

KEIAI

デザインのケイアイ

FY3/22 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

FY3/22 Highlights

- Big increases in sales and earnings to new all-time highs, with net sales of 184.3 billion JPY and ordinary profit of 23.2 billion JPY.
- Sales of compact ready-built houses continued to grow, backed by the semi custom-built house format that utilizes the KEIAI Platform and the compact ready-built house development, which are the key strength of KEIAI .
- In FY3/23, we will continue building a DX framework for further advancement of the KEIAI Platform and speeding up investments to add more stores to accomplish our goals of raising our market share and increasing sales of the KEIAI Group.
- For FY3/23, we forecast net sales of 220 billion JPY, ordinary profit of 25 billion JPY and profit attributable to owners of parent of 16 billion JPY, all record highs.
- The FY3/23 dividend forecast is 280 yen per share, also a record high.

Contents

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

1. FY3/22 Financial Summary

Consolidated Statement of Income

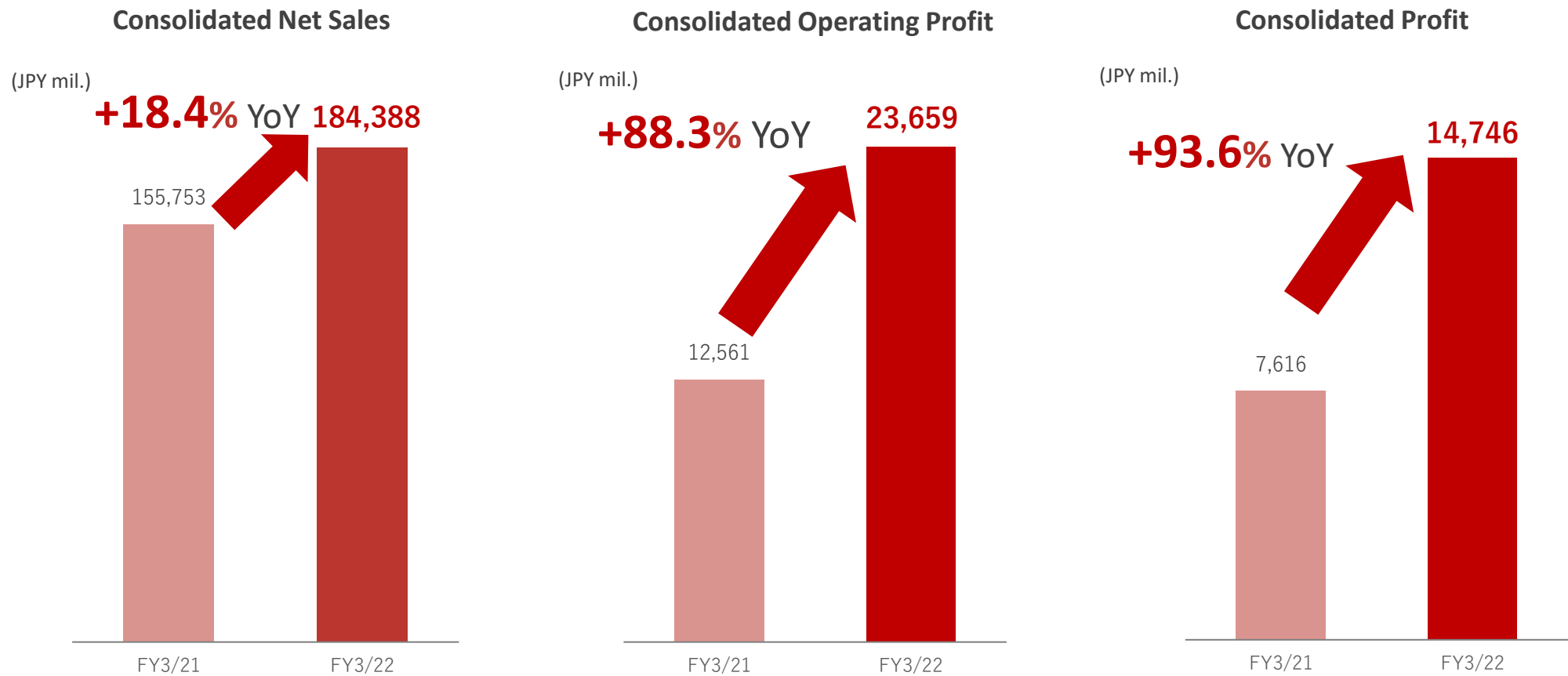
Net sales 184.3 billion JPY (up 18.4% YoY), a new record. Gross profit 40 billion JPY, operating profit 23.6 billion JPY (up 88.3% YoY), ordinary profit 23.2 billion JPY (up 81.5% YoY), achieved record profit for the same period.

(JPY mil.)

	FY3/21		FY3/22		YoY change
	Amount	Proportion	Amount	Proportion	
Net sales	155,753	100.0%	184,388	100.0%	18.4%
Gross profit	27,745	17.8%	40,039	21.7%	44.3%
SG&A expenses	15,183	9.7%	16,380	8.9%	7.9%
Operating profit	12,561	8.1%	23,659	12.8%	88.3%
Ordinary profit	12,781	8.2%	23,203	12.6%	81.5%
Profit attributable to owners of parent	7,616	4.9%	14,746	8.0%	93.6%

Consolidated Net Sales, Operating Profit and Ordinary Profit

Strong growth of sales, operating profit and profit attributable to owners of parent.



Consolidated Statement of Income (4Q)

In the fourth quarter (January-March), net sales 48.2 billion JPY (up 5.1% YoY), ordinary profit 5.3 billion JPY (up 16.6% YoY), profit attributable to owners of parent 3.5 billion JPY (up 27.5% YoY).

(JPY mil.)

	4Q (Jan-Mar) of FY3/21		4Q (Jan-Mar) of FY3/22		YoY change
	Amount	Proportion	Amount	Proportion	
Net sales	45,949	100.0%	48,275	100.0%	5.1%
Gross profit	9,049	19.7%	9,665	20.0%	6.8%
SG&A expenses	4,691	10.2%	4,165	8.6%	-11.2%
Operating profit	4,357	9.5%	5,499	11.4%	26.2%
Ordinary profit	4,561	9.9%	5,318	11.0%	16.6%
Profit attributable to owners of parent	2,754	6.0%	3,510	7.3%	27.5%

FY3/23 Consolidated Forecast

To accomplish the goal of market share growth, we plan to continue growing, primarily in the compact ready-built house development business, by making the KEIAI Platform more powerful and expanding operations to more areas of Japan. Our full-year forecast for FY3/23 is net sales of 220 billion JPY (up 19.3% YoY), ordinary profit of 25 billion JPY (up 7.7% YoY), and profit attributable to owners of parent of 16 billion JPY (up 8.5% YoY). Forecasting record-high performance in all stages of profit.

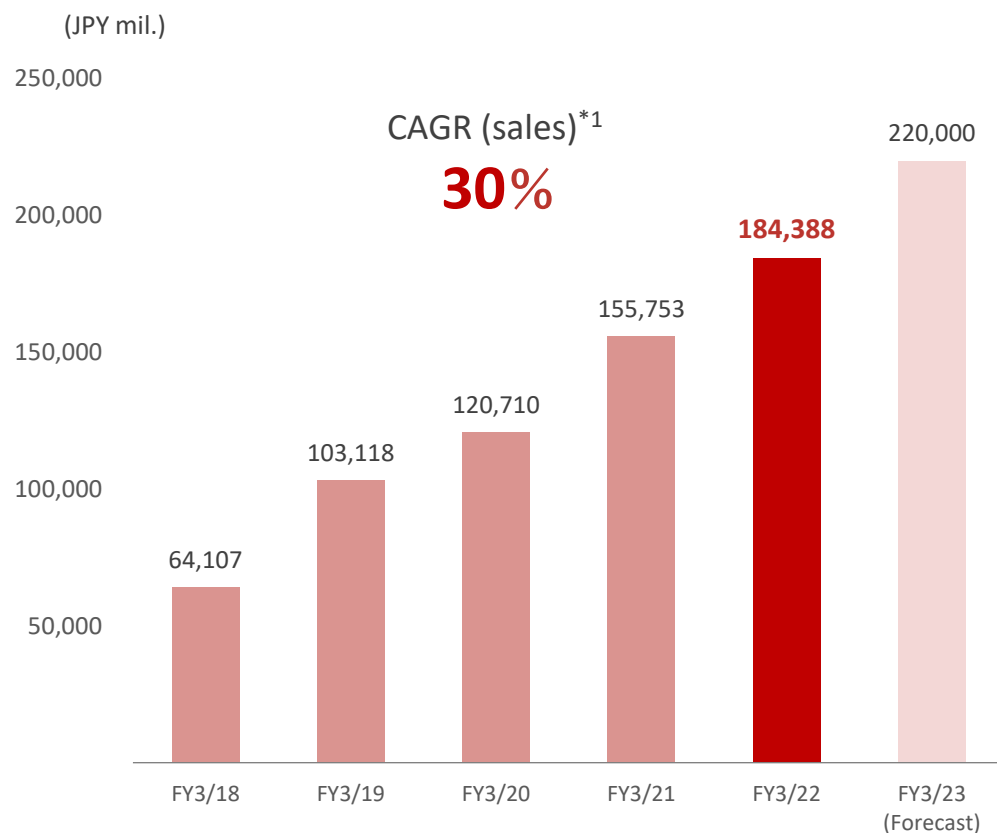
(JPY mil.)

	Full-year of FY3/22			Full-year of FY3/23	
	Previous forecast	Results	Forecast vs. Results	Current forecast	YoY change
Net sales	190,000	184,388	97.0%	220,000	19.3%
Operating profit	24,300	23,659	97.4%	25,500	7.8%
Ordinary profit	24,000	23,203	96.7%	25,000	7.7%
Profit attributable to owners of parent	15,000	14,746	98.3%	16,000	8.5%

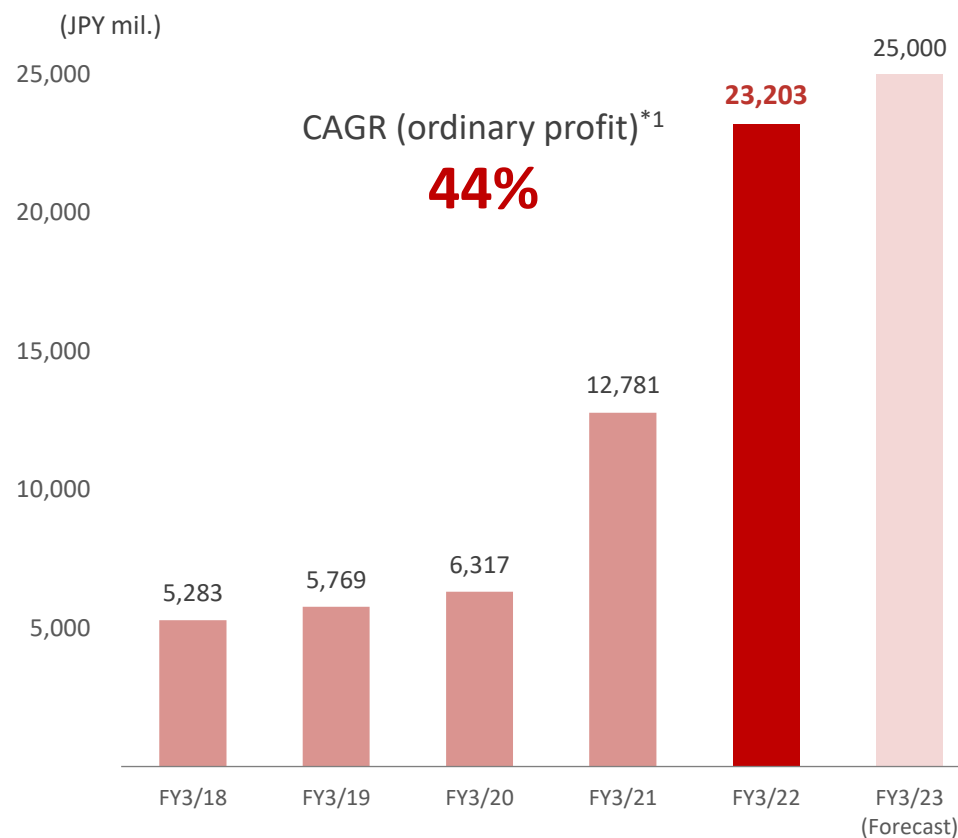
Consolidated Sales and Earnings

Forecast another year of steady sales and earnings growth along with the consistent growth of the core compact ready-built house business.

Net Sales and Ordinary Profit (Full-year)



Ordinary Profit (Full-year)



* Average annual growth rate of sales/ordinary profit (CAGR) from FY3/18 to FY3/22

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.)

		FY3/21	FY3/22	YoY change	Remarks
Homebuilding and sales (including land)	Houses sold	3,179	3,604		Growth due to growth strategy progress
	Sales	101,348	124,375	+22.7%	
	Operating profit	12,249	20,676	+68.8%	
Custom-built housing	Houses sold	176	190		Upfront SG&A expenses due to higher orders for IKI
	Sales	1,461	3,305	+126.2%	
	Operating profit	245	110	-54.9%	
Yokatown	Houses sold	Built-for-sales houses (including land): 742 Custom-built houses: 85	Built-for-sales houses (including land): 898 Custom-built houses: 71		Higher operating profit due to focus on build-for-sales house business
	Sales	20,248	25,465	+25.8%	
	Operating profit	1,716	2,676	+55.9%	
Asahi Housing	Houses sold	Built-for-sales houses (including land): 213	Built-for-sales houses (including land): 272		Increase due to focus on build-for-sales house business
	Sales	8,480	11,605	+36.9%	
	Operating profit	730	1,852	+153.6%	

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.)

		FY3/21	FY3/22	YoY change	Remarks
Kensin	Houses sold	Built-for-sale houses (including land): 230 Custom-built houses: 124	Built-for-sale houses (including land): 289 Custom-built houses: 109		Increase due to focus on build-for-sales house business
	Sales	11,268	14,759	+ 31.0%	
	Operating profit	418	1,141	+172.6%	
KEIAI Presto	Houses sold	-	Built-for-sale houses (including land) and custom-built houses: 48		Consolidated in January 2021
	Sales	-	1,237	-	
	Operating profit	-	95	-	

Consolidated Balance Sheet

Total assets were 163.2 billion JPY and net assets 49.0 billion JPY (an increase of 19.8 billion JPY from March 31, 2021).

(JPY mil.)

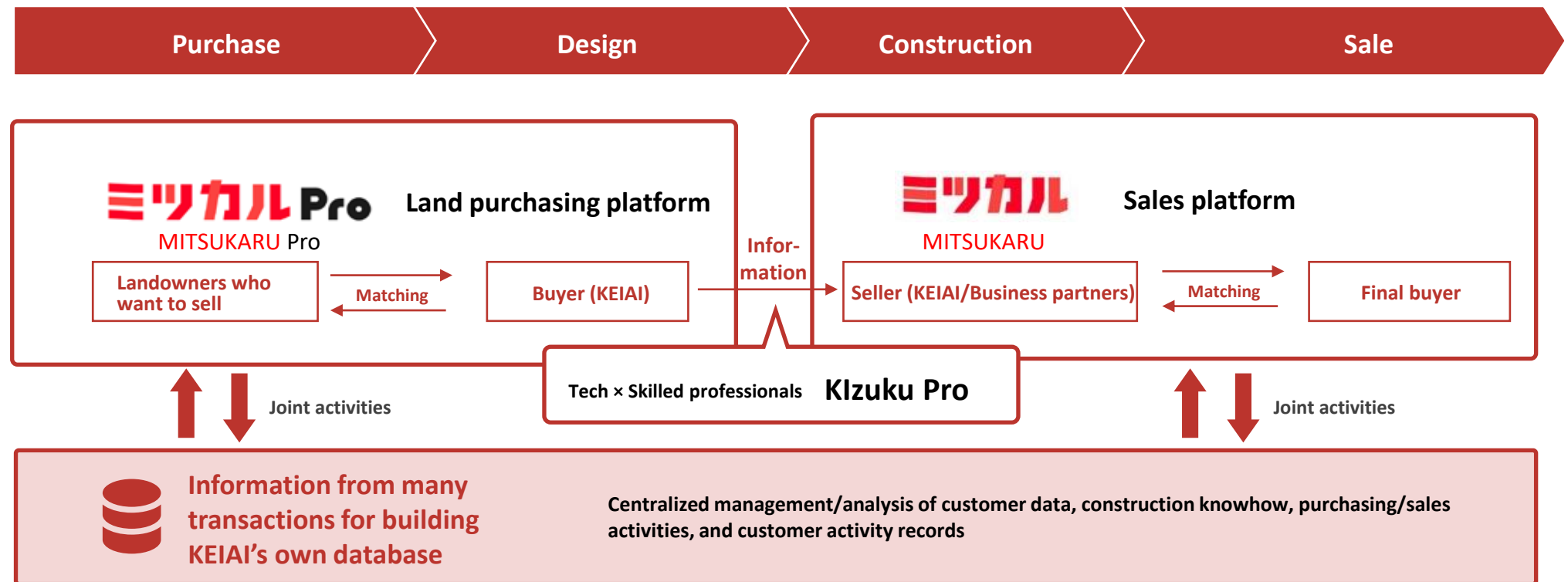
	March 31, 2021	March 31, 2022	Increase/decrease
Current assets	102,015	155,686	53,670
Non-current assets	8,111	7,554	(556)
Total assets	110,127	163,240	53,113
Current liabilities	67,495	91,652	24,156
Non-current liabilities	13,412	22,550	9,137
Total liabilities	80,908	114,202	33,294
Net assets	29,218	49,037	19,818
Total liabilities and net assets	110,127	163,240	53,113

2. KEIAI Growth Strategy

A Fully Integrated 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.

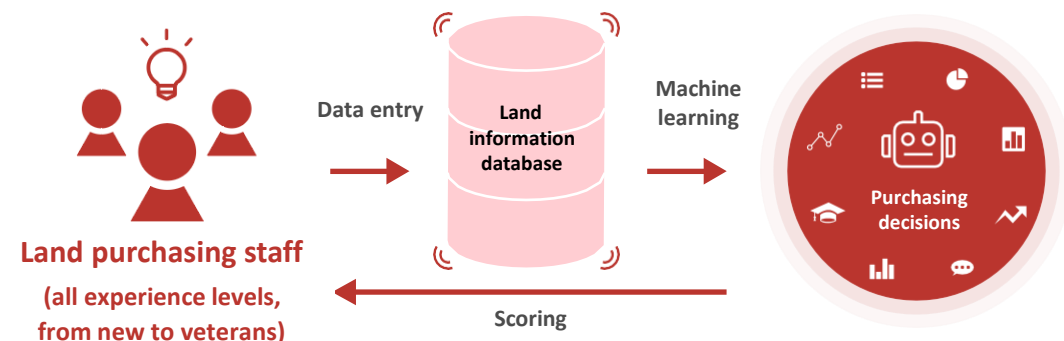


- AI and other systems assist relatively new land purchasing personnel
- Highly accurate land purchases are possible by using data covering more than 30,000 potential land purchases in prior years and data about more than 10,000 transactions

Companies in the purchasing network About 6,000

Land information data entries*1 About 30,000/Q

Number of lots purchased*1 About 1,700/Q



Land scoring 30,000+ data entries

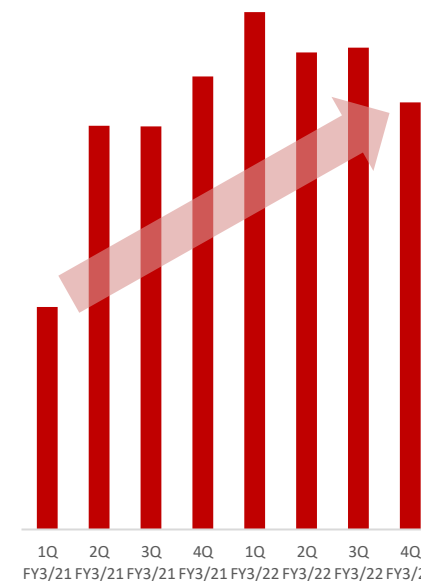
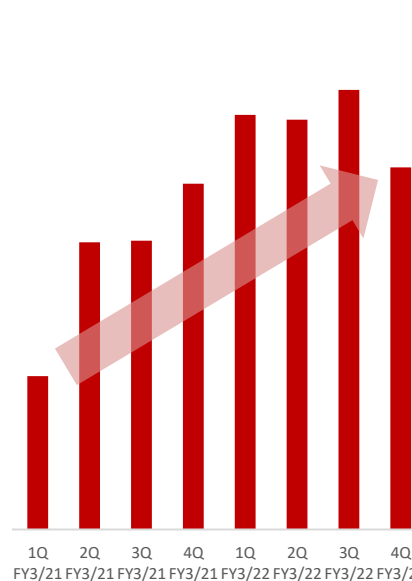
- Scoring of prospective purchases by using more than 30,000 data entries about potential land purchases and actual sales (prices of housing lots sold by KEIAI and data on local market characteristics) in prior years

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

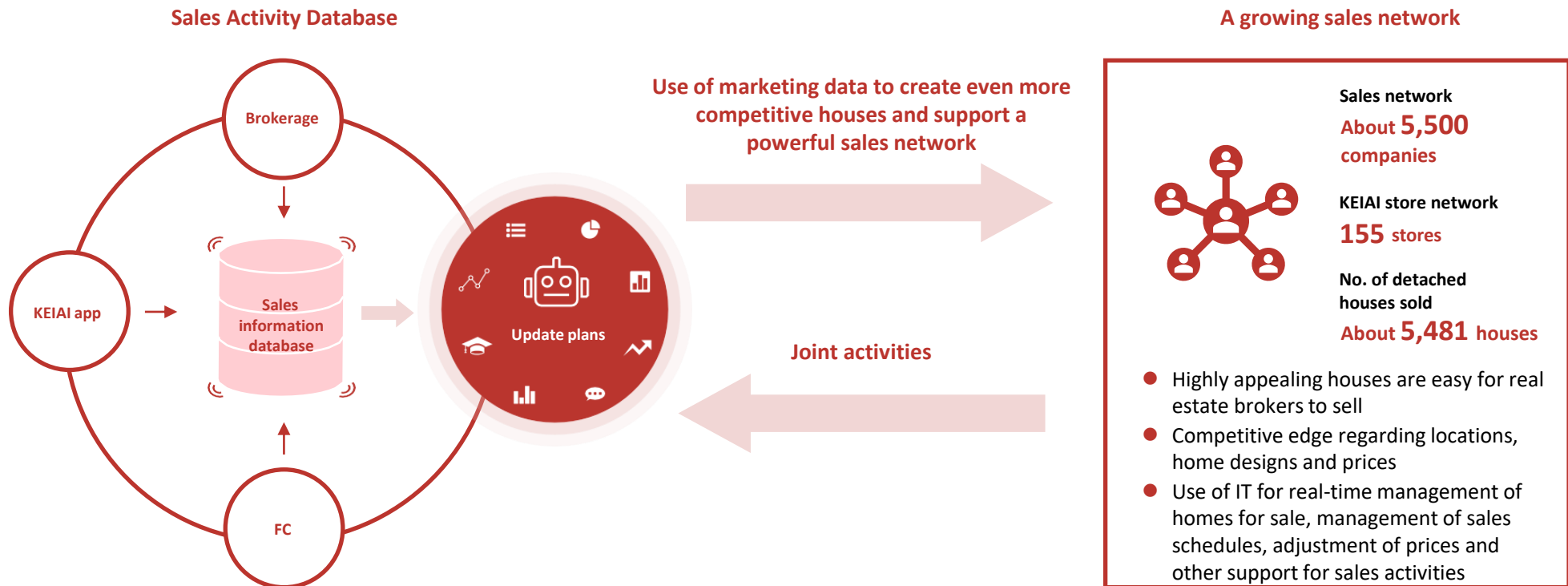
- Big data reduces risk involving the compact, ready-built house business model; also optimizes pricing of land purchases by using market data and real-time data on KEIAI houses for sale



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

Sales Platform MITSUKARU

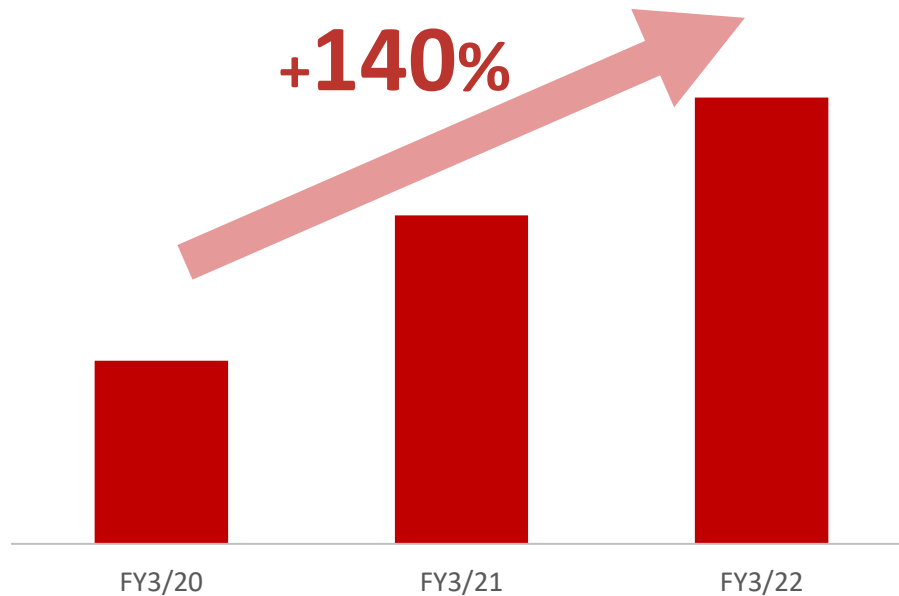
Enlarge sales network by using a database encompassing marketing activities spanning many sales channels, such as a powerful network of real estate brokers, KEIAI's own matching website (New House MITSUKARU), a network of franchised locations and KEIAI app members.



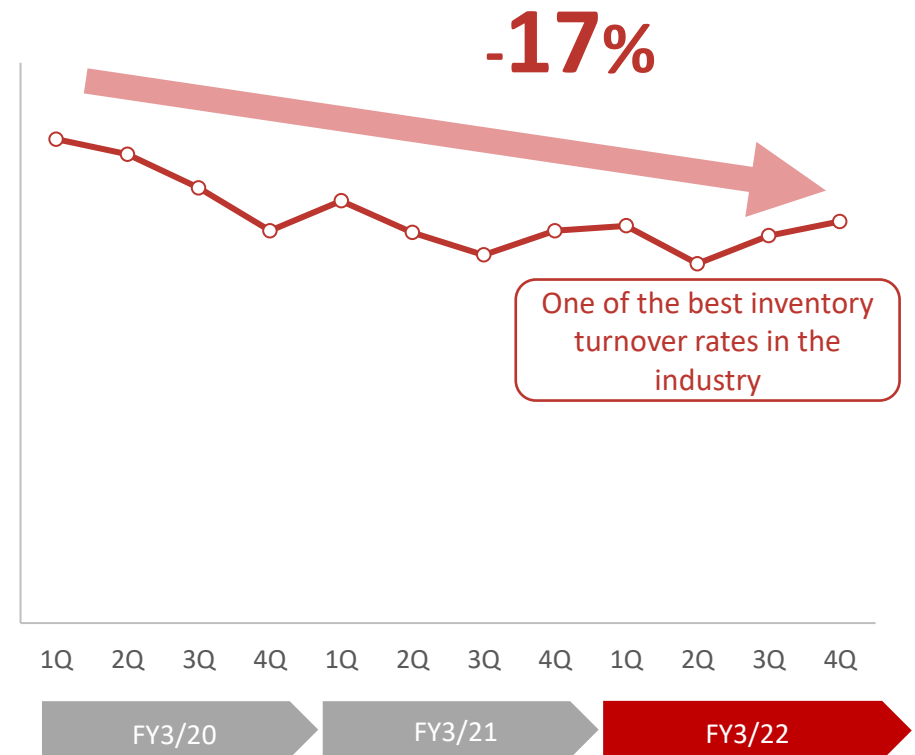
Land Purchases Using Technology and Inventory Turnover

The number of housing lots purchased has increased steadily at a rate of more than 140% during the past two years. Despite the big increase in these purchases, inventory turnover has remained short.

Number of Housing Lots Purchased*¹



Shortening of the Inventory Turnover Period*²



*1: Actual number of purchases by the KEIAI Group

*2: The average of number of days between the purchase of land and the posting of sales for development of built-for-sale detached houses at the KEIAI Group

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.

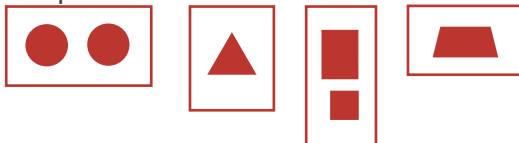
Conventional ready-built houses

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

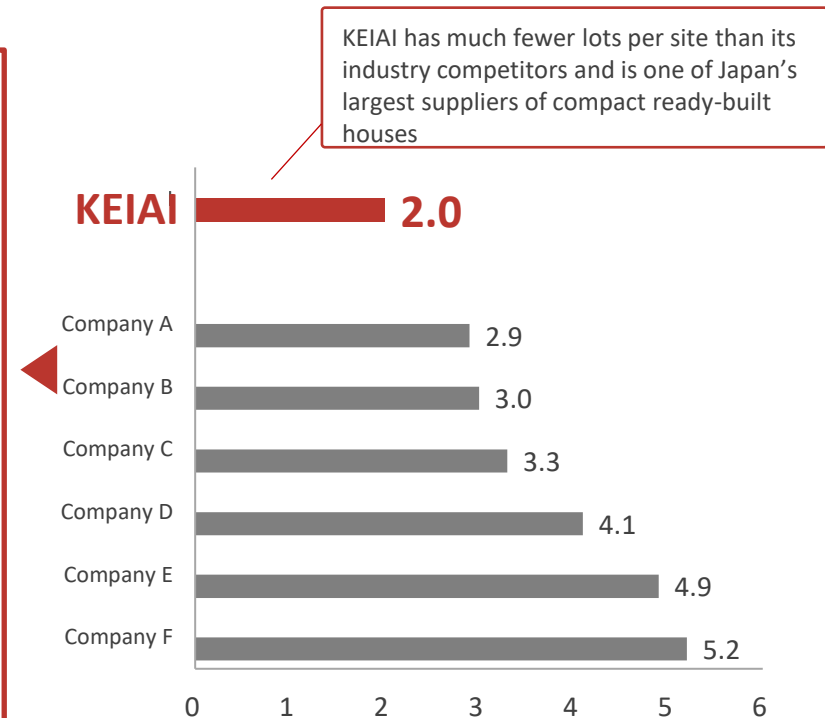


Increase in the number of land data entries

- 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



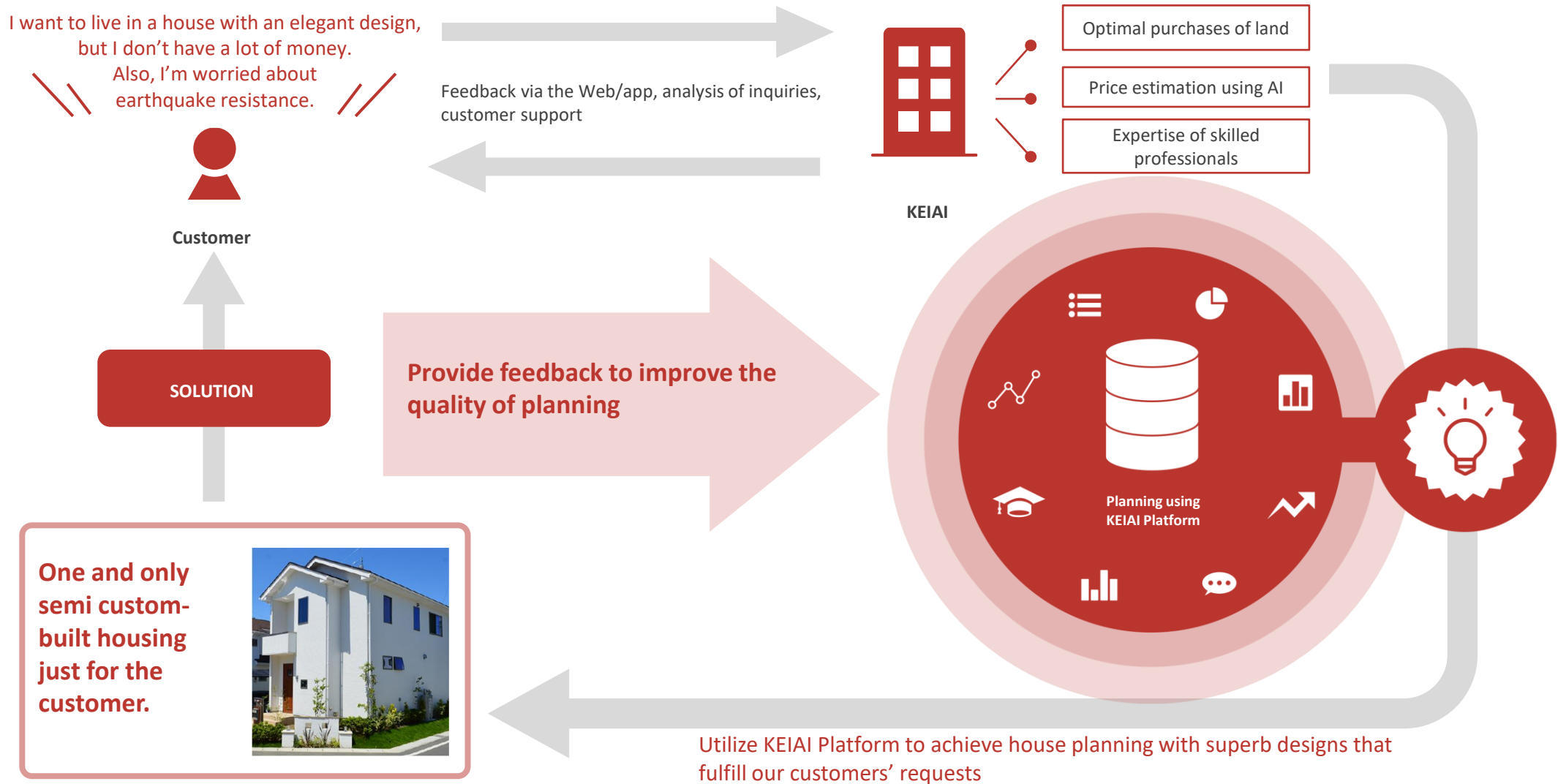
Avg. number of lots*1 in housing developments



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



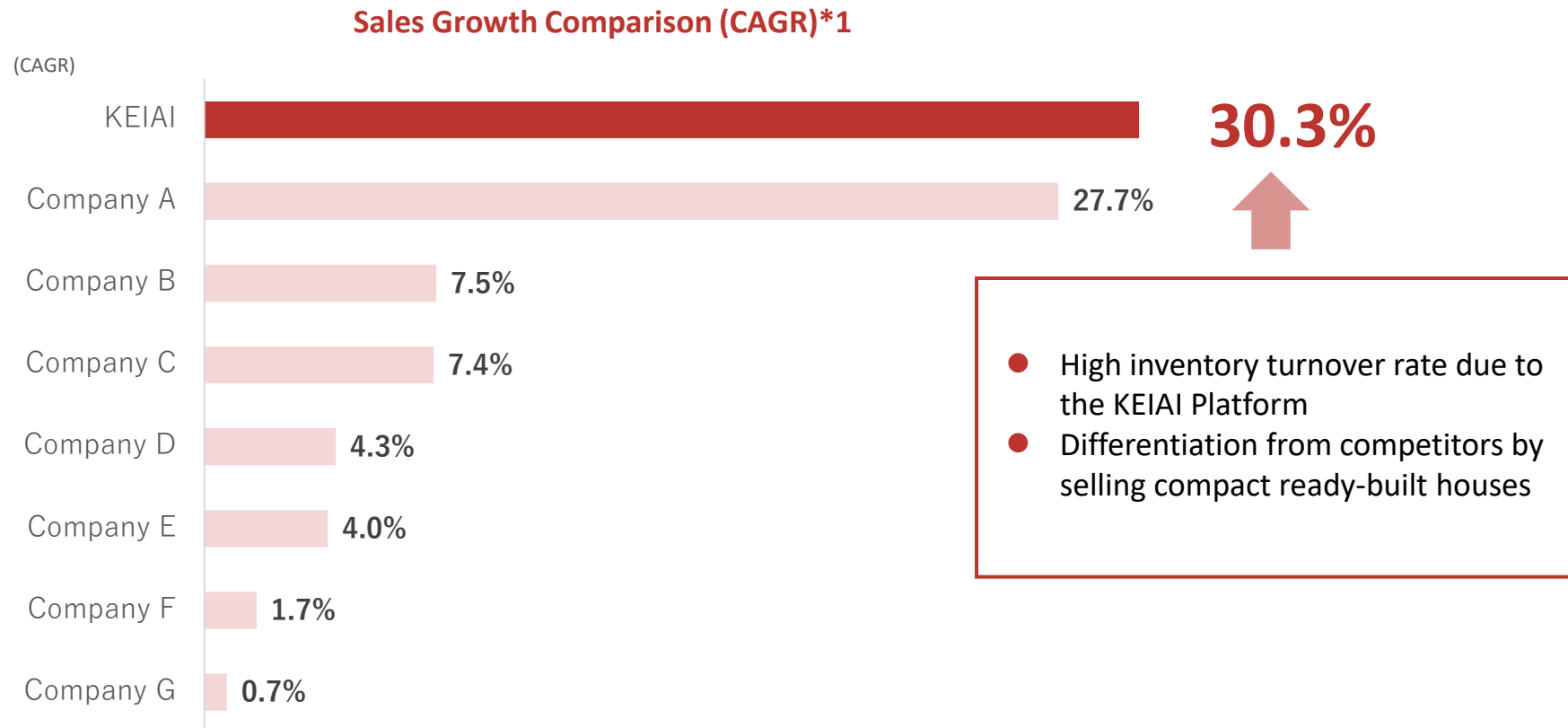
Semi-custom Built Houses by KEIAI

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



Sales Growth Much Faster Than at Competitors

KEIAI's sales are increasing much faster than at competitors because of the KEIAI Platform and focus on the compact ready-built house development.



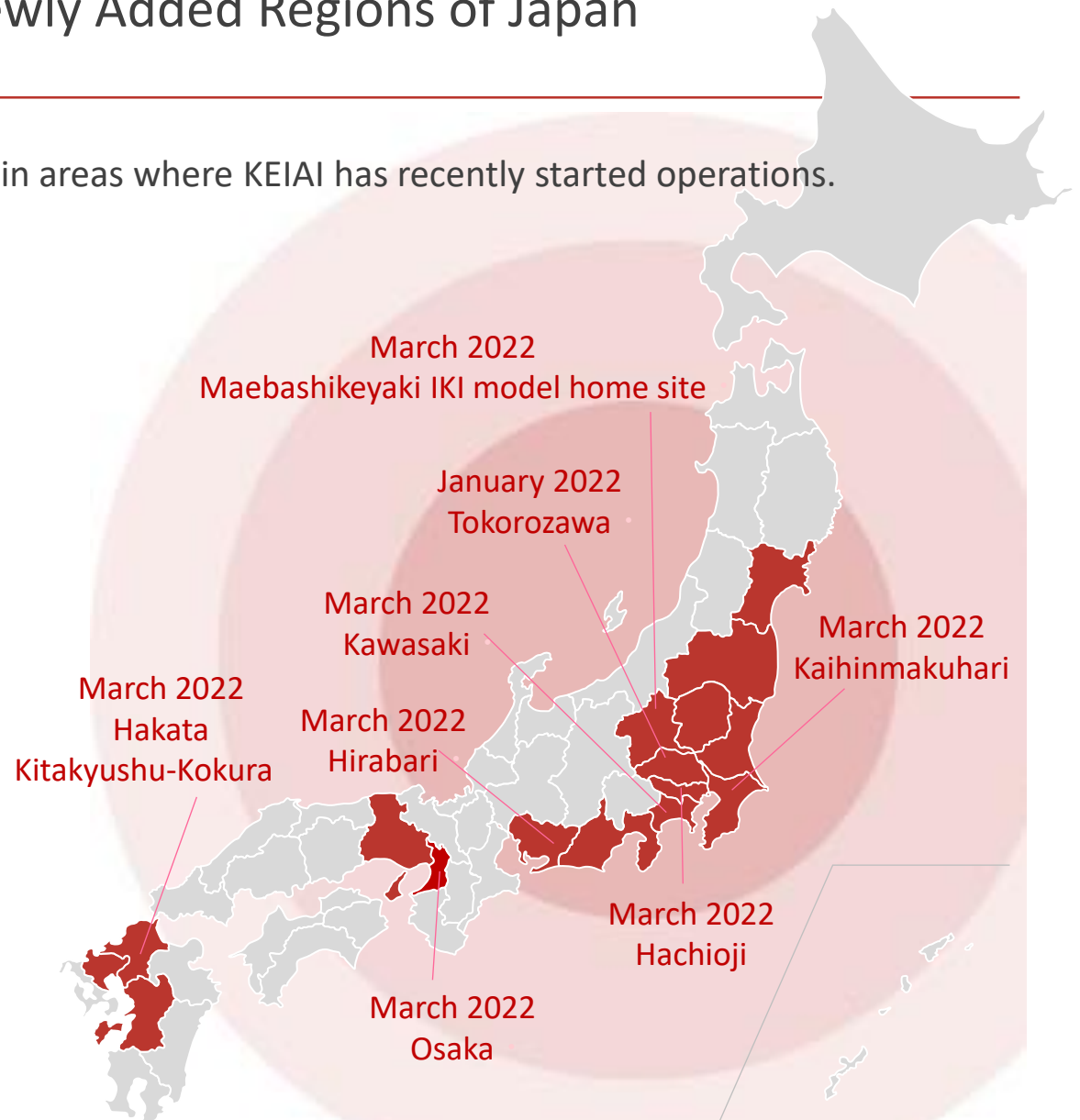
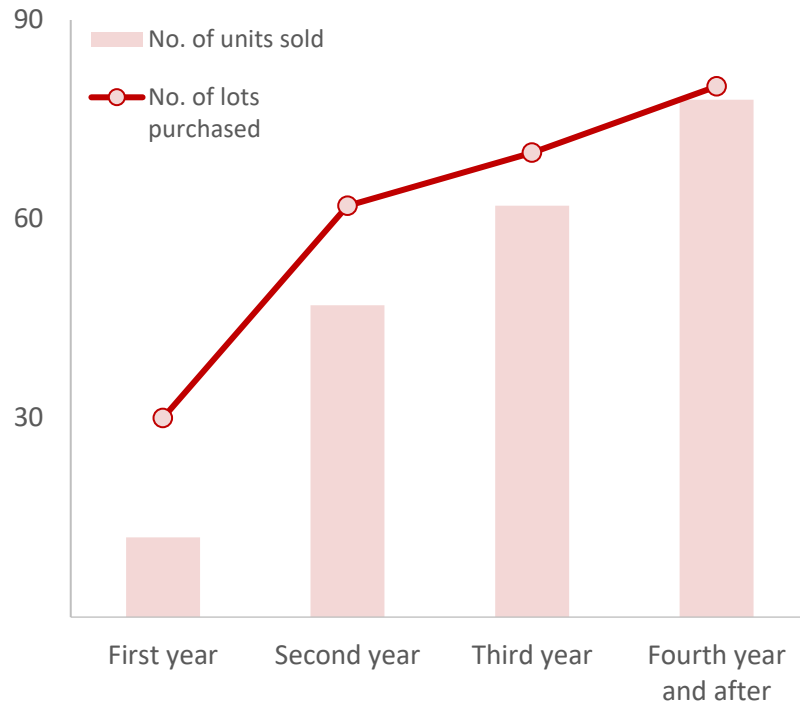
*1: Average growth rate over the past four years in sales for the most recent four years for KEIAI and industry peers

Growth of Purchases and Sales in Newly Added Regions of Japan

Steady increase in purchases of lots and house sales in areas where KEIAI has recently started operations.

Growth of Purchases and Sales per Store*1

Units: Lots, houses

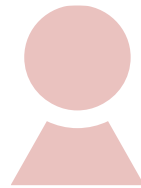


*1: For the number of houses sold by KEIAI stores (broker sales), comparison using averages for the first four years of operations of stores opened in the same year (FY3/21 Result)

Rapid Training of Store Managers by Using the KEIAI Platform

Focusing on compact houses results in development projects that are fast and keep the inventory turnover rate high. These benefits help store managers acquire skills and knowledge faster. 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

Store managers = Years needed
to become skilled at purchasing
land

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.



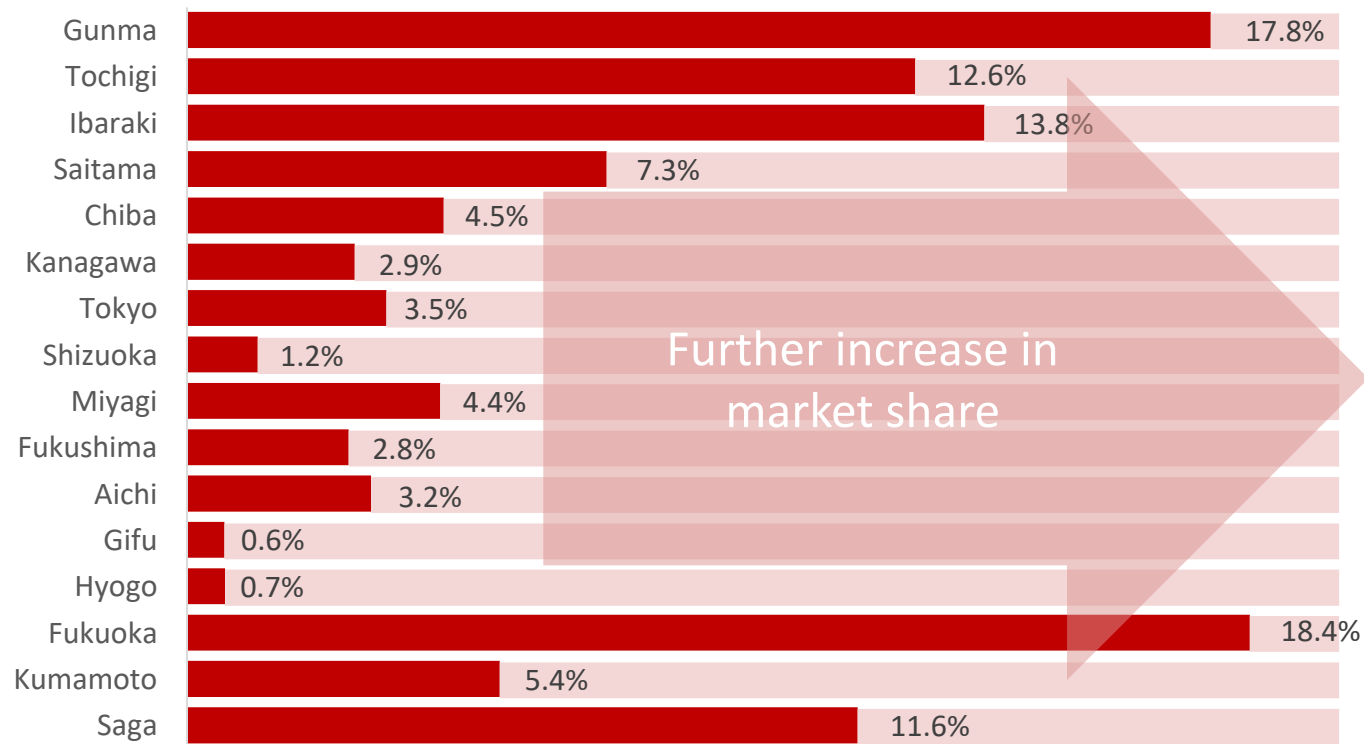
KEIAI Platform

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

KEIAI Group's Share in Current Markets

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

KEIAI Group's Share in Current Markets (FY3/21)

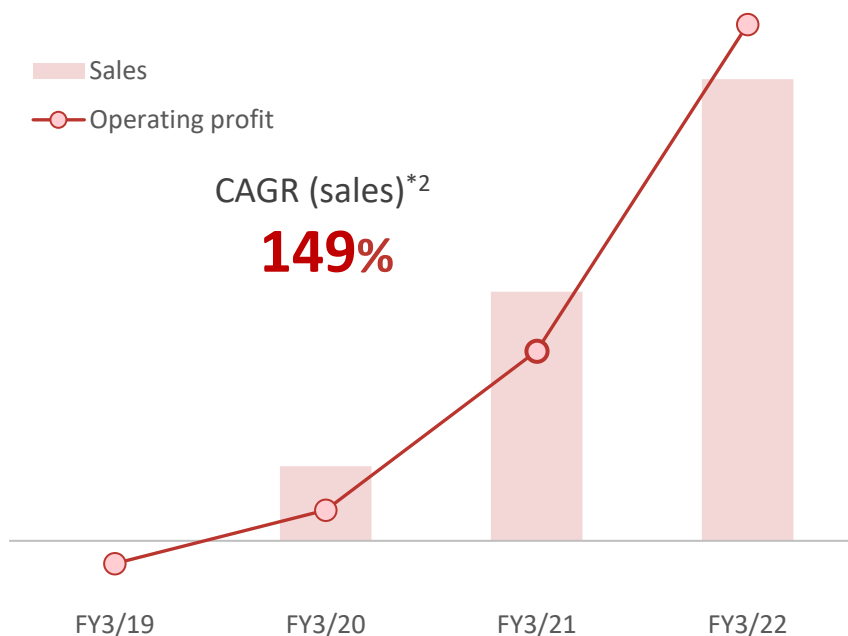


Source) "Housing Construction Statistics" (FY2021 new built-for sale detached houses) of Ministry of Land, Infrastructure, Transport and Tourism, and KEIAI Group sales

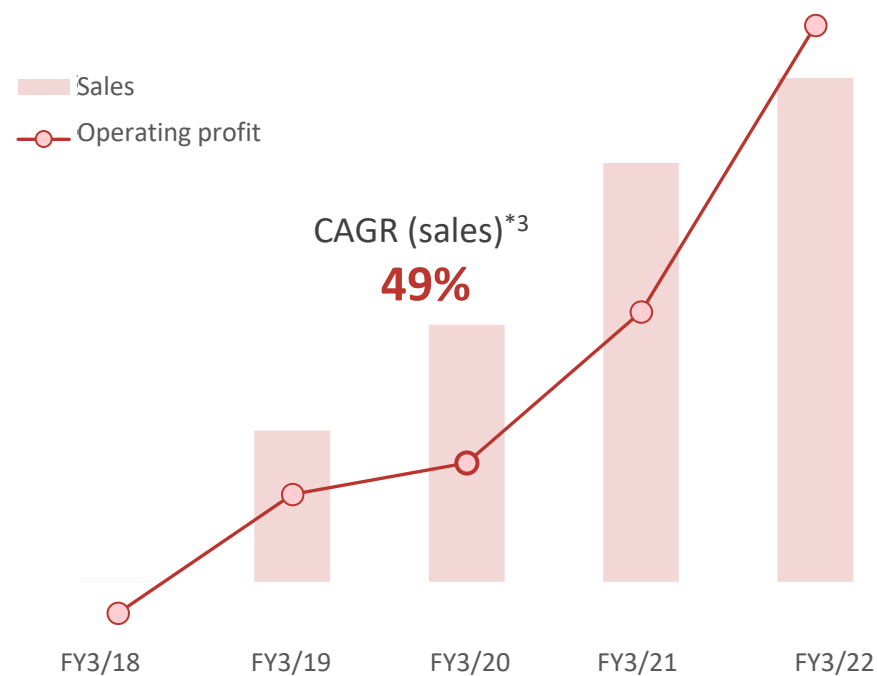
Growth in Sales and Earnings in New Business Areas

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



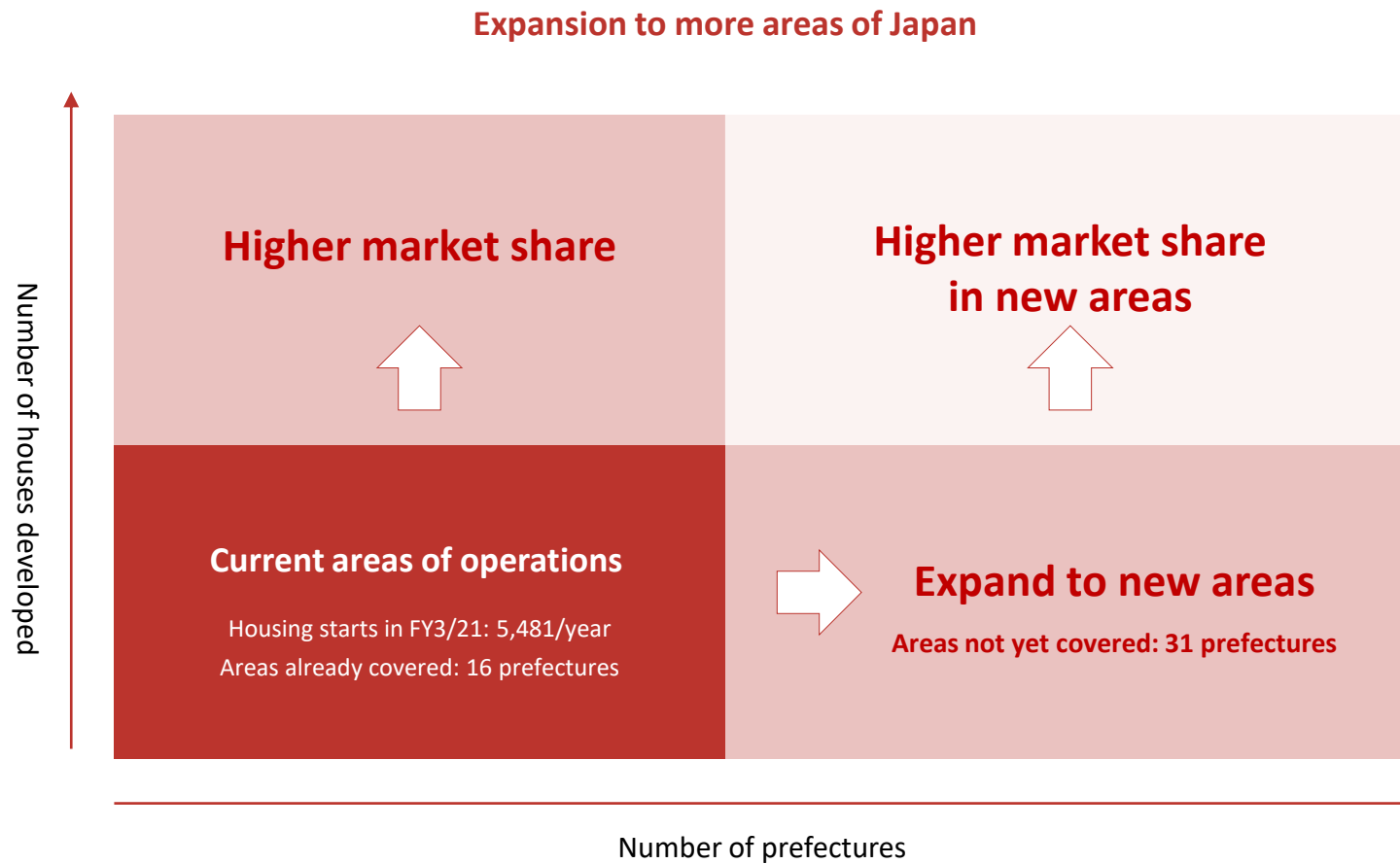
*1: Chubu area sales and earnings are for KI Planning, Ltd., which operates mainly in this area (Aichi prefecture). Kyushu area sales and earnings are for KI-Star Build Co., Ltd., which operates mainly in Kyushu (Fukuoka prefecture).

*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

More Growth Potential - Area Expansion Strategy

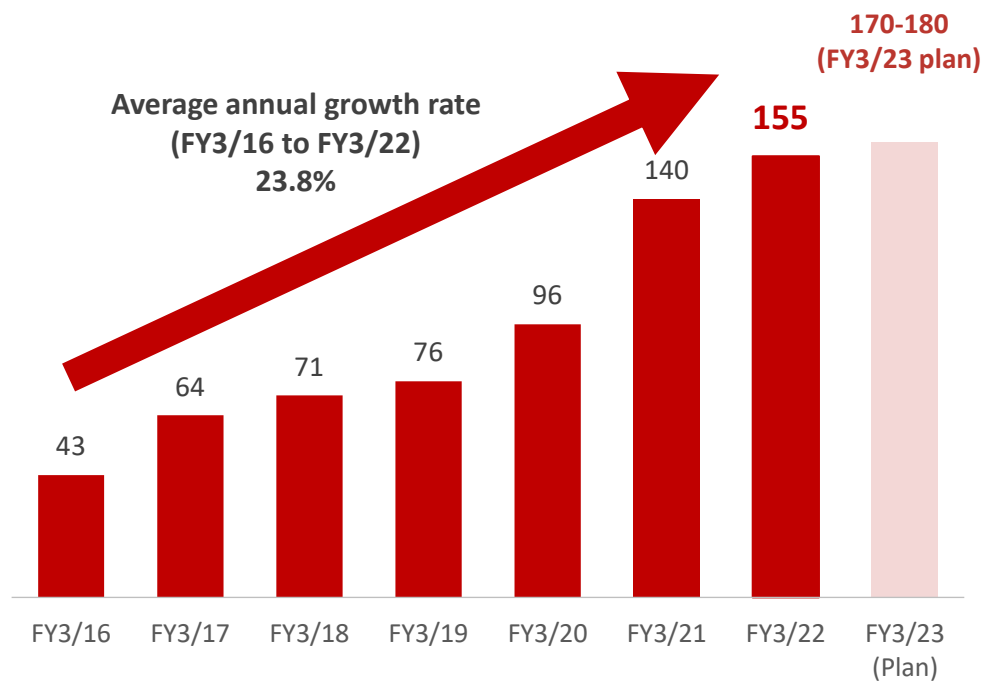
Aiming for more growth by starting operations in new areas of Japan and increasing market share in current areas of business activities.



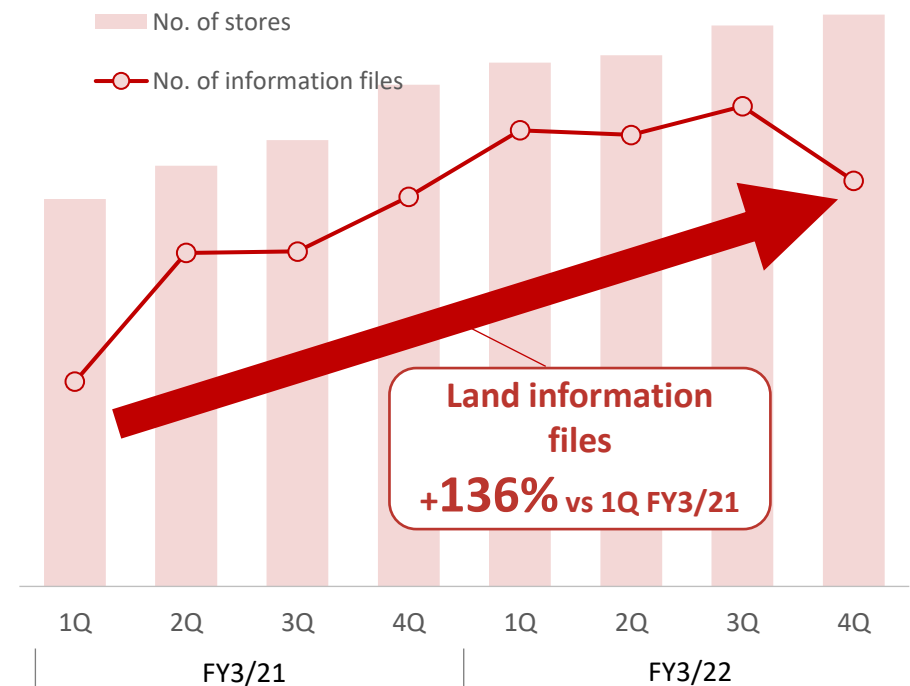
Expansion to More Areas of Japan Raises the Volume of Land Information

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

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

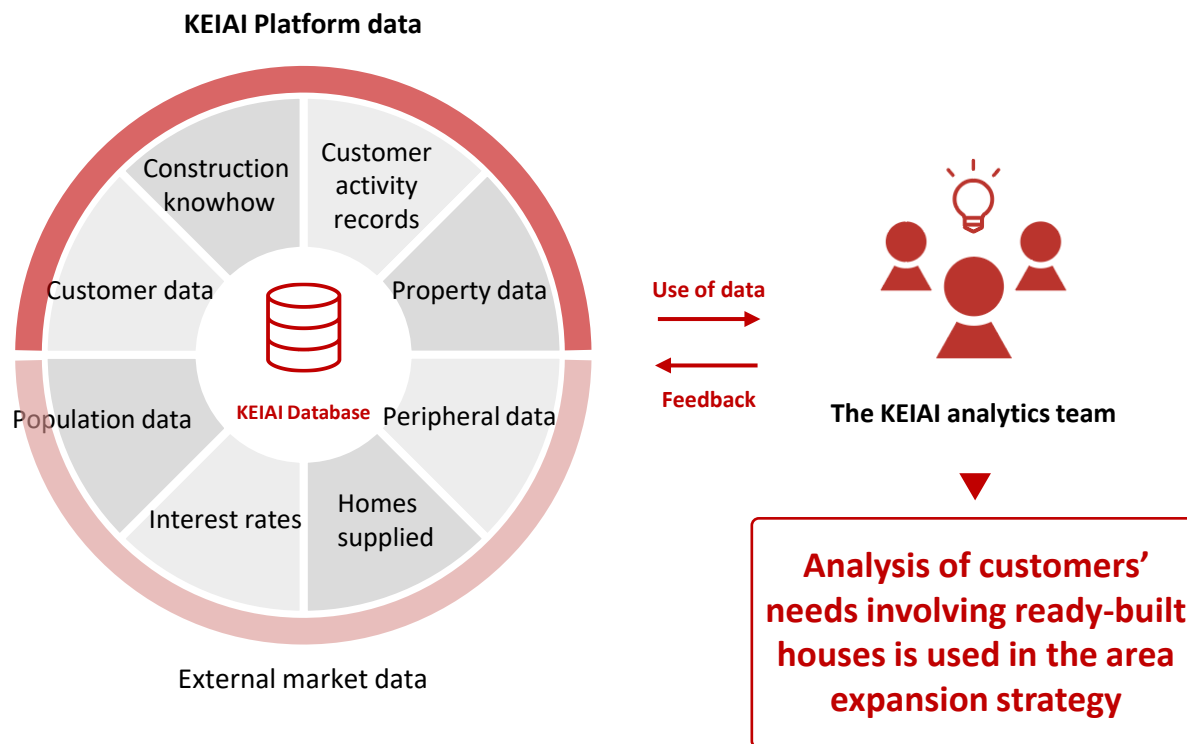


Number of KEIAI Stores and Information about Land

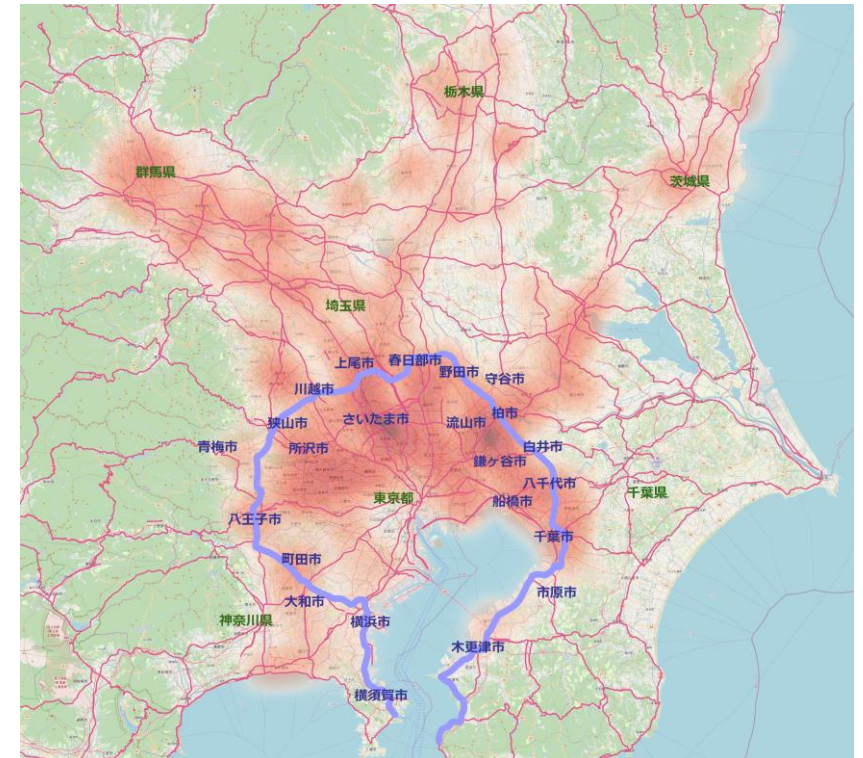


Analysis of the Ready-built House Market by the KEIAI Analytics Team

KEIAI has an analytics team that studies data accumulated by the KEIAI Platform. The result is forecasts based on ready-built house market data and trends for the purpose of further improving the accuracy of the area expansion strategy.



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



Competitive Edge x Area Expansion Strategy = Market Share Growth

KEIAI uses investments in technology and expansion into more areas of Japan to aim for consistent market share growth.

Competitive edge

KEIAI Platform

High inventory turnover due to the use of technology

Compact ready-built house development

Compact ready-built house development strategy allows targeting small lots that are difficult for competitors to use



Area expansion strategy

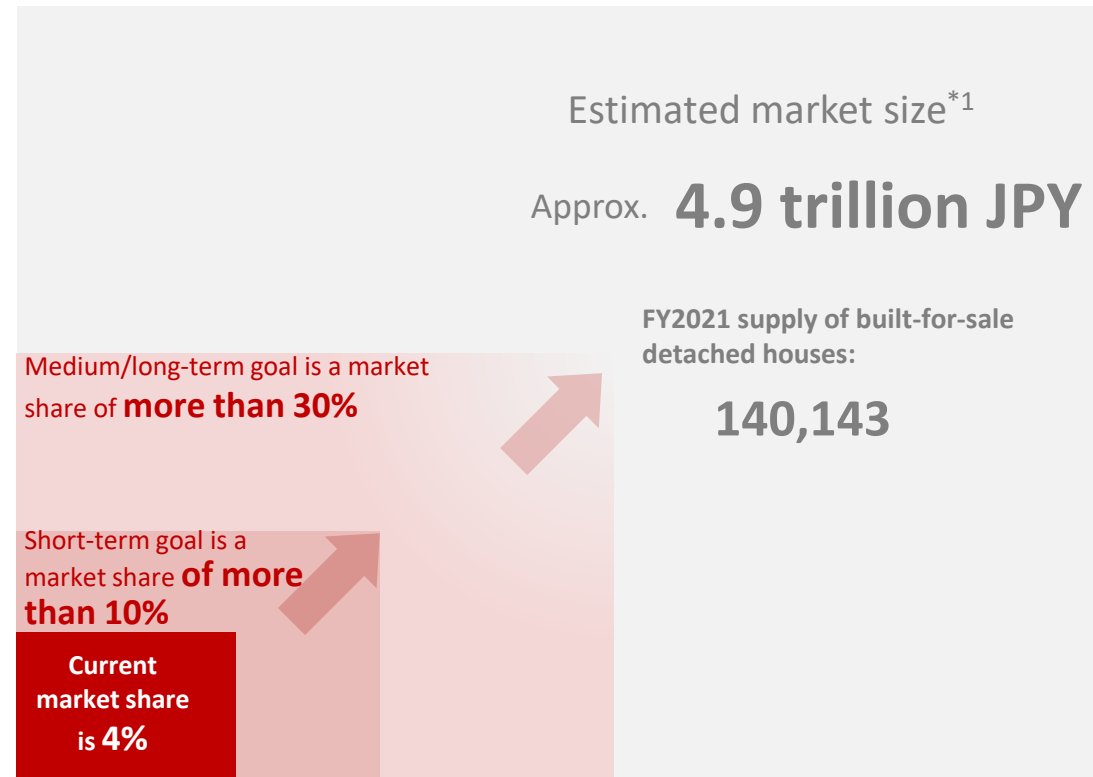
Use area expansion to strengthen current operations

Rapid growth in current areas of operations

Expand to new areas

KEIAI does not yet operate in 31 prefectures

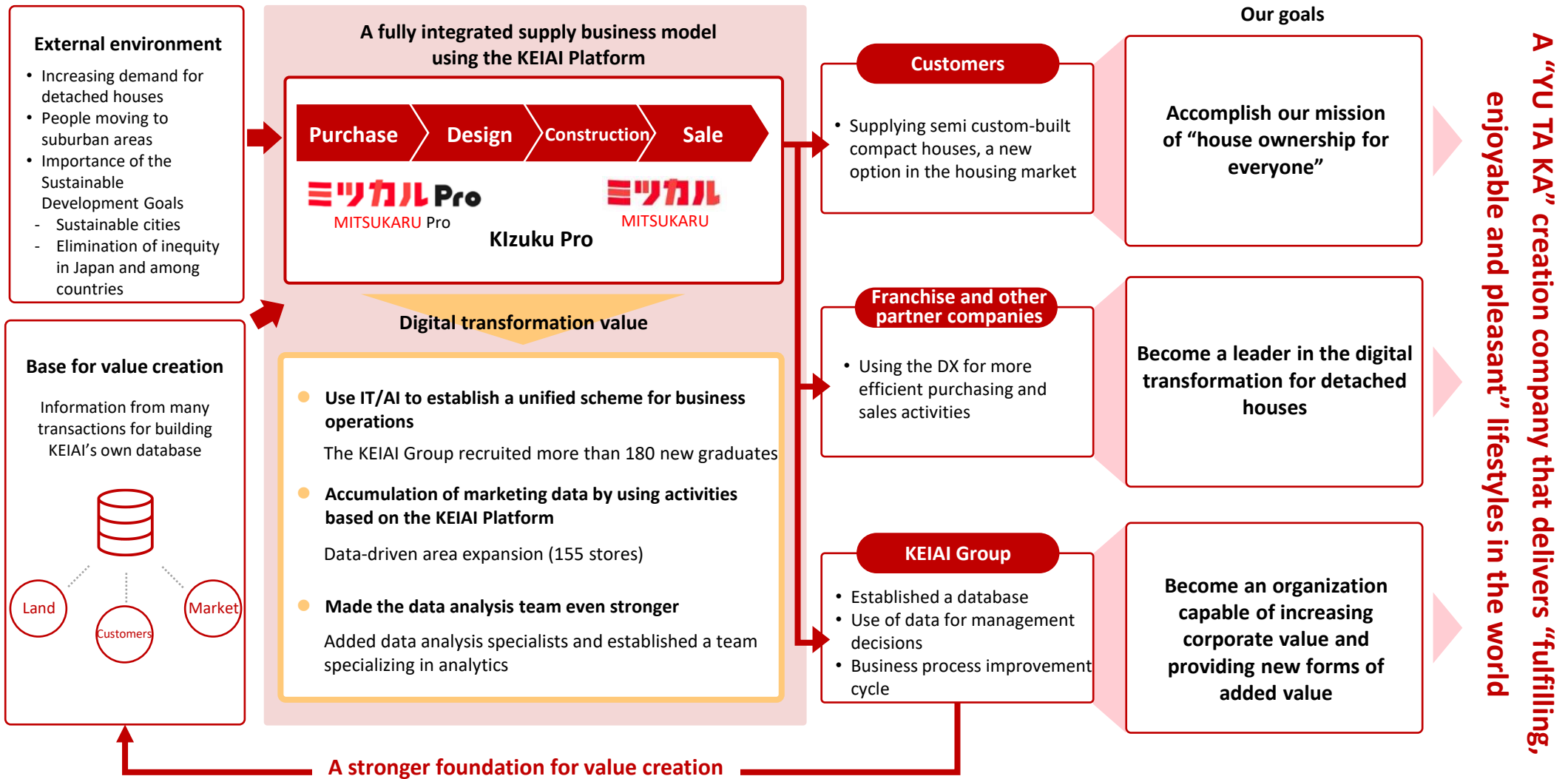
Use of analytics team for the store opening strategy



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

*1: Estimated based on the number of new housing starts stated in "Housing Construction Statistics" multiplied by KEIAI's average unit price

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 revised forecast (consolidated)
Net income per share (yen)	536.69	976.49	1,059.53
Dividend per share (yen)	139.00	265.00	280.00
Interim dividend per share (yen)	44.00	115.00	140.00
Payout ratio (%)	25.9%	27.1%	26.4%

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 Office

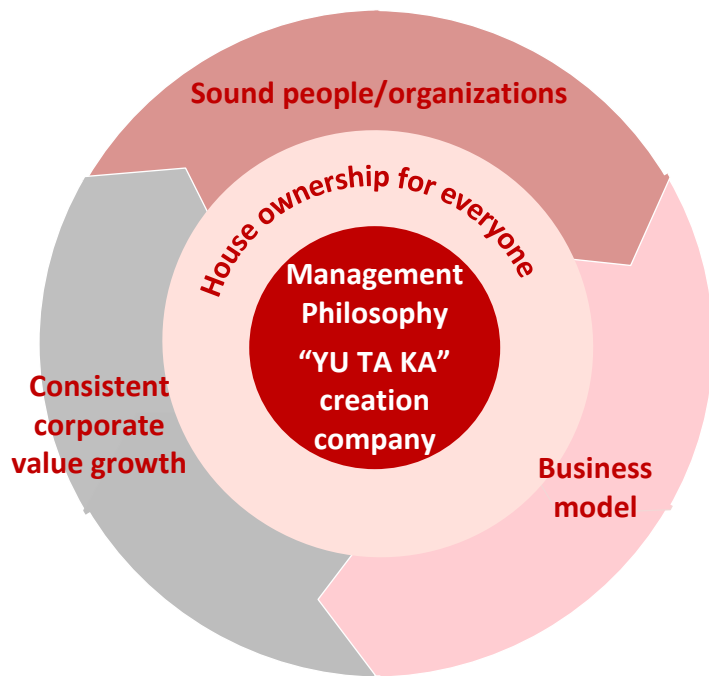
The KEIAI Group has many activities for helping solve social issues in Japan and other countries. By supplying homes where people can lead happy and fulfilling lives, we are dedicated to playing a role in creating a sustainable and affluent society. We believe these activities will contribute to the growth of our corporate value. The establishment of the Sustainability Office further strengthens our ability to improve our governance, conduct activities concerning social issues in Japan and other countries, protect the environment, ensure respect for human rights, and maintain and upgrade rigorous compliance programs.



Sustainability Policy and Determination of ESG Materiality

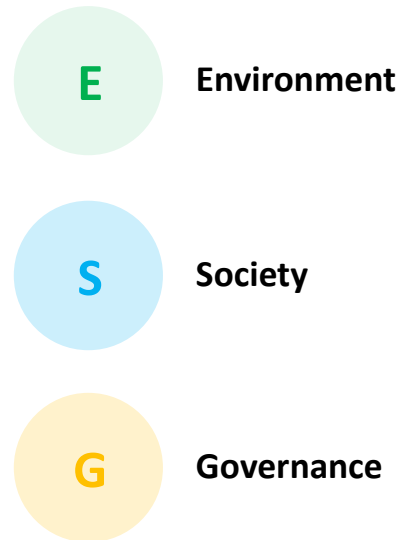
We have established a basic policy for sustainability initiatives. Our goal is sustainable progress while using a people/organization-business model-consistent corporate value growth cycle that is focused on our management philosophy and mission.

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.

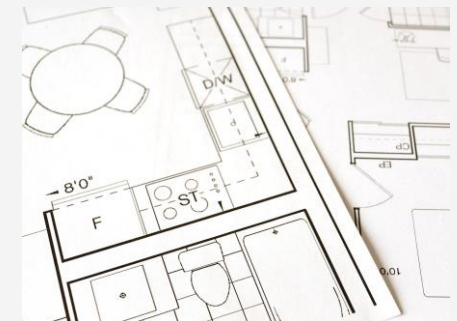


S Society



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.



KEIAI Challenged Athlete Team

G Governance



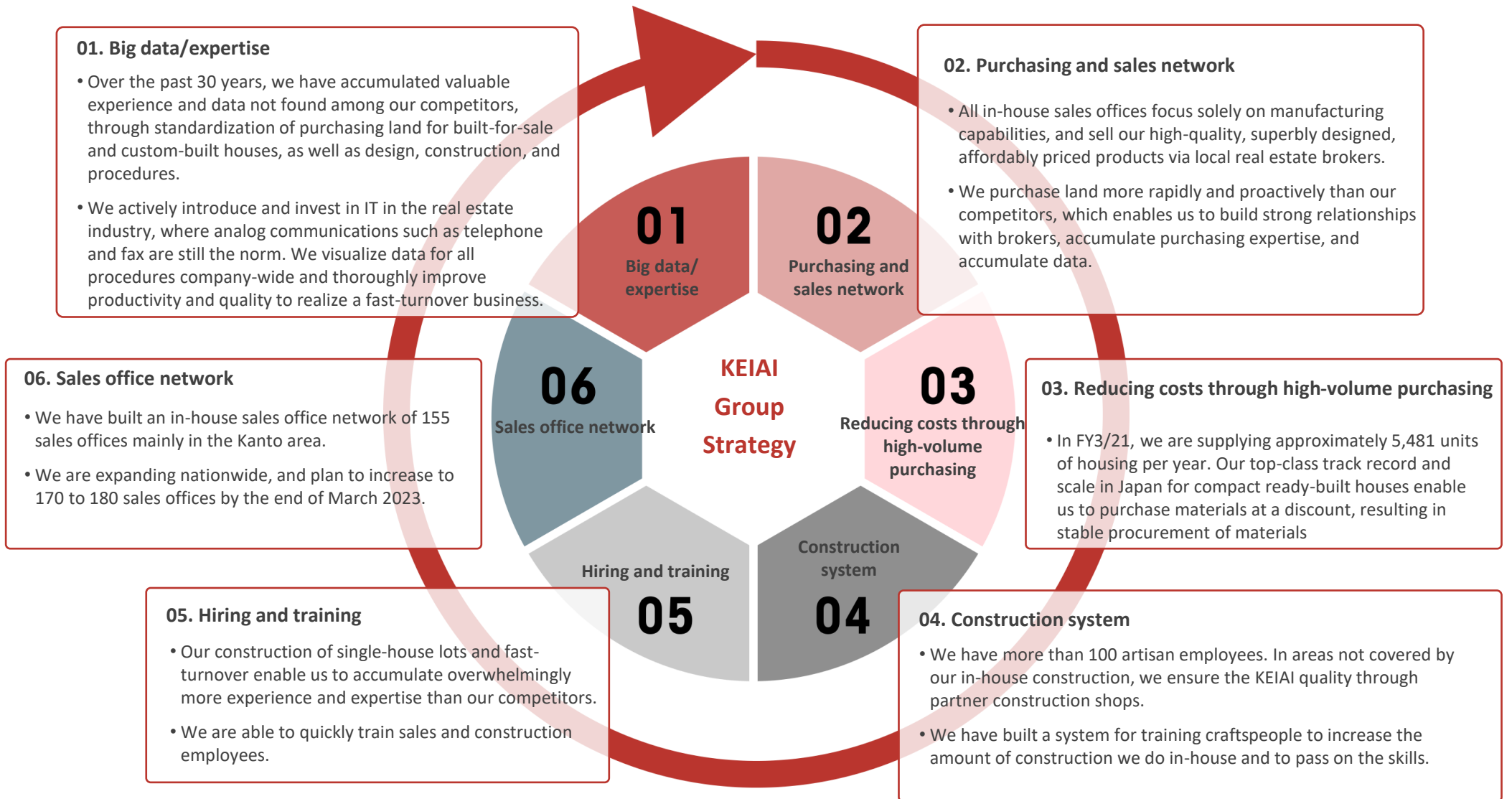
Compliance/Respect for human rights

- 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

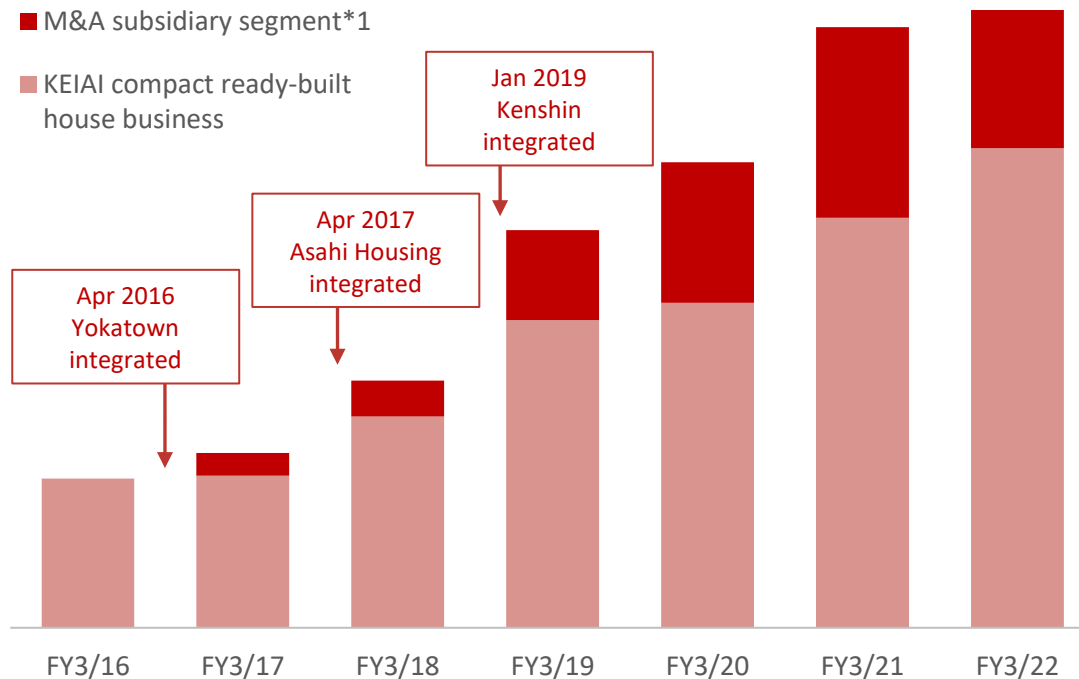
KEIAI's Group Growth Strategy



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%
Kenshin	CAGR +37%

Internal Growth by Parent (sales growth rate)*3

CAGR +27%

*1: Results of M&A subsidiary segment includes Yokatown, Asahi Housing and Kenshin

*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 Kenshin

*3: CAGR from FY3/17-FY3/22 for sales growth of Homebuilding and sales segment

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**

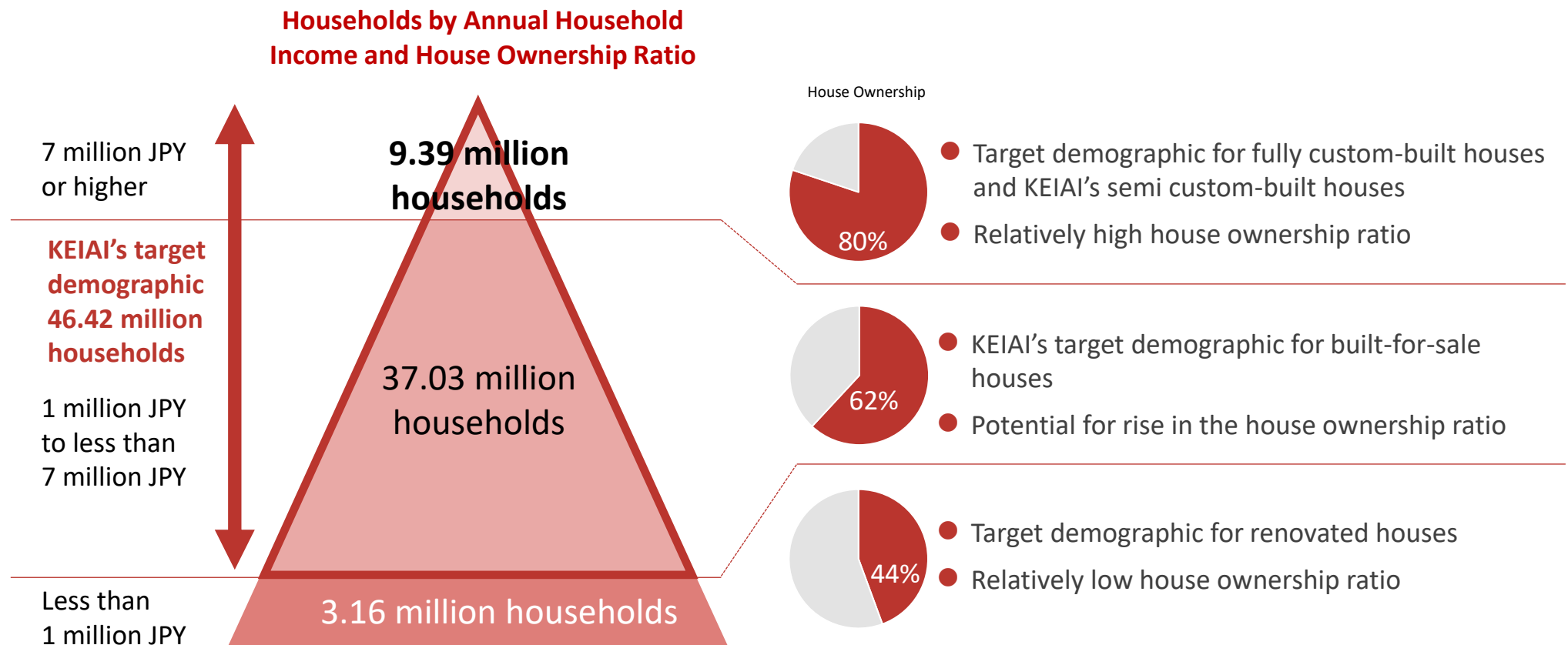
- Overdraft agreement (7 billion JPY overdraft agreement with a megabank, October 2021)
- Committed credit facility (5 billion JPY, March 2022)
- Large syndicated loan (total amount: 35 billion JPY, June 2021)
- Issuance of bonds
(total amount: 3 billion JPY, October 2020; total amount: 2 billion JPY, 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

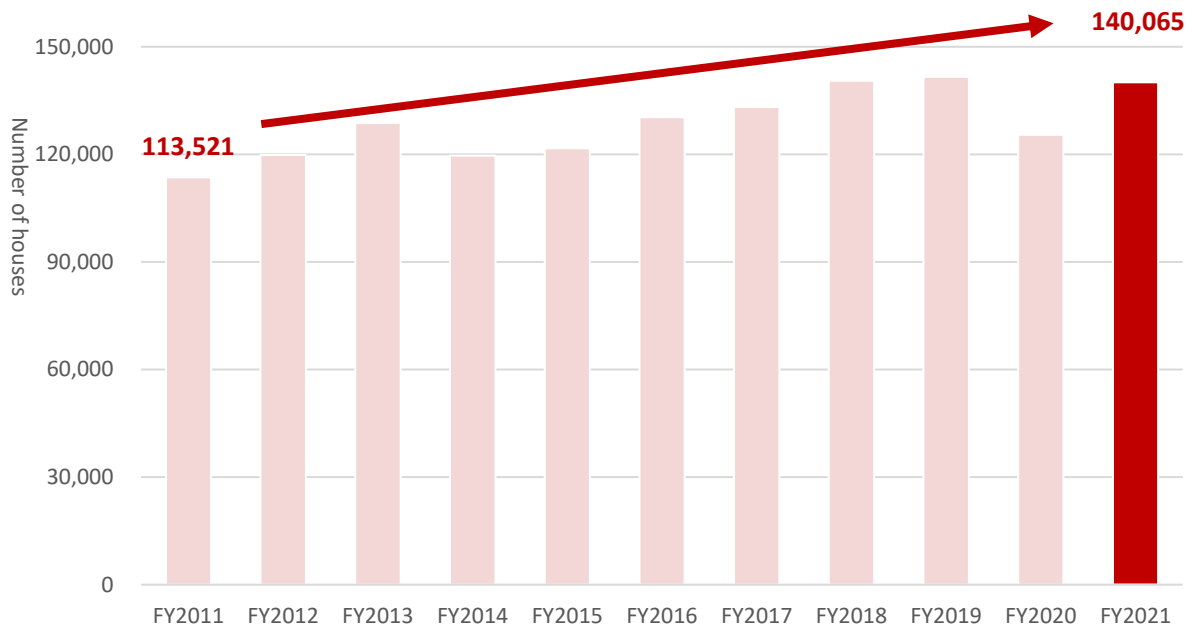


- Housing loan
- City banks and regional banks nationwide
- Labor income of the buyer

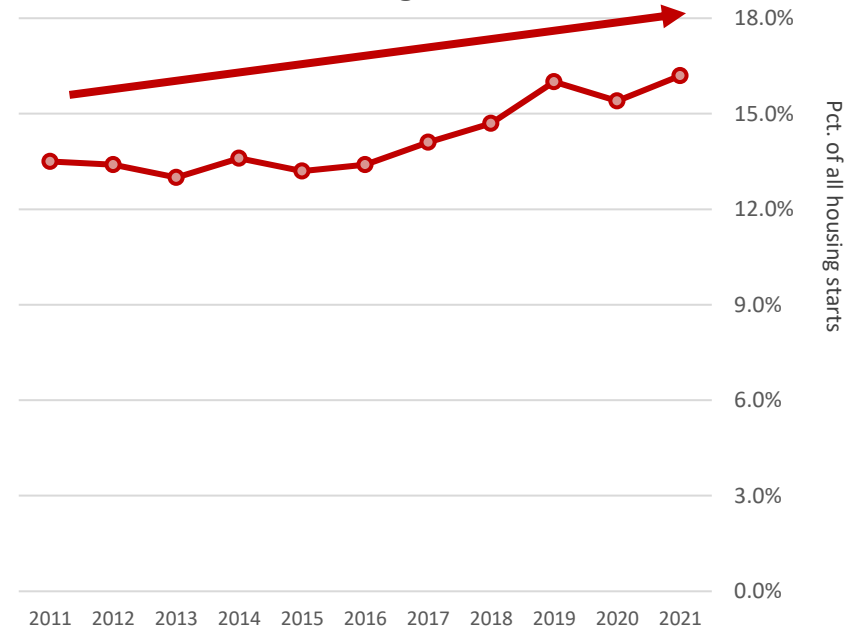
The Steady Increase of the Popularity of Built-for-Sale Detached Houses

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.

Construction Starts for Built-for-Sale Detached Houses



Built-for-Sale Detached House Share of All Housing Starts

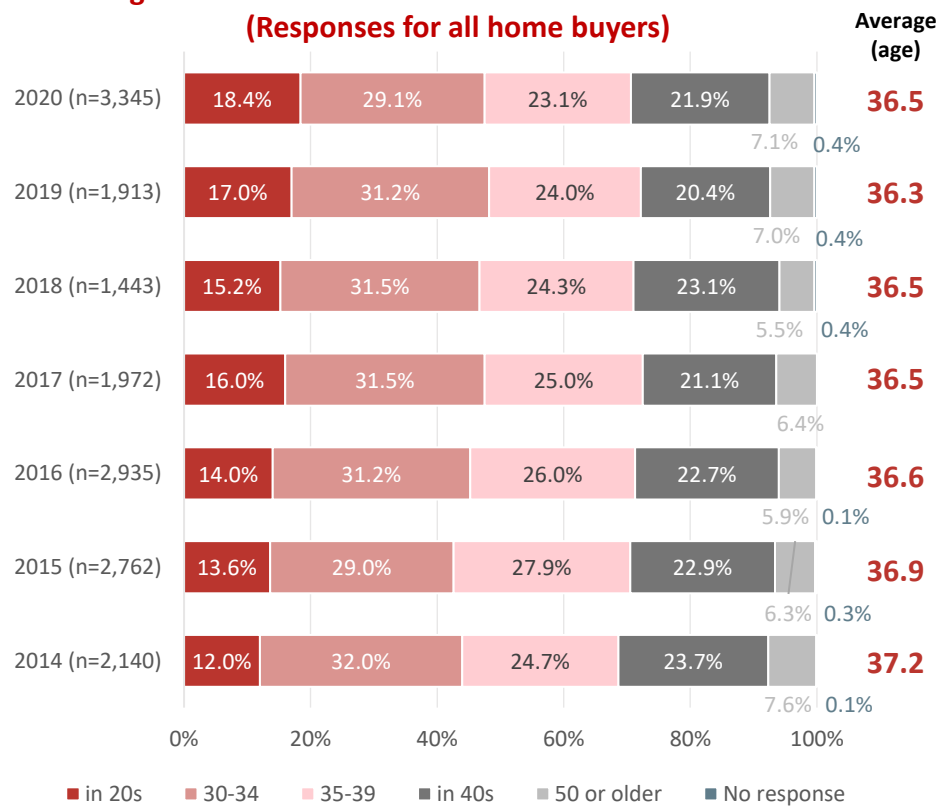


Source) Ministry of Land, Infrastructure, Transport and Tourism "Housing Construction Statistics"

Detached House Buyers by Price and Head of Household Age

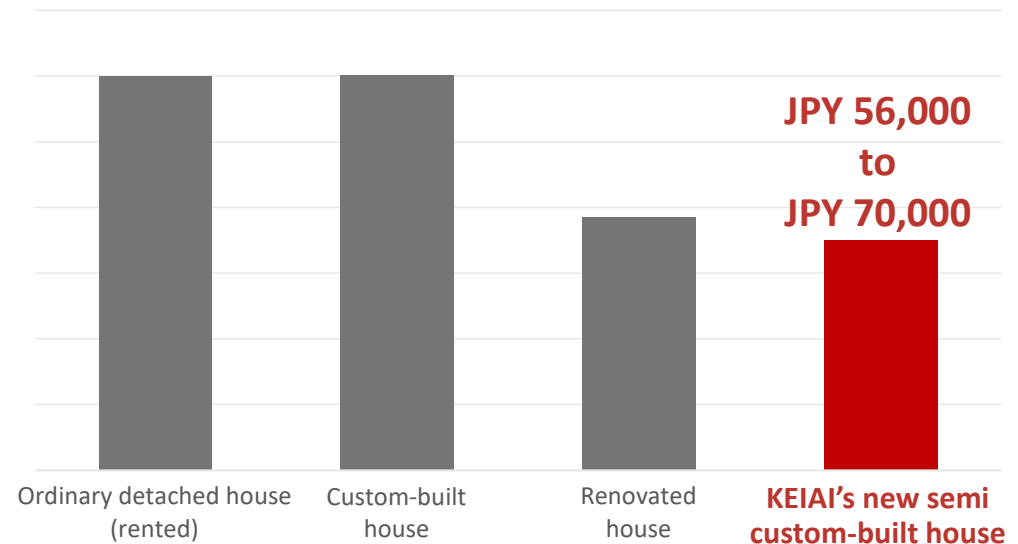
The declining trend in average age of home buyers hints that detached houses at lower prices may be preferred. KEIAI offers new semi custom-built houses at a cost lower than market level rent.

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



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

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
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)

Certified as a DX Business Operator

The Ministry of Economy, Trade and Industry has certified KEIAI as a DX business operator, recognition of KEIAI's outstanding DX strategy centered on the KEIAI Platform.

A “YU TA KA” (fulfilling, enjoyable, pleasant) lifestyle creation company that uses IT for higher productivity and new services for customers



In conjunction with the Digital Governance Code, the Ministry of Economy, Trade and Industry established the DX certification program to encourage companies to take actions involving the digital transformation (DX). Certification is given to companies that excel in terms of their management vision, business model, framework for business operations, provision of information and other items concerning the DX.

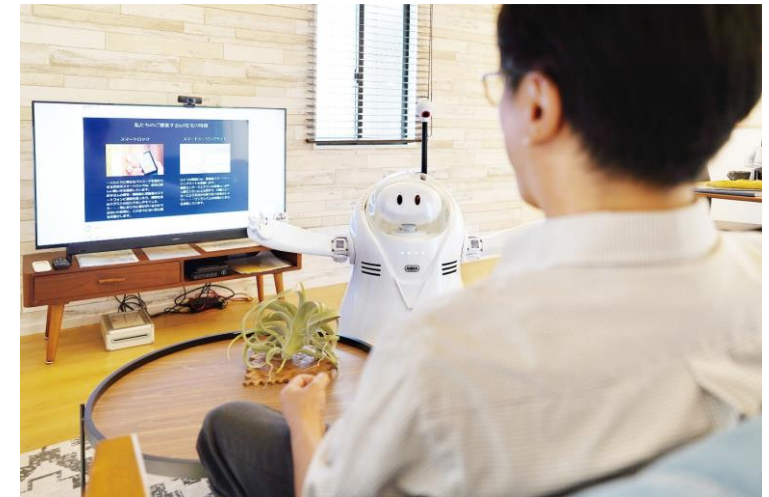
KEIAI received DX certification in October 2021 as recognition for its outstanding DX strategy centered on the KEIAI Platform, which has contributed to average annual sales growth of more than 30%*. We will continue to use IT for more improvements in productivity and the creation of new services. Our objective is to help solve many issues in the real estate industry and enable our customers to lead lives that are even more fulfilling, enjoyable and pleasant.

*Reference: FY3/21 financial results materials

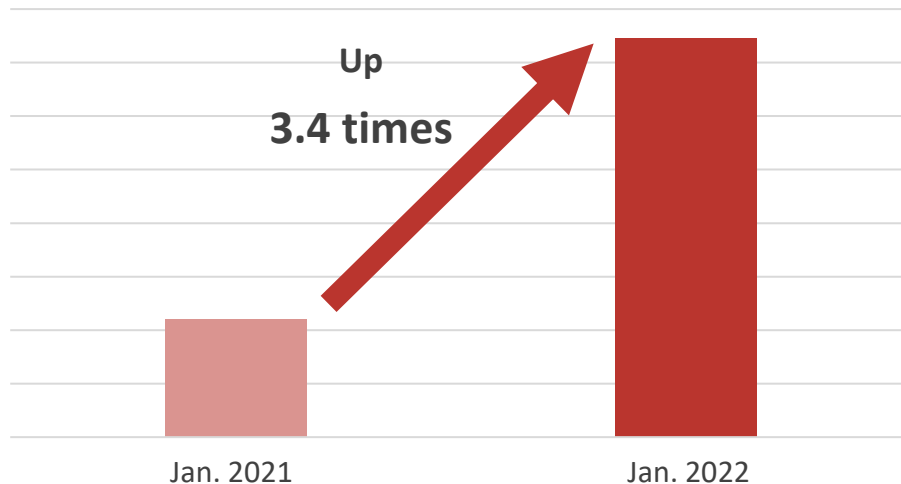
Large Volume of Internet Contact from Prospective IKI House Buyers

The number of messages received via the Internet in January 2022 from people considering the purchase of an IKI one-story semi custom-built house, a product of KEIAI subsidiary Casa robotics, was about 3.4 times higher than one year earlier. About 70% of people asking for a reservation to see a home requested an automated viewing of a home interior^(*1).

January 2022 Internet inquiries received by Casa Robotics were about 3.4 times higher than in January 2021. Furthermore, these messages show that the need for remote customer interaction^(*2) is climbing. About 70% of people using the website to ask for a reservation to visit an IKI model home sales area also requested an automated visit, the highest percentage ever.



Internet Inquiries about IKI One-story Semi Custom-built Houses



*1: "Large volume of Internet inquiries about IKI one-story semi custom-built houses and about 70% request automated interior viewing, a record high" (February 25, 2022)

https://ki-group.co.jp/wp/wp-content/uploads/2022/02/2022.2.25_202201IKI.pdf

*2: Remote customer interaction is a contactless system that uses the internet for every step from reservations to viewing homes. "Twelve IKI one-story unitized house model house areas are fully automated; free of contact with people by using the RURA remote customer service system" (March 1, 2021)

https://ki-group.co.jp/keiai_magazine/2021/03/01/iki-timeleap/

Model Home Tours by an Avatar Robot with an AI Capability

KEIAI subsidiary Casa Robotics has introduced a desktop avatar robot called Minimilelun for showing customers around model home sales areas^(*1).

KEIAI has been working for some time on remote customer interaction^(*2) technologies that can make sales of custom-built houses more efficient and improve the homebuying experience for customers. Using avatar robots makes it possible to sell custom-built houses efficiently without the need for a big increase in the number of salespeople. In addition, the percentage customer visits resulting in a sale rose by about 100%^(*2).

Since Minimilelun is designed to be equipped with AI (artificial intelligence), it is expected to serve as a hybrid avatar robot, with the AI providing the initial response to customers when they arrive, and the Robotics Department staff handling complex explanations and conversations. Casa Robotics aims to optimize customer experience and labor costs by utilizing Minimilelun.



Desktop avatar robot Minimilelun

*1: Minimilelun was developed jointly by Casa robotics and Indy Associates Co., Ltd.

Introduced desktop avatar robot Minimilelun at model home sales areas for IKI one-story semi custom-built house in Ibaraki and Tsuchiura (March 28, 2022)

https://ki-group.co.jp/wp/wp-content/uploads/2022/03/2022.3.28_minimilelun.pdf

*2: "The robot department of Casa Robotics achieved 300 customer visits to model houses during a five-month period" (December 22, 2021)

https://ki-group.co.jp/keiai_magazine/2021/12/22/robot300/

2021 Good Design Award, the First for KEIAI, for Urban Built-for-Sale Houses

The award recognizes the comfort of KEIAI houses with the independent room to serve as a link between people and the communities where they live.

- Product recognized: Connecting Corridor, a corridor and a independent room providing interaction with others is a new concept for houses in urban areas.
- Category: Commercial/industrial houses
- Property: Two houses in Tokyo, one on a 62.20m² site (floor area 100.78m²) and the other on a 53.41m² site (floor area of 97.09m²)



URL: <https://kigroup.co.jp/company/award/gdaward2021/>

Kodate-Ooyasan® – Home Ownership and Rental Income

Kodate-Ooyasan® (House-and-Landlord) is a built-for-sale house that also has a rental unit. This combination allows people to buy a home, make an investment for rental income and build retirement savings.

■ What is Kodate-Ooyasan®

Offered by KEIAI in the Tokyo area, this product allows people to buy a home to live in and receive rental income. Land for these houses is purchased by using KEIAI's system that utilizes artificial intelligence. Furthermore, areas where Kodate-Ooyasan® houses are sold are carefully selected. KEIAI utilizes its expertise concerning compact, semi-custom houses to create the best possible plan for the size of every site in order to develop houses with substantial added value.

For more information: <https://www.kodate-ooyasan.jp/>



■ Five key competitive advantages

1. KEIAI uses expertise as a homebuilder to provide land in prime locations.
2. Houses can be combined with a small store and many other types of rental properties.
3. Properties qualify for home loans, which have low interest rates.
4. Many ways to utilize a Kodate-Ooyasan® property to meet the requirements of each customer.
5. Investing in a Kodate-Ooyasan® property helps people build retirement savings.



Two Orders for Developing Cloud Systems for Next-generation Facility Horticulture

KEIAI subsidiary PROMPT K, Inc. has received orders in three consecutive years^(*2) for the development and management of IoP (Internet of Plants) cloud systems for a project for advancing to the future of agriculture by using IoP for next-generation facility horticulture^(*1). This project is a 10-year plan established and overseen by the prefectural government of Kochi.

■ What is next-generation facility horticulture?

This project is the world's first full-scale undertaking in the field of facility horticulture. The Kochi prefectural government is overseeing the project, which also includes partners in the academic and business sectors.

Funding includes regional revitalization promotion grants and other sources. The goal is to use data-driven agriculture to reduce the workload of agricultural operations while making agriculture more enjoyable and profitable.

Reference: <https://kochi-iop.jp/>



*1: Facility horticulture entails growing vegetables, flowers, fruit and other products by using greenhouses and other agricultural facilities and environmental control equipment.

*2: "PROMPT K, a member of the KEIAI Group, receives an order for the third consecutive year for the operation and management of an IoP cloud system for the next-generation facility horticulture project of the Kochi prefectural government" (April 25, 2022)
https://ki-group.co.jp/wp/wp-content/uploads/2022/04/2022.04.25_promptk-kochi3.pdf

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.

Corporate Planning / Overseas Business Promotion Office, IR Division

URL: www.ki-group.co.jp

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