MIGALO HOLDINGS

Financial Results

for the Fiscal Year Ending March 31, 2024

MIGALO HOLDINGS, Inc.

Securities Code:5535

May 2024

President and Representative Director Sei Nakanishi

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※The figures for 1H of the fiscal year ending March 2024 are the results of Property Agent,Inc. which has been delisted.

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1. Company Profile

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Company Overview

Company Name	MIGALO HOLDINGS, Inc.
Headquarters	41F Shinjuku I-Land Tower, 6-5-1 Nishishinjuku, Shinjuku-Ku, Tokyo, Japan
Representative	Sei Nakanishi President and Representative Director
Incorporation date	October 2, 2023
Share Capital	7 million yen
Employees	423 persons（including non-full-time employees）
Businesses	Formulation of business strategies and management of the Group's businesses (DX Promotion Business and DX Real Estate Business)
Group Companies	DX Promotion Business: DXYZ Co.,Ltd. / Avant Corporation. / Berners Inc. / CBLab inc. CloudTechPlus Co.Ltd / resolver inc / OmniScience Co.,Ltd. DX Real Estate Business: PROPERTYAGENT, Inc./ AKI Commerce Co.,Ltd. / Associa Property Co.,Ltd.

* As of March 31, 2024

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History and sales

(million yen)

Jan. 2024
Transformed AKI COMMRECE into subsidiary
Transformed Associa Propety into sub- subsidiary

Mar. 2024
Transformed OmniScience into subsidiary

Apr. 2023
Transformed resolver into subsidiary

May.2023
Selected as 2023 DX-certified Operator

Oct.2023 Established MIGALO HOLDINGS
Newly listed on the Tokyo Stock Exchange Prime（5535）

Jan. 2023
Transformed CloudTechPlus into subsidiary

Jul. 2021
Transformed AVANT into subsidiary

Nov. 2021
Established Berners

Aug. 2020
Established DXYZ (introduced FreeiD)

Feb. 2020
Launched the real estate crowdfunding service Rimple

Jul. 2018
Assigned to 1st section of the Tokyo Stock Exchange

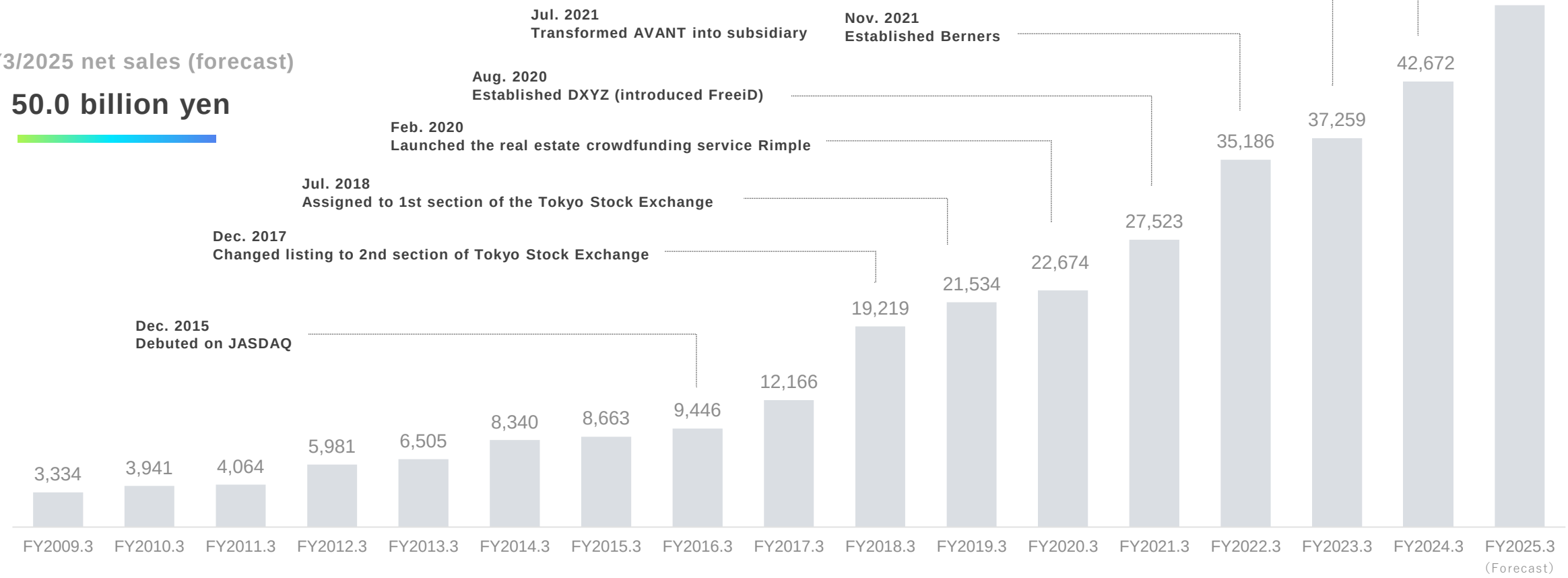
Dec. 2017
Changed listing to 2nd section of Tokyo Stock Exchange

Dec. 2015
Debuted on JASDAQ

FY3/2025 net sales (forecast)

50.0 billion yen

50,000



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MIGALO Group's businesses

Develop DX promotion business utilizing generative AI technology and deepen and expand DX real estate business

Create new businesses

Deepen existing businesses

DX Promotion Business

AI

Supporting DX using generative AI
Providing smart city solutions

DXYZ
BERNERS
CLOUDTECH+
esolver
AVANT CORPORATION
CBLab.
OmniScience

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DX Real Estate Business



Providing services that range from development to sales and management of investment real estate in central Tokyo with DX Real Estate members as the core of the business

PROPERTY AGENT
AKI COMMERCE
ASSOCIA PROPERTY

Expanding real estate cloud funding

RIMPLE

Transform business
Create new business model

DX

Increase productivity
Improve operation flow (introduce digital technology and put it online)

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2. FY3/2024 Consolidated Results Summary

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Earnings highlights (1)

Net sales

42,672 million

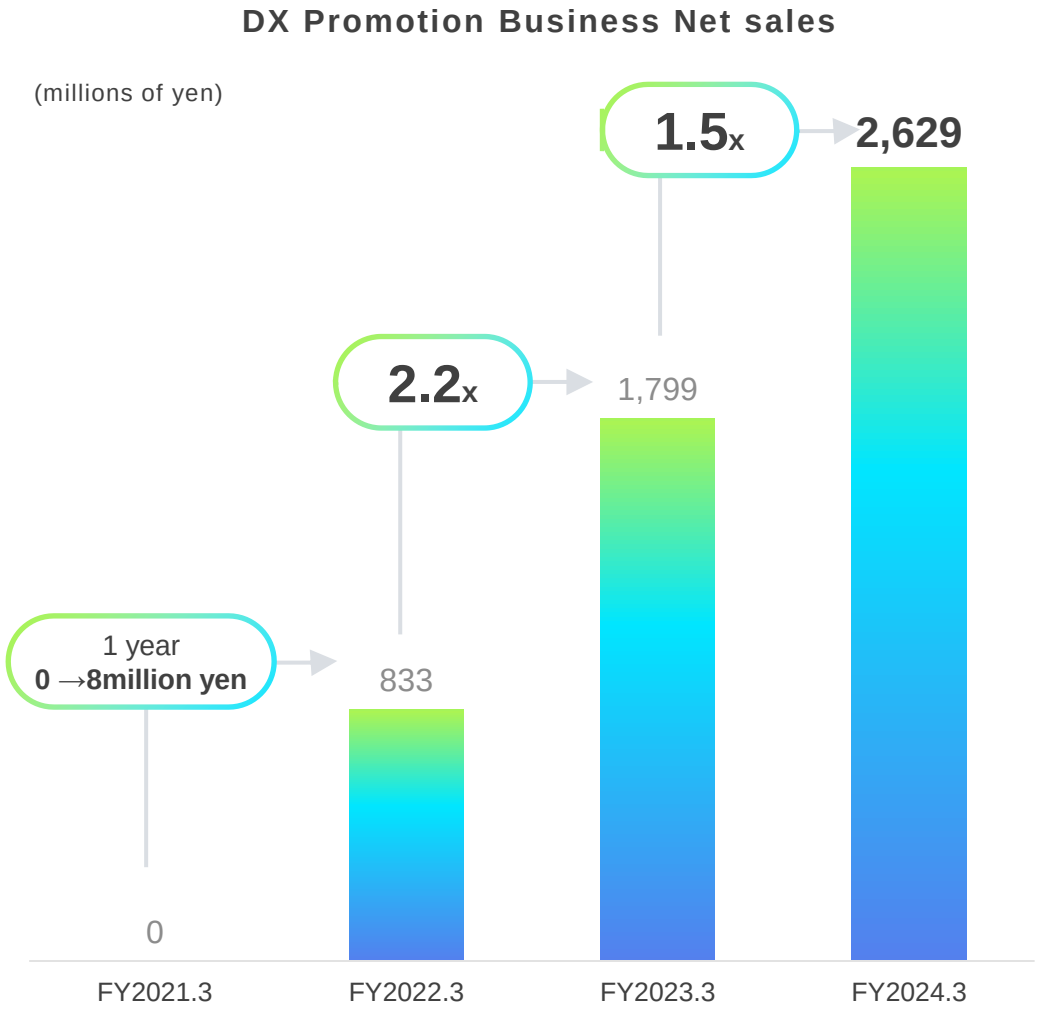
（YoY +14.5%）

Operating profit

2,500 million

（YoY -14.4%）

- Net sales increased 14.5% YoY, surpassing 40.0 billion yen for the first time. DX Promotion Business net sales rose because of an increase in new orders, and DX Real Estate Business net sales grew due to a steady increase in number of units sold.
- The DX Promotion Business has maintained strong growth, with net sales growing from 0 yen to 2.6 billion yen over three years.
- Despite the impact of greater construction costs for the DX Real Estate Business, operating profit was as projected because cost increases were partially passed on and sales of pre-owned units were firm due to improved sales capabilities.



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Earnings highlights (2)

- The number of DX Real Estate members grew at a firm pace, and the MIGALO Group's DX real estate economic zone has steadily expanded.
- The number of units under management rose dramatically as both AKI Commerce and Associa Property were transformed into subsidiaries.
- The number of condominium buildings that have introduced FreeiD rose substantially, to 86 from 33 in the previous fiscal year, for several reasons, including major developers adopting the platform.

DX Real Estate members

166,256 persons

(YoY +7,196)

Number of units of sales of real estate

1,231 units

(YoY +160)

Number of condominium buildings that have introduced FreeiD

86 buildings

(YoY +53)

Units for rent under management

5,699 units

(YoY +1,598)

Units for the buildings under management

5,048 units

(YoY +304)

Number of active SI projects(1)

202 projects

(YoY +15)

*As of March 2024

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

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Earnings highlights (3)

- Achieved initial net sales and operating profit forecasts.
- Ordinary profit fell slightly short of forecast due to the cost of funding upfront investments as we intentionally increased the number of properties in response to strong sales.
- Profit attributable to owners of parent fell short of forecast due to loss on valuation of investment securities related to non-group startup companies.

(Millions of yen)	Forecast of consolidated financial results for the year ending March 31, 2024	FY2024.3	Change	Change%
Net sales	42,000	**42,672**	+672	+101.6%
Operating profit	2,500	**2,500**	+0	+100.0%
Ordinary profit	2,120	**2,042**	-77	+96.3%
Profit attributable to owners of parent	1,310	**1,112**	-197	+85.0%

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Consolidated income statement for FY3/2024

(Millions of yen)	FY2023.3	FY2024.3	YoY	YoY(%)
Net sales	37,259	**42,672**	+5,412	+14.5%
Operating profit	2,919	**2,500**	-419	-14.4%
Ordinary profit	2,518	**2,042**	-476	-18.9%
Profit attributable to owners of parent	1,576	**1,112**	-463	-29.4%

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BS highlights FY3/2024

- Both inventory and interest-bearing liabilities increased as interest-bearing debt was used to increase sales inventory for the future.
- Cash and deposits rose 2.0 billion yen due to the recovery of funds from firm sales and borrowings to purchase inventory.

(Millions of yen)	FY2023.3	FY2024.3	Change	Change(%)
Total assets	43,441	**48,446**	+5,004	+11.5%
Cash and deposits	6,819	**8,898**	+2,079	+30.5%
Inventories	33,828	**36,330**	+2,501	+7.4%
Interest-bearing liabilities	28,805	**32,401**	+3,596	+12.5%
Net assets	9,572	**10,456**	+883	+9.2%

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3. FY3/2024 Segment Results

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Results by segment for FY3/2024

- For the DX Promotion Business, although net sales increased as a result of numerous new projects thanks to our facial recognition platform and system development, we recorded an operating loss because of upfront investments and delay in acceptance inspections.
- For the DX Real Estate Business, net sales rose primarily as a result of an increase in the sale of pre-owned units, but profit fell as pre-owned units, which have a low gross profit margin, accounted for a larger percentage of sales.

Segment PL

(Millions of yen)	FY2023.3	FY2024.3	YoY	YoY(%)
Net sales	37,259	**42,672**	+5,412	+14.5%
DX Promotion Business	1,799	**2,629**	+830	+46.1%
DX Real Estate Business	35,639	**40,130**	+4,490	+12.6%
Adjustments	-179	**-87**	+91	-
Operating profit	2,919	**2,500**	-419	-14.4%
DX Promotion Business	51	**-101**	-153	-
DX Real Estate Business	4,302	**3,848**	-454	-10.6%
Adjustments	-1,434	**-1,247**	+187	-

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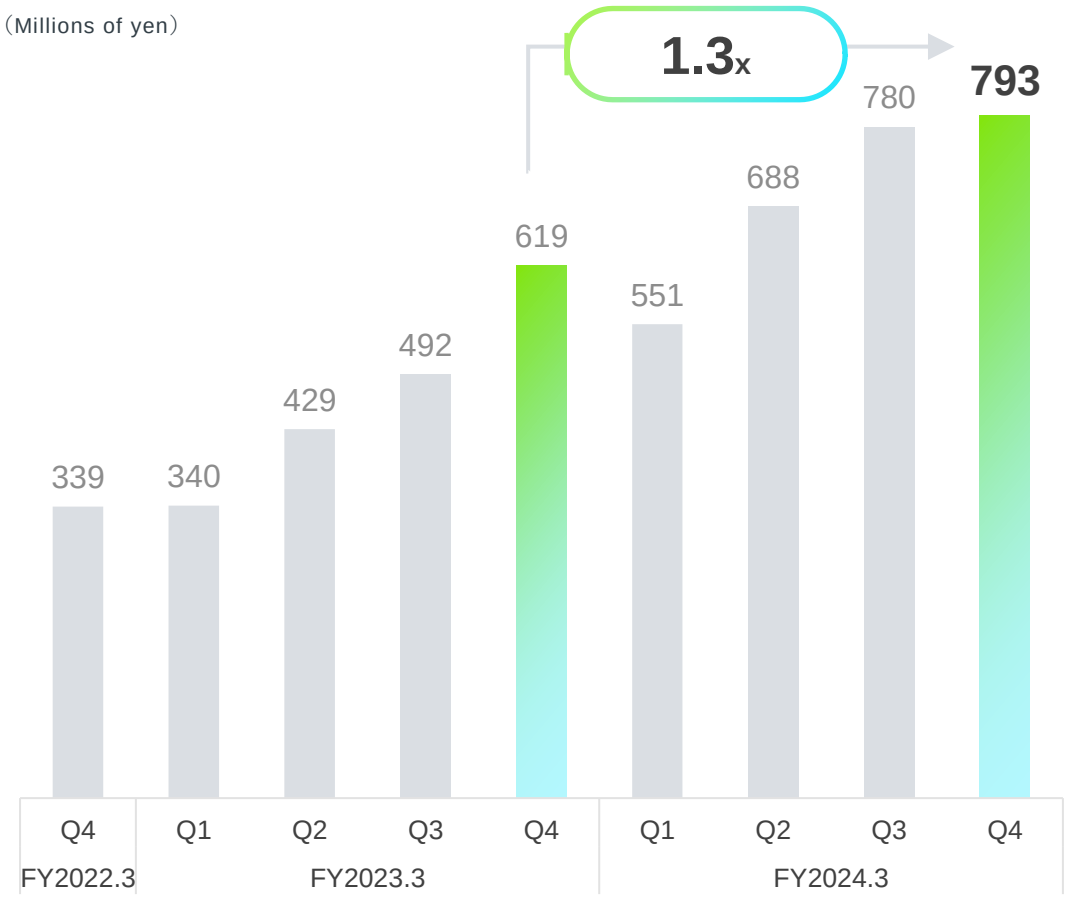
DX Promotion Business

- Net sales rose a dramatic 46.1% YoY because major developers are introduced the facial recognition platform FreeiD and we won new cloud integration system development–related projects.
- We recorded an operating loss on account of continuing aggressive M&As, recruiting, and other upfront investments.

DX Promotion Business Segment Total

(Millions of yen)	FY2023.3	FY2024.3	YoY	YoY(%)
Net sales	1,799	**2,629**	+830	+46.1%
Segment profit	51	**-101**	-153	-

Quarterly Net Sales



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

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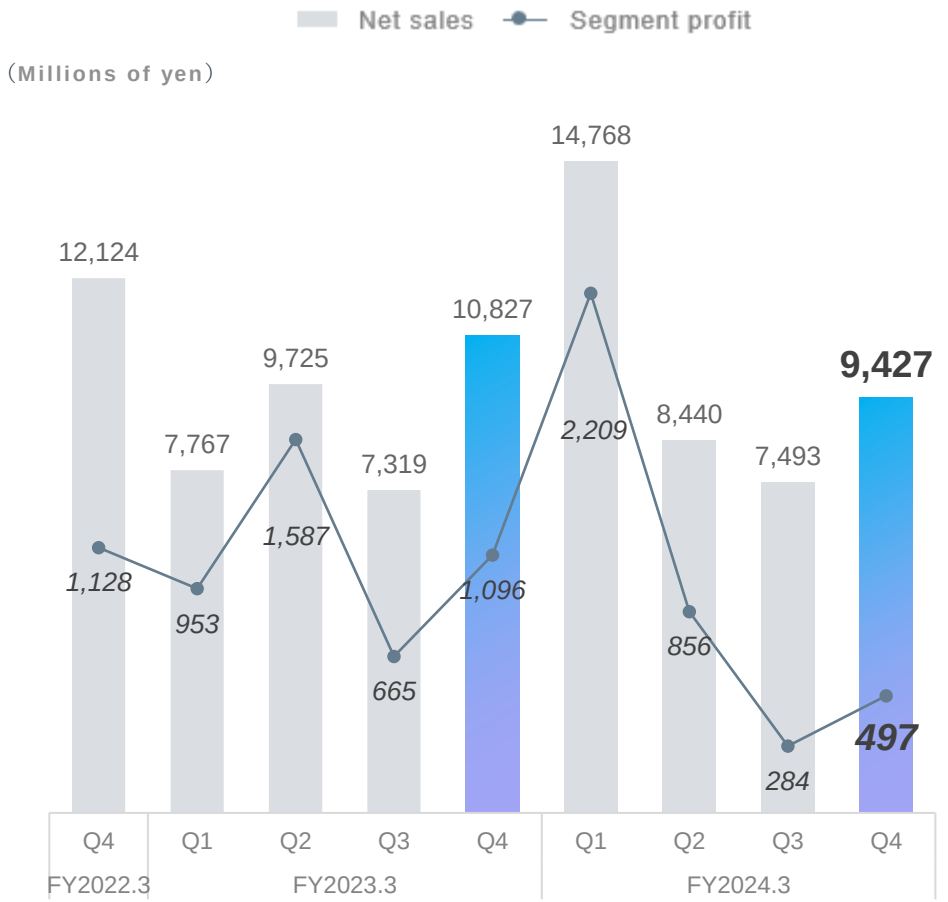
DX Real Estate Business

- Net sales rose 12.6% YoY due to the concentrated transfer of new units in Q1 and continuing firm sales of pre-owned units.
- Despite rising prices, operating profit fell 10.6% YoY because cost of sales rose and pre-owned units, which have a low profit margin, accounted for a larger percentage of sales.

DX Real Estate Business Segment Total

(Millions of yen)	FY2023.3	FY2024.3	YoY	YoY(%)
Net sales	35,639	**40,130**	+4,490	+12.6%
Segment profit	4,302	**3,848**	-454	-10.6%

Quarterly Net Sales and Segment Profit



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4. Business Details and Future Outlook

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Businesses developed by the Group

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

Create new businesses ⟵ ⟶ Deepen existing businesses

Smart City Facial AI Recognition Business

DXYZ

Provide smart city solution

FreeiD

Generative AI / Cloud integration

Sales force

BERNERS

CLOUDTECH+

esolver

System development

AWS

AVANT CORPORATION

OmniScience

CBLab.

Leverage business company development know-how to conduct external sales

Real Estate Business

Provide added value to and differentiate real estate

PROPERTY AGENT

AKI COMMERCE

ASSOCIA PROPERTY

Real Estate x DX

RIMPLE

Transform business
Create new business model

DX

Increase productivity
Improve operation flow (introduce digital technology and put it online)

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Examples of facial recognition services in Japan

DX Promotion Business

Various companies offer facial recognition services in Japan and their use is spreading to various locations.



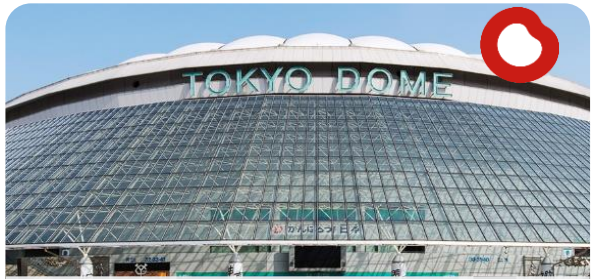
Tokyo Olympics



Fuji-Q Highland



Haneda airport



Tokyo Dome



Disneyland



JR West Japan



B LEAGUE



KINDAI University



MITSUBISHI ESTATE CO., LTD.（Bus）

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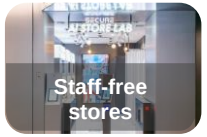
Main cases of providing facial recognition services

DX Promotion Business

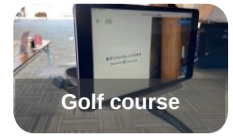
SaaS Solution



SECURE



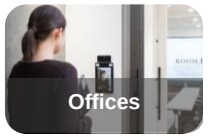
PROPERTY AGENT / CREVIA RXE クレヴィア リグゼ / DAIICHI JUKEN GROUP / FUDEAL CREATION / 東京建物 / IDEX / 三菱地所レジデンス / 長谷工グループ / MUGEN ESTATE / marimo / 株式会社 明豊エンタープライズ / One Person One Room ニトウ / 日本リート投資法人 / SBI リートアドバイザーズ / SHIN NIHON TATEMONO 新日本建物



セブンハンドレッドクラブ



株式会社 チャイルド社

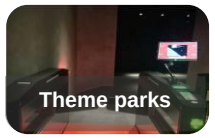


東急コミュニティー / TSUNEISHI / 共立製薬 / エフピコ / UZUZ / ライト工業株式会社 / calmic / 奥村組 OKUMURA CORPORATION

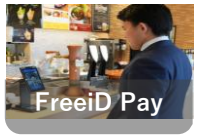


亀岡市 KAMEOKA CITY / 近畿大学 KINDAI UNIVERSITY

SaaS Custom



RED TOKYO TOWER / SHIZUOKA JADE



FreeiD Pay

Facial recognition-based payment service used in Sanga Stadium by Kyocera and SHINAGAWA TECH SHOWCASE



100年をつくる会社 鹿島 / TSUNEISHI

Construction sites

Listed on Tokyo Stock Exchange
Provide development services for general contractors

Introduced after developing as FreeiD solution

PaaS Platform

人を、想う力。街を、想う力。 三菱地所 Machi Pass

Provide technology and support development of Machi Pass Face, Mitsubishi Estate's facial recognition service alliance platform

Business partnership

人を、想う力。街を、想う力。 三菱地所 / OSAKI / 安全・安心・快適を創造する 株式会社スパックエキスプレス Safety Peace Amenity Creation / YUASA ユアサ商事株式会社 / TB-eye 株式会社 ティービーアイ / フルタイムシステム 宅配ボックス・宅配ロッカー / ID

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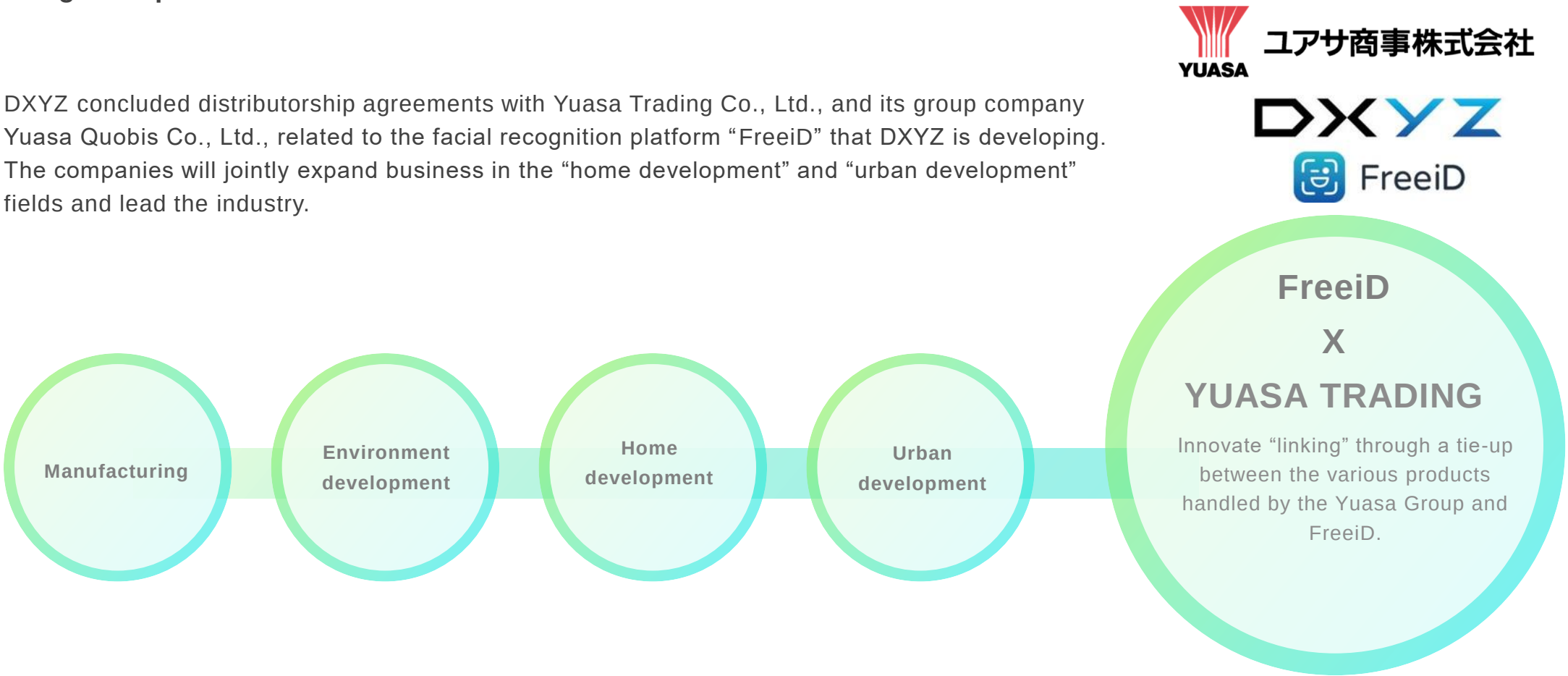
FreeiD, linking life

Summary of release

DXYZ and YUASA TRADING Group conclude distributorship agreement for the facial recognition platform FreeiD

DXYZ concluded distributorship agreements with Yuasa Trading Co., Ltd., and its group company Yuasa Quobis Co., Ltd., related to the facial recognition platform “FreeiD” that DXYZ is developing. The companies will jointly expand business in the “home development” and “urban development” fields and lead the industry.



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Strengths of Property Agent (PA) and DXYZ

DX Promotion Business × DX Real Estate Business

Sharing PA's condominium development knowledge and research environment with DXYZ promotes facial recognition R&D and improves ability to convince other companies to introduce the platform

PROPERTY AGENT

PA's knowledge and know-how

- ✓ Lease, management, property management knowledge
- ✓ Building construction know-how
- ✓ One Time (key lending) function
- ✓ Can conduct surveys of residents

Share knowledge and know-how

DXYZ

DXYZ can conduct R&D at condominiums and office buildings developed by PA

- ✓ Develop leasing, management, and facial recognition software
- ✓ Easy to introduce at other companies' properties by sharing construction know-how
- ✓ Work to reinforce proposal and sales capabilities

FreeiD

Advancing facial recognition R&D and expanding its introduction

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First facial recognition condominiums spread throughout Japan

DX Promotion Business × DX Real Estate Business

FreeiD introduced Condominium units

Total **86** condominium

Number of companies

Total **39** companies





三菱地所レジデンス / 日本リート投資法人 / SBIリートアドバイザーズ / 新日本建物 / CREVIA RXE クレヴィア リグゼ / DAIICHI JUKEN GROUP / One Person One Room ニトウ / FUDEAL CREATION / MUGEN ESTATE / 株式会社 明豊エンタープライズ / 東京建物 / marimo / 安田不動産株式会社

* As of March 31, 2024

FreeiD introduced Condominium units



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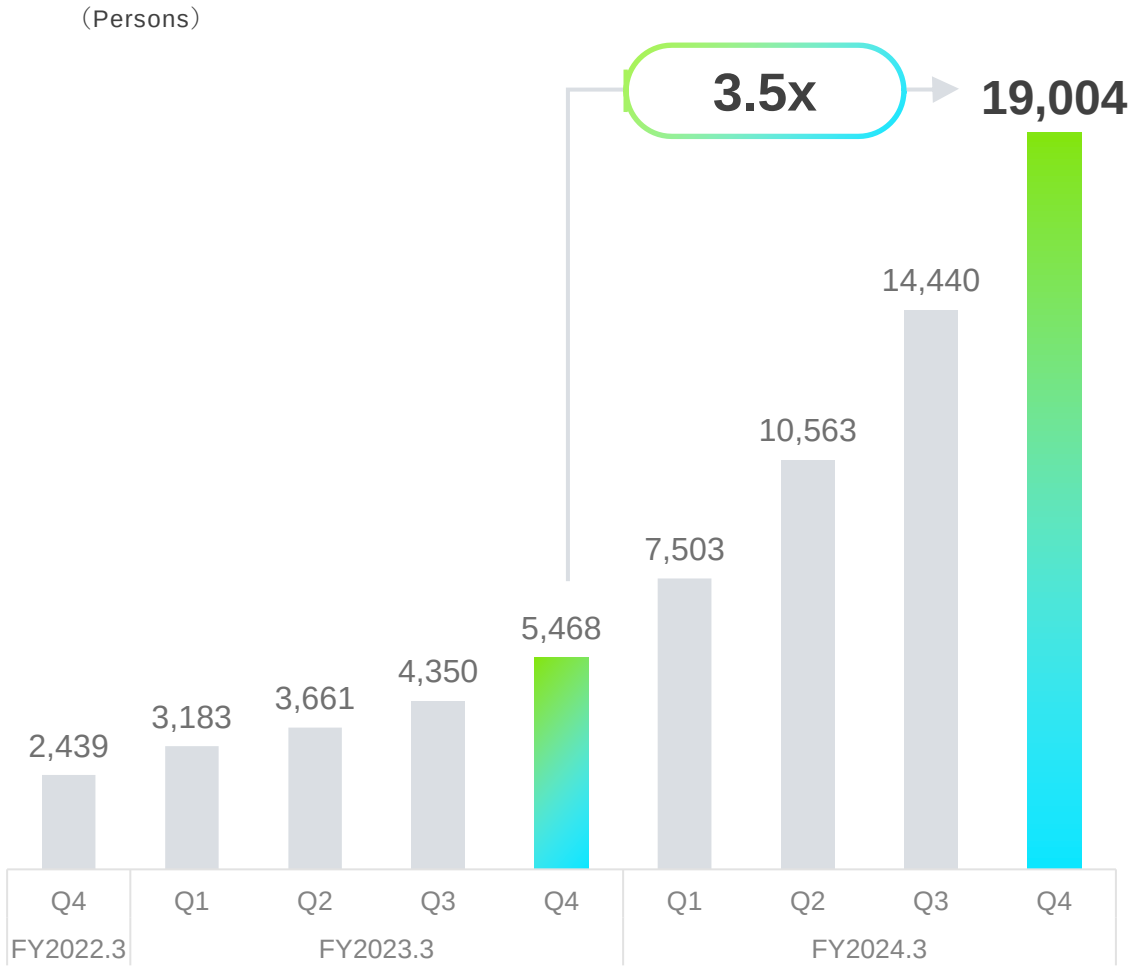
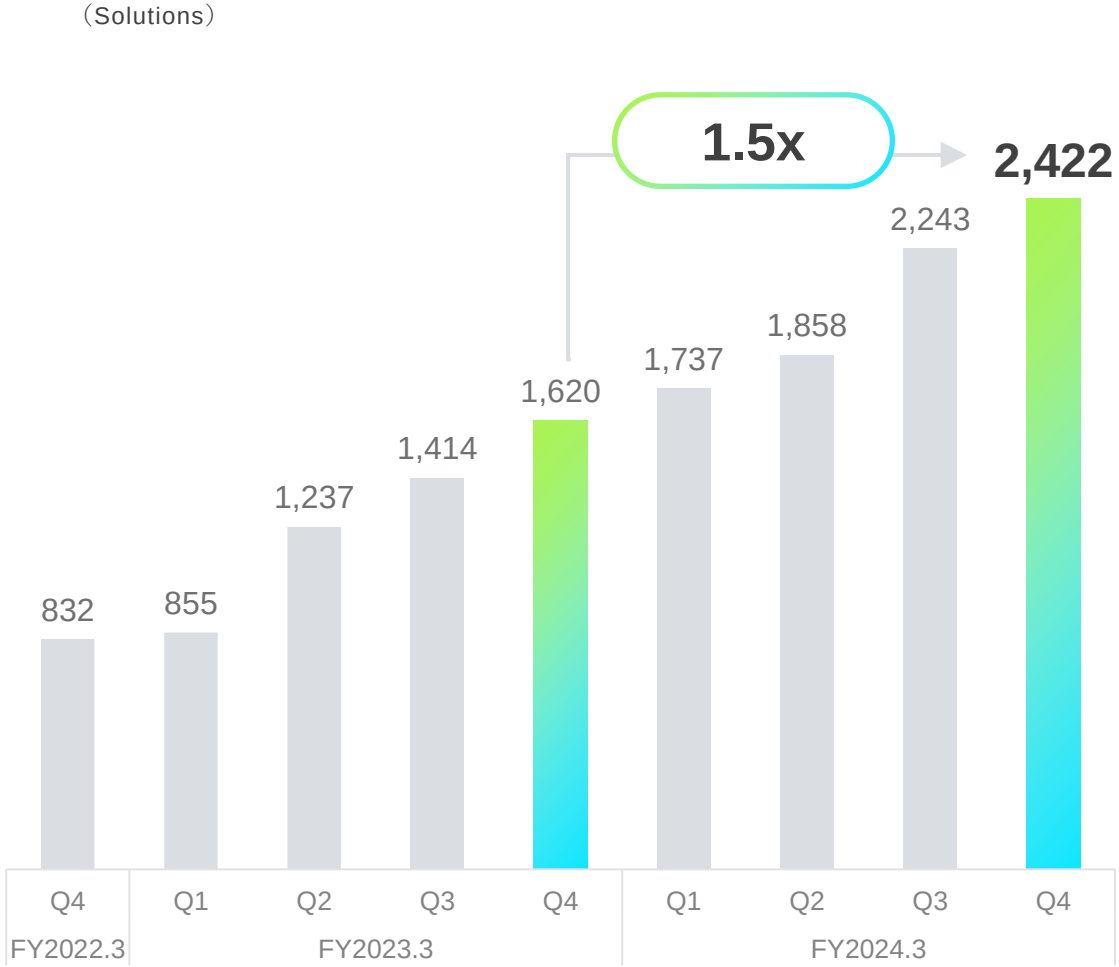
Facial recognition platform “FreeiD”

DX Promotion Business

Number of “FreeiD” users



Number of solutions



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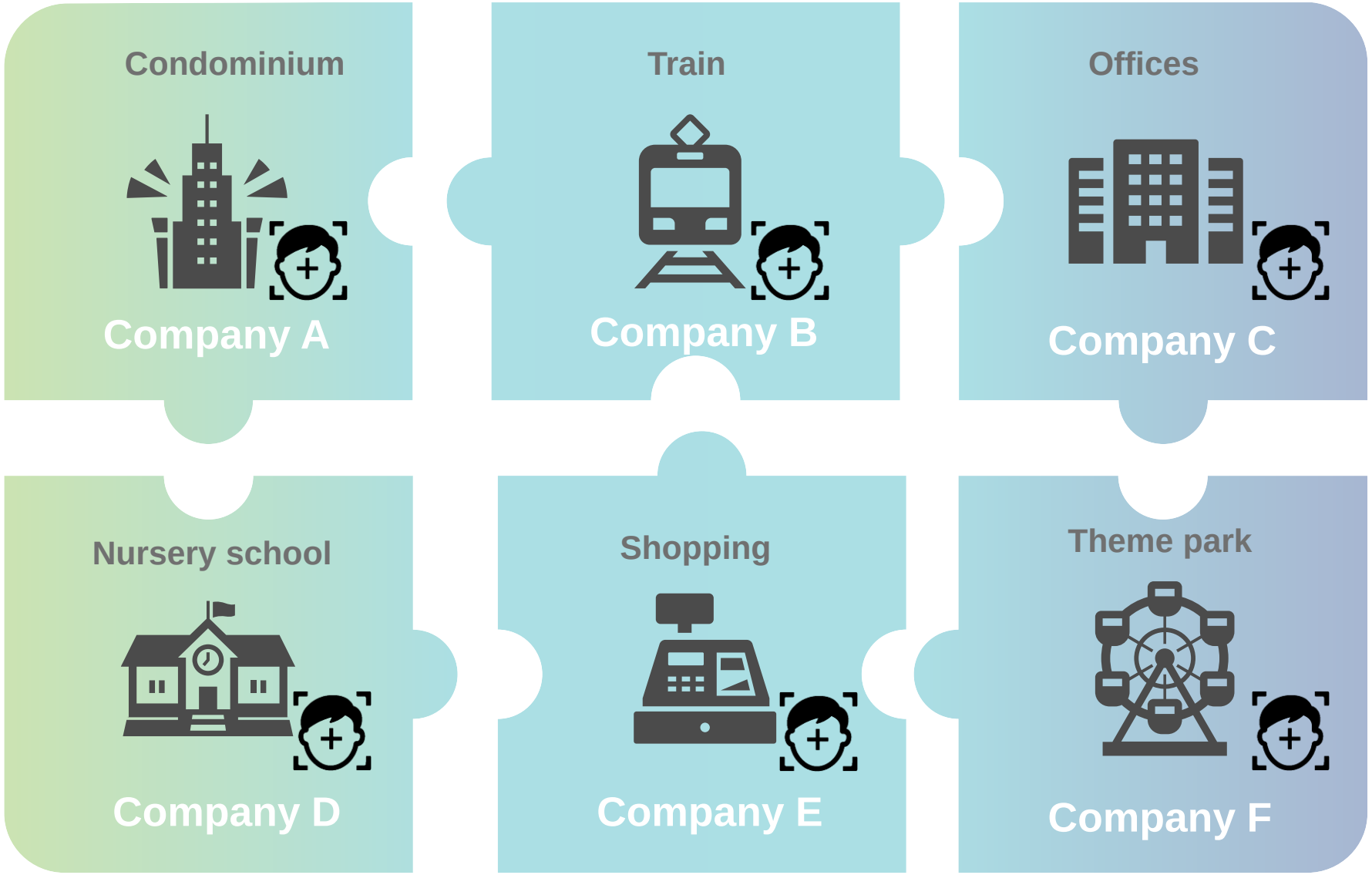
Facial recognition services

DX Promotion Business

Having to register facial information for each facial recognition service has hindered the spread between services



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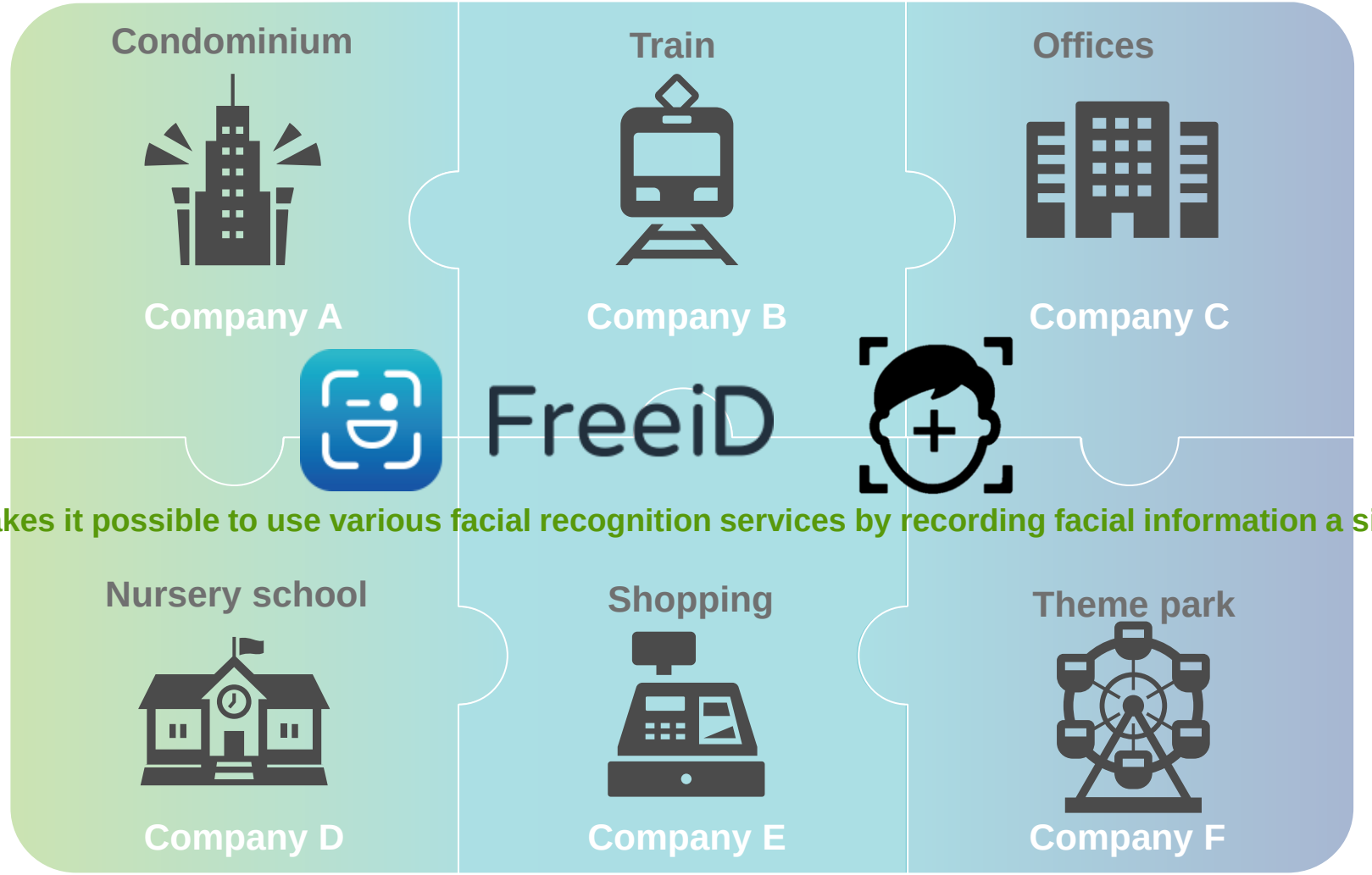
Facial recognition services

Transiting to a **multi-platform** makes it possible not only to enter and leave buildings, confirm identity, and make payments but also to earn points, issue coupons, etc.



FreeiD makes it possible to use various facial recognition services by recording facial information a single time

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Topics: Facial recognition–based payment service “FreeiD Pay”

DX Promotion Business

Shopping with only one’s face

Strong security

Replaces credit cards with user’s face, freeing users from the risk of counterfeit and lost credit cards

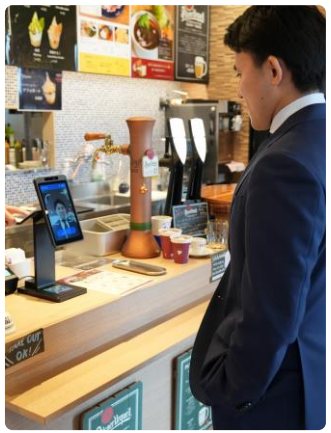
Smart payments

Makes it possible to shop even when carrying bags in both hands or holding one’s child’s hand by simply showing one’s face, freeing users from the hassle of finding their wallet or smartphone

Greater convenience

User’s face replaces their signature, freeing users from the need to sign when paying with credit card

DXYZ and Kameoka City have launched a verification project of face recognition payment at Sanga Stadium by KYOCERA





Provided for verification project for product purchases at food trucks in the outdoor square at the SHINAGAWA TECH SHOWCASE





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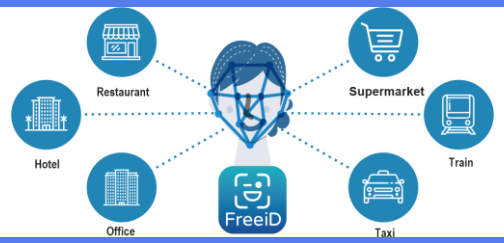
List of facial recognition patents

DX Promotion Business × DX Real Estate Business

MIGALO HOLDINGS and DXYZ patent information

Compatible with various facial recognition engines using single recording of facial information (Patent Number 6839313)



Granted patent for facial recognition system for offices
(Patent number 6804678 and 6896131)

- **Can control entry into offices and visits to facilities without the need for physical employee IDs and ID cards**
- **Possible to automatically unlock doors and manage entry into individual units with facial recognition**



Granted patent for facial recognition system for condominiums
(Patent number 6690074, 6799223, and 6858914)

- **Unlock entrance, parcel delivery box, elevators, and front door with “facial pass”**
- **Includes One Time (key lending) function that makes it possible for family members and friends who do not live in the residence to unlock doors**



Patent number	Invention name	Date applied for
6690074	Facial recognition method, facial recognition system, program, and storage media	Apr. 2020
6799223	Facial recognition method, facial recognition system, program, and storage medium	Nov. 2020
6804678	Facial recognition method, facial recognition system, program, and storage medium	Dec. 2020
6829789	Management server, delivery management method, program, and storage medium	Jan. 2021
6839313	Facial recognition method, program, storage medium, and facial recognition system	Feb. 2021
6858914	Information processing method, information processing system, program, and storage medium	Mar. 2021
6896131	Facial recognition method, facial recognition system, program, and storage medium	Jun. 2021
6985460	Recognition system	Nov. 201
7038877	Facial recognition system and program	Mar. 2022
7038887	Facial recognition system and information processing method	Mar. 2022
7055924	Facial recognition system and program	Apr. 2022
7096939	System, facial recognition platform, and information processing method	Jun. 2022
7096941	Bar and restaurant system and information processing method	Jun. 2022
7151015	Program, computer, and information processing	Sept. 2022
7230074	Recognition system	Feb. 2023
7245377	Facial recognition system and program	Mar. 2023
7336572	Information processing system, program, and information process method	Aug. 2023
7355790	Program, system, and information processing method	Sept. 2023

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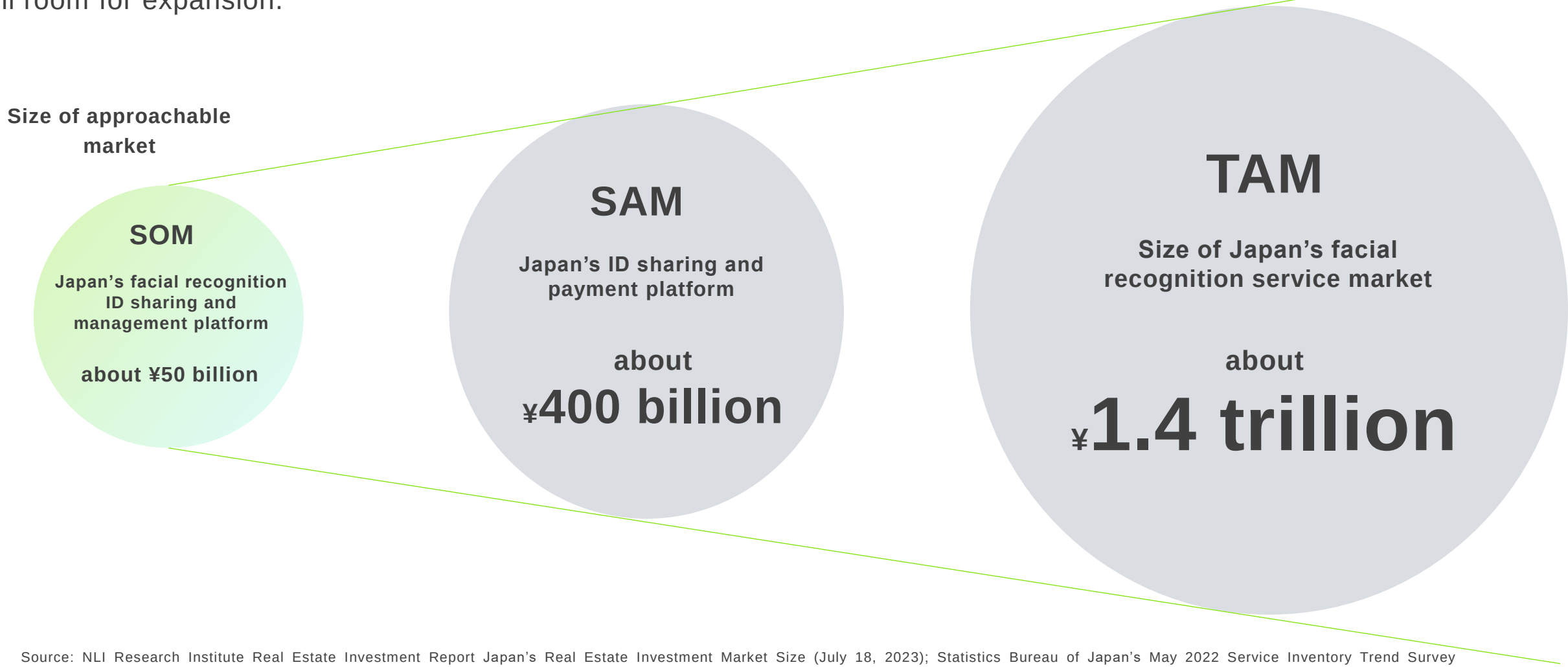
DX market scale (size of facial recognition market)

DX Promotion Business

The market size that can actually be approached is expected to be approximately 50 billion yen, and there is still room for expansion.



Source: NLI Research Institute Real Estate Investment Report Japan’s Real Estate Investment Market Size (July 18, 2023); Statistics Bureau of Japan’s May 2022 Service Inventory Trend Survey (Preliminary Report); Real Estate Economic Institute’s Greater Tokyo Investment Condominium Market Trends; Tokyo Kantei’s New and Pre-owned Condominium Market Trend (Greater Tokyo Area)

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Businesses developed by the Group

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

Create new businesses ⟷ Deepen existing businesses

Smart City Facial AI Recognition Business

DXYZ

Provide smart city solution

FreeiD

Generative AI / Cloud integration

Sales force

BERNERS

CLOUDTECH+

resolver

System development

AWS

OmniScience

AVANT CORPORATION

CBLab.

Leverage business company development know-how to conduct external sales

Real Estate Business

Provide added value to and differentiate real estate

PROPERTY AGENT

AKI COMMERCE

ASSOCIA PROPERTY

Real Estate x DX

RIMPLE

Transform business
Create new business model

DX

Increase productivity
Improve operation flow (introduce digital technology and put it online)

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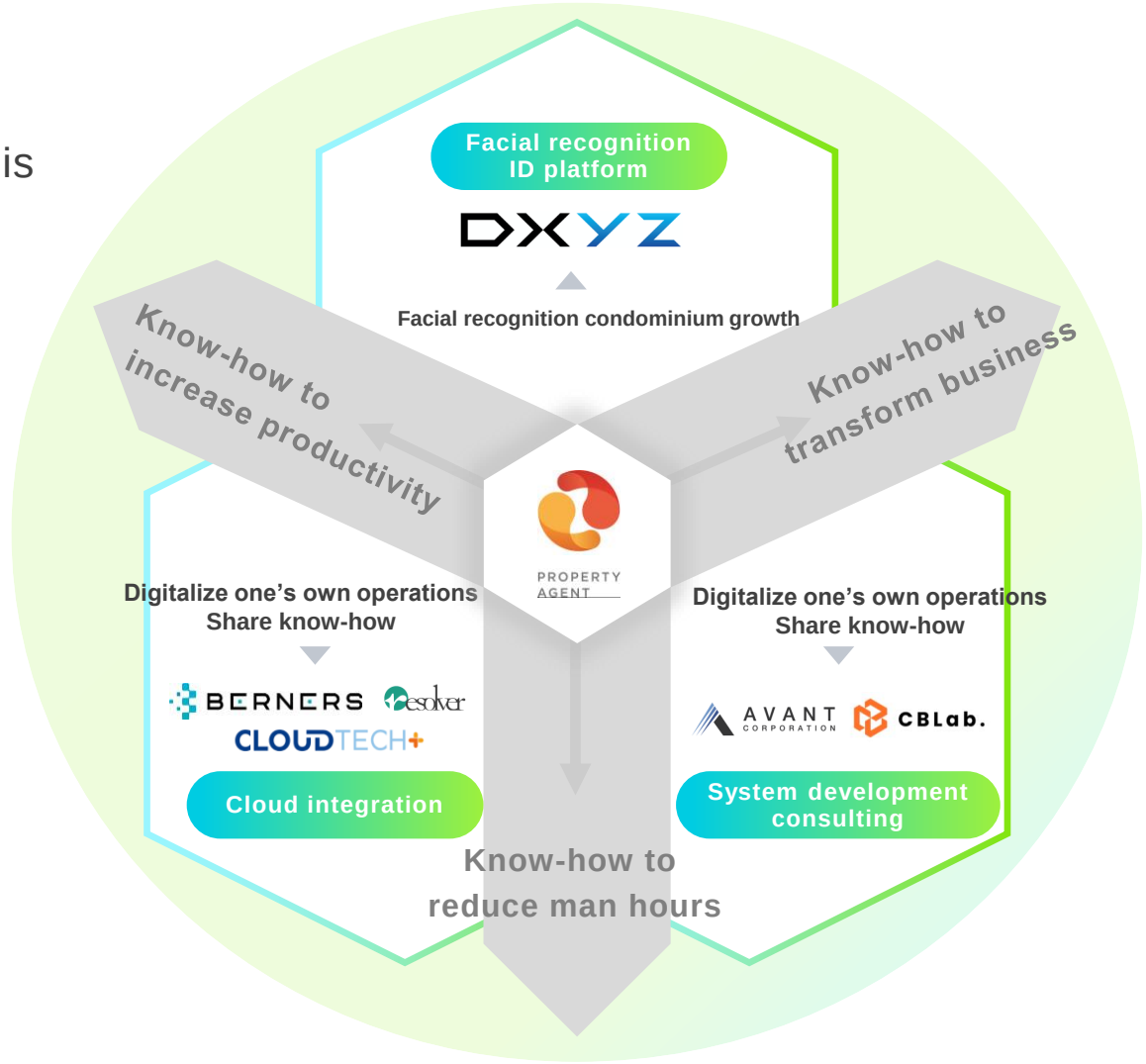
Strength in implementing DX

Digitalizing the Group's business companies' operations = Transforming the business through DX
Ability to introduce this DX know-how to other companies is one of the Group's strengths.



Support DX promotion by introducing know-how acquired through our own DX to other companies

- Support the introduction, operation, and taking root of Salesforce/AWS
- System consulting to promote DX
- System development that makes use of extensive development capabilities and know-how
- Cover a wide range of fields and industries

Expand DX promotion know-how to other companies

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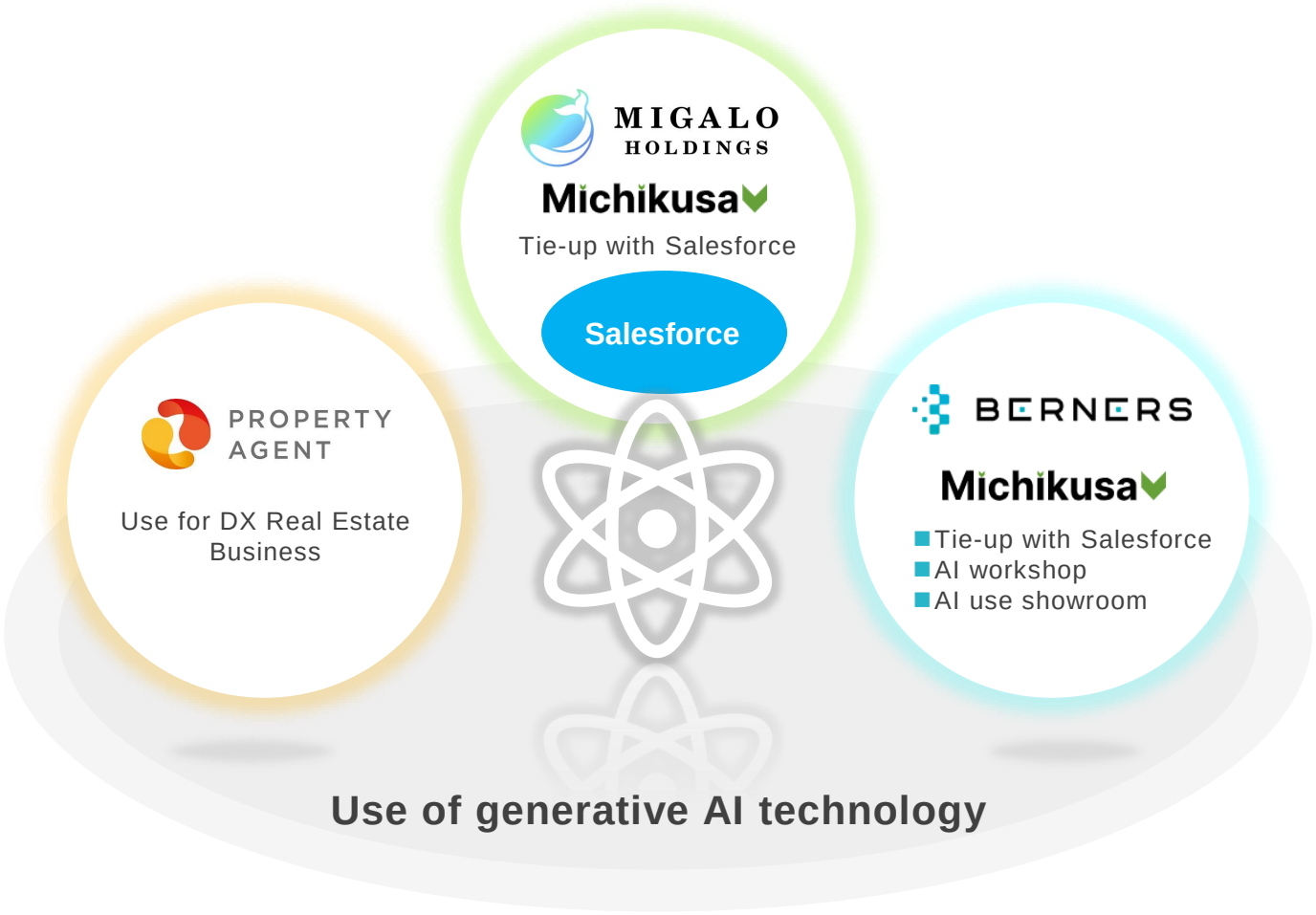
Generative AI

DX Promotion Business

Set up AI BERNERS Generative AI Lab (BGAIL) AI workshop and opened showroom of AI uses



- ✓ **Migalo Group leverages generative AI for planning, R&D, design, and production**
- ✓ **Using AI to develop human resources**
- ✓ **Using AI to create actual environments**
- ✓ **Contributing to the evolution of AI by providing cases to improve AI accuracy**

Contributes to greater productivity for customers

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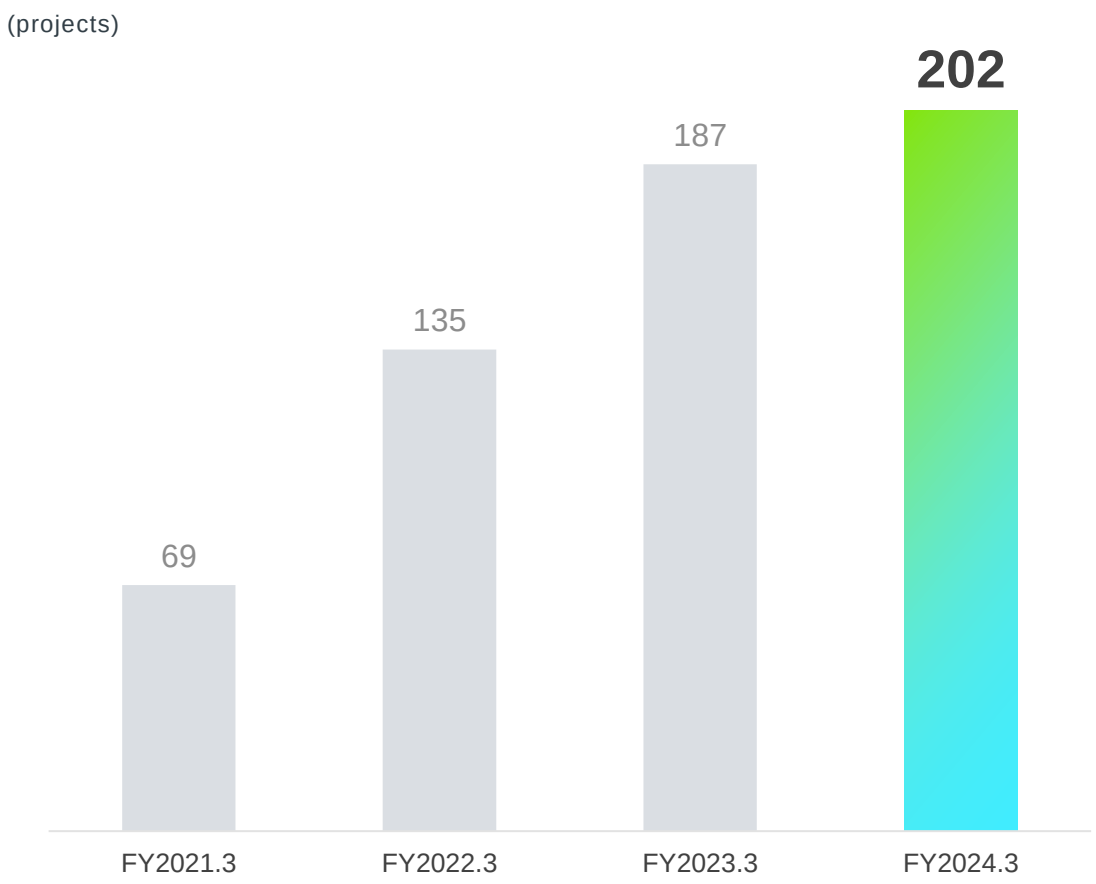
Cloud integration service provided

DX Promotion Business

Number of DX promotion and support services provided

155companies（YoY：+76 companies）

Number of active SI projects



*As of March 2024

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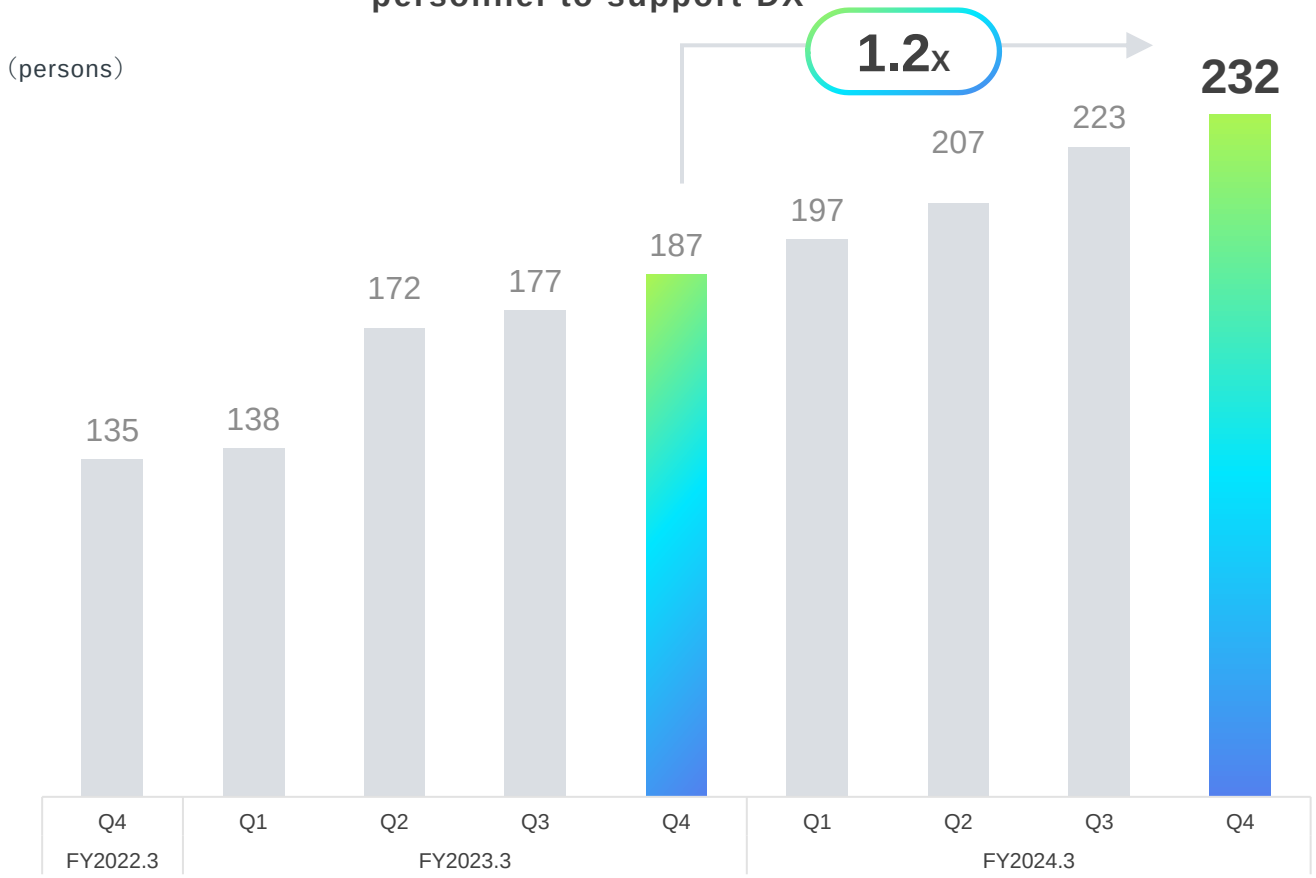
Composition of tech personnel

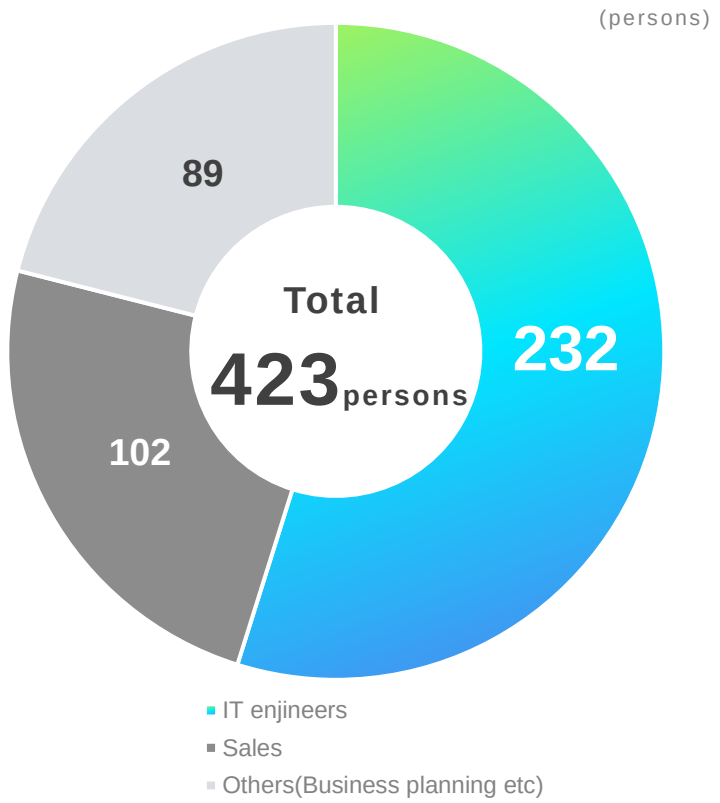
DX Promotion Business

- The number of IT personnel promoting the Group's DX, such as engineers, reached 232, and thus account for more than half of the Group's employees.
- The increase in IT personnel is the driving force of the growth in the Group's DX business, and our strengths to sustain IT development capabilities.

Increase in the number of IT personnel to support DX



Group-wide job composition



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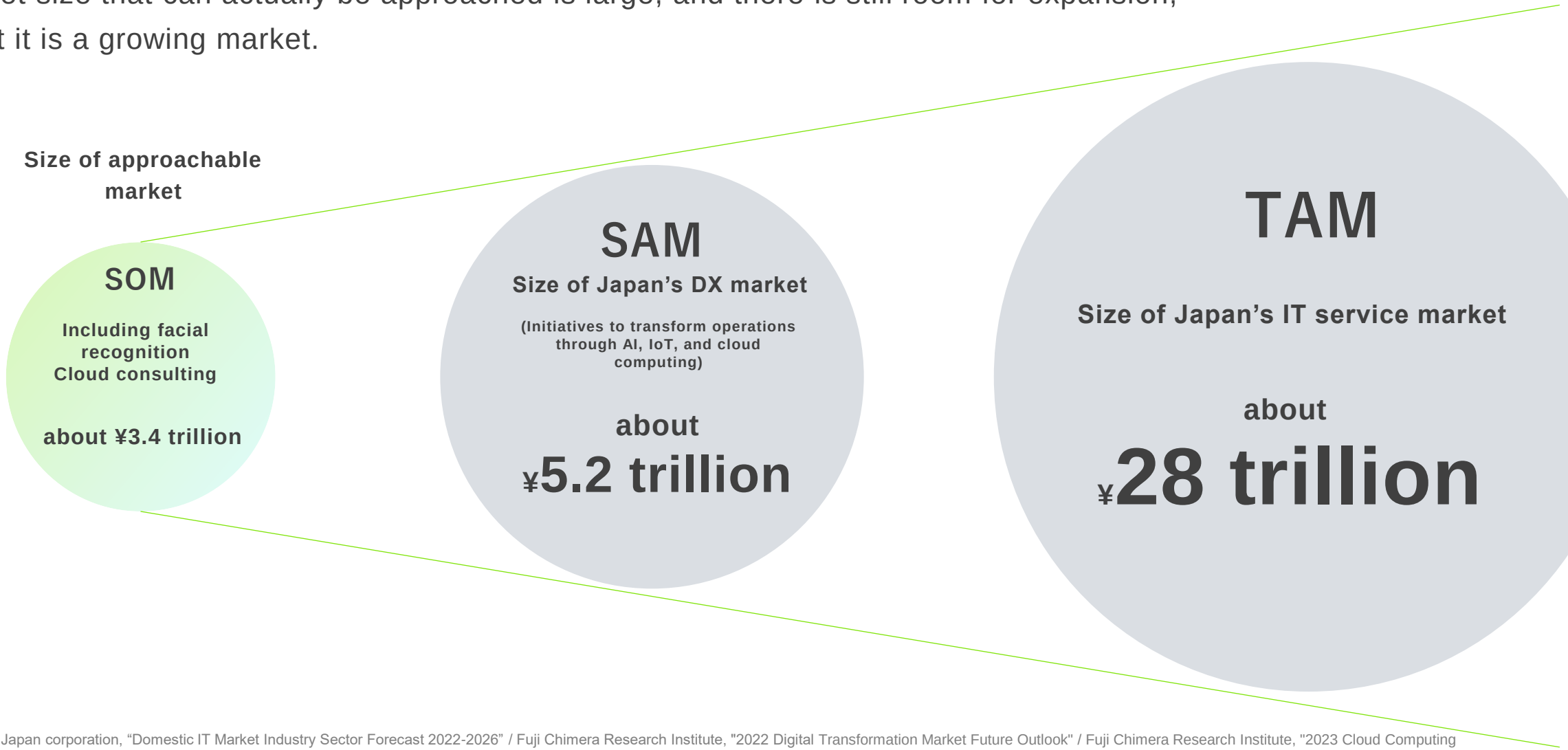
DX market size (system development market size)

DX Promotion Business

The market size that can actually be approached is large, and there is still room for expansion, given that it is a growing market.



Source: IDC Japan corporation, “Domestic IT Market Industry Sector Forecast 2022-2026” / Fuji Chimera Research Institute, "2022 Digital Transformation Market Future Outlook" / Fuji Chimera Research Institute, "2023 Cloud Computing Present Situation and Future Outlook".

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Businesses developed by the Group

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

Create new businesses

Deepen existing businesses

Smart City Facial AI Recognition Business

DXYZ

Provide smart city solution

FreeiD

Generative AI / Cloud integration

Sales force

BERNERS

CLOUDTECH+

esolver

System development

AWS

OmniScience

AVANT CORPORATION

CBLab.

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Real Estate Business

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Real Estate x DX

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DX

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Business core（Number of DX Real Estate Members）

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



RIMPLE

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

永久不滅ポイント セゾンポイント　Hapitas ハピタス　moppy モッピー



プロが伝える資産運用のイマ！
不動産投資Times

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

Number of DX Real Estate Members

166,256persons

（YoY：+7,196 persons）

* As of March 31, 2024

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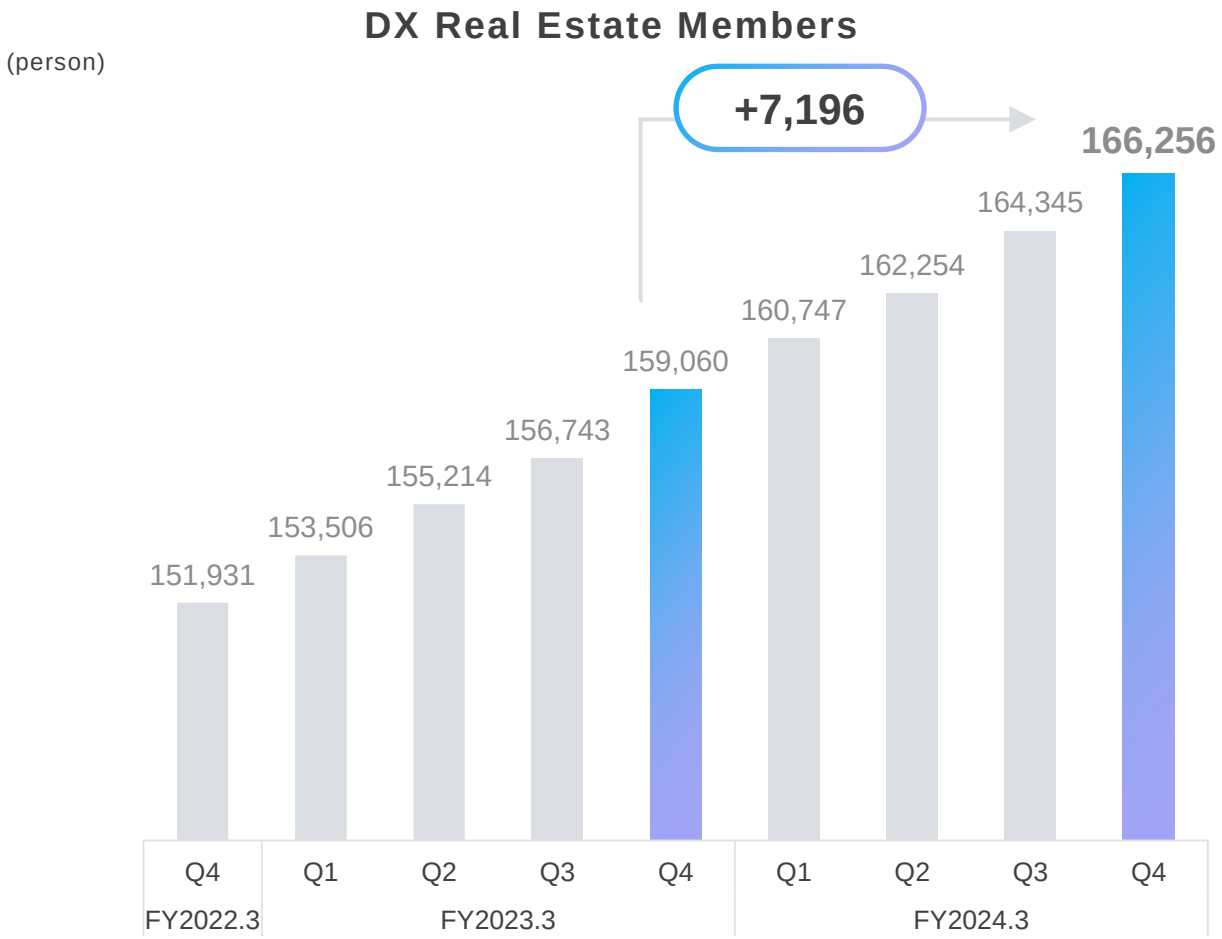
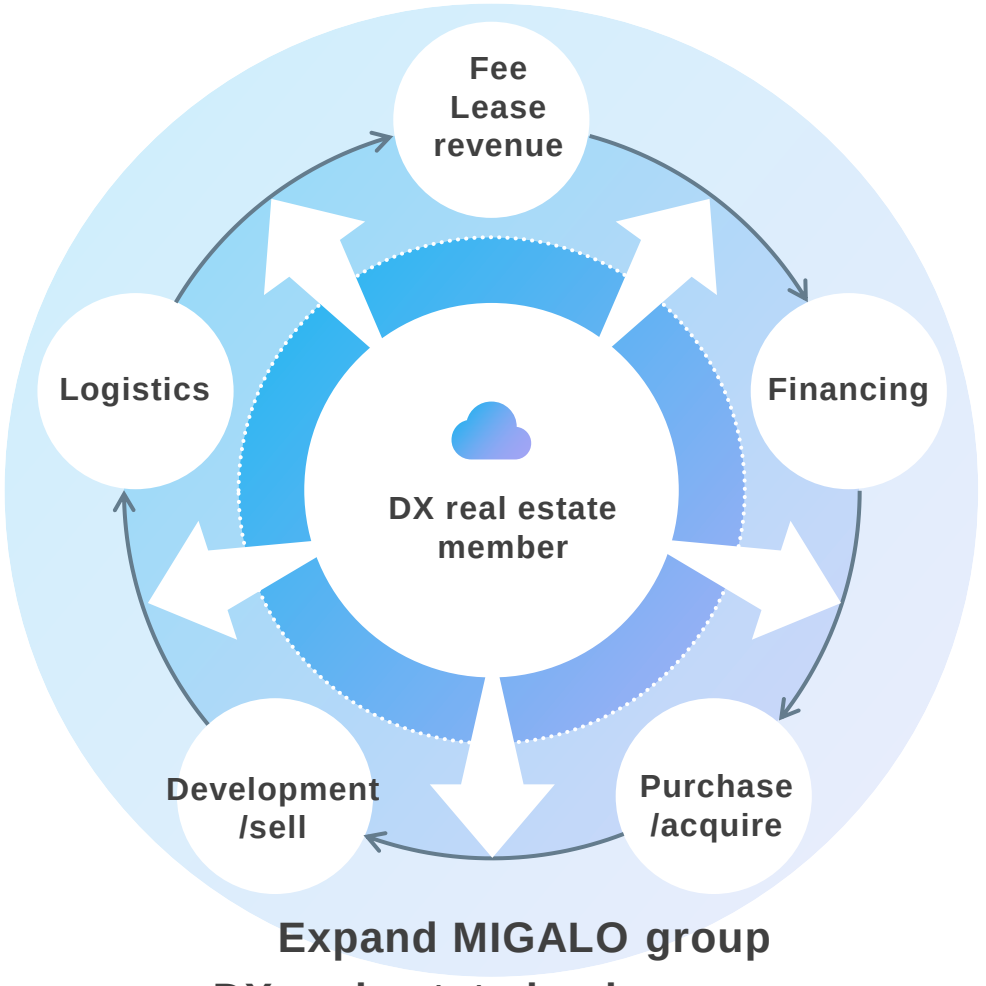
Stock-type circular ecosystem

DX Real Estate Business

Our business model is based on expanding the MIGALO group DX Real Estate business zone, a circular ecosystem, by increasing the number of DX real estate members, which is stock data.





Expand MIGALO group
DX real estate business zone

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Specialist in developing, selling, and managing compact condominiums with high asset value

DX Real Estate Business

Asset management type real estate CRACIA series







Residential real estate VERSE CRACIA





Know-how acquired since the company's founding creates value.

City center × Near station × Facial recognition = High asset value

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Japan’s first “all facial recognition condominium” that requires no keys

DX Real Estate Business

All facial recognition condominium

Offers pleasant condominium life with highly secure facial recognition-based entry function

Common space



Entrance

・Unlock entrance using facial recognition
・Automatically call elevator



Parking lot

Unlock door using facial recognition

Facilities linked to common space



Parcel drop and mail box

If there is a parcel, indicates there is a parcel and automatic unlocks box using facial recognition



Elevator

・Safe unlocking with facial recognition
・Automatically indicates and residence floor

Residents-only space



Unit door

Automatic unlock using facial recognition

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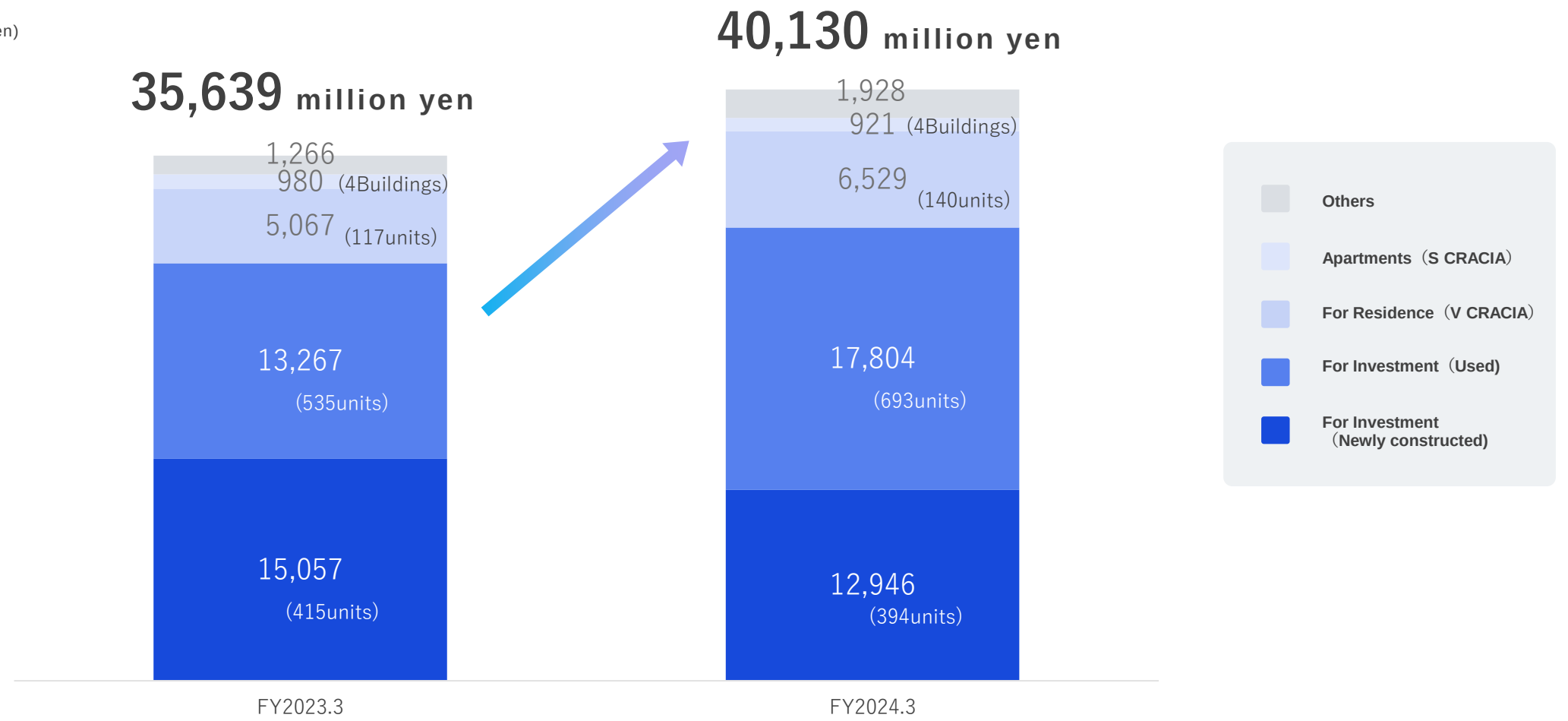
Breakdown of segment sales

DX Real Estate Business

Breakdown of net sales and the number of units sold of Real Estate Development and Sale Business and Smart Second Business, etc.

(millions of yen)



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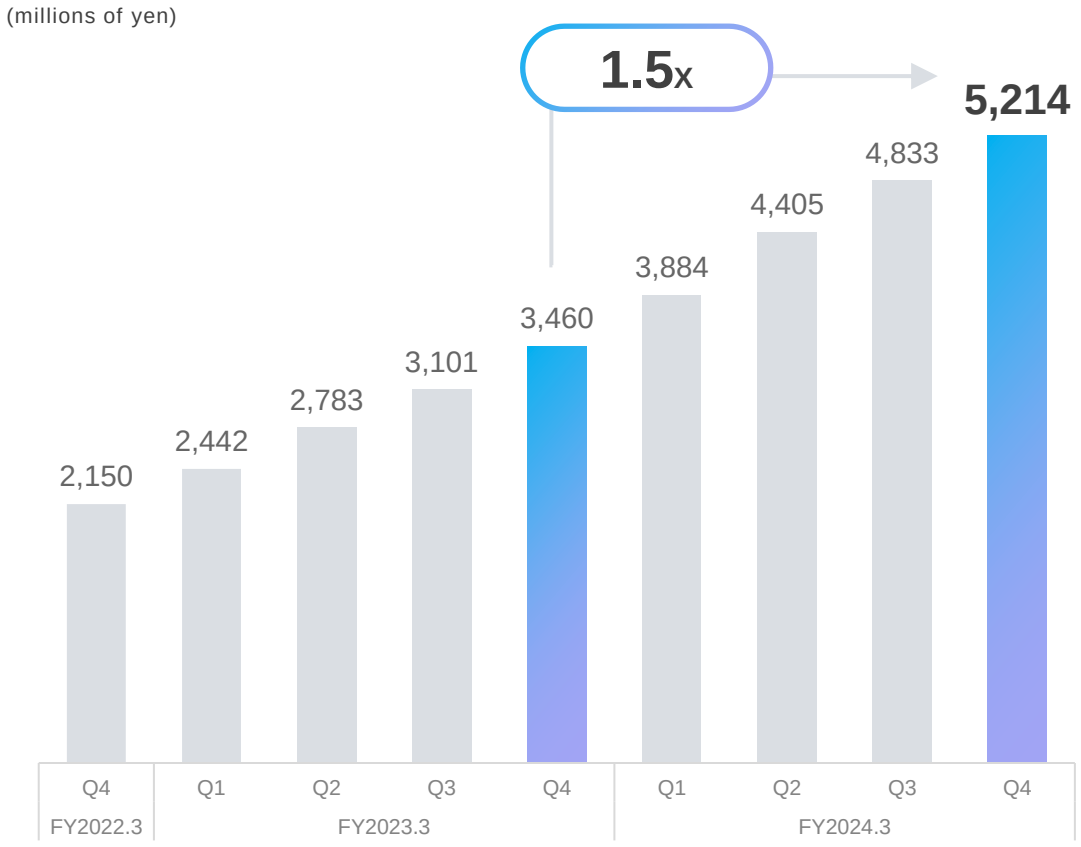
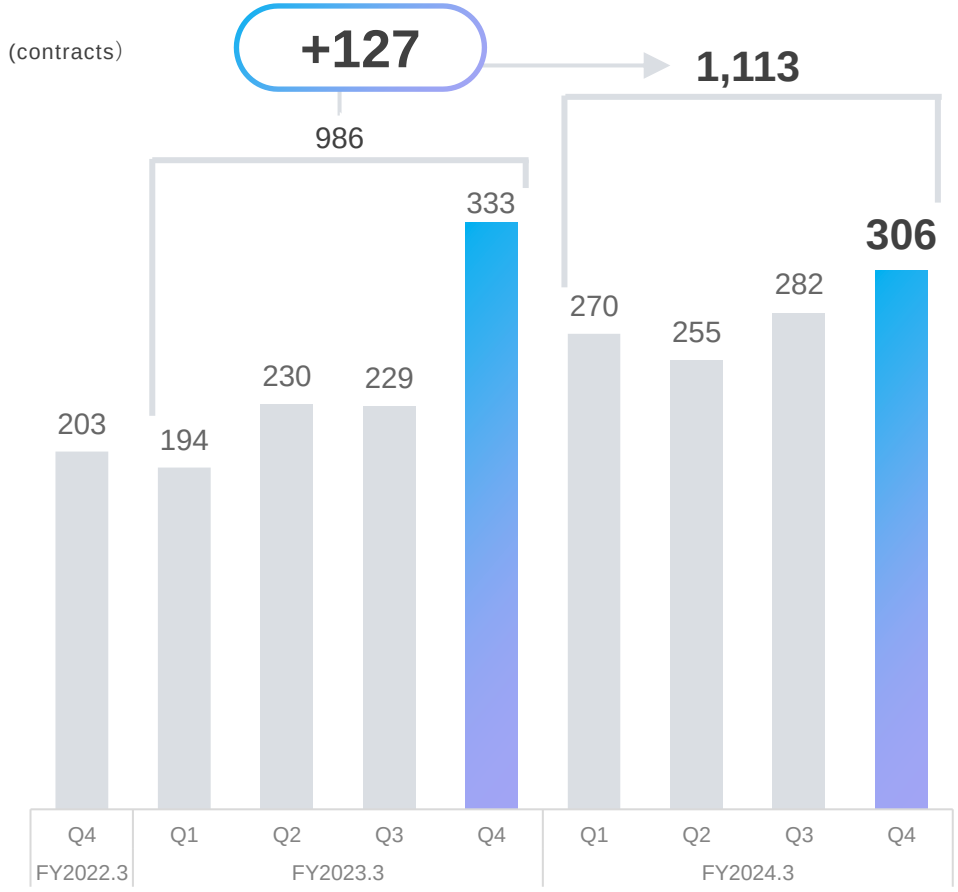
KPI

DX Real Estate Business

Trend of the accumulated amount of Rimple's fund formation



Trend of the number of sales contracts



* The number of sales contracts is shown on a contract basis.

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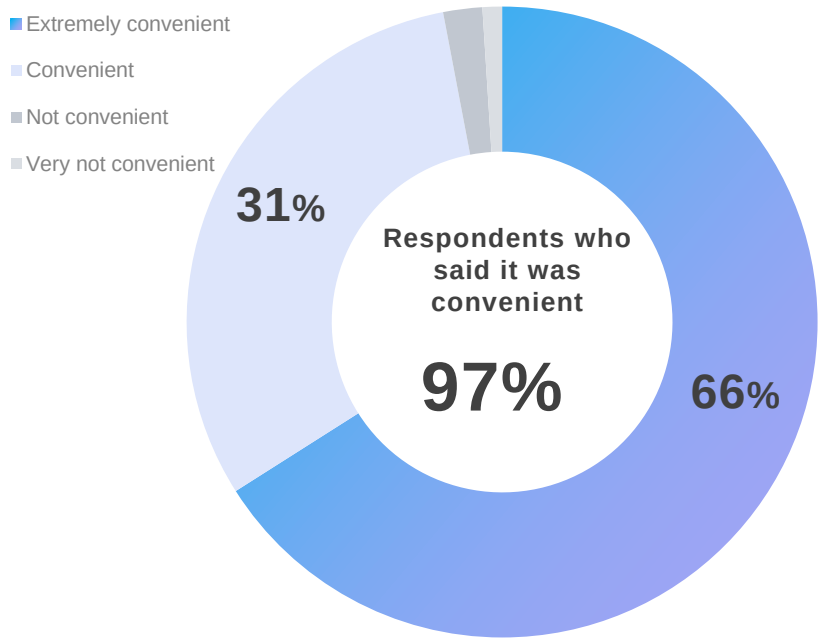
Improve customer satisfaction with all facial recognition condominium

DX Real Estate Business

Is the facial recognition system more convenient than conventional key?



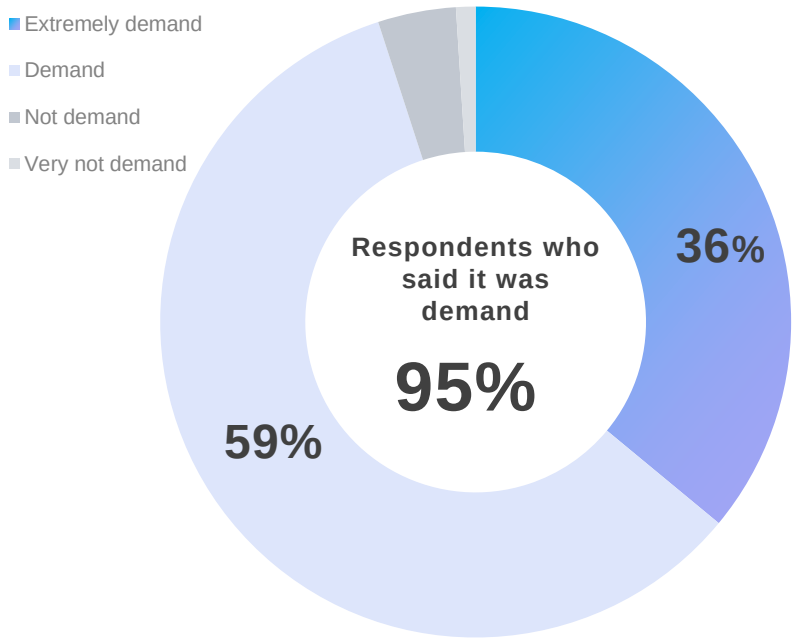


Really convenient when your hands are full.



Can open door when carrying something.

Do residents want facial recognition entry control in their next residence?





It is so convenient that I could not live in a residence without it.



I noticed that managing key is more troublesome than I thought is was.

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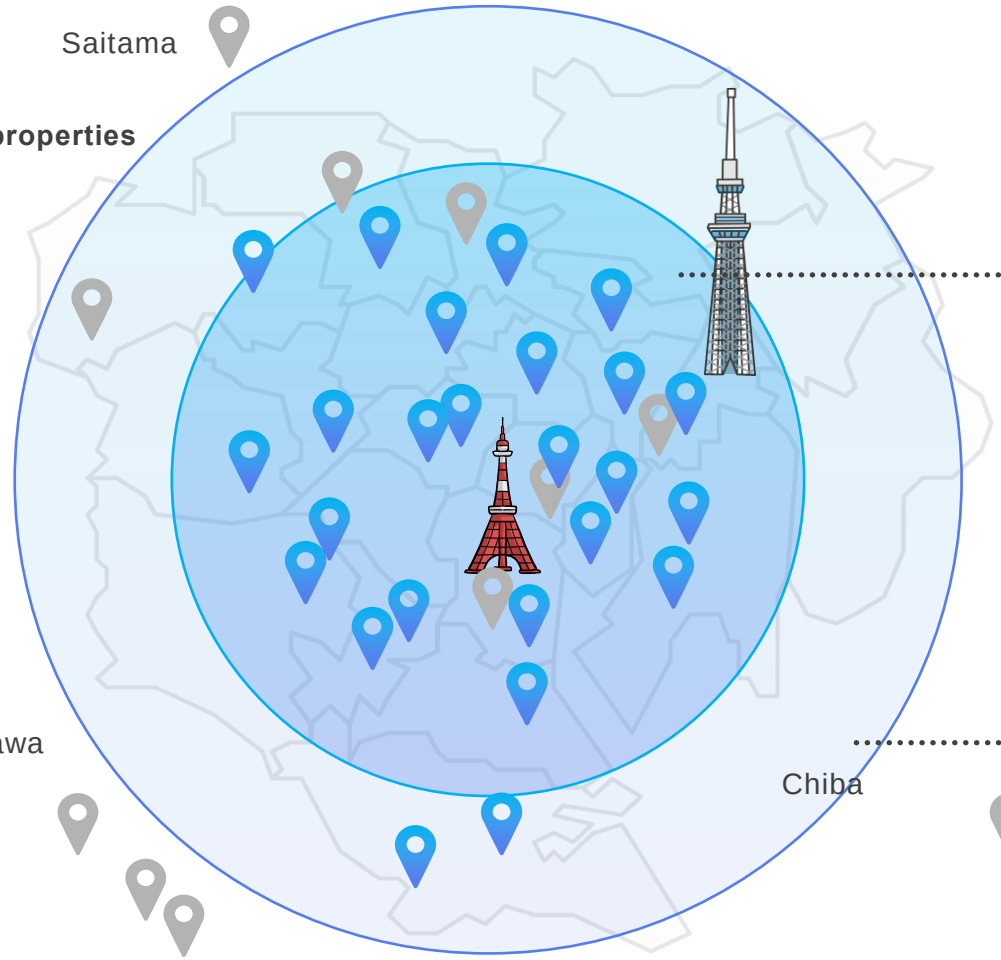
Focus on Tokyo’s central area, 23 wards

DX Promotion Business × DX Real Estate Business

Our properties

Other developer’s properties



Investment real estate

31.6 billion yen

(+23.0 billion yen YoY)

Condominiums:1,087 units
Apartment complexes: 4 buildings

Residential real estate

6.5 billion yen

(+1.4 billion yen YoY)

Condominiums: 140 units

* As of March 31, 2024

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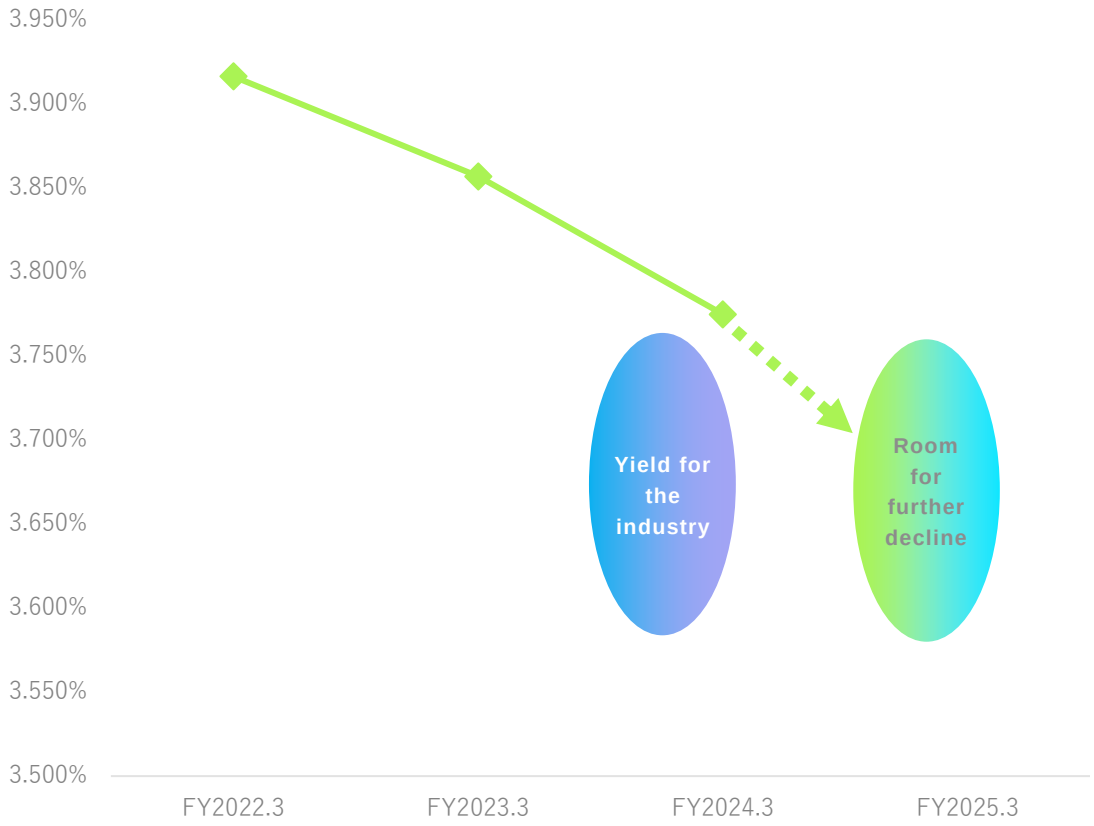
Previous fiscal year review and current fiscal year initiatives

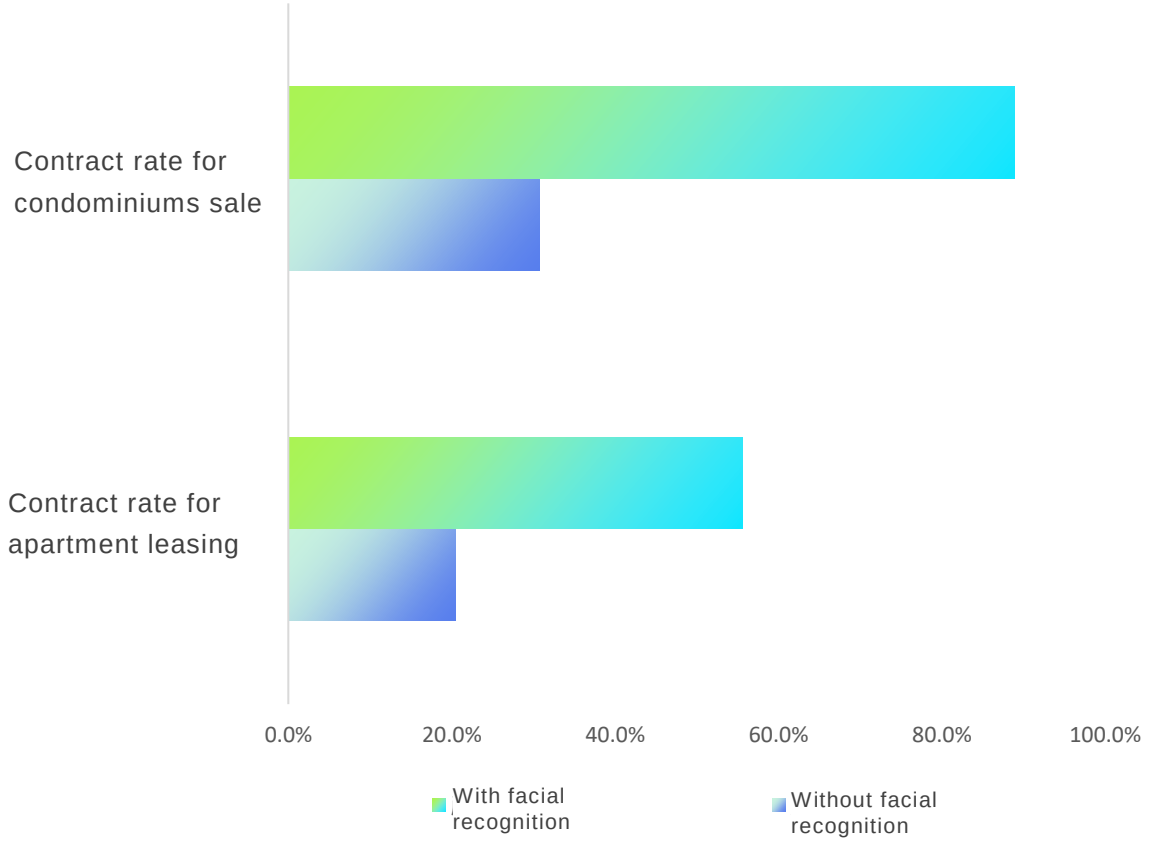
DX Promotion Business × DX Real Estate Business

- The previous fiscal year confirmed that the property yield may fall further through our actual sales records.
- The first-month of sales and leasing contract for condominiums and apartments with facial recognition surpasses those for ones without.

Investment Yield (Gross)



First-Month of Contract Rate for Typical Properties



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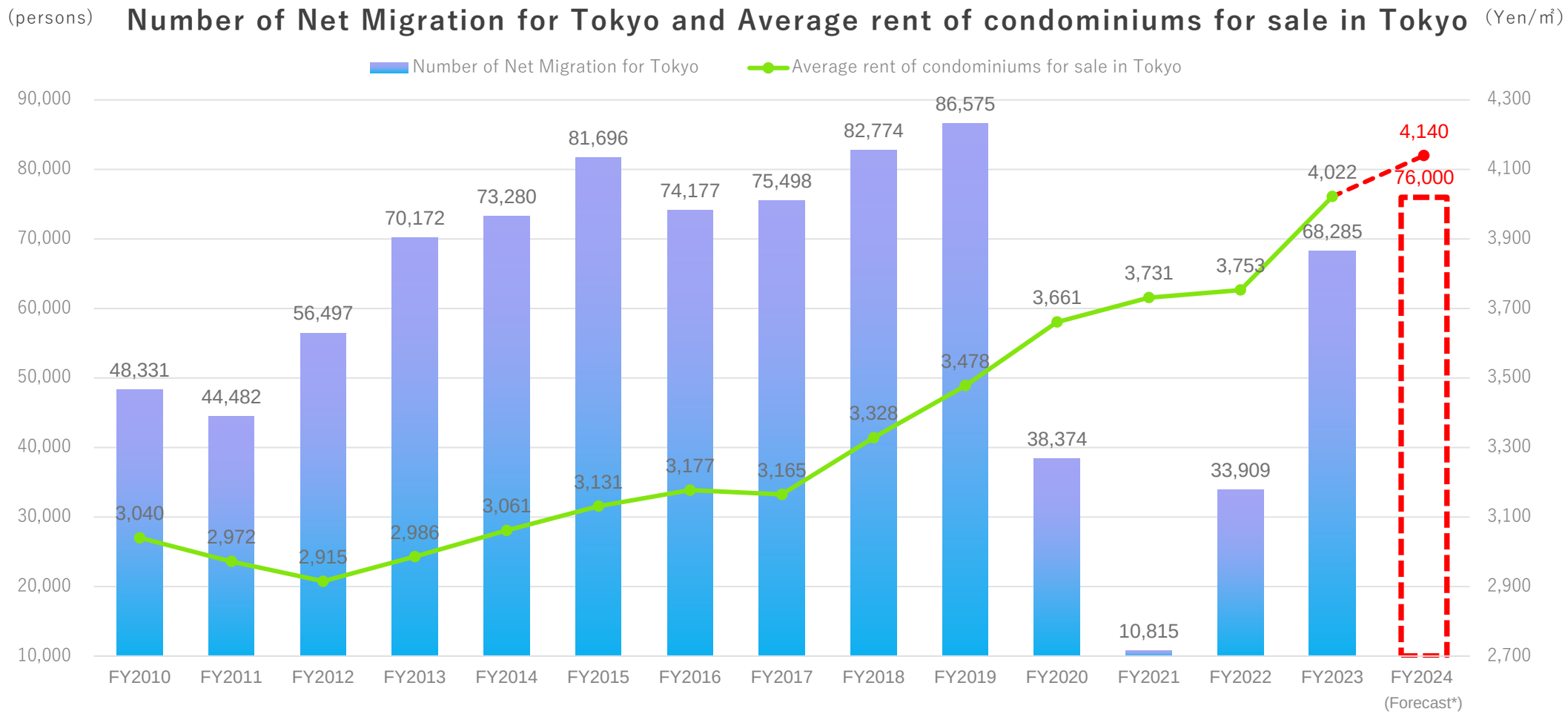
Transition data for Tokyo No.1

DX Real Estate Business

Since the end of the COVID-19 pandemic, demographic trends for Tokyo have been returning to their pre-pandemic trend line. Furthermore, average rents in Tokyo have continued to rise for more than a decade. → **Property prices may continue to increase next fiscal year and beyond due to firm demand and rising rents**.



＊The figure for FY2024 is calculated by multiplying the average of the number of excess transfers in January and February compared to the previous year by 12 and adding it to the number of excess transfers in the previous year.

Reference: Government statistics, "Number of excess transfers by sex" / Tokyo Kantei Corporation, "Condominium rents for condominiums for sale"

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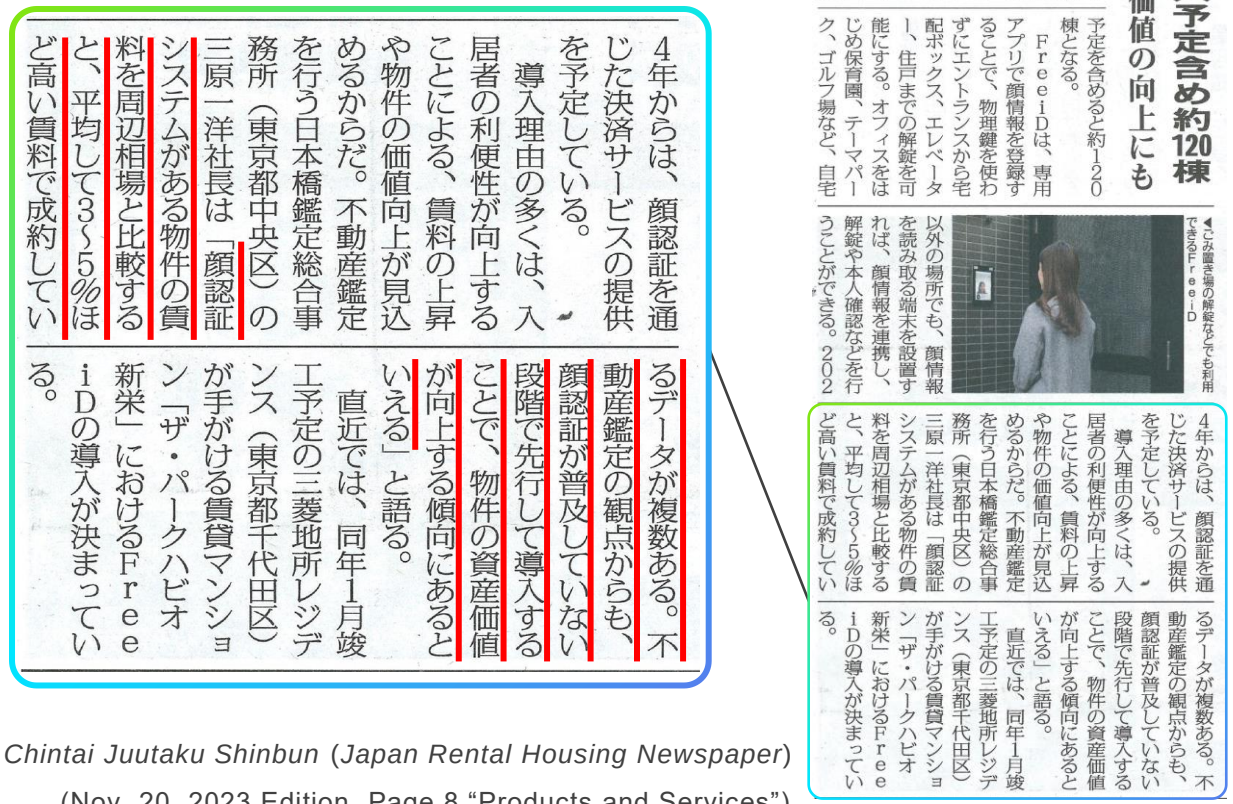
Previous fiscal year review and current fiscal year initiatives

The properties we are developing are facial recognition condominiums that come standard with the facial recognition platform FreeiD. It has been confirmed that this increases rents and property value because of the greater convenience for residents. Kazuhiro Mihara, the president of Nihonbashi Real Estate Appraisal Synthetic Office, Ltd., which conducts real estate appraisals, has commented that lease data shows the rent for facial recognition apartments is on average 3%-5% greater than the market average for the area and that being the first to introduce the technology tends to increase the asset value of the property. → **Selling prices may increase starting next fiscal year.**

DXYZ FreeiD × PROPERTY AGENT



DXYZ

顔認証、導入予定含め約120棟

不動産価値の向上にも

顔認証プラットフォーム事業を行うDXYZ（ディクシーズ・東京都新宿区）が提供する顔認証プラットフォーム「FreeiD（フリード）」の導入済みの物件が、10月末時点で49棟となった。新築の賃貸や分譲マンションを中心に引き合いが増加しており、導入予定を含めると約120棟となる。

FreeiDは、専用アプリで顔情報を登録することで、物理鍵を使わずにエントランスから宅配ボックス、エレベーター、住戸までの解錠を可能にする。オフィスをはじめ保育園、テーマパーク、ゴルフ場など、自宅以外の場所でも、顔情報を読み取る端末を設置すれば、顔情報を連携し、解錠や本人確認などを行うことができる。2024

◀ごみ置き場の解錠などでも利用できるFreeiD

4年からは、顔認証を通じた決済サービスの提供を予定している。

導入理由の多くは、入居者の利便性が向上することによる、賃料の上昇や物件の価値向上が見込めるからだ。不動産鑑定を行う日本橋鑑定総合事務所（東京都中央区）の三原一洋社長は「顔認証システムがある物件の賃料を周辺相場と比較すると、平均して3～5%ほど高い賃料で成約しているデータが複数ある。不動産鑑定の観点からも、顔認証が普及していない段階で先行して導入することで、物件の資産価値が向上する傾向にあるといえる」と語る。

直近では、同年1月竣工予定の三菱地所レジデンス（東京都千代田区）が手がける賃貸マンション「ザ・パークハビオ新栄」におけるFreeiDの導入が決まっている。

Zenkoku Chintai Juutaku Shinbun (*Japan Rental Housing Newspaper*)

(Nov. 20, 2023 Edition, Page 8 “Products and Services”)

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Previous fiscal year review and current fiscal year initiatives

- The selling price for investment properties is determined by “rent/return.”
- We search for the possibility of increased selling price by effectively handling various factors.

	Environment, cause, outlook
Property yield	There has been a downward trend in the yield for properties in city centers, which is expected to continue even when compared to the yield gap globally.
Demographics and demand/supply	Rents are expected to rise because the net inflow of people into Tokyo has trended upward since the end of the COVID-19 pandemic and there is strong demand for homes.
Property differentiation	Introduction of facial recognition systems is expected to lead to higher rents due to greater value added, creating room for property prices to rise.

Property price rises when rent rises.

$$Price \uparrow = \frac{cf\uparrow}{r}$$

$$Price = \frac{cf}{r}\ ※$$

$$Price \uparrow = \frac{cf}{r\downarrow}$$

Property price rises when the return falls.

* price (selling price), cf (rent), r (return)

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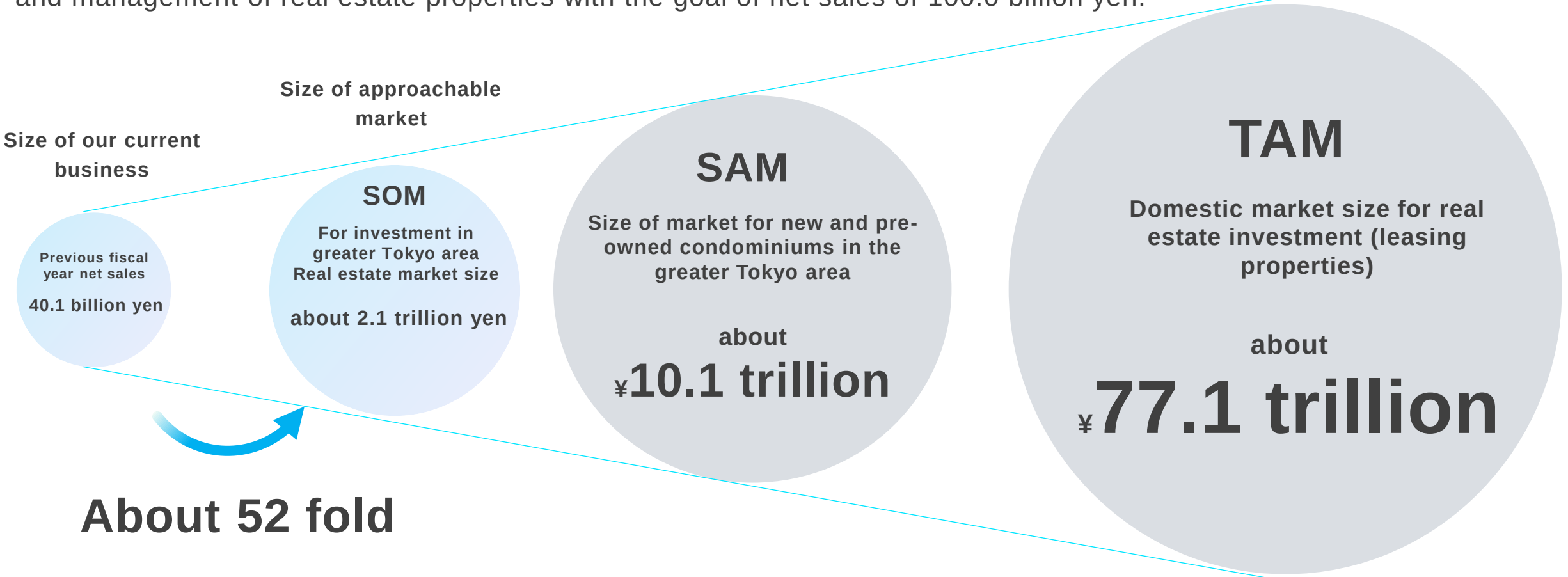
Market size

DX Real Estate Business

There is still room to expand the business as the size of the potential market is about 52 times that of previous fiscal year's net sales, and we are working to expand our share through the development, sale, and management of real estate properties with the goal of net sales of 100.0 billion yen.



Source: NLI Research Institute, Real Estate Market Report Japan real estate market size (18 July 2023)/ Calculated from Statistics Bureau of the Ministry of Internal Affairs and Communications: Survey of Service Industry Trends, May 2022 (preliminary). Real Estate Economic Institute Co. Ltd. Metropolitan investment condominium market trends. / Tokyo Kantei, Market trends for new and used condominiums (metropolitan area)

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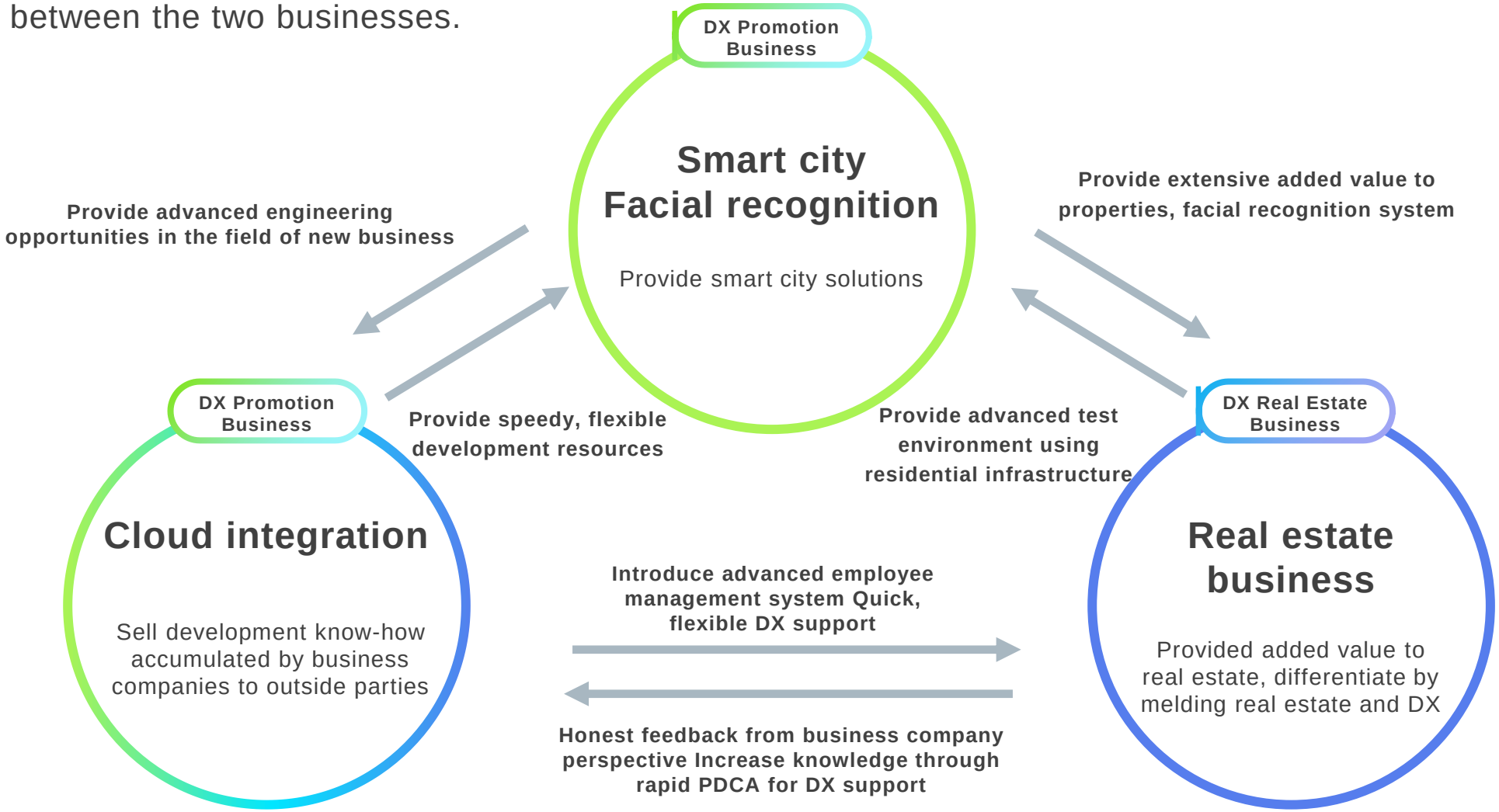
Synergies between the group’s businesses

DX promotion business and DX real estate business form a business structure that makes it possible to generate synergies between the two businesses.



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Medium- to long-term growth target

DX Promotion Business

Expand facial recognition and cloud integration

×

DX Real Estate Business

Provide value-added pre-owned condominiums for investment purposes

DX Real Estate business
Net sales FY2029.3
100.0 billion yen

DX Promotion Business
Net sales FY2027.3
Over 5.0 billion yen



Promote DX real estate
Stable, sustainable business

Expand facial recognition and cloud integration
New and developed growth businesses

Become a pioneer in new value creation through DX promotion

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5. FY3/2025 Annual Forecast

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FY3/2025 Annual Forecast

- Net sales are expected to increase for both the DX Promotion Business and DX Real Estate Business, resulting in net sales of 50.0 billion yen (target).
- Operating profit is forecast to increase 4.0% to 2.6 billion yen because of expected high construction costs for the DX Real Estate Business and upfront investments, mainly related to DX promotion human resources.

(Millions of yen)	Forecast of consolidated financial results for the year ending March 31, 2025	FY2024.3	Change	Change%
Net Sales	**50,000**	42,672	+7,327	+17.2%
Operating profit	**2,600**	2,500	+99	+4.0%
Ordinary profit	**2,100**	2,042	+57	+2.8%
Profit attributable to owners of parent	**1,250**	1,112	+137	+12.3%

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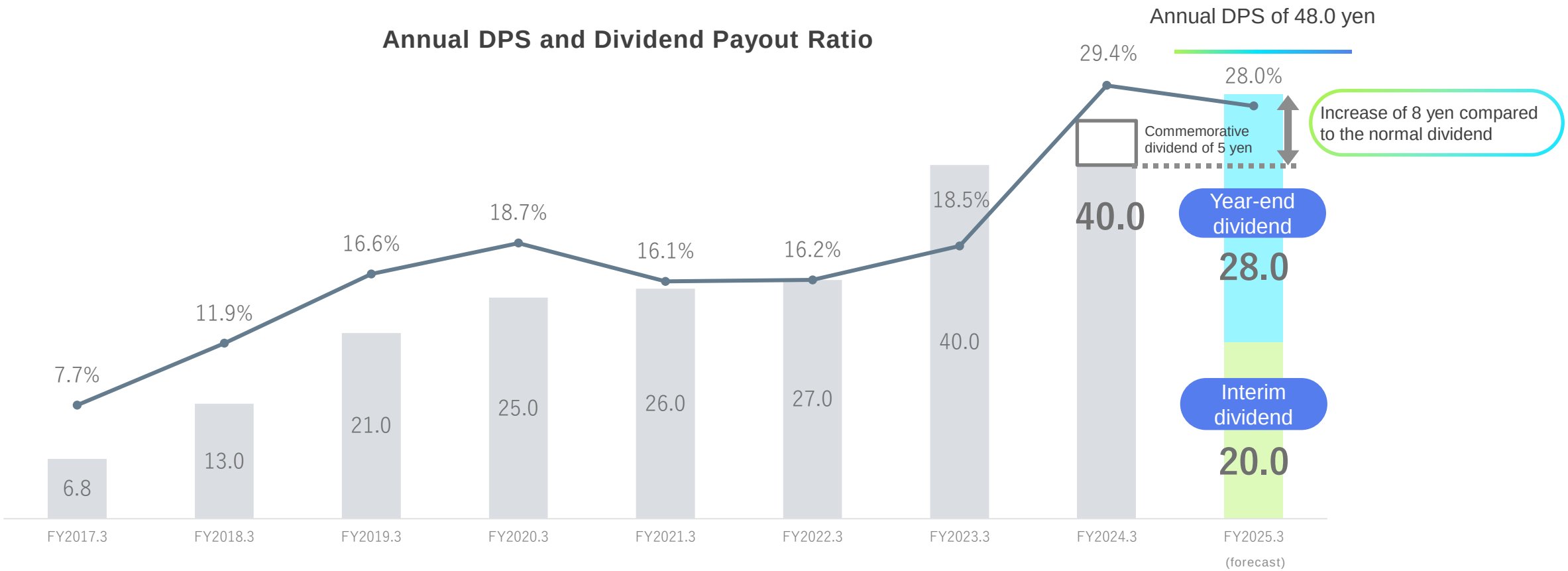
Shareholder return

- FY2025/3 annual dividend per share is expected to be 48 yen, a year-on-year increase of 8.0 yen (a commemorative dividend of 5 yen was paid in the previous fiscal year).
- In light of the stable financial position and greater opportunity to increase shareholder return, we plan to pay an interim dividend for the first time.



* FY2017/3 year-end dividend takes into account two stock splits conducted in FY2018/3.

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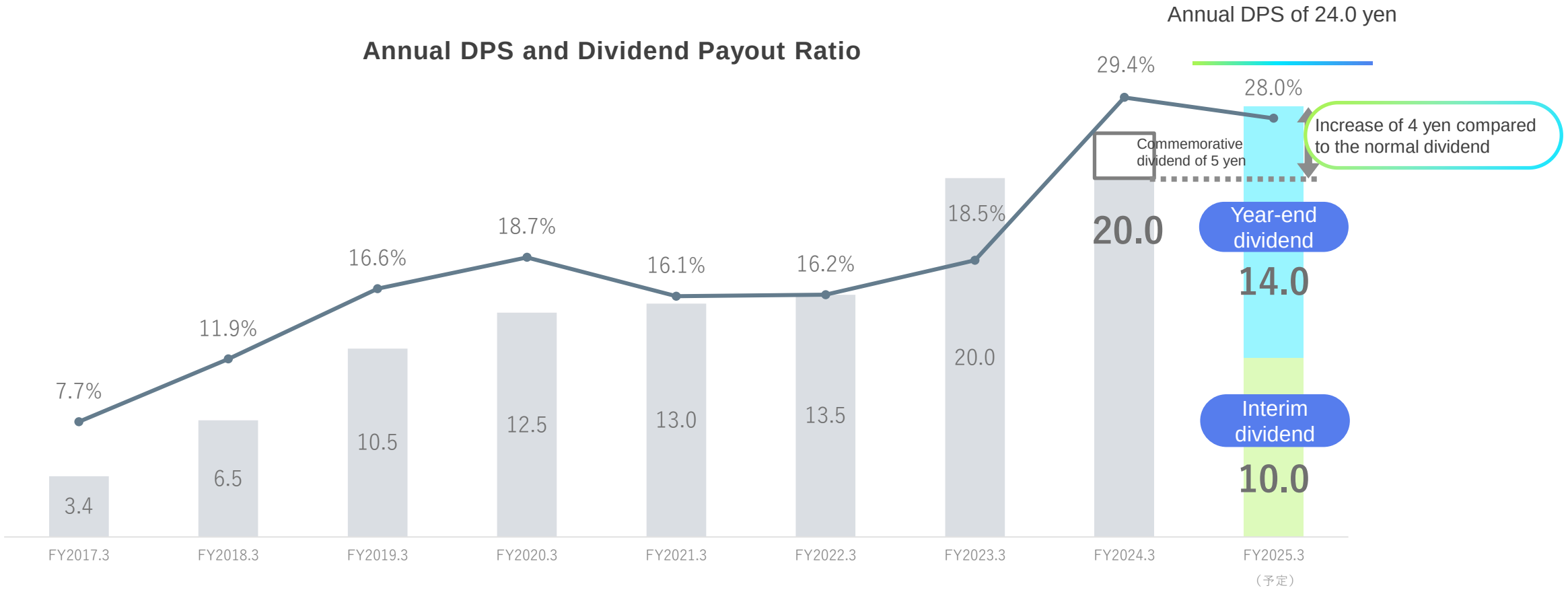
Shareholder return (post stock split)

- **We plan to conduct a 2-for-1 stock split of our common shares** on July 1, 2024.
- Both annual dividend and dividend payout ratio for FY2017/3 through FY2024/3 are based on post-stock-split figures.



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6. FY3/2024 Topics

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FreeiD x Mitsubishi Estate's HOMETACT

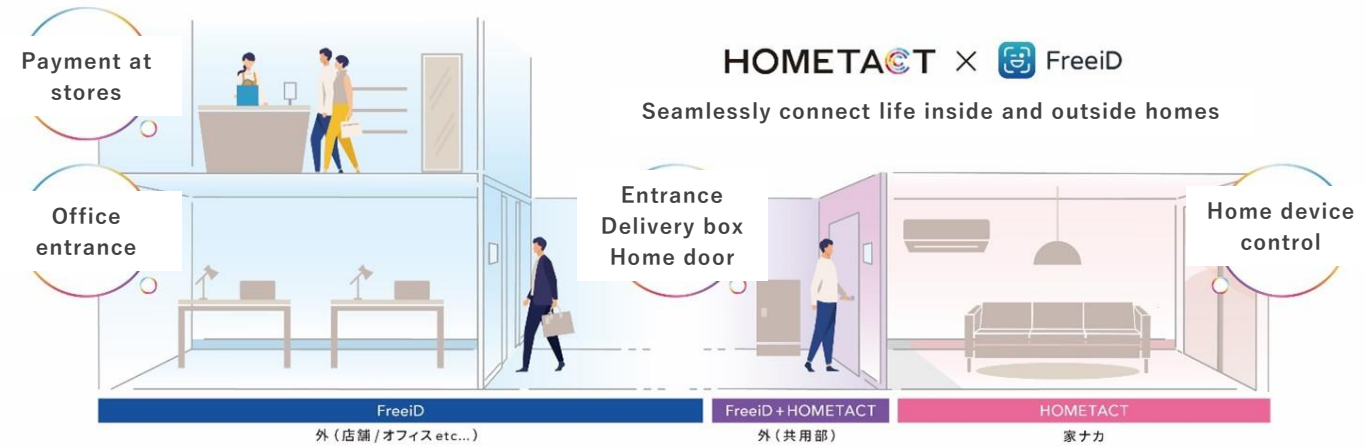
DX Promotion Business

Summary of release

Launched joint sales of a package that combines DXYZ's facial recognition platform FreeiD and MITSUBISHI ESTATE's integrated smart home service HOMETACT

Joint sales of a package that combines DXYZ's facial recognition platform FreeiD and Mitsubishi Estate's integrated smart home service HOMETACT were launched on April 23, 2024.
This has made it possible for both companies to create a world in which the interior and exterior of homes are seamlessly connected.

Connecting hands-free life in and outside the home through HOMETACT and FreeiD tie-up



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Condominium x facial recognition

DX Promotion Business

Summary of release

Introduced into NITOH’s RELIA series of condominiums for first time

DXYZ’s facial recognition platform FreeiD was introduced into NITOH’s RELIA Yokohama NORTH SIDE, which offers single-room condominiums for investment purposes.
This is the first time that FreeiD has been introduced into a NITOH RELIA condominium.





Entrance

Reason for introducing FreeiD

- Strengthens security through the cutting-edge facial recognition technology FreeiD
- Boosts asset value of properties by providing residents with a comfortable life

Where FreeiD will be introduced

Common entrance, mailboxes, parcel delivery boxes, elevator

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Condominium x facial recognition

DX Promotion Business

Summary of release

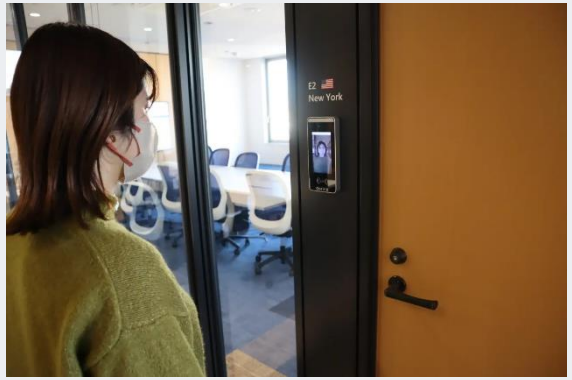
Introduced into Meiho Enterprise’s head office research lab and EL FARO Yoga apartment complex

Meiho Enterprise introduced DXYZ’s facial recognition platform FreeiD into its research laboratory Smart Office Well, which the company opened at its head office.
Meiho Enterprise also plans to adopt the platform for EL FARO Yoga, one of its new EL FARO rental residence for investment purposes. This will be the first time that Meiho Enterprise has introduced a facial recognition system for office access management at business sites and rental residences.

株式会社 明豊エンタープライズ

DXYZ

FreeiD



The platform’s high expandability, which makes it possible to use facial recognition for various activities by registering facial information a single time, was highly rated as a solution that strongly contributes to the improved well-being of employees, one of Smart Office Well’s objectives.



Plan to introduce for the entrance, parcel delivery boxes, and mailboxes.

Offers peace of mind and safety through strong security and a stress-free living environment that eliminates the hassle of using a key when passing through the entrance.

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Condominium x facial recognition

DX Promotion Business

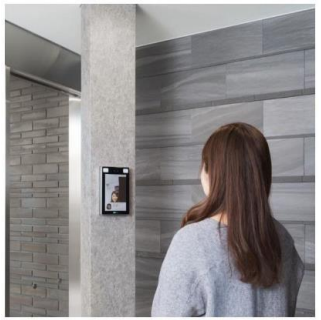
Summary of release

Introduced into common area of The Parkhabio Shin-Sakae, a new Mitsubishi Estate Residence condominium building

The facial recognition system FreeiD was introduced into common areas, including the main entrance, at The Parkhabio Shin-Sakae, Mitsubishi Estate Residence's first The Parkhabio in the Nagoya area. This is Mitsubishi Estate Residence's first The Parkhabio in the Chubu region and first The Parkhabio to incorporate FreeiD.

Transforming units at Mitsubishi Estate Residence's new condominium building The Parkhouse Shiba Onarimon into all facial recognition condominiums

Mitsubishi Estate Residence has decided to introduce DXYZ's facial recognition platform FreeiD into The Parkhouse Shiba Onarimon units, which are scheduled to go on sale.
This will be the first time that FreeiD will be introduced in one of Mitsubishi Estate Residence's The Parkhouse condominium buildings. The introduction of FreeiD into various locations including common and private areas, will make this property Mitsubishi Estate Residence's first all facial recognition condominium that offers key-free living.







The Parkhouse Shiba Onarimon
FreeiD will be introduced into not only common areas, such as the main entrance, mailboxes and parcel delivery box area, and elevators, but also the front doors for all 63 units.
FreeiD is highly rated as a service that not only provides peace of mind and safety based on a person's unique face that cannot be stolen or imitated but also offers security and convenience by making it possible to unlock doors and pass through with only one's face when returning home, thus eliminating the need to take out one's key.

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Condominium x facial recognition

DX Promotion Business

Summary of release

Comes standard with all condominiums being developed by FUDEAL CREATION

FUDEAL CREATION decided that the facial recognition platform FreeiD will come standard in all condominiums that it develops, resulting in all facial recognition condominiums.



FUDEAL CREATION

Through its RELUXIA brand of condominiums, primarily located in the 23 wards of Tokyo, FUDEAL CREATION offers “mentally relaxing residences overflowing with happiness.” Celebrating its 10th anniversary, FUDEAL CREATION decided to adopt DXYZ’s FreeiD as standard equipment as part of its efforts to provide residents with even greater value.

Reason for introducing FreeiD

FUDEAL CREATION decided to introduce FreeiD because all facial recognition condominiums offer residents a pleasant daily life by both ensuring security and increasing daily life convenience through cutting-edge facial recognition technology, and introducing the technology will draw out the greatest future asset value of properties.

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Condominium x facial recognition

DX Promotion Business

Summary of release

First Tokyo Tatemono property to introduce FreeiD, Brillia ist Ueno Inaricho— Tokyo Tatemono's first all facial recognition condominium

The facial recognition platform FreeiD was introduced into the apartment complex Brillia ist Ueno Inaricho developed by Tokyo Tatemono.
FreeiD was introduced into both common and some private areas, creating Tokyo Tatemono's first all facial recognition apartment complex and offering key-free life, (FreeiD was introduced into two of the building's thirty-eight units)

All facial recognition apartment complex





Where facial recognition is used at Brillia ist Ueno Inaricho
Entrance, elevator, parcel delivery box, parking entrance, eight units

This provides all facial recognition living with both high security and convenience that makes it possible for residents to enter and leave the building even when their hands are full and that completely eliminates the need for keys for some residents.
This will also achieve the Brillia ist brand image of "stylish life in Tokyo"

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Condominium x facial recognition

DX Promotion Business

Summary of release

To be introduced into the Chuo Jutaku's new condominium building LEPIA COURT Matsudo Goko, the POLUS Group's first all facial recognition condominium

The facial-recognition platform FreeiD will be introduced into the new condominium LEPIA COURT Matsudo Goko being developed by Chuo Jutaku C. Ltd., a member of the POLUS Group.
FreeiD will be used in both common and some private areas, creating POLUS Group's first all facial recognition condominium building and offering key-free life.

LEPIA COURT Matsudo Gogo

Located in Matsudo City, Chiba, this new condominium building has 38 units all facing west with a top-floor Royal Suite Floor (2 units) with premium facilities.

(Expected to be completed in February 2025)

Where FreeiD will be used

- Common entrance
- Mailboxes and parcel delivery boxes
- Garbage area
- Entrance for Royal Suite Floor units

What FreeiD offers

- Both no-contract access, which there has been growing demand for since the COVID-19 pandemic, and greater security functions.
- No-key all facial recognition life for residents of the Royal Suite Floor through the thorough use of facial recognition technology up to their units.

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Condominium x facial recognition

DX Promotion Business

Summary of release

First time introduced into three condominium buildings owned by a J-REIT. Introduced into such buildings as Tower Court Kitashinagawa etc. owned by NIPPON REIT Investment Corp.

DXYZ's facial recognition platform FreeiD was introduced into Tower Court Kitashinagawa, Splendide Shinosaka III, and Splendide Nanba, three properties owned by NIPPON REIT Investment, a listed real estate investment trust (J-REIT), and operated by SBI REIT Advisors Co., Ltd.
This was the first time in Japan that FreeiD was introduced into a condominiums owned by a J-REIT.

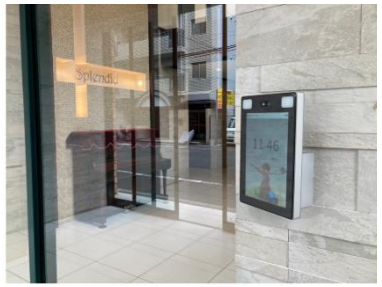
Facial recognition platform FreeiD increases a property's asset value



▲Tower Court Kitashinagawa



▲ Splendide Shinosaka III



▲ Splendide Nanba

To improve the profitability of properties by increasing unit rents and encourage leasing, elements of their internal growth strategy, NIPPON REIT makes investments that effectively and strategically increase value to maximize net operating income (NOI).
NIPPON REIT decided to introduce FreeiD into three of its condominium properties based on its evaluation that the platform further strengthens security and increases the daily life convenience for residents.

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Condominium x facial recognition—Introducing into existing apartments

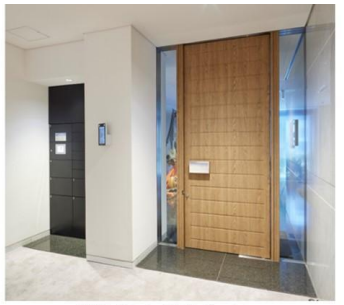
DX Promotion Business

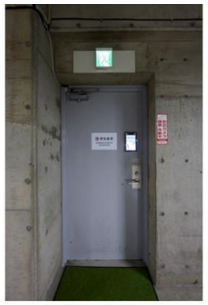
Summary of release

FreeiD introduced throughout existing Kowa Estate apartment building, including private areas—Realizing first all facial recognition apartments for existing apartments in Japan

DXYZ's facial recognition platform FreeiD was introduced at Pacific House Azabudai, an apartment building owned by Kowa Estate Co., Ltd.
This is the first time FreeiD was introduced throughout an existing apartment building, including private areas, creating the first all facial recognition apartment building for an existing apartment building in Japan.


共同玄関


郵便ポスト/宅配ボックス


地下駐車場出入口


住戸玄関

DXYZ and SHIN-IDEMITSU introduce FreeiD for the first time into existing apartment complex in the Kyushu region

DXYZ's facial recognition platform FreeiD was introduced into the Lexington Square Shirogane, an apartment building owned by SHIN-IDEMITSU Co., Ltd..
This was the first time that FreeiD was introduced into an existing apartment complex in the Kyushu region.





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Expansion of facial recognition–based payments

DX Promotion Business

Summary of release

DXYZ's FreeiD provided for verification test of facial recognition–based payments at SHINAGAWA TECH SHOWCASE held at SHINAGAWA INTERCITY—
"Face-only shopping" at food vans and Oedo Beer Festival

Facial recognition–based payment service was provided for verification at the SHINAGAWA TECH SHOWCASE, a hands-on cutting-edge technology event held at SHINAGAWA INTERCITY's outside square and B1 atrium for three days, March 27 (Wed.)–29 (Fri.), 2024.
The service and other items were also on display at a booth.



- **Dates of SHINAGAWA TECH SHOWCASE**
  March 27–29, 2024

- **Where displayed**
  - Food trucks
  - Oedo Beer Festival; Ushitora Brewery, T.Y. Harbor Brewery, & Beer

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Surveillance cameras and facial recognition

DX Promotion Business

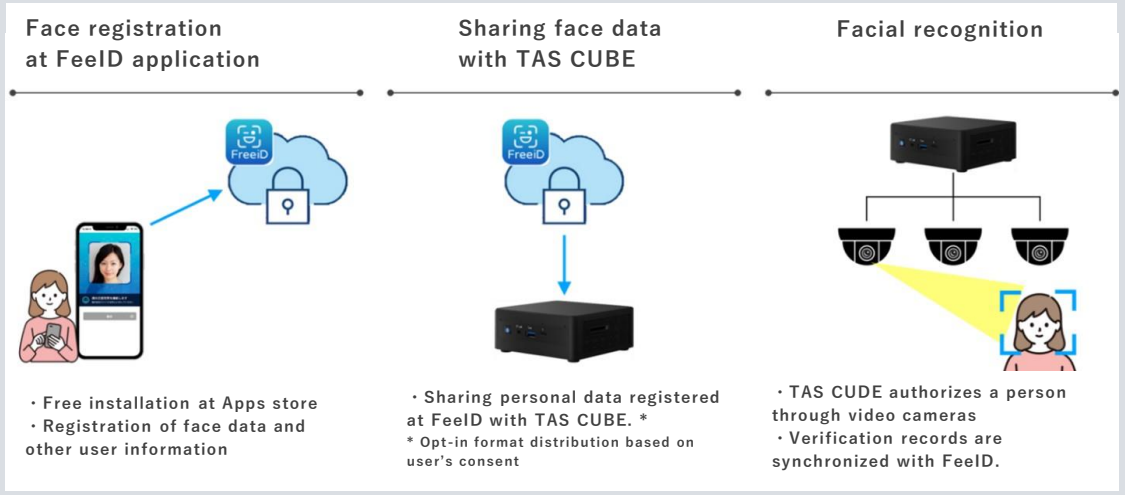
Summary of release

DXYZ and Tokyo Boeki Group's TB-eye launch business tie-up, making it possible to use FreeiD with around one million security cameras installed throughout Japan

TB-eye Ltd., a Tokyo Boeki Holdings Group company, and DXYZ launched a business tie-up that involves not only collaboration related to FreeiD, the facial recognition platform being developed by DXYZ, and TAS Cube, a compact personal computer with AI analysis function being developed by TB-eye, but also a distributorship agreement regarding FreeiD.



▲TAS CUBEとの連携で実現する顔認証



What TAS CUBE x FreeiD makes possible

01 Use FreeiD with around one million security cameras installed throughout Japan

02 Improve installation freedom and design aspects of cameras

03 Make seamless recognition possible by eliminating the need to consciously look at the camera

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Training DX human resources

Human resource training

Summary of release

54% of in-house engineers at MIGALO HD’s AVANT previously had a different career but changed careers through reskilling

The Group company AVANT focuses on developing DX human resources through its proprietary training curriculum, and 54% of its in-house engineers previously had different careers and changed their career through reskilling. By continuing to focus on reskilling, the company supports the training of new engineers and raises the skill level of experienced workers.



Example acquired certifications

- Various types of the Salesforce certifications
- AWS Certified Associate Architect
- Oracle Certified Java Programmer, Silver SE 11
- IT passport

etc.

Technology training

- Basic IT training- learn the basics of the IT industry from the representative
- Basic design- Learn programming to master how to think for oneself
- Virtual projects- Gain experience with development for one’s workplace

etc.

Increased skills

AVANT is working to improve the skills of employees by expanding its education support system and qualification support system and will focus on training DX human resources.

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