



April 28, 2022

Company: KATITAS Co., Ltd.
Representative: Katsutoshi Arai, President and CEO
Ticker: 8919 (Tokyo Stock Exchange)
Inquiries: Kazuhito Yokota, Director and
General Manager of Administration
Headquarters
Tel: +81-3-5542-3882

Recording of Extraordinary Losses in Regard to a Tax Audit by Kantoshinetsu Regional Taxation Bureau

KATITAS Co., Ltd. (the “Company”) hereby announces the recording of consumption tax, etc. difference and refund of income taxes in the fiscal year ended March 2022 as outlined below.

1. Background and overview of the recording of extraordinary losses

As announced in the “Notice Regarding Reassessment Receipt of Written Notice from the Kantoshinetsu Regional Taxation Bureau and Revision of Earnings Forecasts” on April 28, 2020, 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. Further, as disclosed in the “Update Regarding Measures in Response to Reassessment Receipt of Written Notice from the Kantoshinetsu Regional Taxation Bureau (April 28, 2020)” on March 23, 2021, the Company has filed a lawsuit seeking revocation of the Reassessment Penalty, etc.

The Company believes there are no errors in its accounting and tax treatments, and even after the issue of the Reassessment Penalty, etc., it has continued using the existing accounting and tax treatments to calculate consumption taxes.

However, despite the pending lawsuit, the Tax Authorities has launched an investigation into the Company’s financial accounts for the fiscal years ended March 2020 and March 2021 for the same reasons stated for the issue of the Reassessment Penalty, etc. As of the date of this release, the Company has not received a Reassessment Penalty, etc. from the Tax Authorities for these accounting periods; however, since it is highly likely to receive the penalty notice and since it can reasonably estimate the amount of the penalty, the Company has decided to record this amount as losses it expects to incur in the future in the fiscal year ended March 2022.

2. Impact on consolidated earnings

In the consolidated and non-consolidated (parent) financial statements for the fiscal year ended March 2022, the Company will record consumption tax, etc. difference of ¥2,385 million as extraordinary losses and refund of income taxes of ¥646 million on the consumption tax, etc. difference (net impact

of ¥1,739 million on profit attributable to owners of the parent).

In light of the recording of extraordinary losses, the Company has revised its earnings forecast for the fiscal year ended March 2022. (For details, please see the “Notice of Revision of Consolidated Earnings Forecast and Dividend Forecast (Dividend Increase)” disclosed on the same day as this release.)

3. Outlook

The Company, as announced in the “Update Regarding Measures in Response to Reassessment Receipt of Written Notice from the Kantoshinetsu Regional Taxation Bureau (April 28, 2020)” on March 23, 2021, appointed Mori Hamada & Matsumoto as its legal counsel and filed a lawsuit against the Tax Authorities seeking revocation of the Reassessment Penalty, etc. The Company finds it extremely regrettable that the Tax Authorities, despite the pending lawsuit, have launched an investigation into the Company’s financial accounts and are seeking to issue another Reassessment Penalty, etc. for the same reasons stated for the previous issue of the penalty notice. Even if a penalty notice is issued, the Company will certainly not accept it and will promptly take necessary actions, including filing an appeal.

The Company believes its accounting and tax treatments are appropriate, and hence will continue using the current accounting and tax treatments going forward.