TSUKURUBA

TSE Growth: 2978

Financial Results
FY2024

September 12, 2024

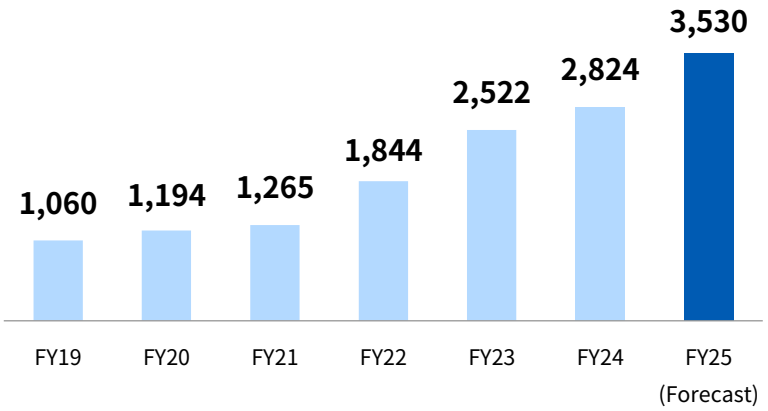
FY2024

August 1, 2023 to July 31, 2024

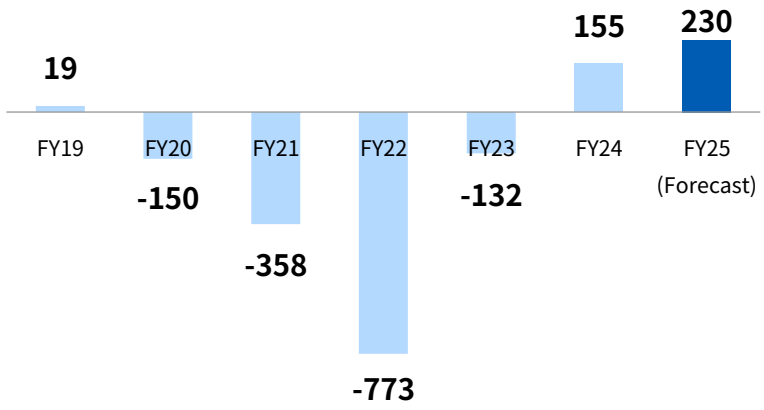
TSUKURUBA's trajectory since IPO *1

Since our IPO, gross profit has increased 2.7x*1*2, number of transactions has increased 3.0x*1*3 and the number of registered members has increased 4.8x*1*3. In FY2024, we returned to profitability, and in FY2025, we expect both gross profit and operating profit to increase.

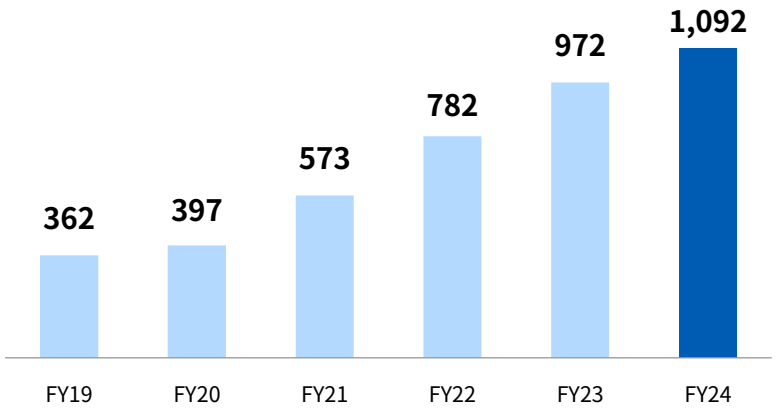
Gross Profit (Unit: JPY million)



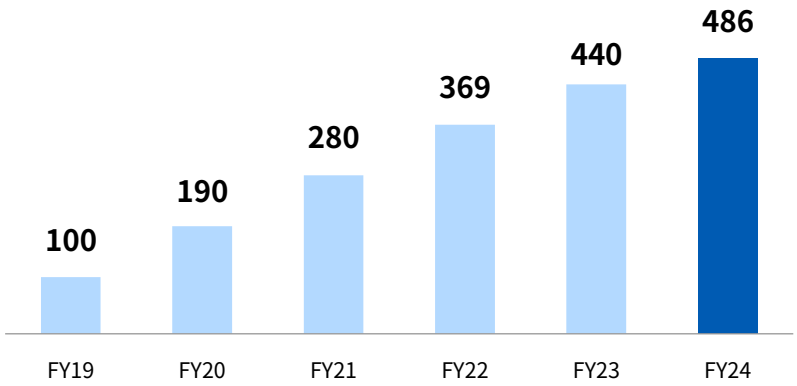
Operating Profit (Unit: JPY million)



Transactions (Contract basis)



Registered Members (Unit: Thousands)



*1 Non-consolidated basis before FY23
*2 Comparison vs. FY24 | *3 Comparison vs. end of FY24

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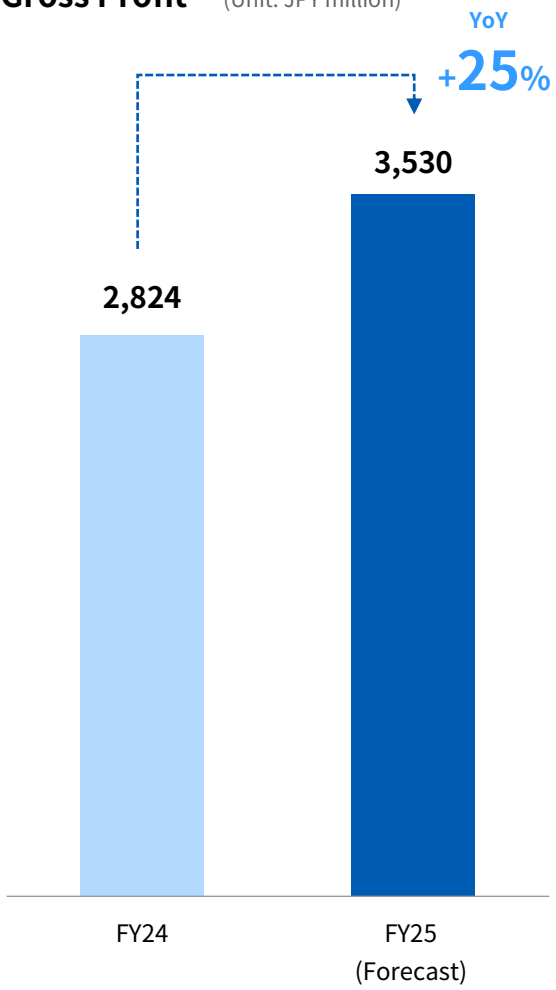
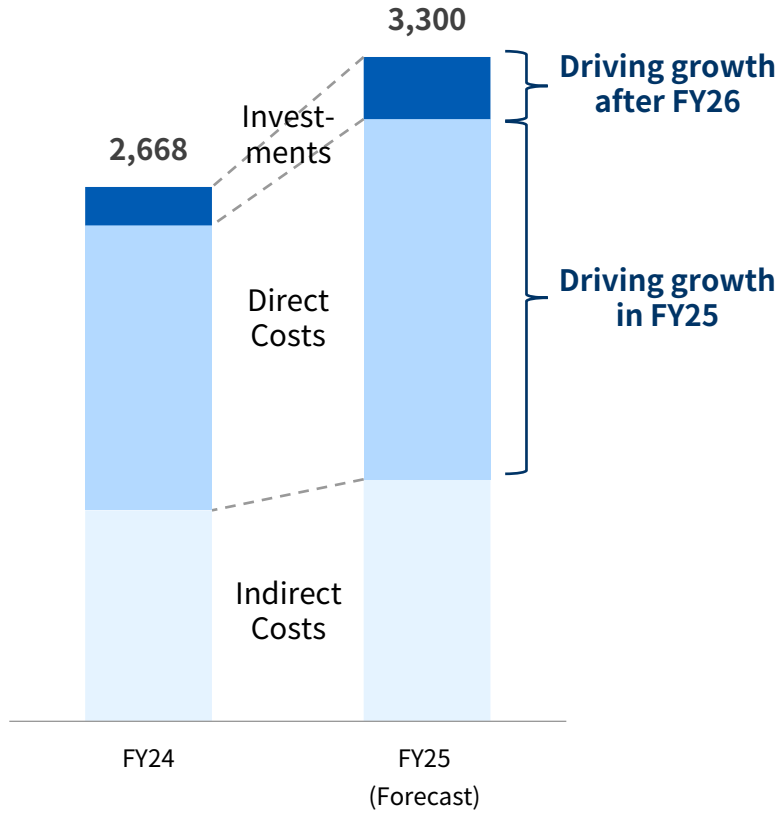
Forecast of Financial Results for FY2025

In FY2025, we expect gross profit to increase +25% YoY to JPY 3,530M as the cowcamo business continues to expand. Direct costs (mainly personnel, advertising expenses) will increase, but indirect costs will be strictly controlled. We will also make investments to realize sustained growth in FY2026 and beyond. (P30 for further details) As a result, we expect operating profit to increase +48% YoY to JPY 230M.

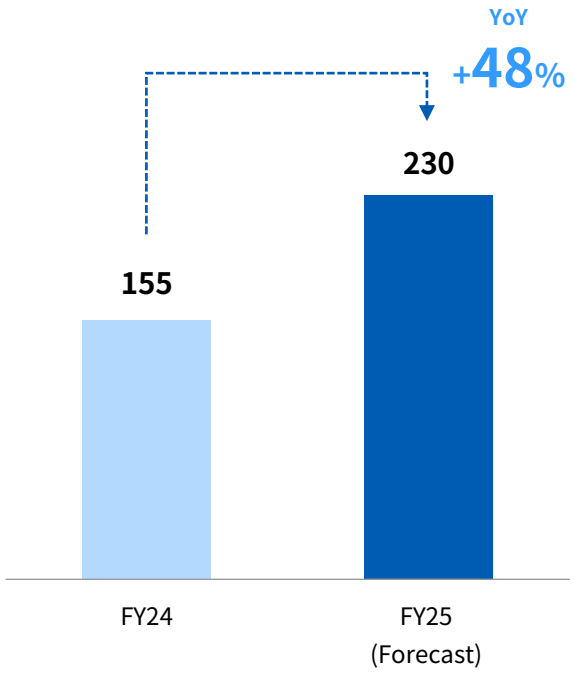
Gross Profit (Unit: JPY million)



SG&A Expenses * (Unit: JPY million)



Operating Profit (Unit: JPY million)



* Direct costs include personnel, advertising and sales expenses. Investments are made with intent to drive sustained growth after FY26. Indirect costs include all other expenses incurred in FY25

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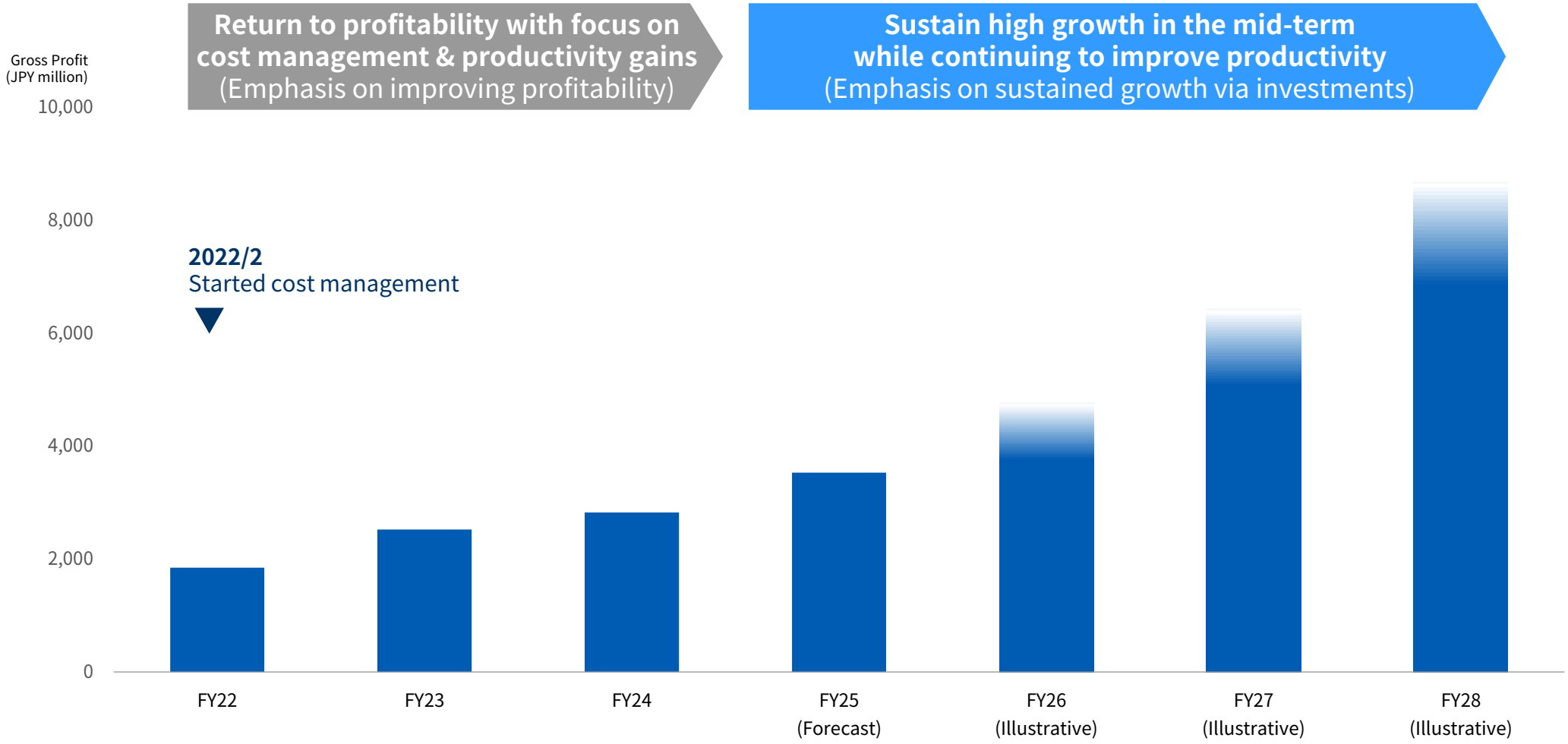
Driving Growth in the Mid-Term *

We started to focus on cost management and productivity improvement in FY2022, returning to profitability in FY2024. After FY2025, we will continue to undertake measures to improve productivity, while also making investments to realize sustained growth in the mid-term.



* Non-consolidated basis before FY23

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Agenda

1．Financial Highlights

2．Financial Results for FY2024 Q4

3．Financial Results for FY2024

4．Forecast for FY2025

5．Investment Highlights

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1. Financial Highlights

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Financial Highlights

In FY2024, we finished above initial expectations and returned to profitability. In FY2025, we will focus on the expansion of the cowcamo business, while undertaking investments with an eye on sustained growth in FY2026 and beyond.

Financial Results FY2024 Q4
(May 2024-Jul. 2024)

Temporary decline in profit due to expansion of sales force with an eye on growth in FY2025, as well as recognition of consumption tax difference

Revenue *1	JPY **1,715** million (**+15**% YoY*2, **+23**% adjusted YoY*2,3)
Gross Profit *1	JPY **714** million (**-2**% YoY*2, **+3**% adjusted YoY*2,3)
Operating Profit	JPY **-19** million (**-88** million YoY*2)

Financial Results FY2024
(Aug. 2023-Jul. 2024)

Finished above initial expectations and returned to profitability on the back of company-wide productivity improvements

Revenue *1	JPY **5,483** million (**+32**% YoY*2, **+5**% vs. forecast)
Gross Profit *1	JPY **2,824** million (**+12**% YoY*2, **+1**% vs. forecast*4)
Operating Profit	JPY **155** million (**+287** million YoY*2, **+4**% vs. forecast)

Forecast FY2025
(Aug. 2024-Jul. 2025)

Focus on the expansion of the cowcamo business, while also undertaking investments with an eye on sustained growth in FY2026 and beyond

Revenue	JPY **8,000** million (**+46**% YoY)
Gross Profit	JPY **3,530** million (**+25**% YoY)
Operating Profit	JPY **230** million (**+48**% YoY)

*1 The increase in the gap between revenue and gross profit is due to greater sales of in-house planned products (P9 for further details)
*2 Non-consolidated basis before FY23
*3 With the completion of the sale of our Property Planning & Design (PPD) business, effective November 1, 2023, “adjusted YoY” shows the growth rate of the cowcamo segment
*4 Comparison vs. lower limit of the range

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2. Financial Results for FY2024 Q4

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Company-wide | FY2024 Q4 - Quarterly Financial Summary

In Q4, we expanded our sales force with an eye on growth in FY2025, leading to an increase in personnel expenses. In addition, we also recognized consumption tax difference, due to expansion of in-house planned products. As a result, operating profit came in at JPY -19 million (-88 million YoY).

(Unit: JPY million)

	FY2024 Q4 (2024/5-2024/7) Consolidated	FY2023 Q4 (2023/5-2023/7) Non-consolidated*	YoY*
Revenue	**1,715**	**1,486**	**+15%**
Gross Profit	**714**	**725**	**-2%**
Operating Profit	**-19**	**69**	**-88**
Ordinary Profit	**-30**	**64**	**-95**
Net Profit Attributable to Shareholders	**-28**	**54**	**-83**

* Non-consolidated basis before FY23

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

Our revenue structure can be divided into commission revenue (net revenue) and sales revenue (gross revenue). As such, we position gross profit as our financial KPI. For business KPI, we disclose GMV and take rate, which accurately represent the state of our business, irrespective of the type of revenue. In FY2025, we plan to update our business KPIs. (P28 for further details)

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

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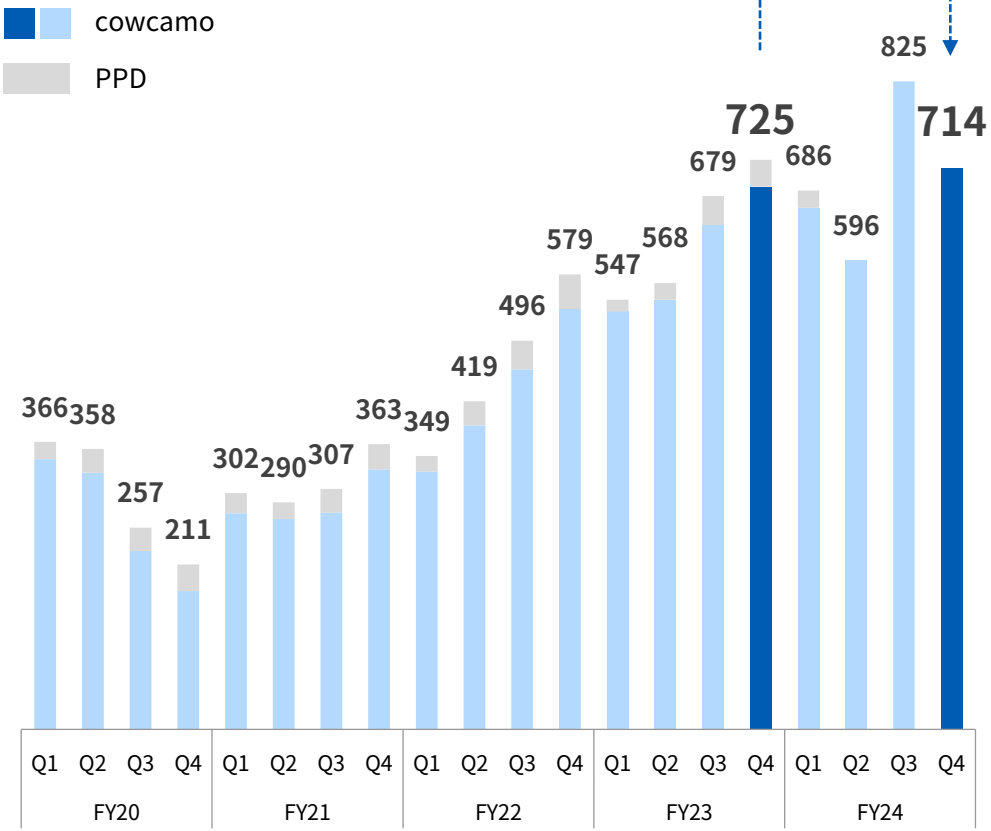
Company-wide | **Gross Profit and Operating Profit**

In Q4, gross profit came in at -2% YoY due to the accelerated payment of contracts mentioned in our Q3 financial results presentation. Operating profit came in at -88 million YoY, due to expansion of sales force with an eye on growth in FY2025, as well as recognition of consumption tax difference.

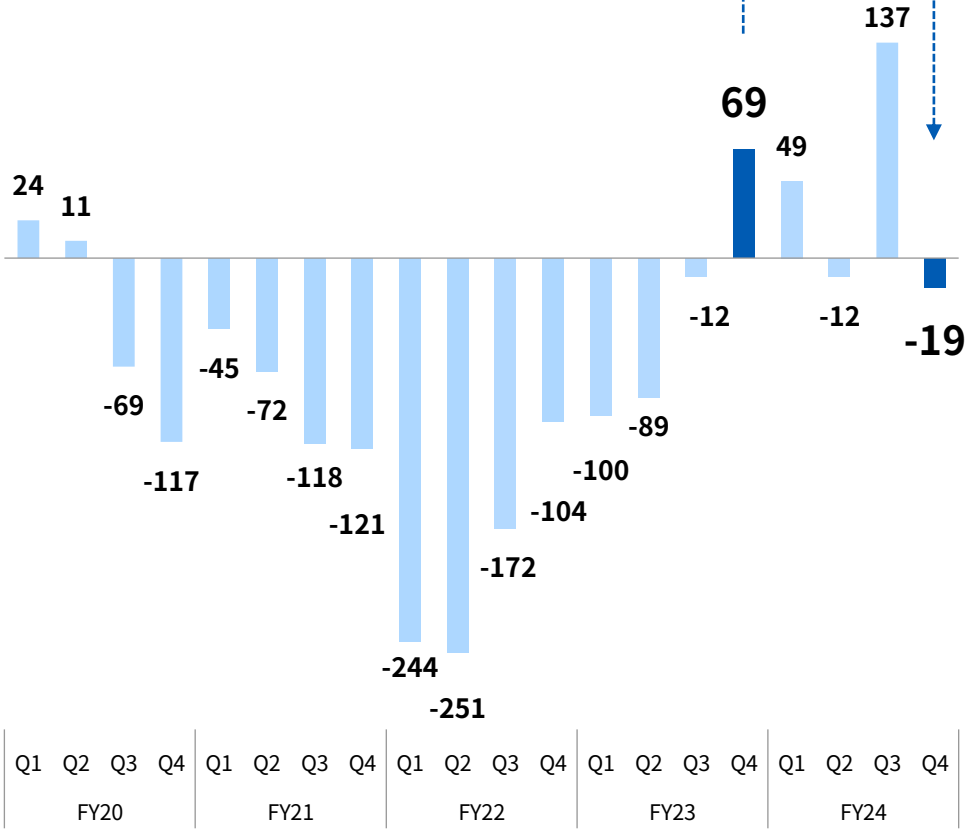
Gross Profit *1 (Unit: JPY million)

YoY -2% | Adjusted *2 +3%



Operating Profit *1 (Unit: JPY million)

YoY -88 million



*1 Non-consolidated basis before FY23

*2 With the completion of the sale of our Property Planning & Design (PPD) business, effective November 1, 2023, "adjusted YoY" shows the growth rate of the cowcamo segment

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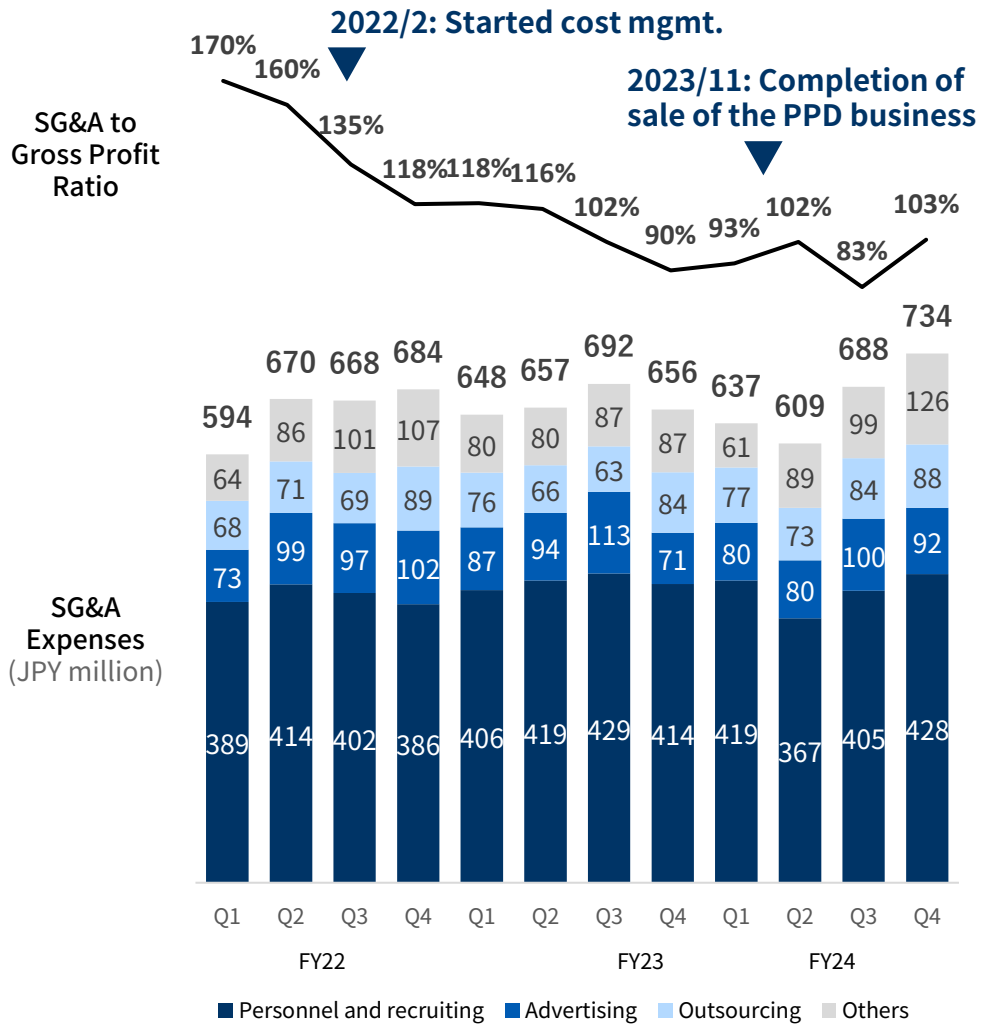
Company-wide | SG&A Expenses and Gross Profit SG&A Ratio

In Q4, we expanded our sales force with an eye on growth in FY2025. SG&A to gross profit ratio came in at 103% (+13pt YoY).

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



State of SG&A Expenses

Personnel and recruiting expenses

- Personnel expenses increased due to expansion of sales force with an eye on growth in FY25

Advertising expenses

- In Q4, we expanded marketing efforts with careful consideration of ROI

Outsourcing expenses

- Limited the increase in outsourcing expenses from the transition to consolidated accounting and other corporate actions
- Leveraged the use of external services as a cost-effective alternative to in-house solutions

Others

incl. stock-based compensation expenses of JPY 11 million

- Continued to carefully monitor expenses to reduce company-wide SG&A
- Recognized consumption tax difference of JPY 33 million, due to expansion of in-house planned products

* Non-consolidated basis before FY23

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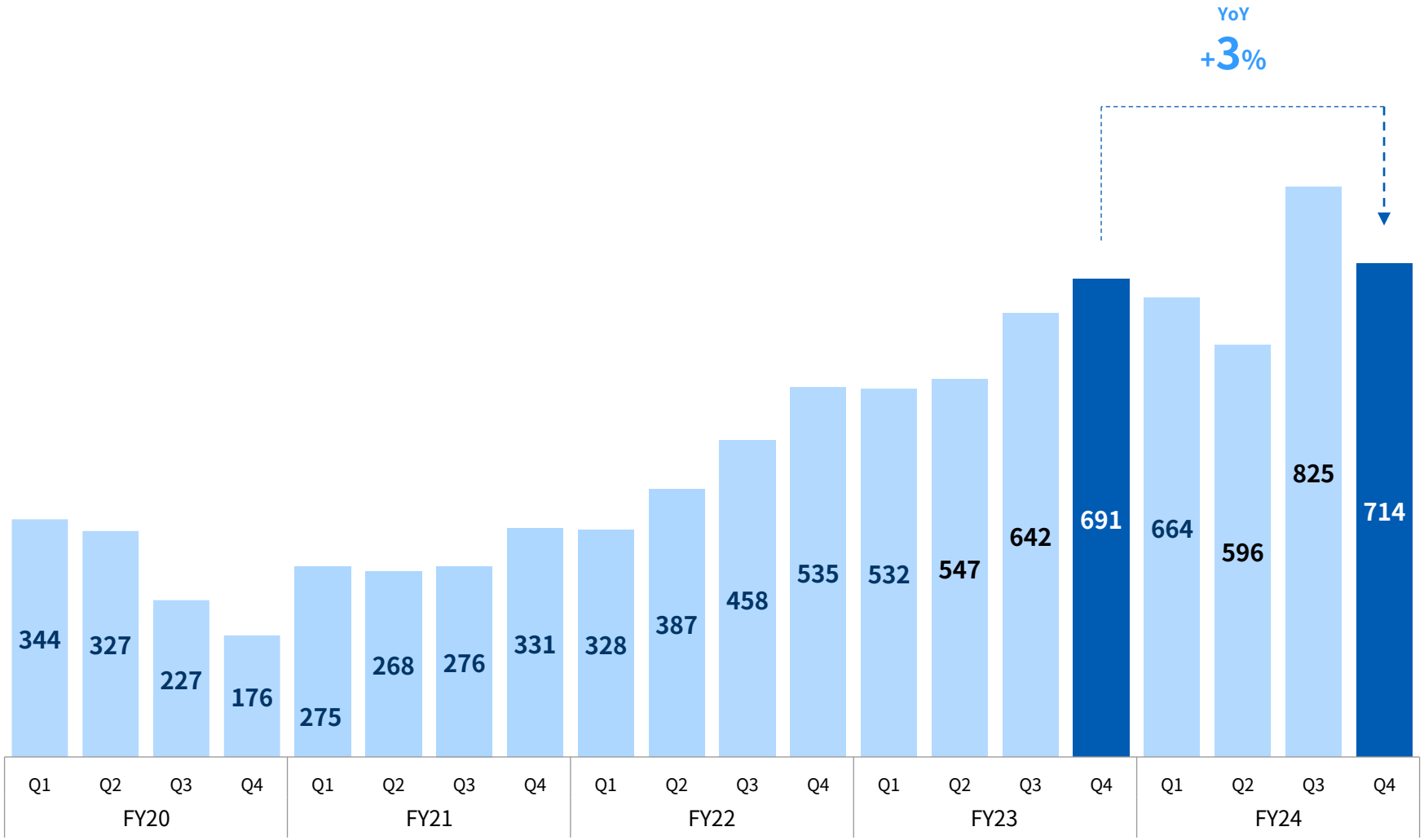
cowcamo | Gross Profit *

Gross profit increased +3% YoY on the back of growth in in-house planned products and renovation services.



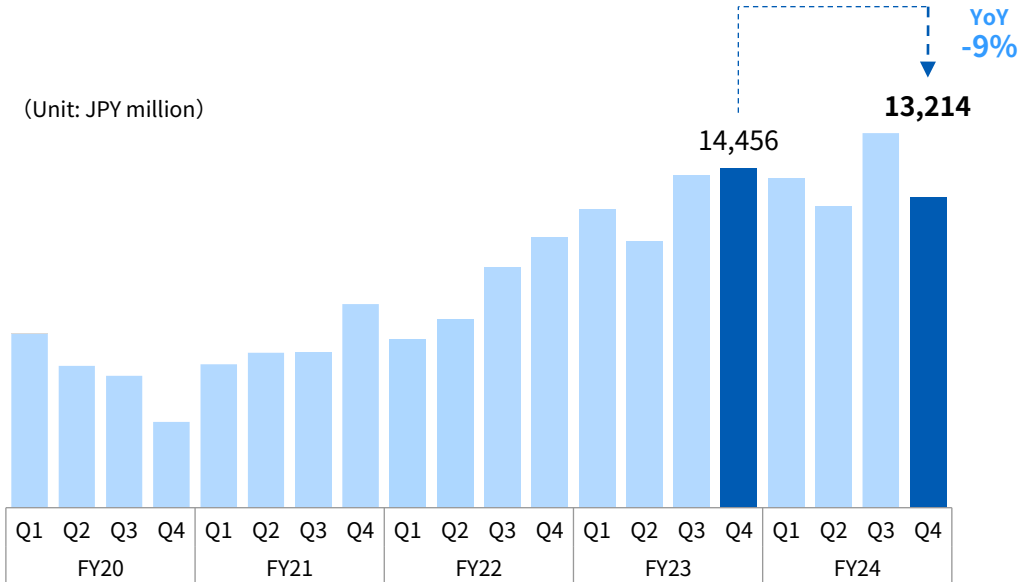
(Unit: JPY million)

* Non-consolidated basis before FY23

cowcamo | GMV and Take Rate

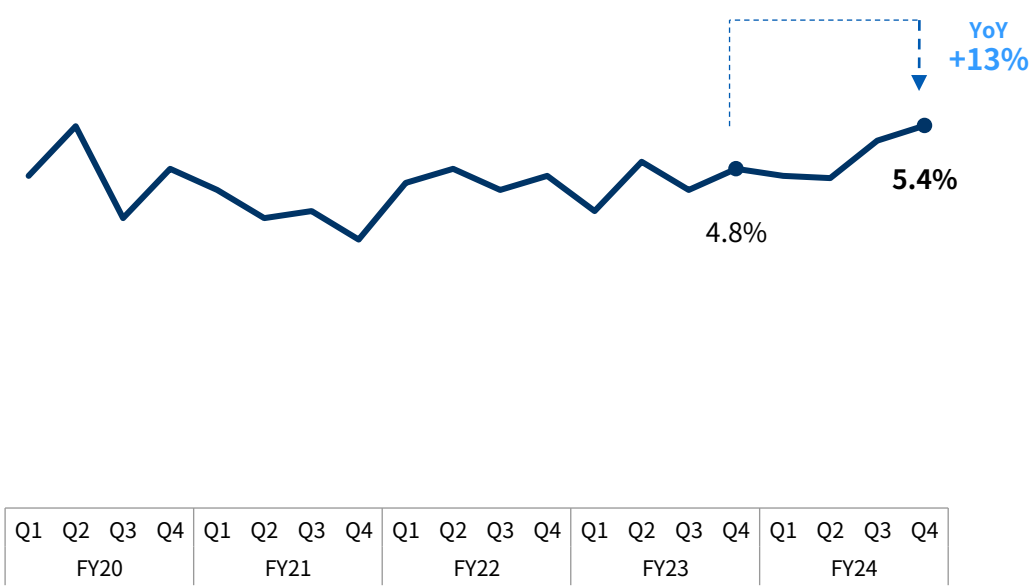
In Q4, GMV decreased -9% YoY due to the accelerated payment of contracts mentioned in our Q3 financial results presentation. On the other hand, take rate increased +13% (+0.6pt) YoY due to growth in renovation services and in-house planned products.

GMV [Payment basis] *1



- GMV decreased -9% YoY, as the growth in renovation services was insufficient to offset the impact from payment of contracts accelerated to Q3
- Going forward, we plan to increase the number of transactions by focusing on gaining the number of customers through marketing

Take Rate *2



- There were no major changes in the market supply-demand environment to influence the take rate in Q4. However, take rate increased +13% YoY to 5.4%, due to growth in renovation services and in-house planned products
- We also expect mild growth going forward, in line with expansion of in-house planned products and renovation services

*1 GMV: Gross Merchandise Value is the sum of the prices of all products and services traded on the cowcamo platform, including properties and renovation services
*2 Take Rate: The commission rate charged on GMV, calculated by dividing the gross profit of cowcamo (payment basis) by GMV

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Reference | Quarterly Financial Results and Business KPIs

	Old Policy *1				New Policy *1											
	FY21 *2				FY22 *2				FY23 *2				FY24			
(Unit: JPY million)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	**371**	**389**	**376**	**486**	**565**	**653**	**713**	**833**	**742**	**824**	**1,098**	**1,486**	**1,152**	**892**	**1,722**	**1,715**
Gross Profit	**302**	**290**	**307**	**363**	**349**	**419**	**496**	**579**	**547**	**568**	**679**	**725**	**686**	**596**	**825**	**714**
cowcamo	275	268	276	331	328	387	458	535	532	547	642	691	664	596	825	714
PPD	26	21	30	32	20	31	37	44	15	21	37	34	22	-	-	-
Operating Expense *1	**348**	**363**	**426**	**485**	**594**	**670**	**668**	**684**	**648**	**657**	**692**	**656**	**637**	**609**	**688**	**734**
cowcamo	223	261	298	335	379	448	447	450	442	442	470	430	428	408	455	485
PPD	24	21	19	25	20	18	16	18	18	14	19	17	13	-	-	-
Corporate	99	80	107	124	193	203	205	215	188	201	202	207	194	200	232	249
Operating Profit	**-45**	**-72**	**-118**	**-121**	**-244**	**-251**	**-172**	**-104**	**-100**	**-89**	**-12**	**69**	**49**	**-12**	**137**	**-19**
Business KPI																
GMV *3 (JPY million)	**6,436**	**5,429**	**8,867**	**7,886**	**8,370**	**8,810**	**11,016**	**12,342**	**11,087**	**11,518**	**15,257**	**13,358**	**14,621**	**11,238**	**16,895**	**16,716**
GMV *4 (JPY million)	**6,105**	**6,590**	**6,623**	**8,663**	**7,173**	**8,004**	**10,212**	**11,496**	**12,715**	**11,333**	**14,169**	**14,456**	**14,021**	**12,833**	**15,936**	**13,214**
Take Rate *3 (%)	**4.3**	**4.9**	**3.1**	**4.2**	**3.9**	**4.4**	**4.2**	**4.3**	**4.8**	**4.8**	**4.2**	**4.6**	**4.7**	**4.8**	**5.2**	**5.2**
Take Rate *4 (%)	**4.5**	**4.1**	**4.2**	**3.8**	**4.6**	**4.8**	**4.5**	**4.7**	**4.2**	**4.9**	**4.5**	**4.8**	**4.5**	**4.7**	**5.2**	**5.4**
No. of Transactions *3*5	130	118	166	159	180	179	225	214	216	239	273	258	283	224	333	283

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

*2 Non-consolidated basis before FY23 | *3 Contract basis | *4 Payment basis

*5 For transactions involving multiple properties at once, we previously reported on a property-basis, whereas the numbers are now showing transaction-basis

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Key Initiatives in FY2024 Q4

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

A

Company-wide improvement of productivity

Company-wide productivity decreased -6% YoY due to a temporary decline in sales productivity, while it increased +14% YoY for FY2024 (P16)

- Sales productivity decreased temporarily, as the increase in in-house agents led the increase in the number of customers (P17). Going forward, we will look to increase sales productivity by strengthening marketing efforts to attract more customers, as well as by improving sales processes
- Continued to increase efficiency of back-office operations, contributing to company-wide productivity via improvement of front-office ratio
- Improved cost-effectiveness of resources invested in key business activities, such as customer acquisition, property procurement and product development

B

GMV expansion via enhancement of existing services for buyers

GMV expansion on the buyer side was driven by improvement of customer service and consequent uplift of contract rate (P18)

- Contract rate (% of customers completing transactions) increased through improvement of the quality of proposals and customer experience, as well as emphasis on the quality of marketing
- Going forward, we will promote optimization of marketing methods and channels, as well as enhancement of customer experience to increase the number of customers and contract rate. We will also continue improvement of renovation services and products to increase the value per transaction

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

Pursued “structural take rate improvement” via enhancement of property supply

- Strengthened the business structure for property procurement (brokerage for sellers and acquisition) to create a foundation to enable continuous and stable procurement of properties
- For in-house planned products, we have steadily improved turnover ratio (shorter time for development and sales) as well as contract rate (% of procured properties leading to transactions)
- Going forward, we will focus on further improving turnover ratio and contract rate by strengthening the connection to buyer side customers and utilizing user data

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

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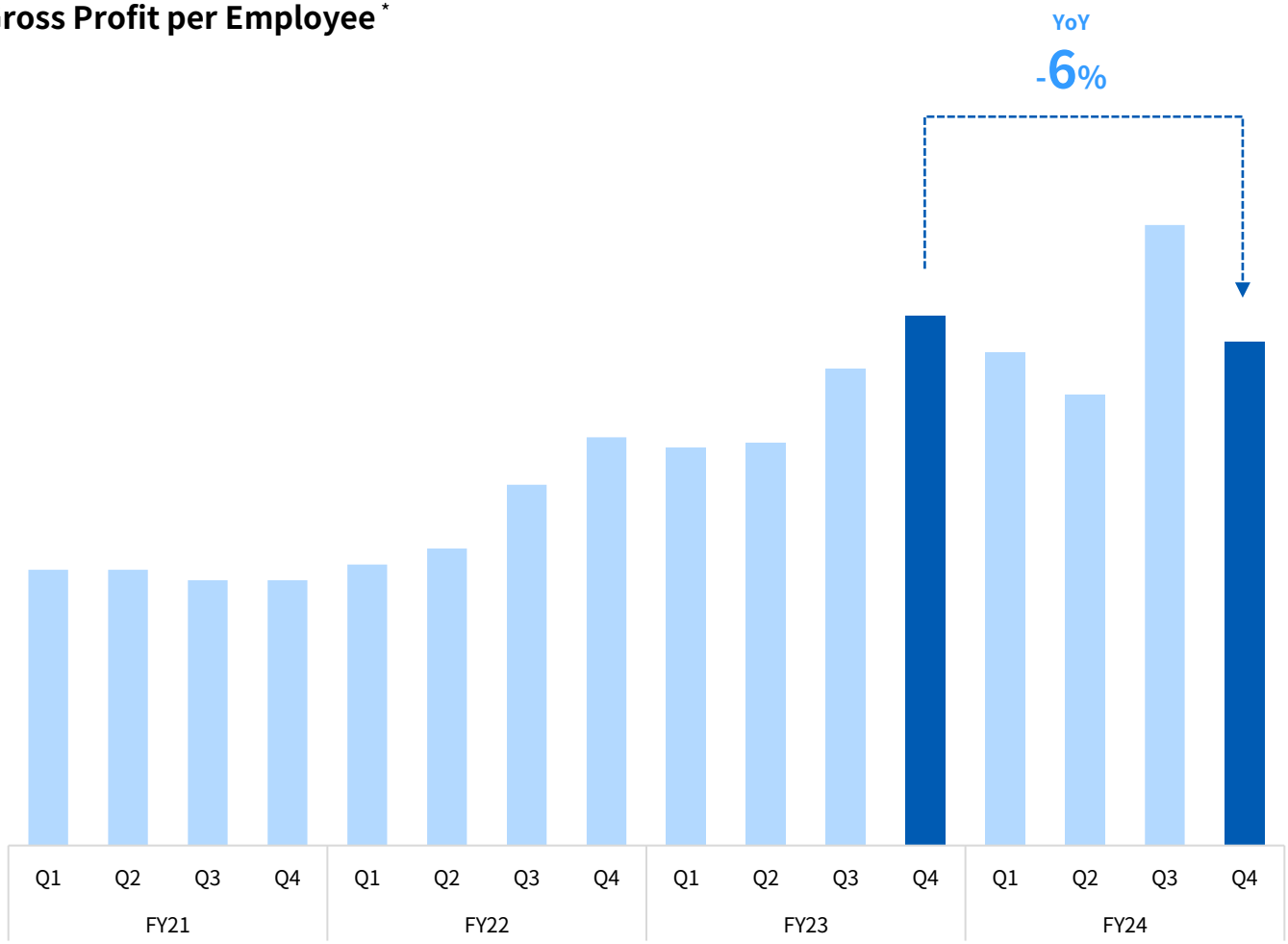
A Company-Wide Productivity (1/2): Gross Profit per Employee

Company-wide productivity decreased -6% YoY due to a temporary decline in sales productivity, as the increase in in-house agents led the increase in the number of customers. For FY2024, company-wide productivity increased +14% YoY.

Gross Profit per Employee *

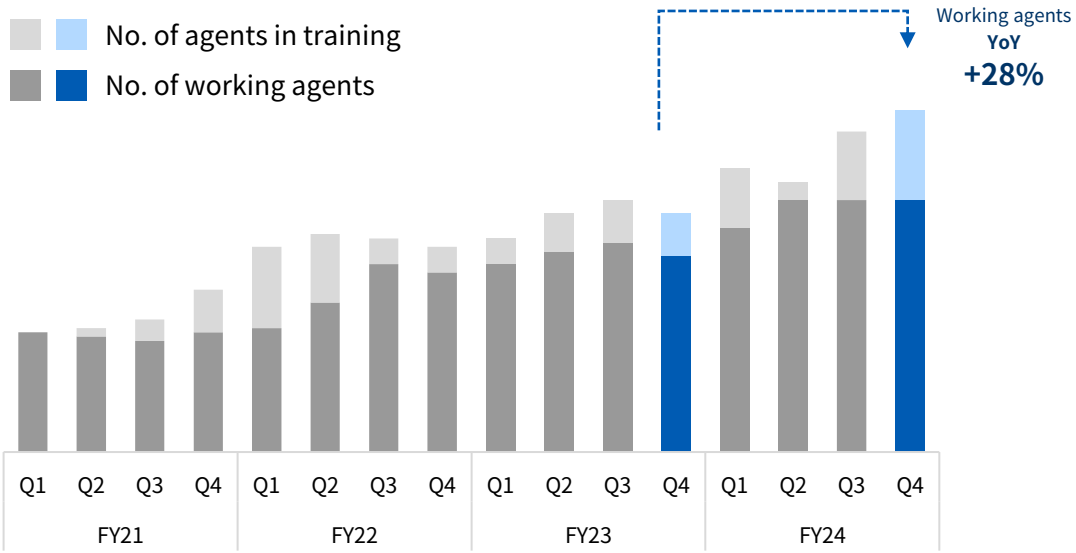


* Non-consolidated basis before FY23

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

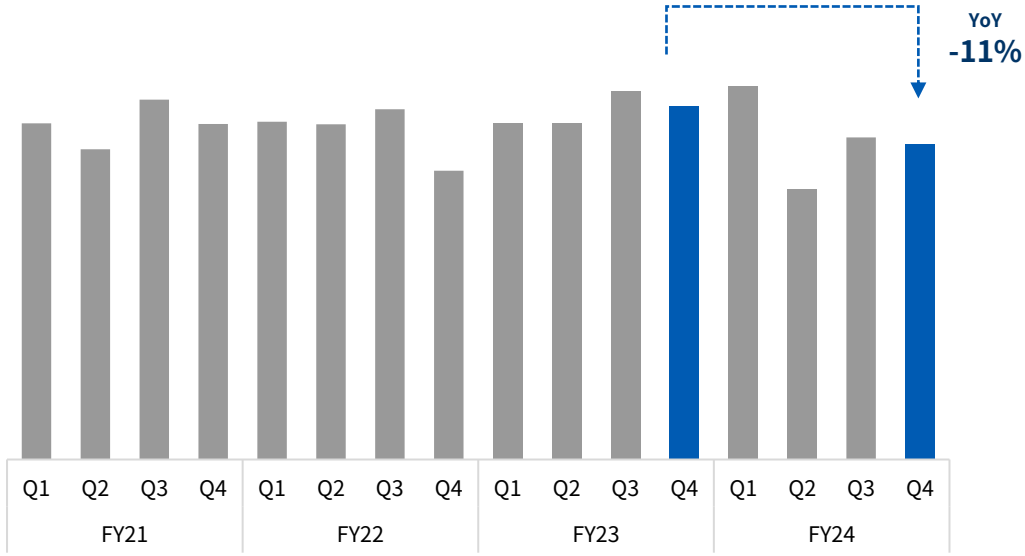
The number of in-house working agents *1 at the end of July 2024 increased +28% YoY. On the other hand, transactions per in-house agent decreased -11% YoY.

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



- In Q4, the number of working agents increased +28% YoY. Recruiting efforts progressed steadily, eyeing growth in FY25, as the total number of in-house agents increased +43% YoY
- As we undertake efforts to accelerate on-boarding of new hires, we will also continue to focus on management training to optimally support the increasing number of in-house agents

Transactions per in-house agent *2



- In Q4, sales productivity (transactions per in-house agent) decreased temporarily at -11% YoY, as the increase in in-house agents led the increase in the number of customers
- Going forward, we plan to strengthen marketing efforts to attract more customers, while also undertaking further improvement of sales processes

*1 "In-house agent" refers to a full-time employee engaging in brokerage sales. The number of agents on this page reflects those serving cowcamo buyers
*2 Contract basis

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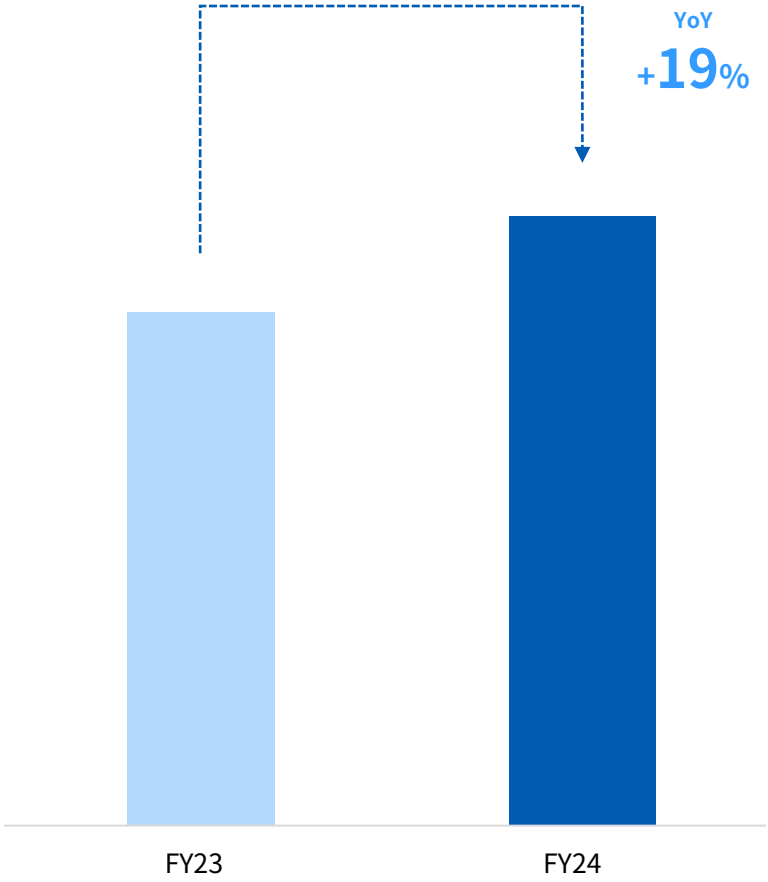
B GMV Expansion via Enhancement of Existing Services for Buyers

Improvement of customer service and emphasis on the quality of marketing have resulted in an uplift of contract rate, thereby leading to GMV expansion on the buyer side. Going forward, we will continue to pursue improvement of customer service and marketing to increase the number of customers and contract rate; and improvement of renovation services to realize greater value per transaction.

Buyer Side GMV *1*2



Contribution of Service Enhancement to GMV Expansion in Q4

Customers

- In Q4, we prioritized the quality of marketing
- We will focus on implementing measures to increase the number of customers to support growth in FY25 and beyond

Contract Rate

% of customers completing transactions *1

- Improvement of the quality of proposals and customer experience, as well as emphasis on the quality of marketing led to an increase in the contract rate
- Going forward, we look to achieve further uplift of the contract rate through improvement of customer experience and service quality

Value per Transaction

GMV per transaction *1

- In Q4, increased sales of renovation services led to greater value per transaction
- Going forward, we will continue to improve renovation services and other ancillary services to increase the value per transaction

*1 Contract basis
*2 Includes transactions where we act as the broker on both the buyer and seller side

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3. Financial Results for FY2024

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Company-wide | **FY2024 - Financial Summary**

Revenue and gross profit came in above initial expectations, as the cowcamo business, particularly in-house planned products and renovation services, showed steadily growth. We also returned to profitability on the back of company-wide improvement in productivity.

(Unit: JPY million)

	FY2024 (2023/8-2024/7)	FY2023 *1 (2022/8-2023/7)		FY2024 Forecast	
		Actual	YoY	Forecast	vs. Forecast
Revenue	**5,483**	**4,152**	**+32%**	**5,200**	**+5%**
Gross Profit	**2,824**	**2,522**	**+12%**	**2,800 ~ 3,000**	**+1%** *2
Operating Profit (of which, stock-based compensation)	**155** (-37)	**-132** (-39)	**+287**	**150**	**+4%**
Ordinary Profit	**114**	**-150**	**+264**	**130**	**-12%**
Net Profit Attributable to Shareholders	**215**	**-165**	**+381**	**175**	**+23%**

*1 Non-consolidated basis before FY23
*2 Comparison vs. lower limit of the range

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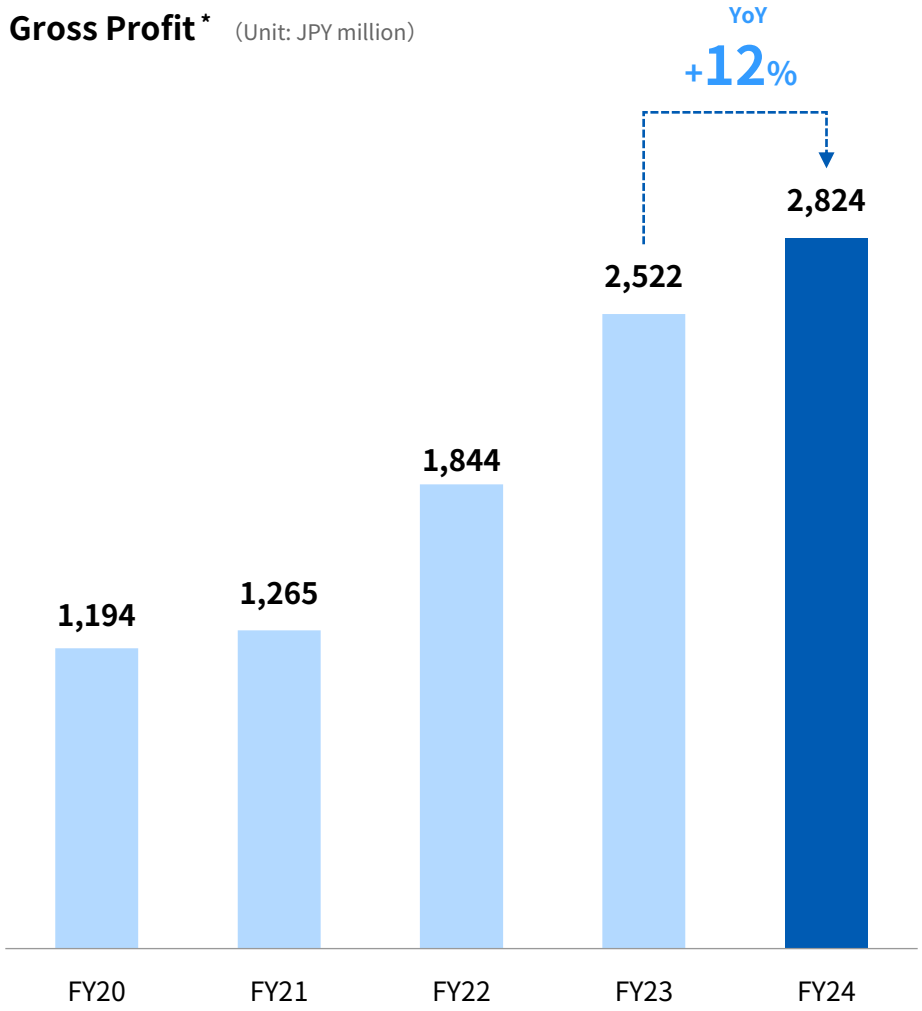
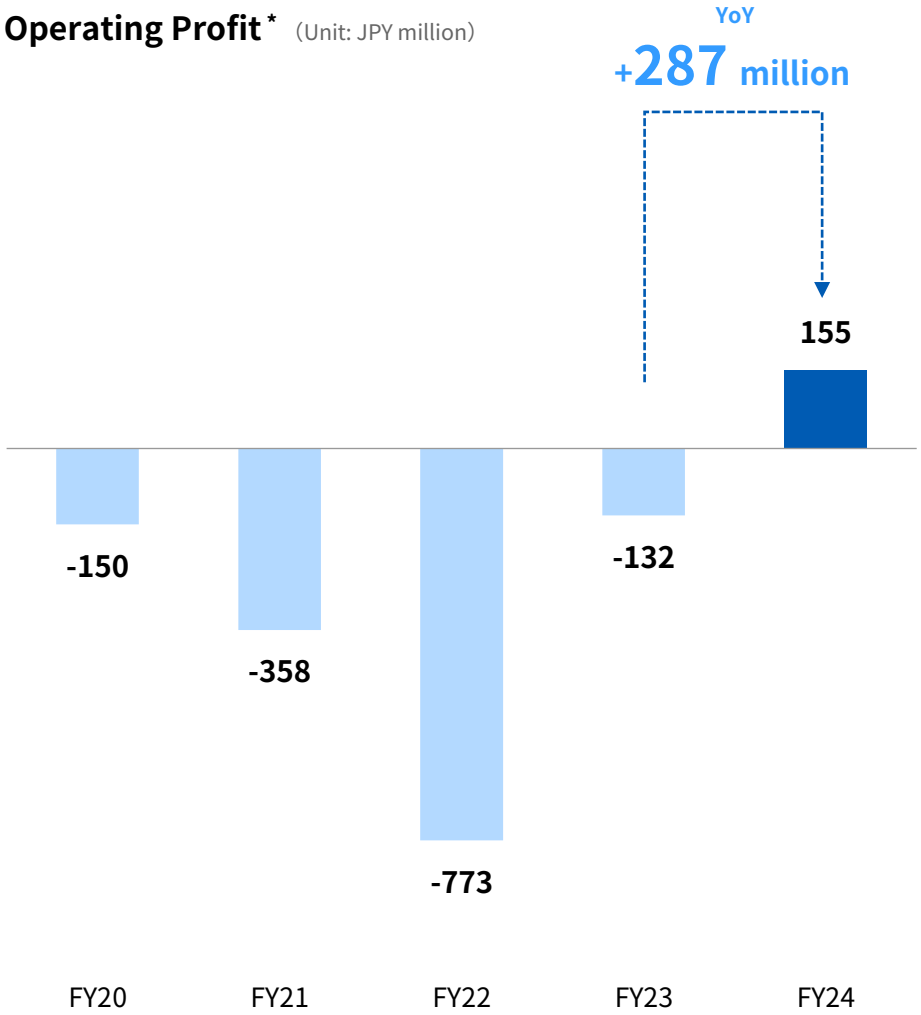
Company-wide | **Gross Profit and Operating Profit**

Gross profit came in at a record-high as the cowcamo business increased steadily. As per fiscal-year policy, we focused on company-wide improvement in productivity to return to profitability.

Gross Profit * (Unit: JPY million)



Operating Profit * (Unit: JPY million)



* Non-consolidated basis before FY23

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Segments | FY2024 Financial Highlights by Business Segment

In the cowcamo segment, gross profit increased steadily, as segment profit grew +63% YoY. As for the PPD segment, its sale was completed effective November 1, 2023, and there was only revenue / profit contribution in Q1.

(Unit: JPY million)

		FY2024 (2023/8-2024/7)	FY2023 * (2022/8-2023/7)	YoY
cowcamo	Revenue	5,396	3,797	+42%
	Gross Profit	2,801	2,414	+16%
	Segment Profit	1,024	628	+63%
PPD (Sale completed Nov. 1, 2023)	Revenue	86	355	-76%
	Gross Profit	22	108	-79%
	Segment Profit	8	38	-78%
Others	Corporate Expense	-877	-799	-

* Non-consolidated basis before FY23

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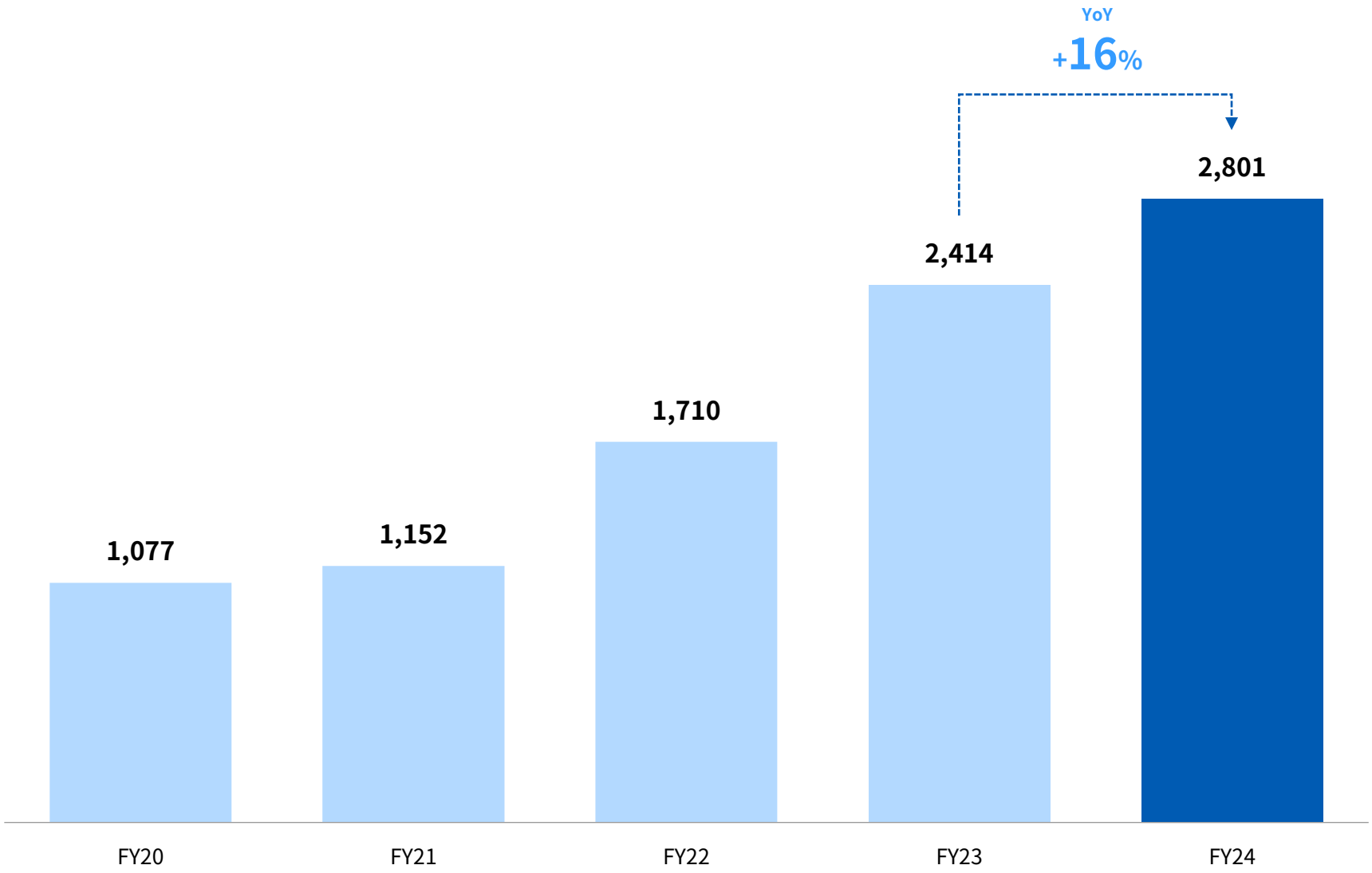
cowcamo | Gross Profit *

Gross profit of the cowcamo business came in at a record-high JPY 2,801 million (+16% YoY) on the back of growth in in-house planned products and renovation services.



* Non-consolidated basis before FY23

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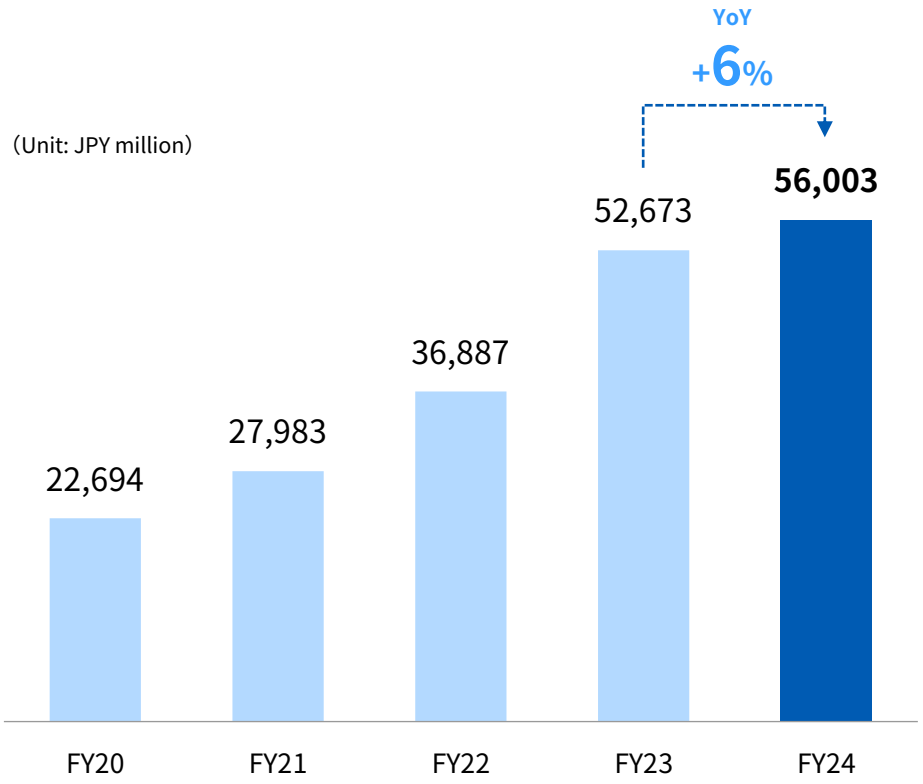
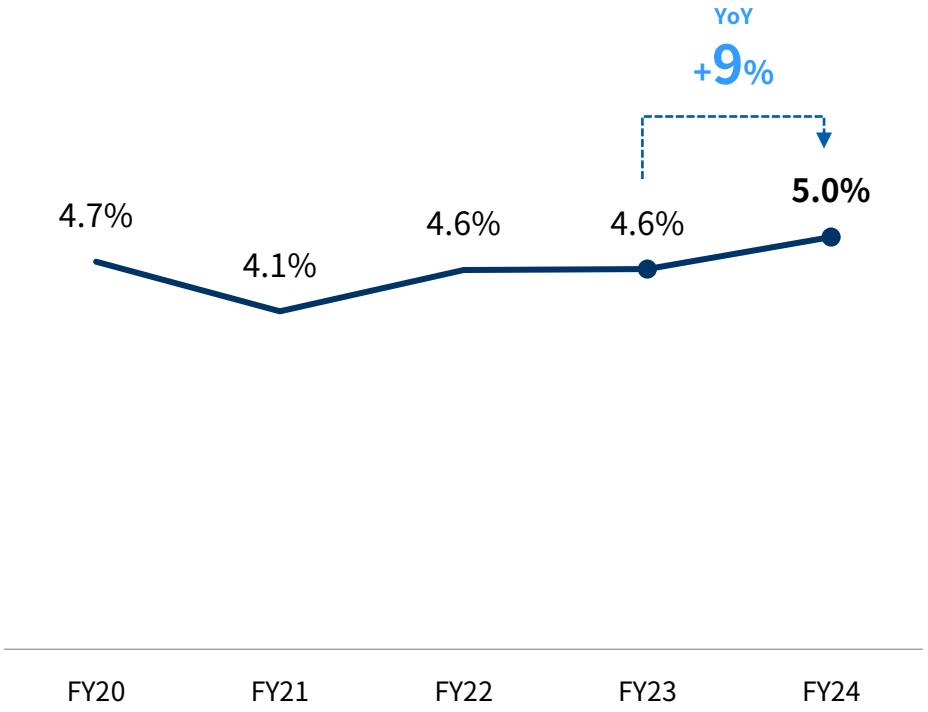
cowcamo | GMV and Take Rate

In FY2024, GMV increased +6% YoY and take rate increased +9% (+0.4pt) YoY.

GMV [Payment basis]



Take Rate



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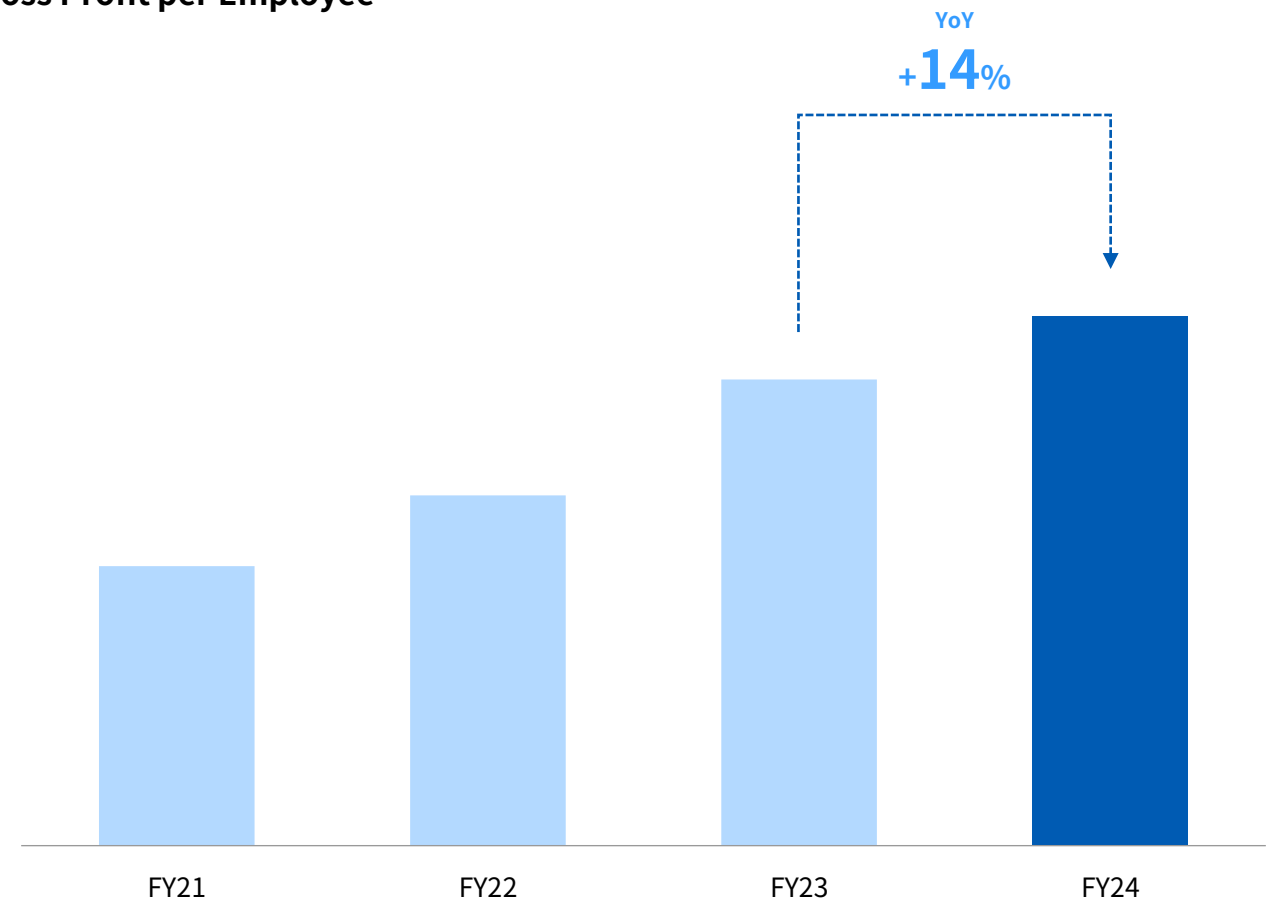
Company-Wide Productivity: Gross Profit per Employee

In FY2024, our primary focus was to improve company-wide productivity (gross profit per employee), which improved +14% on a YoY basis.

Gross Profit per Employee *



* Non-consolidated basis before FY23

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4. Forecast for FY2024

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Forecast of Financial Results for FY2025

For FY2025, we forecast revenue of JPY 8,000 million (+46% YoY), gross profit of JPY 3,530 million (+25% YoY) and operating profit of JPY 230 million (+48% YoY). In FY2024, we recognized extraordinary income of JPY 100 million (from sale of PPD business and investment securities) and income tax adjustment of JPY 31 million, but we do not anticipate such sources of income in FY2025.

Forecast of Financial Results

(Unit: JPY million)

	FY2025 Forecast	FY2024 Actual	YoY
Revenue	**8,000**	**5,483**	**+46%**
Gross Profit	**3,530**	**2,824**	**+25%**
Operating Profit (of which, stock-based compensation)	**230** (-72)	**155** (-37)	**+48%**
Ordinary Profit	**165**	**114**	**+45%**
Net Profit Attributable to Shareholders	**125**	**215**	**-42%**

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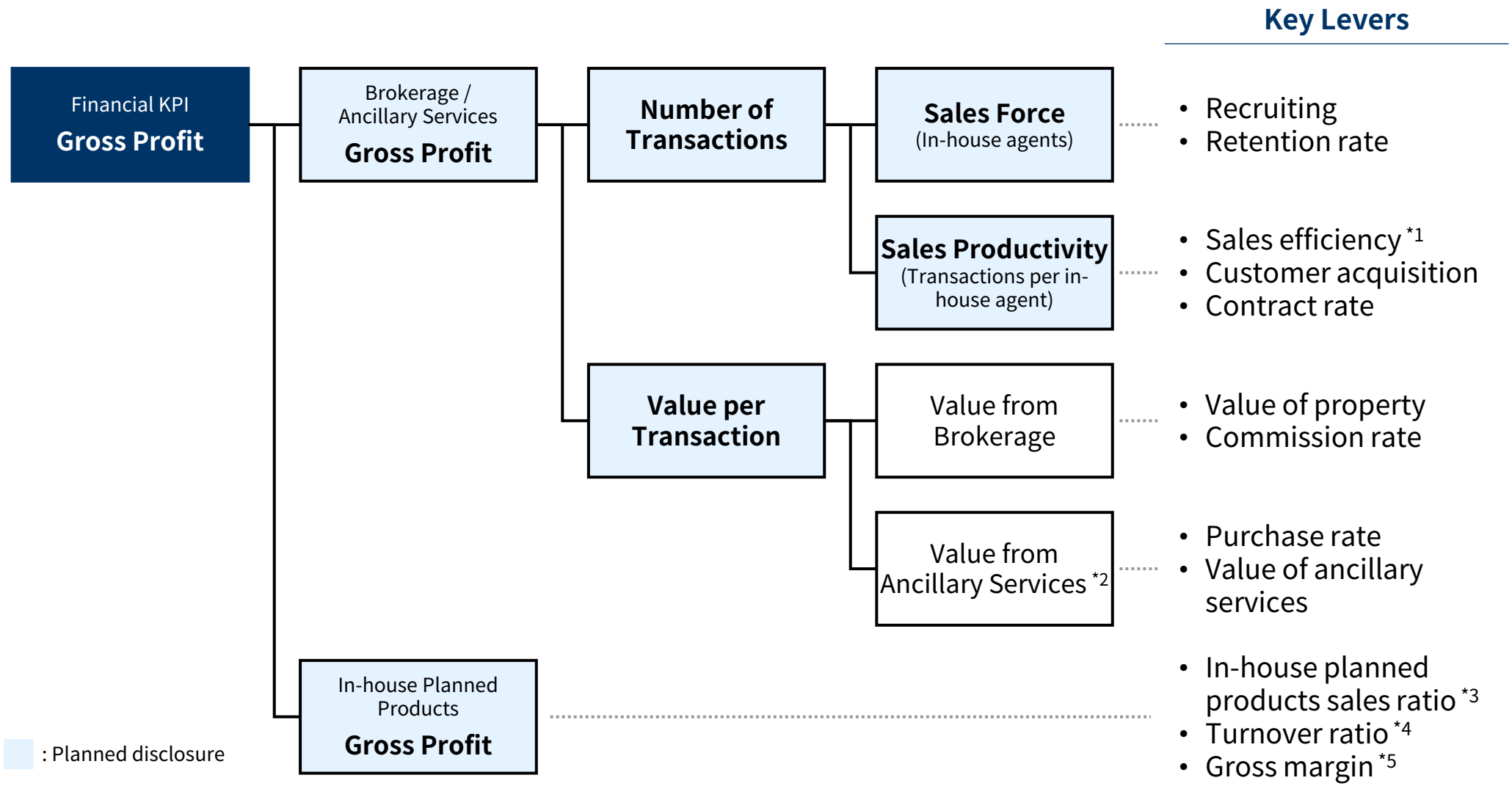
Reference | **Financial and Business KPI in FY2025**

In order to better align with the business, we plan to update our business KPIs in FY2025.



*1 Number of customers per in-house agent
*2 Ancillary services provided at the time of buyer-side brokerage, including renovation services
*3 Number of in-house planned products sold, as a percentage of all transactions
*4 Efficiency metric for in-house planned products (shorter time for development to sales means higher turnover ratio)
*5 Gross margin for in-house planned products, representing difference in sale price and cost of property sold

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FY2025 Forecast – Key Assumptions

Forecast for FY2025 is based on the following assumptions.

Key Assumptions for the FY2025 Forecast

Gross Profit	• **Market:** Assume gradual and continued growth in market demand, although we will keep a close eye on macro trends, including interest rates and real estate prices • **cowcamo:** Accelerate investment to **reignite growth in the core business** - **Brokerage & Ancillary Services:** Forecast **over +20% YoY growth in the number of transactions**, expanding the sales force while **maintaining productivity**. In addition, we anticipate increase in value per transaction, improving ancillary service offerings - **In-house Planned Products:** Forecast **+50% YoY growth in the number of transactions**, maintaining turnover ratio and gross margin
SG&A Expenses	• **Direct Costs:** Anticipate an increase in personnel expenses with the expanding sales force. For advertising expenses, we will temporarily prioritize an increase in the **number of customers** vs. maintaining / improving advertising ROI • **Indirect Costs:** Continue to strictly control overhead expenses, **limiting to a minimal increase** as the business expands. With the increasing number of employees, we will expand office space spending approx. JPY 65 million • **Investments:** Invest to realize **sustained growth in FY2026 and beyond** (P30 for further details)
Non-Operating Expenses	• Anticipate an increase in debt-related expenses in line with the expansion of in-house planned products (approx. +50% YoY)
Others	• In FY2024, we recognized extraordinary income of JPY 100 million (from sale of PPD business and investment securities) and income tax adjustment of JPY 31 million. We do not anticipate such sources of income in FY2025 • The forecast does not include non-finalized transactions, extreme market fluctuations, new businesses and M&A

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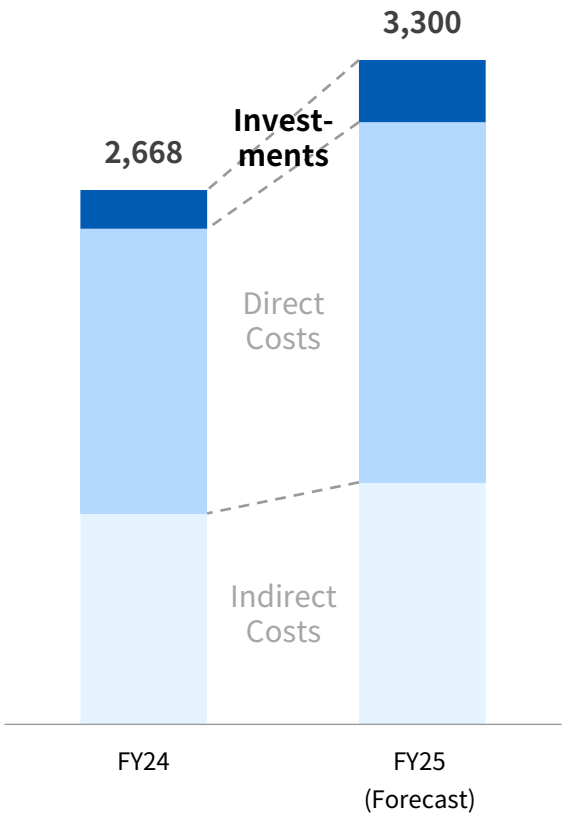
Investments to Sustain Mid-Term Growth

In FY2025, we will invest to realize sustained growth in the mid-term, in management & process, marketing, product & service, and new businesses.

FY2025: SG&A Expenses *

(Unit: JPY million)



Investment to Sustain High Growth in FY2026 and Beyond

Investment in Management and Process

- Invest to strengthen management and organization to enable sustained growth
- Plan to increase the scale of business, while **maintaining company-wide productivity**

Investment in Marketing

- Invest to cultivate and grow new marketing channels (e.g. SNS, SEO), so we can realize **expansion of scale while sustaining productivity** (marketing ROI) after FY26

Investment in Product and Service

- Continue to invest in product and service to increase value to customers
- Plan to **increase the number of transactions** via addition of product functionality and improvement of customer service

Investment in New Businesses

- Invest to expand the range of our services to cover the customer lifetime
- **Explore new businesses**, such as living-in, relocation and financial services

* Direct costs include personnel, advertising and sales expenses. Investments are made with intent to drive sustained growth after FY26. Indirect costs include all other expenses incurred in FY25

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5. Investment Highlights

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Investment Highlights

1	**Unique position in the expanding used and renovated housing market**
2	**Continued gross profit growth through increased transactions and greater value-add to customers**
3	**Long-term growth potential through “LTV Deepening x Target Market Expansion x Market Creation”**

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Market | Transformation of Housing Distribution through Design x Technology

In our core business, cowcamo, we aim to revolutionize customer-oriented housing distribution by leveraging Design x Technology.

Issues in Real Estate Distribution

Society

- **Revitalization of distribution of old houses**
- **Responding to diverse lifestyles**

Customers

- **Few products that meet the needs**
- **Information asymmetry with suppliers**

Industry

- **Distribution friction due to intermediaries**
- **Lack of IT and inefficient processes**

Technology Progress

- Proliferation of mobile devices
- Rise of new technologies
- Diffusion of electronic transactions

Changes in Industry Environment

- Diversification of needs
- Promotion of Stock Utilization
- Soaring prices of new properties

Utilizing Design x Technology in mechanisms and experiences

Promoting the future of customer-oriented housing distribution by utilizing Design x Technology

- **Highly liquid housing distribution market**
- **Customer-oriented service**
- **Efficient Management through DX**

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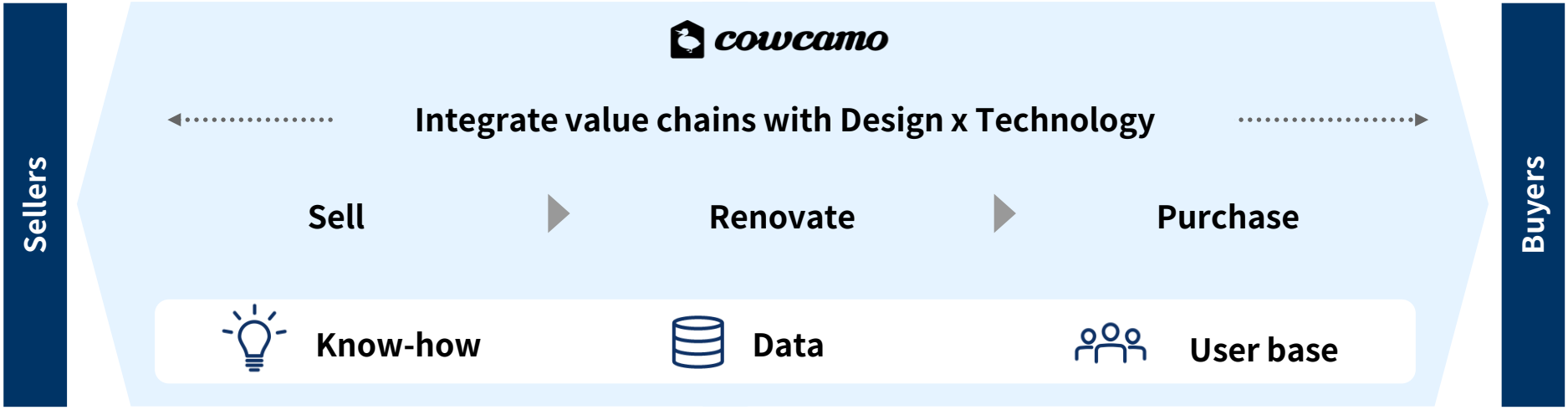
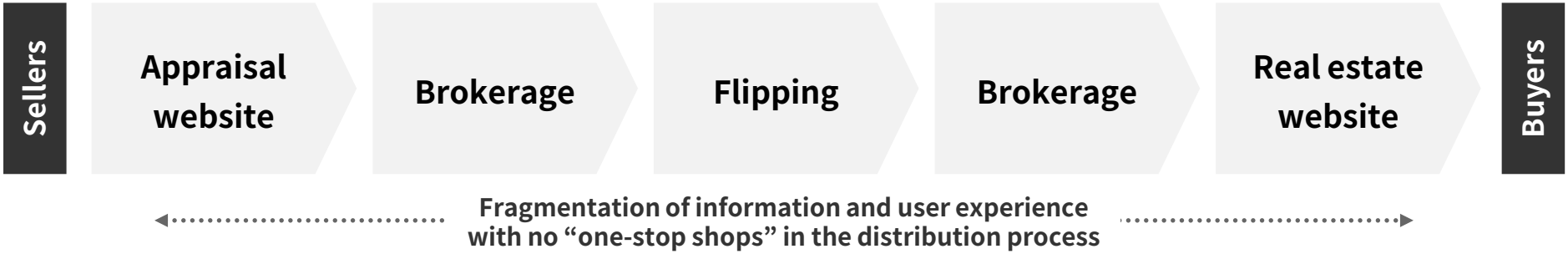
Market | Unique position to integrate value chain via Design x Technology

We integrate fragmented distribution structures through design and technology and update them to be more user-oriented. This will enable a more efficient distribution structure with higher customer value by utilizing the user base, data, and know-how accumulated through this process.

cowcamo's value chain



Traditional value chain



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

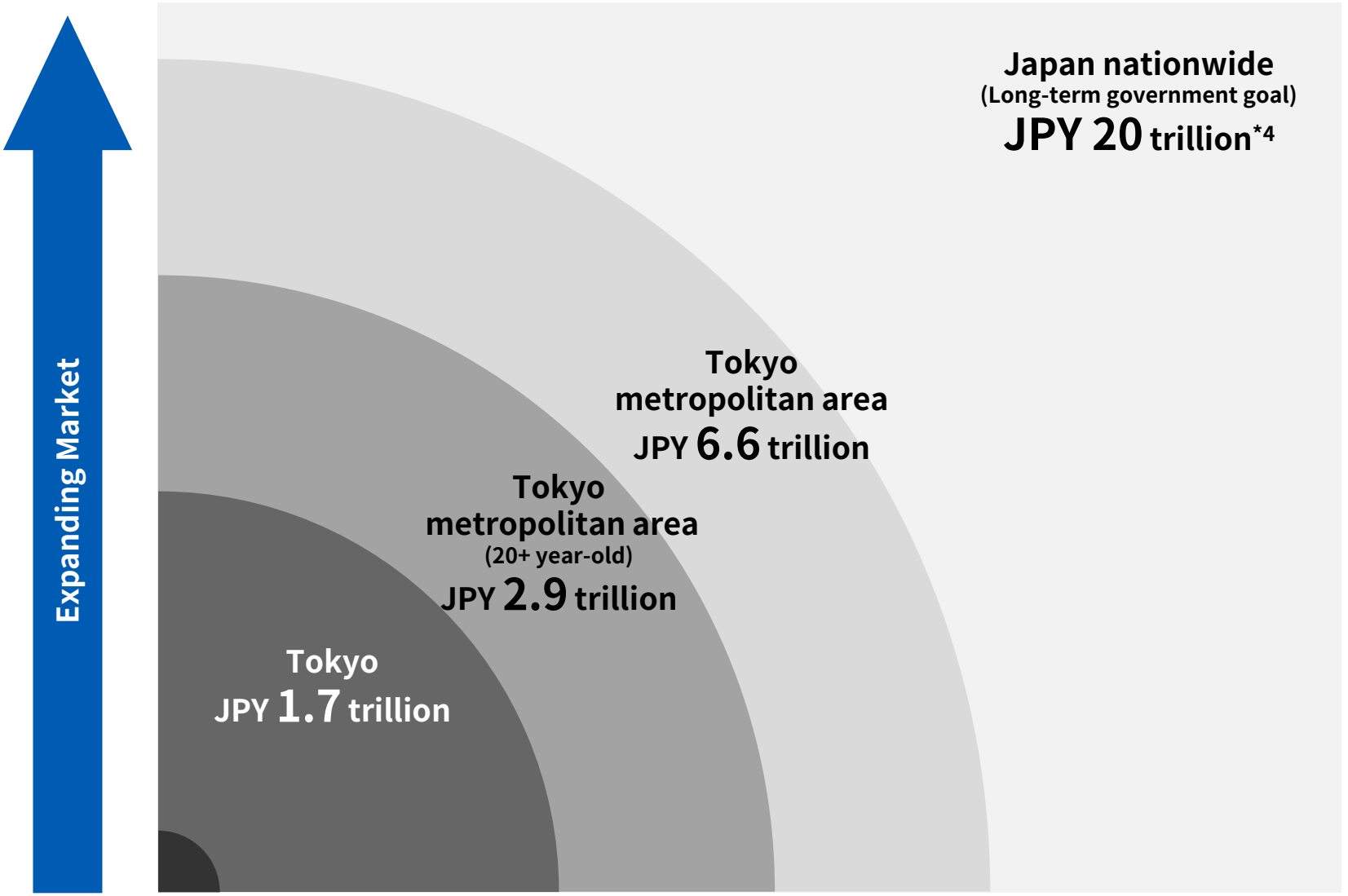
cowcamo, a distribution platform connecting sellers and buyers, targets the used home and renovation market. Currently, we are focusing on the Tokyo metropolitan area, but there is strong potential nationwide.

Tokyo metropolitan area*3
JPY 6.6 trillion (2023)*2
Condominiums over 40㎡

Tokyo metropolitan area*3
JPY 2.9 trillion (2023)*2
20+ year-old condominiums over 40㎡
Pre and post purchase renovation

Tokyo
JPY 1.7 trillion (2023)*2
20+ year-old condominiums over 40㎡
Pre and post purchase renovation

cowcamo's share in Tokyo*1
approx. 3.4%



*1 Calculated by dividing cowcamo's FY24 GMV by the estimated 2023 market size of existing condominiums in Tokyo that are 20 years old or older, over 40m², and renovated pre and post purchase
*2 Estimated by TSUKURUBA based on East Japan Real Estate Information Network's "Annual Report Market Watch FY2023", Real Estate Information Center's "2024 Real Estate Industry Statistics (March revision) 3 Real Estate Distribution", and "Used House Renovation Market Data Book 2022-2023" by Reform Sangyo Shimbun
*3 The Tokyo Metropolitan Area includes Tokyo, Saitama, Chiba and Kanagawa prefectures
*4 Ministry of Land, Infrastructure, Transport and Tourism, "Basic Plan for Housing and Living" (March 9, 2021), total of existing home distribution market and renovation market
Note: The above is an illustration and does not necessarily accurately represent the difference in values by area ratio

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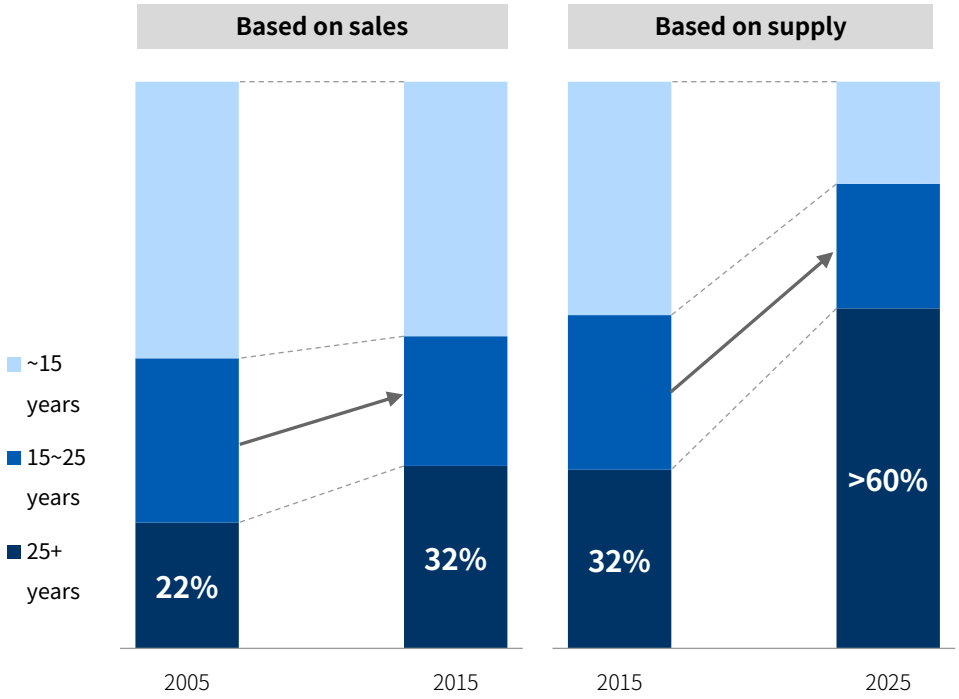
Market | **Renovation becoming mainstream due to structural changes in the market**

By 2025, houses “over 25 years old” is expected to account for over 60% of the market, and renovated houses are expected to become a common option.

Properties that are 25+ years old approaching 60% of market

The share of 25+ year old properties is expected increase from just 22% in 2005 to over 60% by 2025. (58% as of 2023)

Share of used condominiums in the Tokyo metropolitan area by age (2005-2025)



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

Renovation will become a mainstream option

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



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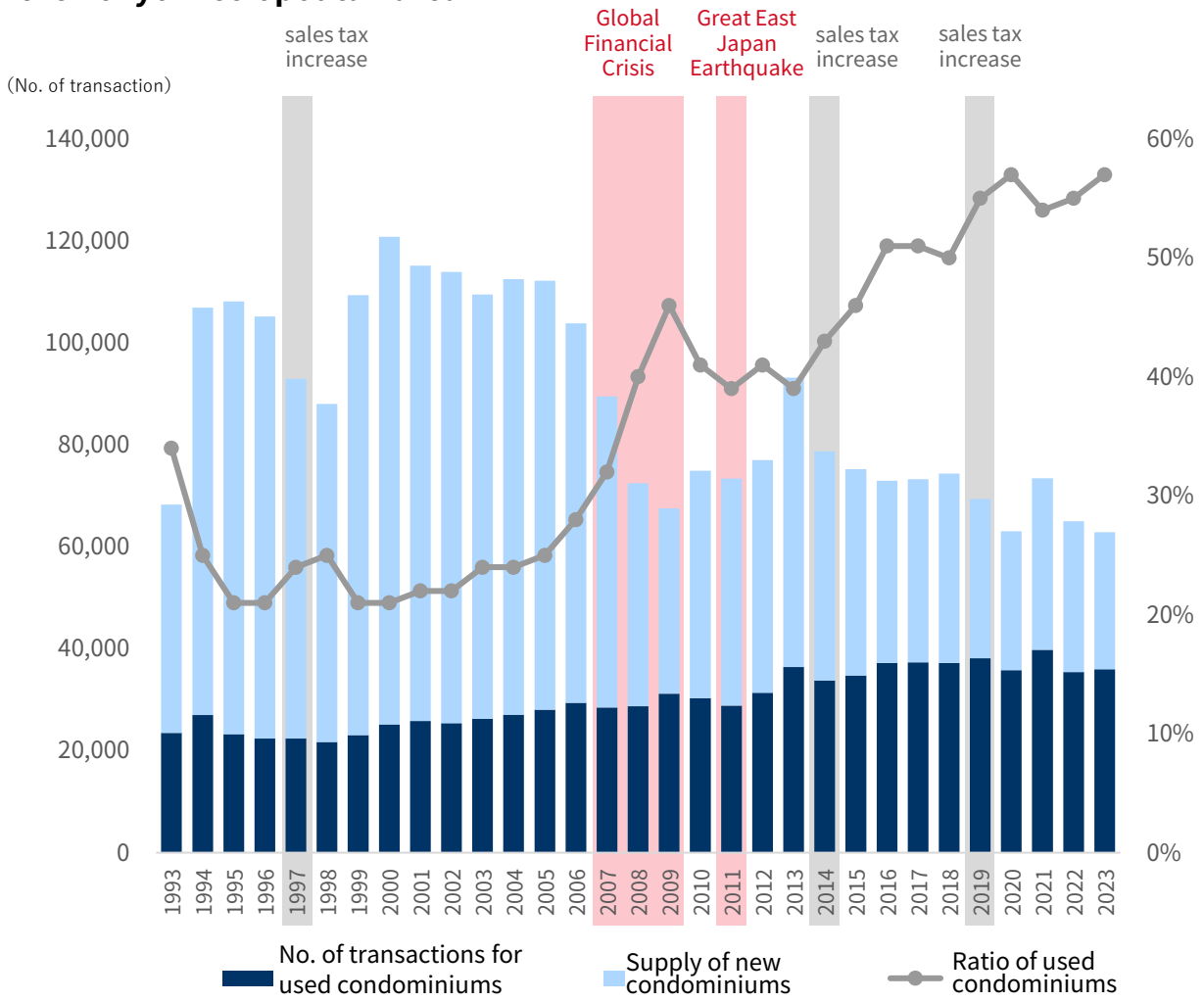
Market | Used condominium market is resilient to macroeconomic downturns

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

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



The resilient used condominiums market - background

- Actual demand for housing is less affected by the economic environment as it is generated by changes in various life stages such as childbirth, transfers and inheritance among families.
- New condominiums are a “flow” supply and are strongly affected by the economic environment through changes in land price and material supply, while used condominiums are supplied from accumulated “stock” and function as a substitute for new condominiums even as the macroeconomic environment changes.
- Therefore, even as adverse macroeconomic changes materialize, stable growth of the used condominiums market is expected to continue.

Source: Real Estate Information Network for East Japan "Trends in the Metropolitan Area Real Estate Distribution Market," Real Estate Economic Institute Co.

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Growth ｜ **High gross profit growth rate due to increased transactions and greater value-add**

We will continue to increase the number of transactions by continuously growing our customer base and offering differentiated experiences and products, while offering greater value-add to customers by extending the value chain and expanding services, driving high gross profit growth as a result.

Continued high gross profit growth

Increased Transactions



Continued customer expansion



Differentiated experiences and products

Greater Value-Add
(to customers)



Extending the value chain



Expansion of services

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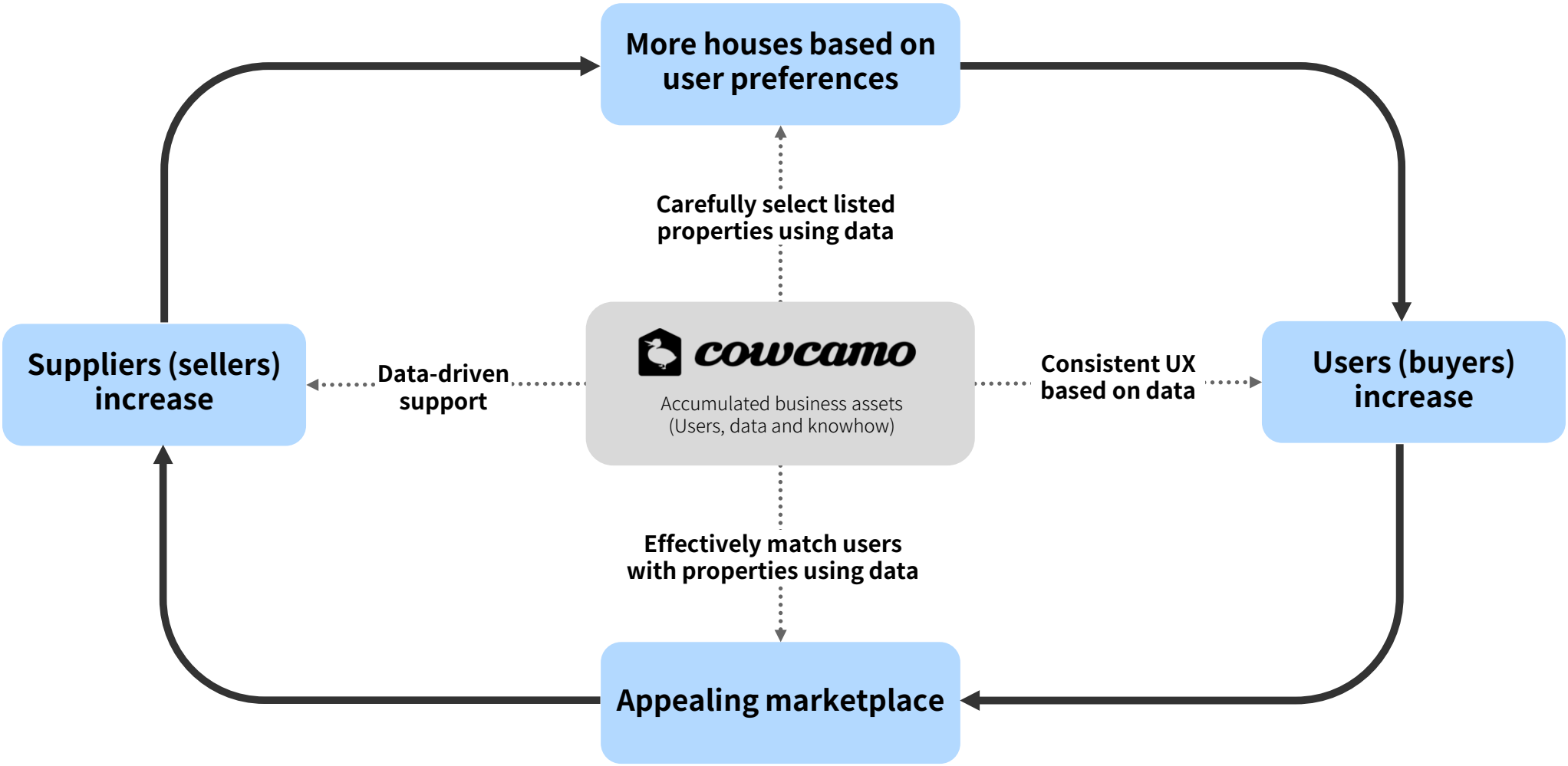
Growth | Growth cycle through a virtuous cycle of sellers and buyers on both sides

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



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Potential

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

After expanding business in existing domains in the mid-term, in the long-term, we aim to achieve further business expansion through deepening of customer LTV, expansion of target market and market creation, and to become a future leader in housing distribution and housing culture in Japan.

Mid-term business expansion policy

(Business expansion in existing domains)
Increase gross profit by increasing transactions and offering greater value-add

Long-term growth potential

Expansion of SOM*
through deepening of customer LTV x expansion of target market x market creation
→ Become a business that leads the future of housing distribution and culture in Japan

- **Developing customer relationships over a lifetime**
- **Expansion of target market by Properties x Areas**
- **Market creation through the formation of market mechanisms and promotion of resettlement**

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

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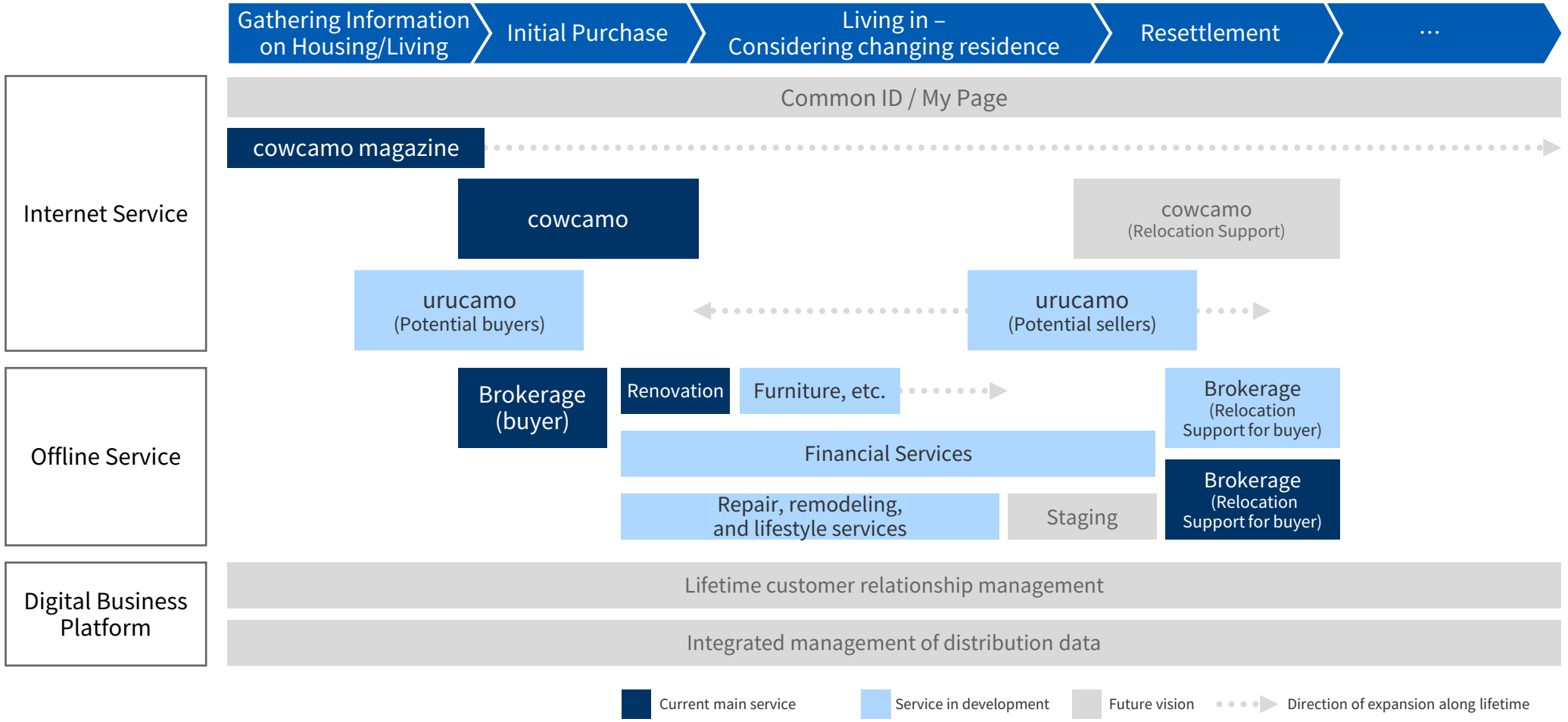
Potential

Developing customer relationships over a lifetime through technology

We will build sustainable relationships with customers over their lifetimes by integrating services that leverage the characteristics of the Internet, offline services related to home distribution and living, and our digital business infrastructure.

Service development in line with customer lifetime



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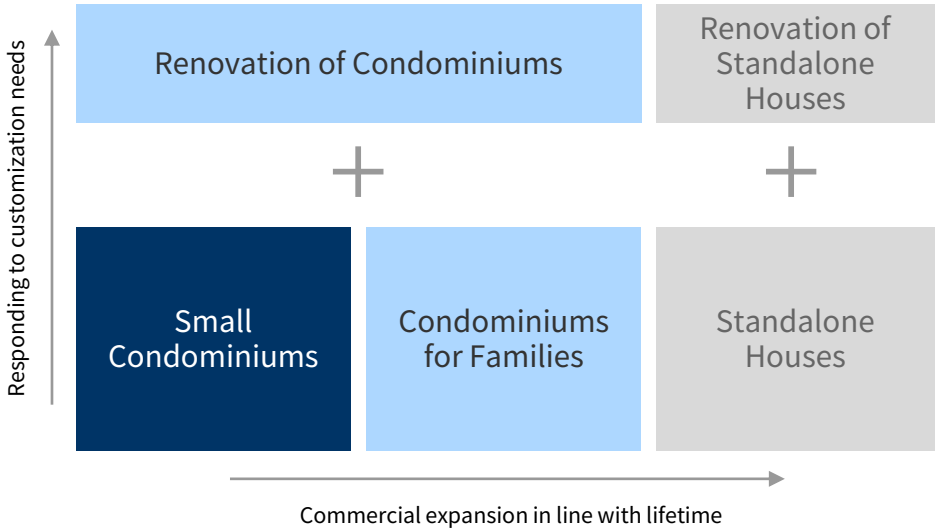
Potential | **Expansion of target market by Service x Area**

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

Conceptual image of target market expansion based on Service x Area

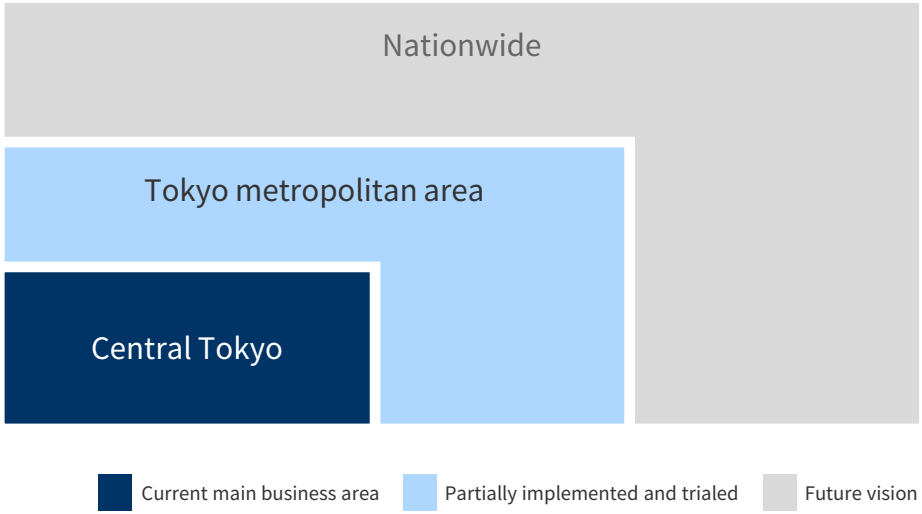
Service

- Expansion of renovation services to meet further needs for customization
- In the future, we will look to expand into the family and standalone properties market as a product line for customers who wish to change residences in accordance with lifestyle



Area

- Expanding from the current main business area of central Tokyo to other suburbs of the Tokyo metropolitan area
- Future expansion to other major cities in Japan is also an option



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Potential

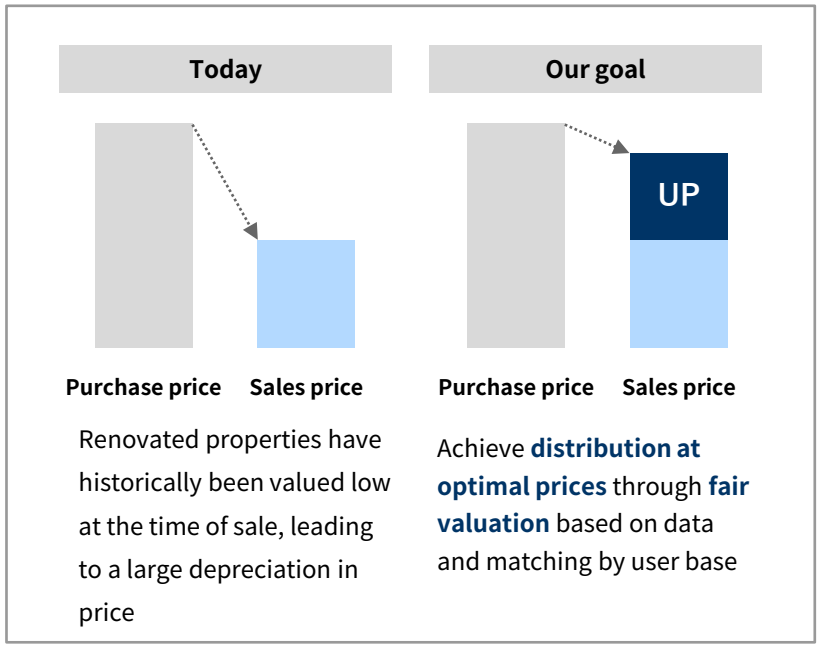
Market creation through the formation of market mechanisms and promotion of resettlement

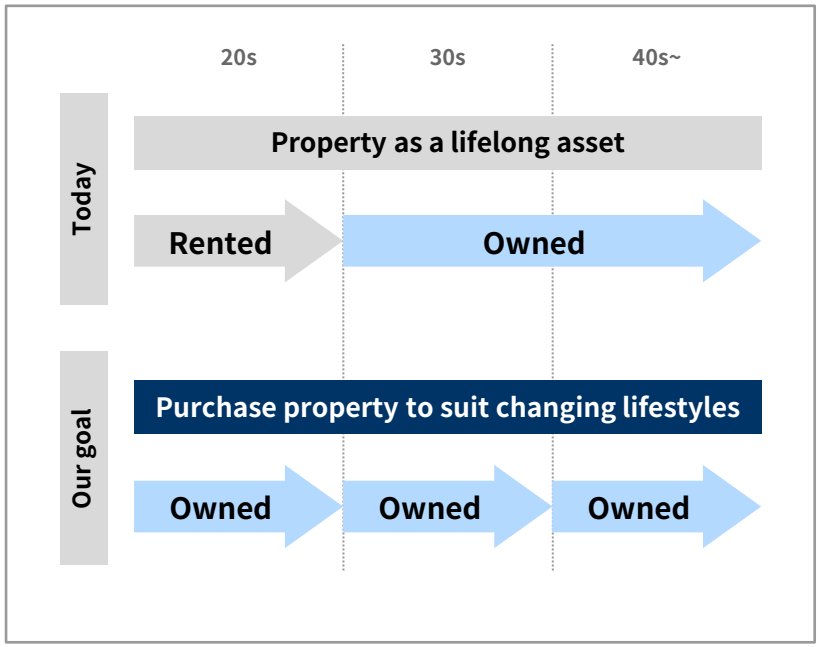
In the long-term, cowcamo will create a new market by forming a market mechanism for price evaluation and matching potential sellers/buyers, and by promoting resettlement.

Forming a market mechanism × **Increase frequency of home purchases** = **Market Creation**

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

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





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Reference

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Reference | **A management team with background in technology, business and design***

TSUKURUBA is managed by members experienced in technology with a wealth of knowledge in design to create added value in real estate.



Hiroki Murakami
CEO

Formerly involved with the development and management of Lifull Home's, Japan's no.1 portal site for real estate and housing. Founded TSUKURUBA in August 2011 with Masahiro Nakamura. Graduate of Rikkyo University.



Hiroshi Kitahara
CSO

PhD in engineering from the Tokyo Institute of Technology, and an MBA from Université Paris-Dauphine. Worked at Corporate Directions, Deloitte Tohmatsu Consulting and Deloitte Consulting Southeast Asia. Joined TSUKURUBA in 2016 and was appointed COO in 2018, CSO in 2023.



Shin Takeuchi
External Director

Started his career at Fujisoft and became a freelancer in March 2007. Served as Director of BizReach and serves as Director of the Japan CTO Association. Appointed as Director and CTO of Visional since Feb. 2020.



Yoshinori Fukushima
External Director

Founded Gunosy in 2012 which was listed on TSE Mothers (now TSE Growth) in just 2.5 years, followed by a promotion to the TSE 1st Section (now TSE Prime). Became CEO of Layer X in 2018. Selected as one of Forbes Asia's 30 under 30 category.



Chieko Nishiura
External Director *

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



Kenji Kobayashi
External Director *

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



Tadatsugu Ishimoto
External Director *

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

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

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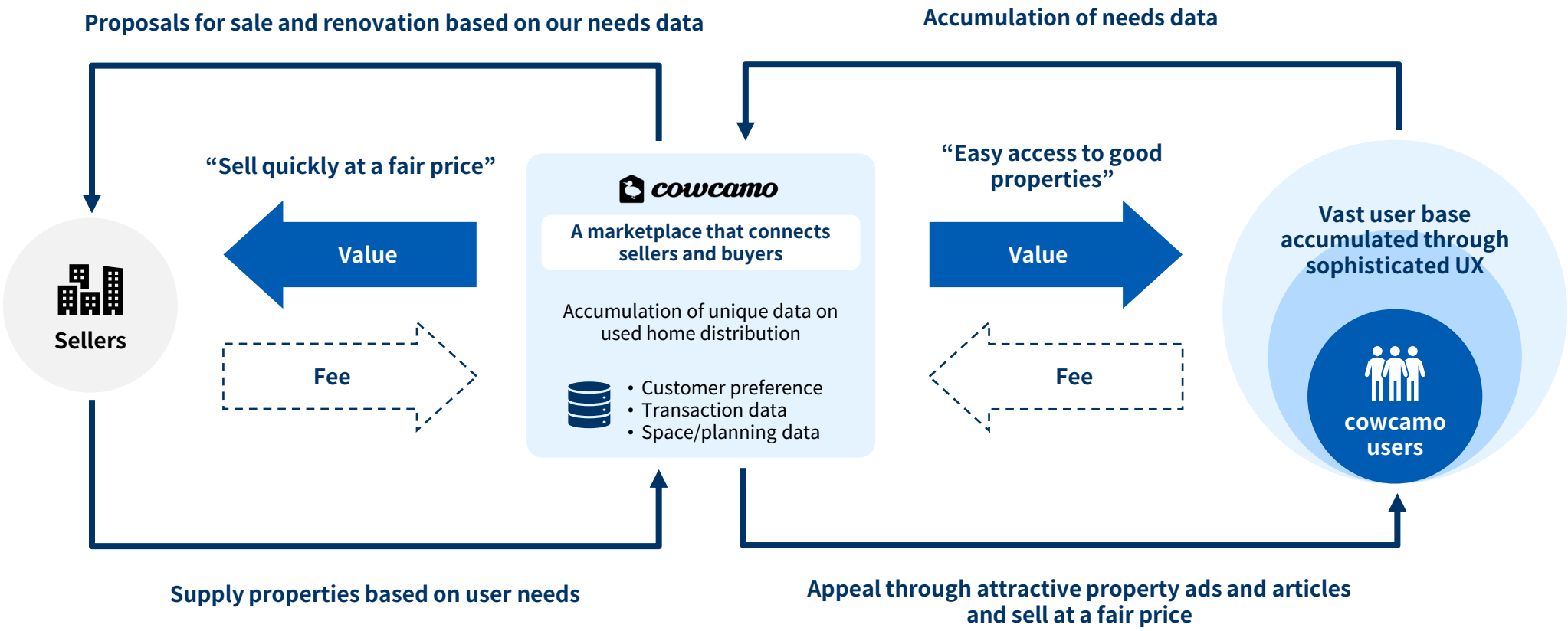
Reference | **Business model of cowcamo**

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



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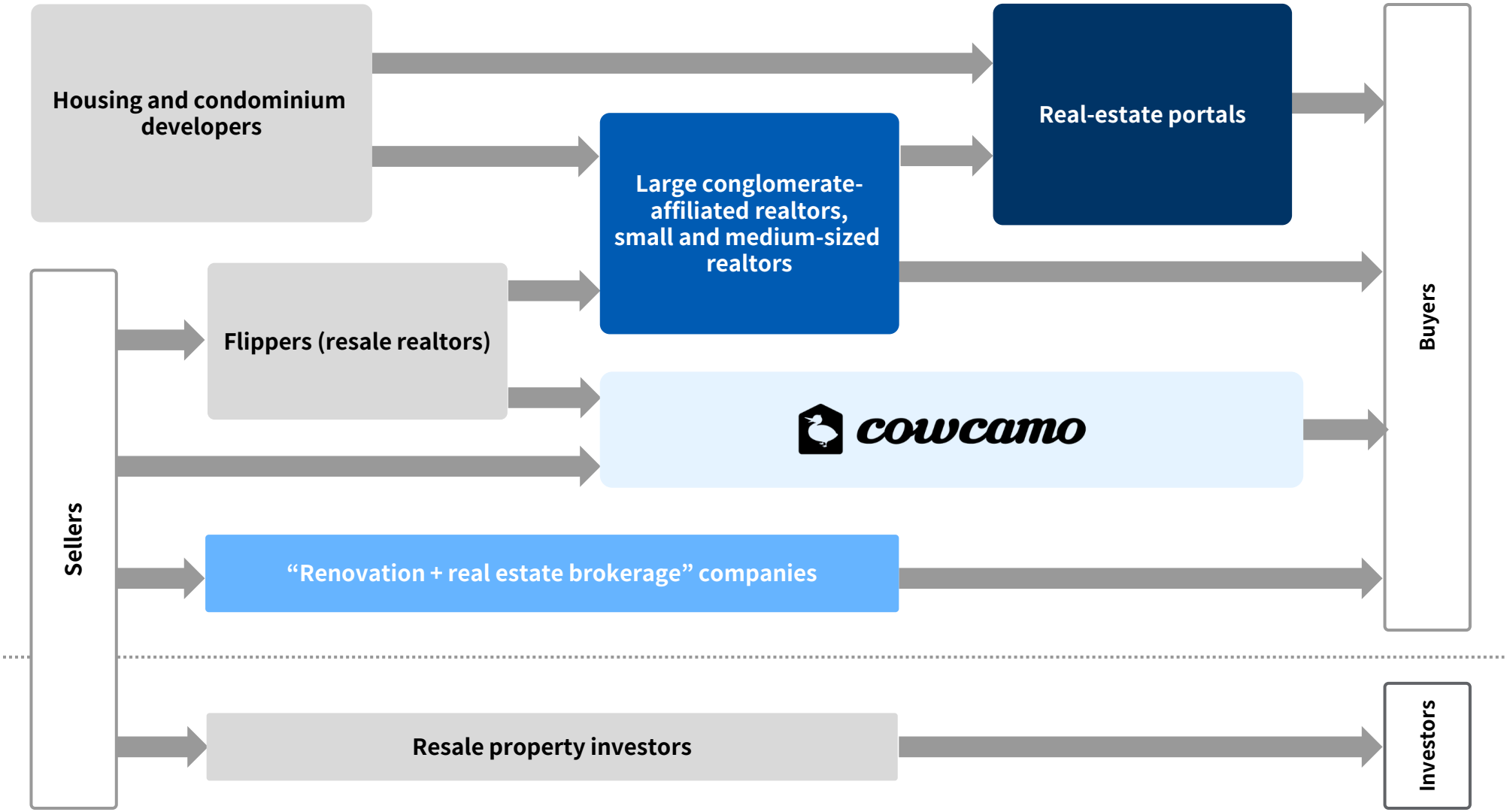
Reference | **Competitive environment**

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



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Reference | Market opportunities from changes in the construction industry

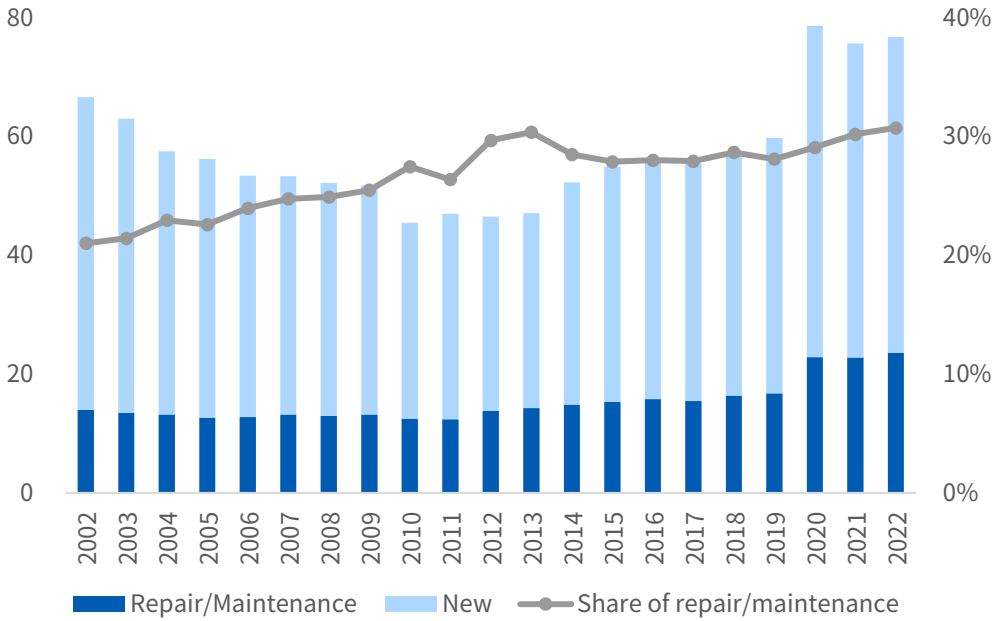
In the residential construction industry, share of repair and maintenance has steadily increased over the last 20 years. Combined with the fact that the number of construction workers is decreasing every year, renovated housing is expected to become a mainstream option.

Share of repair and maintenance steadily increasing

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

Breakdown of the residential construction industry (2002-2022) *2

JPY Tn

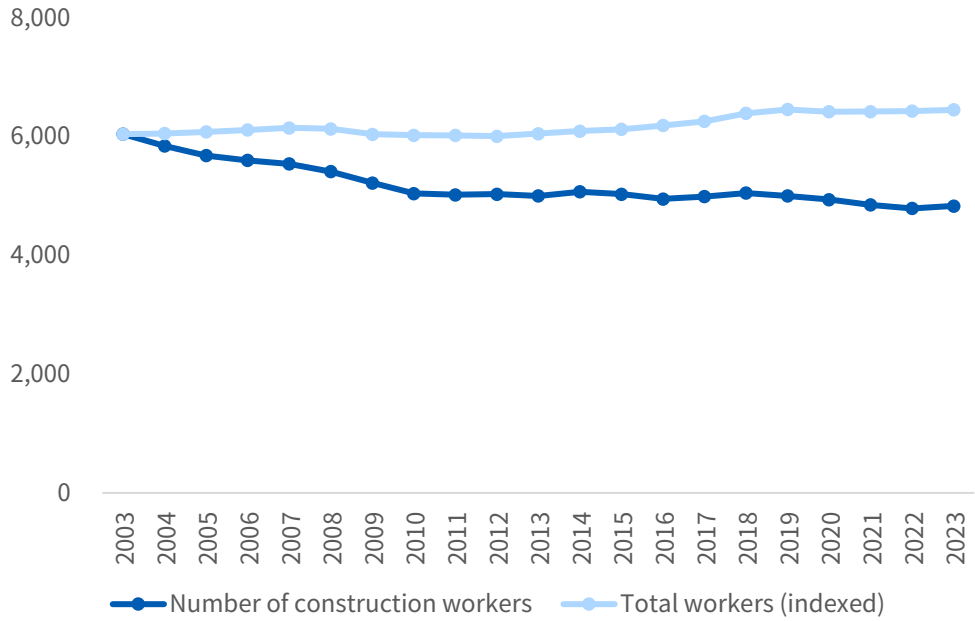


Renovated housing expected to become mainstream

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

Number of workers in the construction industry (2003-2023) *3

Thousands



*1 Includes repair, renovation and relocation and disaster recovery to maintain the previous function of existing structures

*2 Ministry of Land, Infrastructure, Transport and Tourism. “New construction” includes some components of renovation, so the total share of renovation is expected to be higher

*3 Ministry of Internal Affairs and Communications, Labor Force Survey

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Reference | **Feedback from customers**

Here are some examples of what users say about cowcamo. By providing not only quantitative but also qualitative information including the surrounding area, we are able to support our customers to buy and sell quickly at a fair price.

Sellers' Feedback

- "A broker we dealt with told us that our price was too high, and I only received one private viewing through them.
- . . . but after our listing was published on cowcamo, we received private viewings one after another. Within a week, we were able to finalize a deal with the current owner. The broker above was surprised by this."



Buyers' Feedback



- "We enjoyed viewing the wonderful properties listed on cowcamo, along with a wealth of photos and information."
- "The app was easy to use, and the chat function was convenient."
- "I was able to easily create a renovation plan that suited my needs."

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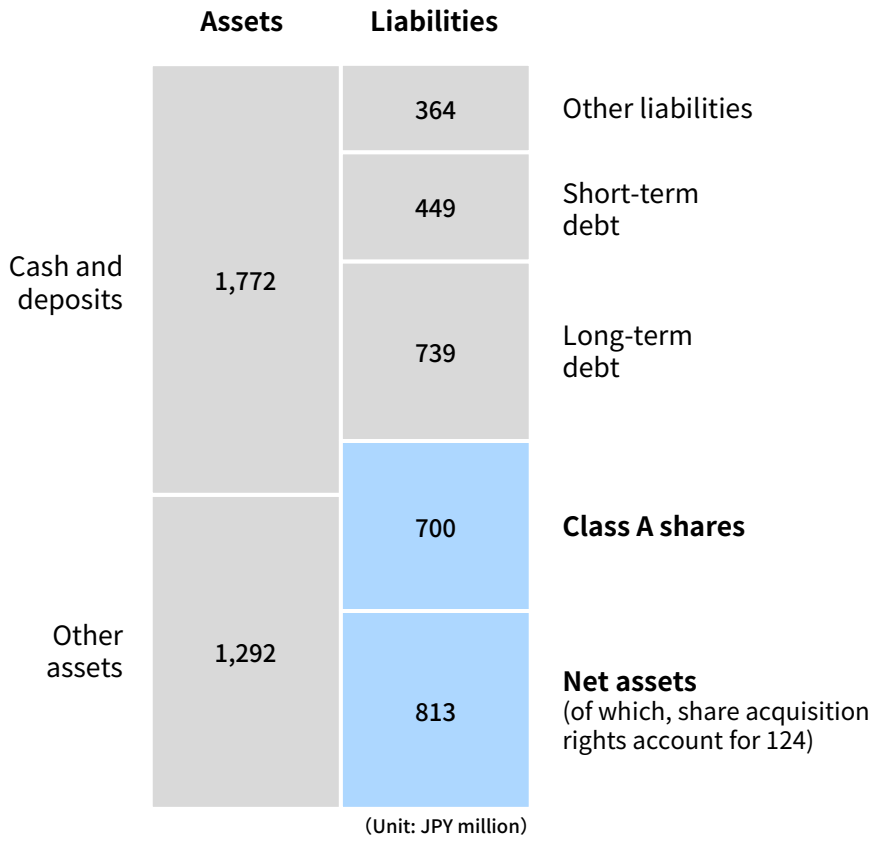
Reference | **Balance Sheet**

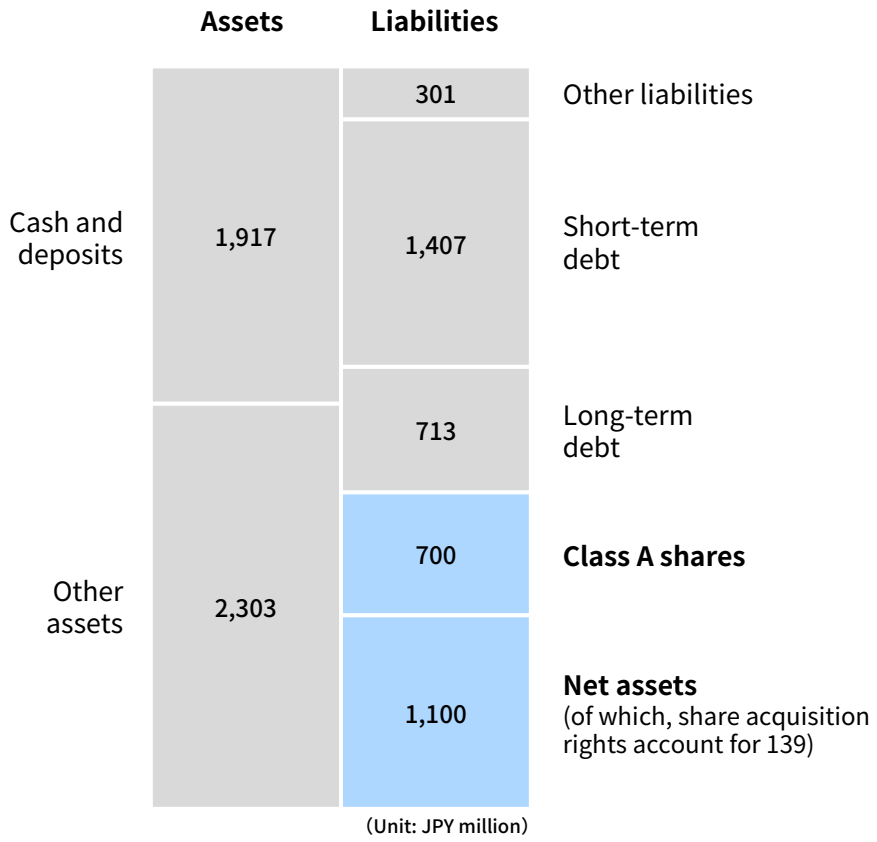
In FY24, debt increased mainly due to the increase in sales of in-house planned products. Our current capital ratio continues to trend healthily at 39%.

As of July 31, 2023 (Non-consolidated)



Capital ratio: 45%

As of July 31, 2024 (Consolidated)



Capital ratio: 39%

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Reference | **Share Price and Trading Volume**

We aim to improve our share price and trading volume over the mid to long-term by increasing awareness and understanding of our company through transparent and thorough IR activities.



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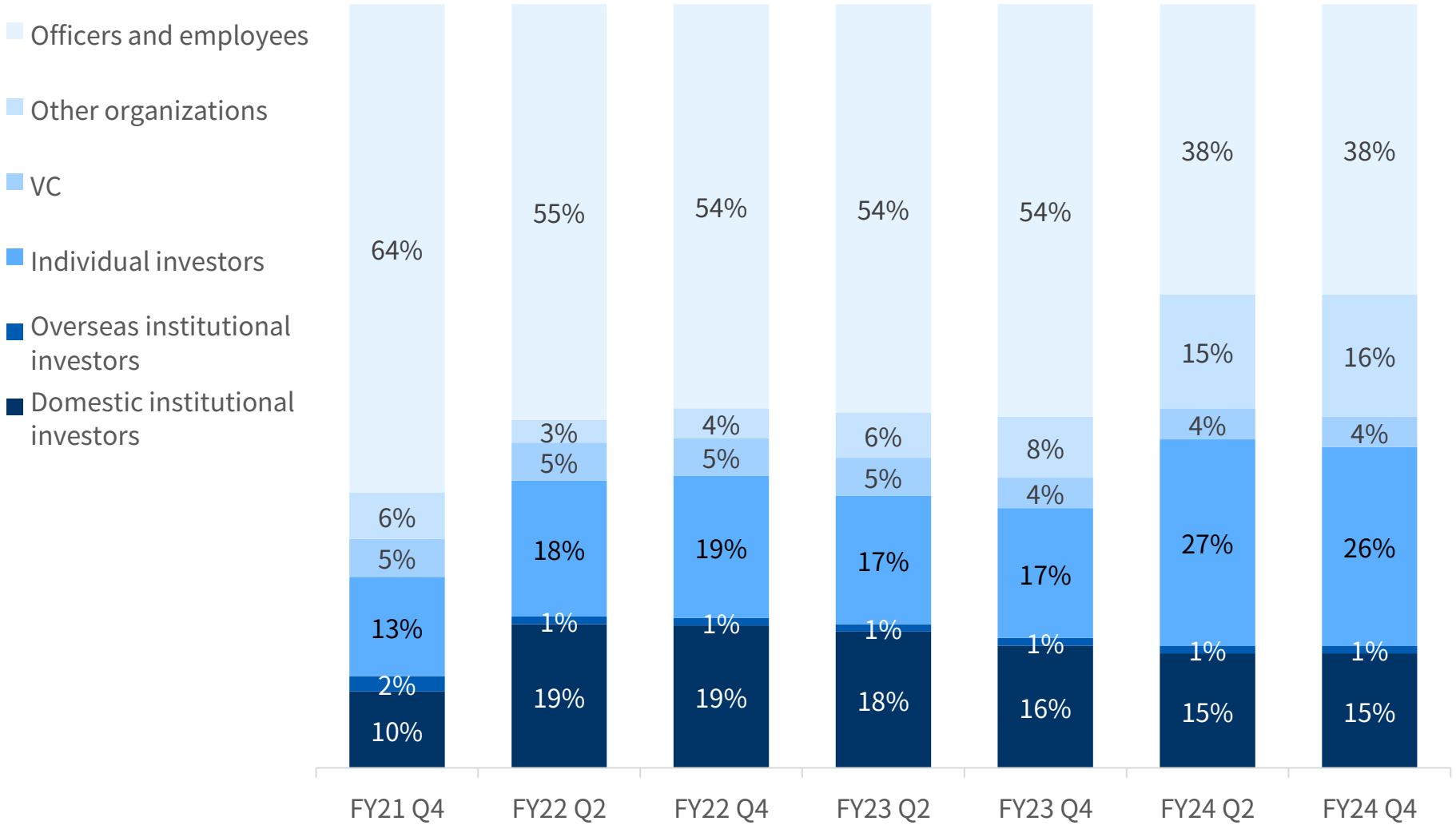
Reference | **Shareholder Composition** *

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



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

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Reference | **Q&A**

Category	Question	Answer
Company	What is the background of the partnership with MUFG Bank? Is the fiscal-year forecast inclusive of the partnership?	On March 15, 2024, we disclosed the commencement of discussions with MUFG Bank on a potential partnership around digital transformation of the used and renovated homes industry. The fiscal-year forecast does not include any impact from the partnership, and we will make further disclosures once the terms of the partnership are finalized.
cowcamo	What is the impact of interest rate hikes on your business?	On July 31, 2024, the Bank of Japan decided to raise its policy rate at its monetary policy meeting. In line with this decision, there is a widespread move among major Japanese banks to raise short-term prime rates. As a result, fixed and floating mortgage rates are expected to rise in the future. However, the Bank of Japan has stated that it will “maintain an accommodative monetary environment,” and further rate hikes are likely to be linked to medium-term economic and price conditions, so we do not anticipate a sharp rise in mortgage rates at this time. Even if mortgage rates were to rise in the future, the impact on our business is expected to be limited, compared to investment properties and new condominiums. Demand for used condominiums is expected to continue to increase, as it is driven by changes in life stages such as childbirth, transfers and inheritance among families. Even if there is a temporary decline in demand due to higher interest rates, demand is expected to recover with the corresponding decline in real estate prices. As such, we do not anticipate any changes to the mid- to long-term outlook of our business.
cowcamo	What is the impact of the weak yen, the situation in Ukraine, etc. on your business?	Material prices have remained high and are expected to remain at the current level for the foreseeable future. As for delays relating to the procurement of materials, we are not seeing material impact now.
cowcamo	What is the seasonality around your business?	Past trends show that performance tends to be better later in the fiscal year, when we see both the number of employees and sales activities peak. In addition, the number of transactions on a contract basis tends to be the highest in Q3 (from February to April), when there is a large movement of people. Therefore, the progress vs. our fiscal-year forecast tends to be less than 25% in the first two quarters of the fiscal year, recovering in the last two quarters.
cowcamo	What is the outlook of the in-house planned products business?	As TSUKURUBA’s financials continue to improve in the coming quarters, we will be able to expand our in-house planned products business, as well as other businesses utilizing the balance sheet. We will carefully consider the timing of expansion, given recent macroeconomic trends around interest rates and real-estate prices, but will actively seek an expansion given the business’ high take rate.

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Reference | **Company Overview**

Name	TSUKURUBA Inc.
Address	2F Ikura Building, 1-1-5 Kami-meguro, Meguro-ku, Tokyo 153-0051 Japan
Founded	August 2011
Founder	Hiroki Murakami
Employees	197 employees (as of July 2024)
Businesses	“cowcamo Business,” an end-to-end real estate online brokerage platform for used and renovated properties - cowcamo Platform Business - cowcamo Agent Service Business
Awards	Deloitte Technology Company Japan Technology Fast 50 (2017-2020) 2021 The 4th WOMAN's VALUE AWARD, Excellence Award



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Disclaimer

This material includes forward-looking statements which were made based on information available at the time of writing. They do not guarantee future results and may involve certain risks and uncertainties. Please note that actual results may differ materially from those discussed in the forward-looking statements due to changes in the environment surrounding TSUKURUBA and other factors.

The factors which may affect actual results include, but are not limited to, Japanese and global economic and market conditions under which TSUKURUBA operates.

TSUKURUBA is not obligated to update or revise its forward-looking statements in this material, even when new information becomes available or events take place.

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