

Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending March 31, 2025
(Nine Months Ended December 31, 2024)

[Japanese GAAP]

Company name: KI-STAR REAL ESTATE Co., Ltd. Listing: Tokyo Stock Exchange
 Securities code: 3465 URL: <https://ki-group.co.jp>
 Representative: Keiji Hanawa, President and CEO
 Contact: Kazuhiko Abe, Director, Managing Executive Officer, CFO
 Tel: +81-(0) 495-27-2525
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: None

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

1. Consolidated Financial Results for the First Nine Months (April 1, 2024 – December 31, 2024) of the Fiscal Year Ending March 31, 2025

(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, 2024	232,834	17.8	11,423	44.9	10,054	43.2	5,859	23.9
Nine months ended Dec. 31, 2023	197,622	23.4	7,885	(46.3)	7,023	(50.5)	4,731	(47.8)

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2024: 6,772 (up 27.0%)
 Nine months ended Dec. 31, 2023: 5,332 (down 43.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2024	376.73	376.64
Nine months ended Dec. 31, 2023	300.14	300.04

Notes: 1. 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.
 2. From the beginning of the first quarter of the fiscal year ending March 31, 2025, the Company has applied the Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022). All figures for the nine months ended December 31, 2023 incorporate this accounting standard.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2024	287,217	65,309	19.9
As of Mar. 31, 2024	245,938	61,024	22.1

Reference: Shareholders' equity (million yen) As of Dec. 31, 2024: 57,175 As of Mar. 31, 2024: 54,376

Notes: 1. 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.
 2. From the beginning of the first quarter of the fiscal year ending March 31, 2025, the Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022). All figures as of March 31, 2024 incorporate this accounting standard.

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2024	-	118.00	-	62.00	180.00
Fiscal year ending Mar. 31, 2025	-	65.00	-		
Fiscal year ending Mar. 31, 2025 (forecasts)				83.00	148.00

Note: Revisions to the most recently announced dividend forecast: Yes

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	325,000	14.8	16,500	45.2	14,000	38.2	8,500	26.0	546.50

Note: Revisions to the most recently announced consolidated forecast: Yes

*** Notes**

(1) Significant changes in the scope of consolidation during the period: 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

Note: Please refer to page 8 “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies” for details.

(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, 2024:	15,863,200 shares	As of Mar. 31, 2024:	15,862,600 shares
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2) Number of treasury shares at the end of the period

As of Dec. 31, 2024:	381,622 shares	As of Mar. 31, 2024:	89,591 shares
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3) Average number of shares during the period

Nine months ended Dec. 31, 2024:	15,553,742 shares	Nine months ended Dec. 31, 2023:	15,763,118 shares
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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.

* Review of the attached quarterly consolidated financial statements by a certified public accountant or auditing firm: None

* 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.

Change in units for monetary figures

Monetary figures for account and other items in the quarterly consolidated financial statements had been shown in thousands of yen in prior years. From the beginning of the first quarter of the fiscal year ending March 31, 2025, monetary figures are shown in millions of yen. To facilitate comparisons, figures for the previous first nine months and fiscal year have been also revised to millions of yen.

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1. Overview of Results of Operations, Etc.

(1) Results of Operations

During the first nine months of the current fiscal year, the Japanese economy continued to recover gradually due to an improved income environment and demand created by the large number of foreign tourists. Despite these positive trends, the outlook for the economy remained uncertain due to rising prices of resources, higher interest rates, and other reasons.

In Japan's housing sector, where the KI-STAR Group operates, the cost of houses is increasing due to rising costs of building materials and labor. However, demand remains strong, although there are regional differences.

Based on the KI-STAR Group's philosophy of "creating lives that are fulfilling, enjoyable and pleasant" and a commitment to accomplishing the vision of "house ownership for everyone," activities continue for expanding to more areas of Japan and strengthening our presence in areas where we currently operate, and using M&A to increase our market share. All activities are centered on the growth strategy for the core homebuilding and sales business. In addition, activities are continuing for making all the houses we build ZEH (Net Zero Energy House) compliant, meeting the increasingly diverse needs of our customers, and supplying houses that comply with government measures for building energy-efficient houses.

Sales increased 17.8% from the first nine months of the previous fiscal year to a record-high 232,834 million yen. Operating profit increased 44.9% to 11,423 million yen because the recovery in gross profit margin continued as higher personnel and other expenses were offset by an increase in productivity and a reduction in unsold finished houses in Japan. Ordinary profit increased 43.2% to 10,054 million yen and profit attributable to owners of parent was up 23.9% to 5,859 million yen.

Results by business segment are as follows:

KI-STAR changed the classification of its reportable segments in the first half of the current fiscal year. The following year-on-year comparisons are based on the figures for the same period of the previous fiscal year after reclassifications for consistency with the new segments. More information about the change in reportable segments is in "2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Segment and Other Information."

i) Homebuilding and sales business

This business is continuing to take actions with the goal of increasing its market share by expanding to more areas of Japan and strengthening its position in areas where the KI-STAR Group currently operates. Operations are based on the commitment to supplying design houses with outstanding quality at low prices.

During the first nine months, 6,044 houses (including land) were sold. Sales increased 15.9% to 220,190 million yen and segment profit increased 29.2% to 13,299 million yen.

ii) Custom-built housing business

This custom-built housing business is concentrating on increasing the number of orders for the single-story IKI custom-built houses and IKI semi custom-built houses. In the third quarter, the Company acquired Shinyamagata Hometech Co., Ltd. and TAKASUGI Co., Ltd., each having a custom-built housing business, mainly in Yamagata and Kumamoto prefectures, respectively, and made these companies consolidated subsidiaries.

During first nine months, 261 houses were sold. Sales increased 27.0% to 5,072 million yen and segment loss was 105 million yen (compared with segment profit of 450 million yen for the same period of the previous fiscal year). This was primarily due to higher cost of sales resulting from the delivery of inventories whose acquisition cost was allocated in the business combination, and seasonal changes in a percentage of custom-built houses delivered that is usually high in the fiscal year end.

(2) Financial Position

Assets

Total assets increased by 41,279 million yen from the end of the previous fiscal year to 287,217 million yen at the end of the third quarter of the current fiscal year. This was mainly due to an increase of 53,711 million yen in real estate for sale and real estate for sale in process and a decrease of 15,404 million yen in cash and deposits.

Liabilities

Total liabilities increased by 36,994 million yen to 221,908 million yen. The increase was mainly due to a 31,497 million yen increase in borrowings due to the procurement of funds for land purchase.

Net assets

Total net assets increased by 4,285 million yen to 65,309 million yen. The main reasons include profit attributable to owners of parent of 5,859 million yen, while there were dividends of surplus of 1,995 million yen, purchase of treasury shares of 1,000 million yen and an increase in non-controlling interests of 1,486 million yen.

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

Based on the strong performance of home sales in the areas where the KI-STAR Group operates, we have revised the consolidated forecast for the fiscal year ending March 31, 2025 that was announced on May 13, 2024. We have also revised the year-end dividend forecast from the previous forecast in line with our dividend policy.

For more details, please refer to the press release “Notice of Revisions to Consolidated Forecast and Dividend Forecast” (Japanese version only) dated today.

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

(Millions of yen)

	FY3/24 (As of Mar. 31, 2024)	Third quarter of FY3/25 (As of Dec. 31, 2024)
Assets		
Current assets		
Cash and deposits	56,046	40,641
Accounts receivable from completed construction contracts	331	197
Real estate for sale	89,317	111,862
Real estate for sale in process	76,792	107,959
Costs on uncompleted construction contracts	4,423	2,737
Advance payments to suppliers	3,357	3,441
Other	4,779	3,772
Allowance for doubtful accounts	(6)	(8)
Total current assets	235,041	270,604
Non-current assets		
Property, plant and equipment	4,500	5,153
Intangible assets		
Goodwill	398	288
Other	304	235
Total intangible assets	703	523
Investments and other assets	5,692	10,936
Total non-current assets	10,896	16,613
Total assets	245,938	287,217
Liabilities		
Current liabilities		
Electronically recorded obligations-operating	3,835	3,573
Accounts payable for construction contracts	18,790	20,254
Short-term borrowings	96,586	101,451
Current portion of bonds payable	365	3,464
Current portion of long-term borrowings	12,800	11,510
Lease obligations	7	9
Income taxes payable	503	2,443
Provision for bonuses	650	364
Other	6,262	8,420
Total current liabilities	139,801	151,492
Non-current liabilities		
Bonds payable	6,392	3,398
Long-term borrowings	38,171	66,094
Lease obligations	38	65
Asset retirement obligations	47	69
Other	461	787
Total non-current liabilities	45,111	70,416
Total liabilities	184,913	221,908

	(Millions of yen)	
	FY3/24 (As of Mar. 31, 2024)	Third quarter of FY3/25 (As of Dec. 31, 2024)
Net assets		
Shareholders' equity		
Share capital	4,816	4,817
Capital surplus	5,704	5,780
Retained earnings	44,323	48,187
Treasury shares	(349)	(1,422)
Total shareholders' equity	54,495	57,361
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(110)	(144)
Foreign currency translation adjustment	(8)	(41)
Total accumulated other comprehensive income	(119)	(186)
Share acquisition rights	18	18
Non-controlling interests	6,629	8,115
Total net assets	61,024	65,309
Total liabilities and net assets	245,938	287,217

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

(Millions of yen)

	First nine months of FY3/24 (Apr. 1, 2023 – Dec. 31, 2023)	First nine months of FY3/25 (Apr. 1, 2024 – Dec. 31, 2024)
Net sales	197,622	232,834
Cost of sales	174,103	203,313
Gross profit	23,519	29,521
Selling, general and administrative expenses	15,634	18,097
Operating profit	7,885	11,423
Non-operating income		
Interest income	109	202
Refund of real estate acquisition tax	423	420
Other	430	790
Total non-operating income	963	1,414
Non-operating expenses		
Interest expenses	1,094	1,733
Commission expenses	646	853
Share of loss of entities accounted for using equity method	2	97
Other	81	99
Total non-operating expenses	1,824	2,783
Ordinary profit	7,023	10,054
Extraordinary income		
Gain on sale of non-current assets	2	8
Gain on sales of investment securities	-	46
Gain on bargain purchase	495	160
Total extraordinary income	498	215
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on retirement of non-current assets	16	40
Total extraordinary losses	16	41
Profit before income taxes	7,505	10,229
Income taxes-current	2,603	3,723
Income taxes-deferred	(498)	(333)
Total income taxes	2,104	3,389
Profit	5,401	6,839
Profit attributable to non-controlling interests	670	979
Profit attributable to owners of parent	4,731	5,859

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

(Millions of yen)

	First nine months of FY3/24 (Apr. 1, 2023 – Dec. 31, 2023)	First nine months of FY3/25 (Apr. 1, 2024 – Dec. 31, 2024)
Profit	5,401	6,839
Other comprehensive income		
Valuation difference on available-for-sale securities	(58)	(33)
Foreign currency translation adjustment	(10)	(32)
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	(68)	(66)
Comprehensive income	5,332	6,772
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	4,662	5,792
Comprehensive income attributable to non-controlling interests	670	979

(3) Notes to Quarterly Consolidated Financial Statements**Changes in Accounting Policies**

Application of Accounting Standard for Current Income Taxes

The Company has applied the Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) No. 27, October 28, 2022, the “Revised Standard”) from the beginning of the first quarter of the fiscal year ending March 31, 2025.

Revisions concerning the accounting classification of income taxes (taxation of other comprehensive income) are made in accordance with the transitional treatment stipulated in the proviso of Paragraph 20-3 of the Revised Standard.

For the revision concerning the change in the treatment in the consolidated financial statements of the tax deferral of gains or losses on sales of shares of subsidiaries, etc. between consolidated companies, the Company has applied the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022) from the beginning of the first quarter of the fiscal year ending March 31, 2025. This change has been applied retrospectively and the quarterly and fiscal year consolidated financial statements for the previous fiscal year are shown after this restatement.

As a result, profit for the first nine months of the fiscal year ended March 31, 2024 decreased 44 million yen and retained earnings as of March 31, 2024 decreased 112 million yen compared to before retrospective application.

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Based on the resolution of the Board of Directors meeting held on May 23, 2024, the Company acquired 292,200 treasury shares. As a result, treasury shares increased 1,073 million yen during the first nine months of the current fiscal year to 1,422 million yen at the end of the third quarter.

Quarterly Consolidated Balance Sheet

* 1 Financial covenants

There are financial covenants on some loans from financial institutions. The five primary requirements, which apply to consolidated and non-consolidated financial statements are for net assets, ordinary profit, loan to value (LTV), monthly inventory turnover, and the debt-equity ratio. If there is a violation of one or more of these requirements or there is a continuous violation, the financial institutions may demand the immediate repayment of all applicable loans.

Borrowings subject to these financial covenants were as follows at the end of FY3/24 and the end of the third quarter of FY3/25.

	(Millions of yen)	
	FY3/24 (As of Mar. 31, 2024)	Third quarter of FY3/25 (As of Dec. 31, 2024)
Short-term borrowings	72,504	68,117
Long-term borrowings (including current portion of long-term borrowings)	26,907	58,300

* 2 Other current liabilities include the following contract liabilities.

	(Millions of yen)	
	FY3/24 (As of Mar. 31, 2024)	Third quarter of FY3/25 (As of Dec. 31, 2024)
Contract liabilities	1,636	2,511

Quarterly Consolidated Statement of Income

Seasonal changes in sales

The KI-STAR Group's housing business delivers more houses to customers in the fourth quarter. As a result, there are seasonal changes in sales and sales are usually higher in the fourth quarter.

Quarterly Consolidated Statement of Cash Flows

A quarterly consolidated statement of cash flows pertaining to the first nine months of FY3/25 has not been prepared. Depreciation (includes amortization expenses related to intangible assets minus goodwill) and amortization of goodwill pertaining to the first nine months of each year is as follows.

(Millions of yen)

	First nine months of FY3/24 (Apr. 1, 2023 – Dec. 31, 2023)	First nine months of FY3/25 (Apr. 1, 2024 – Dec. 31, 2024)
Depreciation	318	329
Amortization of goodwill	84	83

Segment and Other Information

First nine months of FY3/24 (Apr. 1, 2023 – Dec. 31, 2023)

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

(Millions of yen)

	Reportable segment			Others (Note 1)	Adjustments (Note 2)	Amounts shown on the quarterly consolidated statement of income (Note 3)
	Homebuilding and sales	Custom-built housing	Total			
Net sales						
Sales to external customers	189,965	3,995	193,961	3,661	-	197,622
Inter-segment sales and transfers	-	-	-	298	(298)	-
Total	189,965	3,995	193,961	3,959	(298)	197,622
Segment profit	10,294	450	10,745	424	(3,284)	7,885

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

2. The -3,284 million yen adjustment to segment profit includes elimination for inter-segment transactions of 26 million yen and -3,310 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 quarterly consolidated statement of income.

2. Information related to impairment of non-current assets, goodwill, etc. for each reportable segment

Significant gain on bargain purchase

In the homebuilding and sales segment, a gain on bargain purchase was reported as a result of the acquisition of shares of L-Housing Co., Ltd. to make this company a consolidated subsidiary. The amount of the gain on bargain purchase resulting from this acquisition was 495 million yen.

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

First nine months of FY3/25 (Apr. 1, 2024 – Dec. 31, 2024)

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

(Millions of yen)

	Reportable segment			Others (Note 1)	Adjustments (Note 2)	Amounts shown on the quarterly consolidated statement of income (Note 3)
	Homebuilding and sales	Custom-built housing	Total			
Net sales						
Sales to external customers	220,190	5,072	225,263	7,571	-	232,834
Inter-segment sales and transfers	-	-	-	156	(156)	-
Total	220,190	5,072	225,263	7,728	(156)	232,834
Segment profit (loss)	13,299	(105)	13,193	1,106	(2,876)	11,423

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

2. The -2,876 million yen adjustment to segment profit includes elimination for inter-segment transactions of 51 million yen and -2,928 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 quarterly consolidated statement of income.

2. Information related to revisions for reportable segments

In formulating the Medium-term Plan 2028 that was announced on November 11, 2024, the apartment buildings/income-producing real estate business, which was previously included in the homebuilding and sales segment, is now categorized as others.

The segment information for the first nine months of FY3/24 are reported based on the reportable segment classification after the revision.

3. Information related to impairment of non-current assets, goodwill, etc. for each reportable segment

Significant gain on bargain purchase

In the custom-built housing segment, a gain on bargain purchase was reported as a result of the acquisition of shares of Shinyamagata Hometech Co., Ltd. and TAKASUGI Co., Ltd. to make these companies consolidated subsidiaries. The amount of the gain on bargain purchase resulting from this acquisition was 160 million yen.

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

Additional Information

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. The number of shares of the Company's stock held by the trust as of March 31, 2024 was 89,344 shares with a book value of 348 million yen, and the number of these shares as of December 31, 2024 was 239,044 shares with a book value of 934 million yen.

Furthermore, based on the resolution of the Board of Directors meeting held on November 11, 2024, an additional trust for the performance-linked stock compensation plan for directors was approved. As a result, additional shares were acquired during the third quarter of the current fiscal year, increasing the book value and the number of shares held in the trust by 588 million yen and 150,000 shares, respectively, compared to the end of the previous fiscal year.

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.