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– English Translation –

Announcement of Medium-Term Management Plan **NEXT STAGE 2023**  
(July 2020 – June 2023)

Lib Work Group has formulated a three-year medium-term management plan, **NEXT STAGE 2023**, for the three years from the fiscal year ending June 2021.

As a *housing technology company with web marketing as its core competence*, Lib Work Group has been striving since its foundation to achieve its mission of *providing valuable lifestyles to people around the world*. Our motto is *changing lives, changing the world, and creating the future*. In January 2020, we published a long-term business vision entitled **VISION2030** and continue working tirelessly towards achieving it.

With the dramatic changes in people's lifestyles due to the worldwide spread of COVID-19, we have now decided to revisit parts of our vision and to present a medium-term management plan to further strengthen our position in the marketplace and the advantages it provides us. In this regard, we are officially announcing **NEXT STAGE 2023**.

From a competitive perspective, we believe that the capabilities of digital marketing, that is at the core of what we do, are expected to become even more important than ever now. In addition, the demand in the detached housing market is expected to rapidly increase as more and more people are beginning to work from home and social distancing is at the forefront of everyone's mind. Accordingly, we will continue to concentrate on the detached housing business and aim to establish ourselves as a platformer in the detached housing market.

**Basic policy**

1. Becoming a *platformer* in the detached housing market (concentrating on the detached housing

business).

2. Accelerating nationwide expansion to achieve rapid growth and expansion of business (net sales x 2.5 times; operating profit x 8 times).
3. Establishing an SPA model in the residential housing business (aiming for a 35% gross profit margin).
4. Monetizing the support business for construction companies and builders nationwide through a subscription model.

### **Numerical targets**

	Fiscal Year ended June 2020	Fiscal Year ending June 2023
Market Capitalization	11 billion yen	50 billion yen
Net Sales	6 billion yen	15 billion yen (x 2.5 times)
Operating Profit	140 million yen	1.2 billion yen (x 8 times)
ROE	7.3%	25%

### **Roadmap**

1. Becoming a *platformer* in the detached housing market.
  - 1) Enhancement of portal sites related to detached housing business:
    - Enrich and enhance portal sites specialized in detached housing-related categories (land search “*e tochi net*”, custom-built house design “*e chumon-jyutaku net*”, one-storied house “*e hiraya net*”, matching clients with architects “*e kenchikushi net*”), and expand nationwide.
    - Launch two to three new websites a year specialized in the detached housing business category to secure a major share in the detached housing market.
    - In addition to the websites for our houses, launch and expand intermediary portal sites for ready-built houses by other builders.
  - 2) Focus on YouTube channels:
    - The YouTube channel *LibWork ch* launched in January 2020 and has been steadily increasing the number of registered users and replays. Our aim is to become number one on the channel for videos played in the “houses”, “custom-built houses” and “detached houses” categories.
2. Accelerating nationwide expansion to achieve rapid growth and expansion of business.
  - 1) Expansion of areas and number of stores:

Currently, we have stores in Kumamoto Prefecture (8 stores), Fukuoka Prefecture (1 store), Saga Prefecture (1 store), Oita Prefecture (1 store), and Kanagawa Prefecture (1 company). We plan to increase the number of stores nationwide from the current total of 12 stores to 25 stores within the next 3 years. Based on market research, we will select the appropriate locations and launch new stores accordingly.
  - 2) Development of “sketch” brand for shopping malls:

Launch a low-priced “sketch” brand for shopping malls and expand to 3 to 5 stores nationwide within the next 3 years.
3. Establishing an SPA model in the residential housing business.
  - 1) Taking into consideration the shortage of craftsmen and contractors in the future, we will insource

main construction work. By doing this, we aim to increase the gross profit margin in the detached housing business to 35% by 2023.

- 2) Start to develop our proprietary construction methods.
4. Monetizing the support business for construction companies and builders nationwide through a subscription model.

We plan to release an AI-based support system for construction companies and builders nationwide in April 2021. This has been adopted as a new collaboration support project entitled “Utilizing Advanced Technologies such as IoT, AI, and Block Chain” by the Ministry of Economy, Trade and Industry. We aim to expand the service for construction companies all over Japan. Our goal is to also make an operating profit of 40 million yen in the fiscal year ending June 2022, and 100 million yen in the fiscal year ending June 2023.

In accordance with the roadmap above, we have set the KPIs as follows:

**KPI**

	Fiscal Year ended in June 2020	Fiscal Year ending in June 2023
Net Sales	6 billion yen	15 billion yen (x 2.5 times)
Operating profit	140 million yen	1.2 billion yen (x 8 times)
Operating profit to net sales	2.4%	8%
ROE	7.3%	25%
Gross profit margin in the detached housing business	28%	35%
Number of stores	12 stores	25 stores
Web traffic	Increase by 50% year on year	
YouTube channel number of registered users	500	100,000
Support business through a subscription model	Adopted as METI's New Collaboration Support Project	Operating profit of 100 million yen

Medium-Term Management Plan (July 2020 – June 2023)

# NEXT STAGE 2023

**LibWork**

August 13, 2020  
(Securities Code : 1431)

# 01 Basic Policy

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# 02 Numerical Targets

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# 03 Roadmap

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- [1] Becoming a platformer in the detached housing market
- [2] Accelerating nationwide expansion to achieve rapid growth and expansion of business
- [3] Establishing an SPA model in the residential housing business
- [4] Monetizing the support business through a subscription model

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# 04 KPI

# Basic Policy

**Platformer  
in  
Detached  
Housing**

**Concentrating  
on the  
detached  
housing  
business**

**Acceleration  
Nationwide  
Expansion**

**Net Sales x 2.5  
Operating Profit x 8**

**SPA model  
in the  
Residential  
Business**

**35% gross  
profit margin in  
the detached  
housing  
business**

**New Support  
Business  
through  
Subscription  
Model**

**Monetize the  
support  
business for  
construction  
companies  
nationwide**

# 01 Basic Policy

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- [1] Becoming a platformer in the detached housing market
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# 04 KPI

# Fiscal Year 2023 Numerical Targets

**Market Capitalization 50 billion yen**

**Net Sales**  
15 billion yen  
(x 2.5)

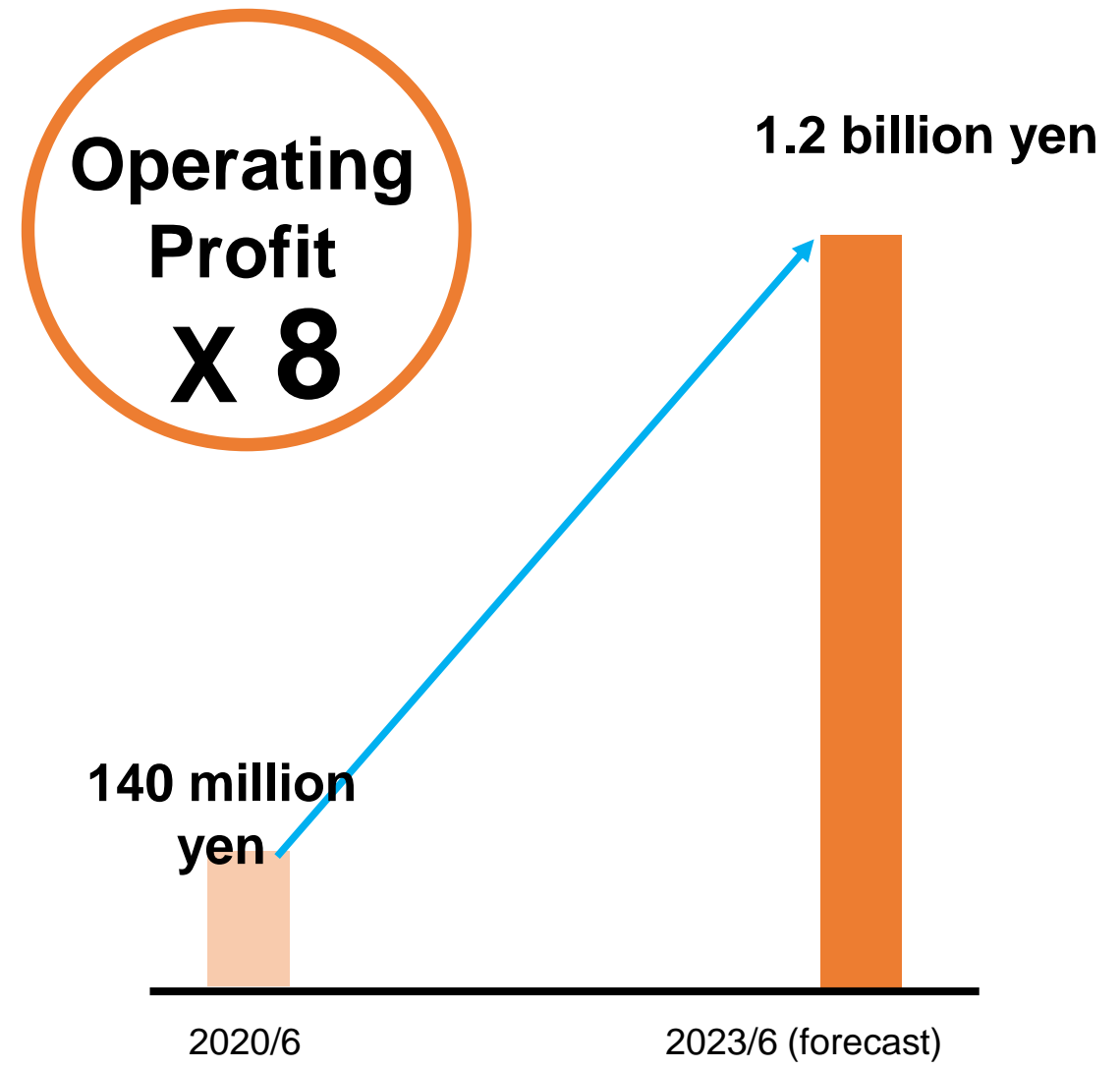
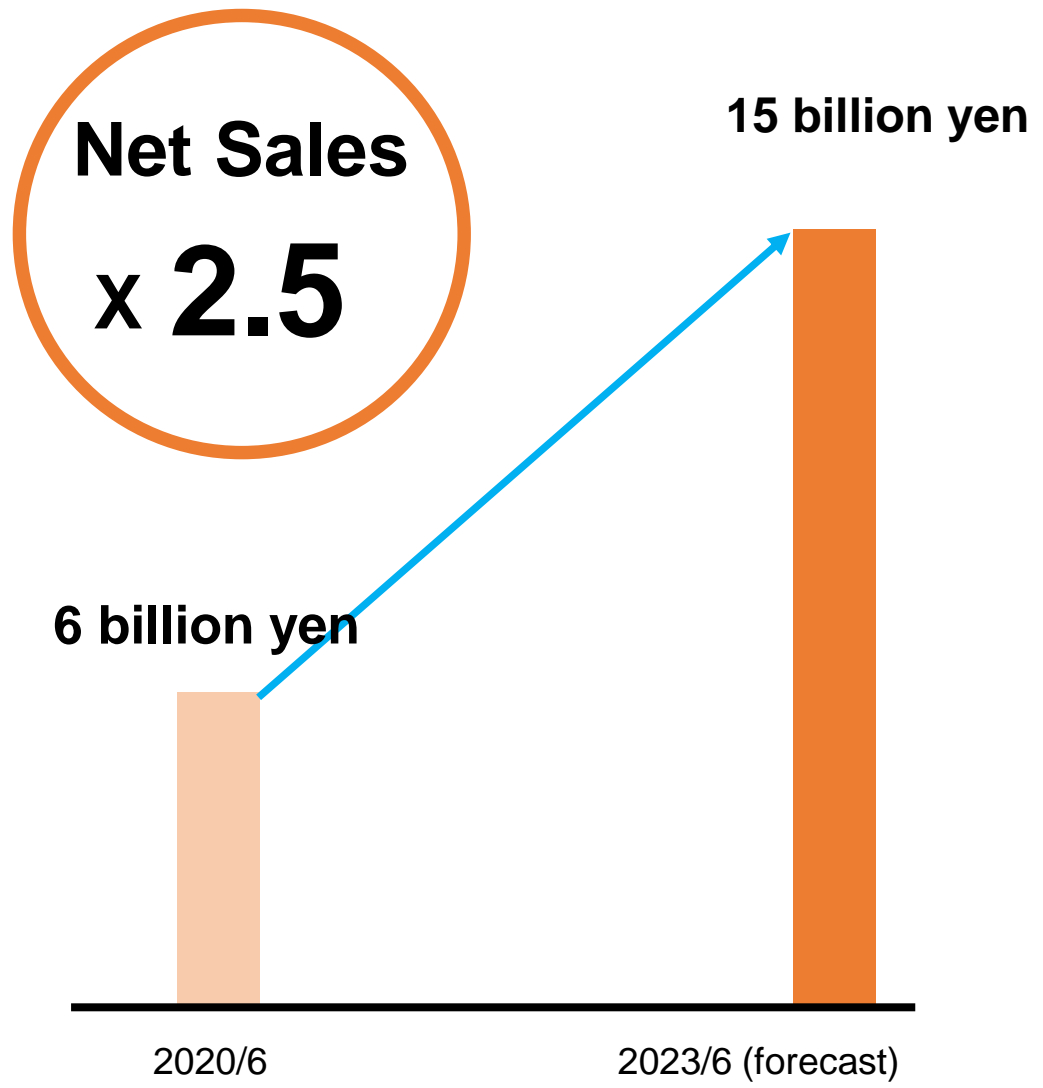
**Operating Profit**  
1.2 billion yen  
(x 8)

**ROE**  
25%  
(x 3.4)

\* Figures in parentheses are in comparison with the ones for the fiscal year ended June 30, 2020.



# Fiscal year 2023 Numerical Targets



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# 03 Roadmap

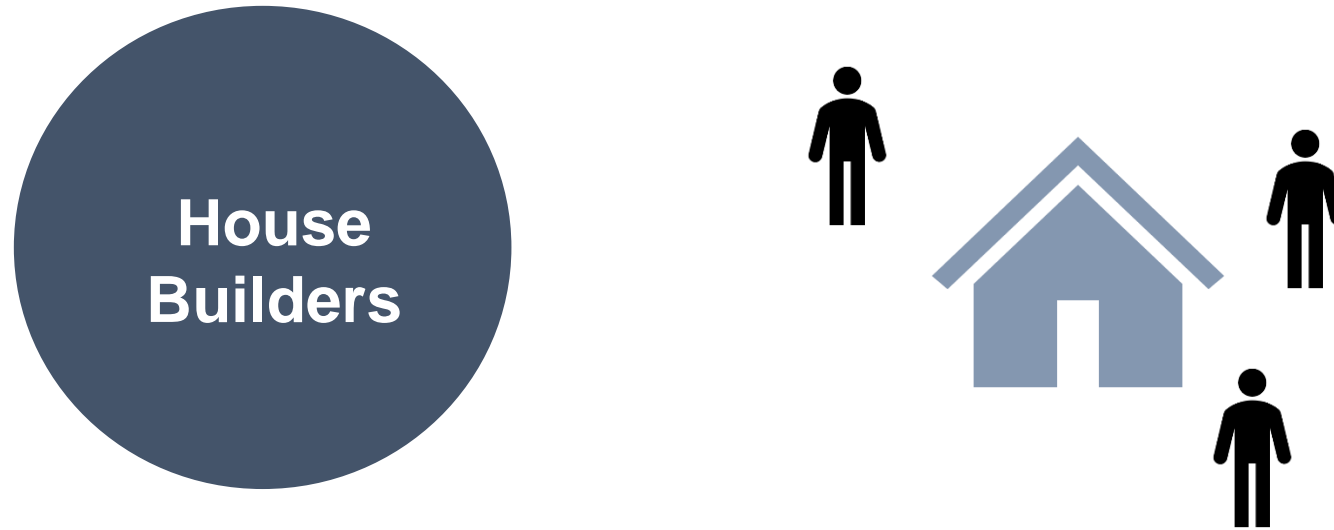
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- [1] Becoming a platformer in the detached housing market
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# 04 KPI

# Traditional Business Model for House Builders



## Inviting Prospective Clients to Model Houses and Sales

- About one year after the opening of a model house,
- stagnate the number of prospective clients, and
  - increase client acquisition cost
- then rebuild the model house in 5 years time.

# Lib Work's Business Model



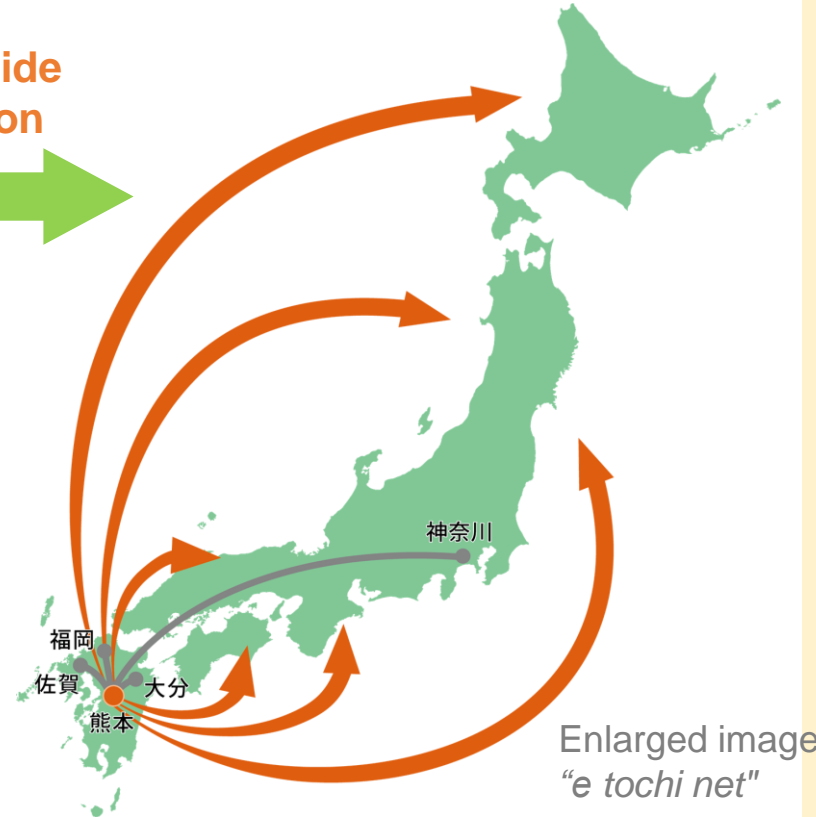
The websites are independent from a region and easy to expand nationwide.

## 1) Enhancement of portal sites

Land search



Nationwide expansion



Design



One-storied house



Matching between clients and architects

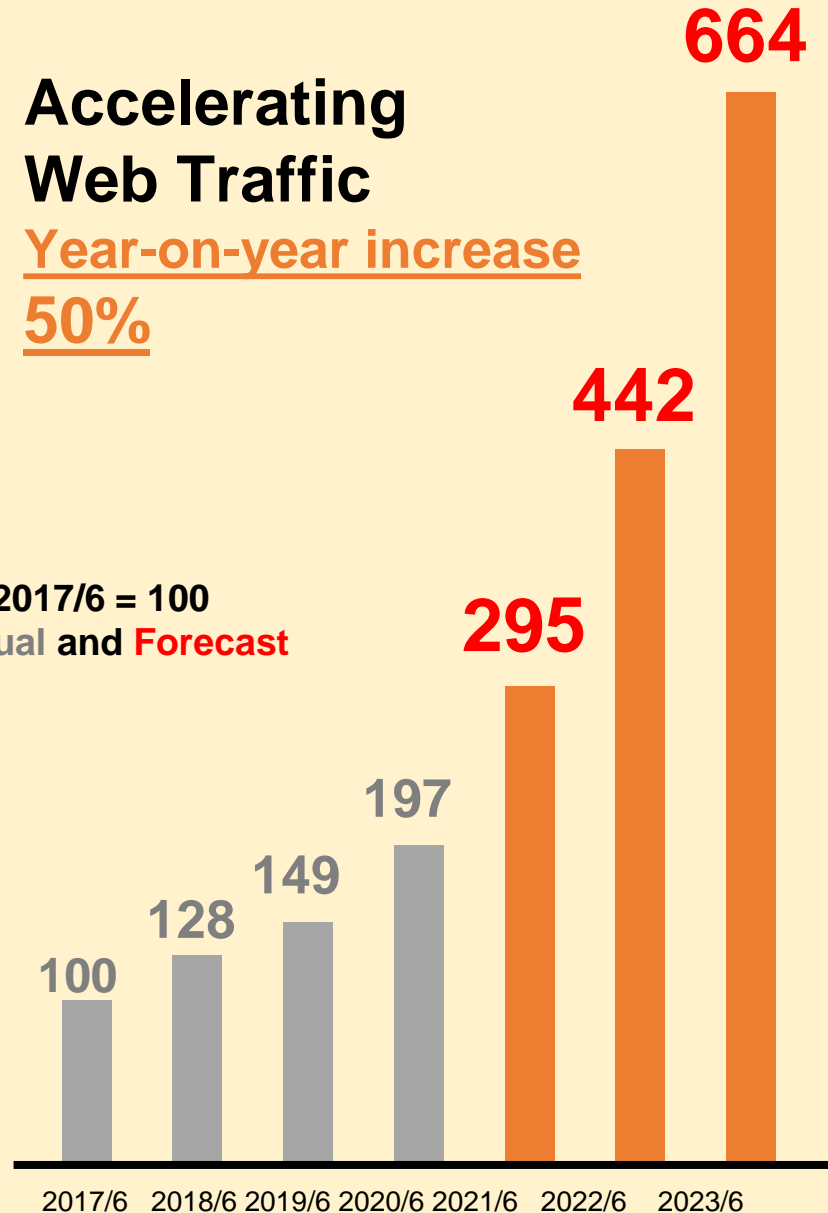


New Category Sites  
2-3 launches/year

Accelerating  
Web Traffic

Year-on-year increase  
50%

FY 2017/6 = 100  
Actual and Forecast



Enlarged image  
"e tochi net"

# [1] Becoming a platformer in the detached housing market **LibWork** 10

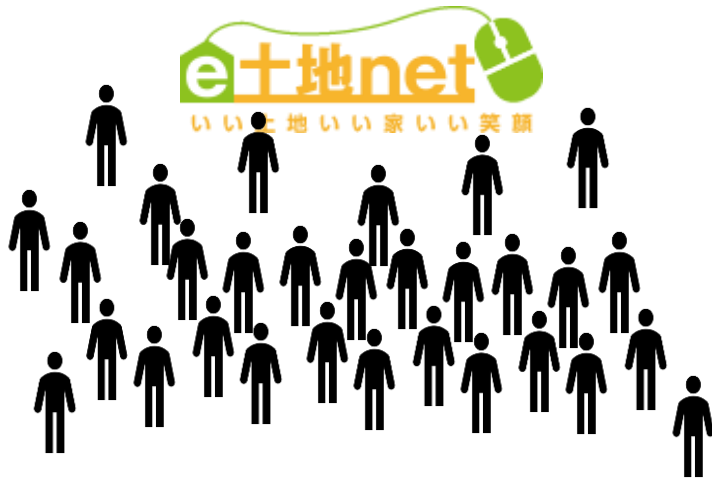
## 1) Strengths and characteristics of the land search site

Information supplier for land for sale  
(such as real-estate agencies)

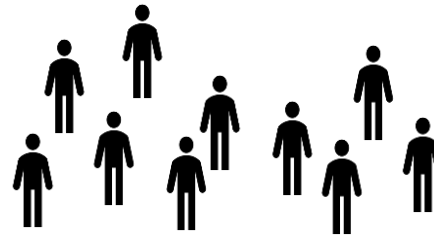
**Free posting +  
No agent's commission**

Paid posting  
(Advertise Model)

**large number of properties**



**suumo at home**  
**LIFULL HOME'S**



**Kyushu area**

Kumamoto

Fukuoka

Saga

Oita



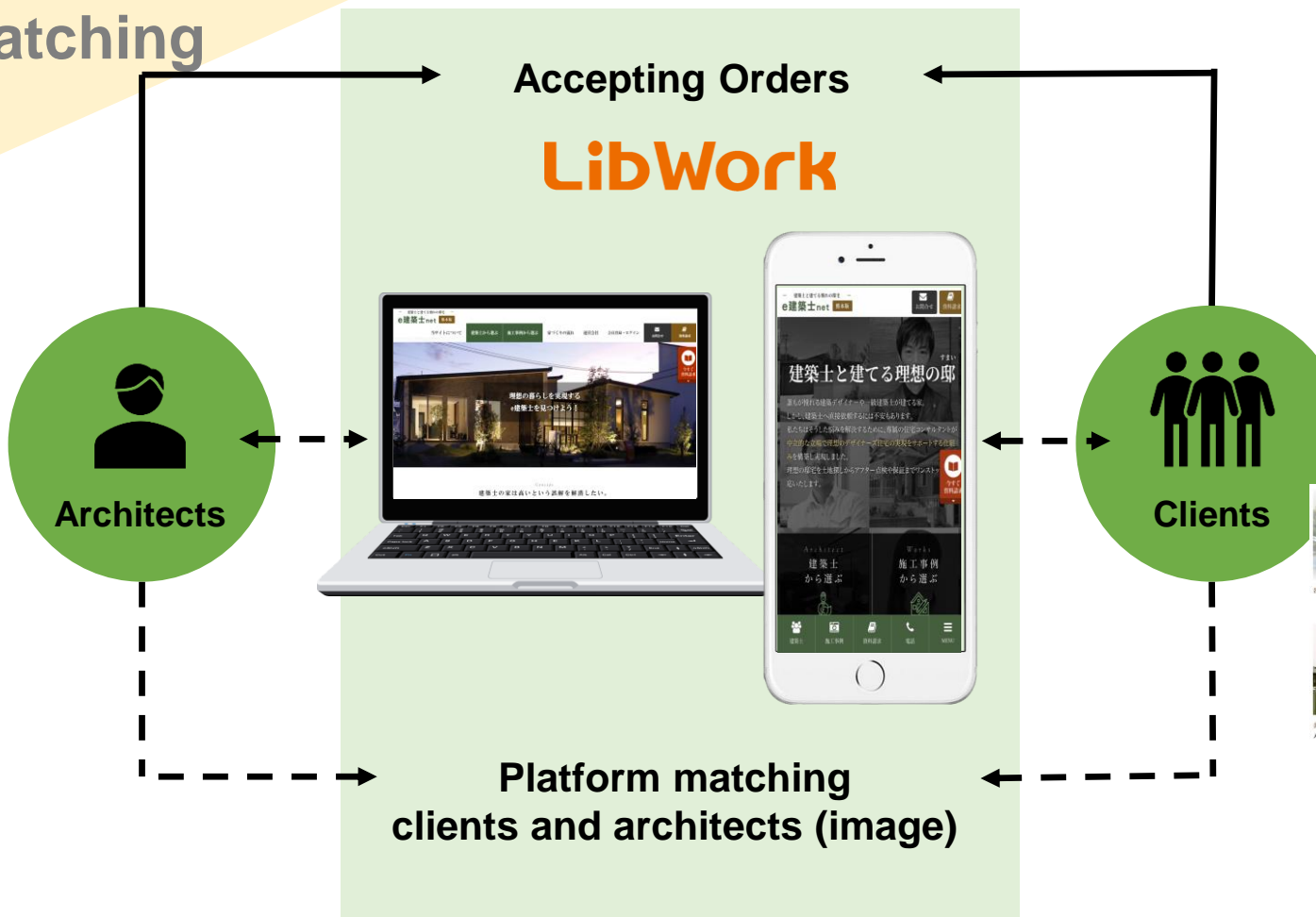
**Kanto area**

Kanagawa



**Continue to scale throughout Japan**

## 1) Strengths and Features of Architect Matching



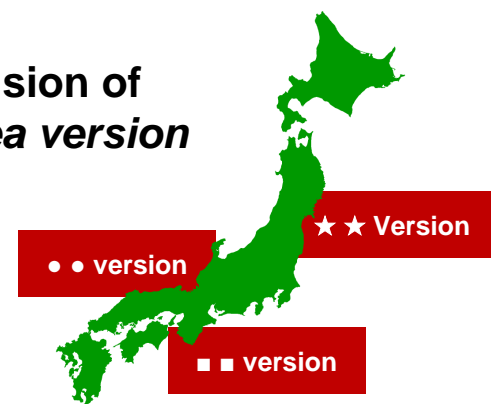
Client's offers coming from their review of *architects or construction use cases*

Select Offer

Select Offer

Expansion of *each area version*

Started from **Kumamoto version**

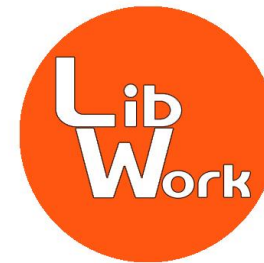


# [1] Becoming a platformer in the detached housing market **LibWork** 12

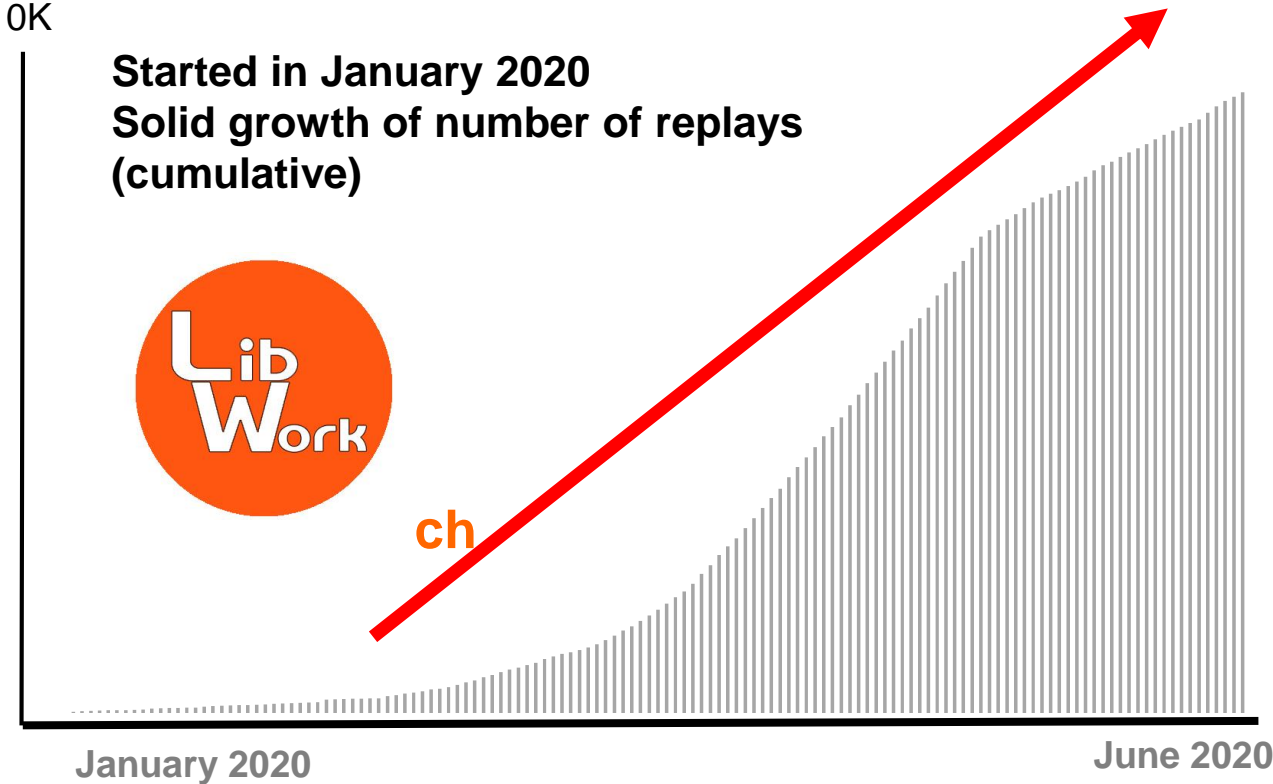
## 2) Focus on YouTube channels (*Lib Work ch*)

10K

Started in January 2020  
Solid growth of number of replays  
(cumulative)



ch



【脅威の収納力!】 【平屋】 見学会のお家をご紹介します! #...	【平屋なのに階段が!?!?】 【趣味部屋】 見学会のお家...	【土地300坪×48坪の平屋】 【和モダンな豪邸】 見学会...
9.2万 回視聴・1 か月前	5.9万 回視聴・1 か月前	5.1万 回視聴・2 週間前

【平屋住宅】 大人な男が好む 和モダンな家! 【リブワー...	【人を呼びたくなる平屋】 可 愛くて、カッコよく、粋な...	【約24坪の3LDK平屋】 【車3台止められる!?!?】 ...
3.2万 回視聴・4 か月前	3.1万 回視聴・4 か月前	2.2万 回視聴・4 日前

\* Each of the above is a screen capture of Lib Work ch as of August 10, 2020.

In the following categories, Target number of registrations

- Home
- Custom-Built Housing
- Detached Houses

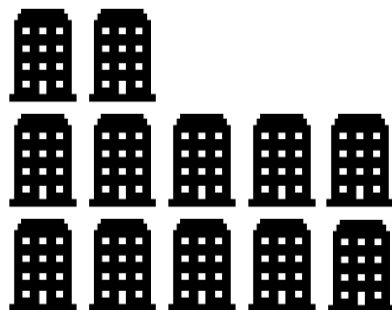
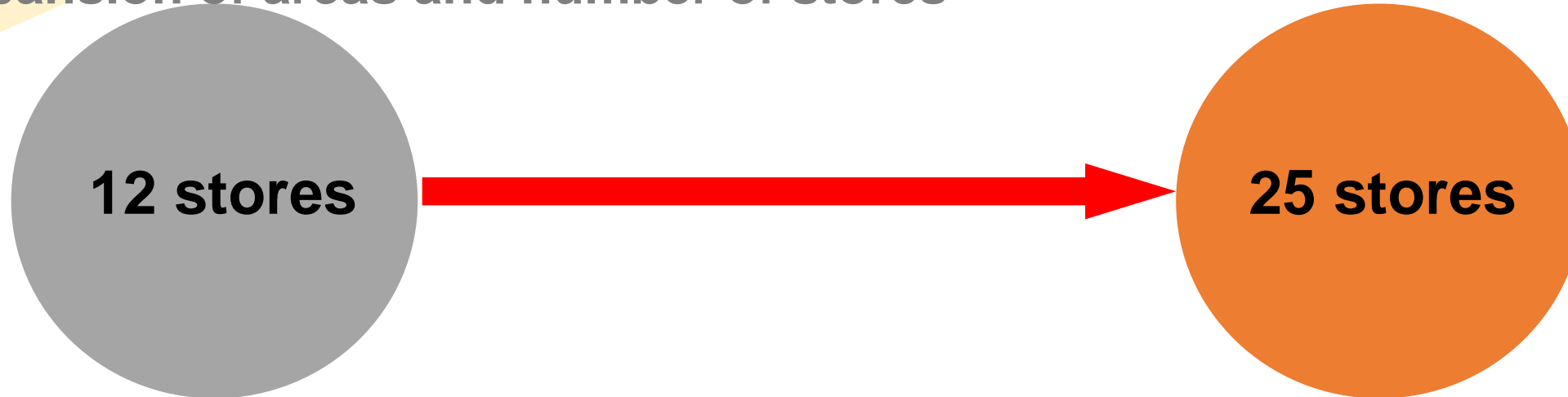
#1 100,000

Our aim is to become #1 on the channel for videos played.

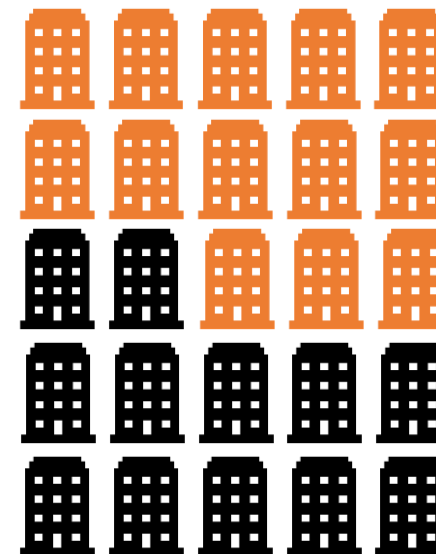


# [2] Accelerating nationwide expansion to achieve rapid growth and expansion of business

## 1) Expansion of areas and number of stores



Kumamoto Prefecture (8 stores)  
 Fukuoka Prefecture (1 store)  
 Saga Prefecture (1 store)  
 Oita Prefecture (1 store)  
 Kanagawa Prefecture (1 company)



# [2] Accelerating nationwide expansion to achieve rapid growth and expansion of business

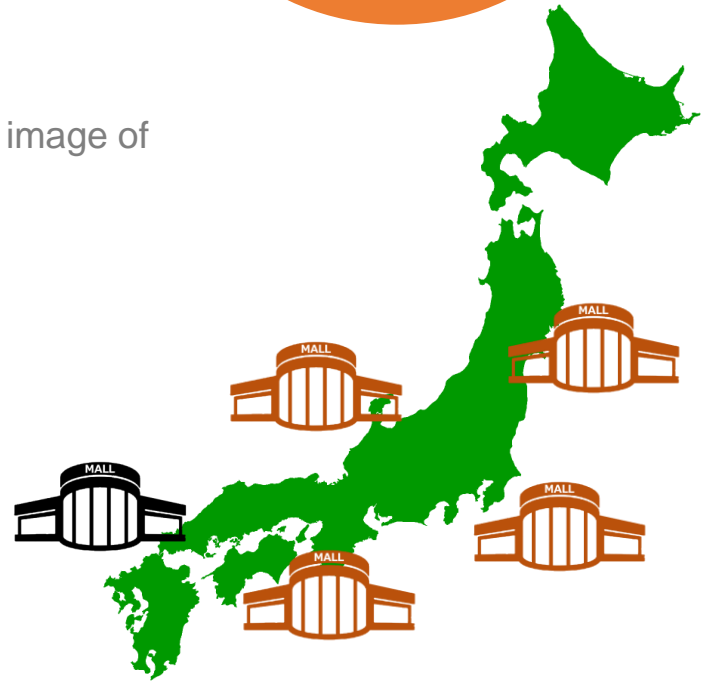
2) Development of "sketch" brand for shopping malls



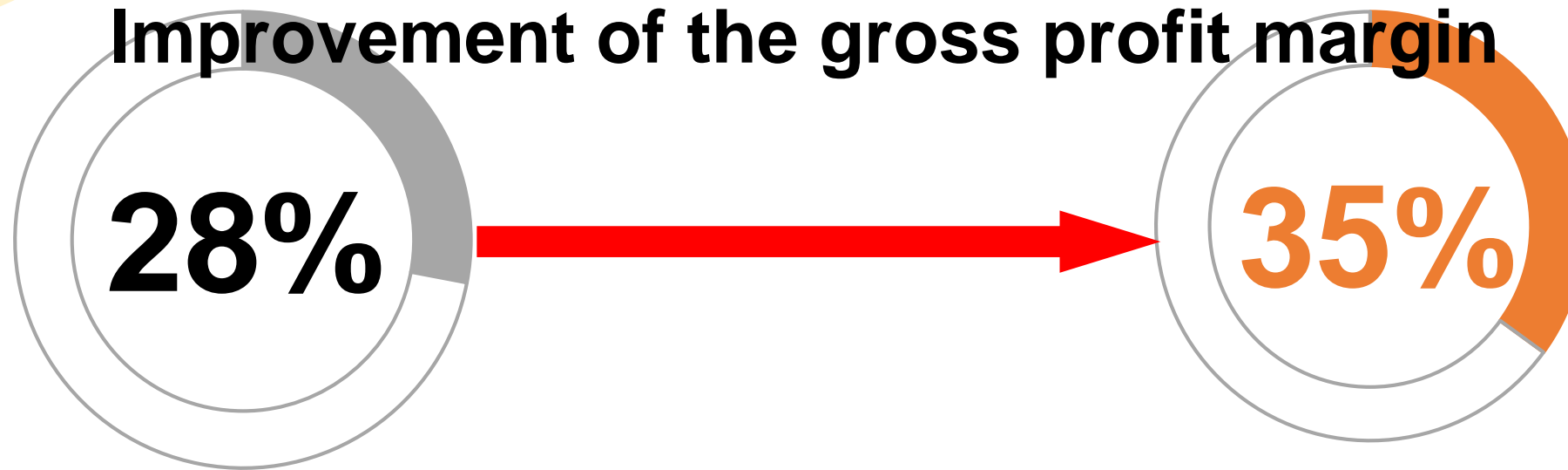
Enlarged image of sketch



**Target contracting fee :  
¥18,000,000 x 40 houses**



### [3] Establishment of an SPA model in the residential housing business



**Insourcing the 5 major construction works.**

(water supply and drainage facilities, foundation work, erection work, siding work, and soil improvement work)

**Start developing our own proprietary methods.**

# [4] Monetize the support business through a subscription model

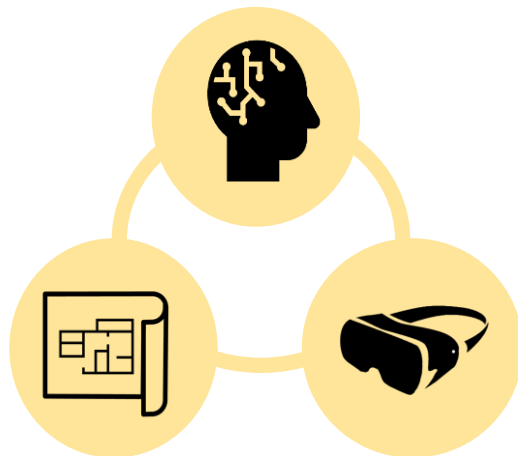
Adopted as “Utilizing Advanced Technologies such as IoT, AI, and Blockchain”  
by the Ministry of Economy, Trade and Industry

Start of  
Research and  
Development

**New revenue**

Operating Profit  
100 million yen

**AI-based support system for construction companies and builders  
(to be launched in April 2021).**



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<b>Operating Profit</b>	140 million yen	<b>1.2 billion yen (x 8 times)</b>
<b>Operating Profit to Net Sales</b>	2.4%	<b>8%</b>
<b>ROE</b>	7.3%	<b>25%</b>
<b>Gross profit margin in the detached housing business</b>	28%	<b>35%</b>
<b>Number of stores</b>	12 stores	<b>25 stores</b>
<b>Web traffic</b>	<b>Increase by 50% year on year</b>	
<b>YouTube Channel number of registered users</b>	500	<b>100,000</b>
<b>Support business through a subscription model</b>	Adopted as METI's New Collaboration Support Project	<b>Operating profit of 100 million yen</b>

# Forward-Looking Statement

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

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