

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025

[Japanese GAAP]

Company name: KI-STAR REAL ESTATE Co., Ltd.

Listing: Tokyo Stock Exchange

Securities code: 3465

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Scheduled date of Annual General Meeting of Shareholders: June 23, 2025

Scheduled date of filing of Annual Securities Report: June 20, 2025

Scheduled date of payment of dividend: June 24, 2025

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, 2025 (April 1, 2024 – 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	%
Fiscal year ended Mar. 31, 2025	342,553	21.0	17,255	51.9	15,124	49.3	8,862	31.4
Fiscal year ended Mar. 31, 2024	283,084	17.0	11,362	(40.8)	10,130	(45.1)	6,743	(43.1)

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2025: 10,265 (up 32.9%)

Fiscal year ended Mar. 31, 2024: 7,725 (down 39.0%)

	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, 2025	570.44	570.31	15.5	5.6	5.0
Fiscal year ended Mar. 31, 2024	427.74	427.60	12.8	4.5	4.0

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2025: (43)

Fiscal year ended Mar. 31, 2024: (4)

- 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 fiscal year ended 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 fiscal year ended Mar. 31, 2024 incorporate this accounting standard.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2025	294,552	68,801	20.4	3,883.65
As of Mar. 31, 2024	245,938	61,024	22.1	3,447.42

Reference: Shareholders' equity (million yen) As of Mar. 31, 2025: 60,127 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 fiscal year ended 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.

(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, 2025	(626)	(7,539)	22,214	67,204
Fiscal year ended Mar. 31, 2024	(15,281)	(4,891)	27,072	53,156

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2024	-	118.00	-	62.00	180.00	2,855	42.1	6.2
Fiscal year ended Mar. 31, 2025	-	65.00	-	86.00	151.00	2,364	26.5	4.1
Fiscal year ending Mar. 31, 2026 (forecasts)	-	100.00	-	100.00	200.00		25.8	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025– March 31, 2026)

(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	370,000	8.0	23,000	33.3	20,000	32.2	12,000	35.4	775.09

* Notes

(1) Significant changes in the scope of consolidation during the period: 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, 2025 15,863,800 shares As of Mar. 31, 2024: 15,862,600 shares

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

As of Mar. 31, 2025 381,644 shares As of Mar. 31, 2024: 89,591 shares

3) Average number of shares during the period

Fiscal year ended Mar. 31, 2025 15,536,014 shares Fiscal year ended Mar. 31, 2024: 15,765,573 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, 2025 (April 1, 2024 – March 31, 2025)

(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, 2025	198,683	24.4	9,889	65.9	8,478	22.8	5,743	7.5
Fiscal year ended Mar. 31, 2024	159,700	11.3	5,961	(49.2)	6,903	(40.3)	5,341	(35.4)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2025	369.66	369.58
Fiscal year ended Mar. 31, 2024	338.82	338.72

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, 2025	200,719	45,194	22.5	2,918.12
As of Mar. 31, 2024	174,452	42,424	24.3	2,688.50

Reference: Shareholders' equity (million yen): As of Mar. 31, 2025: 45,178 As of Mar. 31, 2024: 42,405

2. Non-consolidated Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 – March 31, 2026)

(Percentages represent year-on-year changes)

	Net sales		Ordinary profit		Profit		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	210,000	5.7	11,700	38.0	8,400	46.3	542.56

* 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.

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 fiscal year ended March 31, 2025, monetary figures are shown in millions of yen. To facilitate comparisons, figures for the previous fiscal year have been also revised to millions of yen.

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1. Overview of Results of Operations

(1) Results of Operations

In 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 remained strong, although there were regional differences.

Based on the KI-STAR Group's management 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 21.0% from the previous fiscal year to a record-high 342,553 million yen. Operating profit increased 51.9% to 17,255 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 finished houses inventories in Japan. Ordinary profit increased 49.3% to 15,124 million yen and profit attributable to owners of parent was up 31.4% to 8,862 million yen.

Results by business segment are as follows:

KI-STAR changed the classification of its reportable segments in 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

This business is continuing to take actions to increase 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 current fiscal year, 8,767 houses (including land) were sold. Sales increased 19.5% to 322,844 million yen and segment profit increased 35.9% to 19,258 million yen.

ii) Custom-built housing business

This custom-built housing business is concentrating on increasing the number of orders for the single-story custom-built houses and semi custom-built houses. In the current fiscal year, 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 the current fiscal year, 358 houses were sold. Sales increased 26.9% to 6,951 million yen and segment profit decreased 95.2% to 38 million yen. This was primarily due to higher cost of sales resulting from the delivery of inventories whose acquisition cost was allocated in the business combination.

(2) Financial Position**Assets**

Total assets increased by 48,614 million yen from the end of the previous fiscal year to 294,552 million yen at the end of the current fiscal year. This was mainly due to increases of 15,859 million yen in cash and deposits and 27,863 million yen in real estate for sale and real estate for sale in process.

Liabilities

Total liabilities increased by 40,837 million yen to 225,750 million yen. The increase was mainly due to a 29,672 million yen increase in borrowings due to the procurement of funds for land purchase and a 3,643 million yen increase in income taxes payable.

Net assets

Total net assets increased by 7,777 million yen to 68,801 million yen. The main reasons include profit attributable to owners of parent of 8,862 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 2,029 million yen.

(3) Cash Flows

Cash and cash equivalents at the end of the current fiscal year increased 14,047 million yen from the end of the previous fiscal year to 67,204 million yen.

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

Cash flows from operating activities

Net cash used in operating activities was 626 million yen in the current fiscal year.

This was mainly due to a booking of 15,290 million yen in profit before income taxes, which was partly offset by an increase of 21,279 million yen in inventories.

Cash flows from investing activities

Net cash used in investing activities was 7,539 million yen in the current fiscal year.

This was mainly due to loan advances of 4,344 million yen.

Cash flows from financing activities

Net cash provided by financing activities was 22,214 million yen in the current fiscal year.

This was mainly due to proceeds from short-term borrowings and long-term borrowings of 25,725 million yen, which was partly offset by purchase of treasury shares of 1,001 million yen.

Reference: Cash flow indicators

	FY3/23	FY3/24	FY3/25
Shareholders' equity ratio (%)	25.6%	22.1%	20.4%
Shareholders' equity ratio based on market prices (%)	33.0%	24.9%	24.4%
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. because operating cash flows were negative

(4) Outlook

In the housing industry, where the KI-STAR Group operates, the market continued on a moderate recovery trend, supported by improvements in the employment and income environment driven by various government policies. However, the outlook remains uncertain due to rising raw material and labor costs as well as increasing mortgage interest rates stemming from policy rate hikes.

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. We will continue to make appropriately sized investments in line with the progress of each business segment, including custom-built housing, pre-owned homes, apartment buildings/income-generating real estate, condominium sales, and residential land development in Australia.

Based on the above, our forecast for the fiscal year ending March 31, 2026 are net sales of 370,000 million yen (up 8.0%), operating profit of 23,000 million yen (up 33.3%), ordinary profit of 20,000 million yen (up 32.2%), and profit attributable to owners of parent of 12,000 million yen (up 35.4%).

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 2025, 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**

	(Millions of yen)	
	FY3/24 (As of Mar. 31, 2024)	FY3/25 (As of Mar. 31, 2025)
Assets		
Current assets		
Cash and deposits	56,046	71,906
Accounts receivable from completed construction contracts	331	149
Real estate for sale	89,317	102,518
Real estate for sale in process	76,792	91,455
Costs on uncompleted construction contracts	4,423	2,087
Advance payments to suppliers	3,357	3,988
Other	4,779	4,337
Allowance for doubtful accounts	(6)	(7)
Total current assets	235,041	276,435
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,907	2,306
Machinery, equipment and vehicles, net	43	96
Land	2,313	2,571
Leased assets, net	42	55
Construction in progress	36	4
Other, net	158	158
Total property, plant and equipment	4,500	5,192
Intangible assets		
Goodwill	398	260
Other	304	217
Total intangible assets	703	478
Investments and other assets		
Investment securities	563	2,704
Long-term loans receivable	2,950	7,295
Deferred tax assets	1,046	1,423
Other	1,131	1,223
Allowance for doubtful accounts	-	(200)
Total investments and other assets	5,692	12,445
Total non-current assets	10,896	18,117
Total assets	245,938	294,552

	(Millions of yen)	
	FY3/24	FY3/25
	(As of Mar. 31, 2024)	(As of Mar. 31, 2025)
Liabilities		
Current liabilities		
Electronically recorded obligations-operating	3,835	3,881
Accounts payable for construction contracts	18,790	20,916
Short-term borrowings	96,586	98,376
Current portion of bonds payable	365	3,564
Current portion of long-term borrowings	12,800	13,601
Lease obligations	7	16
Income taxes payable	503	4,146
Provision for bonuses	650	764
Other	6,262	11,040
Total current liabilities	139,801	156,309
Non-current liabilities		
Bonds payable	6,392	3,136
Long-term borrowings	38,171	65,252
Lease obligations	38	51
Asset retirement obligations	47	178
Other	461	822
Total non-current liabilities	45,111	69,440
Total liabilities	184,913	225,750
Net assets		
Shareholders' equity		
Share capital	4,816	4,818
Capital surplus	5,704	5,780
Retained earnings	44,323	51,189
Treasury shares	(349)	(1,422)
Total shareholders' equity	54,495	60,365
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(110)	(89)
Foreign currency translation adjustment	(8)	(148)
Total accumulated other comprehensive income	(119)	(238)
Share acquisition rights	18	15
Non-controlling interests	6,629	8,658
Total net assets	61,024	68,801
Total liabilities and net assets	245,938	294,552

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

(Millions of yen)

	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)	FY3/25 (Apr. 1, 2024 – Mar. 31, 2025)
Net sales	283,084	342,553
Cost of sales	250,508	300,565
Gross profit	32,576	41,988
Selling, general and administrative expenses		
Sales commission	6,320	8,004
Advertising expenses	782	673
Salaries and allowances	5,031	5,184
Provision for bonuses	279	460
Other	8,800	10,409
Total selling, general and administrative expenses	21,214	24,733
Operating profit	11,362	17,255
Non-operating income		
Interest income	177	469
Cancellation earnest income	34	20
Refund of real estate acquisition tax	572	597
Other	558	853
Total non-operating income	1,342	1,941
Non-operating expenses		
Interest expenses	1,502	2,469
Commission expenses	956	1,204
Share of loss of entities accounted for using equity method	4	43
Other	109	354
Total non-operating expenses	2,573	4,072
Ordinary profit	10,130	15,124
Extraordinary income		
Gain on sale of non-current assets	25	9
Gain on sales of investment securities	-	46
Gain on bargain purchase	495	160
Total extraordinary income	521	215
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on retirement of non-current assets	27	50
Total extraordinary losses	27	50
Profit before income taxes	10,624	15,290
Income taxes-current	3,434	5,445
Income taxes-deferred	(604)	(540)
Total income taxes	2,829	4,905
Profit	7,794	10,384
Profit attributable to non-controlling interests	1,050	1,522
Profit attributable to owners of parent	6,743	8,862

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY3/24	FY3/25
	(Apr. 1, 2023 – Mar. 31, 2024)	(Apr. 1, 2024 – Mar. 31, 2025)
Profit	7,794	10,384
Other comprehensive income		
Valuation difference on available-for-sale securities	(62)	21
Foreign currency translation adjustment	(6)	(140)
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	(68)	(119)
Comprehensive income	7,725	10,265
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	6,674	8,743
Comprehensive income attributable to non-controlling interests	1,050	1,521

(3) Consolidated Statement of Changes in Equity

FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,815	5,703	40,878	(377)	51,020
Changes during period					
Issuance of new shares - exercise of share acquisition rights	1	1			2
Dividends of surplus			(3,299)		(3,299)
Profit attributable to owners of parent			6,743		6,743
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				28	28
Net changes in items other than shareholders' equity					
Total changes during period	1	1	3,444	28	3,474
Balance at end of period	4,816	5,704	44,323	(349)	54,495

	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)	(2)	(50)	19	5,539	56,528
Changes during period						
Issuance of new shares - exercise of share acquisition rights						2
Dividends of surplus						(3,299)
Profit attributable to owners of parent						6,743
Purchase of treasury shares						(0)
Disposal of treasury shares						28
Net changes in items other than shareholders' equity	(62)	(5)	(68)	(0)	1,090	1,021
Total changes during period	(62)	(5)	(68)	(0)	1,090	4,496
Balance at end of period	(110)	(8)	(119)	18	6,629	61,024

FY3/25 (Apr. 1, 2024 – Mar. 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,816	5,704	44,323	(349)	54,495
Changes during period					
Issuance of new shares - exercise of share acquisition rights	1	1			2
Dividends of surplus			(1,995)		(1,995)
Profit attributable to owners of parent			8,862		8,862
Purchase of treasury shares				(1,588)	(1,588)
Disposal of treasury shares		74		514	589
Net changes in items other than shareholders' equity					
Total changes during period	1	76	6,866	(1,073)	5,870
Balance at end of period	4,818	5,780	51,189	(1,422)	60,365

	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	(110)	(8)	(119)	18	6,629	61,024
Changes during period						
Issuance of new shares - exercise of share acquisition rights						2
Dividends of surplus						(1,995)
Profit attributable to owners of parent						8,862
Purchase of treasury shares						(1,588)
Disposal of treasury shares						589
Net changes in items other than shareholders' equity	21	(140)	(119)	(3)	2,029	1,906
Total changes during period	21	(140)	(119)	(3)	2,029	7,777
Balance at end of period	(89)	(148)	(238)	15	8,658	68,801

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)	FY3/25 (Apr. 1, 2024 – Mar. 31, 2025)
Cash flows from operating activities		
Profit before income taxes	10,624	15,290
Depreciation	473	443
Amortization of goodwill	112	110
Gain on bargain purchase	(495)	(160)
Increase (decrease) in provision for bonuses	(113)	261
Interest and dividend income	(180)	(475)
Share of loss (profit) of entities accounted for using equity method	4	43
Commission expenses	956	1,204
Interest expenses	1,502	2,469
Decrease (increase) in inventories	(21,554)	(21,279)
Increase (decrease) in trade payables	(589)	1,812
Other, net	1,847	4,199
Subtotal	(7,412)	3,920
Interest and dividends received	180	475
Interest paid	(2,459)	(3,674)
Income taxes refund (paid)	(5,591)	(1,349)
Net cash provided by (used in) operating activities	(15,281)	(626)
Cash flows from investing activities		
Purchase of property, plant and equipment	(767)	(416)
Proceeds from sales of property, plant and equipment	130	12
Purchase of intangible assets	(43)	(34)
Proceeds from withdrawal of time deposits	-	672
Payments into time deposits	(834)	(1,695)
Purchase of investment securities	-	(2,085)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	520
Payments for purchase of shares of subsidiaries resulting in change in scope of consolidation	(694)	(54)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	39
Loan advances	(2,683)	(4,344)
Payments for guarantee deposits	(164)	(100)
Proceeds from refund of guarantee deposits	158	44
Other, net	6	(97)
Net cash provided by (used in) investing activities	(4,891)	(7,539)

	(Millions of yen)	
	FY3/24	FY3/25
	(Apr. 1, 2023 – Mar. 31, 2024)	(Apr. 1, 2024 – Mar. 31, 2025)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	11,247	(845)
Proceeds from long-term borrowings	51,263	46,732
Repayments of long-term borrowings	(30,337)	(20,160)
Proceeds from issuance of bonds	3,348	100
Redemption of bonds	(2,619)	(492)
Repayments of lease obligations	(26)	(28)
Purchase of treasury shares	(0)	(1,001)
Dividends paid	(3,299)	(1,997)
Dividends paid to non-controlling interests	(277)	(94)
Purchase of treasury shares of subsidiaries	(2,228)	-
Other, net	2	1
Net cash provided by (used in) financing activities	27,072	22,214
Net increase (decrease) in cash and cash equivalents	6,898	14,047
Cash and cash equivalents at beginning of period	46,258	53,156
Cash and cash equivalents at end of period	53,156	67,204

(5) Notes to 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 fiscal year ended 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 fiscal year ended 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, retained earnings and profit for FY3/24 decreased by 112 million yen each 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 current fiscal year to 1,422 million yen at the end of the current fiscal year.

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 FY3/25.

	(Millions of yen)	
	FY3/24 (As of Mar. 31, 2024)	FY3/25 (As of Mar. 31, 2025)
Short-term borrowings	72,504	65,338
Long-term borrowings (including current portion of long-term borrowings)	26,907	56,358

*** 2 Other current liabilities include the following contract liabilities.**

	(Millions of yen)	
	FY3/24 (As of Mar. 31, 2024)	FY3/25 (As of Mar. 31, 2025)
Contract liabilities	1,636	2,432

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 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 FY3/24 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
FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

(Millions of yen)

	Reportable segment			Others (Note 1)	Adjustments (Note 2)	Amounts shown on the consolidated financial statements (Note 3)
	Homebuilding and sales	Custom-built housing	Total			
Net sales						
Sales to external customers	270,203	5,479	275,682	7,401	-	283,084
Inter-segment sales and transfers	-	-	-	370	(370)	-
Total	270,203	5,479	275,682	7,772	(370)	283,084
Segment profit	14,174	796	14,970	767	(4,376)	11,362
Segment assets	183,346	4,841	188,188	7,391	50,358	245,938
Other items						
Depreciation	197	16	213	16	243	473
Increase in property, plant and equipment and intangible assets	501	0	501	28	279	810

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. 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.

FY3/25 (Apr. 1, 2024 – Mar. 31, 2025)

(Millions of yen)

	Reportable segment			Others (Note 1)	Adjustments (Note 2)	Amounts shown on the consolidated financial statements (Note 3)
	Homebuilding and sales	Custom-built housing	Total			
Net sales						
Sales to external customers	322,844	6,951	329,795	12,758	-	342,553
Inter-segment sales and transfers	-	-	-	199	(199)	-
Total	322,844	6,951	329,795	12,957	(199)	342,553
Segment profit	19,258	38	19,296	1,894	(3,935)	17,255
Segment assets	210,549	5,169	215,719	13,623	65,209	294,552
Other items						
Depreciation	162	51	213	24	204	443
Increase in property, plant and equipment and intangible assets	252	71	324	39	87	450

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. Adjustments are as follows:

(1) The -3,935 million yen adjustment to segment profit includes elimination for inter-segment transactions of 56 million yen and -3,991 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

FY3/24 (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.

FY3/25 (Apr. 1, 2024 – Mar. 31, 2025)

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

FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

Not applicable.

FY3/25 (Apr. 1, 2024 – Mar. 31, 2025)

Not applicable.

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

FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

(Millions of yen)

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

FY3/25 (Apr. 1, 2024 – Mar. 31, 2025)

(Millions of yen)

	Reportable segment			Other	Elimination or corporate	Total
	Homebuilding and sales	Custom-built housing	Total			
Amortization for the period	109	-	109	1	-	110
Balance at the end of period	260	-	260	-	-	260

Information related to gain on bargain purchase for each reportable segment

FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

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. The amount of the gain on bargain purchase resulting from this acquisition was 495 million yen in FY3/24.

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

FY3/25 (Apr. 1, 2024 – Mar. 31, 2025)

In the custom-built housing segment, a gain on bargain purchase was reported as a result of the acquisition of shares of Shinyamagata Homotech 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.

Per Share Information

(Yen)

	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)	FY3/25 (Apr. 1, 2024 – Mar. 31, 2025)
Net assets per share	3,447.42	3,883.65
Net income per share	427.74	570.44
Diluted net income per share	427.60	570.31

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 96,388 for FY3/24 and 140,530 for FY3/25.

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

(Millions of yen)

	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)	FY3/25 (Apr. 1, 2024 – Mar. 31, 2025)
Net income per share		
Profit attributable to owners of parent	6,743	8,862
Amounts not attributable to common shareholders	-	-
Profit attributable to owners of parent applicable to common shares	6,743	8,862
Average number of common shares outstanding during the period (Shares)	15,765,573	15,536,014
Diluted net income per share		
Adjusted profit attributable to owners of parent	-	-
Increase in the number of shares of common stock (Shares)	5,051	3,393
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: 113 units Common stock: 11,300 shares	Share acquisition rights No. 4: 100 units Common stock: 10,000 shares

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

(Millions of yen)

	FY3/24 (As of Mar. 31, 2024)	FY3/25 (As of Mar. 31, 2025)
Total net assets	61,024	68,801
Deduction on total net assets	6,648	8,674
[of which share acquisition rights]	[18]	[15]
[of which non-controlling interests]	[6,629]	[8,658]
Net assets applicable to common shares at the fiscal year end	54,376	60,127
Number of common shares at the fiscal year end used in calculation of net assets per share (Shares)	15,773,009	15,482,156

Material Subsequent Events

Not applicable.

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 March 31, 2025 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 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.