PROPERTY DATA BANK

PROPERTY DATA BANK

FY2023 Financial Results Briefing Materials

Business Plan and Growth Strategy

【TICKER】 4389 / 【TERM】 2023.04 – 2024.03

May 31, 2024

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01. FY2023 Earnings Summary

FY2023 Earnings Summary（consolidated）

Net sales decreased by 11.2% YoY due to a delay in the solution services business and subsidiary sales not achieved.
Operating income decreased by 47.2% YoY due to deteriorated gross profit margin caused by lower sales and increase of SG&A expenses.

Sales	2,516Mil yen (−11.2% YoY)
Ordinary Profit	437Mil yen (−46.9% YoY)
Operating Profit	434Mil yen (−47.2% YoY)
Net Profit	298Mil yen (−52.4% YoY)

※ Rounded down to the nearest million yen

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FY2023 Earnings Highlights (YoY)

Net sales decreased by 11.2% YoY due to a sales delay in the solution services business and sales underachievement at own subsidiary.
Operating income decreased by 47.2% YoY due to deterioration of gross profit margin caused by sales decline and increase in SG&A expenses.

(Unit：Million Yen)		FY2022 Results	FY2023 Results	YoY
Net sales（consolidated）		2,832	2,516	△11.2%
Property Data Bank	Cloud services	1,514	1,650	＋9.0%
	Solution services	1,150	635	△44.8%
Property Data Technos		154	215	＋39.3%
Property Data Science		14	17	＋22.7%
Operating profit		822	434	△47.2%
Ordinary profit		822	437	△46.9%
Profit attributable to the owner of the parent company		559	298	△52.4%

※ Rounded down to the nearest million yen

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Difference from Earnings Forecasts Announced at the Beginning of FY2023

Net sales fell short of the initial forecast by 26.3% due to the failure of each service.
Operating income declined 47.2% from the initial forecast due to deterioration of gross profit margin and an increase in SG&A expenses.

(Unit：Million Yen)		FY2023 Earnings forecast announced at the beginning of FY2023	FY2023 Results	Achieving rate against the forecast %
Net sales（consolidated）		3,420	2,516	△26.3%
Property Data Bank	Cloud services	1,680	1,650	△1.7%
	Solution services	1,240	635	△48.7%
Property Data Technos		300	215	△28.1%
Property Data Science		200	17	△91.1%
Operating profit		822	434	△47.2%
Ordinary profit		822	437	△46.9%
Profit attributable to owner of the parent company		559	298	△46.6%

※ Rounded down to the nearest million yen

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FY2023 Summary（consolidated）

Property Data Bank

（plan）

- Continue to increase the size of solution service projects though BPR projects
- Aim to increase the size of cloud service projects through ERP proposals.
- Expand proposals to general companies

（Net sales）2,286Milion

- Expanded scale of several projects beyond initial expectations. As a result, the projects took longer to complete and the timing for recording sales were pushed back.
- Continued to receive steady orders for large projects from general business companies

Property Data Technos

（plan）

- Expand digitization services for real estate-related documents
- Expand proposals for document management solutions
- Entered BPO business

（Net sales） 215Million

- Document management solution is on an expanding trend, with Q4 +20% YoY
- BPO business was first contracted by KJR Management
- Other businesses were almost in line

Property Data Science

（plan）

- Focus on increasing sales by transforming Speed ANSWER into a comprehensive store operation and management service, which extends from the store opening stage to post-opening operation and management.

（Net sales） 17Million

- Regarding "Speed ANSWER", model creation was delayed.
- @commerce has completed development at PDB.
  PDS began the marketing of @commerce from Jan 2024.

New services

（plan）

- Developing multiple new services
  -Developing Speed ANSWER for Web（tentative name）
  -Developing DX platform
- Fully update @knowledge this summer
- Move forward with commercialization of BIM

- Launched @commerce in January 2024. Focusing on getting orders
- Developing DX platform as PDB-Platform
- Released @knowledge at the end of December and several companies started using it
- Acquired REIVO Corporation on 3/29, that has strength in web and mobile applications
- Launched " @iwms" and " @cmms " service both of them use BIM technology

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Difference from Revised Earnings Forecast

Net sales fell short of the revised forecast for solution services, but growth in cloud revenues covered the shortfall
Depreciation expenses were decreased more than expected, and recording advertising expenses were delayed. As a result, operating income significantly exceeded the revised forecasts.

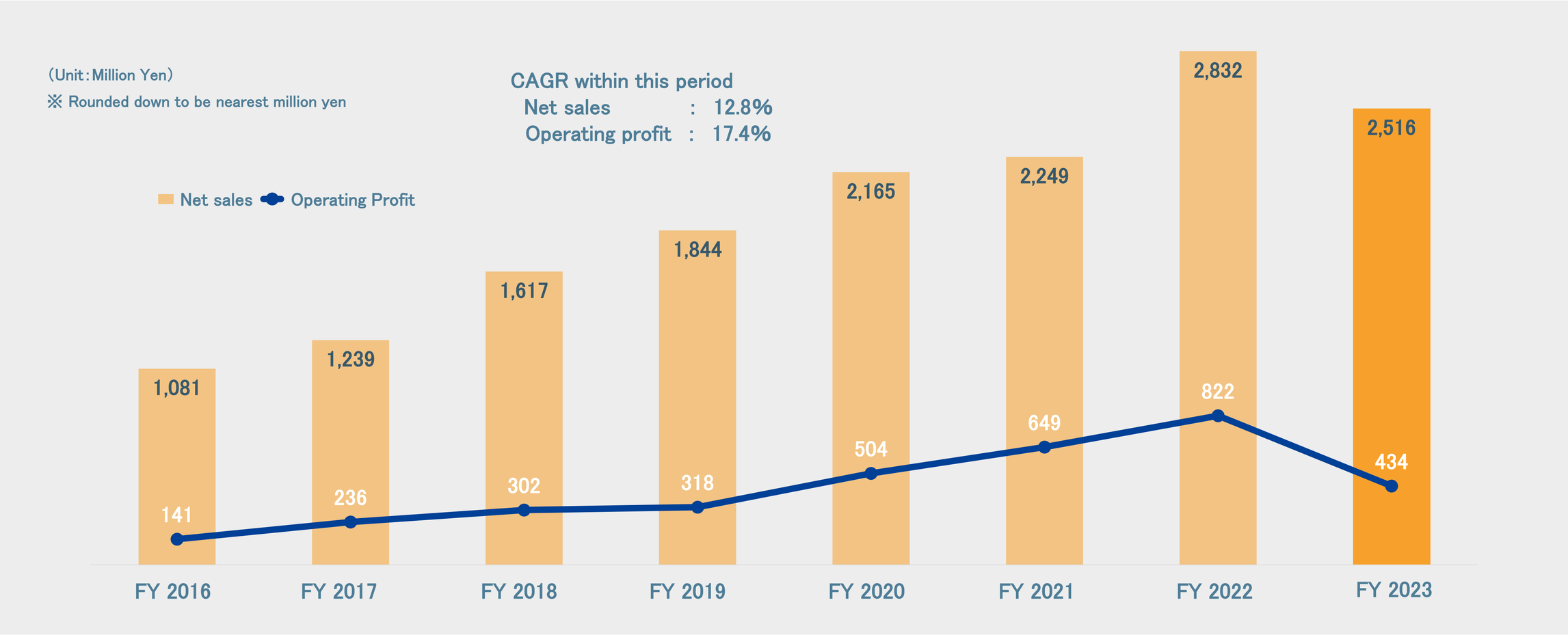
(Unit：Million Yen)		FY2023 Revised Earnings Forecast	FY2023 Results	Achieving rate against the forecast %
Net sales（consolidated）		2,520	2,516	△0.1%
Property Data Bank	Cloud services	1,641	1,650	＋0.6%
	Solution services	644	635	△1.3%
Property Data Technos		215	215	0.0%
Property Data Science		18	17	△6.1%
Operating profit		360	434	＋20.6%
Ordinary profit		361	437	＋21.1%
Profit attributable to owner of the parent company		246	298	＋21.3%

※ Rounded down to he nearest million yen

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Sales and Operating Margin Trend

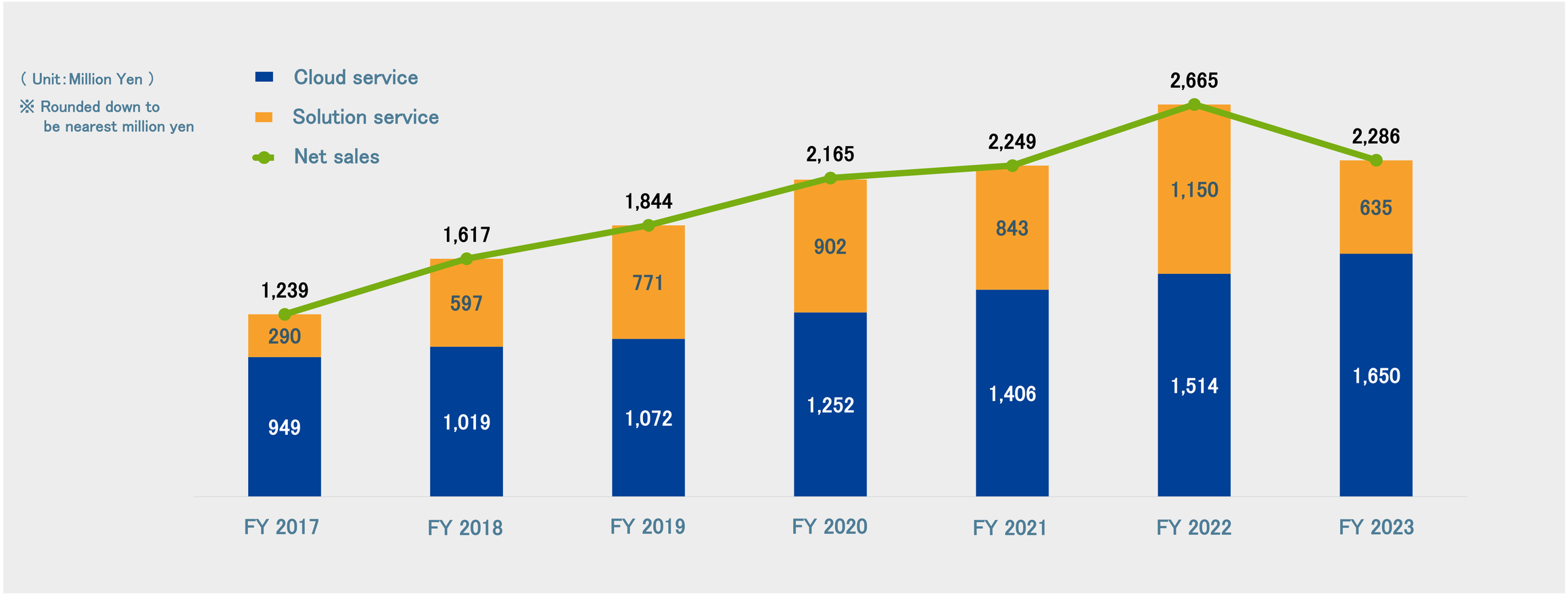
Although sales and profits declined in FY2023 for the first time since the company was listed, the trend of expansion of business performance has continued



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Sales Breakdown (Stacked Graph by Segment)

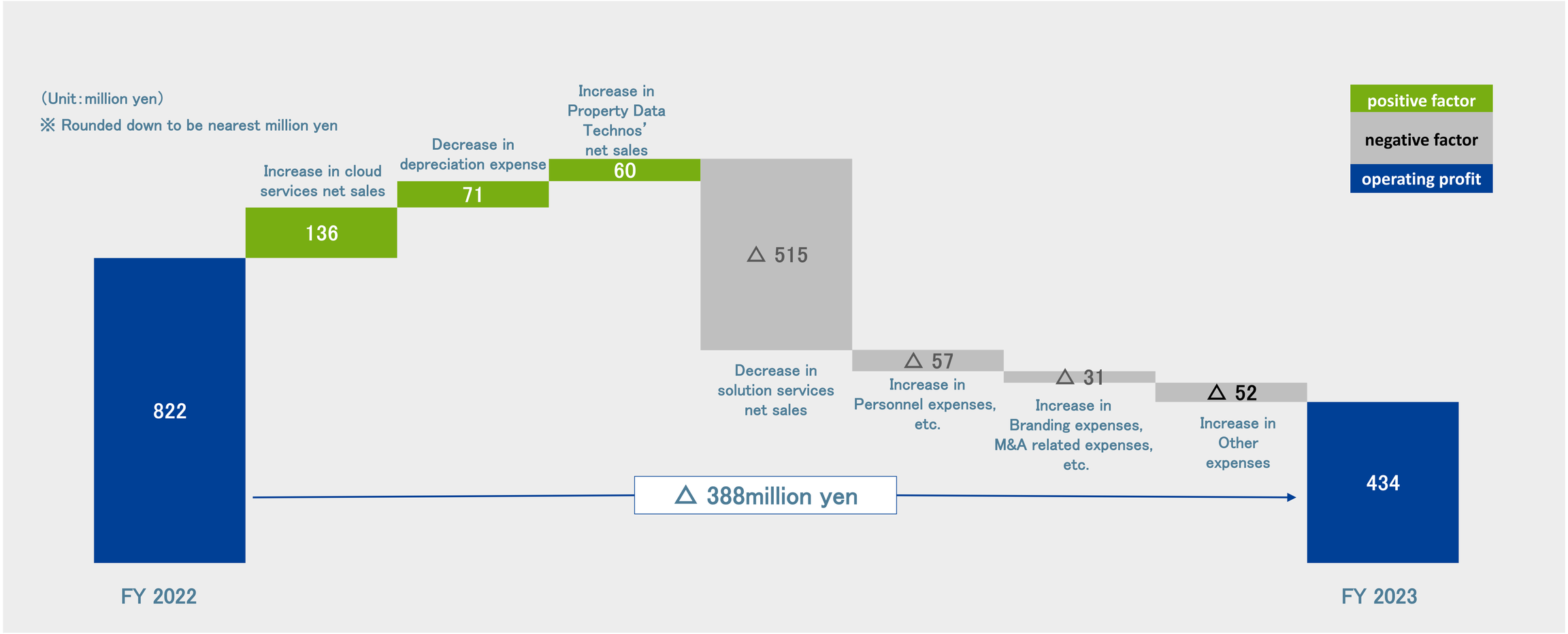
In FY2023, use of @property expanded by general business companies such as airport operator, electric power companies.
Cloud service revenues are growing steadily, partly due to the effect of large projects.



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Factors Affecting PDB Operating Profit (conslidated)

Decline in sales of solution services was the largest factor in the decrease in operating income
Preparation expenses for new services, etc. for growth from FY2024 onward were also part of the reason of the decline.



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Financial Soundness / Capital Efficiency / Shareholder Returns

Equity ratio maintained stable at 84.6%.

	FY2022 (consolidated)	FY2023 (consolidated)
Equity Ratio	76.8%	84.6%
Cash and cash equivalents ratio	48.1%	48.0%
ROE	20.6%	9.4%
ROA*	15.8%	7.6%
Free Cash Flow**	595Mil	103Mil
Payout Ratio	18.5%	39.0%
DOE	3.8%	3.7%

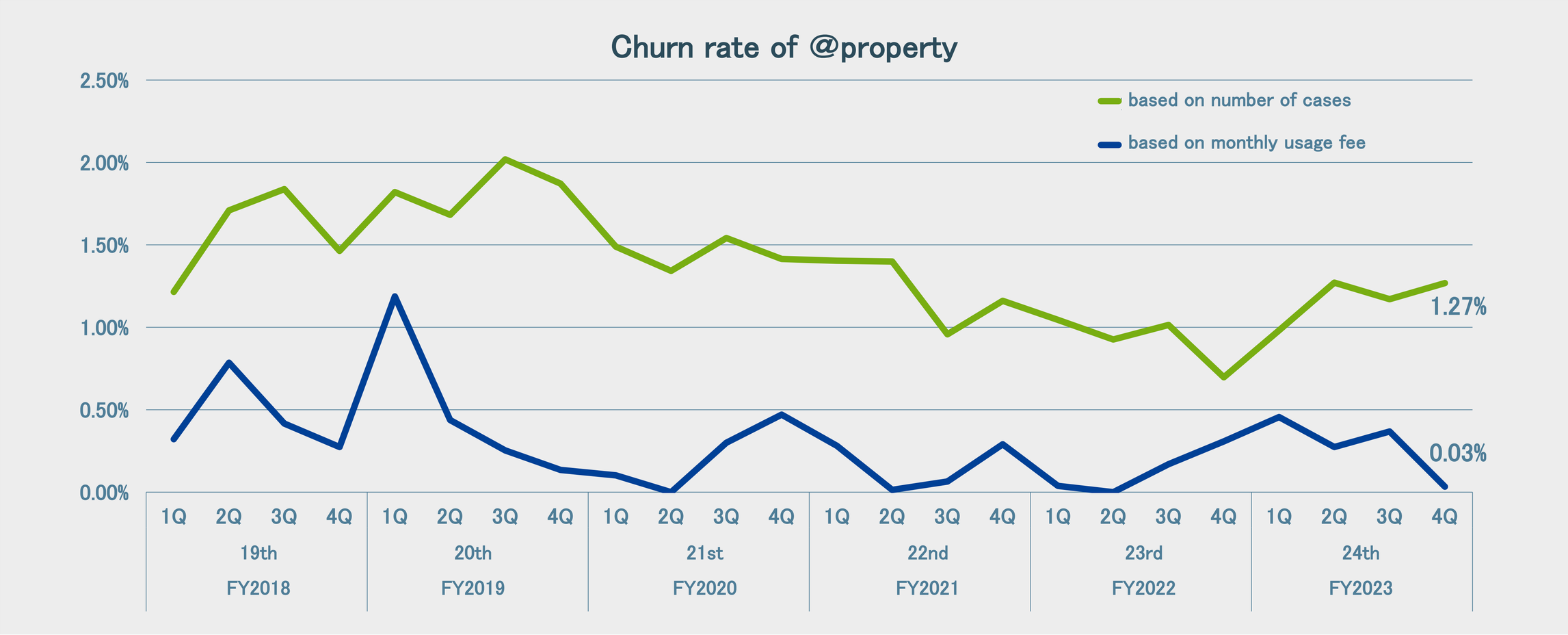
- Maintain a high level of financial soundness and capital efficiency despite the start of consolidated accounting from FY 2022.
- In FY2024, we invested to M&A, purchase of copyrights for AI platform, etc., but this was within the scope of free cash flow
- Maintain shareholder returns of ¥20 per share, the same as the previous year.

*ROA : Calculated with net income attributable to the parent company
** FCF : Calculated as CF from operations + CF from investments

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【KPI】@property Churn Rate

Churn rate based on number of cases is 1.27%, and churn rate based on monthly usage fee is 0.03%.
Customers with low monthly usage fees and who are not making progress in using @property tend to cancel the contract.

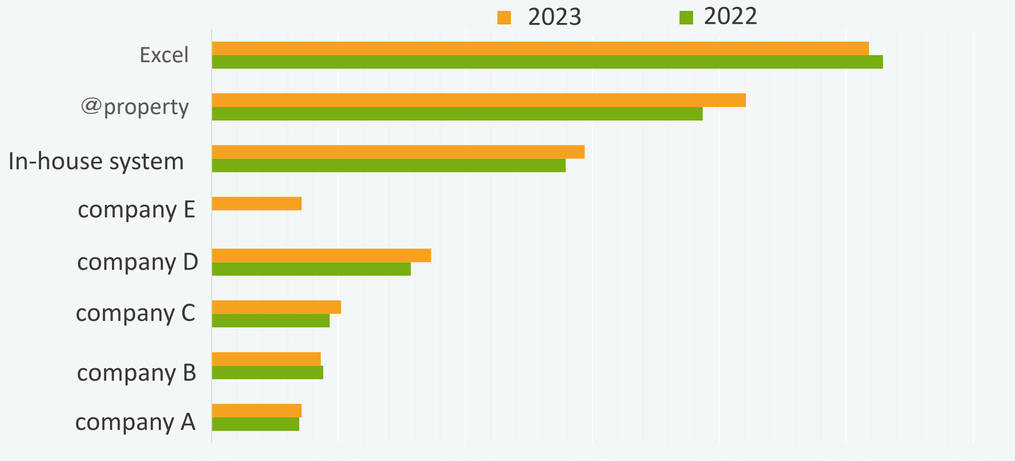


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@property Share

We maintain dominant market share in the real estate asset management field.

Adoption rate for main operation management systems



	Company A	Company B	company C	Company D	Company E	In-house system	@ property	Excel
2023	7.1%	8.6%	10.2%	17.3%	7.1%	29.4%	42.1%	51.8%
2022	6.9%	8.8%	9.3%	15.7%		27.9%	38.7%	52.9%

※source: "Business Management System Survey," Property Management Monthly
(domestic market share in dedicated tools for property management purposes)

share expands !

2022		2023
38.7%	➡	42.1%

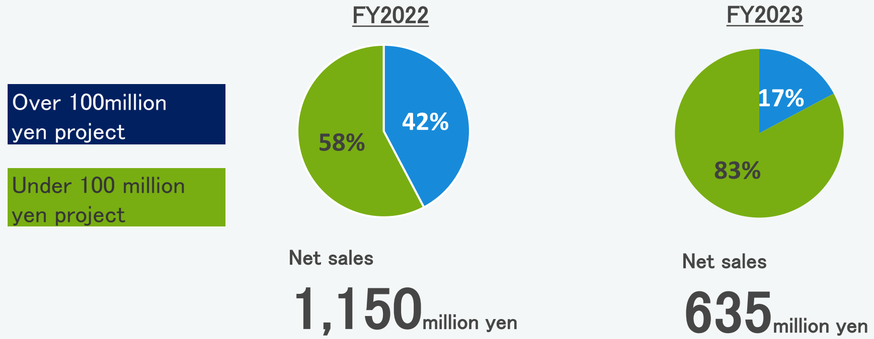
- For @property, not only maintained top share for operation management systems in the industry but also achieved a dramatic increase in share according to monthly magazine “Property Management”.
- More than 800 companies have adopted @property thus far.

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Increase in Size of Projects for @property

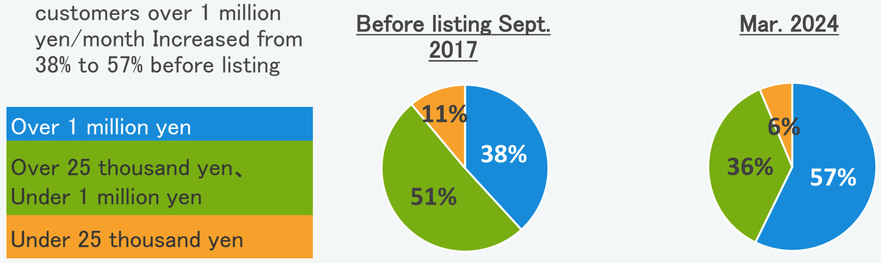
Percentage of solution service projects valued at 100 million yen or more commanding decreased by 25pt YOY.
In cloud services, the number of clients with a monthly value of 1 million yen or more increased.
Although the ratio of large projects decreased due to the impact of the postponement of large projects, the ratio of large projects to recent orders is increasing.

Solution service project scale enlargement



Cloud service monthly fee Price range change

Increase in the number of customers over 1 million yen/month Increased from 38% to 57% before listing



- Shifting from system sales to providing added value to customers through BPR* proposals
- Although the solution services business is shifting to larger projects, FY2023 saw a significant decrease of net sales from the previous fiscal year due to the postponement of large projects.
- Cloud services saw a trend toward larger projects, with an increase in the number of customers with monthly sales of 1 million yen or more.

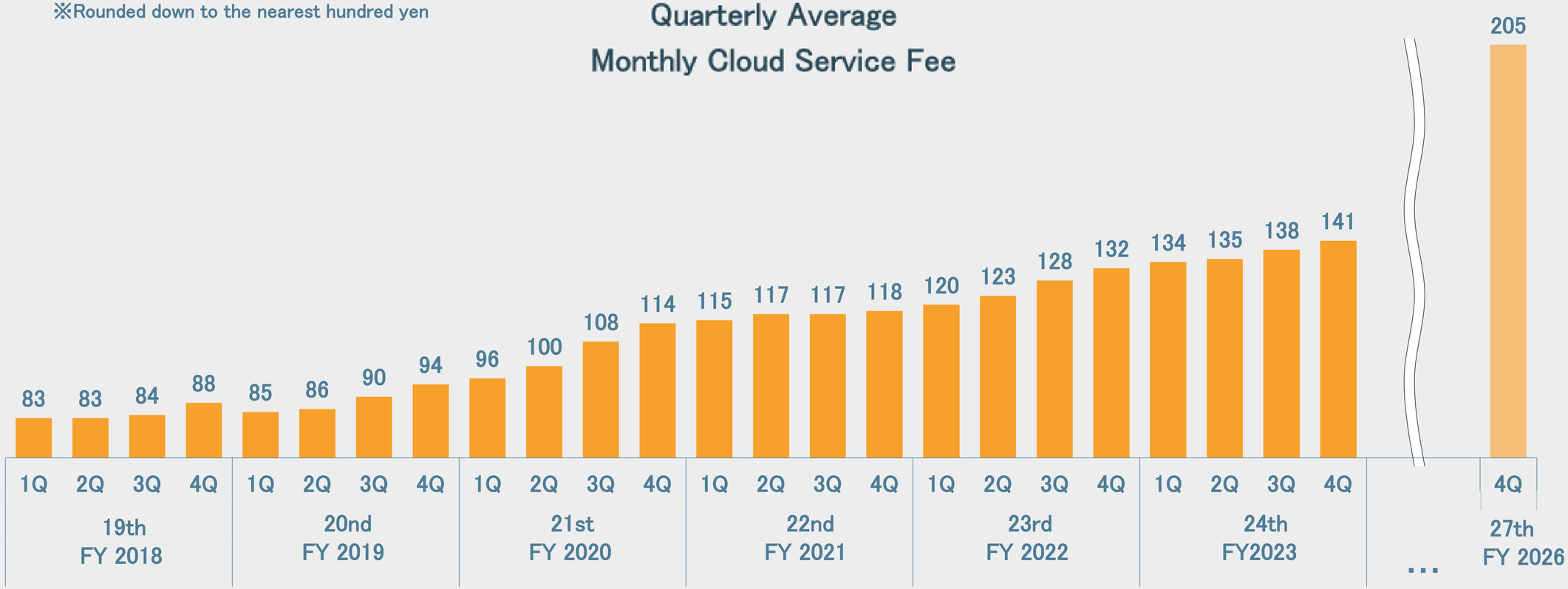
※BPR Business Process Re-engineering “Fundamental changes in business operations ”

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Monthly Cloud Service Fee (Quarterly Average)

Cloud services monthly usage fees continue to expand.

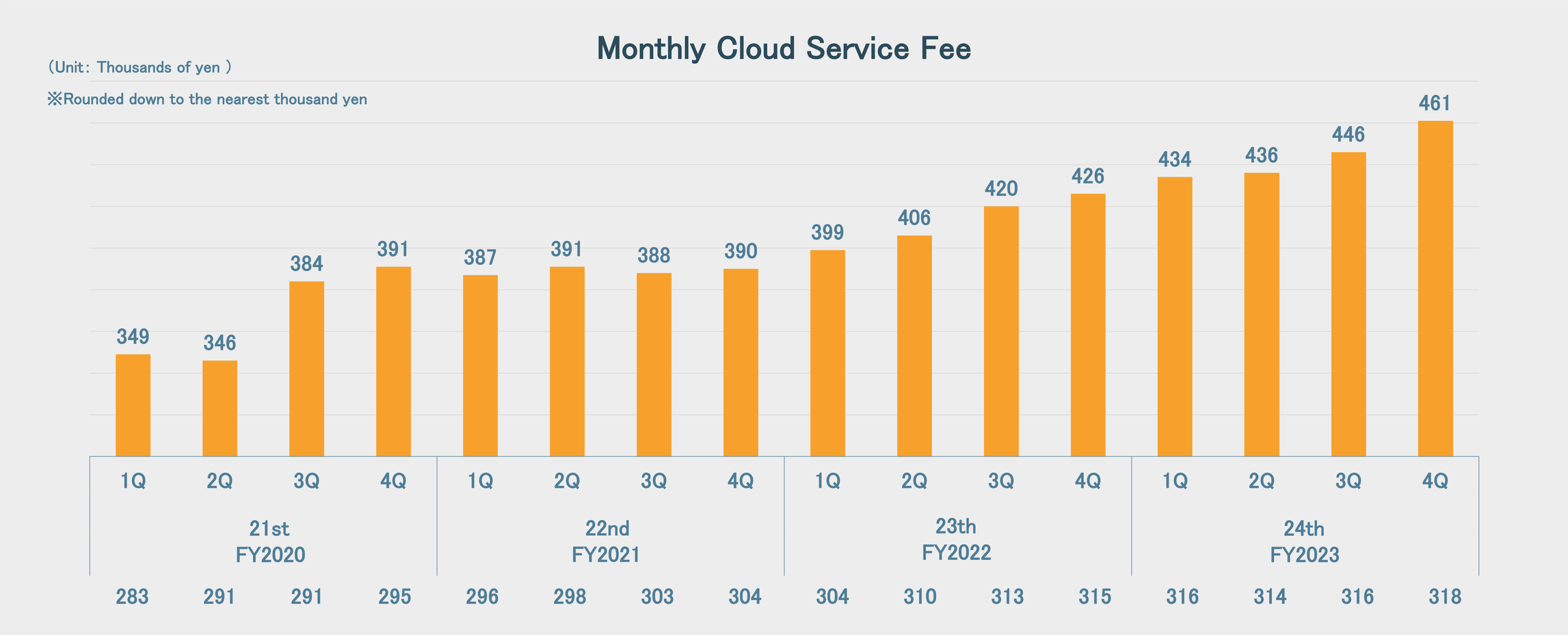
(Unit : million yen)
※Rounded down to the nearest hundred yen



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Monthly Cloud Service Fees Per Company

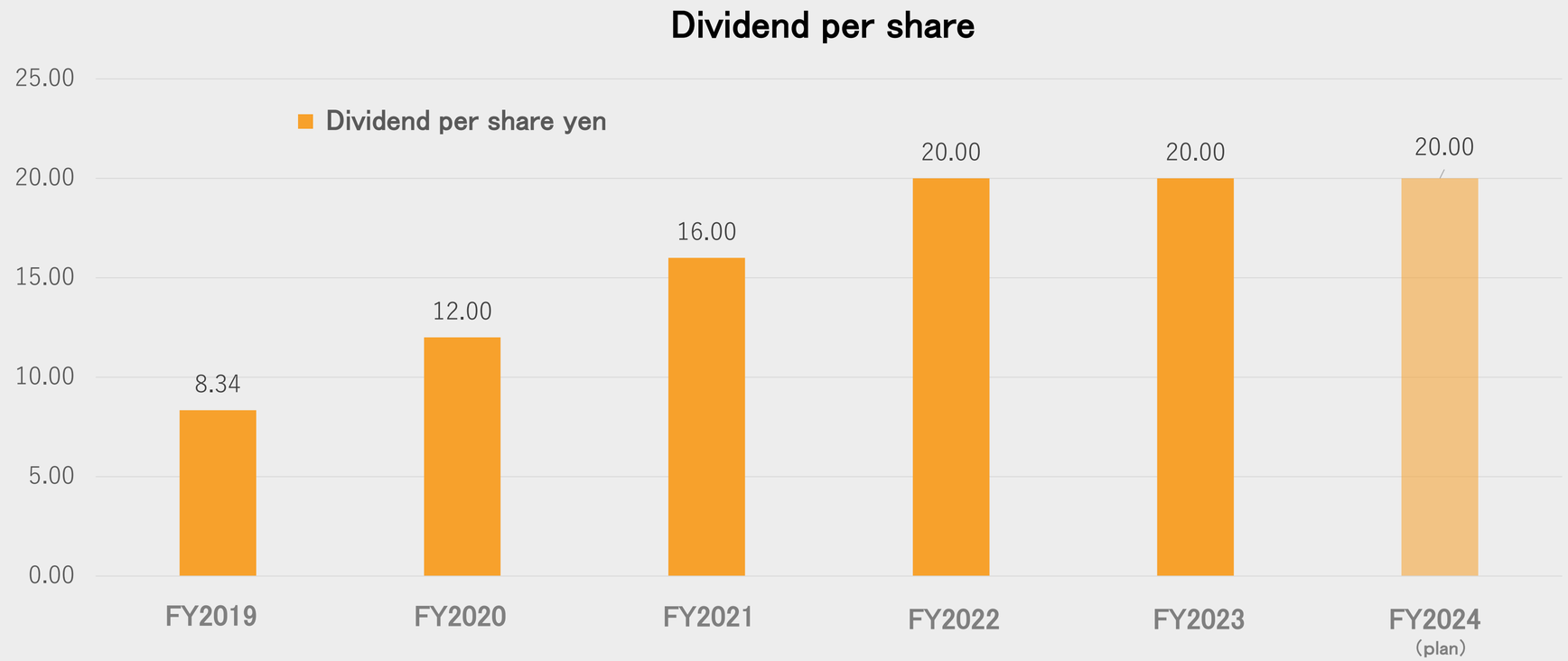
The average monthly usage fee per company continued to grow steadily as large projects (general companies) were completed.
In addition, we continue to receive orders from existing customers.



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Dividends

Maintain dividend per share of 20 yen in FY 2023



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02. FY2024 Earnings Forecast

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FY2024 Full Year Consolidated Earnings Forecast

In the third year of the mid-term business plan, we will continue to build the foundation for achieving our plan by investing aggressively. Operating profit margin is expected to recover to the 20% level, although investments will continue to be made to build the foundation.

(Unit：Million Yen)		FY2023 Results	FY2024 Earnings forecast	YoY
Net sales（consolidated）		2,516	3,980	＋58.2%
Property Data Bank	Cloud services	1,650	1,790	＋8.4%
	Solution services	635	1,240	＋95.1%
Property Data Technos		215	300	＋39.1%
Property Data Science		17	300	＋1590.1%
New Service		－	350	－
Operating profit		434	830	＋91.1%
Ordinary profit		437	830	＋89.8%
Profit attributable to owner of the parent company		298	570	＋91.1%

※ Rounded down to the nearest million yen

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FY2024 Plan

Property Data Bank （plan）

（Sales）3,030Million yen　（YoY）+743Million yen

- Continue to appeal as a real estate ERP
- Orders for large projects from general business companies remained strong.

Property Data Technos （plan）

（Sales）300Million yen　（YoY）+84Million yen

- Continue to focus on expanding document management services.
- Strive to expand businesses that generate ongoing income, such as the BPO
- Collaborate with PDB to expand new customers

Property Data Science （plan）

（Sales）300Million yen　（YoY）+282Million yen

- Increase sales personnel to expand @commerce sales
- For Speed ANSWER, enhance its consulting function.
- Work to expand data science business

New Service （plan）

（Sales）350Million yen　（YoY）+350Million yen

- Promote development of new businesses based on PDB-platform
- Developing AI / Generation AI related services based on SCORER, whose copyright we purchased last year
- REIVO seeks to strengthen cooperation with PDB
- Promote M&A and business alliances, etc.

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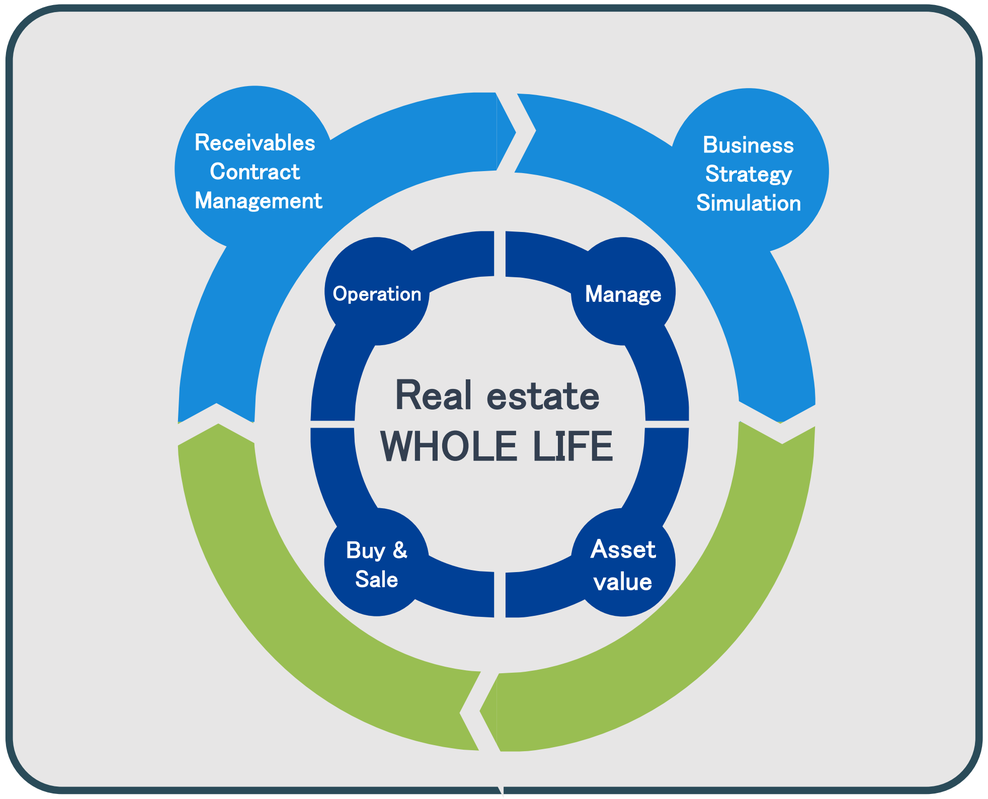
03. Mid-term Management Plan and Growth Strategy

Property Data Bank Group Growth Strategy

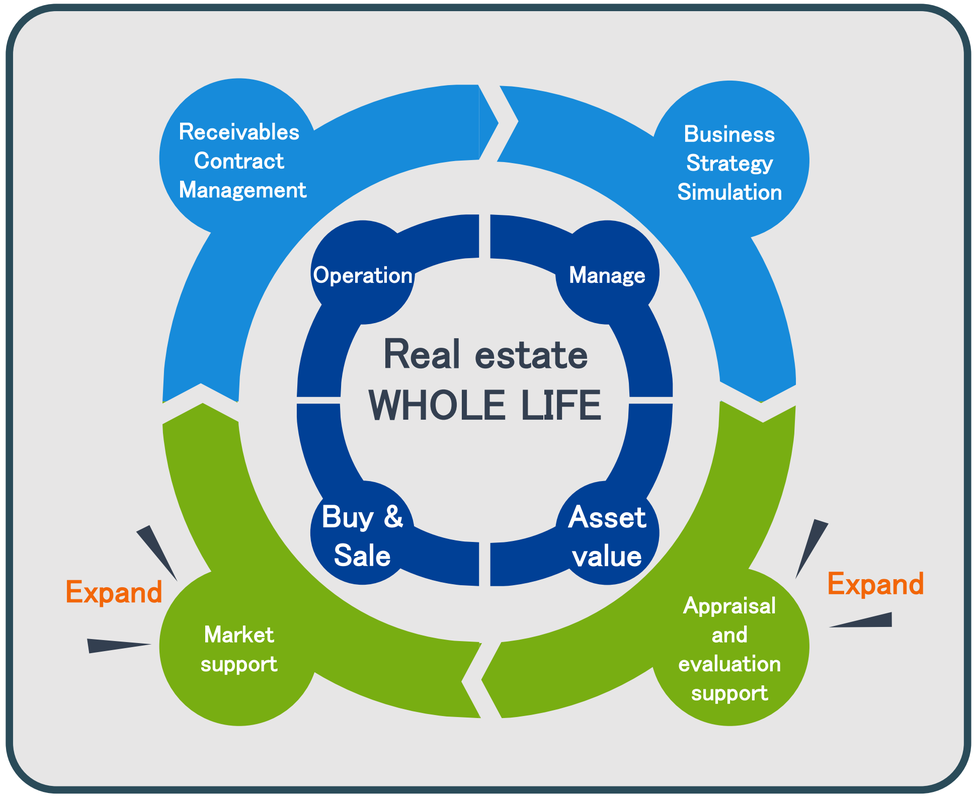
@ Property and Real Estate WHOLE LIFE

Fully covered **real estate WHOLE LIFE**,* which represents the whole life of real estate held by a company and entity, from acquisition, management and operations, and disposal, with @property.
Completion of the PDB-platform, which is attached to a customer's real estate assets for their entire life and supports the business from the very core.
We expand business through synergies with group companies and collaborating companies in addition to renewal infrastructure of @property.

Current @property



@property at last Mid-term year



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Real Estate WHOLE LIFE Previous Initiatives and Current Expansion

Initiatives to maintain and increase asset value



Propose value added by leveraging @property data

① **Leverage real big data within @property**
② **Build a DX platform to realize one-stop services**

In FY2023, @commerce added a function to visualize real estate deals on a map. We continue to work on utilizing big data and expand PDB-platform to provide new functions.

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Real Estate WHOLE LIFE Previous Initiatives and Current Expansion

Real estate market support platform for companies



Expand real estate market support for corporations

① DX of the exchange of information in real estate distribution
② Supporting the DX of the distribution market from the digitization of real estate documents

In FY2023, we launched our BPO business in Property Data Technos.
In Property Data Science, we launched "Speed ANSWER for web (tentative name)" as "@commerce" to provide a centralized management function from the collection of information related to store openings to operational management after store openings.

In the future, Property Data Technos will continue to expand its document management services, while also striving to expand its BPO business.
Meanwhile, at Property Data Science, the sales forecasting function of "Speed ANSWER" will be expanded by utilizing AI.

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Change in Plan for FY2024 Forecast

FY2024 forecast deviates slightly from the mid-term management plan because of the following reasons (please see next section)

① Reasons for net sales target not achieved

Property Data Bank	・Cloud services for the current fiscal year were not achieved due to the delay of a major project in the previous fiscal year. ・ Resource allocation for Solution Services was affected by the overlap in the start dates of projects due to the above-mentioned delays.
Property Data Technos	There were delays in ensuring resources, although there were projects available.
Property Data Science	Delays in @commerce development in FY 2023 affected sales in FY2024
Other(New Service)	M&A we had supposed last year was not completed.

② Reasons for profit target not achieved

Impact of lower gross profit due to sales will not be achieved as above reason

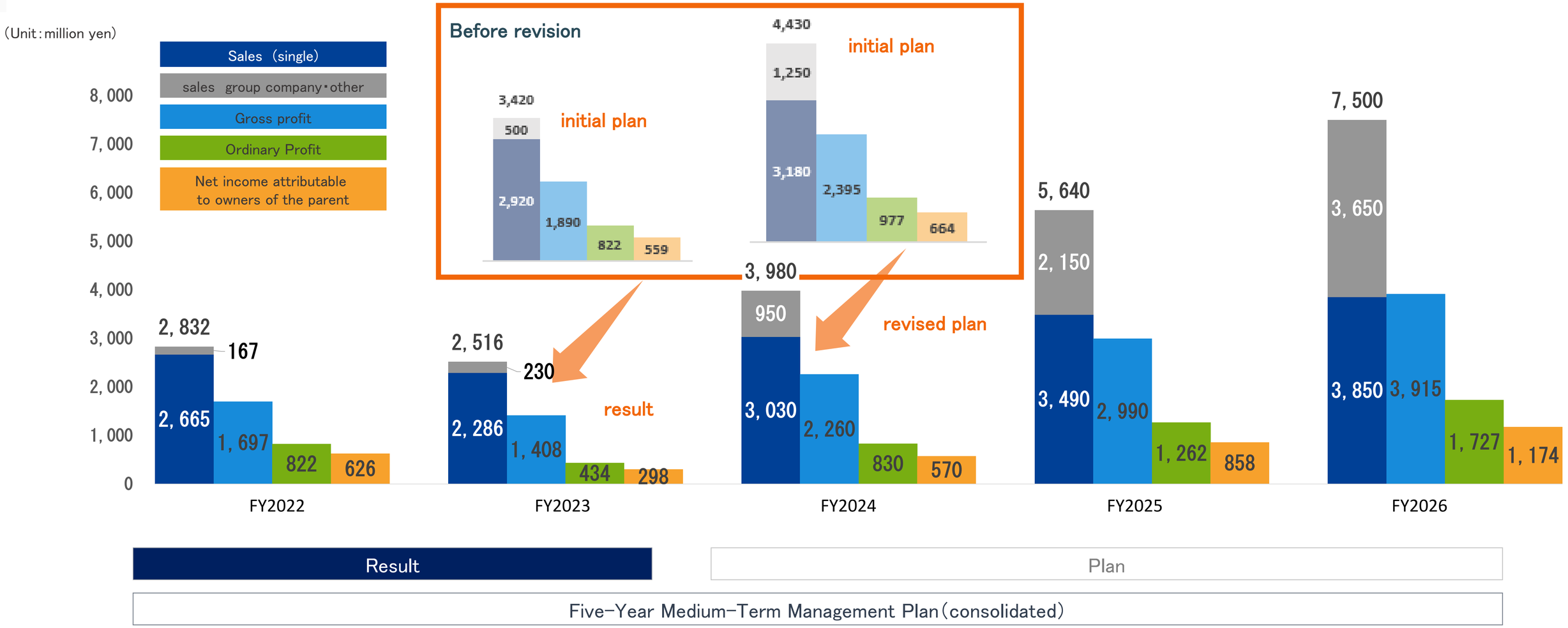
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Consolidated Performance Targets (revised)

Aim to net sales of 7.5 billion yen and operating profit of 1.7 billion yen

Continue to record five-year average annual growth of 10% for Property Data Bank.

Key to strong growth is expanding Property Data Science, Property Data Technos, and new services.



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Most important indicator : “ Sales ” and “Operating profit margin ”

Five-Year Medium-Term Management Plan（consolidated）

		FY2022 (result)	FY2022 (plan)	FY2034（result）	FY2024 (initial plan)	FY2024 (forecast)	FY2025（plan）	FY2026 (plan)
Total Sales		2,832	3,420	2,516	4,430	3,980	5,640	7,500
Property Data Bank	Cloud	1,514	1,680	1,650	1,890	1,790	2,150	2,460
	Solution	1,150	1,240	635	1,290	1,240	1,340	1,390
Property Data Technos		154	200	215	400	300	450	650
Property Data Science		14	300	17	350	300	700	1,000
New Service		–	-	-	500	350	1,000	2,000
Operating profit margin		29.0%	24.1%	17.3%	22.1%	20.9%	22.3%	23.0%

Most important indicator in our mid-term management plan are “ Sales ” and “Operating profit margin ”

- Our goal is ″expansion of business scale″ and ″financial stability by maintaining profitability”.
- Achieve sales and maintain an operating margin of 20% or higher as KPIs in the current medium-term management plan.
- we plan to maintain an operating margin of at least 20% in the current fiscal year.
- we aggressively invest in new services, advertising, and human resources to expand sales while maintaining operating margin.

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FY2024 Management Policy

Origin Inheritance × System innovation

Reaffirming the MISSION and VISION of our establishment period, then evolving by introducing new systems

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MISSION

″Creating a new knowledge society″

We create the best services in knowledge society beyond the business field with simple data processing and management.
We also believe it is the mission for us to be the leader in the knowledge society by many customers using our service.

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VISION

“Revolutionizing customer operations and Increasing the value of customer’s assets through the aggregation of knowledge”

The value we provide is to transform our customer’s operations to be more sophisticated and efficient. Our goal is to contribute to increase the value of the customer assets by our unique value. We provide to our customers superior knowledge aggregation and management methods.

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What is “Origin Inheritance x System Innovation”?

As Property Data Bank has supported corporate management with real estate management cloud services, we want to use the knowledge that we have cultivated over many years of experience not only to benefit our own company, but also to give back to Japanese society. In addition to proposing services, we develop services that support decision-making and provide new added value to our customers.

Origin Inheritance

- Spirituality as a public cloud
- One-source, multi-use structure
- Contribute to society through knowledge aggregation services

×

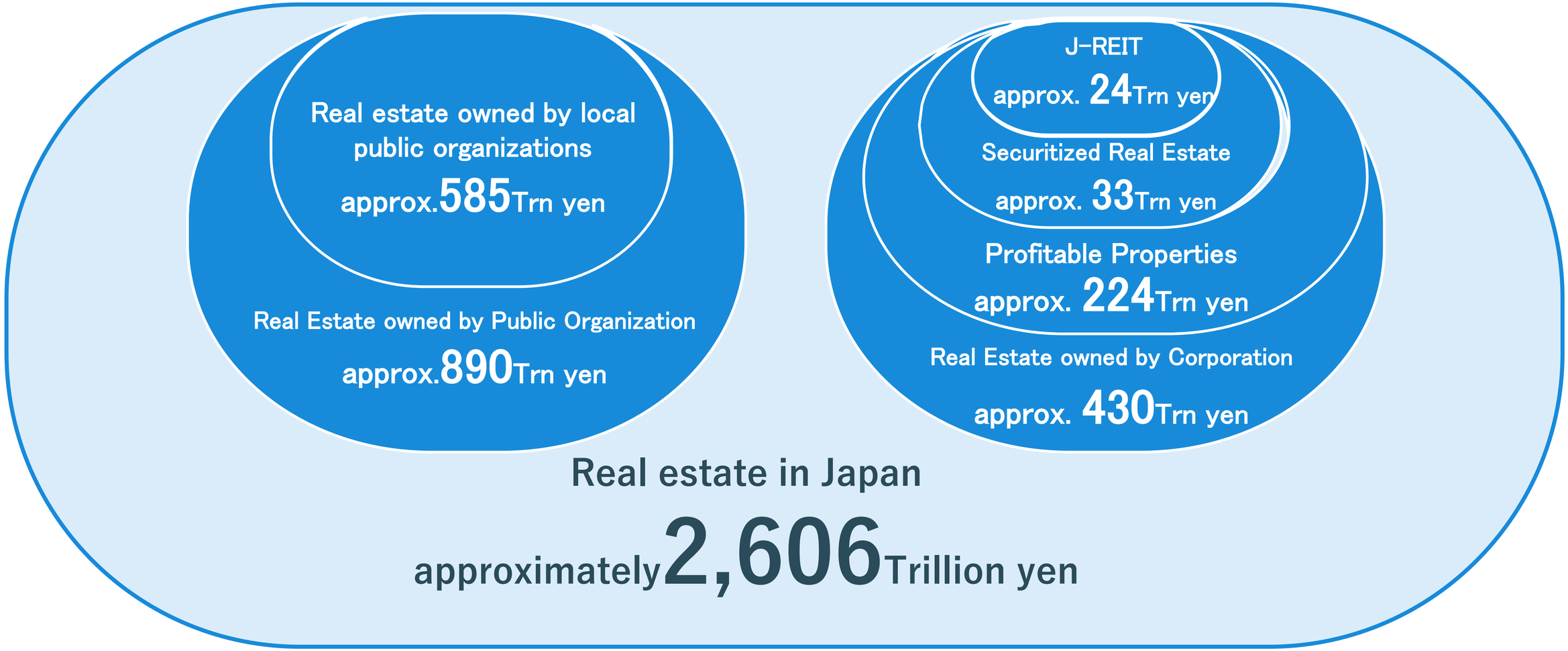
System Innovation

- Service innovation that meets the needs of the times
- Improve solution capabilities to streamline customer operations and improve assets
- Improving product usability
- Innovation of various mechanisms of PDB itself

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Market scale

The scale of Japan's real estate assets is approximately 2,600 trillion yen
Our business area (corporate-owned real estate and public real estate) is approximately 1,320 trillion yen

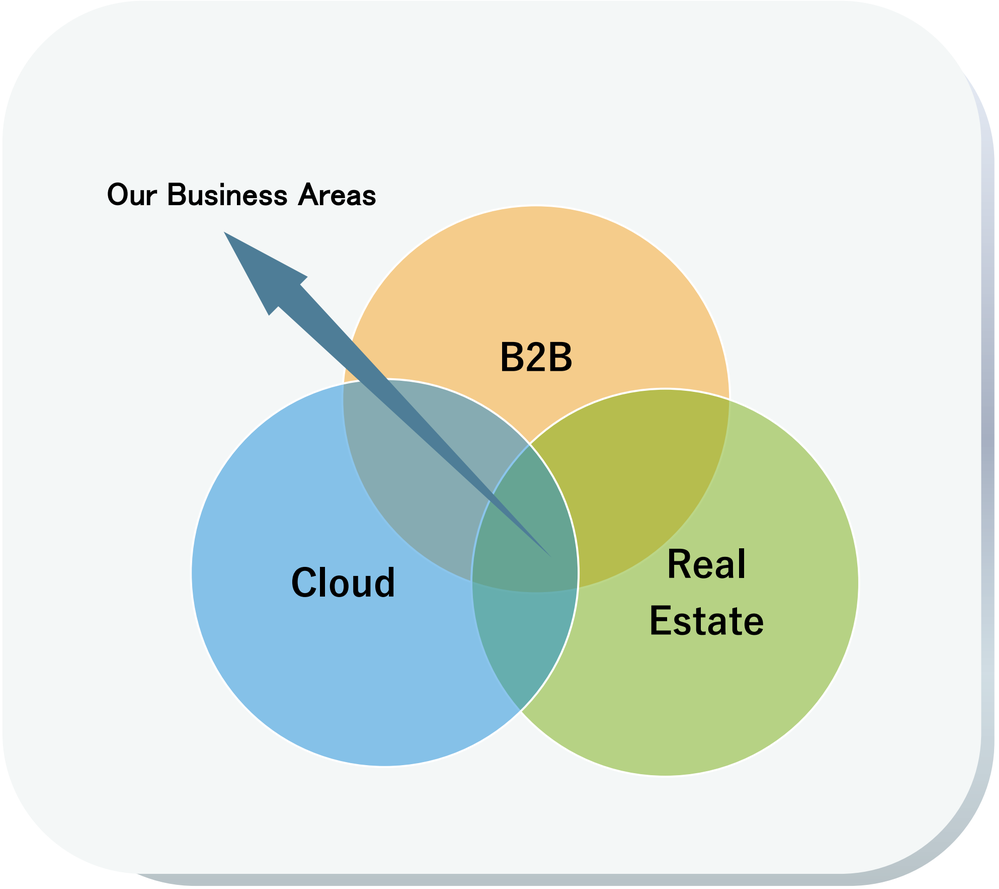


※ Prepared by the Company based on the 11th Roundtable Meeting on Real Estate Investment Market Policies, Ministry of Land, Infrastructure, Transport and Tourism, Source: Document 3.

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Business Areas

Growth in B2B x Cloud x Real Estate business areas



Our Business Areas

- Specializing in large companies in B2B

Our Customers

- REIT / Private REIT
- General business companies
  (companies who own Real Estate)
  ex) Electricity, railroads, retail, insurance
- government administration office

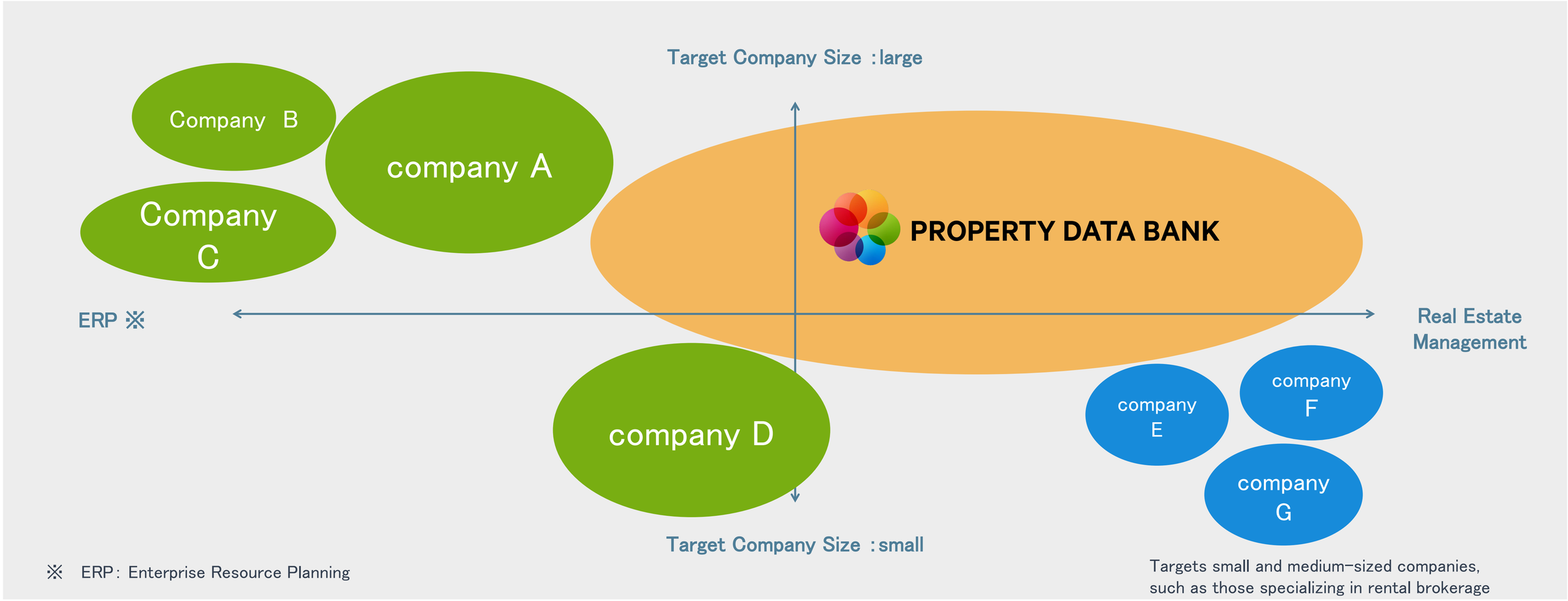
「@property」Service Site

https://propertydbk.com/

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Competitive situation

Customer base has been expanded to the other industries from Real Estate related companies, thanks to @property's accounting function



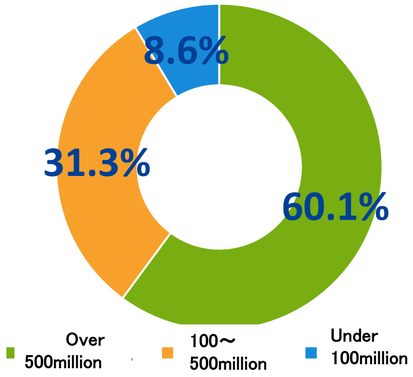
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FY2024 Business Policy

In this fiscal year, we will strengthen the following three points

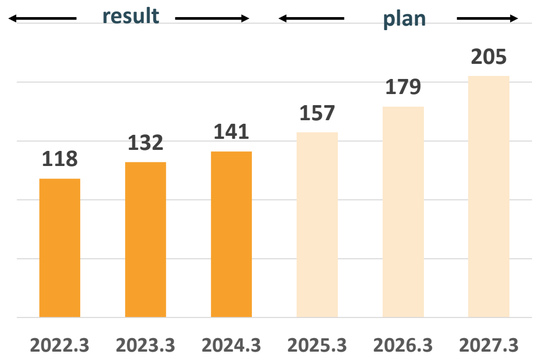
1. Continuing to receive orders for large projects

As inquiries for large-scale projects continue to be strong, we aim to increase orders while managing resources.



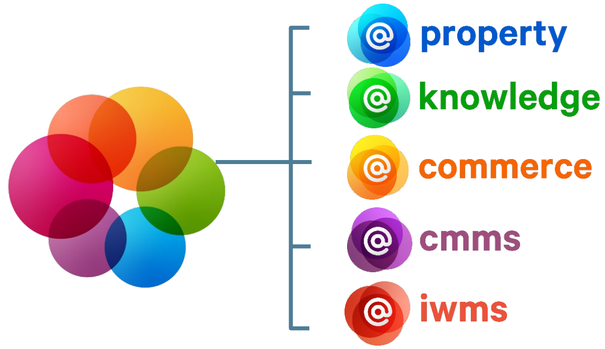
02. Expansion of cloud revenues

Aiming the expansion of cloud revenue from @property.



03. Evolution of service structure

Evolving the service structure by strengthening the infrastructure and functional aspects as PDB-Connect and the services as PDB-SaaS



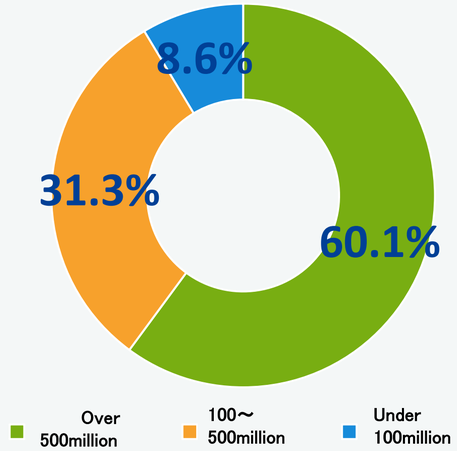
Expansion of target customers / areas, and strengthening of acquisition of new customers

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Business Policy　01.　Continue to receive orders for large projects

Inquiries for large-scale projects remain strong. Aiming to expand cloud revenues through orders for large projects. Although the amount decreased by 200 million yen compared to the end of February, it was due to sales recorded in March and April.

Order Stock for large projects



Order stock of 1.8 billion yen

※ As of March 31, 2024

*Definition of orders: Total value of solution projects that have already been ordered. Regarding large-scale projects, we have secured early-stage orders, and this is the sum of future projects linked to these projects. Excludes items that have already been accounted for.

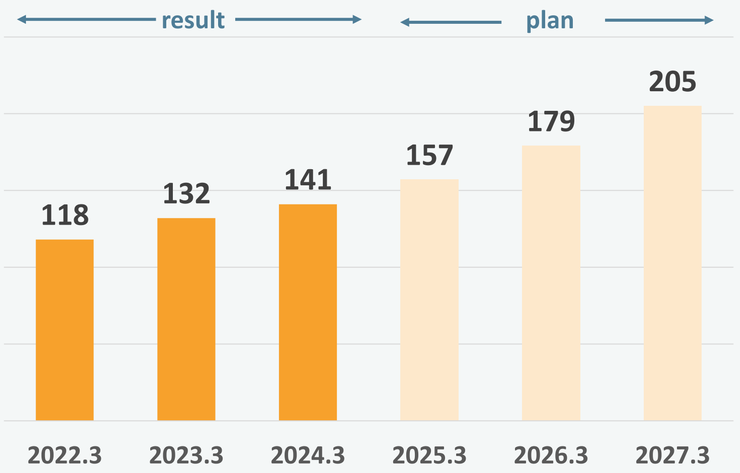
- With the trend of DX in Japanese companies, requests to us are evolving from projects for one department of company to the entire company.
- While responding to customer requests as much as possible, we aim to obtain orders so that we can make maximum use of our resources.

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Business Policy　02.　Expand cloud revenues

We will strength the appeal of one-source, multi-use public cloud

Monthly Cloud Service Fee



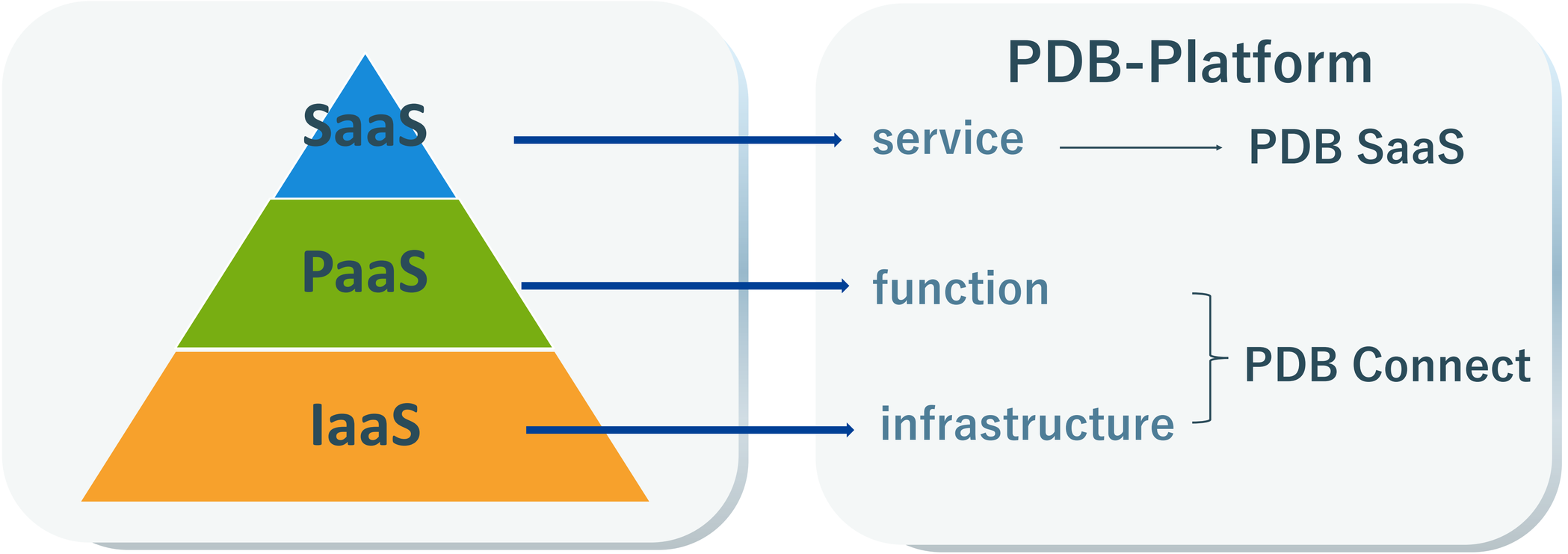
In addition to the contribution from large solution projects, we also aim to increase the number of projects that can be booked as sales in a short period of time.

- Set KPIs for cloud revenue growth
- Continue to actively recruit to expand sales and development structure
- We are aggressively working on mid-sized projects to expand cloud revenues.

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Business Policy 03. Evolution of service structure

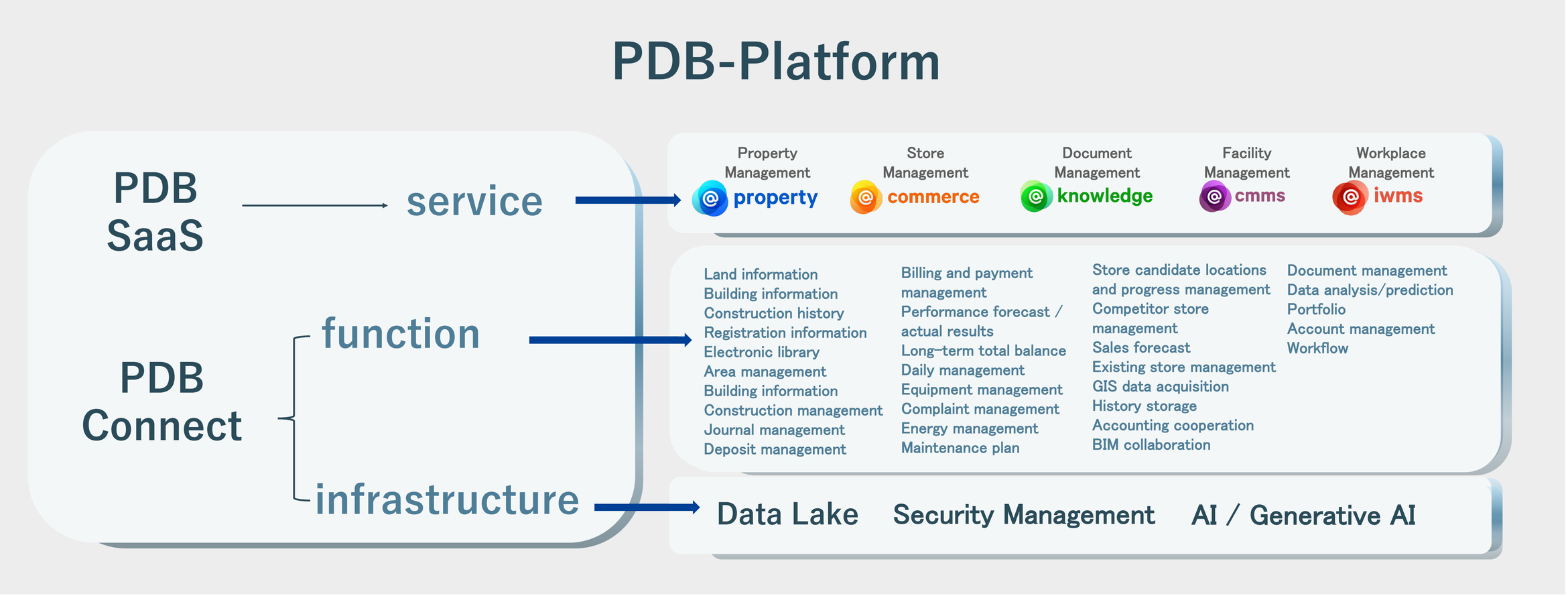
Inheriting the concept of the @property, one-source and multi-use, that we have built since the establishment, we will create new cloud services that allow systems to be combined in accordance with customer needs.



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What is PDB-Platform?

We will continue to expand the services to meet customer needs by combination of multiple functions.
UI and UX of each service will be renewed also with new service logos.



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Business Model

Cloud business sales are recurring revenues (stock revenues)
Solution business sales are recognized as one-time revenues (flow revenues)

PDB-SaaS(service)

- property
- commerce
- knowledge
- cmms
- iwms



- Usage Fee
- Maintenance Fee

→ Cloud services sales

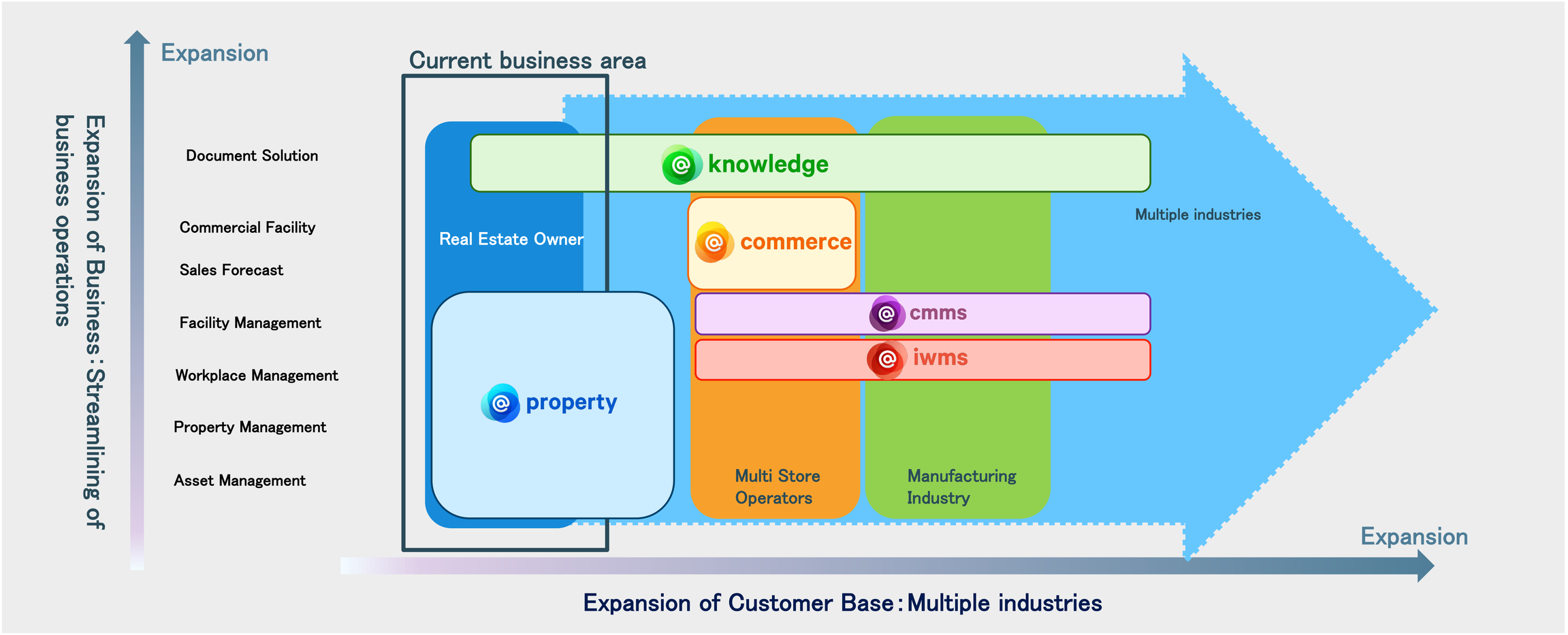
- Customization Fee
- Installation Support
- Option Fee
- Consultation Fee

→ Solution services sales

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Expansion of Target Areas and Customer Base

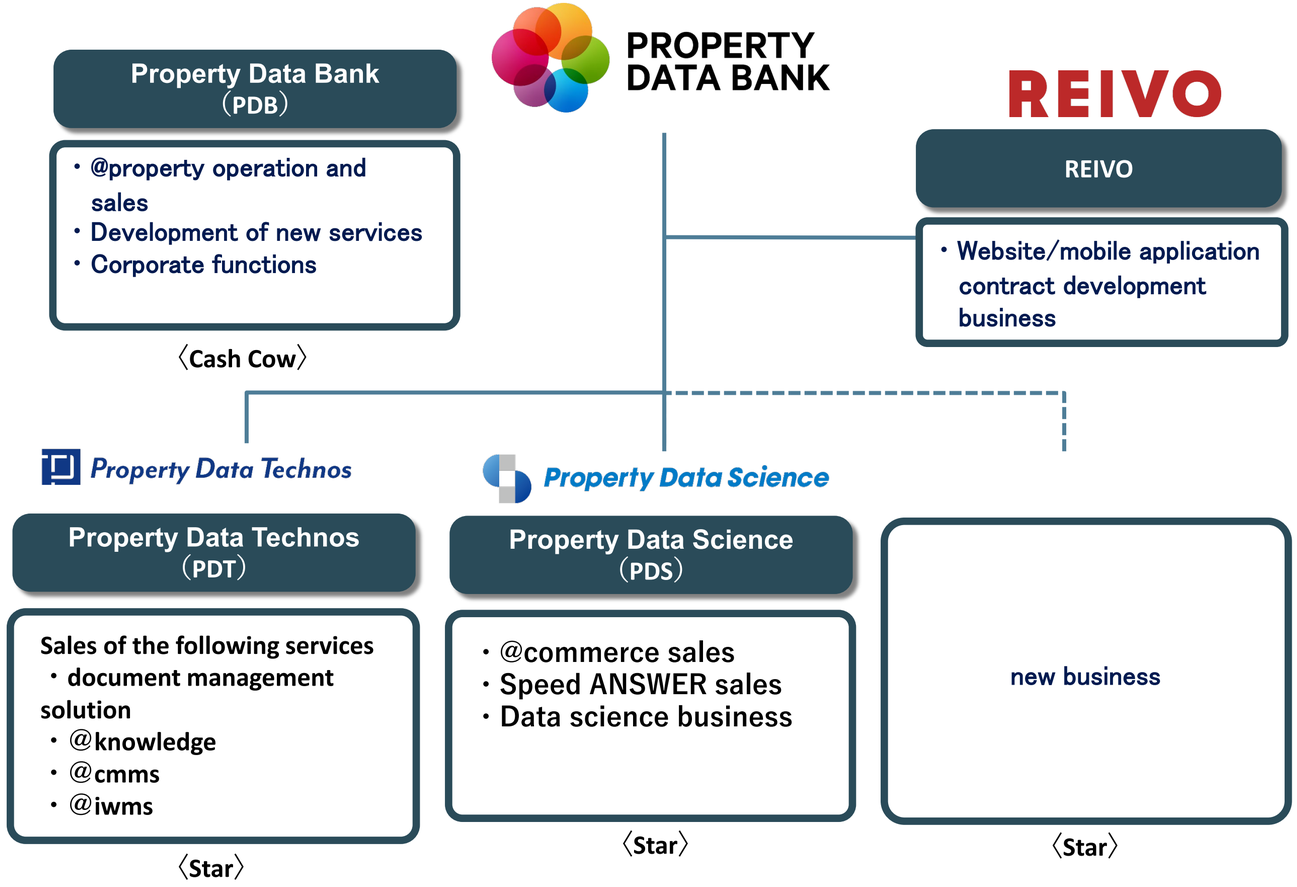
Promote expansion of target areas and customer base



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Group Strategy

By transferring sales function of new service to PDS and PDT, change to a more agile management structure.



1. Develop new services as a next-generation star candidate by transferring the business and funding to subsidiaries.

2. PDB manage @property business, PDB-Connect operation and maintenance. And PDB have corporate and new business incubation functions.

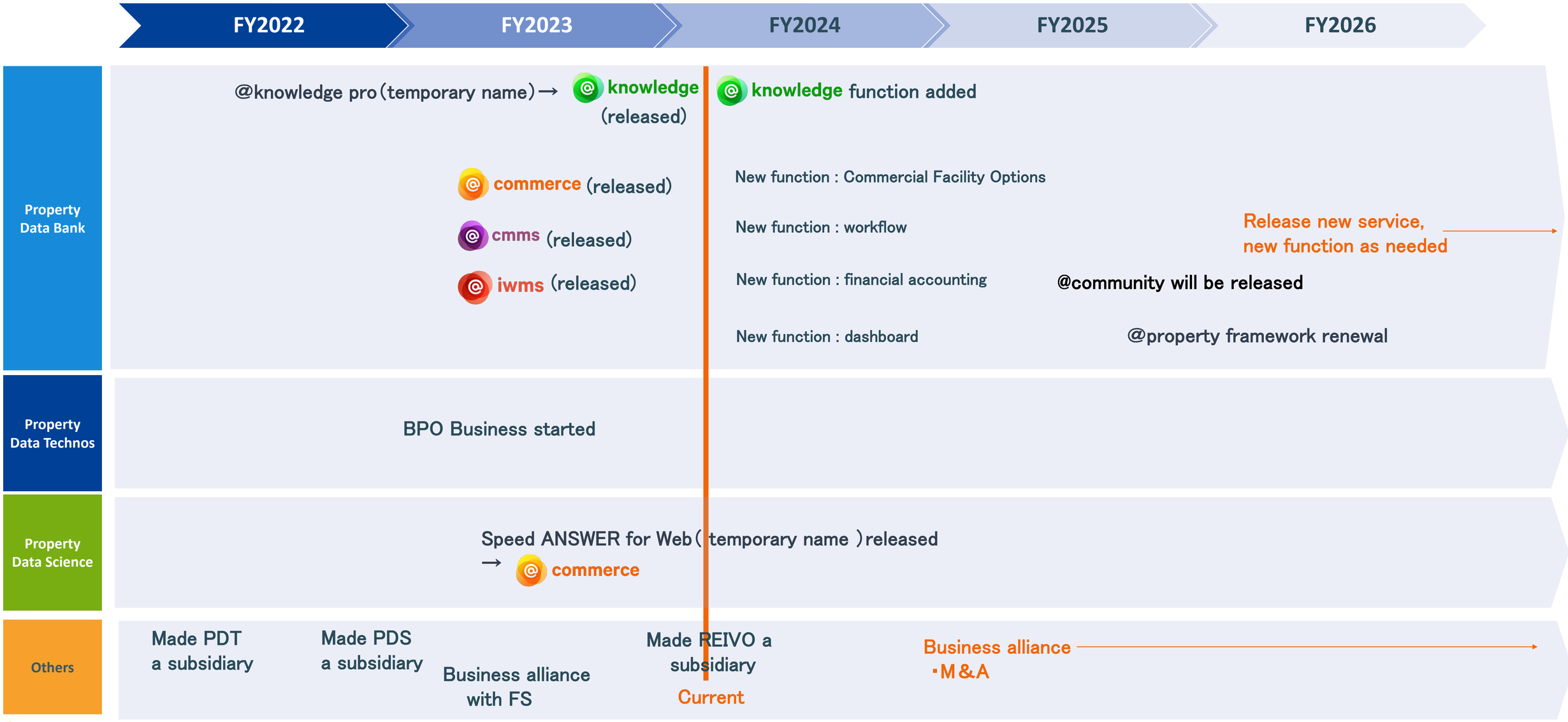
3. PDS and PDT receive funding from PDB and launch their respective businesses.

4. Each service will be transferred to a subsidiary in accordance with the characteristics of each service and the flow of data.

5. REIVO provides technical support for the deployment of our PDB-Platform.

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Property Data Bank Group Roadmap



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Main Recognized Business Risks

Main Risks	Possibility/ Timing of occurrence	Impact on achieving growth and implementing management plan	Response
Competitive Situation (e.g., new entry of companies with financial and brand strength)	**Medium/ Medium to long term**	・Decline in market share ・Decline in value of individual orders ・Impact on business and earnings	Working to differentiate the Company by increasing the quality of cloud services that reflect the opinions of users and always evolves.
Information management, information leaks, and system problems	**Medium/ Short term**	・Undermines social credibility and brand image ・Decline in sales due to a fall in service fee ・Possibility of claims for compensation for damages	Working to protect information assets and maintain and raise the security level through efforts such as obtaining ISO27001 and ISO27017 certification. Adding redundancy for devices, securing three data centers in Japan, and ensuring the safety and soundness of services.
Providing services that meet customer needs (e.g. being late to provide services that meet customer needs, or providing services that do not meet the needs of customers)	**Medium/ Medium to long term**	・Decline in sales due to cancellation of contracts ・Impact on business and earnings	Working to improve cloud services by ascertaining customer needs through support services and following up with customers.

Refer to the Business Risk section of the Securities report for information on other risks.

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04. Appendix

Company Outline

Mission

Create a new knowledge society

Vision

Make a revolution in the customers' operations through knowledge aggregation Increase the value of customers' assets

Name of company	Property Data Bank, Inc.
Representative	Toshimasa Itaya, Sadahisa Takeno
Established	October 2, 2000
Head office	Hamamatsucho Square, 1-30-5, Hamamatsucho, Minato-ku, Tokyo
Business	Providing real estate and facility management software and conducting related operations.
Capital	332 million yen※
Market	Tokyo Stock Exchange Growth Market (4389)
Number of employees	77 (including subsidiaries)※

※As of March 31, 2024

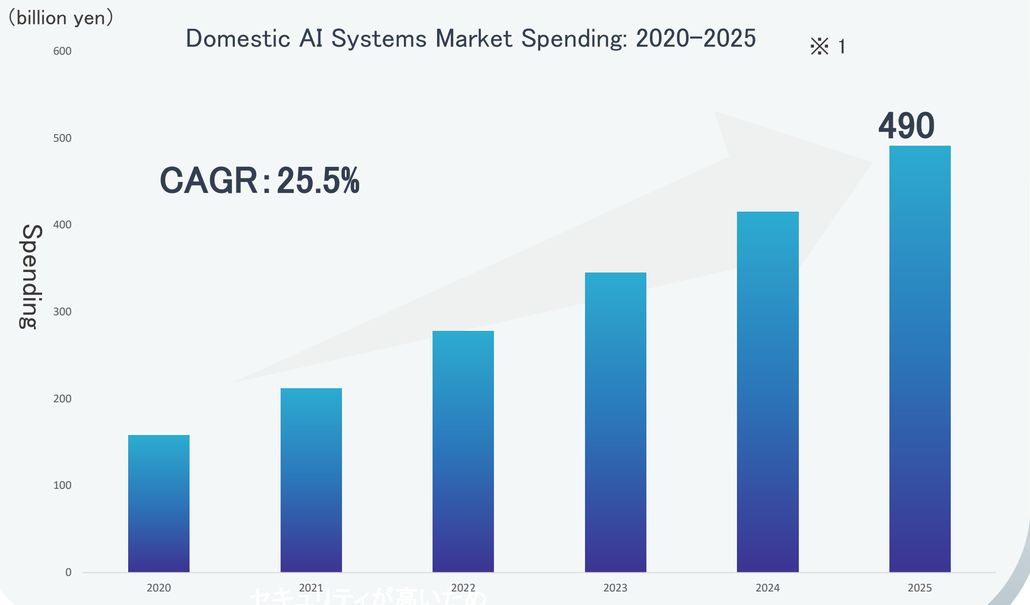
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Market Growth Potential

Japan's AI market is forecast to grow, particularly for data management and analysis.
Rapid shift from analog management of traditional paper items to digital management, a tailwind for DX.

Property Data Science

Japan's AI System Market Continues to Grow

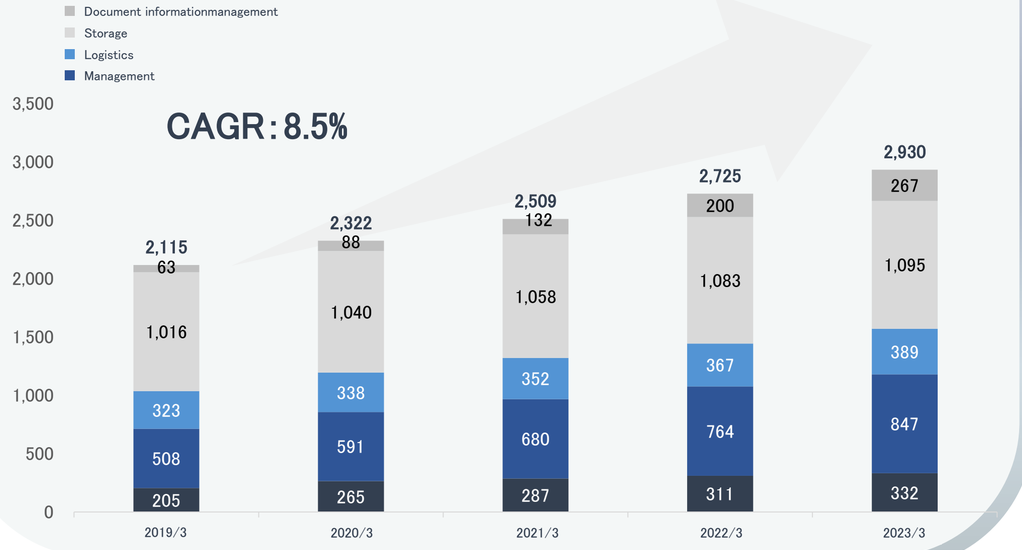


セキュリティが高いため

Property Data Technos

Market size of document information management approach 300 billion yen in FY2023

Document information management products, services, and solution market (actual and forecast) ※2



source ※1 IDC Japan press release, "Domestic AI System Market Forecast, 2021–2025" (June 2, 2021)
※2 Market Trend Survey on Document Information Management Related Products and Services – FY2021 Survey – Issued by Japan Institute of Information and Document Management (JIIMA)

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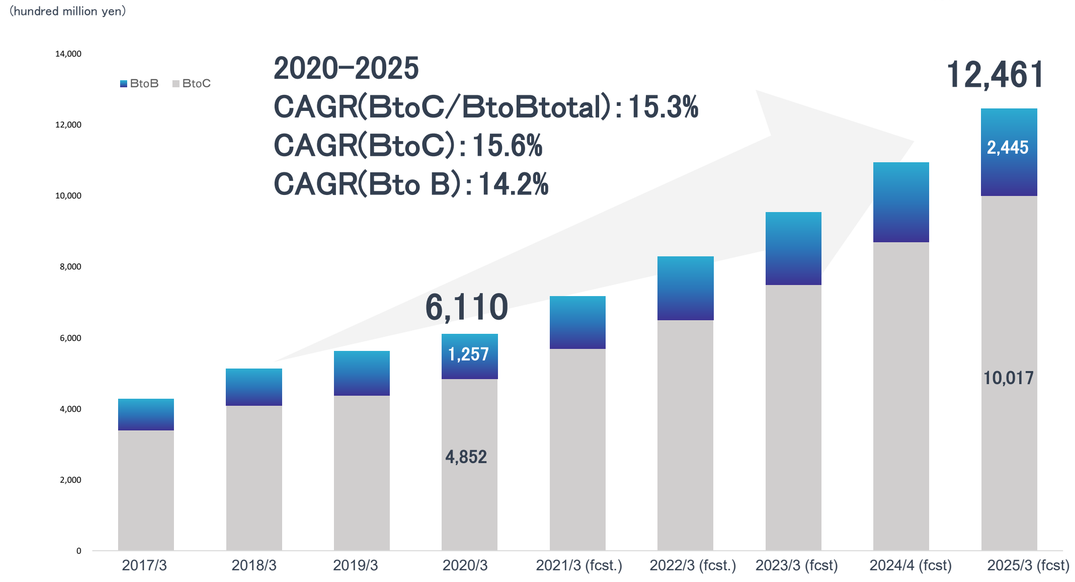
Market Growth Potential

Real estate tech market continues to grow, not only in the U.S. but also in Japan.
Both the B2C and B2B real estate tech markets are expected to grow.

Real Estate Distribution Support

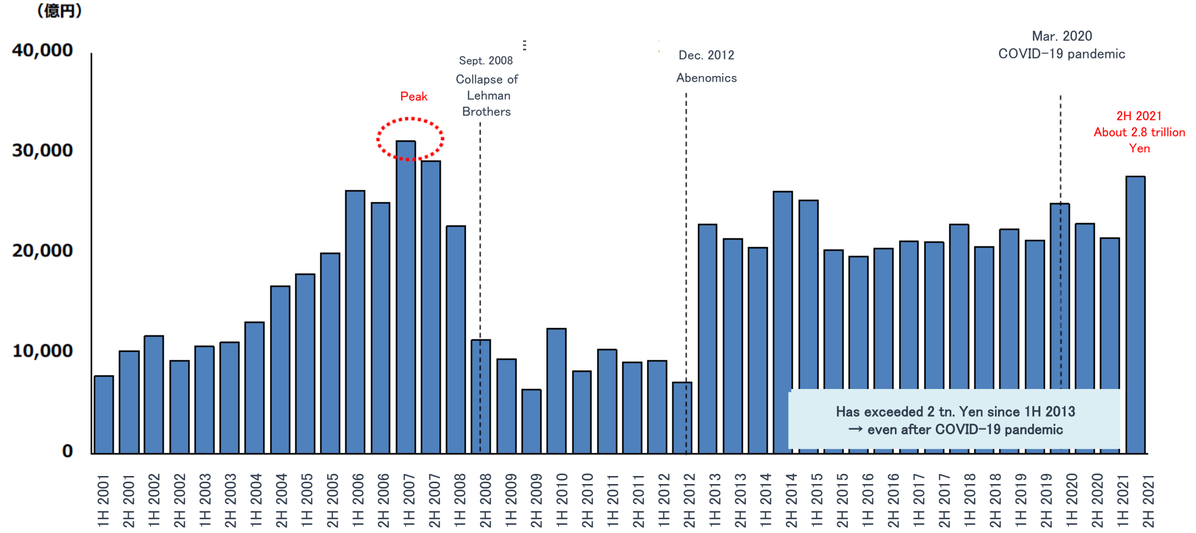
Growth in the B2B Real Estate Tech Market

Real Estate Tech Market Size Forecast (B to C/B to B) ※1



The value of real estate transaction volume for investment and business purposes is about 2 trillion yen for each half year

Total transaction amount of real estate ※2



source ※1 Based on “Research and Study on Challenges and Solutions for Accelerating Economic Growth through ICT (2014)” (Ministry of Internal Affairs and Communications).
※2 “Digital Transformation Report - Overcoming the IT System ‘2025 Cliff’ and Full-Scale Development of DX - September 7, 2008” (Ministry of Economy, Trade and Industry)
(http://www.meti.go.jp/press/2018/09/20180907010/20180907010-3.pdf)

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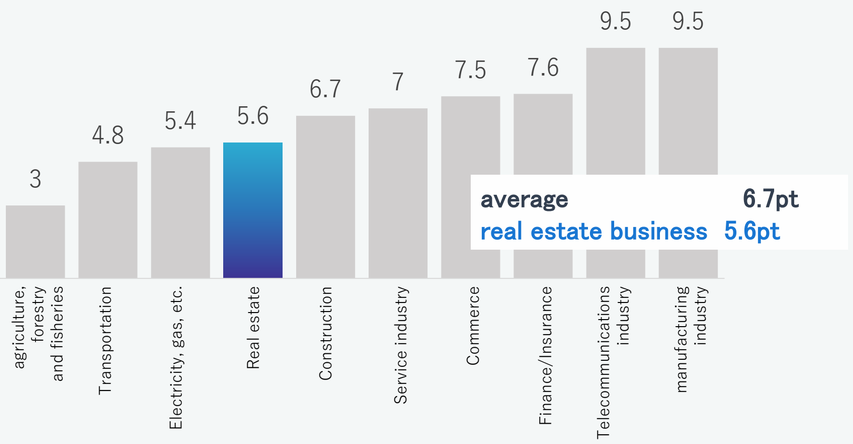
External Environment

IT utilization in the domestic real estate industry is lagging behind, and there is much room to increase productivity and improve operational efficiency.

Number of Reviews of existing legacy system and system migrations is expected to increase in the future.

Real Estate Industry Lags Behind in IT Utilization

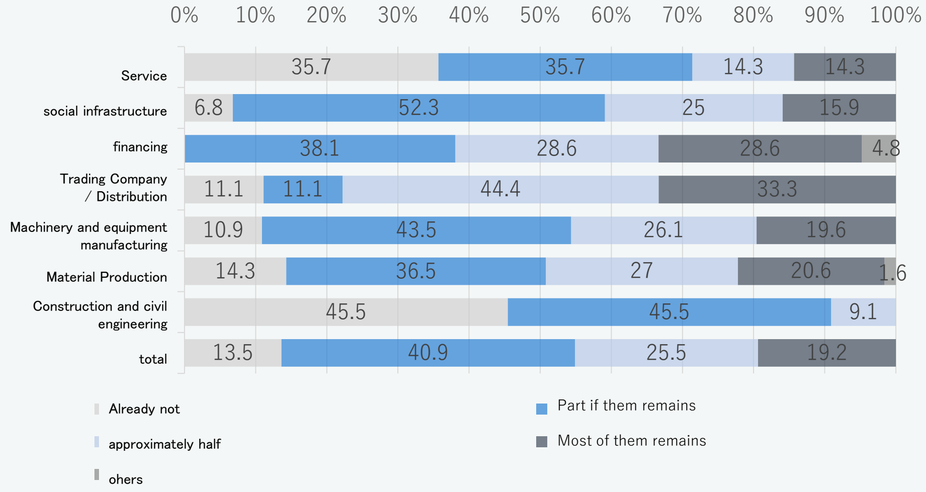
ICT Use By Industry (Score) ※1



Substantial room to improve operational efficiency through systemization.

Many companies use legacy systems

About 80% of companies are using legacy systems ※2



Transition from legacy systems is accelerating as DX progresses.

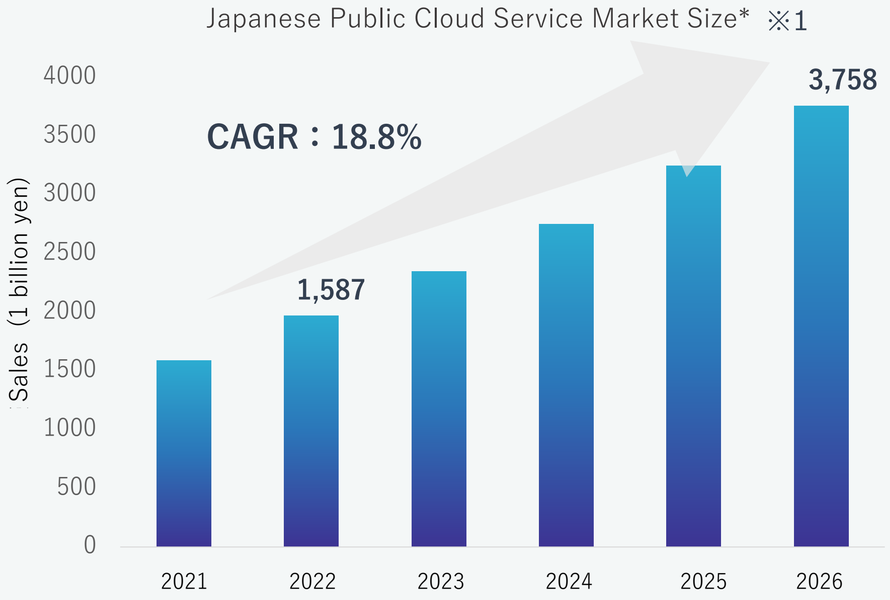
source ※1 Based on "Research and Study on Challenges and Solutions for Accelerating Economic Growth through ICT (2014)" (Ministry of Internal Affairs and Communications).
※2 "Digital Transformation Report - Overcoming the IT System '2025 Cliff' and Full-Scale Development of DX - September 7, 2008" (Ministry of Economy, Trade and Industry)
(http://www.meti.go.jp/press/2018/09/20180907010/20180907010-3.pdf)

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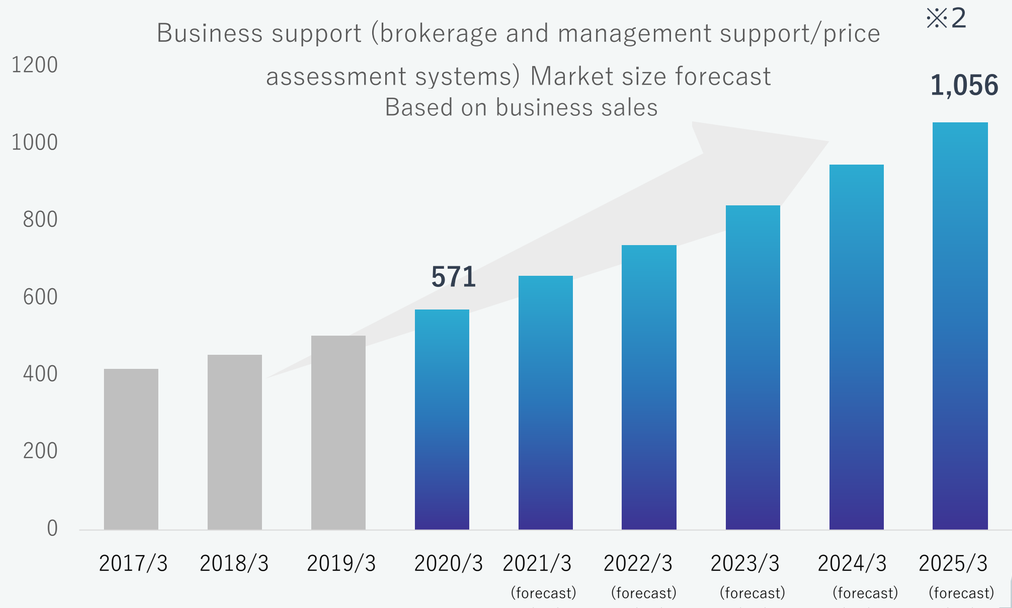
External Environment

Promotion of DX will drive strong growth in the public cloud service market. The market for operation support-related real estate tech is expected to grow in the medium and long term.

Strength of the public cloud service market growth



Strength of the operation support-related (B2B) real estate tech market growth



source ※1 IDC Japan press release, "Domestic Public Cloud Services Market: Sales Forecast, 2021-2026" (March 31, 2022)
※2 Yano Research Institute Ltd., "2021 Real Estate Tech Market Facts and Outlook" (July 202

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PROPERTY DATA BANK

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Next disclosure on Business Plan and Growth Strategy would be May 2025.
Progress on KPI and other items will be disclosed on a quarterly basis.

The forecasts and forward-looking statements in this document are based on information available to the Company at the time this document was prepared and include potential risks and uncertainties. Therefore, please be aware that changes in the business environment and various other factors may cause actual results to differ materially from those discussed or implied in the forward-looking statements.

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