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February 9, 2021

Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2021 <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: February 12, 2021
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting: None

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

1. Consolidated financial results for the first nine months of the fiscal year ending March 31, 2021 (from April 1, 2020 to December 31, 2020)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2020	75,470	13.3	9,026	18.6	8,858	18.9	5,924	18.2
December 31, 2019	66,599	8.8	7,612	5.5	7,451	5.6	5,014	4.7

Note: Comprehensive income Nine months ended December 31, 2020: ¥5,924 million [18.2%]
 Nine months ended December 31, 2019: ¥5,014 million [4.7%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2020	77.18	75.93
December 31, 2019	65.72	64.32

Note: The Company conducted a 2-for-1 share split of common shares on April 1, 2020. "Basic earnings per share" and "diluted earnings per share" have been calculated under the assumption that this share split was conducted at the beginning of the previous fiscal year.

Reference: (Percentages indicate year-on-year changes.)

	Adjusted profit attributable to owners of parent		Adjusted basic earnings per share	
Nine months ended	Millions of yen	%	Yen	%
December 31, 2020	5,954	18.8	77.57	18.0
December 31, 2019	5,014	—	65.72	—

Notes: 1. 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. The Company conducted a 2-for-1 share split of common shares on April 1, 2020. "Adjusted basic earnings per share" have been calculated under the assumption that this share split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2020	55,620	26,663	47.7
March 31, 2020	53,435	22,737	42.3

Reference: Equity As of December 31, 2020: ¥26,520 million
 As of March 31, 2020: ¥22,363 million

2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2020	–	27.00	–	27.00	54.00
Fiscal year ending March 31, 2021	–	13.50	–		
Fiscal year ending March 31, 2021 (Forecast)				13.50	27.00

Notes: 1. Revisions to the forecasts of dividends most recently announced: None

2. The Company conducted a 2-for-1 share split of common shares on April 1, 2020. However, for the fiscal year ended March 31, 2020, the actual amount of dividends before the share split is stated

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	90,206	0.3	10,128	0.1	9,896	0.0	6,691	28.9	87.23

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

- Changes in accounting policies in accordance with changes in accounting standards, etc.: None
- Changes in accounting policies due to other reasons: None
- Changes in accounting estimates: None
- Restatement: None

(4) Number of issued shares (common shares)

- Total number of issued shares at the end of the period (including treasury shares)
 - As of December 31, 2020 78,650,640 shares
 - As of March 31, 2020 78,650,640 shares
- Number of treasury shares at the end of the period
 - As of December 31, 2020 1,752,199 shares
 - As of March 31, 2020 1,943,572 shares
- Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)
 - Nine months ended December 31, 2020 76,767,575 shares
 - Nine months ended December 31, 2019 76,293,808 shares

Note: The Company conducted a 2-for-1 share split of common shares on April 1, 2020. "Total number of issued shares at the end of the period," "number of treasury shares at the end of the period," and "average number of shares outstanding during the period" have been calculated under the assumption that this share split was conducted at the beginning of the previous fiscal year.

*** 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 nine 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

- Adjusted profit attributable to owners of parent = Profit attributable to owners of parent + Advisory fees + Differences in consumption taxes, etc. – Adjustment of tax, etc. for adjusted items
- 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 supplementary materials will be posted on the Company’s website on Tuesday, February 9, 2021.

Attached Materials

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1. Qualitative information regarding financial results for the first nine months

(1) Explanation regarding operating results

In the first nine months under review, the Japanese economy saw activity picking up along with the gradual resumption of activities after the period of stagnation due to the COVID-19 pandemic. Regarding the economic outlook, however, extreme uncertainty about conditions continues due to the ongoing situation created by COVID-19.

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 in regional cities and rural areas. We sell pre-owned single-family houses that competitors find challenging to bring to market after refurbishing and adding value to them.

Under these conditions, in terms of sales, willingness to buy inexpensive, high-quality houses remained solid, and the need for the improvement of living environments gradually surfaced, reflecting the increase in time spent at home due to COVID-19. Associated with this, the number of inquiries from customers and the number of prospective customers who were listed increased after July 2020, and sales remained firm. In addition, we are continuously devising methods of avoiding the three Cs (closed spaces, crowded places and close-contact settings) through efforts such as property tours by appointment and virtual home staging.

In terms of purchases, purchase negotiations did not progress smoothly due to the difficulty of directly visiting properties before purchasing and the difficulty of visiting nursing care facilities and hospitals to meet with property owners because travel across prefectural borders was restricted after a state of emergency was declared in April 2020 due to the COVID-19 pandemic. However, the number of customers desiring purchase assessments increased as a result of our placing advertisements on YouTube and in local newspapers to promote purchasing, and the number of purchases remained larger than the level of the previous year after October 2020.

In terms of profit, the Group maintained a stable gross margin by selling without giving major discounts, although the Group also promoted the selling of long-term inventories. Regarding selling and general and administrative expenses, while the Group invested in human resources to ensure stable growth in the future, high cost consciousness regarding other expenses continued. As a result, the operating margin improved from the corresponding period of the previous fiscal year.

As a result, in the first nine months under review, the number of properties sold was 4,764, up 10.4% year on year, net sales were ¥75,470 million, up 13.3% year on year, operating profit was ¥9,026 million, up 18.6% year on year, ordinary profit was ¥8,858 million, up 18.9% year on year and profit attributable to owners of parent was ¥5,924 million, up 18.2% 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 December 31, 2020 amounted to ¥53,700 million, an increase of ¥2,353 million compared to ¥51,346 million at the end of the previous fiscal year. This is mainly due to an increase of ¥11,666 million in cash and deposits, offsetting a decrease of ¥8,475 million in real estate for sale and real estate for sale in process.

(Non-current assets)

Non-current assets as of December 31, 2020 amounted to ¥1,920 million, a decrease of ¥168 million compared to ¥2,089 million at the end of the previous fiscal year. This is mainly due to decreases of ¥150 million in intangible assets and ¥48 million in investments and other assets, despite an increase of ¥30 million in property, plant and equipment.

(Current liabilities)

Current liabilities as of December 31, 2020 amounted to ¥9,941 million, a decrease of ¥1,394 million compared to ¥11,336 million at the end of the previous fiscal year. This is mainly due to decreases of ¥319 million in accounts payable - trade and ¥2,000 million in short-term borrowings, despite an increase of ¥1,140 million in income taxes payable.

(Non-current liabilities)

Non-current liabilities as of December 31, 2020 amounted to ¥19,015 million, a decrease of ¥346 million compared to ¥19,361 million at the end of the previous fiscal year. This is mainly due to a decrease of ¥375 million in long-term borrowings, offsetting an increase of ¥10 million in provision for retirement benefits for directors (and other officers).

(Net assets)

Net assets as of December 31, 2020 amounted to ¥26,663 million, an increase of ¥3,926 million compared to ¥22,737 million at the end of the previous fiscal year. This is mainly due to the recording of ¥5,924 million in profit attributable to owners of parent and payment of dividends of surplus of ¥2,072 million. As a result, the equity-to-asset ratio was 47.7%.

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

Regarding the consolidated earnings forecast, there has been no change to the earnings forecast for the full year for the fiscal year ending March 31, 2021, announced on May 11, 2020 in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2020.”

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	9,137	20,804
Real estate for sale	28,659	19,911
Real estate for sale in process	11,851	12,124
Income taxes receivable	582	124
Other, net	1,117	737
Allowance for doubtful accounts	(2)	(2)
Total current assets	51,346	53,700
Non-current assets		
Property, plant and equipment	693	723
Intangible assets		
Goodwill	595	446
Other	30	28
Total intangible assets	625	474
Investments and other assets		
Other	782	733
Allowance for doubtful accounts	(12)	(11)
Total investments and other assets	770	722
Total non-current assets	2,089	1,920
Total assets	53,435	55,620
Liabilities		
Current liabilities		
Accounts payable - trade	2,909	2,590
Short-term borrowings	2,000	—
Current portion of long-term borrowings	750	750
Income taxes payable	1,779	2,919
Accrued consumption taxes	2,034	1,708
Provision for bonuses	113	48
Construction warranty reserve	256	231
Provision for loss on litigation	1	2
Other	1,492	1,691
Total current liabilities	11,336	9,941
Non-current liabilities		
Long-term borrowings	19,250	18,875
Provision for retirement benefits for directors (and other officers)	80	91
Other	31	49
Total non-current liabilities	19,361	19,015
Total liabilities	30,698	28,957
Net assets		
Shareholders' equity		
Share capital	3,778	3,778
Capital surplus	3,640	3,640
Retained earnings	16,154	19,957
Treasury shares	(950)	(856)
Total shareholders' equity	22,623	26,520
Share acquisition rights	113	142
Total net assets	22,737	26,663
Total liabilities and net assets	53,435	55,620

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

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	66,599	75,470
Cost of sales	51,714	58,581
Gross profit	14,884	16,889
Selling, general and administrative expenses	7,271	7,862
Operating profit	7,612	9,026
Non-operating income		
Commission income	7	5
Insurance claim income	2	3
Discount revenue	–	7
Income of compensation	–	13
Other	11	9
Total non-operating income	21	38
Non-operating expenses		
Interest expenses	140	164
Other	41	42
Total non-operating expenses	181	206
Ordinary profit	7,451	8,858
Extraordinary income		
Gain on sales of non-current assets	6	–
Total extraordinary income	6	–
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on disaster	4	–
Differences in consumption taxes, etc.	–	45
Total extraordinary losses	4	46
Profit before income taxes	7,454	8,812
Income taxes - current	2,321	2,846
Income taxes - deferred	118	41
Total income taxes	2,440	2,887
Profit	5,014	5,924
Profit attributable to owners of parent	5,014	5,924

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	5,014	5,924
Comprehensive income	5,014	5,924
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,014	5,924

(3) 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.

(Segment information, etc.)

Segment information

I. Nine months ended December 31, 2019

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. Nine months ended December 31, 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.