

May 13, 2024

## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024

[Japanese GAAP]

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Listing: Tokyo Stock Exchange  
 URL: <https://www.ki-group.co.jp>

Scheduled date of Annual General Meeting of Shareholders: June 24, 2024  
 Scheduled date of filing of Annual Securities Report: June 24, 2024  
 Scheduled date of payment of dividend: June 25, 2024  
 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, 2024 (April 1, 2023 – March 31, 2024)

#### (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, 2024	283,084	17.0	11,362	(40.8)	10,130	(45.1)	6,856	(42.1)
Fiscal year ended Mar. 31, 2023	241,879	31.2	19,189	(18.9)	18,467	(20.4)	11,845	(19.7)

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2024: 7,838 (down 38.1%)

Fiscal year ended Mar. 31, 2023: 12,666 (down 20.6%)

	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, 2024	434.89	434.75	13.0	4.5	4.0
Fiscal year ended Mar. 31, 2023	750.77	750.42	24.9	10.2	7.9

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2024: (4)

Fiscal year ended Mar. 31, 2023: -

Note: KI-STAR REAL ESTATE Co., Ltd. ("the Company") has established a performance-linked stock compensation plan for directors and employee stock distribution trust program. Shares for these plans 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, 2024	246,050	61,137	22.1	3,454.57
As of Mar. 31, 2023	199,461	56,528	25.6	3,234.79

Reference: Shareholders' equity (million yen) As of Mar. 31, 2024: 54,488 As of Mar. 31, 2023: 50,969

Note: The Company has established a performance-linked stock compensation plan for directors and employee stock distribution trust program. Shares for these plans 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, 2024	(15,281)	(4,891)	27,072	53,156
Fiscal year ended Mar. 31, 2023	(16,394)	(2,476)	22,388	46,258

### 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, 2023	Yen -	Yen 140.00	Yen -	Yen 90.00	Yen 230.00	Million yen 3,648	% 30.6	% 7.6
Fiscal year ended Mar. 31, 2024	Yen -	Yen 118.00	Yen -	Yen 62.00	Yen 180.00	Million yen 2,855	% 41.4	% 6.2
Fiscal year ending Mar. 31, 2025 (forecasts)	Yen -	Yen 65.00	Yen -	Yen 65.00	Yen 130.00		% 28.1	

### 3. Consolidated Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(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	320,000	13.0	14,500	27.6	12,000	18.5	7,300	6.5	462.82

**\* 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, 2024: 15,862,600 shares As of Mar. 31, 2023: 15,861,700 shares

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

As of Mar. 31, 2024: 89,591 shares As of Mar. 31, 2023: 104,878 shares

3) Average number of shares during the period

Fiscal year ended Mar. 31, 2024: 15,765,573 shares Fiscal year ended Mar. 31, 2023: 15,778,355 shares

Note: The Company has established a performance-linked stock compensation plan for directors and employee stock distribution trust program. Shares for these plans 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, 2024 (April 1, 2023 – March 31, 2024)**

(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, 2024	159,700	11.3	5,961	(49.2)	6,903	(40.3)	5,341	(35.4)
Fiscal year ended Mar. 31, 2023	143,453	31.9	11,725	(20.2)	11,562	(20.5)	8,269	(21.8)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2024	338.82	338.72
Fiscal year ended Mar. 31, 2023	524.08	523.84

Note: The Company has established a performance-linked stock compensation plan for directors and employee stock distribution trust program. 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, 2024	174,452	42,424	24.3	2,688.50
As of Mar. 31, 2023	147,150	40,415	27.5	2,563.73

Reference: Shareholders' equity (million yen): As of Mar. 31, 2024: 42,405 As of Mar. 31, 2023: 40,396

**2. Non-consolidated Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)**

(Percentages represent year-on-year changes)

	Net sales		Ordinary profit		Profit		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	180,000	12.7	5,600	(18.9)	4,000	(25.1)	253.60

\* 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.

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## 1. Overview of Results of Operations

### (1) Results of Operations

In the current fiscal year, economic activity returned to normal following the downgrading of COVID-19 classification by the Japanese government and an improvement in business sentiment. However, the outlook is still uncertain because of the continuing high cost of raw materials and energy, the yen's depreciation, and unstable international situation.

In Japan's housing sector, where the KI-STAR Group operates, demand has returned to normal following the unusually high level in the previous fiscal year caused by the pandemic. Demand remains firm, particularly in the Tokyo area, despite rising real estate prices attributed to soaring construction costs.

By supplying design houses with outstanding quality at low prices based on the vision of "house ownership for everyone," the KI-STAR 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." We expanded operations to new areas and are working to continue growing in markets where we already operate with the aim of increasing our market share. Although sales increased because of our emphasis on rapid inventory turnover in order to further increase turnover, the gross profit margin decreased due to a large volume of sales activities and the high cost of building materials.

Sales increased 41,204 million yen (17.0%) from the previous fiscal year to 283,084 million yen. Operating profit decreased 7,827 million yen (40.8%) to 11,362 million yen. This was primarily due to higher cost of sales resulting from mainly the allocation of the acquisition cost to inventories in the consolidation of L-Housing Co., Ltd. and normalization of real estate demand following the very strong demand caused by the pandemic. Ordinary profit decreased 8,337 million yen (45.1%) to 10,130 million yen. This was primarily due to an increase of 884 million yen in non-operating expenses mainly because of fees paid in association with funds procured. Profit attributable to owners of parent was down 4,989 million yen (42.1%) to 6,856 million yen although there was a gain on bargain purchase of 495 million yen.

Results by business segment are as follows:

KI-STAR changed the classification of its reportable segments in the first quarter of the current fiscal year. The following year-on-year comparisons are based on the figures for the previous fiscal year after reclassifications for consistency with the new segments. More information about the change in reportable segments is in "3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Segment and Other Information."

#### i) Homebuilding and sales business

In this business, the KI-STAR Group is actively pursuing a strategy centered on supplying "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. At the same time, the KI-STAR Group is expanding operations to new areas, using mergers and acquisitions, and taking other actions based on its market share growth strategy.

During the fiscal year, 7,842 houses (including land) were sold, up 1,075 from one year earlier. Sales increased 40,763 million yen to 273,091 million yen. Segment profit was down 7,174 million yen to 14,418 million yen. This was primarily due to higher cost of sales resulting mainly from the allocation of the acquisition cost to inventories in the consolidation of L-Housing Co., Ltd. and the normalization of real estate demand following the very strong demand caused by the pandemic.

#### ii) Custom-built housing business

This custom-built housing business is concentrating on increasing the number of custom-built houses for real estate companies, the single-story IKI semi custom-built houses and IKI semi custom-built houses.

The number of houses sold during the fiscal year decreased by 50 from one year earlier to 360. Sales were down 1,362 million yen to 5,479 million yen. Segment profit increased 524 million yen to 796 million yen. This was primarily due to improved gross profit margin, which had been declining because of rising prices of building materials following the high cost of wood. Earnings also benefited from strong sales of the single-story IKI semi

custom-built houses that had produced up-front selling, general and administrative expenses because of the increasing number of orders.

## **(2) Financial Position**

### Assets

Total assets increased by 46,589 million yen, which include a 11,611 million yen increase due to consolidation of L-Housing, Ltd., from the end of the previous fiscal year to 246,050 million yen at the end of the current fiscal year. This was mainly due to an increase of 33,718 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 8,190 million yen in cash and deposits resulting mainly from implementation of sustainable financing.

### Liabilities

Total liabilities increased by 41,980 million yen, which include an 8,190 million yen increase due to consolidation of L-Housing, Ltd., to 184,913 million yen. The increase was mainly due to a 39,711 million yen increase in borrowings (of which increase of 6,791 million yen for the consolidation of L-Housing, Ltd.), including short-term borrowings, current portion of long-term borrowings and long-term borrowings due to the implementation of sustainable financing and the procurement of funds for land purchase, and a 989 million yen increase in bonds payable (of which increase of 240 million yen for the consolidation of L-Housing, Ltd.), including current portion of bonds and bonds payable.

### Net assets

Total net assets increased by 4,608 million yen to 61,137 million yen. The main reason is an increase of 6,856 million yen in retained earnings due to profit attributable to owners of parent, which was partly offset by a 3,299 million yen decrease as a result of payments of cash dividends and a 1,090 million yen increase in non-controlling interests.

## **(3) Cash Flows**

Cash and cash equivalents at the end of the current fiscal year increased 6,898 million yen from the end of the previous fiscal year to 53,156 million yen.

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

### Cash flows from operating activities

Net cash used in operating activities decreased 1,112 million yen from the previous fiscal year to 15,281 million yen.

Main factors include a decrease of 7,820 million yen in profit before income taxes, which was partly offset by a decrease of 7,530 million yen in inventories and a decrease of 3,254 million yen in income taxes paid.

### Cash flows from investing activities

Net cash used in investing activities increased 2,415 million yen from the previous fiscal year to 4,891 million yen.

Main factors include an increase of 2,435 million yen in loan advances.

### Cash flows from financing activities

Net cash provided by financing activities increased 4,683 million yen from the previous fiscal year to 27,072 million yen.

Main factors include a net decrease of 11,046 million yen in proceeds from short-term borrowings, which was partly offset by an increase of 15,598 million yen in proceeds from long-term borrowings.

## Reference: Cash flow indicators

	FY3/22	FY3/23	FY3/24
Shareholders' equity ratio (%)	27.0	25.6	22.1
Shareholders' equity ratio based on market prices (%)	51.2	33.0	24.9
Interest-bearing debt to cash flow ratio (times)	-	-	-
Interest coverage ratio (times)	-	-	-

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 FY3/22, FY3/23 and FY3/24 because operating cash flows were negative.

#### (4) Outlook

In the housing industry, where the KI-STAR Group operates, demand for homes surged due to the impacts of the COVID-19 outbreak but has since stabilized as social and economic activities return to normal. While some sectors in the industry face a housing over supply, we anticipate that the supply-demand balance will stabilize as market inventory adjustment progresses. However, the outlook remains uncertain due to rising raw material and labor costs, along with increasing interest rates stemming from the shift away from negative interest rate policies.

In this environment, the KI-STAR Group will continue to prioritize increasing its share of the built-for-sale house market as the core of our growth strategy, while also venturing into new regions and enhancing our reach in areas where the group currently operates. Furthermore, we will actively pursue strategic investments, including mergers and acquisitions (M&A). The key indicator of performance is sales, which have increased for nine consecutive years since KI-STAR's initial public offering.

Based on the above, we forecast net sales of 320,000 million yen, up 13.0%, operating profit of 14,500 million yen, up 27.6%, ordinary profit of 12,000 million yen, up 18.5%, and profit attributable to owners of parent of 7,300 million yen, up 6.5%.

## 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 2024, 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)

	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	47,855,517	56,046,221
Accounts receivable from completed construction contracts	93,365	331,814
Real estate for sale	58,464,976	89,317,757
Real estate for sale in process	74,224,047	76,792,613
Costs on uncompleted construction contracts	4,126,652	4,423,325
Advance payments to suppliers	2,911,032	3,357,348
Other	3,874,441	4,779,273
Allowance for doubtful accounts	(33,740)	(6,936)
<b>Total current assets</b>	<b>191,516,294</b>	<b>235,041,417</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	1,526,372	1,907,281
Machinery, equipment and vehicles, net	46,268	43,091
Land	2,413,066	2,313,082
Leased assets, net	5,079	42,837
Construction in progress	99,401	36,040
Other, net	106,801	158,204
<b>Total property, plant and equipment</b>	<b>4,196,990</b>	<b>4,500,537</b>
<b>Intangible assets</b>		
Goodwill	511,465	398,550
Other	438,371	304,983
<b>Total intangible assets</b>	<b>949,837</b>	<b>703,533</b>
<b>Investments and other assets</b>		
Investment securities	648,022	563,398
Deferred tax assets	877,654	1,159,270
Other	1,272,484	4,082,804
<b>Total investments and other assets</b>	<b>2,798,160</b>	<b>5,805,473</b>
<b>Total non-current assets</b>	<b>7,944,989</b>	<b>11,009,545</b>
<b>Total assets</b>	<b>199,461,283</b>	<b>246,050,962</b>

	(Thousands of yen)	
	FY3/23	FY3/24
	(As of Mar. 31, 2023)	(As of Mar. 31, 2024)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Electronically recorded obligations-operating	4,269,404	3,835,340
Accounts payable for construction contracts	18,325,676	18,790,127
Short-term borrowings	79,159,885	96,586,458
Current portion of bonds payable	2,380,800	365,000
Current portion of long-term borrowings	8,082,142	12,800,989
Lease obligations	49,724	7,580
Income taxes payable	2,152,434	503,330
Provision for bonuses	705,496	650,385
Other	3,517,814	6,262,720
<b>Total current liabilities</b>	<b>118,643,378</b>	<b>139,801,932</b>
<b>Non-current liabilities</b>		
Bonds payable	3,387,600	6,392,600
Long-term borrowings	20,604,638	38,171,124
Lease obligations	6,577	38,575
Asset retirement obligations	69,463	47,672
Other	221,300	461,890
<b>Total non-current liabilities</b>	<b>24,289,580</b>	<b>45,111,863</b>
<b>Total liabilities</b>	<b>142,932,958</b>	<b>184,913,795</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	4,815,525	4,816,604
Capital surplus	5,703,643	5,704,722
Retained earnings	40,878,708	44,435,758
Treasury shares	(377,518)	(349,037)
<b>Total shareholders' equity</b>	<b>51,020,359</b>	<b>54,608,047</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(48,046)	(110,945)
Foreign currency translation adjustment	(2,333)	(8,162)
<b>Total accumulated other comprehensive income</b>	<b>(50,379)</b>	<b>(119,108)</b>
Share acquisition rights	19,288	18,963
Non-controlling interests	5,539,056	6,629,263
<b>Total net assets</b>	<b>56,528,325</b>	<b>61,137,166</b>
<b>Total liabilities and net assets</b>	<b>199,461,283</b>	<b>246,050,962</b>



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

(Thousands of yen)

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Net sales	241,879,410	283,084,374
Cost of sales	204,219,460	250,508,120
Gross profit	37,659,949	32,576,253
Selling, general and administrative expenses		
Sales commission	5,242,003	6,320,275
Advertising expenses	662,823	782,465
Salaries and allowances	4,531,202	5,031,631
Provision for bonuses	498,575	279,053
Other	7,535,925	8,800,788
Total selling, general and administrative expenses	18,470,530	21,214,214
Operating profit	19,189,419	11,362,038
Non-operating income		
Interest income	19,201	177,289
Cancellation earnest income	27,646	34,236
Refund of real estate acquisition tax	462,064	572,248
Other	458,590	558,879
Total non-operating income	967,502	1,342,653
Non-operating expenses		
Interest expenses	1,118,867	1,502,533
Commission expenses	469,179	956,645
Share of loss of entities accounted for using equity method	-	4,965
Other	101,034	109,830
Total non-operating expenses	1,689,082	2,573,975
Ordinary profit	18,467,839	10,130,716
Extraordinary income		
Gain on sale of non-current assets	2,685	25,332
Gain on bargain purchase	-	495,863
Total extraordinary income	2,685	521,196
Extraordinary losses		
Loss on sale of non-current assets	3,815	212
Loss on retirement of non-current assets	21,707	27,601
Total extraordinary losses	25,522	27,814
Profit before income taxes	18,445,002	10,624,098
Income taxes-current	5,483,302	3,434,494
Income taxes-deferred	280,620	(717,451)
Total income taxes	5,763,922	2,717,043
Profit	12,681,079	7,907,055
Profit attributable to non-controlling interests	835,237	1,050,753
Profit attributable to owners of parent	11,845,842	6,856,301

**Consolidated Statement of Comprehensive Income**

(Thousands of yen)

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Profit	12,681,079	7,907,055
Other comprehensive income		
Valuation difference on available-for-sale securities	11,253	(62,899)
Foreign currency translation adjustment	(25,539)	(6,137)
Share of other comprehensive income of entities accounted for using equity method	-	308
Total other comprehensive income	(14,285)	(68,728)
Comprehensive income	12,666,794	7,838,327
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	11,831,556	6,787,572
Comprehensive income attributable to non-controlling interests	835,237	1,050,754

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

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,810,052	5,698,164	33,631,891	(77,711)	44,062,396
Changes during period					
Issuance of new shares - exercise of share acquisition rights	5,472	5,472			10,945
Dividends of surplus			(4,599,025)		(4,599,025)
Profit attributable to owners of parent			11,845,842		11,845,842
Purchase of treasury shares				(299,806)	(299,806)
Disposal of treasury shares					-
Purchase of shares of consolidated subsidiaries		6			6
Net changes in items other than shareholders' equity					
Total changes during period	5,472	5,479	7,246,817	(299,806)	6,957,963
Balance at end of period	4,815,525	5,703,643	40,878,708	(377,518)	51,020,359

	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	(59,299)	23,205	(36,094)	12,569	4,998,950	49,037,822
Changes during period						
Issuance of new shares - exercise of share acquisition rights						10,945
Dividends of surplus						(4,599,025)
Profit attributable to owners of parent						11,845,842
Purchase of treasury shares						(299,806)
Disposal of treasury shares						-
Purchase of shares of consolidated subsidiaries						6
Net changes in items other than shareholders' equity	11,253	(25,539)	(14,285)	6,718	540,106	532,539
Total changes during period	11,253	(25,539)	(14,285)	6,718	540,106	7,490,502
Balance at end of period	(48,046)	(2,333)	(50,379)	19,288	5,539,056	56,528,325

FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,815,525	5,703,643	40,878,708	(377,518)	51,020,359
Changes during period					
Issuance of new shares - exercise of share acquisition rights	1,078	1,078			2,157
Dividends of surplus			(3,299,252)		(3,299,252)
Profit attributable to owners of parent			6,856,301		6,856,301
Purchase of treasury shares				(282)	(282)
Disposal of treasury shares				28,762	28,762
Purchase of shares of consolidated subsidiaries					-
Net changes in items other than shareholders' equity					
Total changes during period	1,078	1,078	3,557,049	28,480	3,587,688
Balance at end of period	4,816,604	5,704,722	44,435,758	(349,037)	54,608,047

	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	(48,046)	(2,333)	(50,379)	19,288	5,539,056	56,528,325
Changes during period						
Issuance of new shares - exercise of share acquisition rights			-			2,157
Dividends of surplus			-			(3,299,252)
Profit attributable to owners of parent			-			6,856,301
Purchase of treasury shares			-			(282)
Disposal of treasury shares			-			28,762
Purchase of shares of consolidated subsidiaries						-
Net changes in items other than shareholders' equity	(62,899)	(5,828)	(68,728)	(324)	1,090,206	1,021,153
Total changes during period	(62,899)	(5,828)	(68,728)	(324)	1,090,206	4,608,841
Balance at end of period	(110,945)	(8,162)	(119,108)	18,963	6,629,263	61,137,166

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

	(Thousands of yen)	
	FY3/23	FY3/24
	(Apr. 1, 2022 – Mar. 31, 2023)	(Apr. 1, 2023 – Mar. 31, 2024)
Cash flows from operating activities		
Profit before income taxes	18,445,002	10,624,098
Depreciation	433,114	473,291
Amortization of goodwill	125,149	112,915
Gain on bargain purchase	-	(495,863)
Increase (decrease) in allowance for doubtful accounts	(32,976)	(30,373)
Increase (decrease) in provision for bonuses	125,346	(83,398)
Interest and dividend income	(25,970)	(180,924)
Share of loss (profit) of entities accounted for using equity method	-	4,965
Commission expenses	469,179	956,645
Interest expenses	1,118,867	1,502,533
Loss (gain) on sale and retirement of non-current assets	22,836	2,481
Decrease (increase) in inventories	(29,084,910)	(21,554,043)
Increase (decrease) in trade payables	4,284,117	(589,983)
Other, net	(1,866,192)	1,845,477
Subtotal	(5,986,433)	(7,412,178)
Interest and dividends received	25,970	180,924
Interest paid	(1,588,047)	(2,459,179)
Income taxes paid	(8,845,990)	(5,591,411)
Net cash provided by (used in) operating activities	(16,394,501)	(15,281,845)
Cash flows from investing activities		
Purchase of property, plant and equipment	(531,828)	(767,365)
Proceeds from sales of property, plant and equipment	5,406	130,434
Purchase of intangible assets	(83,756)	(43,042)
Proceeds from withdrawal of time deposits	79,901	-
Payments into time deposits	(1,330,000)	(834,521)
Purchase of investment securities	(10,060)	(120)
Proceeds from sale of investment securities	5,034	900
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	-	(694,408)
Loan advances	(248,010)	(2,683,102)
Collection of loans receivable	19,838	2,430
Payments of guarantee deposits	(389,088)	(164,276)
Proceeds from refund of guarantee deposits	10,756	158,170
Other, net	(4,428)	2,969
Net cash provided by (used in) investing activities	(2,476,235)	(4,891,931)

	(Thousands of yen)	
	FY3/23	FY3/24
	(Apr. 1, 2022 – Mar. 31, 2023)	(Apr. 1, 2023 – Mar. 31, 2024)
Cash flows from financing activities		
Proceeds from short-term borrowings	501,943,002	632,284,512
Repayments of short-term borrowings	(479,649,028)	(621,037,038)
Proceeds from long-term borrowings	15,157,950	51,263,264
Repayments of long-term borrowings	(9,830,356)	(30,337,181)
Proceeds from issuance of bonds	3,170,000	3,348,400
Redemption of bonds	(3,175,900)	(2,619,200)
Repayments of lease obligations	(41,089)	(26,844)
Purchase of treasury shares	(299,806)	(282)
Dividends paid	(4,596,667)	(3,299,358)
Dividends paid to non-controlling interests	(265,294)	(277,919)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(29,830)	-
Purchase of treasury shares of subsidiaries	-	(2,228,000)
Other, net	5,556	2,177
Net cash provided by (used in) financing activities	22,388,536	27,072,529
Net increase (decrease) in cash and cash equivalents	3,517,800	6,898,752
Cash and cash equivalents at beginning of period	42,740,355	46,258,156
Cash and cash equivalents at end of period	46,258,156	53,156,908

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

Not applicable.

**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 FY3/24, the Group undertook a comprehensive reassessment of its business portfolio and changed its management structure and performance management classification in order to optimize the allocation of company-wide management resources and reinforce corporate governance. Consequently, the previously designated reportable segments, including Homebuilding and sales, Custom-built housing, Yokatown, Asahi Housing, Kenshin, and KEIAI Presto, have been reorganized into Homebuilding and sales and Custom-built housing.

The segment information for FY3/23 are reported based on the reportable segment classification after the revision.

## (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.

## 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  
FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Thousands of yen)

	Reportable segment			Others (Note 1)	Adjustments (Note 2)	Amounts shown on the consolidated statement of income (Note 3)
	Homebuilding and sales	Custom-built housing	Total			
Net sales						
Sales to external customers	232,327,752	5,822,349	238,150,102	3,729,308	-	241,879,410
Inter-segment sales and transfers	-	1,019,174	1,019,174	849,464	(1,868,639)	-
Total	232,327,752	6,841,524	239,169,276	4,578,773	(1,868,639)	241,879,410
Segment profit	21,592,747	272,741	21,865,488	1,091,382	(3,767,451)	19,189,419
Segment assets	135,175,631	832,311	136,007,942	1,909,846	61,543,494	199,461,283
Other items						
Depreciation	155,222	18,286	173,509	28,906	230,699	433,114
Increase in property, plant and equipment and intangible assets	377,424	6,372	383,797	7,761	224,025	615,584

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 -3,767 million yen adjustment to segment profit includes elimination for inter-segment transactions of 41 million yen and -3,808 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.



FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

(Thousands of yen)

	Reportable segment			Others (Note 1)	Adjustments (Note 2)	Amounts shown on the consolidated statement of income (Note 3)
	Homebuilding and sales	Custom-built housing	Total			
Net sales						
Sales to external customers	273,091,718	5,479,004	278,570,722	4,513,651	-	283,084,374
Inter-segment sales and transfers	-	-	-	370,570	(370,570)	-
Total	273,091,718	5,479,004	278,570,722	4,884,222	(370,570)	283,084,374
Segment profit	14,418,520	796,775	15,215,296	523,495	(4,376,753)	11,362,038
Segment assets	190,574,559	977,382	191,551,942	4,027,778	50,471,241	246,050,962
Other items						
Depreciation	197,277	16,539	213,816	15,941	243,532	473,291
Increase in property, plant and equipment and intangible assets	501,096	818	501,914	28,806	279,686	810,407

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 -4,376 million yen adjustment to segment profit includes elimination for inter-segment transactions of 60 million yen and -4,437 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.

#### Related information

FY3/2023 (Apr. 1, 2022 – Mar. 31, 2023)

##### 1. Information by product or service

Omitted because the same information is presented in the segment information section.

##### 2. Information by region

###### (1) Net sales

Not applicable because there are no external sales outside Japan.

###### (2) Property, plant and equipment

Not applicable because there is no property, plant and equipment outside Japan.

##### 3. Information about major customers

Omitted because sales to external customers are mostly from general customers and no single external customer accounts for 10% or more of sales shown on the consolidated statements of income.

FY3/2024 (Apr. 1, 2023 – Mar. 31, 2024)

##### 1. Information by product or service

Omitted because the same information is presented in the segment information section.

## 2. Information by region

## (1) Net sales

Not applicable because there are no external sales outside Japan.

## (2) Property, plant and equipment

Not applicable because there is no property, plant and equipment outside Japan.

## 3. Information about major customers

Omitted because sales to external customers are mostly from general customers and no single external customer accounts for 10% or more of sales shown on the consolidated statements of income.

**Information related to impairment losses of non-current assets for each reportable segment**

FY3/2023 (Apr. 1, 2022 – Mar. 31, 2023)

Not applicable.

FY3/2024 (Apr. 1, 2023 – Mar. 31, 2024)

Not applicable.

**Information related to goodwill amortization and the unamortized balance for each reportable segment**

FY3/2023 (Apr. 1, 2022 – Mar. 31, 2023)

(Thousands of yen)

	Reportable segment			Other	Elimination or corporate	Total
	Homebuilding and sales	Custom-built housing	Total			
Amortization for the period	107,572	-	107,572	17,577	-	125,149
Balance at the end of period	478,609	-	478,609	32,856	-	511,465

FY3/2024 (Apr. 1, 2023 – Mar. 31, 2024)

(Thousands of yen)

	Reportable segment			Other	Elimination or corporate	Total
	Homebuilding and sales	Custom-built housing	Total			
Amortization for the period	108,676	-	108,676	4,239	-	112,915
Balance at the end of period	369,933	-	369,933	28,616	-	398,550

**Information related to gain on bargain purchase for each reportable segment**

FY3/2023 (Apr. 1, 2022 – Mar. 31, 2023)

Not applicable.

FY3/2024 (Apr. 1, 2023 – Mar. 31, 2024)

In the Homebuilding and sales segment, a gain on negative goodwill was reported as a result of the acquisition of shares of L-Housing Co., Ltd. The amount of the gain on negative goodwill resulting from this acquisition was 495 million yen in FY3/24.

Gain on negative goodwill is not included in the above segment profit because it is an extraordinary gain.

**Per Share Information**

(Yen)

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Net assets per share	3,234.79	3,454.57
Net income per share	750.77	434.89
Diluted net income per share	750.42	434.75

Notes: 1. The Company has established a performance-linked stock compensation plan for directors and employee stock distribution trust program. 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 were deducted were 81,077 for FY3/23 and 96,388 for FY3/24.

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

(Thousands of yen)

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Net income per share		
Profit attributable to owners of parent	11,845,842	6,856,301
Amounts not attributable to common shareholders	-	-
Profit attributable to owners of parent applicable to common shares	11,845,842	6,856,301
Average number of common shares outstanding during the period (Shares)	15,778,355	15,765,573
Diluted net income per share		
Adjusted profit attributable to owners of parent	-	-
Increase in the number of shares of common stock (Shares)	7,239	5,051
Summary of dilutive shares not included in the calculation of “diluted net income per share” since there was no dilutive effect	Share acquisition rights No. 4: 125 units Common stock: 12,500 shares	Share acquisition rights No. 4: 113 units Common stock: 11,300 shares

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

(Thousands of yen)

	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Total net assets	56,528,325	61,137,166
Deduction on total net assets	5,558,345	6,648,227
[of which share acquisition rights]	[19,288]	[18,963]
[of which non-controlling interests]	[5,539,056]	[6,629,263]
Net assets applicable to common shares at the fiscal year end	50,969,979	54,488,939
Number of common shares at the fiscal year end used in calculation of net assets per share (Shares)	15,756,822	15,773,009

**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.*