

KEIAI

デザインのケイアイ

FY3/23 Financial Results

KI-STAR REAL ESTATE CO., LTD.



Tokyo Stock Exchange,
Prime Market/ 3465

Our Purpose

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

Our Vision

House ownership for everyone

FY3/23 Highlights

- Sales increased 31.2% YoY to a record-high of 241.8 billion JPY. Ordinary profit was down 20.4% to 18.4 billion JPY. Sales growth, which is the KEIAI Group's most important performance indicator, continued and the group's share of the built-for-sale housing market increased, which is a medium-term goal of the group.
- Used the KEIAI Platform and compact detached house business model for the continuation of two key strengths: small-scale developments and rapid inventory turnover. Although the gross profit margin declined in the 4Q, the result of the use of flexible pricing to sell a large number of houses, sales continued to grow.
- Acquired L-Housing Co., Ltd., which builds and sells houses mainly in Kyoto prefecture. KEIAI's goal is market share growth backed by the consistent procurement of land and quick inventory turnover. KEIAI plans to move even faster for building a nationwide network, raise its nationwide market share and continue the growth of sales.
- The forecasts for FY3/24 are sales of 290 billion JPY, ordinary profit of 19 billion JPY and net income of 12 billion JPY, all record highs.

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1. FY3/23 Financial Summary

Consolidated Statement of Income

Net sales 241.8 billion JPY (up 31.2% YoY), a new record. Ordinary profit decreased 20.4% to 18.4 billion JPY and profit attributable to owners of parent decreased 19.7% to 11.8 billion JPY.

(JPY mil.)

	FY3/22		FY3/23		YoY change
	Amount	Proportion	Amount	Proportion	
Net sales	184,388	100.0%	241,879	100.0%	31.2%
Gross profit	40,039	21.7%	37,659	15.6%	-5.9%
SG&A expenses	16,380	8.9%	18,470	7.6%	12.8%
Operating profit	23,659	12.8%	19,189	7.9%	-18.9%
Ordinary profit	23,203	12.6%	18,467	7.6%	-20.4%
Profit attributable to owners of parent	14,746	8.0%	11,845	4.9%	-19.7%

Consolidated Statement of Income (4Q)

In the fourth quarter (January-March), net sales increased 69.2% YoY to 81.6 billion JPY, all-time quarterly high. Ordinary profit decreased 19.4% YoY to 4.2 billion JPY and profit attributable to owners of parent decreased 20.5% to 2.7 billion JPY.

(JPY mil.)

	4Q (Jan-Mar) of FY3/22		4Q (Jan-Mar) of FY3/23		YoY change
	Amount	Proportion	Amount	Proportion	
Net sales	48,275	100.0%	81,669	100.0%	69.2%
Gross profit	9,665	20.0%	9,852	12.1%	1.9%
SG&A expenses	4,165	8.6%	5,346	6.5%	28.3%
Operating profit	5,499	11.4%	4,505	5.5%	-18.1%
Ordinary profit	5,318	11.0%	4,284	5.2%	-19.4%
Profit attributable to owners of parent	3,510	7.3%	2,790	3.4%	-20.5%

FY3/24 Consolidated Forecast

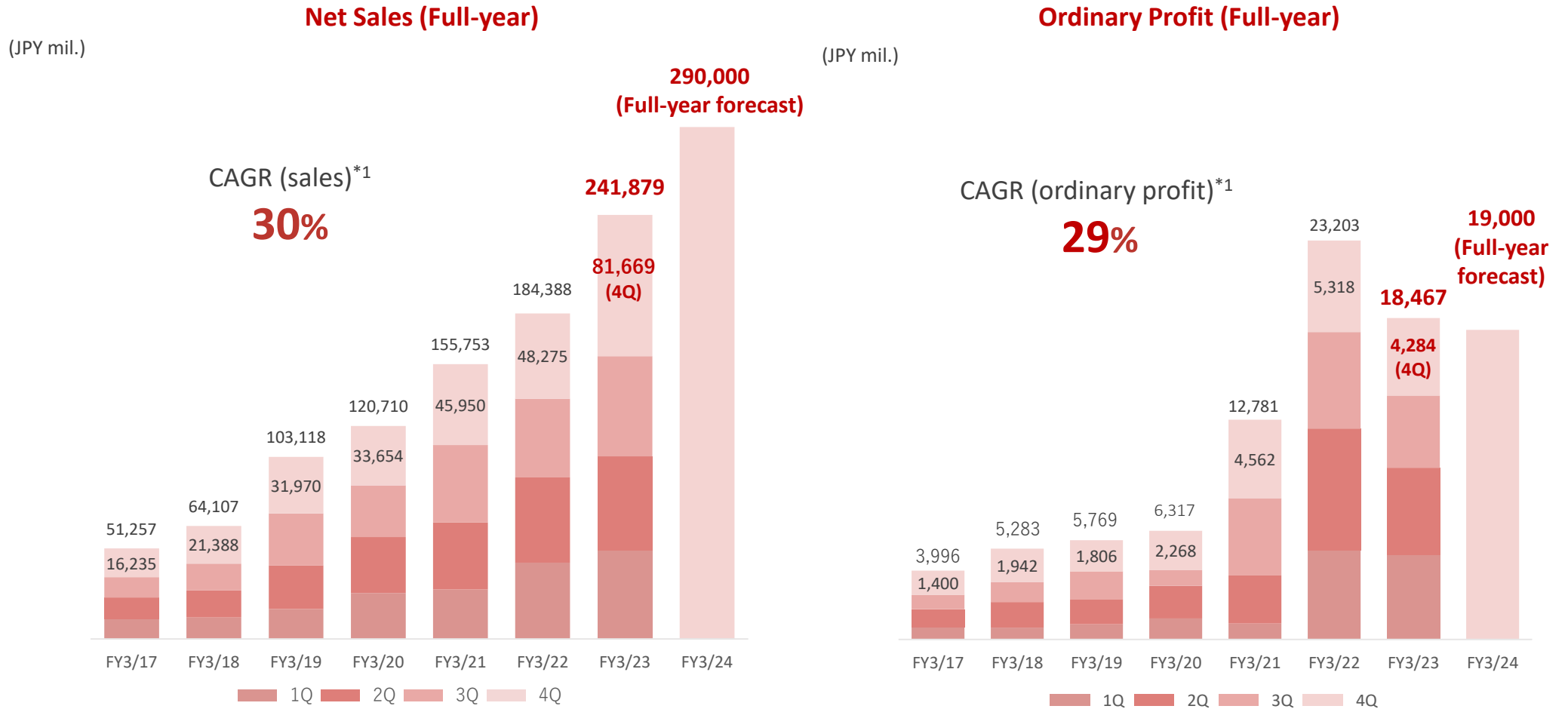
The goal for FY3/24 is the growth of business operations by continuing to increase the KEIAI Group's market share. The primary actions are making the KEIAI Platform more powerful, opening more sales offices to expand operations to more areas of Japan, and making investments for M&A and other measures for growth. Our full-year forecast for FY3/24 is net sales of 290 billion JPY (up 19.9% YoY), ordinary profit of 19 billion JPY (up 2.9% YoY), and profit attributable to owners of parent of 12 billion JPY (up 1.3% YoY).

(JPY mil.)

	Full-year of FY3/23	Full-year of FY3/24	
	Results	Forecast	YoY change
Net sales	241,879	290,000	19.9%
Operating profit	19,189	19,500	1.6%
Ordinary profit	18,467	19,000	2.9%
Profit attributable to owners of parent	11,845	12,000	1.3%

Consolidated Sales and Earnings

Sales increased 31.2% YoY to 241.8 billion JPY, an all-time high. Ordinary profit was 18.4 billion JPY.



*1: Average annual growth rate of sales/ordinary profit (CAGR) from FY3/17 to FY3/23

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.)

		FY3/22	FY3/23	YoY change	Remarks
Homebuilding and sales (including land)	Houses sold	3,604	4,791		Higher sales due to growth strategy progress, lower operating profit due to aggressive promotional activities
	Sales	124,375	165,212	+32.8%	
	Operating profit	20,676	17,198	-16.8%	
Custom-built housing	Houses sold	190	266		Higher sales and operating profit despite upfront SG&A expenses due to higher orders for IKI
	Sales	3,305	4,770	+44.3%	
	Operating profit	110	156	+41.3%	
Yokatown	Houses sold	Built-for-sales houses (including land): 898 Custom-built houses: 71	Built-for-sales houses (including land): 1,078 Custom-built houses: 45		Higher sales due to focus on build-for-sales house business, lower operating profit due to aggressive promotional activities
	Sales	25,465	30,838	+21.1%	
	Operating profit	2,676	1,563	-41.6%	
Asahi Housing	Houses sold	Built-for-sales houses (including land): 272	Built-for-sales houses (including land): 357		Higher sales due to focus on build-for-sales house business, lower operating profit due to aggressive promotional activities
	Sales	11,605	15,166	+30.7%	
	Operating profit	1,852	1,711	-7.6%	

Segment Performance (2)

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

(Unit of sales and profit: JPY mil.)

		FY3/22	FY3/23	YoY change	Remarks
Kensin	Houses sold	Built-for-sales houses (including land): 289 Custom-built houses: 109	Built-for-sales houses (including land): 443 Custom-built houses: 98		Higher sales and operating profit due to focus on build-for-sales house business
	Sales	14,759	21,413	+45.1%	
	Operating profit	1,141	1,288	+12.9%	
KEIAI Presto	Houses sold	Built-for-sale houses (including land) and custom-built houses: 48	Built-for-sale houses (including land): 98		Higher sales and operating profit due to focus on build-for-sales house business
	Sales	1,237	2,523	+103.9%	
	Operating profit	95	147	+54.0%	

Consolidated Balance Sheet

Total assets were 199.4 billion JPY and net assets 56.5 billion JPY.

(JPY mil.)

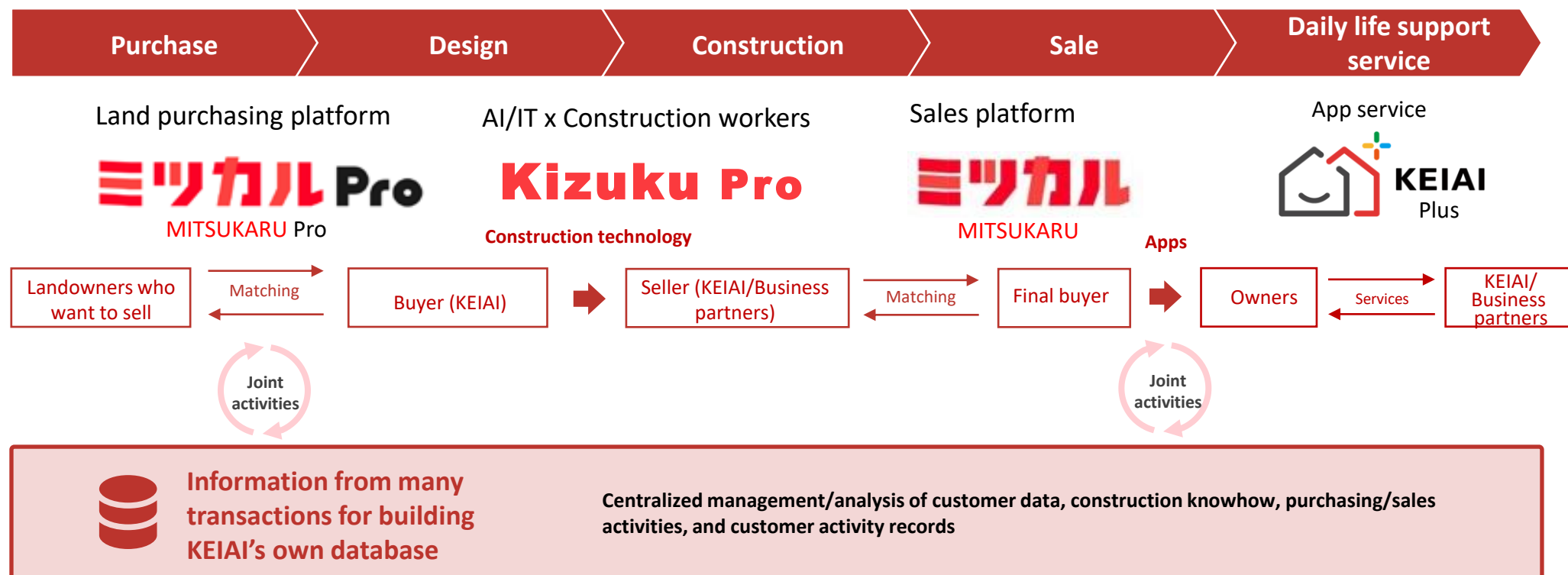
	March 31, 2022	March 31, 2023	Increase/decrease
Current assets	155,686	191,516	35,829
Non-current assets	7,554	7,944	390
Total assets	163,240	199,461	36,220
Current liabilities	91,652	118,643	26,990
Non-current liabilities	22,550	24,289	1,739
Total liabilities	114,202	142,932	28,730
Net assets	49,037	56,528	7,490
Total liabilities and net assets	163,240	199,461	36,220

2. Business Model

A Fully Integrated “Real x Technology” Platform

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

● The “Real x Technology” KEIAI Platform

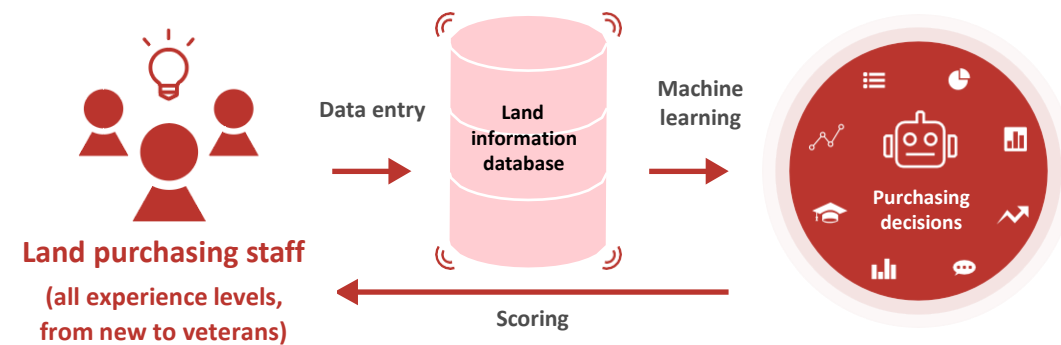


Land Purchasing Platform MITSUKARU Pro

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



- AI and other systems assist relatively new land purchasing personnel
- Highly accurate land purchases are possible by using data covering more than tens of thousand of potential land purchases in prior years and actual transactions data



No. of land information data entries*1

Land scoring 30,000+ data entries

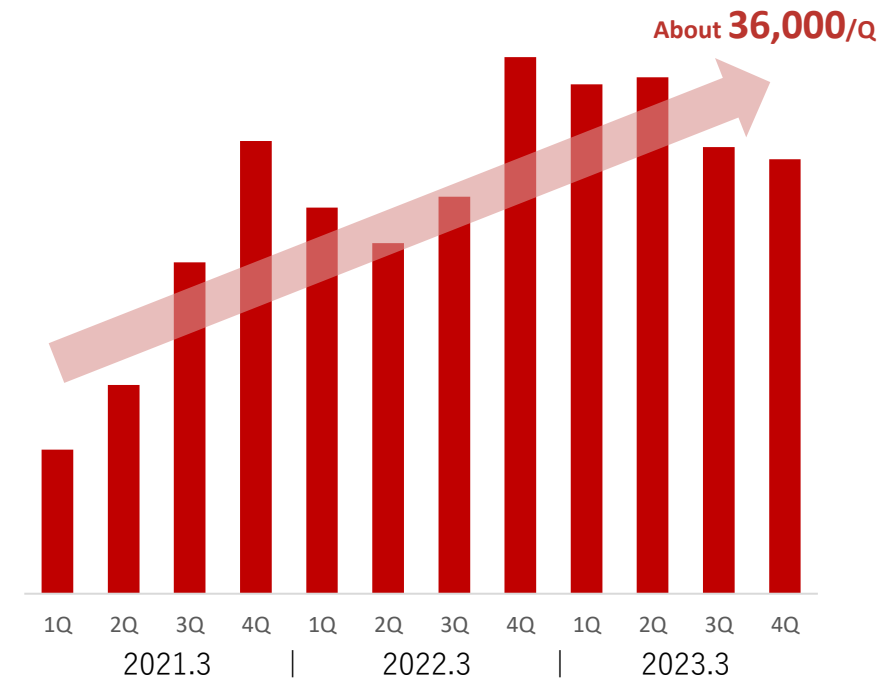
- Scoring of prospective purchases by using more than 30,000 data entries about potential land purchases and actual sales (prices of housing lots sold by KEIAI and data on local market characteristics) in prior years

Instant bidding system 10,000+ data entries

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

Market condition big data MARKET

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

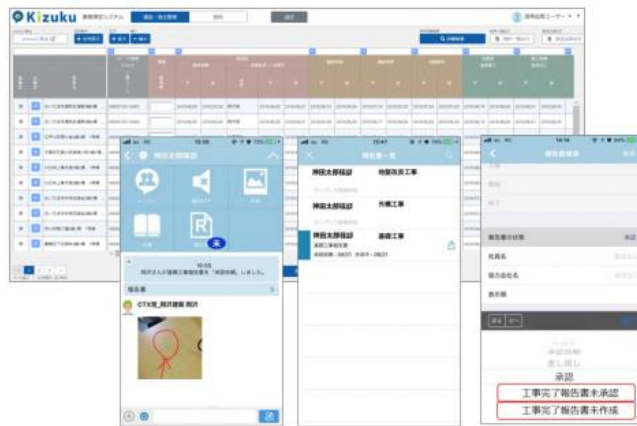


*1: Number of data entries at the KEIAI Group about land purchase information (includes some estimates)

The Kizuku Pro Construction Platform

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

Kizuku Pro improves efficiency at construction sites



stronger framework for building houses

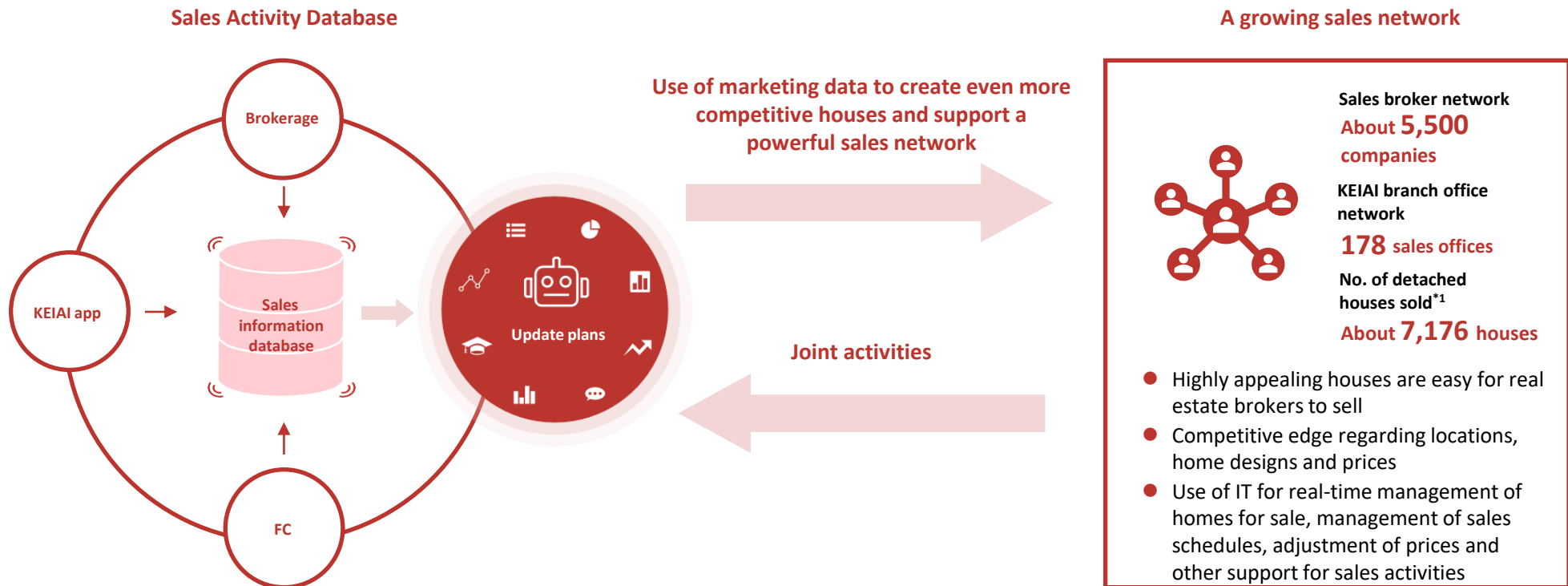


- Group chat for communications with individual properties
- Real-time monitoring of daily reports and completion reports
- Designs and photos can be easily shared by using smartphones and tablets

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

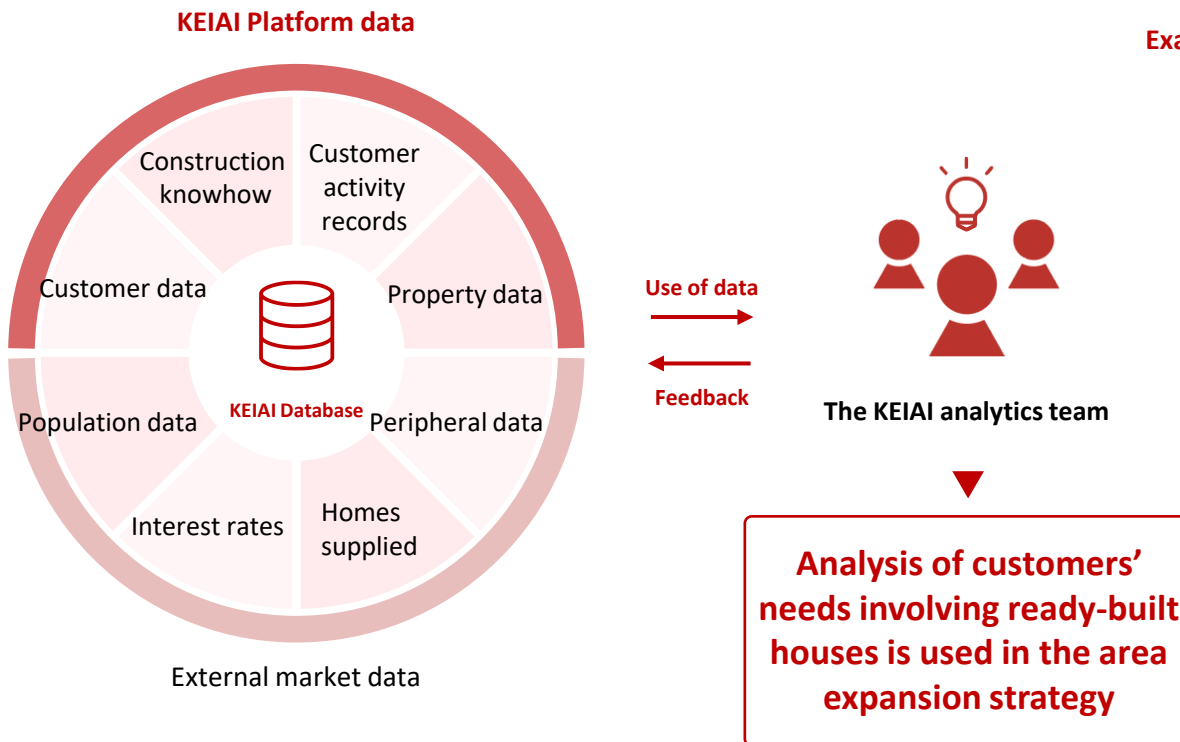
Sales Platform MITSUKARU

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

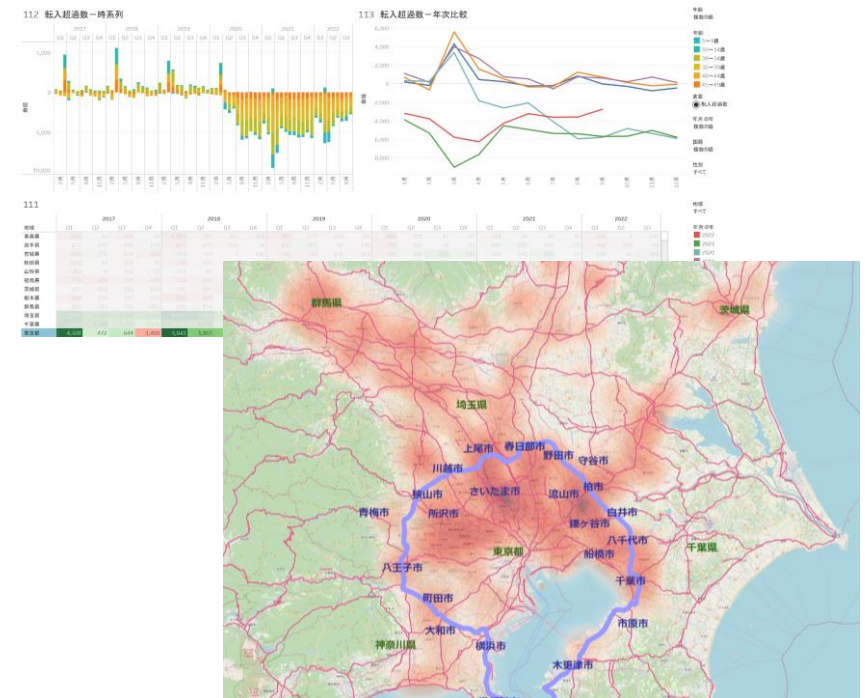


Analysis of the Ready-built House Market by the KEIAI Analytics Team

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



Example of an analytic report: Market data and locations of KEIAI properties



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.

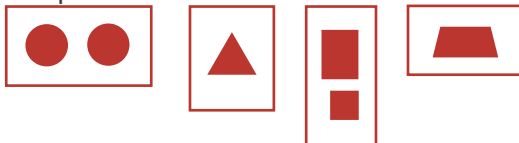
Conventional ready-built houses

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



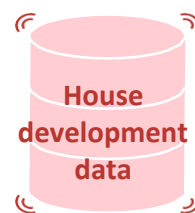
Compact ready-built houses

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

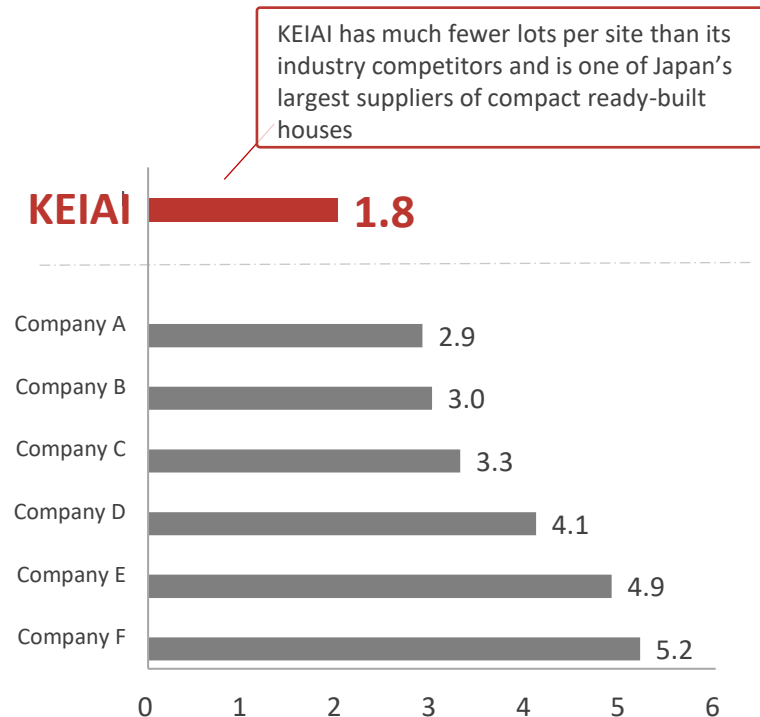


Increase in the number of land data entries

- 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



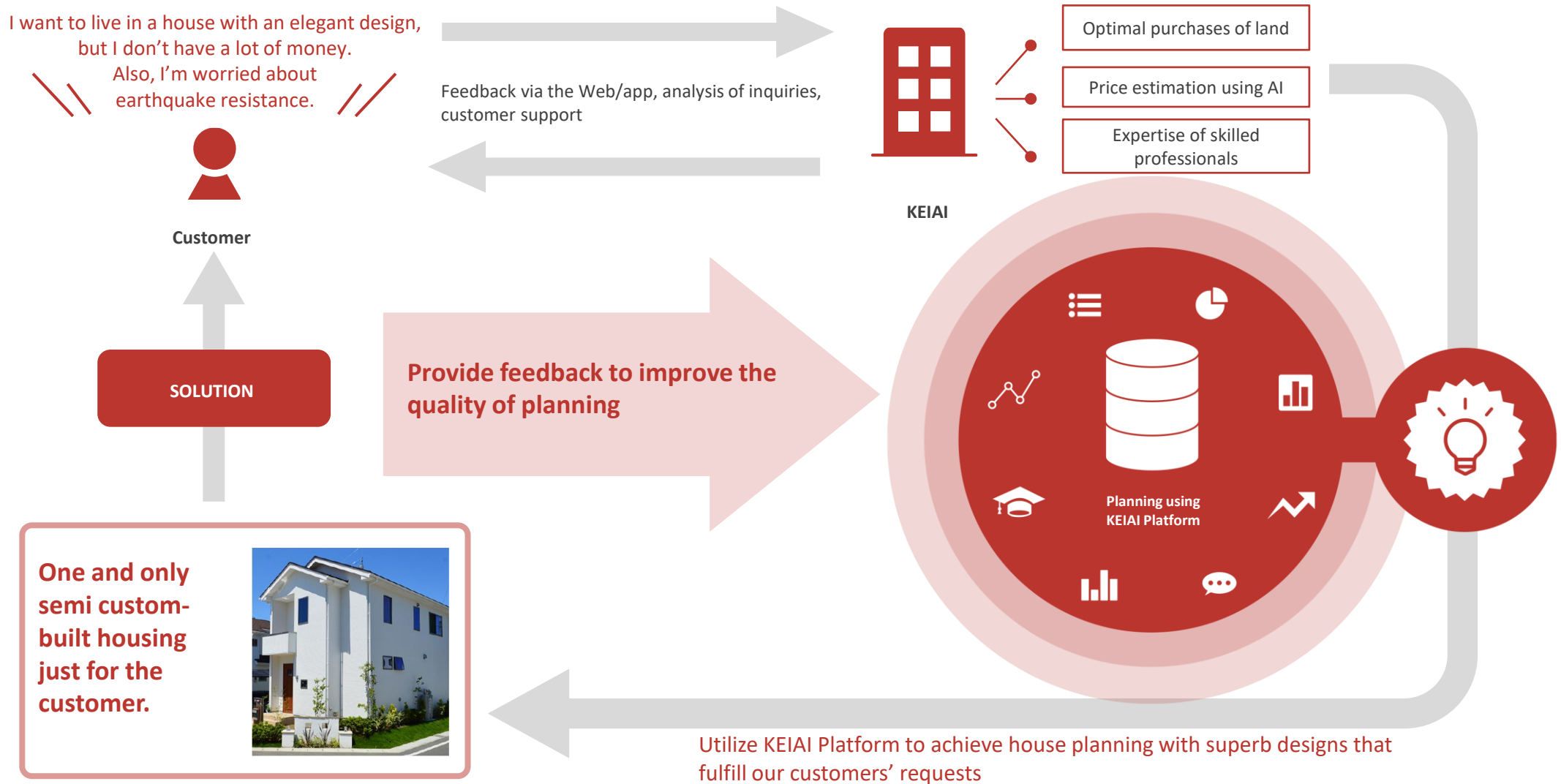
Avg. number of lots*1 in housing developments



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 (FY3/22 results) based on housing developments of KEIAI and other companies as of December 2020

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



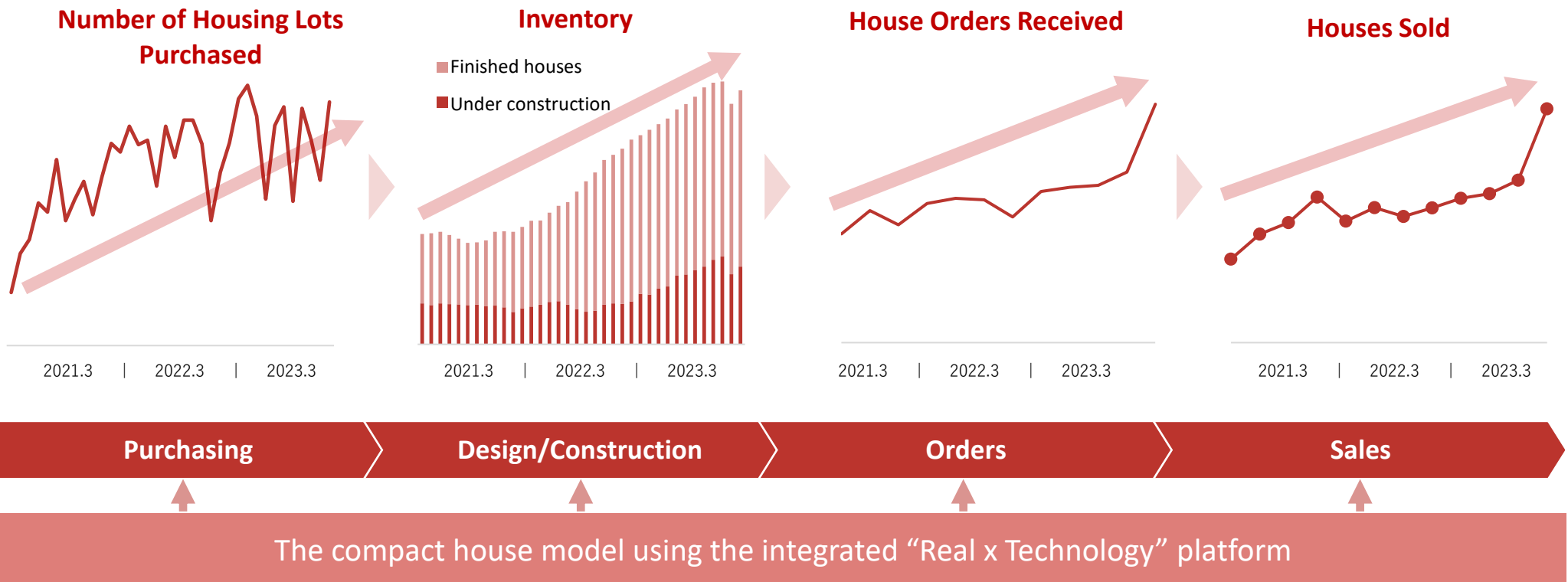
Semi-custom Built Houses by KEIAI

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



Growth Backed by the KEIAI Platform

The number of housing lots purchased and inventory have been climbing steadily during the past two years due to KEIAI’s technology platform and unique compact house development business model. The number of houses ordered and sold has been increasing year after year.



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

3. Growth Strategy

Medium-term Goals

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

Medium-term goal

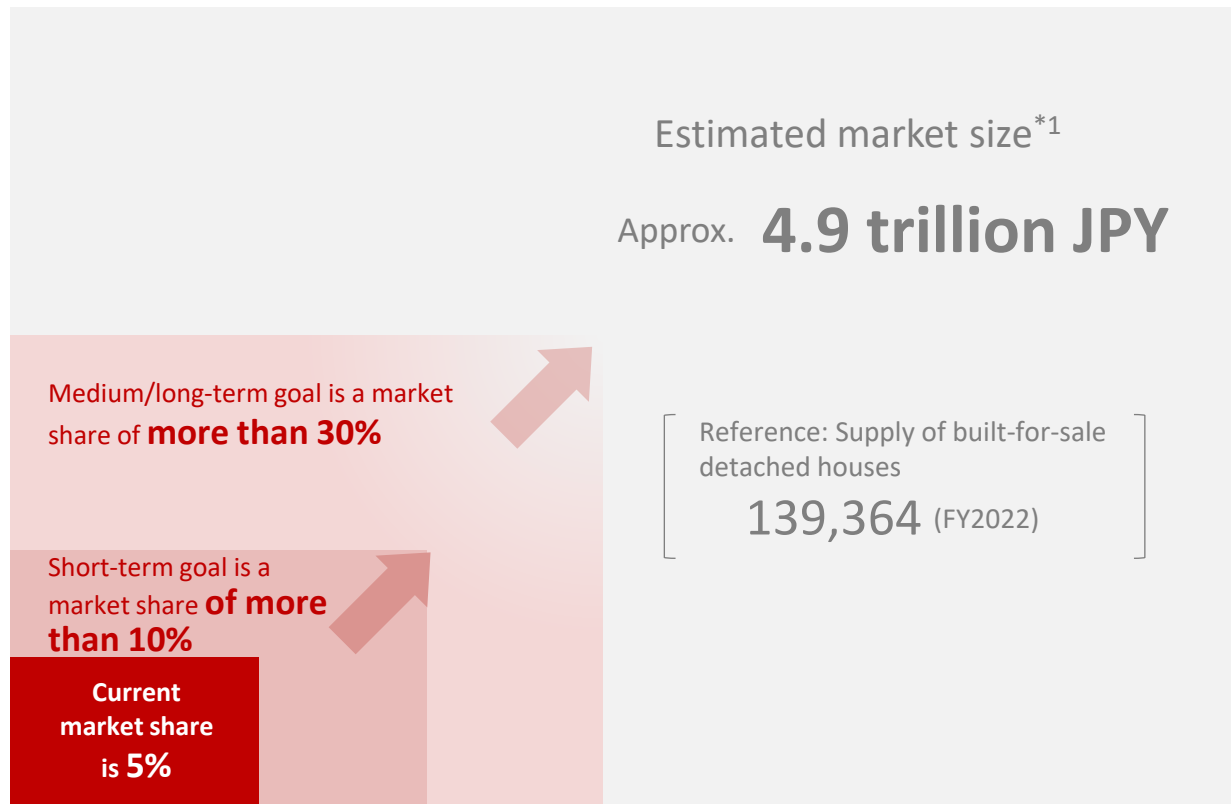
**Increase our share of
Japan's built-for-sale
house market**

Priority performance indicator

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

Medium-term Goals

The goal is a steady increase in market share by expanding to more areas of Japan, while fully utilizing strengths involving technologies and compact ready-built houses.



Medium-term goal

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

*1: KEIAI estimates based on "Housing Construction Statistics" (FY2022 new built-for sale wooden detached houses) of Ministry of Land, Infrastructure, Transport and Tourism, and other data

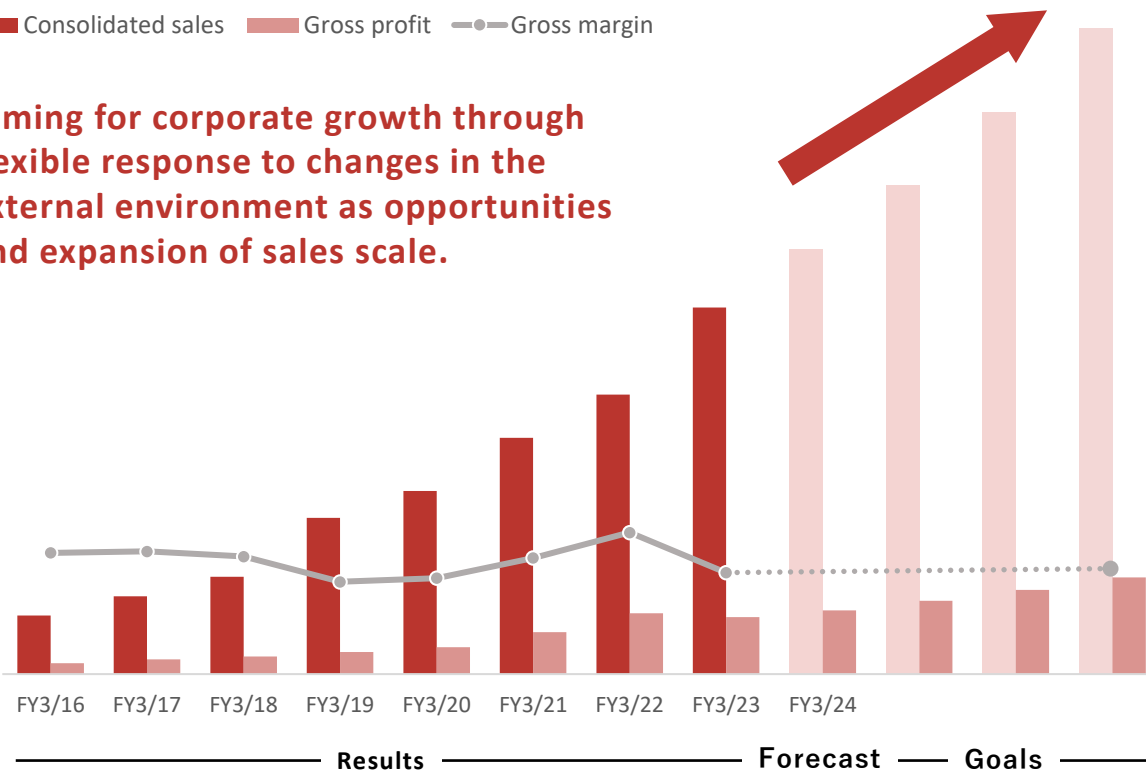
Directions for the Growth

Our mid-term goal is annual consolidated sales growth of at least 15% as we make investments for growth while maintaining a quick inventory turnover. Investments are used mainly for purchasing a large volume of properties to increase our market share, opening more sales offices throughout Japan and raising production capacity.

Projected growth of consolidated sales and gross margin

■ Consolidated sales ■ Gross profit ● Gross margin

Aiming for corporate growth through flexible response to changes in the external environment as opportunities and expansion of sales scale.



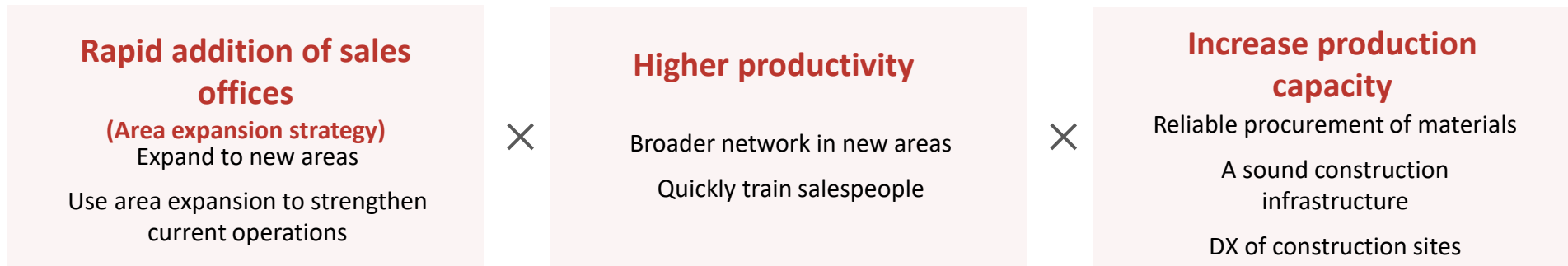
The most important performance indicator

Annual sales growth of at least 15%

Medium-term Growth Strategy

The KEIAI Group is determined to accomplish the medium-term targets as well as the goals for the priority performance indicators by further upgrading the KEIAI Platform, a core strength of the group, and the distinctive business model centered on the sale of compact detached houses.

Growth strategy for a more powerful business model



Growth in FY3/23 vs. FYFY3/22 (YoY change)

Number of new branch offices

145
Up 27%

Number of group lots purchased

7,907
Up 7%

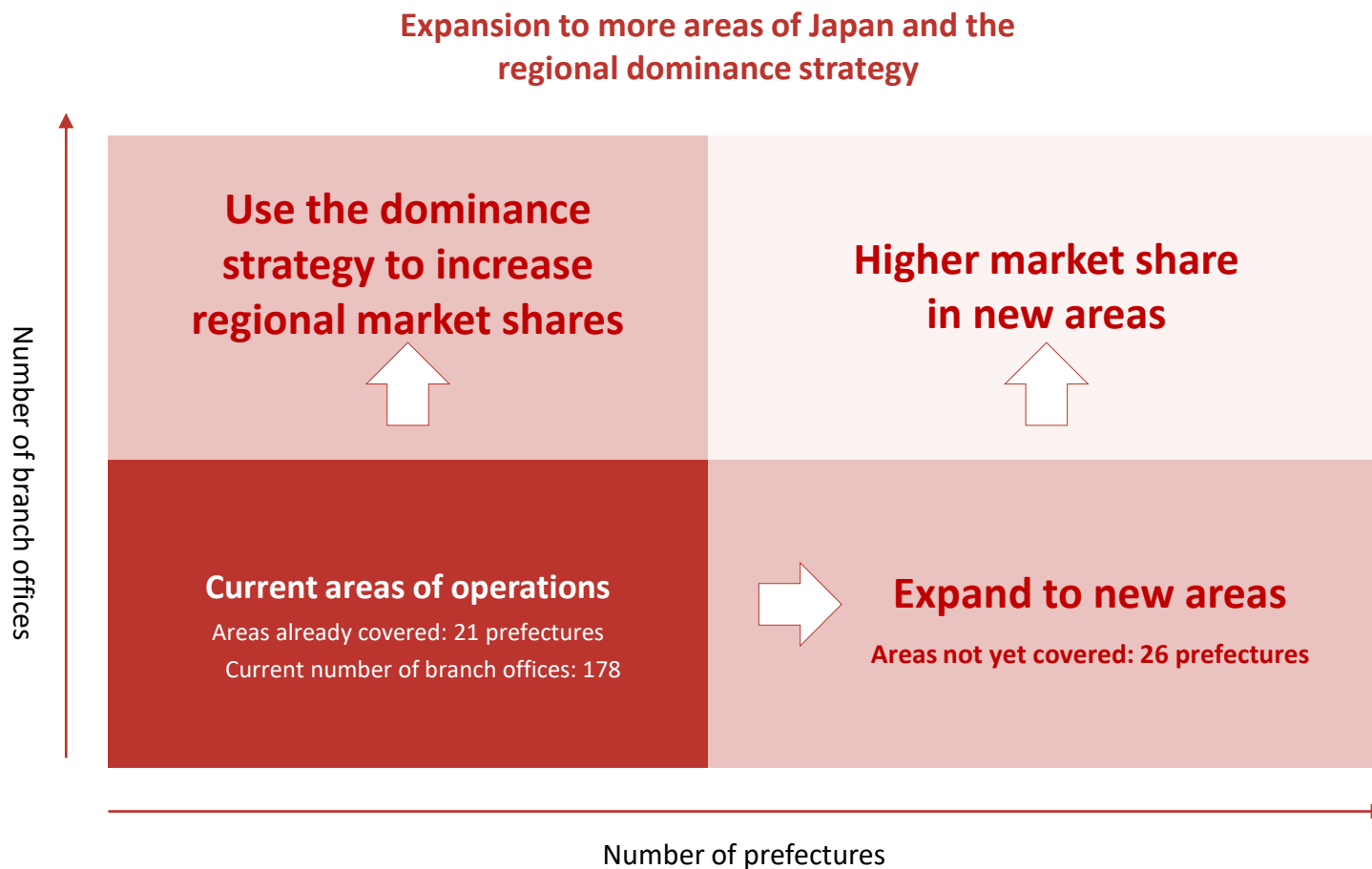
Number of group houses sold

7,176
Up 31%

*1 : Number of new branch offices: Number of land procurement branch in the Group,

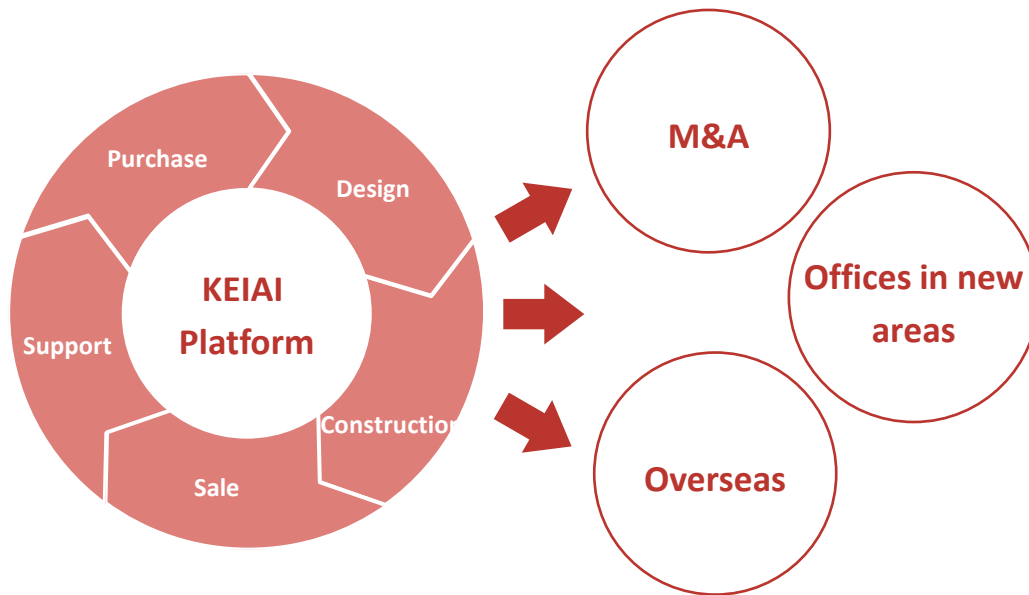
More Growth Potential

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



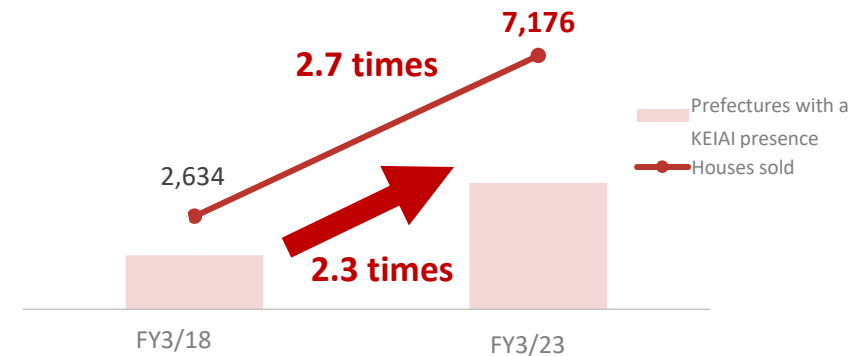
Rapid growth in new areas due to KEIAI Platform horizontal expansion

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

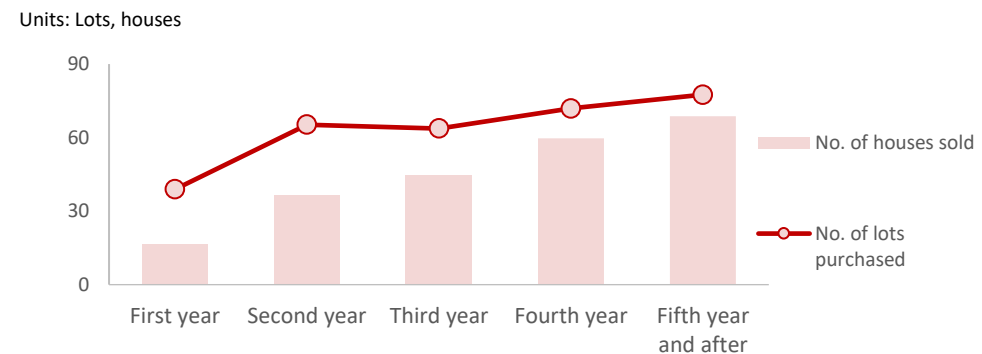


Business growth with high degree of repeatability and efficient branch office productivity improvements due to the KEIAI Platform

Growth of Prefectures Covered and Group Sales of Houses*2



Growth of Purchases and Sales per Sales offices*1



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

Using M&A to Increase the KEIAI Group's Market Share

KEIAI acquired L-Housing Co., Ltd., which builds and sells houses mainly in Kyoto prefecture, on April 7, 2023. Adding this company to the group increased coverage to 22 prefectures (as of April 2023).

L-Housing is the leading homebuilder in Kyoto* and also operates in neighboring Shiga prefecture and other nearby areas. This company gives KEIAI a much larger market share in Kyoto. Furthermore, by benefiting from synergies with the KEIAI Group, L-Housing is expected to speed up the group's growth in the Kansai area.



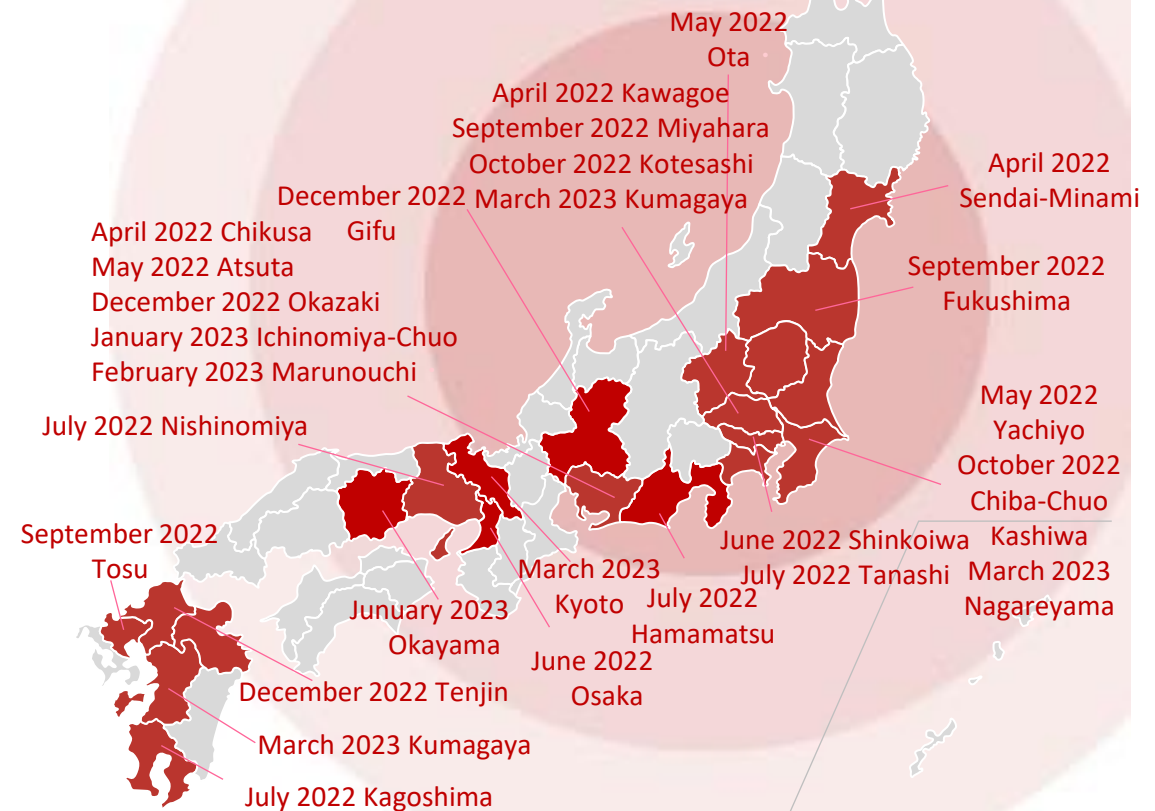
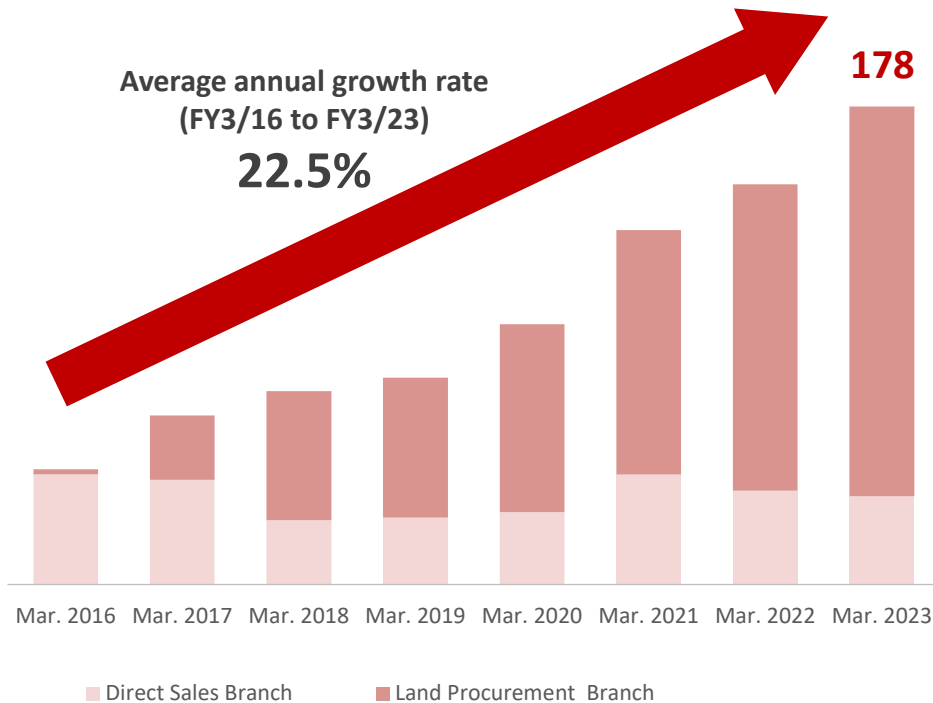
Big increase in Kyoto market share and use of synergies with the KEIAI Group for faster growth in the Kansai area

*The L-Housing Group was the largest homebuilder in Kyoto prefecture in 2020 and 2021 according to data of Jutaku Sangyo Kenkyusho Co., Ltd.

Growth of Purchases and Sales in Newly Added Regions of Japan

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

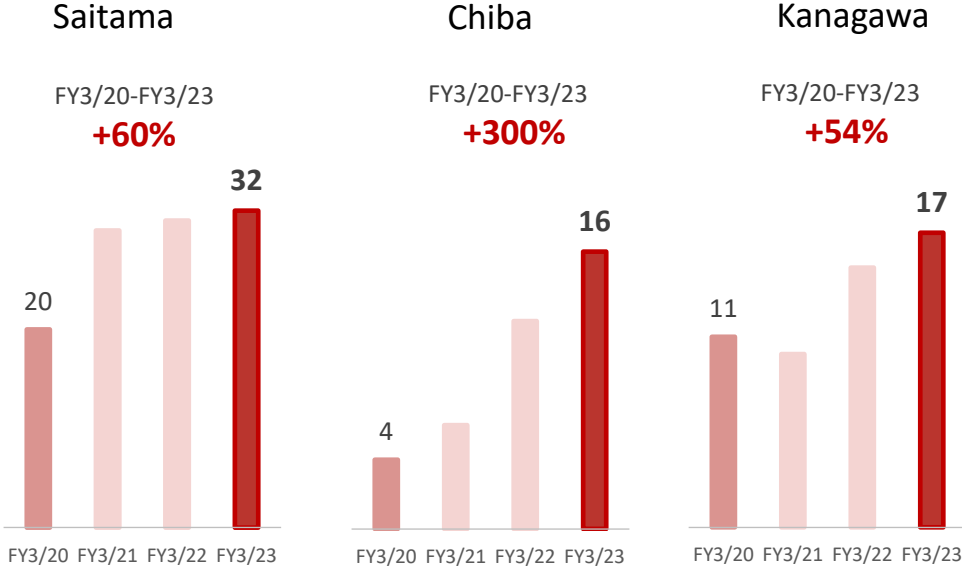
Growth of the Land Procurement and Sales Branch Office Network (Number of Branch Offices)



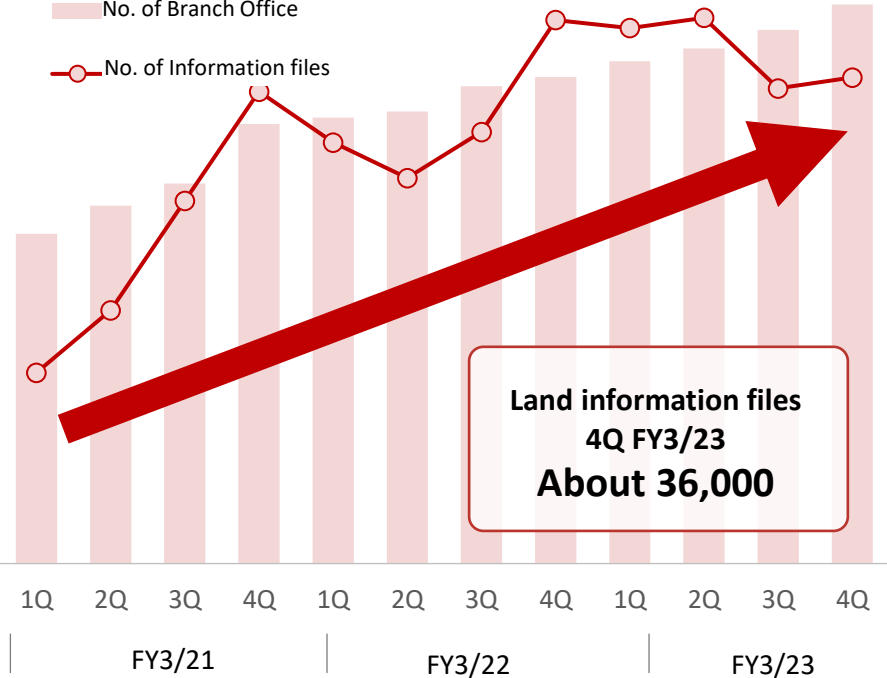
Expansion to More Areas of Japan Raises the Volume of Land Information

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

Number of Branch Offices in Tokyo Area Prefectures

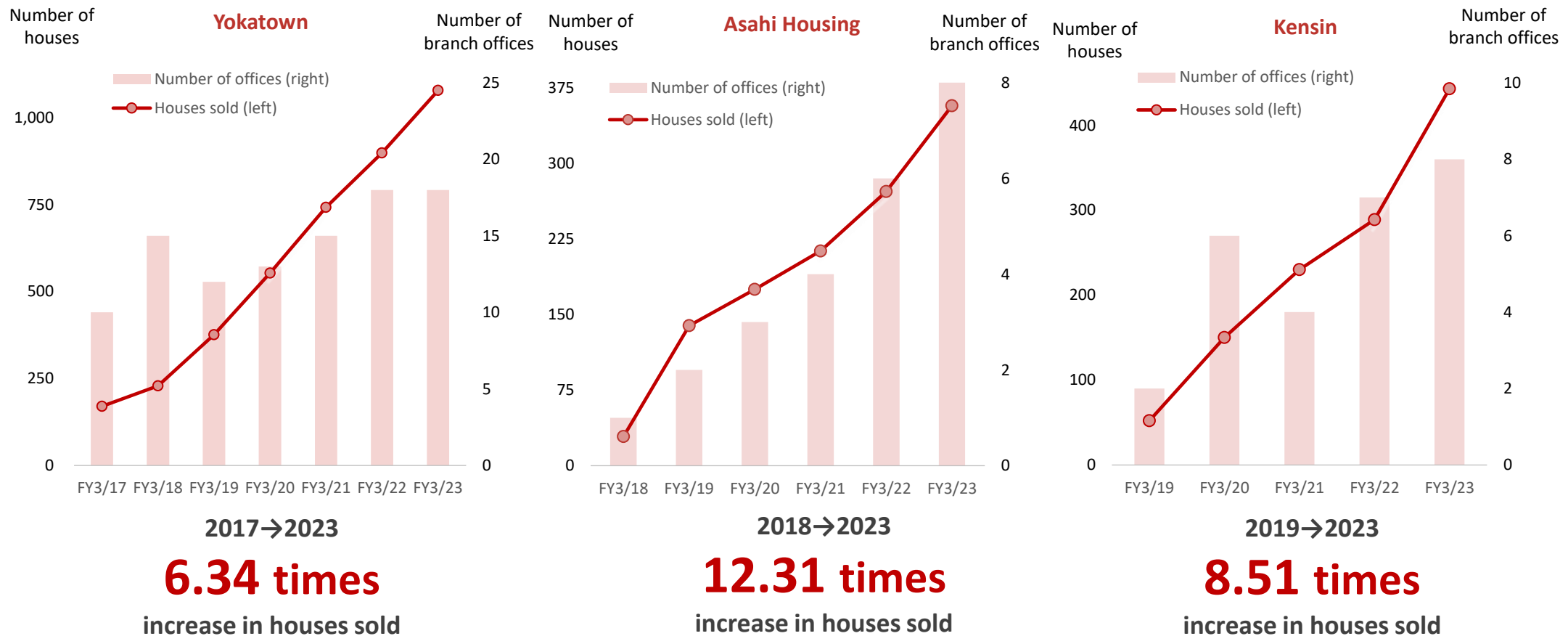


Number of KEIAI Branch Offices and Information about Land



Rapid Network Expansion – Growth of the KEIAI Group

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

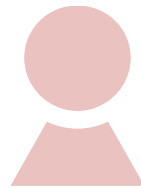


Note: The number of houses sold is the total of sales of houses and house lots.

Rapid Training of Office Managers by Using the KEIAI Platform

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

Land procurement
personnel at competitors



Housing development
experience (Projects per year)

7 to 10 years

Sales 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 sales office

Increasing Homebuilding Capacity

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

Build a base for a consistent supply of houses

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

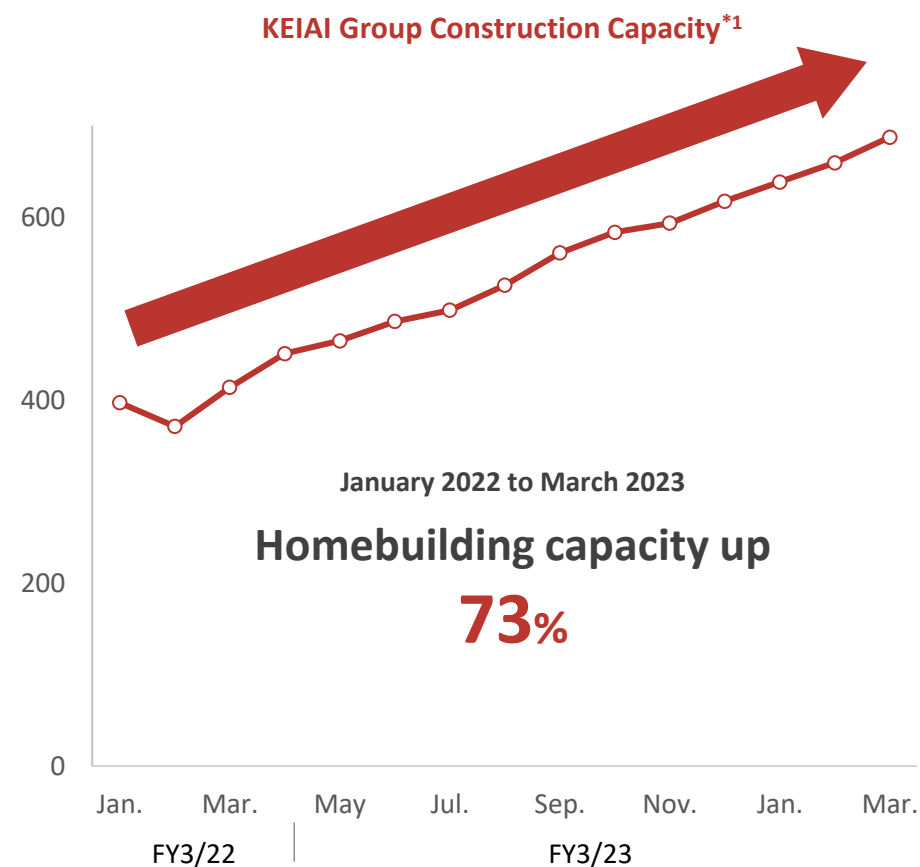
- Placing carefully planned orders based on forecasts using KEIAI PF makes it possible to order materials and other supplies ahead of competitors.
- Reliable and consistent procurement of materials and other supplies due to high-volume purchasing power backed by the third-largest volume of houses supplied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

2. A powerful construction infrastructure supports rapid growth

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

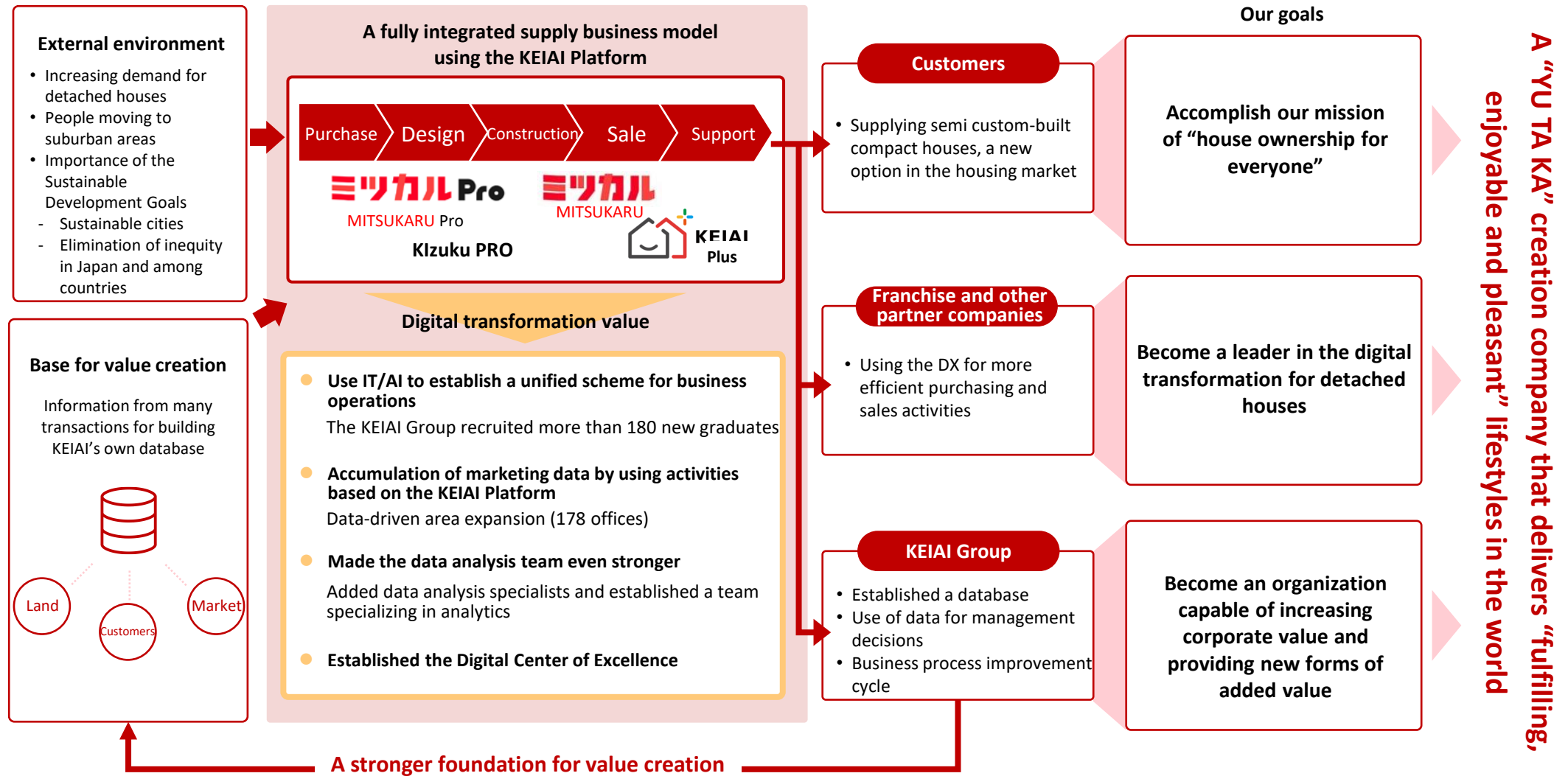
3. Digital transformation of construction sites

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



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

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



4. Dividends and Shareholder Benefits

Dividends and Shareholder Benefits

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

	FY3/22 results (consolidated)	FY3/23 results (consolidated)	FY3/24 forecast (consolidated)
Net income per share (yen)	976.49	750.77	761.57
Dividend per share (yen)	265.00	230.00	236.00
Interim dividend per share (yen)	115.00	140.00	118.00
Payout ratio (%)	27.1%	30.6%	31.0%

Shareholder Benefits

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

5. ESG/SDGs Initiatives

Establishment of the Sustainability Committee

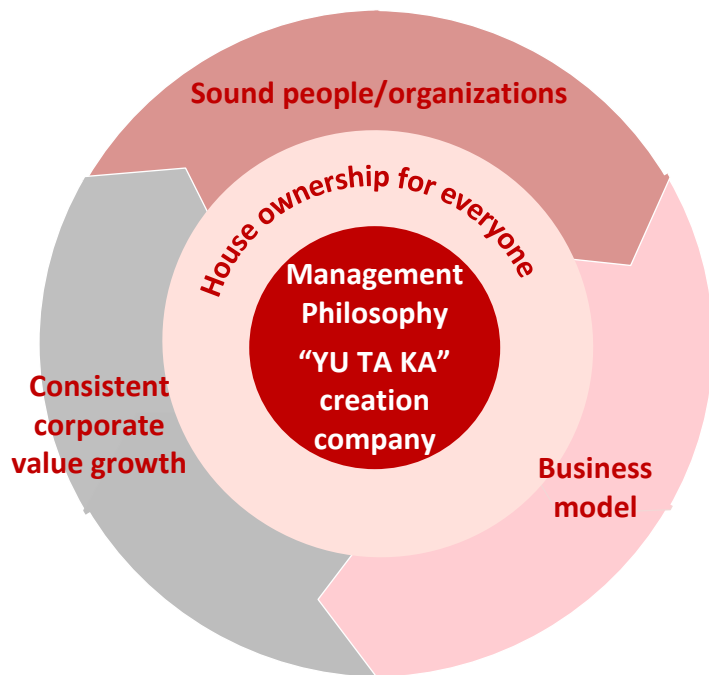
The KEIAI Group has many activities for helping solve social issues in Japan and other countries. By supplying homes where people can lead happy and fulfilling lives, we are dedicated to playing a role in creating a sustainable and affluent society. We believe these activities will contribute to the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



Sustainability Policy and Determination of ESG Materiality

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

The DNA of KEIAI



Determination of ESG Materiality

Considerations



Environment



Society



Governance

KEIAI actions

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

Sustainability Materiality (1)

E Environment



Environmental programs

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

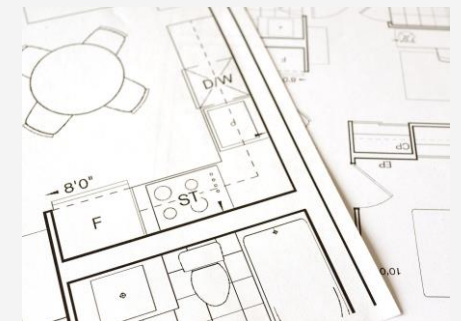


S Society



Products for fulfilling, enjoyable and pleasant lifestyles

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



Sustainability Materiality (2)

S Society



Human resources and working styles

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



S Society



Diversity/Inclusion

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



Won many awards including New Diversity Management Selection 100



Sustainability Materiality (3)

S Society



Quality control/Customer satisfaction

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



S Society



Supply chain & partnerships

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



Sustainability Materiality (4)

S Society



Corporate citizenship

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



KEIAI Challenged Athlete Team

G Governance



Compliance/Respect for human rights

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



6. News Topics

priSUMA – Transforming customers’ wishes into actual houses

KEIAI started sales of the new priSUMA line of houses on February 6, 2023 by launching a website for these houses. The name is derived from the word prism because, just as a prism disperses light into many colors, these houses can accommodate in many ways a broad spectrum of customers’ needs and wishes involving time, seasons, activities and other aspects of life. The result is a home based on new concepts for fulfilling and enjoyable lives.

■ Features

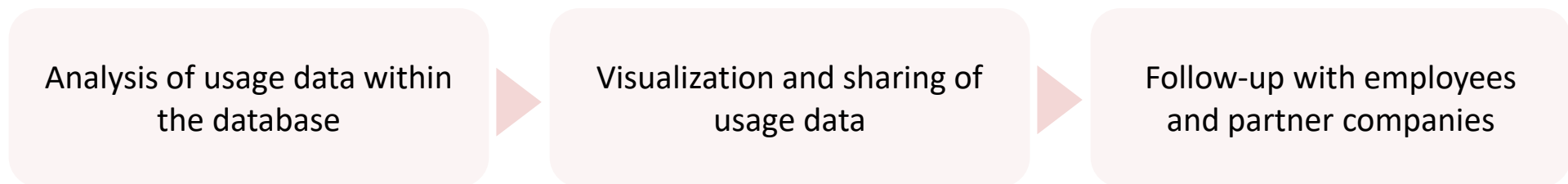
- Different ceiling heights create a greater sense of space and openness
- Stylish and tasteful interiors
- Gate style counters
- A fully coordinated living-dining-kitchen space
- Exterior with uneven surfaces for attractive light/shadow contrast

PriSUMA website: <https://ki-group.jp/prisuma/>



Expanding use of the Klzuku PRO construction site management app

Utilization of Klzuku PRO , which started with KI STAR Build and Yokatown, has been introduced in KI Planning and IKI business. These four KEIAI Group businesses are now utilizing this construction site management app at 90%*¹ of their projects.



Use Klzuku PRO at all KEIAI Group companies for improving the construction productivity of the entire group

*1 Calculated by using (1) construction site management using photos and (2) construction step plan/execution management for projects under way or completed every month.

More than half of the KEIAI Craft employee craftspeople team are foreigners

KEIAI Craft has a training program for people from other countries in order to increase the number of people with construction skills and enable Japanese and foreign workers to do their jobs together. People from other countries now outnumber Japanese workers*1. This program gives foreigners an opportunity to work in Japan's construction industry and contributes to sustainability.



In 2013, KEIAI started on-the-job training of people from Vietnam to pass on various construction skills. Due to the operation of numerous study and personnel systems, KEIAI received an Outstanding Foreign Construction Worker Employment Award from the Ministry of Land, Infrastructure, Transport and Tourism in 2018 and 2019. Activities that include recruiting new graduates and people with no prior experience will continue in order to give many people skills to become outstanding craftspeople in the construction industry.

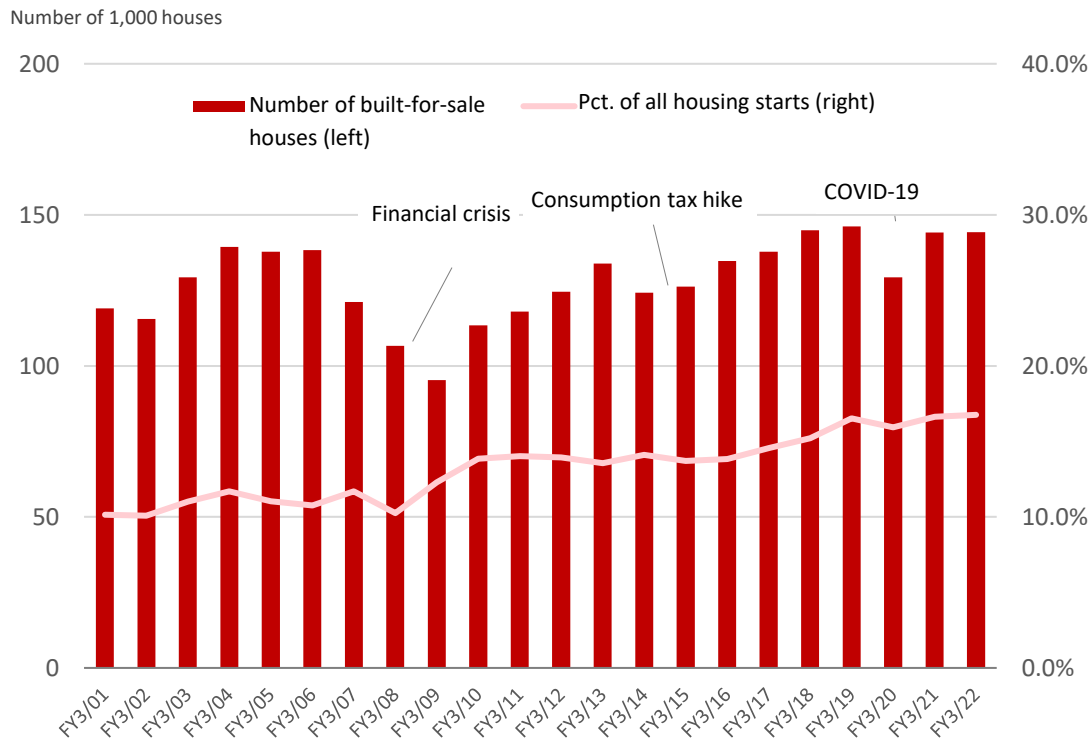
*1 As of January 15, 2023, the KEIAI Craft employee craftspeople team had 54 Japanese and 75 non-Japanese members, a total of 129.

7. Appendix

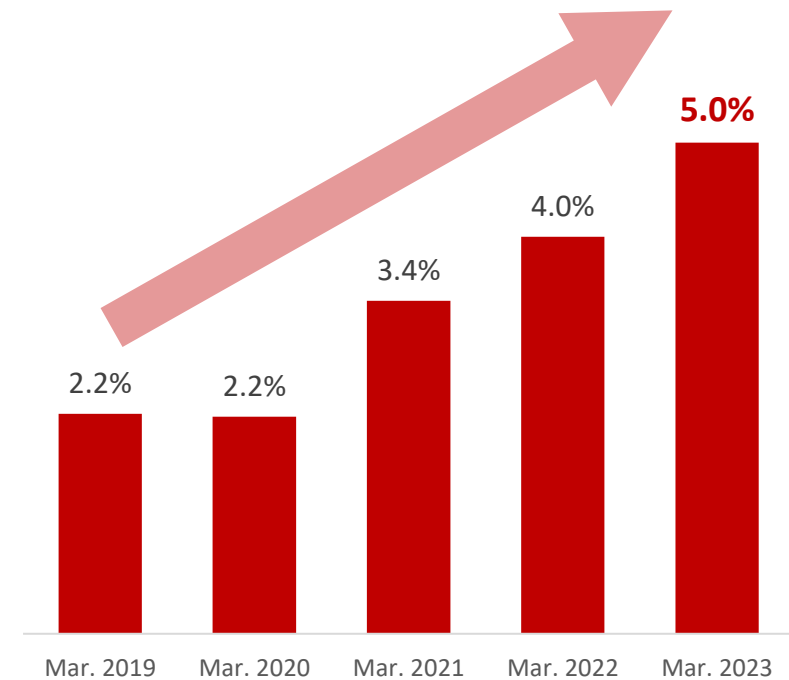
KEIAI's Market – Built-for-Sale Houses

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

Construction Starts for Built-for-Sale Detached Houses



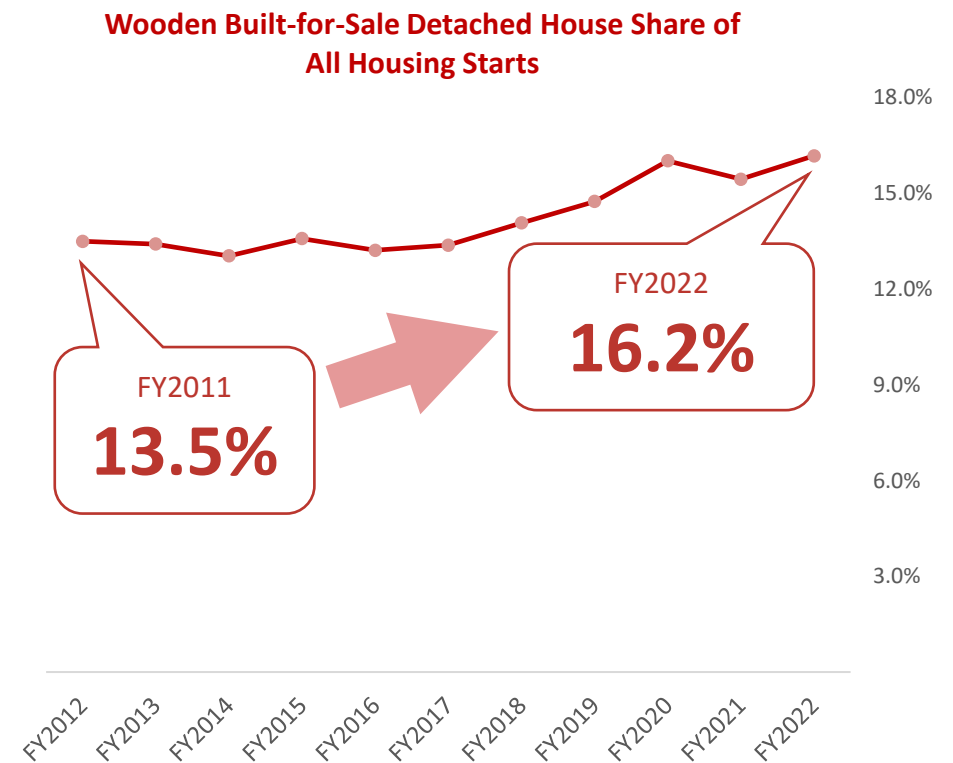
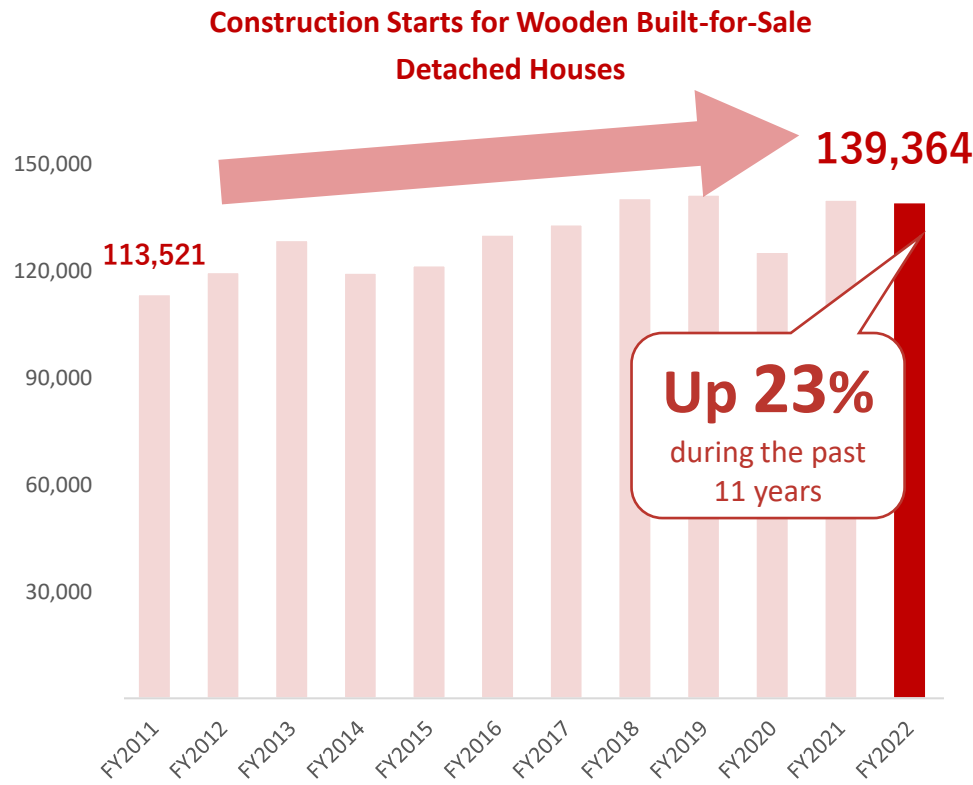
KEIAI Group's Nationwide Market Share



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

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

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



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

Target Customers

Area



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

Property type



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

Benefits of KEIAI's Semi Custom-Built Housing

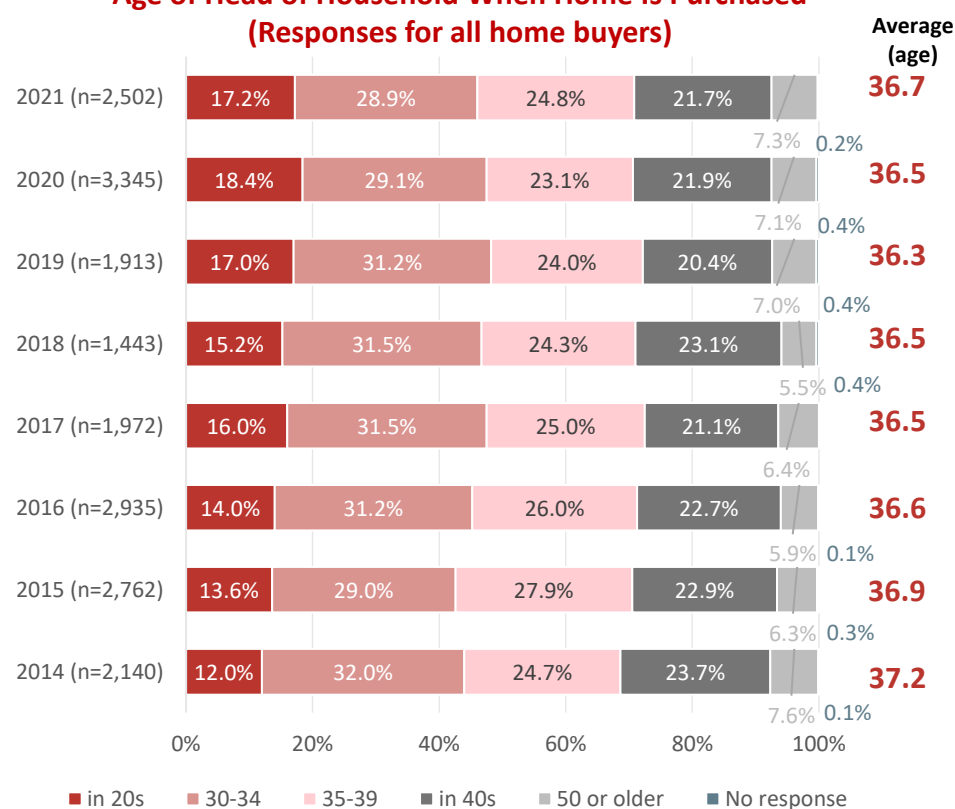
Offers a “fourth choice” for detached houses combining the benefits of both built-for-sale and custom-built houses

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

Detached House Buyers by Price and Head of Household Age

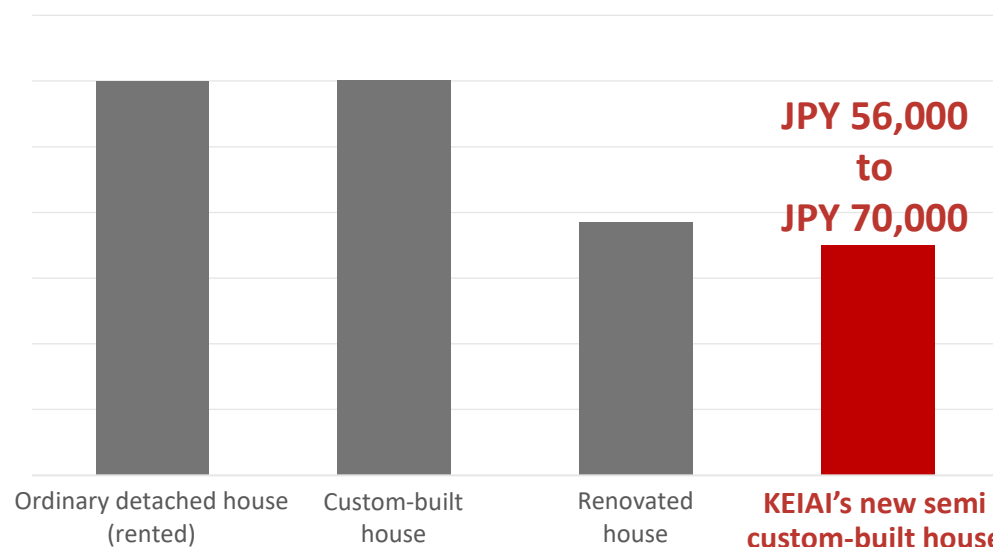
The declining trend in average age of home buyers hints that detached houses at lower prices may be preferred. KEIAI offers new semi custom-built houses at a cost lower than market level rent.

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



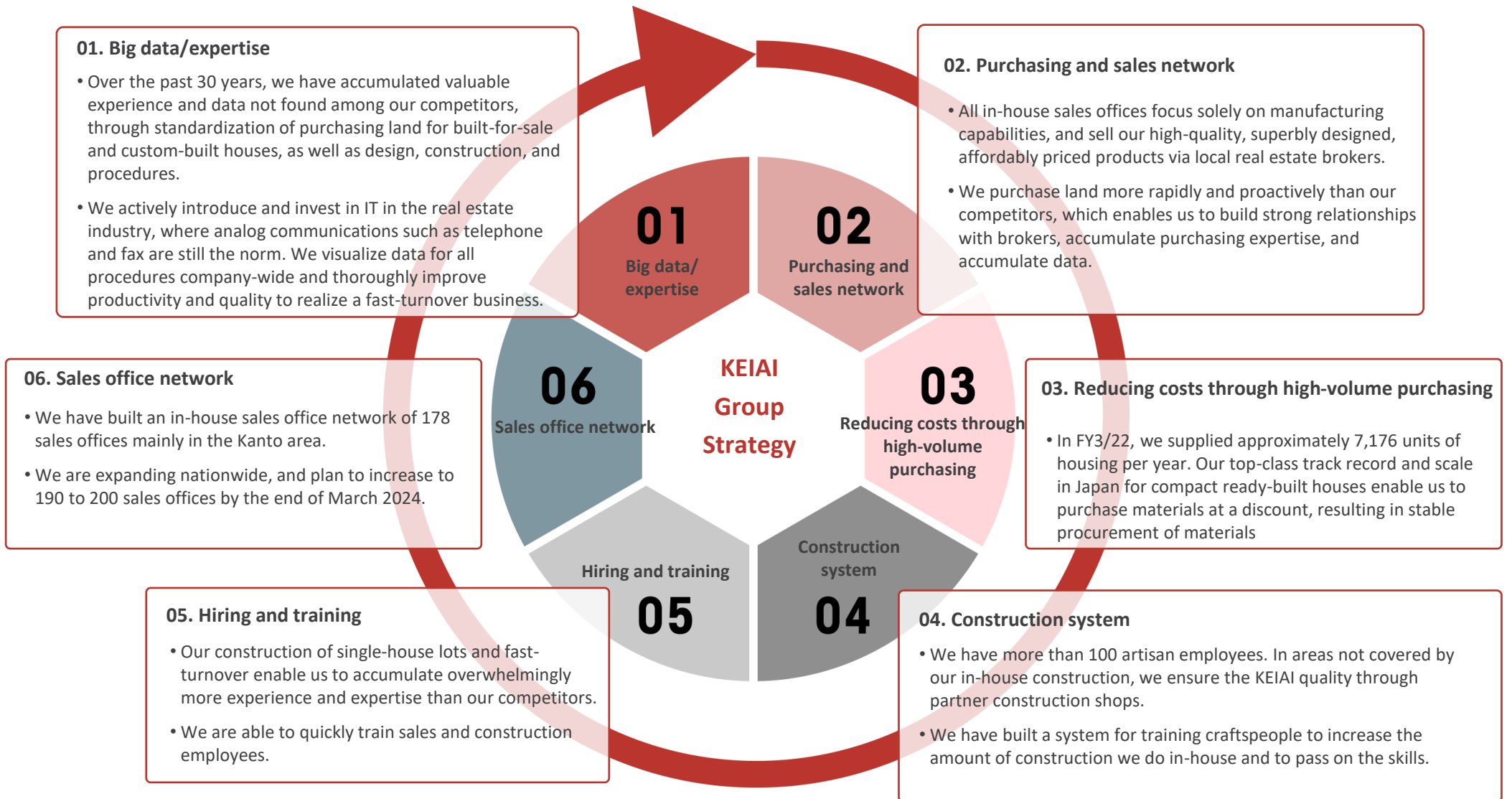
Source) Recruit "2021 Trend Survey on Purchasers of Newly-built Detached Houses in Tokyo Metropolitan Area"

Monthly Cost Comparison*1



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

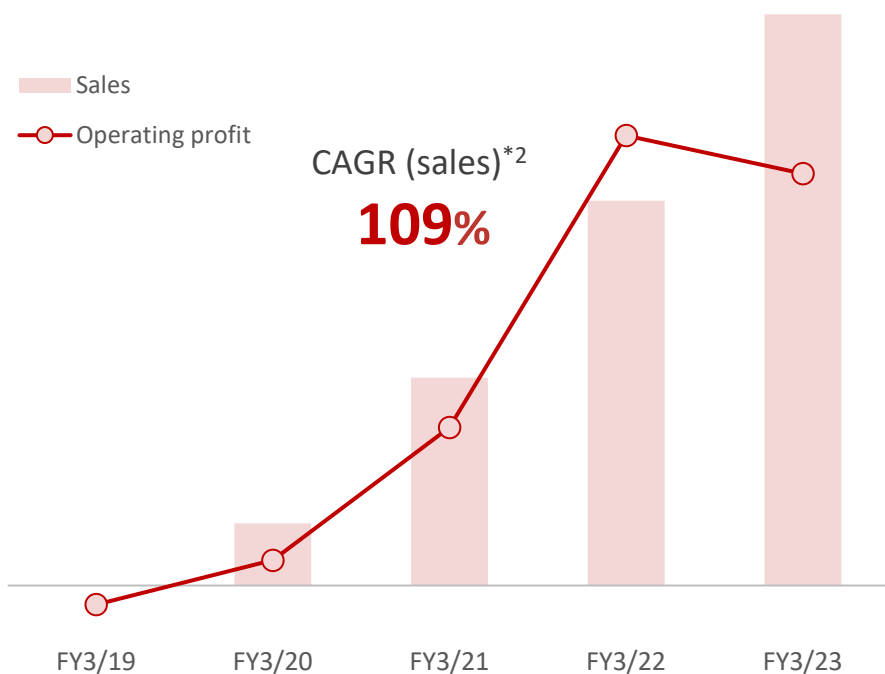
KEIAI's Group Growth Strategy



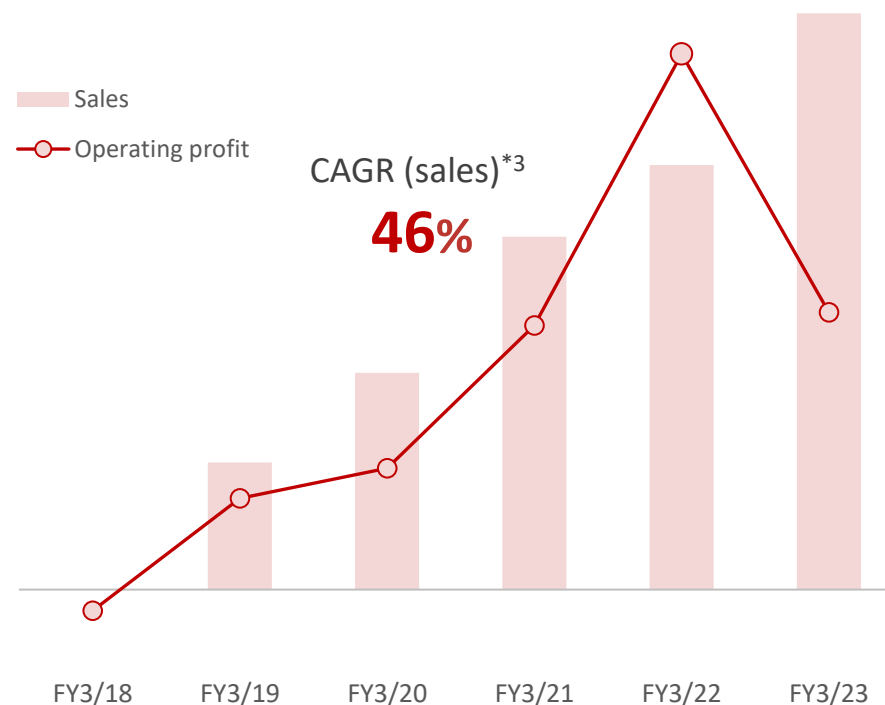
Growth in Sales and Earnings in New Business Areas

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

Chubu Area Sales and Earnings*1



Kyushu Area Sales and Earnings*1



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

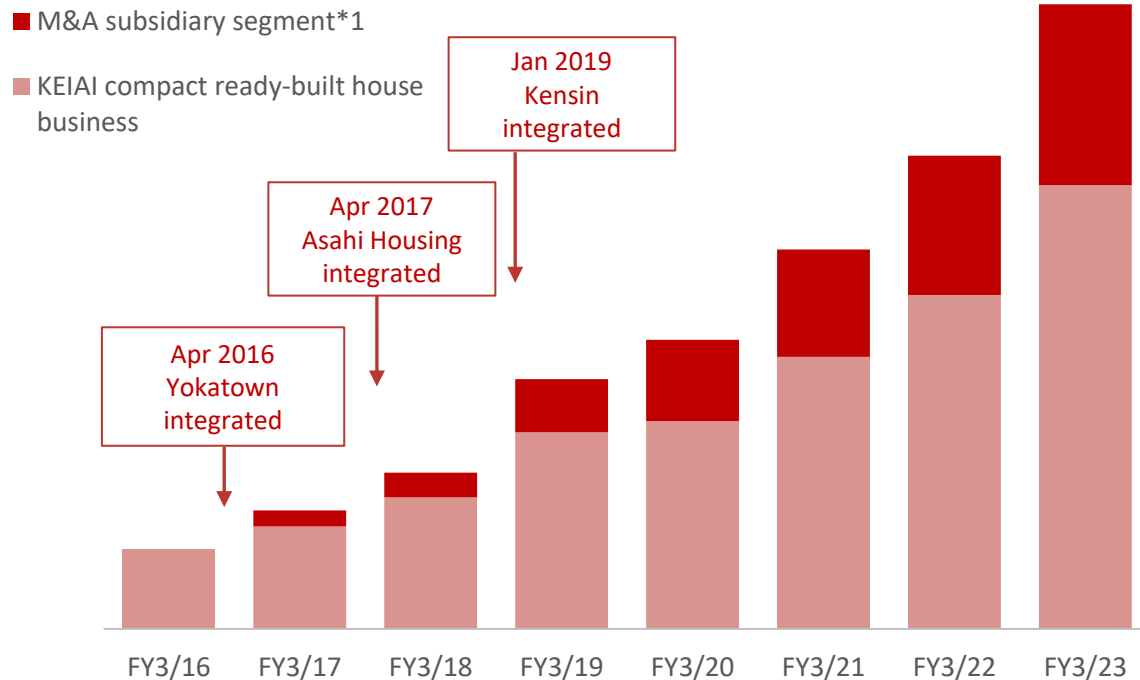
*2: Average annual growth rate of sales (CAGR) from FY3/20 to FY3/23

*3: Average annual growth rate of sales (CAGR) from FY3/19 to FY3/23

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 +32%
Asahi Housing	CAGR +55%
Kensin	CAGR +39%

Internal Growth by Parent (sales growth rate)*3

CAGR +28%

*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 FY3/23.

CAGR from FY3/17-FY3/23 for Yokatown, CAGR from FY3/18-FY3/23 for Asahi Housing, and CAGR from FY3/20-FY3/23 for Kensin

*3: CAGR from FY3/17-FY3/23 (non-consolidated)

Financial Strategy/Fund Procurement

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

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



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

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



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

Forward-looking Statements

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

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