



FY2024/3 Q1

Consolidated Financial Results

August 2023

PROPERTY AGENT, Inc.

(Securities Code: 3464)

Table of Contents

- 1 . FY2024/3 Q1 Consolidated Results Summary
- 2 . FY2024/3 Q1 Results Summary of Segments
- 3 . FY2024/3 Q1 Topics
- 4 . Company Profile
- 5 . Appendix

Q1 FY2024/3 Consolidated Results Summary

Financial results highlights

Summary of earnings for the first quarter of the fiscal year ending March 31, 2024

- **Posted dramatic year-on-year growth in net sales and operating profit** with net sales increasing 89.5% and operating profit rising 158.1% on account of an increase in new project orders for the DX Promotion Business and firm sales through the DX Real Estate Business.
- For the DX Promotion Business, number of customer companies introducing our facial recognition platform grew and cloud integration service orders **were firm**.
- Number of DX Real Estate investment members **surpassed 160,000**.
- Recurring revenue rose on account of an increase in the number of units under management.

Net sales

¥15,289 million
(YoY +89.5%)

DX Real Estate members

160,747 persons
(YoY +7,241)

Operating profit

¥1,835 million
(YoY +158.1%)

Number of units of sales of real estate

450 units
(YoY +220)

Units for rent under management

4,327 units
(YoY +540)

Units for the buildings under management

4,744 units
(YoY +341)

Number of active SI projects

143 projects
(YoY +31)

*As of June 2023

(1) "Number of active SI projects" refers to the number of active DX support projects in the DX Promotion Business.

Consolidated income statement for the first quarter of the fiscal year ending March 31, 2024

Recorded substantial growth in net sales and profit as a result of steady increase in sales of used units in the Smart Second Business and concentrated delivery of new units.

Posted record profit for the first quarter due to dramatic increase in profits at all levels.

(Millions of yen)	FY2023.3/Q1	FY2024.3/Q1	Change	Change (%)
Net sales	8,066	15,289	+7,222	+89.5%
Operating profit	711	1,835	+1,124	+158.1%
Ordinary profit	648	1,752	+1,104	+170.5%
Profit attributable to owners of parent	439	1,166	+726	+165.1%

Results by segment for the first quarter of the fiscal year ending March 31, 2024

Recorded operating loss for the DX Promotion Business on account of upfront investments in human resources despite dramatic increase in revenue due to larger number of new orders.

Both net sales and operating profit for the DX Real Estate Business rose substantially as a result of a steady increase in used units sales and concentrated delivery of new units.

Millions of yen	Segment PL			
	FY2023.3/Q1	FY2024.3/Q1	Change	Change(%)
Net sales	8,066	15,289	+7,222	+89.5%
DX Promotion Business	330	524	+194	+58.9%
DX Real Estate Business	7,767	14,768	+7,001	+90.1%
Adjustments	-30	-4	+26	-
Operating profit	711	1,835	+1,124	+158.1%
DX Promotion Business	31	-49	-81	-
DX Real Estate Business	953	2,209	+1,256	+131.7%
Adjustments	-274	-324	-50	-

BS Highlights

Steady growth in pre-owned sales and a concentration of new property deliveries have led to a decline in inventories of properties for sale.

The equity ratio rose to 27%, as funds collected from sales were used to reduce interest-bearing debt.

Unit: Millions of yen	FY2023.3	FY2024.3/Q1	Change	Change%
Total assets	43,441	38,700	-4,741	-10.9%
Cash and deposits	6,819	6,748	-70	-1.0%
Inventories	33,828	29,299	-4,529	-13.4%
Interest-bearing liabilities	28,805	24,782	-4,022	-14.0%
Net assets	9,572	10,544	+972	+10.2%

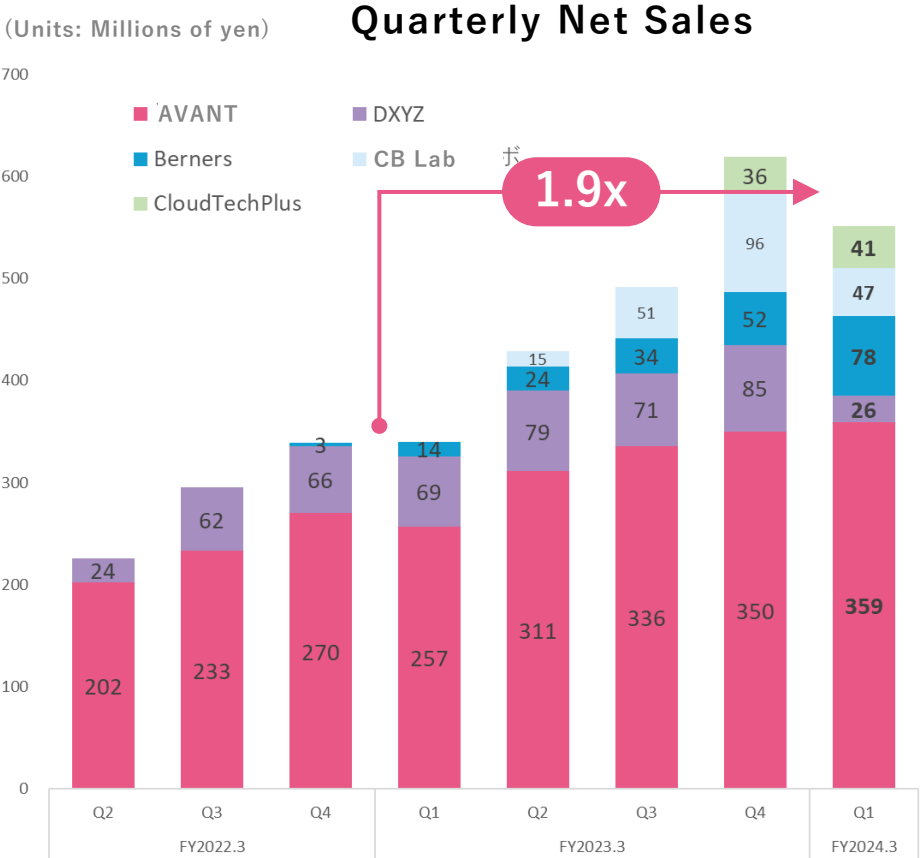
Q1 FY2024/3 Results Summary of Segments

DX Promotion Business

Posted loss for the quarter despite dramatic year-on-year increase in net sales of 58.9% due to upfront human resource investments, such as to recruit new graduates.

AVANT and BERNERS recorded substantial year-on-year increases in net sales as the number of active projects rose, but DXYZ posted a decline in net sales as it completed few introduction projects.

DX Promotion Business Segment Total				
(Units: Millions of yen)	FY2023.3/Q1	FY2024.3/Q1	Change	Change (%)
Net sales	330	524	+194	+58.9%
Segment profit	31	-49	-81	-



* Differs from total segment net sales because non-consolidated total is before offsetting internal business for consolidated earnings.

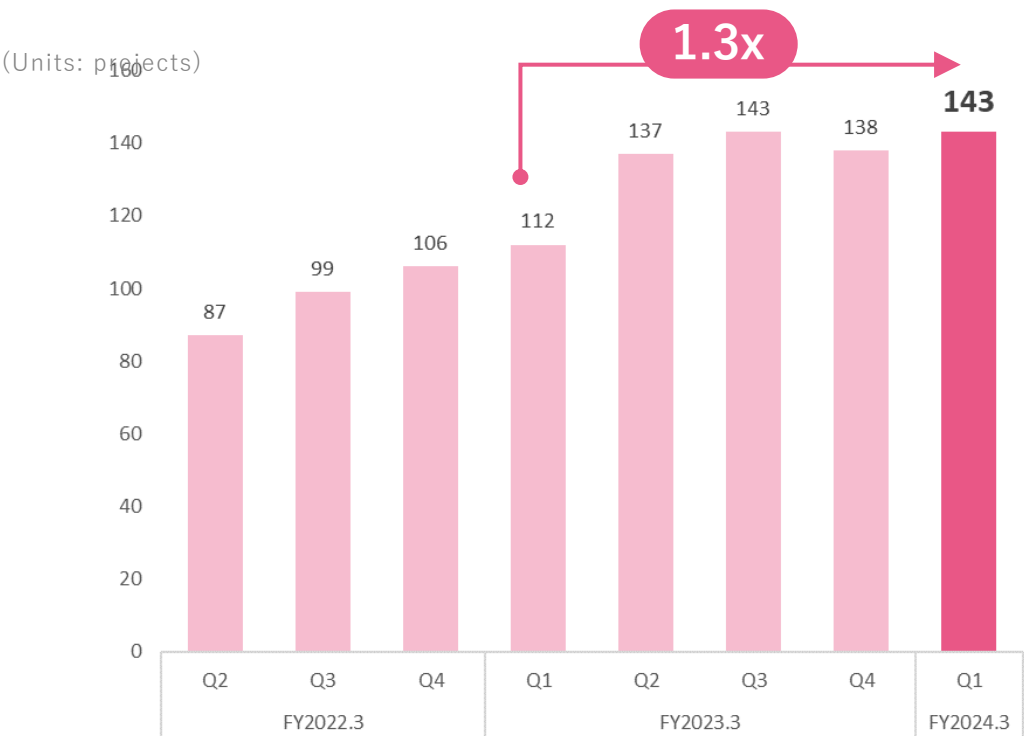
DX Promotion Business > System integration service

AVANTI recorded strong growth in SI active projects due to increase in development with new clients and maintenance services.

BERNERS posted steady growth in not only new orders received but also active projects as orders received increased.

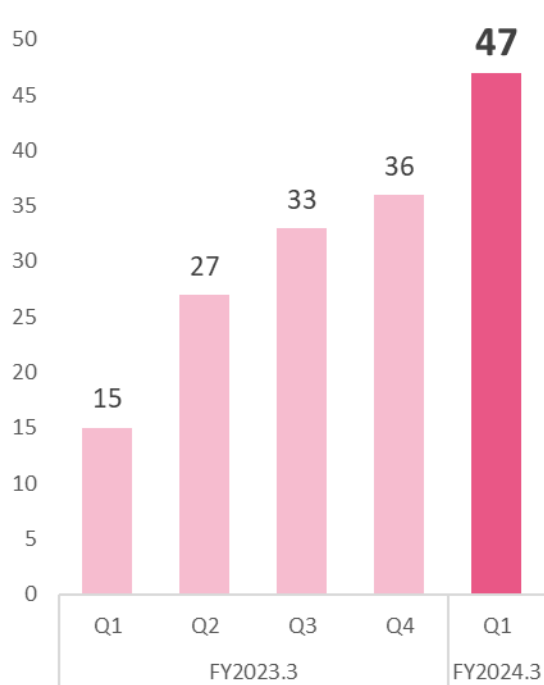


Number of SI active projects

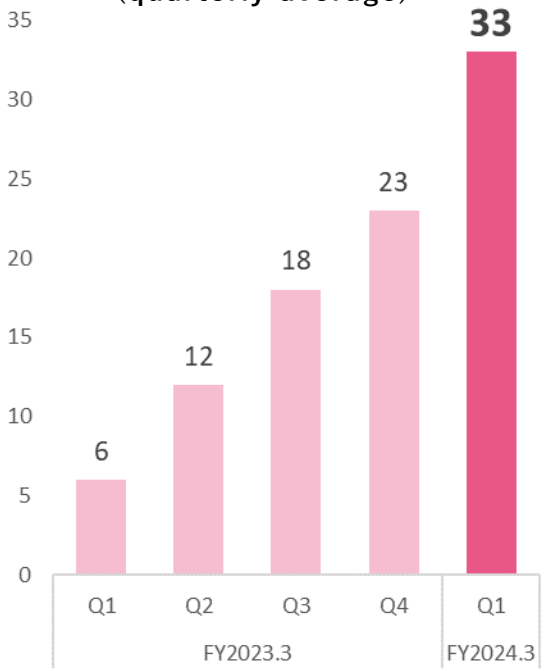


SI Cloud

Cumulative new orders received¹



Active projects²
(quarterly average)



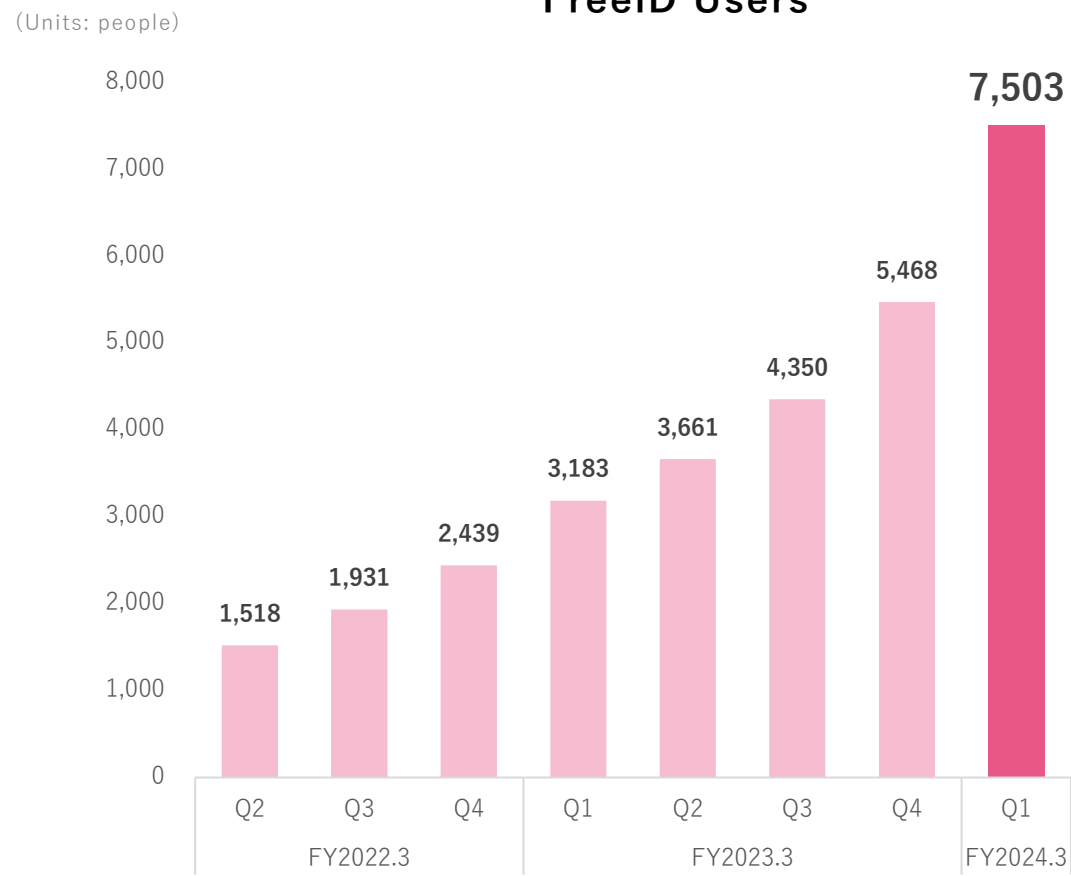
¹“Cumulative (SI cloud) new orders received” is the cumulative number of orders received since the start of service, converted by dividing each month’s orders received by the minimum order received unit.
²“(SI cloud) active projects (quarterly average)” is the average number of active projects per month per quarter, converted by dividing the number of each month’s active projects by the minimum order received unit.

DX Promotion Business > Facial Recognition platform FreeiD

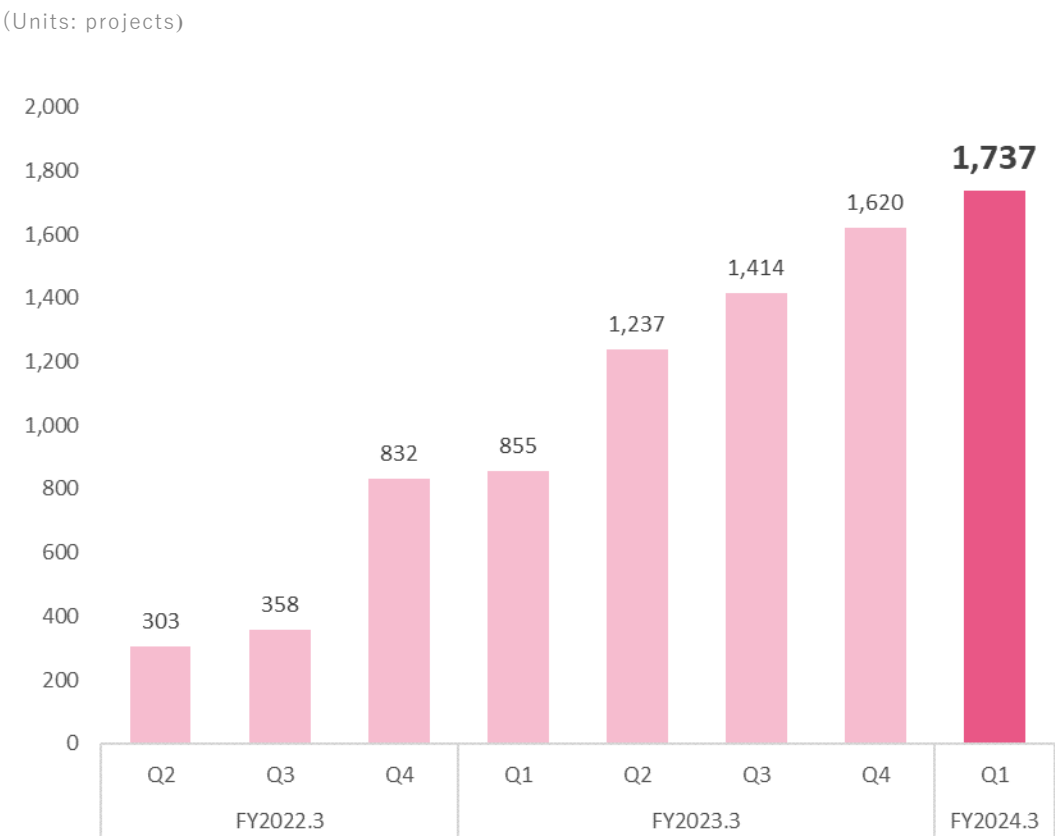
Net sales were flat despite increase in cumulative number of FreeiD users and number of solutions as many of the projects are development projects.



FreeiD Users



Solutions



DX Promotion Business > FreeiD, a facial recognition platform / partner companies

The business alliance will expand sales channels and strengthen the one-stop system from installation to maintenance and support.



- Over 200,000 OPELO smart locks have been installed in total (including those already contracted as at end-June 2023).



- Cumulative installation of ISP services for multi-dwelling units of more than 1.05 million units (as of end-March 2023).



- Condominium management companies servicing over 1,100 buildings with other partners, such as office design companies



- Condominiums managed 867,891 units
- Buildings and facilities managed 1,656 (as at end-March 2023)



- Over 70 years of experience in telecommunications construction in Hiroshima and other parts of the country



- Office processing and IT systems for kindergartens and nurseries
- Introduced in more than 3,000 kindergartens

【Possibility of providing FreeiD in the future】
Service offerings from partners*
Total number of condominium units

**More than
2 million homes**

* The sale, installation and management of equipment provided by partner companies.

※ As of end-July 2023.

Only companies with permission to publish are listed.

DX Promotion Business > Portfolio by Industry

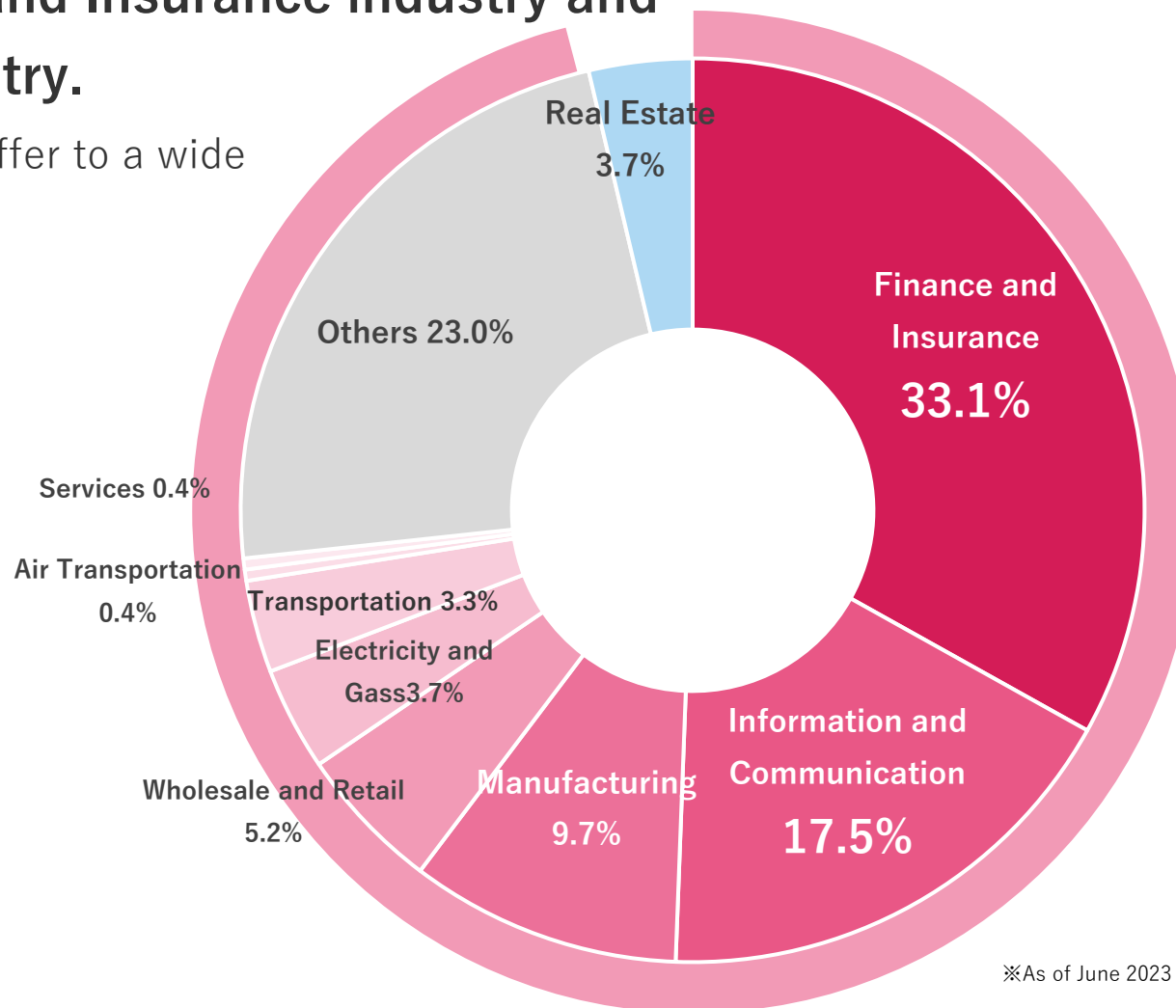
Over 50% of clients are in the Finance and Insurance industry and Information and Communications industry.

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

Client Portfolio by Industry

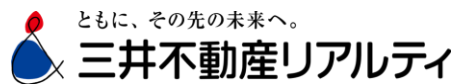
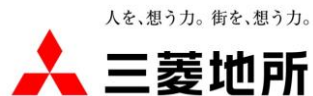
Non-real estate industries **96.3 %**

Real estate industry **3.7 %**



DX Promotion Business > Service provided

Clients that we work with are various leading companies.



Number of
DX promotion and support
services provided

105 companies



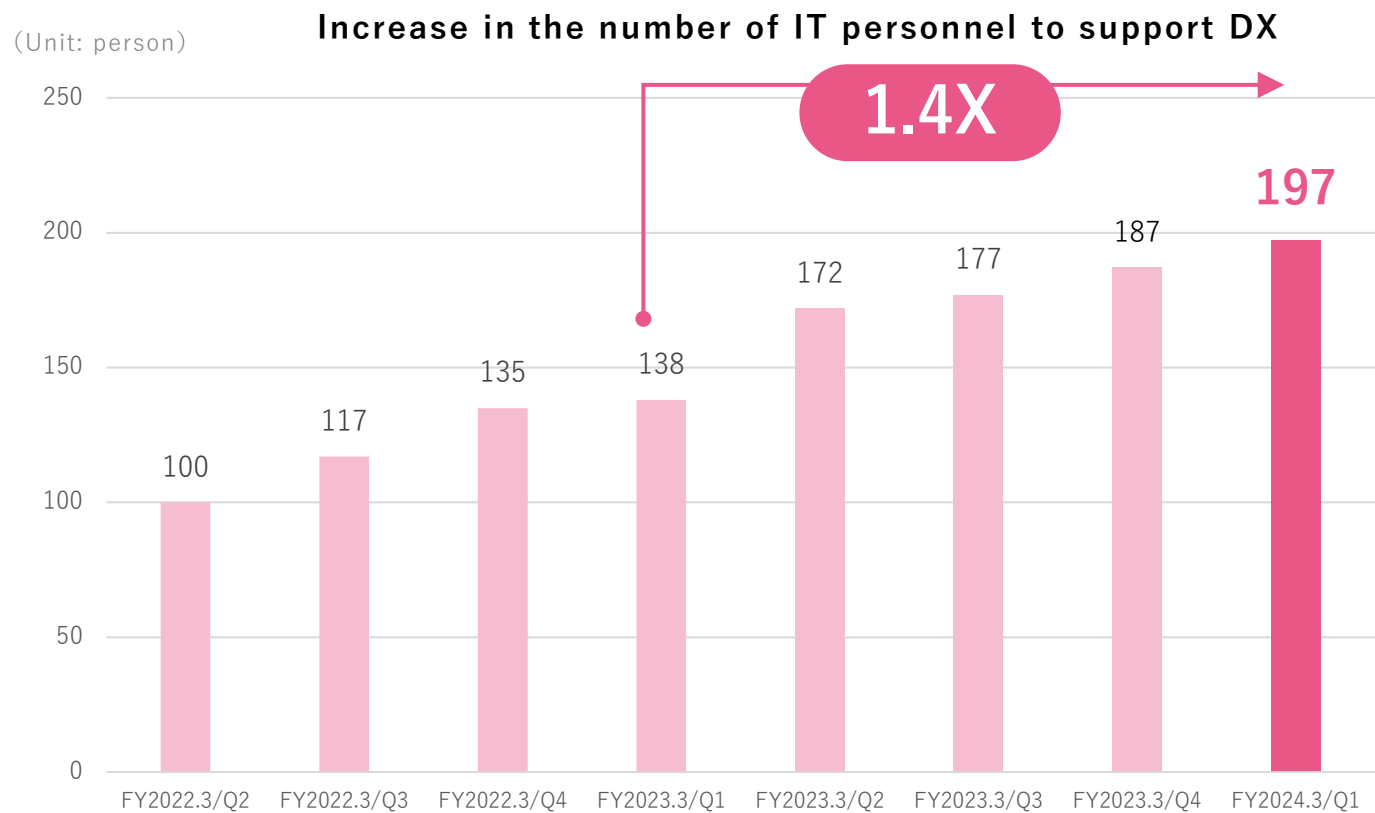
(QoQ +26 companies)



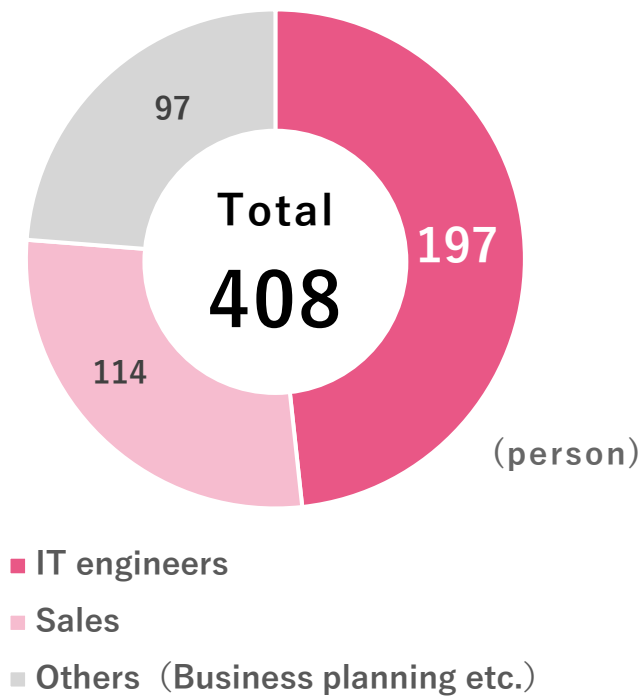
※As of the end of March 2023
Only companies that have given permission to be listed are listed.

Tech workforce composition > IT workforce to support DX

197 engineers and other IT personnel (about half of the total) are employed to promote the Group's DX. The increase in IT personnel is one of the strengths that drive the DXing of our business and support our IT development capabilities.



Group-wide job composition



DX Real Estate Business

Net sales rose a dramatic 90.1% year on year, and profit rose substantially because costs did not increase much.

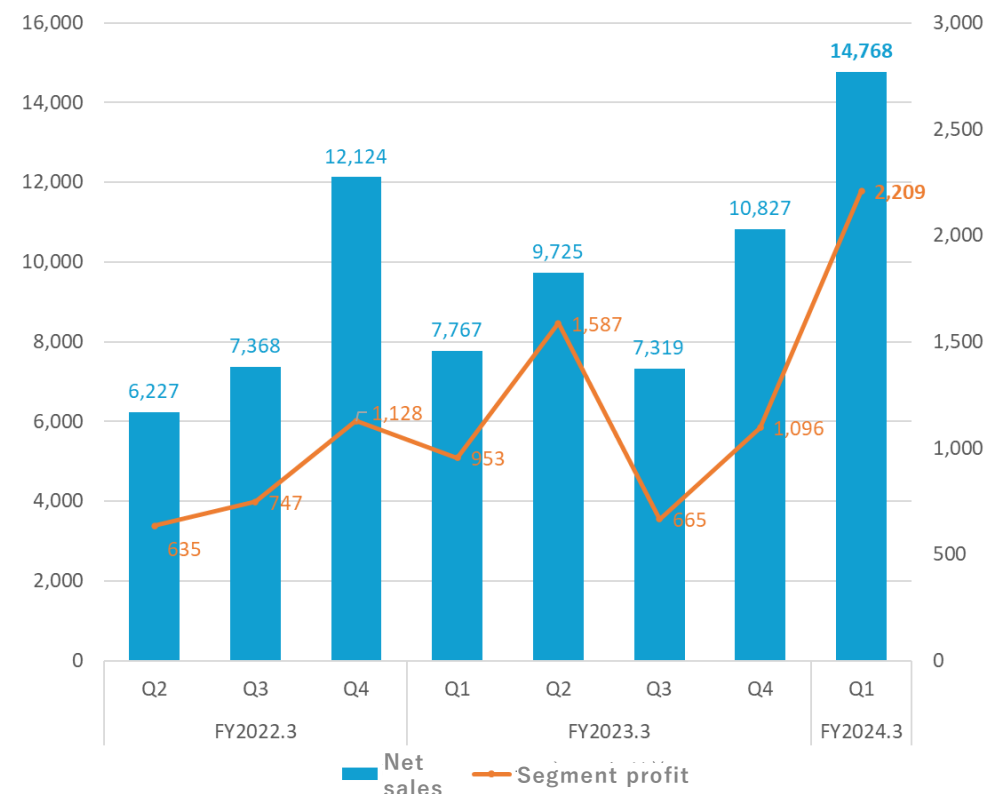
Net sales for all product segments were firm with sales of used units rising 64% year on year.

Because of concentrated transfer of new units, those for investment rose 260% and those for residence increased 38%.

DX Real Estate Business Segment Total

(Units: Millions of yen)	FY2023.3/Q1	FY2024.3/Q1	Change	Change (%)
Net sales	7,767	14,768	+7,001	+90.1%
Segment profit	953	2,209	+1,256	+131.7%

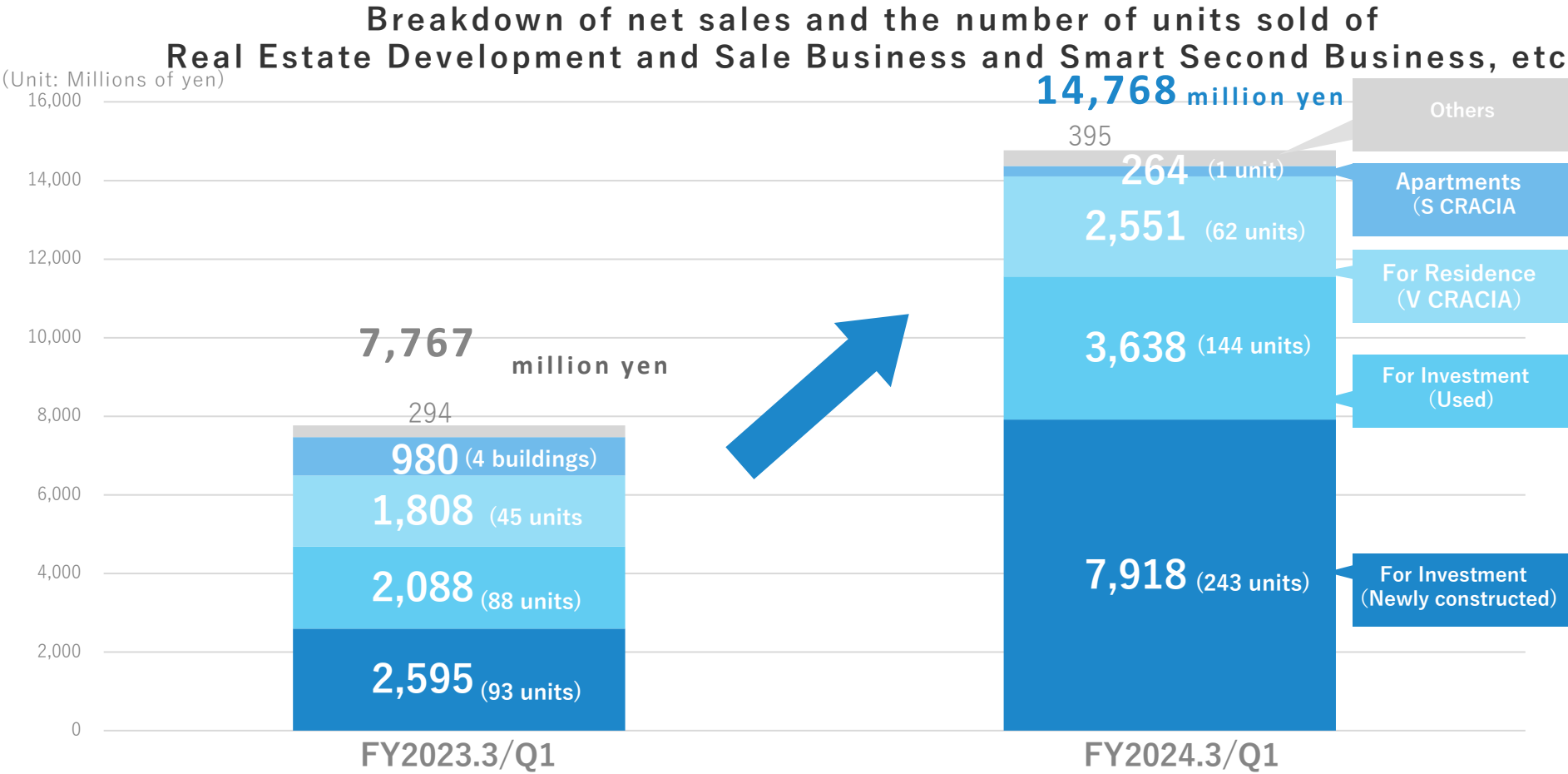
Quarterly Net Sales and Segment Profit



DX Real Estate Business > Breakdown of segment sales

Net sales and number of sales were firm, particularly for new and used units for investment.

Sales of units for investment in the area around Tokyo are expected to grow starting in 2Q, and we will expand the area that units for residence are available.



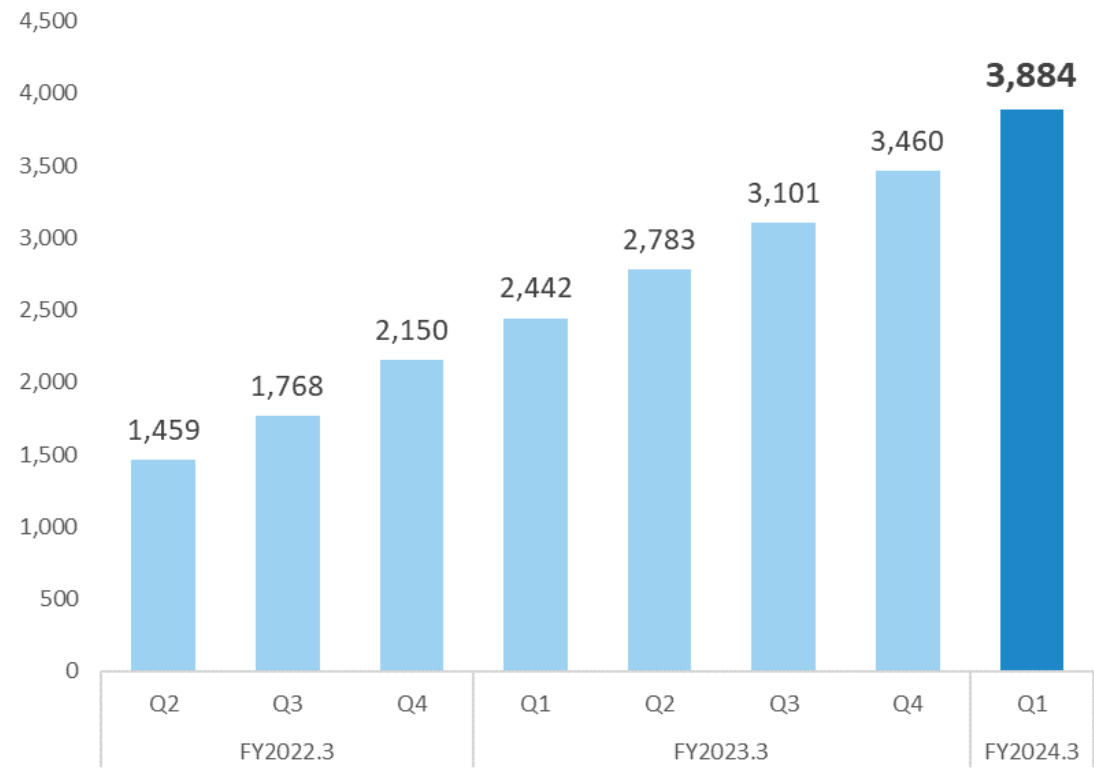
DX Real Estate Business > KPI

Applications for cloud funding Rimple were firm, and the cumulative value of funds has grown to ¥3.8 billion.

Despite the number of DX Real Estate members surpassing 160,000, the number of sales contracts fell off in response to concentrated sales of used units.

Cumulative total of Rimple Funds

(Units: Millions of yen)

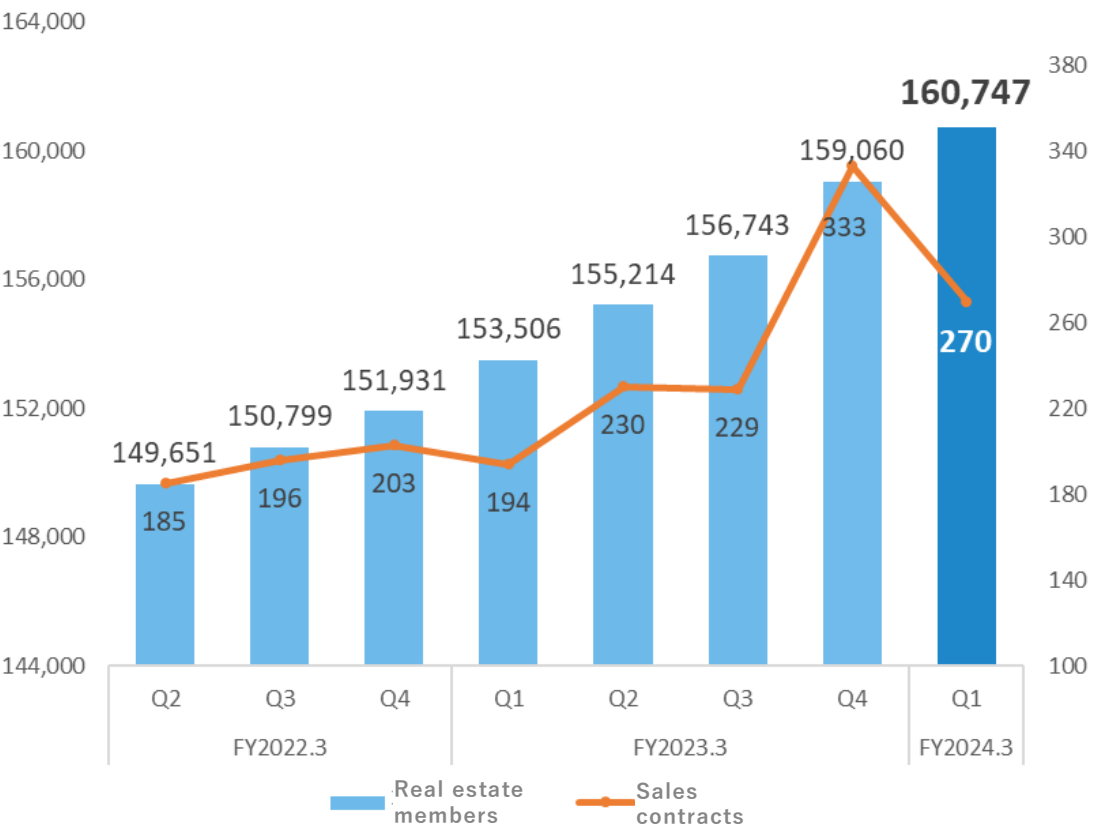


* Cumulative total of Rimple Funds

DX Real Estate members and Sales contracts

(Units: people)

(Units: projects)

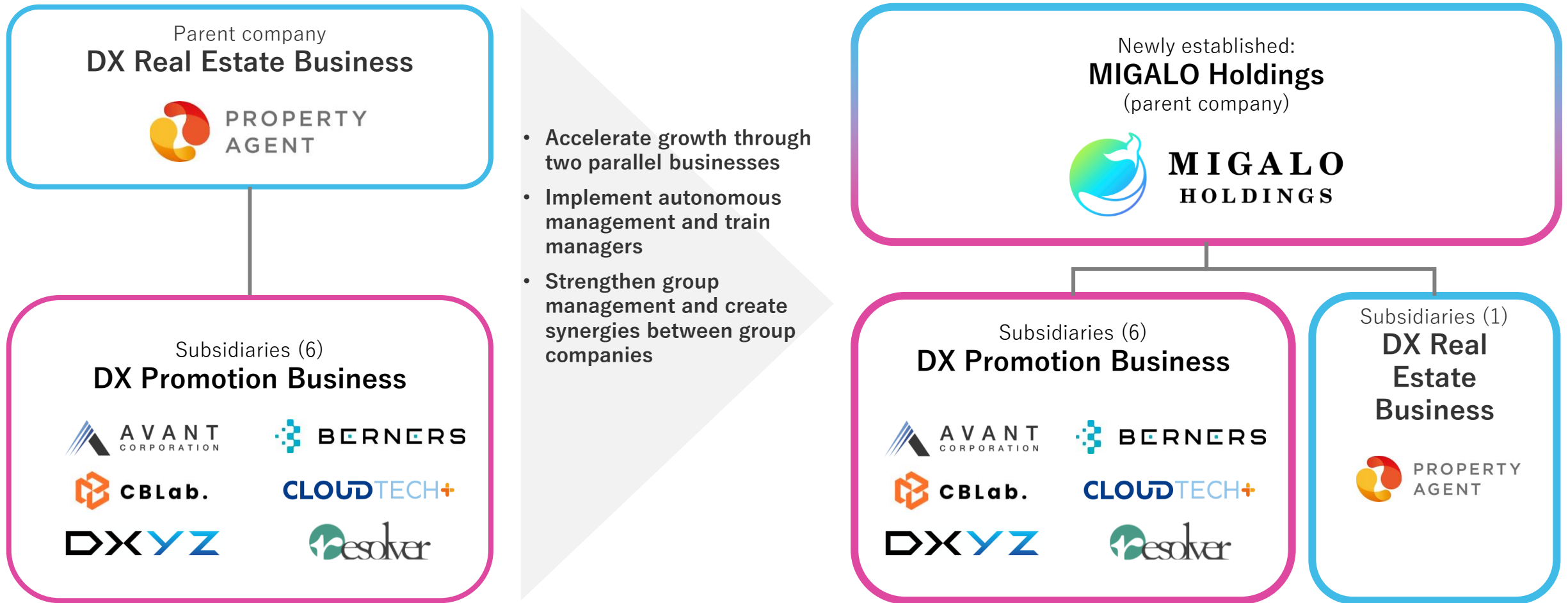


Contract basis.

Q1 FY2024/3 Topics

Transition to holding company structure

Plan to transition to a holding company system as MIGALO Holdings on October 2, 2023, based on the corporate philosophy of “creating new value added that melds digital and real.”



Digital Transformation Certified Company

Selected as Digital Transformation Certified Company (DX Certified Company) for the **first time** in 2023

Awarded title of DX Certified Company for first time because of high praise for the originality of the smart city concept

The Group aims not only to integrate various services that employ numerous fragmented IDs and verification methods through a facial recognition ID platform and implement handsfree access controls, payments, identify confirmation, public transportation use, and point use, but also implement smart city, where facial recognition can be used at various locations such as “living spaces,” “routinely used spaces,” and “emergency spaces.”



DX Certified Company refers to companies jointly selected by the Ministry of Economy, Trade, and Industry and the Tokyo Stock Exchange that have built in-house systems to promote DX that leads to greater corporate value and that show outstanding results from the use of digital technology.

Securities code	Company name	TSE Industrial classifications
1802	Obayashi Corporation	Construction
1803	Shimizu Corporation	Construction
2802	Ajinomoto Co., Inc.	Food
3407	Asahi Kasei Corporation	Chemicals
4568	Daiichi Sankyo Company, Limited	Pharmaceuticals
5108	Bridgestone Corporation	Rubber products
5201	AGC Inc.	Glass and clay products
5938	LIXIL Corporation	Metal products
6367	Daikin Industries, Ltd.	Machinery
7013	IHI Corporation	Machinery
6501	Hitachi, Ltd.	Electrical equipment
7911	Toppa Inc.	Other products
7912	Dai Nippon Printing Co., Ltd.	Other products
9064	Yamato Holdings Co., Ltd.	Land transportation
9201	Japan Airlines Co., Ltd.	Air Transportation
9434	SoftBank Corp.	Information and communication
2768	Sojitz Corporation	Wholesale trade
8031	Mitsui & Co., Ltd.	Wholesale trade
2678	ASKUL Corporation	Retail trade
8252	Marui Group Co., Ltd.	Retail trade
8308	Resona Holdings, Inc.	Banking
8354	Fukuoka Financial Group, Inc.	Banking
8616	Tokai Tokyo Financial Holdings, Inc.	Securities, commodity futures dealers
8725	MS&AD Insurance Group Holdings, Inc.	Insurance institutions
8766	Tokio Marine Holdings, Inc.	Insurance institutions
8253	Credit Saison Co., Ltd.	Other financial services
8439	Tokyo Century Corporation	Other financial services
3289	Tokyu Fudosan Holdings Corporation	Real estate
3464	Property Agent Inc.	Real estate
4544	H.U. Group Holdings, Inc.	Services

* Source: Ministry of Economy, Trade and Industry announcement material

DX Promotion Business > FreeiD introduction example

Create stress-free, handsfree condominiums by introducing both DXYZ's FreeiD and Mitsubishi Estate's HOMETACT into VERSE CRACIA IDX Itabashi Honcho Urban Residence, a property developed by Property Agent.

HOMETECT and FreeiD connect life inside and outside the home with hand-off from any device.



- Possible to operate both bath and air conditioner with a single action on ones smartphone when heading home from the station
- Can pass through the entrance and enter one’s unit with facial recognition
- Can control a wide range of home IoT devices provided by several manufacturers via smart phone or smart speakers

Company Profile

Company Overview

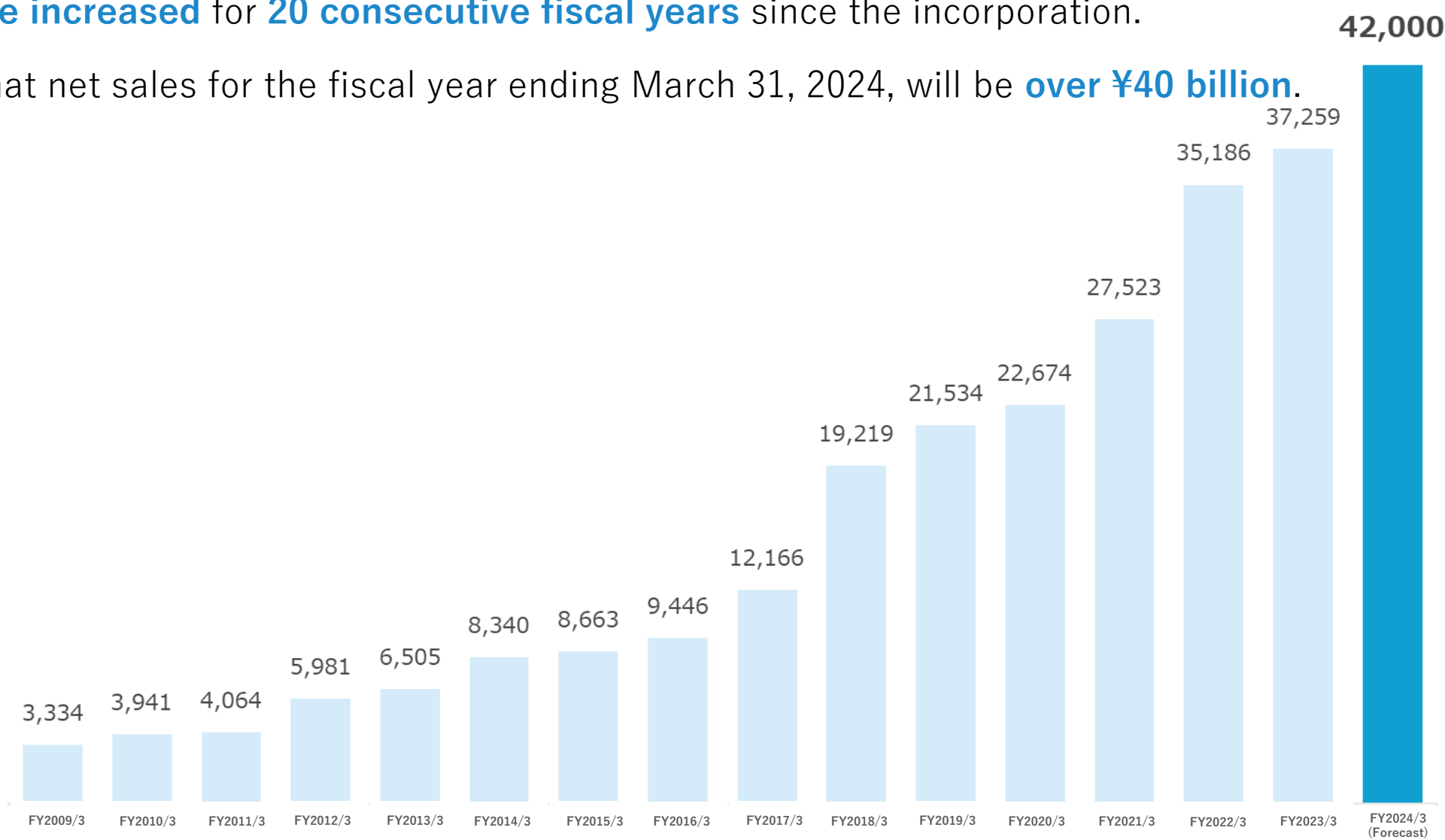
Company	PROPERTY AGENT, Inc.	Businesses	DX Promotion Business DX Real Estate Business
Headquarters	41F Shinjuku I-Land Tower, 6-5-1 Nishishinjuku, Shinjuku-Ku, Tokyo, Japan	Major group companies	DXYZ Co.Ltd. Avant Corporation. Berners Inc. CB Lab inc. CloudTechPlus Co.Ltd resolver inc (Consolidated April 27,2023)
Representative	Sei Nakanishi President and Representative Director		
Incorporation date	February 2004		
Share capital	618 million yen		
Directors and employees	408 persons (consolidated basis/as of June 31, 2023/including non-full-time employees)		

Sales Trends

(Unit: Millions of yen)

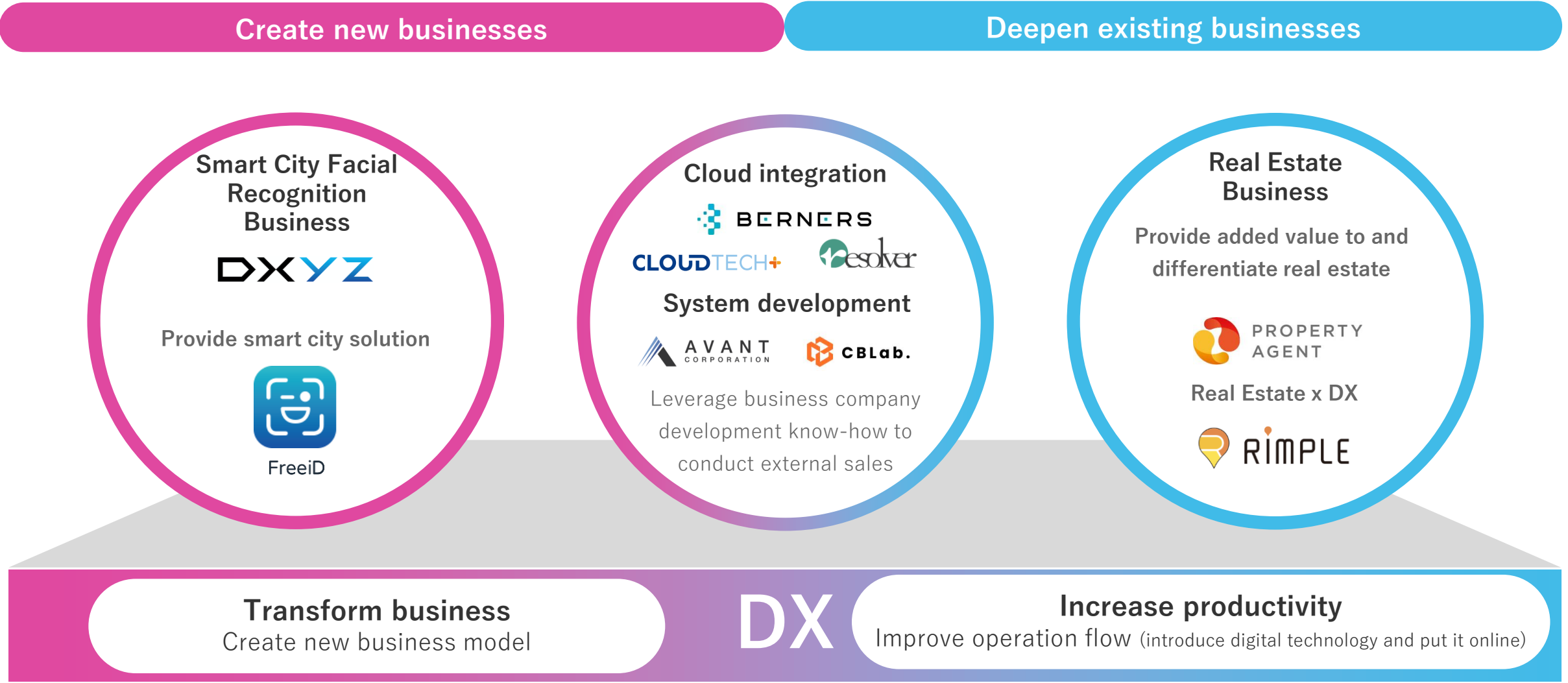
Net sales have increased for **20 consecutive fiscal years** since the incorporation.

We forecast that net sales for the fiscal year ending March 31, 2024, will be **over ¥40 billion**.



DX Growth Strategy Pillars and the Strategy

Deepen core businesses and create new businesses with DX as their foundation



Overall image of business

Use the DX Promotion Business to laterally spread know-how acquired through the DX Real Estate Business

DX Promotion Business

Smart city facial recognition (FreeiD)

DXYZ

- **Provide facial recognition platform services, a smart city solution**

- Develop the facial recognition platform service FeeiD

DX support



- **Support DX with cloud integration services for wide range of industries**

- Supporting cross-industry DX promotion and corporate productivity improvement using Salesforce and AWS

DX Real Estate Business

Real estate development and sales
Real estate broker (Smart Second)
Property management

- **Provide one-stop support for customer asset formation through real estate**

- Provide a one-stop management system for a range of operations, from development and sales to property management and selling consulting, that offers high customer satisfaction

Real estate cloud funding

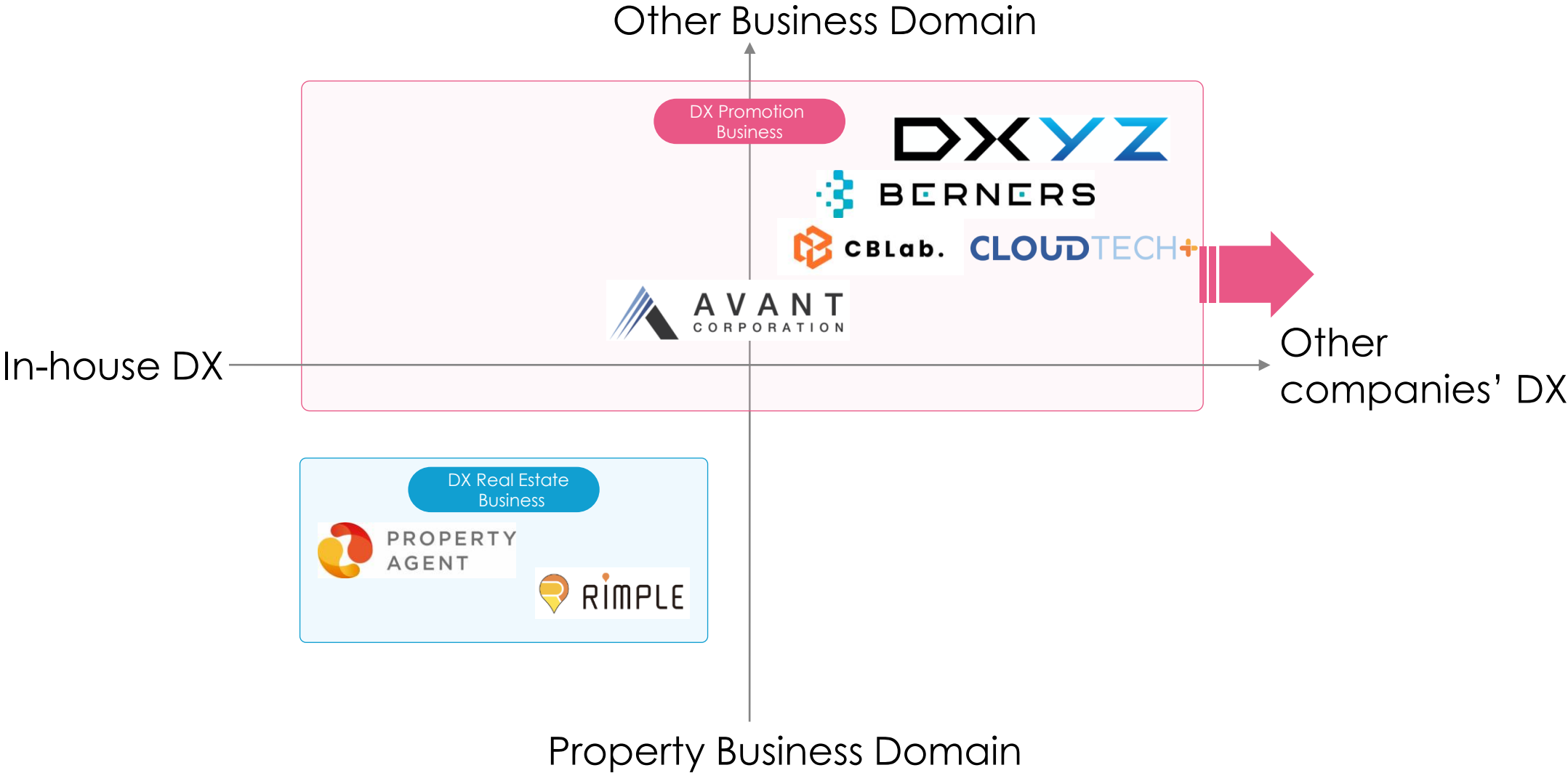
RIMPLE

- **Introduce small-sized real estate investments that leverage DX technology**

- Manage real estate using cloud funding

Synergies among businesses

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



Overall Structure of Our Business

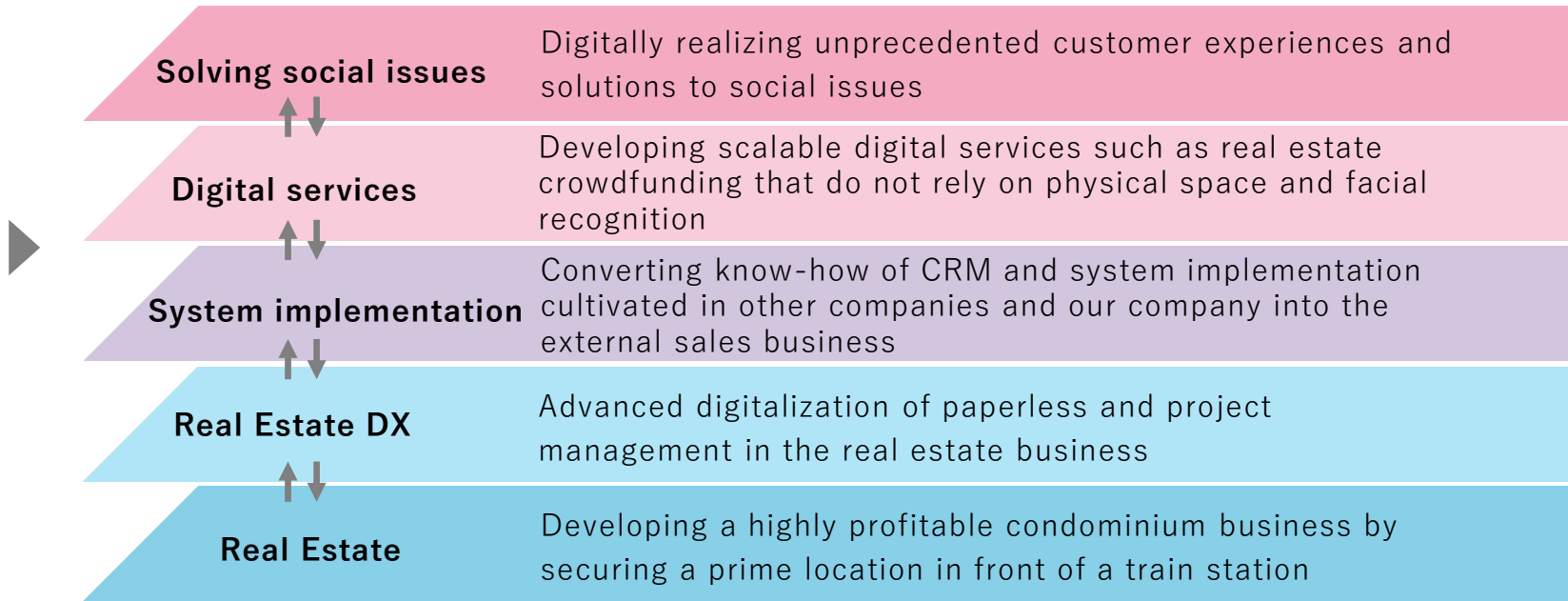
From physical layer business to digital layer business

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

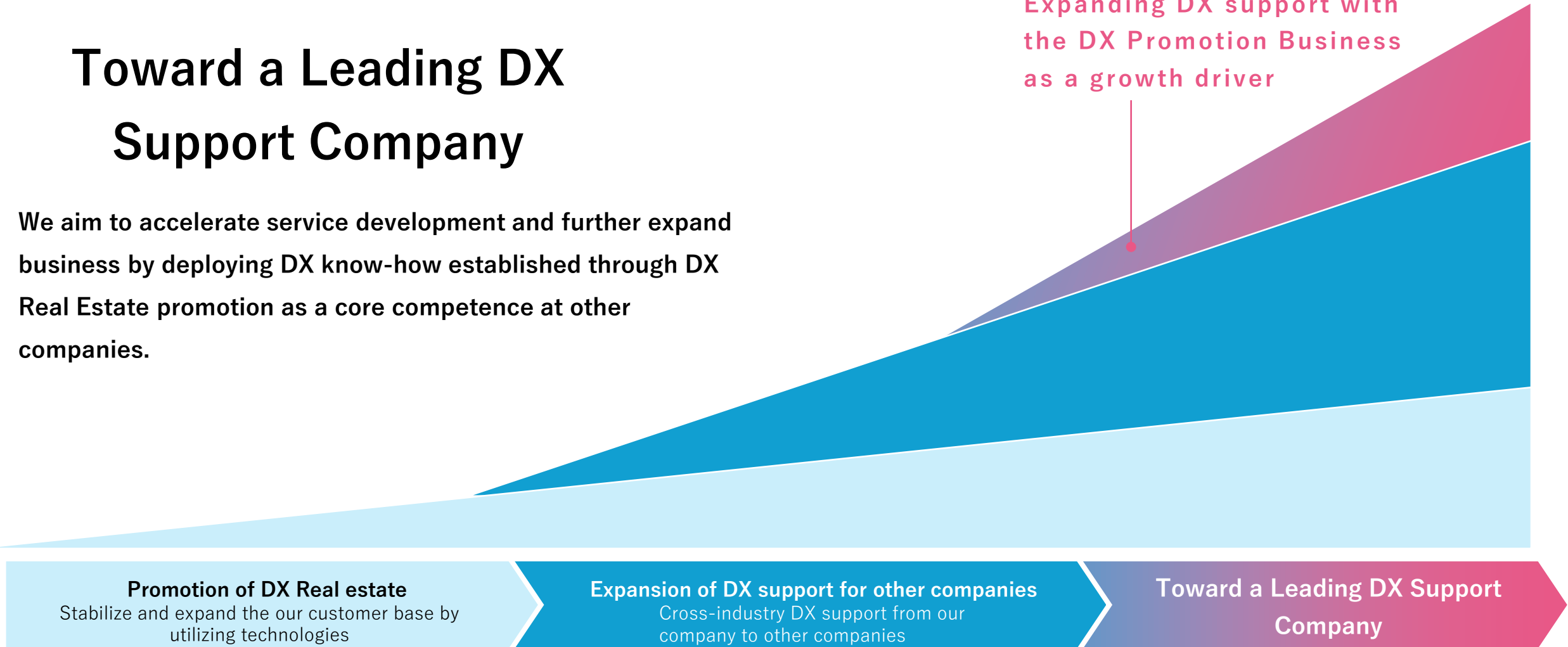
Threats and possibilities for a world-view in which stores and condominiums in prime locations in front of train stations, which have been fixed in the past, will be able to operate in a variety of spaces with the development of digital and MaaS



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



Appendix

Forecast of consolidated financial results for the year ending March 31, 2024

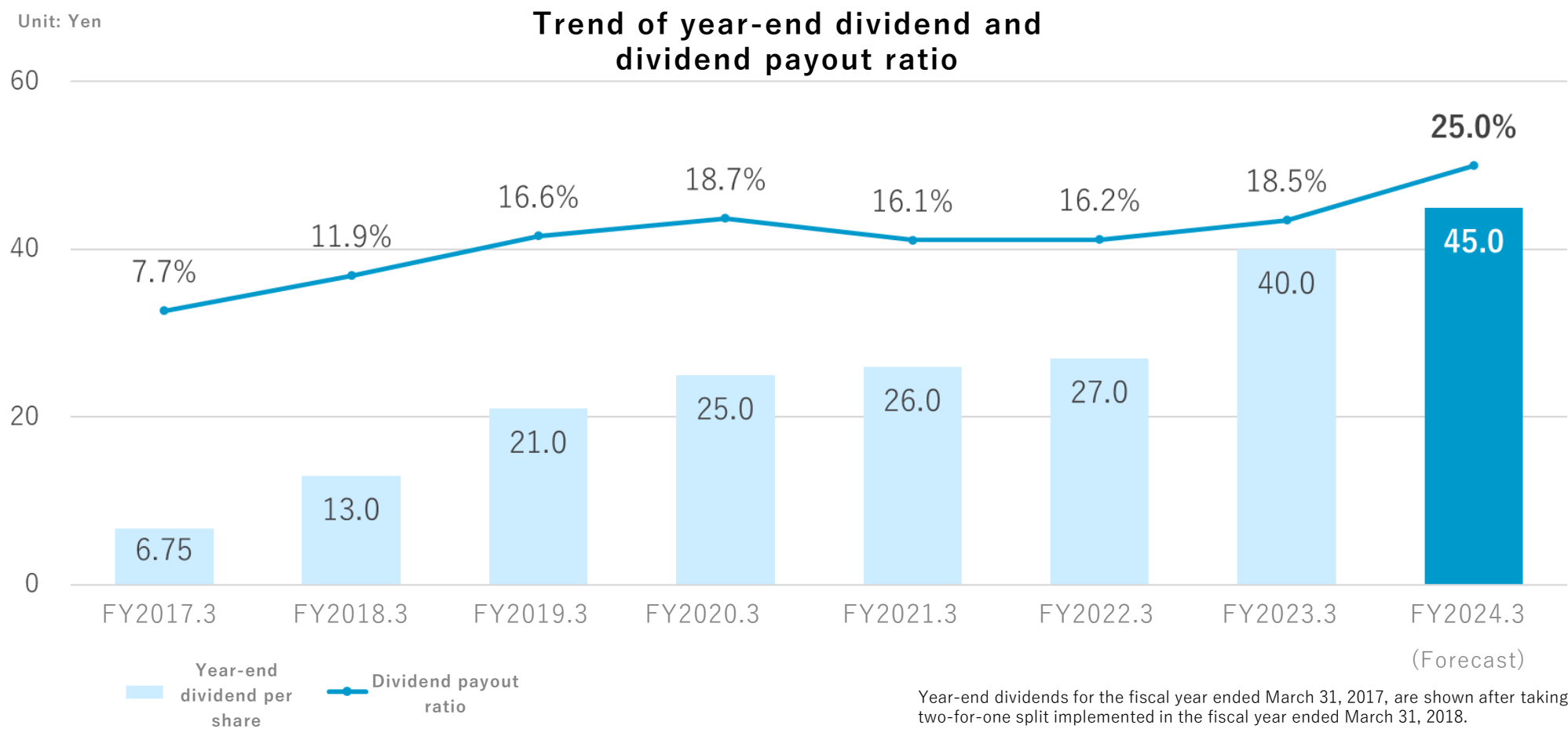
Net sales are expected to **exceed 40 billion yen**, up 12.7% for the 21st fiscal year of sales growth.

Profits at each stage are expected to decrease due to soaring construction costs in the real estate business and upfront investments for DX promotion.

Unit : Millions of yen	Forecast of consolidated financial results for the year ending March 31, 2024	Fiscal year ended March 31, 2023	Change	Change%
Net sales	42,000	37,259	+4,741	+12.7%
Operating profit	2,500	2,919	-419	-14.4%
Ordinary profit	2,120	2,518	-398	-15.8%
Profit attributable to owners of parent	1,310	1,576	-266	-16.9%

Shareholder Return

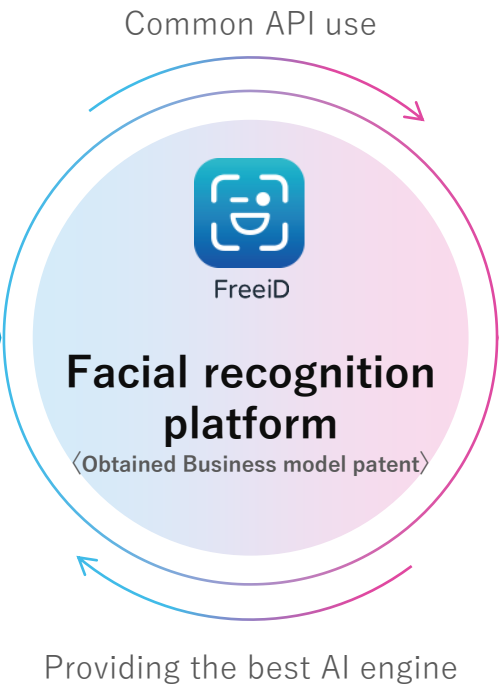
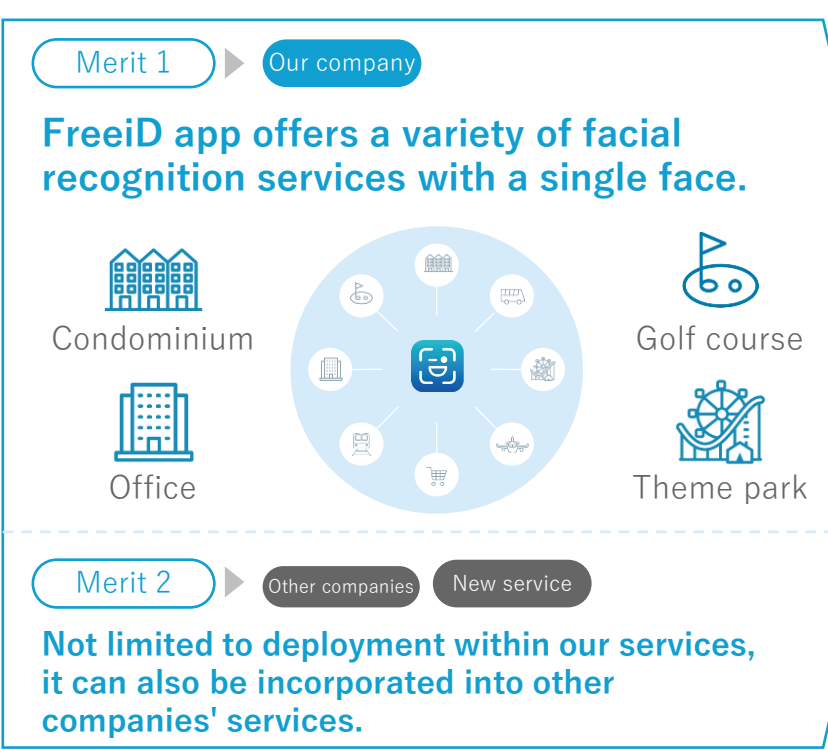
The year-end dividend for the fiscal year ending March 31, 2024, is planned to be 45.0 yen per share, including a commemorative dividend of 5 yen per share to celebrate the 20th anniversary of our incorporation. We plan to buy back treasury shares flexibly, considering the financial position, business performance, stock price, and other factors comprehensively.



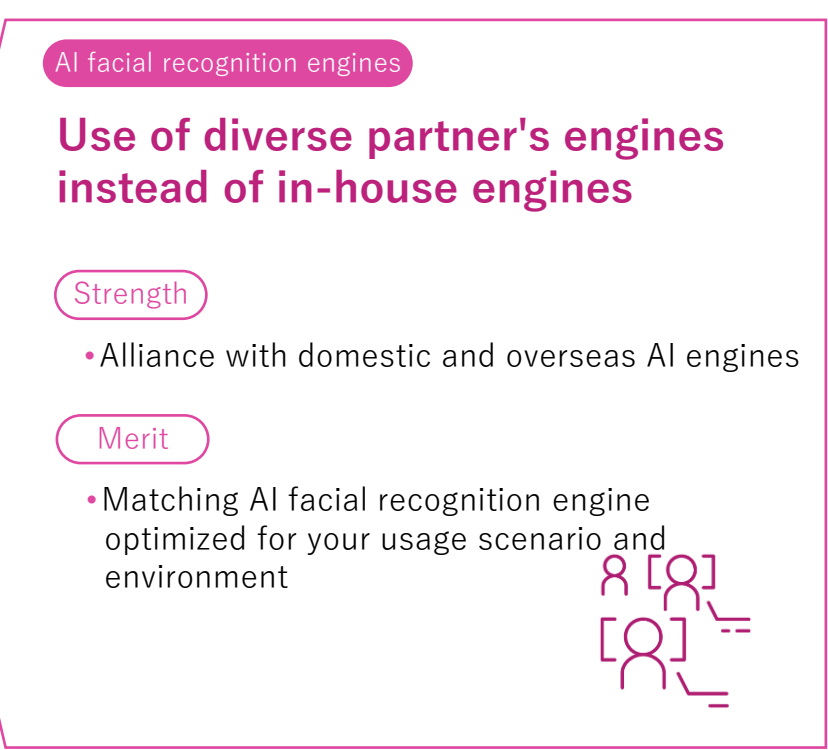
About “FreeiD,” a facial recognition platform, one of the growth drivers of the DX Promotion Business

“FreeiD,” a facial recognition platform connecting "Living × Working × Playing" with a Single Face
A single face registration eliminates the need to register a face for each location of use, and can be used for all services and engines.

Services



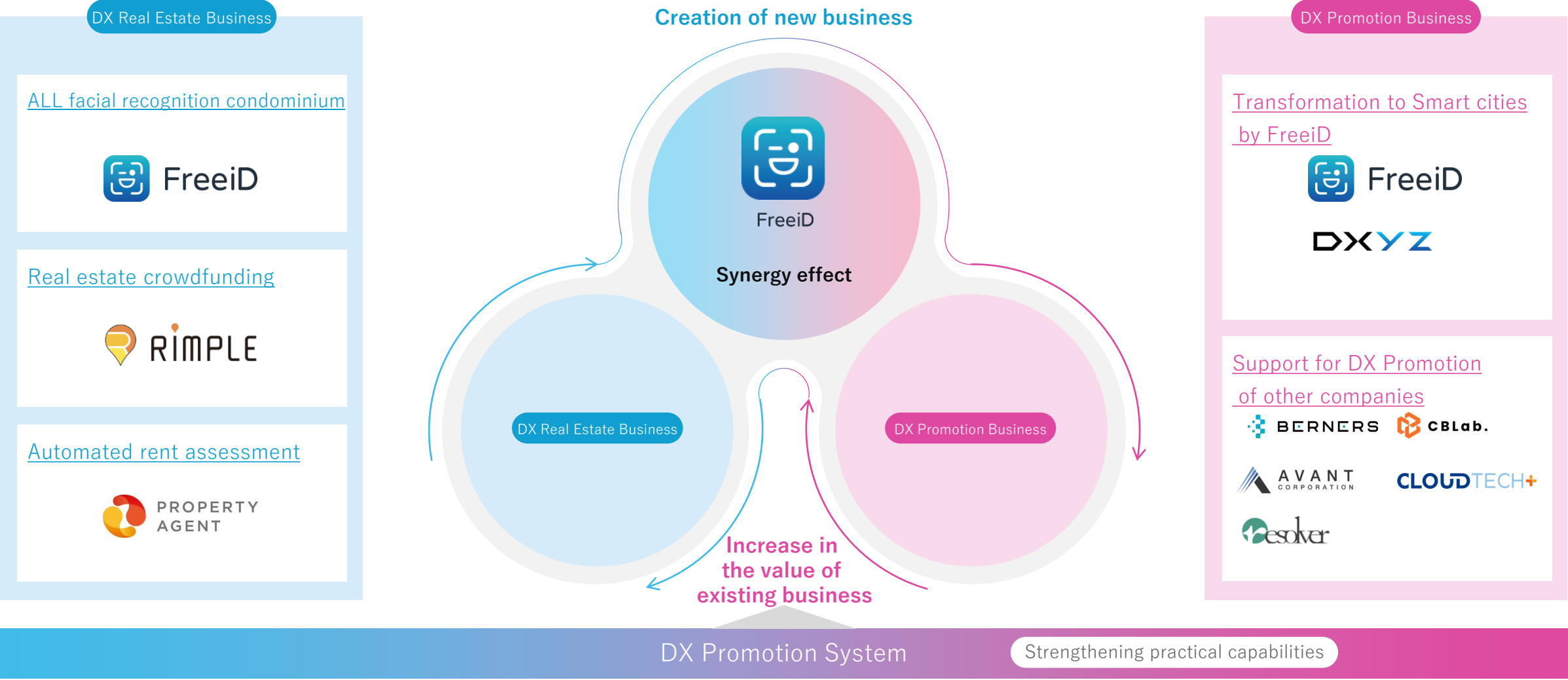
AI facial recognition



As the number of services provided by FreeiD grows, this new system can contribute to the convenience and comfort of users.

Three Pillars for DX Growth Strategy

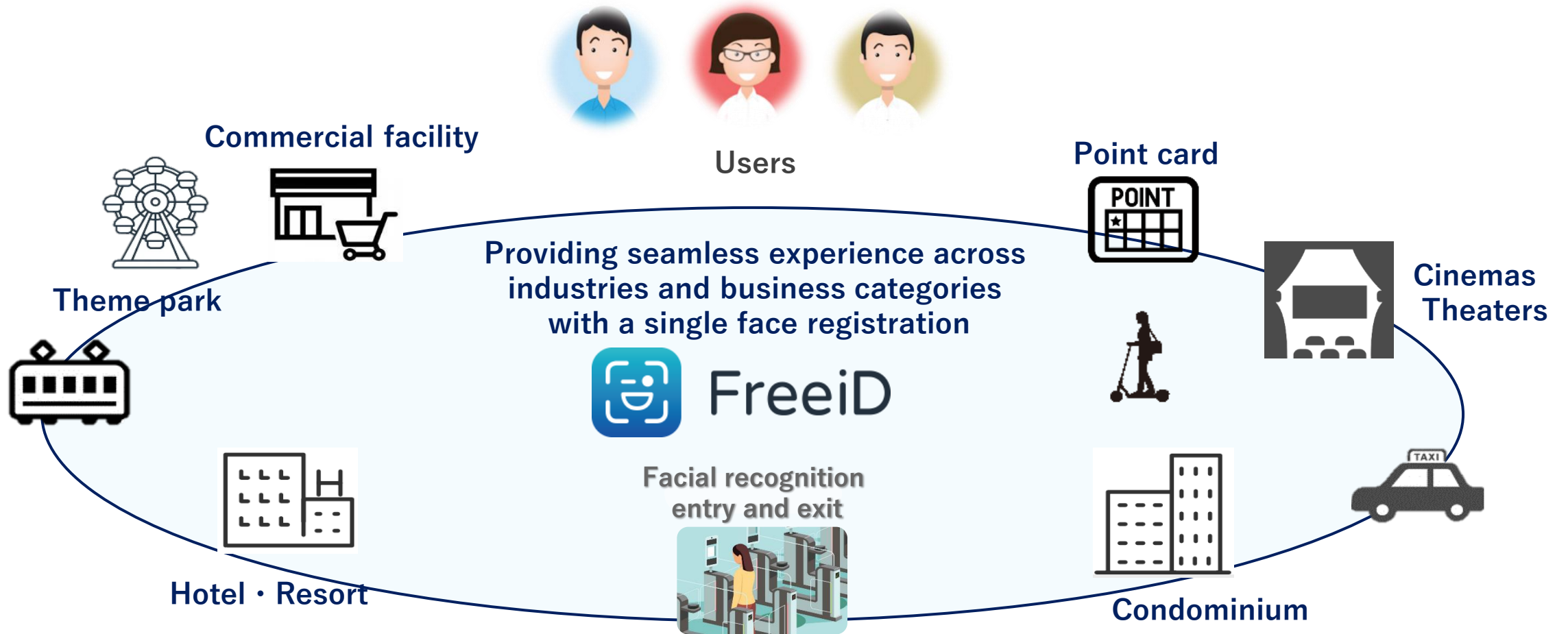
We establish a DX Promotion System and plan to expand it, focusing on the facial recognition platform "FreeiD."



Future development of facial recognition "FreeiD"

A variety of facial recognition services can be used across industries and business categories with a single facial recognition.

Marketing platform that allows users to accumulate points and issue coupons from entry/exit, identity verifications, and settlements



Subsidiary DXYZ facial recognition offering method and introduction example

About offerings of “FreeiD”’s Solution and Platform

Solutions of facial recognition introduction

SaaS

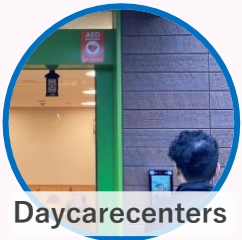
Solutions

FreeiD Package Offerings

Existing service offering



Condominium



Daycarecenters



Office

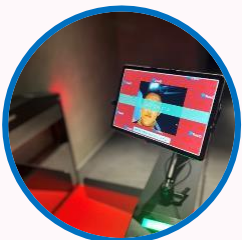


Golf course

Custom

FreeiD Customize Offerings

Development and offering of new FreeiD services



“FreeiD” was adopted as the identity authentication system for the esports park “RED° TOKYO TOWER.”

Facial recognition ID platform

PaaS

Platform

Facial Recognition Infrastructure Offering

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



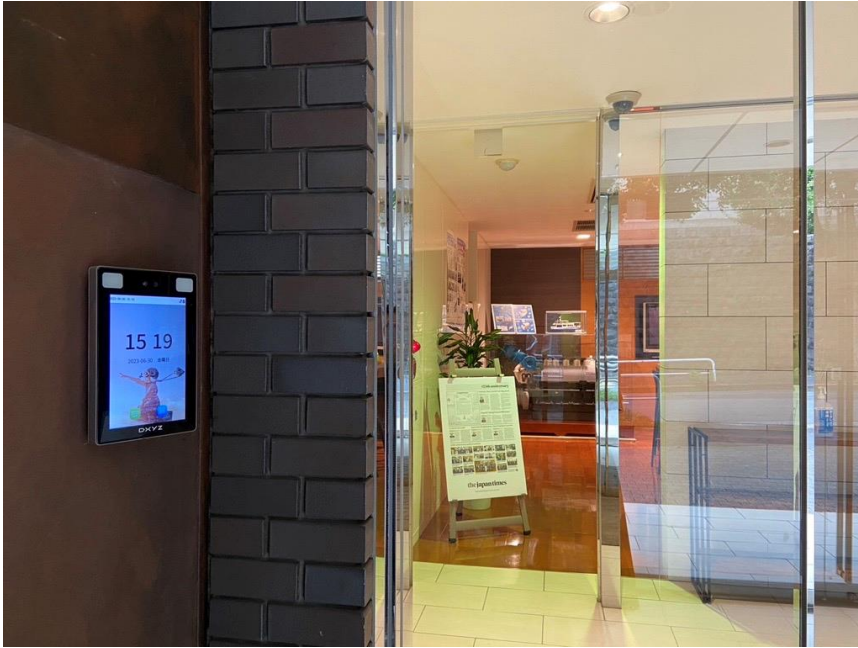
Providing technologies for "Machi Pass FACE," a facial recognition service collaboration platform with Mitsubishi Estate Co., Ltd.

- Development support

DX Promotion Business > FreeiD introduction example

Introduced facial recognition work attendance management system linked to Tsuneishi Shipbuilding's personnel system

Entrance that incorporates FreeiD



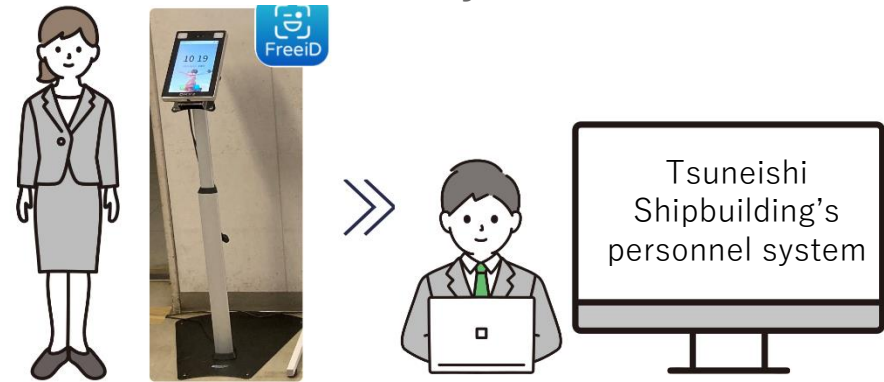
Tsuneishi Shipbuilding Co., Ltd., Tokyo Office

- Makes it possible to schedule visits by Group company employees using FreeiD Reception.

→ Lessens operational burden (reduces waiting at reception when visiting the company)

Entrance that incorporates FreeiD

 × 
Introduced facial recognition work attendance management system



- Launched operation of work attendance management system based on facial recognition of employees on July 1, 2023

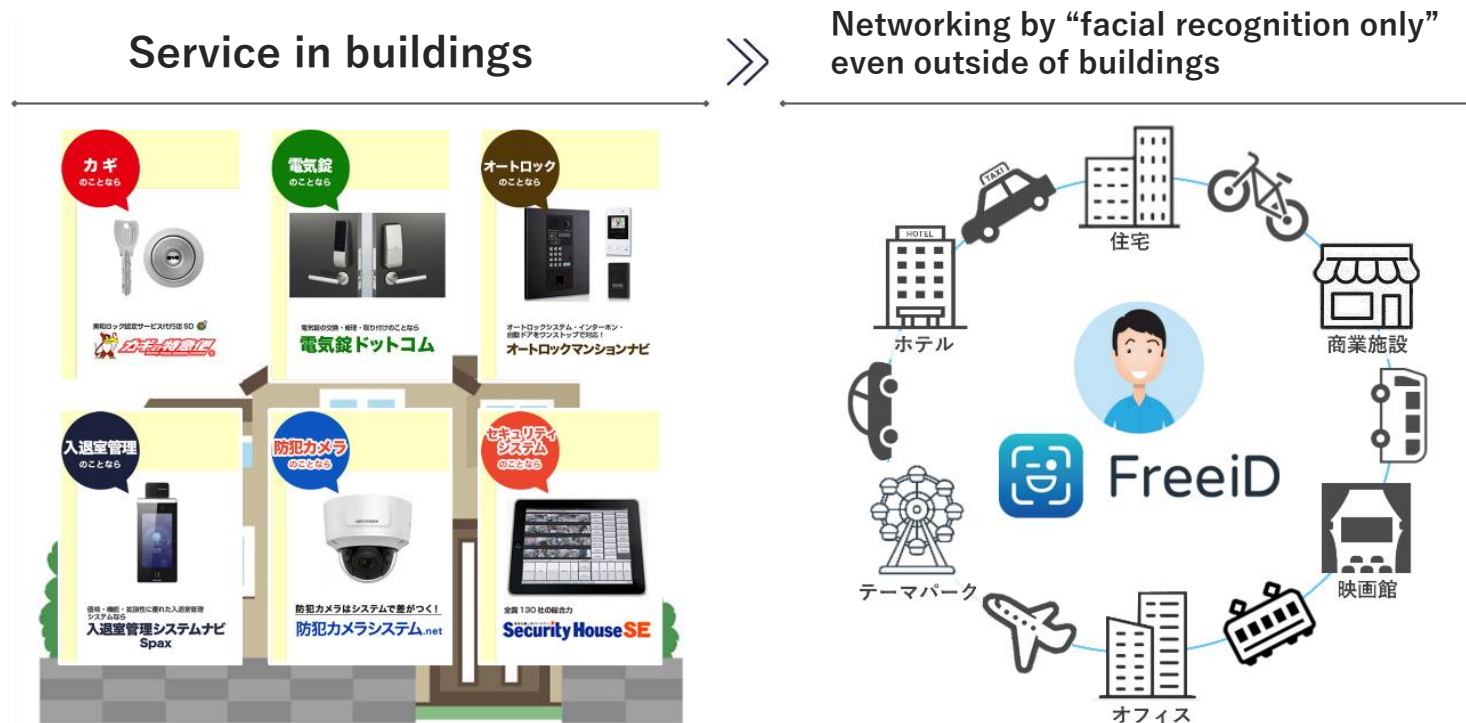
→ Eliminates the need to record entry and exit of employees by having them pass their employee ID over a card reader.

DX Promotion Business > FreeiD introduction example

Concluded distributorship agreement related to the facial recognition platform FreeiD with Spacexpress Co., Ltd.

- This makes it possible to provide the platform to more than 1,100 partner companies, such as building and condominium management companies, office design companies, security equipment manufacturers, and building owners that use Spacexpress services.

With the goal of creating a world that connects the interior of buildings with the outside world, we provide facial recognition services to partner companies including Spacexpress, and are working to spread and expand FreeiD to achieve a smart city and world in which people live handsfree lives using only their face



Tech personnel composition①

Meet the 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.



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.



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.

Composition of Tech personnel ②

Meet the team of directors with extensive backgrounds in the IT industry.



**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.



**resolver Inc. Representative director
Keiichi Kureshima**

In 2008, he joined NEC Solution Innovators, Ltd. where he was engaged in new business planning and ticket management system development. Then he joined Salesforce Japan, Inc. as a pre-sales person and achieved the top sales in Japan region, the No.1 knowledge share responses globally, and was selected for the CEO Award. In August 2021, he joined resolver Inc. as COO, and assumed his current position in June 2022.



**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.



**DXYZ Co. Ltd. Director and CTO
Fumiya Yasunaga**

After graduating from university, he worked as a system engineer at various businesses, including a major communications company, finance company, and HR company, for thirteen years. He primarily works on shared infrastructure development and independent framework development for a wide range of development projects from small-scale ones to large-scale ones. Since 2020, he has been fully involved in FreeID and is currently working every day to optimize it.



**resolver Inc. Director and CTO
Shun Saito**

After graduating from Waseda University, he worked for various types of businesses including an ERP vendor and cloud integrator, and then took up his current position. He has also served in several positions, including architect for large-scale AWS and Salesforce projects, PM, and PMO. He handles such operations as human resource training for the CRM industry.

He holds numerous qualifications, including AWS Solution Architect Professional and five other related qualifications, Salesforce certified system architect and 19 other related qualifications, and SOP certified consultation (MM), and other related qualifications.



**CloudTechPlus Inc. Director and Vice President
Hiroshi Tokuno**

After working on such operations as Indian offshore IT sales and advertising agency sales, he started to work on cloud business sales in 2013. Leveraging his experience with sales in the field of digital marketing at advertising agencies, he became involved in Salesforce-related solutions sales in 2015. Starting in 2019, he participated in the launch of the Japan cloud service business for an overseas company as sales manager and worked on a sales strategy proposal and sales organization training. He has been involved as the Representative Director and Vice President of CloudTechPlus Inc. since 2023.

About SDG s

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.