

FY2023 Q3

Financial Results Briefing Materials

 *Property Data Bank, Inc.*

Ticker 4389

February 7, 2024

(2023 Apr ~ 2023 Dec)

Summary of financial results for the third quarter of the fiscal year ending March 2024

FY2023 Q3 performance summary (consolidated)

Sales decreased by 1.9% YoY due to sluggish sales of solution services.
Operating income decreased by 46.8% YoY due to worsening gross PM and increased SG&A.

Sales

1,776 Mil yen
(-1.9% YoY)

**Ordinary
Profit**

201 Mil yen
(-46.7% YoY)

**Operating
Profit**

201 Mil yen
(-46.8% YoY)

**Quarter
Net Profit**

136 Mil yen
(-56.7% YoY)

※ Rounded down to nearest million yen

Property Data Bank



■ Stable expansion of “@property”

- Continue to increase the size of BPR projects in solution services
- Cloud services aim to increase project size through ERP proposals
- Expanding proposals to general business companies

New service

■ Starting to develop new services

- Developing multiple new services
 - Speed ANSWER for Web (tentative name)
 - DX platform
- @knowledge will be completely renewed this summer
- BIM promotes commercialization



- Multiple projects expanded beyond initial expectations. As a result, the projects took a long time, and the timing of recording sales was pushed back.

- Demands are strong still, and projects continue to grow in size.



New service

■ @commerce

Joined at an exhibition in December and currently negotiating with many potential customers.

- @knowledge was released as a service at the end of December
→ Started using in multiple companies

- Announcing basic agreement for business partnership with Future Standard Co., Ltd. (November 27th)

Property Data Technos

document management solution

- Expanding real estate-related document digitization services
- Expanding proposals for document management solutions
- Entering BPO business

*BPO (Business Process Outsourcing) Outsourcing a part of the business process from planning and design to implementation to a specialist company.



Property Data Technos

- Document management solutions are on the rise, but overall results are below plan
- BPO business was unable to acquire customers as planned

Property Data Science



- Focus on expanding sales by converting "Speed ANSWER" into a comprehensive store operation management service that handles everything from the store opening stage to post-opening operation management.



Property Data Science

- In the October-December period, model creation orders expanded, and sales increased. These moves toward increasing recurring income from next FY.
- On the other hand, there were several cancellations, so there was no significant increase overall.

Performance highlights for FY2023 Q3 (Comparison with the previous year)

Solution project sales significantly fell short of plan

- Although cloud services are steadily expanding, overall sales and profits decreased due to delays in recording sales of solution projects.
- Sales of subsidiaries continue to expand, but that did not affect the consolidated sales.

(Million Yen)		FY2022 3Q Results (consolidated)	FY2023 3Q Results (consolidated)	% Change
Net sales (consolidated)		1,811	1,776	△1.9%
Property Data Bank	Cloud services	1,118	1,225	+9.6%
	Solution services	583	375	△35.6%
Property Data Technos		103	162	+57.1%
Property Data Science		9	15	+59.9%
Operating profit		378	201	△46.8%
Ordinary profit		378	201	△46.7%
Profit attributable to shareholders of the parent company		314	136	△56.7%

* Rounded down to nearest million yen

* Before elimination of inter-segment business

Earnings forecast : downward revision

Results have been significantly revised downward due to the failure of solution projects and slump in subsidiary profits.

- The reasons for the failure of solution projects are delay in the timing of sales recording due to the project becoming more complicated and larger than expected, and a slump in subsidiaries.
- Performance improvement measures and new group strategy would be announced at the end of March.

(Million Yen)		FY2023 Full year plan Previously announced forecast	FY2023 Full year plan Revised forecast	Achieving rate against the forecast %
Net sales (consolidated)		3,420	2,520	△26.3%
Property Data Bank	Cloud services	1,680	1,641	△2.3%
	Solution services	1,240	644	△48.1%
Property Data Technos		300	215	△28.1%
Property Data Science		200	18	△90.5%
Operating profit		822	360	△56.2%
Ordinary profit		822	361	△56.1%
Profit attributable to the owner of the parent company		559	246	△56.0%

* Rounded down to nearest million yen

* Before elimination of inter-segment business

Factors affected to downward revision

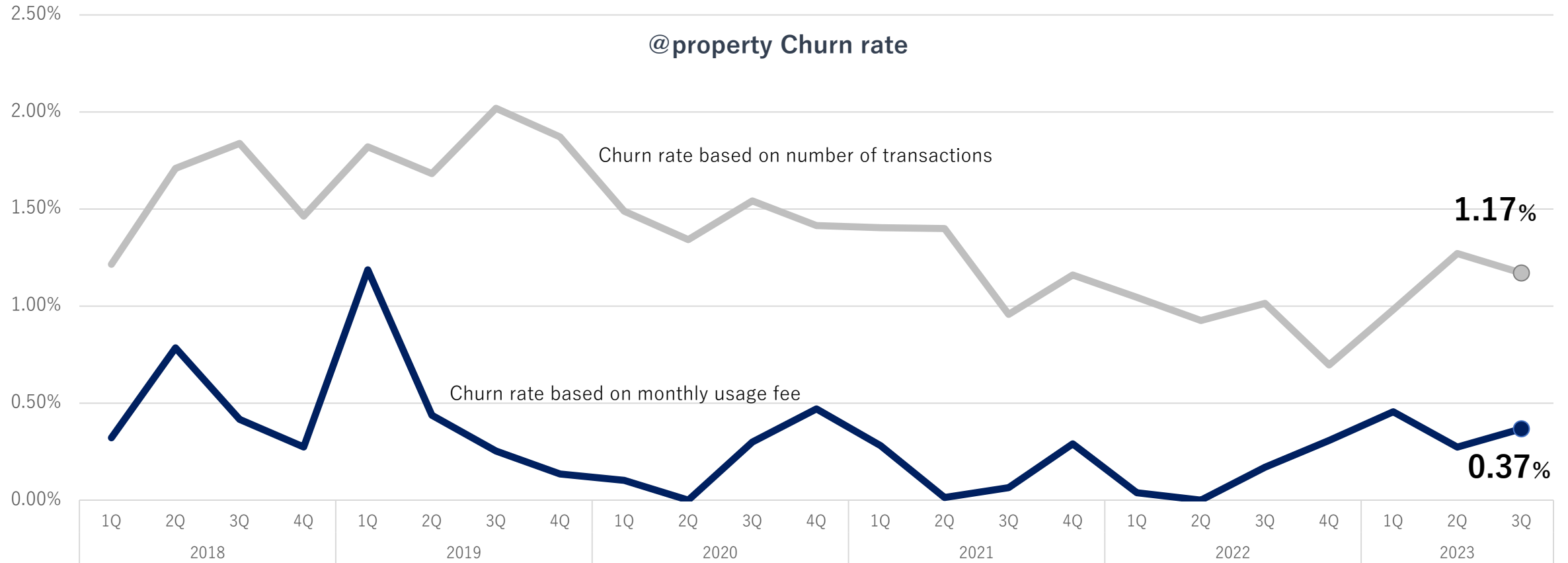
		Factor analysis	background
Sales not achieved	GP affected by downward sales ▲450 million yen	<ul style="list-style-type: none"> • Delay in sales recording due to more complicated and larger size of projects • Sales slump at subsidiaries 	<ul style="list-style-type: none"> • In several projects, the scope of the project expanded beyond the original plan, resulting in an expansion of the period and amount. As a result, the timing for recording sales has been pushed back. (Currently, delayed projects are being restarted) • Subsidiary PDT: The decline in existing businesses was larger than expected. PDS: Unable to receive orders for large-scale projects as expected
Deterioration in cost of sales ratio	Approximately +5% compared to the previous year	<ul style="list-style-type: none"> • Increase in outsourcing costs and fixed costs • Depreciation expenses decreased 	<ul style="list-style-type: none"> - Keeping development team was not evitable as the number of projects would be increased in near future. - Training costs were incurred for this year (as we are expanding the number of vendors)
Deterioration of operating profit margin	▲14.6% compared to the previous year	<ul style="list-style-type: none"> • Significant increase in SG&A expenses (+120 million yen) Payment fees - Branding costs (Details to be announced at the end of March) - Increase in mid-career recruitment costs - Increase in outsourcing costs - Salary increase (compared to previous year) - Strengthening the management department 	<ul style="list-style-type: none"> • The costs of improving administration were higher than expected. *Unavoidable costs to support our company's growth in the medium to long term

■ The following information will be announced in late March.

- ① In response to this downward revision, our internal countermeasures
- ② New group strategy including M&A project (REIVO) and business alliance (Future Standard)

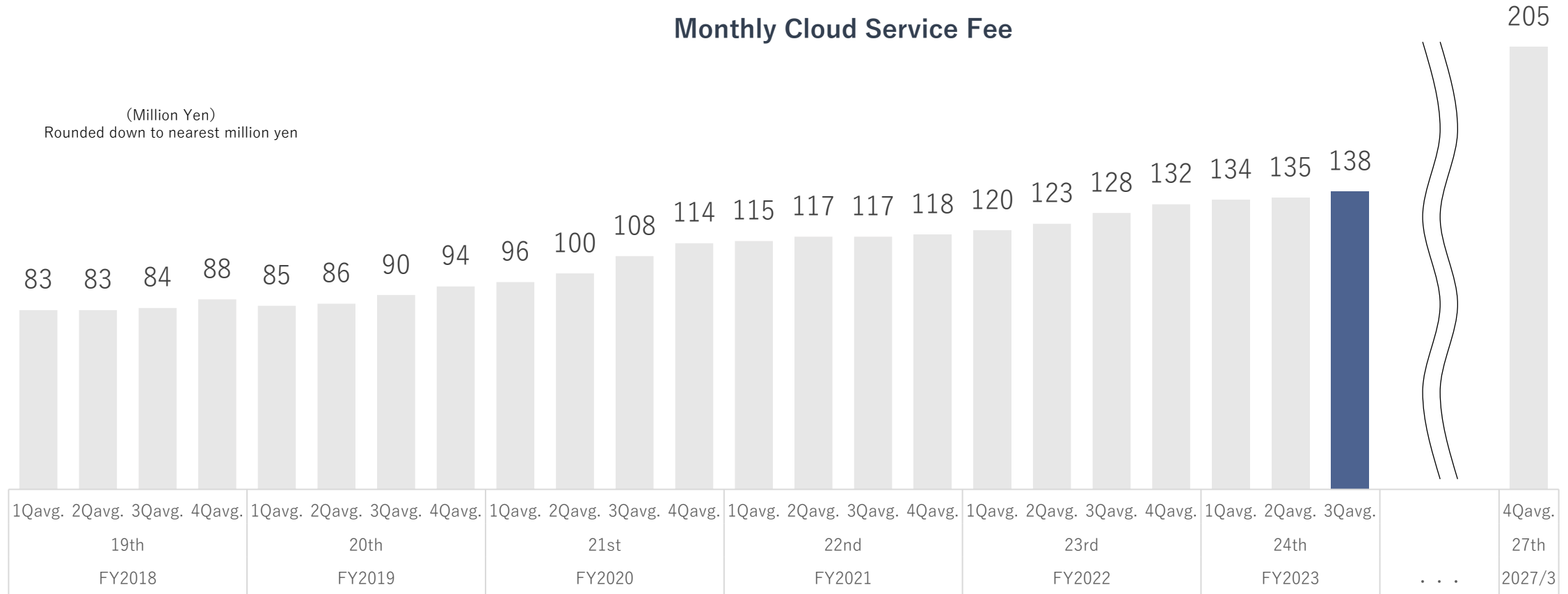
KPI @Property Churn Rate

Churn rate based on number of transactions is 1.17%, Churn rate based on monthly usage fee is 0.37%
Customers who have low monthly usage fees tend to cancel their contracts.



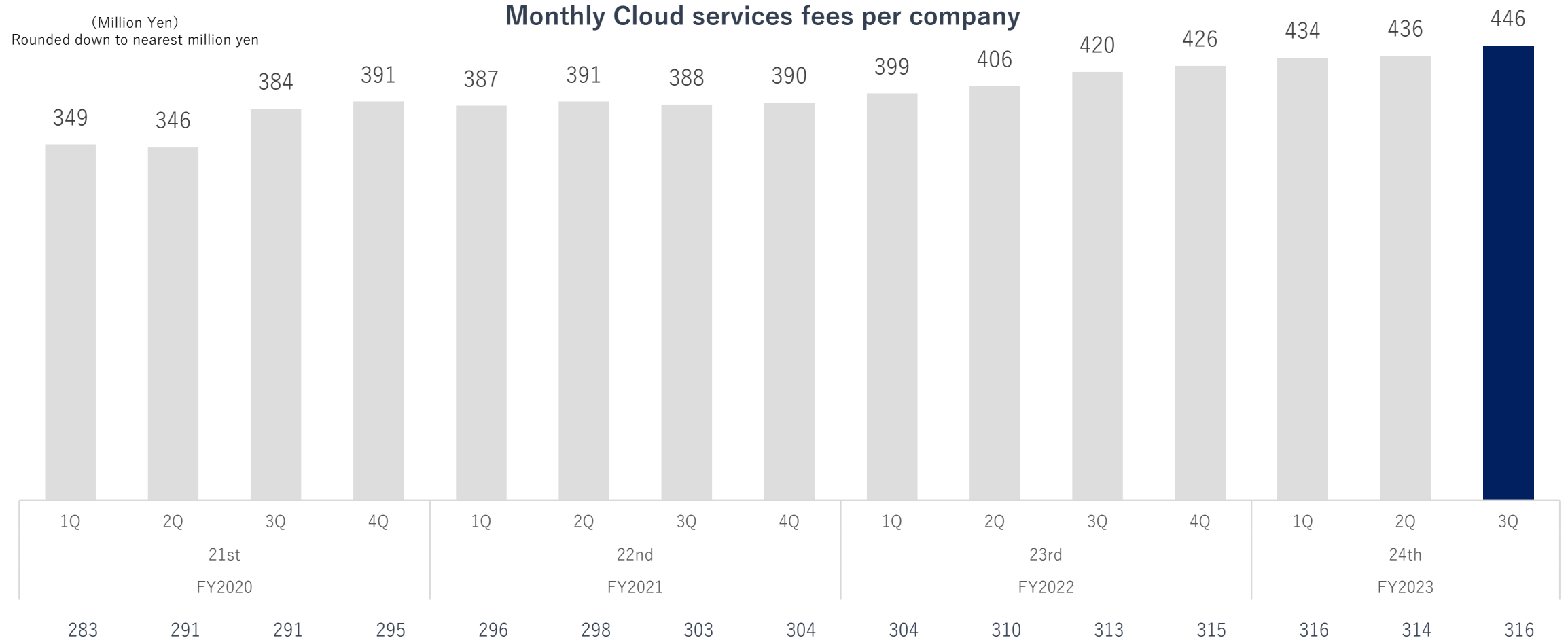
Monthly Cloud Service Fee (Quarterly Average)

Monthly usage fees for cloud services continue to expand. Many customers completed their solution projects by Q2, making full-fledged contributions from Q3



Monthly cloud service fees per company

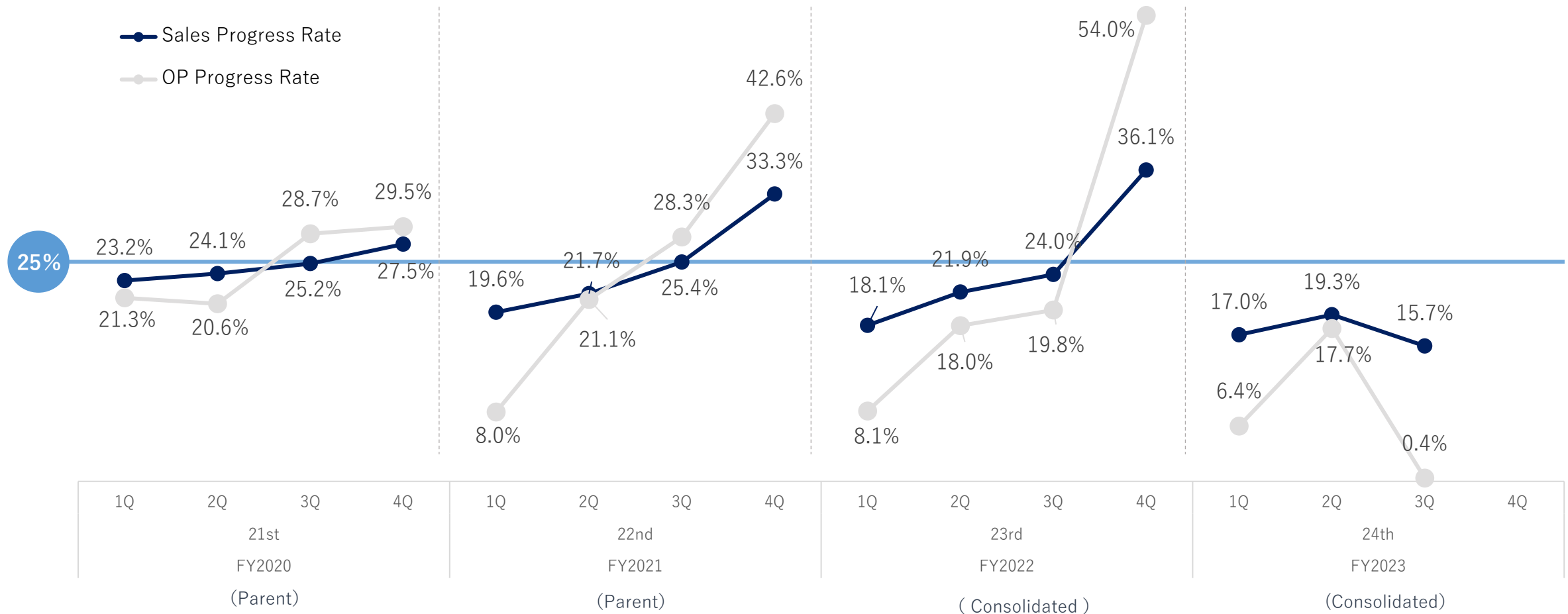
The average monthly usage fee per company is growing due to the completion of large projects (operating companies). It continues to expand steadily. In addition, we continue to receive orders from existing customers.



Progress rates by Quarter

In Q3, the progress rate was poor due to a significant drop in sales for solution projects.

- The recording of valuation losses on some projects in Q3 was also a factor that put pressure on profits.
- In terms of costs, there will be an increase in SG&A expenses (increase in payments due to mid-career recruitment)





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Earnings forecasts in this material are based on our judgement based on available information at the timing of preparation of this material, therefore potential risks and uncertainties would be included. Please be aware that due to various factors such as changes in the business environment, actual results would differ significantly from the forward-looking statements mentioned or described.