



July 30, 2020

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Business and Capital Alliance with Marui Group and Issuance of Series 1 Unsecured Convertible Bonds

We hereby announce that at the board of directors meeting held on July 30, 2020, it has been decided to enter into a basic agreement (“the Agreement”) for the business and capital alliance (“the Alliance”) with MARUI GROUP CO., LTD. (“Marui Group”) and to issue series 1 unsecured convertible bonds with stock acquisition rights (*tenkanshasaigata shinkabu yoyakuken-tsuki shasai*) (the “Bonds”), through a third-party allotment to Marui Group.

I. Conclusion of the Agreement

1. Purpose and reason of the Agreement

Since our founding in 2011, we have been engaged in office design for startups and IT companies, with an emphasis on understanding corporate culture and people, and building co-creative relationships with clients. Since 2015, we have been developing a service called “cowcamo” that offers the ideal “one-of-a-kind” encounter from a number of used and renovated homes, and the realization of one’s own lifestyle.

Marui Group is a company that is innovating its own business model and business structure that integrates retail and finance to meet changing times and customer needs. Marui Group is developing a business that is close to each customer with the aim of intuiting needs according to the actual conditions of the life of each customer and providing finely-tuned services. Among them, the fintech business, which is mainly EPOS Card, has more than 7.2 million members and continues to grow at an average annual rate of 17%. One of its characteristics is that the membership structure is centered on young people in their thirties and younger. In addition, in recent years, Marui Group has been promoting a new business model that integrates the “trinity” by adding “co-creation investment” to “retail” and “fintech.”

The two companies have concluded the Alliance for the following reasons:

- (1) the possibility of creating synergies for both parties through tsukuruba’s knowledge of the living environment field and office design business know-how which has been deepened through its cowcamo business along with the retail and fintech business assets centering on Marui Group’s EPOS Card, and
- (2) the match of both companies’ co-creation stances, which support their users’ pursuit of their own unique lifestyles.

This Alliance is carried out as a part of the “co-creation investment” business, which Marui Group promotes. The Alliance signals the start of the expansion of the co-creation investment business. Through new business development by both companies, we will create synergies with the retail and fintech businesses and create new business opportunities in the living environment field.

Based on a total investment of 700 million yen from Marui Group, we will further strive to maximize shareholder value through the expansion of the cowcamo business and the development of new businesses in collaboration with Marui Group.

2. Overview of the Alliance

(1) Overview of the capital alliance

As of today, we decided to allot 14 units of series 1 unsecured convertible bonds through a third-party allotment to Marui Group.

(2) Overview of the business alliance

Marui Group and we will consider, develop, and implement new businesses, and create business synergies of both companies through utilizing the knowledge of the living environment and know-how of the office design business

accumulated through tsukuruba's cowcamo business, and using the assets of the fintech and the retail business centered on Marui Group's EPOS Card (with about 7.2 million members).

As the first new business, both companies plan to develop the renovation rental condominium brand jointly produced by tsukuruba and Marui Group. Through this business, we aim to contribute to the expansion of the area of tsukuruba's renovation property production business, and the expansion of value provision and rental business for Marui Group customers. In addition to the above-mentioned new business plan, in the future, we are planning to develop a new business for a living environment where both companies have strengths and which matches the individuality of both companies' customers and their life stages, such as a service that combines the cowcamo platform and Marui Group's fintech business, etc.

II. Issuance of series 1 unsecured convertible bonds through third-party allotment

1. Outline of the offering

(1)	Payment date	August 17, 2020
(2)	Total Number of stock acquisition rights to be issued	14
(3)	Issue price of Bonds and stock acquisition rights	¥100 per ¥100 in face value Stock acquisition rights: Free of charge
(4)	Number of potential shares by the issuance	583,333 shares of common stock
(5)	Amount of fund raising	¥700,000,000-
(6)	Conversion price	¥1,200
(7)	Means of offering or allocation	By means of third-party allocation
(8)	To whom the Bonds will be allocated	MARUI GROUP CO., LTD.
(9)	Interest rate on the Bonds and maturity date	Interest rate: 0.5% per annum Maturity date: July 31, 2025
(10)	Redemption price	¥100 per ¥100 in face value
(11)	Others	Each preceding item shall apply on condition that the securities registration statement under the Financial Instruments and Exchange Act of Japan becomes effective.

2. Objective and reason of the offering

We issue the Bonds with stock acquisition rights by a third-party allotment together with the Alliance with Marui Group because building and strengthening the alliance with Marui Group will increase our corporate value.

We elected this funding method for the following reasons:

- (1) the Bonds enable us to raise a certain amount of money at the time of issuance based on our financial needs;
- (2) the conversion price is initially set to a level higher than the market price at the time of the issuance resolution;
- (3) the Alliance can be made more effective because the cost of financing can be reduced with low interest rates compared to other funding methods; and
- (4) the capital will be expanded in case that the stock acquisition rights are exercised.

Therefore, we have determined that the issuance of the Bonds is an appropriate means from the perspective of the Alliance and the protection of the profits of existing shareholders.

3. Amount and use of proceeds

(1) Amount of proceeds (estimated among of net proceeds)

Amount to be paid (Yen)	Estimated amount of issuance costs (Yen)	Estimated amount of net proceeds (Yen)
700,000,000	4,000,000	696,000,000

- (Note) 1. The estimated amount of issuance costs does not include consumption tax and local consumption tax.
2. The breakdown of the estimated amount of issuance costs is: registration costs, costs incurred by a third-party valuation agency, etc.

(2) Use of proceeds

Use of Proceeds	Amount (million yen)	Expected expenditure period
Personnel expenses and business consignment expenses for business planning in response to business expansion of renovation/used home distribution platform utilizing IT	100	From August 2020 to July 2023
Hiring costs and increased personnel expenses due to expansion of recruitment of technical teams for product development in response to business expansion of renovation/used home distribution platform utilizing IT	596	From August 2020 to July 2023

“cowcamo,” a used and renovated properties distribution platform, mainly provides property information distribution services through online media, intermediary services by in-house agents and cooperating agents, and support services for sellers and business owners that utilize customer and property data.

A distinctive feature of the cowcamo business is that it integrates the value chain of second-hand housing distribution using technology. The details are as follows:

- integration and renewal of a series of customer experiences in the renovation and purchase of used condominiums,
- integration and optimization of a series of operations such as housing design planning, media operations, agent services, and
- utilizing our original data such as that surrounding customer needs and property design, and property transaction data.

The proceeds of the Bonds of 696 million yen will be used as investment funds for new business development in collaboration with Marui Group and future growth of the cowcamo business by the end of July 2023.

Specifically, 100 million yen will be used for personnel expenses and business consignment expenses for business planning in response to business expansion of renovation/used home distribution platform utilizing IT, and the remaining 596 million yen will be allocated to hiring costs and increased personnel expenses due to expansion of recruitment of technical teams for product development in response to business expansion of renovation/used home distribution platform utilizing IT. We plan to secure sufficient funds and expand the business by prior investment.

In addition, we will strive for stable fund management of the procured funds in our bank account until the actual expenditure.

In the future, there is a possibility that the use of the funds will be changed by investing in a new business in collaboration with Marui Group. We will promptly disclose and announce any change in the use of the funds.

Note: This press release has been prepared for the sole purpose of publicly announcing the information contained herein, and not for the purpose of soliciting investment or engaging in any other similar activities within or outside Japan. This press release is not an offer of securities for sale in the United States and nothing in this communication shall constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction in which such offer or sale would be unlawful. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended (the “Securities Act”). The securities referred to herein have not been, and will not be, registered under the Securities Act. If any public offering of securities is made in the United States, it will be by means of a prospectus that may be obtained from tsukuruba inc. that will contain detailed information about the company and its management, as well as its financial statements. tsukuruba inc. does not intend to register the securities in the United States or to conduct a public offering of the securities in the United States. A prospectus has not been prepared for the securities.

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