



# **Financial Results**

## **for the 3rd Quarter of the Fiscal Year Ending March 31, 2023**

February 2023

**PROPERTY AGENT, Inc.**

( Securities Code: 3464 )

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# Company Profile

# Company Overview

<b>Company</b>	PROPERTY AGENT, Inc.
<b>Headquarters</b>	41F Shinjuku I-Land Tower, 6-5-1 Nishishinjuku, Shinjuku-Ku, Tokyo, Japan
<b>Representative</b>	Sei Nakanishi President and Representative Director
<b>Incorporation date</b>	February 2004
<b>Share capital</b>	617 million yen
<b>Directors and employees</b>	375 persons (consolidated basis/as of December 31, 2022/including non-full-time employees)

## Businesses

DX Real Estate Business  
DX Promotion Business

## Major group companies

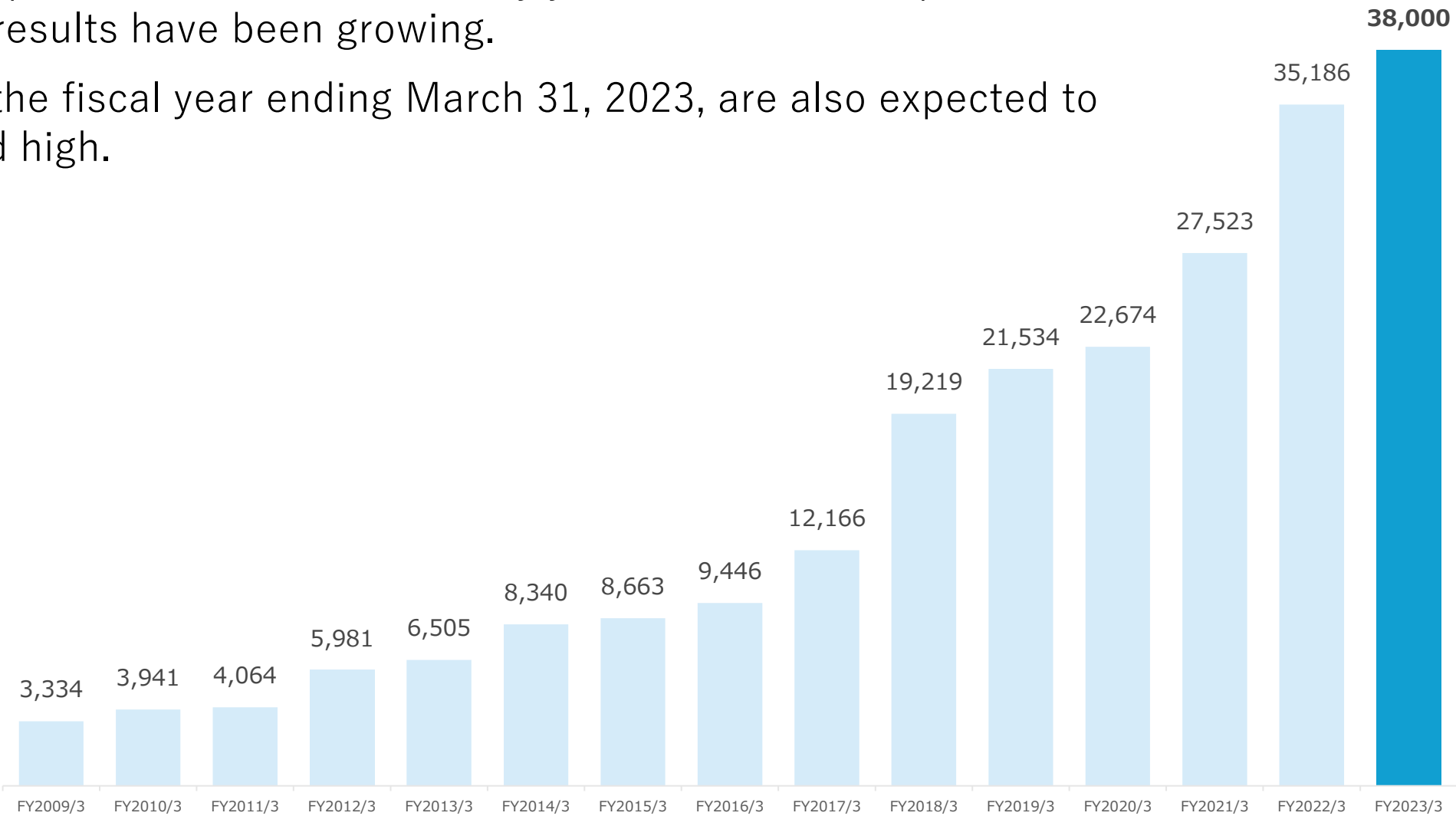
DXYZ Co.,Ltd.  
Avant Corporation.  
Berners Inc.  
CB Lab inc.  
CloudTechPlus Co.Ltd  
(Consolidated January 31,2023)

# Sales Trends

(Unit : Millions of yen)

Net sales and profits have increased every year since the incorporation, and financial results have been growing.

Net sales for the fiscal year ending March 31, 2023, are also expected to reach a record high.



# Overall Structure of Our Business

Horizontal expansion of know-how accumulated in DX Real Estate Business in DX Promotion Business

## DX Real Estate Business

Real Estate Development and Sale Business, Smart Second Business, Property Management Business

Crowdfunding Business



### ● Supporting clients' asset formation through the sale, purchase, lease, and management of real estate

- Productivity enhancement by attracting customers through web marketing and in-house DX such as AI assessment and SFA optimization
- A comprehensive leasing management system with high customer satisfaction, including tenant management and consultation on the sale of properties.

### ● Activation of investors and effective use of assets through small-lot real estate investment using DX technology

- Crowdfunding system operation
- Real Estate Coin operation that allows points from other companies to be invested within RIMPLE

## DX Promotion Business

DX Support/Other business



FreeiD Business



### ● Tailor-made DX support for various industries

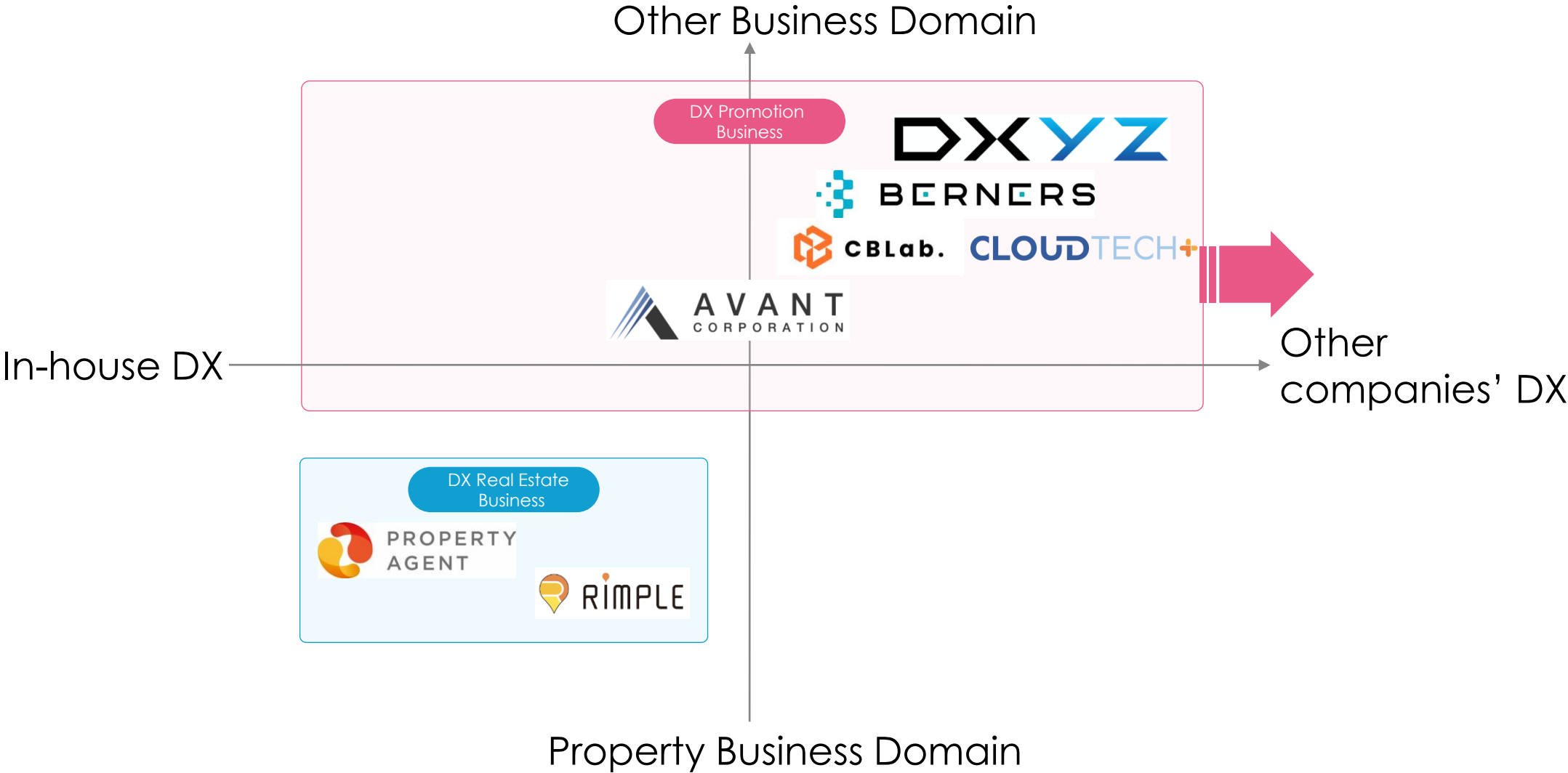
- System consulting using AI machine learning and image recognition technology
- Development of a system to promote the efficiency of sales operations and increase the number of business negotiations in the real estate industry through IT-based explanations of important matters and electronic contracts, etc.
- DX support for various industries other than the real estate industry

### ● Providing smart city solutions through the development of facial recognition platform services

- Development of “FreeiD”, a facial recognition ID platform service
- Social contributions such as keyless entry for condominiums and business offices, enhanced security for unstaffed stores and daycare centers, etc.

Synergies among businesses

Utilizing the knowledge gained from DX Real Estate Business in the DX Promotion Business



# Consolidated Results Summary



# Financial Highlight

## Overview of financial results for the nine months ended December 31, 2022

- Net sales increased 15.6% year-on-year. Operating profit rose 48.0% year-on-year due to high unit-price real estate sales, reflecting the recent surge in real estate prices. As a result, both net sales and profit increased and **remained strong**.
- In the DX Real Estate Business, properties were sold and delivered steadily due to strong market needs and efficient matching through digitalization.
- **Net sales** from DX Promotion Business **significantly increased** as orders received at existing subsidiaries exceeded expectations.
- The forecast of consolidated financial results for the year ending March 31, 2023, was **revised upward**.

### Net sales

**25,884** million yen  
(YoY**15.6%**)

### Operating profit

**2,266** million yen  
(YoY**48.0%**)

### DX Real Estate Members

**156,743** persons  
(QoQ**1,529** persons Up)

### Number of units of sales of real estate

**737** units  
(QoQ**253** units Up)

### Units for rent under management

**3,952** units  
(QoQ**403** units Up)

### Units for the buildings under management

**4,612** units  
(QoQ**498** units Up)

### Number of active SI project<sup>(1)</sup>

**143** projects  
(QoQ**44** projects Up)

※As of the end of December 2022

(1) The number of active projects refers to the number of active DX support projects in the DX promotion business.

## Consolidated statements of income for the nine months ended December 31, 2022

Net sales remained strong, resulting from increases in units of sales of real estate by 65 units year on year. Operating profit increased by 48.0% year on year, due to sales of real estate with high unit prices, despite an increase in selling, general and administrative expenses.

Unit: Millions of yen	FY2022.3/Q3	FY2023.3/Q3	Change	Change%
Net sales	22,382	25,884	+3,501	+15.6%
Operating profit	1,531	2,266	+734	+48.0%
Ordinary profit	1,309	2,032	+722	+55.2%
Profit attributable to owners of parent	861	1,295	+433	+50.3%

## BS Highlights

Cash and deposits decreased due to aggressive acquisitions of lands for development and pre-owned income properties for the next fiscal year.

Inventories increased by 9,938 million yen due to increases in real estate for sale in process and real estate for sale.

(Millions of yen)	FY2022.3	FY2023.3/Q3	Change	Change%
<b>Total assets</b>	31,982	<b>40,546</b>	+8,564	+26.8%
<b>Cash and deposits</b>	7,908	<b>6,348</b>	-1,559	-19.7%
<b>Inventories</b>	21,955	<b>31,893</b>	+9,938	+45.3%
<b>Interest- brating liabilities</b>	20,058	<b>27,869</b>	+7,811	+38.9%
<b>Net assets</b>	8,220	<b>9,275</b>	+1,054	+12.8%

## Highlights for the nine months ended December 31,2022

- DX Real Estate Business **steadily increased** the number of units sold, and the number of units settled separately **increased by 65 units year-on-year.**
- **Acquisition of shares of CloudTechPlus Inc.** to further promote DX (**making CloudTechPlus Inc. a subsidiary on January 31, 2023**)
- **“FreeiD,”** a service provided by DXYZ  
**Won the Venture Grand Prix in the ASP/SaaS category for support works at the "ASPIC lot, AI, and Cloud Awards 2022"** organized by ASPIC.
- **DXYZ, which is providing the "FreeiD" facial recognition platform service, is steadily expanding its business partners nationwide.**
  - ⇒ Started a pilot project of “Facial Recognition Service for Watching Over Children” in **Kameoka City, Kyoto Prefecture**, contributing to the creation of a safe and secure environment for child-rearing.
  - ⇒ Signed a strategic partnership agreement with **TOKYU COMMUNITY CORP.**
  - ⇒ **Mitsubishi Estate Co., Ltd.**'s comprehensive smart home service "HOMETACT" begins collaboration.
  - ⇒ “FreeiD” was installed in **SHIN-NIHON TATEMONO CO.,LTD.**’s first “all facial recognition” condominium that requires no keys at all.

# Topics for the third quarter of the fiscal year ending March 31, 2023

## M&A of CloudTechPlus Inc.

In order to accelerate the growth of our focused DX Promotion Business, we acquired the shares of CloudTechPlus Inc., which operates the cloud integration business, and made it a subsidiary. This acquisition will allow us to expand into customer domains different from the domains of cloud integration services that we are providing. We aim for further expansion as one of the drivers of exponential growth in the DX Promotion Business by creating strong synergies with Berners Inc., which is engaged in the system integration business.



### 【Company Overview】

■ Company name	CloudTechPlus Inc.
■ Location	9F Matsuzaki building, 6-2 Kanda Toyama-Cho, Chiyoda-ku, Tokyo, Japan
■ Incorporation date	June 2021
■ Representative	YUAN CHUNFENG, Representative Director
■ Business	Cloud Integration Business (Salesforce Implementation and cloud integration service)

# Results Summary of Segments

## Financial results by segment for the nine months ended December 31, 2022

DX Real Estate Business tended to be favorable as real estate prices remained strong, with net sales of 24,812 million yen. DX Promotion Business also expanded its operations steadily, with net sales of over 1.2 billion yen and steady growth in net sales.

In addition to increased net sales in both segments, cost reductions also contributed to a significant increase in operating profit.

Unit: Millions of yen	FY2022.3/Q3	FY2023.3/Q3	Change	Change%
<b>Net sales</b>	22,382	<b>25,884</b>	+3,501	+15.6%
DX Real Estate Business	22,337	<b>24,812</b>	+2,474	+11.1%
DX Promotion Business	86	<b>1,207</b>	+1,121	+1290.8%
Adjustments	-41	<b>-135</b>	-94	-
<b>Operating profit</b>	1,531	<b>2,266</b>	+734	+48.0%
DX Real Estate Business	2,471	<b>3,206</b>	+734	+29.7%
DX Promotion Business	9	<b>25</b>	+16	+174.7%
Adjustments	-949	<b>-966</b>	-16	-

## DX Real Estate Business

We have achieved efficient sales through digitalization in response to strong real estate needs. As a result, the sales situation remained strong.

Net sales and operating profit increased by 10.0% and 22.9%, respectively, due to sales of high unit-price properties and smooth property deliveries.

The strong real estate market continues, and inventory buildup for the next fiscal year is progressing steadily.

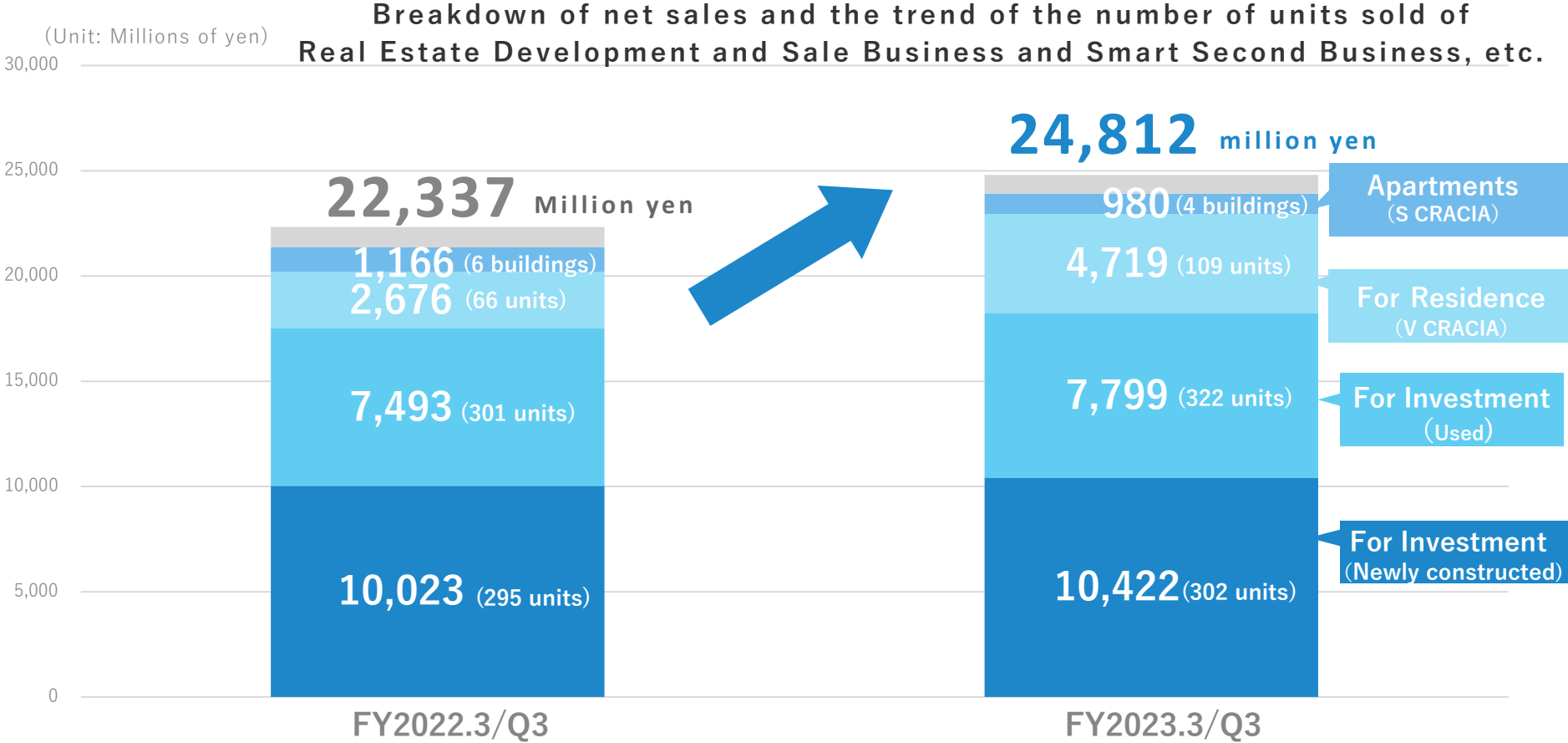
DX Real Estate Segment total				
Unit: Millions of yen	FY2022.3/Q3	FY2023.3/Q3	Change	Change%
Net sales	22,337	24,812	+2,474	+10.0%
Segment profit	2,471	3,206	+734	+22.9%



# DX Real Estate Business > Breakdown of Segment Sales

Net sales and the number of units sold remained steady by offering products tailored to customer needs.

For residence, we will expand the area, and for investment, we will focus on the Tokyo metropolitan area. We will continue to increase the number of units sold in the next fiscal year.



# DX Real Estate Business

We have deployed platforms tailored to customer needs, including the real estate investment crowdfunding "Rimple" and the real estate investment information site "Real Estate Investment Times."

Service operations tailored to social conditions and customer needs



- Investments can be made from 10,000 yen per unit.
- Operation of real estate coins that can utilize points from other companies

不<sup>プロが伝える資産運用のイマ!</sup>動産投資Times

- Over 300 columns have been delivered.
- Real estate investment professionals support as dedicated advisors.



Number of DX Real Estate Members

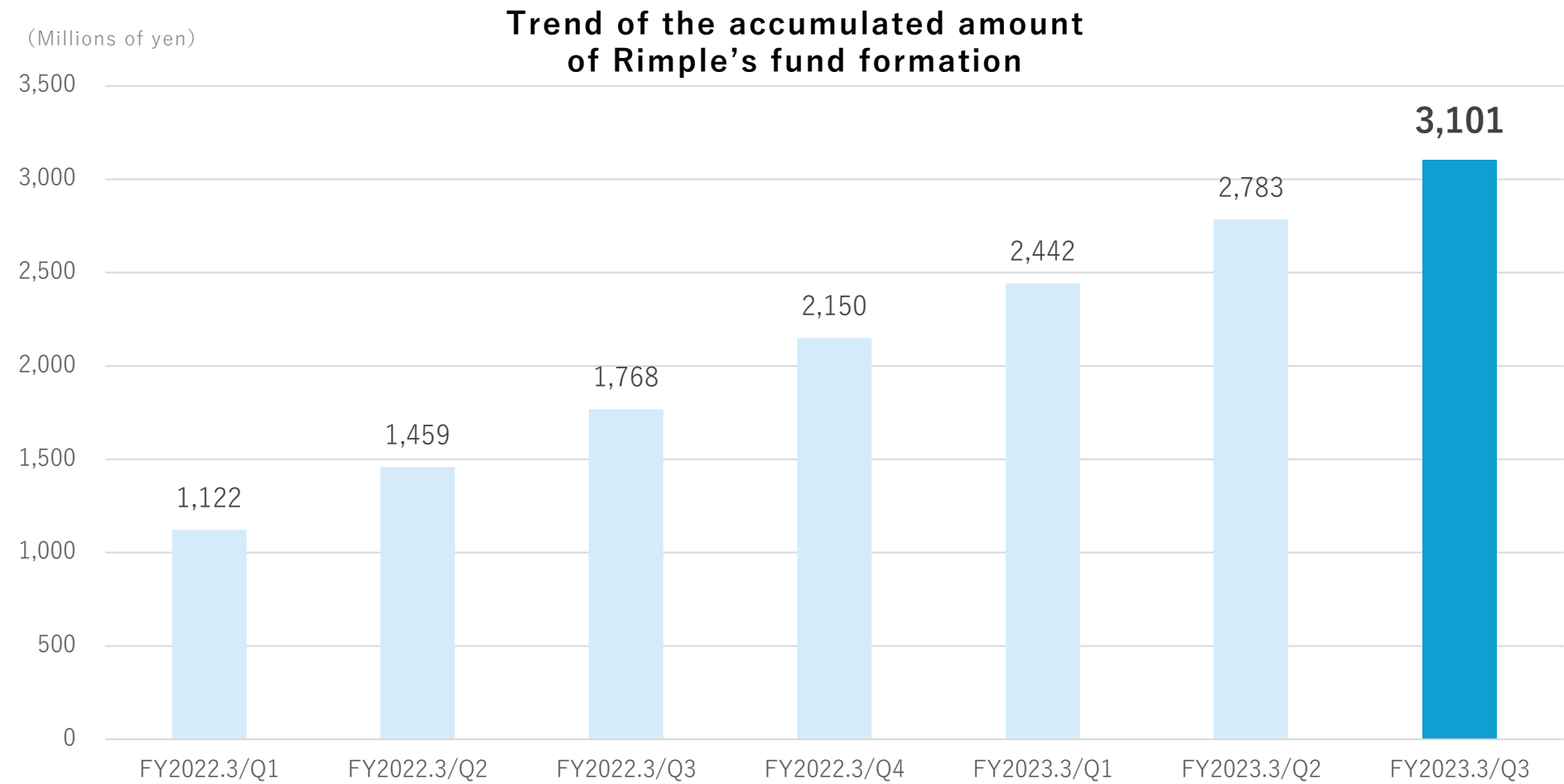
➡ 156,743 persons

(Compared to the end of the previous fiscal year : +4,812persons)

※As of the end of December 2022 · Total number of Rimple and Times members

# DX Real Estate Business>Rimple

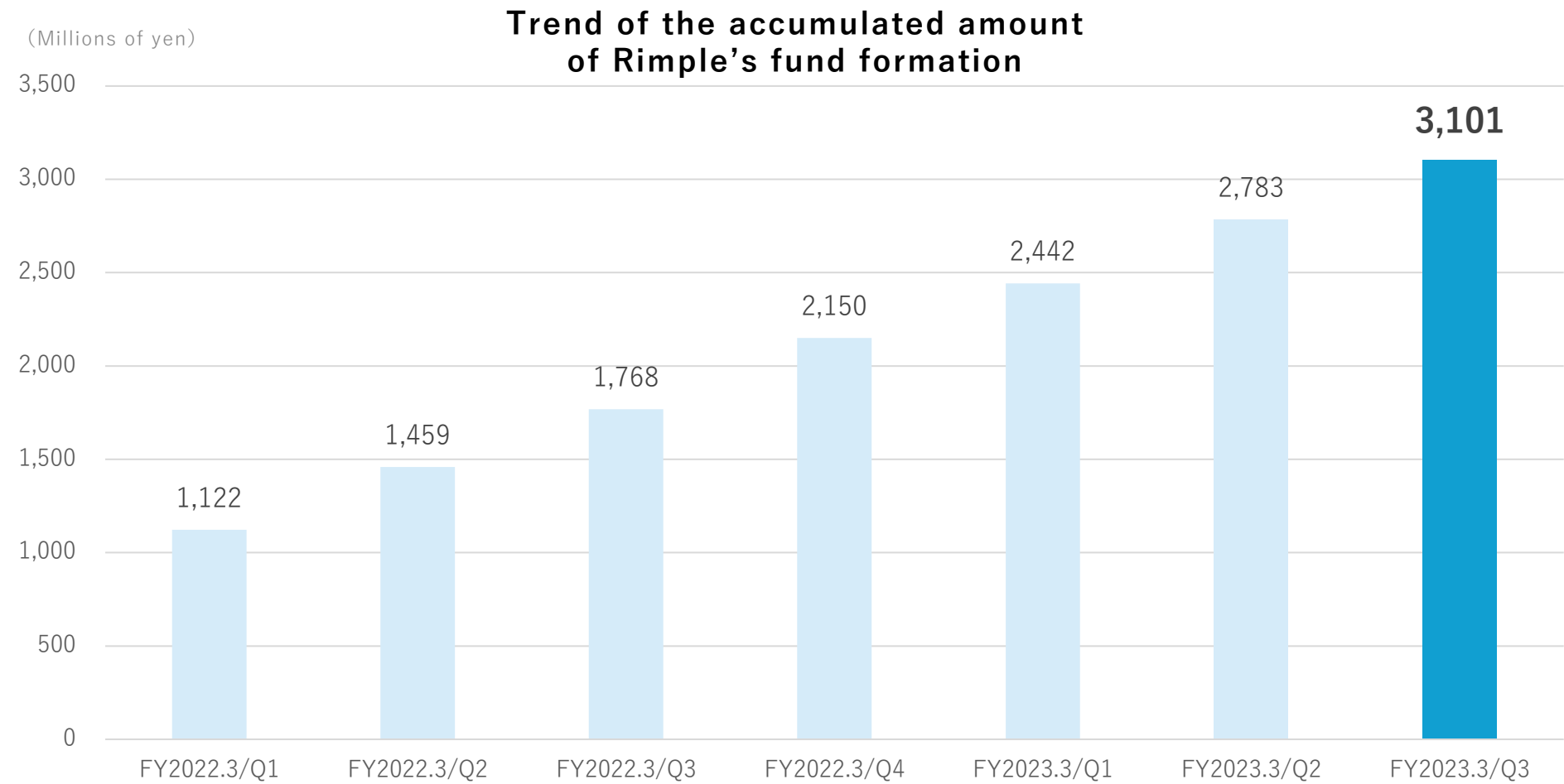
Periodic applications of Rimple’s fund formation tended to be favorable. The accumulated amount of fund formation is approximately 3.1 billion yen.



※As of the end of December 2022 • The accumulated amount of Rimple’s fund formation

# DX Real Estate Business>Rimple

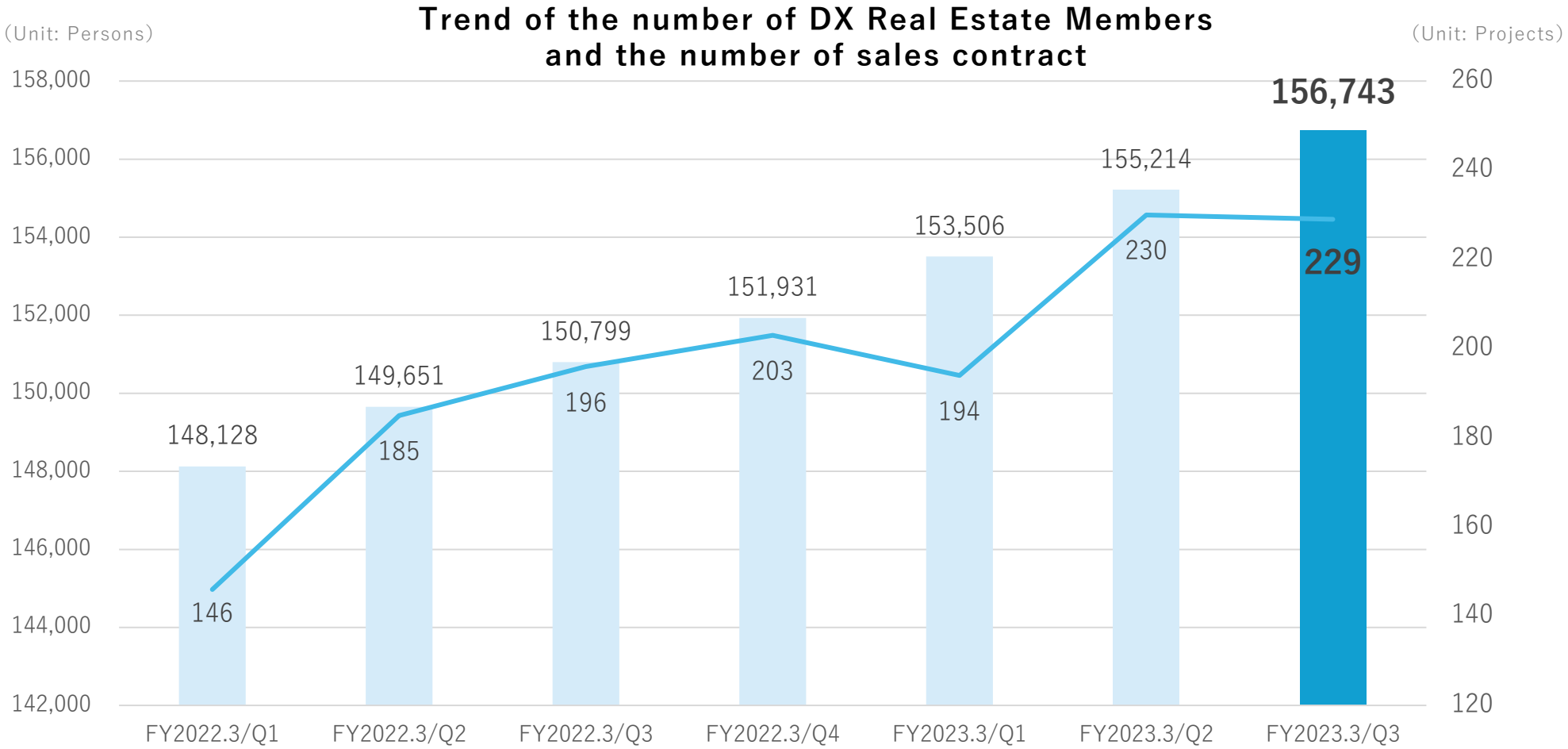
Periodic applications of Rimple’s fund formation tended to be favorable. The accumulated amount of fund formation is approximately 3.1 billion yen.



※As of the end of December 2022 • The accumulated amount of Rimple’s fund formation

# DX Real Estate Business>DX Real Estate Members

The number of DX Real Estate Members increased steadily, increasing 3.9% compared with the same period of the previous fiscal year.



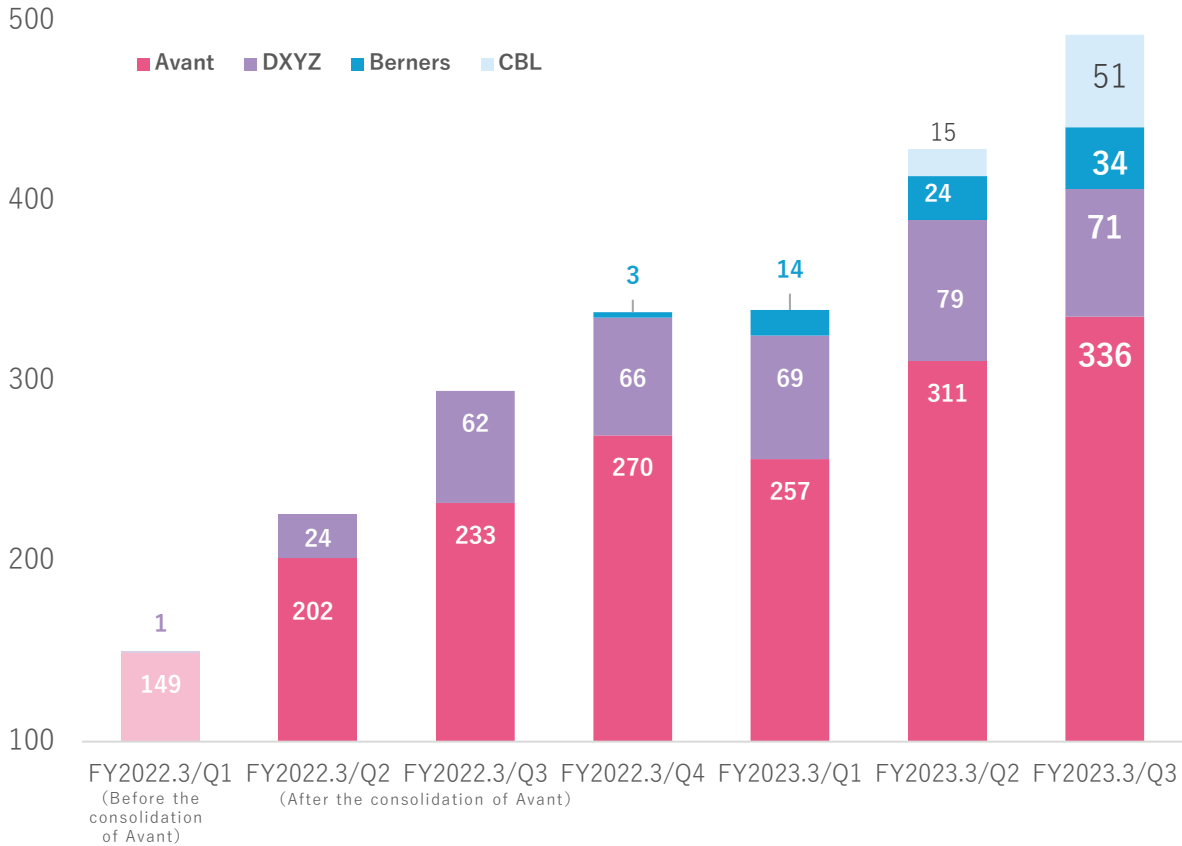
※As of December 31, 2022 • Total number of Rimple and Times members

# DX Promotion Business

As a whole, net sales from DX Promotion Business grew to 1.2 billion yen due to the contribution of CBLab Inc., which we consolidated from the second quarter.

"FreeiD," one of the growth drivers, is steadily **expanding** the customers we introduce solutions. We will aim for sales expansion and profit increase from next fiscal year.

Unit : Millions of yen	DX Promotion Segment total	DX Support	FreeiD
Net sales	1,207	904	218
Segment profit	25	36	-13



※These figures are the total amounts of net sales on a stand-alone basis before eliminating intercompany transactions such as revenues and expenses for the consolidation closing. Therefore, these figures differ from the total amounts of segment sales.

# DX Promotion Business > Portfolio by Industry

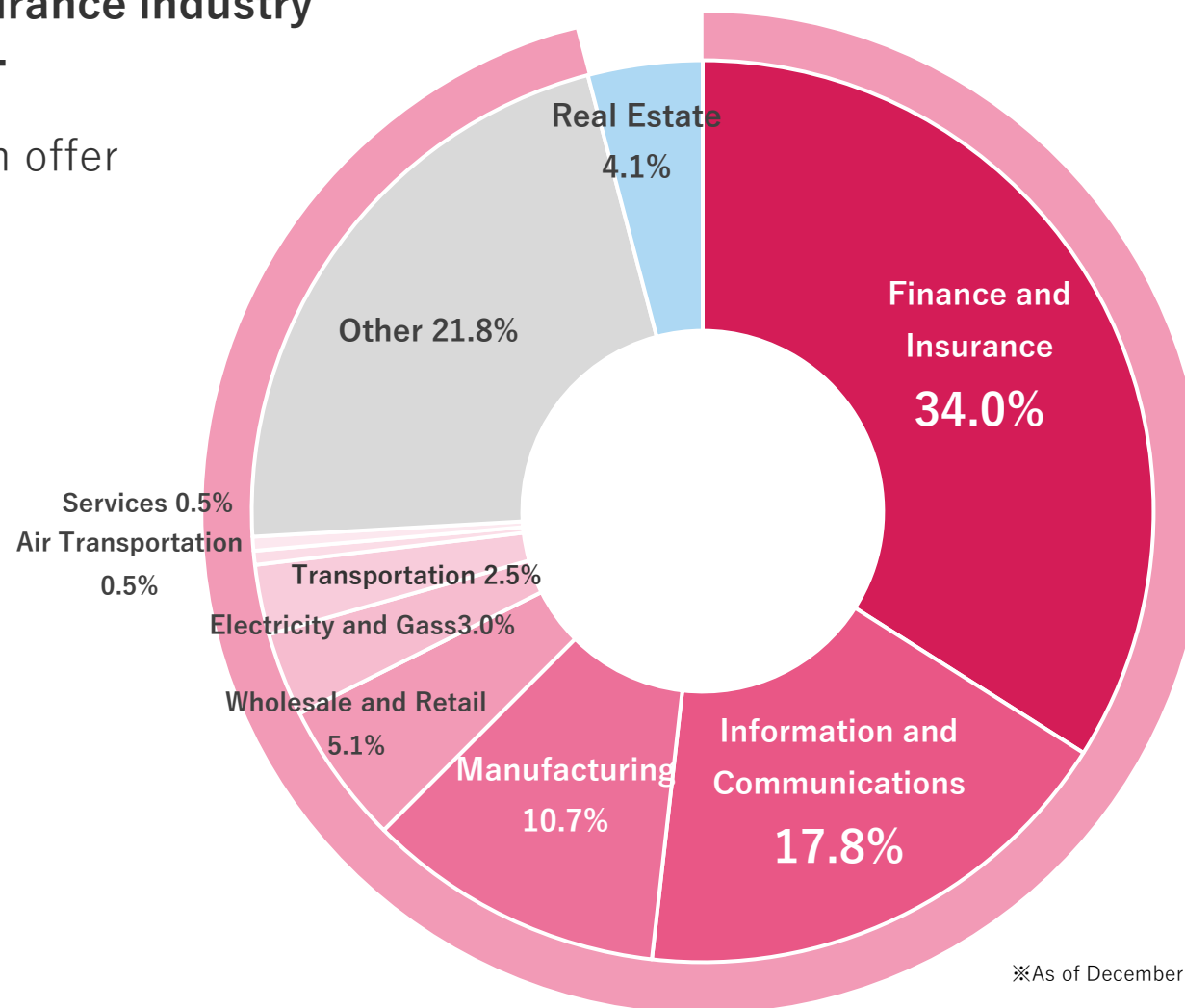
Over 50% of clients are in the Finance and Insurance industry and Information and Communications industry.

We strengthen DX support services, which we can offer to a wide range of industries.

## Client Portfolio by Industry

Non-real estate industries **95.9 %**

Real estate industry **4.1 %**

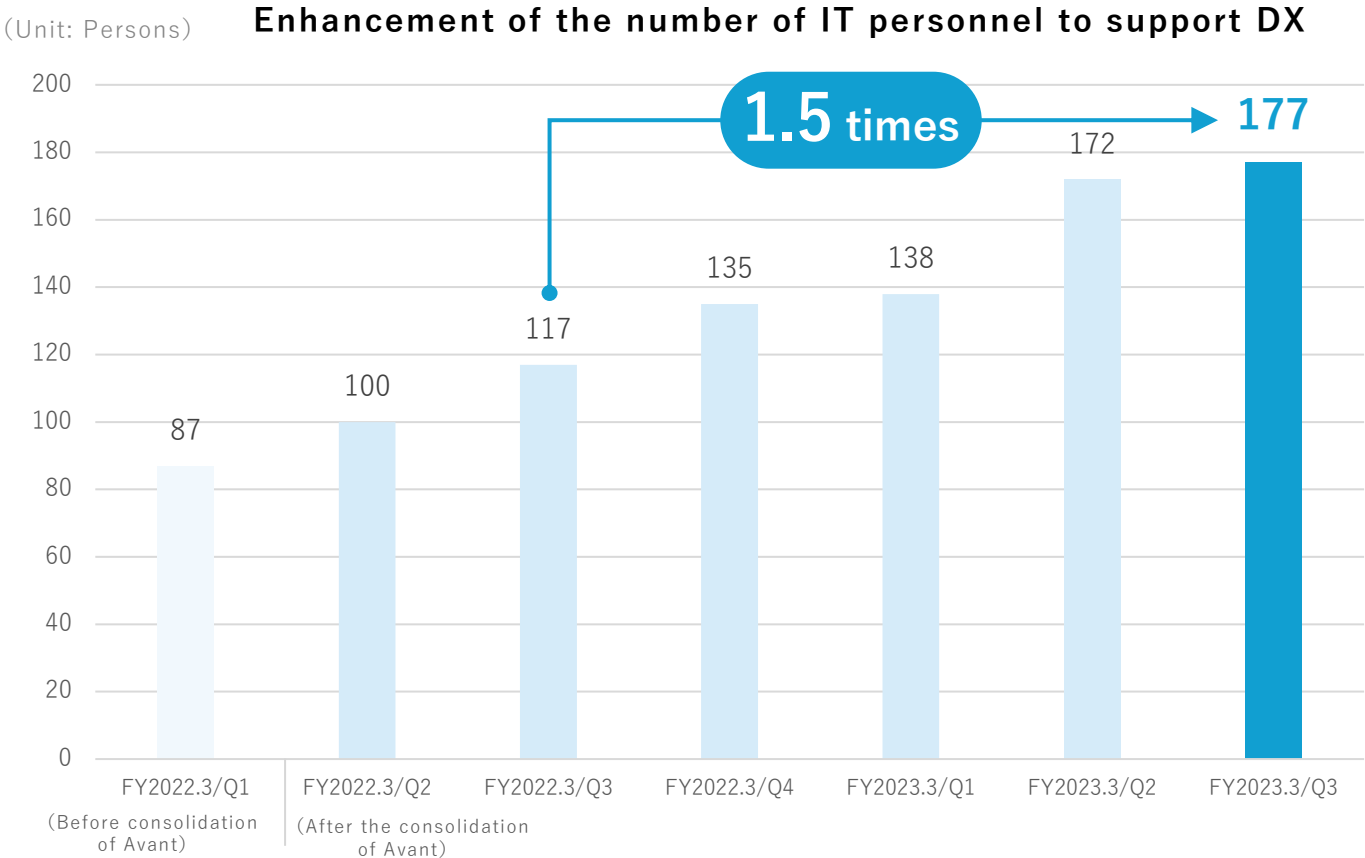


※As of December 2022

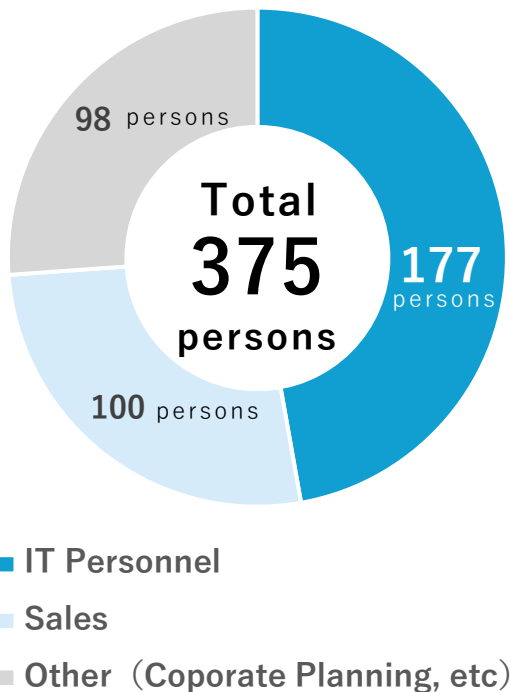
# Composition of Tech personnel > IT personnel to support DX

The number of our group's IT personnel, such as engineers, to promote DX is 177 persons(approximately 47% of the total employees).

An increase in IT personnel is one of the strengths that promote the DX of our business and support our IT development capabilities.



Group-wide job composition





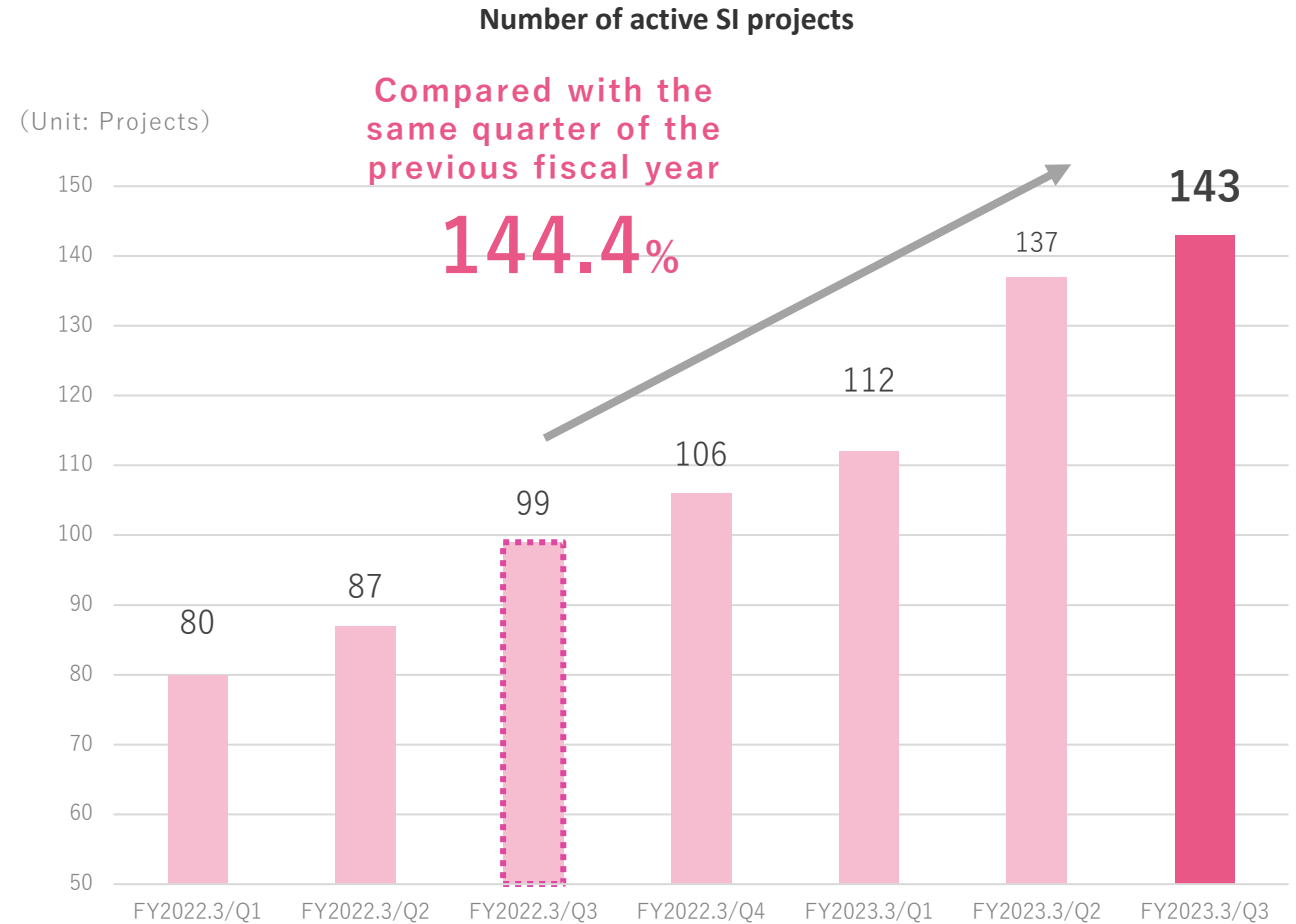
## DX Promotion Business>AVANT

Steady progress in the number of active projects for cross-industry DX support



Seizing the opportunity of recent DX demand, the number of active projects in DX support **expanded steadily.**

By expanding this business to other industries, we aim to acquire projects at an even faster pace.



# DX Promotion Business > BERNERS

Berners, which helps improve productivity, also received new orders steadily.



Supported the implementation of Salesforce by utilizing the know-how of SFA tool replace implemented by in-house DX.

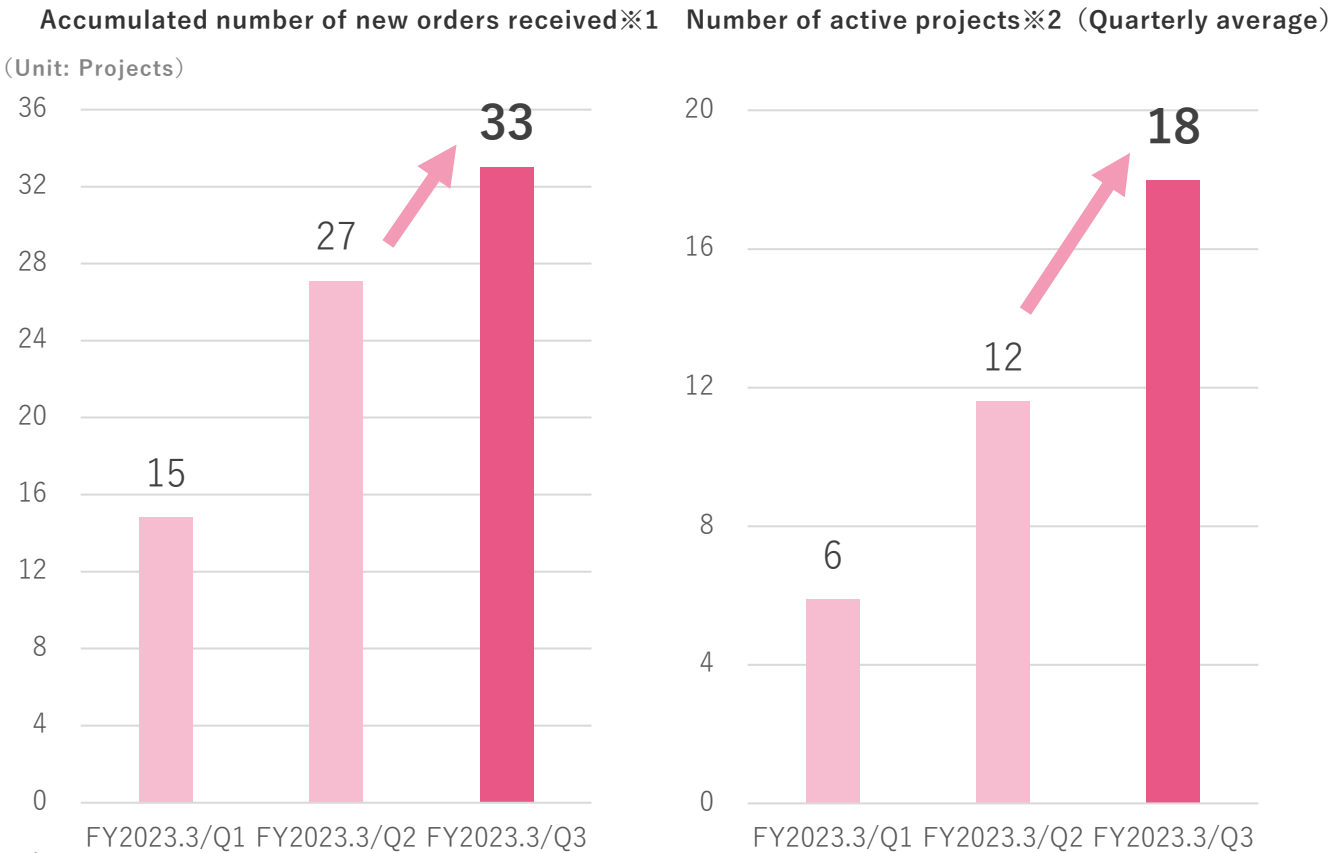
Provided "SI Cloud," subscription-based system development with unlimited person-hours, which is not available in conventional system development.

Enhanced development productivity through a thorough knowledge management system that allows the reuse of functions developed and implemented in the past.

※1 "Accumulated number of new orders received of SI Cloud" is the accumulated number of orders received since the start of service, converted by dividing each month's orders received by the minimum order received unit.

※2 "Number of active projects of SI Cloud (Quarterly average)" is the average number of active projects per month per quarter, converted by dividing the number of each month's active projects by the minimum order received unit.

## SI Cloud

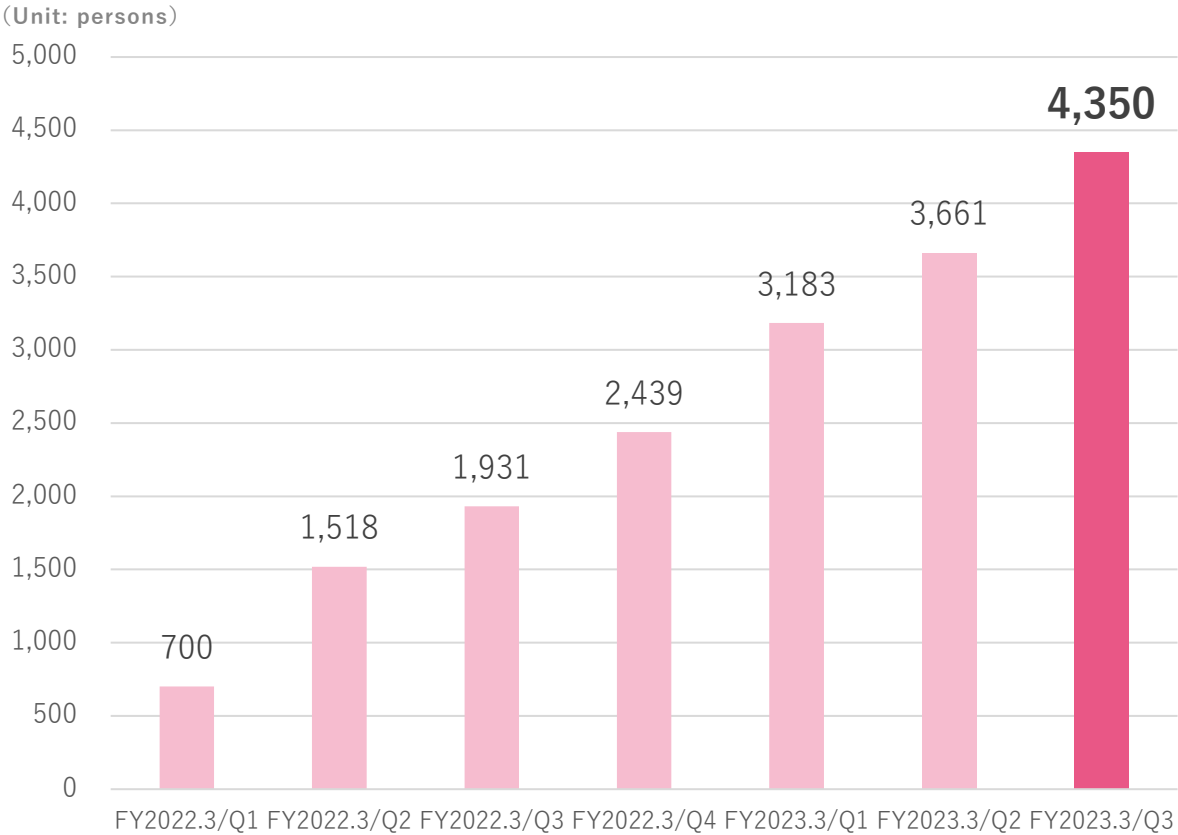


# DX Promotion Business > Facial recognition platform “FreeiD”

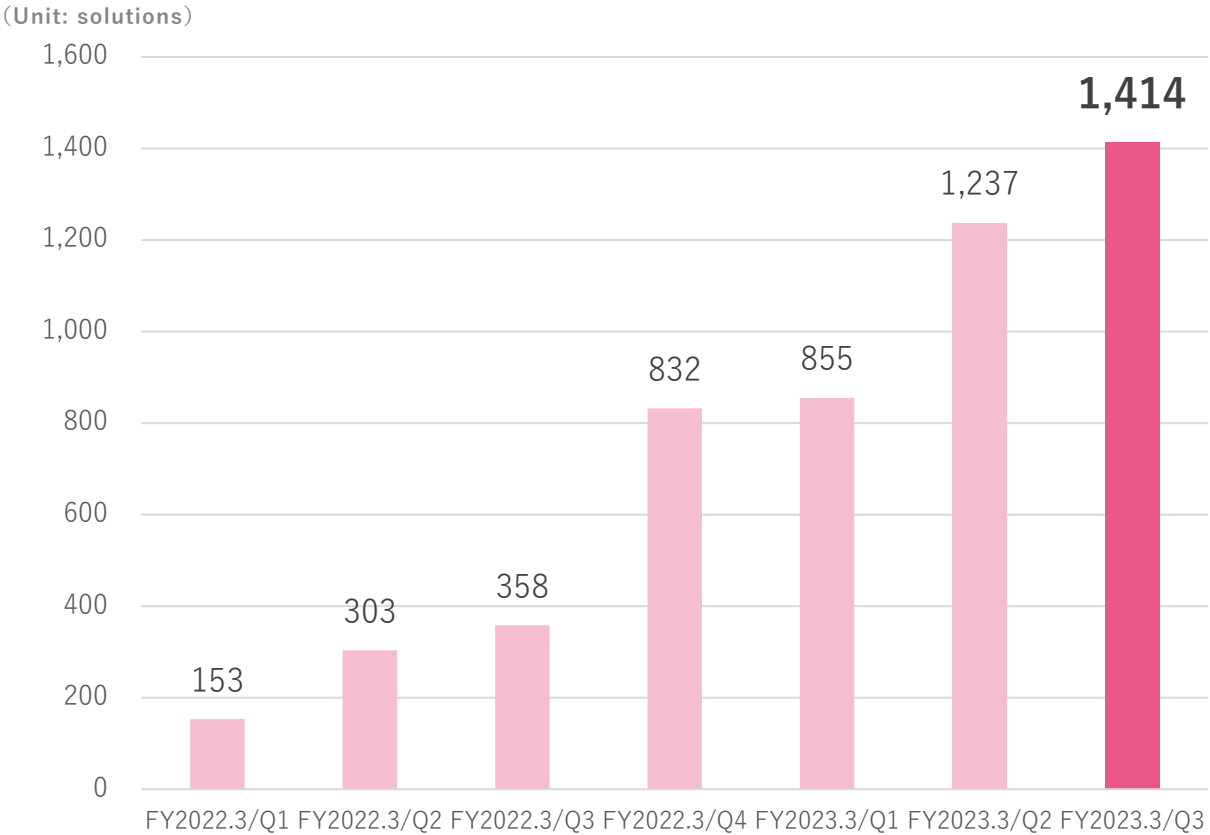
The accumulated number of “FreeiD” users and the number of solutions increased 2.2 times and 1.6 times, respectively, compared with the same period of the previous fiscal year.



Number of “FreeiD” users

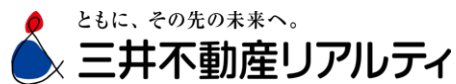
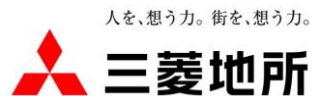


Number of solutions



## DX Promotion Business > Service provided

Clients that we work with are various leading companies.



Number of  
DX promotion and support  
services provided

65 companies

※As of the end of December 2022  
Only companies that have given permission to be listed are listed.

# Annual Profit Forecast

## Revision of the forecast

Revision of the forecast of consolidated financial results for the fiscal year ending March 31, 2023

DX Real Estate Business, the primary revenue pillar, **recorded steady profit** as the strong market for real estate prices.

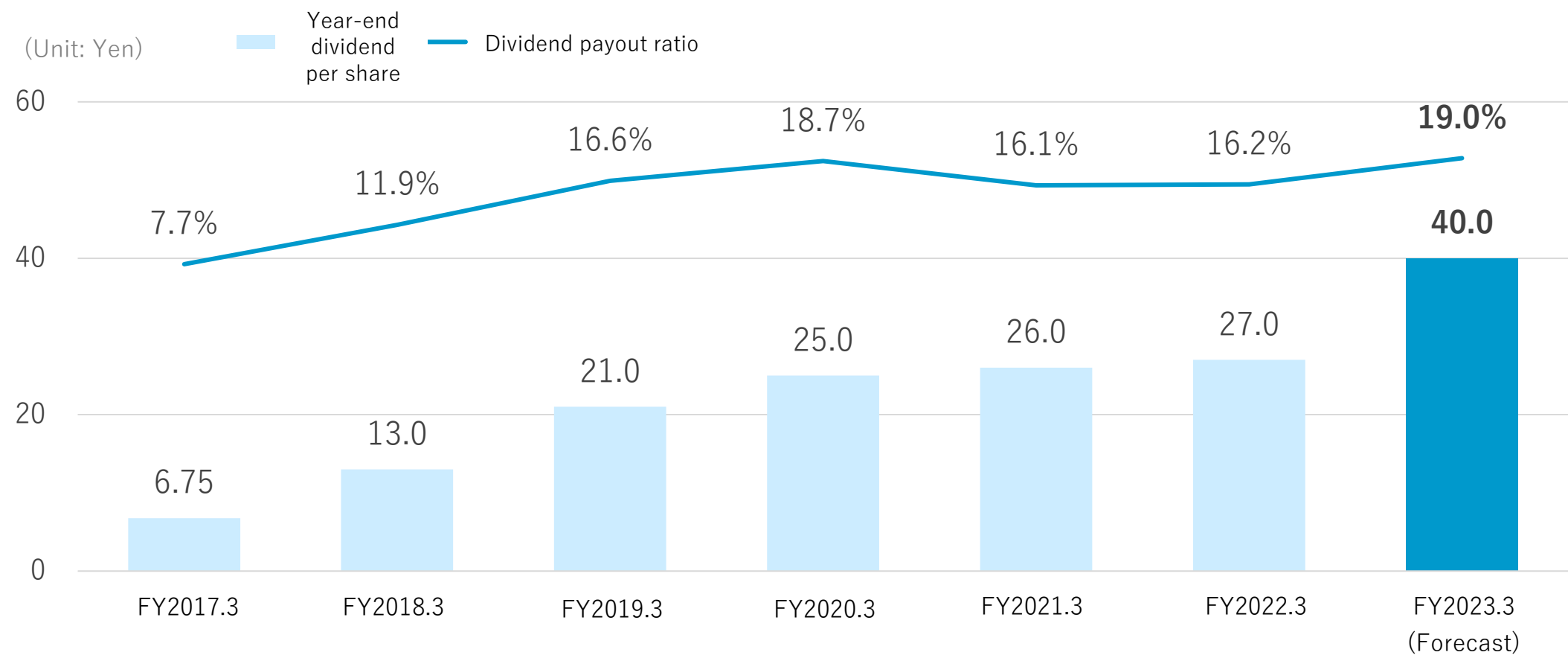
DX Promotion Business, our growth pillar, has achieved **higher net sales** and less cost **than initially expected** due to expanding its sales beyond the initial plan.

⇒ In addition to the profit recorded steadily, DX Real Estate Business comprehensively reviewed its strategies for sales, personnel, advertising, and investments. We reflected the updated forecast of financial results of DX Promotion Business.

Unit: Millions of yen	Initial forecast	Revised forecast	Change	Change
Net sales	38,000	<b>38,000</b>	—	— %
Operating profit	2,550	<b>2,850</b>	+300	+11.8%
Ordinary profit	2,200	<b>2,500</b>	+300	+13.6%
Profit attributable to owners of parent	1,430	<b>1,540</b>	+110	+7.7%

# Shareholder Return

We resolved to significantly increase the dividend forecast for the fiscal year ending March 31, 2023, planning to pay an annual dividend of 40.0 yen per share.  
We aim to maintain a stable dividend payout ratio of approximately 20% going forward.



※Year-end dividend per share in FY2017.3 is the amount before a stock split.

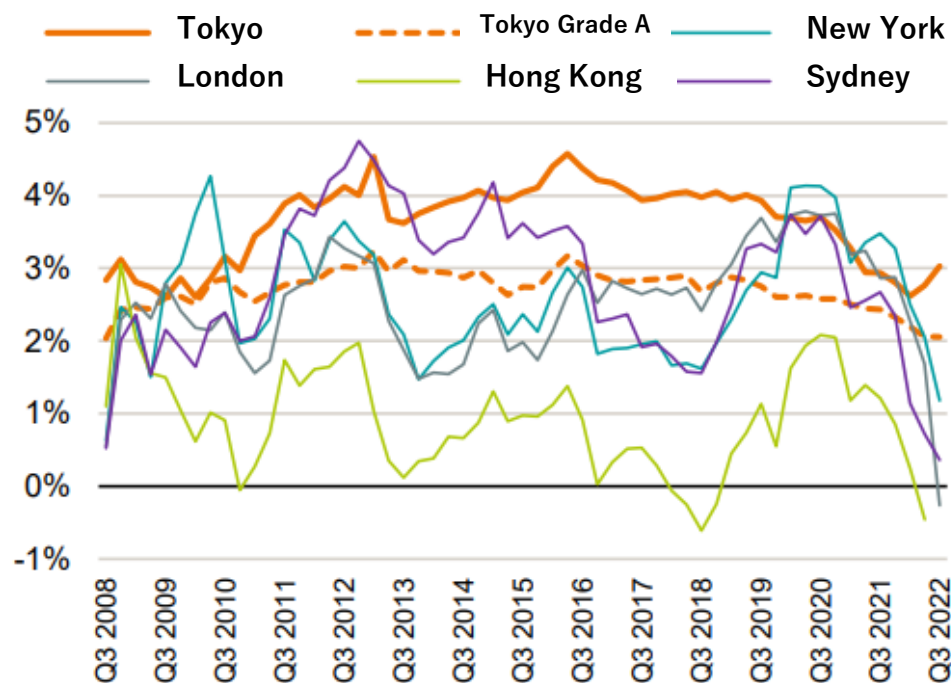
# Appendix



# DX Real Estate Business > Rising interest rates

## Rising interest rates

### ◆Yield gap (Office Market)



※ Deutsche Asset Management: DWS Domestic Real Estate Market Report November 2022

The average yield of the world's major cities has fallen sharply from a year ago. In contrast, Tokyo's yield is relatively high.

⇒ Even if interest rates rise slightly, the yield gap is the highest among major cities and may still be considered undervalued.

※ Yield gap: Difference between investment yields and long-term interest rates

### ◆Interest rate changes of Japanese major banks

Bank name	10-year fixed interest rate which is applied in November	Change from October
MUFG Bank, Ltd.	0.83%	-
Sumitomo Mitsui Banking Corporation.	0.93%	+0.10%
Sumitomo Mitsui Trust Bank, Limited.	1.05%	-
Resona Bank, Limited	1.08%	+0.03%
Mizuho Bank, Ltd.	1.20%	+0.15%

※ Announced on October 31, 2022: Three major banks raise mortgage rates which is applied in November

- Mortgage rate hike is limited to 10-year fixed rates.
- 73.9% of mortgage borrowers choose variable rates.
- Fixed-term selective interest rates, which include a 10-year fixed rate, remain at 17.3%.
- On December 20, 2022, the Bank of Japan announced an expansion of the range of fluctuation of long-term interest rates from 0.25% to 0.5%.

Fixed rates at the major banks may rise.

However, there are many who have opted for variable interest rates, and the increase has not been substantial, and lending attitudes have not become more rigid.

⇒ Currently, the impact on the real estate market is considered to be limited.

## Overall Structure of Our Business

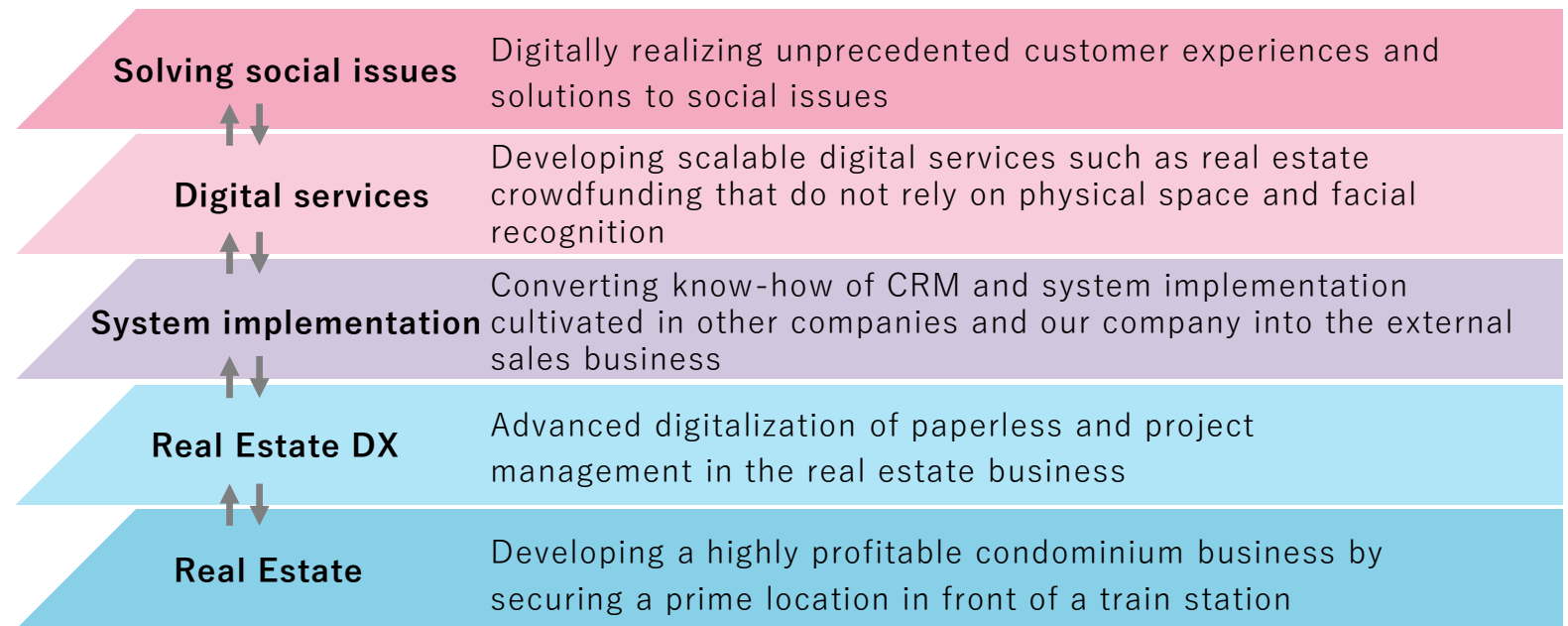
# From physical layer business to digital layer business

We aim to expand from a land-stick physical layer business to a digital layer business that can scale without physical constraints.

**We aim to become a comprehensive DX corporate group with strength in real space.**

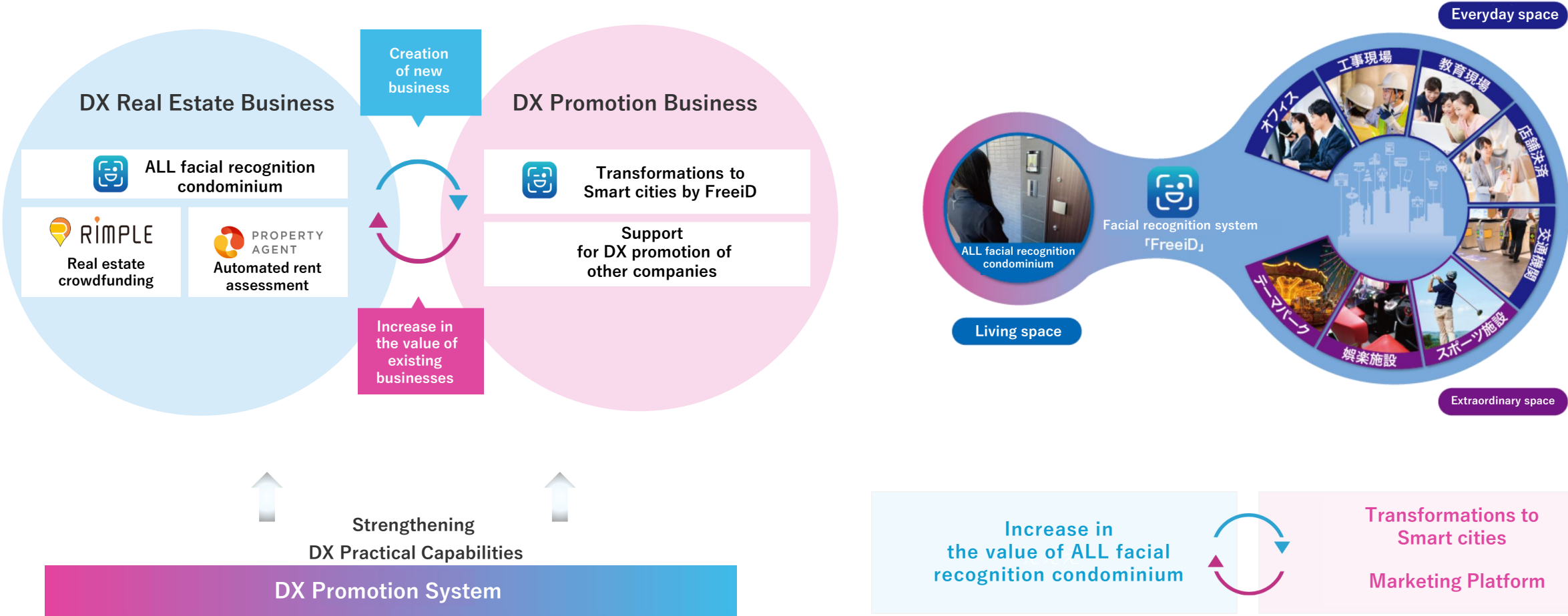
### World-view in the near future

Threats and possibilities for a world-view in which stores and condominiums in prime locations in front of train stations, which have been fixed in the past, will be able to operate in a variety of spaces with the development of digital and MaaS



# Three Pillars for DX Growth Strategy

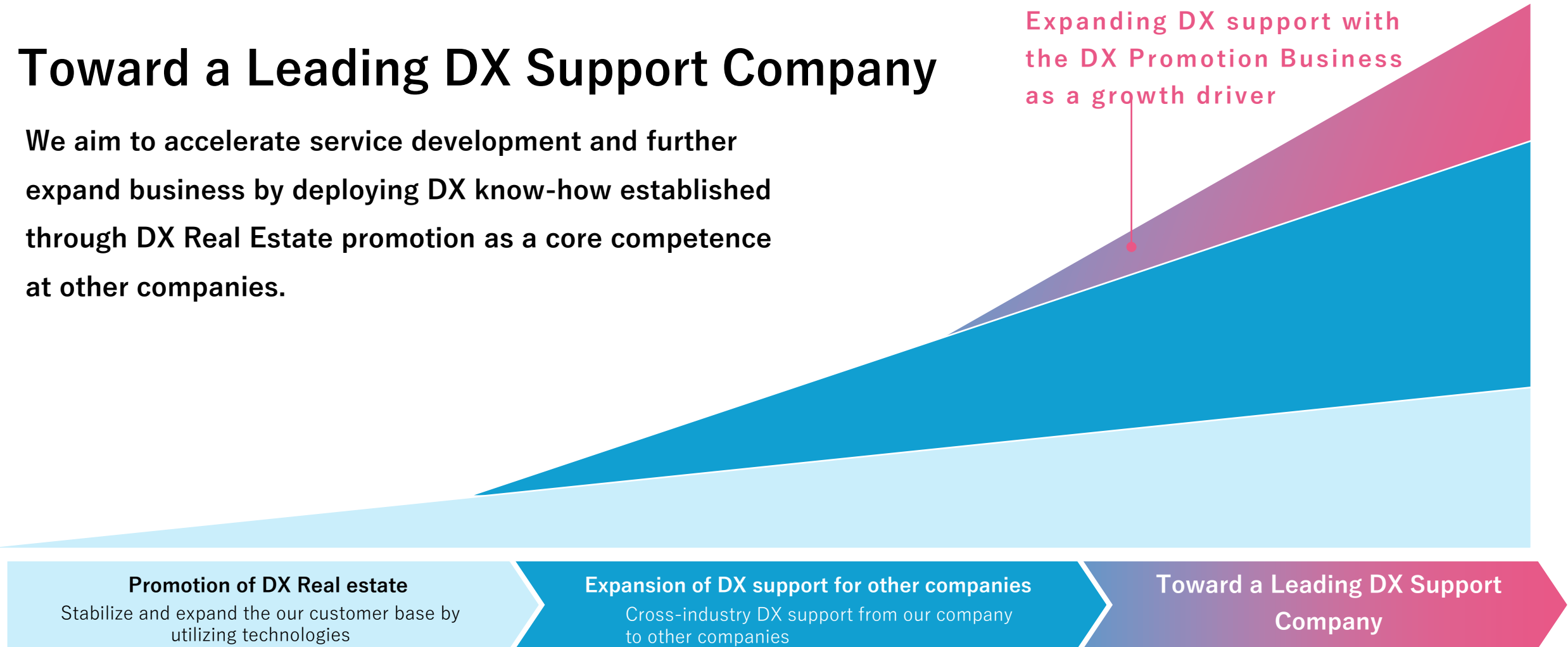
We establish a DX Promotion System and plan to expand it, focusing on the facial recognition platform "FreeiD."



# Toward a Leading DX Support Company

We aim to accelerate service development and further expand business by deploying DX know-how established through DX Real Estate promotion as a core competence at other companies.

Expanding DX support with the DX Promotion Business as a growth driver



# Composition of Tech personnel

## Introduction of our team of directors with extensive backgrounds in the IT industry



**Avant Corporation. Representative Director, CEO**  
**Masachika Suzuki**

Founder of Avant Corporation., whose businesses are system consulting, service planning and provision, and system development, utilizing the knowledge of the IT industry he learned while studying in the United States. He has been leading a group of IT professionals with outstanding technical skills for more than 10 years.



**Berners Inc. Sales Headquarter Executive officer**  
**Teppei Sasaki**

After graduating from El Camino College in California, he began his career in human resources sales. After working in sales in the flash marketing area, he joined SunBridge Inc. in 2016. After his experiences in product sales and solution sales, he was appointed as a Sales manager in 2018, CRO in 2020. He joined Berners Inc. in 2022 and has been with the company ever since.



**DXYZ Co., Ltd. President and Director**  
**Shintaro Kimura**

After graduating from Keio University, Faculty of Law, Department of Law. He joined the ICT Business Division of Mitsui & Co., Ltd. where he was engaged in investing in U.S. and Israeli cyber security companies and developing services in Japan. He was then temporarily transferred to Mitsui Electronics Inc., where he worked on PM for the launch of DX services for the logistics industry, and in April 2021, he was appointed as President and Director of DXYZ Co., Ltd.



**CloudTechPlus Inc. CEO**  
**YUAN CHUNFENG**

After obtaining a Master's degree from Kobe University, he acquired experience in developing with JAVA and other languages, and has been involved in Salesforce development since 2014. He has extensive experience with implementing CRM and SFA solutions in industries such as finance, insurance, and real estate. He has previously served as a software engineer, project manager, and advisor, and has served as a director of a small to medium-sized company. In 2021, he founded CloudTechPlus Inc.



**Berners Inc. Crowd Integration Headquarter, Executive officer**  
**Yuri Naka**

After graduating from Meiji University, School of Science and Technology, Department of Applied Chemistry. Engaged in SI projects ranging from core system development to cloud solutions, which is mainly Salesforce. After consulting on CRM implementation and defining business requirements to implementation in various industries, he worked on organizational management and promotion as a head of the development department at Uhuru Corporation.



**PROPERTY AGENT Inc. Corporate Planning Department, General Manager**  
**Takashi Sato**

In 1997, he joined Softbank Corp. and worked mainly in security solutions. He engaged in O2O construction, planning and construction of online business models, and experienced various projects such as Pepper Web reservation system and PayPay launch, etc. He joined PROPERTY AGENT Inc. in 2019 and participated in the launch of Rimple, which is a real estate crowdfunding. Currently he is leading In-house DX promotion.

# DX Promotion Business > DXYZ

## DXYZ's business model

SaaS

PaaS

Solutions

Custom

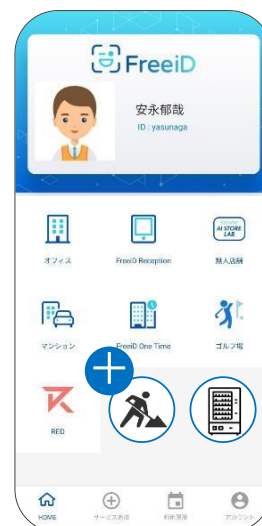
Platform



### FreeiD Package Offerings

Condominiums, offices, daycare centers, etc.  
Existing service offerings

\*DB : Database, AC: Access control



### FreeiD Customized Offerings

Development and offering of  
new FreeiD services  
\*Once developed, the solution is offered to other  
companies, as a solution at a lower cost.



Client Apps and Services

### Facial Recognition Infrastructure Offerings

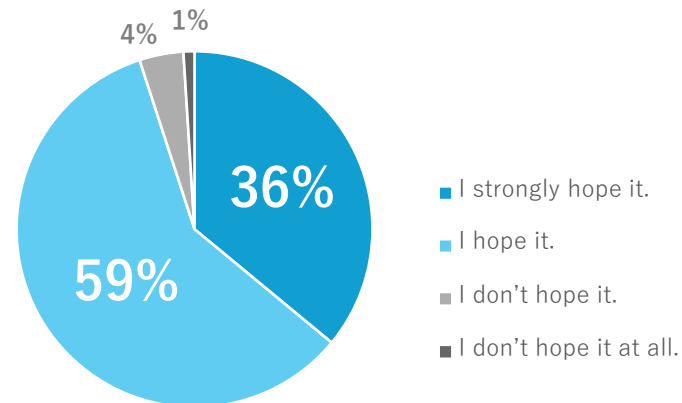
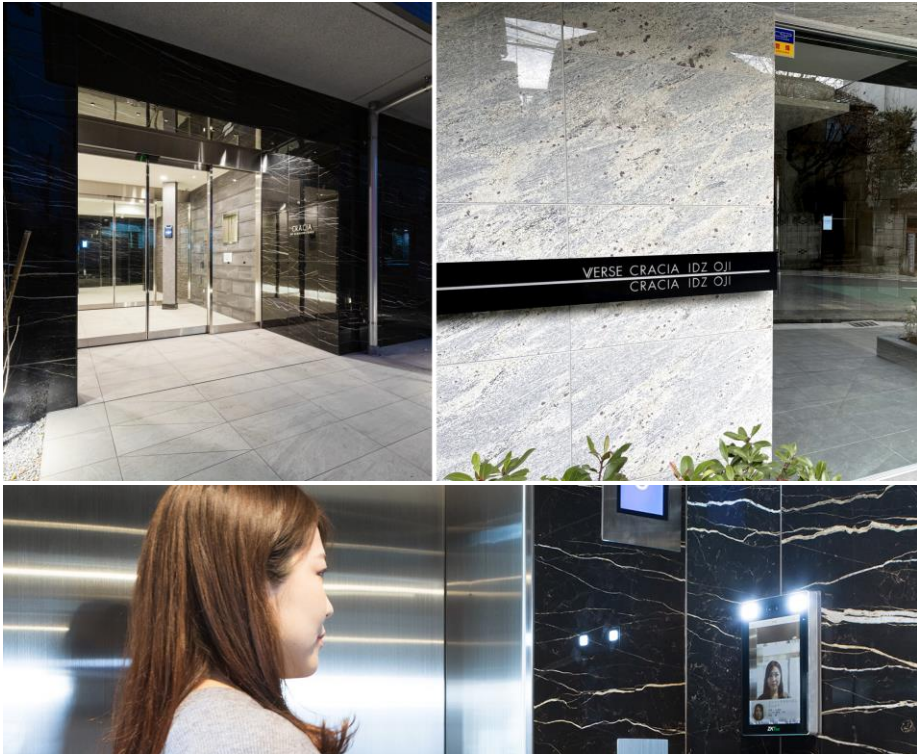
Development and offering of  
the facial registration function, DB, AC, etc.  
Engines can be used simply by connecting  
to a common API.



## User evaluations of "Keyless ALL Facial Recognition Condominiums" are favorable.

We offer "ALL Facial Recognition Condominiums," whereby residents can enter the entrance, unlock mailboxes and delivery boxes, call elevators, and enter individual units simply by holding their faces over the facial recognition devices installed in the condominiums. This system has received a high degree of satisfaction from residents.

### Keyless condominiums by facial recognition



### ● Entry functionality

We realize all kinds of security in the condominium by using facial recognition, achieving both convenience and safety.

### ● One Time key rent functionality

The cloud allows family members and acquaintances who do not live together to enter the condominiums safely and smartly.

### Facial recognition entry/exit is highly satisfactory for residents.

Q. Would you like facial recognition entry/exit to your next residential property ?

**95%** of residents hope for facial recognition for their next residential property

Results of survey on living in facial recognition condominiums  
n=146 (Residents of condominiums with FreeID)

## DX Promotion Business>FreeiD Introduction example

We have started a pilot project of “Facial Recognition Service for Watching Over Children” in Kameoka City, Kyoto Prefecture.

As a partner with Kameoka City in Kyoto Prefecture, we have started a pilot project of the "Facial Recognition Service for Watching Over Children" at the "SANGA STADIUM by KYOCERA(Designated administrator: Viva & Sanga, LLC)" using the facial recognition platform "FreeiD" developed and provided by DXYZ. We will verify how a system that uses facial recognition to confirm attendance and automatically notifies parents when their children attend lessons will change the parents' sense of security and the workload on the site.



### Merits of “Facial Recognition Service for Watching Over Children”

- **Contribution to accident prevention**  
Business operators can confirm attendance. Additionally, parents can also confirm safe arrival.
- **Accurate recording**  
Authentication with a unique "face" cannot be forgotten, like a card.
- **Easy to install**  
Parents can register their child's face with the app, and the business operators only need to install the device.



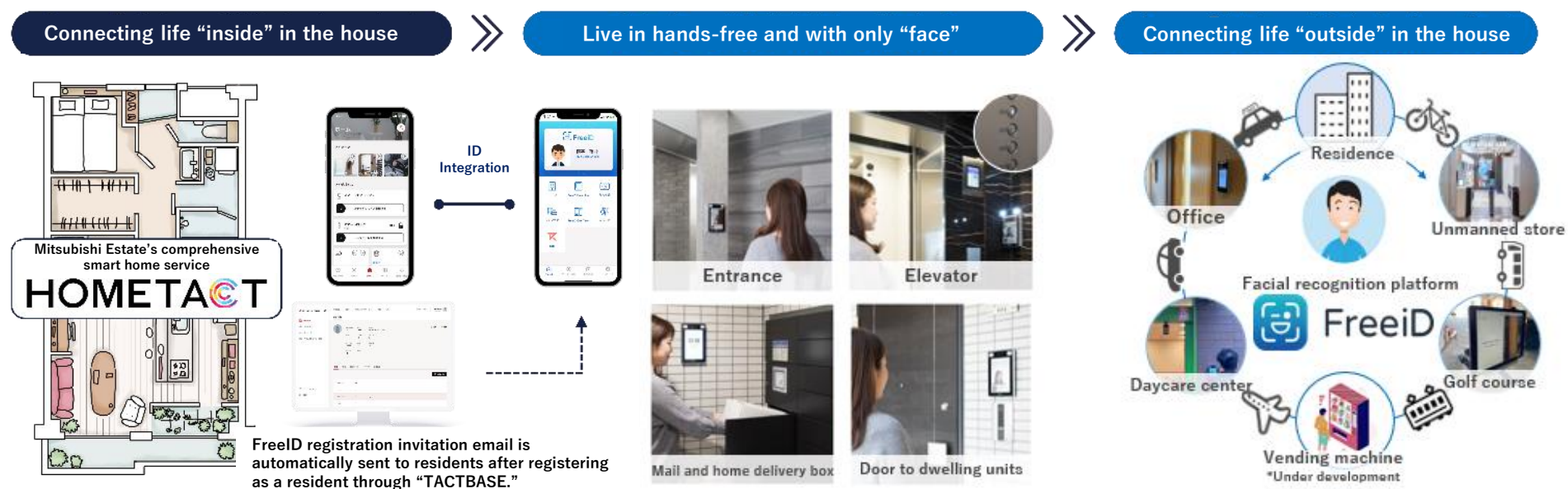
## DX Promotion Business > FreeiD Introduction example

Mitsubishi Estate Co., Ltd.'s comprehensive smart home service "HOMETACT" begins collaboration.

We are jointly building "Machi Pass FACE," a facial recognition service collaboration platform with Mitsubishi Estate Co., Ltd. to provide one-stop and comfortable use of facial recognition services that vary by building, facility, and service.

"HOMETACT," which links IoT devices such as home equipment and household appliances with smartphone apps and smart speakers to make life "inside" the house more convenient and comfortable, and "FreeiD," which connects life "outside" the house from the front door, allowing people to live in the house with just their faces and using various facial recognition services by registering a face once, will work together to create a world where life "inside" and "outside" the house can be connected "hands-free."

**The collaboration between HOMETACT and FreeiD will connect life "inside" the house with life "outside" the house with hands-free.**



A dedicated website to the SDGs has been set up, with basic policies for achieving a sustainable society.

**Background to the set up**

The dedicated website has been set up to clearly state our stance on achieving a sustainable society and to reiterate and disseminate it to employees and other stakeholders, in line with the our medium-term vision of “Balancing Evolution/Transformation and Sustainability.”

**PROPERTY AGENT Inc.’s Sustainable Policy**

Through the implementation of our corporate philosophy, we will strive to solve social issues, integrate social and environmental values with the value of our business activities, realize a sustainable society, enhancement of our corporate value and perpetual management.



## Disclaimer regarding forward-looking statements

Materials and information provided included in this presentation may contain so-called “forward-looking statements.” These statements are based on current expectations, forecasts and assumptions that are subject to risks and uncertainties that could cause actual outcomes and results to differ materially from these statements.

Risks and uncertainties include general industry and market conditions, and general domestic and international economic conditions such as interest rate and currency exchange fluctuations.

We assume no obligation to update or revise forward-looking statements included in this presentation material to reflect new information and events in the future.