



## Financial Results for the Fiscal Year Ended July 31, 2019

Financial Year 2018

tsukuruba inc.

# Agenda

- 1. Company Overview**
- 2. FY2018 Financial Highlights**
- 3. FY2019 Forecast**
- 4. Business Overview**
- 5. Reference Materials**

# 1. Company Overview

Our mission is to make a new future by inventing new places



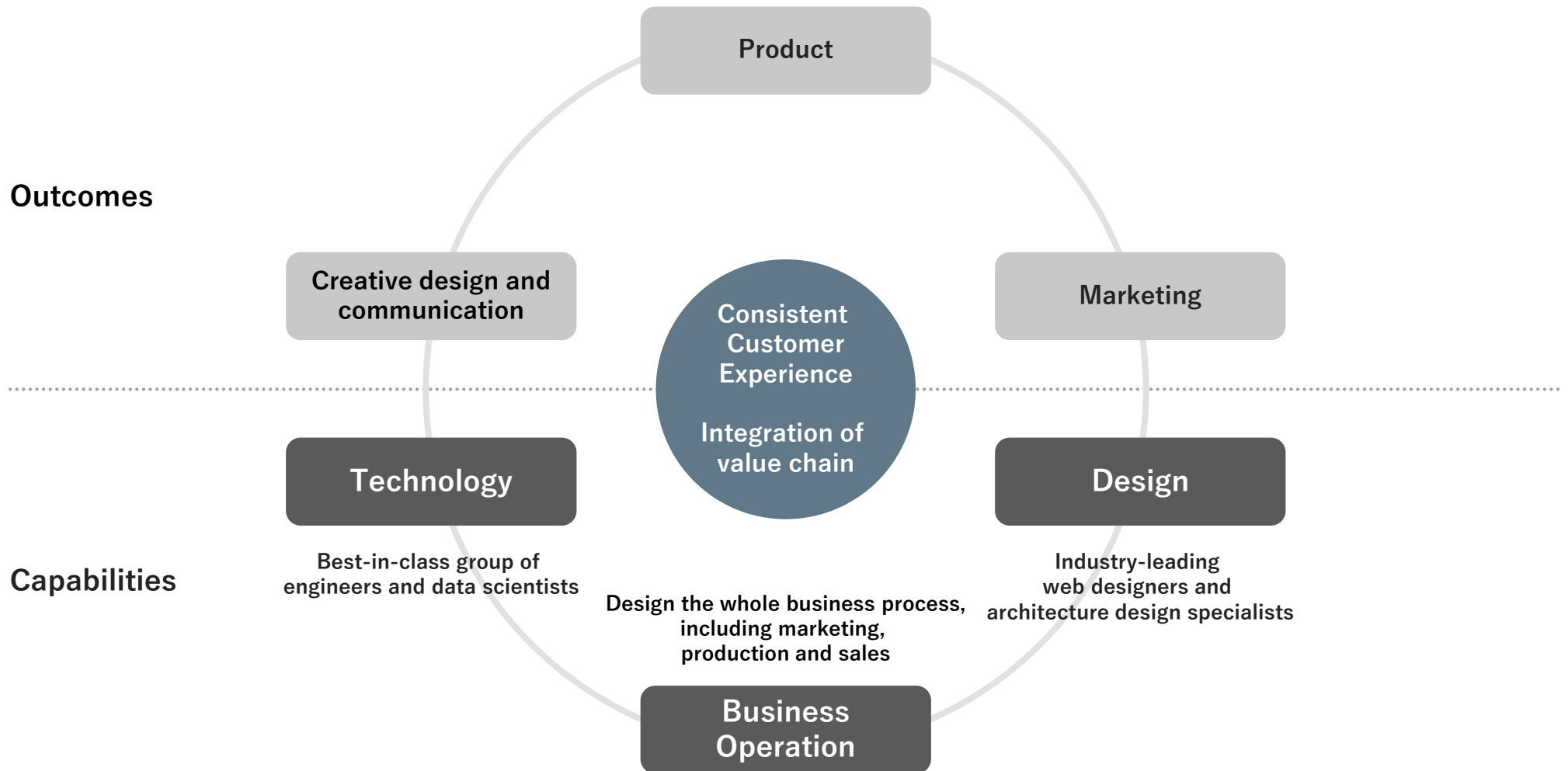
# Revolutionizing the Real Estate Industry

Our unique and innovative approach to business creation

	Competitive approach		tsukuruba approach
Strategic concept	Expand and maintain a large market share in an existing market by establishing a competitive advantage	▶	Create new markets through redefinition and re-imagination of existing markets
Source of competitive advantage	Superior functions or cost structure	▶	High engagement through a consistent customer experience
Customer value	Economic or functional value	▶	Emotional value and experience
Operational model	Direct source of competitive advantage Specializes in and exceeds at specific functions	▶	Full integration of complex and disperse operations using technology and design
Organizational structure	Designed to efficiently execute limited and specific functions within a regulated framework	▶	Designed for diverse and talented professionals and functions to co-exist and co-create

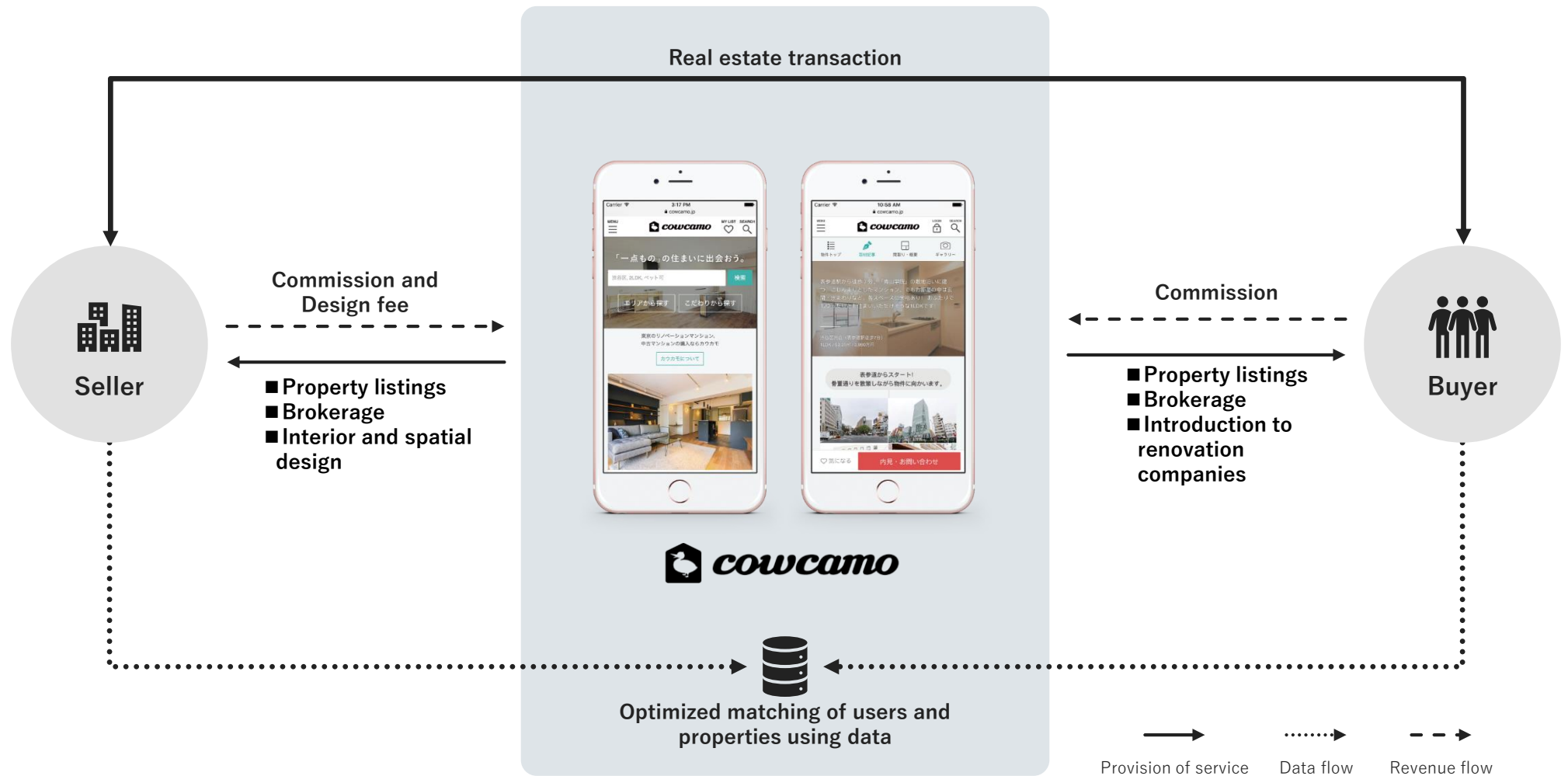
# Our Strength for Building a Consistent Customer Experience

Our capabilities and outcomes



# cowcamo: Technology-Powered Real Estate Brokerage Platform for Used and Renovated Properties\*1

What is cowcamo?



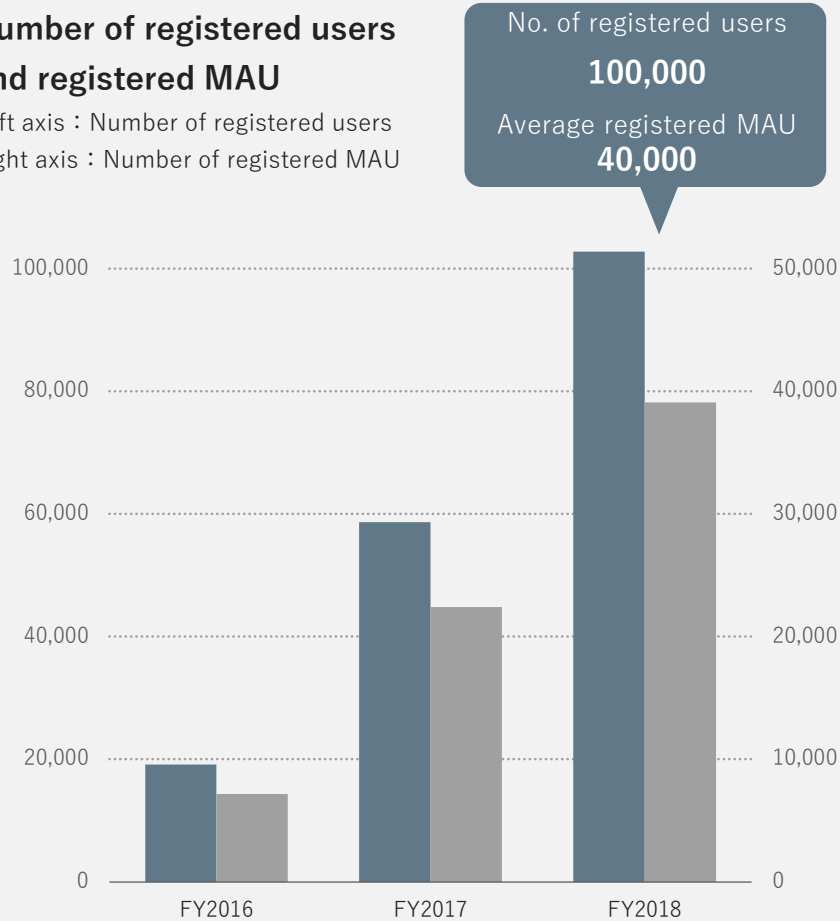
\*1 : Used properties refer to properties which meet any of the following criteria:  
- Previously pre-occupied by a resident  
- One year has passed since the completion including those properties which have not been preoccupied)

# cowcamo's Strong Growth Trajectory

## cowcamo's main KPIs

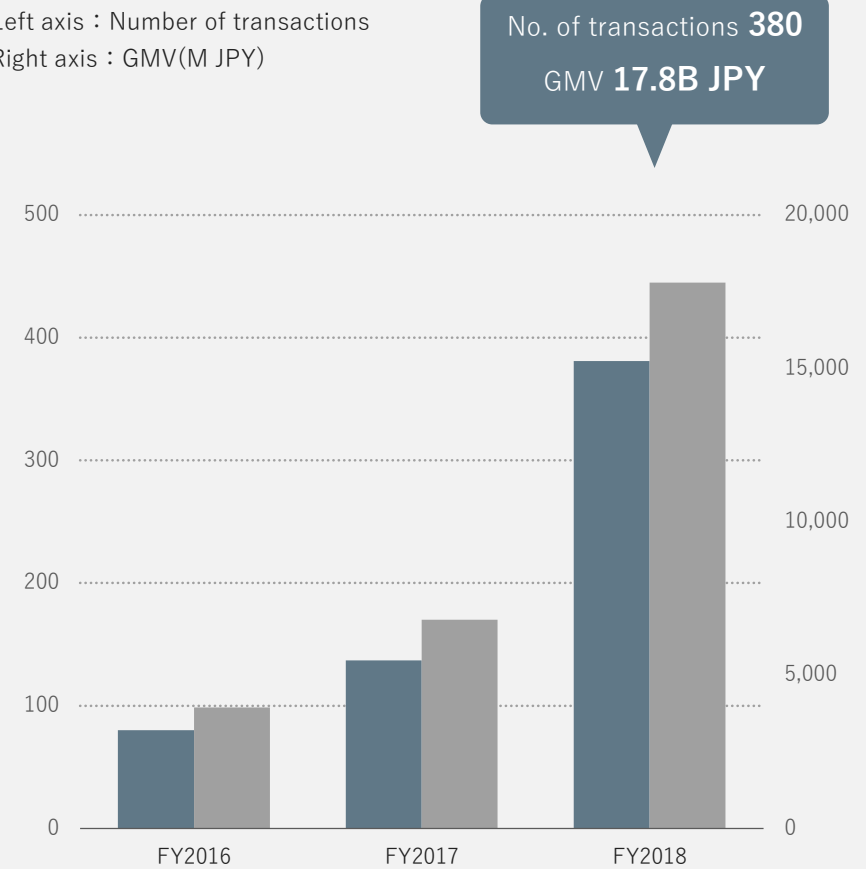
### Number of registered users and registered MAU

Left axis : Number of registered users  
Right axis : Number of registered MAU

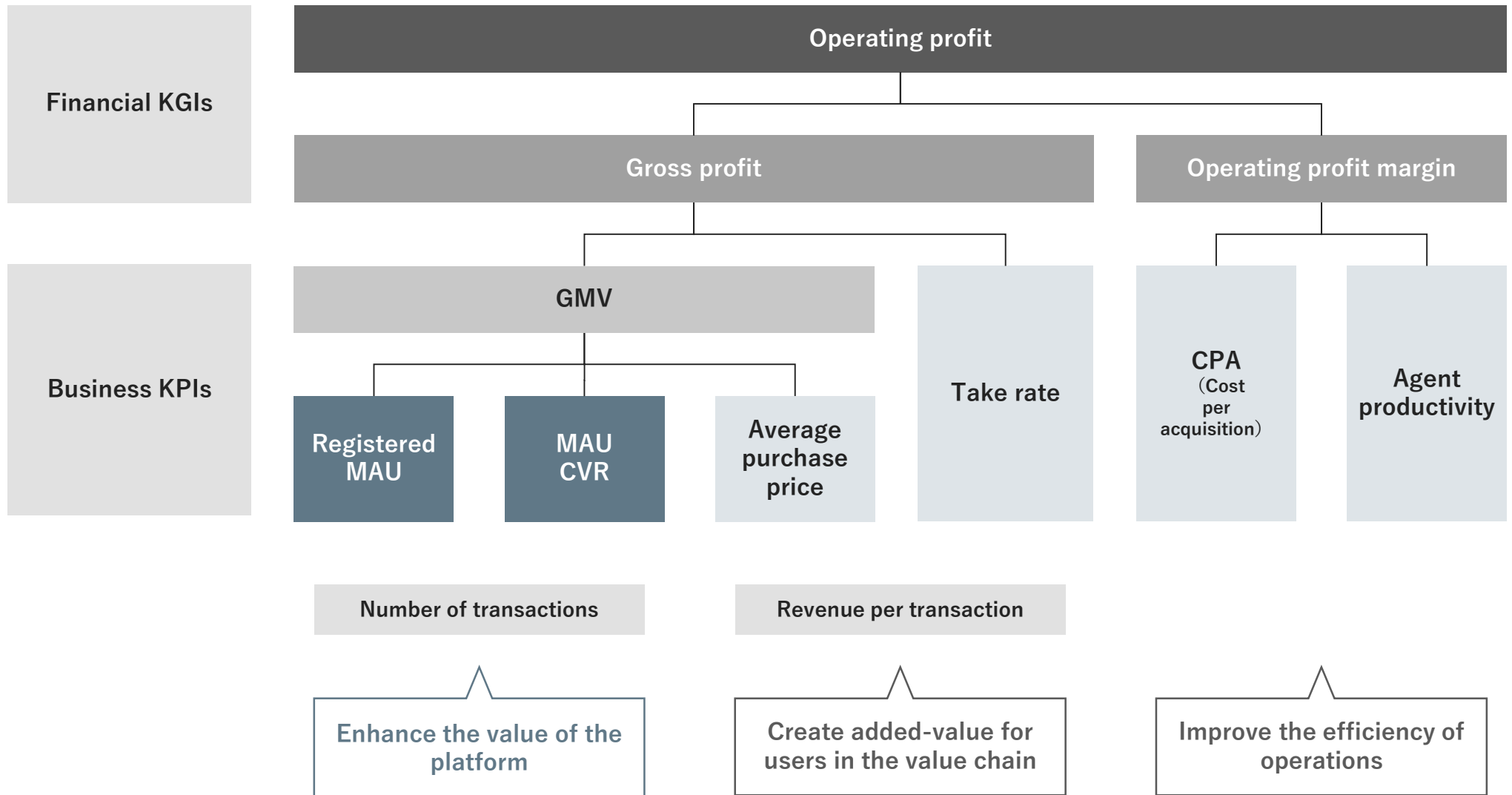


### Number of transactions • GMV

Left axis : Number of transactions  
Right axis : GMV(M JPY)



# Maximizing the Gross Profit by Enhancing the Value of the Platform



## 2. FY2018 Financial Highlights

# FY2018 Full-Year Financial and Business KPI Highlights

## Company Financials

Revenue **1,515** M JPY (YoY **+185%**)

Gross Profit **1,059** M JPY (YoY **+141%**)

## Business KPIs

### cowcamo Business

GMV **17.8** B JPY      Registered Users **102** K\*<sup>1</sup>

Gross Profit **960** M JPY      Registered MAU **45** K\*<sup>2</sup>

### Shared Workplace Business

Revenue **246** M JPY

Gross Profit **99** M JPY

## Topics

- Achieved **profitability** for the full financial year
- Total number of cowcamo's registered users reached **100,000** users

\*1 Number of registered users at the end of FY2018

\*2 Number of registered MAU in July, FY2018

# Full-Year Financial Results

Revenue and gross profit more than doubled, while achieving profitability for the full financial year

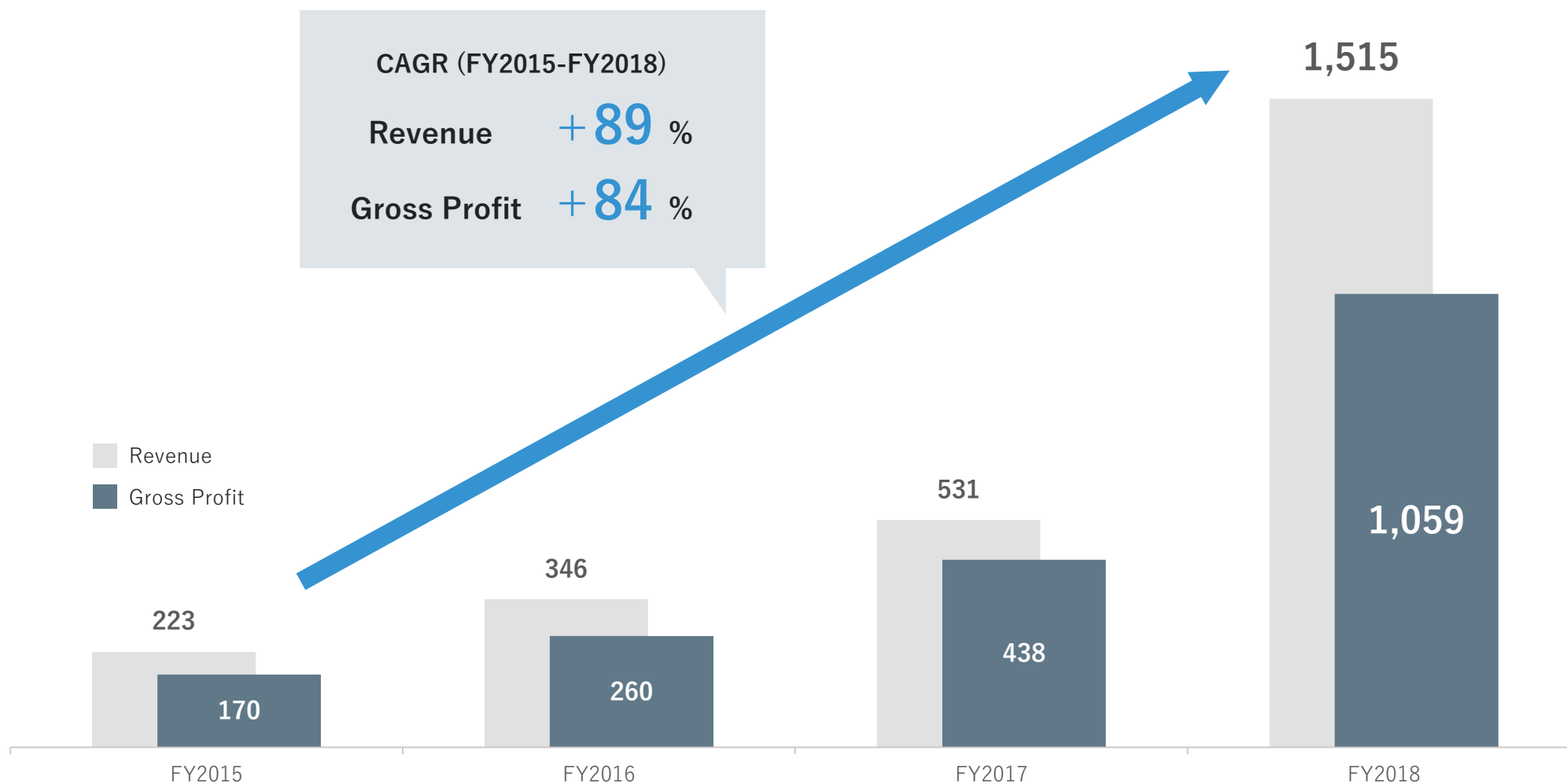
(Unit : M JPY)

	FY2017	FY2018	YoY
Revenue	531	1,515	+185 %
Gross Profit	438	1,059	+141 %
Operating Profit	-485	19	(Positive Profit)
Ordinary Profit	-486	7	(Positive Profit)
Net Profit	-401	10	(Positive Profit)

# Revenue and Gross Profit

Top-line continues to record a strong growth

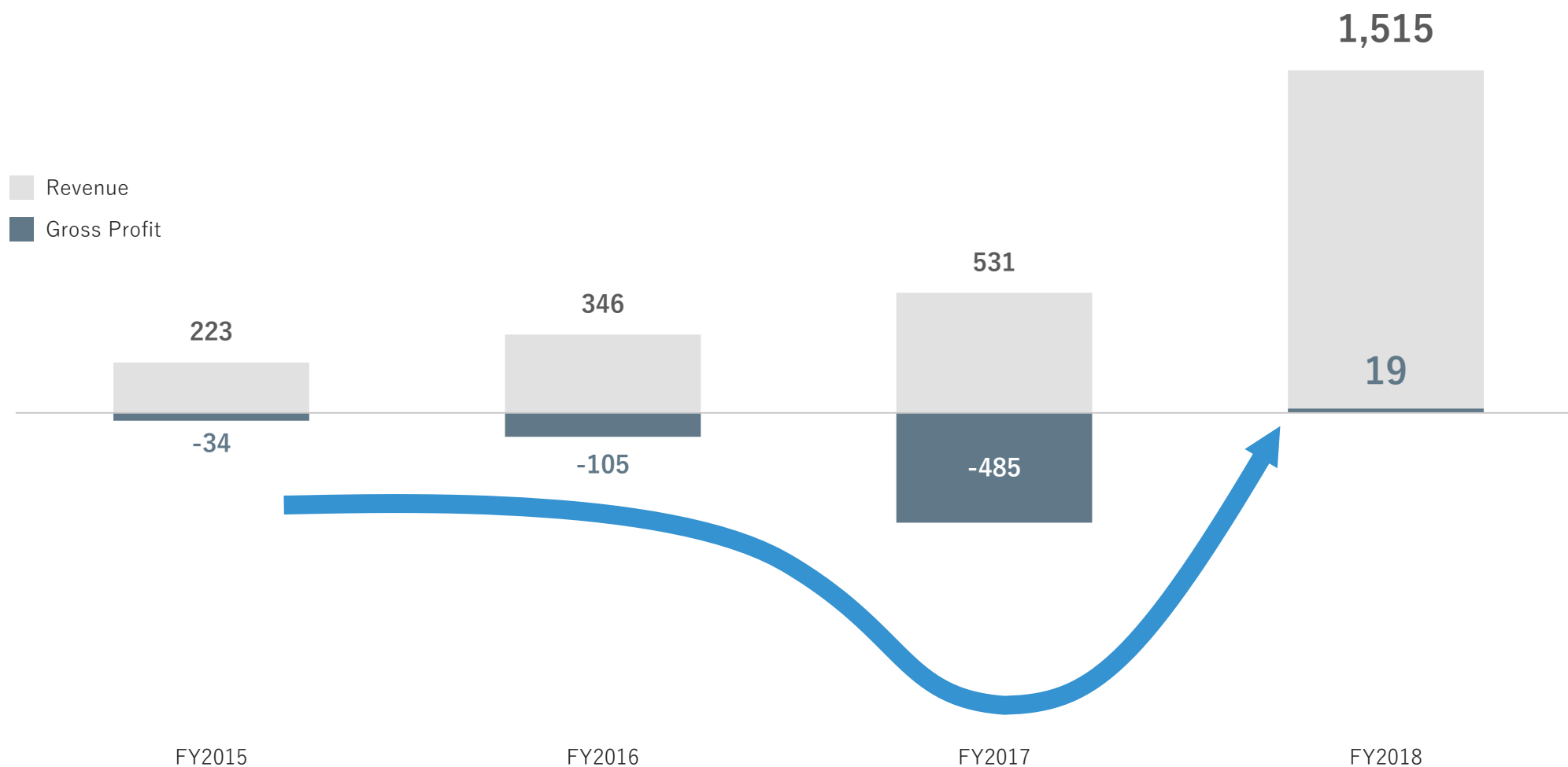
(Unit: M JPY)



# Operating Profit

Achieved profitability for the full financial year

(Unit: M JPY)



# Full-Year Financial Results by Business Segments

cowcamo business drives the growth of the company

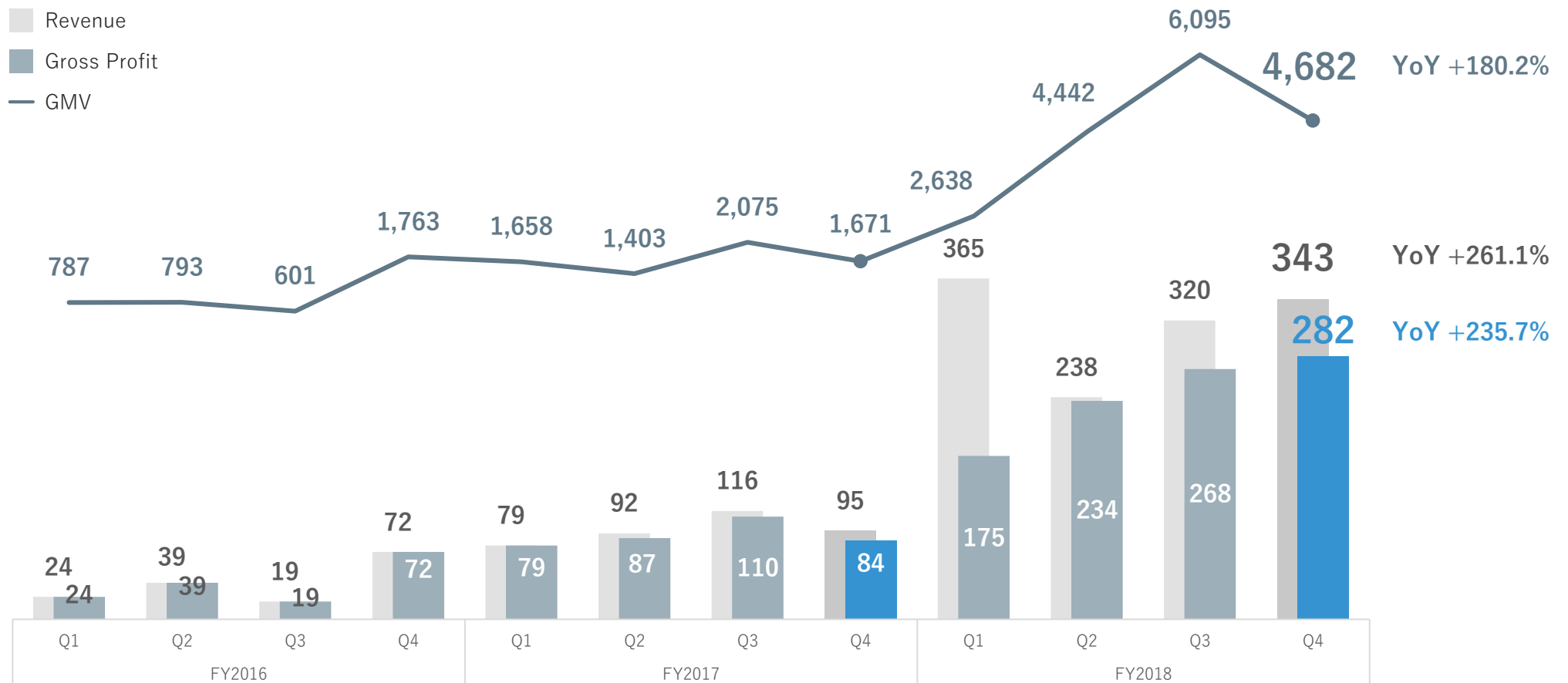
(Unit: M JPY)

		FY2017	FY2018	YoY
cowcamo	Revenue	382	1,268	+231%
	Gross Profit	362	960	+165%
	Business Segment Profit	-129	344	(Positive Profit)
Shared Workplace	Revenue	148	246	+66%
	Gross Profit	76	99	+30%
	Business Segment Profit	10	41	+310%

# cowcamo's Top-line KGI (GMV, Revenue and Gross Profit)

cowcamo maintains a continuous and healthy growth

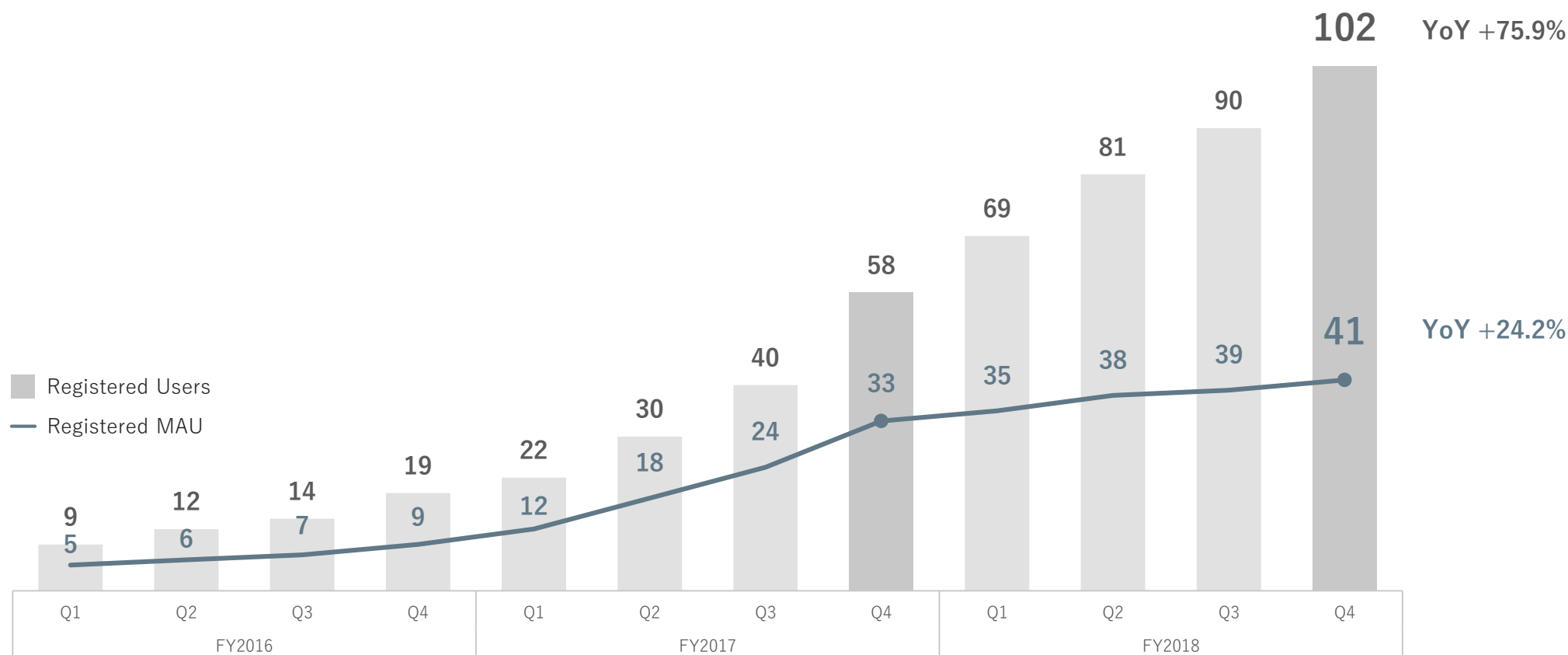
(Unit: M JPY)



# cowcamo's Registered Users<sup>\*1</sup> and Registered MAU<sup>\*2</sup>

Registered users and registered MAU continue to increase

(Unit: K users)



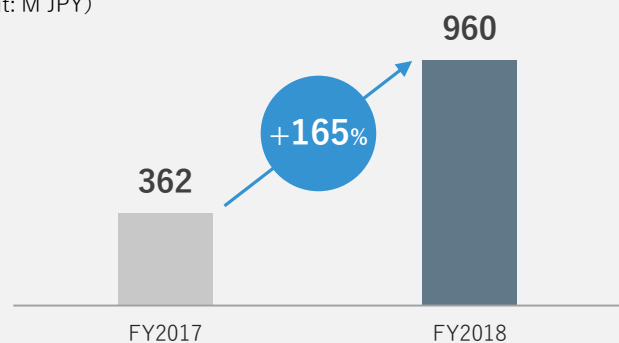
\*1 Number of registered users at the end of each quarter

\*2 Quarterly average of registered MAU

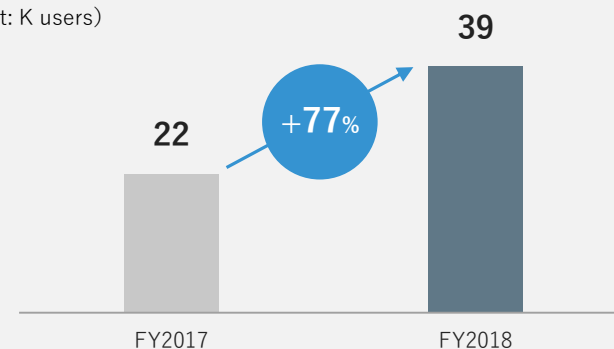
# Gross Profit = Registered MAU \* Gross Profit per Registered MAU

Successfully expanded the userbase, while increasing gross profit generated per registered MAU

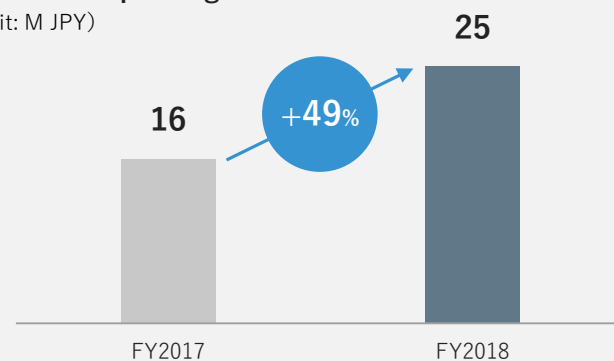
**Gross Profit**  
(Unit: M JPY)



**Registered MAU\*1**  
(Unit: K users)



**Gross Profit per Registered MAU**  
(Unit: M JPY)

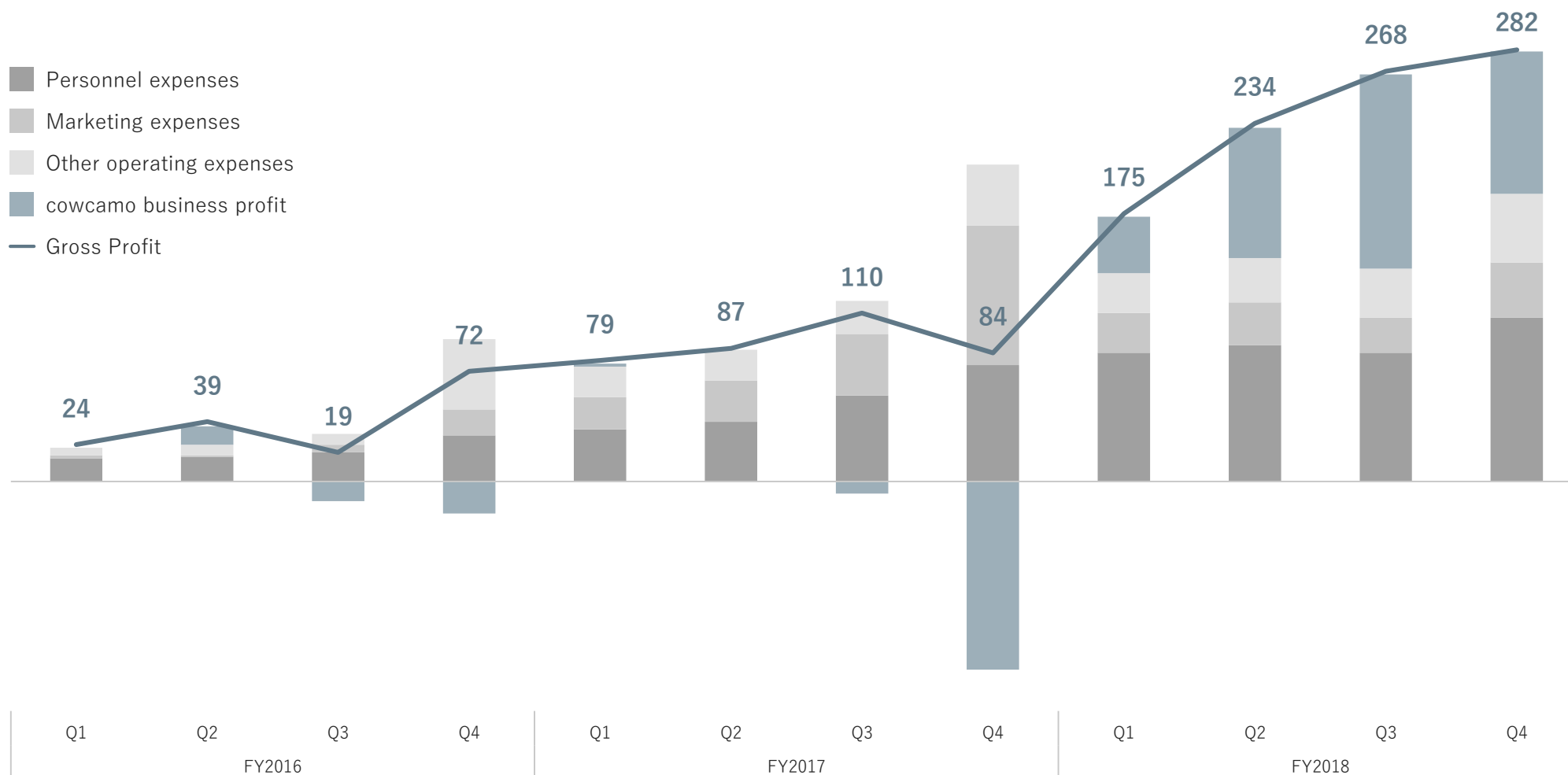


\*1 Average MAU for financial year

# Operating Cost Composition of the cowcamo business

While personnel expenses increased due to organizational expansion, business profit recorded continuous improvement

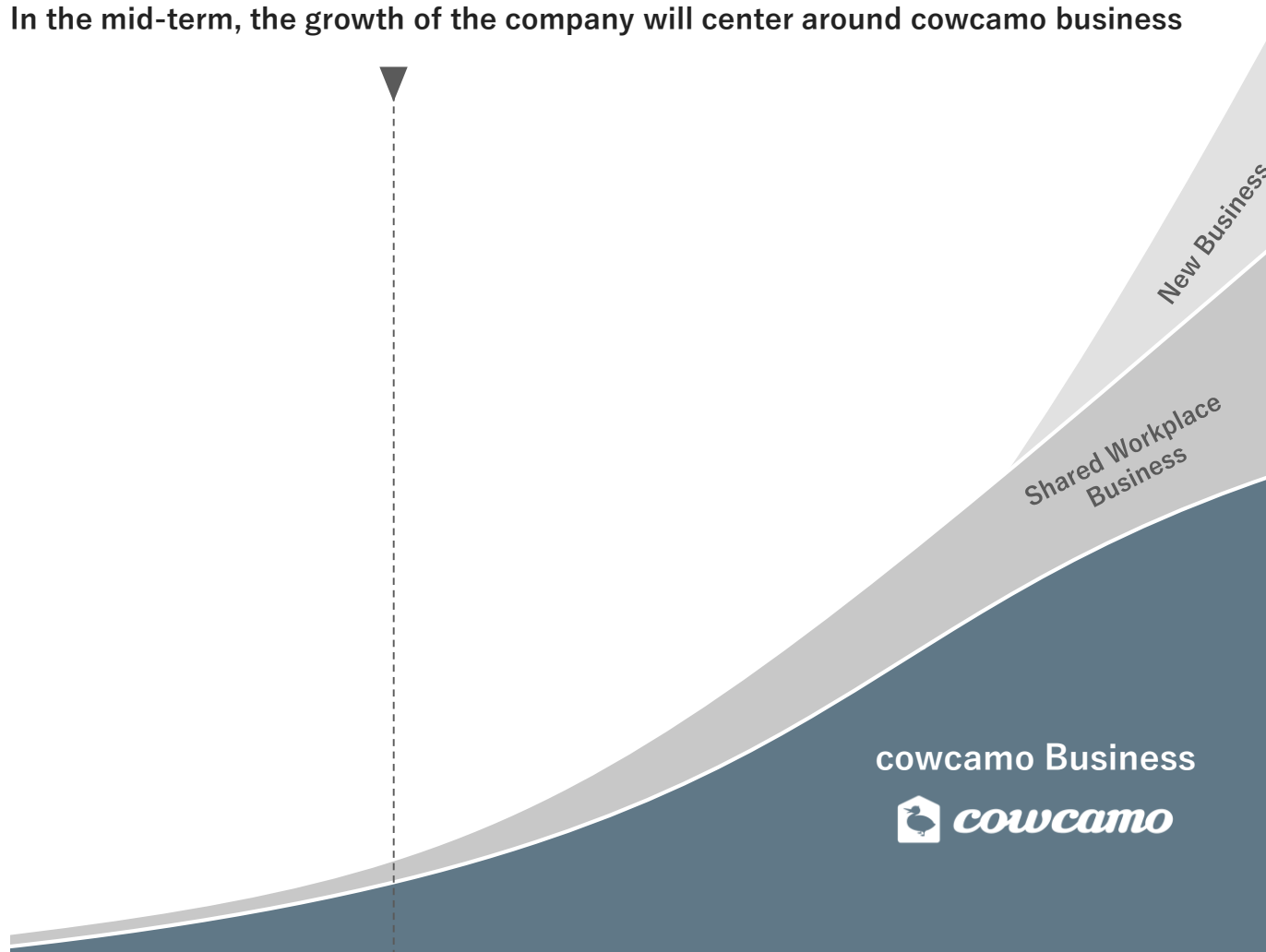
(Unit: M JPY)



### 3. FY2019 Forecast

# Future Direction of tsukuruba's Growth Strategy

In the mid-term, the growth of the company will center around cowcamo business



In the long-term, we plan to launch new businesses which can create synergies with our existing businesses

We will expand the Shared Workplace business by investing into new workplaces with discipline

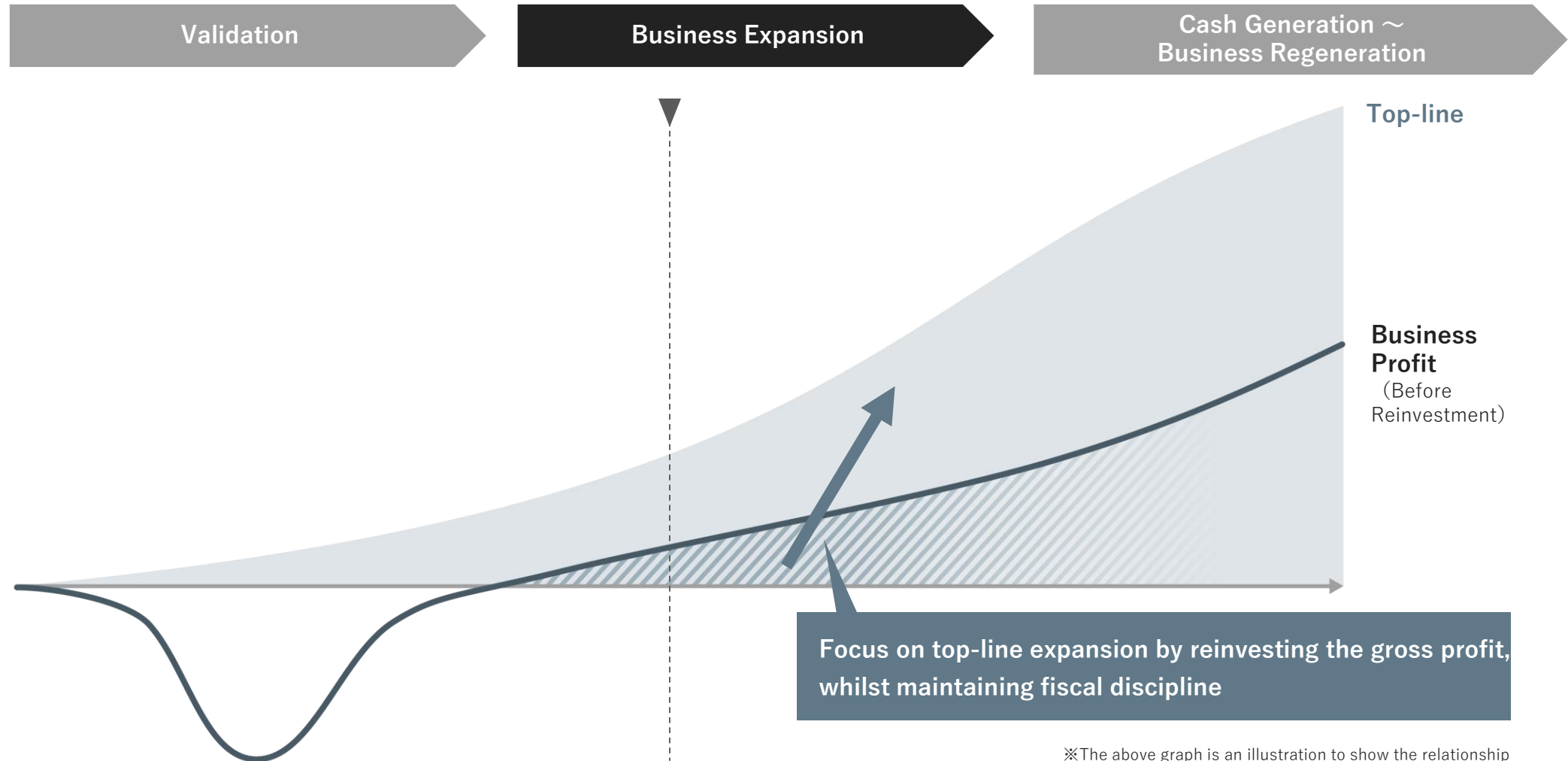
cowcamo will be the driver of growth for the foreseeable future.

We will focus on reinvesting gross profit to achieve continuous growth.

※The above graph is an illustration of our growth strategy and is not a representation of any business plan.

# Growth Stages of cowcamo Business

Focus on the continuous growth of the top-line by reinvesting the gross profit generated into cowcamo business



※The above graph is an illustration to show the relationship between the top-line and the business profit

## cowcamo's Growth Roadmap



# FY2019 Forecast

<b>Top-line</b>	<b>Revenue and Gross Profit to achieve over +40% YoY growth</b>
<b>Profits</b>	<b>Positive profit</b> (Amounts are not disclosed)

## Upside and downside scenarios which are not incorporated into our financial forecast

(Due to the low probability of occurrence)

<b>Upside</b>	<b>Business KPIs grow more than currently anticipated</b> (Number of new users, cost per acquisition, conversion rate, agent productivity, etc.)	<b>Investments for further growth which are not currently anticipated</b> (New functions and services, trial of new organizational operational models, etc. )
<b>Downside</b>	<b>Personnel hiring is delayed more than currently anticipated</b> (Mainly agents and engineers)	

## 4. Business Overview

# Company Highlights

**1**

**Establishing a unique position in the growing used and renovated property market**

**2**

**Enhancing our self-sustaining growth model based on product and marketing capabilities**

**3**

**Building and consolidating our assets and competitive advantage through the integration of the value chain**

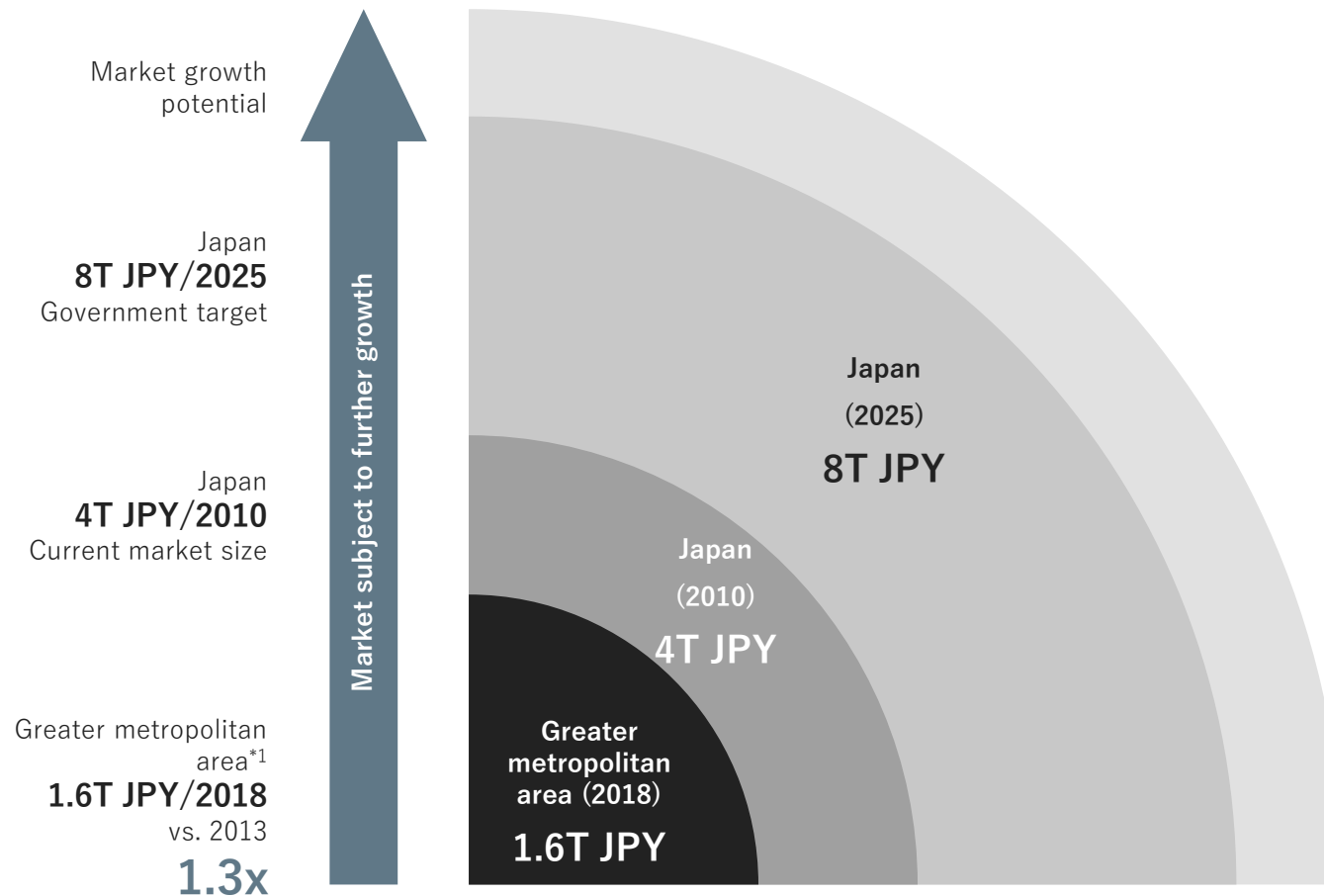
**4**

**Growing and strengthening our user base**

## 1

# Future Growth Expectations of the Used and Renovated Property Market

The Greater metropolitan market was estimated to be 1.8 trillion JPY, while the Japanese government aims to further invigorate the market to 8 trillion JPY as a whole

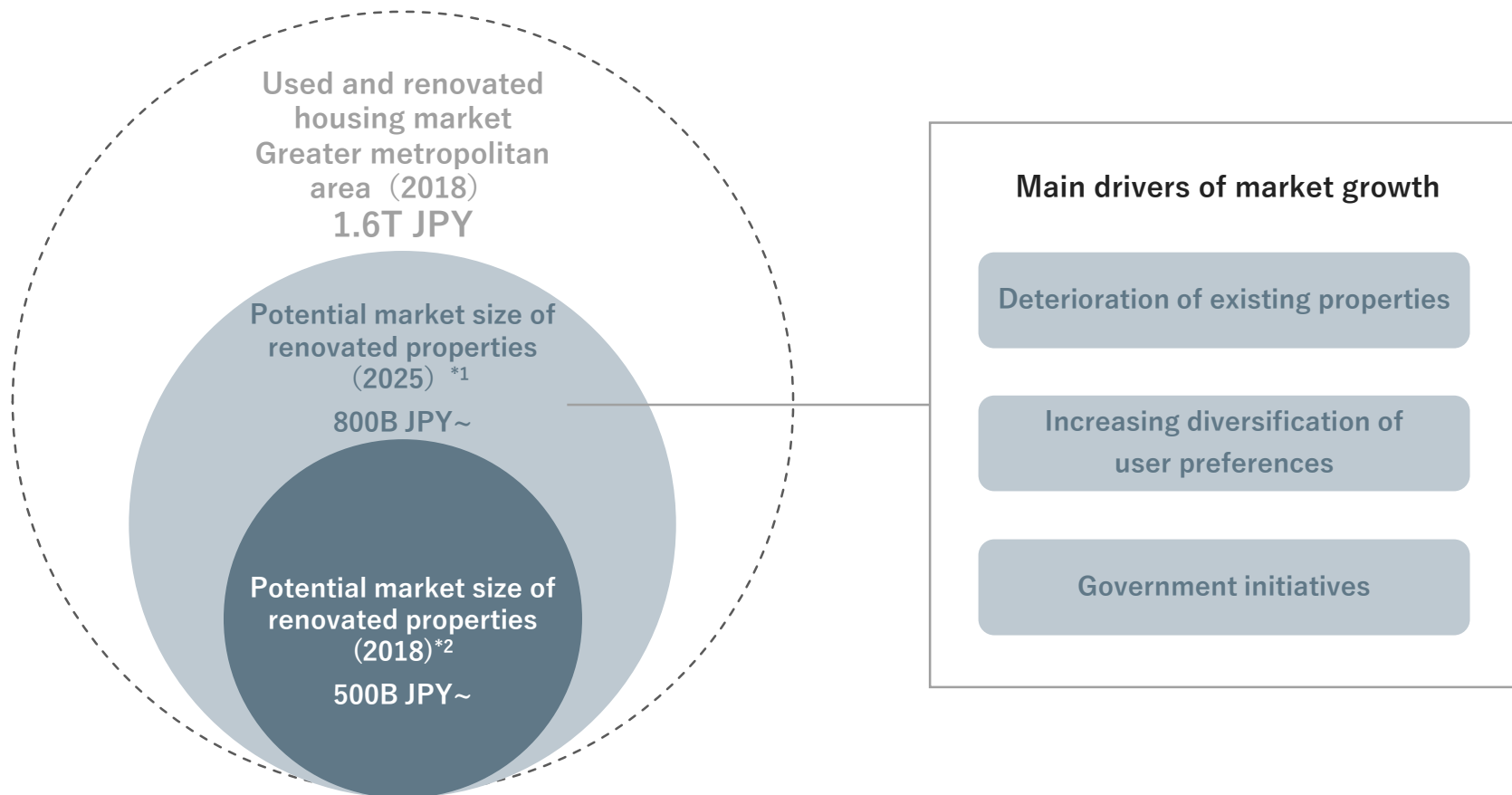


\*1 Greater metropolitan area : Tokyo, Saitama, Chiba and Kanagawa prefectures

Source: Real Estate Information Network for East Japan / Prime Minister's Office of Japan, "Growth Strategy 2017"

# 1 Strong Growth Potential of the Renovated Property Market

The renovated housing market is expected to experience a rapid growth due to a number of factors



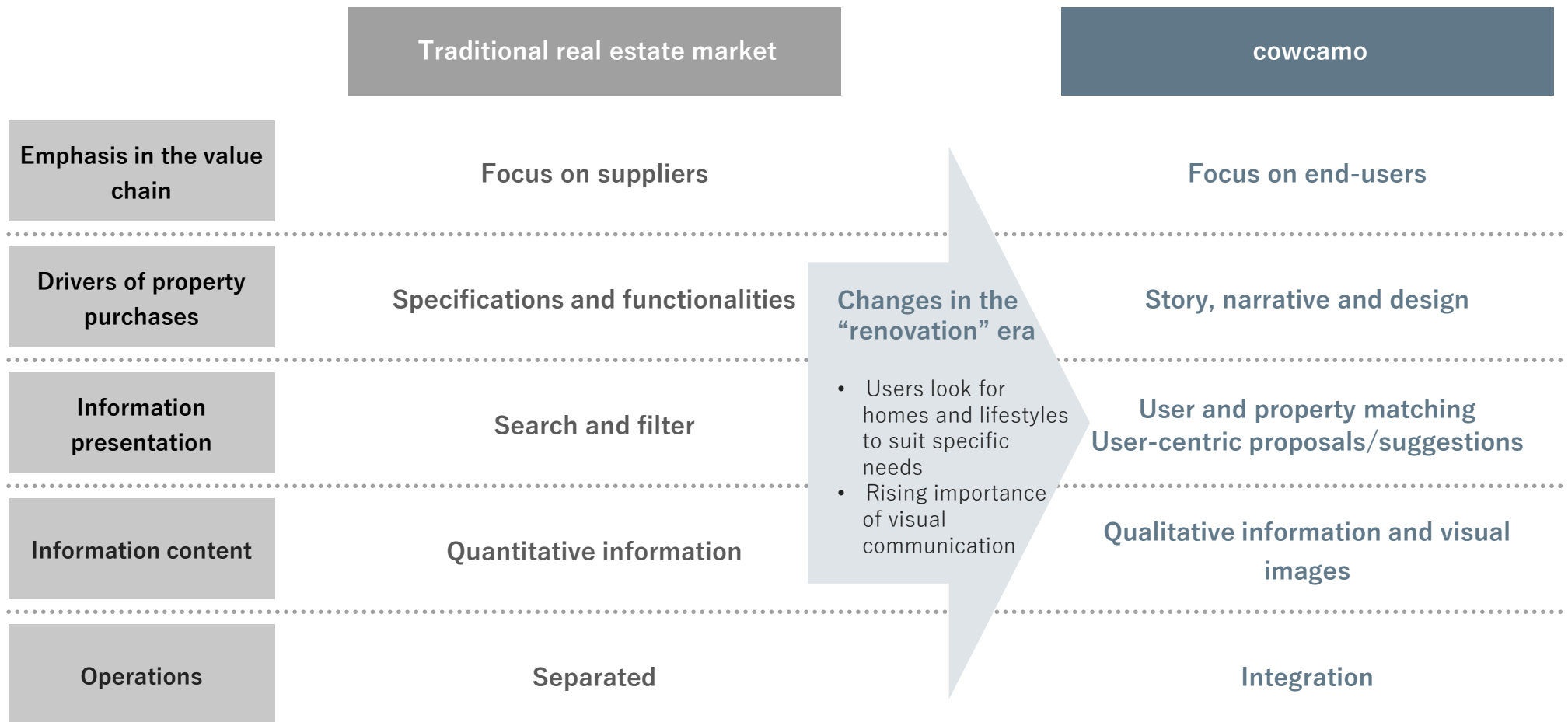
\*1 Calculated based on the market size of the used property market in 2018 x the number of used apartments which are 25 years or older in supply in 2025 (estimated data)

\*2 Calculated based on the market size of the used property market in 2018 x the number of used apartments which are 25 years or older in supply in 2015 (actual data)

Source: Real Estate Information Network for East Japan "Market trend of Real Estate Market in the Greater Metropolitan Area", Mizuho Trust & Banking Co., Ltd. "Real Estate Market Report 2016.5"

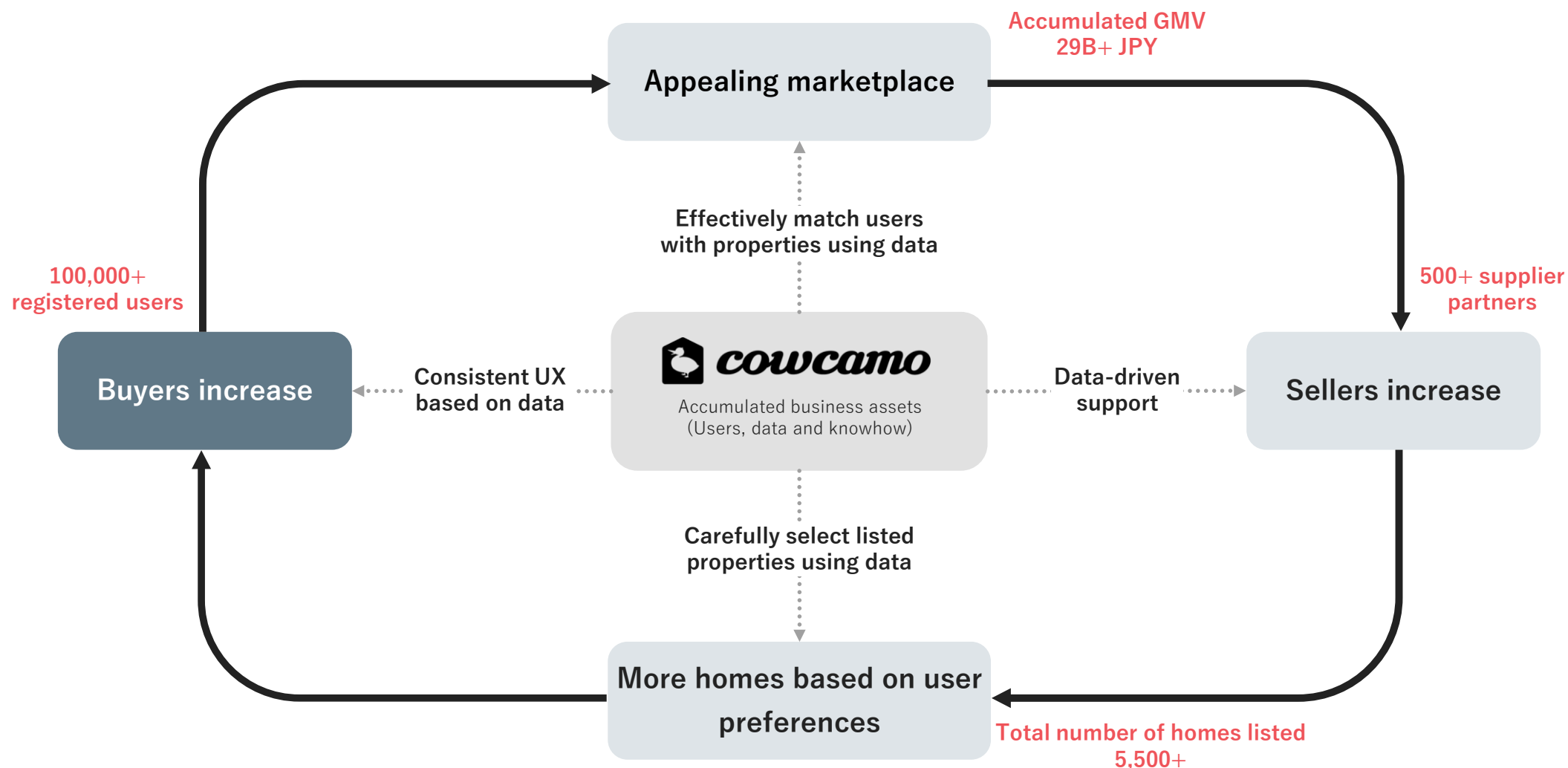
# 1 Our Unique Market Position as a Platform for Residential Properties

Changes in the principle of competition in the “renovation” era and cowcamo’s market positioning



## 2

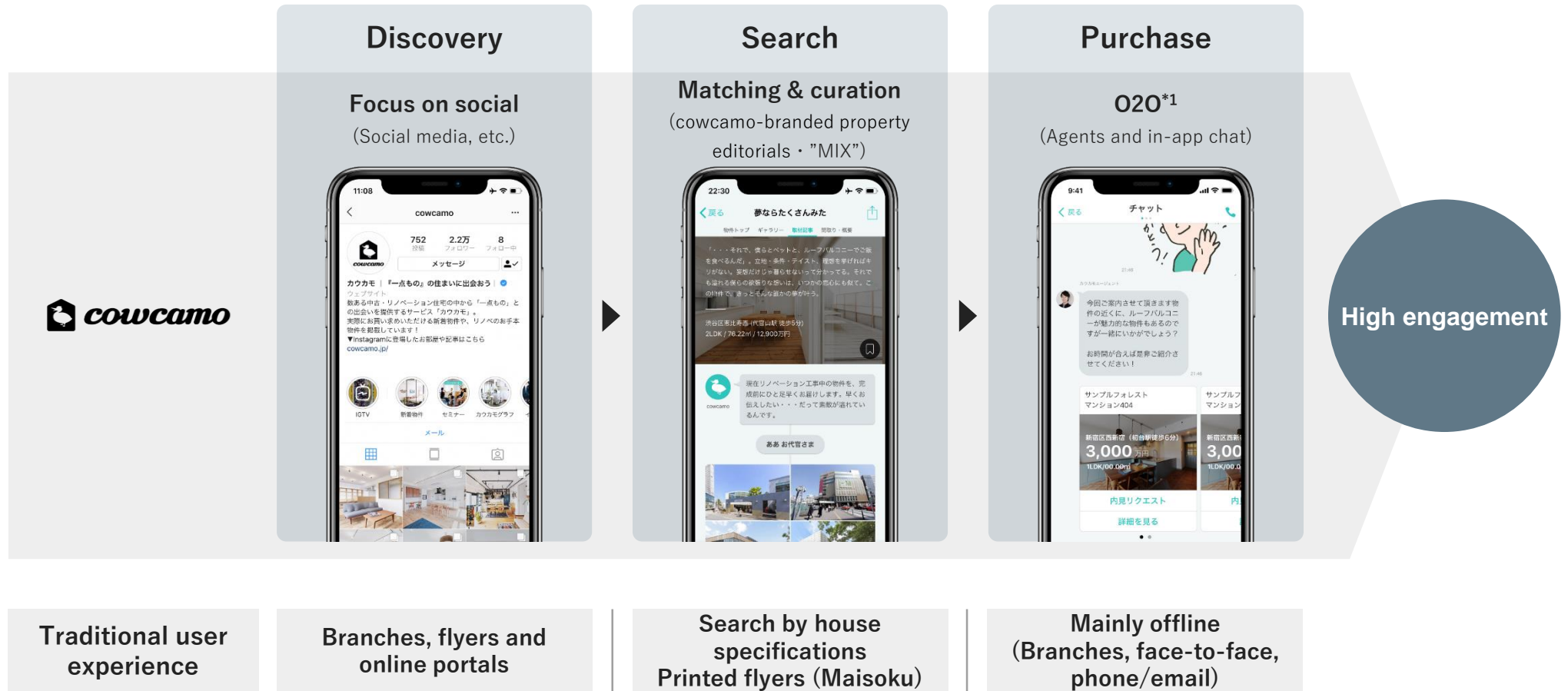
# Our User-Driven Self-Sustaining Growth Cycle



## 2

# Our User-Centric Home Shopping Journey

Design and manage the end-to-end user experience to deliver a first-class home shopping journey



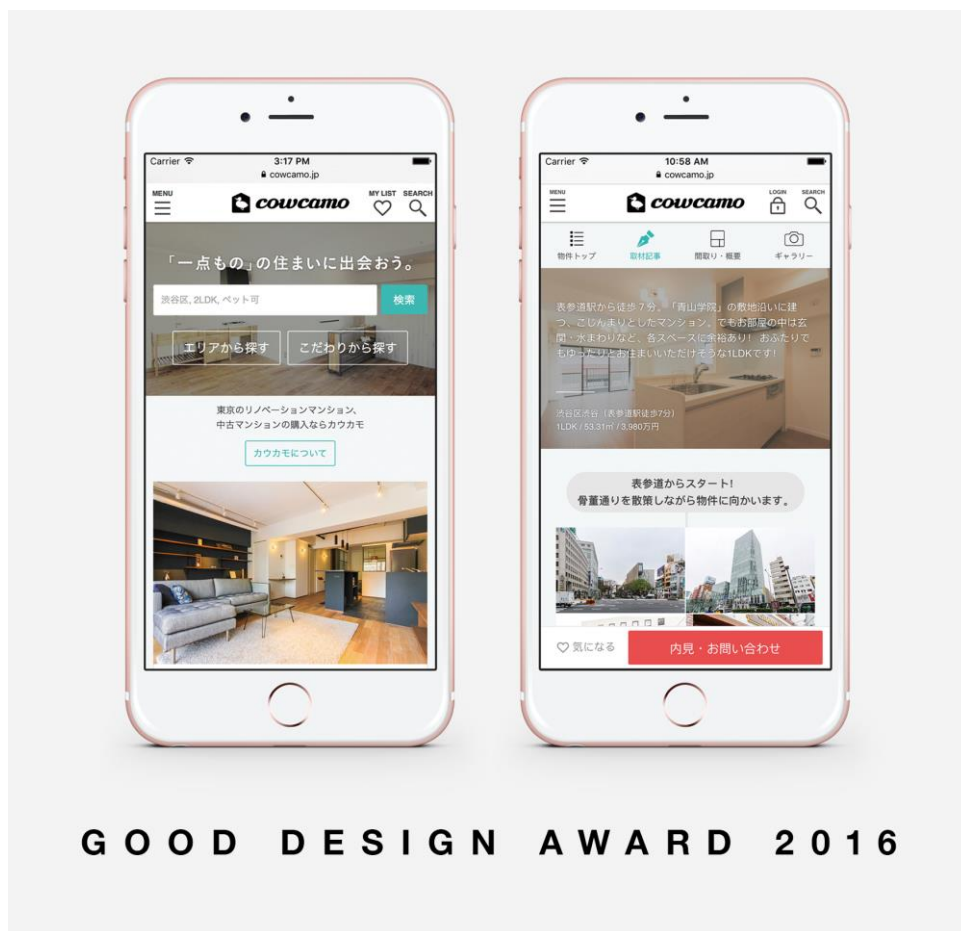
\*1 O2O: Online to Offline

\*2 "Maisoku" : Printed flyers with listed property information which real estate agents traditionally hand out

# Past Awards

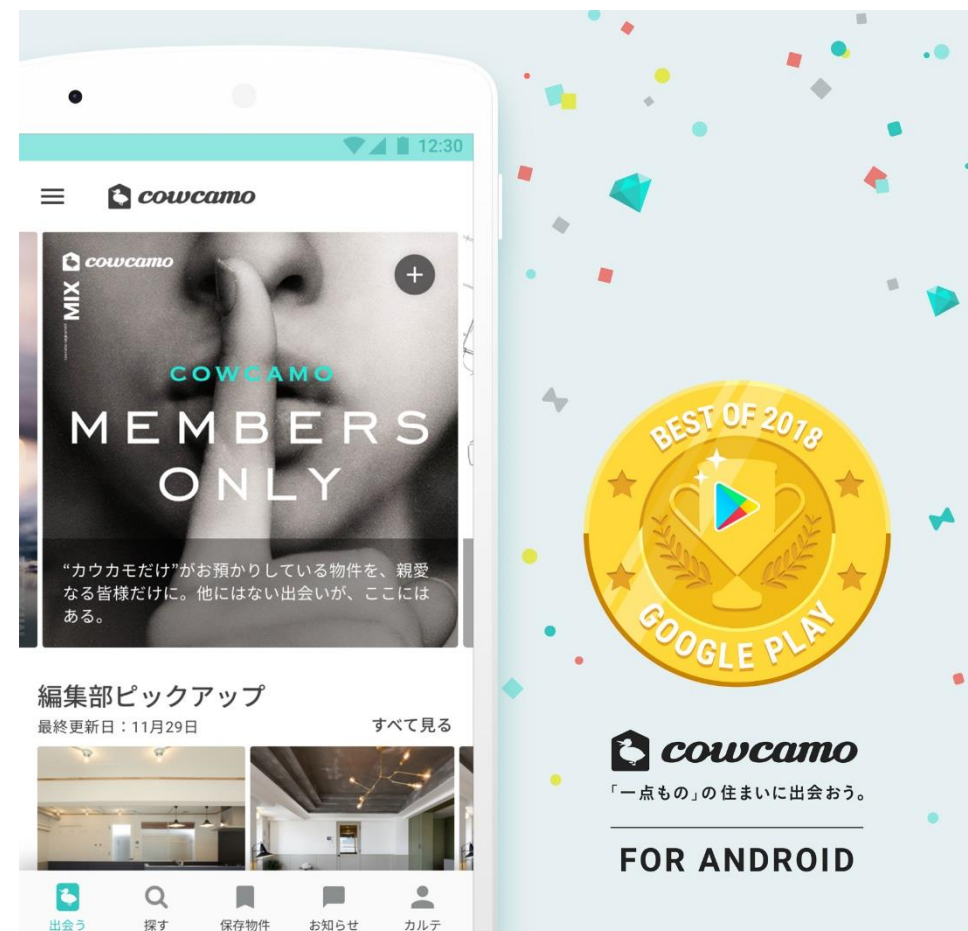
## cowcamo.jp (Website)

GOOD DESIGN AWARD 2016



## cowcamo for android (app)

Google Play Best of 2018

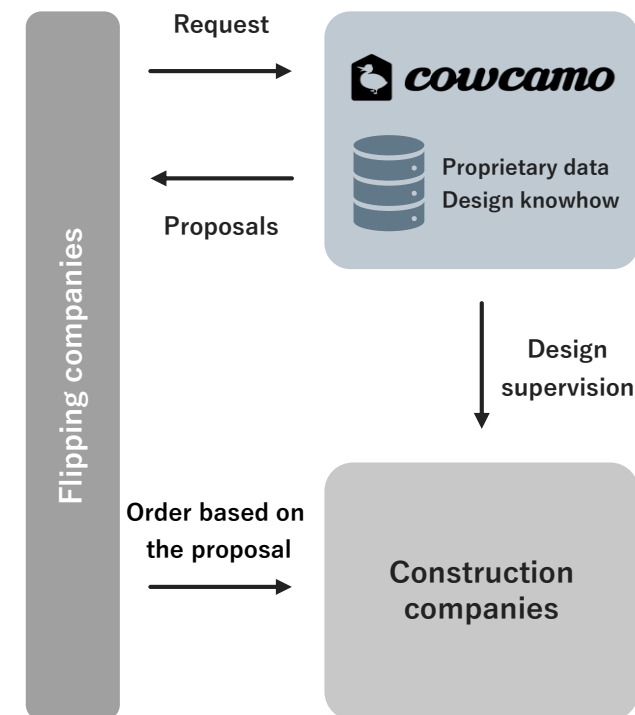


## 2 Creating New Business Opportunities with Supplier Partners

Property designs by cowcamo

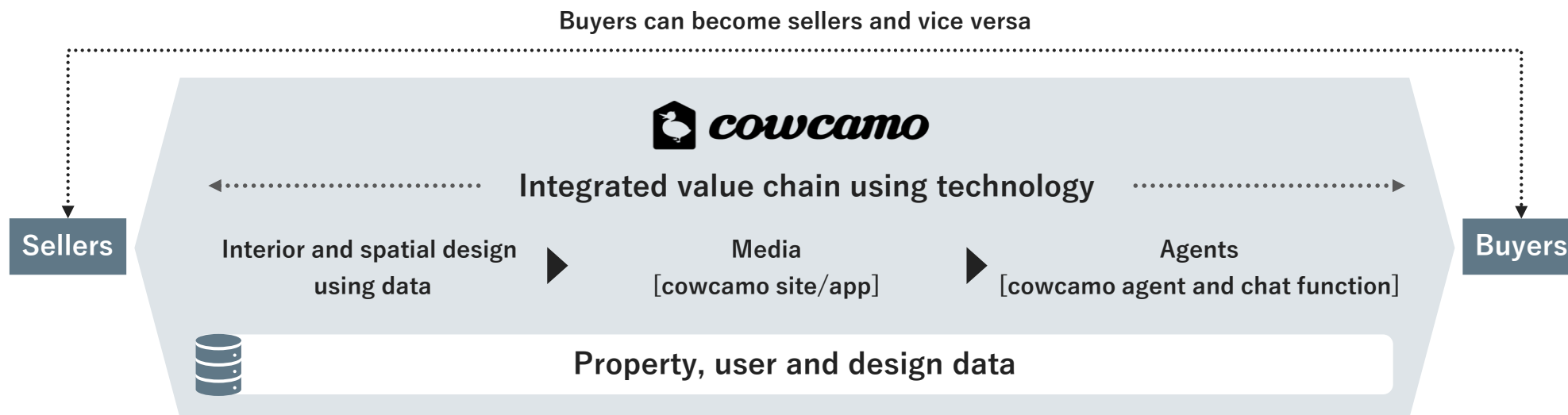


Business flow of our interior and spatial design business scheme

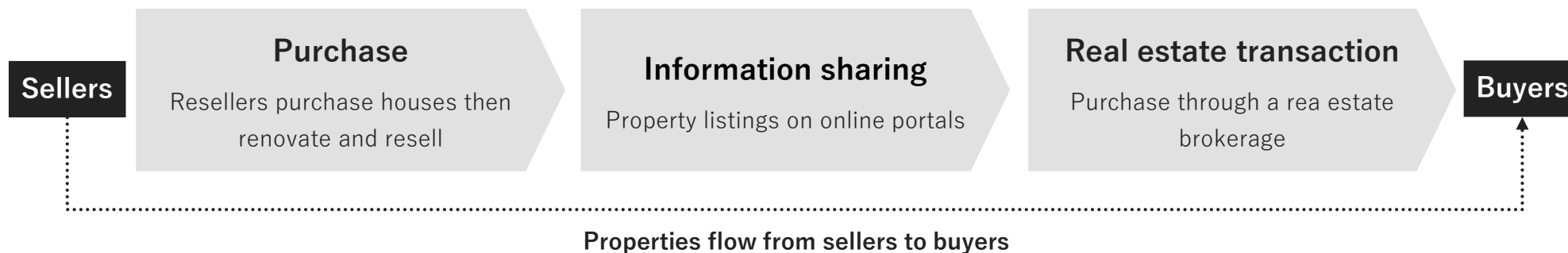


### 3 A Fully-Integrated Used and Renovated Property Value Chain

cowcamo's value chain

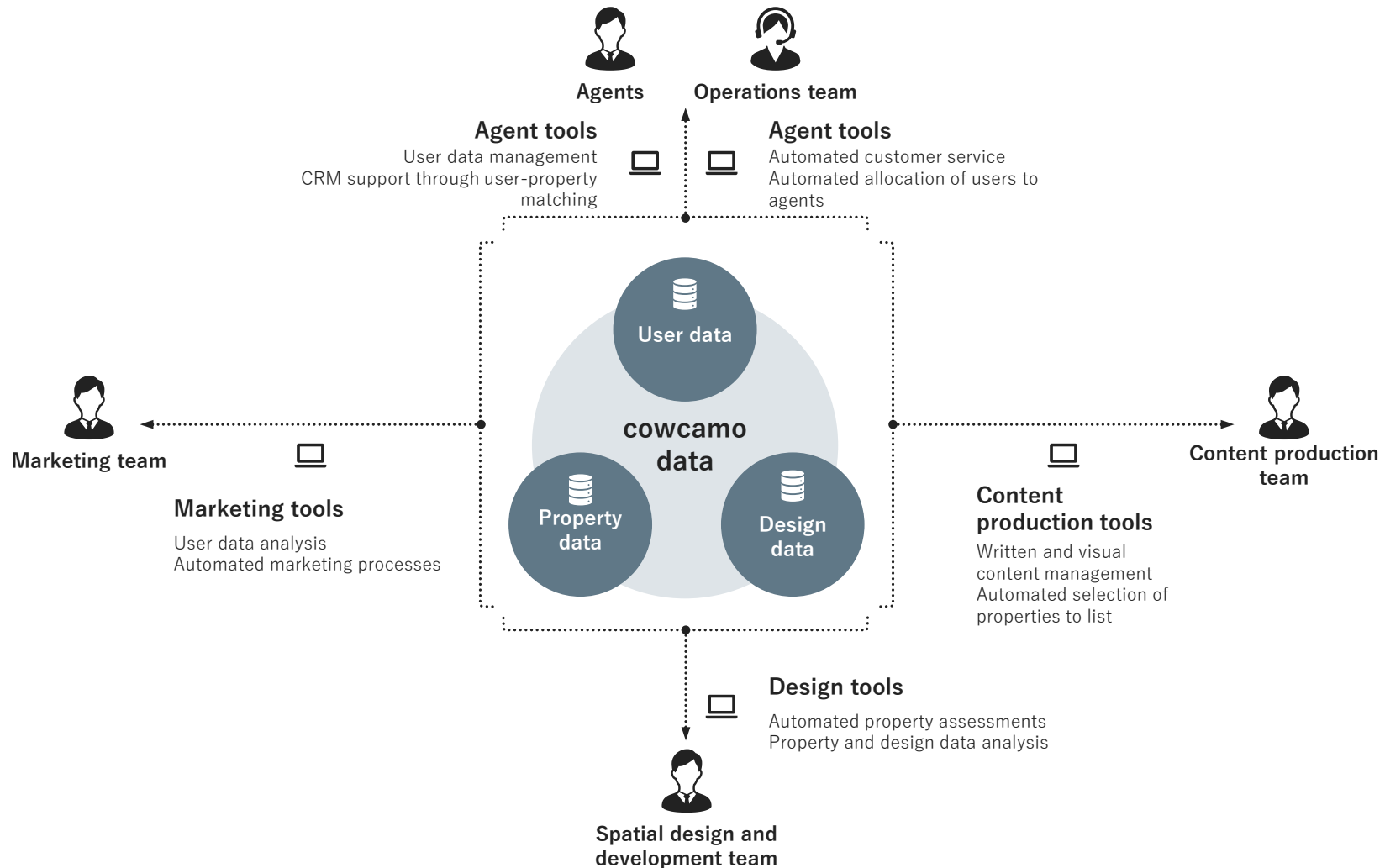


Traditional value chain



# Our Comprehensive Suite of Tools and Technology Solutions

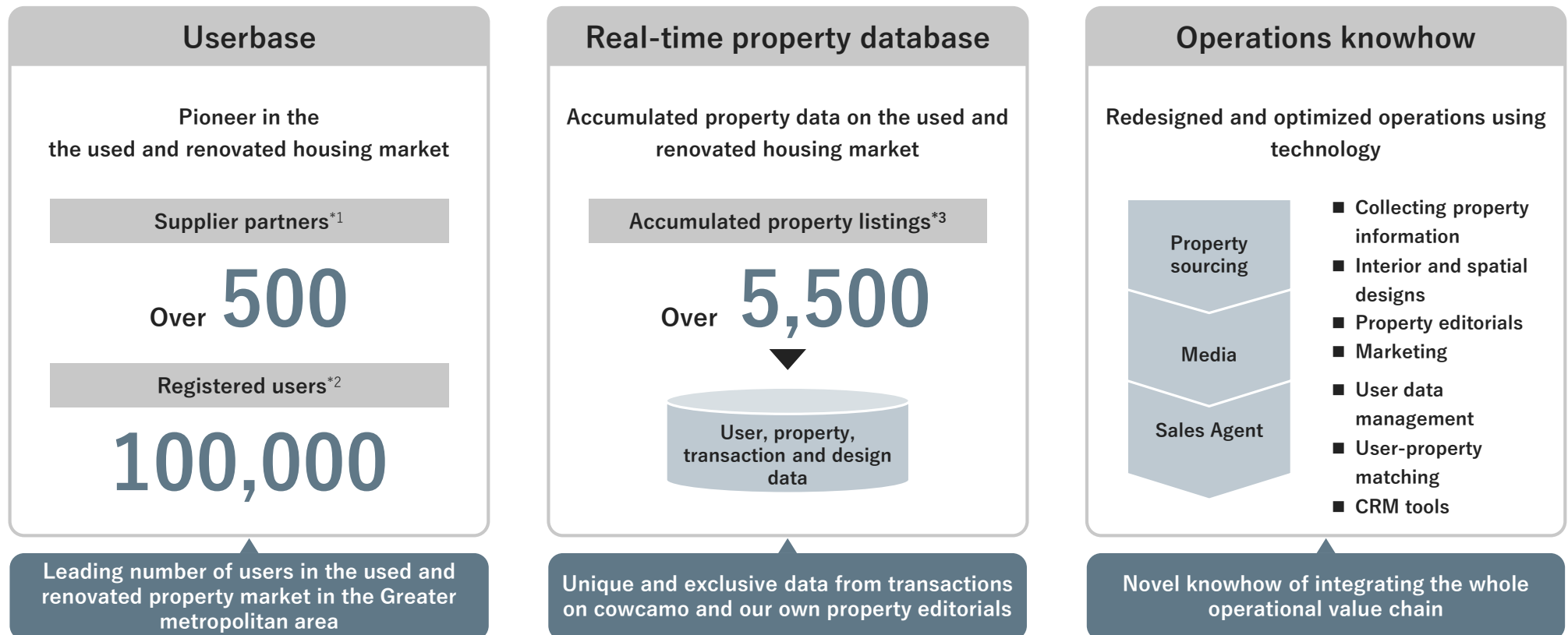
Optimization of various processes using data and technology



## 3

## Our Sustainable Competitive Advantage

Accumulated userbase, data and know-how through business operations



\*1 : Sellers and flipping companies which have been covered in cowcamo's editorials

\*2 : Accumulated number of registered users (as of August 2019)

\*3 : Properties listed on cowcamo

## 4

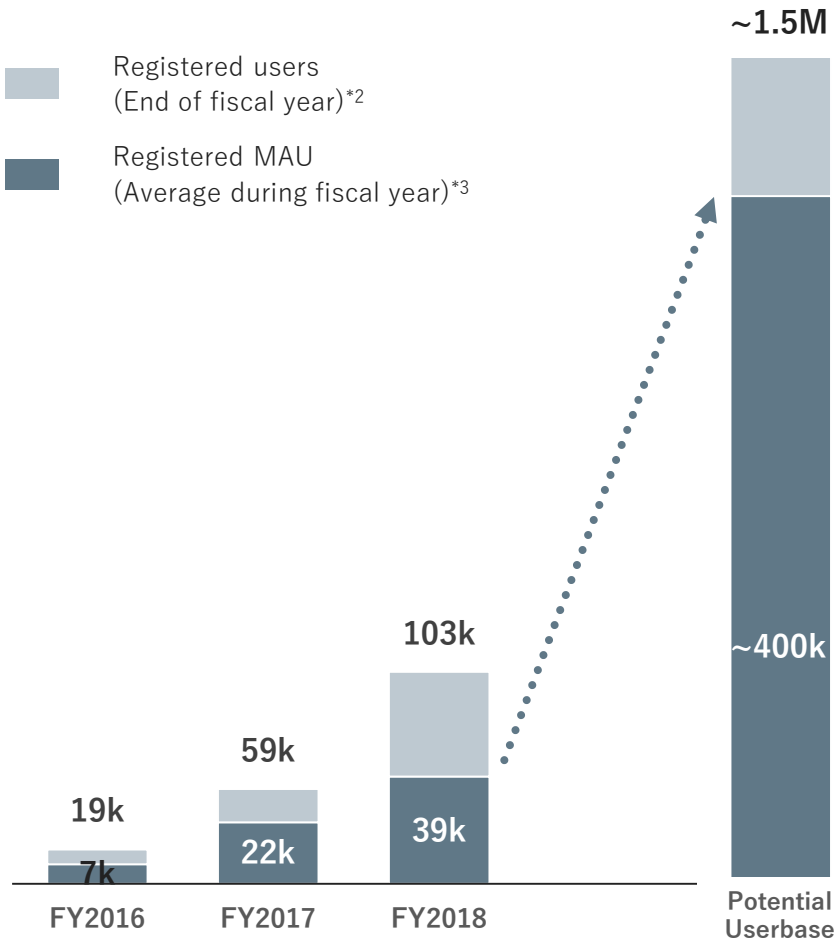
# Our Growth Roadmap



# 4

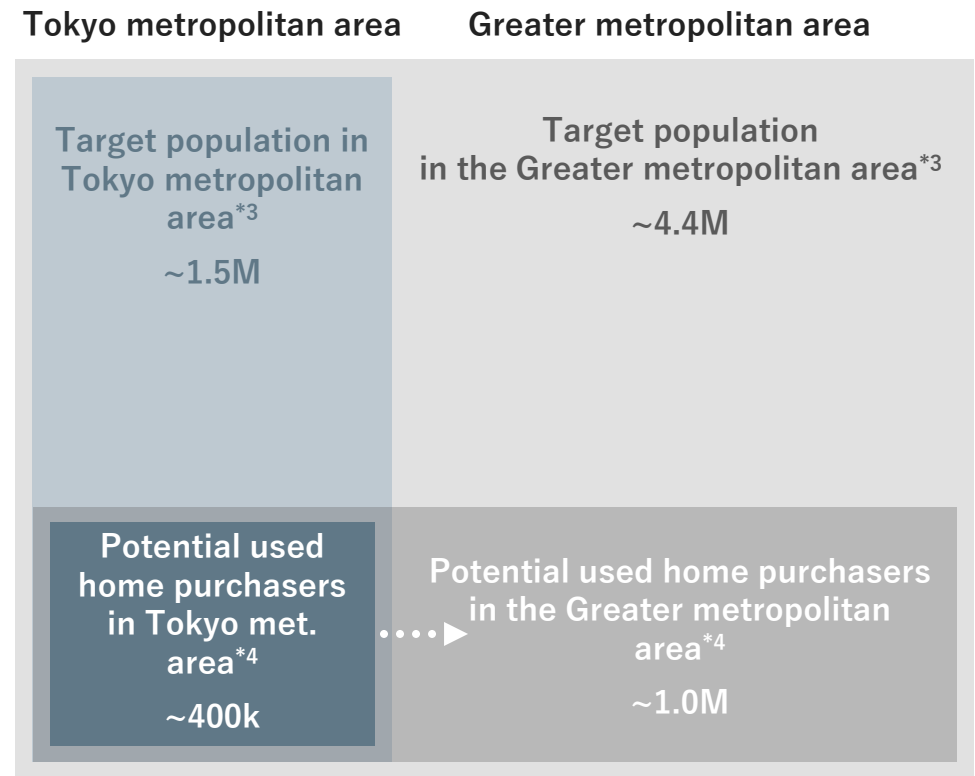
## Opportunities for Future Growth of Our Userbase

### Potential for user growth in the Tokyo metropolitan area\*1



- \*1 : Tokyo metropolitan area refers to the 23 wards in Tokyo prefecture  
 \*2 : Registered users refers to users who have registered on cowcamo by the last day of a given period, including users who have not made any transactions  
 \*3 : Registered MAU refers the average number of registered monthly active users in a given period

### Potential for user growth through area expansion



- \*3 : In Tokyo metropolitan area (A1) and Greater metropolitan area (A2), calculated based on: the population between the age of 25 to 50 years old x estimated potential home ownership rate (B) x estimated potential used home ownership rate (C)  
 A1 : Tokyo Metropolitan Government Bureau of General Affairs "Census: Population and Households in Tokyo (2019.1)"  
 A2 : Tokyo Metropolitan Government Bureau of General Affairs "Current Population Estimates as of October 1, 2018"  
 B : Ministry of Land, Infrastructure, Transport and Tourism "2019 Real Estate Market Data: 3. Perception of Japanese Citizens Towards" Housing  
 Exclude respondents who answered "Rented properties" as their desired future property ownership from all respondents who currently live in a rented property (66.2%)  
 C : Ministry of Land, Infrastructure, Transport and Tourism "2019 Real Estate Market Data: 3. Perception of Japanese Citizens Towards" Housing  
 Share of respondents who live in a rented property and answered "Used property" or "No preference" as desired future property ownership (44.1%)  
 \*4 : Calculated based on the target population x share of those who want to move houses within the next 5 years (D)  
 D : Tokyo Metropolitan Government Bureau of General Affairs Intentions to Relocate Houses/Improve Living Conditions (5 categories)/Age of the Head of Household (8 categories)  
 Share of households, for which the head of household is under the age of 50, who answered "I want to change residential property" within the next 5 years (23.6%)

## 4 Long-term Goal of Leading the Used Property Market

We aim to lead the acceleration of the market expansion by changing the public perception of used properties. This will allow us to change how used properties are priced and increase the frequency of purchases

### Increase Price

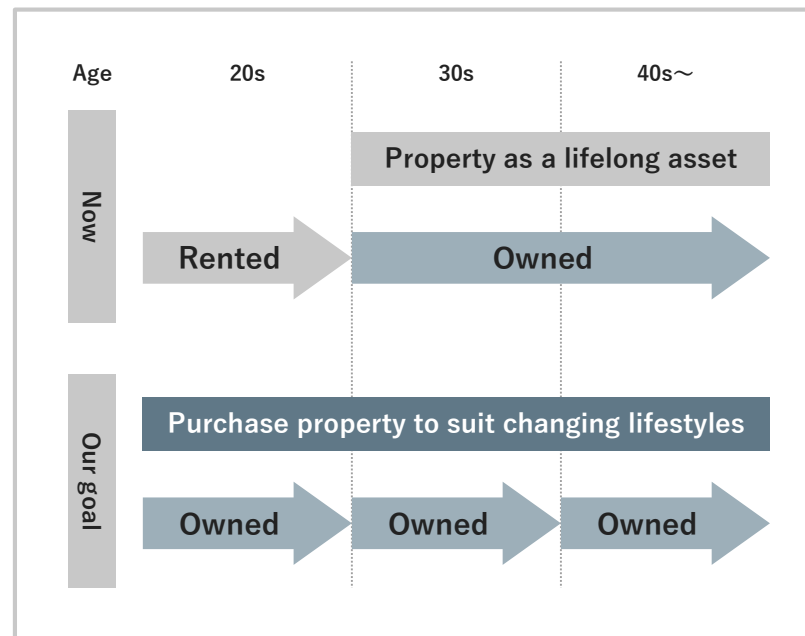
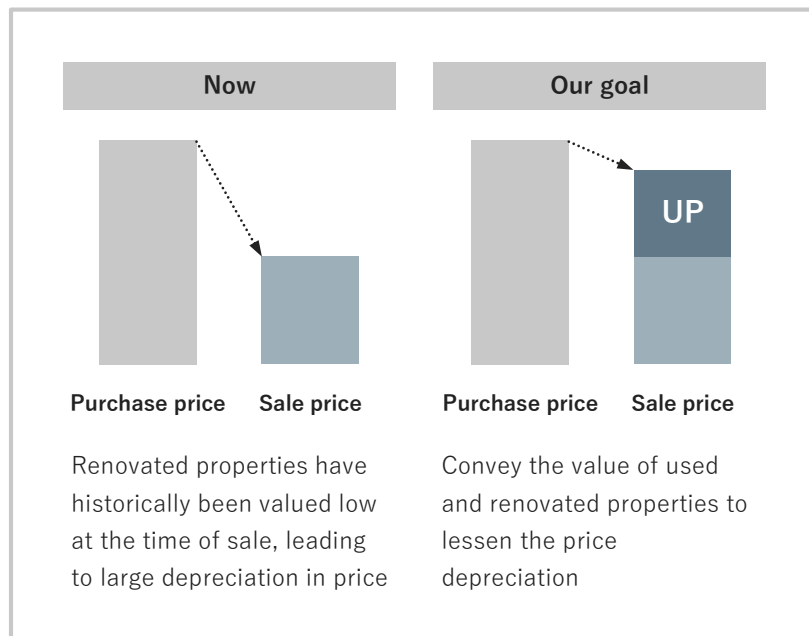
- Fair and accurate assessment of renovated real estate using our own property data
- Ability to market the quantitative and qualitative value of renovated properties



### Increase frequency of home purchases

= Expand TAM

- Promote new home purchases to suit changing lifestyles
- Improve the economics of new purchases by removing middleman costs



## 5. Reference Materials

# Company Overview

Name	tsukuruba inc.
Address	2F Ikura Building, 1-1-5 Kamimeguro, Meguro-ku, Tokyo, Japan
Founded	August 2011
Founders	CEO Hiroki Murakami CCO Masahiro Nakamura
Employees	121 full-time employees (As of July 2019)
Businesses	Creating and operating technology-powered property-related services: - "cowcamo", an end-to-end real estate online brokerage platform for used and renovated properties - "co-ba", subscription-based co-working offices
Awards	Deloitte Technology Company Japan Technology Fast 50 2017/2018

# Team of Experienced Management with Backgrounds in Business, Design and Technology



**Hiroki Murakami**  
Co-founder & CEO

Formerly involved with the development and management of LIFULL HOME'S, Japan's No.1 portal site for real estate and housing information. Founded Tsukuruba in August 2011 with Masahiro. Graduate of Rikkyo University.



**Hiroshi Kitahara**  
COO

Former consultant at Corporate Directions Inc., Deloitte Tohmatsu Consulting LLC and Deloitte Consulting Southeast Asia. Joined Tsukuruba in November 2016, before being appointed as COO in May 2018. PhD in Engineering from Tokyo Institute of Technology. MBA from Université Paris-Dauphine.



**Ryohei Koike**  
CFO

Registered as a Certified Public Accountant in 2007. Prior position at Star Festival Inc. as CFO. Originally Tsukuruba's external auditor and appointed as CFO in May 2018.



**Masahiro Nakamura**  
Co-founder & CCO

Named in Nikkei Architecture's "100 Next Generation Innovators".

Founded Tsukuruba in August 2011 with Hiroki after working in design studios. Received a Masters degree in Architecture and Building Engineering from Tokyo Institute of Technology.



**Shinichi Takano**  
External Director

Served as an Executive Officer at COSMOS INITIA Co., Ltd (formerly Recruit COSMOS Co., Ltd.), before working in HR and PR at Recruit Co., Ltd. In 2010, appointed as an Executive Director at Nihon Kotsu Co., Ltd, Japan's largest taxi company, after serving as an Executive Director and General Manager at Gyosei Co.

# Balance Sheet

(Unit: M JPY)

	FY2017	FY2018
<b>Current Assets</b>	<b>637</b>	<b>1,505</b>
<b>Cash &amp; Deposits</b>	<b>333</b>	<b>1,420</b>
<b>Non-Current Assets</b>	<b>338</b>	<b>363</b>
<b>Total Assets</b>	<b>975</b>	<b>1,869</b>
<b>Current Liabilities</b> (of which, interest-bearing liabilities )	<b>260</b> (85)	<b>269</b> (64)
<b>Non-Current Liabilities</b> (of which, interest-bearing liabilities)	<b>268</b> (265)	<b>124</b> (116)
<b>Net Assets</b>	<b>446</b>	<b>1,475</b>
<b>Equity Capital</b>	<b>90</b>	<b>594</b>
<b>Retained Earnings</b>	<b>797</b>	<b>1,307</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>975</b>	<b>1,869</b>

# Cash Flow Statement

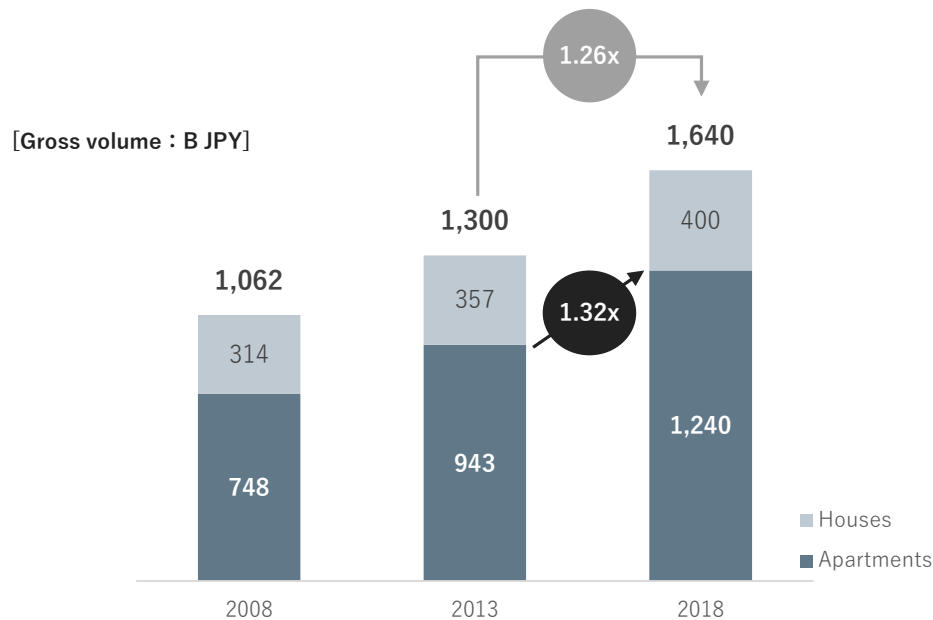
(Unit: M JPY)

	FY2017	FY2018
Cash Flow from Operating Activities	△618	399
Cash Flow from Investing Activities	△135	△169
Cash Flow from Financing Activities	753	837
Net Increase (Decrease) in Cash and Cash Equivalents	△0	1,067
Cash and Cash Equivalents at the End of Fiscal Year	304	1,371

# Used and Renovated Property Market in the Greater Metropolitan Area is Estimated at 1.6T JPY

## Used and renovated property market is growing rapidly

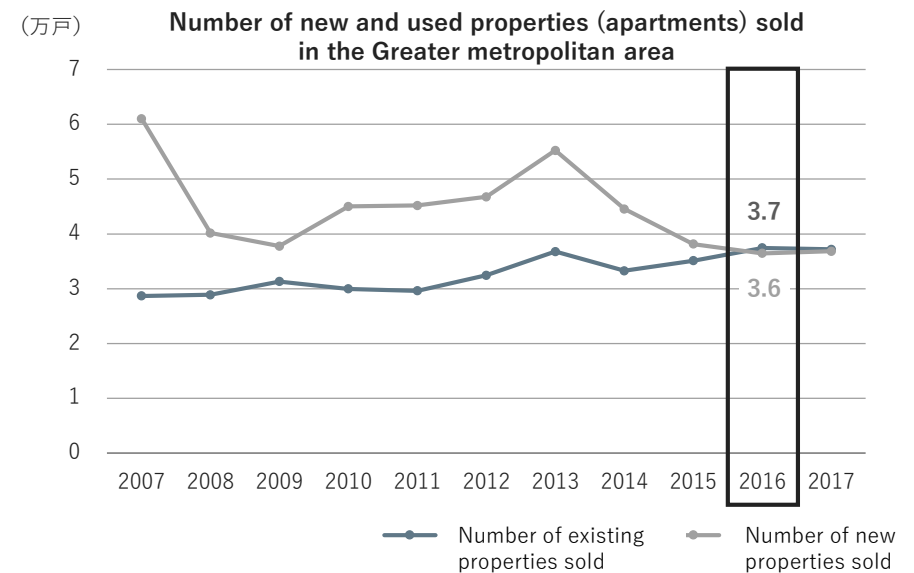
- The market has grown 1.26x since 2013
- The apartment market has grown 1.32x during the same period



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

## Used properties are fast-becoming a first choice for purchasers over new properties

- The number of used apartments sold in 2016 surpassed the number of new apartments sold

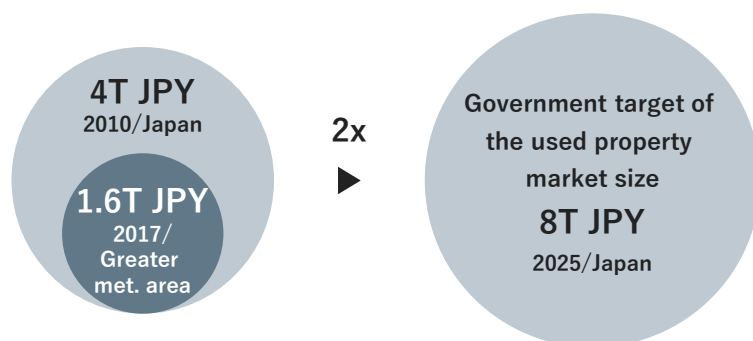


Source : Number of existing properties : Real Estate Information Network for East Japan "Market trend of Real Estate Market in the Greater Metropolitan Area" (2018/4/17 Report)  
 Number of new properties : Real Estate Economic Institute Co., Ltd. "Market Trend of Apartments in the Greater Metropolitan Area"  
 ※Existing and new properties refer to used apartments (exclude used houses)

# Growth Expected of the Used Property Market

## Growth potential of TAM

The government aims to double the used property market



### Growth Strategy 2017 — Strategic Areas for Society 5.0

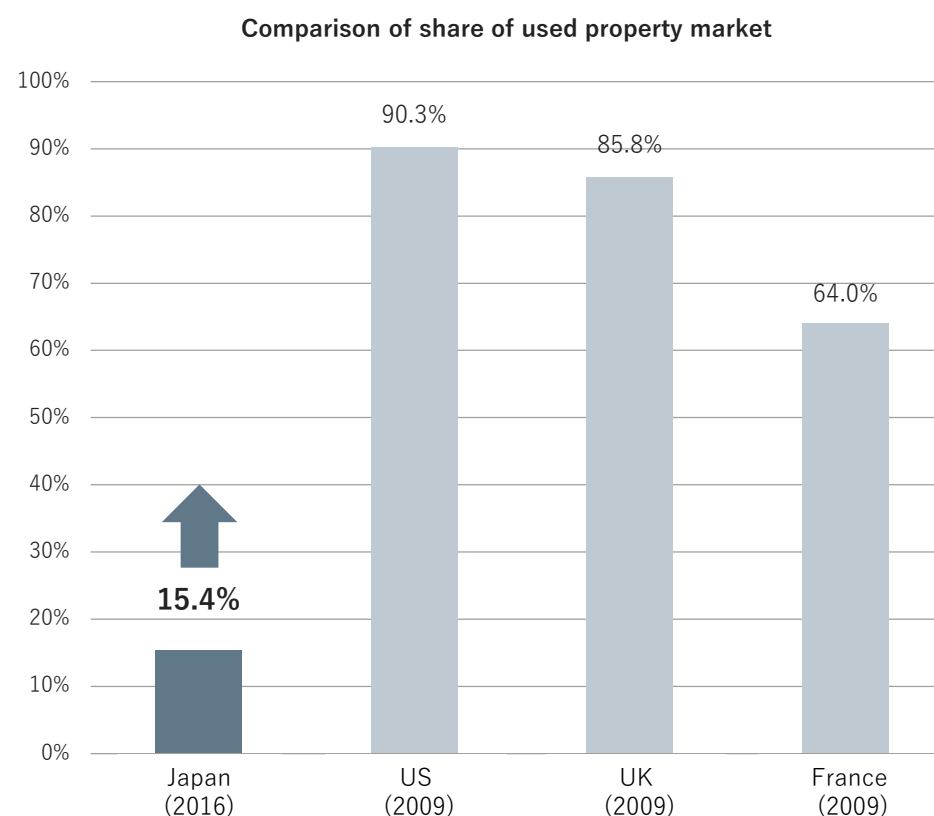
1	Extension of Healthy Lifespan
2	Realization of Mobility Revolution
3	Creating of Next-generation Supply Chains
4	Building and Developing Pleasant Infrastructure and Towns
5	Advancement of FinTech
6	Overcoming energy and environmental constraints and expanding investment
7	Robot Revolution / Bio Material Revolution
8	<b>Revitalization of housing market centering on the existing housing distribution / renovation</b>

■ 《KPI》 To expand the market size of used property market to 8 trillion JPY by 2025 (4 trillion yen in 2010)

■ Aim to achieve the above by 2020 as much as possible

Source: Prime Minister's Office of Japan "Growth Strategy 2017"

## Share of used property market by countries



Source : Ministry of Land, Infrastructure, Transport and Tourism "Promotion and Utilization of Used Properties (Appendix) "

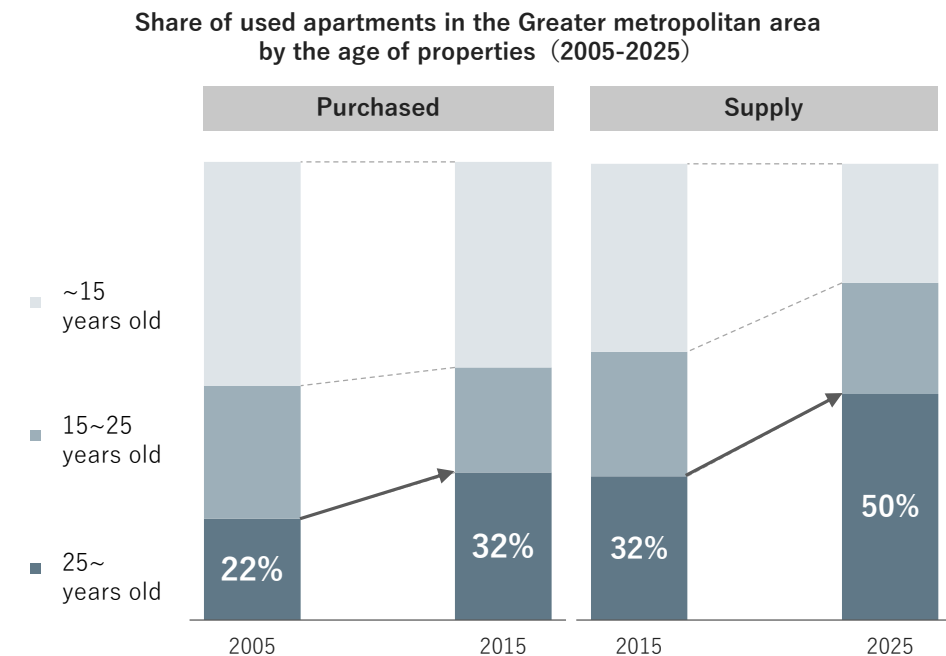
Figure of Japan is an estimated figure form the Remodeling Business Journal "Used Property Market Data 2018"

# Renovated Properties Will Become a Mainstream Option by 2025

## Changes in the market structure as the used property market expands

### Properties that are 25 years old or more will occupy half of the market

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



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

### Renovation will become a mainstream option

- Number of changes are expected as renovation becomes mainstream in the Greater metropolitan area

#### Formation of renovated apartment market

- Fairer pricing of renovated properties
- Renovate to suit lifestyles and preferences, and not for cheaper prices

#### Diversification of types of used apartments

- Renovate used apartments
- Already-renovated apartments
- Renovated + additional renovation

#### Changes in the used property businesses

- Increase in the number of flippers
- Growth of services, specific for renovated apartments

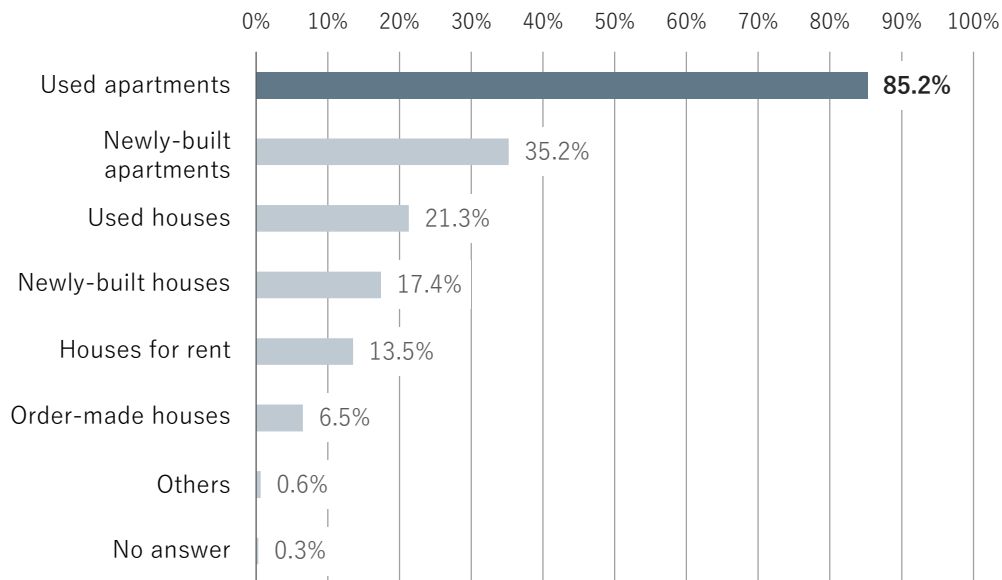
# Urban Lifestyle Consumers as Main Target Population

## cowcamo's target users

### Preferences for used apartments

- Over 85% of users considered used apartments at the time of purchase

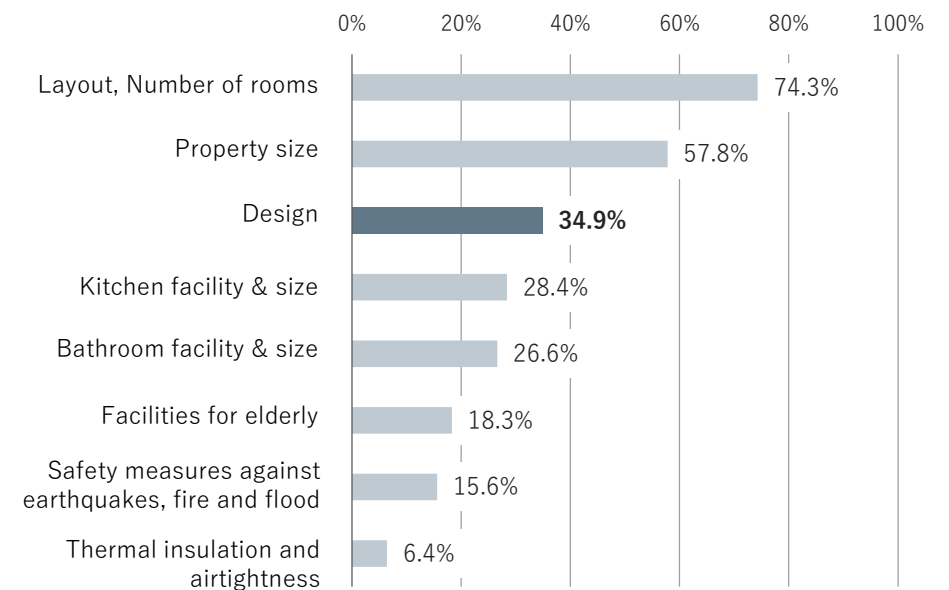
Types of properties compared at the time of purchase (Used apartment purchasers)



### Importance of interior and spatial design of used apartments

- Used apartment purchasers place an emphasis on the design, after the specifications of the property (such as size, number of rooms)

Main reasons for the purchase of properties



Source: Ministry of Land, Infrastructure, Transport and Tourism Housing Bureau "Report on the Housing and Property Trend 2016"

Source: Ministry of Land, Infrastructure, Transport and Tourism Housing Bureau "Report on the Housing and Property Trend 2016"

# Disclaimer

## Handling of this material

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The factors which may affect actual results include but are not limited to: Japanese and global economic conditions, and conditions of markets in which tsukuruba operates.

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