

May 14, 2021

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

[Japanese GAAP]

Company name: KI-STAR REAL ESTATE CO., LTD.

Listing: Tokyo Stock Exchange, First Section

Securities code: 3465

URL: <http://www.ki-group.co.jp/>

Representative: Keiji Hanawa, President and CEO

Contact: Osamu Matsuzawa, Executive Officer, General Manager of Administration Division

Tel: +81-(0) 495-27-2525

Scheduled date of Annual General Meeting of Shareholders: June 25, 2021

Scheduled date of filing of Annual Securities Report: June 25, 2021

Scheduled date of payment of dividend: June 28, 2021

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2021	155,753	29.0	12,561	95.5	12,781	102.3	7,616	112.5
Fiscal year ended Mar. 31, 2020	120,710	17.1	6,425	8.0	6,317	9.5	3,584	3.6

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2021: 8,600 (up 110.7%)

Fiscal year ended Mar. 31, 2020: 4,082 (up 13.5%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2021	536.69	536.56	35.8	12.8	8.1
Fiscal year ended Mar. 31, 2020	252.60	-	21.3	7.4	5.3

Reference: Equity in earnings of affiliates (million yen)

Fiscal year ended Mar. 31, 2021: -

Fiscal year ended Mar. 31, 2020: -

Notes: 1. Diluted net income per share for the fiscal year ended March 31, 2020 is not presented because there were no potential shares with dilutive effects.

2. KI-STAR REAL ESTATE CO., LTD. (“the Company”) has established a performance-linked stock compensation plan for directors. Shares for this plan held by the trust are recorded as treasury shares in the consolidated balance sheet and included in treasury shares for calculating the average number of shares during the period for determining net income per share.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	110,127	29,218	22.3	1,728.44
As of Mar. 31, 2020	89,936	19,848	20.0	1,268.29

Reference: Shareholders' equity (million yen)

As of Mar. 31, 2021: 24,528

As of Mar. 31, 2020: 17,998

Note: The Company has established a performance-linked stock compensation plan for directors. Shares for this plan held by the trust are recorded as treasury shares in the consolidated balance sheet.

(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
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2021	12,008	(348)	4,480	29,999
Fiscal year ended Mar. 31, 2020	(2,411)	(680)	3,236	13,858

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Mar. 31, 2020	-	42.00	-	34.00	76.00	1,081	30.1	5.9
Fiscal year ended Mar. 31, 2021	-	44.00	-	95.00	139.00	1,978	25.9	9.3
Fiscal year ending Mar. 31, 2022 (forecasts)	-	100.00	-	100.00	200.00		28.5	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	185,000	18.8	15,400	22.6	15,200	18.9	10,000	31.3	704.03

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

Newly added: -

Excluded: -

(2) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(3) Number of issued shares (common shares)

1) Number of shares issued at the end of the period (including treasury shares)

As of Mar. 31, 2021: 14,232,500 shares As of Mar. 31, 2020: 14,232,500 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2021: 41,392 shares As of Mar. 31, 2020: 41,344 shares

3) Average number of shares during the period

Fiscal year ended Mar. 31, 2021: 14,191,125 shares Fiscal year ended Mar. 31, 2020: 14,191,156 shares

Note: The Company has established a performance-linked stock compensation plan for directors. Shares for this plan held by the trust are included in treasury shares for calculating the number of treasury shares at the end of the period and the average number of shares during the period.

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2021	91,982	23.4	8,569	94.7	8,805	94.9	6,074	108.2
Fiscal year ended Mar. 31, 2020	74,525	0.6	4,402	4.2	4,517	6.1	2,918	(1.2)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2021	428.06	427.96
Fiscal year ended Mar. 31, 2020	205.64	-

Notes: 1. Diluted net income per share for the fiscal year ended March 31, 2020 is not presented because there were no potential shares with dilutive effects.

2. The Company has established a performance-linked stock compensation plan for directors. Shares for this plan held by the trust are recorded as treasury shares in the balance sheet and included in treasury shares for calculating the average number of shares during the period for determining net income per share.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	74,304	21,686	29.2	1,527.86
As of Mar. 31, 2020	59,507	16,719	28.1	1,177.94

Reference: Shareholders' equity (million yen): As of Mar. 31, 2021: 21,682 As of Mar. 31, 2020: 16,716

2. Non-consolidated Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages represent year-on-year changes)

	Net sales		Ordinary profit		Profit		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	103,000	12.0	9,300	5.6	6,800	11.9	478.74

* The current financial report is not subject to audit by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements, and other special items

Cautionary statement with respect to forecasts

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ significantly from these forecasts for a number of factors.

Contents of Attachments

1. Overview of Results of Operations	2
(1) Results of Operations	2
(2) Financial Position	4
(3) Cash Flows	4
(4) Outlook	5
2. Basic Approach to the Selection of Accounting Standards	5
3. Consolidated Financial Statements and Notes	6
(1) Consolidated Balance Sheet	6
(2) Consolidated Statements of Income and Comprehensive Income	8
(3) Consolidated Statement of Changes in Equity	10
(4) Consolidated Statement of Cash Flows	12
(5) Notes to Consolidated Financial Statements	13
Going Concern Assumption	13
Segment and Other Information	13
Per Share Information	15
Material Subsequent Events	15

1. Overview of Results of Operations

(1) Results of Operations

Economic activity in Japan was severely restricted by the prolonged COVID-19 pandemic, including the effects of the global emergence of new variants, during the fiscal year that ended in March 2021.

In the Japanese housing sector, where the KI-STAR Group operates, there is a growing interest in owning a house globally because of the big increase in the amount of time people are spending at home due to the need to stay home as much as possible due to COVID-19.

By supplying design houses with outstanding quality at low prices, the Group continued to concentrate on the growth strategy for its core homebuilding and sales business. Activities are guided by the management philosophy of “creating lives that are fulfilling, enjoyable and pleasant.” For more progress with combining real estate and IT, we conducted research involving the use of IT and created systems for many of our operations. The objective is to build houses incorporating concepts that look into the future in order to provide outstanding comfort and convenience to residents.

Our highest priority is improving inventory turnover, which is the time from purchasing land to the sale of a house on that land, in order to properly manage and improve the level of financial soundness.

By using the recently launched KEIAI Platform, a system for optimizing every step from purchasing land to the sale of houses to consumers, we are working on making the inventory turnover even shorter.

Sales and earnings climbed to all-time highs because of numerous initiatives at all group companies aimed at raising the speed of activities involving the market share growth strategy. Sales were 155,753 million yen, 35,042 million yen (29.0%) higher than one year earlier because of measures to strengthen sales activities. Selling, general and administrative expenses increased 3,848 million yen mainly because of an increase in brokerage commissions (increase of the variable cost) due to higher sales. However, operating profit increased 6,136 million yen (95.5%) to a record-high 12,561 million yen due to sales growth. Ordinary profit increased 6,464 million yen (102.3%) to 12,781 million yen, while interest expenses were up 91 million yen because of an increase in loans to procure funds from financial institutions to purchase land and due to an increase in the number of consolidated subsidiaries. Although there was a valuation loss of investment securities of 203 million yen due to a decline in the value of the stock of alliance partner KAMARQ HOLDINGS PTE. LTD., profit attributable to owners of parent increased 4,031 million yen (112.5%) to a record-high 7,616 million yen.

Results by business segment are as follows:

i) Homebuilding and sales business

In this business, there were many activities during the fiscal year involving the market share growth strategy, primarily in the Tokyo area. Backed by marketing activities that link the KEIAI brand with outstanding designs, we continued to supply design houses with outstanding quality at low prices. Prices of houses are set at a level that makes the monthly mortgage payments less expensive than renting a residence. We placed priority on the turnover ratio by shortening the time between the purchase of land and sale of houses. Building houses faster and improving construction processes also contributed to lowering expenses in this business. In addition, we continued to upgrade our sales capabilities by building stronger ties with real estate brokers throughout Japan, increasing purchases of land and increasing the use of outsourced sales activities.

During the fiscal year, 3,179 houses (including land sale) were sold, up by 588 from one year earlier. Sales increased 23,937 million yen to 101,348 million yen. Although earnings were negatively affected by higher brokerage commissions (increase of the variable cost) as sales increased, segment profit was up 5,394 million yen to 12,249 million yen.

ii) Custom-built housing business

This custom-built housing business is concentrating on increasing the number of orders from real estate companies for its Fit-Pro custom-built houses.

The number of houses sold during the fiscal year increased by 67 from one year earlier to 176. Sales were up 242

million yen to 1,461 million yen and segment profit decreased 9 million yen to 245 million yen.

iii) Pre-owned home business

This business has stopped all purchasing activities because we are focusing our resources on the homebuilding and sales business.

The number of houses sold during the fiscal year decreased by 213 from one year earlier to 91. Sales decreased 2,446 million yen to 1,825 million yen and segment profit decreased 56 million yen to 29 million yen.

iv) Yokatown business

Subsidiary Yokatown Co., Ltd. sells built-for-sale houses, land and custom-built houses mainly in Fukuoka prefecture. Yokatown has been working on strengthening its built-for-sale house sales business.

The number of built-for-sale houses sold during the fiscal year increased by 189 to 742 (including land sale), the number of custom-built houses sold decreased by 49 to 85 because built-for-sale houses are the main activity of this business. Sales increased 4,430 million yen to 20,248 million yen and segment profit increased 676 million yen to 1,716 million yen.

v) Asahi Housing business

Subsidiary Asahi Housing Co., Ltd. sells built-for-sale houses mainly in Kanagawa prefecture. There have been many activities at this company involving development projects for built-for-sale houses.

The number of built-for-sale houses sold during the fiscal year increased by 38 to 213 (including land sale). Sales increased 1,946 million yen to 8,480 million yen and segment profit increased 492 million yen to 730 million yen.

vi) Fresco business

Subsidiary Fresco Inc. sells built-for-sale houses mainly in Chiba prefecture. This company also sells land and custom-built houses. Custom-built house sales mainly consist of houses where buyers can determine designs on their own and the “Hanamaru house” line of homes where buyers choose from pre-determined elements.

The number of built-for-sale houses sold during the fiscal year increased by 43 to 206 (including land sale) and the number of custom-built houses sold decreased by 52 to 45. Sales increased 1,105 million yen to 7,271 million yen and segment profit increased 301 million yen to 516 million yen.

vii) Kensin business

Subsidiary Kensin Construction inc. primarily sells built-for-sale houses, land and custom-built houses and performs building site preparation work mainly in Kanagawa prefecture. The company has been involved with many real estate development projects that required the preparation of building sites at locations with big differences between high and low areas. There have been many activities at this company involving development projects for built-for-sale houses.

The number of built-for-sale houses sold during the fiscal year increased by 80 to 230 (including land sale) and custom-built houses sold increased by 52 to 124. Sales increased 3,345 million yen to 11,268 million yen and segment profit increased 197 million yen to 418 million yen.

viii) Tokyo Big House business

The main activities of Tokyo Big House, Inc., which are mainly in Tokyo, are the sale of built-for-sale houses, the sale of renovated condominium units and residential remodeling. Tokyo Big House plans to increase activities involving development projects for built-for-sale houses.

Tokyo Big House sold 27 built-for-sale houses and condominium units and 27 custom-built houses, resulting in sales of 2,096 million yen. Segment loss was 81 million yen because mainly of the inclusion of stock acquisition expenses of 3 million yen in selling, general and administrative expenses and a 46 million yen increase in the cost of sales due to the inclusion of a valuation gain resulting from the revaluation of inventories based on market prices as of the time Tokyo Big House was consolidated. There is no prior-year comparison because this

reportable segment was added in the current fiscal year due to the acquisition of Tokyo Big House.

viii) KEIAI presto business

The main activities of KEIAI presto K.K. are the design and sale of custom-built detached houses mainly in Saitama prefecture. KEIAI presto plans to increase activities involving development projects for built-for-sale houses.

KEIAI presto sold 18 custom-built houses and built-for-sale houses (including land sale) resulting in sales of 198 million yen. Segment loss was 16 million yen because mainly of the inclusion of stock acquisition expenses of 20 million yen in selling, general and administrative expenses and a 13 million yen increase in the cost of sales due to the inclusion of a valuation gain resulting from the revaluation of inventories based on market prices as of the time KEIAI presto was consolidated. There is no prior-year comparison because this reportable segment was added in the current fiscal year due to the acquisition of KEIAI presto.

(2) Financial Position

Assets

Total assets increased by 20,191 million yen from the end of the previous fiscal year to 110,127 million yen at the end of the current fiscal year. This was mainly due to increases of 16,173 million yen in cash and deposits and 2,138 million yen in real estate for sale in process.

Liabilities

Total liabilities increased by 10,820 million yen to 80,908 million yen. The main reasons include increases of 3,954 million yen in long-term borrowings because of procurement of funds to purchase land, 2,865 million yen in bonds payable and 2,390 million yen in income taxes payable due to an increase in earnings.

Net assets

Total net assets increased by 9,370 million yen to 29,218 million yen. The main reasons were an increase of 7,616 million yen in retained earnings due to profit attributable to owners of parent, which was partly offset by a 1,110 million yen decrease in retained earnings as a result of payments of cash dividends, and a 2,839 million yen increase in non-controlling interests due to the subsidiaries' capital increase and their earnings.

(3) Cash Flows

Cash and cash equivalents at the end of the current fiscal year increased 16,140 million yen from the end of the previous fiscal year to 29,999 million yen.

Cash flows and the main reasons for changes are as follows.

Cash flows from operating activities

Net cash provided by operating activities increased 14,420 million yen from the previous fiscal year to 12,008million yen.

Main factors include an increase of 6,604 million yen in profit before income taxes s and a decrease of 6,299 million yen in inventories.

Cash flows from investing activities

Net cash used in investing activities decreased 331 million yen from the previous fiscal year to 348 million yen. There were an increase of 161 million yen in collection of loans receivable and a decrease of 185 million yen in payments from loans.

Cash flows from financing activities

Net cash provided by financing activities increased 1,244 million yen from the previous fiscal year to 4,480 million yen.

Main factors include increases of 2,793 million yen in proceeds from issuance of bonds and 2,000 million yen in proceeds from capital increase of consolidated subsidiaries.

Reference: Cash flow indicators

	FY3/19	FY3/20	FY3/21
Shareholders' equity ratio (%)	19.2	20.0	22.3
Shareholders' equity ratio based on market prices (%)	29.1	17.8	52.0
Interest-bearing debt to cash flow ratio (times)	71.4	-	5.0
Interest coverage ratio (times)	1.5	-	15.8

Notes: 1. Shareholders' equity ratio: Shareholders' equity / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest payments

2. All figures are calculated based on consolidated financial values.

3. Interest-bearing debt includes all debts on the consolidated balance sheet that incur interest.

4. Interest-bearing debt to cash flow ratio and interest coverage ratio are not shown for FY3/20 because operating cash flows were negative.

(4) Outlook

The KEIAI Group posted record-high sales and earnings in the fiscal year that ended in March 2021, in part because of increasing demand for houses caused by the COVID-19 crisis. We expect the demand for houses in Japan to continue to increase in the next fiscal year. However, there are uncertainties about the outlook for the housing market, notably concerning the global shortage of lumber. As was announced on April 30, 2021 in a release titled "Information Concerning the Procurement of Lumber at the KI-STAR Group," a sufficient supply of lumber has been secured to cover sales plans through the end of December 2021.

Although the outlook is unclear, we are forecasting another year of record-high sales and earnings in the fiscal year ending in March 2022. We forecast net sales of 185,000 million yen, up 18.8%, operating profit of 15,400 million yen, up 22.6%, ordinary profit of 15,200 million yen, up 18.9%, and profit attributable to owners of parent of 10,000 million yen, up 31.3%.

This forecast is based on certain assumptions and therefore actual results may differ significantly for a number of factors. Consolidated results may be affected significantly if the COVID-19 crisis is prolonged and personal income declines sharply because of economic slowdown.

2. Basic Approach to the Selection of Accounting Standards

As of May 10, 2021, as the Company's operations are limited to Japan and we have no overseas activity, we expect to employ Japanese accounting standards for the foreseeable future. However, we intend to consider the future adoption of International Financial Reporting Standards (IFRS), depending on our percentage of foreign shareholders and adoption trends among other companies in Japan.

3. Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheet**

	(Thousands of yen)	
	FY3/20	FY3/21
	(As of Mar. 31, 2020)	(As of Mar. 31, 2021)
Assets		
Current assets		
Cash and deposits	14,126,543	30,299,544
Accounts receivable from completed construction contracts	500,175	332,298
Real estate for sale	28,565,839	28,583,777
Real estate for sale in process	34,688,814	36,827,255
Costs on construction contracts in progress uncompleted construction contracts	2,412,355	2,810,683
Advance payments-trade	1,412,759	1,794,217
Other	1,048,600	1,440,182
Allowance for doubtful accounts	(11,349)	(72,104)
Total current assets	82,743,738	102,015,854
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,679,981	1,750,725
Machinery, equipment and vehicles, net	38,352	48,532
Land	2,570,626	2,499,950
Leased assets, net	14,141	9,511
Construction in progress	22,675	29,302
Other, net	72,244	84,736
Total property, plant and equipment	4,398,021	4,422,759
Intangible assets		
Goodwill	845,683	1,230,918
Other	573,530	603,858
Total intangible assets	1,419,214	1,834,777
Investments and other assets		
Investment securities	442,729	295,055
Deferred tax assets	455,401	838,576
Other	476,943	720,051
Total investments and other assets	1,375,073	1,853,683
Total non-current assets	7,192,309	8,111,219
Total assets	89,936,048	110,127,073

	(Thousands of yen)	
	FY3/20 (As of Mar. 31, 2020)	FY3/21 (As of Mar. 31, 2021)
Liabilities		
Current liabilities		
Electronically recorded obligations-operating	434,261	1,819,977
Accounts payable for construction contracts	9,766,640	10,279,090
Short-term borrowings	42,145,532	43,526,441
Current portion of bonds payable	147,400	190,000
Current portion of long-term borrowings	6,978,669	3,763,085
Lease obligations	55,450	54,803
Income taxes payable	1,047,770	3,437,923
Provision for bonuses	250,539	403,427
Other	2,683,733	4,021,181
Total current liabilities	63,509,998	67,495,931
Non-current liabilities		
Bonds payable	512,300	3,377,300
Long-term borrowings	5,740,755	9,694,947
Lease obligations	151,832	99,928
Asset retirement obligations	66,582	72,992
Other	106,156	167,144
Total non-current liabilities	6,577,626	13,412,312
Total liabilities	70,087,624	80,908,244
Net assets		
Shareholders' equity		
Share capital	821,050	821,050
Capital surplus	1,726,245	1,726,245
Retained earnings	15,555,237	22,061,361
Treasury shares	(77,428)	(77,519)
Total shareholders' equity	18,025,105	24,531,137
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(26,303)	(207)
Foreign currency translation adjustment	(177)	(2,360)
Total accumulated other comprehensive income	(26,481)	(2,568)
Share acquisition rights	3,161	4,082
Non-controlling interests	1,846,639	4,686,178
Total net assets	19,848,424	29,218,829
Total liabilities and net assets	89,936,048	110,127,073

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net sales	120,710,862	155,753,311
Cost of sales	102,950,301	128,008,097
Gross profit	17,760,560	27,745,213
Selling, general and administrative expenses		
Sales commission	2,156,573	2,849,258
Advertising expenses	823,923	1,145,078
Salaries and allowances	3,217,725	4,346,267
Provision for bonuses	135,097	223,379
Other	5,001,556	6,619,530
Total selling, general and administrative expenses	11,334,876	15,183,513
Operating profit	6,425,684	12,561,699
Non-operating income		
Cancellation earnest income	15,030	26,923
Refund of real estate acquisition tax	251,302	379,955
Other	287,949	622,016
Total non-operating income	554,281	1,028,895
Non-operating expenses		
Interest expenses	582,126	673,308
Commission expenses	65,134	85,423
Other	15,382	50,236
Total non-operating expenses	662,643	808,968
Ordinary profit	6,317,322	12,781,626
Extraordinary income		
Gain on sales of non-current assets	5,877	4,752
Gain on sales of investment securities	-	2,068
Total extraordinary income	5,877	6,821
Extraordinary losses		
Loss on sales of non-current assets	-	33,076
Loss on retirement of non-current assets	70,309	31,972
Loss on sales of investment securities	872	3,938
Loss on valuation of investment securities	352,843	203,811
Other	-	12,000
Total extraordinary losses	424,026	284,798
Profit before income taxes	5,899,174	12,503,649
Income taxes-current	1,962,264	4,291,246
Income taxes-deferred	(158,930)	(343,079)
Total income taxes	1,803,333	3,948,167
Profit	4,095,840	8,555,481
Profit attributable to non-controlling interests	511,091	939,228
Profit attributable to owners of parent	3,584,748	7,616,253

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Profit	4,095,840	8,555,481
Other comprehensive income		
Valuation difference on available-for-sale securities	(12,874)	47,619
Foreign currency translation adjustment	(177)	(2,183)
Total other comprehensive income	(13,052)	45,436
Comprehensive income	4,082,787	8,600,918
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	3,576,934	7,641,224
Comprehensive income attributable to non-controlling interests	505,853	959,693

(3) Consolidated Statement of Changes in Equity

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	821,050	1,727,835	13,166,014	(77,428)	15,637,472
Changes during period					
Dividends of surplus			(1,195,526)		(1,195,526)
Profit attributable to owners of parent			3,584,748		3,584,748
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(1,590)			(1,590)
Net changes in items other than shareholders' equity					-
Total changes during period	-	(1,590)	2,389,222	-	2,387,632
Balance at end of period	821,050	1,726,245	15,555,237	(77,428)	18,025,105

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	(18,580)	-	(18,580)	1,086	1,459,604	17,079,583
Changes during period						
Dividends of surplus						(1,195,526)
Profit attributable to owners of parent						3,584,748
Change in treasury shares of parent arising from transactions with non-controlling shareholders						(1,590)
Net changes in items other than shareholders' equity	(7,722)	(177)	(7,900)	2,074	387,034	381,208
Total changes during period	(7,722)	(177)	(7,900)	2,074	387,034	2,768,840
Balance at end of period	(26,303)	(177)	(26,481)	3,161	1,846,639	19,848,424

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	821,050	1,726,245	15,555,237	(77,428)	18,025,105
Changes during period					
Dividends of surplus			(1,110,129)		(1,110,129)
Profit attributable to owners of parent			7,616,253		77,616,253
Purchase of treasury shares				(91)	(91)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	6,506,123	(91)	6,506,032
Balance at end of period	821,050	1,726,245	22,061,361	(77,519)	24,531,137

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	(26,303)	(177)	(26,481)	3,161	1,846,639	19,848,424
Changes during period						
Dividends of surplus						(1,110,129)
Profit attributable to owners of parent						7,616,253
Purchase of treasury shares						(91)
Net changes in items other than shareholders' equity	26,095	(2,183)	23,912	921	2,839,539	2,864,373
Total changes during period	26,095	(2,183)	23,912	921	2,839,539	9,370,405
Balance at end of period	(207)	(2,360)	(2,568)	4,082	4,686,178	29,218,829

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY3/20	FY3/21
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	5,899,174	12,503,649
Depreciation	336,989	322,864
Amortization of long-term prepaid expenses	10,476	23,655
Amortization of goodwill	113,492	157,280
Increase (decrease) in allowance for doubtful accounts	(3,310)	7,062
Increase (decrease) in provision for bonuses	22,822	106,315
Interest and dividend income	(9,881)	(7,224)
Commission expenses	65,134	85,423
Interest expenses	582,126	673,308
Loss (gain) on sales and retirement of non-current assets	54,536	60,296
Loss (gain) on valuation of investment securities	352,843	203,811
Decrease (increase) in trade receivables	(14,913)	(60,373)
Decrease (increase) in inventories	(7,929,517)	(1,629,938)
Increase (decrease) in trade payables	1,612,499	1,810,765
Other, net	(910,408)	367,070
Subtotal	182,064	14,623,965
Interest and dividends received	9,881	7,224
Interest paid	(531,179)	(758,731)
Income taxes paid	(2,072,749)	(1,863,739)
Net cash provided by (used in) operating activities	(2,411,982)	12,008,718
Cash flows from investing activities		
Purchase of property, plant and equipment	(257,325)	(358,169)
Proceeds from sales of property, plant and equipment	24,551	80,380
Purchase of intangible assets	(308,389)	(130,804)
Proceeds from withdrawal of time deposits	72,065	87,700
Payments into time deposits	(41,111)	(111,510)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	70,263	18,214
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(444)	(80,273)
Loan advances	(200,000)	(14,807)
Collection of loans receivable	21,595	182,913
Payments of guarantee deposits	(146,252)	(87,154)
Proceeds from refund of guarantee deposits	93,223	96,948
Other, net	(8,500)	(32,353)
Net cash provided by (used in) investing activities	(680,324)	(348,916)
Cash flows from financing activities		
Proceeds from short-term borrowings	63,192,122	83,205,845
Repayments of short-term borrowings	(62,830,625)	(82,262,053)
Proceeds from long-term borrowings	9,099,701	24,376,802
Repayments of long-term borrowings	(4,912,264)	(24,402,393)
Proceeds from issuance of bonds	815,000	3,608,000
Redemption of bonds	(758,300)	(735,400)
Repayments of lease obligations	(62,171)	(55,889)
Dividends paid	(1,194,620)	(1,110,465)
Dividends paid to non-controlling interests	(111,994)	(143,475)
Proceeds from capital increase of consolidated subsidiaries	-	2,000,000
Other, net	-	(91)
Net cash provided by (used in) financing activities	3,236,846	4,480,879
Net increase (decrease) in cash and cash equivalents	144,540	16,140,681
Cash and cash equivalents at beginning of period	13,714,356	13,858,896
Cash and cash equivalents at end of period	13,858,896	29,999,578

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Segment and Other Information

Segment information

Information related to net sales, profits/losses, assets, and other items for each reportable segment
FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Reportable segment					
	Homebuilding and sales	Custom-built housing	Pre-owned home sales	Yokatown	Asahi Housing	Fresco
Net sales						
Sales to external customers	77,411,742	1,218,453	4,272,435	15,818,722	6,533,863	6,166,364
Inter-segment sales and transfers	-	-	-	-	-	-
Total	77,411,742	1,218,453	4,272,435	15,818,722	6,533,863	6,166,364
Segment profit	6,855,045	254,437	86,437	1,039,802	238,034	215,092
Segment assets	44,056,081	200,353	2,251,573	11,044,089	4,468,546	6,651,777
Other items						
Depreciation	18,857	5,502	374	48,190	5,168	29,493
Increase in property, plant and equipment and intangible assets	9,133	-	1,912	356,735	4,740	53,795

	Reportable segment		Others (Note 1)	Adjustments (Note 2)	Amounts shown on the consolidated financial statements (Note 3)
	Kensin	Total			
Net sales					
Sales to external customers	7,923,215	119,344,796	1,366,065	-	120,710,862
Inter-segment sales and transfers	-	-	1,124,827	(1,124,827)	-
Total	7,923,215	119,344,796	2,490,893	(1,124,827)	120,710,862
Segment profit	221,319	8,910,169	326,186	(2,810,672)	6,425,684
Segment assets	8,374,779	77,047,201	1,805,207	11,083,639	89,936,048
Other items					
Depreciation	68,581	176,168	41,883	118,938	336,989
Increase in property, plant and equipment and intangible assets	23,069	449,387	12,880	103,447	565,715

Notes: 1. Others represent the businesses which are not included in any of the reportable segments and mainly consist of real estate leasing and brokerage businesses.

2. Adjustments are as follows:

- (1) The -2,810 million yen adjustment to segment profit includes elimination for inter-segment transactions of 39 million yen and -2,849 million yen in corporate expenses that cannot be allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.
- (2) The adjustment to segment assets is corporate assets that are not attributable to reportable segments.
- (3) The adjustment to other items is an increase in corporate expenses and corporate assets that are not attributable to reportable segments.

3. Segment profit is adjusted with operating profit shown on the consolidated financial statements.

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Reportable segment					
	Homebuilding and sales	Custom-built housing	Pre-owned home sales	Yokatown	Asahi Housing	Fresco
Net sales						
Sales to external customers	101,348,847	1,245,894	1,825,503	20,248,766	8,480,651	7,271,421
Inter-segment sales and transfers	-	215,558	-	-	-	-
Total	101,348,847	1,461,453	1,825,503	20,248,766	8,480,651	7,271,421
Segment profit (loss)	12,249,360	245,193	29,596	1,716,413	730,379	516,695
Segment assets	46,828,213	387,804	696,730	12,738,667	5,021,055	7,173,344
Other items						
Depreciation	20,930	2,921	-	52,219	6,148	20,162
Increase in property, plant and equipment and intangible assets	60,513	34,399	-	42,448	13,482	49,195

	Reportable segment				Others (Note 1)	Adjustments (Note 2)	Amounts shown on the consolidated financial statements (Note 3)
	Kensin	Tokyo Big House	KEIAI presto	Total			
Net sales							
Sales to external customers	11,268,780	2,096,705	198,736	153,985,307	1,768,003	-	155,753,311
Inter-segment sales and transfers	-	-	-	215,558	1,126,509	(1,342,067)	-
Total	11,268,780	2,096,705	198,736	154,200,866	2,894,512	(1,342,067)	155,753,311
Segment profit (loss)	418,623	(81,607)	(16,359)	15,808,296	(153,700)	(3,092,896)	12,561,699
Segment assets	8,578,095	2,545,321	848,422	84,817,655	2,470,395	22,839,022	110,127,073
Other items							
Depreciation	25,938	9,031	667	138,020	45,243	139,600	322,864
Increase in property, plant and equipment and intangible assets	54,557	21,661	-	276,258	66,230	146,484	488,973

Notes: 1. Others represent the businesses which are not included in any of the reportable segments and mainly consist of real estate leasing and brokerage businesses.

2. Adjustments are as follows:

(1) The -3,092 million yen adjustment to segment profit (loss) includes elimination for inter-segment transactions of 43 million yen and -3,135 million yen in corporate expenses that cannot be allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

(2) The adjustment to segment assets is corporate assets that are not attributable to reportable segments.

(3) The adjustment to other items is corporate expenses and corporate assets that are not attributable to reportable segments.

3. Segment profit (loss) is adjusted with operating profit shown on the consolidated financial statements.

Per Share Information

(Yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net assets per share	1,268.29	1,728.44
Net income per share	252.60	536.69
Diluted net income per share	-	536.56

Notes: 1. Diluted net income per share for FY3/20 is not presented because there were no potential shares with dilutive effects.

2. The Company has established a performance-linked stock compensation plan for directors. Shares for this plan held by the trust are recorded as treasury shares in the consolidated balance sheet and included in treasury shares for determining net assets per share and net income per share. For the determination of net assets per share and net income per share, the average number of treasury shares outstanding that was deducted was 41,300 each for FY3/20 and FY3/21.

3. The basis of calculating net income per share is as follows:

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net income per share		
Profit attributable to owners of parent	3,584,748	7,616,253
Amounts not attributable to common shareholders	-	-
Profit attributable to owners of parent applicable to common shares	3,584,748	7,616,253
Average number of common shares outstanding during the period (Shares)	14,191,156	14,191,125
Summary of dilutive shares not included in the calculation of “diluted net income per share” since there was no dilutive effect	Number of share acquisition rights No. 1: 41 (Common shares: 4,100 shares) Number of share acquisition rights No. 2: 43 (Common shares: 4,300 shares)	Not applicable

4. The basis of calculating net assets per share is as follows:

(Thousands of yen)

	FY3/20 (As of Mar. 31, 2020)	FY3/21 (As of Mar. 31, 2021)
Total net assets	19,848,424	29,218,829
Deduction on total net assets	1,849,800	4,690,260
[of which share acquisition rights]	[3,161]	[4,082]
[of which non-controlling interests]	[1,846,639]	[4,686,178]
Net assets applicable to common shares	17,998,623	24,528,568
Number of common shares at the fiscal year end used in calculation of net assets per share (Shares)	14,191,156	14,191,108

Material Subsequent Events

Not applicable.

This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.