

Company Report

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Strategy Advisors Co., Ltd.
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The Company Aims for Double-Digit Profit Growth in FY12/26. Attention is Expected to Shift to Trends in Business Model Transformation Aimed at Achieving "GLM200" by FY12/30

GLOBAL LINK MANAGEMENT (GLM) reported the following results for FY12/25: net sales increased by 7.4% YoY, operating profit rose by 29.7% YoY, ordinary profit grew by 31.2% YoY and profit attributable to owners of parent rose by 35.1% YoY. Gross profit exceeded plans in all 3 real estate business segments, surpassing the upwardly revised targets set in Q3 at every profit stage.

The Company's full-year forecast for FY12/26 projects double-digit growth, with net sales expected to increase to ¥75 billion (+8.3% YoY), operating profit up to ¥8.5 billion (+14.3% YoY) and profits attributable to owners of parent up to ¥5.13 billion (+11.2% YoY). Furthermore, under the Mid-Term Management Plan "GLM100" which ends in FY12/27, the target for ordinary profit in FY12/27 is set at ¥10 billion. Given the strong performance in residential property acquisitions, the focus for financial results will be on how much the Company exceeds the FY12/27 ordinary profit target of ¥10 billion.

Following "GLM100", the Company plans to implement the next stage, "GLM200", which sets a target of ¥20 billion in ordinary profit for FY12/30. Embarking on a business model transformation in preparation for "GLM200" the Company intends to shorten the capital recovery period, diversify revenue streams and reduce the burden on the balance sheet. The key to this strategy is the utilization of SPC's (Special Purpose Companies), and attention will likely focus on the progress of these initiatives going forward.

The Company's initiatives are expected to contribute to a further increase in its already high ROE through improvements in profitability, efficiency and financial leverage. Additionally, there is a medium/long-term Equity Story centered on "establishing a position as an asset management partner for domestic and international investors in Japanese real estate".

Stock Price & Trading Volume (1 Year)



Source: Strategy Advisors.

Key Indicators

Stock Price (3/31/26)	1,981
52-Week High (10/8/25)	2,973
52-Week Low (4/7/25)	1,525
All-Time High (10/8/25)	2,973
All-Time Low (3/19/20)	220
Shares on Issue (mn)	16.0
Market Cap. (¥bn)	31.8
EV (¥bn)	46.9
Equity Ratio (12/25 Actual, %)	31.3
ROE (12/25 Actual, %)	34.8
PER (12/26 CoE, x)	6.2
PBR (12/25 Actual, x)	2.1
Dividend Yield (12/26 CoE, %)	5.0

Source: Strategy Advisors.

Whether the Company can build a structure where competitiveness increases alongside business scale, rather than simply pursuing growth by accumulating projects, will determine its medium/long-term corporate value.

Given the Company's high ROE, its current valuation appears undervalued relative to peers; however, as the medium/long-term Equity Story is steadily demonstrated to the market, investors' evaluation criteria are likely to shift from short-term earnings trends toward sustainable growth and earnings stability. As the business expands and its structure undergoes fundamental changes, broadening the investor base, the Company's high growth potential is expected to be fairly valued by the market, leading to further increases in its valuation.

Japanese GAAP - Consolidated

FY	Net Sales (¥mn)	YoY (%)	Operating Profit (¥mn)	YoY (%)	Ordinary Profit (¥mn)	YoY (%)	Net Profit (¥mn)	YoY (%)	EPS (¥)	DPS (¥)
12/21 Non-Consolidated	30,675	14.3	1,677	22.8	1,487	44.7	1,423	107.4	45.1	17.5
12/22	35,673	16.3	2,776	65.5	2,278	53.2	1,458	2.5	91.0	17.5
12/23	41,258	15.7	4,586	65.2	4,260	87.0	2,878	97.3	91.8	26.3
12/24	64,482	56.3	5,732	25.0	5,138	20.6	3,413	18.6	180.4	50.0
12/25	69,262	7.4	7,436	29.7	6,739	31.2	4,611	35.1	213.3	80.5
12/25 CoE	75,000	8.3	8,500	14.3	7,500	11.3	5,130	11.2	320.4	100.0

Note:

Only non-consolidated results are disclosed for FY12/21. YoY for FY12/21 are against FY12/20 consolidated results. YoY for FY12/22 are against FY12/21 non-consolidated results.

Starting in FY12/23, loan fees, which were previously recorded under SG&A expenses, are now recorded under non-operating expenses. Retrospective adjustments have been made for FY12/22 and prior periods to reflect the application of this new accounting method, but no retrospective adjustments have been made for FY12/21 and earlier periods. EPS and DPS figures are adjusted for the impact of stock splits.

Source: Company Data. Compiled by Strategy Advisors.

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1. FY12/25 Results: Profits Exceeded the Revised Company Forecast

1) Sales and Earnings

FY12/25 Profits Exceeded Company's Upwardly Revised Forecast

For the FY12/25 results, net sales increased to ¥69.26 billion (+7.4% YoY), operating profit rose to ¥7.43 billion (+29.7% YoY), ordinary profit increased to ¥6.73 billion (+31.2% YoY) and profit attributable to owners of parent increased to ¥4.61 billion (+35.1% YoY), marking record-high net sales and profits (Figure 1).

The Company's forecast, which was revised upward concurrently with the Q3 cumulative results, was as follows: net sales of ¥72 billion (+11.7% YoY), operating profit of ¥7.2 billion (+25.6% YoY), ordinary profit of ¥6.5 billion (+26.5% YoY) and profit attributable to owners of parent of ¥4.3 billion (+26%). The achievement rates against these upwardly revised company forecasts were 96.2% for net sales, 103.7% for ordinary profit and 107.2% for profit attributable to owners of the parent.

Figure 1. GLOBAL LINK MANAGEMENT: FY12/25 Results Summary

(¥mn)	FY12/25 Results	YoY	FY12/25 Revised Company Forecast
Net Sales	69,262	7.4%	75,000
Operating Profit	7,436	29.7%	7,200
Ordinary Profit	6,739	31.2%	6,500
Net Profit	4,611	35.1%	4,300

Source: Company Data. Compiled by Strategy Advisors.

Gross Profit by Business Segment Exceeded the Plan in All 3 Segments

Net sales by business segment were as follows: Development business ¥41.1 billion (94.7% vs. FYF), land planning business ¥19.2 billion (116.7% vs. FYF) and revitalization business ¥8.3 billion (69.5% vs. FYF). Gross profit by business segment was ¥6 billion for the development business (105.9% vs. FYF), ¥3.8 billion for the land planning business (115.4% vs. FYF) and ¥2.5 billion for the revitalization business (105.8% vs. FYF); so, based on gross profit, all 3 businesses exceeded their plans. The land planning business and revitalization business, which began contributing to earnings in FY12/24, made an even greater contribution in FY12/25. Note that net sales and gross profit by business segment for the previous fiscal year have not been disclosed.

Although net sales for the development business and revitalization business fell short of full-year targets, this was due to the strategic decision to postpone the sale of certain properties to the following fiscal year or later, as it was certain that gross profit would exceed the plan.

Gross Profit Margin Rose Significantly

The gross profit margin rose to 17.9% (+2.7ppt YoY). By business segment, the margins were 14.7% for the development business, 19.8% for the land planning business and 30.5% for the revitalization business. The overall increase in the gross profit margin can be attributed to: 1) an increase in the gross profit margin of the development business and 2) a rise in the revenue mix of the land planning business and the revitalization business, which have relatively higher profit margins than the development business.

Net Sales In-Line with Company Plan

At the start of the fiscal year, the development business had forecast net sales of ¥43.5 billion, gross profit of ¥5.7 billion, a gross profit margin of 13.1% and residential unit sales of 1,100 units.

By Q2, contracts had been finalized for 1,147 residential units (a 6.6% decrease from the previous period), exceeding the sales target and consisting primarily of bulk sales of entire buildings; these units were sold as planned during the period. Although the number of units decreased from the previous period, gross profit for the development business exceeded the plan because the gross profit margin reached 14.7%, surpassing the plan due to a stronger-than-expected external environment.

Land Planning Business Exceeded Company Plan

At the start of the period, the land planning business had forecast net sales of ¥16.5 billion, gross profit of ¥3.3 billion, a gross profit margin of 20% and 18 properties sold. Although the number of properties sold was revised upward to 23 in the Q3 forecast, actual sales totaled 22, one unit short of that figure. While the remaining unit was carried over to FY12/26, the gross profit margin for the land planning business remained in line with the initial plan at 19.8% and both net sales and gross profit exceeded the plan.

The Revitalization Business Recorded Higher-Than-Expected Profits

At the start of the period, the revitalization business had forecast net sales of ¥12 billion, gross profit of ¥2.4 billion, a gross profit margin of 20% and building sold of 7 units.

Sales totaled 3 units through Q3, and sales in Q4 were limited to a single unit. While this may appear low in terms of unit count, it is because the Company was able to secure gross profit exceeding expectations from the properties sold alone and consequently postponed the sale of certain properties originally planned for FY12/25 to FY12/26 or later.

In fact, the gross profit margin reached 30.5%, significantly exceeding expectations, due to a combination of external factors common to the development of business and the specific factor of selling properties with high gross profit margins. Furthermore, it appears that some purchases were also postponed in order to prioritize financial discipline.

While SG&A Expenses Rose, the OP Margin Increased

SG&A increased by 22.4% YoY. The increase was primarily due to personnel expenses associated with an increase in headcount, bonuses, taxes, public dues and shareholder benefit expenses. While SG&A expenses are under control, the rate of increase in SG&A exceeded the rate of net sales growth, resulting in the SG&A ratio increasing to 7.2% (+0.9ppt). As a result, the OP margin for FY12/25 rose to 10.7% (+1.8ppt YoY).

Net Profit Increased Significantly

In addition, while non-operating expenses such as interest expenses and commission expenses increased, there were no extraordinary income/losses. Furthermore, to improve the liquidity of the shares and meet the listing maintenance criteria for the Prime Market, Mr. Daejoong Kim, CEO and President, sold 1,100,000 shares in June 2025. As a result, Mr. Kim's ownership ratio as of the end of the fiscal year ending December 2025 fell from 55.61% at the end of the fiscal year ending December 2024 to 48.03% (of which 14.09% is held by Mr. Kim himself, & 33.94% held by an asset management company). As a result, the Company was no longer subject to retained earnings taxation for FY12/25 and the effective corporate tax rate decreased to 31.5% (compared to 35.2% for FY12/24).

Combined with this reduction in the corporate tax burden, profit attributable to owners of the parent increased by 35.1% YoY and the net profit margin rose by to 6.7% (+1.4ppt).

Figure 2. Half - Year/Quarterly Performance Trends

(¥mn)	12/23		12/24		12/25	
	H1	H2	H1	H2	H1	H2
Income Statement						
Net Sales	23,667	17,592	17,981	46,501	35,672	33,590
Cost of Sales	19,179	14,373	15,143	39,544	28,853	28,000
Gross Profit	4,488	3,218	2,838	6,957	6,819	5,590
Gross Profit Margin	19.0%	18.3%	15.8%	15.0%	19.1%	16.6%
SG&A Expenses	1,514	1,606	1,658	2,404	2,288	2,684
SG&A Margin	6.4%	9.1%	9.2%	5.2%	6.4%	8.0%
Operating Profit	2,974	1,613	1,180	4,552	4,531	2,906
OP Margin	12.6%	9.2%	6.6%	9.8%	12.7%	8.7%
Non-Operating Income/Losses	132	194	255	339	350	348
Ordinary Profit	2,842	1,419	925	4,213	4,181	2,558
Ordinary Profit Margin	12.0%	8.1%	5.1%	9.1%	11.7%	7.6%
Extraordinary Income/Losses	0	1	2	-138	0	0
Profit Before Income Taxes	2,842	1,418	923	4,351	4,181	2,558
Total Income Taxes	1,055	323	373	1,484	1,355	769
(Corporate Tax Rate)	37.1%	22.8%	40.4%	34.1%	32.4%	30.1%
Profit Attributable to Owners of Parent	1,786	1,093	549	2,865	2,824	1,787
Net Profit Margin	7.5%	6.2%	3.1%	6.2%	7.9%	5.3%

(¥mn)	12/23				12/24				12/25			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Income Statement												
Net Sales	6,957	16,710	5,293	12,299	5,450	12,531	15,492	31,009	16,473	19,199	16,251	17,338
Cost of Sales	5,748	13,431	4,219	10,154	4,472	10,671	13,641	25,903	13,592	15,261	13,668	14,331
Gross Profit	1,209	3,279	1,074	2,144	979	1,859	1,852	5,105	2,881	3,938	2,583	3,006
Gross Profit Margin	17.4%	19.6%	20.3%	17.4%	18.0%	14.8%	12.0%	16.5%	17.5%	20.5%	15.9%	17.3%
SG&A Expenses	759	755	612	994	816	842	990	1,414	1,066	1,222	965	1,718
SG&A Margin	10.9%	4.5%	11.6%	8.1%	15.0%	6.7%	6.4%	4.6%	6.5%	6.4%	5.9%	9.9%
Operating Profit	450	2,524	462	1,151	163	1,017	862	3,690	1,815	2,716	1,618	1,287
OP Margin	6.5%	15.1%	8.7%	9.4%	3.0%	8.1%	5.6%	11.9%	11.0%	14.1%	10.0%	7.4%
Non-Operating Income/Losses	106	26	56	138	124	131	160	179	188	162	167	181
Ordinary Profit	344	2,498	406	1,013	39	886	702	3,511	1,627	2,554	1,451	1,106
Ordinary Profit Margin	4.9%	14.9%	7.7%	8.2%	0.7%	7.1%	4.5%	11.3%	9.9%	13.3%	8.9%	6.4%
Extraordinary Income/Losses	0	0	0	-1	-2	0	0	-138	0	0	0	0
Profit Before Income Taxes	344	2,498	406	1,012	36	887	702	3,649	1,627	2,554	1,451	1,106
Total Income Taxes	95	960	129	194	21	352	289	1,195	630	725	484	285
(Corporate Tax Rate)	27.6%	38.4%	31.8%	19.2%	56.7%	39.7%	41.2%	32.7%	38.7%	28.4%	33.4%	25.8%
Profit Attributable to Owners of Parent	249	1,537	275	818	15	534	412	2,453	997	1,827	966	820
Net Profit Margin	3.6%	9.2%	5.2%	6.7%	0.3%	4.3%	2.7%	7.9%	6.1%	9.5%	5.9%	4.7%

Source: Company Data. Compiled by Strategy Advisors.

2) Financial Status

Increased Purchases Lead to Increased Funding Requirements

The majority of the Company's revenue comes from flow revenue generated by real estate sales; it acquires land or existing properties using its own funds, adds value and then sells them. As described below, the Company has begun implementing measures to avoid burdening its balance sheet, such as increasing off-balance-sheet development. However, at present, as with typical developers, there is a strong tendency for funding needs to rise when land acquisitions increase during growth phases.

Equity Ratio Remains High at Over 31%

Nevertheless, the Company has maintained relatively secure Financial Status even as net sales have increased. While the Company's equity ratio temporarily declined at the end of FY12/22 due to growth investments, it has generally remained above 20%. At the end of FY12/24, the equity ratio rose to 31.8% as the Company strategically balanced growth and financial discipline; however, it stood at 31.3% at the end of FY12/25, maintaining a high level compared to the past (Figure 3).

Excluding the Impact of Cases Arising from Certain Off-Balance-Sheet Development Projects, the Actual Equity Ratio Could Rise Even Further

The Company plans to increase its off-balance-sheet development activities. However, in some of these off-balance-sheet development transactions, there are contracts under which the Company purchases land using bank loans, sells it to general contractors (partner companies) and then repurchases it upon completion of development to sell to investors. In these transactions, while the bank loan is repaid when the land is sold to the general contractor, the financial liability is recorded on the balance sheet to reflect the anticipated repurchase. Although there are no interest expenses associated with this financial liability, both the land and the financial liability remain on the Company's balance sheet.

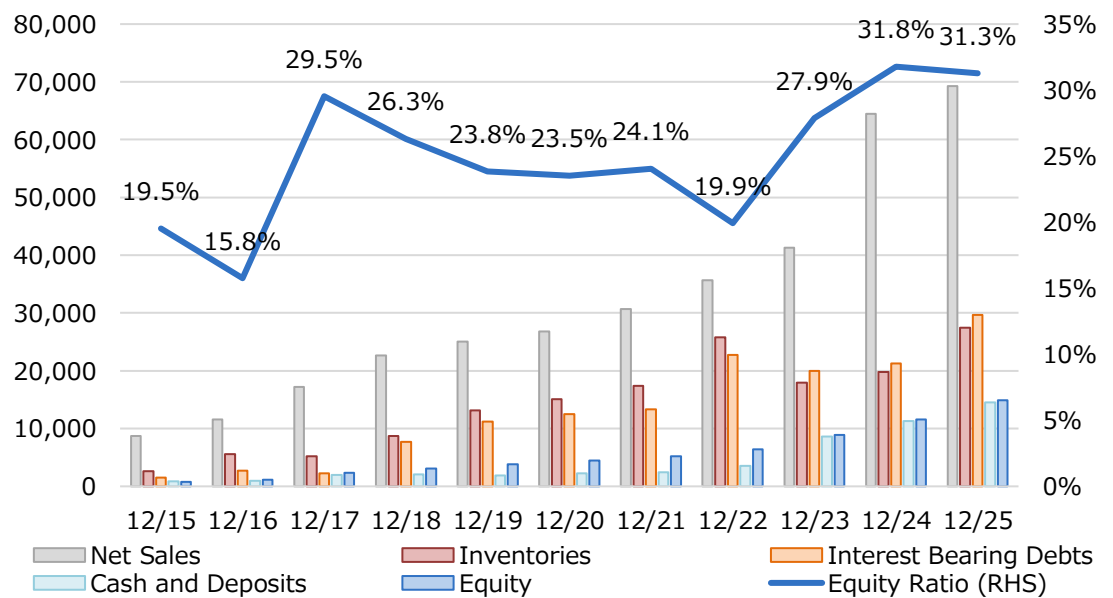
The Company recognizes that this arrangement has no practical impact on its interest expenses or its borrowing capacity with financial institutions. Excluding this item, the effective equity ratio was 31% at the end of FY12/23, 35.1% at the end of FY12/24, and 34.5% at the end of FY12/25; the Company's actual equity ratio is believed to be slightly higher.

The Ratio of Equity Capital to Inventory is Also Expected to Remain Within a Manageable Range

Turning to the asset side, the majority of the Company's assets are current assets, and among these, the management of inventory (the total of real estate for sale and real estate in progress for sale) is key. Until the end of FY12/22, inventory increased in line with rising net sales, but since the end of FY12/23, the Company has promoted the expansion of off-balance-sheet development and the diversification of exit strategies, thereby curbing inventory growth even as net sales have expanded.

The "inventory-to-equity ratio" calculated as "inventory divided by equity", stood at approximately 1.7x at the end of FY12/24 and rose to just over 1.8x at the end of FY12/25. Although the ratio was slightly higher than at the end of FY12/24 due to some properties originally scheduled for sale in FY12/25 being deferred to FY12/26 or later, it can be said to remain within a well-controlled range.

Figure 3. Changes in the Financial Status of GLOBAL LINK MANAGEMENT



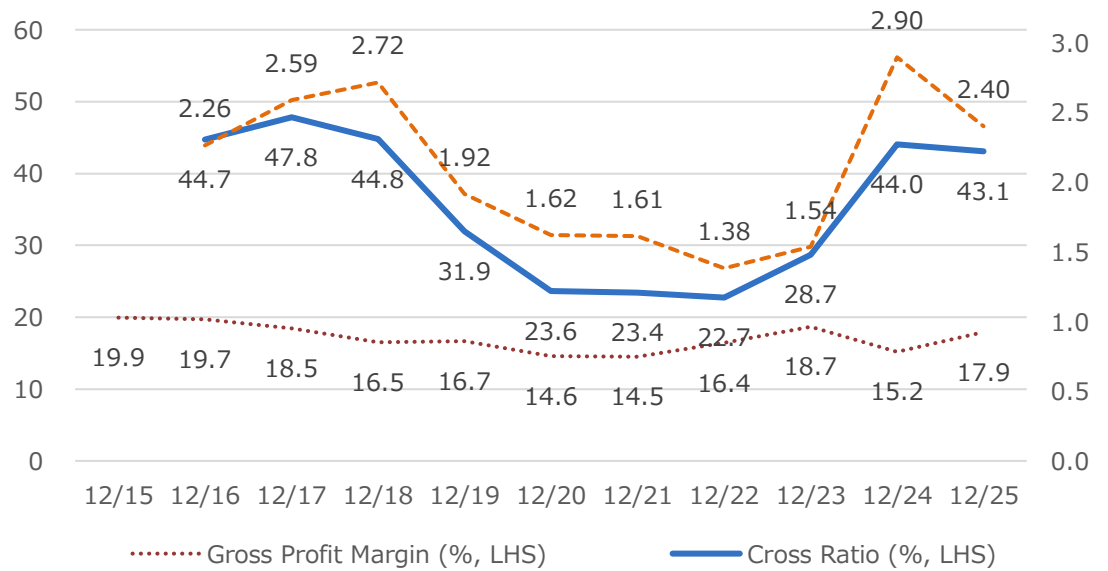
Note: Only non-consolidated results are disclosed for FY12/21.

Source: Company Data. Compiled by Strategy Advisors.

Cross Ratio Also Remains at a High Level

The Company's relatively secure Financial Status is reflected in its cross ratio (the product of gross profit margin and inventory turnover). Due to an increase in inventory turnover, the cross ratio rose significantly to 44% in FY12/24 and remained at a similar level of 43.1% in FY12/25. Although the inventory turnover ratio fell to 2.4 times due to projects whose sales were delayed until FY12/26, the gross profit margin rose to 17.9% to offset this, allowing the cross ratio to remain at a high level (Figure 4). Furthermore, in the comparison with industry peers shown in Figure 5, the Company's cross ratio ranks fourth highest. This is due to the fact that its inventory turnover ratio is the 3rd highest.

Figure 4. Trends in the Crossover Ratio of GLOBAL LINK MANAGEMENT



Note: Only non-consolidated results are disclosed for FY12/21

Cross Ratio = Gross Profit Margin × Inventory Turnover

The inventory turnover used to calculate the cross ratio is based on cost of goods sold

Source: Company Data. Compiled by Strategy Advisors.

Figure 5. Financial Comparison with Peers: Comparison of CCC (Cash Conversion Cycle) & Crossover Ratio (Based on Most Recent Full-Year Results)

Company Name	Code	FY	Accounts Receivable Turnover Period (Day)	Inventory Turnover Period (Day)	Payables Turnover Period (Day)	CCC (Day)	Gross Profit Margin (%)	Inventory Turnover (x)	Crossover Ratio (%)
[Developers]									
GLOBAL LINK MANAGEMENT	3486	12/25	0.2	151.8	0.2	151.9	17.9	2.4	43.1
FJ NEXT HOLDINGS	8935	3/25	15.7	199.7	9.3	206.2	18.4	1.8	33.6
ES-CON JAPAN	8892	3/25	3.7	1,188.8	0.0	1,192.4	32.1	0.3	9.9
Hoosiers Holdings	3284	3/25	3.6	544.7	47.8	500.5	23.6	0.7	15.8
Meiwa Estate	8869	3/25	1.0	557.7	115.5	443.1	20.7	0.7	13.6
DEAR LIFE	3245	9/25	1.9	112.1	1.8	112.1	13.7	3.3	44.8
[Used/Renovated]									
INTELLEX HOLDINGS	463A	5/25	3.7	242.2	7.9	238.0	17.8	1.5	26.8
PROPERST	3236	5/25	0.0	362.9	1.6	361.3	18.3	1.0	18.4
MUGEN ESTATE	3299	12/25	0.4	511.1	6.2	505.3	28.3	0.7	20.2
[DX-Related]									
GA Technologies	3491	10/25	1.7	22.6	7.1	17.2	16.9	16.1	273.3
TASUKI Holdings	166A	9/25	0.0	247.1	2.6	244.5	19.9	1.5	29.4
MIGALO HOLDINGS	5535	3/25	3.9	336.9	13.2	327.5	15.6	1.1	16.9
property technologies	5527	11/25	0.4	269.6	11.9	258.1	15.0	1.4	20.3
Average	—	—	2.8	365.2	17.3	350.6	19.9	2.5	43.5
Median	—	—	1.7	269.6	7.1	258.1	18.3	1.4	20.3

Company Name	Code	FY	Accounts Receivable Turnover Period (Day)	Inventory Turnover Period (Day)	Payables Turnover Period (Day)	CCC (Day)	Gross Profit Margin (%)	Inventory Turnover (Times)	Crossover Ratio (%)
[Real Estate Finance]									
GLOBAL LINK MANAGEMENT	3486	12/25	0.2	151.8	0.2	151.9	17.9	2.4	43.1
Ichigo	2337	2/25	14.7	778.7	0.0	793.4	30.5	0.5	14.3
TOSEI	8923	11/25	36.2	1,056.5	61.5	1,031.2	42.1	0.3	14.6
Sun Frontier Fudousan	8934	3/25	7.5	618.8	16.3	610.1	31.2	0.6	18.4
Kasumigaseki Capital	3498	8/25	7.5	309.9	0.0	317.4	37.8	1.2	44.5
JINUSHI	3,252	12/25	2.4	439.4	1.9	439.9	18.4	0.8	15.3
Loadstar Capital	3,482	12/25	0.0	1,088.7	0.0	1,088.7	34.6	0.3	11.6
Average	—	—	9.8	634.8	11.4	633.2	30.4	0.9	23.1
Median	—	—	7.5	618.8	0.2	610.1	31.2	0.6	15.3

Note:

CCC (Cash Conversion Cycle): is calculated as "Accounts Receivable Turnover + Inventory Turnover – Accounts Payable Turnover"

INTELLEX HOLDINGS: Intellix transitioned into INTELLEX HOLDINGS on Dec.1, 2025. Hence, the figures above are for INTELLEX (8940)

Source: Strategy Advisors.

2. Current Status of the Business (1) – Real Estate Business Area

The Company divides its business segments into the Real Estate Business Segment and the DX Business Segment. The Real Estate Business Segment is classified into development business, land planning business and revitalization business. Previously, the segment consisted solely of development business: but, the Company launched land planning business and revitalization business in FY12/23 and these have been contributing to earnings since FY12/24.

1) Development business

The Development Business Focuses on Residential Properties, But has been Diversifying

The Company's development business has historically focused on the residential sector. One of the factors driving the Company's growth was its concentration strategy of specializing in "small condominiums" in the Tokyo area; however, starting in FY12/23, the Company began diversifying its asset class and has started expanding into the sectors of an urban hotel and commercial tenant buildings in addition to residential properties.

The "ARTESSIMO" Series, Currently Offered Under 3 Brands

The Company's proprietary residential brand, "ARTESSIMO", offers small condominiums for investment properties designed to provide stable returns, primarily targeting domestic and international investors seeking asset management opportunities. This long-running series, which has been in operation since 2006, initially focused on individual investors, but has since gained widespread acceptance among a diverse range of investors due to the brand's versatility. The brand concept is "to provide modern and comfortable spaces", and the series offers units with floor areas ranging from 20m² to 50m² (with the most common size being approximately 25m²).

Within the residential sector, "ARTESSIMO" is positioned as the core brand. Additionally, new brands have been created, including "Lua ARTESSIMO" as a premium luxury series and "ARTESSIMO Vuota" as a low-rise model featuring a wall-bearing structure without columns or beams. Currently, the "ARTESSIMO" series is being developed under these 3 brands.

Expanding the "ARTESSIMO" Brand to Hotels & Commercial Tenant Buildings Based on Its Success

The Resitel brand is based on the concept of "an urban residential hotel where guests can live like a local". It is a small to-medium-sized, condominium-style hotel targeting inbound tourists and business travelers, designed to accommodate large groups and long-term stays. Consequently, rooms are equipped with kitchens and laundry facilities. Locations are limited to the 10 central wards of Tokyo. Development costs range from ¥1.5 billion to ¥3 billion per building, with a development period of approximately 2 years.

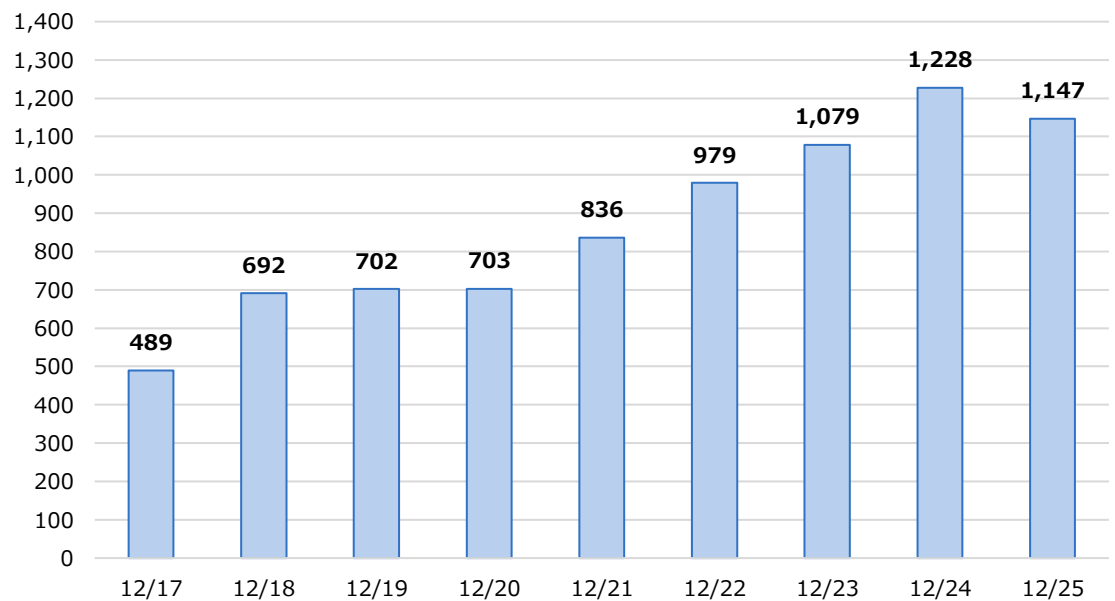
The commercial tenant building "Frame" is based on the brand concept of "capturing happy memories from everyday life in a frame". The portfolio includes small-scale commercial tenant buildings that can be developed on sites as small as approximately 30 tsubo, as well as medium-scale commercial tenant buildings that emphasize design, such as by incorporating shared spaces like lobbies. Locations are limited to the 5 central wards of Tokyo, with a development scale of ¥500 million to ¥2 billion per building and a development period of 1.5 years.

Residential Unit Sales for FY12/25 Totaled 1,147 Units

Key performance indicators (KPIs) disclosed for assessing the Company's development business performance include the number of residential units sold and the number of buildings sold (while all projects through FY12/25 were residential, the "number of buildings sold" KPI includes non-residential projects as well).

Residential unit sales have recently remained above 1,000 units. For FY12/25, sales totaled 1,147 units, as planned (Figure 6).

Figure 6. Trends in the Number of Residential Units Sold (Units)



Source: Company Data. Compiled by Strategy Advisors.

2) Land Planning Business

Land Planning Business: Adding Value to Land Itself

Launched in 2023, the land planning business involves enhancing the value of land through rights adjustments and planning before selling it. Additionally, the Company sometimes sells land acquired for its own property development at an early stage, prior to construction, to reduce the burden on its balance sheet.

Regarding the land planning business, the Company envisions multiple business models. One model involves consolidating multiple adjacent parcels of land into a single property after resolving title issues, then acquiring and selling the consolidated property. Another model involves selling land that the Company is currently developing into properties.

The Company sold 19 properties to developers and funds in FY12/24 and 22 properties in FY12/25 (FY12/25 Q3, 23 properties were forecasted to sell). Although there is some variation from property to property, this business aims to achieve a gross profit margin of approximately 20% over a period of about 1 year.

3) Revitalization Business

Revitalization Business: Selling Properties After Enhancing Their Value

The revitalization business involves acquiring existing pre-owned properties, enhancing their value and then selling them. The Company acquires existing properties with potential value, enhances security, design and facilities plus implements environmental improvements. As needed, the Company attracts tenants and negotiates rent to carry out the value-up process. After the value-up, the properties are resold at a fair price.

To carry out this value enhancement, the Company holds the properties for a certain period. The holding period is determined flexibly based on the extent of the value enhancement and the rent collected during this period constitutes the Company's stock revenue. The revenue from the resale then constitutes flow revenue.

4 properties were sold in FY12/24 and another 4 in FY12/25. The number of sales remained due to the Company postponing the sale of some properties in FY12/25 to FY12/26, due to the presence of high-yield properties. Note that the acquisition of 5 properties was completed as planned in FY12/25.

3. Current Status of Business (2) – DX Business Area

IT Services in the DX Sector Handled by AtPeak

The DX business segment is operated by AtPeak, a consolidated subsidiary established in December 2023, which provides various IT-related services in the DX field.

A Business Model Linking Development & License Sales

AtPeak's business model is based on "AP-AI", a proprietary AI platform developed in-house that is considered to be more specialized and effective in areas requiring higher accuracy than standard generative AI. The Company provides consulting and customization tailored to the client's industry, develops applications to drive the client's DX and sells licenses for these applications. The Company aims to utilize "AP-AI" within its own real estate business operations, seeking to advance business digital transformation (DX) that leads to improved operational efficiency and greater precision in proposals to its investor clients.

Revenue from selling this system externally consists of 1) flow revenue generated through consulting and customization services and 2) stock revenue from license sales and application maintenance and operation.

4. FY12/26 Earnings Outlook: Expected Double-Digit Profit Growth

Planning for Double-Digit Profit Growth in FY12/26

For FY12/26, the Company forecasts net sales of ¥75 billion (+8.3% YoY), operating profit of ¥8.5 billion (+14.3% YoY), ordinary profit of ¥7.5 billion (+11.3% YoY) and profit attributable to owners of parent of ¥5.13 billion (+11.2% YoY) (Figure 7).

Figure 7. Net Sales and Profit Trends (¥mn)

(¥mn)	12/21 Non-Consolidated	12/22	12/23	12/24	12/25	12/26 CoE
Net Sales	30,675	35,673	41,258	64,482	69,262	75,000
YoY	14.3%	16.3%	15.7%	56.3%	7.4%	8.3%
Gross Profit	4,447	5,863	7,706	9,794	12,409	14,500
YoY	13.8%	31.8%	31.4%	27.1%	26.7%	16.8%
Gross Profit Margin	14.5%	16.4%	18.7%	15.2%	17.9%	19.3%
Operating Profit	1,677	2,776	4,586	5,732	7,436	8,500
YoY	22.8%	65.6%	65.2%	25.0%	29.7%	14.3%
OP Margin	5.5%	7.8%	11.1%	8.9%	10.7%	11.3%
Ordinary Profit	1,487	2,278	4,260	5,138	6,739	7,500
YoY	44.7%	53.2%	87.0%	20.6%	31.2%	11.3%
Ordinary Profit Margin	4.9%	6.4%	10.3%	8.0%	9.7%	10.0%
Profit Attributable for Owners of Parent	1,423	1,458	2,878	3,413	4,611	5,130
YoY	107.6%	2.5%	97.3%	18.6%	35.1%	11.2%
Net Profit Margin	4.6%	4.1%	7.0%	5.3%	6.7%	6.8%

Note: Only non-consolidated results are disclosed for FY12/21. YoY for FY12/21 is compared to those of the consolidated results of FY12/20; YoY for FY12/22 is against the non-consolidated results of FY12/21. Starting in FY12/23, loan fees, which had previously been recorded under selling, general, and administrative expenses, are now recorded under non-operating expenses. For FY12/22, retroactive adjustments have been made to reflect the new accounting method; however, no retroactive adjustments have been made for periods prior to FY12/21

Source: Company Data. Compiled by Strategy Advisors.

Contributions from the Revitalization Business is Expected to Increase Significantly

For FY12/26, net sales by business segment are projected to be ¥39 billion for the development business (-5.1% YoY), land planning business: ¥20 billion (+16.8% YoY) and revitalization business: ¥16 billion (193% YoY). Gross profit by business segment is as follows: development business: ¥7 billion (+16.7% YoY), land planning business: ¥4 billion (+5.3% YoY) and revitalization business: ¥3.5 billion (+40% YoY). Among the 3 businesses, the revitalization business is expected to make a particularly significant contribution.

The sales target for new residential properties, the core of the development business, is 758 units. Although this represents a decrease of 389 units from the previous fiscal year, this adjustment reflects the higher-than-expected gross profit margin. Given that procurement is proceeding smoothly and that 546 units (72% of the 758 units scheduled for sale in FY12/26) have already been contracted, the Company expects to secure a high level of gross profit for FY12/26 as well.

In the land planning business, we plan to sell 25 properties, an increase of 2 from the previous fiscal year. This represents a modest increase in volume as we have shifted

our strategy to allow for a longer value-enhancement period to support medium/long-term growth. Additionally, in the revitalization business, we plan to sell nine buildings (+5 YoY) and acquire 12 buildings (+7 YoY). This reflects the strong performance of acquisitions in the previous fiscal year.

The Gross Profit Margin is Expected to Rise by 1.4% YoY

The gross profit margin for the FY12/26 period is projected to rise to 19.3% (+1.4% YoY). By business segment, the development business is expected to reach 18% (+3.3ppt YoY), the land planning business 20% (+0.2ppt YoY) and the revitalization business 22% (-8.5ppt YoY).

The overall increase in the gross profit margin is planned to be driven primarily by improvements in the development business. This projection factors in the continued increase in demand (an external factor) resulting from a growing number of investors anticipating future inflation. Generally, inflation is considered a negative factor for real estate developers with high levels of debt. However, the ability to sell properties at higher prices against the backdrop of rent increases caused by inflation is a positive factor and this positive factor is expected to manifest as an increase in the gross profit margin for the development business.

On the other hand, the expected decline in the gross profit margin for the revitalization business is largely due to specific factors, such as the presence of highly profitable projects in the previous period.

SG&A Expenses Will Rise. But This Will Be Offset by an Increase in the Gross Profit Margin

In addition, SG&A expenses are projected to be ¥6 billion (+¥1.03 billion YoY). This increase is primarily due to higher personnel costs resulting from an expansion of the workforce. Although the SG&A ratio is expected to rise to 8% (+0.8% YoY), the increase in the gross profit margin is expected to more than offset this, resulting in an OP margin of 11.3% (+0.6ppt YoY).

Forecast Dividend for FY12/26 to Increase to ¥100

The Company forecasts a dividend per share of ¥100 for FY12/26, an increase of ¥19.5 from the previous fiscal year (year-end dividend only). The Company adheres to a progressive dividend policy and aims for a dividend payout ratio of 30% of net profit per share. The projected dividend payout ratio for FY12/26 is 31.2%, which is expected to rise by 3.3ppt from the 27.9% recorded in FY12/25.

5. Earnings Outlook from FY12/26 Onward: Focus on Ordinary Profit in the Final Year of the Mid-Term Management Plan

1) Mid-Term Management Plan “GLM100”

Mid-Term Management Plan “GLM100” Aiming for FY12/27 Net Sales of ¥100 billion & Ordinary Profit of ¥10 billion

The Company’s long-term group policy, “GLM1000,” sets a target of a 25% average annual growth rate in ordinary profit through 2040, with ordinary profit reaching at least ¥100 billion by 2040.

To achieve these “GLM1000” goals, the Company has also announced the Mid-Term Management Plan “GLM100” that ends in FY12/27. Compared to FY12/25 net sales of ¥69.26 billion and ordinary profit of ¥6.73 billion and FY12/26 forecasts of ¥75 billion in net sales and ¥7.5 billion in ordinary profit, the plan aims for ¥100 billion in net sales and ¥10 billion in ordinary profit by FY12/27. The average annual growth rate from FY12/24 is 15.7% for net sales and 24.9% for ordinary profit (Figures 8 and 9).

Figure 8. Mid-Term Management Plan (¥bn)

Items	FY12/25 (Actual)	FY12/26 (Company Plan)	FY12/26 (Mid-Term Plan)	FY12/27 (Mid-Term Plan)	From FY12/24 CAGR	FY12/30 (Long-Term Target)	FY12/40 (Long-Term Target)
Net Sales	692.6	750	850	1,000	15.8%	—	—
Gross Profit	124.1	145	136	170	20.6%	—	—
Ordinary Profit	67.4	75	75	100	25.2%	200.0	1,000.0
Profit Attributable to Owners of Parent	46.1	51.3	48	65	24.1%	—	—
Gross Profit Margin	17.9%	19.3%	16%	17%	—	—	—
Ordinary Profit Margin	9.7%	10%	8.8%	10%	—	—	—
Equity Ratio	31.4%	—	30% or more	30% or more	—	—	—
ROE	34.7%	25% or higher	25% or more	25% or more	—	—	—
Payout Ratio	27.9%	31.2%	30%	30%	—	—	—

Source: Company Data. Compiled by Strategy Advisors.

Figure 9. Breakdown of the Mid-Term Management Plan (¥bn)

Items	FY12/25 (Actual)	FY12/26 (Company Plan)	FY12/26 (Mid-Term Plan)	FY12/27 (Mid-Term Plan)	From FY12/24 CAGR
Net Sales	692.6	750	850	1,000	15.7%
Development Business	411	390	480	500	—
Land Planning Business	192	200	230	300	—
Revitalization Business	83	160	140	200	—
Gross Profit	124.1	145	136	170	20.2%
Development Business	60	70	62	70	—
Land Planning Business	38	40	46	60	—
Revitalization Business	25	35	28	40	—
Gross Profit Margin	17.9%	19.3%	16%	17%	—
Development Business	14.7%	18%	12.9%	14%	—
Land Planning Business	19.8%	20%	20%	20%	—
Revitalization Business	30.5%	22%	20%	20%	—
# of Purchase Workforce (Person)	—	—	45	50	—
Development Business	—	—	16	16	—
Land Planning Business	—	—	21	22	—
Revitalization Business	—	—	8	12	—
Development Business Unit Sales (Units)	1,147	758	1,280	1,280	1.4%
Non-Residential (Bldgs.)	0	1	1	2	-20.6%
Land Planning Business Properties Sold (Properties)	22	25	25	32	19%
Revitalization Business Building Purchased (Bldgs)	5	12	11	14	—
Building Sold (Bldgs)	4	9	9	12	—

Source: Company Data. Compiled by Strategy Advisors.

Policy to Make the Land Planning Business and Revitalization Business the New Pillars of Growth

All ¥100 billion in net sales for FY12/27 come from the real estate business segment; the DX business segment is not expected to generate revenue under the "GLM100" plan. The breakdown of net sales for FY12/27 is as follows: Development business ¥50 billion, land planning business ¥30 billion and revitalization business ¥20 billion. The breakdown of gross profit is as follows: Development business ¥7 billion (gross profit margin 14%), land planning business ¥6 billion (20%) and revitalization business ¥4 billion (20%). This is based on a strategy to maintain stable operations in the development business while accelerating growth by establishing the land planning business and revitalization business as new pillars.

In its Mid-Term Management Plan "GLM100", the Company has outlined the following 4 growth strategies:

- Growth Strategy 1: Building a business model driven by investor needs
- Growth Strategy 2: Expansion of asset class and revenue models
- Growth Strategy 3: Expanding the use of DX
- Growth Strategy 4: Building and promoting a system for human capital management

Growth Strategy 1: Building a Business Model Driven by Investor Needs

Based on interviews with 12 of the Company's existing clients, all of whom have a track record of bulk property sales, the Company estimates that these clients' investment needs for Japanese real estate over the 3-year period ending FY12/27 exceed the Company's projected supply for that period by more than 13x. The Company anticipates that this trend will continue beyond FY28/12.

Therefore, the Company's policy is to expand its supply capacity toward achieving "GLM1000" by establishing a virtuous cycle: "Identifying investors' latent needs → Strengthening the ability to meet those needs → Strengthening trust and relationships with investors → Identifying investors' latent needs".

Furthermore, "strengthening our capacity to meet demand" goes beyond simply increasing supply; it also leads to the expansion of asset class and revenue models, as described below.

Growth Strategy 2: Expansion of Asset Class and Revenue Models

When considering the 2 axes of asset class and revenue models, the Company has historically focused primarily on the development business (revenue model) for residential properties (asset class).

In contrast, regarding asset types, the Company has expanded beyond residential properties to include hotels and commercial tenant buildings. Regarding revenue models, the Company has adopted a policy of adding revenue streams from land planning and revitalization businesses to its traditional development business. Measures based on these policies have already been implemented, and in fact, the land planning business and revitalization business are now making a significant contribution to revenue.

Growth Strategy 3: Expanding the Use of DX

Regarding expanding the use of DX, the focus for all business units will be on advancing the use of "AP-AI" in development simulations.

In the development business, the primary focus is on streamlining operational efficiency through development simulations. In the land planning business, we will improve the efficiency of our approach and expand our land acquisitions by identifying properties where ownership has been transferred through inheritance and detecting areas where market value increases following the resolution of property rights issues. In the revitalization business, the policy is to efficiently identify properties whose rents deviate from market rates and detect properties whose market value rises when rents increase.

At the same time, by streamlining business operations using "AP-AI", the Company aims to increase revenue without significantly expanding our workforce, thereby building a more profitable organizational structure.

Growth Strategy 4: Building and Promoting a System for Human Capital Management

With regard to human capital management, the Company plans to reduce turnover (achieving an employee retention rate above the industry average), review its evaluation system and incentive structure to support the achievement of its mid-term management plan, and increase average salaries by boosting revenue and profit per employee. Regarding average salaries, while the average annual salary (including bonuses, etc.) on a standalone basis for FY12/24 was ¥8.9 million, the Company aims to rank first in the industry in the future.

2) Embarking on a Business Model Transformation in Preparation for "GLM200"

"GLM200": The Company Aims for ¥20 Billion in Ordinary Profit for FY12/30

The Company plans to proceed with "GLM200", which targets ¥20 billion in ordinary profit for FY12/27, the final year of "GLM100", following the achievement of ¥10 billion in ordinary profit for FY12/27. In preparation for "GLM200", the Company states it will embark on a business model transformation.

Transforming the Business Model for "GLM200"

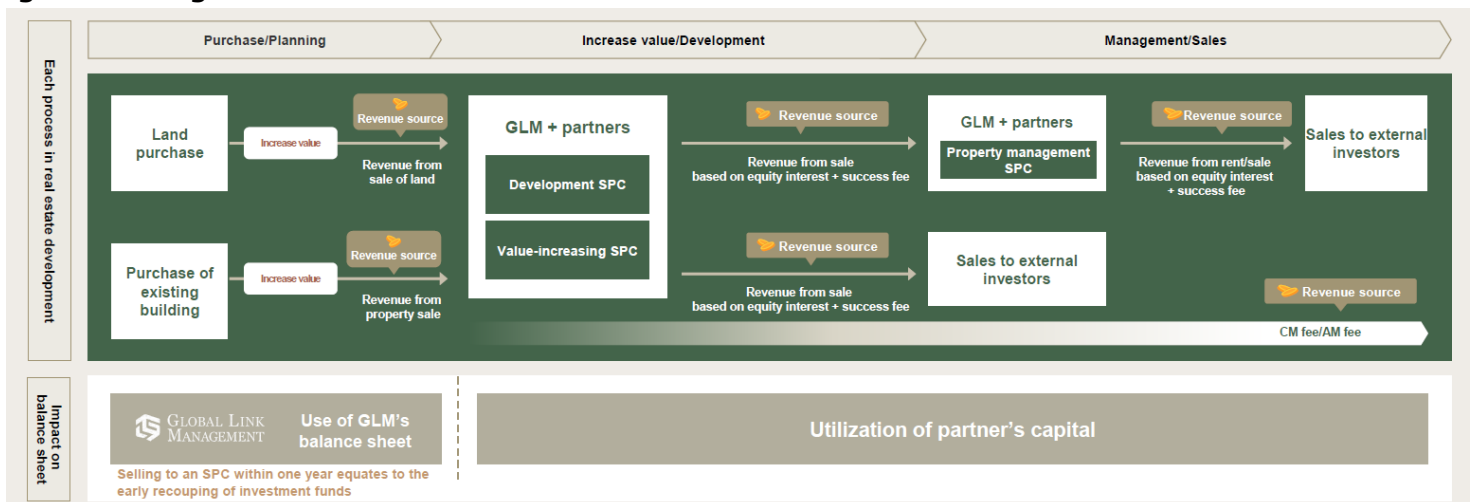
The purpose of transforming the business model is to create a structure less susceptible to fluctuations in the economy and interest rates and to secure sufficient capacity to meet investor demand that cannot currently be fully addressed. Specifically, the Company plans to advance 3 key initiatives: 1) shortening the capital recovery period, 2) diversifying revenue streams and 3) reducing the burden on the balance sheet.

The Keyword for Business Model Transformation: Utilizing SPC's

The key to this business model transformation is the utilization of SPC's (Special Purpose Companies). By establishing SPC's to handle development, value enhancement, and operations, the firm aims to shorten the time to capital recovery and diversify revenue streams (including profits from sales and success fees) (Figure 10).

Efforts toward this goal began in FY12/26, but the key lies in partnerships with companies that form SPC's. The Company envisions major financial institutions and operating companies, which wish to expand the scale of their real estate investments starting from the development stage, as potential partners.

Figure 10. Target Business Model



Source: Company Data.

Maintaining Financial Discipline

While leveraging partner companies' capital through SPC's, the Company is also actively strengthening its relationships with financial institutions to expand procurement and increase flexibility. Maintaining financial discipline is a key part of this effort.

Expanding Borrowing Capacity Through Strengthened Relationships with Financial Institutions

Figure 11 summarizes the trends in the Company's lenders. It shows that, as the Company's creditworthiness improved, megabanks began to appear among its funding sources starting in FY12/23. According to the Company, while borrowing from regional banks and credit unions typically involves individual loans of several billion yen per institution, the Company believes that it is possible to secure loans exceeding ¥10 billion from a single mega bank or major bank. Therefore, the Company aims to expand the scale of its borrowing in line with the characteristics of each financial institution by building strong relationships through repeated transactions while maintaining financial soundness.

However, this does not imply that the Company cannot grow without fully utilizing external financing such as loans; the Company recognizes that a capital increase is unnecessary during the "GLM100" period.

Figure 11. Changes in Lenders Since FY12/20

(¥mn)	12/20	12/21	12/22	12/23	12/24	12/25
Mizuho Bank	-	-	-	1,969.2	4,478.5	5,928.9
MUFG Bank	-	-	-	-	1,273.0	3,742.2
ORIX Bank	-	-	1,190.0	1,840.0	910.0	1,500.0
The Iyo Bank	-	-	-	-	-	1,300.0
The Toho Bank	-	-	-	-	-	1,200.0
Resona Bank	-	-	-	-	844.0	1,166.0
Shinhan Bank Japan	-	-	2,082.5	-	-	-
DIAMOND ASSET FINANCE	-	-	1,610.0	1,610.0	-	-
Tokyo City Shinkin Bank	1,226.0	1,226.0	-	1,322.0	-	-
The Johoku Shinkin Bank	-	-	-	1,258.0	-	-
Kiraboshi Bank	1,177.0	1,452.9	1,358.0	-	-	-
THE KAGAWA BANK	-	-	-	-	-	-
Higashi-Nippon Bank	-	1,209.0	-	-	-	-
The Yamanashi Chuo Bank	-	975.0	-	-	-	-
The Tokushima Taisho Bank	-	768.6	-	-	-	-
Aeon Bank	1,485.0	-	-	-	-	-
Nihon Jutaku Mujin	1,140.0	-	-	-	-	-

Source: Company Data. Compiled by Strategy Advisors.

6. Stock Price Performance and Valuation

To examine the Company's stock price trends from January 2025 onwards, we compared the stock price trends of 12 listed companies in Category 1 (domestic developers offering small condominiums, including firms specializing in pre-owned and renovated properties, as well as DX-focused firms) and 6 listed companies in Category 2 (real estate finance) using an index (with stock prices as of the end of December 2024 set at 100).

From 2025 Onward, the Stock Price Outperformed Both Topix and the Peer Group

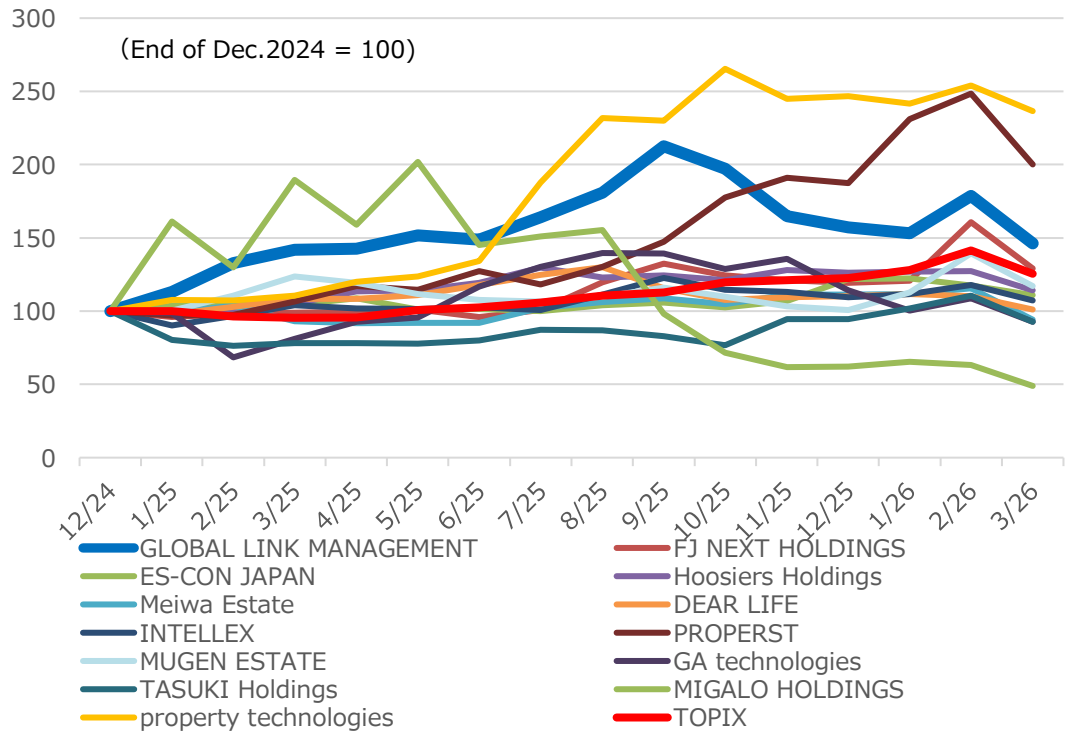
From 2025 onward, the Company's stock price outperformed both TOPIX and the peer group. In particular, following the release of its interim results for FY12/25 in August 2025, the stock price rose significantly as the market recognized that the Company's performance progress exceeded expectations. When viewed relatively to the stock price (with the level at the end of December 2024 set at 100), the Company's stock price rose to over 200 by September 2025, demonstrating outstanding performance even among real estate-related stocks. This rise in stock price is believed to have been driven not only by strong financial results, but also by increased positive sentiment toward the Company's business expansion and growth strategies.

However, a correction in the stock price began to emerge from October 2025 onward. This was a phase where profit-taking became more likely following the short-term price surge. Additionally, against a backdrop of growing expectations for rising interest rates and a widespread cautious outlook regarding the future of the real estate market, many real estate-related stocks underwent a correction. Due to these sector-wide movements, the Company's stock price also began to narrow its gains from its peak.

Nevertheless, the relative stock price as of the end of December 2024 remained at a high level and looking at the full year of 2025, the Company's stock performance continued to outperform TOPIX.

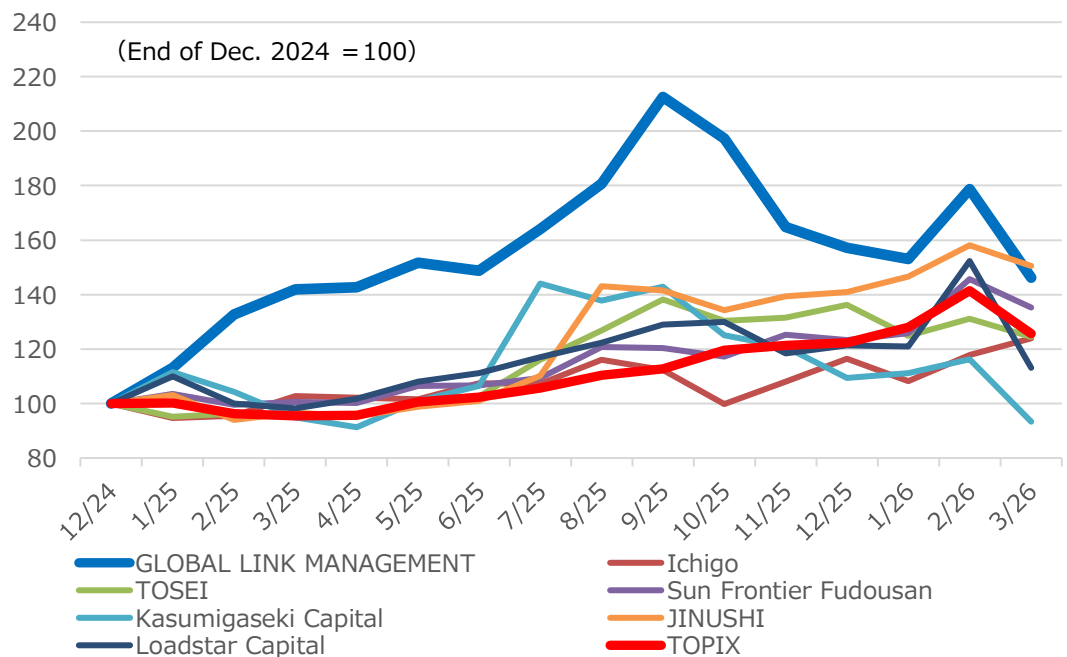
However, partly due to a reaction to the rapid stock price rise in 2025, the stock has generally traded near the levels seen after the correction that began in November 2025 since the start of 2026. Even so, it remains at a high level compared to the end of 2024 and recently, the Company's stock price has continued to outperform both TOPIX and its peer group.

Figure 12. Stock Price Trends of Listed Companies Offering Small Condominiums (Incl. Used/Renovation Companies and DX-Related Companies) (Category 1, 2024 Onwards)



Source: Strategy Advisors.

Figure 13. Stock Price Trends of Listed Real Estate Finance Companies (Category 2, 2024 Onwards)



Source: Strategy Advisors.

Single Digit PER. PBR Hovers Around 3x

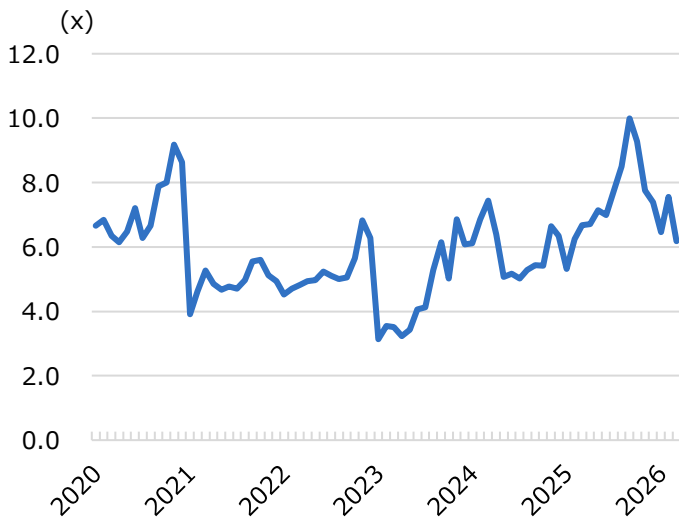
In terms of valuation, PER temporarily rose to the 9x range in 2020 as EPS declined due to the impact of COVID-19; but since COVID-19, has generally fluctuated within the 3x to 7x range. In the first half of 2023, share price gains failed to keep pace with EPS growth, causing PER to temporarily drop to the 3x range; however, it subsequently rose to around 6x as share prices climbed.

Entering 2025, driven by rising stock prices, PER began to hover around 8x, temporarily rising to near 10x in H2 2025. Although it subsequently declined due to a stock price correction, it has recently been trading at a level of roughly 7x to 8x (Figure 14).

Looking at the PBR, trends showed it generally fluctuated within a range of approximately 1.2x to 1.6x from 2020 through 1H 2023. Subsequently, against the backdrop of rising stock prices from 2H 2023 through 2024, PBR rose, reaching the upper 2x range. Furthermore, in 2025, partly due to rising stock prices, PBR reached the 3x range and temporarily rose to around 4x. Although it subsequently declined in line with a stock price correction, it has recently been trading at levels generally ranging from the upper 2x range to around 3x (Figure 15).

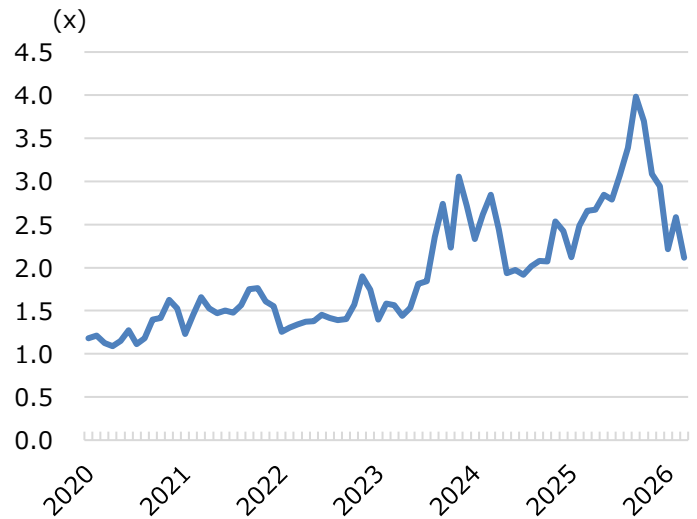
Thus, while the Company's valuation has shown a tendency to rise in tandem with the stock price increase since the second half of 2023, recent levels have continued to fluctuate within a certain range.

Figure 14. Trends in PER



Source: Strategy Advisors.

Figure 15. Trends in PBR



Source: Strategy Advisors.

Figure 16. Valuation Comparison with Peers (Category 1: Listed Companies Offering Small Condominiums (Incl. Used/Renovation Companies and DX-Related Companies))

Company Name	Code	FY	Stock Price (3/31)	Market Cap. (¥mn)	PER CoE (x)	PBR Actual (x)	Dividend Yield CoE (%)	ROE Actual (%)
[Developers]								
GLOBAL LINK MANAGEMENT	3486	12/25	1,981	31,536	6.2	2.1	5.0	34.8
FJ NEXT HOLDINGS	8935	3/25	1,567	51,323	5.7	0.7	4.0	9.2
ES-CON JAPAN	8892	3/25	1,082	103,750	9.0	1.3	4.4	14.8
Hoosiers Holdings	3284	3/25	1,190	48,673	7.1	1.0	6.2	13.5
Meiwa Estate	8869	3/25	962	22,557	5.9	0.7	4.7	8.8
DEAR LIFE	3245	9/25	1,037	52,106	-	1.6	6.2	20.2
[Used/Renovated]								
INTELLEX HOLDINGS	463A	5/25	933	9,500	5.6	-	2.5	-
PROPERST	3236	5/25	330	10,909	9.9	0.9	1.8	17.3
MUGEN ESTATE	3299	12/25	2,171	50,986	6.7	1.4	6.0	19.6
[DX-Related]								
GA Technologies	3491	10/25	1,440	59,116	10.8	1.9	0.9	14.5
TASUKI Holdings	166A	9/25	784	48,389	8.3	1.5	5.1	18.5
MIGALO HOLDINGS	5535	3/25	315	20,256	14.1	1.7	2.7	12.9
property technologies	5527	11/25	711	8,856	6.8	1.1	3.5	13.6

Note: ROE is not applicable to ES-CON JAPAN due to a change in fiscal year end INTELLEX HOLDINGS transitioned to a holding company on December 1st, so available indicators are limited.

Source: Strategy Advisors.

Figure 17. Valuation Comparison with Peers (Category 2: Listed Real Estate Finance Companies)

Company Name	Code	FY	Stock Price (3/31)	Market Cap. (¥mn)	PER CoE (x)	PBR Actual (x)	Dividend Yield CoE (%)	ROE Actual (%)
GLOBAL LINK MANAGEMENT	3486	12/25	1,981	31,536	6.2	2.1	5.0	34.8
Ichigo	2337	2/25	466	177,702	12.2	1.8	2.5	14.0
TOSEI	8923	11/25	1,568	152,048	10.0	1.5	3.5	15.3
Sun Frontier Fudousan	8934	3/25	2,633	127,787	8.2	1.3	2.9	14.7
Kasumigaseki Capital	3498	8/25	6,270	153,861	9.0	3.4	2.6	32.5
JINUSHI	3,252	12/25	3,250	67,212	8.4	1.3	4.0	15.6
Loadstar Capital	3482	12/25	2,813	47,373	5.2	1.5	3.5	27.2

Source: Strategy Advisors.

7. Equity Story

4 Equity Stories

The Company's Equity Story is based on the following 4 points:

- 1) The land planning business & revitalization business begin to contribute to profit
- 2) Progress in off-balancing
- 3) Expanding funding capacity through strict financial discipline
- 4) Medium term, the Company will become an "asset management partner for real estate investors investing in Japan"

Analyzing the Equity Story Through a Breakdown of ROE Components

As shown in Figures 16 and 17, the Company has the highest ROE level among its peer group. ROE can be broken down into 3 components: "profitability (net profit margin)", "efficiency (total asset turnover)" and "safety (financial leverage)". To increase ROE, one must consider 3 strategies: "raising profit margins", "increasing turnover rates" and "increasing financial leverage to pursue larger-scale opportunities". The 3 key points of the Company's Equity Story relate to achieving growth while maintaining a high-level balance among these 3 factors.

Growth in Land Planning & Revitalization Businesses Will Boost Profit Margins

First, regarding "increasing profit margins", it is crucial that the land planning business & revitalization business begin to contribute to profit.

In addition to enhancing value-added through properties planned and developed in-house within its core development business, the Company is expanding its land planning business and revitalization business, which it positions as new growth drivers and which have relatively high gross profit margins. Through these efforts, the Company aims to improve its overall gross profit margin, which contributes to higher ROE and is one of the factors behind its current high ROE.

Progress in Off-Balance-Sheet Transactions Boosts Turnover

Next, regarding "increasing turnover", the progress of off-balance-sheet transactions is crucial. While the Company has historically operated with a focus on inventory turnover, it is now seeking to build a structure that utilizes capital more efficiently by reducing the burden on the balance sheet associated with revenue recognition and accelerating the turnover of assets and cash through the expansion of off-balance-sheet transactions.

Furthermore, as mentioned earlier, the Company has announced a policy to expand the use of SPC's as part of its off-balance sheet moves into high gear. The increase in off-balance-sheet projects and the full-scale utilization of SPC's will also lead to the diversification of the Company's revenue sources, thereby contributing not only to efficiency, but also to improved profitability.

Through these initiatives, the Company's high cross-ratio, a characteristic combination of profitability and efficiency, is expected to improve further in the future.

Improving Creditworthiness Through the Establishment of "Financial Discipline" is a New Growth Driver

From the perspective of "increasing financial leverage to take on major challenges", the "financial discipline" that the Company has begun to emphasize holds significant importance.

Financial leverage (total assets divided by equity) is an indicator that shows that the higher it is, the more the Company is "taking big risks" (and consequently, the lower its safety margin becomes). Generally, actively conducting share buybacks is considered an option for increasing financial leverage; however, since cash outflows from share buybacks reduce available funds, this is a difficult strategy for the Company to adopt, as its purchasing power is its growth potential.

Consequently, increasing financial leverage requires taking on more debt. The issue here is that borrowing involves financial institutions as counterparties and increasing the amount of debt requires building up creditworthiness with those institutions.

In the real estate sales industry, the cash conversion cycle, from acquisition to sale, is long and a company's ability to raise capital directly determines its potential for growth. Therefore, it is crucial to generate cash through rigorous inventory management and the use of off-balance-sheet financing, while strengthening relationships with financial institutions by building a track record of timely repayments to enhance future borrowing capacity. From this perspective, it can be said that improving creditworthiness through the establishment of "financial discipline" directly drives growth.

The Company's emphasis on financial discipline is likely driven by a strategic intent to expand its business in the future by building creditworthiness, thereby increasing the number of financing sources, expanding its financing capacity and enabling it to undertake larger projects.

Establishing a Position as an Asset Management Partner

ROE has already reached a high level and the strategy underpinning this ROE is aimed at establishing the Company's position as an asset management partner for domestic and international investors investing in Japanese real estate. The key factor determining the Company's medium to long-term corporate value lies not in growth achieved simply by accumulating projects, but in whether it can build a structure where competitiveness increases alongside the expansion of its business scale.

The Company's ability to build such a structure is underpinned by the business foundation it has built up to date, as described below. Specifically, this includes the investor network and product planning capabilities cultivated in the investor-oriented condominium sector, as well as the accumulated know-how regarding the process from property acquisition to planning and sales. With this foundation in place, it is believed that as the business expands, the investor base will grow and the reproducibility of product supply will increase, making it easier to form a structure that enables continuous business growth.

If the Equity Story Becomes a Reality, Market Perceptions Will Change

If the Company gradually demonstrates to the market that it has established this structure, investors' evaluation criteria may shift from short-term earnings trends toward the sustainability of growth and the stability of the earnings structure. As the business expands, the reproducibility and stability of earnings increase and the investor base grows; during this process, valuation metrics such as PER and PBR are expected to shift to levels distinct from those of competitors, who are viewed as having high earnings volatility risk and facing difficulties in achieving significant growth without expanding their balance sheets.

What is crucial is not merely achieving performance targets, but changing the very way the market perceives the Company. As the Company establishes a structure where competitiveness strengthens alongside scale expansion, and the sustainability of this growth is demonstrated to the market, the assessment of its corporate value is expected to evolve. From this perspective, going forward we intend to focus on changes in the proportion of stock revenue within the Company's total revenue, as well as the accumulation of AUM, which serves as the source of that stock revenue.

[Initiation Update]

8. Overview: No Longer Just a Provider of “Small Condominiums for Investment Properties”

The Evolution of the Company Since 2005

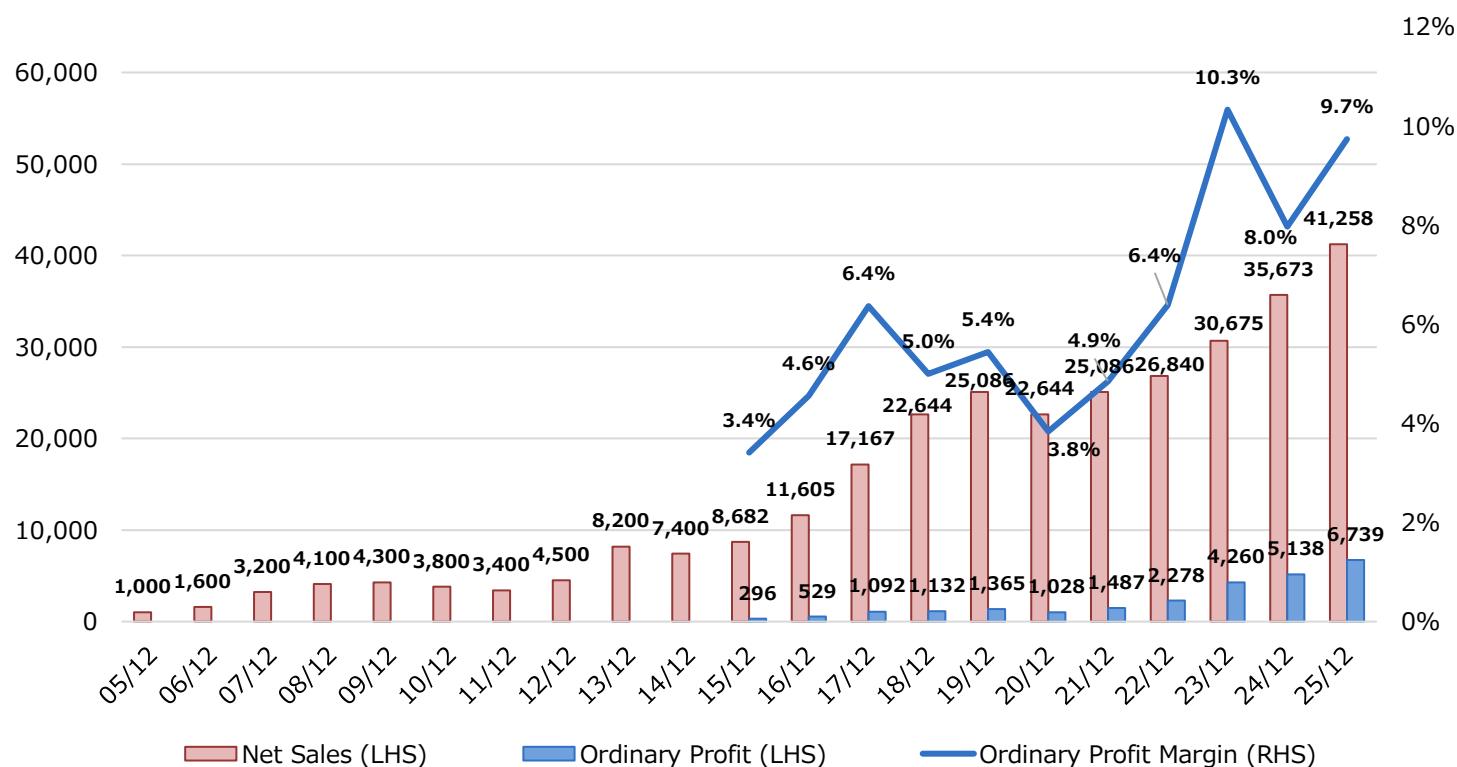
The Company is a real estate developer founded in 2005 by CEO Daejoong Kim, and has grown by developing the “ARTESSIMO” series of small condominiums for investment properties in the Tokyo area. Within about 5 years of its founding, it established an integrated service system that has become one of the sources of its current competitiveness. While its initial client base consisted almost entirely of domestic individual investors, affluent overseas investors began joining the ranks around 2015, followed by domestic and international institutional investors and major corporations around 2017.

Today, The Company is a Provider of “Comprehensive Solutions That Lead to Successful Real Estate Investment in Japan”

Given this evolution, it can be said that the Company is no longer viewed as a provider of “small condominiums for investment properties”, but rather as a provider of “comprehensive solutions that lead to successful real estate investment in Japan”. Furthermore, it is more accurate to understand the Company’s clients not as “purchasers of small condominiums for investment properties”, but as “investors in real estate in Japan, particularly in the Tokyo area”. In fact, The Company has begun to prioritize domestic and international institutional investors and major corporations as clients. To meet the demand of clients with a strong appetite for investing in real estate in the Tokyo area, it is diversifying its revenue models beyond development business such as expanding into asset classes other than residential properties (urban hotels, commercial tenant buildings) and pursuing land planning business and revitalization business.

The Company listed on the Tokyo Stock Exchange Mothers Market in December 2017. At the time of listing, its net sales were ¥11.605 billion and its ordinary profit was ¥529 million (FY12/16 Actual). Over the subsequent 9 years through FY12/25, net sales increased by 600% and ordinary profit increased by 1270%.

Figure 18. Trends in GLOBAL LINK MANAGEMENT's Net Sales and Ordinary Profits



Note: Only non-consolidated results are disclosed for FY12/21.
 Source: Company Data. Compiled by Strategy Advisors.

In the Securities Report, the Real Estate Solutions Business is a Separate Segment

The Company's business is divided into 2 segments: the Real Estate Solutions business, which develops, sells, and manages rental properties for investment purposes; and the IT/DX-related business, which was established through the incorporation of the consolidated subsidiary AtPeak in December 2023. As the IT/DX-related business accounts for only a small proportion of the overall business, detailed disclosure is omitted and it is listed as a separate segment in the securities report.

Until FY12/22, the Company had a segment called the Property Management Business, which handled property rental management, but this was incorporated into the Real Estate Solutions Business in FY12/23. This was in line with organizational changes that allowed for integrated decision-making and performance evaluation for property sales and rental management.

“Creating Value for the Future Through Investment”

The Company’s group mission is “Creating value for the future through investment”. Its group vision is “Become a sustainable corporate group leading the world”, and its group values are “No. 1, Ambition and Co-Creation”.

The corporate group consists of several companies. The mission of the Company engaged in the real estate business is to “realize a prosperous society through real estate”, while AtPeak, which operates in the digital transformation (DX) sector, has the mission of “innovating all businesses with technology”.

The “No. 1” in the group values refers to the goal of being “a top company in terms of employee pride (pride as professionals who maximize the value of real estate and services)”, “No. 1 in customer excitement (the pursuit of excitement and gratitude that goes beyond customer satisfaction)” and “No. 1 in business scale (a commitment to business scale and recognition to create prosperity for people and society)”.

“Challenge” specifically refers to “challenges to achieve agile management”, “challenges to drive reform” and “challenges to expand our one-stop business”, while “co-creation” refers to the “co-creation of a business that leads to a ‘triple win’ for the environment, society, and the Company”.

The Founding President’s Stake Has Fallen to Approx. 48%

The Company, which listed on the Tokyo Stock Exchange Mothers market in December 2017, listed on the Tokyo Stock Exchange First Section in December 2018 (and subsequently moved to the TSE Prime market in April 2022 following a review of the Tokyo Stock Exchange’s market classifications). As of November 2017, immediately prior to the listing on the TSE Mothers market, founder and CEO Daejoong Kim held 82.8% of the shares (of which 46.% were held by himself and 36.8% by G2A, an asset management company), with other Directors and several operating companies also holding stakes. Since then, his ownership stake has gradually decreased, and following a share offering in June 2025, Mr. Kim’s holdings fell below 50%. As of the end of December 2025, Mr. Kim’s ownership stake stood at 48.03% (of which 14.09% is held by Mr. Kim himself and 33.94% by an asset management company). Aside from Mr. Kim’s holdings, several former Directors are listed as major shareholders.

Market Capitalization of Freely Tradable Shares Has Risen Significantly

The Company is listed on the TSE Prime Market and must meet the criteria for maintaining its Prime Market listing. During the calculation period for FY12/24, the “market capitalization of floating shares”, one of the criteria for maintaining the listing stood at ¥7.21 billion (with a floating share ratio of 35.7%), falling short of the required ¥10 billion.

However, due to the rise in the stock price and the sale of shares by Mr. Kim in June 2025, the market capitalization of floating shares had risen significantly to ¥19.32 billion (floating share ratio of 49.1%) as of the end of FY12/25, enabling the Company to consistently meet the listing maintenance criteria of “¥10 billion in market capitalization of floating shares and a floating share ratio of 35%”.

Figure 19. Major Shareholders of GLOBAL LINK MANAGEMENT

(Titles omitted)	Ownership Ratio	
	FY12/24 (Excl. Treasury Stock)	FY12/25 (Excl. Treasury Stock)
G2A Co., Ltd.	33.74%	33.94%
Daejoong Kim	21.87%	14.09%
Yasumasa Tominaga	4.20%	4.25%
BBH BOSTON CUSTODIAN FOR JAPAN EQUITY PREMIUM FUND OF UBS UNIVERSAL 620373	—	2.76%
Yosuke Yuki	1.87%	2.70%
Taniguchi Koumuten	1.26%	1.52%
Toyo Suzuki	1.44%	1.46%
Naoki Tomita	1.37%	1.38%
Mitsubishi UFJ Morgan Stanley Securities	2.24%	1.25%
NOMURA PB NOMINEES LIMITED OMNIBUS- MARGIN(CASHPB)	1.00%	1.05%
BNYGCMCLIENTACCOUNTJPRDAC ISG (FE-AC)	—	—
BNYMSA/NVFORBNYMFORBNYMGCM	—	—
CLIENTACCTSMILMFE	—	—
SBI Securities	0.80%	—

Note: The ownership ratio is calculated using the number of shares outstanding minus the number of treasury shares.

Source: Company Data.

9. Resume of President Daejoong Kim & GLOBAL LINK MANAGEMENT

1) How He Decided to Start a Real Estate Business

The CEO Was Born in Chinatown & Grew Up in a Merchant Family

Mr. Daejoong Kim was born in 1974 in Chinatown, Yokohama, Kanagawa Prefecture, and grew up there until he graduated from high school. He is a third-generation Korean resident in Japan, whose grandparents immigrated to Chinatown from the Korean Peninsula. His grandmother worked in a variety of businesses and his grandfather made a living as a trader. They eventually purchased property in Chinatown and began operating a real estate business. A property management business was added to the Kim family business and this can be considered the origin of Mr. Kim's involvement in the real estate industry.

Both of Mr. Kim's parents were devout Christians and his father was a man of such character that he became a church elder at a young age. His mother, on the other hand, worked diligently 365 days a year and remained cheerful even in difficult situations. Mr. Kim says he learned the "spirit of altruism" from his father and the "spirit of never giving up and persevering" from his mother.

Mr. Kim Through the Guidance of his Father Enrolled into Law School

Mr. Kim grew up hearing his father tell him to become a doctor or a lawyer. Since his older brother went on to medical school, he enrolled in the Faculty of Law at Kanagawa University with the goal of becoming a lawyer.

Mr. Kim's father had worked for a company for many years, but in 1990, in his 40's, he quit his job and opened a restaurant. However, the economic bubble burst shortly after the restaurant opened and the business suddenly ran into serious trouble, leaving the family with massive debt. They were forced to lay off employees, and the entire family had to run the restaurant, so Mr. Kim spent his college years helping out at the family restaurant. Due to these circumstances, Mr. Kim had no choice but to give up on his dream of becoming a lawyer.

The Seeds of Hardship in the Family Business

The reason Mr. Kim was able to graduate from university even while his family business was struggling was because it provided rental income from real estate. While experiencing the harsh realities of a cash-flow-intensive business like the restaurant industry, he also keenly recognized how the stable income from income-generating real estate could help and be useful to others. This experience, which made him keenly aware that in business, if you don't succeed, your family and everyone else will suffer, nurtured within Mr. Kim the mindset to become an entrepreneur, and he gradually began to envision starting his own company and expanding it into the future.

With the Goal of Starting a Business of His Own, He Joined a Financial Company as a New Graduate

Mr. Kim believed that the necessary skills to start a business were an understanding of cash flow and a deep understanding of the real estate industry, so he joined Shoko Fund as a new graduate. He chose Shoko Fund because it is a financial institution with a strong track record of handling real estate-backed loans and he thought he would be able to gain expertise in finance and real estate and learn the basics of sales.

Decided to Start a Real Estate Business

He quickly acquired the expertise he had sought when he joined the Company and subsequently went on to work for a company run by a relative in the real estate industry. With the real estate finance expertise and sales skills he had acquired, his relative's business became stable. However, having achieved his goal of stabilizing the business, Mr. Kim realized he felt unfulfilled because he had no next goal.

The turning point for him came when he bought his condominium at the age of 27. Mr. Kim learned that the sales company for the condominiums he purchased from had started out with just one sale call over the phone and had gone public 5 years after it was founded. He was amazed that someone starting with no connections could go public in such a short time and he became convinced that introducing real estate and enriching the many people involved could be a great business.

Mr. Kim realized that what he lacked was an "environment" in which to grow, so he decided to spend a year learning the ropes in the investment real estate industry. He joined DEVEX, an investment real estate developer that was aiming for an IPO at the time. He chose DEVEX because it was a venture in an industry with the potential for public listing and because it was a company that operated strictly on a merit-based system.

He joined DEVEX intending to stay for just one year and was put in charge of sales to real estate investors. Drawing on his past experience, Mr. Kim understood the appeal of income-generating real estate, so instead of simply selling properties, he adopted a solution-oriented approach that leveraged income-generating real estate. As a result, he became the top salesperson within 6-months.

2) From Founding to Listing

Started a Business & Established GLOBAL LINK MANAGEMENT

As he had planned, he left DEVEX after one year and founded his own company in 2005. Mr. Kim was 30 years old at the time.

Mr. Kim's business philosophy is that "if you can figure out the logic behind a winning strategy, you will definitely succeed". He also believes that "once you have the logic of a winning strategy, all you have to do is follow through with a fighting spirit and you will succeed." And once you identify a winning strategy, you must act quickly. For this reason, swift decision-making has been the norm since the Company's founding.

The Problem He Faced When He First Started His Business Was That He Couldn't Find What He Wanted to Sell

Thanks to his experience at his previous job at DEVEX, he had no trouble finding real estate investors to serve as clients from the very start of the Company and he also had no trouble securing loans from financial institutions for these investors. The problem was acquiring properties. In his previous role, Mr. Kim was in charge of sales and marketing, so he lacked the network and experience needed to source properties. Furthermore, this was the boom period preceding the Lehman Shock, and there was a shortage of properties across the industry. As a result, he found himself in a situation where he was constantly receiving purchase requests from real estate investors.

The Company's Own Brand "ARTESSIMO" Series Was Launched the Year After the Company Was Founded

He overcame this challenge when a real estate developer approached him to sell an entire building. Drawing on this experience, Mr. Kim decided to develop his own brand. With a private-label property, he would have the freedom to create concepts and designs that would satisfy both real estate investors and tenants, and by launching a series, he could also establish a strong brand identity. This is how the "ARTESSIMO" series was born. In keeping with the Company's agile management style, the "ARTESSIMO" series was launched in 2006, a year after the Company was founded.

Confident in the success of his company's brand, Mr. Kim began hiring new graduates from the very first year of the Company's founding. In the investment real estate industry, where it was common for the companies that "create properties" and "sell properties" to be separate entities, Mr. Kim aimed from an early stage to provide a one-stop service, covering land acquisition, planning and development, sales, building management and rental management. Following the establishment of Global Link Partners, a property management company, in 2007, Mr. Kim established a one-stop business model within about 5 years of its founding (Global Link Partners was absorbed into the Company in 2021).

The Company also began expanding its lineup of affiliated loans early on and the establishment of these systems became the foundation for the Company's subsequent business expansion.

Starting Out in Property Sales, the Company Somehow Weathered the Lehman Shock

It should be noted that while the Company was in the process of establishing this system, it experienced the 2008 Lehman Shock. Like other companies, the real estate company faced difficulties, but because it had started out by “selling properties” it had customers (properties to sell), which helped it generate sales even though it took time, and thus, the business did not come to a standstill.

Respond Quickly to Changes in the External Environment

The Company has responded quickly and flexibly to changes in the environment, which has often strengthened its business model. For example, when the Company was selling to individual investors, the 2011 amendment to the Real Estate Brokerage Business Act led to stricter regulations on telephone sales. Consequently, the Company stopped using telephone sales and cold calling, which were the norm in the industry, and switched to attracting customers online using digital marketing in 2013, completely withdrawing from telephone sales in 2015.

Furthermore, by shifting from “push-style” sales, which target people who are not interested in investing, to “pull-style” sales, which make proposals to those who are interested, the Company was able to build healthy relationships of trust with investors, which subsequently led to the strengthening of its customer base.

3) Speedy Management Continues Even After Listing

Listed on the Stock Market 12 Years After its Founding

Having grown in this way, the Company was listed on the Tokyo Stock Exchange Mothers in 2017 and the following year, in 2018, it transferred to the First Section of the Tokyo Stock Exchange.

Agile Management Remains Unchanged Even After Listing

Even after going public, the Company’s swift management style remained unchanged. For example, around the time the Company went public, the “Pumpkin Carriage” scandal, involving investments in shared housing for individual salaried investors, and the resulting Suruga Bank fraudulent loan scandal were becoming major social issues in the investment real estate industry. At that time, the Company determined that the risks associated with providing services to individual real estate investors had increased and began considering a shift from retail sales, which were primarily aimed at individual investors, to sales targeting corporate investors.

The Company also established an overseas business division in 2015, selling investment residences to individual investors overseas, primarily in Asia and providing condominiums for international students. However, with the growing uncertainty caused by the spread of COVID-19 in 2020, the Company quickly withdrew from these businesses. The Company is quick to enter a market when it sees an opportunity and just as quick to withdraw when it loses interest. This is truly swift management.

There was also a time when the Company faced a temporary funding shortfall, but it managed to overcome it by selling entire buildings in bulk (all at once) to invest funds. It established SAGL Advisors, a joint venture with Star Asia Group, and gained experience advising funds on investments, which led to the creation of its current sales model for corporate investors. It can be said that the Company is adept at turning crises into opportunities.

As the Company's client base shifted toward corporate clients, it capitalized on investor demand and focused on developing ESG-compliant residences. It then sought to increase the asset value of its new residential properties by obtaining environmental certifications for all of them. In 2021, the Company launched several environmentally certified properties, and in February 2022, the Company itself was registered and certified as a ZEH developer.

Furthermore, in 2024, the Company established AtPeak and is now fully leveraging real estate digital transformation.

Mr. Kim decided to start his own business after his family faced bankruptcy and he grew it into a publicly listed company. He has said, "It is the crisis that creates the next opportunity and only those who seize that opportunity will succeed". Mr. Kim, who values constant change through agile management, has set his sights on making his company a firm with annual profits of ¥100 billion by 2040.

4) Corporate DNA

Corporate DNA

Every company has its own DNA. A company's DNA consists of the unique values and management philosophy that are deeply ingrained in the organization and all its employees, and it is often the source of the Company's competitive edge. In many cases, the founder's vision evolves into the Company's DNA as the Company grows, but there are also instances where management succession - such as a change in leadership - occurs along the way, leading to the evolution of the founding philosophy and the establishment of a new corporate culture. In any case, it is believed that creating a business strategy that leverages the Company's DNA and implementing it will increase the chances of success.

Core competence (a company's core capabilities) stems from highly inimitable resources and the Company's DNA is considered the primary factor shaping it. Just as individuals can succeed by competing in their areas of expertise, the formula for corporate success lies in expanding business in areas rooted in the Company's DNA.

GLOBAL LINK MANAGEMENT'S DNA

Given the Company's origins, it believes its corporate DNA consists of "the ability to build winning logic to maximize the value of the income-generating real estate it offers to its investor clients and the ability to execute with a sense of speed to steadily build up a track record based on that logic", the key elements that make up this DNA are: 1) confidence in the Tokyo area, the market the Company targets and 2) the Company's decision-making style.

DNA Component 1) Confidence That Tokyo is the City of Choice

The Company's operations are currently concentrated almost entirely in Tokyo, and "the value of income-generating real estate that the Company aims to maximize" is essentially synonymous with "the value of income-generating real estate in Tokyo". Therefore, the Company is convinced that Tokyo will continue to be the city chosen by investors and believes that "specializing in the Tokyo area is the lowest risk and will enable it to provide stable value".

DNA Component 2) Decision-Making with Clear Goal Setting

A distinctive feature of the Company's decision-making process is that it sets truly clear goals. What the Company calls "winning logic" refers to goals established by considering factors such as whether profits can be generated, whether the investment and return on capital are clear, and whether the target market will expand, as well as the path to achieving those goals.

This ability to build repeatable strategies based on quantitative and structural analysis, rather than intuition, is the result of Mr. Kim's strong leadership and has been demonstrated in responding to rapid changes in the external environment to date. Through this experience of turning crises into opportunities time and time again, this has become ingrained in the Company's organization as part of its DNA.

The Company's DNA is the Source of its Commitment to "Continuing to Be Chosen by Customers"

Furthermore, the Company's corporate DNA is the source of its deep commitment to "continuing to be chosen by customers". Contrary to common phrases, for the Company, "being chosen by customers" means "not ending with a single transaction, but building a relationship where customers reinvest or refer others time and again".

This deep commitment, rooted in the Company's DNA, and the continuous efforts to achieve its goals, are what drive the Company to become not just a "real estate sales company" but "a real estate investment partner for its investor clients".

10. GLOBAL LINK MANAGEMENT's Management Strategy from the Perspective of Business Strategy Theory

1) Michael Porter's Positioning Theory Approach

Michael Porter argues that to succeed in a given industry, it is necessary to establish a clear competitive position. In positioning theory, there are 3 basic strategies for establishing a specific position and building a competitive advantage, cost leadership, differentiation and focus. It is considered essential to steer the Company toward one of these strategies. It can be said that the Company has developed its business by combining differentiation and focus strategies.

A differentiation strategy targets a broad range of customers, but gains an advantage over competitors by providing unique added value that customers recognize, rather than through low cost. It can also be described as a strategy that delivers value unavailable from other companies - value for which customers are willing to pay.

The Company appears to be differentiating itself by adopting the stance of "supporting customers' asset management" rather than simply "selling" properties. This is due to 1) the strong brand power of the "ARTESSIMO" series, which has been developed over many years, backed by its location and design, as well as the accumulation of value beyond the property itself, such as low vacancy risk and ease of future sale. It is also due to 2) an integrated system that covers everything from rental management to building management after property purchase.

The Company Developed by Combining Differentiation Strategy & Focus Strategy

A Differentiation Strategy to Provide Value as a "Partner in Real Estate Investment in the Tokyo Area"

Focused Strategy Based on Development Areas, Customer Segments, and Product Types

As a result, the Company provides properties that are likely to yield positive results in asset management and supports the management of those properties, offering value as a "partner in real estate investment in the Tokyo area" that other companies do not provide.

A focus strategy is a strategy that concentrates management resources in a narrow, specific market (customer segment, region, specific product, etc.) to gain a competitive advantage. To gain a competitive advantage, it is essential to make choices that differ from competitors—in other words, to make trade-offs.

In the case of the Company, it has expanded its business by concentrating on "central Tokyo" as its area of operation, "real estate investors" as its customer base and "small condominiums for investment properties" as its product type. The concrete results of this concentration strategy are evident in the fact that the "ARTESSIMO" series, launched in the Company's second year of operation, has become a long-selling real estate investment product (more on the "ARTESSIMO" series later).

Regarding product types, the Company has decided to expand its asset class, but this will involve applying the "winning logic" established by the "ARTESSIMO" series to different asset class, which can also be seen as a horizontal expansion of the results of past focused strategies.

2) Resource-Based View (RBV) Approach

"The Ability to Clarify Investor Needs & Tailor the Best Real Estate Investment Products for Them"

In contrast to Porter's positioning theory, there is an approach called the "resource-based view (RBV)" that focuses on a company's management resources. Within the RBV approach, some emphasize core competence (a company's core ability that provides value).

In the case of the Company, its core competence is "the ability to clarify investor needs and tailor the best real estate investment products for them", and its capability is "the system and organizational culture that enables it to systematically and repeatedly provide the best real estate investment products for investors".

Jay Barney, a leading authority on RBV, discusses both core competencies and capabilities as resources in a broad sense and then proposes VRIO as a framework for assessing the strength of a company's resources. Barney lists "Value", "Rarity", "Inimitability", and "Organization" as evaluation criteria for the effective utilization of a company's resources. VRIO is an acronym for these 4 evaluation criteria, and Barney believes that resources possessing "Inimitability" and backed by an "organization" in particular contribute to competitive advantage.

Uniqueness is a System That Tailors Income-Generating Properties to Meet the Needs of Investors Investing in the Tokyo Area

3 Factors That Make Up Inimitability

ARTESSIMO's Inimitability

Inimitability Factor 1) "Deep Understanding of Investor Needs"

Inimitability Factor 2) "Purchasing Know-How & Network Primarily in the Tokyo Area"

3) The Inimitability of GLOBAL LINK MANAGEMENT

Whether something is highly inimitable or not is assessed based on whether it is impossible to imitate in the first place or whether attempting to imitate it would require enormous costs.

The Company's Inimitability is "a system consisting of multiple factors that tailors income-generating properties to meet the needs of investors investing in the Tokyo area". Strategy Advisors believes that this will be the source of the Company's competitive advantage.

The Company's "system for tailoring income-generating properties to meet the needs of investors targeting the Tokyo area" can be broken down into the following 3 factors:

- (1) Deep understanding of investor needs
- (2) Procurement expertise and networks in the real estate market, primarily in the Tokyo area
- (3) A consistent system of business processes for creating income-generating real estate

The Company's inimitability is considered high for each of these 3 factors individually; however, the fact that these factors are interconnected also creates "ambiguity of causality" (the characteristic of not being able to clearly discern from the outside which activities are linked to which specific results), further enhancing the Company's inimitability.

All 3 factors contributing to the brand's inimitability are rooted in the very factors that have driven the growth of the "ARTESSIMO" brand.

The first factor, "Deep Understanding of Investor Needs," is particularly important as the Company's client base shifts toward domestic and international institutional investors and major corporations. This does not simply mean that the Company has clients from these sectors, but rather that the Company clearly understands the returns clients seek from real estate investments. This is an area of expertise that is difficult to discern from the outside, resulting in a high degree of inimitability.

The second factor, "purchasing know-how and network, mainly in the Tokyo area," refers to the relationships the Company has with local real estate agents and landowners. These relationships have been built up over a long period of 18 years since the "ARTESSIMO" brand was launched in 2006. This is not merely a matter of having a well-established information network; it is also related to the fact that suppliers choose the Company due to factors such as its negotiating ability, speed of decision-making, and past track record, making it difficult for other companies to catch up.

Inimitability Factor 3) "A Consistent System of Business Processes for Generating Income-Generating Real Estate"

The third factor, "A consistent system of business processes for creating income-generating real estate", is a system that enables all processes to be carried out in-house without outsourcing. This involves accumulating business know-how for each business process and building an organization suited to operating the business. It is difficult to achieve both scalability and quality control and it would likely take a significant amount of time and capital for other companies to replicate it.

11. Current Status of Business - Overall

1) Customers and Value Proposition

It is essential to view the Company as a provider of "comprehensive solutions that lead to successful real estate investment in Japan". Therefore, the Company's primary customers are "investors investing in real estate in Japan, particularly in the Tokyo area".

According to the Company, its customers were primarily domestic individual investors at the time of its founding, but starting around 2015, high-net-worth individuals from overseas began to become customers. Furthermore, starting around 2017, domestic and international institutional investors and major domestic corporations joined the customer base, and currently, the Company sells exclusively to these corporate customers.

As detailed in "12. Medium to Long-Term Outlook 2) Demand Forecast by GLOBAL LINK MANAGEMENT," the investment budgets for Japanese real estate held by overseas institutional investors with whom the Company has a track record of transactions, covering the 3-year period from FY12/25 to FY12/27, alone are said to be approximately 13x the Company's current supply capacity. This serves as evidence that the Company already possesses a customer base that provides the foundation to expand its business scale in proportion to its increased supply capacity.

Given that the Company's customers are domestic and international institutional investors and major domestic corporations, it can be said that these investors wish to invest in real estate in Japan, particularly in the Tokyo area, but face the following challenges: 1) they are unable to purchase properties directly, 2) they possess relatively limited detailed knowledge of the Japanese real estate market and 3) they are uncertain whether their yield calculations are accurate.

The two things the Company does to solve the problems these investors face are to "procure properties for investors and turn them into real estate products" and "handle the practical hassles of real estate investment on behalf of investors", which can be said to be the value it provides to customers.

Current Customers Are Investors Investing in Real Estate in Japan

Evolution of the Customer Base

Value Provided to Customers

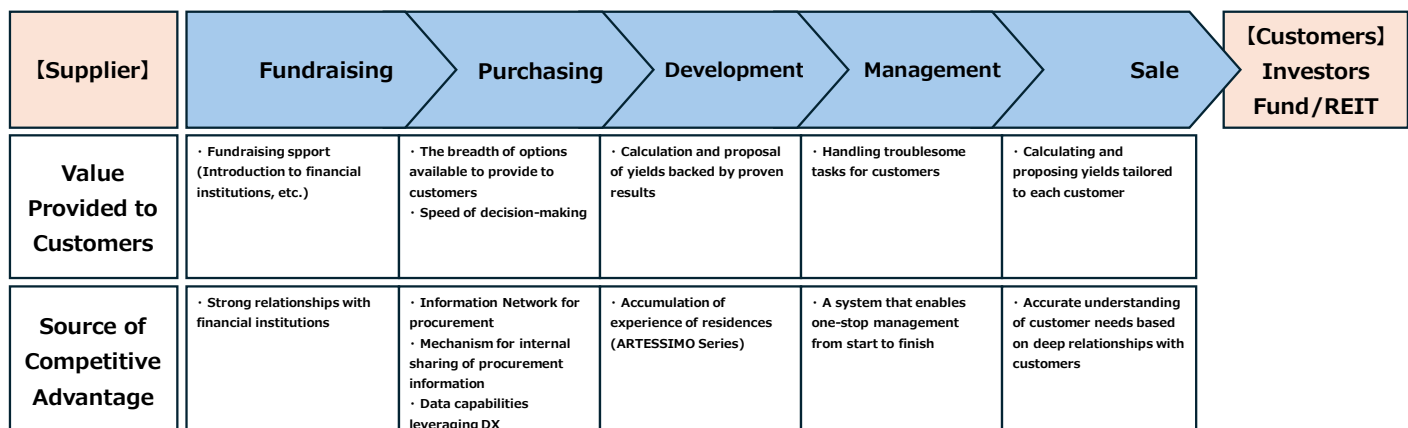
2) A Customer-Centric, Integrated Value Delivery System

A Customer-Centric, Integrated Value Delivery System

To deliver this value, the Company has integrated its business processes, and the integrated system it has built for this purpose is the source of its competitive advantage, which cannot be replicated by other companies. The features of the Company's system are: 1) it is built from the customer's perspective, 2) information about customers and demand (especially information about the returns customers are seeking) and purchasing information are quickly shared and 3) it is a system that does not end with the sale of income-generating real estate but maintains ongoing relationships with customers.

The Company's end-to-end delivery system is shown in Figure 20. Each business process has its own source of competitive advantage, but by integrating these business processes, each source of competitive advantage is strengthened, which is believed to increase the system's inimitability.

Figure 20. Integrated Value Delivery System



Source: Strategy Advisors.

3) Revenue Model

Currently, the Majority of Revenue Comes from Flow Revenue Generated by Property Sales

In both the real estate and digital transformation business areas, the Company's revenue can be divided into flow revenue and stock revenue. Because revenue in the digital transformation business area is still minimal, if we focus on the real estate business area, while there are some services that generate stock revenue, the majority is flow revenue from property sales.

Figure 21. Revenue Sources by Business

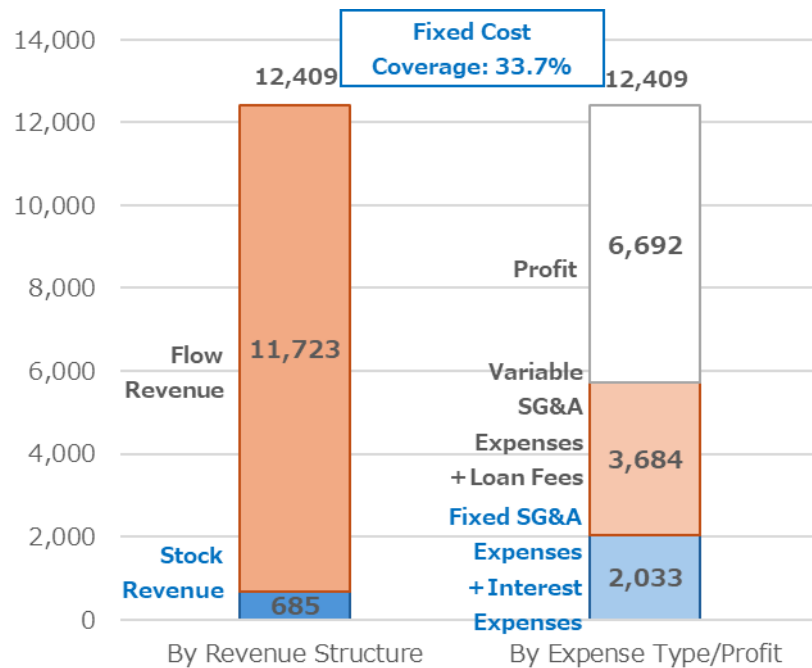
	Business Item	Asset Class	Stock Revenue	Flow Revenue
Non-Consolidated	Development Business	Residential Hotels Logistics Facilities Commercial Tenanted Building New Asset Class	Rent <Bridge> Fees <Project Management>	Development Sales
Non-Consolidated	Land Planning Business	Land (Residential, Hotels, Logistics Facilities, etc.)	—	Project Planning Sales
Non-Consolidated	Revitalization Business	Existing Office Buildings Existing Residentials New Existing Asset Class	Rent (Bridge)	Revitalization Sales
Consolidated Subsidiaries	DX Business (AtPeak)	AP-AI	Maintenance & Support Fees	License Sales
Consolidated Subsidiaries	G&G Community	Building Management	Fees <building Management>	—
Equity-Method Affiliate	SAGL Advisors	Investment Advisory Services	Fees <asset Management>	Asset Management & Sales Success Fee at the Time Of Sale

Source: Company Data. Compiled by Strategy Advisors.

The Medium/Long-Term Goal is to Cover Fixed Costs with Gross Profit from Stock Revenue

In the medium to long term, the Company aims to cover its fixed costs (the sum of fixed SG&A expenses and interest expenses) with gross profit from stock revenue. As of FY12/25, the fixed cost coverage ratio (gross profit from stock revenue ÷ (fixed SG&A expenses + interest expenses)) was still only 33.7%, and the Company's policy is to increase the proportion of stock revenue while growing overall revenue.

Figure 22. Breakdown of Gross Profit for FY12/25 (¥mn)



Note: Profit does not match the operating profit on the financial statements because it includes interest expenses

Source: Company Data. Compiled by Strategy Advisors.

12. Medium/Long-Term Outlook

1) Tokyo is a Growing Market for Real Estate Investors

Japan's Real Estate Market Transparency Rankings Are on the Rise

Since the Company's main business is investment real estate in the Tokyo area, we would like to provide an overview of how its real estate investor clients view the Japanese or Tokyo real estate market.

Jones Lang LaSalle Incorporated (JLL), one of the world's largest real estate brokerage services companies, publishes its own unique evaluation index, "The Global Real Estate Transparency Index", every 2-years to assess the transparency of real estate markets in each country and region around the world. This index is calculated based on quantitative market data from 151 cities in 89 countries and regions around the world, as well as qualitative information collected by JLL through its global network.

According to the Global Real Estate Transparency Index, Japan's ranking has generally improved, moving from 26th in 2014 to 19th in 2016, 14th in 2018, 16th in 2020, 12th in 2022, and 11th in 2024. JLL also classifies transparency by ranking, and Japan was in the "medium to high" category until 2020 but moved to "high" in 2022, when it ranked 12th.

According to the latest 2024 edition, over the past 2 years, countries and regions categorized as “high” received more than 80% of direct investment in global commercial real estate. Markets categorized as “high” tend to ensure liquidity in the real estate investment market due to low risk and high transparency in the relationship between demand and prices in growing real estate sectors; and Japan’s rising ranking in this index suggests that the Japanese real estate market is becoming increasingly attractive to global real estate investors.

CBRE Survey Finds Tokyo is Asia Pacific's Most Attractive Investment Destination for the 7th Consecutive Year

Additionally, according to CBRE’s “2026 Asia Pacific Investor Intentions Survey: Japan Results,” Tokyo was ranked the most attractive investment destination among major cities in the Asia Pacific region for the 7th consecutive year. The survey also showed that 53% of investors who responded intend to increase their real estate investment in Japan in 2026 compared to 2025, indicating that investment in Japan's real estate market is on the rise.

The Company's Existing Customers' Investment Budgets in Japan Are 13x Larger Than Its Current Supply Capacity

2) Demand Forecast by GLOBAL LINK MANAGEMENT

In announcing the “GLM100,” the Company conducted a survey of investors with experience selling bulk properties through the Company and analyzed the responses. The 12 companies that responded had a global asset under management (AUM) of ¥142 trillion, of which ¥4.6 trillion was in Japan (accounting for 3.2% of the total). The Company estimated that these 12 companies had an investment budget of ¥3.3 trillion over the three-year period from 2025 to 2027. The ¥3.3 trillion was broken down into ¥1.2 trillion for residential properties, ¥1.1 trillion for offices, ¥0.47 trillion for logistics, ¥0.34 trillion for hotels, and ¥0.26 trillion for commercial and other properties. The Company estimates that the demand is approximately 13x current supply capacity.

Figure 23. Consolidated Income Statement (Full Year, ¥mn)

(¥mn)	12/21 Non- Consolidated	12/22	12/23	12/24	12/25	12/26 CoE
Net Sales	30,675	35,673	41,258	64,482	69,262	75,000
Cost of Sales	26,227	29,810	33,552	54,687	56,853	—
Gross Profit	4,447	5,863	7,706	9,794	12,409	14,500
Gross Profit Margin	14.5%	16.4%	18.7%	15.2%	17.9%	19.3%
SG&A Expenses	2,769	3,086	3,119	4,062	4,972	—
Operating Profit	1,677	2,776	4,586	5,732	7,436	8,500
OP Margin	5.5%	7.8%	11.1%	8.9%	10.7%	11.3%
Non-Operating Income	-100	6	124	7	47	-
Non-Operating Expenses	289	504	451	602	745	—
Ordinary Profit	1,487	2,278	4,260	5,138	6,739	7,500
Ordinary Profit Margin	4.9%	6.4%	10.3%	8.0%	9.7%	10.0%
Extraordinary Losses	442	1	—	140	—	—
Extraordinary Income	—	—	1	5	—	—
Profit Before Income Taxes	1,930	2,280	4,259	5,273	6,739	—
Income Taxes - Current	555	974	1,454	1,935	2,192	—
Taxes Income - Deferred	-48	-155	-76	-77	-67	-
Total Income Taxes	506	819	1,378	1,857	2,124	—
(Corporate Tax Rate)	26.2%	35.9%	32.4%	35.2%	31.5%	—
Profit Attributable to Owners of Parent	1,423	1,458	2,878	3,413	4,611	5,130
Net Profit Margin	4.6%	4.1%	7.0%	5.3%	6.7%	6.8%
EPS (¥)	91.02	91.79	180.38	213.29	287.67	320.40
ROE	—	—	37.5%	33.3%	34.7%	—
ROIC (Invested Assets)	—	—	11.0%	12.5%	13.7%	—
ROIC (Business Assets)	—	—	12.7%	16.8%	19.4%	—
DPS (¥)	35.0	52.5	100.0	130.0	80.5	100.0
# of Shares Outstanding (mn)	7.8	7.9	8.0	8.0	16.0	—
# of Shares Outstanding at Year-end (mn)	7.9	8.0	8.0	8.0	15.9	—

Note:

Only non-consolidated results are disclosed for FY12/21. Therefore, there are no figures for ROE and ROIC for FY12/21 and FY12/22, which are calculated using the average for the period.

Starting in FY12/23, loan fees, which had previously been recorded under SG&A expenses, are now recorded under non-operating expenses, although the new accounting method was applied retroactively through FY12/22

Retrospective adjustments have been made accordingly, but no retrospective adjustments were made for periods prior to FY12/21.

EPS and dividends have been retroactively adjusted to reflect the impact of the 1-for-2 stock split effective April 1, 2025

Source: Company Data. Compiled by Strategy Advisors.

Figure 24. Consolidated Balance Sheet (Full Year, ¥mn)

(¥mn)	12/21 Non- Consolidated	12/22	12/23	12/24	12/25
Current Assets	20,605	30,551	28,232	34,043	44,942
Cash and Deposits	2,480	3,531	8,648	11,291	14,564
Accounts Receivable	—	—	—	12	80
Inventories	17,355	25,755	17,945	19,800	27,494
Others	770	1,265	1,639	2,952	2,884
Non-Current Assets	1,161	1,768	3,815	2,371	2,708
Tangible Assets	600	1,307	3,209	1,320	1,279
Land	270	670	1,950	665	665
Intangible Assets	105	109	86	50	65
Investments and Other Assets	454	350	519	1,000	1,362
Investment Securities	14	14	14	424	659
Deferred Tax Assets	122	278	355	432	500
Others	318	58	150	144	203
Total Assets	21,767	32,319	32,047	36,414	47,650
Current Liabilities	11,068	14,565	14,041	14,033	13,838
Accounts Payable	—	—	—	32	26
Accounts Payable - Other	2,222	1,807	1,628	1,366	740
Interest-Bearing Debt	7,933	11,529	10,973	10,621	11,014
Short-Term Borrowings	3,495	4,923	2,628	6,288	7,944
Current Portion of Long-Term Borrowings	4,409	6,557	8,230	4,218	2,956
Current Portion of Bonds Payable	28	48	114	114	114
Income Taxes Payable	386	728	1,053	1,290	1,280
Others	527	501	387	724	778
Non-Current Liabilities	5,463	11,307	9,066	10,762	18,825
Interest-Bearing Debt	5,365	11,202	8,975	10,678	18,613
Others	98	105	91	84	212
Net Assets	5,235	6,446	8,939	11,617	14,986
Shareholders' Equity	5,235	6,438	8,929	11,570	14,900
Share Capital/Capital Surplus	878	907	936	964	1,023
Retained Earnings	4,357	5,531	7,992	10,606	14,177
Share Acquisition Rights	—	—	—	34	70
Non-Controlling Interests	—	7	10	13	16
Total Liabilities and Net Assets	21,767	32,319	32,047	36,414	47,650
Interest-Bearing Debt	13,298	22,732	19,948	21,300	29,627
Equity Ratio	24.1%	19.9%	27.9%	31.8%	31.3%
D/E Ratio (x)	2.54	3.53	2.23	1.84	1.99

Note: Only non-consolidated results are disclosed for FY12/21.

Source: Company Data. Compiled by Strategy Advisors.

Figure 25. Consolidated Cash Flow Statement (Full Year, ¥mn)

(¥mn)	12/21 Non- Consolidated	12/22	12/23	12/24	12/25
Cash Flows from Operating Activities					
Profit Before Income Taxes	1,930	2,280	4,259	5,273	6,739
Depreciation and Amortization	88	90	89	107	72
Working Capital	-2,619	-9,142	7,797	-1,860	-7,690
Other	5	-1,544	-1,813	-2,820	-2,407
Total	-574	-8,290	10,360	731	-3,201
Cash Flows from Investing Activities					
Income/Losses from Purchase and Sale of Tangible Assets	-2	-12	-1,944	1,962	-3
Income/Losses from Purchase and Sale of Intangible Assets	-23	-39	-13	-3	-41
Purchase of Investment Securities	—	—	—	-410	-253
Other	390	55	-29	10	-56
Total	365	4	-1,986	1,559	-353
Cash Flows from Financing Activities					
Net Increase (Decrease) in Short-Term Loans Payable	2,796	1,728	-2,295	3,836	1,586
Net Increase (Decrease) in Long-Term Debt	(1,933)	7,611	-691	-2,527	6,682
Redemption of Bonds	-28	72	152	-114	-114
Issuance of Shares	19	—	—	—	—
Dividends Paid	-270	-277	-417	-799	-1,040
Other	-5	172	-2	27	-295
Total	579	9,306	-3,253	423	6,819
Net Increase (Decrease) in Cash	1,199	1,020	5,120	2,713	3,263
Cash Beginning Balance	2,035	2,406	3,451	8,571	11,285
Cash Ending Balance	2,406	3,451	8,571	11,285	14,549

Note: Only non-consolidated results are disclosed for FY12/21.

Source: Company Data. Compiled by Strategy Advisors.

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