



The Market Has Yet to Fully Appreciate the True Essence of the Fusion of Real Estate Practice and DX Realized Through the 2024 Business Integration

TASUKI Holdings is a real estate DX company that started out as a real estate developer, formed in 2024 through the merger of TASUKI and SHIN-NIHON TATEMONO. TASUKI is a company originally derived from SHIN-NIHON TATEMONO and has grown in the field of newly built investment residences by utilizing real estate DX, honing its uniqueness with a growth scenario different from that of SHIN-NIHON TATEMONO. By integrating again, the two companies will seek a new growth model that combines real estate practice and real estate DX.

The company's "corporate DNA" is "the mobility, speed and flexibility in business development to take on projects that major developers are unwilling to undertake". TASUKI, which has found a way to utilize real estate DX based on SHIN-NIHON TATEMONO's "corporate DNA"; and SHIN-NIHON TATEMONO, which has an established reputation for its real estate development know-how and purchasing power, have a high affinity at the DNA level and it is highly likely that this business integration will work to create an advantage that cannot be readily imitated by others.

The company has announced its long-term vision "BEYOND 2033", with the goal of achieving sales of ¥200 billion in FY2033. In addition, the medium-term management plan ending in FY2027 aims to increase sales by 2.1x and EBITDA by 2.5x, compared to the fiscal year ending September 2024. The KPI is to approximately double the end-of-period inventory balance and the company's growth will be determined by the expansion of land purchases.

TASUKI's stock price entered a correction phase after its listing in October 2020 and continued to lag behind TOPIX, which was itself in the recovery phase after the impact of COVID-19. Even after the businesses integrated, the stock price fluctuated based on short-term performance trends; and after the disclosure of the issuance of stock acquisition rights in January 2025, which has diluted the stock by more than 19%, the stock price fell.

Stock Price & Trading Volumes



Source: Strategy Advisors

Key Indicators

Stock Price (5/2)	655
52-Week High (12/30/24)	845
52-Week Low (8/5/24)	512
All-Time High (12/30/24)	845
All-Time Low (8/5/24)	512
Shares on Issue (mn)	51.5
Market Capitalization (¥bn)	33.7
EV (¥bn)	41.0
Equity Ratio (9/24 Actual, %)	35.9
ROE (9/24 Actual, %)	10.4
PER (9/25 CoE, Times)	7.1
PBR (9/24 Actual, Times)	1.6
Dividend Yield (9/25 CoE, %)	5.3

Source: Strategy Advisors

TASUKI Holdings | 166A (TSE Growth)

The stock price will likely continue to be determined by the progress of the medium-term management plan's targets, but considering the valuation of similar companies, it is believed that the essential potential of the company's real estate DX is not fully appreciated by the market.

The essential potential refers to the spread of the effects of TASUKI's specialty, "improving business efficiency and productivity through real estate DX" to SHIN-NIHON TATEMONO and the potential of AURA's vacant house information platform, which joined the group immediately after the business integration.

When understanding of these under-appreciated aspects becomes widespread, the superiority of the company's business model is likely to be reflected in the stock price, along with an increase in valuation.

Japanese GAAP - Consolidated

FY	Net Sales (¥mn)	YoY (%)	Operating Profit (¥mn)	YoY (%)	Ordinary Profit (¥mn)	YoY (%)	Net Profit (¥mn)	YoY (%)	EPS (¥)	DPS (¥)
[TASUKI Holdings]										
9/20 Parent	7,027	37.3	579	36.2	522	58.2	331	49.1	70.3	26.0
9/21 Parent	9,190	30.8	1,251	116.1	1,112	113.0	795	140.2	72.9	52.0
9/22	12,277	33.6	1,715	37.1	1,571	41.3	1,089	37.0	92.7	33.0
9/23	18,565	51.2	2,430	41.7	2,228	41.8	1,538	41.2	118.0	50.0
[TASUKI Holdings]										
9/24	47,455	-	4,065	-	3,560	-	2,217	-	53.4	16.0
9/25 CoE	76,000	60.2	8,650	112.8	7,550	112.1	4,750	114.2	92.1	35.0

Note: TASUKI started disclosing consolidated results from FY09/22. FY09/22 YoY comparisons are with non-consolidated results for FY09/21. EPS for FY09/25 does not include the impact of the increase in the number of shares due to the exercise of stock acquisition rights issued in February 2025.

Source: Company Data. Compiled by Strategy Advisors

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Executive Summary

Real Estate DX Company Founded by a Real Estate Developer

TASUKI Holdings is a real estate DX company that started out as a real estate developer, formed in 2024 through the merger of TASUKI and SHIN-NIHON TATEMONO. TASUKI is a company originally spun-off from SHIN-NIHON TATEMONO, and has grown in the field of newly built investment residences by utilizing real estate DX. It has honed its uniqueness with a growth scenario different from that of SHIN-NIHON TATEMONO, which excels in turning projects that major developers do not handle into a business. By integrating again, the two companies will seek a new growth model that combines real estate practice and real estate DX.

President Kashiwamura's View of the History of TASUKI Holdings

Current CEO and President Mr. Yu Kashiwamura joined SHIN-NIHON TATEMONO as a new graduate in 2003 and has been involved in the management of SHIN-NIHON TATEMONO for a long time in the Corporate Planning Department. SHIN-NIHON TATEMONO, which was a mid-sized developer with momentum, fell into difficulties after the Lehman Shock in 2008 and survived by utilizing ADR and Mr. Kashiwamura was responsible for the practical aspects of this process. SHIN-NIHON TATEMONO resumed new business efforts in 2013 with the aim of regrowth and one of the subsidiaries established at that time was the company that would later become TASUKI. Since current director and former SHIN-NIHON TATEMONO employee, Mr. Koji Murata joined TASUKI, the company has focused on newly built investment residences and has been using real estate DX from an early stage to develop its business. Mr. Kashiwamura was also asked by Mr. Murata to transfer to TASUKI. TASUKI went public in 2020 and in 2024, with the aim of further growth, it merged with SHIN-NIHON TATEMONO and added AURA, and then started operating as TASUKI Holdings.

The DNA of TASUKI Holdings

The company's "corporate DNA" is "the mobility, speed and flexibility in business development to take on projects that major developers are unwilling to undertake." TASUKI, which was spun off from SHIN-NIHON TATEMONO, has been leveraging SHIN-NIHON TATEMONO's "corporate DNA" to find a way forward in utilizing real estate DX. The combination of TASUKI and SHIN-NIHON TATEMONO, two companies with a common DNA, is likely to be an advantage that cannot be imitated by others.

TASUKI Holdings Business Strategy from the Perspective of Business Strategy Theory

Based on Michael Porter's positioning theory, the company has adopted a differentiation strategy as its company-wide strategy and a focus strategy as its business strategy. The differentiation strategy as a company-wide strategy is reflected in the fact that, through the business integration, the company has gained a position as an unprecedented real estate DX business operator, combining its many years of practical experience as a real estate developer with its track record in DX as a real estate tech company. Meanwhile, the focus strategy as a business strategy is clearly seen in the development of IoT Residences, which specializes in demand for inheritance tax countermeasures.

2 Difficult to Imitate Styles Merged, Creating their Competitive Advantage

The difficulty of imitation in the company's business is the fusion of real estate development know-how, which has been cultivated through the business of a real estate developer and leads to purchasing power; and know-how on improving operational efficiency and productivity through real estate DX. The business integration has created a virtuous cycle in which these two difficulties in imitation interact with each other, further enhancing the company's competitive advantage.

TASUKI Holdings | 166A (TSE Growth)

Earnings Trends

Since TASUKI saw a sharp increase in sales in FY09/2018 when the delivery of newly built investment residences began in earnest, the company has continued to increase sales in line with an increase in properties for sale, achieving an average annual sales growth rate of 42.9% over the five years up to FY09/2023. In addition, after operating profit margins rose in FY09/2021 due to an improvement in the cost rate, the company has continued to expand sales while maintaining an operating profit margin in the 13-14% range.

FY09/2024 was the first full-year financial statement since the business integration. Compared to the company plans disclosed after the business integration, sales were 0.8% higher and EBITDA was 4.4%, but operating profit was 18.7% lower. The shortfall in operating profit and other targets was a temporary one resulting from the PPA (purchase price allocation) associated with the business integration and the business environment has not changed significantly.

With Time, the Fusion of the Real Estate & DX Business Will be the Key to TASUKI's Long-Term Vision

The company's long-term vision, "BEYOND 2033", aims for sales of ¥200 billion in FY09/2033, compared to ¥76 billion planned for FY09/2025. The breakdown of this figure is as follows, the Life Platform business, which is mainly engaged in real estate sales, accounts for ¥186.7 billion, while the SaaS business, which is currently not consolidated, is also expected to achieve sales of ¥13 billion. As time goes on, we believed that the fusion of real estate business and DX will become more concrete.

Stock Price Outlook & Equity Story

TASUKI's stock price has generally underperformed TOPIX since 2021, immediately after its listing in October 2020, as it found itself in a post-listing stock price adjustment phase and the overall stock market recovered from the decline in COVID-19 and remained strong. In the process, the sense of overvaluation in terms of a valuation has been eliminated. Even after the business integration in 2024, the stock price has fluctuated due to variations in short-term performance. The stock price also fell in January 2025 after the company announced that it would raise funds by issuing stock acquisition rights.

For the time being, the stock price is likely to continue to be determined by the target figures for the final year of the medium-term business plan. However, in relation to the essence of the company's real estate DX, (1) the possibility of expanding scale and improving profitability and efficiency all at once when TASUKI's difficult-to-imitate "improving business efficiency and productivity through real estate DX" is fully applied to SHIN-NIHON TATEMONO and (2) the value and potential of AURA's vacant house information platform, which joined the group around the same time as the business integration, are not yet fully appreciated by the market, when considered together with the valuation of similar companies. When understanding of these undervaluation becomes widespread, the superiority of the company's business and business model is likely to be reflected in the stock price, resulting in an increase in valuation.

Real Estate DX Company Founded by a Real Estate Developer

Formed by the Integration of TASUKI & SHIN- NIHON TATEMONO

1. DX Company Founded by a Real Estate Developer

TASUKI Holdings is a real estate DX company founded by a real estate developer, with TASUKI, SHIN-NIHON TATEMONO and AURA as its core subsidiaries.

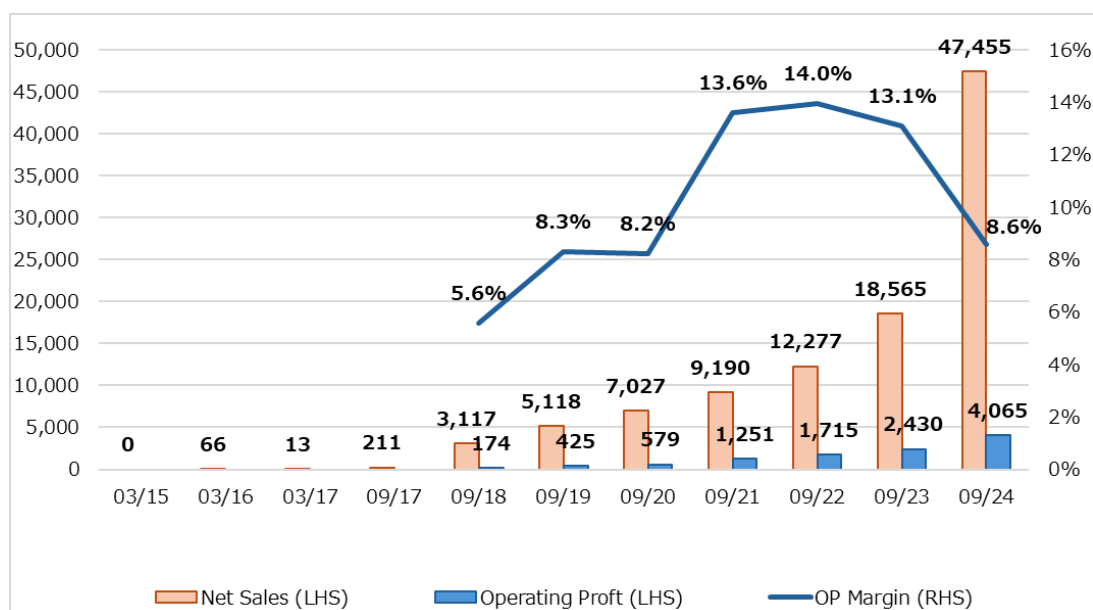
TASUKI is a company that was spun off from SHIN-NIHON TATEMONO and has grown by specializing in newly built investment residences; but it has been developing its business with an awareness of utilizing DX from an early stage. On the other hand, SHIN-NIHON TATEMONO is a mid-sized developer with a long history and expertise in handling projects that major developers would not touch. TASUKI, which has an advantage in utilizing DX and SHIN-NIHON TATEMONO, which has an established reputation for its purchasing power, merged in 2024 to form TASUKI Holdings. The group has also been strengthened by acquiring AURA, a real estate consulting company, as a consolidated subsidiary.

Even after the business integration, real estate sales, which are mainly flow revenue, will remain the core business. However, the fact that the two companies, which have the same origins and separated along the way to hone their respective unique characteristics have reunited. This is expected to accelerate business growth by combining the two companies' difficult-to-imitate characteristics, combining the real estate development know-how cultivated in the business of real estate developers with the know-how of improving operational efficiency and productivity through real estate DX.

TASUKI was listed on the Tokyo Stock Exchange Mothers Market in October 2020. At the time of listing, sales were ¥7.027 billion and operating profit was ¥579 million (FY09/20). Since then, in the 3-years up to FY09/23, sales increased by 2.6x and operating profit increased by 4.2x. Furthermore, the business scale expanded with the merger with SHIN-NIHON TATEMONO in March 2024; and in FY09/24, which was the first full-year financial results after the merger, sales increased by 6.8x and operating profit increased by 7.0x compared versus FY09/20.

Figure 1. Trends in Sales and Operating Profits

(TASUKI until FY09/23 and TASUKI Holdings >FY09/24, ¥mn)



Note: TASUKI started disclosing consolidated financial results from FY09/22

Source: Company Data. Compiled by Strategy Advisors

The Majority of Revenue Comes from the Life Platform Business

The company's business is divided into 3-areas. Firstly, the Life Platform business, which sells real estate properties, mainly IoT residential properties. Secondly there is the Finance Consulting business, which provides real estate-related loans to small and medium-sized enterprise. Finally, the SaaS business, which develops and sells DX products for the real estate industry. Of these, the Life Platform business is handled by TASUKI, SHIN-NIHON TATEMONO and AURA, the Finance Consulting business by TASUKI Proce and the SaaS business by ZISEDAL.

Since ZISEDAL is a non-consolidated company, its securities reports are divided into two segments: the Life Platform business and the Finance Consulting business. The majority of its revenue comes from the Life Platform business.

Figure 2. Sales and Operating Profit by Segment (TASUKI until FY09/23)

(¥mn)	Sales	By Segment				
		Life Platform	Sales Composition	Finance Consulting	Sales Composition	Adjustment
FY						
9/21 Parent	9,190	-	-	-	-	-
9/22	12,277	12,213	99.5%	64	0.5%	-
9/23	18,565	18,430	99.3%	135	0.7%	-
9/24	47,455	47,252	99.6%	202	0.4%	1
9/25 1Q	16,959	16,932	99.8%	26	0.2%	1

FY	Operating Profit	By Segment				
		Life Platform	Profit Margin	Finance Consulting	Profit Margin	Adjustment
9/21 Parent	1,251	-	-	-	-	-
9/22	1,715	1,701	13.9%	4	5.5%	10
9/23	2,430	2,374	12.9%	26	19.5%	30
9/24	4,065	4,084	8.6%	103	50.7%	-122
9/25 1Q	2,137	2,079	12.3%	2	6.7%	56

Note: Up until FY09/21, only non-consolidated results were disclosed. Also, no segment disclosures were made for FY21/9.

Source: Company Data. Compiled by Strategy Advisors

Mission, Vision & Values

Before the business integration, TASUKI's corporate philosophy was "Connecting the world with TASUKI - becoming a social hub through groundbreaking innovation".

Taking advantage of this business integration, the company has defined its mission as "Learning from people, Digitizing real estate, Brightening the future" and its vision is "Connecting value will make the future better".

To that end, the company has set six values to be shared throughout its organization: (1) TECHNOLOGY (cutting-edge technology for people), (2) ADVANCE (sharpening foresight to look to the future), (3) SUSTAINABLE (striving for a sustainable world), (4) USER FIRST (undertaking every effort for customers), (5) KEEN (continuing to take on challenges with a small but elite team) and (6) INNOVATION (transforming with a venture-style mindset).

Based on these missions, visions and values, the company aims to update what is considered "normative" in the real estate industry and use it to bring about change in people's lives and society.

TASUKI Holdings | 166A (TSE Growth)

Most of the Shareholders are Individuals

TASUKI was listed on the Tokyo Stock Exchange Mothers in October 2020 (later moving to the Tokyo Stock Exchange Growth in April 2022 following a review of the Tokyo Stock Exchange's market classifications). As of the end of September 2020, immediately prior to listing on Tokyo Stock Exchange Mothers, Mr. Saburo Murakami, the chairman of the board and founder of SHIN-NIHON TATEMONO, held 50.25% of the shares, with several other business companies also investing. Since then, his ownership ratio has declined and the company has merged with SHIN-NIHON TATEMONO, so as of the end of September 2024, Mr. Murakami's ownership ratio in TASUKI Holdings has fallen to less than 20%. In addition to Mr. Murakami's holdings, the business companies that invested in SHIN-NIHON TATEMONO and the business companies that invested in TASUKI are listed as major shareholders.

Nevertheless, as of FY09/2020, the shareholding ratios by category (after taking into account treasury stock) were 70.62% by individuals and others, 19.38% by other corporations and 3.72 % by foreigners. Even excluding the 19.41% holdings of the largest shareholder, Mr. Murakami, the shareholder composition is dominated by individuals and others.

Figure 3. TASUKI Holdings' Shareholder Composition

Classification	Ownership ratio	
	FY09/24	(Excl. Treasury Stock)
Individuals and Others	70.63%	70.62%
Foreign Corporations, etc.	3.72%	3.72%
Financial Institutions	2.63%	2.63%
Other Corporations	19.38%	19.38%
Others (Financial Instruments Traders)	3.64%	3.64%
Of Which, Directors (Titles Omitted)		
Koji Murata	0.78%	0.78%
Yu Kashiwamura	0.72%	0.72%
Kondo Manabu	0.06%	0.06%
Other than the above (excl. Outside Directors and Audit and Supervisory Committee Members)	-	-

Note: The ownership ratio is calculated using the number of shares issued minus the number of treasury shares.

Source: Company Data

Figure 4. Major Shareholders Before and After The Merger (Titles Omitted)

Post-Integration	Ownership Ratio
TASUKI Holdings	FY09/2024 (Excl. Treasury Stock)
Saburo Murakami	19.41%
Tokyo Weld Co., Ltd.	6.24%
Unitex Co., Ltd.	4.06%
J.S.B. Co., Ltd.	2.03%
Custody Bank of Japan Ltd. (Trust Account)	1.92%
Kyoutou Co., Ltd.	1.80%
SBI Securities Co., Ltd.	1.21%
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	0.91%
Koichi Nakano	0.80%
Koji Murata	0.79%

Before Integration	Ownership Ratio	Before Integration	Ownership Ratio
TASUKI	FY03/2023 (Excl. Treasury Stock)	SHIN-NIHON TATEMONO	FY03/2023 (Excl. Treasury Stock)
Saburo Murakami	19.41%	Unitex Co., Ltd.	11.42%
Tokyo Weld Co., Ltd.	6.24%	Tokyo Weld Co., Ltd.	6.25%
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	4.06%	Saburo Murakami	4.02%
MORGAN STANLEY & CO. LLC	2.03%	J.S.B Co., Ltd.	3.46%
Wedge Co., Ltd.	1.92%	Kyoutou Co., Ltd.	3.16%
Custody Bank of Japan Ltd. (Trust Account)	1.80%	Koichi Nakano	2.06%
SBI Securities Co., Ltd.	1.21%	SBI Securities Co., Ltd.	1.86%
Morgan Stanley MUFG Securities Co., Ltd.	0.91%	Ruden Holdings Co., Ltd.	1.61%
Kyotou Co., Ltd.	0.80%	Daikatsu Co., Ltd.	1.51%
Takao Asai	0.79%	BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	1.46%

Note: The ownership ratio is calculated using the number of shares issued minus the number of treasury shares.

Source: Company Data

2. President Kashiwamura's View of the History of TASUKI Holdings

1) The Origins of SHIN-NIHON TATEMONO

The Only Real Estate Company that the Current CEO Applied to During His Job Search

Born in 1979, Mr. Yu Kashiwamura had wanted to work for a company where he could take on big projects since his student days. At the time, he was mainly looking for jobs at advertising agencies and he didn't have any particular attachment to the real estate industry, so SHIN-NIHON TATEMONO was the only real estate company he applied to. He only knew about SHIN-NIHON TATEMONO because Mr. Saburo Murakami, the founder of SHIN-NIHON TATEMONO, was involved in real estate transactions conducted by the company where Mr. Kashiwamura's father worked.

SHIN-NIHON TATEMONO Emerged from Western Tokyo & Saitama

The de facto predecessor of SHIN-NIHON TATEMONO was Murakami Sogo Kikaku, which was established in 1984 in Fussa, Tokyo by Mr. Murakami Saburo (the largest shareholder of TASUKI Holdings) and sold detached houses. Murakami Sogo Kikaku changed its name to Shin-Nihon Kensetsu in 1987 and expanded its business operations by entering the liquidity business (apartment sales business, exclusive wholesale format) in 1990. In 1994, it merged with Shin-Nihon Jisho (originally Kanto Air Conditioning Service), which was established in 1975 in Ageo, Saitama (the surviving company in theory was Shin-Nihon Jisho).

In 1995, the year after the merger, the company entered the condominium sales business (sales), and in the second half of the 1990's, it continued to diversify by establishing a series of subsidiaries, including Shin-Nihon House, Shin-Nihon Home (later Athlete), Shin-Nihon Jisho and Shin-Nihon Tatemono Hanbai. Having expanded its business in this way, SHIN-NIHON TATEMONO went public in 2001.

SHIN-NIHON TATEMONO When the Current President Joined the Company

When SHIN-NIHON TATEMONO first went public, it was benefiting from the expansion of investor demand due to the real estate liquidation boom and the expansion of demand for urban compact apartments due to the boom in studio investment. With these booms as a tailwind, the company rapidly expanded its business by carrying out speedy developments utilizing small to medium-sized plots in urban areas where it was difficult for major developers to enter the market.

SHIN-NIHON TATEMONO was in the midst of this period of rapid business expansion when Mr. Kashiwamura joined the company in 2003. Mr. Kashiwamura recalls that when he joined the company, his impression of SHIN-NIHON TATEMONO was that it was a lively and aggressive company and that, as it had only recently gone public, he felt a strong sense of momentum for it to grow significantly in the future. Furthermore, the company's decision to establish subsidiaries as it diversified gave him the impression that it had a strong venture mind and in Mr. Kashiwamura's eyes, it seemed that even young people were being given a chance. In fact, SHIN-NIHON TATEMONO was adopting a policy of spinning off one company after another to become a de facto holding company and there seemed to be a strong culture of encouraging independence.

Attracted by this culture, many former employees of companies such as Daikyo, Haseko and Recruit Cosmos gathered at SHIN-NIHON TATEMONO at that time, and it is believed that this fostered a corporate culture that was both rewarding and fast-paced. At that time, most employees were mid-career hires and only a few new graduates were hired each year, in 2003 the only new graduate hired was Mr. Kashiwamura.

After joining SHIN-NIHON TATEMONO, Mr. Kashiwamura was assigned to the detached house sales department, where he went to the construction site and constructed detached houses while communicating with the carpenters. After experiencing all the processes involved in completing a detached house, he was transferred to the Corporate Planning Department in 2006.

The Turning Point for SHIN-NIHON TATEMONO Was the Lehman Shock

The Lehman Shock of 2008 occurred whilst Kashiwamura was in the Corporate Planning Department. As a result of the Lehman Shock, financial institutions tightened lending to investors for real estate investments and sales of investment-use compact condominiums, SHIN-NIHON TATEMONO's mainstay, plummeted.

Not only did the investment real estate market collapse, but financial institutions also severely restricted lending to real estate-related companies and mid-level developers, whose creditworthiness was lower than that of major developers, all experienced a deterioration in their cash flow. Furthermore, the large amounts of borrowings incurred from aggressive land purchases in the past became a burden.

SHIN-NIHON TATEMONO Continues to Operate through Management Restructuring via ADR

Thus, SHIN-NIHON TATEMONO, which had fallen into a financial crisis and poor performance, filed for ADR (Alternative Dispute Resolution) in 2010 and attempted to rebuild its business by restructuring its debt with financial institutions. Mr. Kashiwamura, who was in the Corporate Planning Department, ended up working at the forefront of the business rebuilding through ADR. Looking back, it was also an opportunity for him to develop his management skills.

After debt restructuring through ADR, SHIN-NIHON TATEMONO's business scale was reduced to the point where it continued to develop compact apartment buildings in the city center on a small scale, so it can be said that it was successful by surviving.

2) How TASUKI Was Made

TN Estate, Which Will Later Become TASUKI, is a Non-Consolidated Subsidiary Established by SHIN-NIHON TATEMONO in 2013

For SHIN-NIHON TATEMONO, which had experienced debt restructuring through ADR, the early 2010's was a time when the company prioritized risk-reducing business operations and waited for the real estate market to recover. This is why in 2013, SHIN-NIHON TATEMONO established two subsidiaries for the first time in a long time. As mentioned above, SHIN-NIHON TATEMONO's style when starting a new business is to establish subsidiaries, spin them off and encourage them to become independent; so the establishment of these subsidiaries in 2013 may have been a kind of signal fire for renewed growth.

New Investment Residences for Sale as a Whole Building Was the De Facto Starting Business

One of the two companies established in 2013 was TN Estate, which would later become TASUKI. SHIN-NIHON TATEMONO is sometimes abbreviated as SNT and the last two letters of that abbreviation are the origin of the company name TN Estate (the other company was SN Community, which took the first two letters of SNT).

When TN Estate was founded in 2013, its business was real estate brokerage and distribution. In 2015, the company began renovating and reselling detached houses, which led to the current refining business, but it did not immediately take off. The situation changed when current director Mr. Koji Murata was seconded from SHIN-NIHON TATEMONO in October 2016 (Mr. Murata transferred to the company the following July 2017). Looking back, Mr. Murata's participation could be seen as the de-facto founding of the company.

Mr. Murata focused on the implementation of the inheritance tax and gift tax reforms that came into effect in January 2015. Mr. Murata believed that the implementation of these reforms would increase the number of potential heirs and thus the demand for inheritance tax savings would increase. Taking advantage of the special provisions for small residential lots, etc., which lower the inheritance tax assessment value of rental commercial residential lots of less than 200m², he developed newly built investment residences as a real estate product to meet the demand for inheritance tax savings.

At the time, real estate investment products were limited to deals of ¥100 million to ¥150 million targeted at company employees, or ¥500 million to ¥600 million targeted at the wealthy. There were no real estate products in the ¥300 million range that featured inheritance tax measures at the forefront, so the company decided to specialize in this "vacant" zone.

The Beginning of DX Utilization is Making it Possible to Make Profits Even from Small, Newly Built Investment Residences

There is a reason why other companies had not touched the ¥300 million scale real estate product zone. The reason is that regardless of the size of the property, the amount of work required for land acquisition and construction inspections is the same, so they have been reluctant to do so on a ¥300 million scale, thinking that the profits would not be as high relative to the amount of work required. The company created development methods and business processes so that it could make a sufficient profit even on projects of ¥300 million scale. To achieve this, DX was utilized in various areas. It is no exaggeration to say that the seeds of DX utilization, which is a characteristic of the company's business, were planted then.

Independent from SHIN-NIHON TATEMONO through MBO

In this way, the newly built investment residences, which put inheritance tax measures at the forefront, were developed into a product that could generate profits even for small-scale projects. Since there were few similar products from other companies, the company received many inquiries via financial institutions, tax accountant offices and accounting firms that came to consult about inheritance tax.

However, it was difficult for TN Estate to handle these numerous inquiries quickly under the umbrella of SHIN-NIHON TATEMONO, a general developer. As a result, in September 2017, TN Estate dissolved its capital relationship with SHIN-NIHON TATEMONO through a management buyout. At the time of the MBO, the chairman of the board of directors was Mr. Saburo Murakami (the founder of SHIN-NIHON TATEMONO) and the president and representative director was Mr. Koji Murata.

Changing the Company Name Shows Flexibility

The October following the MBO, the company name was changed from "TN Estate" to "TASUKI". In August 2018, the name was changed to "TASUKI" written in hiragana to give it a gentler feel and in October 2019, it was changed again to "TASUKI" written in katakana. The reason for changing from hiragana to katakana was that katakana looked more like a company name when featured in newspaper articles. The fact that the company name changes almost every year may be a sign of the company's mobility and flexibility.

3) TASUKI's Expansion after Independence through MBO

Post-MBO Goals

After becoming independent through an MBO, TASUKI's goals were to go public and to further utilize real estate DX to differentiate itself from other companies.

As Planned, the Company Was Listed on TSE Mothers in 2020

The company's IoT Residences are a real estate product targeted at the wealthy. For that reason, the company believed it was essential for it to have credibility and it had been conscious of going public from an early stage. Then, in October 2020, TASUKI was listed on Tokyo Stock Exchange Mothers board. The timing of the listing was exactly as the company had hoped.

Exploring Further Use of Real Estate DX

Further utilization of real estate DX was explored under the leadership of Mr. Murata and Mr. Kashiwamura. One major achievement was that their mainstay newly built investment residences were upgraded to IoT residences with IoT built into the living environment as standard in April 2019. The use of real estate DX has further increased the added value of real estate products and gave them a point of differentiation.

In addition, in order to expand the scope of real estate DX, in October 2019, the company launched the salary advance payment platform "TASUKI DayPay " to deal with the increasing number of foreign workers in the construction industry. However, due to the sharp decline in employment opportunities for foreign workers caused by COVID-19 in 2020, demand for this service has disappeared and the company decided to transfer the business to another company in 2021.

Not everything will go smoothly. However, the key to successful DX is to continue searching despite failures. After withdrawing from the salary advance payment service, the company decided to concentrate its management resources on planning and developing new investment IoT residences that utilize real estate DX and developing a real estate value distribution platform that utilizes smartphones. It is believed that this series of actions helped to establish a mindset of utilizing real estate DX within the organization.

In addition, the Group Digital Transformation Strategy Department is responsible for internal DX, which utilizes real estate DX to improve internal productivity; while the non-consolidated subsidiary ZISEDAI is responsible for external DX, which involves creating services that utilize the results of real estate DX and selling them externally.

TASUKI Holdings | 166A (TSE Growth)

Management Succession

In October 2021, the year after the listing, Mr. Kashiwamura was appointed as TASUKI's President and CEO, and Mr. Murata, who had served as President and CEO since the MBO, was appointed as Representative Director and Chairman. In this way, the succession of management is proceeding while the management structure is being changed.

4) Business Integration of TASUKI and SHIN-NIHON TATEMONO

SHIN-NIHON TATEMONO Post TASUKI Becoming Independent

Here, let's take a look at SHIN-NIHON TATEMONO after TASUKI became independent through an MBO.

In 2013, when the company that was to become TASUKI was spun off, SHIN-NIHON TATEMONO adopted a growth strategy for regrowth through diversification of asset types. In 2016, the company entered the investment apartment business and then moved into hotel development in 2018, office building development in 2021 and logistics facility development in 2022, thereby increasing the variety of asset types it handled.

The 2 Companies, Have the Same Origins, but Have Developed Their Own Unique Characteristics, then Re-Merged

In this way, TASUKI and SHIN-NIHON TATEMONO, which sought different growth paths, honed their different strengths. If TASUKI's strength is its product development capabilities that utilize real estate DX, SHIN-NIHON TATEMONO's strength can be described as its purchasing power based on its community-based sales capabilities. Thus, the two companies, which have the same origins but have enhanced their respective uniqueness, re-merged in April 2024.

Originally, both TASUKI and SHIN-NIHON TATEMONO were characterized by their elite small team approach to business, but in order to strengthen their organizations in preparation for future business expansion, they needed to broaden their human resources. Furthermore, this combination is expected to produce many synergies, such as strengthening purchasing power by leveraging the characteristics of both companies, reducing fundraising costs and expanding the customer base by increasing the variety of real estate products handled.

AURA Also Joined the Group

Furthermore, in April 2024, the company acquired shares in AURA and incorporated it into its group. AURA is a real estate consulting company, but the company's group has had a long - standing relationship with the company, having supported AURA at the time of its founding. Therefore, it is expected that the addition of AURA to the company's group will further increase synergies. Thus, a new challenge has begun for the company group, which is made up of TASUKI, SHIN-NIHON TATEMONO & AURA.

5) Company DNA

Company DNA

Every company has its own DNA. A company's DNA is the unique values and management philosophy that are rooted in the organization and all employees and they are often the source of a company's competitiveness. In the process of a company's growth, the founder's vision often evolves into the company's DNA, but there are also cases where management succession, such as a change in management, occurs along the way and the founding philosophy evolves or a new corporate culture is instilled. In any case, it is believed that creating a business strategy that utilizes the company's DNA and implementing it will increase the chances of success.

Core competence (the core capabilities of a company) is the result of resources that are difficult to imitate and the major factor that forms it is thought to be the company's DNA. Just as people can win by competing in their areas of expertise, the formula for success for companies is to expand their business in areas that are rooted in their DNA.

TASUKI DNA is Agility, Speed & Flexibility. Doing Projects that Major Developers Are Unwilling to Undertake

It believes that its corporate DNA is "the agility, speed and flexibility in business development to take on projects that major developers are unwilling to undertake". Furthermore, TASUKI, the company's core subsidiary, is a company that was separated from SHIN-NIHON TATEMONO and it is believed that both TASUKI and SHIN-NIHON TATEMONO share a common foundation at the corporate DNA level.

Around 2001, when SHIN-NIHON TATEMONO went public, the real estate industry was in an environment where high growth was expected, backed by the expanding demand for urban compact apartments due to the boom in studio investment.

For SHIN-NIHON TATEMONO, it was a time when the company continued to explore how to compete against major developers with superior financial strength in a favorable external environment, but it succeeded in greatly expanding its business operations.

One of the factors behind this was the agility to handle projects on a scale that would be difficult for major developers to enter into and also, the speed of decision-making on purchasing, etc., which is thought to have been cultivated as part of SHIN-NIHON TATEMONO's corporate DNA. TASUKI, which separated from SHIN-NIHON TATEMONO, had the mobility, speed and flexibility that came from SHIN-NIHON TATEMONO. This is why it was able to spread DX utilization throughout the organization from an early stage.

Furthermore, ever since the days of SHIN-NIHON TATEMONO, the company has had a strong desire to have a holding company structure and when starting something new, they have had a tendency to develop it through spin-offs.

TASUKI was one of the companies that was established by spinning off from SHIN-NIHON TATEMONO and this was due to the company's strong desire to respond flexibly as an organization in order to quickly launch a business. TASUKI's integration with SHIN-NIHON TATEMONO also be seen as an indication of the company's flexibility in changing the way it is organized to achieve its goals.

3. Business Strategy from the Perspective of Business Strategy Theory

1) Michael Porter's Positioning Theory Approach

**Adopted
Differentiation
Strategy as a
Company-Wide
Strategy & Focus
Strategy as
Business Strategy**

Michael Porter argues that in order to succeed in a certain industry, it is necessary to take a clear position. In positioning theory, there are three basic strategies for taking a specific position and building a competitive advantage: 1) cost leadership strategy, 2) differentiation strategy and 3) focus strategy, and it is considered essential to steer into one of them. TASUKI adopts a differentiation strategy as its company-wide strategy and a focus strategy as its business strategy.

**Differentiation
Strategy Seen in
Establishing an
Industry Position
Gained Through
Business
Integration**

A differentiation strategy is a strategy that aims at a wide range of targets, but rather than offering low cost, it is a strategy that gives an advantage over competitors by providing unique added value that customers recognize. It can also be said to be a strategy that provides value that cannot be obtained from other companies and that customers are willing to pay for. The company has established itself as an unprecedented real estate DX operator, combining its many years of practical experience as a real estate developer with its track record in DX as a real estate tech company.

**TASUKI's IoT
Residence:
A Focus Strategy**

A focus strategy is a strategy that concentrates management resources in a narrow, specific market (customer segment, region, specific product, etc.) to gain a competitive advantage. In order to gain a competitive advantage, it is essential to make choices different from competitors, that is, to make trade-offs.

The focus strategy can be seen in the company's business strategy and the IoT Residences, which are the main source of revenue for group company TASUKI, are a prime example. The company's IoT Residences are designed to cater to (1) customers who need to take measures against inheritance tax, (2) locations within a 5-minute walk from the nearest station in Tokyo's 23 wards, (3) sales prices of around ¥300 million that no one else wants to do because the profits are low compared to the amount of work required and (4) newly built investment residences.

By concentrating its lineup on IoT residences, TASUKI has a track record of growing at such a rapid pace that it was able to go public in a short period of time after the company was founded.

2) Resource-Based View (RBV) Approach

Core Competence "Optimizing Real Estate Development by Combining Real Estate Development Know-How with Real Estate DX Know-How"

In contrast to Porter's positioning theory, there is an approach called the "resource-based view (RBV)" that focuses on a company's management resources. Within the RBV approach, some emphasize core competence (a company's core ability that provides value that is unique to the company and cannot be imitated by other companies), while others emphasize capabilities (organizational capabilities that span the entire value chain).

For TASUKI, its core competency is "optimization of real estate development achieved by combining the real estate development know-how cultivated by SHIN-NIHON TATEMONO with TASUKI's real estate DX know-how" and its capability is "business processes operated based on decision-making utilizing DX".

Jay Barney, a leading authority on RBV, discusses both core competencies and capabilities as resources in a broad sense and advocates VRIO as a framework for checking the strength of a company's resources. Barney lists "Value", "Rarity", "Inimitability" and "Organization" as evaluation criteria for the possibility of effectively utilizing a company's resources. VRIO is an acronym for these four evaluation criteria, and Barney believes that resources that contribute to "inimitability" and backed by "organization" in particular contribute to competitive advantage.

The Difficulty of Imitation Comes from the Fusion of Real Estate Development Know-How & Know-How on Improving Operational Efficiency and Productivity through Real Estate DX

3) Difficulties in Imitating TASUKI Holdings

Whether a business is easy or hard to imitate is evaluated based on whether it is impossible to imitate in the first place and whether attempting to imitate would require enormous costs. This company's inimitability is due to the fusion of real estate development know-how cultivated in the business of real estate developers and know-how on improving operational efficiency and productivity through real estate DX, which was achieved through the integration of TASUKI and SHIN-NIHON TATEMONO. Strategy Advisors believes that this will be the source of the company's competitive advantage. We would like to take a closer look at this in more detail below.

4) Difficulties in Imitating TASUKI & SHIN-NIHON TATEMONO Pre-Merger

Before their merger, TASUKI and SHIN-NIHON TATEMONO were both difficult to imitate, but by merging the two companies, it is believed it will become even more difficult for other companies to imitate.

Difficulties in Imitating SHIN-NIHON TATEMONO

What made SHIN-NIHON TATEMONO difficult to imitate before the merger was its "real estate development know-how, which has been cultivated through the business of a real estate developer and leads to purchasing power". Specifically, the company had the know-how to select sites for urban compact apartments, design capabilities to maximize profits from investment real estate and it also had purchasing power based on its community-based sales capabilities. These made it possible to effectively utilize

Difficulties in Imitating TASUKI

small and medium-sized sites in the city center that large developers would not touch, and as a result, it strengthened its purchasing power.

"Know-how for improving business efficiency and productivity through real estate DX" is what made TASUKI difficult to imitate before the merger. This difficulty to imitate was brought about by three things, (1) data-driven site selection, (2) development that does not depend on staff experience and connections and (3) automation of business processes and a DX promotion system. These were established by designing business operations based on DX from an early stage after the company was founded, and gradually promoting data utilization and business efficiency.

Why it Will Take Time for Competitors to Catch up with TASUKI's Real Estate DX

For competing companies, even if they try to imitate TASUKI's real estate DX, it will take them a considerable amount of time to catch up. Furthermore, for companies that have been operating under existing business models, mainly large ones, the business processes they have continued up until now will hinder business development based on DX, so building a system suitable for real estate DX will require significant organizational change. In that sense, TASUKI is fortunate in that it has a short history, and was able to build an organization based on DX from an early stage, making it even more difficult for others to imitate it.

Two Layers of Imitation Resistance Further Can Strengthen the Factor of Difficulty in Imitation

The merger of SHIN-NIHON TATEMONO and TASUKI will bring together the imitation resistance that each company has cultivated; but rather than simply adding them together, there is room for the imitation resistance to be further increased by their mutual interaction. In other words, a virtuous cycle will be created in which know-how gained from practice will be used to improve the quality of real estate DX and the results of real estate DX will be used to improve the efficiency and productivity of practice; and the individual imitation resistances will interact with each other, making it possible to increase the imitation resistance on the whole.

5) Examining the Increased Difficulties in Imitation Due to the Business

Can TASUKI Combine Real Estate Development Know-How & Real Estate DX to a Level That IT Will Become a Source of Competitiveness?

Integration: What Strategies Can Other Companies Adopt?

In the real estate industry, there are real estate developers with real estate development know-how equal to or greater than the company. Similarly, there are many real estate tech companies that tout real estate DX. In this way, real estate development know-how and real estate DX alone may be perceived as not being very difficult to imitate. However, the picture changes when it comes to whether real estate development know-how and real estate DX can be combined to a level that becomes a source of competitiveness.

3-Strategies to Compete with TASUKI Holdings in the "DX x Real Estate" Field

If another company were to try to compete with the company in the "DX and real estate" field, the following three strategies could be considered.

• Strategy 1:

Leverage capital to make huge IT investments and build a more advanced DX platform

- **Strategy 2:**

Partner with real estate tech companies to strengthen DX in a short period of time

- **Strategy 3:**

Strengthen DX in markets and business areas different from the company

It's not impossible that large developers or well-capitalized tech companies could implement these strategies, but even if others do, it's likely they won't be able to follow suit in the short term.

Competitive Strategy 1:
"Backed by Our Capital Strength, We Will Make Huge IT investments & Build a More Advanced DX Infrastructure"

Strategy 1, "Leveraging capital strength to make huge IT investments and build a more advanced DX platform", is a strategy that could be adopted by a major developer. Utilizing capital strength greater than that of the company, it would invest heavily in DX development, including AI and data utilization and develop a system that exceeds the accuracy of the company's "AI-based land selection and sales optimization", thereby differentiating itself. A major developer could be said to have accumulated more real estate development know-how than TASUKI and could be able to utilize a greater amount of data than TASUKI. In this case, these companies could increase the hiring of data scientists and engineers and promote DX development in-house.

Let's say a major developer were to adopt this strategy. Even in that case, know-how on utilizing AI and data cannot be accumulated overnight and development will take a long time. In addition, since major developers already have sales networks and business models in place, it may take a considerable amount of time for them to make the decision to switch to a business model that utilizes DX, as it means drastically changing their business processes and organizations.

Therefore, although there is a possibility that major developers will adopt Strategy 1, it is likely that the company will not be overtaken in the short term and thus TASUKI has some buffer time.

Competitive Strategy 2:
"Real Estate Tech Companies Partnering to Strengthen DX Will Be Realized in a Short-Time"

Regarding Strategy 2, "Partnering with real estate tech companies to strengthen DX in a short space of time", it is assumed that (1) existing real estate companies will partner with real estate tech companies such as GA technologies (3491 TSE Growth) or Leeways, which are already promoting DX, in order to build a DX infrastructure equivalent to that of the company in a short space of time and catch up with the company, or (2) they will bring in external know-how on AI and data utilization and combine it with the real estate business to rapidly introduce DX.

Even if other companies were to adopt this strategy, it would take time to combine real estate business experience with technology and it would be difficult to incorporate DX utilization into the core of the corporate culture as the company has done. In short, there are limits to simply introducing DX tools. Furthermore, even if they do form an alliance, the speed of progress is likely to vary depending on whether the real estate developer or the real estate tech company takes the lead.

Competitive Strategy 3:
"Strengthening DX in Different Markets"

Strategy 3, "Strengthen DX in markets and business areas different from the company's" is a strategy that avoids direct competition with TASUKI. Specifically, it will

and Business Domains"

be a strategy to advance real estate DX while avoiding the areas of urban compact apartments and investment real estate, which are this company's main business areas.

The strategies adopted by Open House (3288 TSE Prime), which actively utilizes DX in detached house sales and Daito Trust Construction (1878 TSE Prime), which is strengthening DX in rental management, are similar. Since direct competition is being avoided in the first place, it is unlikely that competition will intensify in the short term. However, caution is required as the expansion of the business domains of the company or other companies could lead to a competitive relationship in the future; and there is also the possibility of localized competition in the case of companies like Open House, which are in different domains from the company but are competing only in land procurement.

4. Current Status of the Business

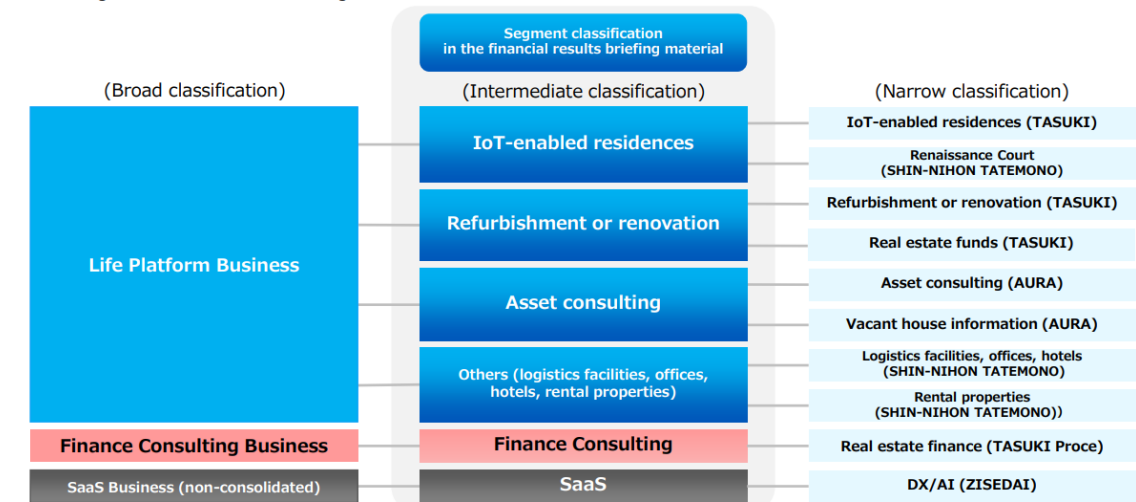
1) New Segment Classification after Business Integration

After the Business Integration, the Company Was Divided into 3- Segments

The company's business model is characterized by the fact that while it has focused on real estate operations as its core business, it is also expanding into the real estate tech and DX fields, providing highly practical SaaS products that it has developed in-house, leveraging the field experience it has accumulated in the real estate field.

The company has three business segments: Life Platform Business, Finance Consulting Business and SaaS Business (non-consolidated). The main business is the Life Platform Business, which covers the real estate field, and is divided into four segments: IoT-enabled residences, Refurbishment or renovation, Asset consulting and others.

Figure 5. New Segment Divisions After Business Integration



Source: Company Data

2) Revenue Model

The Majority of the Life Platform Business is Flow Revenue

As can be seen from the segment classification, the Life Platform business has a wide range of businesses. Some services generate stock revenue, but the majority of the business's revenue is flow revenue from real estate sales. One model is to deduct about 80% of the land and building cost and about 5% of sales expenses from the sales price of the property, resulting in an operating profit margin on sales of about 15% on a project basis.

Finance Consulting & SaaS Businesses are Stock Revenue

On the other hand, the Finance Consulting and SaaS businesses do not have large sales to begin with, but as they are mainly recurring revenue, they have a model that can ensure stable revenue. The SaaS business is a business in which the operating profit margin on sales is about 50% after deducting the costs of providing the service (server fees, depreciation costs, labor costs, etc.) from the service price.

3) Financial Trends

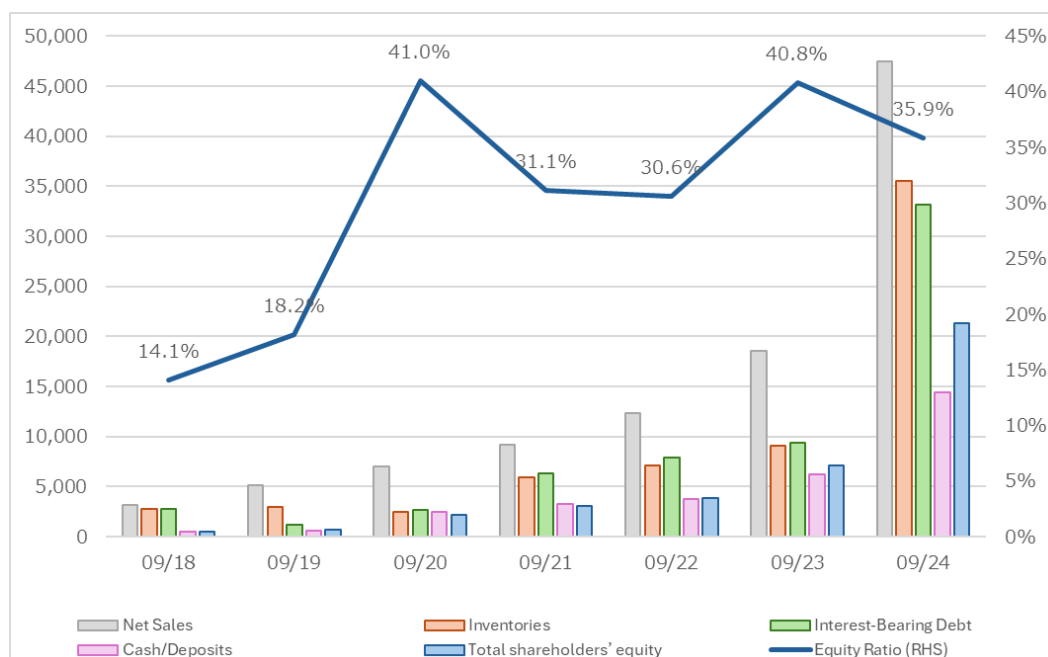
Maintaining a Relatively Stable Financial Position Even as Sales Increase

The majority of the company's revenue comes from flow revenues from real estate sales. The company purchases land, builds on it and then sells the land. Like other developers, the company is subject to financial burdens and when it is in a growth phase and purchases more land, its capital needs increase.

Even so, before the business integration, TASUKI maintained a relatively stable financial position even as sales increased. For example, before its listing in 2020, the company's equity ratio was in the 10% range, but since its listing, it has never fallen below 30%. Although it declined with the addition of SHIN-NIHON TATEMONO following the integration, it remained at 35.9% for FY09/2024.

In addition, the majority of the company's assets are current assets and the way in which it handles inventory is key. Inventory has been increasing in-line with sales growth, but up until FY09/2023, before the merger, interest-bearing liabilities of roughly the same amount as inventory had been used.

Figure 6. Financial Status of TASUKI Before & After the Merger



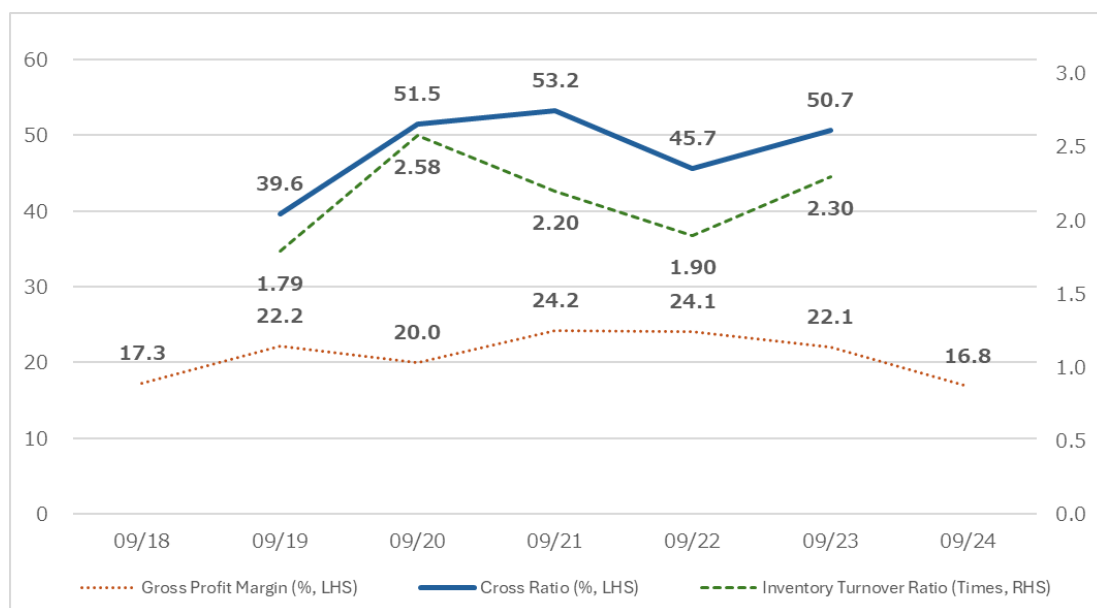
Note: Up until FY09/21, TASUKI's parent basis, FY09/22 to FY09/23, TASUKI's consolidated basis, and from FY09/24 onwards, TASUKI Holdings' consolidated basis.

Source: Company Data. Compiled by Strategy Advisors

A Crossover-Ratio Much Higher than the Industry Average

The reason why the balance sheet is not burdened so much even in the phase of sales increase is probably because of the "know-how of improving business efficiency and productivity through real estate DX". This is reflected in TASUKI's crossover ratio (the product of gross profit margin and inventory turnover). If the average range of gross profit margins for companies selling investment condominiums is 15-25% and the average range of inventory turnover is 0.4-1.0 times (equivalent to an inventory holding period of 1-2.5 years), the crossover ratio range is 6.0-25.0%, but TASUKI's cross ratio is significantly higher than the upper limit of the range. This is mainly due to the inventory turnover ratio being at a level of more than 2x, which reflects the effects of the company's real estate DX. Note that for the FY09/2024 when SHIN-NIHON TATEMONO was added through a business integration, the crossover ratio cannot be calculated because there is no continuity in the inventory turnover figures. However, it is assumed that the crossover ratio temporarily decreased due to the business integration, given the decline in the company's gross profit margin for FY09/2024 and the status of SHIN-NIHON TATEMONO's inventory as of the end of September 2023. Going forward, it will be important to note whether the company's cross ratio can return to the level it was before the business integration.

Figure 7. Cross Ratio of TASUKI before Integration



Note: Up until FY09/21, TASUKI's parent basis, FY09/22 to FY09/23, TASUKI's consolidated basis, and from FY09/24 onwards, TASUKI Holdings' consolidated basis.

Cross ratio = Gross profit margin x Inventory turnover

The inventory turnover rate used to calculate the cross ratio is calculated based on sales.

Source: Company Data. Compiled by Strategy Advisors

4) TASUKI Real Estate DX

The Key to TASUKI's Real Estate DX is That it Designed its Business with DX In Mind from an Early Stage after its Founding

Data-Driven Site Selection

As mentioned above, the difficulty of imitating the "know-how of improving business efficiency and productivity through real estate DX" that TASUKI possessed before the merger was due to three factors: (1) data-driven site selection, (2) development that is not dependent on staff experience and connections and (3) automation of business processes and a DX promotion system. These were established by designing business operations based on DX from an early stage after the company's founding and gradually promoting data utilization and business efficiency.

One of the factors that supports the company's superiority in property development is its data-driven site selection. Traditionally in the real estate industry, site selection relied on the experience, intuition and personal connections of staff after which risk analysis was also done intuitively based on past cases. However, by integrating data through the use of DX, the company has made it possible to select sites objectively and perform risk analysis in real time. As a result, the accuracy and speed of site selection has improved significantly.

Promoting Overall Optimization of the Real Estate Business, Not Just Site Selection

The company is promoting DX not only in the site selection process, but also on a company-wide level. Specifically, the company is promoting data utilization in each process after site selection, including planning and design, marketing, sales and after-

sales service; and is promoting overall optimization of the real estate business to avoid partial DX.

5) AURA Vacant House Information Platform

The Potential of AURA's Vacant House Information Platform

AURA, which was acquired in April 2024, provides asset consulting services to real estate owners. In the course of providing these services, the company has built a vacant house information platform.

The vacant house information platform is literally an accumulation of information on vacant houses in each district, but it is based on information collected by spot workers called research partners who walk around the city, find vacant houses, take photos of them and register them. With this information, AURA is said to be able to flexibly evaluate land with vacant houses. In a sense, AURA has been doing the same kind of DX that TASUKI has done with newly built investment residences, but in the field of asset consulting.

The company aims to accumulate 200,000 pieces of data by 2026. At the same time, it plans to upgrade this vacant house information platform into a seamless system using the company's DX/AI technology and to use it for land purchases at TASUKI and SHIN-NIHON TATEMONO, aiming to expand business opportunities for both companies.

5. Life Platform Business

1) IoT Residence (TASUKI, SHIN-NIHON TATEMONO)

IoT Residence Sells Residential Properties Developed for New Investment Purposes

IoT Residence, which is the core of the Life Platform business, is a business that sells residential properties developed for new construction investment. It is characterized by providing the value of "realizing an advanced lifestyle incorporating technology" by providing IoT-compatible equipment as standard fixtures.

Business Integration Expands Lineup to Meet Buyer Needs

Both TASUKI and SHIN-NIHON TATEMONO are involved in this business, but with the merger, the lineup has become TASUKI's "TASUKI Smart" and for SHIN-NIHON TATEMONO they offer the "Renaissance Court" & "Renaissance Premium Court" series. Each series targets properties in good locations within Tokyo's 23 wards and within a five-minute walk from the nearest station, but as prices, sizes and specifications vary depending on the needs of the property buyer, it has become possible to target a wider range of buyers.

Figure 8. IoT Residences Lineup

Series	TASUKI Smart	Renaissance Court	Premium Renaissance Court
Operating Company	TASUKI	SHIN-NIHON TATEMONO	SHIN-NIHON TATEMONO
Sales Price	¥300 million to ¥500 million	¥600 million to ¥1 billion	¥1 billion to ¥2 billion
Customer	Private investors (Inheritance tax measures)	Private investors Business Company Institutional Investors	Business Company Institutional Investors
Size of Land	60 m ² ~200 m ²	150 m ² ~500 m ²	150 m ² ~500 m ²
Number of Houses	8 to 14 units	10 to 50 units	10 to 50 units
Building Type	Mid-to-low rise compact residence	Mid-to-high rise residences	Mid-to-high rise residences
Location	Within a 5-minute walk from the nearest station in Tokyo's 23 wards	Within a 5-minute walk from the nearest station in Tokyo's 23 wards	Within a 5-minute walk from the nearest station in Tokyo's 23 wards

Source: Company Data. Compiled by Strategy Advisors

TASUKI Makes a Fair Profit Even with Small Properties, That Other Companies are Unwilling to Touch

The amount of effort that real estate companies put into property development is not that different, regardless of the size of the property. For this reason, especially major developers, are reluctant to handle small properties with low gross revenues (annual rental income from the property), as they believe that they are not profitable given the effort required. TASUKI's strength lies in its ability to generate a fair profit even from small properties that other companies are reluctant to handle.

Other Ideas Besides Real Estate DX

The company's real estate DX has been carried out to optimize business processes so that it can increase profits even for small properties, but it has also implemented various other measures, one of which is standardizing plans and specifications.

In the real estate industry, it is common to design a building to fit the land that is purchased;. But in the case of TASUKI, the building is designed first and then the land that matches the plan and specifications is purchased.

In addition, the company has narrowed down the areas it purchases from and is promoting a dominant strategy of simultaneously constructing multiple buildings in the same or neighboring areas. This not only improves operational efficiency, but also improves profitability through joint purchasing.

By implementing these streamlining measures, the company is able to reproduce the same speed in apartment construction as in detached house construction. In fact, in the company's case, the period from securing the land to completing the building is about one year, which is shorter than similar projects by other companies.

The company also has a strong commitment to a small but elite team. It is no exaggeration to say that the company's operational efficiency has been promoted so that a small but elite team can work comfortably. With a scheme that allows for mass

production in a compact structure, the business is well-positioned to secure a gross profit of 20%.

Sometimes the Land is Sold Without the Building Being Constructed

IoT Residence's business mainly involves selling newly built residential properties for investment, but it also sells land acquired for development as is. Its main customers are individuals and corporations who want to have buildings designed and developed by other companies. By selling land appropriately, the company has the advantage of being able to shorten inventory turnover periods compared to in-house development, and of being able to reduce the risk of market fluctuations in the real estate market.

2) Refurbishment or Renovation (TASUKI)

Refurbishment or Renovation to Increase the Value of Used Properties

This is a business that TASUKI began to fully deploy in 2023 to expand its service lineup for wealthy customers, in which it acquires used properties, increases their value and then sells them. The business targets not only residences, but also commercial buildings that house restaurants and offices. In addition to carrying out construction work to restore the functions and performance of buildings that have deteriorated over time, the business also negotiates with existing tenants to optimize rents, aiming to increase the asset value of the property as a whole.

3) Asset Consulting (AURA)

Asset Consulting Provided by the Acquired AURA

This business, which was acquired by AURA in 2024, provides consulting services to real estate owners who are concerned about the utilization of their real estate. Due to the nature of the clients who come to consult, the real estate in question is often small or irregularly shaped land in urban areas, inherited land or land that is difficult to sell. Therefore, it can be said that the term "small-scale land utilization consulting" is more appropriate. AURA's revenue comes from consulting to maximize real estate value and from selling the properties it purchases in the process.

AURA's Vacant House Information Platform is a Major Competitive Advantage

Therefore, AURA has built a vacant house information platform that visualizes information on vacant houses so that it can smoothly diagnose assets and propose utilization to owners of vacant houses. The existence of this platform has become a major competitive advantage of AURA's asset consulting.

4) Others (Logistics Facilities, Offices, Hotels and Rental Properties) (SHIN-NIHON TATEMONO)

Planning & Sales of Logistics Facilities etc.

SHIN-NIHON TATEMONO is in charge of the "Others" part of the Life Platform business. SHIN-NIHON TATEMONO entered the investment apartment business in 2016 and then expanded into hotel development in 2018, office building development in 2021 and logistics facility development in 2022, thereby increasing the variety of asset types it handles. Of these, anything other than investment apartments is classified as "Others".

Among these, the planning and sales of logistics facilities accounts for a large proportion. The logistics facilities developed by SHIN-NIHON TATEMONO are located

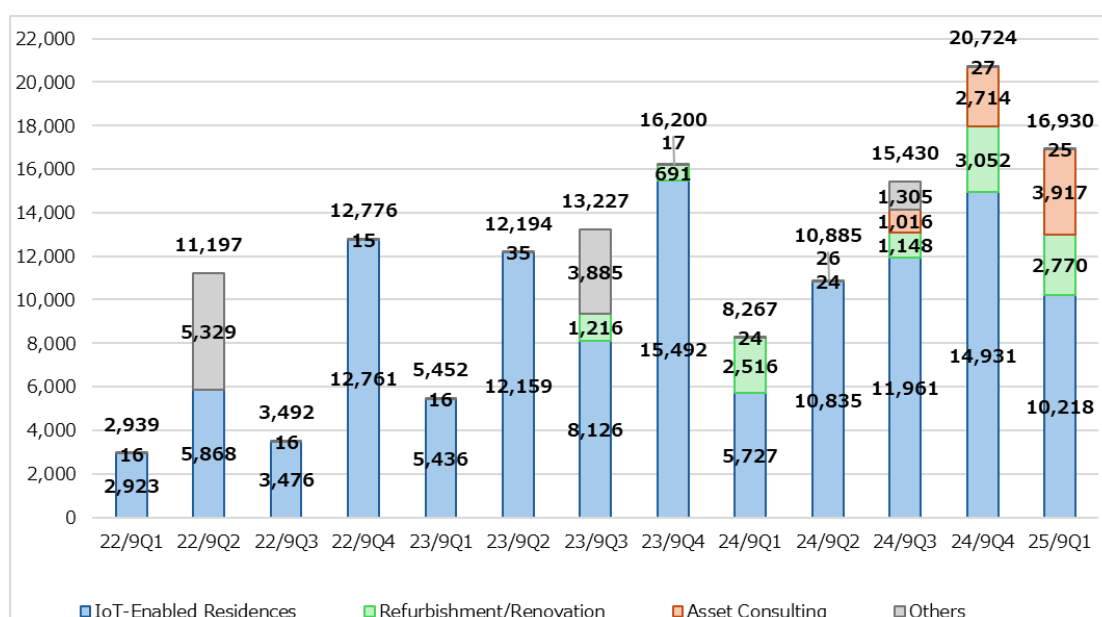
about two hours from the city center, are priced in ¥2 billion to ¥5 billion range and are over 2,000 m² in size. By making them logistics facilities that utilize IoT, which has been incorporated into residential developments, the company is increasing the value of the properties.

5) Quantitative Status of Life Platform Business

Diversified Service Portfolio after Business Integration

The sales of Life Platform business will continue to be centered on IoT Residences, but after the integration (from FY09/2024 Q3), sales of refurbishment or renovation business and asset consulting business will also be added, suggesting that the service portfolio is becoming more diversified. This trend is evident when looking at gross profit.

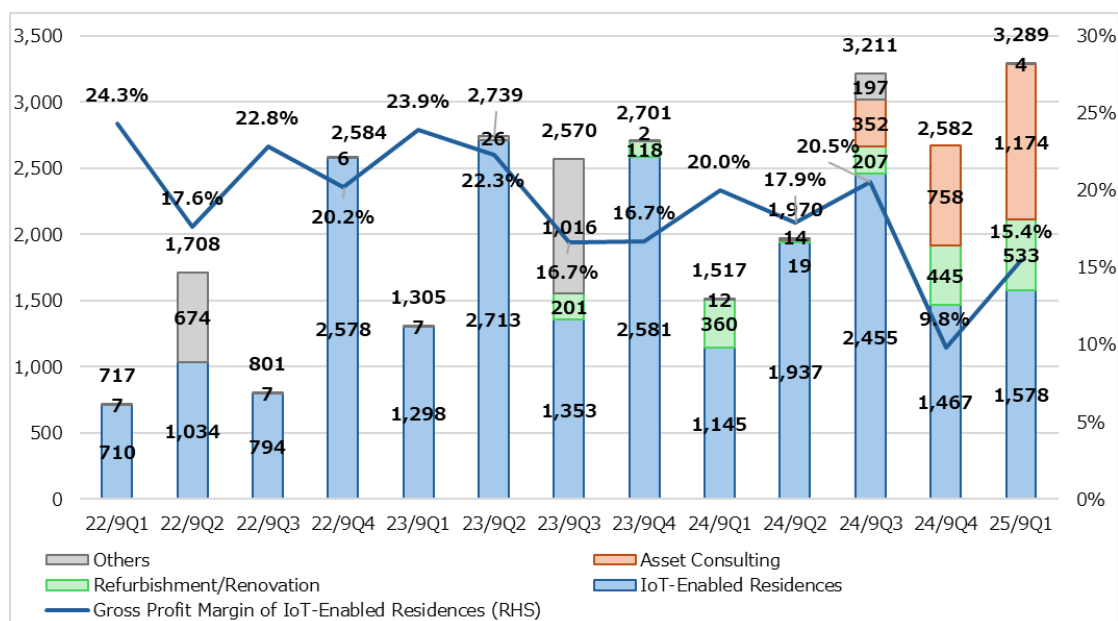
Figure 9. Quarterly Trends in Sales for Life Platform Business (¥mn)



Note: FY09/2022 Q1 to FY09/2024 Q2 are the simple sum of TASUKI (TASUKI Proce consolidated) and SHIN-NIHON TATEMONO (non-consolidated). Past results for SHIN-NIHON TATEMONO and other companies are shown based on September fiscal year endings.

Source: Company Data

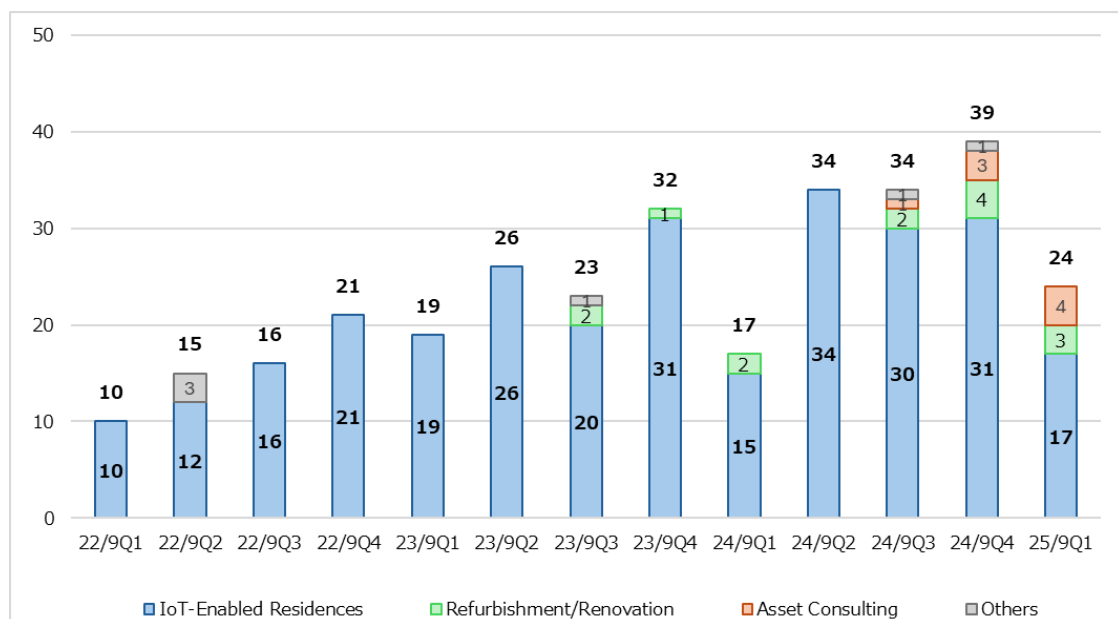
Figure 10. Quarterly Trends in Gross Profit for Life Platform Business (¥mn)



Note: FY09/2022 Q1 to FY09/2024 Q2 are simple sum of TASUKI (TASUKI Proce consolidated) and SHIN-NIHON TATEMONO (non-consolidated). Past results for SHIN-NIHON TATEMONO and other companies are shown based on September fiscal year endings.

Source: Company Data

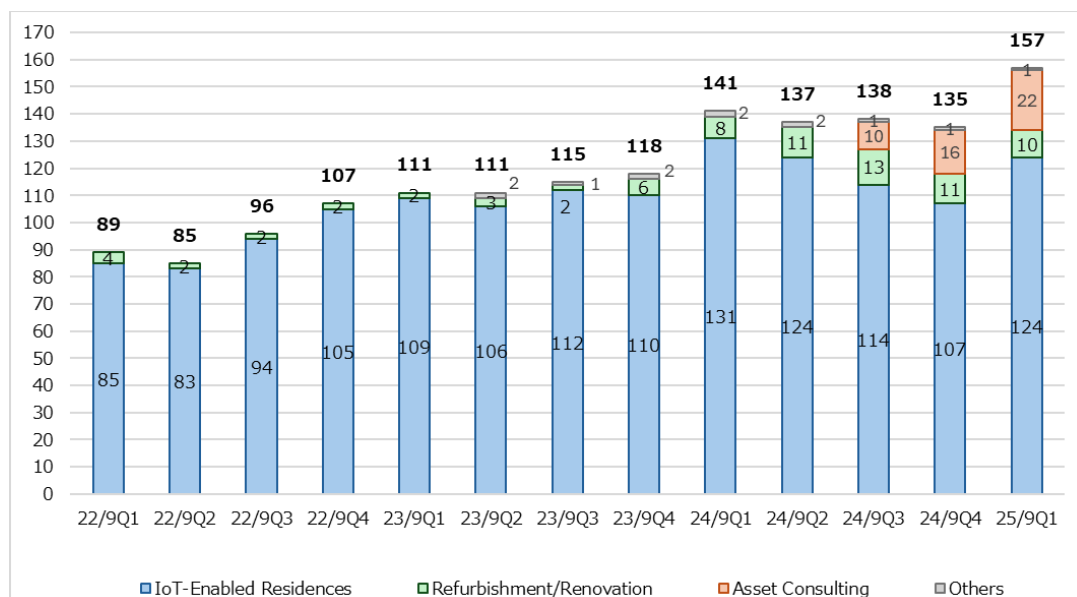
Figure 11. Quarterly Trends in Sales Volume in Life Platform Business (#of Units)



Note: FY09/2022 Q1 to FY09/2024/9 Q2 are simple sum of TASUKI (TASUKI Proce consolidated) and SHIN-NIHON TATEMONO (non-consolidated). Past results for SHIN-NIHON TATEMONO and other companies are shown based on September fiscal year endings.

Source: Company Data

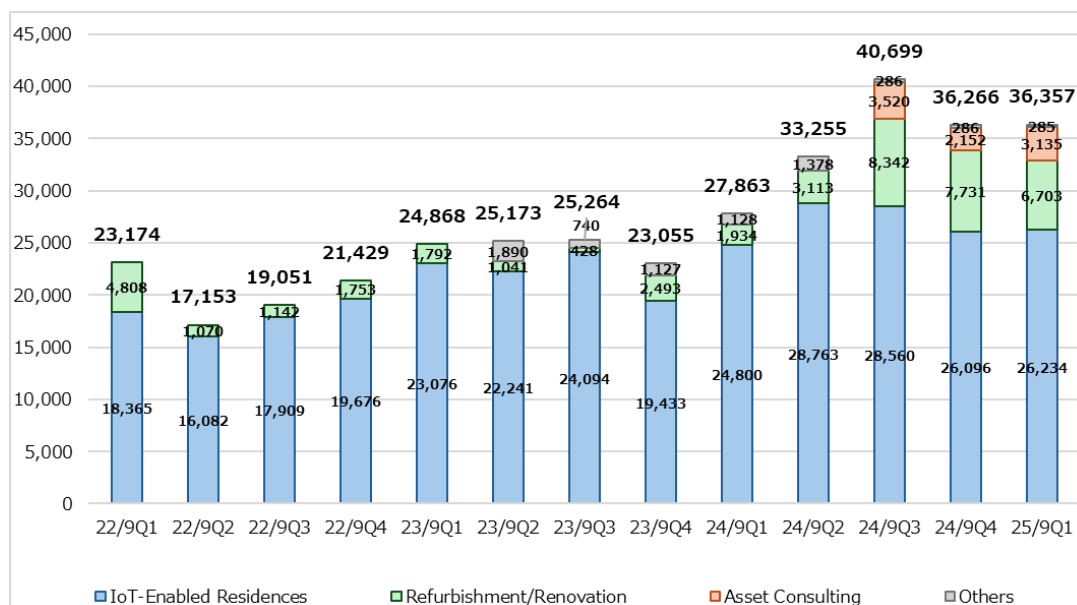
**Figure 12. Quarterly Trends in Inventory Numbers in Life Platform Business
(# of Units)**



Note: FY09/2022 Q1 to FY09/2024 Q2 are simple sum of TASUKI (TASUKI Proce consolidated) and SHIN-NIHON TATEMONO (non-consolidated). Past results for SHIN-NIHON TATEMONO and other companies are shown based on September fiscal year endings.

Source: Company Data

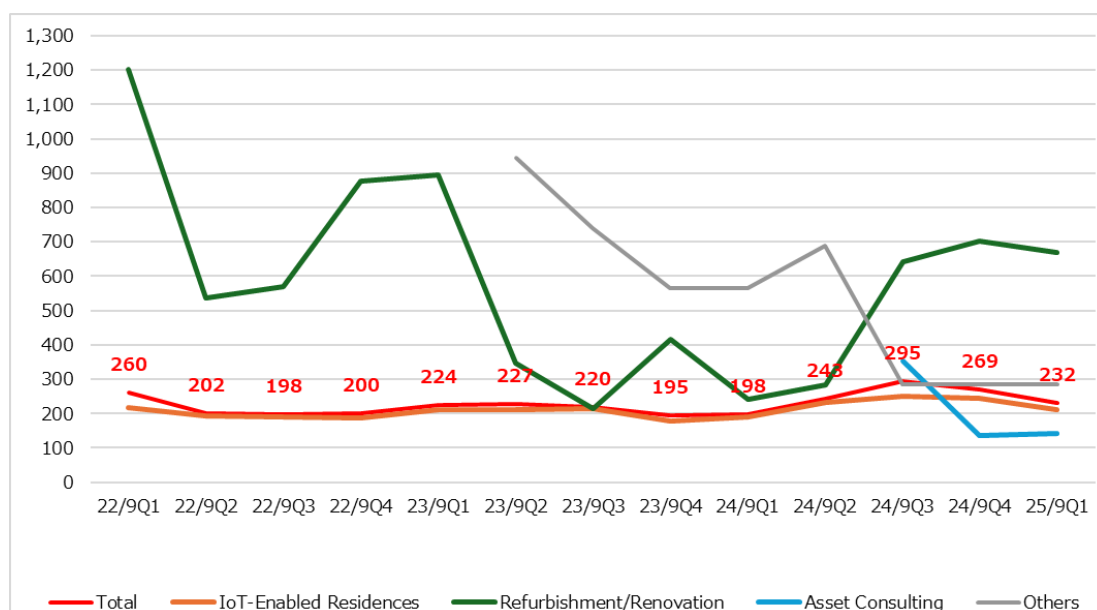
**Figure 13. Quarterly Changes in Inventory Balance in Life Platform Business
(¥mn)**



Note: FY09/2022 Q1 to FY09/2024 Q2 are simple sum of TASUKI (TASUKI Proce consolidated) and SHIN-NIHON TATEMONO (non-consolidated). Past results for SHIN-NIHON TATEMONO and other companies are shown based on September fiscal year endings. Inventory balance is the sum of real estate for sale, real estate for sale in progress and advance payments.

Source: Company Data

Figure 14. Quarterly Trends in Inventory Balance per Unit in the Life Platform Business (¥mn)



Note: FY09/2022 Q1 to FY09/2024 Q2 are simple sum of TASUKI (TASUKI Proce consolidated) and SHIN-NIHON TATEMONO (non-consolidated). Past results for SHIN-NIHON TATEMONO and other companies are shown based on September fiscal year endings. Inventory balance is the sum of real estate for sale, real estate for sale in progress and advance payments.

Source: Company Data. Compiled by Strategy Advisors

6. Finance Consulting Business

Business Loan Service Provided by TASUKI Proce

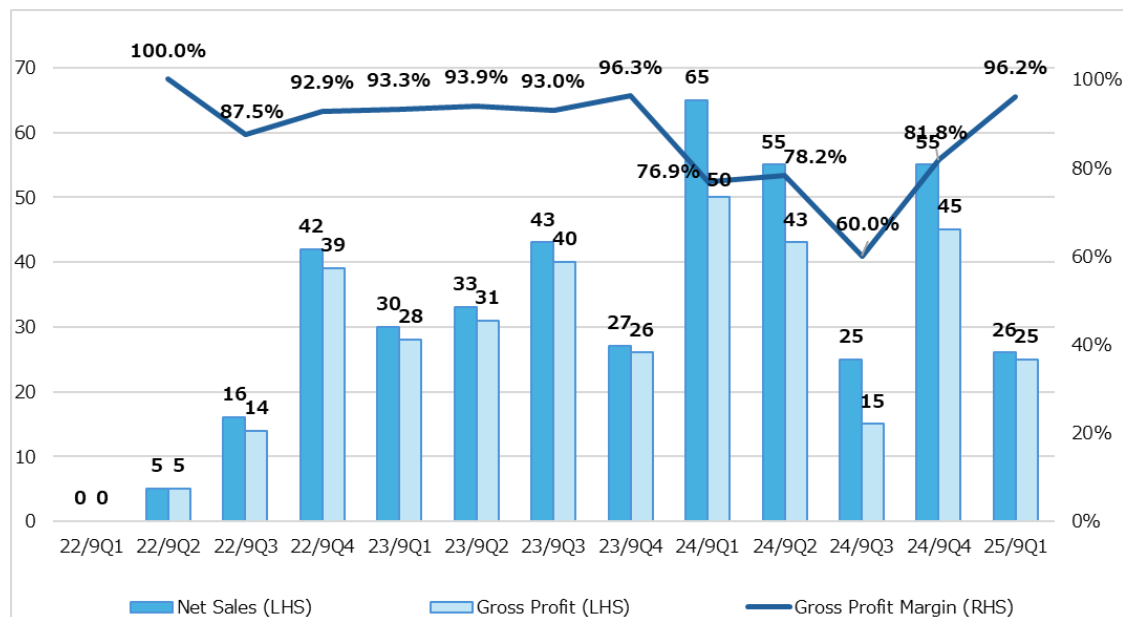
The Finance Consulting business is handled by TASUKI Proce, a consolidated subsidiary established in 2021 and provides business loan services to real estate businesses.

The company is able to conduct unique collateral evaluations utilizing the know-how it has cultivated as a real estate developer and is able to provide loans to recently established companies and small and medium-sized enterprises.

The cumulative amount of real estate loans executed in the Finance Consulting business was just under ¥500 million per quarter shortly after the service was launched, but in the fourth quarter of FY09/2024, this figure had expanded to ¥7.4 billion per quarter.

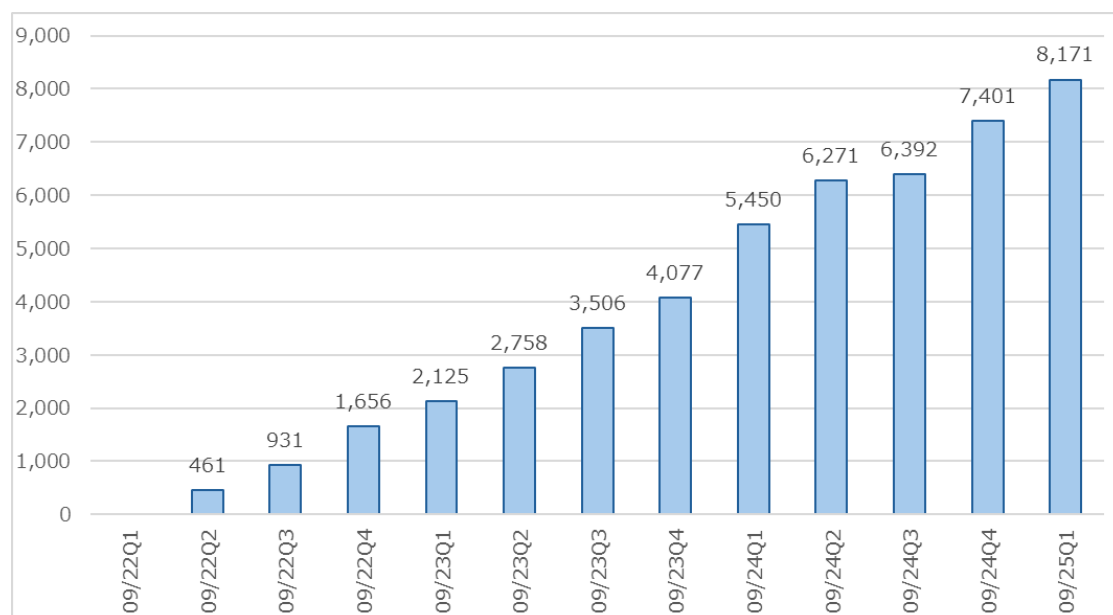
The company's revenue comes from fees and interest paid to the real estate businesses to which it lends funds. In addition, by building relationships with the real estate businesses to which it lends funds, it also indirectly contributes to its performance by connecting them to other businesses within the group.

Figure 15. Quarterly Trends in Sales and Gross Profit for Finance Consulting Business (¥mn)



Source: Company Data

Figure 16. Quarterly Trends in Cumulative Real Estate Loan Execution Amount in Finance Consulting Business (¥mn)



Source: Company Data & Company Interviews

7. SaaS Business

1) Overview

Subsidiary ZISEDAI is in Charge of the SaaS Business, Which Improves the Operational Efficiency of Real Estate Companies

The company's subsidiary ZISEDAI is in charge of developing and selling DX products to the real estate industry. The service it provides is in SaaS for real estate acquisition and development and provides value to its real estate clients, primarily in the form of improved operational efficiency.

In November 2020, the company launched the "TASUKI DX Concept", which aims to promote the digitalization of the entire real estate industry by utilizing cutting-edge technologies such as AI. As a result, by combining this with its practical experience in the real estate field, the company has built an in-house development environment for a real estate value distribution platform that contributes to improving business efficiency and reducing costs.

The results will be provided to TASUKI, SHIN-NIHON TATEMONO and AURA through the Group Digital Transformation Strategy Department, leading to improved productivity and increased sales at each company (what the company calls internal DX). At the same time, the results are being turned into services and sold externally (what the company calls external DX). This external DX is being carried out by the SaaS business, led by ZISEDAI, a subsidiary established in 2022 by bringing together the relevant teams. Through the services provided by ZISEDAI, the company aims to solve industry issues such as the dependency on individuals for work and the normalization of long working hours.

Services currently sold by ZISEDAI include the real estate value distribution platform "TASUKI TECH LAND" and the AI service for automatically generating architectural plans "TASUKI TECH TOUCH & PLAN".

As the amount is still small, this business is non-consolidated as of FY09/2025 Q1.

2) "TASUKI TECH LAND"

Real Estate Value Distribution Platform "TASUKI TECH LAND"

"TASUKI TECH LAND" is a service that allows you to manage information on properties you are purchasing on the cloud and share it within your company. Property information can be viewed from anywhere inside or outside the company, making it possible to visualize purchasing operations and significantly improve work speed.

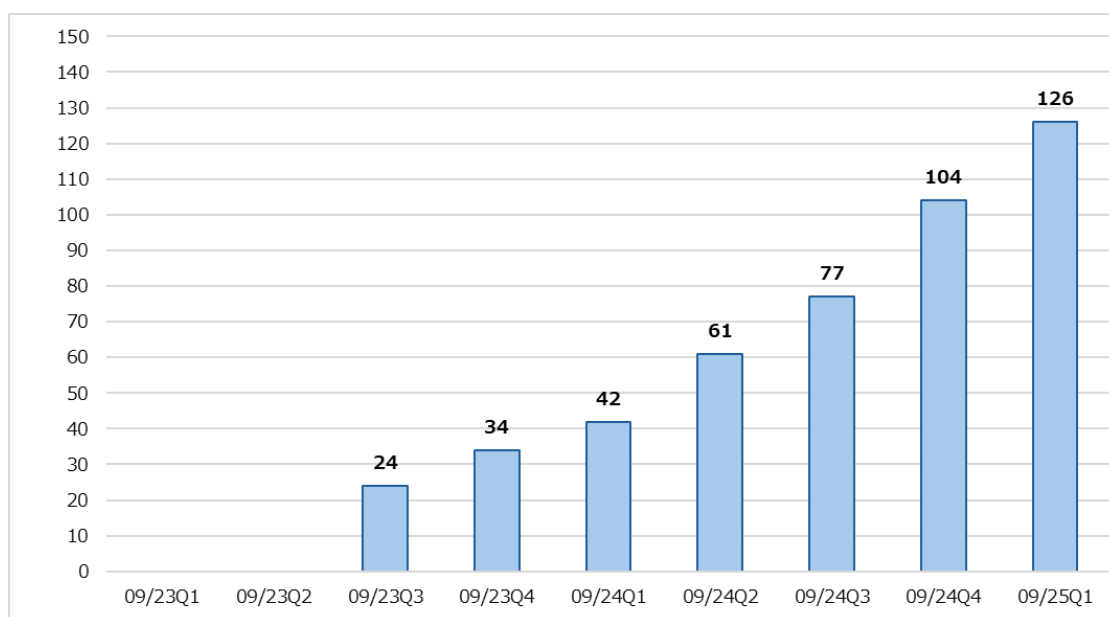
To begin with, the work of real estate purchasing staff is complicated. Traditionally, information was written on paper at the purchasing site and then the information was entered into Excel sheets or similar on a company computer. This type of management makes it difficult to share information within the company and can lead to accidents such as different staff members trying to work on the same project.

Using "TASUKI TECH LAND", it is possible to manage information on properties to be purchased on the cloud and share it within the company. Furthermore, by comparing the latest urban planning information automatically obtained by AI with information that has already been accumulated, the information can be made more valuable.

The pricing structure for "TASUKI TECH LAND" is ¥300,000 per company for the introduction fee and ¥50,000 (Standard) or ¥100,000 (Enterprise) per month. In addition, optional plans are available, such as AI-OCR generation (¥100,000 per month + ¥30 per item per pay-per-use charge) and automatic registration information acquisition (¥30,000 per month + actual cost per-use charge).

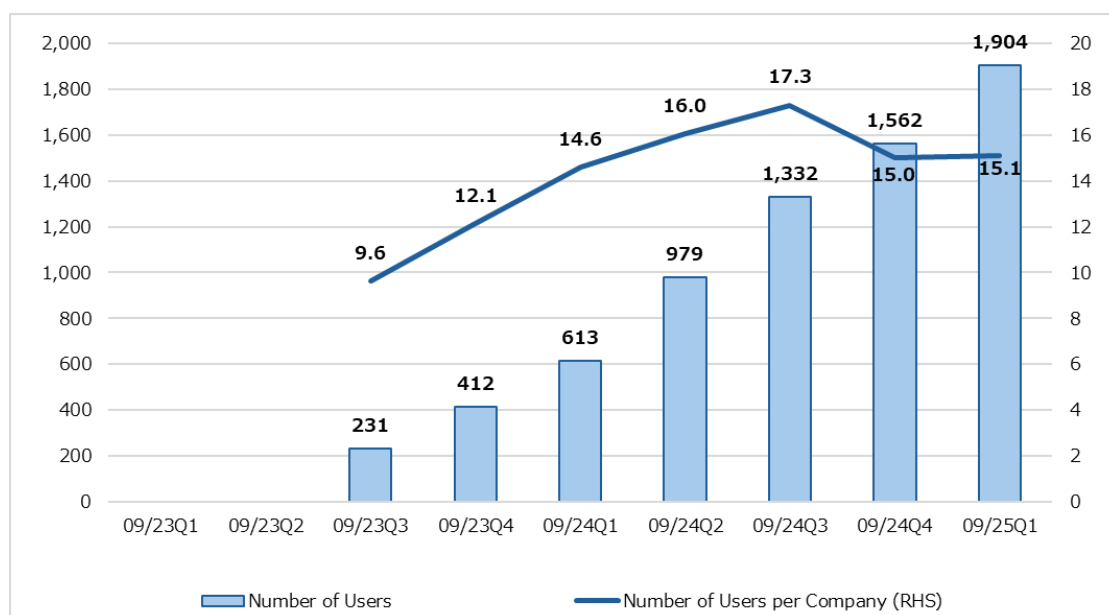
The number of customers has exceeded 100 companies in about a year and a half since the service started, reaching 126 companies as of Q1 of FY09/2025. Looking at the number of users per company, it increased until Q3 of FY09/2024, but has declined somewhat since Q4 of FY09/2024, remaining at around 15 people. This is thought to be because the service is being introduced to small and medium-sized businesses with few employees.

Figure 17. Number of Companies Introducing "TASUKI TECH LAND"
(Unit: company)



Source: Company Data

Figure 18. Changes in the Number of "TASUKI TECH LAND" Users (Unit: Person)



Source: Company Data. Compiled by Strategy Advisors

3) "TASUKI TECH TOUCH & PLAN"

TASUKI TECH TOUCH & PLAN: AI Service for Automatically Generating Architectural Plans

"TASUKI TECH TOUCH & PLAN" is an AI service that automatically generates architectural plans, automatically obtaining architectural regulations and automatically calculating the optimal volume plan. It was started as an industry-academia collaboration with the National University Corporation at The University of Electro-Communications.

Volume checks, which are essential for considering commercialization, take 5 to 10 days and cost about ¥100,000 per case if outsourced to a design office. In addition, because volume checks require expertise in building regulations, there is a problem that the criteria for judgment can be ambiguous depending on the person in charge.

By using "TASUKI TECH TOUCH & PLAN", it is possible to automate volume checks and the associated document creation tasks, thereby standardizing the skills of purchasing staff, preventing human error and significantly reducing the cost and time required for business consideration.

"TASUKI TECH TOUCH & PLAN" is offered as an option for the enterprise version of "TASUKI TECH LAND". The fee is ¥100,000 per account per month.

8. Earnings Trends

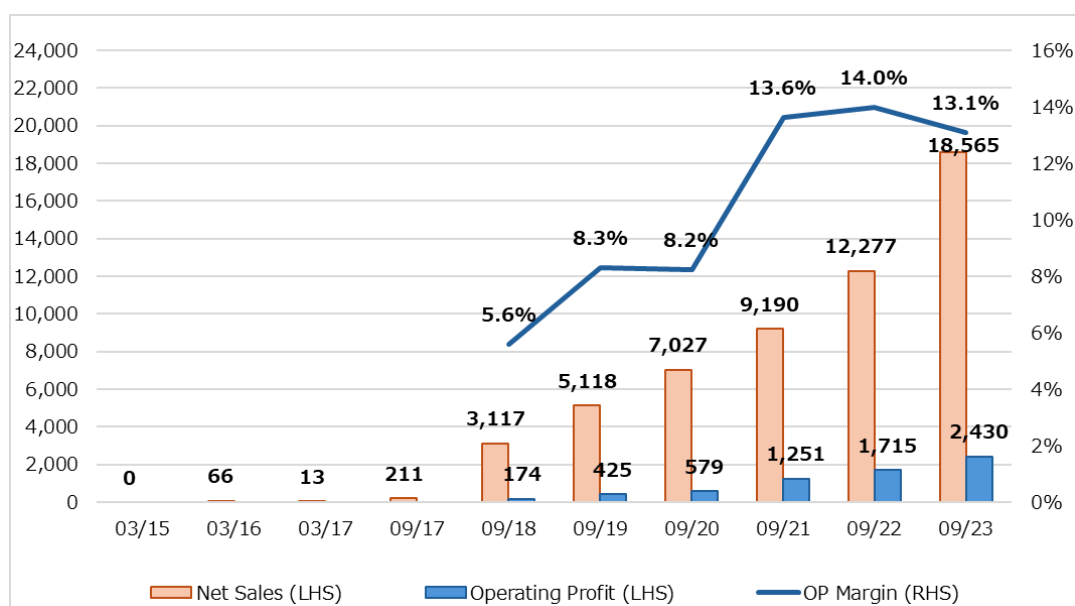
1) TASUKI's Past Performance (Up to FY09/2023)

TASUKI Sales Have Increased Sharply Since the Start of Delivery of New Investment Residences in FY09/2018

TASUKI, which will be listed in 2020, has disclosed its financial results since FY03/2015, its second fiscal year after establishment, in its securities registration statement. The company began its new investment residence development business in November 2016 and sales surged to ¥3.11 billion in FY09/2018 when delivery of properties began. Since then, sales have continued to increase in line with an increase in properties for sale, with the average annual growth rate for the five years up to FY09/2023 being 42.9%.

The main reason for the sharp rise in the operating profit margin in FY09/2021 was the significant improvement in the cost rate of IoT Residences. This was due to the fact that the cost rate reduction effect of the "dominant method", which secures multiple pipelines by concentrating on a small targeted area (dominant) within the 23 wards of Tokyo, began to be realized. As a result, from the fiscal year ending September 2021 onwards, the company increased sales while maintaining an operating profit margin of 13-14% on a company-wide basis.

Figure 19. Trends in TASUKI's Sales and Operating Profits
(FY03/2015 - FY09/2023, ¥mn)



Note: Due to a change in accounting period, FY09/2017 is a six-month period. Operating profit is disclosed from FY09/2018.

Source: Company Data. Compiled by Strategy Advisors

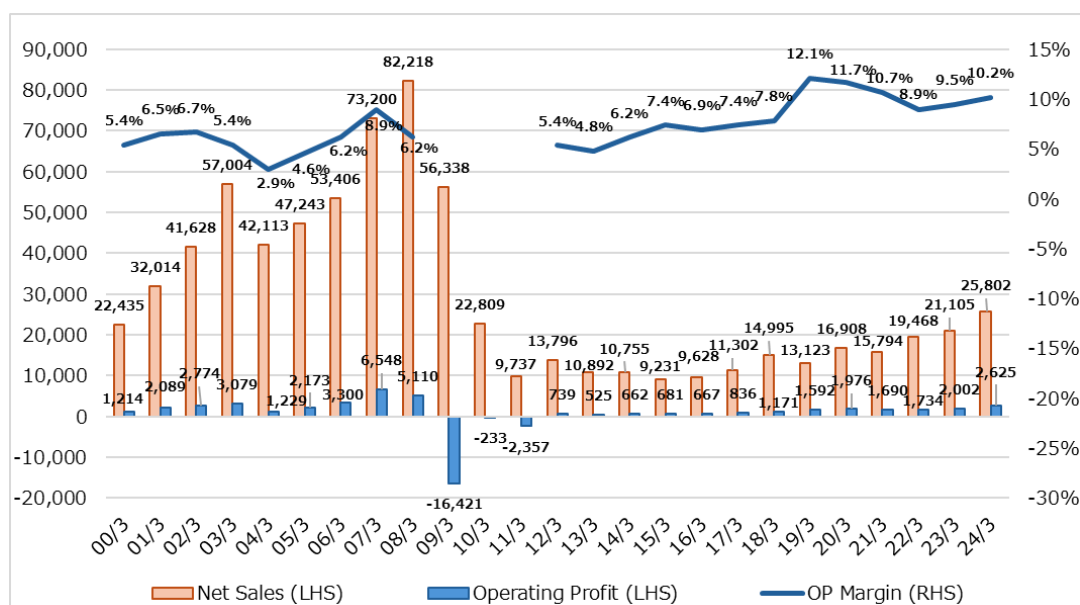
2) SHIN-NIHON TATEMONO's Past Performance (FY03/00-FY03/24, ¥mn)

Since its over-the-counter listing in 2001, SHIN-NIHON TATEMONO's performance can be divided into three periods based on its business performance trends: (1) an expansion period up until FY03/2008, (2) a period of sluggish performance up until the early 2010s triggered by the credit crunch caused by the Lehman Shock and other factors and (3) a period of gradual recovery in the late 2010's.

The expansion period up to FY03/2008 in (1) was a time when the company benefited from the boom in the real estate industry due to the expansion of investor demand caused by the real estate liquidation boom and sales expanded to ¥82.2 billion in FY03/2008. After that, the investment real estate market collapsed due to the Lehman Shock in 2008 and the company's cash flow worsened due to the credit contraction of financial institutions. In 2010, the company applied for ADR (Alternative Dispute Resolution) and chose to restructure its business by restructuring its debt with financial institutions.

After the debt restructuring through ADR, the company continued to survive while waiting for the real estate market to recover; but in the second half of the 2010's, it gradually began to take steps toward regrowth. As a result, profitability improved, with the operating profit margin exceeding 10% at one point.

Figure 20. Trends in Sales and Operating profits for SHIN-NIHON TATEMONO (FY03/2000 - FY03/2024, ¥mn)



Source: Company Data. Compiled by Strategy Advisors

3) TASUKI Holdings' Financial Results for FY09/2024

24/9 is the First Financial Statement Since Integration

The First Financial Results Since the Business Integration

FY09/2024 is the first financial statement since the integration of TASUKI and SHIN-NIHON TATEMONO, which took effect on April 1, 2024. Sales increased 30.7 % year-on-year to ¥47.45 billion, EBITDA increased 23.0% YoY to ¥5.47 billion, operating profit decreased 7.9 % YoY to ¥4.06 billion and net profit attributable to owners of the parent company decreased 22.7 % YoY to ¥2.21 billion (the previous fiscal year referred to here is the simple sum of TASUKI/TASUKI Proce's FY09/2023 and the first half of SHIN-NIHON TATEMONO's FY03/2024).

The financial results for FY09/2024 include the 12-month results of TASUKI and TASUKI Proce, the 6-month results of SHIN-NIHON TATEMONO (April to September 2024) and the 5-month results of AURA (May to September 2024).

The company calculates EBITDA as "operating profit + depreciation + amortization of goodwill + stock-based compensation expenses + PPA (inventory revaluation) write-off".

Post-Integration PPA Negatively Impacted Operating & Net Income, Falling Short of Company Plans

Following the business integration in April 2024, the company announced its plans for sales of ¥47.1 billion, EBITDA of ¥5.25 billion, operating profit of ¥5.0 billion and net income attributable to parent company shareholders of ¥2.85 billion. Sales were 0.8% higher and EBITDA was 4.4% higher, but operating profit was 18.7% lower and net income attributable to parent company shareholders was 22.2% lower. The decrease in operating profit compared to the previous period and the fact that profits below operating profit did not reach the company's plan were due to PPA (Purchase Price Allocation).

PPA is called "allocation of acquisition cost" and is an accounting treatment that appropriately allocates the consideration (acquisition cost) paid when acquiring a company or business to the assets and liabilities of the acquired company based on the fair value (market value) as of the business combination date. Following the business integration, the company revalued the inventory and fixed assets held by SHIN-NIHON TATEMONO. The increase in the valuation amount was allocated to SHIN-NIHON TATEMONO's inventory or fixed assets and was expensed in the future through the sale of inventory and depreciation of fixed assets; but due to the sale and transfer of SHIN-NIHON TATEMONO's inventory after the business integration, the allocation of the acquisition cost due to the revaluation was written off and recorded as an expense. As a result, compared to before the revaluation, causing an increase in the cost of sales of approximately ¥1.17 billion.

In addition, because the expense recognition due to PPA is a one-time non-cash transaction, it will not affect EBITDA. Therefore, EBITDA increased while operating profit decreased. In addition, according to the company, most of the expense recognition due to PPA was completed in FY09/2024 and the impact on FY09/2025 is minor.

TASUKI Holdings | 166A (TSE Growth)

TASUKI's IoT Residences Drive Overall Performance

In Life Platform business, sales of TASUKI's IoT Residences were favorable and the gross profit margin also improved. On the other hand, SHIN-NIHON TATEMONO's policy of promoting sales of low-profit margin properties led to a decline in gross profit margin. As a result of these factors, including the impact of expenses arising from PPAs, the gross profit margin of the company in FY09/2024 was 16.8%, compared to TASUKI's gross profit margin of 19.8% in FY09/2023.

Operating Profit Decreased, But EBITDA Increased

Selling, general and administrative expenses (hereinafter referred to as SG&A expenses) included goodwill amortization of ¥165 million (SHIN-NIHON TATEMONO ¥117 million, AURA ¥48 million), M&A expenses of ¥224 million and the impact of the new consolidation of AURA (personnel expenses, etc.) of ¥343 million, etc.; so that company's SG&A expenses for FY09/2024 increased by 40.5% compared to TASUKI's SG&A expenses for the previous year, FY09/2023.

As a result, the company's operating profit for FY09/2024 was lower than that of TASUKI in FY09/2023, with the operating profit margin remaining at 8.6% in FY/2024 (TASUKI's operating profit margin for FY09/2023 was 12.2%). However, EBITDA, which is not affected by the PPA, increased 23.0% to ¥5.47 billion compared to TASUKI's ¥4.45 billion in FY09/2023.

4) FY09/2025 Q1 Results

Significant Increase in Profits in FY09/2025 Q1

The results for FY09/2025 Q1 (hereinafter referred to as Q1) showed a substantial increase in profits. Sales increased 212.5 % YoY to ¥16.95 billion, EBITDA increased 349.0% YoY to ¥2.19 billion, operating profit increased 342.5 % YoY to ¥2.13 billion and net profit attributable to owners of the parent increased 310.3 % YoY to ¥1.19 billion (compared to the combined total of TASUKI and TASUKI Proce in FY09/2024 Q1). Progress rates against the company's full-year plan were 22.3% for sales, 24.6% for EBITDA, 24.7% for operating profit and 25.2% for net profit attributable to owners of the parent.

Profit Margins Improved in FY09/2025 Q1

In Life Platform business, sales of TASUKI's IoT Residences and demand for AURA's asset consulting services continued to be strong, contributing to an increase in gross profit margin (16.7% in the same period last year, 19.5% in this quarter). Although selling and administrative expenses increased, they were kept under control, resulting in an operating profit margin of 12.6% (8.9% in the same period last year) and an EBITDA margin of 12.9% (9.0% in the same period last year).

5) Company Plan for FY09/2025

Expecting Significant Increases in Sales & Profits in FY09/2025

The company's plans for FY09/2025 are sales of ¥76 billion (up 60.2 % YoY), operating profit of ¥8.65 billion (up 112.8% YoY), EBITDA of ¥8.9 billion (up 62.5% YoY) and net profit attributable to parent company shareholders of ¥4.75 billion (up 114.2% YoY).

The financial results for FY09/2024 included the 12-month results of TASUKI and TASUKI Proce, as well as six months of SHIN-NIHON TATEMONO (April to September 2024) and five months of AURA (May to September 2024). With the full-year

contributions from SHIN-NIHON TATEMONO and AURA and the near elimination of the aforementioned PPA-related increase in cost of sales, both sales and profits are expected to increase significantly.

Figure 21. Sales and Profit Trends

(¥mn)	09/21 TASUKI (P) (Pre- Integration)	09/22 TASUKI (C) (Pre- integration)	09/23 TASUKI (C) (Pre- integration)	09/23 *Ref Point	09/24 TASUKI HD (Post)	09/25 CoE (Post)
Net Sales	9,190	12,276	18,565	36,308	47,455	76,000
% Change	30.8%	33.6%	51.2%	-	30.7%	60.2%
EBITDA	-	-	-	4,452	5,478	8,900
% Change	-	-	-	-	23.0%	62.5%
EBITDA Margin	-	-	-	12.3%	11.5%	11.7%
Operating Profit	1,250	1,714	2,430	4,415	4,065	8,650
% Change	116.0%	37.1%	41.7%	-	-7.9%	112.8%
OP Margin	13.6%	14.0%	13.1%	12.2%	8.6%	11.4%
Profit Attributable to Owners of Parent	794	1,088	1,537	2,866	2,217	4,750
% Change	140.3%	37.0%	41.3%	-	-22.7%	114.3%
NP Margin	8.6%	8.9%	8.3%	7.9%	4.7%	6.3%

Note: Until FY09/2021, the figures for TASUKI are parent basis, from FY09/2022 to FY09/2023 are TASUKI's consolidated, and after FY09/2024 are TASUKI Holdings' consolidated. *The reference for FY09/2023 are simple sum of TASUKI (consolidated) and SHIN-NIHON TATEMONO (non-consolidated, and the past results of SHIN-NIHON TATEMONO, etc. are shown in September terms. The comparison of FY09/2024 and FY09/2023 are for reference purposes.

Source: Company Data

TASUKI Holdings | 166A (TSE Growth)

Figure 22. Half-Year/Quarterly Performance Trends

(¥mn)	TASUKI		
	09/23 1H	2H	09/24 1H
Income Statement			
Net Sales	6,808	11,757	11,216
Cost of Sales	4,951	9,515	9,102
Gross Profit	1,857	2,242	2,114
Gross Profit Margin	27.3%	19.1%	18.8%
Selling, General and Administrative Expenses	719	950	843
Sales to General Administrative Expenses Ratio	10.6%	8.1%	7.5%
Operating Profit	1,138	1,292	1,271
Operating Profit Margin	16.7%	11.0%	11.3%
Non-Operating Income/Losses	-98	104	- 123
Ordinary Profit	1,040	1,188	1,147
Ordinary Profit Margin	15.3%	10.1%	10.2%
Extraordinary Profit/Losses	0	22	0
Profit before Income Taxes	1,040	1,166	1,147
Total Income Taxes	322	346	330
(Corporate Tax Rate)	31.0%	29.7%	28.8%
Profit Attributable to Owners of Parent	718	820	817
Net Profit Margin	10.5%	7.0%	7.3%

(¥mn)	TASUKI						TASUKI HD		
	09/23 Q1	Q2	Q3	Q4	09/24 Q1	Q2	09/24 Q3	Q4	09/25 Q1
Income Statement									
Net Sales	3,418	3,390	5,114	6,643	5,427	5,789	-	20,781	16,959
Cost of Sales	2,454	2,497	4,146	5,369	4,519	4,583	-	18,152	13,646
Gross Profit	964	893	968	1,274	908	1,206	-	2,629	3,313
Gross Profit Margin	28.2%	26.3%	18.9%	19.2%	16.7%	20.8%	-	12.7%	19.5%
Selling, General and Administrative Expenses	368	351	339	611	426	417	-	1,549	1,177
Sales to General Administrative Expenses Ratio	10.8%	10.4%	6.6%	9.2%	7.8%	7.2%	-	7.5%	6.9%
Operating Profit	597	541	629	663	483	788	-	1,079	2,137
Operating Profit Margin	17.5%	16.0%	12.3%	10.0%	8.9%	13.6%	-	5.2%	12.6%
Non-Operating Income/Losses	41	57	50	54	58	66	-	201	156
Ordinary Profit	556	484	579	609	425	722	-	878	1,981
Ordinary Profit Margin	16.3%	14.3%	11.3%	9.2%	7.8%	12.5%	-	4.2%	11.7%
Extraordinary Profit/Losses	0	0	2	20	0	0	-	-2	0
Profit before Income Taxes	556	484	577	589	425	722	-	880	1,981
Total Income Taxes	172	150	178	168	133	197	-	399	783
(Corporate Tax Rate)	30.9%	31.0%	30.8%	28.5%	31.3%	27.3%	-	45.3%	39.5%
Profit Attributable to Owners of Parent	384	334	399	421	292	525	-	481	1,198
Net Profit Margin	11.2%	9.9%	7.8%	6.3%	5.4%	9.1%	-	2.3%	7.1%

Note: Due to the business integration in April 2024, figures for TASUKI Holdings from FY09/2024 2H or FY09/2024 Q3 onwards. Due to business integration during the period, there are no figures for 2H and Q3 of FY09/2024

Source: Company Data. Compiled by Strategy Advisors

9. Mid To Long-Term Outlook

1) The Situation Surrounding the Investment Apartment Market in Tokyo

Since the company's main focus is on newly built investment residences in the Tokyo area, we would like to provide an overview of the situation surrounding the investment condominium market in Tokyo.

Supply of Investment Apartments in Tokyo Has Bottomed Out Due to COVID-19 & Has Recovered

Regarding trends in investment apartments in Tokyo since 2010, the number of units supplied (newly built investment studio apartments, mainly in Tokyo's 23 wards) was on an upward trend, peaking in 2016, then went into a period of adjustment, hitting bottom during COVID-19 in 2020 and has continued to increase again since 2021.

Average Sales Prices Have Consistently Increased, While Gross Yields Have Consistently Decreased

The average sales price (for properties of around 25 m² in central Tokyo) has been steadily increasing from around ¥23 million in 2010 to around ¥36 million in 2023. The price per m² has risen from the ¥900,000 to ¥1.4 million range. Due to rising sales prices, the average gross yield for a one-room apartment in Tokyo's 23 wards, which was nearly 6% in 2010, has steadily declined to the low 4% range by 2023.

Acquiring Land is Becoming More Difficult

During this time, it is believed that land acquisition has become more difficult. From 2020 to 2021, when the impact of COVID-19 led to the sale and curtailment of development of hotels and stores, it became temporarily and locally easier to acquire land. But since 2022, the trend has shifted to one of increasing difficulty in acquiring land due to a recovery in demand for condominiums, rising land prices and intensifying competition due to the entry of REITs and companies from other industries.

According to a survey on "sense of procurement competition" conducted by the Real Estate Economic Institute, the percentage of companies in the Tokyo area that felt that "procurement was difficult" was 70% in 2019, but fell to 45% in 2020 when COVID-19 began, and has since continued to rise to 58% in 2021, 73% in 2022 and 81% in 2023.

Difficulty in Purchasing Leads to Reevaluation of Vacant Houses

As competition for properties intensifies, vacant houses in urban areas that can be used are being reevaluated. In particular, there seems to be a growing demand for vacant houses with land that are easy to redevelop and old apartment buildings as sites for investment condominiums.

According to the Ministry of Internal Affairs and Communications' Housing and Land Statistics Survey, the number of vacant houses (vacancy rate) in Tokyo has fluctuated from approximately 810,000 (13.7%) in 2013, to approximately 810,000 (11.1%) in 2018 and sat at roughly 890,000 (10.9%) in 2023. Furthermore, according to the Ministry of Land, Infrastructure, Transport and Tourism 's Research Report on the Future Housing Market and Nomura Research Institute 's Future Estimation of the Vacant House Problem, the number of vacant houses (vacancy rate) in Tokyo is

expected to increase from approximately 870,000 (11.8%) in 2025 to approximately 940,000 (12.5%) in 2030 and approximately 1.1 million (14.5%) in 2040.

Furthermore, when purchasing vacant houses for use as land, the ability to judge and coordinate is required and it is believed that there is great room for utilizing DX here.

2) M&A in the Real Estate Industry

Types of M&A in the Real Estate Industry

The company gained an opportunity to further strengthen its imitation-difficulty by integrating TASUKI and SHIN-NIHON TATEMONO. It is also possible to consider the option of challenging the company's imitation difficulty through M&A. Here, we would like to summarize the types of M&A that exist in the real estate industry.

M&A combinations in the real estate industry can be divided into two categories: "between real estate companies" and "a real estate company and a company in a different industry".

In addition, looking at the purpose, there are eight possible types, as shown in Figure 23. Of these, the one that seems particularly relevant to the company is "5. DX Promotion Type". We will be paying close attention to whether this type of M&A occurs at other companies in the future and whether it will become a threat to the company.

Figure 23. Types of M&A in the Real Estate Industry by Purpose

Types of M&A	The Purpose	Notable Examples
1. Rescue Type	Business restructuring and business continuity	Open House x Pressance
2. Management Efficiency Improvement Type	Cost reduction and business efficiency	Reorganization within the same group (Sumitomo Realty & Development's office business integration, etc.)
3. Expanding Scale and Area of Operation	Expanding market share and entering new areas	Mitsui Fudosan x Tokyo Dome Mitsubishi Estate x Photosynth
4. Business Diversification Type	Cross-industry collaboration and new business development	Yamada HD x Hinokiya Group Tosei x I Company
5. DX Promotion Type	AI and digital utilization	Tokyu Real Estate x Groovenauts GA technology x ITANDI ROBOT Home x IDC
6. Overseas Expansion Type	Entering overseas markets	Mitsui Fudosan x Rockefeller
7. Competition Elimination/Market Domination Type	Market monopoly and share expansion	Sumitomo Realty & Development x Shinjuku Center Building
8. Business Succession Type	Business succession due to lack of successor	Takara Leben x Local Real Estate Company

Source: Strategy Advisors

Long-Term Vision "BEYOND 2033". Aiming for Sales of ¥200 Billion in FY09/2033

3) Long-Term Vision "BEYOND 2033"

The company has announced its long-term vision, "BEYOND 2033". The vision announced by TASUKI on September 19, 2023, was aimed at achieving sales of ¥123 billion (of which ¥110 billion will come from the Life Platform business) in FY09/2033.

After the business integration with SHIN-NIHON TATEMONO, the company updated its current plan "BEYOND2033 " on November 12, 2024, aiming for sales of ¥100 billion in FY09/2027 and ¥200 billion in FY09/2033, compared to the company's planned sales of ¥76 billion in FY09/2025. The breakdown of ¥200 billion in sales for FY09/2033 is ¥186.7 billion from Life Platform business, ¥300 million from Finance Consulting business and ¥13 billion from the SaaS business.

In "BEYOND 2033" the company has also announced a medium-term management plan, the final year of which will be FY09/2027.

Figure 24. Mid-Term Management Plan and Long-Term Targets (¥bn)

KPI's	09/24 (Actual)	09/25 (CoE)	09/26 (Mid- Term Plan)	09/27 (Mid- Term Plan)	CAGR (09/24~)	09/33 (Long- Term Goal)
Sales	474.6	760.0	870.0	1,000.0	28.2%	2,000.0
EBITDA	54.8	89.0	109.5	136.5	35.6%	-
Operating Profit	40.7	86.5	104.5	131.5	47.9%	-
Profit Attributable to Owners of Parent	22.2	47.5	57.0	72.0	48.1%	-
EBITDA Margin	11.5%	11.7%	12.6%	13.7%	-	-
ROE	8.6%	11.4%	12.0%	13.2%	-	-

Source: Company Data. Compiled by Strategy Advisors

3-Key Initiatives in the Mid-Term Management Plan

As part of its growth strategy in this medium-term management plan, the company has set the following three points as key measures.

- Measure 1: Strengthening management structure
- Measure 2: Increase ARR of SaaS business
- Measure 3: Expand existing business

Priority Measure 1: Strengthening the Management Structure

Possible measures to strengthen the management structure include strengthening the corporate division and pursuing group synergies, but strengthening fund-raising capabilities will likely be given special importance in terms of supporting purchasing.

In fact, compared to TASUKI, SHIN-NIHON TATEMONO, which has a longer history as a company, has a higher creditworthiness. Therefore, from TASUKI's perspective, the business integration has enabled it to utilize SHIN-NIHON TATEMONO's creditworthiness, leading to an increase in the number of financial institutions it deals

with and a reduction in borrowing interest rates. In FY09/2023, TASUKI had 38 financial institutions and borrowing interest rates of 1.91%, while in FY09/2024, TASUKI Holdings had 51 financial institutions and borrowing interest rates of 1.73%, suggesting an improvement in both cases.

Priority Measure 2: Increase ARR of SaaS Business

The SaaS business, the goal is to increase ARR and to achieve this, the company will increase the number of contracts and increase the average customer price through customer success, upselling and cross-selling measures. The number of companies adopting the service was 104 in FY09/2024 and the target is 220 companies in FY09/2025 and 470 companies in FY09/2027. In addition, the ARR was ¥37 million in FY09/2024 with the target at ¥300 million in FY09/2025 & ¥1.2 billion in FY09/2027.

Priority Measure 3: Expanding Existing Business

The expansion of existing businesses concerns sales of the company's main Life Platform business and the company has three key initiatives: (1) strengthening real estate DX, (2) expanding the organization and (3) diversifying and multi-layering.

3-Measures to Expand Existing Business

In particular, measure (1) strengthening DX in real estate is a move that is characteristic of the company, which has DX capabilities within the group.

The company's real estate DX is divided into internal DX and external DX. Internal DX, which aims to utilize the results of DX for the company's own benefit, is led by the Group Digital Transformation Strategy Department. The company aims to improve productivity and reduce operational costs by reducing travel costs through the use of mobile access via LAND utilization, improving efficiency through automated form creation and accumulating real estate sales data. Meanwhile, external DX, which involves providing the results of DX to external parties, is handled by subsidiary ZISEDAI, which is working to expand sales of the product.

As for measure (2), the expansion of the organization, the focus is on increasing personnel and in particular, the hiring of purchasing staff who can contribute immediately will be strengthened. There were 48 purchasing staff at FY09/2024, but the goal is to increase this to 100 by FY09/2027.

Regarding policy (3) diversification and multi-layering, the company plans to roll up small and medium-sized real estate companies through M&A. The targets of M&A are companies with a business area of the 23 wards of Tokyo, sales of ¥2 billion to ¥3 billion and a workforce of 10 to 20 people.

1 0 . Comparison with Other Companies in the Industry

Comparison with Listed Companies That Provide Urban Compact Apartments

The comparison subjects were listed companies that offer urban compact apartments and listed companies that are characterized by utilizing real estate DX.

Listed companies that offer urban compact condominiums include Hoosiers Holdings (3284), which owns "Duo Hills" and focuses on real-life use for families; Dear Life (3245), which owns the "Dearest" brand and focuses on investment use; FJ Next Holdings (8935), which develops the "Gala" series and focuses on investment use; Meiwa Estate (8869), which owns "Clio" for real-life use for families; Properst (3236), which owns "Crescent;" and Global Link Management (3486), which owns "Artessimo".

TASUKI Holdings | 166A (TSE Growth)

Listed Companies Utilizing DX in Real Estate

The report cited GA technologies (3491), property agent holding company Migaro Holdings (5535) and Open House Group (3288) as listed companies that are known for utilizing real estate DX.

Profitability is Average. In ROE & ROIC, There is Still Room for Improvement in Earnings Power

In terms of profitability, the company's operating profit margin for FY09/2024 was 8.6%, which is on par with the average for the comparable companies; and its ROE was 10.4%, which is below average. Considering that the equity ratio is on par with the average, ROIC excluding the impact of interest-bearing debt holdings is below average and that FY09/2024 is the first financial statement after the business integration, it is believed that there is still room for improvement in the company's earning power.

Although the Capital Adequacy Ratio Has Declined Due to the Business Integration, There Are No Particular Issues Regarding Safety

The company's safety indicator as of FY09/2024 is the capital adequacy ratio of 35.9%. This is a 4.9% point decrease from TASUKI's capital adequacy ratio of 40.8% as of FY09/2023. This is due to the business integration with SHIN-NIHON TATEMONO and since it is about average compared to other companies, it can be judged that there are no particular problems with the company's safety and that it is under control.

TASUKI Holdings | 166A (TSE Growth)

Figure 25. Profitability Comparison with Other Companies in the Same Industry

Company Name	Code	FY	Sales (¥mn)	Sales Growth Rate (%)	OP (¥mn)	OP Growth Rate (%)	Sales OP Margin (%)	ROE (%)	ROIC (%)	Equity Capital Ratio (%)
TASUKI Holdings	166A	2024/09	47,455	56.1	4,065	57.1	8.6	10.4	5.2	35.9
Hoosiers Holdings	3284	2024/03	86,418	-0.8	8,943	-0.8	10.3	13.1	4.8	23.6
Dear Life	3245	2024/09	46,880	18.7	4,619	6.7	9.9	13.1	7.7	52.5
FJ Next Holdings	8935	2024/03	100,405	4.3	9,431	-1.3	9.4	9.8	8.2	71.4
Meiwa Estate	8869	2024/03	71,250	7.4	4,973	10.6	7.0	9.0	4.3	25.8
Properst	3236	2024/05	23,301	5.3	3,056	17.3	13.1	18.9	7.5	32.8
Global Link Management	3486	2024/12	64,482	20.8	5,732	29.6	8.9	33.3	12.5	31.9
GA technology	3491	2024/10	189,883	37.0	3,878	26.6	2.0	8.5	4.6	29.6
Migaro Holdings	5535	2024/03	42,672	14.7	2,500	7.6	5.9	10.7	3.4	21.4
Open House Group	3288	2024/09	1,295,862	19.1	119,088	15.6	9.2	21.1	7.8	36.2
Average	-	-	-	18.3	-	16.9	8.4	14.8	6.6	36.1
Median	-	-	-	16.7	-	13.1	9.0	11.9	6.4	32.3

Company Name	Code	Net D/E ratio (Times)	DCR (%)	Equity Capital Ratio (%)
TASUKI Holdings	166A	0.86	197.5	35.9
Hoosiers Holdings	3284	1.30	159.3	23.6
Dear Life	3245	0.01	94.7	52.5
FJ Next Holdings	8935	-0.32	27.7	71.4
Meiwa Estate	8869	0.76	142.1	25.8
Properst	3236	1.65	605.4	32.8
Global Link Management	3486	0.86	163.4	31.9
GA technology	3491	0.79	159.7	29.6
Migaro Holdings	5535	2.25	340.4	21.4
Open House Group	3288	0.38	129.0	36.2
Average	-	0.85	201.9	36.1
Median	-	0.82	159.5	32.3

Note: Growth rate is the average of the past five fiscal years. For TASUKI Holdings, the figures for five fiscal years prior are TASUKI's performance. For Migaro Holdings, the figures for five fiscal years prior are Property Agent's performance.

Source: Strategy Advisors

1 1. Stock Price Trends and Valuations

To see the company's stock price trends to date, we have plotted the stock price trends of listed companies that provide urban compact apartments, listed companies that are characterized by utilizing real estate DX and the TOPIX (Tokyo Stock Price Index) as an index. Given that TASUKI was listed in October 2020, Figure 26 shows the trends when the stock price at the end of 2020 is set to 100 (TASUKI's stock price is used). Additionally, in order to confirm the most recent trends, Figure 27 shows the trends when the stock price at FY09/2024 is set to 100, taking into account the timing when the company became TASUKI Holdings (TASUKI Holdings' stock price is used).

Since 2021, Stock Prices Have Long Lagged Behind TOPIX

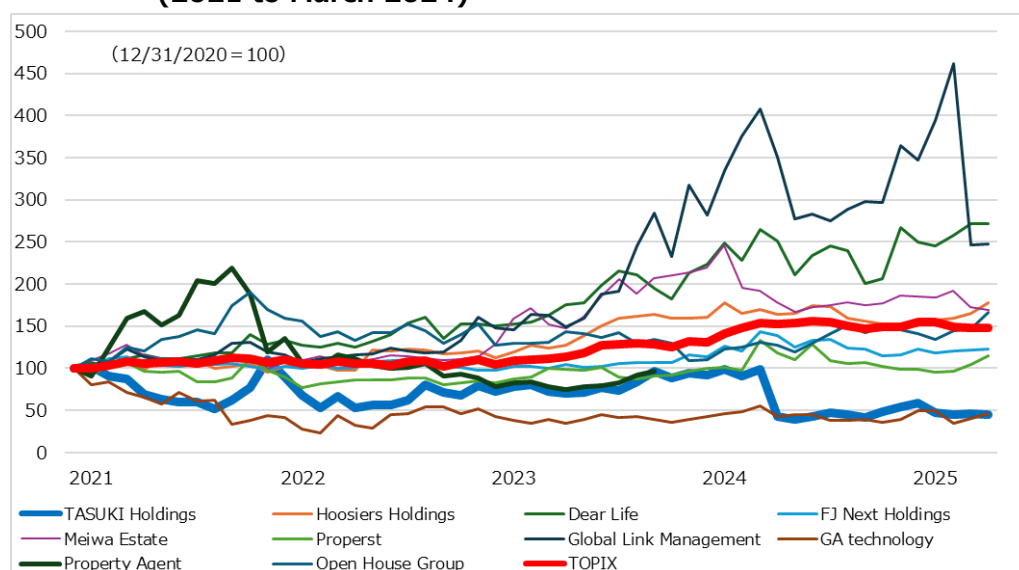
According to Figure 26, which shows the stock price trend since 2021, TASUKI's stock price has been lagging behind TOPIX since 2021. This is because TASUKI's stock price was in a correction phase since its listing in October 2020 and the stock market as a whole was on an upward trend as it was in a recovery phase from the decline in the overall stock market in 2020 due to the spread of COVID-19. From October to November 2021, the stock price rose sharply due to the upward revision of the company's plan and the announcement of an increase in dividends and there were times when the relative stock price returned to TOPIX levels, but this was temporary and it continued to fluctuate below TOPIX for a while. In addition, TASUKI's stock price did not return to end of 2020 levels until the second half of 2023.

The Situation Remains Dependent on Earnings Expectations

Figure 27, which shows the stock price trend since April 2024 when the company became TASUKI Holdings, shows that the stock price continues to be influenced by short-term performance. That said, when the company announced that its fiscal 2033 target had been raised following the business integration, there was a time when the company's relative stock price exceeded TOPIX due to expectations in performance. However, when it was announced that it would issue stock acquisition rights in January 2025, the stock price fell due to concerns about dilution and the relative stock price once again fell below the TOPIX.

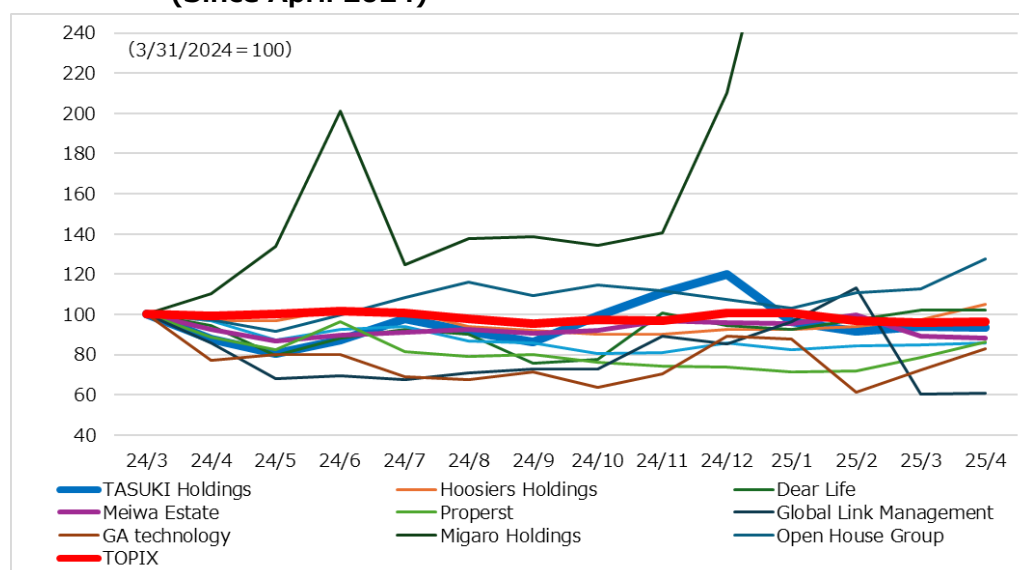
The reason why the share price of Migaro Holdings, one of the companies used for comparison, has risen sharply in 2024 is thought to be due to the fact that it has shown high sales growth in its DX promotion business and that the CEO's plan to sell shares was withdrawn following feedback from shareholders, which has eased concerns about a worsening supply and demand situation.

Figure 26. Stock Price Trends of Listed Companies That Provide Urban Compact Apartments and Those That Utilize Real Estate DX (2021 to March 2024)



Source: Strategy Advisors

Figure 27. Stock Price Trends of Listed Companies That Provide Urban Compact Apartments and Those That Utilize Real Estate DX (Since April 2024)



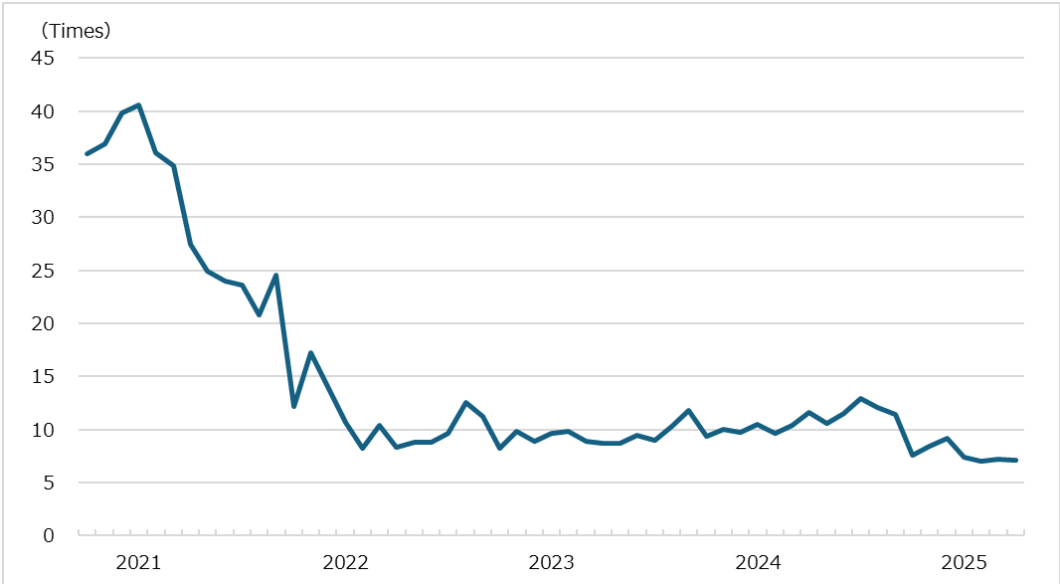
Note: TASUKI Holdings' stock price at the end of March 2024 is substituted with the stock price on April 1, 2024. The number of shares in Migaro Holdings exceeds 200 and cannot be included in the chart.

Source: Strategy Advisors

**The Sense of
Overvaluation Has
Disappeared Compared
to Immediately After
the IPO**

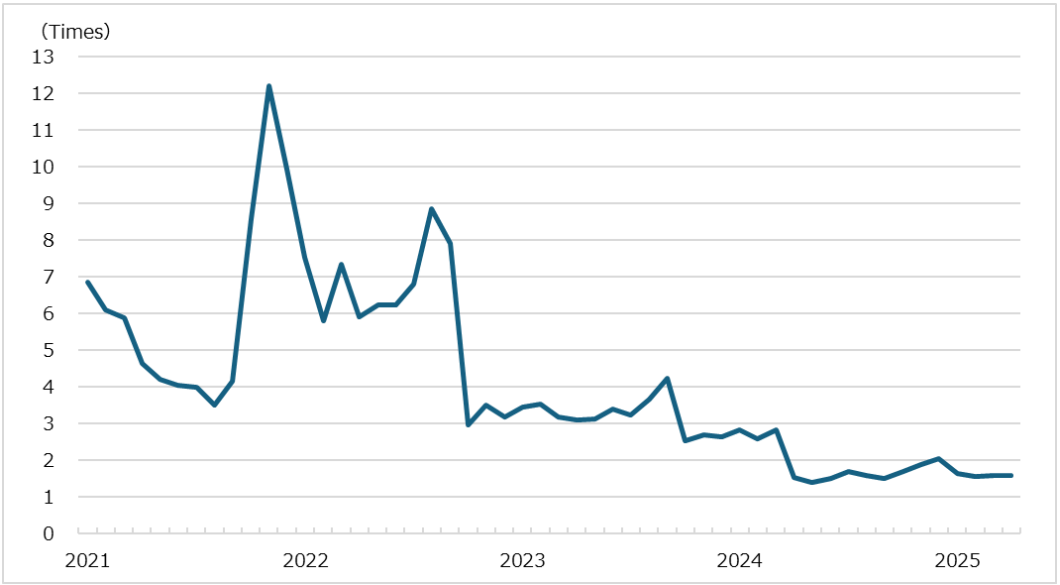
In terms of valuation, both the PER and PBR were at high levels immediately after the company's listing in October 2020; but as the stock price adjusted after the listing, both PER and PBR fell, eliminating the sense of overvaluation. However, it cannot be said that PER and PBR are at a level that makes them seem cheaper than other companies.

Figure 28. PER Trends
(TASUKI Till March 2024, TASUKI Holdings >April 2024 Onwards)



Source: Strategy Advisors

Figure 29. Trends in PBR
(TASUKI Till March 2024, TASUKI Holdings >April 2024 Onwards)



Source: Strategy Advisors

TASUKI Holdings | 166A (TSE Growth)

Figure 30. Valuation Comparison with Peer Companies

Company Name	Code	FY	Stock Price	Market Cap.	PER	PBR	Dividend Yield	ROE
			(May 2)	(¥mn)	CoE (Times)	Actual (Times)	CoE (%)	Actual (%)
TASUKI Holdings	166A	09/24	655	33,748	7.1	1.6	5.3	10.4
Hoosiers Holdings	3284	03/24	1,179	41,915	8.2	1.1	4.9	13.1
Dear Life	3245	09/24	1,100	47,768	7.0	1.9	5.6	13.1
FJ Next Holdings	8935	03/24	1,197	39,159	7.8	0.6	4.2	9.8
Meiwa Estate	8869	03/24	928	21,759	8.7	0.7	4.3	9.0
Properst	3236	05/24	193	6,553	6.0	0.6	2.1	18.9
Global Link Management	3486	12/24	1,933	15,475	8.1	1.3	3.8	33.3
GA technology	3491	10/24	1,401	51,719	17.2	2.3	0.0	8.5
Migaro Holdings	5535	03/24	2,120	15,469	47.7	1.5	0.7	10.7
Open House Group	3288	09/24	6,182	720,135	8.8	1.6	2.7	21.1

Note: ROE is not applicable to companies that posted a loss in their most recent fiscal period. TASUKI Holdings' PER does not include the impact of the increase in the number of shares due to the exercise of stock acquisition rights issued in February 2025.

Source: Strategy Advisors

TASUKI Holdings | 166A (TSE Growth)

Since Becoming TASUKI Holdings, Stock Price Has Tended to Reflect Business Performance

The Japanese stock market as a whole has been on an upward trend led by large-cap stocks since 2023, as exemplified by the Nikkei Stock Average reaching the ¥40,000 level for the first time in history in February 2024 and hitting its highest level since the beginning of the year in July 2024. It then turned downward after a sharp drop and recovered due to the sudden appreciation of the yen in August 2024, it is currently in a stalemate.

In this process, the stock price of TASUKI Holdings has fluctuated since April 2024, but the stock price is determined by short-term performance or expectations. In particular, when the financial results for FY09/2024 were announced, the target value of the long-term vision was raised upward and a medium-term management plan was formulated with FY09/2027 as the final year, causing the relative stock price to temporarily exceed TOPIX.

Relative Stock Price Again Fell below TOPIX Due to Disclosure of Stock Acquisition Rights Issuance

However, when the company disclosed the issuance of a large number of stock acquisition rights on January 24, 2025, its stock price fell sharply due to concerns about dilution and its relative stock price once again fell below TOPIX.

If all of the stock acquisition rights issued this time are exercised, 10,000,000 shares will be issued, resulting in a dilution of 19.4%. The funds raised through the exercise will be approximately ¥7.9 billion, of which approximately ¥4.7 billion will be used for purchases and approximately ¥3 billion for future M&A, etc. As of March 26, 2025, 2,200,000 shares have already been exercised.

The company needs to continually expand its purchasing in order to expand its business. As sales increase, so do inventories, but before the business integration, TASUKI's inventory at the end of each fiscal year was within the range of its interest-bearing liabilities. The latest issue of stock acquisition rights to raise funds appears to have been undertaken in consideration of the possibility of future interest rate increases, but it is possible that the company has changed its policy to have inventory that exceeds the total amount of its interest-bearing liabilities. This is a policy to accelerate future growth and it is also a sign of the company's confidence that it can make purchases commensurate with its growth.

On the other hand, investors' concerns that the company will continue to raise funds that will result in dilution in order to acquire funds for purchasing purposes cannot be dispelled and this is thought to be one of the reasons why the relative stock price is below TOPIX.

Valuations Are Expected to Rise as the Market Comes to Understand the Areas That Have Not Been Fully Valued

In terms of business performance, progress will be monitored with a target of ¥100 billion in sales and ¥13.65 billion in EBITDA for the final year of the medium-term management plan, FY09/2027. While it is important to note whether these quantitative targets can be achieved, what is even more important is that the market appears to have yet to fully evaluate the true essence of the company's real estate DX.

As we have discussed so far, the business integration of TASUKI and SHIN-NIHON TATEMONO in 2024 is expected to have the effect of further enhancing the company's competitive advantage as the two companies' difficult-to-imitate characteristics interact with each other. In particular, if TASUKI's difficult-to-imitate characteristic of "improving business efficiency and productivity through real estate

DX" is applied to SHIN-NIHON TATEMONO; it has the potential to simultaneously expand scale and improve profitability and efficiency through increased purchasing power and improved purchasing accuracy. The effects of this have not yet been seen in the current performance figures.

The other issue is AURA, which joined the group around the same time as the business integration. The vacant house information platform that AURA has built in the course of developing its asset consulting business has the potential to become a major source of advantage in an industry environment where competition for land purchases is becoming increasingly fierce. It is believed that the market has not fully evaluated not only the value of the vacant house information platform alone, but also the additional value that would be achieved if it were to be fully integrated with the advantages of TASUKI and SHIN-NIHON TATEMONO.

Therefore, as understanding of these areas that have yet to be fully appreciated spreads, the superiority of the Company's business and business model is likely to be reflected in the stock price through an increase in valuation.

Dividends Expected to Increase Significantly in FY2025

The company plans to pay a forecast dividend of ¥35.0 (year-end only) per share for FY09/2025, up ¥19.0 from the previous fiscal year. The company aims to achieve a dividend payout ratio of 35% or more of net income per share excluding non-cash transactions (amortization of goodwill associated with M&A, etc.) based on a progressive dividend system. Net income including non-cash transactions, the dividend payout ratio is expected to be 38.0% for FY09/2025, compared to 30.0% for FY09/2024.

1 2. Risk Factors

At present, there do not appear to be any major risks requiring attention in terms of business execution or performance. However, the following points could be cited as risks that could lead to performance not being as expected.

Since the company's performance is largely derived from flow service revenues from real estate sales, changes in sales plans can cause actual performance to deviate significantly from the company's plans. This can occur due to changes in the buyer's environment or the company may shift sales plans for its own reasons. The stock price may react in the short-term depending on how the financial results turn out.

In the medium term, it is possible that competition for properties will intensify. However, it is recognized that competition is already occurring on an individual property basis.

As with any other real estate business, interest rate risk is unavoidable. Rising interest rates could have a negative effect on fundraising. The company has only just raised funds and its financial strategy is well-established, so if interest rates move slowly, it will not be a big problem. However, caution is needed if interest rates fluctuate suddenly in a short period of time.

We should also pay attention to the possibility of legal reforms that could affect the supply and demand of real estate transactions. In the first place, the company's

newly built investment residences are real estate products created in anticipation of increased demand due to the revision of the inheritance tax law. From that perspective, we should pay attention to the presence or absence of legal reforms, regardless of whether they are positive or negative, and the impact that such reforms will have on supply and demand.

1 3. ESG Initiatives

Corporate Governance System

1) TASUKI Holdings' Corporate Governance System

The company is comprised of TASUKI Holdings, which manages the entire group as a pure holding company and six subsidiaries. The organizational structure is a company with auditors. The board of directors consists of five directors (two of whom are women) and two of whom are independent outside directors. There are three auditors (all outside auditors). All five outside directors and outside auditors meet the independence criteria. Mr. Saburo Murakami, founder of SHIN-NIHON TATEMONO, is the largest shareholder with 19.4% (as of FY09/2024).

Of the five directors, two are independent, accounting for 40%. Principle 4-8 of the Corporate Governance Code requires companies listed on markets other than the Prime Market to appoint at least two independent directors and this standard is met. The company aims to be listed on the Tokyo Stock Exchange Prime Market in the future and it also meets the standards required for the Prime Market (appointing at least one-third of independent directors). In addition, two out of eight directors are female, accounting for 25% of the total. The Tokyo Stock Exchange has set a goal of increasing the ratio of female directors to 30% or more by 2030.

In addition, the Company has established a Nomination and Remuneration Committee as a voluntary advisory body to the Board of Directors. It deliberates on matters such as basic policy regarding director remuneration, individual director remuneration, selection of the representative director, appointment of executive officers and criteria for determining the independence of outside directors. Two of the three directors who serve as committee members are independent directors and the chairperson is also an independent outside director. In addition, the Company has established a Group Compliance and Risk Management Committee, which is composed of the representative director, directors (full-time) and group compliance officer.

Sustainability Structure

2) TASUKI Holdings' Sustainability System

The company has positioned sustainability as one of its important management issues and has established a Sustainability Committee. The CEO oversees the Sustainability Committee and the Group Compliance and Risk Management Committee. Under an organizational structure that allows for speedy decision-making across the entire company, the committee discusses basic policies for sustainability activities and materiality that will affect mid-to long-term corporate value improvement and monitors activity plans and implementation status.

The following four material issues are to be addressed as a company-wide effort. Through the company's efforts on material issues, they are working to realize a sustainable society, achieve sustainable growth and increase their corporate value.

Figure 31. TASUKI Holdings' Materiality

ESG Category	Materiality	Risk	Opportunity	Overview Of the Initiative
E	Reducing environmental impact	•Sales difficulties due to our Group's products falling behind competitors in reducing the environmental impact and responding to the need for decarbonization	•In response to the growing need for buildings with high energy-saving performance, we will introduce differentiated products to the market using the know-how of energy-saving buildings that our Group has cultivated, thereby expanding sales and profits.	•Reducing CO2 emissions •Waste reduction •Supply of properties with environmental certifications such as ZEH and BELS
S	Achieving sustainability through DX	•Decreasing competitiveness due to falling behind competitors in the digitalization of operations, and chronic labor shortages due to analog and inefficient operations	•Improve operational efficiency and increase sales and profits by using our group's services internally and providing them externally, which promotes DX in real estate	•Establishment of Group Digital Transformation Strategy Department
	Human capital ("human resources") related: Supporting the active participation of diverse human resources	•A decline in the Group's business performance due to difficulties in recruiting and retaining talented personnel and a decline in motivation	•By creating a workplace environment that is conducive to diverse talent, we can secure talented people, thereby generating innovation and improving productivity.	•Promotion of health management •Respect for human rights •Diversity and inclusion •Developing human resources who will lead the future •Improvement of working environment, strengthening recruitment
G	Establishing a sound management foundation	•Company scandals, such as violations of laws and regulations, resulting from a weak governance system, may result in the suspension of business activities and a decline in the company's reputation among stakeholders.	•As a company with a strong governance system, we will improve the retention rate of human resources and business continuity through trust from stakeholders.	•Strengthening corporate governance •Thorough compliance

Note: As the period covered by this fiscal year is from April 1, 2024 to September 30, 2024, based on the results of TASUKI Group companies that used the same indicators between October 1, 2023 and September 30, 2024.

Source: Company Data

According to the Corporate Governance Code, 3-1③, companies listed on the Prime Market should "improve the quality and quantity of disclosure based on the TCFD or an equivalent framework, which is an internationally established disclosure framework", regarding climate change. In Japan, as of November 24, 2023, 1,488 companies have joined the TCFD Consortium and are disclosing information based on the TCFD, mainly among Prime listed companies. In order to be listed on the Tokyo

Stock Exchange Prime Market, companies will be required to formulate strategies, risk management, indicators and targets for climate change.

Human Capital

Regarding human capital strategy, the company is working to develop human resources that can create new value for the organization by sharing know-how and knowledge. In addition, the company promotes employees to managerial positions based on equal personnel evaluation according to motivation, ability and achievements, regardless of age, nationality, gender, etc. To that end, the company strives to create a workplace environment where diverse human resources can demonstrate their full potential and is working to build systems and foster an organizational culture that supports work-life management for all employees. To support the balance of work and childbirth, childcare and elderly care, the company has introduced systems such as shortened working hours and the use of annual paid leave.

As an indicator of human capital, the average monthly overtime work will be 10.0 hours, compared to 13.9 hours. The paid leave acquisition rate is currently 81.2%, but the target is 76.8%.

Figure 32. Human Capital Indicators and Targets (Actual Results Are Non-Consolidated)

Index	Achievements	Goal
Average Monthly Overtime Work (Hours)	13.9	10.0
Paid Leave Acquisition Rate (%)	81.2%	76.8%

Note: As the period covered by this fiscal year is from April 1, 2024 to September 30, 2024, Based on the results of TASUKI Group companies that used the same indicators between Oct 1, 2023 and September 30, 2024.

Source: Company Data

The company has 108 employees on a consolidated basis and as these are not subject to the disclosure obligation (for a company with 301 or more employees), the proportion of female workers in management positions, the rate at which male workers take childcare leave or the difference in wages between male and female workers, these details are omitted from the securities report.

Figure 33. Consolidated Income Statement (TASUKI and TASUKI Holdings)

(¥mn)	TASUKI (P)	TASUKI (P)	TASUKI (P)	TASUKI (P)	TASUKI (C)	TASUKI (C)	TASUKI HD	TASUKI HD
	09/18	09/19	09/20	09/21	09/22	09/23	09/24	09/25 CoE
Net Sales	3,117	5,118	7,027	9,190	12,277	18,565	47,455	76,000
Cost Of Sales	2,579	3,983	5,623	6,967	9,321	14,466	39,483	
Gross Profit	539	1,135	1,404	2,223	2,956	4,099	7,973	
Gross Profit Margin	17.3%	22.2%	20.0%	24.2%	24.1%	22.1%	16.8%	
Selling, General and Administrative Expenses	365	711	825	972	1,241	1,669	3,907	
Operating Profit	174	425	579	1,251	1,715	2,430	4,065	8,650
Operating Profit Margin	5.6%	8.3%	8.2%	13.6%	14.0%	13.1%	8.6%	11.4%
Non-Operating Income	1	2	32	2	7	13	30	
Non-Operating Expenses	67	97	88	140	150	215	535	
Ordinary Profit	108	330	522	1,112	1,571	2,228	3,560	7,550
Ordinary Profit Margin	3.5%	6.4%	7.4%	12.1%	12.8%	12.0%	7.5%	9.9%
Extraordinary Profit	0	0	0	27	14	0	1	
Extraordinary Losses	2	0	0	3	14	22	0	
Profit Before Income Taxes	106	330	522	1,136	1,571	2,206	3,562	
Income Taxes (Current)	47	113	193	360	505	694	1,689	
Income Taxes (Deferred)	-14	-5	-1	-19	-23	-26	-489	
Total Corporate Tax, etc.	33	108	191	341	482	668	1,201	
(Corporate Tax Rate)	31.1%	32.7%	36.6%	30.0%	30.7%	30.3%	33.7%	
Profit Attributable to Owners of Parent	73	222	331	795	1,089	1,538	2,217	4,750
Net Profit Margin	2.3%	4.3%	4.7%	8.7%	8.9%	8.3%	4.7%	6.3%
EPS (¥)	25.41	69.32	70.25	36.45	92.69	118.18	53.39	92.19
Tangible and Intangible Fixed Asset Investments	9	79	30	31	13	38	11	
Depreciation and Goodwill Amortization	3	7	11	8	9	8	195	
Cash Flow	76	229	342	803	1,098	1,546	2,412	
CFPS (¥)	9.5	28.6	68.4	136.8	93.5	109.7	46.8	
ROE	0.0%	37.7%	23.2%	30.4%	-	28.0%	-	
ROIC (Invested Capital)	0.0%	9.3%	9.2%	12.7%	-	12.5%	-	
ROIC (Business Assets)	0.0%	10.8%	13.6%	21.1%	-	21.6%	-	
DPS (¥)	0.00	0.00	26.00	52.00	33.00	50.00	16.00	35.00
Average Number of Shares During the Period (Million Shares)	2.8	3.2	4.7	5.4	11.7	13.0	41.5	
End of Period Shares (Million Shares)	8.0	8.0	5.0	5.8	11.7	14.0	51.5	

Note: Up until FY09/21, TASUKI's parent results basis, FY09/22 to FY09/23, TASUKI's consolidated results basis, and from FY09/24 onwards, TASUKI Holdings' consolidated results basis. EPS for FY09/25 does not include the impact of the increase in the number of shares due to the exercise of stock acquisition rights issued in February 2025.

Source: Company Data. Compiled by Strategy Advisors

Figure 34. Consolidated Balance Sheet (TASUKI and TASUKI Holdings)

(¥mn)	TASUKI (P) 09/18	TASUKI (P) 09/19	TASUKI (P) 09/20	TASUKI (P) 09/21	TASUKI (C) 09/22	TASUKI (C) 09/23	TASUKI HD 09/24
Current Assets	3,313	3,684	5,069	9,413	12,072	16,925	53,172
Cash and Deposits	516	575	2,485	3,253	3,711	6,228	14,431
Accounts Receivable	-	-	-	-	-	-	-
Inventories	2,731	2,997	2,459	5,897	7,052	9,115	35,496
Short-Term Loans	-	-	-	-	1,145	1,289	1,965
Others	66	112	125	263	164	293	1,280
Fixed Assets	80	170	186	497	548	562	6,224
Tangible Fixed Assets	31	85	92	86	16	21	1,546
Intangible Fixed Assets	4	33	40	35	98	4	3,353
Investments and Other Assets	45	53	55	376	434	536	1,325
Investment Securities	0	0	0	300	320	355	845
Deferred Tax Assets	14	19	20	38	61	87	232
Others	31	34	35	38	53	94	248
Total Assets	3,393	3,855	5,255	9,909	12,621	17,487	59,416
Current Liabilities	1,358	2,568	1,543	2,102	5,459	3,856	16,140
Accounts Payable for Construction Contracts	55	34	80	41	84	137	478
Accounts Payable - Other	28	47	57	66	142	82	1,019
Interest-Bearing Debt	1,184	2,306	1,187	1,623	4,617	2,947	12,189
Short-Term Borrowings	412	605	326	194	1,262	1,059	5,802
Current Portion of Long-Term Borrowings	772	1,701	861	1,429	3,356	1,887	6,388
Unpaid Corporate Taxes	-	-	-	-	345	480	61
Others	91	181	219	372	616	690	2,454
Non-Current Liabilities	1,557	587	1,557	4,728	3,299	6,504	21,347
Interest-Bearing Debt	1,527	548	1,496	4,701	3,255	6,423	21,032
Others	30	39	61	27	44	81	315
Total Net Assets	478	700	2,155	3,079	3,862	7,127	21,929
Shareholders' Equity	478	700	2,155	3,079	3,862	7,127	21,307
Capital and Surplus	400	400	1,525	1,785	1,785	4,195	16,939
Retained Earnings	78	300	630	1,295	2,078	2,933	4,375
Treasury Shares	-	-	-	-	-	-	-7
Accumulated Other Comprehensive Income	-	-	-	-	-	-	-5
Stock Acquisition Rights	-	-	-	-	-	-	-
Non-Controlling Interests	-	-	-	-	-	-	628
Total Liabilities and Net Assets	3,393	3,855	5,255	9,909	12,621	17,487	59,416
Interest-Bearing Debt	2,737	2,873	2,729	6,333	7,877	9,369	33,221
Capital Adequacy Ratio	14.1%	18.2%	41.0%	31.1%	30.6%	40.8%	35.9%
D/E Ratio	5.73	4.10	1.27	2.06	2.04	1.31	1.56

Note: Up until FY09/21, TASUKI's parent results basis, FY09/22 to FY09/23, TASUKI's consolidated results basis, and from FY09/24 onwards, TASUKI Holdings' consolidated results basis.

Source: Company Data. Compiled by Strategy Advisors

Figure 35. Consolidated Statement of Cash Flows (TASUKI and TASUKI Holdings)

(¥mn)	TASUKI (P) 09/18	TASUKI (P) 09/19	TASUKI (P) 09/20	TASUKI (P) 09/21	TASUKI (C) 09/22	TASUKI (C) 09/23	TASUKI HD 09/24
Cash Flows from Operating Activities							
Profit Before Taxes	106	330	522	1,136	1,571	2,206	3,562
Depreciation	3	7	11	8	9	8	195
Working Capital	-	-244	-584	-3,400	-1,199	-2,115	-3,336
Others	-1,653	-42	1,006	-391	-74	-547	-1,769
Total	-1,544	52	955	-2,646	307	-448	-1,348
Cash Flows from Investing Activities							
Purchase of Tangible Assets	-9	-60	-12	0	72	-13	-6
Purchase of Intangible Assets	0	-19	-18	-31	-85	-25	-5
Purchase of Investment Securities	0	0	0	-288	0	53	-41
Others	-27	-37	33	42	-1,159	-159	-2,572
Total	-36	-116	3	-277	-1,172	-144	-2,624
Cash Flows from Financing Activities							
Net Increase/Decrease in Short-Term Borrowings	165	433	-242	-44	1,246	28	799
Net Increase/Decrease in Long-Term Borrowings	1,504	-288	73	3,679	306	1,470	7,549
Issuance of Shares	100	0	1,110	257	0	2,349	-
Expenditures for Acquisition of Treasury Stock	-	-	-	-130	-304	-684	-
Dividends Paid	-	-	-	-130	-304	-684	-1,372
Others	-18	-23	11	59	379	630	-132
Total	1,751	122	952	3,691	1,323	3,109	6,844
Exchange Differences on Cash	-	-	-	-	-	-	-
Cash Increase/Decrease	172	59	1,911	768	458	2,517	8,202
Cash at Beginning Balance	344	516	575	2,485	3,253	3,711	6,228
Ending Cash Balance	516	575	2,485	3,253	3,711	6,228	14,431

Note: Up until FY09/21, TASUKI's parent results basis, FY09/22 to FY09/23, TASUKI's consolidated results basis, and from FY09/24 onwards, TASUKI Holdings' consolidated results basis.

Source: Company Data. Compiled by Strategy Advisors

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