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## Notice of Revision of Consolidated Earnings Forecast and Dividend Forecast (Dividend Increase)

KATITAS Co., Ltd. (the “Company”) hereby announces that at a meeting held on the same day, its Board of Directors resolved to revise the Company’s consolidated earnings forecast and dividend forecast for the fiscal year ended March 2022 released May 11, 2021 as below.

### 1. Revision of consolidated earnings forecast

#### 1) Revision of consolidated earnings forecast for the fiscal year ended March 2022 (April 1, 2021–March 31, 2022)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of the parent	EPS
Previous forecast (A)	(JPYmn) 103,622	(JPYmn) 12,509	(JPYmn) 12,293	(JPYmn) 8,210	(JPY) 106.50
Revised forecast (B)	101,269	13,127	12,697	6,845	88.71
Difference (B-A)	-2,353	618	403	-1,364	
Change (%)	-2.3	4.9	3.3	-16.6	
(Ref.) Results for FY2020	97,735	11,343	11,125	7,440	96.85

### 2) Reasons for revision

In the fiscal year ended March 2022, despite the impact of the COVID-19 pandemic, the Company saw strong demand among families living in rental housing for affordable, quality homes and improved living environments due to more time spent at home. Against this backdrop, the number of inquiries from customers considering to buy homes increased compared to a year ago. Further, due to strong demand from customers outstripping the low supply of detached homes in the real estate market, price cuts stemming from price revisions or lowering of prices during negotiations were limited. In addition, the Company implemented measures to enhance product competitiveness,

including remodeling works to improve earthquake resistance, up-selling measures to add air conditioners and other home appliances being necessary for daily lives to the houses as per optional requests from the customers made during sales discussions, and acquiring cost reductions in house equipment by offering volume purchases, and other attempts expand the sales volume. As a result, the company successfully increased the unit sale prices and attained expansion of the gross profit margin. Consequently, the net sales, operating profit and ordinary profit of this year have all increased from the preceding year.

As announced in the “Notice Regarding Reassessment Receipt of Written Notice from the Kantoshinetsu Regional Taxation Bureau and Revision of Earnings Forecasts” dated April 28, 2020 and “Update Regarding Measures in Response to Reassessment Receipt of Written Notice from the Kantoshinetsu Regional Taxation Bureau (April 28, 2020)” dated March 23, 2021, the Company received a Written Notice of Reassessment of Consumption Tax and Local Consumption Tax and a Written Notice of Assessment and Determination Regarding Additional Tax (the “Reassessment Penalty, etc.”) from the Kantoshinetsu Regional Taxation Bureau (the “Tax Authorities”) for the four-year period from the fiscal year ended March 2016 to that ended March 2019. In response, the Company has filed a lawsuit against the Tax Authorities seeking revocation of the Reassessment Penalty, etc.

The Tax Authorities, despite the pending lawsuit, has launched an investigation into the Company’s financial accounts for the fiscal years ended March 2020 and March 2021 (the “Tax Audit”) for the same reasons stated for the issue of the Reassessment Penalty, etc. As a result of the Tax Audit, the Company expects to receive another Reassessment Penalty, etc. from the Tax Authorities. For this reason, it has decided to record consumption tax, etc. difference of ¥2,385 million as losses likely to occur in the future and refund of income taxes of ¥646 million on the consumption tax, etc. difference (net impact on profit attributable to owners of the parent of ¥1,739 million) in the consolidated and non-consolidated (parent) financial statements for the fiscal year ended March 2022. (For details, please see the “Recording of Extraordinary Losses in Regard to a Tax Audit by the Kantoshinetsu Regional Taxation Bureau” disclosed on the same day as this release.)

The Company will not accept Reassessment Penalty, etc. from the Tax Authorities, and if it does receive the penalty notice, it will promptly take necessary measures, such as filing an appeal, to object to the penalty.

The Company intends to continue using the current accounting and tax treatments for calculating consumption taxes going forward.

Note: The earnings forecast is based on information available to the Company as of the date of this release, and actual results may differ from the estimates provided in the forecast due to various factors.

## 2. Revision of dividend forecast

### 1) Reason for revision

The Company considers returning profits to shareholders as one of its key management policies. Its basic policy regarding dividends of surplus is to continuously pay stable dividends while maintaining retained earnings necessary for medium- to long-term business development. The Company, in seeking to base profit returns on consolidated earnings performance, targets a

consolidated payout ratio of 30% or above.

Further, the Company believes one-time, extraordinary factors should not affect stable return of profits to shareholders. Even in cases where it has recorded substantial extraordinary gains or losses, except in unavoidable circumstances, the Company calculates dividend payouts on profit attributable to owners of the parent adjusted for these extraordinary gains or losses.

The Company cannot accept the losses arising from consumption tax, etc. difference stated in 1. Revision of earnings forecast above as justifiable, and hence it determined that this should not affect stable return of profits to shareholders and calculated dividends using a payout ratio based on profit attributable to owners of the parent adjusted for the consumption tax, etc. difference and refund of income taxes. As a result, the Company has revised its year-end dividend forecast for the fiscal year ended March 2022 as below.

2) Details of revision

	Annual dividend per share (JPY)		
	Interim dividend	Year-end dividend	Total
Previous forecast (announced May 11, 2021)	16.00	16.00	32.00
Revised forecast		17.50	33.50
Dividend paid	16.00		
(Ref.) Dividends paid in FY2020	13.50	16.00	29.50