

# Presentation Regarding Business Plan and Growth Potential

September 30, 2022

Fukuoka Stock Exchange Q-Board/Tokyo Stock Exchange Growth Market

Code: 1431

**LibWork**



# MISSION

**Bringing innovation to housing based  
on sustainability and technology**

# VISION

**Becoming a provider  
of detached house platforms**

# VALUE

**Integrity, fairness, openness, diligence,  
friendliness, positivity, humility**

# Presentation Regarding Business Plan and Growth Potential

<b>01 HOUSE TECH COMPANY</b>	<b>P.06</b>
<b>02 Sustainability Initiatives</b>	<b>P.09</b>
<b>03 Market Environment</b>	<b>P.15</b>
<b>04 Business Portfolio</b>	<b>P.18</b>
<b>05 Visions for Our Businesses</b>	<b>P.43</b>
<b>06 Medium-Term Management Plan [NEXT STAGE 2023]</b>	<b>P.46</b>
<b>07 Information on Risks</b>	<b>P.48</b>
<b>08 Management Policy</b>	<b>P.50</b>
<b>09 Financial Policy</b>	<b>P.58</b>
<b>10 Shareholder Return Policy</b>	<b>P.61</b>

# HOUSE TECH COMPANY

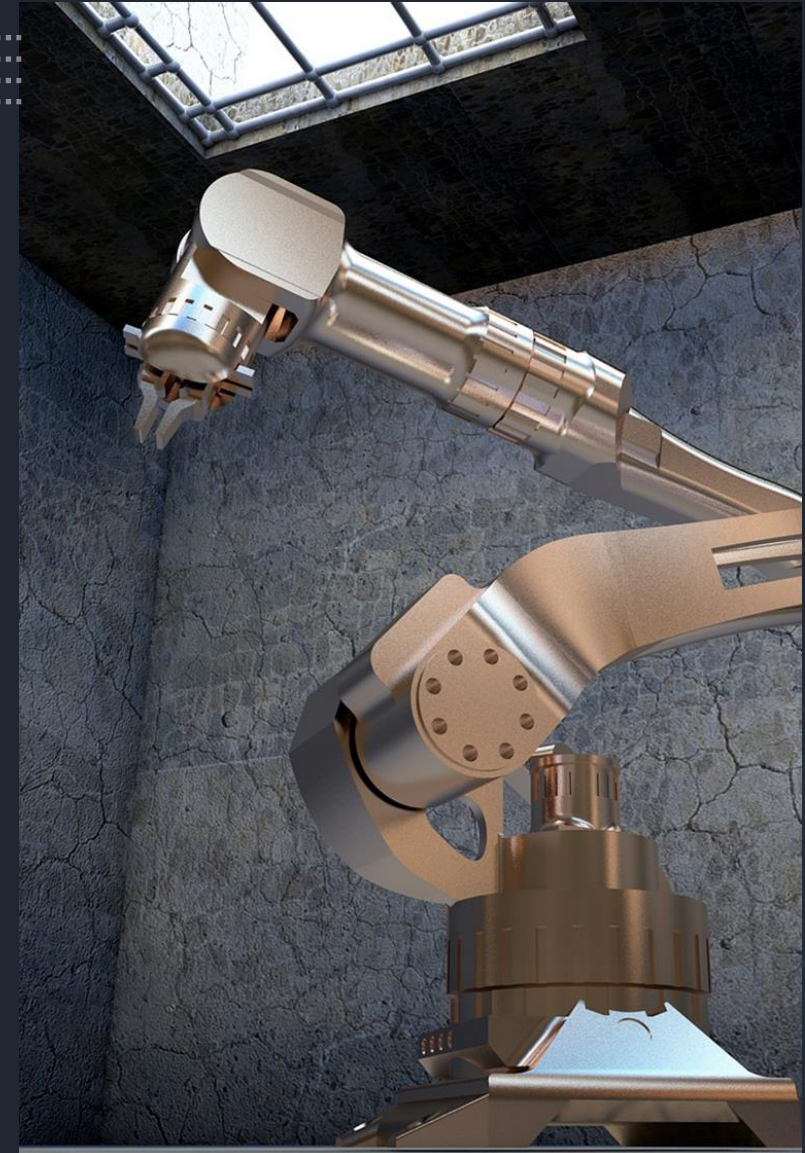
- I. Applying Technology to Transform Homebuilding
- II. Applying Technology to Revolutionize Selling Methods

# Applying Technology to Transform Homebuilding

## 3D-printed homes

Based on a commitment to innovative and unprecedented homes and lifestyles, we have initiated research and development on residential construction using special 3D printers.

We believe this will solve various social issues, including the rising cost of building materials, price hikes, and worker shortages attributable to the aging skilled labor force. Our goal is to propose sustainable lifestyles that lead to the future.



# Applying Technology to Revolutionize Selling Methods

## Web

Shift from appealing to customers through model homes to digital presentations; significantly reducing the cost of attracting customers to facilitate offers of high value-added housing

## YouTube

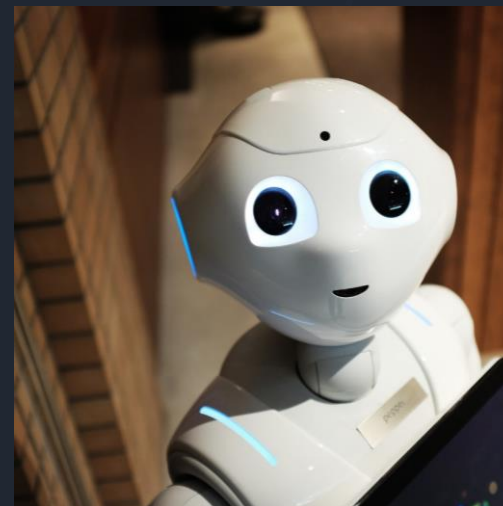
Becoming the No. 1 channel for detached homes; promoting fan conversion through video media

## Robot-manned model homes

Even before COVID-19, robot-manned model homes without human staff had achieved sales in an untapped niche market.

## Meta

Exploring the idea of new businesses that harness the metaverse





# Sustainability Initiatives

- I. Carbon Footprint Initiatives
- II. Free Installation of Solar Panels on New Homes
- III. Standard Adoption of Insulation Made from Recycled Newspaper
- IV. Targeting Carbon Neutrality

# Carbon Footprint Initiatives

## Disclosure of Calculated Emissions for All Buildings (Industry-First)

We're working to identify the amount of CO<sub>2</sub> emitted across the entire life of the homes we provide, from materials procurement to demolition.

Moving forward, Lib Work will actively work to cut CO<sub>2</sub> emissions and shrink the carbon footprint of all our homes and disclose the corresponding information.

Note: Carbon footprint refers to product carbon footprint, which refers to a mechanism used to measure GHG emissions across the entire life cycle of products/services, from procurement of raw materials to disposal and recycling. These figures are then converted into CO<sub>2</sub> and clearly labeled.



# Free Installation of Solar Panels on New Homes

## Free Solar Panel Installation for New Homes

In a service titled Lib Work Solar Free and undertaken in partnership with gremzsolar, all buyers of Lib Work's newly constructed homes will be eligible for this program, an initiative intended to accelerate the introduction of smart homes. The service will install residential solar panel systems at no charge. Ownership of the panels will transfer to the buyers after 15 years. (Gremzsolar will offset the cost of equipment by selling generated electricity.)

We also sell solar panels and storage batteries to existing homes to contribute to sustainable modes of life, move closer to the SDGs, and to achieve a carbon-neutral society.



# Standard Adoption of Insulation Made from Recycled Newspaper

## Insulation Materials Made from Recycled Newspaper

### Standard Use of Cellulose Fiber

We use insulation material made from recycled newspapers, a material widely adopted in cold regions, like those found in North America, due to its high thermal insulation performance. However, high costs and other issues have slowed its widespread adoption of the material in Japan.

Lib Work has successfully reduced the cost of cellulose fiber by manufacturing the material in-house. Insulation and humidity control performance have made cellulose fiber insulation a customer favorite.

Use of recycled material also moves us closer to alleviating environmental issues through achieving the SDGs.



# Targeting Carbon Neutrality

## Estimates for Scope 1-3

	FY Achieved	CO <sub>2</sub> Emissions (FY2020) Unit: t-CO <sub>2</sub>	Reduction Goals (vs. FY2020)
Scope 1	FY2030	492	-100%
Scope 2	FY2025	147	-100%
Scope 3	FY2050	69,417	-50% *Ratio to sales

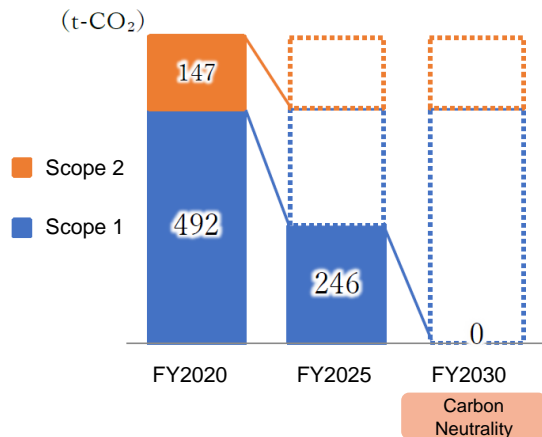
[Estimation Scope of CO<sub>2</sub> Emissions]

Scope 1: Direct emissions from in-house fuel use (mainly gasoline)

Scope 2: Indirect emissions from the use of energy shared from other companies (mainly electricity)

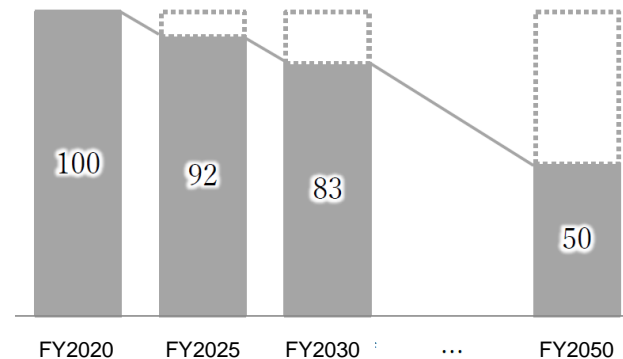
Scope 3: Indirect emissions from the purchase of goods/services and overall supply chain

Reduction Roadmap for Scope 1 & 2



Reduction Roadmap for Scope 3

\* The figure 100 represents emissions to sales ratio for FY2020.



## Endorsement of TCFD\* Recommendations Participation in TCFD Consortium



\*1 TCFD: Task Force on Climate-related Financial Disclosure

The Task Force on Climate-related Financial Disclosure (TCFD) was established to examine how to disclose and respond to information concerning climate change. The final report, published in June 2017, recommends that companies and other organizations disclose risks and opportunities related to climate change in terms of (1) governance, (2) strategy, (3) risk management, and (4) metrics and targets.

\*2 TCFD Consortium

Established in 2019 as a forum to allow discussion of effective disclosure among companies that support the TCFD recommendations, the TCFD Consortium includes 681 organizations as of August 25, 2022.

# Targeting Carbon Neutrality

## Carbon Neutral Declaration

With the aim of improving the sustainability of the global environment and local communities, we declare our commitment to achieving carbon neutrality in our business activities for virtually zero CO<sub>2</sub> emissions by 2030.

Measures	Targets													
Conversion to EV vehicles: Reducing CO <sub>2</sub> emissions from company vehicles	Achieve zero emissions within Scope 1 by FY2030.													
Procurement of renewable electricity	Achieve zero emissions within Scope 2 by FY2025.													
Reducing and disclosing the carbon footprint of housing	Reduce carbon footprint and promote sustainable home building.													
Energy conservation in constructed properties based on the promotion of ZEH and solar panels (Lib Work Solar Free)	<Ratio of solar panels installed> <table border="1" data-bbox="1200 1158 1760 1265"> <tr> <td>2020</td> <td>2025</td> <td>2030</td> </tr> <tr> <td>21.20%</td> <td>50%</td> <td>80%</td> </tr> </table>	2020	2025	2030	21.20%	50%	80%	<Ratio of ZEH> <table border="1" data-bbox="1931 1158 2397 1265"> <tr> <td>2021</td> <td>2025</td> <td>2030</td> </tr> <tr> <td>24.20%</td> <td>50%</td> <td>80%</td> </tr> </table>	2021	2025	2030	24.20%	50%	80%
2020	2025	2030												
21.20%	50%	80%												
2021	2025	2030												
24.20%	50%	80%												

# Market Environment

- I. Market Size
- II. Competitive Environment

## (Market Outlook)

For various reasons, including declining birthrates and shrinking populations, the size of the market itself is not expected to grow significantly; however, ample room remains for future sales growth considering the remaining market share yet to be supplied. Additionally, while the housing industry will gradually contract due to declining birthrates, the number of players (builders) will decline even faster due to the aging population and succession issues.

## (Potential for Expansion)

Our Group offers the capacity to expand its business through its unique digital strategy, innovative construction (using DX and 3D printers dedicated to construction work), and overwhelming recruiting power (ranked No. 1 most popular company among new recruits within the housing/real estate industry in the Kyushu area, according to Mynavi and Nikkei's job placement ranking).

## Housing Market Size

Approx. **21.4** trillion JPY

Source: Policy Bureau, Ministry of Land, Infrastructure, Transport and Tourism  
Excerpts from "FY2021 Construction Investment Outlook"

- Investment in private sector residential construction: 15.35 trillion JPY
- Investment in private sector building repair (renovations): 6.03 trillion JPY

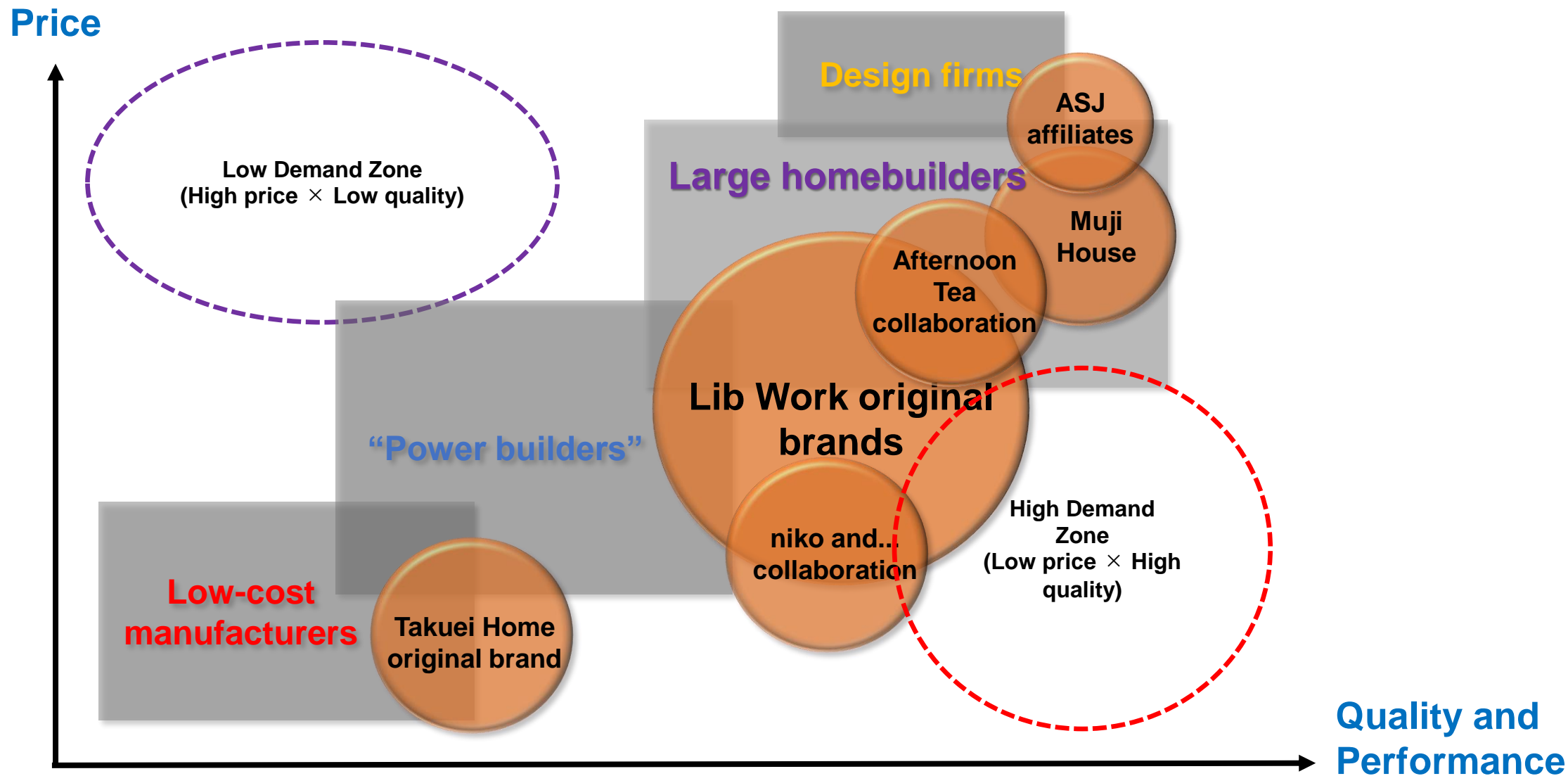
**13.7** billion JPY

Actual consolidated sales for FY ended June 2022



# Competitive Environment

We will continue to collaborate with different industries to attract various lifestyles (customer segments).



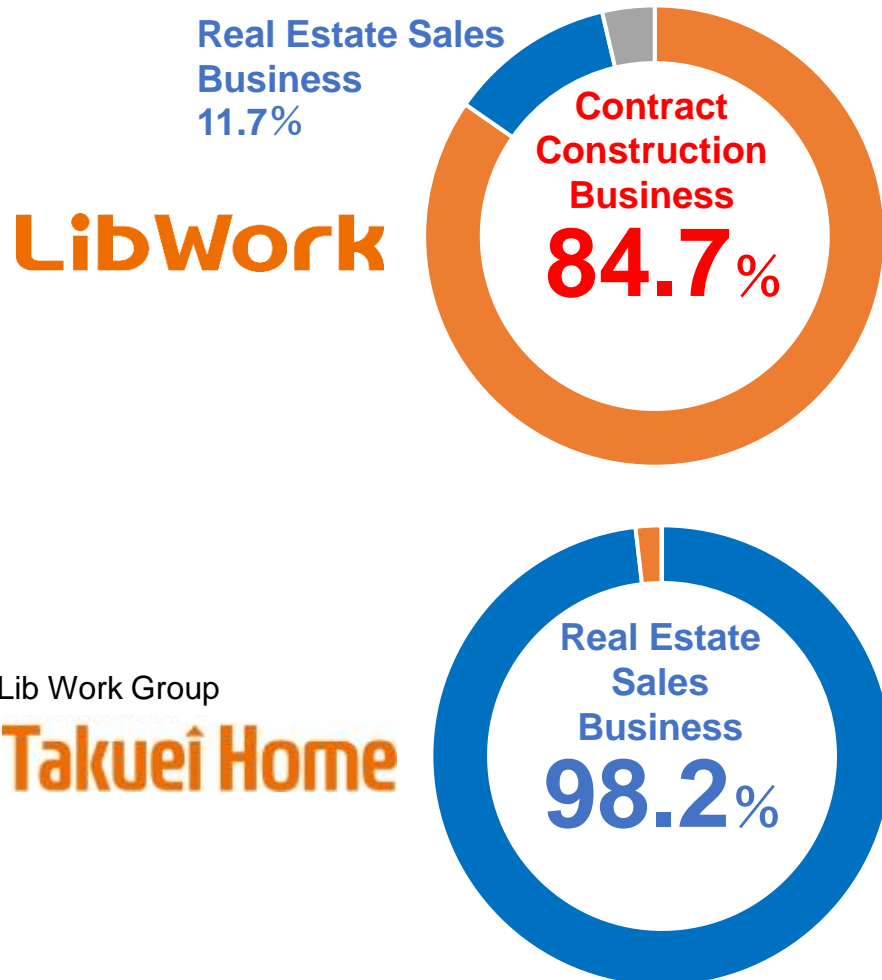
# Business Portfolio

- I. Custom Housing Business
- I. Built for Sale Housing Business
- III. Subscription Business
- IV. E-Commerce/Mail Order Business
- V. IP Licensing Business
- VI. 3D-Printed Housing Business

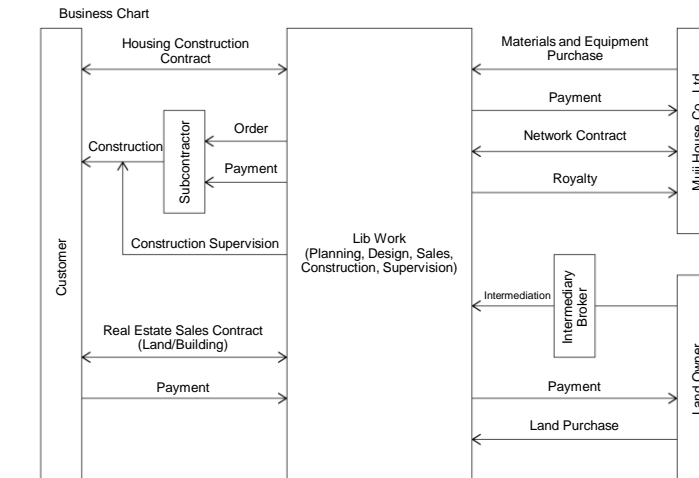
# Business Overview

The Lib Work Group consists of two companies: Lib Work and one consolidated subsidiary. We are active in the detached home and real estate sales sectors, attracting customers primarily via digital marketing.

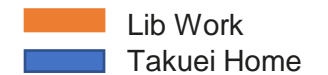
## Sales Composition



## Business Chart



## Sales Ratio



FY ended June 2022 (Result)



FY ending June 2023 (Forecast)



## Cost Structure

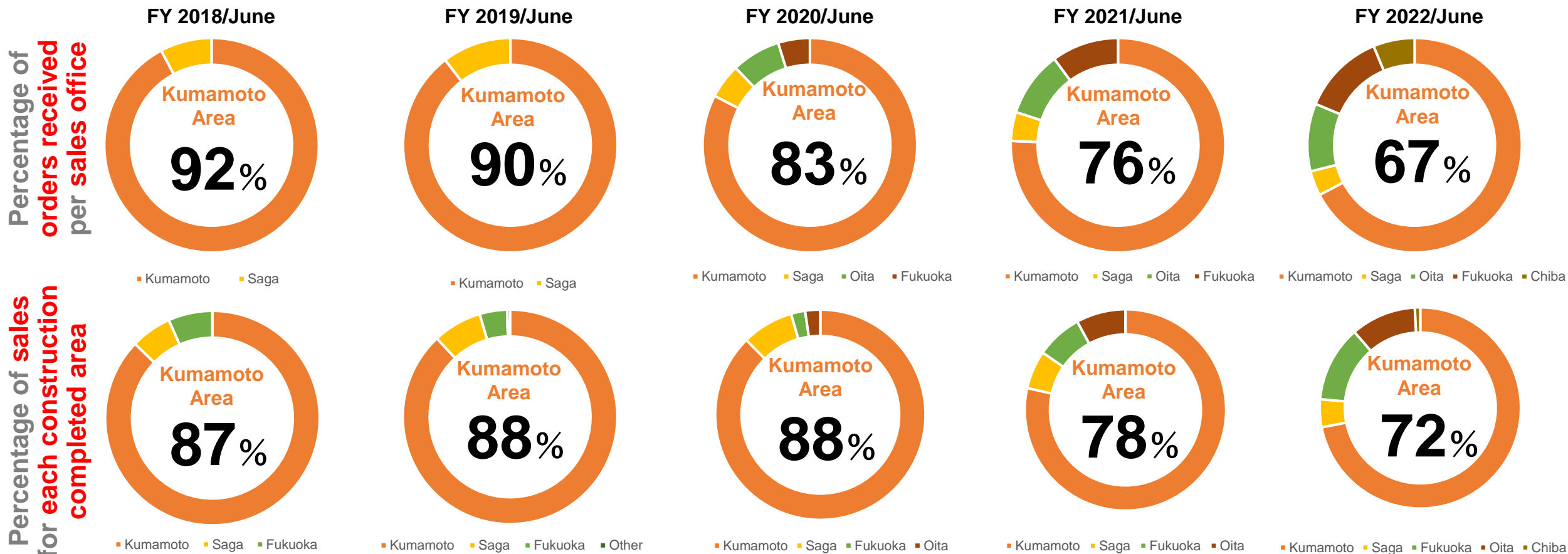
FY ended June 2022 (Results)


- **Lib Work**
  - Gross profit: 2.746 billion JPY
  - Gross profit margin 27.6%
  - Selling, general/administrative expenses: 2.267 billion JPY
    - Personnel expenses: 960 million JPY (42.4%)
    - Advertising expenses: 377 million JPY (16.6%)
    - Commissions paid: 188 million JPY (8.3%)
    - Depreciation expenses: 89 million JPY (3.9%)
- **Takuei Home**
  - Gross profit: 558 million JPY
  - Gross profit margin 14.7%
  - Selling, general/administrative expenses: 361 million JPY
    - Personnel expenses: 111 million JPY (30.8%)
    - Advertising expenses: 12 million JPY (3.4%)
    - Commissions paid: 112 million JPY (31.3%)
    - Depreciation expenses: 2 million JPY (0.8%)

# Custom Housing Business

## (1) Orders Received and Sales Composition by Region

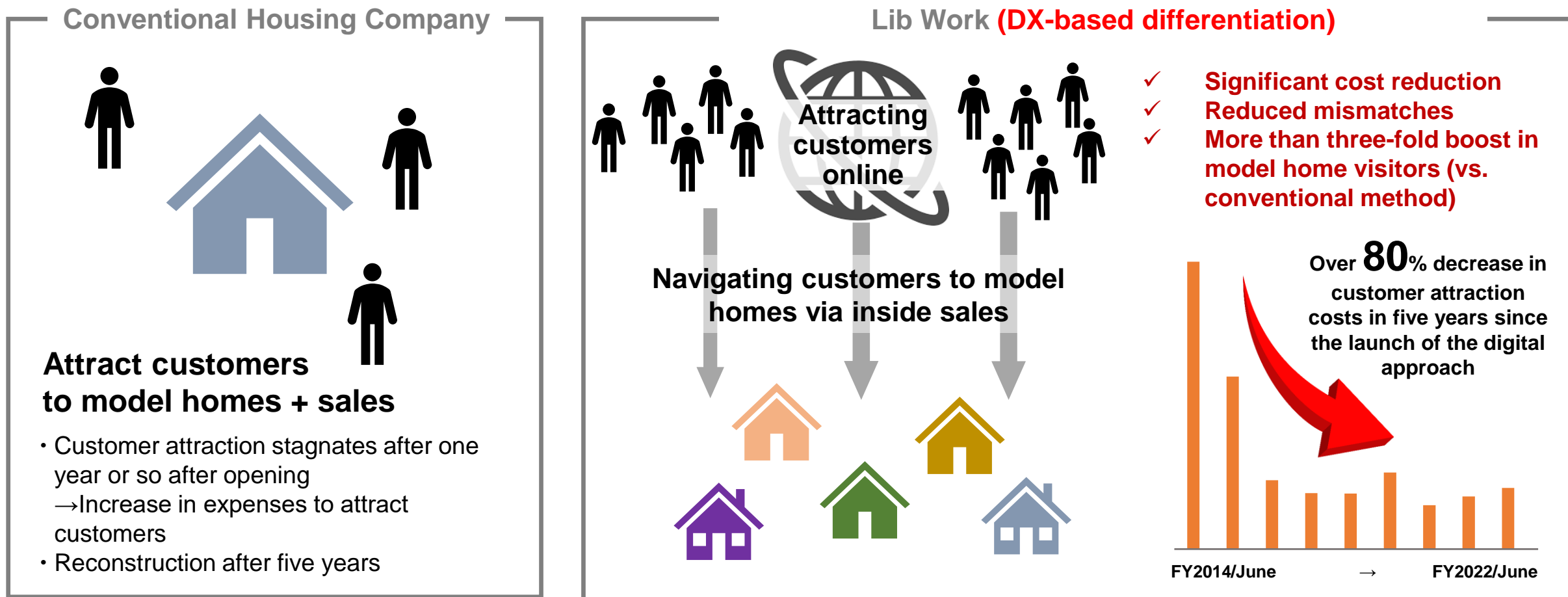
Presented below are orders received for each sales office and contract sales according to construction area. Until four years ago, our sales activities were limited to Kumamoto and Saga. Since then, we've expanded sales bases to Oita, Fukuoka, and Chiba and shifted from a Kumamoto-centered business to a nationwide business.



Acceleration of area expansion: 20 stores (As of June 30, 2022)  35 stores (Plans for June 2023)

## (2) Model for Attracting Customers: **From Model to Digital Homes**

Based on digital marketing, our efficient approach to attracting buyers lowers the cost of attracting customers, making it easier to provide homes offering high value added.



**Easy nationwide deployment through region-independent online activities**

## (2) Model for Attracting Customers: **Category-Based Websites to Attract Customers**

Digital marketing has proven successful, with results exceeding the target of 150% YoY as set in the medium-term management plan and reaching 170% (in FY2022/June). Lib Work has developed several highly specialized outlets to attract buyers on the Web, including e-toti.net, a real estate search website, e-hiraya.net, which specializes in one-story homes, and e-my-home.net, an e-catalog website.



Real estate search site [e-toti.net]



Specializes in one-story homes [e-hiraya.net]



E-catalog [e-my-home.net]



# Custom Housing Business

## (2) Model for Attracting Customers: Model Homes for Shopping Malls

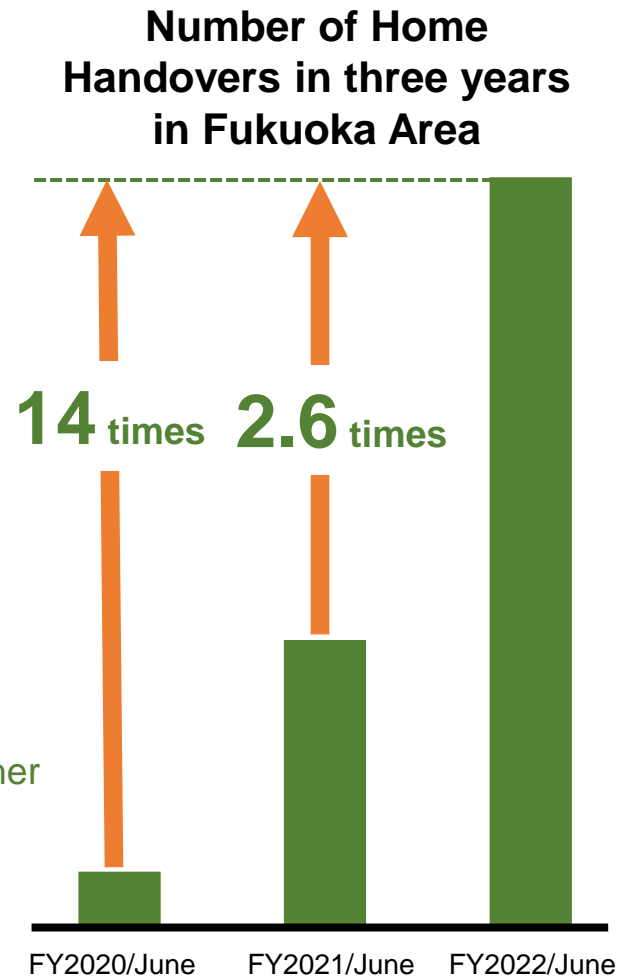
In the fiscal year ended June 2021, we installed a full-scale model home in a shopping mall and began operations. This initiative drew large numbers of potential customers, contributing significantly to performance the following year. We plan to open more showrooms in shopping malls nationwide.



sketch model home at AEON MALL Fukuoka

Number of House Handovers (YoY)

**2.6** times higher



## (2) Model for Attracting Customers: Cross-Industry Collaboration Model Homes

The newly opened Afternoon Tea House in Oita, Chiba, and Fukuoka recorded overwhelming customer interest in new areas where Lib Work is not yet a well-known brand.



Afternoon Tea  
HOUSE

### Number of visitors at current comprehensive housing exhibition halls

Oita and Chiba: six months after opening / Fukuoka: three months after opening  
(Source: Data from customer attraction surveys by each exhibition hall management company)

of 9 exhibitors



(Oita)  
TOS Housing  
Messe

of 9 exhibitors



(Chiba)  
Housing Messe  
Chibakita

of 37 exhibitors



(Fukuoka)  
hit Marina Street  
Exhibition Hall





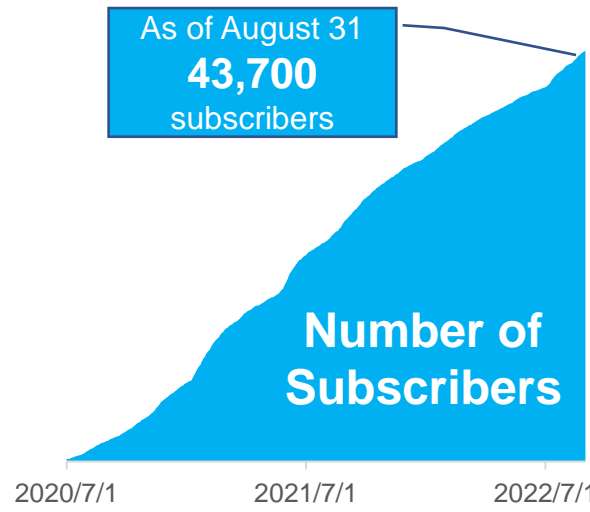
## (3) Fan Conversion Marketing

Oligopoly is believed to become stronger at YouTube moving forward. We're working to achieve dominance in our channel category and to becoming the number one channel for detached housing.

### YouTube Channel "LibWork ch"

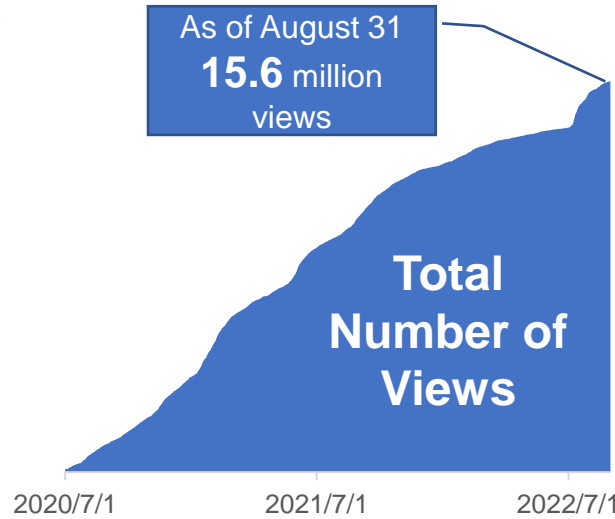


As of August 31  
43,700  
subscribers



Number of  
Subscribers

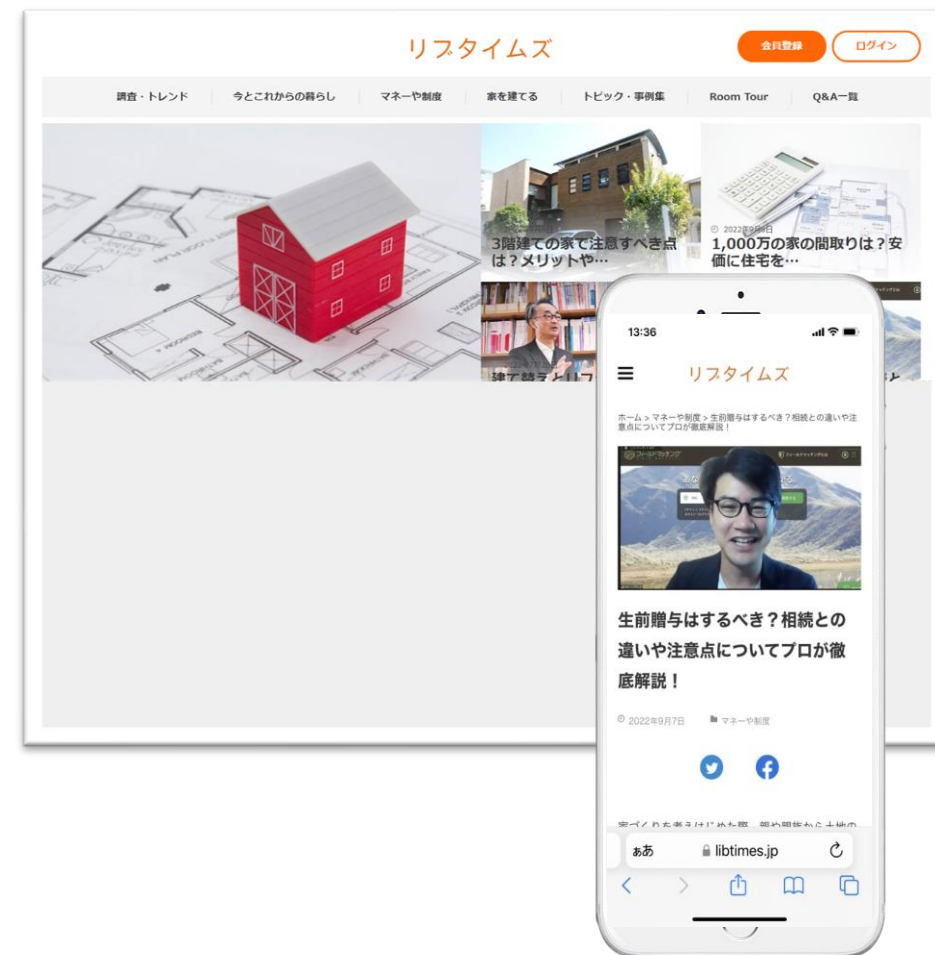
As of August 31  
15.6 million  
views



Total  
Number of  
Views

**15.6 million**  
views  
(As of August 31, 2022)

### Q&A website by housing experts "Lib Times"



# Custom Housing Business

## (4) Housing SPA (Measures to Reduce Number of Subcontractors and Increase Gross Profit Margin)

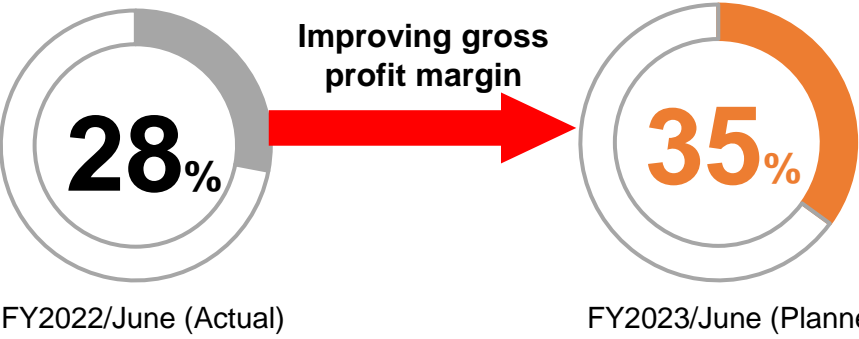
SPA refers to a business model that vertically integrates the functions of fashion products, from planning to production to sales. Many clothing retailers such as ZARA, H&M, and UNIQLO are SPA businesses and are raising their business performance. We are pursuing our business model as the “residential version” of SPA.

Given the significant decline in the population of construction subcontractors, we fear this trend may eventually hand price leadership to construction subcontractors. We’re working to meet this challenge and boost gross profit margins.

### 5 Major Types of Construction Work to Shift In-House:

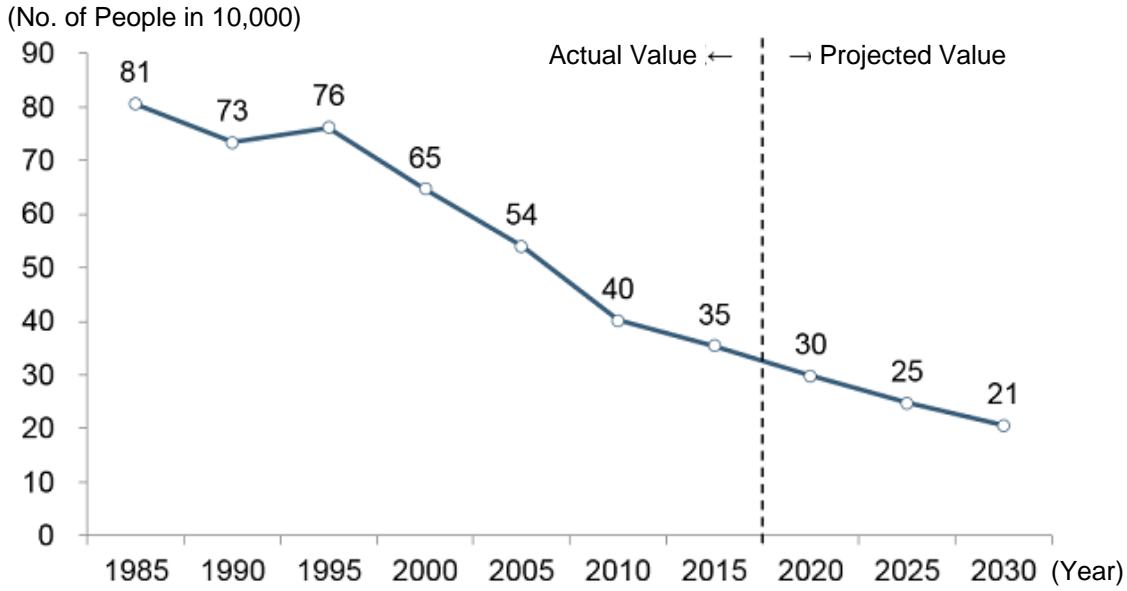
- ❑ Water supply/drainage facilities
- ❑ Foundation construction
- ❑ Construction work
- ❑ Siding work
- ❑ Ground improvement work

**Success in shifting to in-house operation of water supply/drainage equipment and foundation work**  
**Currently promoting in-house operation of construction work**



Improvement in gross profit margin has stagnated due to price hikes of building materials, including “wood shock”, as well as the delay in inflow of foreign trainees due to the impact of COVID-19.

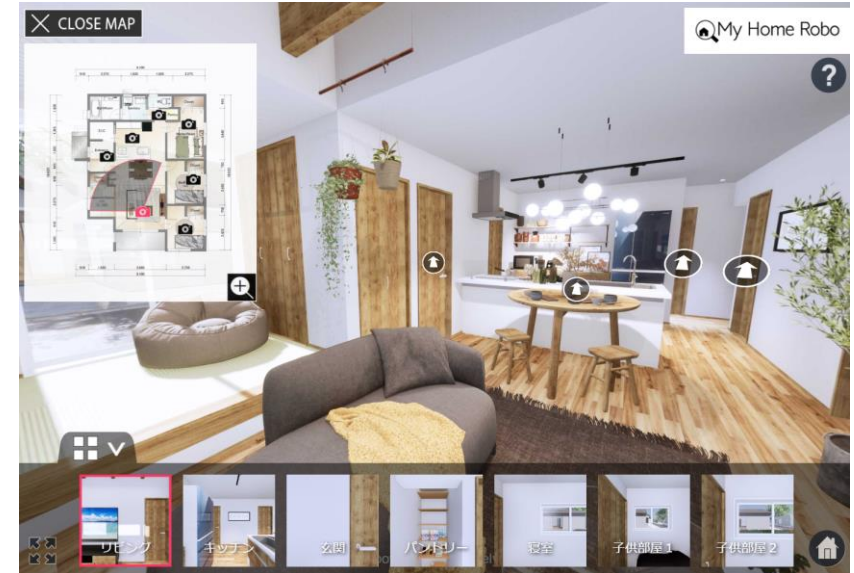
Actual/Projected Figures of Number of Carpenters



Source: Actual figures are from the National Census by the Ministry of Internal Affairs and Communications and Housing Construction Statistics by the Ministry of Land, Infrastructure, Transport and Tourism. Forecasts are from Nomura Research Institute, Ltd.

## (5) Proposal of CG/VR for All Buildings (Customer Satisfaction Improvement)

CG and VR for all buildings can help improve customer satisfaction and provide a better overall impression. We have already established in-house production of CG and VR, putting us in position to make prompt and high quality proposals.

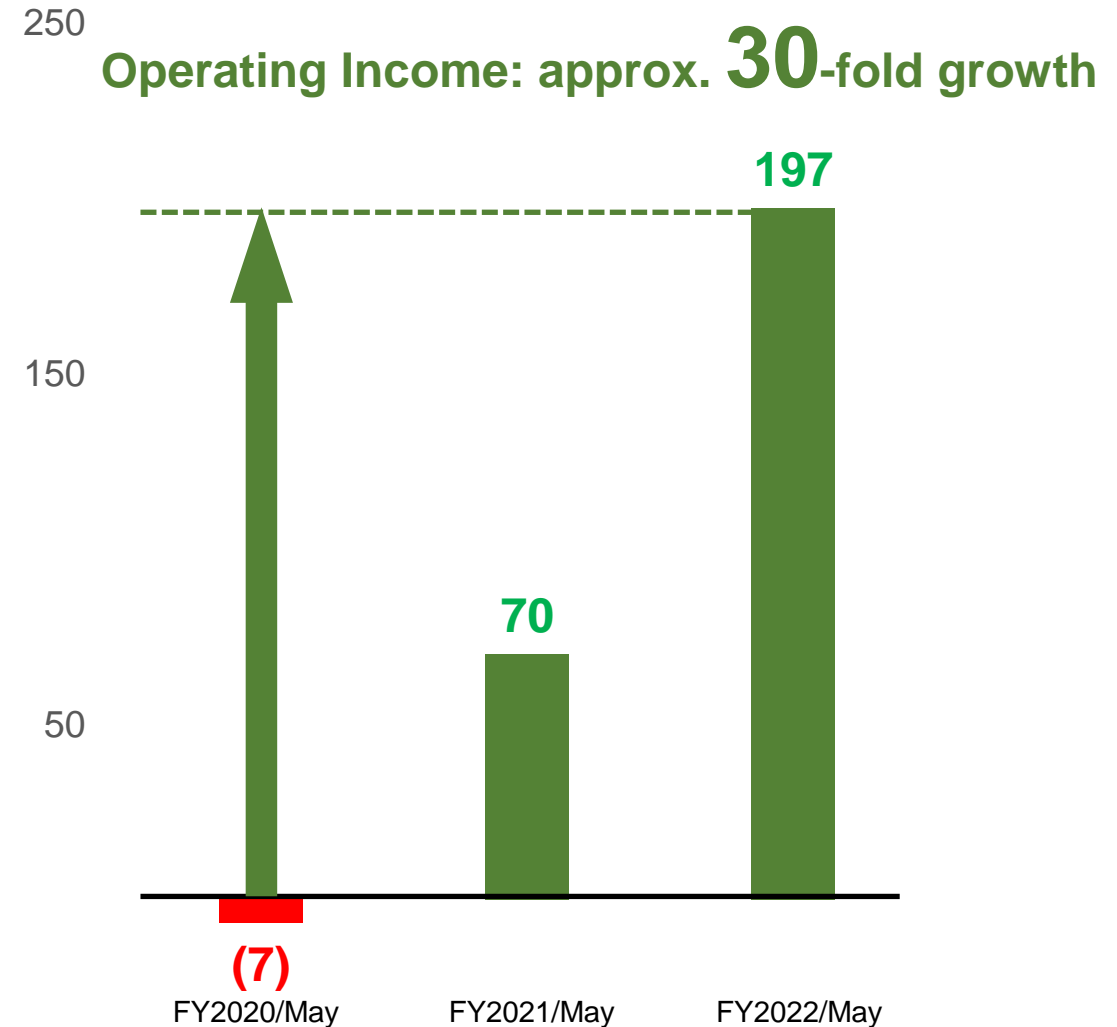
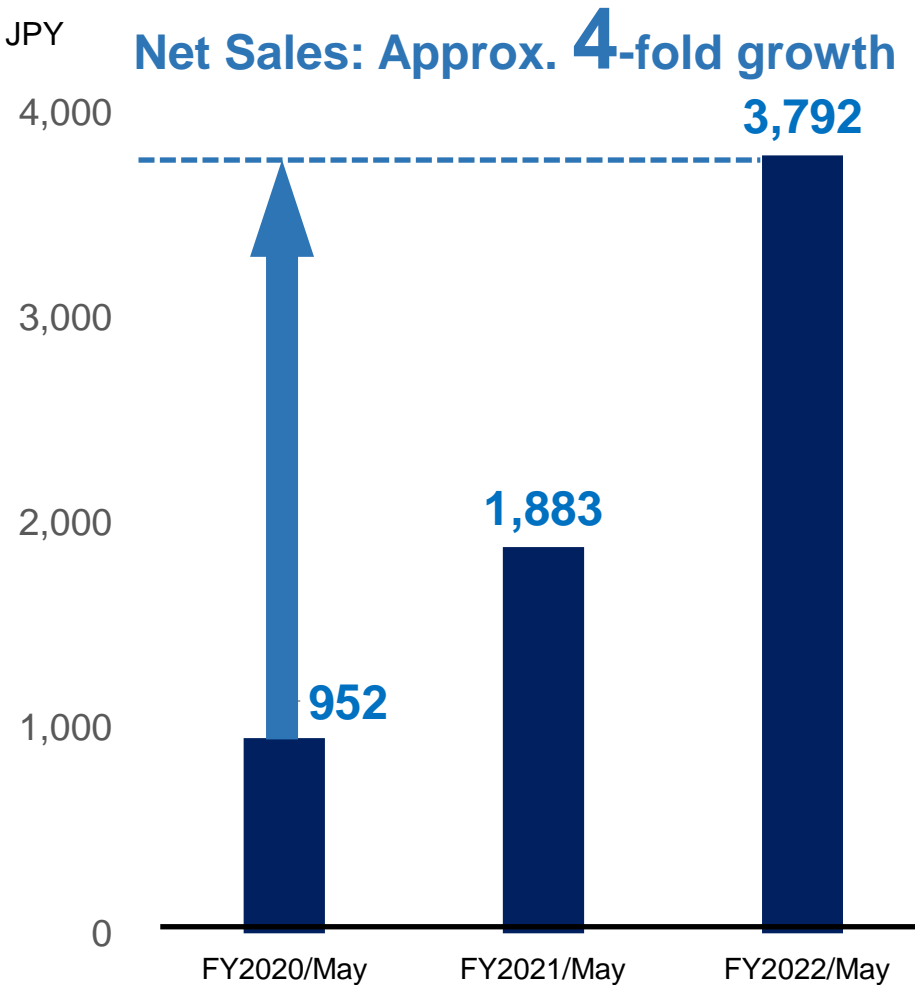


## (1) Takuei Home Business Performance

Takuei Home's built for sale business, which became part of the Lib Work Group two years ago, has rapidly boosted its performance after consolidation.

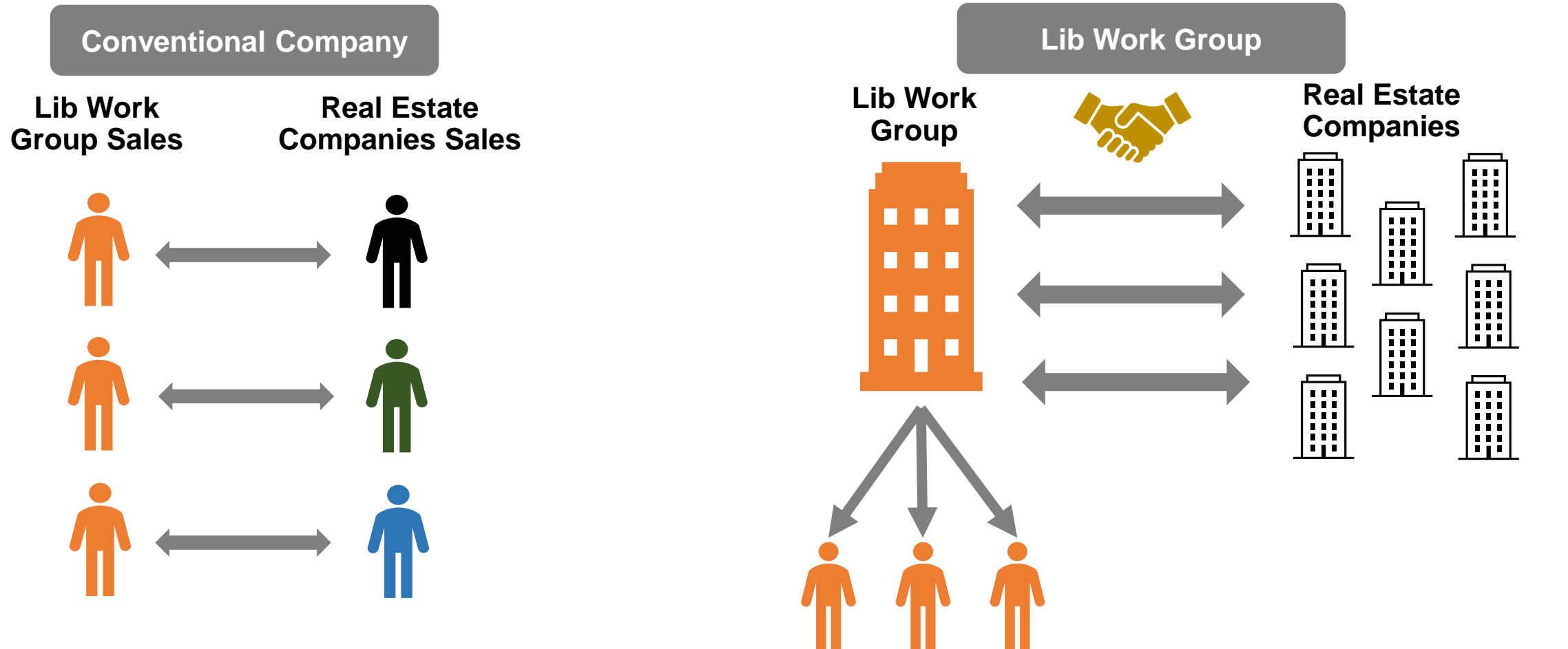
Factors underlying this expansion include an information procurement scheme (details described below). Moving forward, we will continue to pursue strategies that enhance group synergies.

Unit: Millions JPY



## (2) Purchasing Scheme

Shifting from information procurement by individual sales staff to systematic procurement based on organizations ⇒ Enables stable land procurement



The conventional method depends on personal skills, which makes information procurement inefficient.

Establish stable systematic purchasing (including collecting information) by partnering with other organizations.

# Built for Sale Housing Business

## (3) Introduction of Dynamic Pricing (Average Gross Profit Trends)

The system of dynamic pricing, whereby prices change according to demand, as with hotel room rates and airline tickets, maximizes profits and reduces inventories in line with supply and demand, and was introduced after becoming a group company. As a result, we achieved significant improvements in gross profit.

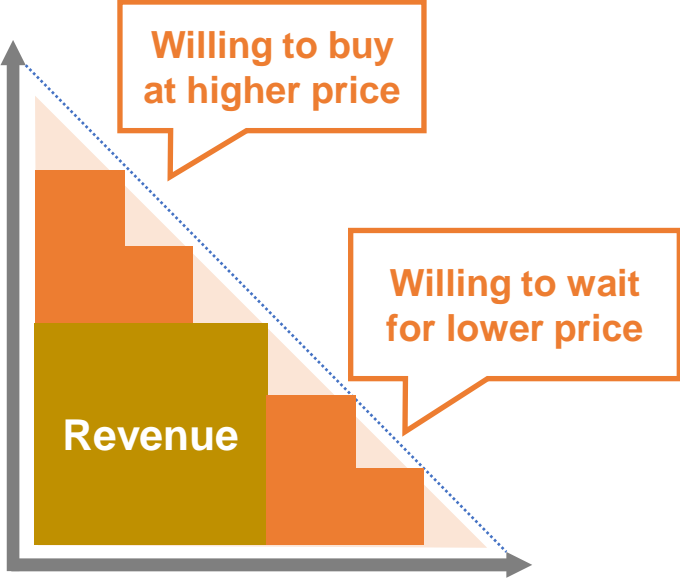
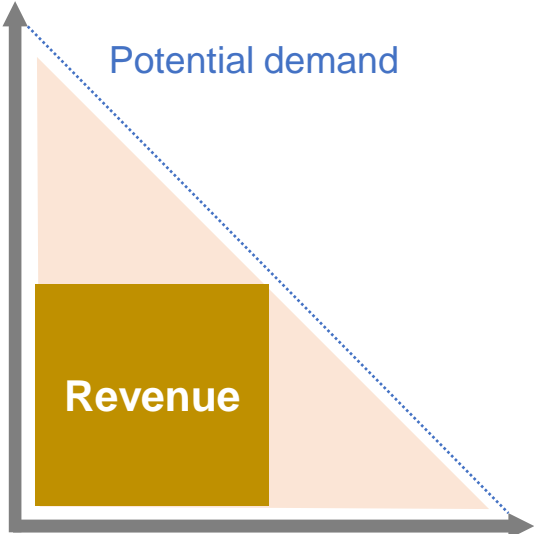
Unit: Thousands JPY

**Conventional fixed price**

**Dynamic pricing**

Selling price

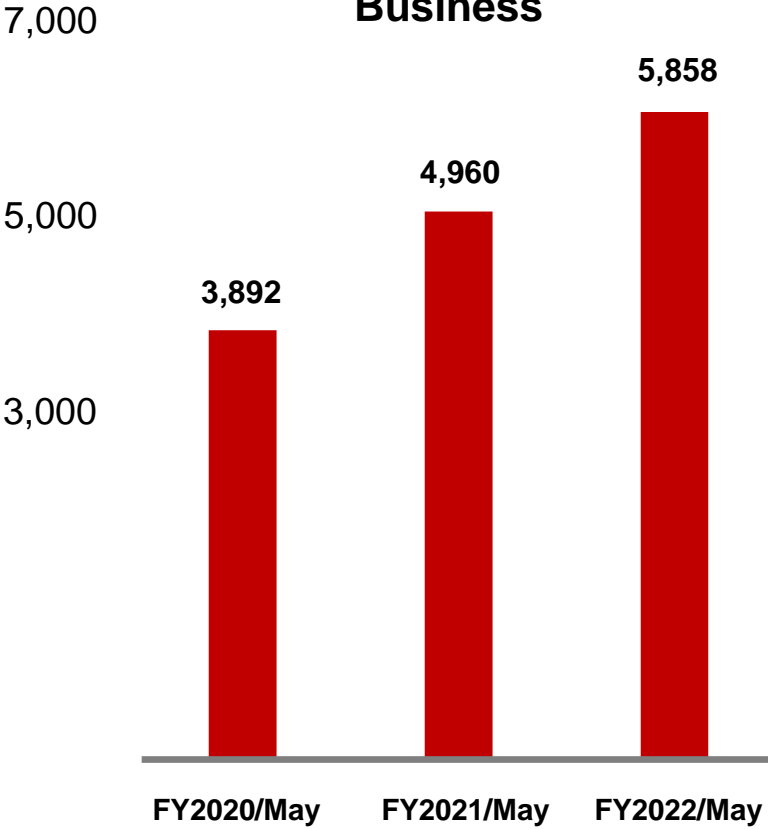
Selling price



Sales Volume

Sales Volume

**Trends in Average Gross Profit from Built-for-Sale Business**



FY2020/May

FY2021/May

FY2022/May

## (1) Background to Development (Industry Issues)

The shortage of architects (licensed experts) continues to persist.

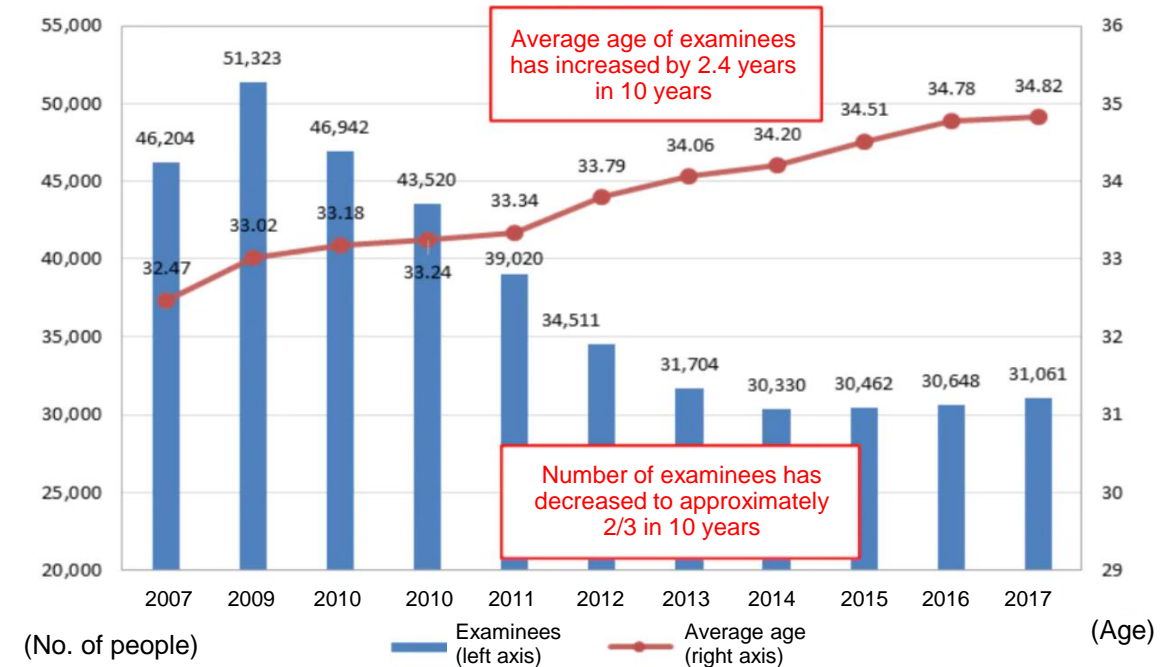
Some factors of this include:

- Declining birthrate (= fewer applicants)
- Negative impressions of overwork within the industry
- Aging architects (see figure on right) and shortage of personnel capable of responding to new and emerging needs, such as CG and VR

Furthermore, growing numbers of employers, including construction firms and residential builders, are experiencing a downturn in business performance due to factors such as the wood shock and soaring material prices. Hiring qualified workers like first-class architects, who must be generously compensated, is becoming increasingly difficult.

**Creating an inexpensive and convenient system to support construction companies**

[Trends in the Number and Average Age of First-Class Registered Architect Examination Candidates]



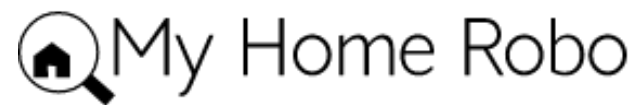
Source: National Housing Industry Association



## (2) What is My Home Robo?

In June 2022, we launched a new subscription-based business for construction companies nationwide.

My Home Robo is an AI-based search system for new home plans. In the future, we will provide prospective customers with plans available around the globe through Google (i.e., create a database).



1 license:  
**28,000 JPY**/month  
 (excluding tax)

- Automatic generation of proposals (including plans) for prospective customers **(generated in roughly five minutes)**
- **360-degree panoramic viewing of VR data** for all plans
- **High-quality CG perspective and CAD data** included in all proposals
- **Automatic AI plan recommendations** based on client questionnaires
- **“My Page”** function for clients (smartphone compatible)
- **SNS posting function** to attract prospective clients
- **Tracking function** for prospective customers through VR tracking data, etc.

The initial target is 50,000 construction companies and contractors nationwide. We anticipate each company to use multiple accounts, thus by pursuing market share and promoting the use of multiple licenses, this business can establish stable stock earnings (≈ high profits).

Market Share (Based on assumption of 50,000 companies)	Monthly sales (Annual sales)
0.5% (Used by 250 companies)	7 million JPY (84 million JPY/year)
1% (Used by 500 companies)	14 million JPY (168 million JPY/year)
2% (Used by 1,000 companies)	28 million JPY (336 million JPY/year)

**X** Number of licenses

**Example:** 250 companies with 0.5% market share × average of three licenses each  
 250 companies × 28,000 JPY × 3L = 21 million JPY/month  
 ⇒ 21 mil × 12 months = 252 million JPY  
 \* Above calculation is an example and not a forecast figure for FY2023/June.



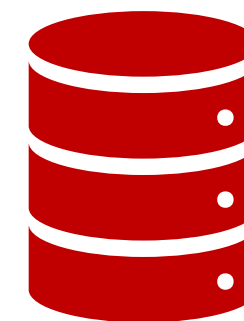
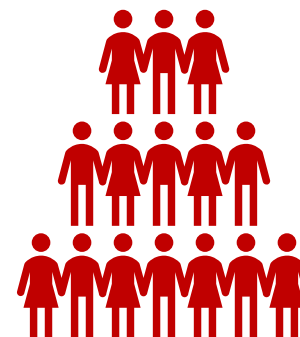
## (1) Alliance with Mail Order Businesses

In August 2022, we signed a joint product development agreement for sales and product development of detached homes in partnership with Belle Maison Days, an original brand of interior furniture and home goods of Belle Maison, a mail-order business operated by Senshukai.



**Annual Purchasers of Belle Maison  
(Actual Results in 2021)**

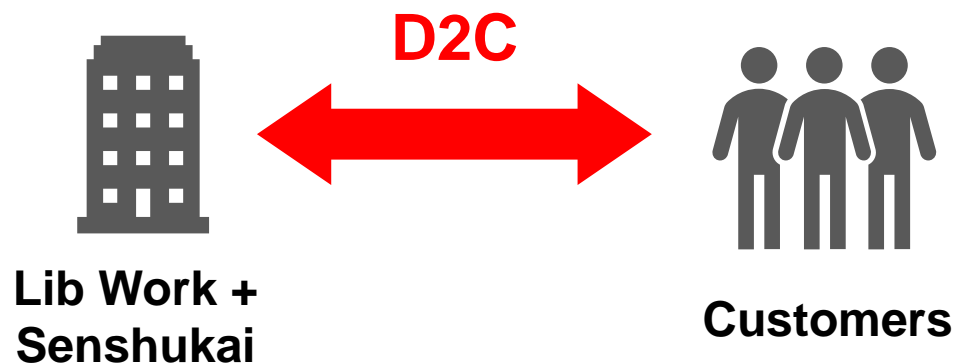
Reach of **2.48** million people



We aim to create synergy between Lib Work Group's product development capabilities for detached homes and Senshukai's knowledge of the mail order business to develop new sales channels and business models for sales of detached homes.

## (2) D2C Marketing (Product Development through Communication with Members)

Plans are underway to commercialize products through repeated conversations with Senshukai members looking to FY2023/June and expand business as a platform.



D2C stands for Direct to Consumer, a sales method in which products planned and produced in-house are sold directly to consumers, without the need for advertising agencies or retailers. This enables communication with consumers and products sales through e-commerce sites and other direct management methods.

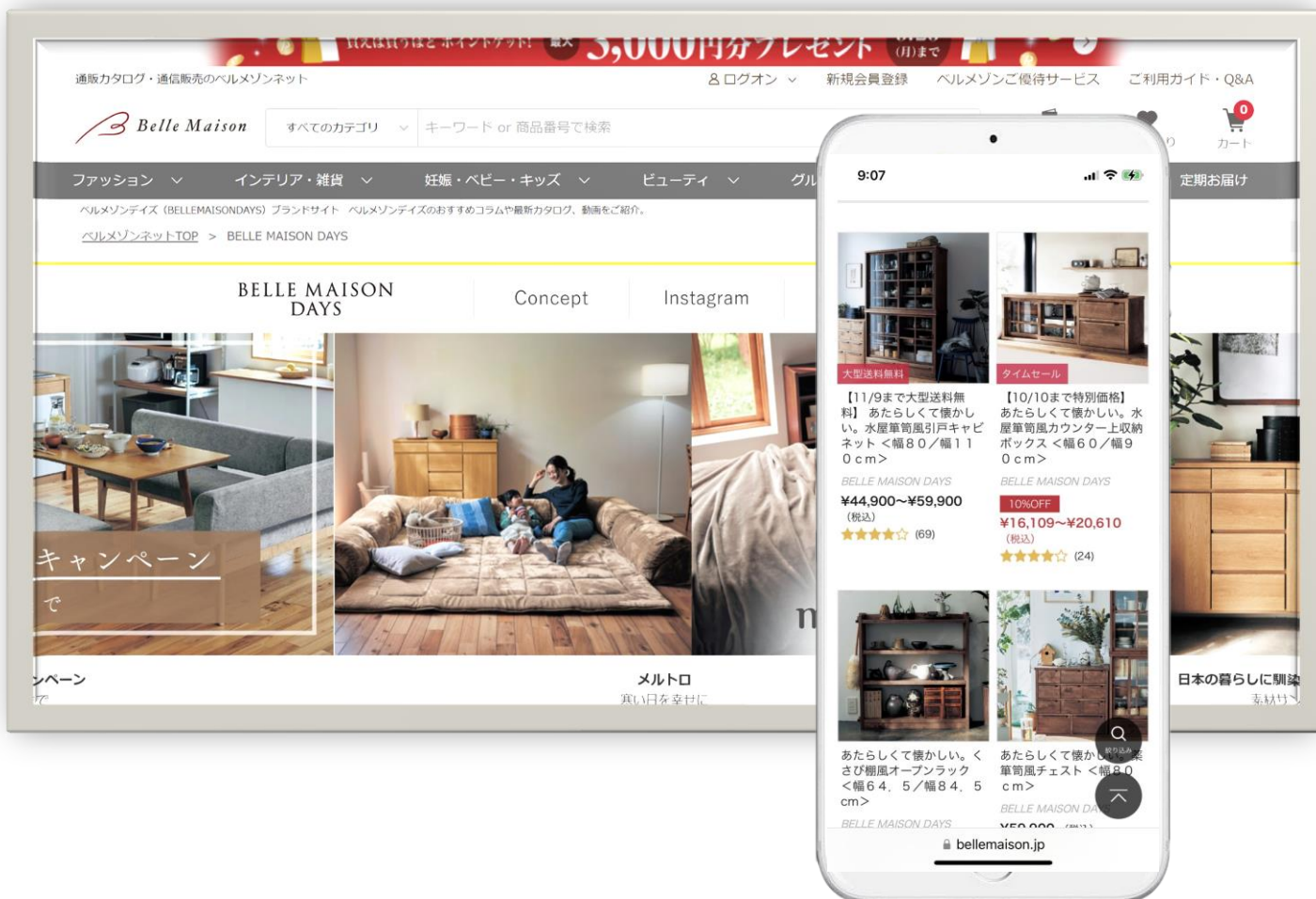


- Allows us to keep marketing costs low
- Direct channel to consumers can be established
- Potential for high profit margins
- Ability to accumulate and analyze customer data
- Ability to obtain customer opinions directly for product development and high customer satisfaction

**Direct sales through the platform will lead to higher customer satisfaction and higher gross profit margins.**

## (3) Detached Home Sales Business Using Senshukai's E-Commerce Website and Mail Order Catalog (Industry-First)

We plan to launch detached home sales based on platforms like Senshukai's e-commerce site and mail order catalog in FY2024/June. As a first step, the business will start in regions with Lib Work Group houses.



Pursuing an Era of “Home purchasing at the Tap of a Finger”

## (1) Partnerships with Brands from Other Industries

We plan to develop detached/renovated houses as products and license brand use and product sales to homebuilders and construction companies nationwide. In FY2023/June, we plan to conclude a partnership agreement with a brand licensor from a different industry.

**Brands of different industries**

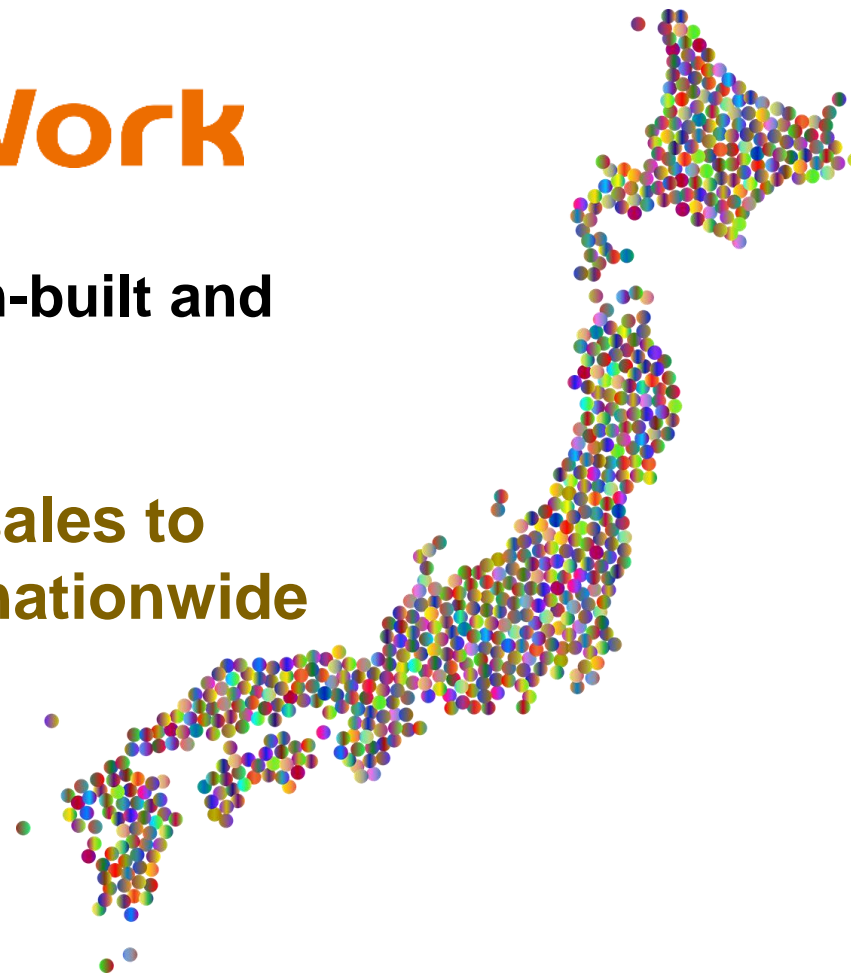


**LibWork**

**Product development of new homes (both custom-built and built for sale) + renovation**

**Sell licenses for brand use and product sales to homebuilders and construction companies nationwide**

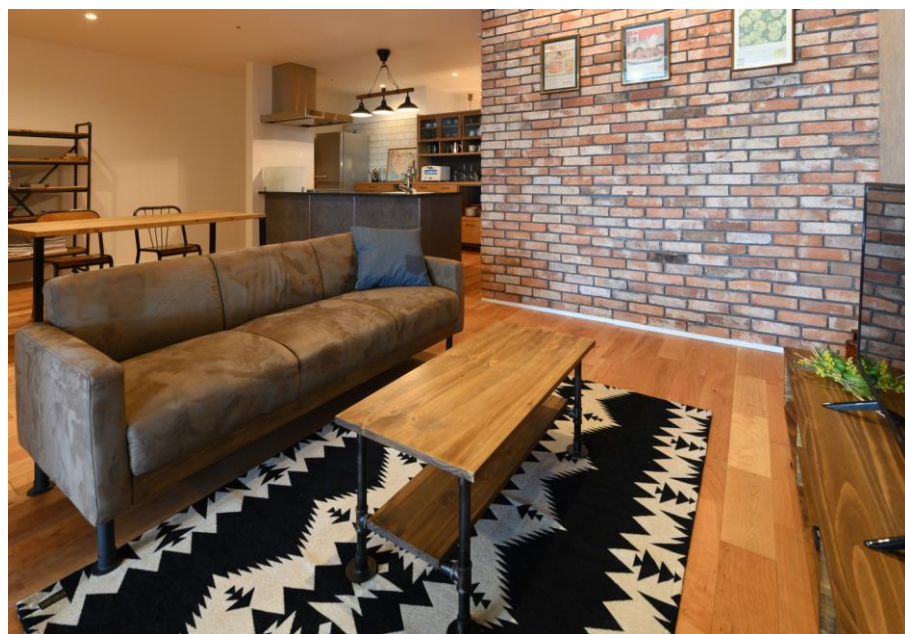
**Nationwide expansion**



# IP Licensing Business

## (2) Results of Customer Attraction of niko and... Brand Model Homes (AEON MALL Fukuoka)

We attracted a very high number of customers with our new product, “ink” in collaboration with the brand “niko and...” Visitor attendance reached approximately four times that for our conventional general exhibition hall.



ink...  
collaborate with  
niko and ...

No. of New  
Visitors  
(Year-round)



4 times higher

No. of Visitors to Our Comprehensive Exhibition Hall  
(compared to average)

# 3D-Printed Housing Business

## (1) Basic Design of Deep α 3D-Printed Home



### Design Concept

- Environment envisioned as a natural setting, with homes given an “organic” form, as if growing up from the ground
- Interior designed with fluid lines from the floor to the walls, with large windows on ceilings and walls to create a sense of being surrounded by nature
- Edges of floors and walls left undefined to allow seamless connections that create a space in which you can comfortably rest or lie down on your back anywhere
- A space suitable for taking a cushion and settling down in a favorite spot, or enjoying the sky, forest, the changing of the seasons, and other elements of the surrounding scenery through windows

## (2) Deep $\alpha$ 3D-Printed Home Under Development at Lib Work Labo

We obtained a closed elementary school through the public bidding proposal process in Yamaga City, where our Head Office is located.

Here, we plan to newly establish **Lib Work Labo** for development of 3D-printed homes to begin in FY2023/June.



Reuse of closed schools also moves us closer to achieving the SDGs as defined at the United Nations Summit.



**Future Plans for 3D-Printed Homes**  
R&D and basic design: FY2023/June  
Construction of model home: FY2024/June  
General sales to begin: FY2025/June

## (3) Background of 3D-Printed Home Development

### Major Challenges

- Price hikes in housing construction due to factors such as wood shock
- Rising material and other prices
- Shortage of human resources due to aging skilled workers
- Diversified needs for next-generation housing

### Needs

- ◆ Significant cost reduction from efforts such as shortened construction periods
- ◆ Construction methods that are not dependent on personal skills
- ◆ Unprecedented creative design expression
- ◆ Sustainability

### Solution

**Residential construction with 3D printers**





# 3D-Printed Housing Business

## (4) Concept of Deep $\alpha$ 3D-Printed Homes



Tesla is not merely an electric car manufacturer, but a company that creates “cars of the future.” Similarly, we will develop “**homes of the future.**”

Concept of Deep  $\alpha$  3D printed homes

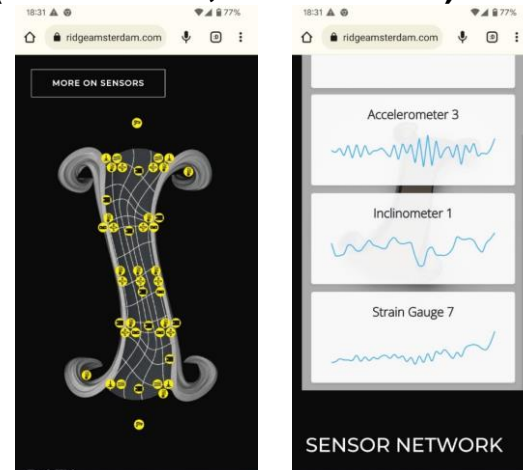
## A residential version of Tesla

Houses are **large vessels that possess the inherent capacity** to accumulate data on those who reside within. We strive to create next-generation homes with the capacity to learn and make predictions based on various sensors, IoT, and AI. ARUP, with which we have concluded a consulting contract, has achieved the following:

The MX3D Bridge (pictured left) is equipped with sensors that capture critical information from users; record numbers of pedestrians and their speed; collect structural measurement data, such as bridge strain, displacement, and vibration; and measure environmental parameters such as air quality and temperature. Engineers can monitor the condition of the bridge in real time and observe/record how the structure changes throughout its life cycle.

# ARUP

## MX3D Bridge (Amsterdam, Netherlands)



## (5) 3D-Printed Housing Business Model to be Developed as Franchise Business

As with our IP and license businesses, we will develop detached and renovated houses as products. Model homes will be constructed by FY2024/June, and general sales will launch by FY2025/June. From then on, rather than direct sales, we will offer the system to homebuilders and construction companies nationwide. We are also planning a franchise business for 3D-printed homes.

**LibWork**

**Deep α 3D-printed homes**

**Post-product development**

**Expand as franchise business to homebuilders and construction companies nationwide (still in conceptual stage)**

**Nationwide expansion**



# Visions for Our Businesses

Custom Housing Business / Built for Sale  
Housing Business / Subscription Business /  
E-Commerce/Mail Order Business / IP  
Licensing Business / 3D-Printed Housing  
Business

Aggressive M&A

Business	Vision/KPI
<p><b>Custom Housing Business</b></p>	<p>Accelerate nationwide expansion. Achieve 5% share of domestic custom-built housing market. Target gross profit margin: 35%</p>
<p><b>Built for Sale Housing Business</b></p>	<p>Develop higher-tier products through collaborations with brands from other industries. Target higher gross profit margins.</p>
<p><b>Subscription Business</b></p>	<p>Full-scale expansion of sales channels starting in FY2024/June, with the goal of acquiring 10,000 licenses</p>
<p><b>E-Commerce/Mail Order Business</b></p>	<p>Partner with Senshukai in FY2024/June to launch online home shopping service.</p>
<p><b>IP Licensing Business</b></p>	<p>Partner with brands in other industries to develop IP/licensing business. Develop partner brands geared towards housing products; provide to residential builders and construction companies nationwide.</p>
<p><b>3D-Printed Housing Business</b></p>	<p>Form partnership with ARUP, a global engineering company, to develop 3D-printed homes. Construct a 3D-printed model home by FY2024/June and begin general sales in FY2025/June. Expand franchise thereafter to homebuilders and construction companies nationwide.</p>

# Aggressive M&A Activities

Lib Work acquired Takuei Home Co., Ltd. as a subsidiary on July 1, 2020. The acquisition helped broaden synergies, including cost reductions achieved through the joint procurement of detached homes and other economies of scale, and will serve as a foothold for Lib Work to expand into the Kanto area. Moving forward, the company will continue to aggressively pursue M&A opportunities that offer potential business synergies.

LibWorkグループ  
**Takuei Home**



**Strong relationships with numerous real estate companies**  
**Superior land procurement capabilities**

**LibWork**



**Unique digital marketing strategies for attract customers and high-performance products**

# Medium- Term Management Plan

KPI Progress Report

# KPI Progress for Medium-Term Management Plan

	FY2021/June	FY2022/June	FY2023/June	
	Actual Results	Actual Results	Initial Target	Revised Target
<b>Market Capitalization</b>	20.3 billion JPY	17.2 billion JPY	<b>50 billion JPY</b>	<b>50 billion JPY</b>
<b>Net Sales</b>	9.4 billion JPY	13.7 billion JPY	<b>15 billion JPY</b>	<b><u>17 billion JPY</u></b>
<b>Operating Income</b>	480 million JPY	660 million JPY	<b>1.2 billion JPY</b>	<b><u>900 million JPY</u></b>
<b>Operating Income Margin</b>	5.2%	4.8%	<b>8%</b>	<b><u>5.3%</u></b>
<b>ROE</b>	13%	13%	<b>25%</b>	<b><u>16%</u></b>
<b>Gross Profit Margin on Detached Houses</b>	30%	28%	<b>35%</b>	<b><u>30%</u></b>
<b>Number of Stores</b>	16	20	<b>35</b>	<b>35</b>
<b>Number of Web Visitors</b>	69% increase YOY	70% increase YOY	<b>50% increase in annual rate</b>	<b>50% increase in annual rate</b>
<b>Number of YouTube Channel Subscribers</b>	25,000	38,000	<b>100,000</b>	<b><u>70,000</u></b>
<b>Subscription Model Operating Income</b>	Under development	June 2022 Release	<b>100 million JPY</b>	<b><u>40 million JPY</u></b>

(Reasons for revision) Net sales are expected to exceed targets, due to the expansion of areas and number of stores, along with steady progress with digital marketing. On the other hand, both operating income and operating income margin are expected to fall short of targets due to a delay in the introduction of in-house construction amidst soaring material prices such as the so-called “wood shock,” as well as changes in plans to accept foreign trainees due to COVID-19, which resulted in a higher cost ratio and failure to achieve the gross profit margin target. Additionally, the subscription business, “My Home Robo,” was delayed for one year and is expected to fall short of profit targets.

# Information on Risks

Risks Identified and Countermeasures





Risks Identified	Countermeasures
<p>(1) Risks in Fluctuating Business Performance Our business performance may be affected by rising procurement costs in the event of an increase in demand and prices for raw materials, including a sharp increase in the price of lumber in response to rising global demand for lumber (i.e., wood shock).</p>	<p>Securing stable procurement and supply is of the highest priority. We are working to establish multiple procurement routes as a risk hedge, adjust selling prices, and secure appropriate gross profit margins.</p>
<p>(2) Operational Risks Unforeseen circumstances attributable to natural disasters and epidemics such as COVID-19 may affect the Group's business performance.</p>	<p>In response to COVID-19, we established an internal response policy to prioritize the health and safety of our employees. We are also taking measures to prevent the further spread of COVID-19 by promoting remote business negotiations and requiring advance reservations for model homes. We're responding to the lifestyle changes accompanying these measures by accelerating digitalization and responding to needs quickly and appropriately.</p>
<p>(3) Business Structure Risks It is essential that we secure human resources with a wide range of expertise and qualifications. To expand our business, we must recruit excellent human resources at the appropriate time and ensure their development. Failure to do so may affect Group performance.</p>	<p>Moving forward, we will work to enhance training and development programs to ensure the growth of each member of our organization and to develop responsible human resources who understand our management philosophy and code of conduct. We will also establish knowledge-sharing management, whereby the procedures of company operations are compiled into manuals, and to accelerate human resource development and education in preparation for nationwide expansion.</p>

For information on additional risks, please refer to "Business Risks" in the Annual Securities Report.

# Management Policy

- I. Motivational Management
- II. Ownership Management
- III. Unit-style Management
- IV. Knowledge-Sharing Management
- V. Diversity Management
- VI. Recruitment Capability
- VII. Corporate Governance

We have introduced a performance-based compensation system and a gifting system to motivate employees.

## Performance-Based Compensation System



**Remunerate to Employees**

Of the final profit, 25% is returned to employees as compensation. Compensation is proportional to profit; if profits are high, compensation increases; if profits are low, compensation decreases. Profit-based compensation contributes to employee development from the management perspective.

## Gifting System

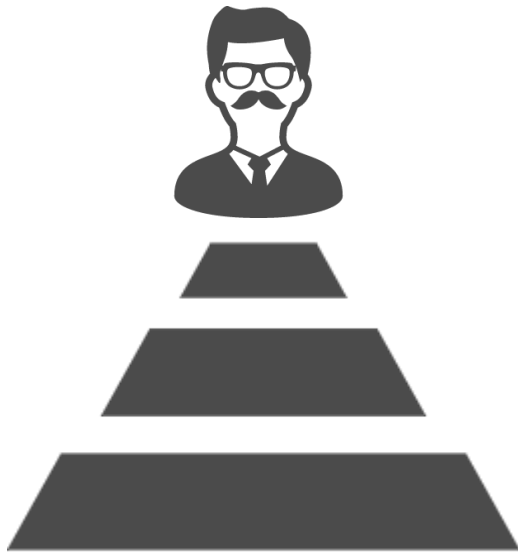
A system that allows all employees who achieve internal targets to attend company retreats, fully paid by the company, with zero expenses for employees. So far, we have recorded as many as seven retreats in one year.



We introduced the ESOP system in addition to the Employee Shareholding Association + Business Partner Shareholding Association + the stock system for directors and managers to promote an ownership mindset.

Conventional Companies

## Management-centered



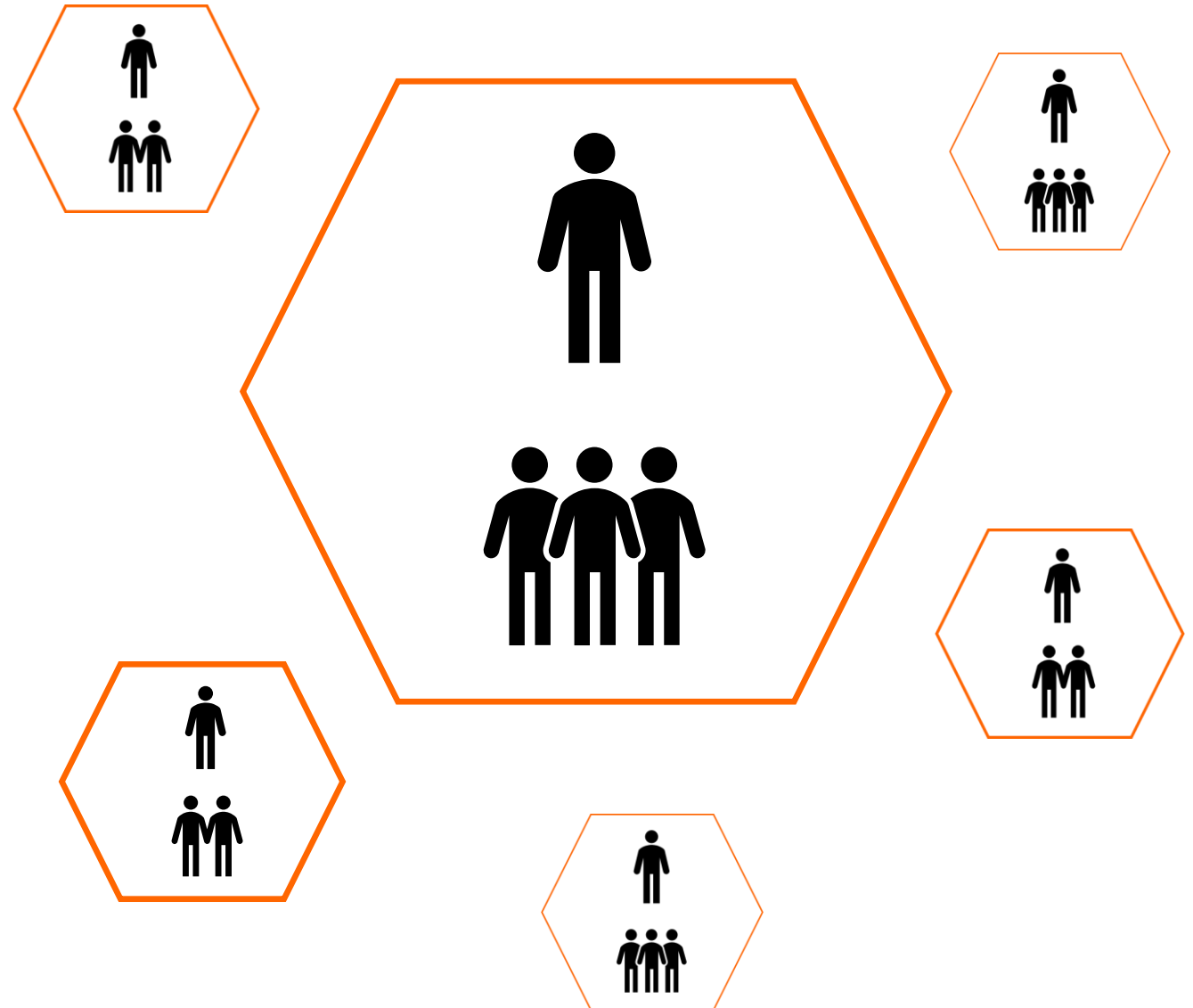
Lib Work Group

- ❑ ESOP Plan\*
- ❑ Employee Shareholding Association
- ❑ Business Partner Shareholding Association
- ❑ Ownership management through stock grants for directors and managers



\*Note: ESOP stands for "Employee Stock Ownership Plan," an employer stock benefit plan offered to employees at the time of retirement through company contributions.

- **Unit System**  
Form a single unit of up to four members
- **Goal**  
Within reach of supervisor management  
Clarifying goals for each unit  
Visualizing individual achievements
- **Effects**  
High transparency  
Clarification of task priorities  
Increased motivation for individuals to achieve their goals  
Ability to respond to changes in the environment



## Use of Manual Creation Tools

Consolidating in-house knowledge will enable all members to easily create and share manuals with media such as videos, accelerating employee education based on shared knowledge.

- **Accumulation of Knowledge as an Organization**

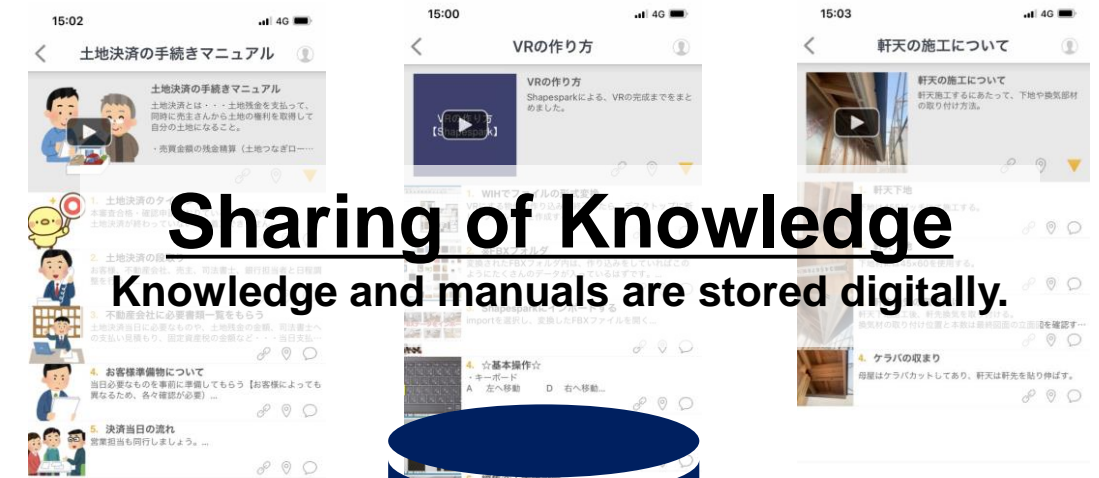
Centralized management of individual knowledge  
The more knowledge is accumulated, the more valuable it becomes as an asset.

- **Prevention of Dependence on Personal Skills**

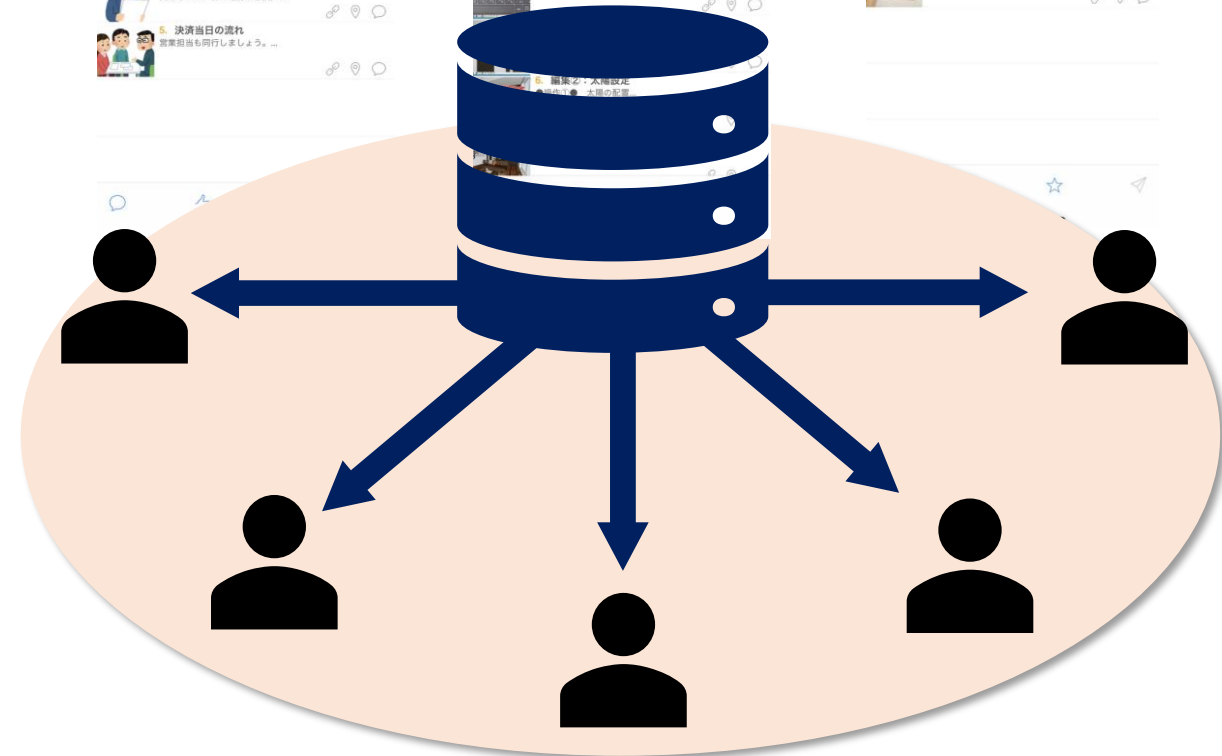
Prevent the complete reliance of knowledge and information on individual members—circumstances in which certain details are only known to or understood by specific persons.

- **Improvement of Business Efficiency**

Work efficiency can be improved if knowledge and experience can be centrally managed for application throughout the organization, so that all members have the capacity to handle tasks to a similar standard.



**Sharing of Knowledge**  
Knowledge and manuals are stored digitally.



**Allows for sharing in all areas**

Female employees account for about half of all our employees, an exception within the housing and real estate industry. On this basis, we have been recognized as a company that actively promotes the empowerment of women. Notable proposals include human flow proposals and lifestyle proposals from the buyer perspective.



Recognized as one of the 100 Diversity Management Companies in a program sponsored by the Ministry of Economy, Trade and Industry

\* "Diversity management" refers to the hiring of diverse human resources, setting in place conditions that allow them to fully demonstrate their capabilities, and providing legitimate recognition for their performance, resulting in improving corporate value. Lib Work was the first company in Kumamoto Prefecture to receive this award. (Companies receiving the award in the same year include Fujitsu, P&G, Microsoft Japan, etc.)

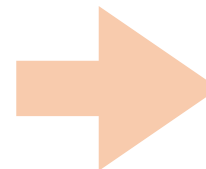
# Recruitment Capability (Success in Hiring Outstanding New Graduates)

Rank	Company Name
1	The Nishi-Nippon City Bank, Ltd.
2	Fukuoka Financial Group, Inc.
3	IKK Holdings Inc.
4	Nishihara Shokai, Co., Ltd.
5	Cosmos Pharmaceutical Corporation
6	Nishi-Nippon Railroad Co., Ltd.
6	Fukuoka Toyota Corporation
8	LEVEL-5 Inc.
9	Kyushu Electric Power Company, Incorporated
10	YASKAWA Electric Corporation
11	TOTO LTD.
12	Kyudenko Corporation
13	Kubara Honke Group
14	QTnet, Inc.
15	SOGO MEDICAL CO., LTD.
16	Kyushu Railway Company
<b>17</b>	<b>Lib Work</b>
18	Kyushu Financial Group, Inc.
19	ANA FUKUOKA AIRPORT CO., LTD.
19	Trial Holdings, Inc.
21	The Bank of Okinawa, Ltd.
21	Fukuoka SoftBank HAWKS
23	TOYOTA MOTOR KYUSHU, INC.
23	Fukuoka University
25	Yazuya Co., Ltd.
26	ADAL CO., LTD.
27	Kotobuki Paper Co., Ltd.
28	Sony Semiconductor Manufacturing Corporation
29	ASO CORPORATION
30	The Okinawa Electric Power Company, Incorporated

Ranked **17th overall and 1st in the housing and real estate industry** in the Kyushu/Okinawa area in “Mynavi/Nikkei Ranking of the Most Popular Companies for University Students Graduating in 2023.”

**We continue to enjoy success in attracting and recruiting first-rate graduates to our company.**

Number of New Graduates Hired (From Past 3 Years)



April 2020: **48 members**

April 2021: **52 members**

April 2022: **70 members**



**Summary report of “Mynavi/Nikkei Ranking of the Most Popular Companies for University Students Graduating in 2023”**

Survey subjects: College juniors and first-year graduate students nationwide expected to graduate in March 2023 (at the time of the survey)

Survey period: Wed., December 1, 2021, through Sun., March 20, 2022

Valid Responses: 33,159



# Corporate Governance (Skills Matrix for Directors)

Items are defined as areas of significance for the achievement of the medium-term management plan.  
Skills of individual board members are well-balanced.

Name		Corporate Management Corporate Strategy	Sales Marketing	Financial Accounting Mergers & Acquisitions	Legal Risk Management	Technology Quality	DX Technology	ESG Sustainability
Directors	Chikara Seguchi	●	●		●		●	●
	Etsuko Seguchi	●	●	●				
	Shigetaka Ohyama					●		
	Shohei Ishibashi			●	●			●
	Shinya Matsumura	Outside Director	●	●	●	●	●	
	Nobuo Nishimura	Outside Director	●		●	●		
	Takashi Maeda	Outside Director	●	●	●	●		
	Hiroshi Sugiyama	Outside Director	●		●	●		●

# Financial Policy

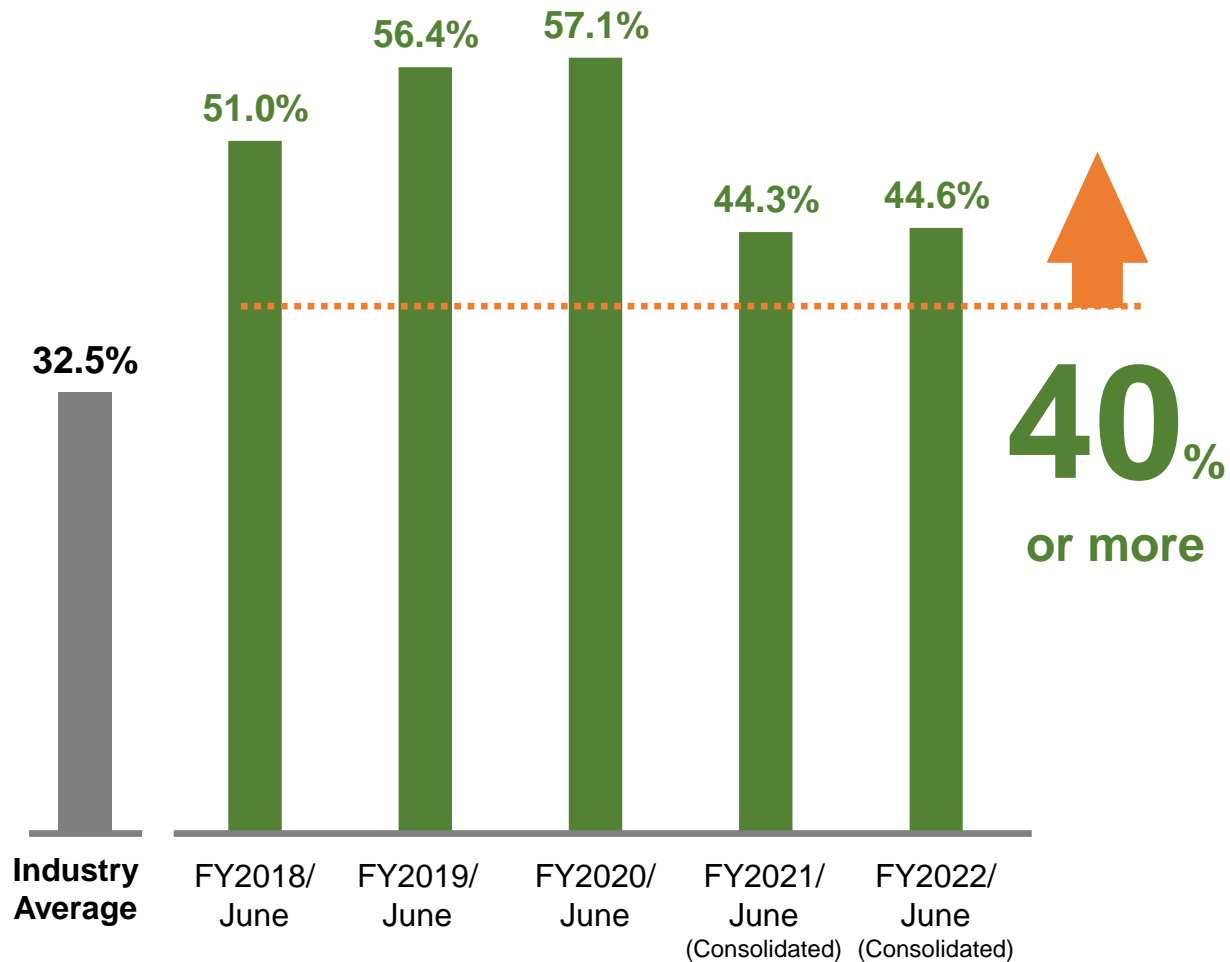
- I. Financial Discipline
- II. Management Indicators



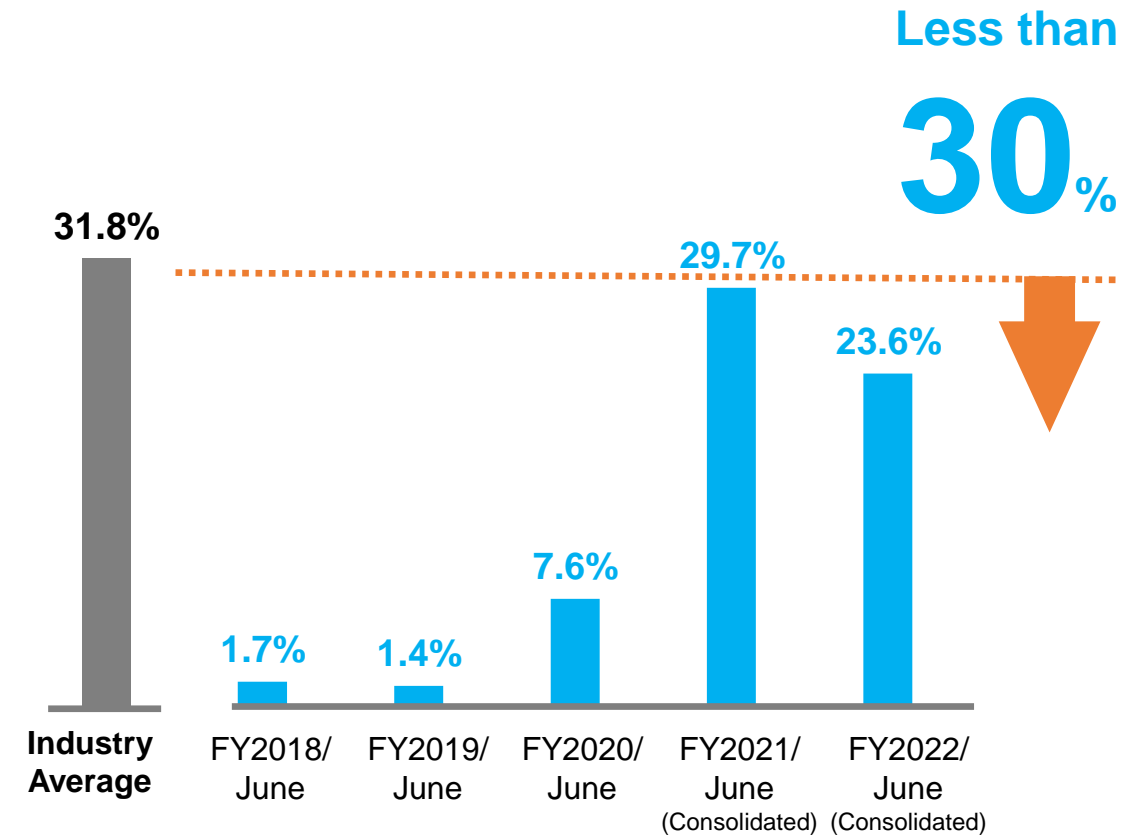
# Financial Discipline

Target for capital adequacy ratio set to 40% or more. Target for borrowing dependency ratio set to 30% or less.

### Capital Adequacy Ratio (Results)



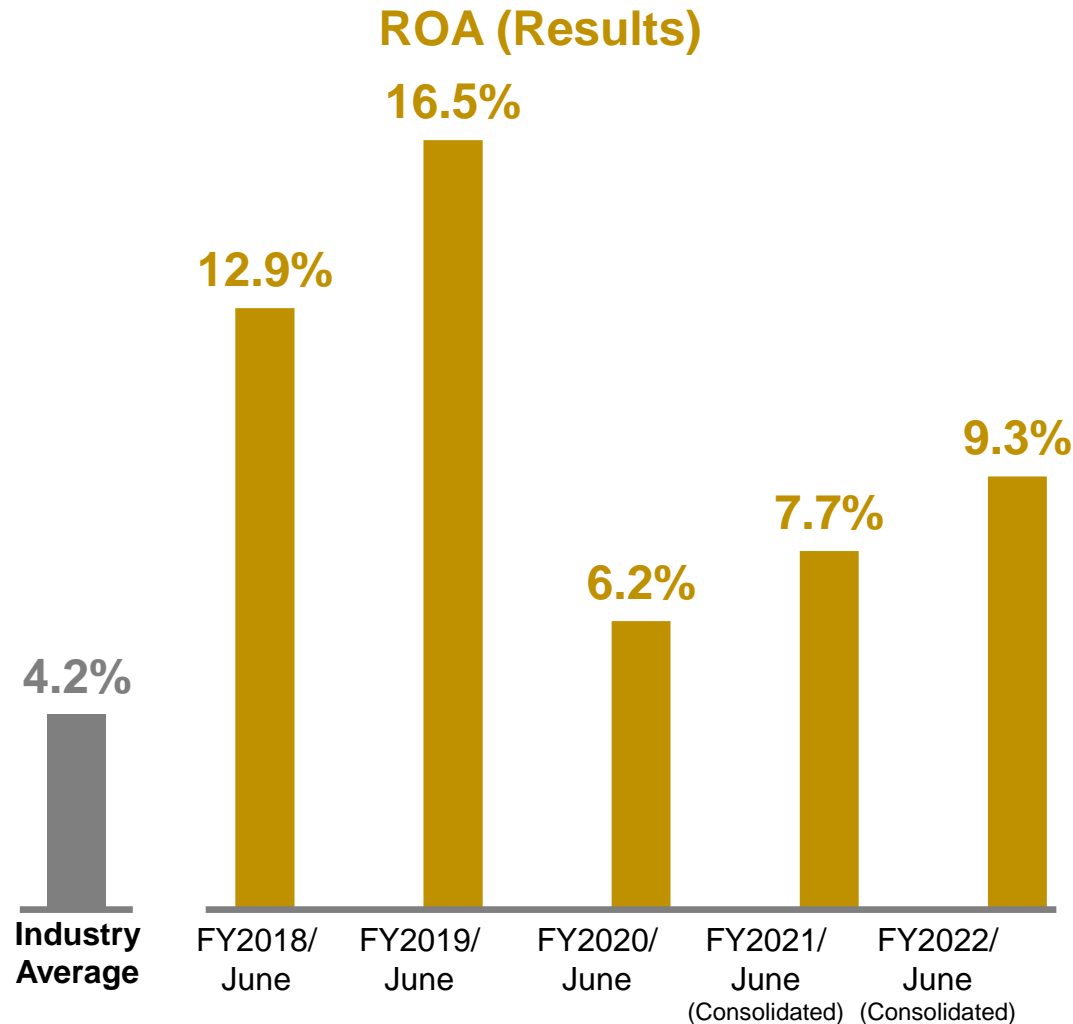
### Borrowing Dependency Ratio (Results)



Industry Average = West Japan Construction Surety (Data from 2019)

# Management Indicators

As a financial indicator, the emphasis is on ROA (Return On Assets). We strive to efficiently generate profits by multi-dimensionally pursuing efficient management of total assets (total asset turnover) and improvement of overall profitability (ordinary income margin).



**ROA (Target) 20%**

**ROE (Target) 25%**

**Operating income margin (Target) 10%**

**Above are mid- to long-term targets for management indicators. (For current KPIs, please refer to the Medium-term Management Plan.)**

Industry Average = West Japan Construction Surety (Data from 2019)

# Shareholder Return Policy

- I. Dividend Policy
- II. Shareholder Benefit Plan



# Dividend Policy

Dividend payout ratio set to 25% to 30%. We plan to offer quarterly dividends to encourage shareholders to hold their shares for the long term.

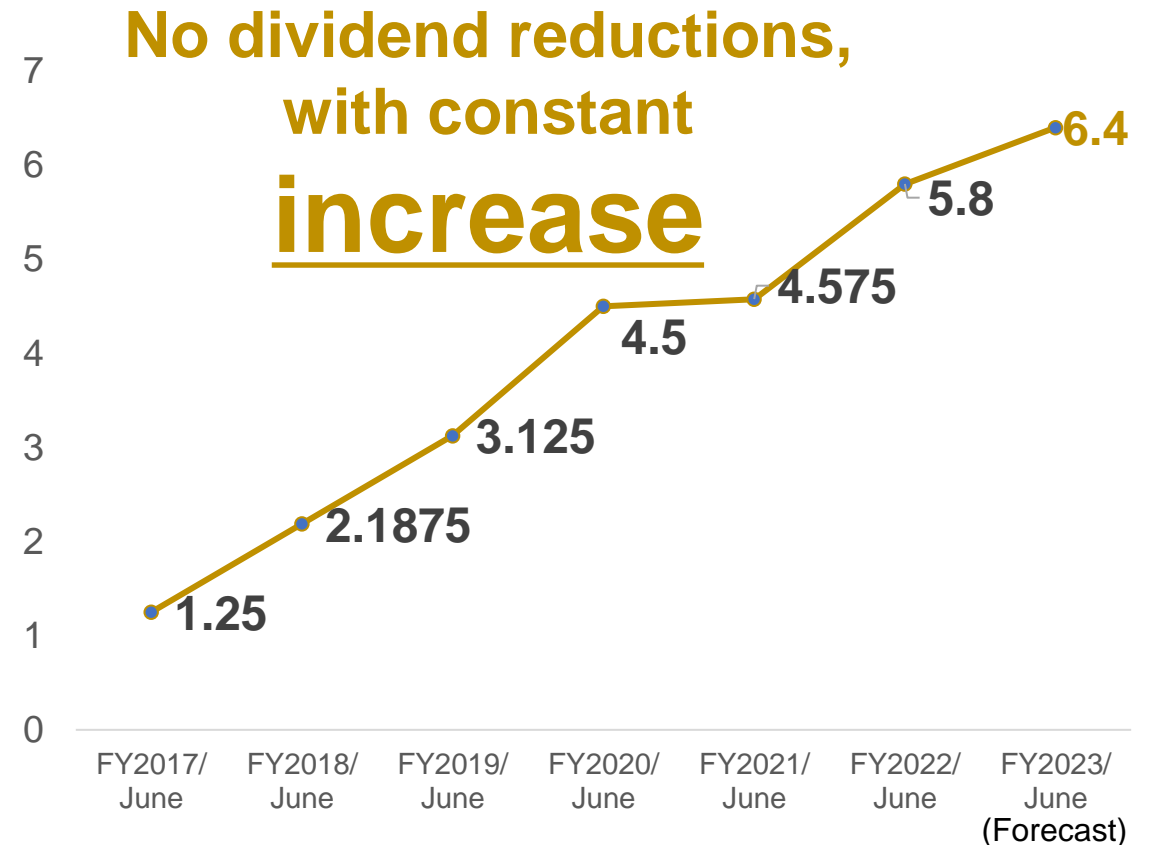
## Dividend Payout Ratio

**25 to 30%**

Emphasis on balance of growth  
and returns

(Unit: JPY)

### Annual Dividend Per Share



# Shareholder Benefit Program (intended to encourage long-term shareholding)

Shareholders with 100 or more shares in the Shareholders' Register as of the end of June 2022 will receive a QUO Card worth 1,000 JPY as a regular benefit. Shareholders holding 1,000 or more shares also will receive **points (1 point = 1 JPY)** applicable to the Premium Benefits Club every quarter.

Over **100** shares

Regular benefits: QUO Card worth **1,000** JPY (annually)

Premium Benefit Club points (granted at **end of each quarter**)

**1,000 to 1,999** shares

Benefit points: **5,000** points

**2,000 to 4,999** shares

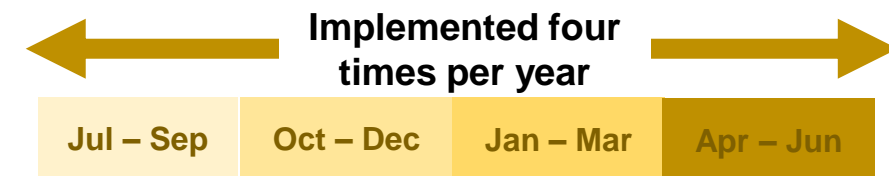
Benefit points: **12,000** points

**5,000 shares or more**

Benefit points: **35,000** points



\* Examples of products exchangeable with points



35,000 points



35,000 points



35,000 points



35,000 points

\* Shareholders with 5,000 shares or more will receive **140,000** points per year.

## Disclaimer

This document is based on information available to Lib Work at the time of preparation and is based on certain assumptions we deem reasonable. It is not a guarantee of results. Actual results may differ significantly depending on changes in the business environment and other unforeseen events.

## Future Disclosures

Updates to this document are expected to be disclosed by September 2023

**Contact:**

**Administration Department  
Lib Work Co., Ltd.**

TEL: +81-968-44-3559  
<https://www.libwork.co.jp/>