(Translation)

Corporate Governance

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

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

1. Basic Approaches

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

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

Supplementary Principle 4-8-1: Effective Use of Independent Outside Directors
The Company has appointed two independent outside directors, who actively contribute to discussions at Board of Directors meetings, but the Company does not hold formal, regular information liaison meetings, etc., consisting solely of independent parties outside of the Company. In the future, we will consider the necessity of creating opportunities for information exchange and sharing of ideas based on objective viewpoints, and respond accordingly.

Supplementary Principle 4-8-2: Effective Use of Independent Outside Directors
The Company's independent outside directors accurately communicate and make adjustments with management and properly coordinates with the corporate auditors or the Board of Corporate Auditors through departments in charge, directors in charge, and full-time corporate auditors as appropriate. We will consider the appointment of a lead independent outside director in the future.

Supplementary Principle 4-14-2: Training for Directors and Corporate Auditors
Each director and corporate auditor is nominated upon determining whether their abilities, experience, and knowledge are sufficient to perform their duties, and approval is obtained from the general meeting of shareholders. We will consider regular training policies for directors and corporate auditors in the future.

Disclosure Based on the Principles of the Corporate Governance Code update

Supplementary Principle 1-2-4: Improvement of Environment for Electronic Exercise of Voting Rights

The Company has introduced an electronic voting platform to create an environment that would allow voting rights to be exercised electronically. In addition, the English translation of the Notice of Convocation of the General Meeting of Shareholders is disclosed electronically in view of the Company's foreign shareholding ratio.

Principle 1-4: Strategic Shareholdings

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

Principle 1-7: Transactions between Affiliated Parties
In the case of transactions between affiliated parties, the Company requires the approval of the Board of Directors, taking into consideration the rationality of the transaction in question, the appropriateness of the transaction terms, and other factors affecting the interests of the Company and its shareholders. In addition, we will disclose transactions with affiliated parties based on a determination of materiality according to provisions of the Corporate Accounting Rules and Rules For Consolidated Financial Statements.

Principle 2-6: Functioning as an Asset Owner of Corporate Pensions
The Group has introduced a defined contribution pension plan as part of its employee welfare system. However, the Group has not adopted a corporate pension plan in which the Group would be an asset owner.

Principle 3-1: Enhancement of Information Disclosure
(1) Please refer to the Company's website for information on its management philosophy, strategies, and plans.
Management philosophy: https://katitas.jp/en/information/company/representative/
Management strategy and plans(Financial Results Presentation): https://katitas.jp/en/ir/material.html
(2) For the Company's basic approaches and policies on corporate governance, please refer to "1.1. Basic Approaches" in this document.
(3) Policies and procedures for the Board of Directors in determining remuneration for directors are stipulated in the "Decision Policy on the Content of Remuneration, etc. for Directors by Individual" as follows.

1. Basic Policy
The Company's remuneration for directors shall be within the range of the total annual remuneration resolved at the general meeting of shareholders (Note), and the remuneration system shall function sufficiently as an incentive to continuously improve the corporate value. When determining remuneration for individual directors, the basic policy is to set an appropriate level, considering factors such as their titles, roles, contributions, goal achievements, and performances. Specifically, remuneration for executive directors shall consist of basic remuneration as fixed remuneration, monetary remuneration linked to individual performance, and stock-based compensation with restriction on transfer. Outside directors who are responsible for supervising functions shall only be rewarded basic remuneration in view of their duties.

(Note)
(1) Up to 300 million yen in annual remuneration, as resolved at the Extraordinary General Meeting of Shareholders held on January 15, 2002.
(2) Up to 40 million yen per year and no more than 20,000 shares in stock-based compensation with restriction on transfer within the range of (1) above, as resolved at the General Meeting of Shareholders held on June 25, 2021.
In addition, a resolution on stock option compensation (3) to (5) below has been made separately from (1).
(3) Up to 300 million yen per year in stock option compensation for the first series of stock acquisition rights, as resolved at the Extraordinary General Meeting of Shareholders held on July 26, 2013.
(4) Up to 300 million yen per year in stock option compensation for the fourth and fifth series of stock acquisition rights, as resolved at the Extraordinary General Meeting of Shareholders held on March 30, 2017.
*However, the fifth stock acquisition rights have all been exercised.
(5) Up to 300 million yen per year in stock option compensation for the sixth series of stock acquisition rights, as resolved at the Extraordinary General Meeting of Shareholders held on September 22, 2017.
We do not plan on granting stock options to directors for the time being but will revise this decided policy if such stock options are granted.

2. Policy on determining the amount of remuneration, etc. for the basic remuneration (monetary remuneration) by individual (including policies concerning the decision of the timing or conditions under which remuneration, etc. is to be given)
The basic remuneration of the Company's directors shall be fixed monthly remuneration and shall be determined taking into account factors such as titles, roles, contributions, and goal achievements.
The retirement benefit system will be terminated subsequent to the termination payout of retirement benefits (payment shall be made at the time of resignation of each director) according to the term of office until the conclusion of the General Meeting of Shareholders held on June 25, 2021.

3. Policy on determining the content and the method for calculating the amount or number of performance-linked remuneration, non-monetary remuneration, etc. (including policies on determining the timing or conditions under which remuneration, etc. is granted).
Performance-linked remuneration, etc. shall be monetary remuneration linked to individual performance, with the aim of raising awareness of contributing to medium- to long-term business performance improvement. The amount of monetary remuneration for one year shall be determined, taking into account the following:(1) the degree of achievement of the single-year targets for sales and operating profit (whether the targets are for consolidated or parent results vary depending on the director's position, and the achievement of the sales target is used as an indicator for some directors only); (2) the degree of achievement of key KPIs that are important for achieving the targets (the content of KPIs vary depending on the director's position); and (3) evaluation on foundation building for achieving stable growth over the medium to long term (qualitative factor). The monetary remuneration for one year shall then be divided into 12 equal parts and paid together with the monthly fixed remuneration stated above in 2.
Non-monetary remuneration, etc. shall be stock-based compensation with restriction on transfer. The number or amount of shares as stock-based compensation with restriction on transfer allocated to directors shall be determined and allocated once a year by resolution of the Board of Directors within the range resolved at the general meeting of shareholders, taking into account the purpose of the stock-based compensation with restriction on transfer, the scope of responsibilities and position of each applicable director, and all other circumstances. Shares with restriction on transfer granted as

compensation shall not be transferred, set as security interests, or disposed in other ways until the date on which directors subject to payment resign or retire from the Company's director's or other positions specified by the Company's Board of Directors. The transfer restriction shall be lifted at the expiration of the transfer restriction period for all shares, provided that a director continued to serve as the Company's director and hold other positions specified by the Company's Board of Directors during the period specified by the Company's Board of Directors (service provision period). However, if a director loses his position as the Company's director or other positions before the service provision period expires for reasons deemed justifiable by the Company's Board of Directors, the number of shares and the timing the transfer restriction is lifted shall be reasonably adjusted as necessary. If a director resigns during the service provision period without justifiable reasons, violates laws and regulations or internal rules, or falls under other reasons specified by the Company's Board of Directors that make it appropriate for the Company to acquire allotted shares free of charge, the Company shall acquire allotted shares free of charge.
The approximate ratio of the amount of basic remuneration, the amount of performance-linked remuneration, etc., and the amount of non-monetary remuneration, etc. shall be 7:2:1 (in the case of achieving 100% of the performance indicators by individual; ratio varies depending on the director).

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

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

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

Supplementary Principle 4-1-1: Board of Director Roles and Responsibilities
The Company stipulates matters required by law to be resolved by the Board of Directors and important management decisions in the Board of Directors Regulations and in the attached table, Board of Directors Resolutions. In addition, under the convocation of the Representative Director, a Management Council consisting of general managers, department heads, office managers, full-time corporate auditors, etc., deliberates important management policies, reports on the status of execution of business strategies, and discusses important matters related to all of these in order to ensure smooth and prompt business operations, in addition to matters on the board of directors agenda.

Principle 4-9: Criteria for Determining the Independence and Qualifications of Independent Outside Directors
When appointing independent outside directors, the Company makes judgments based on the candidates' backgrounds and relationships with the Company, referring to the criteria for determining the independence of independent directors set forth by the Tokyo Stock Exchange, Inc. and based on ensuring sufficient independence to enable them to perform their duties as outside directors. In addition to the above-mentioned criteria for independence, the Company strives to select persons who can engage in discussions from the perspective of general shareholders, based on interviews with the CEO.

Supplementary Principle 4-11-1: Preconditions for Ensuring the Effectiveness of the Board of Directors and Board of Corporate Auditors
The Company's Board of Directors appoints three of its nine directors and two of its four corporate auditors from outside the Company to adopt an objective perspective independent of management, strengthen monitoring and supervising functions, and provide highly transparent management. To ensure the function of the Board of Directors as the highest body for management execution and supervision, the Company limits the number of directors to the maximum number that enables substantive discussions and selects members so that they are composed of suitable persons in view of the balance between knowledge, experience, and abilities, diversity, and appropriate size.

Supplementary Principle 4-11-2: Preconditions for Ensuring the Effectiveness of the Board of Directors and Board of Corporate Auditors
For outside directors, the Company limits the number of their assignments as officers of other listed companies to reasonable range, so that they are able to devote the time and effort necessary to properly fulfill their roles and responsibilities. Important concurrent positions held by directors are disclosed in the notice of convocation of the General Meeting of Shareholders and in financial statements, etc.

Supplementary Principle 4-11-3: Preconditions for Ensuring the Effectiveness of the Board of Directors and Board of Corporate Auditors
The Board of Directors conducted interviews with independent outside directors and questionnaire surveys for all directors

and corporate auditors to evaluate the effectiveness of the Board of Directors as a whole.
■interviews with an independent outside director
The Company obtained the evaluation that there is no problem with the effectiveness of the Board of Directors, including the protection of minority shareholders' interests. Please refer to the ESG Report for the full interview.
(https://katitas.jp/en/information/sustainability/)

■The outline of the evaluation based on the questionnaire survey
(1) Evaluation period
- March 2021: Distributed and collected questionnaires
- April 2021: Reported the results of the evaluation of the effectiveness of the Board of Directors

(2) Evaluation process
- Respondents: All directors and corporate auditors
- Response method: Anonymous response (multiple choice questions based on 5-level evaluation and open-ended answer to each question)
- Evaluation period: Board of Directors meeting held in the fiscal year ended March 31, 2021 (43rd fiscal period)
- Main evaluation items:

i. Management of the Board of Directors (examination period, length of meetings, frequency of meetings, status of improvement, etc.)
ii. Content of discussions by the Board of Directors (status of the creation of documents on resolutions and reports, etc.)
iii. Composition of the Board of Directors (number of people, expertise, diversity, etc.)
iv. Communication between members of the Board of Directors (environment, atmosphere, status of discussions, efforts on issues and assignments, etc.)
v. Initiatives for ESG and SDGs (status of disclosure, evaluation of the effectiveness of the Board of Directors, etc.)

(3) Summary of evaluation results
The results of the questionnaire showed that all evaluated items received high marks on the whole, and negative evaluations were sparse throughout the responses; overall, the evaluations were positive. In particular, we received comments with positive evaluations on the following: "business performance analysis is carried out sufficiently," "assignments presented at the Board of Directors meeting are handled by the following month," and "active discussions are being held in the deliberations." We also received positive evaluations about improvements to issues presented in the effectiveness assessment conducted in the fiscal year ended March 31, 2020.
On the other hand, some executives expressed the following opinions as requests for overall management: "disclosures pertaining to ESG and SDGs should be further enhanced" and "bold challenges should be taken on to achieve medium- to long-term growth." In addition, there were two requests regarding the management of the Board of Directors: "Continuation of prior discussions held in advance via conference calls, etc.," and "the length of conferences should be increased so that sufficient deliberations can take place."

Principle 5-1: Policy on Constructive Dialog with Shareholders
The Company will respond positively to requests from shareholders for constructive dialog within reason, in order to contribute to sustainable growth and enhance corporate value over the medium to long term. Policies for this purpose are as follows.
(1) Designation of directors for overall dialog with shareholders, and measures to encourage organic cooperation among internal departments
To promote constructive dialog with shareholders, we will appoint a person within the Corporate Planning Division to be in charge of investor relations, and will share information appropriately with related departments.
(2) Measures to enhance means of communication other than individual meetings
We will enhance methods of dialog other than individual meetings by continuing to hold financial results briefings, etc.
(3) Measures to provide feedback to senior management regarding the opinions and concerns of shareholders
The content of dialog with shareholders, including their opinions and concerns, will be reported to senior management in a timely manner through various reporting channels, including the Management Council.
(4) Measures related to the management of insider information
The Company has established and thoroughly enforces its Rules for Prevention of Insider Trading, which apply to all employees of the consolidated group. When engaging in dialog with shareholders, we will comply with these regulations and rules on timely disclosure, and manage information appropriately to prevent the dissemination of insider information.

2. Capital Structure

Foreign shareholding ratio	30% or higher

Status of Major Shareholders update

Name or identifier	No. of shares owned	Ratio (%)
Nitori Holdings Co., Ltd.	26,712,420	34.65
Custody Bank of Japan, Ltd. (trust account)	5,967,100	7.74
The Master Trust Bank of Japan, Ltd. (trust account)	4,824,300	6.26
BBH FOR MATTHEWS ASIA DIVIDEND FUND	4,186,900	5.43
STATE STREET BANK AND TRUST COMPANY 505001	2,057,386	2.67
NORTHERN TRUST CO.(AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	1,798,600	2.33
STATE STREET BANK AND TRUST COMPANY 505019	1,114,000	1.45
The Dai-ichi Life Insurance Company, Limited	1,070,400	1.39
THE BANK OF NEW YORK MELLON 140051	944,000	1.22
Custody Bank of Japan, Ltd. (trust account 7)	794,600	1.03

Controlling shareholders (excluding the parent company)	---
Parent company	No

Supplementary explanation update

1. In May 2017, the Company entered into a capital and business alliance agreement with Nitori Holdings Co., Ltd. and became its equity method affiliate.

2. In addition to the above, there are 1,561,493 shares of treasury stock. The above ratios are calculated after deducting treasury stock.

3. The report on large shareholders dated April 16, 2020 and available for public inspection states that Coupland Cardiff Asset Management LLP held shares as of April 9, 2020, however the Company is unable to confirm the actual number of shares held as of March 31, 2021; therefore Coupland Cardiff Asset Management LLP is not included in the above list of major shareholders.

4. The amendment to the large shareholdings report dated July 21, 2020 and available for public inspection states that Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holder Nikko Asset Management Co., Ltd. each held shares as of July 15, 2020, however the Company is unable to confirm the actual number of shares held as of March 31, 2021; therefore, they are not included in the above list of major shareholders.

3. Company attributes

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

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

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5. Other special circumstances that may significantly impact corporate governance

One director (Mr. Toshiyuki Shirai) and one corporate auditor (Mr. Nobu Fukuda) have been appointed from Nitori Holdings Co., Ltd., which owns 34.65% of the total number of issued shares (based on the voting rights ratio). However, we

recognized that the independence of the Company's management is secured because there are no restrictions from Nitori Holdings Co., Ltd. in the Company's business activities and management decisions, and appointments from Nitori Holdings Co., Ltd. do not account for the majority of the Company's Board of Directors.

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

1. Matters concerning organizational structure and operations, etc.

Organizational form	Company with corporate auditors

Director Related

Number of directors stipulated in the articles of incorporation	10 people
Term of office of directors stipulated in the articles of incorporation	1 year
Chairman of the Board of Directors	President and CEO
Number of directors update	9 people
Status of appointment of outside directors	Appointed
Number of outside directors	3 people
Number of outside directors designated as independent directors update	3 people

Relationship with the Company (1) update

Name	Attributes	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Seiichi Kumagai	Person from another company											○
Hideaki Tsukuda	Person from another company											○
Miwa Suto	Person from another company											○

*** Selected items regarding the relationship with the Company**

*** ○ indicates that the item applies to the person in question "currently or recently", and △ indicates that it applied in the past**

*** ● indicates that the item applies to people who are closely related to the person in question "currently or recently", and ▲ indicates that it applied in the past**

a. An executive of the listed company or its subsidiary

b. An executive or non-executive director of a parent company of the listed company

c. A person who executes business on behalf of a fellow subsidiary of the listed company

d. A person who has a major business relationship with a listed company or one of its executives

e. A major business partner of the listed company or one of its executives

f. Consultants, accounting experts, or legal experts who receive significant sums of money or other assets from the listed company other than remuneration for their services

g. Major shareholders of the listed company (if the major shareholder is a corporation, an executive of the corporation)

h. An executive (the individual only) of a business partner of a listed company (not falling under any of d, e, or f)

i. An executive (the individual only) of a company with which the outside director has a relationship of mutual appointment

j. An executive (the individual only) of a company to which the listed company has made a donation

k. Other

Relationship with the Company (2) update

Name	Independent director	Supplemental explanation of applicable items	Reason for appointment
Seiichi Kumagai	○	—	He has been appointed as an outside director in order to utilize the extensive knowledge and experience in general management he has cultivated as President and Representative Director of Nihon Printing Co., Ltd. for the management of the Company. In addition, he has been designated as an independent director because he has no special interest in the Company, and there is no risk of conflicts of interest with general shareholders.
Hideaki Tsukuda	○	—	He has been appointed as an outside director in order to utilize the abundant knowledge, experience, etc. in management and finance that he has cultivated as a member of MUFG Bank, Ltd. and the current President and Representative Director of Board Advisors Japan, Inc. in the management of the Company. In addition, he has no special interest in the Company, and there is no risk of conflicts of interest with general shareholders. He has been designated as an independent director.
Miwa Suto	○	—	She has been appointed as an outside director in order to provide expert views as a certified public accountant and utilize the extensive knowledge and experience she cultivated through a track record of researching companies and businesses and conducting strategic consulting activities, particularly her expertise in marketing and corporate management, in the management of the Company. In addition, she has been designated as an independent director because she has no special interest in the Company, and there is no risk of conflicts of interest with general shareholders.

A voluntary committee equivalent to a nominating committee or compensation committee	Established

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

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

Supplementary explanation update

The Nomination and Remuneration Advisory Committee has been established as a voluntary advisory body for the nomination of candidates for directors and the determination of director compensation.
A majority of members are outside directors, and the committee strives to improve the objectivity and transparency of nomination procedures and compensation decisions.

Corporate Auditors Related

Establishment of a board of corporate auditors	Established
Number of corporate auditors stipulated in the articles of incorporation	4 people
Number of corporate auditors	4 people

Status of coordination between corporate auditor, accounting auditor, and internal auditing department

The Board of Corporate Auditors meets at least once a month. In addition, there is a regular exchange of opinions and information with the internal audit office and the accounting auditor to collaborate to ensure the effectiveness of audits.

Status of appointment of outside auditors	Appointed
Number of outside corporate auditors	2 people
Number of outside corporate auditors designated as independent director update	2 people

Relationship with the Company (1) update

Name	Attributes	Relationship with the Company (*)											
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yuki Ichikawa	Attorney													○
Tomoko Tsunoda	Certified Public Accountant													○

* Selected items regarding the relationship with the Company
* ○ indicates that the item applies to the person in question “currently or recently”, and △ indicates that it applied in the past
* ● indicates that the item applies to people who are closely related to the person in question “currently or recently”, and ▲ indicates that it applied in the past

a. An executive of the listed company or its subsidiary
b. Non-executive director or accounting advisor of listed companies or their subsidiaries
c. Executive or non-executive director of the parent company of a listed company
d. Corporate auditor of the parent company of a listed company
e. Business executive of a fellow subsidiary of a listed company
f. A person who has a major business relationship with a listed company or one of its executives
g. A major business partner of the listed company or one of its executives
h. Consultants, accounting experts, or legal experts who receive significant sums of money or other assets from the listed company other than remuneration for their services
i. Major shareholders of the listed company (if the major shareholder is a corporation, an executive of the corporation)
j. An executive (the individual only) of a business partner of a listed company (not falling under any of f, g, or h)
k. An executive (the individual only) of a company with which the outside director has a relationship of mutual appointment
l. An executive (the individual only) of a company to which the listed company has made a donation
m. Other

Relationship with the Company (2) update

Name	Independent director	Supplemental explanation of applicable items	Reason for appointment
Yuki Ichikawa	○	–	He is an attorney whose main area of practice is corporate legal affairs, and was appointed in the expectation that he will express objective audit opinions regarding the Company's risks, corporate governance, compliance, etc. from his professional perspective. In addition, he has been designated as an independent director because he has no special interest in the Company, and there is no risk of conflicts of interest with general shareholders.
Tomoko Tsunoda	○	–	She has extensive expertise and experience in corporate accounting as a certified public accountant and knowledge and experience as a manager. We appointed her with the expectation that she will play an appropriate role in strengthening the Company's corporate governance system from her professional viewpoint. In addition, she has been designated as an independent director because she has no special interest in the Company, and there is no risk of conflicts of interest with general shareholders.

Independent Director Related

Number of independent directors update	5 people

Other matters concerning independent directors

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

Incentive Related

Status of implementation of measures concerning incentives for directors update	Introduction of performance-linked remuneration system and stock option system

Supplementary explanation of applicable items update

The Company has introduced stock-based compensation (shares with restriction on transfer) for executive directors, etc. The purpose of this system is to provide incentives for sustainable improvement of the Company's corporate value and to further promote the sharing of value with shareholders.
Also the Company has adopted a resolution at the General Meeting of Shareholders to issue stock options to internal directors, employees, etc., with or without compensation. The following is a list of stock options granted since the fiscal period ended March 2014.
1st series of stock options (without compensation) Resolved at the Extraordinary General Meeting of Shareholders held on July 26, 2013 33,796 units (3 internal directors, 32 employees, and 1 individual)
2nd series of stock options (without compensation) Resolved at the extraordinary general meeting of shareholders held on September 29, 2016 28,385 units (1 internal director, 32 employees, 1 director of a subsidiary, 46 employees of a subsidiary)
3rd series of stock options (with compensation) Resolved at the extraordinary general meeting of shareholders held on September 29, 2016 16,972 units (1 internal director, 1 individual)
4th series of stock options (without compensation) Resolved at the extraordinary general meeting of shareholders held on March 30, 2017 8,793 units (one internal director)
5th series of stock options (without compensation) Resolved at the extraordinary general meeting of shareholders held on March 30, 2017 3,000 units (one internal director)
6th series of stock options (without compensation) Resolved at the extraordinary general meeting of shareholders held

on September 22, 2017 49,560 units (one internal director)
*1 In accordance with a resolution of the Board of Directors on August 22, 2017, the Company executed a stock split on September 22, 2017, at a ratio of 30 shares per share of common stock.
*2 In accordance with a resolution of the Board of Directors on March 13, 2020, the Company executed a stock split on April 1, 2020, at a ratio of 2 shares per share of common stock.

Person eligible to receive stock options	Internal directors, internal corporate auditors, employees, directors of subsidiaries, employees of subsidiaries, others

Supplementary explanation of applicable items

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

Director Remuneration Related

Disclosure status (of compensation for individual directors)	Only some are disclosed individually

Supplementary explanation of applicable items update

Information on total remuneration for each category of the Company's directors, total remuneration, etc., by type and the number of eligible directors and corporate auditors for the fiscal period ended March 2021 is disclosed in the annual financial statements.
Four internal directors: Total of 137 million yen (basic remuneration: 88 million yen, stock options: 38 million yen, officers' retirement benefits: 10 million yen)
One internal corporate auditor: Total of 9 million yen (basic remuneration 9 million yen, officers' retirement benefits: 0 million yen)
two outside directors: Total of 10 million yen (basic remuneration 10 million yen)
One external corporate auditor: Total of 5 million yen (basic remuneration 5 million yen)
The above figures do not include one unpaid director, one outside director, and one outside corporate auditors. Of the above, the directors with total remuneration of 100 million yen or more and their remuneration totals are as follows.
The total remuneration, etc. paid to Katsutoshi Arai (Director) is 103 million yen (basic remuneration: 59 million yen, stock options: 38 million yen, officers' retirement benefits: 9 million yen).

A policy for determining remuneration or its calculation method update	Established

Disclosure of the policy for determining the amount of remuneration or its calculation method

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

Outside Director (Outside Corporate Auditor) Support System

Although the Company has not designated a department or person in charge of supporting the duties of outside directors and outside corporate auditors, the Company does have a system in place to provide necessary support, mainly through the Administrative Headquarters.
In addition, the Administrative Headquarters takes measures such as sharing necessary materials in advance when the Board of Directors meetings are held. Through these measures, they provide support to the Board of Directors, the Board of Corporate Auditors, in cooperation with internal audits, audits by corporate auditors, and accounting audits, so that sufficient deliberations can be made, and an environment can be created to enable them to effectively fulfill their supervisory roles.

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

Board of Directors
As a general rule, the Company holds regular meetings of the Board of Directors once a month, with extraordinary meetings of the Board of Directors held as needed to enable rapid management decision-making. In order to ensure the functioning of the Board of Directors, the Company limits the number of directors to the maximum number that allows for substantive discussions. The Board of Directors consists of 13 members: 9 directors, including 3 independent outside directors, and 4 corporate auditors, including 2 independent outside corporate auditors. In addition, the Company has invited presidents of listed companies and directors with a wide range of knowledge in business and legal affairs to serve as outside directors, in

order to create a system that enables management decision-making based on a broader perspective, and management supervision from outside the Company.

Board of Corporate Auditors

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

Internal Audits

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

Accounting Audits

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

Management Council

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

Compliance Committee

The Compliance Committee is composed of the President and CEO (Committee Chairperson), internal committee members including women, and external committee members including lawyers, and is held once a month in principle.
The Committee reports on compliance violations that occur within the Company, harassment reports, whistleblowing, external reports, and other information. In addition, it checks the contents of complaint reports, establishes a system to prevent progression into compliance violations or litigations, and checks whether there are important matters that are applicable to compliance in general.

Nomination and Remuneration Advisory Committee

The Company's Nomination and Remuneration Advisory Committee is composed of consists of the President and CEO and two outside directors, and holds meetings as necessary.
The Nomination and Remuneration Advisory Committee nominates each director by taking into consideration their background, relationship with the Company, and ability to perform their duties, and determines the remuneration, etc. by taking into consideration their title, role, contribution degree, target achievement level, performance, etc.

3. Reasons for choosing the current corporate governance system

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

III Status of Measures concerning Shareholders and Other Interested Parties

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

update

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

2. Status of IR Activities

update

	Supplementary explanation	Explanation by the CEO
Regular briefings held for individual investors	Financial results briefings for individual investors are held at branches of securities companies, etc. (Results for the fiscal year ended March 2021: 2 times in total)	Yes
Regular briefings held for analysts and institutional investors	Briefings are held after the announcement of financial results at the end of the fiscal year and the end of the second quarter.	Yes
Regular briefings held for investors from overseas	The President and CEO and IR representative provide explanations on financial results and business strategies to overseas investors in North America, Europe, Asia, and other countries through participation in investor conferences hosted by securities companies	Yes
IR materials posted on website	- Notices of convocation and resolutions of general shareholder meetings, financial statements, briefing materials for financial results, annual securities reports, press releases, and other materials are posted on the Company’s website in a timely manner. - The Company discloses information to overseas investors by translating financial statements, briefing materials for financial results, limited notices of convocation of general shareholder meetings, and important timely disclosure materials in to English.	
Establishment of a department (person in charge) related to investor relations	The Company has an IR representative in the Corporate Planning Division along with a dedicated contact point (e-mail). For the period from April 2020 to March 2021, the Company actively held meetings with investors, holding a total of approximately 500 IR meetings, excluding financial results briefings.	
Other	To promote understanding of the Group’s business, the Company regularly holds property tours mainly for institutional investors. Due to the spread of COVID-19, only one property tour was held in the fiscal year ended March 31, 2021. In April 2021, with the cooperation of analysts at securities companies, the Company held a web tour for institutional investors using images of properties for sale, and 71 people from Japan and overseas participated. Since the fiscal year ended March 31, 2021, we have conducted shareholder relations (SR) meetings with nine institutional investors’ departments, etc. in charge of exercising voting rights. For ESG-related information, please refer to the ESG Report Please refer to the ESG Report. (https://katitas.jp/en/information/sustainability/)	

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

	Supplementary explanation
Provisions regarding respect for the positions of stakeholders through internal regulations, etc.	The Company has established its “Management Philosophy," “Value Provided,” and “The Katitas Promise,” and respects the positions of all stakeholders and aims to be a company that “adds value” for all stakeholders. The Company’s CSR, as stated in our Management Philosophy, is to contribute to the revitalization and development of local communities by “adding value to homes” that are underutilized and unnoticed in their area, and homes that are difficult to sell in the general used home market.
Implementation of environmental conservation and CSR (corporate social responsibility) activities, etc.	The Company recognizes that ESG-oriented management is a necessary part of corporate social responsibility, and that the role played by corporations in solving social issues, as represented by SDGs (Sustainable Development Goals), is becoming increasingly important. We believe that the Group’s business of refurbishing pre-owned homes contributes to environmental protection by significantly reducing CO2 emissions and the amount of lumber used in comparison to building new housing. It can also contribute to the government’s efforts to solve the nationwide vacant house problem.
Formulation of policies for the provision of information to stakeholders	The Company will actively promote communication with our shareholders and investors through general shareholder meetings and IR activities, and strive to disclose necessary information to all stakeholders in a timely and appropriate manner.
Other	**Complaiance** The Company considers compliance to be a top priority event in business growth and has established three reporting principles as follows. 1. Report problems immediately 2. Report bad things first 3. We do not advocate lying. In addition, events related to compliance, including the above three principles of reporting, as well as examples of failures that can be used to increase knowledge of our business, are shared every Thursday at TV morning meetings that connect all of our branches nationwide. **Promotion of Diversity** The Company actively proceeds to recruit and promote female employees. -Percentage of female employees among those who joined the Company in April 2021: 42.3% -Percentage of female employees as of April 1, 2020: 39.2% -Percentage of female employees among the top 20 sales employees: 65.0% -Percentage of female managers as of April 2020: 16.7%

IV Matters Related to Internal Control Systems, Etc.

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

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

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

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

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

(c) We have established an Internal Reporting System to prevent violations of laws, the Articles of Incorporation, and internal regulations, or to detect and correct such violations at an early stage.
(d) This system enhances the functions of the Internal Audit Office, checks whether the execution of duties by directors and employees complies with laws, the Articles of Incorporation, and internal regulations, and monitors their enforcement. The results of internal audits are reported to the President and CEO and the Board of Corporate Auditors.

b. System for the storage and management of information concerning execution of duties by directors
In addition to appropriately storing and managing information based on internal regulations such as the “Document Management Regulations”, the system enables directors and corporate auditors to view this information at any time.

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

d. System to ensure the efficient execution of duties by directors
(a) In addition to monthly meetings, the Board of Directors holds extraordinary meetings when necessary to make decisions flexibly and promptly, share information, and supervise the execution of duties by directors.
(b) The Board of Directors regularly reviews the progress of the budget and actual results for each period based on the performance of the business divisions, in order to improve business performance.

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

f. System for reporting to corporate auditors by directors and employees, and other matters related to reporting to corporate auditors
Directors and employees are required to report to the Board of Corporate Auditors all cases, not only of serious violations of laws and regulations and the Articles of Incorporation, but also matters that could significantly impact the Company’s and the Group’s operations or business performance, the implementation of internal audits, or internal reporting.

g. Other systems to ensure the effectiveness of audits by corporate auditors
(a) The Board of Corporate Auditors meets at least once a month.
(b) Regular discussion meetings are held between the Board of Corporate Auditors and the President and CEO.
(c) The Board of Corporate Auditors regularly exchanges opinions and information with the Internal Audit Office, the Accounting Auditors, and the Corporate Auditors of subsidiaries to collaborate to ensure the effectiveness of audits.
(d) Corporate Auditors attend the Board of Directors meetings, Compliance Committee meetings, and other important meetings, and when necessary, request explanations from directors or employees.

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

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

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

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

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

V Other

1. Introduction of anti-takeover measures

Introduction of anti-takeover measures	No

Supplementary explanation of applicable items

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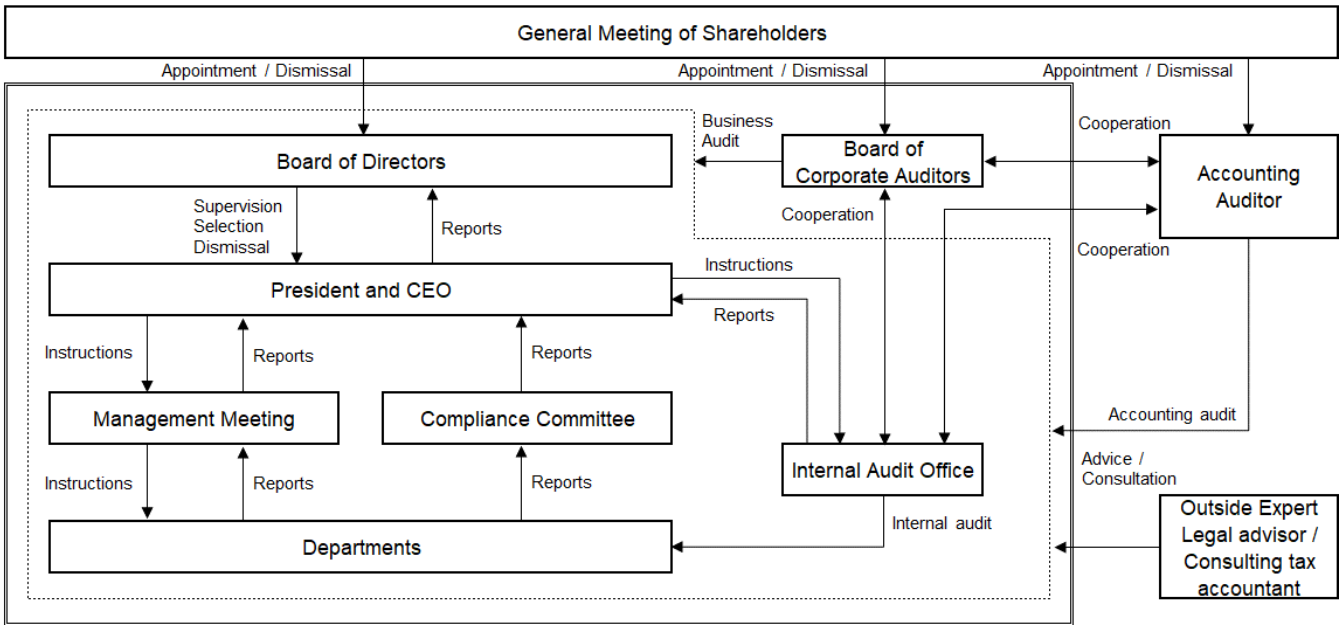
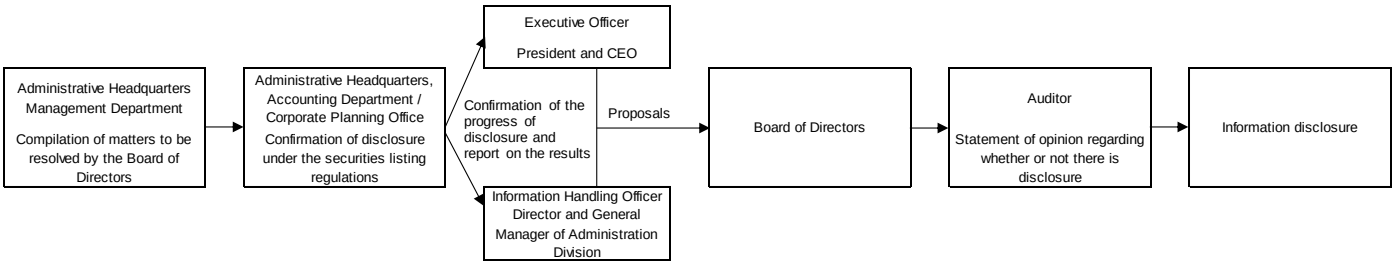
2. Other matters related to the corporate governance system, etc.

Schematic diagram (reference)

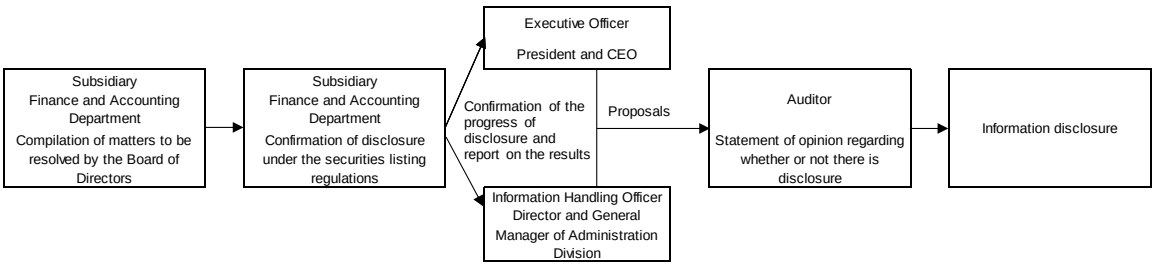


Summary of the timely disclosure system (schematic diagram)

Information on decisions and financial results related to the Company



Information on facts of decisions related to subsidiaries



Information on the facts of occurrence related to the Company

