


VALUE CREATION Co., Ltd.

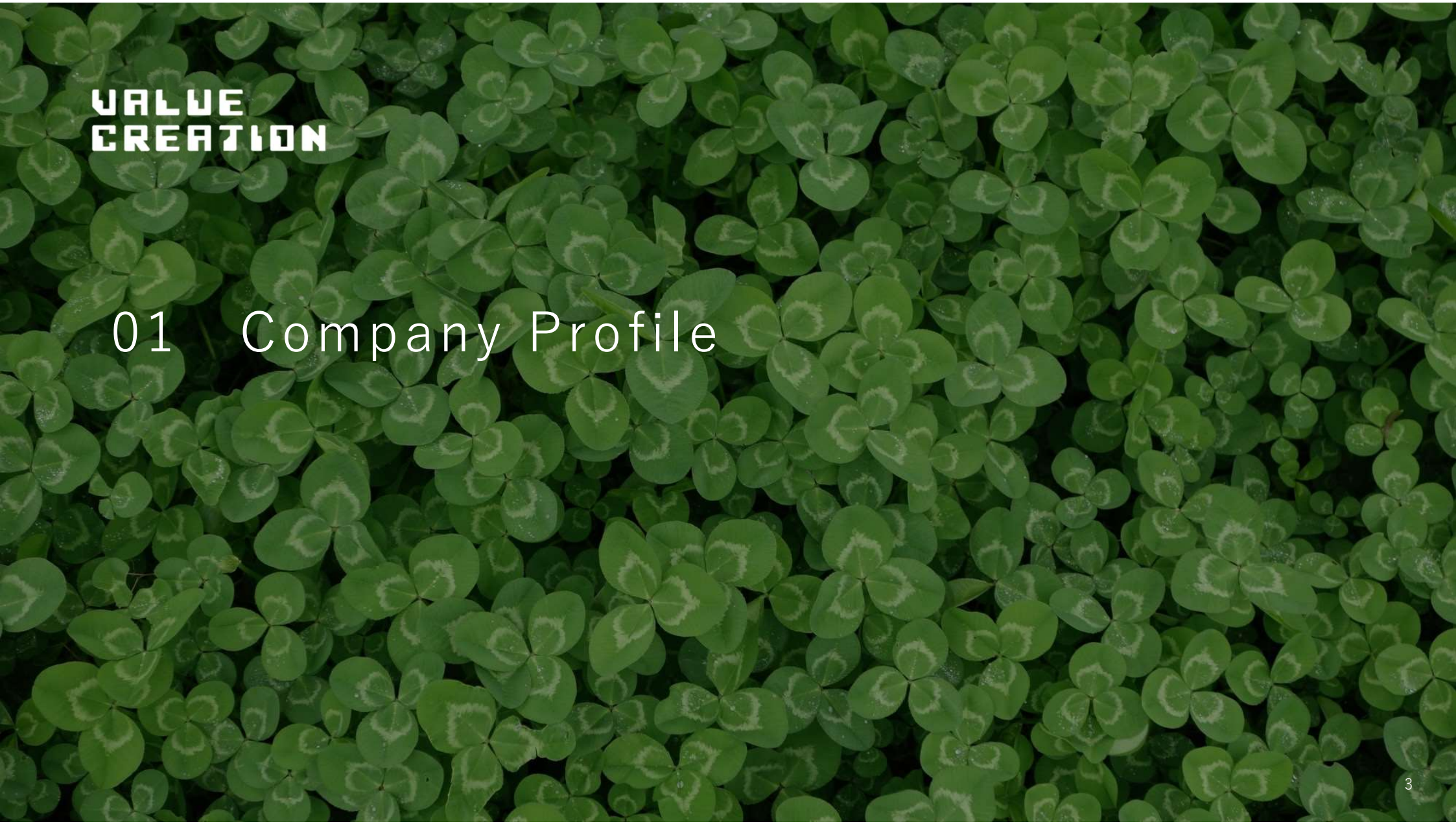
# Presentation on Business Plan and Growth Potential

VALUE
CREATION

# Contents

VALUE CREATION


| | | |
|---|---|---|
| 01 | Company Profile | 3 |
| 02 | Executive Summary | 7 |
| 03 | Business Overview | 17 |
| | - Marketing Digital Transformation(DX) Business | 18 |
| | - Real Estate Digital Transformation(DX) Business | 30 |
| 04 | Growth Strategy | 39 |
| 05 | Risk Information | 55 |




# 01 Company Profile

# OUR VALUE





We make Japan and the World a better place by improving both employee satisfaction and customer satisfaction.

# Company Overview

| | |
|---|---|
| Company Name | VALUE CREATION Co., Ltd. |
| Established | April 1, 2008 |
| Head Office | 4F Ebisu Assist, 1-21-10 Ebisu, Shibuya-ku, Tokyo |
| Offices | Tokyo Head Office/Sendai Branch Office |
| CEO | AKITO SHINTANI |
| Number of employees | 92(as of September 2023) |
| Capital | 34 million yen |
| Main business activities | ・Marketing DX Business<br>・Real Estate DX Business |

# Management Team



CEO
## AKITO SHINTANI

Shintani founded VALUE CREATION in April 2008.
Since the establishment of the company, he has expanded the support area of the Marketing DX business and started developing DX businesses such as Vasta, as well as developing diversified businesses in other fields like automotive and real estate.



Director
## Yusuke Osakatani

Osakatani joined VALUE CREATION in July 2012 and was appointed as Director in December 2020. Over the past decade, he has led the business development as the head of Marketing DX. His achievements include forming comprehensive support packages and launching initiatives like Mola.



Executive Officer
## Kenya Noritomi

Noritomi joined VALUE CREATION in September 2016 and was appointed as Executive Officer in December 2020. Since joining, he has exclusively handled cross-selling and up-selling in the Marketing DX business. His contributions include implementing various new service proposals and sales activities aimed at promoting customers' digital transformation.



Executive Officer
## Yuya Tanaka

Tanaka joined VALUE CREATION in April 2014.
He appointed as Executive Officer in March 2022.
As the head of the entirely new Real Estate DX business, responsible for devising the overall concept of the platform and developing relationships with demolition contractors, handling everything from business creation to expansion.



Executive Officer
## Koichi Wada

Wada joined VALUE CREATION in December 2020 and was appointed as Executive Officer in January 2022. With a background in tax accounting firms, audit corporations, and consulting, he has brought a wealth of experience to the company. After joining, Koichi has specialized in managing accounting, finance, legal, labor, IT security, and audit responses, with a focus on operational efficiency and overall optimization, including internal digital transformation.




# 02 Executive Summary

# Business Overview

VALUE CREATION

Core businesses are Marketing DX and Real Estate DX. In Real Estate DX, we expand services in the surrounding real estate domain, starting with the demolition contractor matching platform “Demolition Counter“.

## Marketing DX Business

**Implementation of marketing DX support**
**With a 97% retention rate(*1)**





| | |
|---|---|
| Feature 1 | Legacy industries constitute half of the market |
| Feature 2 | Identification and verification cycle of industry-specific challenges in customer acquisition |
| Feature 3 | Support using the DX tool "Vasta (*2)" |

## Real Estate DX Business

**Development of the demolition contractor matching platform “Demolition Counter"**




| | |
|---|---|
| Feature 1 | Solving industry challenges through “Reverse Auction” |
| Feature 2 | Approximately 1,500 affiliated demolition contractors (*3) |
| Feature 3 | The diverse exit strategies |

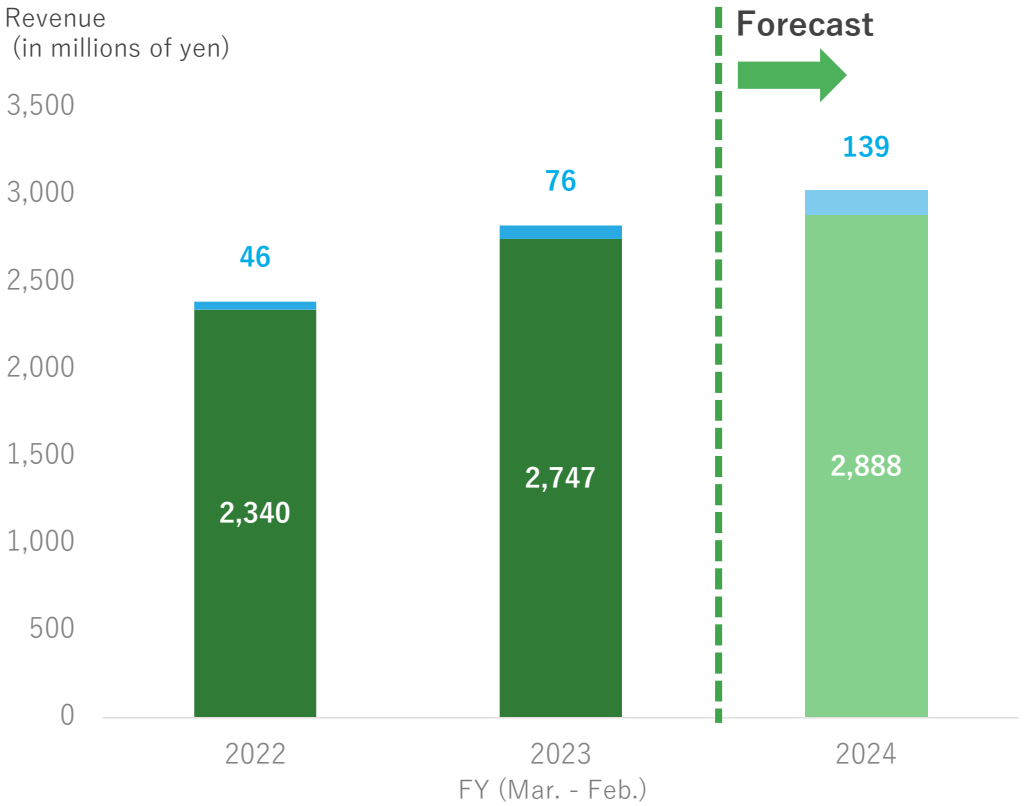
*1 Calculated based on the average retention rate from 3/1/2022 to 2/28/2023.
*2 Vasta is an in-house tool that automates reporting and operation management, allowing clients to reduce operational costs with features like “One-Click Reports” for auto-generation of age-specific and campaign-specific creative reports.
*3 Calculated as of the end of September 2023.

# Financial Performance

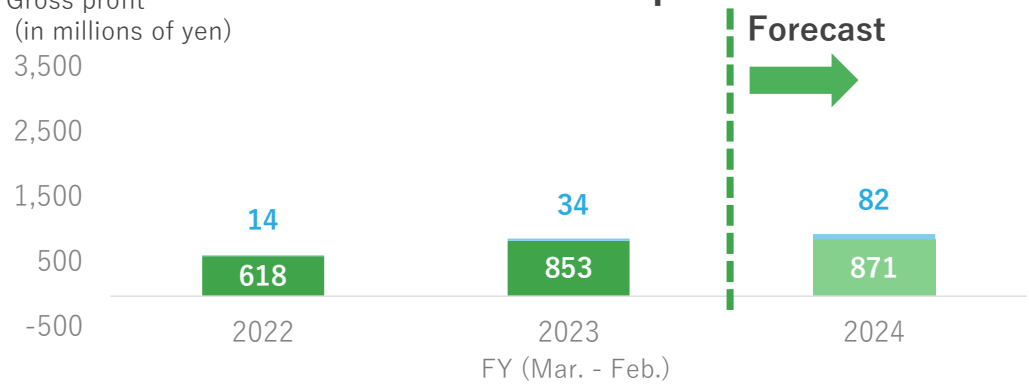
VALUE CREATION

From the fiscal year ending February 2023, we will focus on investment in the promising real estate DX (Digital Transformation) business with strong growth prospects, benefiting from favorable market conditions.

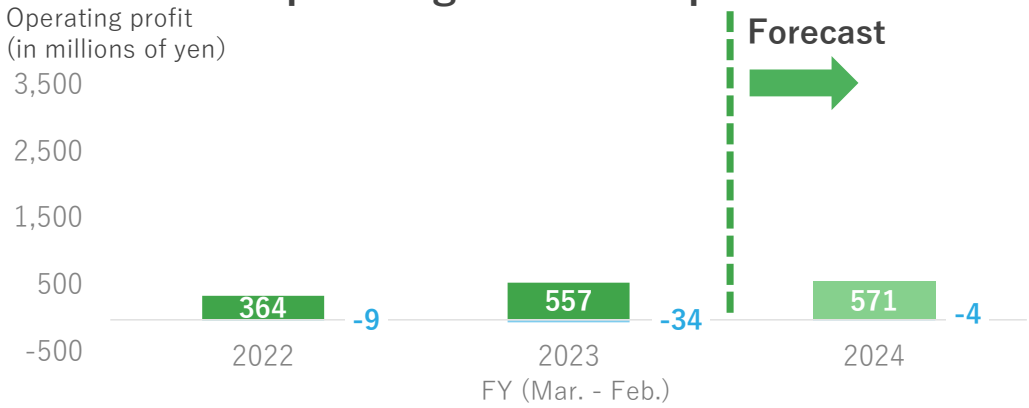
## Revenue Composition




## Gross Profit Composition



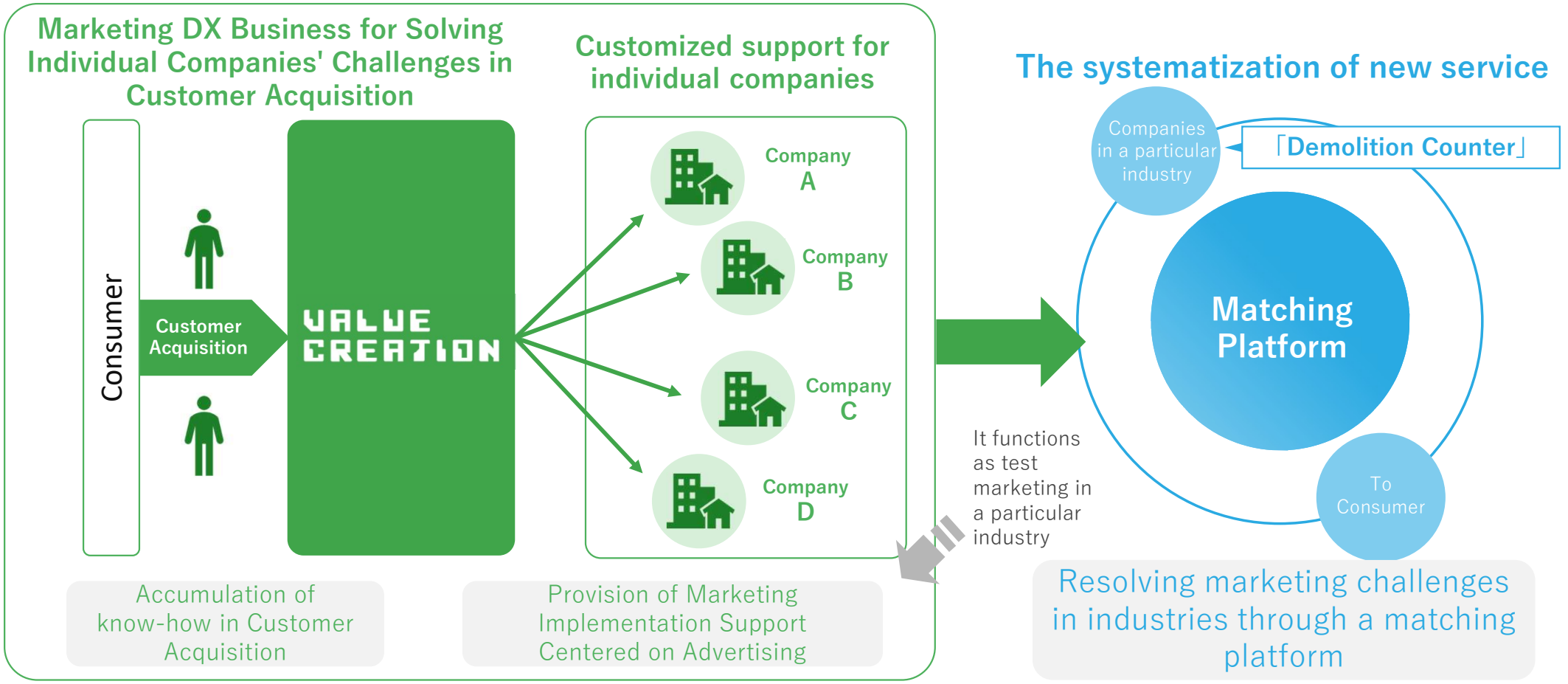

## Operating Profit Composition




Marketing DX  Real Estate DX

# Our Business Model

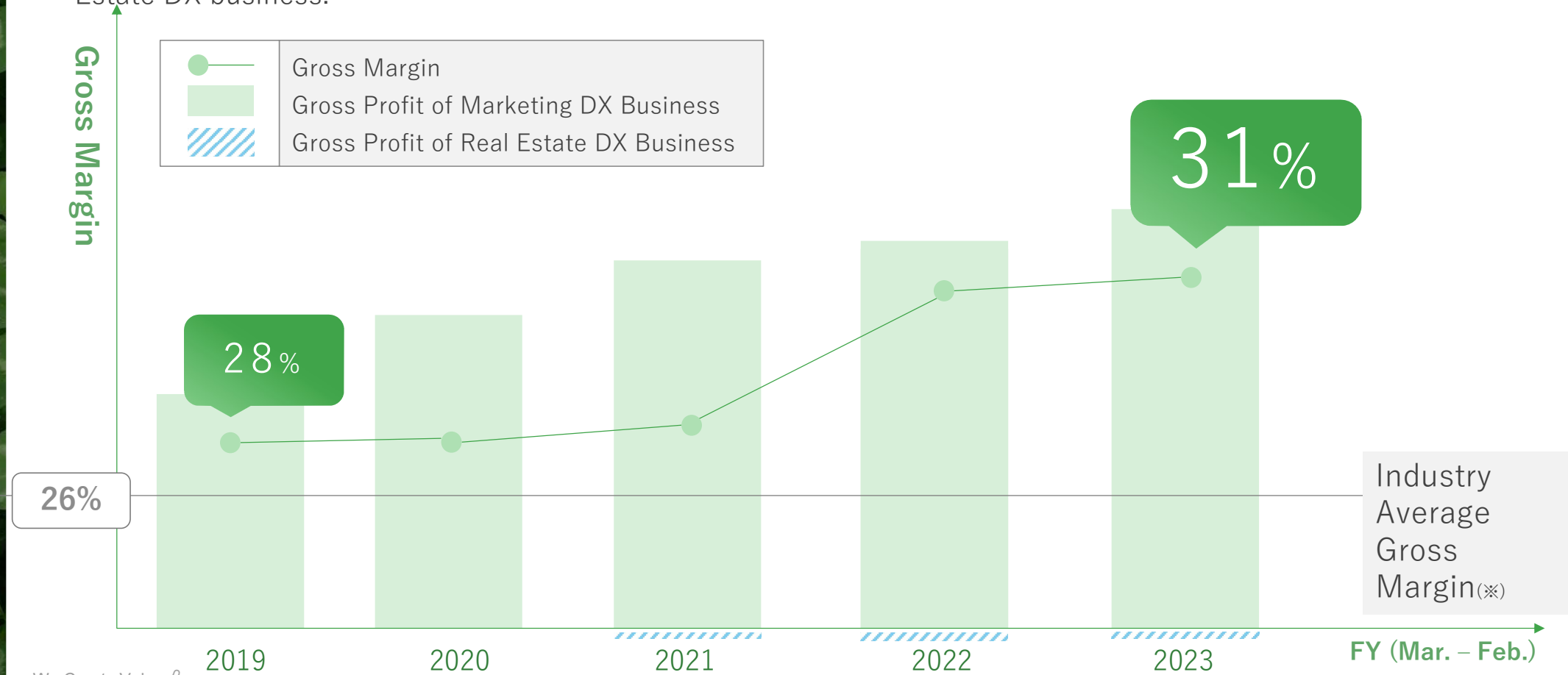
Our company's marketing DX business implements end-to-end from marketing strategy formulation to implementation support.
We operate the "Demolition Counter", utilizing the know-how cultivated in our marketing business.



# Higher than average Gross margin

VALUE CREATION

Our company has achieved a higher gross margin in the Marketing DX business than other companies engaged in the same field. Going forward, we aim to achieve even higher rates with the expansion of the more profitable Real Estate DX business.




*Calculated from the average gross margin of 5 companies primarily engaged in Marketing DX business

# Reason behind high gross margin / Feature

VALUE CREATION

We achieve high gross margins by providing Marketing DX support to Traditional industries*, which are less prone to price competition, and by expanding a matching platform business that leverages our know-how in customer acquisition.

## Feature 1

### Marketing DX support for Traditional industries*

**Industry-specific support for the industries facing challenges in customer acquisition**

## Feature 2

### Expansion of a matching platform business

**Development of business solving industry-wide challenges all together**

*For the definition of traditional industries, refer to page 13.

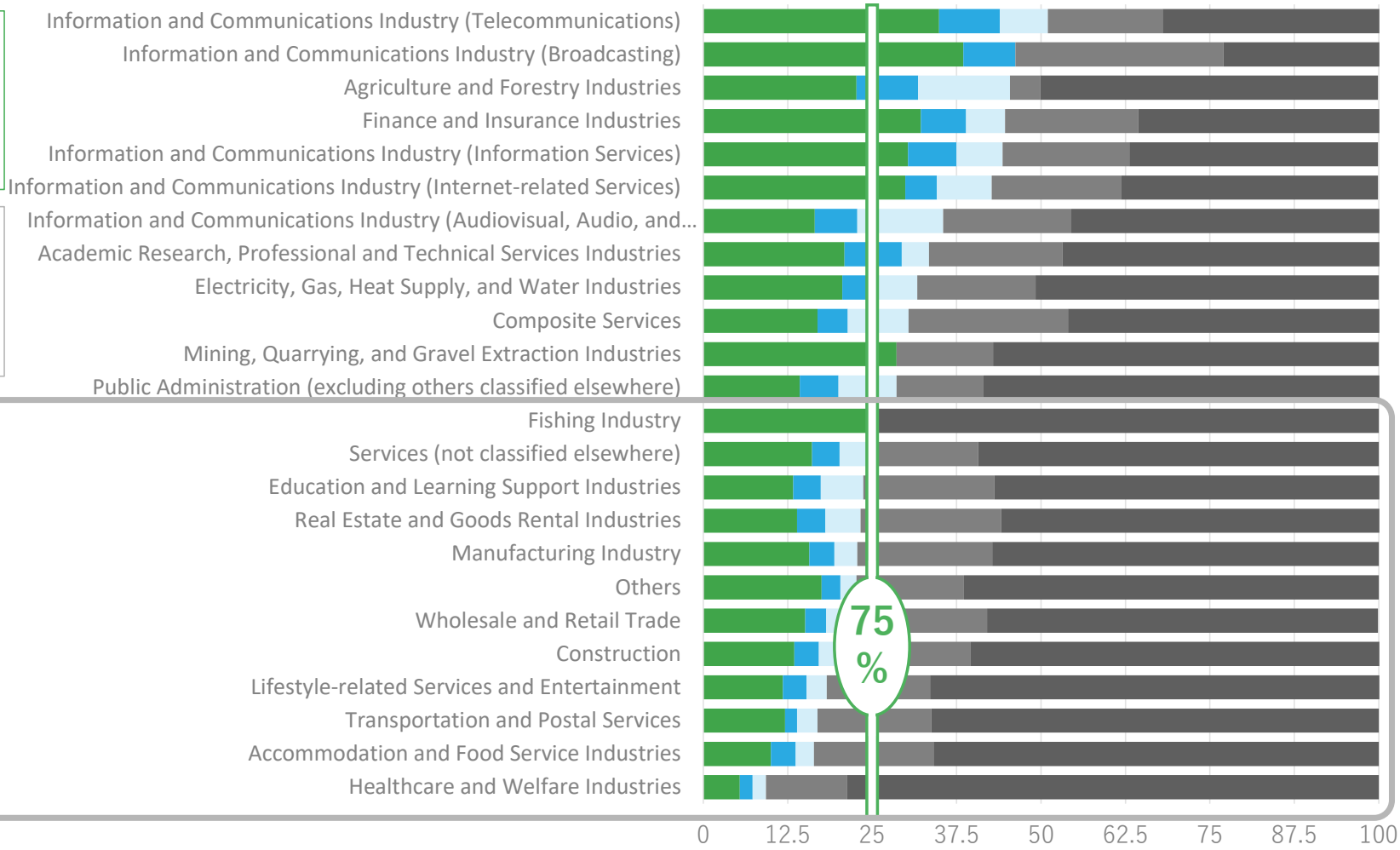
# Reason 1 : Business potential with Traditional Industries

VALUE CREATION

## DX initiatives status by industry

Ministry of Internal Affairs and Communications (2021)
"Research on the Impact of Digital Transformation on the Economy"

- Implemented before FY 2018
- Implemented from FY 2019
- Implemented from FY 2020
- Not implemented, considering future implementation
- Not implemented, no plans for the future

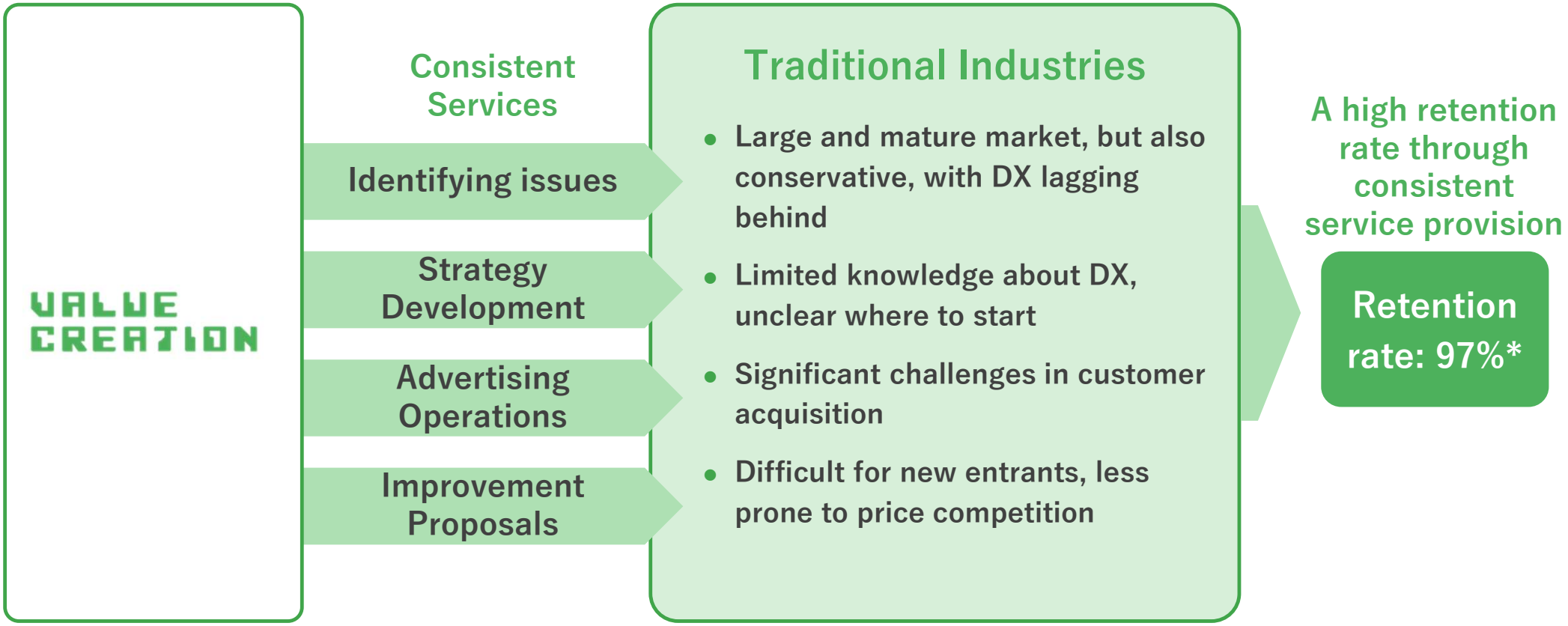



**Industries where more than 75% of companies are not engaged in DX as of 2020 are defined as an industry in which initiatives are lagging behind (Traditional industry*).**

*Partially quoted from the Ministry of Economy, Trade and Industry (2020) "DX Report," which includes companies that have not started DX or are in the process of doing so, referring to them as part of a traditional corporate culture.

# Characteristics of the Traditional Industries targeted

Our main customers are industries and sectors that are large but late to DX and will be tackling it. We believe that there are large markets that have been slow to engage in DX due to existing business practices and traditions. This market is a place where our strengths can be demonstrated, which is the ability to propose solutions ranging from identifying management challenges to strategic planning and advertising operations.



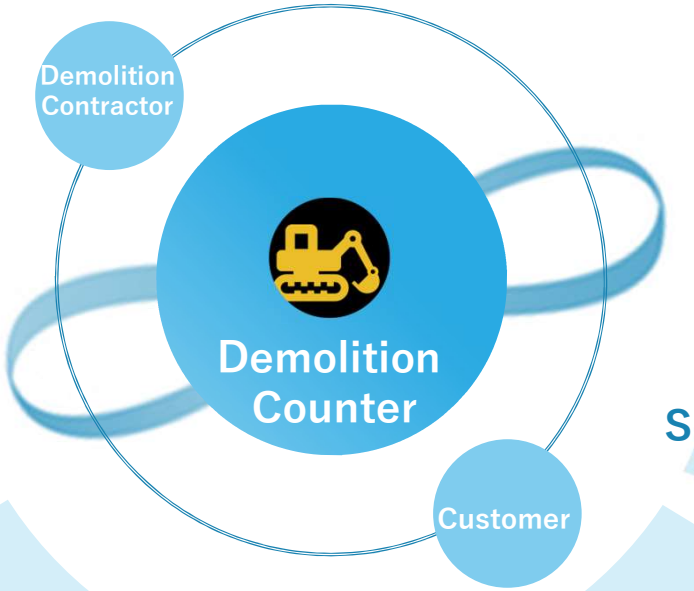

*Retention Rate Calculation: The number of companies that continued from the previous month and those that resumed in the current month after past transactions, divided by the number of companies in the previous month. Calculated as the average retention rate from 3/1/2022 to 2/28/2023.

# Reason 2 : High-Profit Real Estate

VALUE CREATION

Because of the refinement of digital marketing and establishment of operational excellence*, we realize high-profit margins in the business. Furthermore, by developing a model that allows cross-selling to each customer, we achieve multiple sources of revenue compared to traditional matching platforms.

## A highly profitable platform model




Refinement of digital marketing

Reduction in customer acquisition costs through the establishment of optimal marketing methods

Realization of a cross-selling model

Secondary revenue generation based on the utilization of real estate information

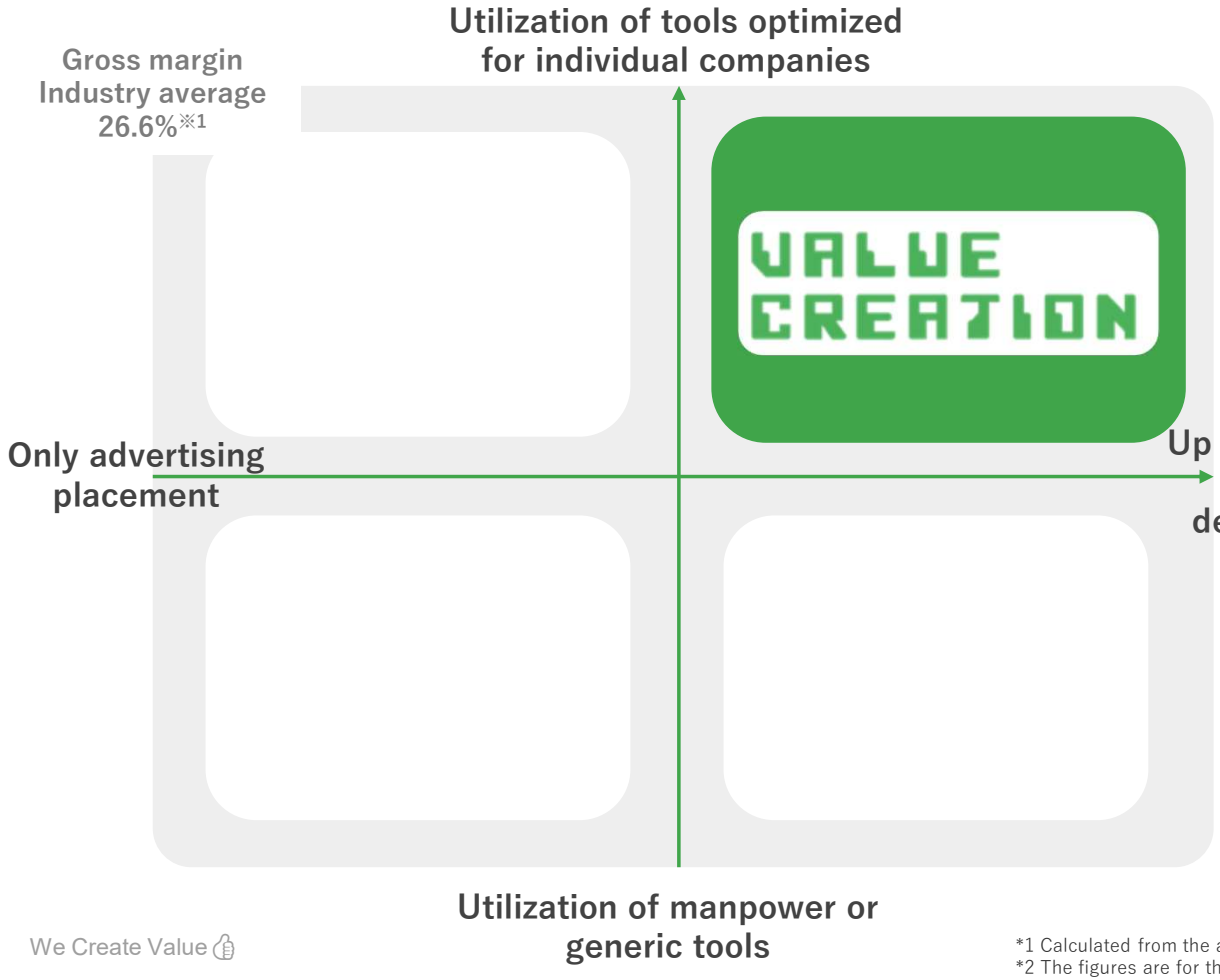
Establishment of operational excellence

Reduction in operational costs for customer service

(*) As an element of the source of competition, this refers to a state of operational refinement resulting from an established workflow..

# Competitive Advantages

Based on 15 years of experience in marketing and operations, we combine a large support area with an efficient support structure, resulting in high gross margins.




**Gross margin 31.1%※2**

## Differentiating factors

**Strength ①**

Realization of consistent support from strategy to ad operation, based on 15 years of experience in marketing consulting

**Strength ②**

Establishment of an efficient marketing support system using our own tool "Vasta"

**Strength ③**

Return of know-how gained from the company's own media 'Demolition Counter'



*1 Calculated from the average of 5 companies primarily engaged in digital marketing business
*2 The figures are for the fiscal year ending February 2023




# 03 Business Overview

VALUE CREATION




# Marketing DX Business

Marketing DX

# Business Model

VALUE CREATION

**Suppliers**
(Media Companies)

Advertising Space

Payment for Services

**Outsourcers**
Designers
Writers
etc.

Banner Production, etc.

Payment for Service

VALUE CREATION

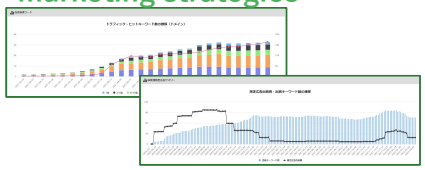
## Marketing DX

- Web Advertising
- Landing Page Creation
- Creative Production
- Web Consulting

**Our own Tool**

Vasta

- Type based analysis
- Recommendations for optimal marketing strategies





Ad Operation Services, etc.

Payment for Services

Ad Operation Services, etc.

Agencies

Service Provision

Payment for Services

Payment for Services

**Clients**

- Tool for creating reports specialized in Meta Ads
- One-Click Report creation (reduces internal costs)
- Clients can timely understand advertising effectiveness

Marketing DX

# Business Details

VALUE CREATION

Through promotional methods centered on operational advertising, we consistently implement everything from identifying challenges to strategy planning and ad operation for driving traffic to clients' websites effectively, earning revenue proportional to the amount of ad placement. We flexibly combine various advertising methods and platforms according to marketing strategies to design and run promotions.

## Operational Advertising



**Advertisements delivered to internet users, with real-time adjustments and improvements in bid amounts, creatives, and targeting**

### Features

- After setting up the settings for ad serving, ad operators are required to check the results of ad serving in near real-time and improve the settings.
- As a result of the above, significant differences in advertising effectiveness arise depending on the operator.

Since our founding in 2008, we have continuously served a wide variety of clients, identifying industry-specific challenges and accumulating information. This has significantly enhanced the quality of our services.

▼ Detailed ad type

| | |
|---|---|
| Listing advertising | Advertisements displayed in search results provided by search engines like Yahoo Inc. and Google LLC |
| Display Advertising | Image, video, and text advertisements displayed in ad slots on websites |
| In-feed Advertising | Advertisements that appear between content on websites and apps |

# The Market Size of Internet Advertising

VALUE CREATION

## 2023 Internet Advertising Market Overview: Transaction Methods × Advertising Types Survey※

Internet advertising expenses: 3.478 trillion yen

Advertising expenses on goods-based e-commerce platforms: 214.7 billion yen

Advertising production costs: 472.8 billion yen

**Internet advertising media expenses: 2.79 trillion yen**

### Reserved advertising : 297.8 billion yen

- Display: 110.4 billion yen
- Video: 103.5 billion yen
- Others*: 83.8 billion yen

*Reserved advertising, not including display or video ads, is assumed to mainly consist of influencer SNS posts contracted by the number of posts.

### Operational advertising: 2,383.8 billion yen

- Listing advertising : 1,098.7 billion yen
- Display advertising: 725.8 billion yen
- Video advertising: 555.5 billion yen
- Others: 3.7 billion yen

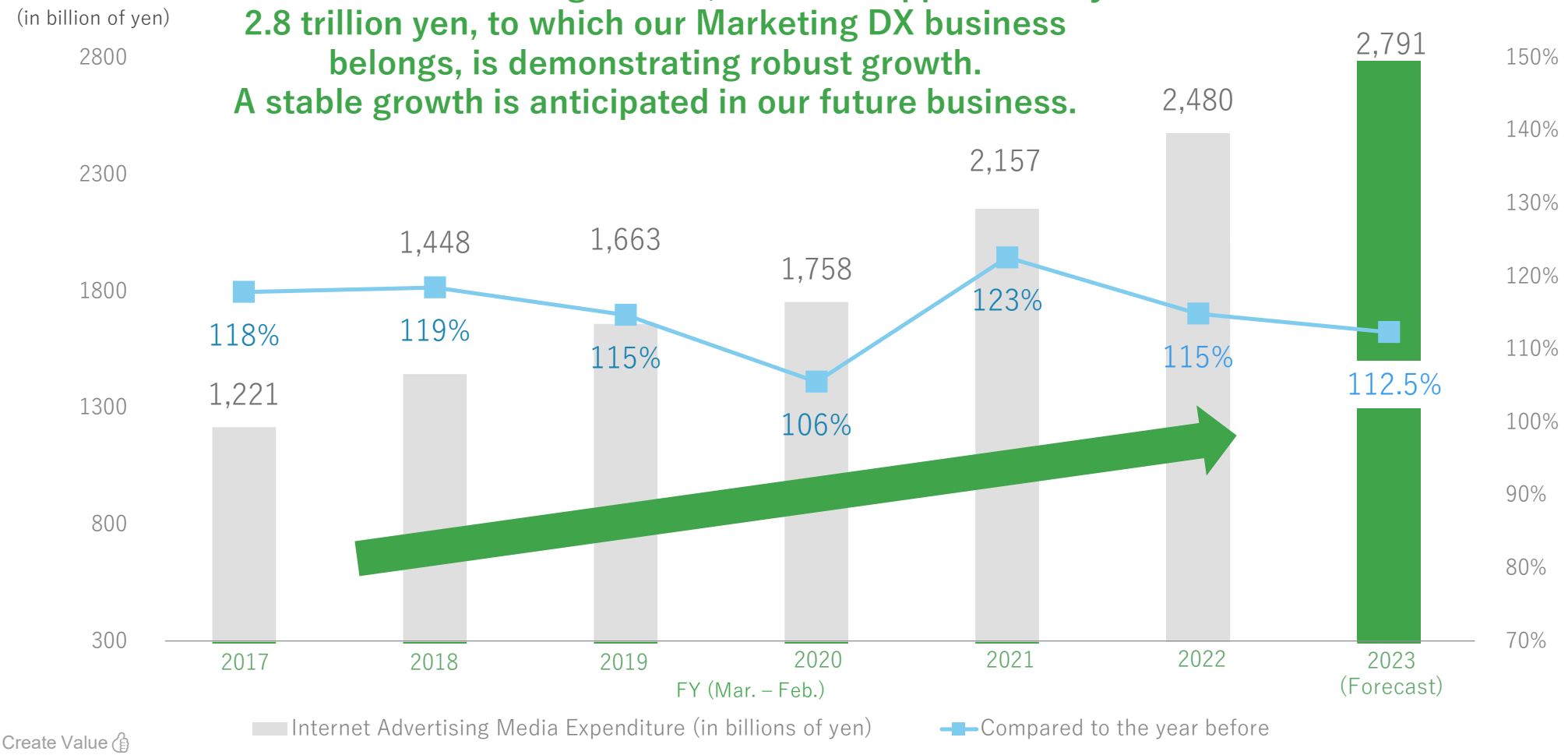
### Performance-based advertising: 108.5 billion yen

*This data is compiled by our company, combining figures from Dentsu's '2022 Advertising Expenditures in Japan' with a 112.5% growth rate for Dentsu assets from 2022 to 2023.

# The Expanding Internet Advertising Market

VALUE CREATION

**The internet advertising market, valued at approximately 2.8 trillion yen, to which our Marketing DX business belongs, is demonstrating robust growth.**
**A stable growth is anticipated in our future business.**



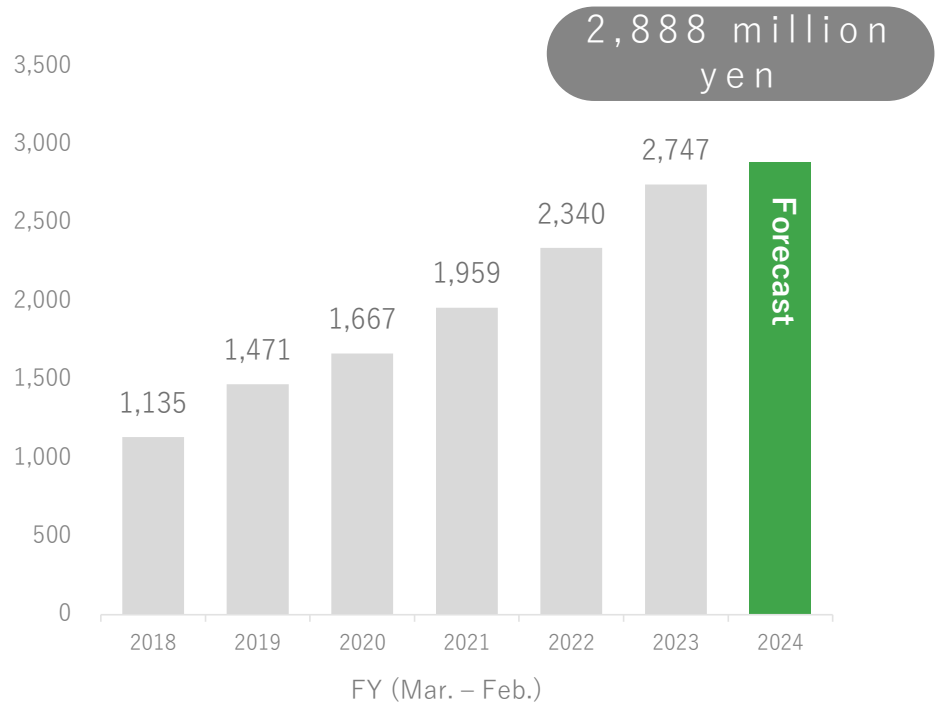

*This data is compiled by our company, combining figures from Dentsu's '2022 Advertising Expenditures in Japan' with a 112.5% growth rate for Dentsu assets from 2022 to 2023.

Marketing DX

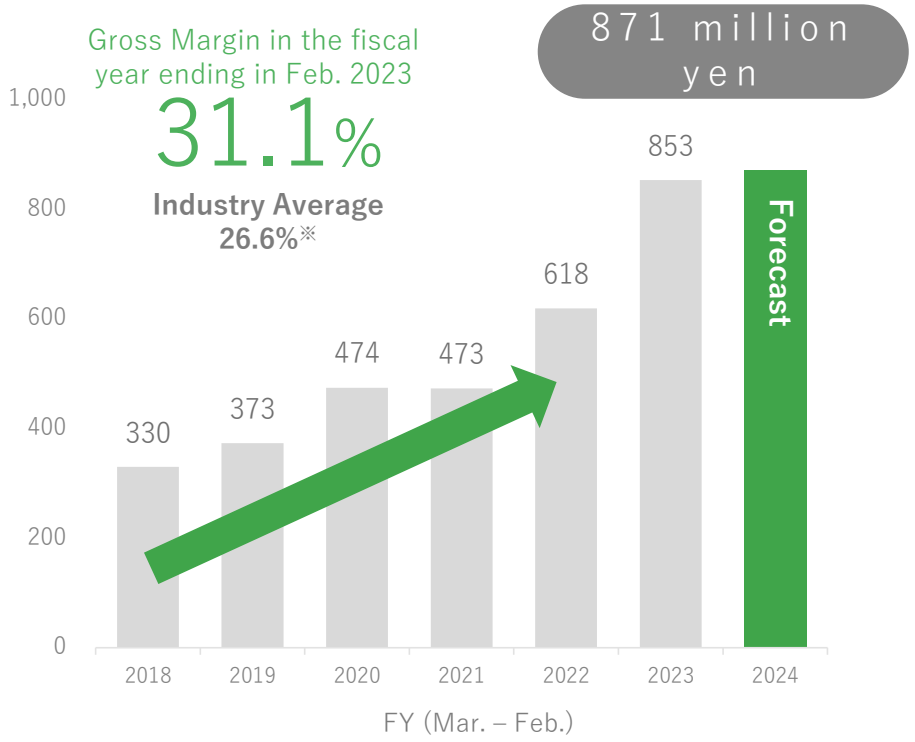
# History of Sales and Gross Profit

VALUE CREATION

## History of Sales




## History of Gross Profit




*Calculated from the average figures of 5 companies primarily engaged in digital marketing business

# Strengths of Our Service

VALUE CREATION

## Strengths of Our Service

1. Customer Base Generating High Retention Rates
2. Service areas where sustainable results can be generated
3. Support from a customer perspective with business development experience

Marketing DX

# Strength 1 : Customer Base Generating High Retention Rates

VALUE CREATION

The source of the current high retention rate lies in the traditional industry, which has gradually expanded its support customer base through 15 years of marketing experience. Not many competitors have entered the market and price competition is unlikely to occur.

**Retention Rate**

**97%***

**The customer base is in the traditional industry, where barriers to entry are high but DX initiatives are less advanced, and industry experience and track record enable consistent and continuous support in deep areas.**

Features

**Traditional Industries**

1. The industry is very large and many companies are old-fashioned.
2. Challenges are always apparent, but barriers to contracting are high due to unique. practices, and services need to be designed for each type of business.
3. Entry for newcomers is challenging, and price competition is rare.
4. On the other hand, once our customer starts to use our services, there is a tendency for high retention rates.

**Other Industries**

1. Industries vary in size and many companies are relatively new.
2. In the context of the digital transformation of the industries, SaaS is gradually becoming more prevalent, and various digital marketing initiatives have already been implemented.
3. There are many types of services and price competition is intensifying.
4. Service replacements sometimes occur, and retention rates are not high.



* Retention rate: calculated using the number of companies that continued from the previous month to the current month and the number of companies that resumed business in the current month as the numerator, and the number of companies in the previous month as the denominator. Calculated based on the average retention rate from March 1, 2022, to February 28, 2023.

Marketing DX

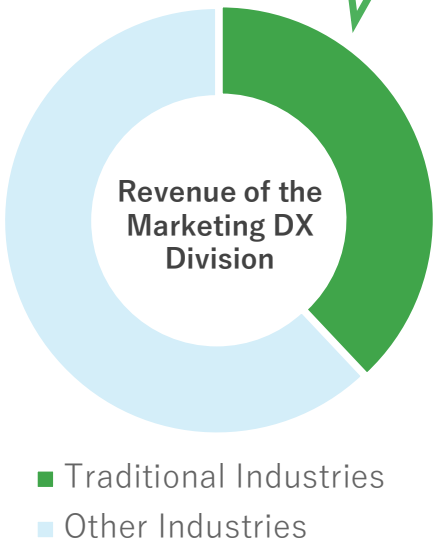
# Appendix | Revenue Growth Driven by Traditional Industry Clients

VALUE CREATION

The revenue growth in the Marketing DX business is mainly driven by a group of companies in Traditional Industries.

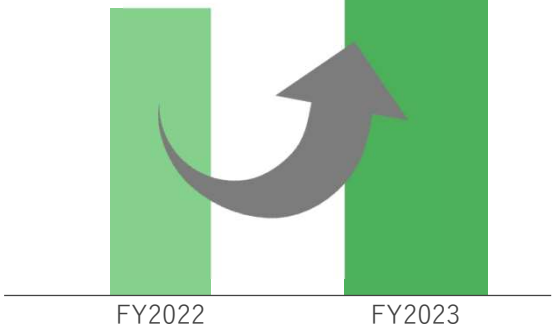
Traditional industry's revenue composition

38% ※

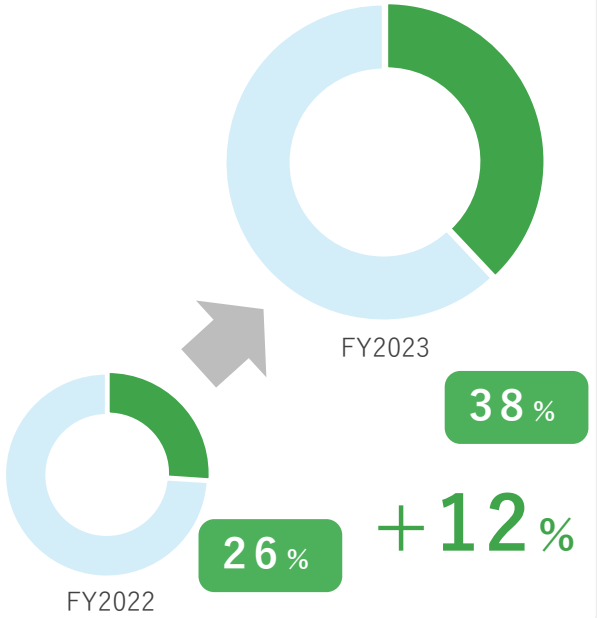



## Revenue Growth Rate

147% in one year




## Increase in Revenue Composition Ratio




*Calculated using the revenue to the traditional industry in the fiscal year ending February 2023 as the numerator, and the revenue of Marketing DX excluding net transactions (revenues shown in net amounts) as the denominator.

# Appendix | Case Study of Support in Traditional Industries

VALUE CREATION

## Comparison of Challenges for Target Groups in Digital Advertising Business

| Key Challenges | Other Industries | Traditional Industries |
|---|---|---|
| Not utilizing digital advertising effectively | — | ◎ |
| Wishing to start using digital advertising | — | ◎ |
| Desiring to improve advertising effectiveness | ◎ | ○ |
| Desiring to expand advertising channels | ○ | ○ |
| Dissatisfied with the response and effectiveness of existing agencies | ○ | ○ |
| Lacking of resources to work on the web | △ | ○ |

## Case Studies

| | |
|---|---|
| Theme | Marketing support to increase hometown tax donation program subscriptions |
| Industry | Municipality (hometown tax) |
| Challenges | The effectiveness of advertising media such as 'Rakuten hometown tax' was limited due to a lack of operational know-how, as the company had submitted its own advertising media. |
| Strategies | • Comprehensive plan from hometown tax donation program's site advertisements to operational ads on Yahoo!, Instagram, etc., and consistently delivering from awareness to acquisition.<br>• Maximizing effectiveness by leveraging know-how in keyword selection, bidding, and creative production. |
| Results | • Subscription Tax Amount Increased by 2.8 Times,<br>• ROAS Increased by 1.4 Times |

Marketing DX

# Strength 2 : Sustained Results Creation

VALUE CREATION

By having a system that generates results not through volatile media, but through means that can deliver stable performance, the company is able to sustain consistently high results, resulting in a high retention rate.

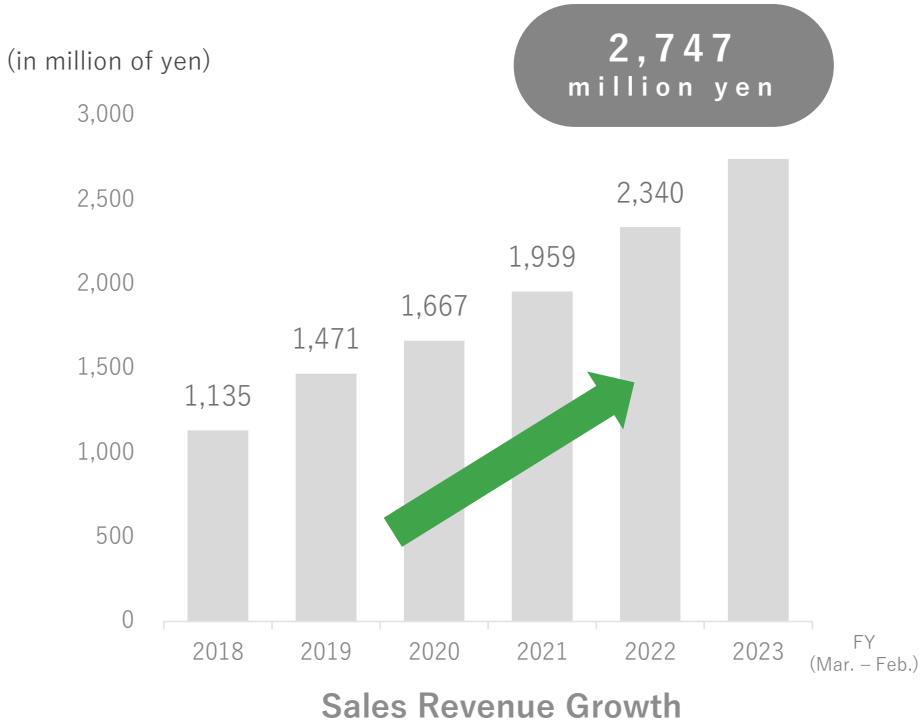
## Our Focus Domains

1. The main target for advertising is the middle-aged and older population, which relatively has a lower risk of shifting interests.
2. The main customers are companies that are not working on digital initiatives, where we can add value by implementing the basics of marketing DX.

## Our Marketing Strengths

Instead of a model where profits are made by riding the current trends of rapidly fluctuating media, it is possible to continue to produce stable results by focusing on media that can achieve high performance on an ongoing basis.

**We realize revenue increasing through a stock-based model, centered around services with a medium to long-term operation.**




Sales Revenue Growth

*Contract Continuation Rate: Calculated as the ratio of the number of companies that continued from the previous month to the current month and those that resumed in the current month after past transactions, over the number of companies in the previous month. The average contract continuation rate is calculated for the period from March 1, 2022, to February 28, 2023.

Marketing DX

## Strength③ : Customer-Centric Support through Business Launch Experience

VALUE CREATION

By launching businesses and engaging in new measures just like our customers, we have developed a model to return successful measures to our customer, achieving high satisfaction through realistic support.

**Demolition Counter**

***Car Appraisal Counter**

*Currently sold

**Maintaining existing businesses and creating diverse new businesses based on various challenges**

**Leveraging our successful experiences in our own business expansion to provide customers with know-how in business creation**




▶As of September 2023

**Support for attracting customers, capturing essential points for customer business launches**

- Real Estate
- Manufacturers
- Food Wholesalers

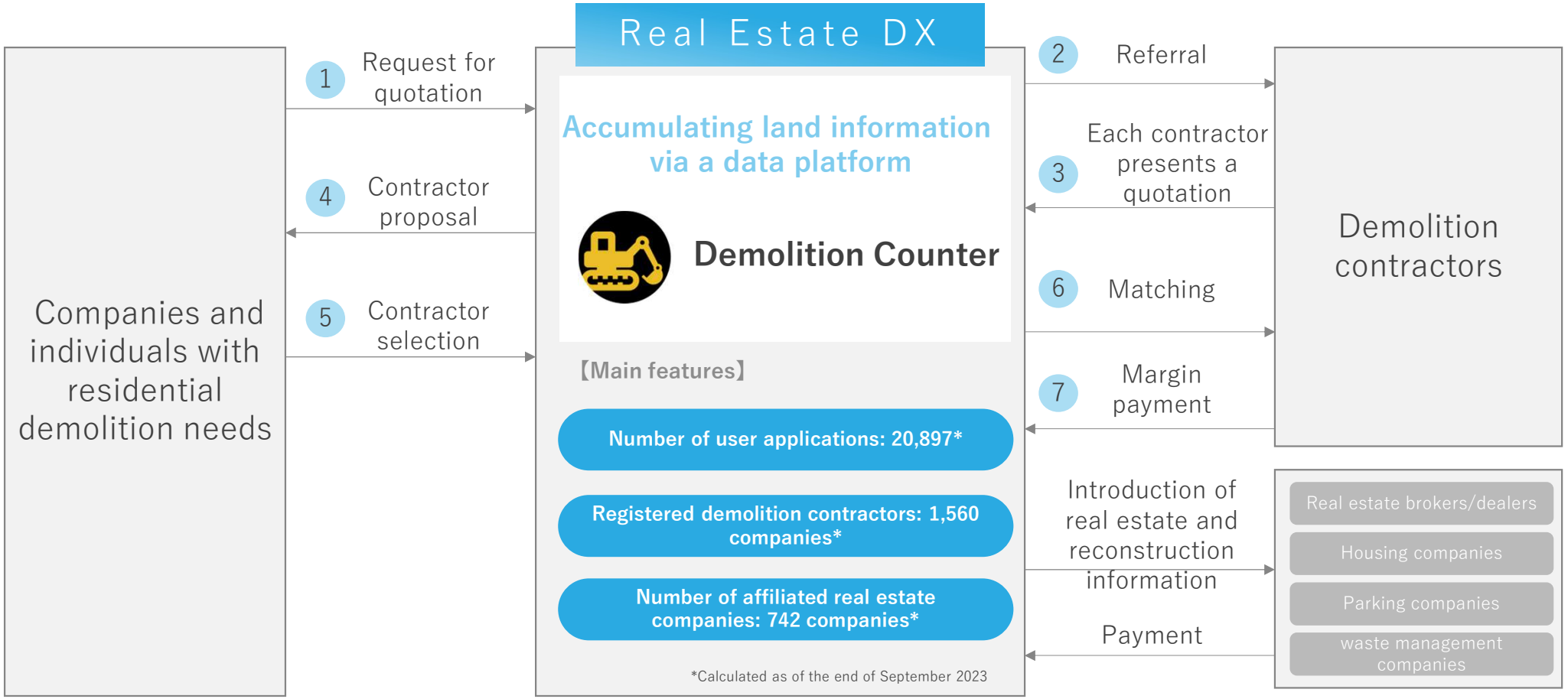
VALUE CREATION

# Real Estate DX Business

Real Estate DX

# Business Model

VALUE CREATION



Real Estate DX

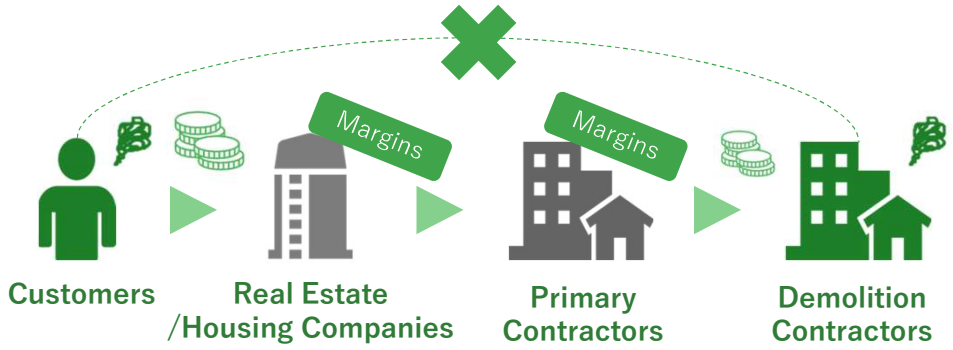
# Business Details

VALUE CREATION

We have addressed the Demolition Counter business to resolve market distortions affecting both consumers and demolition contractors.

## Current Demolition Market

- Unaware of having a choice of demolition contractors
- Unaware of market prices, unknowingly contracting at higher prices




- Work is concentrated among certain demolition contractors and orders are dependent on relationships.
- Few companies have marketing expertise, making it difficult to acquire customers directly

Correcting market distortions by building a platform that eliminates intermediaries with only referral functions

## The World We Aim to Realize

- Freedom to select demolition contractors from candidates
- Lower prices through matching with the lowest bidder



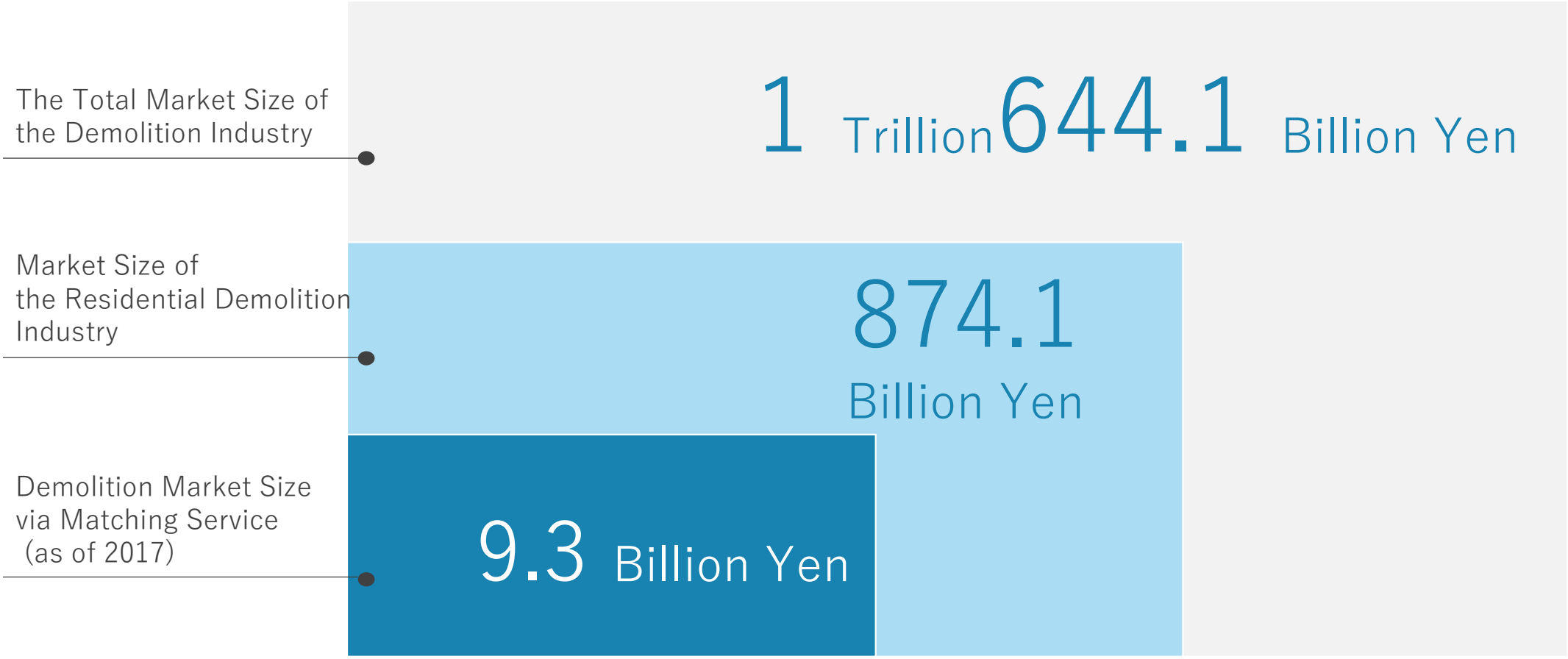

- Breaking away from passive management style by being able to actively and directly acquire customers
- Unit price will also increase due to reduced margins, and business will be improved.

Real Estate DX

# The Market Size of the Demolition Industry

VALUE CREATION

The total demolition market size is 1 trillion 6,441 billion yen, and the residential demolition market alone accounts for 8,741 billion yen, making it a huge market.





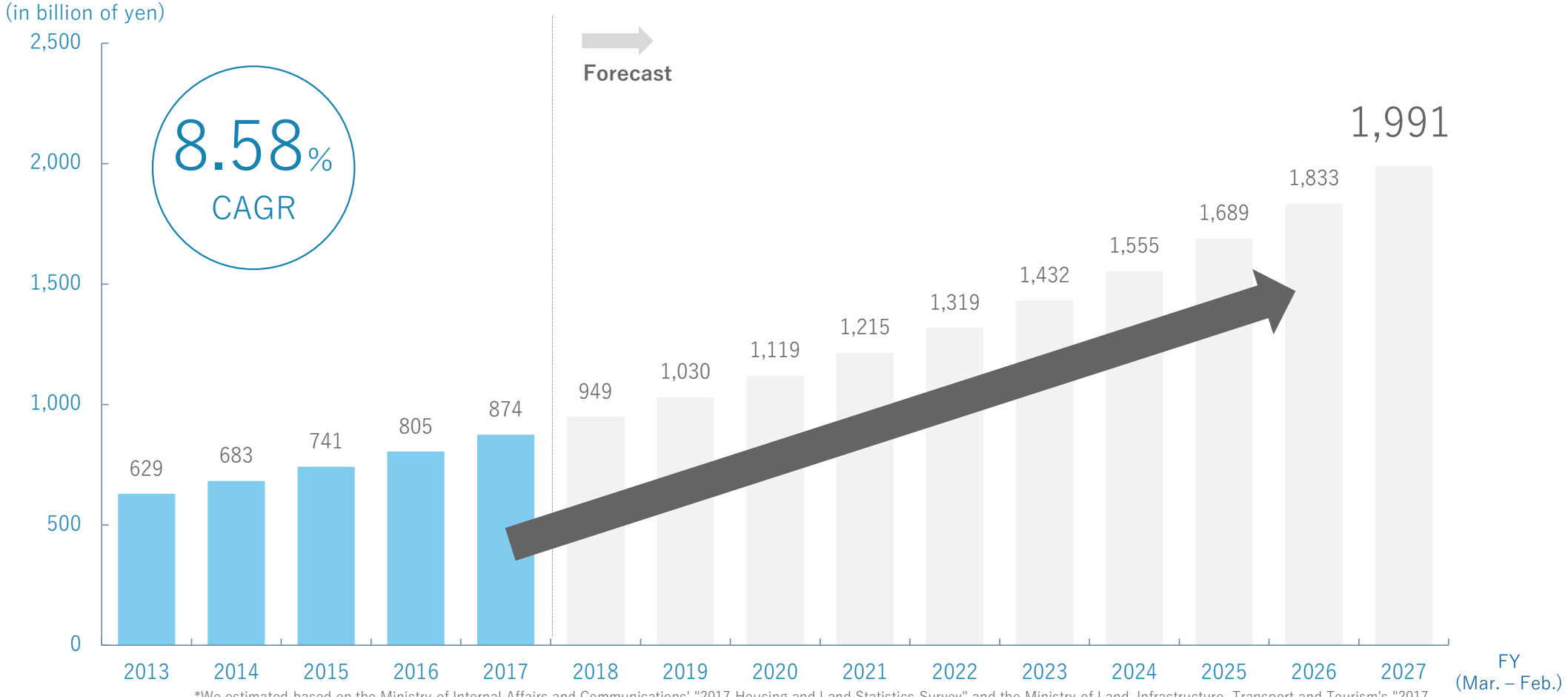

*We estimated based on the Ministry of Internal Affairs and Communications' "2017 Housing and Land Statistics Survey" and the Ministry of Land, Infrastructure, Transport and Tourism's "2017 Building Stock Statistics" and "Housing Starts Statistics," (as of 2017).

Real Estate DX

# The Expanding Residential Demolition Market

VALUE CREATION

The residential demolition market is expected to grow at a CAGR of 8.58%, partly due to the social issue of increasing old housing stock.



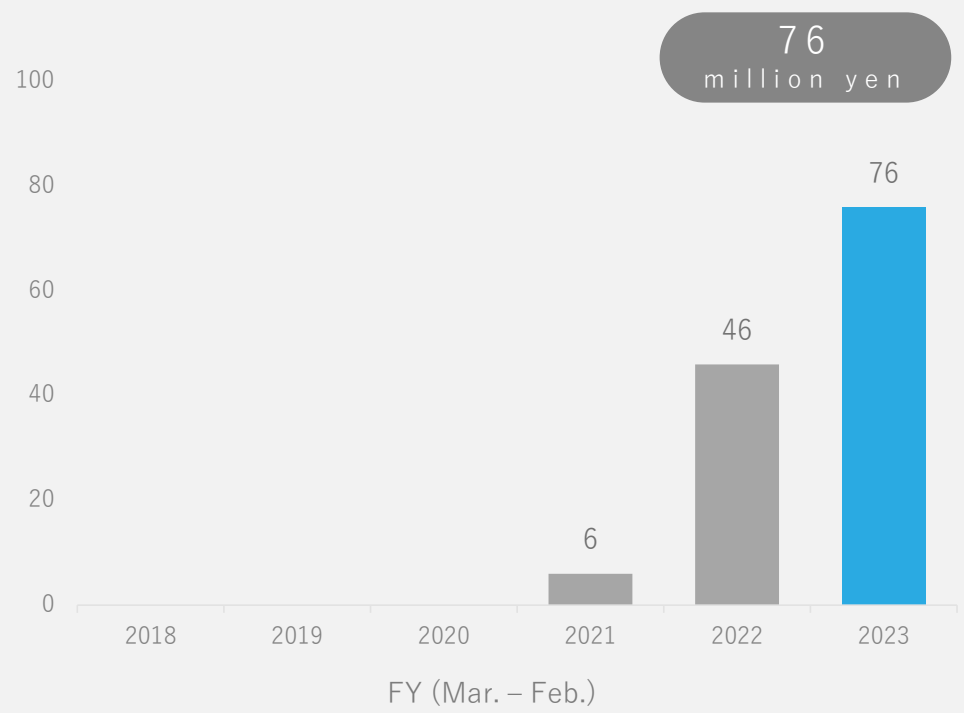

*We estimated based on the Ministry of Internal Affairs and Communications' "2017 Housing and Land Statistics Survey" and the Ministry of Land, Infrastructure, Transport and Tourism's "2017 Building Stock Statistics" and "Housing Starts Statistics,", assuming demolition unit price per case is constant under the estimated number of lost houses and the increase rate in the number of cases over 25-30 years is estimated as the market size growth rate.

Real Estate DX

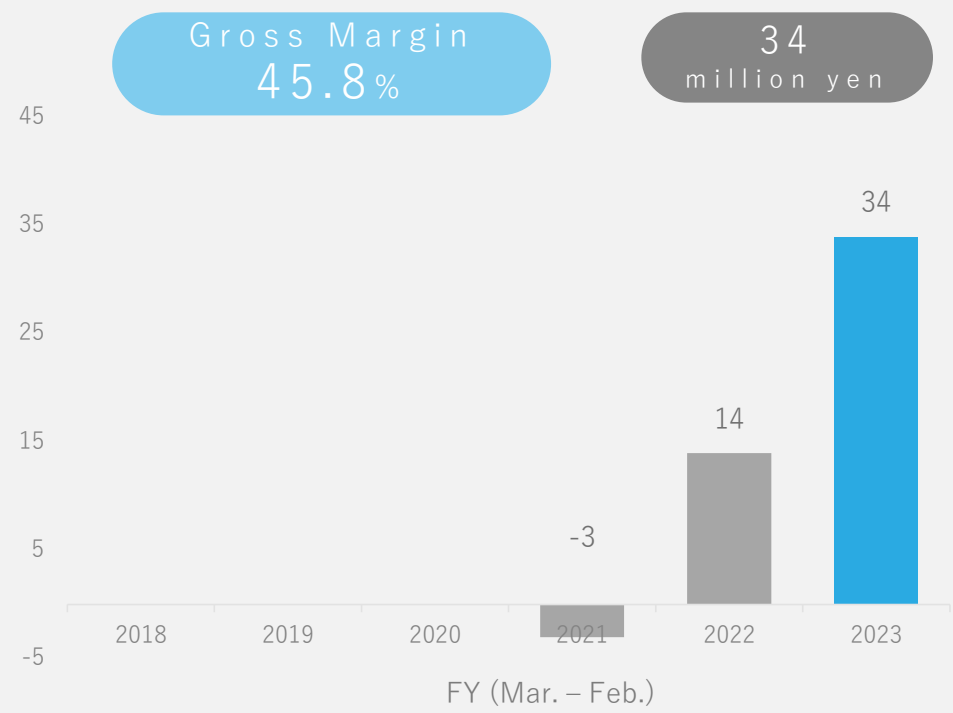
# History of Sales and Gross Profit

VALUE CREATION

## History of Sales




## History of Gross Profit



Real Estate DX

# Uniqueness 1 : Reverse Auction Service Model

VALUE CREATION

The ‘Reverse Auction Model‘ achieves demolition at a lower cost than competitors' quotation models.

**Based on property information and photos submitted by the client, demolition contractors sequentially bid in the auction.**






## Benefits for Users

| | |
|---|---|
| 1 | No hassle from persistent sales calls by contractors |
| 2 | Easily obtaining online estimates and the lowest price under the same conditions |
| 3 | By using The auction model, you can find a demolition contractor at a lower price than when using the competitive quotation model. |

Real Estate DX

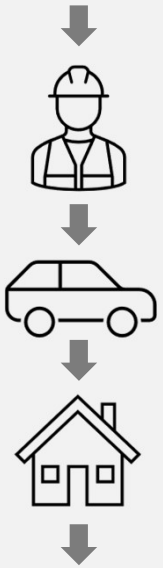
# Uniqueness 2 : Online Quotations

VALUE CREATION

Online quotations overturning the conventional wisdom of “need to visit sites for quotation” significantly reduce marketing costs for demolition contractors.

## Traditional Contract Flow

Request



Quotation

The demolition company receives a request from the client, visits the site, and calculates a quotation.

## Contract Flow Based on Online Quotations

Provisional Online Quotations → On-Site Survey → Consideration → Contract

### Our concierges handle all communications with customers

- Detailed Property Information: Customer → Our concierge
- Scheduling of On-Site Surveys: Our concierge → Demolition Contractor
- Providing Information Necessary for Decision-Making: Our concierge → Customer

Site Images



Property information

- ✓ Wooden Construction
- ✓ Building with ○ Floors
- ✓ ○○ Square Meters
- ✓ ○○ District etc...etc...



### Benefits for Demolition Contractors

1. Efficient Resource Utilization as Concierge Handles Customer Interactions
2. Participating in competitions with a high likelihood of winning bids, without risks*

*Demolition contractors can acquire customers without incurring costs.

Real Estate DX

# Strength 3 : Strengthening collaboration in demolition-related fields

VALUE CREATION

To meet the needs of customers, we have expanded our network of companies in related fields and have focused on establishing a revenue-generating structure, particularly in the sale and purchase of property information.




**Partnered with 742* real estate companies across Japan**

**Partnerships with 72 companies, mainly housebuilders such as Sekisui House and Misawa Homes, covering referrals from all over Japan***

**Collaborated with 10 major companies nationwide, including key players like Japan Parking***

**Allied with 25 judicial scrivener firms***

Others

Partnered with BuySell Technologies Co., Ltd. for the collection of unwanted items

We Create Value

*Calculated as of the end of September 2023.

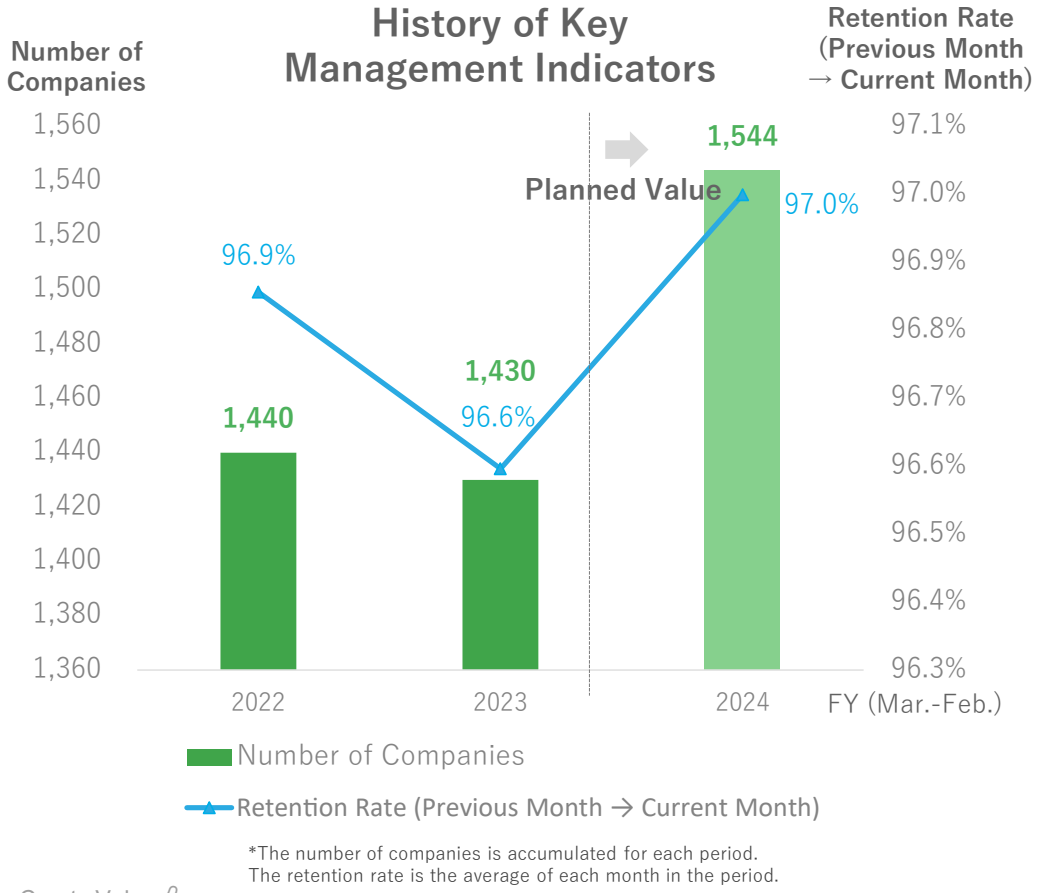



# 04 Growth Strategy

# Improvement in Key management indicators

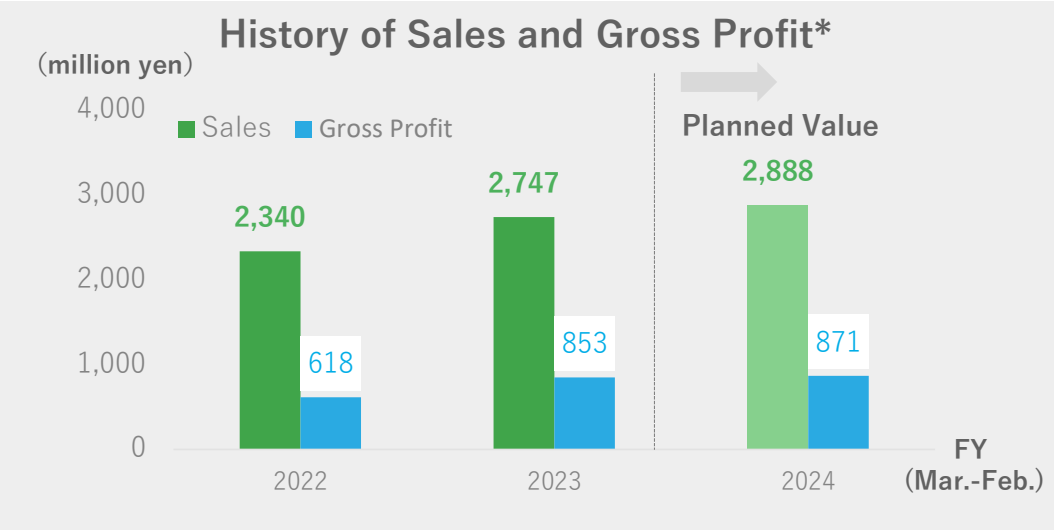
VALUE CREATION

In the Marketing DX business, the number of transaction companies and the existing retention rate are operated as important management indicators directly linked to sales and gross profit. For the fiscal year ending February 2024, the growth target is set at 1,554 companies with a retention rate of 97.0%.




*The number of companies is accumulated for each period.
The retention rate is the average of each month in the period.

| Key Indicators | Reasons for adopting |
|---|---|
| Number of Companies | The number of Companies is a crucial element constituting the sales of Marketing DX and is also pivotal for estimating sales when making plans. It also affects human resources planning, considering the adequacy of sales staff to increase the number of companies. |
| Retention Rate (Previous Month → Current Month) | The retention rate is a crucial indicator for maintaining the number of companies. Even if you acquire new customers, the total number of them does not increase without a high retention rate. Additionally, a high retention rate is also an important indicator of the relationship with customers and is considered pivotal. |



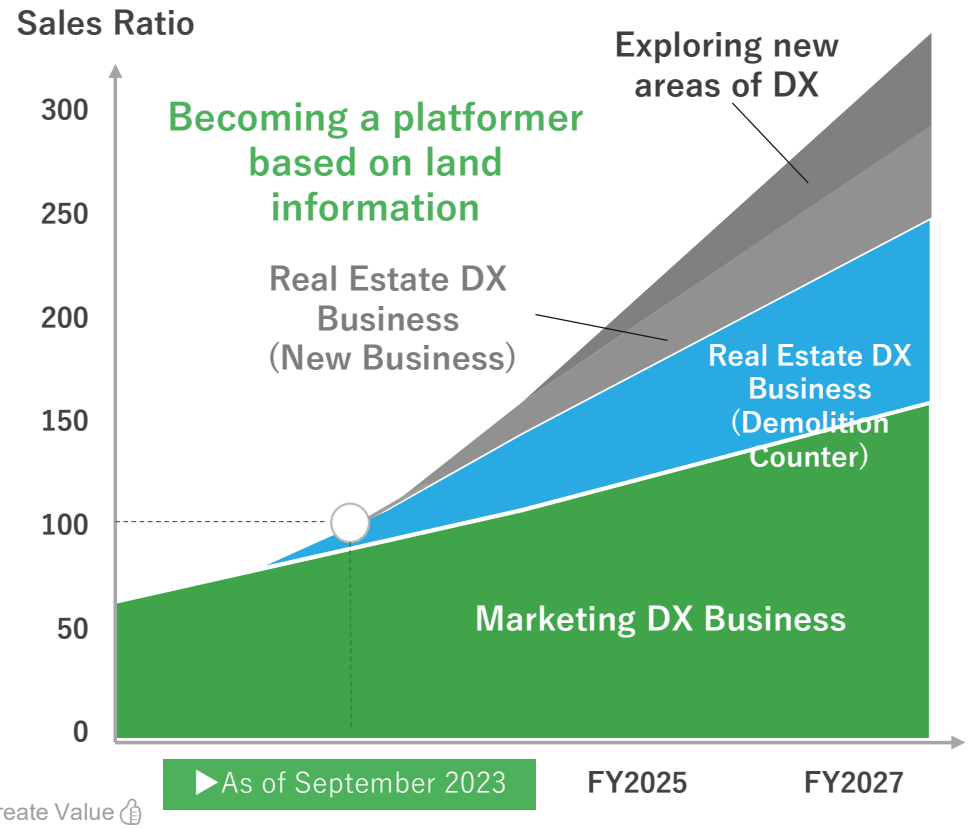

*Sales and gross profit of the Marketing DX business department

# Growth Strategy

VALUE CREATION

Continuously growing existing Marketing DX business and strengthening of Demolition Counter business as a pillar, we aim for business expansion through the Real Estate DX business. Then, we have envisioned further growth as a continuous business creation company.

## Building business synergies through diversified expansion




## Detailed Business Strategy Towards 2027

| | |
|---|---|
| **Strategy 2** Strengthening of "Demolition Counter" business | Strengthening operational systems by hiring industry personnel |
| **Strategy 3** Strengthening Real Estate DX Business | Developing consumer-oriented real estate services (real estate brokerage, sales/purchase, insurance, loan business, etc.) |
| | Launching other platforms aggregating land information (cemeteries, funerals, inheritance, etc. in preparation) |
| **Strategy 4** Launching platforms in other domains | Exploring new themes following Real Estate DX |
| | Launching new businesses in accordance with the business building cycle |
| **Strategy 1** Sustained Growth of Marketing DX Business | In the internet advertising market, which is expected to grow steadily, sales will focus on the traditional industry, where DX is lagging behind. |

# Appendix | Use of proceeds

VALUE CREATION

The intended use of funds raised is as follows

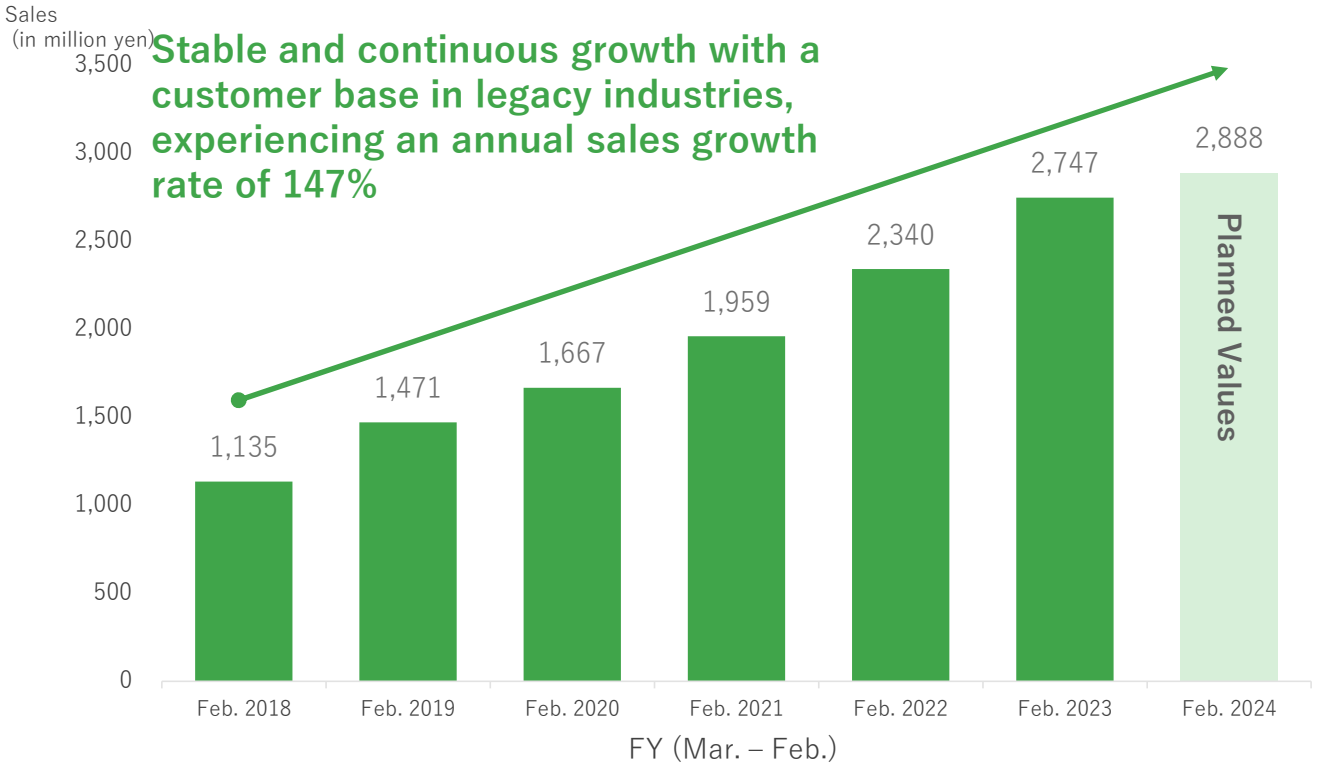
| | | |
|---|---|---|
| 1 | Capital Investment | We are considering allocating funds for the relocation of our headquarters, anticipating an increase in personnel, with a focus on the Ebisu area.<br>We plan to secure a property that can accommodate the necessary space, considering the rental market in the surrounding area and the number of future employees.<br>We aim to complete the relocation by February 2026, and believe that the current fundraising period is appropriate to secure the necessary funds for deposits and interior construction costs required for the move. |
| 2 | Debt Repayment | The repayment of borrowed funds aims to stabilize our business operations by reducing interest payments and thereby increasing ordinary profits. We believe that the current fundraising period is appropriate as early repayment will enhance the effect of reducing the interest burden. |
| 3 | Investment in Human Resources | Anticipating an increase in personnel, we expect the relocation to improve the working environment and enhance recruitment.<br>The increase in personnel costs is based on the headcount plan for the period 24/24-26/26, which is expected to expand the corresponding business areas through increased sales and operations personnel. |

# Growth Strategy 1: Continuous Growth of Marketing DX Business

VALUE CREATION

The internet advertising market is expected to experience stable growth, and in line with this, the Marketing DX business aims for continuous expansion. Our support is mainly for legacy industries where DX is often delayed, leading to an expected revenue expansion through acceleration of DX.

## Marketing DX Business Sales Trends




## Growth Strategy for Marketing DX Business

**1a**
Improving LTV through support for legacy industries

**1b**
Strengthening customer acquisition channels

**1c**
Improving support quality per customer

*For the year from February 2022 to February 2023

# Growth Strategy 1a: Enhancing LTV through Support in Legacy Industries

VALUE CREATION

Due to the delayed adoption of DX initiatives across traditional industries, digital marketing strategies could be not only easier to demonstrate a significant effectiveness but also lack established pricing standards. We aim to increase the proportion of accounts in these industries while simultaneously enhancing the LTV* of each account.




## Upselling/ Cross-selling to Existing Customers

1 **Digital challenges are not localized within companies but span across departments and sectors, becoming chronic issues.**
By strengthening comprehensive service proposals in the Marketing DX business, we anticipate significant upselling and cross-selling.

2 **Relationships with customers are often long-term and based on trust.**
For existing customers with established relationships, we aim to proactively enhance service pricing by leveraging these relationships.

## Acquisition of High-Value New Customers

1 **As the industry lags in marketing efforts, there are many untapped attractive targets.**
Therefore, the effectiveness of measures is often higher compared to other industries, making it easier to demonstrate a significant ROI. We propose product packages with relatively high pricing.

2 **With few competitors in this industry, pricing levels are not yet well-established.**
We aim to form high-value orders and establish pricing levels in the context of DX reform.

*A metric that represents the total profit a customer brings from the start to the end of their business relationship with our company.

# Growth Strategy 1b: Strengthening Customer Acquisition Channels

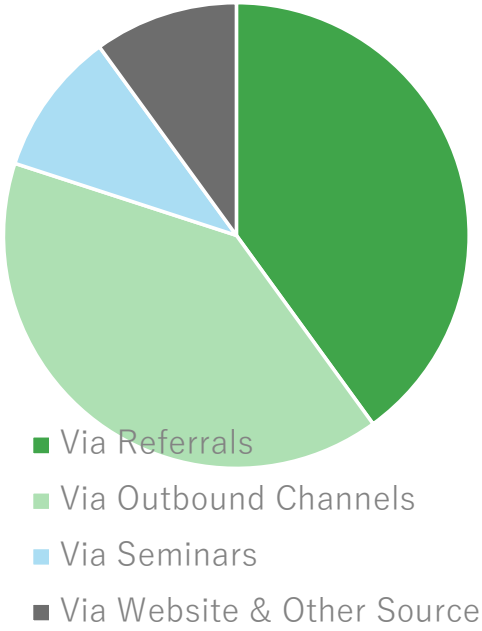
VALUE CREATION

We will expand our business by focusing on the increase in referrals and industry-specific inbound* reactions through a fundamental review of our channel strategy and the subsequent standardizing/strengthening of each measure, which we have been implementing since February 2023.

## Overview

**Since the fiscal year ending February 2022, the introduction of Salesforce has enabled previously unaddressed customer attribute management and order route analysis. From the fiscal year ending February 2023, we are fully engaging in measures aimed at identifying acquisition channels to focus on and implementing related strategies.**

## Proportion of acquisition channels




## Measures 1 | Strengthening inbound measures

Segmentation
Satisfaction
Sales
System

**Building a system* that promotes customer referrals, including:**
**① Identifying targets with a high likelihood of referral**
**② Pinpointing times of high customer satisfaction**
**③ Standardizing effective request methods**
**④ Establishing operational systems**
**Typifying and strengthening the customer referral flow in sales support**

## Measures 2 | Enhancing referral measures

**Previously, less focused on inbound case acquisition, now promoting targeted advertising and industry-specific seminars to explore vertical markets and simultaneously testing various measures aimed at market development**
**Particularly investing resources in appealing to and exploring various challenges within the real estate industry, as revealed in the Real Estate DX business.**

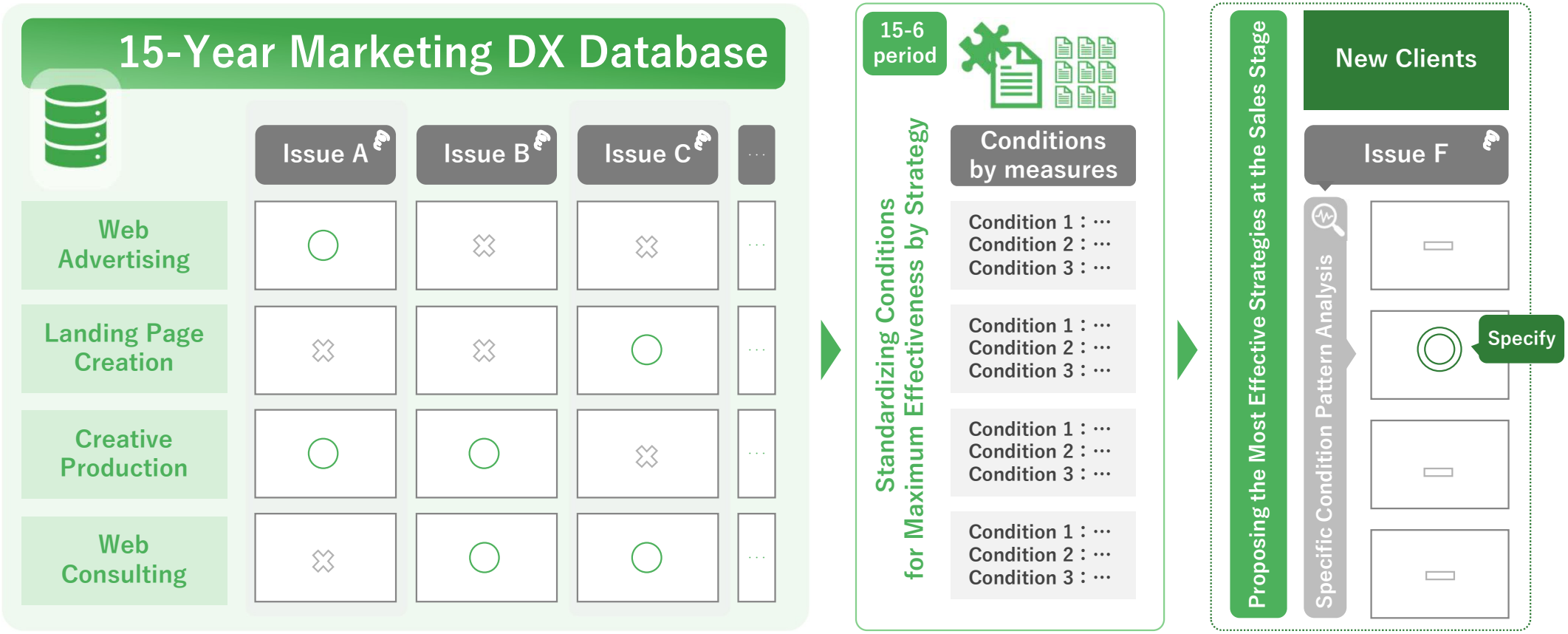
*The term "inbound" is used here in the context of marketing strategies to distinguish from outbound, meaning responses from HP/LP

Reference: LiB Consulting Article "https://crohack.libcon.co.jp/n/n63fc42469d0d"

# Growth Strategy 1c: Enhancing Support Quality per Client

VALUE CREATION

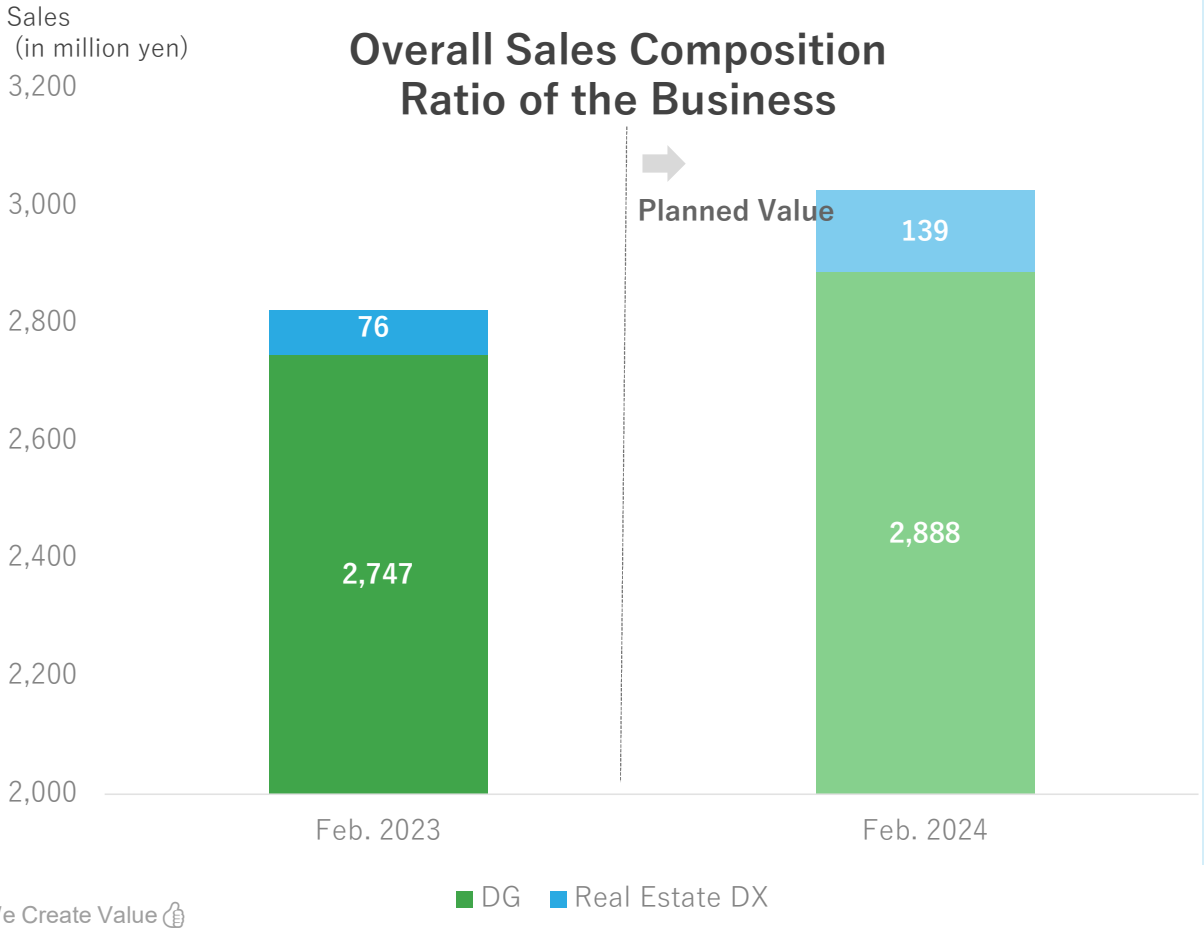
From February 2023 to February 2024, we are identifying the conditional attributes of past support content for each marketing measure and standardizing them. We aim to standardize and systematize support knowledge across the organization, targeting simultaneous improvement in support quality and productivity.



# Focused on Real Estate DX Business

VALUE CREATION

Post February 2023, given the favorable market conditions, we are focusing on investment and expansion in the promising Real Estate DX business.




## Factors for Expansion

**1** **Increase in the number of incoming customers**
In the demolition market with a 1.1% matching share rate, we are developing untapped customers.

**2** **Improvement in Listing Rate**
Intensifying follow-up responses for customers after incoming.

**3** **Increase in Closing Rate**
By expanding the business value in the post-process of land utilization, we are enhancing the added value in demolition through matching.

# Growth Strategy 2: Accelerating the expansion of the Demolition Counter business

VALUE CREATION

As the demand for matching in the demolition industry is still expected to grow at a high rate, we are aiming for further business growth by strengthening our internal structure to prepare for increased needs.

## Expanding market opportunities

Usage rate in 2022

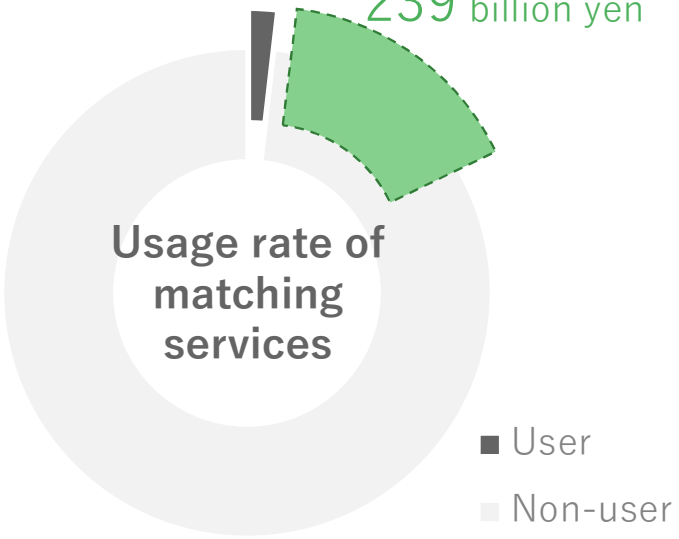
1.1%

9.3 billion yen

Projected usage rate in 2027

12.0%*

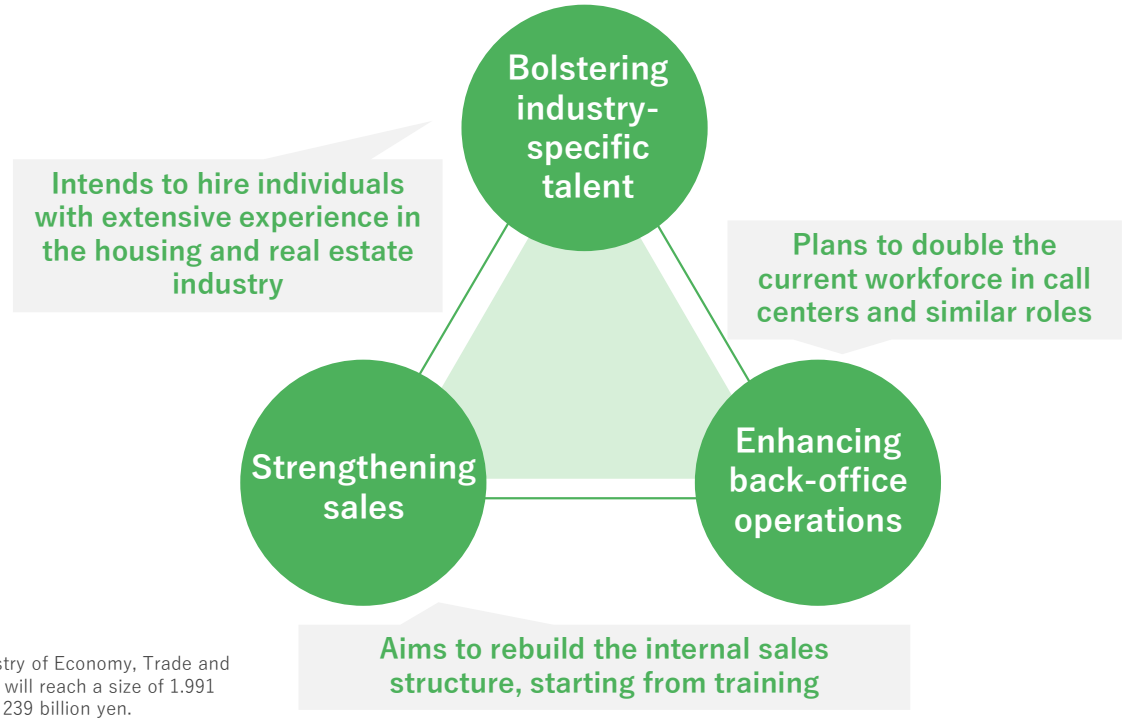
239 billion yen




*Based on analysis from the "Real Estate Industry Statistics Collection," Tokyo Kantei data, and the Ministry of Economy, Trade and Industry's "Market Survey on E-commerce," it is projected that by 2027, the residential demolition market will reach a size of 1.991 trillion yen (refer to P34). Of this, the estimated market size for matchmaking usage is 12%, amounting to 239 billion yen.

## Strengthened internal systems

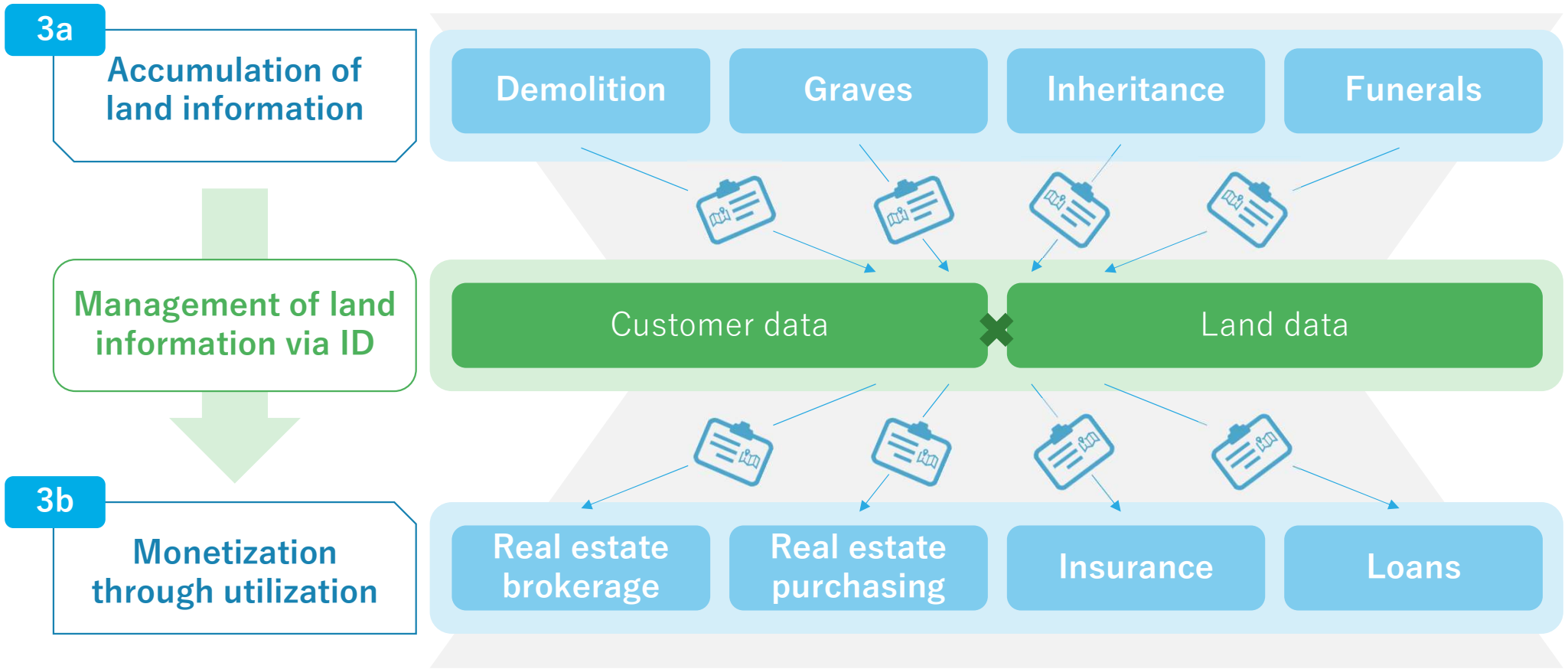
### Hiring talent from three perspectives to build an operational system for expansion



## Growth Strategy 3: Transforming into a Platformer Centered on Land Information

VALUE CREATION

To further strengthen and utilize our business's significant advantage of "accumulated land information," we aim to expand our business further by developing a platform based on land information.

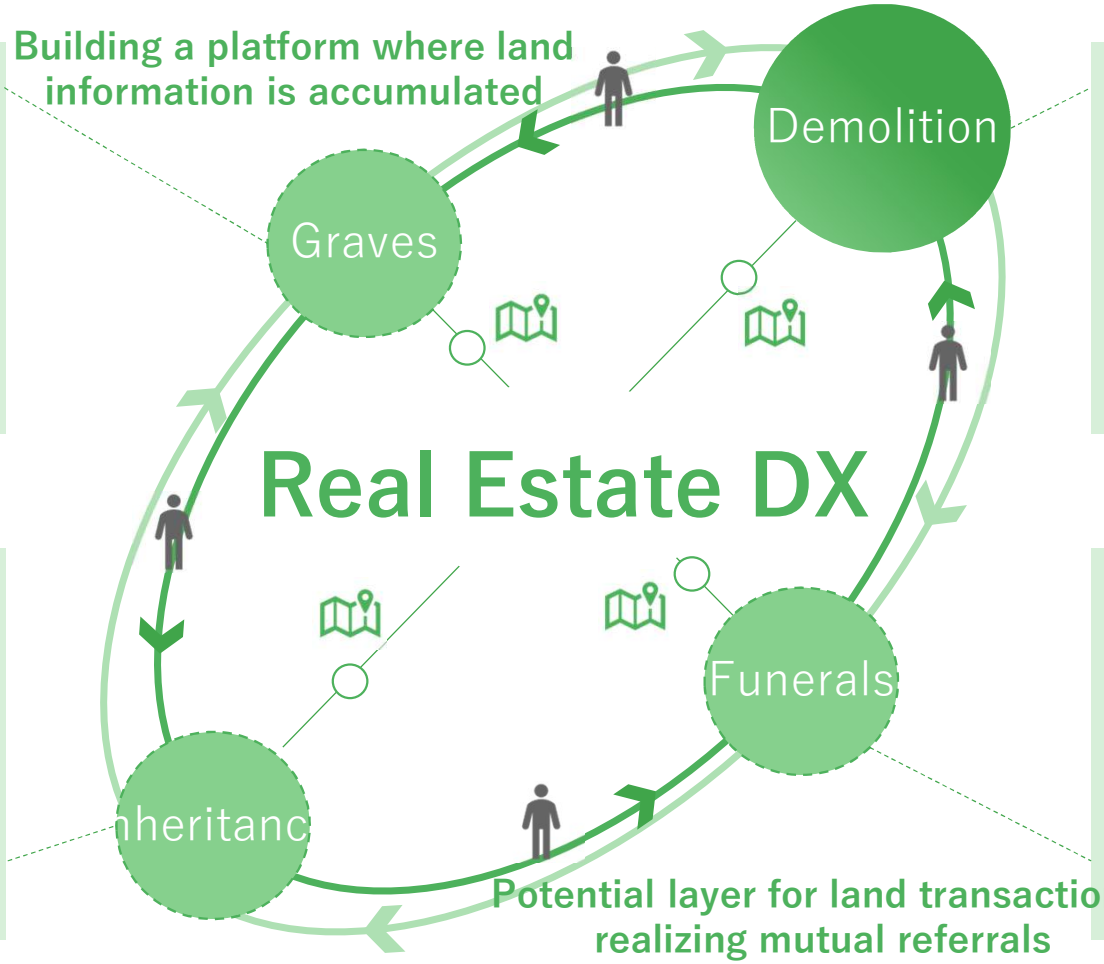


## Growth Strategy 3a: Developing Other Opportunities in the Real Estate Business ①

VALUE CREATION

We will launch multiple matching platforms in areas where land information might be accumulated, as the 'volume of land information' will lead to increased revenues. We also plan to build a composite platform that will also generate mutual referrals.

**Matching platform for customers wanting to build graves and temples/cemeteries**




**Matching platform for customers wishing for residential demolition and demolition contractors**

**Matching platform for customers wanting to organize inheritance matters and tax accountants**

**Matching platform for customers planning funerals and funeral services**

# Appendix | Cross-selling model starting from the demolition business

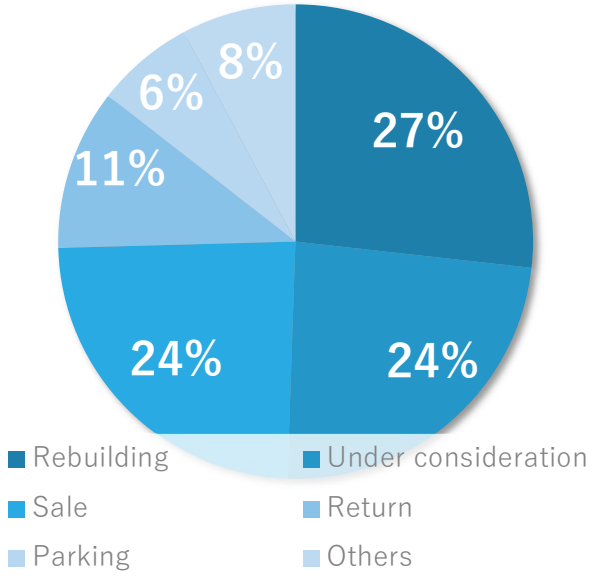
VALUE CREATION

Demolition is positioned as "the beginning of everything," attracting many people with various needs, including selling and rebuilding. More than half of all demolition applicants are cross-selling targets concerning land.

## Surrounding needs of demolition-desired customers




## Breakdown of Post-Demolition Use of Incoming Customers※




*Calculated from our customer information as of the end of September 2023

## Examples of Cross-Sell Models

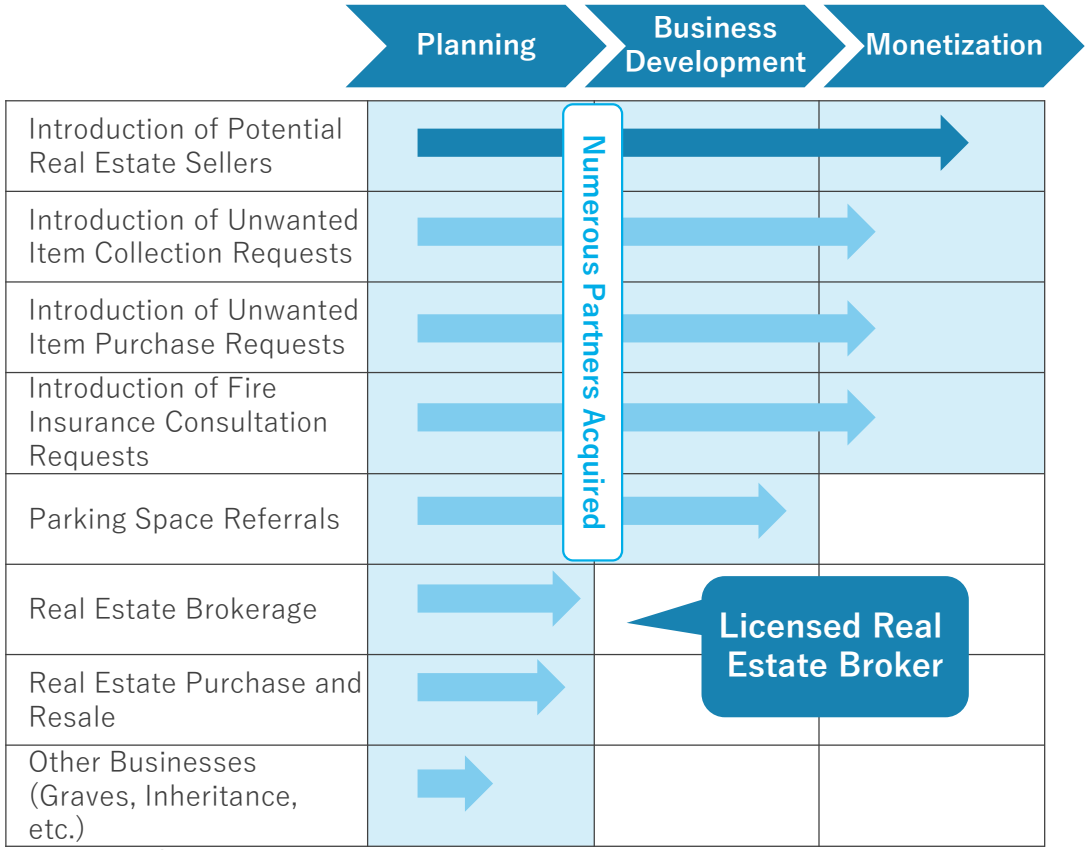
- Real Estate Companies Referral
- House Manufacturers Referral
- Junk Removal Service Referral
- End-of-life Service Collaboration
- etc…

# Appendix | Direction of Cross-Selling from Demolition Business

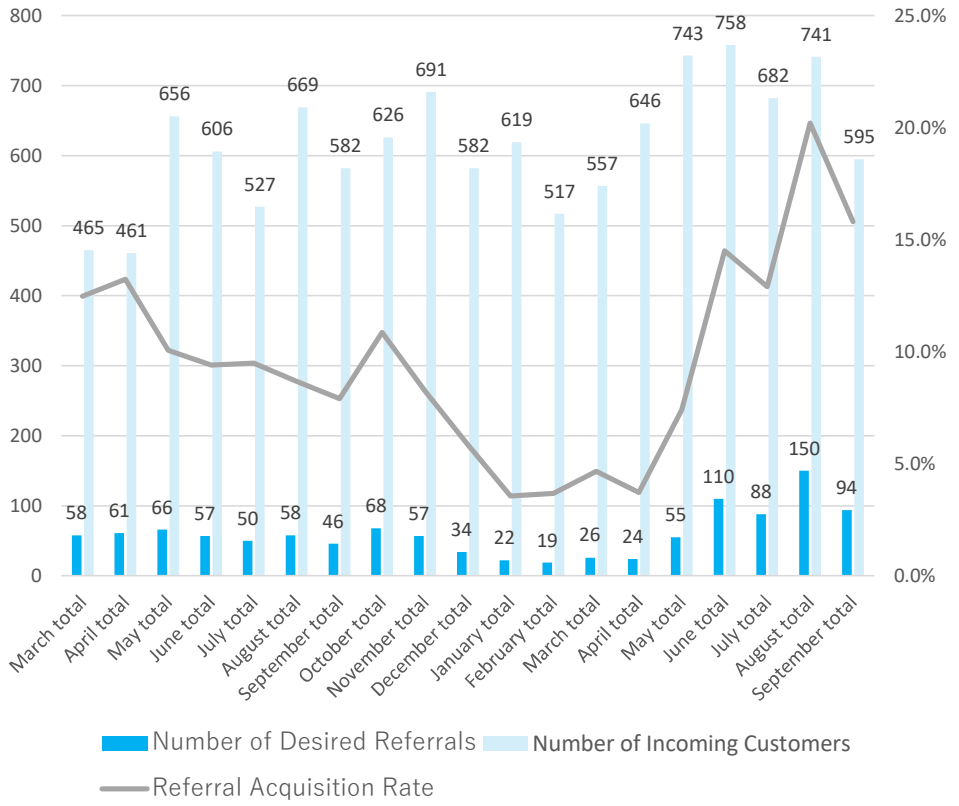
VALUE CREATION

The initial endeavor of introducing potential real estate sellers has been progressing towards monetization. Moving forward, we plan to develop numerous related businesses, starting with our existing partners.

## Status of Demolition Matching and Related Business Development




## Real Estate Sale Referral Needs*




*Figures as of September 2023

# Growth Strategy 3b: In-depth Exploration of Real Estate Business ②

VALUE CREATION

Implementing business development leveraging accumulated land Information towards platform construction. Not limited to real estate information introduction business, planning to expand into consumer-focused insurance and loan sales, and more profitable real estate brokerage and purchase resale business.

**Phase 1** — Real Estate Information Introduction

- Earning revenue through a model similar to real estate bulk assessment sites
- Receiving compensation as a referral fee by providing information to real estate companies without holding a real estate license ourselves

**Phase 2** — Real Estate Brokerage

**Phase 3** — Real Estate Purchase and Resale

Insurance and Loans

- Holding a residential land and building transaction business license and engaging in real estate brokerage and purchase resale business
- Simultaneously implementing businesses such as introducing home loans and arranging insurance for customers
- Anticipating a business model transformation, establishing a new business division to operate as a separate unit

# Growth Strategy 4: Establishing Platform Businesses in Other Domains

VALUE CREATION

Based on a business creation model utilizing Marketing DX, we plan to continue developing integrated platform businesses following the Real Estate DX business.

## 2021~2035



### Real Estate

Expanding peripheral businesses linked to the accumulation/utilization of land information, and constructing a comprehensive market for land IDs



### End of life planning (Planned)

Developing businesses for the elderly, encompassing everything from inheritance and grave services to nursing and meal management



### Project X

Coming soon...




# 05 Risk Information

# Potential Risks

VALUE CREATION

| Main Risks in Business Execution and Their Impact | Possibility | Timing | Impact | Countermeasures for Main Risks |
|---|---|---|---|---|
| **Regarding the Internet Advertising Market**<br>If a situation arises where the overall market growth of the internet is hindered, there is a possibility that it could impact our business and performance. | Low | Constant | High | ・Monitor changes in economic conditions and market environment.<br>・We regularly conduct monitoring in accordance with changes such as progress in business strategy and fluctuations in the business environment.<br>・Establish a system to promptly reassess business strategies and other aspects in response to changes in the environment. |
| **Regarding Legal Regulations**<br>If new laws are enacted or existing laws are amended, leading to strengthened regulations in the internet-related fields, demolition, and real estate industries, there is a possibility that it could impact our business and performance. | Low | Constant | High | ・Regular monitoring by the Risk and Compliance Committee.<br>・Setting up advertising handling manuals and checklists with specific points of attention for laws directly affecting the business. |
| **Regarding Talent Acquisition**<br>Risks of performance deterioration due to talent acquisition and attrition | Medium | Constant | High | ・Continuation of active recruitment<br>・Enhancement and strengthening of employee training and development systems |

*For additional risks, please refer to the "Securities Report (Part I) for Initial Public Offering Application"

# Potential Risks

VALUE CREATION

| Main Risks in Business Execution and Their Impact | Possibility | Timing | Impact | Countermeasures for Main Risks |
|---|---|---|---|---|
| **Recording Losses in Real Estate DX Business**<br>Since launching the service in July 2020, we have been making upfront investments and hiring for business expansion, resulting in consecutive segment losses for two periods. We are implementing measures for profitability, but there is a possibility that these may not yield the expected results, potentially affecting the segment's performance and the company's overall financial position. | Low | Constant | Medium | ・We anticipate revenue growth and sustained profitability by effectively implementing strategies for user acquisition and optimizing customer acquisition costs. |

*For additional risks, please refer to the "Securities Report (Part I) for Initial Public Offering Application"

# Disclaimer

VALUE CREATION

This document is created solely for informational purposes by our company and does not constitute a solicitation to buy or sell our securities. The forward-looking statements contained herein are based on our judgment, assumptions, and information currently available to us. These statements include our business plans, market size, competitive landscape, industry information, and growth potential. Therefore, these forward-looking statements are subject to various risks and uncertainties, and actual performance may significantly differ from the expectations stated or implied.

This document includes information about factors external to our company, such as our competitive environment, industry trends, and general societal changes. We have not independently verified the accuracy, reasonableness, or appropriateness of this information, and we do not provide any assurance regarding the accuracy, reasonableness, or appropriateness of such information.

Additionally, the update of this document is scheduled to be disclosed around April 2024, coinciding with the announcement of our annual financial results.