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February 7, 2025

Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2025 <under Japanese GAAP>

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 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of 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 nine months of the fiscal year ending March 31, 2025 (from April 1, 2024 to December 31, 2024)

(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	%
Nine months ended								
December 31, 2024	96,639	3.2	10,867	16.1	10,616	16.6	7,209	14.3
December 31, 2023	93,669	5.6	9,363	(13.3)	9,107	(14.7)	6,305	(12.6)

Note: Comprehensive income
 Nine months ended December 31, 2024: ¥7,209 million [14.3%]
 Nine months ended December 31, 2023: ¥6,305 million [(12.6)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	92.29	92.20
December 31, 2023	81.10	80.69

Reference:

(Percentages indicate year-on-year changes.)

	Adjusted operating profit		Adjusted ordinary profit		Adjusted profit attributable to owners of parent		Adjusted basic earnings per share	
	Millions of yen	%	Millions of Yen	%	Millions of yen	%	Yen	%
Nine months ended								
December 31, 2024	12,356	13.1	12,105	13.4	8,238	12.5	105.45	12.0
December 31, 2023	10,929	1.2	10,673	(0.1)	7,321	1.6	94.17	1.0

Note: The Company uses adjusted operating profit, adjusted ordinary profit, adjusted profit attributable to owners of parent and adjusted basic earnings per share (hereinafter, “adjusted multi-step profit”) as important management indicators. Regarding adjusted multi-step profit, 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
As of	Millions of yen	Millions of yen	%
December 31, 2024	78,220	43,378	55.5
March 31, 2024	77,366	40,341	52.1

Reference: Equity
 As of December 31, 2024: ¥43,378 million
 As of March 31, 2024: ¥40,289 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, 2024	—	27.00	—	27.00	54.00
Fiscal year ending March 31, 2025	—	28.00	—		
Fiscal year ending March 31, 2025 (Forecast)				28.00	56.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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, 2025	134,500	6.1	14,000	10.5	13,700	11.2	9,400	10.6	120.56

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

* Notes

- (1) Significant changes in the scope of consolidation during the period: 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.: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement: None
- (4) Number of issued shares (common shares)
 - a. Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2024	78,650,640 shares	As of March 31, 2024	78,650,640 shares
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 - b. Number of treasury shares at the end of the period

As of December 31, 2024	453,724 shares	As of March 31, 2024	681,315 shares
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 - c. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2024	78,125,648 shares	Nine months ended December 31, 2023	77,752,979 shares
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* **Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None**

* 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. Overview of operating results, (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. The Company uses adjusted operating profit, adjusted ordinary profit, adjusted profit attributable to owners of parent, and adjusted basic earnings per share (hereinafter, "adjusted multi-step profit") as important management indicators. This is because, as stated in the "Notice Regarding Ruling on Lawsuit Filed by the Company for Revocation of Consumption Tax Reassessment Penalty, etc." released on May 25, 2023 and the "Notice Regarding Revision of Earnings Forecasts for the Fiscal Year ending March 31, 2024" released on May 26, 2023, the Company filed a lawsuit against the Regional Taxation Bureau seeking the revocation of the reassessment penalty, etc., and the Tokyo District Court rendered a judgment dismissing the Company's claim for revocation of the reassessment penalty, etc. In light of the ruling, the Company has calculated the difference arising from the discrepancies between the conventional accounting treatment of the Group and the calculation method advocated by the Regional Taxation Bureau and recorded it as differences in consumption taxes, etc. in selling, general and administrative expenses, starting from the fiscal year ended March 31, 2024.
2. Adjusted multi-step profit excludes some items that affect any of the steps of profit for the fiscal year ending March 31, 2025, for the purpose of enabling comparison with prior fiscal year financial results, 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.
3. Adjusted multi-step profit is a reference figure estimated by the Company and is not subject to review by a certified public accountant or audit corporation.

Means of access to supplementary material on financial results

The Company plans to hold financial results presentation meeting for institutional investors on Friday, February 7, 2025.

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.

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1. Overview of operating results

(1) Overview of operating results in the period

During the first nine months under review, the Japanese economy showed a gradual recovery trend due to a recovery in business performance by companies that passed on higher raw material and import prices to selling prices, and an increase in inbound demand on the back of the weaker yen. However, the economic outlook remains uncertain, mainly due to concerns about a decline in consumer demand as a result of the aforementioned passed-on prices and rising living costs for consumers.

Under these circumstances, 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. We add value by refurbishing properties that are difficult to live in as they are, and sell them to customers.

In terms of sales, families living in rental homes, in particular, have a desire to buy inexpensive, high-quality houses, and this demand proceeded firmly. The number of homes sold increased year on year due to continued sales policies such as offering houses in a lower price range to address the rising cost of living, and provision of houses that meet the needs of customers. In addition, net sales increased year on year due to the increase in the number of homes sold.

In terms of purchases, the Company’s policy is to carefully assess the risks associated with used housing and carefully select properties that can be rehabilitated and that will ensure profitability. Under such circumstances, the level of purchasing activity for the purpose of achieving stable growth was increased, and as a result, real estate for sale and real estate for sale in process increased compared to the end of the previous fiscal year and the inventory shortage situation improved.

In terms of profit, the gross margin increased 1.5 percentage points year on year due to adjusting sale prices of some houses to more appropriate levels in October 2024 as well as due to the continued contribution of measures to improve gross profit, including measures to provide houses in a lower price range. Selling, general and administrative expenses increased 5.7% year on year as a result of higher personnel expenses due to investment in human resources for future stable growth.

As a result, in the first nine months under review, the number of properties sold was 5,526, up 4.8% year on year, net sales were ¥96,639 million, up 3.2% year on year, operating profit was ¥10,867 million, up 16.1% year on year, ordinary profit was ¥10,616 million, up 16.6% year on year and profit attributable to owners of parent was ¥7,209 million, up 14.3% year on year.

Excluding the impact of the differences in consumption taxes, etc., which is the amount of discrepancy between the Group’s conventional accounting treatment and the calculation method claimed by the Regional Taxation Bureau in connection with a court case against the Regional Taxation Bureau over the accounting treatment of consumption taxes, adjusted operating profit was ¥12,356 million, up 13.1% year on year, adjusted ordinary profit was ¥12,105 million, up 13.4% year on year, adjusted profit attributable to owners of parent was ¥8,238 million, up 12.5% 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) Overview of financial position in the period

(i) Current assets

Current assets as of December 31, 2024 amounted to ¥76,357 million, an increase of ¥1,022 million compared to ¥75,334 million at the end of the previous fiscal year. This was mainly due to an increase of ¥6,748 million in real estate for sale and real estate for sale in process, despite a decrease of ¥5,381 million in cash and deposits.

(ii) Non-current assets

Non-current assets as of December 31, 2024 amounted to ¥1,863 million, a decrease of ¥168 million compared to ¥2,031 million at the end of the previous fiscal year. This was mainly due to decreases of ¥28 million in

property, plant and equipment and ¥145 million in investments and other assets, despite an increase of ¥5 million in intangible assets.

(iii) Current liabilities

Current liabilities as of December 31, 2024 amounted to ¥8,261 million, a decrease of ¥2,180 million compared to ¥10,441 million at the end of the previous fiscal year. This was mainly due to decreases of ¥660 million in accounts payable - trade, ¥783 million in income taxes payable, ¥490 million in accrued consumption taxes and ¥291 million in provision for bonuses.

(iv) Non-current liabilities

Non-current liabilities as of December 31, 2024 amounted to ¥26,581 million, a decrease of ¥1 million compared to ¥26,583 million at the end of the previous fiscal year. This was mainly due to a decrease of ¥1 million in other non-current liabilities.

(v) Net assets

Net assets as of December 31, 2024 amounted to ¥43,378 million, an increase of ¥3,036 million compared to ¥40,341 million at the end of the previous fiscal year. This was mainly due to the recording of ¥7,209 million in profit attributable to owners of parent while paying out dividends of surplus of ¥4,294 million. As a result, the equity-to-asset ratio was 55.5%.

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

There are no changes to the consolidated earnings forecasts for the full year for the fiscal year ending March 31, 2025 announced in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2024” on May 7, 2024.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	22,027	16,646
Real estate for sale	37,454	36,893
Real estate for sale in process	14,798	22,108
Income taxes refund receivable	448	12
Other	609	701
Allowance for doubtful accounts	(4)	(3)
Total current assets	75,334	76,357
Non-current assets		
Property, plant and equipment	758	730
Intangible assets	151	156
Investments and other assets		
Other	1,124	978
Allowance for doubtful accounts	(2)	(1)
Total investments and other assets	1,122	977
Total non-current assets	2,031	1,863
Total assets	77,366	78,220
Liabilities		
Current liabilities		
Accounts payable - trade	4,723	4,062
Income taxes payable	2,123	1,340
Accrued consumption taxes	581	90
Provision for bonuses	355	64
Construction warranty reserve	344	318
Provision for loss on litigation	6	9
Provision for loss on disaster	66	54
Other	2,239	2,321
Total current liabilities	10,441	8,261
Non-current liabilities		
Long-term borrowings	26,500	26,500
Provision for retirement benefits for directors (and other officers)	71	71
Other	11	9
Total non-current liabilities	26,583	26,581
Total liabilities	37,025	34,842
Net assets		
Shareholders' equity		
Share capital	3,778	3,778
Capital surplus	3,703	3,763
Retained earnings	33,139	36,054
Treasury shares	(332)	(219)
Total shareholders' equity	40,289	43,378
Share acquisition rights	52	-
Total net assets	40,341	43,378
Total liabilities and net assets	77,366	78,220

(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, 2023	Nine months ended December 31, 2024
Net sales	93,669	96,639
Cost of sales	73,227	74,062
Gross profit	20,442	22,577
Selling, general and administrative expenses	11,079	11,710
Operating profit	9,363	10,867
Non-operating income		
Commission income	4	3
Insurance claim income	1	0
Discount revenue	7	3
Income of compensation	6	6
Other	15	11
Total non-operating income	35	25
Non-operating expenses		
Interest expenses	165	221
Commission for syndicated loans	92	21
Other	33	33
Total non-operating expenses	290	276
Ordinary profit	9,107	10,616
Extraordinary income		
Gain on sale of non-current assets	-	0
Differences in consumption taxes, etc.	12	-
Total extraordinary income	12	0
Extraordinary losses		
Loss on sale of non-current assets	-	6
Loss on retirement of non-current assets	7	0
Total extraordinary losses	7	6
Profit before income taxes	9,112	10,610
Income taxes - current	2,723	3,228
Income taxes - deferred	83	172
Total income taxes	2,806	3,400
Profit	6,305	7,209
Profit attributable to owners of parent	6,305	7,209

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	6,305	7,209
Comprehensive income	6,305	7,209
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,305	7,209

(3) Notes to quarterly consolidated financial statements

(Notes to segment information, etc.)

Segment information

I. Nine months ended December 31, 2023

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, 2024

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.

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

No items to report.

(Notes on premise of going concern)

No items to report.

(Notes on quarterly consolidated statement of cash flows)

Quarterly consolidated statement of cash flows has not been prepared for the first nine months under review. Depreciation for the first nine months ended December 31, 2023 and December 31, 2024 are as follows.

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Depreciation	¥34 million	¥49 million

(Additional information)

(Regarding progress of the ruling on the lawsuit seeking the revocation of the reassessment penalty, etc. received from the Regional Taxation Bureau)

The Company filed a lawsuit against the Kanto-Shinetsu Regional Taxation Bureau (hereinafter, the "Regional Taxation Bureau"), seeking the revocation of a Written Notice of Reassessment of Consumption Tax and Local Consumption Tax and a Written Notice of Assessment and Determination Regarding Additional Tax (hereinafter, the "Reassessment Penalty, etc.") the Company received from the Regional Taxation Bureau on April 28, 2020, and the Tokyo High Court rendered a judgment on May 30, 2024 dismissing the Company's claim for revocation of the Reassessment Penalty, etc. (hereinafter, the "Original Judgment").

After closely scrutinizing the court's decision with its counsel, the Company was unable to accept the Original Judgment and accordingly has filed an appeal to the Supreme Court against the Original Judgment.

As of the date of the announcement of the financial results, the Company has not received a special notice from the Supreme Court. In addition, if the Company obtains important information pertaining to the lawsuit, it will promptly disclose the information.

With regard to the calculation method of consumption tax, the Company has calculated the amount of difference between the Group's conventional accounting treatment and the calculation method stressed by the Regional Taxation Bureau and recorded it as selling, general and administrative expenses from the previous fiscal year.