

# TSUKURUBA

TSE Growth: 2978

## **Financial Results FY2024 Q1 (Aug.-Oct.)**

December 14, 2023

### **FY2024**

August 1, 2023 to July 31, 2024

# Agenda

- 1. Financial Highlights**
- 2. Financial Results for FY2024 Q1**
- 3. Forecast for FY2024**
- 4. Investment Highlights**

# 1. Financial Highlights

# Financial Highlights

In Q1, we achieved steady growth in both revenue and gross profit, returning to profitability on a YoY basis. The upward revision to our FY2024 forecast is solely due to the sale of investment securities, as we anticipate additional extraordinary income of JPY 50 million in Q2.

## Financial Results FY2024 Q1 (Aug. 2023-Oct. 2023)

Consolidated

### Returning to profitability on the back of company-wide productivity improvements (measured by gross profit per employee).

Revenue	JPY <b>1,486</b> million (+78% YoY*)
Gross Profit	JPY <b>725</b> million (+25% YoY*)
Operating Profit	JPY <b>69</b> million (+174 million YoY*)

The increase in the gap between revenue and gross profit is due to greater sales of in-house planned products (P7 for further details).

### <cowcamo business KPI>

GMV	JPY <b>14,021</b> million (+10% YoY*)
Take Rate	<b>4.7</b> % (+0.5pt YoY*)

## Forecast FY2024 (Aug. 2023-Jul. 2024)

Consolidated

### We revised the FY2024 forecast for net profit attributable to shareholders upward, due to the one-time sale of investment securities. There are no changes to other forecasts, including revenue, gross profit and operating profit.

- Extraordinary income of JPY 50 million in Q2 due to sale of investment securities
- Anticipate extraordinary income of JPY 49 million in Q2 due to the completion of sale of our PPD business, as per initial assumption (P19 for further details)
- We anticipate expect to achieve our full-year forecast by continuing to pursue company-wide productivity improvements

\* Non-consolidated basis before FY23

## 2. Financial Results for FY2024 Q1

# Company-wide | FY2024 Q1 - Quarterly Financial Summary

On the back of company-wide productivity improvements, we achieved steady growth in both revenue and gross profit, returning to profitability on a YoY basis. In Q1, there was also a one-time upside to operating profit of JPY 20 million due to the adjustment of expenses related to share acquisition rights.

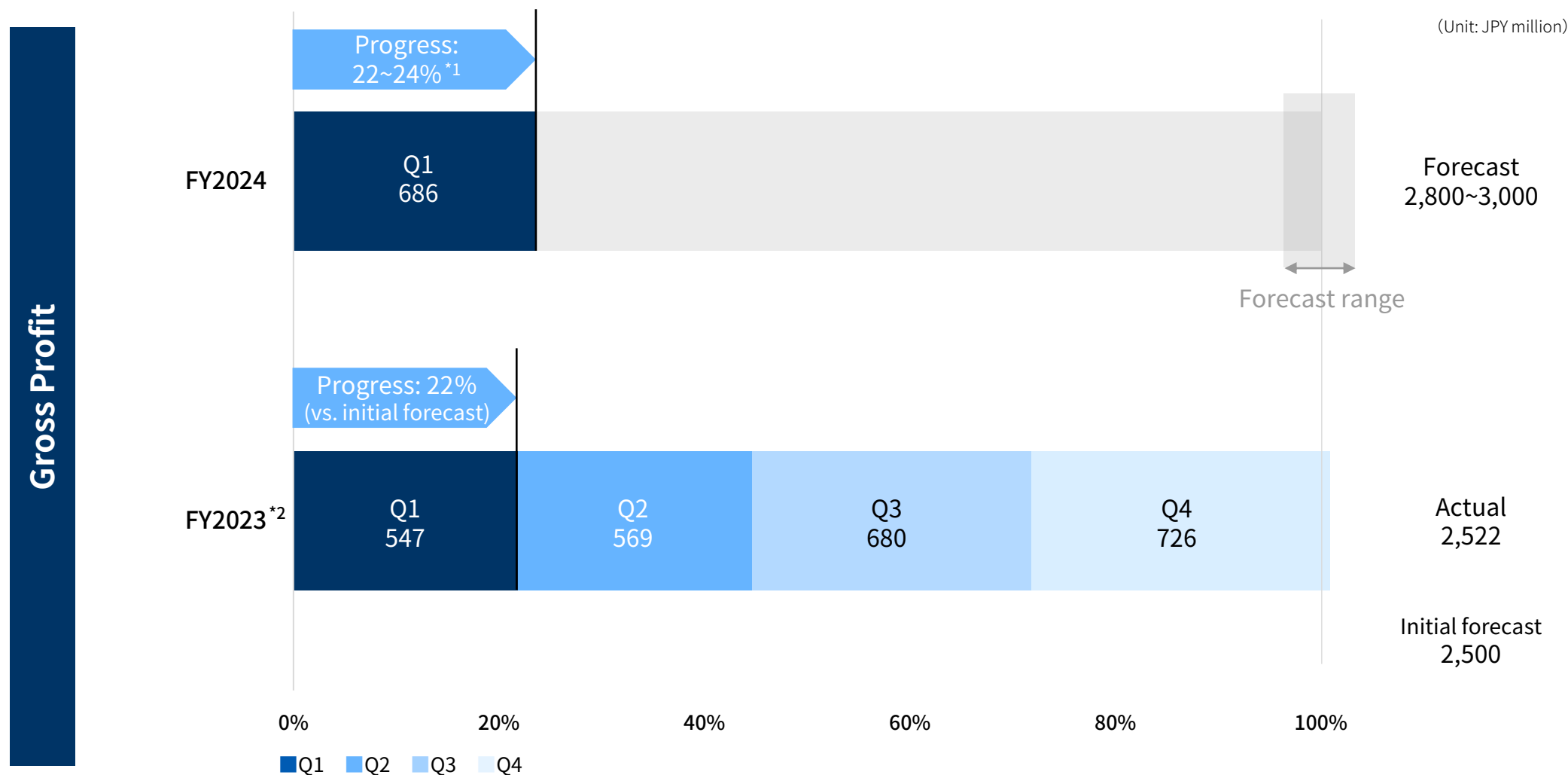
	FY2024 Q1 (2023/8-2023/10) Consolidated	FY2023 Q1 (2022/8-2022/10) Non-consolidated*	YoY
Revenue	1,152	742	+55%
Gross Profit	686	547	+25%
Operating Profit	49	-100	+149
Ordinary Profit	44	-106	+151
Net Profit	45	-110	+155

\* Non-consolidated basis before FY23

(Unit: JPY million)

# Company-wide | Progress towards our full-year forecast for FY2024

Compared to FY2023, when we finally revised our full-year forecast upward, our progress vs. gross profit forecast has been steady. In line with initial assumption, the sale of our PPD business was completed as of November 1, 2023. As such, there will only be revenue and profit contribution from the cowcamo business after Q2.



<sup>\*1</sup> Given the sale of our PPD business completed on November 1, 2023, the rate of progress shows the progress of just the cowcamo business

<sup>\*2</sup> Non-consolidated basis before FY23

## Reference | Our revenue structure and its effect on financial metrics and KPI

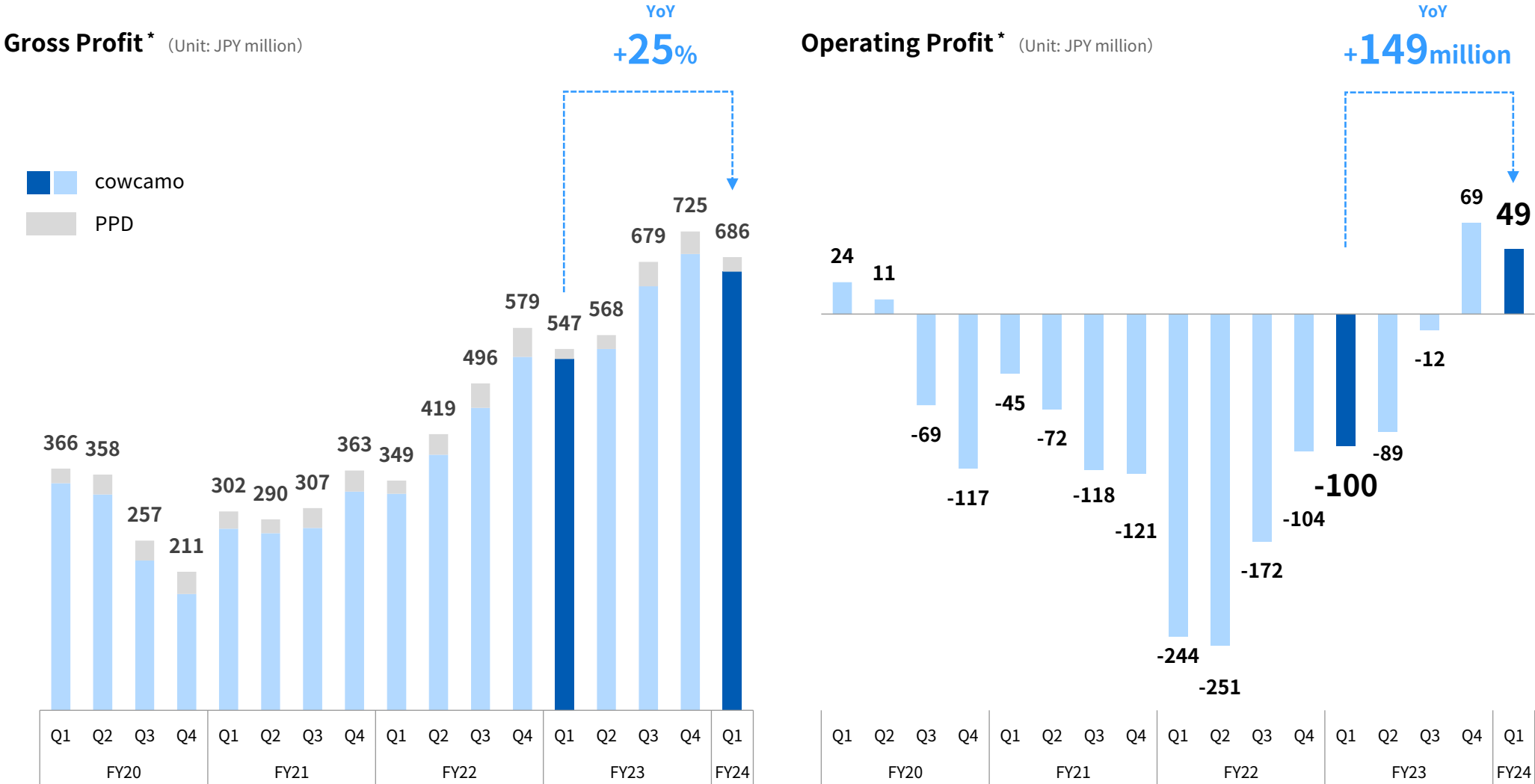
At TSUKURUBA, our revenue structure can be divided into commission revenue (net revenue) and sales revenue (gross revenue). As such, we position gross profit as our financial KPI. For business KPI, we disclose GMV and take rate, which accurately represent the state of our business, irrespective of the type of revenue.

		Buyer (demand) side			Seller (supply) side	
		Brokerage Commission	Ancillary Service Commission	Furniture / Interior Sales	Brokerage Commission	Property Sales
		Commission originating from brokerage to buyers	Commission received from renovation and ancillary service partners	Revenue from sale of furniture and interior decoration	Commission originating from brokerage to sellers	Revenue from sale of in-house planned products
Financial Metrics	Revenue	Net Revenue (commission)	Net Revenue (commission)	Gross Revenue (sale price)	Net Revenue (commission)	Gross Revenue (sale price)
	Financial KPI Gross Profit	Transaction value × Commission rate	Transaction value × Commission rate	Sale price × Gross margin	Transaction value × Commission rate	Sale price × Gross margin
Business KPI	GMV	Transaction value of property	Transaction value of ancillary services	Sale price of furniture and interior decoration	Transaction value of property	Sale price of property
	Take Rate	Commission rate (brokerage)	Commission rate (customer referral)	Gross margin	Commission rate (brokerage)	Gross margin



# Company-wide | Gross Profit and Operating Profit

Gross profit continues to increase steadily, as we return to profitability on a YoY basis.

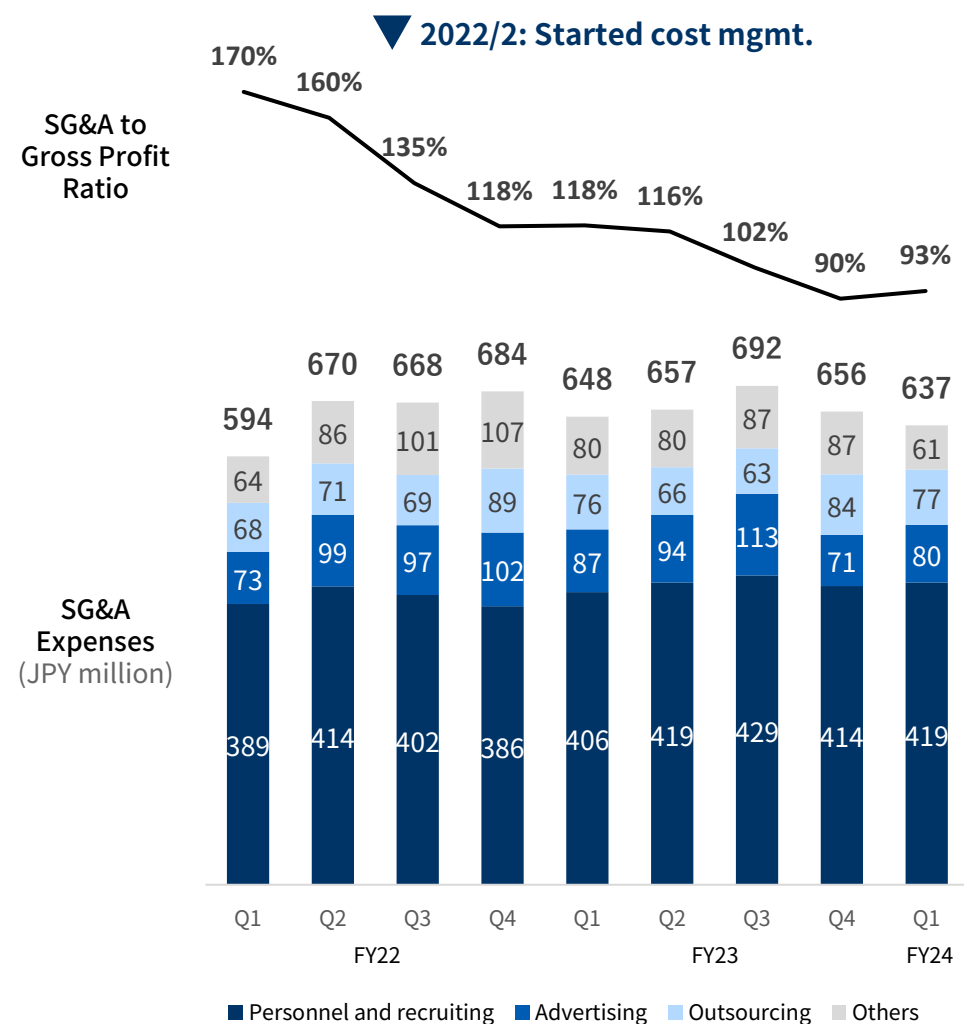


\* Non-consolidated basis before FY23

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

SG&A expenses decreased -2% YoY, in line with our fiscal-year policy to increase gross profit while maintaining previous-year level of expenses. Consequently, our SG&A to gross profit ratio has improved 25pt on a YoY basis.

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



## Policy on SG&A Expenses

### Personnel and recruiting expenses

- Continue to expand our sales force, while focusing on productivity improvements
- Streamline hiring and personnel allocation in corporate functions
- Accelerated expansion of sales force to achieve FY25 goals will be considered in the second half of FY24 based on progress vs. forecast

### Advertising expenses

- Continue to adjust advertising expenses with consideration of the projected seasonality

### Outsourcing expenses

- Limit the increase in outsourcing expenses from the transition to consolidated accounting and other corporate actions
- Leverage the use of external services as a more cost-effective alternative to our current corporate structure

### Others

- Continue to carefully monitor expenses to reduce company-wide SG&A
- Includes one-off reduction in Q1 of JPY 20 million from the adjustment of expenses related to share acquisition rights

\* Non-consolidated basis before FY23

# Segments | FY2024 Q1 – Quarterly Financial Summary by Business Segment

Overall company growth was buoyed by a strong performance in our core business, the cowcamo segment. The sale of our PPD segment was completed as of November 1, 2023.

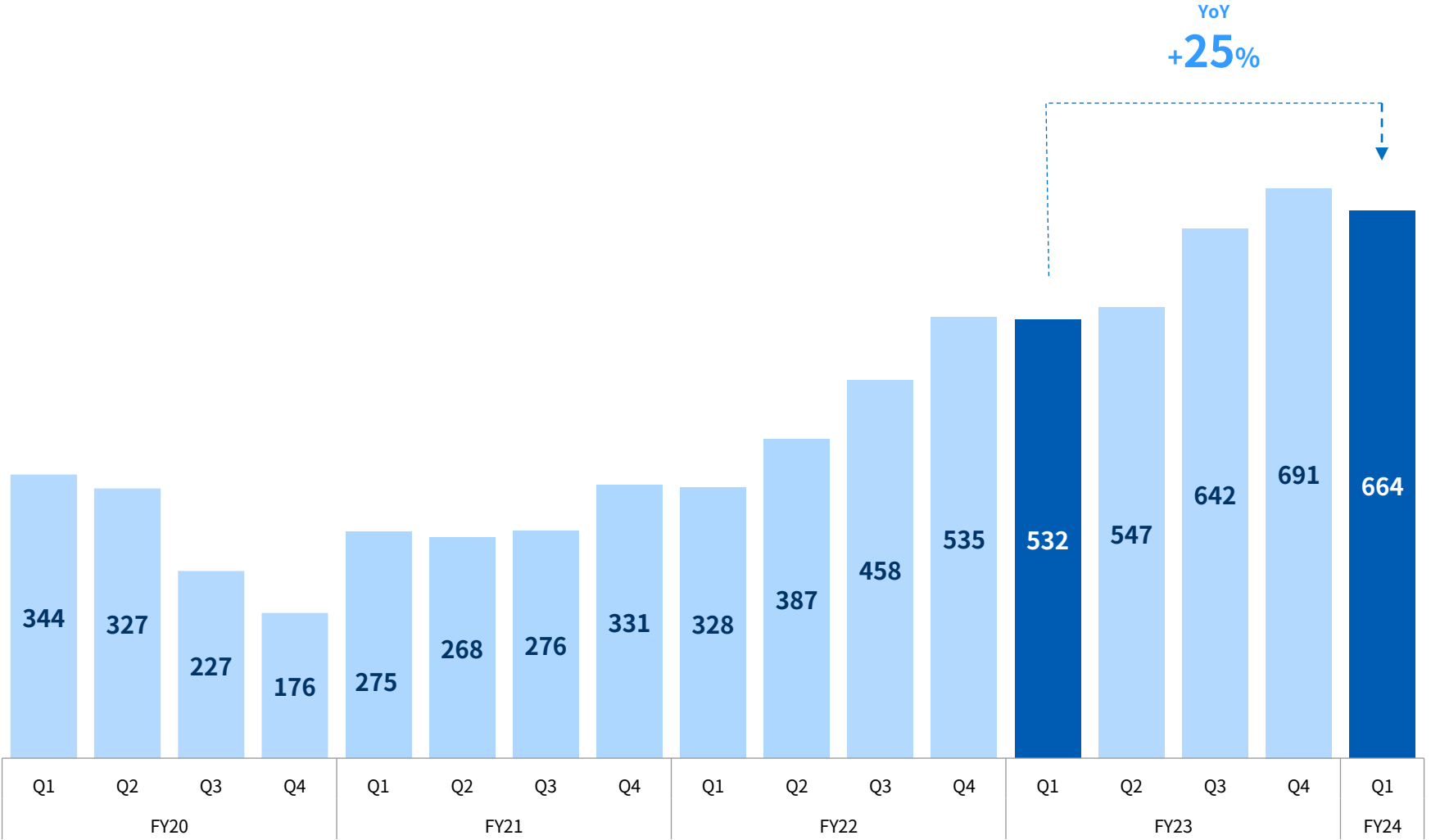
(Unit: JPY million)

		FY2024 Q1 (2023/8-2023/10) Consolidated	FY2023 Q1 (2022/8-2022/10) Non-consolidated *	YoY
cowcamo	Revenue	1,065	661	+61%
	Gross Profit	664	532	+25%
	Segment Profit	235	90	+160%
PPD	Revenue	86	81	+7%
	Gross Profit	22	15	+48%
	Segment Profit	8	-3	-
Others	Corporate Expense	-194	-188	-

\* Non-consolidated basis before FY23

# cowcamo | Gross Profit \*

Gross profit of the cowcamo segment has increased steadily at +25% YoY with growth centered on the buyer side.



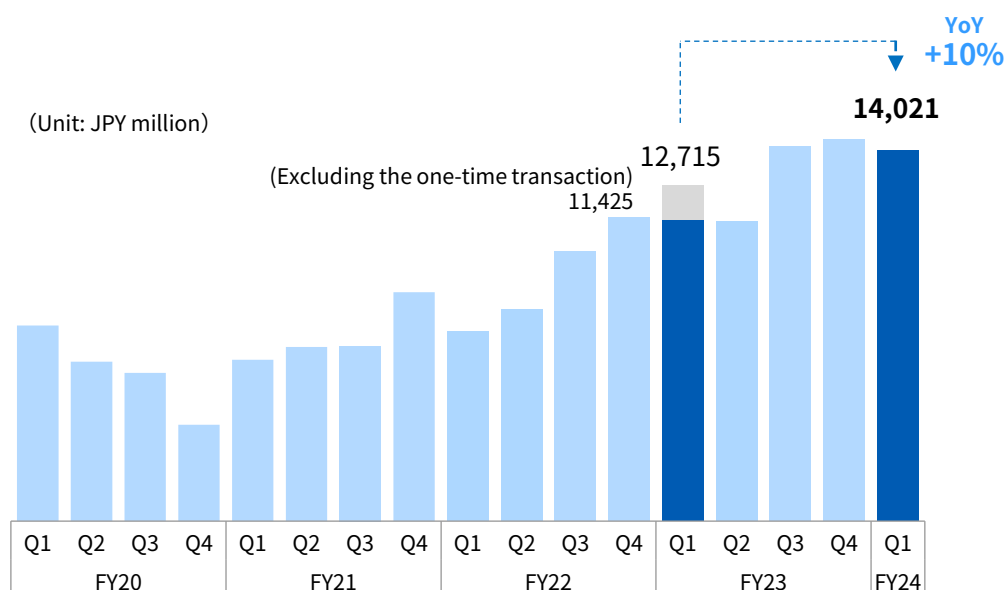
\* Non-consolidated basis before FY23

(Unit: JPY million)

# cowcamo | GMV and Take Rate

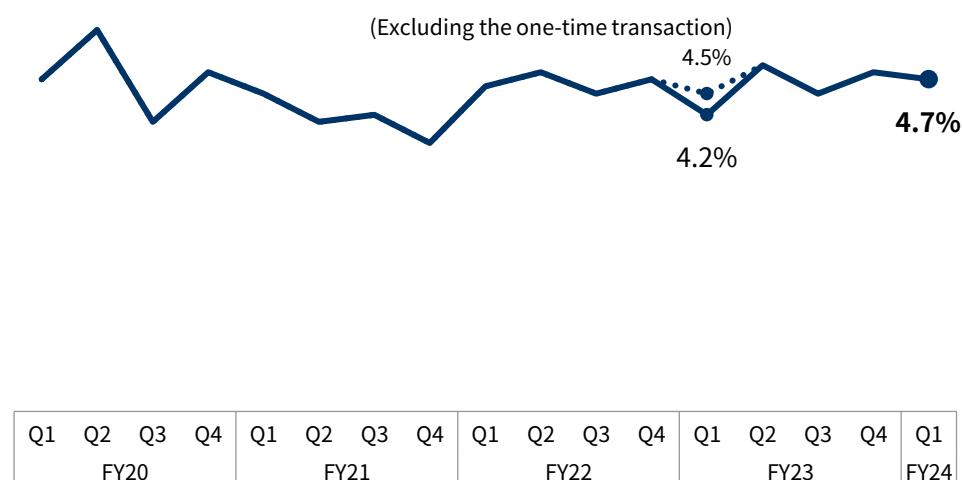
GMV increased +10% YoY, while take rate increased +0.5pt YoY. Excluding the one-time large transaction in FY2023 Q1, GMV increased steadily at +22% YoY with take rate at +0.2pt, in line with initial assumption.

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



- Since June 2023, the number of transactions market-wide has continued to modestly increase. Meanwhile, transactions through the cowcamo platform has continued to increase above the market rate with GMV growing at +10% YoY
- Excluding the one-time large transaction (>JPY 1 billion) in FY2023 Q1, GMV increased steadily at +22% YoY
- In Q1, the largest contribution to GMV came from the buyer side, as well as increased sales of in-house planned products

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



- Take rate increased +0.5pt YoY. There were no major changes in the market supply-demand environment to influence the take rate, and take rate was +0.2pt YoY excluding the one-time transaction in FY2023 Q1
- In Q1, sales of ancillary services for buyers, namely renovation services contributed positively to take rate
- We will continue to drive improvements on the seller (supply) side, but do not expect significant changes to take rate 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>								
	FY21 <sup>*2</sup>				FY22 <sup>*2</sup>				FY23 <sup>*2</sup>				FY24
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
(Unit: JPY million)													
<b>Revenue</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>1,486</b>	<b>1,152</b>
<b>Gross Profit</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>	<b>725</b>	<b>686</b>
cowcamo	275	268	276	331	328	387	458	535	532	547	642	691	664
PPD	26	21	30	32	20	31	37	44	15	21	37	34	22
<b>Operating Expense <sup>*1</sup></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>	<b>656</b>	<b>637</b>
cowcamo	223	261	298	335	379	448	447	450	442	442	470	430	428
PPD	24	21	19	25	20	18	16	18	18	14	19	17	13
Corporate	99	80	107	124	193	203	205	215	188	201	202	207	194
<b>Operating Profit</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>69</b>	<b>49</b>
<b>Business KPI</b>													
<b>GMV <sup>*3</sup></b> (JPY million)	<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>13,358</b>	<b>14,621</b>
<b>GMV <sup>*4</sup></b> (JPY million)	<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>14,456</b>	<b>14,021</b>
<b>Take Rate <sup>*3</sup></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>4.6</b>	<b>4.7</b>
<b>Take Rate <sup>*4</sup></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>4.8</b>	<b>4.5</b>
<b>No. of Transactions <sup>*3</sup></b>	<b>130</b>	<b>118</b>	<b>166</b>	<b>159</b>	<b>180</b>	<b>179</b>	<b>225</b>	<b>214</b>	<b>216</b>	<b>239</b>	<b>273</b>	<b>258</b>	<b>283</b>

<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> Non-consolidated basis before FY23 | <sup>\*3</sup> Contract basis | <sup>\*4</sup> Payment basis

# Financial Policy and Initiatives for FY2024<sup>\*</sup>

In FY2024, our primary focus will be on generating operating profit, which we will undertake through a company-wide improvement of productivity, GMV expansion via enhancement of existing services for buyers, and take rate improvement by enhancing the supply of properties.



<sup>\*</sup> While the financial policy and initiatives remain unchanged, some wording has been updated from when they were first made public on September 14, 2023

# Key Initiatives in FY2024 Q1

In accordance with the financial policy announced at the beginning of FY2024\*, we primarily focused on the company-wide improvement of productivity. In addition, we have made progress to expand GMV via enhancement of existing services for buyers and improve property supply on the seller side.

A

## Company-wide improvement of productivity

### Steady improvement in sales productivity and front-office ratio has resulted in +25% YoY uplift of company-wide productivity (P16)

- Sales productivity has improved as a direct result of **improvement of sales process and management structure (P17)**. Look to further improve productivity via introduction of SFA tools and other initiatives
- Continue to increase efficiency of back-office operations to contribute to company-wide productivity by improving the front-office ratio
- Improve cost-effectiveness of resources invested in key business activities, such as customer acquisition costs, resources for property procurement and product development costs

B

## GMV expansion via enhancement of existing services for buyers

### Improvement of customer service has resulted in an uplift of contract rate, thereby leading to GMV expansion on the buyer side (P18)

- Improvement in the quality of proposals and customer experience has led to an increase in the contract rate (transactions per potential customer)
- Going forward, we will promote optimization of marketing methods and channels, enhancement of product functions and customer experience, as well as improvement of renovation services

## “Structural take rate improvement” via enhancement of supply of properties

### Pursuing “structural take rate improvement” via enhancement of property supply

- Strengthen the business structure for property procurement (seller side brokerage and acquisition) to create a foundation to enable continuous and stable property procurement
- For in-house planned products, we are currently focusing to improve turnover ratio (shorter time for development and sales) as well as the contract rate (transactions per property procured)
- Going forward, we will focus on further improving turnover ratio and contract rate by strengthening the connection to buyer side customers and utilizing user data (including urucamo)

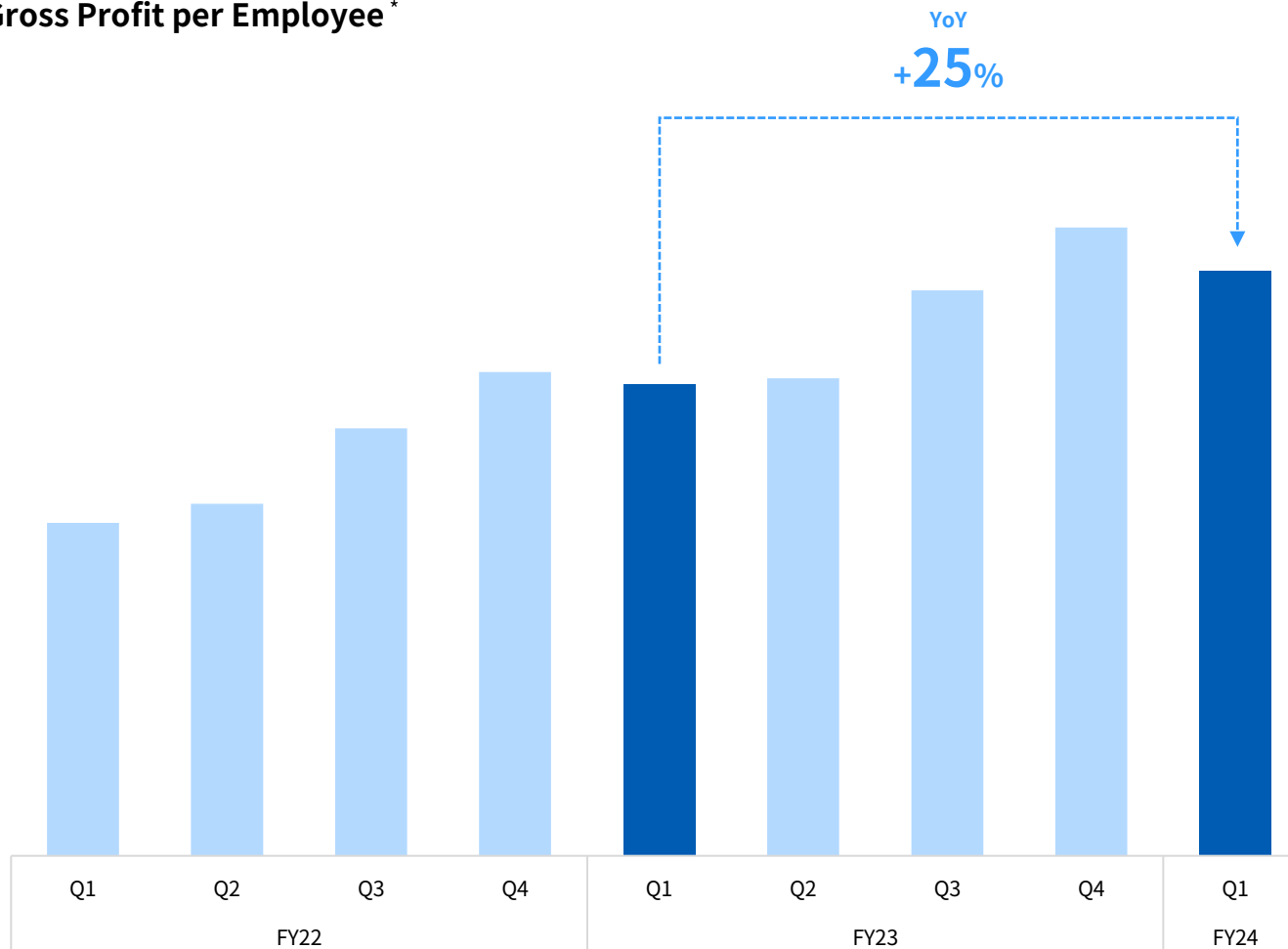
\* The policy on P26 of "Financial Results for FY2023" released on September 14, 2023



## A Company-Wide Productivity (1/2): Gross Profit per Employee

Steady improvement in sales productivity and front-office ratio has resulted in +25% YoY uplift of company-wide productivity, as measured by gross profit per employee.

Gross Profit per Employee \*

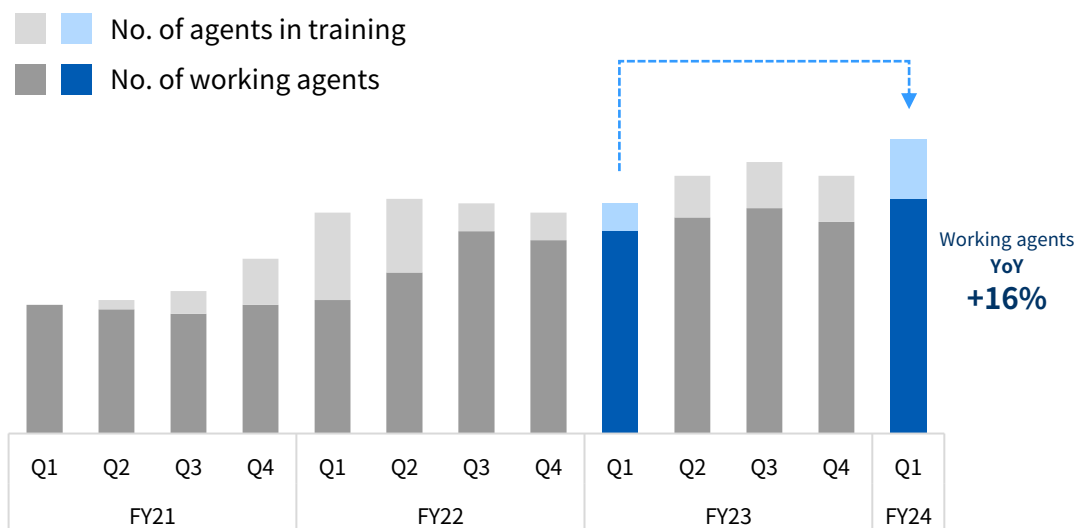


\* Non-consolidated basis before FY23

## A Company-Wide Productivity (2/2): Improvement of Sales Process and Management Structure

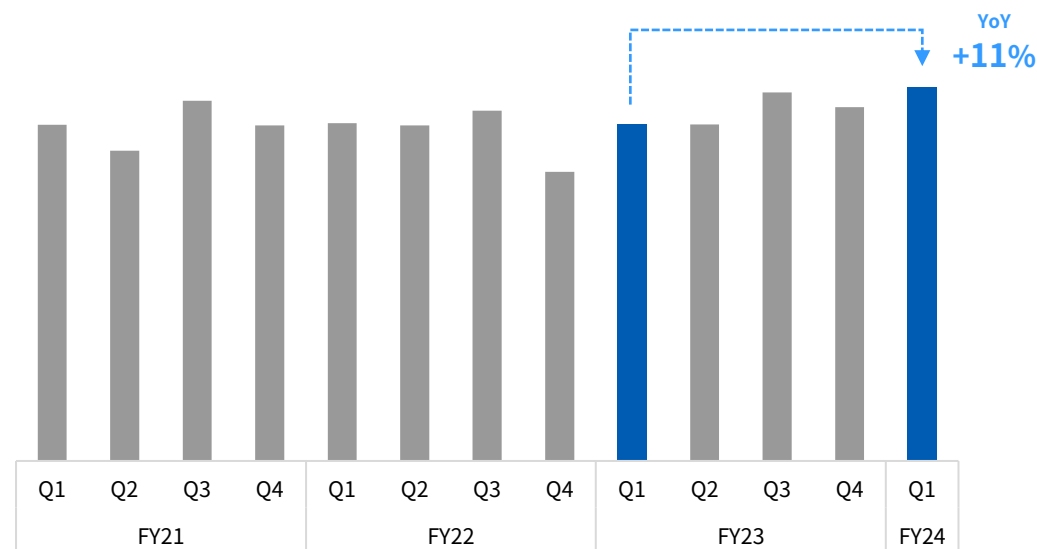
The number of in-house working agents<sup>\*1</sup> at the end of October 2023 increased +16% YoY. Improvement of sales process and management structure has also led to the +11% YoY increase of transactions per in-house agent, thereby contributing to the uplift of company-wide productivity.

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



- In Q1, the number of working agents increased +16% YoY, mainly due to the conversion of agents in training to working agents. Recruitment also progressed in line with our fiscal-year policy, and the total number of in-house agents increased +28% YoY
- Accelerated expansion of sales force to achieve FY25 goals will be considered in the second half of FY24 based on progress vs. forecast. In addition, we will continue to focus on management training, which we believe is key in a growing organization

Transactions per in-house agent<sup>\*2</sup>



- Transactions per in-house agent increased +11% YoY due to improved sales process and strengthened management structure
- To strengthen the management structure, we established a sales team to provide new agents with a systematic training program. Newly assigned agents produced results at an early stage, contributing to an increase in the total number of transactions
- Further improvement of sales process is expected in the future, including introduction of SFA tools

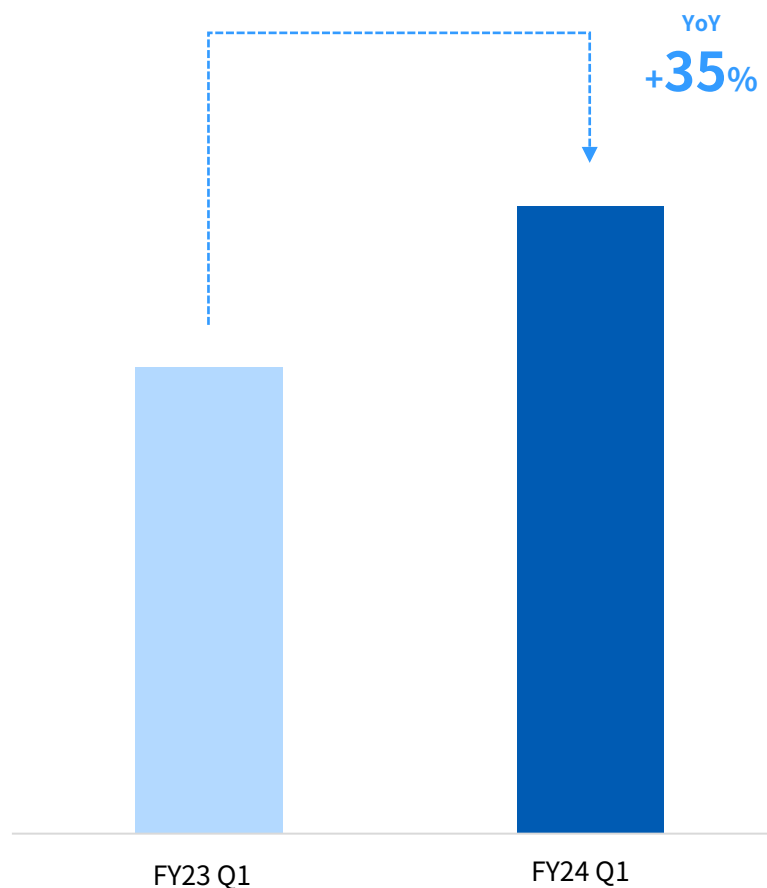
<sup>\*1</sup> "In-house agent" refers to a full-time employee engaging in brokerage sales. The number of agents on this page reflects those serving cowcamo buyers

<sup>\*2</sup> Contract basis

## B GMV Expansion via Enhancement of Existing Services for Buyers

Improvement of customer service has resulted in an uplift of contract rate, thereby leading to GMV expansion on the buyer side. Going forward, we will pursue improvement of marketing and product to increase the number of customers and contract rate; and improvement of renovation service and other ancillary services to increase the value per transaction.

### Buyer Side GMV <sup>\*1\*2</sup>



### Contribution of Service Enhancements to GMV Expansion in Q1

Customers	<ul style="list-style-type: none"><li>Number of customers only increased slightly, due to a shift in marketing priority to attract customers in the conversion funnel vs. awareness or consideration (contributed to an increase in the contract rate)</li></ul>
Contract Rate Transactions per Customer <sup>*1</sup>	<ul style="list-style-type: none"><li>Improvement in the quality of proposals and customer experience has led to an increase in the contract rate (transactions per potential customer)</li><li>Going forward, we look to achieve further uplift in the contract rate through improvement of customer experience and service quality by undertaking product enhancements</li></ul>
Value per Transaction GMV per Transaction <sup>*1</sup>	<ul style="list-style-type: none"><li>Value per transaction increased slightly in line with rising property prices in the market, despite the headwind from the limited capacity of renovation providers</li><li>Going forward, we will look to increase the number of renovation providers, as well as improving the order rate of other ancillary services</li></ul>

<sup>\*1</sup> Contract basis

<sup>\*2</sup> Includes transactions where we act as the broker on both the buyer and seller side

# Reference | Sale of the Property Planning and Design (“PPD”) Business

As per initial assumption, the sale of our PPD business (3% of TSUKURUBA’s gross profit in FY2024 Q1) was completed on November 1, 2023. We anticipate extraordinary income of JPY 49 million in Q2 from the sale.

## Sale of the PPD Business

<b>Business Description</b>	<ul style="list-style-type: none"> <li>PPD has a mission to produce new value in the real estate domain. It operates <i>co-ba</i>, a chain of subscription-based co-working offices, as well as a spatial design and consulting business</li> </ul>
<b>Details of the Sale</b>	<ul style="list-style-type: none"> <li>We decided on the sale of our PPD business given the difference in business domain and limited synergy between our core business, cowcamo, and PPD. We believe that focusing our management resources on the cowcamo business is the correct decision to improve our corporate value in the mid to long-term</li> <li>As of November 1, 2023, the sale of PPD business to Mr. Masahiro Nomura (co-founder of TSUKURUBA) has been completed</li> </ul>
<b>Financial Impact</b>	<ul style="list-style-type: none"> <li>Given the sale of PPD, we expect extraordinary income of JPY 49 million (as per initial assumption)</li> <li>After Q2, only the cowcamo segment will generate revenue and profit for TSUKURUBA</li> </ul>

## Business Summary

(Unit: JPY million)

	<b>FY2024 Q1 (2023/8-2023/10)</b> Consolidated	<b>FY2023 (2022/8-2023/7)</b> Non-consolidated *
<b>Revenue</b>	<b>86</b>	<b>355</b>
<b>Gross Profit</b>	<b>22</b>	<b>108</b>
% of TSUKURUBA	3%	4%
<b>Segment Profit</b> <sup>*2</sup>	<b>8</b>	<b>38</b>

## Balance Sheet Summary

(Unit: JPY million)

	<b>FY2024 Q1 (2023/8-2023/10)</b> Consolidated
Current Assets	56
Fixed Assets	74
<b>Total Assets</b>	<b>131</b>
Current Liabilities	43
Fixed Liabilities	9
<b>Total Liabilities</b>	<b>53</b>

\* Non-consolidated basis before FY23

### **3. Forecast for FY2024**

# Forecast of Financial Results for FY2024 (updated December 14, 2023)

As announced on December 14, 2023, we have revised our FY2024 forecast of net profit attributable to shareholders upward from JPY 125 million to JPY 175 million, due to the sale of investment securities. There are no other changes to our forecast.

## Forecast of Financial Results

(Unit: JPY million)

	<b>FY2024 Actual</b> (Consolidated) *2	<b>FY2023 Actual</b> (Non-consolidated) *2	<b>YoY</b>	<b>Adjusted YoY</b> *3
<b>Revenue</b>	<b>5,200</b>	<b>4,152</b>	<b>+25%</b>	<b>+35%</b>
<b>Gross Profit</b>	<b>2,800</b> <b>-3,000</b>	<b>2,522</b>	<b>+11-19%</b>	<b>+15-23%</b>
<b>Operating Profit</b> (of which, stock-based compensation)	<b>150</b> (-88)	<b>-132</b> (-39)	-	-
<b>Ordinary Profit</b>	<b>130</b>	<b>-150</b>	-	-
<b>Net Profit Attributable to Shareholders</b>	<b>175</b>	<b>-165</b>	-	-

## Revised upward

\*1 Non-consolidated basis prior to FY2023

\*2 Transitioning to consolidated basis as of FY2024

\*3 "Adjusted YoY" shows the growth rate of just the cowcamo segment with the sale of the PPD business effective November 1, 2023

# FY2024 Forecast – Key Assumptions (updated December 14, 2023)

Forecast for FY2024 is based on the following assumptions. Updates on December 14, 2023 have been bonded and underlined, due to the following reasons: update of extraordinary income due to sale of PPD business and additional extraordinary income due to sale of investment securities.

## Key Assumptions for the FY2024 Forecast

cowcamo	<ul style="list-style-type: none"> <li>• <b>Market:</b> Assume a gradual and continued growth in demand while keeping a close eye on macro trends, including interest rates and real estate prices</li> <li>• <b>GMV:</b> Expect &gt;15% YoY growth as a result of uplift in sales and marketing productivity, as well as enhancement of existing services, mainly on the buyer side</li> <li>• <b>Take Rate:</b> Expect a slight YoY increase, as we position FY2024 as a year to build the foundation for a mid to long-term uplift in take rate, by undertaking the integration of individual sellers and in-house planned products businesses, as well as fostering the growth of urucamo</li> <li>• <b>Expense:</b> No material increase in SG&amp;A, rather focusing on productivity improvements</li> </ul>
PPD	<ul style="list-style-type: none"> <li>• The sale of our PPD business was announced on September 14, 2023, to be effective as of November 1, 2023. Accordingly, the forecast only accounts for its revenue and gross profit contribution in Q1</li> </ul>
Corporate Expense	<ul style="list-style-type: none"> <li>• In line with the FY2024 policy to pursue company-wide improvement of productivity, the forecast factors in operational optimization and cost rationalization of non-sales departments</li> <li>• Expect JPY 80 million in incremental expenses from the transition to consolidated accounting, as well as a projected increase in office space aligned with the current hiring strategy</li> </ul>
Others	<ul style="list-style-type: none"> <li>• With the sale of our PPD business to Mr. Masahiro Nakamura, anticipate <b><u>extraordinary income of JPY 49 million* in FY2024 Q2</u></b>. Anticipate <b><u>additional extraordinary income of JPY 50 million in FY2024 Q2 due to sale of investment securities</u></b></li> <li>• Non-finalized transactions, extreme real estate market fluctuations, new businesses and M&amp;A are not taken into account</li> </ul>

## 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 | 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

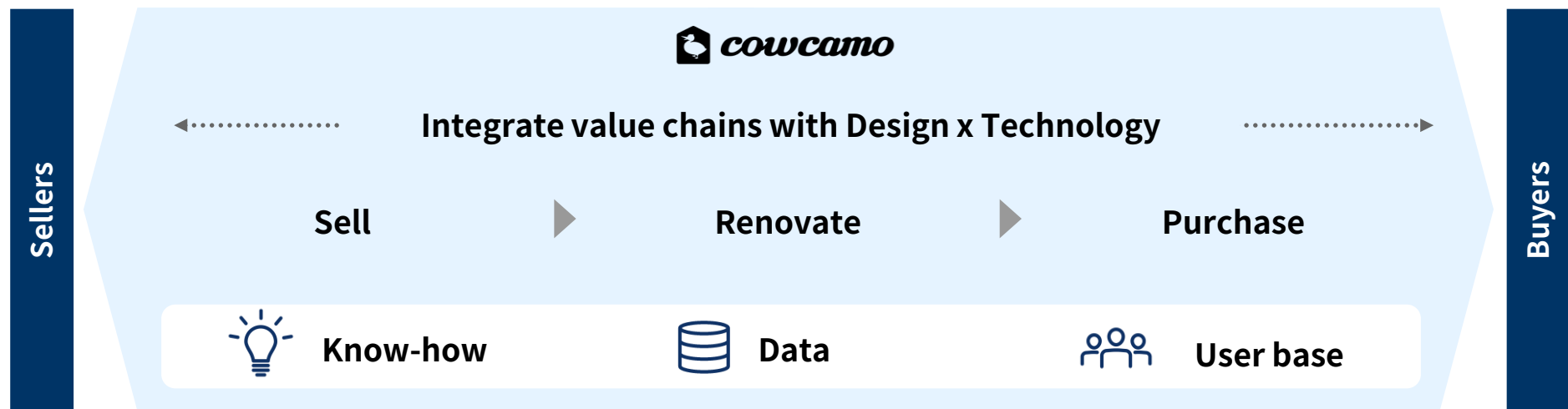


Efficient Management through DX

# 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

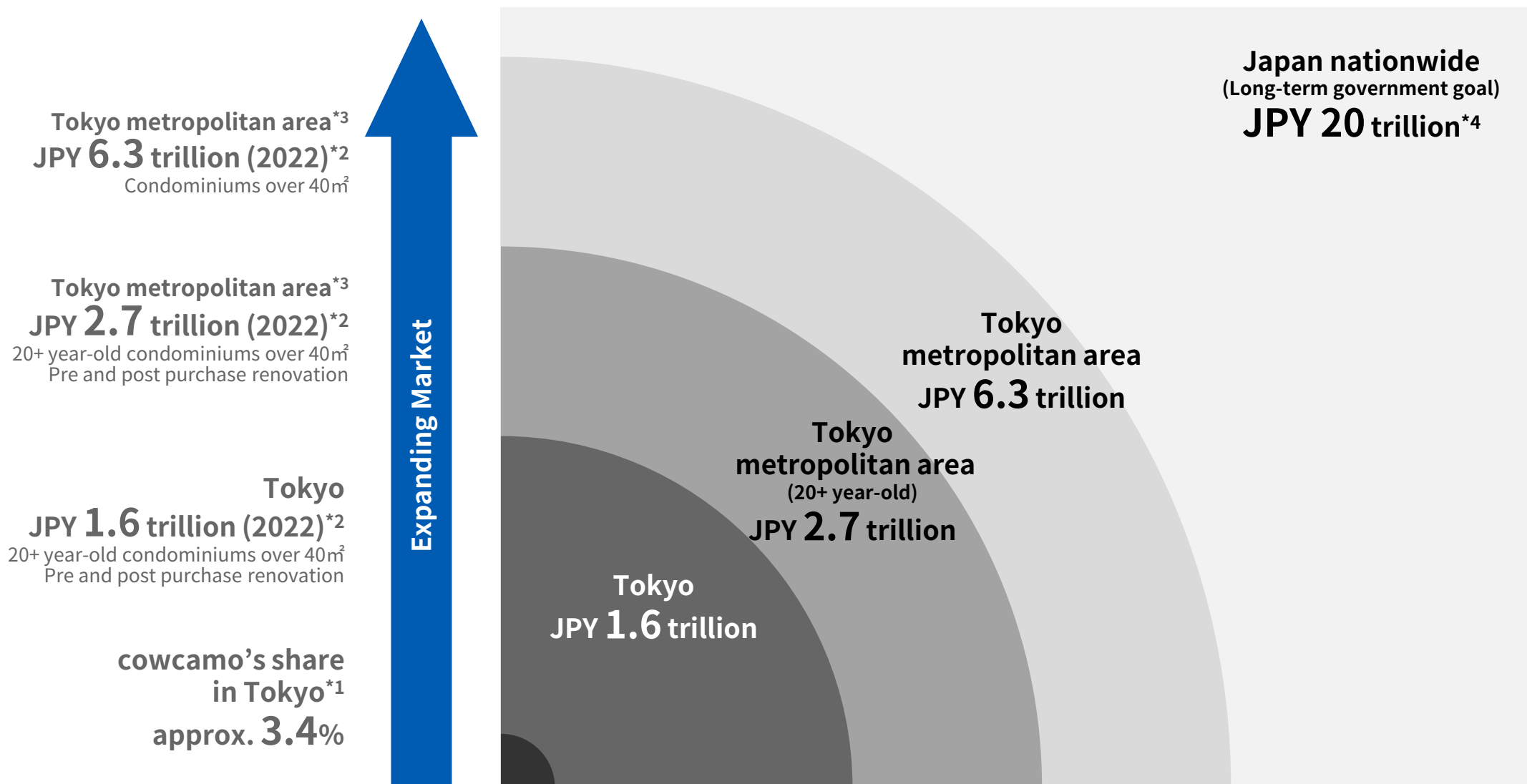


## Traditional value chain



# 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.



\*1 Calculated by dividing cowcamo's FY22 GMV by the estimated 2022 market size of existing condominiums in Tokyo that are 20 years old or older, over 40m<sup>2</sup>, and renovated pre and post purchase

\*2 Estimated by TSUKURUBA based on East Japan Real Estate Information Network's "Annual Report Market Watch FY2022", 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 Shimibun

\*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 illustration and does not necessarily accurately represent the difference in values by area ratio

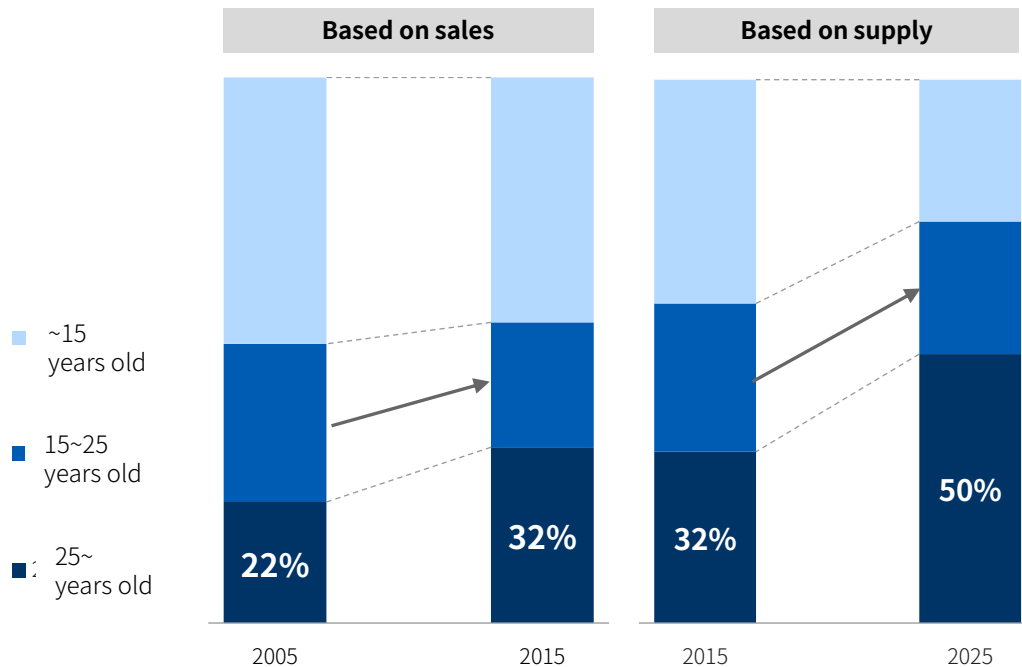
# Market | Renovation becoming mainstream due to structural changes in the market

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

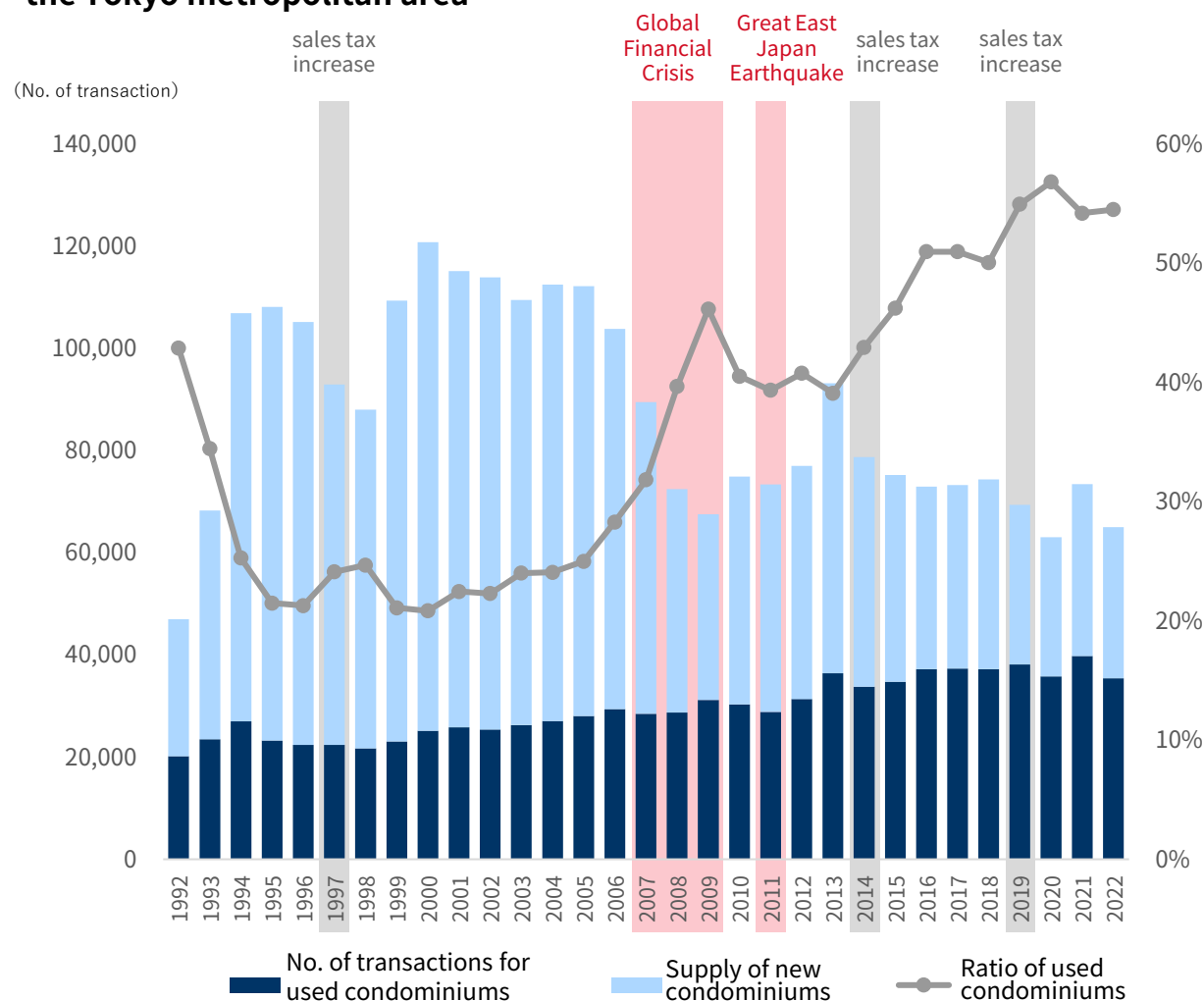
Renovation has fast become a popular choice when purchasing a house in the Tokyo metropolitan area, allowing buyers to tailor each property to their needs and lifestyles.



## 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



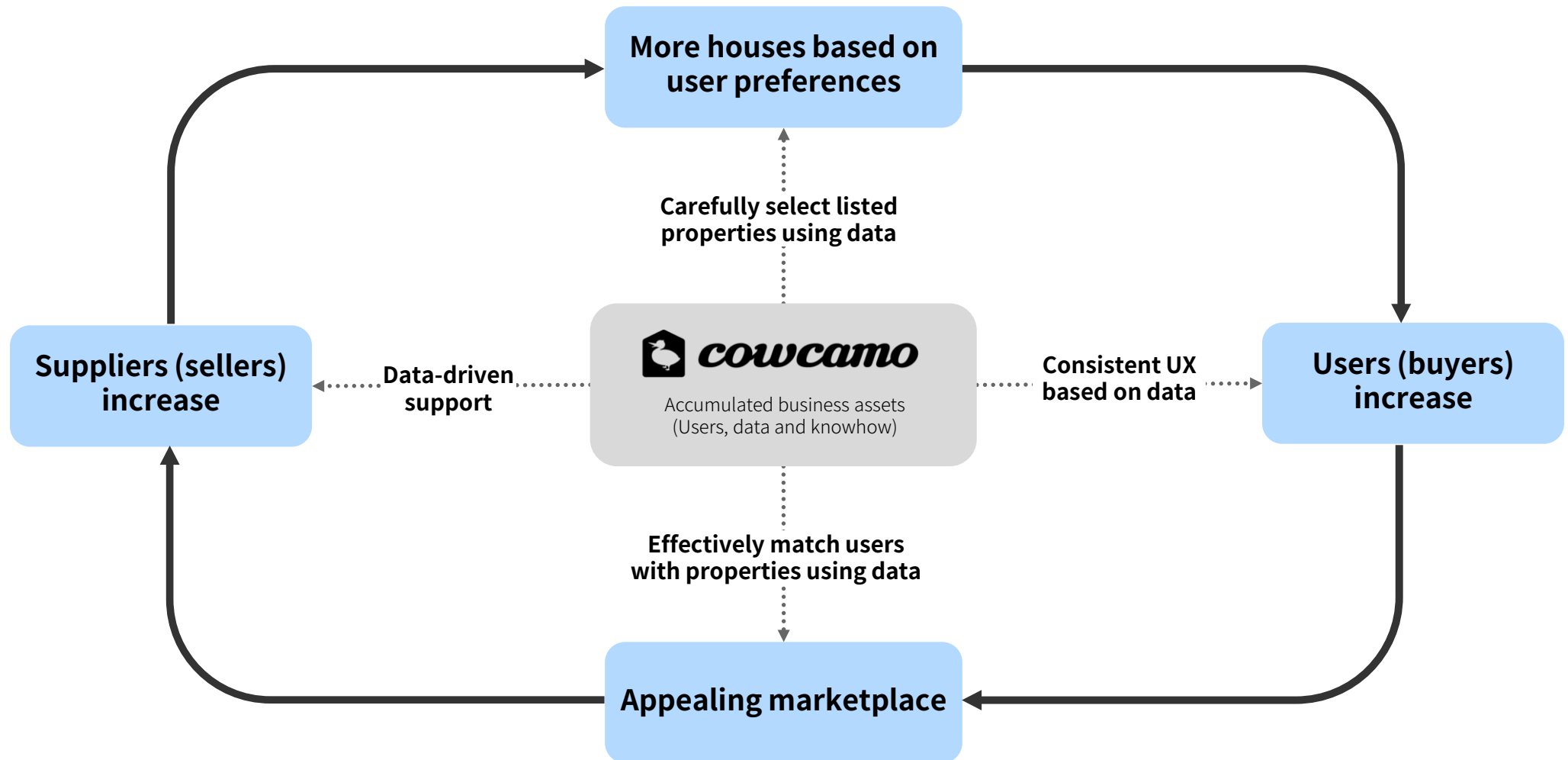
**Extending  
the Value Chain**



**Expansion of  
services**

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

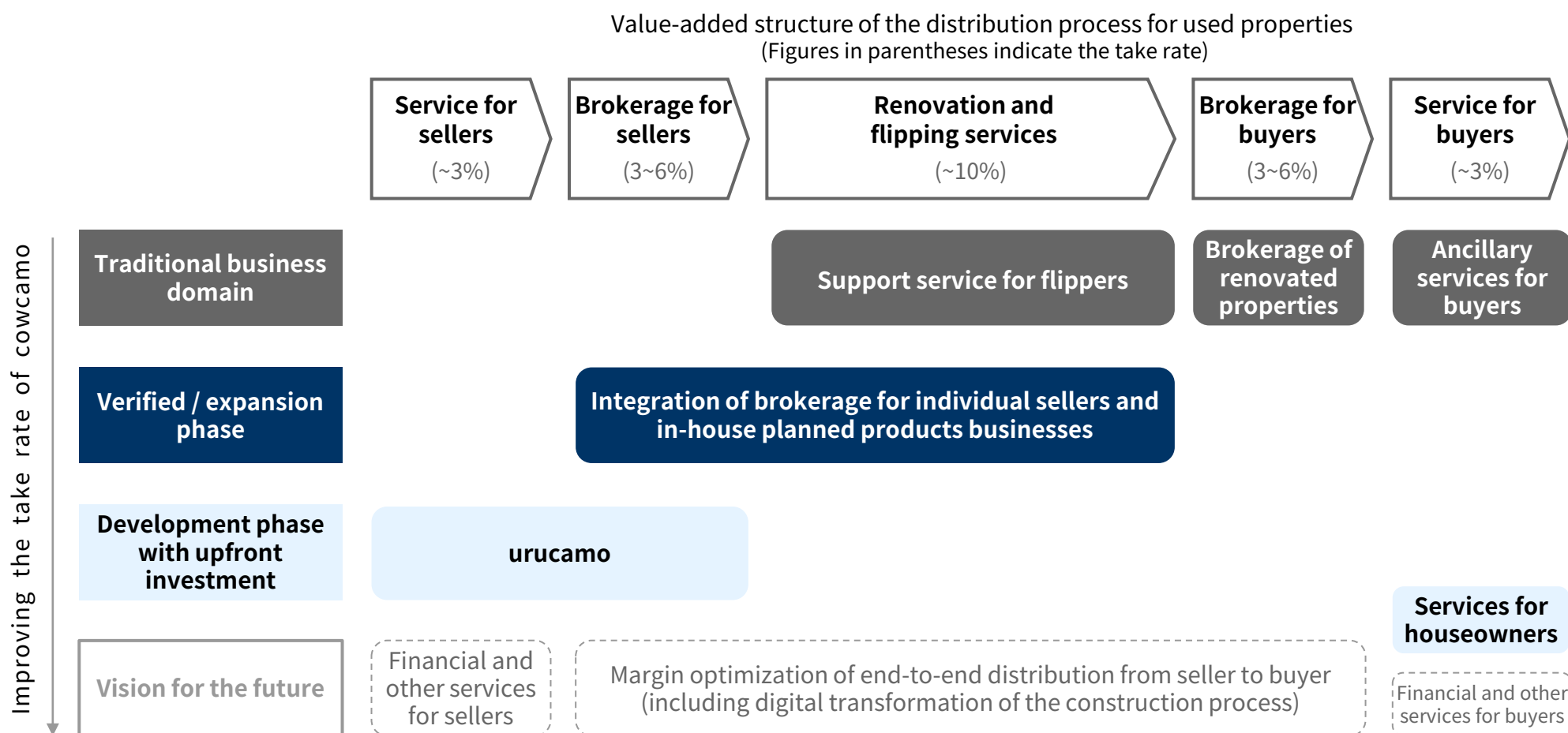
cowcamo's business model is based on a virtuous cycle: as the number of buyers increases, transactions increase, the incentive for sellers to participate increases, and the number of properties that buyers want increases. Leveraging our existing buyer user base, we will continuously improve the value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





## Growth | Continued focus on “structural take rate improvement”

TSUKURUBA will continue to focus on the structural improvement of our take rate, through business expansion in each phase of the distribution process of used properties.



# 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**

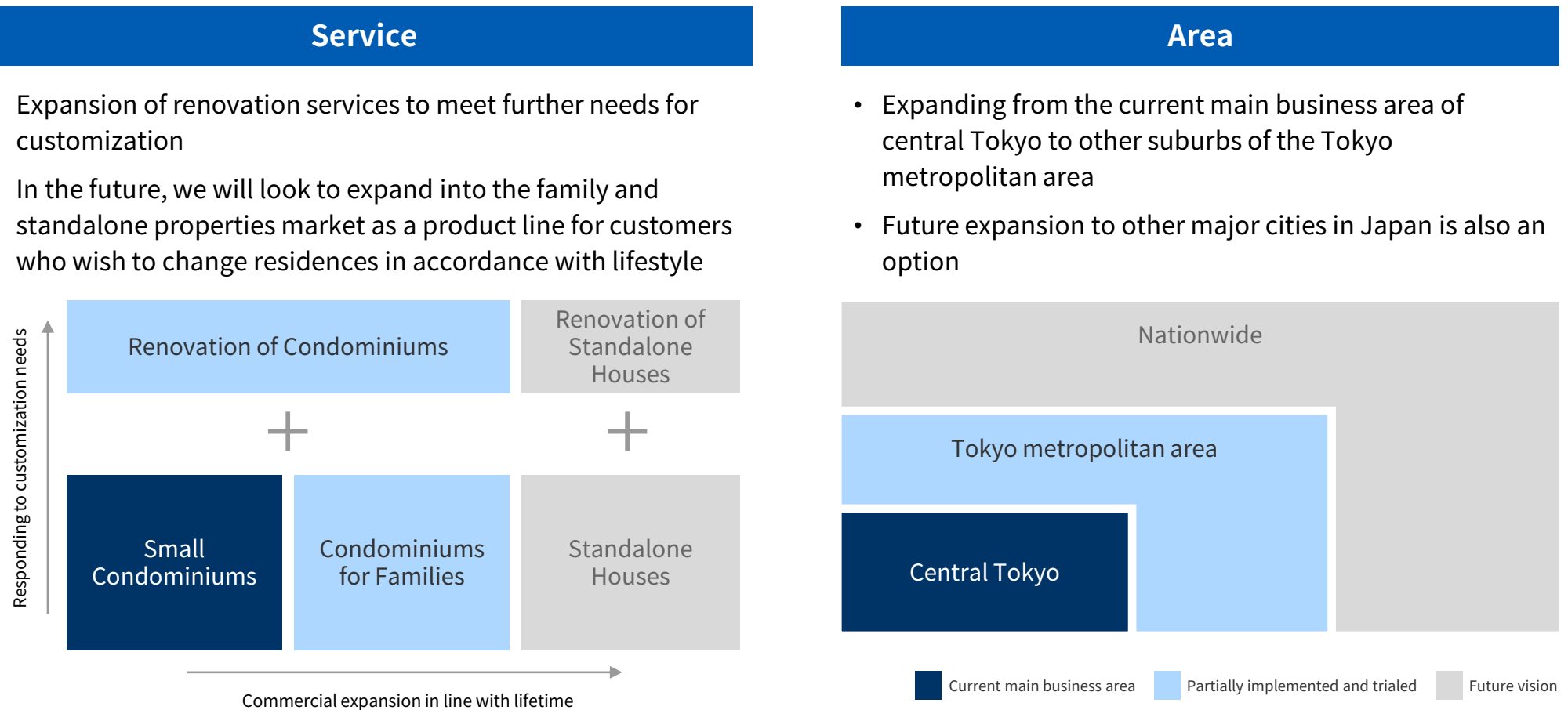
**Market creation through the  
formation of market  
mechanisms and promotion  
of resettlement**

\*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 Service x Area

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

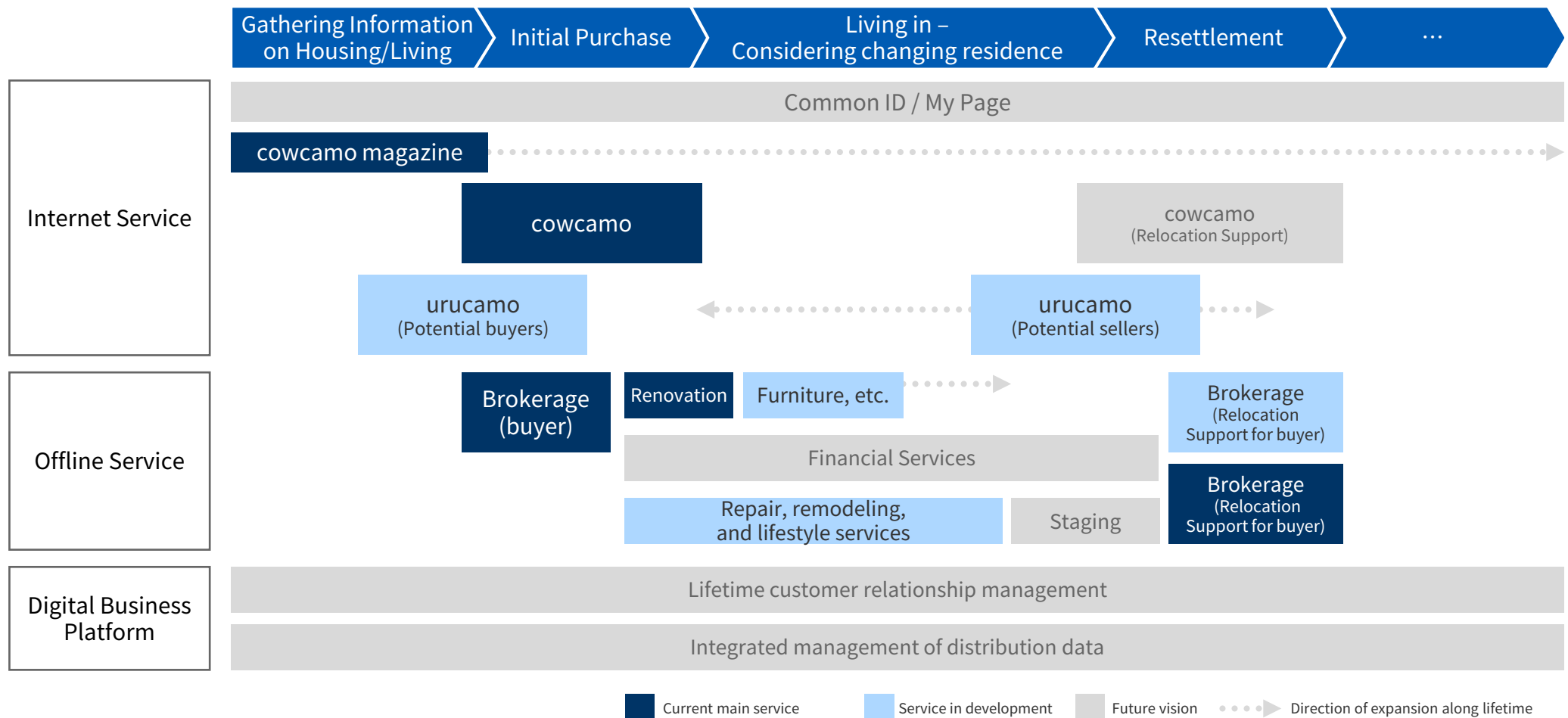
## Conceptual image of target market expansion based on Service x Area



# 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

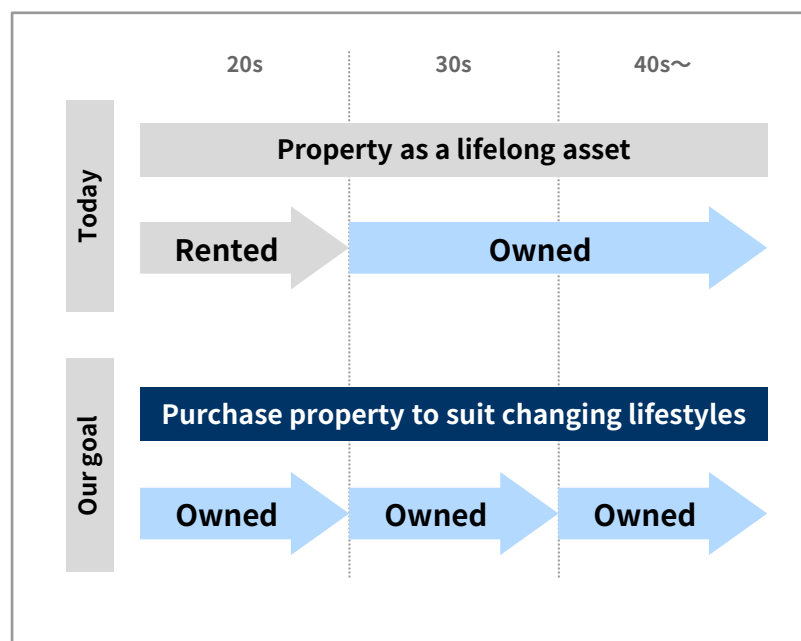
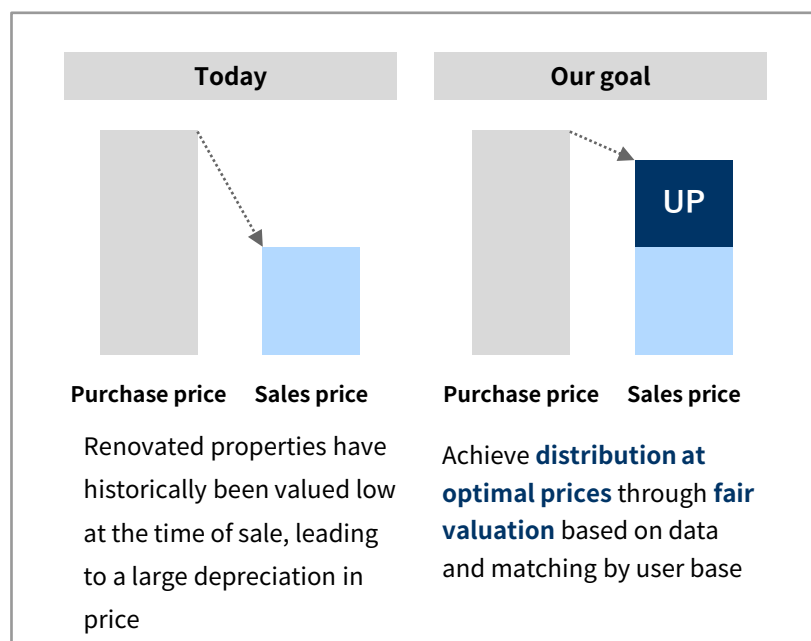
- Fair valuation of renovated properties through data accumulation
- Matching potential buyer/seller needs



## 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.



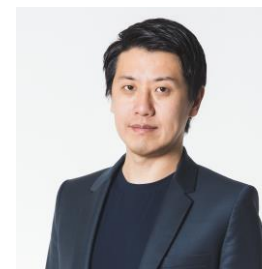
**Hiroki Murakami**  
CEO

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**  
CSO

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, CSO in 2023.



**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.



**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.



**Chieko Nishiura**  
External Director\*

CPA. Provided accounting audits and internal control advisory services at Ernst & Young ShinNihon. Opened Nishiura Certified Public Accountants in 2014. Previously a full-time auditor of JapanTaxi (now GO), now serving as an external auditor of Takumino and an external auditor of NSD.



**Kenji Kobayashi**  
External Director\*

Joined DeNA in 2009, serving as its director from 2011 to 2015. Founded Signifiant in 2017, investing in SmartHR and other companies with an emphasis on engagement to sustain growth. Also serving as an external director of Raksul and executive advisor to Nstock.



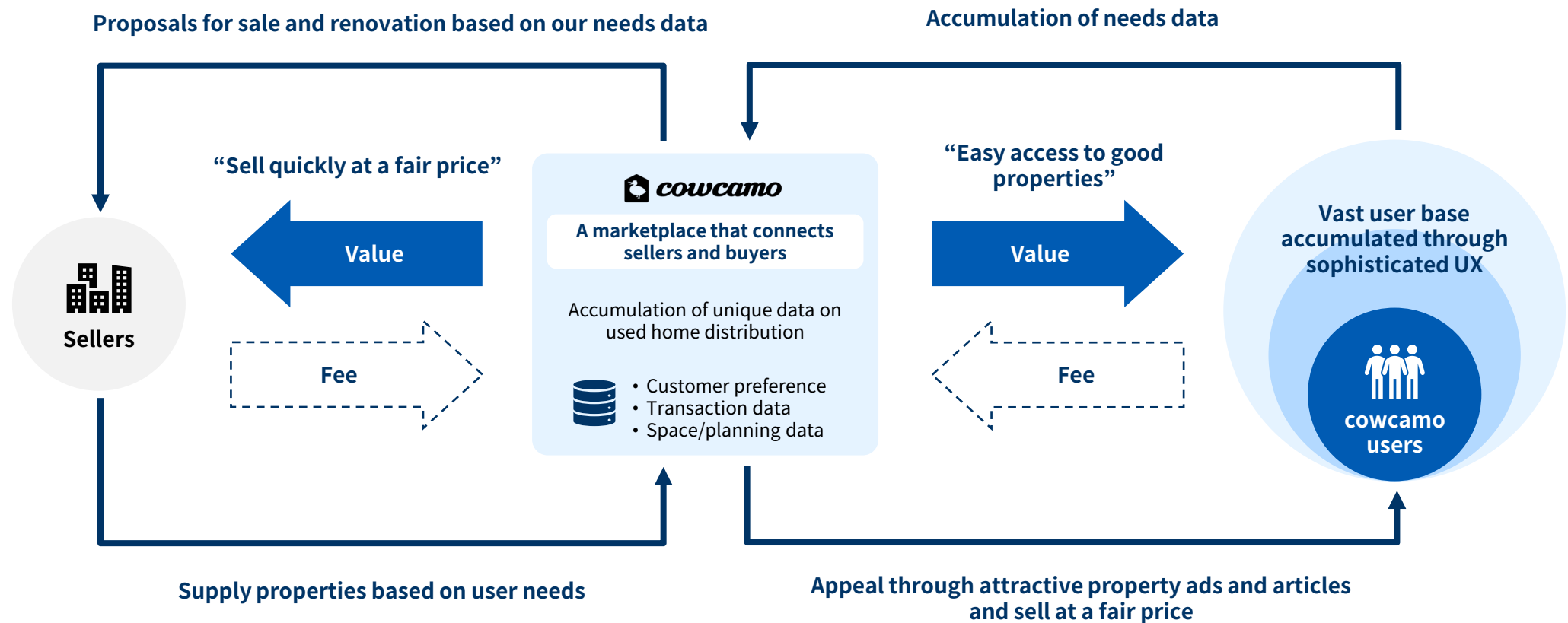
**Tadatsugu Ishimoto**  
External Director\*

Joined KPMG Peat Marwick, providing international tax and M&A advisory services, before becoming the CFO of a medical imaging venture company. Founded a boutique accounting firm, Mentor Capital Tax Office, in 2001. Served as an external director of public and private start-ups.

\* Also serving as members of the Audit & Supervisory Committee, of which Chieko Nishiura is a full-time member

## Reference | Business model of cowcamo

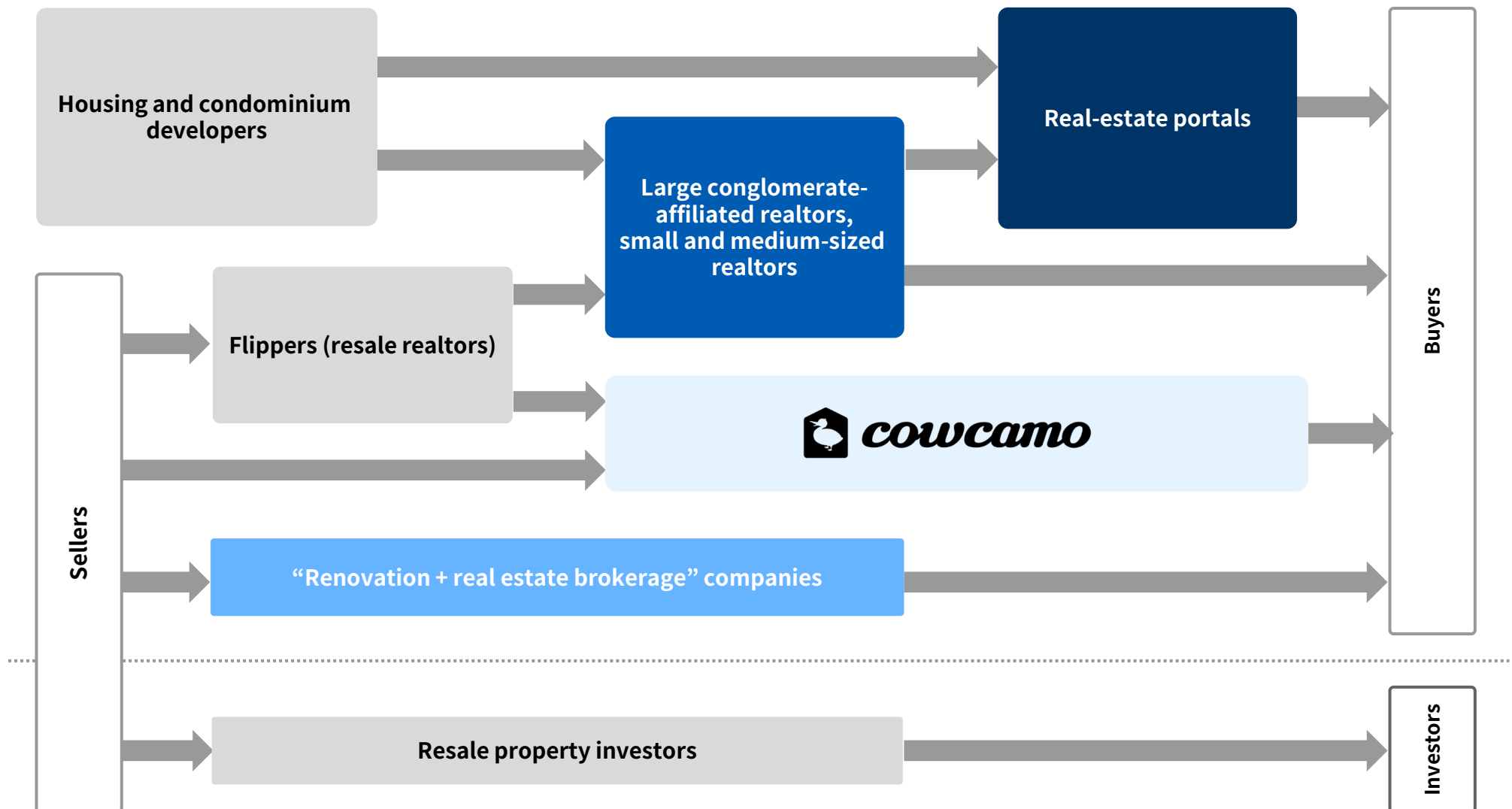
cowcamo is a marketplace-type platform that mediates between sellers and buyers of used and renovated housing. By using accumulated data of buyers' preferences and spatial data, and by facilitating the distribution of properties supplied by sellers, cowcamo provides unique value to both sellers and buyers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





## 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 | Market opportunities from changes in the construction industry

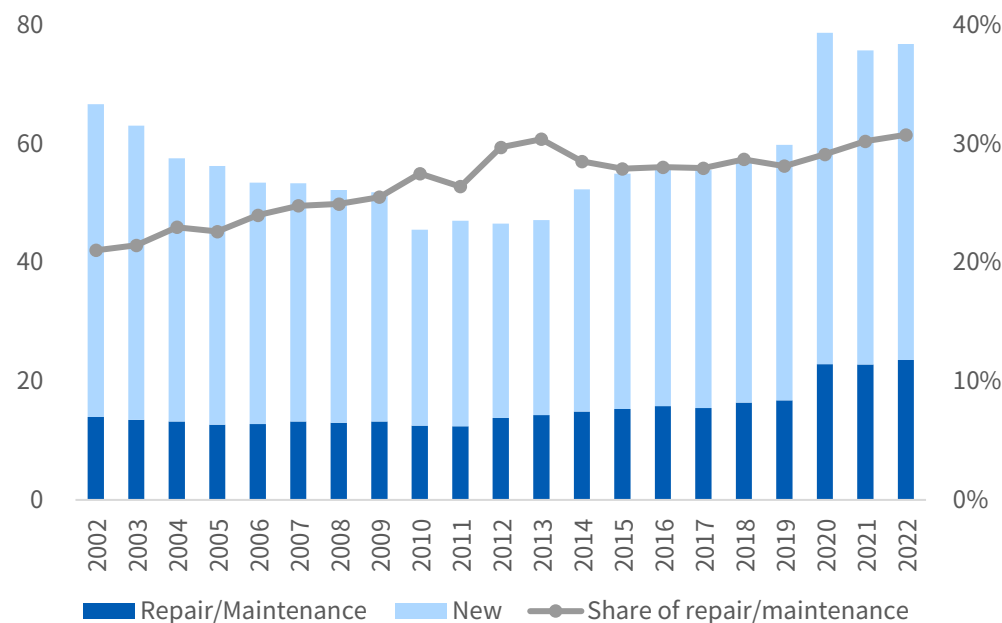
In the residential construction industry, share of repair and maintenance has steadily increased over the last 20 years. Combined with the fact that the number of construction workers is decreasing every year, renovated housing is expected to become a mainstream option.

## Share of repair and maintenance steadily increasing

The residential construction industry is continuing to grow. The share of repair and maintenance within the industry has also increased from 21% in 2002<sup>\*1</sup> to 31% in 2022

**Breakdown of the residential construction industry (2002-2022) <sup>\*2</sup>**

JPY Tn

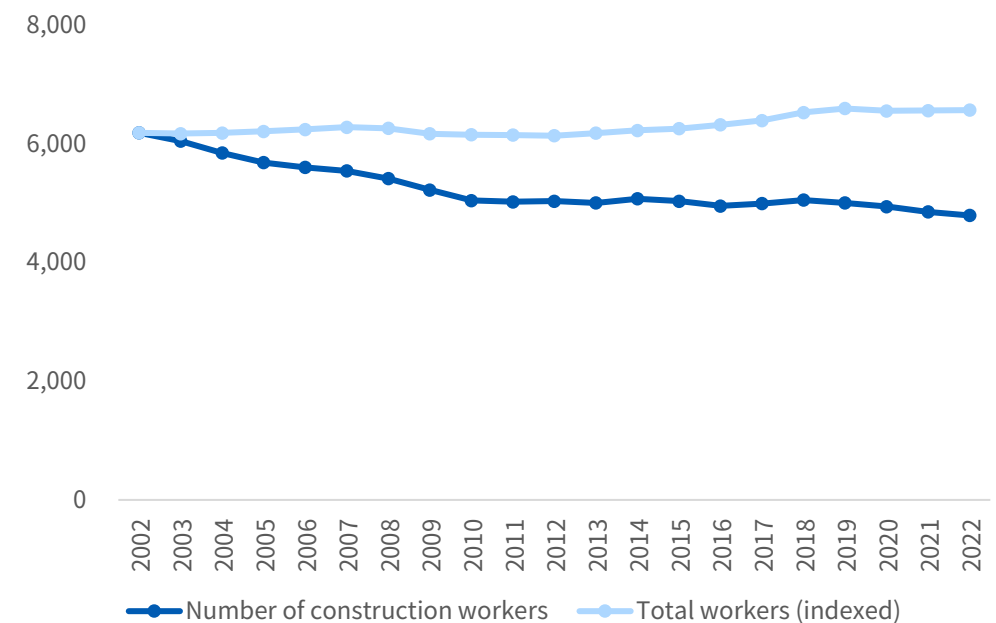


## Renovated housing expected to become mainstream

Compared to the number of total workers, the number of construction workers is on a clear downtrend. Renovated housing, requiring less personnel and resources compared to construction of new houses, is expected to become a mainstream option in the coming years.

**Number of workers in the construction industry (2002-2022) <sup>\*3</sup>**

Thousands



<sup>\*1</sup> Includes repair, renovation and relocation and disaster recovery to maintain the previous function of existing structures

<sup>\*2</sup> Ministry of Land, Infrastructure, Transport and Tourism. "New construction" includes some components of renovation, so the total share of renovation is expected to be higher

<sup>\*3</sup> Ministry of Internal Affairs and Communications, Labor Force Survey

# 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 | Balance Sheet

Our current capital ratio is trending healthily at 48%.

## As of July 31, 2023 (Non-consolidated)\*

	Assets	Liabilities	
Cash and deposits	1,772	364	Other liabilities
		449	Short-term borrowings
		739	Long-term borrowings
Others	1,292	700	Class A shares
		813	Net assets (of which, share acquisition rights account for 124)

(Unit: JPY million)

Capital ratio: 45%

## As of October 31, 2023 (Consolidated)

	Assets	Liabilities	
Cash and deposits	1,626	262	Other liabilities
		592	Short-term borrowings
		663	Long-term borrowings
Others	1,478	700	Class A shares
		887	Net assets (of which, share acquisition rights account for 108)

(Unit: JPY million)

Capital ratio: 48%

\* Non-consolidated basis before FY23

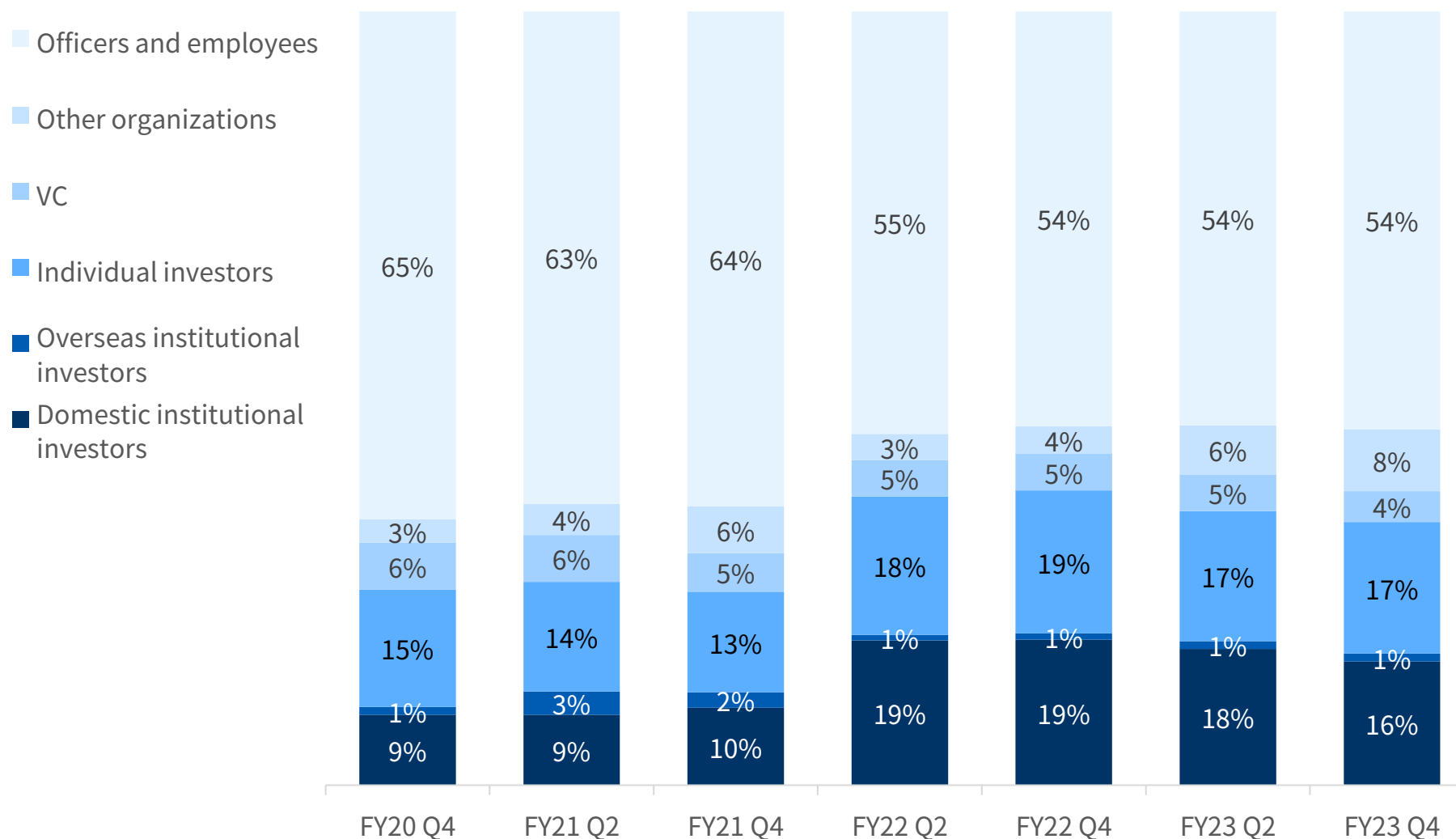
## Reference | Share Price and Trading Volume

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 transparent and thorough 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)

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.
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.

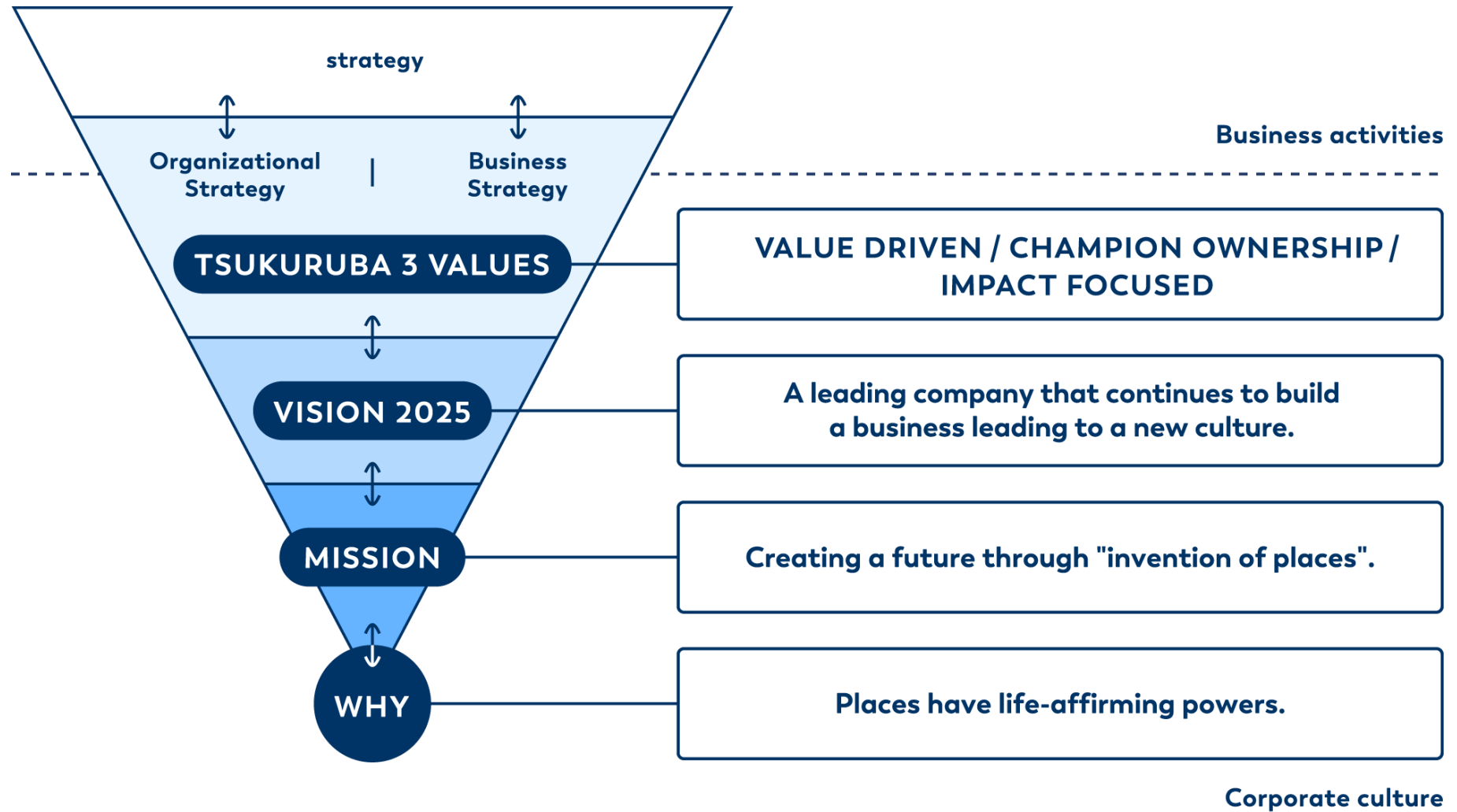
# Reference | Company Overview

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	194 employees (as of July 2023)
Businesses	“cowcamo Business,” an end-to-end real estate online brokerage platform for used and renovated properties - cowcamo Platform Business - cowcamo Agent Service Business
Awards	Deloitte Technology Company Japan Technology Fast 50 (2017-2020) 2021 The 4th WOMAN's VALUE AWARD, Excellence Award





## 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**