



July 11, 2022

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## Notice Regarding Reassessment Receipt of Written Notice from the Kantoshinetsu Regional Taxation Bureau

KATITAS Co., Ltd. (the “Company”) hereby provides notice that today it 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 Authority**”).

### 1. Background and overview

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 from the Tax Authority 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 appointed Mori Hamada & Matsumoto and other legal counsels and filed a lawsuit seeking revocation of the reassessment penalty, etc. (the “**Lawsuit**”)

Since December 2021, the Company has been subject to a tax audit for the fiscal years ended March 2020 and 2021 for the same reasons stated in the Lawsuit, and today received the Reassessment Penalty, etc.

Since the Company had expected to receive the Reassessment Penalty, etc. and to recognize the consumption tax and other differences in figures as of the end of March 2022, as announced in the “Recording of Extraordinary Losses in Regard to a Tax Audit by Kantoshinetsu Regional Taxation Bureau” on April 28, 2022, it has already recorded extraordinary losses of 2.385 billion yen for the consolidated and non-consolidated fiscal years ended March 31, 2022 and an income tax refund of 646 million yen on such differences in figures.

Therefore, there will be no impact on the consolidated financial results for the fiscal year ending March 31, 2023.

## 2. Outlook

Since the Company is unable to completely agree with the Reassessment Penalty, etc. from the Tax Authority, it intends to promptly undertake the necessary procedures, such as filing an appeal. Regarding the accounting and tax treatment of consumption taxes, the Company will continue the same treatment that it has been using going forward.