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May 7, 2024

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 <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 25, 2024
Scheduled date to commence dividend payments: June 11, 2024
Scheduled date to file annual securities report: June 25, 2024
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 fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	126,718	4.4	12,672	(9.9)	12,321	(10.9)	8,497	39.5
March 31, 2023	121,341	19.8	14,060	7.1	13,833	9.0	6,091	(11.0)

Note: Comprehensive income Fiscal year ended March 31, 2024: ¥8,497 million [39.5%]
Fiscal year ended March 31, 2023: ¥6,091 million [(11.0)%]

	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, 2024	109.23	108.74	22.4	17.2	10.0
March 31, 2023	78.66	77.99	17.9	20.8	11.6

Reference: Share of profit (loss) of entities accounted for using equity method
Fiscal year ended March 31, 2024: ¥– million Fiscal year ended March 31, 2023: ¥– million

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	
Fiscal year ended	Millions of yen	%	Millions of Yen	%	Millions of yen	%	Yen	%
March 31, 2024	14,757	5.0	14,406	4.1	9,872	4.6	126.90	4.1
March 31, 2023	14,060	7.1	13,833	9.0	9,441	10.0	121.91	9.6

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	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	77,366	40,341	52.1	516.73
March 31, 2023	66,304	35,768	53.8	458.69

Reference: Equity As of March 31, 2024: ¥40,289 million
As of March 31, 2023: ¥35,655 million

(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, 2024	9,502	(192)	3,989	22,027
March 31, 2023	(1,467)	(85)	(3,128)	8,728

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, 2023	–	24.00	–	25.00	49.00	3,799	62.3	11.1
Fiscal year ended March 31, 2024	–	27.00	–	27.00	54.00	4,205	49.4	11.1
Fiscal year ending March 31, 2025 (Forecast)	–	28.00	–	28.00	56.00		46.4	

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
Six months ending September 30, 2024	65,100	4.9	6,400	9.4	6,300	10.0	4,300	7.7	55.15
Fiscal year ending March 31, 2025	134,500	6.1	14,000	10.5	13,700	11.2	9,400	10.6	120.56

* **Notes**

(1) Changes in significant subsidiaries during the fiscal year ended March 31, 2024 (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, 2024	78,650,640 shares
As of March 31, 2023	78,650,640 shares

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

As of March 31, 2024	681,315 shares
As of March 31, 2023	916,916 shares

c. Average number of shares outstanding during the period

For the fiscal year ended March 31, 2024	77,795,475 shares
For the fiscal year ended March 31, 2023	77,444,586 shares

*** Financial results reports are exempt from audit 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, (4) Forecast" 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 existing 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 ended March 31, 2024, 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 audit by a certified public accountant or audit corporation.

Means of access to contents of financial results presentation meeting

The Company plans to hold a briefing for institutional investors on Tuesday, May 7, 2024.
The presentation materials will be posted on the Company's website on the day of the presentation meeting.

Attached Materials

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1. Overview of Operating Results

(1) Overview of Operating Results in the Fiscal Year Under Review

Looking at the Japanese economy during the fiscal year under review, there was a gradual economic recovery trend as the spread of COVID-19 abated and socioeconomic activities moved toward normalization. However, the economic outlook remains uncertain, due to concerns about a decline in consumer demand, etc. as a result of the increased burden on households from rising raw material and import prices.

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, demand which remains firm, and the number of homes sold increased compared to the previous fiscal year as a result of sales policies for providing houses that meet the needs of customers, such as offering houses in a lower price range. In addition, net sales increased compared to the previous fiscal year as a result of reviewing selling prices due to the increase in raw material prices and other cost increases.

In terms of purchases, as a result of steady progress in sales in addition to selecting properties to purchase more carefully to ensure a suitable level of inventory, real estate for sale and real estate for sale in process decreased from the end of the previous fiscal year.

In terms of profit, the gross margin declined 0.2 points from the previous fiscal year as a result of price reductions and discounts linked to the sale of newly built detached houses at reduced prices, mainly in suburban areas. Regarding selling, general and administrative expenses, due to the Company's loss in the first instance in the court case filed against the Regional Taxation Bureau, the difference arising from the discrepancies between the existing accounting treatment of the Group and the calculation method advocated by the Regional Taxation Bureau with regard to consumption tax has been calculated and recorded as differences in consumption taxes, etc. of approximately ¥2,085 million in selling, general and administrative expenses, increasing 18.3% year on year. Excluding the impact of said differences in consumption taxes, etc., adjusted selling, general and administrative expenses rose by 2.0% year on year.

As a result, in the fiscal year under review, the number of properties sold was 7,169, up 3.5% year on year, net sales were ¥126,718 million, up 4.4% year on year, operating profit was ¥12,672 million, down 9.9% year on year, ordinary profit was ¥12,321 million, down 10.9% year on year, and profit attributable to owners of parent was ¥8,497 million, up 39.5% year on year.

Excluding the impact of the above-mentioned differences in consumption taxes, etc., adjusted operating profit was ¥14,757 million, up 5.0% year on year, adjusted ordinary profit was ¥14,406 million, up 4.1% year on year, and adjusted profit attributable to owners of parent was ¥9,872 million, up 4.6% 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 Condition in the Fiscal Year Under Review

(i) Current assets

Current assets at the end of the fiscal year under review were ¥75,334 million, an increase of ¥10,829 million compared to ¥64,505 million at the end of the previous fiscal year. This was mainly due to a decrease in real estate for sale and real estate for sale in process of ¥1,890 million, despite a ¥13,299 million increase in cash and deposits.

(ii) Non-current assets

Non-current assets at the end of the fiscal year under review were ¥2,031 million, an increase of ¥233 million compared to ¥1,798 million at the end of the previous fiscal year. This was mainly due to increases of ¥100 million in intangible assets and ¥51 million in deferred tax assets.

(iii) Current liabilities

Current liabilities at the end of the fiscal year under review were ¥10,441 million, a decrease of ¥1,503 million compared to ¥11,944 million at the end of the previous fiscal year. This was mainly due to a decrease of ¥2,270 million in accrued consumption taxes, despite increases of ¥382 million in accounts payable - trade and ¥306 million in income taxes payable.

(iv) Non-current liabilities

Non-current liabilities at the end of the fiscal year under review were ¥26,583 million, an increase of ¥7,992 million compared to ¥18,590 million at the end of the previous fiscal year. This was mainly due to an increase of ¥8,000 million in long-term borrowings.

(v) Net assets

Net assets at the end of the fiscal year under review were ¥40,341 million, an increase of ¥4,573 million compared to ¥35,768 million at the end of the previous fiscal year. This was mainly due to the recording of ¥8,497 million in profit attributable to owners of parent while paying out dividends of surplus of ¥4,043 million. As a result, the equity-to-asset ratio was 52.1%.

(3) Overview of Cash Flow During the Fiscal Year

The balance of cash and cash equivalents (hereinafter, "net cash") at the end of the fiscal year under review increased by ¥13,299 million from the end of the previous fiscal year to ¥22,027 million.
The situation and factors related to cash flows for the end of the fiscal year under review are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥9,502 million in the fiscal year under review, compared to net cash used in operating activities of ¥1,467 million in the previous fiscal year. This was mainly due to recording ¥12,305 million in profit before income taxes, an increase in trade payables of ¥376 million and a decrease in inventories of ¥1,891 million, while decreases in accrued consumption taxes and income taxes paid of ¥2,270 million and ¥3,100 million, respectively.

(Cash flows from investing activities)

Net cash used in investing activities was ¥192 million in the fiscal year under review, up 125.8% from the previous fiscal year. This was mainly due to purchase of property, plant and equipment of ¥71 million and purchase of intangible assets of ¥120 million.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥3,989 million in the fiscal year under review, compared to net cash used in financing activities of ¥3,128 million in the previous fiscal year. This was mainly due to proceeds from long-term borrowings of ¥8,000 million, while recording dividends paid of ¥4,041 million.

(4) Forecast

As for the future outlook, although socioeconomic activities have normalized as COVID-19 has subsided, the economic outlook is expected to remain uncertain due to such factors as concerns about a decline in consumer demand, etc. as a result of the increased burden on households from rising raw material prices.
Under these circumstances, considering that customer demand for "low-cost, high-quality housing to live in" is firm and that there are many properties, mainly vacant houses, that the Group can purchase, the Company has determined that it can realize stable growth going forward in order to improve the Group's supply capacity.
On May 13, 2022, the Group announced its third medium-term management plan (FY2022 – FY2024), with the aim of achieving an average annual growth rate of 10% for both net sales and operating profit, aiming for net sales of ¥134.0 billion and excluding the impact of differences in consumption taxes, etc., adjusted operating profit of ¥17.5 billion. The third medium-term management plan includes measures to increase the number of sales staff, improve productivity, and secure remodeling partner construction companies. We aim to achieve an annual sales volume of over 10,000 properties going forward.
For the fiscal year under review, as described in "(1) Overview of Operating Results in the Fiscal Year Under Review," we have achieved stable growth and will continue to aim for stable growth in the coming fiscal year (fiscal year ending March 31, 2025). However, the environment surrounding the Group will remain uncertain, due to such factors as continued price reductions in sales of newly built detached houses mainly in suburban areas, and concerns, etc. about postponing housing purchases as a result of the increased burden on households from rising raw material and import prices.
In view of the above, the Group's forecast of consolidated business results in the coming fiscal year (fiscal year ending March 31, 2025), consists of net sales of ¥134,500 million (up 6.1% year on year), operating profit of ¥14,000 million (up 10.5% year on year), ordinary profit of ¥13,700 million (up 11.2% year on year), and profit attributable to owners of parent of ¥9,400 million (up 10.6% year on year). Excluding the impact of the above-mentioned differences in consumption taxes, etc., we forecast adjusted operating profit of ¥16,200 million, up 9.8% year on year, adjusted ordinary profit of ¥15,900 million, up 10.4% year on year, and adjusted profit attributable to owners of parent of ¥10,900 million, up 10.4% year on year.

(5) Basic Policy on Distribution of Earnings and Dividends in the Fiscal Year Under Review and Coming Fiscal Year

The Company positions the return of earnings to shareholders as one of its most important management issues.

The body that determines distribution of the Company's surplus is the Board of Directors. For the fiscal year under review, the Company is distributing dividends of ¥54.0 per share (consisting of an interim dividend of ¥27.0 per share and a year-end dividend of ¥27.0 per share).
In the coming fiscal year (fiscal year ending March 31, 2025), in view of its forecast of operating results, the Company intends to distribute dividends of ¥56.0 per share (consisting of an interim dividend of ¥28.0 per share and a year-end dividend of ¥28.0 per share).
In order to return earnings to shareholders linked with consolidated earnings, the Company has set a consolidated dividend payout ratio of 40% or greater, and unless there are special circumstances, the Company's policy for shareholder return is to maintain total annual dividends at or above the level of the previous fiscal year, thereby providing a stable return to shareholders. The dividend payout ratio is calculated based on adjusted profit attributable to owners of parent excluding the impact of the above-mentioned differences in consumption taxes, etc., and the adjusted dividend payout ratio for the coming fiscal year (fiscal year ending March 31, 2025) will be 40.1%.

2. Basic Approach to Selection of Accounting Standards

To ensure ease of comparison with other companies in the same industry, the Group applies J-GAAP as its accounting standard.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	8,728	22,027
Real estate for sale	34,064	37,454
Real estate for sale in process	20,079	14,798
Income taxes refund receivable	914	448
Other	723	609
Allowance for doubtful accounts	(4)	(4)
Total current assets	64,505	75,334
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	124	154
Land	579	579
Other, net	23	24
Total property, plant and equipment	726	758
Intangible assets	51	151
Investments and other assets		
Deferred tax assets	762	814
Other	261	310
Allowance for doubtful accounts	(3)	(2)
Total investments and other assets	1,020	1,122
Total non-current assets	1,798	2,031
Total assets	66,304	77,366

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	4,340	4,723
Contract liabilities	370	327
Income taxes payable	1,817	2,123
Accrued consumption taxes	2,851	581
Provision for bonuses	429	355
Construction warranty reserve	348	344
Provision for loss on litigation	2	6
Provision for loss on disaster	53	66
Other	1,731	1,912
Total current liabilities	11,944	10,441
Non-current liabilities		
Long-term borrowings	18,500	26,500
Provision for retirement benefits for directors (and other officers)	71	71
Other	19	11
Total non-current liabilities	18,590	26,583
Total liabilities	30,535	37,025
Net assets		
Shareholders' equity		
Share capital	3,778	3,778
Capital surplus	3,640	3,703
Retained earnings	28,685	33,139
Treasury shares	(448)	(332)
Total shareholders' equity	35,655	40,289
Share acquisition rights	112	52
Total net assets	35,768	40,341
Total liabilities and net assets	66,304	77,366

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

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	121,341	126,718
Cost of sales	94,485	98,904
Gross profit	26,855	27,814
Selling, general and administrative expenses	12,795	15,141
Operating profit	14,060	12,672
Non-operating income		
Commission income	5	5
Insurance claim income	8	2
Discount revenue	7	9
Income of compensation	–	6
Other	17	17
Total non-operating income	39	41
Non-operating expenses		
Interest expenses	190	228
Commission for syndicated loans	58	98
Other	16	65
Total non-operating expenses	265	392
Ordinary profit	13,833	12,321
Extraordinary income		
Gain on sale of non-current assets	1	–
Insurance claim income	52	–
Differences in consumption taxes, etc.	–	12
Total extraordinary income	53	12
Extraordinary losses		
Loss on retirement of non-current assets	0	8
Impairment losses	4	–
Loss on disaster	4	7
Provision for loss on disaster	49	13
Differences in consumption taxes, etc.	4,777	–
Total extraordinary losses	4,836	28
Profit before income taxes	9,051	12,305
Income taxes - current	3,789	3,911
Income taxes - refund	(797)	(52)
Income taxes - deferred	(31)	(51)
Total income taxes	2,959	3,808
Profit	6,091	8,497
Profit attributable to owners of parent	6,091	8,497

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	6,091	8,497
Comprehensive income	6,091	8,497
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,091	8,497

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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 period	3,778	3,649	25,813	(679)	32,562	190	32,752
Changes during period							
Dividends of surplus			(3,208)		(3,208)		(3,208)
Profit attributable to owners of parent			6,091		6,091		6,091
Purchase of treasury shares				(0)	(0)		(0)
Exercise of share acquisition rights		(19)		230	211		211
Transfer from retained earnings to capital surplus		10	(10)		–		–
Net changes in items other than shareholders' equity					–	(78)	(78)
Total changes during period	–	(8)	2,871	230	3,093	(78)	3,015
Balance at end of period	3,778	3,640	28,685	(448)	35,655	112	35,768

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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 period	3,778	3,640	28,685	(448)	35,655	112	35,768
Changes during period							
Dividends of surplus			(4,043)		(4,043)		(4,043)
Profit attributable to owners of parent			8,497		8,497		8,497
Exercise of share acquisition rights		63		116	179		179
Net changes in items other than shareholders' equity					–	(60)	(60)
Total changes during period	–	63	4,454	116	4,633	(60)	4,573
Balance at end of period	3,778	3,703	33,139	(332)	40,289	52	40,341

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	9,051	12,305
Depreciation	37	51
Impairment losses	4	–
Amortization of goodwill	198	–
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for bonuses	39	(74)
Increase (decrease) in construction warranty reserve	42	(3)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(26)	–
Increase (decrease) in provision for loss on litigation	(0)	4
Increase (decrease) in provision for loss on disaster	47	13
Interest expenses	190	228
Loss (gain) on sale of property, plant and equipment	(1)	–
Loss on retirement of non-current assets	0	8
Loss on disaster	–	7
Share-based payment expenses	33	45
Decrease (increase) in inventories	(9,294)	1,891
Decrease (increase) in trade receivables	(0)	(1)
Increase (decrease) in trade payables	571	376
Decrease (increase) in consumption taxes refund receivable	1,194	–
Increase (decrease) in accrued consumption taxes	442	(2,270)
Other, net	440	226
Subtotal	2,969	12,807
Interest paid	(190)	(203)
Payments associated with disaster loss	–	(0)
Income taxes paid	(4,246)	(3,100)
Net cash provided by (used in) operating activities	(1,467)	9,502
Cash flows from investing activities		
Purchase of property, plant and equipment	(69)	(71)
Proceeds from sale of property, plant and equipment	13	–
Purchase of intangible assets	–	(120)
Proceeds from collection of loans receivable	0	0
Other, net	(29)	(0)
Net cash provided by (used in) investing activities	(85)	(192)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	8,000
Repayments of finance lease liabilities	(5)	(5)
Dividends paid	(3,207)	(4,041)
Purchase of treasury shares	(0)	–
Proceeds from disposal of treasury shares	85	36
Net cash provided by (used in) financing activities	(3,128)	3,989
Net increase (decrease) in cash and cash equivalents	(4,681)	13,299
Cash and cash equivalents at beginning of period	13,409	8,728
Cash and cash equivalents at end of period	8,728	22,027

(5) Notes on the consolidated financial statements

(Notes on premise of going concern)

No items to report.

(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 Kantoshinetsu 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 District Court rendered a judgment 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 decided that it cannot accept the Original Judgment, and the Board of Directors resolved on June 8, 2023 to file an appeal to the Tokyo High Court against the Original Judgment. The notice of appeal was accepted by the Tokyo High Court.

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 current fiscal year.

In addition, the Tokyo High Court judgment is scheduled to be rendered on May 30, 2024. Regardless of whether the Company wins or loses the judgment, there will be no impact whatsoever on the consolidated financial results for the current fiscal year on account of conducting the above-mentioned accounting treatment.

(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

   Net sales to outside customers in a single product/service category exceed 90% of net sales in the consolidated statement of income, so this information is omitted from this report.

2. Information by Region

   (1) Net sales

   Net sales to outside customers in Japan exceed 90% of net sales in the consolidated statement of income, so this information is omitted from this report.

   (2) Property, plant and equipment

   The value of property, plant and equipment in Japan exceeds 90% of the value of property, plant and equipment on the consolidated balance sheet, so this information is omitted from this report.

3. Information by Main Customer

   Of net sales to outside customers, no customer exceeds 10% of net sales in the consolidated statement of income, so this information is omitted from this report.

Impairment Loss on Non-current assets by Reporting Segment

Previous fiscal year (from April 1, 2022 to March 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.

Fiscal year under review (from April 1, 2023 to March 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.

Amortization of Goodwill and Unamortized Balance by Reporting Segment

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.

Gain on Negative Goodwill by Reporting Segment

No items to report.

(Per-share information)

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Fiscal year under review (from April 1, 2023 to March 31, 2024)
Net assets per share (yen)	458.69	516.73
Basic earnings per share (yen)	78.66	109.23
Diluted earnings per share (yen)	77.99	108.74

Note: The basis for calculation of basic earnings per share and diluted earnings per share is as follows.

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Fiscal year under review (from April 1, 2023 to March 31, 2024)
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	6,091	8,497
Amount not returned to common shareholders (millions of yen)	–	–
Profit attributable to owners of parent and applicable to common shares (millions of yen)	6,091	8,497
Average number of common shares during the period (shares)	77,444,586	77,795,475
Diluted earnings per share		
Increase in number of common shares (shares)	667,265	351,218
(Of which: Share acquisition rights (shares))	(667,265)	(351,218)
Overview of dilutive shares which have not been included in the calculation of diluted earnings per share during the period as they have no diluting effect	–	–

(Significant subsequent events)

No items to report.