work together to create attractive homes.

Partner contractor introductions by branch

This was my first KRP Meeting, and I was surprised by how many contractors attended. The messages from KATITAS’s president and employees were very warm. I was also deeply touched by how much attention they pay to the work we do each day.

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Fourth Medium - Term Management Plan (FY2025～FY2027) initiatives

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.



Progress on medium-term management plan initiatives

Fourth Medium-Term Management Plan : basic strategy	FY2025 Result
Increase sales staff and strengthen Training – Open branches in untapped areas – Open small-format branches	Increase sales staff Number of new graduate hires

	April 2024 Result	April 2025 Result	April 2026 Result	April 2027 Target
KATITAS	100	129	**152** (Plan 150)	150
REPRICE	21	28	**34** (Plan 35)	35

New branch openings planned in areas near major cities (Chiba, Kanagawa)
Small-format branches: Opened Masuda and Nayoro branches.
Multiple other branch openings under consideration

Improve productivity
– Set strategic inventory budget

Sales mix ratio of strategic inventory

	FY2024	FY2025
KATITAS	-	3%

Diversify renovation projects
– Capture new customer segments

Sales mix ratio of low-priced products

	FY2023	FY2024	FY2025
KATITAS	15%	20%	20%
REPRICE	10%	20%	20%

Diversify purchasing channels

Hiring dedicated personnel respectively to promote partnerships with local governments and with other industries.
Agreements signed with six municipalities to date, including Setouchi, Okayama

M&A

Undisclosed

Improve REPRICE earnings stability

Brokerage of properties between KATITAS Group companies
Properties under construction, including low-priced products and properties under renovation that are difficult to sell through general brokerage firms, are also seeing improved sales

	FY2023	FY2024	FY2025
Group brokerage ratio*1	9%	12%	18%

*1 Percentage of REPRICE sales unit brokered by KATITAS

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Financial strategy

Basic Policy

We will prioritize allocating cash generated by our business to investments in future growth, including human capital, inventory, and M&A, while maintaining a high level of shareholder returns. By sustaining and accelerating growth while maintaining and improving capital efficiency, we aim to sustainably enhance corporate value.

Financial KGI	Intermediate KPIs	Initiatives (key non-financial measures)
ROE FY2025 Result 25.2% Medium-term plan targets Maintain at least 20%. Aim for 25%		
Operating profit FY2025 Result 18,200 million yen Medium-term plan targets 23,000 million yen	Gross profit	Number of sales staff → Promote local recruitment and placement Reduce turnover through higher employee engagement
	Number of properties sold FY2025 Result 8,380 Medium-term plan targets Over 10,000	Sales productivity (properties sold per salesperson) → Strengthen sales capabilities through direct sales and OJT Improve operational efficiency (utilize DX tools and other measures)
	Gross profit per property sold	Purchasing prices → Strengthen the network of real estate brokers Raise consumer awareness through TV commercials and other advertising
		Renovation costs → Lower renovation costs through our partner contractor network Secure discounts through bulk purchasing of housing materials
		Selling price → Improve renovation quality and diversify renovation plans Optimize selling prices using DX tools
	SG&A expenses	personnel costs → Improve productivity Provide a compensation system designed to motivate employees
		advertising expenses → Optimize communication channels Strengthen our own sales website
		Other SG&A expenses → Revise business processes Optimize costs through standardization and the use of tools
	Total asset turnover	Renovation lead time → Standardize interior renovations Strengthen the partner contractor network
	Inventory turnover ratio	Sales period → Promote sales before and during renovation
	Financial leverage	Dividend payout ratio → Maintain capacity to invest in human capital, inventory, and M&A Maintain a high dividend payout ratio
		FY2025 Result 50.2% Medium-term plan targets 50.0% or more & progressive dividend payment

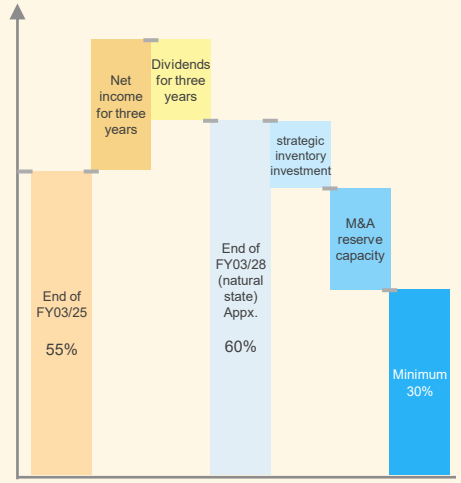
Capital allocation policy

We will maintain a high dividend payout ratio while retaining sufficient capacity for future investment in human capital, inventory, and M&A. Even after making these investments, we intend to maintain an equity-to-asset ratio of at least 30%.

Sales performance has exceeded the assumptions underlying the medium-term management plan, leading us to accelerate property acquisitions. As borrowings are expected to increase to fund inventory, including strategic inventory, the equity-to-asset ratio at the end of FY03/28 is expected to be lower than initially projected.

We are actively considering several M&A opportunities and will continue to evaluate them.

Equity-to-asset ratio



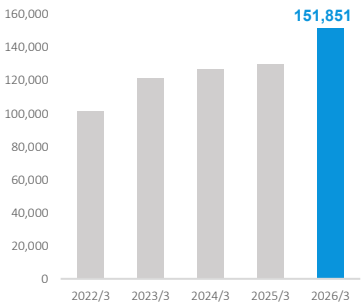
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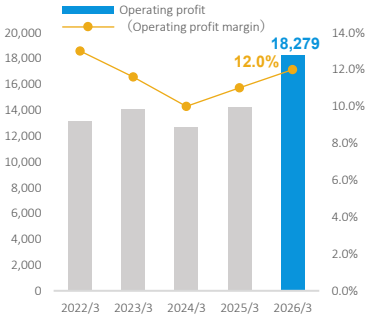
(Millions of yen)

	2022/3	2023/3	2024/3	2025/3	2026/3
Net sales	101,269	121,341	126,718	129,537	151,851
(YoY change)	+3.6%	+19.8%	+4.4%	+2.2%	17.2%
Number of properties sold	6,120	6,927	7,169	7,372	8,380
Cost of sales	76,621	94,485	98,904	98,835	116,480
Gross profit	24,647	26,855	27,814	30,702	35,371
(Gross profit margin)	24.3%	22.1%	21.9%	23.7%	23.3%
Adjusted gross profit	24,647	26,855	27,814	30,702	37,671
(Adjusted gross profit margin)	24.3%	22.1%	21.9%	23.7%	24.4%
Selling, general and administrative expenses	11,519	12,795	15,141	16,479	17,091
Operating profit	13,127	14,060	12,672	14,222	18,279
(Operating profit margin)	13.0%	11.6%	10.0%	11.0%	12.0%
Ordinary profit	12,697	13,833	12,321	13,876	17,809
(Ordinary profit margin)	12.5%	11.4%	9.7%	10.7%	11.7%
Net income	6,845	6,091	8,497	9,550	12,470
(Net income margin)	6.8%	5.0%	6.7%	7.4%	8.2%
Basic earnings per share	88.71	78.66	109.23	122.22	159.43
Dividends per share (in exact yen)	33.50	49.00	54.00	56.00	80.0
(Dividend payout ratio)	37.8%	62.3%	49.4%	45.8%	50.2%
Real estate for sale・Real estate for sale in process	44,862	54,143	52,252	61,535	81,203
(Inventory turnover)	1.96	1.91	1.86	1.74	1.63
Shareholders' equity	32,562	35,655	40,289	45,719	53,059
Net assets	32,752	35,768	40,341	45,719	53,059
Total assets	62,644	66,304	77,366	83,329	93,245
Equity-to-asset ratio	52.0%	53.8%	52.1%	54.9%	56.9%
Interest-bearing liabilities	18,500	18,500	26,500	26,500	26,500
D/E ratio	0.6x	0.5x	0.7x	0.6x	0.5x
ROA	22.2%	21.8%	17.6%	17.7%	20.7%
ROE	22.6%	17.9%	22.4%	22.2%	25.2%
Number of employees (consolidated)	783	832	859	922	1002
(Pre-owned house renovation business)	727	771	798	852	910
(Company-wide)	56	61	61	70	92

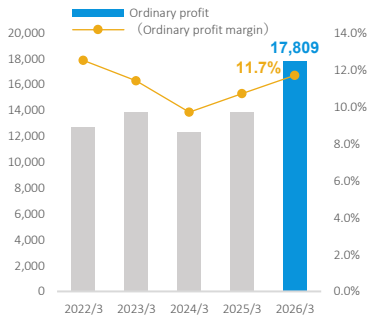
Net sales



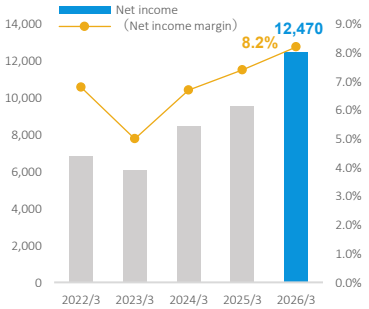
Operating profit/Operating profit margin



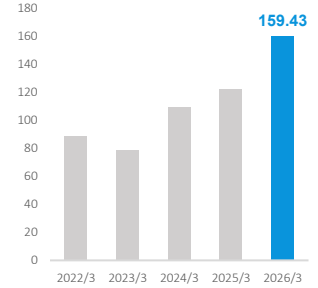
Ordinary profit/Ordinary profit margin



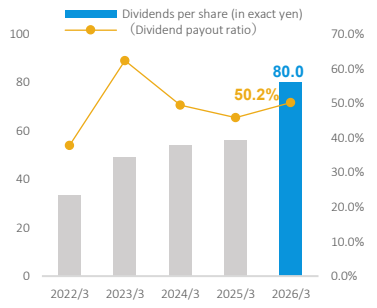
Net income/Net income margin



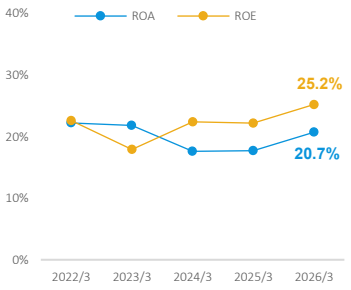
Basic earnings per share



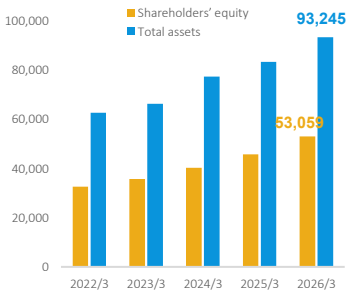
Dividends per share/Dividend payout ratio



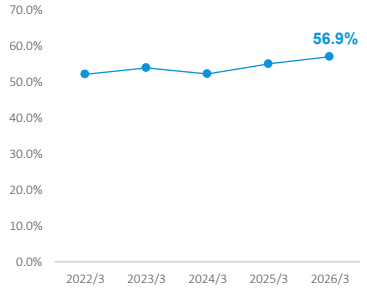
ROA/ROE



Shareholders' equity/Total assets



Equity-to-asset ratio



*1 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.

*3 ROE = Net income / average of balances of shareholders' equity at beginning and end of period.

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Buying customers

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

Homebuyer testimonial 1
After searching for a home for six years, I contacted KATITAS because of its strong customer reviews. The staff carefully explained the risks specific to pre-owned homes, which gave me the confidence to make the purchase. It is a home I am proud of, and my family and friends have all complimented it. A contractor I know even said, “There is no way you could get a renovation of this quality at this price.” Contacting KATITAS was definitely the right decision.

Homebuyer testimonial 2
I began looking for a new home following my divorce. My budget was limited, but the option to renovate only the areas that needed attention kept the home within my budget and gave me greater financial flexibility. I was concerned about the age of the property, but the staff were open about both its advantages and drawbacks, which gave me the confidence to proceed.

Board of Directors promoting business growth



Auditor (Outside)
Kanae Fukushima
2025: Auditor, KATITAS

Auditor
Hiroshi Nagai
2026: 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.

Proactive appointment of outside directors

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.

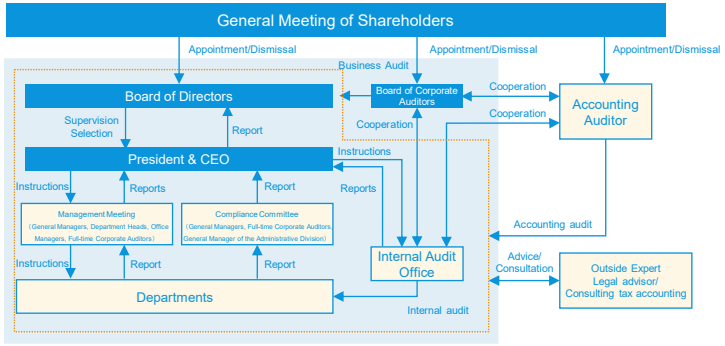
		Katsutoshi Arai	Kazuhito Yokota	Takayuki Ushijima	Toshiyuki Shirai	Hideaki Tsukuda	Miwa Suto	Ryuichiro Nakao	Tetsuo Takahashi	Hiroshi Nagai	Tomoko Tsunoda	Kanae Fukushima
		Director							Corporate Auditor			
Skills/Experience, etc.	Company management	●	●		●	●		●		●	●	
	HR		●	●	●	●						●
	Sales / Marketing	●		●	●		●			●		
	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	-	-	-	-	8	6	2	-	-	6	2
	Gender	Male	Male	Male	Male	Male	Female	Male	Male	Male	Female	Female
	Age (As of June 30, 2026)	57	58	42	70	62	62	62	59	61	55	52

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

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 decisionmaking on management matters, with audits conducted by the Board of Corporate Auditors. For details on the various bodies, please refer to our ESG Databook.



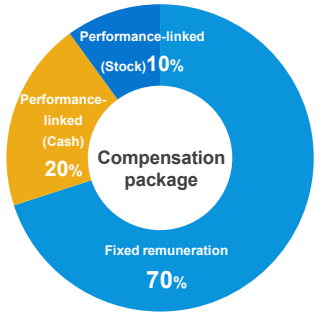
Nomination and Remuneration Advisory Committee

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 below, though the actual ratio may vary by director.



Assessment of board effectiveness

The Board of Directors monitors monthly business operations and discusses medium- to long-term strategies and risks. Board meetings encourage open and constructive discussion. Outside officers actively raise questions about recent performance and management policies, and their advice is promptly reflected in business operations. We aim to follow up by the following month's meeting on questions that could not be fully answered and matters requiring further consideration. Through these practices, we seek to ensure that Board discussions reflect investors' perspectives.

To assess the effectiveness of the Board as a whole, we surveyed all directors and corporate auditors and analyzed and evaluated the results. For an overview of the assessment, please refer to our Corporate Governance Report.

Beginning with Board meetings in FY03/27, we will progressively address the key discussion points and other matters identified through the assessment that can be acted on promptly. In FY03/28, we will focus on strengthening the following five areas to further enhance Board effectiveness.

Initiatives to further enhance Board effectiveness

Priority area	Key initiatives and objectives
Focus Board time on key issues	• Simplify routine performance reporting • Use the time saved to discuss medium- to long-term strategy, capital policy, human capital, and internal controls • Create opportunities for executive officers to report to the Board and deepen dialogue between management and the Board
Establish an annual agenda for priority themes	• Select priority themes such as the medium-term management plan, capital policy, human capital, internal controls and ERM, and sustainability • Set the timing and key discussion points in an annual plan to ensure continuity and depth of discussion
Enhance risk governance	• Identify risks comprehensively and clarify priorities and response policies • Strengthen the internal audit function and have the Board continuously monitor implementation
Expand opportunities for discussion among outside officers	• In May 2026, outside officers met to discuss long-term strategy, internal controls, succession planning, and other matters • Continue holding these meetings and share summaries of the discussions with the Board to strengthen oversight from an independent perspective
Strengthen the Board secretariat	• Review the timing and volume of Board materials to give officers sufficient time to consider agenda items • Further digitize Board operations and strengthen the secretariat's support for the Board

In May 2026, we held our first meeting for independent outside directors and independent outside corporate auditors to exchange information and share their perspectives. To encourage open discussion, the meeting had no predetermined agenda, allowing participants to discuss a broad range of management challenges and concerns. We plan to continue holding these meetings several times a year. In addition, when important matters arise, such as the formulation of a medium-term management plan, the president meets individually with each independent outside director.

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カチタス
くらしに価値タス

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Company Summary (As of March 31, 2026)

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)	1,002

Disclaimer

This integrated report was prepared solely for the purpose of presenting general background information regarding KATITAS CO., Ltd (“KATITAS”) as of the date of this presentation. This presentation does not constitute an offer to sell or the solicitation of an offer to buy any security in the United States, Japan or any other jurisdiction and should not be treated as giving investment advice to any recipients.

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