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May 11, 2020

Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 <under Japanese GAAP>

Company name: **KATITAS Co., Ltd.** Listing: Tokyo Stock Exchange
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Scheduled date of ordinary general meeting of shareholders: June 23, 2020
Scheduled date to commence dividend payments: June 9, 2020
Scheduled date to file annual securities report: June 23, 2020
Preparation of supplementary material on financial results: Yes
Holding of financial results presentation meeting: Yes (for institutional investors, in the form of telephone conference)

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

1. Consolidated financial results for the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2020	89,978	10.6	10,121	11.2	9,895	13.2	5,190	(12.4)
March 31, 2019	81,356	17.6	9,104	23.5	8,740	28.7	5,926	30.3

Note: Comprehensive income Fiscal year ended March 31, 2020: ¥5,190 million [(12.4%)]
Fiscal year ended March 31, 2019: ¥5,926 million [30.3%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2020	67.98	66.58	24.8	19.6	11.2
March 31, 2019	78.81	76.12	34.3	20.4	11.2

Reference: Share of profit (loss) of entities accounted for using equity method
Fiscal year ended March 31, 2020: ¥– million Fiscal year ended March 31, 2019: ¥– million

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	
Fiscal year ended	Millions of yen	%	Yen	%
March 31, 2020	6,671	12.6	87.36	10.9
March 31, 2019	5,926	–	78.81	–

Notes: 1. KATITAS Co., Ltd. (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. “Diluted 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	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2020	53,435	22,737	42.3	294.94
March 31, 2019	47,406	19,348	40.7	253.18

Reference: Equity As of March 31, 2020: ¥22,623 million
As of March 31, 2019: ¥19,273 million

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

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2020	2,392	(23)	(625)	9,137
March 31, 2019	2,069	(20)	1,283	7,395

2. Dividends

	Annual dividends per share					Total amount of cash dividends (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2019	–	26.00	–	26.00	52.00	1,968	33.0	12.3
Fiscal year ended March 31, 2020	–	27.00	–	27.00	54.00	2,066	39.7	9.9
Fiscal year ending March 31, 2021 (Forecast)	–	13.50	–	13.50	27.00		31.0	

Note: The Company conducted a 2-for-1 share split of common shares on April 1, 2020. However, for the fiscal year ended March 31, 2019 and 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
Six months ending September 30, 2020	41,859	(11.7)	4,339	(22.4)	4,223	(22.9)	2,855	(22.6)	37.23
Fiscal year ending March 31, 2021	90,206	0.3	10,128	0.1	9,896	0.0	6,691	28.9	87.23

* Notes

(1) Changes in significant subsidiaries during the fiscal year ended March 31, 2020 (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) 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

(3) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2020	78,650,640 shares
As of March 31, 2019	78,650,640 shares

b. Number of treasury shares at the end of the period

As of March 31, 2020	1,943,572 shares
As of March 31, 2019	2,523,962 shares

c. Average number of shares outstanding during the period

For the fiscal year ended March 31, 2020	76,360,570 shares
For the fiscal year ended March 31, 2019	75,201,870 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.

*** Financial results reports are outside the scope of audits conducted by certified public accountants or audit corporations.**

*** 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 and others, (4) Future outlook" 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. Adjusted profit attributable to owners of parent = Profit attributable to owners of parent + Differences in consumption taxes etc. - Refund of income taxes + Income taxes – deferred for refund of income taxes
2. 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 contents of financial results presentation meeting)

The Company plans to hold a presentation meeting for institutional investors in the form of telephone conference on Thursday, May 14, 2020. For details, please see "IR News" on the Company's website (https://katitas.jp/information/ir/news.html).

A financial results presentation meeting held at a venue will be cancelled from the standpoint of preventing the spread of infections of the COVID-19 coronavirus.

Attached Materials

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1. Overview of operating results and others

(1) Overview of operating results for the fiscal year under review

During the fiscal year under review, the Japanese economy benefited from a continued improvement in personal consumption, reflecting strengthening employment and income environments. However, the outlook is highly uncertain given concerns about a domestic economic downturn due to the spread of infections of the COVID-19 coronavirus, in addition to weakness in corporate earnings on the back of low levels of industrial production, declining consumer confidence after the consumption tax hike, and the effects of a string of natural disasters, including major typhoons.

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.

In terms of sales, the situation was harsh, reflecting declining consumer confidence due to the consumption tax hike and slower sales activities with the occurrence of major typhoons in the second half, while property deliveries in April with a view to the long holiday period in May 2019 and requests for property deliveries in September before the consumption tax hike increased in the first half. Net sales for the fiscal year under review increased 10.6% year on year as the impact of the consumption tax hike had receded from January 2020.

In terms of profits, the gross margin declined 0.6 percentage point year on year with the sales promotion of long-term inventories, but selling, general and administrative expenses continued to operate with high cost consciousness. As a result, the ratio of operating profit to net sales rose 0.1 percentage point year on year.

As stated in the "Notice Regarding Reassessment Receipt of Written Notice from the Kantoshinestsu Regional Taxation Bureau and Revision of Earnings Forecasts" released on April 28, 2020, the Company recorded differences in consumption taxes, etc. of ¥2,014 million as extraordinary losses in the fiscal year under review associated with the receipt of the reassessment penalty, while the Company posted the refund of income taxes of ¥526 million.

As a result, during the fiscal year under review, the number of properties sold was 5,801, up 8.4% year on year, net sales were ¥89,978 million, up 10.6% year on year, operating profit was ¥10,121 million, up 11.2% year on year, ordinary profit was ¥9,895 million, up 13.2% year on year, and profit attributable to owners of parent was ¥5,190 million, down 12.4% year on year. Moreover, adjusted profit attributable to owners of parent was ¥6,671 million, up 12.6% 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 for the fiscal year under review

(i) Current assets

Current assets as of March 31, 2020 amounted to ¥51,346 million, an increase of ¥6,288 million compared to ¥45,058 million at the end of the previous fiscal year. This was mainly due to increases of ¥1,742 million in cash and deposits, ¥3,693 million in real estate for sale and real estate for sale in progress and ¥582 million in income taxes receivable.

(ii) Non-current assets

Non-current assets as of March 31, 2020 amounted to ¥2,089 million, a decrease of ¥259 million compared to ¥2,348 million at the end of the previous fiscal year. This was mainly due to decreases of ¥35 million in property, plant and equipment and ¥198 million in goodwill.

(iii) Current liabilities

Current liabilities as of March 31, 2020 amounted to ¥11,336 million, an increase of ¥3,372 million compared to ¥7,964 million at the end of the previous fiscal year. This was mainly due to increases of ¥2,000 million in short-term borrowings and ¥2,034 million in accrued consumption taxes, despite decreases of ¥195 million in accounts payable - trade, ¥216 million in income taxes payable and ¥149 million in provision for bonuses.

(iv) Non-current liabilities

Non-current liabilities as of March 31, 2020 amounted to ¥19,361 million, a decrease of ¥731 million compared to ¥20,093 million at the end of the previous fiscal year. This was mainly due to a decrease of ¥750 million in long-term borrowings.

(v) Net assets

Net assets as of March 31, 2020 amounted to ¥22,737 million, an increase of ¥3,388 million compared to ¥19,348 million at the end of the previous fiscal year. This is mainly due to the recording of ¥5,190 million in

profit attributable to owners of parent, and payment of dividends of surplus of ¥2,020 million. As a result, the equity-to-asset ratio was 42.3%.

(3) Overview of cash flows for the fiscal year under review

The balance of cash and cash equivalents (hereinafter, "cash") as of March 31, 2020 increased by ¥1,742 million from the end of the previous fiscal year to ¥9,137 million.

The situation and factors related to cash flows for the fiscal year under review are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥2,392 million in the fiscal year ended March 31, 2020, up 15.6% year on year. This was mainly due to the posting of profit before income taxes of ¥7,874 million and an increase of ¥2,034 million in accrued consumption taxes, offsetting an increase of ¥3,696 million in inventories, reflecting the smooth purchase of properties, and income taxes paid of ¥3,418 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥23 million, up 16.1% year on year. This was mainly due to the purchase of property, plant and equipment of ¥16 million and the purchase of investment securities of ¥10 million, against proceeds from sales of property, plant and equipment of ¥10 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥625 million, compared to net cash provided by financing activities of ¥1,283 million in the fiscal year ended March 31, 2019. This was mainly due to repayments of long-term borrowings of ¥750 million and dividends paid of ¥2,019 million, offsetting an increase of ¥2,000 million in short-term borrowings.

(4) Future outlook

With respect to the future outlook, given firm demand from customers who wish to buy an inexpensive and good-quality house, the field of the used housing refurbishing and remodeling business is expected to remain solid. However, because the decelerating Japanese economy associated with the spread of the coronavirus and its impact on corporate earnings and private consumption are concerns, the outlook is uncertain. In this environment, a fall in the number of responses from customers after April 2020 is a concern affected by the spread of infections of the coronavirus, but we will focus on a rise in the contract rate and an improvement in gross profit per property.

Based on the above initiatives, for fiscal year ending March 31, 2021, the Company forecasts consolidated net sales of ¥90,206 million, up 0.3% year on year, operating profit of ¥10,128 million, up 0.1%, ordinary profit of ¥9,896 million, up 0.0% year on year, and profit attributable to owners of parent of ¥6,691 million, up 28.9% year on year.

As in the past, the above earnings forecasts assume the return of demand in the second half due to the settlement of the effects of the coronavirus, although these effects including the fall in responses from customers are expected to continue in the first half. However, actual results may differ from expected values due to various factors such as changes in the situation due to the spread of infections and prolonged damages. If it becomes necessary to revise our earnings forecasts, we will promptly disclose them.

(5) Basic policy on profit distribution and dividends for the years ended March 31, 2020 and ending March 31, 2021

The Company recognizes the return of profit to its shareholders as a key management priority.

The distribution of surplus by the Company is determined by the Board of Directors. For the fiscal year ended March 31, 2020, the Company will pay an annual dividend of ¥54 per share (interim dividend of ¥27 and year-end dividend of ¥27).

With respect to dividends for the fiscal year ending March 31, 2021, the Company plans to pay an annual dividend of ¥27 per share (interim dividend of ¥13.5 and year-end dividend of ¥13.5) in light of its earnings forecasts. This is an amount that takes into account the two-for-one share split of common stock with April 1, 2020 as the effective date.

The annual dividend per share for the next fiscal year that does not take into account the share split will be ¥54.

We will target a consolidated dividend payout ratio of 30% or more, thereby achieving ongoing profit distributions paid out twice annually in the form of an interim dividend and a fiscal year-end dividend.

2. Basic approach to the selection of accounting standards

The Group uses Japanese accounting standards to facilitate comparison with sector peer companies in Japan.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	7,395	9,137
Real estate for sale	25,652	28,659
Real estate for sale in process	11,164	11,851
Income taxes receivable	–	582
Other	846	1,117
Allowance for doubtful accounts	(1)	(2)
Total current assets	45,058	51,346
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	165	149
Land	524	516
Other, net	39	27
Total property, plant and equipment	729	693
Intangible assets		
Goodwill	793	595
Other	29	30
Total intangible assets	822	625
Investments and other assets		
Deferred tax assets	608	561
Other	201	221
Allowance for doubtful accounts	(14)	(12)
Total investments and other assets	796	770
Total non-current assets	2,348	2,089
Total assets	47,406	53,435

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	3,105	2,909
Short-term borrowings	–	2,000
Current portion of long-term borrowings	750	750
Income taxes payable	1,995	1,779
Accrued consumption taxes	–	2,034
Provision for bonuses	262	113
Construction warranty reserve	255	256
Provision for loss on litigation	1	1
Other	1,593	1,492
Total current liabilities	7,964	11,336
Non-current liabilities		
Long-term borrowings	20,000	19,250
Provision for retirement benefits for directors (and other officers)	62	80
Other	31	31
Total non-current liabilities	20,093	19,361
Total liabilities	28,057	30,698
Net assets		
Shareholders' equity		
Share capital	3,778	3,778
Capital surplus	3,640	3,640
Retained earnings	13,088	16,154
Treasury shares	(1,233)	(950)
Total shareholders' equity	19,273	22,623
Share acquisition rights	74	113
Total net assets	19,348	22,737
Total liabilities and net assets	47,406	53,435

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	81,356	89,978
Cost of sales	62,802	69,962
Gross profit	18,553	20,016
Selling, general and administrative expenses	9,448	9,894
Operating profit	9,104	10,121
Non-operating income		
Commission income	10	9
Insurance income	12	2
Other	19	17
Total non-operating income	41	29
Non-operating expenses		
Interest expenses	196	189
Commission for syndicated loans	187	39
Other	21	27
Total non-operating expenses	406	256
Ordinary profit	8,740	9,895
Extraordinary income		
Gain on sales of non-current assets	10	6
Total extraordinary income	10	6
Extraordinary losses		
Loss on retirement of non-current assets	4	0
Impairment loss	5	7
Loss on disaster	15	4
Differences in consumption taxes, etc.	–	2,014
Total extraordinary losses	25	2,027
Profit before income taxes	8,725	7,874
Income taxes - current	3,016	3,198
Refund of income taxes	–	(562)
Income taxes - deferred	(218)	47
Total income taxes	2,798	2,683
Profit	5,926	5,190
Profit attributable to owners of parent	5,926	5,190

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	5,926	5,190
Comprehensive income	5,926	5,190
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,926	5,190

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity					Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of current period	3,778	3,640	9,392	(1,490)	15,321	49	15,370
Changes of items during period							
Dividends of surplus			(1,950)		(1,950)		(1,950)
Profit attributable to owners of parent			5,926		5,926		5,926
Purchase of treasury shares				(479)	(479)		(479)
Exercise of share acquisition rights		(279)		736	456		456
Transfer from retained earnings to capital surplus		279	(279)		–		–
Net changes in items other than shareholders' equity						25	25
Total changes of items during period	–	–	3,695	256	3,952	25	3,978
Balance at end of current period	3,778	3,640	13,088	(1,233)	19,273	74	19,348

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity					Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of current period	3,778	3,640	13,088	(1,233)	19,273	74	19,348
Changes of items during period							
Dividends of surplus			(2,020)		(2,020)		(2,020)
Profit attributable to owners of parent			5,190		5,190		5,190
Purchase of treasury shares				(0)	(0)		(0)
Exercise of share acquisition rights		(104)		283	179		179
Transfer from retained earnings to capital surplus		104	(104)		–		–
Net changes in items other than shareholders' equity						38	38
Total changes of items during period	–	–	3,066	283	3,349	38	3,388
Balance at end of current period	3,778	3,640	16,154	(950)	22,623	113	22,737

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	8,725	7,874
Depreciation	63	47
Impairment loss	5	7
Amortization of goodwill	198	198
Increase (decrease) in allowance for doubtful accounts	(2)	(1)
Increase (decrease) in provision for bonuses	156	(149)
Increase (decrease) in construction warranty reserve	9	0
Increase (decrease) in provision for retirement benefits for directors (and other officers)	25	17
Increase (decrease) in provision for loss on litigation	1	0
Interest expenses	196	189
Loss (gain) on sales of property, plant and equipment	(10)	(6)
Loss on retirement of non-current assets	4	0
Loss on disaster	15	4
Share-based remuneration expenses	38	42
Decrease (increase) in inventories	(5,762)	(3,696)
Decrease (increase) in trade receivables	(1)	(3)
Increase (decrease) in trade payables	603	(196)
Increase (decrease) in accrued consumption taxes	–	2,034
Other, net	282	(359)
Subtotal	4,549	6,003
Interest paid	(196)	(190)
Payments associated with disaster loss	(11)	(3)
Income taxes paid	(2,273)	(3,418)
Net cash provided by (used in) operating activities	2,069	2,392
Cash flows from investing activities		
Purchase of property, plant and equipment	(42)	(16)
Proceeds from sales of property, plant and equipment	30	10
Collection of loans receivable	0	0
Purchase of investment securities	–	(10)
Other, net	(9)	(8)
Net cash provided by (used in) investing activities	(20)	(23)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,000)	2,000
Repayments of long-term borrowings	(14,474)	(750)
Proceeds from long-term borrowings	20,750	–
Repayments of finance lease obligations	(7)	(7)
Dividends paid	(1,949)	(2,019)
Purchase of treasury shares	(479)	(0)
Proceeds from disposal of treasury shares	443	151
Net cash provided by (used in) financing activities	1,283	(625)
Net increase (decrease) in cash and cash equivalents	3,331	1,742
Cash and cash equivalents at beginning of period	4,063	7,395
Cash and cash equivalents at end of period	7,395	9,137

(5) Notes to consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Segment information, etc.)

Segment information

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.

Related Information

1. Information by product and service

   This information has been omitted as net sales to external customers in a single product or service category account for more than 90% of net sales recorded in the consolidated statement of income.

2. Information by region

   (1) Net sales

   This information has been omitted as net sales to external customers in Japan is more than 90% of net sales recorded in the consolidated statement of income.

   (2) Property, plant and equipment

   This information has been omitted as the amount of property, plant and equipment located in Japan is more than 90% of property, plant and equipment in the consolidated balance sheet.

3. Information by major customer

   This information has been omitted as there is no major external customer that accounts for 10% or more of the net sales recorded in the consolidated statement of income.

Information regarding impairment loss of non-current assets by reportable segment

The Group designates the used housing refurbishing and remodeling business as a single reportable segment, and information about other businesses has been omitted owing to lack of quantitative materiality.

Information regarding amortization of goodwill and unamortized balance by reportable segment

The Group designates the used housing refurbishing and remodeling business as a single reportable segment, and information about other businesses has been omitted owing to lack of quantitative materiality.

Information regarding gain on negative goodwill by reporting segment

No items to report.

(Per share information)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net assets per share (yen)	253.18	294.94
Basic earnings per share (yen)	78.81	67.98
Diluted earnings per share (yen)	76.12	66.58

Notes: 1. The Company conducted a 2-for-1 share split of common shares on April 1, 2020. Net assets per share, 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.

2. The basis for calculating basic earnings per share and diluted earnings per share is as follows. The number of common shares has been converted to show the number after the share split.

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	5,926	5,190
Amounts not attributable to common shareholders (millions of yen)	–	–
Profit attributable to owners of parent related to common shares (millions of yen)	5,926	5,190
Average number of common shares outstanding during the period (share)	75,201,870	76,360,570
Diluted earnings per share		
Increase in the number of common shares (share)	2,656,738	1,601,932
(Share acquisition rights in the above (share))	(2,656,738)	(1,601,932)
Overview of potential shares not included in the calculation of diluted earnings per share because of absence of dilutive effect.	–	–

(Significant subsequent events)

(Borrowing of a large amount of funds)

At a meeting of the Board of Directors held on April 28, 2020, we have resolved to borrow funds as follows:

Lender	Mizuho Bank, Ltd.	MUFG Bank, Ltd.
Amount of funds borrowed	¥2,000 million	¥1,600 million
Borrowing period	From May 15, 2020 To October 31, 2020	From May 15, 2020 To October 30, 2020
Borrowing rate	Japanese yen TIBOR + 1.0% annually	Japanese yen TIBOR + 1.0% annually
Repayment method and interest payment date	Repayment method: Lump-sum repayment on due date Interest payment date: Every three months	Repayment method: Lump-sum repayment on due date Interest payment date: Every three months
Security	Unsecured	Unsecured
Guarantor	REPRICE Co., Ltd.	REPRICE Co., Ltd.
Use of funds	Short-term working capital	Short-term working capital