August 12, 2021

# Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022 (Three Months Ended June 30, 2021)

[Japanese GAAP]

Company name: KI-STAR REAL ESTATE CO., LTD.
Listing: Tokyo Stock Exchange, First Section
Securities code: 3465
URL: https://www.ki-group.co.jp/
Representative: Keiji Hanawa, President and CEO
Contact: Osamu Matsuzawa, Executive Officer, General Manager of Accounting & Finance Division
Tel: +81-(0) 495-27-2525
Scheduled date of filing of Quarterly Report: August 13, 2021
Scheduled date of payment of dividend: -
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: None

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

## 1. Consolidated Financial Results for the First Three Months (April 1, 2021 – June 30, 2021) of the Fiscal Year Ending March 31, 2022

(1) Consolidated results of operations (Percentages represent year-on-year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Three months ended Jun. 30, 2021 | 43,261 | 53.8 | 5,274 | 419.6 | 5,179 | 458.5 | 3,289 | 481.5 |
| Three months ended Jun. 30, 2020 | 28,129 | 8.1 | 1,015 | (20.9) | 927 | (24.3) | 565 | (20.9) |

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2021: 3,474 (up 450.4%)
Three months ended Jun. 30, 2020: 631 (down 21.7%)

| | Net income per share | Diluted net income per share |
|---|---|---|
| | Yen | Yen |
| Three months ended Jun. 30, 2021 | 231.58 | 231.44 |
| Three months ended Jun. 30, 2020 | 39.86 | - |

Notes: 1. Diluted net income per share for the three months ended June 30, 2020 is not presented because there were no potential shares with dilutive effects.
2. KI-STAR REAL ESTATE CO., LTD. (“the Company”) has established a performance-linked stock compensation plan for directors. Shares for this plan held by the trust are recorded as treasury shares in the quarterly consolidated balance sheet and included in treasury shares for calculating the average number of shares during the period for determining net income per share.

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|---|---|---|---|
| | Million yen | Million yen | % |
| As of Jun. 30, 2021 | 115,268 | 30,612 | 23.0 |
| As of Mar. 31, 2021 | 110,127 | 29,218 | 22.3 |

Reference: Shareholders’ equity (million yen) As of Jun. 30, 2021: 26,475 As of Mar. 31, 2021: 24,528

Note: The Company has established a performance-linked stock compensation plan for directors. Shares for this plan held by the trust are recorded as treasury shares in the quarterly consolidated balance sheet.

## 2. Dividends

| | Dividend per share | | | | |
|---|---|---|---|---|---|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended Mar. 31, 2021 | - | 44.00 | - | 95.00 | 139.00 |
| Fiscal year ending Mar. 31, 2022 | - | | | | |
| Fiscal year ending Mar. 31, 2022 (forecasts) | | 115.00 | - | 115.00 | 230.00 |

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

## 3. Consolidated Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(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 | 185,000 | 18.8 | 20,000 | 59.2 | 20,000 | 56.5 | 13,000 | 70.7 | 912.58 |

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

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the cope of consolidation): 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 |

(4) Number of issued shares (common shares)

| | | | |
|---|---|---|---|
| 1) Number of shares issued at the end of the period (including treasury shares) | | | |
| As of Jun. 30, 2021: | 14,245,300 shares | As of Mar. 31, 2021: | 14,232,500 shares |
| 2) Number of treasury shares at the end of the period | | | |
| As of Jun. 30, 2021: | 41,433 shares | As of Mar. 31, 2021: | 41,392 shares |
| 3) Average number of shares during the period | | | |
| Three months ended Jun. 30, 2021: | 14,202,767 shares | Three months ended Jun. 30, 2020: | 14,191,156 shares |

Note: The Company has established a performance-linked stock compensation plan for directors. Shares for this plan held by the trust are included in treasury shares for calculating the number of treasury shares at the end of the period and the average number of shares during the period.

* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements, and other special items

Cautionary statement with respect to forecasts

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ significantly from these forecasts for a number of factors.

Contents of Attachments

## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first quarter of the current fiscal year, there were signs of an upturn of the Japanese economy, such as an increase in exports due to the recovery of the global economy. However, the restaurant and travel sectors are still severely impacted by the pandemic because of a series of states of emergency and other restrictions on various activities. The result is a clear division in Japan between relatively strong and weak business sectors.

In the Japanese housing sector, where the KI-STAR Group operates, interest in owning a home continues to climb due to rising global demand linked to the need to stay home for safety during the pandemic. However, the strong demand for houses in Japan and other countries has created a global shortage of lumber. In Japan, there is an insufficient supply of imported lumber and prices of this lumber have increased sharply. This so-called “wood shock” has even created turmoil in the housing market at times.

By supplying design houses with outstanding quality at low prices, the Group continued to concentrate on the growth strategy for its core homebuilding and sales business. Activities are guided by the management philosophy of “creating lives that are fulfilling, enjoyable and pleasant.” For more progress with combining real estate and IT, we conducted research involving the use of IT and created systems for many of our operations. The objective is to build houses incorporating concepts that look into the future in order to provide outstanding comfort and convenience to residents.

Our highest priority is improving inventory turnover, which is the time from purchasing land to the sale of a house on that land, in order to properly manage and improve the level of financial soundness. By using the recently launched KEIAI Platform, a system for optimizing every step from purchasing land to the sale of houses to consumers, we are working on making the inventory turnover even shorter.

The Group is continuing to take many actions to contribute to achieving the SDGs. To lower carbon emissions generated during the transport of lumber, we switched to using only lumber produced in Japan for some of our products. In addition, KI-STAR and two other homebuilding companies agreed to establish the Japan Wood-housing Association. Two central goals of the association are increasing the construction of quality wood houses where people can live with confidence and increasing the use of lumber produced in Japan for building houses. The aim is the preservation and recovery of the ability of forests in Japan to fulfill multiple roles.

First quarter sales increased 15,132 million yen (53.8%) to 43,261 million yen, which was a record-high for first-quarter sales. Operating profit increased 4,259 million yen (419.6%) to 5,274 million yen. The 6.8 percentage point increase from one year earlier in the gross profit margin to 21.9% backed by rising demand for detached houses was a major reason for the higher earnings. Ordinary profit increased 4,251 million yen (458.5%) to 5,179 million yen even though non-operating expenses increased 111 million yen primarily due to commission expenses associated with a new syndicated loan to give group companies quick access to funds required for initiatives for growth. Profit attributable to owners of parent was up 2,723 million yen (481.5%) to 3,289 million yen.

Results of operations by business segment are as follows:

Beginning with the first quarter of the current fiscal year, the pre-owned home business segment has been terminated purchases and the operations of this business included in others. This change was made because the pre-owned home business is no longer a significant component of consolidated results of operations as the Group focuses resources on the homebuilding and sales business. Segment information for the first quarter of the previous fiscal year has been revised for consistency with this change.

In addition, the Fresco business segment has been deleted because the Company sold all of its holding of Fresco Inc. stock in the first quarter of the current fiscal year and this company is no longer included in the consolidated financial statements.

i) Homebuilding and sales business

In this business, there were many activities during the first quarter involving the market share growth strategy, primarily in the Tokyo area. Backed by marketing activities that link the KEIAI brand with outstanding designs, we continued to supply design houses with outstanding quality at low prices. Prices of houses are set at a level that makes the monthly mortgage payments less expensive than renting a residence. We placed priority on the turnover ratio by shortening the time between the purchase of land and sale of houses. Building houses faster and improving construction processes also contributed to lowering expenses in this business. In addition, we continued to upgrade our sales capabilities by building stronger ties with real estate brokers throughout Japan, increasing purchases of land and increasing the use of outsourced sales activities.

During the first quarter, 873 houses (including land sale) were sold, up by 281 from one year earlier. Sales increased 13,173 million yen to 31,000 million yen. Although earnings were negatively affected by higher brokerage commissions (increase of the variable cost) as sales increased, segment profit was up 3,776 million yen to 5,248 million yen.

ii) Custom-built housing business

This custom-built housing business is concentrating on increasing the number of orders from real estate companies for its Fit-Pro custom-built houses. Increasing orders for the single-story IKI semi custom-built houses is another priority.

The number of houses sold during the first quarter decreased by two from one year earlier to 18. Sales were up 153 million yen to 385 million yen but there was a segment loss of 15 million yen, down 54 million yen from the profit one year earlier. The loss was primarily attributable to up-front selling, general and administrative expenses incurred because of the increasing number of orders for the single-story IKI semi custom-built houses

iii) Yokatown business

Subsidiary Yokatown Co., Ltd. sells built-for-sale houses, land and custom-built houses mainly in Fukuoka prefecture. Yokatown has been working on strengthening its built-for-sale house sales business.

The number of built-for-sale houses sold during the first quarter was 180 (including land sale), the same as one year earlier. The number of custom-built houses sold decreased by 10 to 18 because built-for-sale houses are the main activity of this business. Sales increased 230 million yen to 5,191 million yen and segment profit increased 404 million yen to 562 million yen.

iv) Asahi Housing business

Subsidiary Asahi Housing Co., Ltd. sells built-for-sale houses mainly in Kanagawa prefecture. There have been many activities at this company involving development projects for built-for-sale houses.

The number of built-for-sale houses sold during the first quarter increased by 23 to 69 (including land sale). Sales increased 1,179 million yen to 2,922 million yen and segment profit increased 390 million yen to 472 million yen.

v) Kensin business

Subsidiary Kensin Construction inc. primarily sells built-for-sale houses, land and custom-built houses and performs building site preparation work mainly in Kanagawa prefecture. The company has been involved with many real estate development projects that required the preparation of building sites at locations with big differences between high and low areas. Kensin plans to increase sales of built-for-sale houses.

The number of built-for-sale houses sold during the first quarter increased by 29 to 55 (including land sale) and custom-built houses sold increased by five to 25. Sales increased 1,588 million yen to 2,911 million yen and segment profit increased 234 million yen to 160 million yen (a loss of 73 million yen one year earlier).

vi) Tokyo Big House business

The main activities of Tokyo Big House, Inc., which are mainly in Tokyo, are the sale of built-for-sale houses, the sale of renovated condominium units and residential remodeling. Tokyo Big House plans to increase activities involving development projects for built-for-sale houses.

The number of built-for-sale houses sold during the first quarter decreased by 10 to seven (including land sale). No custom-built houses were sold during the first quarter compared with 13 one year earlier as the Group continues to focus resources on the homebuilding and sales business. As a result, sales decreased 325 million yen to 287 million yen and the segment loss increased 13 million yen to 80 million yen.

vii) KEIAI presto business

The main activities of KEIAI presto K.K. are the design and sale of custom-built detached houses mainly in Saitama prefecture. KEIAI presto plans to increase activities involving development projects for built-for-sale houses.

KEIAI presto sold seven custom-built houses and built-for-sale houses (including land sale) resulting in sales of 116 million and a segment loss of 30 million yen. There is no prior-year comparison because this reportable segment was added in January 2021 due to the acquisition of KEIAI presto.

### (2) Explanation of Financial Position

Assets

Total assets increased by 5,141 million yen from the end of the previous fiscal year to 115,268 million yen at the end of the first quarter of the current fiscal year. This was mainly due to an increase of 4,460 million yen in inventories, which includes real estate for sale, real estate for sale in process and costs on uncompleted construction contracts, and an increase of 1,317 million yen in cash and deposits.

Liabilities

Total liabilities increased by 3,748 million yen to 84,656 million yen. The main reasons include an increase of 4,635 million yen in borrowings, which include short-term borrowings, current portion of long-term borrowings and long-term borrowings because of procurement of funds to purchase land.

Net assets

Total net assets increased by 1,393 million yen to 30,612 million yen. The main reasons were an increase of 3,289 million yen in retained earnings due to profit attributable to owners of parent, which was partly offset by a 1,352 million yen decrease in retained earnings as a result of payments of cash dividends, and a 554 million yen decrease in non-controlling interests.

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

In the first quarter, the profitability of the Group’s businesses increased because of the strong demand for houses in Japan. Performance also benefited from higher productivity resulting from the use of MITSUKARU Pro and other information technologies. Due to the larger than expected improvement in earnings in the first quarter, we have revised the consolidated forecast for the fiscal year ending in March 2022. We forecast net sales of 185,000 million yen (up 18.8% year on year), ordinary profit of 20,000 million yen (up 56.5% year on year), and profit attributable to owners of parent of 13,000 million yen (up 70.7% year on year) for the fiscal year ending March 31, 2022. 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

(Thousands of yen)

| | FY3/21 (As of Mar. 31, 2021) | First quarter of FY3/22 (As of Jun. 30, 2021) |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 30,299,544 | 31,616,917 |
| Accounts receivable from completed construction contracts | 332,298 | 248,224 |
| Real estate for sale | 28,583,777 | 26,201,806 |
| Real estate for sale in process | 36,827,255 | 42,997,945 |
| Costs on uncompleted construction contracts | 2,810,683 | 3,482,541 |
| Advance payments-trade | 1,794,217 | 1,814,466 |
| Other | 1,440,182 | 1,625,060 |
| Allowance for doubtful accounts | (72,104) | (72,098) |
| Total current assets | 102,015,854 | 107,914,862 |
| Non-current assets | | |
| Property, plant and equipment | 4,422,759 | 3,682,003 |
| Intangible assets | | |
| Goodwill | 1,230,918 | 1,140,336 |
| Other | 603,858 | 589,110 |
| Total intangible assets | 1,834,777 | 1,729,446 |
| Investments and other assets | 1,853,683 | 1,942,613 |
| Total non-current assets | 8,111,219 | 7,354,063 |
| Total assets | 110,127,073 | 115,268,925 |
| Liabilities | | |
| Current liabilities | | |
| Electronically recorded obligations-operating | 1,819,977 | 2,638,065 |
| Accounts payable for construction contracts | 10,279,090 | 10,538,860 |
| Short-term borrowings | 43,526,441 | 49,670,043 |
| Current portion of bonds payable | 190,000 | 119,000 |
| Current portion of long-term borrowings | 3,763,085 | 4,334,561 |
| Lease obligations | 54,803 | 54,591 |
| Income taxes payable | 3,437,923 | 1,509,878 |
| Provision for bonuses | 403,427 | 634,634 |
| Other | 4,021,181 | 3,819,579 |
| Total current liabilities | 67,495,931 | 73,319,215 |
| Non-current liabilities | | |
| Bonds payable | 3,377,300 | 3,404,300 |
| Long-term borrowings | 9,694,947 | 7,615,015 |
| Lease obligations | 99,928 | 90,462 |
| Asset retirement obligations | 72,992 | 75,292 |
| Other | 167,144 | 152,312 |
| Total non-current liabilities | 13,412,312 | 11,337,382 |
| Total liabilities | 80,908,244 | 84,656,598 |

(Thousands of yen)

| | FY3/21 (As of Mar. 31, 2021) | First quarter of FY3/22 (As of Jun. 30, 2021) |
|---|---|---|
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 821,050 | 847,802 |
| Capital surplus | 1,726,245 | 1,735,913 |
| Retained earnings | 22,061,361 | 23,998,478 |
| Treasury shares | (77,519) | (77,711) |
| Total shareholders' equity | 24,531,137 | 26,504,481 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (207) | (28,599) |
| Foreign currency translation adjustment | (2,360) | - |
| Total accumulated other comprehensive income | (2,568) | (28,599) |
| Share acquisition rights | 4,082 | 4,975 |
| Non-controlling interests | 4,686,178 | 4,131,470 |
| Total net assets | 29,218,829 | 30,612,327 |
| Total liabilities and net assets | 110,127,073 | 115,268,925 |

## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

### Quarterly Consolidated Statement of Income

### (For the Three-month Period)

(Thousands of yen)

| | First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020) | First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021) |
|---|---|---|
| Net sales | 28,129,175 | 43,261,242 |
| Cost of sales | 23,886,675 | 33,789,324 |
| Gross profit | 4,242,500 | 9,471,918 |
| Selling, general and administrative expenses | 3,227,367 | 4,196,939 |
| Operating profit | 1,015,132 | 5,274,978 |
| Non-operating income | | |
| Interest income | 233 | 230 |
| Dividend income | 1,789 | 41,491 |
| Refund of real estate acquisition tax | 14,122 | 64,892 |
| Other | 73,141 | 86,250 |
| Total non-operating income | 89,286 | 192,864 |
| Non-operating expenses | | |
| Interest expenses | 154,453 | 162,503 |
| Commission expenses | 15,078 | 98,634 |
| Other | 7,498 | 27,324 |
| Total non-operating expenses | 177,030 | 288,462 |
| Ordinary profit | 927,389 | 5,179,380 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 237 | 301 |
| Gain on sales of investment securities | - | 2,070 |
| Total extraordinary income | 237 | 2,371 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 174 | - |
| Loss on sales of non-current assets | - | 1,157 |
| Loss on sales of investment securities | 5,171 | 75,207 |
| Total extraordinary losses | 5,345 | 76,365 |
| Profit before income taxes | 922,280 | 5,105,387 |
| Income taxes-current | 382,052 | 1,646,720 |
| Income taxes-deferred | (75,933) | (41,560) |
| Total income taxes | 306,119 | 1,605,159 |
| Profit | 616,161 | 3,500,227 |
| Profit attributable to non-controlling interests | 50,474 | 211,031 |
| Profit attributable to owners of parent | 565,686 | 3,289,196 |

**Quarterly Consolidated Statement of Comprehensive Income**

**(For the Three-month Period)**

(Thousands of yen)

| | First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020) | First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021) |
|---|---|---|
| Profit | 616,161 | 3,500,227 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 15,769 | (28,392) |
| Foreign currency translation adjustment | (794) | 2,183 |
| Total other comprehensive income | 14,975 | (26,208) |
| Comprehensive income | 631,136 | 3,474,018 |
| Comprehensive income attributable to: | | |
| Comprehensive income attributable to owners of parent | 574,544 | 3,266,153 |
| Comprehensive income attributable to non-controlling interests | 56,592 | 207,864 |

### (3) Notes to Quarterly Consolidated Financial Statements

**Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Changes in Accounting Policies**

1. Application of the Accounting Standard for Revenue Recognition

Beginning with the first quarter of the current fiscal year, the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) has been applied. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the goods and services is transferred to customers.

For the application of the Accounting Standard for Revenue Recognition in accordance with the transitional measures in the proviso to Paragraph 84 of this standard, and has no impact on the balance of retained earnings at the beginning of the period. In addition, there is no effect on the results of operations for the first quarter of the current fiscal year. Furthermore, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), the Company has not presented information concerning breakdown on revenue from contracts with customers for the first quarter of the previous fiscal year.

2. Application of the Accounting Standard for Measurement of Fair Value, etc.

The Company has applied the Accounting Standard for Measurement of Fair Value, etc. (ASBJ Statement No. 30, July 4, 2019) from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Accounting Standard for Measurement of Fair Value, etc. prospectively in accordance with the transitional measures in Paragraph 19 of the Accounting Standard for Measurement of Fair Value and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect of the application of these standards on the quarterly consolidated financial statements.

## Segment and Other Information

### Segment information

First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)

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

(Thousands of yen)

| | Reportable segment | | | | | |
|---|---|---|---|---|---|---|
| | Homebuilding and sales | Custom-built housing | Yokatown | Asahi Housing | Fresco | Kensin |
| Net sales | | | | | | |
| Sales to external customers | 17,827,072 | 231,526 | 4,961,461 | 1,743,563 | 765,761 | 1,322,215 |
| Inter-segment sales and transfers | - | - | - | - | - | - |
| Total | 17,827,072 | 231,526 | 4,961,461 | 1,743,563 | 765,761 | 1,322,215 |
| Segment profit (loss) | 1,471,718 | 38,392 | 158,182 | 81,834 | 31,349 | (73,986) |

| | Reportable segment | | Others (Note 1) | Adjustments (Note 2) | Amounts shown on the quarterly consolidated statement of income (Note 3) |
|---|---|---|---|---|---|
| | Tokyo Big House | Total | | | |
| Net sales | | | | | |
| Sales to external customers | 613,527 | 27,465,127 | 664,048 | - | 28,129,175 |
| Inter-segment sales and transfers | - | - | 277,814 | (277,814) | - |
| Total | 613,527 | 27,465,127 | 941,862 | (277,814) | 28,129,175 |
| Segment profit (loss) | (67,174) | 1,640,317 | 36,693 | (661,877) | 1,015,132 |

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

2. The -661 million yen adjustment to segment profit (loss) includes elimination for inter-segment transactions of 5 million yen and -667 million yen in corporate expenses that are not attributable to any of the reportable segments.

3. Segment profit (loss) is adjusted with operating profit shown on the consolidated statement of income.

First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)

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

(Thousands of yen)

| | Reportable segment | | | | |
|---|---|---|---|---|---|
| | Homebuilding and sales | Custom-built housing | Yokatown | Asahi Housing | Kensin |
| Net sales | | | | | |
| Sales to external customers | 31,000,494 | 220,549 | 5,191,627 | 2,922,727 | 2,911,002 |
| Inter-segment sales and transfers | - | 164,531 | - | - | - |
| Total | 31,000,494 | 385,080 | 5,191,627 | 2,922,727 | 2,911,002 |
| Segment profit (loss) | 5,248,003 | (15,937) | 562,509 | 472,592 | 160,102 |

| | Reportable segment | | | Others (Note 1) | Adjustments (Note 2) | Amounts shown on the quarterly consolidated statement of income (Note 3) |
|---|---|---|---|---|---|---|
| | Tokyo Big House | KEIAI presto | Total | | | |
| Net sales | | | | | | |
| Sales to external customers | 287,588 | 116,767 | 42,650,757 | 610,484 | - | 43,261,242 |
| Inter-segment sales and transfers | - | - | 164,531 | 295,383 | (459,915) | - |
| Total | 287,588 | 116,767 | 42,815,289 | 905,868 | (459,915) | 43,261,242 |
| Segment profit (loss) | (80,624) | (30,847) | 6,315,798 | (23,596) | (1,017,222) | 5,274,978 |

Notes: 1. Others represent the businesses which are not included in any of the reportable segments and mainly consist of pre-owned home business, real estate leasing and brokerage businesses.
2. The -1,017 million yen adjustment to segment profit (loss) includes elimination for inter-segment transactions of 4 million yen and -1,021 million yen in corporate expenses that are not attributable to any of the reportable segments.
3. Segment profit (loss) is adjusted with operating profit shown on the consolidated statement of income.

2. Information related to revisions for reportable segments

Beginning with the first quarter of the current fiscal year, the pre-owned home business segment has been terminated and the operations of this business included in others because of the decline in the size of this business.

Segment information for the first three months of FY3/21 is based on the revised segments of the current fiscal year.

In addition, the Fresco business segment has been deleted because the Company sold all of its holding of Fresco Inc. stock in the first quarter of the current fiscal year and this company is no longer included in the consolidated financial statements.

*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.*