MIGALO HOLDINGS | 5535

TSE Prime

Full Report

Bolstering the proprietary growth model of "Facial Recognition x AI x Real Estate"

Summary

■ **A DX innovator redefining the norms of facial recognition technology**

MIGALO HOLDINGS Inc. (hereafter, the Company) pursues a company-wide growth strategy centered on digital transformation (DX) across all businesses by taking the cash flow gained from selling around 1,500 studio condominium units ("one-room" for investment and "compact" for residential properties) priced between JPY 30-50 mn per unit, mainly in Tokyo and three prefectures within a 10-minute walk of train stations and investing it in DX areas. Since developing and selling Japan's first all facial recognition condominium in January 2021, the Company's FreeiD facial recognition ID platform service has been implemented in 376 condominiums as of the end of March 2026. Including projects under construction and those in final contract negotiations, the pipeline of pre-construction opportunities reaches roughly 200.

■ **Impact of FreeiD**

The biggest differentiating and catalyst for creating greater added value of the Company is its patented FreeiD facial recognition ID platform service, which connects various daily activities (building entry/exit, personal identification, payment, etc.) by registering a user's face once, creating a world where people can live without keys, wallets, or smart phones. Expectations are high for providing and deploying all facial recognition condominiums and smart city solutions using FreeiD. Society may transform once facial recognition spreads and becomes the norm nationwide, and the environment has become more favorable for the Company 's business model.

■ **Positioning of FY2027/3 as an "investment period"**

The Company will sustain investment in the facial recognition business and, after factoring in higher construction material and financing costs, and projects full-year net sales to rise 13% YoY to JPY 65,000 mn, operating profit to increase 7.8% YoY to JPY 3,300 mn, ordinary profit to grow 4.4% YoY to JPY 2,450 mn, and net profit to increase 4.6% YoY to JPY 1,500 mn. The interim dividend remains JPY 3.00 and the year-end dividend is raised by JPY 0.50 to JPY 6.00, for an annual dividend of JPY 9.00.

■ **Share price insights**

On a single-year earnings forecast basis, the Company's shares trade at a forward P/E ratio of roughly 12x, a P/B ratio of about 1.2x, and a dividend yield of 3.24%. The stock appears to have undergone an overcorrection. Although the real estate sector is currently facing broad headwinds, the flow of positive catalysts—most notably FreeiD adoption announcements from major developers and participation in large-scale residential-commercial mixed-use development projects—positions the stock as an investment opportunity with meaningful upside potential.

JPY mn, %	Net sales	YoY	Operating Profit	YoY	Ordinary Profit	YoY	Net Profit	YoY	EPS (JPY)	DPS (JPY)
2024/3 C	42,672	*14.5*	2,500	*(14.4)*	2,042	*(18.9)*	1,112	*(29.4)*	19.13	5.63
2025/3 C	51,709	*21.2*	2,713	*8.5*	2,121	*3.9*	1,390	*25.0*	23.79	7.00
2026/3 C	**57,532**	*11.3*	**3,061**	*12.8*	**2,347**	*10.6*	**1,434**	*3.1*	**23.44**	**8.50**
2027/3 CE	**65,000**	*13.0*	**3,300**	*7.8*	**2,450**	*4.4*	**1,500**	*4.6*	**23.33**	**9.00**

Source: Compiled by SIR from the Company IR materials. Note: A two-for-one stock splits of common stock were conducted on July 1, 2024, March 1, 2025, and June 1, 2025. EPS and DPS figures are split-adjusted. Figures may differ from the Company's materials due to differences in SIR's financial data processing and the Company's reporting standards.

MIGALO HOLDINGS

Focus Point

The FreeiD service, which integrates with a wide range of facial recognition engines and consolidates fragmented facial recognition IDs onto a single platform, has the potential to become a game-changer in the fiercely competitive and fragmented facial recognition industry. Sustained expectations for its success could drive a re-rating of the stock.

Key Indicators	
Share price (7/13)	278
52W/H (25/9/3)	1,067
52W/L (26/6/25)	243
10Y/H (25/2/13)	2,200
10Y/L* (21/1/21)	41
Shrs out. (1k shrs)	64,304
Mkt cap (JPY mn)	16,912
Enterprise Value(JPY mn)	42,528
FY26/3 Equity ratio	26.3%
FY26/3 ROE (act)	10.9%
FY26/3 P/B	1.18x
FY27/3 P/E (CE)	11.9x
FY27/3 DY (CE)	3.24%

Note*: Share price and financial data of predecessor PROPERTY AGENT, Inc. (3464)

Daily Stock Price Chart

Source: Trading view

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Company Profile

A DX innovator redefining the norms of facial recognition technology

MIGALO HOLDINGS Inc. upholds a management philosophy of "We contribute to solutions to society's problems by creating new value through the melding of digital and real". Based on this philosophy, it operates under the concept of a corporate group that creates value through digital transformation (DX) and real estate, and maintains two businesses under its umbrella: one that promotes DX with the aim of growing business in the DX domain (DX Promotion business) and a real estate business centered around DX (DX Real Estate business).

- The **DX Real Estate business**, the cash-cow pillar, is operated through PROPERTY AGENT, Inc. and AKI Commerce Co., Ltd. (and its subsidiary, Associa Property Co., Ltd.), and accounted for about 93% of net sales and 92% of operating profit before adjustments in FY2026/3.
- The **DX Promotion business**, the growth pillar, broadly consists of two divisions. One is the **Smart city facial AI recognition** business, under which DXYZ Co., Ltd. provides smart city solutions (FreeiD*, facial recognition ID platform) as a SaaS offering. The other is the **AI / Digital Integration** business, which mainly handles Salesforce implementation services and AWS system construction. The Company conducts its DX Promotion Business through five subsidiaries acquired via M&A—AVANT Corporation, CloudTechPlus Co., Ltd., TeraWebCreate, Inc., U-System Creation Inc., and TIERO Inc., which was established in-house. The DX Promotion Business established sustained profitability in FY2026/3, one year ahead of the original initial target of FY2027/3.

**FreeiD* is a platform that enables the previously separate functions of using a key, making payments, and other such functions to be completed with a single facial recognition ID.

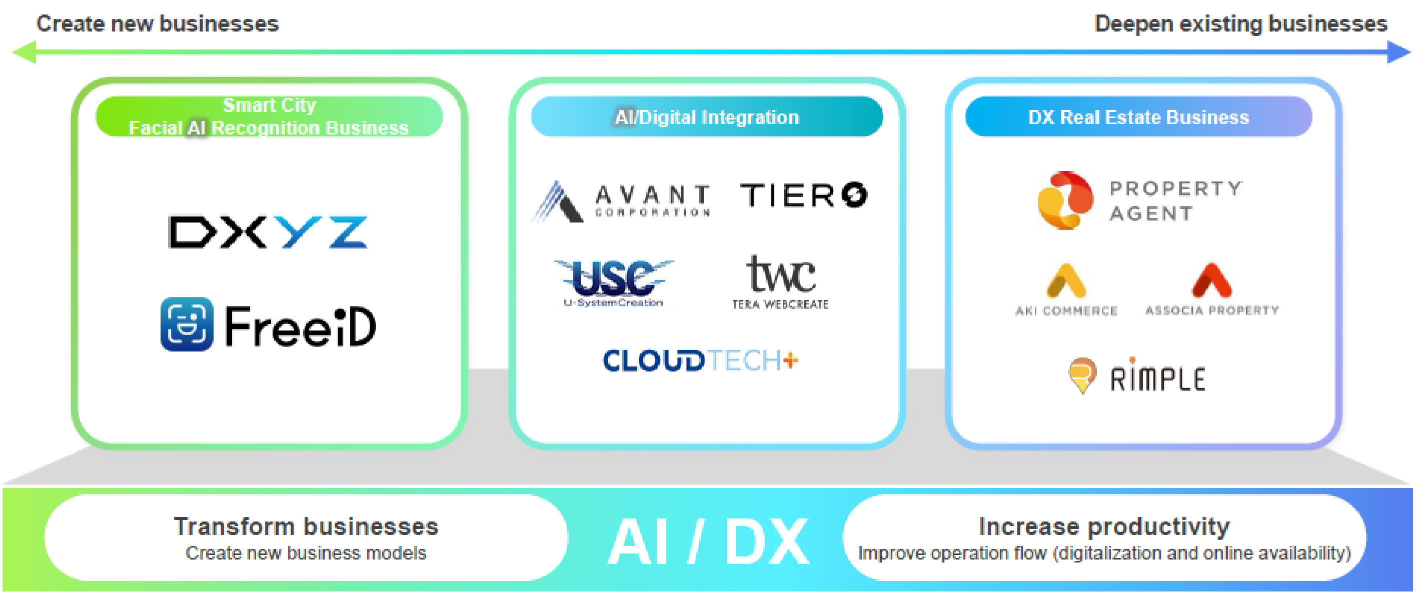
Once facial information is registered using the app, users can smartly and securely enter an office, receive visitors, unlock the auto-lock of a condo, and make a payment for purchases by using facial recognition.

Originally, PROPERTY AGENT, Inc. which operates a real estate business had improved its productivity by converting its old paper-based and face-to-face workflow into an electronic and online workflow, along with switching to centralized management of customer property information and implementing a system to manage KPIs. Leveraging its DX expertise gained from this experience as a core competency, the Company decided it can build a business by helping other companies in a variety of industries improve productivity. This led to the launch of a business in the cloud integration and system development consulting domains, which turned into the DX Promotion business.

The biggest differentiator and catalyst for the MIGALO Group to add greater value is DXYZ Co., Ltd.'s FreeiD facial recognition ID platform service. Expectations are high for providing and deploying all facial recognition condominiums and smart city solutions using FreeiD, which has the potential to transform

Overview of Migalo Group's operating companies

Deepening existing businesses and creating new businesses based on DX



Source: The Company IR materials.

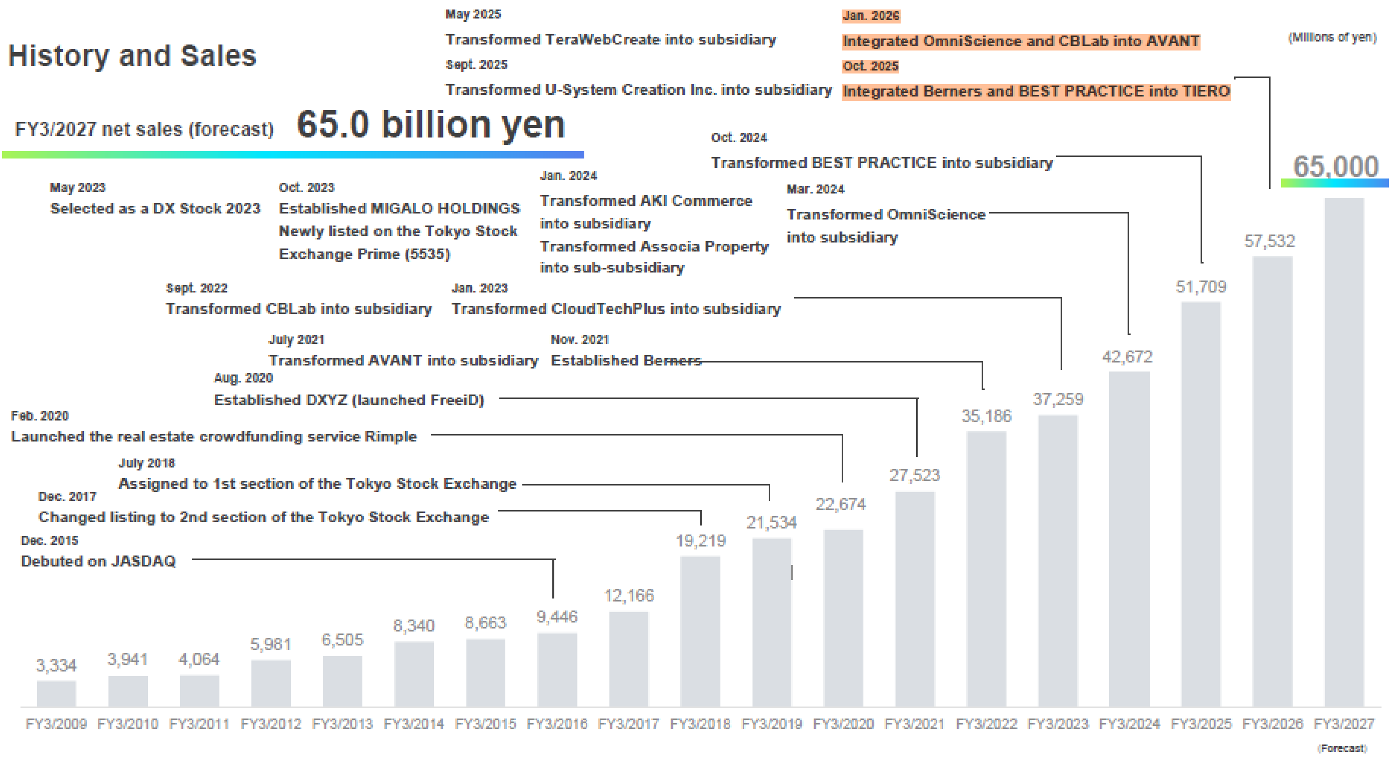
Major developments during FY2026/3

The exhibit below shows sales trajectory and major business expansion milestones originating from the Group's founding business, PROPERTY AGENT, Inc., which was established in February 2004 by the Company's current President and CEO, Sei Nakanishi.

SIR assesses that, over the past year, the company's strategic shifts and corporate actions have taken on an unusually material significance.

- In its Q1 FY2026/3 results presentation materials (as of August 7, 2025), the Company for the first time announced its **vision of becoming an "AI solutions provider."** The Company envisions bolstering its competitiveness by moving beyond contract development to deliver AI-driven frameworks that improve efficiency and productivity, while also building a high-profit model by extending AI solutions implemented and proven within the Group to client companies.
- As part of this strengthening of human capital management, effective October 1, 2025, the Company merged two subsidiaries that serve as the core of its Digital Integration business, Berners Inc. and BEST PRACTICE Inc., and **launched the new entity as TIERO Inc**. on the same date. Subsequently, in January 2026, the Company integrated certain operations of its subsidiaries OmniScience Co., Ltd. and CBLab Inc. into AVANT Corporation, a group company that provides system implementation and system consulting services. Specifically, it transfers their cloud integration businesses and parts of their system development and project management operations. Through this move, the Company **further strengthens AVANT's business foundation**.
- On September 29, 2025, the Company announced **a new share issuance and secondary offering** involving close to 10% equity dilution, and raised a net total of JPY 2,956 mn, with the clear intention of bolstering and accelerating its proprietary **"Facial Recognition x AI x Real Estate" growth model** and aiming for higher growth through improvements in productivity and profitability across the Group.

History and Sales of the Group



Source: The Company IR materials.

Clarifying Facts around the Equity Financing

■ Purpose of recent equity financing

The Company raised funds by issuing new shares with the clear intention of bolstering and accelerating its proprietary “Facial Recognition x AI x Real Estate” growth model and aiming for higher growth through improvements in productivity and profitability across the Group. The Management has indicated its policy of promoting growth investments in the following three areas.

- In the **Facial Recognition ID Platform business**, expanding adoption of FreeiD, developed by group company DXYZ, has become an urgent priority. In addition to deployment mainly in condominium projects, various proof-of-concept initiatives aimed at fulfilling the vision of a "world connected by your face" have earned high praise for improved user convenience and security, as well as device-free flexibility. Going forward, the Company plans to position facial recognition as a core technology for residential-commercial mixed-use development initiatives, aiming to build a market where it holds a dominant position with nationwide expansion in mind.
- In the **Digital Integration business**, securing and developing talent capable of delivering AI transformation and strengthening digital integration technologies have become key challenges. The Company has set out a policy to shift from contract-based SI services to upstream hands-on AI solution delivery and plans to enhance digital implementation capabilities across the Group by hiring and reskilling AI and DX talent and acquiring specialized personnel through M&A.
- In the **DX Real Estate business**, the Company aims to strengthen the development of FreeiD-enabled condominiums through flexibly deploying capital, improve productivity through digital solutions from AI and Digital Integration, such as redesigning business workflows using AI, and achieve high asset value through facial recognition systems.

■ Ultimately raised nearly JPY 3,000 mn

Based on the above approach, on September 29, 2025, the Company’s Board of Directors resolved to conduct a “new share issuance and share offering” and announced after the market close on the same day that it would raise up to JPY 5,206 mn through a public offering of 5,500,000 new shares and a third-party allotment of 825,000 shares.

Of this amount, approximately JPY 4,150 mn is the minimum funding required for the initial use-of-funds plan. Dividing this by 6,325,000 newly issued shares, SIR estimates that the Company intended to raise funds at JPY 656 per share. This represents a 16% discount to the closing price of JPY 781 on the same day, and taking into account the maximum dilution rate of 10.7%, SIR infers that the Management was expecting a share price drop of around 5%.

The terms were set on October 6, 2025. The offer price was JPY 535, marking a 4.12% discount to the closing price of JPY 558 on the same day. On November 7, 2025, the number of shares issued through the third-party allotment to lead underwriter Nomura Securities fell below the initially planned level to 266,300 shares, bringing the total number of new shares issued to 5,766,300 and the dilution rate to 9.8%. As a result, the Company raised JPY 2,956 mn, coming out to a final issue price of JPY 512.68 per share multiplied by 5,766,300 shares.

The table below outlines the revised use-of-funds plan based on the amount raised.

Use-of-funds plan for the next two years based on the equity financing

DX Promotion Business	Facial recognition ID platform business	1.5 billion yen	Capital expenditures: Investment in system and service development, 1.0 billion yen Working capital: Strengthening human resources, 200 million yen Working capital: Strengthening sales promotion, 300 million yen
DX Promotion Business	Digital Integration Business	650 million yen	Working capital: Strengthening human resources, 300 million yen Working capital: Strengthening recruitment, 350 million yen
DX Real Estate Business		770 million yen	Working capital: Condominium development funding, 770 million yen

Source : Company IR materials

Clarifying multi-angled issues around the Equity Financing

■ Why now?

The Company's management placed strong emphasis on the timing of this new share issuance because it believes that multiple external and internal factors aligned to create a favorable opportunity to accelerate growth.

- First, social implementation of **Facial Recognition technology** is advancing rapidly. As seen in cases such as the introduction of the Company's FreeiD in rental condominium properties developed by Daiwa House Industry, adoption of facial recognition across urban infrastructure, including transportation, facilities, and payments, has accelerated, and the demand has expanded nationwide. In addition, discussions around smart city projects have progressed across Japan, and the Management explains that the Company has gained confidence in expanding implementation opportunities that enable people to move across daily living touchpoints using a single facial recognition ID at the district level. Against this backdrop, and in order not to fall behind these societal trends while maximizing first-mover advantages, the Company determined that growth investment at this timing was essential, given the urgent need to strengthen its sales and delivery structure internally.
- In **AI solutions**, the transition from internal trials to external PoCs (Proof of Concept) has progressed faster than expected, creating business opportunities in high-margin, hands-on projects. In the **DX Real Estate** business as well, demand for income-generating properties has risen amid expectations of higher condominium prices and rents, creating conditions that allow for expansion of the DX membership base and the front-loading of new condominium development. The Management explains that the Company aims to raise funds while market conditions remain favorable in order to expand business scale and strengthen its earnings base.
- In this context, the Management also adds that, amid increasingly selective financial conditions, the Company recognized the need to raise its shareholders' equity ratio to secure borrowing capacity and enhance its standing with financial institutions as a strong borrower. In addition, improving its presence in the capital markets after meeting the required market capitalization of tradable shares threshold as a TOPIX constituent also served as an important motivation.

■ Measures to supplement the shortfall versus the initial funding target

In relation to the shortfall versus the initial funding target, the Company's Management denied the possibility of conducting additional equity financing.

At the same time, the Management has made clear its policy of continuing a flexible and agile capital strategy in response to changes in the fund-raising environment and market conditions. The Company has built a financing framework in cooperation with multiple financial institutions with the aim of strengthening its financial base and expanding credit lines. As its core approach, the Company plans to use retained earnings and cash flow, while also leveraging coordinated financing through closer relationships with financial institutions and using commitment lines.

Accordingly, the Company has made clear its intention to cover the shortfall that was originally to be allocated to the DX Real Estate business through borrowings and to leverage the improvement in its shareholders' equity ratio and the decline in its net D/E ratio to increase credit availability from financial institutions. In addition, for development capacity aimed at smart city projects that would otherwise require large upfront investment in the short term, the Company has indicated that it will invest in stages in line with progress in securing projects, pursuing an approach that balances capital efficiency and risk management.

■ Management vision following the equity financing

- The Company aims to expand its **Facial Recognition ID platform** into urban living infrastructure and promote its vision of a "world connected by your face," delivering a seamless experience across condominiums, offices, commercial facilities, and mobility.
- In **AI solutions**, the Company plans to roll out internally proven success cases to external clients, strengthening its earnings base through productivity improvements from upstream stages and a high-margin, hands-on delivery model.
- In **DX Real Estate**, the Company will further hone its high-barrier capabilities in sourcing, sales, and product differentiation and sustain growth through high value-added properties equipped with FreeiD.
- With regard to **capital policy**, the Company has articulated a policy of enhancing long-term corporate value by balancing growth investment with shareholder returns, with the aim of becoming a TOPIX constituent and building market trust.

By strengthening the cycle among these three businesses, the Company plans to advance its **transformation into an AI solutions provider** and elevate it into a tangible earnings story.

New Management Vision

■ Making early moves toward becoming an AI solutions provider

The Company's Management has long emphasized its vision of achieving productivity more than three times higher than competitors, and in early 2025 launched the Group-wide human capital management initiative "PJ AXiS." This is a Group-wide project that aims to dramatically improve per capita productivity by crossing over AI and individual growth to bring out the potential of the organization and by putting AI-driven and human capital management into practice, under the belief that productivity is maximized when AI and humans collaborate.

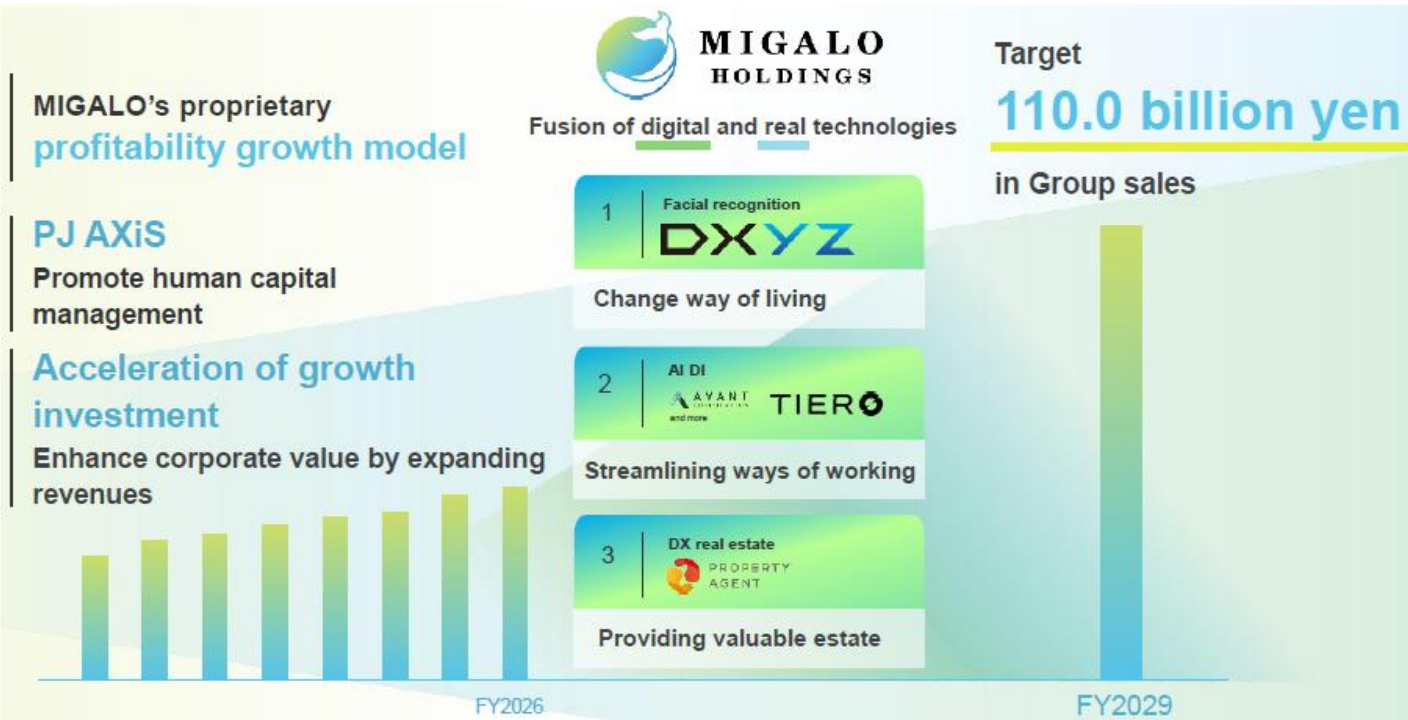
As part of this effort, the Company launched its "AI Campus" reskilling program this fiscal year for roughly 330 IT personnel in the DX Promotion business. Through study sessions and practical training in AI utilization, the program shares case studies of AI-driven operational efficiency improvements to build an internal knowledge base and foster AI literacy across the organization. In doing so, the Company aims to strengthen its ability to deliver AI solutions.

■ Mid- to long-term target of JPY 110 bn in sales for the Migalo Group

The Company is targeting JPY 110 bn in group sales for FY2029/3. Of this total, JPY 100 bn is expected to come from the DX Real Estate business, while the DX Promotion business aims to achieve JPY 10 bn on a medium-term basis, with M&A positioned as a key element of its growth strategy.

In addition, the Company states that it reviews its internal three-year plan every year on a rolling basis, but does not disclose this plan. The reason it does not disclose the plan is that there is a strong belief within the Company that if the external environment of the real estate business were to change dramatically beyond expectations or if there were delays in property sales or revenue recognition, the medium-term management plan itself could inadvertently cause misleading results, since each single fiscal year earnings could be significantly different from targets set in the plan. Accordingly, the Company has not announced a medium-term management plan since its IPO. This is another important factor to keep in mind when evaluating the Company 's stock.

Medium- to long-term growth target



Source: The Company IR materials.

Business Model

***_Rimple_, a real estate investment crowdfunding site**

https://funding.propertyagent.co.jp/

Previously, people could only invest in real estate by buying actual condominium properties, but the service enables people to invest through a smartphone app, starting at JPY 10,000 per unit using points called Real Estate Coins (an example of implementing DX in real estate investment).

Scaling DX Real Estate memberships to expand the Migalo property ecosystem

The Company leverages indirect financing to secure cash flow from its DX Real Estate business and reinvests it into the DX Promotion business, positioning DX at the core to drive high-margin growth and increase corporate value.

- PROPERTY AGENT, Inc. is involved in the development and sale of actual real estate, and is also developing *Rimple**, a real estate investment crowdfunding service that enables investors to invest as little as JPY 10,000 per unit in rental condominiums.
- The Company sells studio condominiums for investment and compact condominiums for residential use, priced between JPY 30–50 mn per unit, at a pace of around 1,500 units annually. In FY2026/3, net sales reached approximately JPY 53.2 bn, including revenue from Apartments. In recent years, the purchase and resale of existing properties (owner-change) have increased, accounting for about 56% of total units sold in FY2026/3.
- DX Real Estate's customer base, which the Company calls its business core, is the DX Real Estate membership, which reached 191,153 members at the end of FY2026/3. The Company operates *Rimple*, a real estate investment crowdfunding service based on the Real Estate Specified Joint Enterprise Act, as a means of attracting members. It also serves as a tool for attracting customers so that those who invest in real estate can first experience success (2-3% yield after six months to a year of operation) before becoming buyers or investors in actual properties in the future.
- Another way of attracting members is by having people subscribe to the Real Estate Investment Times, the Company's owned media, which includes an online magazine and blog that publishes various real estate investment-related topics and the Company's information. Through proactive advertising and word-of-mouth, etc., the Company is increasing its membership organically at around 7,000 members per year.

The Migalo Group's Financial Strategy

Source: The Company IR materials.

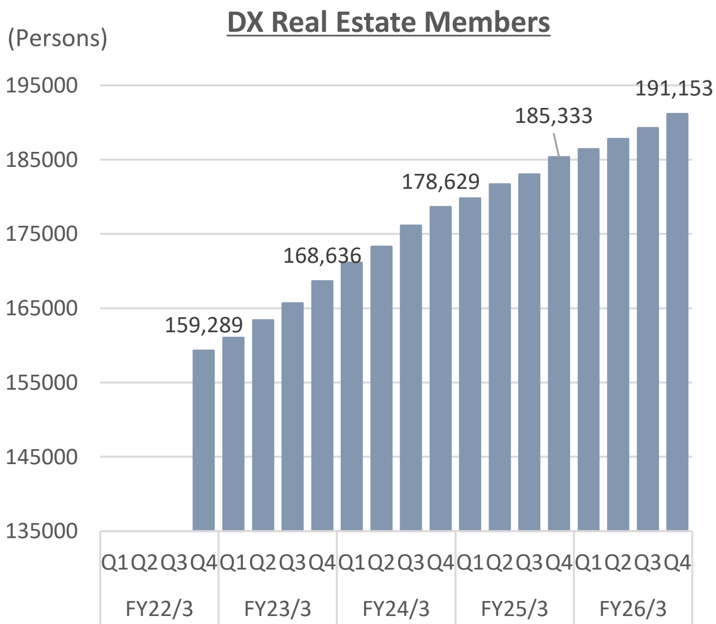
*From Q1 FY2025/3, the Company revised its calculation methodology for both the DX Real Estate Membership trends and Sales Contract trends, and retroactively adjusted these figures accordingly.

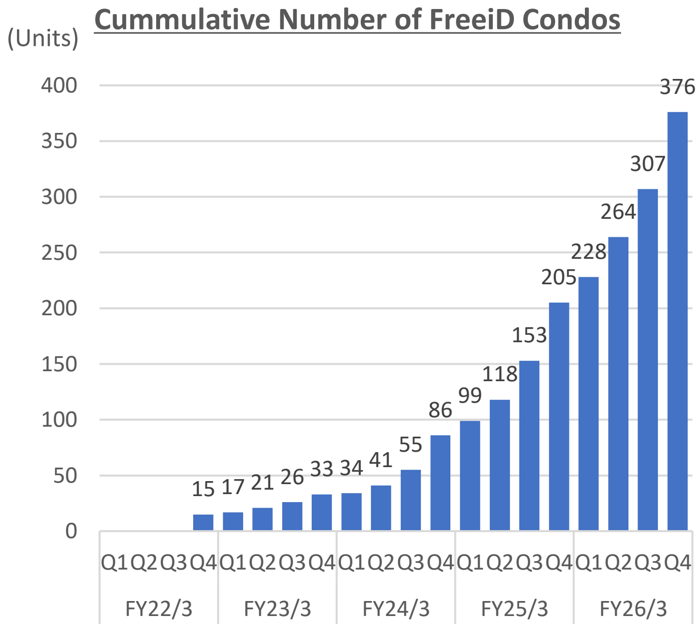
The reason the Company considers its DX Real Estate members* as its business core is that with crowdfunding, the Company (1) raises a portion of the funds from its members, (2) can use the funds raised to purchase or acquire properties, (3) develop and sell the purchased properties, and (4) distribute them (purchase and resale of pre-owned properties), while the property owners (5) entrust the Company with the rental management of their properties and pay commissions to the Company . In addition, the Company generates rental income from some of the properties it purchases and holds, and the business expands through this cycle that begins with the DX Real Estate members. Expanding data stocked on DX Real Estate members alone serves as a business model to grow the MIGALO Group's real estate circular ecosystem.

Since its establishment, the Company has focused on high asset quality properties located near train stations in around Tokyo. The main areas it deals in are the 23 wards of Tokyo, Yokohama, and Kawasaki, and most of its properties are located within a 10-minute walk of train stations.

In general, it is not always easy to purchase land or pre-owned properties that meet these requirements. However, in the Company's case, its competitive advantage lies in the' track records of relationship with various vendors (acquiring information on sites that could be cleared and simulating business profitability from the counter party's perspective) and the financial trust it has built up over its 20-year history of focusing on purchasing properties in the heart of Tokyo. In the purchasing stage, the Company thinks about its development strategy by taking a sales inventory and sales period plan so that it can create a stable sales growth trajectory while adjusting the timing of final completion and sale of the property. There is often talk about the intensifying competition with foreign players in acquiring land for development in central Tokyo, but these players typically only operate in areas featured in tourist guidebooks (such as Asakusa, Roppongi, Akasaka, etc.). The Company avoids acquiring land in these areas, and has been developing in areas such as the Nakano Station area, where redevelopment projects are taking place around the station. In addition, the Company generally does not participate in bidding, which drives up prices.

The Company is not necessarily optimistic about its profitability given the ongoing increase in the cost of building materials and manpower, as well as the cost of acquiring land. It has been managing costs, albeit gradually, by passing on the cost increases to its selling prices and fine-tuning the specifications of its condominiums.





Source: Compiled by SIR the Company IR materials.

***Benefits of FreeiD from the perspective of management companies**

1) Freedom from dealing with lost keys

- Reduces costs by eliminating the need for physical key exchanges during move-in and move-out
- Removes the physical key management process for property viewings
- Minimizes security risks by eliminating the need for dealing with lost keys

2) Freedom from sublease risk and private lodging risk

- Reduces subletting risk with entry and exit logs tied to verified identities.
- Improves property security with specifications that prevent use for short-term rentals.

*** 12 companies* adopting FreeiD as a standard feature**

- APEST Co.,LTD.
- FUDEAL CREATION Co., Ltd.
- MARIMO Co., Ltd.
- MUGEN ESTATE Co., Ltd.
- BRI Co.,Ltd.
- TOKYO MIRAIS CO.,LTD.
- RecCon'S Co., Ltd.
- Blanc Shard Co., Ltd.
- BROAD JAPAN, Inc
- SENSE TRUST Co., Ltd.
- MIZUNO HOME CO., Ltd.
- Azplanning Co., Ltd.

■ The power of DX: the development potential of all facial recognition condominiums

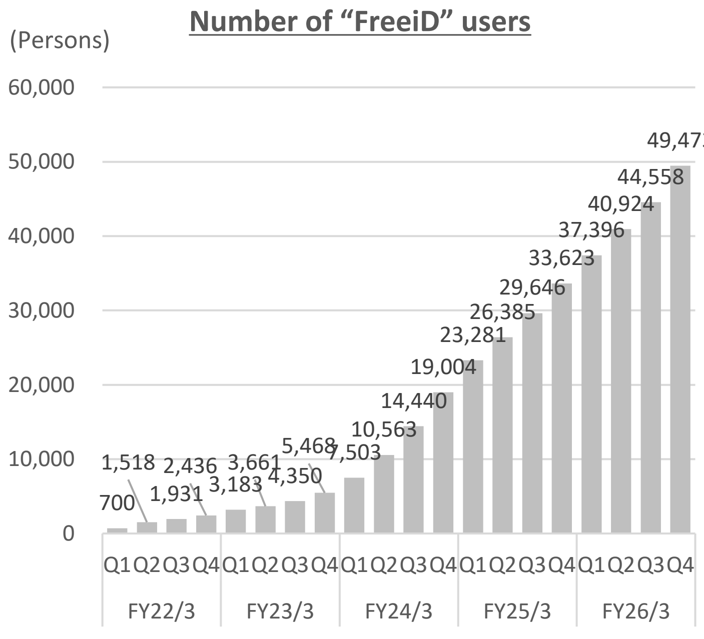
The real estate industry has many competitors, and although it is a unique asset, it is difficult to differentiate the product beyond design and functionality, and this is a factor that makes the competitive environment more challenging.

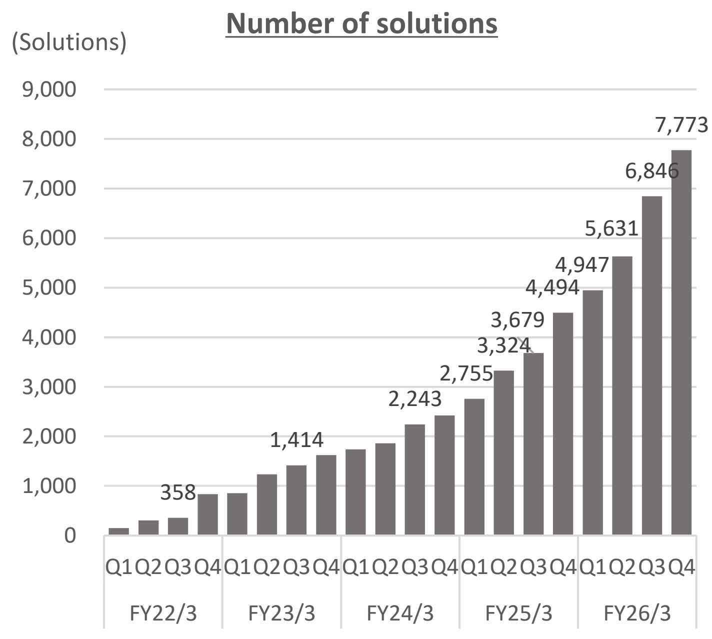
Accordingly, the Company developed the FreeiD facial recognition system, which it rolled out in its real estate business. The Company now offers all facial recognition condominiums, an IoT condominium that adds unprecedented value by eliminating the need for a key, making it contactless and making it easy to lend access remotely, thereby differentiating itself from its competitors. Specifically, these condominiums enable residents to access the entrance, parking lot, garbage collection area, package and mail boxes, elevators, and unit doors with only facial recognition and no keys.

According to the Company, customer satisfaction with the all facial recognition condominium is very high, with 97% of respondents answering "Yes" to the question, "Is the facial recognition system more convenient than conventional key?" In addition, by providing management systems designed around the operational and administrative workflows of developers and property management companies, the Company helps improve service provider productivity through the benefits outlined on the left-side comment box.

In this way, FreeiD delivers high added value to developers, property management companies, and residents through product design and implementation expertise rooted in deep knowledge of the condominium industry. It is easy to imagine that the convenience and likability of the system will not only add value to the company's DX Real Estate business, but also expand business opportunities in areas other than condominiums.

- The number of FreeiD users grew 1.5 times to 49,473 in the last twelve months, and the number of solutions (facial recognition devices) also increased 1.7 times to 7,773 units.
- The number of condominium developers adopting FreeiD as a standard feature has expanded to 12 companies* as of the end of March 2026. FreeiD is being deployed not only in condominiums for sale, but also in rental condominiums, detached houses, offices, hotels, and pilot smart city projects in collaboration with local governments.





Source: Compiled by SIR from the Company IR materials.

Facial recognition earnings model

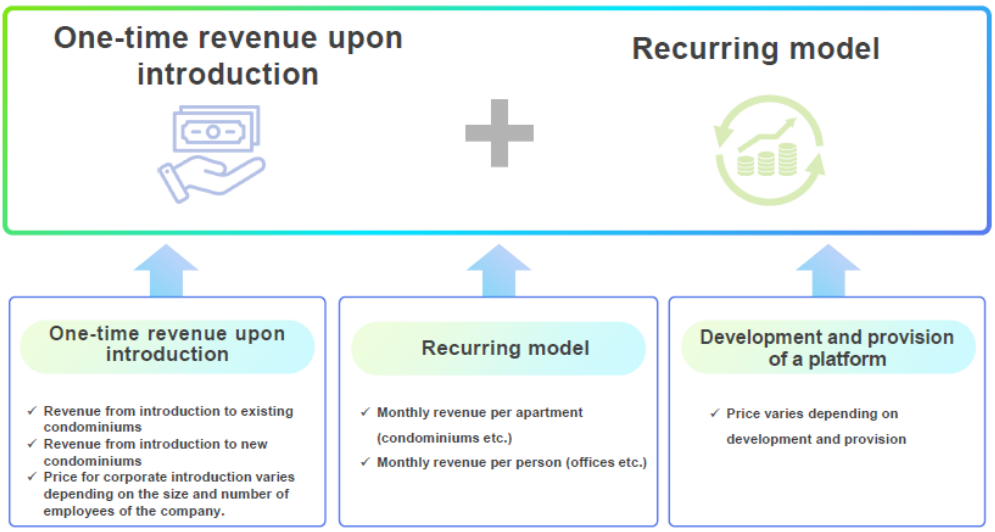
The Company estimates that the potential domain for introducing a common facial recognition ID management platform to condominiums and offices in Japan is approximately JPY 50 bn per year. The breakdown is as follows.

- The Company's approach is to provide a facial recognition key service to approximately 130,000 condominium buildings, with a total of over 6 million units in Japan, for a monthly fee of JPY 200-250 per unit, which would yield up to approximately JPY 20 bn per year. Since about half of this amount will be concentrated in around Tokyo, the potential annual flow comes out to about JPY 10 bn. The Company would collect revenue from the management association in the case of rental studio condominiums. The scheme is that the facial recognition key usage fee is incorporated into the condominium management fee paid by the owner of the rental condominium. The facial recognition condominiums attract tenants even when the monthly rent is JPY 1,000 to JPY 3,000 higher than that of the surrounding properties. Thus, even owners who bought properties at prices that are JPY 1 mn to JPY 2 mn higher than the surrounding properties appear to be satisfied with the service.
- Another potential development is in the office sector, where the Ministry of Internal Affairs and Communications estimates that there are approximately 65 million corporate businesses in Japan. If we assume that about half of them (30 million) are in urban areas, and multiply this by a monthly user unit price (assumed at JPY 99), the annual flow of facial recognition office equipment in urban areas alone could be as much as JPY 35 bn.
- Those are just the recurring revenue portion, and the business model also includes the sale of facial recognition devices (solution: about JPY 1 mn per unit) at the time of installation, so one-time revenues will be recorded.

On the other hand, from a cost perspective, since the Company has already completed the development of the underlying system, it likely incurs a certain amount of fixed costs such as additional maintenance costs. However, for the business as a whole, the gross profit margin on device installation alone, not including system amortization costs, is about 50%, and the gross profit margin for recurring revenue has reached 60% to 80%.

The Management states that recurring revenue from FreeiD monthly usage fees has been steadily approaching JPY 10 mn (roughly JPY 100 mn annually) for FY2026/3. With FreeiD's recurring revenue carrying a high gross margin of 90–95%, the Company is solidifying a structure that enables it to consistently clear the breakeven point.

Facial recognition revenue model



Source: The Company IR materials.

***An introduction to MIGALO's IP strategy:**

https://www.propertyagent.co.jp/company/intellectual-property

https://freeid.dxyz.co.jp/#features

The MIGALO Group's IP strategy in this business is not to earn income from other companies, but to acquire IP to protect the Group's business from easily being copied, and therefore, the Group does not earn patent licensing royalties.

■ Major FreeiD patent portfolio

As of March 31, 2026, the Company holds 47 granted patents, and four additional patent applications entered substantive examination during Jan–Mar 2026. The table below lists major granted patents related to FreeiD. Three patents granted in 2025 are particularly noteworthy.

- **Japanese Patent No. 7743027** protects the comprehensive system for all facial recognition condominiums. It covers the core keyless-life functionality whereby a resident photographs and registers their face via a smartphone and thereafter uses facial recognition alone — without physical keys or card keys — to unlock access continuously from the building's common entrance through to the individual unit front door.

The following two patents provide legal, exclusive rights to the Company's planned "residential-commercial mixed-use development " concept and enhance its competitive moat.

- **Japanese Patent No. 7719474** relates to a facial recognition ID platform; it protects an infrastructure that uses a hub server (FreeiD) to centrally connect multiple independent facial recognition systems from different manufacturers and developers, enabling cross-system interoperability based on a single facial registration. This allows services such as vending-machine payments (FreeiD Pay), retail payments and point accrual at Aeon, ticketing for theme parks and Sanga Stadium, and condominium auto-locks to operate seamlessly using one face ID registered on the hub. The patent therefore establishes legal defenses to make it difficult for competitors to replicate this integrated hub function.
- **Japanese Patent No. 7692586** covers a method for deleting and switching facial data without involving the property manager. Positioned as a key enabling technology for the Company's residential-commercial mixed-use development, it ensures governance of the district and seamless everyday payments. This enables the realization of autonomous ID circulation system and exceptionally low cancellation rates—even in smart city areas with high resident turnover—without increasing the operator's back-office workload.

Functional Areas	What FreeiD can do	Patent Number	Registration date
Facial recognition ID platform	This enables the transmission of facial feature vectors optimized for different recognition engines, all derived from a single source image. With a one-time enrollment in the application, the registered face data can be employed across multiple face recognition engines. This flexibility allows users to select the optimal engine and device based on their location and operational requirements.	6839313 6985460 7038887 7230074 7719474	2021/3 2021/11 2022/3 2023/2 2025/8
Unify all service and application IDs with facial authentication	Service- and application-specific IDs can be seamlessly integrated via the face recognition ID platform. This enables users to authenticate by face and gain rapid, secure access across multiple services.	7096939	2022/6
Manage facial images via secret-sharing for enhanced security	Facial images are converted into encoded strings and, following predefined rules, split into multiple segments. Those segments are then linked to user identification data and distributed across several data stores for storage. This approach ensures that sensitive facial image data is processed and stored in a highly secure manner.	7151015	2022/9
Integration with a wide range of residential systems	automatic doors, parcel lockers, elevators, individual unit doors, and more—enables face recognition to unlock entry points and manage access permissions. By linking parcel lockers and elevators to unit numbers, the platform can automatically unlock the designated locker and dispatch an elevator to the resident's floor. A One-Time Key Lending feature grants temporary, secure access to non-resident family members and friends.	6690074 6799223 6858914 6804678 6896131 6829789 7096941 7743027	2020/4 2020/11 2021/3 2020/12 2021/3 2021/1 2022/6 2025/9
Various functions	The system has the ability to accept office visitors using facial recognition and to allow entry to private areas only at designated times. The Company also holds patents for delivery and food reservation functions.	7038877 7055924 7245377	2022/3 2022/4 2023/3
Secure Self-Contained Face Registration and Transfer	Upon the sale or transfer of a condominium unit, or when a tenant relocates, the resident can securely and autonomously delete the previous occupant's facial data and complete their own new face registration without involving the property manager or homeowners' association, relying solely on possession verification of a physical security token (e.g., an IC card or PassLogic one-time password).	7692586	2025/5

Source: Compiled by SIR from the Company IR materials and website.

Creating New Business Models

■ A residential-commercial mixed-use development concept based on a facial recognition ID platform

The promotion of FreeiD involves implementing it to condominiums, offices, nurseries, and construction sites, etc., as well as using the facial recognition ID platform for payments and collaboration with local governments.

As part of its efforts to further enhance the added value of the all facial recognition condominium offering, the Company is promoting a residential-commercial mixed-use development concept based on a Facial Recognition ID Platform.

MIGALO-subsidiary DXYZ Co., Ltd. aims to create a "world connected by your face" through its FreeiD facial recognition ID platform. It is working to build a world where people can live without keys, wallets, or smartphones, by simply registering your face once and using facial recognition to connect various daily activities (such as building entry/exit, personal identification, payment, etc.).

The number of facial recognition service implementations has been increasing considerably in Japan. Familiar examples that many people have experienced include the facial recognition gate at Haneda Airport's Terminal 3 immigration checkpoint (checking against IC passports) and the facial recognition entrance/exit system at Fuji-Q Highland.

Unlike the traditional areas centered on condominiums where FreeiD has been implemented, two areas that are attracting attention as groundbreaking developments are the Company's first overseas expansion providing facial recognition employee attendance management integrated with the human resources system of Tsuneishi Shipbuilding at its base in Timor-Leste, and the “shopping with nothing but your face” pilot project providing the FreeiD Pay facial recognition payment service using the AEON Card at AEON Mall Tokoname.

The TECH MEETS Aichi Digital Island Project is the third implementation of facial recognition payments, following on from the previous implementations in Kameoka City, Kyoto Prefecture, the Sanga Stadium by KYOCERA, and Kamikawa town in Hokkaido.

***Click here to see videos of the TECH MEETS Aichi Digital Island Project**

https://youtu.be/ifK-KTyKTog

The Company provided the FreeiD Pay facial recognition payment service at AEON Mall Tokoname as part of the TECH MEETS Aichi Digital Island Project* for a total of six days from January 24 to 26, 2025, and February 22 to 24, 2025, and held the “shopping with nothing but your face” pilot project. With 346 users, 1,173 transactions, and approximately JPY 3.5 mn in payments, the results surpassed the previous pilot conducted at SHINAGAWA TECH SHOWCASE in 2024 (approximately JPY 240,000 in payments over three days), with daily payments exceeding seven times the previous amount. Additionally, over 95% of users expressed a positive opinion of the facial recognition payment service, and over 65% reported that using only their face to make payments made them feel more relaxed about spending money than usual.

Based on the pilot project results, the Company saw potential for improving average customer spending through the use of facial recognition payments and for expanding the FreeiD Point service, as FreeiD Pay was well received by a wide range of age groups.

SIR believes that this is a groundbreaking development because AEON Bank, which operates the AEON Pay QR code payment service, is a partner in the project although it is only for a limited time, and because there is potential for future development of a smart city concept in the area surrounding AEON Mall Tokoname.

New Developments in DX Promotion Business

■ Productivity gains confirmed even in the DX Promotion business

As shown in the exhibit, lower left on this page, the number of IT personnel temporarily declined from 369 at the end of December 2025 to 342 at the end of March 2026. This was attributed mainly to expected seasonal factors associated with the completion of fiscal year-end projects—primarily natural attrition and contract-staff turnover in roughly equal measure—and does not reflect any intention to reduce headcount. More importantly, through redeployment and reinforcement of previously underutilized personnel, the number of client companies supported by the DX Promotion business increased by 83 YoY to 397, while the number of active SI projects surged 49% YoY to 450. These developments demonstrate a clear improvement in per-capita productivity.

■ In-house proven "Sales-Meeting Analysis AI" : a powerful sales differentiator

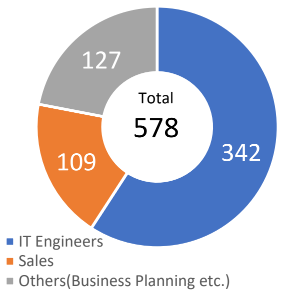
The Company has launched a freemium strategy for its "Sales-Meeting Analysis AI," offering about six months of free access to analyze sales-meeting videos in collaboration with group companies Avant Corporation and TIERO Inc.

- The tool is being trialed within the group at PROPERTY AGENT, Inc. to boost sales productivity, where it reportedly cut minutes spent on meeting minutes by 95%, automated CRM integration, and reduced role-play time by 73%.
- Specifically, meeting outcomes are auto-entered into various tools and systems, while the AI analyzes bottlenecks and generates next-step recommendations for customers.
- The Company intends to use the "Sales-Meeting Analysis AI" purely as a hook, engaging closely with prospects who adopt it to offer data-cleaning consulting and to spur upstream, large-scale customized projects such as core-system renewals, thereby functioning as a front-end for higher-value engagements.

This marketing process is refined through rapid PDCA cycles using PROPERTY AGENT as a testbed, and the fact that it has produced demonstrable results is a key differentiator. That credibility—unlike a typical software vendor's pitch—is expected to drive conversion from free use to paid, advanced system-development engagements.

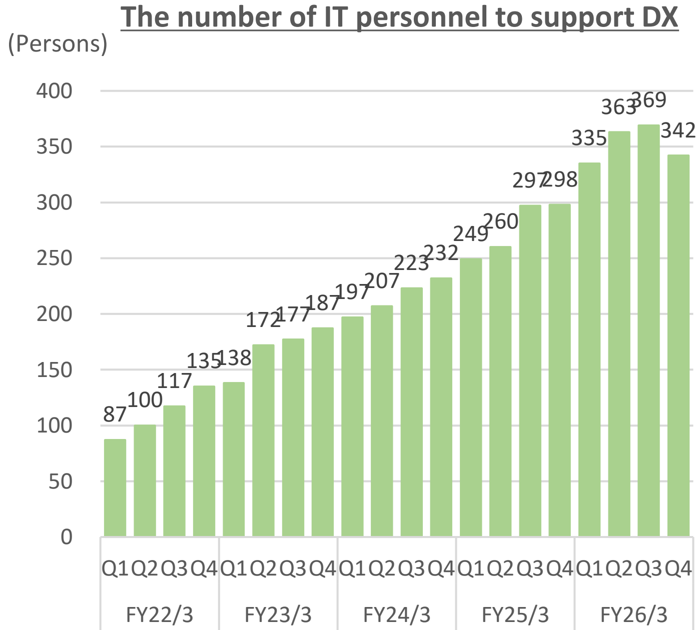
Group-wide job composition

(as of the end of Mar 2026)

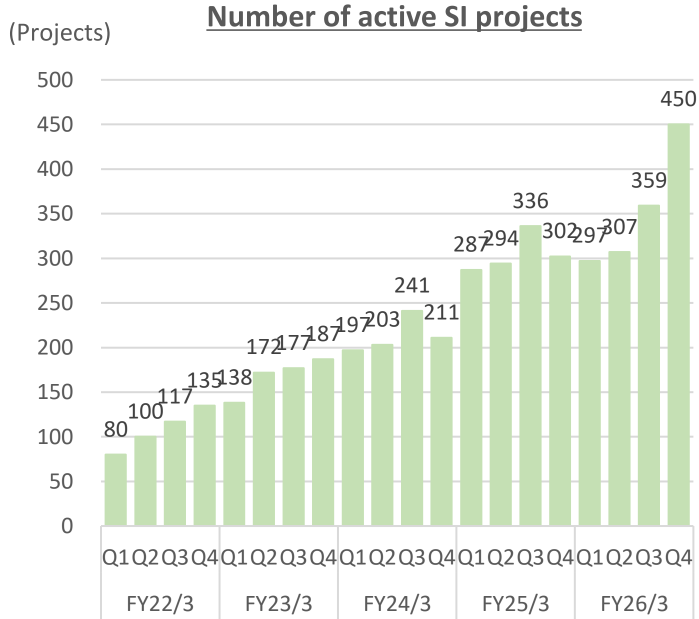


Source : Company IR materials

The number of IT personnel to support DX



Number of active SI projects



Source : The Company IR materials.

FY2026/3 Results Review

■ Confirmed a qualitative shift in profit mix and productivity improvement

Net sales increased 11.3% YoY to JPY 57,532 mn, operating profit increased 12.8% YoY to JPY 3,061 mn. Adjustments to the timing of handovers for newly built properties in the DX Real Estate business caused net sales to fall short of the initial plan of JPY 60,000 mn. Conversely, earlier-than-expected positive profitability in the DX Promotion business, together with higher selling prices in the DX Real Estate business, drove operating profit above the second upwardly revised guidance of JPY 3,000 mn.

- The **DX Promotion** business sales increased 19% YoY to JPY 4,479, driven by 1) the expansion of the FreeiD to major developers, 2) additional revenue contributions from TeraWebCreate, Inc. and U-System Creation Inc., both acquired through M&A deals, and 3) new project acquisitions by leveraging intra-group synergies in cloud integration.
- As the implementation base of FreeiD expands, the DX Promotion business is transitioning from a model that relied on one-time spot revenue at implementation, driven by sales of its solutions (facial recognition devices), to one that steadily builds recurring revenue. Outside facial recognition, both order volume and order prices are also rising in the Digital Integration (DI) business. These factors combined drove the segment into the black, with full-year segment profit coming in at JPY 366 mn, the Company attributes approximately one-third each to expansion of FreeiD, M&A-driven incremental profit, and growth in the DI business.
- This positive profitability came one year ahead of the Company's initial plan, which had projected profitability from FY2027/3. Overall, the Company has effectively accelerated the payback on its upfront investments. This clearly shows that its two pillars of DX Real Estate and DX Promotion have begun to mesh powerfully and pick up speed, which indicates a qualitative shift in profit mix, on SIR's opinion.

- The **DX Real Estate** business progressed as planned, with higher investment condominiums prices and improvements in gross profit on pre-owned properties. In addition, recurring revenue also underpinned profits, with the average occupancy rate exceeding 99% and the number of rental units under management rising by 807 units YoY to 7,272 units. The Company's focus on compact condominiums and the added value of standard FreeiD installation have directly contributed to higher customer satisfaction and differentiation. As a result, full-year net sales increased 10.8% YoY to JPY 53,247 mn, and operating profit rose 9.8% YoY to JPY 4,241 mn
- On a Q4 (Jan-Mar) basis, sales volumes rose materially, with 48 additional new-build investment units and 32 additional pre-owned investment units YoY. The Company does not segregate sales resources between new and pre-owned inventory; each salesperson handles both categories. Where a focus on new-build sales would typically depress pre-owned throughput, the DX Real Estate salesforce benefited from DX support provided by the Group's digital-integration team, lifting sales productivity to roughly 1.2–1.3x YoY and translating into higher unit sales.
- As a result of the upside in profitability, the Company intentionally deferred delivery of a portion of Q4 new-build handovers into Q1 of FY2027/3 to maximize project profits.

■ The Company's balance sheet has been strengthened

As of the end of FY2026/3, its equity ratio improved to 26.3% and its net D/E ratio improved to 1.70x, strengthening the Company's financial capacity to secure investment funding for future growth. With improved equity ratio, the Company will increasingly leverage indirect financing and allocate funds to acquire development land (inventory) to achieve its JPY 100 bn DX Real Estate sales target for FY2029/3. Actual ROE, however, declined modestly to 10.9%.

FY2027/3 The Company Full-year Forecast

■Positioning of FY2027/3 unchanged as an “investment period"

The Company projects net sales to rise 13% YoY to JPY 65,000 mn, operating profit to increase 7.8% YoY to JPY 3,300 mn, ordinary profit to grow 4.4% YoY to JPY 2,450 mn, and net profit to decrease 4.6% YoY to JPY 1,500 mn. The Company has not disclosed earnings forecasts by segment.

- The **DX Real Estate business** expects sales to be skewed toward H1, driven by continued strength in buy-and-resell activity for resale properties and by recognition in Q1 of sales carried over from the prior fiscal year; handovers of newly built properties are also scheduled to concentrate in Q2. Meanwhile, the supply chain for oil-derived construction materials has tightened relative to the prior year, creating the property sector-wide risks that could prompt price revisions or order restrictions by material manufacturers from early summer through autumn. The Management says that, while there is currently no indication of multi-month delays to new-build completions, the sales schedule has been planned on the assumption that any modest slippage can be absorbed in Q4, and therefore downside to the Company’s earnings outlook should be limited if sales proceed as planned.
- Regarding financing costs, assuming the Bank of Japan’s policy rate remains at 0.75% and the Company’s interest-bearing debt balance is largely unchanged, the Company projects an increase in interest expense of approximately JPY 40 mn in the first six months versus the prior year and has incorporated this into its ordinary profit forecast.

- In the **DX Promotion business**, top-line is expected to be driven by continued expansion of FreeiD in the condominium market, rising new orders for digital integration services, and an increase in active DX system-development projects. The Management expects double-digit growth for FreeiD-related sales. At the same time, the Company has budgeted an incremental cost increase of approximately JPY 100–200 mn in the initial plan to bolster FreeiD-related marketing and hiring; accordingly, it is conservatively forecasting segment profit of roughly JPY 150–200 mn at the outset. These expenditures are treated as up-front investments—covering IT engineer recruitment, system development and brand advertising—and the Company intends to deploy about 70% of the proceeds from the September 2025 equity finance over the next two years to fund them; therefore, a temporary stagnation in segment profit year-on-year is not surprising. The Management’s strategic view is that the payback from these investments will begin to materialize in FY2028/3, driving a step-change in the DX Promotion segment’s earnings.

Segment Information

Segments	(JPY mn)	FY26/3 Act.	YoY (%)	FY27/3 CE	FY25/3 Apr-Jun	FY26/3 Apr-Jun	YoY (%)	FY25/3 Jul-Sep	FY26/3 Jul-Sep	YoY (%)	FY25/3 Oct-Dec	FY26/3 Oct-Dec	YoY (%)	FY25/3 Jan-Mar	FY26/3 Jan-Mar	YoY (%)
DX Promotion	Net Sales	**4,479**	*19.0*		**783**	**798**	*1.9*	**891**	**939**	*5.4*	**970**	**1,247**	*28.6*	**1,121**	**1,495**	*33.3*
	Operating Profit	**366**			**(72)**	**(83)**	-	**25**	**0**	-	**(9)**	**164**	*Turn Profit*	**131**	**285**	*117.0*
	OP Margin	8.2%			-9.3%	-10.4%		2.9%	0.0%		-1.0%	13.2%		11.7%	19.1%	
DX Real Estate	Net Sales	**53,247**	*10.8*		**12,915**	**13,505**	*4.6*	**15,447**	**14,474**	*(6.3)*	**9,409**	**9,215**	*-2.1*	**10,300**	**16,053**	*55.8*
	Operating Profit	**4,241**	*9.8*		**1,095**	**1,325**	*21.0*	**1,349**	**1,430**	*6.0*	**691**	**532**	*-23.1*	**727**	**954**	*31.2*
	OP Margin	8.0%			8.5%	9.8%		8.7%	9.9%		7.3%	5.8%		7.1%	5.9%	
Total	Net Sales	**57,532**	*11.3*	**65,000**	**13,671**	**14,272**	*4.4*	**16,330**	**15,378**	*(5.8)*	**10,340**	**10,408**	*0.7*	**11,368**	**17,474**	*53.7*
	Operating Profit	**3,061**	*12.8*	**3,300**	**792**	**975**	*23.1*	**1,143**	**1,131**	*(1.0)*	**408**	**363**	*-10.8*	**370**	**592**	*60.1*
	OP Margin	5.3%		5.1%	5.8%	6.8%		7.0%	7.4%		3.9%	3.5%		3.3%	3.4%	

Source : Compiled by SIR from the Company IR materials. Note: Figures may differ from the Company’s materials due to differences in SIR’s financial data processing and the Company’s reporting standards.

Share Price Insights

■ Already undervalued, waiting for catalysts while making time correction

Although the Company cleared the TSE Prime Market maintenance threshold of a tradable share market capitalization of JPY 10.0 bn for Jan–Mar 2026, the Company's share price has corrected to a new 52-week low after the FY2026/3 results announcement. SIR views this as at least partly driven by investor disappointment with the Company's profit-growth guidance for FY2027/3 and shareholder-return plans.

On a single-year earnings forecast basis, the valuation implied by the recent share price of JPY 278 (a closing price of July 13) stands at a forward P/E ratio of approximately 12x based on the Company's FY2027/3 forecast, a P/B ratio of approximately 1.2x based on BPS of JPY 235 as of the end of March 2026, and an expected dividend yield of 3.24%. Taking into account the Company's ongoing, dramatic shift in business structure and its move toward a business model that builds high-margin recurring revenue protected by patents, SIR thinks the share should be undervalued, even after factoring in an expected ROE of about 10% for FY2027/3.

Near-term headwinds are strong and common to the real-estate sector — supply-chain risks such as possible delivery delays and price revisions for some construction materials driven by geopolitical factors, plus interest-rate upside risk. In the Company's case, however, risk management is thorough via manufacturer monitoring and updates to yield and rent-sensitivity scenarios. Indeed, as demonstrated by transactions at other properties that achieved rents above local market levels, the digital value-add appears to function as a powerful buffer that offsets the risk of rising property input costs.

On the other hand, potential positive catalysts include announcements of FreeiD adoption and deployment by major-name developers and the Company's participation in large-scale residential-commercial mixed-use development projects becoming a concrete reality. SIR views these as largely a matter of timing rather than if.

Therefore, SIR believes the recent depressed valuation — caused by noise around the current conservative earnings outlook assumptions — implies more upside than downside, and thus represents an exceptionally attractive entry opportunity for investors focused on medium- to long-term corporate value appreciation.

Consolidated Income Statement

JPY mn, %	FY2022/3 C	FY2023/3 C	FY2024/3 C	FY2025/3 C	FY2026/3 C	FY2027/3 (CE)
Total Revenue	**35,186**	**37,260**	**42,672**	**51,709**	**57,532**	**65,000**
Cost of Sales	29,555	30,259	35,594	43,636	48,358	
Gross Profit	5,631	7,001	7,079	8,073	9,174	
Gross Margin	*16.0*	*18.8*	*16.6*	*15.6*	*15.9*	
Selling, General and Administrative Expenses	3,422	4,081	4,578	5,360	6,113	
Operating Profit	**2,209**	**2,920**	**2,500**	**2,713**	**3,061**	**3,300**
Operating Profict Margin	***6.3***	***7.8***	***5.9***	***5.2***	***5.3***	***5.1***
Non-Operating Income	57	32	21	30	34	
Interest and Dividends Income	3	4	6	18	22	
Non-Operating Expenses	347	434	479	622	748	
Interest Expenses	234	280	322	480	618	
Ordinary Profit	**1,919**	**2,519**	**2,042**	**2,122**	**2,347**	**2,450**
Ordinary Profit Margin	***5.5***	***6.8***	***4.8***	***4.1***	***4.1***	***3.8***
Extraordinary Gains/Losses	16		(132)	191	(93)	
Extraordinary Gain	16			214		
Extraordinary Loss			132	23	93	
Pretax Profit	**1,935**	**2,519**	**1,910**	**2,313**	**2,255**	
Pretax Profit Margin	*5.5*	*6.8*	*4.5*	*4.5*	*3.9*	
Income Taxes	710	926	787	926	790	
Income Taxes - Current	757	1,006	792	964	908	
Income Taxes - Deferred	(47)	(80)	(5)	(37)	(118)	
Net Profit Attribute to parent company shareholders	**1,217**	**1,577**	**1,113**	**1,391**	**1,434**	**1,500**
Net Profit Margin (Attribute to parent company shareholders)	***3.5***	***4.2***	***2.6***	***2.7***	***2.5***	***2.3***
EBITDA	**2,305**	**3,019**	**2,605**	**2,832**	**3,181**	**3,420**
EBITDA Margin	***6.6***	***8.1***	***6.1***	***5.5***	***5.5***	***5.3***

(Per Share Information: JPY)						
Dividends per Share	3.38	5.00	5.63	7.00	8.50	9.00
EPS	20.85	26.99	19.13	23.79	23.44	23.33
Diluted EPS	20.71	26.86	19.09	23.52	23.17	
BPS	139.23	162.85	177.32	190.21	234.76	
(Liquidity & Leverage)						
Current Ratio, %	287.9	185.2	200.4	222.4	239.0	
Cash/Total Assets, %	24.7	15.7	18.4	12.6	17.4	
Shareholders' Equity Ratio, %	25.5	21.8	21.4	20.5	26.4	
Financial Leverage X	3.93	4.58	4.68	4.88	3.78	
D/E Ratio X	2.46	3.04	3.13	3.43	2.35	
Net D/E Ratio X	1.49	2.32	2.27	2.82	1.69	

Note: Financial data up to FY 2023/3 is from the predecessor company, Property Agent Inc. (3464).
Source: Compiled by SIR from SPEEDA data.

Consolidated Balance Sheet / Statements of Cash Flows

JPY mn	FY2022/3 C	FY2023/3 C	FY2024/3 C	FY2025/3 C	FY2026/3 C
Total Assets	**31,982**	**43,442**	**48,446**	**54,506**	**57,308**
Current Assets	**30,585**	**41,850**	**46,423**	**52,457**	**54,868**
Cash Cash Equivalents And Short-term Investments	7,908	6,819	8,898	6,895	9,969
Accounts Receivables	177	329	510	581	744
Inventories	21,955	33,829	36,330	44,218	**43,210**
Non-Current Assets	**1,397**	**1,592**	**2,023**	**2,049**	**2,440**
Property, Plant & Equipment (PPE)	186	174	154	185	331
Intangible Assets	353	411	809	972	1,104
Investments and Other Assets	858	1,007	1,061	892	1,005
Investment Securities	*502*	*539*	*468*	*232*	*222*
Allowance for Doubtful Accounts - Fixed	(149)	(139)	(139)	(139)	(139)
Deferred Tax Assets - Non-Current	31		366	421	546
Current Liabilities	**10,623**	**22,596**	**23,162**	**23,585**	**22,953**
Trade Payables	1,172	2,179	1,948	1,219	2,198
Accounts Payable - Other and Accrued Expenses	448	570	743	727	1,034
Short-Term Debt	7,031	17,679	17,880	19,064	17,053
Short-Term Borrowings	*4,272*	*9,834*	*9,719*	*10,165*	*8,592*
Current Portion of Long-term Debt	*2,759*	*7,845*	*8,160*	*8,899*	*8,461*
Advances Received	84	133			
Non-Current Liabilities	**13,139**	**11,274**	**14,828**	**19,648**	**18,997**
Long-Term Borrowings	*12,257*	*10,325*	*13,788*	*19,052*	*18,013*
Straight Bonds	*770*	*802*	*734*	*266*	*518*
Total Shareholders' Equity	**8,145**	**9,478**	**10,357**	**11,177**	**15,142**
Capital Stock	616	617	73	80	1,559
Capital Surplus	534	536	1,098	601	2,062
Retained Earnings	6,907	8,286	9,109	10,499	11,524
Share Warrants	7	8	6	46	**46**

JPY mn	FY2022/3 C	FY2023/3 C	FY2024/3 C	FY2025/3 C	FY2026/3 C
Cash Flows from Operating Activities	**127**	**(9,307)**	**(691)**	**(7,305)**	**3,800**
Depreciation and Amortization - CF	96	99	105	119	120
Cash Flows from Investing Activities	**28**	**(286)**	**(360)**	**(103)**	**(51)**
Proceeds from Sales of Securities and Inv. Securities	(195)	(90)		269	
Payments for Purchases of Stocks of Subs and Affiliates					
Purchases/Sales of PPE	(15)	(22)	(4)	(60)	(4)
Purchases/Sales of Intangible Assets	(59)	(49)	(48)	(92)	(159)
Cash Flows from Financial Activities	**2,560**	**8,504**	**3,130**	**5,390**	**(662)**
Proceeds from Short-Term Borrowings	514	5,561	(114)	407	(1,494)
Proceeds from Long-Term Borrowings	9,287	9,209	12,622	15,370	11,839
Proceeds from Issuance of Bonds	200	100			300
Repayments of Long-Term Borrowings	(7,220)	(5,655)	(9,027)	(9,826)	(13,383)
Redemption of Bonds	(48)	(468)	(68)	(68)	(468)
Proceeds from Issuance of Stock	17	2	9	11	2,958
Redemption/Retirement of Stock		(48)		0	
Cash Dividends Paid	(189)	(197)	(291)	(504)	(410)
Changes in Cash	2,716	(1,089)	2,079	(2,019)	3,087
Cash & Cash Equivalent - Beginning	5,182	7,898	6,809	8,888	6,869
Cash & Cash Equivalent - Ending	7,898	6,809	8,888	6,869	9,956
Free Cash Flow (FCF)	**155**	**(9,593)**	**(1,051)**	**(7,408)**	**3,749**

Note: Financial data up to FY2023/3 is from the predecessor company, Property Agent Inc. (3464).
Source: Compiled by SIR from SPEEDA data.

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