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February 6, 2018

Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2018 <under Japanese GAAP>

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 Listing: Tokyo Stock Exchange
 Securities code: 8919
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Scheduled date to file quarterly securities report: February 13, 2018
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: None
 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, 2018 (from April 1, 2017 to December 31, 2017)

(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, 2017	51,886	13.9	5,662	63.2	5,140	55.4	3,442	43.3
December 31, 2016	45,544	—	3,469	—	3,307	—	2,401	—

Note: Comprehensive income Nine months ended December 31, 2017: ¥3,442 million [43.3%]
 Nine months ended December 31, 2016: ¥2,401 million [—%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2017	94.09	93.72
December 31, 2016	65.99	—

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

	Adjusted operating profit		EBITDA		Adjusted EBITDA		Adjusted profit attributable to owners of parent		Adjusted basic earnings per share	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	%
December 31, 2017	5,699	20.3	5,857	59.5	5,895	19.3	3,683	20.2	100.70	19.6
December 31, 2016	4,736	—	3,673	—	4,940	—	3,065	—	84.23	—

Notes: 1. KATITAS CO., LTD (the "Company") uses adjusted operating profit, EBITDA, adjusted EBITDA, 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 30-for-1 share split of common shares on September 22, 2017. “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) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2017	37,069	13,914	37.3
March 31, 2017	32,051	11,366	35.1

Reference: Equity As of December 31, 2017: ¥13,832 million
As of March 31, 2017: ¥11,260 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, 2017	—	0.00	—	821.00	821.00
Fiscal year ending March 31, 2018	—	0.00	—		
Fiscal year ending March 31, 2018 (Forecast)				26.00	26.00

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

The Company conducted a 30-for-1 share split of common shares on September 22, 2017. The actual dividend amounts before said share split are shown for the fiscal year ended March 31, 2017.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2018	67,998	10.0	7,030	40.0	6,443	34.0	4,490	28.5	122.71

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
 - 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, 2017	39,325,320 shares
As of March 31, 2017	42,000,000 shares

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

As of December 31, 2017	2,592,270 shares
As of March 31, 2017	5,500,680 shares

c. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2017	36,582,178 shares
Nine months ended December 31, 2016	36,392,880 shares

Note: The Company conducted a 30-for-1 share split of common shares on September 22, 2017. "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 not required to be subjected to quarterly reviews.**

*** 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

1. Adjusted operating profit = Operating profit + Increase in cost of sales due to inventory revaluation of REPRICE Co., Ltd. ("REPRICE") + Listing related expenses
2. EBITDA = Operating profit + Depreciation + Amortization of goodwill
3. Adjusted EBITDA = EBITDA + Increase in cost of sales due to REPRICE's inventory revaluation + Listing related expenses
4. Adjusted profit attributable to owners of parent = Profit attributable to owners of parent + Increase in cost of sales due to REPRICE's inventory revaluation + Listing related expenses + Refinance related expenses - Gain on cancellations of insurance policies
5. Adjusted basic earnings per share = Adjusted profit attributable to owners of parent / Average number of shares outstanding during the period
6. Adjusted operating profit, EBITDA, adjusted EBITDA, and adjusted profit attributable to owners of parent are financial indicators that the Company and its subsidiaries (collectively, the "Group") consider useful for evaluating the performance of the Group for investors. Effects of expenses that are not expected to occur after listing or 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 these financial indicators.
7. Adjusted operating profit, EBITDA, adjusted EBITDA, and adjusted profit attributable to owners of parent exclude some items that affect profit, and their respective utilizations as an analysis tool are significantly restricted. Consequently, there is a possibility that the respective indicators 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 respective indicator.

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 gradually shifted from economic stagnation to a recovery trend, with corporate earnings trending at record-high levels and a continued increase in employment.

However, due to the geopolitical risk of East Asia and the Middle East, etc., as well as uncertainty over political trends in the US and Europe, there are many factors of concern regarding changes in the global economy, and an overall state of uncertainty over the future continues. Regarding private consumption, while there has been improvement in employment conditions, given the above uncertainty over the future, companies are taking a cautious approach to increasing personnel costs. Furthermore, due to increasing upward pressure on prices and increasing social insurance premiums driving down disposable income, the stagnant trend in private consumption continues overall, and has not yet made a full-fledged recovery.

Amid this type of market environment, in the used housing refurbishing and remodeling business, the Group continued efforts initiated in the previous fiscal year to promote contracts for properties being refurbished through enhanced online advertising and build cooperative sales systems with real estate brokerage companies, and the number of properties sold for the first nine months under review was 3,591, up 10.4% year on year.

In terms of profit, we lowered acquisition costs by implementing thorough three-party on-site meetings prior to acquisitions to allow acquisitions that consider the amount of refurbishing costs expected to be incurred after the acquisition. Furthermore, we promoted contracts for properties being refurbished and limited reduced profits through discounts by selling properties at the initial offering price, and these efforts resulted in gross profit of ¥11,928 million. Moreover, we promoted online sales activities in the form of open-house notices on our website and on real estate portal sites, continuously working to reduce costs by reducing newspaper insert advertisements, etc.

As a result, in the first nine months under review, net sales were ¥51,886 million, up 13.9% year on year, operating profit was ¥5,662 million, up 63.2% year on year, ordinary profit was ¥5,140 million, up 55.4% year on year and profit attributable to owners of parent was ¥3,442 million, up 43.3% year on year. Furthermore, adjusted operating profit was ¥5,699 million, up 20.3% year on year, EBITDA was ¥5,857 million, up 59.5% year on year, adjusted EBITDA was ¥5,895 million, up 19.3% year on year, and adjusted profit attributable to owners of parent was ¥3,683 million, up 20.2% 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) Current assets

Current assets as of December 31, 2017 amounted to ¥35,029 million, an increase of ¥5,332 million compared to ¥29,697 million at the end of the previous fiscal year. This is mainly due to increases of ¥485 million in cash and deposits and ¥4,831 million in real estate for sale and real estate for sale in process.

(ii) Non-current assets

Non-current assets as of December 31, 2017 amounted to ¥2,040 million, a decrease of ¥314 million compared to ¥2,354 million at the end of the previous fiscal year. This is mainly due to decreases of ¥25 million in property, plant and equipment, ¥167 million in intangible assets and ¥120 million in investments and other assets.

(iii) Current liabilities

Current liabilities as of December 31, 2017 amounted to ¥8,976 million, an increase of ¥3,046 million compared to ¥5,929 million at the end of the previous fiscal year. This is mainly due to an increase of ¥3,800 million in short-term loans payable, and decreases of ¥155 million in accounts payable - trade and ¥920 million in income taxes payable.

(iv) Non-current liabilities

Non-current liabilities as of December 31, 2017 amounted to ¥14,178 million, a decrease of ¥576 million compared to ¥14,755 million at the end of the previous fiscal year. This is mainly due to decreases of ¥375 million in long-term loans payable and ¥192 million in provision for directors' retirement benefits.

(v) Net assets

Net assets as of December 31, 2017 amounted to ¥13,914 million, an increase of ¥2,547 million compared to ¥11,366 million at the end of the previous fiscal year. This is mainly due to the recording of ¥3,442 million in profit attributable to owners of parent, and payment of dividends of surplus of ¥998 million. As a result, the equity-to-asset ratio was 37.3%.

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

In regard to the full-year earnings forecasts for the fiscal year ending March 31, 2018, there has been no change to the earnings forecasts announced on December 12, 2017, in the “Notice regarding the Company’s financial information, etc., following the listing of its shares on the First Section of the Tokyo Stock Exchange.”

In addition, the earnings forecasts are based on information that was available to the Company as of the date of announcement of the above Notice. Consequently, actual earnings results may differ from the forecast figures due to various factors going forward.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	4,723	5,208
Real estate for sale	16,985	19,626
Real estate for sale in process	6,963	9,153
Other	1,026	1,042
Allowance for doubtful accounts	(1)	(1)
Total current assets	29,697	35,029
Non-current assets		
Property, plant and equipment	785	759
Intangible assets		
Goodwill	1,190	1,041
Other	72	53
Total intangible assets	1,263	1,095
Investments and other assets		
Other	336	201
Allowance for doubtful accounts	(31)	(16)
Total investments and other assets	305	184
Total non-current assets	2,354	2,040
Total assets	32,051	37,069
Liabilities		
Current liabilities		
Accounts payable - trade	2,203	2,047
Short-term loans payable	—	3,800
Current portion of long-term loans payable	750	750
Income taxes payable	1,536	616
Provision for bonuses	39	23
Construction warranty reserve	235	249
Provision for loss on litigation	0	—
Other	1,163	1,488
Total current liabilities	5,929	8,976
Non-current liabilities		
Long-term loans payable	14,474	14,099
Provision for directors' retirement benefits	227	34
Other	53	44
Total non-current liabilities	14,755	14,178
Total liabilities	20,684	23,154
Net assets		
Shareholders' equity		
Capital stock	3,778	3,778
Capital surplus	17,061	3,640
Retained earnings	7,762	8,400
Treasury shares	(17,342)	(1,987)
Total shareholders' equity	11,260	13,832
Subscription rights to shares	105	82
Total net assets	11,366	13,914
Total liabilities and net assets	32,051	37,069

(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, 2016	Nine months ended December 31, 2017
Net sales	45,544	51,886
Cost of sales	36,074	39,958
Gross profit	9,470	11,928
Selling, general and administrative expenses	6,000	6,265
Operating profit	3,469	5,662
Non-operating income		
Commission fee	10	8
Insurance income	–	7
Other	16	5
Total non-operating income	27	21
Non-operating expenses		
Interest expenses	141	134
Going public expenses	–	352
Other	48	56
Total non-operating expenses	189	543
Ordinary profit	3,307	5,140
Extraordinary income		
Gain on sales of non-current assets	46	4
Gain on transfer of investment	–	11
Gain on cancellations of insurance policies	310	38
Total extraordinary income	357	53
Extraordinary losses		
Loss on sales of non-current assets	4	–
Loss on retirement of non-current assets	0	1
Loss on disaster	12	–
Loss on sales of shares of subsidiaries and associates	21	–
Total extraordinary losses	38	1
Profit before income taxes	3,625	5,192
Income taxes - current	1,631	1,629
Income taxes - deferred	(407)	121
Total income taxes	1,224	1,750
Profit	2,401	3,442
Profit attributable to owners of parent	2,401	3,442

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit	2,401	3,442
Other comprehensive income		
Total other comprehensive income	—	—
Comprehensive income	2,401	3,442
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,401	3,442

(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)

Cancellation of treasury shares

(i) Class A shares

The Company resolved at its meeting of the Board of Directors held on April 27, 2017 to cancel the Class A shares held by the Company, and conducted cancellation of its treasury shares. Accordingly, capital surplus and treasury shares each decreased by ¥13,125 million.

(1) Class of shares cancelled	Class A shares of the Company
(2) Number of shares cancelled	680,000 shares
(3) Cancelled amount	¥13,125 million
(4) Date of cancellation	April 27, 2017

(ii) Common shares

The Company resolved at its meeting of the Board of Directors held on October 24, 2017 to cancel the common shares held by the Company, and conducted cancellation of its treasury shares. Accordingly, capital surplus decreased by ¥342 million, retained earnings decreased by ¥1,707 million and treasury shares decreased by ¥2,050 million.

(1) Class of shares cancelled	Common shares of the Company
(2) Number of shares cancelled	2,674,680 shares (Ratio of total number of issued shares prior to cancellation: 6.4%)
(3) Cancelled amount	¥2,050 million
(4) Date of cancellation	October 31, 2017

(Segment information, etc.)

Segment information

Nine months ended December 31, 2017

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.