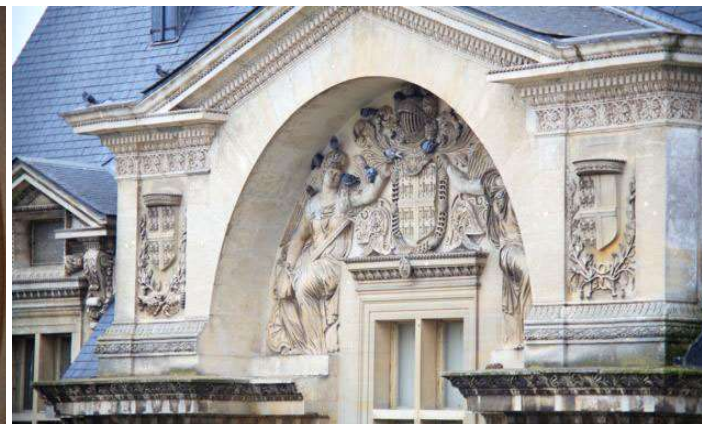
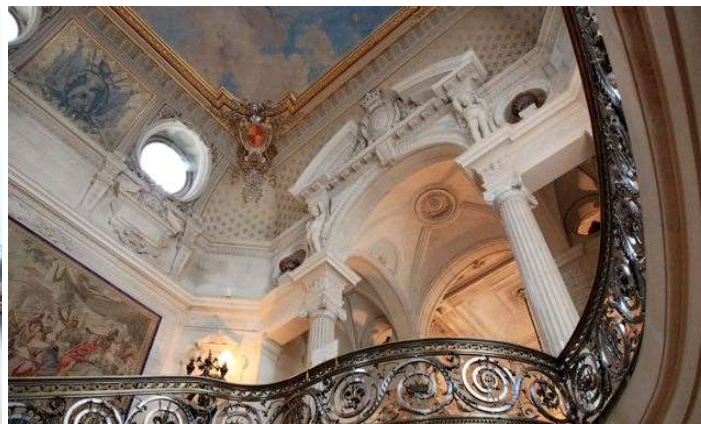


Financial Results for the Fiscal Year Ended March 31, 2022

May 25, 2022



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	3	Consolidated Financial Results for FY3/22
	12	Consolidated Financial Forecasts for FY3/23
	19	Medium-Term Growth Strategies

Consolidated Financial Results for FY3/22



Consolidated Financial Results Highlights

(Rounded down to the nearest ¥million)

Net Sales **¥103,737 million (-0.4% YoY)**

- Sluggish orders for construction-related work, including large-scale projects
- Steady renewal of existing contracts

Operating Profit **¥7,500 million (-0.6% YoY)**

- Decrease due to expenses incurred for COVID-19 countermeasures and strengthening the organization
- Improved profitability as a result of revised rates and reviewing scope of work

Ordinary Profit **¥8,276 million (+3.7% YoY)**

- Increase in investment gains based on the equity method
- Recognition of foreign exchange gains due to the weak yen

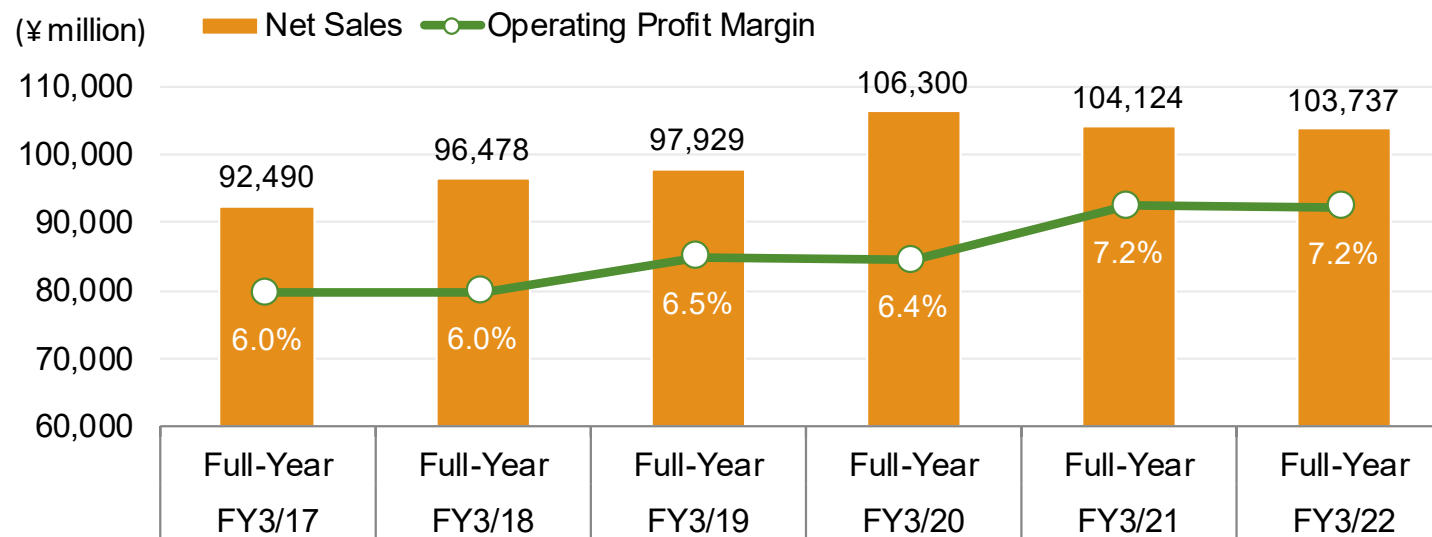
Profit Attributable to Owners of Parent **¥6,177 million (+20.0% YoY)**

- Decrease in tax expenses

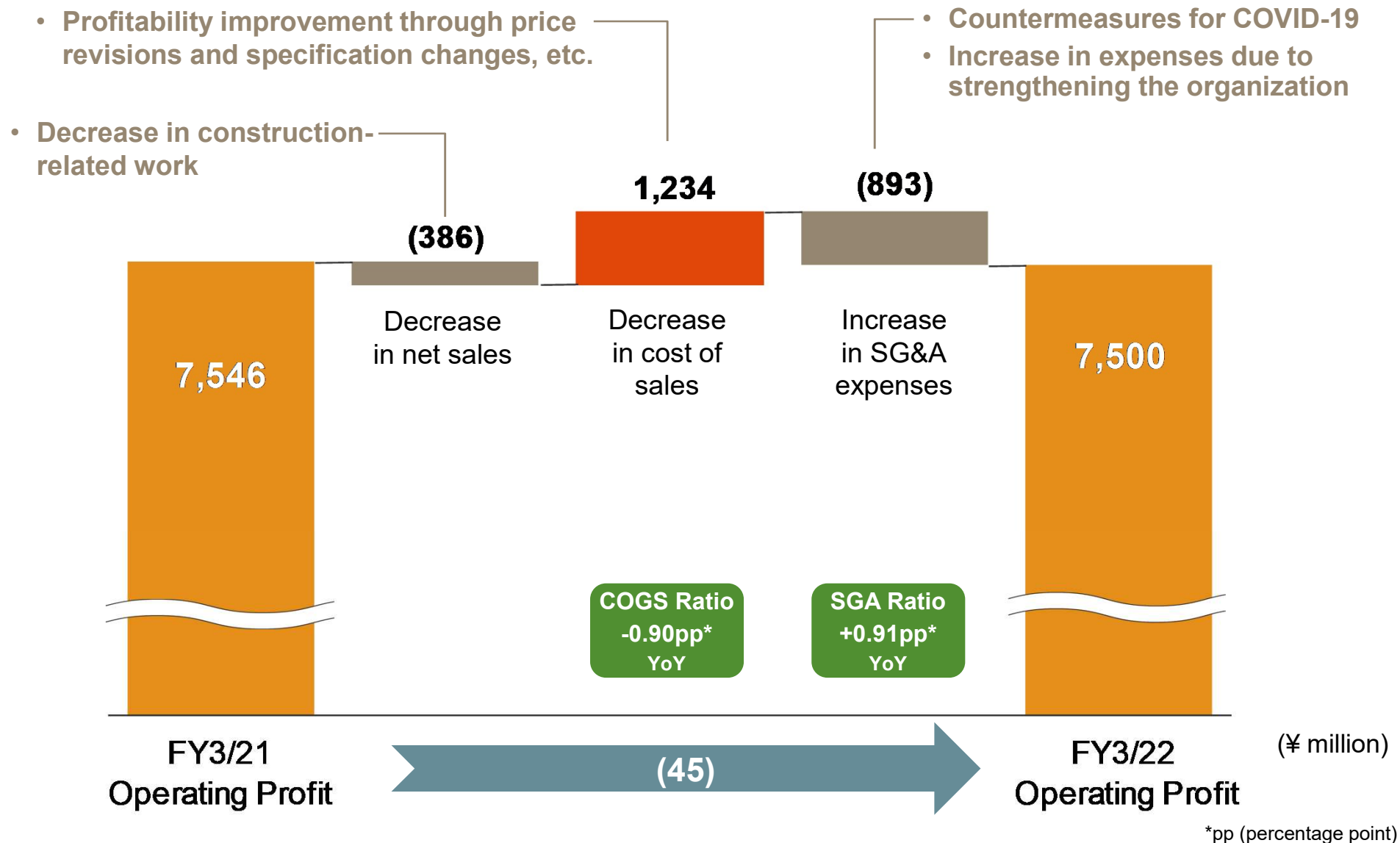
Consolidated Financial Results Summary

Consolidated (¥ million)	FY3/21		FY3/22		YoY Changes	
	Actual	Ratio	Actual	Ratio	Amount	Ratio
Net Sales	104,124	100.0%	103,737	100.0%	(386)	-0.4%
Gross Profit	22,354	21.5%	23,201	22.4%	847	3.8%
SG&A Expenses	14,807	14.2%	15,701	15.1%	893	6.0%
Operating Profit	7,546	7.2%	7,500	7.2%	(45)	-0.6%
Ordinary Profit	7,982	7.7%	8,276	8.0%	293	3.7%
Profit Attributable to Owners of Parent	5,149	4.9%	6,177	6.0%	1,028	20.0%

*The accounting policies of overseas equity-method affiliate to which IFRS is applied have been changed from FY3/22, and the results for FY3/21 have been calculated after retroactively applying this change in accounting policies.



Analysis of Increases/Decreases in Consolidated Operating Profit



Overview of Consolidated Balance Sheets

Consolidated (¥ million)	FY3/21 End		FY3/22 End		YoY Changes	
	Actual	Ratio	Actual	Ratio	Amount	Ratio
Current assets	53,483	65.8%	51,849	63.1%	(1,633)	-3.1%
Cash and deposits	33,075	40.7%	32,789	39.9%	(286)	-0.9%
Notes and accounts receivable - trade, and contract assets	14,836	18.3%	14,296	17.4%	(540)	-3.6%
Real estate for sale	3,519	4.3%	2,907	3.5%	(612)	-17.4%
Non-current assets	27,796	34.2%	30,291	36.9%	2,494	9.0%
Property, plant and equipment	5,411	6.7%	5,988	7.3%	576	10.7%
Intangible assets	2,024	2.5%	2,357	2.9%	332	16.4%
Investments and other assets	20,360	25.1%	21,946	26.7%	1,585	7.8%
Total Assets	81,280	100.0%	82,141	100.0%	861	1.1%
Current liabilities	16,868	20.8%	13,626	16.6%	(3,241)	-19.2%
Notes and accounts payable - trade	9,091	11.2%	6,143	7.5%	(2,947)	-32.4%
Income taxes payable	1,850	2.3%	561	0.7%	(1,289)	-69.7%
Non-current liabilities	7,717	9.5%	6,862	8.4%	(854)	-11.1%
Long-term borrowings	750	0.9%	375	0.5%	(375)	-50.0%
Long-term non-recourse loans payable	2,336	2.9%	1,871	2.3%	(465)	-19.9%
Total Liabilities	24,585	30.2%	20,489	24.9%	(4,096)	-16.7%
Shareholders' equity	54,821	67.4%	59,092	71.9%	4,271	7.8%
Share capital	3,000	3.7%	3,000	3.7%	-	-
Capital surplus	3,785	4.7%	3,785	4.6%	-	-
Retained earnings	50,809	62.5%	55,080	67.1%	4,271	8.4%
Accumulated other comprehensive income	591	0.7%	1,280	1.6%	688	116.3%
Non-controlling interests	1,281	1.6%	1,279	1.6%	(2)	-0.2%
Total Net Assets	56,694	69.8%	61,652	75.1%	4,957	8.7%
Total Liabilities and Net Assets	81,280	100.0%	82,141	100.0%	861	1.1%

*The accounting policies of overseas equity-method affiliate to which IFRS is applied have been changed from FY3/22, and the results for FY3/21 have been calculated after retroactively applying this change in accounting policies.

Main Factors for Increase/Decrease

(¥ million)

Assets

861

- Decrease in notes and accounts receivable - trade, and contract assets (540)
- Decrease in real estate for sale (612)
- Increase in investment securities due to purchase of shares of affiliates, etc. 1,618

Liabilities

(4,096)

- Decrease in notes and accounts payable - trade (2,947)
- Decrease in income taxes payable (1,289)

Net Assets

4,957

- Increase in retained earnings 4,271
- Increase in foreign currency translation adjustment 405

Equity Ratio

73.5%

(+5.3pp YoY)

Overview of Consolidated Statement of Cash Flows

Consolidated (¥ million)	FY3/21 Actual	FY3/22 Actual	YoY Changes Amount
Profit before income taxes	8,384	8,376	(7)
Depreciation	601	620	18
Decrease (increase) in retirement benefit asset	(325)	7	333
Decrease (increase) in trade receivables	(860)	979	1,839
Increase (decrease) in trade payables	541	(1,584)	(2,125)
Decrease (increase) in inventories	774	575	(198)
Income taxes paid	(2,187)	(3,278)	(1,091)
Other, net	551	(1,241)	(1,793)
Cash Flows from Operating Activities	7,481	4,456	(3,024)
Purchase of property, plant and equipment, and intangible assets	(616)	(984)	(367)
Purchase of investment securities	(479)	(757)	(278)
Proceeds from sale of investment securities	1,088	105	(982)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(511)	(511)
Other, net	(10)	307	318
Cash Flows from Investing Activities	(17)	(1,840)	(1,822)
Increase (decrease) in borrowings (incl. non-recourse loans)	(997)	(843)	154
Dividends paid (incl. dividends paid to non-controlling interests)	(1,953)	(2,117)	(164)
Other, net	(102)	(112)	(9)
Cash Flows from Financing Activities	(3,053)	(3,074)	(20)
Net increase (decrease) in cash and cash equivalents	4,487	(386)	(4,873)
Cash and cash equivalents at beginning of period	28,343	32,830	4,487
Cash and cash equivalents at end of period	32,830	32,444	(386)
Free Cash Flows	7,463	2,616	(4,847)

Main Factors for Increase/Decrease

(¥ million)

CF from Operating Activities (3,024)

- Decrease in trade payables (2,125)
- Increase in income taxes paid (1,091)

CF from Investing Activities (1,822)

- Decrease in proceeds from sales of investment securities (982)
- Increase in purchase of shares of subsidiaries resulting in change in scope of consolidation (511)

CF from Financing Activities (20)

- Decrease in repayments of long-term non-recourse loans 154
- Increase in dividends paid (164)

Business Segments and Main Group Companies

■ Facilities Management and Operations ¥71,977 mil.

Building Maintenance and Property Management (excl. Security Service) ¥49,563 mil.

NS Corporation Co., Ltd.
Japan Environmental Solutions Co., Ltd.
Okinawa Nippon Kanzai Co., Ltd.

Security Services ¥22,413 mil.

Three-S Co., Ltd.

■ Residential Management and Operations ¥16,980 mil.

Condominium Management

Japan Housing Management Co., Ltd.
Nippon Kanzai Housing Management Co., Ltd.
NJK Staff Service Co., Ltd.
(including Nippon Kanzai Residential Management Administrative Department and Public Housing Management Division)

■ Environmental Facilities Management ¥11,554 mil.

Environmental Facility Management

Nippon Kanzai Environment Service Co., Ltd.

■ Real Estate Fund Management ¥1,530 mil.

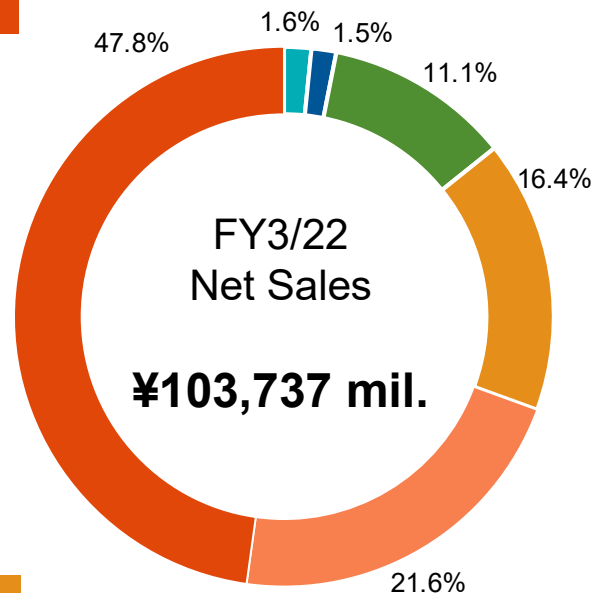
Asset Management

Tokyo Capital Management Co., Ltd.

■ Other ¥1,694 mil.

Other Businesses

NS Corporation Co., Ltd.
(Advertisement and Event Planning)
Neotrust Co., Ltd. (Payroll and social insurance BPO)



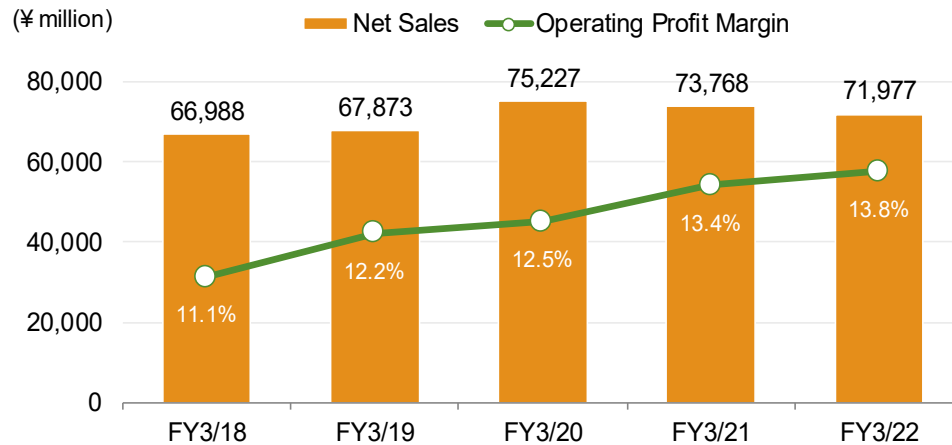
Financial Results by Business Segment

Consolidated (¥ million)	FY3/21		FY3/22		YoY Changes	
	Actual	Ratio/Margin	Actual	Ratio/Margin	Amount	Ratio
Net Sales	104,124	100.0%	103,737	100.0%	(386)	-0.4%
Facilities Management and Operation Business	73,768	70.8%	71,977	69.4%	(1,790)	-2.4%
Building Maintenance and Property Management	51,921	49.9%	49,563	47.8%	(2,357)	-4.5%
Security Service	21,847	21.0%	22,413	21.6%	566	2.6%
Residential Management and Operation Business	16,227	15.6%	16,980	16.4%	753	4.6%
Environmental Facility Management Business	11,349	10.9%	11,554	11.1%	204	1.8%
Real Estate Fund Management Business	1,651	1.6%	1,530	1.5%	(121)	-7.3%
Other Businesses	1,127	1.1%	1,694	1.6%	567	50.3%
Segment Profit	7,546	7.2%	7,500	7.2%	(45)	-0.6%
Facilities Management and Operation Business	9,891	13.4%	9,912	13.8%	21	0.2%
Building Maintenance and Property Management	6,884	13.3%	6,926	14.0%	42	0.6%
Security Service	3,007	13.8%	2,985	13.3%	(21)	-0.7%
Residential Management and Operation Business	1,566	9.7%	1,693	10.0%	127	8.1%
Environmental Facility Management Business	1,476	13.0%	1,580	13.7%	104	7.1%
Real Estate Fund Management Business	45	2.8%	43	2.9%	(1)	-4.3%
Other Businesses	238	21.1%	314	18.6%	76	32.1%
Adjustments*	(5,670)	-	(6,044)	-	(373)	-

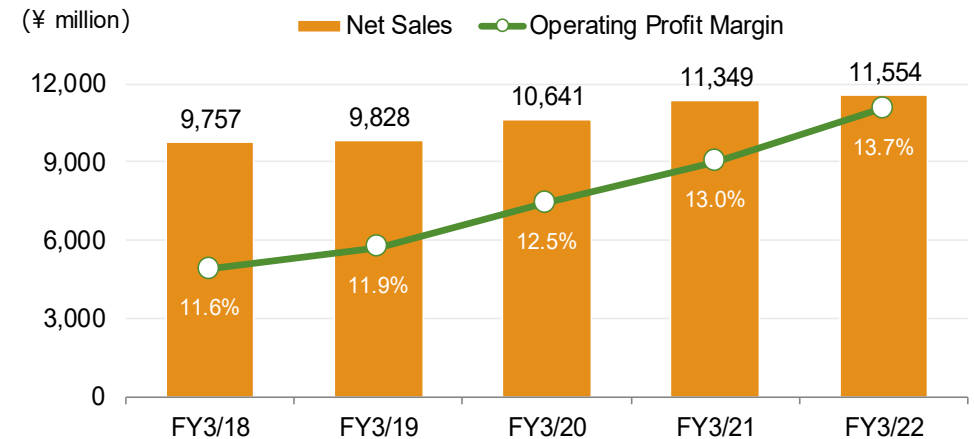
*The adjusted amount of segment profit includes the elimination of intersegment transactions as well as SG&A expenses which are not attributable to any particular segment.

Performance of Main Business Segments

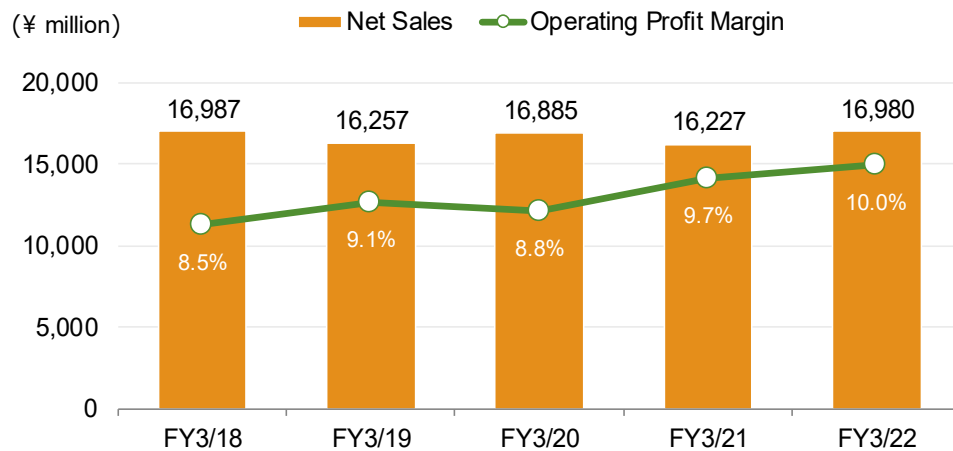
Facilities Management and Operations



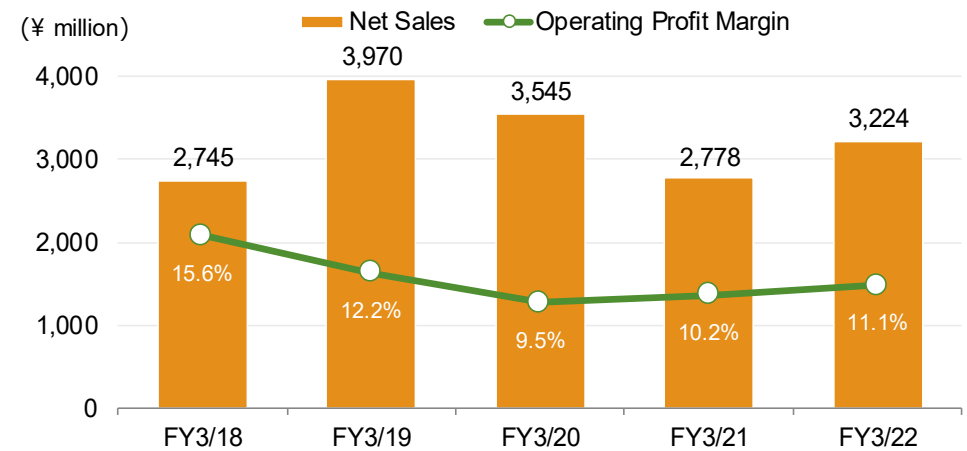
Environmental Facilities Management



Residential Management and Operations



Real Estate Fund Management and Other



Consolidated Financial Forecasts for FY3/23



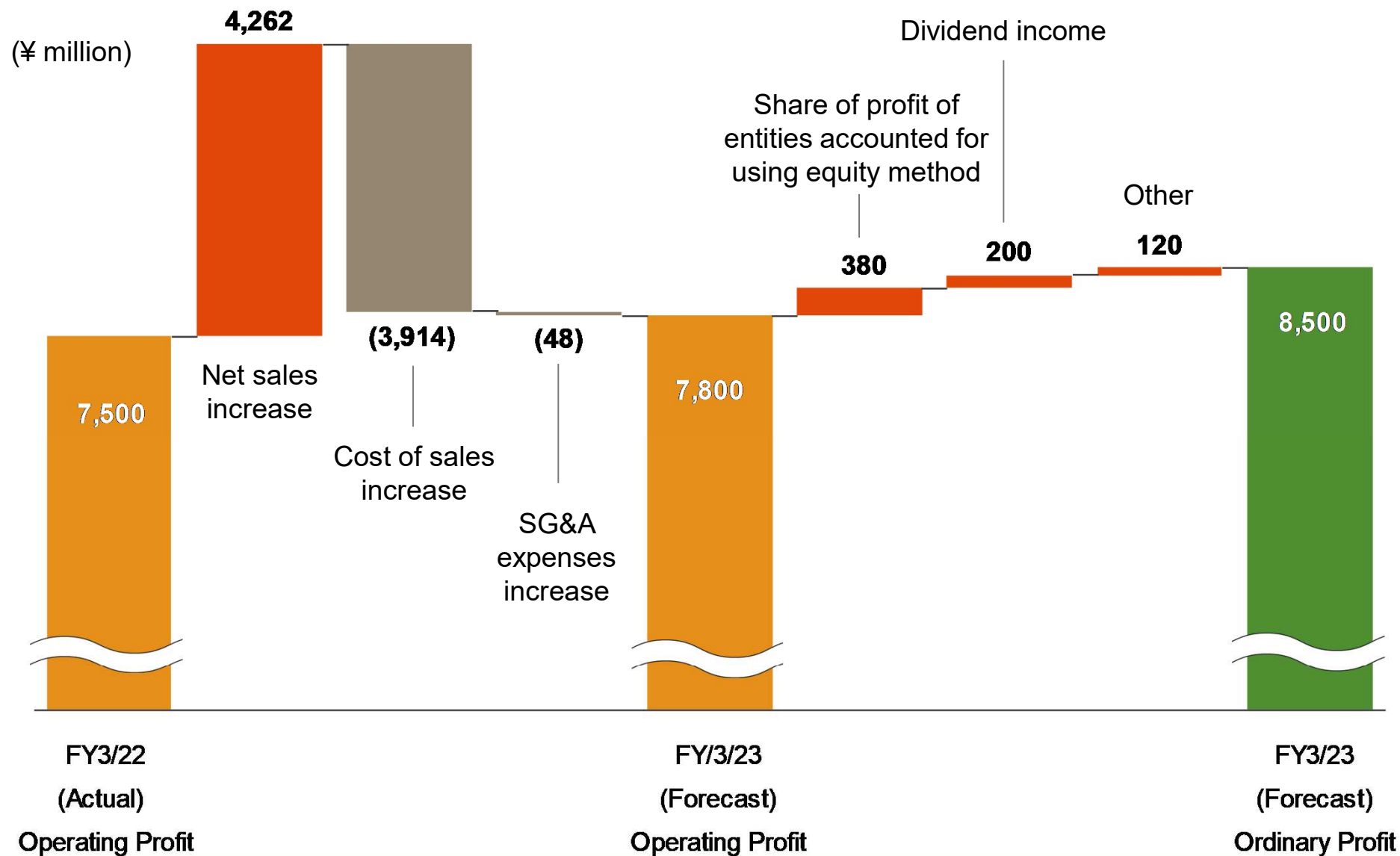
Consolidated Financial Forecasts Summary

Market Background and Risks

- As a result of the pandemic, offices are shifting from centralization to decentralization based on the promotion of working from home and the like. Vacancy rates are also rising.
 - Delay in construction due to soaring raw material prices and a shortage of semiconductor supply.
 - Expectation for moves toward normalization of economic activities due to promotion of COVID-19 vaccinations.
 - Concerns over securing staff and rising labor costs.
-
- Operating profit is expected to increase from business line expansion and cost restraints.
 - For ordinary profit, share of profit of entities accounted for using equity method is expected to increase and non-operating expenses are expected to be controlled.

Consolidated (¥ million)	Full-Year FY3/22		1H FY3/23		2H FY3/23		Full-Year FY3/23		YoY Changes	
	Actual	Ratio	Forecast	Ratio	Forecast	Ratio	Forecast	Ratio	Amount	Ratio
Net Sales	103,737	100.0%	51,800	100.0%	56,200	100.0%	108,000	100.0%	4,262	4.1%
Gross Profit	23,201	22.4%	11,400	22.0%	12,150	21.6%	23,550	21.8%	348	1.5%
SG&A Expenses	15,701	15.1%	7,700	14.9%	8,050	14.3%	15,750	14.6%	48	0.3%
Operating Profit	7,500	7.2%	3,700	7.1%	4,100	7.3%	7,800	7.2%	299	4.0%
Ordinary Profit	8,276	8.0%	4,100	7.9%	4,400	7.8%	8,500	7.9%	223	2.7%
Profit Attributable to Owners of Parent	6,177	6.0%	2,700	5.2%	2,900	5.2%	5,600	5.2%	(577)	-9.3%

Increases/Decreases in Consolidated Ordinary Income Forecast



Financial Forecasts by Business Segment

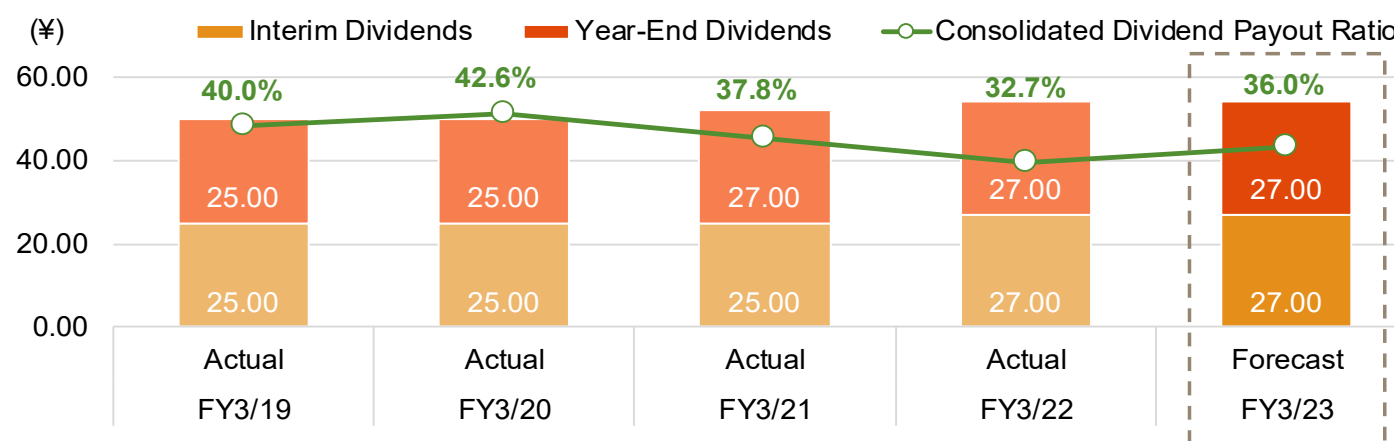
Consolidated (¥ million)	Full-Year FY3/22		1H FY3/23		2H FY3/23		Full-Year FY3/23		YoY Changes	
	Actual	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Amount	Ratio
Net Sales	103,737	100.0%	51,800	100.0%	56,200	100.0%	108,000	100.0%	4,262	4.1%
Facilities Management and Operation Business	71,977	69.4%	35,580	68.7%	39,130	69.6%	74,710	69.2%	2,732	3.8%
Building Maintenance and Property Management	49,563	47.8%	24,340	47.0%	27,420	48.8%	51,760	47.9%	2,196	4.4%
Security Service	22,413	21.6%	11,240	21.7%	11,710	20.8%	22,950	21.3%	536	2.4%
Residential Management and Operation Business	16,980	16.4%	8,260	16.0%	8,870	15.8%	17,130	15.9%	149	0.9%
Environmental Facility Management Business	11,554	11.1%	5,800	11.2%	6,550	11.7%	12,350	11.4%	795	6.9%
Real Estate Fund Management Business	1,530	1.5%	1,230	2.4%	400	0.7%	1,630	1.5%	99	6.5%
Other Businesses	1,694	1.6%	930	1.8%	1,250	2.2%	2,180	2.0%	485	28.7%
Segment Profit	7,500	7.2%	3,700	7.1%	4,100	7.3%	7,800	7.2%	299	4.0%
Facilities Management and Operation Business	9,912	13.8%	4,900	13.8%	5,150	13.2%	10,050	13.5%	137	1.4%
Building Maintenance and Property Management	6,926	14.0%	3,470	14.3%	3,550	13.0%	7,020	13.6%	93	1.3%
Security Service	2,985	13.3%	1,430	12.7%	1,600	13.7%	3,030	13.2%	44	1.5%
Residential Management and Operation Business	1,693	10.0%	850	10.3%	870	9.8%	1,720	10.0%	26	1.5%
Environmental Facility Management Business	1,580	13.7%	839	14.5%	791	12.1%	1,630	13.2%	49	3.1%
Real Estate Fund Management Business	43	2.9%	(55)	-4.5%	115	28.8%	60	3.7%	16	37.5%
Other Businesses	314	18.6%	100	10.8%	240	19.2%	340	15.6%	25	8.1%
Adjustments	(6,044)	-	(2,934)	-	(3,066)	-	(6,000)	-	44	-

*The adjusted amount of segment profit includes the elimination of intersegment transactions as well as SG&A expenses which are not attributable to any particular segment.

Topics: Shareholder Return Policy

- Determining dividend policy is one of NIPPON KANZAI's most important tasks and we return profit by appropriate distribution of results according to performance.
- For FY3/22, year-end dividends will be set at ¥27 per share based on full-year financial results.
- For FY3/23, interim and year-end dividends will be set at ¥27 each, with plans for total dividends of ¥54 per share.

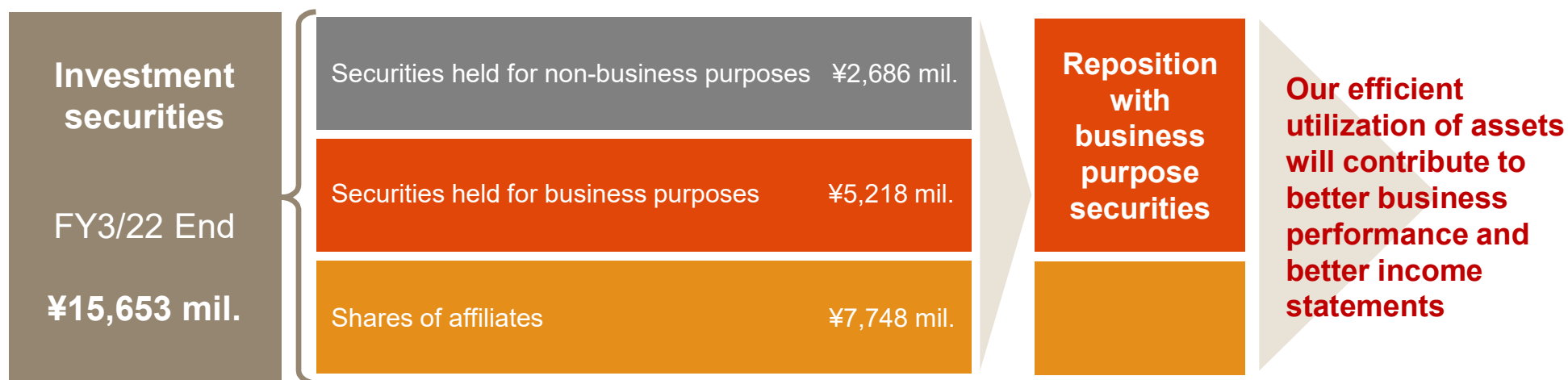
	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23
	Actual	Actual	Actual	Actual	Forecast
Interim Dividends	25.00	25.00	25.00	27.00	27.00
Year-End Dividends	25.00	25.00	27.00	27.00	27.00
Consolidated Dividend Payout Ratio	40.0%	42.6%	37.8%	32.7%	36.0%
Dividend on Equity Ratio (DOE)	3.8%	3.7%	3.6%	3.5%	—



Corporate Governance Measures

Promotion of Effective Asset Utilization in Accordance with the Corporate Governance Code

- Repositioning our portfolio of investment securities to enhance business development



Current initiatives

- Ongoing negotiations with multiple companies to dispose of securities held for non-business purposes.

NIPPON KANZAI's Thoughts on SDGs

Corporate Vision: We continue to pursue “the best suited management for your building” with our advanced technology and capability.

We promote work-life balance of all stakeholders including all employees and subcontractors to realize a society that allows for work-life balance.

1 Safe & Secure Urban Development

We support safe, secure and sustainable urban development with our building management expertise based on our advanced technologies and various certifications.



2 Environmental Activities

We realize a safe, secure, and pleasant society taking global environment into consideration.



3 Contributions to Local Communities

We improve community well-being through our building management operations.



4 Work-Life Balance

We realize a social work-life balance.



5 Enhancement of Compliance and Risk Management

We establish a governance structure that is sound and highly transparent.



Medium-Term Growth Strategies



Transition to a Holding Company Structure

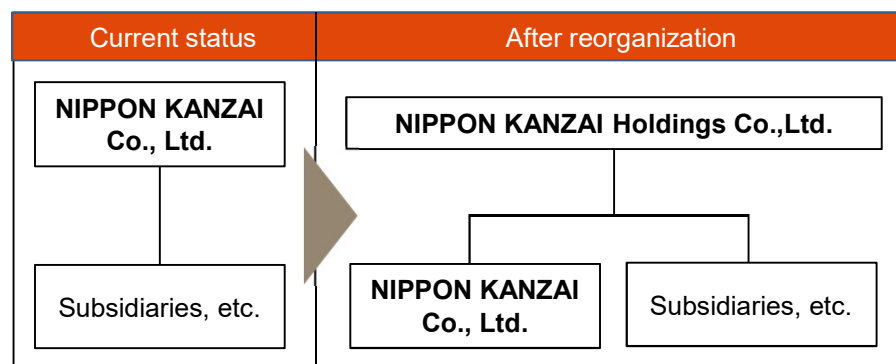
Overview of Transition to a Holding Company Structure

■ Purpose of the transition

- After the Group is split into management and business operating functions, a newly created holding company will be dedicated to group management, with the aim to strengthen each function of the Group.
- The business operating companies themselves will be equipped with the responsibility and authority to enable to achieve swifter business operations.
Such operating companies will respond more quickly to clients' needs and execute business practices more closely rooted in the operational frontlines.
- Under the holding company, such operating companies will be trained to accumulate management experience, which will lead to the nurturing of human resources.

■ Method and summary of the transition

- The holding company, which will become a wholly owning parent company, will be established through transferring shares.
- The holding company will apply for listing on the “Prime Market” through procedure of technical listing, and NIPPON KANZAI Co., Ltd. will be delisted.
- The date of registration and listing of the newly established holding company is scheduled for Monday, April 3, 2023.



Company Name	NIPPON KANZAI Holdings Co.,Ltd.
Address	Headquarters: 2-1-10 Nihombashi, Chuo-ku, Tokyo, Japan Registered office: 9-16 Rokutanji-cho, Nishinomiya City, Hyogo Pref., Japan
Title and Name of Representative	Shintaro Fukuda, President and Representative Director
Business Descriptions	The business management of the group companies and any other business activities associated thereto
Share Capital	¥3,000 million
Number of Shares Issued	41,180,306 shares
Fiscal Year End	March 31

*Subject to the approval at the annual general meeting of shareholders scheduled for June 17, 2022.

Business Opportunities

1 Increase in demand for private sector expertise in the public sector

2 Global development of know-how accumulated through domestic businesses

3 Approach based on IT technologies, etc.

Growth Strategies

- Create business opportunities by strengthening PPP / PFI and designated manager systems (pp. 22-27)

- Invest in overseas companies
- Reinforce our residential management business through cooperation with overseas group companies (pp. 29-32)

- Introduce IT into work management know-how and construction of facilities management database
- Standardize service quality and increase work efficiency (pp. 34-37)

Business Opportunities (1): Overview of PPP/PFI Utilization in Japan for Public Sector Business

■ Background of PPP/PFI promotion

Current situation in Japan

Aging of public facilities

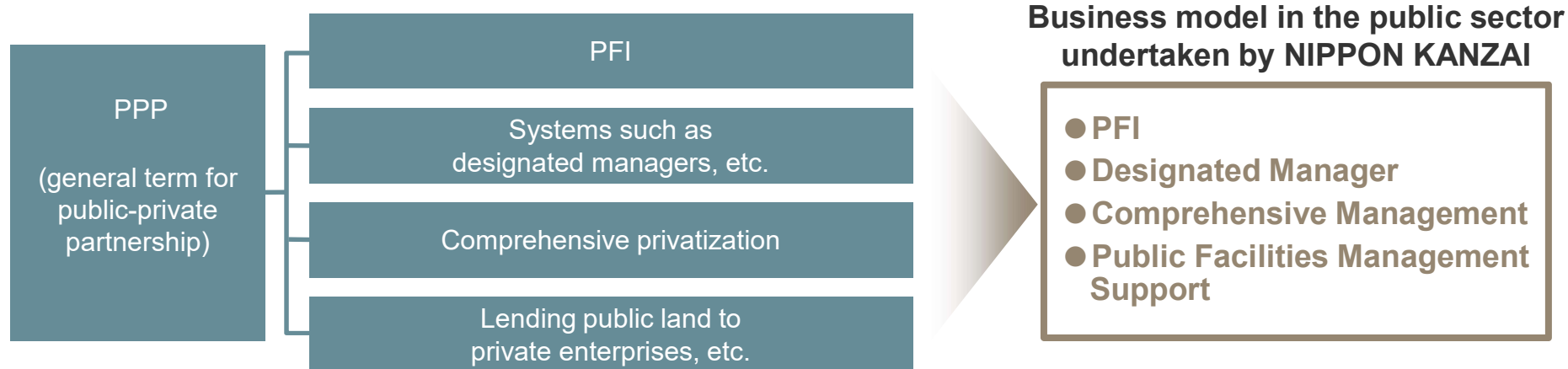
Severe financial circumstances

Population decline

Cost efficiency of reconstruction, renovation, repair and operation of public facilities works, wide-area management, and facilities consolidation, etc. are necessary for maintaining proper public services. Utilizing **PPP/PFI** is effective as a means for realizing these.

PPP : Public Private Partnership
PFI : Private Finance Initiative

■ Overview of type of Business Models

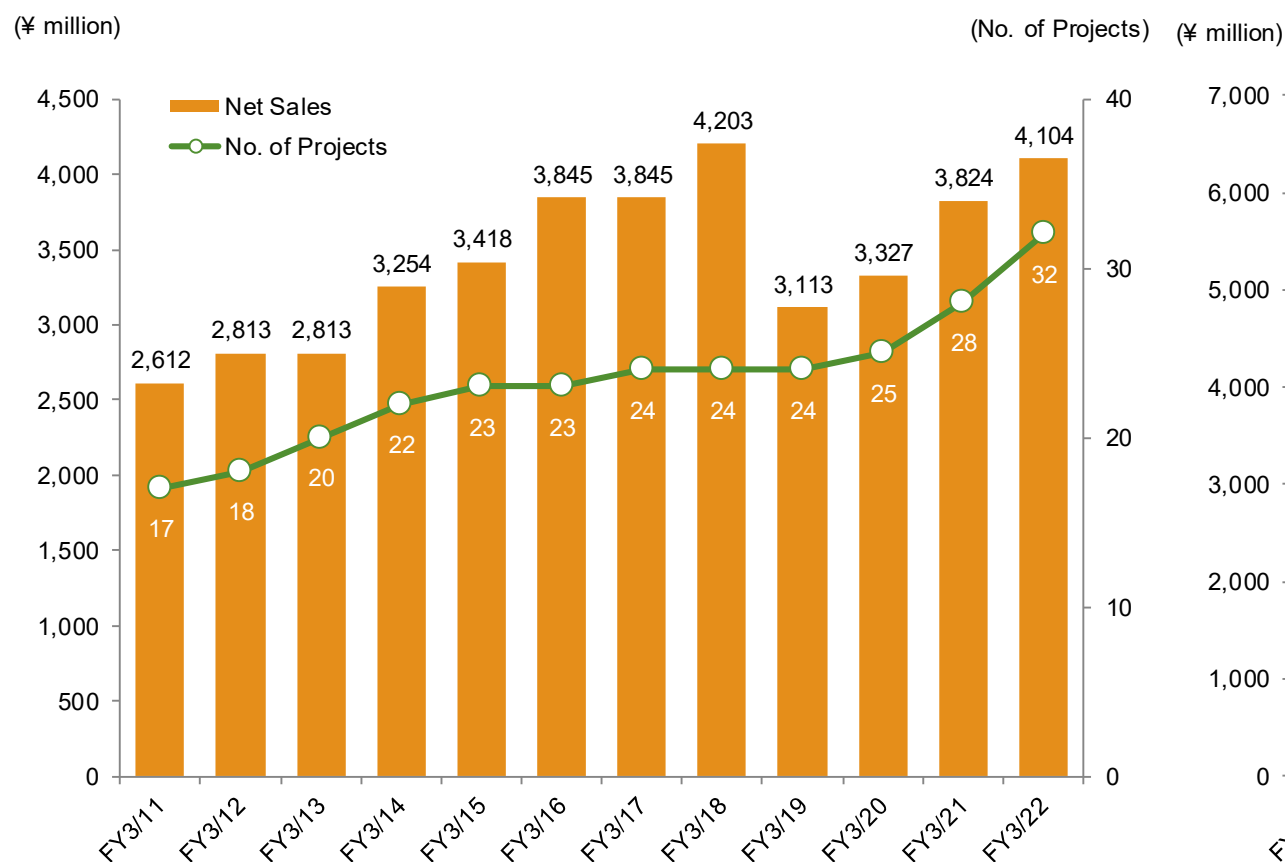


Source: Compiled by NIPPON KANZAI based on "Overview of PPP/PFI" from PPP/PFI Promotion Office at the Cabinet.

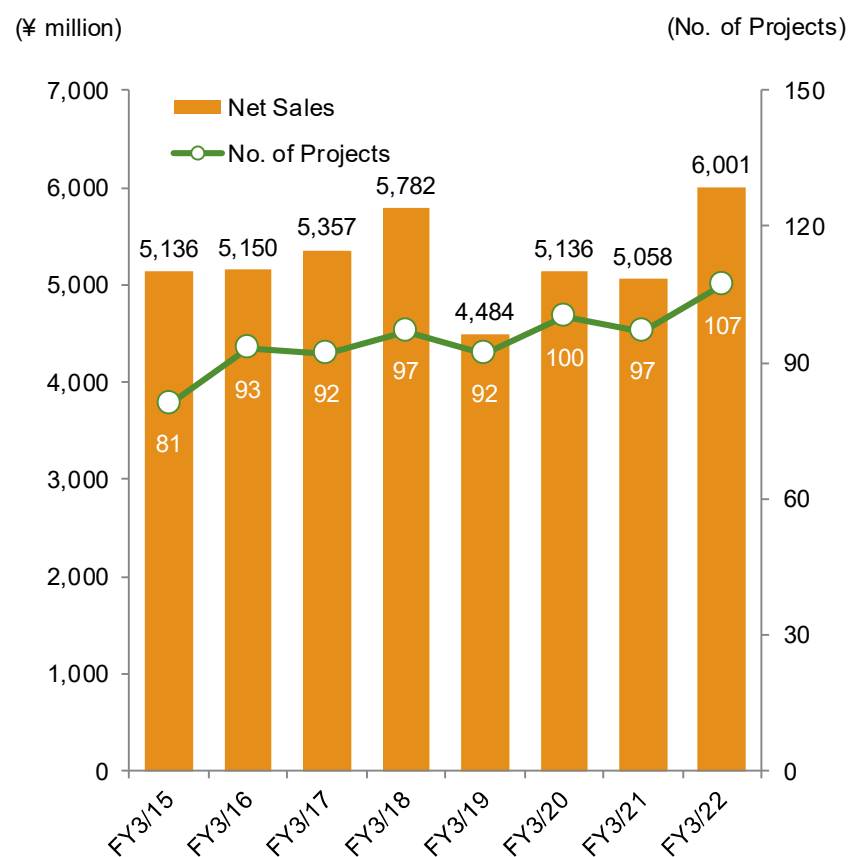
Business Opportunities (1): Track Record for Public Sector Businesses (excluding conventional general bidding)

Continuous Efforts toward Expansion of Ancillary Businesses

PFI



Designated Manager

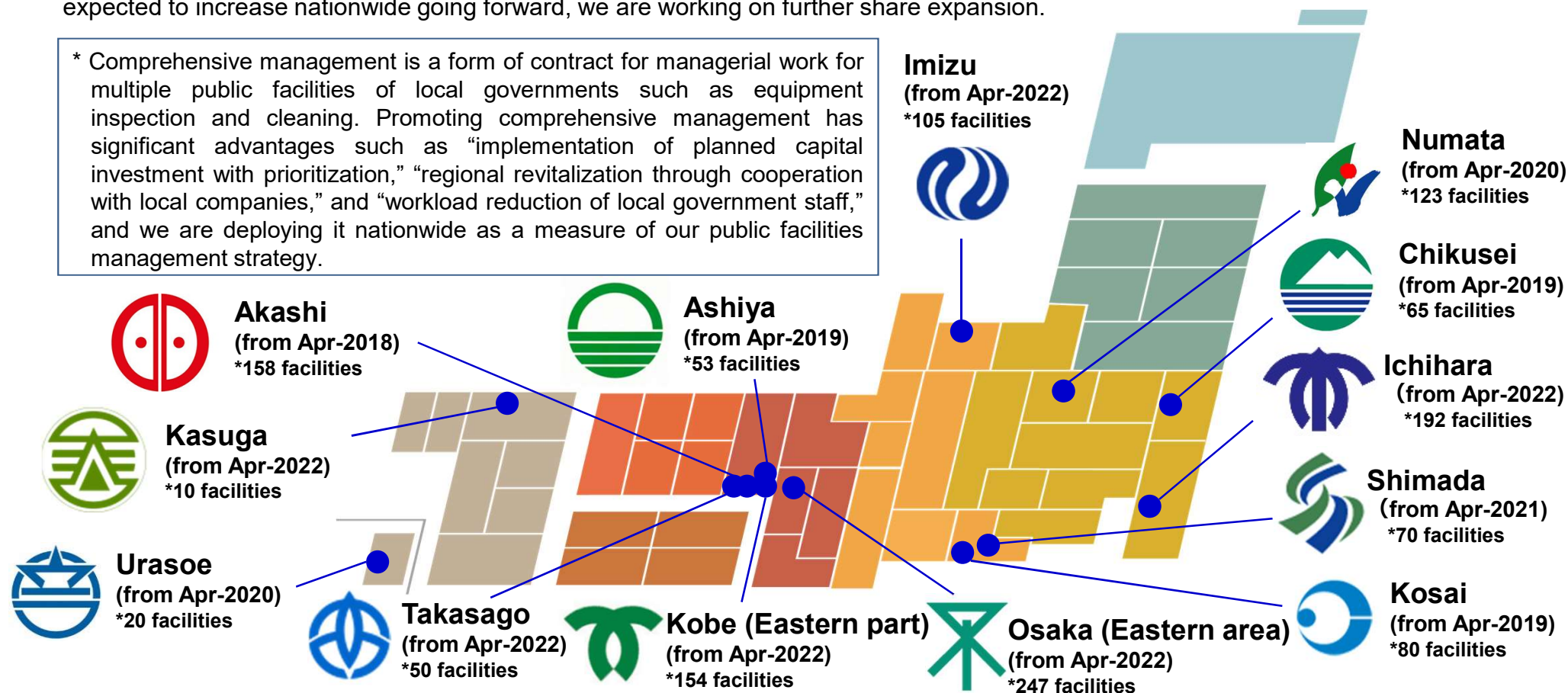


Business Opportunities (1): Comprehensive Management of Public Facilities

Comprehensive Management of Public Facilities

NIPPON KANZAI's track record in comprehensive management of public facilities is expanding from the current 13 projects nationwide. In the fiscal year under review, we launched operations for 6 projects (Ichihara, Imizu, Osaka, Kobe, Takasago, and Kasuga) and our market share ratio is the industry-leading. Since local governments introducing comprehensive management are expected to increase nationwide going forward, we are working on further share expansion.

* Comprehensive management is a form of contract for managerial work for multiple public facilities of local governments such as equipment inspection and cleaning. Promoting comprehensive management has significant advantages such as "implementation of planned capital investment with prioritization," "regional revitalization through cooperation with local companies," and "workload reduction of local government staff," and we are deploying it nationwide as a measure of our public facilities management strategy.



* The number of target facilities for comprehensive management.

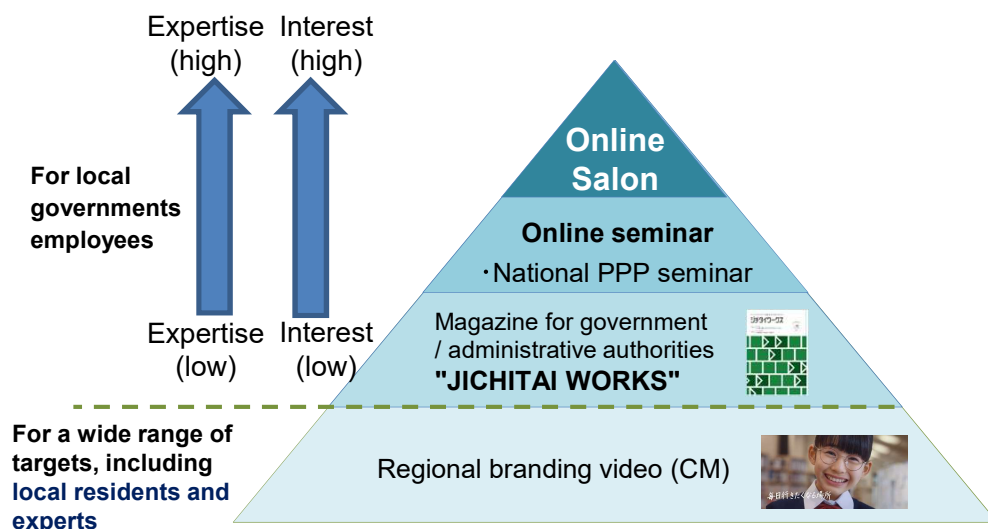
Business Opportunities (1): Public Facilities Management Support Business

Publicity Strategy in Public Facilities Management

Implementing new initiatives using digital tools as publicity strategy under the COVID-19 pandemic.

■ Training, Synergy and Media Mix

- **Training** By disseminating information through online salons and PPP seminars, NIPPON KANZAI will support “Public FM interested groups” to become “pioneers = practitioners.”
- **Synergy** Aiming to boost the comprehensive management market, NIPPON KANZAI will create medium to long term value, rather than ad-hoc measures.
- **Media mix** By combining several media, NIPPON KANZAI aims to create complementary and synergistic effects between them.



Operating online salons

Public FM Online Salon was opened on February 5, 2021.

We have prepared various contents and features and are using it as a place for the community of local government employees working on public facilities management.

(As of January 15, 2022, 123 people and 100 local governments have been registered.)



facebook screen

Holding PPP seminars online

Since being certified as an MLIT PPP Agreement Partner company in FY2018, we have held annual PPP seminars.



Held in May

Held in August

Held in November

Held in March

PPP seminars in FY2021 (distributed nationwide via the Website)

Business Opportunities (1): Acquisition of the shares of JTB Asset Management

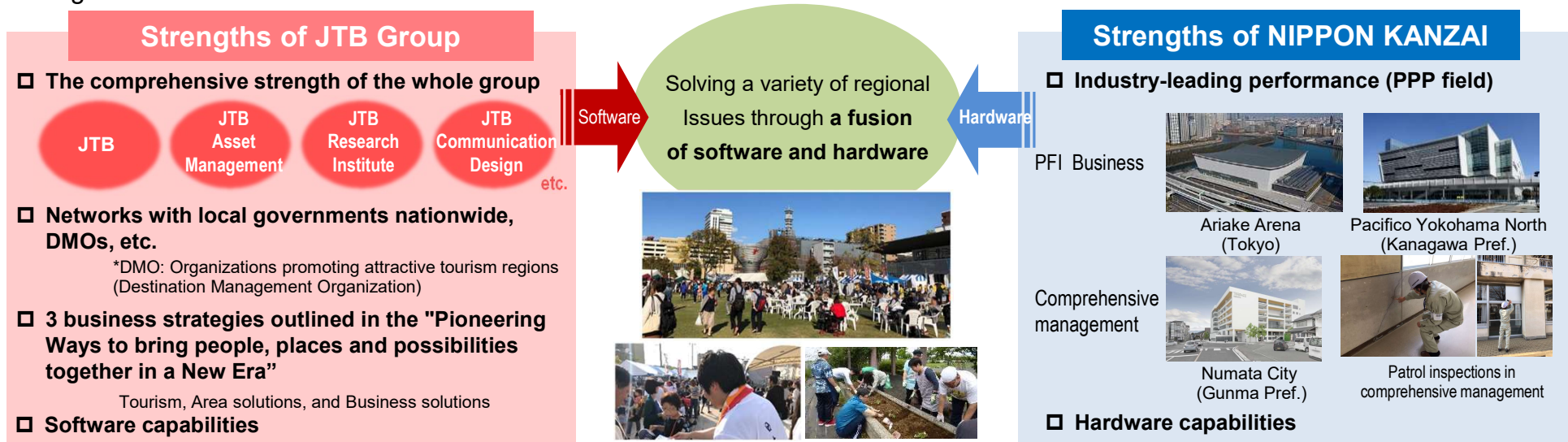
Expanding the Business in the Public Sector through the Cooperation with JTB Group Companies

JTB Asset Management Co., Ltd. is a 100% owned subsidiary of JTB, and is engaged in the business offering solutions to spaces or locations where people gather.

By investing in JTB Asset Management (40%), NIPPON KANZAI will not only share know-how and skills of the company and add them to NIPPON KANZAI's service menu but also enhance alliances with JTB group companies. This will lead to the further expansion of the "Area Solutions Business", which is one of the 3 pillars in the Group's medium-term management plan the "Pioneering Ways to bring people, places and possibilities together in a New Era," also help two companies achieve further development through the leveraging of their strengths.

Outline of JTB Asset Management Co., Ltd.

Address	10-12, Ueno 1-chome, Taito-ku, Tokyo
Representative	Yasushi Takahashi, Representative Director
Establishment	December 26, 2011
Share Capital	¥100 million (as of March 31, 2022)
Business Descriptions	Facility management, real estate consulting, planning, design and construction works, etc.
Shareholding Ratio	(After share acquisition) JTB Corporation (60%), NIPPON KANZAI Co., Ltd. (40%)
Share Acquisition Date	July 1, 2022 (scheduled)



Business Opportunities (1): PFI Business

First Arena for Concessions in Japan

NIPPON KANZAI participated in the consortium that was selected as a candidate for the operating rights (concessions) holder for the “Ariake Arena Management Operations Project” announced by the Tokyo Metropolitan Government on July 11, 2018. We are responsible for management and maintenance work.

This is the first attempt at arena management under a concessions-type contract in Japan. The objectives are to create sports trends for Tokyo residents, making the best use of private company know-how, as well as starting a new culture by holding events like concerts. Working toward improving services for Tokyo residents, we aim to make the Ariake Arena a new sports and culture hub for Tokyo.

As a member of the proposing group, NIPPON KANZAI is involved in the entire project. We will play a role in achieving stable business execution during the period of the project.

This facility was used as a competition venue at the 2020 Tokyo Olympic and Paralympic Games.

Consortium companies

Representative company	DENTSU INC.
Members	NTT DOCOMO, INC. NIPPON KANZAI Co., Ltd. AMUSE INC. LIVE NATION JAPAN DENTSU LIVE INC. ASICS Japan Corp.
Partner companies	NTT FACILITIES, INC. Xross Sports Marketing Co., Ltd. Mitsubishi Research Institute, Inc.

Facilities overview

Name	Ariake Arena
Owner	Tokyo
Site area	Approx. 36,576 m ²
Total floor space	Approx. 47,200 m ²
Structure	Steel reinforced concrete, partial steel-frame steel reinforced concrete / steel-frame
Height / no. of floors	Approx. 37 meters, 5 floors above ground



*Artist rendering at the time of the convention in January 2019.

Business Opportunities

1 Increase in demand for private sector expertise in the public sector

2 Global development of know-how accumulated through domestic businesses

3 Approach based on IT technologies, etc.

Growth Strategies

- Create business opportunities by strengthening PPP / PFI and designated manager systems (pp. 22-27)

- Invest in overseas companies
- Reinforce our residential management business through cooperation with overseas group companies (pp. 29-32)

- Introduce IT into work management know-how and construction of facilities management database
- Standardize service quality and increase work efficiency (pp. 34-37)

Business Opportunities (2): Overseas Development (Overview of PICA Pty Ltd.)



Company Overview

PICA is the largest “Strata Management Company” in Australia and acts as an agent for Owners Corporations. Using multiple brand names, such as “BCS” (Body Corporate Services), PICA mainly provides services to support Owners Corporations which includes collecting delinquent management fees. Leveraging off Nippon Kanzen’s engineering capabilities, PICA has introduced services related to physical aspects of buildings.

Background

Nippon Kanzen acquired 50% of PICA shares from Fexco, a global fintech organization, in March 2013. Currently Nippon Kanzen and Fexco send directors to PICA and manage it jointly. Founded in 1981, Fexco employs over 2,300 people and now has operations in 29 countries across Europe, the Middle East, Asia-Pacific, North America and Latin America.

Fexco website: <http://www.fexco.com/>

Reception



Properties under Management



Business Environment under the Pandemic

Due to government restrictions on the number of persons at gatherings, postponement of general meetings and boards of directors meetings of Owners Corporations as well as the shift to online meetings resulted in a decline in net sales, however the impact on profits was relatively limited due to successful cost cutting.

Company Name

Prudential Investment Company of Australia Pty Ltd.

Establishment

October 4, 1948

Capital

AUD28 million (JPY2,300 million) *AUD1=JPY83.43 (as of December 31, 2021)

Main Business

Strata management, debt collection

Head Office

Sydney

Major Branches

Major cities of East Coast, include Sydney, Melbourne, Brisbane, Cairns etc.

Employees

Approx. 708 as of December 31, 2021

No. of Lots under Management

Approx. 198,000 lots, 10,900 Plans (Owners Corporations) as of December 31, 2021

Business Opportunities (2): Overseas Development (Overview of Keystone, LLC)

Company Overview

Keystone Property Management, LLC (hereinafter “Keystone”) is a gated communities management company. Gated communities are developments consisting of detached housing and high-end multi-unit homes in estates surrounded by walls. Keystone provides homeowner associations with support services including holding annual general meeting, accounting and financial reporting and on-site management. It has a reputation for offering high-quality and detailed services. Other than subsidiaries and affiliates of major nationwide companies, Keystone is ranked within the top ten companies in Southern California. Since 2019 onward, Keystone has made progress in expanding service area coverage through M&A.

Background

In January 2017, Nippon Kanzen's subsidiary, Nippon Kanzen USA, Inc. acquired an interest from Keystone Pacific Property Management, LLC, the owner of the interest and Keystone became an equity-method affiliate of Nippon Kanzen. Nippon Kanzen will work to raise efficiency of operations and expand services through renovation of the IT system, and target future growth through incorporating the Company's know-how, while expanding properties under management to include high-rise condominiums etc.

Business Environment under the Pandemic

Despite the impact of COVID-19 and variant viruses, business performance has been steady due to a recovering economy and increased opportunities within the detached housing market, one that has been robust during the pandemic.



Head Office Properties under Management



Company Name	Keystone Pacific Property Management, LLC
Establishment	September 15, 2016
Main Business	Residential management
Corporate Office	Irvine, California
Major Branches	Southern California, with a focus on Orange County
Employees	Approx. 255 as of December 31, 2021 (including Keystone Progressive)
No. of Units under Management	Approx. 86,804 units, approx. 387 associations as of December 31, 2021 (including the Company's subsidiary, Keystone Progressive)

Business Opportunities (2): Overseas Development (Overview of Hawaiiana)



Properties under Management



Company Overview

Hawaiiana Holdings Incorporated (hereinafter “Hawaiiana”) is the largest AOA (“Association of Apartment Owners”) management company in the State of Hawaii. Hawaiiana provides apartment owners’ associations with support services including holding board meetings and annual general meetings, as well as providing accounting and financial reporting. Hawaiiana is a highly reputable yet locally operated company with a long history in the industry. It operates on six islands including Oahu (home to Honolulu), Maui, Hawaii and Kauai.

Background

Nippon Kanzai acquired shares of Hawaiiana from Swell International Inc., a locally operated real estate company, in March 2020 and through which Hawaiiana became an equity-method affiliate of Nippon Kanzai. Hawaiiana and Nippon Kanzai will work together to further improve the business with global expertise cultivated and accumulated through Nippon Kanzai’s overseas expansion.

Business Environment under the Pandemic

While the direct impact on earnings is limited as residential management is classified as an essential business, Hawaiiana faces challenges in staff recruitment and development sales due to uncertainty and instability in the future from the COVID-19 pandemic.

Company Name	Hawaiiana Holdings Incorporated
Establishment	September 24, 2008
Capital	USD4.27 million (JPY490 million) *USD1=JPY115.01 (as of December 31, 2021)
Main Business	AOAO management
Head Office	Honolulu, Hawaii
Branches	Maui, West Maui, Kona, Kauai
Employees	Approx. 240 as of December 31, 2021
No. of Units under Management	Approx. 107,000 units, 680 associations as of December 31, 2021

Business Opportunities (2): Overseas Development (Overview of PPG, Inc.)



Company Overview

Located in Honolulu, Hawaii, Pacific Property Group (hereinafter “PPG”) provides property management, leasing and sales brokerage services to over 20 commercial properties including a shopping center in Waikiki that has well-known shops and restaurants as tenants. PPG is a small-sized yet excellent local company that provides quality services. PPG values personal relationship in marketing and due to this philosophy, PPG has many long-time and repeat clients.

Background

Our resident officer in Hawaii was introduced to PPG and after due consideration, Nippon Kanزai's subsidiary, Nippon Kanزai USA, Inc., acquired 90% of shares from founder/president in March 2022. PPG is an equity-method non-consolidated subsidiary of Nippon Kanزai.

Business Environment under the Pandemic

Although there is a general unpredictability and uncertainty for future, impact is limited due to low staff turnover and active real estate market

Company Name	Pacific Property Group, Inc.
Establishment	February 27, 2007
Capital	USD1,000 (JPY110,000) *USD1=JPY115.01 (as of December 31, 2021)
Main Business	Commercial Property Management
Head Office	Honolulu, Hawaii
Employees	12 as of December 31, 2021
No. of properties under Management	Approx. 20 as of December 31, 2021

Business Opportunities

1 Increase in demand for private sector expertise in the public sector

2 Global development of know-how accumulated through domestic businesses

3 Approach based on IT technologies, etc.

Growth Strategies

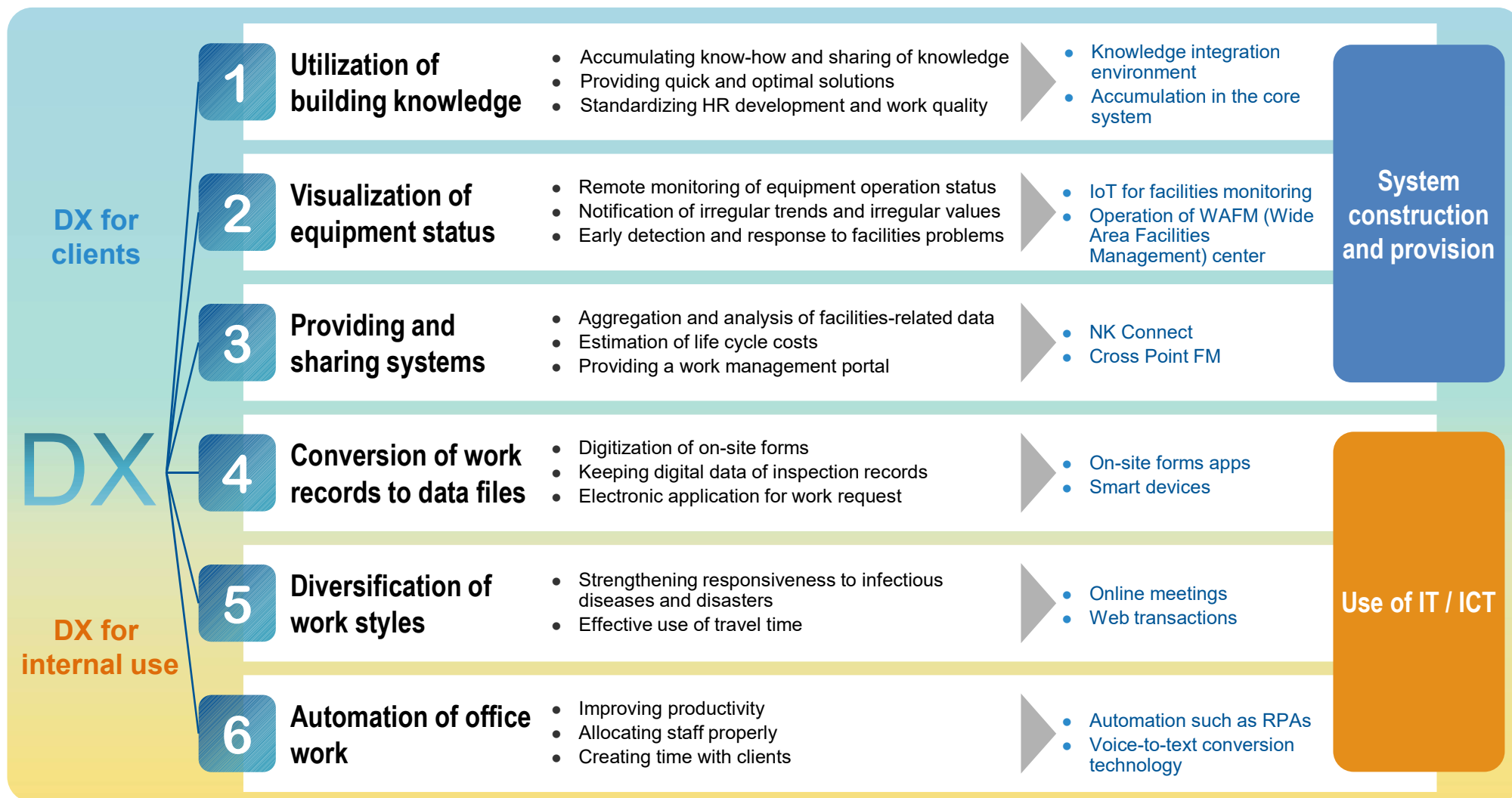
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- Reinforce our residential management business through cooperation with overseas group companies (pp. 29-32)

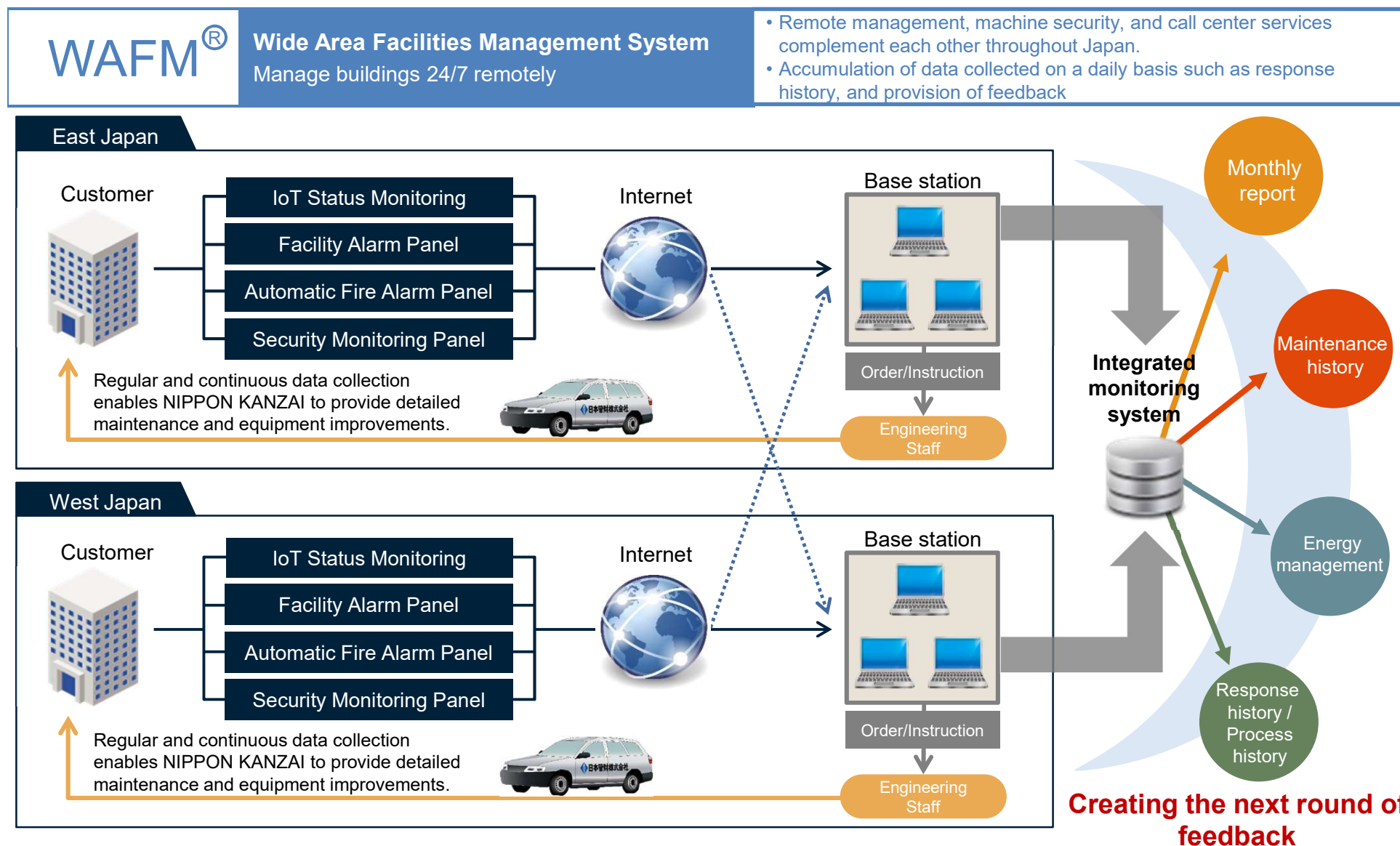
- Introduce IT into work management know-how and construction of facilities management database
- Standardize service quality and increase work efficiency (pp. 34-37)

Business Opportunities (3): Approach Based on IT -Digital Transformation-

With IT approaches both externally and internally, and fusion of digital and analog,
we provide optimal services to customers.



Business Opportunities (3): Remote Monitoring -Operation of Wide Area Facilities Management System-

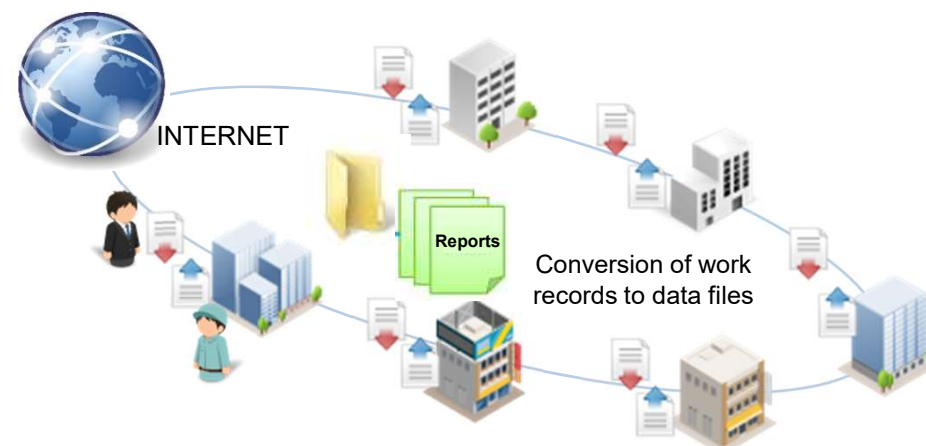


Business Opportunities (3): Shared Application -Update of Facilities Information Sharing System and Application-

NK Connect

Facilities information sharing system Work fulfillment confirmation & report application

- Sharing of information with customers and partner companies on the Cloud
- Centralized management of various building information, work plans, and repair plans
- Use of work management application with smart devices
- Promoting computerization of malfunctions report and forms in the field, conversion of inspection records to data files



Work plan & repair plan management

Input at Web browser

Confirmation of work execution

Input by Smartphone Use of Application

Detailed work report

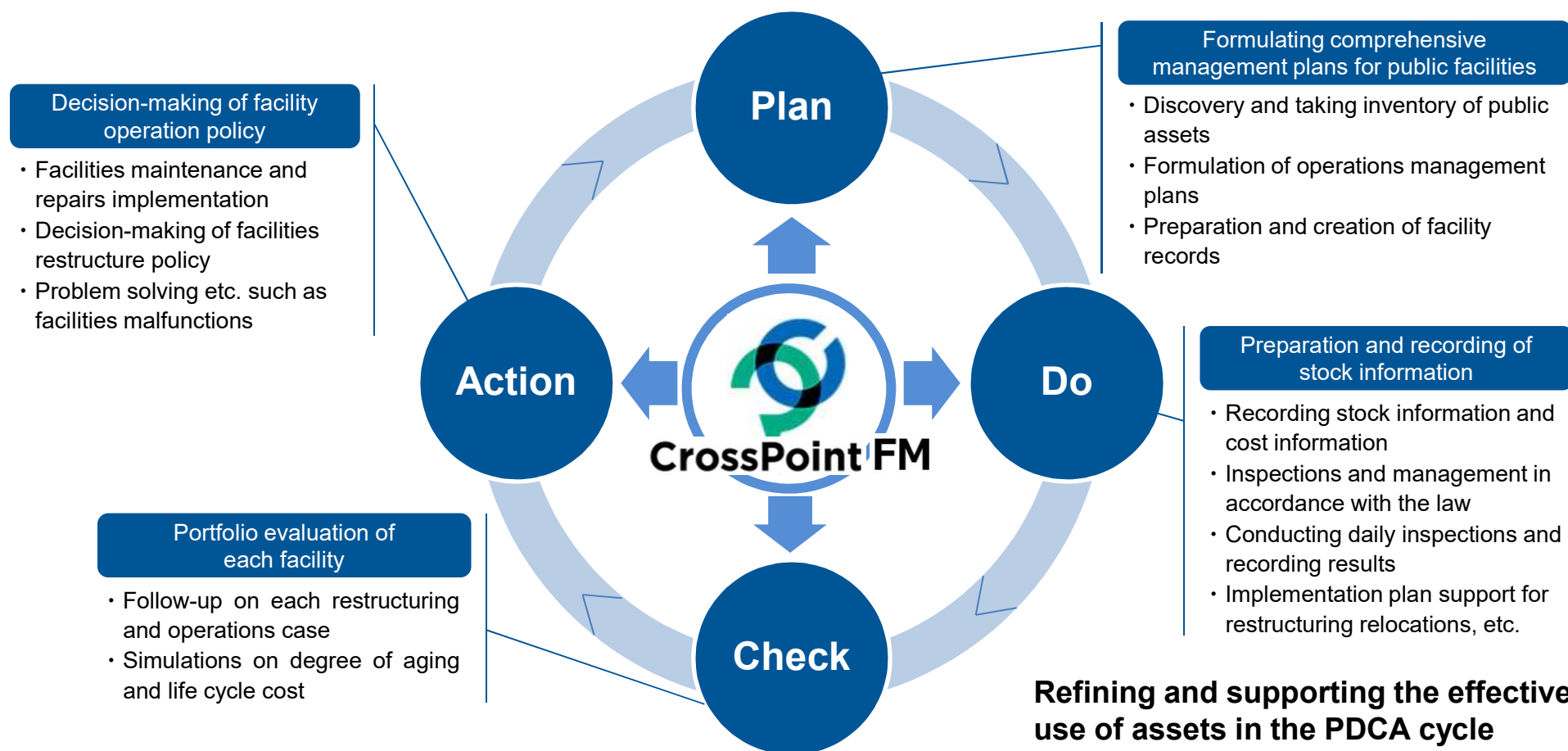
Input by Smartphone Use of Application

Note: Details will be reported by linking the application created by NIPPON KANZAI and ConMas i-Reporter of Cimtops Corporation.

Business Opportunities (3):

Shared Application -Public Facilities Management Systems: Cross Point FM¹-

Cross Point FM supports automatic evaluation of public facilities, optimal placement planning, operations management, the reduction of duties of staff in charge as well as maintains and improves community services.



¹ Cross Point FM is a system developed by Cross Point Consulting Co., Ltd., in which NIPPON KANZAI has a stake, under a consigned R&D project of the Japan Science and Technology Agency (JST).

Legal Disclaimer

No information in this material is intended to solicit the purchase or sale of shares in NIPPON KANZAI.

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