

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



November 5, 2021

## Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2022 <under Japanese GAAP>

Company name: **KATITAS Co., Ltd.** Listing: Tokyo Stock Exchange  
 Securities code: 8919 URL: <http://katitas.jp>  
 Representative: Katsutoshi Arai, President and CEO  
 Inquiries: Kazuhito Yokota, Director, General Manager of Administration Headquarter  
 TEL: +81-3-5542-3882 (from overseas)

Scheduled date to file quarterly securities report: November 12, 2021  
 Scheduled date to commence dividend payments: November 25, 2021  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results presentation meeting: Yes (for institutional investors)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

### 1. Consolidated financial results for the first six months of the fiscal year ending March 31, 2022 (from April 1, 2021 to September 30, 2021)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2021	49,559	0.6	6,876	20.5	6,780	21.4	4,577	23.3
September 30, 2020	49,261	3.9	5,705	2.1	5,583	1.9	3,711	0.6

Note: Comprehensive income Six months ended September 30, 2021: ¥4,577 million [23.3%]  
 Six months ended September 30, 2020: ¥3,711 million [0.6%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2021	59.36	58.58
September 30, 2020	48.37	47.58

Reference:

(Percentages indicate year-on-year changes.)

	Adjusted profit attributable to owners of parent		Adjusted basic earnings per share	
	Millions of yen	%	Yen	%
Six months ended				
September 30, 2021	4,577	21.8	59.36	21.2
September 30, 2020	3,759	1.9	49.00	0.6

Note: The Company uses adjusted profit attributable to owners of parent and adjusted basic earnings per share as important management indicators. Regarding each indicator, please see the following “\* Proper use of earnings forecasts, and other special matters, *Notes regarding “Reference” in summary information.*”

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
September 30, 2021	58,101	31,675	54.2
March 31, 2021	55,520	28,243	50.6

Reference: Equity As of September 30, 2021: ¥31,503 million  
 As of March 31, 2021: ¥28,091 million

## 2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2021	Yen —	Yen 13.50	Yen —	Yen 16.00	Yen 29.50
Fiscal year ending March 31, 2022	—	16.00			
Fiscal year ending March 31, 2022 (Forecast)			—	16.00	32.00

Note: Revisions to the forecasts of dividends most recently announced: None

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2022	103,622	6.0	12,509	10.3	12,293	10.5	8,210	10.3	106.50

Note: Revisions to the earnings forecasts most recently announced: None

### \* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
  - a. Changes in accounting policies in accordance with changes in accounting standards, etc.: Yes
  - b. Changes in accounting policies due to other reasons: None
  - c. Changes in accounting estimates: None
  - d. Restatement: None

Note: For details, please refer to “2. Quarterly consolidated financial statements and significant notes thereto, (4) Notes to quarterly consolidated financial statements, (Changes in accounting policies)” on page 8 of the attached materials.

### (4) Number of issued shares (common shares)

- a. Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2021	78,650,640 shares	As of March 31, 2021	78,650,640 shares
--------------------------	-------------------	----------------------	-------------------
- b. Number of treasury shares at the end of the period

As of September 30, 2021	1,499,971 shares	As of March 31, 2021	1,561,493 shares
--------------------------	------------------	----------------------	------------------
- c. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	77,115,885 shares	Six months ended September 30, 2020	76,736,605 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

**\* Quarterly financial results reports are exempt from quarterly reviews conducted by certified public accountants or an audit corporation.**

### \* Proper use of earnings forecasts, and other special matters

#### Caution regarding forward-looking statements and others

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, the statements herein do not constitute assurances regarding the Company’s actual results. Actual financial and other results may differ substantially from the statements herein due to various factors. Please refer to “1. Qualitative information regarding financial results for the first six months, (3) Explanation regarding consolidated earnings forecasts and other forward-looking statements” on page 3 of the attached materials for the suppositions that form the assumptions for the earnings forecasts and cautions regarding the use of the earnings forecasts.

#### Notes regarding “Reference” in summary information

1. Adjusted profit attributable to owners of parent = Profit attributable to owners of parent + Adjustments (differences in consumption taxes, etc. and related income taxes - deferred)
2. Adjusted basic earnings per share = Adjusted profit attributable to owners of parent / Average number of shares outstanding during the period
3. Adjusted profit attributable to owners of parent is a financial indicator that the Company and its subsidiaries (collectively, the “Group”) consider useful for evaluating the performance of the Group for investors. Effects of items that are nonrecurring (items that are not considered to be indicative of the results of ordinary operating activities, or items that do not appropriately indicate the Group’s performance to competitors) are excluded from this financial indicator.
4. Adjusted profit attributable to owners of parent excludes some items that affect profit, and its utilization as an analysis tool is significantly restricted. Consequently, there is a possibility that the indicator may not be comparable with the same or similar indicator of other companies in the same industry because of differences in calculation method, thereby decreasing the usefulness of the indicator.

#### Means of access to supplementary material on quarterly financial results

The Company plans to hold financial results presentation meeting for institutional investors on Friday, November 5, 2021.

The supplementary materials used for the quarterly financial results briefing on this date is to be posted on the Company’s website promptly after the briefing has concluded.

## Attached Materials

### Index

1. Qualitative information regarding financial results for the first six months.....	2
(1) Explanation regarding operating results.....	2
(2) Explanation regarding financial position .....	2
(3) Explanation regarding consolidated earnings forecasts and other forward-looking statements .....	3
2. Quarterly consolidated financial statements and significant notes thereto .....	4
(1) Quarterly consolidated balance sheet.....	4
(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income.....	5
Quarterly consolidated statement of income (cumulative).....	5
Quarterly consolidated statement of comprehensive income (cumulative) .....	6
(3) Quarterly consolidated statement of cash flows.....	7
(4) Notes to quarterly consolidated financial statements .....	8
(Notes on premise of going concern).....	8
(Notes on significant changes in the amount of shareholders' equity) .....	8
(Changes in accounting policies) .....	8
(Additional information) .....	8
(Segment information, etc.).....	8

## 1. Qualitative information regarding financial results for the first six months

### (1) Explanation regarding operating results

In the first six months under review, the Japanese economy was affected by ongoing constraints on economic activities despite the reduction in the number of new COVID-19 cases with the rollout of vaccinations, and the economic outlook remains uncertain.

However, because the Group conducts sales activities in regional cities and in suburban areas, the impact of measures to prevent the spread of COVID-19, which have been focused on heavily populated urban areas, is relatively limited.

In addition, the Group aims to provide a “Fourth Option” as an alternative to newly built, “as-is” pre-owned, and rental houses, mainly targeting the middle- and lower-income market. We deal with older pre-owned single-family detached houses that competitors find challenging to bring to market and sell them after refurbishing and adding value to the properties that are difficult to live in as they are.

In terms of sales, families who currently live in a rental house, in particular, have a strong desire to buy inexpensive, high-quality houses and a need to improve their living environments, reflecting an increase in time spent at home, and the sales environment has remained firm. The number of properties sold by the Group fell year on year with few properties that could be delivered soon after being contracted on completion of refurbishment despite sales contracts seeing steady progress. However, there were many inquiries from customers about properties that were available for sale, resulting in higher sales prices with limited discounts and price reductions, so net sales increased year on year.

In terms of purchases, the number of purchases increased year on year as a result of our efforts to purchase properties as well as the improved sentiment of sellers who had become reluctant to sell due to their desire to avoid contact with real estate agents entering their house for purchase assessments. Real estate for sale and real estate for sale in process increased from the end of the previous fiscal year.

In terms of profit, the gross margin improved 2.7 points year on year due to limited discounts and price reductions associated with an increase in contracts for properties being refurbished. Regarding selling, general and administrative expenses, personnel expenses are increasing due to an increase in sales staff and an increase in performance-based remuneration, and advertising and marketing expenses are increasing, mainly due to internet-based advertising to increase purchases. These are due to measures for stable growth going forward. In terms of expenses, the Group operates with continuous strong cost awareness.

As a result, in the first six months under review, the number of properties sold was 3,057, down 1.2% year on year, net sales were ¥49,559 million, up 0.6% year on year, operating profit was ¥6,876 million, up 20.5% year on year, ordinary profit was ¥6,780 million, up 21.4% year on year and profit attributable to owners of parent was ¥4,577 million, up 23.3% year on year.

The Group’s sole reportable segment is the “used housing refurbishing and remodeling business.” Other businesses have been omitted due to a lack of materiality.

### (2) Explanation regarding financial position

#### (i) Assets, liabilities and net assets

##### (Current assets)

Current assets as of September 30, 2021 amounted to ¥56,277 million, an increase of ¥2,810 million compared to ¥53,467 million at the end of the previous fiscal year. This was mainly due to an increase of ¥4,080 million in real estate for sale and real estate for sale in process, and a decrease of ¥1,553 million in cash and deposits.

##### (Non-current assets)

Non-current assets as of September 30, 2021 amounted to ¥1,823 million, a decrease of ¥229 million compared to ¥2,053 million at the end of the previous fiscal year. This was mainly due to decreases of ¥7 million in property, plant and equipment, ¥100 million in intangible assets and ¥122 million in investments and other assets.

(Current liabilities)

Current liabilities as of September 30, 2021 amounted to ¥7,764 million, a decrease of ¥850 million compared to ¥8,615 million at the end of the previous fiscal year. This was mainly due to decreases of ¥375 million in current portion of long-term borrowings, ¥294 million in income taxes payable, and ¥217 million in provision for bonuses, despite an increase of ¥191 million in accounts payable - trade.

(Non-current liabilities)

Non-current liabilities as of September 30, 2021 amounted to ¥18,662 million, a decrease of ¥0 million compared to ¥18,662 million at the end of the previous fiscal year. This was mainly due to an increase of ¥4 million in provision for retirement benefits for directors (and other officers), and a decrease of ¥4 million in other.

(Net assets)

Net assets as of September 30, 2021 amounted to ¥31,675 million, an increase of ¥3,431 million compared to ¥28,243 million at the end of the previous fiscal year. This was mainly due to the recording of ¥4,577 million in profit attributable to owners of parent and payment of dividends of surplus of ¥1,233 million. As a result, the equity-to-asset ratio was 54.2%.

(ii) Cash flows

The balance of cash and cash equivalents (hereinafter, “cash”) as of September 30, 2021 decreased by ¥1,553 million from the end of the previous fiscal year to ¥17,555 million.

The situation and factors related to cash flows for the first six months under review are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥56 million during the six months ended September 30, 2021, down 99.5% year on year. This was mainly due to having posted ¥6,780 million in profit before income taxes, against an increase in inventories of ¥4,079 million and income taxes paid of ¥2,331 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥7 million during the six months ended September 30, 2021, compared to net cash used in investing activities of ¥15 million in the same period of the previous fiscal year. This was mainly due to purchase of property, plant and equipment of ¥5 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥1,602 million during the six months ended September 30, 2021, compared to net cash used in financing activities of ¥3,391 million in the same period of the previous fiscal year. This was mainly due to repayments of long-term borrowings of ¥375 million and dividends paid of ¥1,232 million.

(3) Explanation regarding consolidated earnings forecasts and other forward-looking statements

In regard to the consolidated earnings forecast, there has been no change to the earnings forecast for the full year for the fiscal year ending March 31, 2022, announced on May 11, 2021, in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2021.”

## 2. Quarterly consolidated financial statements and significant notes thereto

### (1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	19,109	17,555
Real estate for sale	19,656	20,891
Real estate for sale in process	13,774	16,619
Income taxes receivable	13	0
Other	916	1,213
Allowance for doubtful accounts	(2)	(2)
<b>Total current assets</b>	<b>53,467</b>	<b>56,277</b>
Non-current assets		
Property, plant and equipment	714	707
Intangible assets		
Goodwill	396	297
Other	29	28
<b>Total intangible assets</b>	<b>426</b>	<b>325</b>
Investments and other assets		
Other	921	798
Allowance for doubtful accounts	(8)	(7)
<b>Total investments and other assets</b>	<b>912</b>	<b>790</b>
<b>Total non-current assets</b>	<b>2,053</b>	<b>1,823</b>
<b>Total assets</b>	<b>55,520</b>	<b>58,101</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	3,051	3,242
Current portion of long-term borrowings	730	355
Income taxes payable	2,441	2,147
Accrued consumption taxes	48	-
Provision for bonuses	329	111
Construction warranty reserve	287	267
Provision for loss on litigation	0	1
Provision for loss on disaster	9	3
Other	1,716	1,635
<b>Total current liabilities</b>	<b>8,615</b>	<b>7,764</b>
Non-current liabilities		
Long-term borrowings	18,520	18,520
Provision for retirement benefits for directors (and other officers)	94	98
Other	47	43
<b>Total non-current liabilities</b>	<b>18,662</b>	<b>18,662</b>
<b>Total liabilities</b>	<b>27,277</b>	<b>26,426</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,778	3,778
Capital surplus	3,640	3,678
Retained earnings	21,435	24,779
Treasury shares	(763)	(733)
<b>Total shareholders' equity</b>	<b>28,091</b>	<b>31,503</b>
Share acquisition rights	152	171
<b>Total net assets</b>	<b>28,243</b>	<b>31,675</b>
<b>Total liabilities and net assets</b>	<b>55,520</b>	<b>58,101</b>

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income  
 Quarterly consolidated statement of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	49,261	49,559
Cost of sales	38,355	37,264
Gross profit	10,906	12,295
Selling, general and administrative expenses	5,200	5,419
Operating profit	5,705	6,876
Non-operating income		
Commission income	3	3
Insurance claim income	0	4
Discount revenue	5	3
Income of compensation	13	–
Other	6	7
Total non-operating income	28	18
Non-operating expenses		
Interest expenses	119	88
Other	31	25
Total non-operating expenses	150	114
Ordinary profit	5,583	6,780
Extraordinary income		
Gain on sale of non-current assets	–	0
Total extraordinary income	–	0
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Differences in consumption taxes, etc.	45	–
Total extraordinary losses	45	0
Profit before income taxes	5,537	6,780
Income taxes - current	1,913	2,053
Income taxes - deferred	(87)	148
Total income taxes	1,826	2,202
Profit	3,711	4,577
Profit attributable to owners of parent	3,711	4,577

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	3,711	4,577
Comprehensive income	3,711	4,577
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,711	4,577



## (3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	5,537	6,780
Depreciation	20	17
Amortization of goodwill	99	99
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for bonuses	(19)	(217)
Increase (decrease) in construction warranty reserve	(23)	(20)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	7	4
Increase (decrease) in provision for loss on litigation	(1)	0
Increase (decrease) in provision for loss on disaster	2	(5)
Interest expenses	119	88
Loss (gain) on sale of property, plant and equipment	–	(0)
Loss on retirement of non-current assets	0	0
Share-based payment expenses	21	28
Decrease (increase) in inventories	6,940	(4,079)
Decrease (increase) in trade receivables	(0)	0
Increase (decrease) in trade payables	(645)	191
Other, net	520	(409)
Subtotal	12,578	2,477
Interest paid	(119)	(88)
Income taxes paid	(299)	(2,331)
Net cash provided by (used in) operating activities	12,159	56
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(9)	(5)
Proceeds from sale of property, plant and equipment	–	0
Proceeds from collection of loans receivable	0	0
Other, net	(6)	(2)
Net cash provided by (used in) investing activities	(15)	(7)
<b>Cash flows from financing activities</b>		
Repayments of short-term borrowings	(2,000)	–
Repayments of long-term borrowings	(375)	(375)
Repayments of finance lease obligations	(3)	(2)
Dividends paid	(1,034)	(1,232)
Purchase of treasury shares	(0)	–
Proceeds from disposal of treasury shares	22	8
Net cash provided by (used in) financing activities	(3,391)	(1,602)
Net increase (decrease) in cash and cash equivalents	8,753	(1,553)
Cash and cash equivalents at beginning of period	9,137	19,109
Cash and cash equivalents at end of period	17,890	17,555

(4) Notes to quarterly consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Notes on significant changes in the amount of shareholders' equity)

No items to report.

(Changes in accounting policies)

*Application of Accounting Standard for Revenue Recognition, Etc.*

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2022, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. As a result of this application, the Company recognizes revenue from the used housing refurbishing and remodeling business at the time the control of property is transferred to a customer based on the content and consideration that are clarified in a real estate sales contract concluded with the customer.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter of the current fiscal year was added to or deducted from the opening balance of retained earnings of the first quarter of current fiscal year, and thus the new accounting policy was applied from such opening balance.

As a result, there is no impact on quarterly consolidated financial statements for the first six months under review. In addition, there is no impact on the opening balance of retained earnings of the current fiscal year.

The information on disaggregation of revenue from contracts with customers during the first six months of the previous fiscal year has not been disclosed as allowed by the transitional treatment provided for in paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020).

(Additional information)

*Application of Accounting Standard for Fair Value Measurement, Etc.*

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2022, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement, and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The application has no impact on quarterly consolidated financial statements for the first six months under review.

(Segment information, etc.)

*Segment information*

I. Six months ended September 30, 2020

The Group's sole reportable segment is the "used housing refurbishing and remodeling business." Other businesses have been omitted due to a lack of materiality.

II. Six months ended September 30, 2021

The Group's sole reportable segment is the "used housing refurbishing and remodeling business." Other businesses have been omitted due to a lack of materiality.