

KEIAI

デザインのケイアイ

Third Quarter 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 Vision

House ownership for everyone

1Q-3Q FY3/23 Highlights

- Sales increased 17.7% YoY to 160.2 billion JPY, which is a new record for sales. Ordinary profit decreased 20.7% to 14.1 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. This progress is laying the groundwork for more top-line growth in FY3/24.
- The gross profit margin is still high but decreased because of a large volume of sales activities and measures to maintain a high inventory turnover as the real estate market returned to normal after the temporary upturn due to the pandemic. Revised the FY3/23 forecast as consistent property purchases continue along with a high inventory turnover to aim for a larger market share.
- We are using the KEIAI Platform and compact house model to aim for rapid nationwide expansion. Investments will continue for faster expansion to more areas of Japan and increasing production capacity. Our goal is consistent annual consolidated sales growth of at least 15% by using these measures to increase our market share.

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1. 1Q-3Q FY3/23 Financial Summary

Consolidated Statement of Income (First Nine Months)

Net sales 160.2 billion JPY (up 17.7% YoY), a new first nine months record. Ordinary profit decreased 20.7% to 14.1 billion JPY and profit attributable to owners of parent decreased 19.4% to 9.0 billion JPY.

(JPY mil.)

	1Q-3Q (Apr-Dec) of FY3/22		1Q-3Q (Apr-Dec) of FY3/23		YoY change
	Amount	Proportion	Amount	Proportion	
Net sales	136,112	100.0%	160,209	100.0%	17.7%
Gross profit	30,374	22.3%	27,807	17.4%	-8.4%
SG&A expenses	12,214	9.0%	13,123	8.2%	7.4%
Operating profit	18,159	13.3%	14,683	9.2%	-19.1%
Ordinary profit	17,885	13.1%	14,183	8.9%	-20.7%
Profit attributable to owners of parent	11,235	8.3%	9,055	5.7%	-19.4%

Consolidated Statement of Income (3Q)

3Q sales increased 27.2% YoY to 56.7 billion JPY, an all-time quarterly high. Ordinary profit decreased 25.4% YoY to 4.2 billion JPY and profit attributable to owners of parent decreased 22.6% to 2.6 billion JPY.

(JPY mil.)

	3Q (Oct-Dec) of FY3/22		3Q (Oct-Dec) of FY3/23		YoY change
	Amount	Proportion	Amount	Proportion	
Net sales	44,624	100.0%	56,757	100.0%	27.2%
Gross profit	9,600	21.5%	8,841	15.6%	-7.9%
SG&A expenses	3,854	8.6%	4,527	8.0%	17.5%
Operating profit	5,745	12.9%	4,313	7.6%	-24.9%
Ordinary profit	5,638	12.6%	4,208	7.4%	-25.4%
Profit attributable to owners of parent	3,470	7.8%	2,687	4.7%	-22.6%

Revision to FY3/23 Consolidated Forecast

We have revised the consolidated forecast for the fiscal year ending March 31, 2023. We forecast net sales of 220 billion JPY (up 19.3% YoY), ordinary profit of 18 billion JPY (down 22.4% YoY), and profit attributable to owners of parent of 12 billion JPY (down 18.6% YoY).

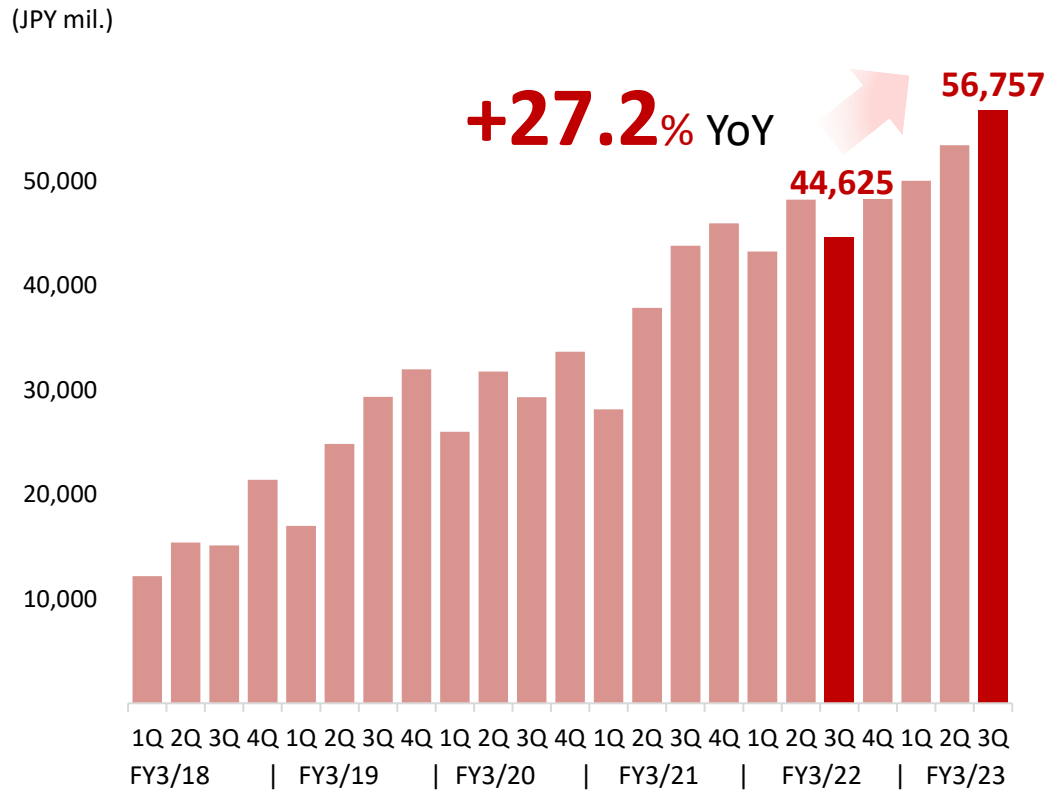
(JPY mil.)

	FY3/22 consolidated results (reference)	FY3/23 consolidated forecast (initial forecast)	FY3/23 consolidated forecast (revised)	YoY change
Net sales	184,388	220,000	220,000	19.3%
Operating profit	23,659	25,500	18,500	-21.8%
Ordinary profit	23,203	25,000	18,000	-22.4%
Profit attributable to owners of parent	14,746	16,000	12,000	-18.6%

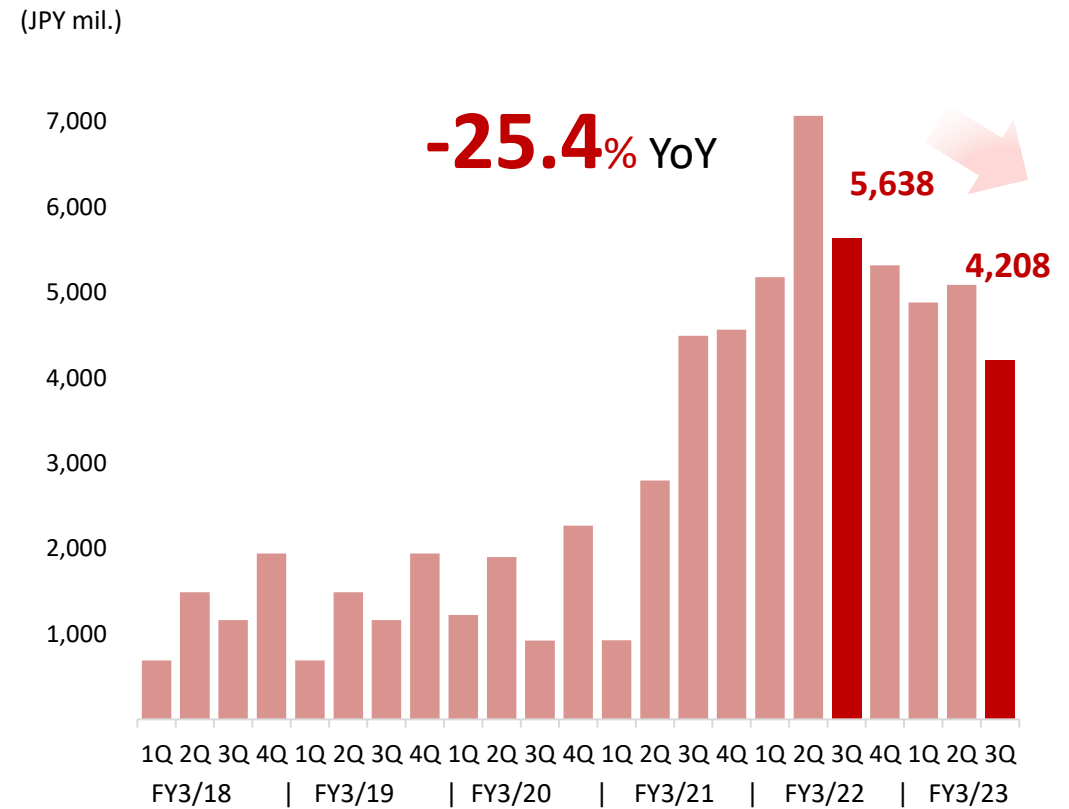
Quarterly Results (Consolidated)

3Q sales increased 27.2% YoY to 56.7 billion JPY, an all-time quarterly high. Ordinary profit was 4.2 billion JPY.

Quarterly Sales

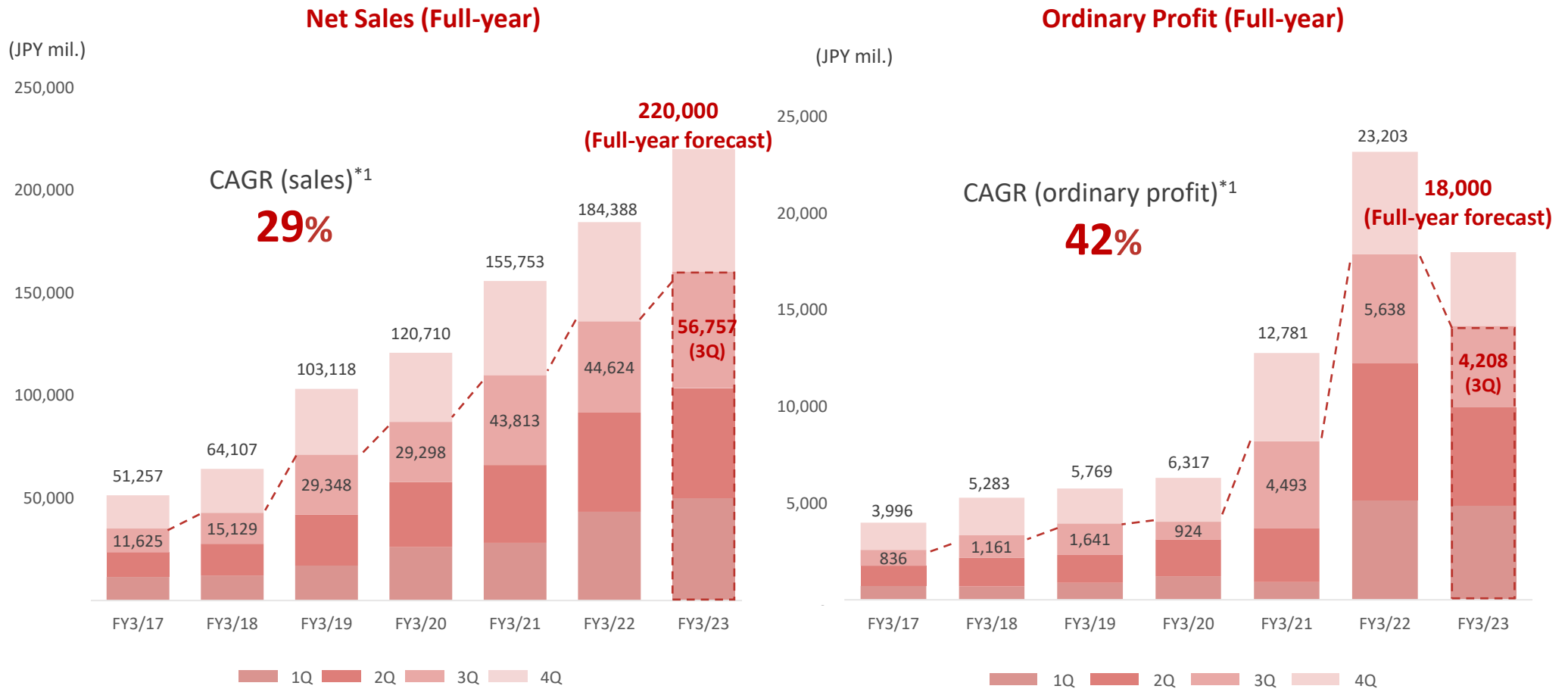


Quarterly Ordinary Profit



Consolidated Sales and Earnings

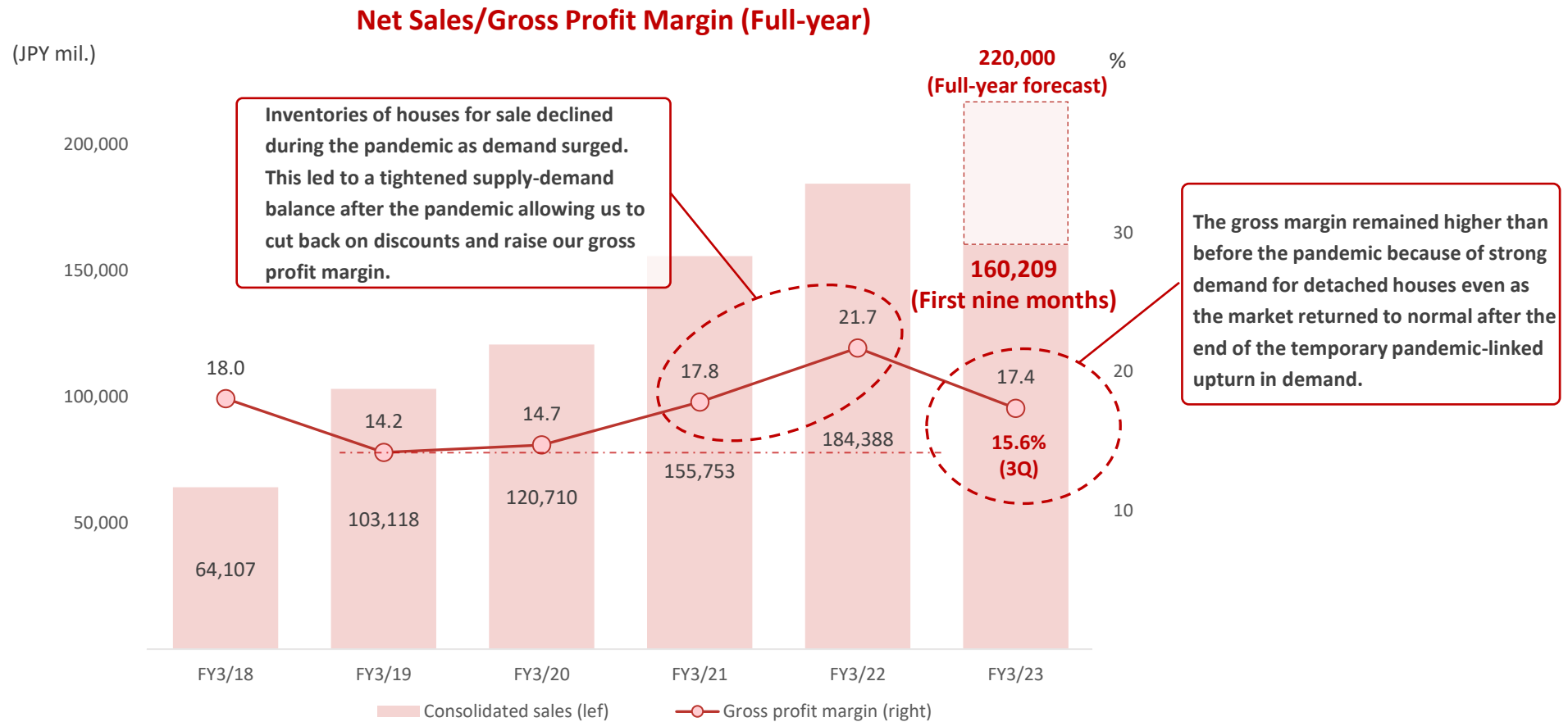
Steady growth of consolidated sales, which is a key performance indicator, is continuing.



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

Results of Operations: Sales / Gross Profit Margin / Ordinary Profit

The gross profit margin is still higher than before the pandemic even as the business climate returns to normal following the temporary extra demand caused by the pandemic.



Segment Performance (1)

Sales growth continues by accelerating and strengthening the shift to the development model of compact ready-built house throughout the Group.

(Unit of sales and profit: JPY mil.)

		First nine months of FY3/22	First nine months of FY3/23	YoY change	Remarks
Homebuilding and sales (including land)	Houses sold	2,703	3,161		Higher sales due to growth strategy progress, lower operating profit due to intensive sales activities
	Sales	93,463	109,144	+16.8%	
	Operating profit	15,971	13,285	-16.8%	
Custom-built housing	Houses sold	103	181		Higher sales and operating profit despite upfront SG&A expenses due to higher orders for IKI
	Sales	1,967	3,348	+70.1%	
	Operating profit	73	96	+30.5%	
Yokatown	Houses sold	Built-for-sales houses (including land): 647 Custom-built houses: 53	Built-for-sales houses (including land): 727 Custom-built houses: 39		Higher sales due to focus on built-for-sale house business, lower operating profit due to intensive sales activities
	Sales	18,435	20,511	+11.3%	
	Operating profit	2,127	973	-54.2%	
Asahi Housing	Houses sold	Built-for-sales houses (including land): 197	Built-for-sales houses (including land): 249		Higher sales and operating profit due to focus on built-for-sale house business
	Sales	8,441	10,710	+26.9%	
	Operating profit	1,395	1,448	+3.8%	

Segment Performance (2)

Sales growth continues by accelerating and strengthening the shift to the development model of compact ready-built house throughout the Group.

(Unit of sales and profit: JPY mil.)

		First nine months of FY3/22	First nine months of FY3/23	YoY change	Remarks
Kensin	Houses sold	Built-for-sales houses (including land): 186 Custom-built houses: 96	Built-for-sales houses (including land): 271 Custom-built houses: 91		Higher sales and operating profit due to focus on built-for-sale house business
	Sales	9,879	13,950	+41.2%	
	Operating profit	741	799	+7.7%	
KEIAI Presto	Houses sold	Built-for-sale houses (including land) and custom-built houses: 26	Built-for-sale houses (including land): 62		Higher sales and operating profit due to focus on built-for-sale house business
	Sales	691	1,679	+142.8%	
	Operating profit	17	127	+624.1%	

Consolidated Balance Sheet

Total assets were 202.5 billion JPY and net assets 53.3 billion JPY.

(JPY mil.)

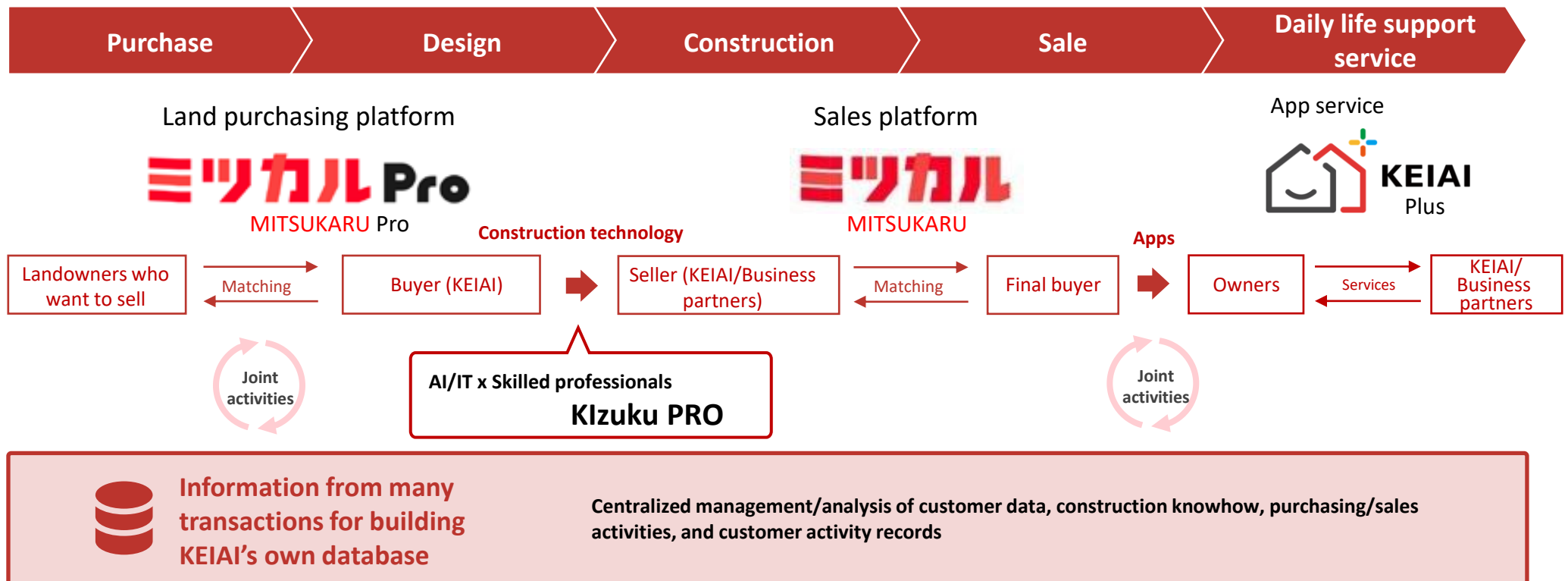
	March 31, 2022	December 31, 2022	Increase/decrease
Current assets	155,686	195,126	39,439
Non-current assets	7,554	7,439	(114)
Total assets	163,240	202,565	39,325
Current liabilities	91,652	117,965	26,313
Non-current liabilities	22,550	31,243	8,693
Total liabilities	114,202	149,209	35,006
Net assets	49,037	53,356	4,318
Total liabilities and net assets	163,240	202,565	39,325

2. Business Model

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



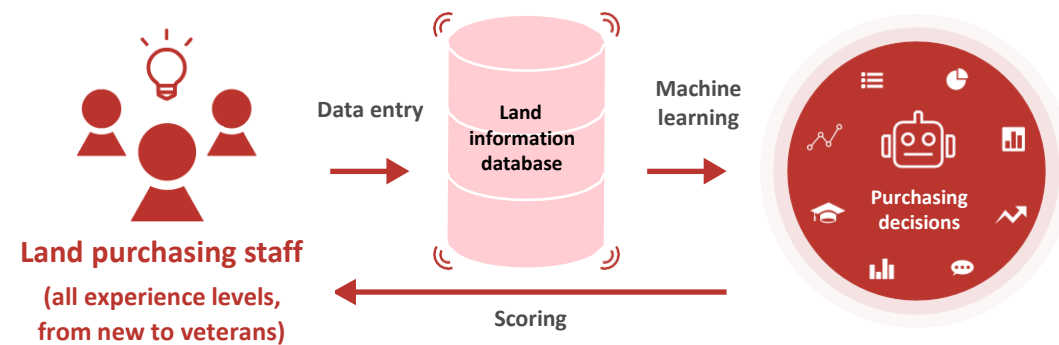
Land Purchasing Platform MITSUKARU Pro

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.

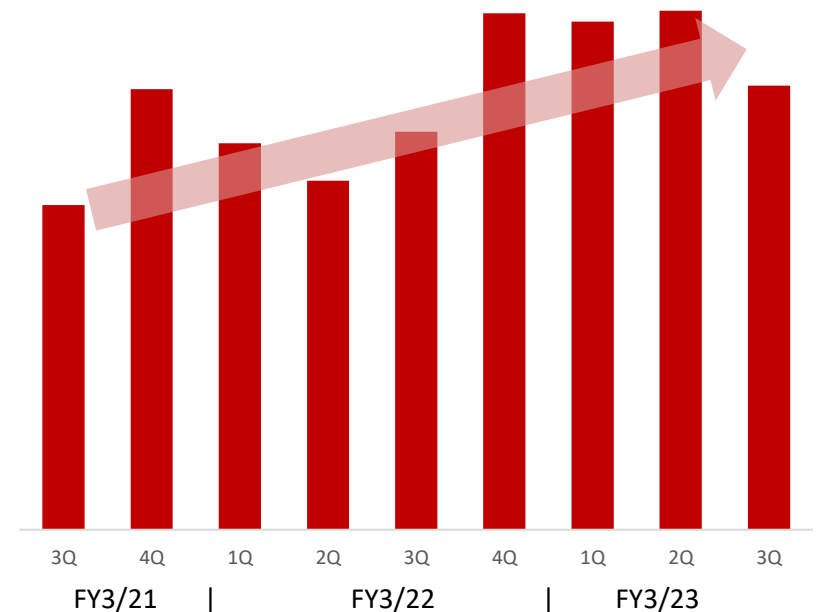


- AI and other systems assist relatively new land purchasing personnel
- Highly accurate land purchases are possible by using data covering more than 30,000 potential land purchases in prior years and data about more than 10,000 transactions

No. of land information data entries*1 About **37,000/Q**



Land information data entries



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

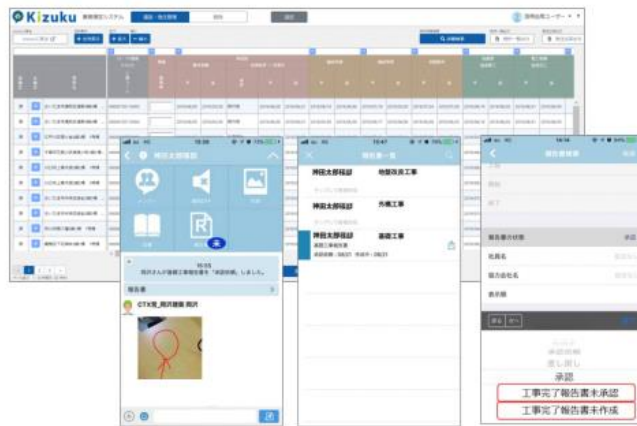
- Big data reduces risk involving the compact, ready-built house business model; also optimizes pricing of land purchases by using market data and real-time data on KEIAI houses for sale

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

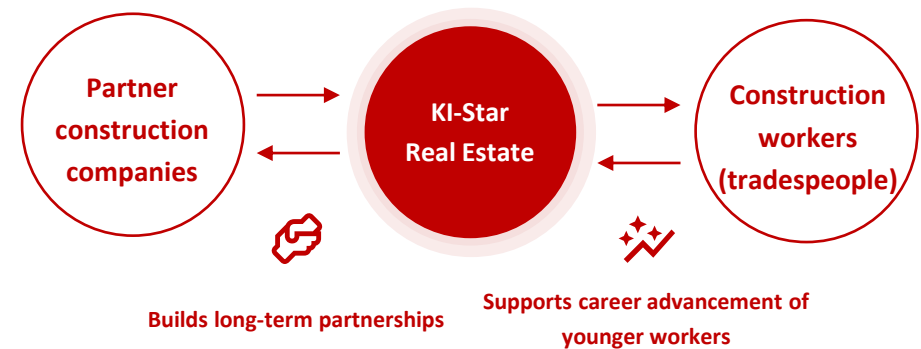
The Kizuku Pro Construction Platform

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

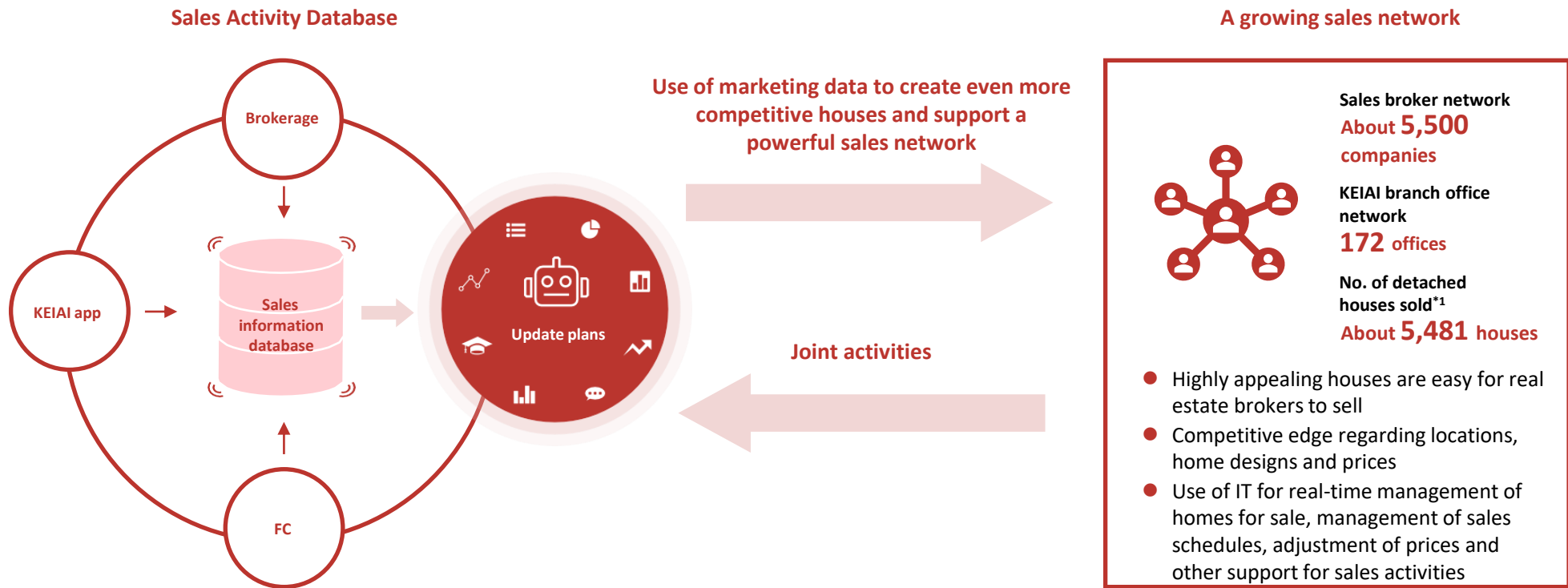


- Group chat for communications with individual properties
- Real-time monitoring of daily reports and completion reports
- Designs and photos can be easily shared by using smartphones and tablets

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

Sales Platform MITSUKARU

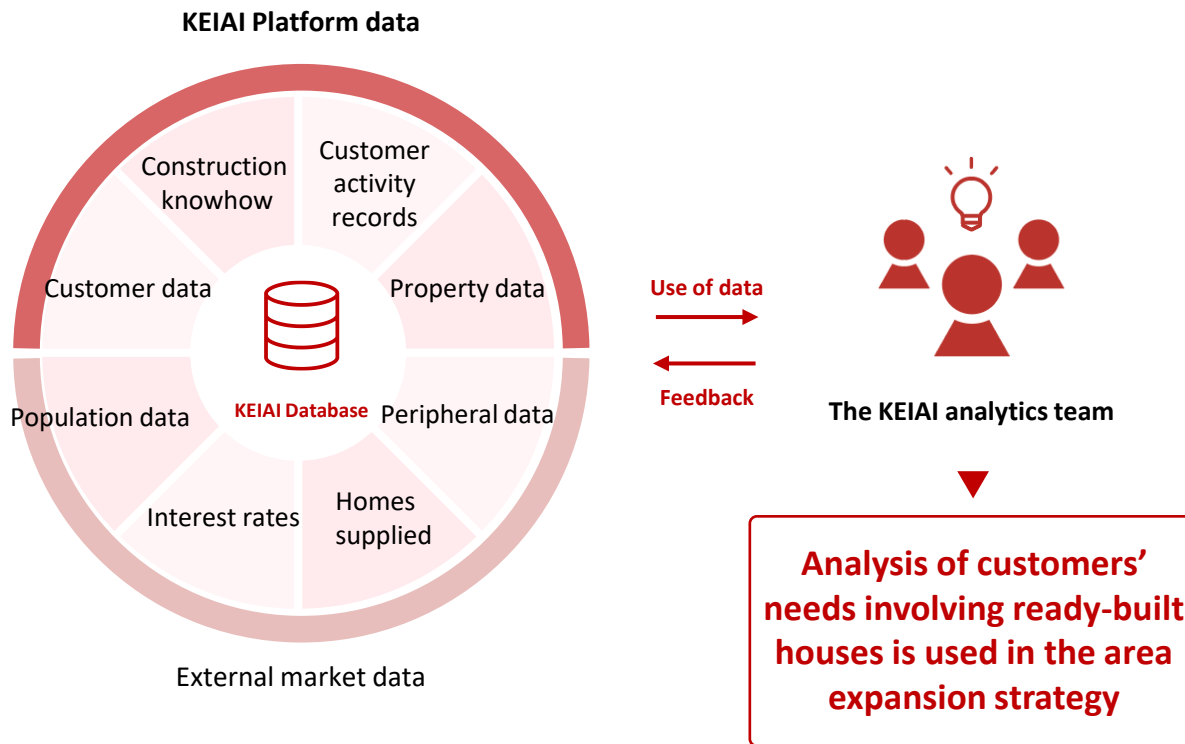
Strengthen sales network by using a database encompassing marketing activities spanning many sales channels, such as a powerful network of real estate brokers, KEIAI's own matching website, a network of franchised locations and KEIAI app members.



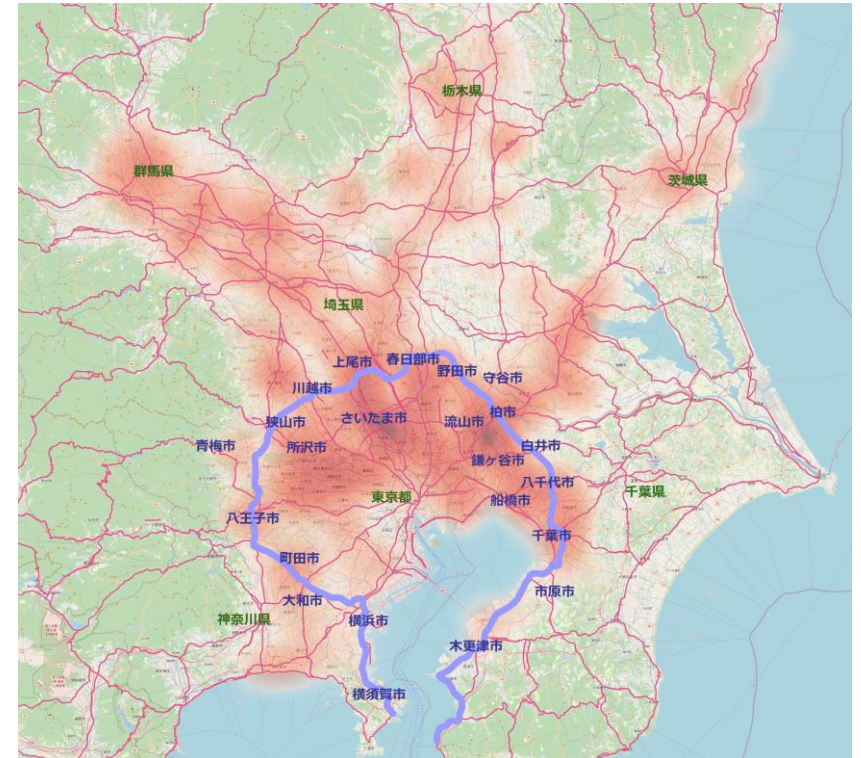
*1: Number of houses sold in FY3/21.

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)

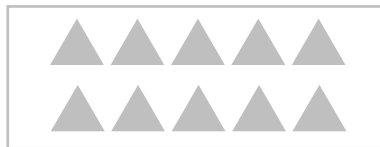


Advantages for Purchasing Lots Due to the Development of Compact Ready-built Houses

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

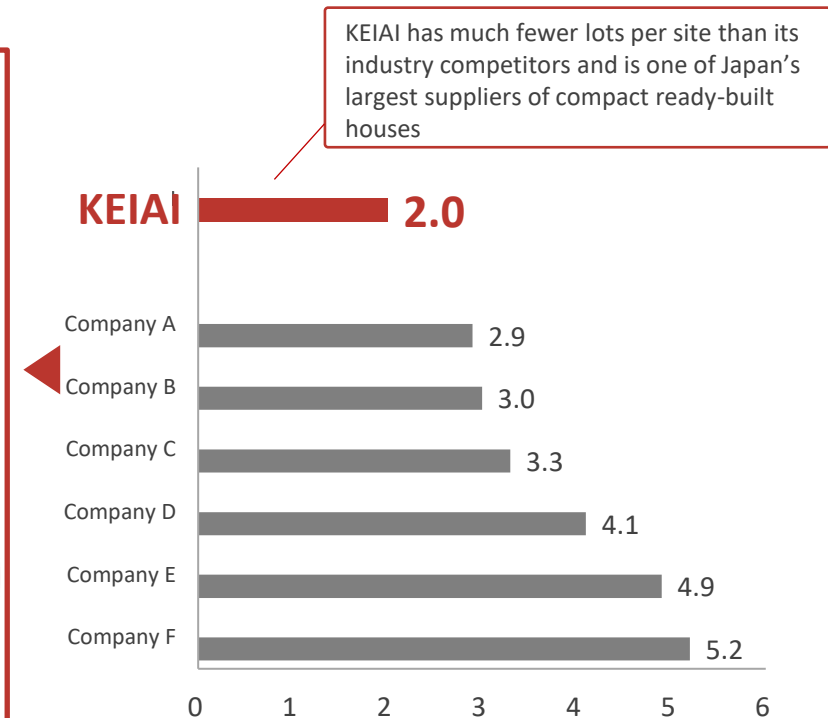


Increase in the number of land data entries

- 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



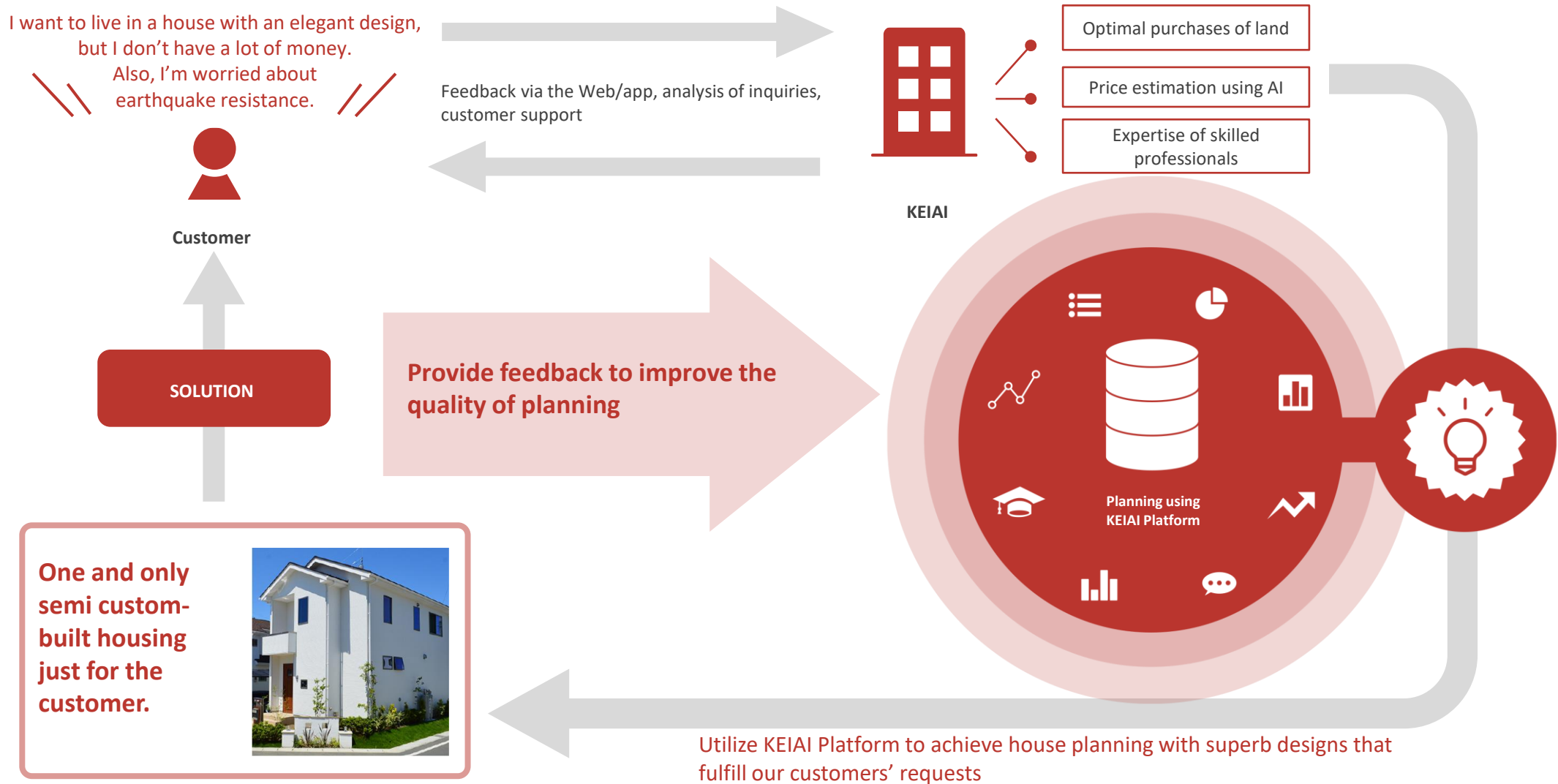
Avg. number of lots*1 in housing developments



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



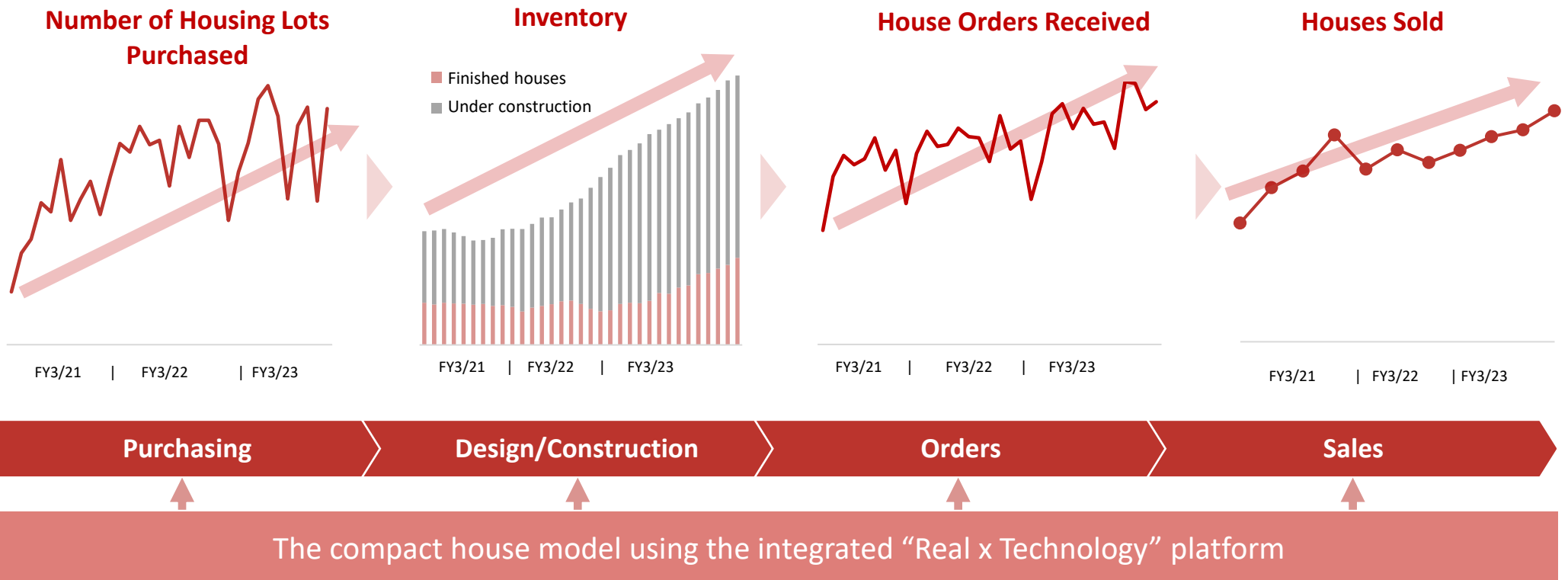
Semi-custom Built Houses by KEIAI

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



Growth Backed by the KEIAI Platform

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 number of houses ordered and sold has been increasing year after year.



Note: Figures are actual for the Group (excludes group companies through M&A)

3. Growth Strategy

Medium-term Goals (1): Priority Performance Indicator

KEIAI is expanding rapidly nationwide by using the KEIAI Platform and the business model of building and selling compact houses. Our goal is consistent annual consolidated sales growth of at least 15% by using investments for the rapid expansion to more areas of Japan and the growth of production capacity in order to raise the number of houses we supply year after year and our market share.

Medium-term goal

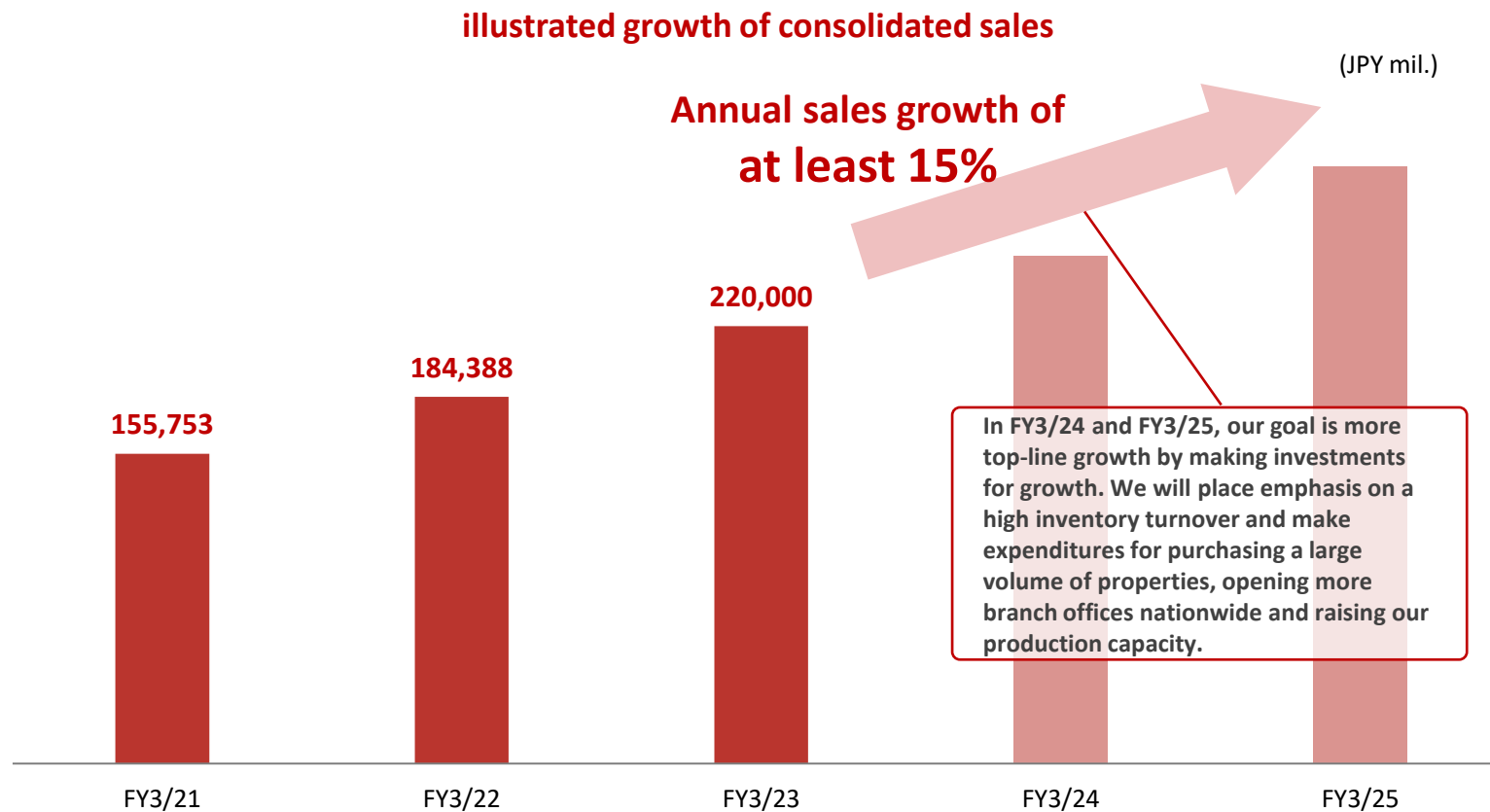
**Increase our share of
Japan's built-for-sale
house market**

Priority performance indicator

**Consolidated sales
(Annual growth of at least **15%**)**

Medium-term Goals (2): Directions for the Growth

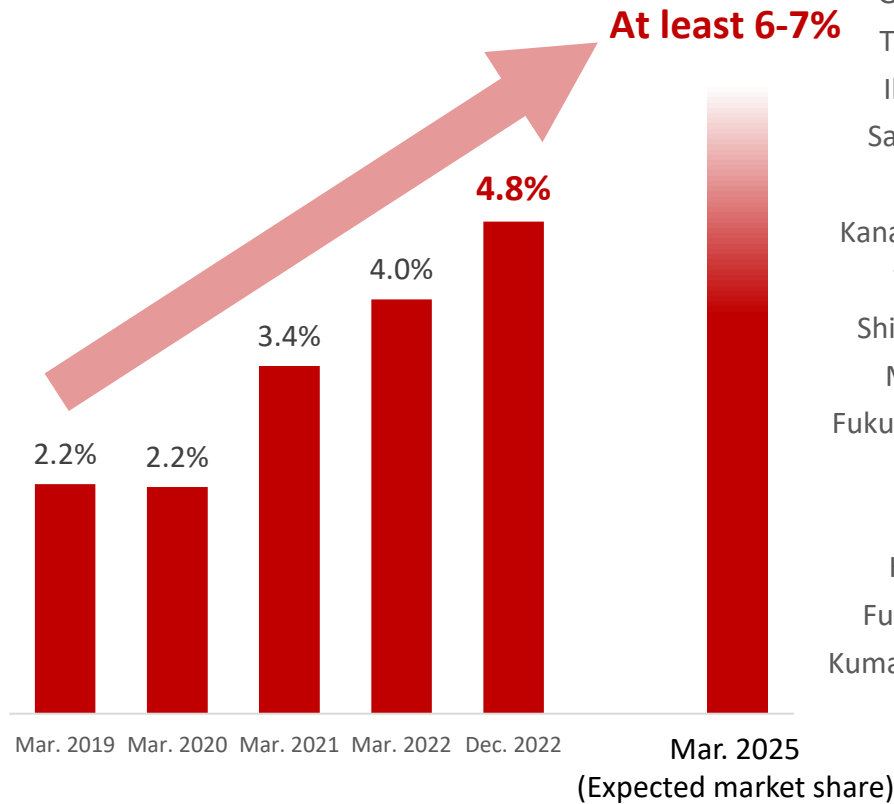
In FY3/24 and FY3/25, our goal is annual consolidated sales growth of at least 15% as we make investments for growth while maintaining a high inventory turnover. Investments are used mainly for purchasing a large volume of properties to increase our market share, expanding the land procurement network throughout Japan and raising production capacity.



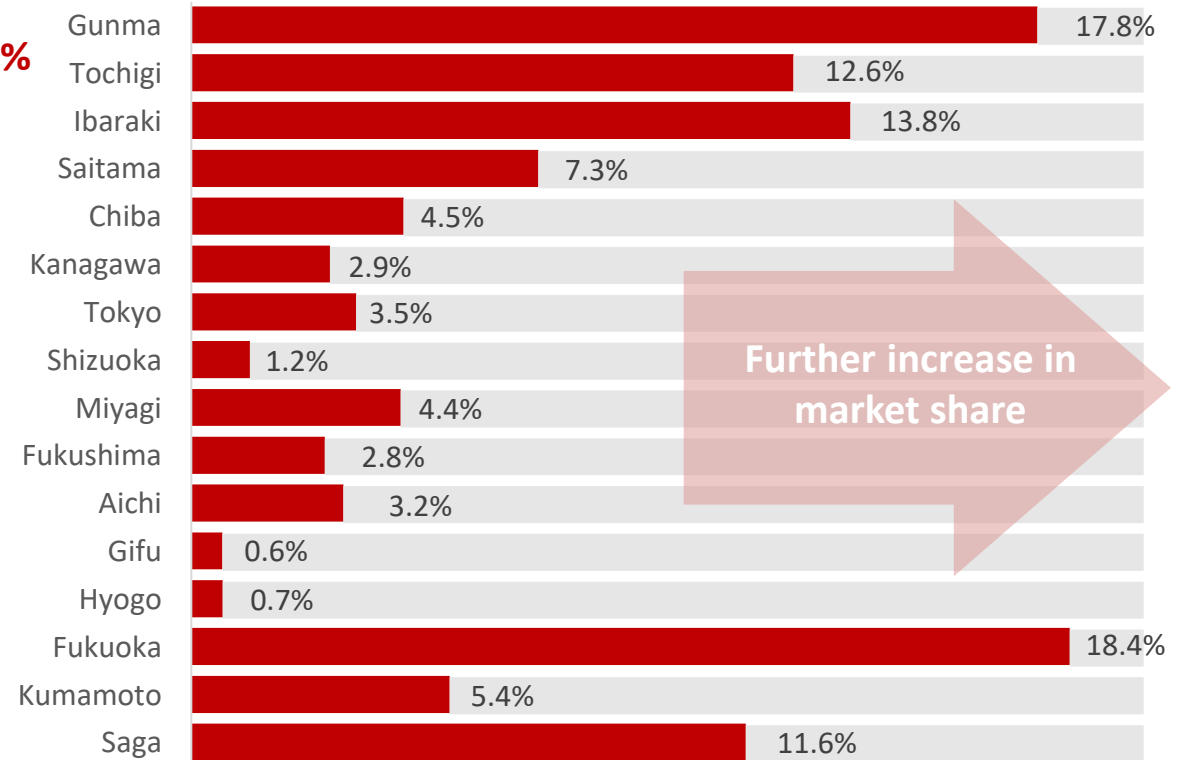
KEIAI Group's Share in Nationwide and Current Markets

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)



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

Medium-term Growth Strategy

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.

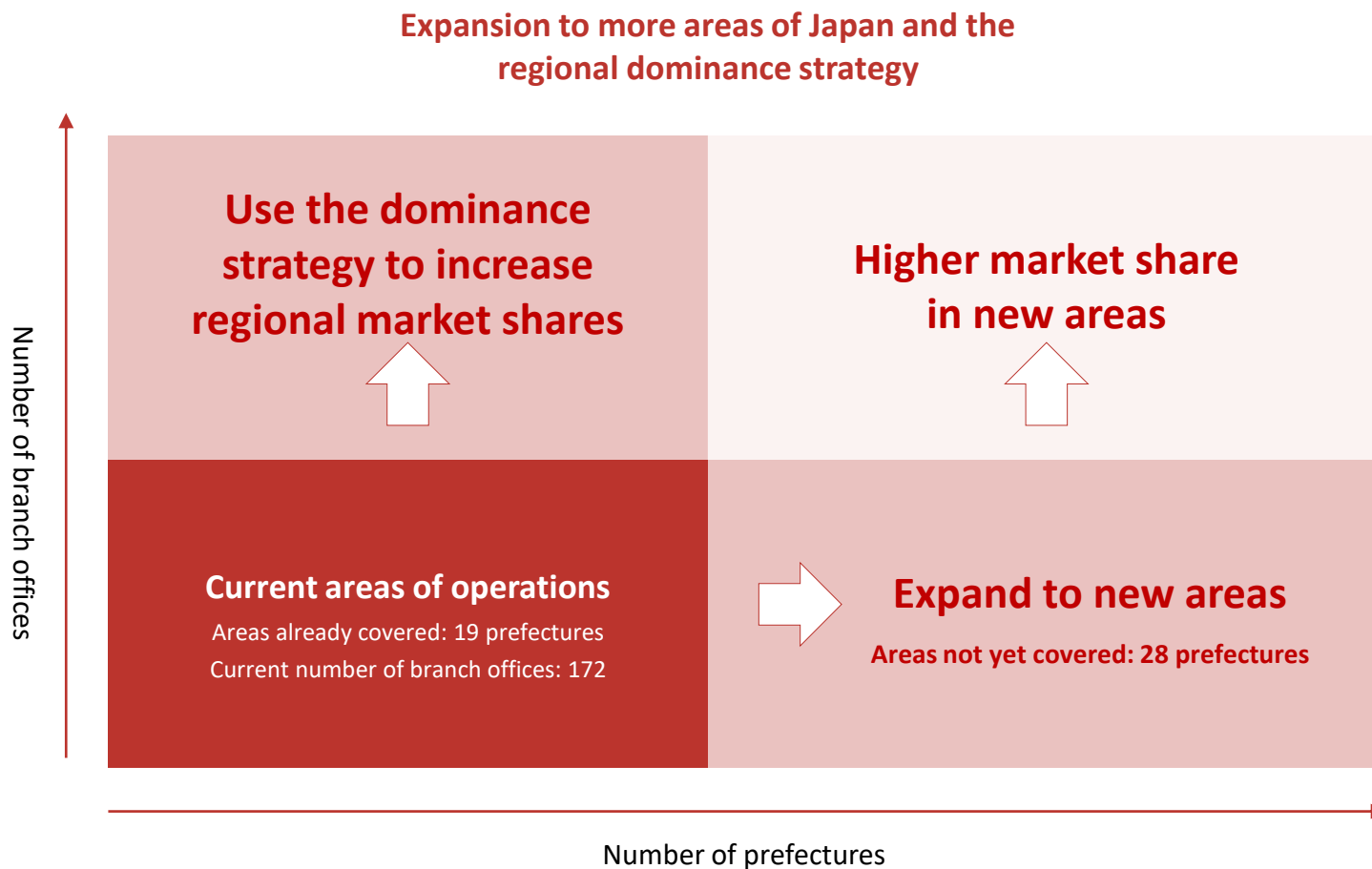
A business model centered on the KEIAI Platform and compact houses



**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.



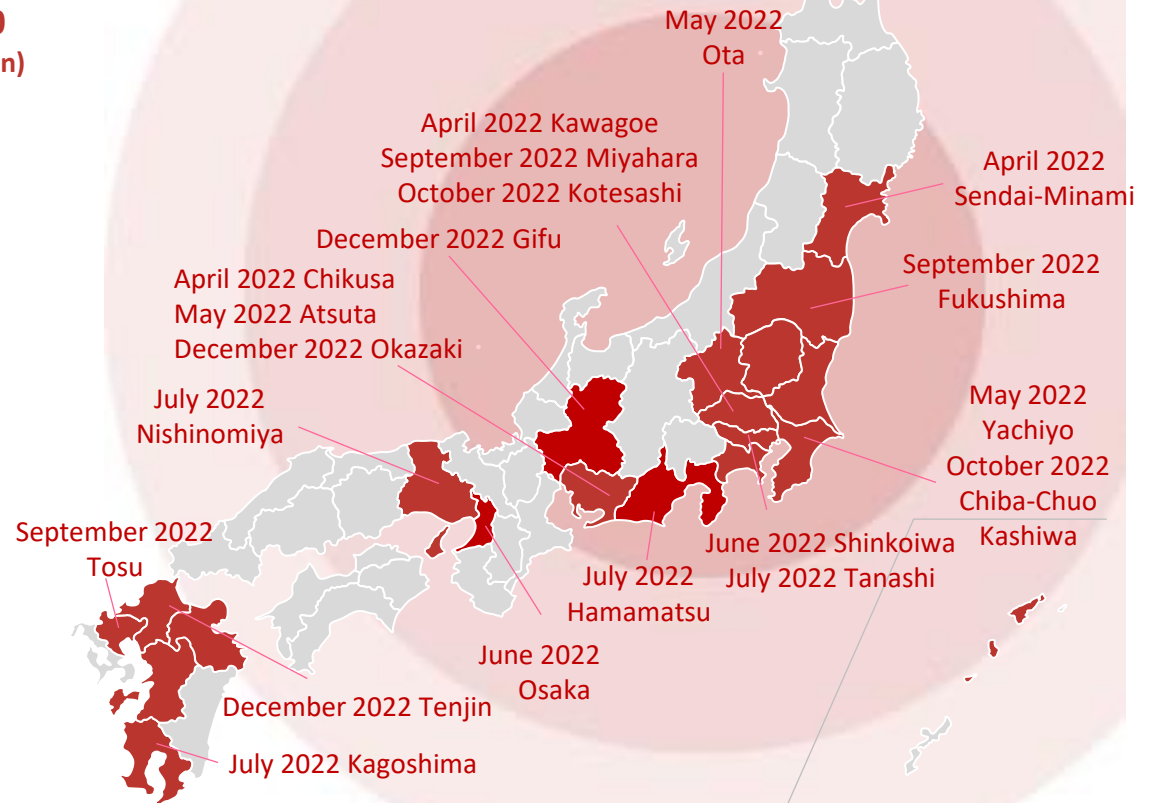
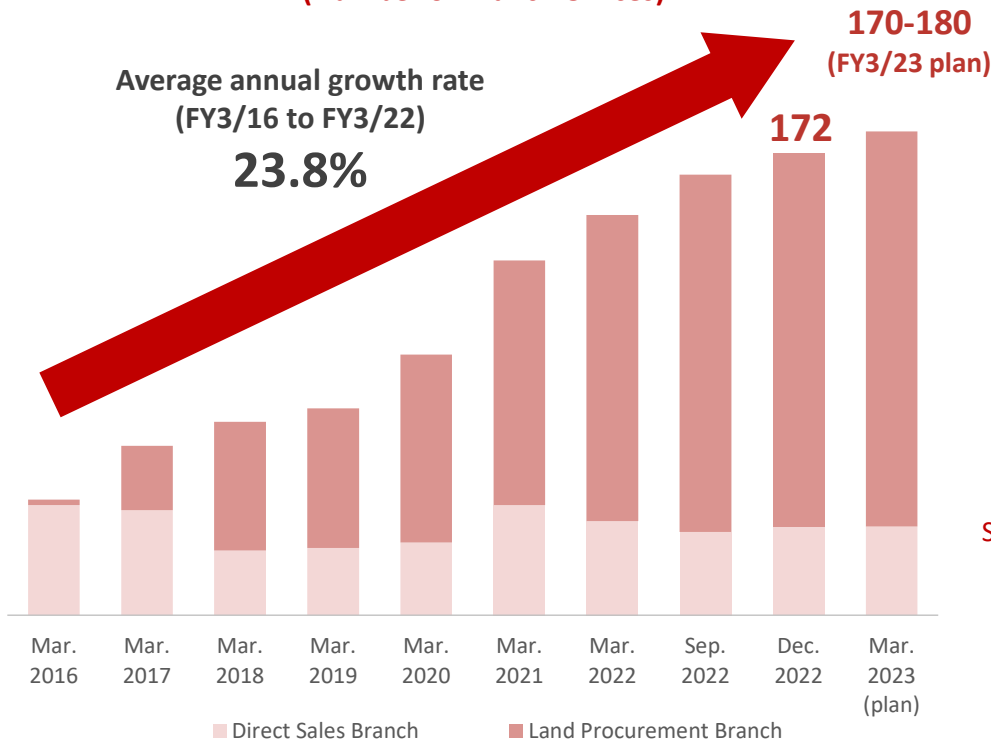
Growth of Purchases and Sales in Newly Added Regions of Japan

Continuing to expand to more areas of Japan while opening more branch offices in current areas of operation and recently added areas

Growth of the Land Procurement and Sales Branch Office Network (Number of Branch Offices)

Average annual growth rate
(FY3/16 to FY3/22)

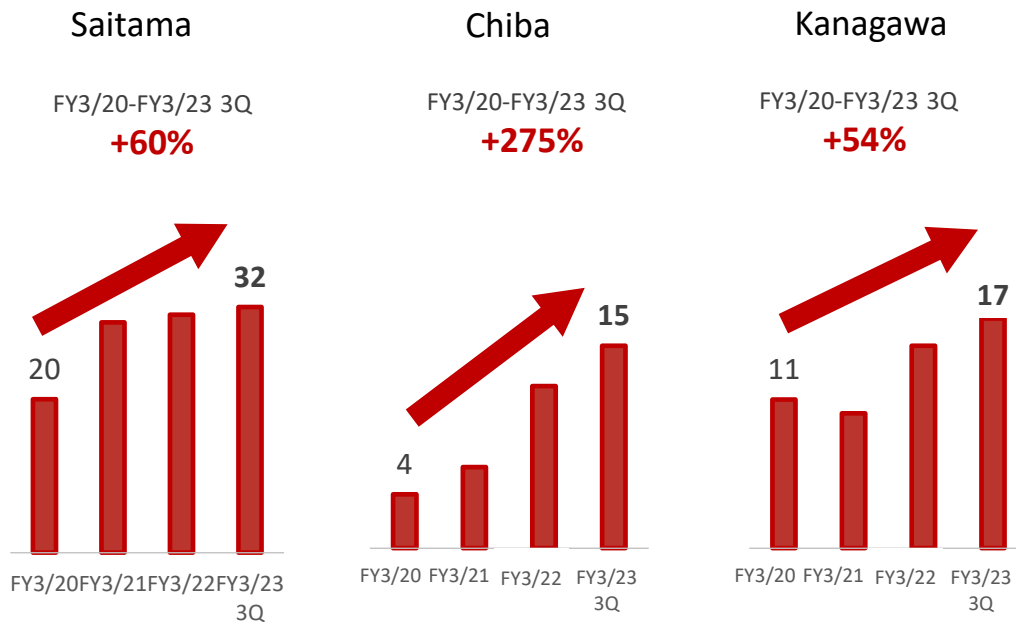
23.8%



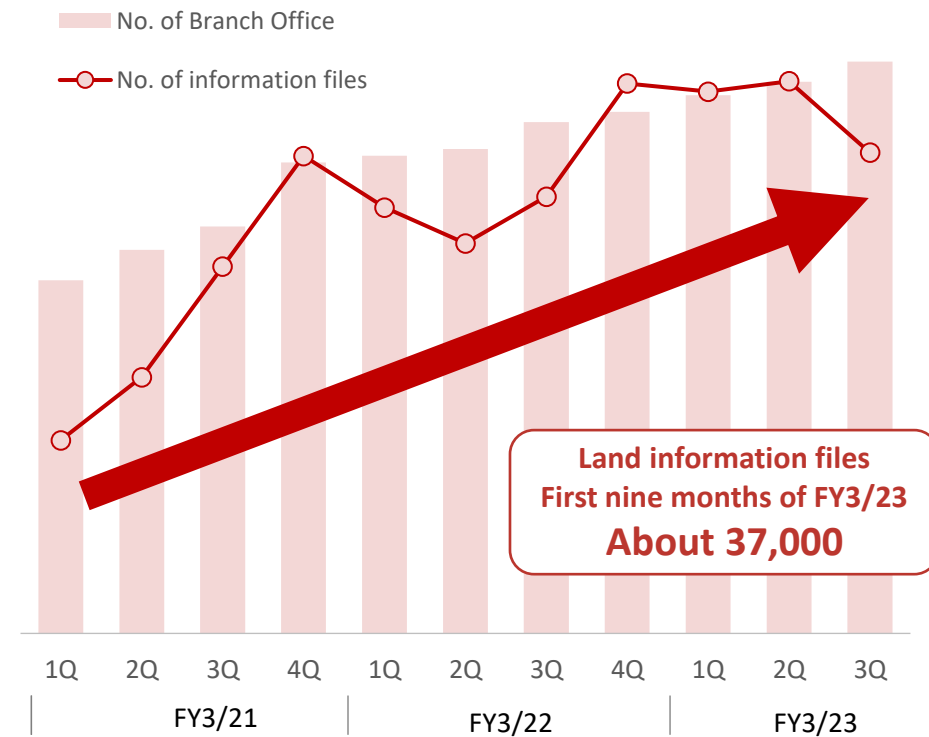
Expansion to More Areas of Japan Raises the Volume of Land Information

Rapidly opening branch offices to cover more areas of Japan as well as to continue increasing the capability to collect information used for purchasing land for new houses

Number of Branch Offices in Tokyo Area Prefectures

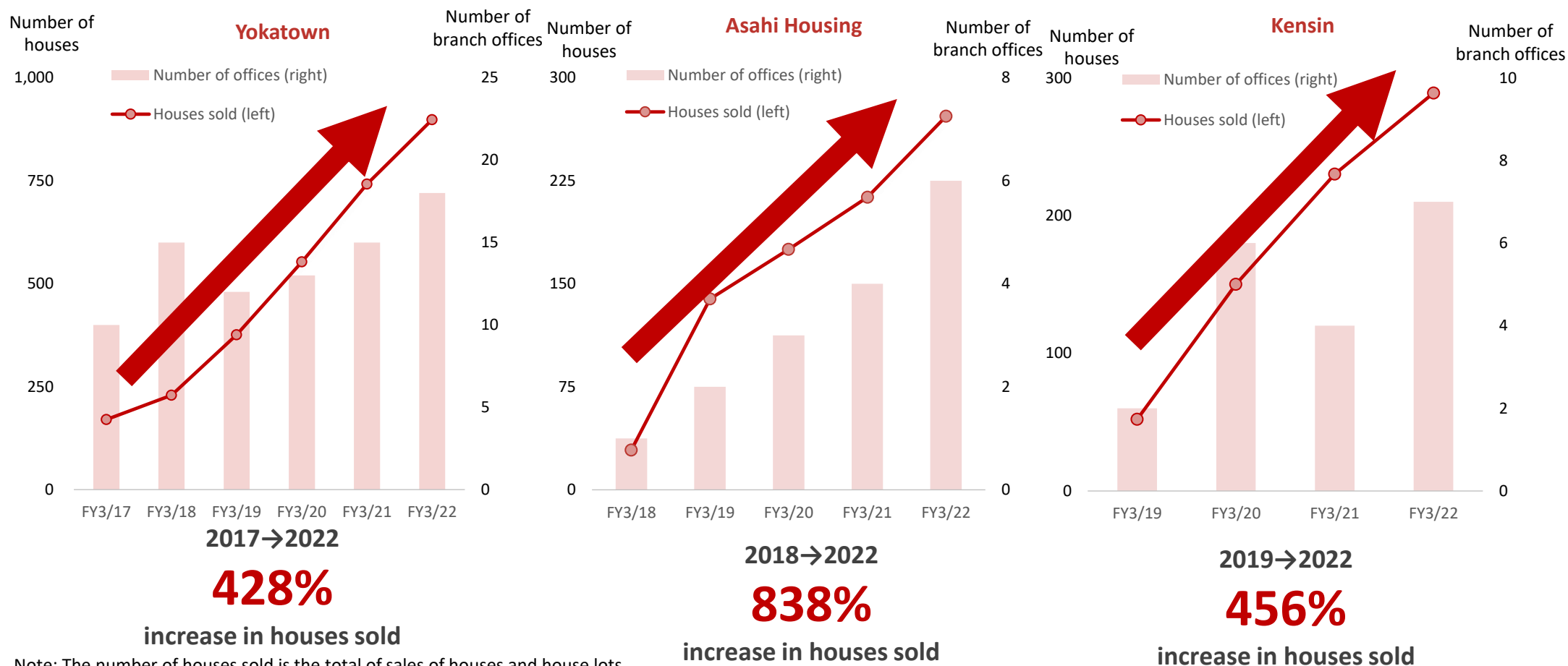


Number of KEIAI Branch Offices and Information about Land



Rapid Network Expansion – Growth of the KEIAI Group

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

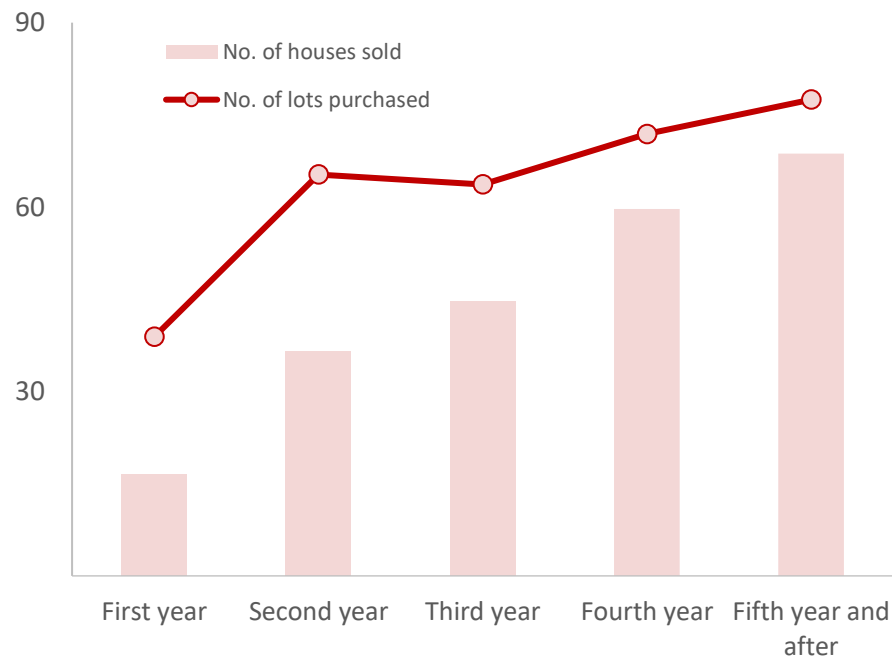


Growth of the Branch Office Performance by Using the KEIAI Platform

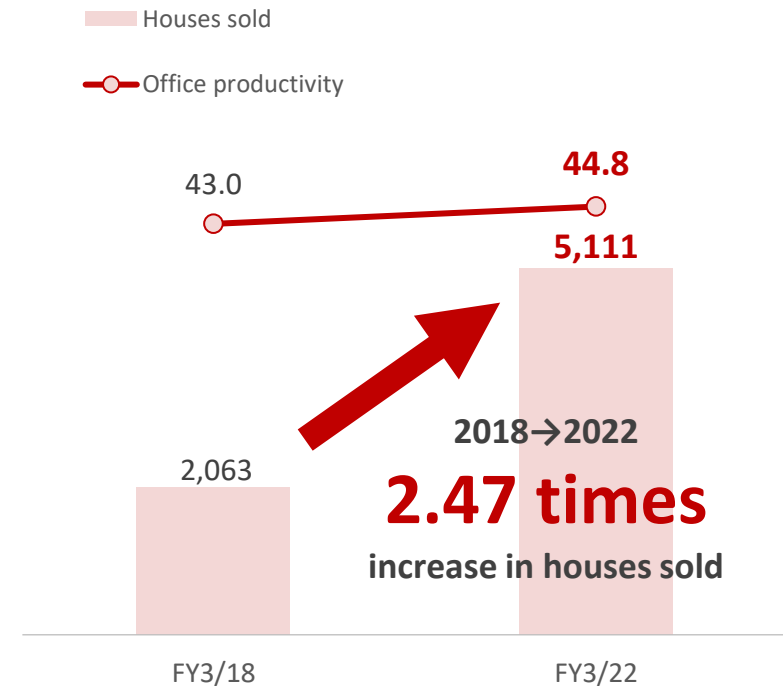
The KEIAI Platform is used in newly added areas of Japan to enable rapidly increasing the number of branch offices while raising the productivity of each branch office.

Growth of Purchases and Sales per Branch Office*1

Units: Lots, houses



Growth of Group House Sales and Office Productivity*2



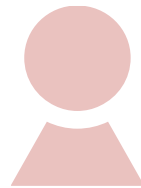
*1: For the number of houses sold by KEIAI branch offices (broker sales), comparison using averages for the first four years of operations of offices opened in the same year (FY3/22 Result)

*2: Office productivity is the number of houses sold per office in the KEIAI Group, which is calculated by using the number of sales to individuals and the number of sales to companies.

Rapid Training of Office 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



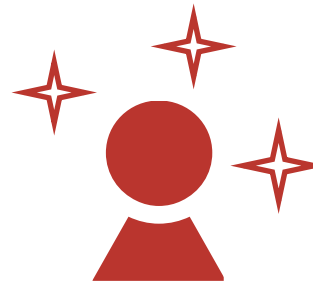
Housing development
experience (Projects per year)

7 to 10 years

Office managers = Years needed
to become skilled at purchasing
land

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

KEIAI land procurement
personnel



3.6 years^{*1}

*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

Increasing Homebuilding Capacity

Developed a system of reliable supply of compact houses for sale based on the “Real x Technology” supply model.

Build a base for a consistent supply of houses

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

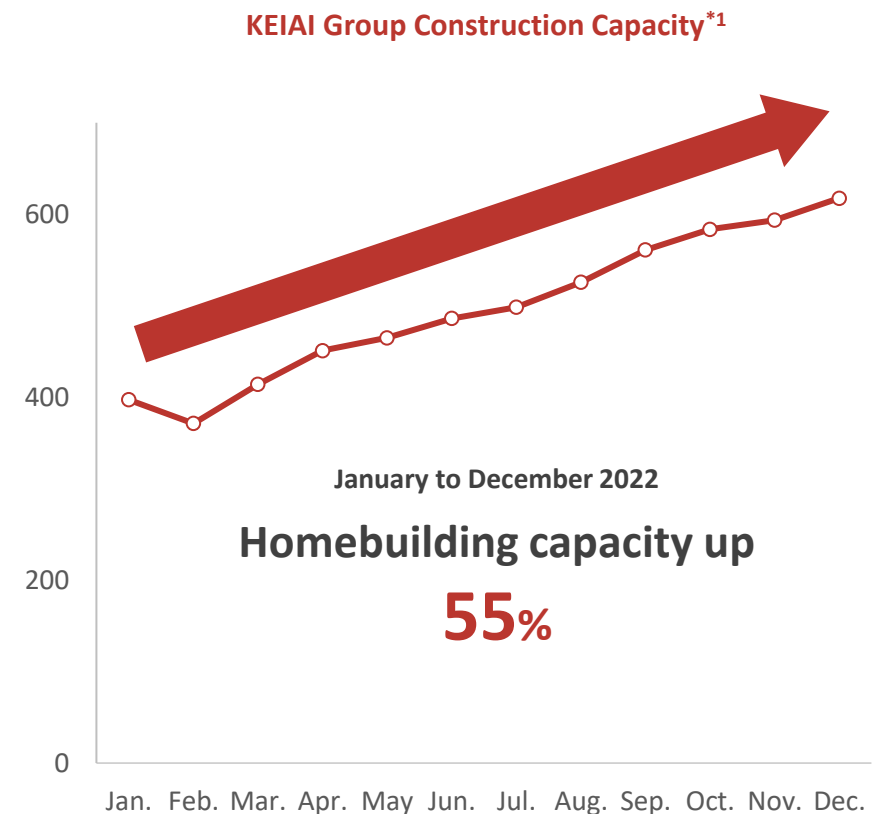
- Placing carefully planned orders based on forecasts using KEIAI PF makes it possible to order materials and other supplies ahead of competitors.
- Reliable and consistent procurement of materials and other supplies due to high-volume purchasing power backed by the third-largest volume of houses supplied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

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 28 prefectures. Use of analytics team for the branch office expansion

Increase productivity

Broader network in new areas

Open branch offices 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.

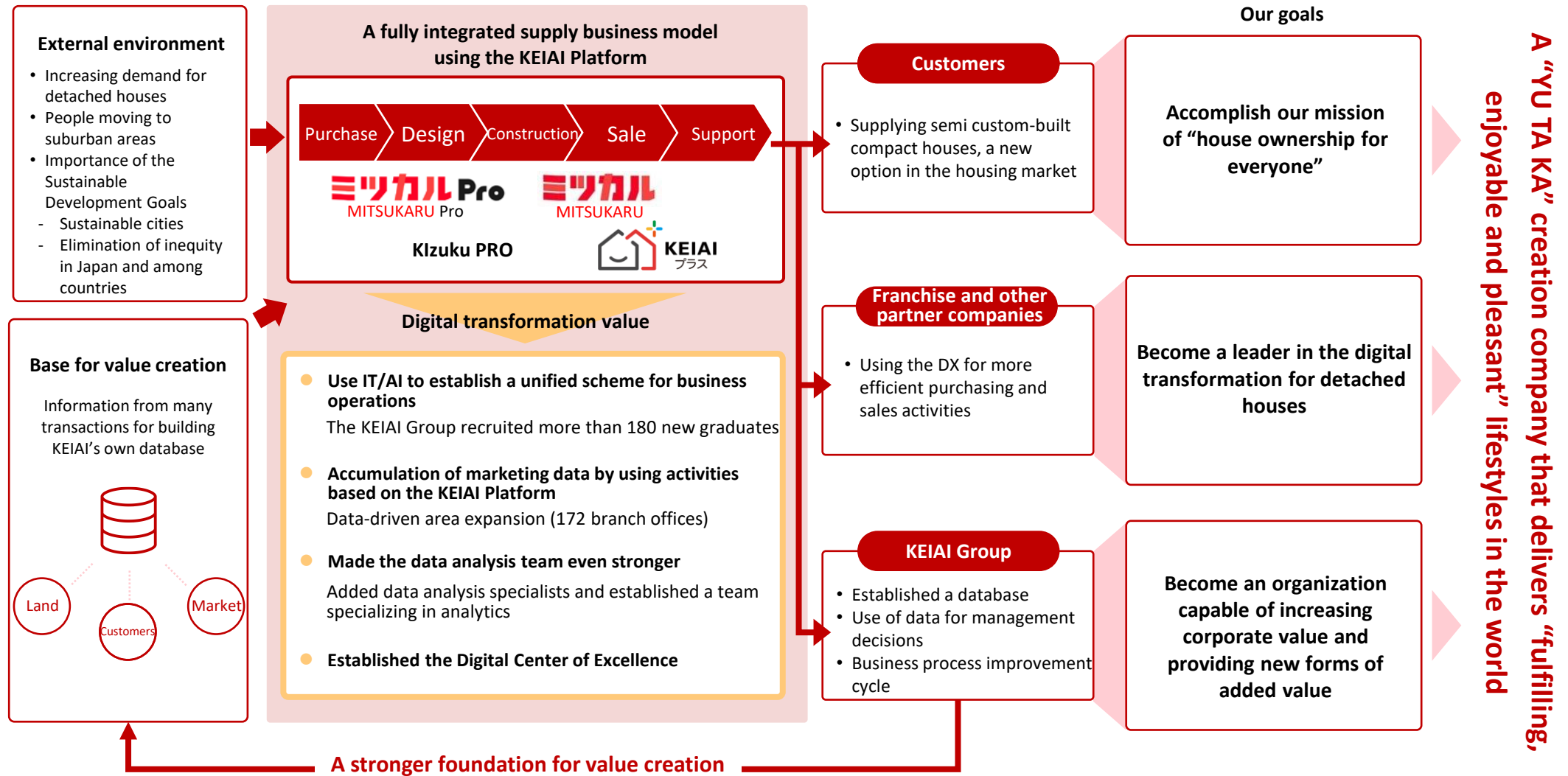
DX of construction sites

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

A Stronger Foundation for Value Creation Using the DX of the KEIAI Business Model



4. 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) *After revision
Net income per share (yen)	536.69	976.49	760.54
Dividend per share (yen)	139.00	265.00	230.00
Interim dividend per share (yen)	44.00	115.00	140.00
Payout ratio (%)	25.9%	27.1%	30.2%

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)

5. ESG/SDGs Initiatives

Establishment of the Sustainability Committee

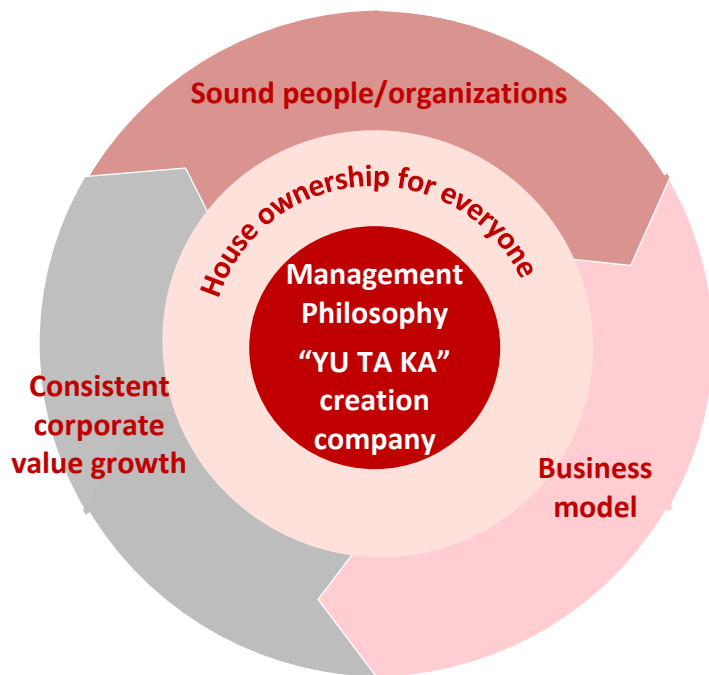
The KEIAI Group has many activities for helping solve social issues in Japan and other countries. By supplying homes where people can lead happy and fulfilling lives, we are dedicated to playing a role in creating a sustainable and affluent society. We believe these activities will contribute to the 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

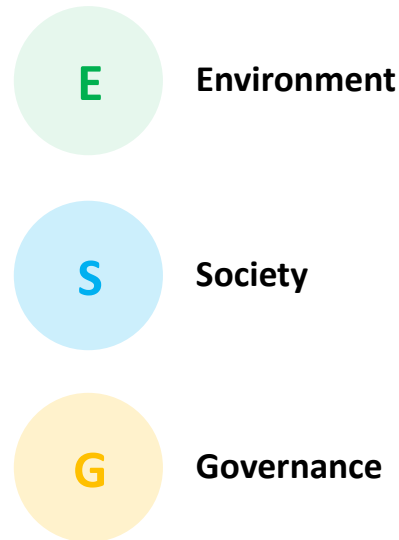
We have established a basic policy for sustainability initiatives. Our goal is sustainable progress while using a people/organization-business model-consistent corporate value growth cycle that is focused on our management philosophy and mission.

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.

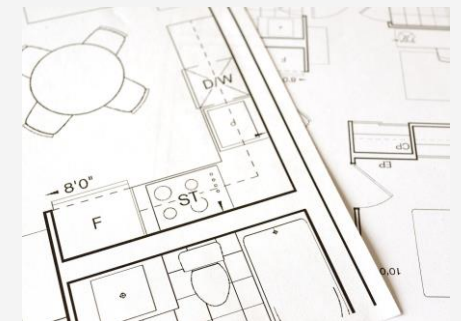


S Society



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.



6. News Topics

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.

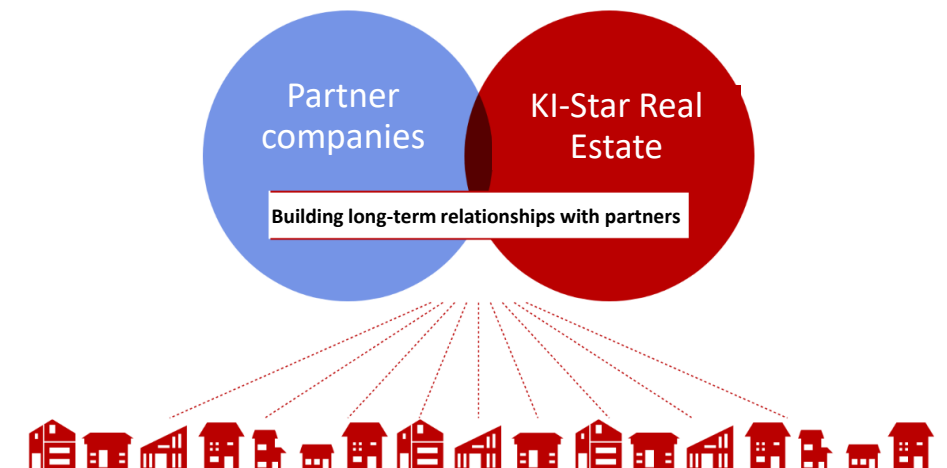


*Mask was removed only for this photo

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

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

KEIAI

 The KEIAI Recruiting Website

Gold Style Award at the 2022 YKK AP Exterior Style Awards

■ Product: Hasuda, Saitama Concept Housing Development

■ Category: New home neighborhood and public-service facilities

■ Summary

- This housing development uses the concept of “a neighborhood created from comingled scenery.”
- “Comingled scenery” results from a plan including garden pathways and home exteriors and gardens. Buildings are simple to create a feeling of a neighborhood, highlighting these pathways and the exteriors and gardens of houses.
- The appearance of the neighborhood differs on the west and east sides. The street on the west side has an appropriate level of formality and orderliness. The street on the east has space for people to gather for the creation of a community.



YKK AP 2022 Exterior Style Awards website: https://www.ykkap.co.jp/consumer_business/satellite/campaign/ex_contest/

Reduced interest rate mortgages for IKI one-story houses, which use 100% Japanese lumber

The main business of Casa Robotics, a member of the KEIAI Group, is the construction and sale of IKI houses, which feature a one-story layout and semi-customized designs. In addition, all IKI houses use entirely lumber from trees grown in Japan. Casa Robotics has started offering buyers of IKI houses reduced interest rate loans for environmentally responsible houses, a financing option provided by SBI Sumishin Net Bank, Ltd. The entire KEIAI Group is committed to the responsible use of Japanese lumber and Casa Robotics aims to use IKI houses to contribute to achieving a carbon-free society.



Start of the House Built by Women Project

KEIAI is encouraging women to perform jobs at house construction sites as one way to provide workplaces where a broad range of people can learn new skills and advance.



KEIAI Craft Co., Ltd. has started the House Built by Women Project, where a team of construction workers consisting entirely of women is building a house. This project is part of KEIAI's activities to ensure that workplaces in the construction sector can be suitable for people with a broad range of characteristics and backgrounds.

KEIAI Craft was established in 2017 for the purpose of broadening the coverage of the craftsman system. The company has been working on recruiting women and there are currently 8 female craftsman in carpentry, interior finishing and other trades (as of October 2022).

KEIAI Apartments – Small investments for protection against inflation and earning attractive returns

KEIAI has started a website exclusively for KEIAI Apartment, a business that was launched in April 2021 and has been growing steadily. This business makes it possible to invest in apartment buildings, starting with even small amounts, for protection against inflation and earning attractive returns.

Summary of KEIAI Apartment

- Sites for construction apartment buildings are carefully selected by using KEIAI's expertise as a homebuilder. This process uses the KEIAI Platform, including a process incorporating IT from purchase of the site to sale of the building, and KEIAI's branch offices and sales networks that acquire information about more than 120,000 potential sites every year.
- Apartment sites are within a 10-minute walk of a railway station in order to attract tenants easily.
- Every apartment building is designed by an architect in order to match the configuration and characteristics of the site and nearby buildings as well as incorporate other considerations.
- Buildings have attractive exteriors, apartment layouts that match the needs of the expected tenants, and automatic locks for safety.



<https://investment.ki-group.jp>

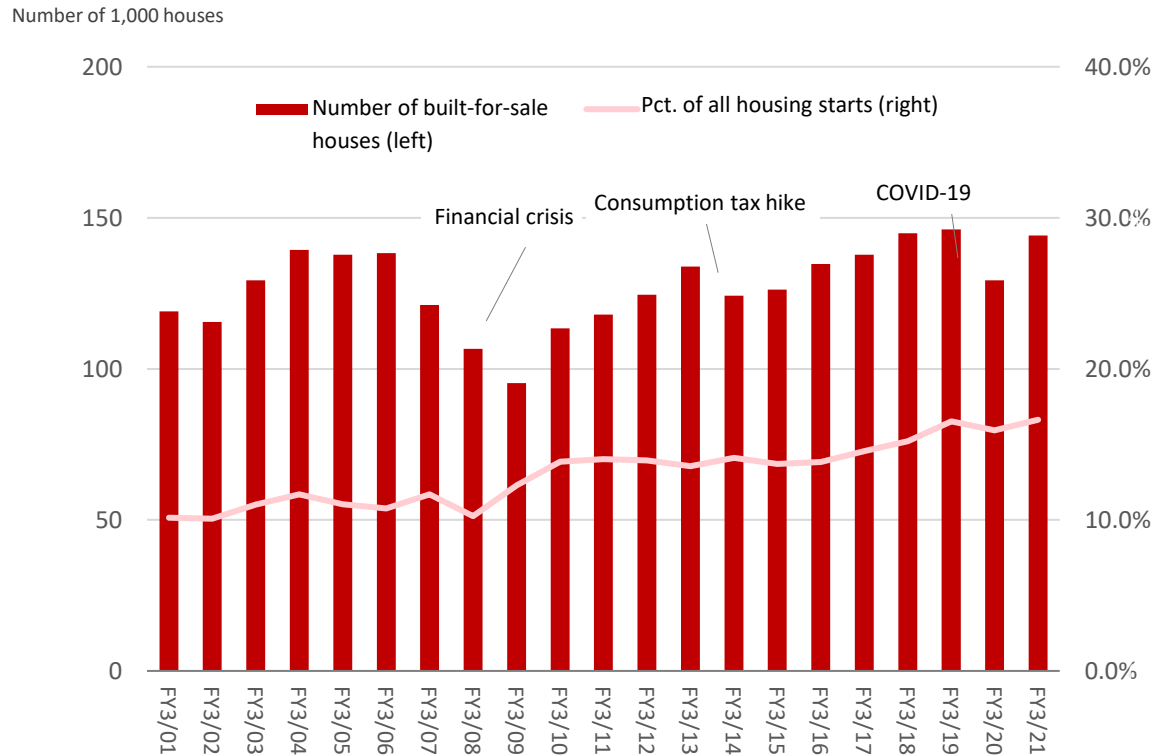


7. Appendix

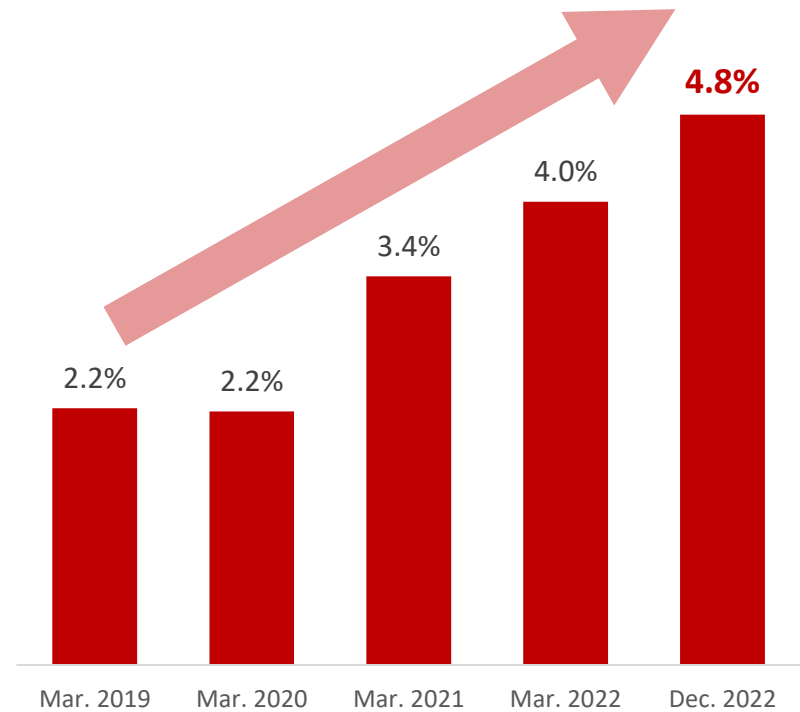
KEIAI's Market – Built-for-Sale Houses

Japan's market for built-for-sale houses has been steady for many years, other than brief downturns because of the pandemic and other one-time events. KEIAI's share of Japan's enormous market for detached houses has been rising rapidly in recent years.

Construction Starts for Built-for-Sale Detached Houses



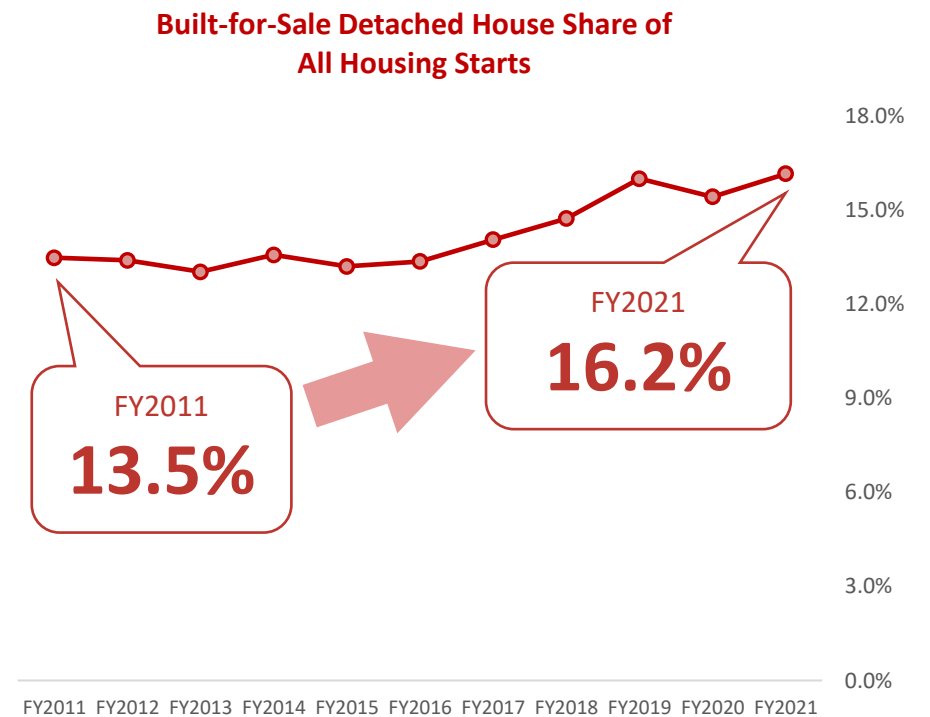
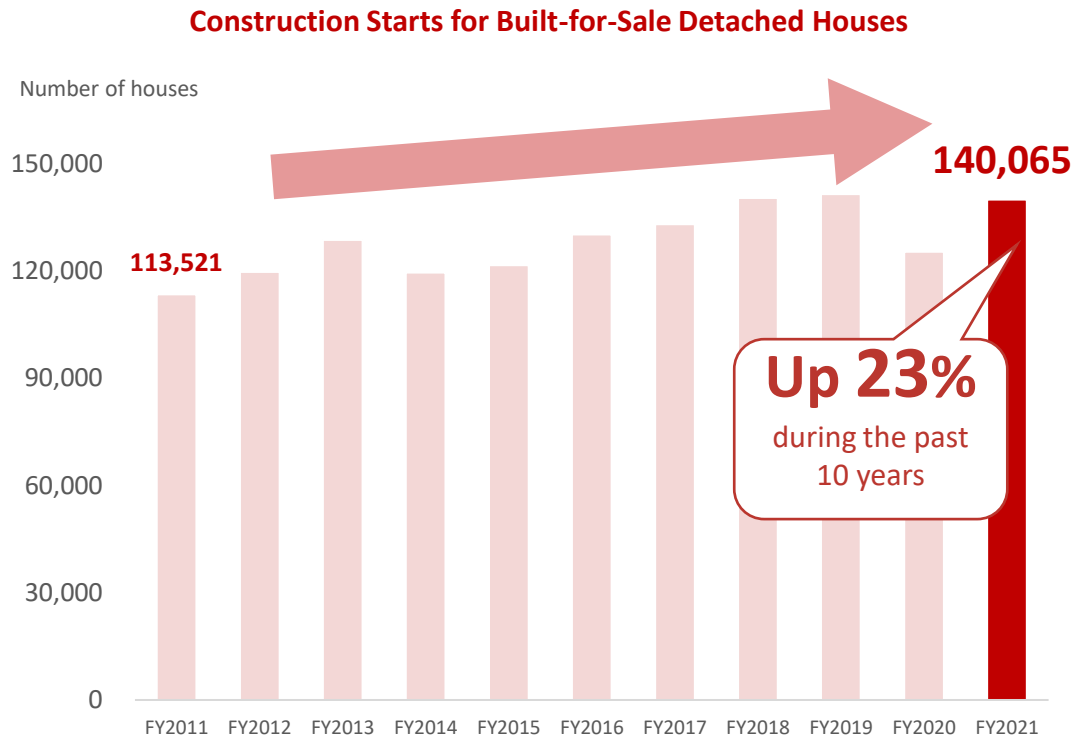
KEIAI Group's Nationwide Market Share



Source: Housing Start Statistics, Ministry of Land, Infrastructure, Transport and Tourism

Market Growth: 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"

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 35 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

Benefits of KEIAI's Semi Custom-Built Housing

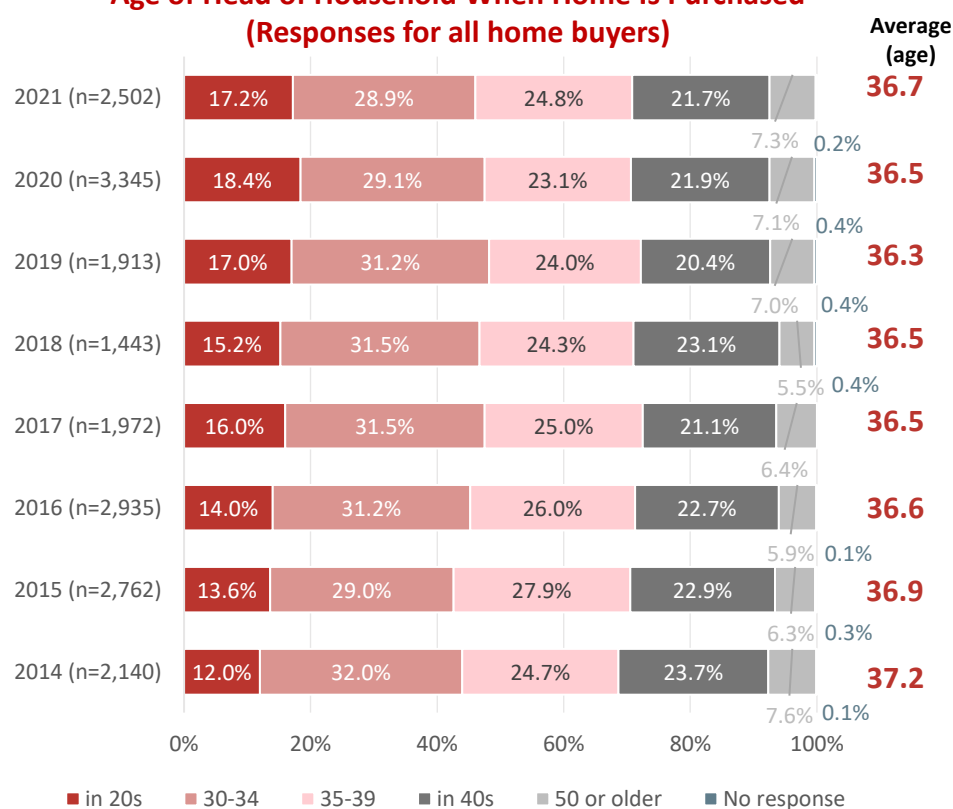
Offers a “fourth choice” for detached houses combining the benefits of both built-for-sale and custom-built houses

Features / property type	Built-for-sale houses	Custom-built houses	Remodeled houses	Semi custom-built houses
Price	Low to mid price	High price	Low price (Partial remodeling)	Low price
Purchasing of land	Generally, 7 houses lots or more	A single house	Existing house	Possible from 1 house lot
Design	Uniform design	Entire house is fully customized	Only part of a house is remodeled	Superb design by semi custom-building each entire house
Earthquake resistance	Complies with new earthquake resistance standards	Complies with new earthquake resistance standards	Includes old earthquake resistance standards	Complies with new earthquake resistance standards
Time until move-in	Short	Long	Short	Short
Asset value	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)
Sustainability	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)

Detached House Buyers by Price and Head of Household Age

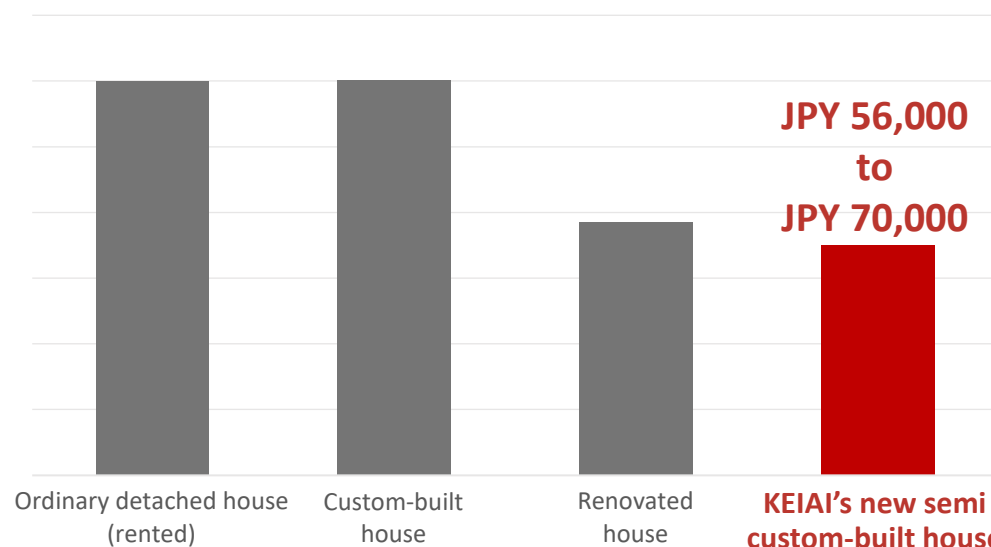
The declining trend in average age of home buyers hints that detached houses at lower prices may be preferred. KEIAI offers new semi custom-built houses at a cost lower than market level rent.

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



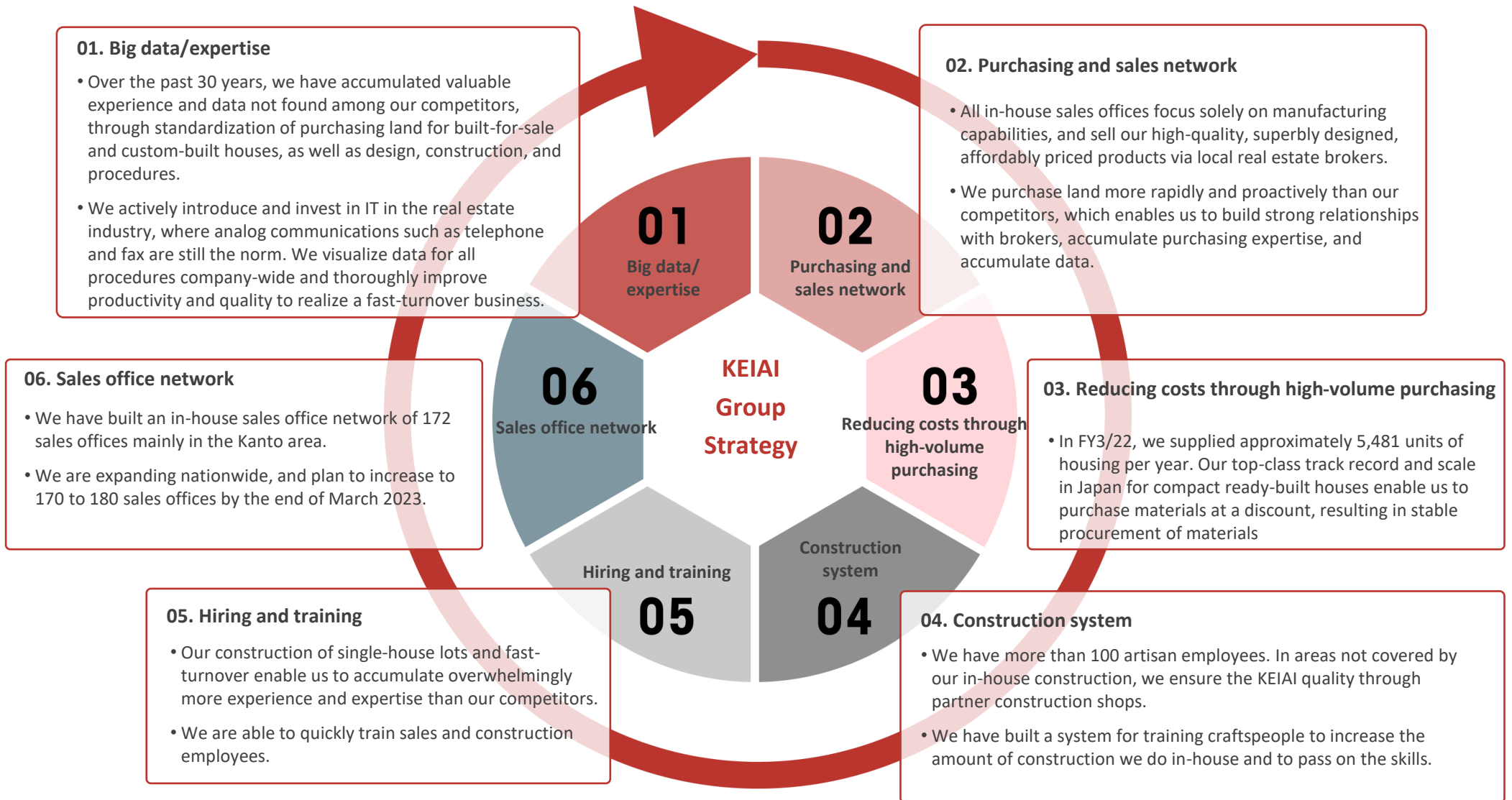
Source) Recruit "2021 Trend Survey on Purchasers of Newly-built Detached Houses in Tokyo Metropolitan Area"

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.

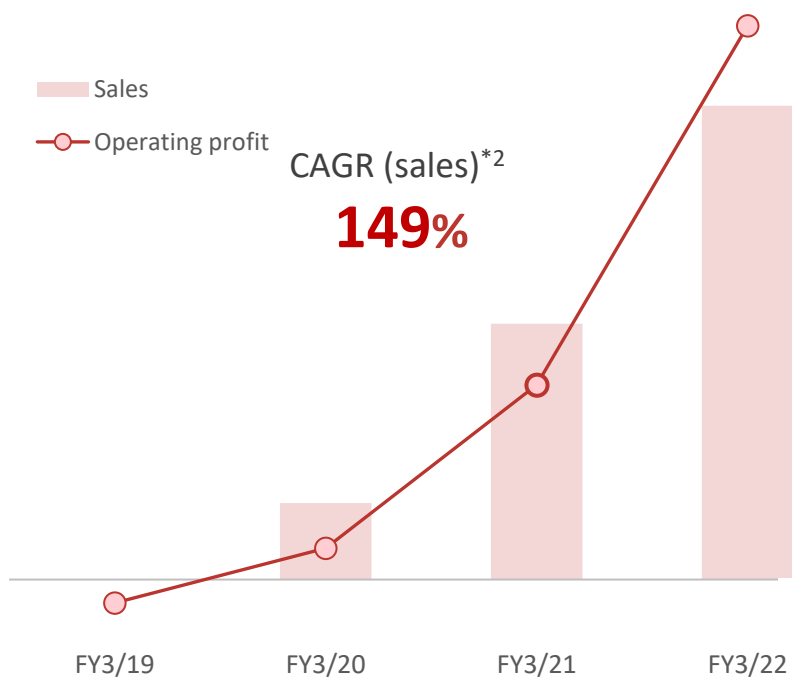
KEIAI's Group Growth Strategy



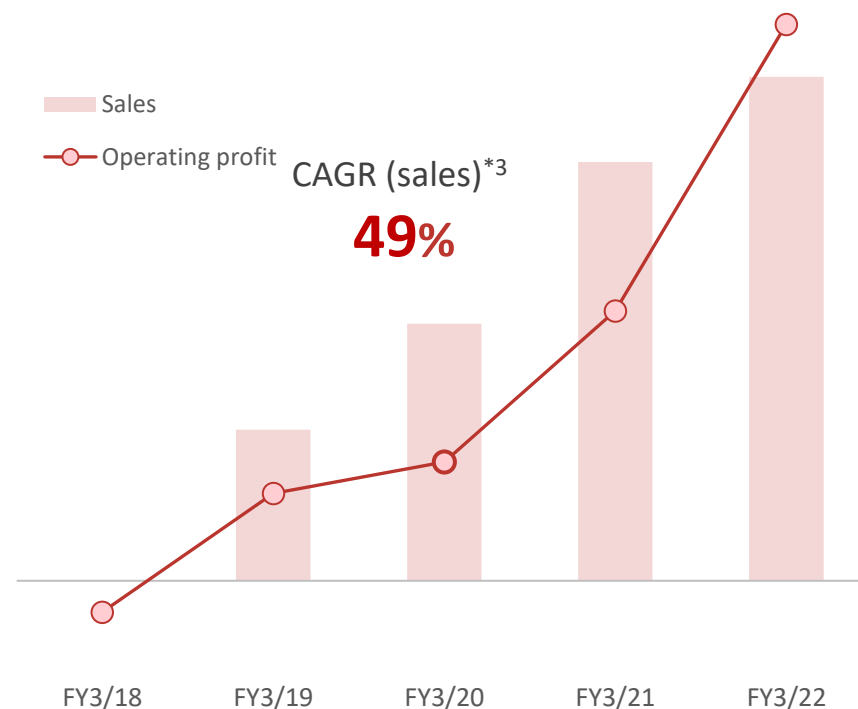
Growth in Sales and Earnings in New Business Areas

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).

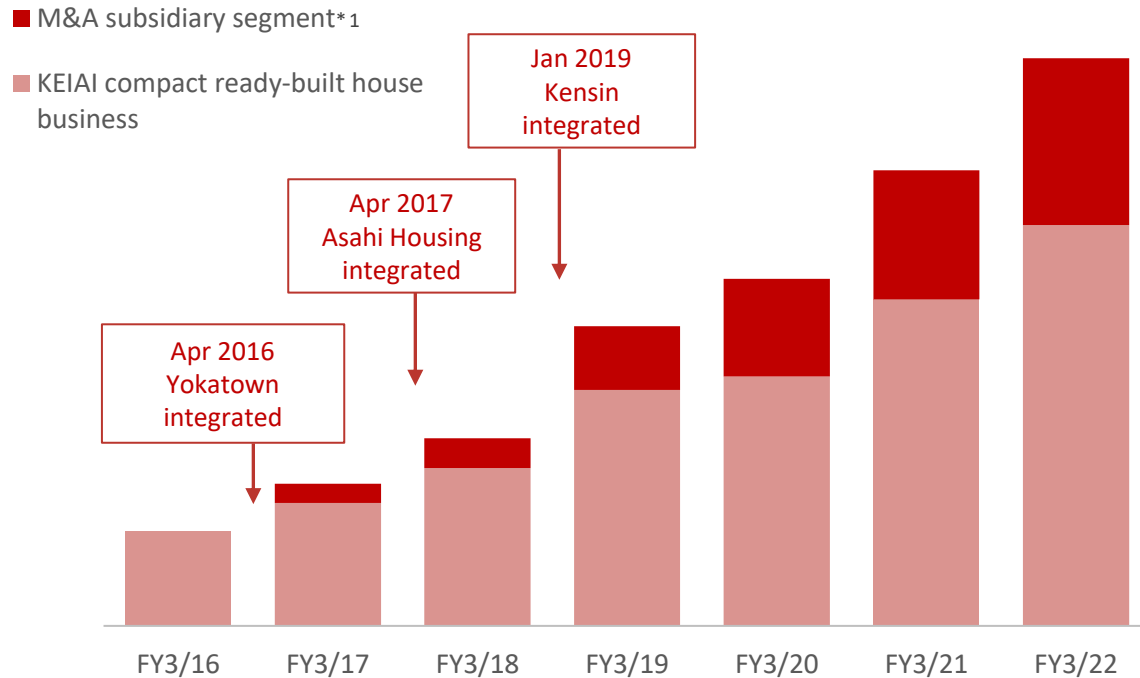
*2: Average annual growth rate of sales (CAGR) from FY3/20 to FY3/22

*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 +34%
Asahi Housing	CAGR +62%
Kensin	CAGR +37%

Internal Growth by Parent (sales growth rate)*3

CAGR +27%

*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

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: 2 billion JPY, December 2021; total amount: 3 billion JPY, October 2022)
- 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

Forward-looking Statements

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.

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