

CEO Message

Challenging the future to continue to create “YU TA KA”

Guided by our unchanging founding principles, we aim to enhance corporate value through growth strategies aimed at achieving the Medium-term Plan 2028.

Keiji Hanawa
President and CEO

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Since our founding in 1990, the KI-Star Group (the “Group”) has upheld our purpose to create “YU TA KA” and has continuously provided new value to the housing industry. At the time of founding, high-priced homes were mainstream due to the bubble economy, and many people had to give up on owning a home. Against this backdrop, the Group embraced the belief that “Housing enriches the hearts of its residents and creates spaces for enjoyable, comfortable living,” and pursued house building that removes residents’ anxieties, excels in design and functionality, and is at an accessible price, which allows genuine satisfaction. This belief has become the fundamental spirit of KI-Star’s business to this day.

Since our listing on the Tokyo Stock Exchange in 2015, the Group has grown to more than ten times its sales at the time of the IPO. What has supported this is all-employee management, where each employee acts with a sense of ownership and thinks and acts on their own under our purpose to create “YU TA KA” and our vision of “Homeownership for everyone.” To achieve this all-employee management, we continue to respond quickly to changes in the times, such as improving the work environment, building a flexible management system for quick decision-making, and data analysis through DX.



In the housing industry, after a temporary surge in demand during the COVID-19 pandemic, the business environment surrounding the industry as a whole has become severe, with labor shortages, aging of carpenters, high manufacturing costs (land, material prices, and construction wages), a decrease in new housing starts due to population decline, and delays in DX. In such a difficult environment, the Group is taking on the challenge of the expansion of new businesses by advancing diversified business development through optimization of the business portfolio.

Under our purpose, through strengthening sustainability management and utilizing DX, we aim to continue being a company that not only provides environmentally friendly homes but also delivers “YU TA KA” to people’s lives. Going forward, we will continue to exist as a company needed by customers, employees, and society as a whole by contributing to the development of society and the overall industry and engaging in value creation for the future.

■ Looking back on FY2024

FY2024 was a year to prepare for inventory normalization and portfolio optimization to execute the Medium-term Plan 2028 (FY2025–FY2027) in a sound state.

In FY2024, sales and profit increased more than planned as net sales were up 21% year on year to 342.5 billion yen and profit attributable to owners of parent increased 31% to 8.8 billion yen.

In the homebuilding and sales business, rising home prices and mortgage interest rates dampened purchasing interest among buyers in suburban areas, so we shifted our sales focus from suburban to urban areas.

In addition to increasing market share in major metropolitan areas including Tokyo and the three neighboring prefectures, by actively replacing inventory properties, we achieved inventory normalization and recovery of the gross profit margin, and enhanced the soundness of the business. The supply of built-for-sale detached houses in FY2024 reached 8,767 units.

In suburban areas where sales of our built-for-sale detached

houses declined, we launched the pre-owned home renovation business in the fourth quarter. We began developing this business targeting a different customer base than our homebuilding and sales business by actively leveraging our existing network to simultaneously acquire pre-owned house information.

In the custom-built housing business, we focused on expanding orders for one-story houses and semi custom-built houses, and we also strengthened our business foundation in regions centered on Yamagata and Kumamoto Prefectures through M&A.

Furthermore, we solidified our growth foundation by pursuing diversified business expansion, including growth in Australia, entry into the US market, and investments in apartment, income-producing real estate, and condominium sales businesses. Through this portfolio management, we advanced initiatives to realize our vision of “Homeownership for everyone.”

■ Direction of Medium-term Plan 2028 and growth strategies for each business

In the Medium-term Plan 2028, based on the theme of the evolution of KEIAI, we aim for balanced growth in both sales and profits. To drive this forward, we have shared the keyword “KEIAI Great Achievement in 2027” internally with all employees. This keyword expresses a strong will to flexibly and agilely respond to changes, maximize sales and profits in the core homebuilding and sales business, while actively investing management resources in new growth fields to transform into a strong business entity and achieve great achievements.

In the Medium-term Plan 2028 announced in November 2024, based on our purpose of creating “YU TA KA,” we clearly indicated the path for medium- to long-term growth that KI-Star aims for. The theme of this Medium-term Plan 2028 is the realization of our vision of “Homeownership for everyone,” and the Group will systematically present specific activities toward creating new market value through sustainable growth.

In light of the strong performance in FY2024, the goal for net sales in the first year of the Medium-term Plan 2028 has been increased from 365 billion yen to 370 billion yen. Going

forward, we will continue to accurately assess market trends and respond flexibly and strategically to achieve our plan and achieve sustainable growth.

To realize the Medium-term Plan 2028, each business will develop its own strategy for mid-term evolution and growth, based on the overall management approach of the Group, and will engage in evolution and exploration.

Homebuilding and sales business: In our core homebuilding and sales business, we will further advance sales in major metropolitan areas where demand is strong. We will strengthen our presence in the previously underserved Kansai region, and focus on expanding our market share in the Kansai area through the establishment of a new Osaka Branch. We will maintain our current market share in regional and suburban areas through carefully selected property acquisitions. By advancing these strategies in FY2024, we not only achieved improvement in inventory turnover but also saw an upward trend in selling prices of houses and achieved improved profitability. To further accelerate this trend, we will continue growth and further enhance our presence in the homebuilding and sales business in Japan through strategic store expansion, land procurement, and expansion of production capacity by active use of technology.

Pre-owned home renovation business: In regional and suburban areas where demand is soft, we aim to expand market share by shifting a focus from the homebuilding and sales business to the pre-owned home renovation business. By leveraging the network cultivated in our homebuilding and sales business for proactive procurement, we renovate properties and sell them at a lower price point than built-for-sale houses, thereby providing new value to customer segments whose home-buying enthusiasm has waned due to inflation and rising mortgage interest rates. By mobilizing the full strength of the Group to advance these initiatives, we aim to expand our market share in regional and suburban areas.

Custom-built housing business: The number of custom-built houses sold temporarily decreased due to converting stores in the Northern Kanto region from the custom-built housing business to the pre-owned home renovation business. The

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custom-built housing business will pursue higher customer satisfaction by expanding its business scope through M&A and franchise development, while strengthening detailed service provision according to regional characteristics.

Overseas business: Regarding the Australian business, including investment projects in Melbourne, Victoria, 11 development projects are in progress. The total number of lots so far exceeds 900, and the business is progressing smoothly. Although activities are currently limited to land acquisition and development through joint ventures with local partner companies, starting this fiscal year, we have initiated feasibility studies to advance detached housing sales and custom-built housing businesses led by KI-Star. Going forward, we will strengthen land acquisition, build a system capable of driving integrated operations from land acquisition through development and home construction, and aim for further scale expansion and business growth.

In our US business operations, we are continuing research activities to advance business partnerships with local partner companies. The state of Texas, where our office is located, exceeds Japan's total sales volume of built-for-sale detached houses within the state alone. In the future, we position full-scale entry into the US through M&A as a new growth engine and advance the construction of a global business base not dependent on the Japanese market.

Other operations: We will implement strategic investments in fields with growth potential such as the recurring revenue business, income-producing real estate, apartment, and condominium sales to advance portfolio optimization. These businesses are already steadily growing while mutually complementing existing businesses. Going forward, we will optimize the business portfolio and aim for stabilization and strengthening of the revenue base.

■ Strengthening human capital for further growth

KI-Star will actively invest in human capital to support further business growth. We believe that people are the foundation of corporate growth, and that the contributions of each

individual shape our future. In line with the idea of promoting personal growth through business, we will encourage each employee to grow by working together as a team to improve business activities and solve issues for accumulating practical experience.

For KI-Star to achieve sustainable growth, it is essential to balance both the quantitative expansion of and qualitative enhancement of human resources through recruitment and development. Expanding our business areas and stores requires securing the required quantity of human resources. Simultaneously, to stably operate our growing business and flexibly respond to a changing society, the quality to maximize each employee's capabilities is essential. Therefore, KI-Star will strengthen recruiting activities, actively welcome human resources with diverse values and backgrounds, foster a culture of mutual praise, and aim to become a company where each employee's individuality shines.

In addition to strengthening such recruiting activities, we position development of next-generation leaders, promotion of working style reforms, and DE&I (diversity, equity & inclusion) as important management issues. Through this, we build a stable foundation to support growth and create an environment where each employee can demonstrate their abilities.

What we aim for is to build a strong organization where all employees unite as one and turn words into action through overwhelming levels of execution. By respecting diversity and developing an environment where all employees can work with pride, joy, and vitality, we aim to become a benchmark for other companies and industries.

Through these challenges, we seek not only to grow our group but also to contribute to the evolution of the housing industry and the development of society as a whole. I believe these efforts will not only allow us to become Japan's most admired company, but to also become a driving force for the next phase of growth across the entire industry.

■ Enhancing coordination in Group management structure and financial operations

KI-Star's fundamental policy toward Group companies is to delegate managerial autonomy to their management teams and respect their independence, and this approach remains unchanged to this day.

Based on the belief that competition drives corporate growth, we have fostered an environment where Group companies recognize and embrace internal competition, encouraging one another to improve and stay motivated through healthy rivalry. As we pursue the Medium-term Plan 2028 starting this fiscal year, we believe it is crucial to establish mechanisms where each company's strategy aligns and resources are effectively allocated to achieve Group-wide goals. We will strengthen strategic coordination throughout the entire Group and build a flat structure to achieve this. By enhancing comprehensive strengths unique to multiple Group companies that cannot be obtained by individual Group companies, such as efficient use of management resources for Group companies, dispersion of business risks, and human resource development activities, we advance initiatives toward strengthening Group management. Regarding the financial aspects of Group management, Group companies will continue to raise funds independently. This is because we believe that individual Group companies making flexible and quick decisions will create new growth opportunities and lead to corporate growth. Regarding the Group management system, KI-Star will take the initiative, aim to maximize corporate value for the entire group, and strengthen funding, operations, and risk management. Through this, we will support our business portfolio strategy and strengthen non-financial capital, and enhance the sustainable growth and value creation of Group companies to improve corporate value.

■ Challenging the future to create "YU TA KA"

Since our founding, we have been growing by pursuing improved performance and value creation under our purpose of

creating "YU TA KA." Although the real estate industry still faces many risks and challenges, we are confident that by leveraging the trust we have built with local communities and our vast data resources, we can create new value for the future.

What our Group aspires to is not merely corporate growth, but to remain an organization that continues to deliver "YU TA KA" to all our stakeholders. This can be achieved by deepening trust with customers, building a company that employees can take pride in, and contributing to society and the entire industry. Going forward, we will continue to take on bold challenges toward achieving the targets set in the Medium-term Plan 2028. Moreover, by delivering the value we create to all stakeholders, we will further enhance our reason for being as a company and contribute to further elevating the status of the real estate industry.

We promise to continue moving forward as a company that acts flexibly and decisively and always aims for sustainable growth, unafraid of changes in the times or market environment. We hope that you continue to keep watch on the future of the Group.

