TSUKURUBA

TSE Mothers：2978

Financial Results
Q3 Fiscal Year 2020

Jun 14th 2021

FY 2020

Aug 1st 2020 to Jul 31st 2021

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Agenda

1．FY2020 Q3 Financial Highlights

2．Company Overview and about cowcamo Business

3．Q&A

4．Reference Materials

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1．FY2020 Q3 Financial Highlights

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FY2020 Q3 Financial and Business KPI Highlights

Company Financials (Q1-Q3 Total)

Revenue 1,137 M JPY (YoY -20%)

Gross Profit 900 M JPY (YoY -8%)

Business KPI (Q1-Q3 Total)

cowcamo Business

PF GMV 20 B JPY*1 (YoY +34%)

PF Profit 896 M JPY*2 No. of transactions on PF 414 Registered MAU 62 K*3

Highlights

- PF GMV rose 34% YoY, the effect of COVID-19 bottomed out and our business has progressed as planned
- The number of PF transactions per quarter was a record high 166

*1 based on contracts
*2 based on payment and settlement
*3 registered MAU as of April FY2020 ending in July 2021

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FY2020 Q2 Quarterly Financial Highlights

Gross profit decreased 8% YoY, impact of COVID-19 has bottomed out and investment is accelerated while controlling SG&A expenses

(Unit：M JPY)

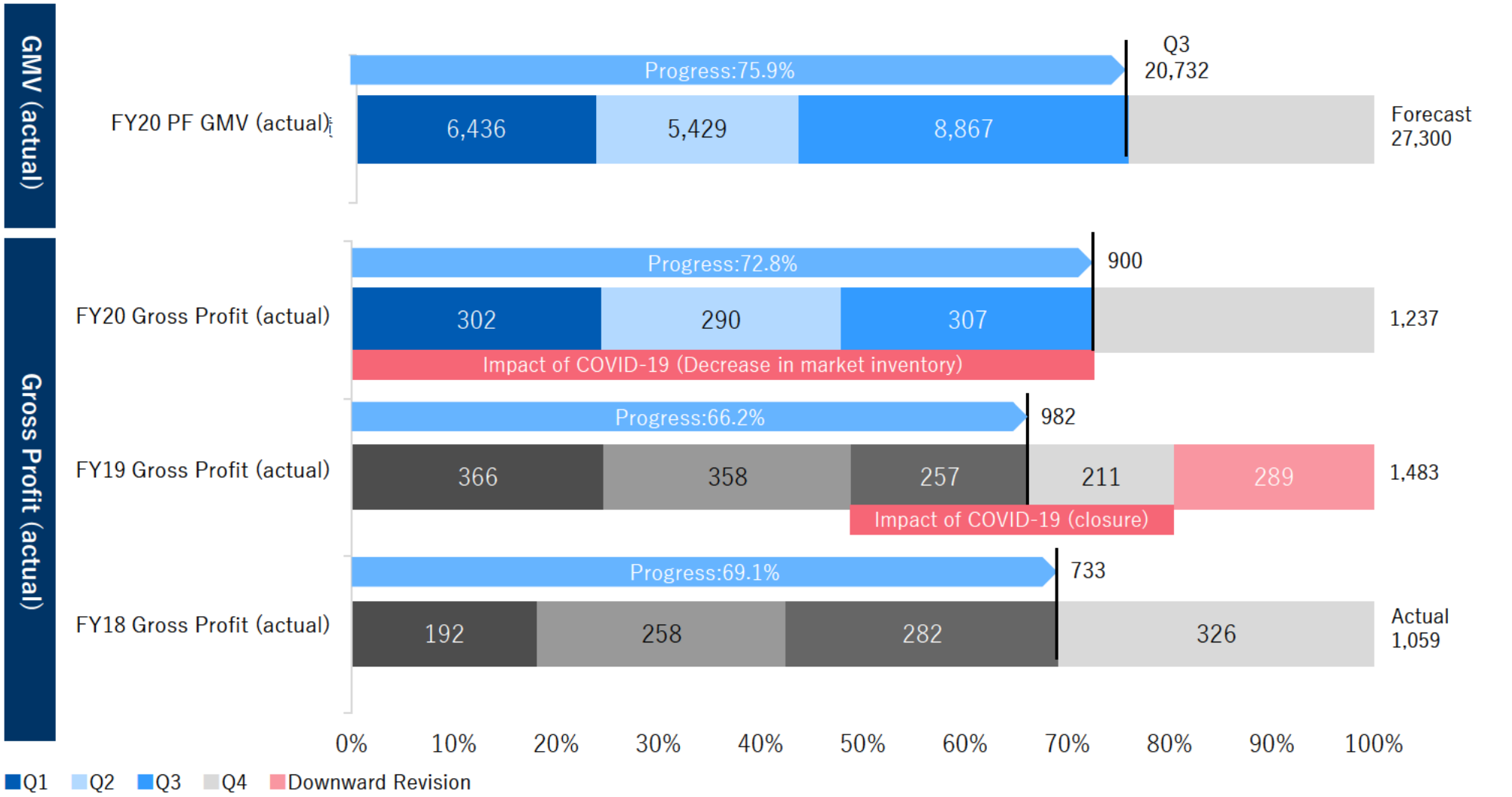
	FY2019 Q3 (2019/8~2020/4)	FY2020 Q3 (2020/8~2021/4)	YoY
Revenue	1,436	1,137	-20%
Gross Profit	982	900	-8%
Operating Profit	-32	-236	-
Ordinary Profit	-38	-232	-
Net Profit	-91	-253	-

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Progress toward the forecast of Financial Results for FY2020

Progressed as planned despite the impact of COVID-19; achieved 75.9% of the forecast for PF GMV

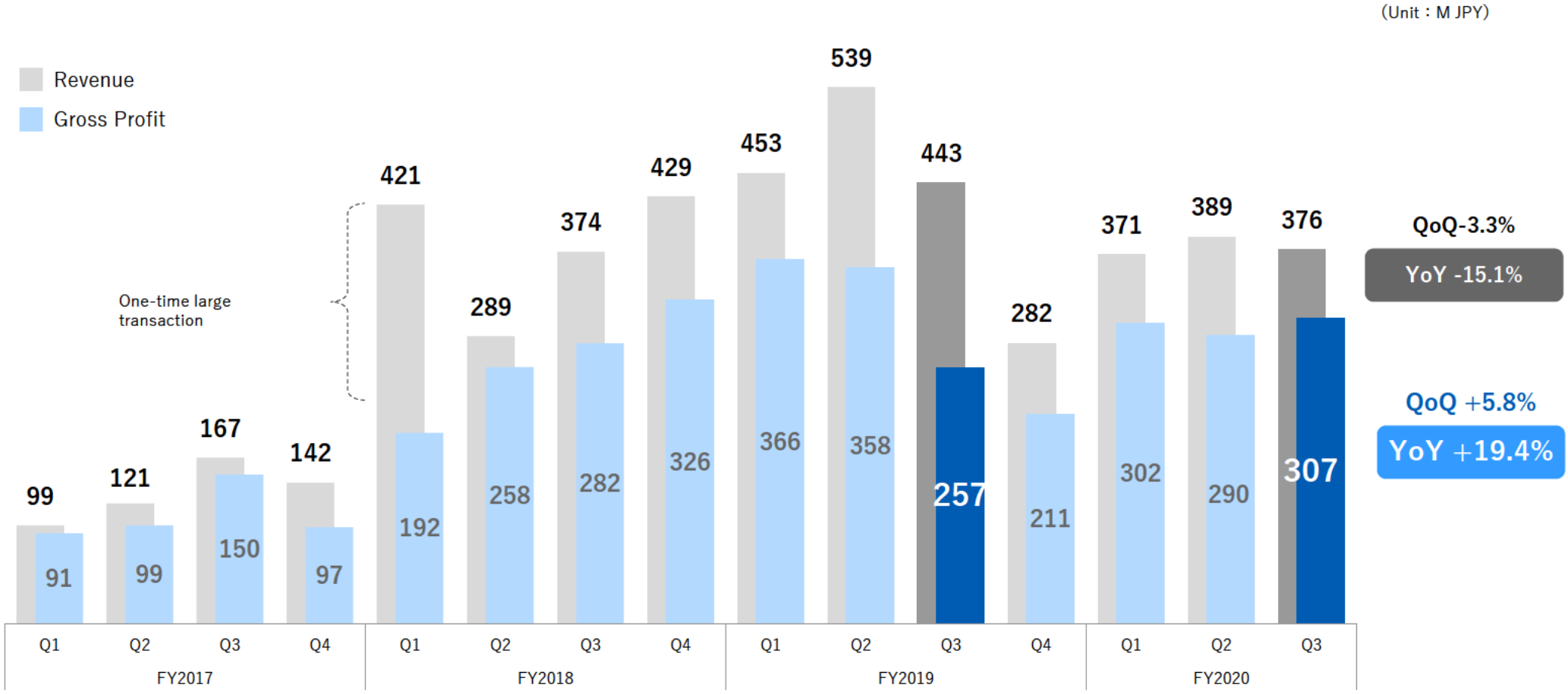
(Unit：M JPY)



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Revenue and Gross Profit

Gross profit decreased 19.4% YoY, impact of COVID-19 has bottomed out and our business has progressed as planned

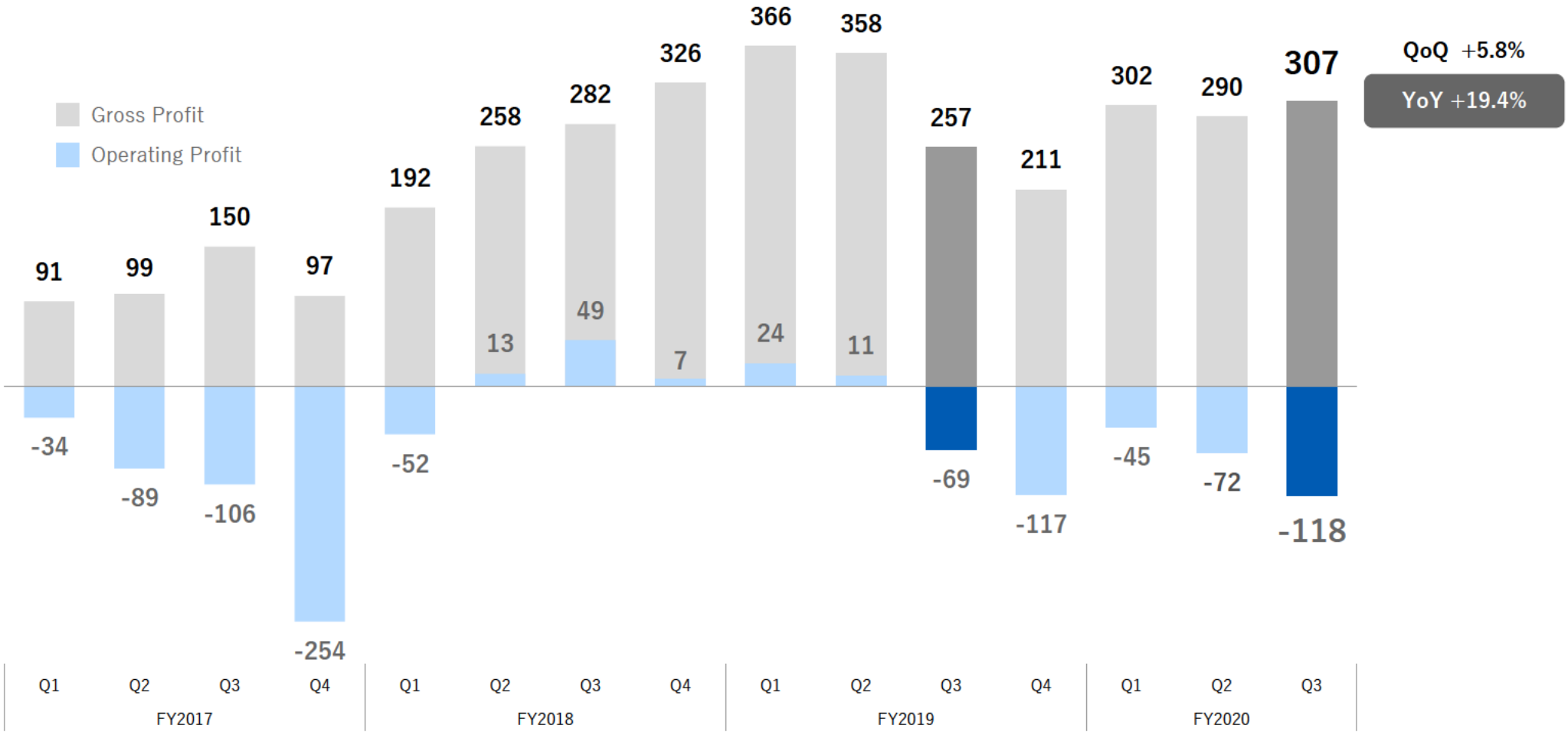


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Operating Profit

Invest as planned while controlling selling, general and administrative expenses

(Unit：M JPY)



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FY 2020 Q3 Financial Highlights by Business Segments

Accelerate investment in cowcamo platform while keeping company-wide costs down

(Unit：M JPY)

		FY2019 Q3 (2019/8~2020/4)	FY2020 Q3 (2020/8~2021/4)	YoY
cowcamo	Revenue	1,162	859	-26%
	Gross Profit	900	821	-8%
	Business Segment Profit	305	37	-87%
PPD	Revenue	273	278	+1%
	Gross Profit	82	79	-3%
	Business Segment Profit	34	13	-60%
Other	Corporate Expenses	-373	-287	-

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Our response to COVID-19 and our future direction

Our appropriate response to the impact of COVID-19

Impact of COVID-19	Our response
Impact of the declaration of a state of emergency	In the emergency declaration from January to mid-June 2021, we took sufficient measures against COVID-19 and continued to operate while utilizing online measures. Our main KPI, PF GMV, has progressed as planned (YoY +40%), despite some impact of COVID-19 on user behavior.
Decrease in the volume of existing housing inventory in the market	The volume of existing housing inventory in the market in the Tokyo metropolitan area decreased by 26.1% YoY as of April 2021*. The continuous decrease in the volume of inventory may have an impact on PF GMV and PF take rate in the medium to long term. Since the beginning of this fiscal year, we have focused on “strengthening the supply side,” and have focused on supplying attractive properties that meet user needs through resale business support services and the business alliance with Star Mica. We will continue efforts on "strengthening the supply side," aiming to increase the value of cowcamo platform and diversify its revenue structure.

* Monthly Flash Report Market Watch Summary Report April 2021 Rains Data Library (http://www.reins.or jp/pdf/trend/mw/mw_202104_summary.pdf)

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Progress in strengthening on supply-side
1) Support services for flipping companies

Transforming the sales and distribution structure by developing "brands" based on utilizing cowcamo data

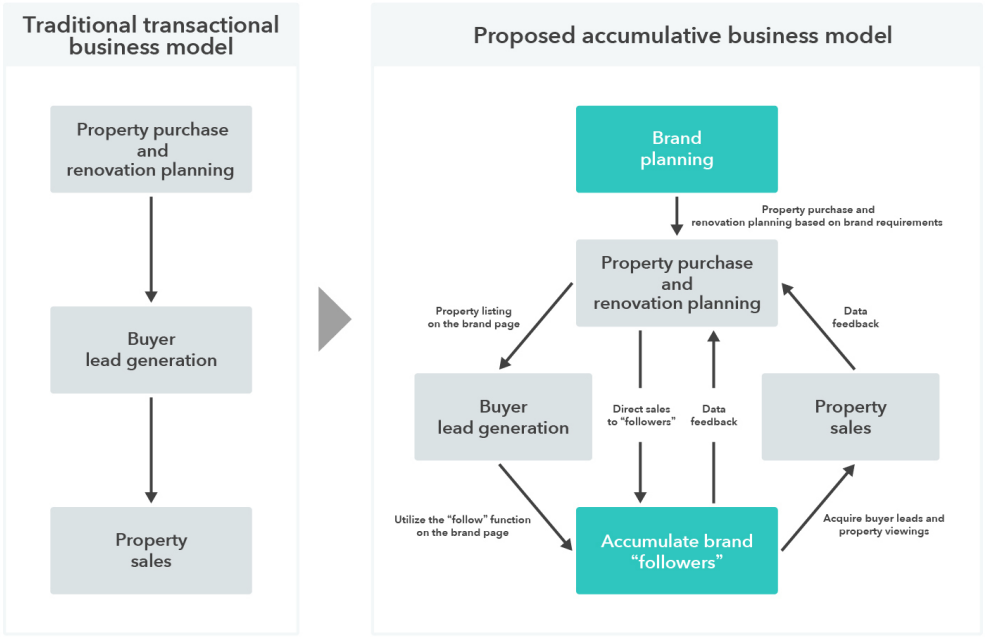
Overview of the services



- Utilizing cowcamo data to develop property "brands" that meet consumer needs
- Users can “follow” brands that match their needs based on their lifestyle. This makes it easier for users to find their ideal home.
- Even if a user's favorite brand does not have the property they want, they can “follow” the brand and receive notifications when new properties become available.

Benefits for flipping companies

- Flipping companies that had difficulty in understanding consumer needs can utilize cowcamo data to develop properties that meet consumer needs.
- The accumulation of “followers” of “brands” on cowcamo will shift the business model from a traditional transactional business model to an accumulative business model.



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Progress in strengthening on supply-side
2) Status of business alliance with Star Mica Group

Expand the property supply target of easy-order-renovation utilizing cowcamo data to about 50 units per year

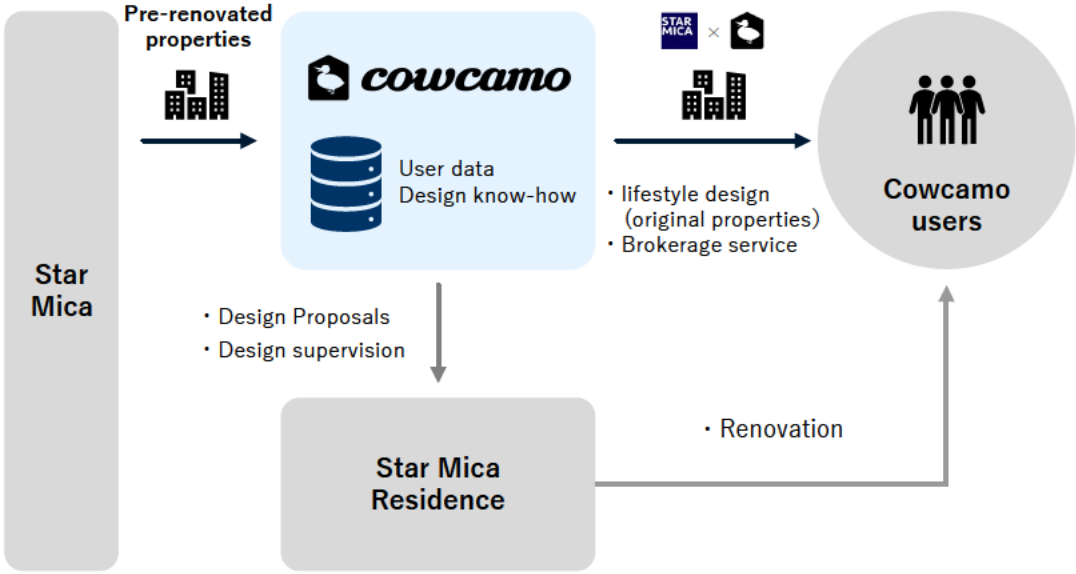
Status of alliance



- Handling of more than 15 properties since the announcement of the alliance on December 14, 2019 *1
- Although it is pre-renovated property, the minimum period from sale to contract is 13 days, and the average is about 2.41 months (Reference: 2019 Tokyo second-hand condominium average sale period 3.78 months *2)
- 90.0% closed without reducing the selling price

Overview of business alliance

- We provide original properties developed by utilizing pre-renovated properties supplied by Star Mica and easy order renovation of "lifestyle design“ with "layout arrangement" developed by utilizing our data and know-how
- Creating a new way to buy a house that has never been seen in the distribution structure so far, so that customers can easily get the house they want



*1 As of June 7, 2021
*2 Sumitomo Mitsui Trust Realty Co.,Ltd. Real Estate Market Information Vol. Mar. 2020 https://smtrc.jp/useful/knowledge/market/2020_03.html (referenced on 3/14/2021)

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2．Company Overview and about cowcamo Business

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MISSION

Creating a New Future by Inventing New Places

VISION2025

To become a leading company that creates businesses which will eventually turn into a culture

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



Hiroki Murakami
Co-founder and 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 and was appointed as COO in May 2018. Has a PhD in Engineering from Tokyo Institute of Technology, and an MBA from Université Paris-Dauphine.



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.



Ryohei Koike
CFO

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



Shinichi Takano
External Director

Served as an Executive Officer at COSMOS INITIA Co., Ltd, before working at Recruit Co., Ltd. In 2010, appointed as an Executive Director at Nihon Kotsu Co., Ltd,, after serving as an Executive Director and General Manager at Gyosei Co.



Hidekazu Suzuki
External Director

Worked at Daiwa Securities, conducting advisory services to establish internal control systems to deal with assessments by the Tokyo Stock Exchange, as well as valuation and fundraising. Joined Atrae Inc. in December 2018 as CFO.



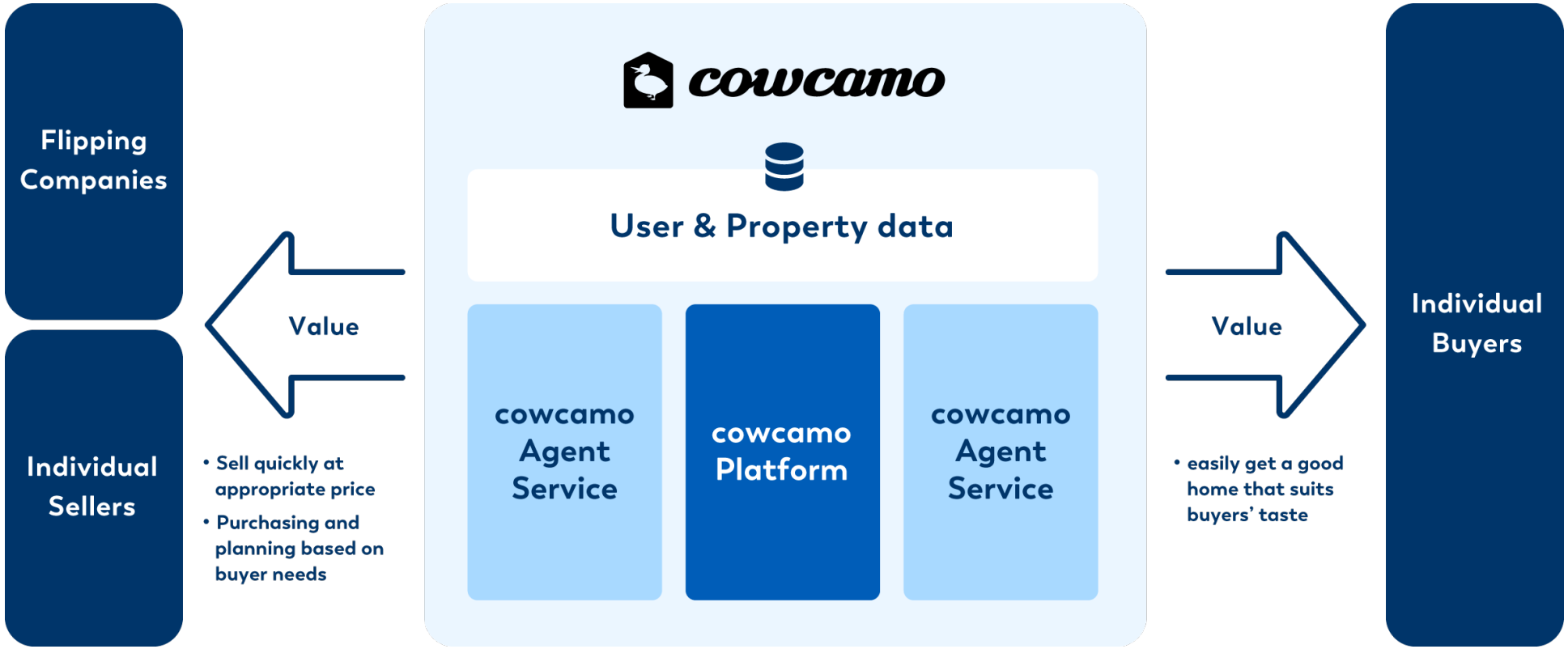
Yoshinori Fukushima
External Director

Founded Gunosy Inc. in 2012. In just 2.5 years, it was listed on the Mothers market of the Tokyo Stock Exchange, followed by being listed on the First Section. Became CEO of Layer X in 2018. Selected in Forbes Asia's 30 under 30.

cowcamo: Technology-Powered Real Estate Brokerage Platform for Used and Renovated Properties

What is cowcamo?

Develop services for both sellers and buyers utilizing unique and exclusive data from transactions on cowcamo and our own property editorials

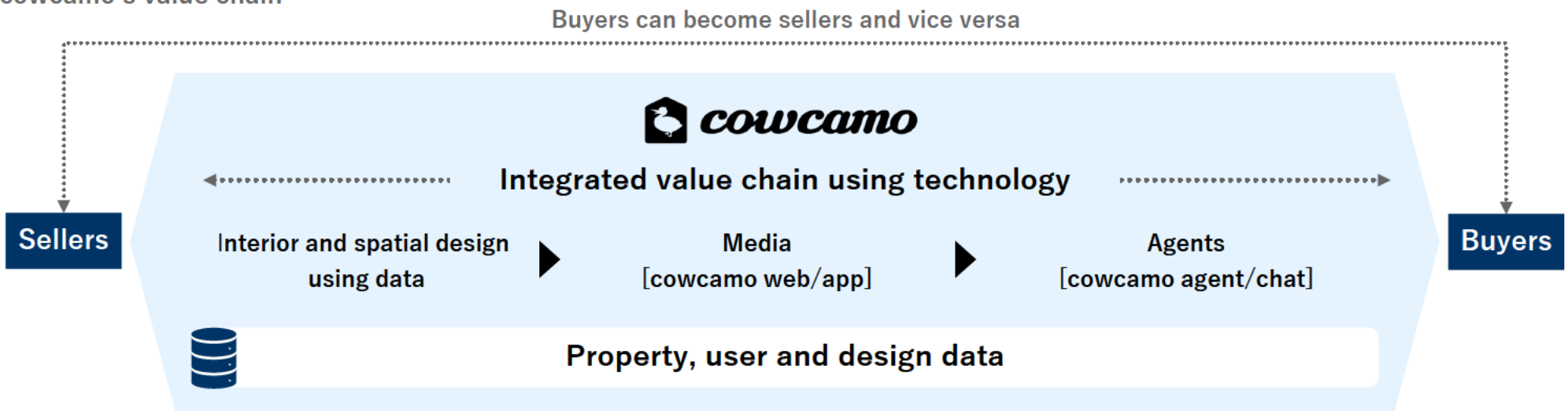


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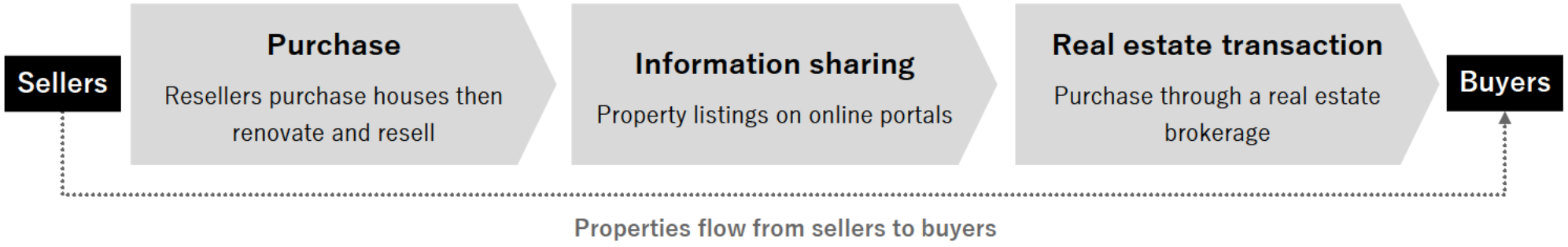
Structure of cowcamo Business

Innovating the value chain through the brokerage platform for used and renovated properties

cowcamo's value chain



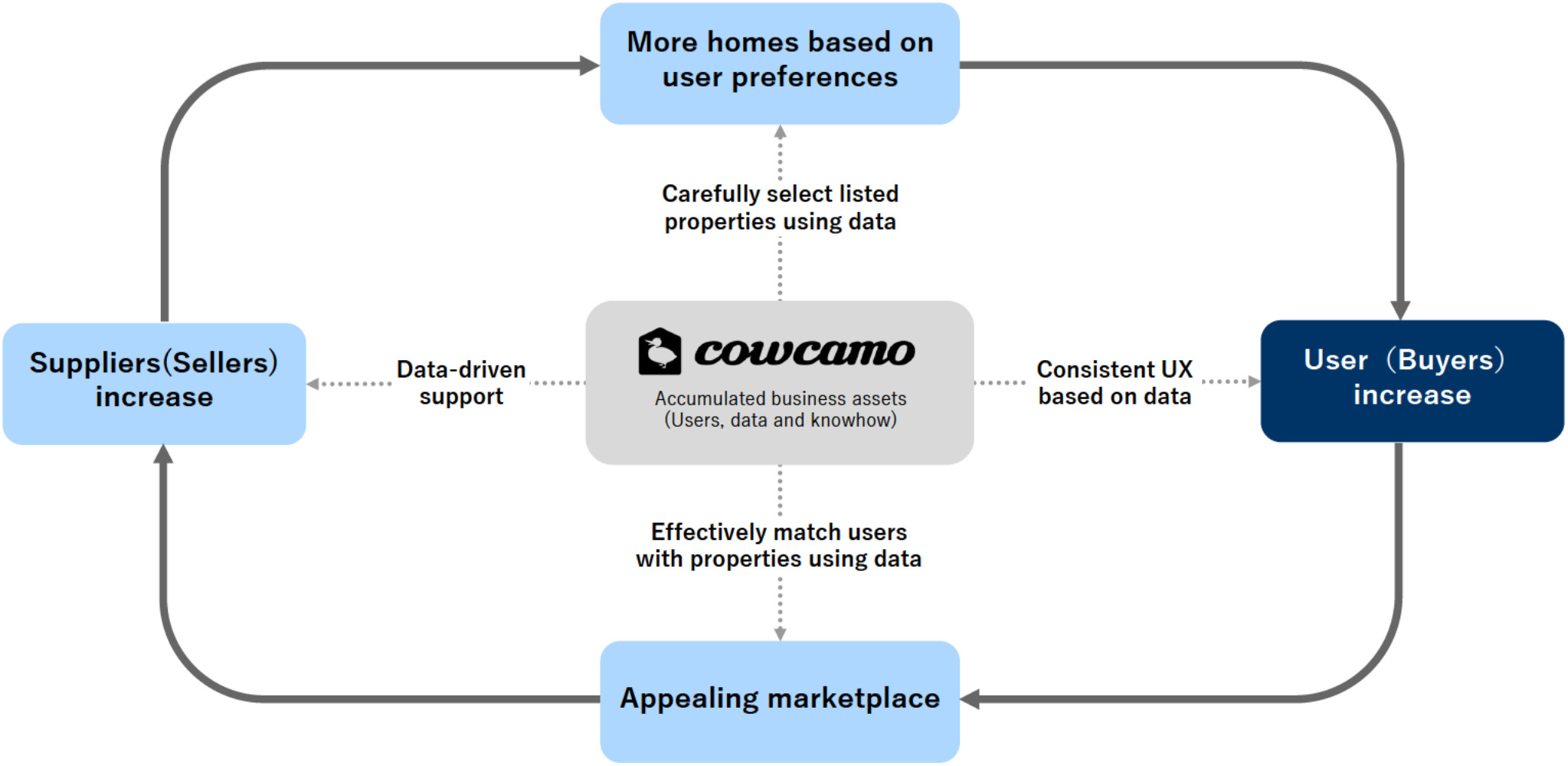
Traditional value chain



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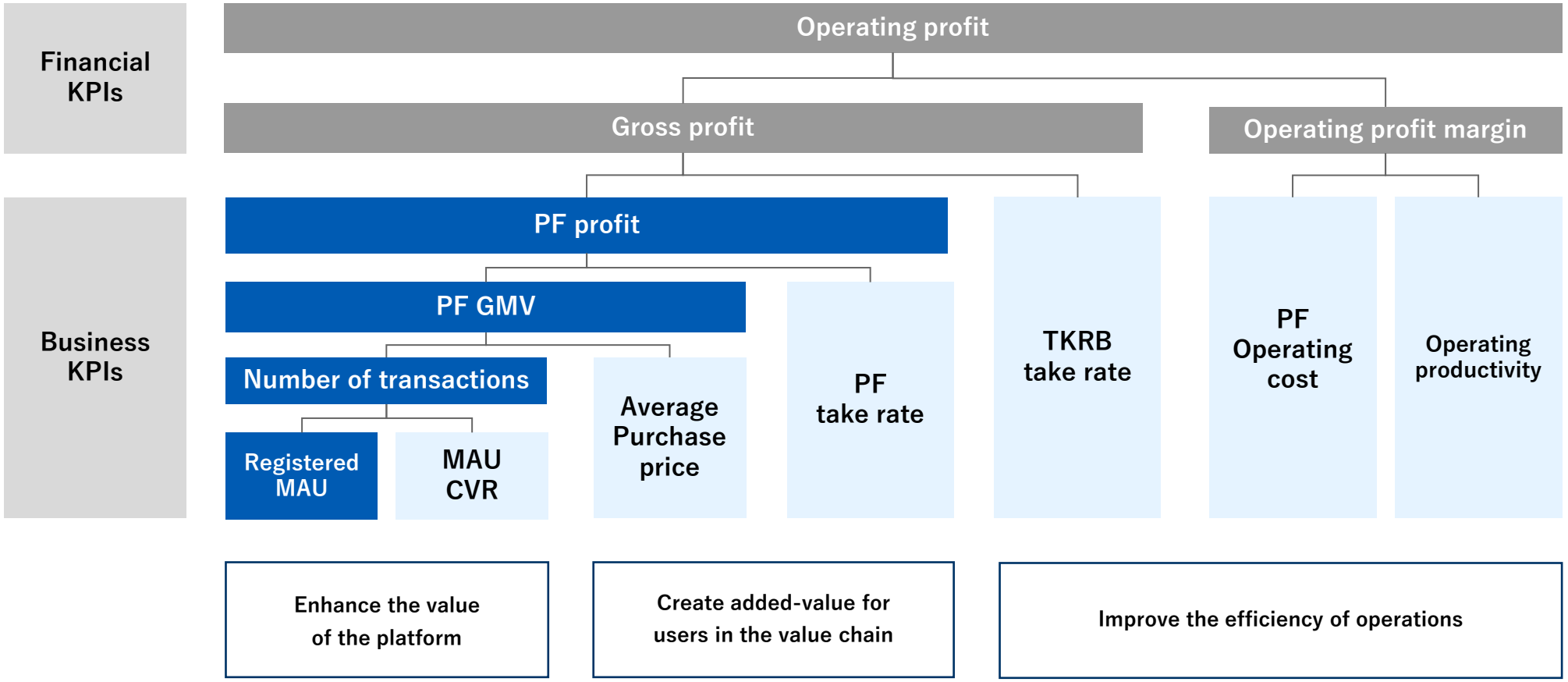
Growth Cycle of cowcamo Business

Achieve sustainable growth through our user-driven self-sustaining growth cycle



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Financial KPIs and Business KPIs in cowcamo Business



PF profit: gross profit generated from Gross Merchandise Value on the platform (PF GMV). A growth indicator for cowcamo platform that corresponds to gross profit until FY2019

PF take rate: the commission rate charged for PF GMV

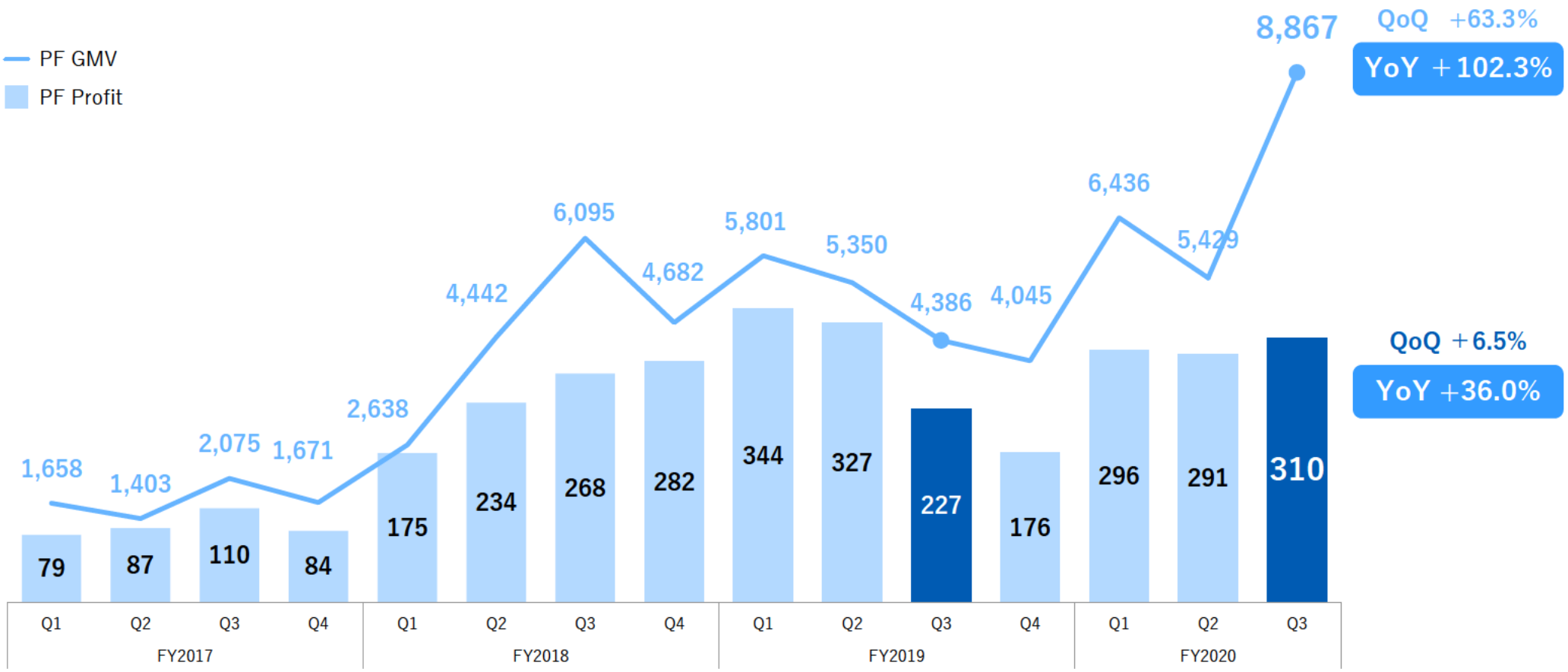
TKRB take rate: the ratio of PF profit that TSUKURUBA gains

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cowcamo's Top-line KPI（PF GMV・PF Profit*1）

Impact of COVID-19 bottomed out and our business has progressed as planned

(Unit：M JPY)



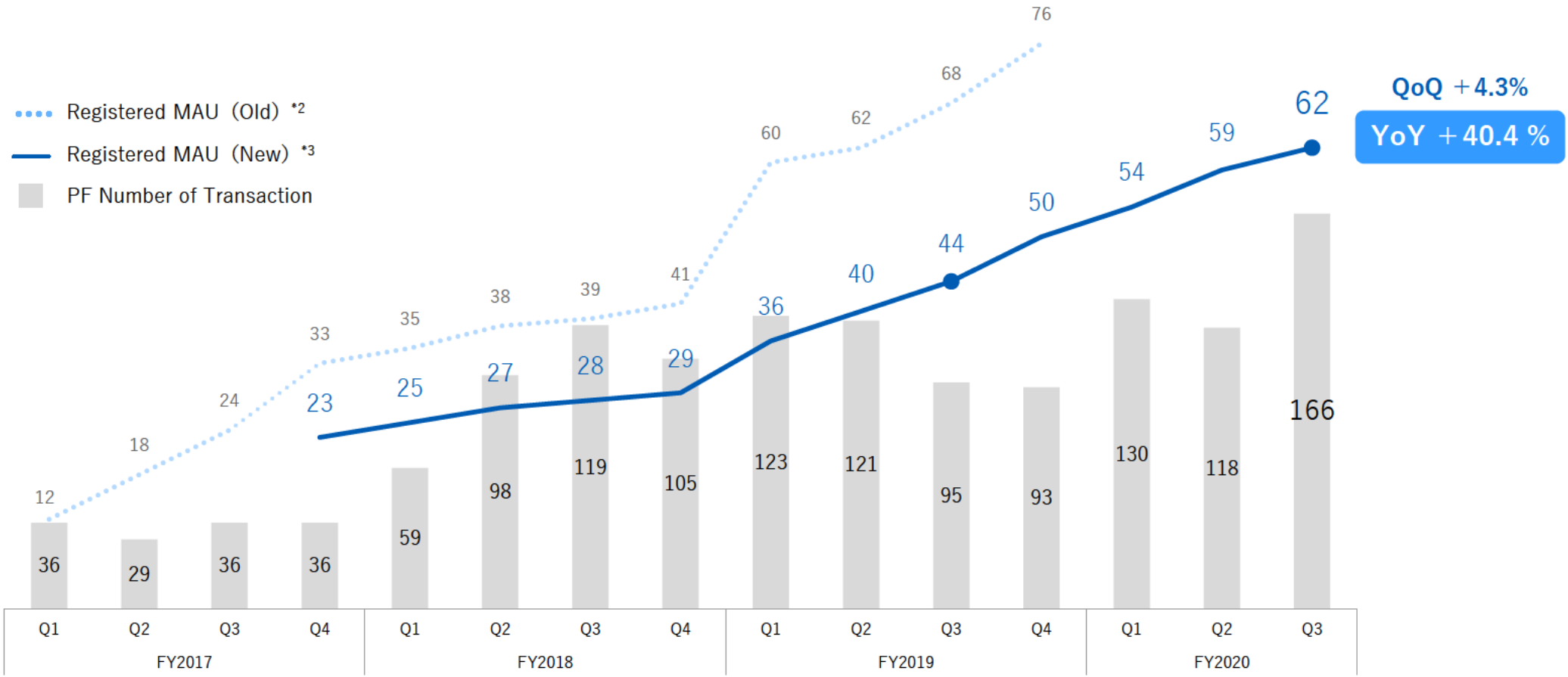
*1 PF profit: profit generated from Gross Merchandise Value on the platform (PF GMV*PF take rate). A growth indicator for cowcamo platform that corresponds to gross profit until FY2019

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Registered MAU*1 and Number of Transaction

Registered MAU, the source of platform value, grows steadily despite Covid-19

(Unit：K)



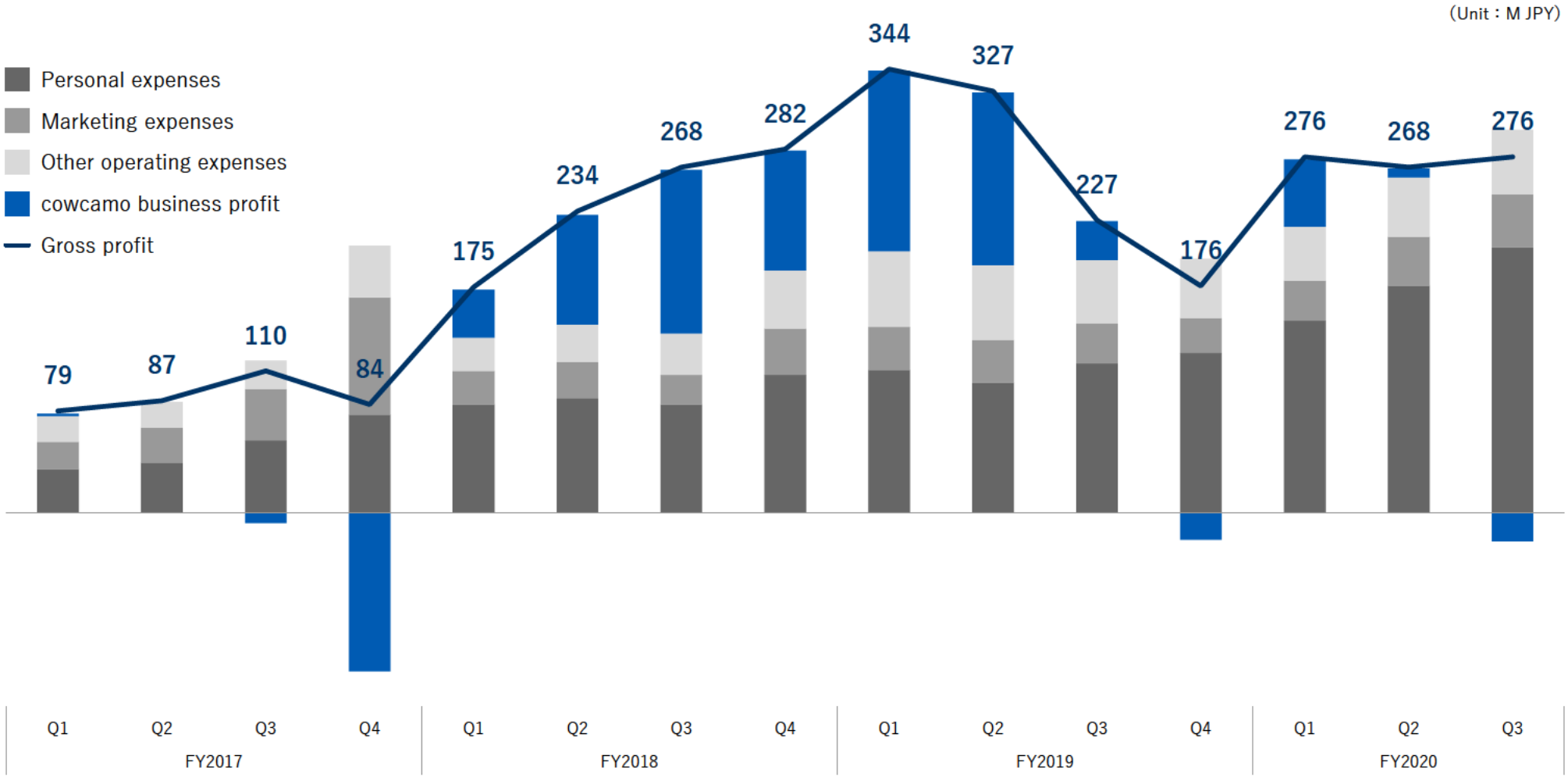
※Regarding the change in the definition of registered MAU
We previously defined a “Registered MAU” as the sum of users using the cowcamo app and visiting the cowcamo website. Hence, a user who used the app and visited the website was calculated as 2 registered MAUs. However, to provide a more accurate disclosure, a “Registered MAU” has been redefined as a user who has both used the cowcamo app and visited the website. Under this new definition, a user who uses the cowcamo app and visits the cowcamo website is calculated as 1 MAU. Please note that we began tracking registered MAUs using the new definition in Q4 FY2017. There are no figures based on the new definition prior to this. Therefore, the graph shows the number of registered MAU from Q4 FY2017.

*1 Quarterly average of registered MAU
*2 Sum of registered MAUs who used the cowcamo app and visited the cowcamo website
*3 Distinct number of registered MAUs who used the cowcamo app and visited the cowcamo website

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Operating Cost Composition of the cowcamo business

Expand investment in personnel expenses based on the cowcamo platform strategy with cost control



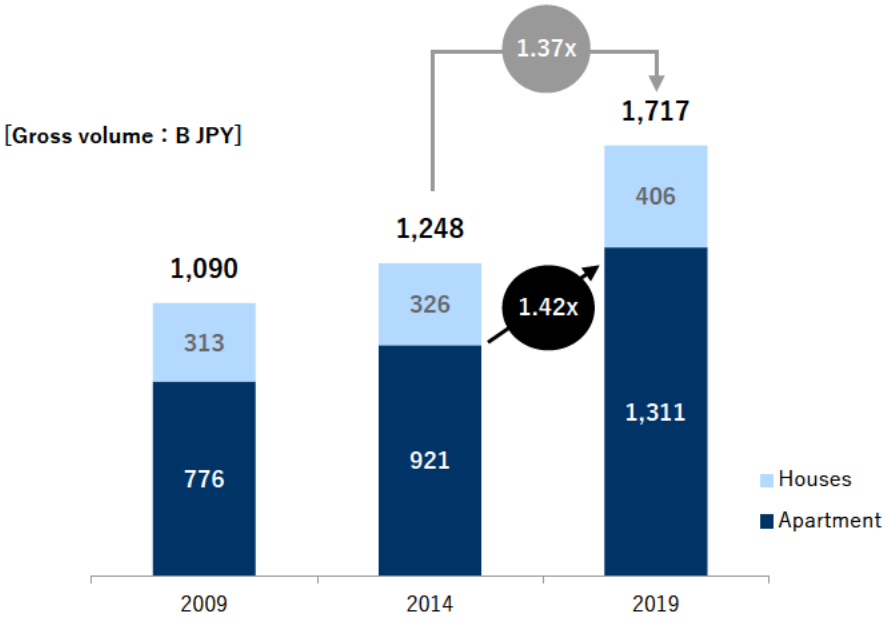
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Potential of Market

Used and Renovated Property Market in the Greater Metropolitan Area is Estimated at 1.7T JPY in 2019

Used and renovated property market is growing rapidly

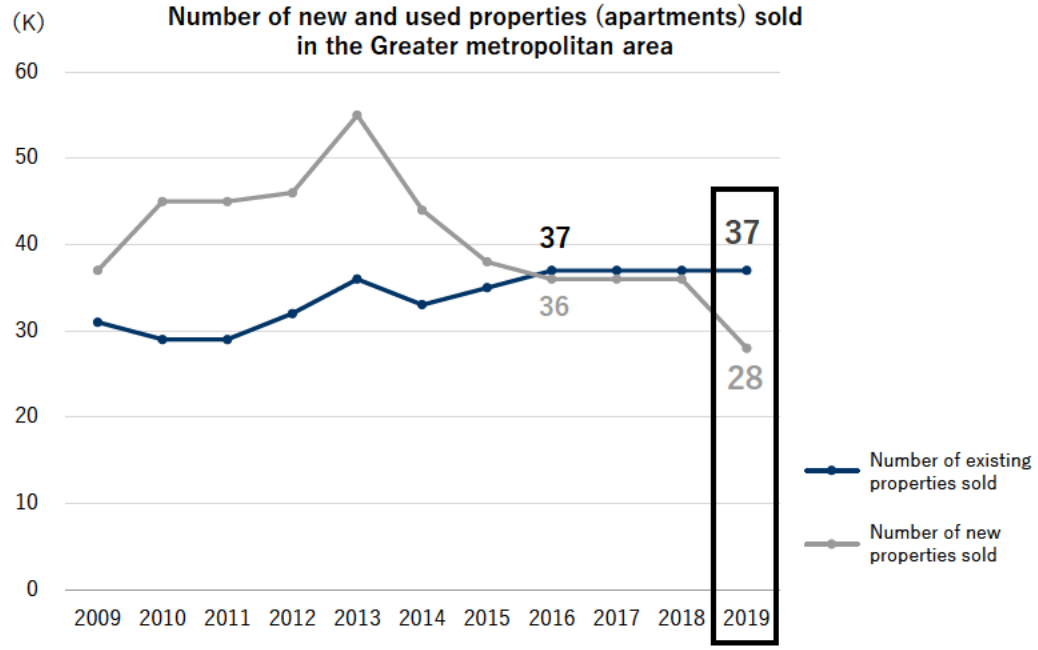
- The market has grown 1.37x since 2014
- The apartment market has grown 1.42x during the same period



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



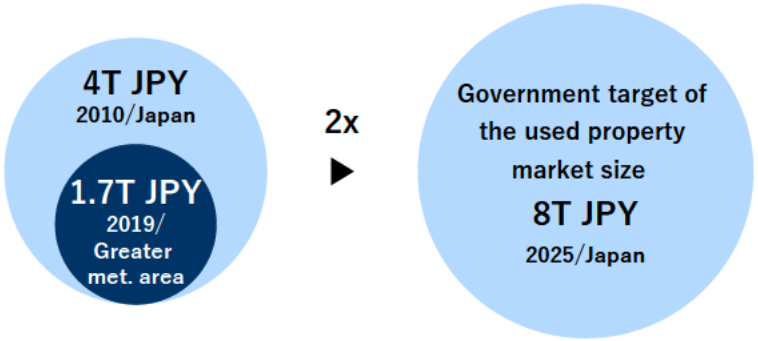
Source：Number of existing properties：Real Estate Information Network for East Japan　Market trend of Real Estate Market in the Greater Metropolitan Area　(2018/4/17 Report)
Number of new properties：Real Estate Economic Institute Co., Ltd.　Market Trend of Apartments in the Greater Metropolitan Area
※Existing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

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Growth Expected of the Used Property Market

Growth potential of TAM

The government aims to double the used property market



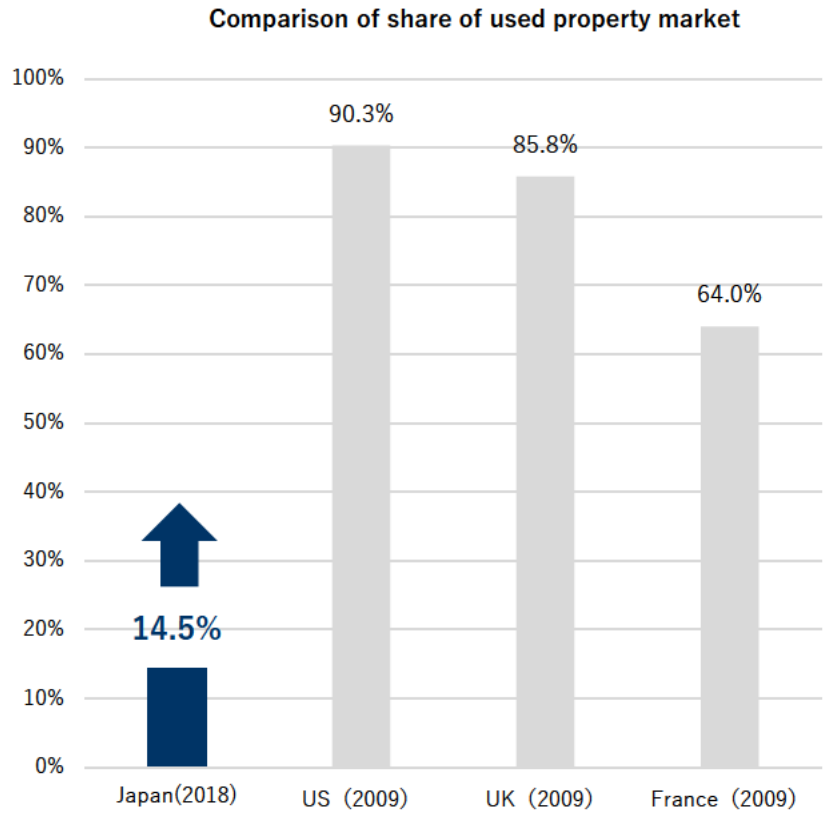
Growth Strategy 2017 — Strategic Areas for Society 5.0	
1	Extension of Healthy Lifespan
2	Realization of Mobility Revolution
3	Creating of Next-generation Supply Chains
4	Building and Developing Pleasant Infrastructure and Towns
5	Advancement of FinTech
6	Overcoming energy and environmental constraints and expanding investment
7	Robot Revolution / Bio Material Revolution
8	**Revitalization of housing market centering on the existing housing distribution / renovation**

■ 《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 2020

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Potential of Market

Renovated Properties Will Become a Mainstream Option by 2025

Changes in the market structure as the used property market expands

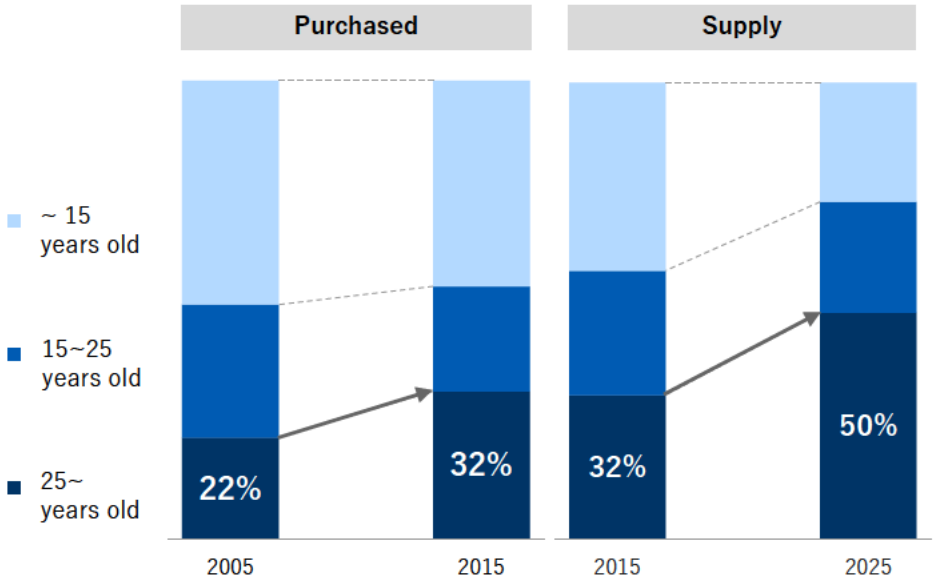
Properties that are 25 years old or more will occupy half of the market

- 2The share of such properties will increase from 22% to 50% by 2025

Renovation will become a mainstream option

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

Share of used apartments in the Greater metropolitan area by the age of properties（2005-2025）



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

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

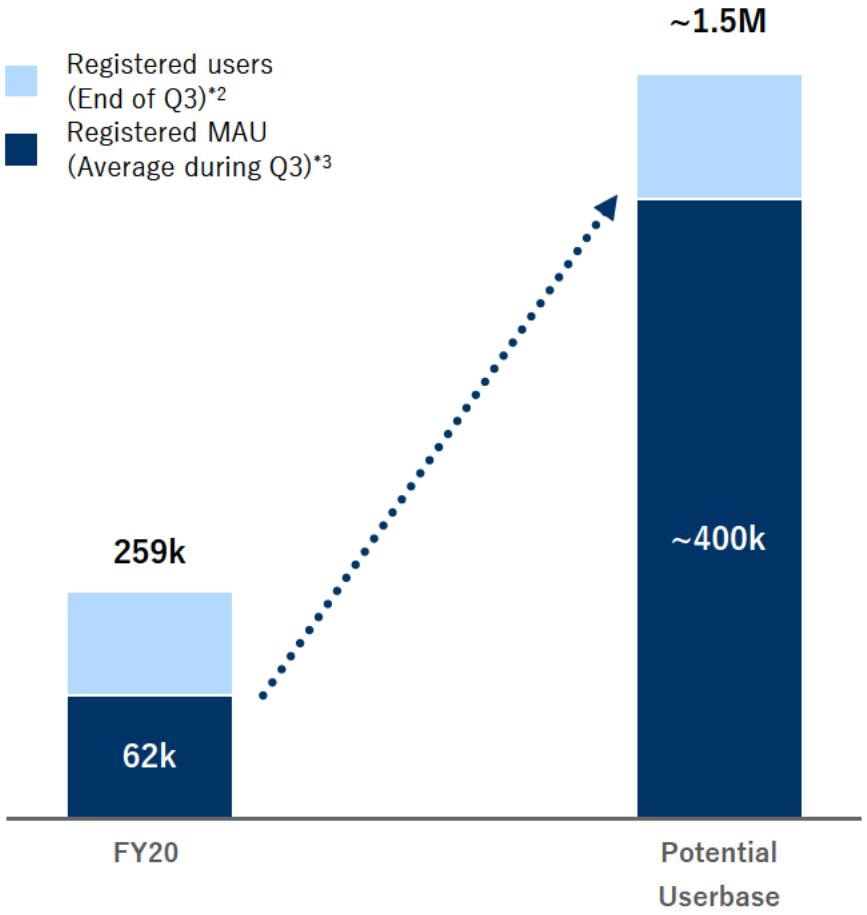
- Increase in the number of flippers
- Growth of services, specific for renovated apartments

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Room for Revenue Growth

Potential for Future Growth of Our Userbase

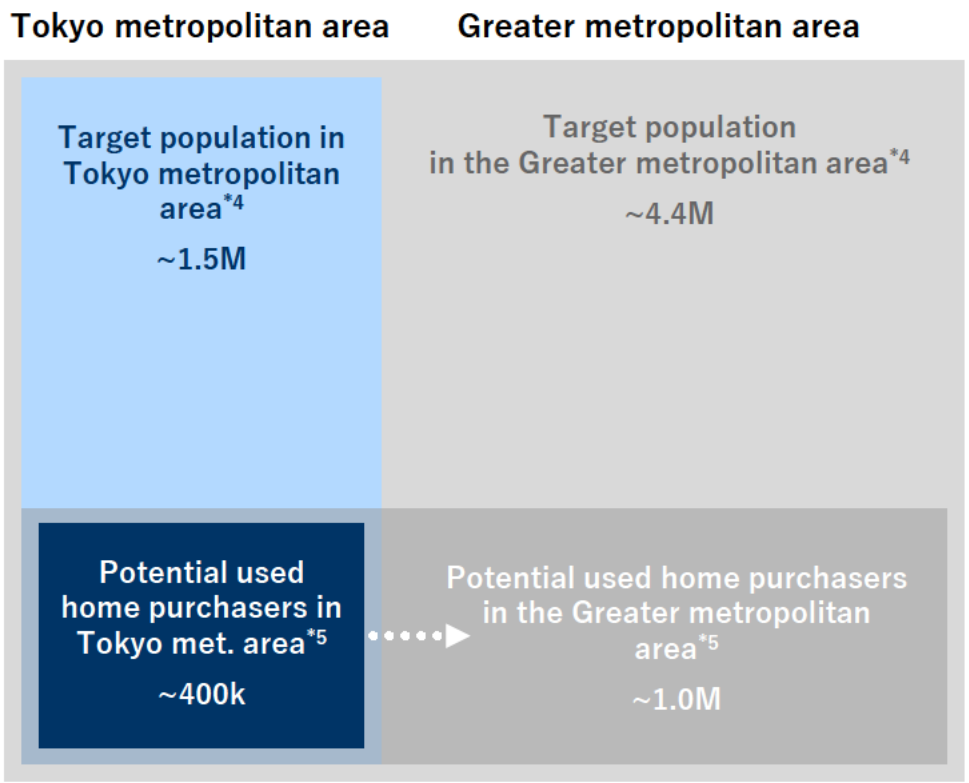
Potential for user growth in the Tokyo metropolitan area*1



*1 : Tokyo metropol tan 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 per od, including users who have not made any transactions
*3 : Registered MAU refers the average number of registered monthly active users in a given per od

※Regarding the change in the definition of registered MAU
We previously defined a Registered MAU as the sum of users using the cowcamo app and visiting the cowcamo website. However, to provide a more accurate disclosure, a Registered MAU has been redefined as a user who has both used the cowcamo app and visited the website.

Potential for user growth through area expansion



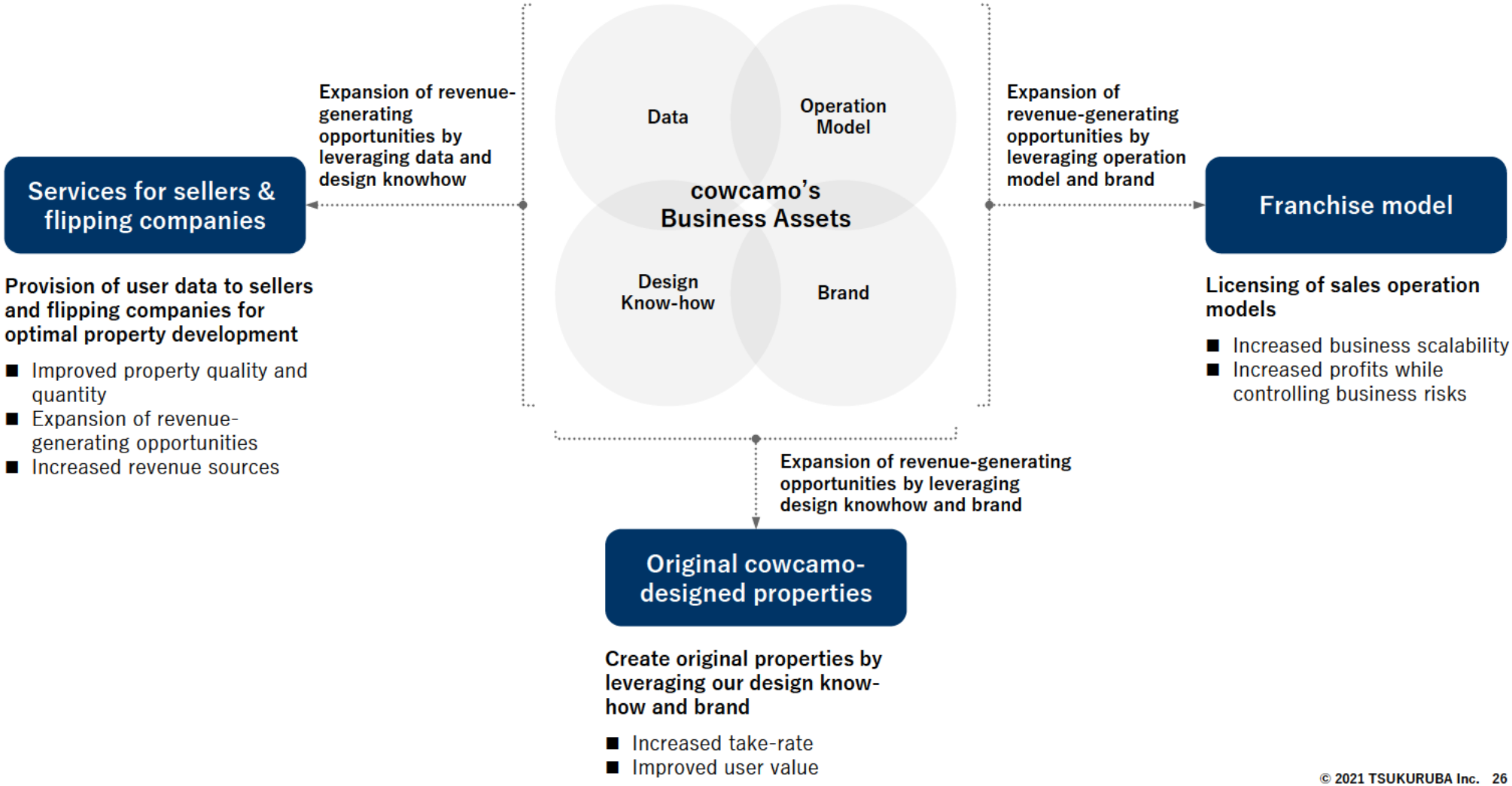
*4 : In Tokyo metropolitan area (A1) and Greater metropol tan area (A2), calculated based on: the population between the age of 25 to 50 years old x estimated potent al home ownership rate (B) x estimated potent al used home ownership rate (C)
A1 : Tokyo Metropol tan Government Bureau of General Affairs "Census: Population and Households in Tokyo (2019.1)"
A2 : Tokyo Metropol tan Government Bureau of General Affairs "Current Populat on Estimates as of October 1, 2018"
B : Ministry of Land, Infrastructure, Transport and Tourism "2019 Real Estate Market Data: 3. Perception of Japanese C tizens Towards" Housing Exclude respondents who answered "Rented propert es" 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 C tizens 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%)
*5 : Calculated based on the target populat on x share of those who want to move houses w thin the next 5 years (D)
D : Tokyo Metropolitan Government Bureau of General Affairs Intentions to Relocate Houses/Improve Living Condit ons (5 categor es)/Age of the Head of Household (8 categor es)
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%)

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Room for Revenue Growth

Revenue-Generating Opportunities By Leveraging Business Assets

cowcamo's business assets and revenue-generating opportunities



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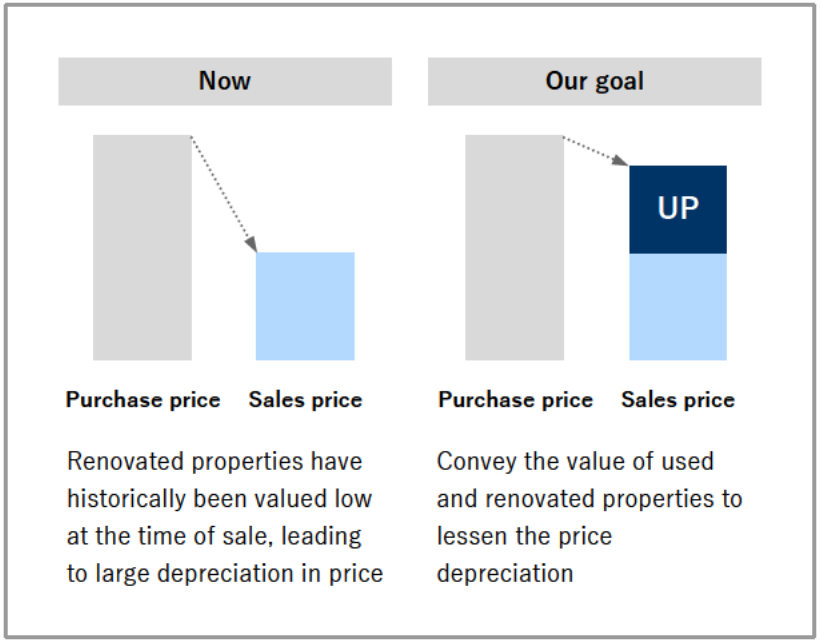
Room for Revenue Growth

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



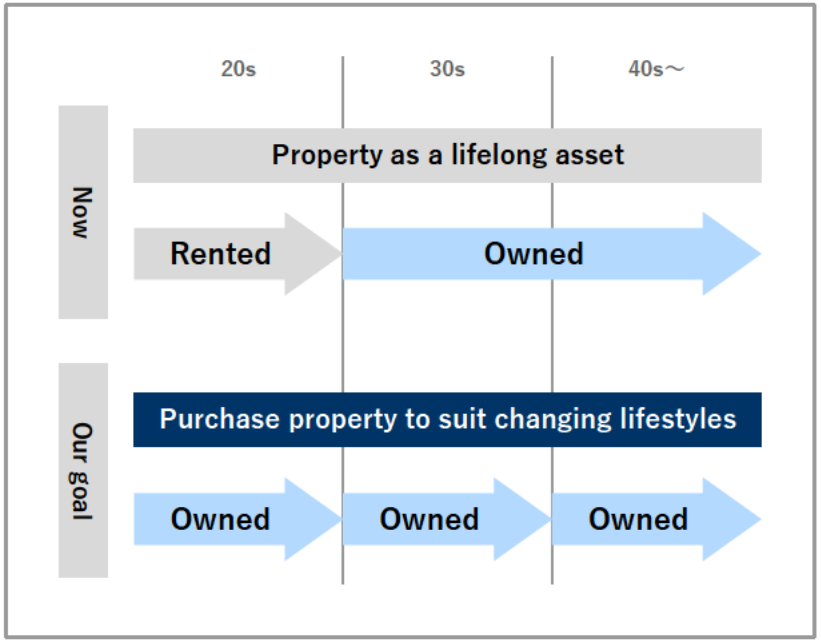
Renovated properties have historically been valued low at the time of sale, leading to large depreciation in price

Convey the value of used and renovated properties to lessen the price depreciation

×

Increase frequency of home purchases

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



= Expand TAM

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3. Q&A

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Q&A

Category	Questions	Answers
All	What are the effects of COVID-19 ?	The effects of COVID-19 bottomed out in FY2019 Q4, and the PF GMV. The business KPI, PF GMV, is expected to grow by more than 40% YoY.
All	Why is the deficit of forecast of Financial Results for FY2020 increasing compared to FY2019 ?	In our cowcamo business, in order to make use of the business opportunity of expanding the supply-side business opportunities through the growth of the userbase and alliances, etc., we are investing for personnel expenses (including business consignment costs) for service update and strengthening supply-side.
All	What is the status of the progress on the basic agreement with Money Forward (announced on September 14, 2020)?	Service planning is underway to create synergies that utilize the assets of both parties as platformers.
cowcamo business	What is the impact of the App Tracking Transparency feature in iOS 14.5 released in April 2021?	Due to the impact of social media advertising, there may be an increase in advertising costs and a decrease in MAU in the future. However, the impact on the current fiscal year's performance will be limited as the MAU of registered members has been higher than initially planned.
cowcamo business	What is the impact of lumber shortage?	There is almost no impact at this point. Even if the price of lumber rises in the future, the impact on the sales price of renovated condominiums will be limited, and the impact on the current fiscal year‘s performance is also expected to be limited.
cowcamo business	Why are revenues expected to be -14.3% YoY, even though PF GMV is expected to grow by 40% in this fiscal year.	The decrease in revenues is due to the fact that revenues from resale transactions are not factored in (in FY2019, the revenues of actual resale transactions are 294 million yen), and that we are increasing outsourcing by utilizing external agents to control risks and improve profitability.
cowcamo business	What are the growth indicators for cowcamo?	The growth indicators is PF GMV.
cowcamo business	Why is there volatility in PF GMV quarter by quarter?	Quarterly volatility in PF GMV occurs as a result of the number of transactions and the property purchase price, which are affected by seasonal factors.
PPD business	What is the policy on future investment in the Property Planning and Design(PPD) business?	We will focus on cowcamo for the foreseeable future. We will invest in the PPD business with financial discipline, while analyzing the investment return on each property.

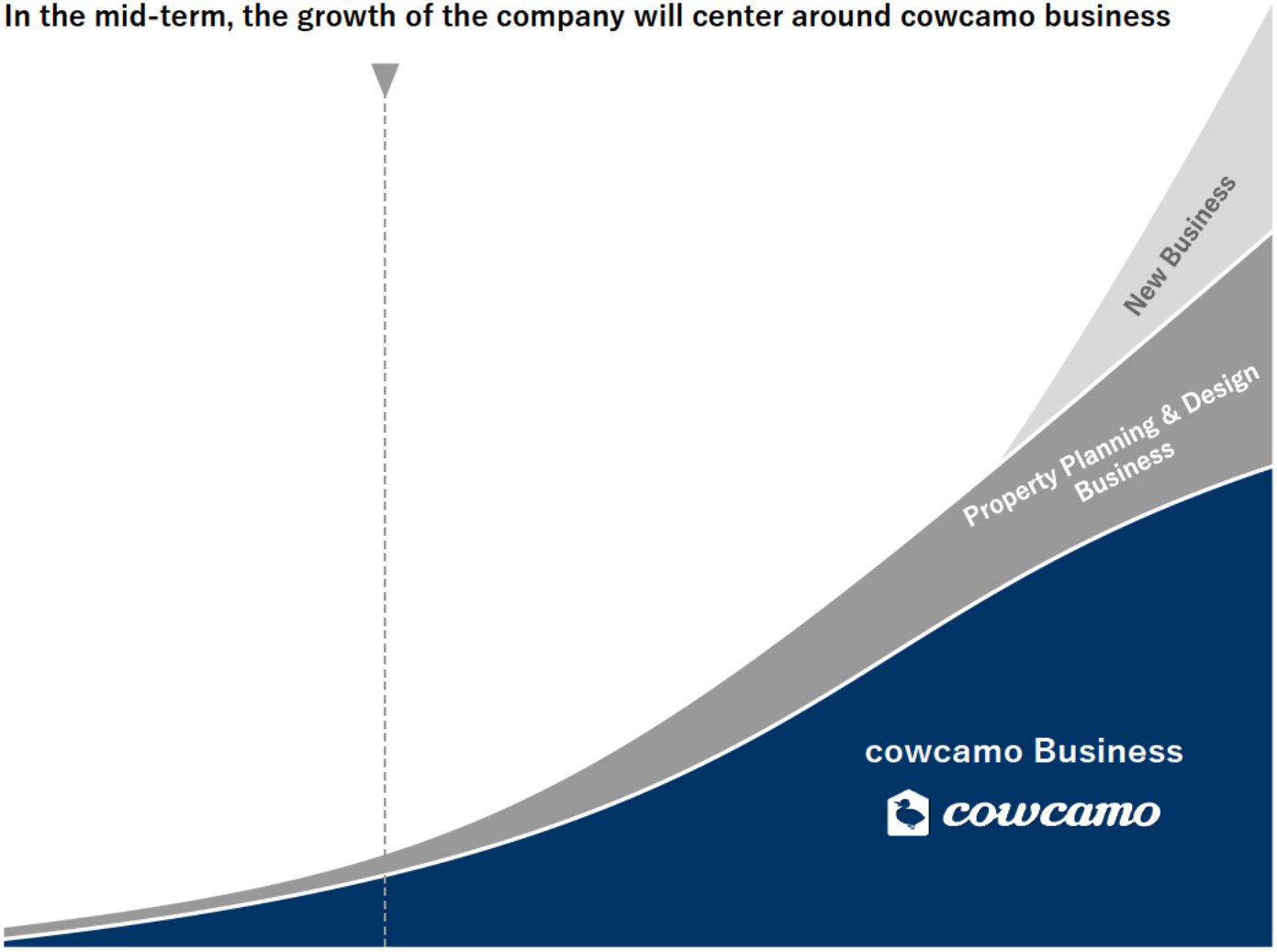
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4. Reference Materials

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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 flexibly reinvest 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.

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cowcamo's Growth Roadmap

Focusing on expansion of our userbase and maximizing revenue-generating opportunities



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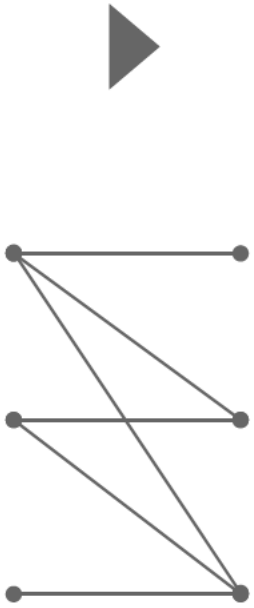
Focus on building competitiveness as a platform rather than short-term profit growth

Business Policy from FY2020 based on the business environment

Business environment

Short-term performance risk expansion and new business opportunities

- ✓ **Impact on business due to COVID-19 under organizational expansion**
- ✓ **Steady growth of userbase**
- ✓ **Expand supply-side business opportunities**



Business policy from FY2020

Focus on building competitiveness as a platform over the medium to long term

- ✓ **Switch to a risk-controlled service provision system by utilizing external partners**
- ✓ **While continuing to expand users, focus on improving service value that leads to medium- to long-term competitiveness**
- ✓ **Leverage userbase to strengthen supply side, increase platform value and diversify profit structure**

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Work on service updates, expansion of external partner agents, and strengthening of supply side

Activities from FY2020



Strengthening of supply side

Strengthen property supply and business to businesses through cooperation with resellers and user service businesses in other industries

Expansion of external partner agents

Strengthen cooperation with external agents to create a system that enables flexible growth while controlling business risks

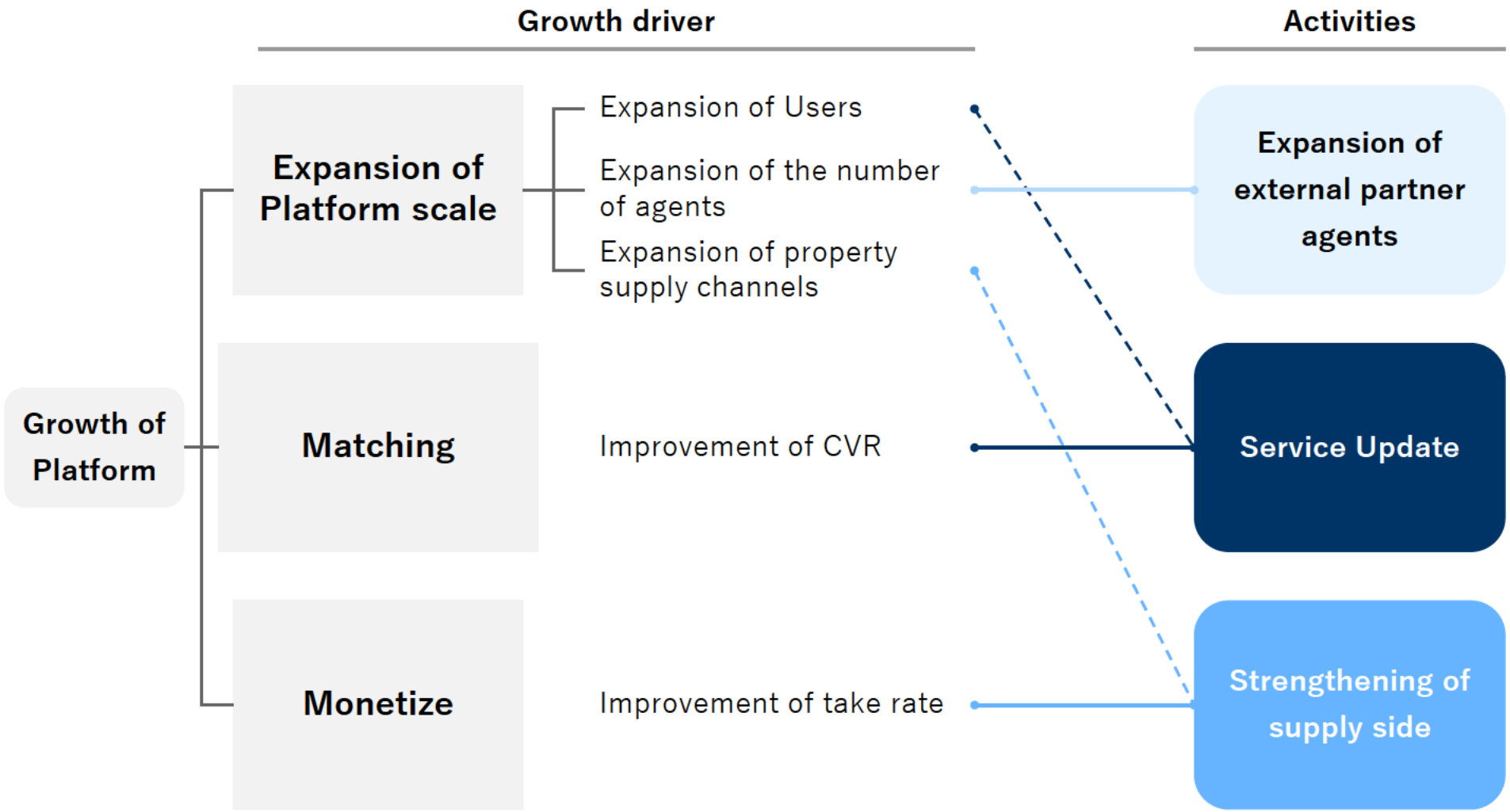
Service Update

Aim to improve service value by expanding service offerings and updating service processes

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Accelerate growth as a platform

Relationship between growth drivers as a platform and each activity



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Balance Sheet

(Unit: M JPY)	FY2019 Q4	FY2020 Q3
Current Assets	1,660	2,624
Cash & Deposits	1,613	2,342
Non-Current Assets	502	430
Total Assets	2,162	3,054
Current Liabilities (of which, interest-bearing liabilities)	305 (155)	399 (186)
Non-Current Liabilities (of which, interest-bearing liabilities)	781 (762)	1,757 (1,735)
Net Assets	1,074	897
Equity Capital	610	30
Retained Earnings	1,322	1,149
Total Liabilities & Net Assets	2,162	3,054

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For Reference：Quarterly Financial Highlights

（Unit：M JPY）

	FY2018				FY2019				FY2020		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	**421**	**289**	**374**	**429**	**453**	**539**	**443**	**282**	**371**	**389**	**376**
Gross Profit	192	258	282	326	366	358	257	211	302	290	307
cowcamo	175	234	268	282	344	327	227	176	275	268	276
PPD	17	24	14	44	22	30	30	34	26	21	30
Operating Expense	**244**	**244**	**232**	**318**	**341**	**346**	**327**	**328**	**348**	**363**	**426**
cowcamo	137	148	140	189	203	193	196	198	223	261	298
PPD	14	14	10	18	17	14	16	15	24	21	19
Other	91	81	81	110	120	138	114	114	99	80	107
Operating Profit	**-52**	**13**	**49**	**7**	**24**	**11**	**-69**	**-117**	**-45**	**-72**	**-118**

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Company Overview

Name	TSUKURUBA Inc.
Address	2F Ikura Building, 1-1-5 Kamimeguro, Meguro-ku, Tokyo, Japan
Founded	August 2011
Founders	Hiroki Murakami Masahiro Nakamura
Employees	135 full-time employees（As of July 2020）
Businesses	“cowcamo Business”, an end-to-end real estate online brokerage platform for used and renovated properties - cowcamo Platform Business - cowcamo Agent Service Business “Property, Planning and Design Business“ - working business as a mission in producing new value in the real estate domain. - operating “co-ba”, subscription-based co-working offices - spatial design and consulting business
Awards	Deloitte Technology Company Japan Technology Fast 50 2017/2018/2019/2020

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About our business

Through the cowcamo platform, we will innovate the distribution structure of houses and create a business that will eventually become a culture.

cowcamo Business



We are working on innovation of the distribution structure of houses by planning, developing and running “cowcamo”, our end-to-end real estate brokerage platform for used and renovated properties.

Property Planning and Design(“PPD”) Business*



We will create new businesses by utilizing the know-how and assets cultivated in our spatial design and consulting business and our own shared workplace business, and by actively collaborating with external partners.

* The name of the segment of the Shared Workplace Business has been changed to the Property Planning and Design Business from FY2020.

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Renewal of Corporate Logo

＜Logotype & Monogram ＞



Redesigned corporate logo from November 1, 2020

TSUKURUBA's "creation of BA (meaning place in Japanese)"
is represented by the "B" and "A" symbols.

＜Logotype＞

TSUKURUBA

Original typeface with monogram details set as new logo

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Disclaimer

Handling of this material

This material includes forward-looking statements. These forward-looking statements were created based on the information available at the time they were created. They do not guarantee our future results and 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 environments surrounding TSUKURUBA or any other factors.

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.

TSUKURUBA is not obligated to update or revise any contents of the forward-looking statements within this material, even in cases such as where new information becomes available or future events take place.

Information within this material on other topics besides 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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