

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026

[Japanese GAAP]

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

Listing: Tokyo Stock Exchange

Securities code: 3465

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

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Scheduled date of Annual General Meeting of Shareholders: June 26, 2026

Scheduled date of filing of Annual Securities Report: June 25, 2026

Scheduled date of payment of dividend: June 29, 2026

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, 2026 (April 1, 2025 – March 31, 2026)****(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, 2026	393,905	15.0	26,995	56.4	24,963	65.0	15,355	73.3
Fiscal year ended Mar. 31, 2025	342,553	21.0	17,255	51.9	15,124	49.3	8,862	31.4

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2026: 17,340 (up 68.9%)

Fiscal year ended Mar. 31, 2025: 10,265 (up 32.9%)

	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, 2026	495.15	495.13	23.0	7.7	6.9
Fiscal year ended Mar. 31, 2025	285.22	285.16	15.5	5.6	5.0

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2026: 176

Fiscal year ended Mar. 31, 2025: (43)

- Notes: 1. KI-STAR REAL ESTATE Co., Ltd. ("the Company") executed a two for one common stock split effective on April 1, 2026. Net income per share and diluted net income per share are calculated as if the stock split had taken place at the beginning of the fiscal year ended March 31, 2025.
2. 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) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2026	355,621	82,983	20.6	2,357.24
As of Mar. 31, 2025	294,552	68,801	20.4	1,941.83

Reference: Shareholders' equity (million yen) As of Mar. 31, 2026: 73,181 As of Mar. 31, 2025: 60,127

- Notes: 1. The Company executed a two for one common stock split effective on April 1, 2026. Net assets per share are calculated as if the stock split had taken place at the beginning of the fiscal year ended March 31, 2025.
2. 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, 2026	(27,480)	(4,046)	35,312	71,079
Fiscal year ended Mar. 31, 2025	(626)	(7,539)	22,214	67,204

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, 2025	-	65.00	-	86.00	151.00	2,364	26.5	4.1
Fiscal year ended Mar. 31, 2026	-	100.00	-	135.00	235.00	3,695	23.7	5.5
Fiscal year ending Mar. 31, 2027 (forecasts)	-	70.00	-	70.00	140.00		24.8	

Note: The Company executed a two for one common stock split effective on April 1, 2026. Dividends for the fiscal years ended March 31, 2025 and 2026 are the actual amounts paid before the stock split. Dividends for the fiscal year ending March 31, 2027 (forecasts) are the amounts after the stock split. These are equivalent to an annual dividend of 280.00 yen prior to the adjustment for this stock split.

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2027 (April 1, 2026 – March 31, 2027)

(Percentages represent year-on-year changes)

Full year	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
	450,000	14.2	31,500	16.7	28,500	14.2	17,500	14.0	563.69

Note: The Company executed a two for one common stock split effective on April 1, 2026. Net income per share in the consolidated forecast is the amount after the stock split.

* 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: 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, 2026: 31,737,200 shares As of Mar. 31, 2025: 31,727,600 shares

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

As of Mar. 31, 2026: 691,740 shares As of Mar. 31, 2025: 763,288 shares

3) Average number of shares during the period

Fiscal year ended Mar. 31, 2026: 31,012,472 shares Fiscal year ended Mar. 31, 2025: 31,072,028 shares

- Notes: 1. The Company executed a two for one common stock split effective on April 1, 2026. The number of shares issued at the end of the period, the number of treasury shares at the end of the period and the average number of shares during the period are calculated as if the stock split had taken place at the beginning of the fiscal year ended March 31, 2025.
2. 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, 2026 (April 1, 2025 – March 31, 2026)

(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, 2026	228,111	14.8	17,855	80.6	17,353	104.7	12,180	112.1
Fiscal year ended Mar. 31, 2025	198,683	24.4	9,889	65.9	8,478	22.8	5,743	7.5

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2026	392.75	392.73
Fiscal year ended Mar. 31, 2025	184.83	184.79

- Notes: 1. The Company executed a two for one common stock split effective on April 1, 2026. Net income per share and diluted net income per share are calculated as if the stock split had taken place at the beginning of the fiscal year ended March 31, 2025.
2. 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, 2026	237,161	54,757	23.0	1,759.01
As of Mar. 31, 2025	200,719	45,194	22.5	1,459.06

Reference: Shareholders' equity (million yen): As of Mar. 31, 2026: 54,609 As of Mar. 31, 2025: 45,178

- Notes: 1. The Company executed a two for one common stock split effective on April 1, 2026. Net assets per share are calculated as if the stock split had taken place at the beginning of the fiscal year ended March 31, 2025.
2. 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.

2. Non-consolidated Forecast for the Fiscal Year Ending March 31, 2027 (April 1, 2026 – March 31, 2027)

(Percentages represent year-on-year changes)

	Net sales		Ordinary profit		Profit		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	260,000	14.0	18,000	3.7	13,500	10.8	434.85

Note: The Company executed a two for one common stock split effective on April 1, 2026. Net income per share in the non-consolidated forecast is the amount after the stock split.

* 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, Etc.

(1) Results of Operations

In the current fiscal year, the Japanese economy maintained a moderate recovery trend due to improvements in labor market conditions and personal income despite a rapid increase in prices. The outlook for the economy remains uncertain because of increasing geopolitical risk associated with Middle East turmoil, including closure of the Strait of Hormuz, the impact on prices of resources of tariffs and other actions worldwide concerning international trade, and other events.

In the housing sector, where the KI-STAR Group operates, housing prices remained elevated due to rising building material costs and labor expenses, and customers showed a cautious purchasing sentiment amid expectations of further increases in mortgage interest rates. Nevertheless, demand remained steady, supported by improvements in supply-demand conditions resulting from a decline in new housing starts. Middle East turmoil has raised the price of crude oil and disrupted supply chains, particularly for petrochemical products. As a result, there is instability in some supply chains for building materials and for housing equipment.

Based on the KI-STAR Group's philosophy of "creating lives that are enriching, enjoyable, and pleasant" and a commitment to accomplishing the vision of "homeownership for everyone," activities are continuing for achieving the goals of the Medium-term Plan 2028. To increase profitability, the homebuilding and sales business is opening many sales offices in major metropolitan areas and reorganizing existing sales offices. In addition, many activities are under way for optimization of the business portfolio. Examples include integration of management with subsidiaries in the custom-built housing business, growth of the apartment/income-producing real estate business and business operations outside Japan, and expansion of the pre-owned home renovation business to more areas of Japan. In accordance with the revision of the Japan's Building Standards Act, all new residential structures in Japan are now required to comply with energy conservation standards. We have been focusing on supplying high-value-added houses by making all newly constructed houses compliant with net zero energy house (ZEH)-equivalent standards and increasing the use of domestic wood materials. Group companies will continue to place the highest priority on maintaining a reliable supply of high-quality houses while reducing procurement risk as much as possible by continuing to place orders in advance of when items will be needed and by diversifying procurement channels.

Sales increased 15.0% from the previous fiscal year to a record-high 393,905 million yen. Operating profit increased 56.4% to 26,995 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 inventories of houses for sale in Japan. Ordinary profit grew 65.0% to 24,963 million yen, and profit attributable to owners of parent rose 73.3% to 15,355 million yen.

Results by business segment are as follows:

i) Homebuilding and sales business

This business focused on improving profitability by increasing our market share in major metropolitan areas where housing demand remains strong, while streamlining operations in suburban areas through integration with our pre-owned home renovation business.

During the current fiscal year, 9,232 houses (including land) were sold. Sales increased 13.3% to 365,776 million yen and segment profit increased 43.1% to 27,559 million yen.

ii) Custom-built housing business

In this business, improvements in gross profit margin and reductions in selling, general and administrative expenses were achieved through management integration with subsidiaries and other initiatives.

During the current fiscal year, 257 houses were sold. Sales decreased 8.3% to 6,376 million yen and segment profit increased 176.6% to 105 million yen.

(2) Financial Position

Assets

Total assets increased by 61,068 million yen from the end of the previous fiscal year to 355,621 million yen at the end of the current fiscal year. This was mainly due to increases of 48,545 million yen in inventories and 4,123 million yen in cash and deposits.

Liabilities

Total liabilities increased by 46,887 million yen to 272,638 million yen. The increase was mainly due to increases of 38,046 million yen in borrowings and 1,967 million yen in income taxes payable.

Net assets

Total net assets increased by 14,181 million yen to 82,983 million yen. The main reasons include profit attributable to owners of parent of 15,355 million yen, dividends of surplus of 2,924 million yen and an increase of 994 million yen in non-controlling interests.

(3) Cash Flows

Cash and cash equivalents at the end of the current fiscal year increased 3,874 million yen from the end of the previous fiscal year to 71,079 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 27,480 million yen in the current fiscal year.

This was mainly due to an increase of 48,541 million yen in inventories, which was partly offset by a booking of 24,900 million yen in profit before income taxes.

Cash flows from investing activities

Net cash used in investing activities was 4,046 million yen in the current fiscal year.

This was mainly due to loan advances of 4,637 million yen.

Cash flows from financing activities

Net cash provided by financing activities was 35,312 million yen in the current fiscal year.

This was mainly due to proceeds from short-term borrowings and long-term borrowings of 37,257 million yen.

Reference: Cash flow indicators

	FY3/24	FY3/25	FY3/26
Shareholders' equity ratio (%)	22.1%	20.4%	20.6%
Shareholders' equity ratio based on market prices (%)	24.9%	24.4%	29.2%
Interest-bearing debt to cash flow ratio (times)	-	-	-
Interest coverage ratio (times)	-	-	-

Notes: 1. Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on market prices: Market capitalization / 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 is expected to continue on a moderate recovery trend, supported by improvements in labor market conditions and personal income. However, the outlook is likely to remain uncertain. The primary reasons are the high cost of building materials and labor, rising mortgage interest rates as the Bank of Japan raises its policy rate, and the high cost of raw materials and instability of supplies caused by conflicts in the Middle East.

Activities will continue at the KI-STAR Group for more growth of business operations involving pre-owned homes, apartment/income-producing real estate, condominium sales, and the residential real estate development business in Australia.

Based on the above, we forecast net sales of 450,000 million yen (up 14.2%), operating profit of 31,500 million yen (up 16.7%), ordinary profit of 28,500 million yen (up 14.2%), and profit attributable to owners of parent of 17,500 million yen (up 14.0%) for the fiscal year ending March 31, 2027.

Current impact of Middle East conflicts on business operations and results of operations

Turmoil in the Middle East has raised the cost of crude oil and disrupted supply chains, chiefly for petrochemical products, worldwide. In the entire housing industry, where the KI-STAR Group operates, there may be higher prices of building materials and housing equipment and disruption of supply chains.

KI-STAR Group companies are constantly holding discussions with all business partners with the goal of maintaining a reliable supply of building materials and other items. Although there is a possibility of higher prices of these materials and other items, management believes that the impact on sales and earnings will be limited. Group companies are always reinforcing partnerships with suppliers and other business partners for the purposes of preserving jobs and maintaining business relationships. As part of these measures, group companies place some orders in advance of when items will be needed and are diversifying procurement channels based on lessons learned during the supply chain disruptions and high prices and limited supply of lumber during the COVID-19 pandemic and other events. Due to these activities, we believe that there is no reason for concerns at this time about the supply of houses.

The KI-STAR Group is continuing to closely watch events in the Middle East and changes in the business climate while analyzing risk factors and taking actions to lower risk exposure. An announcement will be made promptly if there is an event that may have a significant effect on the business operations and results of operations of group companies.

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 2026, 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)

	FY3/25 (As of Mar. 31, 2025)	FY3/26 (As of Mar. 31, 2026)
Assets		
Current assets		
Cash and deposits	71,906	76,029
Accounts receivable from completed construction contracts	149	333
Real estate for sale	102,518	115,222
Real estate for sale in process	91,455	126,893
Advances received on service contracts in progress	2,087	2,489
Advance payments to suppliers	3,988	6,375
Current portion of long-term loans receivable	-	5,453
Other	4,337	5,054
Allowance for doubtful accounts	(7)	(20)
Total current assets	276,435	337,832
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,306	2,256
Machinery, equipment and vehicles, net	96	86
Land	2,571	2,539
Leased assets, net	55	21
Construction in progress	4	0
Other, net	158	170
Total property, plant and equipment	5,192	5,074
Intangible assets		
Goodwill	260	151
Other	217	160
Total intangible assets	478	312
Investments and other assets		
Investment securities	2,704	2,910
Long-term loans receivable	7,295	6,139
Deferred tax assets	1,423	1,812
Other	1,223	1,843
Allowance for doubtful accounts	(200)	(303)
Total investments and other assets	12,445	12,401
Total non-current assets	18,117	17,788
Total assets	294,552	355,621

	(Millions of yen)	
	FY3/25	FY3/26
	(As of Mar. 31, 2025)	(As of Mar. 31, 2026)
Liabilities		
Current liabilities		
Electronically recorded obligations-operating	3,881	4,167
Accounts payable for construction contracts	20,916	22,836
Short-term borrowings	98,376	116,809
Current portion of bonds payable	3,564	2,488
Current portion of long-term borrowings	13,601	27,575
Lease liabilities	16	13
Income taxes payable	4,146	6,113
Provision for bonuses	764	1,369
Other	11,040	13,388
Total current liabilities	156,309	194,761
Non-current liabilities		
Bonds payable	3,136	5,613
Long-term borrowings	65,252	70,892
Lease liabilities	51	12
Asset retirement obligations	178	209
Other	822	1,148
Total non-current liabilities	69,440	77,876
Total liabilities	225,750	272,638
Net assets		
Shareholders' equity		
Share capital	4,818	4,828
Capital surplus	5,780	5,815
Retained earnings	51,189	63,621
Treasury shares	(1,422)	(1,293)
Total shareholders' equity	60,365	72,971
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(89)	(56)
Foreign currency translation adjustment	(148)	266
Total accumulated other comprehensive income	(238)	209
Share acquisition rights	15	148
Non-controlling interests	8,658	9,653
Total net assets	68,801	82,983
Total liabilities and net assets	294,552	355,621

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

(Millions of yen)

	FY3/25 (Apr. 1, 2024 – Mar. 31, 2025)	FY3/26 (Apr. 1, 2025 – Mar. 31, 2026)
Net sales	342,553	393,905
Cost of sales	300,565	337,785
Gross profit	41,988	56,120
Selling, general and administrative expenses		
Sales commission	8,004	9,317
Salaries and allowances	5,184	6,295
Taxes and dues	3,011	3,834
Provision for bonuses	460	492
Other	8,071	9,185
Total selling, general and administrative expenses	24,733	29,125
Operating profit	17,255	26,995
Non-operating income		
Interest income	469	886
Share of profit of entities accounted for using equity method	-	176
Foreign exchange gains	-	459
Refund of real estate acquisition tax	597	724
Other	874	766
Total non-operating income	1,941	3,013
Non-operating expenses		
Interest expenses	2,469	3,644
Share of loss of entities accounted for using equity method	43	-
Commission expenses	1,204	1,227
Other	354	172
Total non-operating expenses	4,072	5,044
Ordinary profit	15,124	24,963
Extraordinary income		
Gain on sale of non-current assets	9	14
Gain on sale of investment securities	46	-
Gain on bargain purchase	160	-
Total extraordinary income	215	14
Extraordinary losses		
Loss on sale of non-current assets	0	-
Loss on retirement of non-current assets	50	77
Total extraordinary losses	50	77
Profit before income taxes	15,290	24,900
Income taxes-current	5,445	8,403
Income taxes-deferred	(540)	(394)
Total income taxes	4,905	8,009
Profit	10,384	16,891
Profit attributable to non-controlling interests	1,522	1,535
Profit attributable to owners of parent	8,862	15,355

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY3/25 (Apr. 1, 2024 – Mar. 31, 2025)	FY3/26 (Apr. 1, 2025 – Mar. 31, 2026)
Profit	10,384	16,891
Other comprehensive income		
Valuation difference on available-for-sale securities	21	32
Foreign currency translation adjustment	(140)	416
Share of other comprehensive income of entities accounted for using equity method	(0)	-
Total other comprehensive income	(119)	449
Comprehensive income	10,265	17,340
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	8,743	15,802
Comprehensive income attributable to non-controlling interests	1,521	1,537

(3) Consolidated Statement of Changes in Equity

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

FY3/26 (Apr. 1, 2025 – Mar. 31, 2026)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,818	5,780	51,189	(1,422)	60,365
Changes during period					
Issuance of new shares - exercise of share acquisition rights	10	10			21
Dividends of surplus			(2,924)		(2,924)
Profit attributable to owners of parent			15,355		15,355
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				129	129
Purchase of shares of consolidated subsidiaries		24			24
Net changes in items other than shareholders' equity					
Total changes during period	10	34	12,431	129	12,606
Balance at end of period	4,828	5,815	63,621	(1,293)	72,971

	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	(89)	(148)	(238)	15	8,658	68,801
Changes during period						
Issuance of new shares - exercise of share acquisition rights						21
Dividends of surplus						(2,924)
Profit attributable to owners of parent						15,355
Purchase of treasury shares						(0)
Disposal of treasury shares						129
Purchase of shares of consolidated subsidiaries						24
Net changes in items other than shareholders' equity	32	415	448	132	994	1,575
Total changes during period	32	415	448	132	994	14,181
Balance at end of period	(56)	266	209	148	9,653	82,983

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY3/25 (Apr. 1, 2024 – Mar. 31, 2025)	FY3/26 (Apr. 1, 2025 – Mar. 31, 2026)
Cash flows from operating activities		
Profit before income taxes	15,290	24,900
Depreciation	443	550
Amortization of goodwill	110	109
Gain on bargain purchase	(160)	-
Increase (decrease) in provision for bonuses	61	604
Interest and dividend income	(475)	(891)
Share of loss (profit) of entities accounted for using equity method	43	(176)
Commission expenses	1,204	1,227
Interest expenses	2,469	3,644
Decrease (increase) in inventories	(21,279)	(48,541)
Increase (decrease) in trade payables	1,812	2,205
Other, net	4,398	(48)
Subtotal	3,920	(16,414)
Interest and dividends received	475	653
Interest paid	(3,674)	(4,930)
Income taxes refund (paid)	(1,349)	(6,788)
Net cash provided by (used in) operating activities	(626)	(27,480)
Cash flows from investing activities		
Purchase of property, plant and equipment	(416)	(371)
Proceeds from sale of property, plant and equipment	12	18
Purchase of intangible assets	(34)	(72)
Proceeds from withdrawal of time deposits	672	613
Payments into time deposits	(1,695)	(1,222)
Purchase of investment securities	(2,085)	(14)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	520	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(54)	-
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	39	-
Loan advances	(4,344)	(4,637)
Proceeds from collection of loans receivable	0	1,813
Payments of guarantee deposits	(100)	(156)
Proceeds from refund of guarantee deposits	44	20
Other, net	(97)	(38)
Net cash provided by (used in) investing activities	(7,539)	(4,046)

	(Millions of yen)	
	FY3/25 (Apr. 1, 2024 – Mar. 31, 2025)	FY3/26 (Apr. 1, 2025 – Mar. 31, 2026)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(845)	18,433
Proceeds from long-term borrowings	46,732	41,608
Repayments of long-term borrowings	(20,160)	(22,783)
Proceeds from issuance of bonds	100	4,980
Redemption of bonds	(492)	(3,579)
Repayments of lease liabilities	(28)	(44)
Purchase of treasury shares	(1,001)	(0)
Dividends paid	(1,997)	(2,924)
Dividends paid to non-controlling interests	(94)	(496)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(57)
Proceeds from issuance of share acquisition rights	-	124
Other, net	1	53
Net cash provided by (used in) financing activities	22,214	35,312
Effect of exchange rate change on cash and cash equivalents	-	89
Net increase (decrease) in cash and cash equivalents	14,047	3,874
Cash and cash equivalents at beginning of period	53,156	67,204
Cash and cash equivalents at end of period	67,204	71,079

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

Not applicable.

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 FY3/25 and FY3/26.

	(Millions of yen)	
	FY3/25 (As of Mar. 31, 2025)	FY3/26 (As of Mar. 31, 2026)
Short-term borrowings	65,338	70,884
Long-term borrowings (including current portion of long-term borrowings)	56,358	69,198

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

	(Millions of yen)	
	FY3/25 (As of Mar. 31, 2025)	FY3/26 (As of Mar. 31, 2026)
Contract liabilities	2,432	2,941

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.

(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
FY3/25 (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 renovation, apartment/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.

FY3/26 (Apr. 1, 2025 – Mar. 31, 2026)

(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	365,776	6,376	372,152	21,753	-	393,905
Inter-segment sales and transfers	-	-	-	186	(186)	-
Total	365,776	6,376	372,152	21,939	(186)	393,905
Segment profit	27,559	105	27,664	4,103	(4,773)	26,995
Segment assets	262,844	7,288	270,133	35,718	49,769	355,621
Other items						
Depreciation	163	65	229	94	227	550
Increase in property, plant and equipment and intangible assets	232	16	248	13	211	474

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

2. Adjustments are as follows:

(1) The -4,773 million yen adjustment to segment profit includes elimination for inter-segment transactions of 90 million yen and -4,863 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

FY3/25 (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

Omitted because the amount of property, plant and equipment outside Japan is small.

3. Information about major customers

Not applicable 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 statement of income.

FY3/26 (Apr. 1, 2025 – Mar. 31, 2026)

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

Omitted because the amount of property, plant and equipment outside Japan is small.

3. Information about major customers

Not applicable 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 statement of income.

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

FY3/25 (Apr. 1, 2024 – Mar. 31, 2025)

Not applicable.

FY3/26 (Apr. 1, 2025 – Mar. 31, 2026)

Not applicable.

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

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

FY3/26 (Apr. 1, 2025 – Mar. 31, 2026)

(Millions of yen)

	Reportable segment			Other	Elimination or corporate	Total
	Homebuilding and sales	Custom-built housing	Total			
Amortization for the period	109	-	109	-	-	109
Balance at the end of period	151	-	151	-	-	151

Information related to gain on bargain purchase for each reportable segment

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 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.

FY3/26 (Apr. 1, 2025 – Mar. 31, 2026)

Not applicable.

Per Share Information

(Yen)

	FY3/25 (Apr. 1, 2024 – Mar. 31, 2025)	FY3/26 (Apr. 1, 2025 – Mar. 31, 2026)
Net assets per share	1,941.83	2,357.24
Net income per share	285.22	495.15
Diluted net income per share	285.16	495.13

Notes: 1. The Company executed a two for one common stock split effective on April 1, 2026. Net assets per share, net income per share and diluted net income per share are calculated as if the stock split had taken place at the beginning of the fiscal year ended March 31, 2025.

2. 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 140,530 for FY3/25 and 217,060 for FY3/26.

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

(Millions of yen)

	FY3/25 (Apr. 1, 2024 – Mar. 31, 2025)	FY3/26 (Apr. 1, 2025 – Mar. 31, 2026)
Net income per share		
Profit attributable to owners of parent	8,862	15,355
Amounts not attributable to common shareholders	-	-
Profit attributable to owners of parent applicable to common shares	8,862	15,355
Average number of common shares outstanding during the period (Shares)	31,072,028	31,012,472
Diluted net income per share		
Adjusted profit attributable to owners of parent	-	-
Increase in the number of shares of common stock (Shares)	6,786	1,042
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: 100 units Common stock: 10,000 shares	Share acquisition rights No. 5: 3,000 units Common stock: 300,000 shares

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

(Millions of yen)

	FY3/25 (As of Mar. 31, 2025)	FY3/26 (As of Mar. 31, 2026)
Total net assets	68,801	82,983
Deduction on total net assets	8,674	9,801
[of which share acquisition rights]	[15]	[148]
[of which non-controlling interests]	[8,658]	[9,653]
Net assets applicable to common shares at the fiscal year end	60,127	73,181
Number of common shares at the fiscal year end used in calculation of net assets per share (Shares)	30,964,312	31,045,460

Material Subsequent Events

Stock split and partial revision to the Articles of Incorporation following the split

The Company executed a stock split and partially revised the Articles of Incorporation on April 1, 2026 based on the resolution of the Board of Directors held on February 12, 2026.

(1) Purpose of the stock split

The Company intends to reduce the price of share-trading units by stock split with the aim of improving the liquidity of its shares and expand its investor base.

(2) Overview of the stock split

1) Method of stock split

Shareholders listed in the final shareholder register on the record date of March 31, 2026 will receive two shares of common stock for each share held on the record date.

2) Number of shares increased by the share split

Total number of shares issued prior to the share split:	15,868,600 shares
Number of shares to be increased by the stock split:	15,868,600 shares
Total number of shares issued following the stock split:	31,737,200 shares
Total number of shares authorized following the share split:	96,000,000 shares

3) Schedule of stock split

Public notice of record date:	March 16, 2026
Record date:	March 31, 2026
Effective date:	April 1, 2026

4) Impact on per share information

Information about the impact on per share information is shown in the corresponding section.

(3) Other

1) The amount of share capital will not change as a result of this stock split.

2) Adjustment of exercise price of share acquisition rights

In association with this stock split, the exercise price per share of share acquisition rights issued by the Company will be adjusted as follows on or after April 1, 2026.

	Exercise price before adjustment	Exercise price after adjustment
Share acquisition rights No. 4	5,481 yen	2,741 yen
Share acquisition rights No. 5	6,640 yen	3,320 yen

(4) Partial revision to the Articles of Incorporation

1) Reason for the revision

In association with this share split, the Company will amend the total number of shares authorized under Article 5 of its Articles of Incorporation effective April 1, 2026, pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act.

2) Details of the revision

Details of the revision are as follows.

(Underlined parts are revised.)

Current	After revision
(Total Number of Shares Authorized) Article 5 The total number of shares authorized to be issued by the Company shall be <u>48,000,000</u> shares.	(Total Number of Shares Authorized) Article 5 The total number of shares authorized to be issued by the Company shall be <u>96,000,000</u> shares.

3) Schedule of the revision

Effective date April 1, 2026

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, 2025 was 239,044 shares with a book value of 934 million yen, and the number of these shares as of March 31, 2026 was 203,222 shares with a book value of 805 million yen.

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.