

KEIAI

デザインのケイアイ

First Half of FY3/25 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 “enriching, enjoyable and pleasant” lifestyles in the world.

Our Vision

House ownership for everyone

1H FY3/25 Financial Summary

- A large number of sales contracts because of the decline in the number of unsold houses in Japan. Sales in the first half rose to a record-high 150.9 billion JPY and the number of houses sold during the first half was a record-high 4,112.
- The downturn in the gross profit margin stopped and will continue to recover slowly toward the end of this fiscal year.
- The KEIAI Group's operations expanded to more areas of Japan as a result of M&As, third-party allotment, and new store openings.

		<u>1H FY3/25 Results</u>	<u>YoY change</u>
1H FY3/25 Results	Net sales	¥150.9 billion	20.3%
	Operating profit	¥6.9 billion	50.6%
	Ordinary profit	¥6.0 billion	52.8%
	Profit attributable to owners of parent	¥3.6 billion	20.8%

1H FY3/25 Financial Results

Consolidated Statement of Income (1H)

The gross profit margin is slowly increasing due to the improvement in the balance between the supply and demand for houses. Net sales were 150.93 billion JPY (up 20.3% YoY), which is a new record for 1H sales. Ordinary profit increased 52.8% to 6.04 billion JPY and profit attributable to owners of parent increased 20.8% to 3.64 billion JPY.

(JPY mil.)

	1H (Apr-Sep) of FY3/24		1H (Apr-Sep) of FY3/25		YoY change
	Amount	Proportion	Amount	Proportion	
Net sales	125,484	100.0%	150,935	100.0%	20.3%
Gross profit	15,024	12.0%	19,008	12.6%	26.5%
SG&A expenses	10,381	8.3%	12,016	8.0%	15.7%
Operating profit	4,642	3.7%	6,992	4.6%	50.6%
Ordinary profit	3,957	3.2%	6,047	4.0%	52.8%
Profit attributable to owners of parent	3,016	2.4%	3,645	2.4%	20.8%

* Some figures for the first half of the previous fiscal year have been revised due to the retroactive application of the revised reportable segments.

Consolidated Statement of Income (2Q)

Net sales increased 29.5% YoY to 83.36 billion JPY, which is a record-high for the second quarter, ordinary profit increased 147.0% to 3.81 billion JPY and profit attributable to owners of parent increased 151.2% to 2.35 billion JPY.

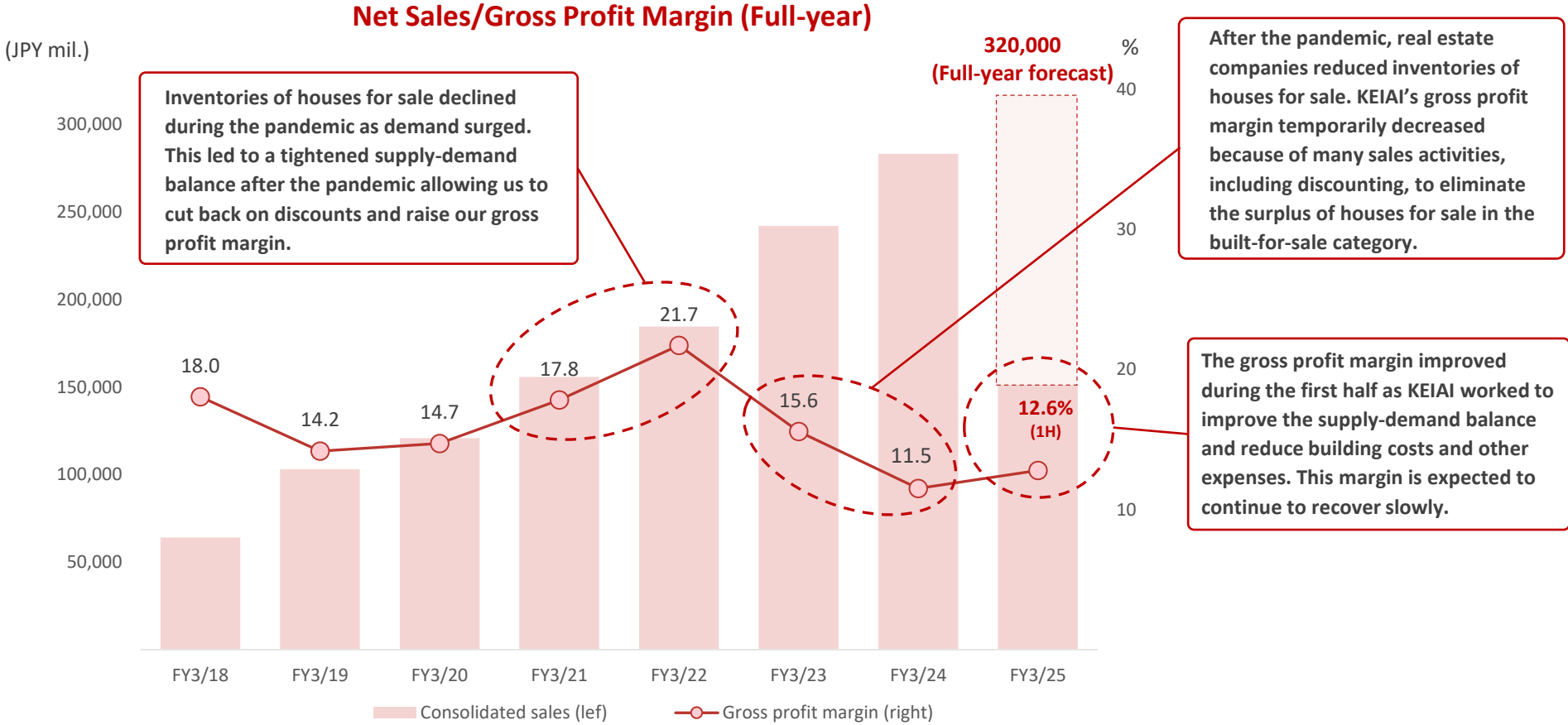
(JPY mil.)

	2Q (Jul-Sep) of FY3/24		2Q (Jul-Sep) of FY3/25		YoY change
	Amount	Proportion	Amount	Proportion	
Net sales	64,388	100.0%	83,366	100.0%	29.5%
Gross profit	7,559	11.7%	10,710	12.8%	41.7%
SG&A expenses	5,419	8.4%	6,353	7.6%	17.2%
Operating profit	2,140	3.3%	4,357	5.2%	103.6%
Ordinary profit	1,546	2.4%	3,819	4.6%	147.0%
Profit attributable to owners of parent	938	1.5%	2,356	2.8%	151.2%

* Some figures for the first half of the previous fiscal year have been revised due to the retroactive application of the revised reportable segments.

Results of Operations: Sales/Gross Profit Margin

Double-digit sales growth is continuing even after the end of the surge in demand during the pandemic. The gross profit margin is expected to slowly recover to the pre-pandemic level.



Performance of Main Reportable Segments

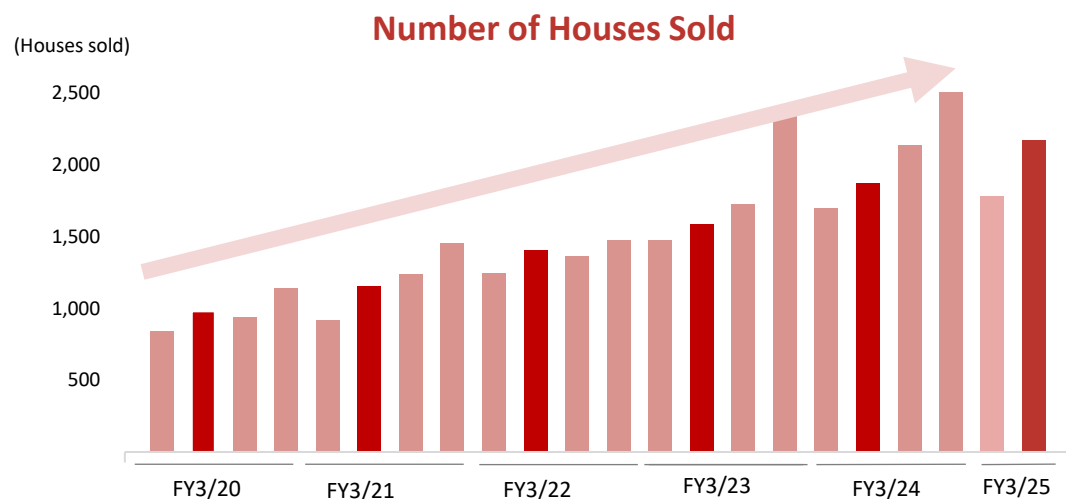
Sales and the number of houses sold steadily increased in the homebuilding and sales business as inventories of finished houses in Japanese real estate market slowly declines. Further sales growth is expected by making Shinyamagata Hometech and TAKASUGI, consolidated subsidiaries, in the custom-built housing business. However, this business recorded an operating loss due to an increase in cost of sales resulting from the business combination of these two companies in the first half of FY3/25.

(Unit of sales and profit: JPY mil.)

		1H FY3/24	1H FY3/25	YoY change
Homebuilding and sales (including land)	Houses sold	3,404	3,943	15.8%
	Sales	120,909	143,120	18.4%
	Operating profit	6,433	8,241	28.1%
Custom-built housing	Houses sold	155	169	9.0%
	Sales	2,511	3,249	29.4%
	Operating profit	103	-47	-

* Some figures for the first half of the previous fiscal year have been revised due to the retroactive application of the revised reportable segments.

Houses Sold by Area

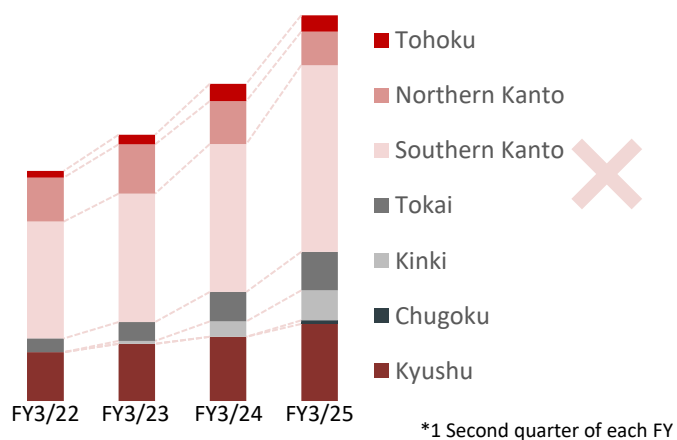


- KEIAI has a balanced and diverse portfolio covering many areas of Japan with no excessive reliance on a single region. This is the result of years of sales office expansion nationwide and acquisitions of companies.

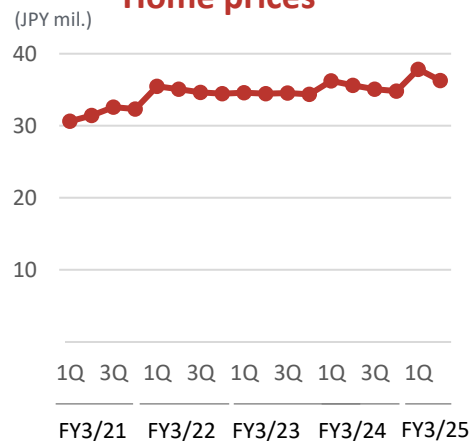
- The number of houses sold is increasing mainly in the southern Kanto Region, where demand is strong, as well as in the Kyushu and Kinki areas.
- Aiming for more growth of KEIAI's market share nationwide.



Houses Sold by Area*1



Home prices



- Aim to gain a stable market share in regions where KEIAI operates and continue to increase the number of houses sold in the current fiscal year through a sales office opening strategy that matches market conditions.

SG&A expenses

The SG&A to sales ratio improved 0.3% from the previous year to 8.0%.

Continue to control SG&A expenses properly and achieve further reductions toward the end of the fiscal year.

(JPY mil.)

	1H FY3/24		1H FY3/25		YoY change
	Amount	Proportion	Amount	Proportion	
SG&A expenses	10,381	8.3%	12,016	8.0%	15.7%
Sales commission	2,784	2.2%	3,469	2.3%	24.6%
Advertising expenses	430	0.3%	331	0.2%	-23.1%
Salaries and allowances	2,564	2.0%	2,822	1.9%	10.1%
Provision for bonuses	92	0.1%	277	0.2%	198.8%
Other	4,509	3.6%	5,114	3.4%	13.4%

Consolidated Balance Sheet

Total assets were 272.33 billion JPY and net assets were 63.77 billion JPY.

(JPY mil.)

	March 31, 2024*	September 30, 2024	Increase/decrease
Current assets	235,041	258,061	23,020
Non-current assets	10,896	14,269	3,372
Total assets	245,938	272,330	26,392
Current liabilities	139,801	138,034	-1,766
Non-current liabilities	45,111	70,521	25,409
Total liabilities	184,913	208,556	23,642
Net assets	61,024	63,774	2,749
Total liabilities and net assets	245,938	272,330	26,392

* Some figures for the previous fiscal year have been revised due to the retroactive application of the change in accounting policy.

Inventories

Inventories increased by 33.91 billion JPY from the end of March 2024.

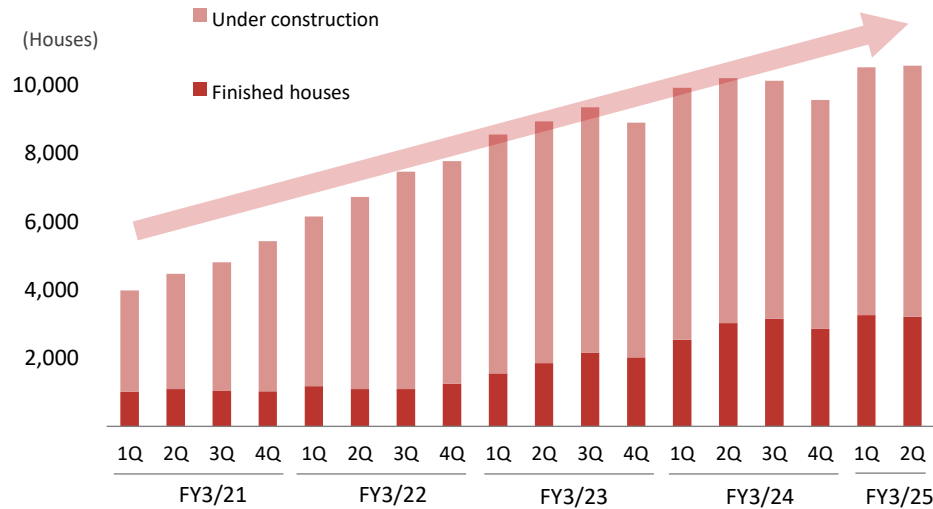
Inventories of finished houses for sale increased by more than 10,000. This increase gives KEIAI a sound base to continue growing in the next fiscal year and afterward.

(JPY mil.)

	March 31, 2024	September 30, 2024	YoY change
Inventories	170,533	204,444	33,910
Real estate for sale	89,317	108,075	18,757
Real estate for sale in process	76,792	89,196	12,404
Costs on uncompleted construction contracts	4,423	7,171	2,748

Inventory and Inventory Turnover

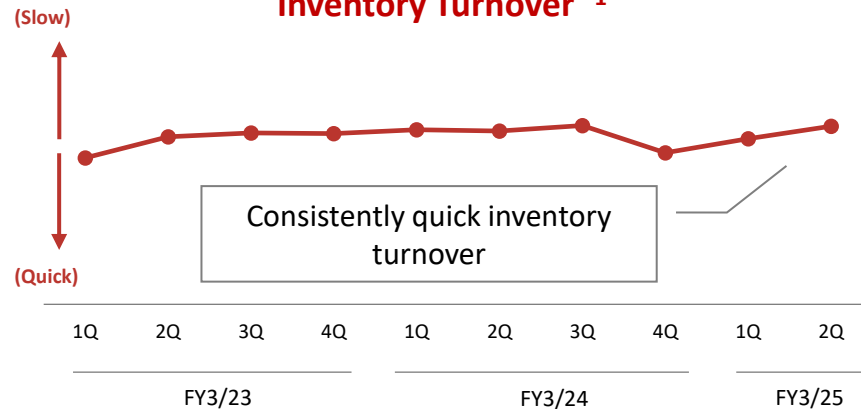
Inventory



- Inventory has exceeded 10,000 houses, and is steadily increasing for growth in FY3/26 onward. Proactively purchase properties in accordance with the supply-demand balance of market inventories
- Constant replacements of inventory properties due to the consistently quick turnover



Inventory Turnover *1



- Continue to manage inventory with a suitable balance between sales growth and securing profits by utilizing the KEIAI platform that keep inventory turnover quick.

*1 Average turnover from purchase of land to closing of home sale (Group average excluding L Housing, Shinyamagata Hometech and TAKASUGI)

Business Policy/Forecast

Projected Business Growth

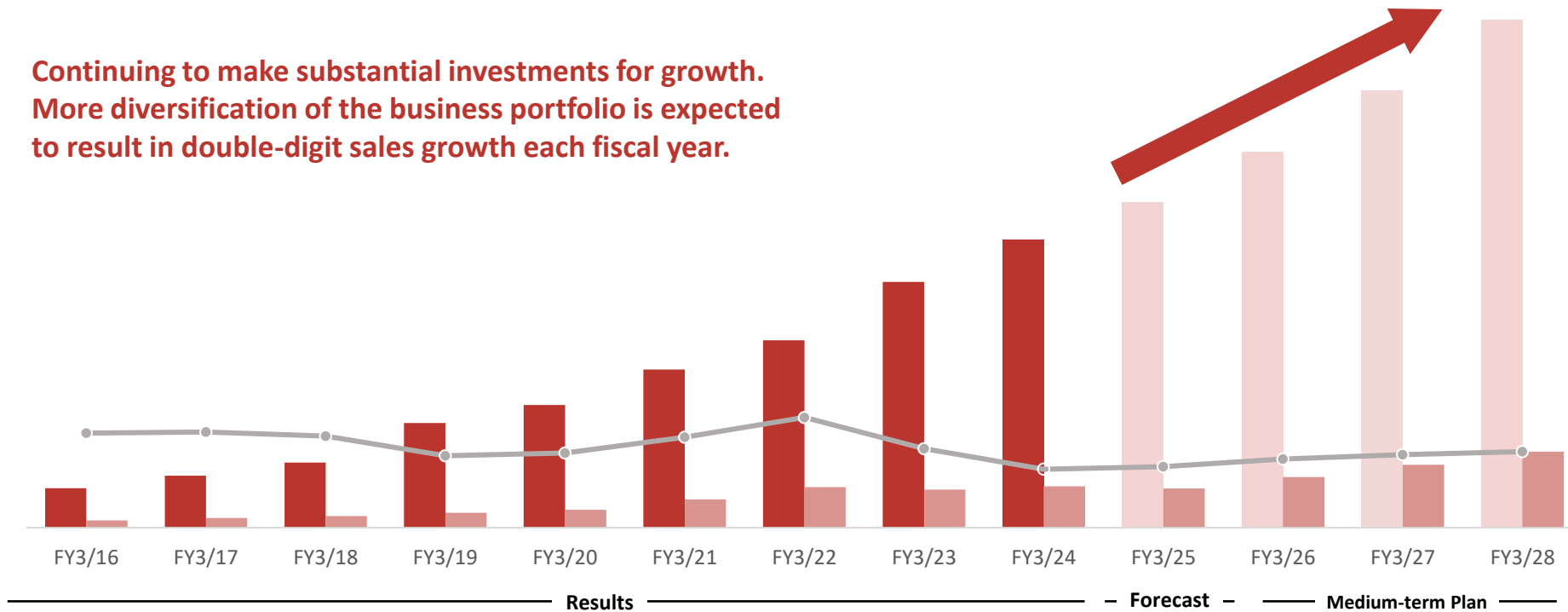
Steady growth of the homebuilding and sales business supported by the strategic addition of sales offices and purchases of land and measures to increase homebuilding capacity. Growth is also backed by large investments for expanding business operations, including expenditures for custom-built houses, overseas and other operations, M&A and other activities.

Projected growth of consolidated sales and gross margin

Consolidated sales Gross profit Gross margin

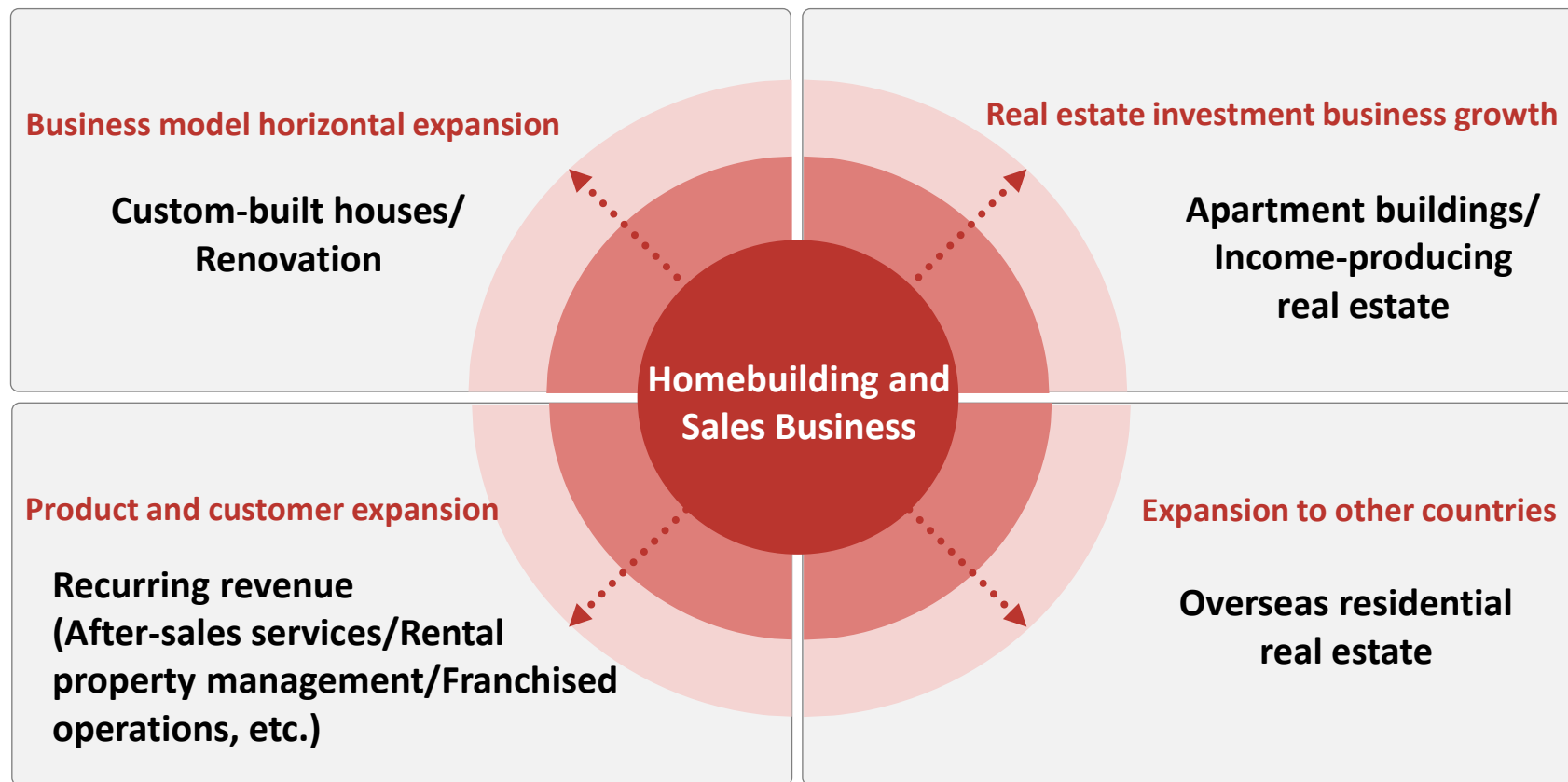
Details are explained in the Medium-Term Plan section beginning on page 26.

Continuing to make substantial investments for growth. More diversification of the business portfolio is expected to result in double-digit sales growth each fiscal year.



Business Portfolio Optimization

Expand operations to new categories of the housing business by utilizing the strengths of the KEIAI Group, including synergies created by KEIAI Group management and the DX backed by the KEIAI Platform in the core homebuilding and sales business. KEIAI is aiming for double-digit growth every fiscal year.

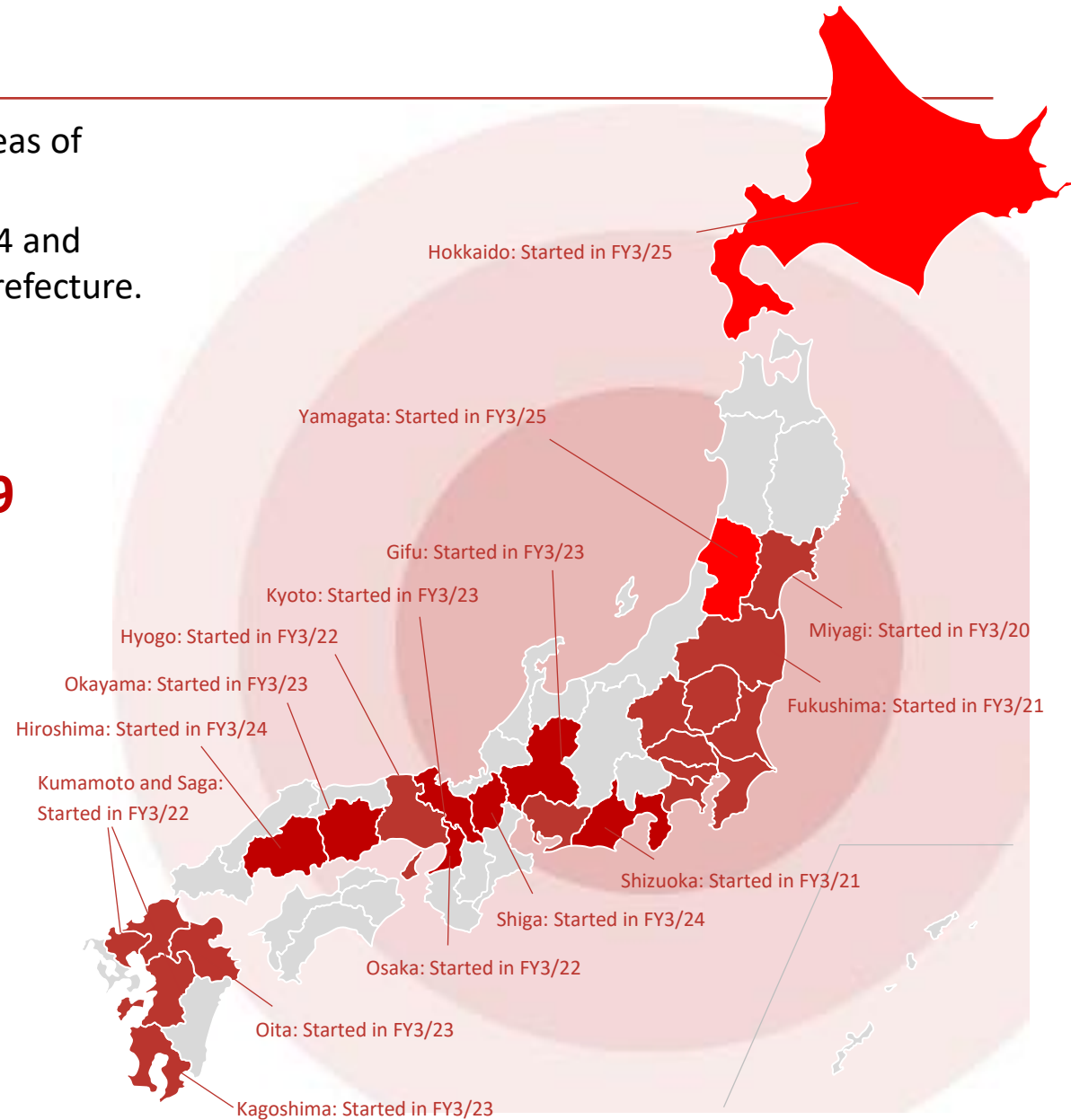
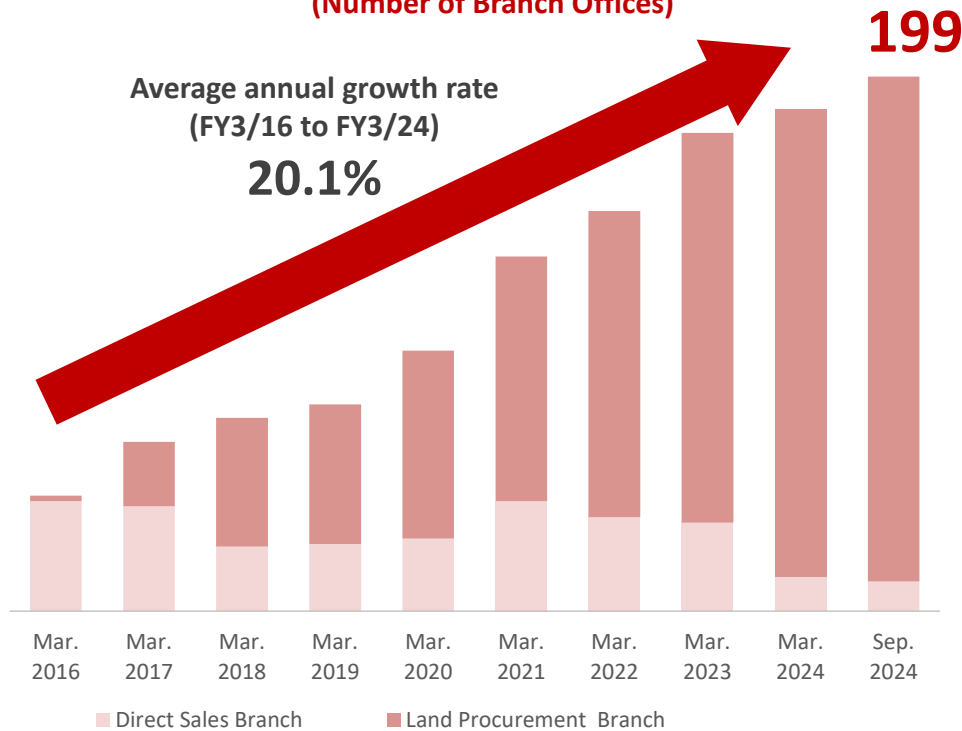


Homebuilding and Sales Business: Growth of Purchases and Sales in Newly Added Regions of Japan

Continuing to open more branch offices in current areas of operation and recently added areas.

Opened a branch office in Sapporo in September 2024 and used an acquisition to start operations in Yamagata prefecture. As a result, there are sales offices in 25 prefectures.

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



Homebuilding and Sales Business: Using M&A for Market Share Growth in Japan

An equity and business alliance agreement with Home Position Co., Ltd. was signed on September 19, 2024. In addition, KEIAI purchased a third-party allotment of Home Position stock on October 7, 2024, making this company an equity-method affiliate. KEIAI plans to support this company in many ways for the growth of its business operations as part of measures to continue increasing KEIAI's market share. For the growth of the KEIAI Group, more alliances and equity relationships will be established with homebuilders and other companies nationwide that are needed to achieve KEIAI's medium and long-term strategic goals.



An equity and business alliance expected to be mutually beneficial for KEIAI and Home Position as well as to increase their corporate value

Business Portfolio Expansion: Custom-built Housing Business

KEIAI Custom-built Housing

- ✓ Differentiation from competitors by using KEIAI's expertise involving home designs, property purchases and construction acquired over many years in the homebuilding and sales business
- ✓ Acquired Shinyamagata Hometech in April 2024 and TAKASUGI in July, and plan to continue adding companies throughout Japan to the KEIAI Group



- Synergies spanning the KEIAI Group and prominent local custom-built housing companies
- Aiming to increase the KEIAI Group's share of Japan's custom-built housing market too

Recent acquisitions of the custom-built housing business



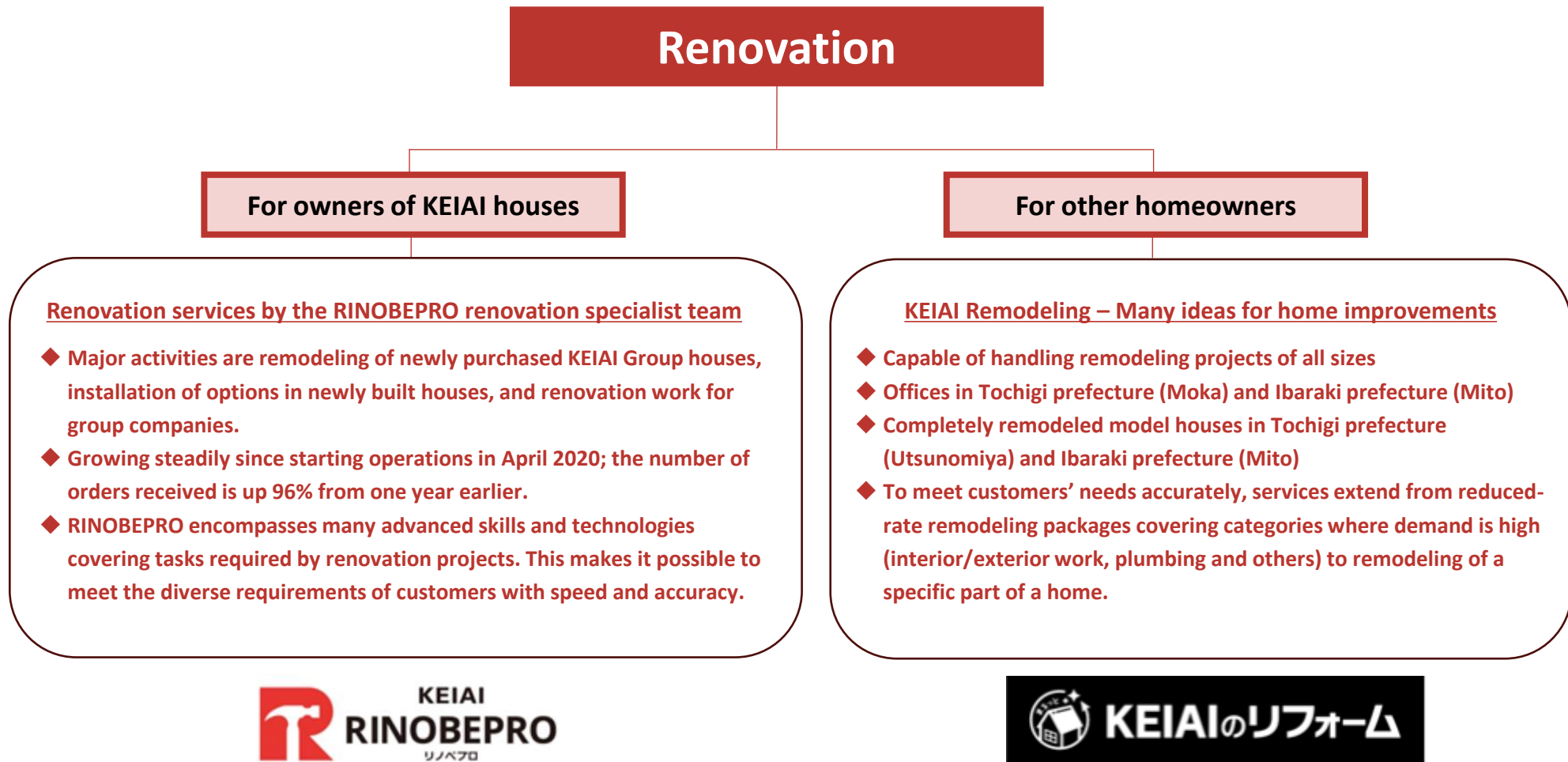
IKI One-story Houses

- ✓ 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.



Business Portfolio Expansion: Renovation

The renovation business has two business units and is aiming for more growth.



Business Portfolio Expansion: Renovation

- A model house in Utsunomiya and a second model house in Mito that opened at the end of August
- Completely renovated used house constructed in 1981 is available as a model house.

Exterior

Kitchen

Living room

Bathroom

Before



After



• For information about the Mito model house: <https://reform.ki-group.jp/n229.html>

Business Portfolio Expansion: Overseas (Australia)

Progress as planned at a big project in Australia

- There are currently seven development projects underway, including investment projects, with a total of more than 400 home lots.
- In Deanside, an area on the northwest side of Melbourne, land has been purchased that is to be used for housing development with 106 residential lots.
- Aiming for land acquisitions in FY3/25 to raise cumulative home sites to more than 600 with operations mainly in the Melbourne area but also in other regions.

Land for housing development and renderings of residences of the site



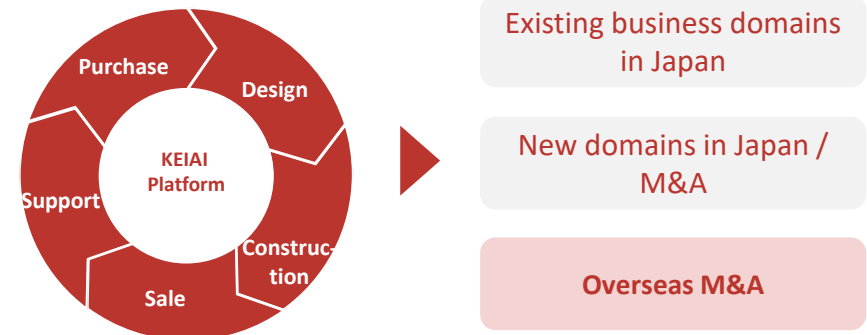
KEIAI press release: https://ki-group.co.jp/wp/wp-content/uploads/2024/06/2024.06.13_Australia_bigproject.pdf

Business Portfolio Expansion: Overseas (U.S.)

Established KI-Star Real Estate America, Inc. in December 2023. The KEIAI Group now has bases of operations in Australia and the United States. The new company will perform studies for starting operations in the United States, mainly in Texas, and explore opportunities for alliances with U.S. companies as well as for investments and acquisitions.



Use of the KEIAI Platform to supply affordable, high-quality houses with outstanding designs in other countries

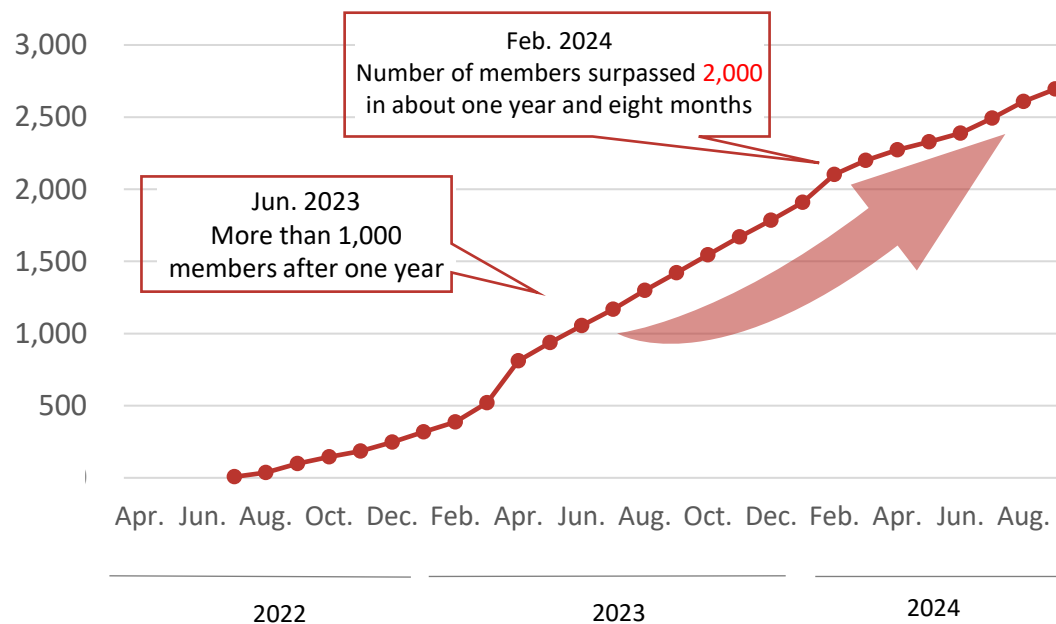


Business Portfolio Expansion: Recurring Revenue Business

KEIAI House Support is a 24-hour service to deal with an emergency involving a house or other structure. Customers who have purchased a KEIAI Group home or used the KEIAI Group to build a home are eligible to become KEIAI House Support Service members. KEIAI House Support Service is service for thorough home inspections and other examinations to the members. The number of fee-paying members of this service is more than 2,000 only 20 months after the launch of the services and increasing steadily.



Number of the KEIAI House Support paying members



KEIAI House Support Service: <https://owners.ki-group.jp/uchisapo/>

* Calculated from the KEIAI House Support service start date.

Business Portfolio Expansion: Income-producing Real Estate Business

As KI's apartment for investors business remain strong, KEIAI started an income-producing real estate business in January 2024 to meet the increasing demand among investors for properties that are larger and are more valuable as assets. This business will purchase and sell high-return reinforced concrete apartment buildings and other properties that are in urban locations and near a railway station.

Example of investment properties acquired by KEIAI



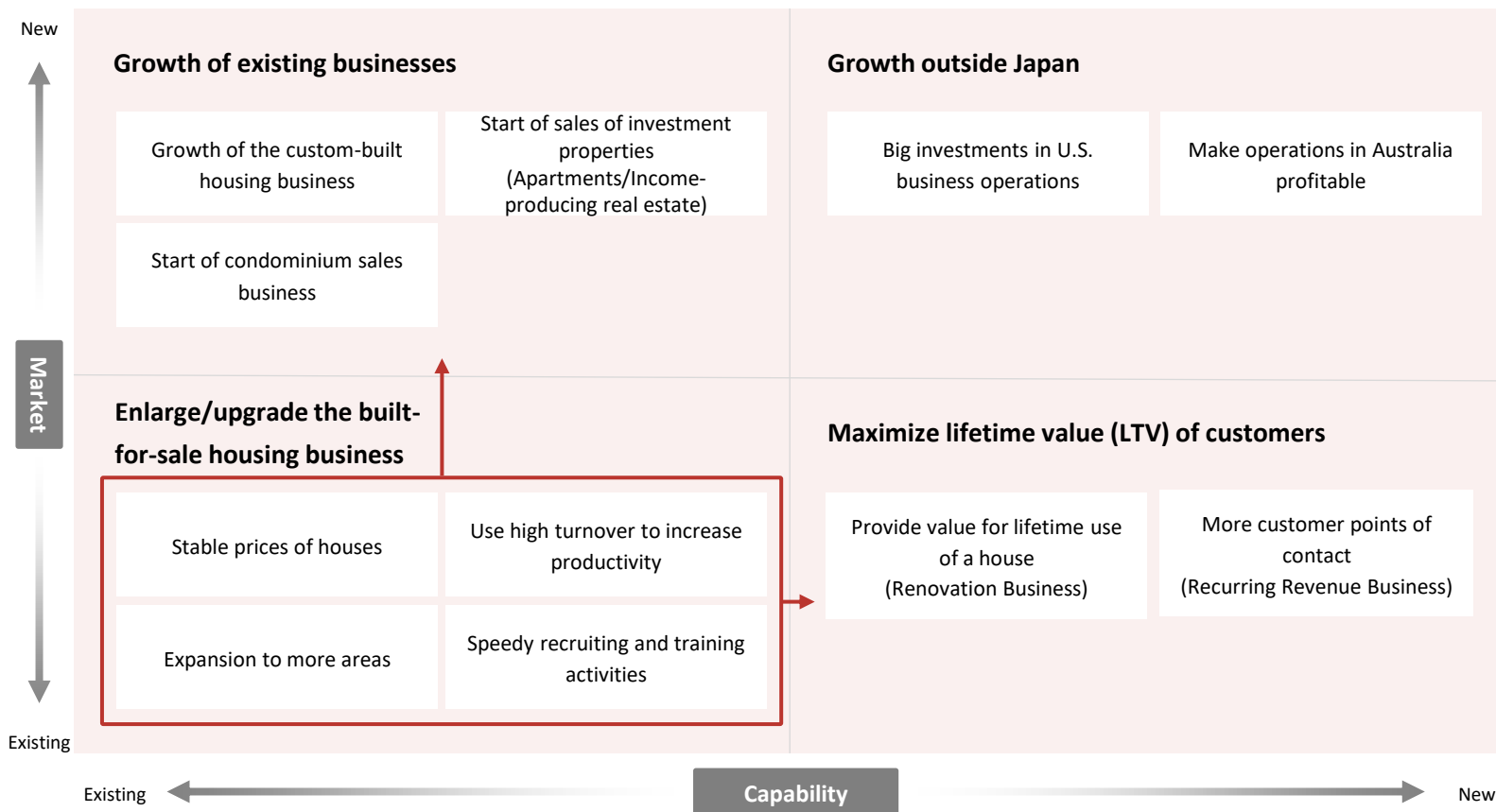
Medium-term Plan 2028

Basic Policies of the Medium-term Plan

Basic policy

Build an even stronger base of operations by optimizing the business portfolio and operate businesses that use added value to earn the trust and satisfaction of stakeholders.

Activity Matrix



A Stronger Foundation

More activities for recruiting and for giving people skills to become the next generation of management

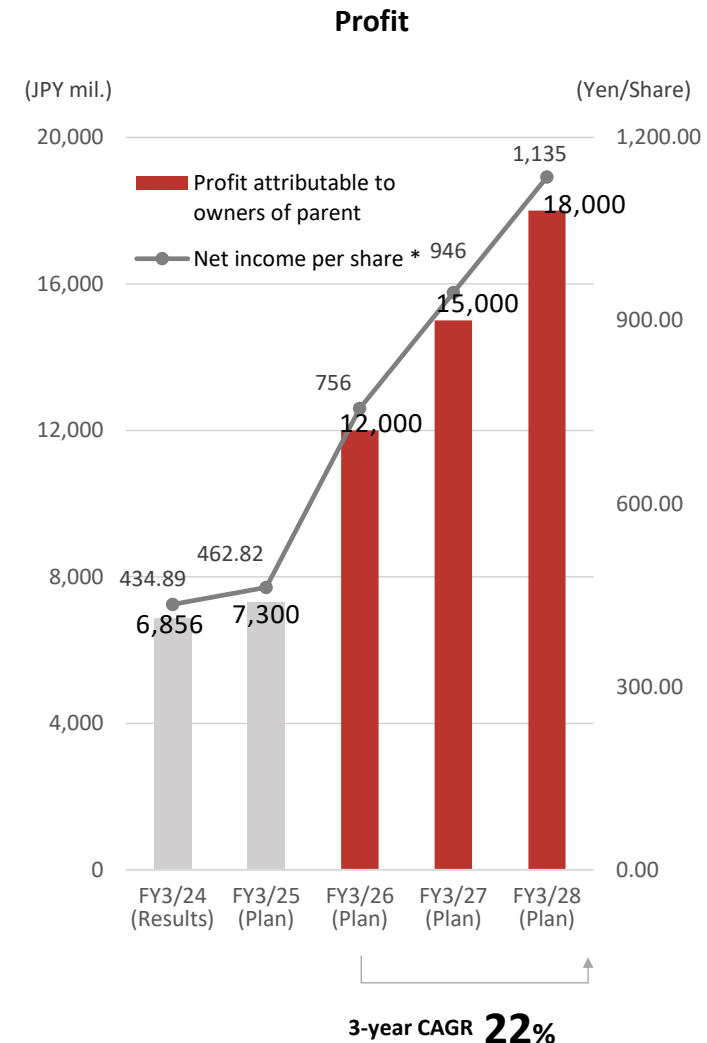
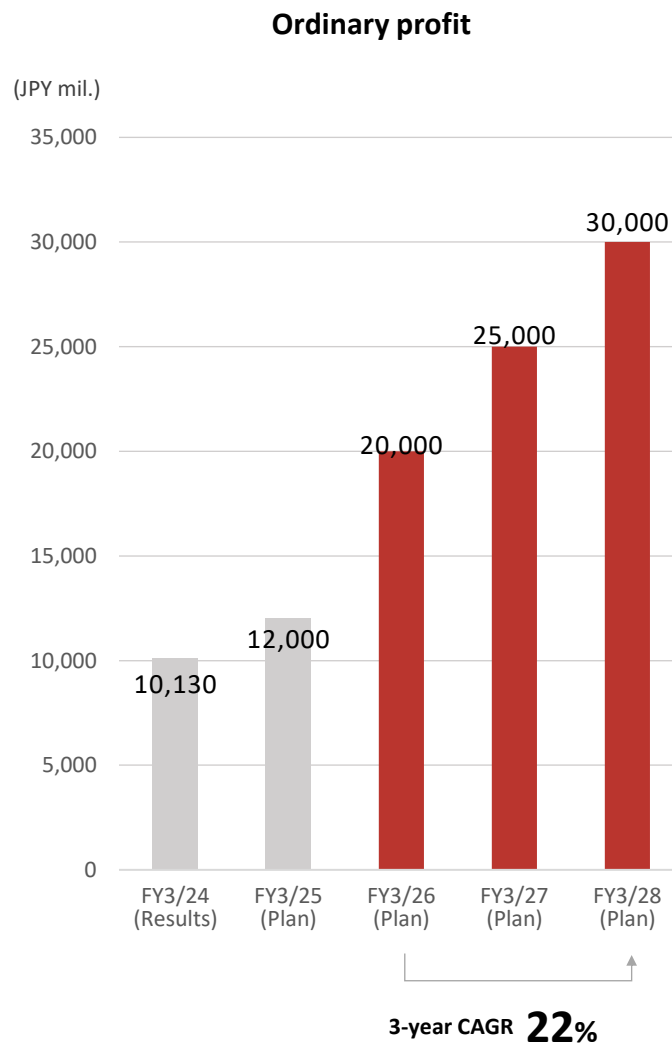
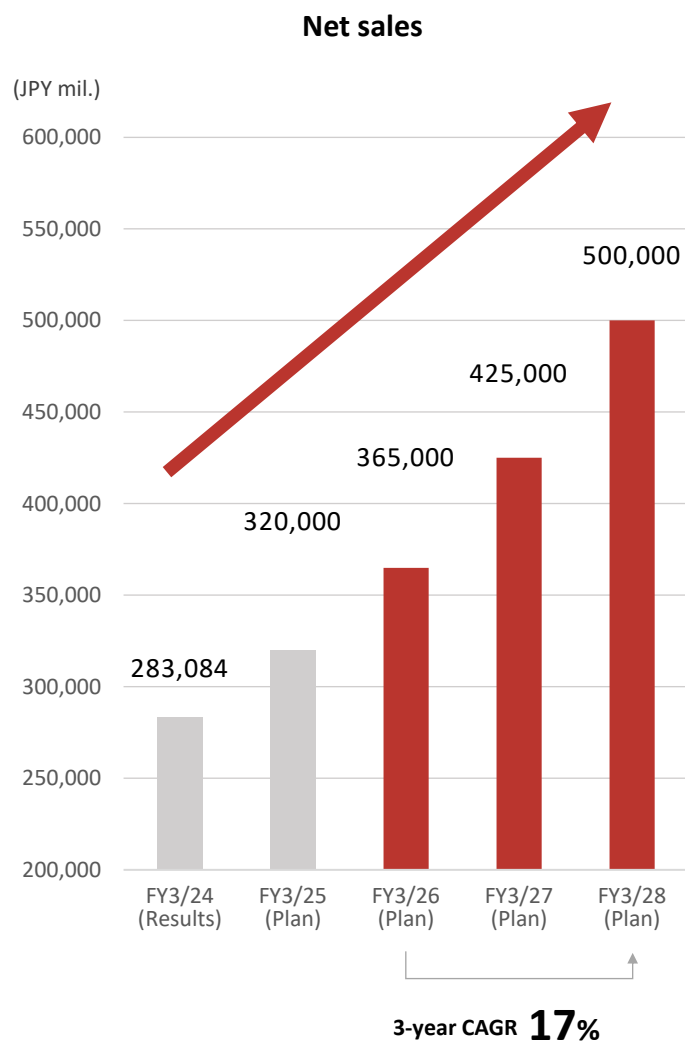
Working style reforms, productivity improvements, and diversity, equity and inclusion measures

Medium-term Plan 2028

(JPY mil./% in parentheses represent YoY changes)

	FY3/24	FY3/25	FY3/26	FY3/27	FY3/28
	Results	Plan	Plan	Plan	Plan
Net sales	283,084	320,000 (113%)	365,000 (114%)	425,000 (116%)	500,000 (117%)
Ordinary profit	10,130	12,000 (118%)	20,000 (166%)	25,000 (125%)	30,000 (120%)
Profit attributable to owners of parent	6,856	7,300 (106%)	12,000 (164%)	15,000 (125%)	18,000 (120%)
Net income per share (Yen)	434.89	462.82 (106%)	756 (163%)	946 (125%)	1,135 (120%)

Medium-term Plan 2028



*Total number of issued shares: 15,863,000 shares

Sales Plan by Segment

(JPY mil./Figures in parentheses represent YoY changes)

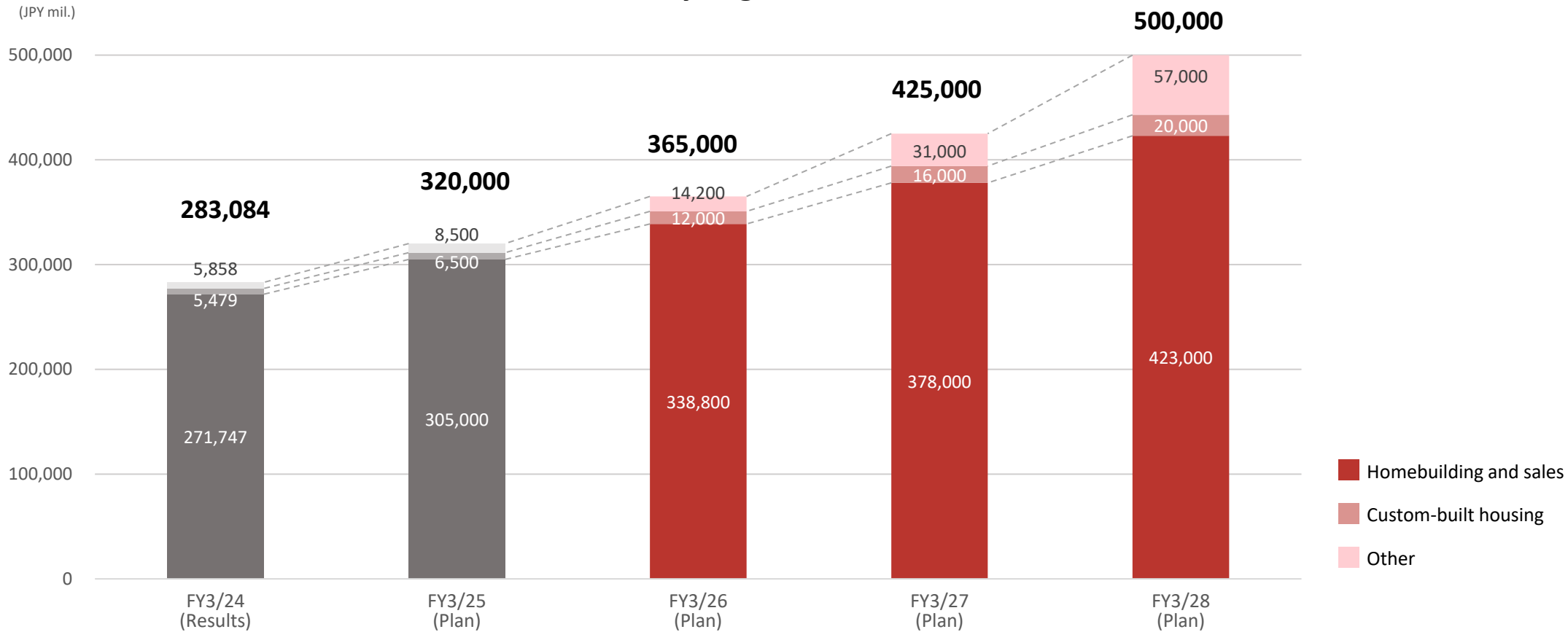
	FY3/24	FY3/25	FY3/26	FY3/27	FY3/28
	Results	Plan	Plan	Plan	Plan
Homebuilding and sales	270,203	305,000 (113%)	338,800 (111%)	378,000 (111%)	423,000 (111%)
Custom-built housing	5,479	6,500 (118%)	12,000 (184%)	16,000 (133%)	20,000 (125%)
Other *	7,401	8,500 (115%)	14,200 (167%)	31,000 (218%)	57,000 (183%)
Total sales	283,084	320,000 (113%)	365,000 (114%)	425,000 (116%)	500,000 (117%)

* Some figures for the previous fiscal year have been revised due to the retroactive application of the change in accounting policy.

*Other includes overseas business, income-producing real estate business, recurring revenue business, apartment business, renovation business and condominium sales business.

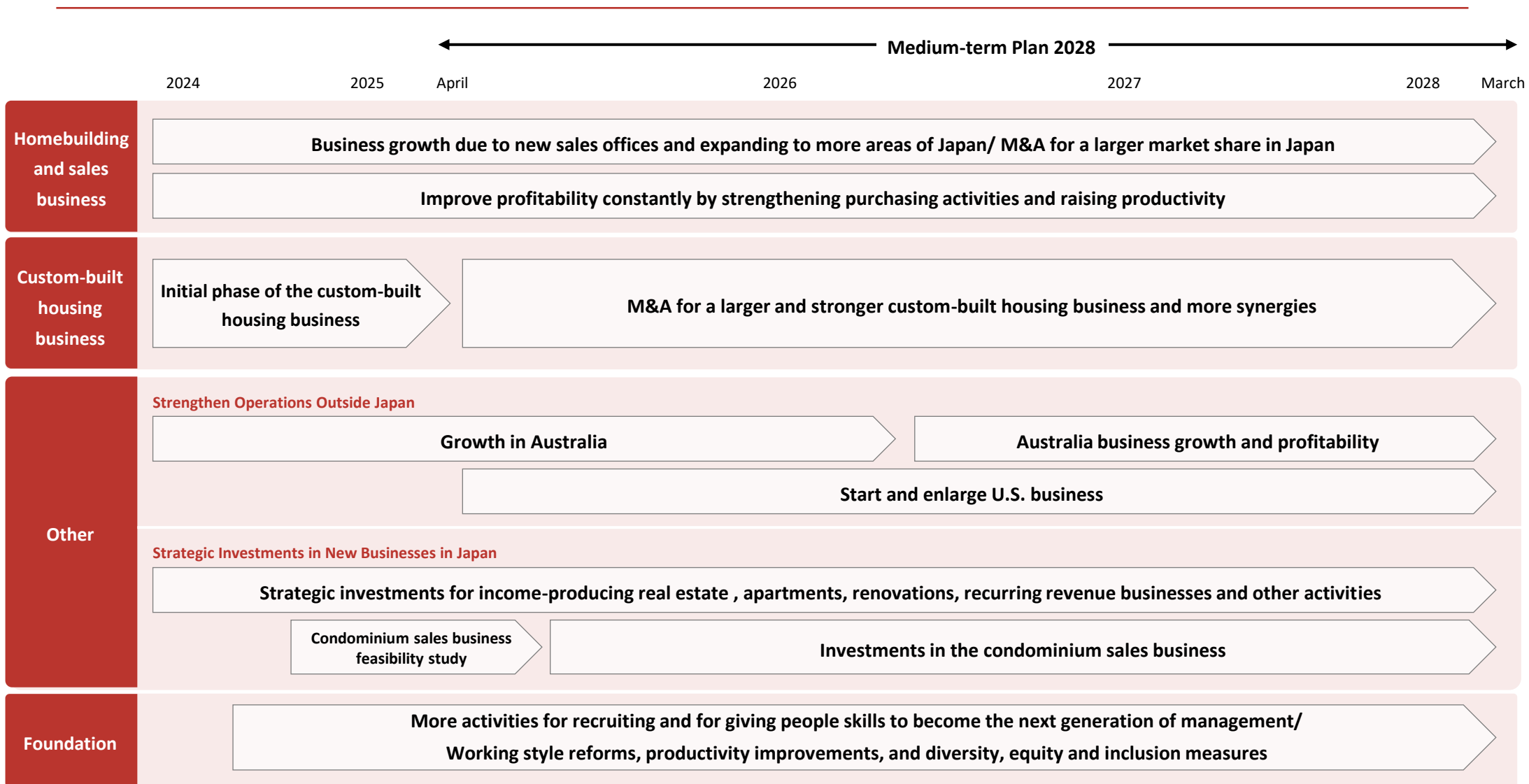
Sales Plan by Segment

Sales Plan by Segment



*Other includes overseas business, income-producing real estate business, recurring revenue business, apartment business, renovation business and condominium sales business.

Roadmap for Accomplishing the Medium-term Plan Goals



Sales Office Growth Strategy for Increasing Home Sales

Open more sales offices to increase the number of houses sold and divide operations into three regions for determining and implementing the most effective strategies for each region

1. Steady growth region

Based on the size of this market and KEIAI's market share, Tokyo and the three neighboring prefectures are a region for strategically adding sales offices because there is still much potential for growth.

2. Priority growth region

The Kinki region has the highest priority for activities for growth.

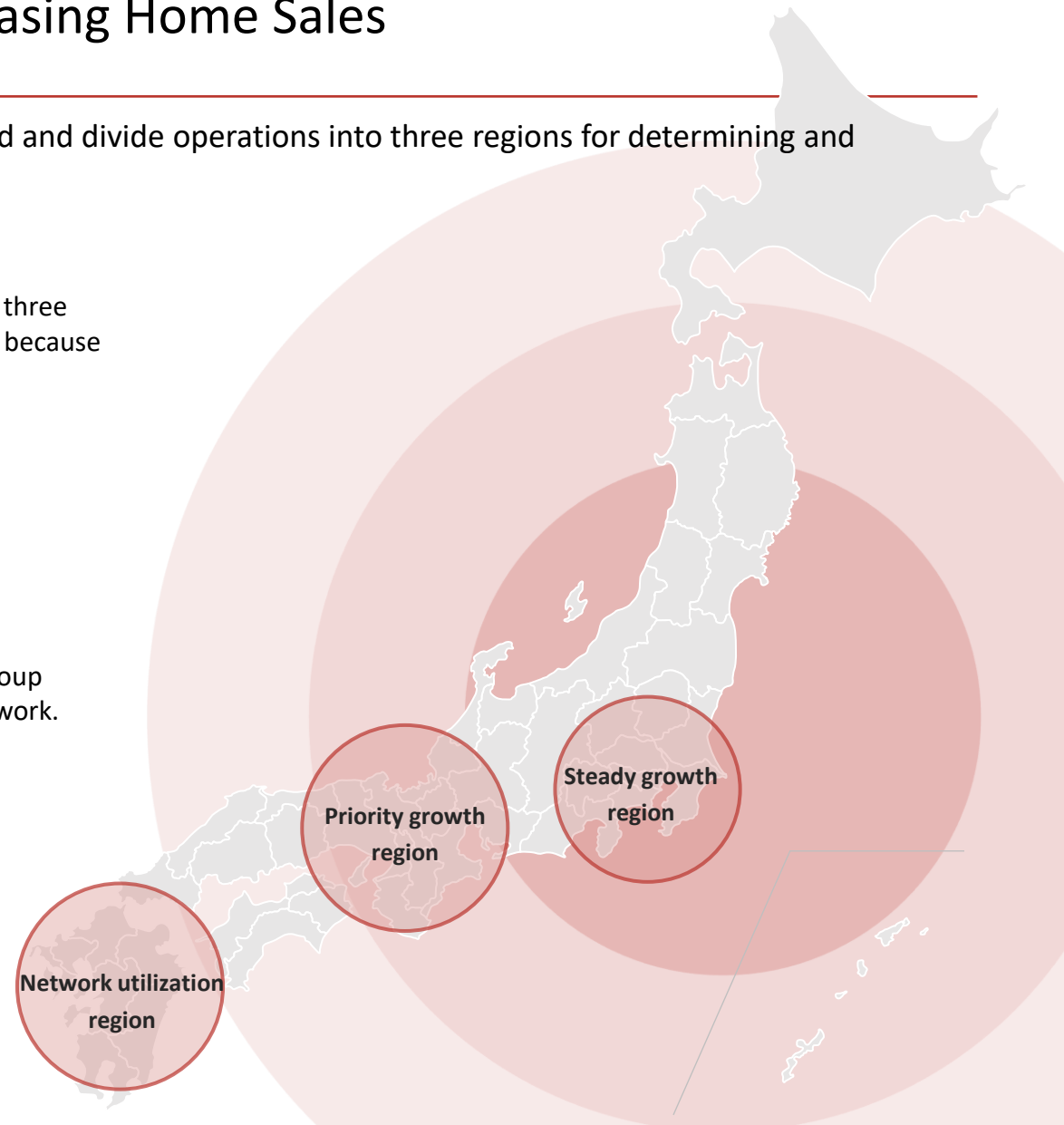
3. Network utilization region

The goal in Kanagawa prefecture and Kyushu is growth by using KEIAI Group companies Yokatown, Kensin and Asahi Housing and KEIAI's existing network.

Prefectures recently added to KEIAI's operations (including M&A)

Hokkaido (FY3/25)	Kyoto (FY3/23)	Hiroshima (FY3/24)
Yamagata (FY3/25)	Okayama (FY3/23)	Shiga (FY3/24)

➡ KEIAI now operates in 25 of Japan's 47 prefectures.

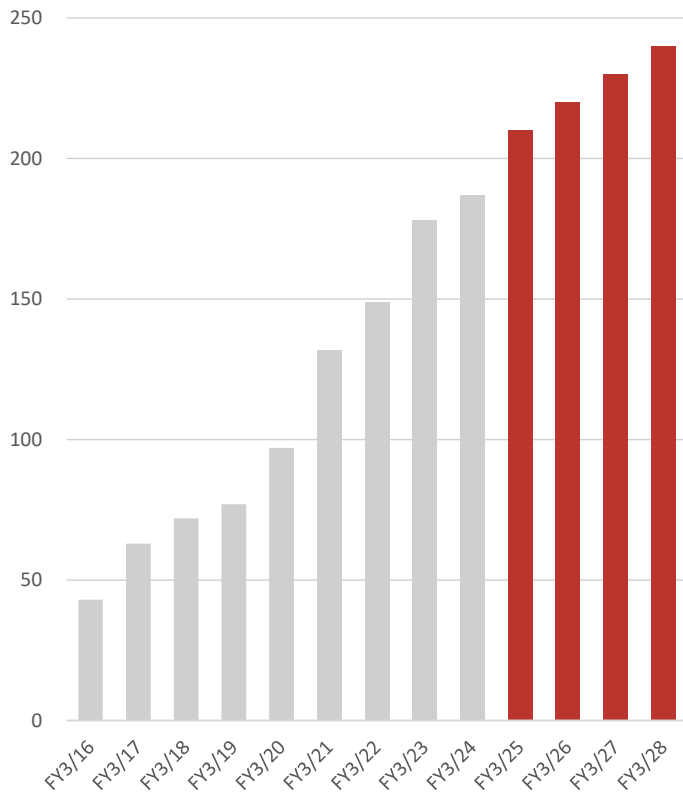


Homebuilding and Sales Business Key Performance Indicators

The volume of properties purchased is increasing with the number of sales offices, which results in a larger number of houses sold.

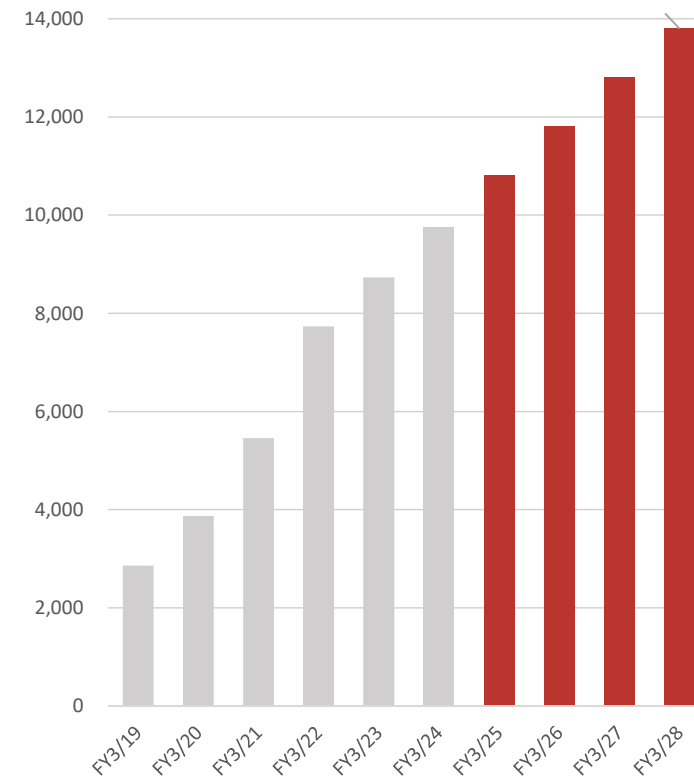
Sales Offices

(Number of offices)



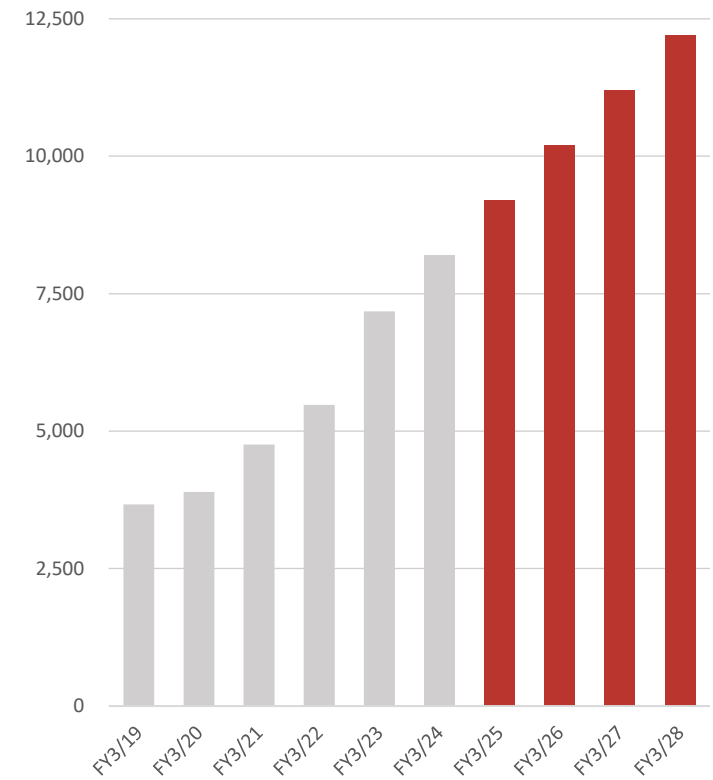
Inventory Properties

(Number of houses)



Houses Sold

(Number of houses)



*Figures after FY3/24 are plans.

Use M&A to Enlarge and Strengthen the Custom-built Housing Business

M&A will be used for growth in the custom-built housing business too. The goal is growth by using the combination of a hybrid strategy and reexamination of the manufacturing cost structure.

Custom-built/Built-for-sale hybrid strategy

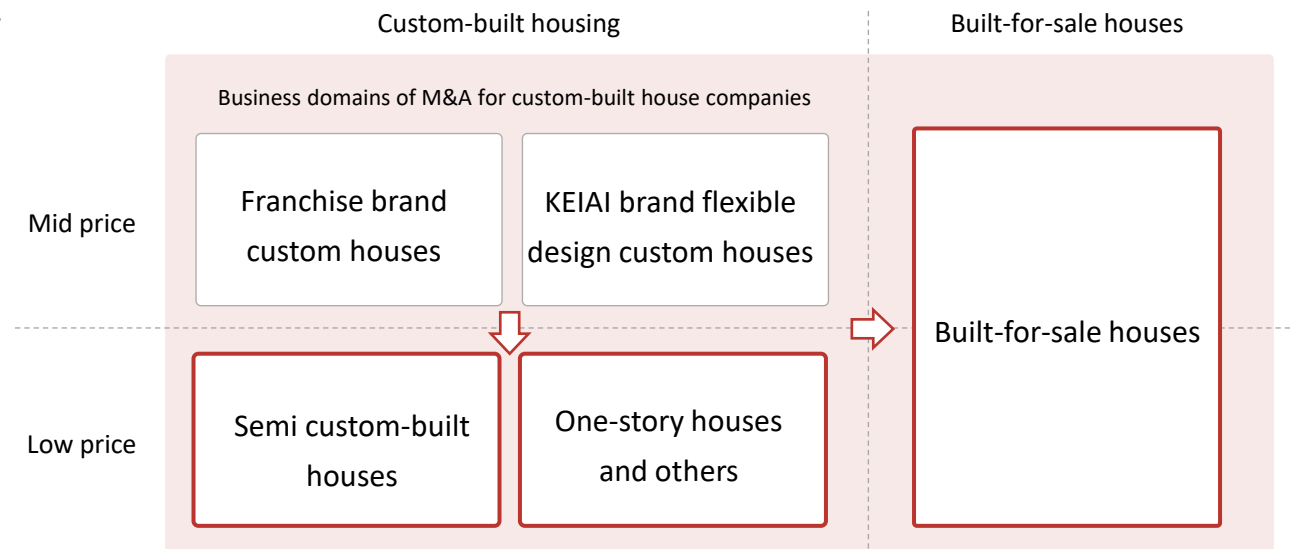
Companies acquired by the custom-built housing business will benefit from KEIAI's expertise involving the standardized design custom business.

In addition, the new Built-for-Sale House Business Division will create a framework capable of supplying houses to many customer segments.

Recent acquisitions of the custom-built housing business



A larger product lineup for coverage of more customer segments



+

Reexamine the composition of the manufacturing costs



Growth of custom-built housing sales and earnings

Strengthen Operations Outside Japan

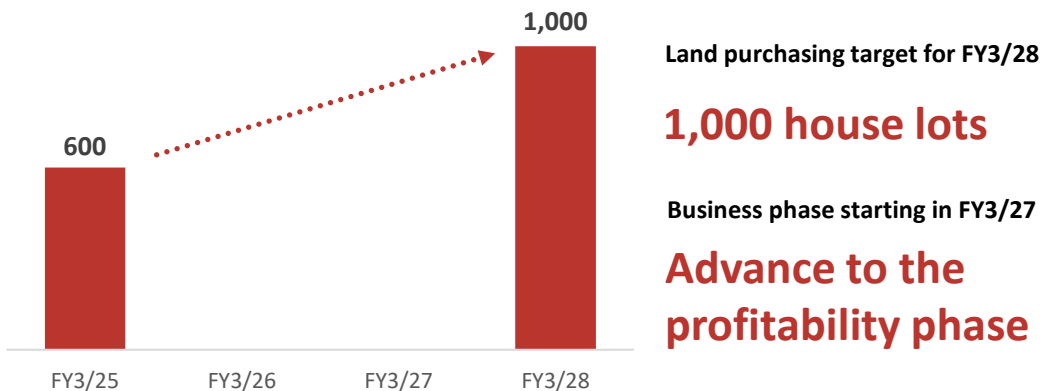
Australia

MunCorp Pty Ltd, which is jointly owned by the KEIAI Group company in Australia (49%) and an Australian partner company, is a real estate development firm for houses mainly in the Melbourne area.

Strategic goals

- The goal is to acquire land for 600 new houses every year, mainly in the Melbourne area, and increase this to 1,000 lots annually in the fiscal year ending in March 2028.
- Look for opportunities in areas outside the state of Victoria, where Melbourne is located, to enlarge the foundation for operations in Australia.

Plan for Home Lots Purchased Annually in Australia



North America

KI-Star Real Estate America, Inc., was established in the United States in December 2023 as KEIAI's second group company outside Japan.

Activities

- Studies for starting U.S. operations and research concerning potential M&A deals
- When there are suitable opportunities, establishment of equity and business alliances with companies with operations that are consistent with KEIAI's strategies and corporate philosophy



Strategic Investments in New Businesses in Japan (1)

Income-producing Real Estate Business

- Purchase and resale of reinforced concrete and other condominium buildings with high returns that are near a railway station in central Tokyo
- Individual investors with substantial funds are seeking properties that are even larger and have outstanding asset value. This market category is likely to remain firm in terms of its size and demand.
- The goal is to use the consistent growth of this business to upgrade and strengthen the KEIAI Group's business portfolio.

Apartment Business

- The apartment business that started in Tokyo and three neighboring prefectures is growing steadily.
- Studies are under way to start operations in the Osaka, Nagoya and Fukuoka areas.

Recurring Revenue Business

- Free app KEIAI Concierge provides exclusive services for members who have purchased a KEIAI Group home or used the KEIAI Group to build a home.
- KEIAI House Support is a 24-hour service for an emergency involving a residence and for home inspections and other examinations. One year and eight months after this service started, there are more than 2,000 paying members.



Strategic Investments in New Businesses in Japan (2)

Renovation Business

- The renovation business started in Northern Kanto and is slowly expanding to other areas of Japan.
- Aiming to expand business by providing this business for customers who have purchased a KEIAI Group home.

Before



After



Condominium Sales Business

- Started a project concerning the launch of a condominium sales business and completed a feasibility study.
Land has been purchased and activities in the condominium sector have started.
- Plan to operate this business while taking into account changes in the condominium market



Human Resources Strategy

HR Strategy 1

More recruiting activities (new graduates and people with prior experience) and hiring and training of people who can become key members of management

- Give people skills to become the next senior executives and increase recruiting
- Step up skill development programs structured for specific job categories
- More hiring of people with prior experience who can be immediately productive
- Use performance-based evaluations for promotions to key positions
- Place the right people in the right jobs (including internal application system to fill open positions)
- Activities for the advancement of women

HR Strategy 2

Working style reforms, productivity improvements, and diversity, equity and inclusion measures

- Eliminate wasted time by closely managing working hours
- Use the digital transformation in a broad range of frontline operations
- Time off/reduced working hours for child care and caring for an elderly parent
- Recruit and train people from countries other than Japan (for diversity)
- Recruit and train people with disabilities (use many people throughout KEIAI's operations)
- Recruit older people (use many older people in frontline operations)
- Maintain a corporate culture with emphasis on fairness for everyone

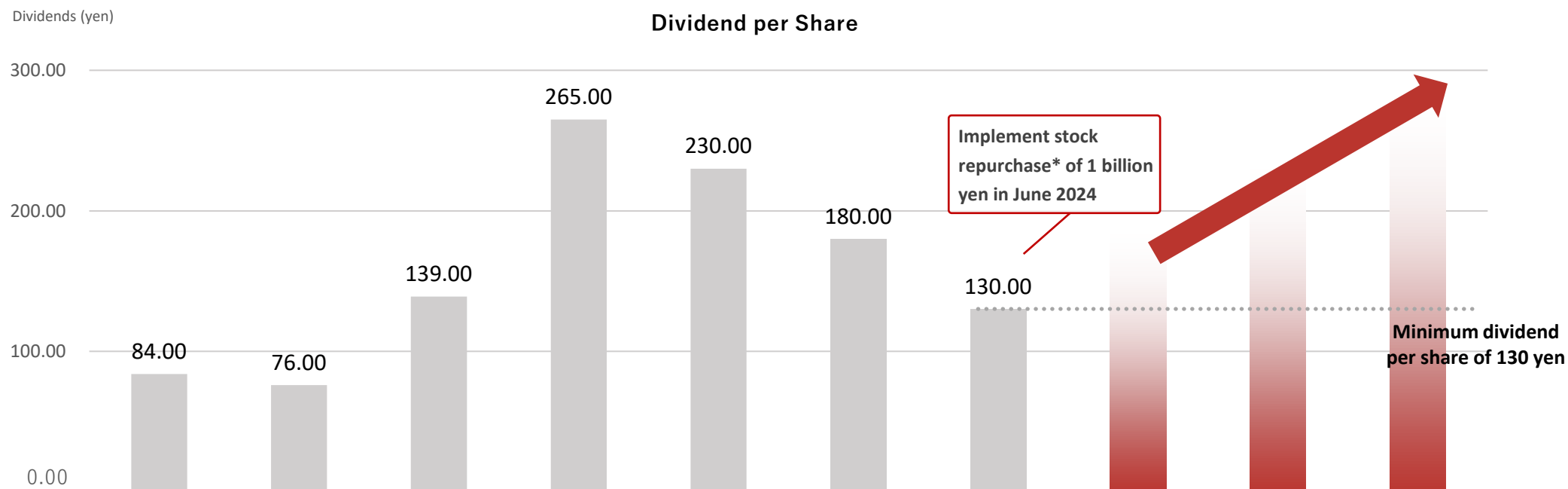
Policy for Capital

- Shareholder Distributions** Use a well-balanced combination of dividends based on the dividend payout ratio and of stock repurchases for shareholder distributions.
- Dividend per share will be increased to a minimum of 130 yen* in principle, depending on business performance and financial conditions.
- Efficient Use of Capital** The goal is an ROE of at least 15%.
- Continue using capital efficiently while prudently using financial leverage as in prior years.
 - Keep capital efficiency high while maintaining an equity ratio that is above a designated level.
- Financial Soundness** The goal is an equity ratio of at least 20%.
- The equity ratio is usually low in the homebuilding and sales business because of the high turnover and use of financial leverage.
 - Use portfolio management centered on the homebuilding and sales business and raise the equity ratio to between 25% and 30% while retaining earnings at an appropriate level.

* Based on the total number of issued shares (15,863,100 shares) as of the end of 1Q FY3/25

Shareholder Distributions

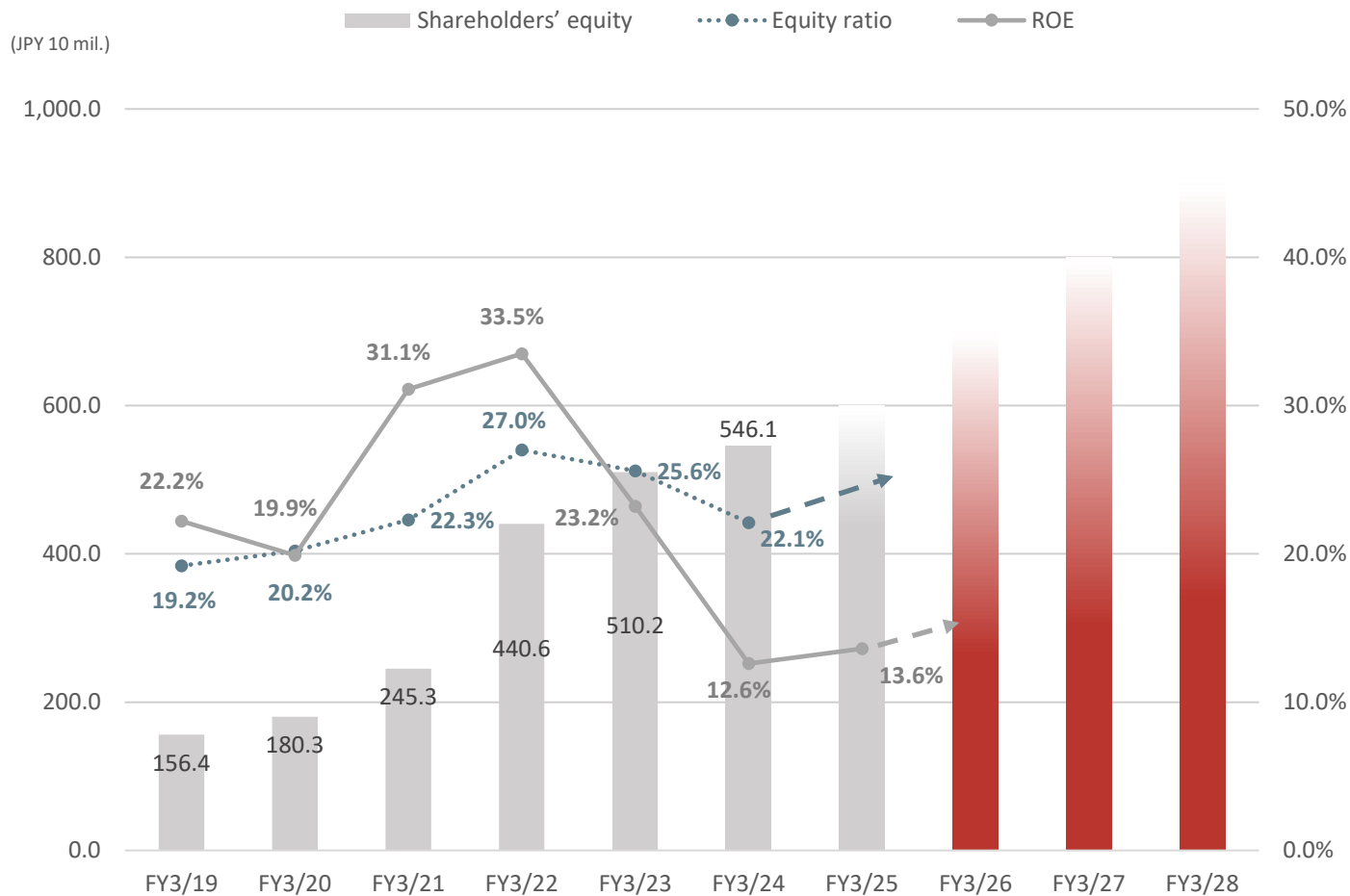
Going forward, in principle, we will pay a minimum dividend of 130 yen per share in conjunction with stock repurchases for shareholder distributions, depending on business performance and financial conditions.



	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26 (forecast)	FY3/27 (plan)	FY3/28 (plan)
Dividend per share (yen)	84.00	76.00	139.00	265.00	230.00	180.00	130.00			
Payout ratio (incl. stock repurchases)	34.4%	30.1%	25.9%	27.1%	30.6%	41.4%	28.1% (41.7%)	Going forward, we will pay a minimum dividend of 130 yen per share in conjunction with stock repurchases for shareholder distributions, depending on business performance and financial conditions.		

* A part of the treasury share acquired will be used for the performance-linked stock compensation plan for directors and corporate auditors.

Capital Efficiency Financial Soundness



Equity ratio

At least 20%

▼
Raise the equity ratio to 25%-30% by properly structuring the business portfolio and retaining a suitable amount of earnings

High capital efficiency

ROE of at least 15%

▼
Maintain a high inventory turnover and use financial leverage

Shareholder Distributions

Dividends and Shareholder Benefits

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

	FY3/23 results (consolidated)	FY3/24 results (consolidated)	FY3/25 forecast (consolidated)
Net income per share (yen)	750.77	434.89	462.82
Dividend per share (yen)	230.00	180.00	130.00
Interim dividend per share (yen)	140.00	118.00	65.00
Payout ratio (%)	30.6%	41.4%	28.1%

Shareholder Benefits

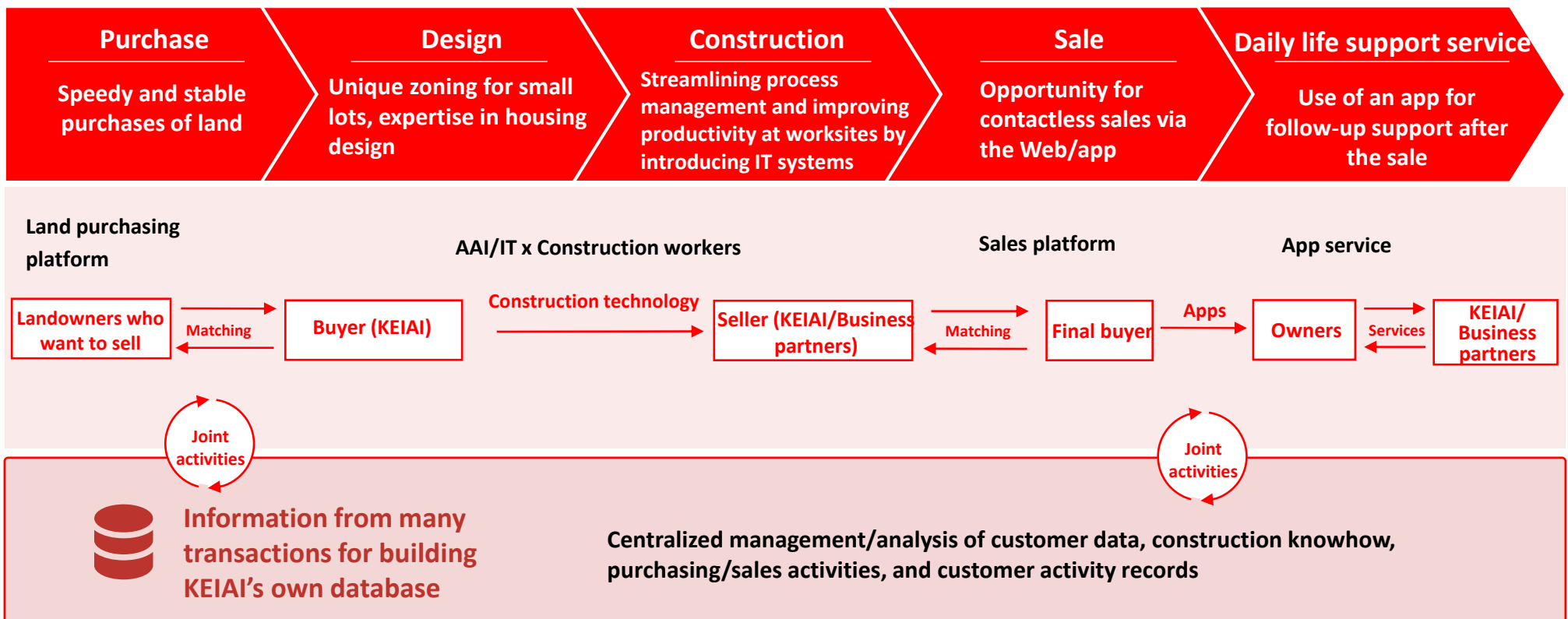
Number of shares held as of the record date (September 30)	Gift
100 shares to 499 shares	Quo card (1,000 yen)
500 shares and more	Quo card (3,000 yen)

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



Advantages of Land Purchase through 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



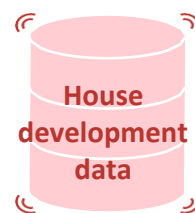
Compact ready-built houses

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

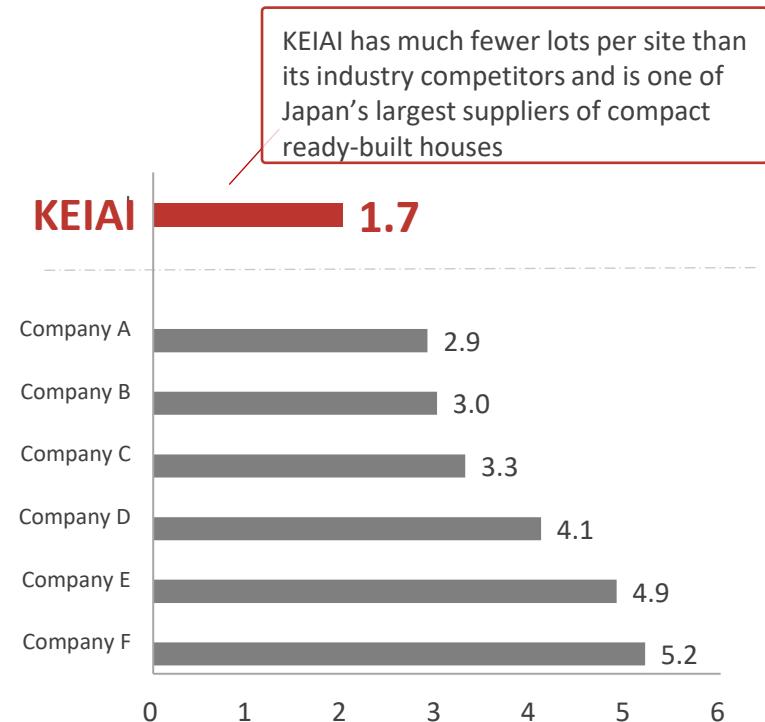


Increase in the number of land data entries

- 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



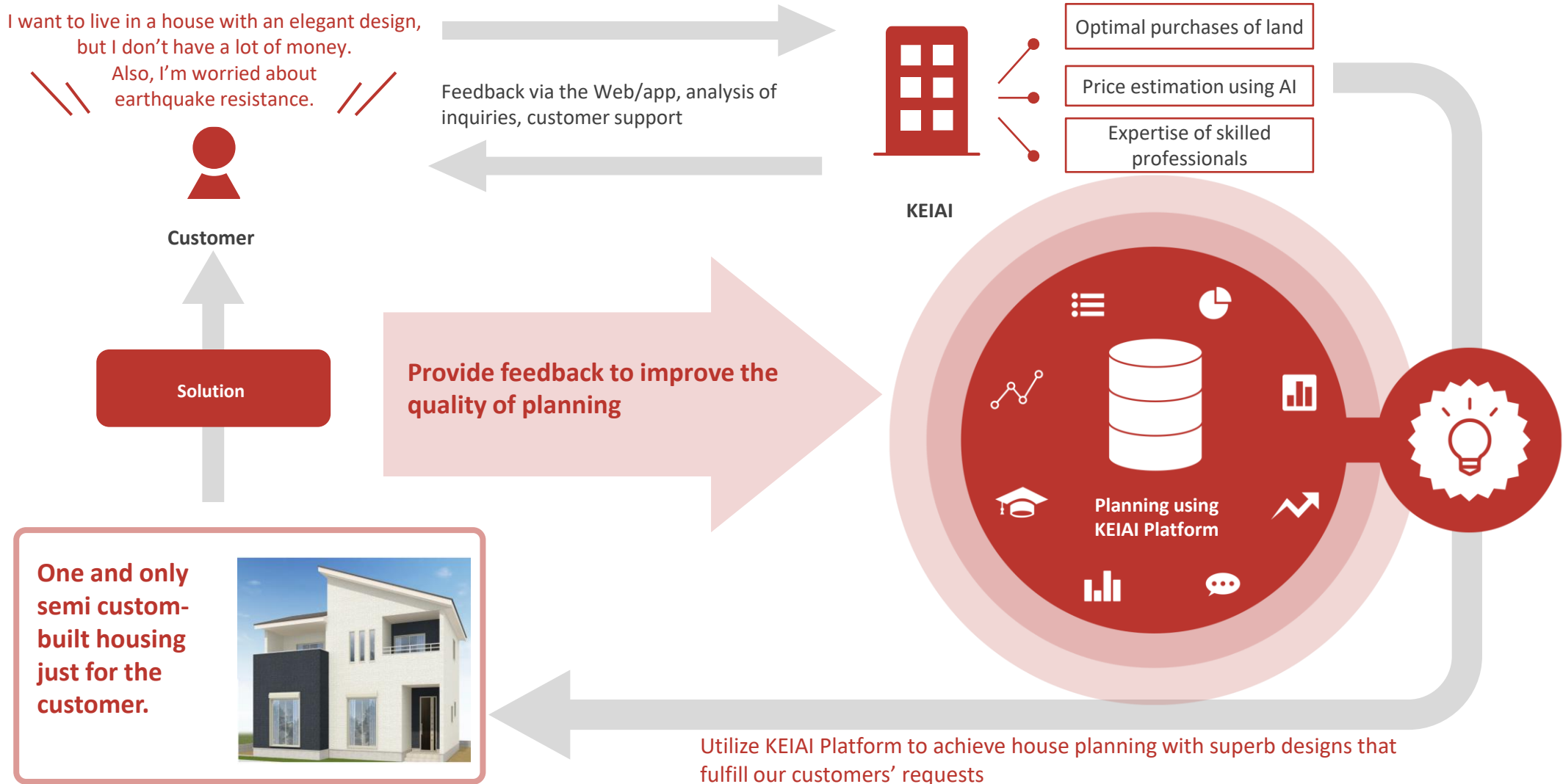
Avg. number of lots*1 in housing developments



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 (FY3/23 results) based on housing developments of KEIAI and other companies as of December 2020

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



ESG/SDGs Initiatives

Establishment of the Sustainability Committee

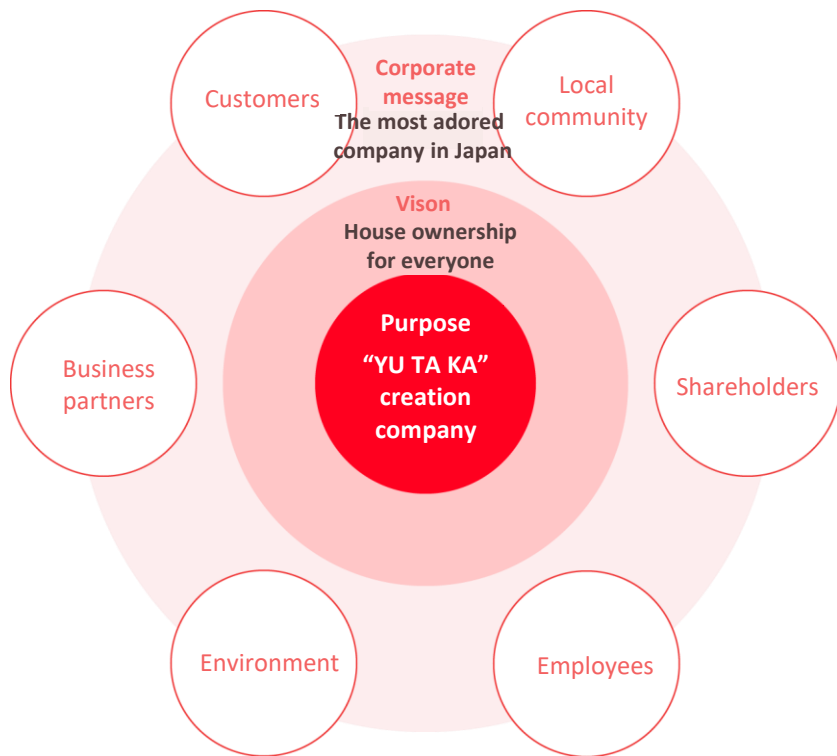
The KEIAI Group has many activities for helping solve social issues in Japan and other countries. By supplying homes where people can lead happy and fulfilling lives, we are dedicated to playing a role in creating a sustainable and affluent society. We believe these activities will contribute to the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

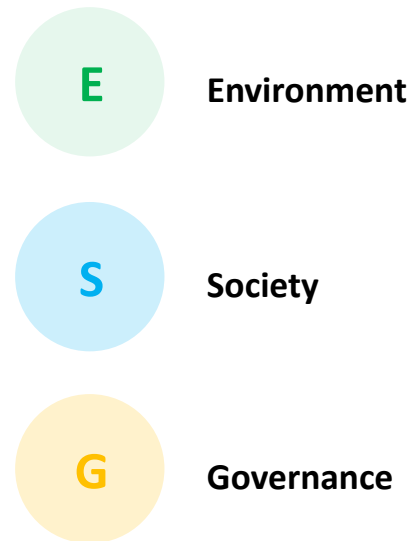
The company is dedicated to elevating its corporate value by nurturing the growth of individuals, organizations, and business models rooted in its management philosophy of "YU TA KA" creation.

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



Determination of ESG Materiality

Considerations



KEIAI actions

- Environmental programs
- Supply of design houses with outstanding quality at low prices
- Striving forward with KEIAI's sustainable supply chain and partnerships involving multiple stakeholders
- Fostering diversity equity and inclusion initiatives
- Skill development for craftspeople and technicians
- Strengthen governance

Sustainability Materiality

01 | Supply of design houses with outstanding quality at low prices

Society



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

Society



03 | Fostering diversity, equity and inclusion initiatives

Society



04 | Skill development for craftspeople and technicians

Society



05 | Environmental programs

Environment



06 | Strengthen governance

Governance



Sustainability Activities and Accomplishments

- Oral care seminar for employees by dental hygienists
- Start of two preconception care services as part of employee benefit programs for different stages of life
 - Access at no charge to AMH tests (ovarian reserve capacity test) concerning infertility issues
 - Free, anonymous counseling service for pregnancy, infertility and related issues for women
- Received CO2 fixation volume certification from Nichiha Corporation, a manufacturer of exterior building materials, due to the use of NICHIIHA Offset Siding, which has been certified by the Ministry of the Environment.
- From among 1,953 companies, received an Employee Stress Check Award 2024 in the large company category.
- KEIAI uses sustainable financing in order to help create a sustainable society.
 - On September 27, KEIAI received its second Sustainability Link Loan, a syndicated loan arranged by Saitama Resona Bank.



An oral care health seminar



The 2024 Employee Stress Check Award Ceremony



Sustainable Finance Activities for Help Achieve a Sustainable Society

As one step for helping achieve a sustainable society, KEIAI received a Sustainability Link Loan and Positive Impact Finance loan from seven banks in September 2023. KEIAI will continue to reinforce its commitment to ESG and the SDGs in order to play a role in solving environmental and social issues.



- [September 2023] Information about Ashikaga Bank Positive Impact Finance:
https://ki-group.co.jp/wp/wp-content/uploads/2023/10/2023.10.02_ashikaginkou.pdf
- [September 2023] Information about Saitama Resona Bank Sustainability Link Loan:
https://ki-group.co.jp/wp/wp-content/uploads/2023/10/2023.10.02_saitamarisona.pdf
- [February 2024] Information about SHIGA BANK Sustainability Link Loan:
https://ki-group.co.jp/wp/wp-content/uploads/2024/02/2024.2.29_sigabank_SSL.pdf
- [June 2024] Information about Ashikaga BANK Sustainability Link Loan:
https://ki-group.co.jp/wp/wp-content/uploads/2024/06/2024.06.27_asikagabank_SLL.pdf



- [September 2023] Information about Chiba Bank Sustainability Link Loan:
https://ki-group.co.jp/wp/wp-content/uploads/2023/10/2023.10.02_chibaginkou.pdf
- [November 2023] Information about Kagawa Bank Sustainability Link Loan:
https://ki-group.co.jp/wp/wp-content/uploads/2023/11/2023.11.30_kagawabank_SSL.pdf
- [March 2024] Information about Aozora Bank Positive Impact Finance:
https://ki-group.co.jp/wp/wp-content/uploads/2024/03/2024.3.25_aozorabank_PIF.pdf
- [September 2024] Information about Saitama Resona Bank Sustainability Link Loan:
https://ki-group.co.jp/wp/wp-content/uploads/2024/09/2024.09.27_saitamarisonabank_SLL.pdf

Building Energy Efficient Houses to Help Achieve a Sustainable Society

KEIAI changed to building entirely ZEH (Net Zero Energy House) in the homebuilding and sales business on all property purchased on or after January 1, 2024. Furthermore, all standard plans for the single-story IKI semi custom-built houses at KEIAI Group member **Hanamaru House Co., Ltd.*** were upgraded to ZEH on April 1, 2024. By supplying energy efficient houses to even more customers, we want to be a source of more eco-friendly options in the housing market.



*IKI Co., Ltd. and Hanamaru house Co., Ltd. were combined on September 1, 2024.

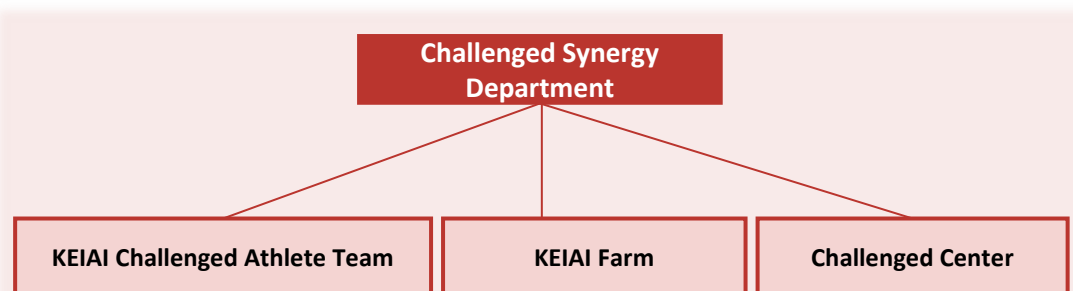
- Change to all-ZEH in the homebuilding and sales business: https://ki-group.co.jp/wp/wp-content/uploads/2024/04/2024.04.25_bunjyo_zehsuiyun.pdf
- Upgrade to ZEH of all plans for the single-story IKI semi custom-built houses: https://ki-group.co.jp/wp/wp-content/uploads/2024/04/2024.4.3_IKI_ZEH.pdf

Activities for Diversity; Employees with Disabilities 2.66% of Workforce

KEIAI maintains a diverse workforce based on a firm commitment to providing workplaces where people can perform fulfilling and enjoyable jobs irrespective of human rights, nationality, disabilities, age, gender and other characteristics. Based on the disability employment report^{*1}, people with disability account for 2.66%^{*2} of the KEIAI workforce. KEIAI will continue to take actions for ensuring that workplaces are welcoming and productive for people of all kinds.

■ Activities

- **2015: Started hiring athletes with disabilities**
- **2019: Started the KEIAI Challenged Athlete Team** – currently has nine members
- **2021: Opened the KEIAI Farm^{*3}** – Six employees with disabilities are working on the farm
- **2023: Established the Challenged Center** – Six employees with disabilities are making business cards for the KEIAI Group, assisting with administrative tasks, performing cleaning tasks and doing other work.
- **2024: Established the Challenged Synergy Department** – This department includes three teams responsible for the employment of people with disabilities.



The KEIAI Farm (left) and KEIAI Challenged Center (right)

*1 Ministry of Health, Labour and Welfare Employment Report for People with Intellectual Disabilities https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/koyou_roudou/koyou/shougaisha-koyou_00002.html

*2 As of June 1, 2024

*3 KEIAI Farm Opens (June 14, 2021) https://ki-group.co.jp/keiai_magazine/2021/06/14/keiaifarm/

• KEIAI press release: https://ki-group.co.jp/wp/wp-content/uploads/2024/07/2024.07.18_houteikoyouritsu.pdf

The KEIAI Challenged Athlete Team

Concept – Create a team of athletes aiming to be the best in Japan

- A group of para-athletes who are overcoming physical disabilities and taking on the challenge of accomplishing even more ambitious goals -

- The KEIAI Challenged Athlete Team started in April 2019 and currently has nine members.
- Team members use rigorous training and competitions to upgrade skills. Furthermore, their participation in various events raises public awareness and understanding of para-sports.
- Sports:
 - Deaf futsal
 - Deaf judo
 - Wheelchair basketball
 - Wheelchair badminton



KEIAI Challenged Athlete Team official website: <https://www.athlete.ki-group.co.jp/>

Activities of the KEIAI Challenged Athlete Team (1)

Coexistence x Disabilities

KEIAI Instructor at the 2024 Tokyo Parasports Seminar

- Seminar by Tokyo Metropolitan Government and Tokyo Parasports Association
- Theme: What deaf sports people want the government to know
- Presentation
Yamamoto: The significance of deaf sports for people with disabilities
Iwabuchi: Special measures requested to the governments at sports facilities and competitions
- Presentations were given by Ms. Iwabuchi, who was on the team that won the championship for the first time at last year's women's world futsal tournament, and Mr. Yamamoto, the team manager and winner of the outstanding manager of the tournament award. There were many messages of congratulations and encouragement from audience members, who gained valuable knowledge to take back to their respective governments.



KEIAI Challenged Athlete Team manager Yamamoto (right) and team member Iwabuchi (left)



The Tokyo Parasports Seminar

Chofu Sports Camp 2024

KEIAI Instructor at Deaf Futsal Experience Event

- An event by the Chofu City Sports Association
- Participants who can hear learned about how to use deaf futsal for silent communications with others. For example, players read lips and used gestures.
- Players with hearing used ear plugs to simulate deafness while playing a futsal game to gain a better understanding of issues that deaf people have. While playing the game, the children learned on their own how to use gestures to communicate with other team members.



Children who can hear used ear plugs to experience playing futsal in silence.

Activities of the KEIAI Challenged Athlete Team (2)

The KEIAI Booth at Tokyo Sports Dock 2024 Roppongi

- Members of the KEIAI Challenged Athlete Team participated in this event, which was held by the Tokyo Metropolitan Government. As representatives of a company that supports sports in Tokyo, the members were part of a discussion on stage with the MC about coexisting with people who have a disability.
- Visitors to the KEIAI booth learned about the company's activities for deaf parasports and raising awareness of these sports. The booth also gave people the opportunity to use wheelchairs designed for basketball and badminton.



The sports dock stage

(The three people wearing white on stage are, from the right, KEIAI Challenged Athlete Team members Iwabuchi and Mori and manager Yamamoto.)



Visitors maneuver sports wheelchairs

Gold Medalist of World Deaf Judo Championship Talks about Living without Hearing

- An event by the Tokyo Metropolitan Government
- At this event, children learned about how people live without hearing. The lesson included sign language and dancing.
- Masaki Sato, a member of the KEIAI Challenged Athlete Team, participated in this event with two Tokyo 2025 deaf living support ambassadors: Ikumi Kawamata and Neru Nagahama.



Tokyo 2025 Deaflympics Special Site TOKYO FORWARD 2025 - World Athletics Championships and Deaflympics - (Operated by Tokyo Metropolitan Government Bureau of Citizens Cultural and Sports Affairs)

<https://www.tokyoforward2025.metro.tokyo.lg.jp/>

Parasports events held with companies, governments, educational institutions and other partners throughout Japan, as well as events with KEIAI as the lead sponsor, have enabled more than 3,000 people to experience parasports.

News Topics

KEIAI Receives iF DESIGN AWARD 2024

- Project awarded: Komichi no Komachi
- Features
 - ◇ Design linked to the culture of traditional Japanese row houses
 - ◇ A new type of neighborhood atmosphere with adjacent houses linked by narrow passages for bringing people together



Komichi no Komachi website: <https://ki-group.jp/komichinokomachi/>

Launch of Yutaka Bank, a New Financial Service

Using KEIAI Group member Yutaka Partners, KEIAI and SBI Sumishin Net Bank, Ltd. started providing a new financial service called Yutaka Bank*¹ on July 1, 2024. The new services uses NEOBANK®*², which is a full banking BaaS (banking as a service) of SBI Sumishin Bank. Using this partnership to provide home loans and the Yutaka Bank full banking service will further increase KEIAI's ability to offer services that closely match the needs of customers.



- Yutaka Bank website: <https://ki-group.co.jp/neobank/>
- KEIAI press release: https://ki-group.co.jp/wp/wp-content/uploads/2024/07/2024.07.01_yutaka_bank.pdf
- *1 A registered trademark application is pending for Yutaka Bank as a trademark of **Yutaka Partners Co., Ltd.**
- *2 NEOBANK® is a registered trademark (number 5953666) of SBI Sumishin Net Bank.

Appendix

Japan's Market for Houses Built for Sale and KEIAI's Market Share

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

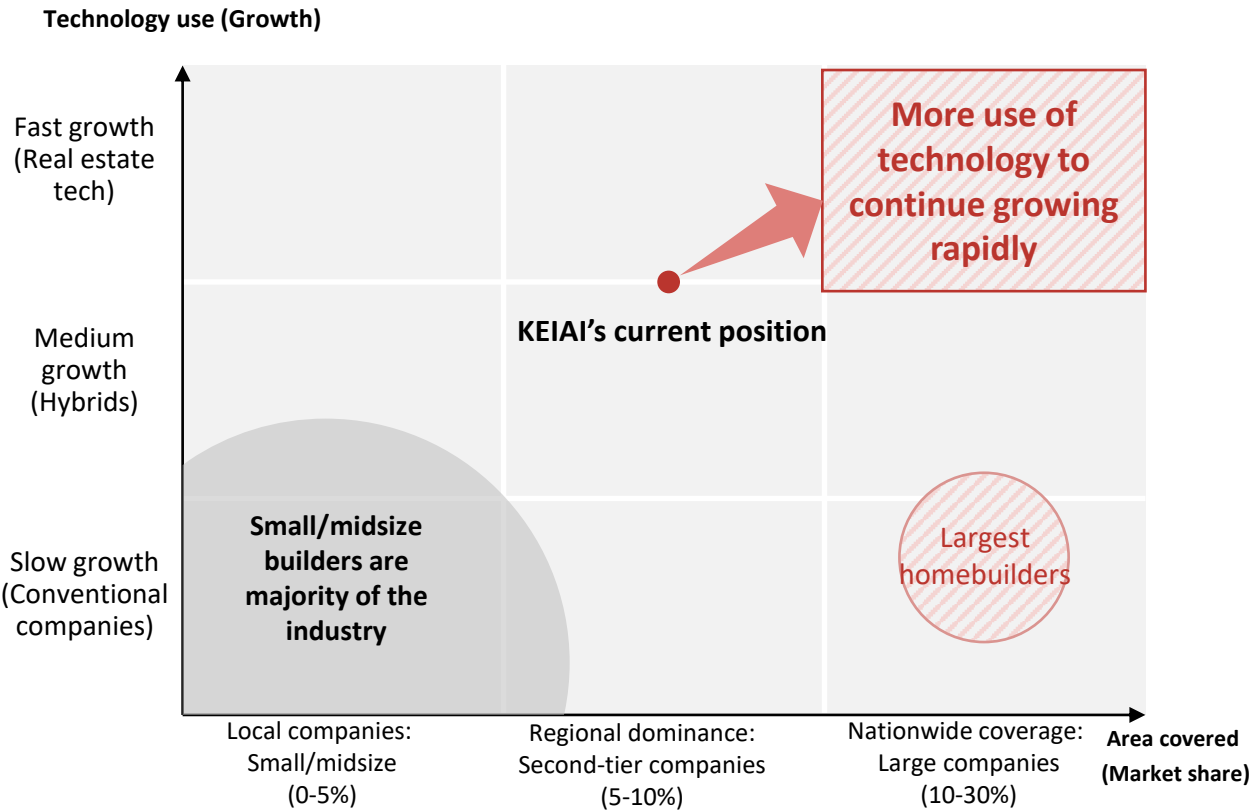
Increase our share of Japan's built-for-sale house market

*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 March 2024.

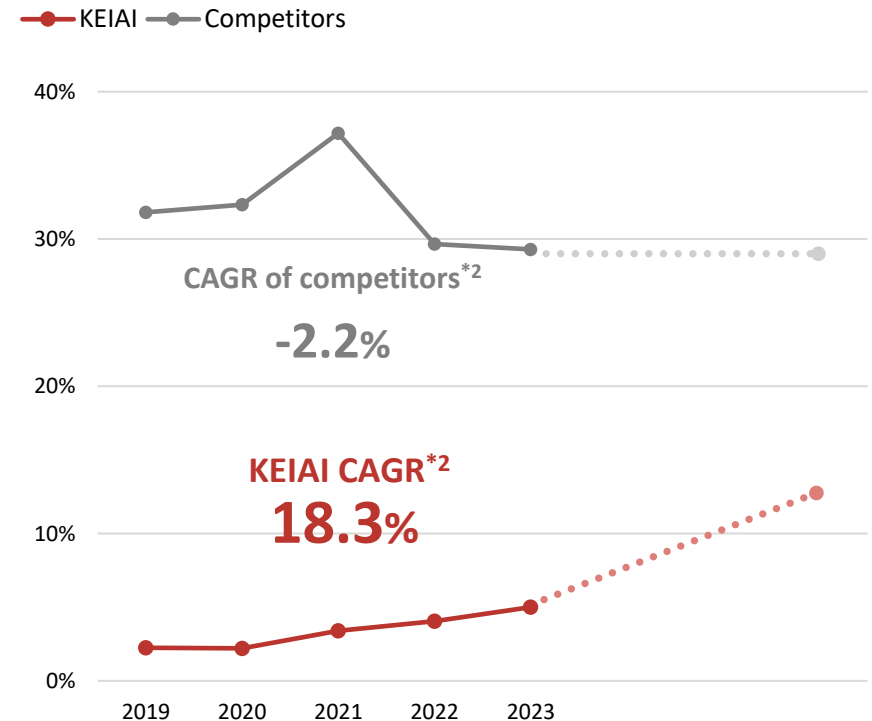
The Built-for Sale House Industry and KEIAI's Position

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



Market Shares of Large Companies and KEIAI *1



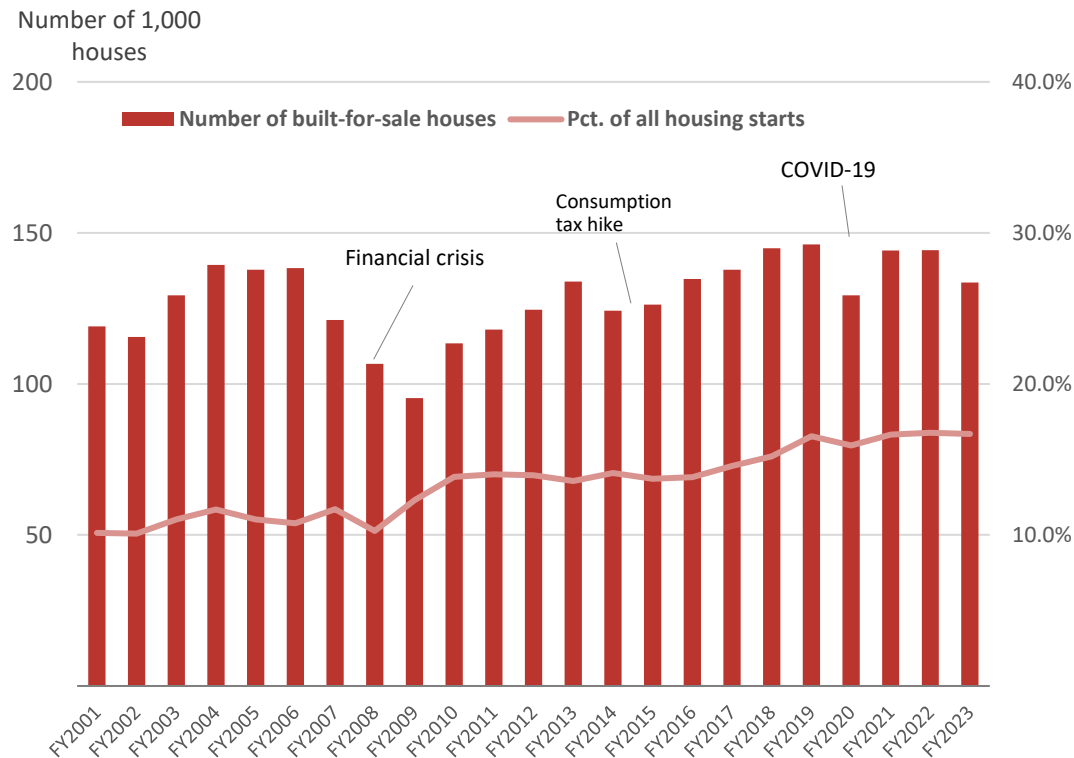
*1. Comparison of sales growth of largest companies and KEIAI

*2. CAGR : Compound Annual Growth Rate

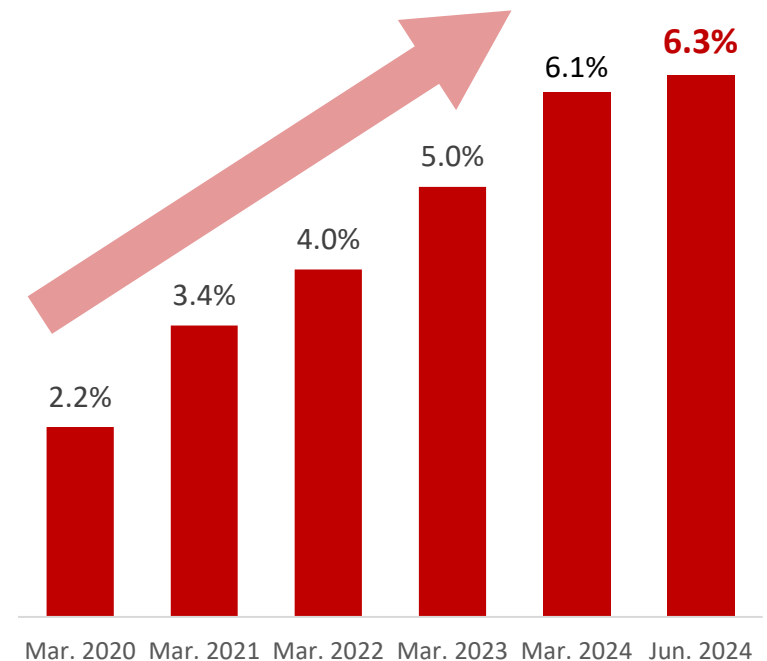
KEIAI's Market – Built-for-Sale Houses

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



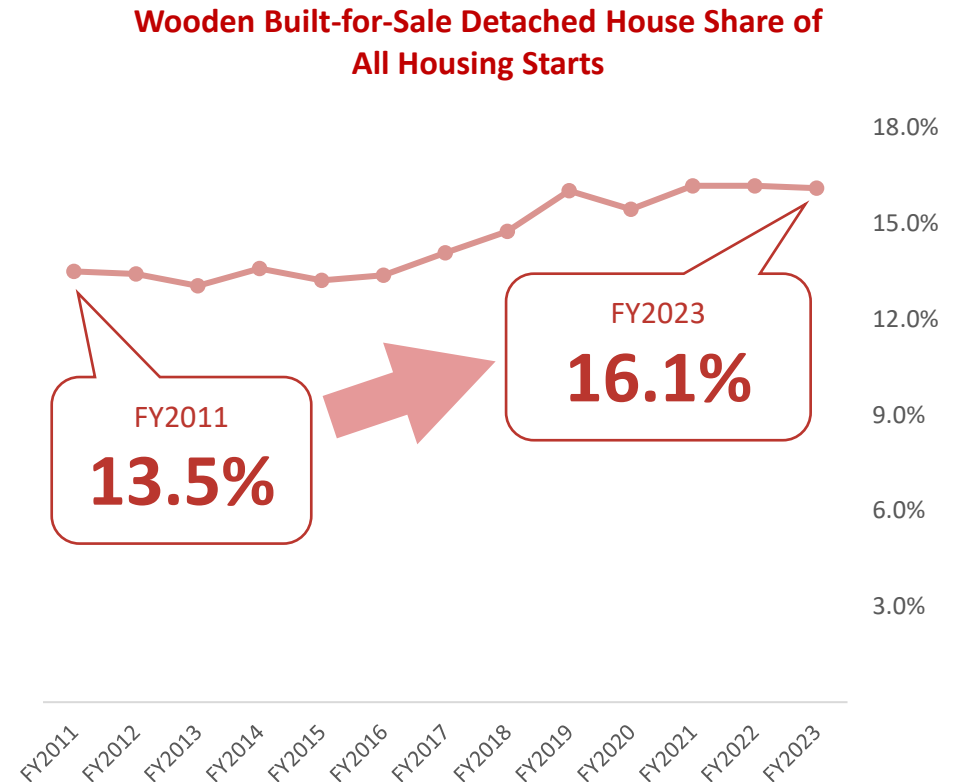
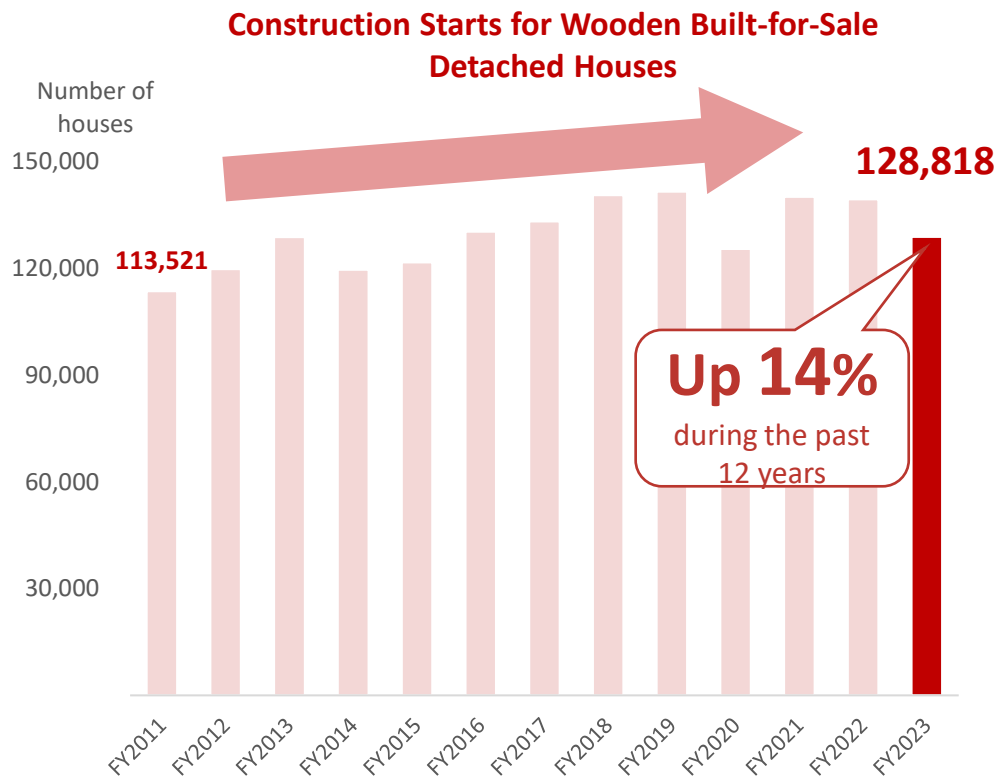
KEIAI Group's Nationwide Market Share



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"

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)

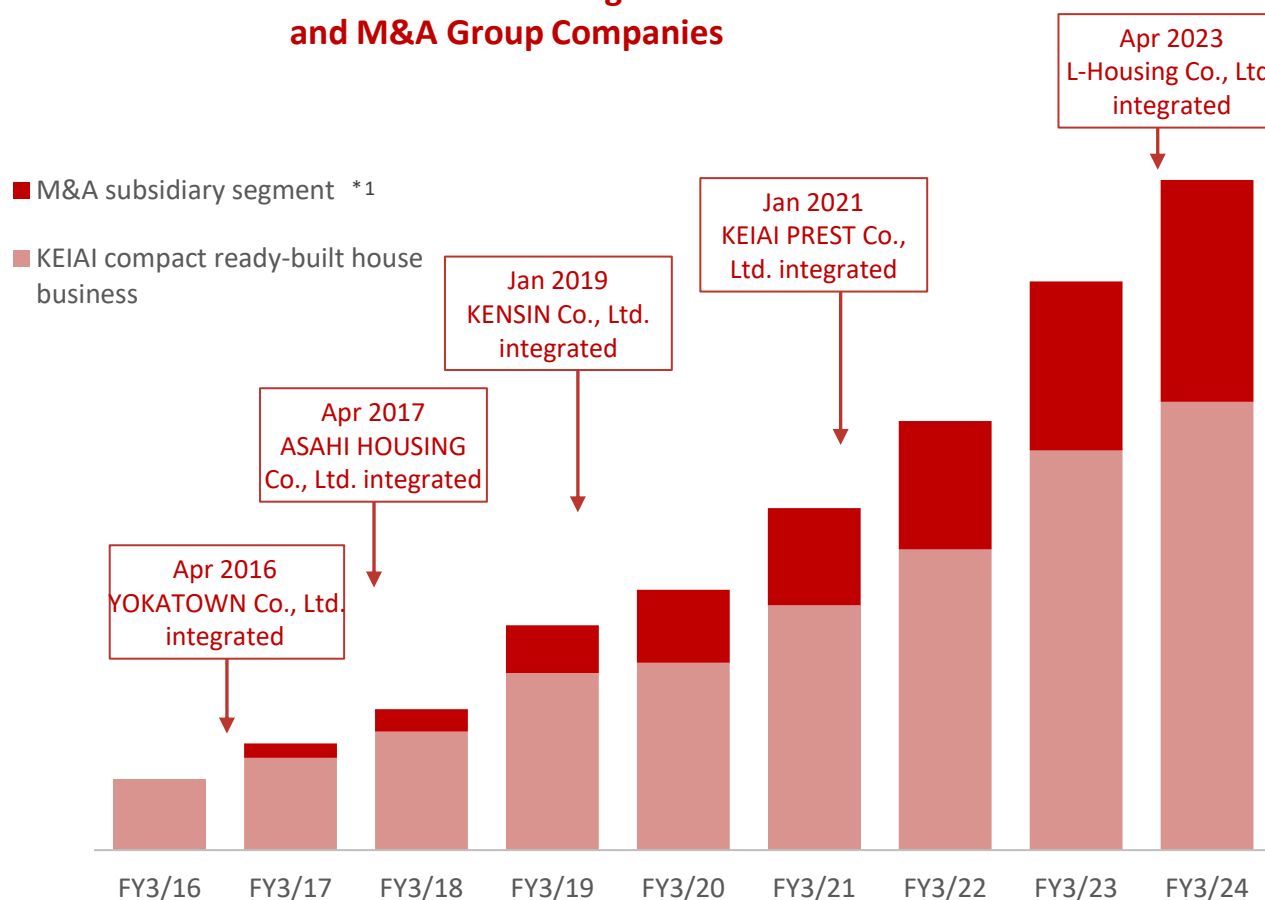
Six Strengths Backing the KEIAI Group's Growth



M&A –Sales of Subsidiaries after the Acquisition

Subsidiaries have achieved high sales growth after M&A, resulting in boosting group's total sales expansion. Shinyamagata Hometech and TAKASUGI also aim to increase sales by leveraging the synergies of joining the Group.

Results of the KEIAI Homebuilding and Sales Business and M&A Group Companies



*1: Results of M&A subsidiary segment includes YOKATOWN, ASAHI HOUSING, KENSIN, KEIAI Presto and L-Housing.

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.

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