

KEIAI

デザインのケイアイ

First Half of FY3/24 Financial Results

KI-STAR REAL ESTATE Co., Ltd.



Tokyo Stock Exchange,
Prime Market/ 3465

Our Purpose and Vision

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

1H FY3/24 Highlights

- Rapid sales growth continued as first half sales increased 21.3% to 125.48 billion JPY. Ordinary profit was down 60.3% to 3.95 billion JPY. The KEIAI Group is making steady progress with two key performance indicators: sales growth and increasing the built-for-sale housing market share, which is a medium-term goal of the group.
- To increase market share, which is a goal of the current medium-term business plan, activities are continuing for maintaining a high inventory turnover and expanding operations to more areas of Japan. However, the FY3/24 forecast has been reviewed downward mainly because of a slower than expected recovery in the gross profit margin.
- The number of properties purchased and the number of orders for houses are both strong. Sales of inventory properties are brisk and expenditures for additions to inventories are continuing. These activities are maintaining sales growth with a high turnover ratio while constantly replacing inventory properties with new ones.
- The use of KEIAI's own technology platform and unique compact ready-built house development business model (focusing on small housing developments that are not appealing to large companies) are supporting the consistent growth of three key leading indicators for performance: the number of properties purchased, the number of inventory properties, and the number of house orders received. We remain dedicated to steady sales growth.

Contents

1. 1H FY3/24 Financial Summary
2. Business Model
3. Growth Strategy
4. Dividends and Shareholder Benefits
5. ESG/SDGs Initiatives
6. News Topics
7. Appendix

1. 1H FY3/24 Financial Summary

Consolidated Statement of Income (1H)

Net sales were 125.48 billion JPY (up 21.3% YoY), which is a new record for 1H sales. Ordinary profit decreased 60.3% to 3.95 billion JPY and profit attributable to owners of parent decreased 51.9% to 3.06 billion JPY.

(JPY mil.)

	1H (Apr-Sep) of FY3/23		1H (Apr-Sep) of FY3/24		YoY change
	Amount	Proportion	Amount	Proportion	
Net sales	103,452	100.0%	125,484	100.0%	21.3%
Gross profit	18,966	18.3%	15,024	12.0%	-20.8%
SG&A expenses	8,596	8.3%	10,381	8.3%	20.8%
Operating profit	10,369	10.0%	4,642	3.7%	-55.2%
Ordinary profit	9,974	9.6%	3,957	3.2%	-60.3%
Profit attributable to owners of parent	6,367	6.2%	3,060	2.4%	-51.9%

Consolidated Statement of Income (2Q)

In the second quarter, net sales increased 20.5% YoY to 64.38 billion JPY, all-time quarterly high. Ordinary profit decreased 69.6% to 1.54 billion JPY and profit attributable to owners of parent decreased 69.1% to 0.98 billion JPY.

(JPY mil.)

	2Q (Jul-Sep) of FY3/23		2Q (Jul-Sep) of FY3/24		YoY change
	Amount	Proportion	Amount	Proportion	
Net sales	53,417	100.0%	64,388	100.0%	20.5%
Gross profit	9,713	18.2%	7,559	11.7%	-22.2%
SG&A expenses	4,417	8.3%	5,419	8.4%	22.7%
Operating profit	5,296	9.9%	2,140	3.3%	-59.6%
Ordinary profit	5,090	9.5%	1,546	2.4%	-69.6%
Profit attributable to owners of parent	3,175	5.9%	982	1.5%	-69.1%

Revision to FY3/24 Consolidated Forecast

Activities will continue for maintaining quick inventory turnover and expand operations to more areas of Japan in order to accomplish the medium-term business plan goal of increasing the KEIAI Group's market share. Although the business operations continue quick-inventory-turnover management backed by a large volume of property acquisitions and sales, we revised the FY3/24 forecast downward as the gross profit margin is recovering at a slower pace than expected due to the oversupply of inventories of homes for sale.

(JPY mil.)

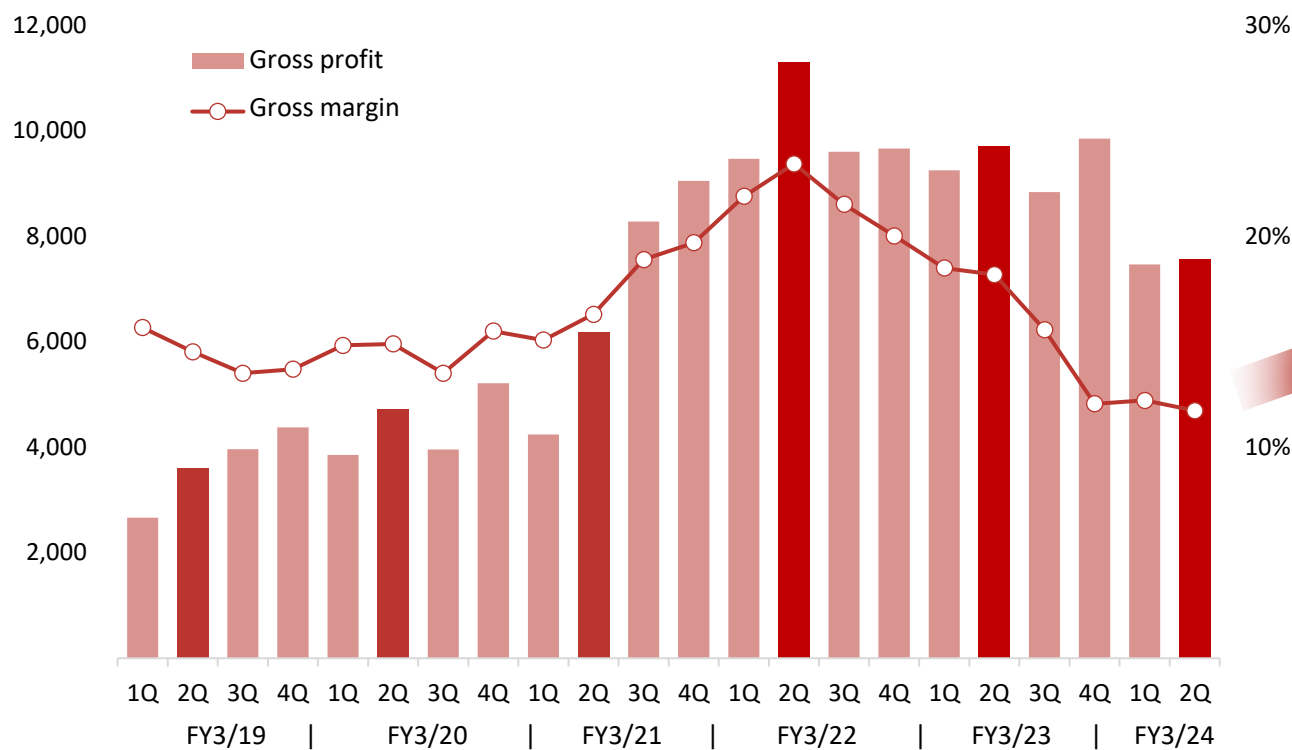
	FY3/23 consolidated results (reference)	FY3/24 consolidated forecast (initial forecast)	FY3/24 consolidated forecast (revised)	YoY change	vs. Initial forecast
Net sales	241,879	290,000	290,000	19.9%	-
Operating profit	19,189	19,500	13,500	-29.6%	-30.8%
Ordinary profit	18,467	19,000	12,000	-35.0%	-36.8%
Profit attributable to owners of parent	11,845	12,000	8,000	-32.5%	-33.3%

Quarterly Results (Consolidated): Gross Profit and Gross Margin

A temporary decline in the gross margin mainly caused by the end of the extra demand created by the pandemic, a higher cost of sales, and an increase in home price discounts due to a large supply of homes. The gross margin is expected to slowly recover as inventories decrease.

Quarterly Gross Profit and Gross Margin

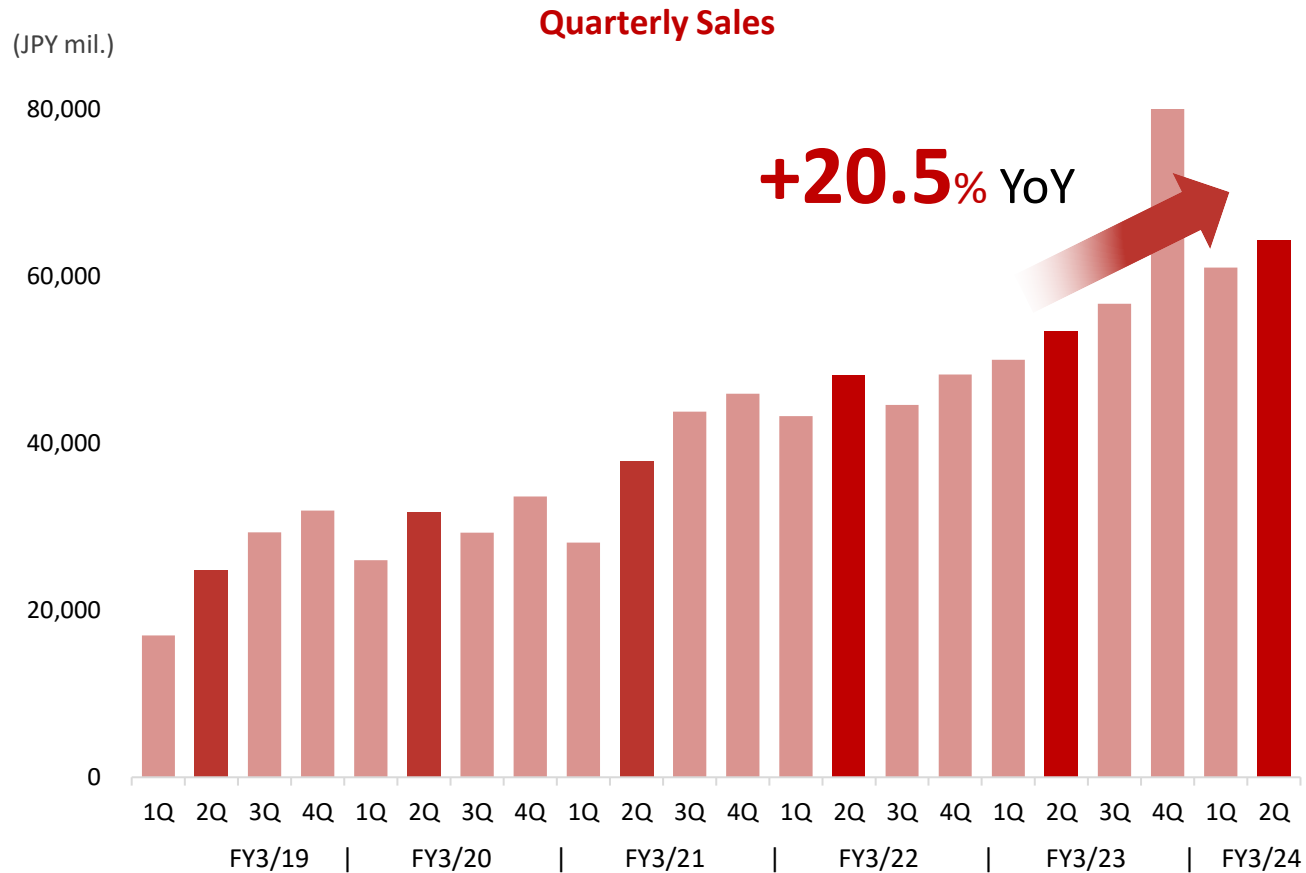
(JPY mil.)



- Lower gross margin mainly caused by the end of pandemic-linked demand, the remaining high in the cost of goods sold, and more discounting due to the large supply of homes.
- Expect to replace inventory properties with new ones faster than competitors can because of our quick-inventory-turnover management backed by a large volume of purchases and sales for the goal of increasing market share.
- Expect a recovery of the gross margin due to the outlook for the number of new homes for sale in Japan to decline.

Quarterly Results (Consolidated): Sales

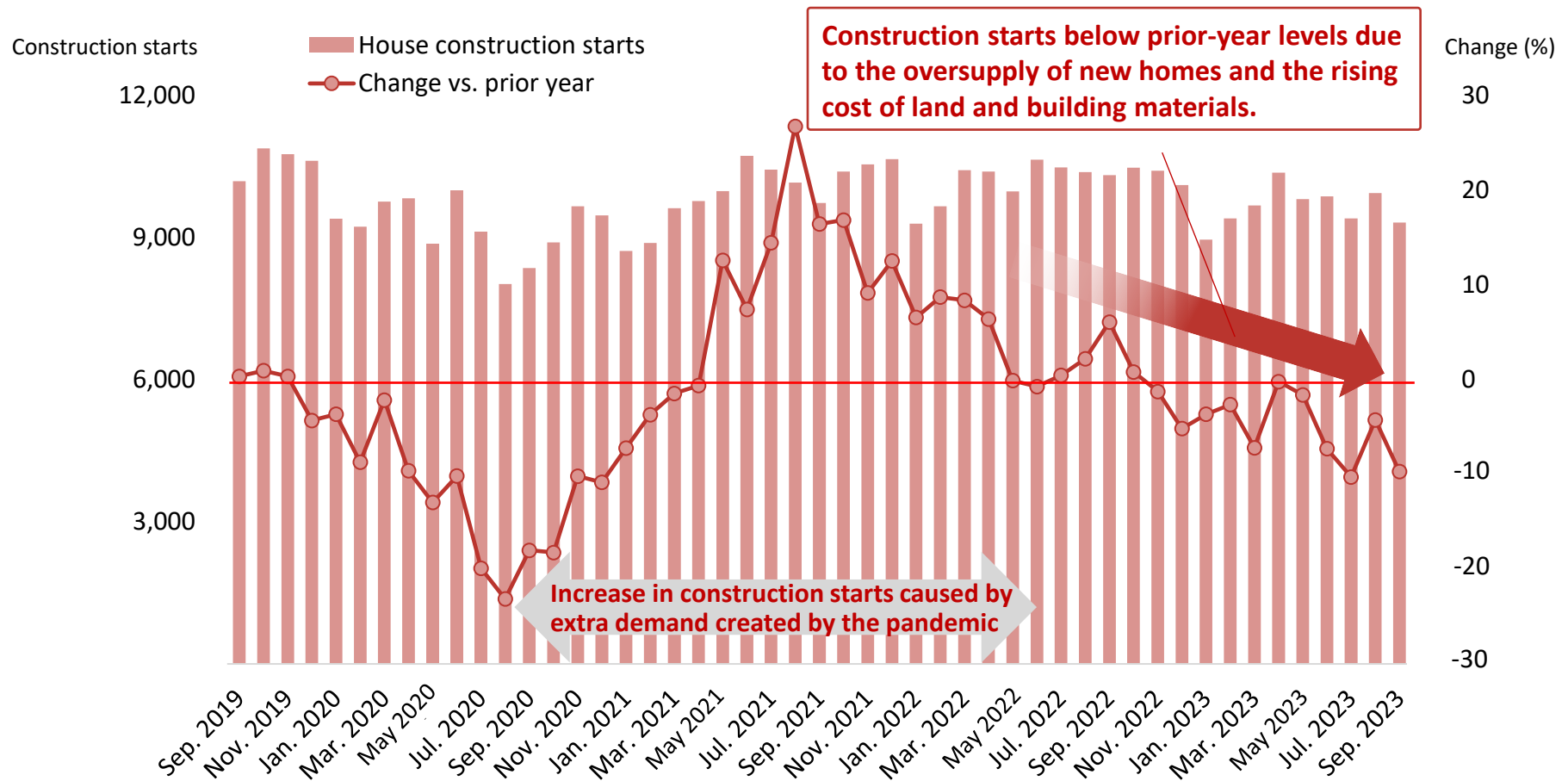
A large volume of property purchases backed by the KEIAI Platform, a robust homebuilding operations and quick inventory turnover are supporting the continuation of strong sales growth even after the end of the unusually high level of demand during the pandemic.



Reference: New Single-Family House Construction Starts

Construction starts of new houses have been consistently below the prior-year level as companies continue to lower inventories.

New Single-Family House Construction Starts and Change vs. Prior Year



Construction starts below prior-year levels due to the oversupply of new homes and the rising cost of land and building materials.

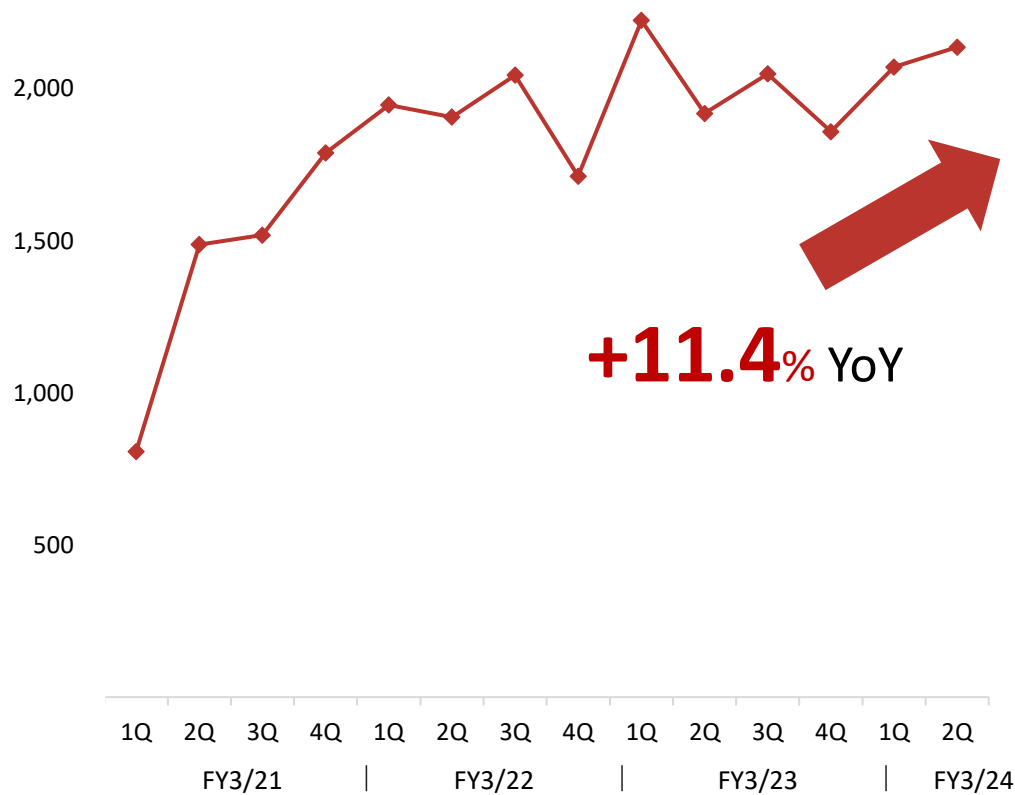
Increase in construction starts caused by extra demand created by the pandemic

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

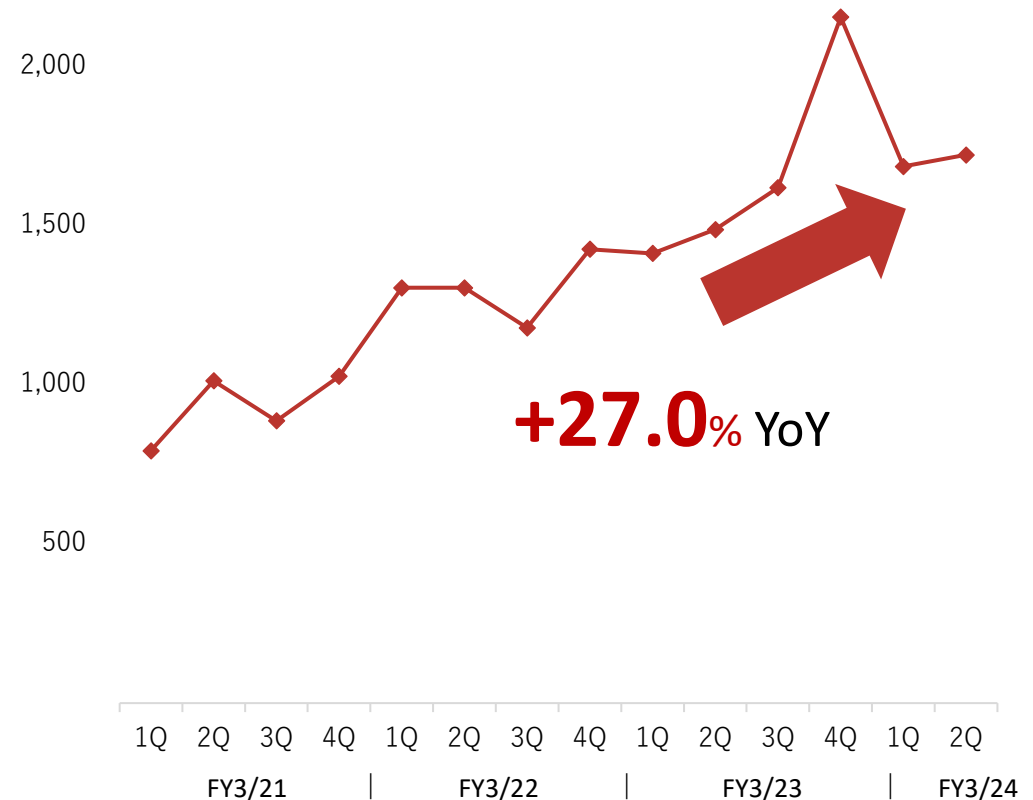
Constant Inventory Turnover Due to Large Volume of Purchases and Sales

Purchases and orders are currently strong. Current properties in inventories are being sold rapidly and there are constant additions to inventories. The result is steady sales growth with a high turnover ratio while constantly replacing inventory properties with new ones.

Purchase Contracts (Number of House Lots)



House Orders Received



Performance of Main Reportable Segments

Growth continues by strengthening the shift to the compact ready-built Homebuilding business throughout the Group.

(Unit of sales and profit: JPY mil.)

		1H FY3/23	1H FY3/24	YoY change	Remarks
Homebuilding and sales (including land sales)	Houses sold	2,869	3,410	+18.9%	Sales growth continued due to growth strategy progress; earnings down because of higher cost of sales caused by the consolidation of L-Housing and end of special demand for pandemic, normalization of real estate demand.
	Sales	98,835	121,464	+22.9%	
	Operating profit	11,584	6,492	-44.0%	
Custom-built housing	Houses sold	189	155	-18.0%	The gross profit margin improved as a result of higher COGS and profit increased due to higher sales of custom-built houses.
	Sales	3,582	2,511	-29.9%	
	Operating profit	60	103	+71.5%	

Consolidated Balance Sheet

Total assets were 242.4 billion JPY and net assets were 60.9 billion JPY.

(JPY mil.)

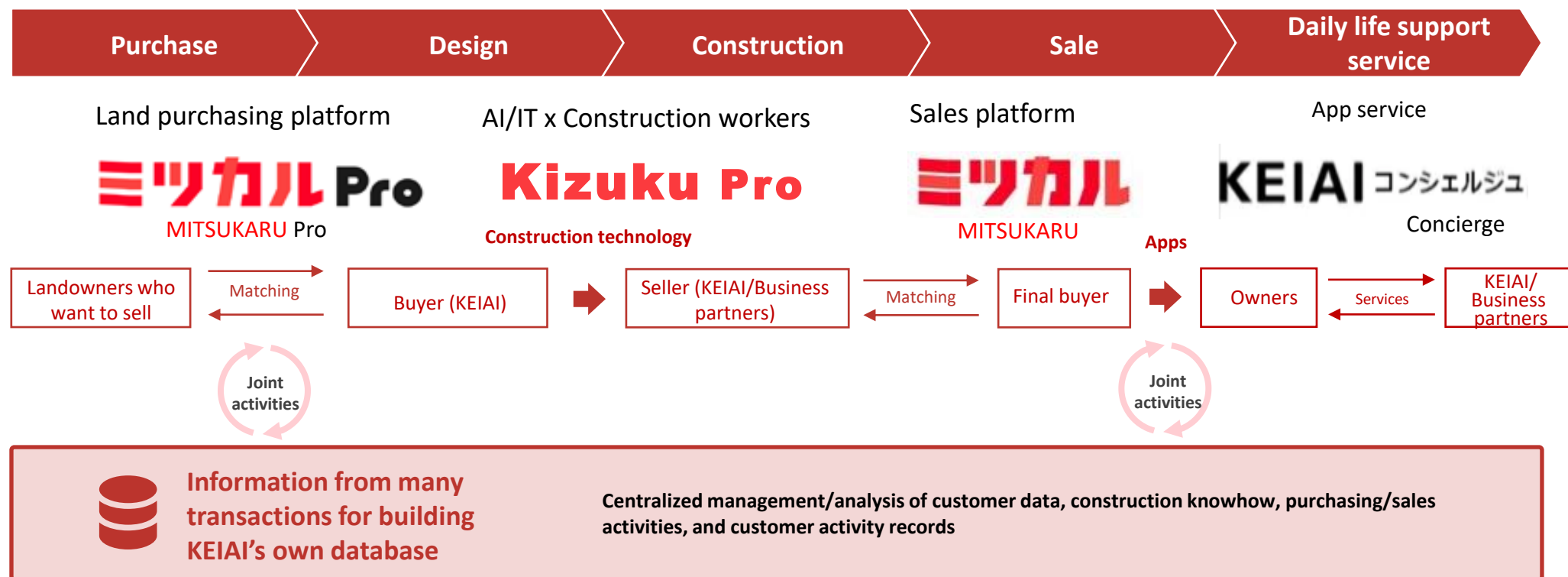
	March 31, 2023	September 30, 2023	Increase/decrease
Current assets	191,516	233,229	41,712
Non-current assets	7,944	9,206	1,261
Total assets	199,461	242,436	42,974
Current liabilities	118,643	146,441	27,798
Non-current liabilities	24,289	35,032	10,742
Total liabilities	142,932	181,473	38,540
Net assets	56,528	60,962	4,433
Total liabilities and net assets	199,461	242,436	42,974

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, designing, constructing and selling houses, to support services.

● The “Real x Technology” KEIAI Platform



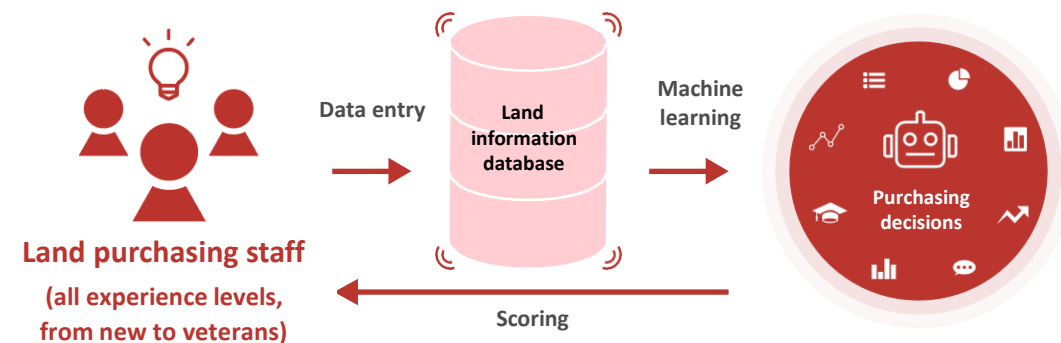
Land Purchasing Platform MITSUKARU Pro

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**

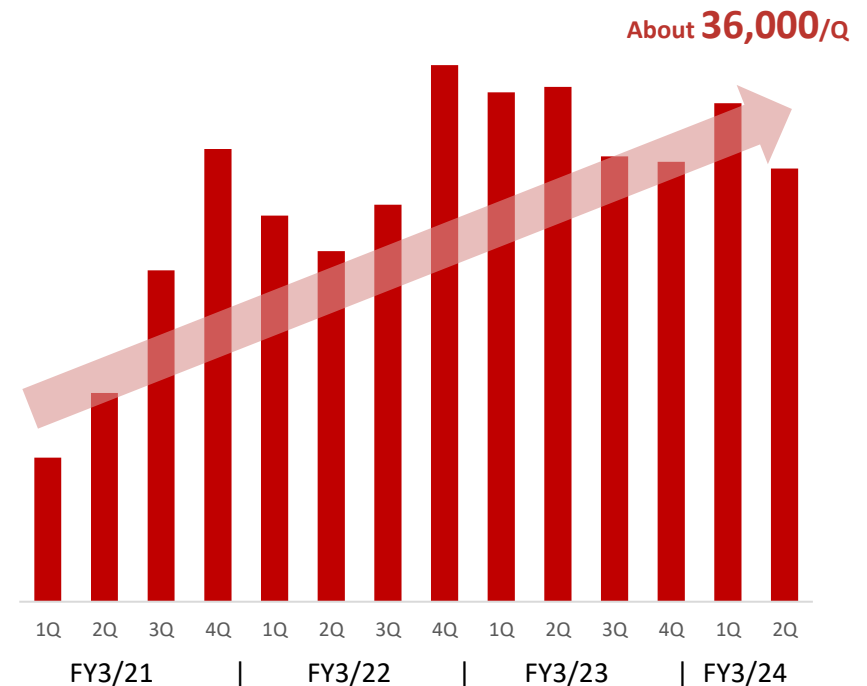
- Scoring of prospective purchases by using more than 30,000 data entries about potential land purchases and actual sales (prices of housing lots sold by KEIAI and data on local market characteristics) in prior years

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

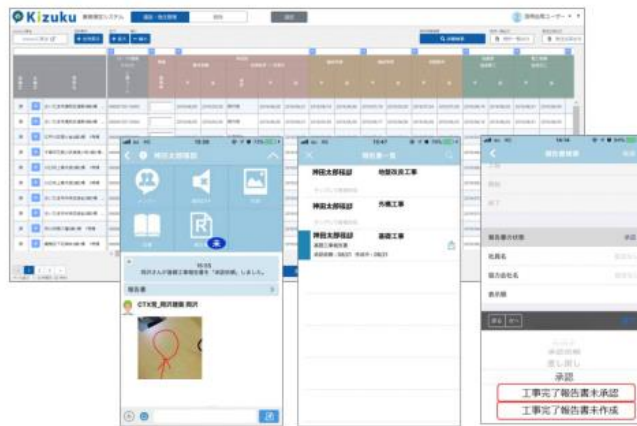


*1: Number of data entries at the KEIAI Group about land purchase information (includes some estimates)

The Kizuku Pro Construction Platform

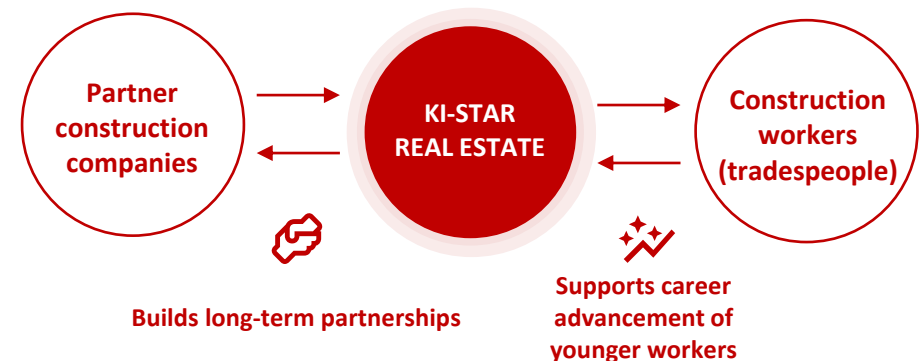
Introduced Kizuku Pro to facilitate sound communications on construction sites. This platform makes the management of these sites more efficient while ensuring consistently high quality. In addition, it helps maintain a framework for performing various tasks easily while strengthening ties with partner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

Kizuku Pro improves efficiency at construction sites



- 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

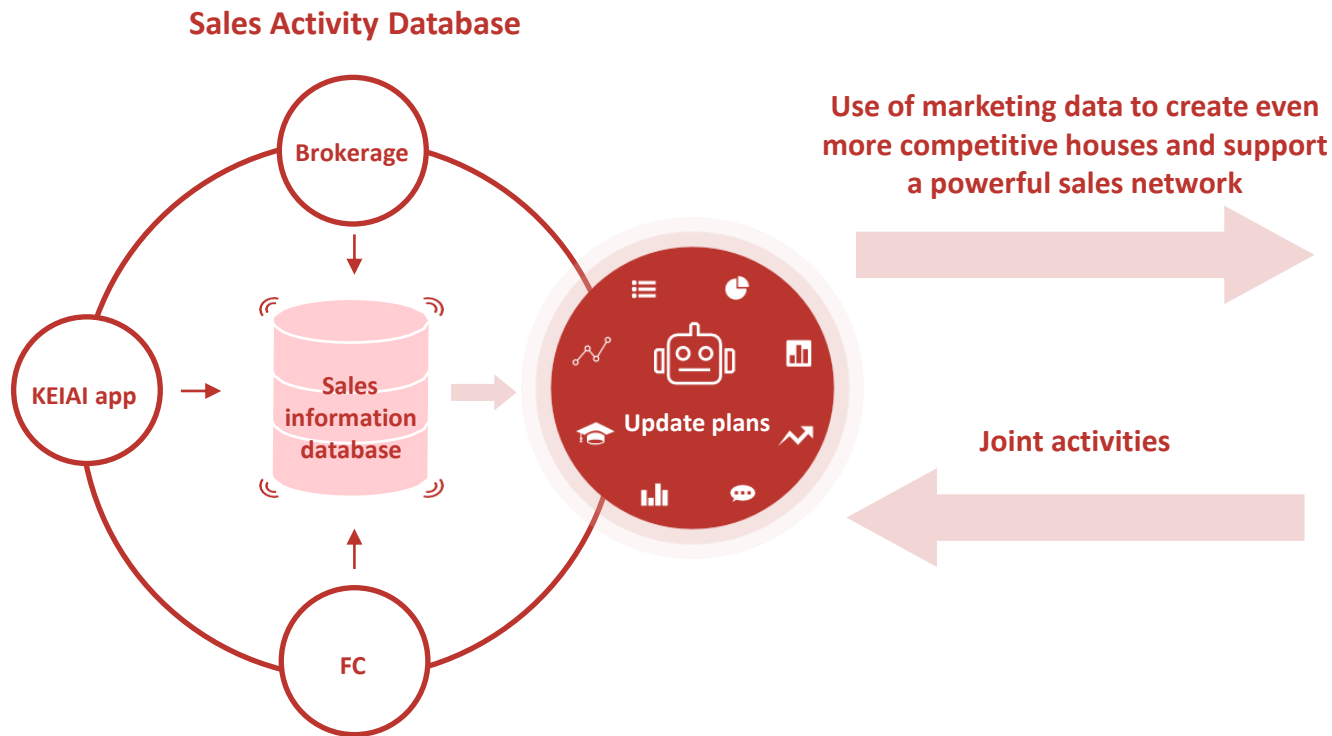
Stronger framework for building houses



- 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.



A growing sales network



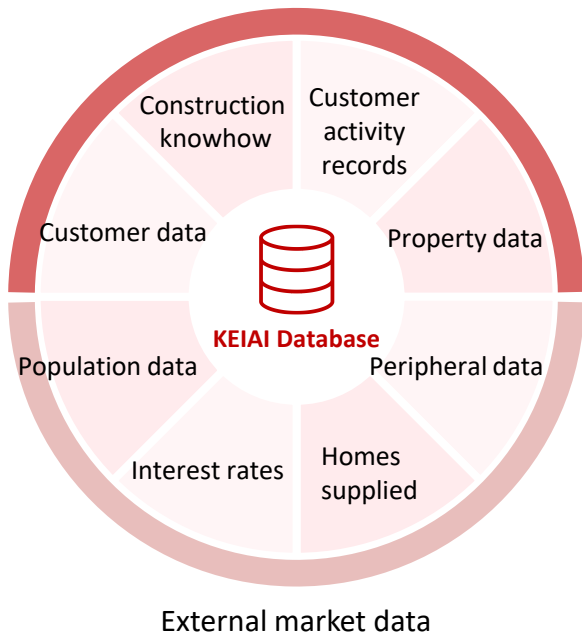
Sales broker network
About **5,500** companies
KEIAI branch office network
184 sales offices
No. of detached houses sold
7,176 houses/year

- Highly appealing houses are easy for real estate brokers to sell
- Competitive edge regarding locations, home designs and prices
- Use of IT for real-time management of homes for sale, management of sales schedules, adjustment of prices and other support for sales activities

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.

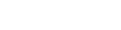
KEIAI Platform data



Use of data



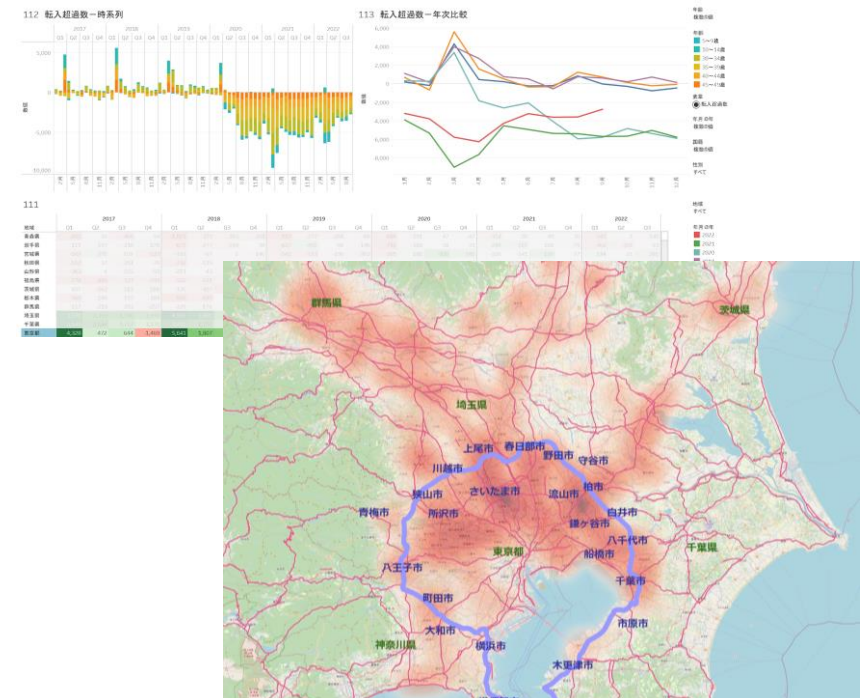
Feedback



The KI-STAR analytics team

Analysis of customers' needs involving ready-built houses is used in the area expansion strategy

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



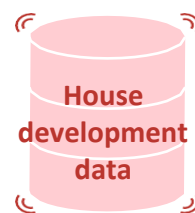
Compact ready-built houses

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



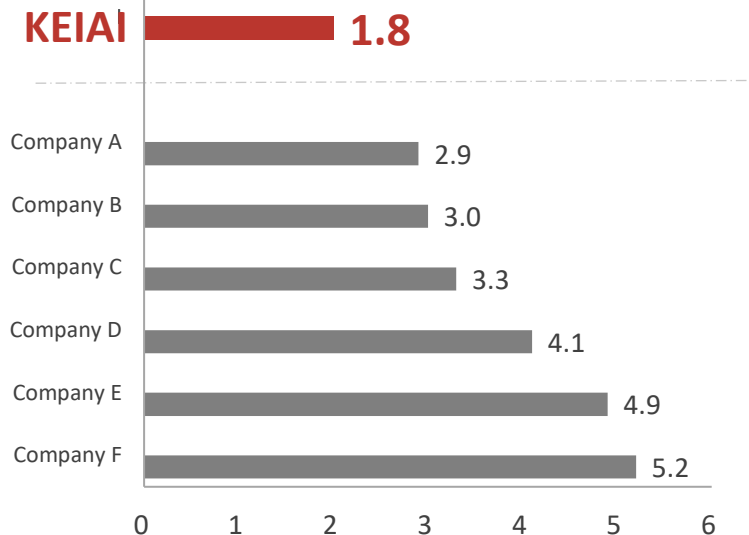
Increase in the number of land data entries

- 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



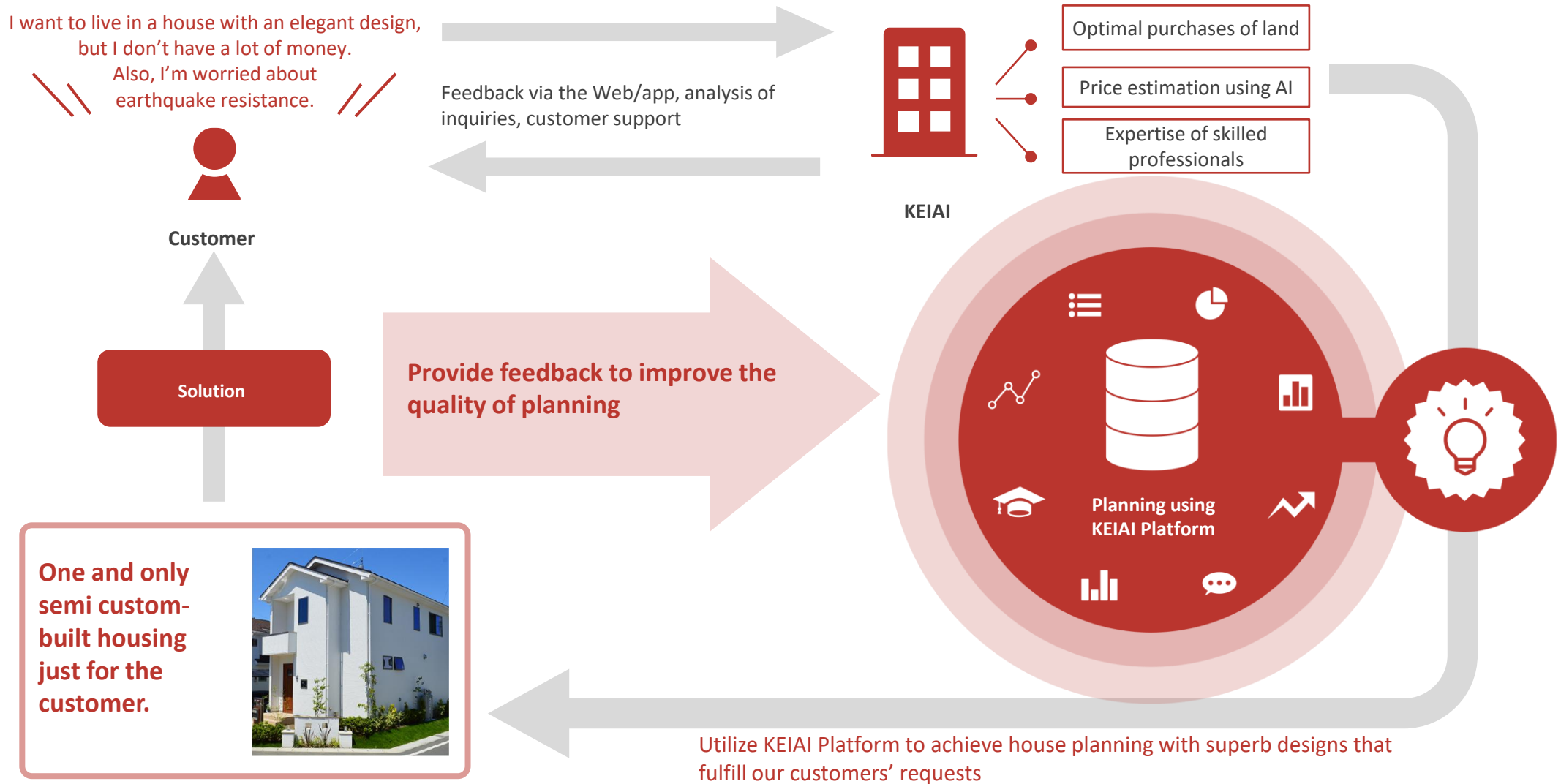
Avg. number of lots*1 in housing developments

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 (affordable).



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 medium-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**

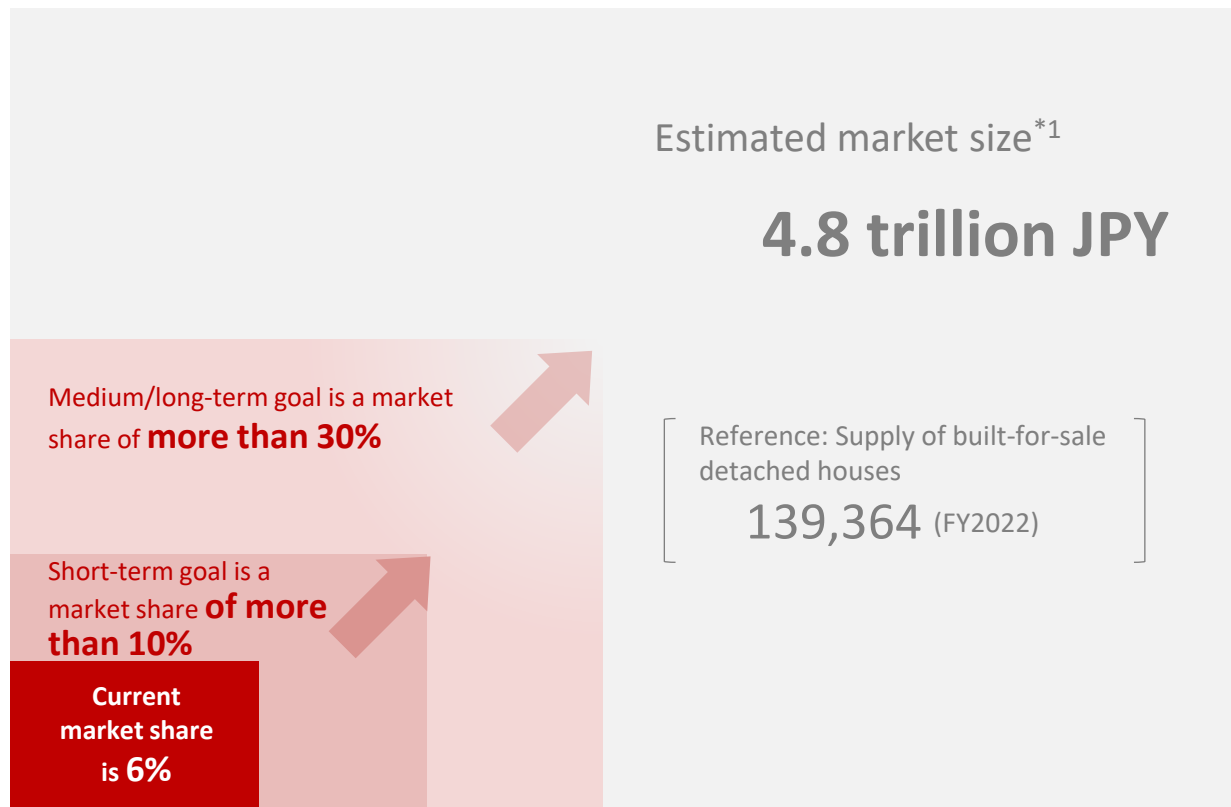
Priority performance indicator

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

▶ Aiming to achieve these goals by expanding the KEIAI Platform

Medium-term Goals

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



Medium-term goal

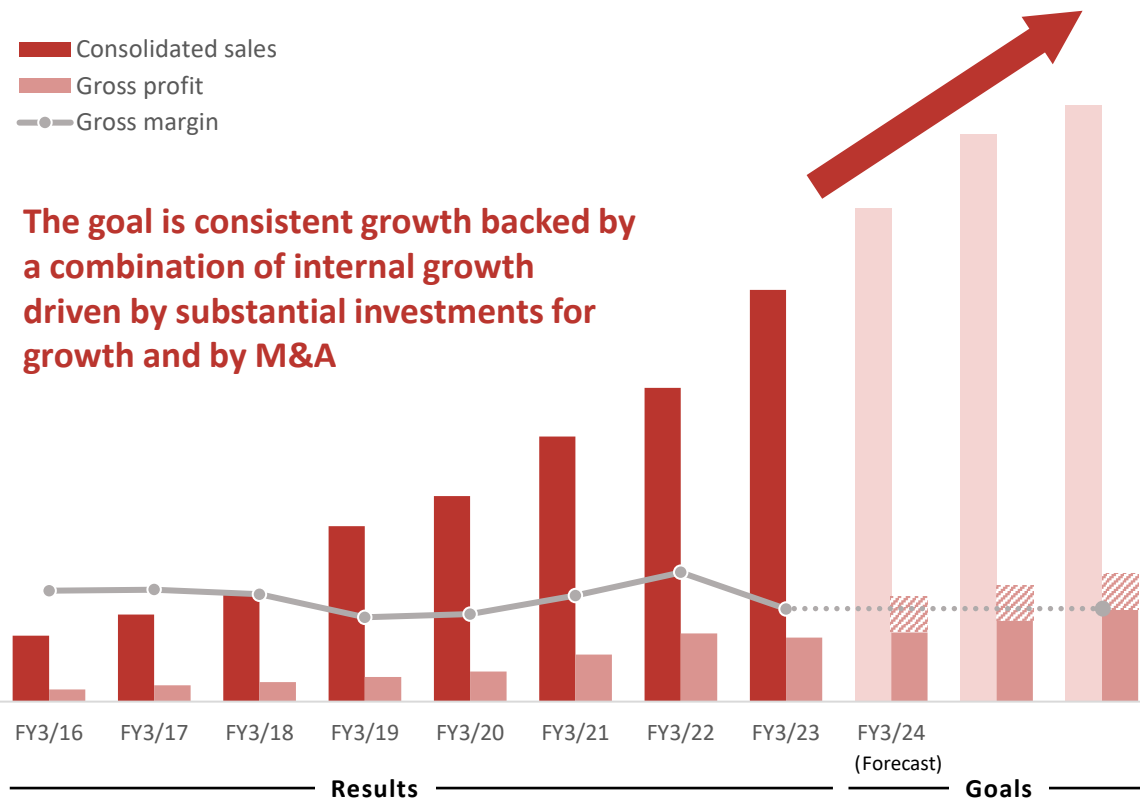
Increase our share of Japan's built-for-sale house market

*1: KEIAI estimates based on the number of new built-for sale wooden detached houses that have been constructed according to the Ministry of Land, Infrastructure, Transport and Tourism's "Housing Construction Statistics" through September 2023.

Priority Performance Indicator

Our mid-term goal is annual consolidated sales growth of at least 15% by continuing to make investments for business growth. Investments are used mainly for opening more sales offices, purchasing a large volume of properties, raising production capacity and M&A.

Projected growth of consolidated sales and gross margin



The most important performance indicator

Annual sales growth of at least 15%

The Built-for-Sale House and Custom-built House Business Models

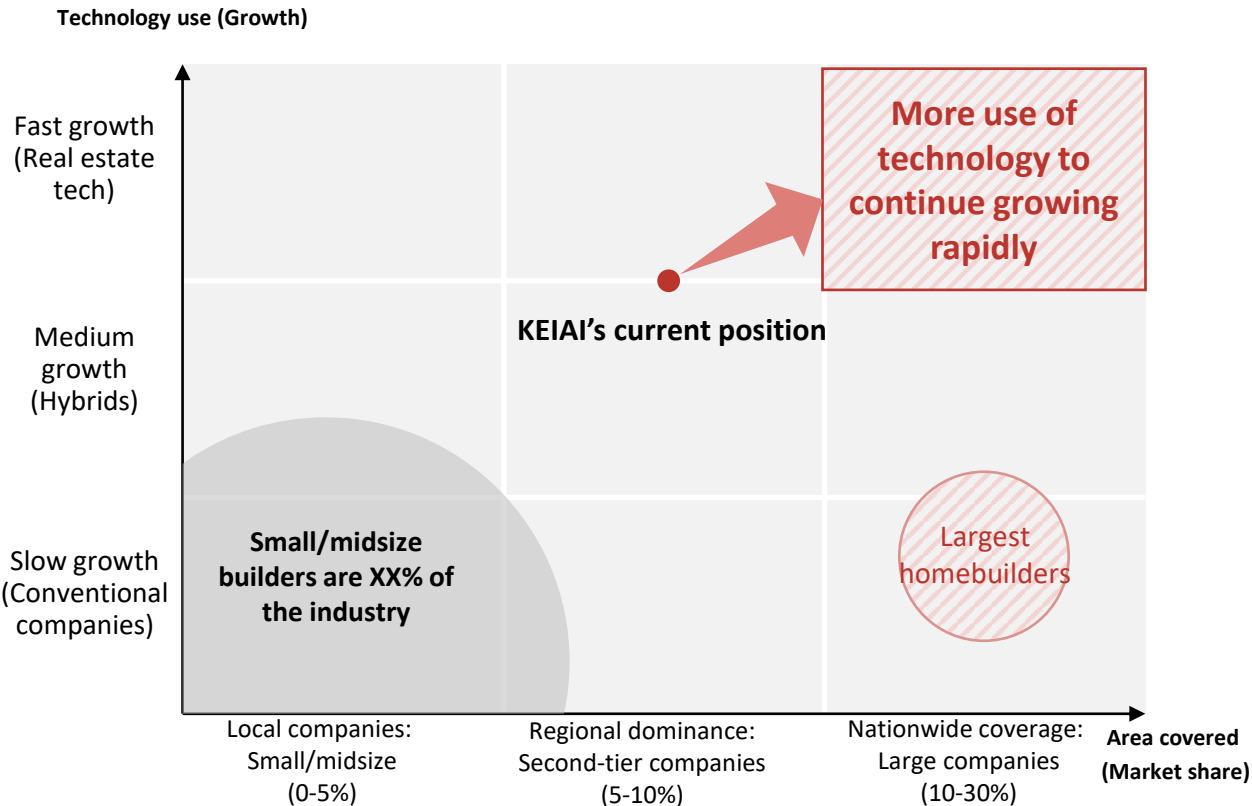
The business models of the built-for-sale house and custom-built house businesses are different to reflect the differences in the needs of the customers of each business. In the built-for-sale house industry, there are many midsize and small companies with operations only in the areas where they are based.

Components		Built-for-sale houses	Custom-built houses
Needs of customers		Affordable single-family houses	Houses designed specifically for individual needs
Business models	Supply chain	Purchase land = Construction = Sale (Integrated beginning with land purchases)	(Customer selects land) = Sales = Construction (Mainly Sales = Construction)
	KEIAI strengths	Ability to buy land in prime locations and an efficient production system (Large volume of land info, land selection expertise, powerful production system)	Reliability and ability to precisely match customers' requirements (Respected brand, reputation for reliability)
Industry structure		Many small companies; mostly real estate developments by construction companies with operations focused on their home regions	Dominated by a few large prefabricated house companies

The Built-for Sale House Industry and KEIAI's Position

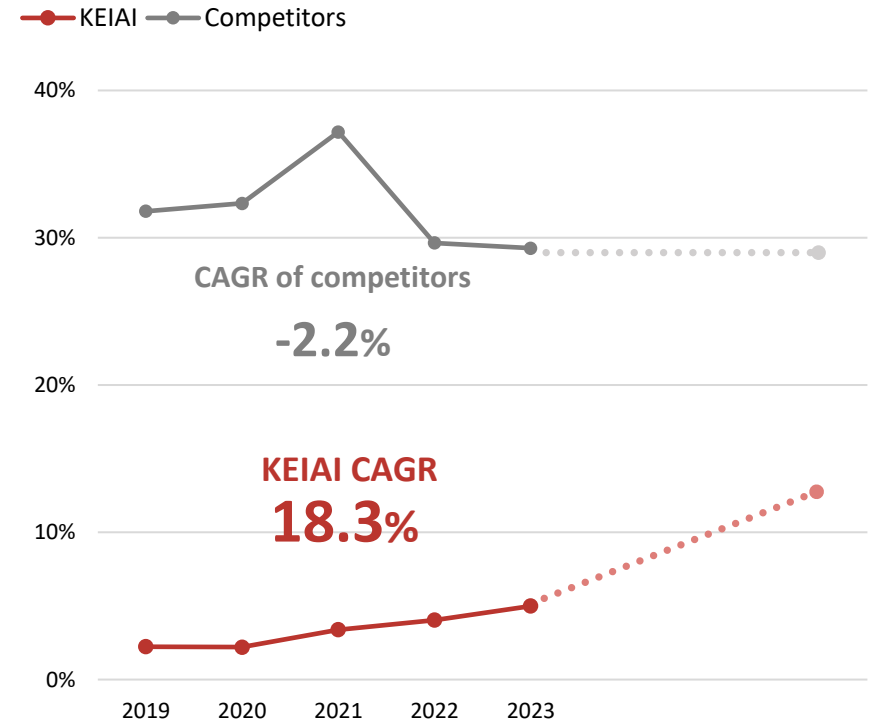
Japan has a large number of small companies that build houses for homebuyers. However, very few of these companies are skilled at using advanced technologies. KEIAI has the goal of continuing to increase its market share while growing rapidly by increasing its use of various technologies.

Market share and Growth Potential in the Built-for-Sale Housing Market Industry



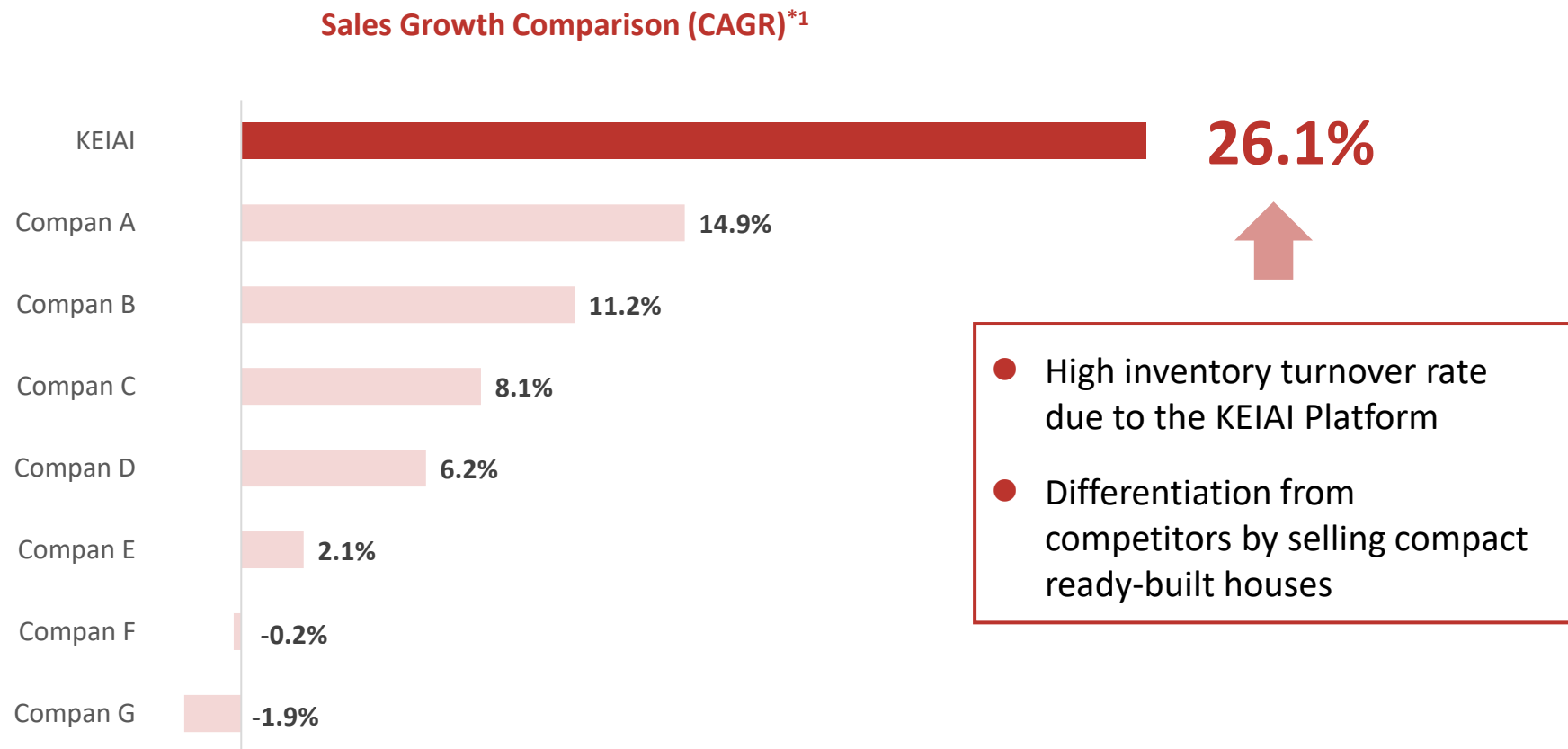
*1 Comparison of sales growth of largest companies and KEIAI

Market Shares of Large Companies and KEIAI *1



Sales Growth Much Faster Than at Competitors

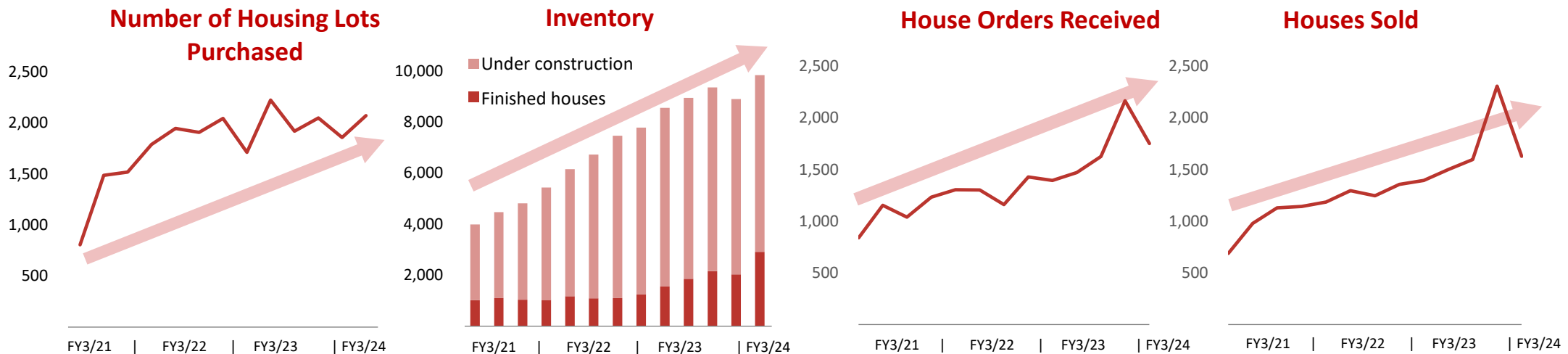
KEIAI's sales are increasing much faster than at competitors because of the KEIAI Platform and focus on the compact ready-built house development.



*1: Comparisons of average growth during the past three years of sales of houses built for sale at KI-STAR and other homebuilding and sale companies (large publicly owned companies)

Past Performance of KPIs Supporting Business Growth

Steady growth continues in all KPI – lots purchased, inventory, house orders and house sales – because of KEIAI’s technology platform and unique compact house development business model. Aiming for the continuation of sales growth.

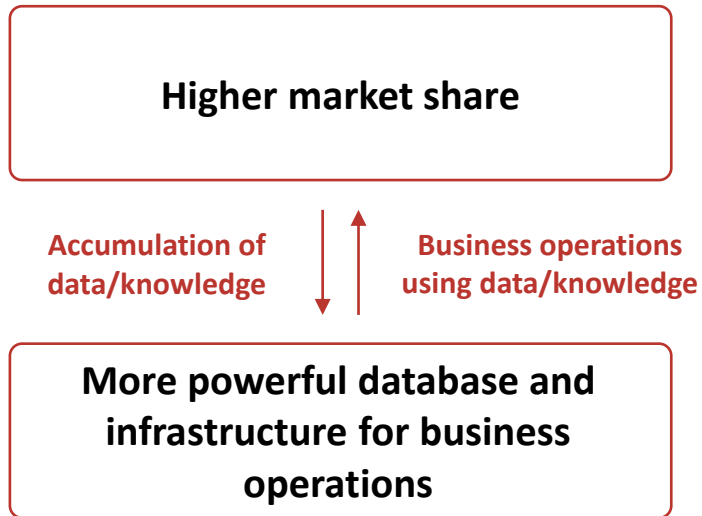


Note: Figures are actual for the Group’s homebuilding and sales business

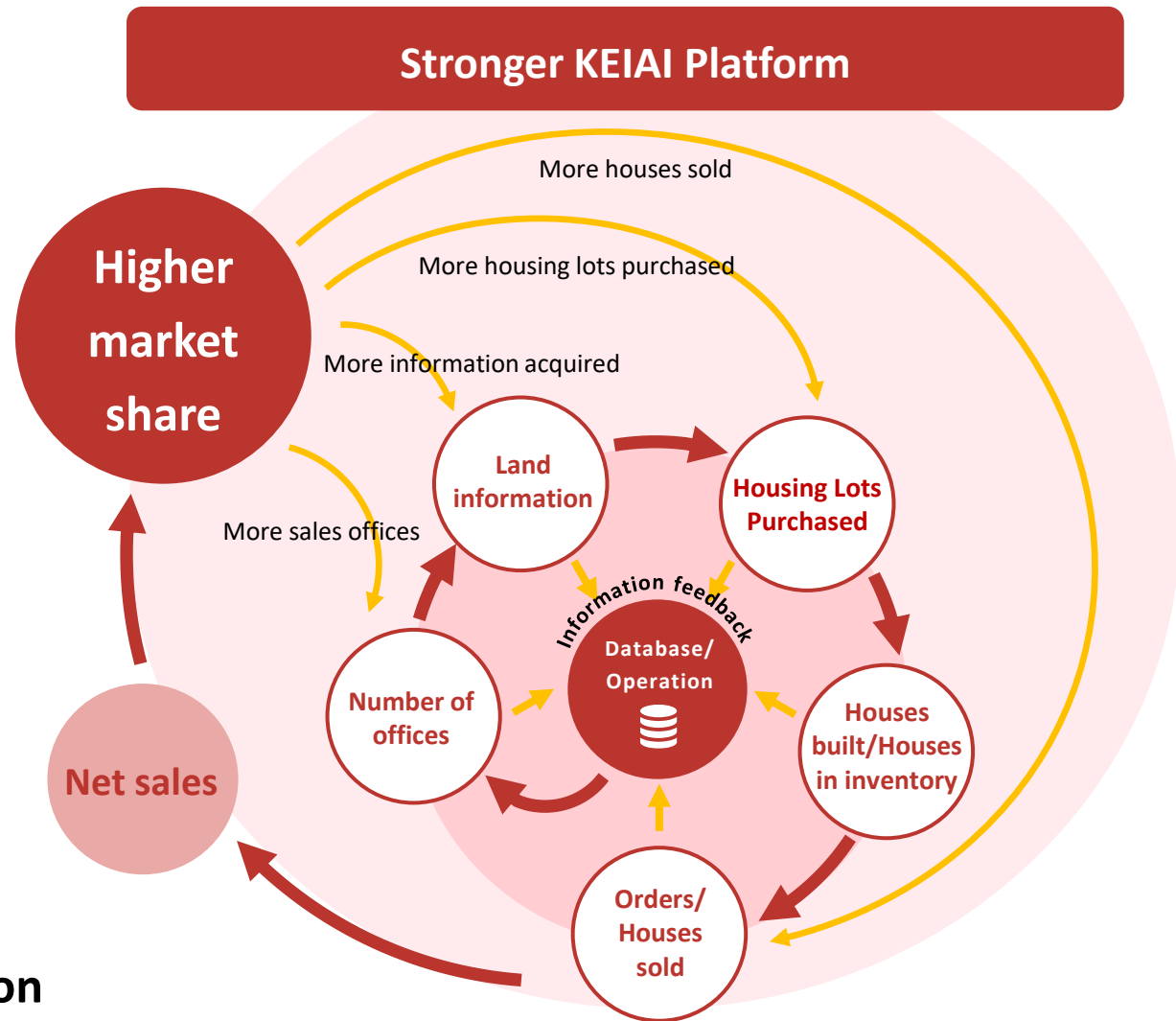
The KEIAI Growth Model Makes the KEIAI Platform Stronger

Market share growth makes KEIAI's database/operations even more powerful. This in turn gives KEIAI an even stronger competitive advantage, resulting in a continuous virtuous cycle.

Stronger KEIAI Platform



➔ An even stronger competitive position



Three Growth Strategies for Making the KEIAI Platform Stronger

These three growth strategies have the goals of achieving the medium-term plan targets and the key performance indicator target.

How growth strategies make the KEIAI Platform stronger

1. Rapid addition of sales offices

- Growth in new areas and areas where KEIAI already operates
- Strategically add more sales offices

2. Higher productivity

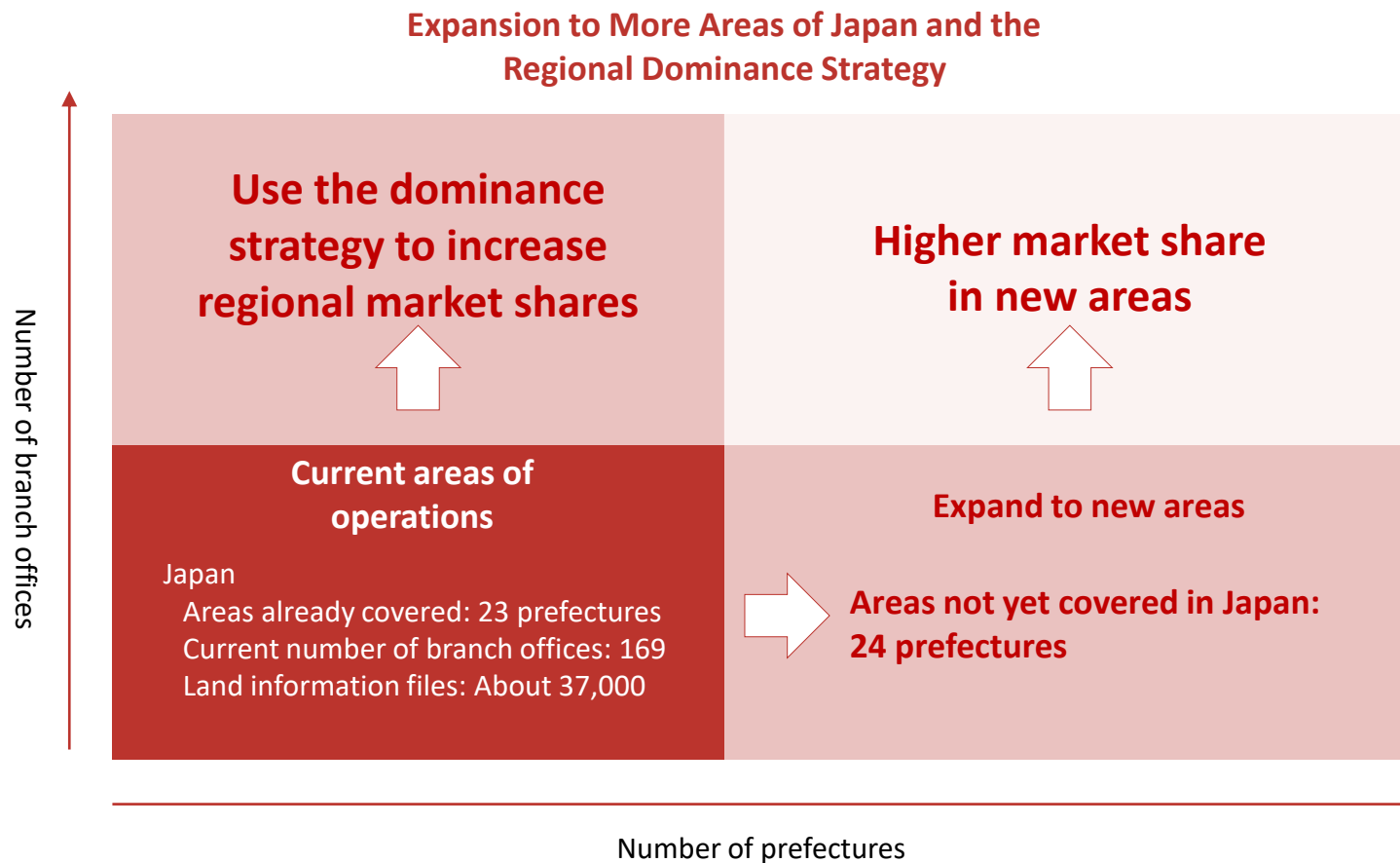
- Quickly train salespeople
- Improving productivity of sales offices

3. Increase production capacity

- Reliable procurement of materials
- A sound construction infrastructure
- Use of DX at construction sites

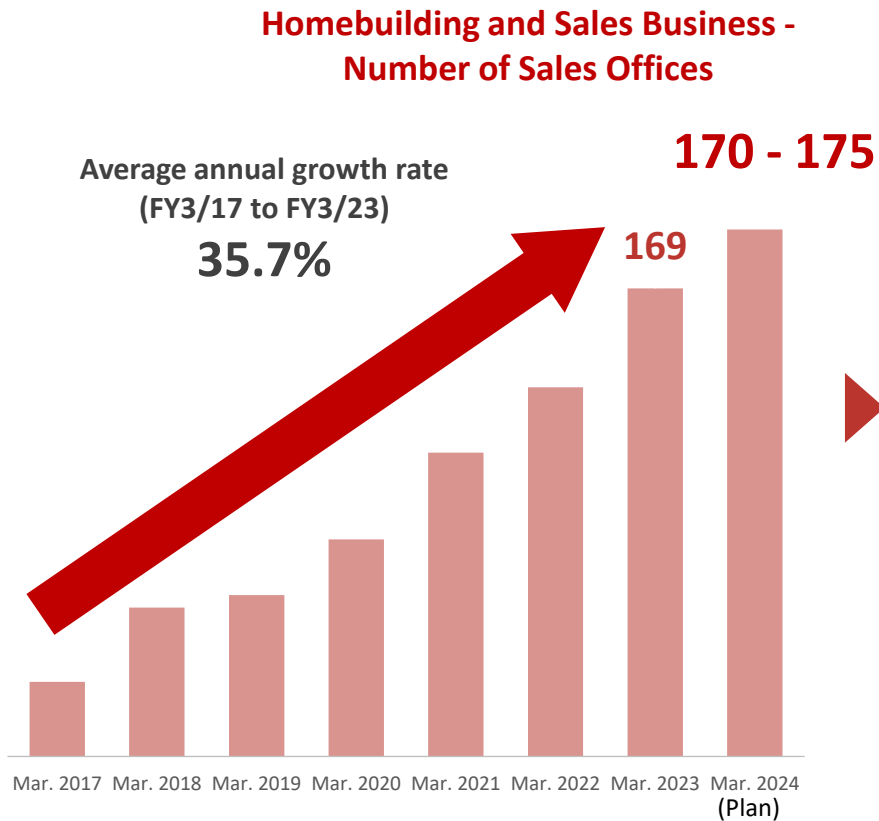
1. Rapid Addition of Sales Offices > Growth in New Areas and Areas Where KEIAI already operates

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

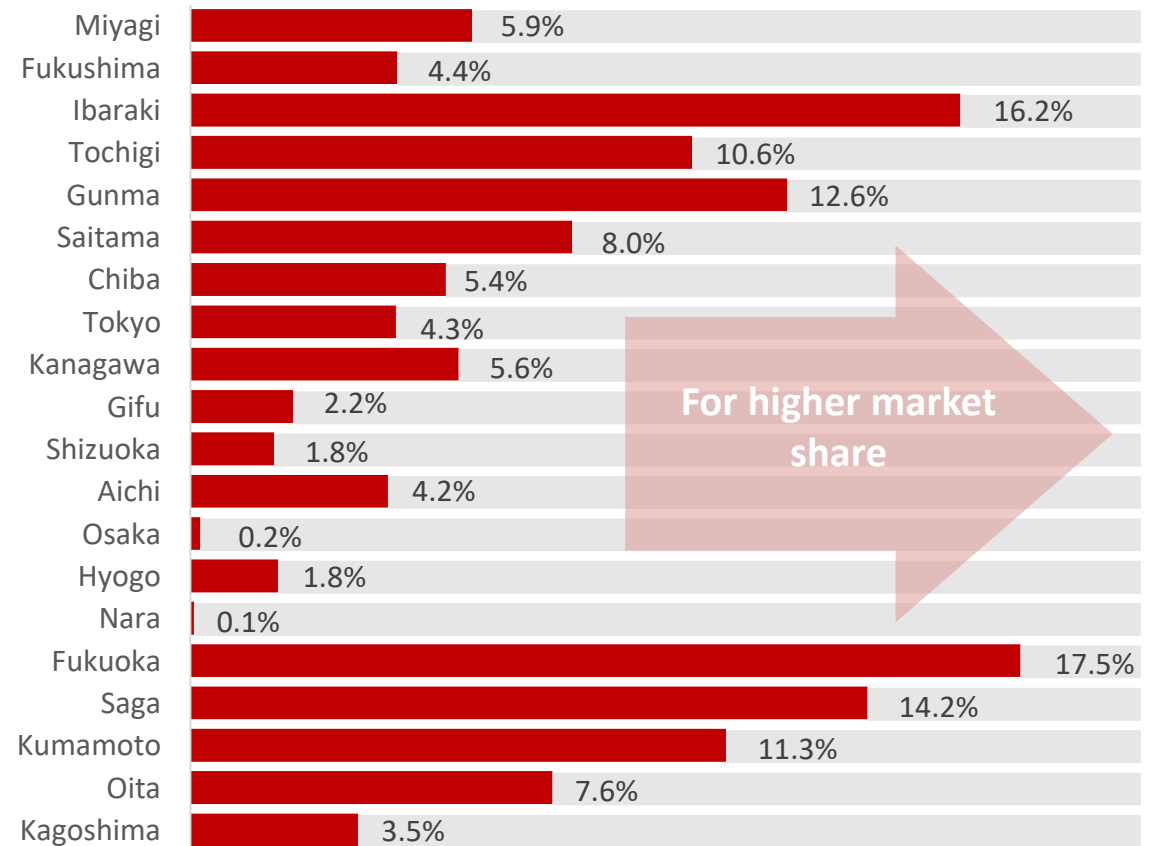


1. Rapid Addition of Sales Offices > Strategically Add More Sales Offices

Open many more sales offices to continue increasing market share in every prefecture of Japan.



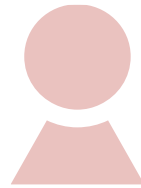
KEIAI Group's Share in Current Markets (FY3/22)



2. Higher Productivity > Quickly Train Salespeople

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.



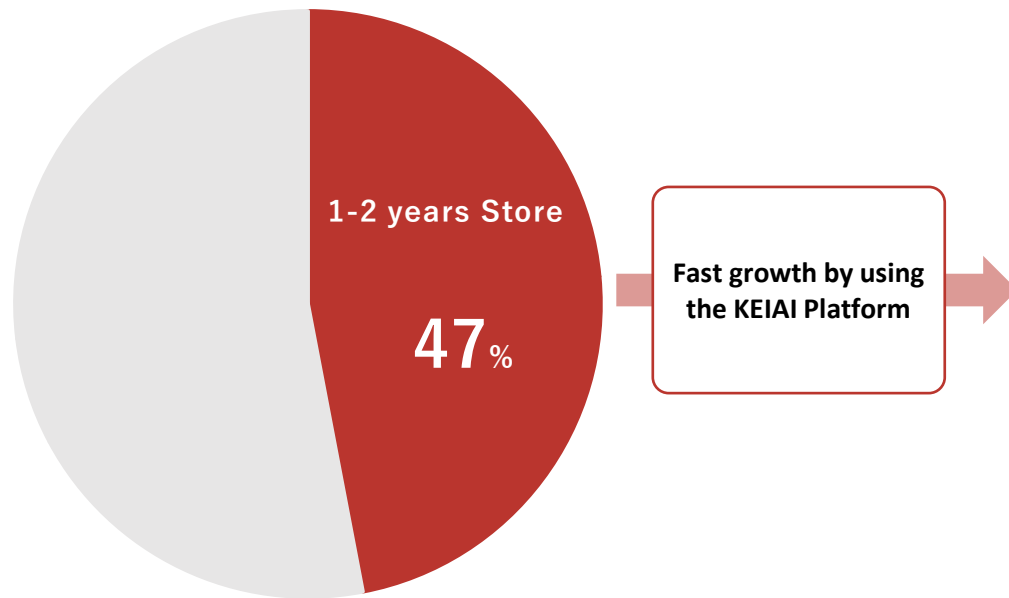
KEIAI Platform

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

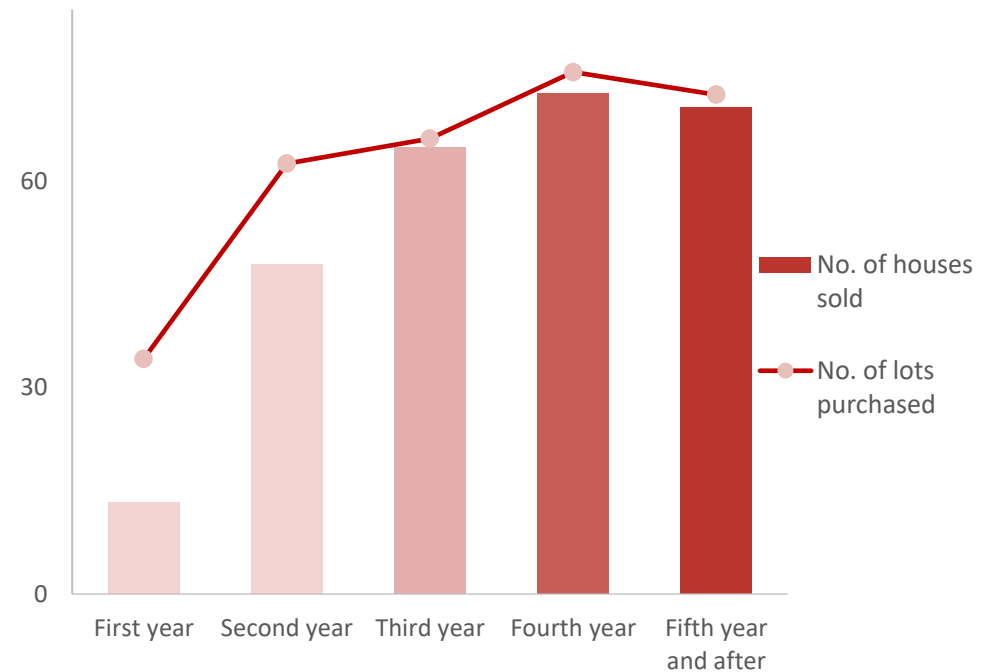
2. Higher Productivity > Improving Productivity of Sales Offices

Sales offices opened within the past two years are almost half of all offices. Utilizing the KEIAI Platform is expected to raise the productivity of these new offices quickly, which will speed up sales growth at these offices during their first few years.

Share of First/Second Year Offices*



Purchases and Sales per Sales offices*1



Aiming to raise productivity of first/second year offices quickly

*1: Average productivity per sales office for KEIAI offices for the past five years excluding the sales offices of group companies that were acquired by KEIAI

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.)

Number of
craftspeople **137**

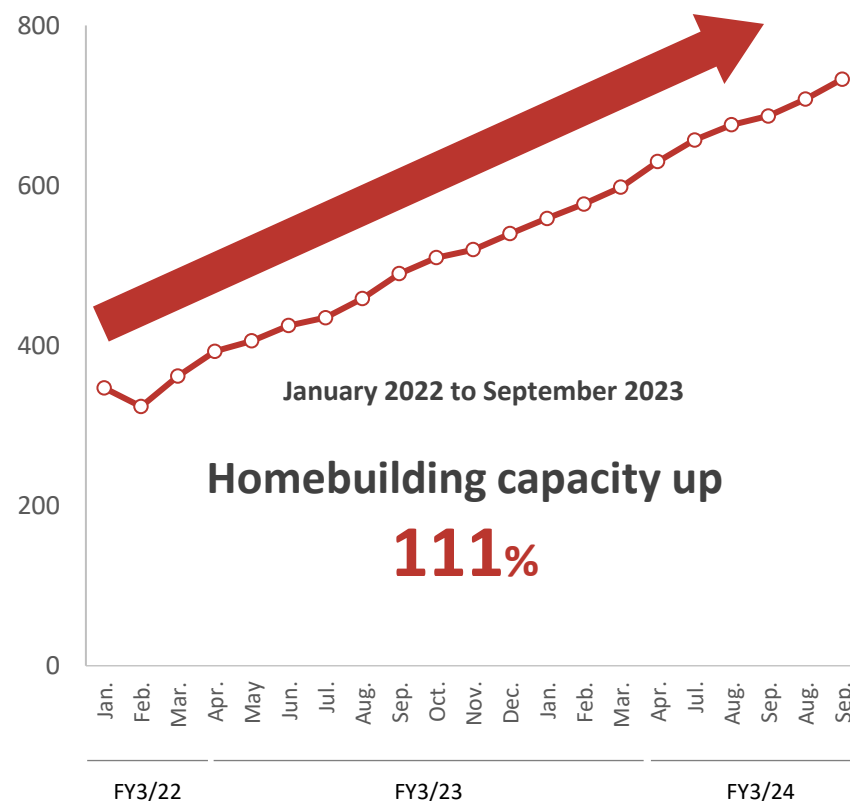
Pct. of non-Japanese
tradespeople **53.3%**

3. Digital transformation of construction sites

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

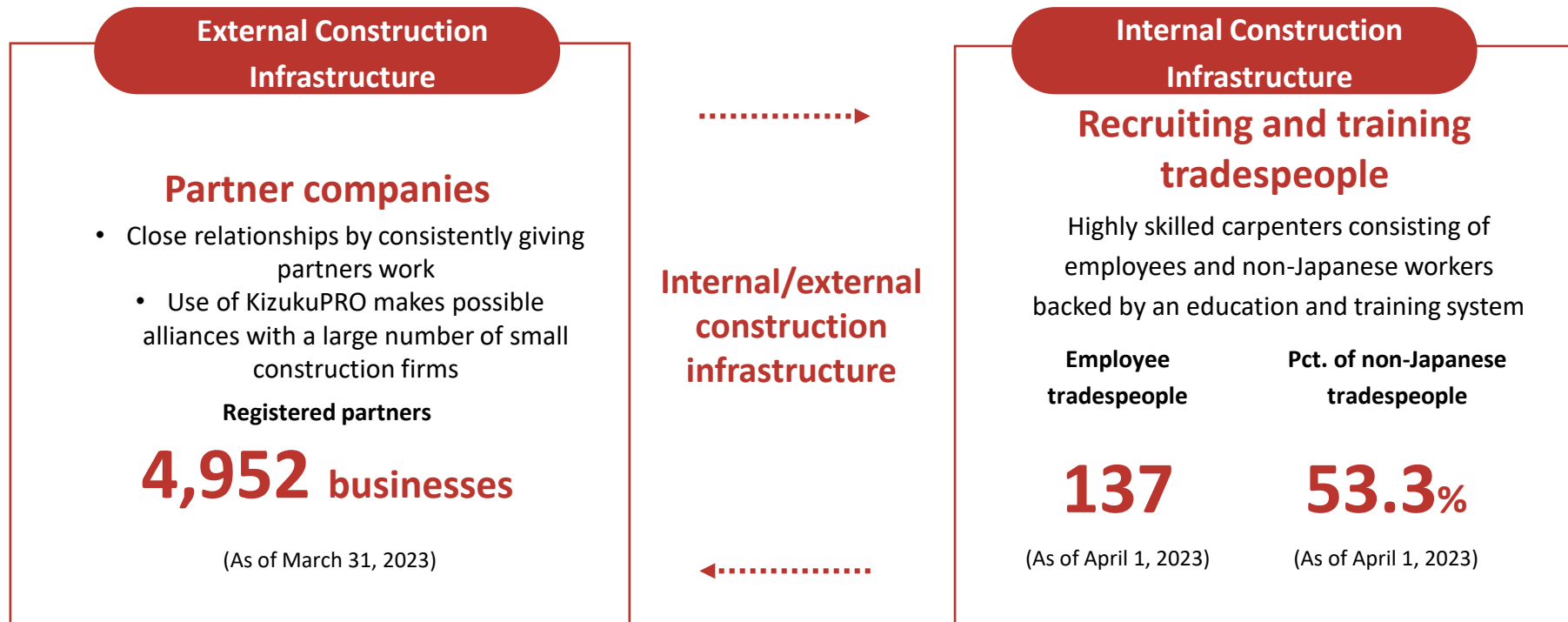
*1: Monthly houses built (capacity) for woodworking stage at the KEIAI Group (excluding Yokatown and Kenshin)

KEIAI Group Construction Capacity*1



3. Increase Production Capacity > A Sound Construction Infrastructure

KEIAI has signed partnership agreements with many leading local construction companies. Furthermore, KEIAI has a construction infrastructure with internal and external components. For example, KEIAI has its own tradespeople, hires non-Japanese workers and has a large internal training program.

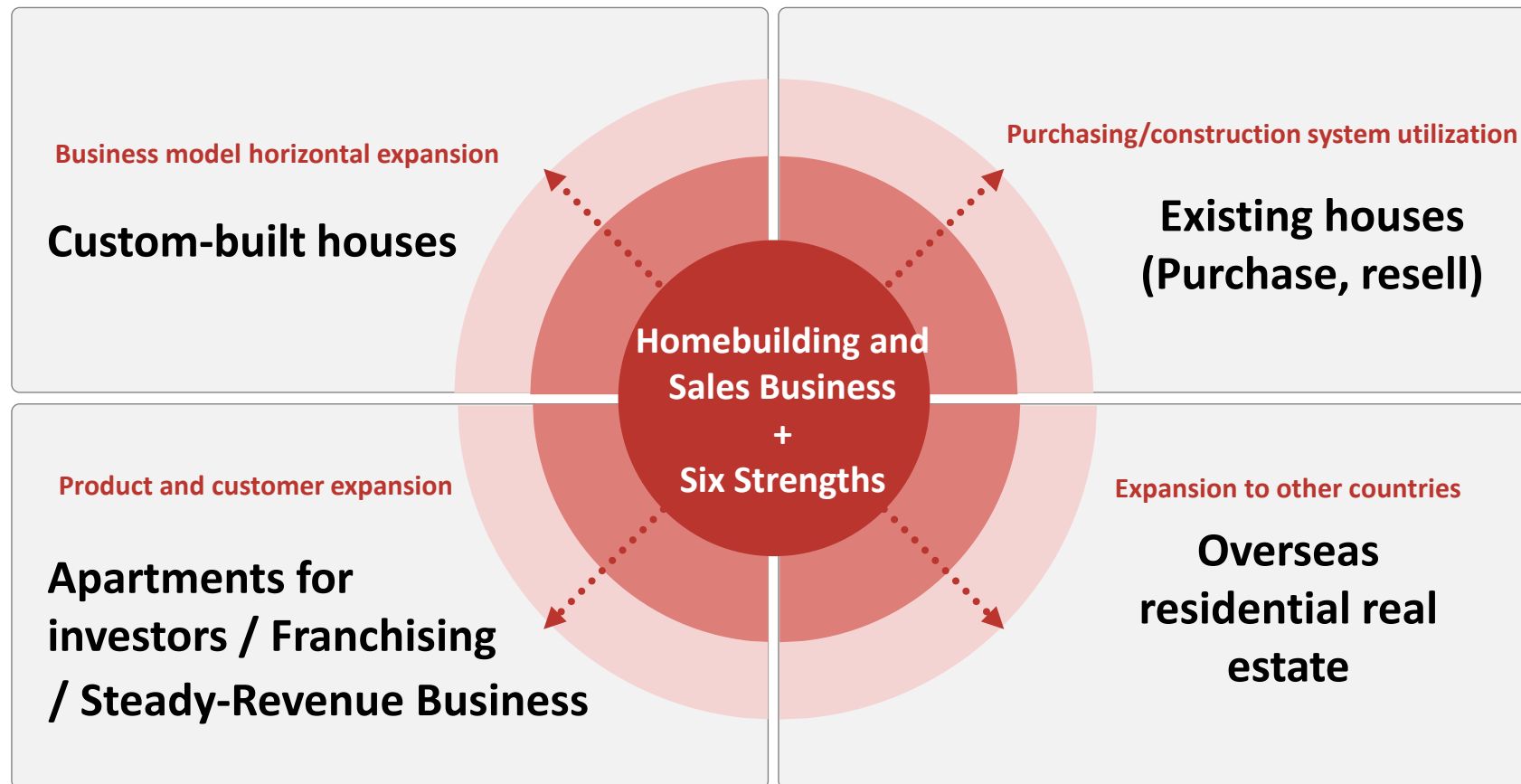


Six Strengths Backing the KEIAI Group's Growth



Potential for Business Domain Expansion

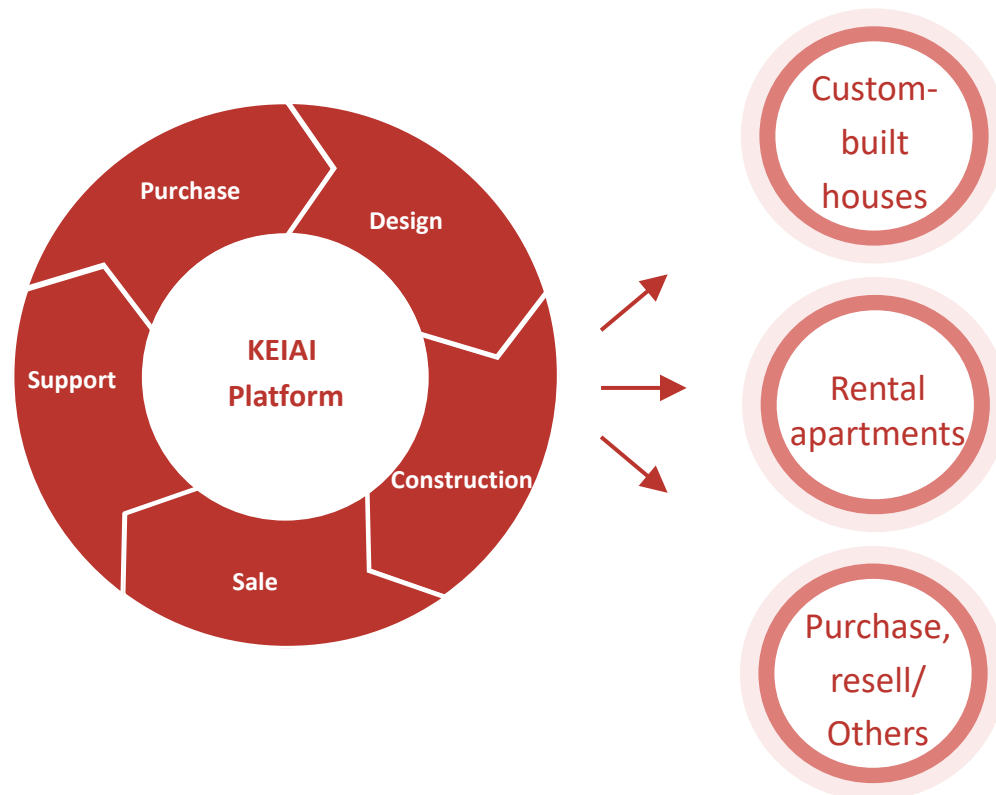
KEIAI plans to leverage the six strengths acquired from experience in the homebuilding and sales business to expand into business domains associated with housing.



Examples of Expansion to Peripheral Housing Domains

Faster expansion into business sectors associated with housing through the horizontal expansion of KEIAI's proven business model for built-for-sale houses (the KEIAI Platform)

Examples of Expansion to New Business Domains



Main Activities

Existing design and construction steps can be used for custom-built houses too. The land purchasing system is also compatible. These strengths allow KEIAI to quickly create proposals combining land and a house. Includes the IKI one-story house, which makes extensive use of the digital transformation.

KEIAI can find ideal locations for rental apartments by using its land purchasing data and purchasing network. The existing design and construction infrastructure allows supplying apartments quickly and at a low cost.

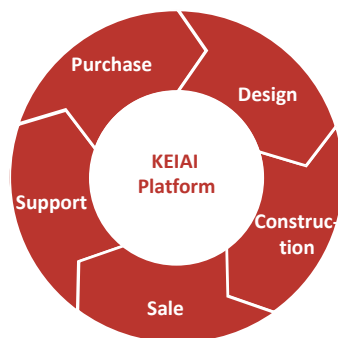
KEIAI can use its land purchasing and appraisal system for developing compact houses for purchasing existing houses. A fully integrated framework, from using data for appraisals to purchasing and use of KEIAI Group companies for renovations creates a system capable of a short purchase-resell cycle.

Custom-built Housing

The design-construction business processes of built-for-sale houses can be used for custom-built houses too. Using the existing system for buying housing lots makes it possible to quickly provide a combination of a house with land to customers who want a custom-built house but do not own a land for the house. Another option for these customers is the IKI one-story house, which takes full advantage of the digital transformation.

KEIAI Custom-built Housing

- ✓ Able to provide plans that meet every customer's requirements by utilizing a lineup of homes backed by the proven expertise of the Homebuilding and sales business
- ✓ Use of the land purchasing system of the built-for-sale house business makes it possible to create packages of homes and land carefully selected using KEIAI's expertise to customers who do not already own land for the house.
- ✓ Use of the KEIAI Platform, an integrated series of steps from design through construction in the built-for-sale house business shortens the time needed to design, construct and deliver custom-built homes.



- Custom-built houses with outstanding quality and a low cost
- Land carefully selected by using KEIAI's know-how
- Standardized plans enable completing construction faster

IKI One-story Houses

- ✓ Compact, one-story houses are supplied efficiently by using the digital transformation as much as possible. For example, an IKI app is used for marketing and robots provide customers with information.
- ✓ Houses have many sustainability features. For example, all lumber is from trees grown in Japan and all houses have solar power systems.



Rental Apartments for Investors

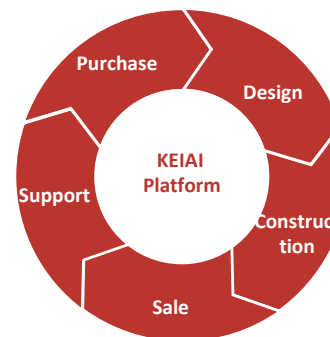
The KEIAI Platform has many components. One is an enormous volume of land purchasing data accumulated over many years and a network of offices for buying land. Another is the KEIAI Group's home sales data, building material procurement skills, and design and construction know-how. Using this platform gives KEIAI a powerful base for supplying rental apartments featuring prime locations and attractive designs along with low prices.

Rental apartment buildings built by KEIAI



The KEIAI Rental Apartment Business

- ✓ High quality design apartment buildings at low prices made possible by a fully integrated process encompassing the purchase of land, designs, construction, sales, building management and follow-up services
- ✓ Growing steadily; number of apartments constructed is more than 200



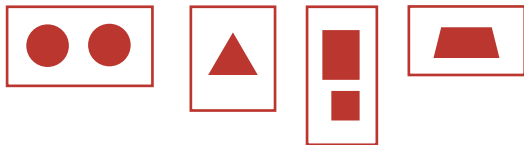
- Consistent purchases of sites suitable for apartment buildings
- Use of building material procurement, design and construction skills of the built-for-sale house business makes possible the construction of apartment buildings quickly and at a low cost.
- KEIAI assumes responsibility for every step, providing customers with a full line of support including services following completion of construction.

Existing houses (Purchase, resell)

The compact ready-built house land purchasing and appraisal system is used for purchasing existing houses. In this business, the purchasing process uses an automated appraisal system backed by a large volume of data. In addition, the KEIAI Group's network is used for fast renovations at the best possible prices. This fully integrated "Real x Technology" Platform significantly reduces the time required between the purchase and resale of an existing house.

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



Existing house purchasing system

- Existing house appraisals for purchases utilize the procurement and sales data of the built-for-sale house business.
- Access to information about high quality existing houses by using the KEIAI Group's information network, including franchisees.



Fully integrated purchasing/resale process



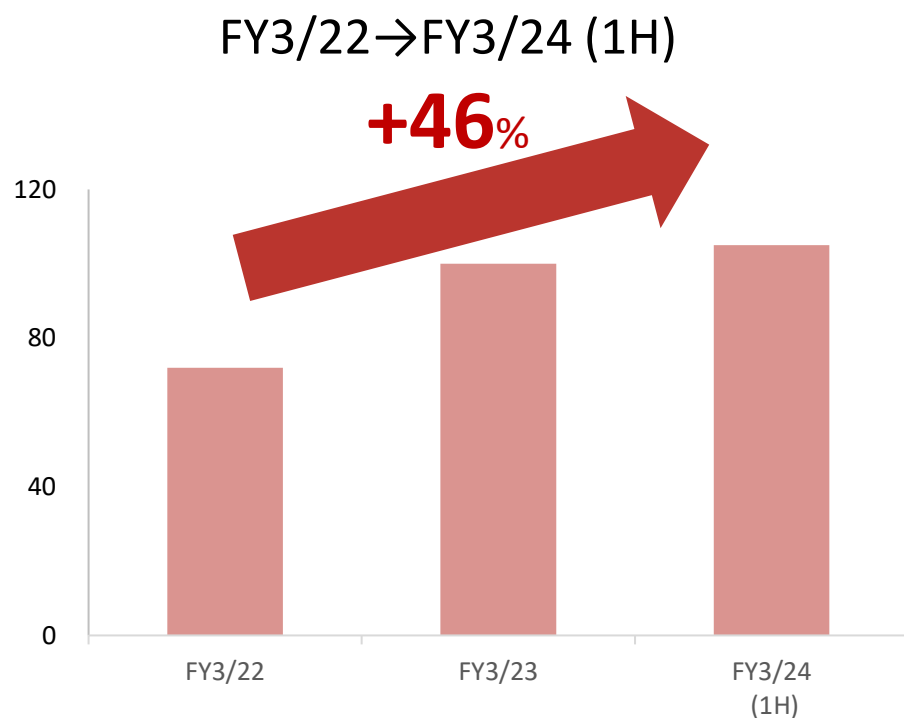
- ✓ A high-speed purchasing appraisal and decision-making system
- ✓ Optimization and digital transformation by using internal resources for rapid plans, designs and renovation
- ✓ Marketing analysis backed by data from the supply of about 7,000 houses every year and a data analysis team

■ Aiming for the fastest turnover process in the existing house purchase and resale business

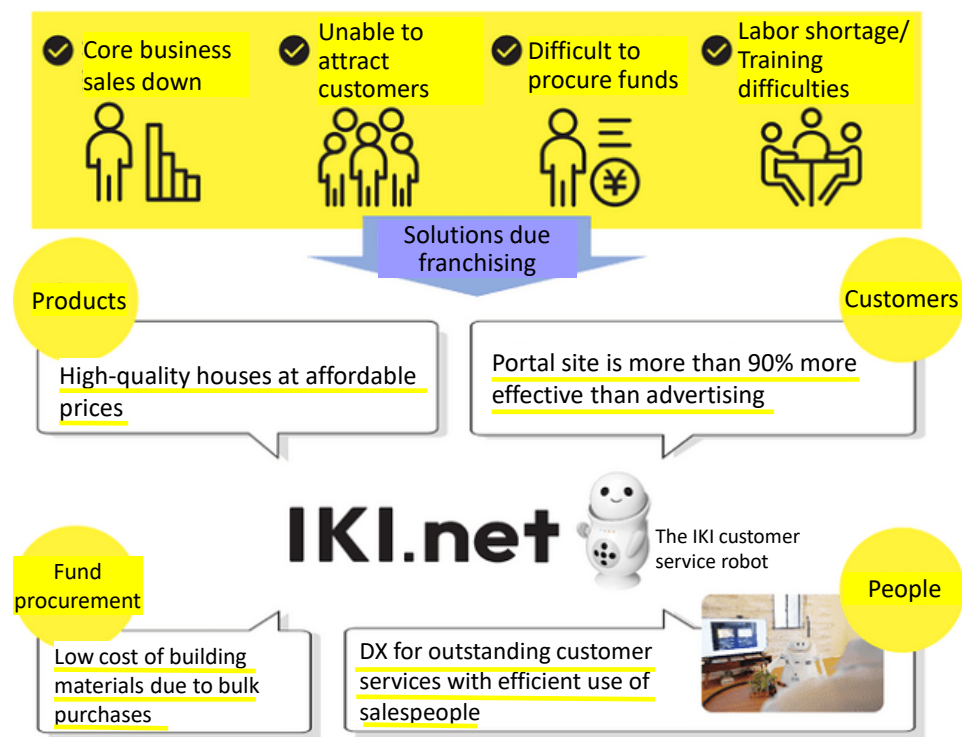
Real Estate Network Business: KEIAI FC

The KI-STAR Group has a real estate brokerage franchising business that supports franchisees with the store management, customer acquisition and sales know-how of group companies. The number of franchised real estate brokers is increasing. One step for more growth is the October 2023 start of the “IKI.net” franchising operation for IKI semi custom-built one-floor houses.

Cumulative Number of Franchising Agreements



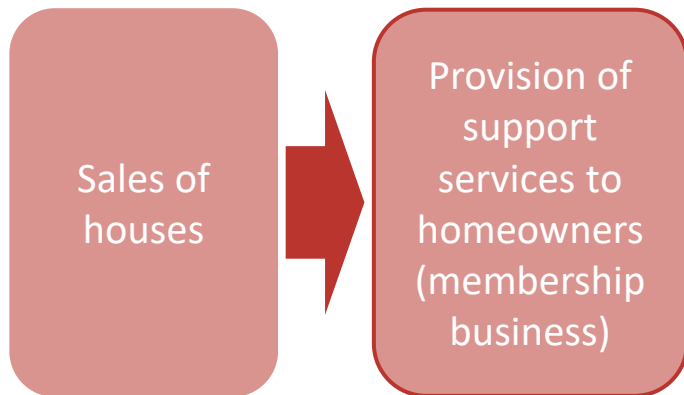
Franchising of IKI Semi Custom-built Houses



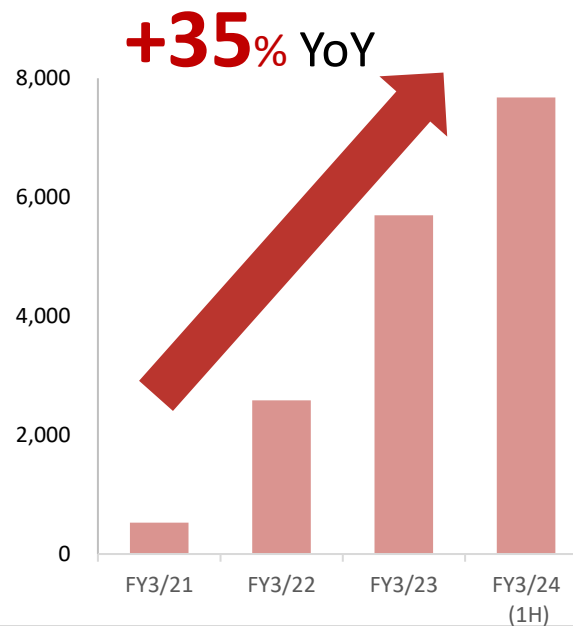
Steady-Revenue Business: KEIAI House Support Service

KEIAI offers as an option the KEIAI House Support service to KEIAI Concierge members, which are people who have purchased a KEIAI house. The support service includes a 24-hour emergency response for emergencies and other needs along with thorough home inspections and examinations. KEIAI House Support improves customer satisfaction by providing lifelong support to owners of KEIAI houses and expanding the lineup of services as well as gives KEIAI a business model for using current customers for generating steady revenue.

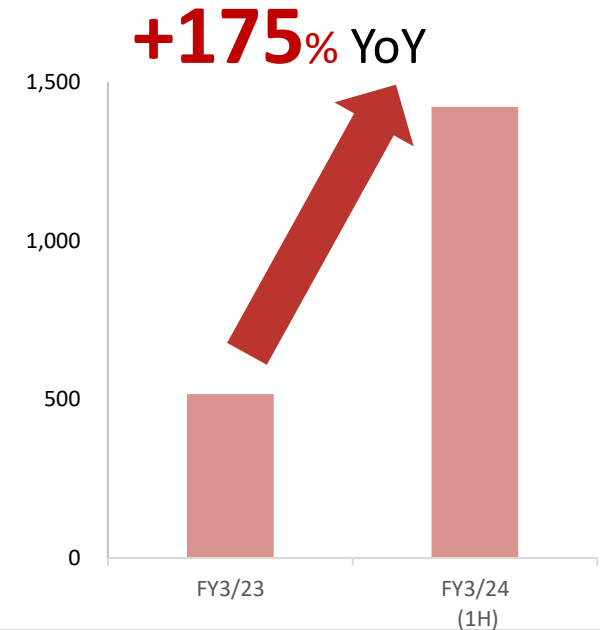
A steady revenue (membership) business using home sales (a one-time sales business)



App Registrations (Cumulative)



KEIAI House Support Members (Cumulative)

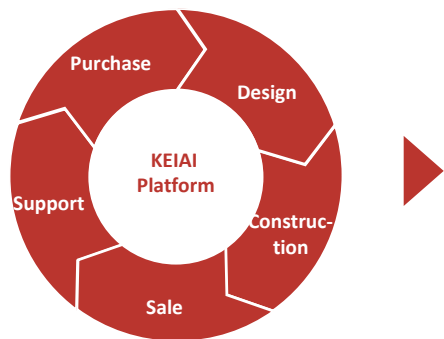


Overseas

The acquisition of land for building homes is progressing in the state of Victoria in Australia. We plan to start operations and grow in Australia, the United States and other large housing markets. The goal is to raise sales outside Japan to at least as much as home sales in Japan.

We are actively involved in the development of detached houses in Victoria, as shown in the attached image* of our ongoing projects.

Supplying “high-quality, affordable design housing” overseas



- Existing domestic business domains
- New domestic domains / M&A
- Overseas JVs / M&A

- Established JV with a local partner company that has strengths in sourcing land and procurement
- Applying our group's comprehensive project management knowledge in compact land development to local projects
- Realizing synergies in materials procurement, construction management, IT, finance, etc. through multiple projects of JV



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) *After revision
Net income per share (yen)	976.49	750.77	507.71
Dividend per share (yen)	265.00	230.00	180.00
Interim dividend per share (yen)	115.00	140.00	118.00
Payout ratio (%)	27.1%	30.6%	35.5%

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

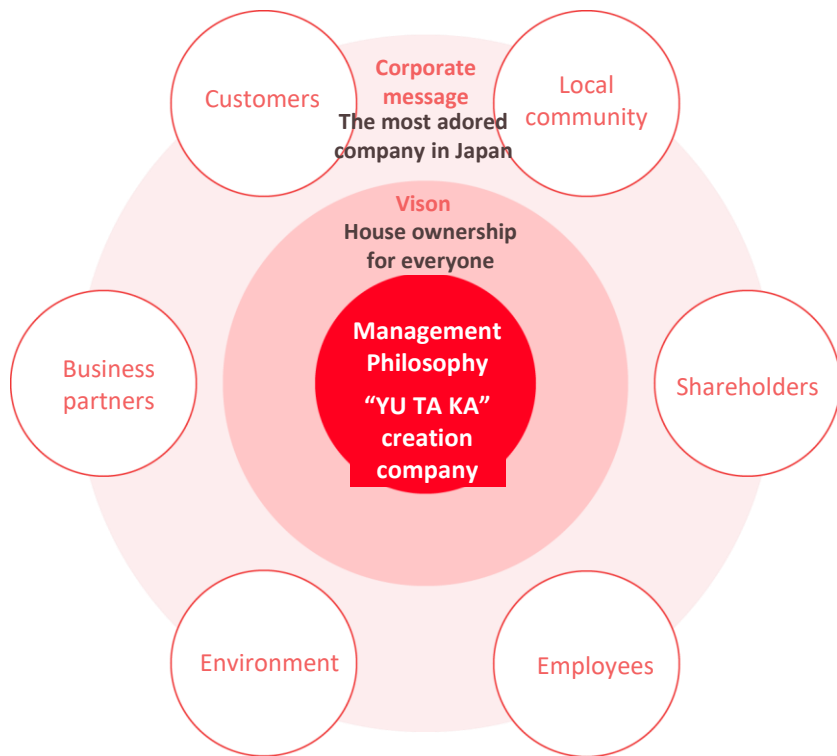
The KEIAI Group has many activities for helping solve social issues in Japan and other countries. By supplying homes where people can lead happy and fulfilling lives, we are dedicated to playing a role in creating a sustainable and affluent society. We believe these activities will contribute to the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



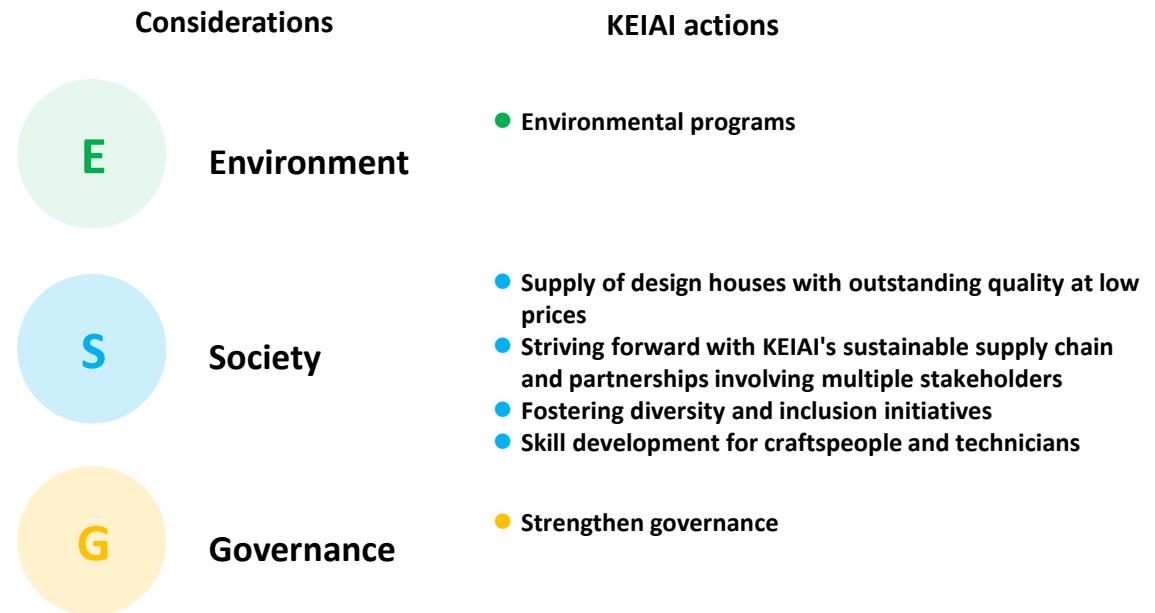
Sustainability Policy and Determination of ESG Materiality

The company is dedicated to elevating its corporate value by nurturing the growth of individuals, organizations, and business models rooted in its management philosophy of "YU TA KA" creation.

Striving forward with KEIAI's sustainable supply chain partnerships involving multiple stakeholders.



Determination of ESG Materiality



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.

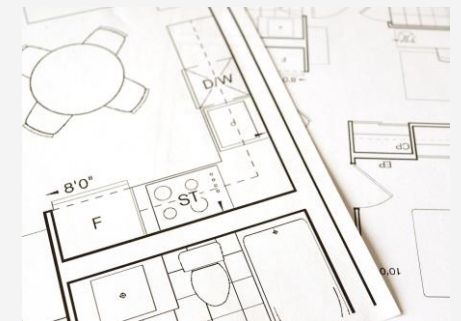


S Society



Supply of design houses with outstanding quality at low prices

- 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



Striving forward with KEIAI's sustainable supply chain and partnerships involving multiple stakeholders.

- 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.



S Society



Fostering diversity and inclusion initiatives

- 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.
- Support for para-athletics by providing jobs for people with disabilities.



Won many awards including New Diversity Management Selection 100



Sustainability Materiality (3)

S Society



Skill development for craftspeople and technicians

- 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.



G Governance



Strengthen governance

- 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

The New “IKI Iki-Iki Solar” Solar Power Plan for IKI Houses

In July, IKI, a member of the KEIAI Group, and Sharp Energy Solutions Corp. started sales of the IKI Iki-Iki solar power plan for IKI one-story semi custom-built houses. One-story houses are highly resistant to natural disasters. These solar power systems enable homes to generate the electricity they use. This holds down the cost of electricity and can continue to supply power when the utility power goes out during a natural disaster. IKI plans to offer a solar power subscription plan as a standard element of all its houses.



IKI Iki-Iki Solar Power

Three options: Two subscription plans and one ownership plan

- **COCORO POWER Solar Plan**
- **COCORO POWER Solar Storage Battery Plan**
- **Ownership Plan**

For more information about IKI Iki-Iki Solar Power ▶▶▶ <https://hiraya.ai/products/ikiiki-solar/>

Business Alliance with RENOSY in the Investment Apartment Business

RENOSY

KEIAI
デザインのケイアイ

KEIAI has established a business alliance with GA technologies Co., Ltd., which operates the RENOSY internet real estate investment service. This partnership brings together expertise in the businesses of building houses for sale for use as residences by owners and of supplying real estate to investors. Combining these strengths is expected to produce synergies that generate more opportunities for earnings. The objective is to create new categories of the built-for-sale house market and enlarge this market.

KEIAI apartments: <https://investment.ki group.jp/>

Sustainable Finance to Help Achieve a Sustainable Society

On September 29, KEIAI received a Positive Impact Finance loan from The Ashikaga Bank, Ltd. and a Sustainability Link Loan from Saitama Resona Bank, Ltd. and The Chiba Bank, Ltd. KEIAI will continue to reinforce its commitment to ESG and the SDGs in order to play a role in solving environmental and social issues.



- Information about Ashikaga Bank Positive Impact Finance:

https://ki-group.co.jp/wp/wp-content/uploads/2023/10/2023.10.02_ashikagaginkou.pdf

- Information about Saitama Resona Bank Sustainability Link Loan:

https://ki-group.co.jp/wp/wp-content/uploads/2023/10/2023.10.02_saitamarisona.pdf

- Information about Chiba Bank Sustainability Link Loan:

https://ki-group.co.jp/wp/wp-content/uploads/2023/10/2023.10.02_chibaginkou.pdf

Two Products have won at the 17th Kids Design Award!

- Winning product (1) : Komichi no Komachi, Phase 6-7 at Shimohemi in the city of Koga (Ibaraki prefecture)

- Award category: Designs for the safety and security of children

- Summary

This design transforms the space between buildings and the housing development's boundaries into komichi (small streets) that function as a special type of space. Small streets linking 12 districts help bring residents together.



- Winning product (2) : Minna no Kousatei, a garden where pathways cross

- Award category: Designs for the safety and security of children

- Summary

This design combines houses and a garden where children can play in a safe environment. No fence or other enclosure is needed for the garden because the space is where pathways used by residents cross, ensuring that children are not alone.



Information about KEIAI awards: <https://ki-group.co.jp/jusho/>

DX at the KI-STAR Group: The KEIAI DX FACTBOOK 2023

The KEIAI DX FACTBOOK 2023 has been available for viewing since July 10, 2023. This publication contains an overview of DX initiatives that are part of our strategy for growth. We are determined to use our position as a leader in the DX of the real estate industry to speed up these initiatives in order to use our real estate business to create even more value.

KEIAI DX FACTBOOK 2023

<https://ssl4.eir-parts.net/doc/3465/announcement/89993/00.pdf>

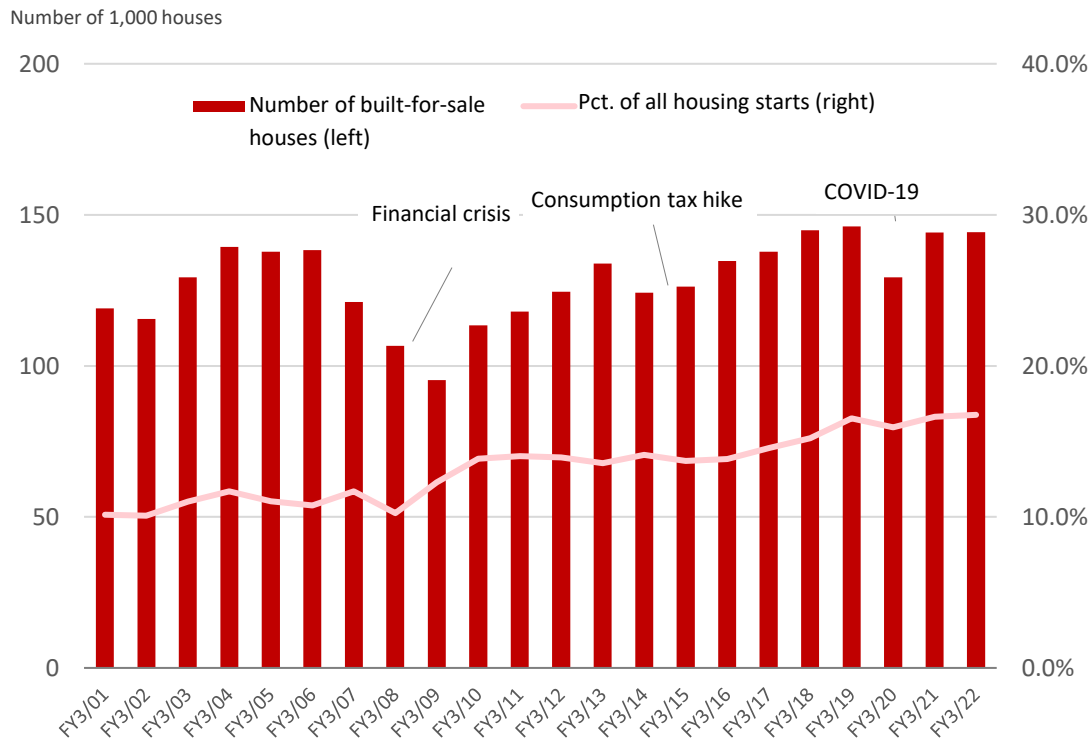


7. Appendix

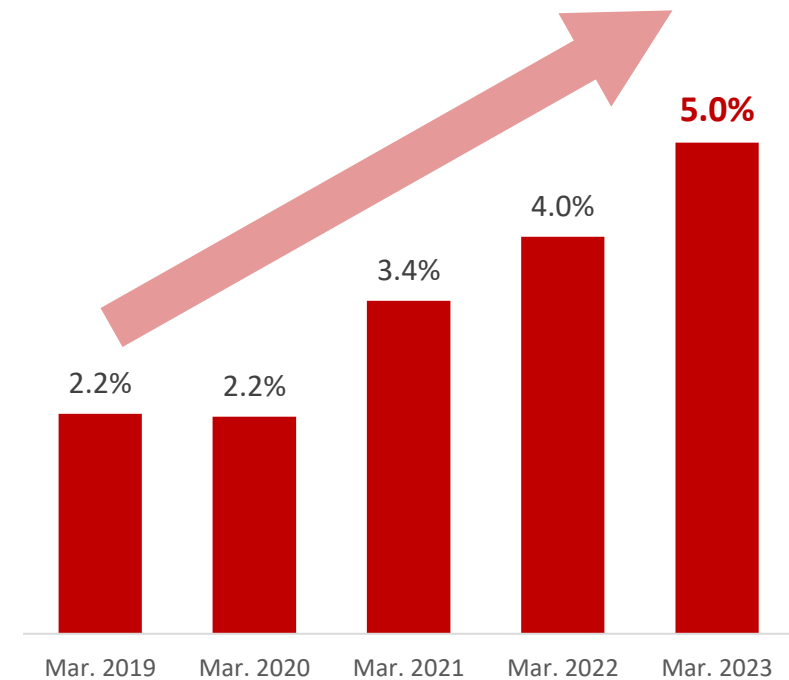
KEIAI's Market – Built-for-Sale Houses

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

Construction Starts for Built-for-Sale Detached Houses



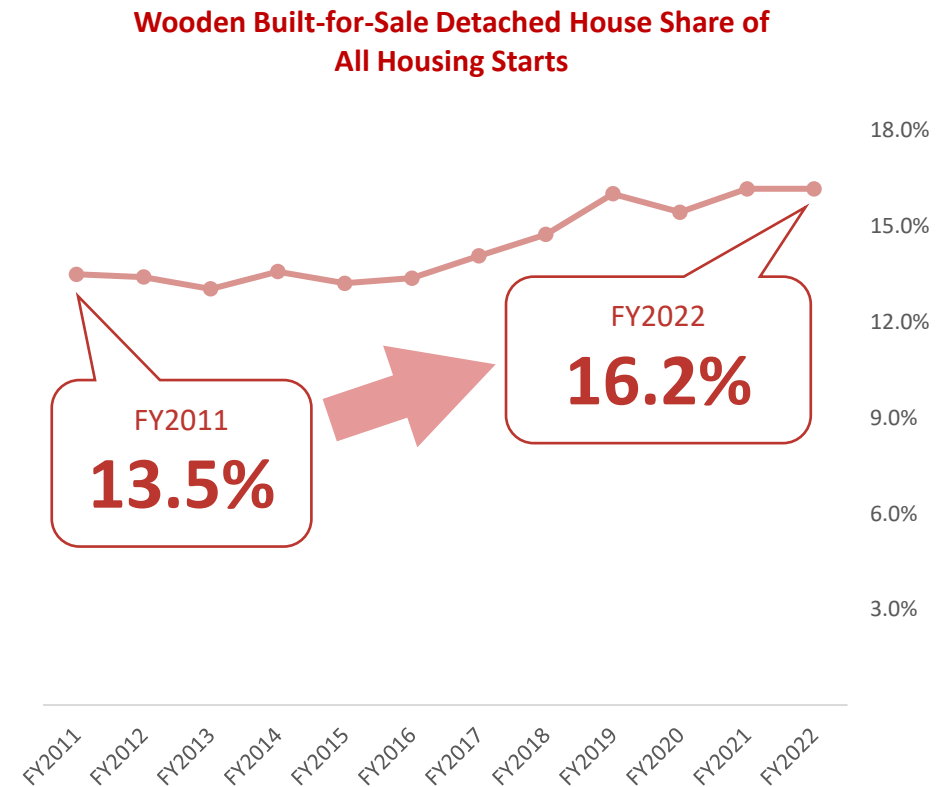
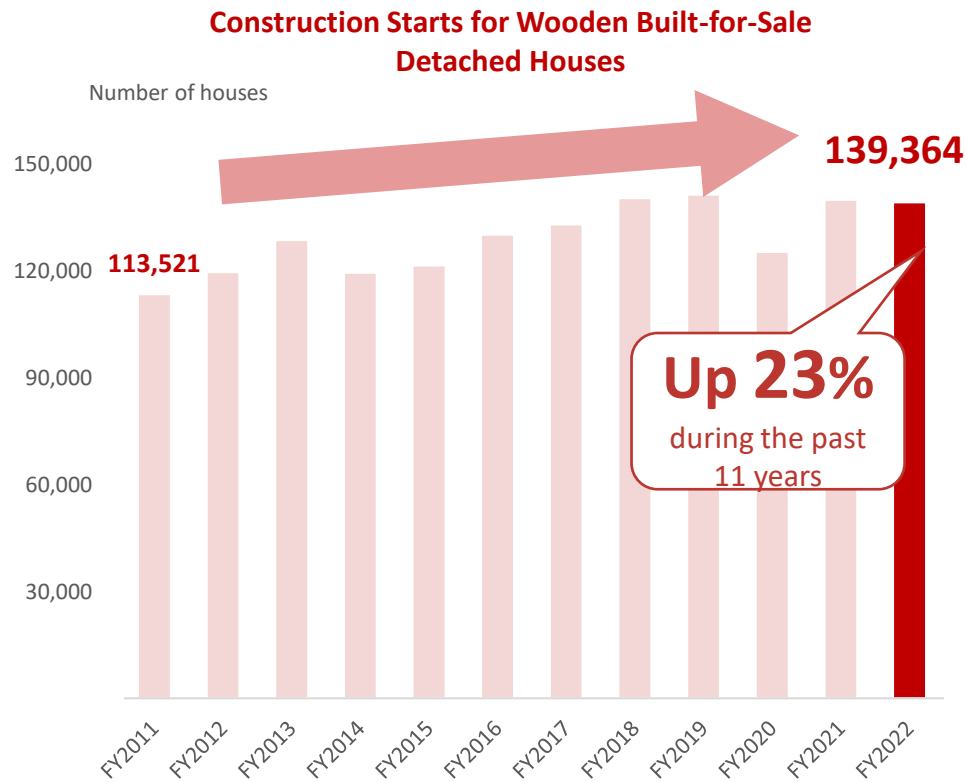
KEIAI Group's Nationwide Market Share



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

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

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



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

Target Customers

Area



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

Property type



- Semi custom-built detached houses
- Compact town planning starting from a single house
- 25 to 35 million JPY

Buyer



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

Loan



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

Benefits of KEIAI's Semi Custom-Built Housing

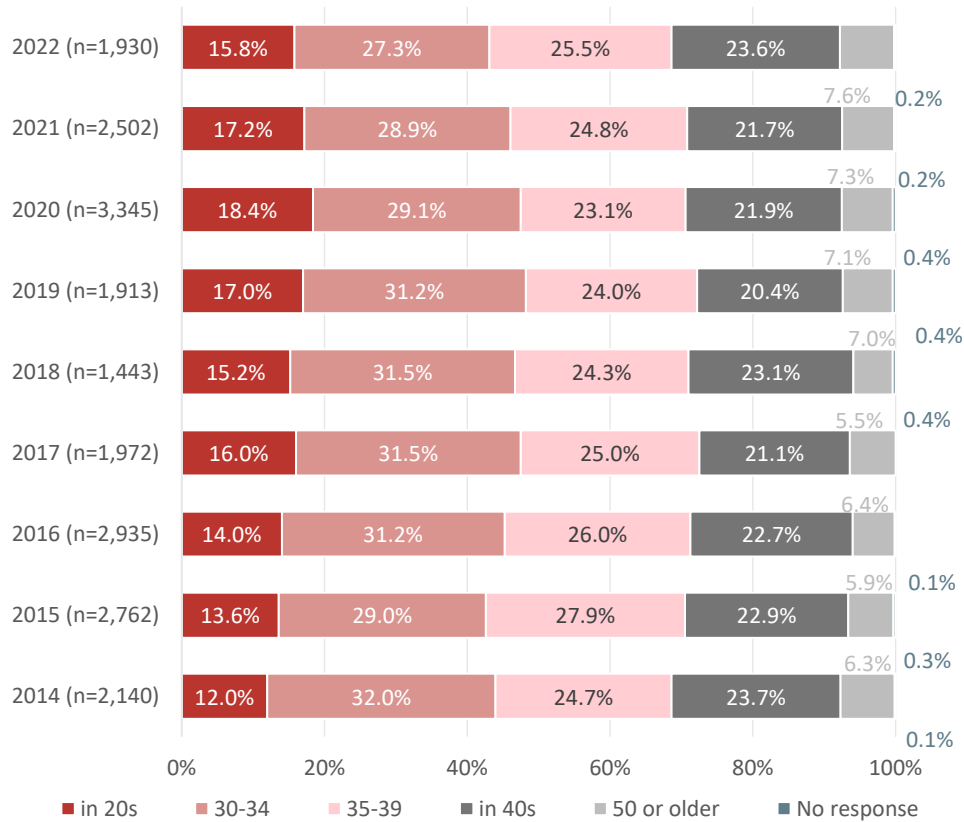
Offers a “fourth choice” for detached houses combining the benefits of both built-for-sale and custom-built houses

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

Detached House Buyers by Price and Head of Household Age

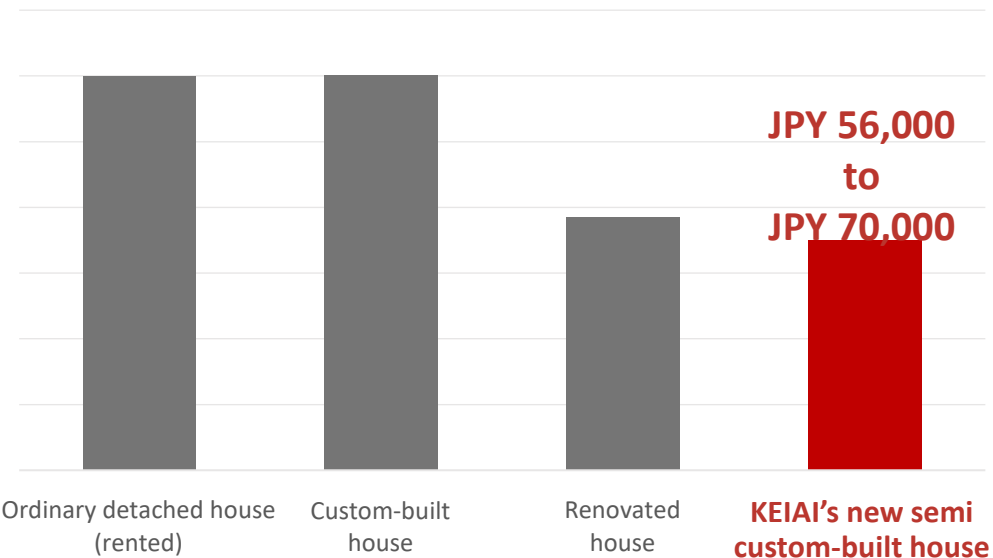
The declining trend in average age of home buyers hints that detached houses at lower prices may be preferred. KEIAI offers new semi custom-built houses at a cost lower than market level rent.

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



Source) Recruit "2022 Trend Survey on Purchasers of Newly-built Detached Houses in Tokyo Metropolitan Area"

Monthly Cost Comparison*1

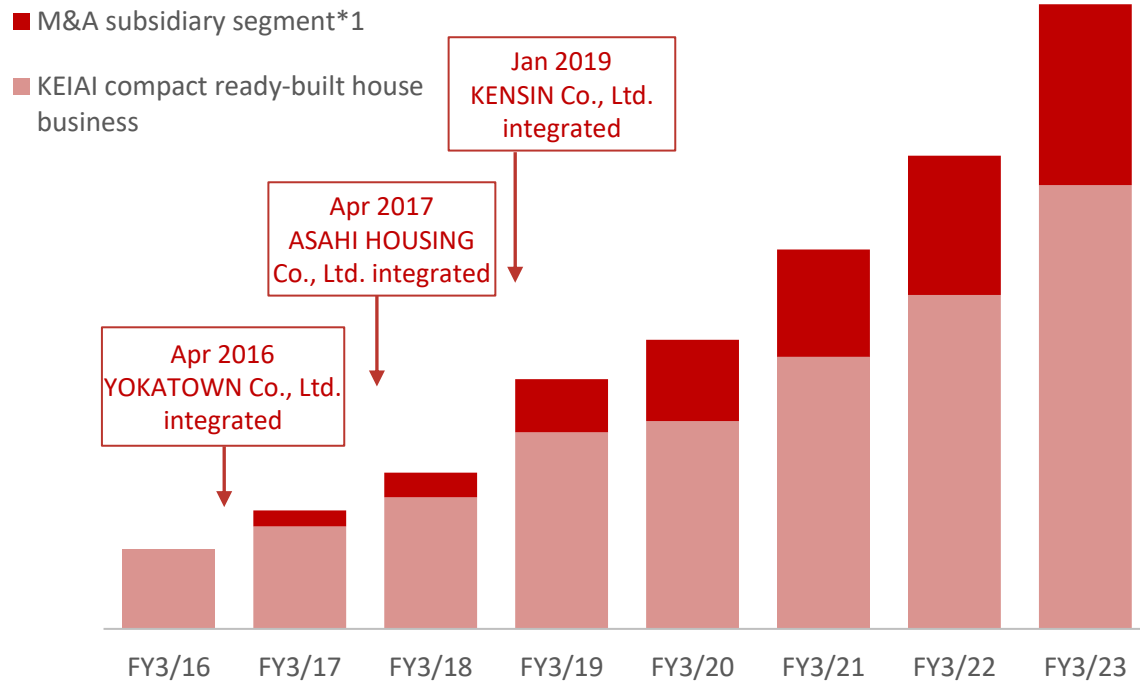


*1: Cost for ordinary detached house (rented) is estimated using the rent of average 3LDK detached houses in Takasaki, one of the key business areas of KEIAI.
 Cost for custom-built house is the estimated monthly payment of a 35-year, 1% interest, mortgage for the full purchase price. Purchase price 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.

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**

- Sustainable finance (total amount: 14.2 billion JPY, September 2023)
- Issuance of bonds (total amount: 2 billion JPY, December 2021; total amount: 3 billion JPY, October 2022)
- Large syndicated loan (total amount: 41.2 billion JPY, June 2022)
- Committed credit facility (5 billion JPY, March 2022)
- Overdraft agreement (7 billion JPY overdraft agreement with a megabank, October 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

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.

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