

# LibWork

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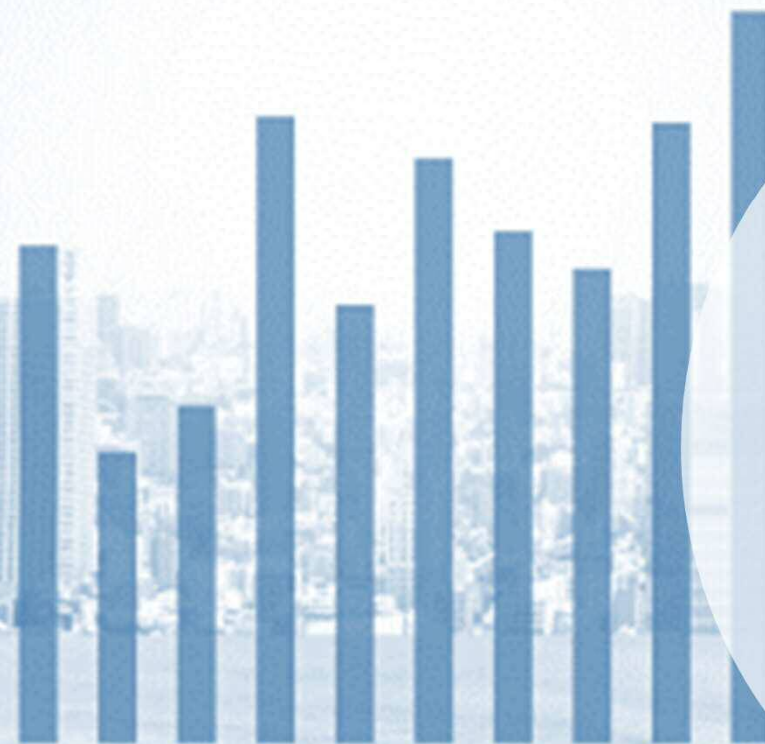
## **Explanatory materials for financial results for the second quarter of the fiscal year ending June 2022**

**February 10, 2022**

**Fukuoka Stock Exchange Q-Board/Tokyo Stock  
Exchange Mothers Board**

**Securities Code: 1431**





## Financial information

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# Highlights

- Consolidated net sales through 2Q were 6.524 billion yen (up 43.6% YoY from the same quarter of the previous nonconsolidated fiscal year), setting a new record high.  
Both operating profit and net income recorded double-digit growth with an increase exceeding 10%.
- Ordinary profit through 2Q was 304 million yen (up 94% YoY), a dramatic gain over the figure of 157 million yen projected at the start of the fiscal year.
- Due to the impact of skyrocketing lumber prices and the rising cost of other residential construction parts and materials, the gross profit margin on detached houses stalled at a point below the target level. Revision of sale prices is complete already, and an improvement is expected in 3Q and beyond.
- Customers approached through digital marketing generated strong performance, with figures roughly doubling YoY. Strategic revisions in 1Q also made significant contributions. The Tokyo Office opened in Shibuya to promote and enhance marketing efforts.
- Efforts to grow the customer base resulted in numerous new visitors to the newly opened MUJI HOUSE Kumamoto showroom and Afternoon Tea HOUSE detached houses. We also joined one of Japan's largest networks of architects.
- As part of efforts to expand to other regions, we chose to exhibit in two venues of Kyushu's largest general home exhibition spaces, both in Fukuoka.

# Highlights of results (consolidated)

	2Q of FY ended June 2021	2Q of FY ending June 2022	YoY	
			Change	% change
Net sales	<b>4,545</b> million yen	<b>6,524</b> million yen	<b>1,979</b> million yen	<b>43.6%</b>
Operating profit	<b>251</b> million yen	<b>289</b> million yen	<b>37</b> million yen	<b>14.9%</b>
Ordinary profit	<b>296</b> million yen	<b>304</b> million yen	<b>8</b> million yen	<b>2.8%</b>
Net income	<b>163</b> million yen	<b>183</b> million yen	<b>19</b> million yen	<b>12.2%</b>

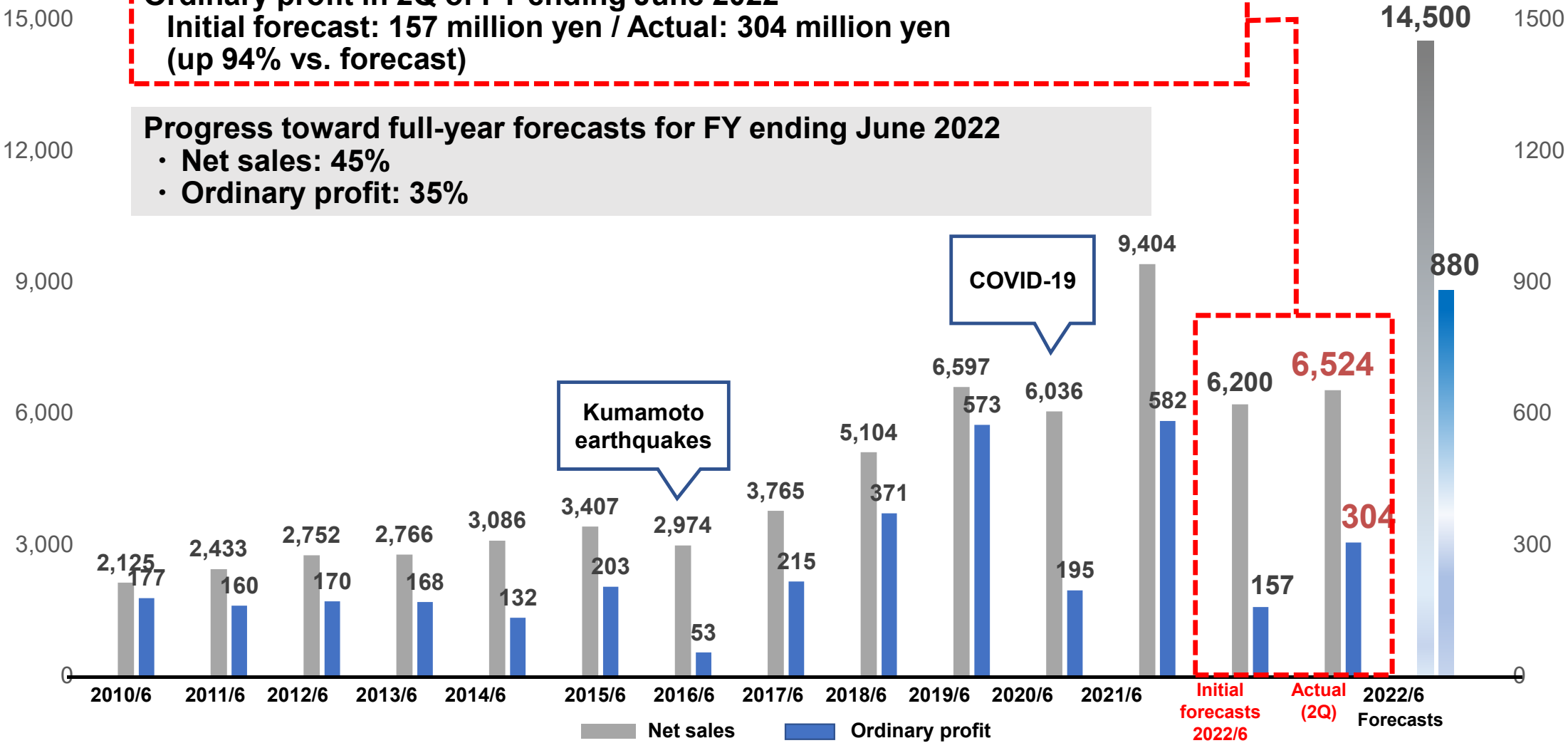
# Trends in net sales and ordinary profit

Unit: millions yen

**Ordinary profit in 2Q of FY ending June 2022**  
 Initial forecast: 157 million yen / Actual: 304 million yen  
 (up 94% vs. forecast)

**Progress toward full-year forecasts for FY ending June 2022**

- Net sales: 45%
- Ordinary profit: 35%





**Business report**

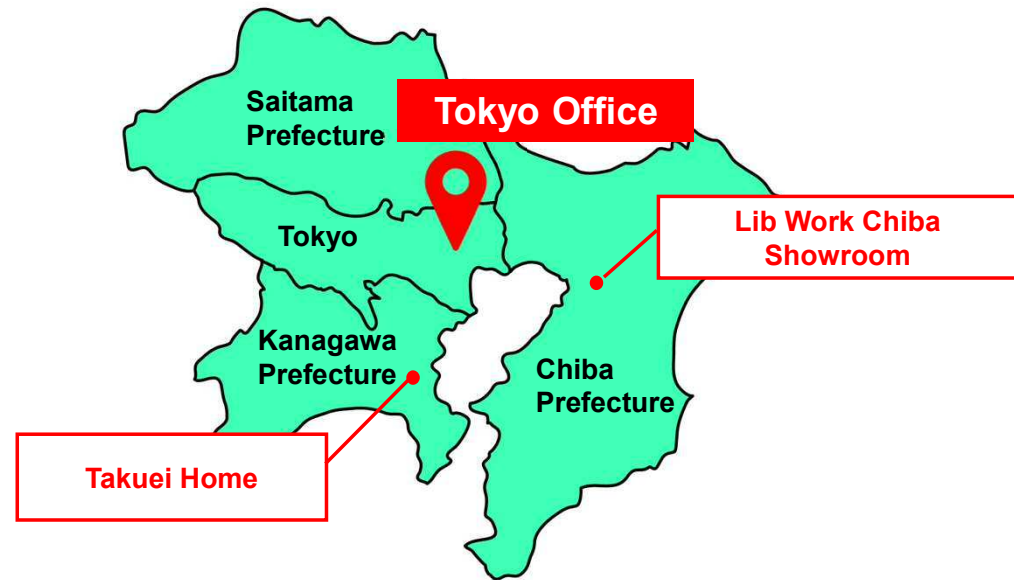
# Business report: Opening the Tokyo Office



Our goal is to harness unique digital marketing initiatives to establish a position as a provider of detached house platforms. To enhance marketing and promotional efforts, we have opened a new Tokyo Office in Shibuya Hikarie.

This is our first office in Tokyo.

We now operate a total of three offices in the Kanto area: Yokohama (Takuei Home), the Lib Work Chiba Showroom, and the Lib Work Tokyo Office.

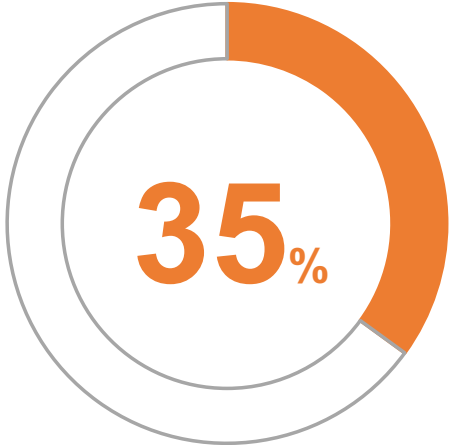
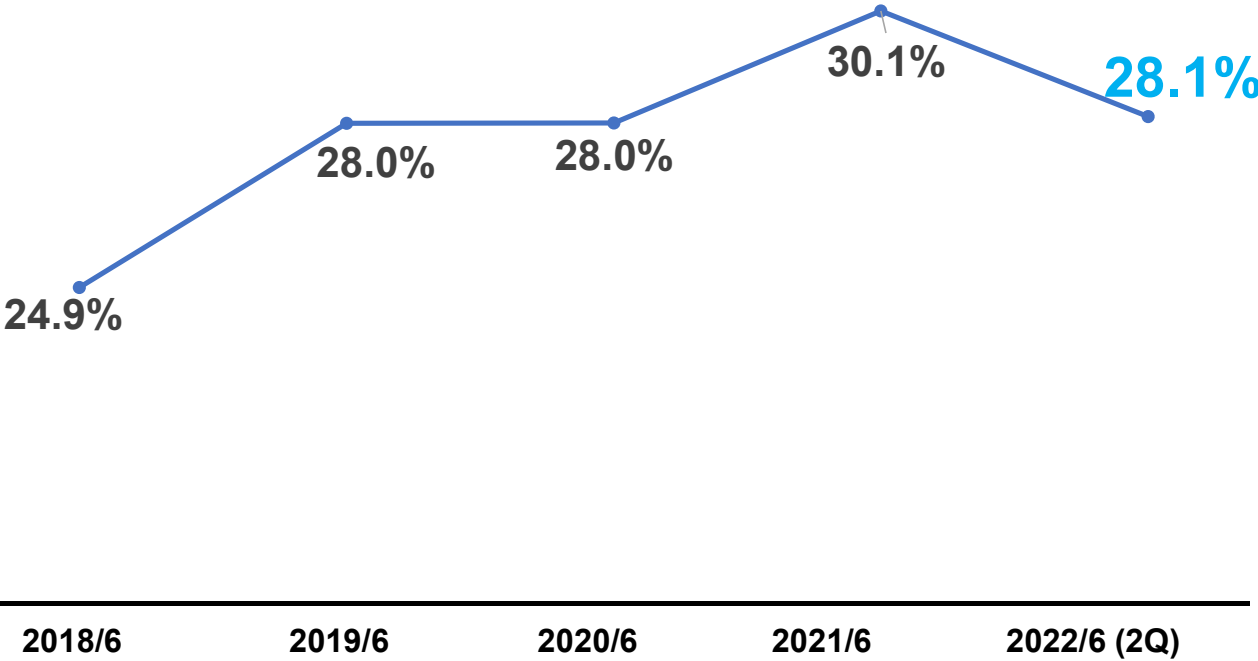


# Business report: Progress on gross profit

We're currently implementing plans to bring major construction work in-house, thereby improving gross profit margins on detached houses.

The gross profit margin on detached houses has stalled this fiscal year due to the impact of skyrocketing lumber prices and cost hikes of other residential construction parts and materials.

Trend in the gross profit margin on detached houses in previous years



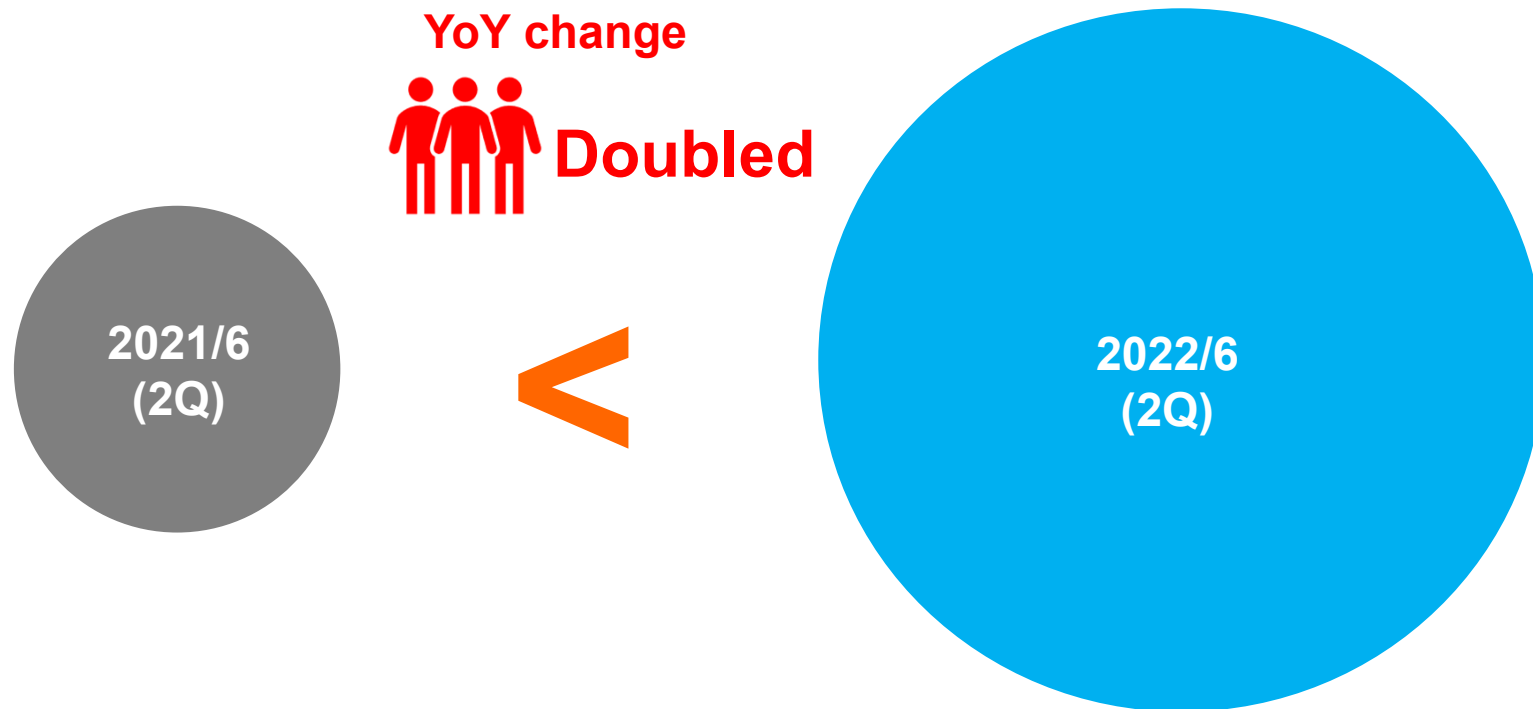
FY ending June 2023 (target)

Revision of sale prices is complete. An improvement is expected in 3Q and beyond. We're currently targeting gross profit margin on detached houses of 35% through bringing major construction work in-house.



# Business report: A customer approach based on digital marketing

Thoroughgoing changes in our customer approach based on digital marketing in 1Q generated strong results in 2Q: up 207% YoY. The results generated by this customer approach based on digital marketing remains strong, due in part to the tailwinds of demand from consumers remaining at home in response to COVID-19.



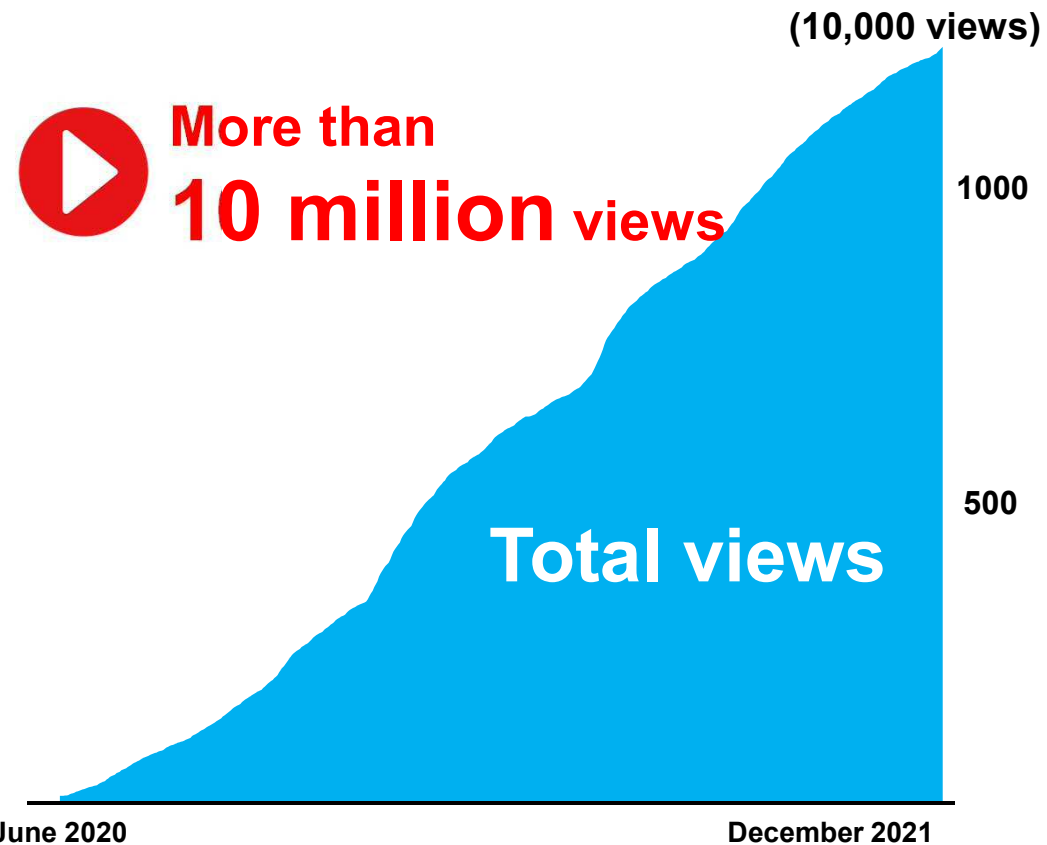
**Medium-term management plan “NEXT STAGE 2023”:  
Becoming a provider of detached house platforms**

# Business report: Growth of our YouTube channel **LibWork** 10

The Lib Work Ch YouTube channel surpassed 10 million views in October 2021. The number of subscribers exceeded 34,000 in December. We're currently moving ahead with efforts to convert viewers into fans. This channel is also generating orders.



(Screen capture from February 1, 2022)



**Medium-term management plan “NEXT STAGE 2023”:**  
**Aiming to be the No. 1 YouTube channel on detached houses**

# Business report: Exhibiting in Kyushu's largest home exhibition spaces

We have decided to exhibit in two venues of Kyushu's largest general home exhibition spaces (hit Marina-dori and hit Onojo), in Fukuoka. This means we will be operating four showrooms in total in the Fukuoka area.



### hit Marina-dori home exhibition space

Has 37 lots in total (including the spring 2022 expansion). This home exhibition space is close to several popular retail facilities, including the city's landmarks, Fukuoka Tower and the Fukuoka Dome.

sketch Fukuoka Kasuya Showroom

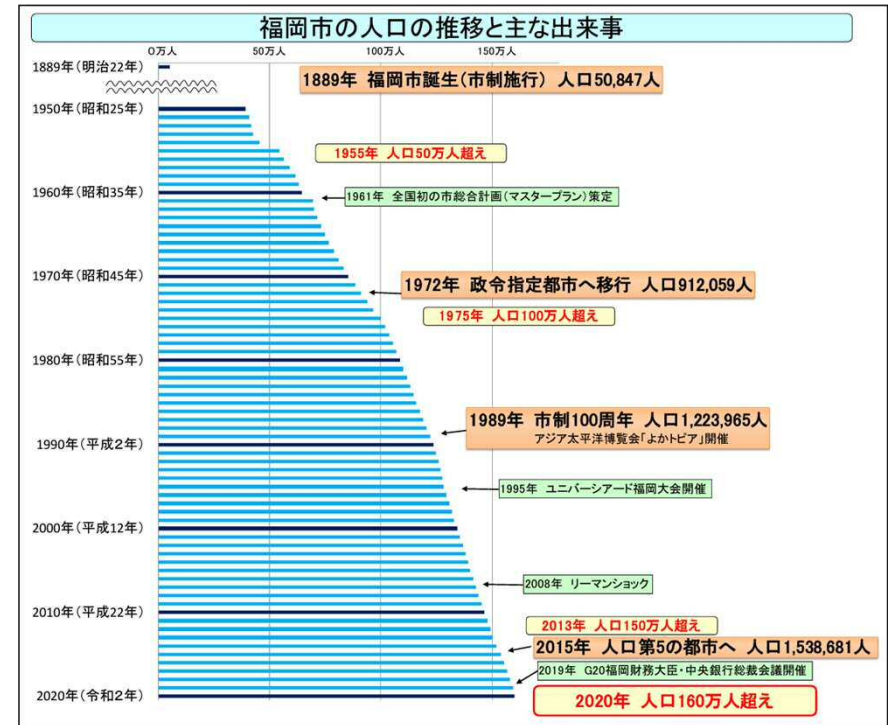
### hit Onojo home exhibition space

Has 31 lots in total. Located in a popular bedroom community a little to the south of central Fukuoka, where the population is growing from year to year.

MUJI HOUSE Fukuoka Showroom



The city of Fukuoka features one of the fastest-growing populations of any urban community in Japan.

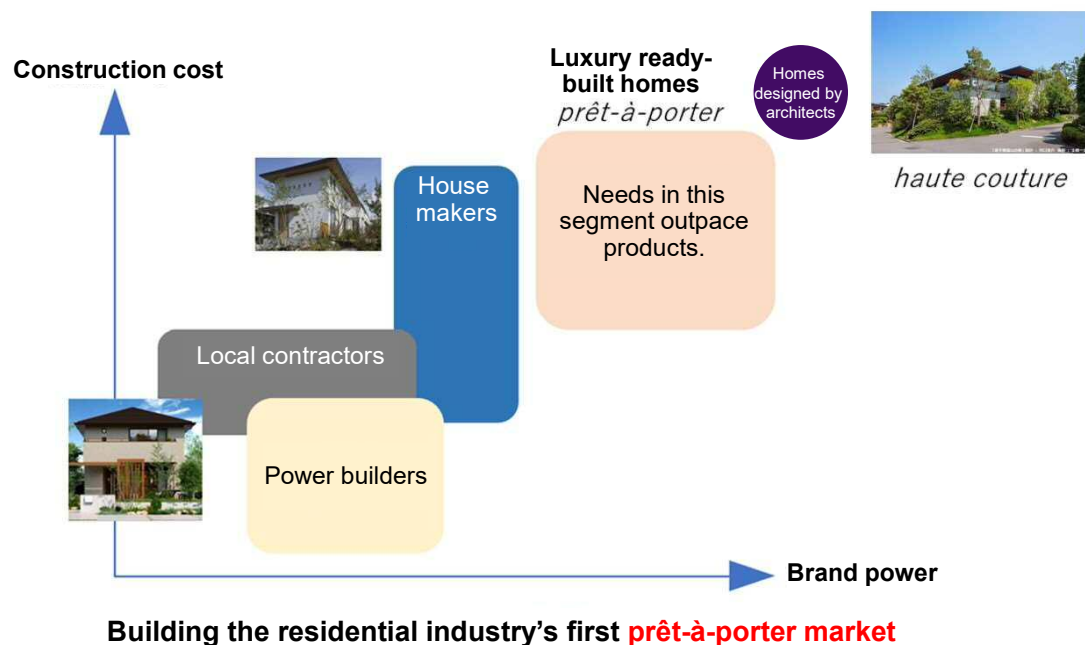


(Source: Data published by the city of Fukuoka, May 20, 2020)

## Medium-term management plan "NEXT STAGE 2023": Expanding showroom areas nationwide

# Business report: Venturing into the luxury prêt-à-porter home market

We have joined Proto Bank Station, operated by Architects Studio Japan Inc. This will allow us to secure a new customer base and further grow our businesses by creating the residential industry's first prêt-à-porter luxury ready-built home market.



Architects Studio Japan's luxury ready-built homes from a network of about 3,000 architects (Plan DB)

## Advantages of drawing on this platform for luxury ready-built homes

- ❑ Simplifies approaches to the architectural market, which seems hard to access for ordinary customers.
- ❑ Significantly reduces the labor required in meetings between sales and designers.
- ❑ Reduces the labor required for approval procedures, since plans already have received architectural approval.
- ❑ Reduces risk of misunderstandings with customers, since actual photos and videos of completed homes are available.

Medium-term management plan "NEXT STAGE 2023": Growing the customer base

# Business report: Progress on collaborative products

Both the newly opened MUJI HOUSE Kumamoto showroom and the Afternoon Tea HOUSE (Lib Work Oita Showroom) demonstrated success in drawing customers through tour reservations during the COVID-19 pandemic. Both offer highly satisfying tour experiences.

Q2 (YoY change)

New visitors  **1.9** times

Q2 (YoY change)

New visitors  **1.8** times

Opened June 2021: MUJI HOUSE Kumamoto



This showroom exhibits the three MUJI model house designs: the wood home, window home, and sunlight home. These photos show the popular single-story sunlight home. With no steps between the deck and the interior floors, and doors and windows that can be fully opened, this design blurs the boundaries between exterior and interior and creates seamless continuity between living space and surrounding land.

Opened September 2021: Afternoon Tea HOUSE (Lib Work Oita Showroom)



Afternoon Tea HOUSE  
Future expansion  
plans

Preparations are  
underway to open:

- Chiba Showroom (January)
- Fukuoka Showroom (May)

**Medium-term management plan “NEXT STAGE 2023”:** Growing the customer base

# Business report: Named an EOY 2021 Japan finalist

President and Representative Director Seguchi was named Kyushu district representative entrepreneur and winner of the Accelerating section grand prize in the EY Entrepreneur Of The Year 2021 Japan awards.

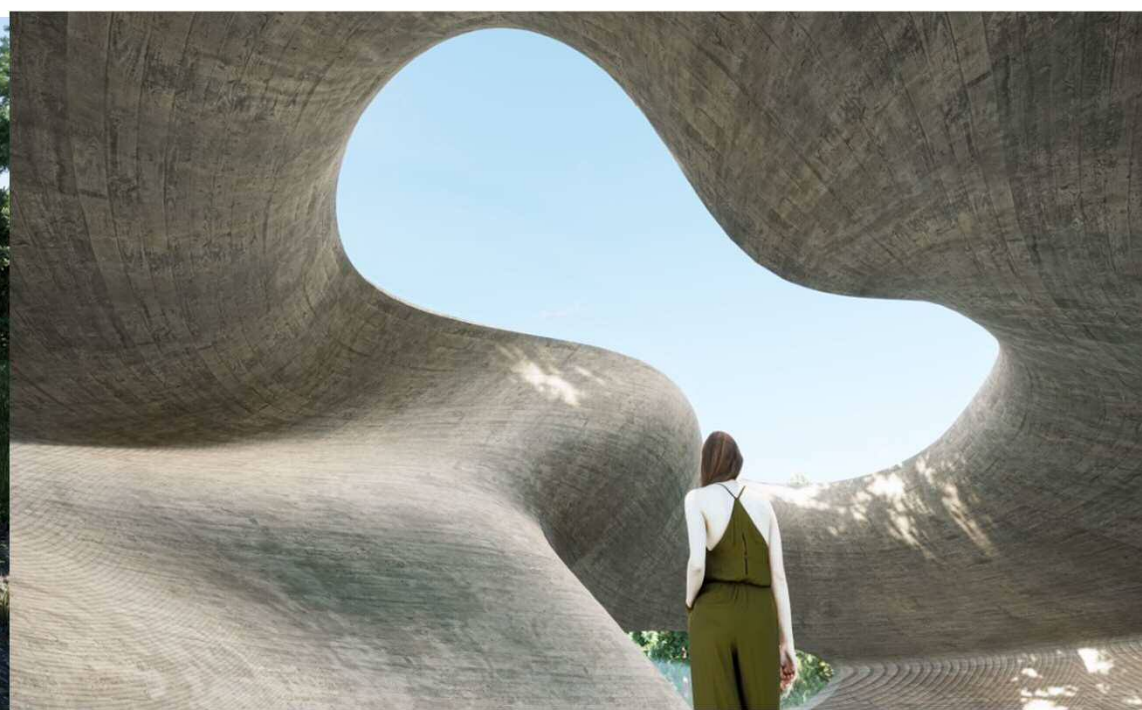


## EY Entrepreneur Of The Year

A global event recognizing the contributions of leading entrepreneurs who tackle the challenges posed by new business domains to generate innovations that bring growth and prosperity to society

# Business report: Deep Alpha 3D-printed homes

We've launched R&D efforts on Deep Alpha 3D-printed homes as part of efforts to develop and offer distinctive and innovative homes unlike any other. We hope to offer these homes not just in Japan, but in developing countries around the world.



# Business report: Progress in the construction business LibWork 16

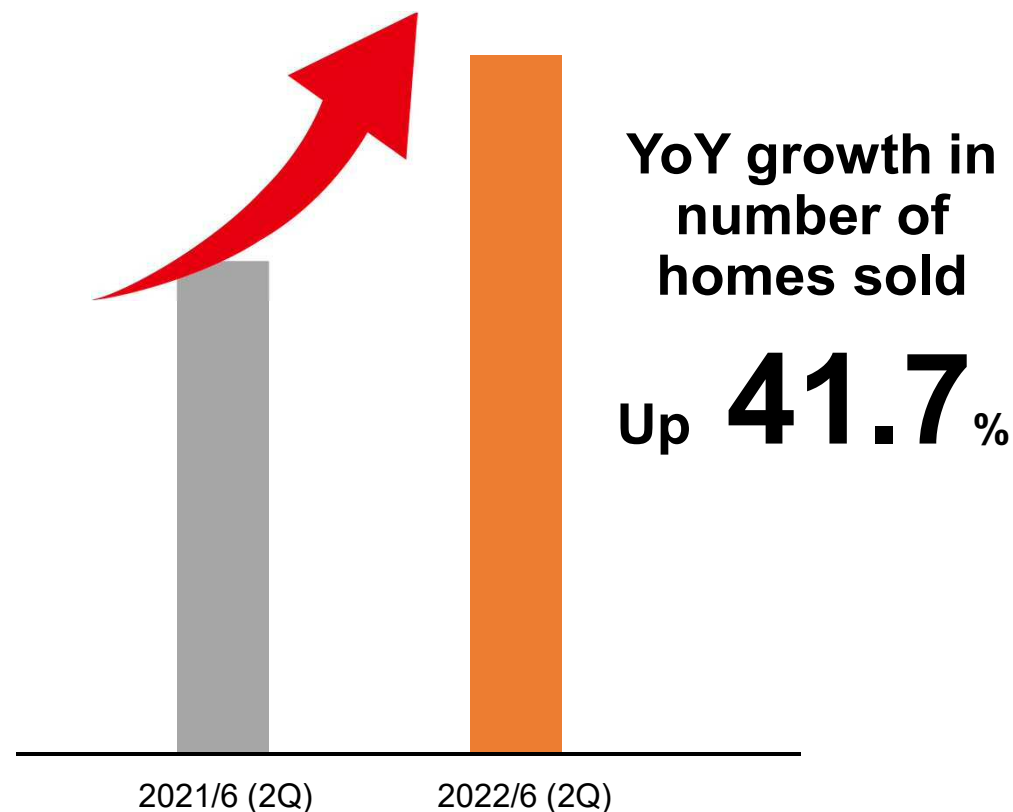
Takuei Home, a Group company involved in the construction business mainly in Kanagawa Prefecture, has recorded favorable business performance. Proactive purchases of new building sites and increased hiring since Takuei Home joined the Group have helped boost numbers of homes sold by 41.7% YoY.

LibWorkグループ  
**Takuei Home**



専任媒介物件		
新築一戸建	新築一戸建	新築一戸建
相模が丘三丁目 小田急小田原線「小田急相模原」駅 徒歩11分 3,480万円(税込)	上今泉6丁目 相鉄本線「かしわ台」駅 徒歩11分 2,780万円(税込)	東町2丁目 JR東海道本線「小田原」駅 徒歩23分 2,890万円(税込)

(Examples of homes for sale as of February 5, 2021)





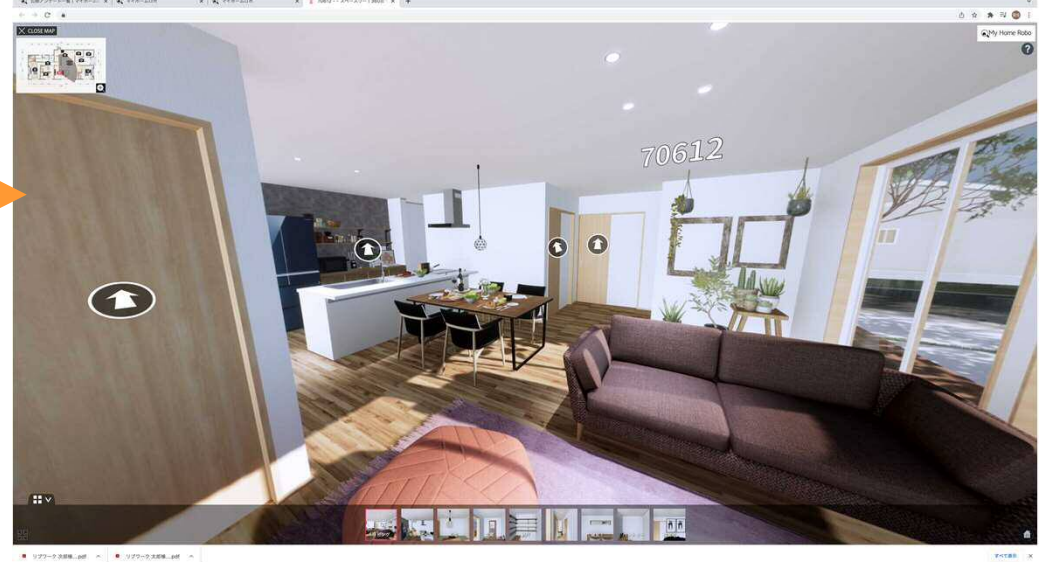
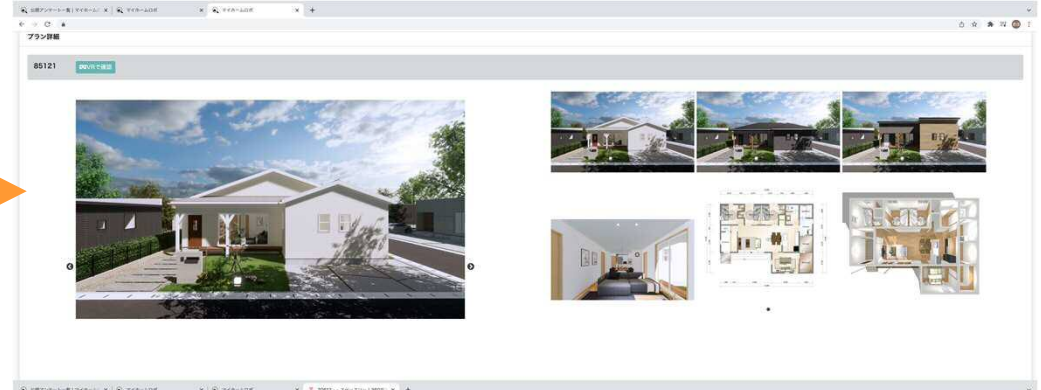
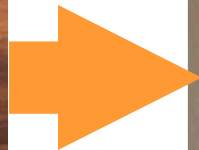
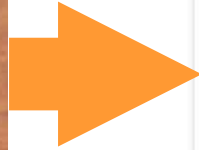
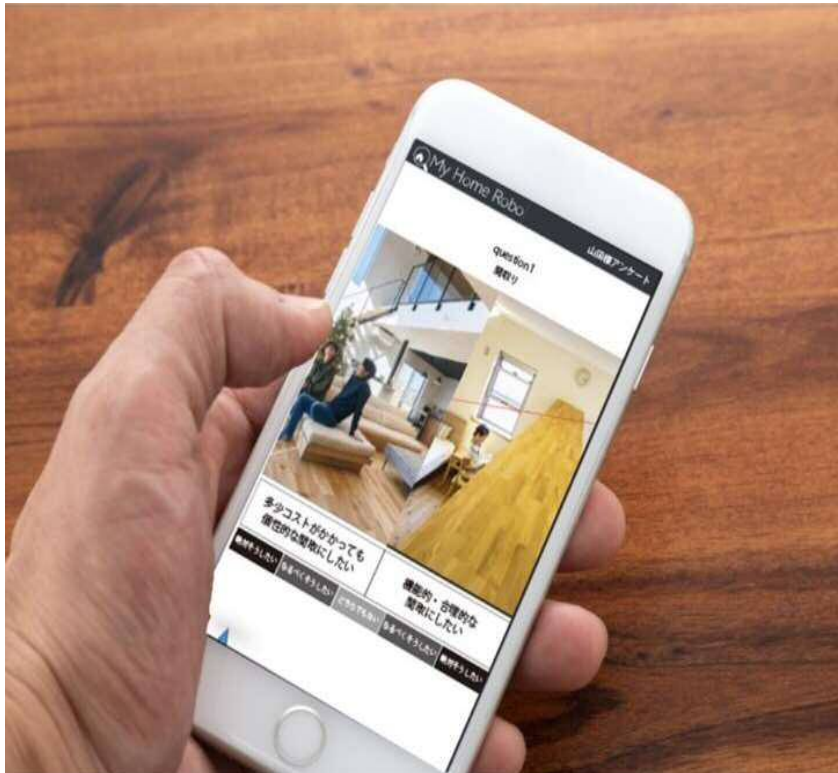
**LibWork**

**Future vision**

# **Becoming a provider of detached house platforms**

# Future vision: SaaS service utilizing AI

We're currently developing a software-as-a-service (SaaS) business by building a database of detached house floorplans from various providers. Based on customer questionnaires, an AI engine will automatically generate computer graphics and virtual reality experiences of the floorplans. We plan to provide this service to contractors and other businesses nationwide.



Computer graphics and virtual reality experiences generated automatically after the user answers a questionnaire on a smartphone

# Future vision: Launching owned media

We offer a free magazine for detached homes that gives users access to expert answers from architects to questions about building detached homes. Our goal is to build the Lib Work brand and convert the readers to potential customers by providing accurate information to answer the questions and concerns of future homebuyers.



# Forward-Looking Statement

This document contains “forward-looking statements” regarding the intent, belief or current expectations of us and our management with respect to our future financial condition and results of operations. In many cases, but not all, these statements contain words such as “forecast,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “probability,” “risk,” “project,” “should,” “seek,” “target,” “will” and similar expressions. Such forward- looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those expressed in or implied by such forward-looking statements contained or deemed to be contained herein. Given the risks and uncertainties, you should not place undue reliance on forward- looking statements, which speak only as of the date of this document. We undertake no obligation to update or revise any forward-looking statements.

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