

KEIAI

デザインのケイアイ

First Quarter of FY3/22 Financial Results

KI-STAR REAL ESTATE CO., LTD.



東証第一部 : 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

Contents

1. First Quarter FY3/22 Financial Summary
2. KEIAI Growth Strategy
3. Dividends and Shareholder Benefits
4. ESG/SDGs Initiatives
5. Appendix

First Quarter of FY3/22 Financial Highlights (Consolidated)

Results of 1Q

(Unit: JPY mil.)

Net
Sales

43,261

(YoY+53.8%)

Ordinary
Profit

5,179

(YoY+458.5%)

Profit*¹

3,289

(YoY+481.5%)

Revised Full-year forecast

(Unit: JPY mil.)

Net
Sales

185,000

(YoY+18.8%)

Ordinary
Profit

20,000

(YoY+56.5%)

Profit*¹

13,000

(YoY+70.7%)

*1:attributable to owners of parent

First Quarter of FY3/22 Highlights

- Continued high growth in sales and profits in the first quarter.
- Business growth centered on strong “compact ready-built house business (semi custom-built houses)” is accelerated.
Subsidiaries that joined the Group through M&A also continue to grow.
- Upwardly revised full-year consolidated financial forecast for FY3/2022. Net sales of 185 billion JPY (+18.8% YoY), revised ordinary profit of 20 billion yen (+56.5% YoY), and profit attribute to parent of 13 billion JPY (+70.7% YoY).
- Raised the full-year dividend forecast to 230 yen per share of stock due to the upward revision of the financial result forecast.

1. First Quarter FY3/22 Financial Summary

Consolidated Statement of Income (1Q)

Continued high growth in both sales and profits.

(JPY mil.)

| | 1Q (Apr-Jun) of FY3/21 | | 1Q (Apr-Jun) of FY3/22 | | YoY change |
|---|------------------------|------------|------------------------|---------------|------------|
| | Amount | Proportion | Amount | Proportion | |
| Net sales | 28,129 | 100.0% | 43,261 | 100.0% | 53.8% |
| Gross profit | 4,242 | 15.1% | 9,471 | 21.9% | 123.3% |
| SG&A expenses | 3,227 | 11.5% | 4,196 | 9.7% | 30.0% |
| Operation profit | 1,015 | 3.6% | 5,274 | 12.2% | 419.6% |
| Ordinary profit | 927 | 3.3% | 5,179 | 12.0% | 458.5% |
| Profit attributable to owners of parent | 565 | 2.0% | 3,289 | 7.6% | 481.5% |

Consolidated Statement of Income Forecast (Revised)

Upward revision of consolidated forecast for the full year of FY3/2022. Net sales of 185.0 billion JPY (+18.8% YoY) and profit attributable to owners of parent of 13.0 billion yen (+70.7% YoY)

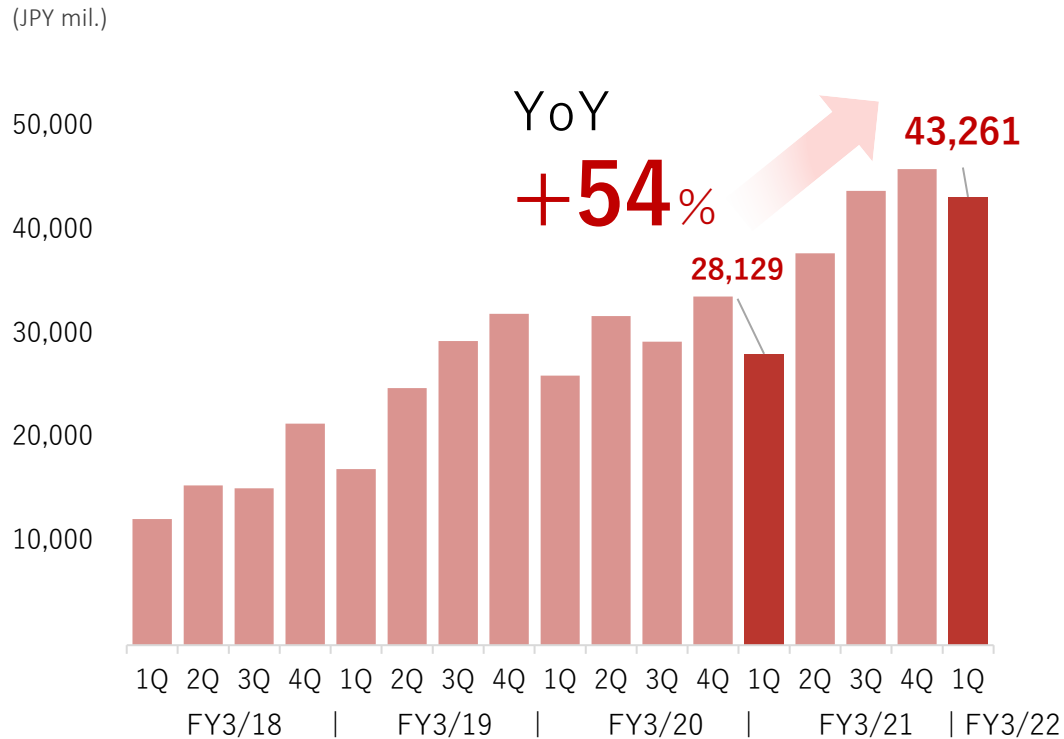
(JPY mil.)

| | FY3/21 Result | FY3/22 full-year Forecast (Previous) | FY3/22 full-year Forecast (Revised) | vs. Previous forecast | vs. FY3/21 result |
|--|------------------|--|---|-----------------------------|-------------------------|
| Net sales | 155,753 | 185,000 | 185,000 | - | 18.8% |
| Operating profit | 12,561 | 15,400 | 20,000 | 29.9% | 59.2% |
| Ordinary profit | 12,781 | 15,200 | 20,000 | 31.6% | 56.5% |
| Profit attributable to owners of parent | 7,616 | 10,000 | 13,000 | 30.0% | 70.7% |

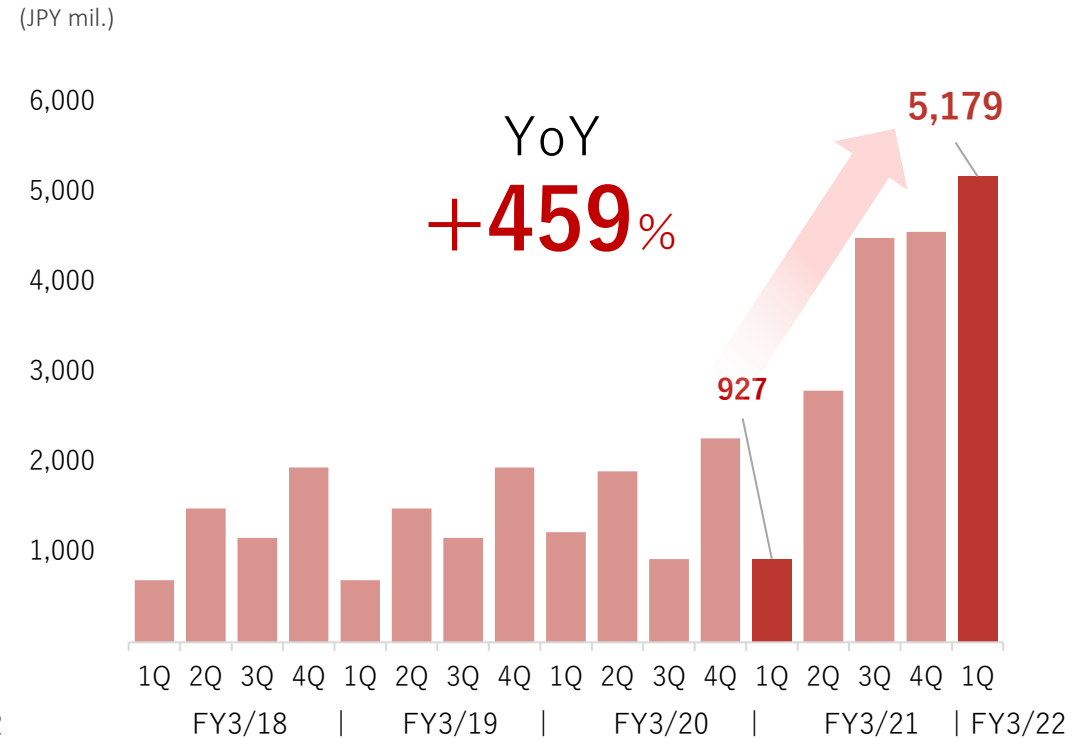
Quarterly Performance in Consolidated Sales and Earnings

Quarterly net sales and ordinary profit far surpassed YoY, and quarterly ordinary profit hit a new record high.

Quarterly Net Sales

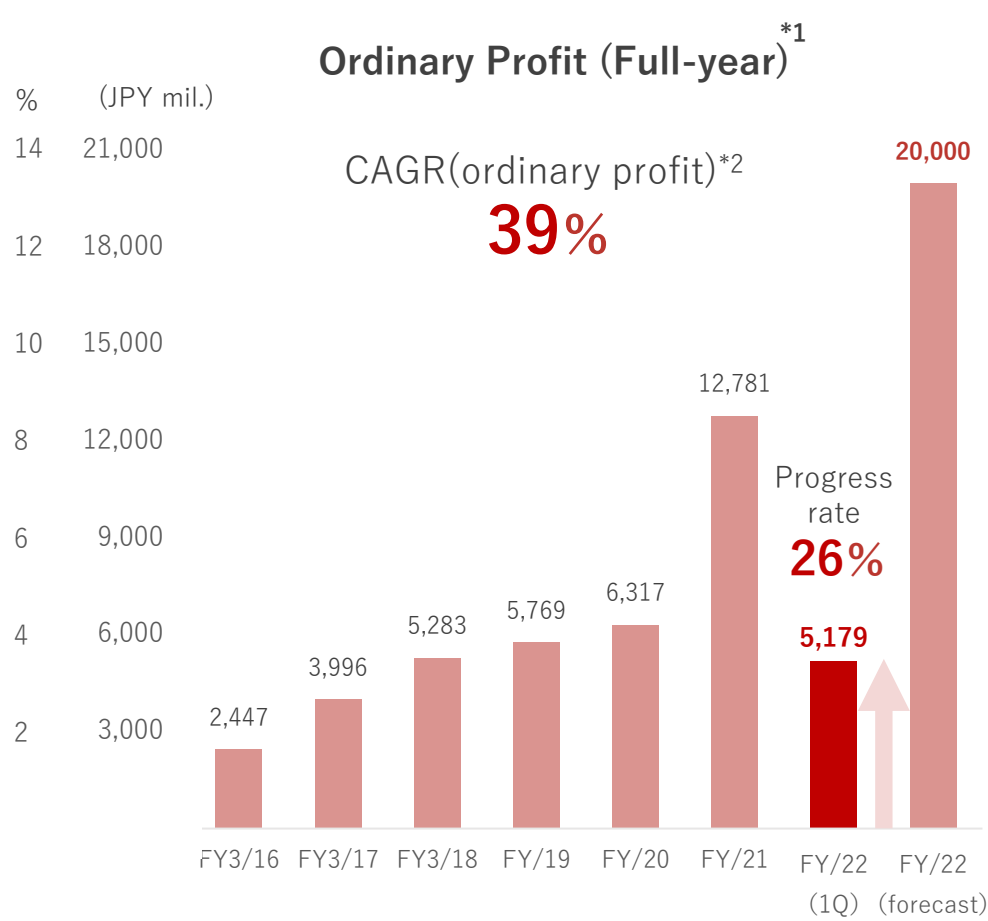
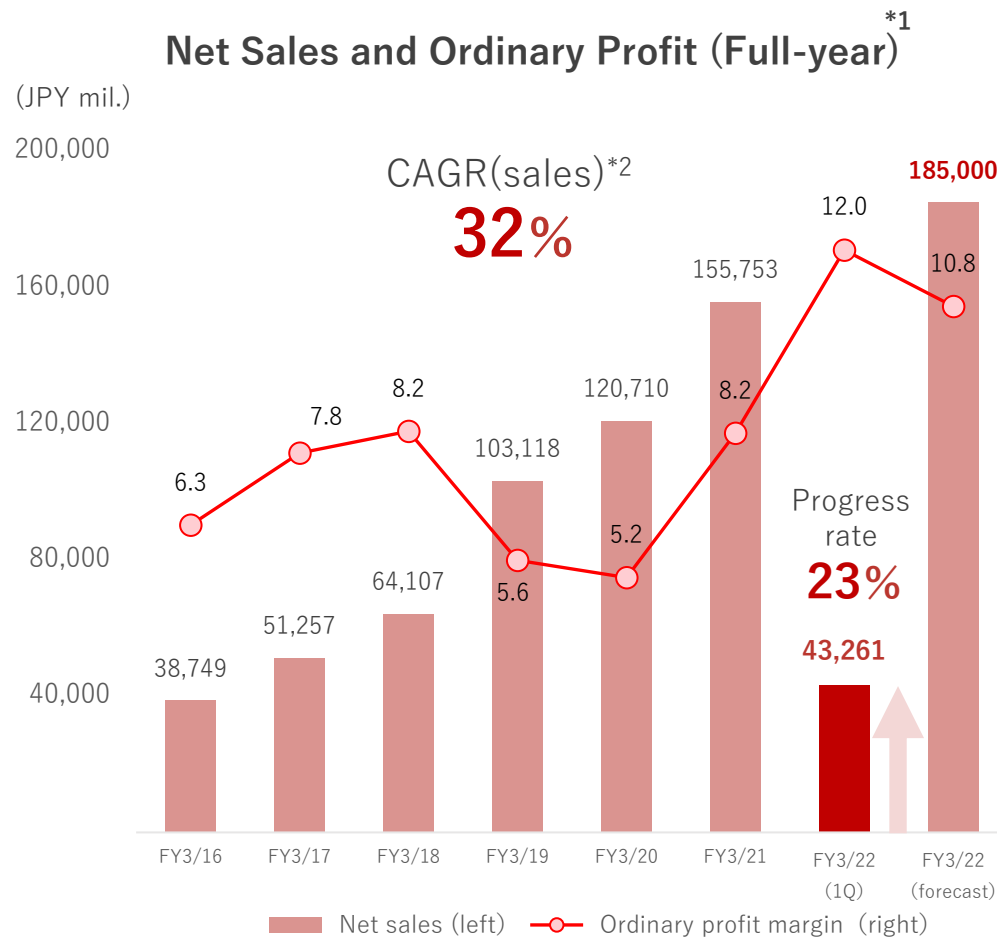


Quarterly Ordinary Profit



Consistent Growth in Consolidated Sales and Earnings

Steady progress to achieve the revised full-year forecast



*1: Result of non-consolidated in FY3/16

*2: Average annual growth rate of sales/ordinary profit (CAGR) from FY3/16 to FY3/21

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.)

| | | 1Q (Apr-Jun) of FY3/21 | 1Q (Apr-Jun) of FY3/22 | YoY change | Remarks |
|--|------------------|--|--|------------|---|
| Homebuilding and sales (including land) | Houses sold | 592 | 873 | | Growth due to growth strategy progress |
| | Sales | 17,827 | 31,000 | + 73.9% | |
| | Operating profit | 1,471 | 5,248 | + 256.6% | |
| Custom-built housing | Houses sold | 20 | 18 | | Due to expand IKI's sales, SGA have been incurred upfront. |
| | Sales | 231 | 385 | + 66.3% | |
| | Operating profit | 38 | △15 | △141.5% | |
| Yokatown | Houses sold | Built-for-sales house (including land): 180 Custom-built houses: 28 | Built-for-sales house (including land): 180 Custom-built houses: 18 | | Higher sales due to focus on Build-for-sales house business |
| | Sales | 4,961 | 5,191 | + 4.6% | |
| | Operating profit | 158 | 562 | + 255.6% | |
| Asahi Housing | Houses sold | Built-for-sale houses (including land): 46 | Built-for-sale houses (including land): 69 | | Higher sales due to focus on Build-for-sales house business |
| | Sales | 1,743 | 2,922 | +67.6% | |
| | Operating profit | 81 | 472 | +477.5% | |

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.)

| | | 1Q (Apr-Jun) of FY3/21 | 1Q (Apr-Jun) of FY3/21 | YoY change | Remarks |
|-----------------|------------------|---|---|------------|---|
| Kensin | Houses sold | Built-for-sale houses (including land): 26 Custom-built houses: 20 | Built-for-sale houses (including land): 55 Custom-built houses: 25 | | Higher sales due to focus on Build-for-sales house business |
| | Sales | 1,322 | 2,911 | +120.2% | |
| | Operating profit | △73 | 160 | - | |
| Tokyo Big House | Houses sold | Built-for-sale houses (including land): 17 Custom-built houses: 13 | Built-for-sale houses (including land): 7 Custom-built houses: 0 | | Consolidated in April 2020 |
| | Sales | 613 | 287 | △53.1% | |
| | Operating profit | △67 | △80 | △20.0% | |
| KEIAI Presto | Houses sold | - | Built-for-sale houses (including land): - Custom-built houses: 7 | | Consolidated in January 2021 |
| | Sales | - | 116 | - | |
| | Operating profit | - | △30 | - | |

Consolidated Balance Sheet

Total assets were 115.2 billion JPY and net assets 30.6 billion JPY

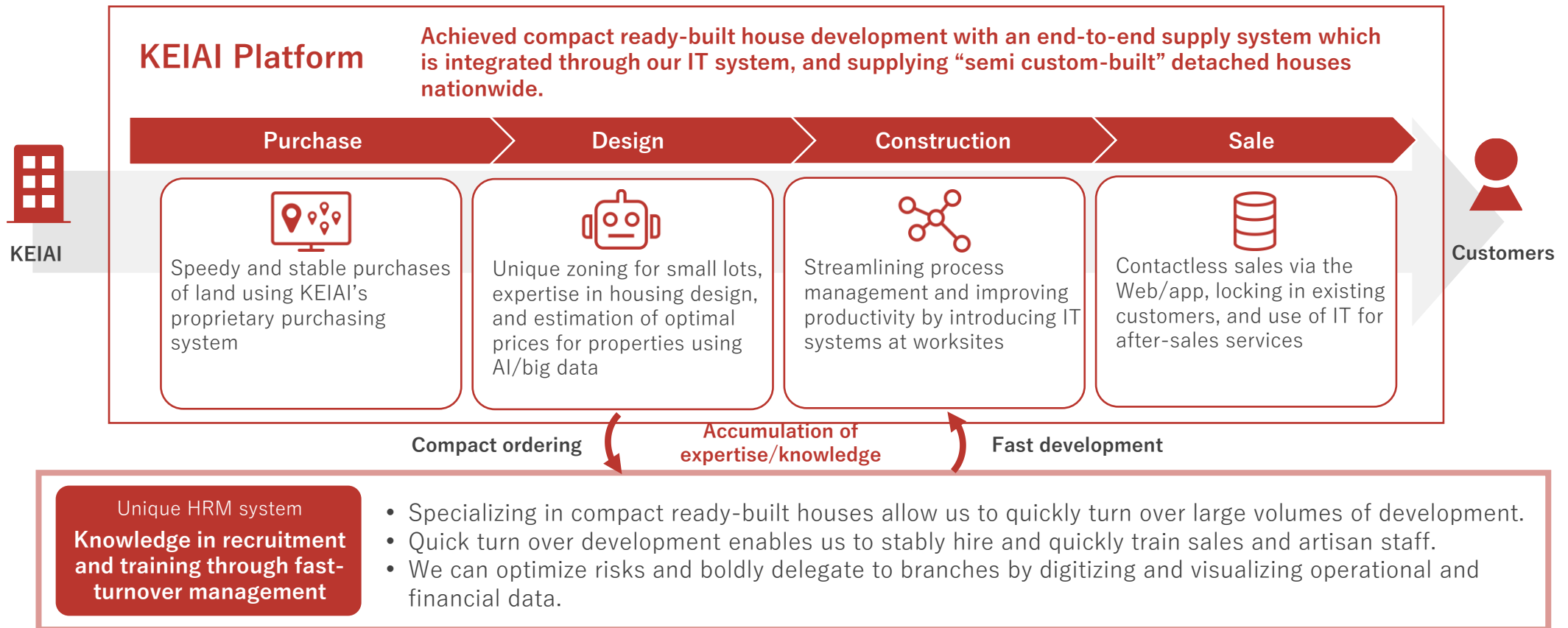
(JPY mil.)

| | March 31, 2021 | March 31, 2022 | Increase/decrease |
|----------------------------------|----------------|----------------|-------------------|
| Current assets | 102,015 | 107,914 | 5,899 |
| Non-current assets | 8,111 | 7,354 | △757 |
| Total assets | 110,127 | 115,268 | 5,141 |
| Current liabilities | 67,495 | 73,319 | 5,823 |
| Non-current liabilities | 13,412 | 11,337 | △2,074 |
| Total liabilities | 80,908 | 84,656 | 3,748 |
| Net assets | 29,218 | 30,612 | 1,393 |
| Total liabilities and net assets | 110,127 | 115,268 | 5,141 |

2. KEIAI Growth Strategy

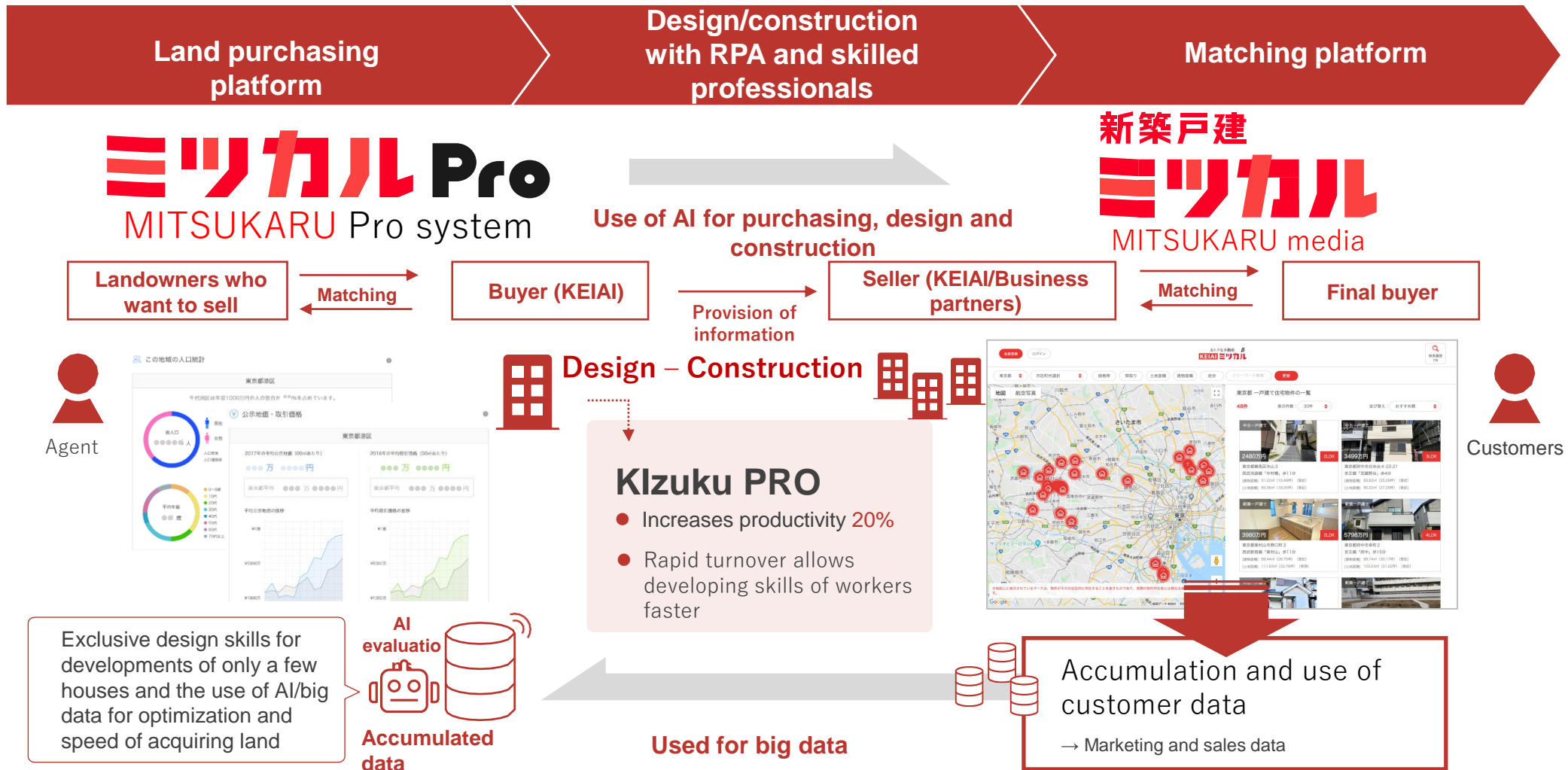
Innovation in Detached Houses through KEIAI Technology Platform

Growth in the ready-built house business with high efficiency/quality and low prices by introducing IT into every stage of the detached house supply chain



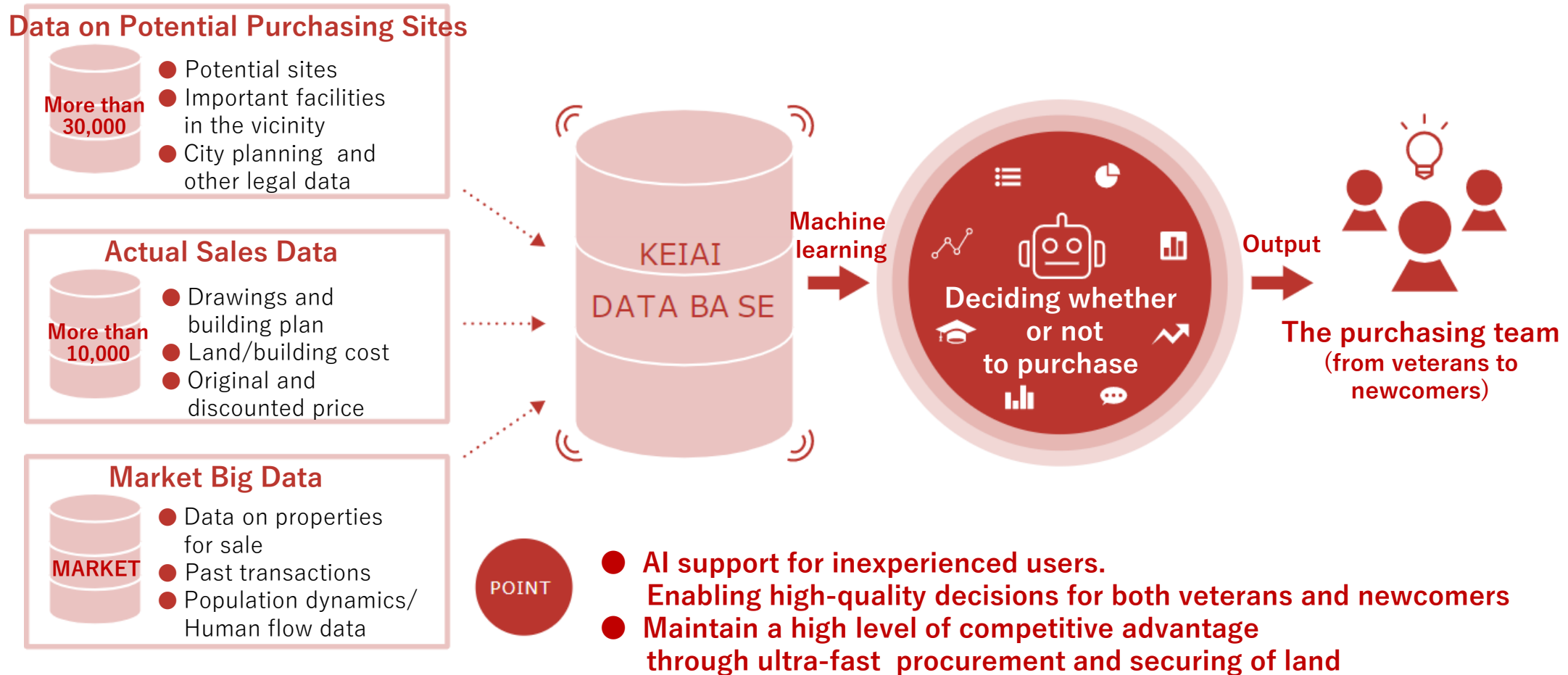
Using the KEIAI Platform for the Digital Transformation of the Homebuilding and Sales Industry

Implementation of land purchasing system and customer matching platform



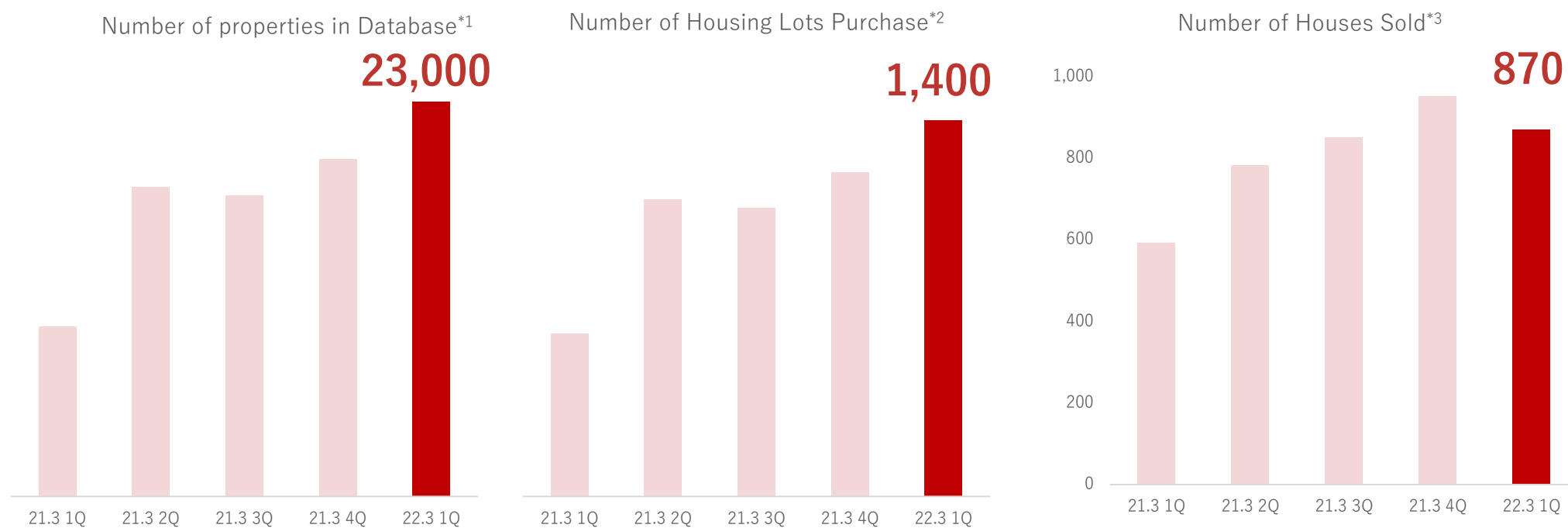
Enhancing Capabilities of Land Purchasing System MITSUKARU Pro

Promote optimization of the land procurement process using our unique land procurement system, "MITUKARU Pro".



Data Collected and Used by MITSUKARU Pro (1Q of FY3/22)

Number of properties in database, number of housing lots purchase, and number of houses sold all continue strong growth.



*1: MITSUKARU Pro database information associated with KEIAI Group companies other than companies that were acquired (Some estimates are included.)

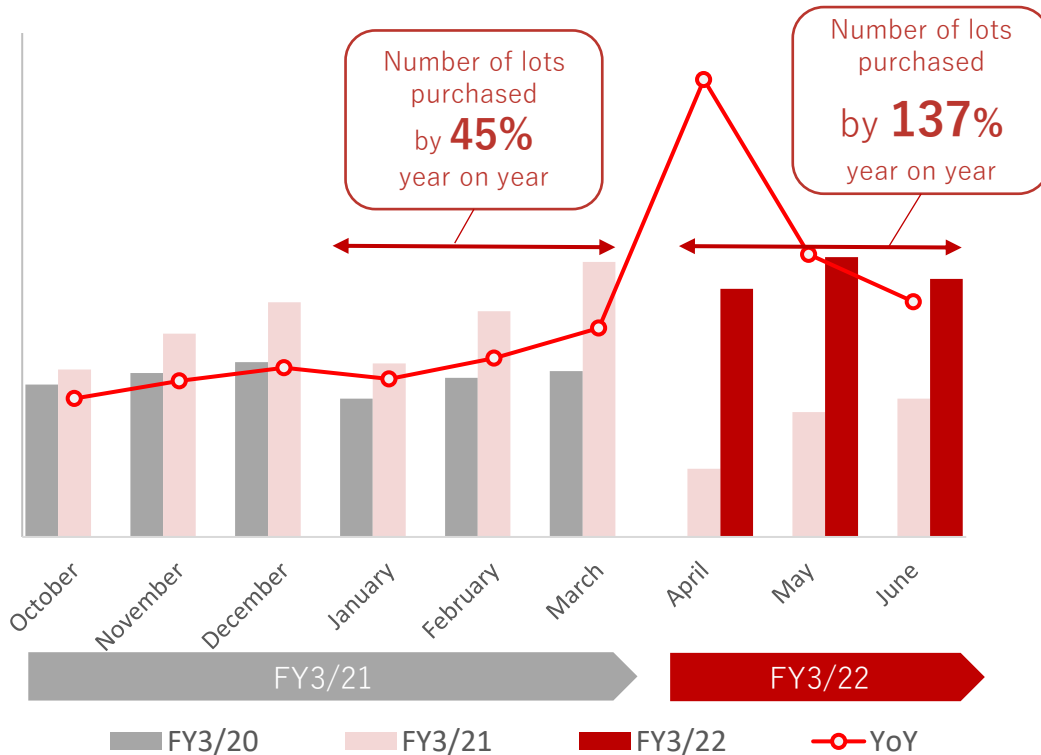
*2: Purchases in each quarter that are recorded by the MITSUKARI Pro system

*3: Houses sold in the homebuilding and sales business segment

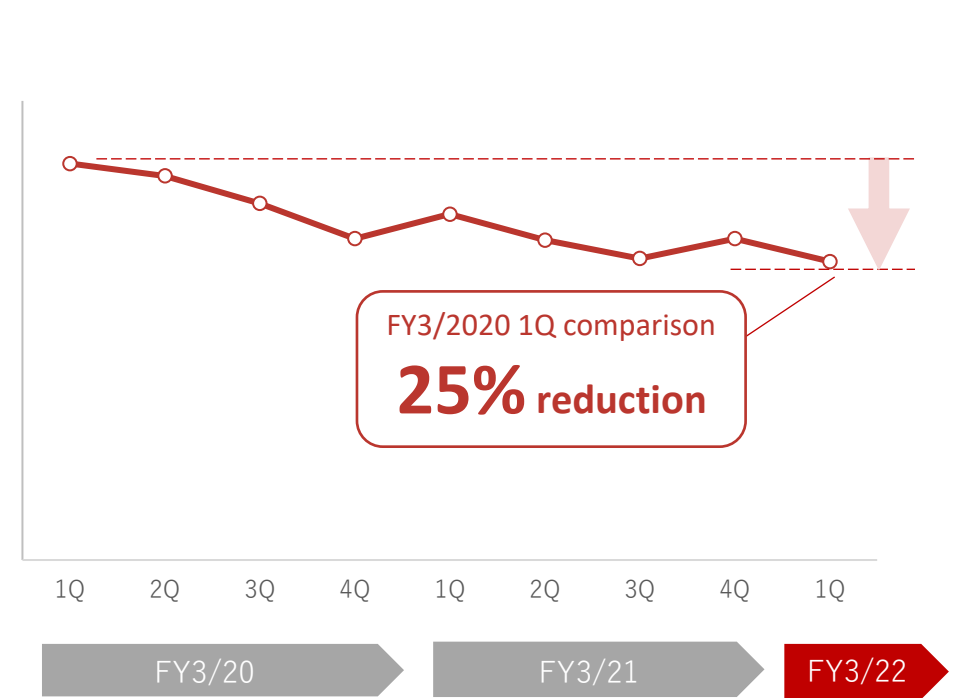
Status of Land Purchasing and Inventory Turnover Period

The number of lots purchased in 1Q is increased by 137%, inventory turnover period has been shortened continuously.

YoY change in numbers of lots purchased*1



Trends in inventory turnover period*2



*1: Actual number of purchases by the KI-Star Group, excluding purchases by subsidiaries brought into the Group via M&As

*2: Actual number of days for turnover from a settlement for purchasing land to a settlement for sale by the KI-Star Group, excluding M&A subsidiaries in the same manner as *1

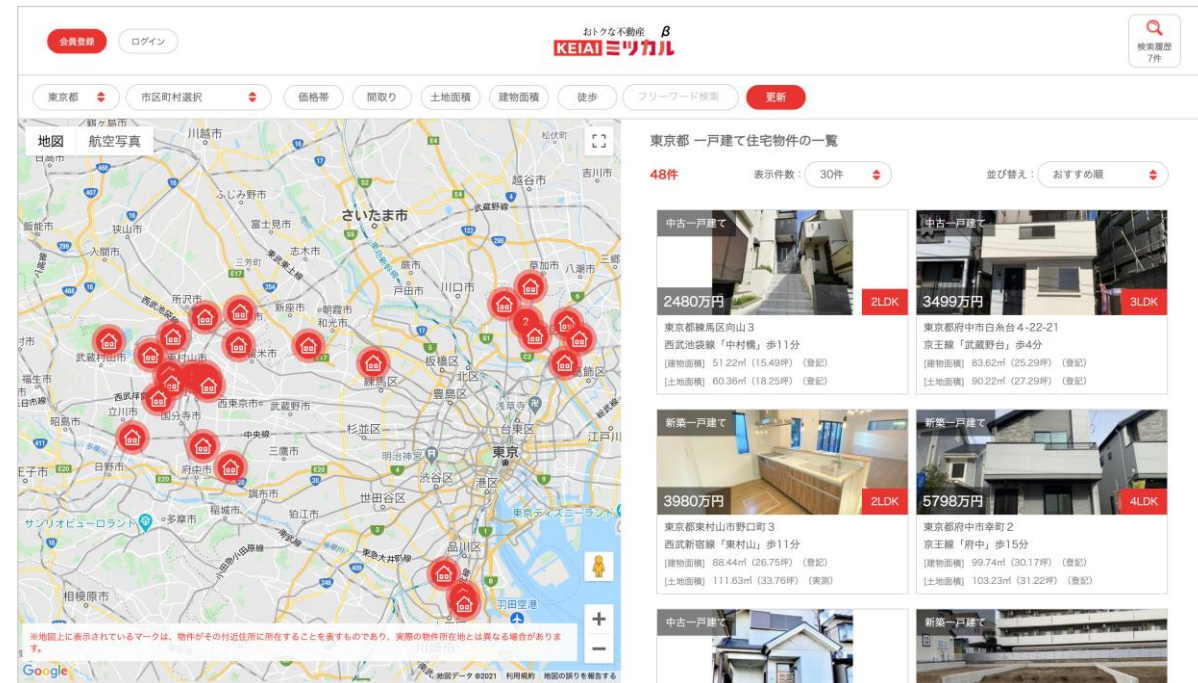
The MITSUKARU Platform for Matching Buyers and Properties

Promotes matching between Buyers and properties through The MITSUKARU Platform.

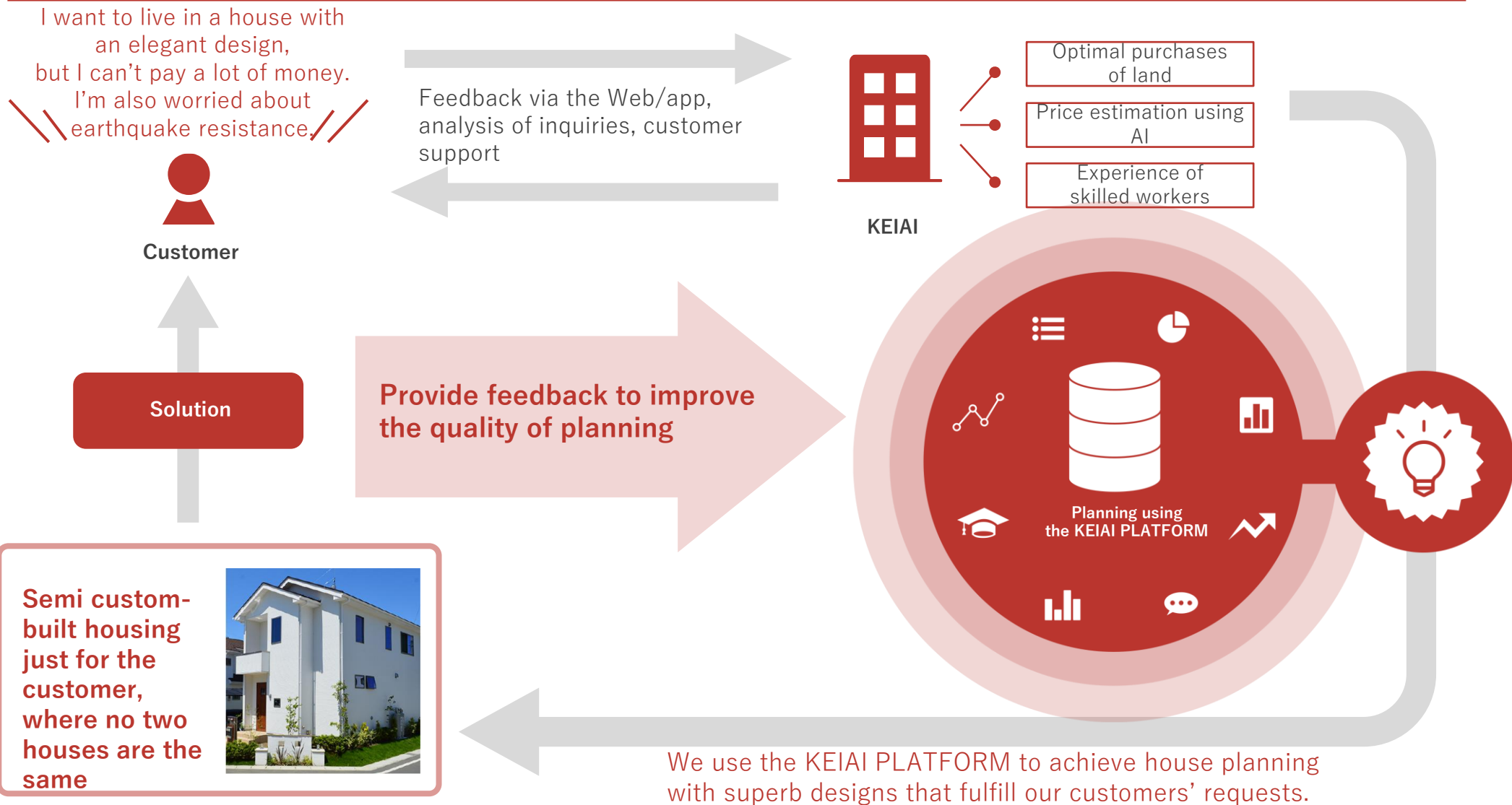


New House MITSUKARU

This platform has the approximately 1,000 brokerage listings of stores of the KEIAI Group and its franchised stores. Information also includes useful information about areas where listings are located and general knowledge about real estate.



Our Unique Business Model: Semi Custom-built Housing Using Compact Ready-Built House Development



What Is Semi Custom-built Housing Using Compact Ready-Built House Development?

we offer housing with the reasonable prices of ready-built houses, and the quality and design features of custom-built houses.

Conventional ready-built houses

Conventional ready-built houses are mass-produced and uniform, built by developing lots of 4 to 10 houses at once



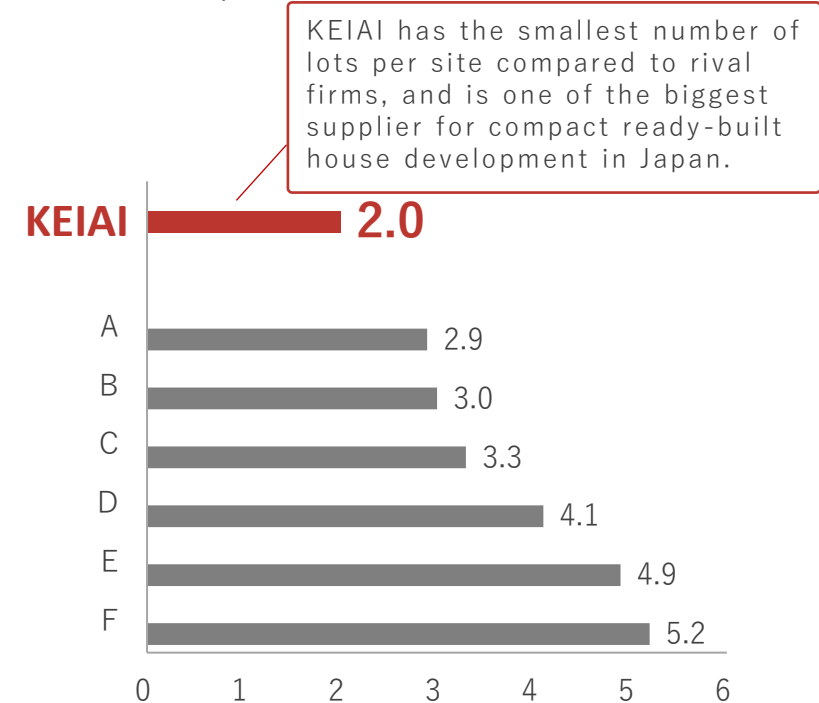
Compact ready-built house development

Development of compact ready-built houses with superb designs on small lots of 1 to 2 houses, which are difficult for conventional homebuilders focused on large lots to enter



KEIAI's semi custom-built houses, where no two houses are the same

Average number of lots*¹ per site compared to rival firms



KEIAI has the smallest number of lots per site compared to rival firms, and is one of the biggest suppliers for compact ready-built house development in Japan.

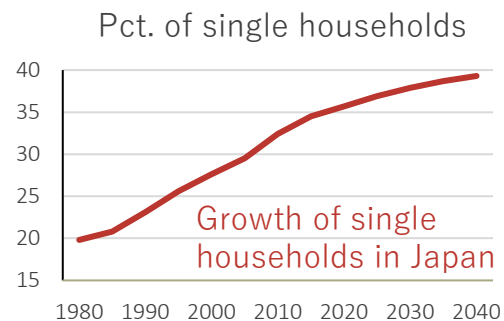
*1:Development status of ready-built house by our companies and the other companies. (as of December 2020) * Estimates based on our survey

New Semi Custom-built House – The IKI one-story unitized house

Use of KEIAI Platform data and know-how resulted in the launch of a strategic product that targets a new category of the customized home market – The IKI one-story unitized house

- Created for simple and space-saving life styles and meets many needs for necessary living space
- high-quality, economically priced one-story house with attractive designs made possible by the use of unitized designs and the KEIAI Platform for production process optimization
- Solar power system and decarbonization by 100% domestic woods

Floor area: About 56.2 to 89.3 square meters **Price:** ¥5.99 million to ¥9.00 million/unit **Design:** 1 to 4 bedroom



More teleworking and rethinking of lifestyles centered on work at companies and homes in densely populated areas due to COVID-19

Changes in perception and needs involving residences

Development of proposal-based houses for a wide variety of lifestyles

Note: Based on "Household Projection for Japan (2018 Estimates)" by the National Institute of Population and Social Security Research

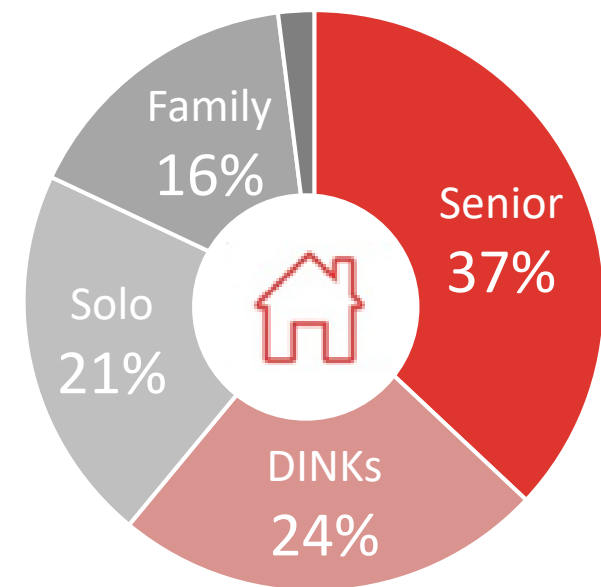
New Semi Custom-built House 「IKI」 Order Situation

We received orders for IKI from a wide range of customers, from senior households to DINKs and single people. In response to the growing popularity of one-story house, we achieved 190% of our IKI order target*¹. The number of app downloads is also strong, thanks to media coverage.

- **Orders for FY3/21 achieved 190% of the target. Steady growth in the current fiscal year.**
- **More than 2,000 app downloads. More than 500 people have registered.**
- **Following media coverage, the number of responses and site accesses increase rapidly.**



Breakdown of IKI Buyers



*1: Achievement rate against the Company's order target from 8/2020-3/2021

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) |

Competitive Advantages of KEIAI's Business Model and Barriers to Entry by Competitors

Competitive advantages

1. Use of technology/big data

- Design and construction processes are streamlined through the use of technology (e.g., on-site systems) even with small lots. We can develop housing without loss of productivity per unit by having a single foreperson to supervise many worksites.
- Digitizing worksite data with our systems enables us to accumulate and share worksite knowledge, standardize operations, and apply that knowledge to worksites nationwide. Working on many worksites also improves our power to purchase materials.

2. Stable supply

- We can quickly develop our human resources, because the development of large numbers of small lots enables our employees to gain experience on many diverse worksites. It also enables us to stably hire and train the artisan employees for construction sites.
- Experience with designing large varieties of (semi custom-built) detached houses in small batches by our in-house design division.
- Fast-turnover management enables us to ensure profitability and efficient financing.

Barriers to entry by competitors

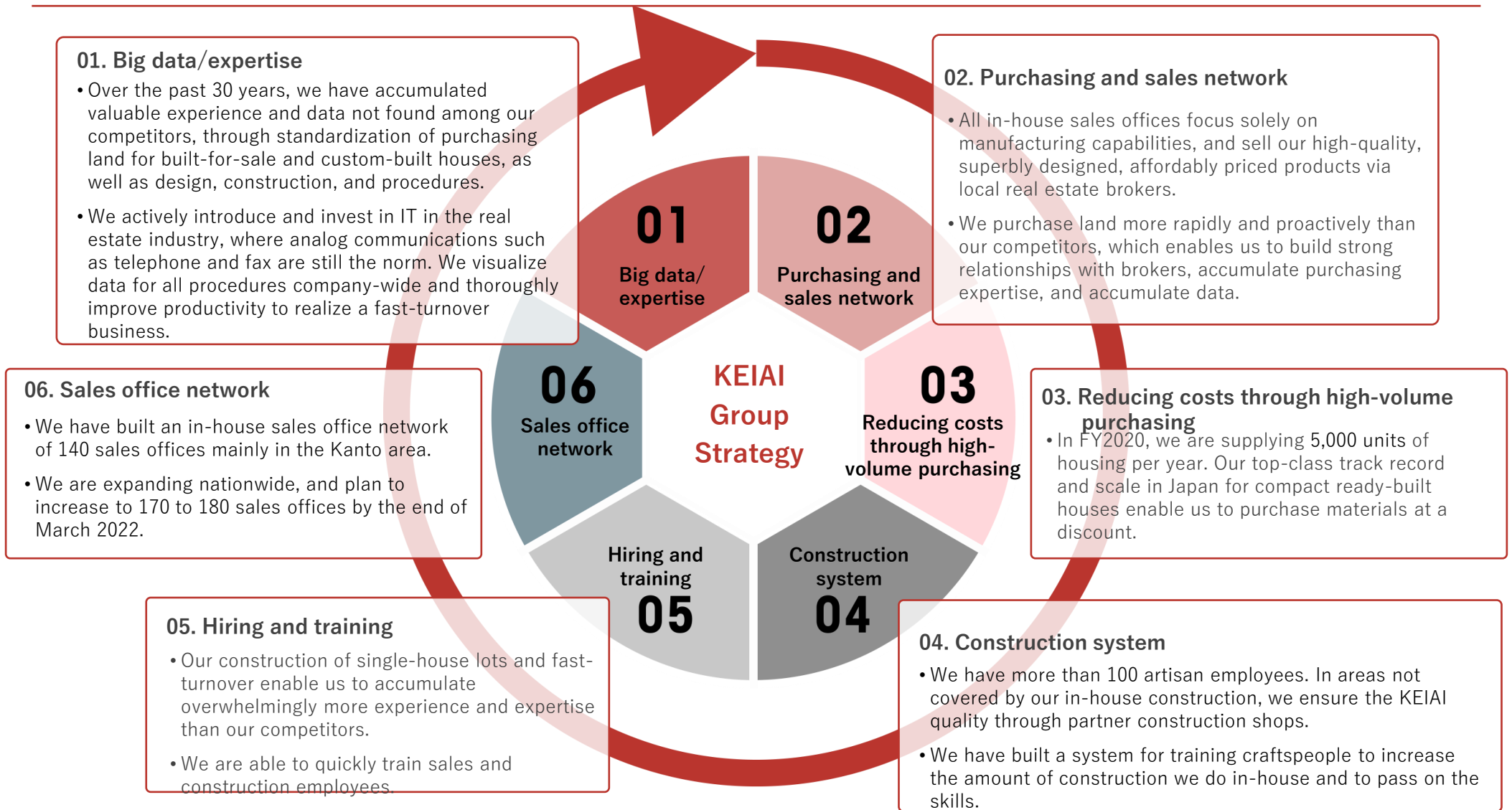
1. Unique features of small-lot development

- Developing compact small lots requires development of large varieties of houses in small batches, with design and construction conducted one house at a time. This makes the development of ready-built houses extremely labor-intensive, and establishing standardized work procedures is unfeasible.

2. Uneconomical scales

- Developing small lots requires individual development and multiple houses cannot be built at the same time. It also requires the development to be spread out over time. This prevents companies from making large bulk purchases of materials, therefore difficult to take advantage of economies of scale.

KEIAI's Group Growth Strategy



Expansion to More Areas of KEIAI Group

KEIAI group is continuously expanding our sales branch network in Japan to areas not yet covered.

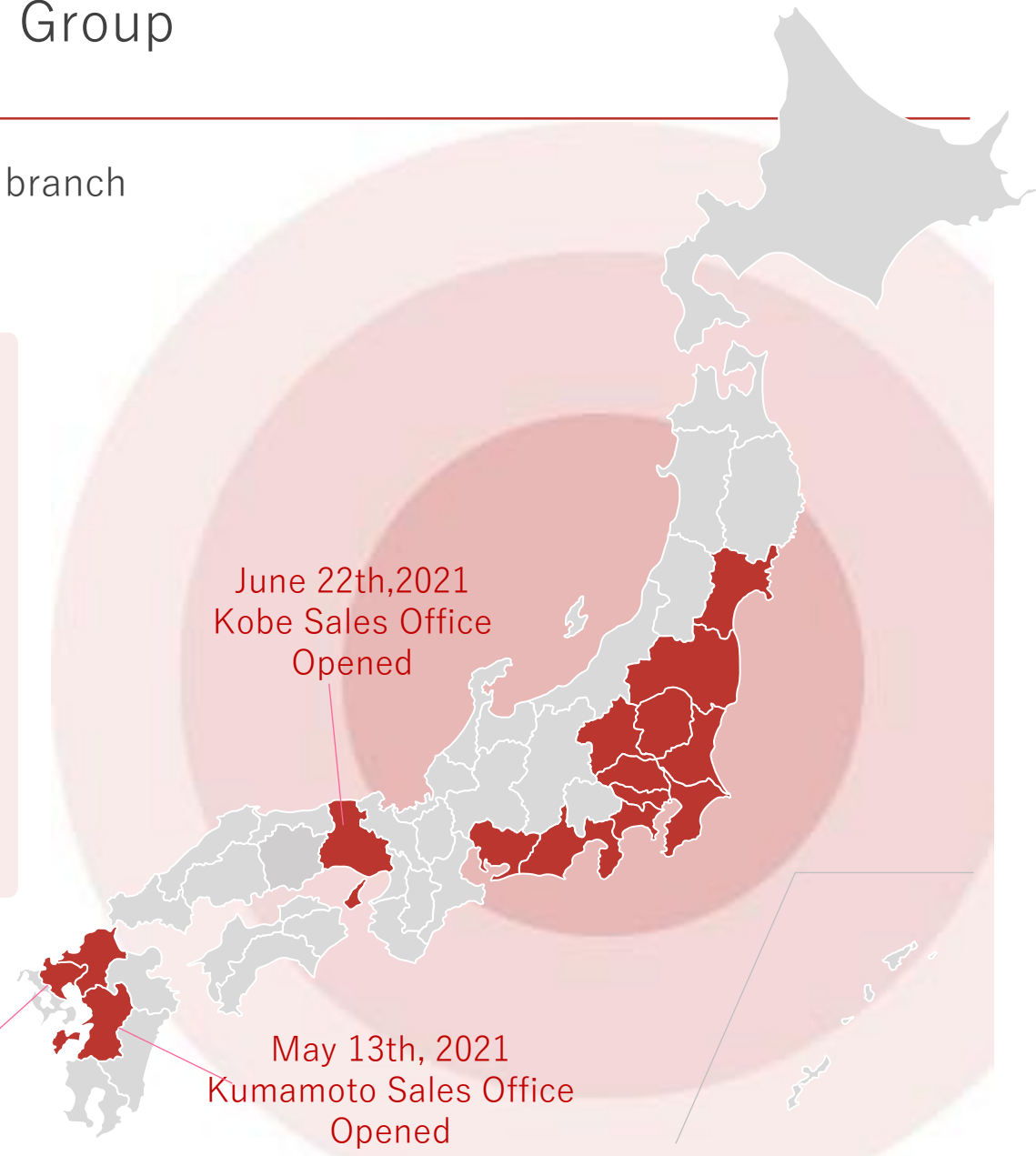
Number of Sales Branches at the 1Q of FY3/22

| | |
|----------------|----------------|
| ● Saitama: 33 | ● Miyagi: 3 |
| ● Fukuoka: 22 | ● Aichi: 4 |
| ● Chiba: 11 | ● Fukushima: 1 |
| ● Kanagawa: 15 | ● Shizuoka: 1 |
| ● Gunma: 12 | ● Hyogo: 1 |
| ● Tokyo: 12 | ● Kumamoto: 1 |
| ● Tochigi: 11 | ● Saga: 1 |
| ● Ibaraki: 14 | |

May 13th, 2021
Saga Sales Office
Opened

June 22th, 2021
Kobe Sales Office
Opened

May 13th, 2021
Kumamoto Sales Office
Opened

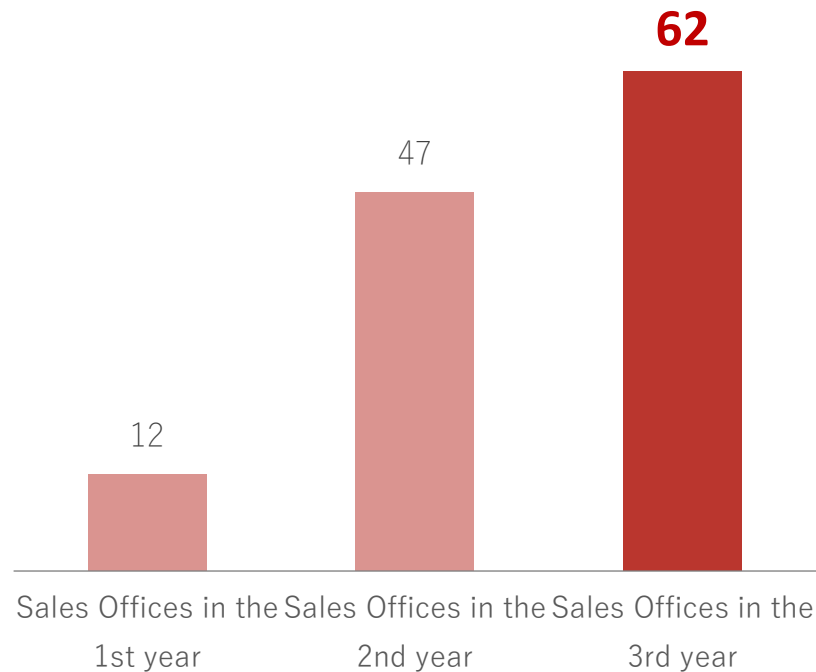


Expansion to More Areas of Japan – Improving Productivity of Sales Offices

We have achieved rapid growth by using KEIAI platform

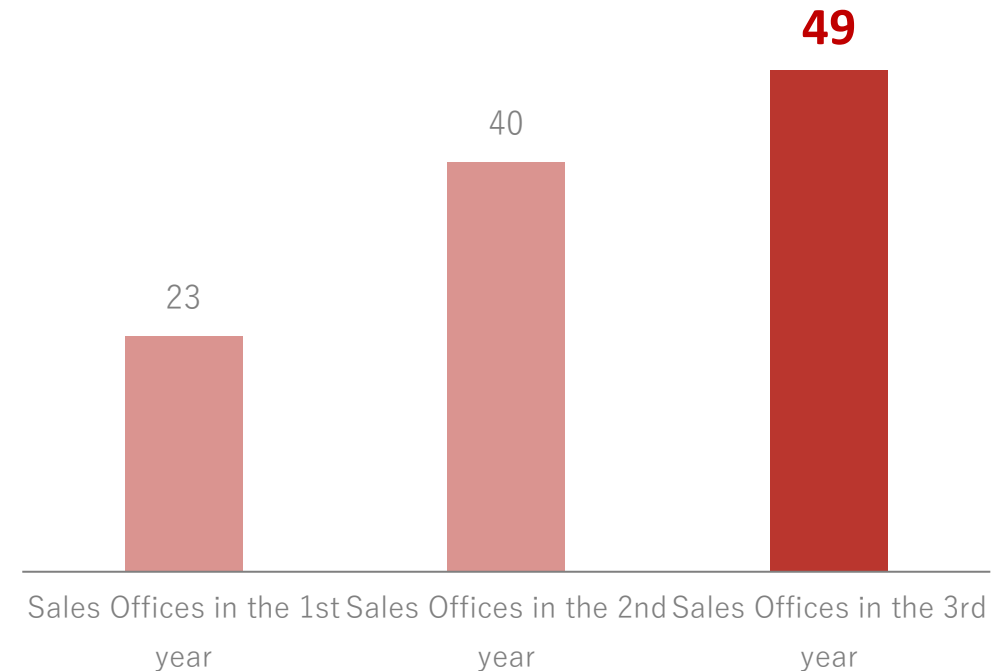
Productivity per sales office (houses sold/sales office)*1

Unit: houses



Productivity per employee (monthly orders/employee)*2

Unit: JPY mil.

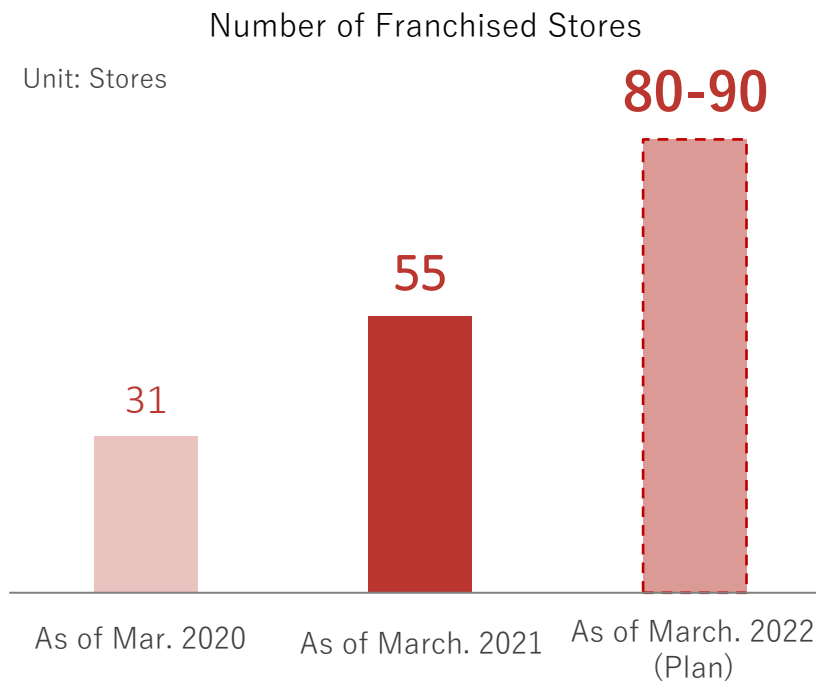


*1: Comparison of the average figures for detached houses sold by the company's own stores (brokerage sales) in the first three years after opening in the same fiscal year (performance of the March 2021)

Expansion to More Areas of Japan – KEIAI Franchised Stores

In addition to the own store network, strengthen the KEIAI's sales network through the KEIAI FC (Franchise chain)

- Growth of the franchised chain, which has stronger ties with KI-Star than with the voluntary chain, contributes to further increases in purchases and sales of properties.
- This chain has been expanding steadily to more areas of Japan since its launch in May 2019. This expansion is expected to increase franchising revenue.



The 10 Benefits of KEIAI.FC

- 01 Support for starting businesses**
「未経験・営業種からの新規参入」や「独立開業支援」など、ゼロからの立ち上げをKEIAIがしっかりサポート。不動産業の開業に必要な、店舗士の採用、電器業者の確保、店舗内外装の準備など、オープンまでしっかりサポートアップいたします。
- 02 Store front KEIAI sign**
ブランドカラーの派手な看板とした視認性の高い看板を設置。統一感のある店舗外観で、清潔感・信頼感など、ポジティブなイメージが大きくアップします。ひとさき目を惹くデザインで、地域の有名店に。
- 03 Manuals explaining KEIAI know-how**
ノウハウ、マニュアルを提供。物件情報や営業ノウハウ、仕入れの仕組みなどをマニュアルでしっかり伝えます。また、会社を営むための最も重要な「人財」採用ノウハウや人材育成なども私たちが支援し、一歩一歩成長をサポートします。
- 04 Support from KI-Star advisers**
リアル業種が、加盟店様専用のアドバイザーとして活動をサポート。市場動向・成功事例の共有や企業価値向上のアドバイス、定期的な訪問による高質的な企業価値向上を支援いたします。
- 05 Outsourced sales / Purchase of properties**
グループの物件で、新築戸建・中古戸建・中古マンション・土地など、お客様のさまざまなニーズに対応可能。建物販売による敷金との差別化で、集客・成約にもつながります。売却時にもKEIAIが積極的に買い取ります。
- 06 Leaseback**
「売ってもお悩み続けられる」即売市場の方法として、不動産業界で大きな注目を浴びています。在庫ローンを返済しながら、老後資金を確保するための方法などの目を引くサービスで、受託案件に繋がります。いかに稼働を獲得できます。
- 07 Construction of homes for sale Supply of KI-Star products**
KEIAIの建物を特別価格で建築することが可能なため、通常の土地のみ販売に比べることができます。
- 08 Supply of building products**
自社建築を行うKEIAIが大量仕入で安く買った建材を、加盟店様に特別価格で提供します。販路開拓にもつながる、高品質・高価格帯の建材・リフォーム事業など、さまざまな場面でご利用いただけます。



M&A Executions for KEIAI's Group Strategy

Expand market share by competitive dominant of KEIAI group companies not to miss acquisition opportunities of potential land area for our development.

TOKYO BIG HOUSE, Inc.

Operating mostly in Chiba and Saitama prefectures, this company primarily buys and sells real estate and performs planning, design and renovation work for buildings. Following this acquisition, TOKYO BIG HOUSE will focus mainly on activities involving KI-Star Group houses. (Consolidated in April 2020)

K. K. presto-Home (Currently KEIAI Presto K. K.)

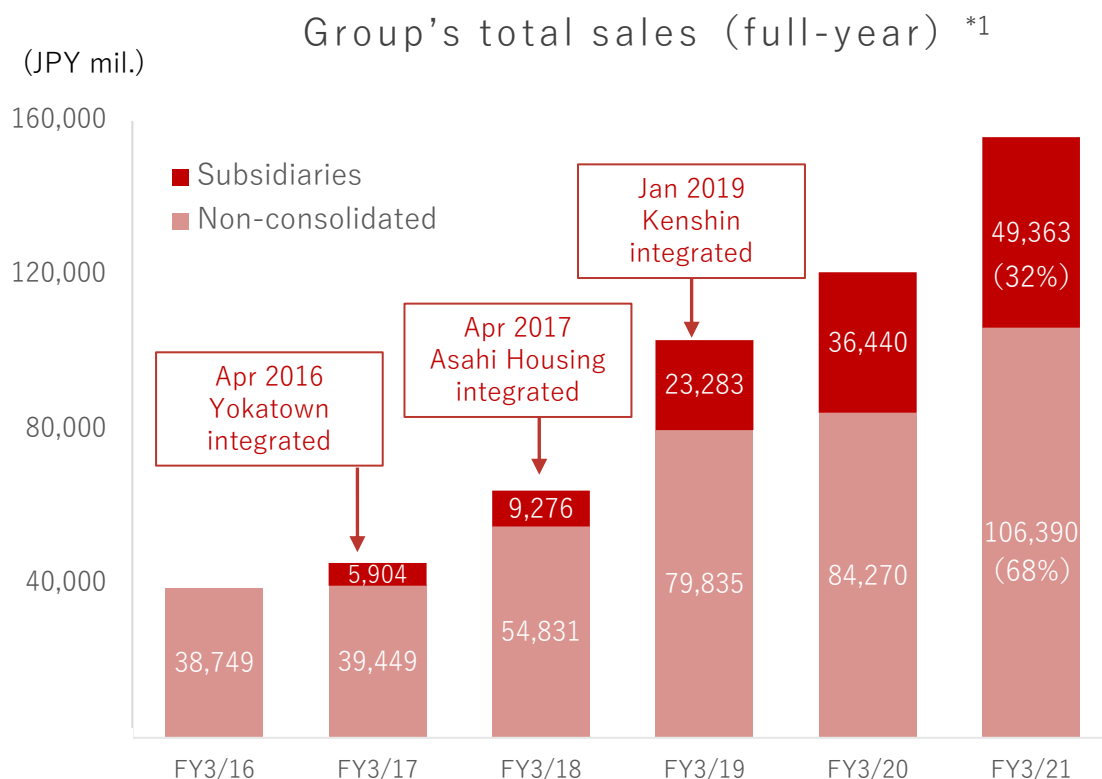
presto-Home designs and sells detached houses mainly in Saitama prefecture. It is accelerating the growth of the KI-Star Group's domestic business through synergy with KEIAI's expertise in compact ready-built houses and the groupwide procurement. (Consolidated in January 2021)



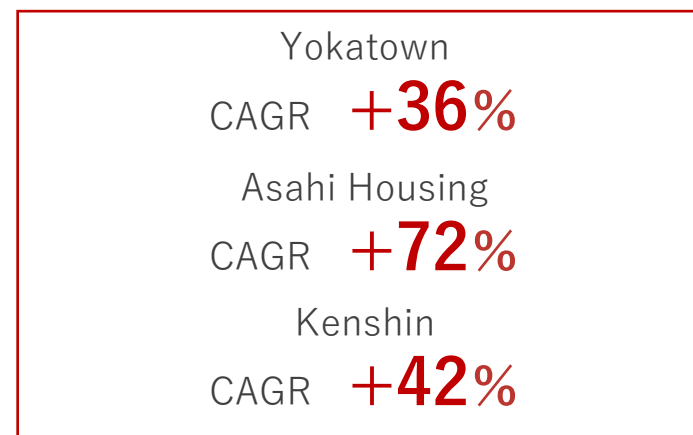
Joining the KI-Star Group will allow each company to benefit from synergies for sales, purchasing and other activities as well as from productivity improvements through the KEIAI Technology Platform. These benefits are expected to speed up the growth of the companies.

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.



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



Internal growth by parent (sales growth rate) *3



*1: Non-consolidated results for FY3/16

*2: CAGR (compound annual growth rate) from the time the company joins the group to 2021.3.

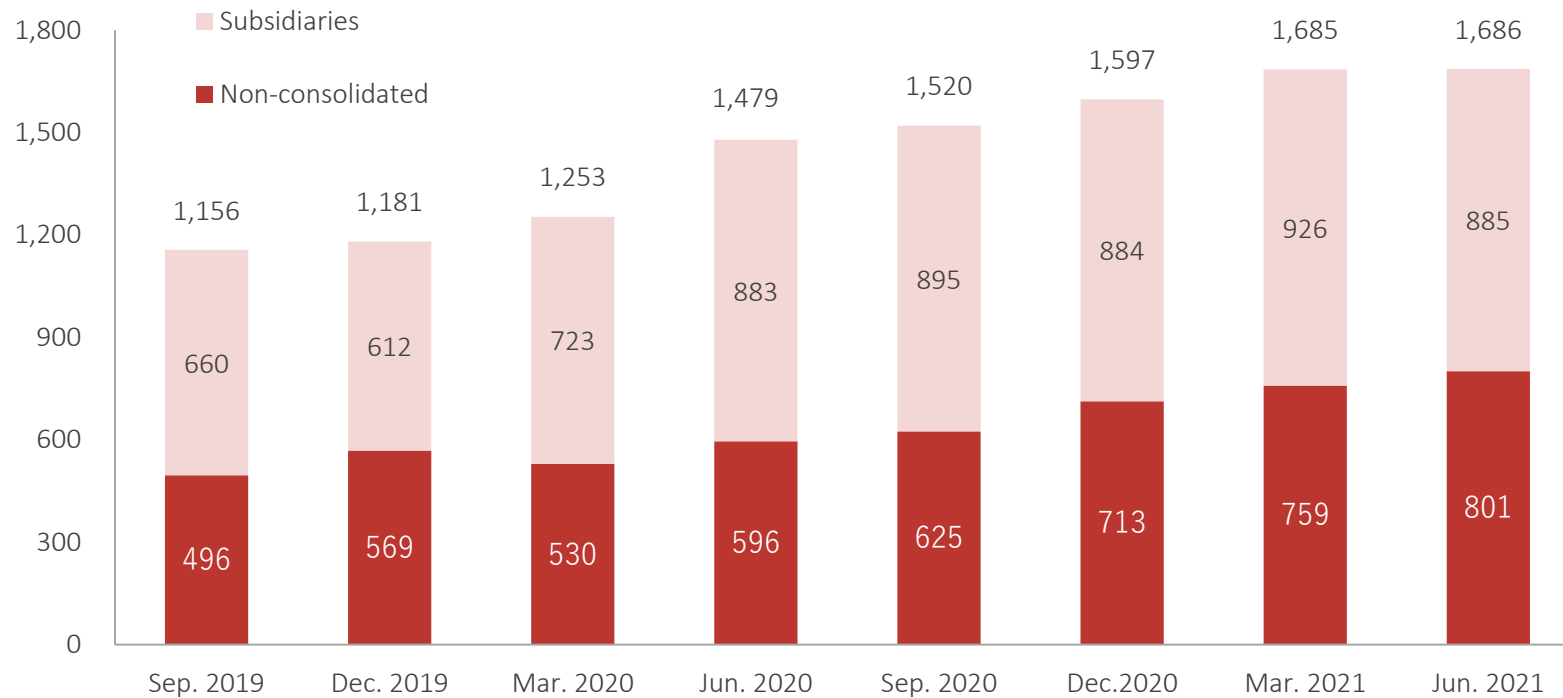
CAGR from FY3/17-FY3/21 for Yokatown, CAGR from FY3/18-FY3/21 for Asahi Housing, and CAGR from FY3/20-FY3/21 for Kenshin

*3: CAGR from FY3/17-FY3/21

Recruiting Activities

Consistent hiring is the foundation of KEIAI group's steady business growth.

Number of total employees (consolidated)



Financial Strategy

Secure funds for growth of the homebuilding and sales business and ensure the stability of fund procurement activities

Inventory reduction and risk reduction through improved inventory turnover



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

- Overdraft agreement
- Committed credit facility
- Issuance of bonds (3Q)
- Large syndicated loan (total amount: 35 billion yen, June 2021)



Investments for more growth of the homebuilding and sales business

3. Dividends and Shareholder Benefits

Dividends and Shareholder Benefits

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

| | FY3/20 Results (consolidated) | FY3/21 Results (consolidated) | FY3/22 Forecast (consolidated) |
|----------------------------------|----------------------------------|----------------------------------|-----------------------------------|
| Net income per share (yen) | 252.60 | 536.69 | 912.58 |
| Dividend per share (yen) | 76.00 | 139.00 | 230.00 |
| Interim dividend per share (yen) | 42.00 | 44.00 | 115.00 |
| Payout ratio (%) | 30.1% | 25.9% | 25.2% |

Shareholder Benefits

Purpose: Increase the number of medium and long-term shareholders by making KI-Star stock more appealing

Eligibility: Shareholders who are listed in the shareholder register on September 30 and own at least one trading unit

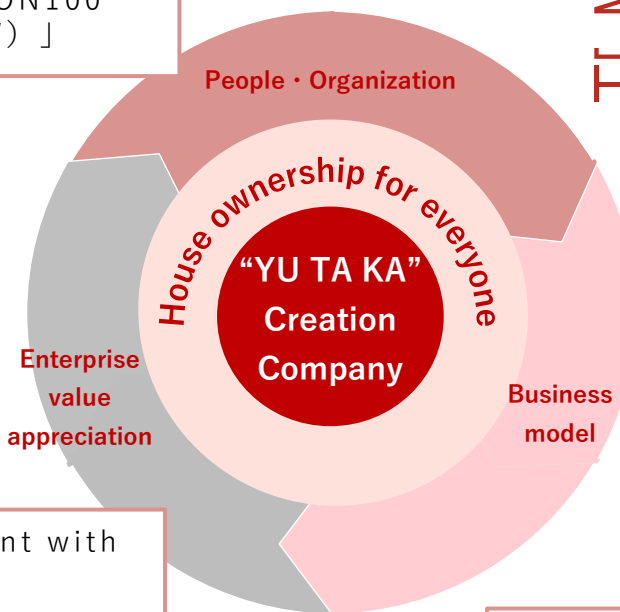
| Number of shares held as of the record date | Gift |
|--|----------------------|
| 100 shares to 499 shares | Quo card (1,000 yen) |
| 500 shares and more | Quo card (3,000 yen) |

4. ESG/SDGs Initiatives

KEIAI's Significance for Society

Centered our management philosophy and mission, we promote initiatives towards ESG/SDGs.

「DIVERSITY MANAGEMENT SELECTION100 (METI)」 「BEST Workplaces (GPTW)」



「Japan wood-housing association」 was established. Promote the active use of domestic wood and the conservation of domestic forests toward a decarbonized society.



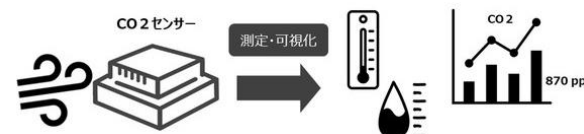
Opened "KEIAI farm" in Aikawa-cho, Kanagawa Prefecture. Promoting a work environment in which diverse group of people can play an active role.



Signed a gold sponsorship agreement with Japan Deaf Football Association



Started to develop an application that uses CO2 and temperature/humidity sensors to monitor population density and watch over homes.



ESG/SDG Initiatives (1)



| SDGs | KEIAI's initiatives |
|---|--|
|    | <p>1. Enabling everyone to own a home</p> <p>Helping solve social issues by supplying residential environments that everyone can enjoy with confidence. Activities include the supply of high-quality houses at affordable prices, the development of home monitoring apps that utilize CO2 and temperature sensors, the start of a home loan rescue program for single-person households, and other innovative ideas.</p> |
|    | <p>2. Alleviating extreme concentration of population in metropolitan centers</p> <p>We are revitalizing rural areas of Japan by improving the living environment, which has been hurt by the extreme concentration of people in metropolitan centers. As one option for the single-story IKI semi custom-built house, we started selling HANARE, a type of shed that can be used for work, in response to the rapid increase in teleworking.</p> |
|   | <p>3. Updating construction and real estate using IT</p> <p>We established DRC TECH Holdings to conduct R&D activities for IoT technologies and products. The goal is to increase the use of real estate technologies and construction technologies, such as robots for serving customers at home sales areas, and create a technology platform.</p> |
|    | <p>4. Solving problem of vacant housing</p> <p>There are approximately 8.5 million vacant houses in Japan. One solution is the replacement of these houses with new semi custom-built homes that have medium to long-term asset value. New homes can eliminate problems that cannot be solved by renovations.</p> |







ESG/SDG Initiatives (2)



| SDGs | KEIAI's initiatives |
|---|---|
|    | <p>5. Developing human resources</p> <p>We have created a Craftsman Program for artisan employees. We train junior artisans, improve working conditions that used to be called the 3Ds (dirty, dangerous, and demeaning), and also contribute to artisans' stable income.</p> |
|    | <p>6. Promoting diversity and empowerment of women</p> <p>We are committed to creating an environment that empowers women, including promoting women to management positions and encouraging the use of childcare leave. In 2019 and 2020, we were selected as a "Nadeshiko Brand" established by the Tokyo Stock Exchange and Ministry of Economy, Trade and Industry. In 2021, we were selected by the Ministry of Economy, Trade and Industry as a "Diversity Management Selection 100" company."</p> |
|   | <p>7. Hiring athletes with disabilities and supporting parasports</p> <p>In April 2019, we created the KEIAI Challenged Athlete Team. In 2021, we signed a gold sponsor agreement with the Japan Deaf Football Association. We participate in events held in partnership with local governments and educational institutions, and work to raise awareness of parasports.</p> |
|    | <p>8. Hiring and promoting participation by foreign nationals</p> <p>In both FY2018 and FY2019, our employees received the Excellent Foreign Construction Worker Award of the Ministry of Land, Infrastructure, Transport and Tourism and the Foundation for International Transfer of Skills and Knowledge in Construction</p> |

KEIAI's Significance for Society – ESG/SDG Initiatives (3)

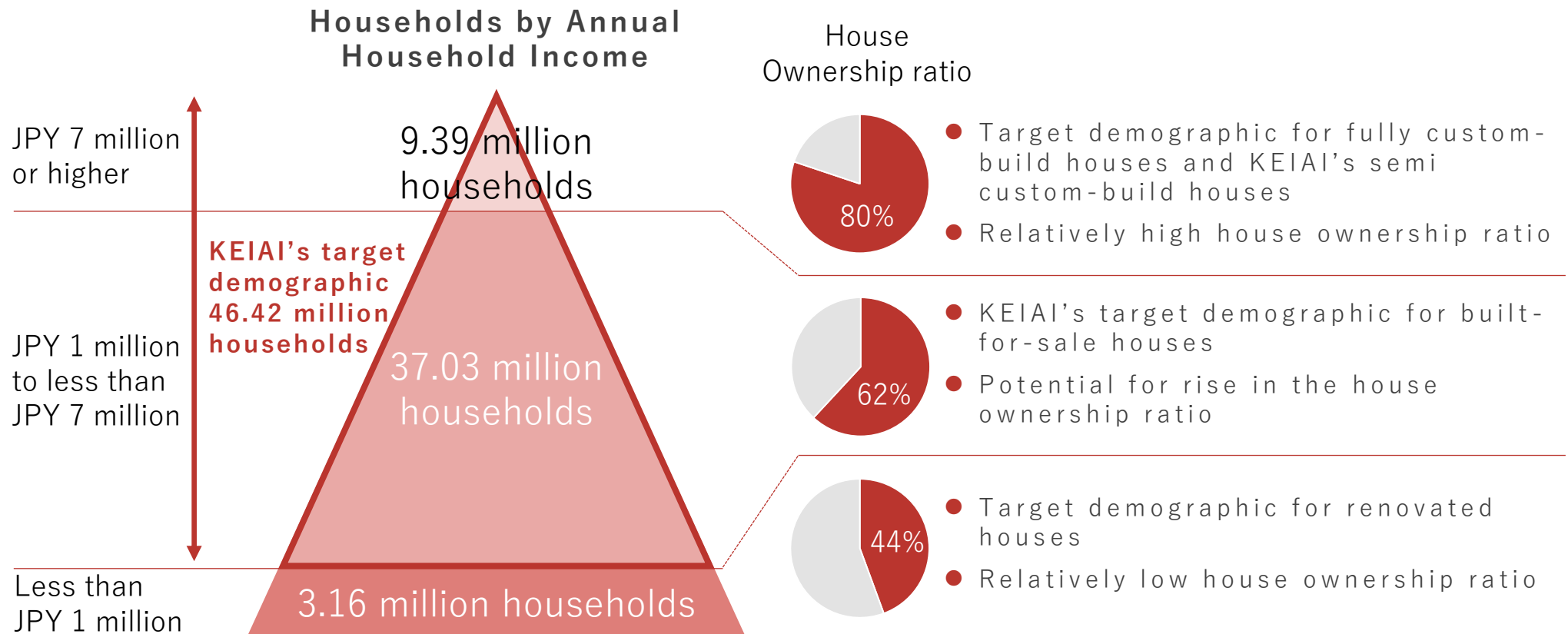


| SDGs | KEIAI's initiatives |
|---|---|
|    | <p>9. Reducing CO2 emissions</p> <p>Building wooden houses captures about 9.5 tons of CO2 per unit (80 m²) compared to RC structures. We have activities for increasing the use of lumber produced in Japan and reducing CO2 emissions, such as by participating in the establishment of the Japan Wood Housing Association and establishing the goal of 100% use of Japanese lumber in IKI one-story semi custom-built houses.</p> |
|    | <p>10. Promoting the use and development of renewable energy</p> <p>To help achieve the goal of carbon neutrality by 2050, we have started providing a solar electricity plan to buyers of IKI one-story semi custom-built houses. The absence of any start-up payments makes it easy for people to use electricity from renewable sources.</p> |

5. Appendix

KEIAI's Target Market

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

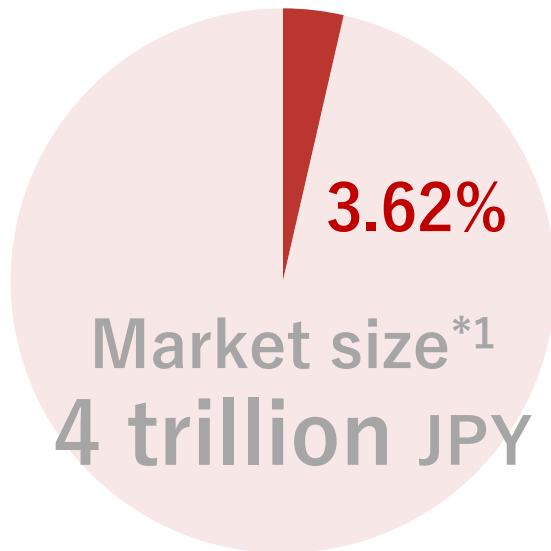


Source) Ministry of Internal Affairs and Communications "Housing and Land Survey of Japan (2018)"

Number of Built-for-Sale Houses in Japan and KEIAI Share

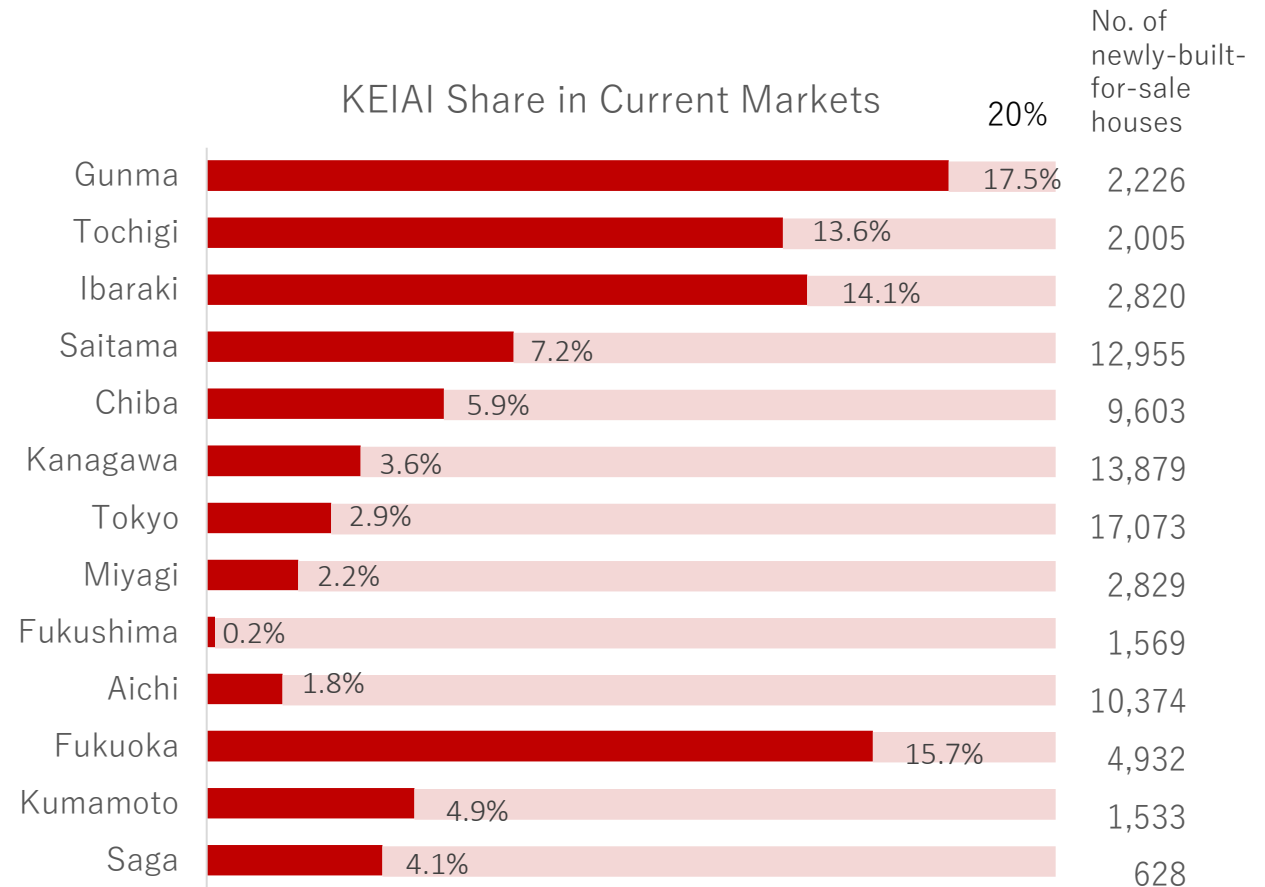
We still have a small share of the market and there is significant scope to increase our market share in the future

KEIAI Group's Market Share



**FY2020 supply of built-for-sale houses:
129,351**

KEIAI Share in Current Markets



Source: "Housing Construction Statistics" (FY2020 new detached houses built for sale) of the Ministry of Land, Infrastructure, Transport and Tourism

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

Buyer



- Real demand
- In their 30s to 40s
- Annual household income : ¥2 to 5 million range

Loan

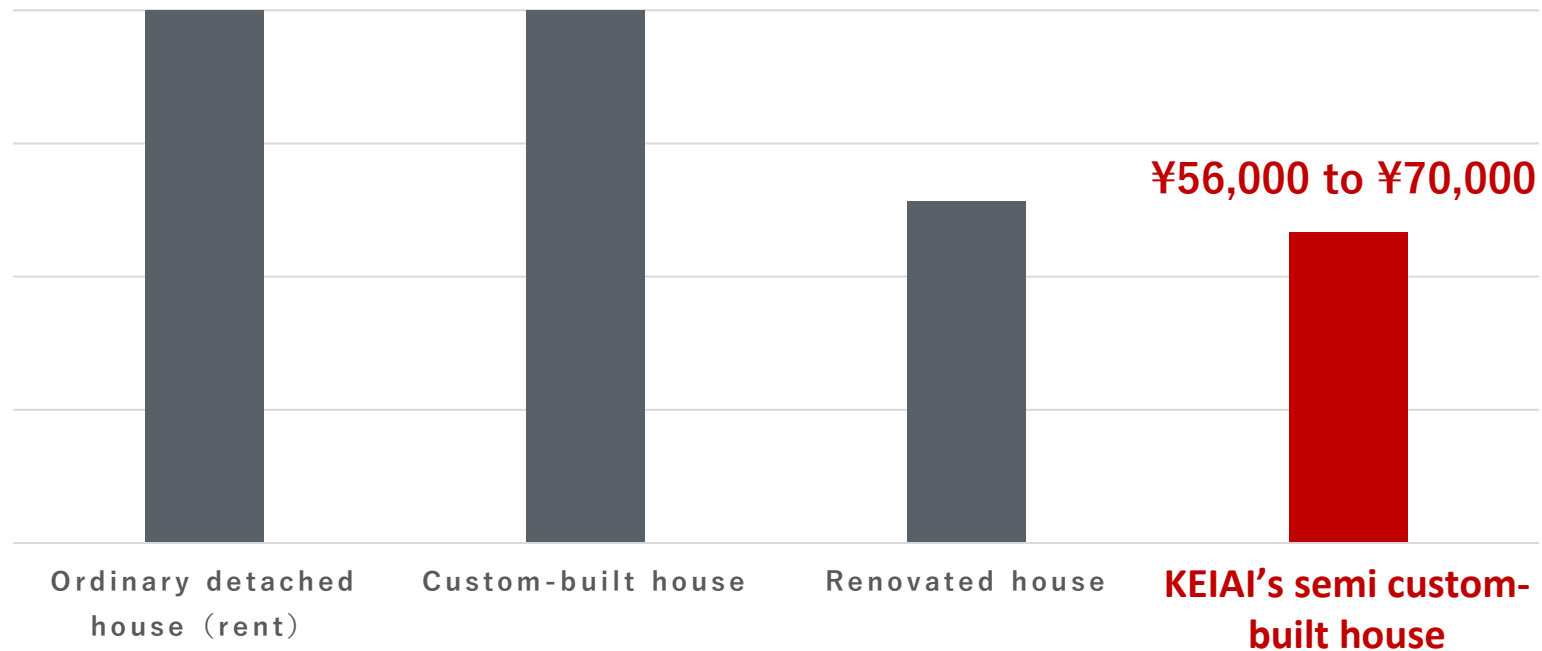


- Housing loan
- City banks and regional banks nationwide
- Labor income of the buyer

Price Comparison of Detached Houses

KEIAI offers superbly designed, semi custom-built detached houses at a price that is lower than rent. It enables customers to purchase a new house with excellent earthquake resistance and fixtures for less than it would cost to remodel an existing house.

Example of monthly cost burden*1



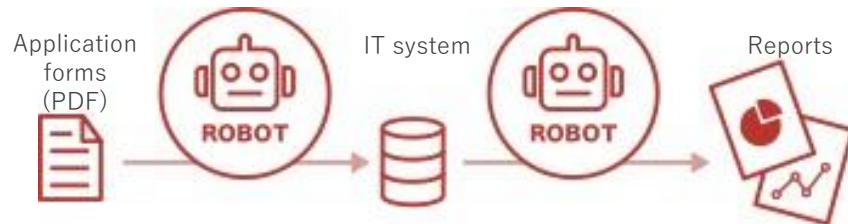
*1: Comparison of average rent for a 3LDK detached house with monthly loan payment (at 1% interest) for a 4-5LDK KEIAI ready-built detached house in the city of Takasaki
As reference, monthly loan payments (at 1% interest) calculated based on the common sale prices for a custom-built house and remodeled house

Using technology to improve business productivity

Over 14,000 man-hours saved since the start of full-scale operation by using RPA and AI-OCR

- Automates tasks that were once done manually
- Use of AI-OCR technology to convert paper media data to text data

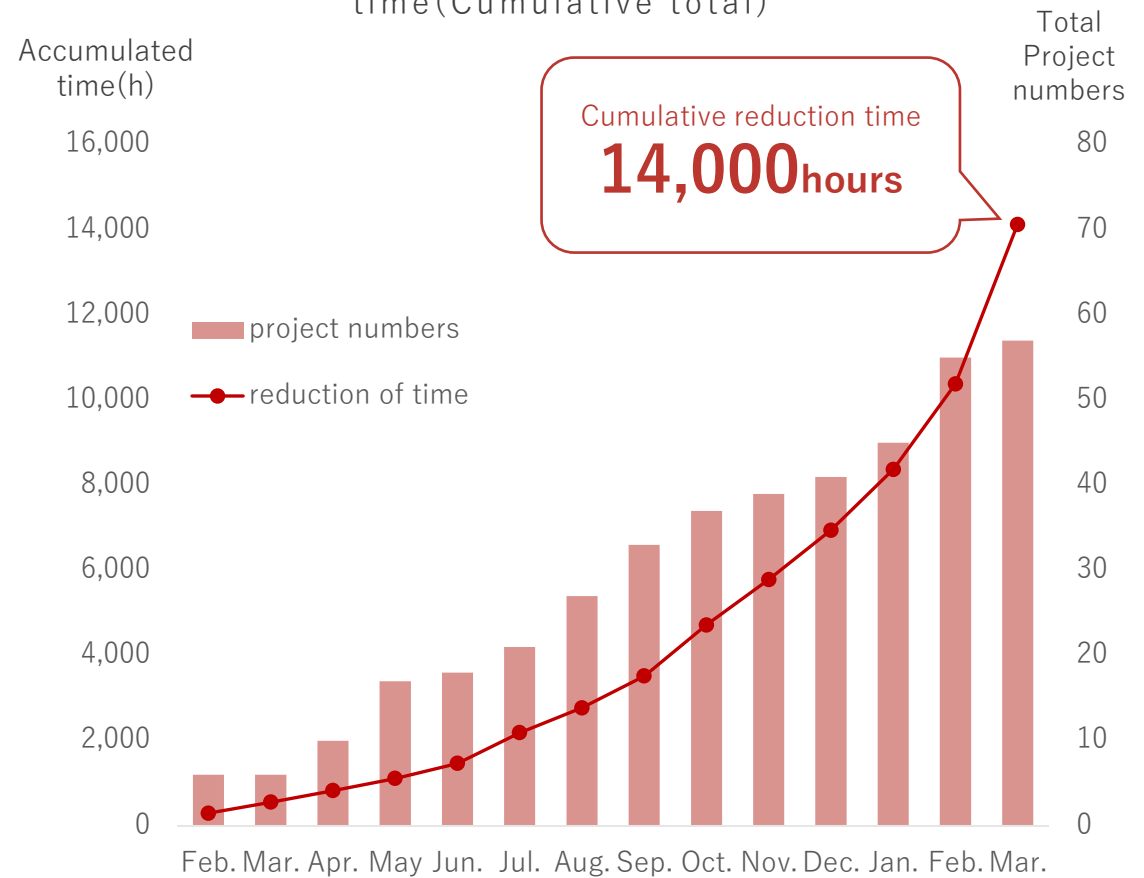
Clerical tasks using robotic process automation (example)



Robotic process automation improves productivity

Personnel costs **Reduced to 1/3** Efficiency **3-fold** improvement

Number of RPA/AI-OCR projects and reduction time(Cumulative total)

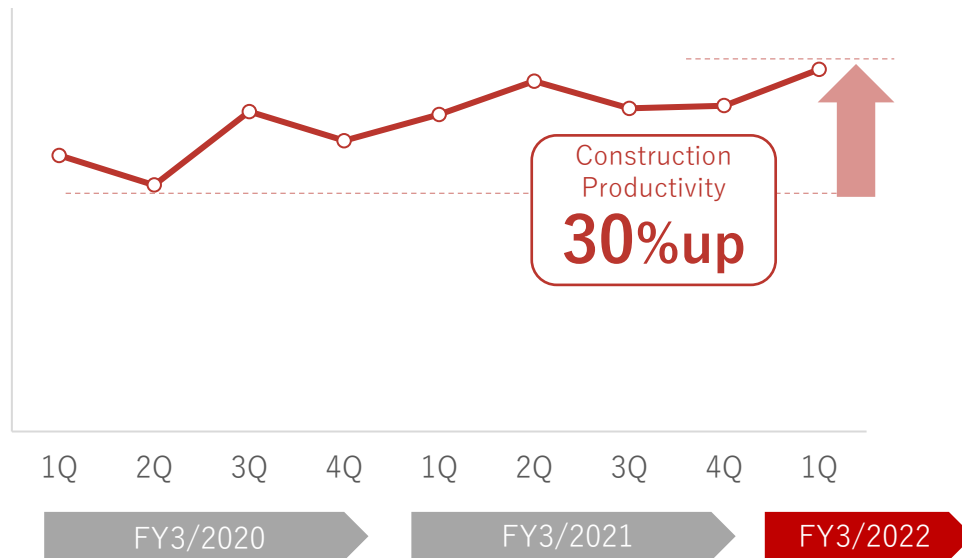


Introduction of the KEIAI platform on building sites

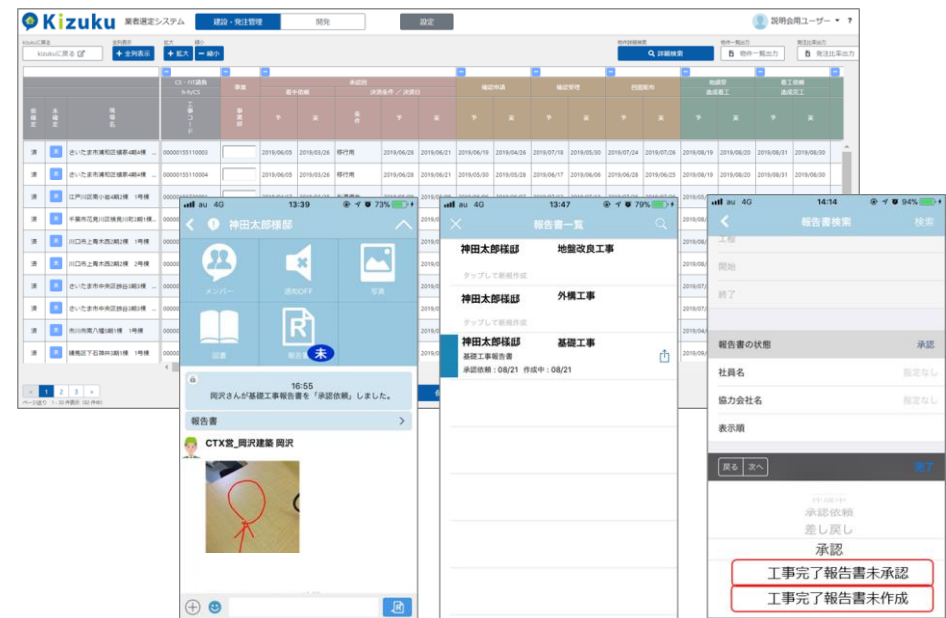
Construction process management app introduced to KEIAI building site

- In October 2020, we began operating Kizuku PRO, a version of a construction site support app customized for KEIAI. This cloud-based app manages a variety of information on construction sites, such as work schedules, site progress, process charts, and construction quality checks. It makes greatly increased the productivity of our construction.

Production efficiency trends *1



Kizuku PRO Screen shots



*1: The number of buildings managed per supervisor in the production sector where the KIZUKU system has been stably introduced.

Introduced Remote Customer Service for Showcase Model Houses

For the "IKI" business of Casa robotics, a subsidiary, we have started the joint development of a teleoperated robot called "MORK" for use at housing exhibitions. In the future, we plan to develop a model specifically for housing exhibitions in order to promote unattended viewings and contactless sales.

- In addition to automated interior viewing of model houses, which we began in December 2019, in August 2020, we introduced RURA, a remote customer service system. Staff is on standby to answer questions from customers remotely, enabling customers to take interior viewing tours with no unanswered questions left about the product. This avoids the risk of COVID-19 infection, and enables us to work and assign staff more efficiently.



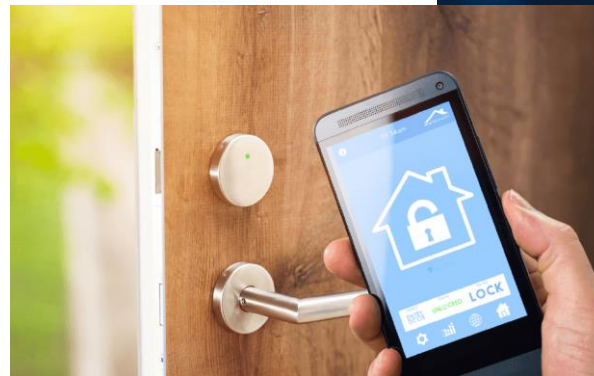
The IKI model house in the Takasaki model home site has an automated interior viewing system and uses a chat app

Order rate: **Approx. 20% increase**
Time from the first contact to the signing of a sales contract:
Approx. 60% reduction

Established Subsidiary Casa robotics

Casa robotics specializes in the sale of IKI one-story houses. It promotes sales of one-story houses using IT and AI.

- Casa robotics was founded in November 2020. The company interfaces with customers using new technologies, including contactless sales, virtual tours, the Internet, and apps. It uses technology to reduce store operating costs, and aims to provide high-quality custom-built houses at low prices.

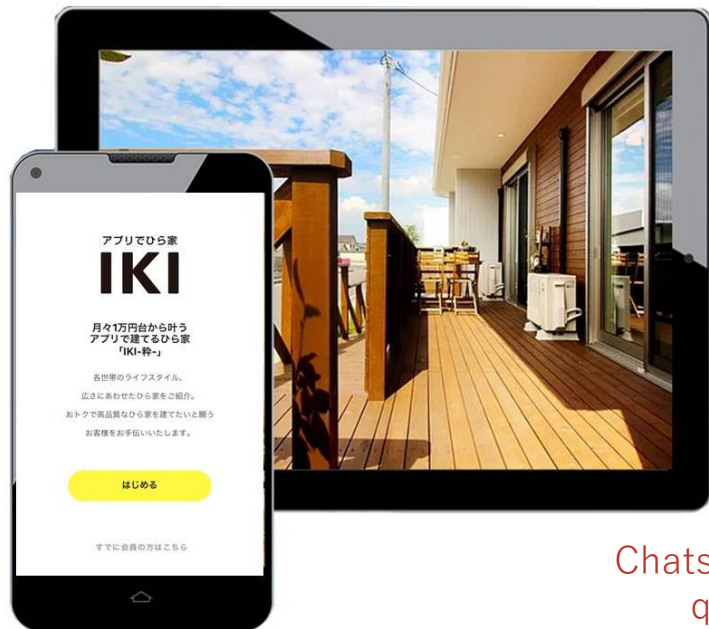


The screenshot shows the homepage of the Casa robotics website. At the top, there is a navigation bar with the KEIAIグループ logo and Casa robotics logo on the left, and links for 'トップ', 'IoT住宅企画', '次世代VR&非接触内覧システム企画', '企業情報', and '主力商品' on the right. The main content area has a dark blue background with white text. The headline reads 'デジタルで、ひら家' and 'それぞれの世帯のカタチに、それぞれの間取りを'. Below this, there is a section titled 'アプリで建てるひら家住宅' with a sub-headline 'Casa roboticsがご提案するのは、数多くの間取りのバリエーションから、住まう人の世帯のカタチにぴったりのものをお選びいただける規格型ひら家注文住宅、その名もIKI（粋）' and a paragraph '広すぎず、狭すぎず、ちょうどよい間取りの住宅をおトクな価格でご提案いたします。そのために、大きな役割を担うのが、アプリです（*）。*現在開発中' and another paragraph 'アプリを通じ、お客様に対して、住宅プランのご案内や様々なお困りごとを解消するのに役立つ情報提供などをさせていただきます。お客様は、IKIのモデルハウスに足をお運びいただく前に、ご自分にピッタリな住宅のイメージを固めることができます。' To the right of the text, there are two tablets displaying virtual tours of a house interior and exterior.

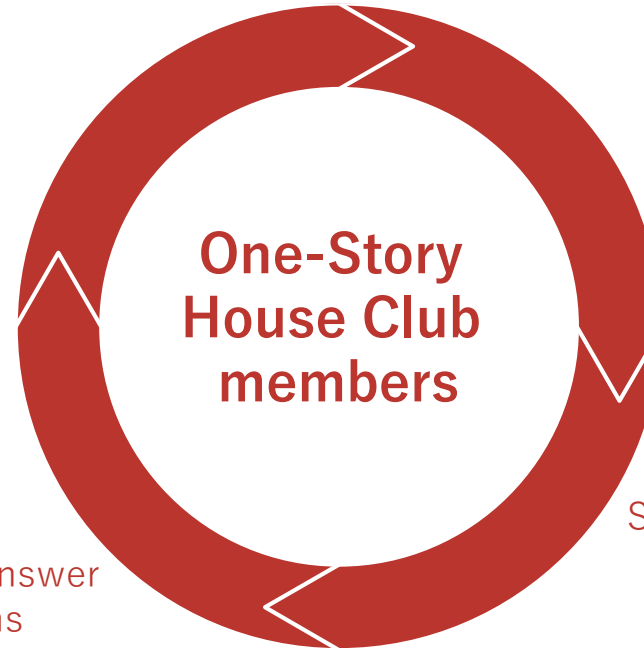
Reinventing the detached home buying experience (UX) with the Hiraya IKI app

Through a new app released in April 2021, engage Hiraya members (potential customers) and renew the detached house buying experience through MA*¹ combining app and web.

Experiences of people already living in a KEIAI house



Chats help answer questions



Virtual experience using the app



Site recommendation using AI reflecting customers' interests and preferences

"I like gardening" "I like surfing"
"I enjoy outdoor activities"

*1: MA = Marketing Automation: To promote the efficiency and sophistication of marketing and sales promotion activities by introducing tools such as automation and AI for marketing operations.

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.

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.

Although KI-Star has exercised care concerning the information in this presentation, the company makes no guarantee whatsoever regarding this information. Furthermore, KI-Star assumes no responsibility at all for any losses or other damages that may result from the use of the information in this presentation.

Inquiries

KI-STAR REAL ESTATE CO., LTD. Tokyo Head Office

Corporate Planning / Overseas Business Promotion Office, IR Division

Marunouchi Trust Tower North 17th floor, 1-8-1 Marunouchi, Chiyoda-ku, Tokyo 100-0005

Tel: +81-3-6268-0520 / URL: <https://ki-group.co.jp/english/>