

FY2022.9 Q2 Presentation Material

Kufu Company Inc.

May 13, 2022

くふうカンパニー

Agenda

- 1. Consolidated Financial Results for FY2022.9 Q2**
- 2. Business Overview by Segment**
 - Daily Life Business**
 - Life Event Business**

1. Consolidated Financial Results for FY2022.9 Q2

Group Composition (Main Group Companies)

Daily Life Business

Daily life domain

ロコガイド

Shopping information service and lifestyle information media

zaim

Household budget service

kids★star

Educational app

Regional information domain

SHIZUOKA ONLINE

Regional information media

Life Event Business

Home domain

HyAS&Co.

Hyper Asset Solutions
Management consulting service

おうちのくふう

Purchase and resale service

オウチー

Home and real estate specialized media

SEVEN SIGNATURES INTERNATIONAL

Consulting service for high-net-worth individuals

Marriage domain

エニマリ

Wedding information media and service

Insurance domain

保険のくふう

Insurance sales agency

くふう少額短期保険

Development and sales of insurance products

Others

Design domain

Da Vinci Studio

Technology domain

Development and research

Investment and entrepreneur support domain

くふうカンパニー

Business management domain

Support for holding companies and operating companies

くふうキャピタル

Investment management

Affiliates

actindi

Informational website for trips with children

Highlights

Group as a whole

In Q2 (Jan. to Mar. 2022), EBITDA came to 658 million yen, +83.7% YoY (+24.3% excluding the consolidation of HyAS & Co. Inc.), and progress toward full-year earnings forecasts was also steady.

Daily Life Business

(Daily life domain) The Tokubai business performed well against plans.

Price revisions for corporate service plans scheduled for this fiscal year have been rescheduled to be carried out at the same time as a service update in the next fiscal year.

Large-scale service updates including the introduction of a spot pricing model were launched to acquire new business formats and improve unit prices.

Life Event Business

(Home domain) HyAS & Co. Inc. performed well against plans.

The consulting business for high-net-worth individuals contributed to higher sales and profits for the overall home domain.

(Marriage domain) While we continued to invest in human resources and development to strengthen the media for the future, sales decreased and losses were recorded mainly because the number of weddings held dropped in the producing business due to the impact of the COVID-19 pandemic and other factors.

Consolidated Financial Results

- Progress toward full-year earnings forecasts was good

(JPY MM)	FY2020.9*	FY2021.9*	FY2022.9			
			Forecast	YoY	Q2 (cumulative)	Progress rate
Net sales	6,042	11,256	18,000	159.9%	9,127	50.7%
Operating profit	604	1,000	1,300	129.9%	773	59.5%
EBITDA	890	1,617	2,300	142.2%	1,284	55.9%

* 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

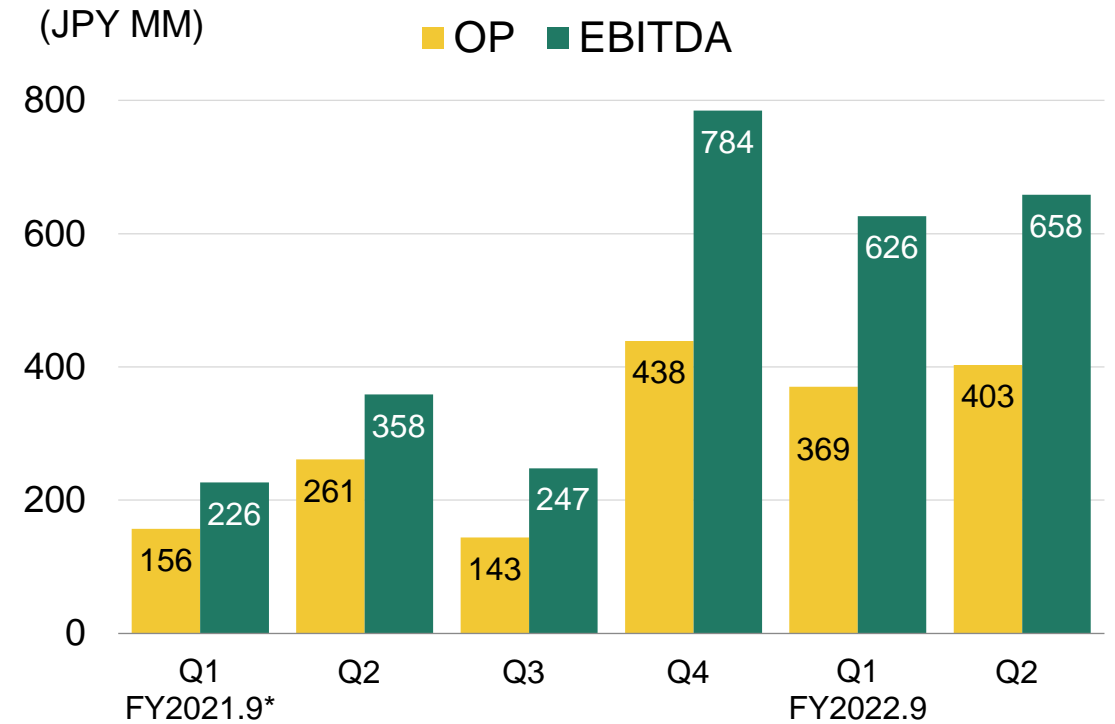
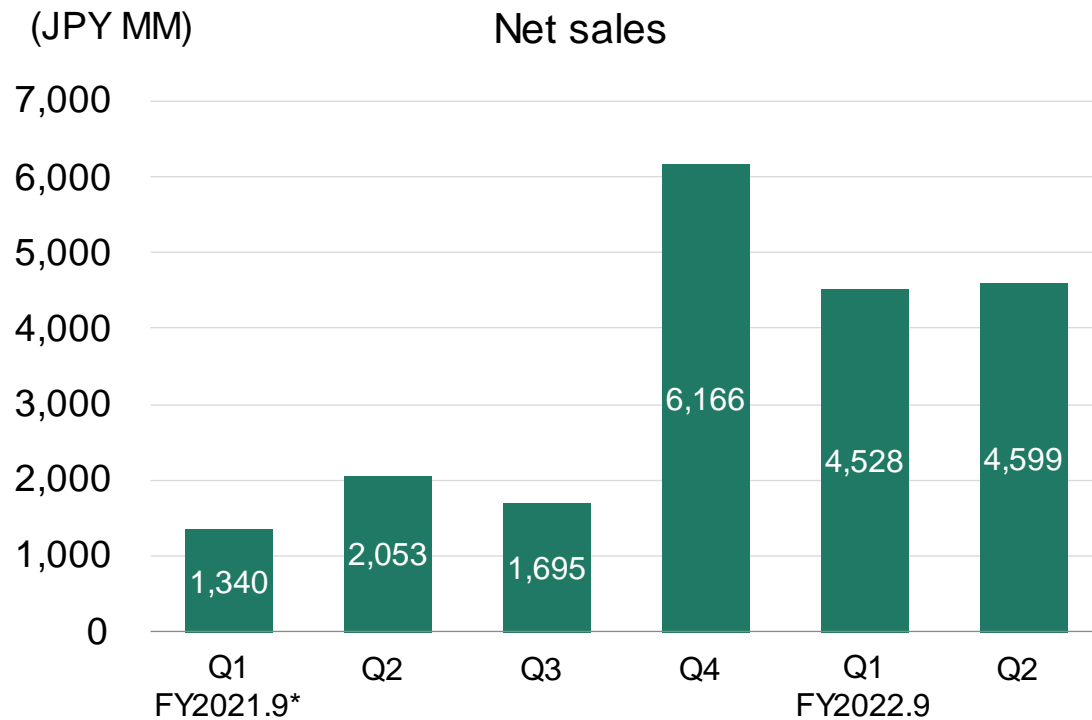
- Achieved significant year-on-year sales and profit growth. Sales and profits also increased steadily QoQ

(JPY MM)	FY2021.9*				FY2022.9			
	Q1	Q2	Q3	Q4	Q1	Q2	YoY	QoQ
Net sales	1,340	2,053	1,695	6,166	4,528	4,599	224.0%	101.6%
Operating profit	156	261	143	438	369	403	154.4%	109.0%
EBITDA	226	358	247	784	626	658	183.7%	105.2%

* 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. Sales and profits also increased steadily QoQ

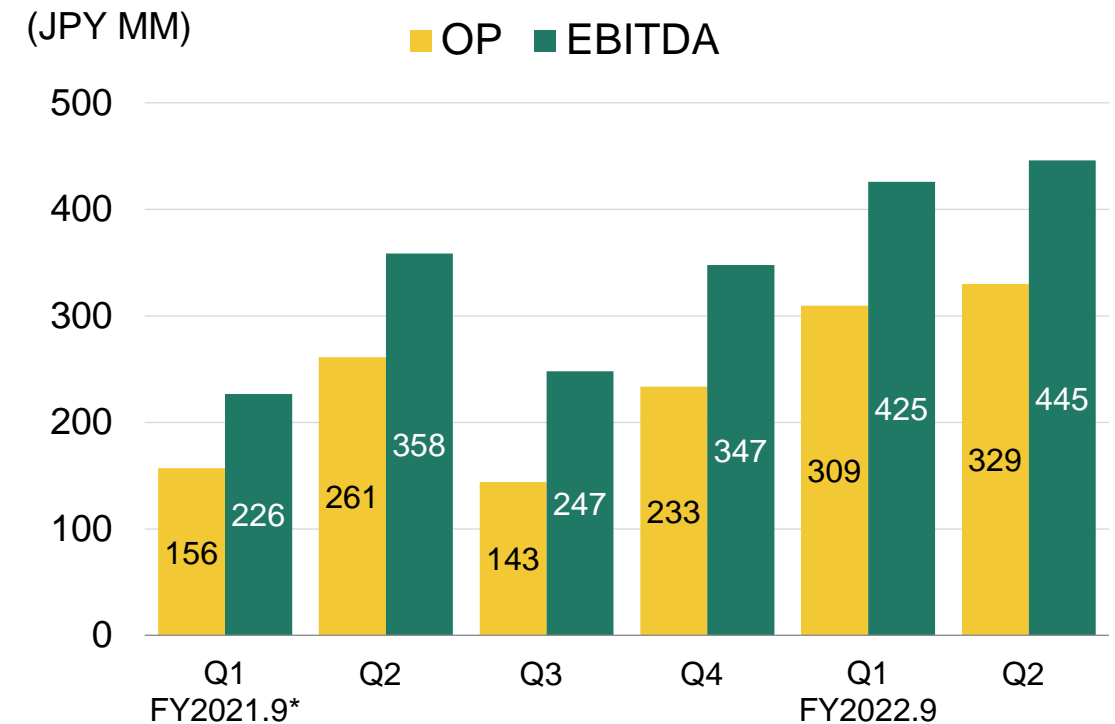
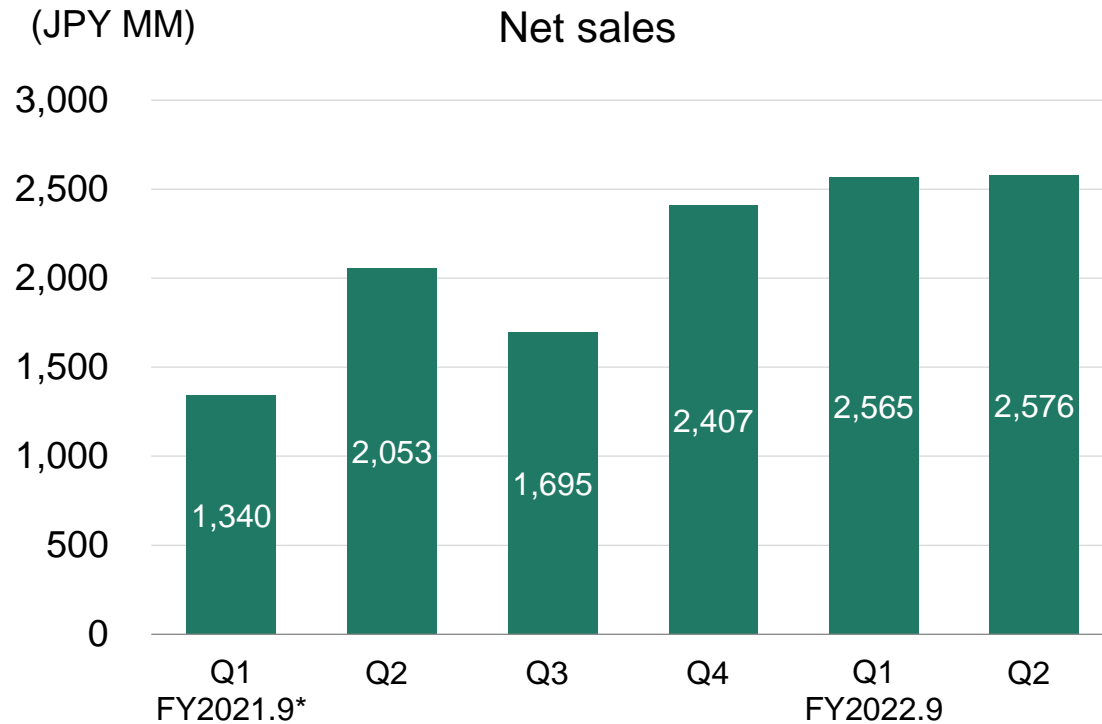


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In accordance with the change in accounting period of HyAS & Co. Inc, five months of profit (loss) from HyAS & Co. Inc. was recorded for May to Sep. 2021 in the fourth quarter of FY2021.9.

Consolidated Financial Results – Quarterly Trends (Ex. HyAS)

■ Excluding the impact of the consolidation of HyAS & Co. Inc., sales and profits continued to grow



* 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. was consolidated from the fourth quarter of FY2021.9.

Consolidated Financial Results – Net Sales by Segment (Quarter)

- The Daily Life Business remained flat from the previous quarter despite a steady increase in sales of the Tokubai business due to a decrease in sales of other businesses
- Sales of the Life Event Business increased QoQ as increased sales of the home domain offset decreased sales in other domains

(JPY MM)		FY2021.9*1				FY2022.9			
		Q1	Q2	Q3	Q4	Q1	Q2	YoY	QoQ
Net sales	Daily Life Business*2	614	713	769	960	1,101	1,101	154.3%	100.0%
	Life Event Business*3	694	933	908	5,190	3,426	3,489	373.9%	101.9%
	Other	61	450	50	43	36	39	8.7%	105.9%
	Adjustments	-30	-44	-31	-27	-35	-30	-	-

*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 Tokubai business achieved a steady increase in profits, but profits for the Daily Life Business as a whole and for other businesses decreased QoQ
- Profits for the Life Event Business as a whole increased as profits for the home domain increased by more than 30% QoQ, despite losses recorded by other domains

		FY2021.9*1				FY2022.9			
		Q1	Q2	Q3	Q4	Q1	Q2	YoY	QoQ
(JPY MM)									
OP	Daily Life Business*2	176	185	207	220	365	351	189.0%	96.2%
	Life Event Business*3	83	112	91	410	243	280	248.9%	115.3%
	Other	-16	62	-22	-29	-31	-27	-	-
	Adjustments	-86	-100	-133	-161	-207	-202	-	-
EBITDA	Daily Life Business*2	185	206	234	257	397	383	185.4%	96.5%
	Life Event Business*3	97	126	105	587	328	365	287.5%	111.1%
	Other	-16	62	-22	-29	-31	-26	-	-
	Adjustments	-40	-37	-70	-30	-67	-62	-	-

*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 – B/S

(JPY MM)		As of establishment in Oct. 2021	As of end-Mar. 2022	Change	Change factors
Current assets		15,613	13,725	-1,888	<ul style="list-style-type: none"> · While we acquired funds through our operating activities, cash and deposits declined 660 million yen mainly owing to the repayment of borrowings and the acquisition of investment securities · Operational investment securities declined 1,575 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 · Investment and other assets increased 747 million yen mainly owing to the acquisition of investment securities
(Cash and deposits)		7,780	7,120	-660	
(Operational investment securities)		3,335	1,759	-1,575	
(Real estate for sale)		2,412	2,595	182	
Non-current assets		6,374	6,745	371	
(Goodwill)		4,190	3,858	-332	
(Investments and other assets)		1,096	1,844	747	
Assets		22,000	20,479	-1,521	
Liabilities		10,460	9,940	-520	<ul style="list-style-type: none"> · Short-term borrowings and long-term borrowings declined 386 million yen mainly owing to repayments · Valuation difference on available-for-sale securities declined 1,312 million yen owing partly to changes in the fair value of securities with a fair value
(Short-term and long-term borrowings)		6,432	6,046	-386	
Net assets		11,540	10,539	-1,001	
(Retained earnings)		738	980	241	
(Valuation difference on available-for-sale securities)		455	-856	-1,312	
Total liabilities and net assets		22,000	20,479	-1,521	

* Items in parentheses are included in totals.

Group Business Foundations (as of End-Mar. 2022)

Users

Support users' actions through three contact points with users

Media



SaaS



Tool/Agent

Maximize contact points with users

Indirectly provide services to users through support for business operators

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

Monthly active users
Approx. 41 million^{*1}

Contracted accounts
Approx. 59,100^{*2}

Total tool downloads
Approx. 23.3 million^{*3}
Services provided annually
Approx. 4,300^{*4}

*1: Total users as of end-March 2022 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.

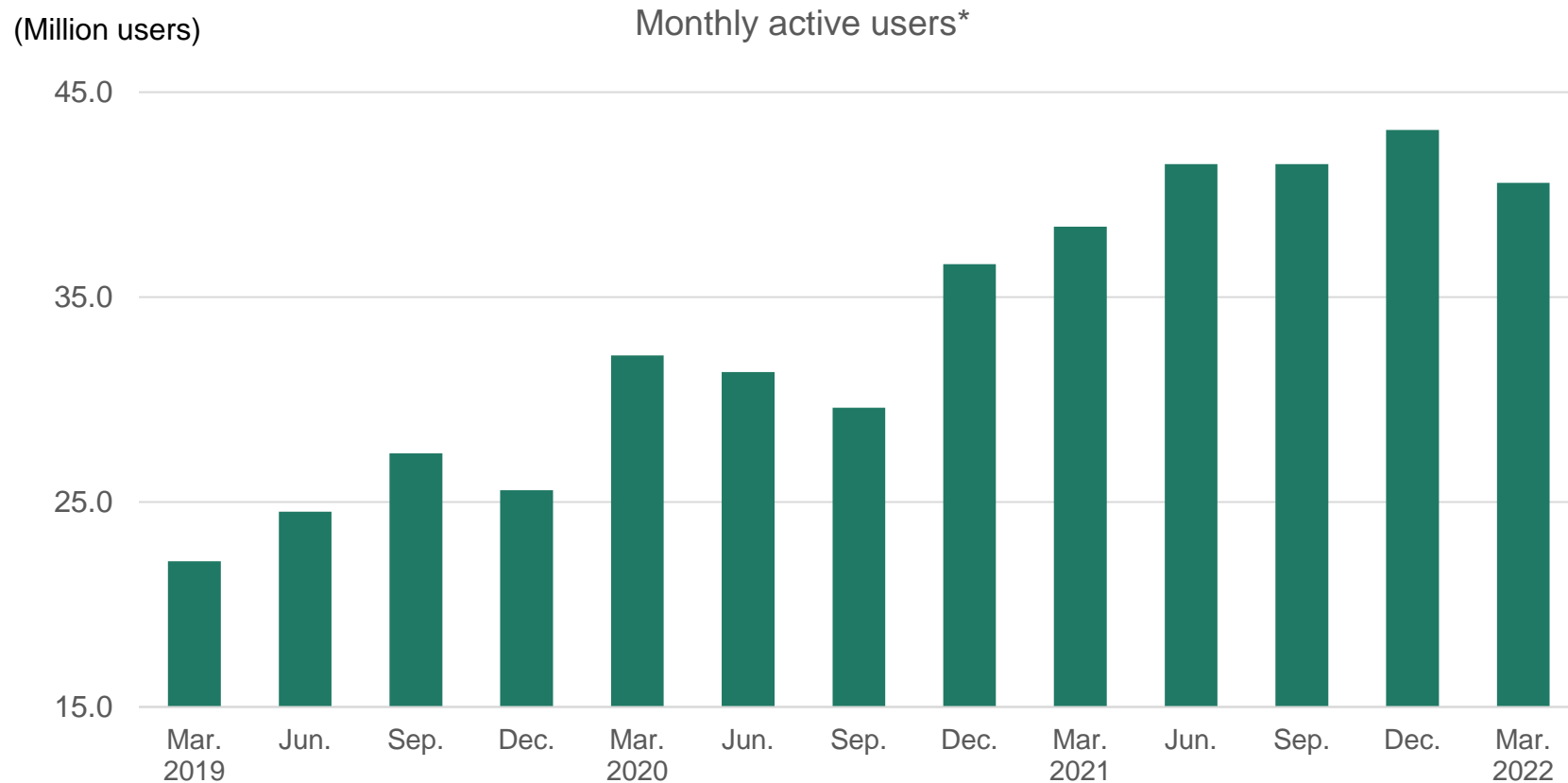
*2: Total as of end-March 2022 of stores using "Tokubai" (paid and unpaid), stores posting ads and using tools and services to support operations offered by O-uccino, Inc., member companies for services provided by HyAS & Co. Inc., and venues trading with anymarry Co., Ltd.

*3: Total cumulative downloads as of end-March 2022 for "Tokubai," "Zaim," and "Gokko Land."

*4: Total of estimate of annual wedding ceremonies produced by anymarry Co., Ltd. as of March 2022, estimate of services offered annually in home domain (ex. HyAS & Co. Inc.) as of March 2022, and number of consultations in "Ietate Sodan Counter" over the past one year in SHIZUOKAONLINE CO., LTD.

Group-wide Media Monthly Active Users

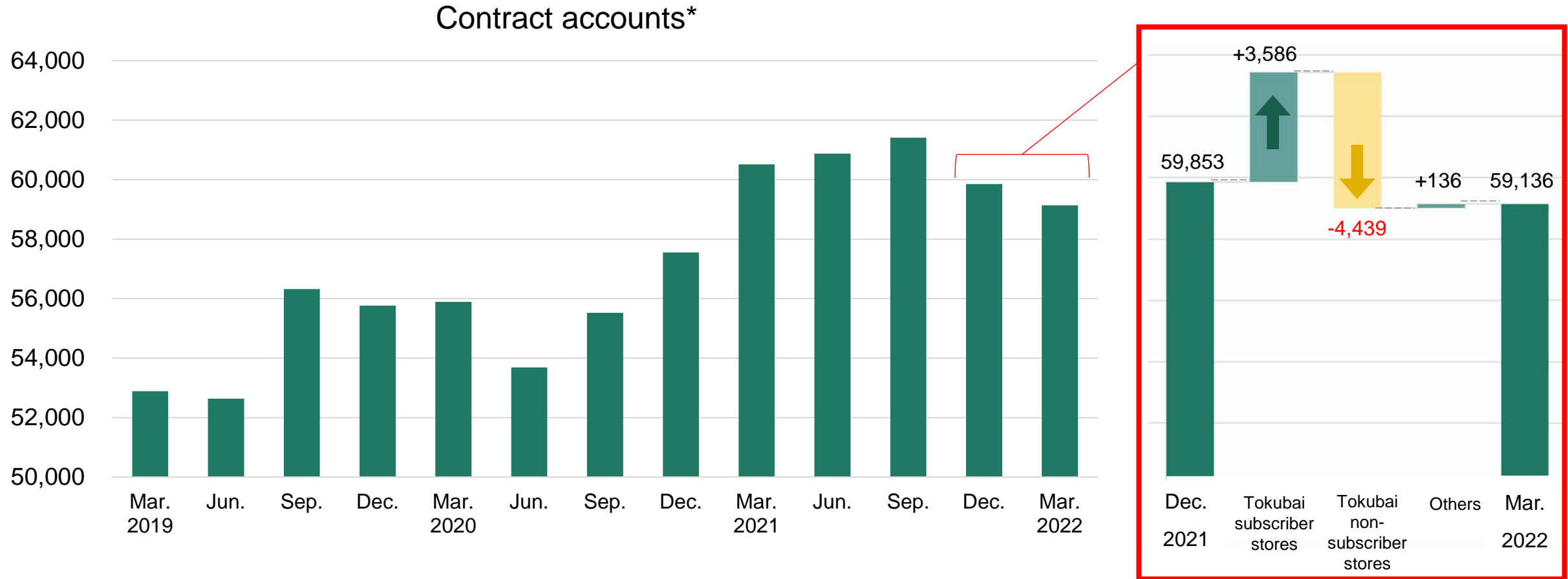
- Group-wide media monthly active users exceeded 40 million on a simple aggregate base



* 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

- Our sales focus on persuading stores using the Tokubai service to subscribe to the paid service led to a decrease in the number of non-subscriber stores and an increase in the number of subscriber stores



* 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.

Resolution Adopted for Acquisition of Treasury Shares

- The Company adopted a resolution for the acquisition of treasury shares together with the issuance of compensatory stock options on May 13, 2022
 - A resolution was adopted to issue compensatory stock options to the Group's officers and employees, with achievement of EBITDA of 10 billion yen* in FY2026.9 as the exercise condition
 - The Company plans to acquire treasury shares to prevent stock dilution from the issuance of compensatory stock options and to prepare for a flexible capital strategy for the future, comprehensively taking into account factors such as trends in the Company's stock price, which we consider is currently undervalued, and the Company's financial position

Total number of shares to be acquired	(1.7% of total number of shares issued (excluding treasury shares)) Up to 1,000,000 shares
Total amount of share acquisition cost	Up to 850,000,000 yen
Acquisition period	From May 16, 2022 to December 31, 2022

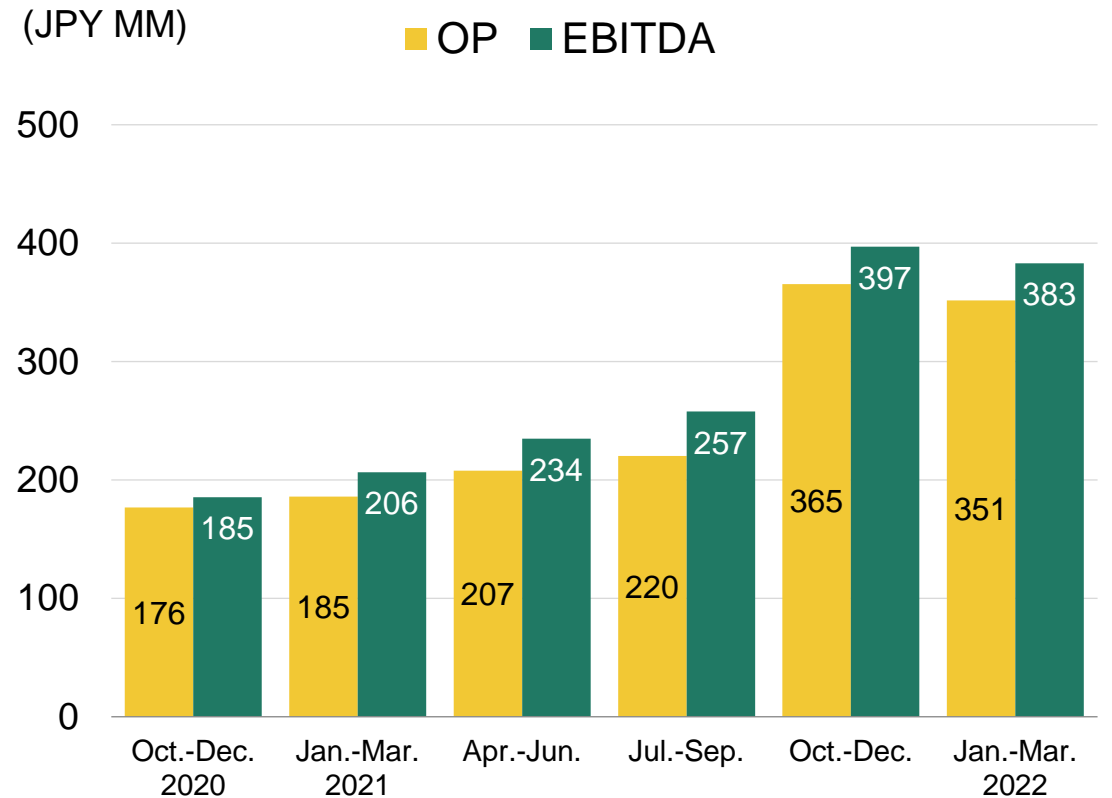
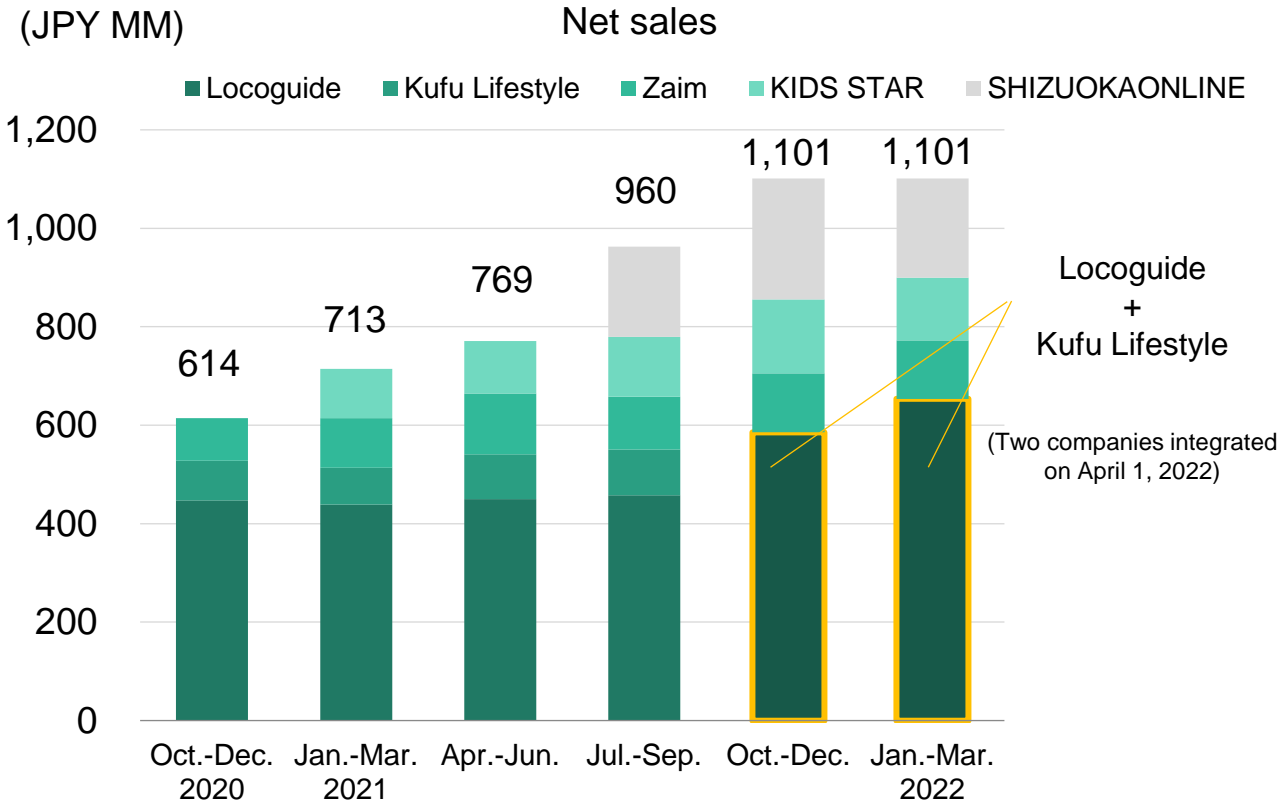
* Sum of EBITDA and stock compensation fees

2. Business Overview by Segment

Daily Life Business

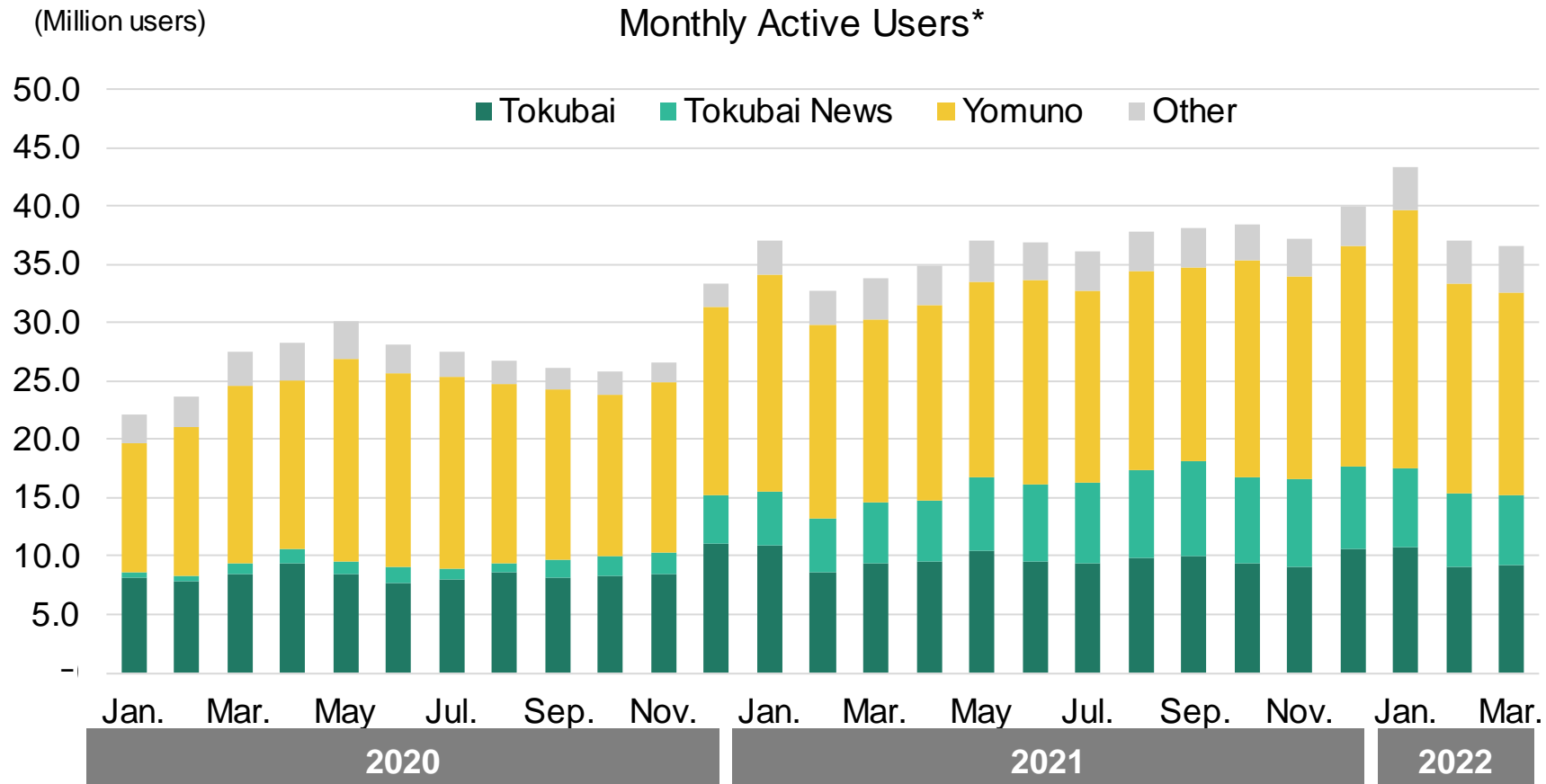
Daily Life Business – Financial Results – Quarterly Trends

- Net sales of Locoguide expanded due to an increase in the number of subscriber stores in the Tokubai business
- Higher profits of Locoguide due to expanded sales could not offset a pullback from the expansion of profits for SHIZUOKAONLINE due to seasonal factors and contribution of delivery projects for KIDS STAR in the previous quarter, resulting in a slight QoQ decrease in profits for the business as a whole



Daily Life Domain – Monthly Active Users

- The number of Tokubai and Yomuno users increased during the year-end and New Year season. Seasonal demand settled down but the number of users remained strong
 - The number of monthly active users of Yomuno surpassed 22 million in January 2022



* 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-March 2022, there were 38,924 subscriber stores

- The number of stores with fixed price contracts increased mainly among home centers and drugstores, while the unit price also increased
- The number of pay-for-performance stores increased due to the introduction at mobile shops



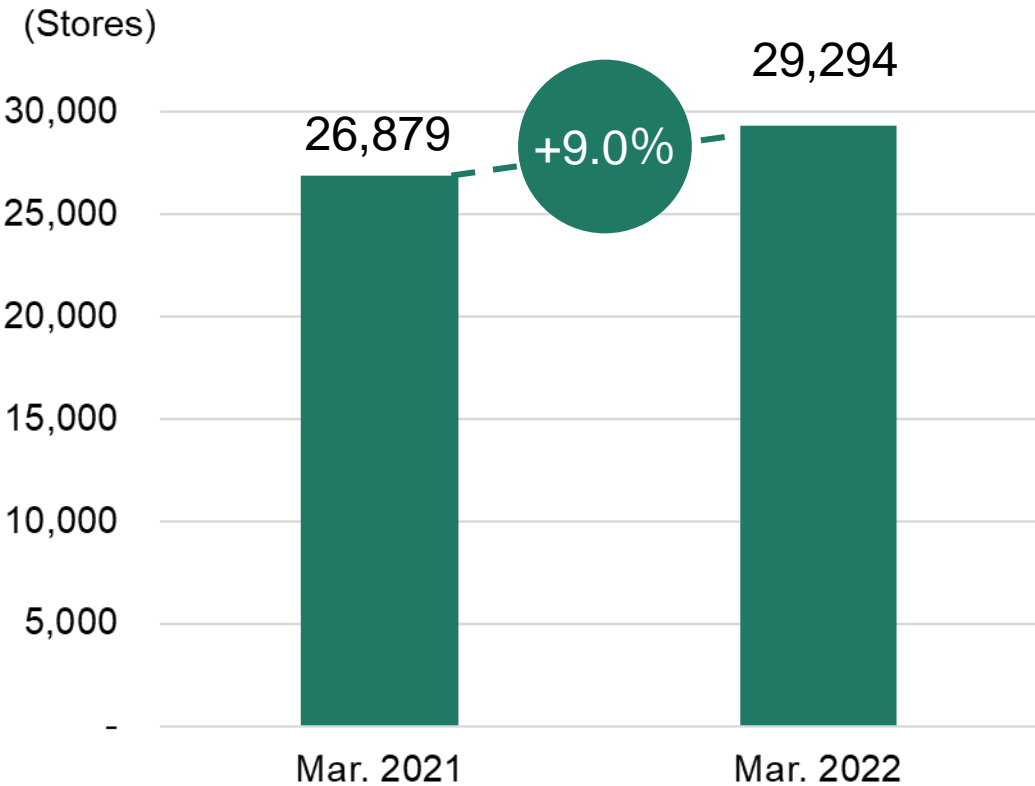
Tokubai Service Initiatives: Growth of Fixed Price Subscriber Stores

- DCM Co., Ltd.'s paid posting started in March. All top 3 companies in the home center industry are now on Tokubai
- Paid postings of restaurant chains, which had been postponed since last year, resumed
- Started trial postings with several companies, mainly restaurant chains, to expand the postings of new business formats

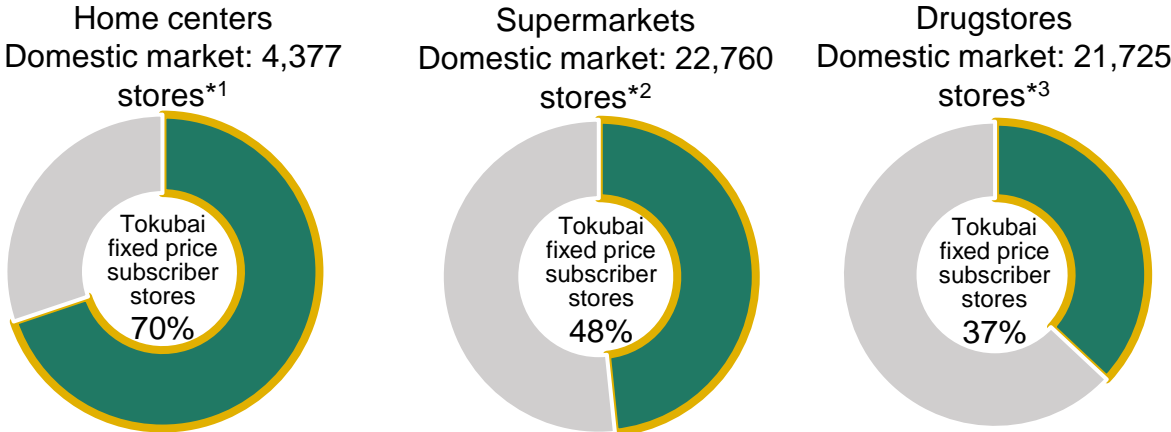
Examples of newly contracted stores



Number of fixed price contracts



Market share of fixed price subscriber stores by industry



*1 Ministry of Economy, Trade and Industry, "The Current Survey of Commerce"(2021)

*2 Statistics and Data on Supermarkets (<http://www.j-sosm.jp/>, March 2022)

*3 Japan Association of Chain Drug Stores, 2021 Survey of Drug Stores in Japan

Tokubai Service Initiatives: Strengthening Media Capabilities

- Service renewals are being implemented in stages to enhance content for increasing use frequency by users

Consolidation of information that is highly sought after by users, such as flyers, special sale information, coupons, recipes, and special features, on the top page of the app (launched on March 8)

Renewal of the coupon function in the app. Enhancement of the distribution of coupons for “nearby stores” and “frequently visited stores” (launched on April 12)

Enhancement of the coupon search function on the website. Implementation of the function of narrowing search by options such as payment methods and business hours (launched on April 22)



- The Tokubai’s logo design was renewed for the first time since the start of the business



Tokubai Service Initiatives: Collaboration between Tokubai and Yomuno

■ Started offering products through collaboration ads between Tokubai and Yomuno

- Increase contact points with users by linking marketing campaigns on the Tokubai app and tie-up articles in Yomuno
- Provide added value that goes beyond mere advertising through synergies between Tokubai and Yomuno

Example of Otafuku Sauce Co., Ltd.



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- Implementation of a marketing campaign, etc., on the Tokubai app
- Provision of marketing support such as shop notices and GPS push notifications

- Menu development by Yomuno Mates (official Instagrammers) using products
- Creation of product appeal by providing real user perspectives through articles

[Reference] Tokubai User Survey

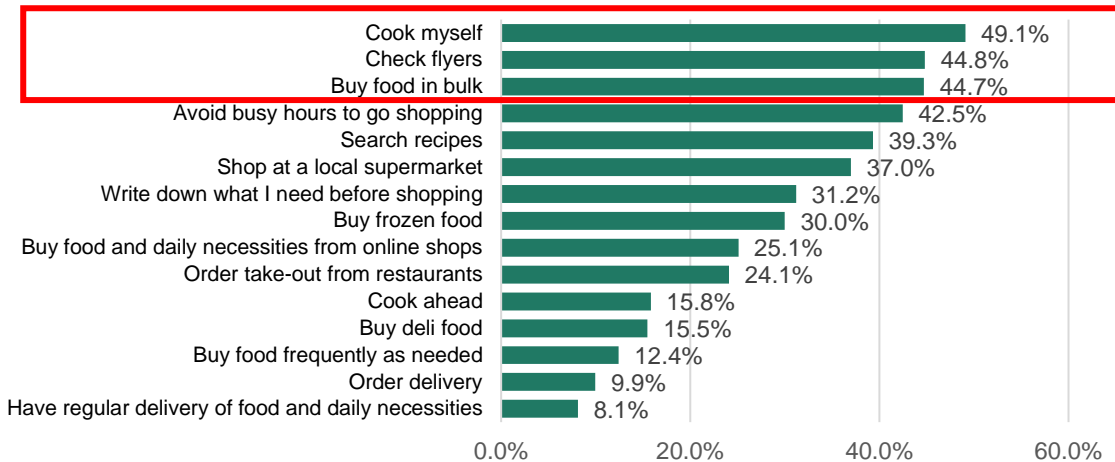
■ Users' mindset to protect their daily lives has been heightened by concerns in household finances due to the prolonged COVID-19 pandemic and recent rises in prices

Over 40% people "cook," "check flyers," and "do bulk buying" more frequently than before the COVID-19 pandemic

In addition to "stopping unnecessary shopping" and "checking special sale items on flyers before shopping," using "coupons" has become more popular in response to the price-hike rush

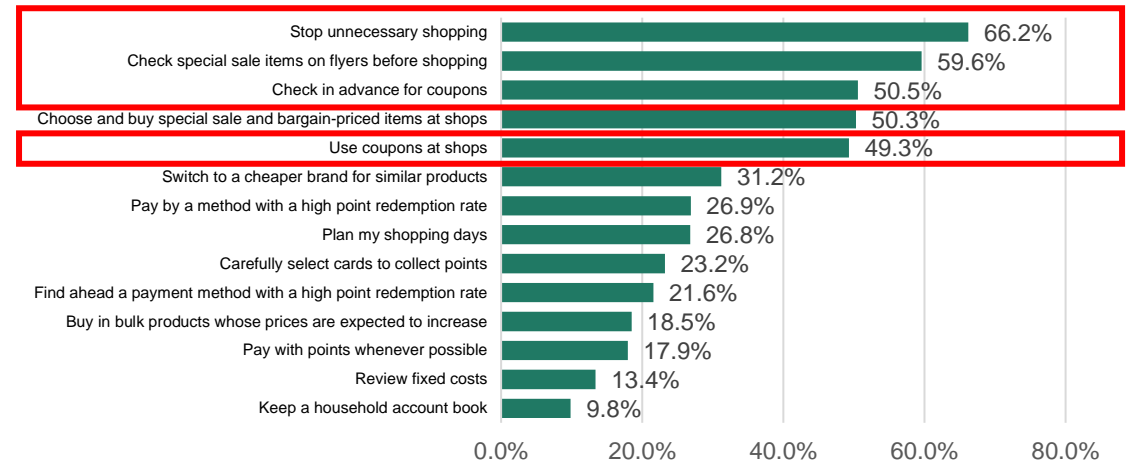
[Reference: Tokubai User Survey (Feb. 24, 2022 to Mar. 3, 2022)]

Are there any behaviors that you feel have increased in your daily life compared to before the COVID-19 pandemic (before February 2020)? (multiple choices, n=5,510)



[Reference: Tokubai User Survey (Apr. 15, 2022 to Apr. 21, 2022)]

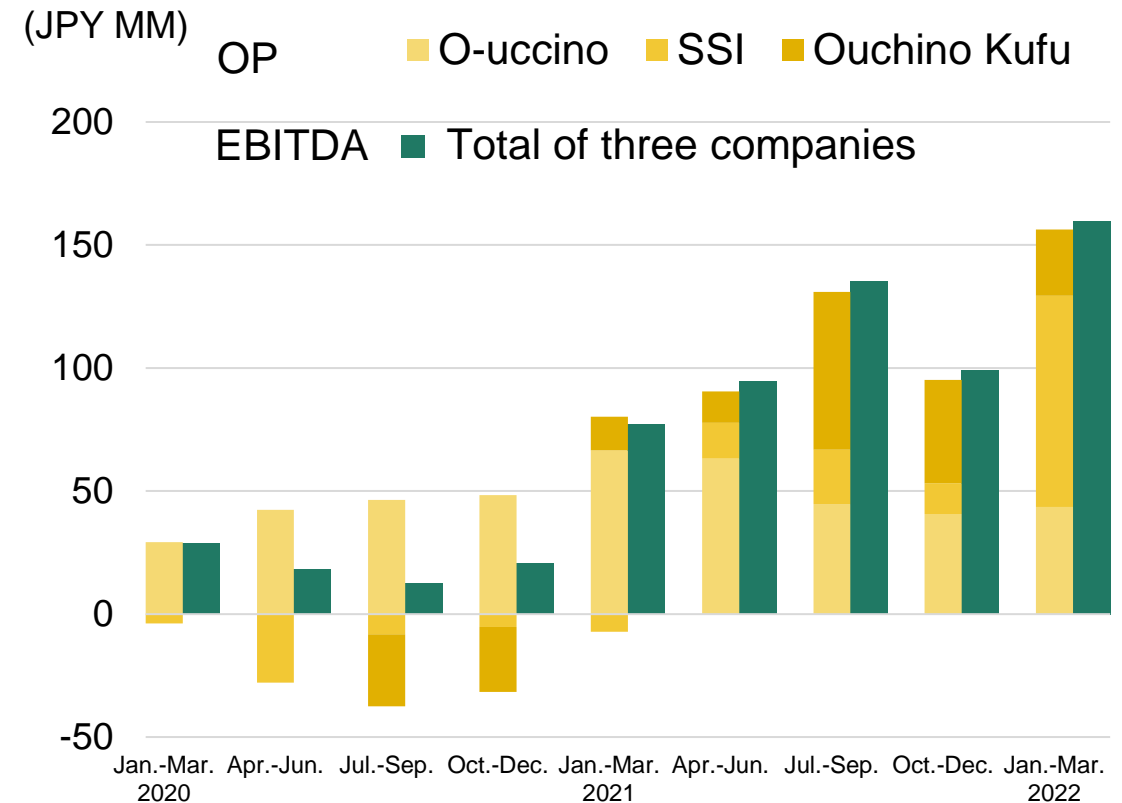
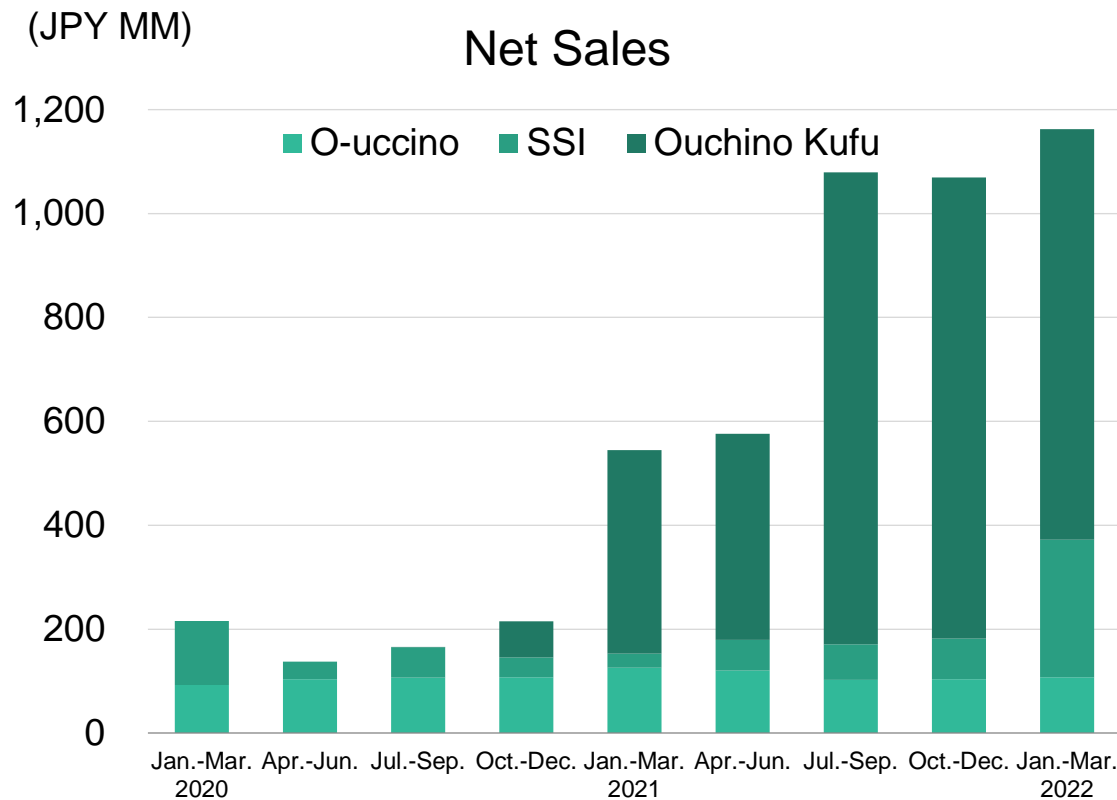
Is there anything you are thinking of doing because of the price-hike rush? (multiple choices, n=5,015)



Life Event Business

Home Domain (ex. HyAS) – Financial Results* – Quarterly Trends

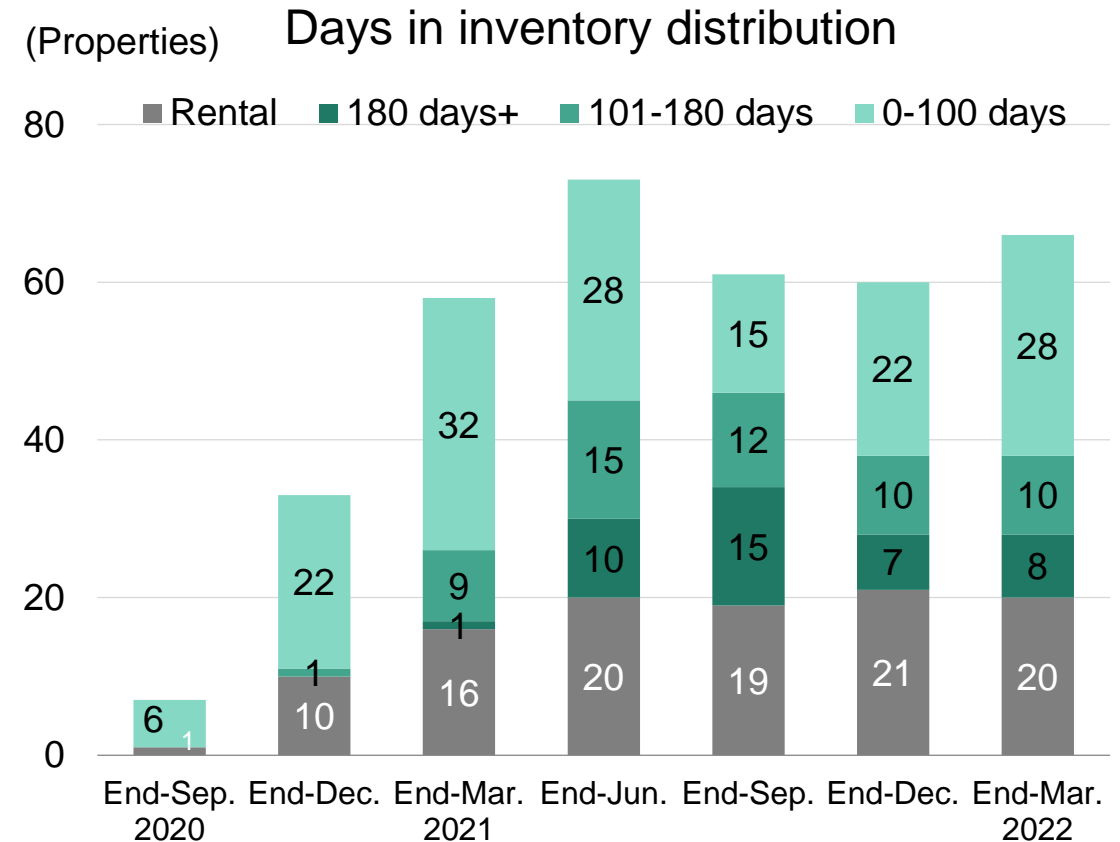
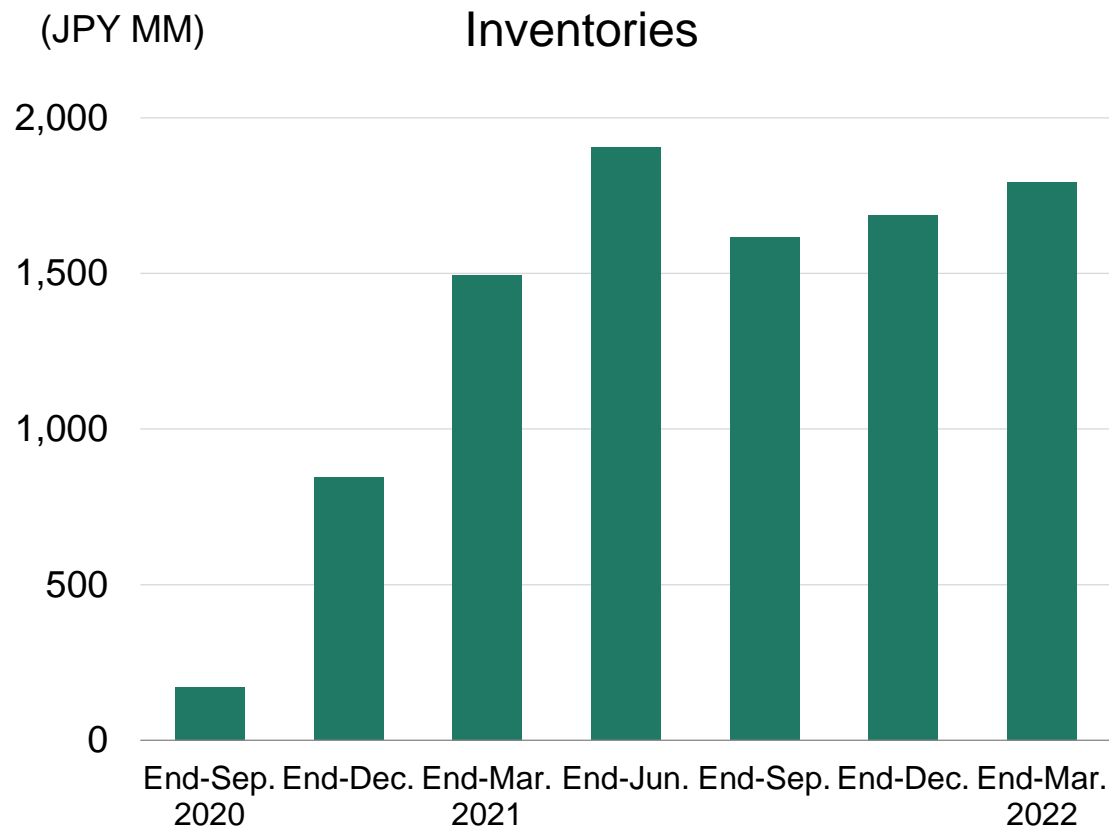
- Sales and profits of O-uccino increased QoQ due to sales growth of tools for which we are developing functions
- Sales and profits of SSI significantly increased due to the recording of sales related to a resort development project in Hawaii
- Sales and profits of Ouchino Kufu's purchase and resale business decreased QoQ due to a drop in the number of properties sold



* 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

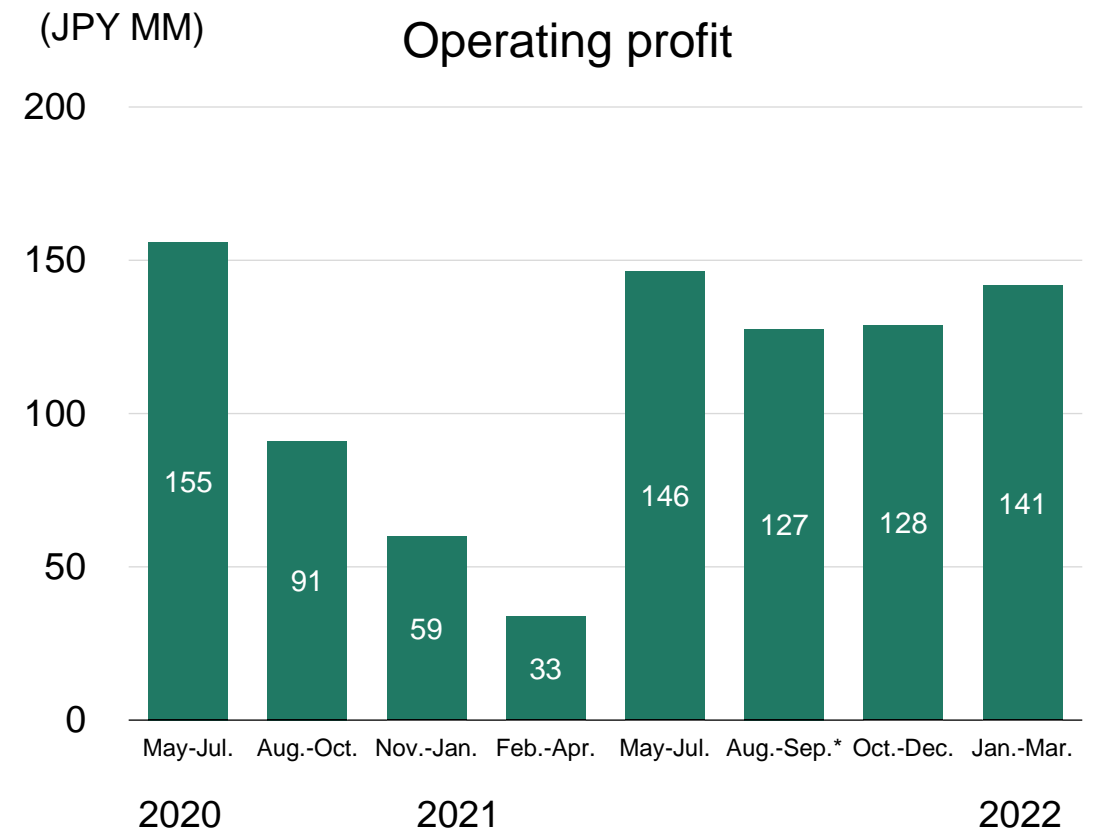
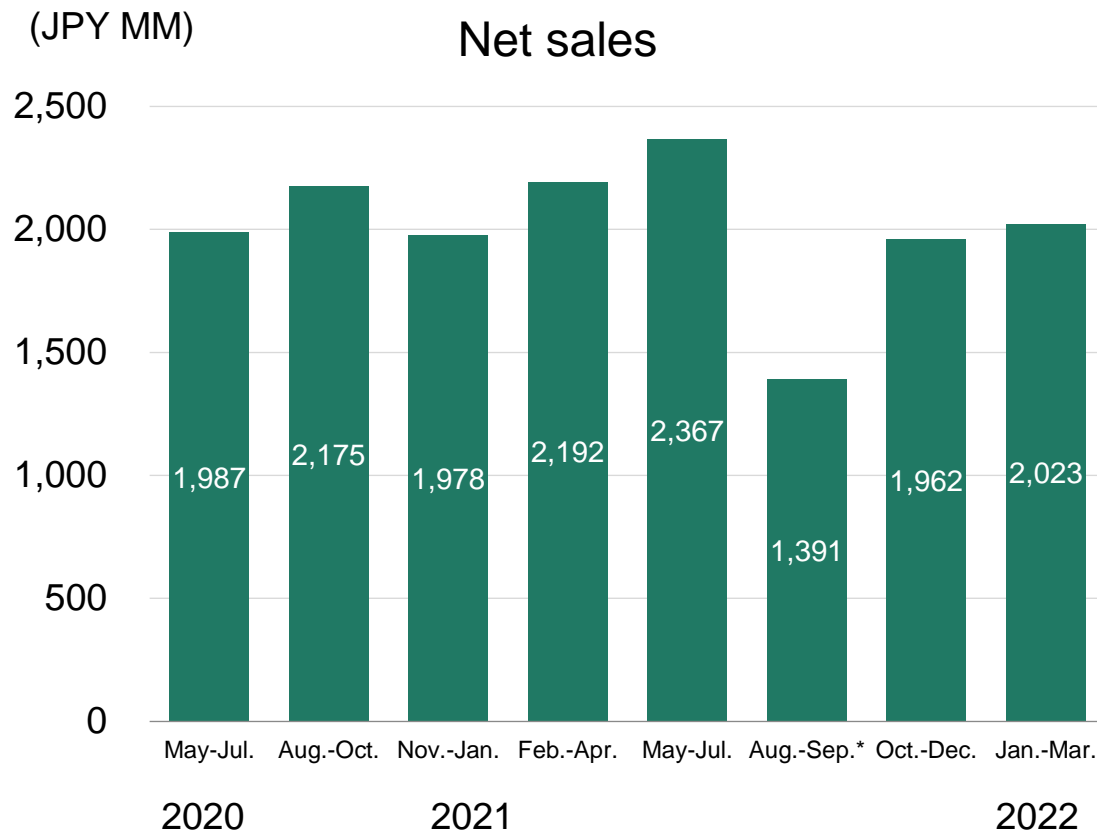
- Gross margin in the Jan.-Mar. quarter was 10.7% (11.4% in Oct.-Dec.), and inventory turnover (days)* was 141 days as of end-March (123 days as of end-December)
- Stepped up property purchases for sales in and after the second half of the year while maintaining a sound inventory composition



* From FY2022.9, 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

- Operating profit remained stable as the end of the reorganization of the business and the HyAS group came into sight



* 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

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

- A decision was made to continue to designate the company as Security on Alert (Jan. 26, 2022)
- The Tokyo Stock Exchange will inspect the contents of the written confirmation of internal management system to be resubmitted by HyAS & Co. Inc. after 1 year and 6 months have passed since the designation (May 27, 2022)

• Status of improvements

- Feb. 28, 2022
Released “(Progress of Disclosure Matters): Notice regarding the Improvement Plan and Status Report (Summary of Causes and Progress of Recurrence Prevention Measures)”
- Mar. 31, 2022
Released “(Progress of Disclosure Matters): Notice regarding the Improvement Plan and Status Report”
- Apr. 19, 2022
Released “(Progress of Disclosure Matters): Notice regarding the Improvement Plan and Status Report”

• Next steps

- A new Director will be appointed at the extraordinary general meeting of shareholders scheduled to be held on May 26, 2022
- Scheduled to resubmit the written confirmation of internal management system after May 27, 2022

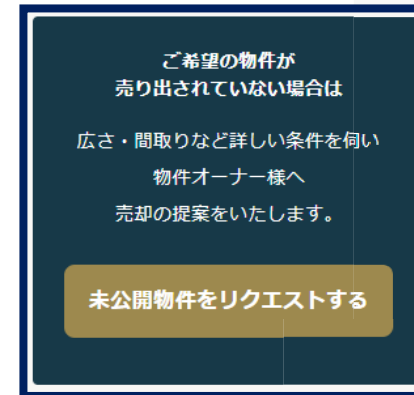
Home Domain Initiatives

- Focus on realizing “direct transactions” between sellers and buyers from a user’s perspective in order to “eliminate users’ regrets related to housing”
- Make full use of the functions of each group company to support users from the consideration stage to the completion of trading
 - One-stop provision of a series of functions necessary for buying and selling used homes, such as information gathering through media, property selection (assessment/appraisal), renovation, and various insurance and warranties
 - Aim to improve user experience (UX) throughout a transaction rather than individual optimization, with a possibility of integrating media and services within the domain

Started a matching service for off-market properties on an individual property basis as a trial run

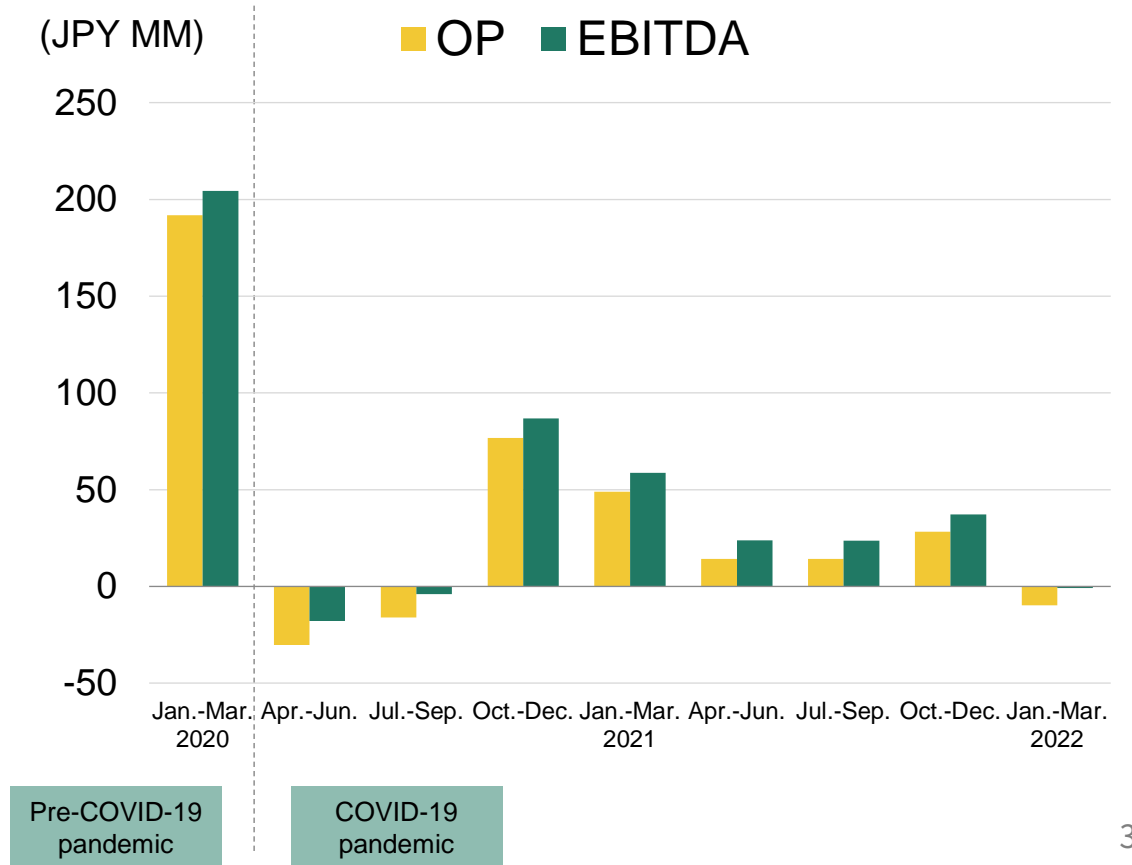
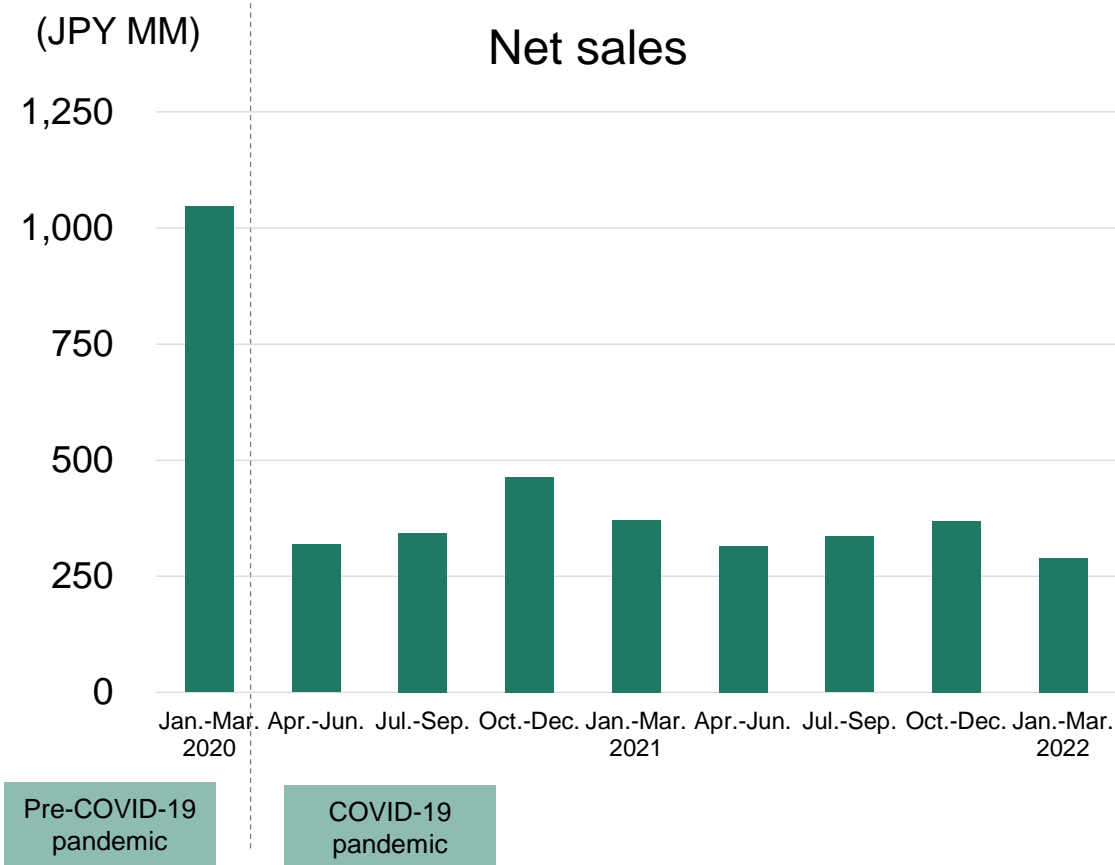


Purchase offers for off-market properties can be made from the website



Marriage Domain – Financial Results – Quarterly Trends

- Although investment in human resources and development continued with a view to strengthening the media for the future, sales and profits decreased mainly because the number of weddings held dropped in the producing business due to the impact of the COVID-19 pandemic and other factors

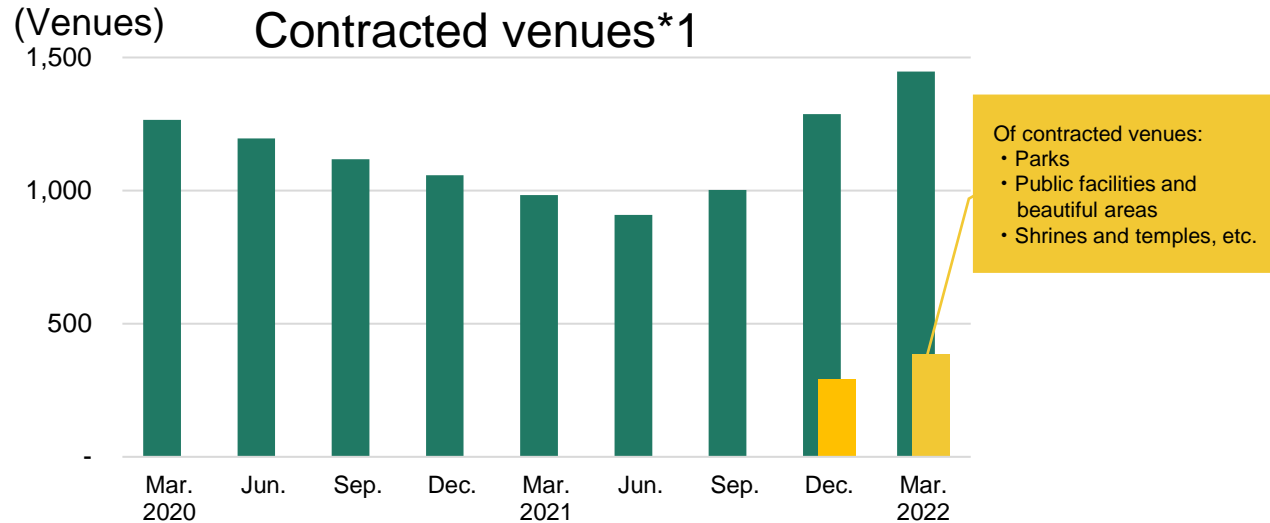


Marriage Domain Initiatives

- Attract customers in the producing business through media while strengthening media capabilities of “Minna-no-Wedding,” based on the concepts of “Any place” and “Any plan”

Expansion of venues “other than” so-called wedding venues

The number of venues listing wedding plans surpassed 1,400
Became No. 1 in Japan’s general bridal media market*2



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

*2: Internal research as of February 2022. Venues listing “wedding plans” are counted, and comparison is made based on the information disclosed publicly by each media.

Acceleration of the enhancement of various media content

(Example) Expand the listing of venues and plans that “anymarry” can produce on “Minna-no-Wedding”



◁List venues that “anymarry” can produce other than venues posting ads on “Minna-no-Wedding”

▽ Create a section for “anymarry” plans and an enquiry section on the venue page

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Strengthen “media capabilities” and “capabilities to attract customers in the producing business” at the same time

Disclaimer

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.

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