

# くふうカンパニー

Kufu Company Inc.

## FY2023.9 Q2 Presentation Material

May 15, 2023



# Agenda

## 1. Consolidated Financial Results for FY2023.9 Q2

## 2. Business Overview by Segment

- Daily Life Business
- Life Event Business

## 3. Shift of management resources to AI



# **1. Consolidated Financial Results for FY2023.9 Q2**

## Daily Life Business

Daily and community life domain

**ココガイド**

Shopping information service and lifestyle information media

**SHIZUOKA ONLINE**

Regional information media

**zaim**

Household budget service

**kids★star**

Educational app

## Life Event Business

Home domain

**HyAS&Co.**  
Hyper Asset Solutions  
Management consulting service

**SEVEN SIGNATURES INTERNATIONAL**  
Consulting service for high-net-worth individuals

**くふう住まい**

Home and real estate specialized media and purchase and resale service

Marriage domain

**エニマリ**

Wedding information media and service

## Investment and Incubation Business

Investment and business development domain

**くふうカンパニー**

Holding company (Investment)

**くふうキャピタル**

Investment management

**RETRIP**

Travel/outing media

(Affiliate)

**保険のくふう**

Insurance sales agency

**くふう少額短期保険**

Development and sales of insurance products

**actindi**

Informational website for trips with children

## Others

Design development domain

Technology development domain

Business management domain

**Da Vinci Studio**

Research and development

**くふうカンパニー**

Holding company (Support for operating companies)

# Consolidated Net Sales

- Net sales for the first half of FY2023.9 was 9,246 million yen, which was 44.0% of the full-year consolidated earnings forecast

	FY2022.9	FY2023.9			
	H1	H1*	YoY	Forecast	Progress
<b>Net sales</b>	<b>9,127</b>	<b>9,246</b>	101.3%	<b>21,000</b>	44.0%
Daily Life Business	2,202	2,321	105.4%	-	-
Life Event Business	6,875	5,975	86.9%	-	-
Investment and Incubation Business	42	925	2,187.7%	-	-
Other	75	111	146.5%	-	-
Adjustment	-67	-88	-	-	-

(JPY MM)

# Consolidated Operating Profit / EBITDA

- EBITDA for the first half of FY2023.9 was 1,104 million yen, which was 35.6% of the full-year consolidated earnings forecast

	FY2022.9	FY2023.9			
	H1	H1*	YoY	Forecast	Progress
<b>Operating profit</b>	773	<b>585</b>	75.7%	<b>2,000</b>	29.3%
Daily Life Business	717	<b>573</b>	79.9%	-	-
Life Event Business	539	<b>309</b>	57.4%	-	-
Investment and Incubation Business	-14	<b>317</b>	-	-	-
Other	-58	<b>-103</b>	-	-	-
Adjustment	-410	<b>-511</b>	-	-	-
<b>EBITDA</b>	1,284	<b>1,104</b>	86.0%	<b>3,100</b>	35.6%

(JPY MM)

# Highlights of Consolidated Financial Results for FY2023.9 H1

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- EBITDA for the first half of FY2023.9 was 1,104 million yen, which was 35.6% of the full-year consolidated earnings forecast

## Progress by segment

<b>Daily Life Business</b>	<b>Daily and community life domain</b> <ul style="list-style-type: none"><li>As for Locoguide, net sales slightly increased YoY due to the steady performance of the Tokubai business, offset by the decrease in media ad sales Operating profit decreased due to the increases in labor costs and development-related costs</li><li>Sales and profit of SHIZUOKAONLINE declined YoY, while other companies generally performed well</li></ul>
<b>Life Event Business</b>	<b>Home domain</b> <ul style="list-style-type: none"><li>Sales of SaaS tools for real estate agencies were steady. The purchase and resale service business accelerated inventory reduction</li><li>HyAS &amp; Co. Inc. decreased sales and profit YoY due to a slowdown of new orders and concentrated deliveries in the second half but made good progress against full-year earnings forecast. Profit (loss) of OM Solar, Inc., a consolidated subsidiary of HyAS &amp; Co. Inc. was consolidated starting from Q2</li></ul> <b>Marriage domain</b> <ul style="list-style-type: none"><li>Earnings hit a plateau due to the delayed response during the COVID-19 pandemic The number of venues with paid ad postings and the contracts of wedding ceremonies produced were yet to see full-fledged recovery</li></ul>
<b>Investment and Incubation Business</b>	<b>Investment and business development domain</b> <ul style="list-style-type: none"><li>Profit (loss) of the operator of travel and going out service “RETRIP” was consolidated starting from the Q2</li><li>Profit associated with disposal of a part of operational investment securities was recorded in Q1</li></ul>

# Consolidated Quarterly Financial Results

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- Sales and profit both decreased year on year

	FY2022.9				FY2023.9			
	Q1	Q2	Q3	Q4	Q1	Q2*	YoY	QoQ
<b>Net sales</b>	4,528	4,599	4,175	5,321	4,883	4362	94.9%	89.3%
<b>Operating profit</b>	369	403	233	551	433	151	37.5%	34.9%
<b>EBITDA</b>	626	658	488	808	685	418	63.6%	61.1%

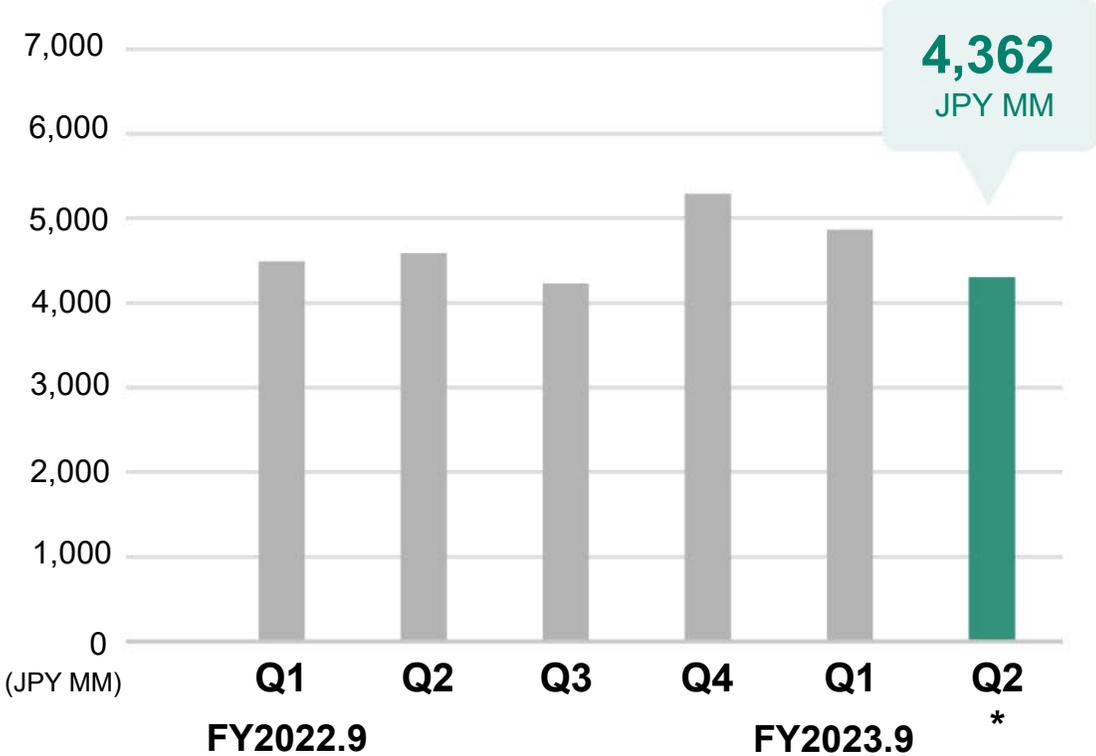
(JPY MM)

\*The Life Event Business started consolidating profit (loss) of OM Solar, Inc. and the Investment and Incubation Business started consolidating profit (loss) of RETRIP, Inc. in the second quarter of FY2023.9.

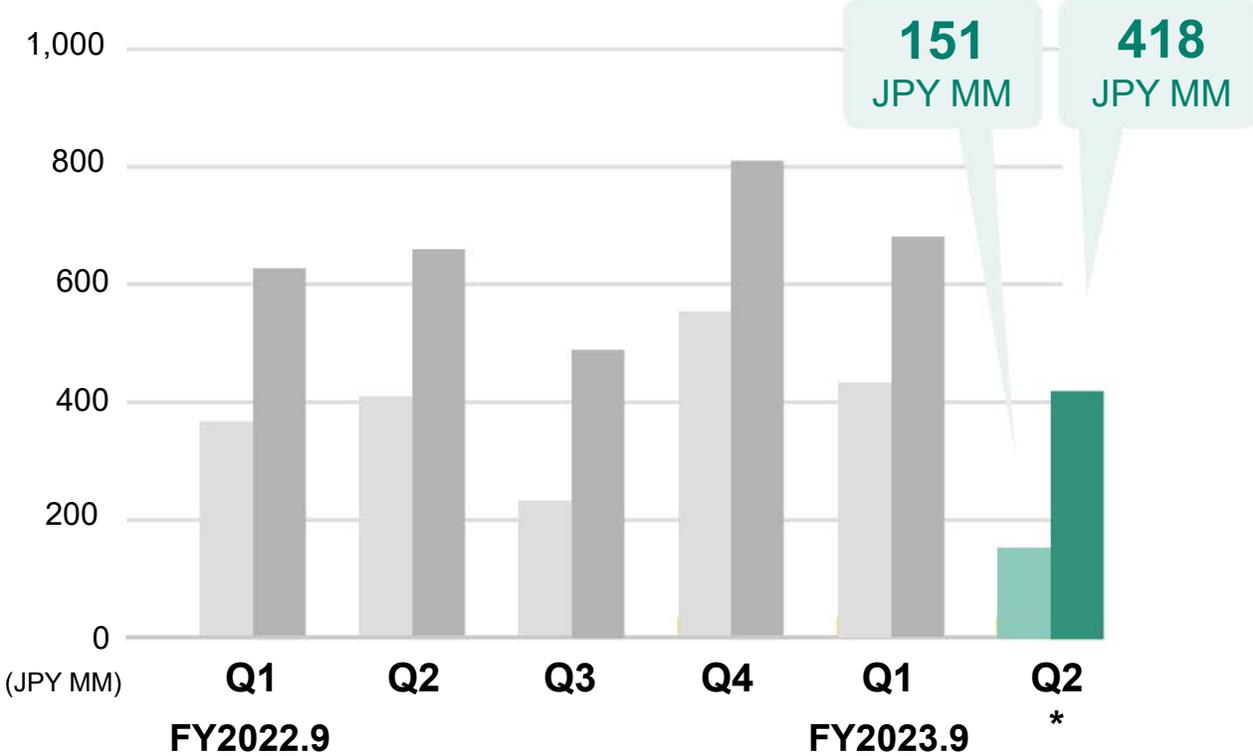
# Consolidated Financial Results – Quarterly Trends

▪ Sales and profit both decreased year on year

Net sales



Operating profit EBITDA



\*The Life Event Business started consolidating profit (loss) of OM Solar, Inc. and the Investment and Incubation Business started consolidating profit (loss) of RETRIP, Inc. in the second quarter of FY2023.9.

# Consolidated Quarterly Financial Results – Net Sales by Segment くふうカンパニー

- Sales of Life Event Business decreased year on year mainly due to the slowdown of the home domain
- The Investment and Incubation Business started consolidating profit (loss) of RETRIP, Inc. in the second quarter of FY2023.9

		FY2022.9				FY2023.9			
		Q1	Q2	Q3	Q4	Q1	Q2*	YoY	QoQ
<b>Net sales</b>	Daily Life Business	1,101	1,101	1,056	1,143	1,110	1,211	110.1%	109.2%
	Life Event Business	3,401	3,473	3,092	3,675	2,938	3,037	87.4%	103.4%
	Investment and Incubation Business	25	16	24	495	828	97	580.6%	11.8%
	Other	36	39	30	39	50	60	154.6%	118.6%
	Adjustment	-36	-31	-28	-32	-43	-44	-	-

(JPY MM)

\*The Life Event Business started consolidating profit (loss) of OM Solar, Inc. and the Investment and Incubation Business started consolidating profit (loss) of RETRIP, Inc. from the second quarter of FY2023.9.

# Consolidated Quarterly Financial Results – OP by Segment くふうカンパニー

- Profit of the Daily Life Business decreased year on year due to the increases in labor costs and development-related costs of Locoguide
- Profit of the Life Event Business decreased mainly due to the decrease in sales of the home domain

		FY2022.9				FY2023.9			
		Q1	Q2	Q3	Q4	Q1	Q2*	YoY	QoQ
<b>Operating profit</b>	Daily Life Business	365	351	278	282	259	313	89.2 %	120.8 %
	Life Event Business	251	287	206	302	191	118	41.2 %	62.1 %
	Investment and Incubation Business	-8	-6	-5	202	313	3	-	1.2 %
	Other	-31	-27	-34	-31	-61	-42	-	-
	Adjustment	-208	-202	-211	-204	-269	-242	-	-

(JPY MM)

# Consolidated B/S

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	As of end-Sep. 2022	As of end-Mar. 2023	Change	Change factors
Current assets	14,826	15,255	429	
(Cash and deposits)	7,269	7,621	352	▪ Cash and deposits increased by 352 million yen mainly due to cash acquired through operating activities offsetting the acquisition of shares in subsidiaries and other spending
(Operational investment securities)	2,979	2,998	19	
(Real estate for sale)	2,758	2,160	-597	▪ Real estate for sale declined by 597 million yen due to the inventory reduction
Non-current assets	6,498	7,277	779	
(Goodwill)	3,526	3,913	387	▪ Due to the start of consolidation RETRIP, Inc. and OM Solar, Inc. and amortization of goodwill, goodwill increased by 387 million yen
(Investments and other assets)	2,047	1,985	-61	
<b>Assets</b>	<b>21,329</b>	<b>22,535</b>	<b>1,205</b>	
Liabilities	9,666	10,715	1,048	
(Short-term and long-term borrowings)	5,856	6,373	517	
Net assets	11,663	11,820	156	
(Retained earnings)	1,191	1,281	90	▪ Short-term and long-term borrowings increased by 517 million yen
(Treasury shares)	-443	-444	0	
(Valuation difference on available for-sale securities)	399	399	0	
<b>Total liabilities and net assets</b>	<b>21,329</b>	<b>22,535</b>	<b>1,205</b>	

\*Items in parentheses are included in totals.

(JPY MM)



## Users

Support users' activities through three contact points with them

**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\*1

Approx. **42 million**

Contract accounts\*2

Approx. **62,500**

Total tool downloads\*3

Approx. **28.8 million**

Services provided annually\*4

Approx. **4,300**

\*1: Total users as of the end of Mar. 2023 for the main media and tools in each domain (browser or device base). Based on simple aggregate, without taking into consideration users of multiple media or tools.

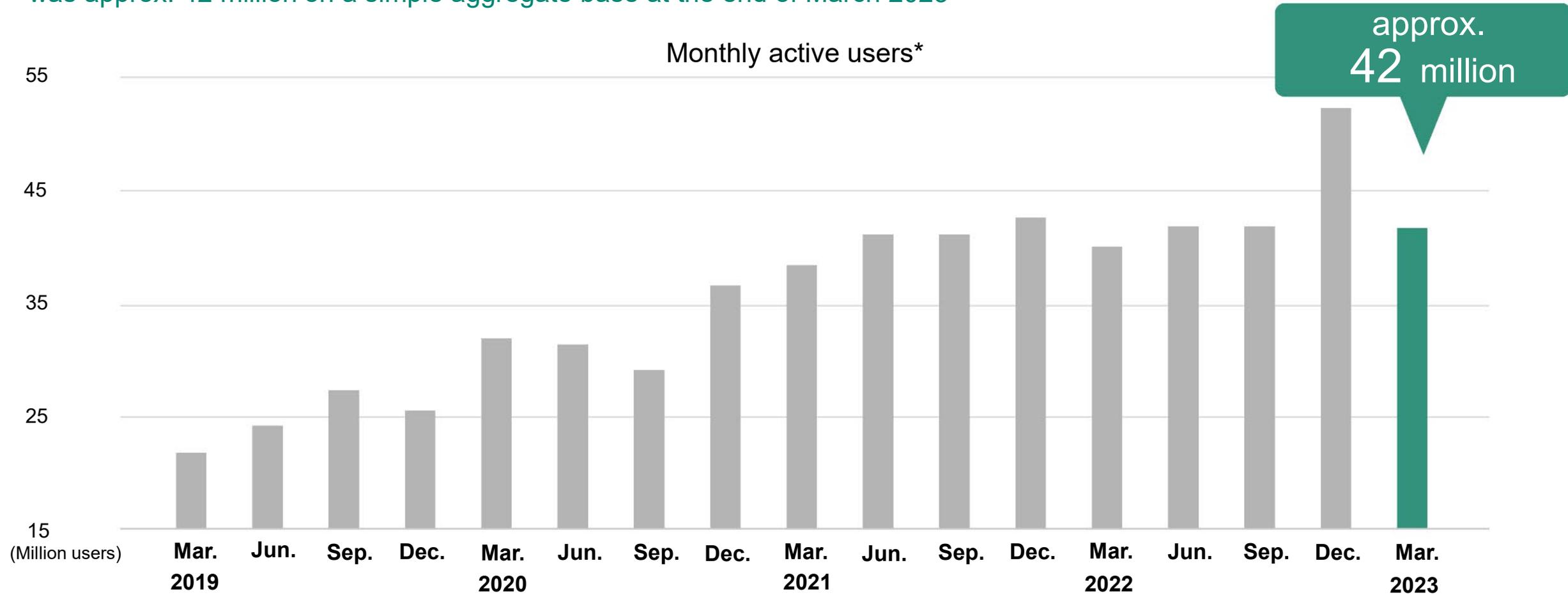
\*2: Total as of the end of Mar. 2023 of stores using "Tokubai" (paid and unpaid), stores posting ads and using tools and services to support operations offered by O-uccino, Inc., member companies for services provided by HyAS & Co. Inc., and trading partner venues of anymarry Co., Ltd.

\*3: Total cumulative apps downloaded as of the end of Mar. 2023 for "Tokubai," "Zaim," "Gokko Land," and "RETRIP."

\*4: Total of number of consultations in "Ietate Sodan Counter" over the past one year in SHIZUOKAONLINE CO., LTD., number of services offered over the past one year in home domain (ex. HyAS & Co. Inc.), and estimate of annual wedding ceremonies produced by anymarry Co., Ltd. as of Mar. 2023.

# Group-wide Media Monthly Active Users

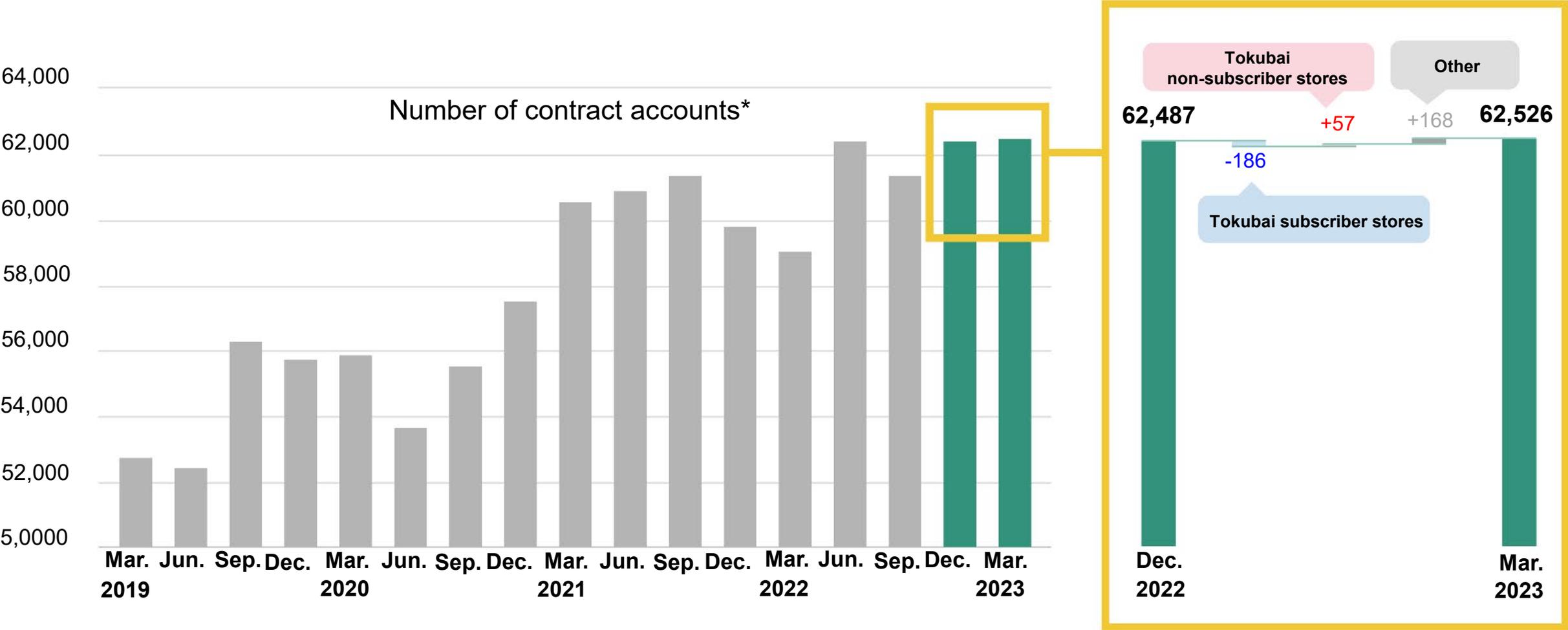
- The inflow of users on “Kufu Live!” decreased mainly due to a change in a search engine algorithm
- Despite the increase after “RETRIP” was added in December 2022, group-wide media monthly active users was approx. 42 million on a simple aggregate base at the end of March 2023



\* Total users for the main media and tools in each of the domains (browser or device base). Users of “RETRIP” have been added up from Dec. 2022. Based on simple aggregate, without taking into consideration users of multiple media or tools.

# Group-wide Contract Accounts

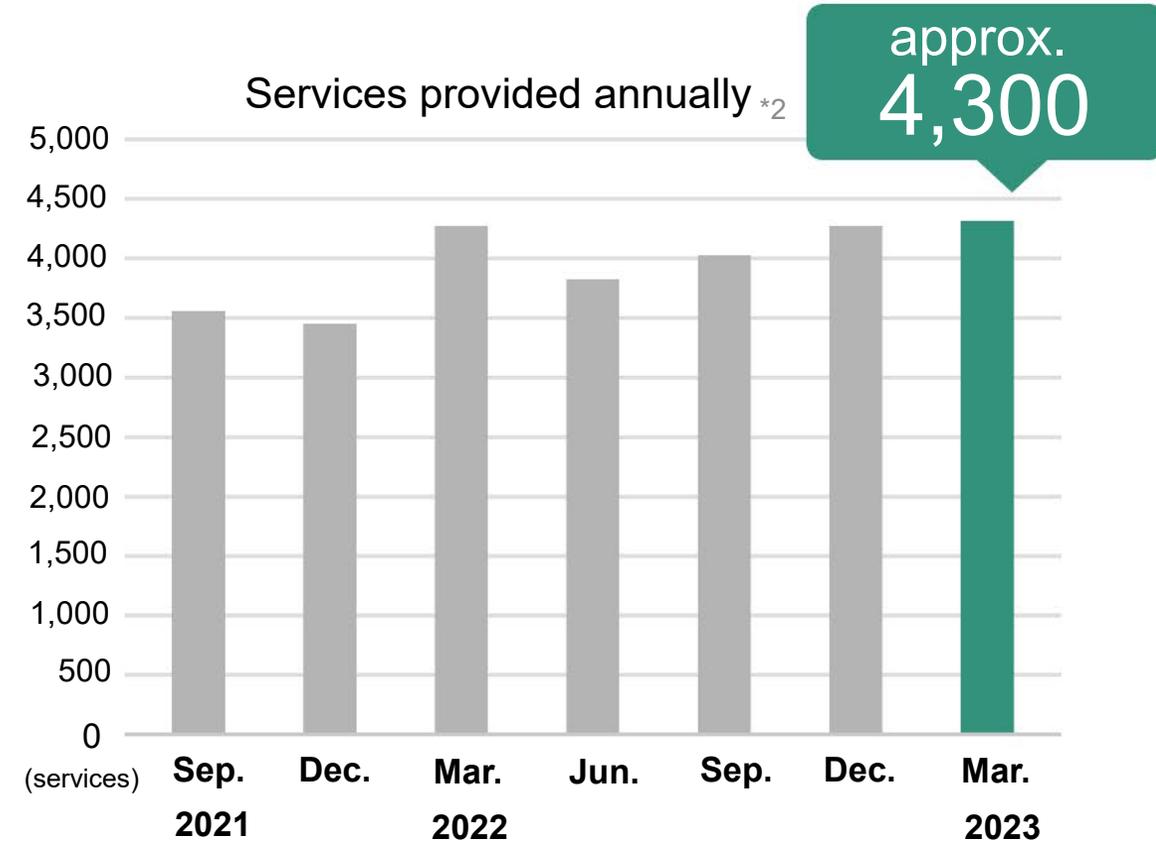
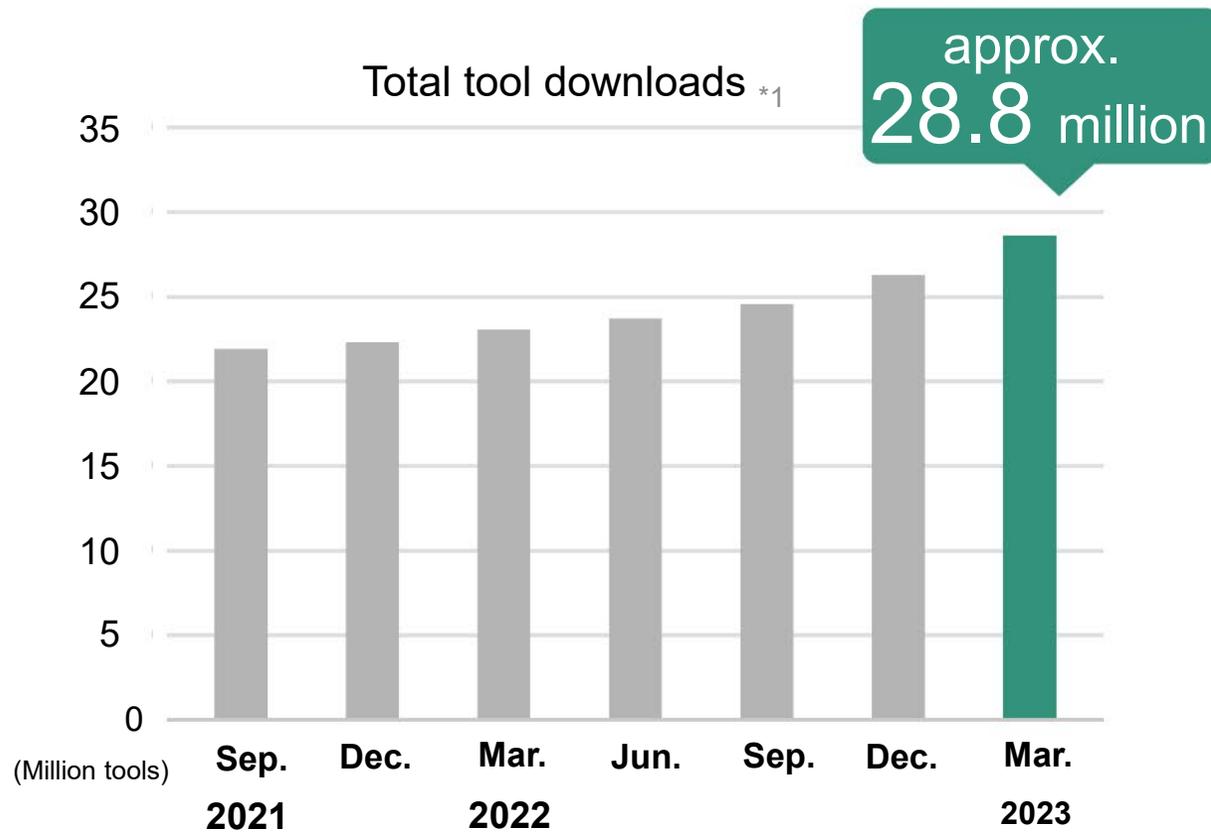
Group-wide contract accounts have been almost flat since December 2022



\*Total of stores using "Tokubai" (paid and unpaid; excluding accounts linked with initiatives with approx. 16,000 convenience stores), stores posting ads and using tool services to support operations offered by Kufu Sumai Inc., member companies for services provided by HyAS & Co. Inc., and trading partner venues of anymarry Co., Ltd.

# Group-wide Tool Downloads and Services Provided Annually くふうカンパニー

- Starting from March 2023, cumulative “RETRIP” apps downloaded were added



\*1: Total cumulative apps downloaded as of the end of Mar. 2023 for “Tokubai,” “Zaim,” “Gokko Land,” and “RETRIP (in and after Mar. 2023).”

\*2: Total of number of consultations in “Ietate Sodan Counter” over the past one year in SHIZUOKAONLINE CO., LTD., number of services offered over the past one year in home domain (ex. HyAS & Co. Inc.), and estimate of annual wedding ceremonies produced by anymarry Co., Ltd. as of Mar. 2023.

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



\*1: EBITDA (operating profit + depreciation and amortization)

\*2: Target to be achieved through organic growth of each group companies

EBITDA plus costs for stock-related compensation upon the resolution to issue the 8th and the 9th share acquisition rights (stock options with charge)

\*3: Ratio of each business segment based on the sum of the Daily Life Business and the Life Event Business.

In September 2022, some of the business segments and domains were revised. The composition ratio was calculated based on the revised amounts.

\*4: The home domain includes HyAS & Co. Inc.

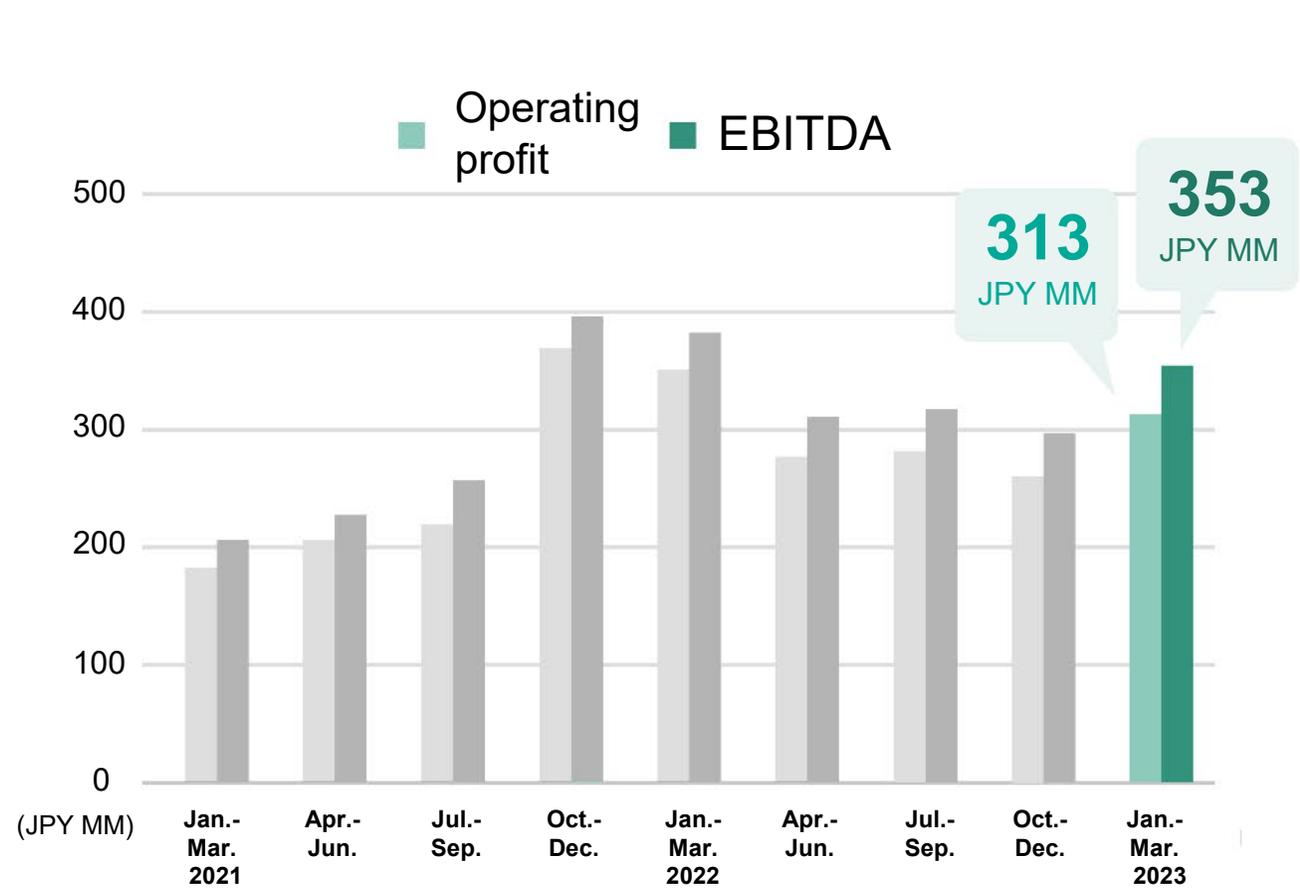
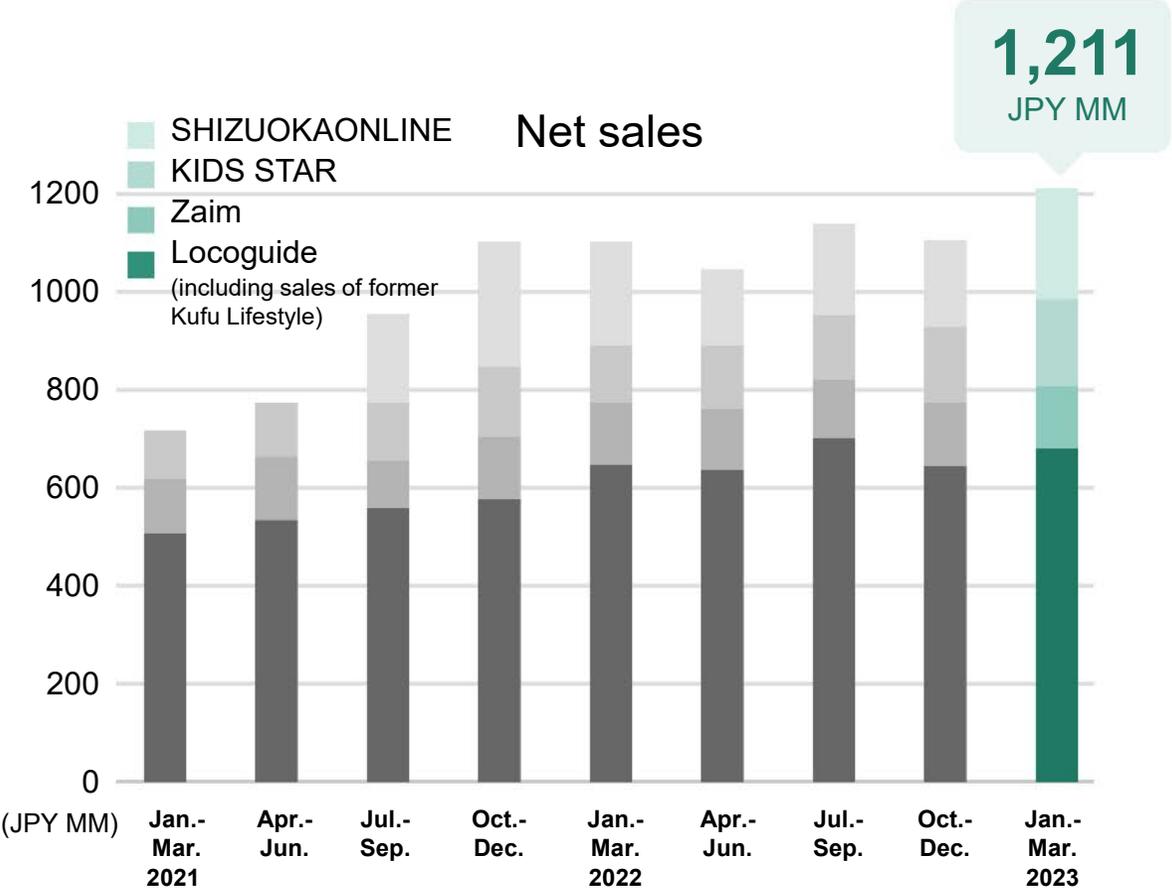
## **2. Business Overview by Segment**

# Daily Life Business



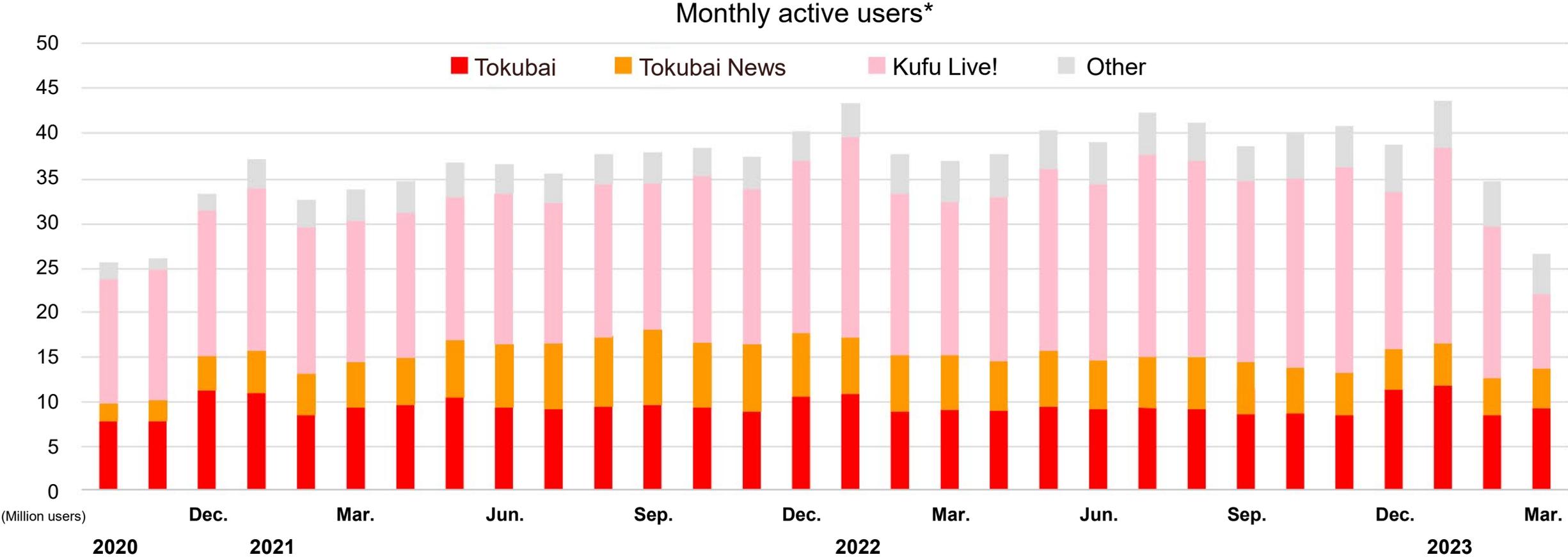
# Daily Life Business – Financial Results – Quarterly Trends

- In the first half, net sales of Locoguide slightly increased YoY due to the steady performance of the Tokubai business, offset by the decrease in media ad sales
- Operating profit decreased due to the increases in labor costs and development-related costs



# Daily and Community Life Domain – Monthly Active Users

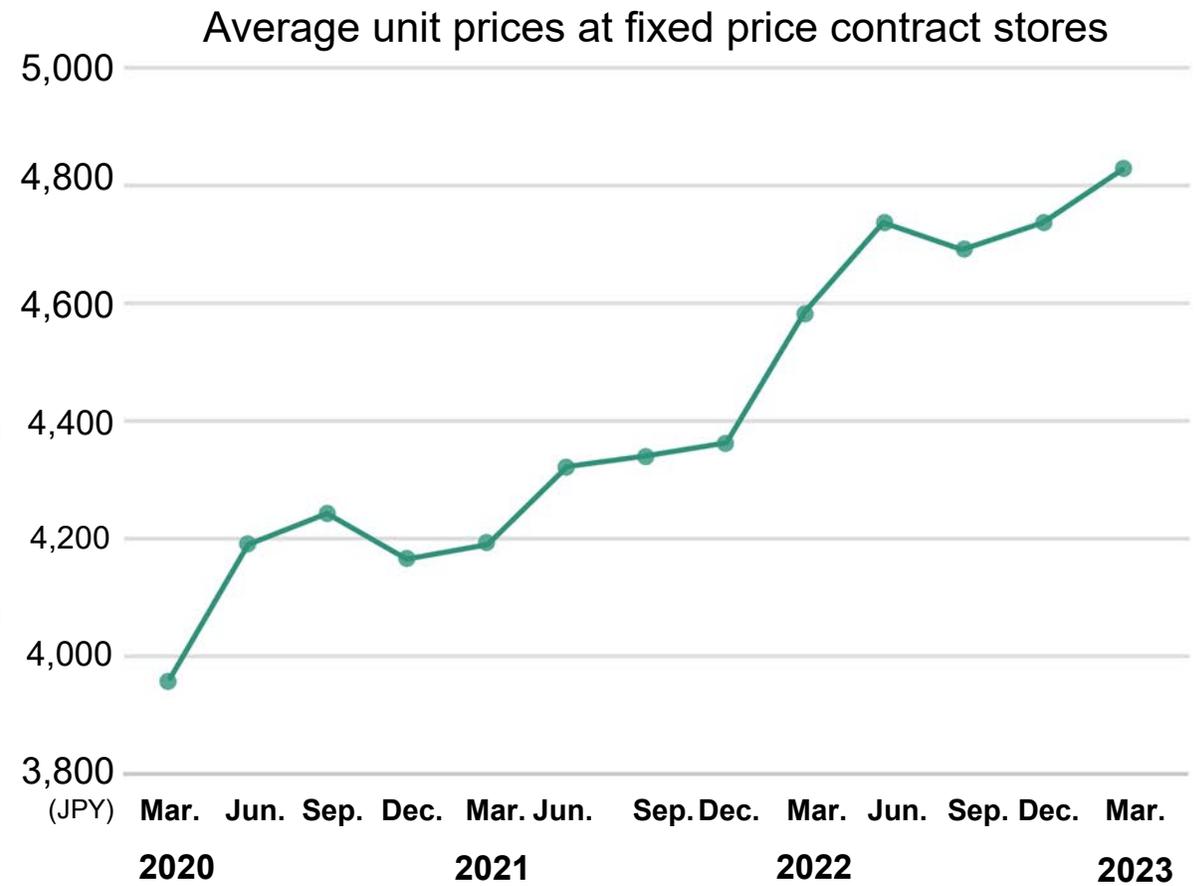
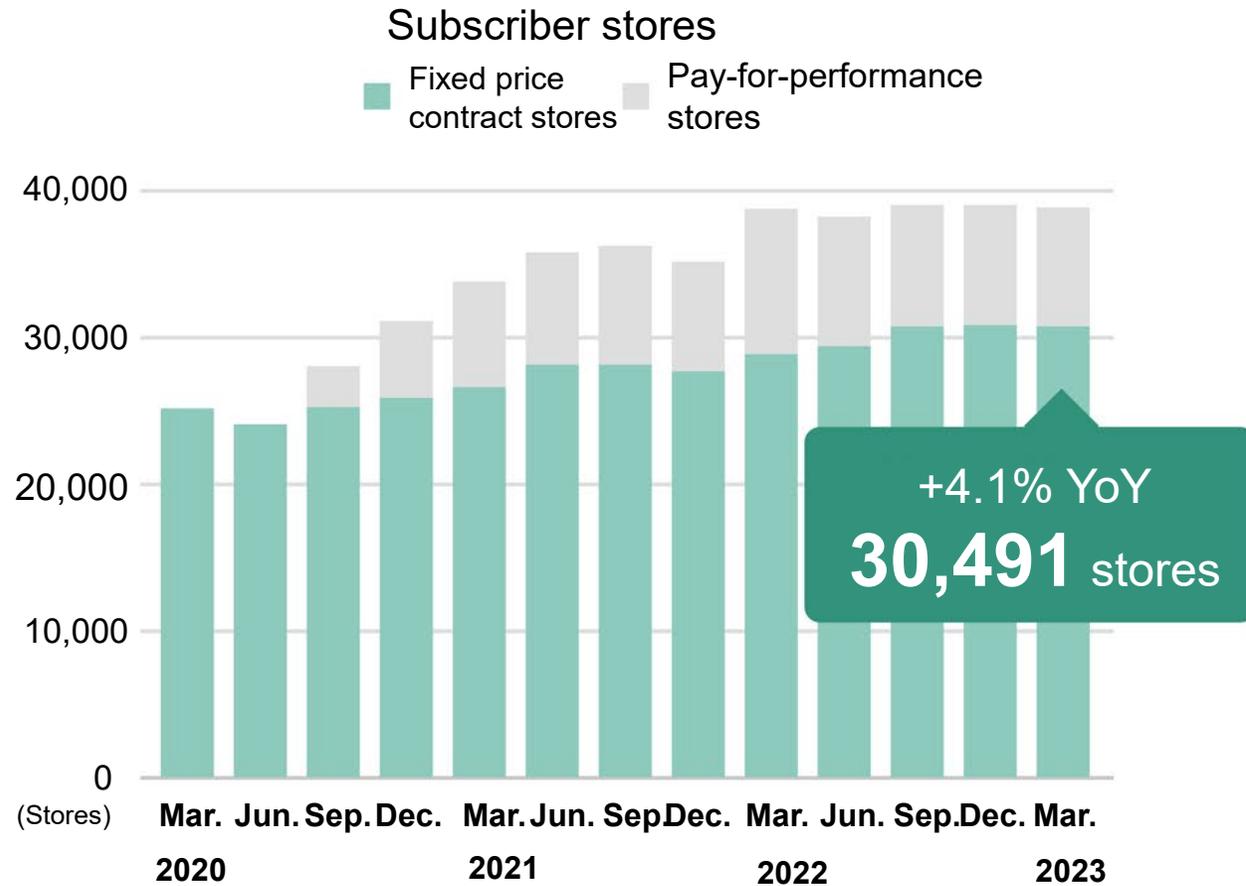
- The inflow of users on “Kufu Live!” decreased partly due to a change in a search engine algorithm



\* Total users for the main media and tools in the daily and community 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 and Average Unit Price\* くふうカンパニー

- As of the end of March 2023, there were 39,123 subscriber stores (Stores with fixed price contracts were up 4.1 % YoY to 30,491)
- The number of stores with fixed price contracts remained on the same level as December 2022 due to the increases caused by new contracts and the increase of stores of existing contracts, offset mainly by the cancellations of a major restaurant chain and an auto parts and accessories store chain



\* The number of subscriber stores and the average unit prices do not include the initiative with approximately 16,000 convenience stores.

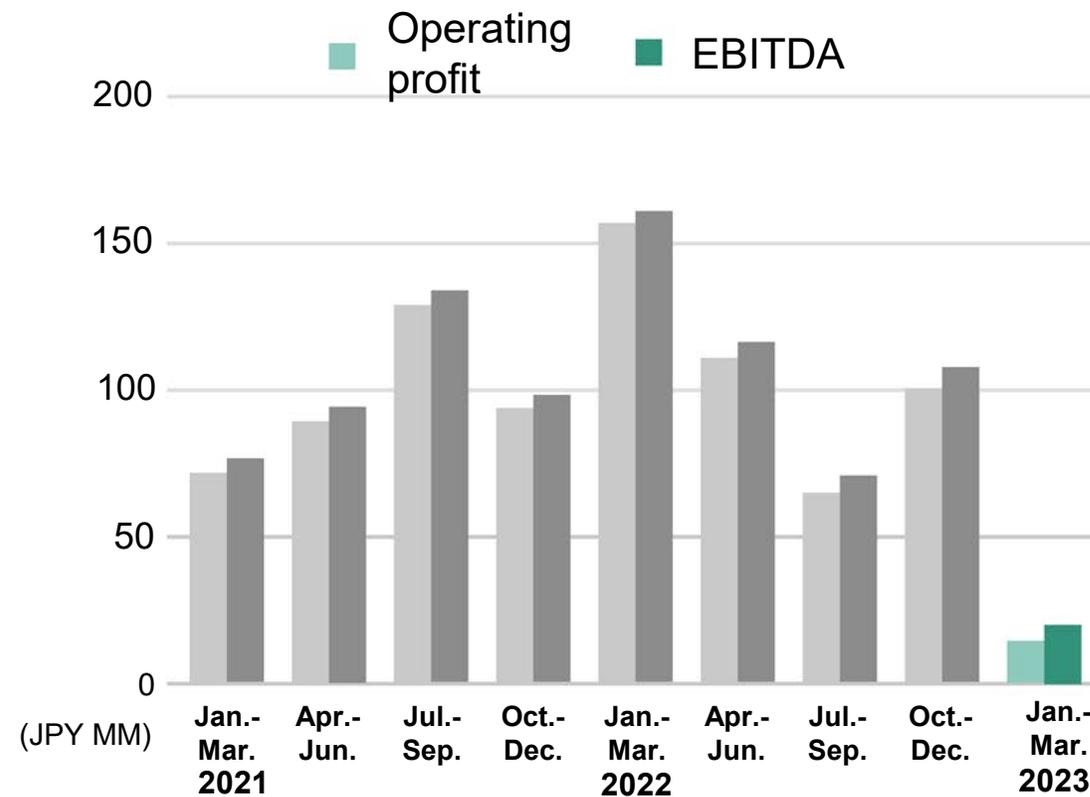
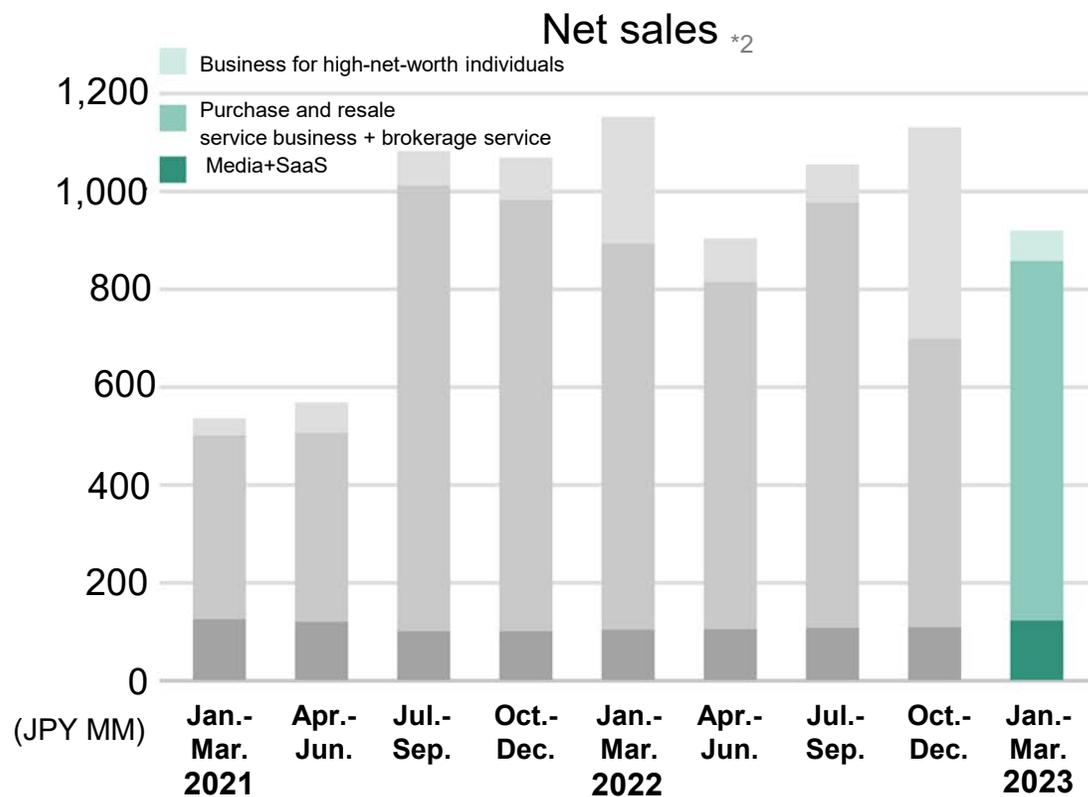
- The Tokubai business was generally in line with the plan as of the end of March 2023
- Prices have been revised since April 2023, but in a slower pace than planned. The number of stores is expected to slow down in the second half due to the cancellation of some of the major store chains.  
We strengthen sales and marketing to increase subscriber stores
- We started cross-selling initiatives, such as SNS and video marketing support for stores, which will be our area of focus going forward
- We are also working to generate new revenue sources, such as AI-driven information service for flyers

# Life Event Business



# Home Domain (Ex. HyAS) Business – Financial Results<sup>\*1</sup> – Quarterly Trends

- Sale of SaaS tools remained steady. Media continued focusing on content enhancement. Monthly active users were on a recovery trend
- The purchase and resale service business accelerated inventory reduction



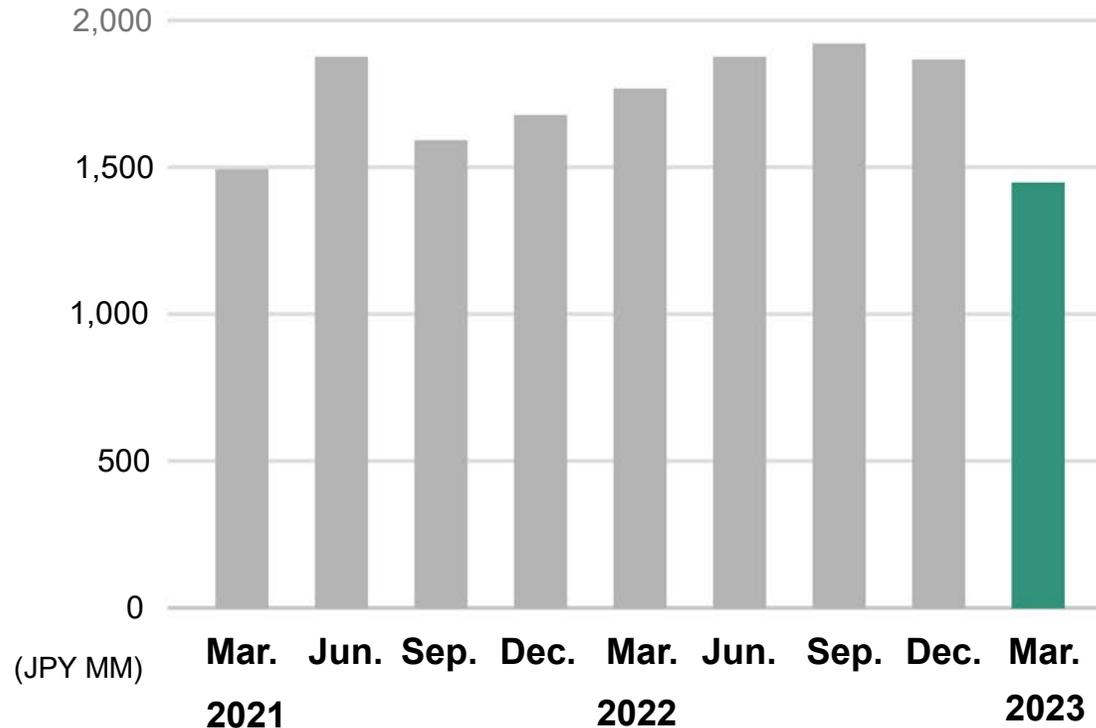
\*1: The simple aggregate of Kufu Sumai Inc. and SSI Corporation (includes some intragroup transactions). O-uccino, Inc. and Ouchino Kufu Co., Ltd. were integrated into Kufu Intermediate Holding Company Inc. which was renamed as Kufu Sumai Inc. as of October 1, 2022.

\*2: The business for high-net-worth individuals shows sales of SSI Corporation, and others show sales of Kufu Sumai Inc. For net sales in September 2022 or before, Media +SaaS represents sales of former O-uccino, Inc. and Purchase and resale service business + brokerage service represents results of former Ouchino Kufu Co., Ltd.

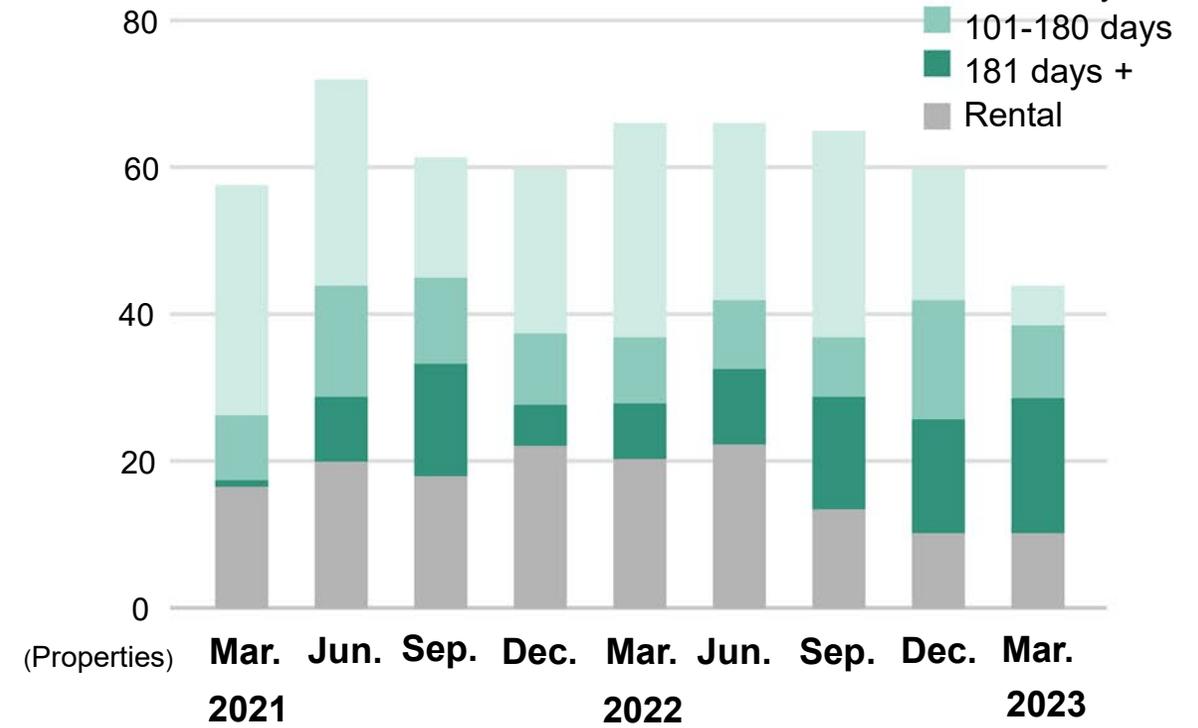
# Inventory Status in Purchase and Resale Service Business

- Gross margin in the Jan.-Mar. quarter was 6.8% (6.9% in Oct.-Dec.), and inventory turnover (days)\* was 179 days as of the end of March (260 days as of the end of December)
- The purchase and resale service business accelerated inventory reduction

Inventory (amount)



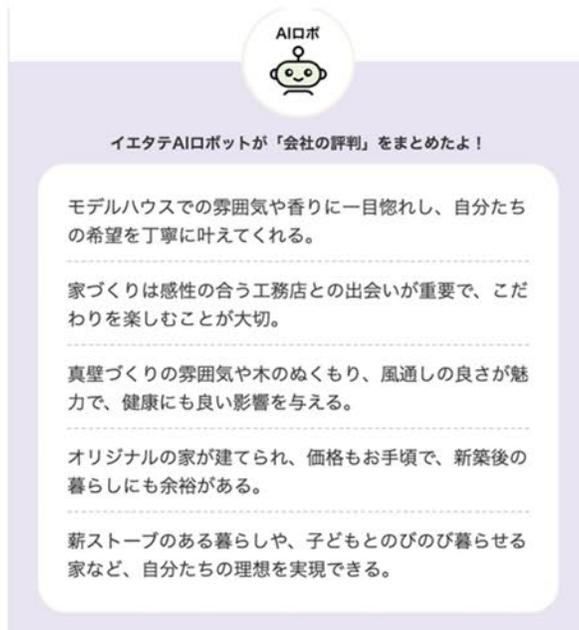
Inventory turnover days



\* Inventory turnover (days) = Average inventory amount / amount of property sales (ex. amount for rental properties. Amount of property sales were calculated on a pro rata basis for the quarter)

- We made “AI utilization” our top priority at the end of March and have released 7 generative AI-related functions in April
- It is possible to perform a task in seconds, which took a user or an operator tens of minutes or more to perform

## Summary of a builder’s reviews



Easy-to-understand AI-generated summary of builders' reviews posted on the housing information media "Ietate"\*

## Automatic generation of appraisal comments



AI automatic generation of appraisal comments in “Kurasu-match appraisal sheet”

## AI glossary



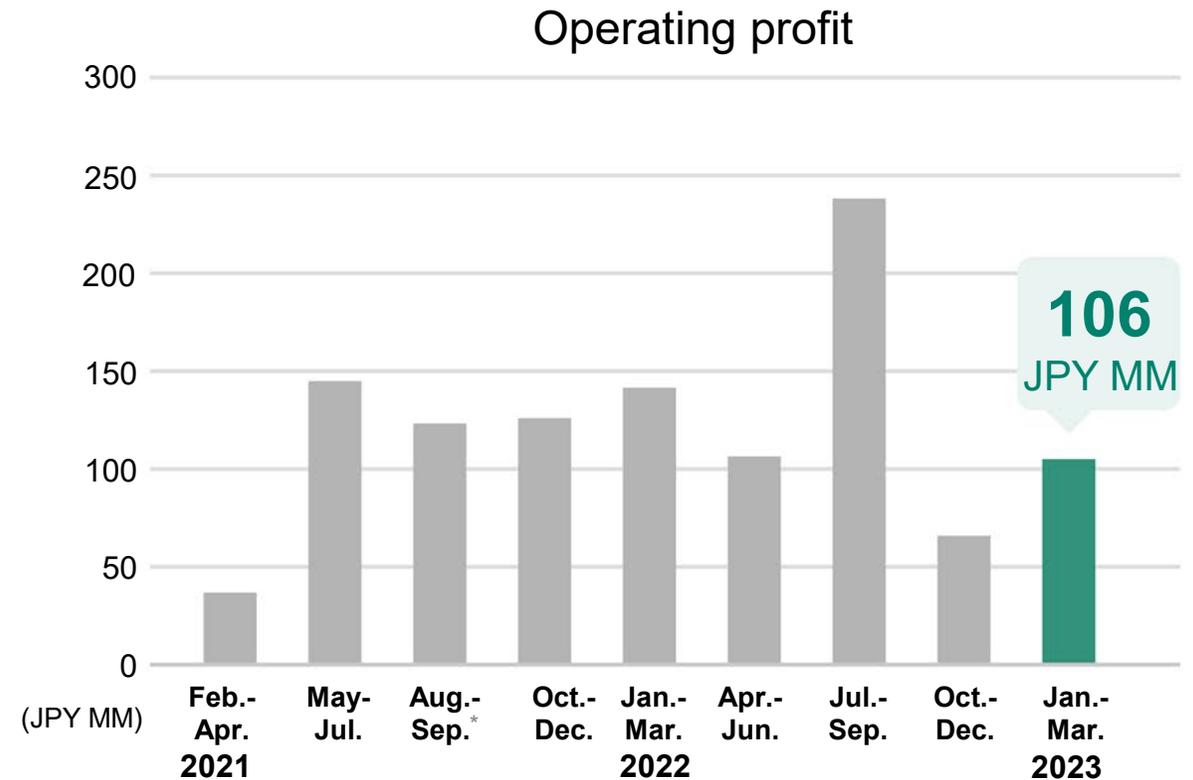
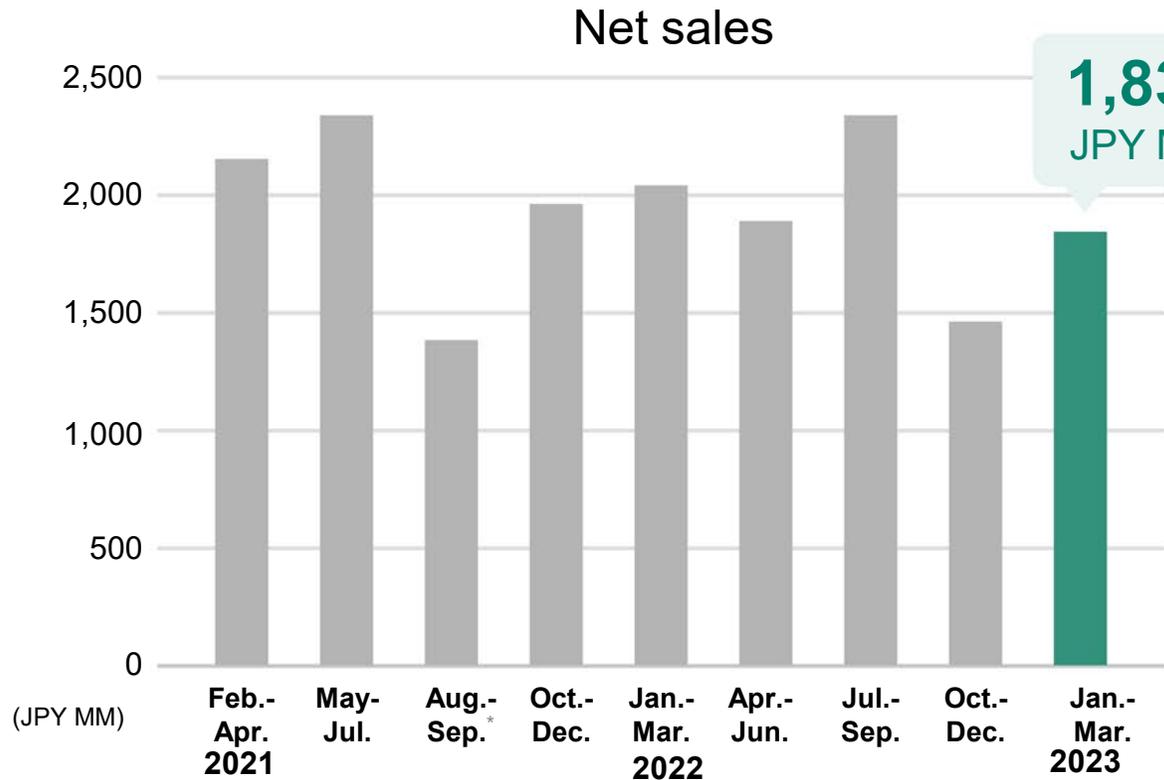
AI Glossary of technical terms used in articles of “O-uccino News”

## Focus on restructuring of media and services with AI from the second half onward

\* Ietate business run by SHIZUOKAONLINE CO. LTD. was succeeded (the absorption-type split) by Kufu Sumai Inc. on April 1, 2023.

# HyAS & Co. Inc. Consolidated Financial Results – Quarterly Trends くふうカンパニー

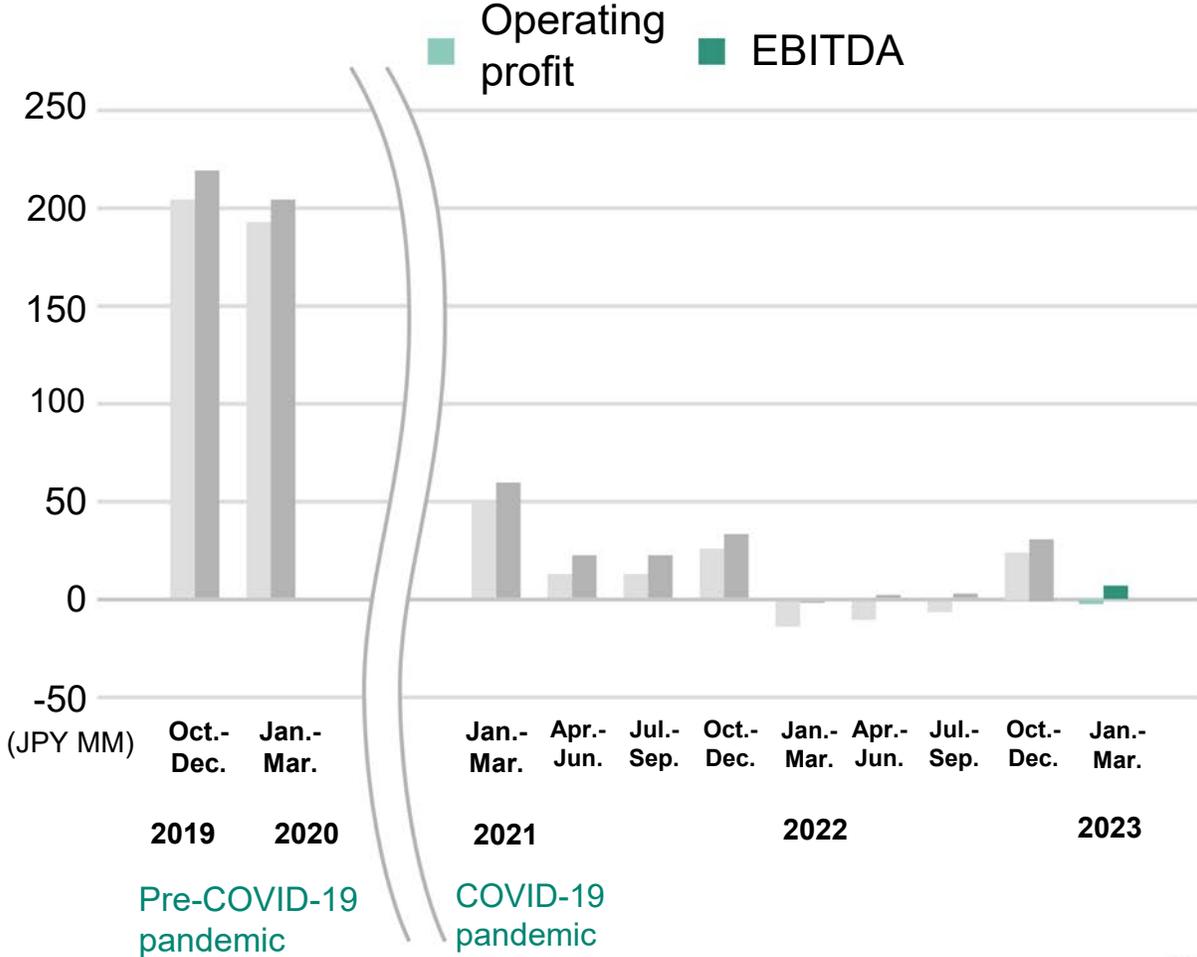
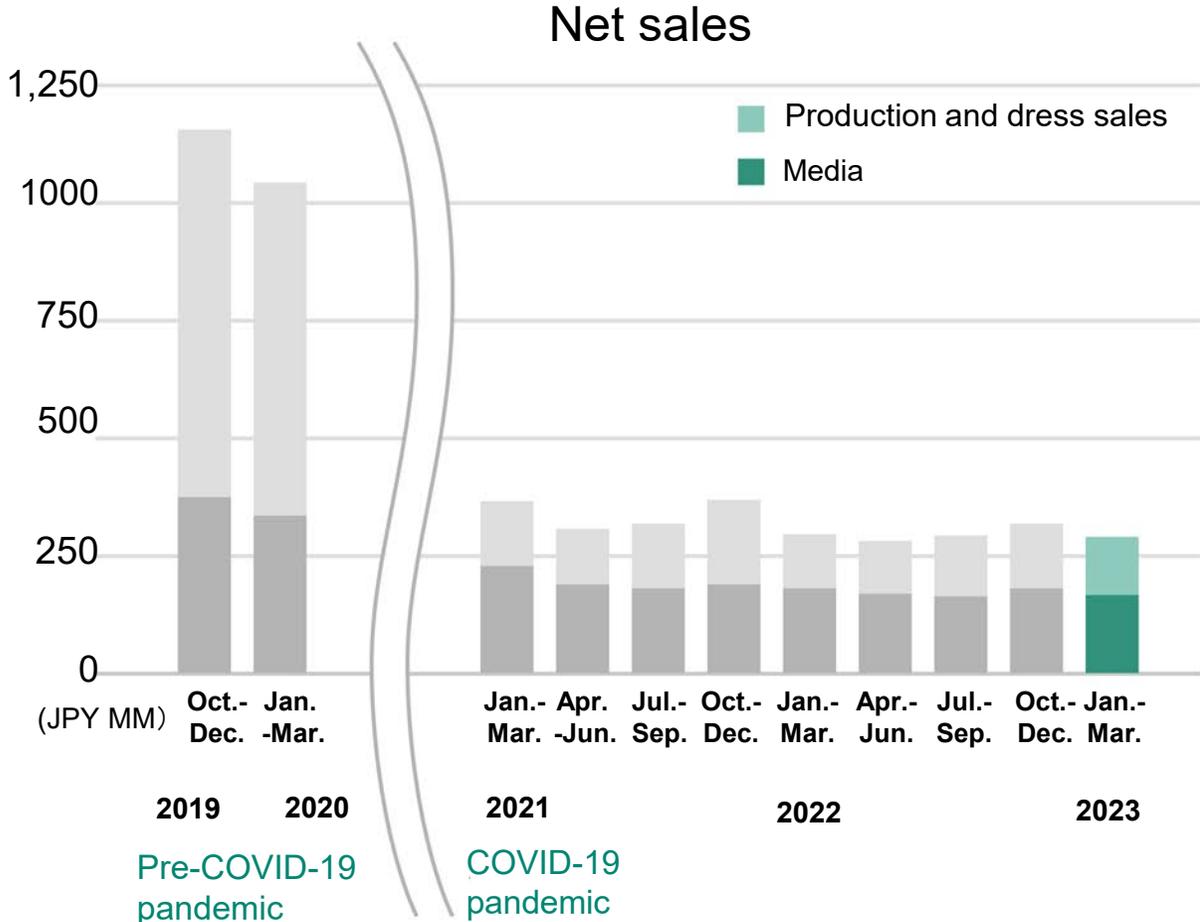
- The growth of new orders in “R + house,” a core business of the consulting business, was stagnant. Promoted “model house construction support” and other activities for member companies
- The construction business completed restructuring through closure of an office, which is expected to contribute to profits in the second half when deliveries of houses concentrate
- Profit (loss) of OM Solar, Inc. was consolidated starting from the Jan.-Mar. quarter



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

# Marriage Domain – Financial Results – Quarterly Trends

- Earnings hit a plateau due to the delayed response during the COVID-19 pandemic
- The number of venues with paid ad postings and the contracts of wedding ceremonies produced were yet to see full-fledged recovery



Started offering consultation service by a wedding advisor with abundant experience in the industry

Enhanced cases of newlywed couples to address the diversity of marriage



“Minna-no Wedding Advisor”

- Give consultation flexibly mainly online even to prospective users
- Abundant proposals taking advantage of the media with the largest number of contracted venues
- In addition to highly specialized proposals, it is possible to make highly satisfying proposals based on users' reviews and cost breakdown data



“Minna-no Wedding Story”

- In December 2022, released “Minna-no Wedding Story (everyone’s wedding stories),” a collection of wedding photos of couples
- In March 2023, significantly upgraded it into a narrative content that describes in detail budget and items
- Cases introduced increased from 2,600 in December to 3,600 in March

# **3. Shift of management resources to AI**

Revamp of the entire service  
focusing on AI

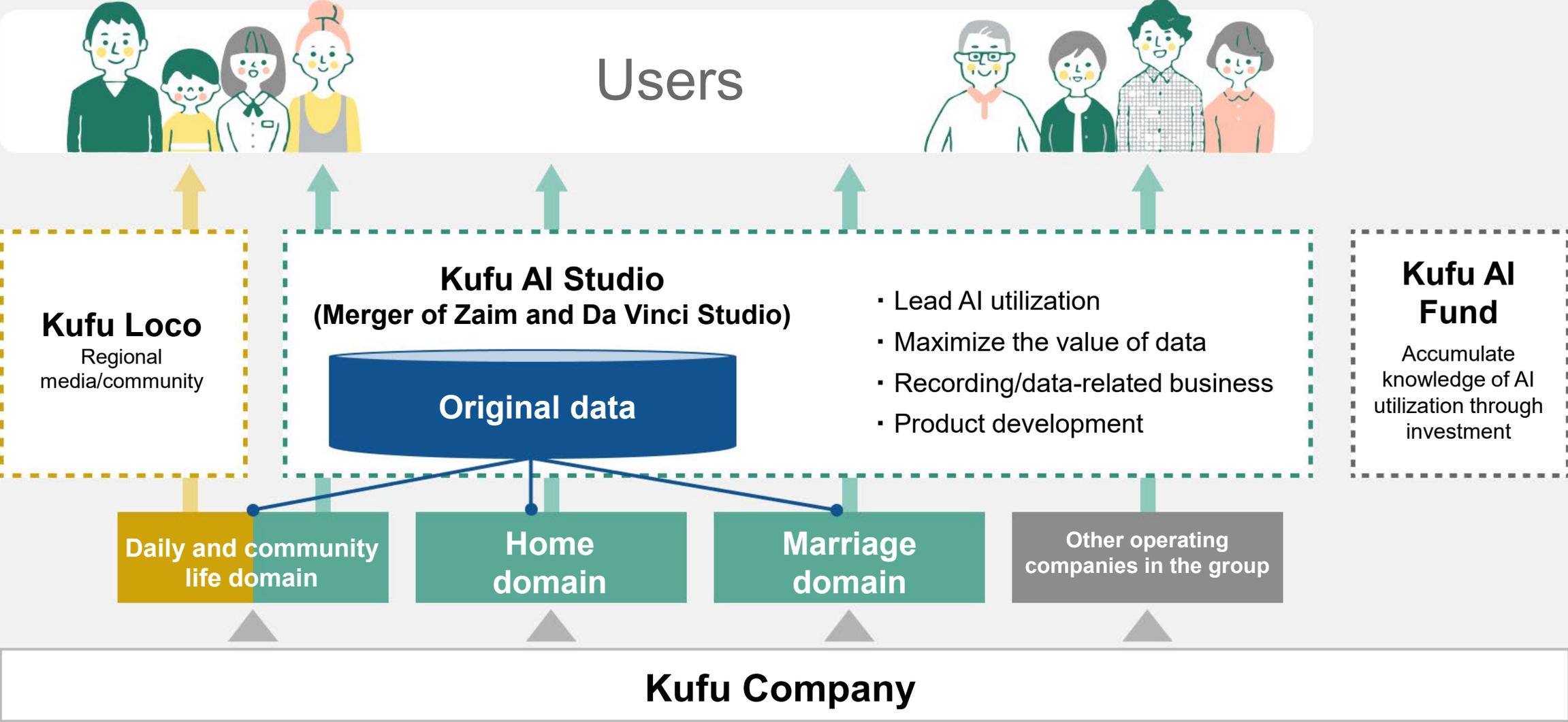
# AI for User First

- Provide **professional** and **individually optimized** services to users **for free or at reasonable prices** by aggregating data within the Group and utilizing AI
- **Significantly reduce costs** of various consultation operations, which have been positioned as the core of our growth strategy, and provide services **24/7**
- Additionally appointed Takako Kansai, president of Zaim Inc., as a Representative Executive Officer on May 15, 2023

At the helm of the two representatives, Yoshiteru Akita and Takako Kansai, the Company aims to grow business focusing on the utilization of AI

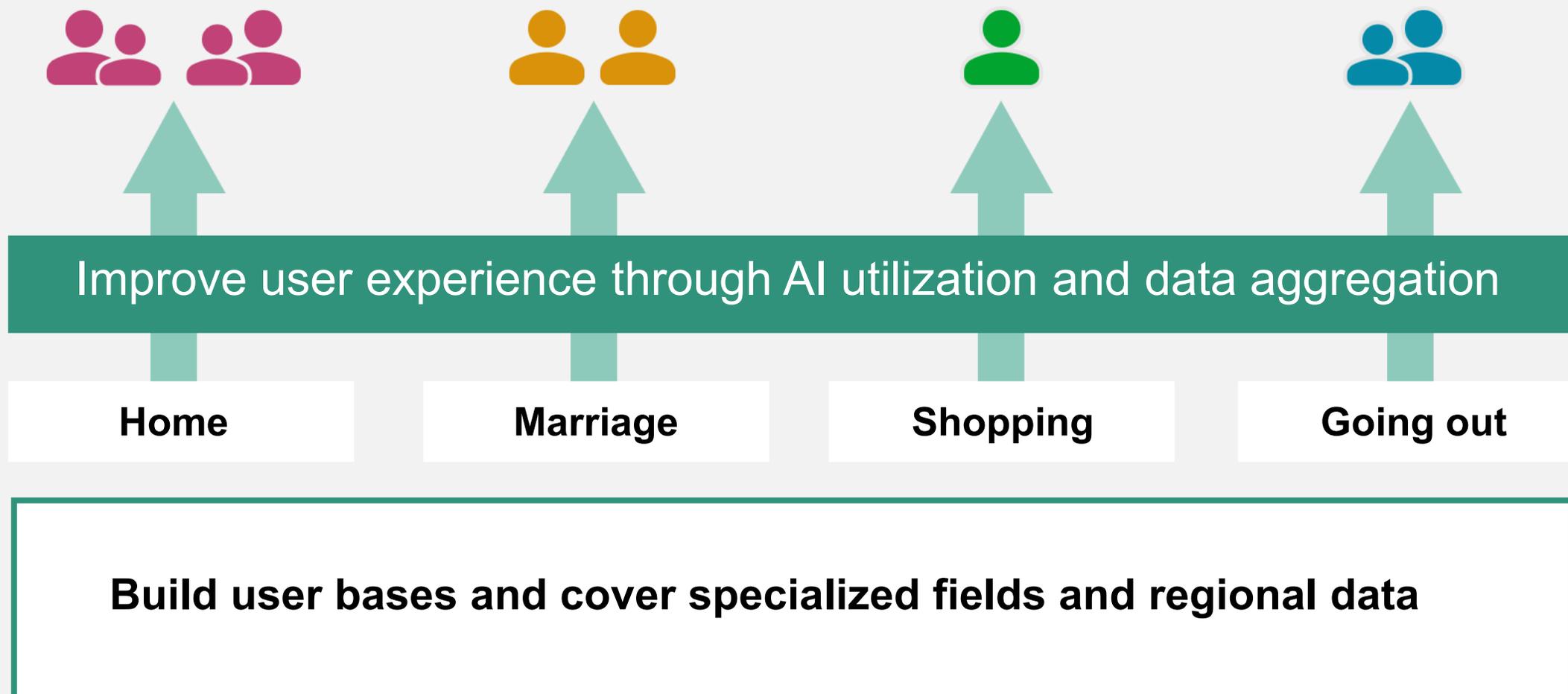
# Promote Organizational Restructuring of the Group, Focusing on AI Utilization

- Enhance the service value by utilizing AI and aggregating data group-wide
- "Kufu AI Studio," as the core organization of product development, is to promote the Group's utilization of AI
- The regional media "Kufu Loco" is to collect local information and become a catalyst for the entire Group



## Enhancement of Service Value through AI Utilization and Data Aggregation

To create new and better home-related service experience with AI,  
we aim to enhance the Group value by building user bases and covering specialized fields and regional data





New  
company

## Establishment of Kufu AI Studio

Zaim Inc. (Zaim) and Da Vinci Studio (DVS) in charge of development for the Group will be merged and renamed into “Kufu AI Studio Inc.” The new company is responsible for the following roles as the core organization of AI utilization, maximization of data value and product development for the entire Group. Yuuichi Tateno was appointed executive officer in charge of Chief AI Officer (CAIO) of Kufu Company Inc. He is also a director responsible for the overall AI-related area of Kufu AI studio.

### Lead AI utilization

Serves as a core department to create business and organization with AI. Verifies and develops value of using high difficulty AI technology, train and recruit AI engineers and conduct external PR activities.

### Maximize data value

Aggregates data of each business area accumulated by the Group to build data platform, such as common user IDs. Maximizes data value by making and aggregating the data to utilize it for AI and explore further value of the data by strengthening data science area as well.

### Recording/data-related business

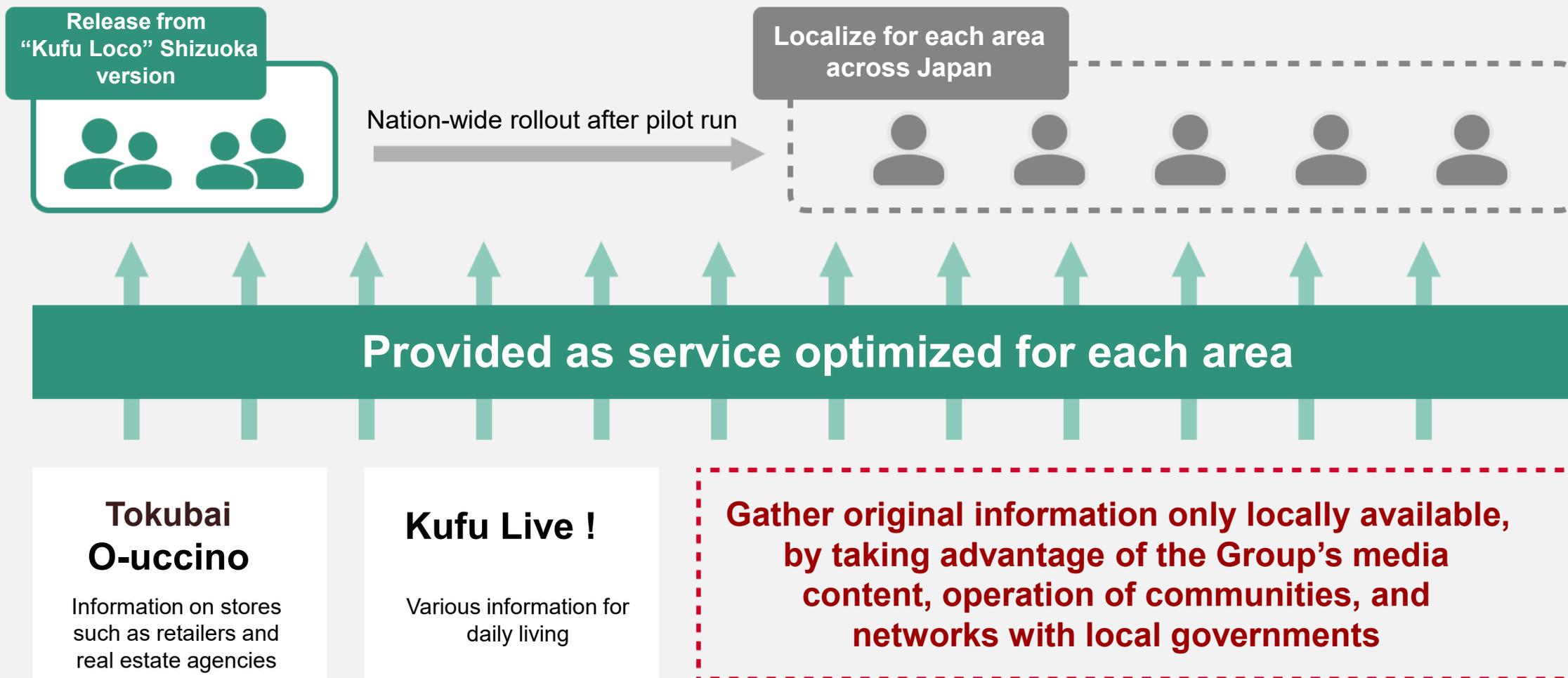
Succeeds “Zaim,” a BtoC household budget service, and BtoB data analysis business which have been operated by Zaim. Applies knowledge, recording value, and data analysis value cultivated in this business field to other group companies.

### Product development

Succeeds product development for group companies, which DVS has been in charge of, and aims to raise value of product service by incorporating AI-related technologies. Focuses on the development of new AI-related products.

## Local Shift of Media

Reorganize information held by each business area for each region and form original data by collecting local information to make it into the growth base for the Group. Firstly, launch the media in multiple regional areas under a pilot program, and then roll it out nation-wide while developing various functions.



## 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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