

May 13, 2022

## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

[Japanese GAAP]

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

Listing: Tokyo Stock Exchange

Securities code: 3465

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

Representative: Keiji Hanawa, President and CEO

Contact: Osamu Matsuzawa, Executive Officer, General Manager of Accounting & Finance Division

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

Scheduled date of Annual General Meeting of Shareholders: June 27, 2022

Scheduled date of filing of Annual Securities Report: June 27, 2022

Scheduled date of payment of dividend: June 28, 2022

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for institutional investors and analysts)

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

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 – 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	%
Fiscal year ended Mar. 31, 2022	184,388	18.4	23,659	88.3	23,203	81.5	14,746	93.6
Fiscal year ended Mar. 31, 2021	155,753	29.0	12,561	95.5	12,781	102.3	7,616	112.5

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2022: 15,958 (up 85.5%)

Fiscal year ended Mar. 31, 2021: 8,600 (up 110.7%)

	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, 2022	976.49	975.80	43.0	17.0	12.8
Fiscal year ended Mar. 31, 2021	536.69	536.56	35.8	12.8	8.1

Reference: Equity in earnings of affiliates (million yen)

Fiscal year ended Mar. 31, 2022: -

Fiscal year ended Mar. 31, 2021: -

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 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, 2022	163,240	49,037	27.0	2,783.70
As of Mar. 31, 2021	110,127	29,218	22.3	1,728.44

Reference: Shareholders' equity (million yen)

As of Mar. 31, 2022: 44,026

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 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, 2022	(20,706)	(3,109)	36,556	42,740
Fiscal year ended Mar. 31, 2021	12,008	(348)	4,480	29,999

### 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, 2021	Yen -	Yen 44.00	Yen -	Yen 95.00	Yen 139.00	Million yen 1,978	% 25.9	% 9.3
Fiscal year ended Mar. 31, 2022	-	115.00	-	150.00	265.00	4,202	27.1	11.7
Fiscal year ending Mar. 31, 2023 (forecasts)	-	140.00	-	140.00	280.00		26.4	

### 3. Consolidated Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(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	220,000	19.3	25,500	7.8	25,000	7.7	16,000	8.5	1,059.53

**\* 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: Yes  
 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, 2022: 15,857,200 shares As of Mar. 31, 2021: 14,232,500 shares  
 2) Number of treasury shares at the end of the period  
 As of Mar. 31, 2022: 41,433 shares As of Mar. 31, 2021: 41,392 shares  
 3) Average number of shares during the period  
 Fiscal year ended Mar. 31, 2022: 15,101,055 shares Fiscal year ended Mar. 31, 2021: 14,191,125 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, 2022 (April 1, 2021 – March 31, 2022)**

(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, 2022	108,800	18.3	14,690	71.4	14,533	65.1	10,571	74.0
Fiscal year ended Mar. 31, 2021	91,982	23.4	8,569	94.7	8,805	94.9	6,074	108.2

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2022	700.02	699.53
Fiscal year ended Mar. 31, 2021	428.06	427.96

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 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, 2022	118,786	37,016	31.2	2,339.68
As of Mar. 31, 2021	74,304	21,686	29.2	1,527.86

Reference: Shareholders' equity (million yen): As of Mar. 31, 2022: 37,003 As of Mar. 31, 2021: 21,682

**2. Non-consolidated Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)**

(Percentages represent year-on-year changes)

	Net sales		Ordinary profit		Profit		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	130,000	19.5	15,000	3.2	11,000	4.1	728.43

\* 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
Changes in Accounting Policies	13
Segment and Other Information	13
Per Share Information	17
Material Subsequent Events	17

## 1. Overview of Results of Operations

### (1) Results of Operations

The Japanese economy was sluggish during the fiscal year that ended in March 2022 because of prolonged restrictions on economic activity due to the pandemic, the high cost of crude oil, Russia's invasion of Ukraine and other reasons.

In the Japanese housing sector, where the KI-STAR Group operates, interest in owning a home continues to climb due to 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.

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.

Based on our mission of "house ownership for everyone," we have a firm commitment to helping create a sustainable and fulfilling society by taking many actions to solve social issues in Japan and other countries and creating homes where people can enjoy their lives. As one way to accomplish these goals, the Company participated in the April 2021 establishment of the Japan Wood-housing Association. One objective of the association is increasing the use of lumber produced in Japan in order to protect forests and the environment. The association is also involved with activities for carbon neutrality and achieving the Sustainable Development Goals. Examples include the sale of a solar power system plan that requires no initial payment and other activities for the use of renewable energy to become a carbon-free society.

Sales increased 28,634 million yen (18.4%) to a record-high 184,388 million yen. Operating profit increased 11,097 million yen (88.3%) to 23,659 million yen. The 3.9 percentage point increase from one year earlier in the gross profit margin to 21.7% backed by rising demand for detached houses was a major reason for the higher earnings. Ordinary profit increased 10,422 million yen (81.5%) to 23,203 million yen even though non-operating expenses increased 512 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 7,129 million yen (93.6%) to 14,746 million yen.

Results by business segment are as follows:

Beginning with 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 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 and this company is no longer included in the consolidated financial statements.

Regarding the Tokyo Big House business segment, the Company sold part of its holding of Tokyo Big House, Inc. stock 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 fiscal year involving the market share growth strategy, primarily in the suburbs of Tokyo. 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, 3,604 houses (including land sale) were sold, up 425 from one year earlier. Sales increased 23,026 million yen to 124,375 million yen. Although earnings were negatively affected by higher brokerage commissions (increase of the variable cost) as sales increased, segment profit was up 8,427 million yen to 20,676 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 fiscal year increased by 14 from one year earlier to 190. Sales were up 1,844 million yen to 3,305 million yen. There was segment profit of 110 million yen, down 134 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 fiscal year increased by 156 to 898 (including land sale). The number of custom-built houses sold decreased by 14 to 71 because built-for-sale houses are the main activity of this business. Sales increased 5,217 million yen to 25,465 million yen and segment profit increased 960 million yen to 2,676 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 fiscal year increased by 59 to 272 (including land sale). Sales increased 3,125 million yen to 11,605 million yen and segment profit increased 1,122 million yen to 1,852 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 sloped ground. Kensin plans to strengthen its built-for-sale house sales business.

The number of built-for-sale houses sold during the fiscal year increased by 59 to 289 (including land sale) and custom-built houses sold decreased by 15 to 109. Sales increased 3,490 million yen to 14,759 million yen and segment profit increased 722 million yen to 1,141 million yen.

## vi) 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 48 custom-built houses and built-for-sale houses (including land sale) resulting in sales of 1,237 million yen and segment profit of 95 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) Financial Position**

## Assets

Total assets increased by 53,113 million yen from the end of the previous fiscal year to 163,240 million yen at the end of the current fiscal year. This was mainly due to an increase of 39,510 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 12,743 million yen in cash and deposits resulting mainly from capital increase.

## Liabilities

Total liabilities increased by 33,294 million yen to 114,202 million yen. The main reasons include an increase of 23,238 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, an increase of 2,207 million yen in bonds, which include current portion of bonds and bonds payable, and an increase of 4,500 million yen in accounts payable for construction contracts due to an increase in built-for-sale houses construction.

## Net assets

Total net assets increased by 19,818 million yen to 49,037 million yen. The main reasons were increases of 14,746 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) Cash Flows**

Cash and cash equivalents at the end of the current fiscal year increased 12,740 million yen from the end of the previous fiscal year to 42,740 million yen.

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

## Cash flows from operating activities

Net cash used in operating activities increased 32,714 million yen from the previous fiscal year to 20,706 million yen.

Main factors include an increase of 42,982 million yen in inventories.

## Cash flows from investing activities

Net cash used in investing activities increased 2,760 million yen from the previous fiscal year to 3,109 million yen.

Main factors include an increase of 1,797 million yen in payments for sale of shares of subsidiaries resulting in change in scope of consolidation.

## Cash flows from financing activities

Net cash provided by financing activities increased 32,075 million yen from the previous fiscal year to 36,556 million yen.

Main factors include a net increase of 14,773 million yen in proceeds from short-term borrowings and a net increase of 14,022 million yen in proceeds from long-term borrowings.

Reference: Cash flow indicators

	FY3/20	FY3/21	FY3/22
Shareholders' equity ratio (%)	20.0	22.3	27.0
Shareholders' equity ratio based on market prices (%)	17.8	52.0	51.2
Interest-bearing debt to cash flow ratio (times)	-	5.0	-
Interest coverage ratio (times)	-	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 and FY3/22 because operating cash flows were negative.

#### (4) Outlook

The primary goal of the KI-STAR Group is to increase its share of the built-for-sale house market. To accomplish this goal, group companies will continue to expand operations to more areas of Japan while strengthening operations in areas where the group currently operates.

The Group is using the digital transformation to operate with even greater efficiency. One activity is the use of MITSUKARU Pro and other information technologies for higher efficiency and productivity. Our goal is to maintain a suitable level of earnings by responding with flexibility to downturns in Japan's housing market.

The key indicator used for determining the achievement of targets is year-on-year sales growth. Sales have increased for seven consecutive years, which is every year since the Company's initial public offering.

Although the outlook is unclear, we are forecasting another year of record-high sales and earnings in the fiscal year ending in March 2023. We forecast net sales of 220,000 million yen, up 19.3%, operating profit of 25,500 million yen, up 7.8%, ordinary profit of 25,000 million yen, up 7.7%, and profit attributable to owners of parent of 16,000 million yen, up 8.5%.

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

The Company plans to use Japanese accounting standards for the foreseeable future because, as of May 2022, almost all business operations are in Japan and operations in other countries are negligible. 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)	
	FY3/21 (As of Mar. 31, 2021)	FY3/22 (As of Mar. 31, 2022)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	30,299,544	43,043,330
Accounts receivable from completed construction contracts	332,298	578,815
Real estate for sale	28,583,777	30,473,523
Real estate for sale in process	36,827,255	72,763,078
Costs on uncompleted construction contracts	2,810,683	4,495,297
Advance payments to suppliers	1,794,217	2,037,313
Other	1,440,182	2,361,831
Allowance for doubtful accounts	(72,104)	(66,716)
<b>Total current assets</b>	<b>102,015,854</b>	<b>155,686,474</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	1,750,725	1,586,224
Machinery, equipment and vehicles, net	48,532	43,638
Land	2,499,950	2,245,809
Leased assets, net	9,511	2,906
Construction in progress	29,302	25,050
Other, net	84,736	84,834
<b>Total property, plant and equipment</b>	<b>4,422,759</b>	<b>3,988,463</b>
<b>Intangible assets</b>		
Goodwill	1,230,918	636,615
Other	603,858	521,789
<b>Total intangible assets</b>	<b>1,834,777</b>	<b>1,158,405</b>
<b>Investments and other assets</b>		
Investment securities	295,055	626,933
Deferred tax assets	838,576	1,163,084
Other	720,051	617,399
<b>Total investments and other assets</b>	<b>1,853,683</b>	<b>2,407,417</b>
<b>Total non-current assets</b>	<b>8,111,219</b>	<b>7,554,287</b>
<b>Total assets</b>	<b>110,127,073</b>	<b>163,240,761</b>

	(Thousands of yen)	
	FY3/21 (As of Mar. 31, 2021)	FY3/22 (As of Mar. 31, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Electronically recorded obligations-operating	1,819,977	3,530,979
Accounts payable for construction contracts	10,279,090	14,779,983
Short-term borrowings	43,526,441	56,864,048
Current portion of bonds payable	190,000	3,171,000
Current portion of long-term borrowings	3,763,085	3,700,353
Lease obligations	54,803	51,137
Income taxes payable	3,437,923	5,491,725
Provision for bonuses	403,427	580,149
Other	4,021,181	3,483,381
<b>Total current liabilities</b>	<b>67,495,931</b>	<b>91,652,758</b>
<b>Non-current liabilities</b>		
Bonds payable	3,377,300	2,603,300
Long-term borrowings	9,694,947	19,658,833
Lease obligations	99,928	52,026
Asset retirement obligations	72,992	69,054
Other	167,144	166,965
<b>Total non-current liabilities</b>	<b>13,412,312</b>	<b>22,550,179</b>
<b>Total liabilities</b>	<b>80,908,244</b>	<b>114,202,938</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	821,050	4,810,052
Capital surplus	1,726,245	5,698,164
Retained earnings	22,061,361	33,631,891
Treasury shares	(77,519)	(77,711)
<b>Total shareholders' equity</b>	<b>24,531,137</b>	<b>44,062,396</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(207)	(59,299)
Foreign currency translation adjustment	(2,360)	23,205
<b>Total accumulated other comprehensive income</b>	<b>(2,568)</b>	<b>(36,094)</b>
Share acquisition rights	4,082	12,569
Non-controlling interests	4,686,178	4,998,950
<b>Total net assets</b>	<b>29,218,829</b>	<b>49,037,822</b>
<b>Total liabilities and net assets</b>	<b>110,127,073</b>	<b>163,240,761</b>

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

(Thousands of yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Net sales	155,753,311	184,388,059
Cost of sales	128,008,097	144,348,475
Gross profit	27,745,213	40,039,583
Selling, general and administrative expenses		
Sales commission	2,849,258	3,676,795
Advertising expenses	1,145,078	937,302
Salaries and allowances	4,346,267	4,474,181
Provision for bonuses	223,379	375,092
Other	6,619,530	6,916,849
Total selling, general and administrative expenses	15,183,513	16,380,220
Operating profit	12,561,699	23,659,363
Non-operating income		
Cancellation earnest income	26,923	17,308
Refund of real estate acquisition tax	379,955	431,295
Subsidies for employment adjustment	145,373	-
Other	476,643	416,972
Total non-operating income	1,028,895	865,576
Non-operating expenses		
Interest expenses	673,308	774,463
Commission expenses	85,423	397,286
Other	50,236	149,298
Total non-operating expenses	808,968	1,321,048
Ordinary profit	12,781,626	23,203,891
Extraordinary income		
Gain on sale of non-current assets	4,752	3,897
Gain on sale of investment securities	2,068	70,114
Total extraordinary income	6,821	74,011
Extraordinary losses		
Loss on sale of non-current assets	33,076	1,157
Loss on retirement of non-current assets	31,972	22,724
Loss on sale of investment securities	3,938	86,115
Loss on valuation of investment securities	203,811	-
Other	12,000	-
Total extraordinary losses	284,798	109,997
Profit before income taxes	12,503,649	23,167,905
Income taxes-current	4,291,246	7,493,818
Income taxes-deferred	(343,079)	(317,906)
Total income taxes	3,948,167	7,175,911
Profit	8,555,481	15,991,994
Profit attributable to non-controlling interests	939,228	1,245,914
Profit attributable to owners of parent	7,616,253	14,746,079

**Consolidated Statement of Comprehensive Income**

	(Thousands of yen)	
	FY3/21	FY3/22
	(Apr. 1, 2020 – Mar. 31, 2021)	(Apr. 1, 2021 – Mar. 31, 2022)
Profit	8,555,481	15,991,994
Other comprehensive income		
Valuation difference on available-for-sale securities	47,619	(59,091)
Foreign currency translation adjustment	(2,183)	25,566
Total other comprehensive income	45,436	(33,525)
Comprehensive income	8,600,918	15,958,468
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	7,641,224	14,715,543
Comprehensive income attributable to non-controlling interests	959,693	1,242,925

**(3) Consolidated Statement of Changes in Equity**

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					
Issuance of new shares					-
Issuance of new shares - exercise of share acquisition rights					-
Dividends of surplus			(1,110,129)		(1,110,129)
Profit attributable to owners of parent			7,616,253		7,616,253
Purchase of treasury shares				(91)	(91)
Increase by share exchanges					-
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						
Issuance of new shares						-
Issuance of new shares - exercise of share acquisition rights						-
Dividends of surplus						(1,110,129)
Profit attributable to owners of parent						7,616,253
Purchase of treasury shares						(91)
Increase by share exchanges						-
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

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(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	22,061,361	(77,519)	24,531,137
Changes during period					
Issuance of new shares	3,960,117	3,960,117			7,920,234
Issuance of new shares - exercise of share acquisition rights	2,133	2,133			4,267
Dividends of surplus			(3,175,549)		(3,175,549)
Profit attributable to owners of parent			14,746,079		14,746,079
Purchase of treasury shares				(192)	(192)
Increase by share exchanges	26,752	9,667			36,419
Net changes in items other than shareholders' equity					
Total changes during period	3,989,002	3,971,918	11,570,530	(192)	19,531,259
Balance at end of period	4,810,052	5,698,164	33,631,891	(77,711)	44,062,396

	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	(207)	(2,360)	(2,568)	4,082	4,686,178	29,218,829
Changes during period						
Issuance of new shares						7,920,234
Issuance of new shares - exercise of share acquisition rights						4,267
Dividends of surplus						(3,175,549)
Profit attributable to owners of parent						14,746,079
Purchase of treasury shares						(192)
Increase by share exchanges						36,419
Net changes in items other than shareholders' equity	(59,091)	25,566	(33,525)	8,487	312,771	287,733
Total changes during period	(59,091)	25,566	(33,525)	8,487	312,771	19,818,992
Balance at end of period	(59,299)	23,205	(36,094)	12,569	4,998,950	49,037,822

**(4) Consolidated Statement of Cash Flows**

	(Thousands of yen)	
	FY3/21	FY3/22
	(Apr. 1, 2020 – Mar. 31, 2021)	(Apr. 1, 2021 – Mar. 31, 2022)
Cash flows from operating activities		
Profit before income taxes	12,503,649	23,167,905
Depreciation	322,864	384,048
Amortization of long-term prepaid expenses	23,655	25,449
Amortization of goodwill	157,280	155,675
Increase (decrease) in allowance for doubtful accounts	7,062	21,993
Increase (decrease) in provision for bonuses	106,315	215,423
Interest and dividend income	(7,224)	(43,364)
Commission expenses	85,423	397,286
Interest expenses	673,308	774,463
Loss (gain) on sale and retirement of non-current assets	60,296	19,985
Loss (gain) on valuation of investment securities	203,811	-
Decrease (increase) in trade receivables	(60,373)	37,175
Decrease (increase) in inventories	(1,629,938)	(44,612,862)
Increase (decrease) in trade payables	1,810,765	7,010,196
Other, net	367,070	(1,875,839)
Subtotal	14,623,965	(14,322,463)
Interest and dividends received	7,224	43,364
Interest paid	(758,731)	(1,171,749)
Income taxes paid	(1,863,739)	(5,255,341)
Net cash provided by (used in) operating activities	12,008,718	(20,706,190)
Cash flows from investing activities		
Purchase of property, plant and equipment	(358,169)	(690,285)
Proceeds from sales of property, plant and equipment	80,380	13,344
Purchase of intangible assets	(130,804)	(108,719)
Proceeds from withdrawal of time deposits	87,700	4,804
Payments into time deposits	(111,510)	(67,306)
Purchase of investment securities	-	(448,327)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	18,214	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(80,273)	-
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	-	(1,797,181)
Loan advances	(14,807)	(1,455)
Collection of loans receivable	182,913	45,543
Payments of guarantee deposits	(87,154)	(77,171)
Proceeds from refund of guarantee deposits	96,948	26,416
Other, net	(32,353)	(8,970)
Net cash provided by (used in) investing activities	(348,916)	(3,109,309)
Cash flows from financing activities		
Proceeds from short-term borrowings	83,205,845	286,422,068
Repayments of short-term borrowings	(82,262,053)	(270,704,746)
Proceeds from long-term borrowings	24,376,802	20,488,477
Repayments of long-term borrowings	(24,402,393)	(6,491,314)
Proceeds from issuance of bonds	3,608,000	2,679,000
Redemption of bonds	(735,400)	(328,000)
Repayments of lease obligations	(55,889)	(51,568)
Proceeds from issuance of shares	-	7,920,234
Dividends paid	(1,110,465)	(3,174,151)
Dividends paid to non-controlling interests	(143,475)	(207,005)
Proceeds from capital increase of consolidated subsidiaries	2,000,000	-
Other, net	(91)	3,282
Net cash provided by (used in) financing activities	4,480,879	36,556,276
Net increase (decrease) in cash and cash equivalents	16,140,681	12,740,777
Cash and cash equivalents at beginning of period	13,858,896	29,999,578
Cash and cash equivalents at end of period	29,999,578	42,740,355

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

Not applicable.

**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 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.

The Accounting Standard for Revenue Recognition is applied in accordance with the transitional measures in the proviso to Paragraph 84 of this standard. There is 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 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 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 consolidated financial statements for the current fiscal year.

**Segment and Other Information**

## Segment information

## 1. Overview of reportable segment

## (1) Method for identifying reportable segments

Segments used for financial reporting are the Company's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The business units of the Company are based on categories of products and services. Each business unit determines comprehensive strategies for its products and services and conducts business operations.

Consequently, the reportable segments consist of categories of products and services based on these business units: homebuilding and sales and custom-built housing. In addition, the following consolidated subsidiaries, which operate businesses autonomously, are reportable segments: Yokatown Co., Ltd., Asahi Housing Co., Ltd., Kensin Construction inc., and KEIAI Presto K.K.

Beginning with 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 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 and this company is no longer included in the consolidated financial statements.

Regarding the Tokyo Big House business segment, the Company sold part of its holding of Tokyo Big House, Inc. stock and this company is no longer included in the consolidated financial statements.

(2) Types of products and services in each reportable segment

The homebuilding and sales business sells built-for-sale houses and performs additional construction and other services for these houses.

The custom-built housing business sells custom-built houses and performs additional construction and other services for these houses.

The Yokatown business is mainly the sale of built-for-sale houses, custom-built houses and land in Fukuoka prefecture.

The Asahi Housing business is primarily the sale of built-for-sale houses and land in Kanagawa prefecture.

The Kensin business is primarily the sale of built-for-sale houses, custom-built houses and land as well as building site preparation work in Kanagawa prefecture.

The KEIAI Presto business is primarily the sale of built-for-sale houses and custom-built houses in the Kanto area.

2. Calculation methods for net sales, profits/losses, assets, and other items for each reportable segment

The accounting method used for reportable business segments are same as those described in “Significant Accounting Policies in the Preparation of Consolidated Financial Statements.”

Segment profit for reportable segments is based on operating profit.

3. Information related to net sales, profits/losses, assets, and other items for each reportable segment  
FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Reportable segment				
	Homebuilding and sales	Custom-built housing	Yokatown	Asahi Housing	Fresco
Net sales					
Sales to external customers	101,348,847	1,245,894	20,248,766	8,480,651	7,271,421
Inter-segment sales and transfers	-	215,558	-	-	-
Total	101,348,847	1,461,453	20,248,766	8,480,651	7,271,421
Segment profit (loss)	12,249,360	245,193	1,716,413	730,379	516,695
Segment assets	46,828,213	387,804	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	152,159,804	3,593,506	-	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	152,375,363	4,720,015	(1,342,067)	155,753,311
Segment profit (loss)	418,623	(81,607)	(16,359)	15,778,699	(124,103)	(3,092,896)	12,561,699
Segment assets	8,578,095	2,545,321	848,422	84,120,925	3,167,126	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 pre-owned home, 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 an increase in 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.

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Thousands of yen)

	Reportable segment			
	Homebuilding and sales	Custom-built housing	Yokatown	Asahi Housing
Net sales				
Sales to external customers	124,375,453	2,429,474	25,465,770	11,605,853
Inter-segment sales and transfers	-	876,468	-	-
Total	124,375,453	3,305,943	25,465,770	11,605,853
Segment profit	20,676,987	110,490	2,676,489	1,852,551
Segment assets	69,572,658	920,242	17,883,201	9,208,697
Other items				
Depreciation	46,564	11,776	44,327	7,247
Increase in property, plant and equipment and intangible assets	114,990	49,847	259,462	11,896

	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	14,759,079	1,730,991	1,237,622	181,604,246	2,783,812	-	184,388,059
Inter-segment sales and transfers	-	-	-	876,468	964,967	(1,841,435)	-
Total	14,759,079	1,730,991	1,237,622	182,480,715	3,748,779	(1,841,435)	184,388,059
Segment profit	1,141,265	50,055	95,835	26,603,675	575,304	(3,519,616)	23,659,363
Segment assets	13,240,349	-	850,487	111,675,636	2,552,217	49,022,412	163,250,266
Other items							
Depreciation	29,287	6,624	2,687	148,517	38,660	196,870	384,048
Increase in property, plant and equipment and intangible assets	260,783	3,156	1	700,138	12,082	86,783	799,004

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. Adjustments are as follows:

- (1) The -3,519 million yen adjustment to segment profit includes elimination for inter-segment transactions of 31 million yen and -3,551 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.

**Per Share Information**

(Yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Net assets per share	1,728.44	2,783.70
Net income per share	536.69	976.49
Diluted net income per share	536.56	975.80

Notes: 1. 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 FY3/21 and FY3/22.

2. The basis of calculating net income per share and diluted net income per share is as follows:

(Thousands of yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Net income per share		
Profit attributable to owners of parent	7,616,253	14,746,079
Amounts not attributable to common shareholders	-	-
Profit attributable to owners of parent applicable to common shares	7,616,253	14,746,079
Average number of common shares outstanding during the period (Shares)	14,191,125	15,101,055
Summary of dilutive shares not included in the calculation of “diluted net income per share” since there was no dilutive effect	Not applicable	Not applicable

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

(Thousands of yen)

	FY3/21 (As of Mar. 31, 2021)	FY3/22 (As of Mar. 31, 2022)
Total net assets	29,218,829	49,037,822
Deduction on total net assets	4,690,260	5,011,520
[of which share acquisition rights]	[4,082]	[12,569]
[of which non-controlling interests]	[4,686,178]	[4,998,950]
Net assets applicable to common shares at the fiscal year end	24,528,568	44,026,302
Number of common shares at the fiscal year end used in calculation of net assets per share (Shares)	14,191,108	15,815,767

**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.*