

# **TSUKURUBA**

TSE Growth: 2978

**Financial Results**  
**FY2023 Q3 (February-April)**  
June 13, 2023

**FY2023**

August 1, 2022 to July 31, 2023

# Agenda

- 1. Financial Highlights and Future Outlook**
- 2. Financial Results for FY2023 Q3**
- 3. Forecast for FY2023**
- 4. Investment Highlights**

# 1. Financial Highlights

# Financial Highlights

Our fiscal-year policy to achieve “continued growth in gross profit and improvement in operating income” has progressed as expected, resulting in a considerable reduction of operating deficit.

## FY2023 Financial Results FY2023 Q3 (Feb. 2023-Apr. 2023)

- **Steady gross profit growth and focus on cost management have resulted in a considerable reduction of operating deficit in Q3**

Revenue	JPY <b>1,098</b> million (+ <b>54</b> % YoY)
Gross Profit	JPY <b>679</b> million (+ <b>37</b> % YoY)
Operating Profit	JPY <b>-12</b> million (+ <b>160</b> million YoY)

### <cowcamo business KPI>

GMV	JPY <b>14,169</b> million (+ <b>38</b> % YoY)
Take rate	<b>4.5</b> % (+ <b>0.0</b> pt YoY)

## Forecast FY2023 (Aug. 2022-Jul. 2023)

- **Our investment in the cowcamo platform over the last few years has yielded returns in the form of high gross profit growth. Our operating deficit has markedly improved in FY2023, and we expect to achieve our full-year forecast**

Revenue	JPY 4,000 million (+45% YoY)
Gross Profit	JPY 2,500 million (+36% YoY)
Operating Profit	JPY -220 million (+553 million YoY)

- **In Q4, we will further improve our operating deficit, while continuing to increase gross profit at a high rate**

# Future Outlook

In FY2023, we successfully increased our gross profit at a high rate, while considerably improving our operating deficit. Going forward, we will prioritize the sustained generation and growth of operating profit.

## FY2024 Financial Outlook

### **In 2024, our #1 priority will be to generate operating profit**

- We will look to sustain the high growth of gross profit by focusing on GMV expansion in our core business, the cowcamo platform
- In addition to continued focus on cost management that has proved effective in FY2023, we will undertake efficiency improvements in our sales and marketing activities to generate operating profit

## FY2025 and beyond

### **We will focus on the sustained generation and growth of operating profit, while reinvesting the returns to grow our core business. In the long-term, we will become an indispensable service for society by continuing to innovate housing distribution**

- We will maintain the high growth of cowcamo's GMV, while undertaking efficiency improvements in our sales and marketing activities, as well as capturing synergies from the integration of value chains. As a result, we will achieve the sustained generation and growth of operating profit
- We will reinvest free cash flow into the growth of our core cowcamo business, while actively considering entry into adjacent domains and inorganic growth opportunities
- By providing a service where everyone can freely and easily enjoy housing transactions, we look to becoming an indispensable service in the expanding used and renovated properties market

## 2. Financial Results for FY2023 Q3

# Company-wide | FY2023 Q3 - Quarterly Financial Summary

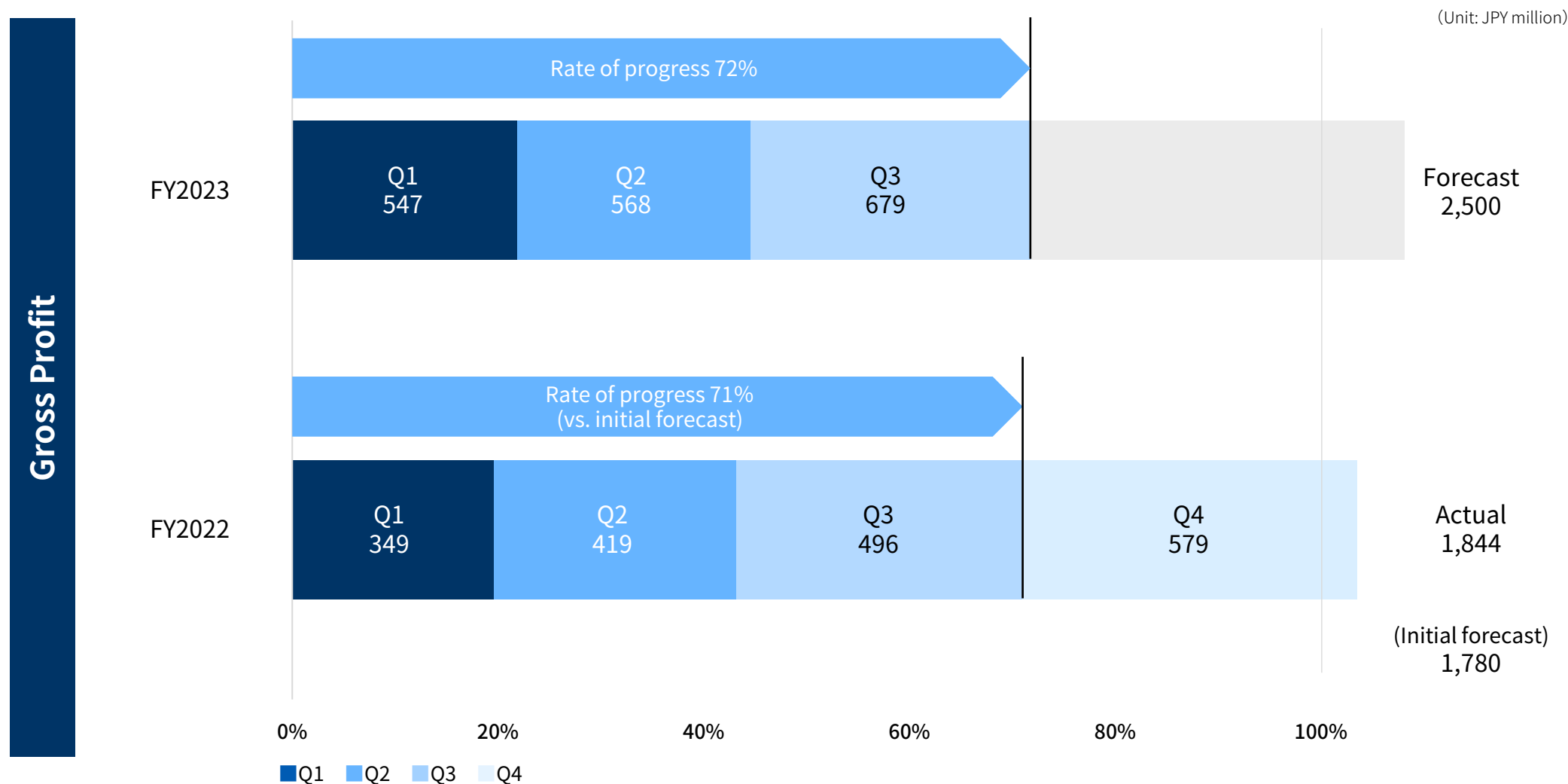
Continued topline growth by contribution from the cowcamo business, as well as the strengthening of cost management that started in February 2022, have resulted in a significant reduction of operating deficit on a YoY basis.

	FY2023 Q3 (2023/2-2023/4)	FY2022 Q3 (2022/2-2022/4)	YoY	FY2023 YTD (2022/8-2023/4)	FY2022 YTD (2021/8-2022/4)	YoY
Revenue	1,098	713	+54%	2,665	1,933	+38%
Gross Profit	679	496	+37%	1,796	1,264	+42%
Operating Profit	-12	-172	+160	-201	-669	+467
Ordinary Profit	-18	-176	+158	-215	-683	+467
Net Profit	-18	-202	+183	-220	-709	+489

(Unit: JPY million)

# Company-wide | Progress towards our full-year forecast for FY2023

Compared to FY2022, when we finally revised our full-year forecast upward, our progress vs. gross profit forecast has been steady.

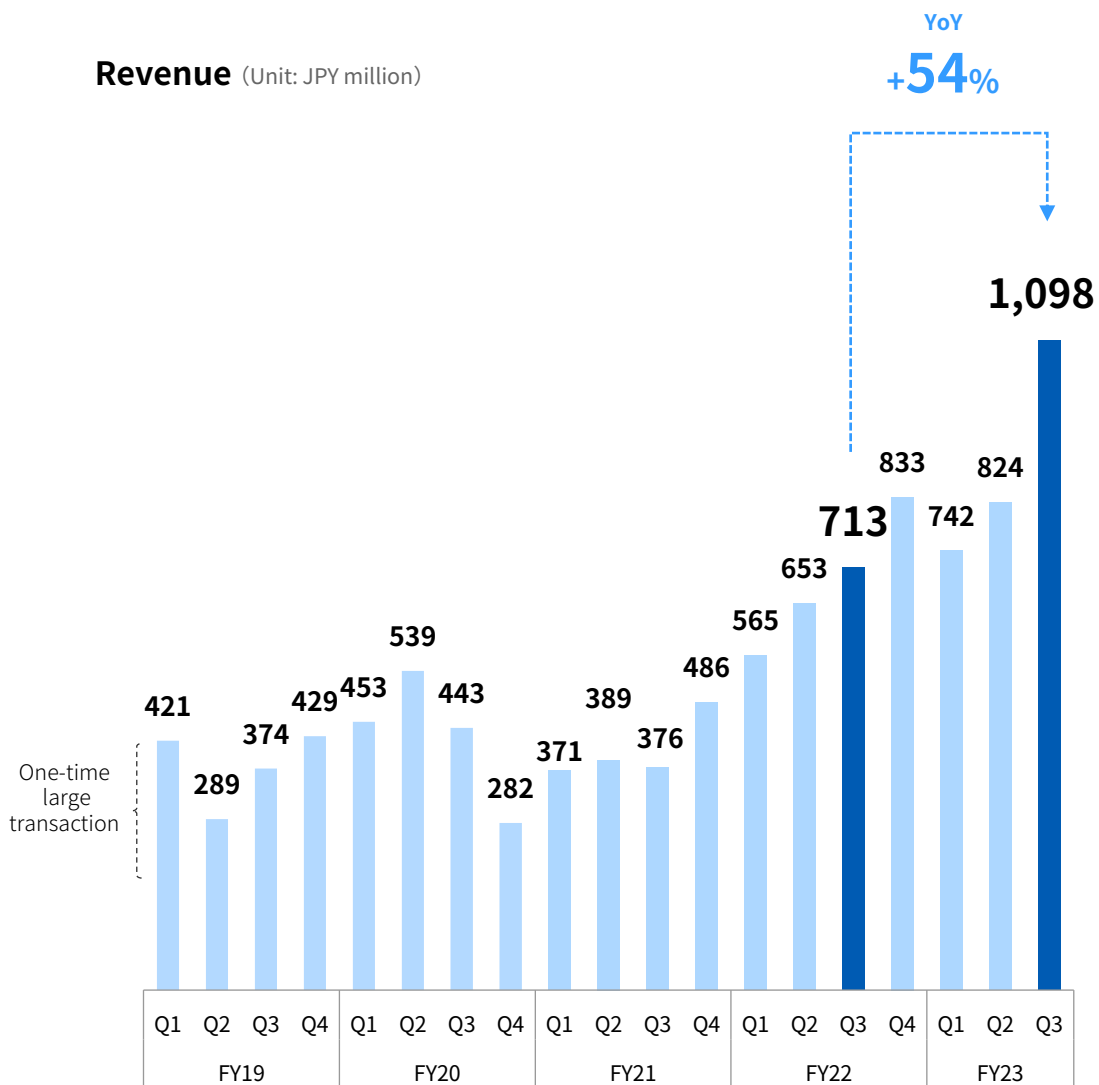




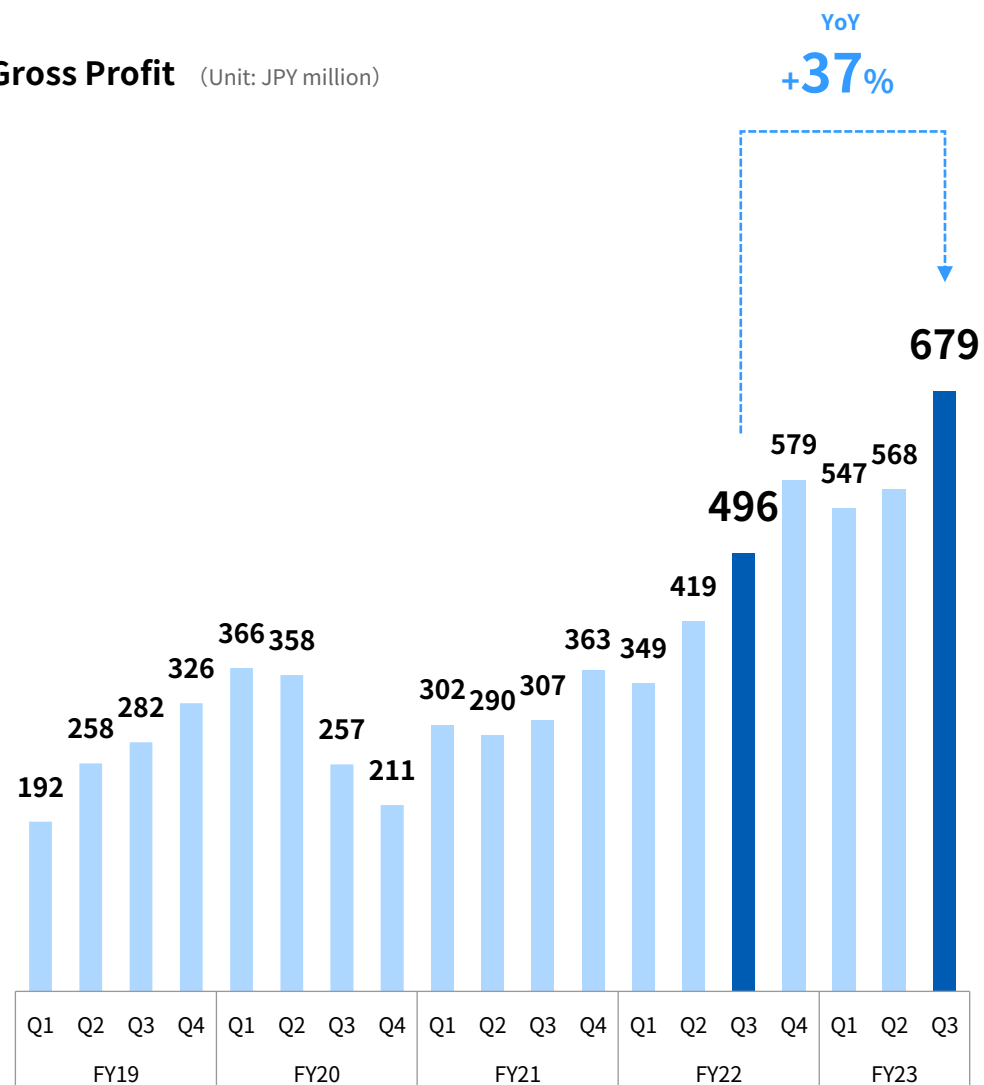
# Company-wide | Revenue and Gross Profit

Both revenue and gross profit continue to increase steadily.

**Revenue** (Unit: JPY million)



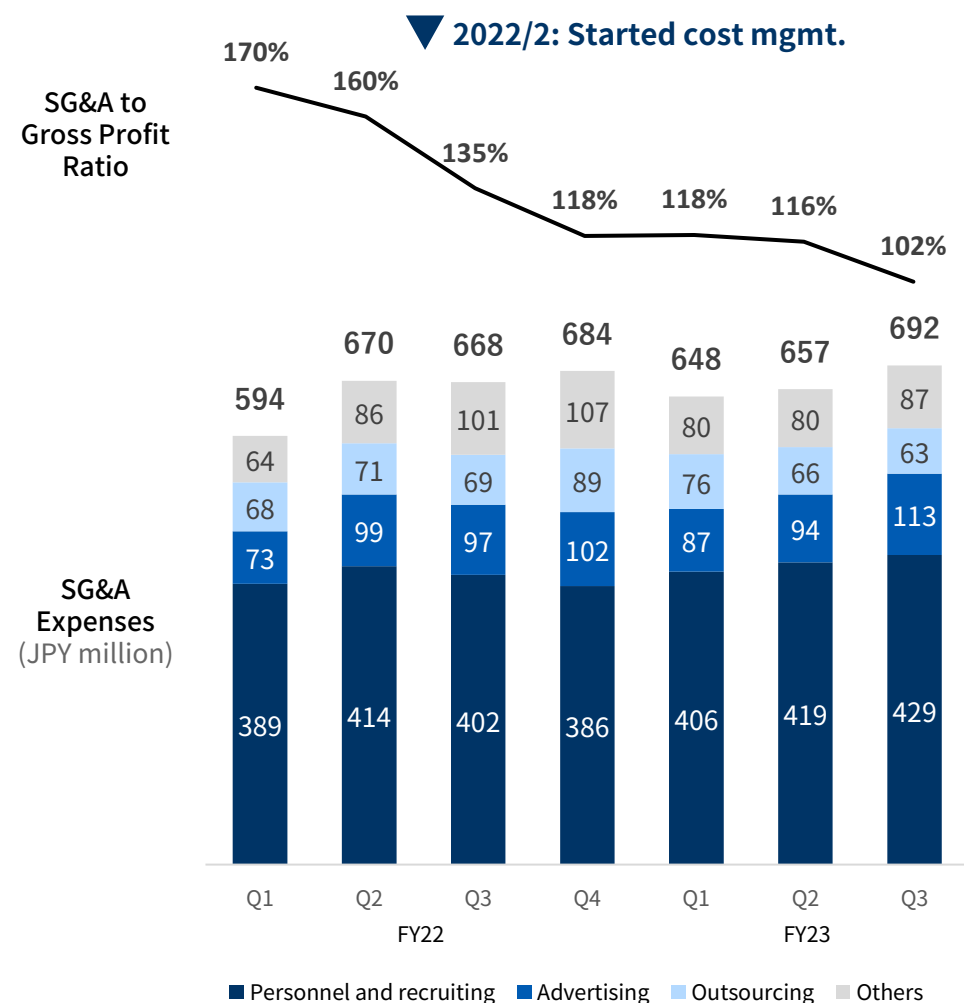
**Gross Profit** (Unit: JPY million)



# Company-wide | SG&A Expenses and Gross Profit SG&A Ratio

Since February 2022, our SG&A to gross profit ratio has steadily decreased as a direct outcome of the emphasis on cost management. We will continue to improve our cost structure, also undertaking efficiency improvements of sales and marketing activities going forward.

## SG&A Expenses and SG&A to Gross Profit Ratio



## Status of Cost Management

### Personnel and recruiting expenses

- Continue to expand sales force to facilitate increased transactions (directly contributing to gross profit), while undertaking efficiency improvements
- Streamline hiring and personnel allocation in corporate functions

### Advertising expenses

- Continue to adjust advertising expenses with consideration of the projected seasonality, while carefully evaluating the ROI for any possible improvements

### Outsourcing expenses

- Reduce external payments by focusing on improving internal operational efficiency and optimizing personnel allocation
- Expect a limited increase in the contractor and outsourcing expenses going forward, as a more cost-effective alternative to our existing corporate structure

### Others

- Continue to carefully monitor expenses to reduce company-wide SG&A
- Q/Q increase due to sales-related expenses from greater number of transactions

# Segments | FY2023 Q3 – Quarterly Financial Summary by Business Segment

Overall company growth was buoyed by a strong performance in our core business, the cowcamo segment.

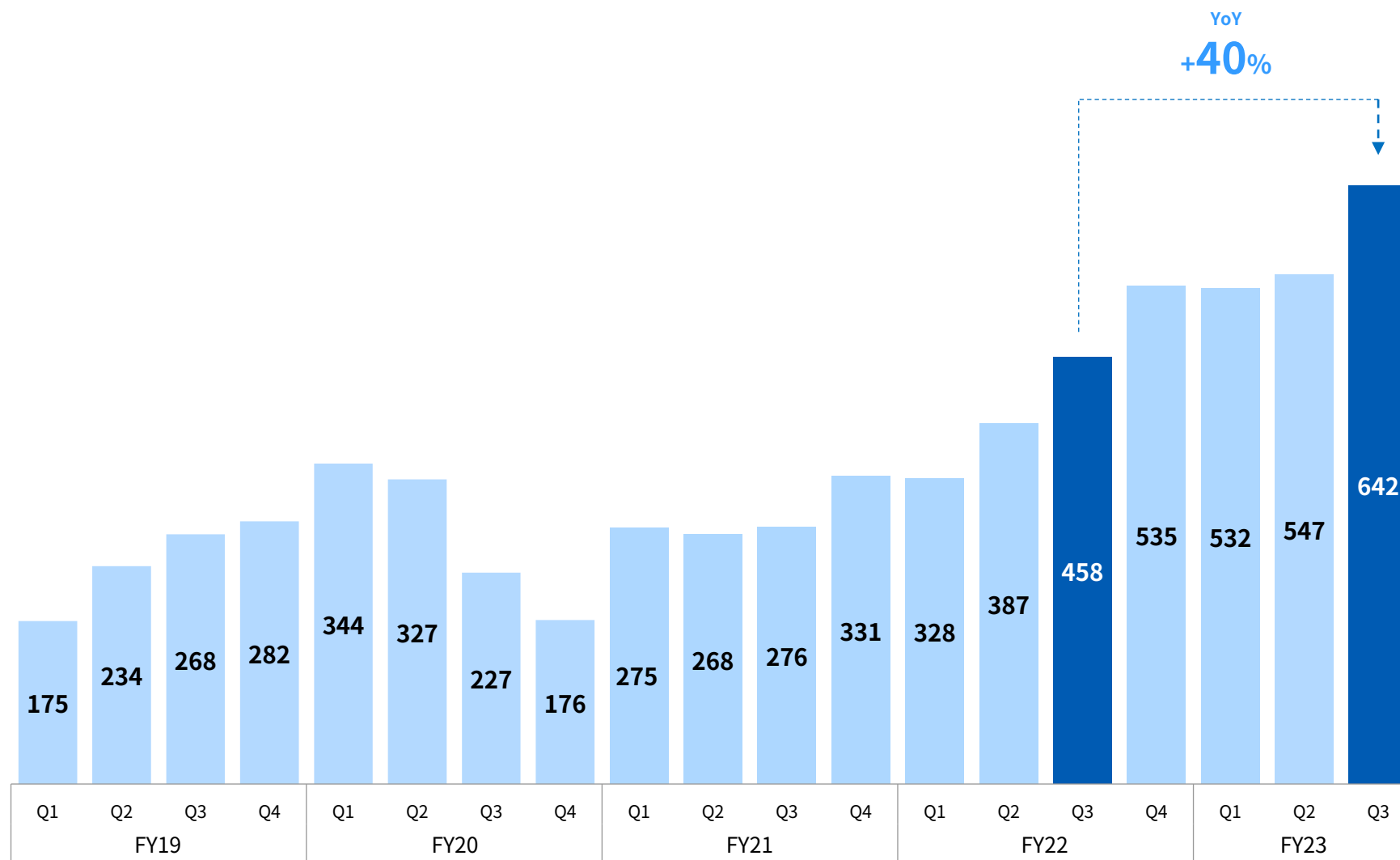
(Unit: JPY million)

		FY2023 Q3 (2023/2-2023/4)	FY2022 Q3 (2022/2-2022/4)	YoY	FY2023 YTD (2022/8-2023/4)	FY2022 YTD (2021/8-2022/4)	YoY
cowcamo	Revenue	992	605	+64%	2,397	1,638	+46%
	Gross Profit	642	458	+40%	1,722	1,175	+47%
	Segment Profit *	171	11	+159	367	-100	+468
PPD	Revenue	105	107	-2%	268	294	-9%
	Gross Profit	37	37	+1%	73	89	-17%
	Segment Profit *	18	20	-2	21	33	-11
Others	Corporate Expense *	-202	-205	-	-591	-602	-

\* In order to more accurately represent our financial results by segment, we conducted a review of corporate allocation (“new policy”) in Q2. The segment profit figures on this page, including those from prior accounting periods, have been calculated based on the new policy.

## cowcamo | Gross Profit

Gross profit of the cowcamo segment has increased steadily at +40% YoY with expansion on both the seller and buyer side.

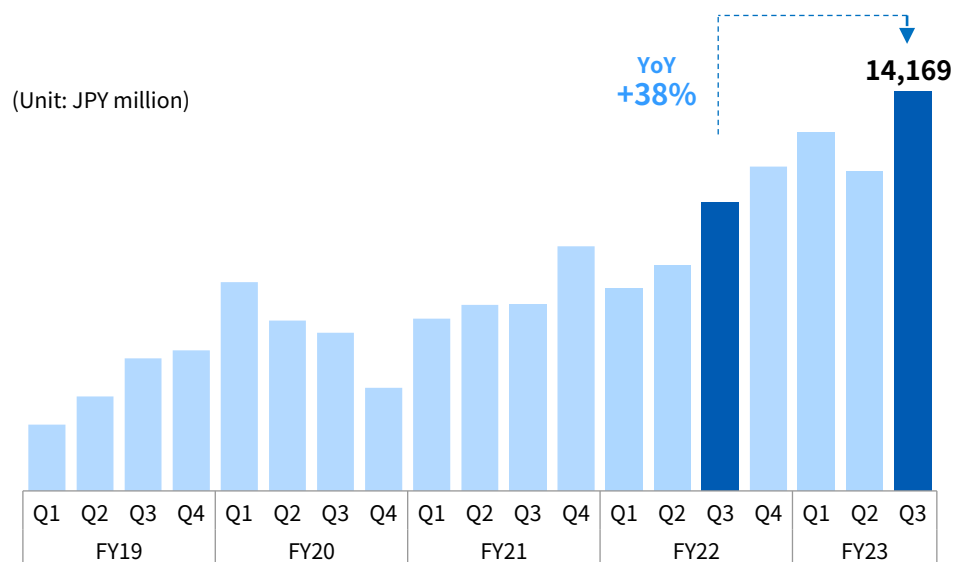


(Unit: JPY million)

# cowcamo | GMV • Take Rate

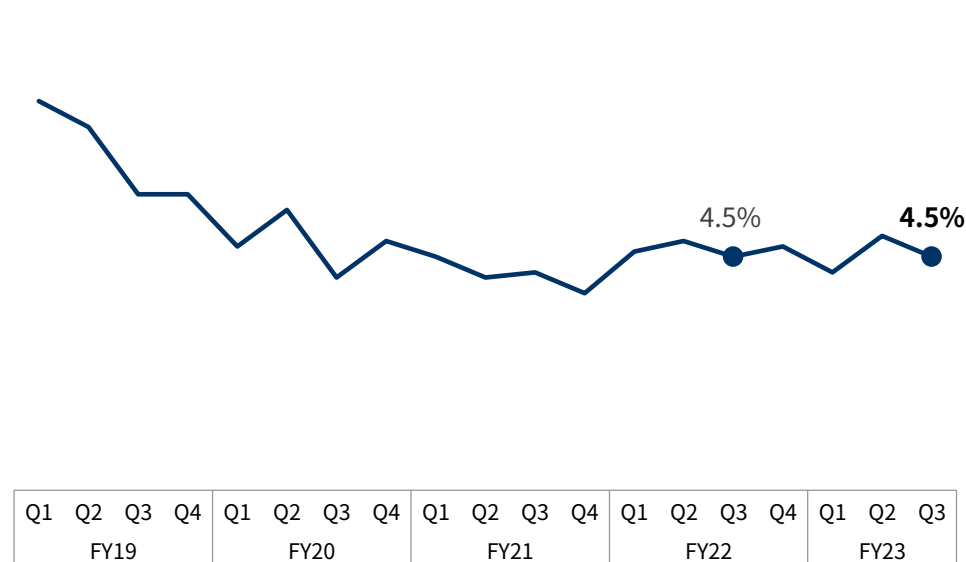
GMV has continued to increase steadily, recording an all-time high in Q3, while take rate has remained flat YoY. Gross profit growth will continue to be driven by GMV expansion, as we aim to improve profitability through “structural take rate improvement” measures (P18) in the mid to long-term.

## GMV [Payment basis] <sup>\*1</sup>



- While the number of transactions market-wide decreased slightly in Q3, the number of transactions through the cowcamo platform has continued to increase with GMV growing steadily at +38% YoY
- In Q3, GMV showed healthy growth across all business lines, but the most significant contribution came from increased transactions on the buyer side
- We will continue to pursue expansion of GMV on both the seller and buyer side

## Take Rate <sup>\*2</sup>



- There were no major changes in the market supply-demand environment to influence the take rate, which has remained roughly flat YoY
- In Q3, strong sales of ancillary services for buyers, namely renovation services, as well as increased sales of in-house planned products contributed positively to take rate
- We will continue to promote efforts to structurally improve our take rate, but do not expect significant changes in the short-term

<sup>\*1</sup> GMV: Gross Merchandise Value is the sum of the prices of all products and services traded on the cowcamo platform, including properties and renovation services

<sup>\*2</sup> Take Rate: The commission rate charged on GMV, calculated by dividing the gross profit of cowcamo (payment basis) by GMV

# Reference | Quarterly Financial Results and Business KPIs

		Old Policy <sup>*1</sup>								New Policy <sup>*1</sup>						
		FY20				FY21				FY22				FY23		
(Unit: JPY million)		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Revenue</b>		<b>453</b>	<b>539</b>	<b>443</b>	<b>282</b>	<b>371</b>	<b>389</b>	<b>376</b>	<b>486</b>	<b>565</b>	<b>653</b>	<b>713</b>	<b>833</b>	<b>742</b>	<b>824</b>	<b>1,098</b>
<b>Gross Profit</b>		<b>366</b>	<b>358</b>	<b>257</b>	<b>211</b>	<b>302</b>	<b>290</b>	<b>307</b>	<b>363</b>	<b>349</b>	<b>419</b>	<b>496</b>	<b>579</b>	<b>547</b>	<b>568</b>	<b>679</b>
cowcamo		344	327	227	176	275	268	276	331	328	387	458	535	532	547	642
PPD		22	30	30	34	26	21	30	32	20	31	37	44	15	21	37
<b>Operating Expense <sup>*1</sup></b>		<b>341</b>	<b>346</b>	<b>327</b>	<b>328</b>	<b>348</b>	<b>363</b>	<b>426</b>	<b>485</b>	<b>594</b>	<b>670</b>	<b>668</b>	<b>684</b>	<b>648</b>	<b>657</b>	<b>692</b>
cowcamo		203	193	196	198	223	261	298	335	379	448	447	450	442	442	470
PPD		17	14	16	15	24	21	19	25	20	18	16	18	18	14	19
Corporate		120	138	114	114	99	80	107	124	193	203	205	215	188	201	202
<b>Operating Profit</b>		<b>24</b>	<b>11</b>	<b>-69</b>	<b>-117</b>	<b>-45</b>	<b>-72</b>	<b>-118</b>	<b>-121</b>	<b>-244</b>	<b>-251</b>	<b>-172</b>	<b>-104</b>	<b>-100</b>	<b>-89</b>	<b>-12</b>
<b>Business KPI</b>																
<b>GMV <sup>*2</sup></b>	(JPY million)	<b>5,801</b>	<b>5,350</b>	<b>4,386</b>	<b>4,045</b>	<b>6,436</b>	<b>5,429</b>	<b>8,867</b>	<b>7,886</b>	<b>8,370</b>	<b>8,810</b>	<b>11,016</b>	<b>12,342</b>	<b>11,087</b>	<b>11,518</b>	<b>15,257</b>
<b>GMV <sup>*3</sup></b>	(JPY million)	<b>7,400</b>	<b>6,035</b>	<b>5,606</b>	<b>3,651</b>	<b>6,105</b>	<b>6,590</b>	<b>6,623</b>	<b>8,663</b>	<b>7,173</b>	<b>8,004</b>	<b>10,212</b>	<b>11,496</b>	<b>12,715</b>	<b>11,333</b>	<b>14,169</b>
<b>Take Rate <sup>*2</sup></b>	(%)	<b>5.9</b>	<b>6.1</b>	<b>5.2</b>	<b>4.4</b>	<b>4.3</b>	<b>4.9</b>	<b>3.1</b>	<b>4.2</b>	<b>3.9</b>	<b>4.4</b>	<b>4.2</b>	<b>4.3</b>	<b>4.8</b>	<b>4.8</b>	<b>4.2</b>
<b>Take Rate <sup>*3</sup></b>	(%)	<b>4.7</b>	<b>5.4</b>	<b>4.1</b>	<b>4.8</b>	<b>4.5</b>	<b>4.1</b>	<b>4.2</b>	<b>3.8</b>	<b>4.6</b>	<b>4.8</b>	<b>4.5</b>	<b>4.7</b>	<b>4.2</b>	<b>4.9</b>	<b>4.5</b>
<b>No. of Transactions <sup>*2</sup></b>		123	121	95	93	130	118	166	159	180	179	225	214	216	239	273
<b>MAU <sup>*4</sup></b>	(K)	36	40	44	50	54	59	62	59	64	57	53	54	56	55	56

<sup>\*1</sup> In order to more accurately represent our financial results by segment, we conducted a review of corporate allocation ("new policy") in Q2. Operating expense figures before FY21 are calculated based on the previously disclosed figures ("old policy"), while figures after FY22 are calculated based on the new policy.

<sup>\*2</sup> Contract basis | <sup>\*3</sup> Payment basis | <sup>\*4</sup> Quarterly average registered MAU

# Key initiatives in FY2023 Q3

In accordance with our business policy announced at the beginning of FY2023\*, we implemented measures to ensure continued growth of the cowcamo business and improve our operational deficit. In particular, “expansion of GMV on both seller/buyer side” and “strengthening of cost management” are showing remarkable results, as we make steady progress toward the full-year forecast.

A

**Expand GMV  
on both seller/buyer side**

**Expansion of GMV on both seller and buyer side is our highest priority for FY2023 with steady progress through Q3, as we expect it to be the primary growth driver in the short-term**

- Buyer side: Steady progress in expansion of sales force (A1) and sale of ancillary services (A2)
- Seller side: Continued focus on sale of brokered properties (A3)

B

**Promote  
“structural take rate  
improvement”**

**Continue to steadily drive initiatives for contribution in the mid to long-term**

- On the buyer side, expansion and renewed focus on the sale of ancillary services contributed positively to take rate. We will look to capture further upside by improving our margin and sales ratio
- In-house planned products contributed positively to take rate in Q3, in line with increased sales. We will make future expansion decisions with consideration of the market environment and financial conditions
- On the seller side, we are currently prioritizing the expansion of GMV through focus on sale of brokered properties. As such, we are not expecting a short-term contribution to take rate, for example by selling the said properties to cowcamo buyers

C

**Strengthen cost management  
(including cash management)**

**Company-wide initiatives underway through FY2023 (P9)**

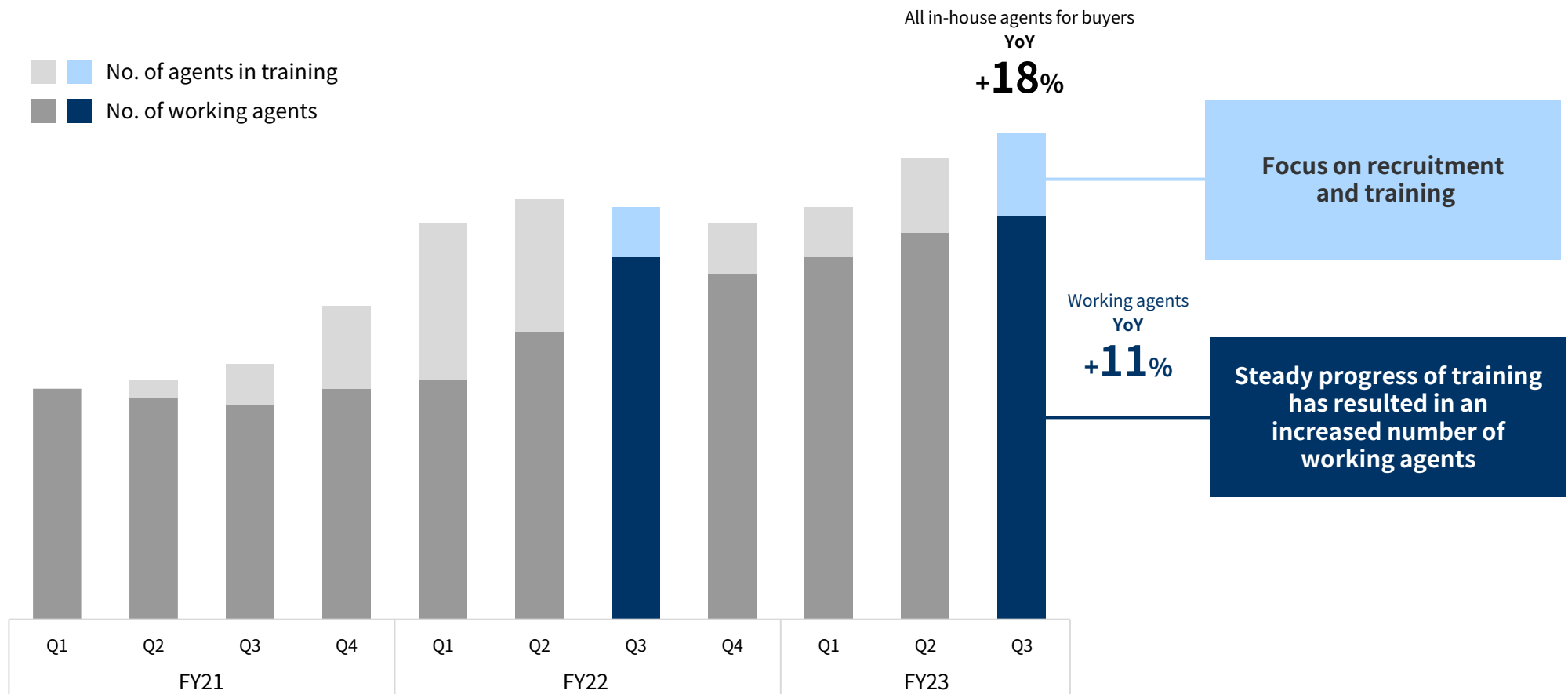
- We have achieved steady progress in reducing outsourcing expenses. For personnel and advertising expenses that directly contribute to business expansion, we will make investment decisions with careful consideration of their returns
- At the same time, we are strengthening management of cash and investments, including allocation of budgets for the in-house planned products business, as well as for future growth initiatives

\* The above items (A-C) correspond to the policy outlined in "Business Policy for profit and loss plan for FY2023" on P28 of the "Financial Results for FY2022 Ended July 31, 2022" released on September 12, 2022

## cowcamo | A1. Expansion of sales force (buyer side)

The number of in-house working agents\* at the end of April 2023 increased +11% YoY, directly contributing to GMV growth through an increase in the number of transactions. We are emphasizing recruitment and training as we expand our sales force but will also focus on driving efficiency measures going forward.

### Number of in-house agents (at quarter-end)



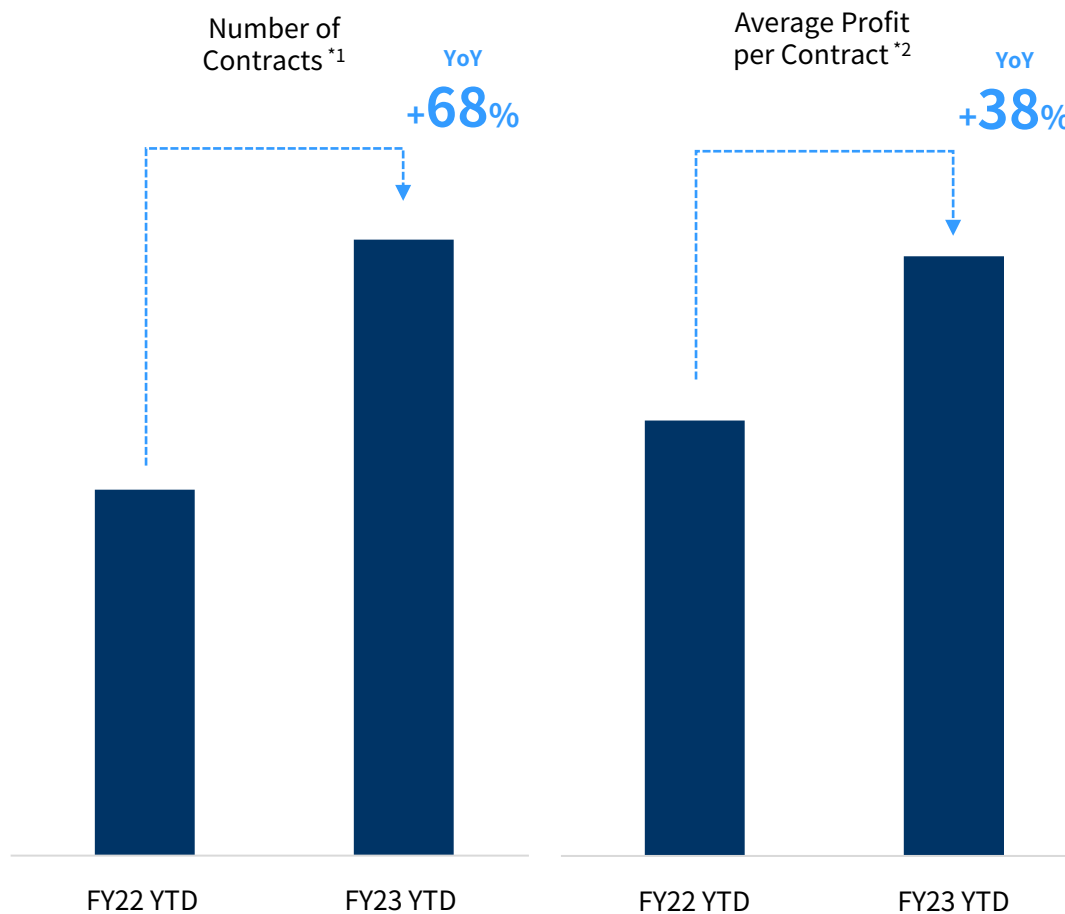
\* The term "in-house agent" refers to a full-time employee of TSUKURUBA engaging in brokerage sales. The number of agents on this page reflects those serving cowcamo buyers



## cowcamo | A2. Sale of ancillary services (buyer side)

Renewed focus on the sale of LifeCatalog, our fixed price renovation package, has resulted in an increase of both the number of contracts, as well as the average profit per contract. We will continue to expand our product offering, as well as strengthen sales efforts.

### Breakdown of Profit from Renovation Services



\*1 Payment basis

\*2 Average gross profit per contract (payment basis)

### Reference | Fixed Price Renovation Package

In 2022, we started offering fixed price packages for full and partial renovation. Sales have steadily increased, as the design and price are fixed by package, making it easy for users to choose based on their taste and budget. In April 2023, we launched a new design called “Mahoroba.”

#### Fixed Price Renovation Package “LifeCatalog”



Hotel Days (ホテルデイズ)



in Nature (イン ネイチャー)



Doan.touan (ダウンドットタウン)



Mahoroba (マホロバ)



Atelier Kitchen (アトリエキッチン)



Cats! Cats! Cats! (キャッツキャッツキャッツ)

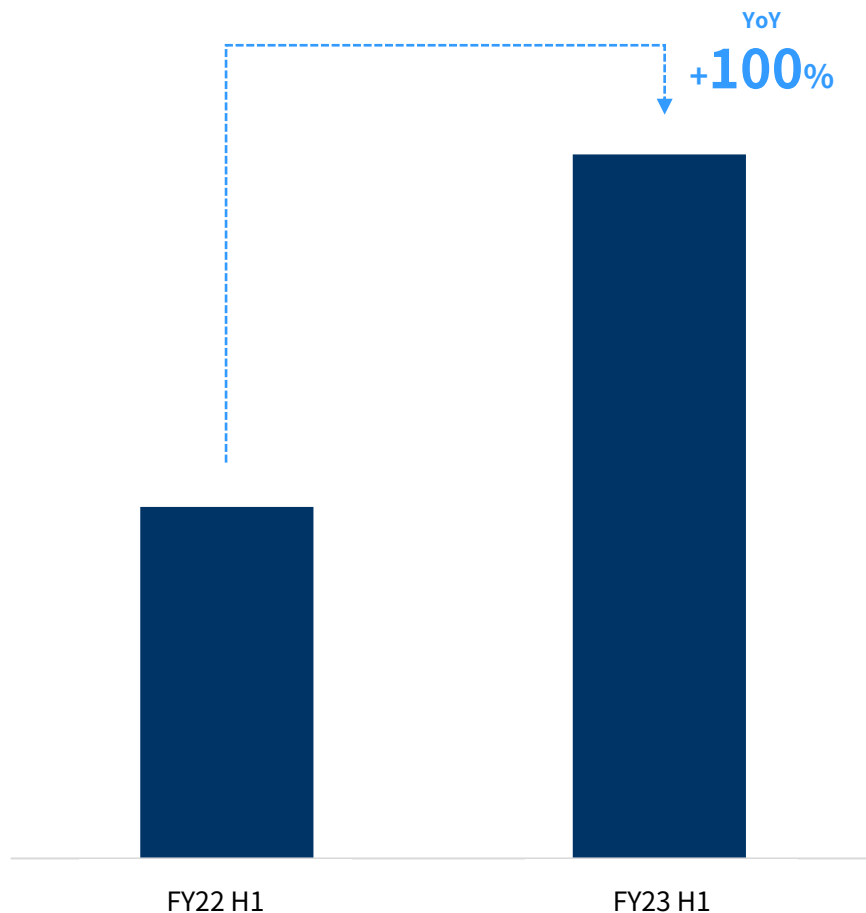


SIMPLE.+ (シンプルプラス)

## cowcamo | A3. Sale of brokered properties (seller side)

GMV of individual seller brokerage increased +78% YoY YTD, as our emphasis on the sale of brokered properties in FY2023 has proved effective. We will also pursue the optimization of marketing channels and improvement of sales efficiency going forward.

Individual Seller Brokerage GMV (payment basis)



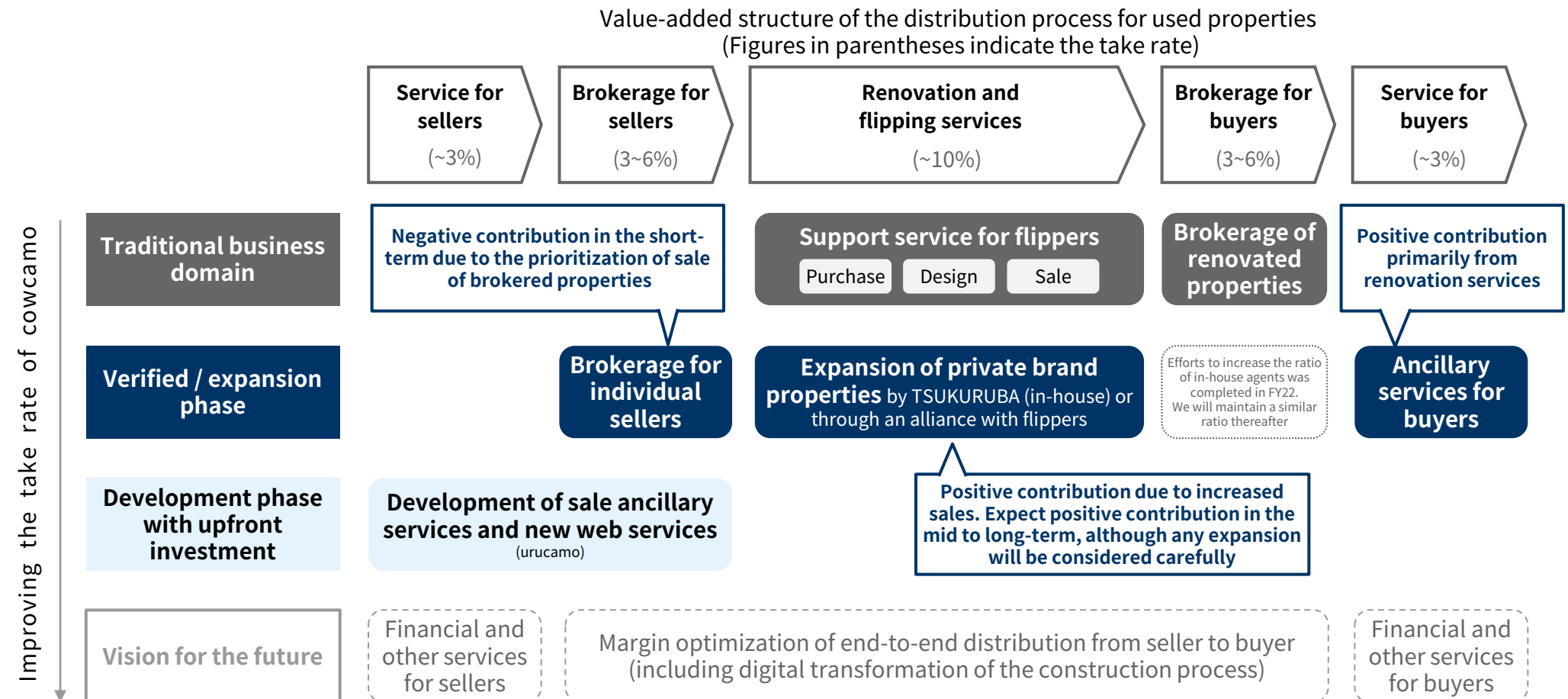
Ongoing Initiatives on the Seller Side



## cowcamo | B. Promote “structural take rate improvement”

In Q3, expansion of renovation services and increased sales of in-house planned properties contributed positively to take rate. In the mid to long-term, we will continue to focus on the initiatives below to structurally increase our take rate.

### Contribution of each initiative to take rate in Q3



### **3. Forecast for FY2023**

# FY2023 Forecast - Key Assumptions

There are no changes to the FY2023 forecast or its assumptions\*<sup>1</sup> in Q3.

## 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%
SG&A Expenses	2,720	2,618	+4%
Operating Profit (of which, expenses for stock-based compensation)	-220 (-60)	-773 (-46)	-

## Key Assumptions for the FY2023 Forecast

### cowcamo

- **Market:** Assume gradual and continued growth in demand, with a careful eye on interest rate and real estate price trends
- **GMV:** Expect growth of approximately +40% YoY due to an increase in the number of transactions from both the buyer and seller side (includes the upside to GMV from an increase in the number of external transactions\*<sup>2</sup>)
- **Take Rate:** Assume the same level of take rate as the previous year considering changes in the transaction mix due to an increase of external transactions on the seller side (no change to the direction of mid to long-term improvement in take rate)
- **Cost:** Includes the effects of company-wide cost management. Also includes expansion of sales force and slight increase of advertising expenses necessary to sustain growth

### PPD

- Prioritizing continued growth of cowcamo, no major investments are factored in for PPD
- Revenue is expected to decrease due to the termination of a rental office in FY2022, but the impact on company-wide operating income/loss is expected to be minimal

### Corporate Expense

- Includes impact of cost reduction by promoting rationalization and operational efficiency of indirect departments (company-wide cost management initiative)

### Others

- Uncontracted transactions, extreme real estate market fluctuations, new businesses and M&A are not considered in the forecast

\*<sup>1</sup> Key assumptions listed to the right are based on the FY2023 forecast announced on September 12, 2022, updated for the changes announced on the FY2023 Q1 earnings (December 15, 2022)

\*<sup>2</sup> This refers to transactions in which a different real estate company acts as the broker on the buyer side

## 4. 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 using design and technology.

## **Property Planning & Design (PPD)**



We create new business by leveraging accumulated expertise in our spatial design and consulting business, as well as our 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 by leveraging 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 intermediaries
- Lack of IT and inefficient processes

### Technology Progress



Proliferation of mobile devices



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

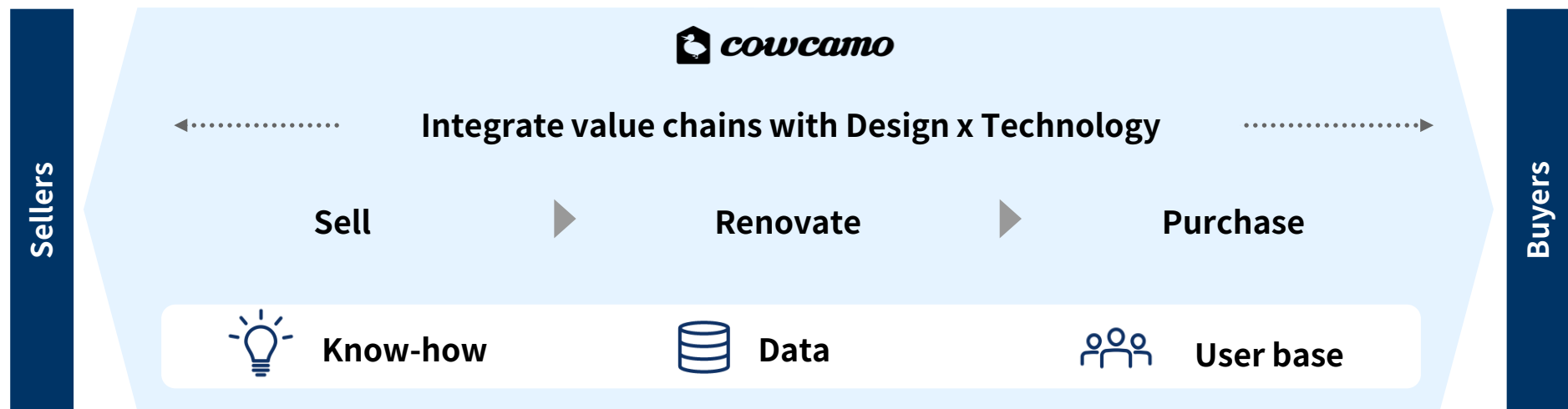


Efficient Management through DX

# Market | Unique position to integrate value chain via 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

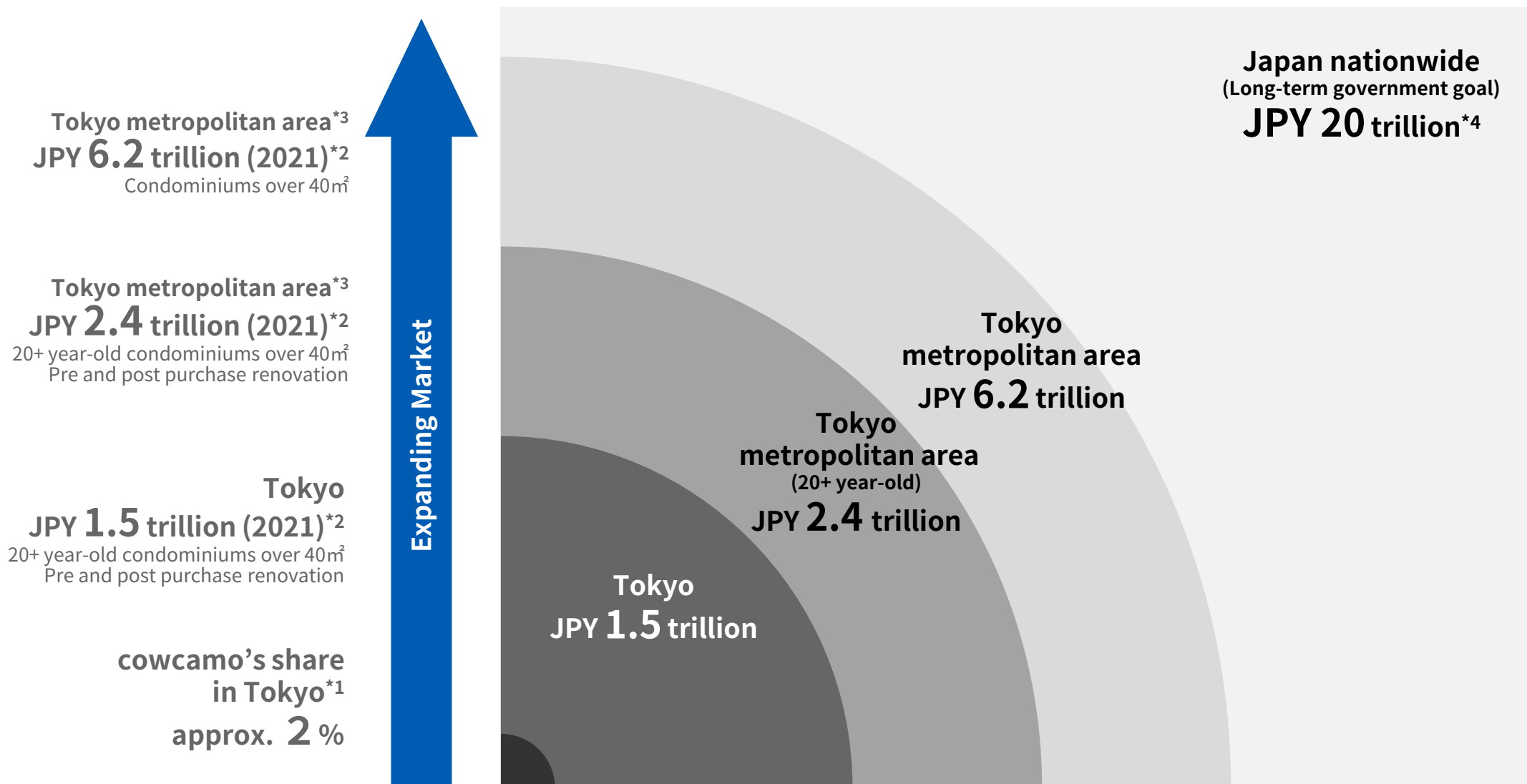


## Traditional value chain



# Market | **Used & renovated properties market expected to grow to JPY 20 trillion**

cowcamo, a distribution platform connecting 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.



<sup>\*1</sup> 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 m<sup>2</sup>, and renovated in pre and post purchase.

<sup>\*2</sup> 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.

<sup>\*3</sup> The Tokyo Metropolitan Area includes Tokyo, Saitama, Chiba and Kanagawa prefectures.

<sup>\*4</sup> 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 illustration and does not necessarily accurately represent the difference in values by area ratio.

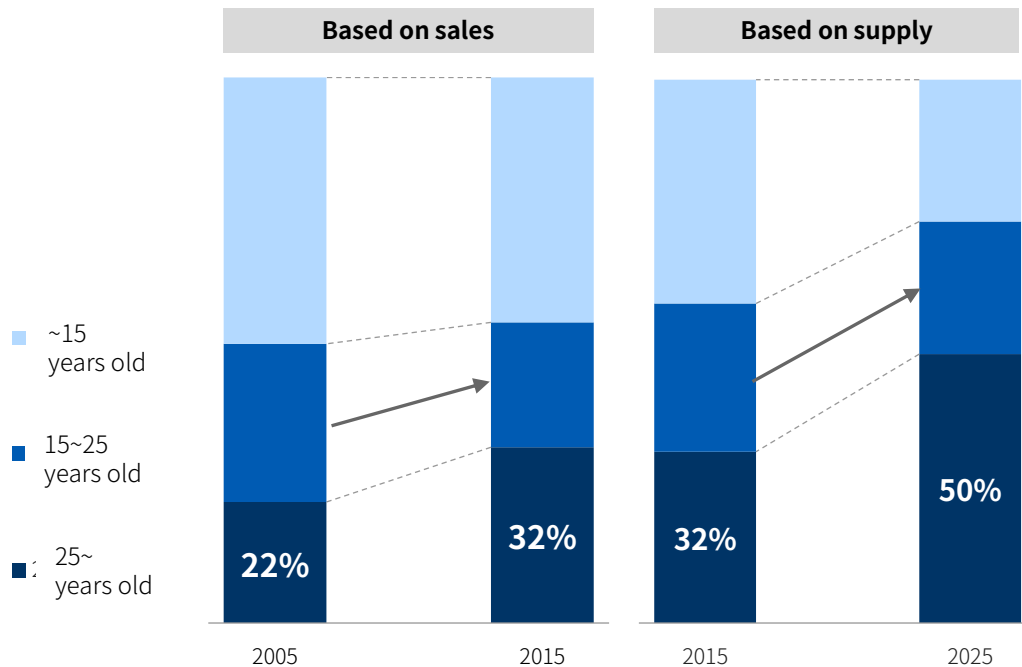
# cowcamo | Renovation becoming mainstream due to structural changes in the market

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

## Properties that are 25+ years old will comprise half the market

The share of 25+ year old properties will increase from just 22% in 2005 to 50% by 2025.

Share of used condominiums 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

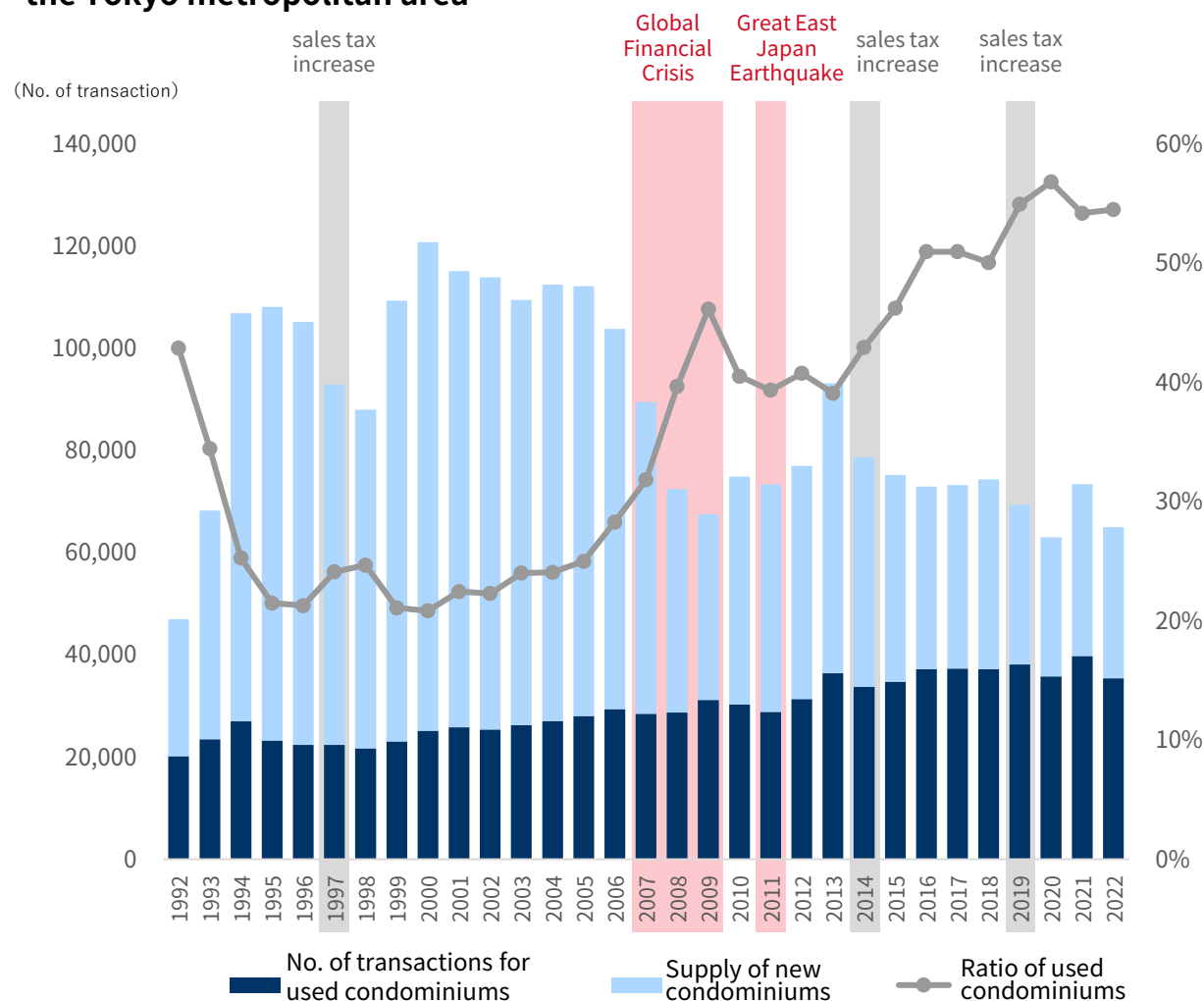
Renovation has fast become a popular choice when purchasing a house in the Tokyo metropolitan area, allowing buyers to tailor each property to their needs and lifestyles.



## Market | Used condominium market is resilient to macroeconomic downturns

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

### The number of new and used condominiums in circulation in the Tokyo metropolitan area



### The resilient used condominiums 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 condominiums are a “flow” supply and are strongly affected by the economic environment through changes in land price and material supply, while used condominiums are supplied from accumulated “stock” and function as a substitute for new condominiums even as the macroeconomic environment changes.
- Therefore, even as adverse macroeconomic changes materialize, stable growth of the used condominiums 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



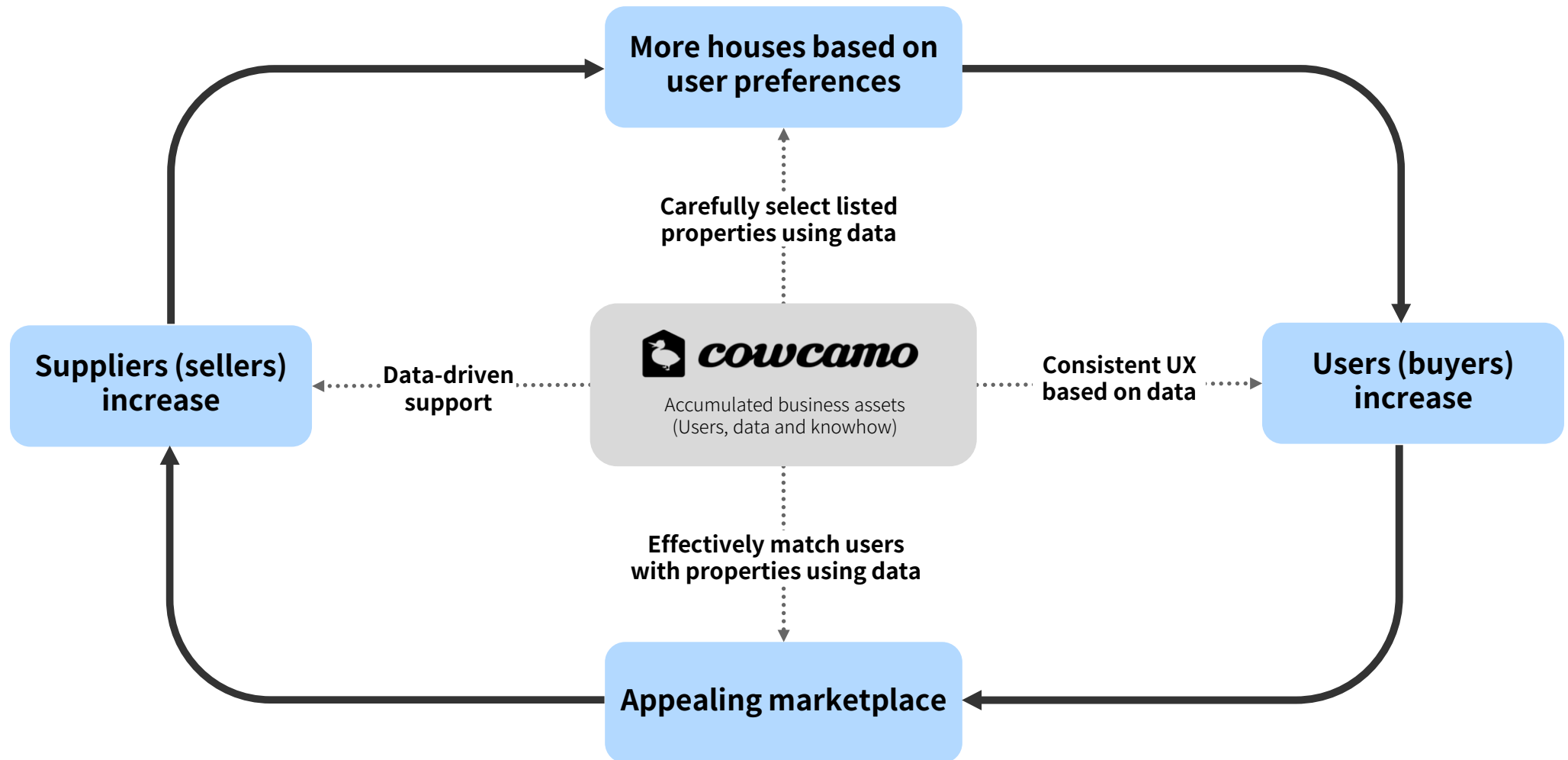
**Extending  
the Value Chain**



**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.



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

After expanding business in existing domains in the mid-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 a lifetime**

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

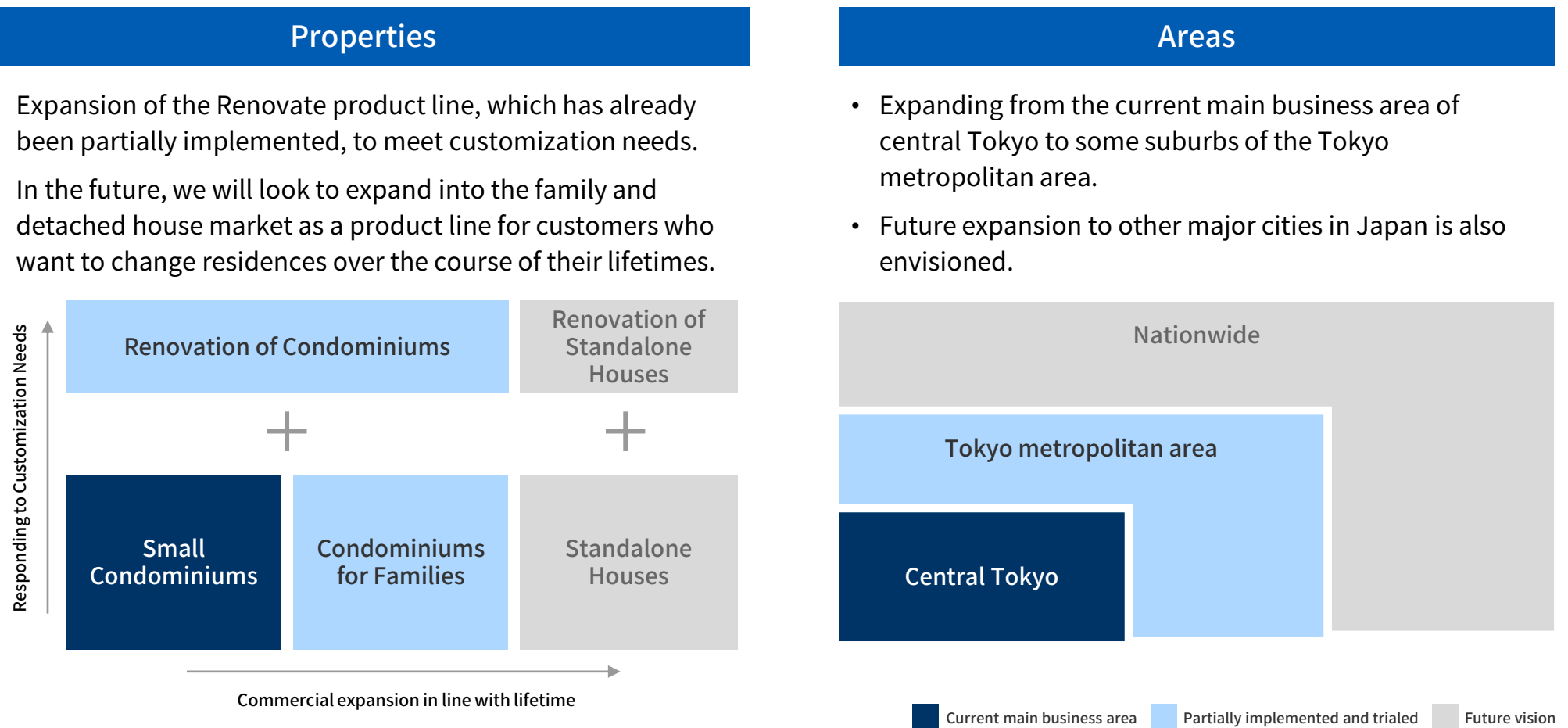
\*SOM (Serviceable Obtainable Market): The size of the market for a given product or service that can be offered and captured at a given point in time in the target market. In this case, it means that the market size that can be acquired will be expanded through future business development of the cowcamo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



# Potential | Expansion of target market by Properties x Areas

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

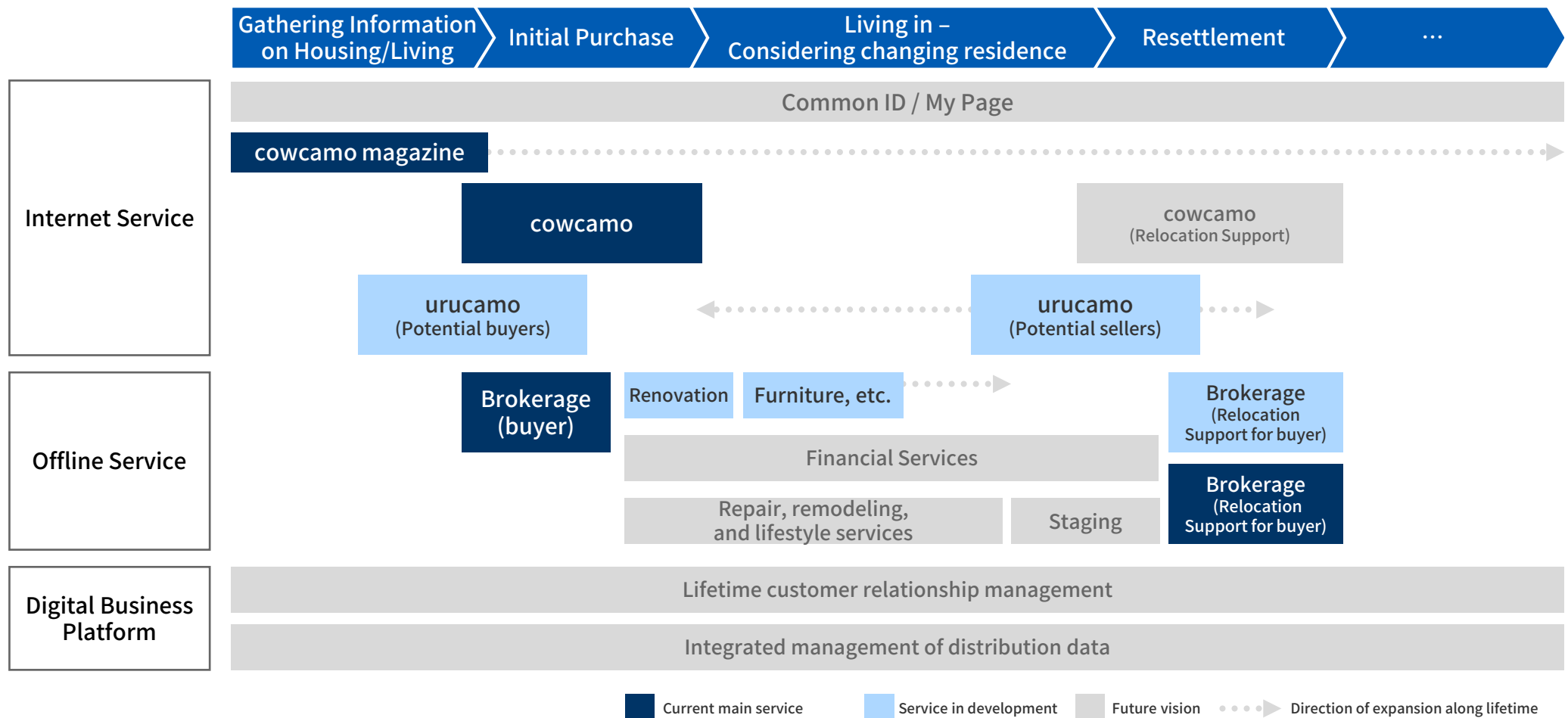
## Conceptual image of target market expansion based on Properties x Areas



# Developing customer relationships over a lifetime through 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

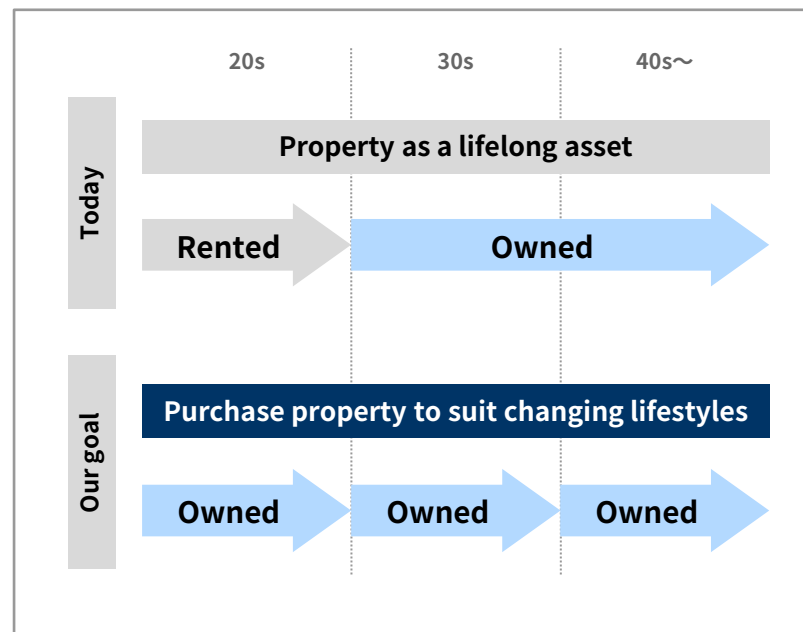
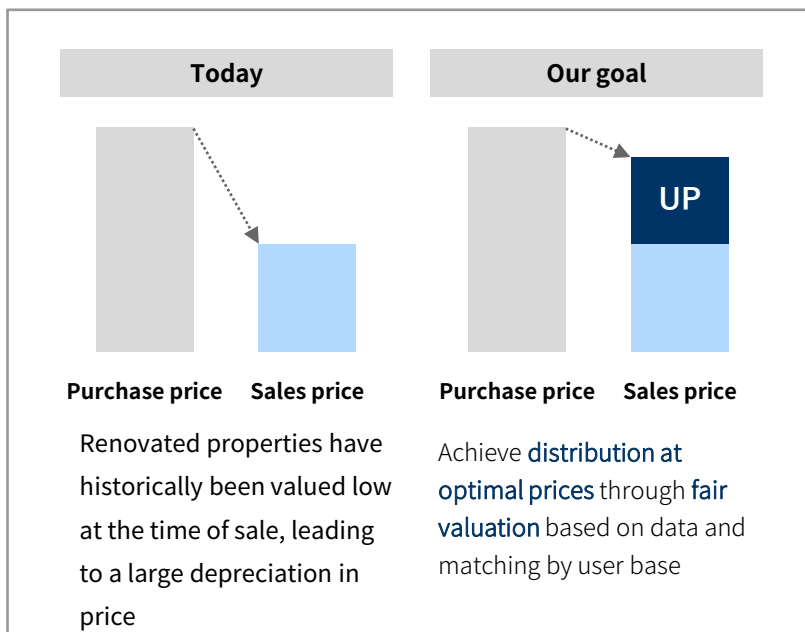
- Fair valuation of renovated properties through data accumulation
- Matching potential buyer/seller needs



## Increase frequency of home purchases

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

= **Market Creation**



# Reference

## Reference | A management team with background 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 (now TSE Growth) in just 2.5 years, followed by a promotion to the TSE 1st Section (now TSE Prime). 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.

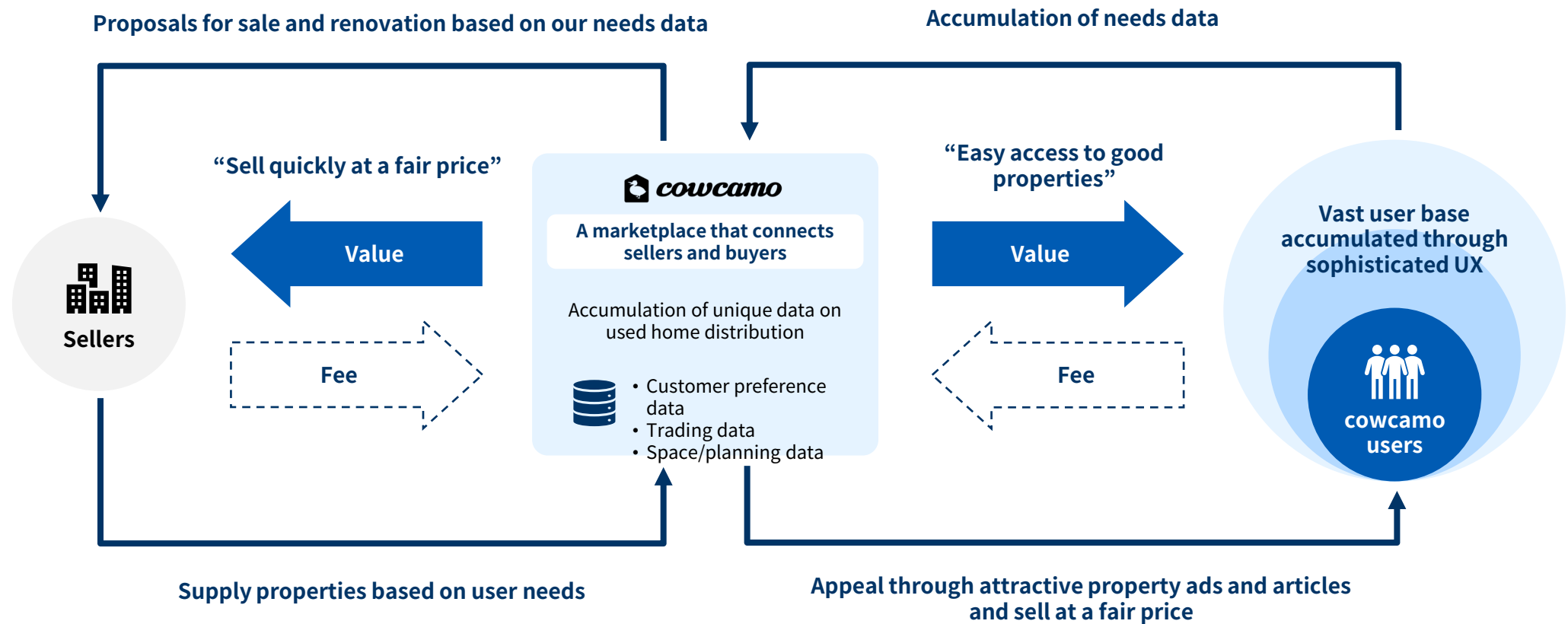


**Keiko Hatano**  
External Auditor

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.

## Reference | 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.



# Reference | Feedback from 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 buy and sell 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.”





## Reference | 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

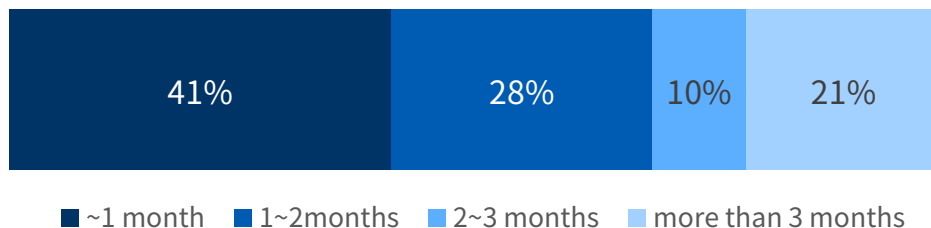
#### Sold at desired price\*1

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

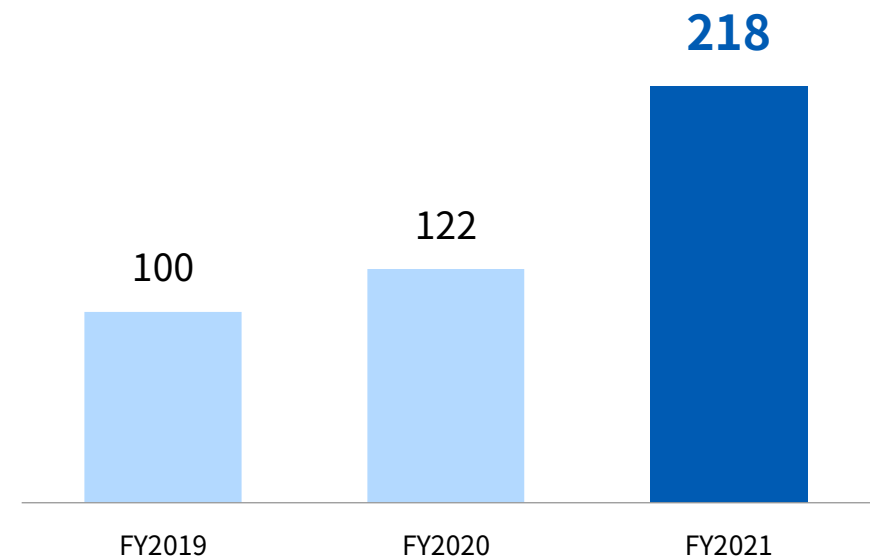
- Contracts closed in an average of **2.03** months\*3 compared to the average of 4.15 months\*2 in the Tokyo metropolitan area\*2
- Compared to the average of 55%,\*2 **79%** of listings sold within 3 months



### Creating 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"  $\hat{=}$  "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](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.

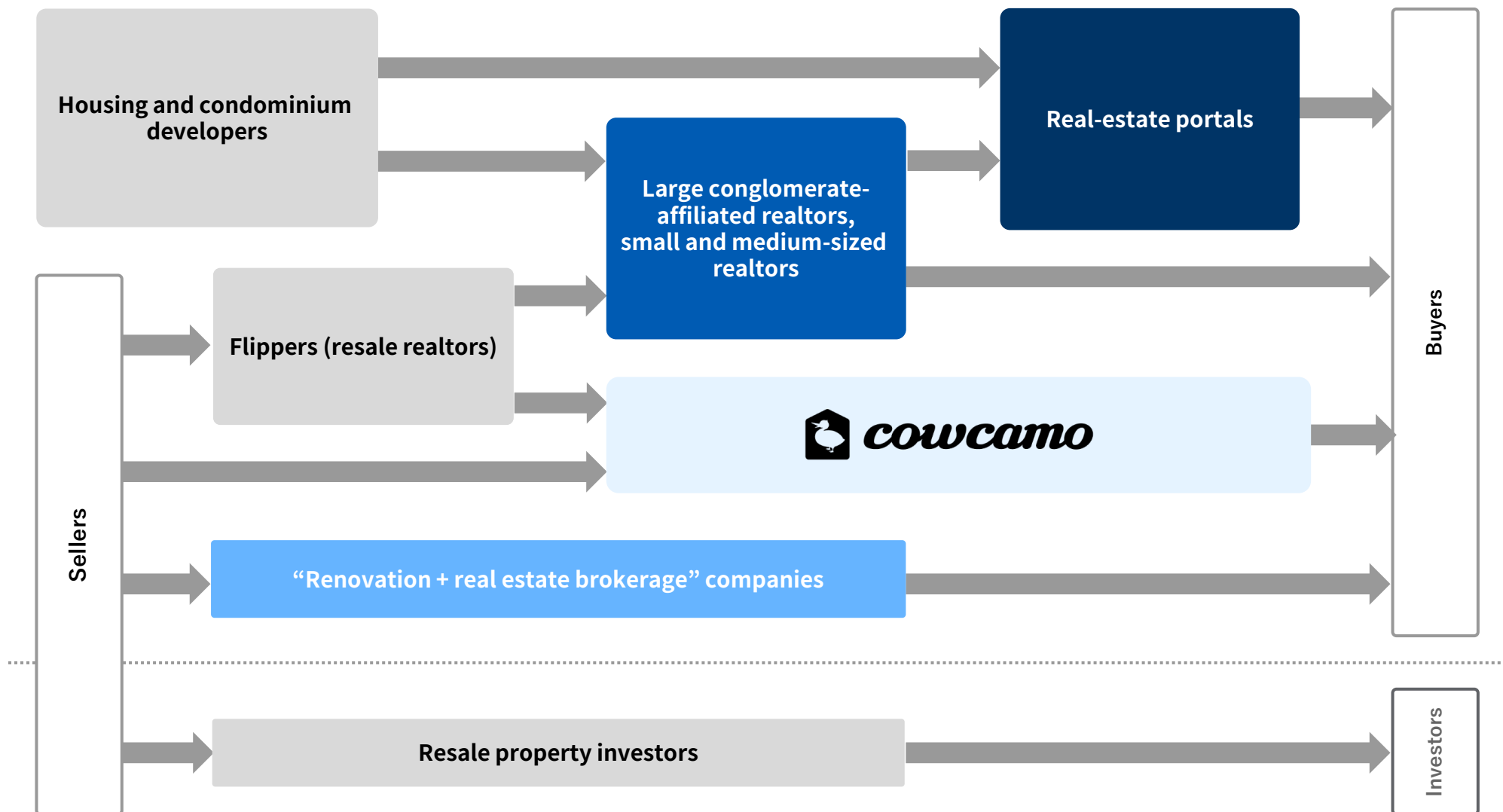
\*4 Distribution of the number of days it took from mediation to contract signing for FY2021.

\*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.



## Reference | Competitive environment

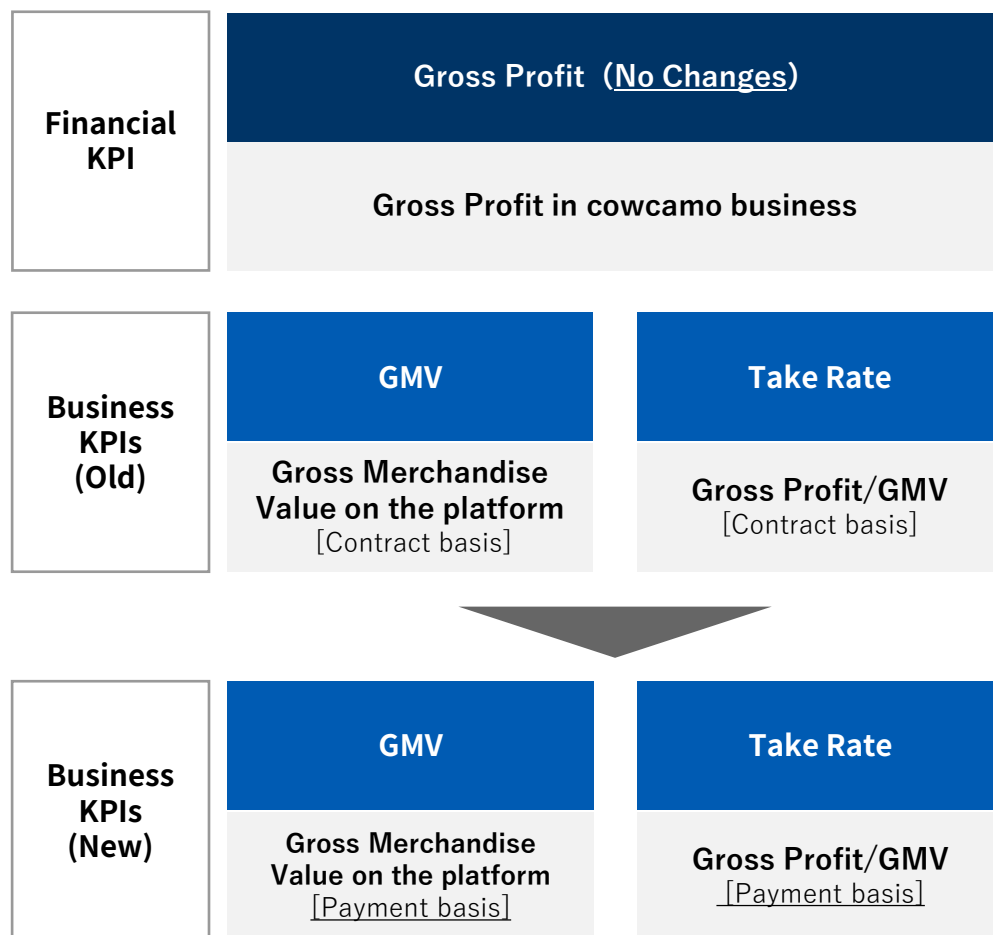
By integrating a real estate portal site with the brokerage business, cowcamo has built a unique position based on a “fun-to-view customer experience” and “fast and appropriate matching” based on accumulated users and data.



# 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.

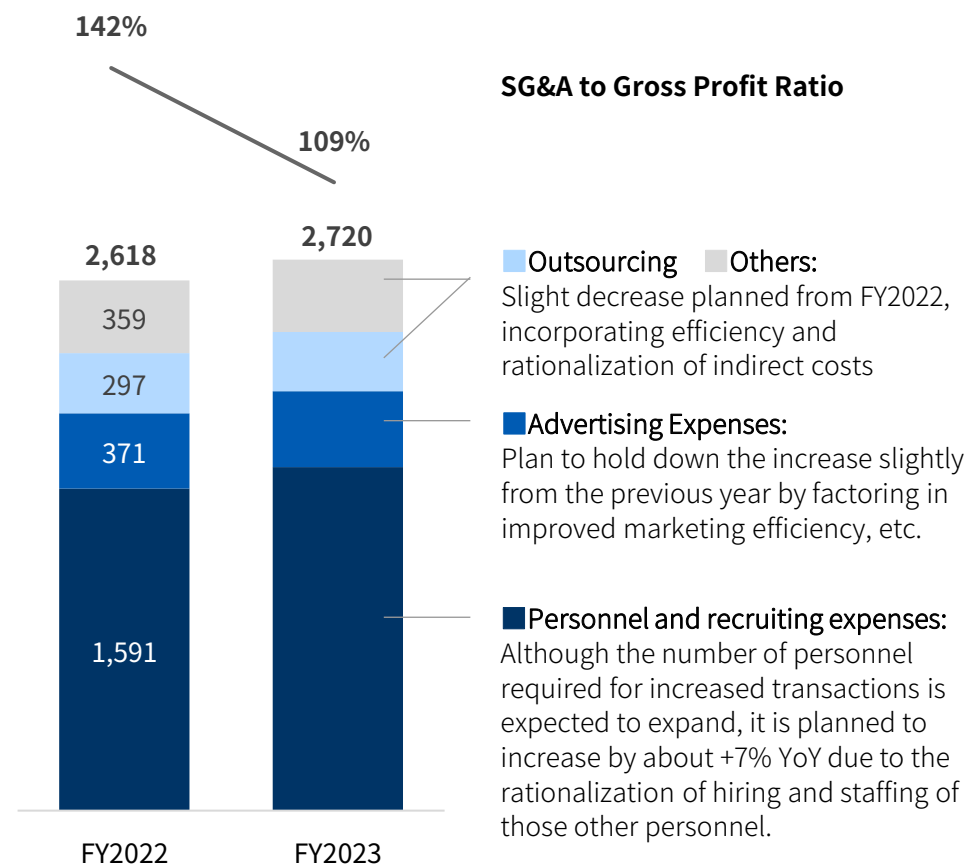
# Reference | Forecast of Financial Results for FY2023

For FY2023 ending July 31, 2023, we forecast revenue of 4 billion yen (+45% YoY), gross profit of 2.5 billion yen (+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)

	<b>FY2023 Forecast</b>	<b>FY2022 Actual</b>	<b>YoY</b>
<b>Revenue</b>	<b>4,000</b>	<b>2,766</b>	<b>+45%</b>
<b>Gross Profit</b>	<b>2,500</b>	<b>1,844</b>	<b>+36%</b>
<b>SG&amp;A Expenses</b>	<b>2,720</b>	<b>2,618</b>	<b>+4%</b>
<b>Operating Profit</b> (of which, expenses for stock-based compensation)	<b>-220</b> <b>(-60)</b>	<b>-773</b> <b>(-46)</b>	<b>-</b>

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



# Business Policy for profit and loss plan for FY2023

Based on the results of prior investments and measures taken by FY2022, 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** Expand GMV on both seller/buyer side

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

### **B** Promote "structural take rate improvement"

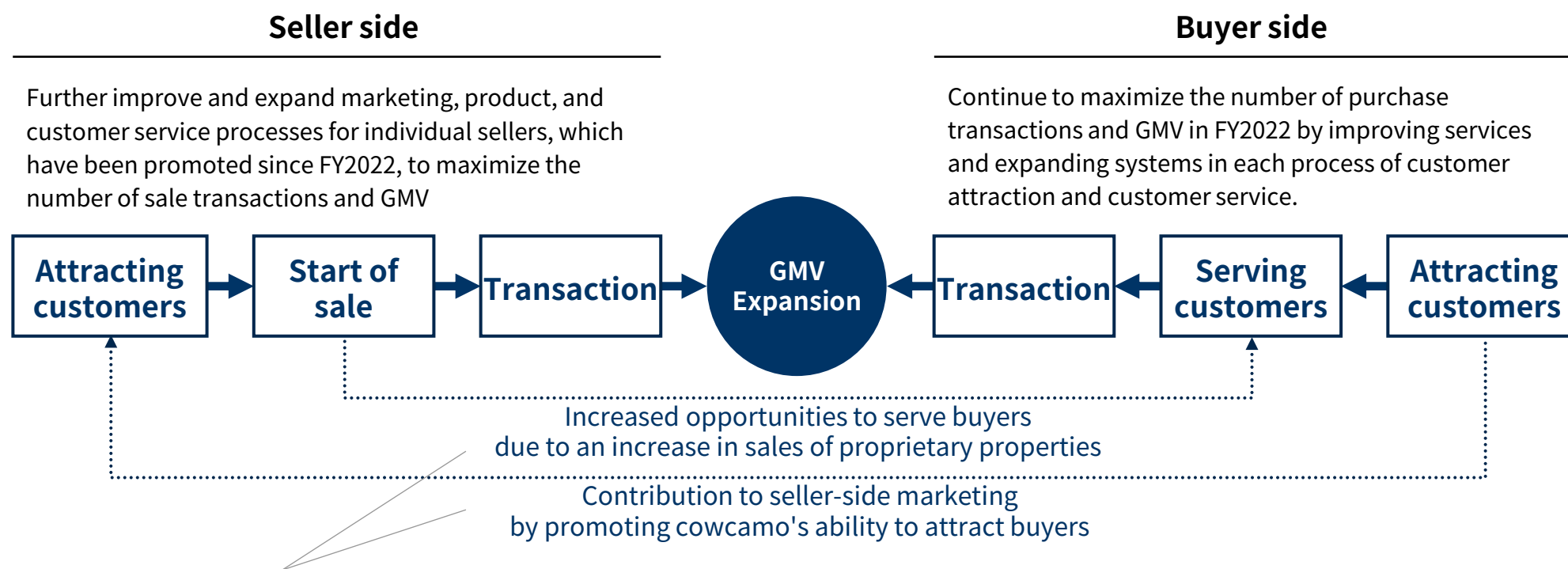
Continuously improve take rate by expanding brokerage transactions for sellers and in-house planned products

### **C** Strengthen cost management

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

## A. Expand GMV on both seller/buyer side

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.

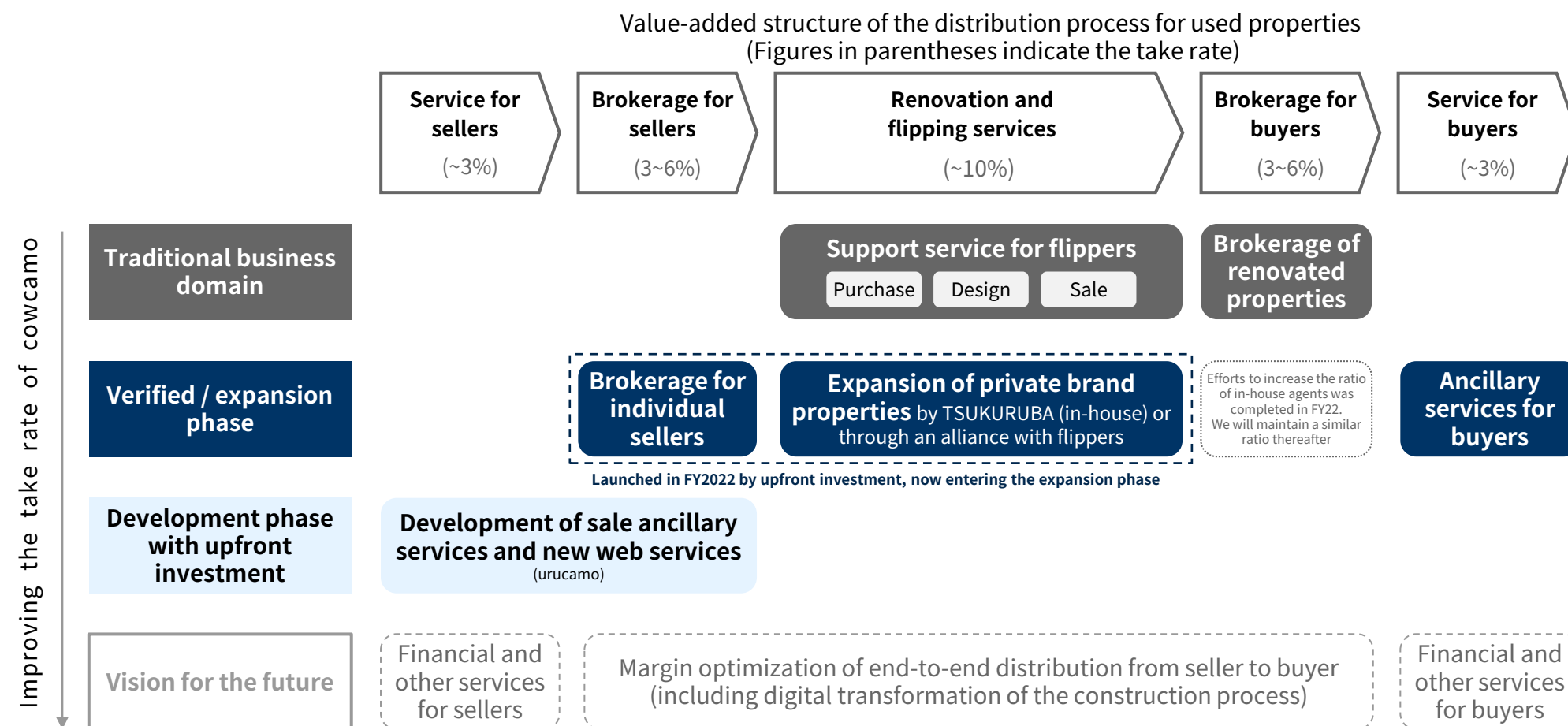


### **Synergistic effects from seller/buyer side collaboration:**

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. Promote “structural take rate improvement”

In FY2023, 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 mid-term business and service development), while assessing the probability of recovery during the current fiscal year and the return on investment in the mid-term. In addition, we will improve the operating deficit 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 in FY2023** (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 mid-term business and service development**

- Make decisions on investments in mid-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 side 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.

## Reference | Balance Sheet

In November 2022, convertible bonds held by Marui Group Inc. were converted to equity through a new issuance of Class A shares with a subsequent repurchase and retirement of the bonds. Our current capital ratio is healthy at 44%.

**As of January 31, 2023**

	Assets	Liabilities	
Cash and deposits	1,304	267	Other liabilities
		448	Short-term borrowings
		703	Long-term borrowings
Others	1,562	700	Class A shares
		747	Net assets (of which, share acquisition rights account for 116)

(Unit: JPY million)

**Capital ratio : 46%**

**As of April 30, 2023**

	Assets	Liabilities	
Cash and deposits	1,229	391	Other liabilities
		385	Short-term borrowings
		756	Long-term borrowings
Others	1,754	700	Class A shares
		750	Net assets (of which, share acquisition rights account for 128)

(Unit: JPY million)

**Capital ratio : 44%**



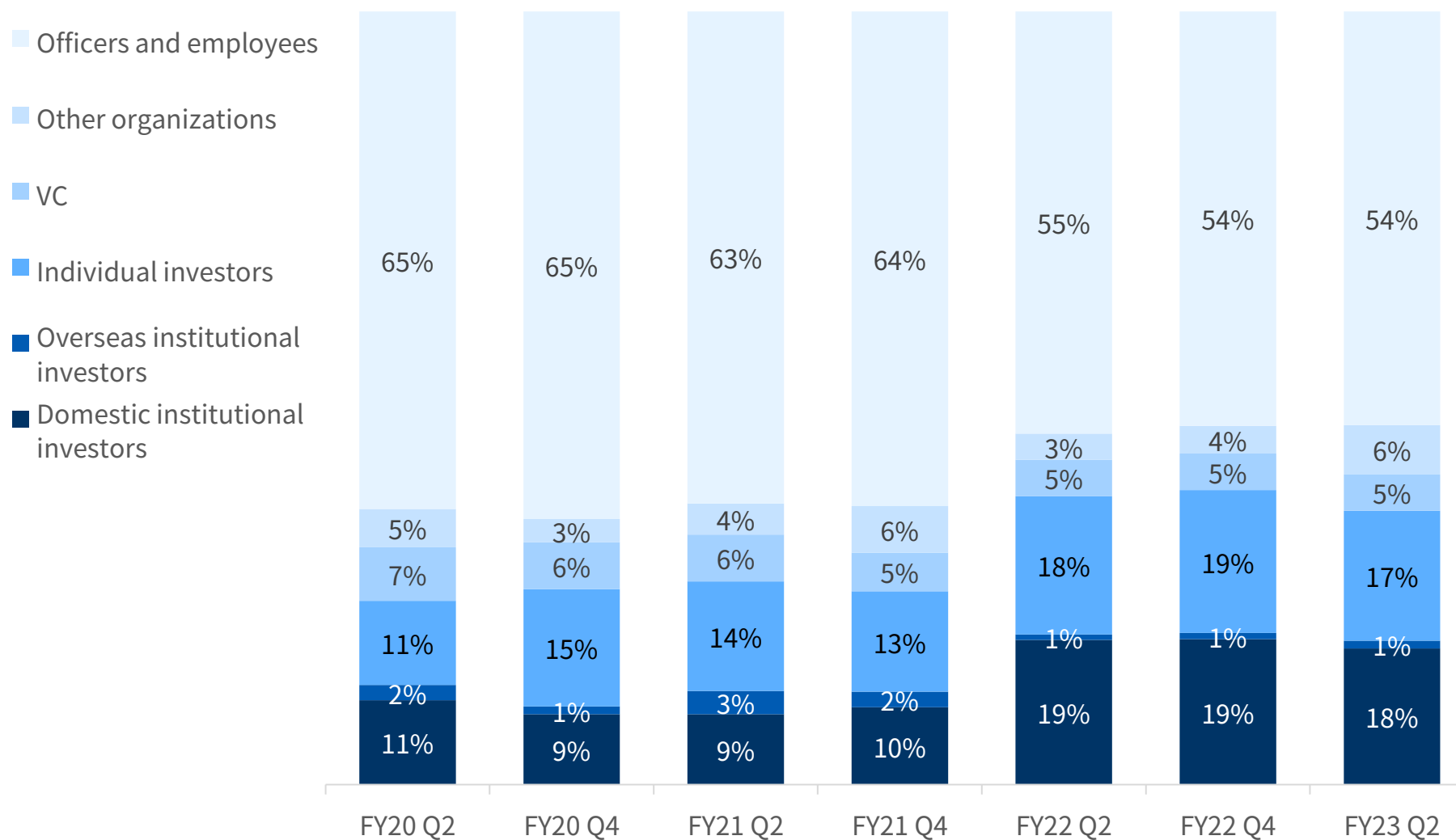
## Reference | Share Price and Trading Volume

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



## Reference | Shareholder Composition \*

Changes in the shareholder composition ratio are as follows. We will continue to make insightful information available to all investors, while striving to make timely disclosures contributing to the investment decisions of long-term investors.



\* Shareholder composition of common shares (excludes Class A shares)

## Reference | Q&A

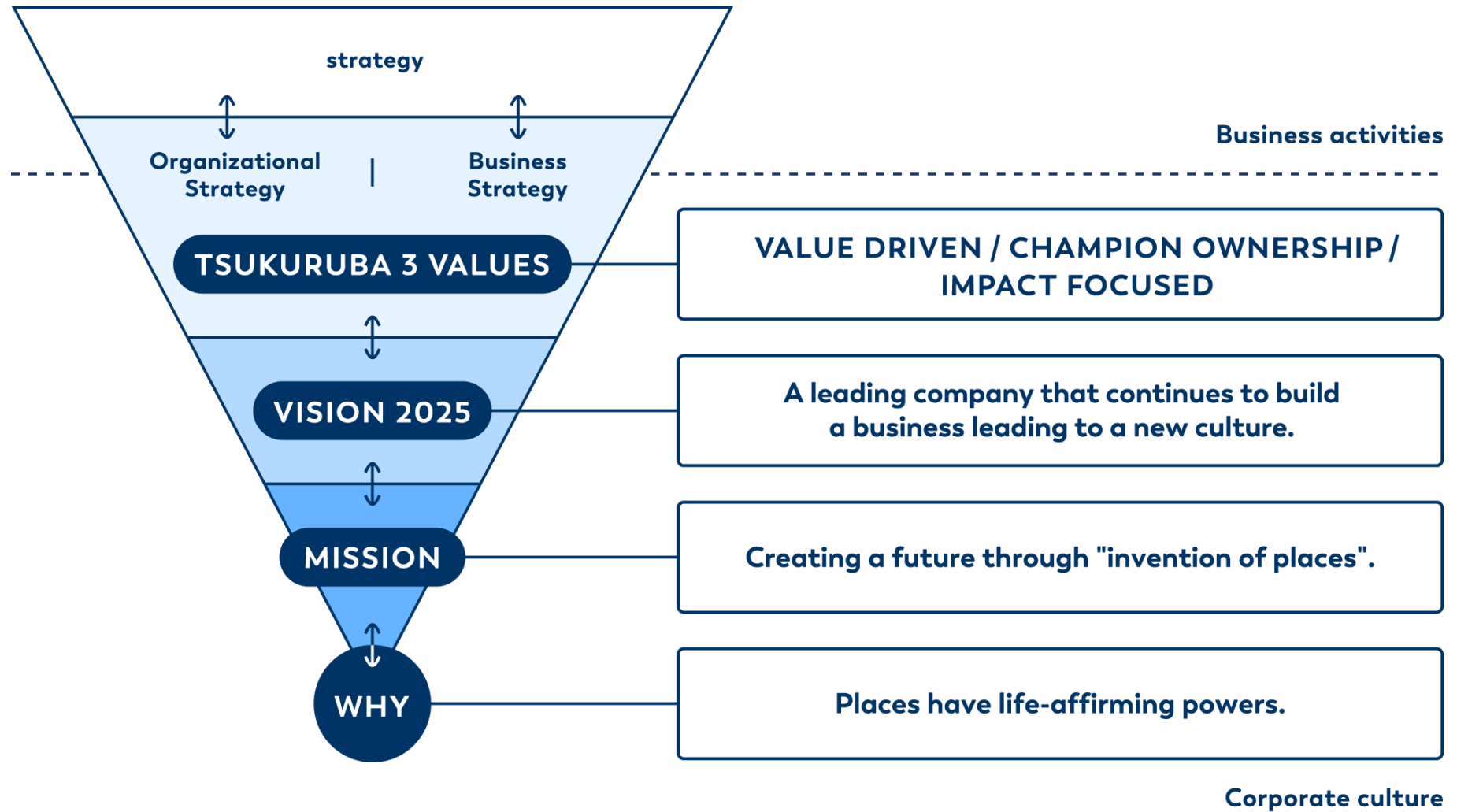
Category	Question	Answer
Company	What are the company's thoughts on the outlook for future upfront investments?	Given the prevailing macroeconomic environment, we have reviewed costs, focusing on containment of fixed costs. With regards to future investments, we will carefully select investments that have a high probability of directly contributing to profit. By doing so, we intend to continue delivering steady gross profit growth and reduction of operating 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 are expected to reflect a lagged decline, resulting in a temporary decline of real estate transactions. However, we believe that the impact of the macroeconomic environment will be limited compared to investment properties and newly built properties, as demand for used and renovated 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 business is brokerage, the impact of falling real estate prices will also be limited. On December 20, 2022, the Bank of Japan ("BOJ") announced a widening of its target band for long-term interest rates, but we anticipate limited impact to our full-year FY2023 forecast. Also, we will carefully observe the impact of any fiscal policy changes from the appointment of the new BOJ governor, Kazuo Ueda.
cowcamo	What is the impact of the weak yen, the situation in Ukraine, etc. on your business?	Material prices have remained high and are expected to remain at the current level for the foreseeable future. As for delays relating to the procurement of materials, we are not seeing material impact now.
cowcamo	What are the growth indicators for cowcamo?	The financial KPI is gross profit, and the business KPIs are GMV and take rate. As for leading indicators of growth, MAU has historically been our primary figure, but now that a sufficient user base has been acquired through the platform, we will rely on the number of transactions (contract basis) as the leading indicator of growth going forward.
cowcamo	Why is there quarterly volatility in the GMV?	Past trends show that performance tends to be better later in the fiscal year, when we see both the number of employees and sales activities peak. In addition, the number of transactions on a contract basis tends to be the highest in Q3 (from February to April), when there is a large movement of people. Accordingly, gross profit (which we recognize on a payment basis) tends to peak in Q4, as a direct result of contracts signed in Q3. Therefore, the progress of our full-year forecast also tends to be less than 25% in the first two quarters of the fiscal year, recovering in the last two quarters.
cowcamo	What is the outlook of the in-house planned products business?	As TSUKURUBA's financials continue to improve in the coming quarters, we will be able to expand our in-house planned products business, as well as other businesses utilizing the balance sheet. We will carefully consider the timing of expansion, given recent macroeconomic trends around interest rates and real-estate prices, but will actively seek an expansion given the business' high take rate.

## Reference | 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*	193 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"><li>- cowcamo Platform Business</li><li>- cowcamo Agent Service Business</li></ul> <p>“Property, Planning and Design (PPD) Business“</p> <ul style="list-style-type: none"><li>- Mission: producing new value in the real estate domain</li><li>- Operation of “co-ba,” subscription-based co-working offices</li><li>- Spatial design and consulting business</li></ul>
Awards	<p>Deloitte Technology Company Japan Technology Fast 50 (2017-2020)</p> <p>2021 The 4th WOMAN's VALUE AWARD, Excellence Award</p>

\* In the “Financial Results FY 2022” announced on September 12, 2022, “Employees” included the number of full-time contractors. However, this presentation and future disclosures will only list the number of full-time employees as “Employees,” in order to maintain consistency with previous disclosures.

## Reference | Corporate Philosophy



# 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.

Information within this material on topics other than TSUKURUBA is quoted from published information and other sources. As such, the accuracy, appropriateness, etc. of such information has not been verified, nor are any guarantees provided thereof.

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**TSUKURUBA**