

# KEIAI

デザインのケイアイ

## First 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 Mission**

House ownership for everyone

# 1Q FY3/23 Highlights

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- Sales increased 15.7% YoY to 50.0 billion JPY, which is a new record for quarterly sales. Ordinary profit decreased 5.7% to 4.8 billion JPY. Although sales were up and earnings down, compared with 1Q FY3/21, sales were up 77.9% and ordinary income was up 426.6%, demonstrating KEIAI's ability to continue growing after the end of additional demand temporarily generated by the pandemic.
- Businesses returned to normal growth following the end of extra pandemic-related demand in FY3/22. Continuing to purchase a large volume of land in order to continue growing by using KEIAI's core strength: semi custom-built houses utilizing the KEIAI Platform and the development of compact ready-built houses.
- We are continuing to expand and strengthen the KEIAI Platform. The KEIAI Plus app for homebuyers has been developed. We will continue to reinforce DX activities, speed up investments to add more stores, raise our market share (a medium/long-term goal), and achieve the steady growth of KEIAI Group sales.

# Contents

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1. 1Q FY3/23 Financial Summary
2. KEIAI Growth Strategy
3. Dividends and Shareholder Benefits
4. ESG/SDGs Initiatives
5. Appendix

## 1. 1Q FY3/23 Financial Summary

## Consolidated Statement of Income (1Q)

Net sales 50.0 billion JPY (up 15.7% YoY), a new quarterly record. Ordinary profit decreased 5.7% to 4.8 billion JPY and profit attributable to owners of parent decreased 3.0% to 3.1 billion JPY.

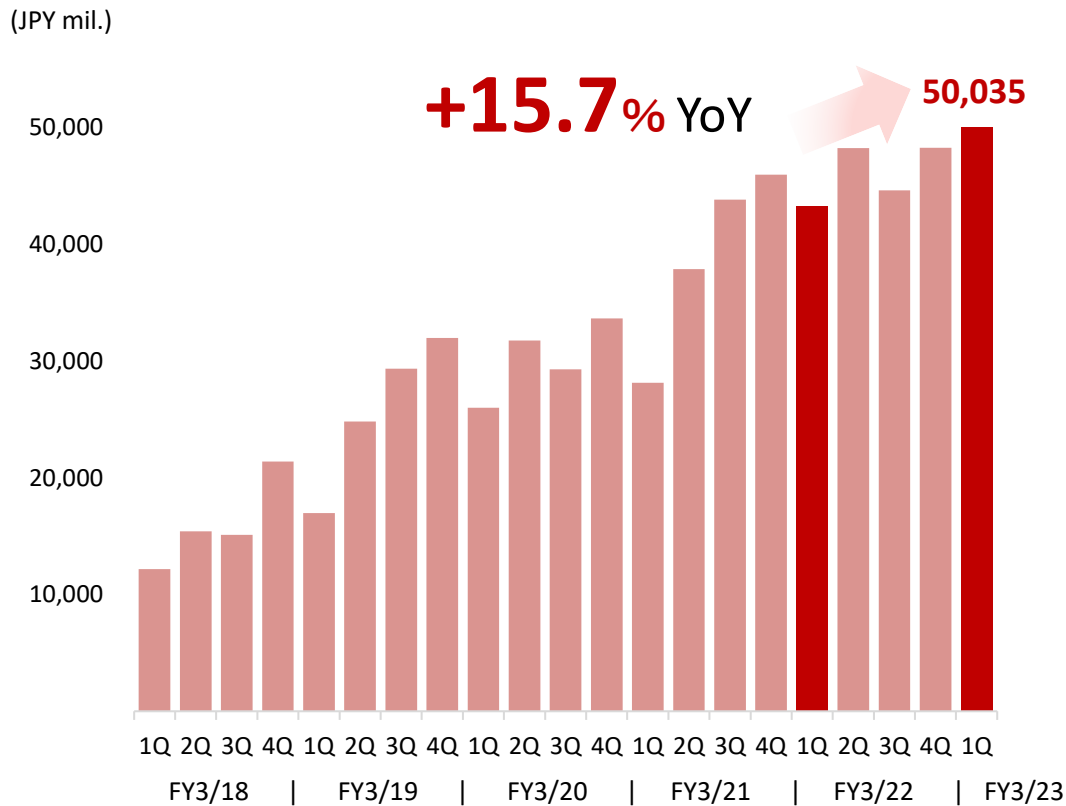
(JPY mil.)

	1Q (Apr-Jun) of FY3/22		1Q (Apr-Jun) of FY3/23		YoY change
	Amount	Proportion	Amount	Proportion	
Net sales	43,261	100.0%	<b>50,035</b>	100.0%	15.7%
Gross profit	9,471	21.9%	<b>9,252</b>	18.5%	-2.3%
SG&A expenses	4,196	9.7%	<b>4,179</b>	8.4%	-0.4%
Operating profit	5,274	12.2%	<b>5,073</b>	10.1%	-3.8%
Ordinary profit	5,179	12.0%	<b>4,883</b>	9.8%	-5.7%
Profit attributable to owners of parent	3,289	7.6%	<b>3,191</b>	6.4%	-3.0%

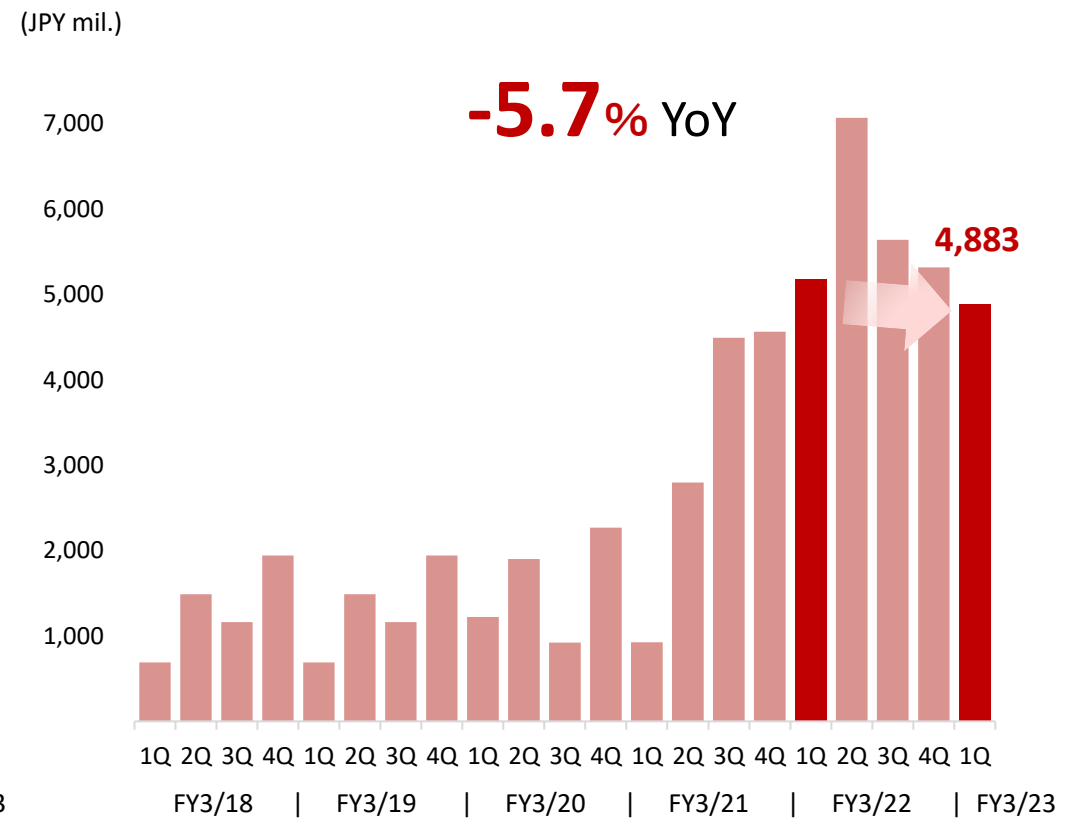
# Quarterly Results (Consolidated)

1Q sales increased 15.7% YoY to 50.0 billion JPY, an all-time quarterly high. Ordinary profit remained at a high level of 4.8 billion JPY even after the end of one-time demand created by the pandemic.

### Quarterly Sales

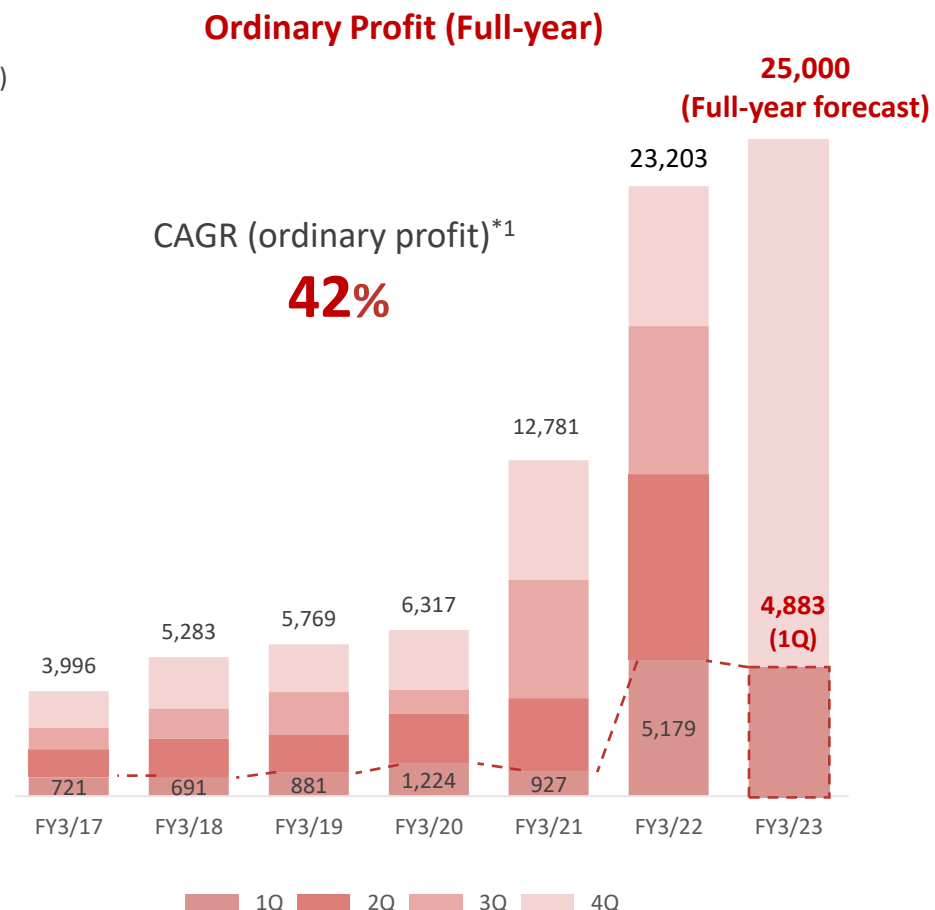
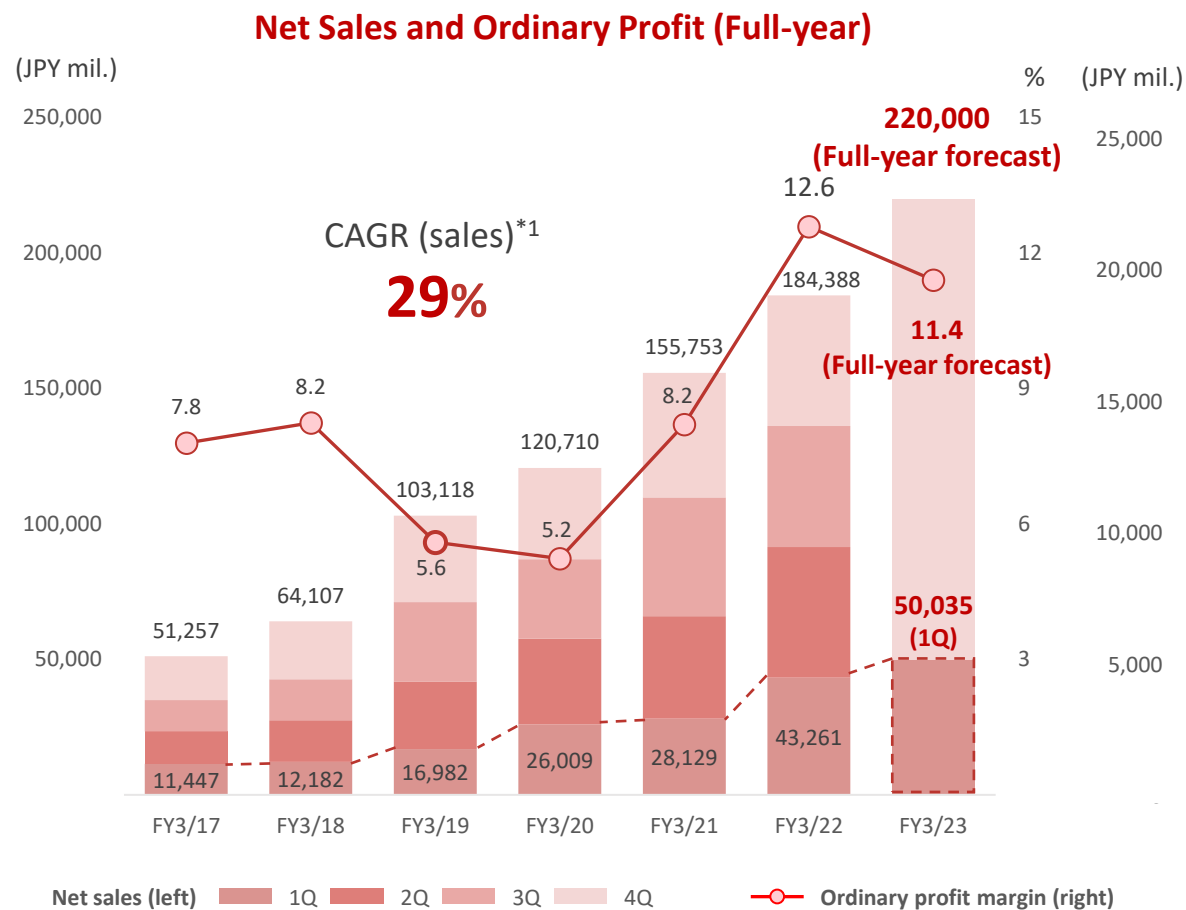


### Quarterly Ordinary Profit



# Consolidated Sales and Earnings

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



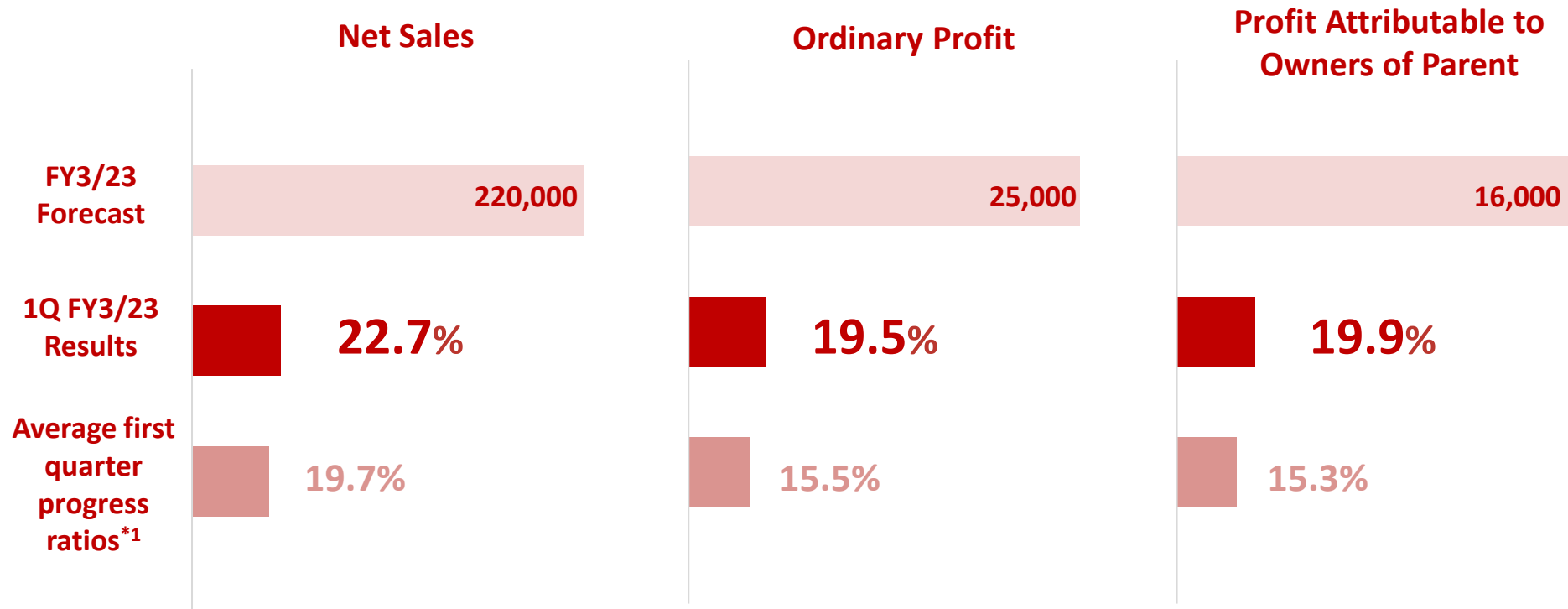
\* Average annual growth rate of sales/ordinary profit (CAGR) from FY3/17 to FY3/22



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

First quarter performance was steady with the progress ratios of the first quarter sales, ordinary profit, and profit attributable to owners of parent surpassing the historical averages.

(JPY mil.)



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

# Segment Performance (1)

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

(Unit of sales and profit: JPY mil.)

		1Q FY3/22	1Q FY3/23	YoY change	Remarks
Homebuilding and sales (including land)	Houses sold	873	993		Higher sales due to growth strategy progress, lower operating profit due to higher costs
	Sales	31,000	34,167	+10.2%	
	Operating profit	5,248	4,585	-12.6%	
Custom-built housing	Houses sold	18	65		Upfront SG&A expenses due to higher orders for IKI
	Sales	385	953	+147.5%	
	Operating profit	(15)	13	-	
Yokatown	Houses sold	Built-for-sales houses (including land): 180 Custom-built houses: 18	Built-for-sales houses (including land): 212 Custom-built houses: 18		Higher sales due to focus on build-for-sales house business, lower operating profit due to higher costs
	Sales	5,191	5,978	+15.2%	
	Operating profit	562	262	-53.3%	
Asahi Housing	Houses sold	Built-for-sales houses (including land): 69	Built-for-sales houses (including land): 81		Higher sales and operating profit due to focus on build-for-sales house business
	Sales	2,922	3,631	+24.2%	
	Operating profit	472	545	+15.5%	

## 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 FY3/22	1Q FY3/23	YoY change	Remarks
Kensin	Houses sold	Built-for-sales houses (including land): 55 Custom-built houses: 25	Built-for-sales houses (including land): 73 Custom-built houses: 14		Higher sales and operating profit due to focus on build-for-sales house business
	Sales	2,911	4,469	+53.5%	
	Operating profit	160	215	+34.6%	
KEIAI Presto	Houses sold	Built-for-sale houses (including land) and custom-built houses: 7	Built-for-sale houses (including land) : 16		Higher sales and operating profit due to focus on build-for-sales house business
	Sales	116	428	+266.8%	
	Operating profit	(30)	40	-	

# Consolidated Balance Sheet

Total assets were 172.9 billion JPY and net assets 49.6 billion JPY.

(JPY mil.)

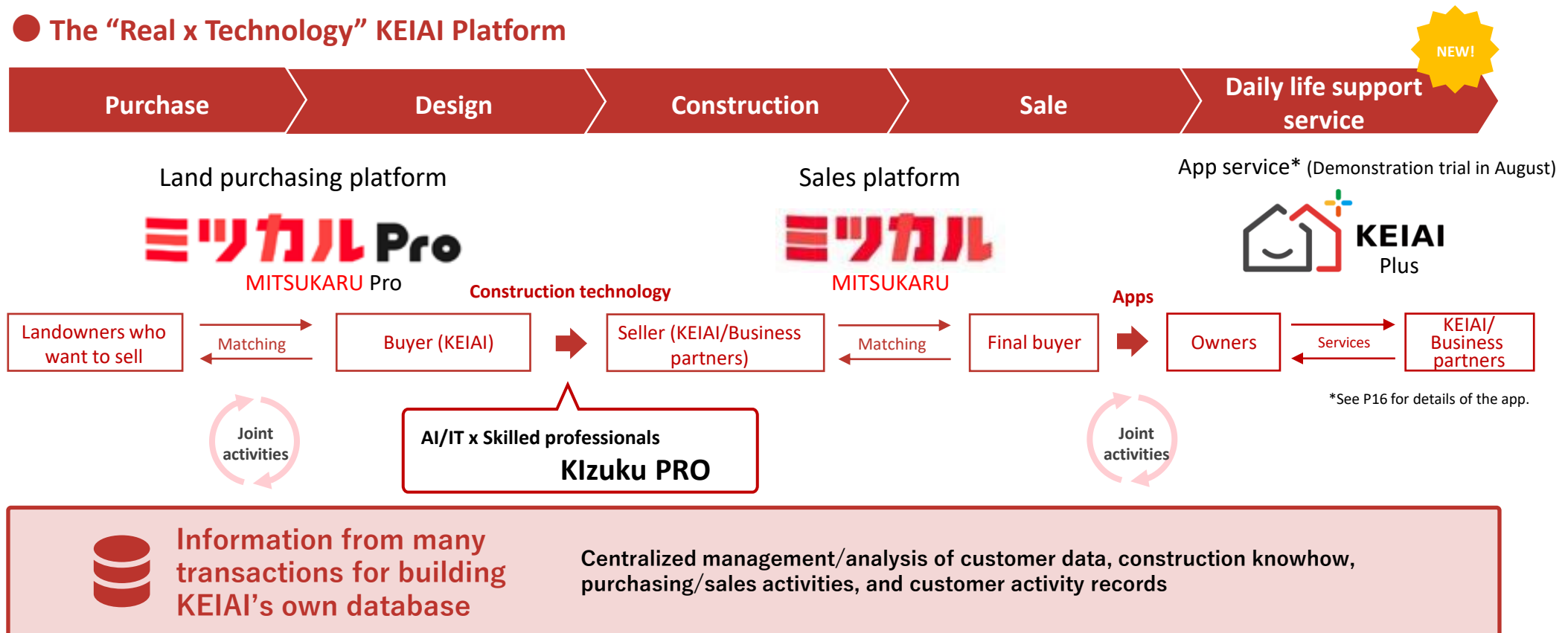
	March 31, 2022	June 30, 2022	Increase/decrease
Current assets	155,686	<b>165,806</b>	10,120
Non-current assets	7,554	<b>7,102</b>	(451)
Total assets	163,240	<b>172,909</b>	9,668
Current liabilities	91,652	<b>97,901</b>	6,248
Non-current liabilities	22,550	<b>25,378</b>	2,828
Total liabilities	114,202	<b>123,279</b>	9,076
Net assets	49,037	<b>49,629</b>	591
Total liabilities and net assets	163,240	<b>172,909</b>	9,668

## 2. KEIAI Growth Strategy

# A Fully Integrated “Real x Technology” Platform

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

## ● The “Real x Technology” KEIAI Platform



# Land Purchasing Platform MITSUKARU Pro

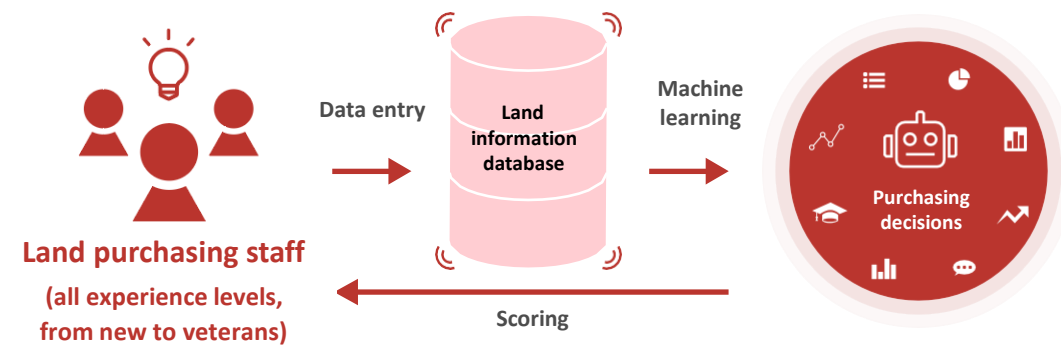
KEIAI's MITSUKARU Pro land purchasing platform makes it possible to use the best possible process for purchasing land. This platform gives KEIAI a powerful framework for consistent and substantial purchases of land for growth.



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

Companies in the purchasing network About **6,000**

No. of land information data entries\*1 About **39,000/Q**



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

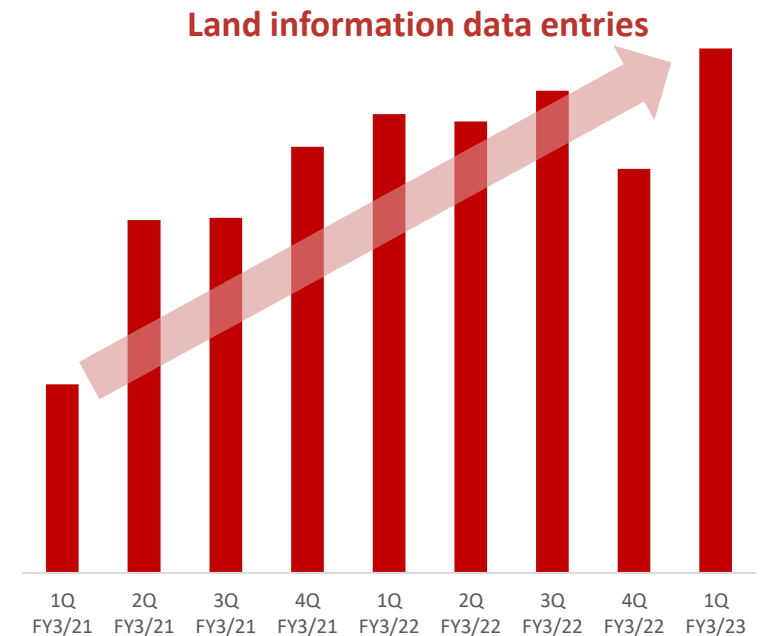
- Scoring of prospective purchases by using more than 30,000 data entries about potential land purchases and actual sales (prices of housing lots sold by KEIAI and data on local market characteristics) in prior years

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

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

**Market condition big data** **MARKET**

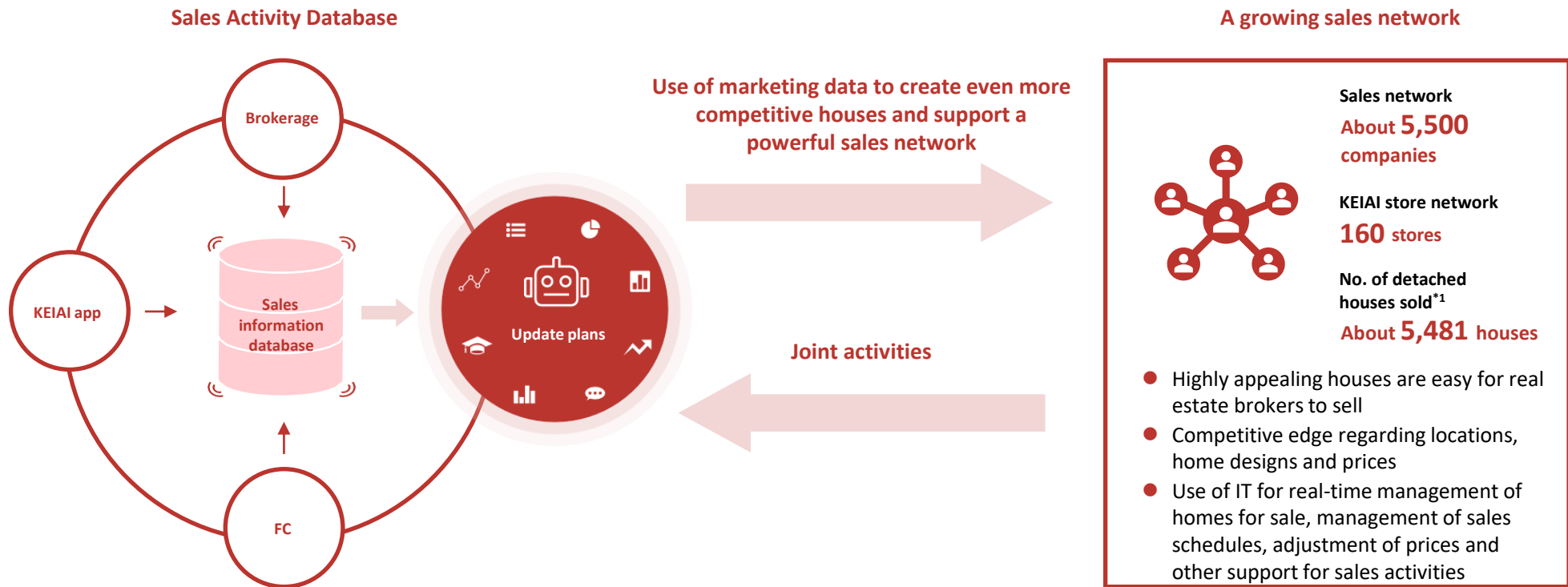
- Big data reduces risk involving the compact, ready-built house business model; also optimizes pricing of land purchases by using market data and real-time data on KEIAI houses for sale



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

# Sales Platform MITSUKARU

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

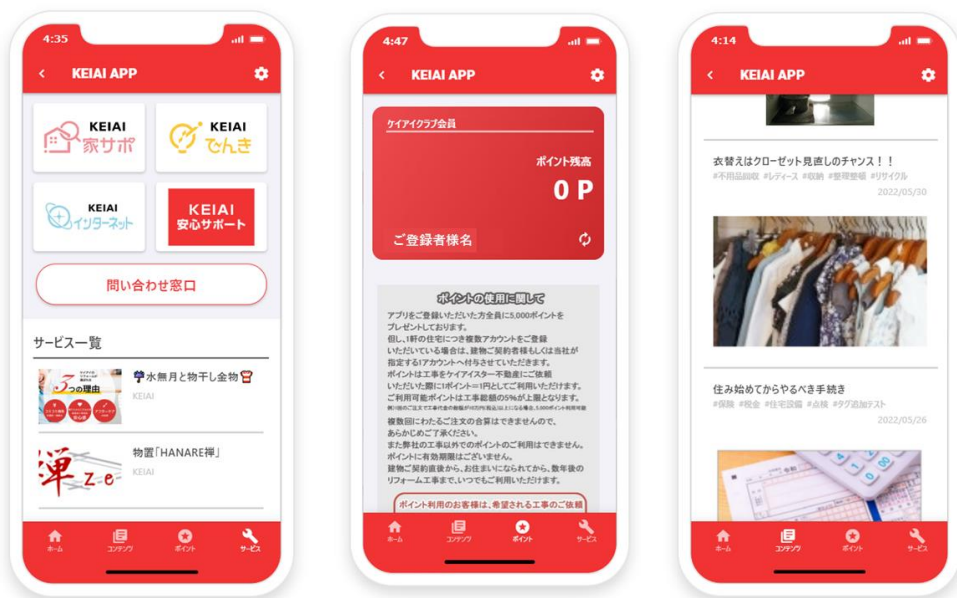



\*1: Number of houses sold in FY3/21.



# New Version of the KEIAI Plus App for Homebuyers

KEIAI will soon release a revised and improved version of KEIAI Plus, an app for providing support to members of the KEIAI homeowners club. App utilization data is incorporated in the core database with the objective of improving customer services and developing new services.



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

## KEIAI Plus

Demonstration trial starts in August

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

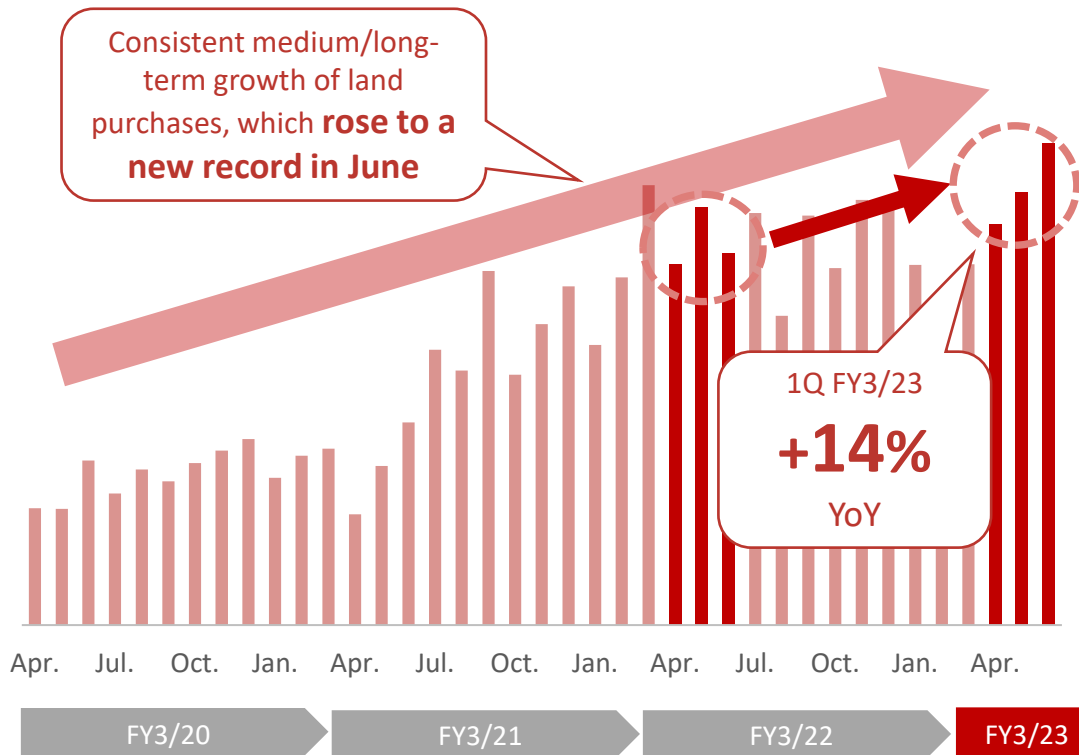
### Examples of app services



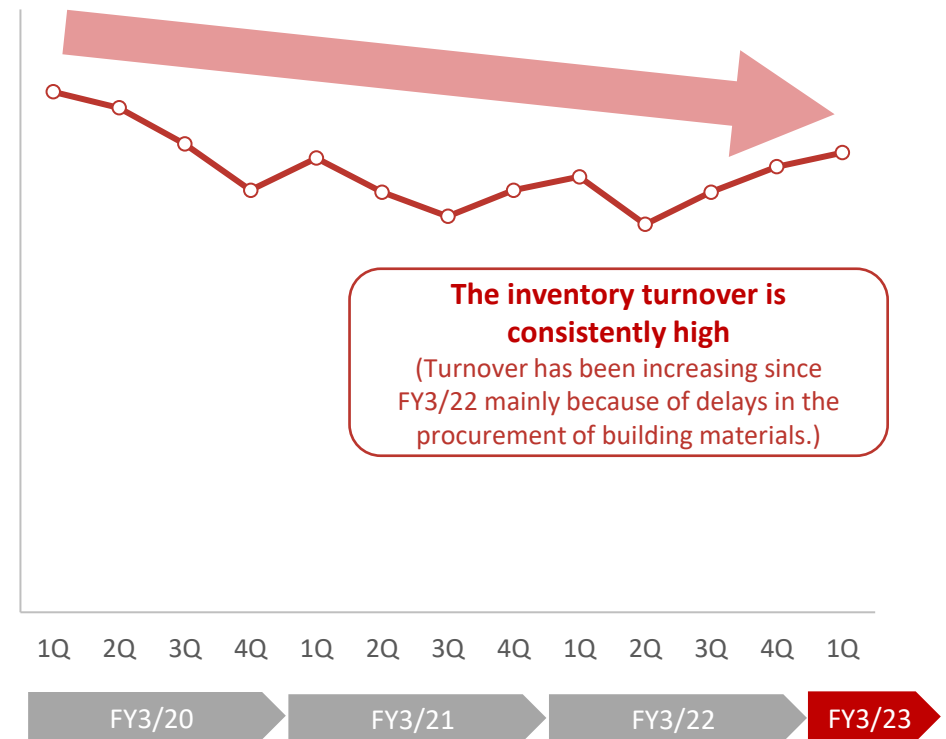
# Land Purchases Using Technology and Inventory Turnover

Land purchases using MITSUKARU Pro continue to increase and reached a new all-time high in June.

### Year-to-Year Change in Housing Lots Purchased\*1



### Shortening of the Inventory Turnover Period\*2

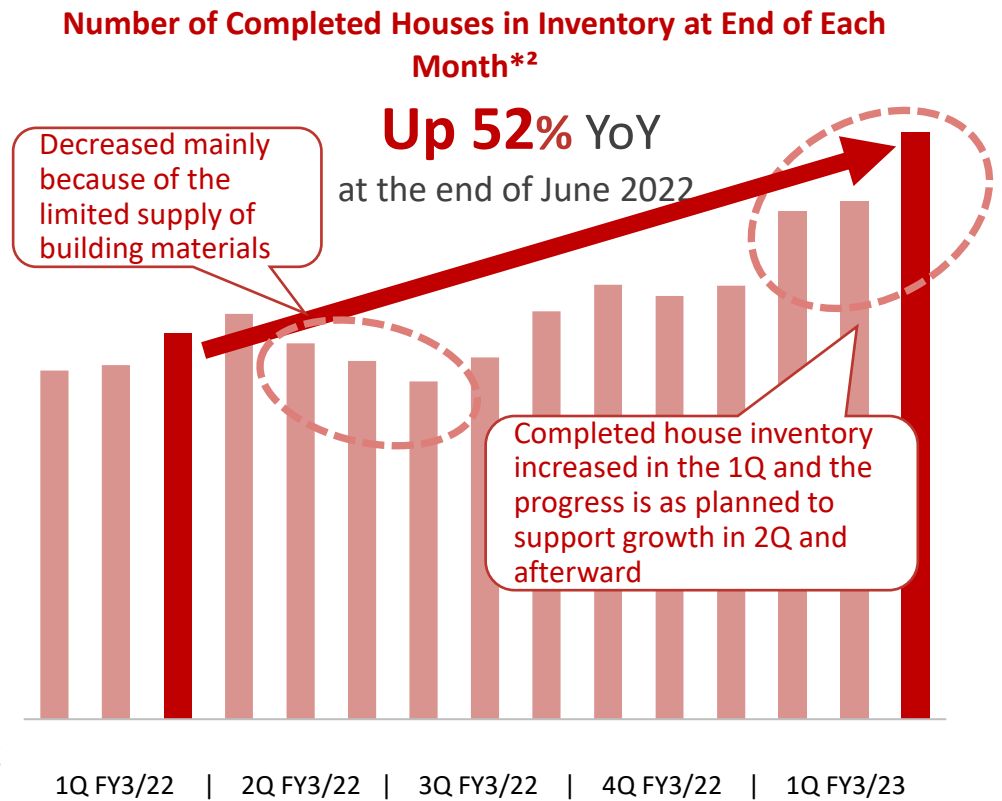
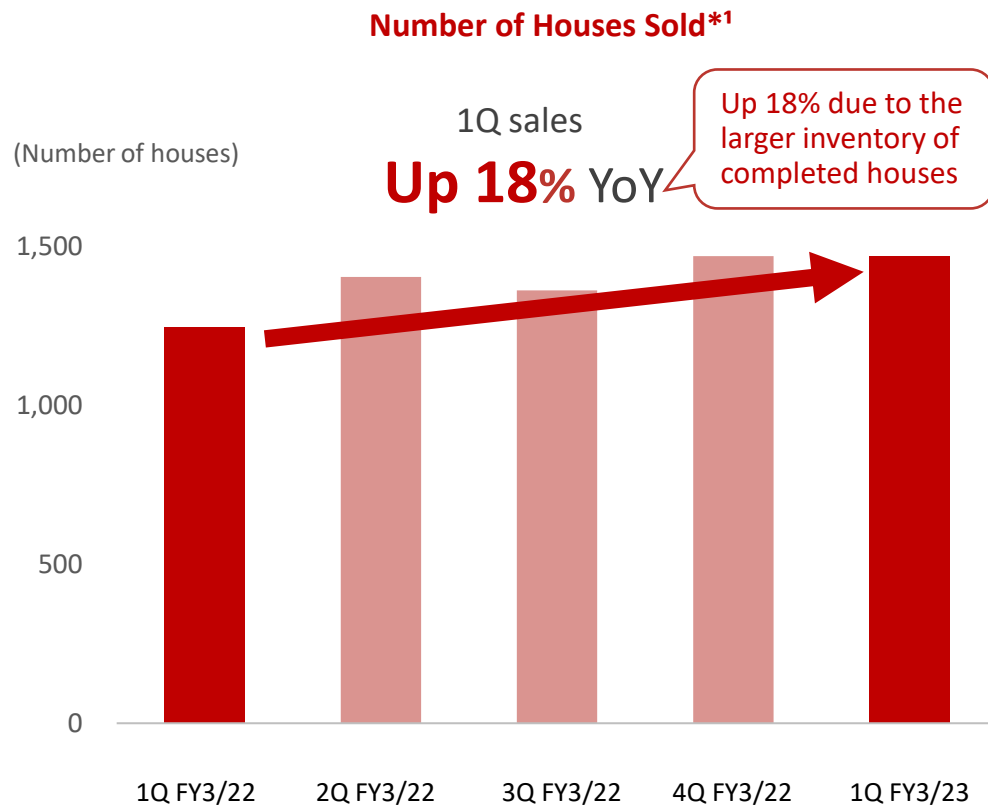


\*1: Actual number of purchases by the KEIAI Group

\*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

# Houses Sold and Completed House Inventory

The inventory of completed houses continued to increase and there is steady progress for growth during the remainder of FY3/23.



\*1: Actual number of houses hold by the KEIAI Group

\*2: KEIAI Group monthly completed houses in inventories between April 2021 and June 2022

# 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.

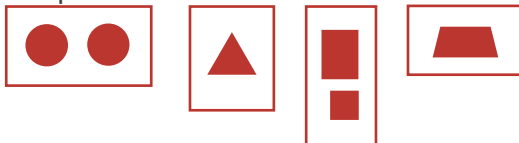
## Conventional ready-built houses

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



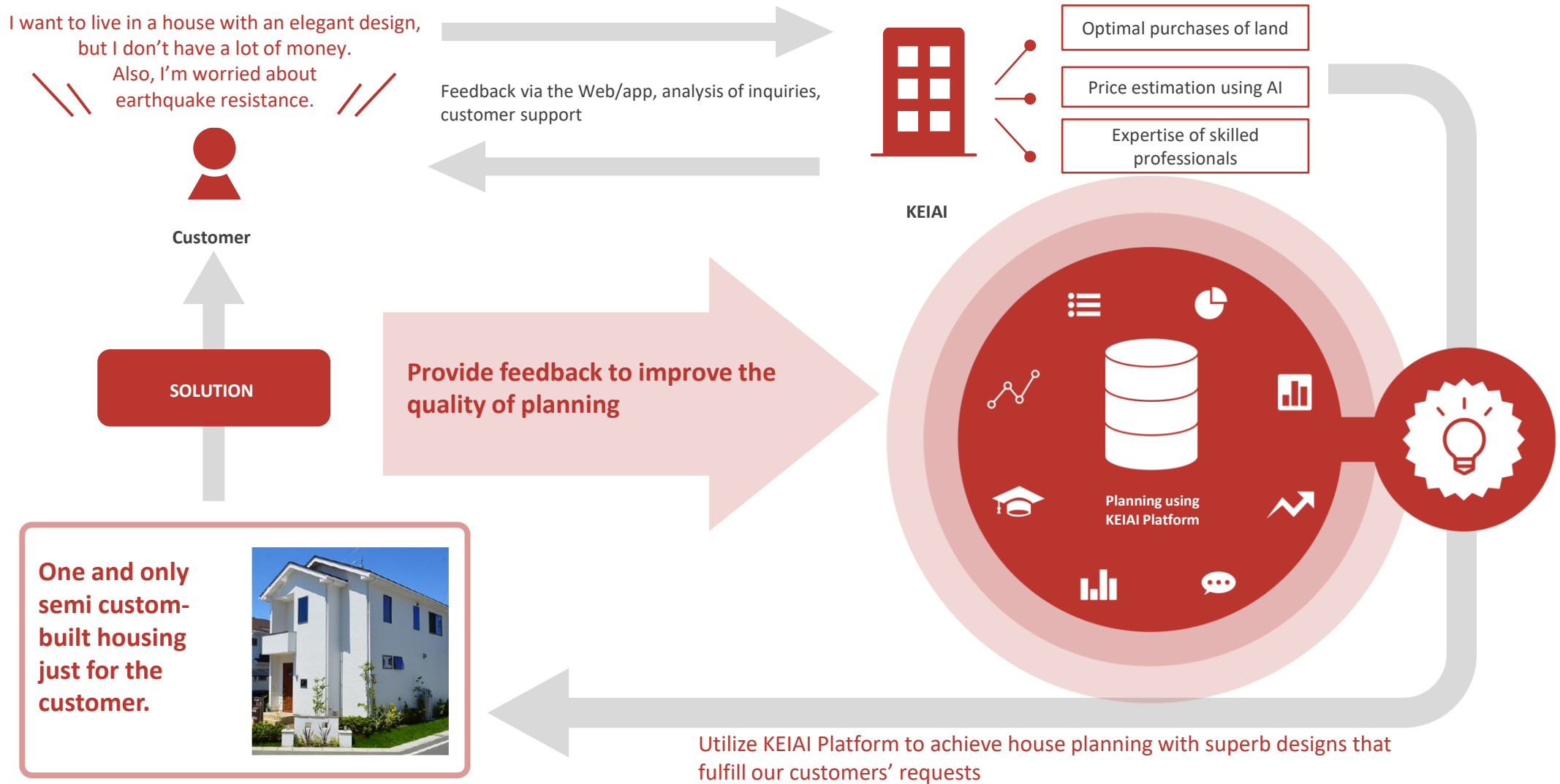
## Avg. number of lots\*1 in housing developments

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

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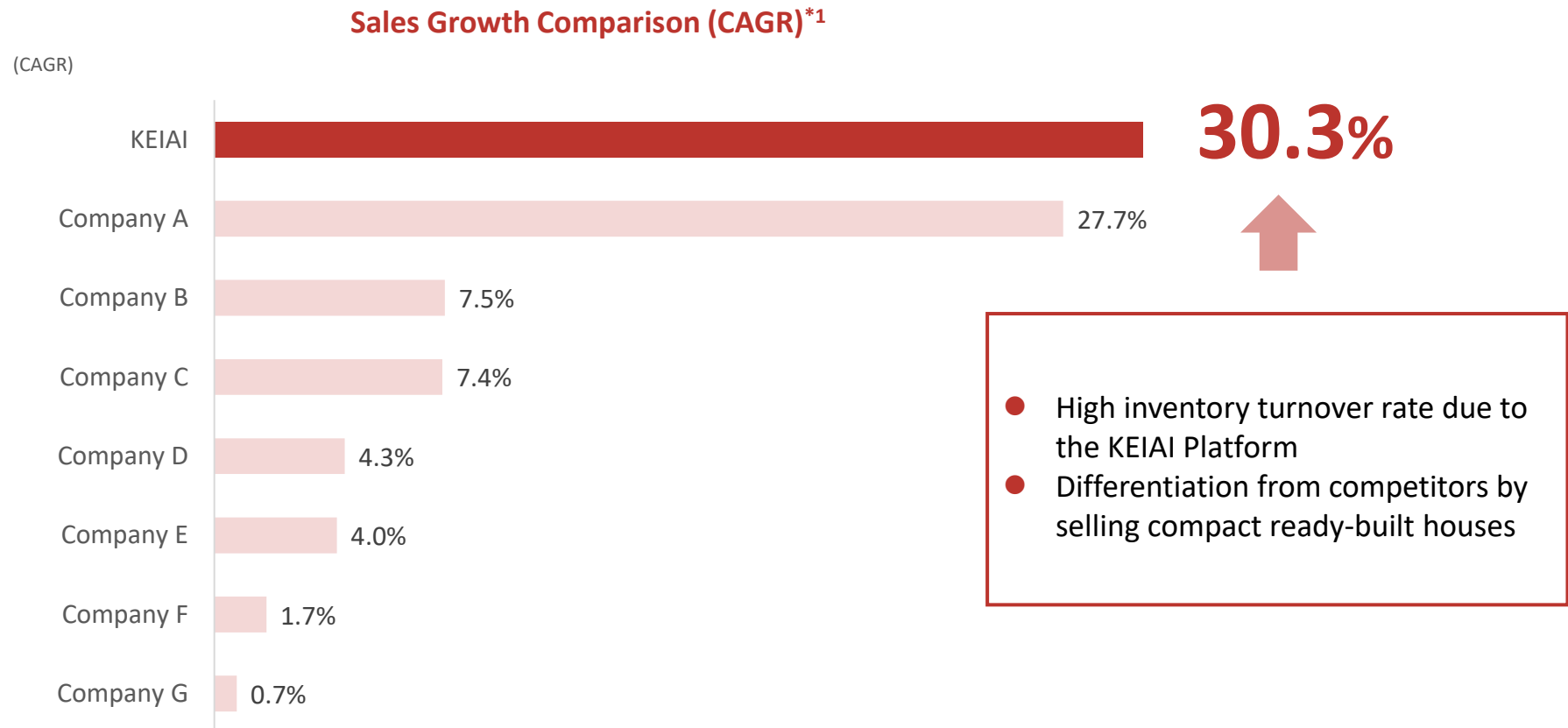
The development of compact ready-built houses makes it possible to supply semi-custom, well-designed houses with outstanding quality and low prices.





# 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.



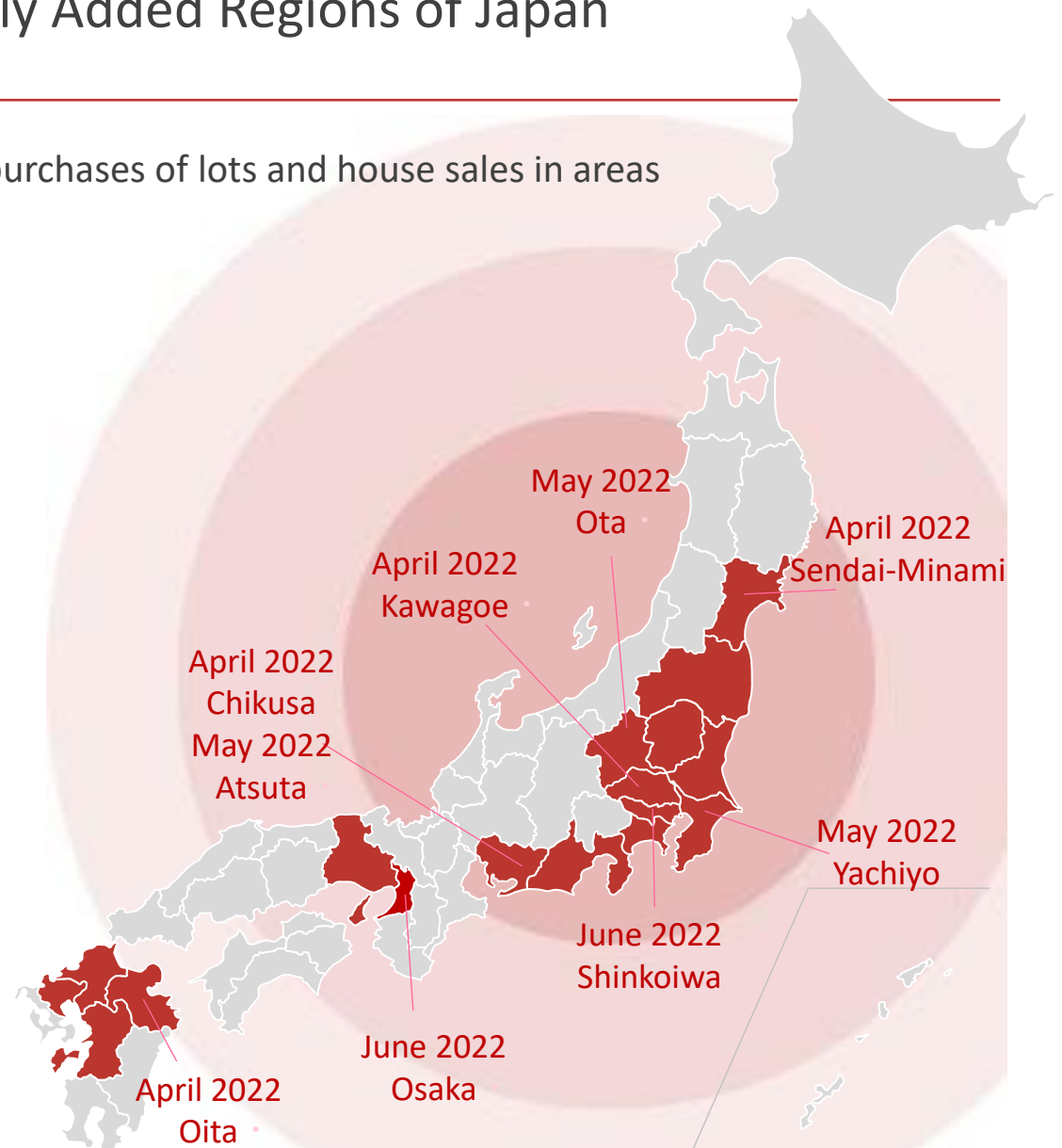
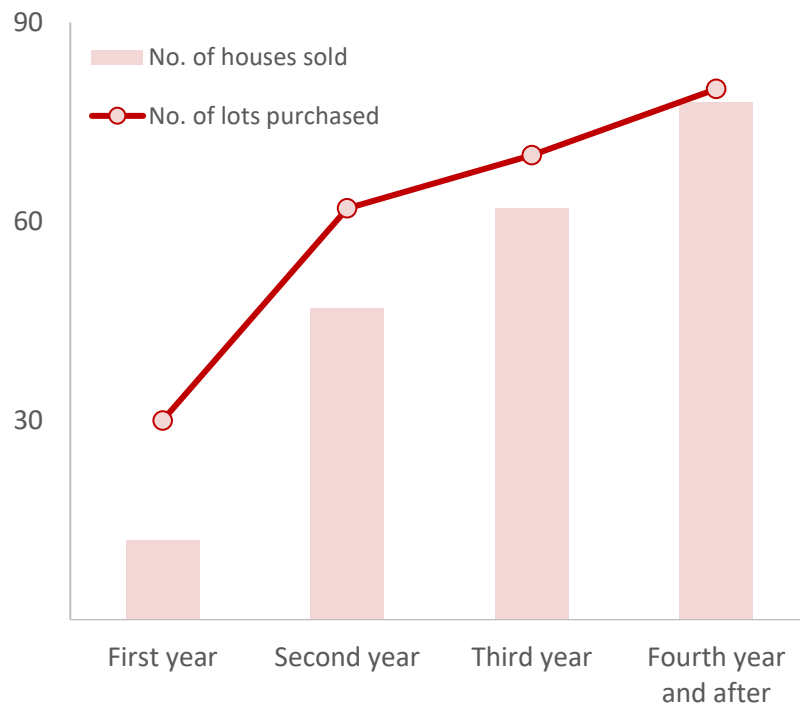
\*1: Average growth rate over the past four years in sales for the most recent four years for KEIAI and industry peers

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

Continue to expand business areas. 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



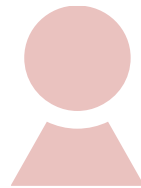
\*1: For the number of houses sold by KEIAI stores (broker sales), comparison using averages for the first four years of operations of stores opened in the same year (FY3/21 Result)



# Rapid Training of Store Managers by Using the KEIAI Platform

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

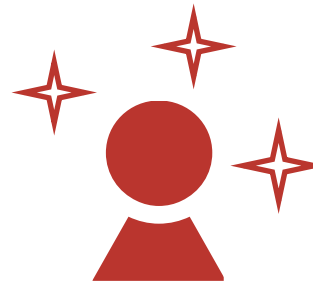


Housing development  
experience (Projects per year)

**7 to 10 years**

Store managers = Years needed  
to become skilled at purchasing  
land

KEIAI land procurement  
personnel



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

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

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



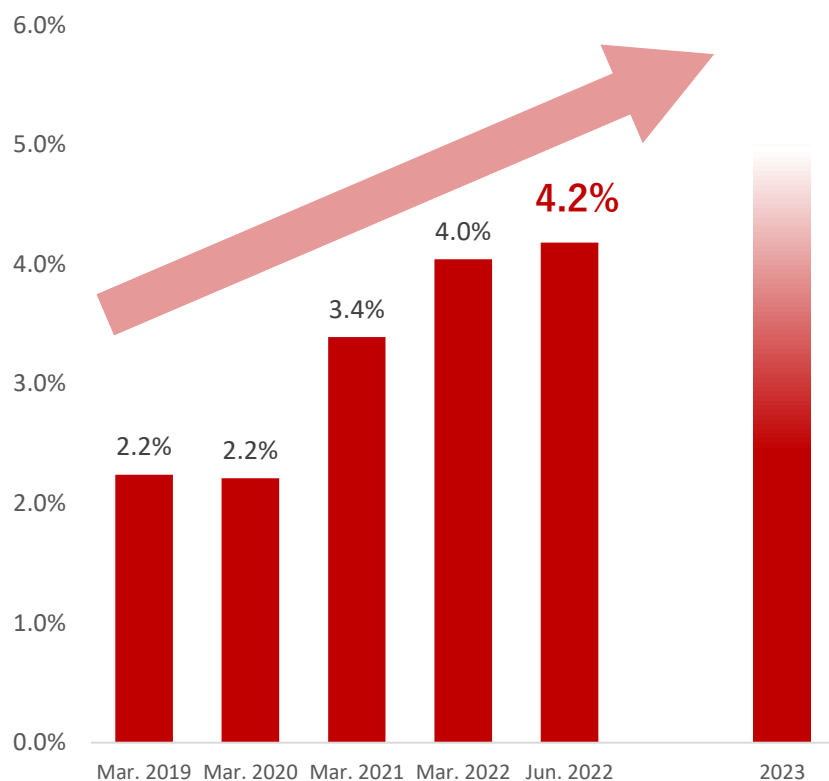
**KEIAI Platform**

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

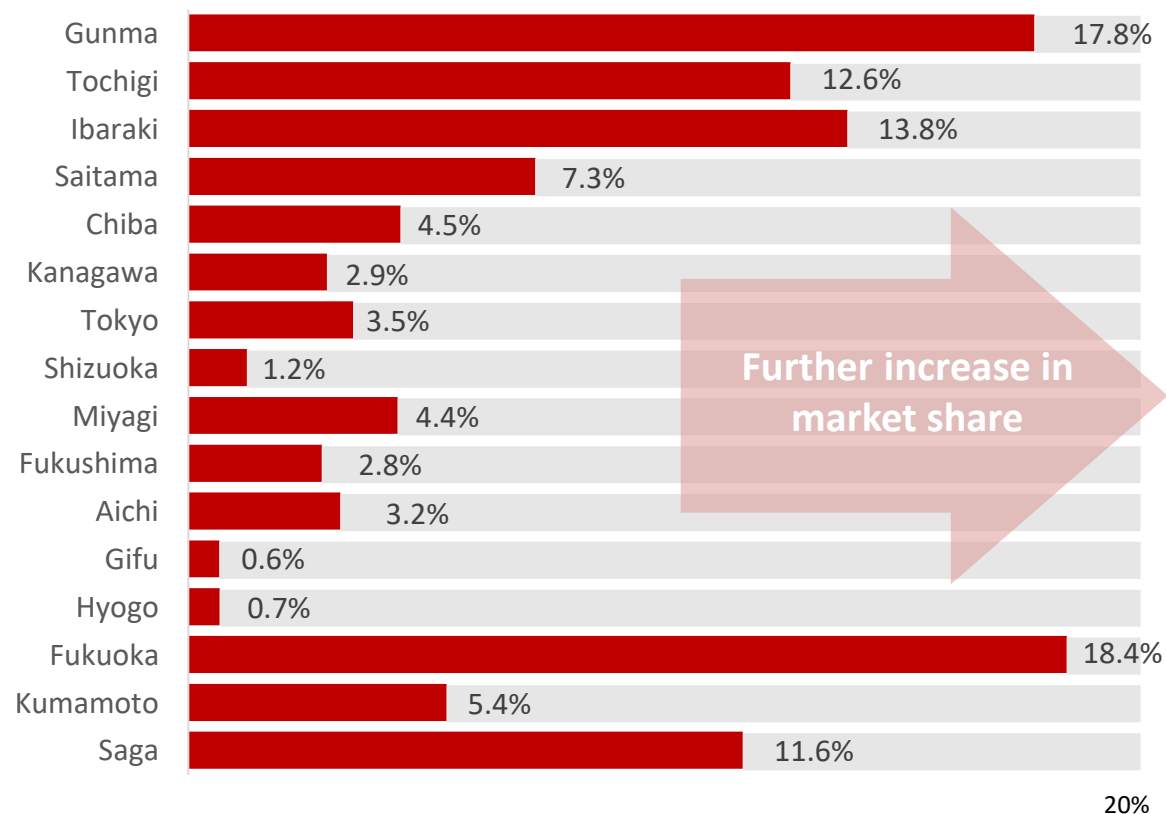
# KEIAI Group's Share in Nationwide and Current Markets

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)**

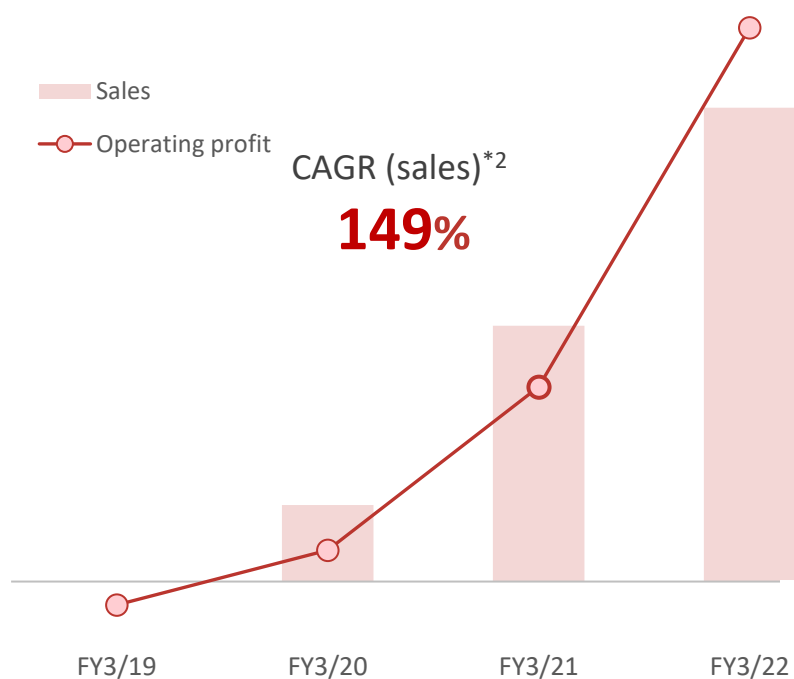


Source) "Housing Construction Statistics" (FY2021 new built-for sale detached houses) of Ministry of Land, Infrastructure, Transport and Tourism, and KEIAI Group sales

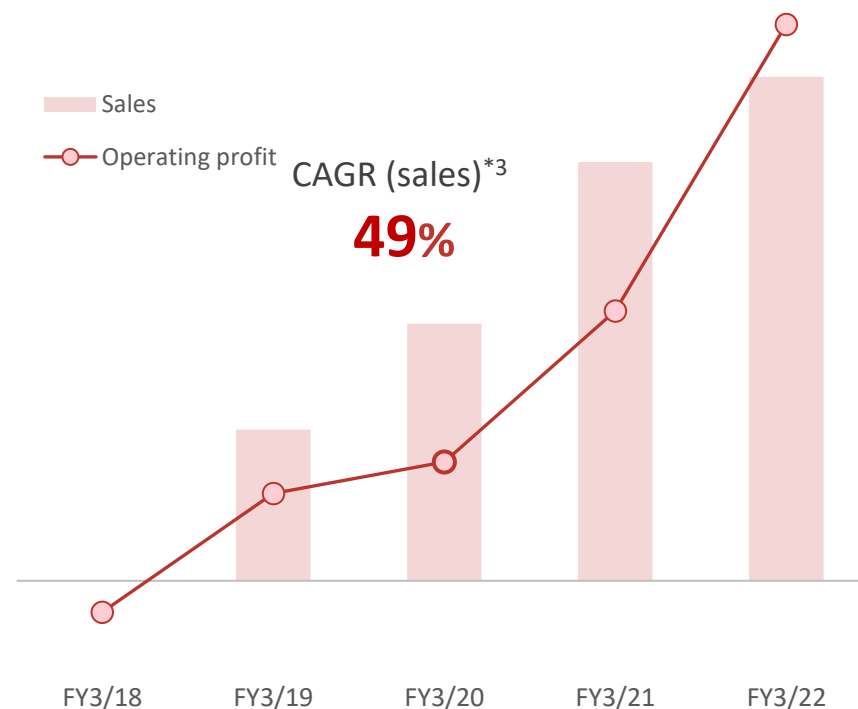
# Growth in Sales and Earnings in New Business Areas

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



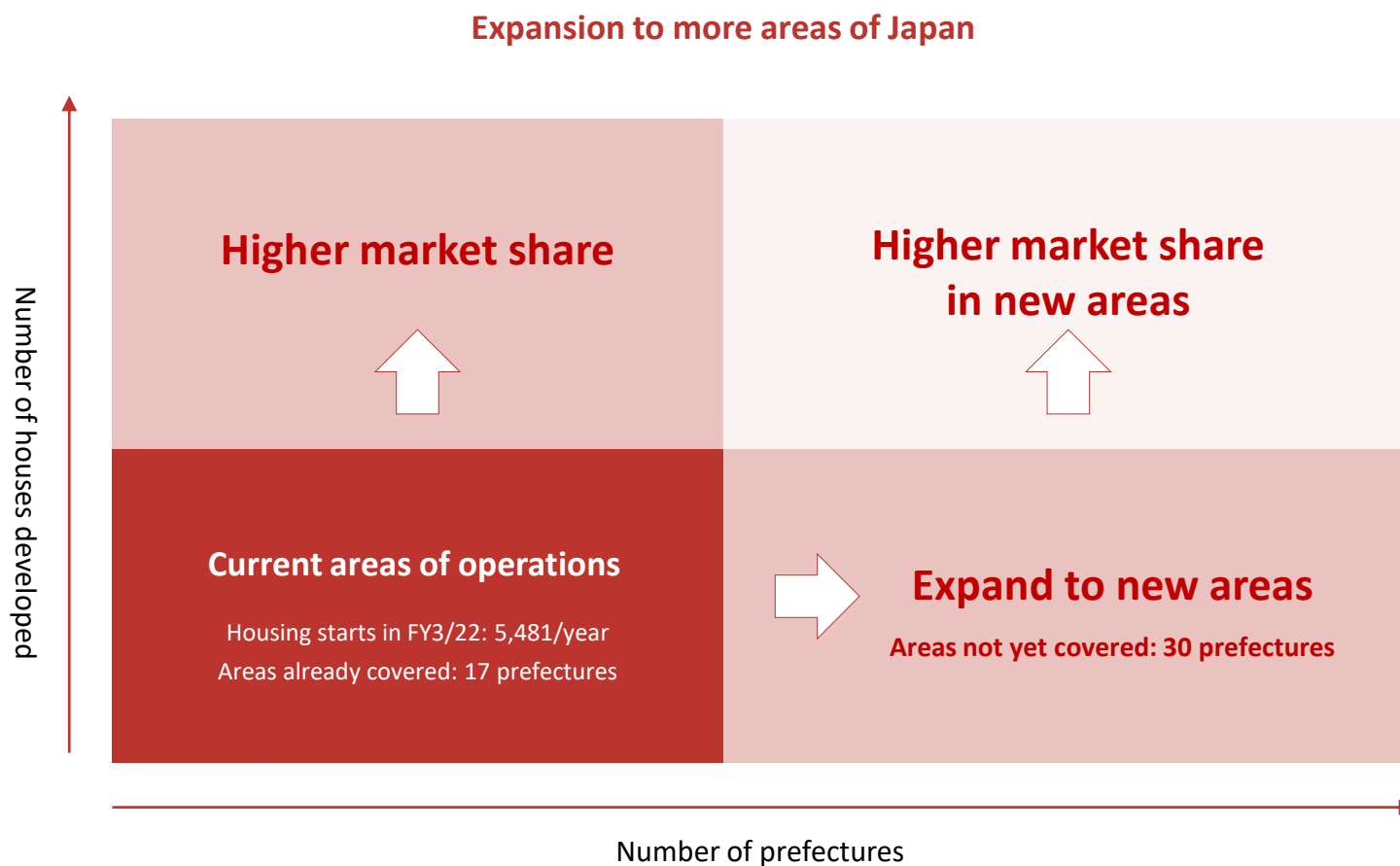
\*1: Chubu area sales and earnings are for KI Planning, Ltd., which operates mainly in this area (Aichi prefecture). Kyushu area sales and earnings are for KI-Star Build Co., Ltd., which operates mainly in Kyushu (Fukuoka prefecture).

\*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

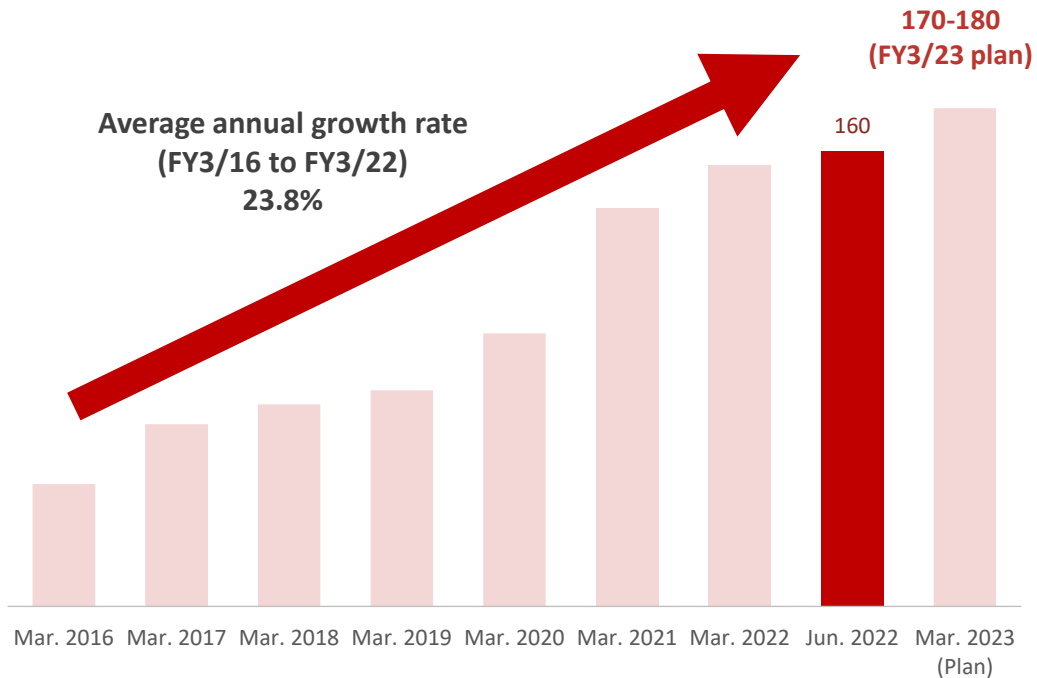
Aiming for more growth by starting operations in new areas of Japan and increasing market share in current areas of business activities.



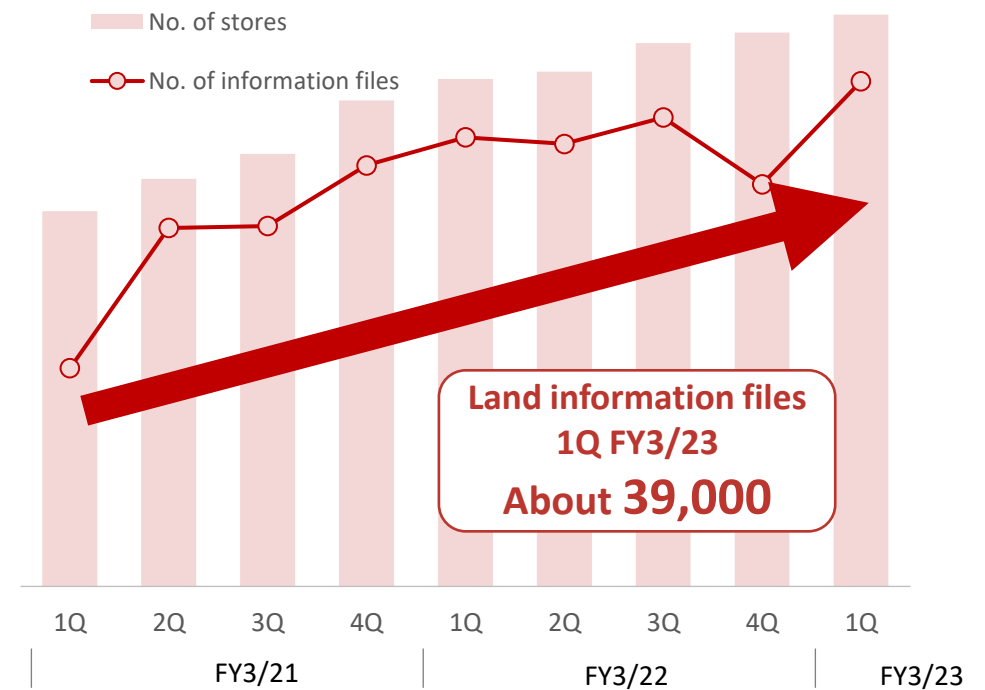
# Expansion to More Areas of Japan Raises the Volume of Land Information

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

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

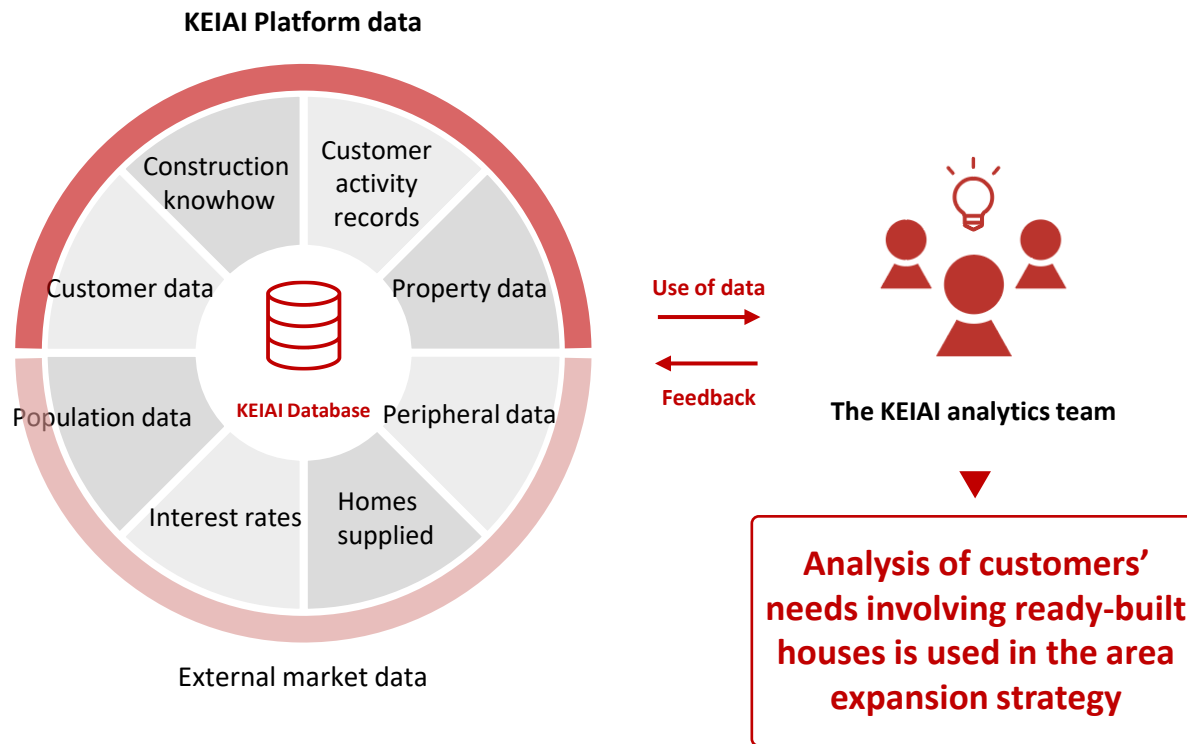


## Number of KEIAI Stores and Information about Land

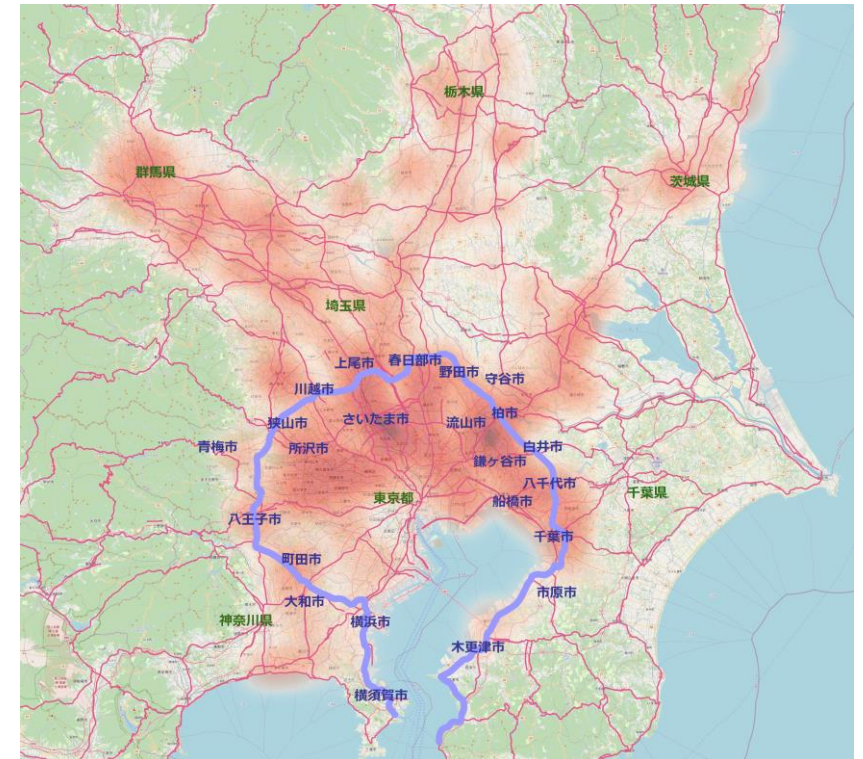


# Analysis of the Ready-built House Market by the KEIAI Analytics Team

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

In Japan's enormous built-for-sale home market, KEIAI's goal is to steadily increase its market share by using its technologies and compact home expertise and rapidly expanding operations into more areas of Japan.

## 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

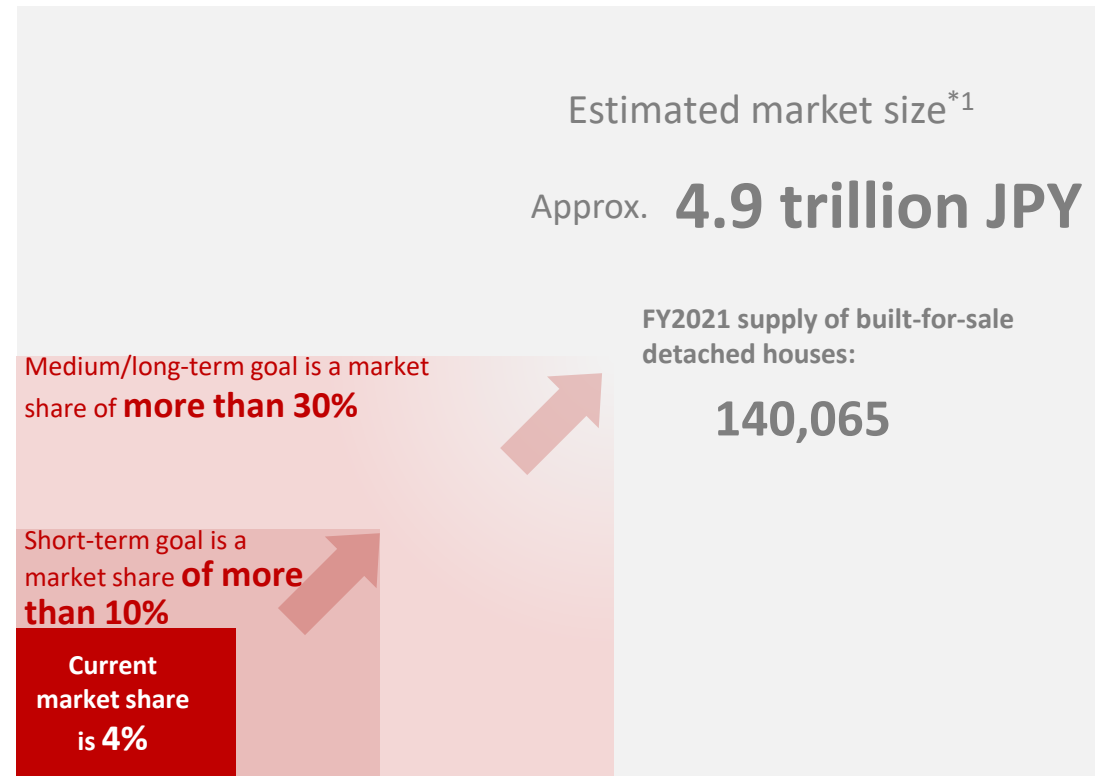
### Use area expansion to strengthen current operations

Rapid growth in current areas of operations

### Expand to new areas

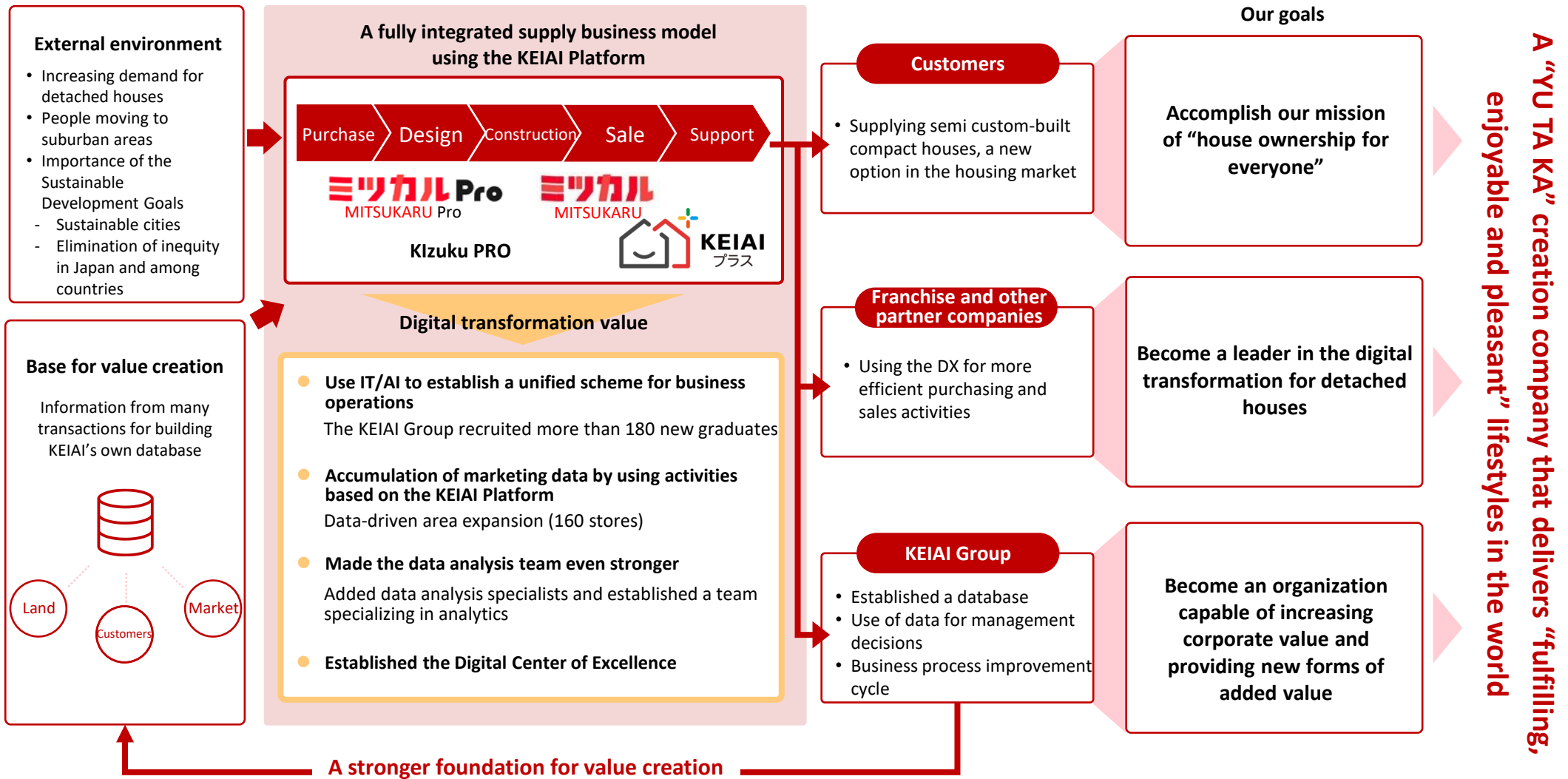
KEIAI does not yet operate in 30 prefectures

Use of analytics team for the store opening strategy



\*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

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





### 3. Dividends and Shareholder Benefits

# Dividends and Shareholder Benefits

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

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

## Shareholder Benefits

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

## 4. ESG/SDGs Initiatives

# Establishment of the Sustainability Committee

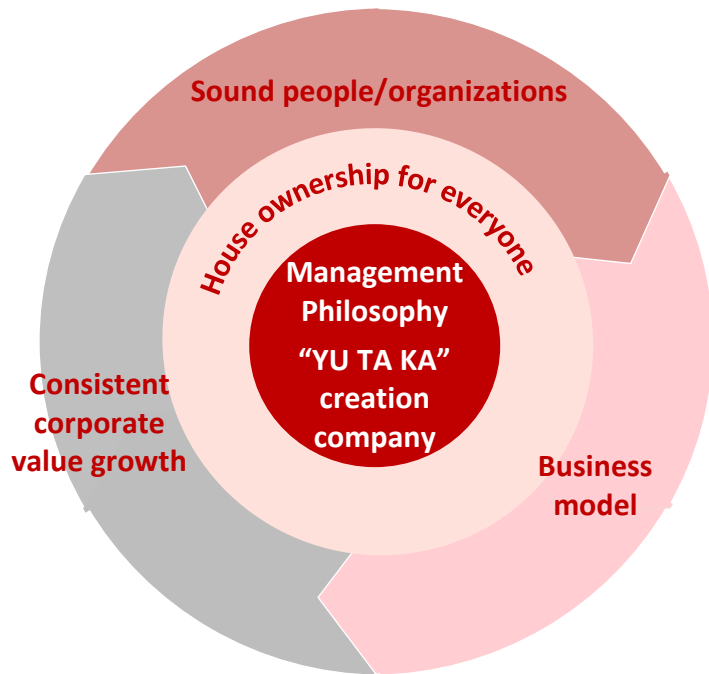
The KEIAI Group has many activities for helping solve social issues in Japan and other countries. By supplying homes where people can lead happy and fulfilling lives, we are dedicated to playing a role in creating a sustainable and affluent society. We believe these activities will contribute to the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



# Sustainability Policy and Determination of ESG Materiality

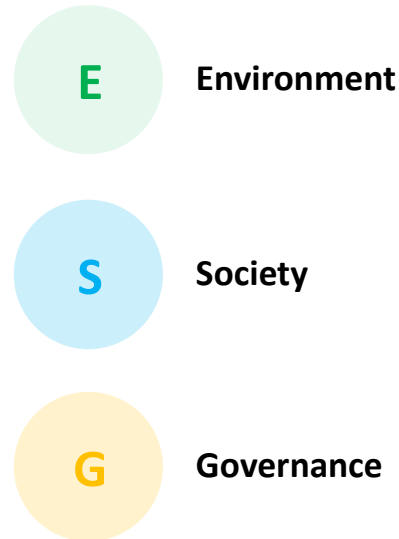
We have established a basic policy for sustainability initiatives. Our goal is sustainable progress while using a people/organization-business model-consistent corporate value growth cycle that is focused on our management philosophy and mission.

## The DNA of KEIAI



## Determination of ESG Materiality

### Considerations



### KEIAI actions

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

# Sustainability Materiality (1)

## E Environment



### Environmental programs

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

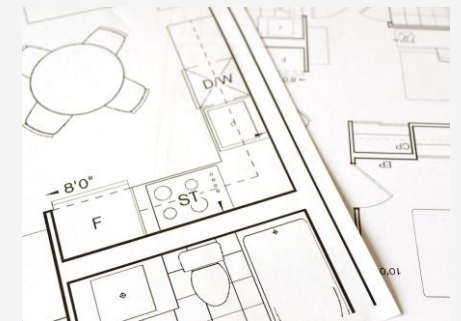


## S Society



### Products for fulfilling, enjoyable and pleasant lifestyles

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



# Sustainability Materiality (2)

## S Society



### Human resources and working styles

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



## S Society



### Diversity/Inclusion

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



Won many awards including New Diversity Management Selection 100



# Sustainability Materiality (3)

## S Society



### Quality control/Customer satisfaction

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



## S Society



### Supply chain & partnerships

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





# Sustainability Materiality (4)

## S Society



### Corporate citizenship

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



KEIAI Challenged Athlete Team

## G Governance



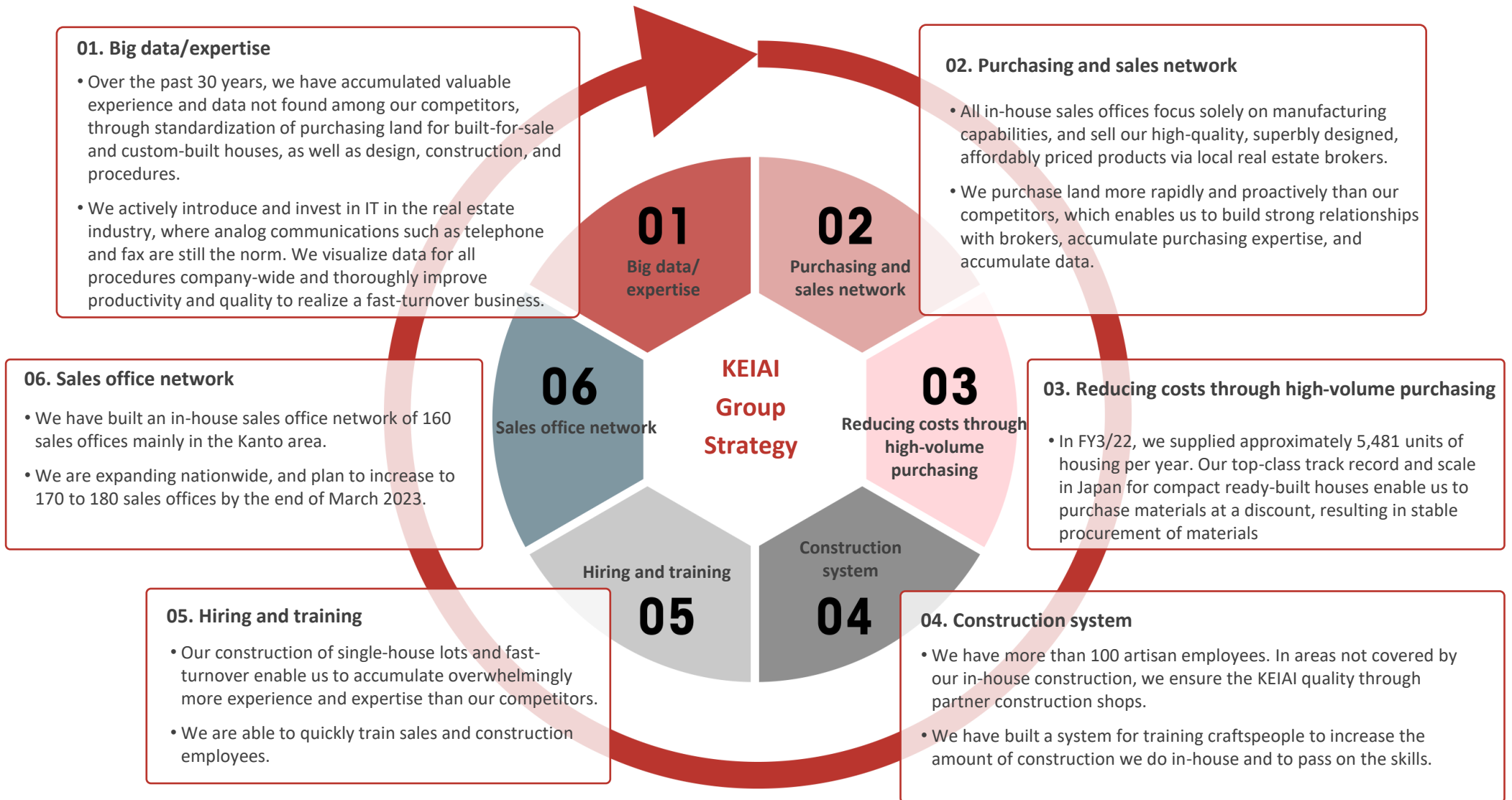
### Compliance/Respect for human rights

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



## 5. Appendix

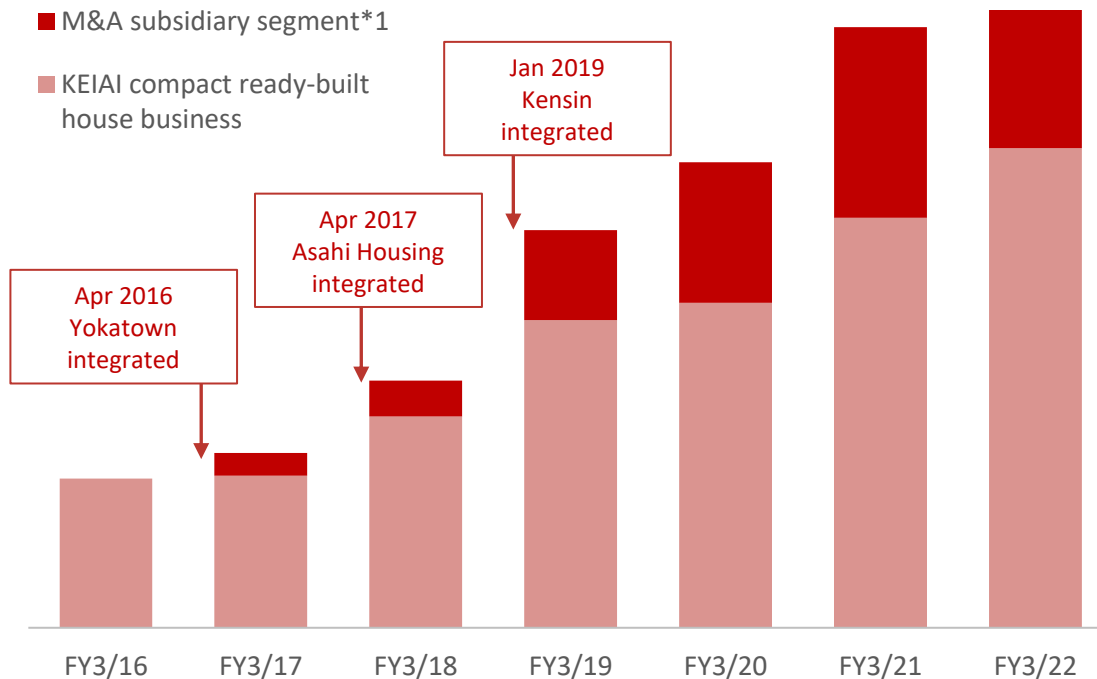
# KEIAI's Group Growth Strategy



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

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

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



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

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

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

CAGR <b>+27%</b>
------------------

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

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

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

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

# Financial Strategy/Fund Procurement

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

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



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

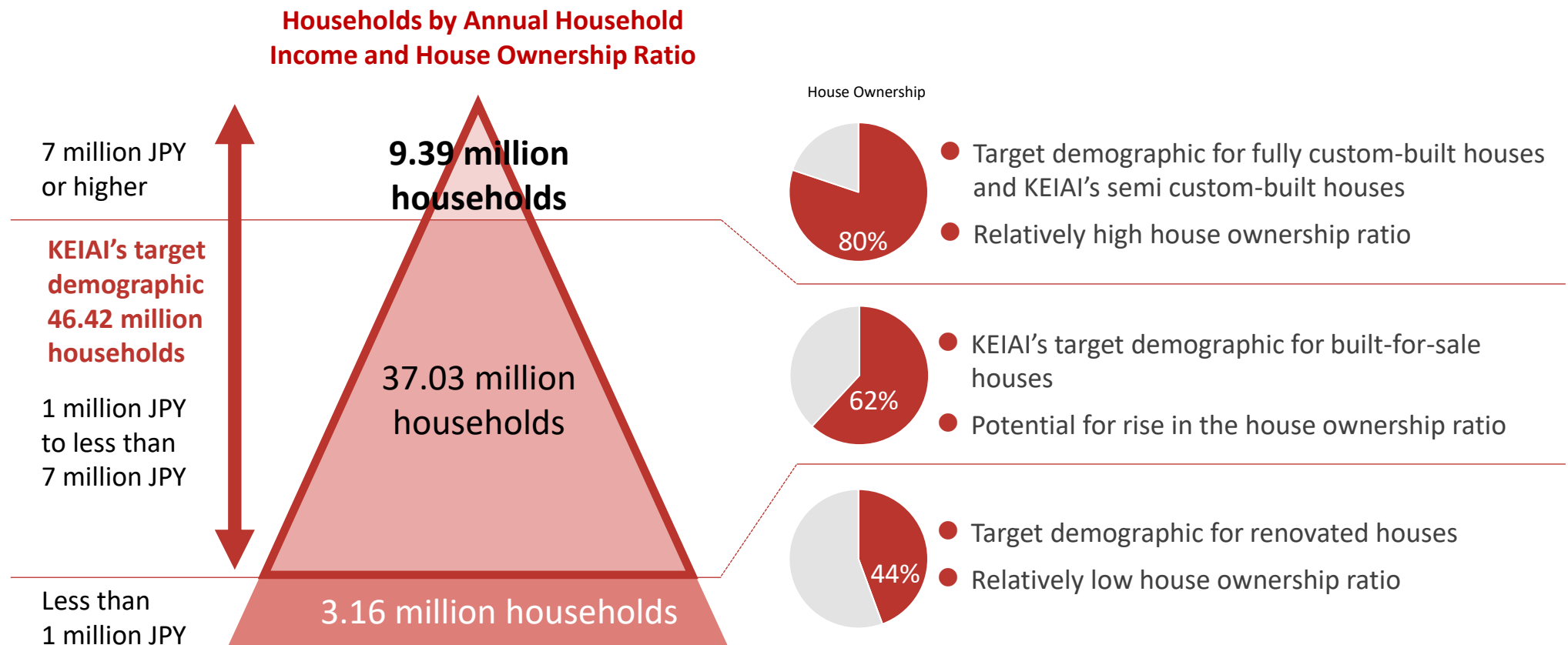
- Overdraft agreement (7 billion JPY overdraft agreement with a megabank, October 2021)
- Committed credit facility (5 billion JPY, March 2022)
- Large syndicated loan (total amount: 41.2 billion JPY, June 2022)
- Issuance of bonds  
(total amount: 3 billion JPY, October 2020; total amount: 2 billion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



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

# KEIAI's Target Market

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



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

# Target Customers

## Area



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

## Property type



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

## Buyer



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

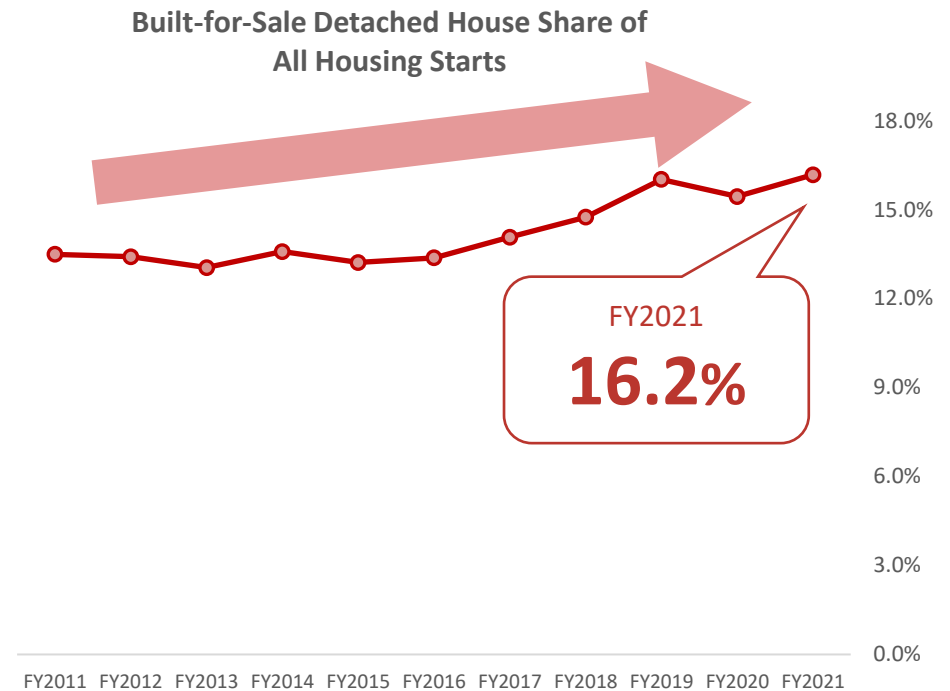
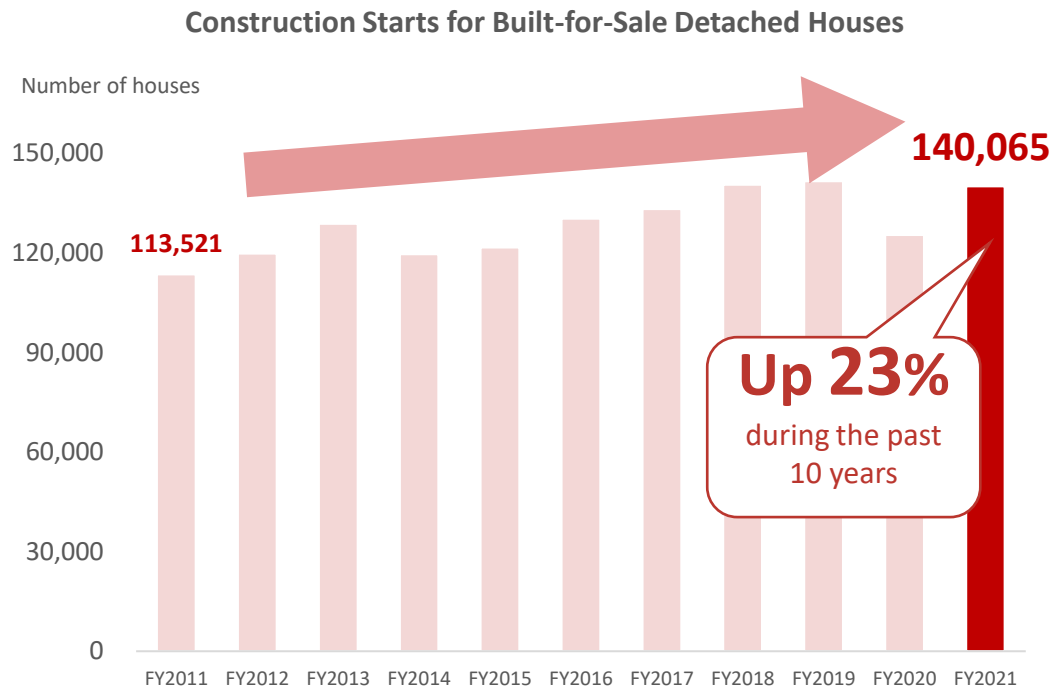
## Loan



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

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

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



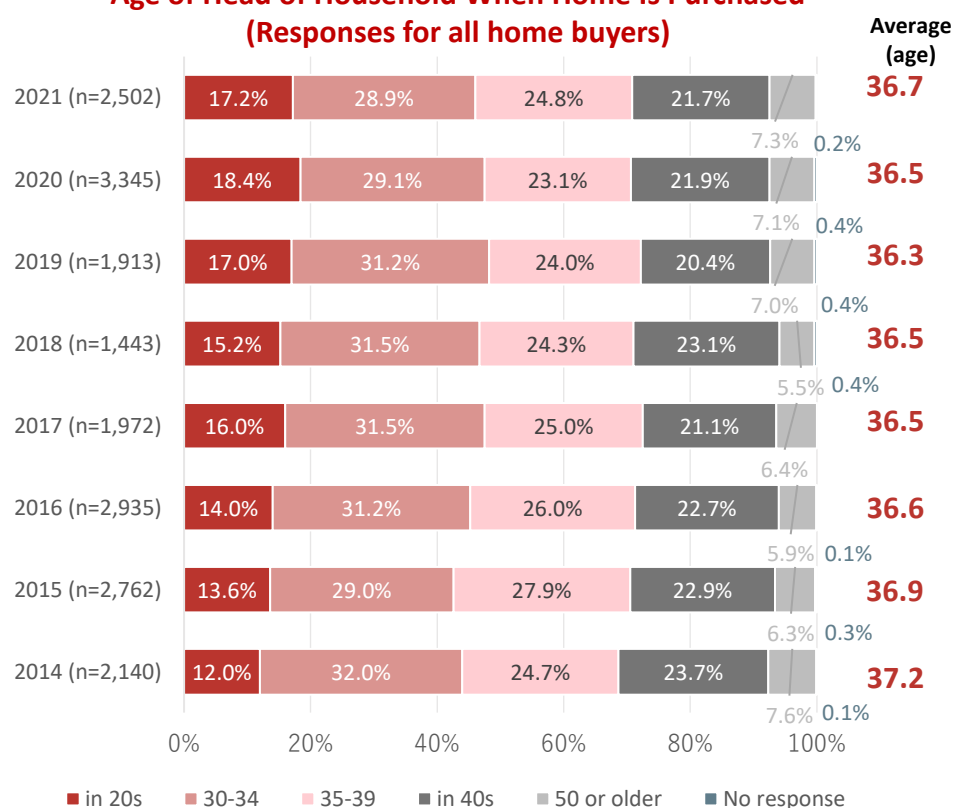
Source) Ministry of Land, Infrastructure, Transport and Tourism "Housing Construction Statistics"



# Detached House Buyers by Price and Head of Household Age

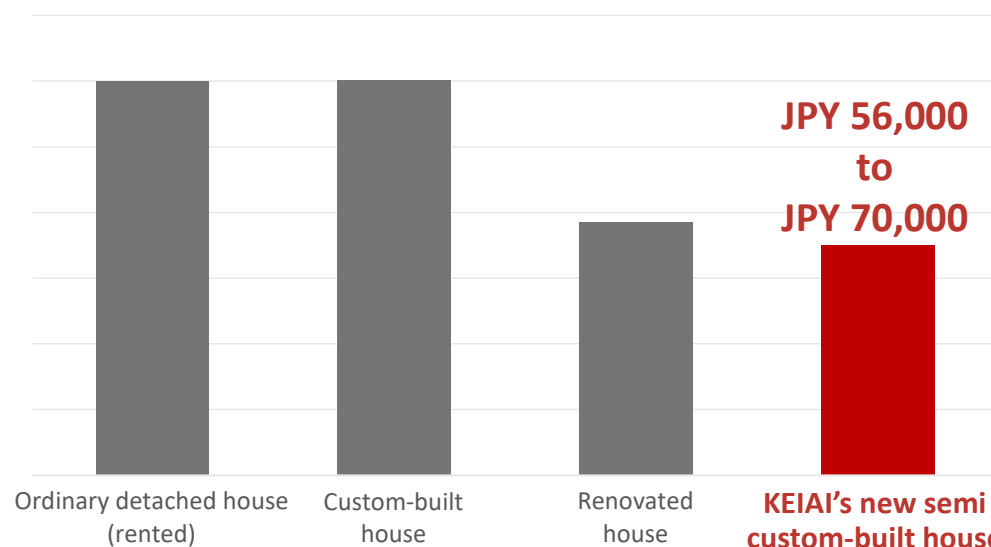
The declining trend in average age of home buyers hints that detached houses at lower prices may be preferred. KEIAI offers new semi custom-built houses at a cost lower than market level rent.

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



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

**Monthly Cost Comparison\*1**



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

# Benefits of KEIAI's Semi Custom-Built Housing

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

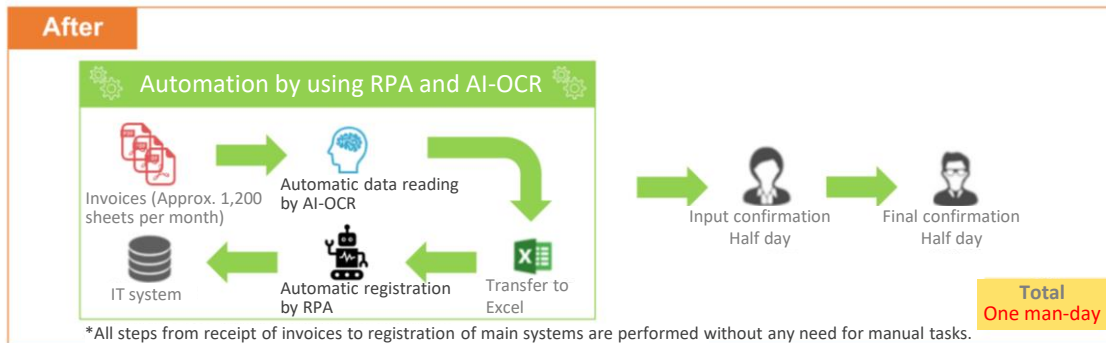
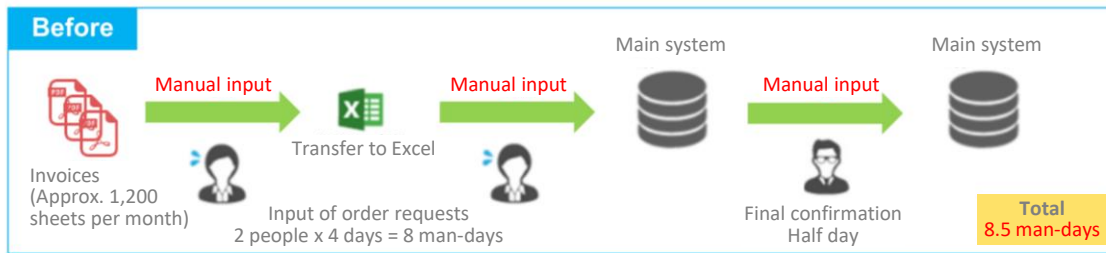
Features / property type	Built-for-sale houses	Custom-built houses	Remodeled houses	Semi custom-built houses
<b>Price</b>	Low to mid price	High price	Low price (Partial remodeling)	Low price
<b>Purchasing of land</b>	Generally, 7 houses lots or more	A single house	Existing house	Possible from 1 house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

# DX Progress by Using RPA and AI-OCR Technology

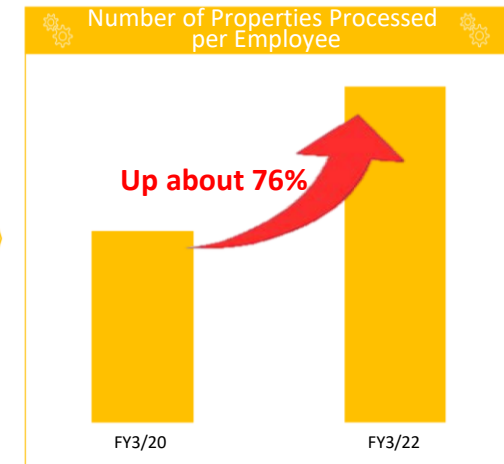
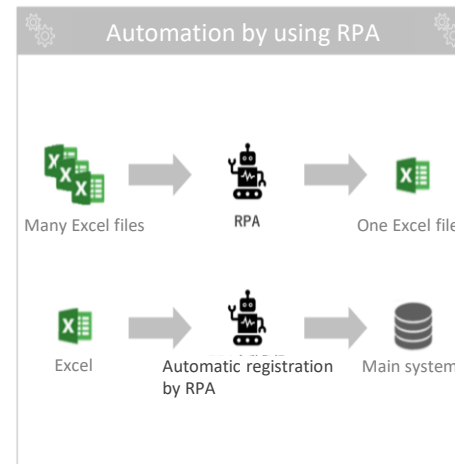
Using RPA and AI-OCR (optical character recognition) has reduced by about 88% the volume of work required to process invoices. Furthermore, the number of properties that can be handled by contract management personnel is about 76% higher.

RPA and AI-OCR are used to achieve a high degree of automation as one part of activities for building a production framework that can support even faster business operations and a broader array of needs. To reduce the time needed for individual business processes, priority is placed on raising productivity. These activities are creating business systems that can reduce time spent on manual tasks and facilitate the fast and accurate collection of information.

(Example) Order request input by Sales Calculation Dept. of Purchasing Division



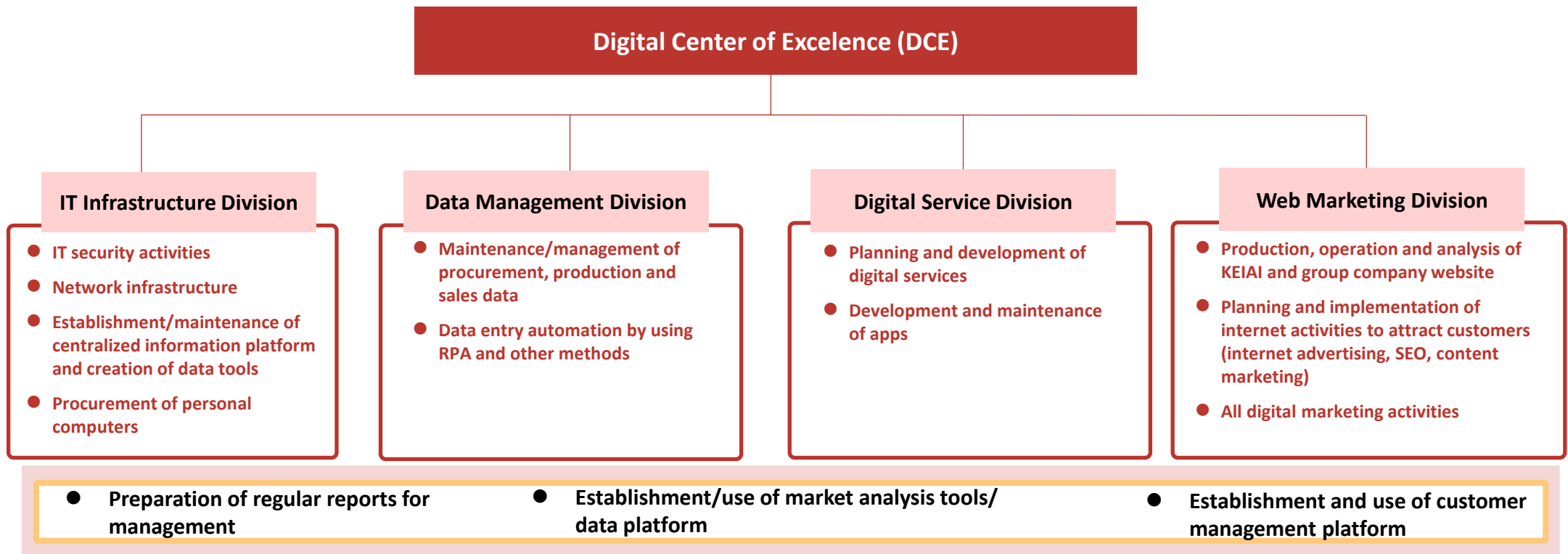
(Example) Business process improvement in Contract Management Dept. of Production Planning Division



# Established a New Unit for More DX Progress

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

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

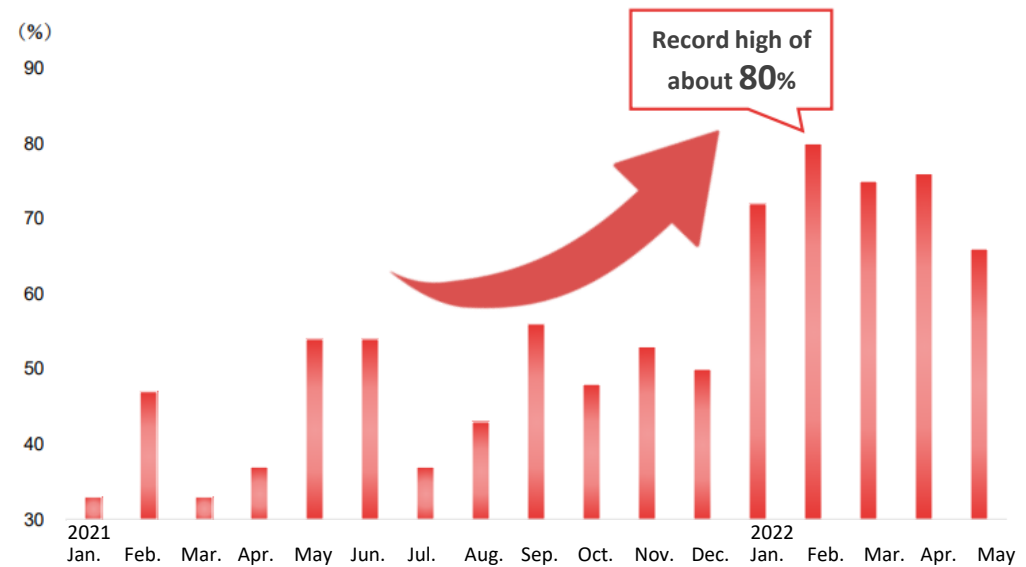


# A High Pct. of Visitors Are Using Automated Viewing of IKI Houses

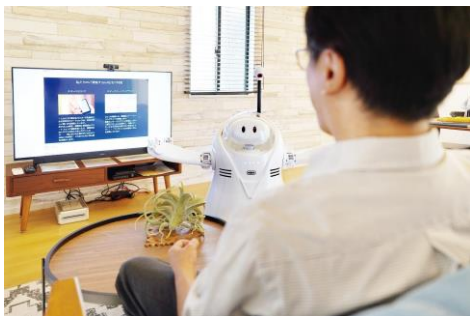
Since January 2022, a high percentage of people making reservations to tour a KEIAI IKI one-story semi custom-built house by using a robot of Casa Robotics, which is member of the KEIAI Group. In February, a record-high of about 80% of reservations were for touring an IKI house with a robot.

Robotic house viewing uses a remote customer interaction system <sup>\*1</sup> created by Casa Robotics. Using this service allows customers to tour houses privately and at their own pace with no contact with sales office personnel. Furthermore, customers can use a remote customer interaction service that allows customers to ask a salesperson for a more thorough explanation or for other information. These new home touring and remote customer interaction services are becoming well-received by customers.

Automated Viewing Requests as Pct. of All Home Viewing Reservations



As of June 1, 2022



Mobile avatar robot  
Milelun



Desktop avatar robot  
Minimilelun

\*1: 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/](https://ki-group.co.jp/keiai_magazine/2021/03/01/iki-timeleap/)

# Start of the KEIAI House Support Service

Owners of KEIAI houses who are members of KEIAI Concierge can start submitting applications for KEIAI House Support on June 1, 2022. This new service includes thorough home inspections along with a 24-hour emergency service for problems involving houses.

## Three Services

**KEIAI**  
コンシェルジュ  
Concierge

**KEIAI**  
でんき  
Denki

**KEIAI**  
インターネット  
Internet

**KEIAI**  
家サポ  
House Support

### ■ KEIAI Concierge

Started on June 1, 2020, this membership service for owners of KEIAI houses helps optimize expenses for electricity (KEIAI Denki), internet services (KEIAI Internet), and other services as needed for each member. KEIAI Concierge also includes thorough periodic home inspections, a 24-hour home emergency response service by partner companies (KEIAI House Support) and other services. This lineup of services enables KEIAI to maintain relationships with customers for many years after a house is purchased.

KEIAI House Support: <https://www.iesapo.ki-group.jp/>





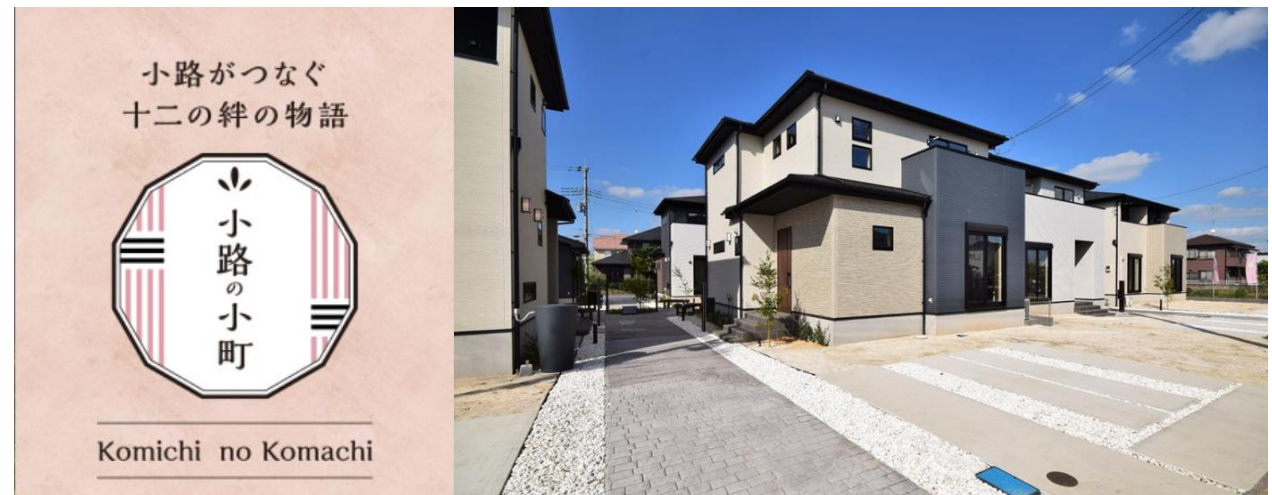
# Excellent Business Award Given by the National Housing Industry Association

KEIAI received an Excellent Business Award for the fourth consecutive year and the sixth time overall in recognition of designs that create communities where people of all ages can live with confidence.

■ Project awarded: Komichi no Komachi concept houses (12 houses)

■ Concept:

- A neighborhood imbued with a traditional elegance linked to the culture of traditional Japanese row houses
- A new concept of linking boundaries between adjacent houses with narrow passages



■ Features

- Flagstone-style narrow streets
- Designed to facilitate interaction among residents
- Homes incorporate locally sourced materials



URL: <https://ki-group.jp/komichinokomachi/>

# Forward-looking Statements

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

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## Inquiries

### KI-STAR REAL ESTATE CO., LTD.

Corporate Planning / Overseas Business Promotion Office, IR Division

URL: [www.ki-group.co.jp](http://www.ki-group.co.jp)

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