

# KEIAI

デザインのケイアイ

## First Half of FY3/23 Financial Results

KI-STAR REAL ESTATE CO., LTD.



Tokyo Stock Exchange,  
Prime Market/ 3465

## **Our Purpose**

We are a “YU TA KA” creation company that delivers “fulfilling, enjoyable and pleasant” lifestyles in the world.

## **Our Mission**

House ownership for everyone

# 1H FY3/23 Highlights

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- Sales increased 13.1% YoY to 103.4 billion JPY, which is a new record for sales. Ordinary profit decreased 18.6% to 9.9 billion JPY. Progress continued concerning the goal of capturing a larger share of the market for built-for-sale houses.
- Land was purchased as planned by using the KEIAI Platform. The total number of properties in inventories and the number of completed houses increased as both figures rose to new all-time highs.
- Activities continued for purchasing a large volume of land lot and increasing production capacity. Measures for ensuring the reliable procurement of building materials, strengthening construction operations, using digital technologies at construction sites and other advances give KEIAI a sound infrastructure for the supply of houses in order to continue growing.
- To accomplish the goal of increasing market share, there will be numerous actions for expanding to more areas of Japan. All of these activities are backed by the KEIAI Platform, which is the group's core strength, and KEIAI's unique business model of developing and selling semi custom-built compact houses.

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# 1. 1H FY3/23 Financial Summary

# Consolidated Statement of Income (1H)

Net sales 103.4 billion JPY (up 13.1% YoY), a new first-half record. Ordinary profit decreased 18.6% to 9.9 billion JPY and profit attributable to owners of parent decreased 18.0% to 6.3 billion JPY.

(JPY mil.)

	1H (Apr-Sep) of FY3/22		1H (Apr-Sep) of FY3/23		YoY change
	Amount	Proportion	Amount	Proportion	
Net sales	91,487	100.0%	<b>103,452</b>	100.0%	13.1%
Gross profit	20,773	22.7%	<b>18,966</b>	18.3%	-8.7%
SG&A expenses	8,359	9.1%	<b>8,596</b>	8.3%	2.8%
Operating profit	12,413	13.6%	<b>10,369</b>	10.0%	-16.5%
Ordinary profit	12,247	13.4%	<b>9,974</b>	9.6%	-18.6%
Profit attributable to owners of parent	7,764	8.5%	<b>6,367</b>	6.2%	-18.0%

## Consolidated Statement of Income (2Q)

2Q sales increased 10.8% YoY to 53.4 billion JPY, an all-time quarterly high. Ordinary profit decreased 28.0% YoY to 5.0 billion JPY and profit attributable to owners of parent decreased 29.0% to 3.1 billion JPY.

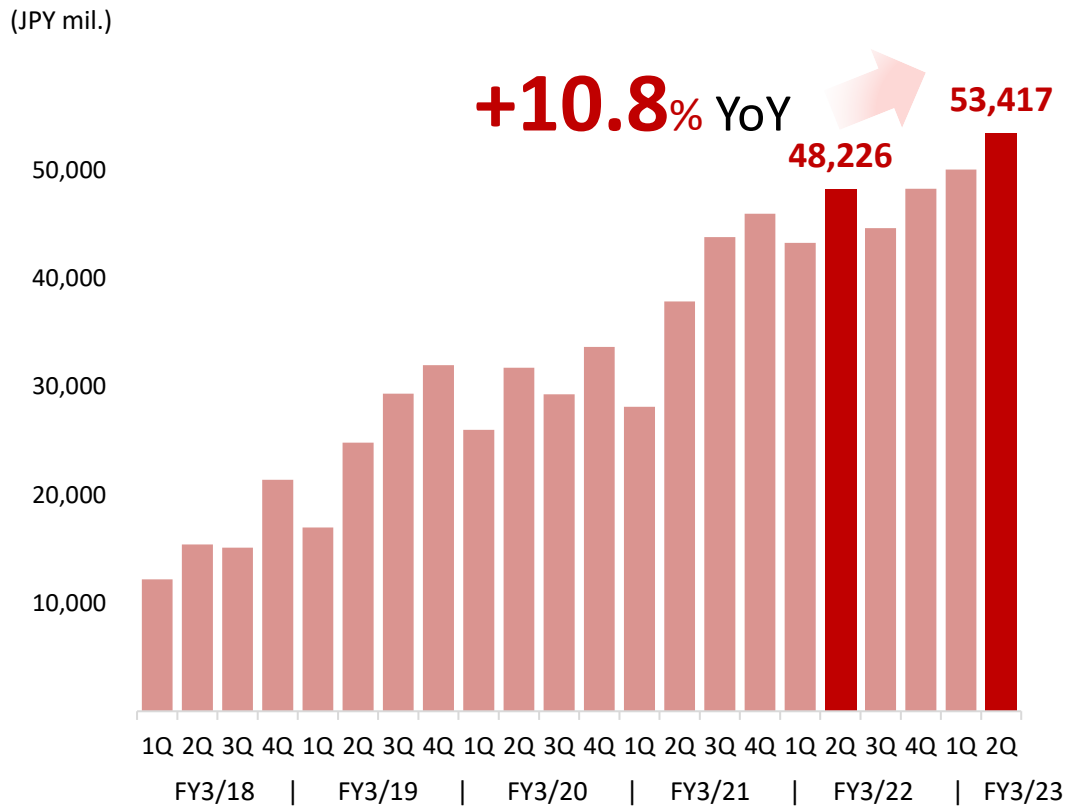
(JPY mil.)

	2Q (Jul-Sep) of FY3/22		2Q (Jul-Sep) of FY3/23		YoY change
	Amount	Proportion	Amount	Proportion	
Net sales	48,226	100.0%	53,417	100.0%	10.8%
Gross profit	11,301	23.4%	9,713	18.2%	-14.0%
SG&A expenses	4,162	8.6%	4,417	8.3%	6.1%
Operating profit	7,138	14.8%	5,296	9.9%	-25.8%
Ordinary profit	7,067	14.7%	5,090	9.5%	-28.0%
Profit attributable to owners of parent	4,475	9.3%	3,175	5.9%	-29.0%

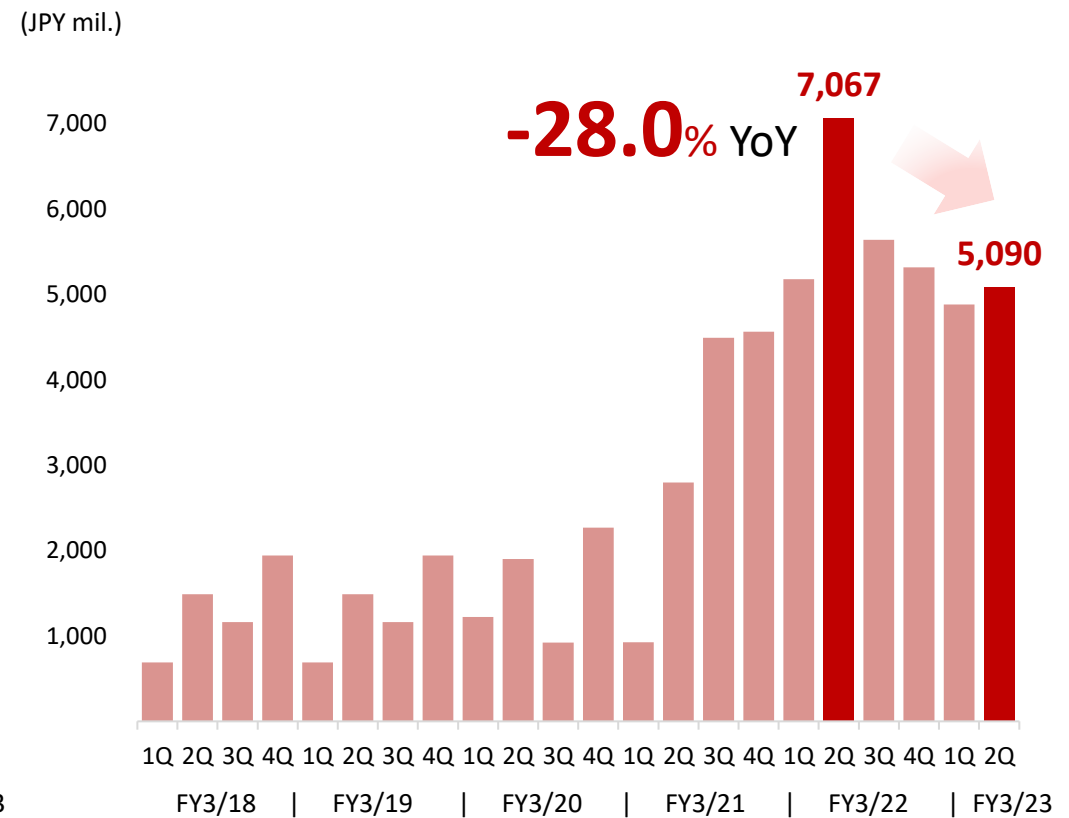
# Quarterly Results (Consolidated)

2Q sales increased 10.8% YoY to 53.4 billion JPY, an all-time quarterly high. Ordinary profit remained at a high level of 5.0 billion JPY even after the end of one-time demand created by the pandemic.

### Quarterly Sales



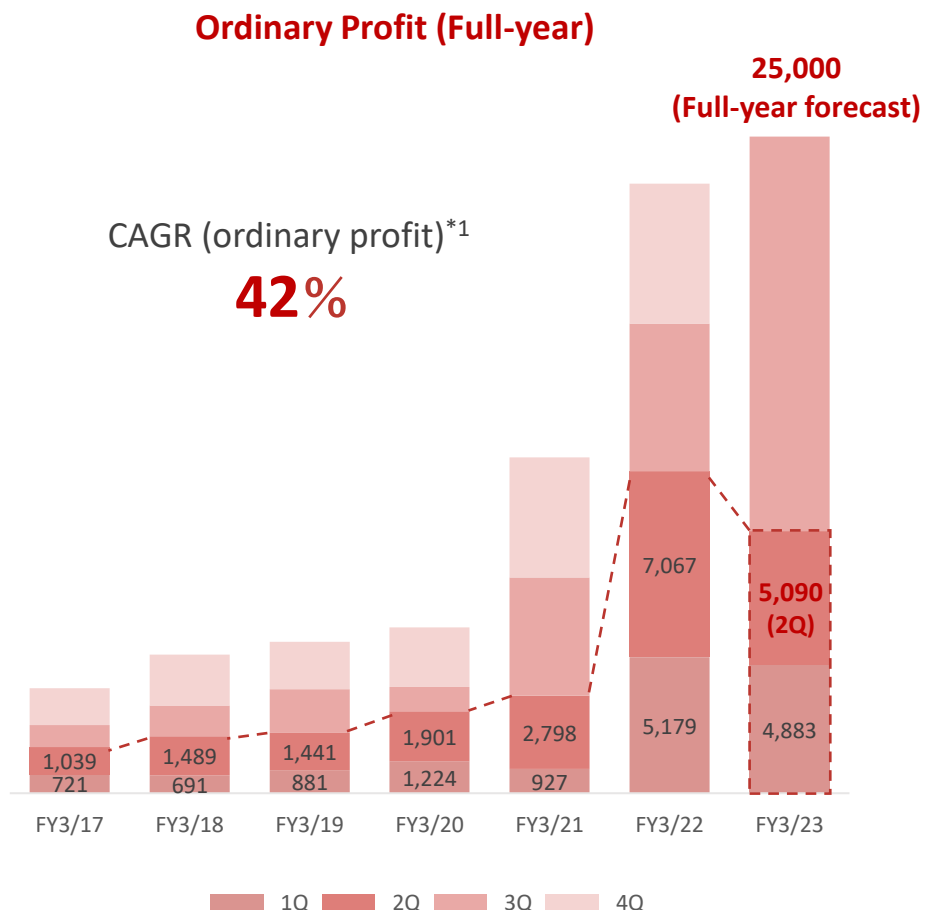
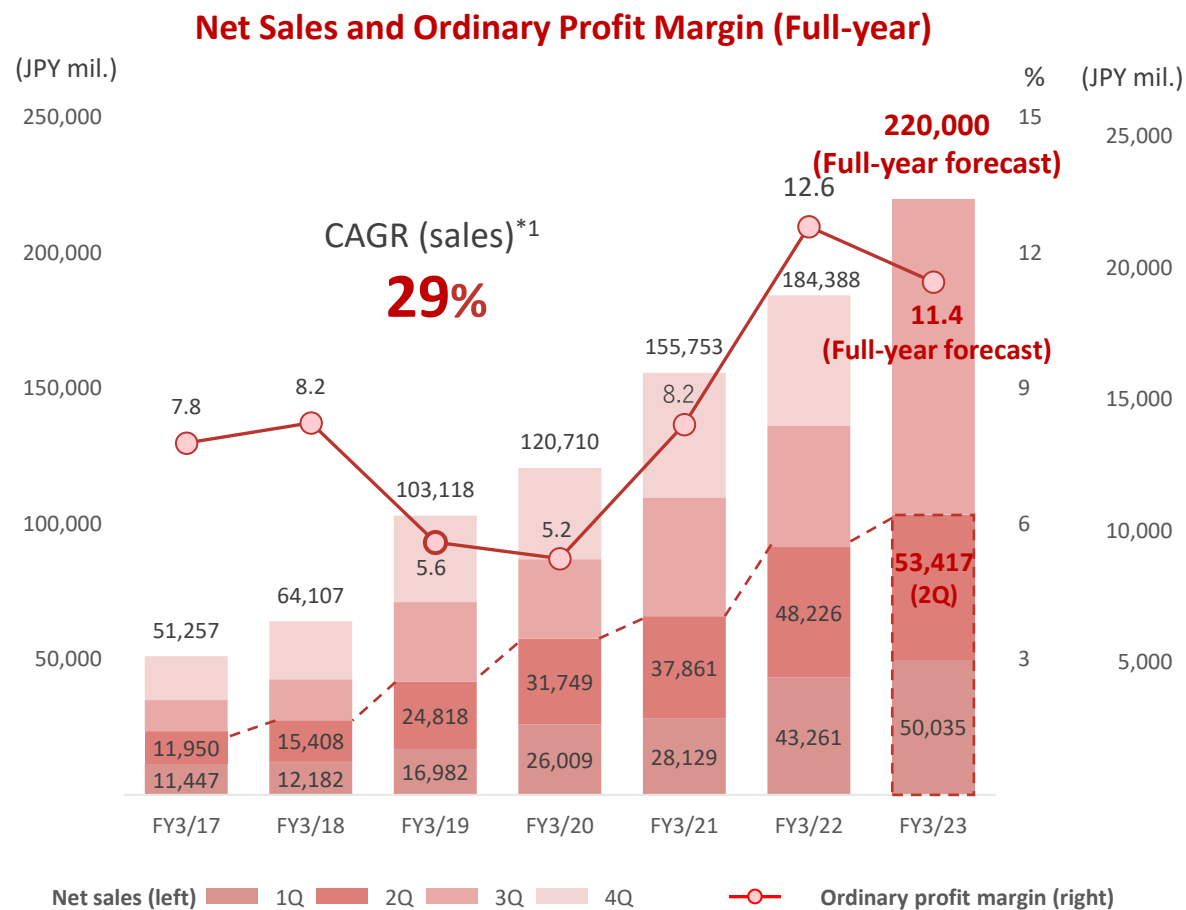
### Quarterly Ordinary Profit





# Consolidated Sales and Earnings

Returned to a normal pace of growth after extra pandemic-linked demand in FY3/22 came to an end.

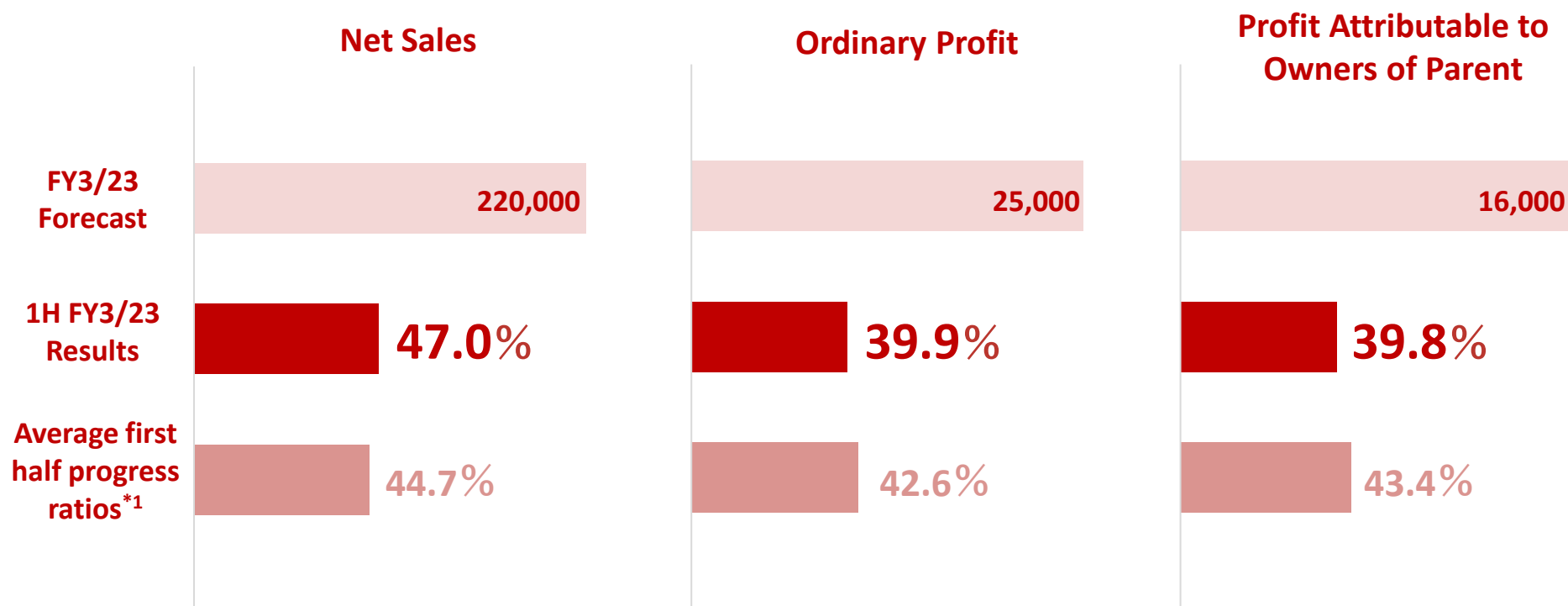


\* Average annual growth rate of sales/ordinary profit (CAGR) from FY3/17 to FY3/22

# 1H FY3/23 Results Vs. FY3/23 Consolidated Forecasts

Net sales progressed steadily during the first half, exceeding the historical average. Although ordinary profit and profit attributable to owners of parent are slightly below the historical average, we aim to achieve the plan by accelerating growth in the second half of the year.

(JPY mil.)



\*1: Average first half progress ratios over the past five years (FY3/18 to FY3/22) (Actual first half progress ratios against the full year results.)

# Segment Performance (1)

Growth continues by accelerating and strengthening the shift to the compact ready-built house business throughout the Group.

(Unit of sales and profit: JPY mil.)

		1H FY3/22	1H FY3/23	YoY change	Remarks
Homebuilding and sales (including land)	Houses sold	1,832	2,036		Higher sales due to growth strategy progress, lower operating profit due to higher costs
	Sales	64,396	70,423	+9.4%	
	Operating profit	11,233	9,392	-16.4%	
Custom-built housing	Houses sold	49	115		Upfront SG&A expenses due to higher orders for IKI
	Sales	1,003	1,952	+94.7%	
	Operating profit	23	(22)	-	
Yokatown	Houses sold	Built-for-sales houses (including land): 406 Custom-built houses: 33	Built-for-sales houses (including land): 471 Custom-built houses: 27		Higher sales due to focus on build-for-sales house business, lower operating profit due to higher costs
	Sales	11,611	13,210	+13.8%	
	Operating profit	1,390	685	-50.7%	
Asahi Housing	Houses sold	Built-for-sales houses (including land): 135	Built-for-sales houses (including land): 162		Higher sales and operating profit due to focus on build-for-sales house business
	Sales	5,772	7,068	+22.5%	
	Operating profit	971	1,026	+5.6%	

## Segment Performance (2)

Growth continues by accelerating and strengthening the shift to the compact ready-built house business throughout the Group.

(Unit of sales and profit: JPY mil.)

		1H FY3/22	1H FY3/23	YoY change	Remarks
Kensin	Houses sold	Built-for-sales houses (including land): 115 Custom-built houses: 62	Built-for-sales houses (including land): 166 Custom-built houses: 47		Higher sales and operating profit due to focus on build-for-sales house business
	Sales	6,114	9,024	+47.6%	
	Operating profit	436	517	+18.6%	
KEIAI Presto	Houses sold	Built-for-sale houses (including land) and custom-built houses: 17	Built-for-sale houses (including land) and custom-built houses: 34		Higher sales and operating profit due to focus on build-for-sales house business
	Sales	356	974	+173.2%	
	Operating profit	10	76	+607.1%	

# Consolidated Balance Sheet

Total assets were 191.0 billion JPY and net assets 52.7 billion JPY.

(JPY mil.)

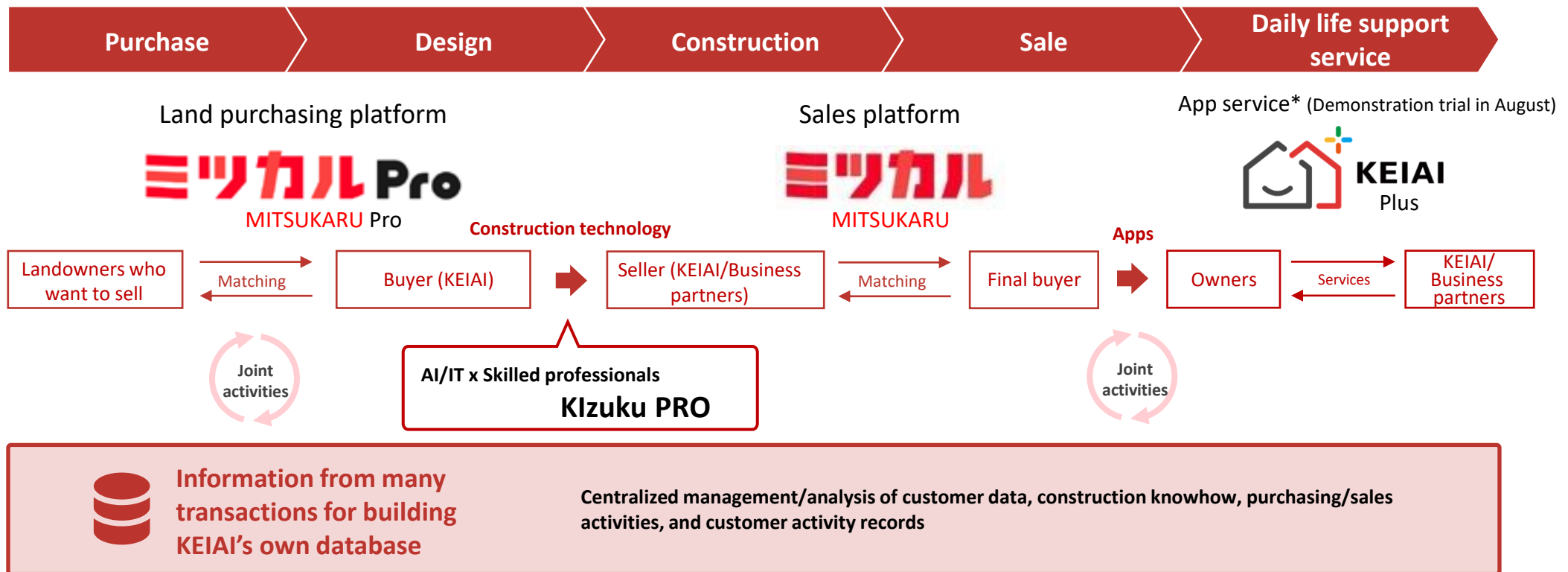
	March 31, 2022	September 30, 2022	Increase/decrease
Current assets	155,686	<b>183,726</b>	28,040
Non-current assets	7,554	<b>7,351</b>	(202)
Total assets	163,240	<b>191,078</b>	27,837
Current liabilities	91,652	<b>107,100</b>	15,447
Non-current liabilities	22,550	<b>31,256</b>	8,706
Total liabilities	114,202	<b>138,357</b>	24,154
Net assets	49,037	<b>52,721</b>	3,683
Total liabilities and net assets	163,240	<b>191,078</b>	27,837

## 2. KEIAI Growth Strategy

# A Fully Integrated “Real x Technology” Platform

A “Real x Technology” supply model that revolutionizes the detached housing supply chain in Japan. KEIAI has developed an integrated technology platform extending from purchasing land to constructing and selling houses.

## ● The “Real x Technology” KEIAI Platform



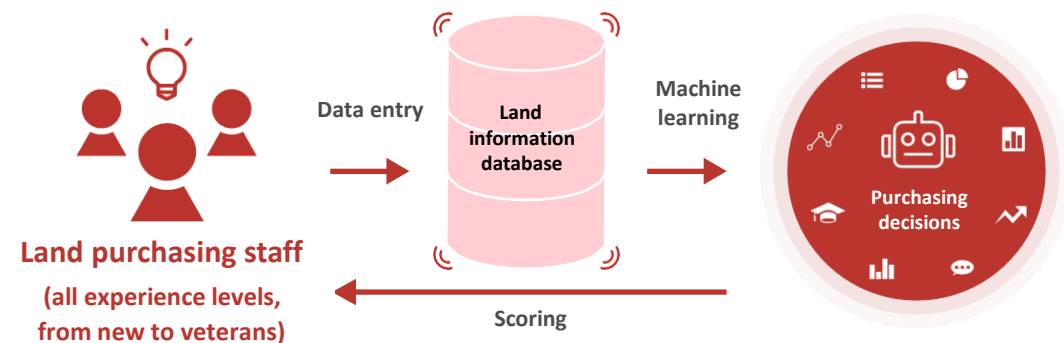
# Land Purchasing Platform MITSUKARU Pro

KEIAI's MITSUKARU Pro land purchasing platform makes it possible to use the best possible process for purchasing land. This platform gives KEIAI a powerful framework for consistent and substantial purchases of land for growth.



- AI and other systems assist relatively new land purchasing personnel
- Highly accurate land purchases are possible by using data covering more than 30,000 potential land purchases in prior years and data about more than 10,000 transactions

No. of land information data entries\*1 About 43,000/Q



**Land scoring** 30,000+ data entries

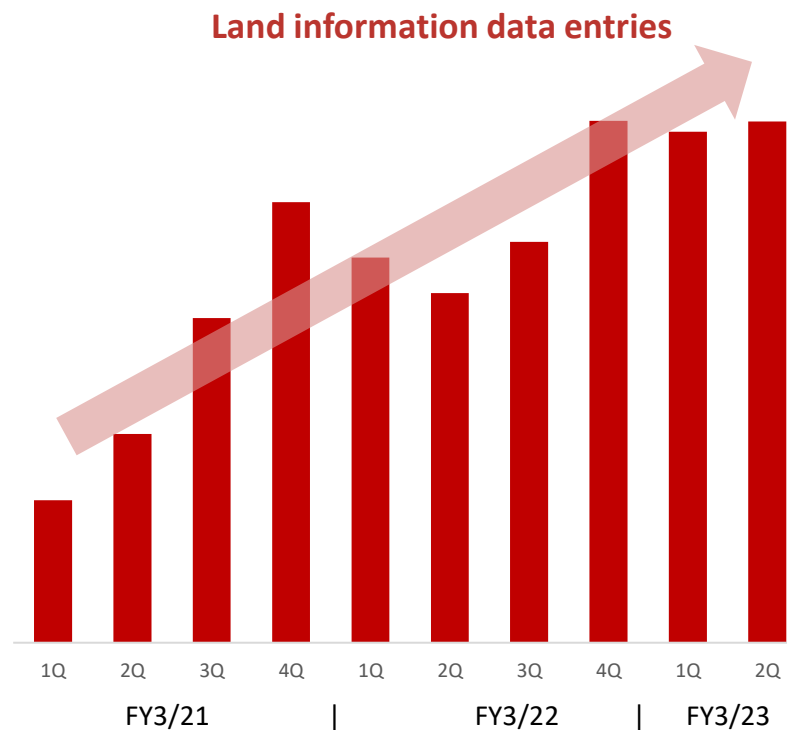
- Scoring of prospective purchases by using more than 30,000 data entries about potential land purchases and actual sales (prices of housing lots sold by KEIAI and data on local market characteristics) in prior years

**Instant bidding system** 10,000+ data entries

- An IT system uses more than 10,000 data entries about past land purchases to prepare development estimates and business plans that allow submitting a bid the same day

**Market condition big data** MARKET

- Big data reduces risk involving the compact, ready-built house business model; also optimizes pricing of land purchases by using market data and real-time data on KEIAI houses for sale



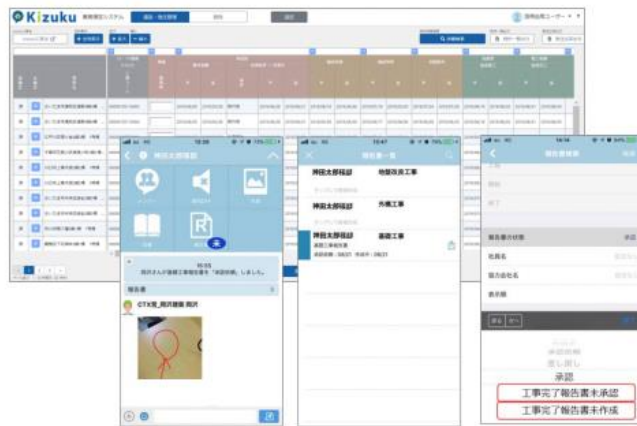
\*1: Number of data entries at the KEIAI Group about land purchase information (includes some estimates)



# The Kizuku Pro Construction Platform

By facilitating sound communications with construction sites, Kizuku Pro makes the management of these sites more efficient while ensuring consistently high quality. In addition, this platform helps maintain a framework for performing various tasks easily while strengthening ties with partner companies and improving the recruiting and training of construction workers.

## Kizuku Pro improves efficiency at construction sites



## A stronger framework for building houses

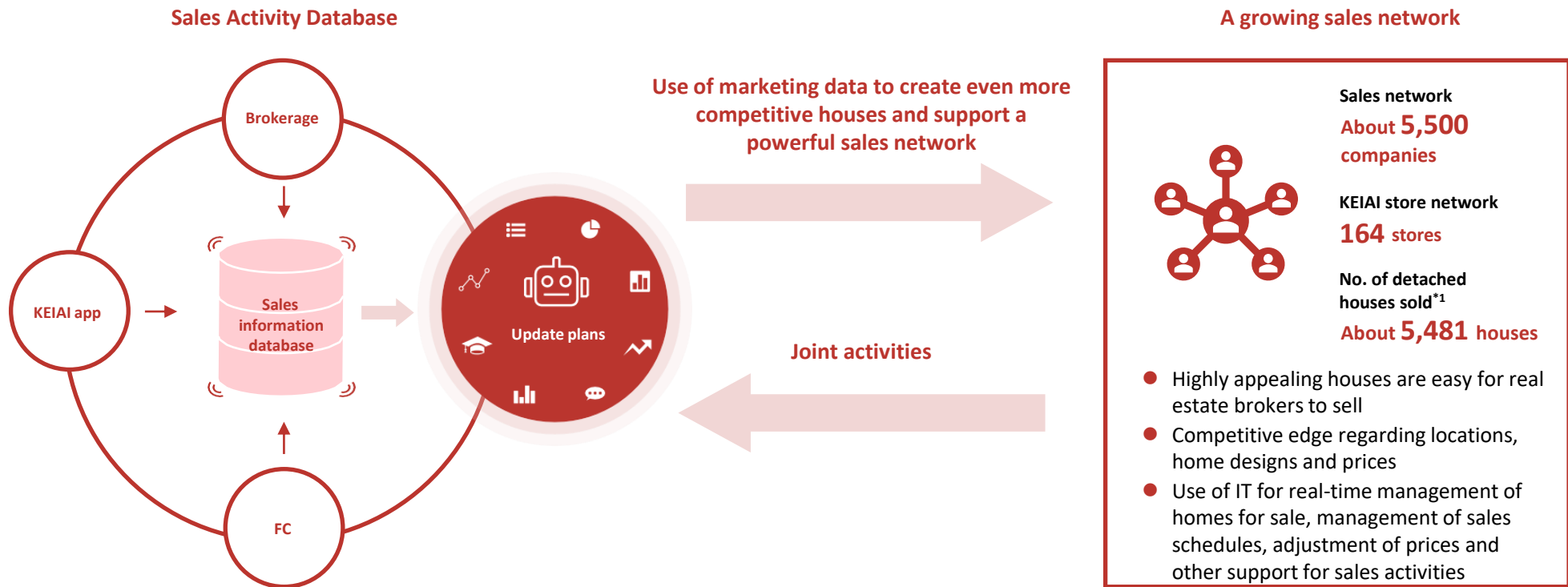


- Group chat for communications with individual properties
- Real-time monitoring of daily reports and completion reports
- Designs and photos can be easily shared by using smartphones and tablets

- Establishment of a stronger construction framework helps KEIAI use the DX to open new stores faster
- Started a website in order to expand recruiting activities to all areas of Japan
- Started the construction trade meister program

# Sales Platform MITSUKARU

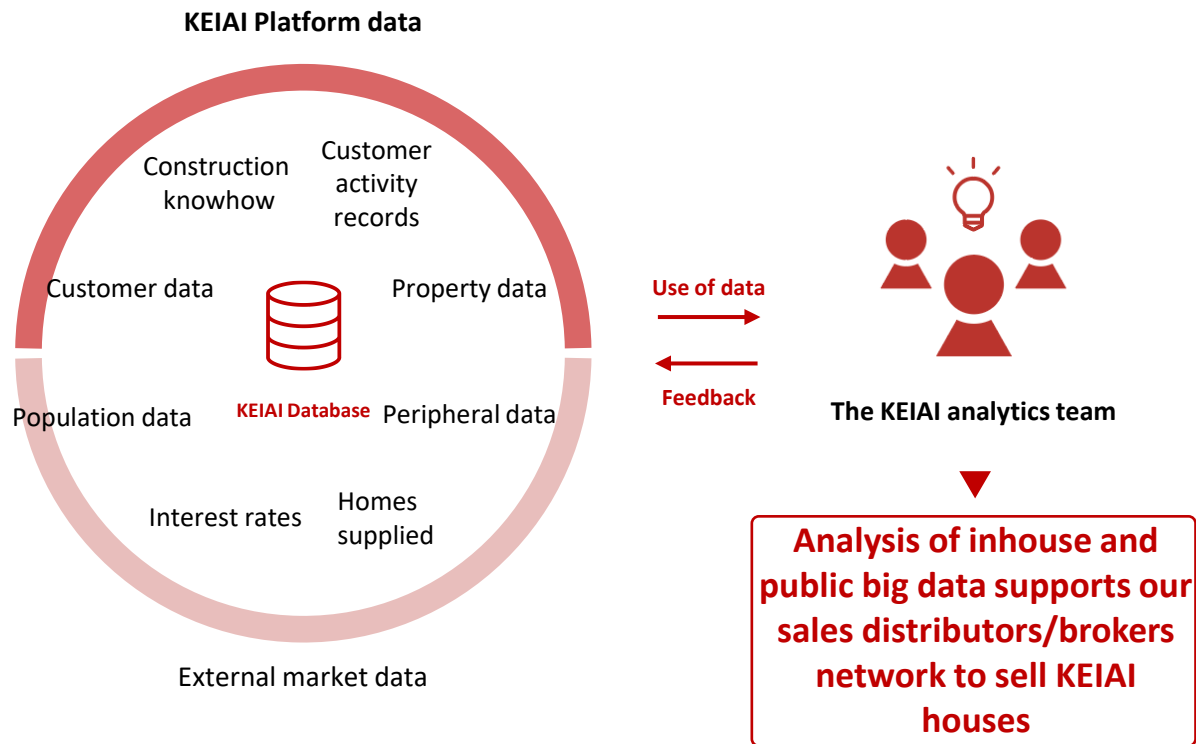
Enlarge sales network by using a database encompassing marketing activities spanning many sales channels, such as a powerful network of real estate brokers, KEIAI's own matching website (New House MITSUKARU), a network of franchised locations and KEIAI app members.



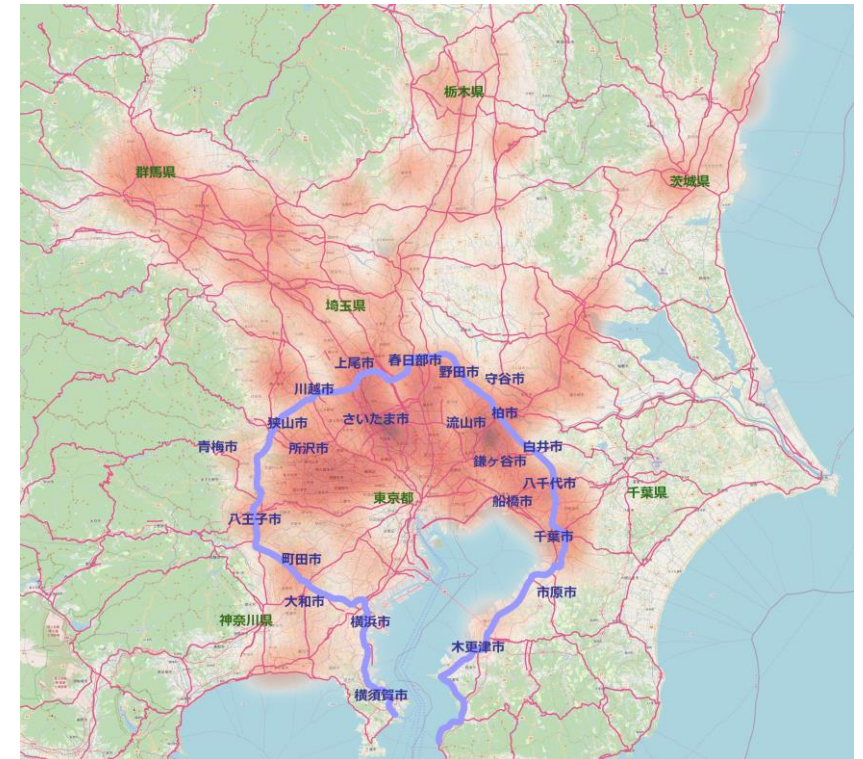
\*1: Number of houses sold in FY3/21.

# Analysis of the Ready-built House Market by the KEIAI Analytics Team

Analytic reports are used to share data obtained by using the KEIAI Platform. These reports provide valuable support for the sales activities of real estate brokers and other companies that sell houses built by KEIAI.



Example of an analytic report: Locations of KEIAI properties (Heat map)



# Advantages for Purchasing Lots Due to the Development of Compact Ready-built Houses

The development of KEIAI's distinctive compact ready-built houses makes it possible to accumulate a large volume of data quickly.

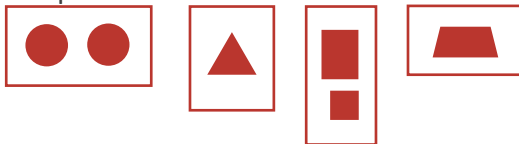
## Conventional ready-built houses

Four to 10 houses for sale are constructed at once, resulting in similar houses  
 = Small number of house models on big development sites



## Compact ready-built houses

This business model targets sites for one or two houses, where conventional developers seeking larger sites normally do not operate, and supplies a large number of compact houses with outstanding designs.  
 = Large number of house models on small development sites

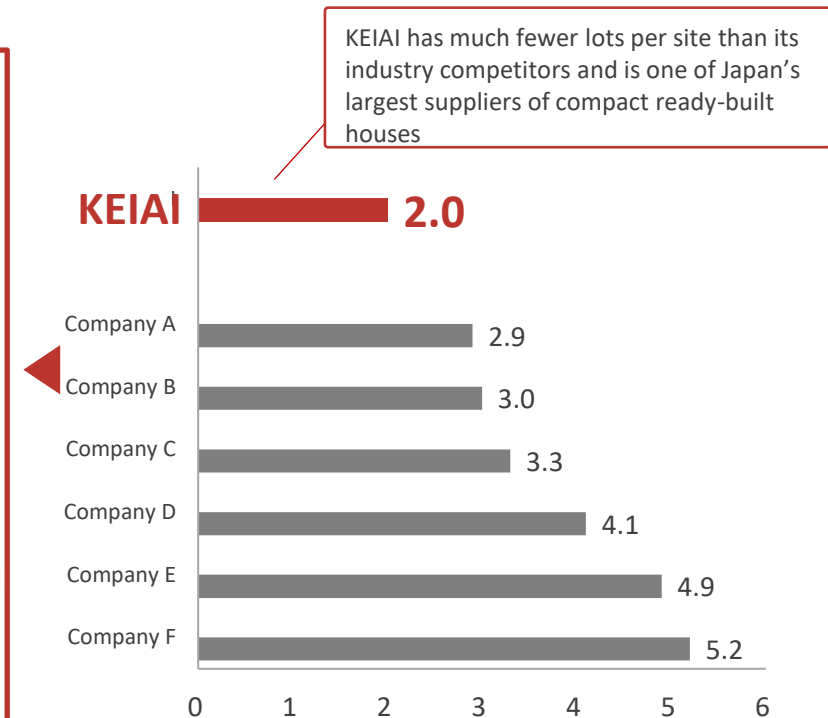


## Increase in the number of land data entries

- Allows accumulating a large volume of information about experiences and other items about housing developments within a short time
- Data are stored in the KEIAI Platform for increasing the accuracy of land purchases and sales and marketing activities



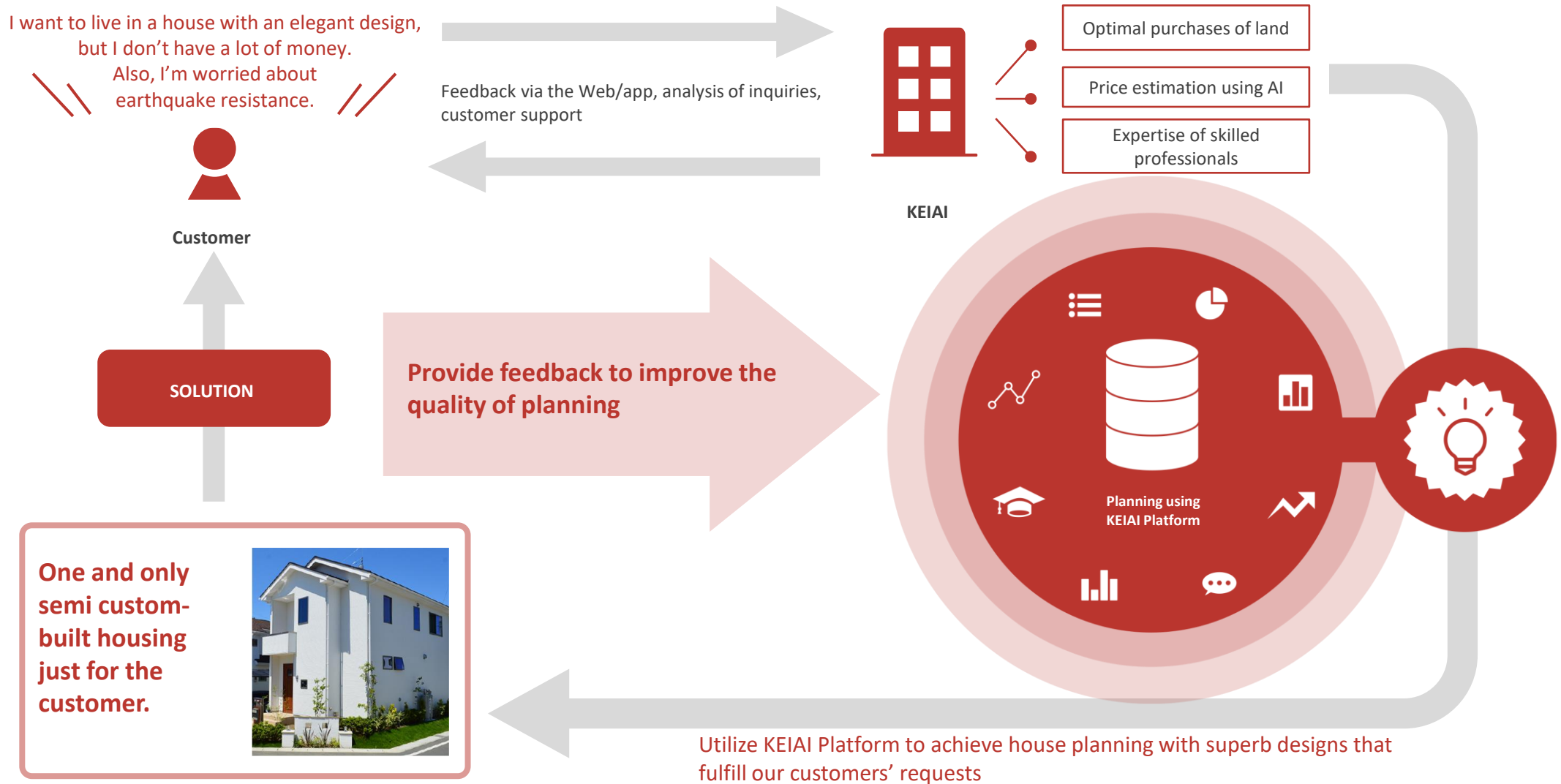
## Avg. number of lots\*1 in housing developments



KEIAI has much fewer lots per site than its industry competitors and is one of Japan's largest suppliers of compact ready-built houses

\*1: KEIAI estimates based on housing developments of KEIAI and other companies as of December 2020

# Semi Custom-built Housing Using Compact Ready-built House Development



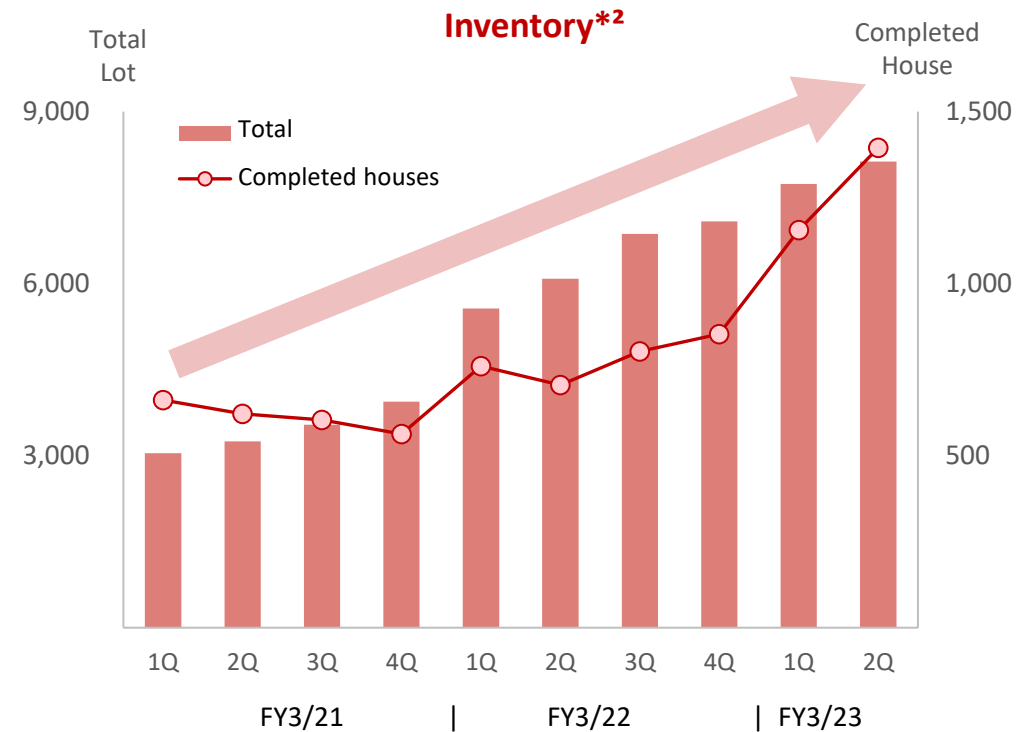
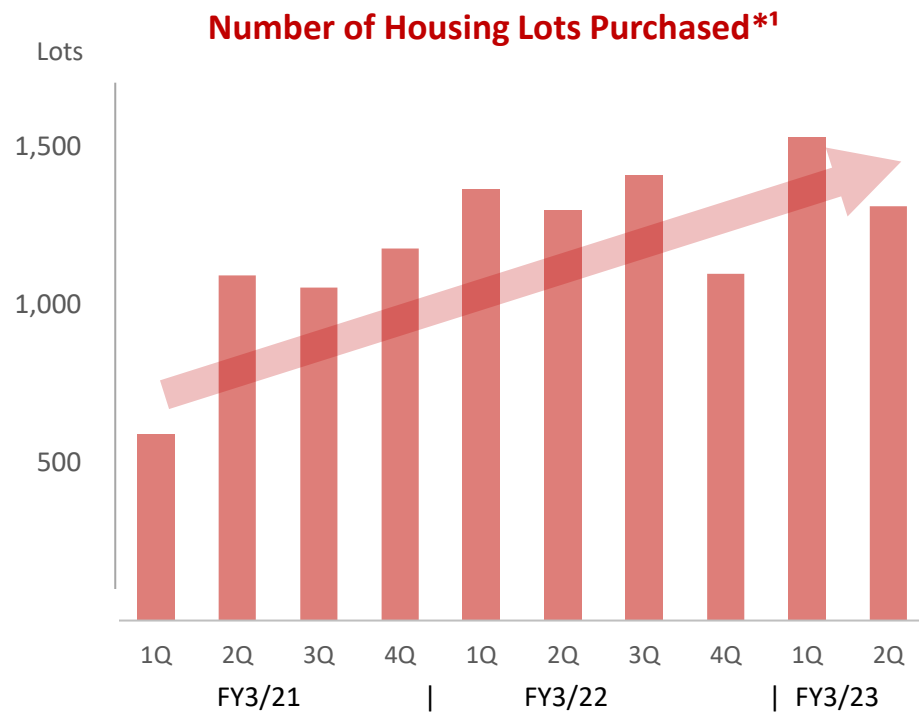
# Semi-custom Built Houses by KEIAI

The development of compact ready-built houses makes it possible to supply semi-custom, well-designed houses with outstanding quality and low prices.



# Land Purchases Using Technology and the Unique KEIAI Business Model

The number of housing lots purchased and inventory have been climbing steadily during the past two years due to KEIAI's technology platform and unique compact house development business model. The total inventory and number of completed houses in inventory are both at all-time highs.



\*1: Actual number of purchases by the KEIAI Group

\*2: Quarterly inventory for the KEIAI Group from June 2021 to September 2022

## A Sound Base for Medium-term Growth

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The KEIAI Group is aiming for the growth of its market share through the medium-term growth of sales and consistent expansion of all business operations. This growth will be backed by a unique business model consisting of the KEIAI Platform and the development and sale of compact houses.

**A business model centered on the KEIAI Platform and compact houses**



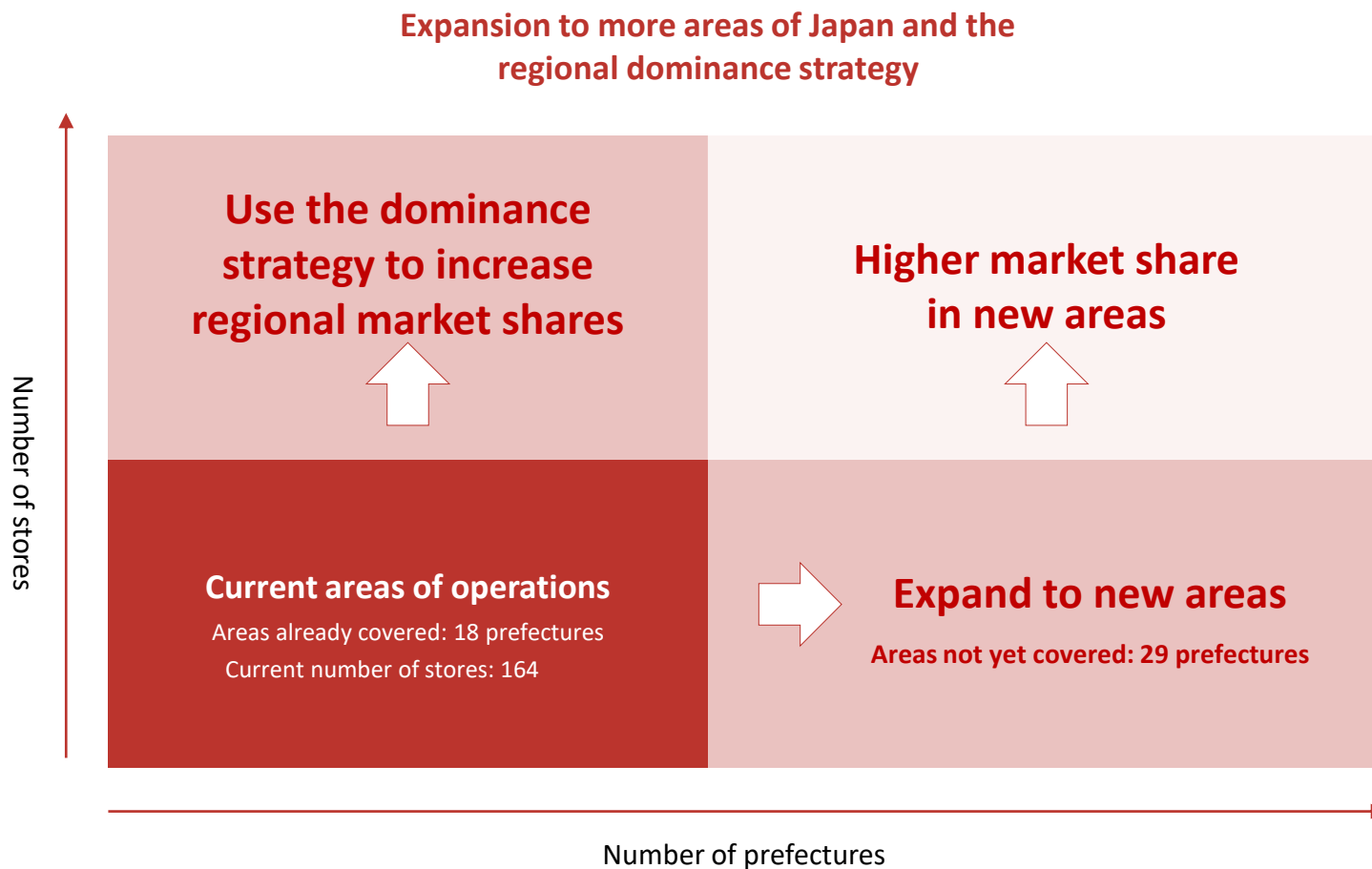
**Objective**

**Capture a larger share of the built-for-sale house market**



# More Growth Potential

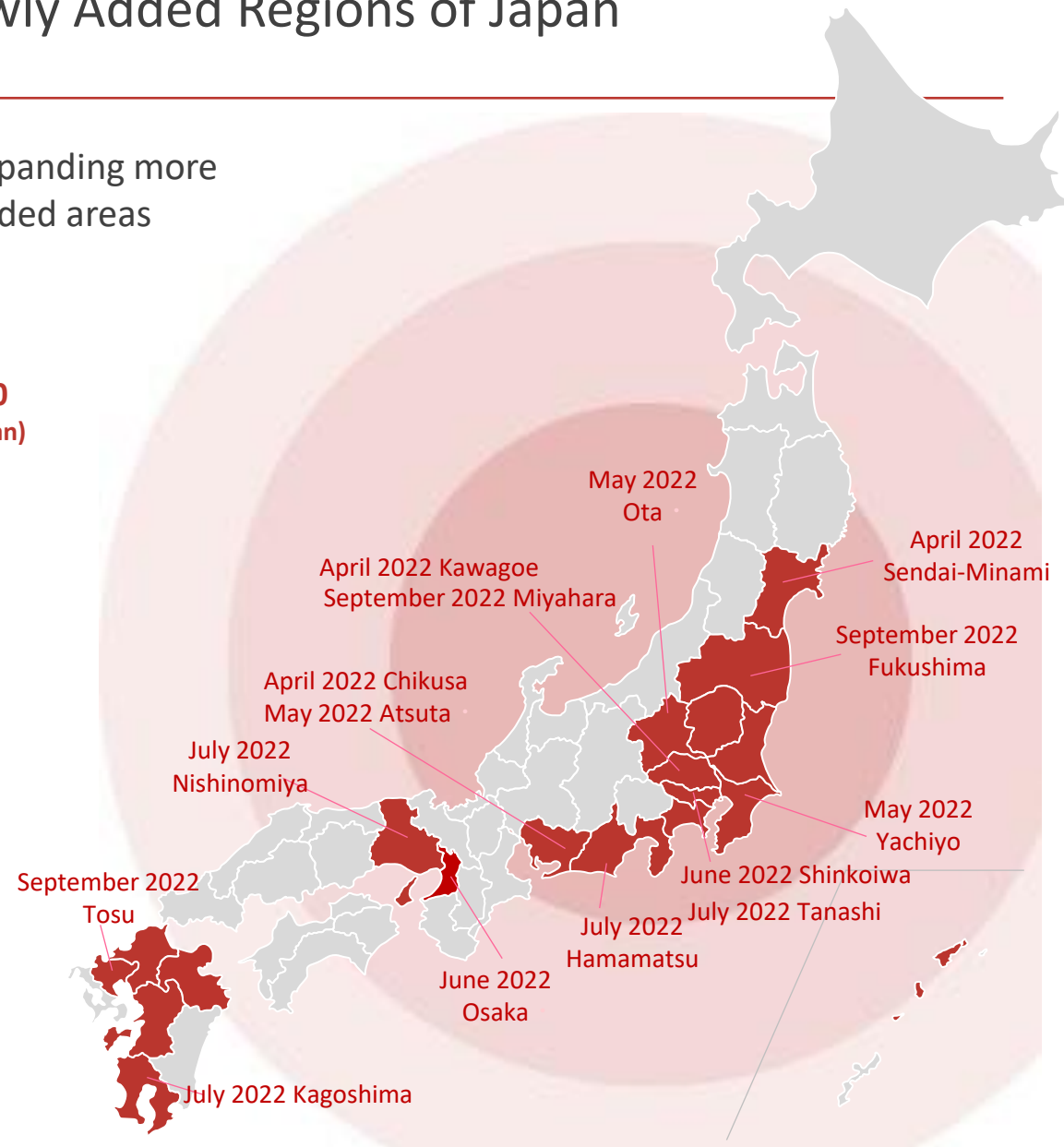
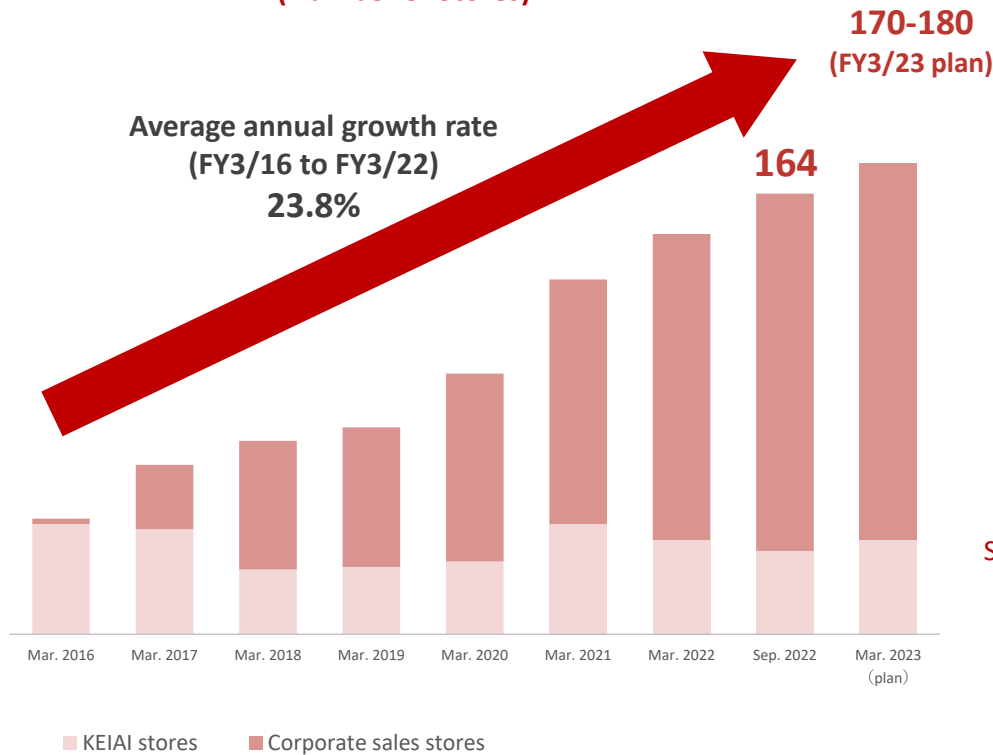
Aiming for more growth by starting operations in new areas of Japan and increasing market share in current areas of business activities.



# Growth of Purchases and Sales in Newly Added Regions of Japan

Continuing to expand to more areas of Japan while expanding more network in current areas of operation and recently added areas

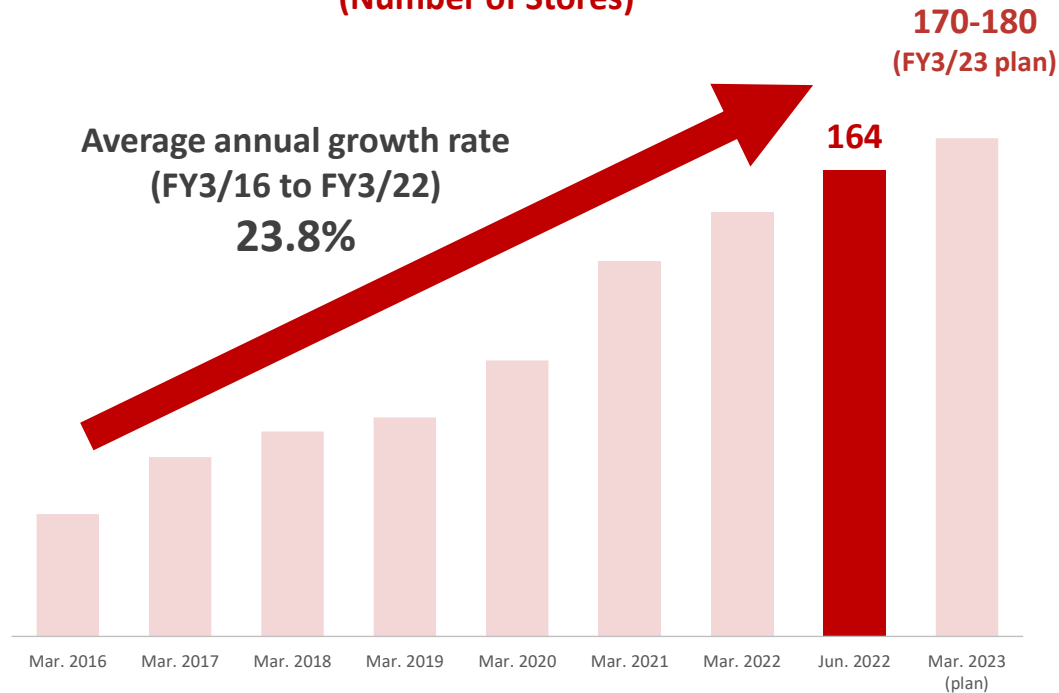
## Growth of the Directly Operated Store Network (Number of Stores)



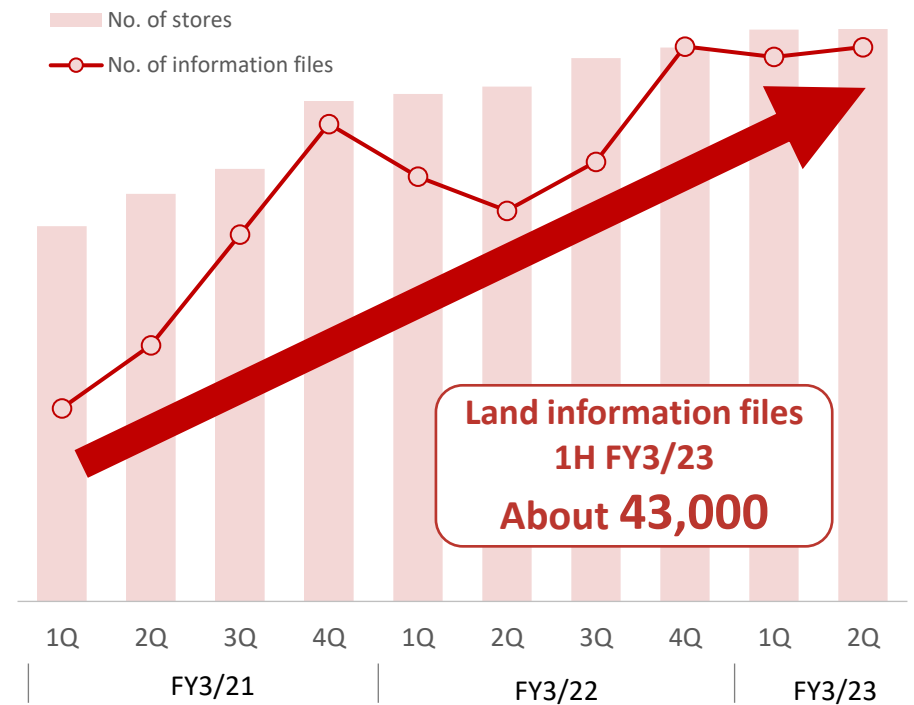
# Expansion to More Areas of Japan Raises the Volume of Land Information

KEIAI Group's own network of stores has grown at an average annual rate of about 24% during the past seven years. This network expansion is increasing the volume of information about land that can be received.

**Growth of the Directly Operated Store Network  
(Number of Stores)**



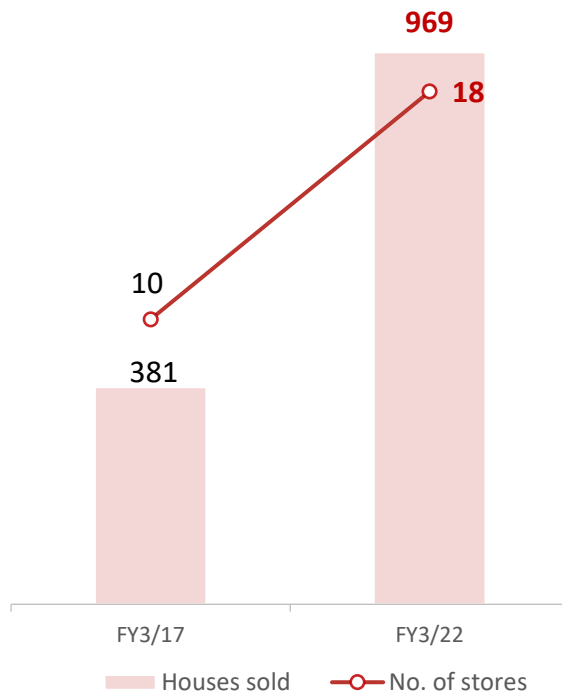
**Number of KEIAI Stores and Information about Land**



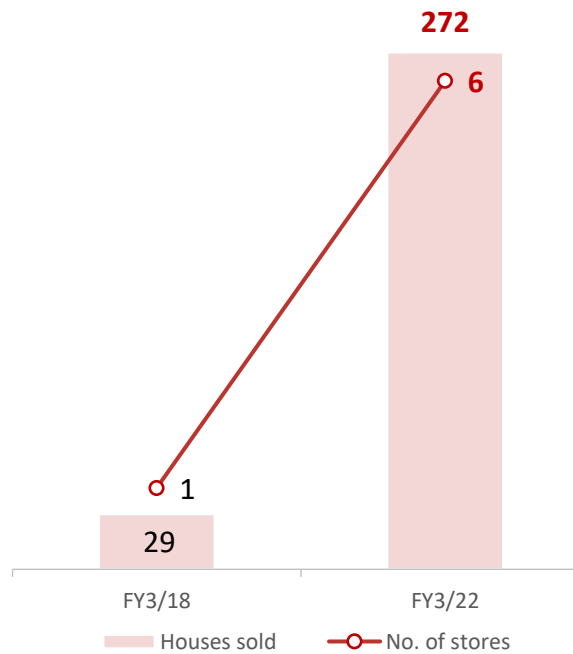
# Rapid Store Network Expansion – Growth of the KEIAI Group

Companies that joined the KEIAI Group through acquisitions have also rapidly increased the number of stores and houses sold.

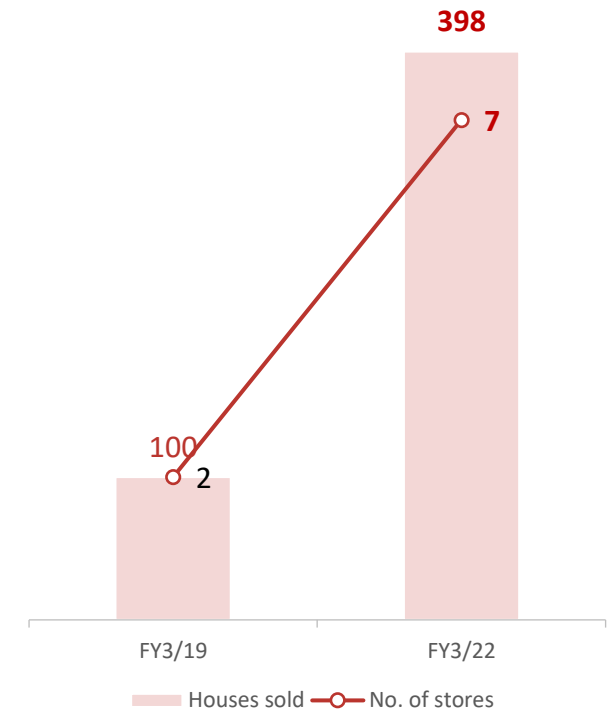
### Yokatown



### Asahi Housing



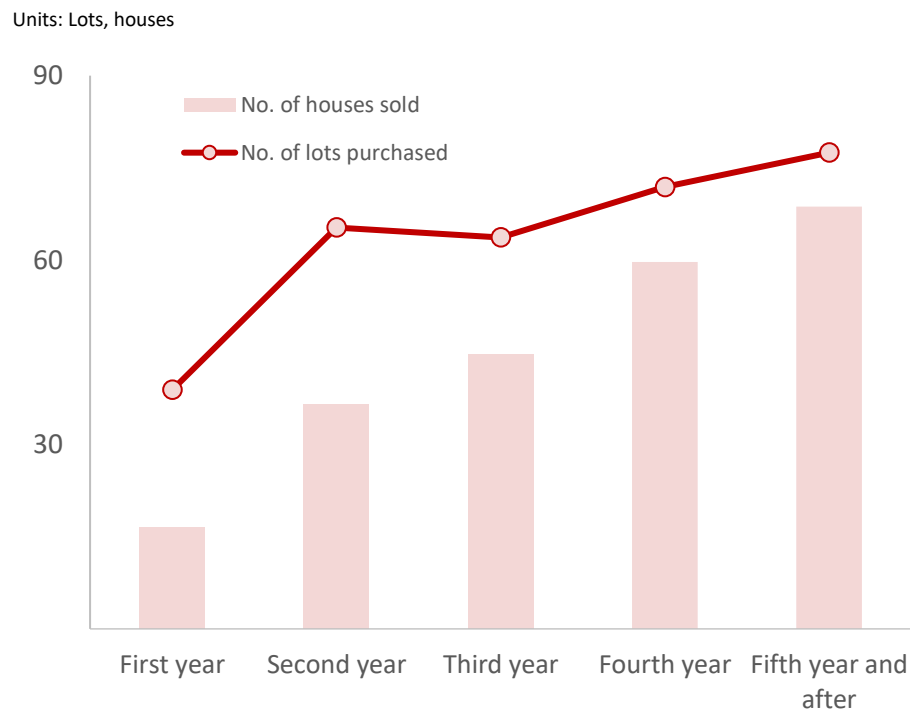
### Kensin



# Faster Addition of New Stores by Using the KEIAI Model

The KEIAI Platform is used in newly added areas of Japan to enable rapidly increasing the number of stores while raising the productivity of stores.

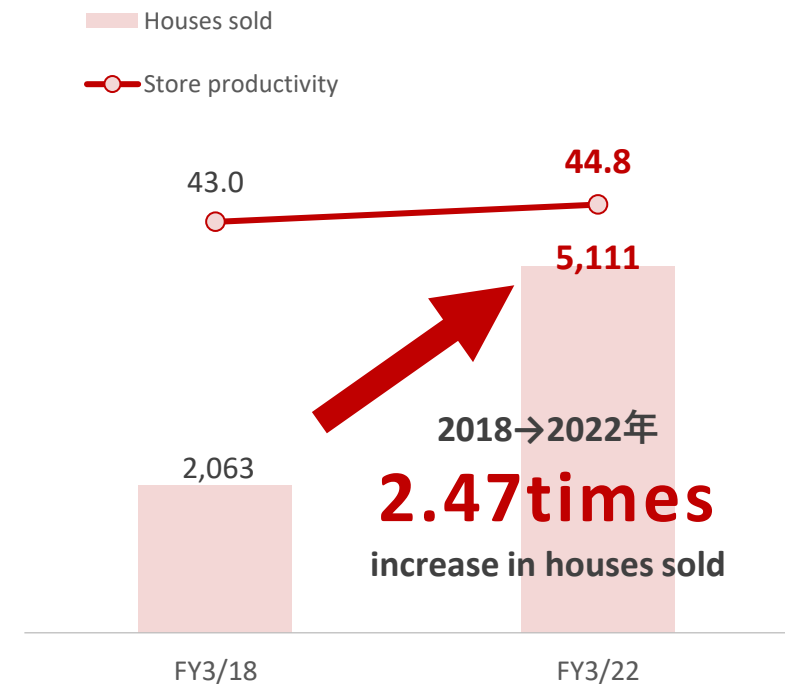
### Growth of Purchases and Sales per Store\*1



\*1: For the number of houses sold by KEIAI stores (broker sales), comparison using averages for the first four years of operations of stores opened in the same year (FY3/22 Result)

\*2: Fiscal year number of houses sold in the KEIAI Group and sales of corporate sales stores

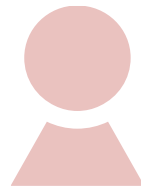
### Growth of Group House Sales and Store Productivity\*2



# Rapid Training of Store Managers by Using the KEIAI Platform

The use of big data covering all KEIAI activities accumulated by using the KEIAI Platform enables people in their third year at KEIAI to perform at a higher level than people at competitors who have seven to 10 years of experience.

Land procurement  
personnel at competitors

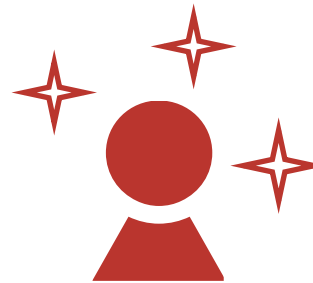


Housing development  
experience (Projects per year)

Store managers = Years needed  
to become skilled at purchasing  
land

**7 to 10 years**

KEIAI land procurement  
personnel



**3.6 years<sup>\*1</sup>**

**\*Including people hired as  
new graduates or with no  
prior experience**

Land purchasing decisions are not based solely on experience and hunches. The use of big data in the KEIAI Platform provides a framework that enables people to make a larger volume of purchases along with greater accuracy and speed.



**KEIAI Platform**

\*1: Average time based on actual personnel data between joining KEIAI and becoming a manager of a store

# Increasing Homebuilding Capacity

The KEIAI Group's homebuilding capacity has increased significantly during the past several years due to numerous activities. Measures are continuing for using the "Real x Technology" supply model to build an even more powerful framework for the efficient and reliable supply of houses for sale.

## Build a base for a consistent supply of houses

### 1. Establishment of a model for the reliable procurement of building materials

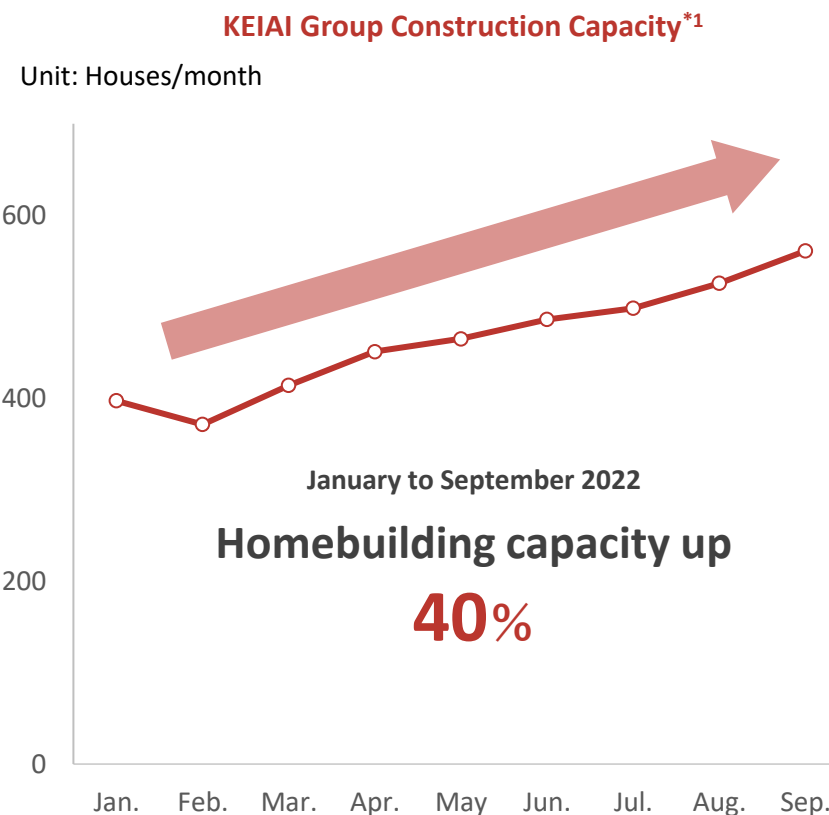
- Placing carefully planned orders based on forecasts using KEIAI PF makes it possible to order materials and other supplies ahead of competitors.
- Reliable and consistent procurement of materials and other supplies due to high-volume purchasing power backed by the third-largest volume of houses supplied in Japan

### 2. A powerful construction infrastructure supports rapid growth

- KEIAI has a section dedicated exclusively to adding new construction company partners and skilled construction workers and retaining existing relationships.
- Many activities for recruiting skilled tradespeople and providing training (KI Craft Co., Ltd.)

### 3. Digital transformation of construction sites

- Rigorous reduction of construction step coordination inefficiencies by using Klzuku and other IT systems
- Most productive use, assignments and oversight of partner construction companies and construction workers by using an internal management system



\*1: Monthly houses built (capacity) for woodworking stage at the KEIAI Group (excluding Yokatown and Kenshin)

# KEIAI's Goal: Market Share Growth

The goal is a steady increase in market share by expanding to more areas of Japan, increasing productivity and raising homebuilding capacity while fully utilizing strengths involving technologies and compact houses

## Area expansion

### Use area expansion to strengthen current operations

Rapid growth in current areas of operations

### Expand to new areas

KEIAI does not yet operate in 29 prefectures. Use of analytics team for the store opening strategy

## Increase productivity

### More stores in new areas

Open stores by using horizontal expansion of frameworks already in place.

### Quickly train salespeople

Quickly give people skills to be real estate purchasing professionals by utilizing KEIAI PF

## Increase homebuilding capacity

### Reliable procurement of materials

Use KEIAI's own sales model for using large-volume orders for purchases of materials ahead of competitors.

### A sound construction infrastructure

Maintain a powerful construction infrastructure consisting of partner companies and construction workers along with KEIAI's own construction resources.

### DX of construction sites

IT systems and implementation/PDCA cycle that are possible due to KEIAI's fully integrated internal framework for responsibilities



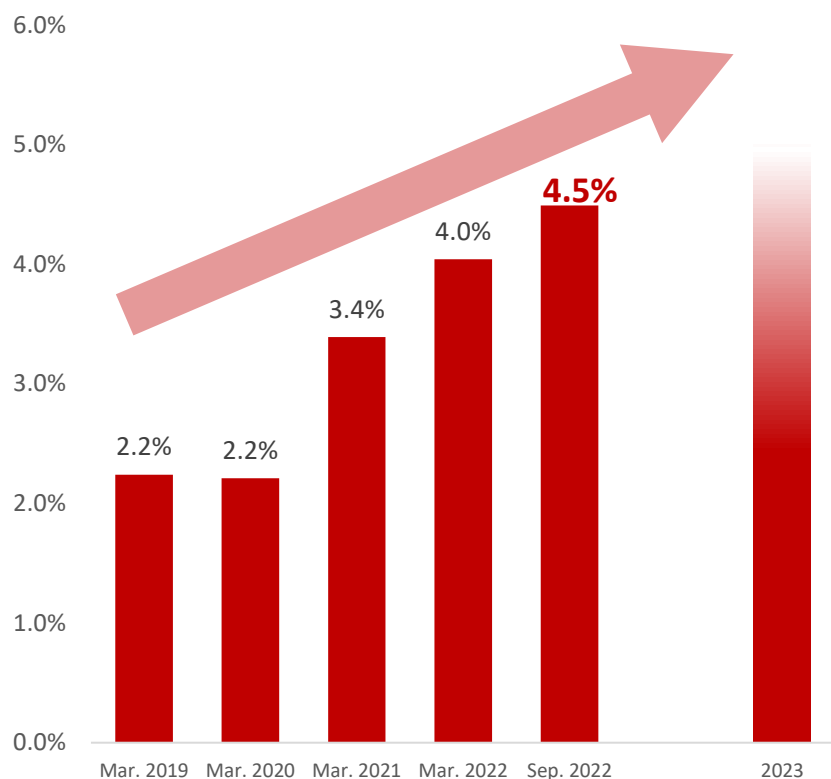
\*1: KEIAI estimates based on "Housing Construction Statistics" (FY2021 new built-for sale wooden detached houses) of Ministry of Land, Infrastructure, Transport and Tourism, and other data



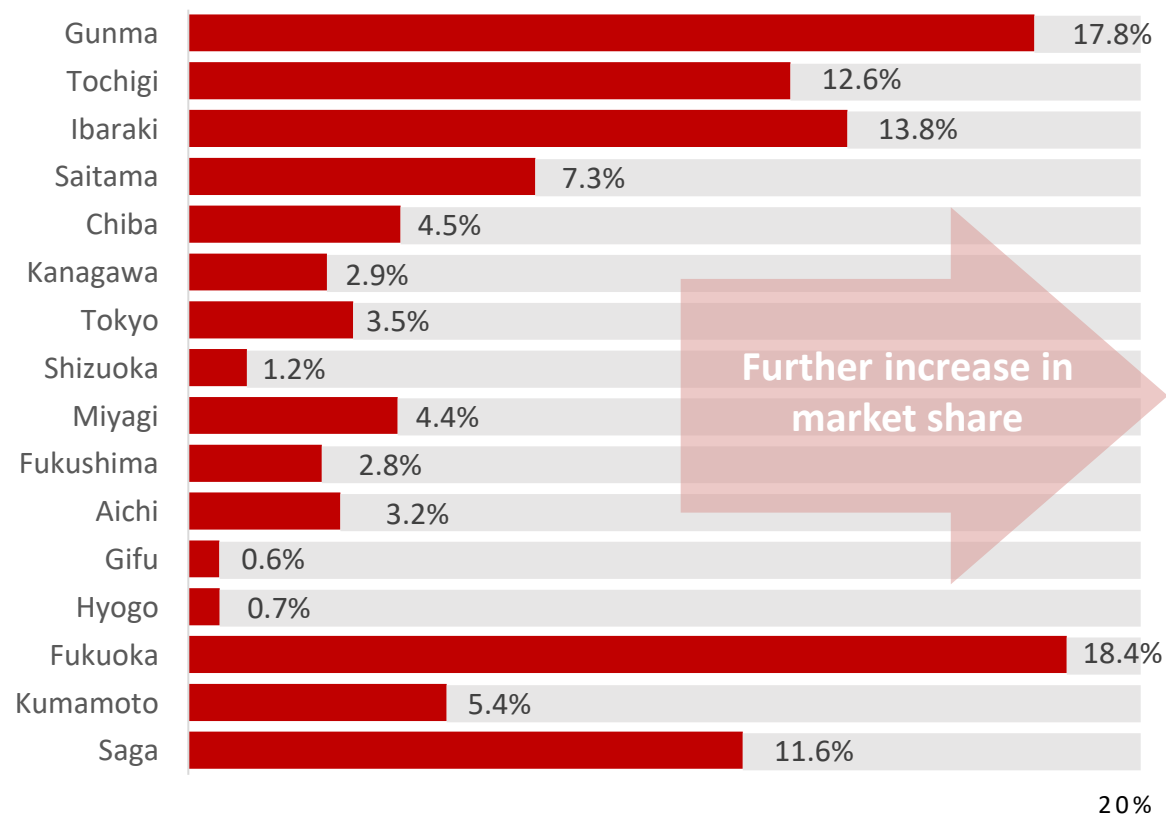
# KEIAI Group's Share in Nationwide and Current Markets

Steady expansion in Japan continues and many more areas for starting operations remain.

**KEIAI Group's Nationwide Market Share**



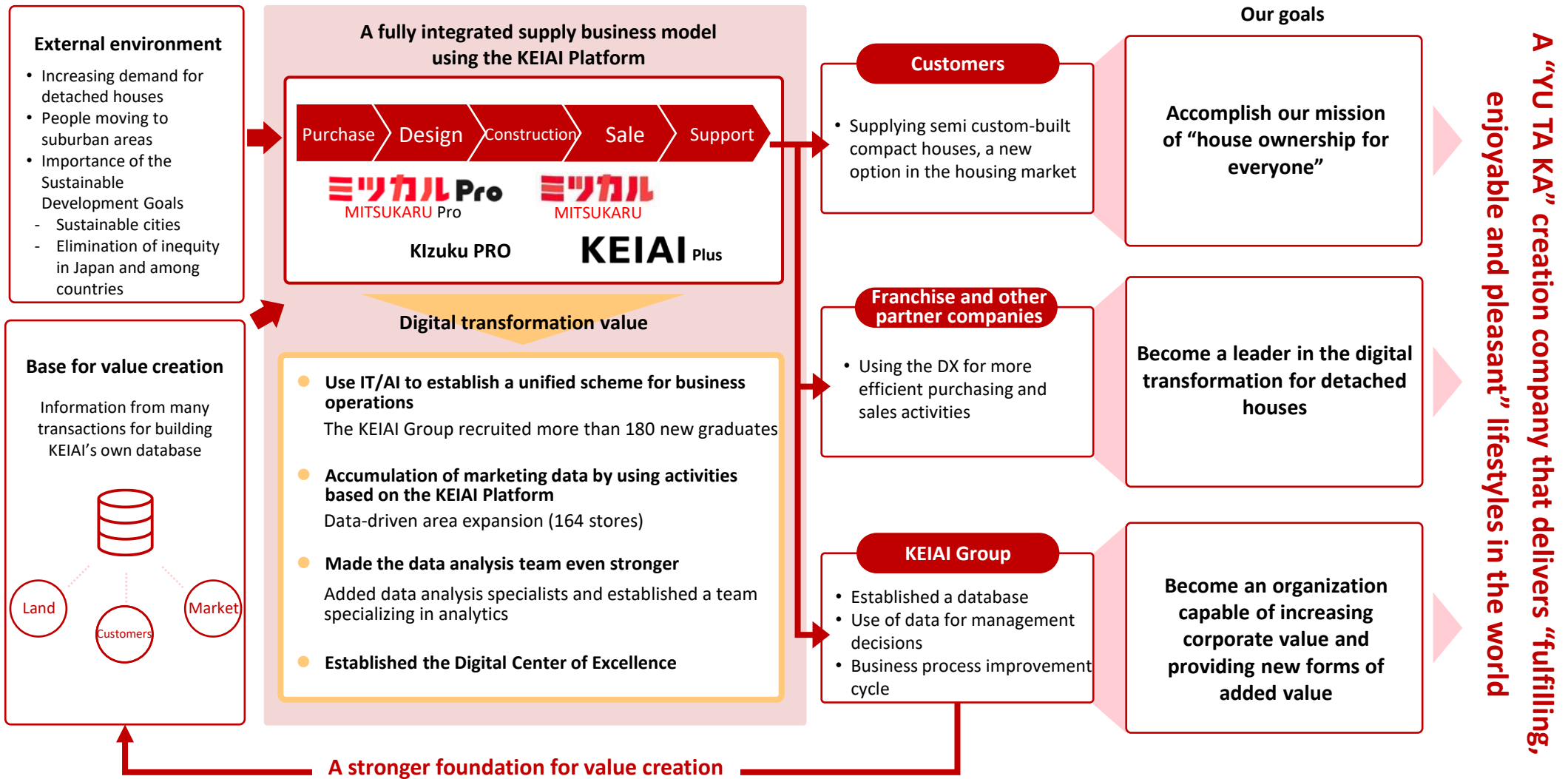
**KEIAI Group's Share in Current Markets (FY3/22)**



Further increase in market share

Source) "Housing Construction Statistics" (FY2021 new built-for sale detached houses) of Ministry of Land, Infrastructure, Transport and Tourism, and KEIAI Group sales

# The Value Creation Process Using the DX of the KEIAI Business Model



### 3. Dividends and Shareholder Benefits

# Dividends and Shareholder Benefits

Dividend (Started to pay an interim dividend in FY3/18)

	FY3/21 results (consolidated)	FY3/22 results (consolidated)	FY3/23 forecast (consolidated)
Net income per share (yen)	536.69	976.49	<b>1,059.53</b>
Dividend per share (yen)	139.00	265.00	<b>280.00</b>
Interim dividend per share (yen)	44.00	115.00	<b>140.00</b>
Payout ratio (%)	25.9%	27.1%	<b>26.4%</b>

## Shareholder Benefits

Number of shares held as of the record date	Gift
100 shares to 499 shares	Quo card (1,000 yen)
500 shares and more	Quo card (3,000 yen)

## 4. ESG/SDGs Initiatives

# Establishment of the Sustainability Committee

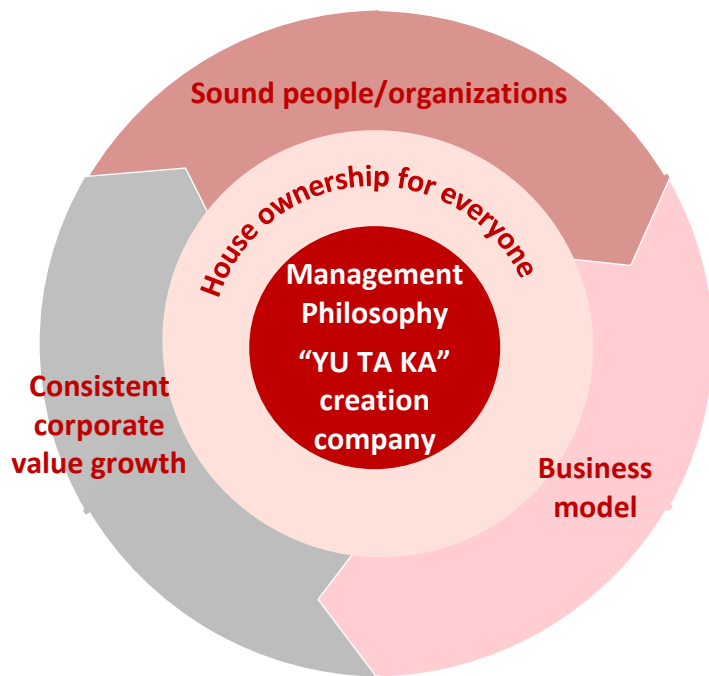
The KEIAI Group has many activities for helping solve social issues in Japan and other countries. By supplying homes where people can lead happy and fulfilling lives, we are dedicated to playing a role in creating a sustainable and affluent society. We believe these activities will contribute to the growth of our corporate value. One part of these activities is the Sustainability Committee, which is an important component of corporate governance. This committee conduct activities concerning social issues in Japan and other countries, protect the environment, ensure respect for human rights, and the maintenance and enhancement of rigorous compliance programs.



# Sustainability Policy and Determination of ESG Materiality

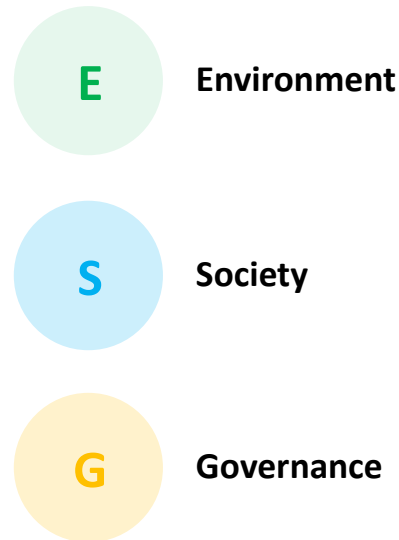
We have established a basic policy for sustainability initiatives. Our goal is sustainable progress while using a people/organization-business model-consistent corporate value growth cycle that is focused on our management philosophy and mission.

## The DNA of KEIAI



## Determination of ESG Materiality

### Considerations



### KEIAI actions

- Environmental programs
- Products for fulfilling, enjoyable and pleasant lifestyles
- Human resources and working styles
- Diversity/Inclusion
- Quality control/Customer satisfaction
- Supply chain & partnerships
- Corporate citizenship
- Compliance/Respect for human rights

# Sustainability Materiality (1)

## E Environment



### Environmental programs

- KEIAI participated in the establishment of the Japan Wood-Housing Association, which promotes the use of lumber grown in Japan and the protection of Japan's forests and the environment.
- Started a plan for buyers of KEIAI's IKI one-story unitized house that allows installing with no initial payment for a solar power system, which is source of renewable energy and helps reduce CO2 emissions.
- Started selling built-for-sale houses that use entirely lumber grown in Japan and have solar power systems.

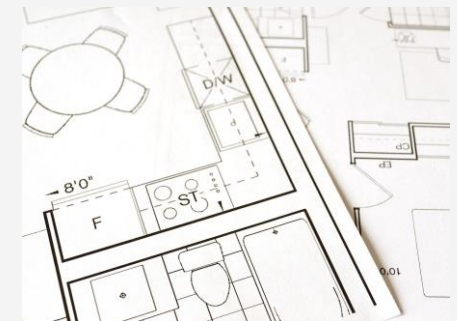


## S Society



### Products for fulfilling, enjoyable and pleasant lifestyles

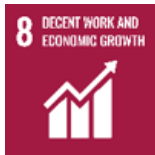
- Based on our mission of "house ownership for everyone," we build houses in suburban areas that are affordable for first-time buyers.
- We use advanced technologies wherever possible to build high-quality, low-cost houses. Expertise for the use of sites with space for only one or two houses is a core strength of ours. Our skills are also ideal for replacing outdated and unoccupied residences with new houses. We were certified as a DX business operator by Ministry of Economy, Trade and Industry of Japan in October 2021.





# Sustainability Materiality (2)

## S Society



### Human resources and working styles

- All employees receive cards with the KEIAI Code of Conduct, awards are given for outstanding work based on the KEIAI philosophy and mission, and other activities are used to maintain a sound and motivated workforce.
- Training programs for specific job categories, bonuses and other programs for developing skills and achieving career goals.
- Flexible working styles, including time off when a child is born, reduced or shifted working hours, and other options.



## S Society



### Diversity/Inclusion

- Diversity management to allow many types of people to realize their full potential centered on (1) programs for empowering women, (2) working style reforms and (3) workplaces that are pleasant and rewarding.
- A strong commitment to diversity at KEIAI Group companies has resulted in the receipt of a White Company Award (for companies with outstanding human resource systems and initiatives), three-star Eruboshi Certification (for supporting the participation and advancement of women in the workplace), and other recognition.
- Provide places where people with disabilities can perform fulfilling and enjoyable jobs. Use of the KEIAI Farm to provide a workplace environment where many types of people can do a variety of jobs.



Won many awards including New Diversity Management Selection 100



# Sustainability Materiality (3)

## S Society



### Quality control/Customer satisfaction

- A fully integrated infrastructure encompassing the purchase of land, design, construction and sale of houses, services after houses are built and home renovations.
- Houses undergo government inspections as well as KEIAI's own rigorous inspection process to ensure that customers can purchase and occupy our affordable houses with confidence.



## S Society



### Supply chain & partnerships

- We have close ties with partners across our entire supply chain in order to thoroughly manage cost, quality, volume, construction schedules and other aspects of our operations.
- We build long-term relationships with our business partners and have the goal of seeking equitable earnings for everyone rather than aiming for short-term profits for KEIAI alone.



# Sustainability Materiality (4)

## S Society



### Corporate citizenship

- Support for para-athletics by providing jobs for people with disabilities.
- Actively participate in local sports events and educational activities.
- Use of the KEIAI Farm to provide a workplace environment where many types of people can do a variety of jobs.



KEIAI Challenged Athlete Team

## G Governance



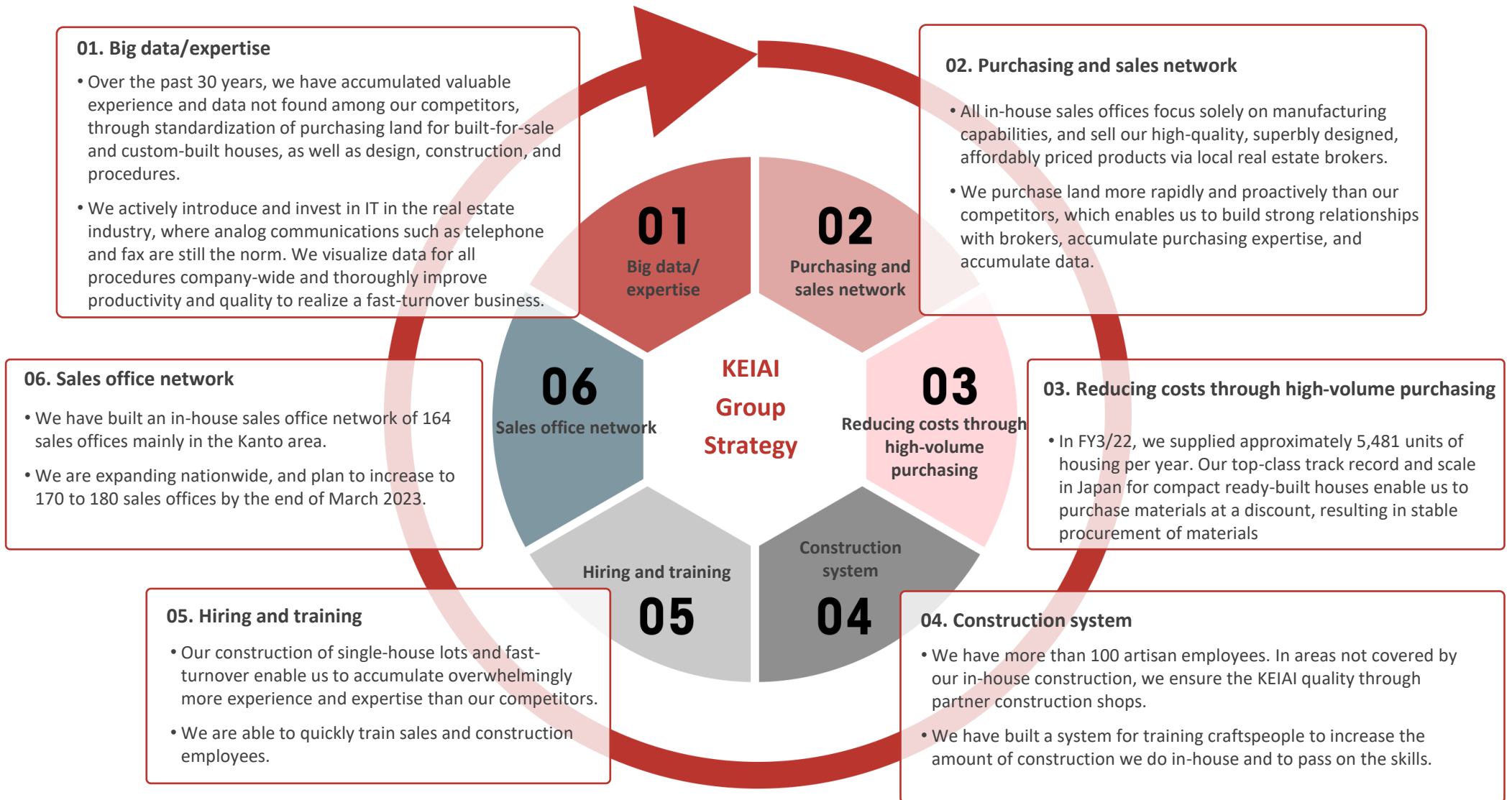
### Compliance/Respect for human rights

- We have a basic policy for compliance and use job-specific training programs, the KEIAI Academy and training for new employees to ensure that everyone fully understands the importance of compliance.
- The basic policy for compliance and standards of conduct include a resolute commitment to respect for human rights.



## 5. Appendix

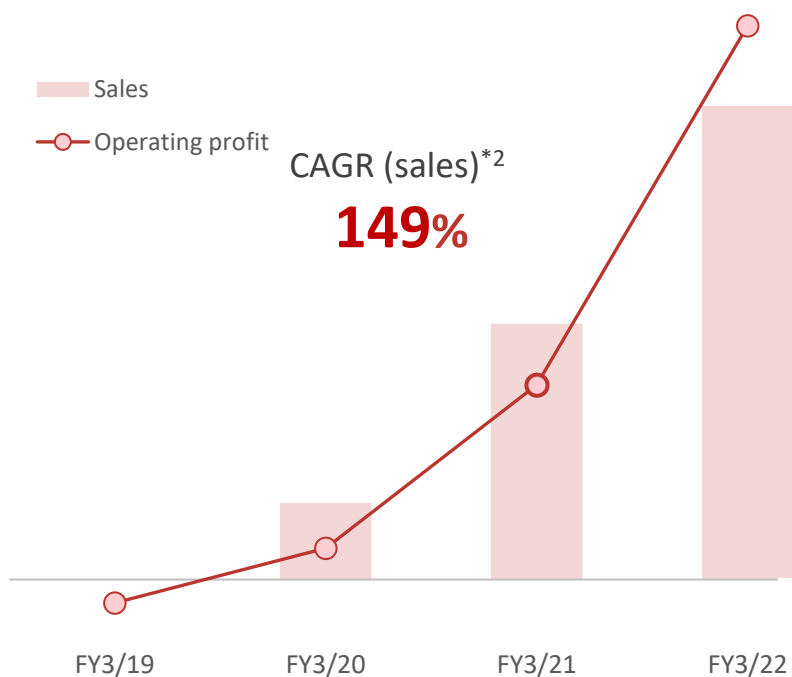
# KEIAI's Group Growth Strategy



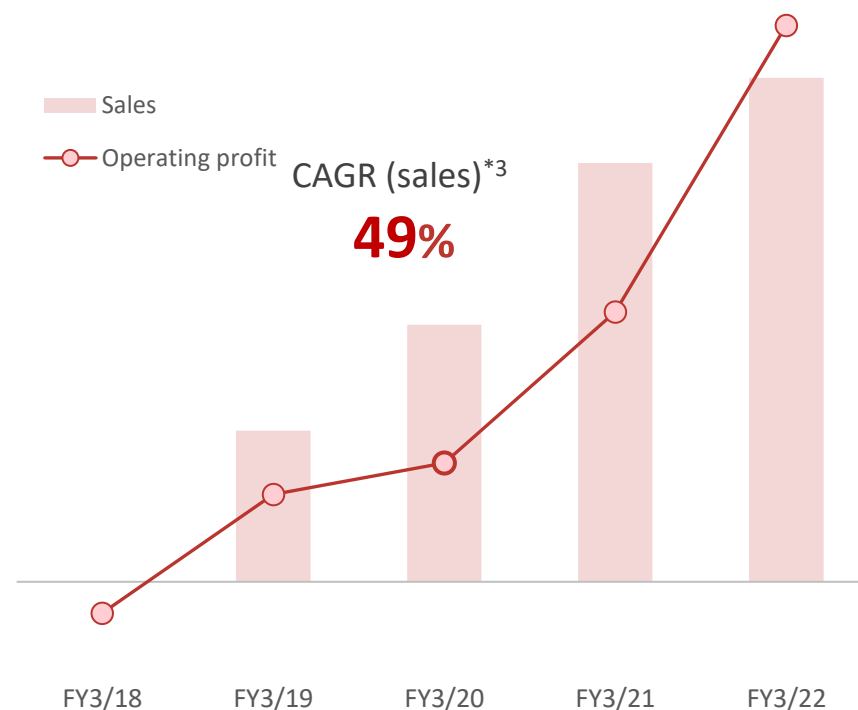
# Growth in Sales and Earnings in New Business Areas

Sales and earnings have increased rapidly in areas where operations started in recent years.

### Chubu Area Sales and Earnings\*1



### Kyushu Area Sales and Earnings\*1



\*1: Chubu area sales and earnings are for KI Planning, Ltd., which operates mainly in this area (Aichi prefecture). Kyushu area sales and earnings are for KI-Star Build Co., Ltd., which operates mainly in Kyushu (Fukuoka prefecture).

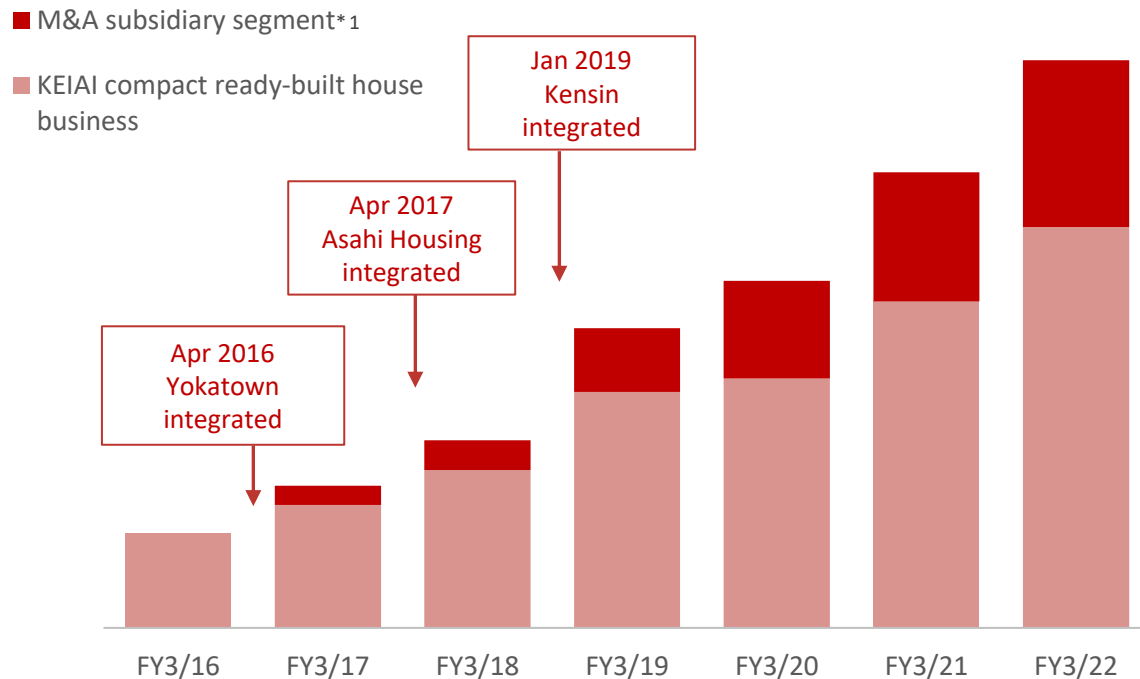
\*2: Average annual growth rate of sales (CAGR) from FY3/20 to FY3/22

\*3: Average annual growth rate of sales (CAGR) from FY3/19 to FY3/22

# M&A – Growth of a Subsidiary after the Acquisition

Subsidiaries have achieved high sales growth after M&A, resulting in boosting group's total sales expansion.

## Results of the KEIAI Compact Ready-built House Business and M&A Group Companies



## External Growth through M&A (sales growth rate)\*2

Yokatown	CAGR <b>+34%</b>
Asahi Housing	CAGR <b>+62%</b>
Kensin	CAGR <b>+37%</b>

## Internal Growth by Parent (sales growth rate)\*3

CAGR <b>+27%</b>
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\*1: Results of M&A subsidiary segment includes Yokatown, Asahi Housing and Kensin

\*2: CAGR (compound annual growth rate) from the time the company joins the group to FY3/22.

CAGR from FY3/17-FY3/22 for Yokatown, CAGR from FY3/18-FY3/22 for Asahi Housing, and CAGR from FY3/20-FY3/22 for Kensin

\*3: CAGR from FY3/17-FY3/22 (non-consolidated)

# Financial Strategy/Fund Procurement

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Secure funds for further growth of the homebuilding and sales business and continue to strengthen KEIAI Group's financial soundness

**Inventory reduction and risk control** through compact ready-built house development and improved inventory turnover



Use our financial soundness for the **flexible and diversified procurement of funds**

- Overdraft agreement (7 billion JPY overdraft agreement with a megabank, October 2021)
- Committed credit facility (5 billion JPY, March 2022)
- Large syndicated loan (total amount: 41.2 billion JPY, June 2022)
- Issuance of bonds  
(total amount: 3 billion JPY, October 2020; total amount: 2 billion JPY, December 2021)
- Public offering (total amount: 7.9 billion JPY by public offering and third-party allotment, September 2021)

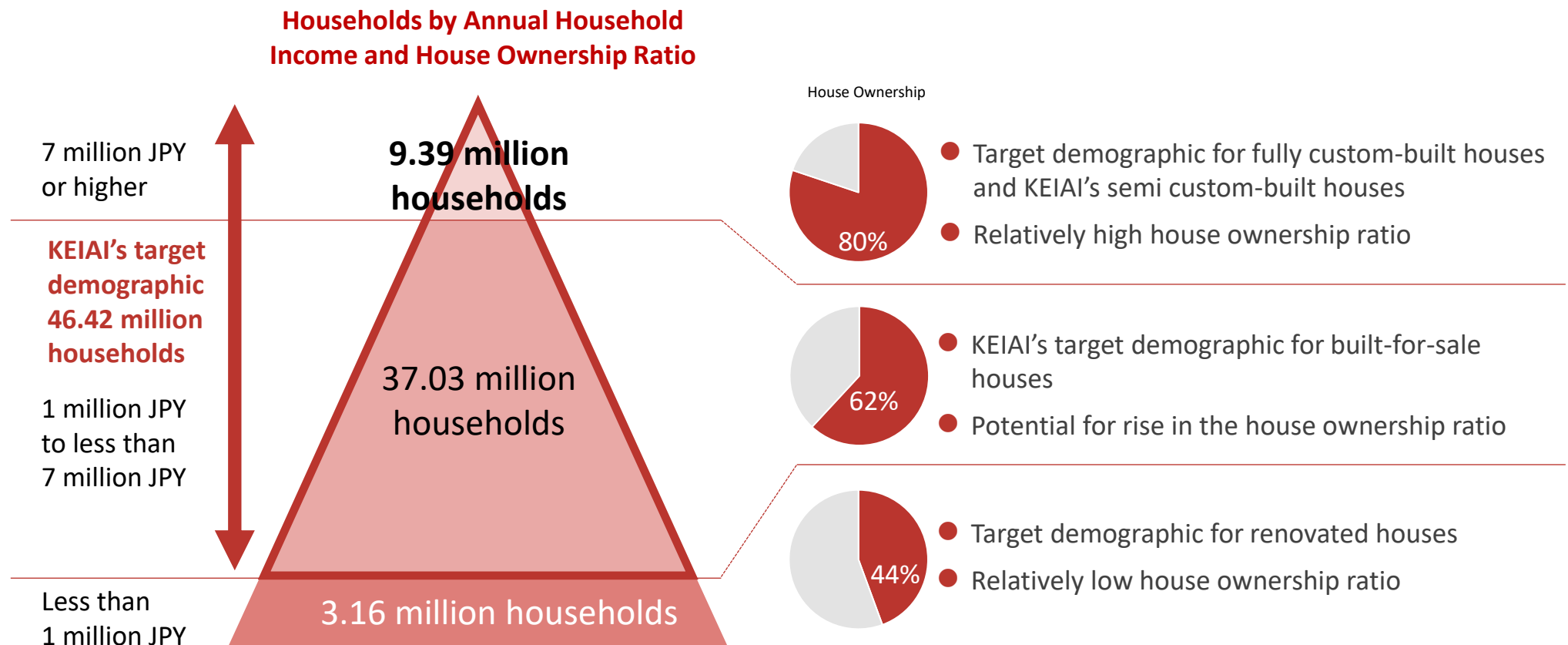


Secure funds and make investments for **more growth** of the homebuilding and sales business



# KEIAI's Target Market

KEIAI utilizes technology to supply high-quality and low-price design houses, creating a mass market inclusive of both the wealthy and those previously unable to become house owners.



Source) Ministry of Internal Affairs and Communications "Housing and Land Survey of Japan (2018)"

# Target Customers

## Area



- Regional cities
- Major cities designated by ordinance
- Semi-major cities (population of 100 thousand to 1 million)

## Property type



- Semi custom-built detached houses
- Compact town planning starting from a single house
- 25 to 30 million JPY

## Buyer



- Real demand
- In their 20s to 40s
- Annual household income: 2 to 6 million JPY range

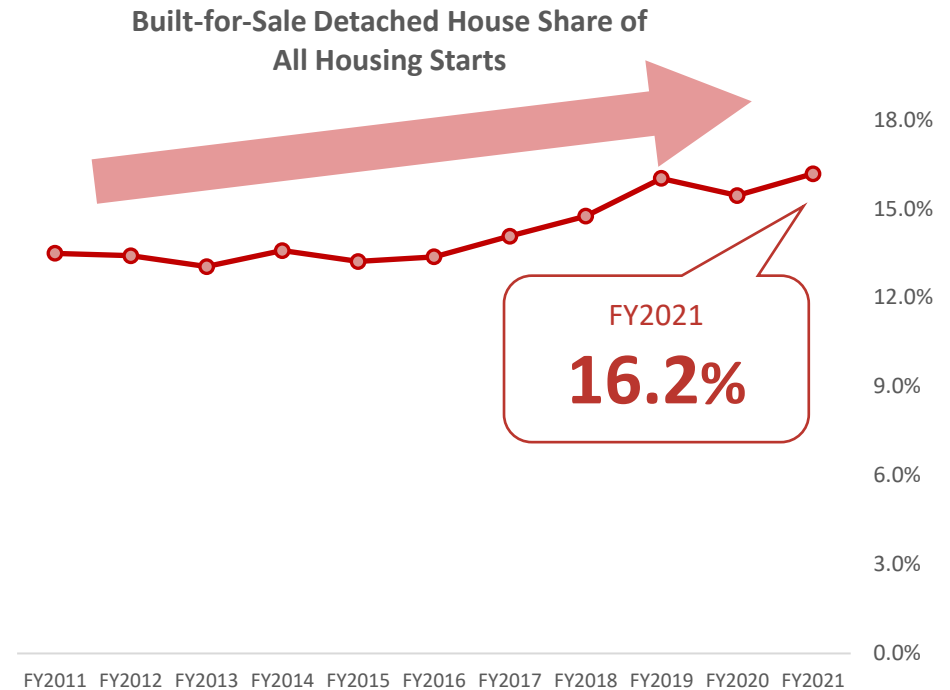
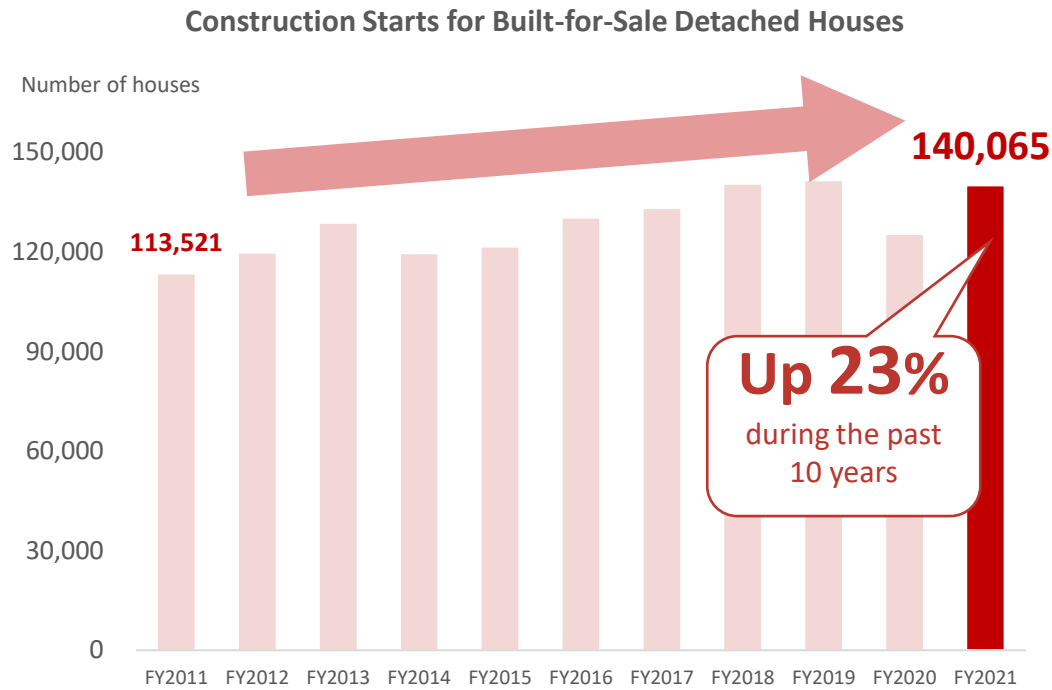
## Loan



- Housing loan
- City banks and regional banks nationwide
- Labor income of the buyer

# The Steady Increase of the Popularity of Built-for-Sale Detached Houses

The number of construction starts for built-for-sale detached houses has been increasing steadily during the past decade. Furthermore, these houses are climbing as a percentage of all housing starts.

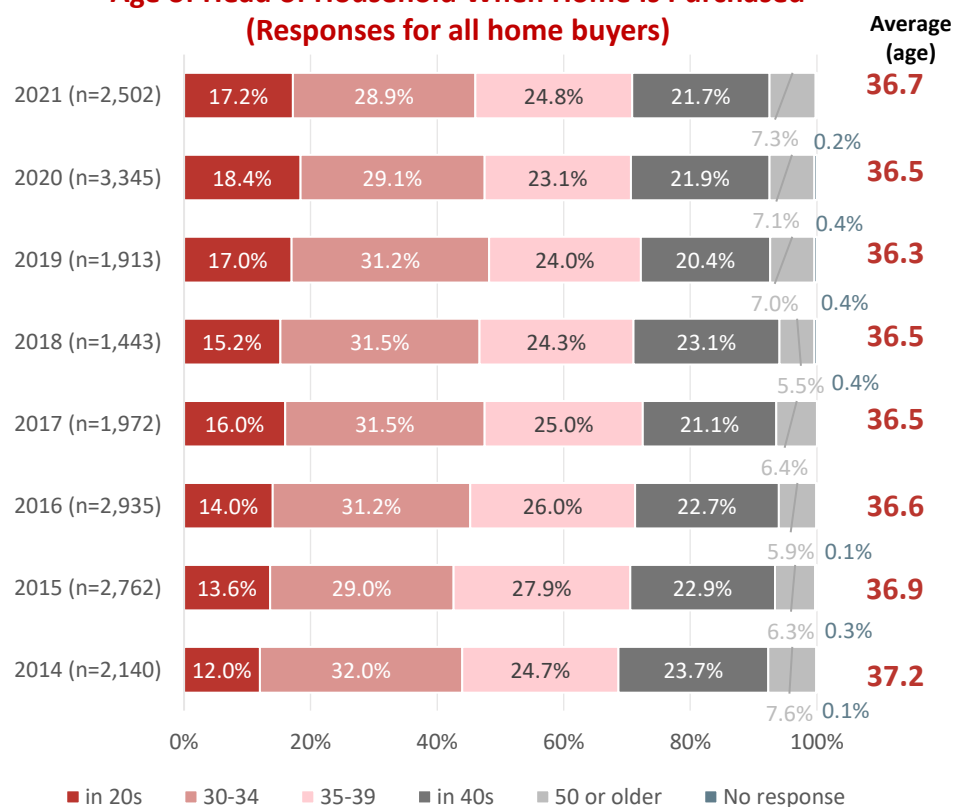


Source) Ministry of Land, Infrastructure, Transport and Tourism "Housing Construction Statistics"

# Detached House Buyers by Price and Head of Household Age

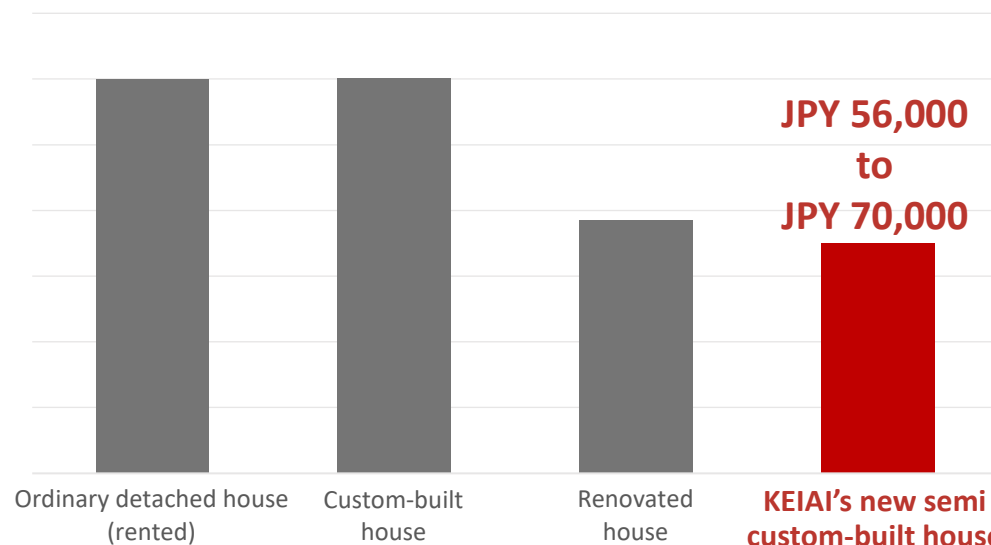
The declining trend in average age of home buyers hints that detached houses at lower prices may be preferred. KEIAI offers new semi custom-built houses at a cost lower than market level rent.

**Age of Head of Household When Home Is Purchased  
(Responses for all home buyers)**



Source) Recruit "2021 Trend Survey on Purchasers of Newly-built Detached Houses in Tokyo Metropolitan Area"

**Monthly Cost Comparison\*1**



\*1: Cost for ordinary detached house (rented) is estimated using the rent of average 3LDK detached houses in Takasaki, one of the key business areas of KEIAI.  
 Cost for custom-built house is the estimated monthly payment of a 35-year, 1% interest, mortgage for the full purchase price. Purchase price is based on the average national purchase price of custom built houses (with land) using Flat-35.  
 Cost for renovated house is the estimated monthly payment of 15-year, 1% mortgage for the full purchase price. Purchase price is estimated based on the average prices of past transactions in Takasaki.  
 Cost for KEIAI's new semi custom-built house is the estimated monthly payment of 35-year, 1% mortgage for the full purchase price. Purchase price is based on the average purchase price of 4 - 5LDK KEIAI built houses in Takasaki. The cost does not include expenses such as property tax.

# Benefits of KEIAI's Semi Custom-Built Housing

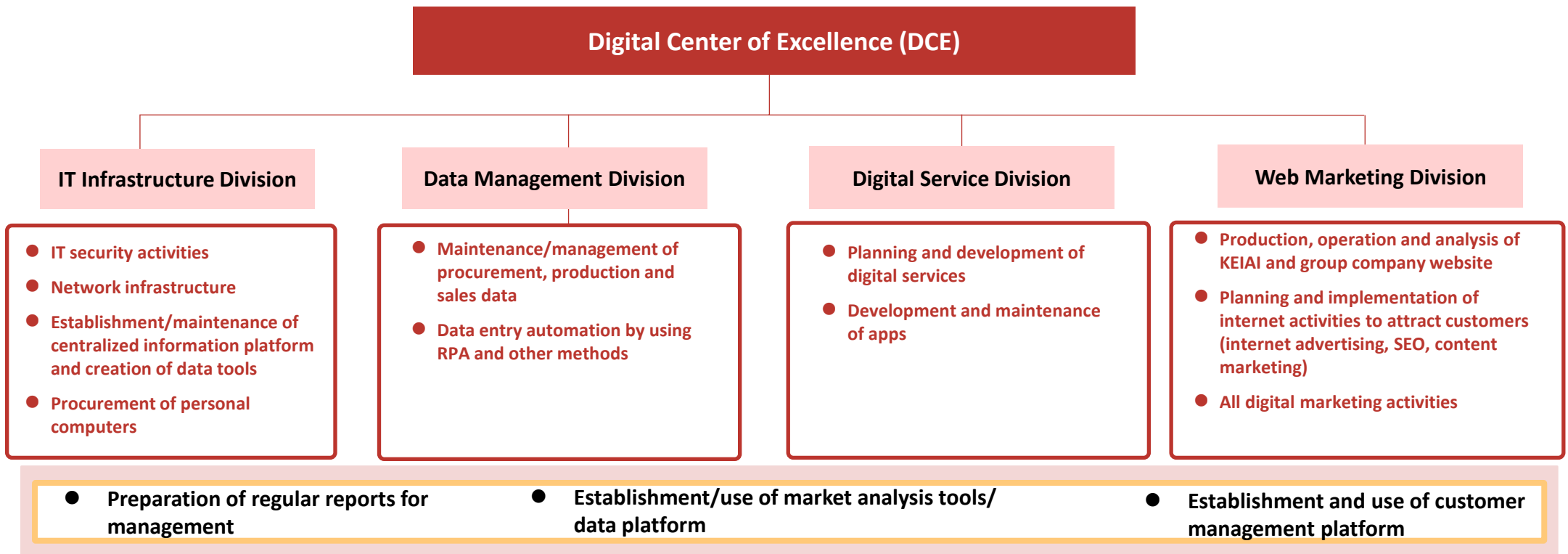
Offers a “fourth choice” for detached houses combining the benefits of both built-for-sale and custom-built houses

Features / property type	Built-for-sale houses	Custom-built houses	Remodeled houses	Semi custom-built houses
<b>Price</b>	Low to mid price	High price	Low price (Partial remodeling)	Low price
<b>Purchasing of land</b>	Generally, 7 houses lots or more	A single house	Existing house	Possible from 1 house lot
<b>Design</b>	Uniform design	Entire house is fully customized	Only part of a house is remodeled	Superb design by semi custom-building each entire house
<b>Earthquake resistance</b>	Complies with new earthquake resistance standards	Complies with new earthquake resistance standards	Includes old earthquake resistance standards	Complies with new earthquake resistance standards
<b>Time until move-in</b>	Short	Long	Short	Short
<b>Asset value</b>	Low to mid value (Suburban locations, uniform designs)	Low to high value (Influenced by owner preferences)	Low to mid value (Structure remains old)	High value (Good location selected using KEIAI's proprietary database, superb design)
<b>Sustainability</b>	High (Latest materials and fixtures, easy to repair due to using standard materials)	Low to mid (Maintenance cost is high because it is custom-made)	Low to mid (In some cases, another remodeling or rebuilding may be required)	High (Latest materials and fixtures, easy to repair due to using standard materials)

# Established a New Unit for More DX Progress

KEIAI established the Digital Center of Excellence for the purpose of centralizing all resources involving the digital transformation (DX).

The new center will quickly and efficiently handle KEIAI’s expanding and deepening DX requirements in order to speed up the business model and reinforce the KEIAI Platform, which is the foundation for the creation of value.



# Model House for Upgraded Version of the IKI One-story House Opens in Chiba

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In August 2022, KEIAI Group member Casa Robotics began operating a model house sales area using its Milelun avatar robot for a new version of the IKI one-story semi custom-built house. The sales area is in the city of Kashiwa in Chiba prefecture. Demand for one-story houses is strong in Chiba. These houses have been upgraded while retaining the key IKI smart home features along with environmental friendliness (decarbonization) and affordability.

## Features

1. All structural lumber is from trees grown in Japan and houses have fences and decks made of lumber from trees grown in Gunma prefecture.
2. New version of IKI Iki-Iki Electricity that allows homebuyers to start using solar power with no initial payment.
3. Big upgrade of the Internet of Things (IoT) platform to provide houses that are even more “smart,” more secure and more advanced.



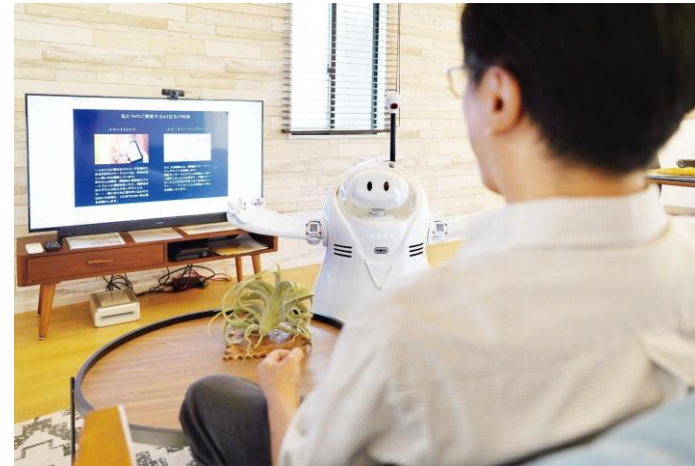
Artist's rendering of the IKI model house in Kashiwa, Chiba

For more information about IKI: <https://hiraya.ai/>

# Launch of Model Houses with Entertainment and Explanations

In February 2022, KEIAI Group member Casa Robotics and Mechacoma Co., Ltd. (Head office: Tokyo; CEO: Kei Sato) started an avatar robot service for providing information to customers at model houses. Going one more step, these robots have now started to explain specific features of houses while adding an element of entertainment for model house visitors. Enhancement of this service was done by individuals who work from home and have a history of “hikikomori” (see note).

Starting this service demonstrates the ability to use individuals with a “hikikomori” background as a new source of labor for the housing industry. The new service also shows that avatar robots can be used to upgrade technologies for serving customers.



Desktop avatar robot  
Minimilelun



Mobile avatar robot Milelun



Note: Hikikomori is defined as individuals who do not participate in social activities (school, work, outings) for a variety of reasons. As a rule, this term is used for people who stay at home almost entirely for at least six months (including outings where they do not interact with anyone). <https://www.mhlw.go.jp/content/12000000/000808501.pdf>



# A New Meister Evaluation Program for Quickly Training Skilled Construction Workers

KEIAI subsidiary KI Craft Co., Ltd. has established a Meister Program for the purpose of using new standards for evaluating the skills of craftspeople during their training. The goal of the new system is to enable a variety of people to be accurately evaluated so they can quickly acquire skills and work at construction sites.

In Japan's construction industry, aging workforces and shortages of skilled construction workers are serious problems. KEIAI has established a new website to strengthen recruiting activities for craftspeople as the number of houses built by the KEIAI Group continues to climb and KEIAI continues to expand operations with the goal of nationwide coverage.

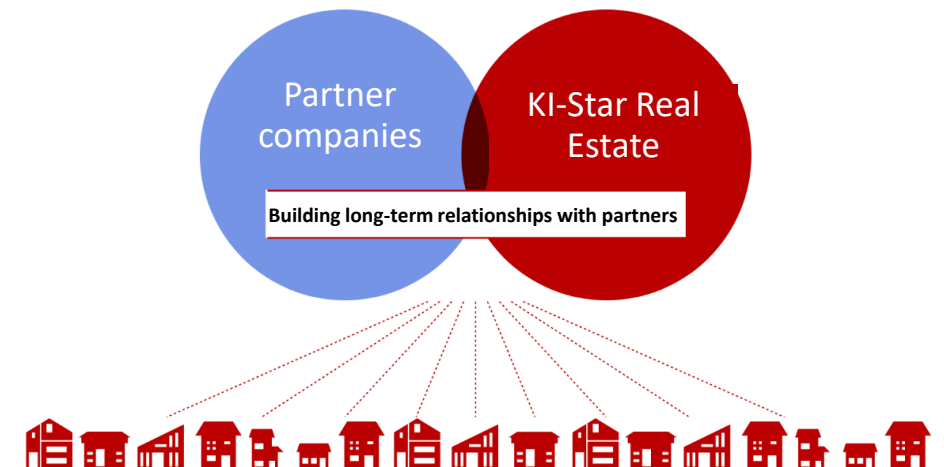


\*Mask was removed only for this photo

KI Craft: <https://ki-group.co.jp/craftsman/>

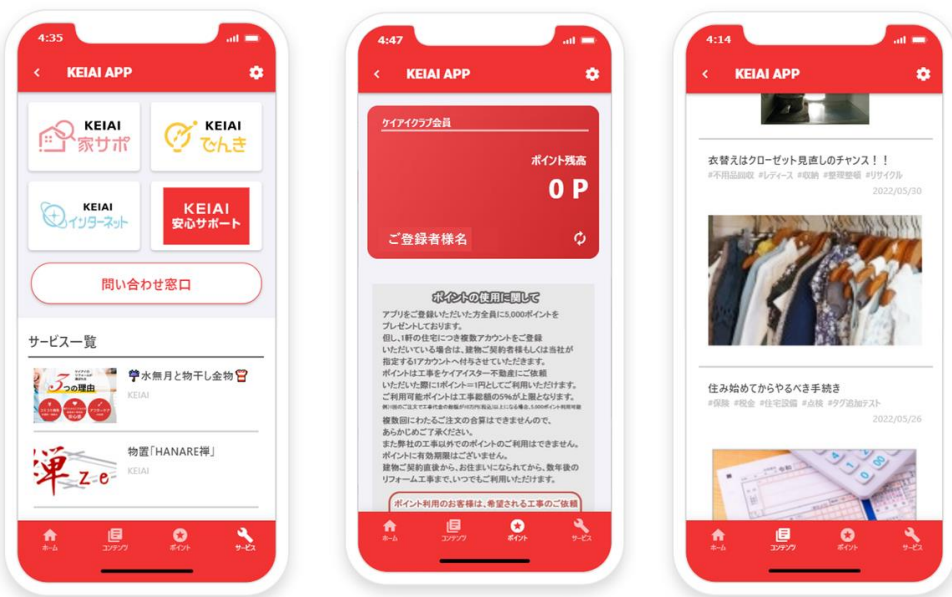
Recruiting website: <https://recruit.ki-group.co.jp/craftwork/>

# KEIAI

 The KEIAI Recruiting Website

# New Version of the KEIAI Plus App for Homebuyers

KEIAI will soon release a revised and improved version of KEIAI Plus, an app for providing support to members of the KEIAI homeowners club. Demonstration trials started at some KEIAI stores on August 9, 2022.



Incorporated in a KEIAI database and used for developing new products and services

## KEIAI Plus



- Services for more convenience**  
 Support for starting an internet connection, 24-hour on-site assistance, reduced prices for various products through partner companies, and other benefits
- Receipt and management of KEIAI Points**  
 Users receive points that can be used to receive services on the app
- Useful information about houses**  
 Distribution of many types of information, extending from life hacks to mortgage tax deductions

### Examples of app services



# KEIAI Wins a Kids Design Award for the Fourth Time and Third Consecutive Year

■ Winning product: Life with playing under trees and eaves for everyone (Location: Saitama prefecture)

■ Award category: Designs for a positive environment for raising children

## ■ Summary

- On a site for two houses, this design creates a space for playing underneath trees and the eaves of the houses. Parents can watch their children play while working at home or doing housework.
- This is a location where children can play while being outside somewhat. At the same time, parents can be confident because children are still at home.
- Allowing children to play outside the house creates opportunities to meet and interact with neighbors.
- The aim of this design is the creation of neighborhoods where children can be raised in a safe and positive environment backed by all residents.



Information about KEIAI awards: <https://ki-group.co.jp/jusho/>

\*Kids Design Awards are given by the Kids Design Association, with is supported by the Ministry of Economy, Trade and Industry, Cabinet Office and Consumer Affairs Agency

# Forward-looking Statements

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This presentation includes information about future performance and other items that are not historical facts. This information was prepared by using certain assumptions at the time that this presentation was prepared. Actual performance may differ significantly from forward-looking statements due to a variety of uncertainties.

This presentation was prepared for the purpose of providing general IR information for giving people a better understanding of the KI-Star Group and is not a solicitation to invest in KI-Star. Individuals who use the information in this presentation should reach investment decisions on their own.

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Please contact us by filling in the necessary information from the "IR Inquiries" page of our website.