

TSUKURUBA

TSE Growth: 2978

Financial Results
FY 2022 (Aug.-Jul.)
Sept. 12, 2022

FY 2022

Aug. 1, 2021 to July 31, 2022

Agenda

- 1. Financial Highlights for FY2022**
- 2. Financial Results for FY2022 Q4**
- 3. Financial Results for FY2022**
- 4. Forecast for FY2023**
- 5. Investment Highlights**

1. Financial Highlights for FY2022

Highlights

Financial Results FY2022 Q4 (May 2022-July 2022)

- Continued growth with record revenue and gross profit

Revenue	JPY 833 million (+ 71 % YoY)
Gross Profit	JPY 579 million (+ 59 % YoY)

Financial Results FY2022 (Aug. 2021-July 2022)

- Revised earnings forecast upward and exceeded the initial forecast

Revenue	JPY 2,766 million (+ 70 % YoY, vs Forecast +316 million)
Gross Profit	JPY 1,844 million (+ 46 % YoY, vs Forecast +64 million)
Operating Profit	JPY -773 million (vs Forecast JPY +116 million)

Forecast FY2023 (Aug. 2021-July 2022)

- Revised earnings forecast upward and exceeded the initial forecast

Revenue	JPY 4,000 million (+ 45 % YoY)
Gross Profit	JPY 2,500 million (+ 36 % YoY)
Operating Profit	JPY -220 million (JPY +554 million YoY)

2. Financial Results for FY2022 Q4

Companywide | FY2022 Q4 - Quarterly Financial Summary

Revenue and gross profit continued to grow at a high rate of +71% and +59% YoY. Operating income also improved compared to the same period last year.

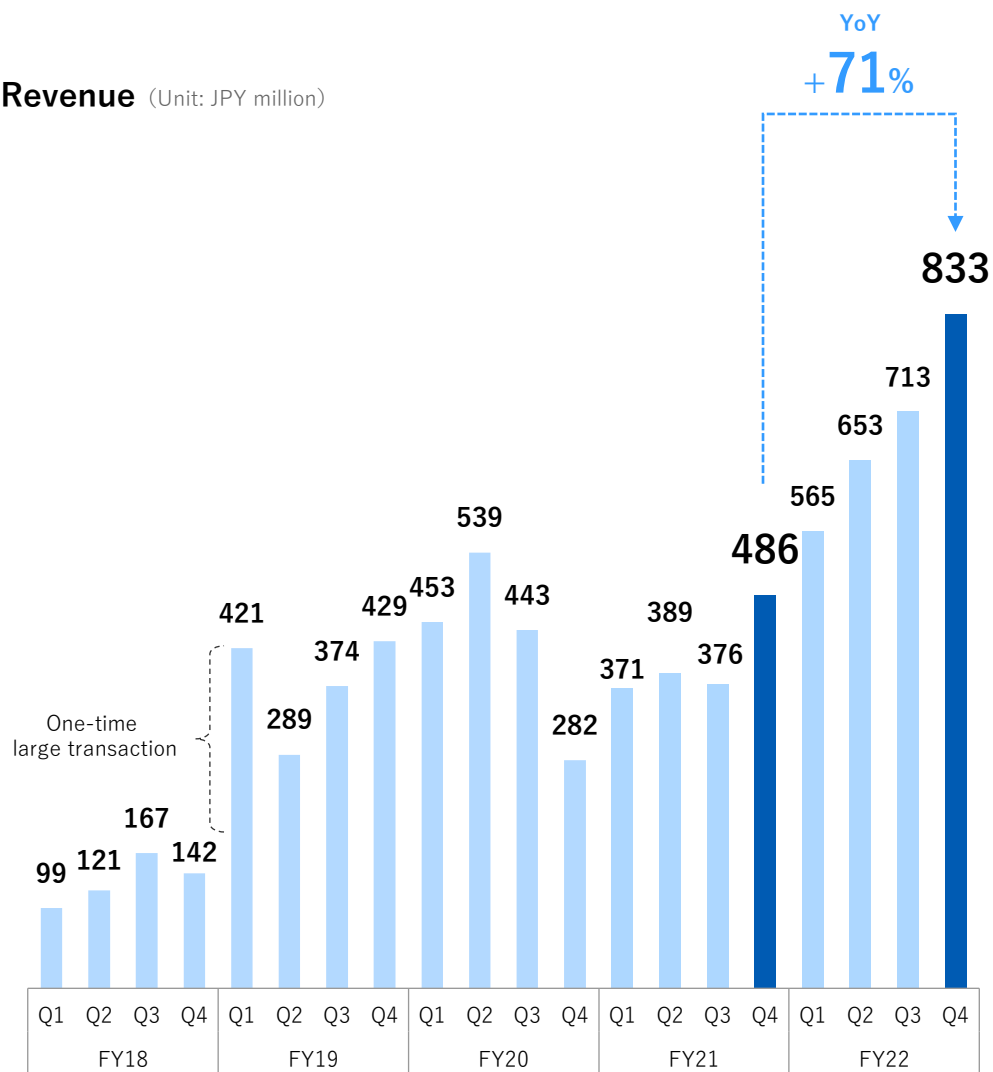
	FY2022 Q4 (2022/5-2022/7)	FY2021 Q4 (2021/5-2021/7)	YoY
Revenue	833	486	+71%
Gross Profit	579	363	+59%
Operating Profit	-104	-121	-
Ordinary Profit	-111	-125	-
Net Profit	-113	-229	-

(Unit: JPY million)

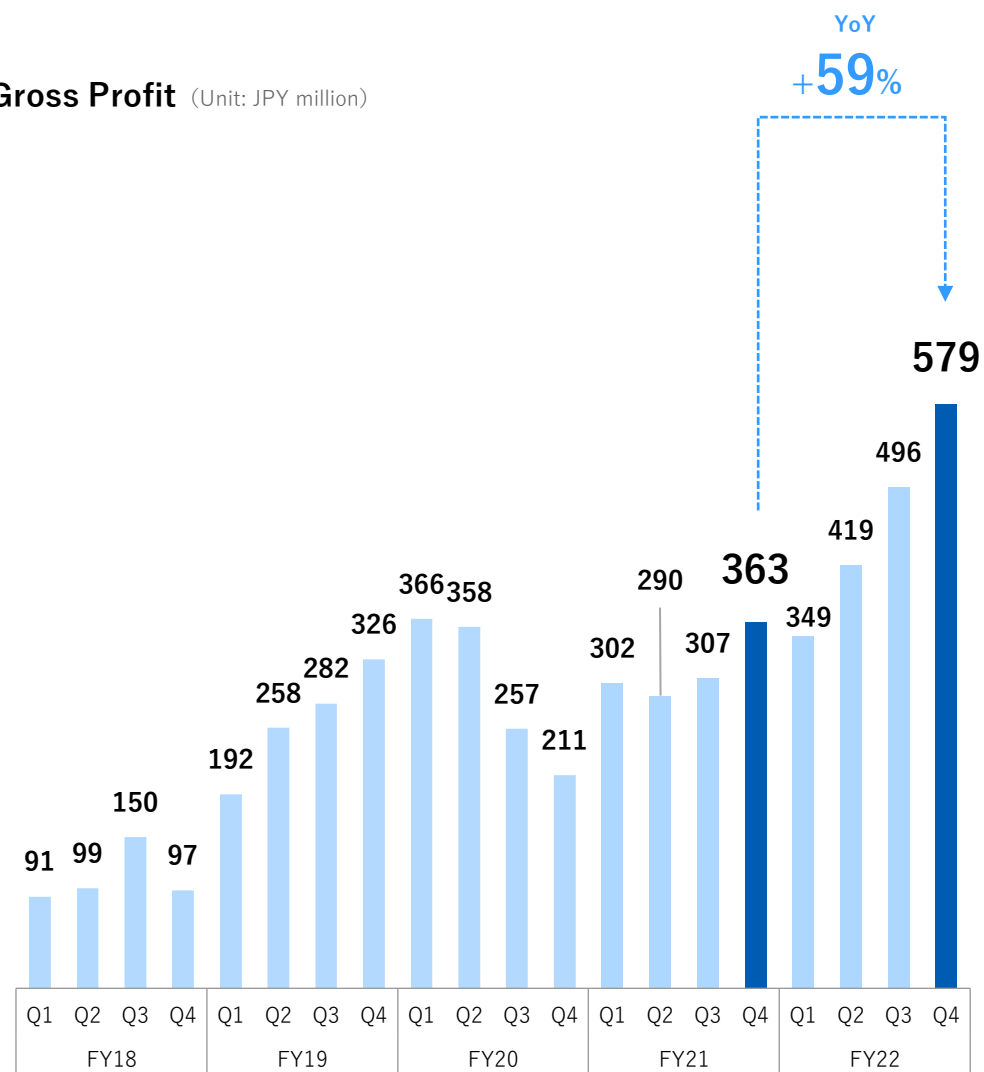
Companywide | Revenue and Gross Profit

Revenue and gross profit reached record highs.

Revenue (Unit: JPY million)



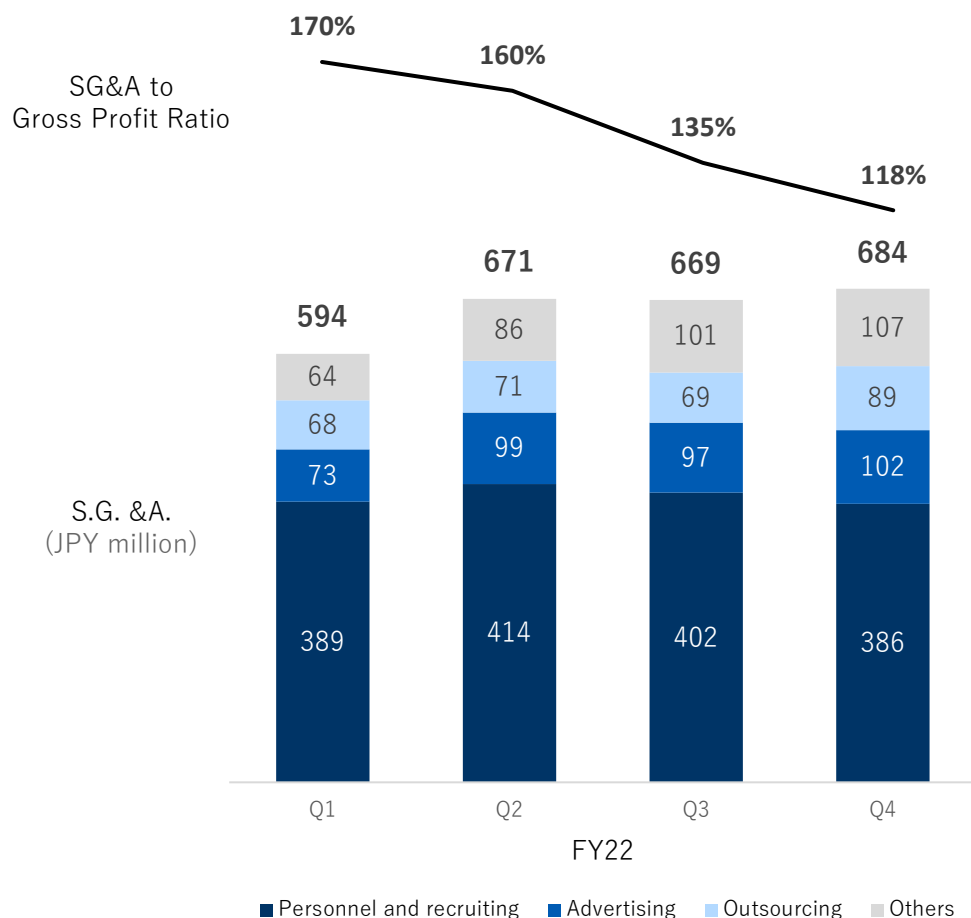
Gross Profit (Unit: JPY million)



Companywide | SG&A Expenses and Gross Profit SG&A Ratio

In FY2022Q4, we continued with the cost review policy announced in FY2022Q2, resulting in a lower SG&A to gross profit ratio. We will continue to save costs while maintaining expenditures required to expand services and transactions, particularly sales force expansion and customer acquisition costs.

SG&A Expenses and SG&A to Gross Profit Ratio (FY22 Q1-Q4)



Status of Cost Review

Personnel and recruiting expenses

- Continue to expand sales force to accommodate increased transactions.
- Promote streamlining of hiring and personnel allocation, mainly internally, in addition to improving operational efficiency.

Advertising expenses

- Continue to spend on advertising necessary to maintain and expand the scale of services while improving the efficiency of existing marketing channels and methods.
- Make decisions on expenditures for new marketing channels and methods based on cost-effectiveness.

Outsourcing

- Reduce external payment costs by focusing on improving operational efficiency internally

Others

- Promote company-wide rationalization, focusing on business locations, indirect business tools, systems, equipment, etc.

Segments | FY 2022 Q4 – Quarterly Financial Summary by Business Segment

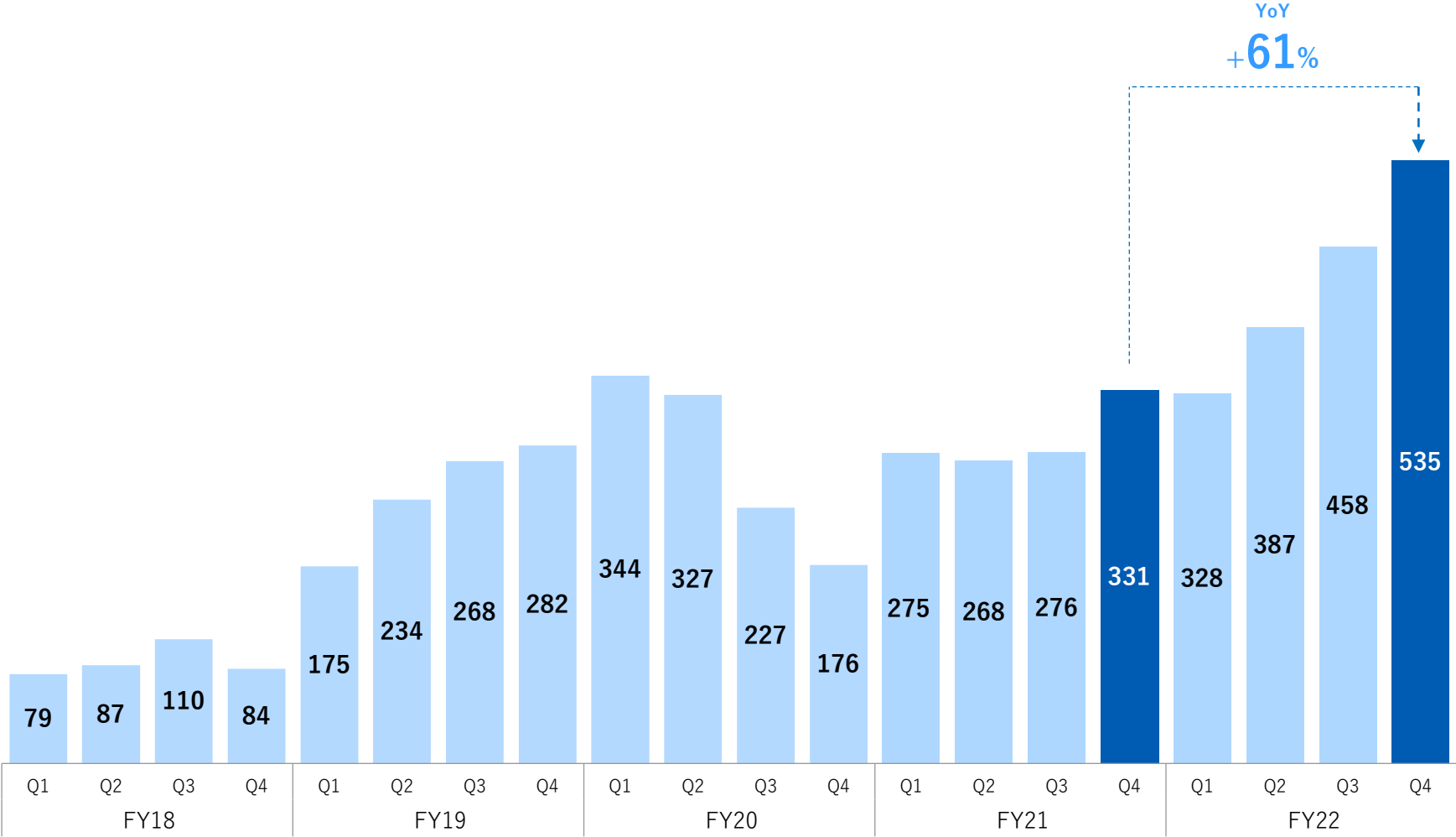
In our main business, cowcamo business, both revenue and gross profit grew steadily and the segment returned to profitability.

		FY2022 Q4 (2022/5-2022/7)	FY2021 Q4 (2021-5-2021/7)	YoY
cowcamo	Revenue	724	381	+90%
	Gross Profit	535	331	+61%
	Business Segment Profit	37	-4	-
PPD	Revenue	108	105	+3%
	Gross Profit	44	32	+37%
	Business Segment Profit	24	6	+261%
Others	Corporate Expense	-166	-124	-

(Unit: JPY million)

cowcamo | **Gross Profit**

Gross profit from cowcamo business continued to be strong, resulting in +61% YoY

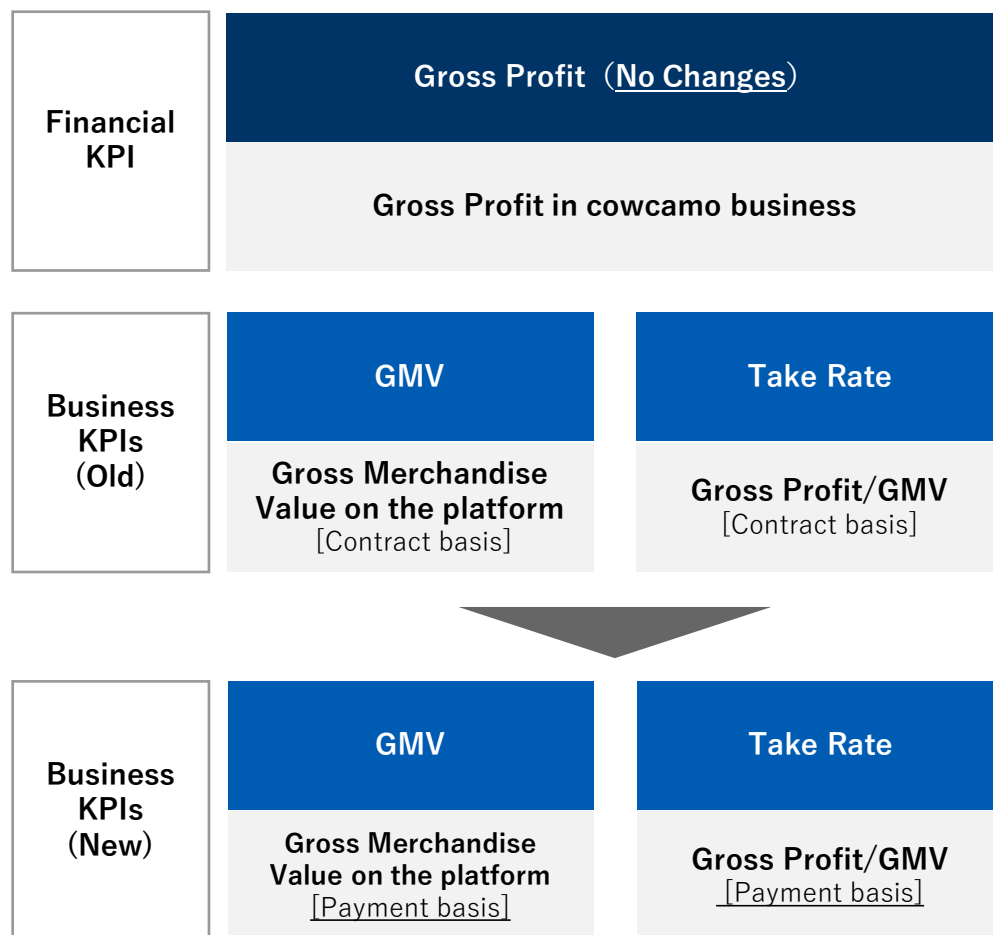


(Unit: JPY million)

For Reference | Change in calculation criteria for cowcamo KPIs

In order to disclose more accurately the take rate, a KPI of cowcamo business, from FY2023 ending July 31, 2023, the calculation basis of GMV used to calculate the take rate will be changed from a contract basis to a payment basis. Gross profit will remain unchanged. We will continue to disclose contract-based GMV and the number of transactions as leading indicators.

Change in calculation criteria



Background of the change in calculation criteria

- Until now, we have disclosed contract-based GMV as a leading indicator and have calculated take rate by dividing gross profit by GMV and disclosed it as a business KPI.
 - Since gross profit was recorded at the time of transaction payment and GMV was based on contracts, the take rate was an indicator that included the time lag between the signing of a contract and its payment. Since the majority of transactions in cowcamo had a contract-to-payment period of approximately one month, the time lag has been recognized as being within the acceptable range.
- Through FY2022, Our transactions began to diversify to include the purchase and sale of its own properties, brokerage of properties for private sellers, and renovation mediation, and as a result, the error in the calculation of the take rate due to the variation in the contract-to-payment period for each transaction has increased.
- Since FY2023, the GMV used to calculate the take rate will be payment-based to eliminate the above error. As a result, all business KPIs will be payment-based indicators.
 - GMV based on contracts and the number of transactions will continue to be disclosed as leading indicators for reference.

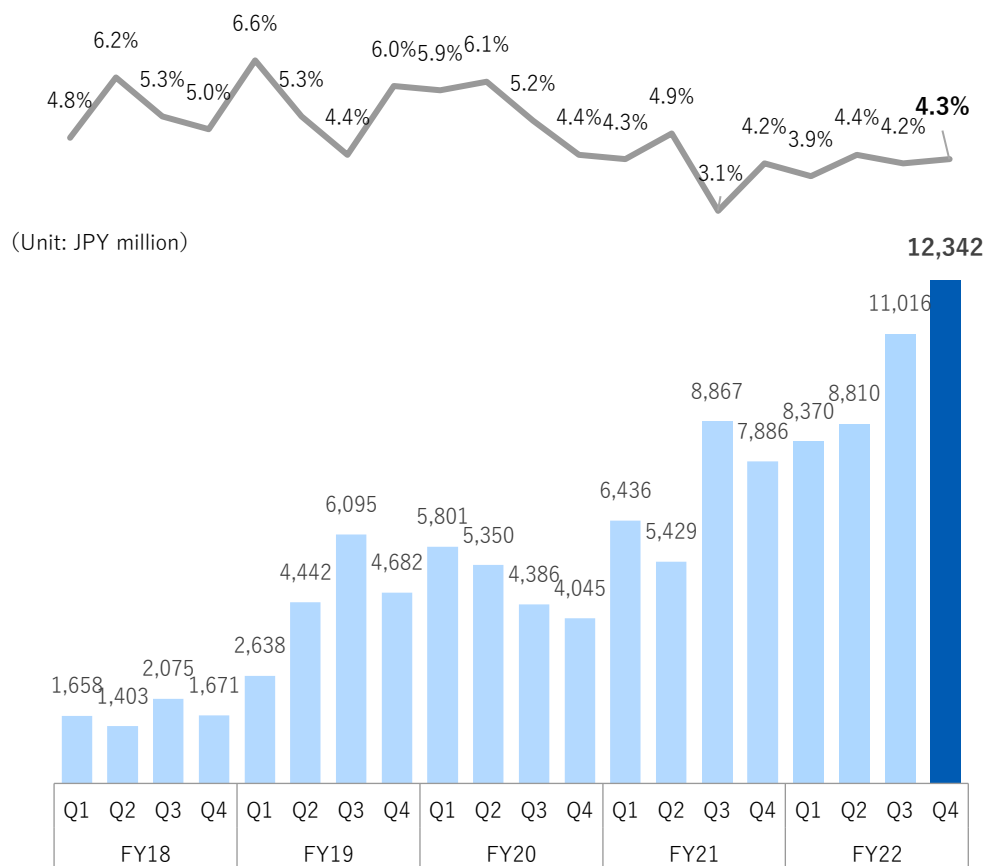
GMV: Gross Merchandise Value is total circulation on the platform. GMV is the sum of the prices of all products and services traded on the cowcamo platform, including properties and renovation services.

Take Rate: The commission rate charged under GMV, calculated by dividing the gross profit of cowcamo by GMV.

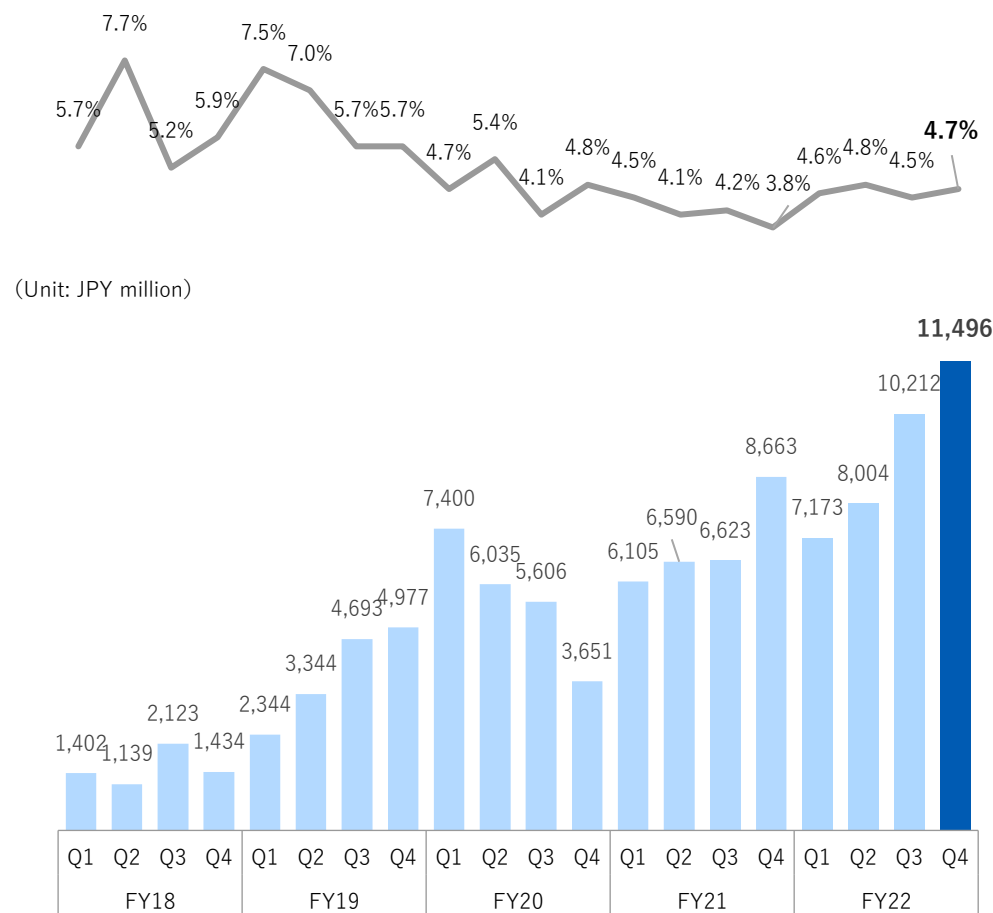
cowcamo | GMV • Take Rate (Before and after the change of calculation criteria)

GMV reached a record high due to steady growth in our services. Take rates are on a recovery trend due to an improved supply-demand environment in the housing distribution market and the progress of measures to improve take rates in line with the policy at the beginning of FY2022. The same trend in business KPIs after the change in the calculation criteria has also been observed.

GMV (lower) • **Take Rate** (upper) [Contract basis]



GMV (lower) • **Take Rate** (upper) [Payment basis]



For Reference | Quarterly Financial and Business KPIs

(Unit: JPY million)	FY19				FY20				FY21				FY22			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Revenue	421	289	374	429	453	539	443	282	371	389	376	486	565	653	713	833
Gross Profit	192	258	282	326	366	358	257	211	302	290	307	363	349	419	496	579
cowcamo	175	234	268	282	344	327	227	176	275	268	276	331	328	387	458	535
PPD	17	24	14	44	22	30	30	34	26	21	30	32	20	31	37	44
Operating Expense	244	244	232	318	341	346	327	328	348	363	426	485	594	670	668	684
cowcamo	137	148	140	189	203	193	196	198	223	261	298	335	432	518	503	497
PPD	14	14	10	18	17	14	16	15	24	21	19	25	22	20	17	19
Others	91	81	81	110	120	138	114	114	99	80	107	124	139	131	148	166
Operating Profit	△52	13	49	7	24	11	△69	△117	△45	△72	△118	△121	△244	△251	△172	△172

Business KPI																
GMV *1 (JPY million)	2,638	4,442	6,095	4,682	5,801	5,350	4,386	4,045	6,436	5,429	8,867	7,886	8,370	8,810	11,016	12,342
GMV *2 (JPY million)	2,344	3,344	4,693	4,977	7,400	6,035	5,606	3,651	6,105	6,590	6,623	8,663	7,173	8,004	10,212	11,496
Take Rate *1 (%)	6.6	5.3	4.4	6	5.9	6.1	5.2	4.4	4.3	4.9	3.1	4.2	3.9	4.4	4.2	4.3
Take Rate *2 (%)	7.5	7.0	5.7	5.7	4.7	5.4	4.1	4.8	4.5	4.1	4.2	3.8	4.6	4.8	4.5	4.7
No. of transactions *1	59	98	119	105	123	121	95	93	130	118	166	159	180	179	225	214
MAU *3 (K)	25	27	28	29	36	40	44	50	54	59	62	59	64	57	53	54

*1 contract basis | *2 payment basis | *3 Quarterly average registered MAU

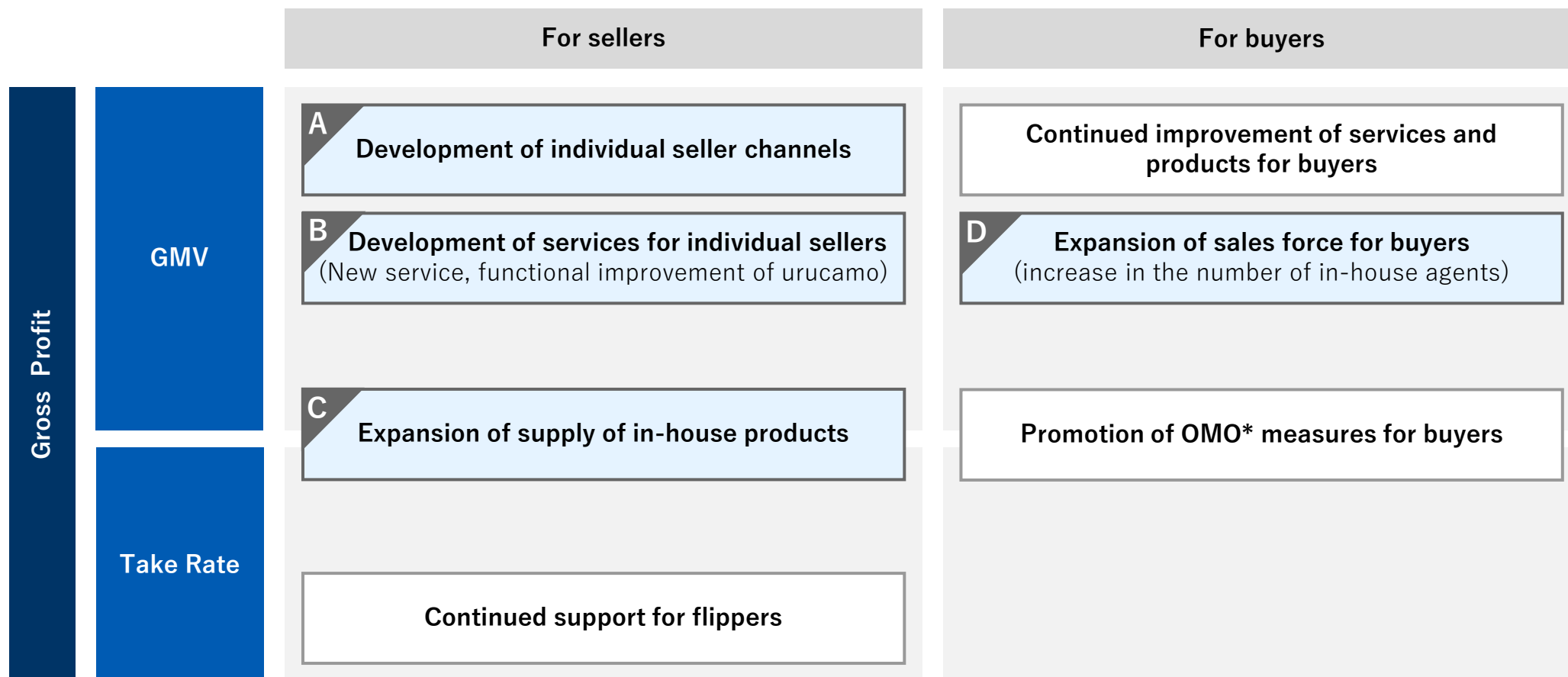
cowcamo | Business conditions related to KPIs for FY2022 Q4

In FY2022 Q4, the GMV and Take Rate were solid due to steady growth in services and business on the buyer's side and the seller's side.

		FY2022 Q4	Key Situations for FY2022 Q4
Gross Profit	GMV	<p>Payment basis JPY 11,496 million +33% YoY</p> <p>FYI : Contract basis JPY 12,342 million +57% YoY</p>	<ul style="list-style-type: none"> [Market environment] The pre-owned condominium market in the Tokyo metropolitan area is expected to expand moderately in the medium to long term, however, in the short term, there will be a reactionary decline from the increase in demand under COVID-19 in the same period of the previous fiscal year. [Q4 results] Continued steady expansion of existing services, centering on services for buyers, as well as the development of the private seller channel contributed to a steady increase in the number of transactions to 214 (+35% YoY).
	Take Rate	<p>Payment basis 4.7% +0.9.pt YoY (+0.2.pt QoQ)</p> <p>FYI : Contract basis 4.3% +0.1.pt YoY (+0.1.pt QoQ)</p>	<ul style="list-style-type: none"> [Market environment] Decrease in the supply of pre-owned condominium properties due to COVID-19 has improved. On the other hand, we closely monitor the impact of rising property prices on commission rates. [Q4 results] Steady improvement due to improving the ratio of in-house agents on the buyer side, expanding sales of ancillary services such as renovation services, and increasing supply of products planned by Tsukuruba.

cowcamo | Major initiatives for FY2022 Q4

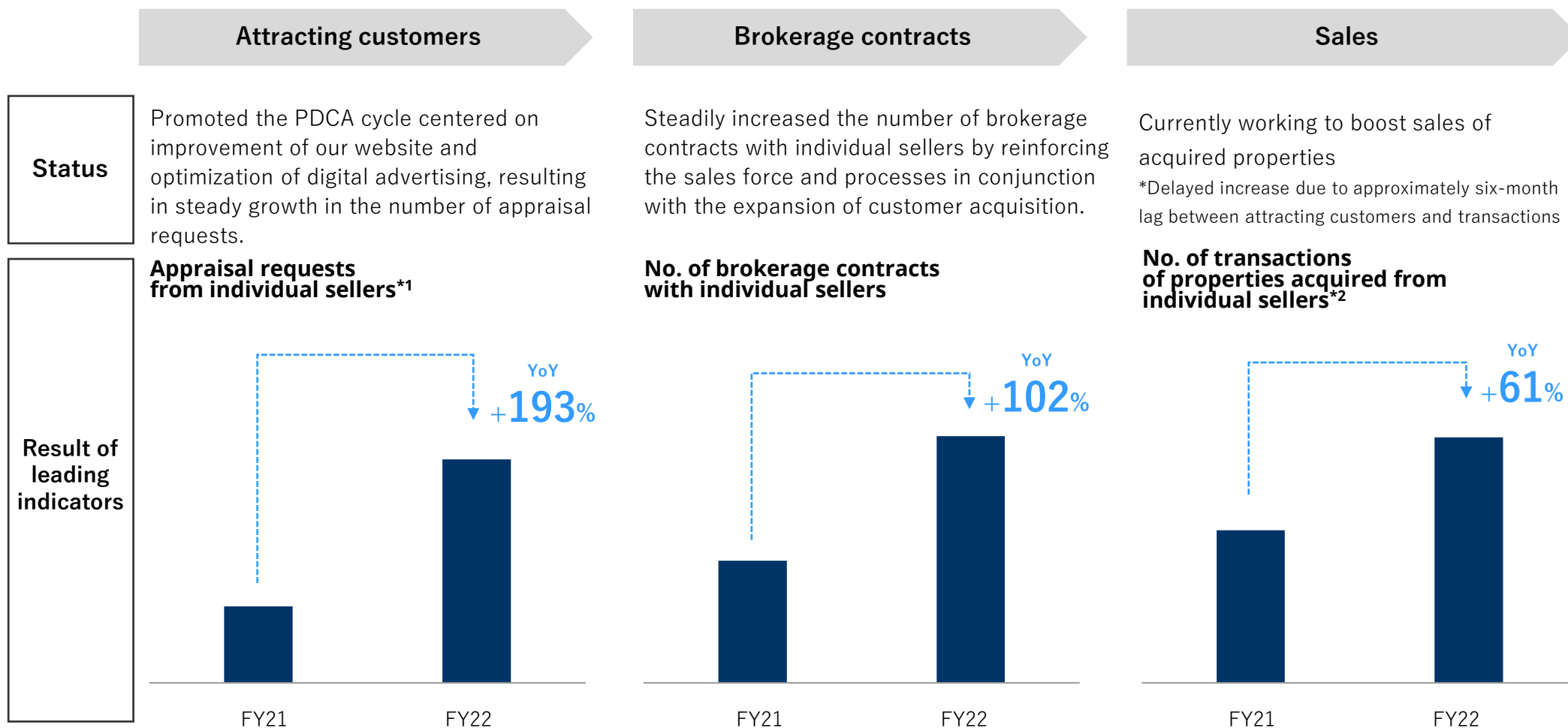
As for FY2022 Q4, based on our stated goals at the beginning of FY2022, we have been implementing various measures for sellers and buyers that contribute to improving the GMV and Take Rate.



OMO: Online Merges with Offline. A customer-oriented approach to integrating online and offline to create a better customer experience.

cowcamo | A. Development of individual seller channels

In line with the policy for FY2022, we are promoting expansion of the individual seller channel. As the number of requests for appraisal and brokerage contracts from individual sellers, which is a leading indicator, increased, the number of contracts also began to rise. This is expected to contribute to continued GMV growth in the future.



*1 The total number of appraisal requests from individual sellers through cowcamo website or partner companies. In accordance with in-house standards, 20% of the actual number of appraisal requests is used to convert the number of appraisal requests by customers sent from partner companies.

*2 No. of transactions of properties acquired from individual sellers: Number of transactions (on a contract basis) in which Tsukuruba was involved in mediation on the seller's side.

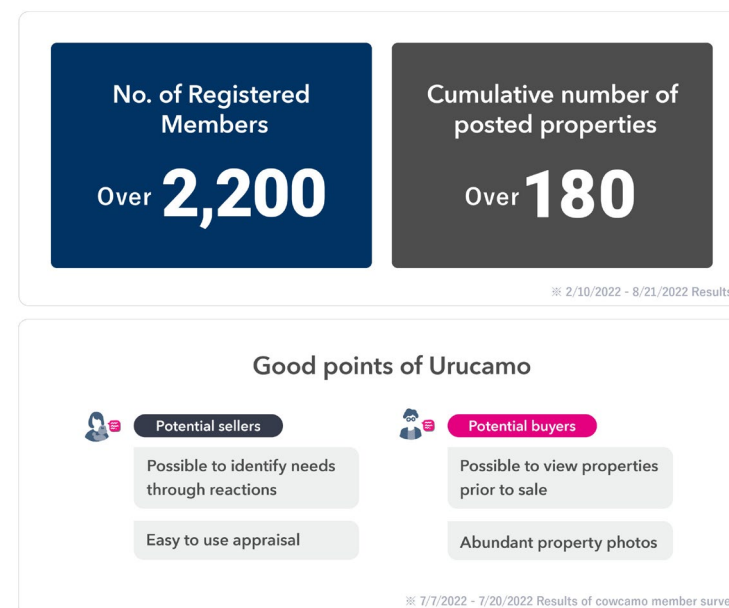
cowcamo | B. Development of services for individual sellers

Urucamo, which began providing services in February 2022, has been steadily expanding its membership and number of postings by making functional improvements based on user feedback. We will continue to improve functions and expand the user base with an eye to the contribution of the seller-side business to our business performance.

Service summary of Urucamo



Progress in the first six months of service



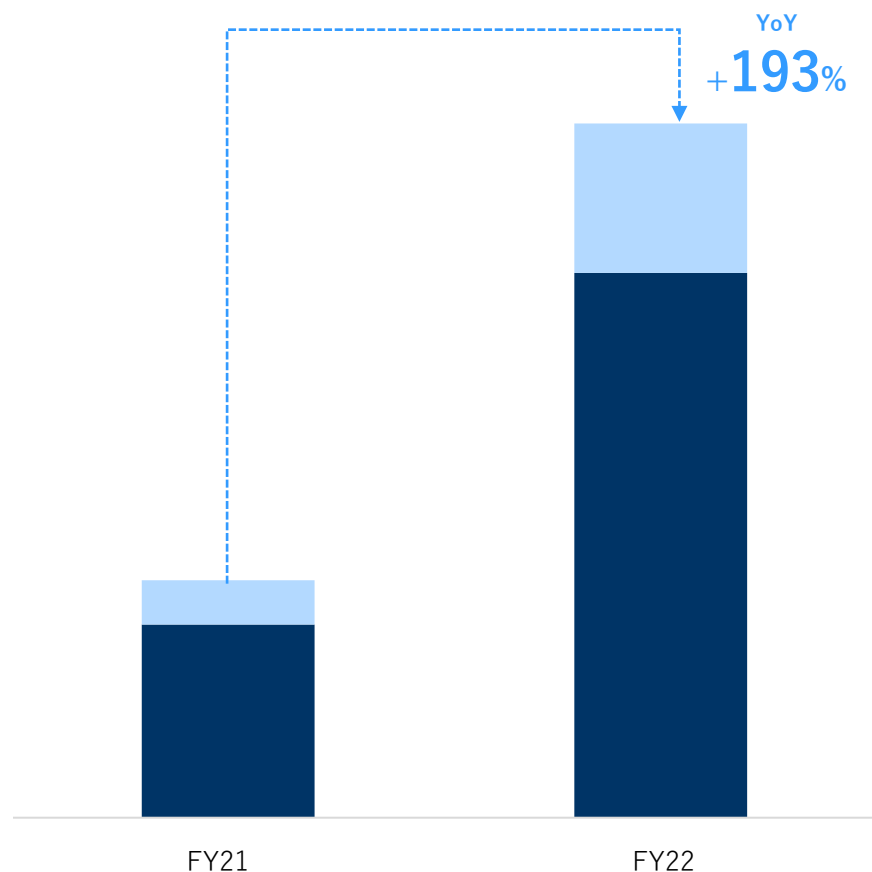
- Urucamo is a "matching platform for 'intent to buy and sell' where sellers can easily post home information and get reactions from potential buyers," which began offering its service in February 2022.
- This is a part of the "seller-side business development" measures started in FY2022. Assumed to contribute to an increase in the number of sale transactions originating from this service in the medium term.

- In the six months since its launch, the service has grown to include more than 2,200 registered members and more than 180 cumulative property postings, steadily accumulating a potential seller customer base.
- Users who have identified buyer needs through Urucamo have been able to make actual sales, contributing to the seller's side of our business.

cowcamo | C. Higher supply of self-designed properties

In line with our goals, we have increased the supply of our own planned products. In FY2022, the number of such properties on sale increased by 193%*¹ compared to the last year.

Change in the number of our planned products (No. of properties on sale*¹)



Properties purchased and planned by TSUKURUBA*²

- Expanded gradually on a trial basis from the end of FY2021
- For the time being, limited to transactions where risk control is possible; in the medium-to long-term, we aim to create a scalable structure through off-balancing, etc.

Planned properties in cooperation with flipping companies

- In line with our goal for FY2022, promote the growing supply of properties designed by Tsukuruba
- Working to stabilize supply, including better planning and sales capabilities based on customer needs

*1 “on sale” refers to when a property is released on cowcamo after procurement, planning, and development. In general, it takes 2-3 months from purchase to start of sale, and 4-5 months from start of sale to settlement (recording of sale).

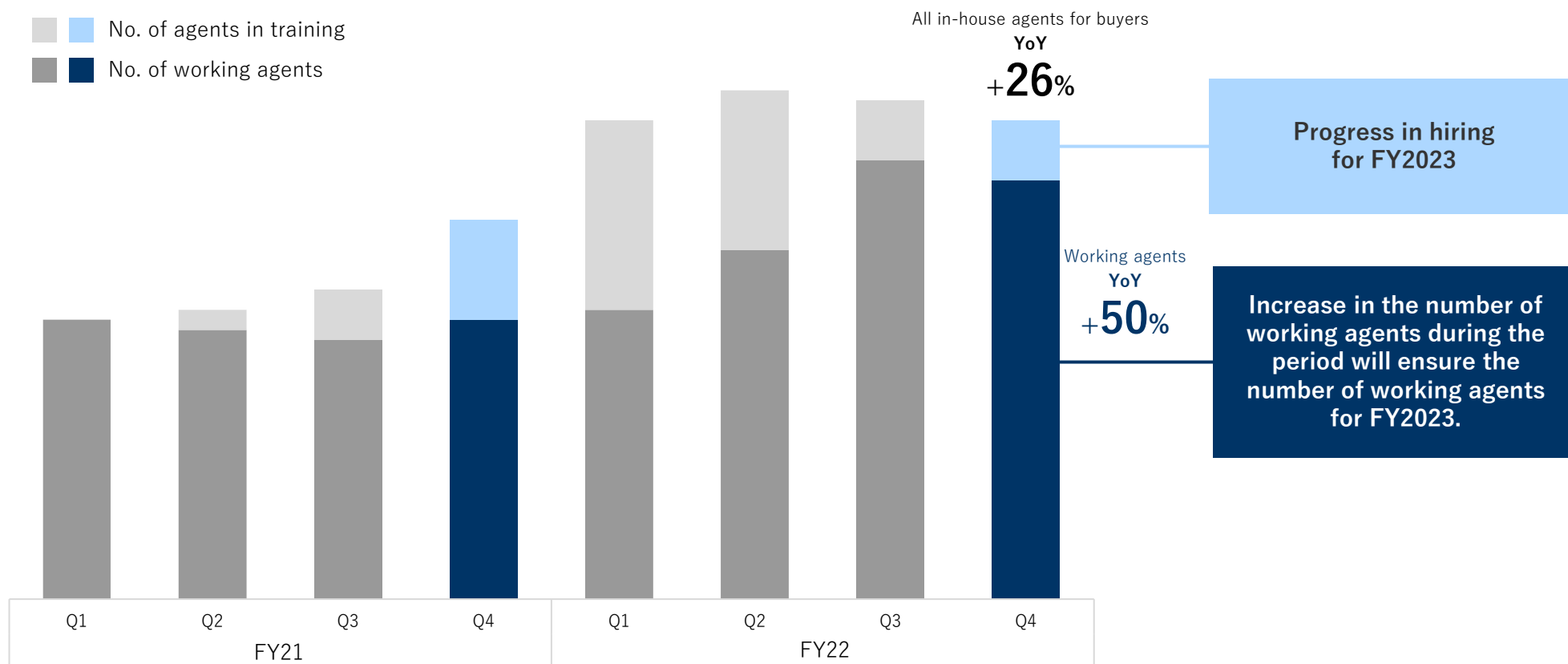
*2 Properties purchased and sold by Tsukuruba will make an additional contribution to revenue.

cowcamo | D. Expansion of sales force dedicated to buyers

The number of active staff of in-house agents* at the end of July 2022 was up 50% from the previous fiscal year, contributing steadily to GMV growth through increased number of transactions. In 2022 Q4, the number of working agents decreased temporarily due to staffing changes and an increase in management staff.

Change in the number of in-house agents

(Number of enrollment at the end of each quarter)



* The term "in-house agent" refers to an individual engaged in brokerage sales who is employed by Tsukuruba. The number of agents on this page reflects those engaged in brokerage sales for buyers.

3. Financial Results for FY2022

Companywide | FY2022 - Financial Summary

Revenue and gross profit exceeded the initial forecast due to steady growth in brokerage transactions and growth in purchase transactions in the cowcamo business. Profit and loss at each stage exceeded the initial forecast due to growth in gross profit as well as the control of SG&A expenses as a result of cost improvements by the entire company.

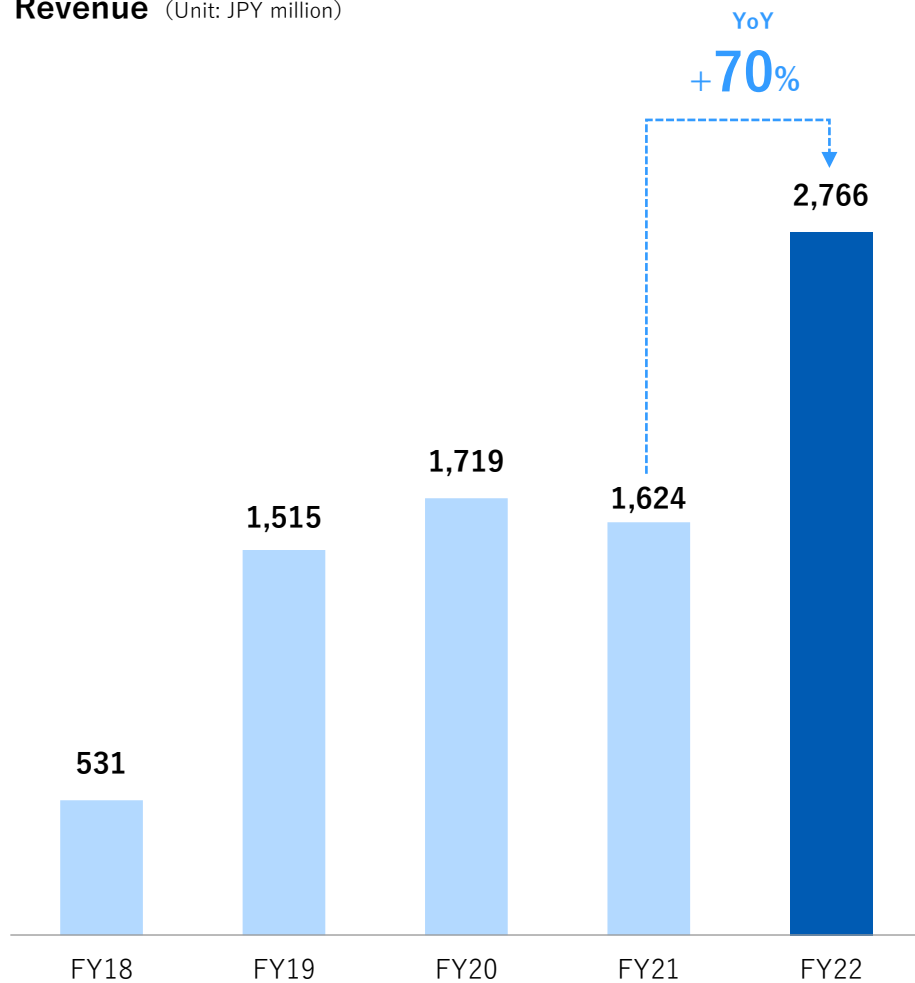
	FY2022 (2021/8-2022/7)	FY2021 (2020/8-2021/7)		FY2022 Financial Forecast	
		Actual	YoY	Forecast	vs Initial Forecast
Revenue	2,766	1,624	+70%	2,450	+316
Gross Profit	1,844	1,264	+46%	1,780	+64
Operating profit	-773	-358	-	-890	+116
Ordinary Profit	-795	-358	-	-911	+115
Net Profit	-822	-482	-	-911	+88

(Unit: JPY million)

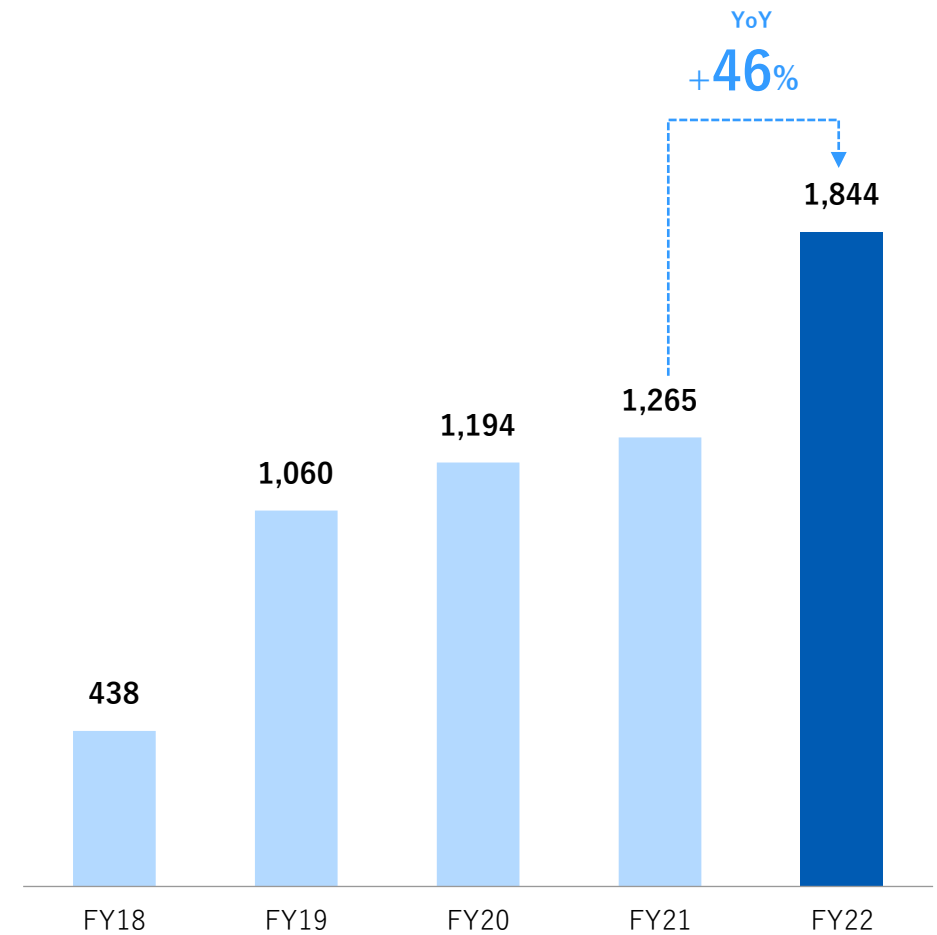
Companywide | Revenue and Gross Profit

Revenue and gross profit reached record highs.

Revenue (Unit: JPY million)



Gross Profit (Unit: JPY million)



Segments | FY 2022 Financial Highlights by Business Segments

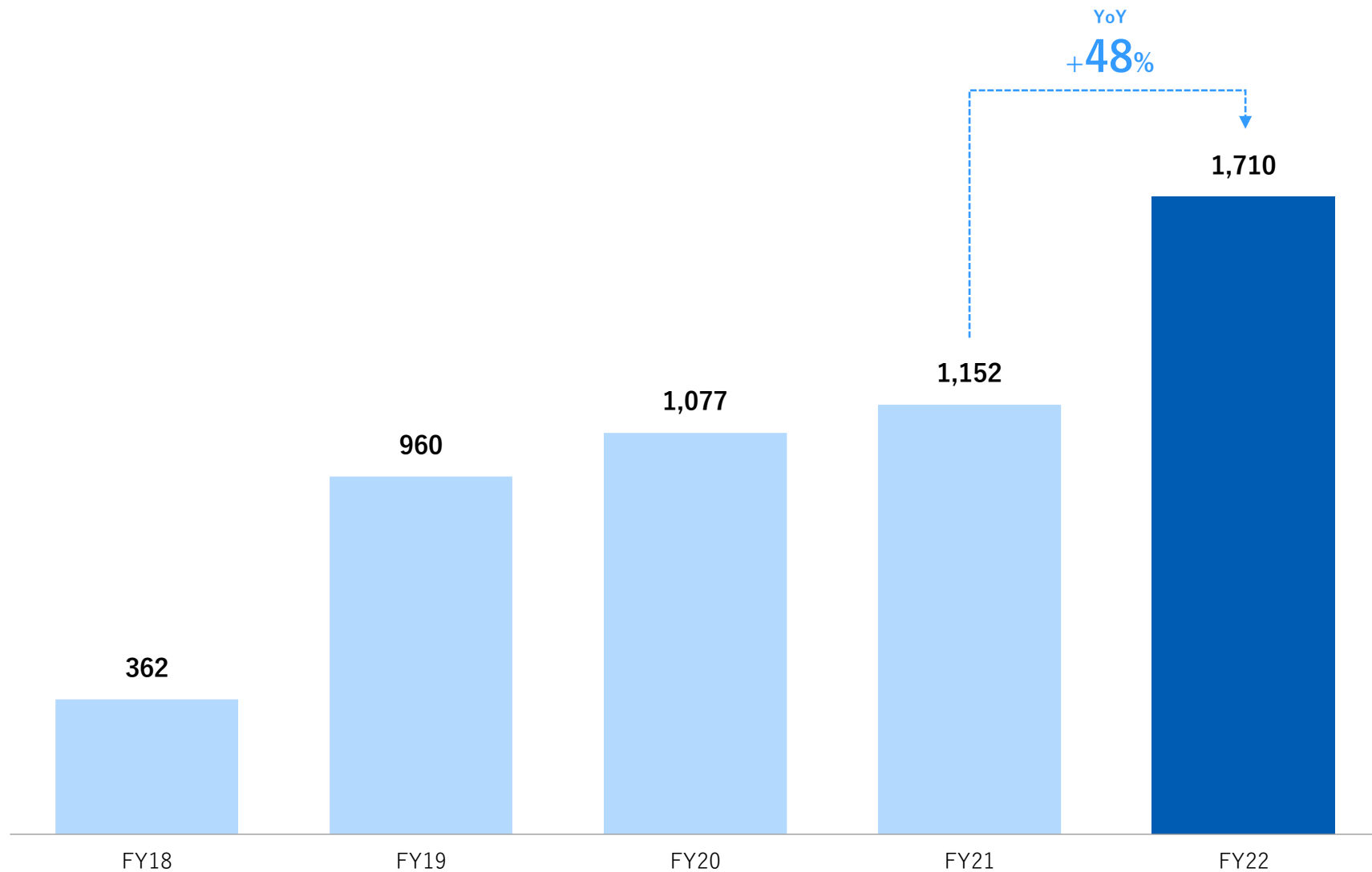
In FY2022, revenue and gross profit grew strongly in cowcamo business. Due to upfront investments made in the first half of the year, the cowcamo business segment posted a loss.

		FY2022 (2021/8-2022/7)	FY2021 (2020/8~2021/7)	YoY
cowcamo	Revenue	2,363	1,240	+90%
	Gross Profit	1,710	1,152	+48%
	Business Segment Profit	-241	32	-
PPD	Revenue	403	383	+5%
	Gross Profit	134	111	+20%
	Business Segment Profit	54	20	+165%
Other	Corporate Expense	-586	-411	-

(Unit: JPY million)

cowcamo | Gross Profit

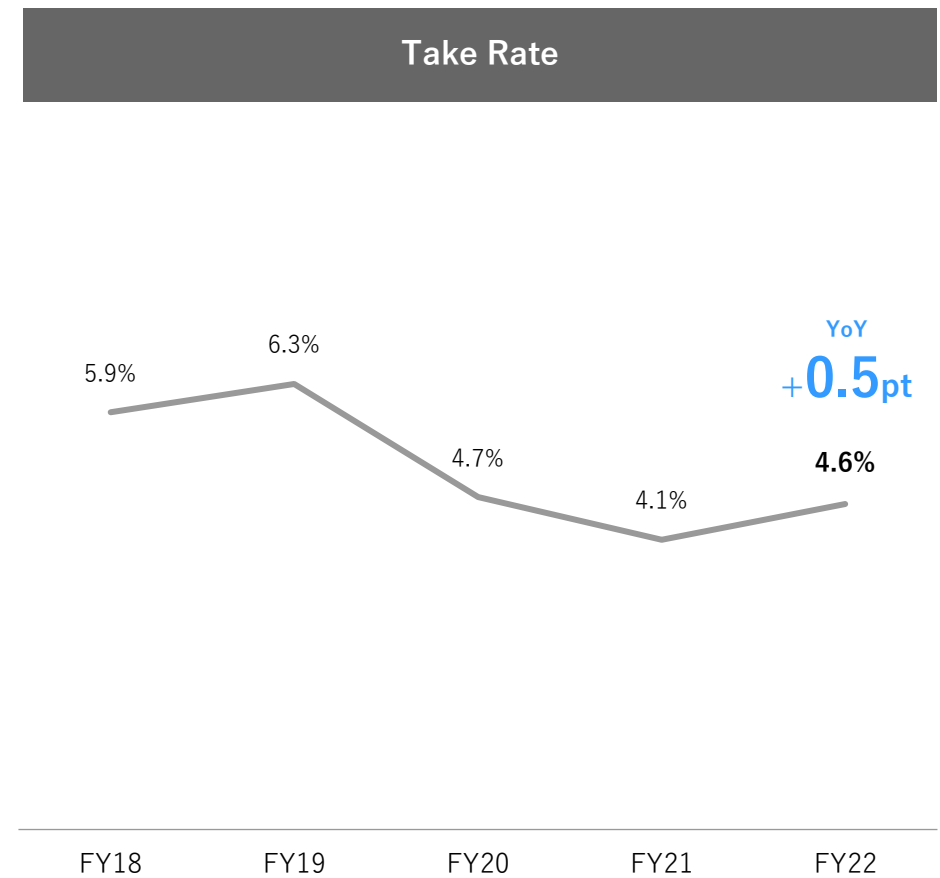
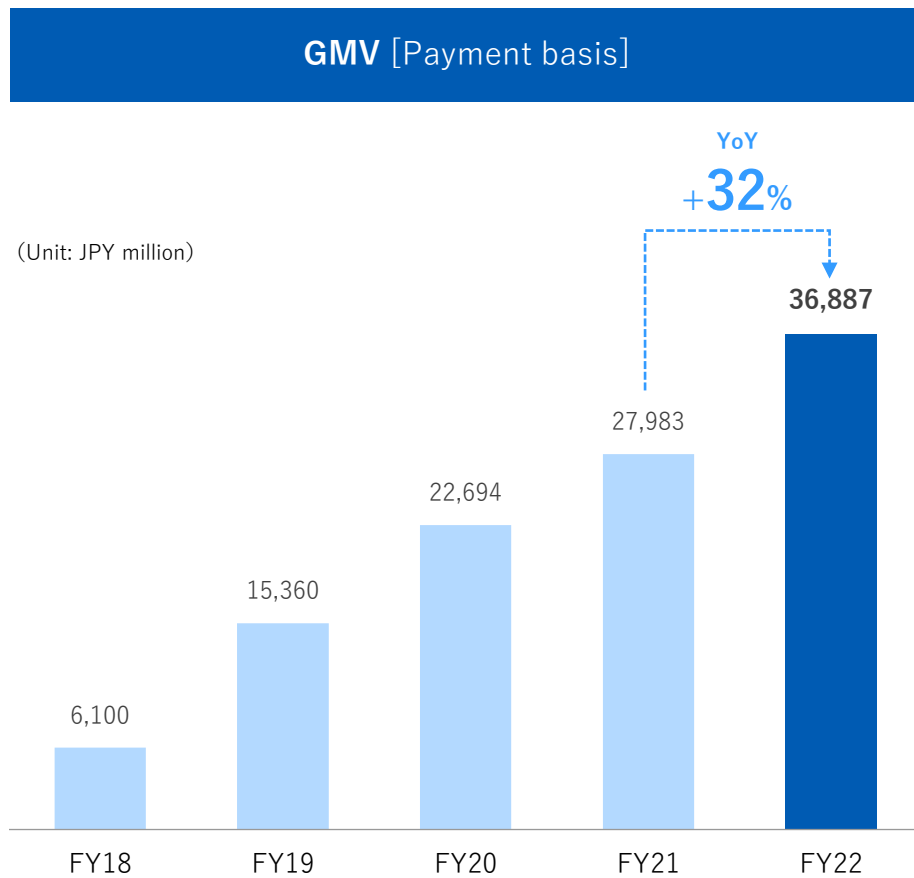
Gross profit from cowcamo reached a record high, resulting in 48% YoY



(Unit: JPY million)

cowcamo | GMV • Take Rate

In FY2022, both GMV and take rate grew as expected* at the beginning of FY2022, as a result of our efforts to improve GMV and take rate on both the selling and buying sides in accordance with our policy at the beginning of the period.



* Full year forecast of cowcamo: GMV +30% YoY and take rate +10% YoY growth was expected.

4. Forecast for FY2023

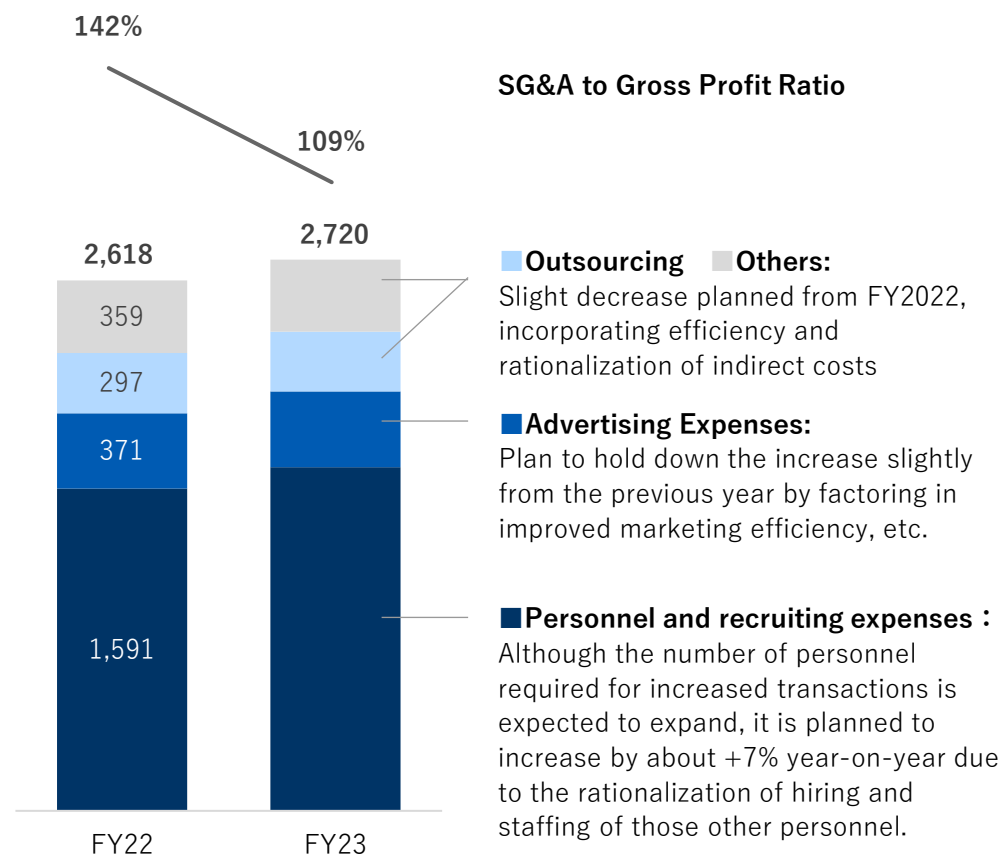
Forecast of Financial Results for FY2023

For FY2023 ending July 31, 2023, we forecast revenue of 4 billion yen (up 45% YoY), gross profit of 2.5 billion yen (up 36% YoY), and an operating loss of 220 million yen. We expect a significant improvement in the operating income/loss ratio by increasing gross profit while controlling the increase in SG&A expenses.

Forecast of Financial Results (Unit: JPY million)

	FY2023 Forecast	FY2022 Actual	YoY
Revenue	4,000	2,766	+ 45%
Gross Profit	2,500	1,844	+36%
S.G.&A	2,720	2,618	+4%
Operating Profit (of which, expenses for stock-based compensation)	-220 (-60)	-773 (-46)	-

SG&A Expenses and SG&A to Gross Profit Ratio (Unit: JPY million)



FY 2023 Forecast - key assumptions

Forecast for FY2023 is based on the following assumptions. Primarily, the forecast incorporates continued growth in gross profit in cowcamo business, as well as cost containment through company-wide cost management enhancements.

cowcamo	<p>Market: Assume gradual and continued growth in demand, while keeping a close eye on interest rate trends and real estate price trends.</p> <p>GMV: Expect growth of about +30% YoY due to an increase in the number of transactions.</p> <ul style="list-style-type: none"> • Buyer side: Increase in the number of transactions through continued expansion of sales structure and services • Seller side: Increase in the number of transactions by expanding the marketing channel for individual sellers and strengthening the sales structure. <p>Take Rate: Expect growth about +10% YoY because of the followings:</p> <ul style="list-style-type: none"> • Increase in the rate of sales commissions by strengthening brokerage services • Increase in high-return transactions through expansion of sales of planned products • Increase in ancillary service revenues centered on renovation services <p>Cost: Factoring company-wide cost management effects.</p> <ul style="list-style-type: none"> • Increase in the number of sales personnel on both the selling and buying sides • Increase in sales-related expenses due to increase in number of transactions • Slight increase in advertising expenses due to improved efficiency in attracting customers and sales promotion • Continue to invest in new service development on the seller side, while closely monitoring progress
PPD	<ul style="list-style-type: none"> • Prioritizing continued growth of cowcamo business, no major investments have been factored in. • Revenue is expected to decrease due to the termination of fixed-term lease contracts for company-operated facilities in FY2022, however, the impact on company-wide operating income is expected to be minimal.
Expense	<ul style="list-style-type: none"> • Expect to curb costs by promoting rationalization and operational efficiency in indirect departments as part of company-wide efforts to strengthen cost management
Others	<ul style="list-style-type: none"> • Other large transactions not yet finalized, extreme real estate market fluctuations, new businesses and M&A are not taken into account.

Business Policy for profit and loss plan for FY2023

Based on the results of prior investments and measures taken by FY2022 ending July 31, 2022, we will promote GMV expansion on both the selling/buying side and continue "structural take rate improvement." At the same time, we will strengthen cost management to achieve both gross profit growth and improvement in operating income (narrowing the deficit).

Business Policy for profit and loss plan for FY2023 Continued growth in gross profit and improvement in operating income

A Expansion of GMV on both seller/buyer sides

Increased number of transactions and GMV on both the seller/buyer side while improving economics (user acquisition per transaction, cost of providing services)

B Continue to promote "structural take rate improvement"

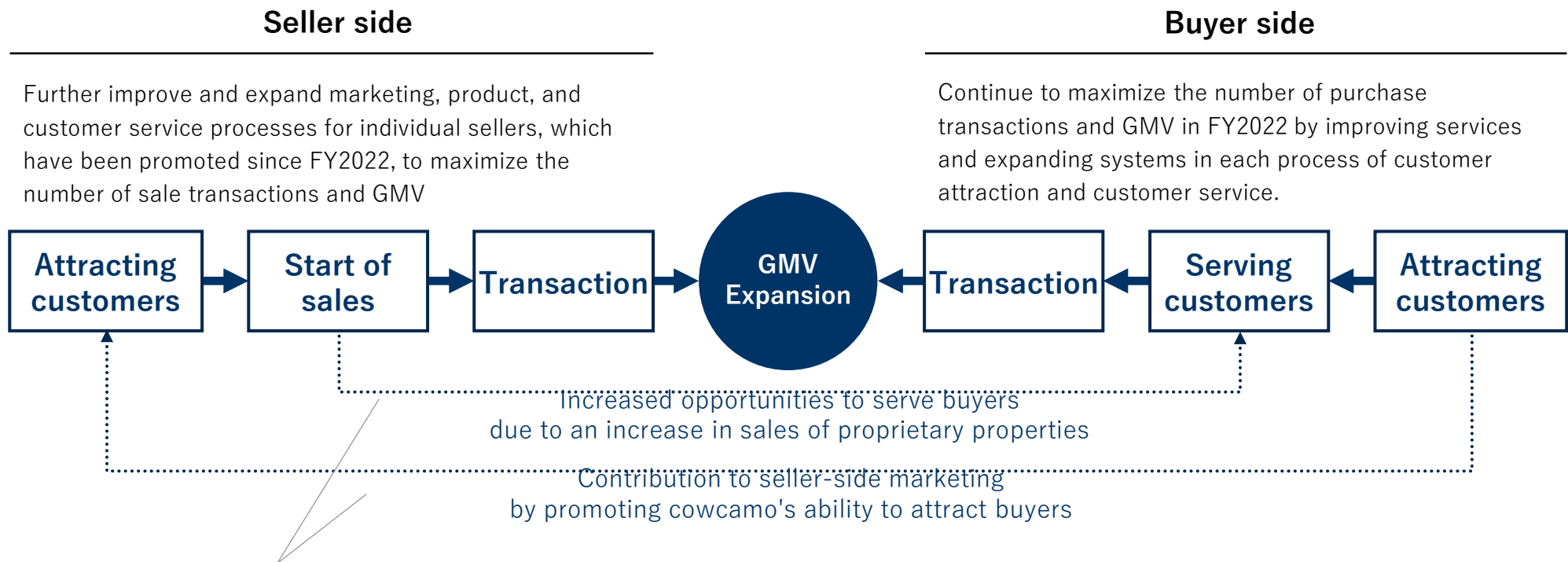
Continuously improve take rate by expanding brokerage transactions for sellers and in-house planned products

C Strengthen cost management

Improve cost efficiency required for business expansion, rationalize overhead costs and increase operational efficiency

A. Expansion of GMV on both seller/buyer sides

After building the seller-side business that we have been promoting in FY2022, we will expand GMV from both the seller/buyer side. In particular, we will expand business by improving marketing, product, and customer service processes from customer attraction to transaction, while improving economics (user acquisition and service provision cost per transaction). Synergistic effects from collaboration between the two sides are positioned as an upside and are not incorporated in the plan for the current fiscal year.

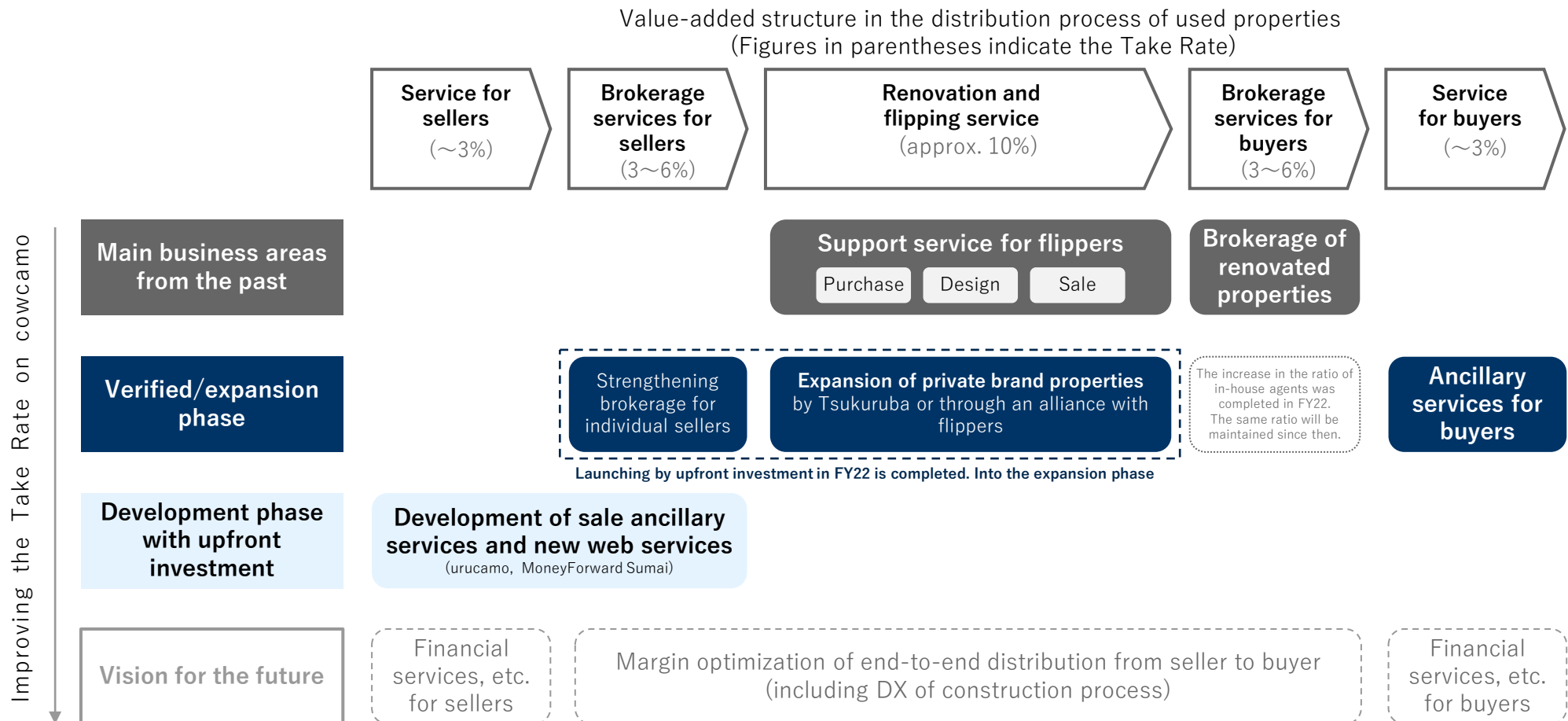


Synergistic effects from seller/buyer side collaboration:

After the startup of the seller side business, synergistic effects on GMV expansion for both sides are expected through collaboration between the seller side and the buyer side (positioned as upside and not incorporated in the plan for FY2023).

B. Continue to promote “structural take rate improvement”

In FY2023 ending July 31, 2023, we will focus on the expansion of the "strengthening of brokerage services for individual sellers" and "expansion of planned products," both of which were launched in FY2022.



C. Strengthen cost management

We will make decisions on expenditures and investments required for business expansion (expenditures required to increase gross profit in the current fiscal year and investments required for medium-term business and service development), while assessing the probability of recovery during the current fiscal year and the return on investment in the medium term. In addition, we will improve the operating profit/loss ratio through streamlining and improving the efficiency of internal departments throughout the company.

Management of costs and investments required for business expansion

Expenses required to increase gross profit for FY23 (mainly sales personnel expenses and advertising expenses)

- Sales personnel expenses and advertising expenditures in existing marketing channels and methods, which are highly likely to be recovered during the current fiscal year, will be spent while improving productivity and efficiency.

Investments for medium-term business and service development

- Make decisions on investments in medium-term strategic areas, such as the development of new services, urucamo and Money Forward Residence, and the creation of synergies between the seller and buyer sides of the business, while assessing the return on investment.

Management of internal department costs

Rationalization of internal expenses

- Rationalize internal expenses across the company, focusing on offices and business locations, internal business tools, systems and equipment, etc.

Improving operational efficiency in internal departments

- Promote rationalization of personnel hiring and assignment, and reduction of external payment costs, mainly in the internal departments, in conjunction with operational efficiency improvement.

5. Investment Highlights

Investment Highlights

1

Unique position in the expanding used and renovated housing market

2

Continued gross profit growth through expansion of GMV x Take Rate

3

Long-term growth potential through
“Target Market Expansion x LTV Deepening x Market Creation”

Market | **Design x technology company in the housing and real estate domain**

As a design x technology company in the housing and real estate domain, Tsukuruba operates in two business domains: cowcamo business and the property planning & design business (“PPD”).

cowcamo



Through the planning, development, and operation of "cowcamo," a distribution platform for used and renovated homes, we are working to revolutionize the distribution structure of homes through the use of design and the Internet.

Property Planning & Design (PPD)



We create new businesses by using our accumulated expertise cultivated in our spatial design and consulting business, and our own shared workplace business, and by actively collaborating with external partners.

Market | Transformation of Housing Distribution through Design x Technology

In our core business, cowcamo, we aim to revolutionize customer-oriented housing distribution through using Design x Technology.

Issues in Real Estate Distribution

Society

- Revitalization of distribution of old houses
- Responding to diverse lifestyles

Customers

- Few products that meet the needs
- Information asymmetry with suppliers

Industry

- Distribution friction due to many intermediaries
- Lack of IT and inefficient processes

Technology Progress



Highly functional
mobile device



Rise of New
Technologies



Diffusion of electronic
transactions

Changes in Industry Environment



Diversification of
needs



Promotion of
Stock Utilization



Soaring prices of
new properties

Utilizing Design x Technology
in mechanisms and
experiences

Promoting the future of customer-oriented housing distribution by utilizing Design x Technology



Highly liquid housing
distribution market



Customer-oriented service

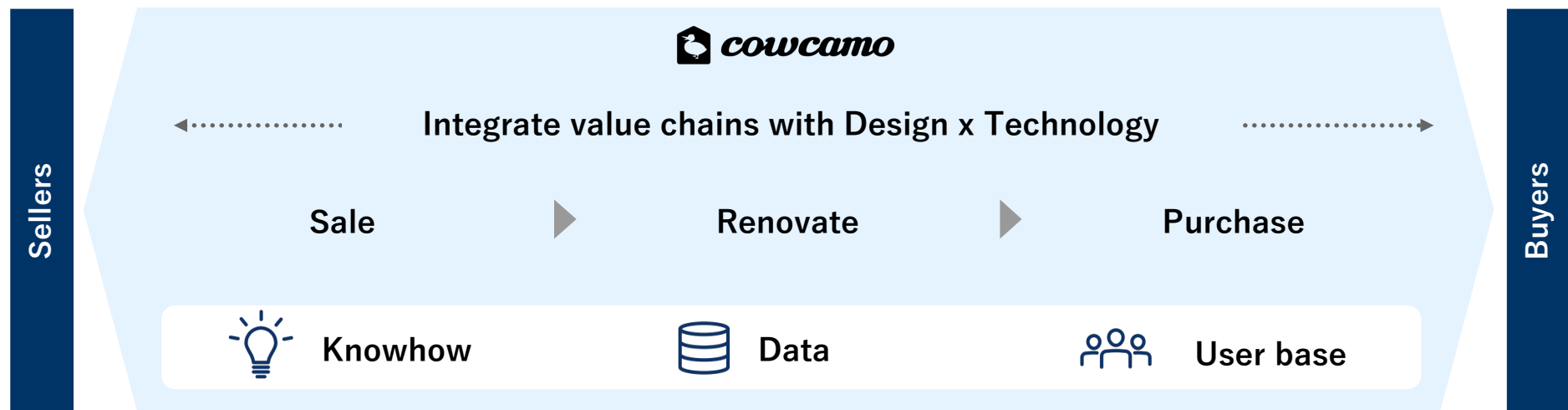


Efficient Management
through DX

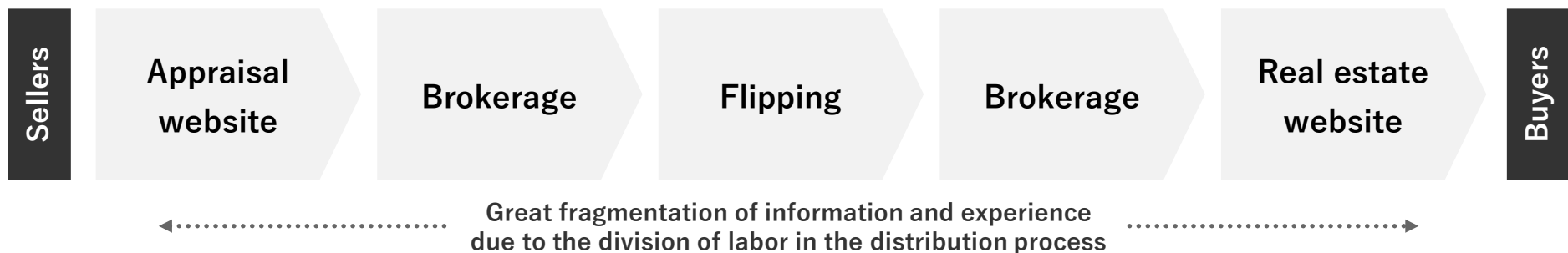
Market | Unique position to integrate value chain through Design x Technology

We integrate fragmented distribution structures through design and technology and update them to be more user-oriented. This will enable a more efficient distribution structure with higher customer value by utilizing the user base, data, and know-how accumulated through this process.

cowcamo's value chain

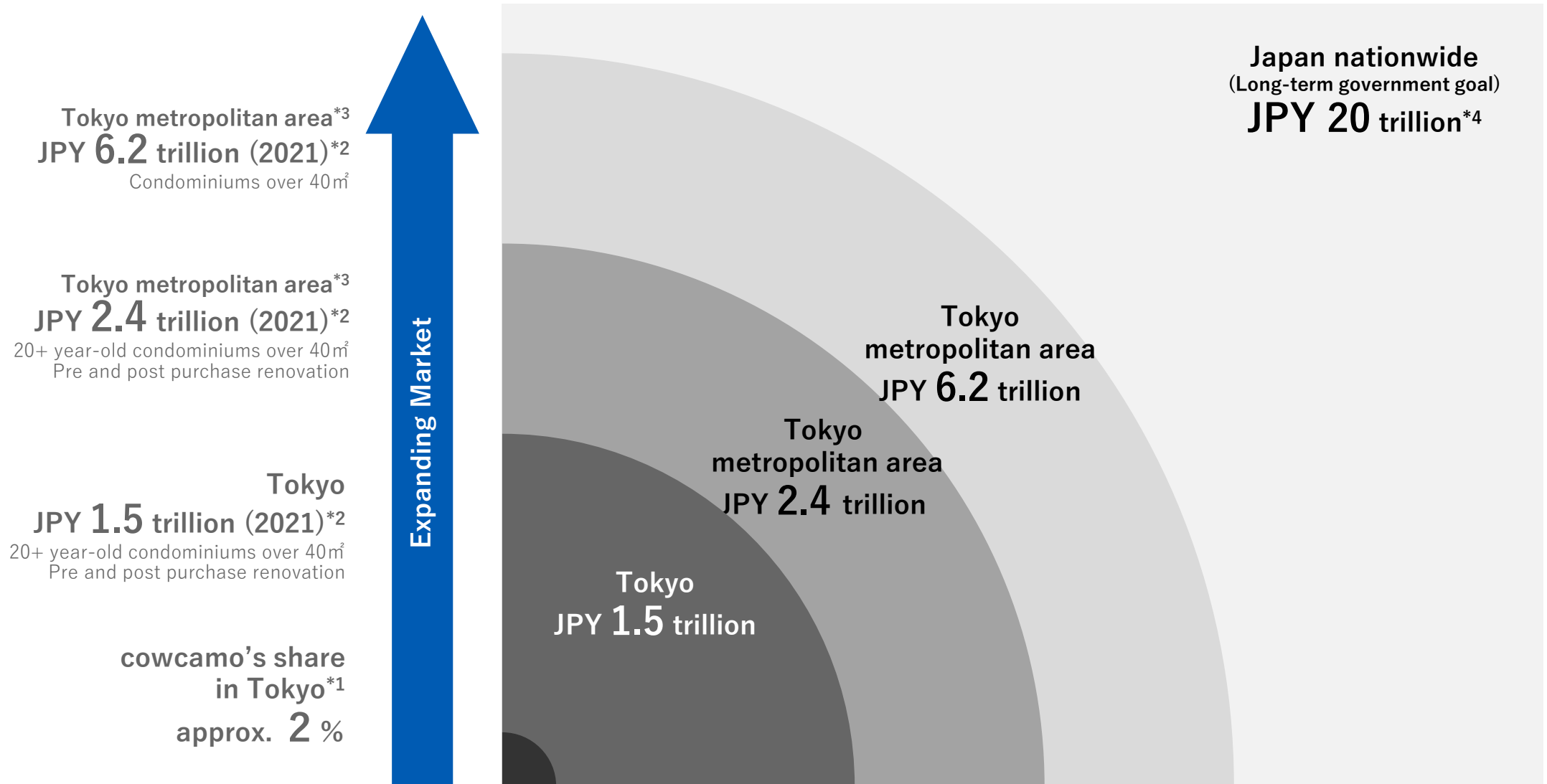


Traditional value chain



Market | Used house and renovation market expected to grow to JPY 20 trillion

cowcamo, a marketplace-type platform that mediates between sellers and buyers, targets the used home and renovation market. Currently, we are focusing on the Tokyo metropolitan area, but there is strong potential nationwide.



*1 Calculated by dividing cowcamo's FY21 GMV by the estimated 2021 market size of existing condominiums in Tokyo that are 20 years old or older, over 40 m², and renovated in pre and post purchase.

*2 Estimated by TSUKURUBA based on East Japan Real Estate Information Network's "Annual Report Market Watch FY2021," Real Estate Information Center's "2020 Real Estate Industry Statistics (March revision) 3 Real Estate Distribution," and "Used House Renovation Market Data Book 2022-2023" by Reform Sangyo Shimbun.

*3 The Tokyo Metropolitan Area includes Tokyo, Saitama, Chiba and Kanagawa prefectures.

*4 Ministry of Land, Infrastructure, Transport and Tourism, "Basic Plan for Housing and Living" (March 9, 2021), total of existing home distribution market and renovation market

Note: The above is an image and does not necessarily accurately represent the difference in values by area ratio.

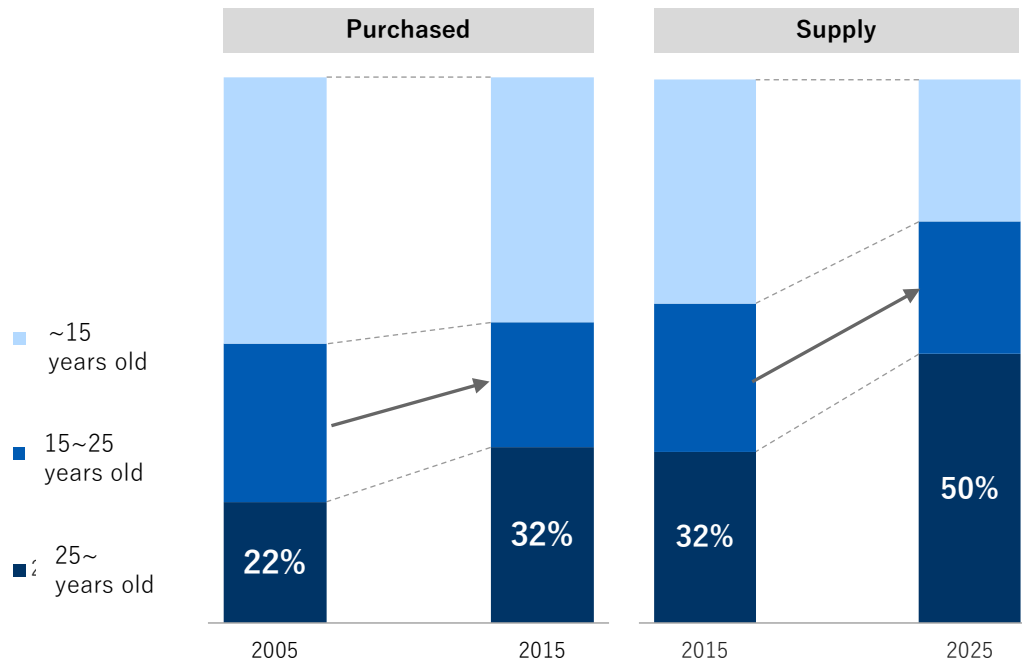
cowcamo | Renovation will become a mainstream due to structural changes in the market

By 2025, homes "over 25 years old" will account for half of the market, and renovated homes are expected to become a common choice.

Properties that are 25+ years old will take up half of the market

The share of such properties will increase from 22% to 50% by 2025

Share of used condos in the Tokyo metropolitan area by age (2005-2025)



Source: The above graph was created using data provided by Real Estate Information Network for East Japan.

Renovation will become a mainstream option

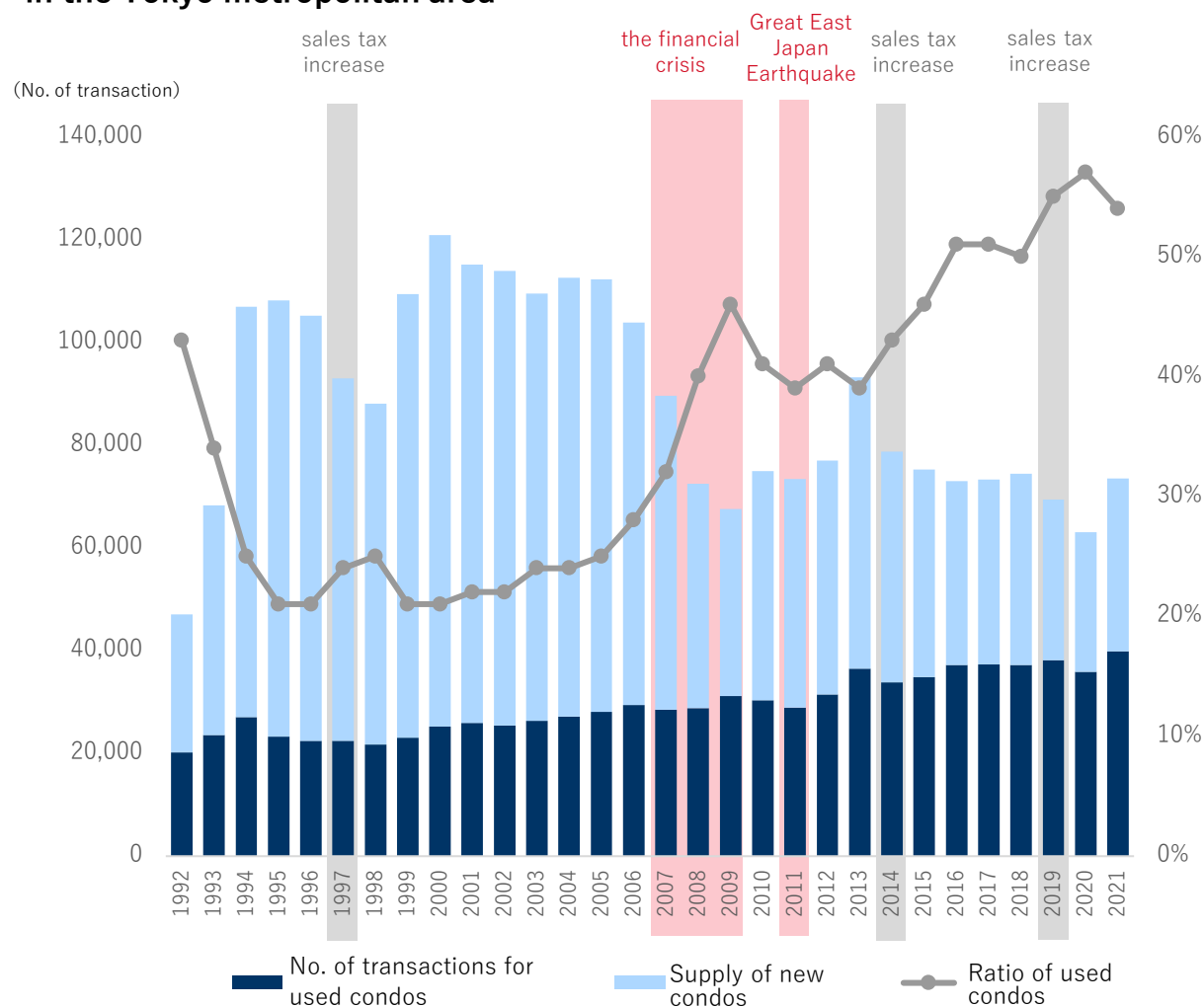
The option to renovate a home in the Tokyo metropolitan area with a taste for your own lifestyle is becoming a major choice when purchasing a home in the metropolitan area.



Market | Used condo market less susceptible to macro environment than new condos

Compared to the supply of new condos, the number of transactions for used condos has shown a continuous increase without being significantly affected by the economic environment. We assume that growth will continue over the mid- to long-term as existing condominiums accumulate as stock.

Change in the number of new and used condos in circulation in the Tokyo metropolitan area



The resilient used property market - background

- Actual demand for housing is less affected by the economic environment as it is generated by changes in various life stages such as childbirth, transfers and inheritance among families.
- New condos are a "flow" supply and are strongly affected by the economic environment through changes in land price and material supply, while used condos are supplied from accumulated "stock" and function as a substitute for new condos even as the macro environment changes.
- Therefore, even as macroeconomic changes described on the previous page become apparent, stable growth of the used condo market is expected to continue.

Growth | **High gross profit growth rate due to GMV expansion and higher Take Rate**

We will continue to expand GMV by continuously growing our customer base and offering differentiated experiences and products, while improving take rate by extending the value chain and expanding services and continue to achieve high growth in gross profit.

Continued high gross profit growth

Expansion of GMV



Continued customer expansion



Differentiated experiences and products

Improvement of Take Rate



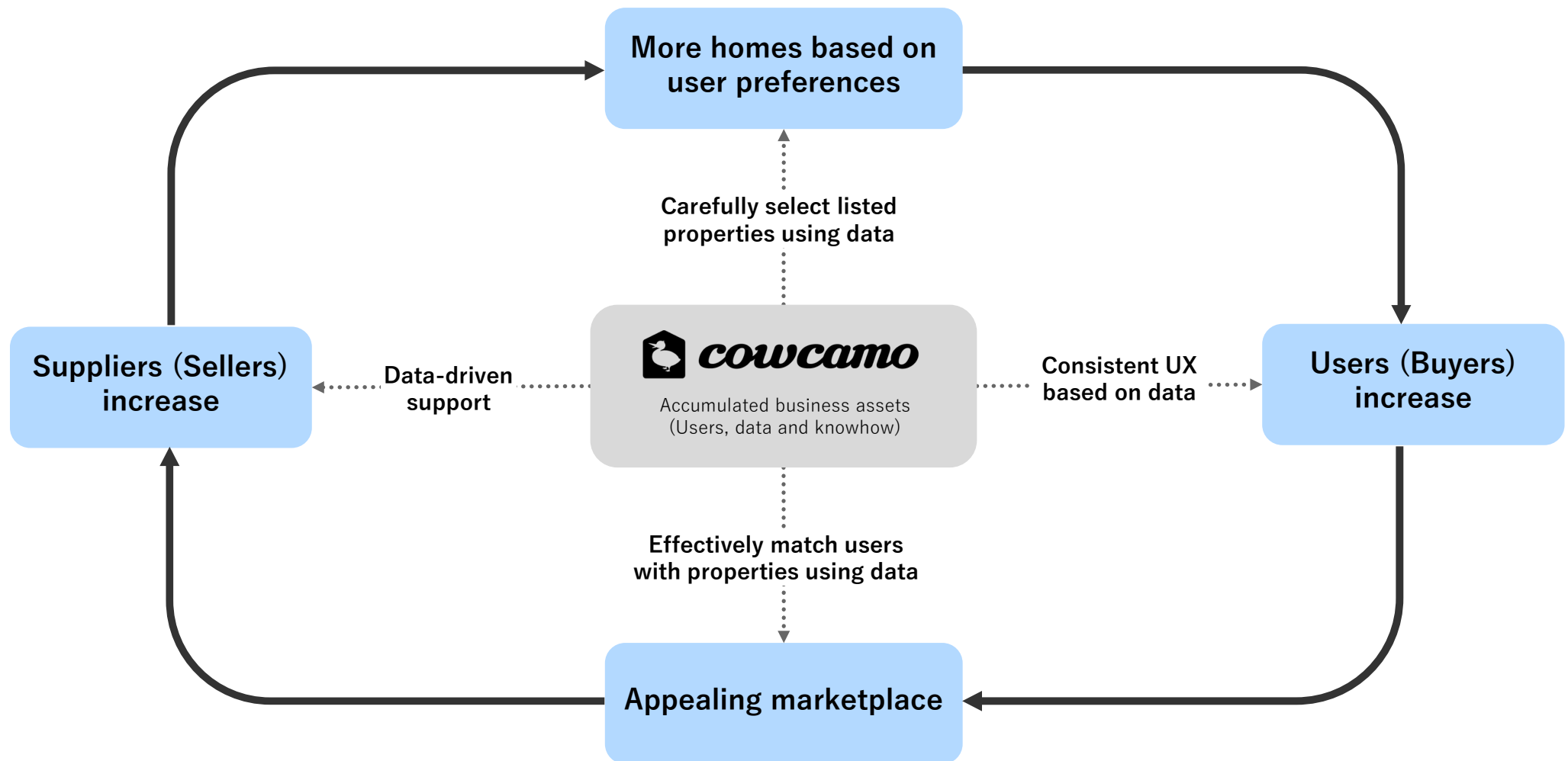
Extending the Value Chain



Expansion of services

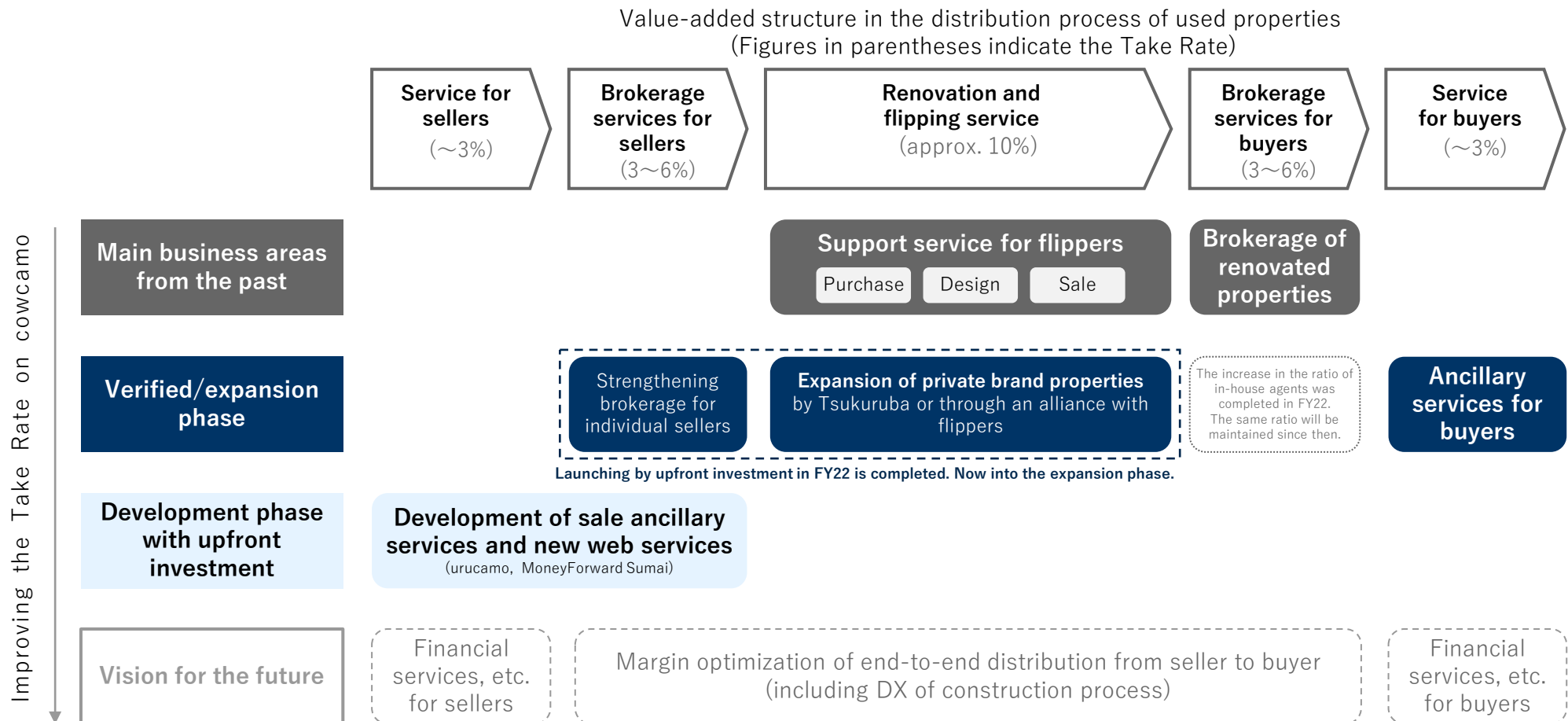
Growth cycle through a virtuous cycle of sellers and buyers on both sides

cowcamo's business model is based on a virtuous cycle: as the number of buyers increases, transactions increase, the incentive for sellers to participate increases, and the number of properties that buyers want increases. Leveraging our existing buyer user base, we will continuously improve the value provided to customers on both sides.



Growth | Continue to promote “structural take rate improvement”

In FY2023 ending July 31, 2023, we will focus on the expansion of the "strengthening of brokerage services for individual sellers" and "expansion of planned products," both of which were launched in FY2022.



Long-term growth potential through “Target Market Expansion x LTV Deepening x Market Creation”

After expanding business in existing domains in the medium term, in the long term, we aim to achieve further business expansion through expansion of target markets, deepening of LTVs, and market creation, and to become a future leader in housing distribution and housing culture in Japan.

**Mid-term
business
expansion policy**

(Business expansion in existing domains)
Increase gross profit by expanding GMV and improving Take Rate



**Long-term
growth potential**

Expansion of SOM*
through expansion of target markets x deep cultivation of LTV x market creation
→ **Become a business that leads the future of housing distribution and culture in Japan**

**Expansion of target market
by Properties x Areas**

**Developing customer
relationships over life time**

**Market creation through the
formation of market
mechanisms and promotion
of resettlement**

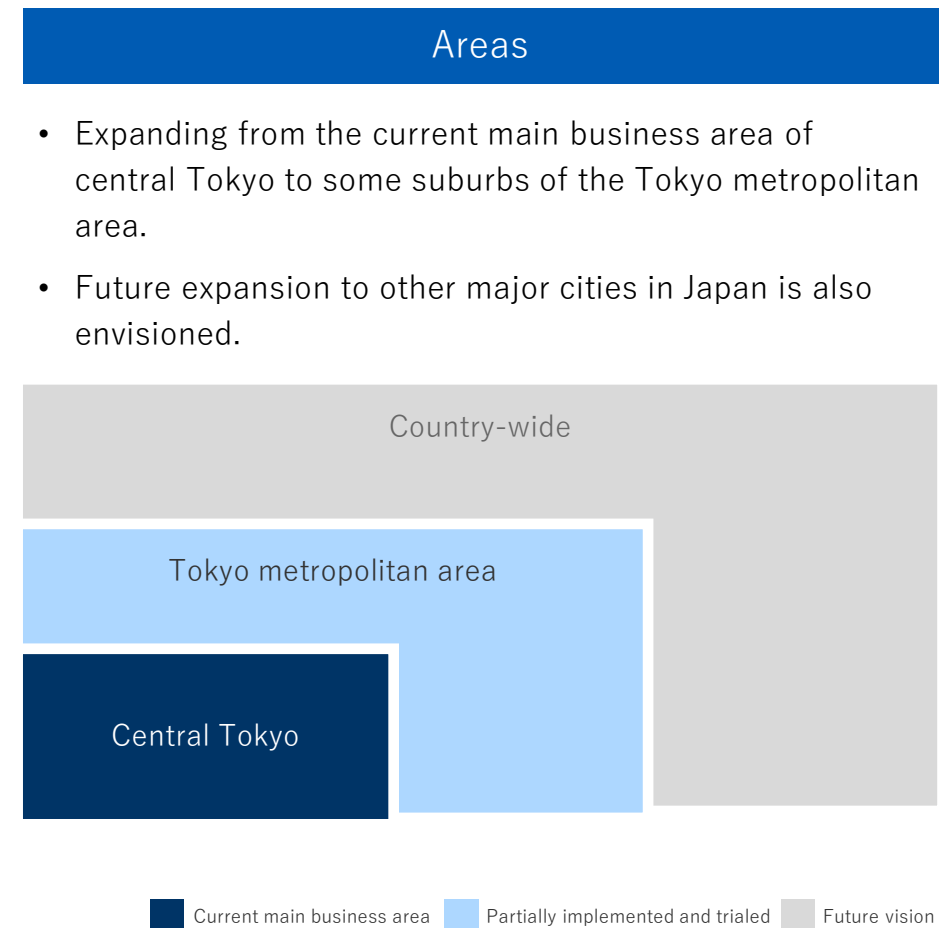
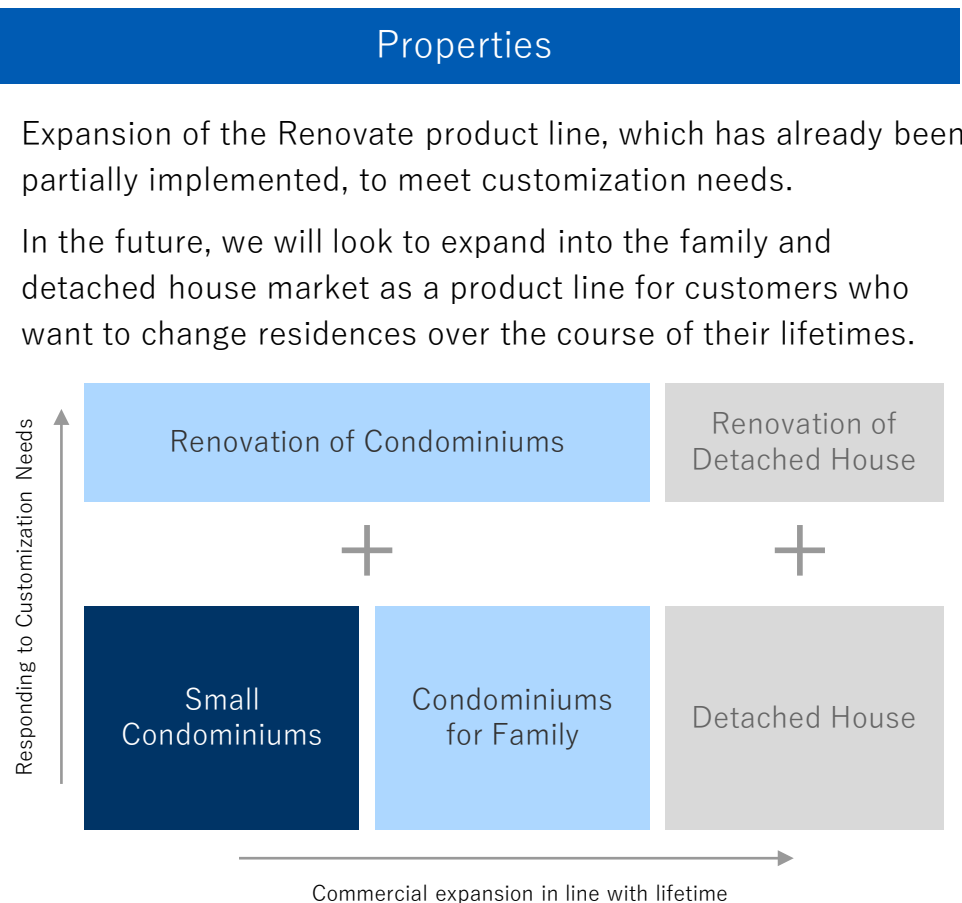
*SOM (Serviceable Obtainable Market) :

The size of the market for a given product or service that can be offered and captured at a given point in time in the target market. In this case, it means that the market size that can be acquired will be expanded through future business development of the cowcamo business.

Potential | Expansion of target market in terms of Properties x Areas

In the future, we will expand SOM through expansion of target markets in terms of properties and areas.

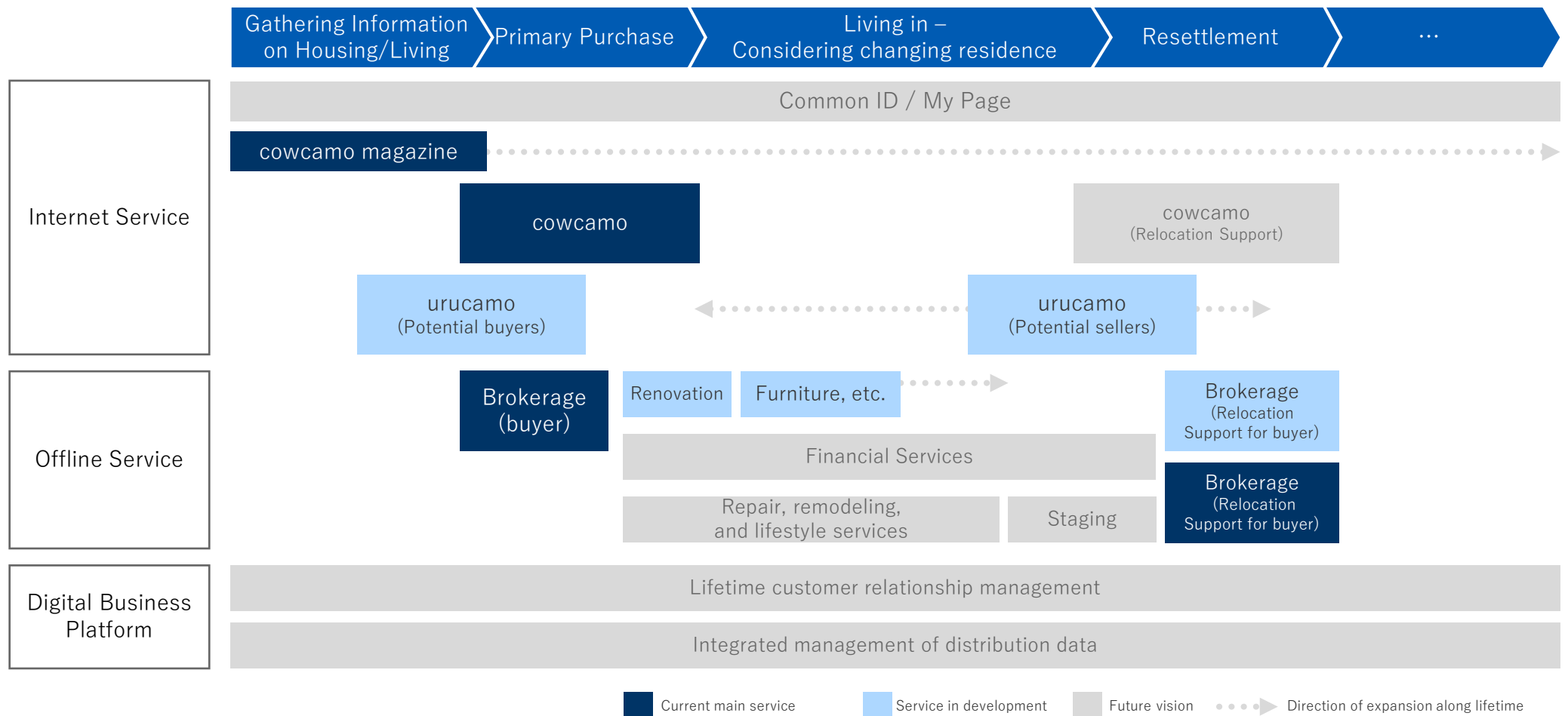
Image of target market expansion based on Properties x Areas



Developing customer relationships over a lifetime utilizing technology

We will build sustainable relationships with customers over their lifetimes by integrating services that leverage the characteristics of the Internet, offline services related to home distribution and living, and our digital business infrastructure.

Service development in line with customer lifetime



Market creation through the formation of market mechanisms and promotion of resettlement

In the long term, cowcamo will create a new market by forming a market mechanism for price evaluation and matching potential sellers/buyers, and by promoting resettlement.

Forming a market mechanism

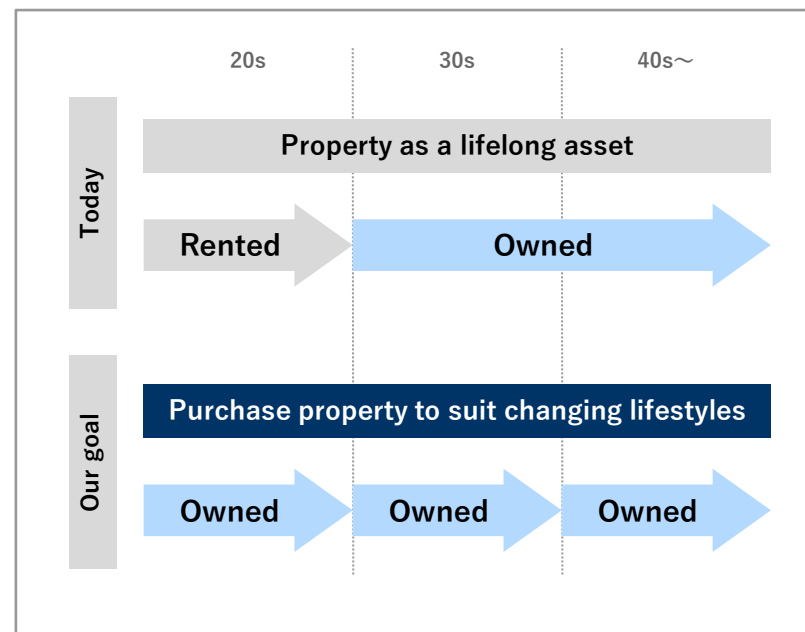
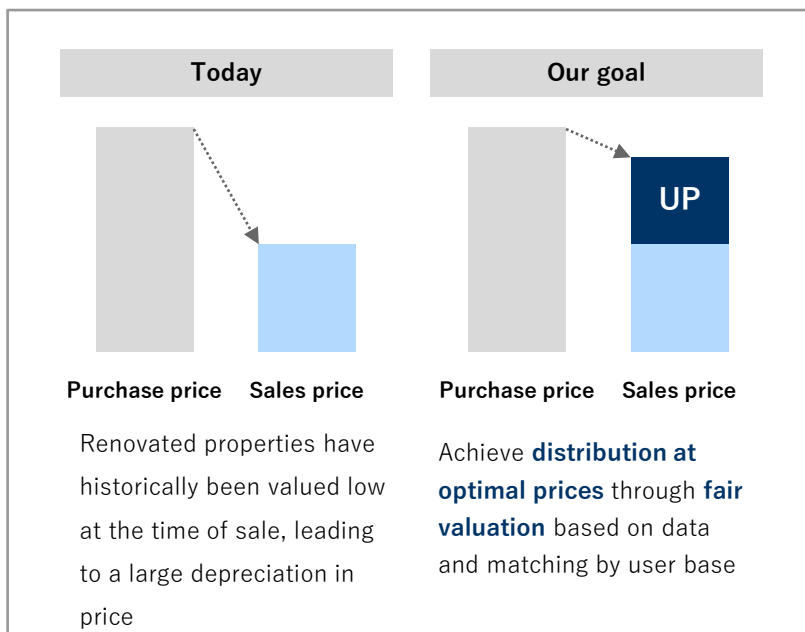
- Fair valuation of renovated properties through data accumulation
- Matching potential buyer/seller needs



Increase frequency of home purchases

- Promote new home purchases to suit changing lifestyles
- Improve the economics of new purchases by removing intermediary fees

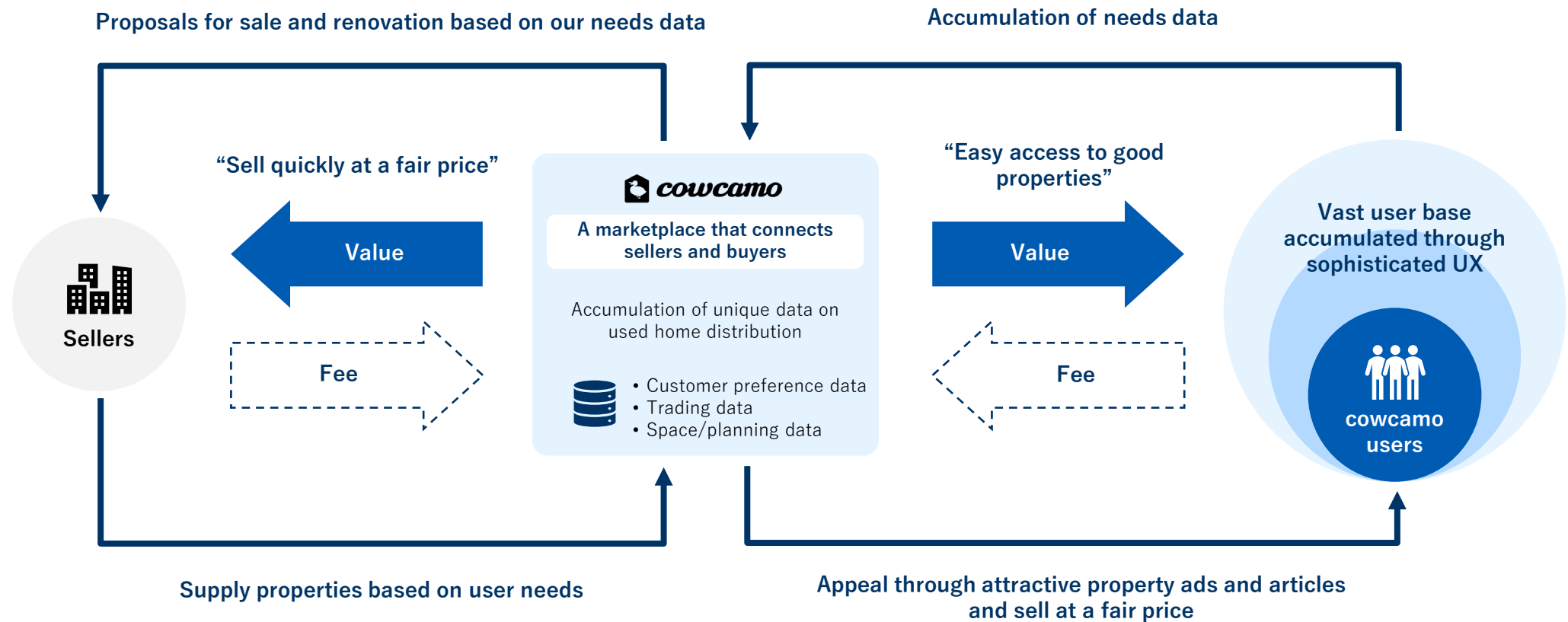
= **Market Creation**



References

References | Business model of cowcamo

cowcamo is a marketplace-type platform that mediates between sellers and buyers of used and renovated housing. By using accumulated data of buyers' preferences and spatial data, and by intervening in the distribution of properties supplied by sellers, cowcamo provides unique value to both sellers and buyers and builds a growth cycle of property transactions.



References | Happy customers

Here are some examples of what users say about cowcamo. By providing not only quantitative but also qualitative information including the surrounding area, we are able to support our customers to transact quickly at a fair price.

Sellers' Feedback

- “A broker we dealt with told us that our price was too high, and I only received one private viewing through them.
- . . . but after our listing was published on cowcamo, we received private viewings one after another. Within a week, we were able to finalize a deal with the current owner. The broker above was surprised by this.”



Buyers' Feedback



- “We enjoyed viewing the wonderful properties listed on cowcamo, along with a wealth of photos and information.”
- “The app was easy to use, and the chat function was convenient.”
- “I was able to easily create a renovation plan that suited my needs.”



References | Effective sales and property creation using our user database

As shown in the previous slide, cowcamo employs user data to provide sellers with the value of "selling quickly at a fair price" and buyers with the value of "getting a good deal with ease." As a result, we have achieved the following:

Selling quickly at a fair price

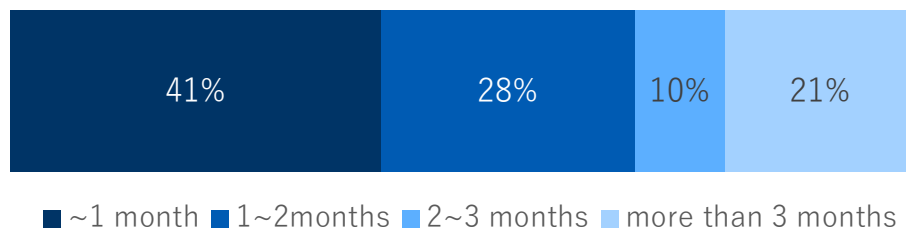
Sold at desired price^{*1}

85%

Reference: Of the properties in the Tokyo metropolitan area sold within 3 months, 20% sold at the listing price, and those which had price reductions of 5% or less were 37% of total^{*2}.

Listing period

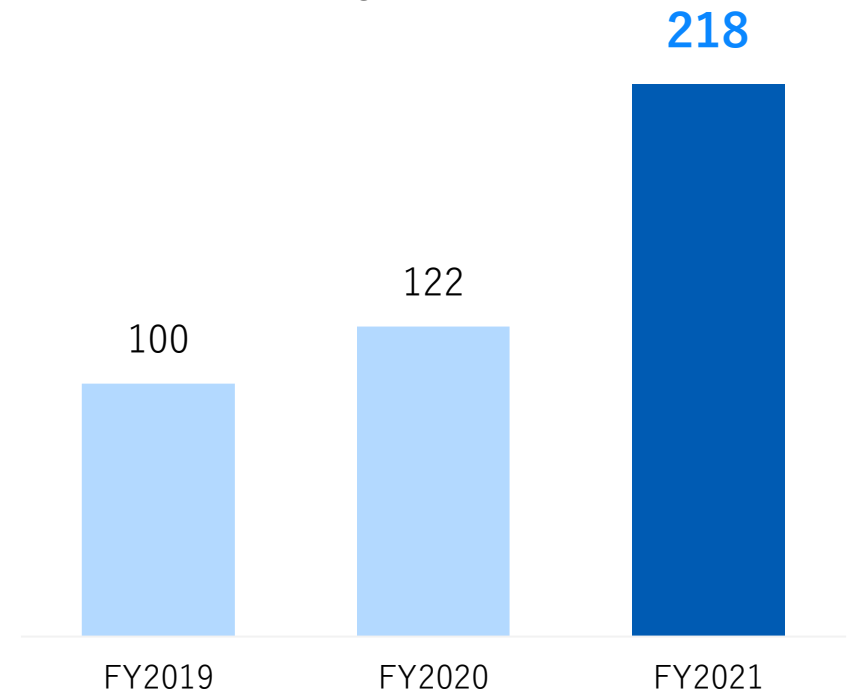
- Contracts closed in an average of **2.03** months^{*3} compared to the average of 4.15 months^{*2} in the Tokyo metropolitan area^{*2}
- Compared to the average of 55%,^{*2} **79%** of listings sold within 3 months



Create properties that meet user needs

- The key is "the number of attractive properties that match user needs."
- "The number of attractive properties that match user needs" \div "the number of properties receiving many requests for viewing" is steadily increasing.

The number of properties that meet the number of requests for viewing required for completing a sale within two weeks^{*5}
(The index is calculated using FY2019 as 100)



^{*1} The percentage of contracts concluded at "the upper limit of a challenging price range" or "the price range at which inquiries were received."

^{*2} The Tokyo metropolitan area average: https://www.kantei.ne.jp/report/108kairi_shuto.pdf (Tokyo Kantei, July 29, 2021)

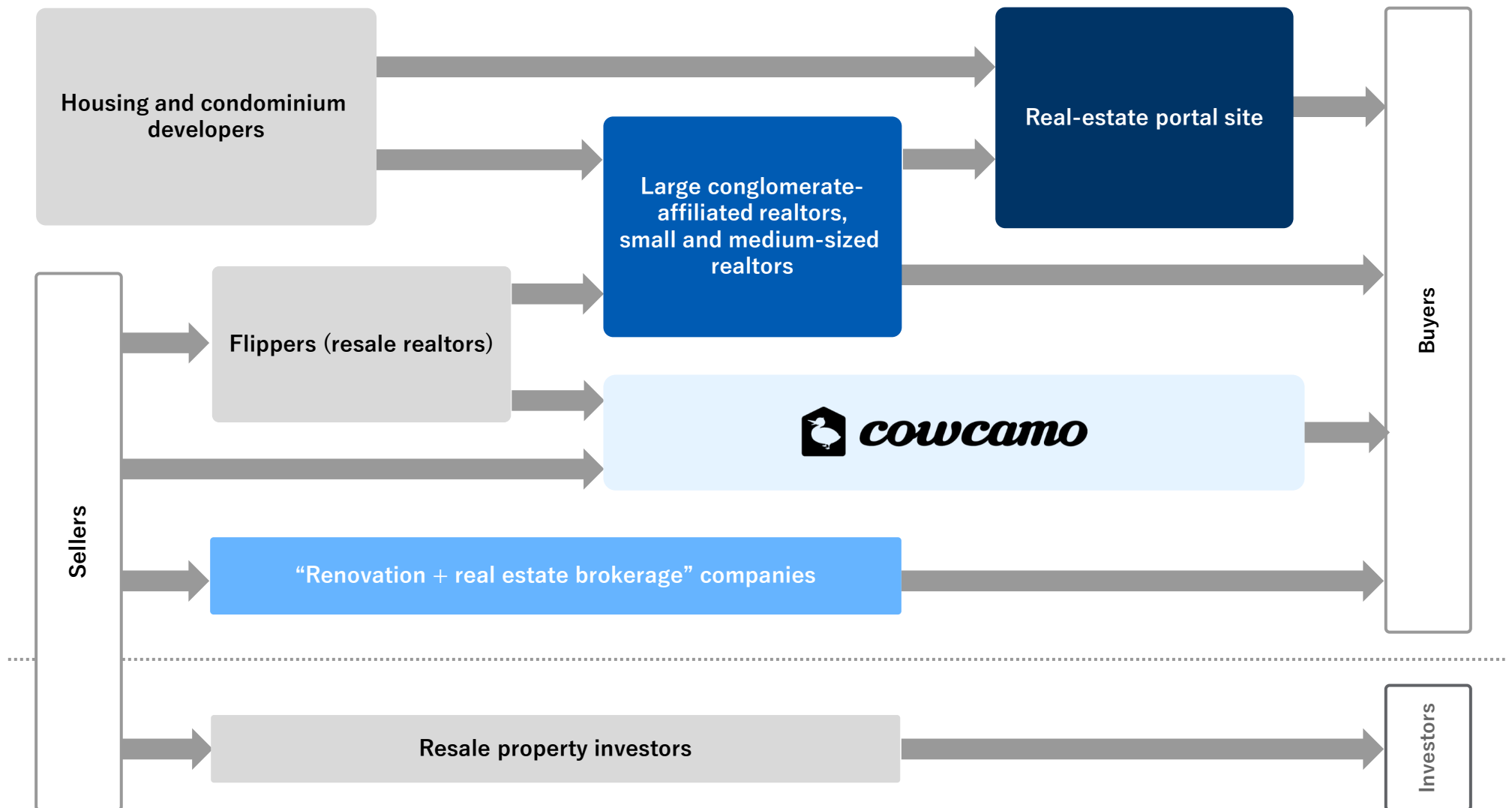
^{*3} cowcamo average: The average number of days during FY2021 in which cowcamo acted as intermediary for contracted properties and published articles.

^{*4} Distribution of the number of days it took from mediation to contract signing for FY2021.

^{*5} Number of properties that received 9 or more inquiries within two weeks. 9 was the median number of inquiries received before a property was sold.

References | Competitive environment

By integrating its real estate portal site with its brokerage business, cowcamo has built a unique position based on a "fun-to-view customer experience" and "fast and appropriate matching" based on accumulated users and data.



References | A management team with backgrounds in technology, business and design

TSUKURUBA is managed by members experienced in technology with a wealth of knowledge in design to create added value in real estate.



Hiroki Murakami
CEO

Formerly involved with the development and management of Lifull Home's, Japan's no.1 portal site for real estate and housing. Founded Tsukuruba in August 2011 with Masahiro Nakamura. Graduate of Rikkyo University.



Hiroshi Kitahara
COO

PhD in engineering from the Tokyo Institute of Technology, and an MBA from Université Paris-Dauphine. Worked at Corporate Directions, Deloitte Tohmatsu Consulting and Deloitte Consulting Southeast Asia. Joined Tsukuruba in 2016 and was appointed COO in 2018.



Masahiro Nakamura
Director and Co-founder

One of Nikkei Architecture's "100 Next Generation Innovators." Founded Tsukuruba in August 2011 with Hiroki Murakami after working in design studios. Received a MA in architecture and building engineering from the Tokyo Institute of Technology.



Shin Takeuchi
External Director

Started his career at Fujisoft and became a freelancer in March 2007. Served as Director of BizReach and serves as Director of the Japan CTO Association. Appointed as Director and CTO of Visional since Feb. 2020.



Hidekazu Suzuki
External Director

Worked at Daiwa Securities, conducting advisory services for internal control systems to deal with assessments by the TSE, as well as valuation and fundraising. Joined Atrae in Dec. 2018 as CFO.



Yoshinori Fukushima
External Director

Founded Gunosy in 2012 which was listed on TSE Mothers in just 2.5 years, followed by a promotion to the TSE 1st Section. Became CEO of Layer X in 2018. Selected as one of Forbes Asia's 30 under 30 category.



Keiko Hattori
Auditor (Full-time)

Japan and Delaware CPA. Worked at Mizuho Bank, JP Morgan, BNP Paribas, Ernst & Young ShinNihon and later started her own accounting firm. Joined Tsukuruba as an auditor in 2016.



Shinichi Takano
Auditor

Served as an Executive Officer at Cosmos Initia before working for Recruit. In 2010, appointed as Executive Director at Nihon Kotsu after serving as an Executive Director and General Manager at Gyosei. Appointed as External Director of Tsukuruba in 2015.



Keiko Hatano
External Auditor

Attorney at Mori Law Office since 2008. A member of the JFBA Housing Dispute Settlement Agency Examination Committee and a Corporate Compliance Committee Advisor. Appointed Auditor of Star Festival.

References | Balance Sheet

The convertible bonds are scheduled to be converted to equity in November 2022 through a new issuance of class A shares to Marui Group Inc. and the purchase and retirement of the convertible bonds. This will significantly improve the assumed equity ratio to 53% and strengthen the company's financial base.

As of July 31, 2022

	Assets	Liabilities	
		326	Others
		233	Short-term borrowings
Cash and deposits	1,654	711	Long-term borrowings
		700	Convertible bonds (with a conversion price of JPY 1,200 per share)
Others	1,225	910	Net assets

(Unit: JPY million)

Capital ratio : 28%

As of July 31, 2022*

(After taking into account the issuance of Class A shares and the purchase and cancellation of existing convertible bonds)

	Assets	Liabilities	
		326	Others
		233	Short-term borrowings
Cash and deposits	1,654	711	Long-term borrowings
		700	Class A shares (with a conversion price of JPY 1,200 per share)
Others	1,225	910	Net assets

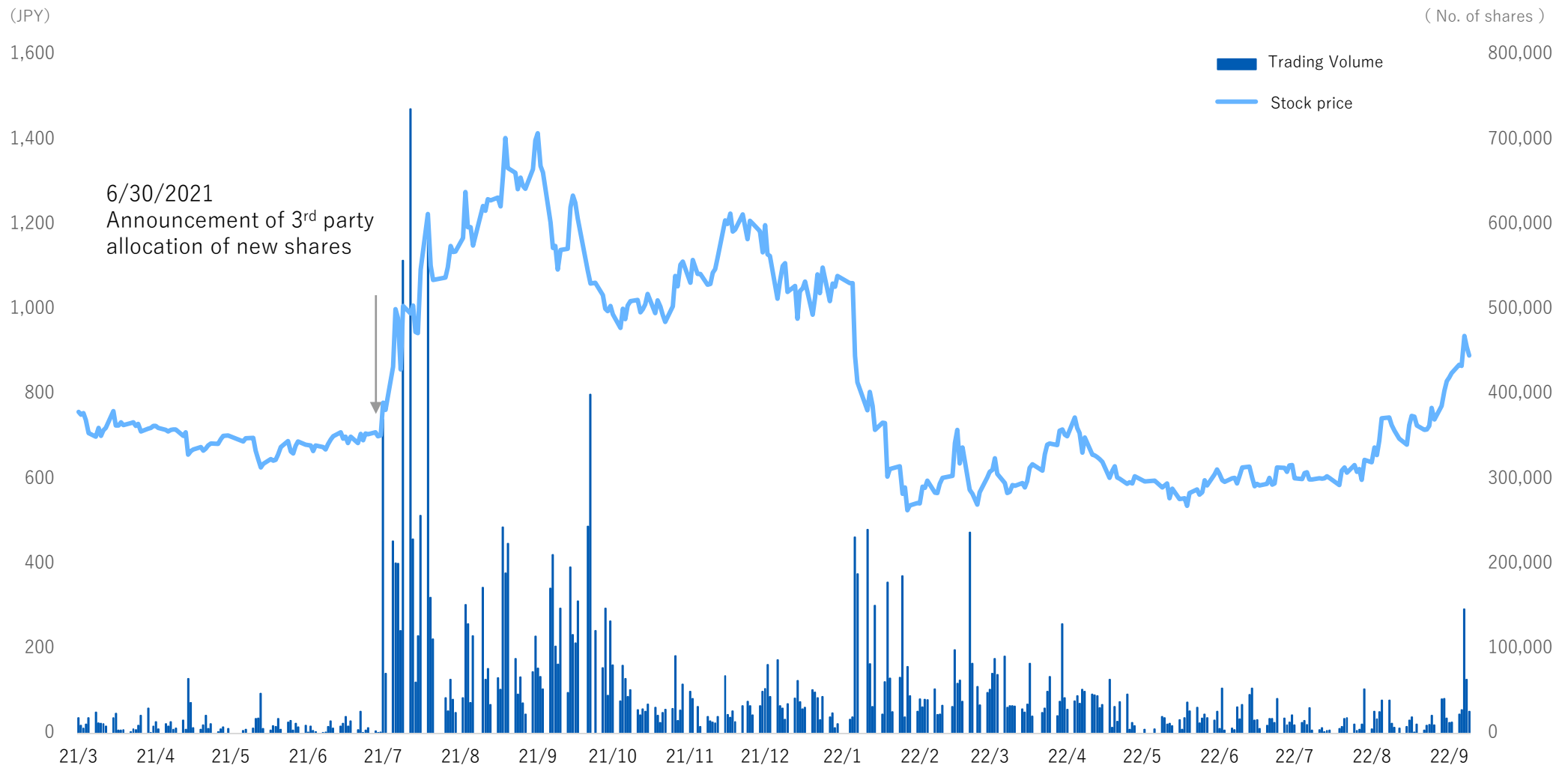
(Unit: JPY million)

Assumed capital ratio : 53%

* Assumed balance sheet as of July 31, 2022, after taking into account the issuance of Class A shares and the repurchase and cancellation of existing convertible bonds

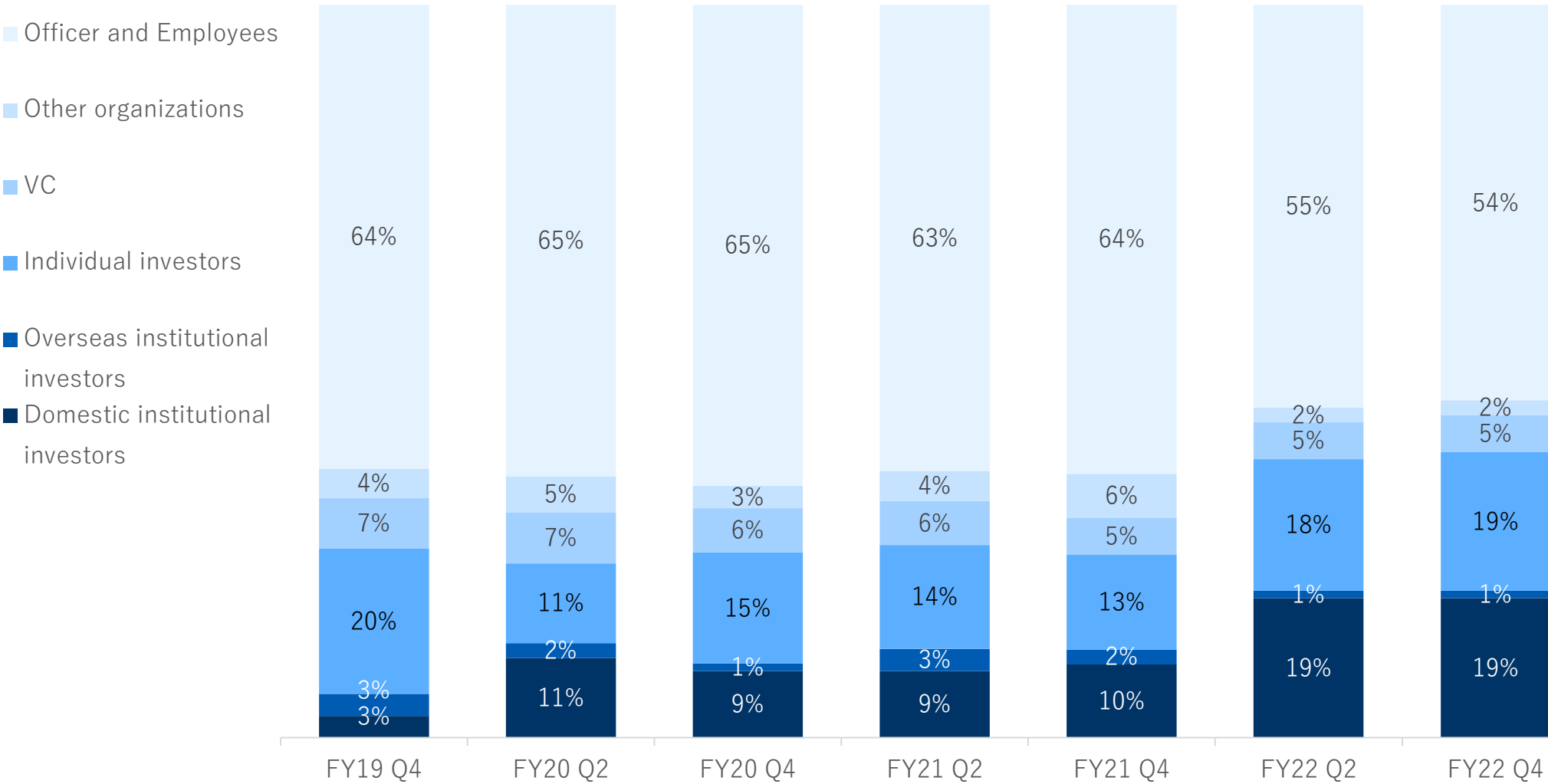
References | Share Price and Trading Volume

Since the beginning of 2022, the share price has been weak due to concerns over rising global interest rates and uncertainty. However, we aim to improve our share price and trading volume over the medium to long term by increasing awareness and an understanding of our company through ongoing IR activities.



References | **Shareholder Composition**

Changes in the shareholder composition ratio are as follows. We will make greater efforts to provide information to individual investors and institutional investors and strive to enhance disclosure that contributes to the investment decisions of long-term investors.

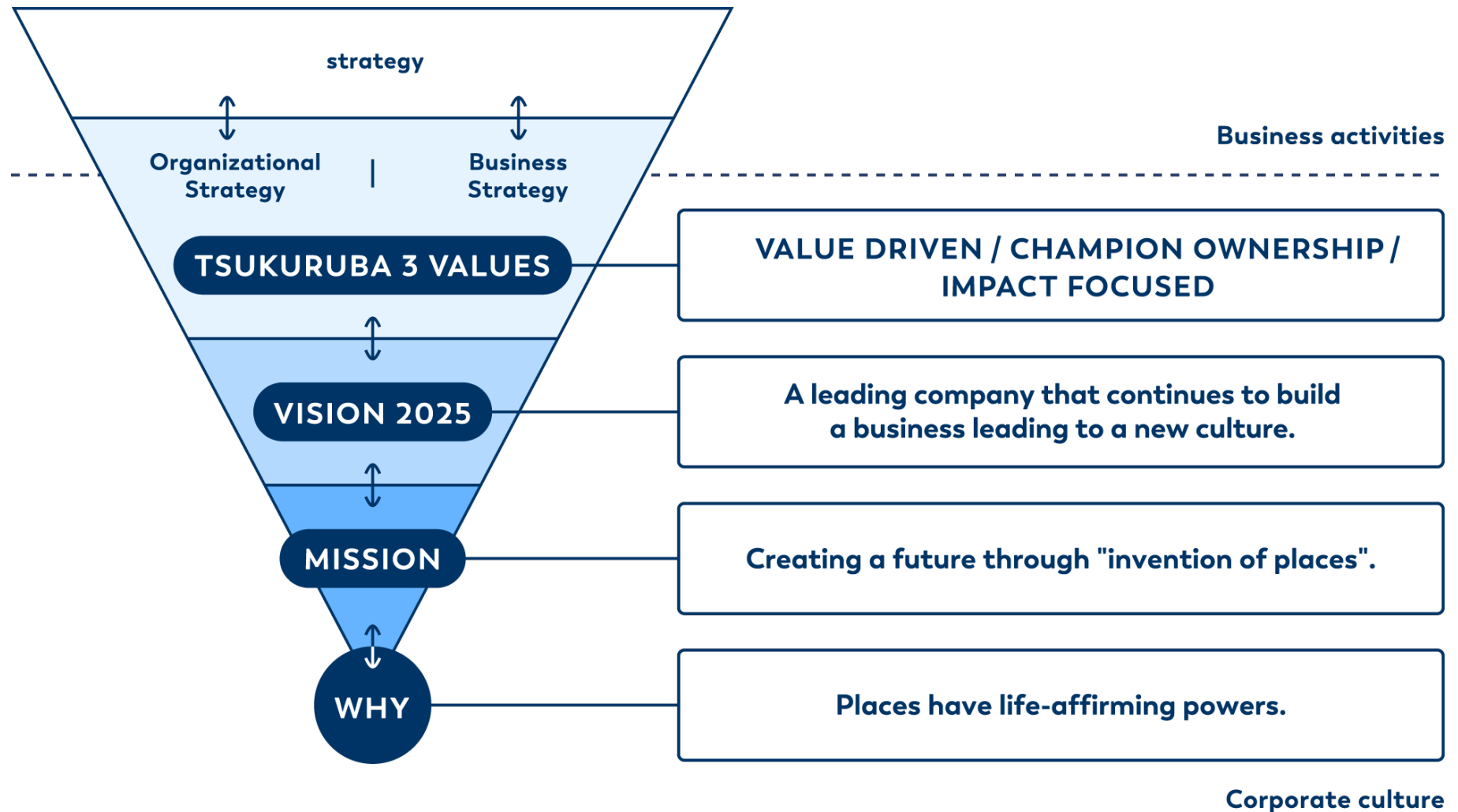


References | Q&A

Category	Questions	Answers
Company	What are the company's thoughts on the outlook for future upfront investments?	In light of the recent macro environment, we have reviewed costs, focusing on fixed cost containment. With regard to investments, we will carefully select investments that have a high probability of contributing to profits. By doing so, we intend to continue high growth rate and narrow the deficit.
cowcamo	While housing market conditions are deteriorating overseas due to rising interest rates, what are the chances of housing market conditions worsening in Japan as monetary easing is lifted and floating mortgage rates rise?	If mortgage rates were to rise, real estate prices would lag behind and decline, resulting in a temporary decline in real estate transactions. However, we believe that the impact of the macro environment will be limited compared to investment properties and newly built properties, as demand for existing homes, which is the main product of cowcamo, is generated by changes in life stages and can also serve as a receptacle for newly built properties. In addition, since cowcamo's main transactions are brokerage, the impact of falling real estate prices will also be limited. We will continue to closely monitor whether the "sustained inflation of 2%" (sustained wage growth) is achieved, which is a precondition for the lifting of monetary easing, and the time lag between base rate and market interest rate fluctuations, which will affect variable interest rates.
cowcamo	What is the impact of the weak yen, the situation in Ukraine, etc. on your business?	The supply of renovation materials has been affected by soaring prices of crude oil and imported building materials. Overall, there has been a price increase of about 15% compared to two years ago. However, there is no particular impact on the construction period. The number of properties in inventory in the real estate market is increasing, and demand for properties is firm, so the business environment is not expected to be significantly affected at this time.
cowcamo	What are the growth indicators for cowcamo?	The financial KPI is gross profit, and the business KPIs are GMV and take rate, which are growth indicators. As for leading indicators, MAUs were previously used as leading indicators, but now that a sufficient user base has been acquired, we would like to see the number of transactions (payment basis) as a leading indicator going forward.
cowcamo	Why is there quarterly volatility in the GMV?	Quarterly volatility in GMV occurs as a result of market conditions, which are affected by seasonal factors.

References | **Company Overview**

Name	TSUKURUBA Inc.
Address	2F Ikura Building, 1-1-5 Kami-meguro, Meguro-ku, Tokyo 153-0051 Japan
Founded	August 2011
Founder	Hiroki Murakami
Employees	263 employees (as of July 2022)
Businesses	<p>“cowcamo Business,” an end-to-end real estate online brokerage platform for used and renovated properties</p> <ul style="list-style-type: none">- cowcamo Platform Business- cowcamo Agent Service Business <p>“Property, Planning and Design (PPD) Business“</p> <ul style="list-style-type: none">- Mission: producing new value in the real estate domain- Operation of “co-ba,” subscription-based co-working offices- Spatial design and consulting business
Awards	<p>Deloitte Technology Company Japan Technology Fast 50 (2017-2020)</p> <p>2021 The 4th WOMAN's VALUE AWARD, Excellence Award</p>



Disclaimer

This material includes forward-looking statements which were made based on information available at the time of writing. They do not guarantee future results and may involve certain risks and uncertainties. Please note that actual results may differ materially from those discussed in the forward-looking statements due to changes in the environment surrounding TSUKURUBA and other factors.

The factors which may affect actual results include, but are not limited to, Japanese and global economic and market conditions under which TSUKURUBA operates.

TSUKURUBA is not obligated to update or revise its forward-looking statements in this material, even when new information becomes available or events take place.

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