

Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending March 31, 2022
(Nine Months Ended December 31, 2021)

[Japanese GAAP]

Company name: KI-STAR REAL ESTATE CO., LTD. Listing: Tokyo Stock Exchange, First Section
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 Scheduled date of filing of Quarterly Report: February 14, 2022
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: None

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

1. Consolidated Financial Results for the First Nine Months (April 1, 2021 – December 31, 2021) of the Fiscal Year Ending March 31, 2022

(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 | % |
| Nine months ended Dec. 31, 2021 | 136,112 | 24.0 | 18,159 | 121.4 | 17,885 | 117.6 | 11,235 | 131.1 |
| Nine months ended Dec. 31, 2020 | 109,803 | 26.1 | 8,204 | 92.7 | 8,219 | 103.0 | 4,861 | 94.0 |

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2021: 12,176 (up 122.2%)
 Nine months ended Dec. 31, 2020: 5,480 (up 95.0%)

| | Net income per share | Diluted net income per share |
|---------------------------------|----------------------|------------------------------|
| | Yen | Yen |
| Nine months ended Dec. 31, 2021 | 755.72 | 755.13 |
| Nine months ended Dec. 31, 2020 | 342.59 | 342.57 |

Note: 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 quarterly 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 |
|---------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of Dec. 31, 2021 | 149,776 | 45,409 | 27.0 |
| As of Mar. 31, 2021 | 110,127 | 29,218 | 22.3 |

Reference: Shareholders' equity (million yen) As of Dec. 31, 2021: 40,507 As of Mar. 31, 2021: 24,528

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 quarterly consolidated balance sheet.

2. Dividends

| | Dividend per share | | | | |
|--|--------------------|--------|--------|----------|--------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended Mar. 31, 2021 | - | 44.00 | - | 95.00 | 139.00 |
| Fiscal year ending Mar. 31, 2022 | - | 115.00 | - | | |
| Fiscal year ending Mar. 31, 2022 (forecasts) | | | | 130.00 | 245.00 |

Note: Revisions to the most recently announced dividend forecast: None

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 | 190,000 | 22.0 | 24,300 | 93.4 | 24,000 | 87.8 | 15,000 | 96.9 | 993.31 |

Notes: 1. Revisions to the most recently announced consolidated forecast: None

2. Net income per share is calculated based on assumptions for the average number of shares during the period, taking into account the capital increase in the first nine months of the fiscal year ending March 31, 2022.

*** 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) Application of special accounting methods for presenting quarterly consolidated financial statements: None

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

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

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

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of issued shares (common shares)

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

| | | | |
|----------------------|-------------------|----------------------|-------------------|
| As of Dec. 31, 2021: | 15,856,800 shares | As of Mar. 31, 2021: | 14,232,500 shares |
|----------------------|-------------------|----------------------|-------------------|

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

| | | | |
|----------------------|---------------|----------------------|---------------|
| As of Dec. 31, 2021: | 41,433 shares | As of Mar. 31, 2021: | 41,392 shares |
|----------------------|---------------|----------------------|---------------|

3) Average number of shares during the period

| | | | |
|----------------------------------|-------------------|----------------------------------|-------------------|
| Nine months ended Dec. 31, 2021: | 14,867,235 shares | Nine months ended Dec. 31, 2020: | 14,191,131 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.

* The current quarterly financial report is not subject to quarterly review 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.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first nine months of the current fiscal year, the number of COVID-19 infections fell sharply following recurring phases of expansion and contraction. As a result, there were signs of recovery after prolonged stagnation. However, the outlook for the economy remains uncertain as a new mutant strain of the virus has emerged and infections are on the rise again.

In the Japanese housing sector, where the KI-STAR Group operates, interest in owning a home continues to climb due to a rising global demand linked to the need to stay home for safety during the pandemic and the establishment of new lifestyles such as working from home and home learning. While housing demand is climbing as interest in owning a home is on the rise, labor shortages and logistics bottlenecks caused by the COVID-19 pandemic has led to delivery delays and price hikes of construction materials and housing equipment. This is causing concerns over possible construction delays and increases in property prices.

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 ~~utilizing~~ ~~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.

The Group is continuing to take many actions to contribute to achieving the SDGs. To lower carbon emissions generated during the transport of lumber, we switched to using only lumber produced in Japan for some of our products. In addition, KI-STAR and two other homebuilding companies established the Japan Wood-housing Association. Two central goals of the association are increasing the construction of quality wood houses at low prices where people can live with confidence and increasing the use of lumber produced in Japan for building houses. The aim is the preservation and recovery of the ability of forests in Japan to fulfill multiple roles.

Sales in the first nine months of the current fiscal year increased 26,308 million yen (24.0%) to 136,112 million yen, which was a record-high for the first nine months of a fiscal year. Operating profit increased 9,955 million yen (121.4%) to 18,159 million yen. The 5.3 percentage point increase from one year earlier in the gross profit margin to 22.3% backed by rising demand for detached houses was a major reason for the higher earnings. Ordinary profit increased 9,665 million yen (117.6%) to 17,885 million yen even though non-operating expenses increased 288 million yen primarily due to commission expenses associated with a new syndicated loan to give group companies quick access to funds required for initiatives for growth and share issuance costs because of capital increase. Profit attributable to owners of parent was up 6,373 million yen (131.1%) to 11,235 million yen.

Results of operations by business segment are as follows:

Beginning with the first quarter of the current fiscal year, the pre-owned home business segment has been included in others. This change was made because the pre-owned home business is no longer a significant component of consolidated results of operations as the Group has terminated purchases in this business in order to focus resources on the homebuilding and sales business. Segment information for the first nine months of the previous fiscal year has been revised for consistency with this change.

In addition, the Fresco business segment has been deleted because the Company sold all of its holding of Fresco Inc. stock in the first quarter of the current fiscal year and this company is no longer included in the consolidated financial statements.

i) Homebuilding and sales business

In this business, there were many activities during the first nine months involving the market share growth strategy, primarily in the [suburbs of 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 first nine months, 2,703 houses (including land sale) were sold, up 476 from one year earlier. Sales increased 21,471 million yen to 93,463 million yen. Although earnings were negatively affected by higher brokerage commissions (increase of the variable cost) as sales increased, segment profit was up 7,959 million yen to 15,971 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. Increasing orders for the single-story IKI semi custom-built houses is another priority.

The number of houses sold during the first nine months increased by 42 from one year earlier to 103. Sales were up 1,230 million yen to 1,967 million yen. There was segment profit of 73 million yen, down 78 million yen one year earlier. The profit was primarily attributable to up-front selling, general and administrative expenses incurred because of the increasing number of orders for the single-story IKI semi custom-built houses.

iii) 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 first nine months increased by 103 to 647 (including land sale). The number of custom-built houses sold decreased by 12 to 53 because built-for-sale houses are the main activity of this business. Sales increased 3,659 million yen to 18,435 million yen and segment profit increased 929 million yen to 2,127 million yen.

iv) 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 the built-for-sale house sales business.

The number of built-for-sale houses sold during the first nine months increased by 22 to 197 (including land sale). Sales increased 1,527 million yen to 8,441 million yen and segment profit increased 811 million yen to 1,395 million yen.

v) 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. Kensin plans to strengthen its built-for-sale house sales business.

The number of built-for-sale houses sold during the first nine months increased by 45 to 186 (including land sale) and custom-built houses sold increased by six to 96. Sales increased 2,963 million yen to 9,879 million yen and segment profit increased 589 million yen to 741 million yen.

vi) 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. Tokyo Big House plans to strengthen its built-for-sale house sales business.

The number of built-for-sale houses sold during the first nine months increased by 32 to 45 (including land sale). The number of custom-built houses sold decreased by 22 to three as the Group continues to focus resources on the homebuilding and sales business. As a result, sales increased 227 million yen to 1,730 million yen and segment profit increased 45 million yen to 50 million yen.

vii) KEIAI presto business

The main activities of KEIAI presto K.K. are the sales of built-for-sale houses mainly in Saitama prefecture. KEIAI presto plans to strengthen its built-for-sale house sales business.

KEIAI presto sold 26 custom-built houses and built-for-sale houses (including land sale) resulting in sales of 691 million yen and segment profit of 17 million yen. There is no prior-year comparison because this reportable segment was added in January 2021 due to the acquisition of KEIAI presto.

(2) Explanation of Financial Position

Assets

Total assets increased by 39,649 million yen from the end of the previous fiscal year to 149,776 million yen at the end of the third quarter of the current fiscal year. This was mainly due to an increase of 31,131 million yen in inventories, which include real estate for sale, real estate for sale in process and costs on uncompleted construction contracts, and an increase of 8,481 million yen in cash and deposits resulting mainly from capital increase.

Liabilities

Total liabilities increased by 23,458 million yen to 104,367 million yen. The main reasons include an increase of 17,219 million yen in borrowings, which include short-term borrowings, current portion of long-term borrowings and long-term borrowings because of funds secured for growth and procurement of funds to purchase land, and an increase of 2,026 million yen in bonds, which include current portion of bonds and bonds payable.

Net assets

Total net assets increased by 16,190 million yen to 45,409 million yen. The main reasons were increases of 11,235 million yen in retained earnings due to profit attributable to owners of parent and 7,960 million yen in share capital and capital surplus resulting from capital increase.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

In the first nine months, the profitability of the Group's businesses increased because of the strong demand for houses in Japan. Performance also benefited from higher productivity resulting from the use of MITSUKARU Pro and other information technologies. There are no revisions to the consolidated forecast for the fiscal year ending March 31, 2022 as sales and earnings are in line with the forecast. An announcement will be made promptly if there is any new information about the forecast that requires disclosure.

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

(Thousands of yen)

| | FY3/21 (As of Mar. 31, 2021) | Third quarter of FY3/22 (As of Dec. 31, 2021) |
|---|---------------------------------|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 30,299,544 | 38,781,430 |
| Accounts receivable from completed construction contracts | 332,298 | 372,147 |
| Real estate for sale | 28,583,777 | 25,485,929 |
| Real estate for sale in process | 36,827,255 | 69,299,376 |
| Costs on uncompleted construction contracts | 2,810,683 | 4,567,905 |
| Other | 3,234,399 | 3,690,729 |
| Allowance for doubtful accounts | (72,104) | (58,190) |
| Total current assets | 102,015,854 | 142,139,328 |
| Non-current assets | | |
| Property, plant and equipment | 4,422,759 | 3,946,050 |
| Intangible assets | | |
| Goodwill | 1,230,918 | 1,059,566 |
| Other | 603,858 | 555,536 |
| Total intangible assets | 1,834,777 | 1,615,103 |
| Investments and other assets | 1,853,683 | 2,076,042 |
| Total non-current assets | 8,111,219 | 7,637,196 |
| Total assets | 110,127,073 | 149,776,524 |
| Liabilities | | |
| Current liabilities | | |
| Electronically recorded obligations-operating | 1,819,977 | 2,913,809 |
| Accounts payable for construction contracts | 10,279,090 | 13,413,093 |
| Short-term borrowings | 43,526,441 | 53,238,481 |
| Current portion of bonds payable | 190,000 | 3,142,200 |
| Current portion of long-term borrowings | 3,763,085 | 2,671,141 |
| Lease obligations | 54,803 | 52,733 |
| Income taxes payable | 3,437,923 | 3,662,299 |
| Provision for bonuses | 403,427 | 253,505 |
| Other | 4,021,181 | 3,971,539 |
| Total current liabilities | 67,495,931 | 83,318,803 |
| Non-current liabilities | | |
| Bonds payable | 3,377,300 | 2,451,500 |
| Long-term borrowings | 9,694,947 | 18,294,447 |
| Lease obligations | 99,928 | 64,393 |
| Asset retirement obligations | 72,992 | 76,076 |
| Other | 167,144 | 161,943 |
| Total non-current liabilities | 13,412,312 | 21,048,361 |
| Total liabilities | 80,908,244 | 104,367,165 |

| | (Thousands of yen) | |
|---|---------------------------------|--|
| | FY3/21 (As of Mar. 31, 2021) | Third quarter of FY3/22 (As of Dec. 31, 2021) |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 821,050 | 4,809,603 |
| Capital surplus | 1,726,245 | 5,697,714 |
| Retained earnings | 22,061,361 | 30,121,248 |
| Treasury shares | (77,519) | (77,711) |
| Total shareholders' equity | 24,531,137 | 40,550,855 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (207) | (44,110) |
| Foreign currency translation adjustment | (2,360) | 528 |
| Total accumulated other comprehensive income | (2,568) | (43,581) |
| Share acquisition rights | 4,082 | 10,092 |
| Non-controlling interests | 4,686,178 | 4,891,993 |
| Total net assets | 29,218,829 | 45,409,359 |
| Total liabilities and net assets | 110,127,073 | 149,776,524 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income
(For the Nine-month Period)**

(Thousands of yen)

| | First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020) | First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021) |
|--|---|---|
| Net sales | 109,803,934 | 136,112,329 |
| Cost of sales | 91,107,834 | 105,738,224 |
| Gross profit | 18,696,100 | 30,374,105 |
| Selling, general and administrative expenses | 10,492,047 | 12,214,337 |
| Operating profit | 8,204,052 | 18,159,767 |
| Non-operating income | | |
| Interest income | 3,100 | 717 |
| Dividend income | 3,110 | 41,738 |
| Refund of real estate acquisition tax | 309,561 | 290,703 |
| Other | 289,444 | 271,301 |
| Total non-operating income | 605,215 | 604,461 |
| Non-operating expenses | | |
| Interest expenses | 481,719 | 547,436 |
| Commission expenses | 72,828 | 216,262 |
| Other | 35,023 | 114,865 |
| Total non-operating expenses | 589,572 | 878,564 |
| Ordinary profit | 8,219,696 | 17,885,664 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 1,018 | 420 |
| Gain on sales of investment securities | 2,068 | 70,114 |
| Total extraordinary income | 3,087 | 70,534 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 317 | 1,157 |
| Loss on retirement of non-current assets | 25,229 | 12,929 |
| Loss on sales of investment securities | 3,121 | 75,207 |
| Loss on valuation of investment securities | 150,000 | - |
| Total extraordinary losses | 178,668 | 89,295 |
| Profit before income taxes | 8,044,114 | 17,866,904 |
| Income taxes-current | 2,796,523 | 5,740,961 |
| Income taxes-deferred | (202,913) | (91,625) |
| Total income taxes | 2,593,610 | 5,649,336 |
| Profit | 5,450,504 | 12,217,568 |
| Profit attributable to non-controlling interests | 588,703 | 982,131 |
| Profit attributable to owners of parent | 4,861,800 | 11,235,436 |

Quarterly Consolidated Statement of Comprehensive Income
(For the Nine-month Period)

(Thousands of yen)

| | First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020) | First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021) |
|--|---|---|
| Profit | 5,450,504 | 12,217,568 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 31,052 | (43,902) |
| Foreign currency translation adjustment | (1,085) | 2,889 |
| Total other comprehensive income | 29,967 | (41,012) |
| Comprehensive income | 5,480,471 | 12,176,555 |
| Comprehensive income attributable to: | | |
| Comprehensive income attributable to owners of parent | 4,878,114 | 11,197,412 |
| Comprehensive income attributable to non-controlling interests | 602,356 | 979,142 |

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Share capital and legal capital surplus increased by 3,960 million yen each due to capital increase.

As a result, share capital and capital surplus were 4,809 million yen and 5,697 million yen, respectively, at the end of the third quarter of the current fiscal year.

Changes in Accounting Policies

1. Application of the Accounting Standard for Revenue Recognition

The Company has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) from the beginning of the first quarter of the current fiscal year. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the goods and services is transferred to customers.

For the application of the Accounting Standard for Revenue Recognition in accordance with the transitional measures in the proviso to Paragraph 84 of this standard, and has no impact on the balance of retained earnings at the beginning of the period. In addition, there is no effect on the results of operations for the first nine months of the current fiscal year.

2. Application of the Accounting Standard for Fair Value Measurement

The Company has applied the Accounting Standard for Fair Value Measurement, etc. (ASBJ Statement No. 30, July 4, 2019) from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect of the application of these standards on the quarterly consolidated financial statements.

Segment and Other Information

Segment information

First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)

1. Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

| | Reportable segment | | | | | |
|-----------------------------------|------------------------|----------------------|------------|---------------|-----------|-----------|
| | Homebuilding and sales | Custom-built housing | Yokatown | Asahi Housing | Fresco | Kensin |
| Net sales | | | | | | |
| Sales to external customers | 71,991,452 | 737,870 | 14,776,749 | 6,913,296 | 4,391,351 | 6,916,252 |
| Inter-segment sales and transfers | - | - | - | - | - | - |
| Total | 71,991,452 | 737,870 | 14,776,749 | 6,913,296 | 4,391,351 | 6,916,252 |
| Segment profit (loss) | 8,012,744 | 152,017 | 1,197,613 | 584,089 | 261,057 | 152,205 |

| | Reportable segment | | Others (Note 1) | Adjustments (Note 2) | Amounts shown on the quarterly consolidated statement of income (Note 3) |
|-----------------------------------|--------------------|-------------|-----------------|----------------------|--|
| | Tokyo Big House | Total | | | |
| Net sales | | | | | |
| Sales to external customers | 1,503,133 | 107,230,105 | 2,573,829 | - | 109,803,934 |
| Inter-segment sales and transfers | - | - | 902,815 | (902,815) | - |
| Total | 1,503,133 | 107,230,105 | 3,476,644 | (902,815) | 109,803,934 |
| Segment profit (loss) | 4,714 | 10,364,442 | (122,481) | (2,037,907) | 8,204,052 |

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

2. The -2,037 million yen adjustment to segment profit (loss) includes elimination for inter-segment transactions of 27 million yen and -2,065 million yen in corporate expenses that cannot be allocated to any of the reportable segments.

3. Segment profit (loss) is adjusted with operating profit shown on the consolidated statement of income.

First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)

1. Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

| | Reportable segment | | | | |
|-----------------------------------|------------------------|----------------------|------------|---------------|-----------|
| | Homebuilding and sales | Custom-built housing | Yokatown | Asahi Housing | Kensin |
| Net sales | | | | | |
| Sales to external customers | 93,463,300 | 1,323,493 | 18,435,865 | 8,441,130 | 9,879,833 |
| Inter-segment sales and transfers | - | 644,499 | - | - | - |
| Total | 93,463,300 | 1,967,992 | 18,435,865 | 8,441,130 | 9,879,833 |
| Segment profit | 15,971,959 | 73,600 | 2,127,288 | 1,395,864 | 741,779 |

| | Reportable segment | | | Others (Note 1) | Adjustments (Note 2) | Amounts shown on the quarterly consolidated statement of income (Note 3) |
|-----------------------------------|--------------------|--------------|-------------|-----------------|----------------------|--|
| | Tokyo Big House | KEIAI presto | Total | | | |
| Net sales | | | | | | |
| Sales to external customers | 1,730,991 | 691,872 | 133,966,486 | 2,145,843 | - | 136,112,329 |
| Inter-segment sales and transfers | - | - | 644,499 | 715,275 | (1,359,775) | - |
| Total | 1,730,991 | 691,872 | 134,610,985 | 2,861,119 | (1,359,775) | 136,112,329 |
| Segment profit | 50,055 | 17,670 | 20,378,218 | 388,728 | (2,607,179) | 18,159,767 |

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

2. The -2,607 million yen adjustment to segment profit includes elimination for inter-segment transactions of 30 million yen and -2,637 million yen in corporate expenses that are not attributable to any of the reportable segments.

3. Segment profit is adjusted with operating profit shown on the consolidated statement of income.

2. Information related to revisions for reportable segments

Beginning with the first quarter of the current fiscal year, the pre-owned home business segment has been included in others because the pre-owned home business is no longer a significant component of consolidated results of operations. Segment information for the first nine months of FY3/21 is based on the revised segments of the current fiscal year.

In addition, the Fresco business segment has been deleted because the Company sold all of its holding of Fresco Inc. stock in the first quarter of the current fiscal year and this company is no longer included in the consolidated financial statements.

Additional Information

- 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. The number of shares of the Company's stock held by the trust was 41,300 shares with a book value of 77 million yen as of March 31, 2021 and December 31, 2021.
- The worldwide COVID-19 pandemic is creating concerns about the possibility of a further downturn of the global economy. It is uncertain when this crisis will end and it is currently impossible to predict the effects of this crisis on the performance of the KI-STAR Group. As of the date of this earnings announcement, the COVID-19 crisis has not created any problems serious enough to affect accounting estimates. Consequently, accounting estimates as of the end of the third quarter of the current fiscal year do not incorporate any effects of the COVID-19 crisis.

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.