

# **FY2022.9 Q1 Presentation Material**

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**Kufu Company Inc.**

February 14, 2022

**くふうカンパニー**

# Agenda

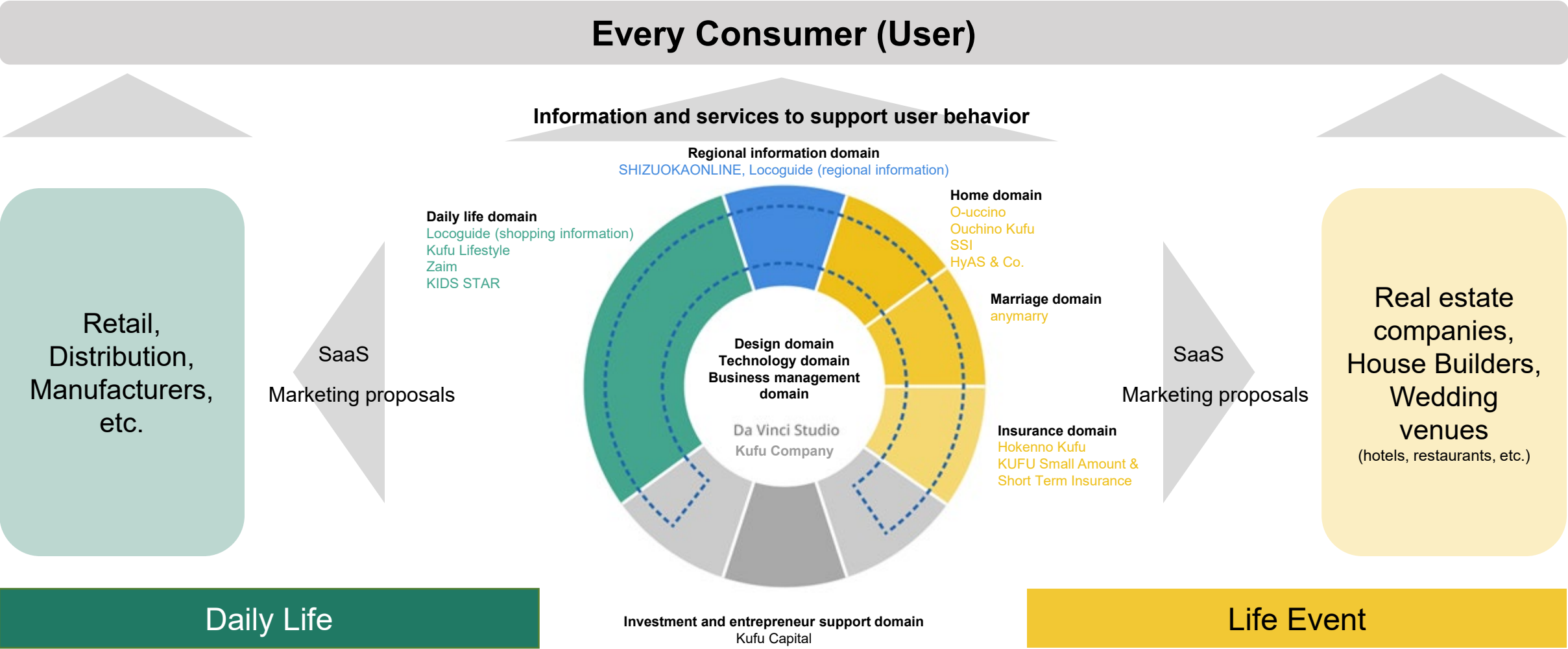
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- 1. Consolidated Financial Results for FY2022.9 Q1**
- 2. Business Overview by Segment**
  - Daily Life Business**
  - Life Event Business**

# **1. Consolidated Financial Results for FY2022.9 Q1**

# Group Business Portfolio and Business Model

We will offer the greatest level of satisfaction that we can to as many users as possible, both directly, and indirectly by supporting business operators, across everything from daily life to major events that act as turning points in people’s lives



# Highlights

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## Group as a whole

EBITDA came to 626 million yen, +176.4% YoY (+88.0% excluding the consolidation of HyAS & Co. Inc.), and progress toward full-year earnings forecasts was also good

## Daily Life Business

(Daily life domain) Monthly active users increased from approx. 38 million as of end-September to approx. 40 million, and management integration has also resulted in strong earnings performance, but the next issue will be utilizing our strong media capabilities to create significant earnings potential

## Life Event Business

(Home domain) EBITDA came to approx. 15 times that of FY2021.9 Q1, thanks to the consolidation of HyAS & Co. Inc. (approx. 5 times excluding the consolidation), with the home domain as a whole generating stable profits

(Marriage domain) Despite ongoing uncertainty as a result of the COVID-19 pandemic, we continued to generate a profit, extended produce contracts with venues, and increased our listings featuring a wide and diverse range of venues and new wedding plans

# Consolidated Financial Results

- Progress toward full-year earnings forecasts was good

(JPY MM)	FY2020.9*	FY2021.9*	FY2022.9 forecast	YoY	FY2022.9 Q1	Progress rate
Net sales	6,042	11,256	18,000	159.9%	4,528	25.2%
Operating profit	604	1,000	1,300	129.9%	369	28.5%
EBITDA	890	1,617	2,300	142.2%	626	27.2%

\* Results for FY2020.9 (Oct. 2019 to Sep. 2020) and FY2021.9 (Oct. 2020 to Sep. 2021) are the simple aggregate of consolidated earnings results for the former KUFU COMPANY INC. and Locoguide Inc. for each period (unaudited).

# Consolidated Financial Results – Quarter

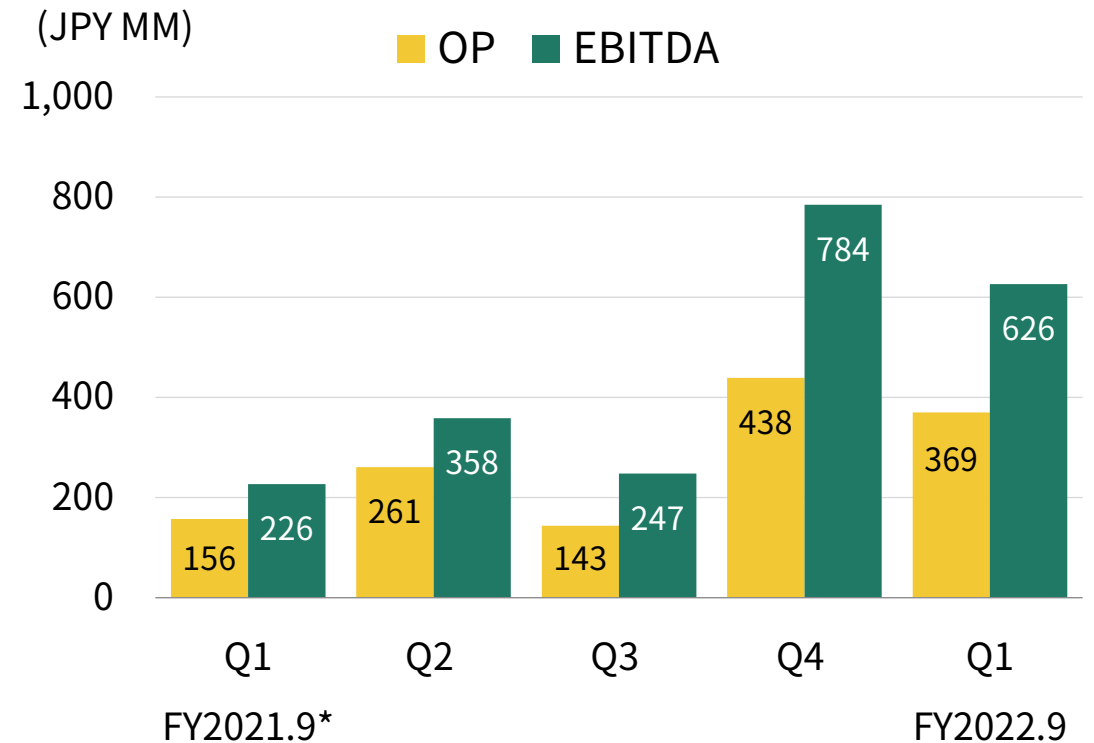
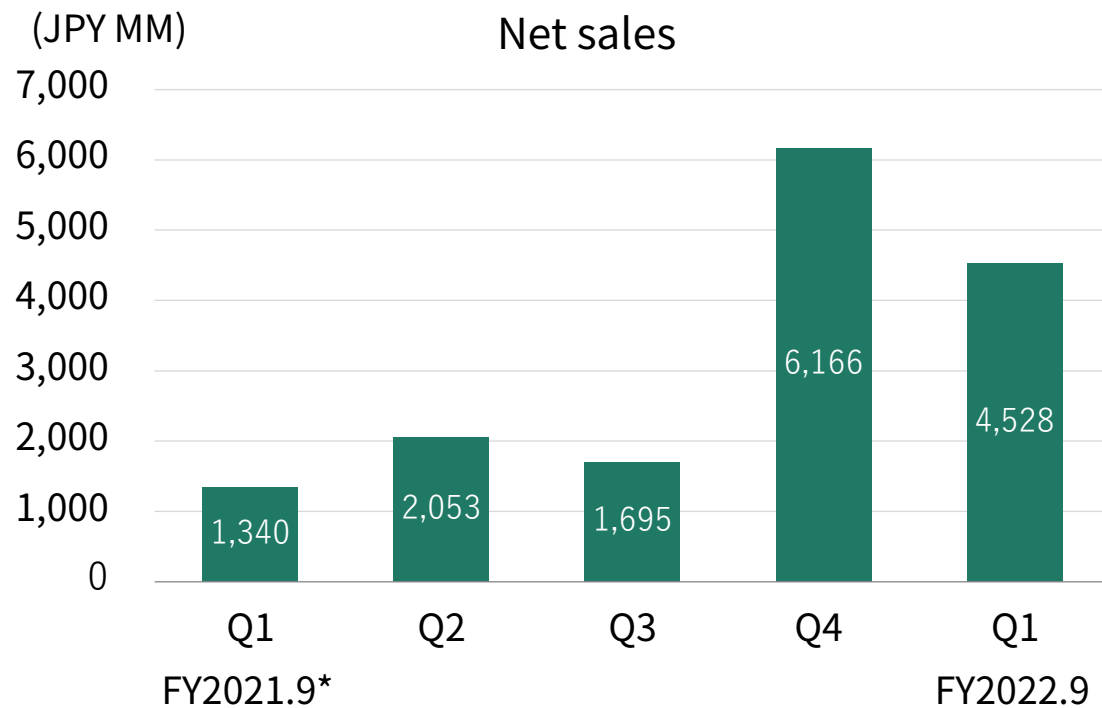
- Achieved significant year-on-year sales and profit growth  
(results in the previous quarter were impacted by the irregular accounting period of HyAS & Co. Inc.)

(JPY MM)	FY2021.9*				FY2022.9		
	Q1	Q2	Q3	Q4	Q1	YoY	QoQ
Net sales	1,340	2,053	1,695	6,166	4,528	337.8%	73.4%
Operating profit	156	261	143	438	369	235.8%	84.3%
EBITDA	226	358	247	784	626	276.4%	79.8%

\* Results for FY2021.9 (Oct. 2020 to Sep. 2021) are the simple aggregate of consolidated earnings for the former KUFU COMPANY INC. and Locoguide Inc. (unaudited). Profit (loss) from KIDS STAR Inc. was consolidated from the second quarter of FY2021.9, and profit (loss) from SHIZUOKAONLINE CO., LTD. and HyAS & Co. Inc. was consolidated from the fourth quarter of FY2021.9.  
In accordance with the change in accounting period of HyAS & Co. Inc, five months of profit (loss) from HyAS & Co. Inc. was recorded for May to Sep. 2021 in the fourth quarter of FY2021.9.

# Consolidated Financial Results – Quarterly Trends

- Achieved significant year-on-year sales and profit growth  
(results in previous quarter were impacted by the irregular accounting period of HyAS & Co. Inc.)

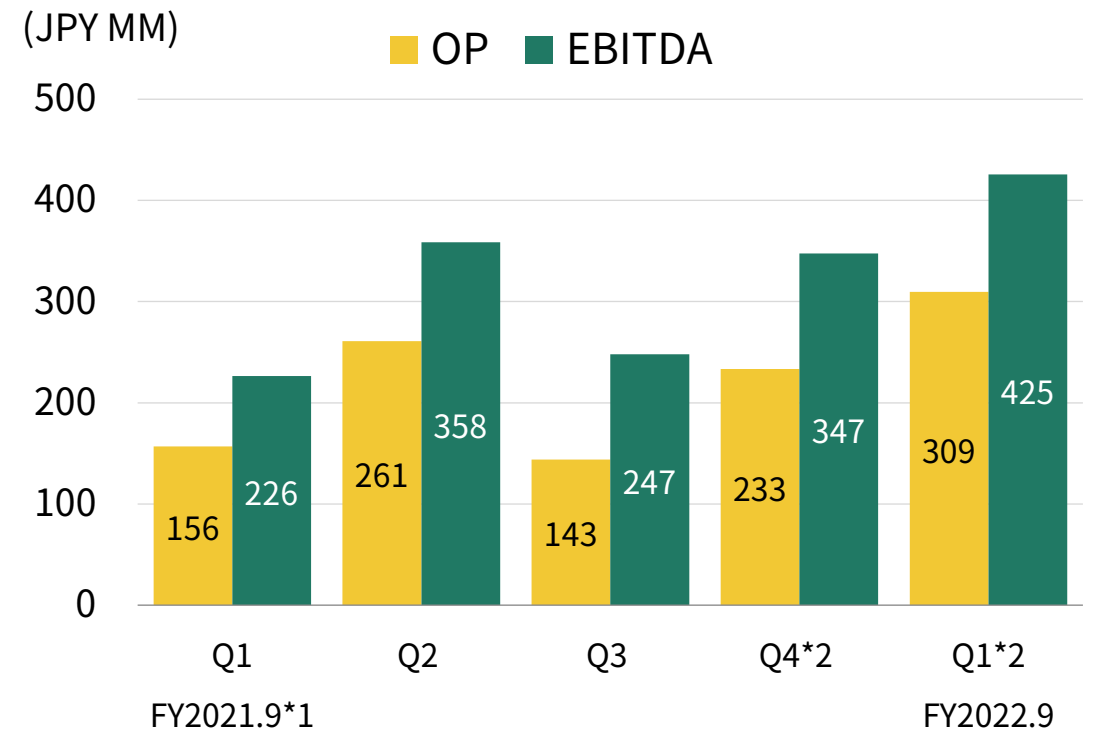
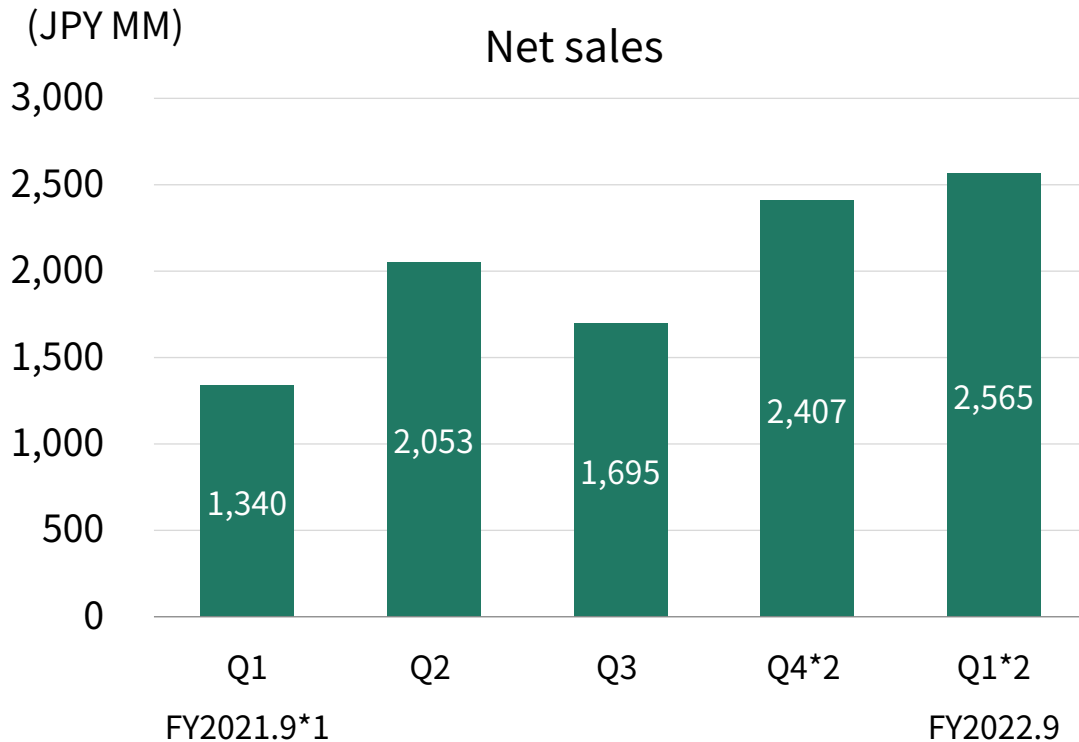


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# Consolidated Financial Results – Quarterly Trends (Ex. HyAS)

- Excluding the impact of the consolidation of HyAS & Co. Inc., sales and profits continued to grow, with both net sales and profits almost doubling year-on-year



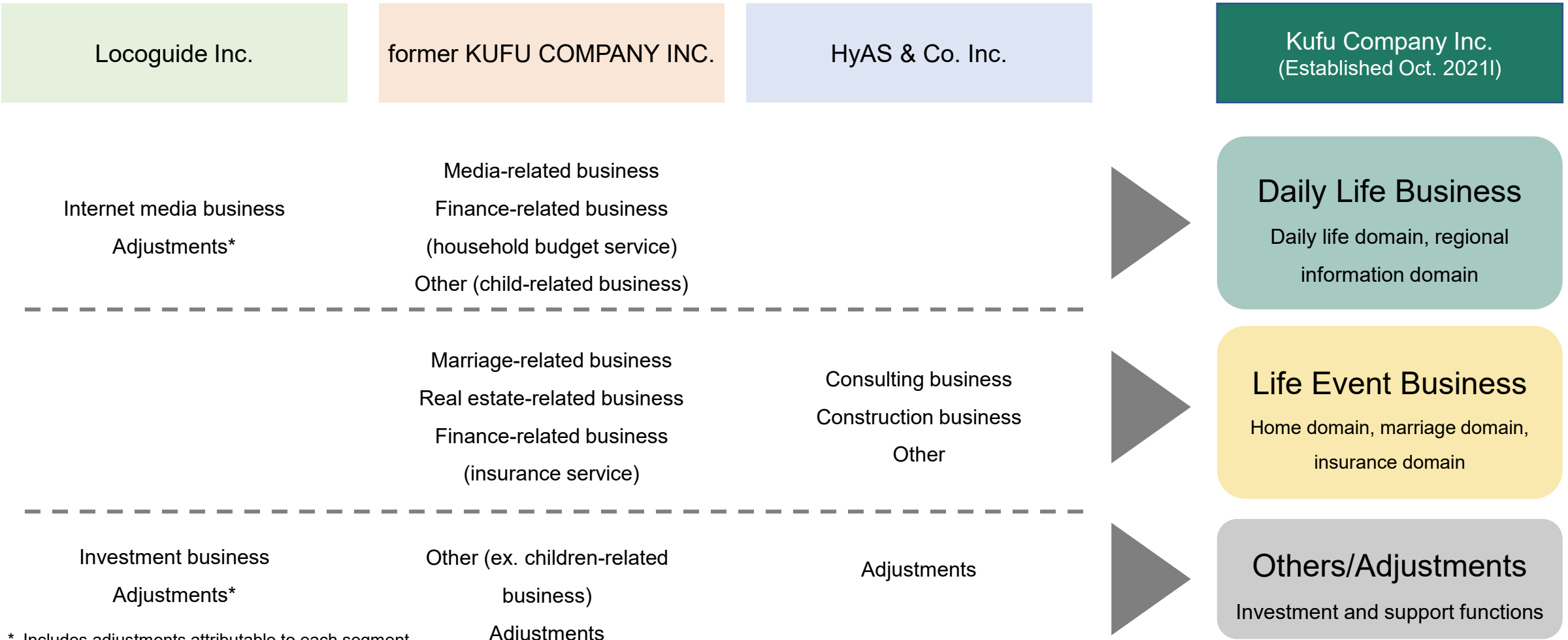
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Profit (loss) from KIDS STAR Inc. was consolidated from the second quarter of FY2021.9, and profit (loss) from SHIZUOKAONLINE CO., LTD. was consolidated from the fourth quarter of FY2021.9.

\*2: Amounts do not include the impact of HyAS & Co. Inc.

# Business Segments After Integration

- There are two business segments after integration: the “Daily Life Business” and the “Life Event Business”
- Management integration of Locoguide Inc. (internet media business) and Kufu Lifestyle Co., Ltd. (former KUFU COMPANY INC. and media-related business) was resolved on October 1



\* Includes adjustments attributable to each segment.

# Consolidated Financial Results – Net Sales by Segment (Quarter)

- The Daily Life Business and Life Event Business both recorded strong results (results in the previous quarter in the Life Event Business were impacted by the irregular accounting period of HyAS & Co. Inc.)

(JPY MM)		FY2021.9 <sup>*1</sup>				FY2022.9		
		Q1	Q2	Q3	Q4	Q1	YoY	QoQ
Net sales	Daily Life Business <sup>*2</sup>	614	713	769	960	1,101	179.2%	114.7%
	Life Event Business <sup>*3</sup>	694	933	908	5,190	3,426	493.2%	66.0%
	Other	61	450	50	43	36	60.1%	84.7%
	Adjustments	-30	-44	-31	-27	-35	-	-

\*1: Results for FY2021.9 (Oct. 2020 to Sep. 2021) are the simple aggregate of consolidated earnings for the former KUFU COMPANY INC. and Locoguide Inc. (unaudited).

\*2: In the “Daily Life Business,” profit (loss) from KIDS STAR Inc. was consolidated from the second quarter of FY2021.9, and profit (loss) from SHIZUOKAONLINE CO., LTD. was consolidated from the fourth quarter of FY2021.9.

\*3: In the “Life Event Business,” profit (loss) from HyAS & Co. Inc. was consolidated from the fourth quarter of FY2021.9.

In accordance with the change in accounting period of HyAS & Co. Inc, five months of profit (loss) from HyAS & Co. Inc. was recorded for May to Sep. 2021 in the fourth quarter of FY2021.9.

# Consolidated Financial Results – OP and EBITDA (Quarter)

- The Daily Life Business and Life Event Business both recorded strong results (results in the previous quarter in the Life Event Business were impacted by the irregular accounting period of HyAS & Co. Inc.)

(JPY MM)		FY2021.9 <sup>*1</sup>				FY2022.9		
		Q1	Q2	Q3	Q4	Q1	YoY	QoQ
OP	Daily Life Business <sup>*2</sup>	176	185	207	220	365	206.7%	165.9%
	Life Event Business <sup>*3</sup>	83	112	91	410	243	293.0%	59.4%
	Other	-16	62	-22	-29	-31	-	-
	Adjustments	-86	-100	-133	-161	-207	-	-
EBITDA	Daily Life Business <sup>*2</sup>	185	206	234	257	397	213.9%	153.9%
	Life Event Business <sup>*3</sup>	97	126	105	587	328	338.0%	56.0%
	Other	-16	62	-22	-29	-31	-	-
	Adjustments	-40	-37	-70	-30	-67	-	-

\*1: Results for FY2021.9 (Oct. 2020 to Sep. 2021) are the simple aggregate of consolidated earnings for the former KUFU COMPANY INC. and Locoguide Inc. (unaudited).

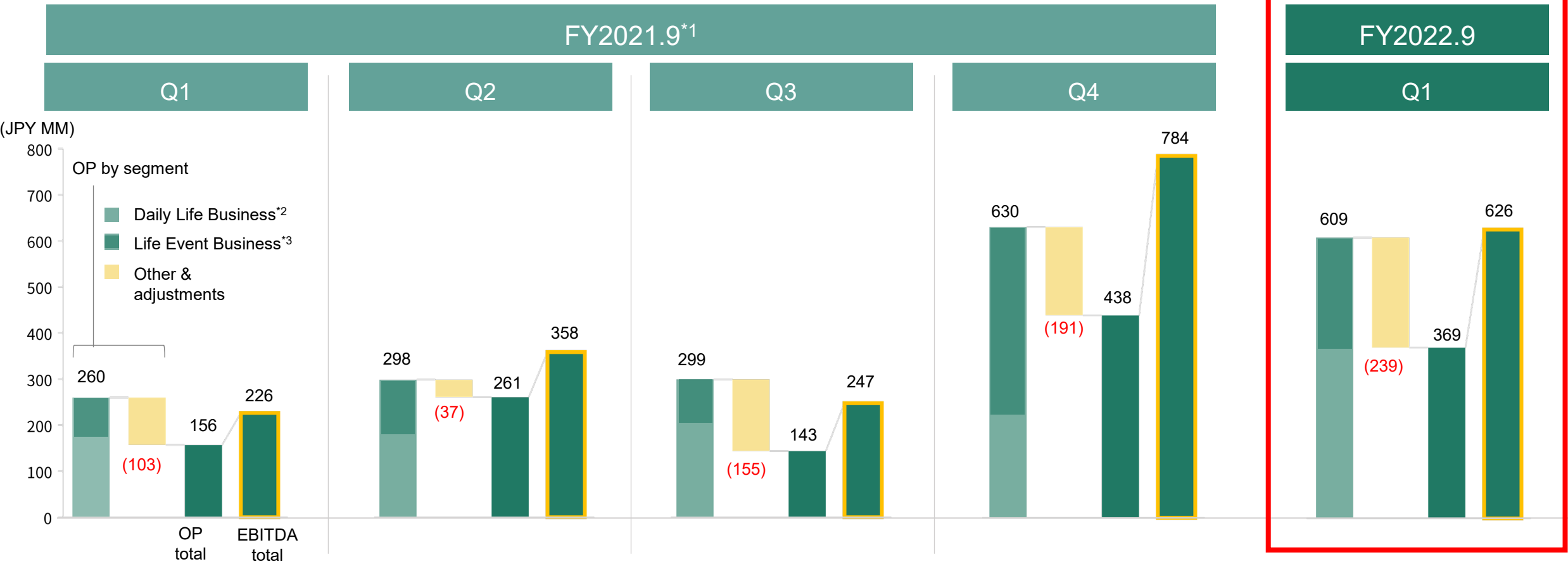
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# Consolidated Financial Results – OP and EBITDA (Quarterly Trends)

■ The Daily Life Business and Life Event Business both recorded strong results (results in the previous quarter in the Life Event Business were impacted by the irregular accounting period of HyAS & Co. Inc.)



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# Consolidated Financial Results – B/S

(JPY MM)		As of establishment in Oct. 2021	As of end-Dec. 2021	Change	Change factors
	Current assets	15,613	13,996	-1,617	<ul style="list-style-type: none"> <li>• Cash and deposits declined 661 million yen owing mainly to the repayment of borrowings</li> <li>• Operational investment securities declined 1,136 million yen owing partly to changes in the fair value of securities with a fair value and revisions to the book value as a result of the receipt of dividends</li> </ul>
	(Cash and deposits)	7,780	7,119	-661	
	(Operational investment securities)	3,335	2,199	-1,136	
	(Real estate for sale)	2,412	2,479	67	
	Non-current assets	6,374	6,194	-179	
	(Goodwill)	4,190	4,024	-166	
Assets		22,000	20,201	-1,799	
	Liabilities	10,460	9,426	-1,033	<ul style="list-style-type: none"> <li>• Short-term borrowings and long-term borrowings declined 797 million yen owing to repayments</li> <li>• Valuation differences, etc., declined 873 million yen owing partly to changes in the fair value of securities with a fair value</li> </ul>
	(Short-term and long-term borrowings)	6,432	5,635	-797	
	Net assets	11,540	10,774	-765	
	(Capital surplus)	9,013	9,017	4	
	(Retained earnings)	738	822	83	
	(Valuation differences, etc.)	455	-418	-873	
	(Non-controlling interests)	1,314	1,334	20	
Total liabilities and net assets		22,000	20,201	-1,799	

\* Items in parentheses are included in totals.

# Group Business Foundations (as of End-Dec. 2021)

## Users

Support users' actions through three contact points with users

**Media**



**SaaS**



**Tool/Agent**

Maximize contact points with users

Monthly active users  
Approx. 43 million<sup>\*1</sup>

Indirectly provide services to  
users through support for  
business operators

Contracted accounts  
Approx. 59,900<sup>\*2</sup>

Provide useful tools for daily life and  
specialized services for life events

Total tool downloads  
Approx. 22.6 million<sup>\*3</sup>  
Services provided annually  
Approx. 3,500<sup>\*4</sup>

\*1: Total users as of end-December 2021 for the main media and tools in the daily life domain, regional information domain, home domain, and marriage domain (browser or device base). Based on simple aggregate, without taking into consideration users of multiple media or tools.

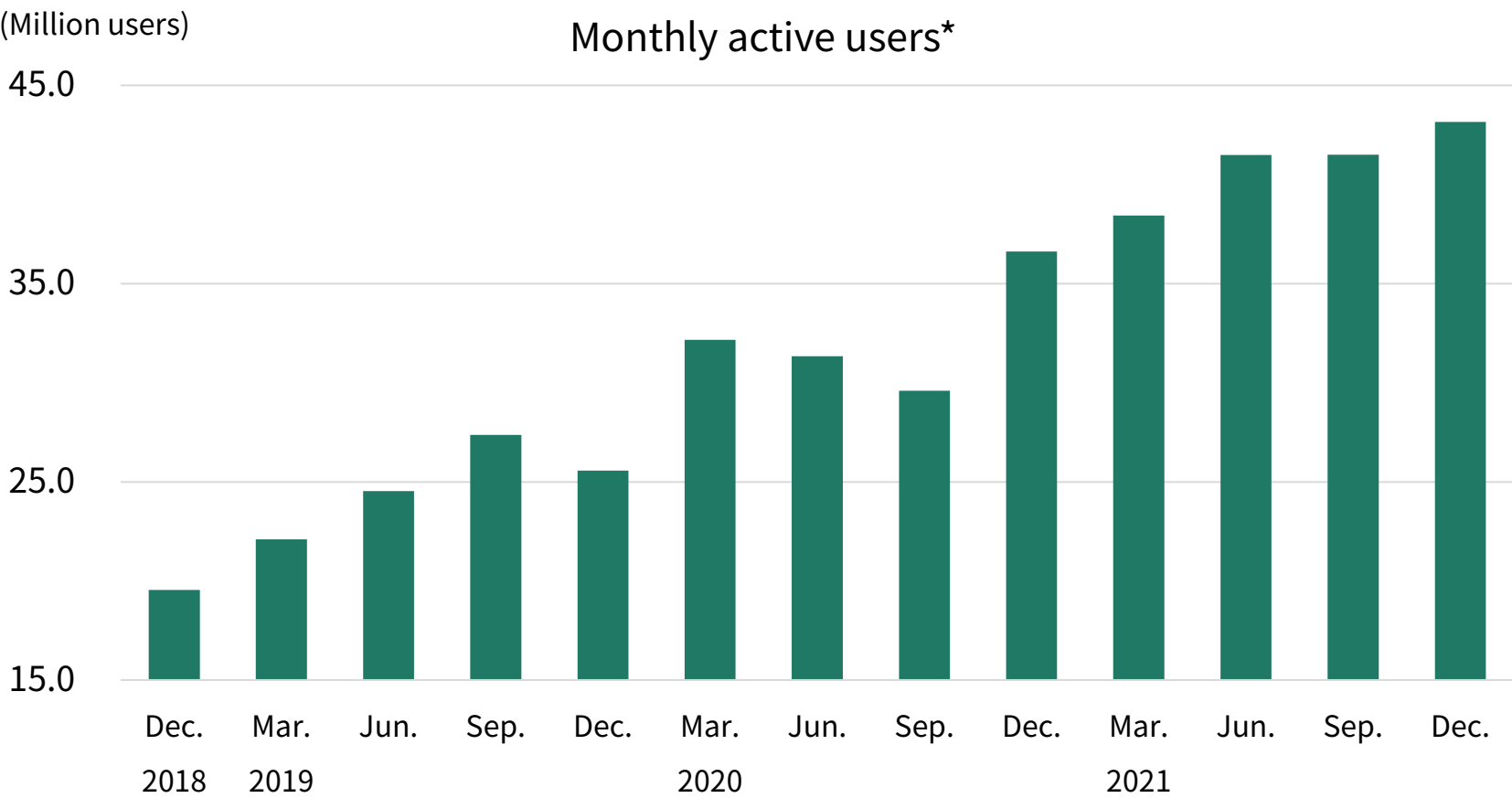
\*2: Total as of end-December 2021 of stores using "Tokubai" (paid and unpaid), stores posting ads and using tools and services to support operations offered by O-uccino, Inc., member companies for services provided by HyAS & Co. Inc., and venues trading with anymarry Co., Ltd.

\*3: Total cumulative downloads as of December 2021 for "Tokubai," "Zaim," and "Gokko Land."

\*4: Total of estimate of annual wedding ceremonies produced by anymarry Co., Ltd. as of December 2021, estimate of services offered annually in home domain (ex. HyAS & Co. Inc.) as of December 2021, and number of consultations in "Ietate Sodan Counter" over the past one year in SHIZUOKAONLINE CO., LTD.

# Group-wide Media Monthly Active Users

■ Group-wide media monthly active users exceeded 40 million on a simple aggregate base



\* Total users for the main media and tools in the daily life domain, regional information domain, home domain, and marriage domain (browser or device base).  
Based on simple aggregate, without taking into consideration users of multiple media or tools.



# Group-wide Contract Accounts

- Total contract accounts for the Group fell to approximately 60,000, as the number of stores posting information declined, particularly for restaurants in the Tokubai service, owing to the impact of the COVID-19 pandemic

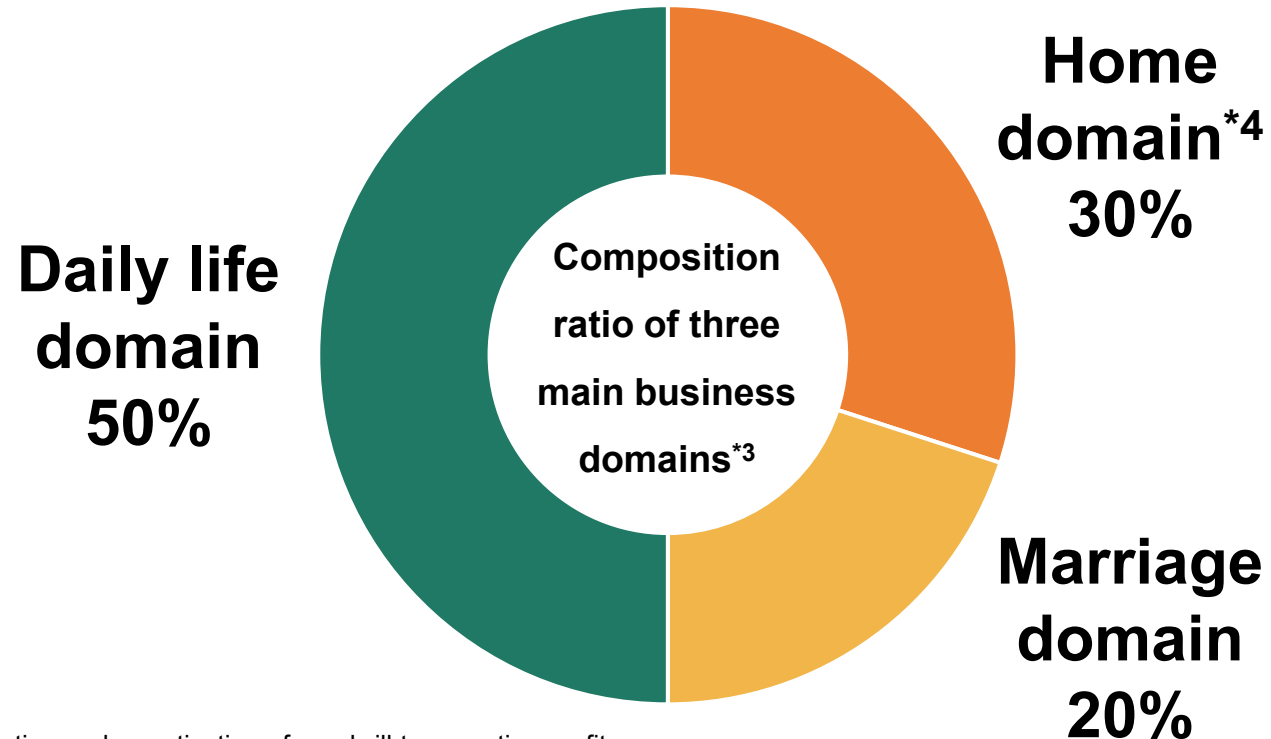


\* Total of stores using “Tokubai” (paid and unpaid), stores posting ads and using tools and services to support operations offered by O-uccino, Inc., member companies for services provided by HyAS & Co. Inc., and venues trading with anymarry Co., Ltd.

# Group Management Targets

5th Period FY2026.9

## Group EBITDA<sup>\*1</sup> 10 billion yen<sup>\*2</sup>



\*1: "EBITDA" is calculated by adding depreciation and amortization of goodwill to operating profit.

\*2: Target that the Company aims to achieve through business growth in existing Group companies.

\*3: Composition ratio for each domain, using the total of the three main business domains as the denominator.

\*4: Includes HyAS & Co. Inc.

# Entered Into Capital and Business Alliance Contract with actindi Inc.

- Entered into a capital and business alliance contract with actindi Inc. to acquire 33.4% of shares, making it an equity-method affiliate from the second quarter
- Aiming to work together across a wide range of business domains, such as the Group's businesses in lifestyle information media and content for parents and children, as well as regional information and home information services, in combination with the trip facility information and userbase of actindi Inc.'s services

**Main service: “Iko-yo,” informational website for trips with children <https://iko-yo.net>**



Began service in Dec. 2008. Currently one of the largest informational websites in Japan for family trips, with over 90,000 facilities for trips listed.

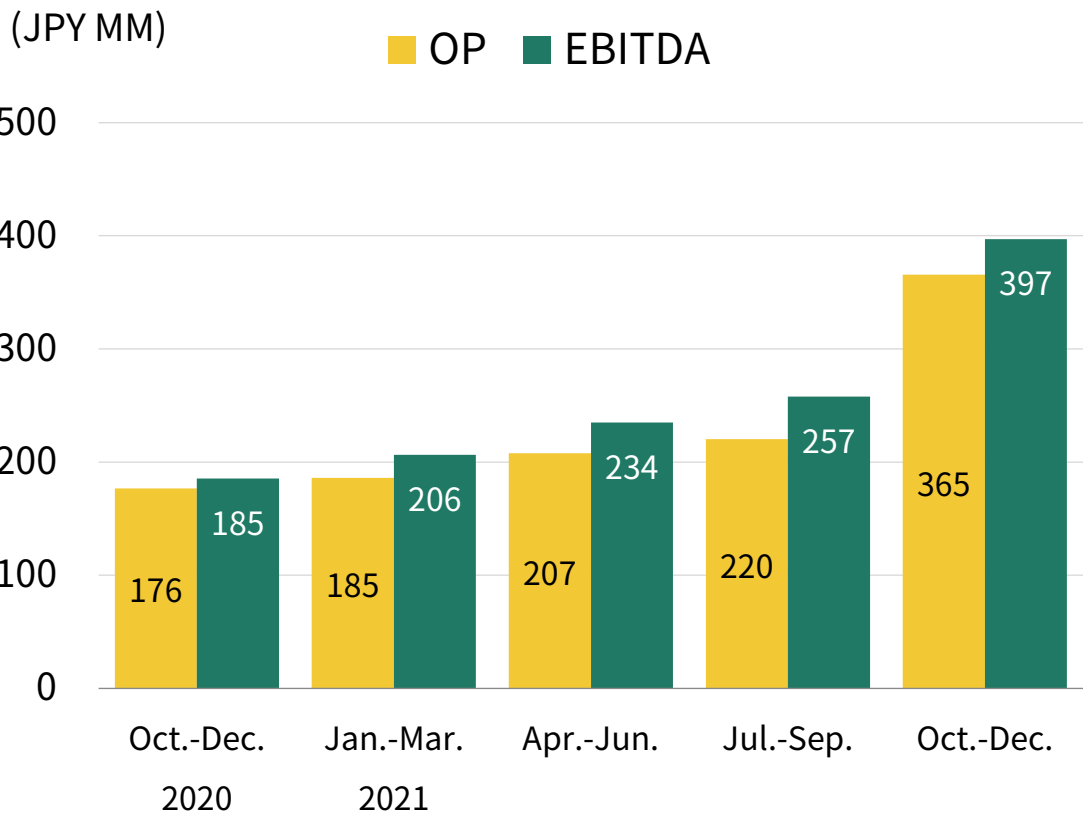
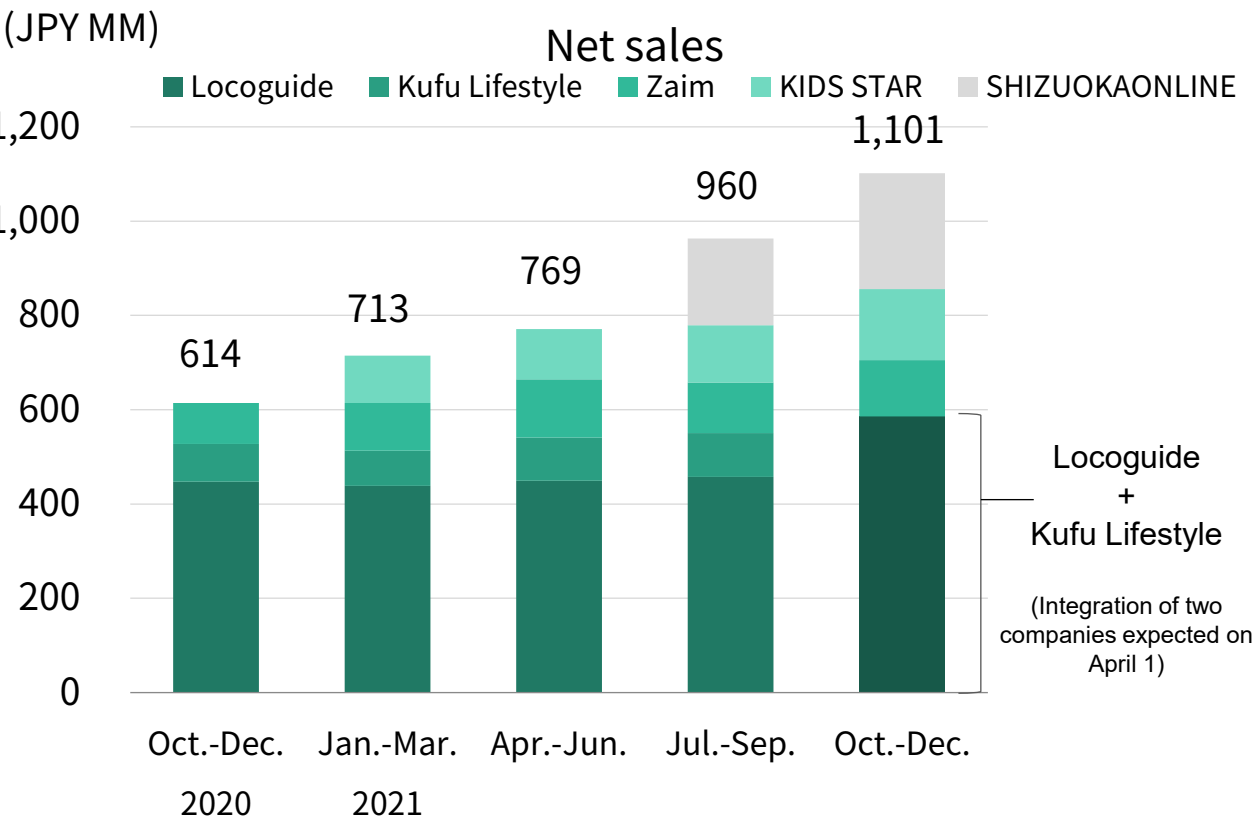
In addition to the latest facility information, the service also offers information to make trips with family more fun, such as discount coupons and special offer tickets.

## **2. Business Overview by Segment**

# **Daily Life Business**

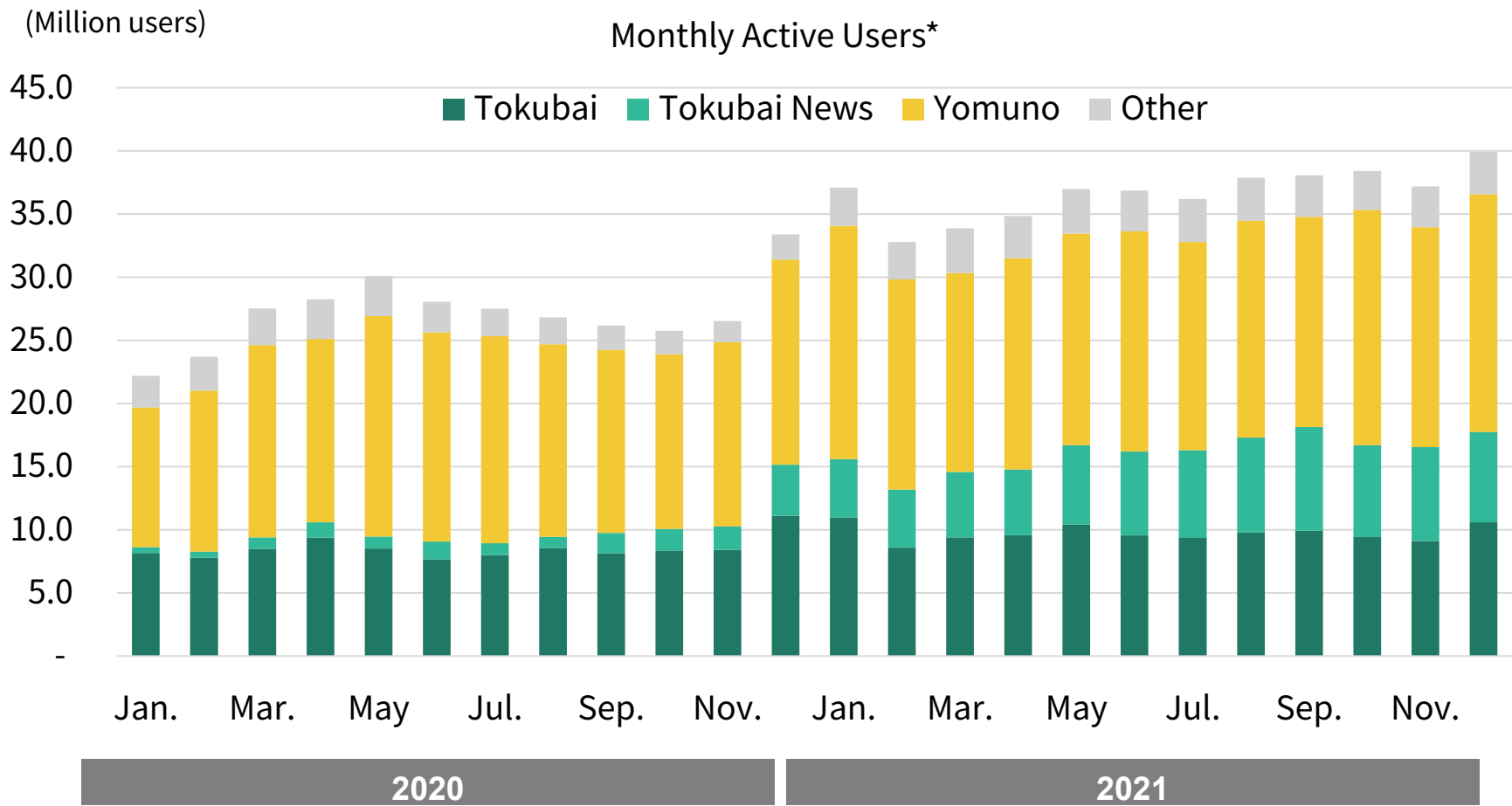
# Daily Life Business – Financial Results – Quarterly Trends

- Increase in sales driven by an increase in media users, growth in network ad income thanks to a higher unit price for ads, and releases of major game development projects
- Income from home media ads increased owing to seasonal reasons at SHIZUOKAONLINE CO., LTD.
- Rate of increase in profit increased thanks to reduced administrative costs driven by management integration



# Daily Life Domain – Monthly Active Users

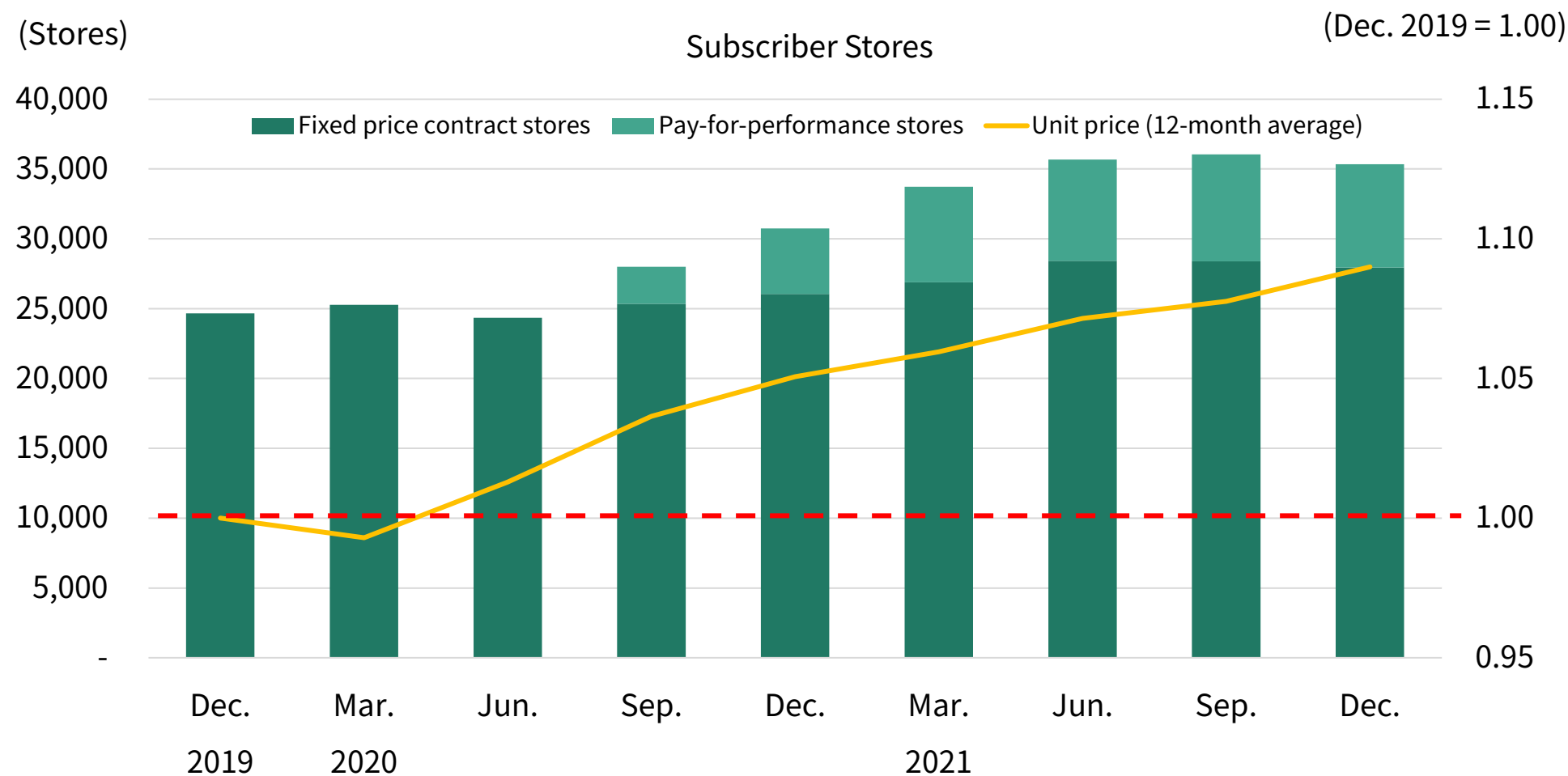
■ Robust progress, growing to approximately 40 million people



\* Total users for the main media and tools in the daily life domain (browser or device base). Based on simple aggregate, without taking into consideration users of multiple media or tools.

# Number of Subscriber Stores for Tokubai Services

- As of end-December 2021, there were 35,338 subscriber stores
- The number of stores with fixed price contracts was mostly flat, while the unit price increased
- As planned, we targeted opportunities for winning orders in the industry, resulting in efficiently securing orders, with posting planned to start around March-April





# Tokubai Service Initiatives: Growth of Fixed Price Subscriber Stores

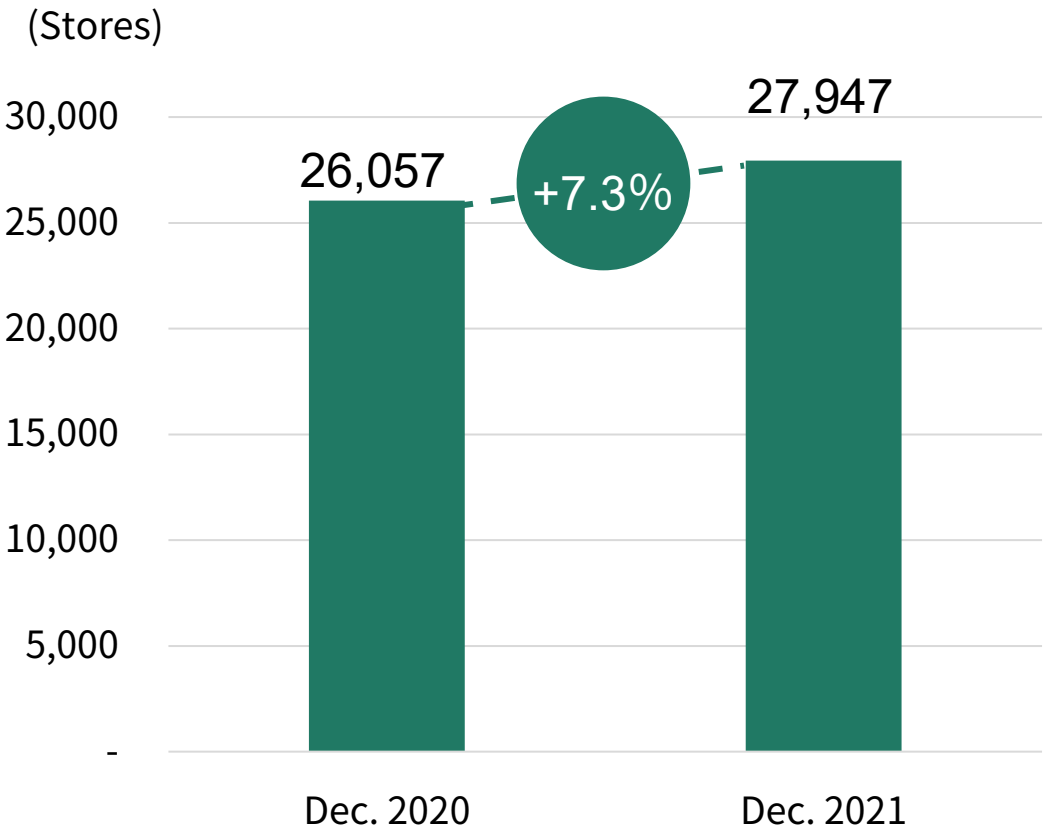
- Growth of fixed price subscriber stores
  - Plans to start postings from multiple major retail chains in March-April
  - Plans to gradually begin postings from restaurants and other new business formats

## Examples of newly contracted stores

Liquor Mountain: Contract from Feb. 2022; campaign linked with in-store promotions



## Number of fixed price contracts



# Tokubai Service Initiatives: Strengthening Media Capabilities

## ■ Working to strengthen media capabilities and increase users

We will renew content related to “coupons” and “recipes” and expand content for new business formats

### Development of new content

- Enhance content to support shopping “other than flyers,” such as “year-round special features,” and encourage users to visit stores
- Year-end/New Year campaigns targeting users
- Gradually developing other new content

#### ▼ Examples of “year-round special features”



#### ▼ Store flyers linked to “year-round special features”



#### ▼ Campaigns targeting users



### Attract customers through coordination with Group media

- Launching collaboration with Yomuno, which has over 20 million users, with first phase to consist of linked “flyers” and “coupons”

#### ▼ Create “flyer” and “coupon” buttons in Yomuno



#### ▼ After clicking “flyer” button



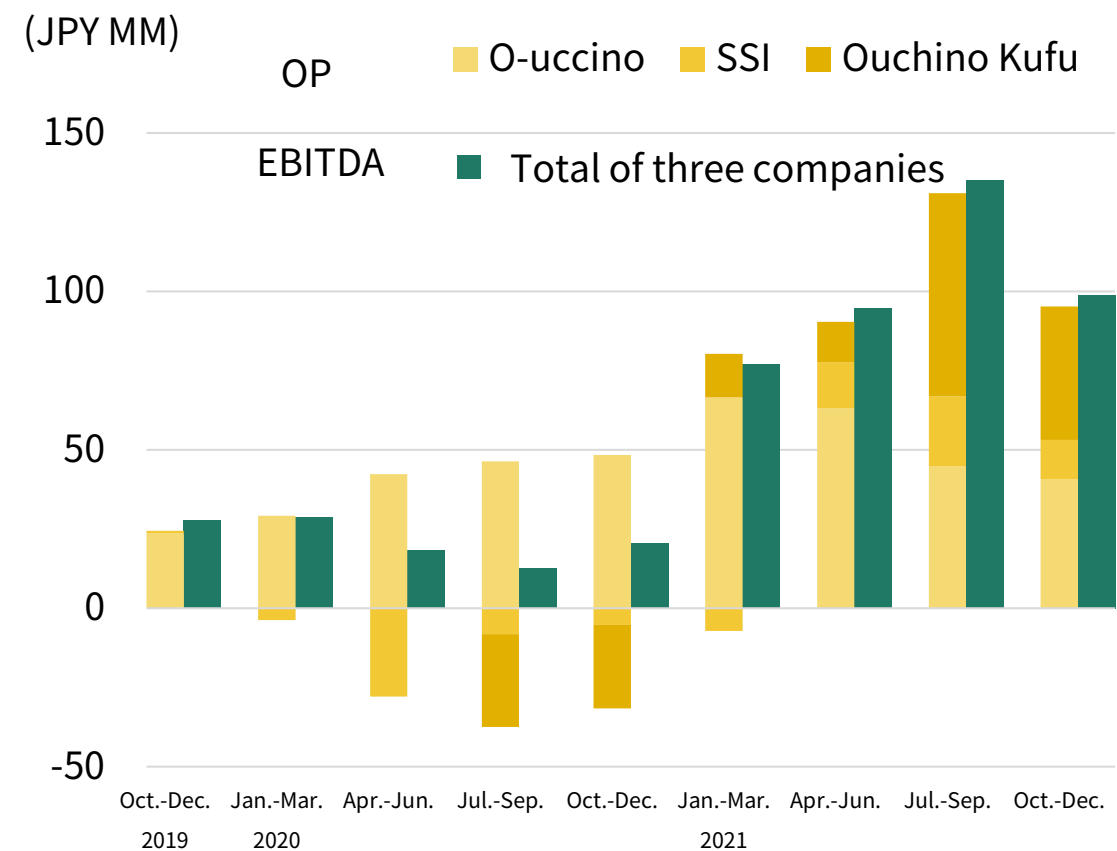
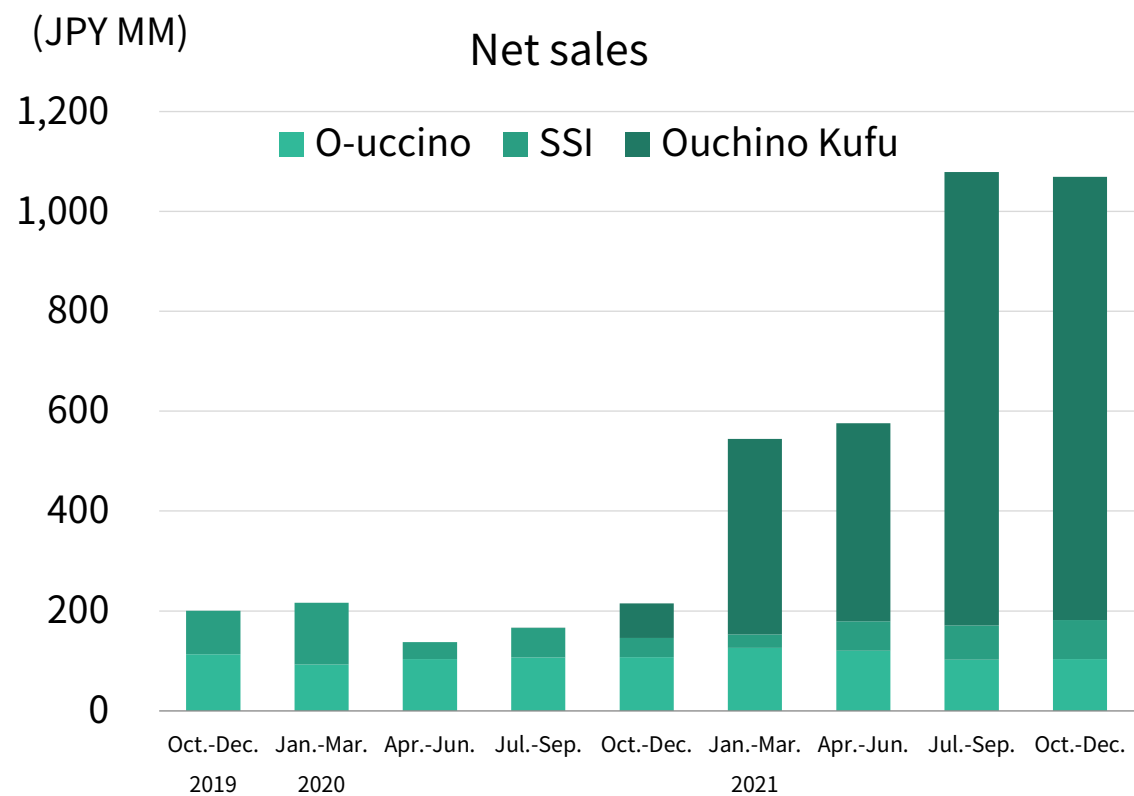
#### ▼ List of flyers near current location



# **Life Event Business**

# Home Domain (ex. HyAs) – Financial Results\* – Quarterly Trends

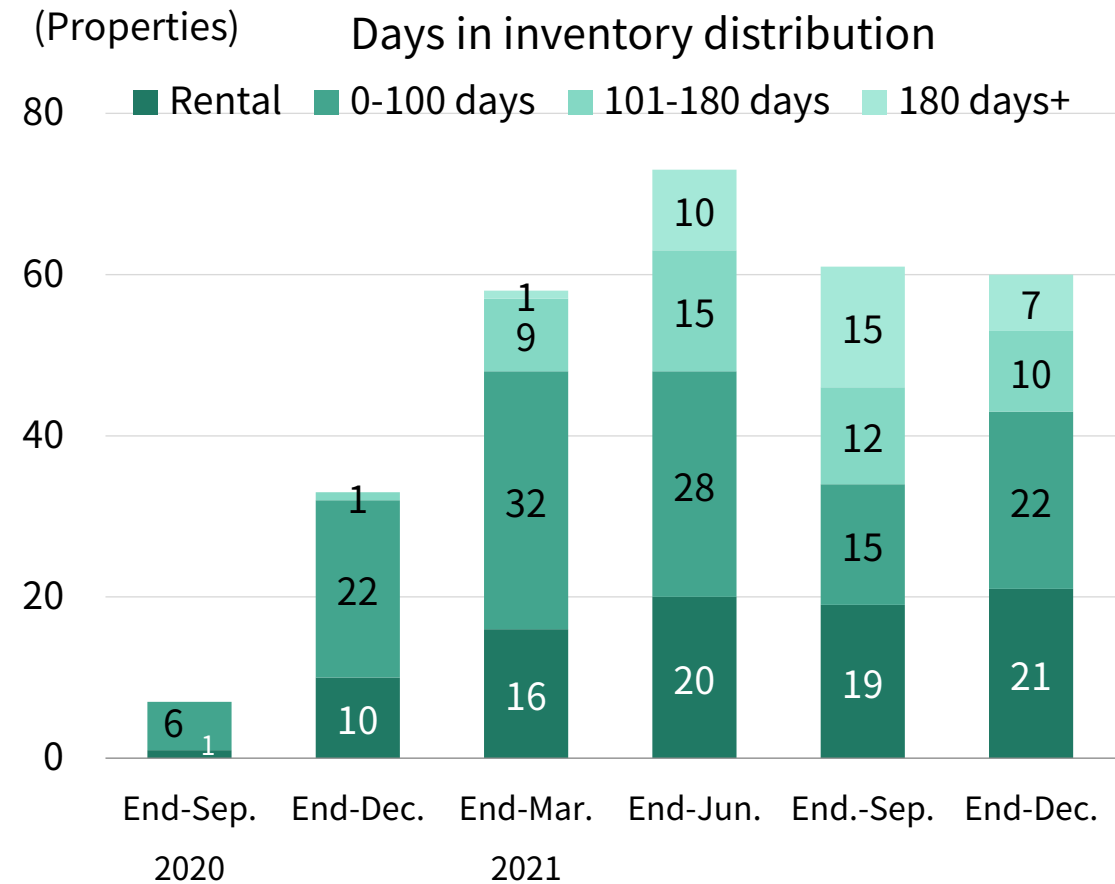
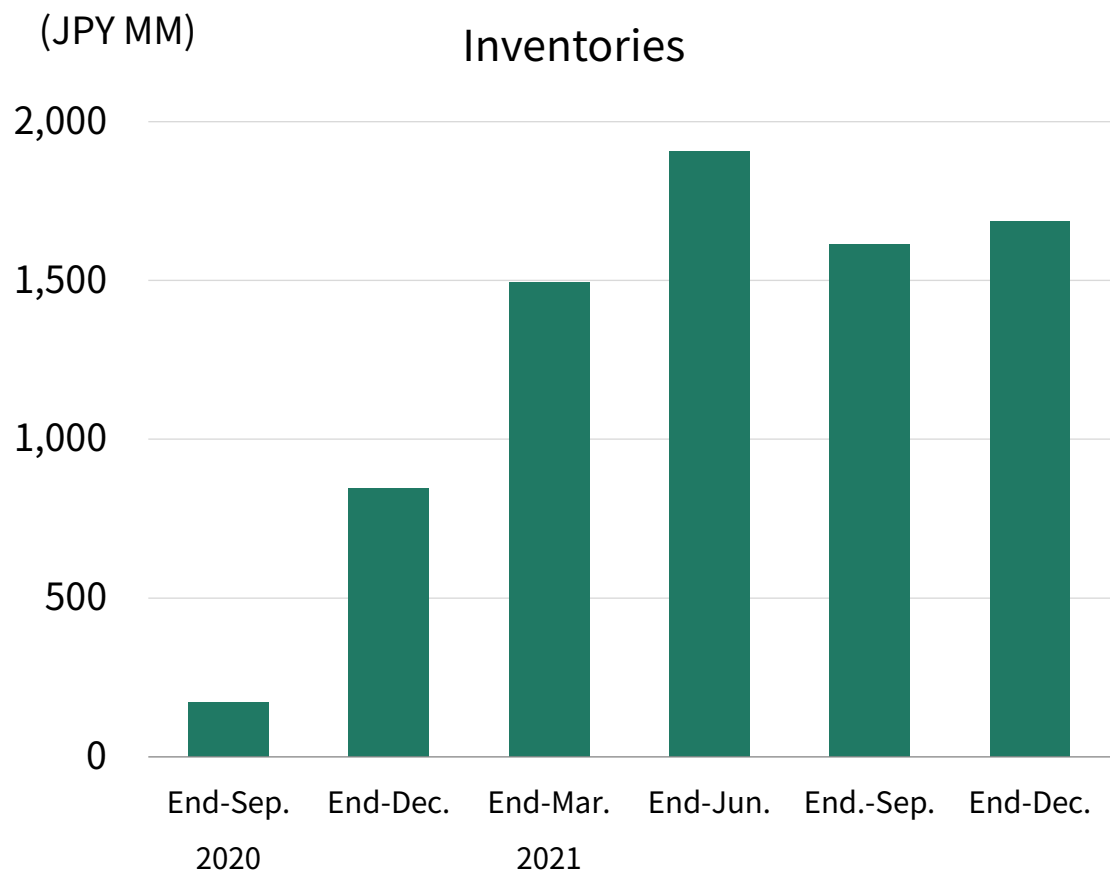
- At O-uccino, Inc. sales increased slightly QoQ thanks to growth in tool sales, but profits declined owing to increased hiring expenses and other costs
- At Ouchino Kufu Co., Ltd., profits declined QoQ as we accelerated sales of long-term holdings to improve the composition of our inventory in the purchase and resale business, resulting in lower margins



\* Simple aggregate of O-uccino, Inc., Ouchino Kufu Co., Ltd., and SSI Corporation (includes some intragroup transactions).

# Status of Inventory in Purchase and Resale Business

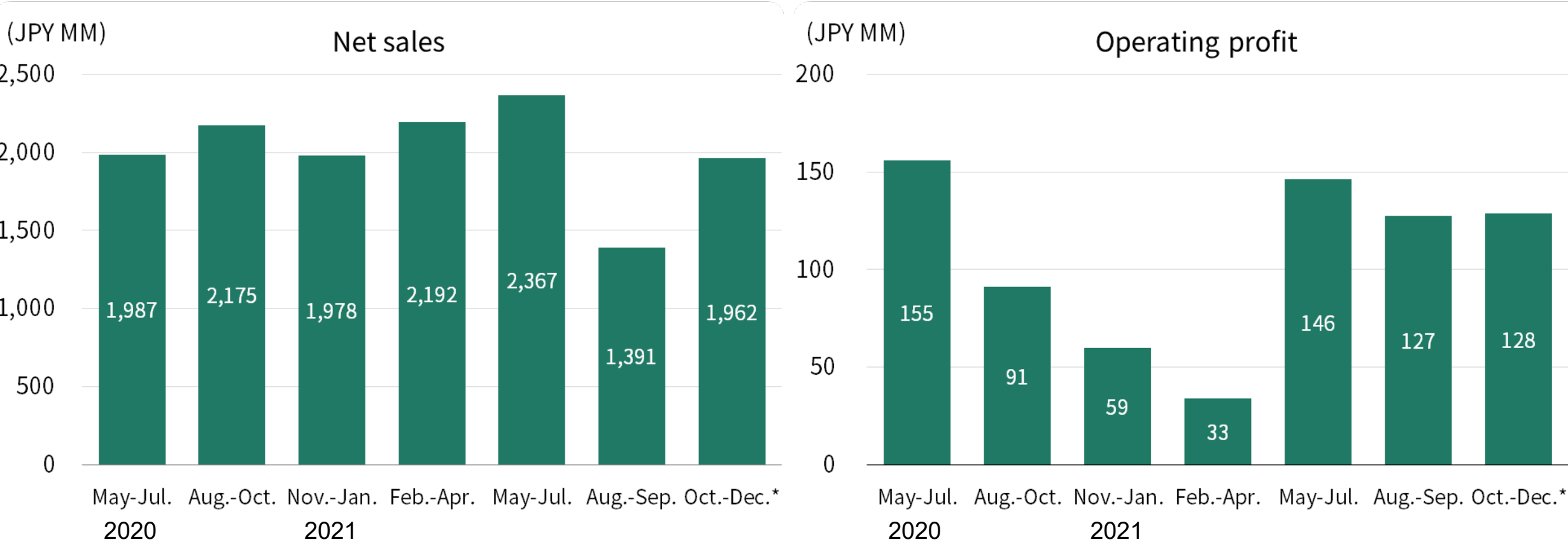
- We have improved the composition of our inventory through the sale of long-term holdings, and despite a moderate decline in our gross margin in the Oct.-Dec. quarter to 11.4% (12.8% in Jul.-Sep.), inventory turnover (days) improved to 123 days as of end-December (133 days as of end-September)\*



\* The method of calculation has been changed from previous disclosure (average inventory turnover period = average period held for properties sold during the period) as follows.  
 Inventory turnover (days) = Average inventory amount / Amount of property sales (ex. amount for rental properties. Amount of property sales calculated on a pro rata basis for the quarter)

# HyAS & Co. Inc. – Consolidated Financial Results – Quarterly Trends

■ Focused on cutting advertising expenses with effective ad operation, and cutting SG&A by using online sales tools to limit business trip expenses, etc.



\* Results for Aug. 1, 2021, to Sep. 30, 2021 (two-month period), owing to irregular accounting period caused by change of accounting period.

# HyAS & Co. Inc. – Status of Improvements

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- **Designation as Security on Alert (Nov. 27, 2020)**

Improvements to internal management system required

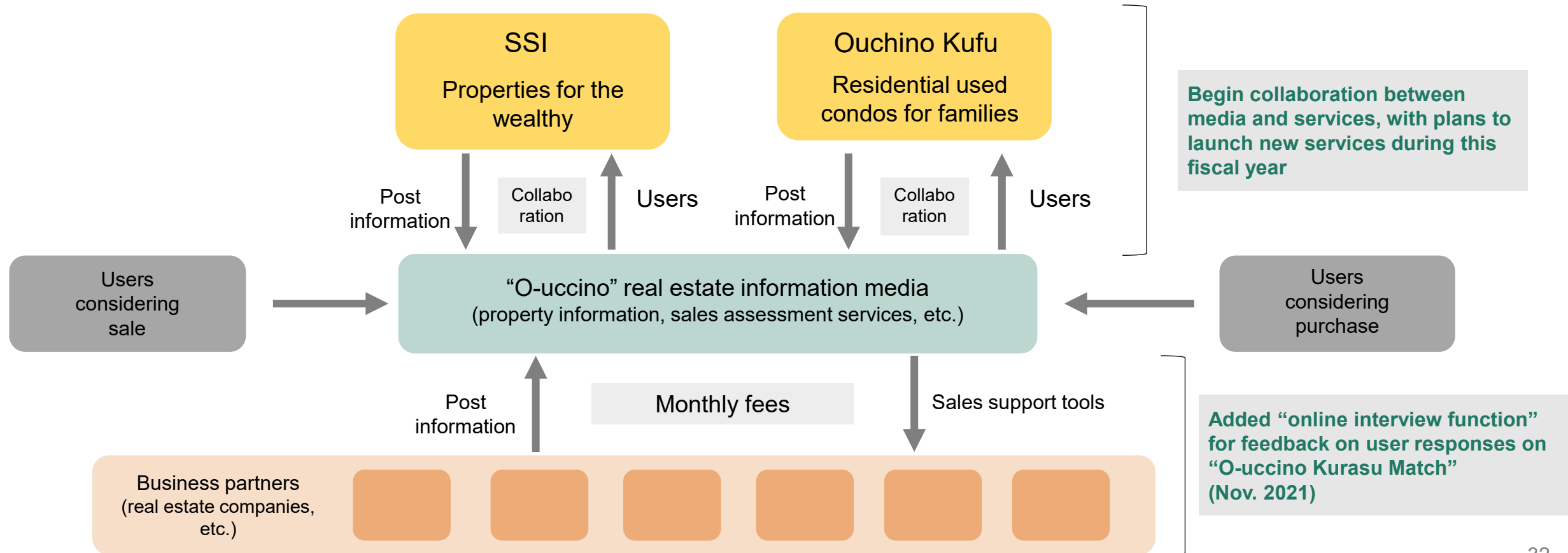
- **Status of improvements**

Nov. 29, 2021: Submitted written confirmation of internal management system

Jan. 26, 2022: Continued to be designated as Security on Alert  
Continued improvements to internal management system and  
resubmission of written confirmation of internal management system  
required

# Home Domain Initiatives

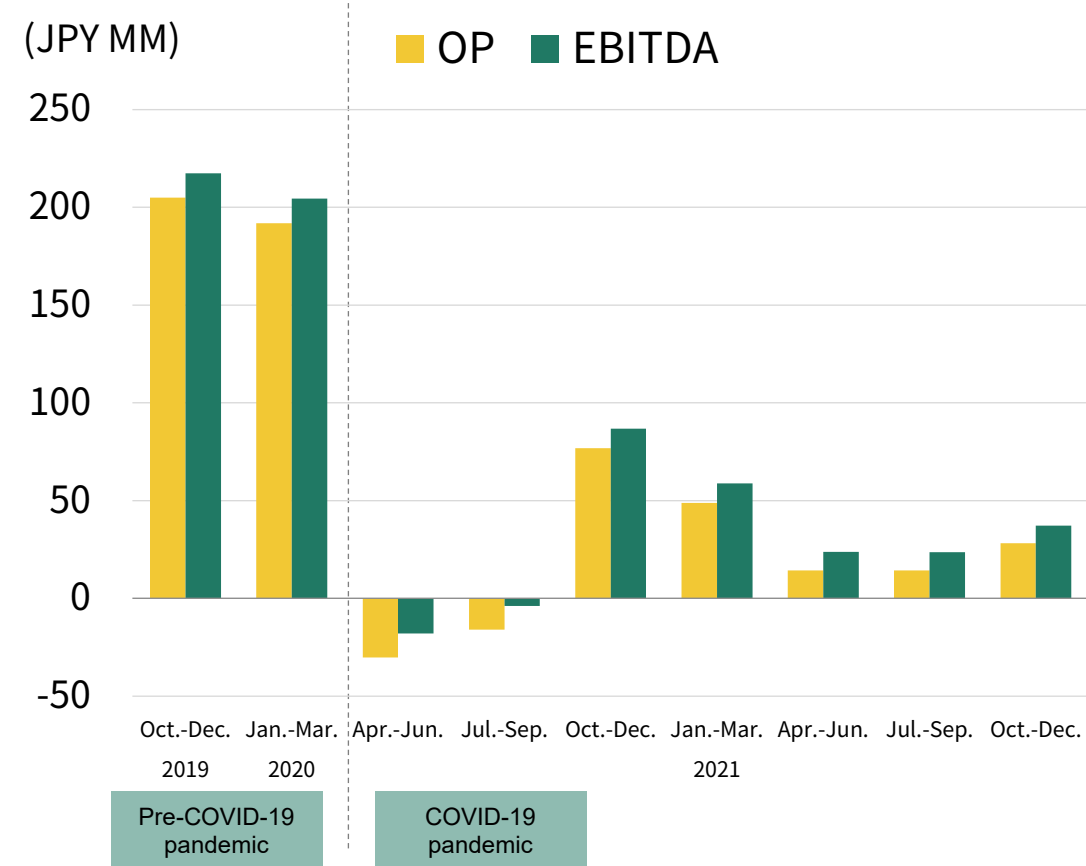
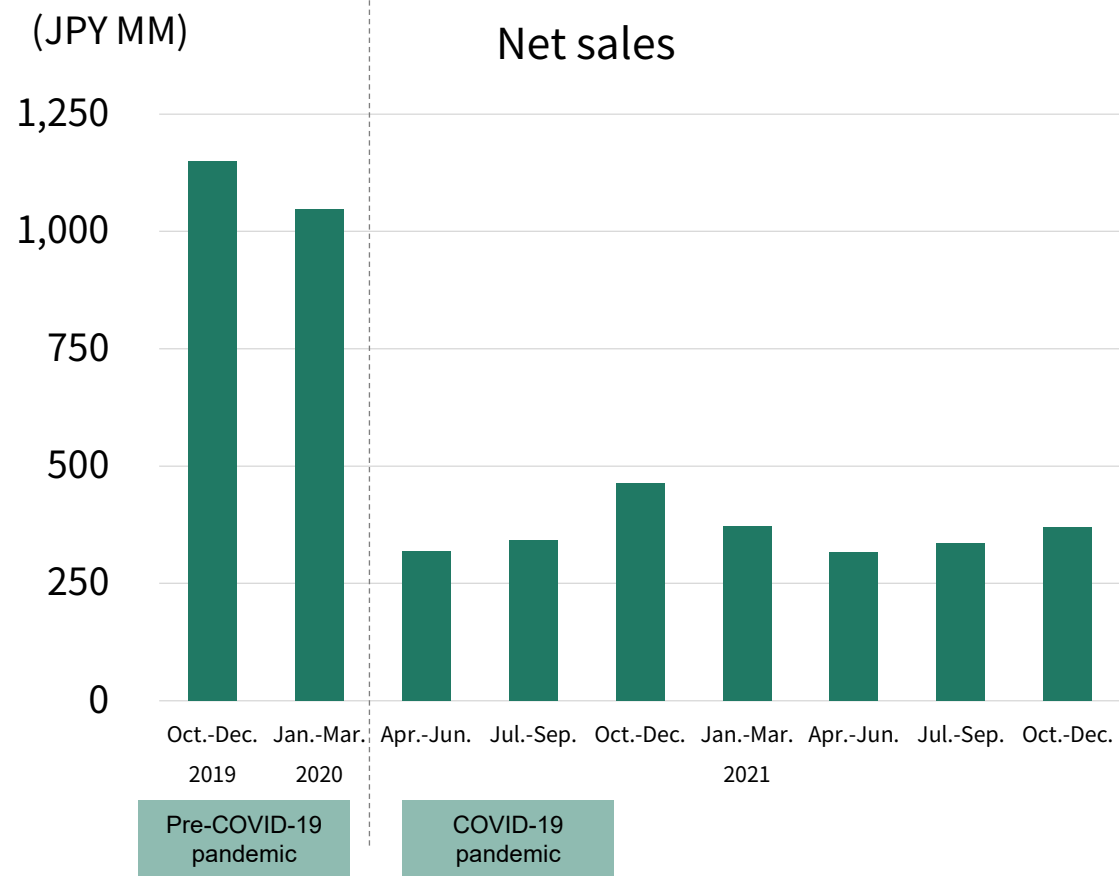
- We have begun collaboration between media and services, as part of our aim to offer unique services across the home domain as a whole
- As we look to expand our business partners, we will strengthen “O-uccino Kurasu Match” functions to develop it from a tool for providing information on local properties to a DX promotion tool for all aspects of real estate brokerage operations





# Marriage Domain – Financial Results – Quarterly Trends

- While sales of seasonal products featuring in ads were roughly on par with FY2021.9 Q1, venues posting paid ads declined owing partly to the prolonged impact of the COVID-19 pandemic, meaning that financial results unreached the same levels as FY2021.9 Q1



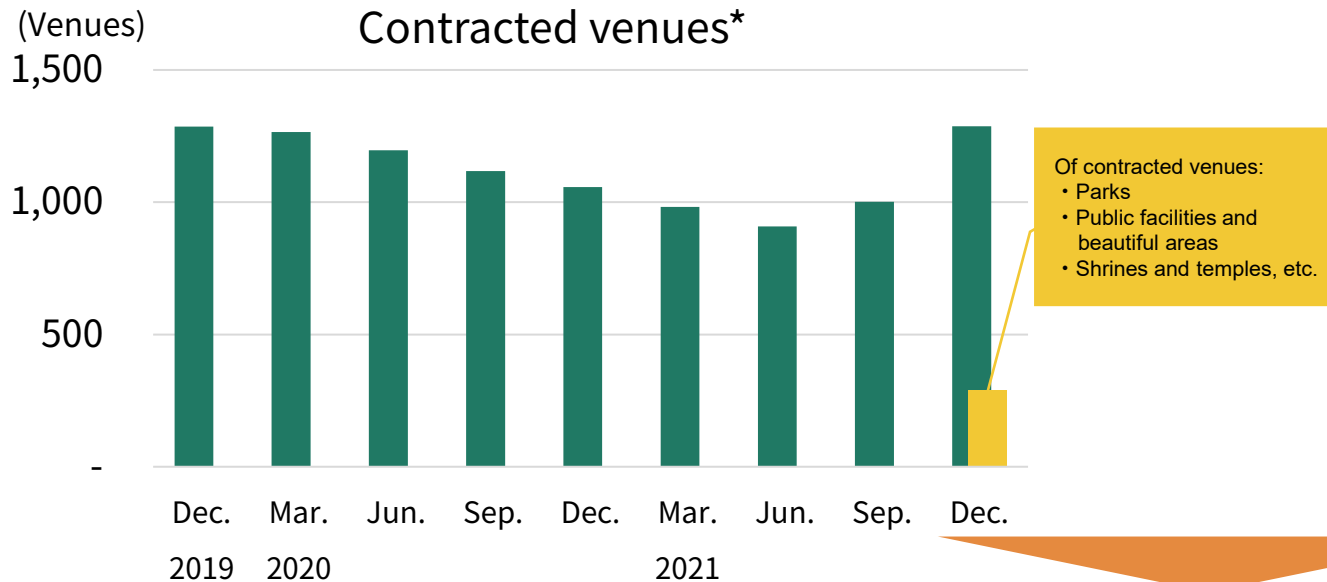
# Marriage Domain Initiatives

## ■ Increase in numbers of wedding venues and plans

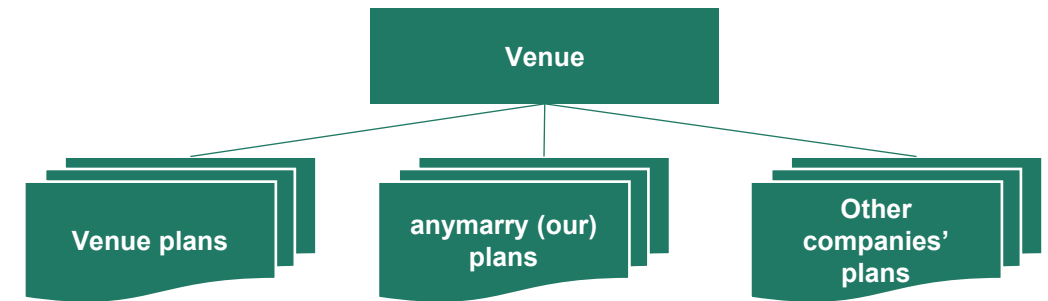
Under our business policy of “increasing choices for users,” we experienced growth in produce contracts with venues and an increase in the number of contracted venues with posts on our media “Minna-no-Wedding”

- Increase in a wide variety of venues, including parks/public facilities and beautiful areas/shrines and temples, and enhanced the range of new wedding plans
- Captured demand by diversifying the range of wedding plans available on “Minna-no-Wedding”

Any place: Increase in venues “other than” so-called wedding venues



Any plan: Plans from multiple companies for each venue



Developing a system that makes it possible to search for multiple companies plans for the same venue on “Minna-no-Wedding”

Increasing the number of weddings in the broad sense of the term and boosting our share of users by capturing demand among “couples that won’t have a conventional wedding,” “couples wanting multiple wedding ceremonies,” etc.

\* Total of venues with paid ad postings or production contracts (number of unique venues, with venues with multiple contracts counted as a single venue).

# Disclaimer

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## Important notes

This document contains forward-looking statements. These forward-looking statements are based only on the information made available to Kufu Company as of the date this document was prepared. These statements are not guarantees of future results and involve risks and uncertainties. Accordingly, the actual results may differ materially from those projected herein depending on operating environment and other factors.

Actual results could be affected by, but are not limited to, domestic and international economic conditions and industry trends surrounding Kufu Company.

Kufu Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Information that is not related to Kufu Company is derived from publicly available information. Accordingly, Kufu Company does not verify nor guarantee the accuracy, completeness and correctness of such information.

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