



Kufu Company Inc.

FY2024.9 Q2

Presentation Material

May 15, 2024



Agenda

1. Executive Summary

2. Consolidated Financial Results for FY2024.9 Q2

3. Business Overview by Segment

- Daily Life Business
- Life Event Business



1. Executive Summary

- Net sales: 6,891 million yen (74.5% YoY), Operating loss: 164 million yen (Operating profit for the same period of the previous year: 585 million yen), EBITDA: 354 million yen (32.1% YoY)

Progress by segment

Daily Life Business	<ul style="list-style-type: none">• In the Tokubai business, the number of subscriber stores has decreased and the growth in the number of users tends to be sluggish.• Operating profit was significantly impacted by the decline in profits from media advertising in and after March 2023. However, we transferred the business of lifestyle information media “Kufu Live!” in the first quarter and promoted the reduction of outsourcing and other costs.
Life Event Business	<p>Home domain</p> <ul style="list-style-type: none">• In severe market conditions, the HyAS Group experienced a decrease in sales and profits due to factors such as sluggish growth in the number of housing construction projects handled and delays in delivery dates. It focused on providing support to member building contractors for receiving orders through diversification of commercial products and strengthening of support to attract customers via websites.• We focused on increasing the number of users and contracts executed by expanding the product lineup and strengthening the opening of consultation counters for consultation services, while securing stable revenue through the sales of SaaS tools for real estate agencies. <p>Marriage domain</p> <ul style="list-style-type: none">• We are currently building a foundation for achieving growth again following the COVID-19 pandemic. We promoted the expansion and enhancement of commercial products to strengthen the profitability in the media business, and in the wedding producing business, the number of weddings held and the number of orders received have been on an increasing trend. The domain is generally progressing as planned toward the achievement of profitability for the full year.
Investment and Incubation Business	<ul style="list-style-type: none">• In the investment business, we recorded a gain on the sale of operating investment securities in the same period of the previous year. However, we did not engage in any large transactions in the first half of the current fiscal year.

Focus on expanding brand awareness and strengthening service linkage to enhance user convenience

Integration into the “Kufu” brand

Service linkage by user ID integration

Original data × AI Technology

Recent rebranding

● Change of company name

- SHIZUOKAONLINE CO. LTD. → Kufu Shizuoka Inc. (April 2024)
- anymarry Co. Ltd. → Kufu Wedding Inc. (May 2024)
- HyAS & Co. Inc. → Kufu Sumai Consulting Inc.
(Scheduled for August 2024)

● Change of service name

- "Ietate" → "Kufu Ietate" (March 2024)

 くふうしずおか  くふうウェディング

 くふう住まいコンサルティング くふう **イエタテ**

Top priority is to re-grow the Daily Life Business centered on Tokubai Service

Integrating the operations of
Kufu Company Inc., Locoguide Inc.,
and Kufu AI Studio Inc.

**Improving operational efficiency and
revitalizing the organization
through the integration of three companies**



Integrating decision-making processes,
sales functions, development functions, etc.
among the three companies and concentrating
group management resources there



The acquisition of naming rights for a new professional baseball team in Shizuoka

- In January 2024, a capital and business alliance agreement was signed with Hayate 223, which became the first in Shizuoka Prefecture to enter professional baseball farm leagues
 - Acquired the naming rights of the team, and named it "Kufu Hayate Ventures Shizuoka"
- ◀ A press conference to announce the team name held in Tokyo on January 16, 2024, with the participation of over 20 media companies including TV and newspapers

 くふうしずおか

くふう **イエタテ**

Strengthen regional business starting with Shizuoka

- SHIZUOKAONLINE CO. LTD. changed its name to "Kufu Shizuoka Inc." (April 2024)
- Kufu Sumai rebranded "Ietate," a local housing information media and service operated mainly in Shizuoka, to "Kufu Ietate" (March 2024), and strengthen the opening of consultation counters

2. Consolidated Financial Results for FY2024.9 Q2

- Narrowing down the number of constituent companies in the Daily Life Business, in line with review of business segment composition of the entire group to re-grow

Daily Life Business

Locoguide Inc.

Kufu AI Studio Inc.

Life Event Business

- HyAS & Co. Inc. Group
- Kufu Sumai Inc.
- Kufu Wedding Inc.

Investment and Incubation Business

- Kufu Shizuoka Inc.
- KIDS STAR Inc.

- Seven Signatures International Corporation(SSI)

- Gold Eggs Inc. *

P/L consolidation started in the second quarter of FY2024.9.

- RETRIP, Inc.
- Kufu Geodata, Inc.
- KUFU Small Amount & Short Term Insurance Co. Ltd.
- Kufu Capital Co., Ltd.
- Kufu Company Inc.

* At the end of March 2024, the shares of Gold Eggs Inc. transferred from HyAS & Co. Inc. to Kufu Company Inc. (the company became a direct subsidiary of Kufu Company Inc.)

Forecast of Consolidated Financial Results for FY2024.9 くふうカンパニー

- In FY2024.9, we expect to post operating profit of 700 million yen (37.2% YoY) and EBITDA of 1,800 million yen (61.5% YoY)
- Medium-term plan (group management target) is currently under review

	FY2020.9 *	FY2021.9 *	FY2022.9	FY2023.9	FY2024.9	
	Result	Result	Result	Result	Forecast	YoY
Net sales	6,042	11,256	18,625	20,486	16,000	78.1 %
Operating profit	604	1,000	1,558	1,882	700	37.2 %
EBITDA	890	1,617	2,581	2,926	1,800	61.5 %

(JPY MM)

* 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).

- Net sales for the first half of FY2024.9 were 6,891 million yen (74.5% YoY) , which was 43.1% of the full-year consolidated earnings forecast

	FY2023.9	FY2024.9			
	H1 <small>*2</small>	H1 <small>*3</small>	YoY	Forecast	Progress
Net Sales	9,246	6,891	74.5 %	16,000	43.1 %
Daily Life Business	1,577	1,537	97.4 %	-	-
Life Event Business	5,490	4,471	81.4 %	-	-
Investment and Incubation Business	2,159	1,051	48.7 %	-	-
Other	109	-	-	-	-
Adjustment	-91	-168	-	-	-

(JPY MM)

*1 : Due to the change in the business segment from the second quarter of FY2024.9, the figures for the first quarter of FY2024.9 and each quarter of FY2023.9 reflect retroactively revised figures (see page 8 for details).

*2 : The Life Event Business started consolidating P/L of OM Solar, Inc. and the Investment and Incubation Business started consolidating P/L of RETRIP, Inc. in the second quarter of FY2023.9.

*3 : The Investment and Incubation Business started consolidating P/L of Gold Eggs Inc. in the second quarter of FY2024.9.

- EBITDA for the first half of FY2024.9 was 354 million yen (32.1% YoY) , which was 19.7% of the full-year consolidated earnings forecast

	FY2023.9	FY2024.9			
	H1 ^{*2}	H1 ^{*3}	YoY	Forecast	Progress
Operating profit	585	-164	-	700	- %
Daily Life Business	501	346	69.1 %	-	-
Life Event Business	241	88	36.6 %	-	-
Investment and Incubation Business	458	-70	-	-	-
Other	-105	-	-	-	-
Adjustment	-511	-528	-	-	-
EBITDA	1,104	354	32.1 %	1,800	19.7 %

(JPY MM)

^{*1} : Due to the change in the business segment from the second quarter of FY2024.9, the figures for the first quarter of FY2024.9 and each quarter of FY2023.9 reflect retroactively revised figures (see page 8 for details).

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^{*3} : The Investment and Incubation Business started consolidating P/L of Gold Eggs Inc. in the second quarter of FY2024.9.

Consolidated Quarterly Financial Results

- Both sales ad profits decreased year-on-year

	FY2023.9				FY2024.9			
	Q1	Q2 *1	Q3	Q4	Q1	Q2 *2	YoY	QoQ
Net Sale	4,883	4,362	6,543	4,696	3,263	3,627	83.1 %	111.1 %
Operating profit	433	151	1,023	274	-117	-47	-	-
EBITDA	685	418	1,285	536	134	219	52.3 %	162.3 %

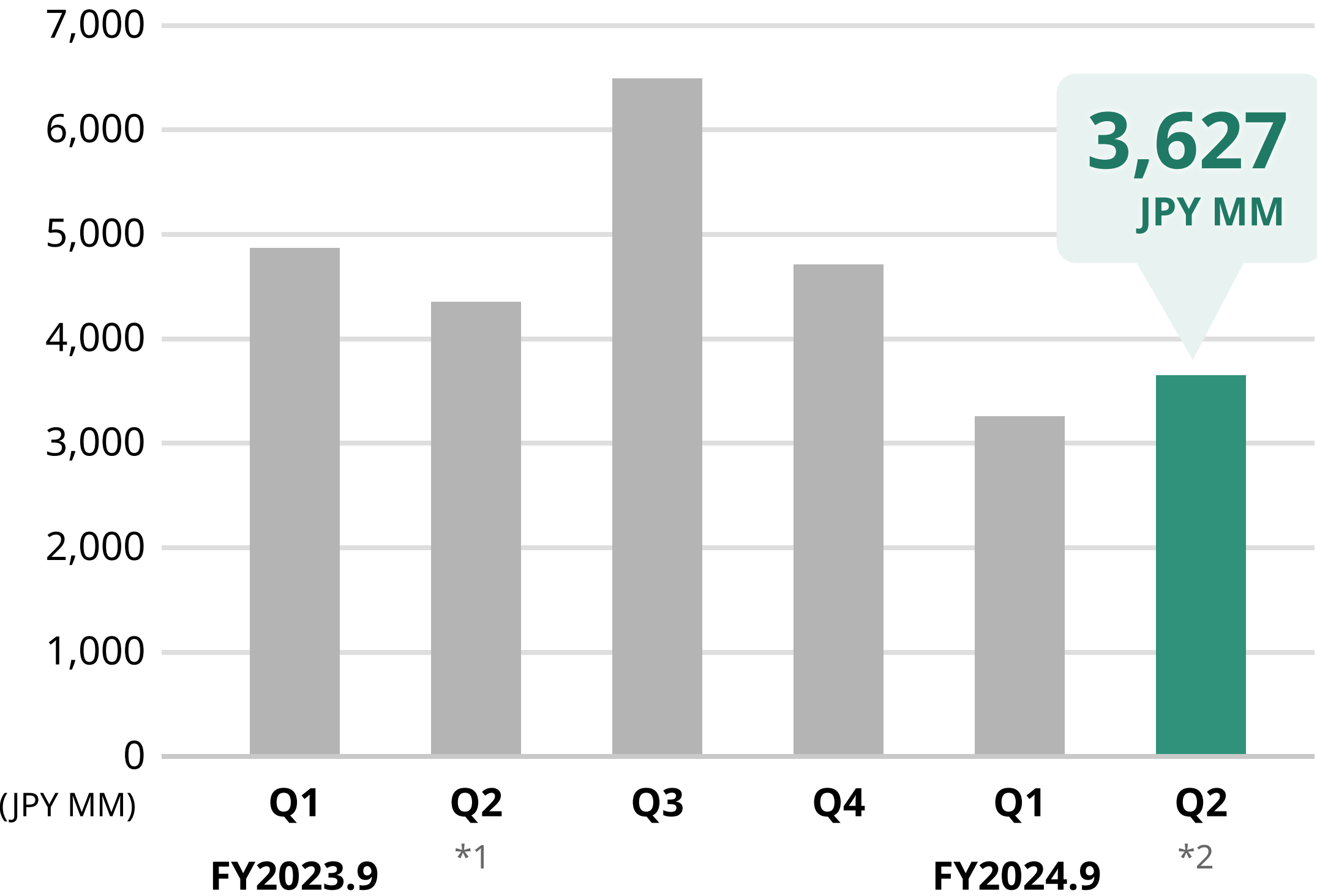
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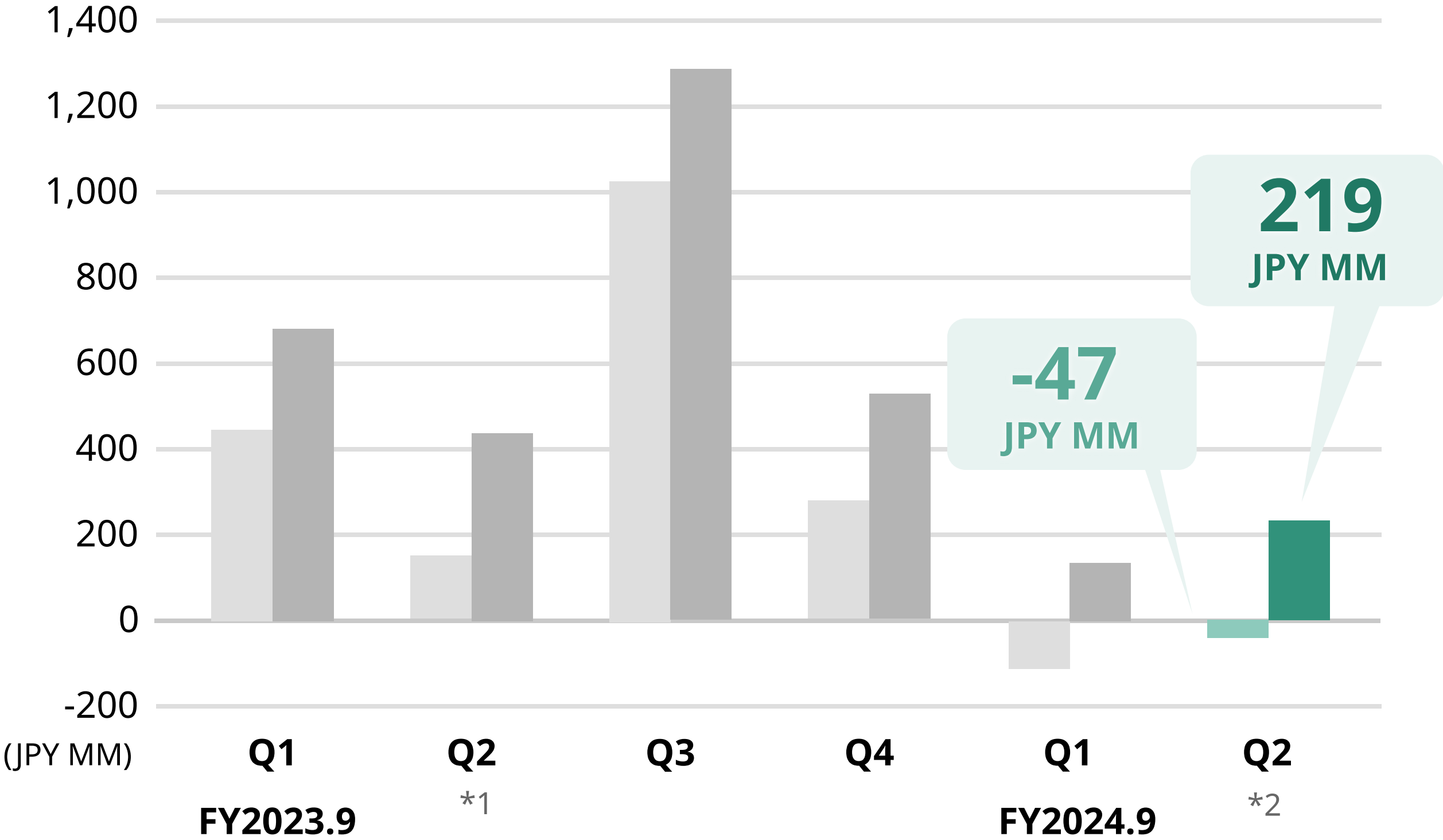
Consolidated Financial Results – Quarterly Trends

- Both sales and profits decreased year-on-year

Net sales



Operating profit EBITDA



*1 : The Life Event Business started consolidating P/L of OM Solar, Inc. and the Investment and Incubation Business started consolidating P/L of RETRIP, Inc. in the second quarter of FY2023.9.
*2 : The Investment and Incubation Business started consolidating P/L of Gold Eggs Inc. in the second quarter of FY2024.9.

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

- In the Daily Life Business, sales decreased year-on-year mainly due to the transfer of some media businesses in the first quarter
- In the Life Events Business, sales decreased year-on-year driven by the Home domain

		FY2023.9				FY2024.9			
		Q1	Q2 *1	Q3 *2	Q4 *3	Q1	Q2 *4	YoY	QoQ
Net sales	Daily Life Business	771	806	698	856	772	764	94.8%	98.9%
	Life Event Business	2,515	2,975	3,236	3,076	2,150	2,320	78.0%	107.9%
	Investment and Incubation Business	1,590	569	2,602	852	426	625	109.9%	146.6%
	Other	50	58	80	-	-	-	-	-
	Adjustment	-43	-47	-74	-88	-86	-82	-	-
Total		4,883	4,362	6,543	4,696	3,263	3,627	83.1%	111.1%

(JPY MM)

*1 : The Life Event Business started consolidating P/L of OM Solar, Inc. and the Investment and Incubation Business started consolidating P/L of RETRIP, Inc. in the second quarter of FY2023.9.

*2 : As a result of the organizational restructuring, some businesses were changed their segment from the Investment and Incubation Business to the Life Event Business from the third quarter of FY2023.9.

*3 : Da Vinci Studio Co., Ltd. merged into Zaim Inc. on July 1, 2023, and the sales of the former Da Vinci Studio Co., Ltd. were changed their segment from the Other to the Daily Life Business from the fourth quarter of FY2023.9.

*4 : Due to the change in the business segment from the second quarter of FY2024.9, the figures for the first quarter of FY2024.9 and each quarter of FY2023.9 reflect retroactively revised figures (see page 8 for details).

Consolidated Quarterly Financial Results – OP by Segment



- In the Daily Lifestyle Business, profits declined year-on-year due to the large impact of decreased profits from media advertising
- In the Life Events Business, profits declined year-on-year mainly due to lower sales in the Home domain

		FY2023.9				FY2024.9			
		Q1	Q2 *1	Q3 *2	Q4 *3	Q1	Q2 *4	YoY	QoQ
Operating profit	Daily Life Business	250	251	143	183	163	182	72.6%	111.3%
	Life Event Business	109	132	192	246	8	80	60.5%	960.2%
	Investment and Incubation Business	405	53	983	107	-58	-12	-	-
	Other	-61	-44	-44	-	-	-	-	-
	Adjustment	-269	-242	-252	-263	-231	-297	-	-
Total		433	151	1,023	274	-117	-47	-	-

(JPY MM)

*1 : The Life Event Business started consolidating P/L of OM Solar, Inc. and the Investment and Incubation Business started consolidating P/L of RETRIP, Inc. in the second quarter of FY2023.9.

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Consolidated Financial Results B/S

	As of end-Sep. 2023	As of end-Mar. 2024	Change	Change factors
Current assets	14,122	11,209	-2,913	
(Cash and deposits)	9,405	5,754	-3,651	
(Operational investment securities)	1,334	1,472	138	• Cash and deposits decreased by 3,651 million yen due to acquisition of subsidiary shares, repayment of borrowings, and share buyback, etc.
(Real estate for sale)	1,232	1,257	25	
Non-current assets	6,851	7,285	434	
(Goodwill)	3,591	3,845	254	• Goodwill increased by 254 million yen due to the start of consolidation of Gold Eggs Inc., etc.
(Investments and other assets)	1,795	1,785	-10	
Assets	20,973	18,494	-2,479	
Liabilities	9,376	8,249	-1,127	
(Short-term and long-term borrowings)	5,349	4,436	-913	• Short-term and long-term borrowings decreased by 913 million yen
Net assets	11,596	10,245	-1,351	
(Capital stock)	13	30	16	• Capital surplus increased by 985 million yen due to the transfer of increased capital and capital reserves related to the stock exchange, etc.
(Capital surplus)	8,452	9,437	985	
(Retained earnings)	1,739	1,337	-401	• Treasury stock increased by 710 million yen due to share buyback by the end of March, etc.
(Treasury stock)	-132	-843	-710	
(Valuation difference on available for-sale securities)	-13	-6	6	• Non-controlling interests decreased by 1,242 million yen due to making HyAS a wholly owned subsidiary, etc.
(Non-controlling interests)	1,157	274	-1,242	
Total liabilities and net assets	20,973	18,494	-2,479	

* Items in parentheses are included in totals.

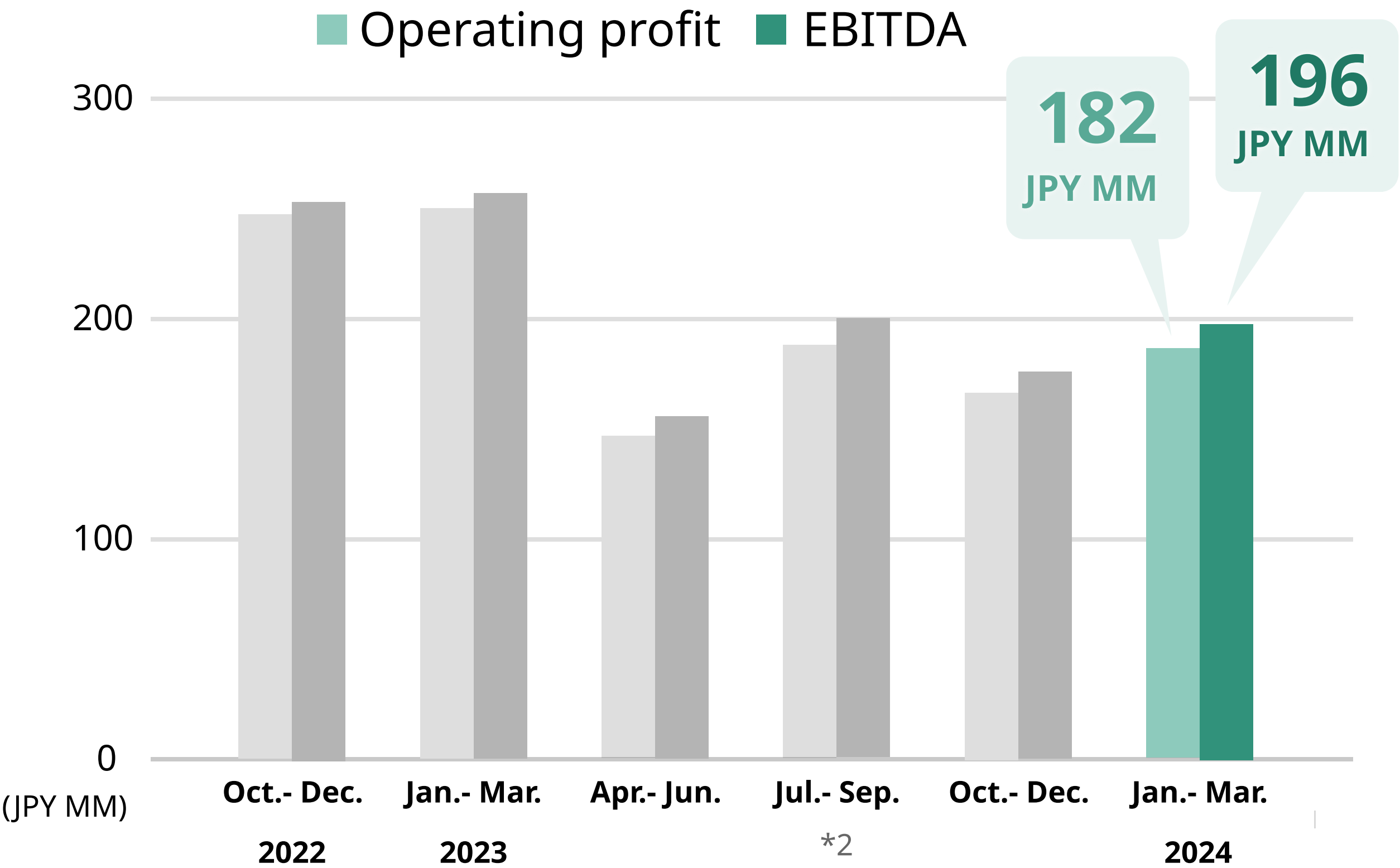
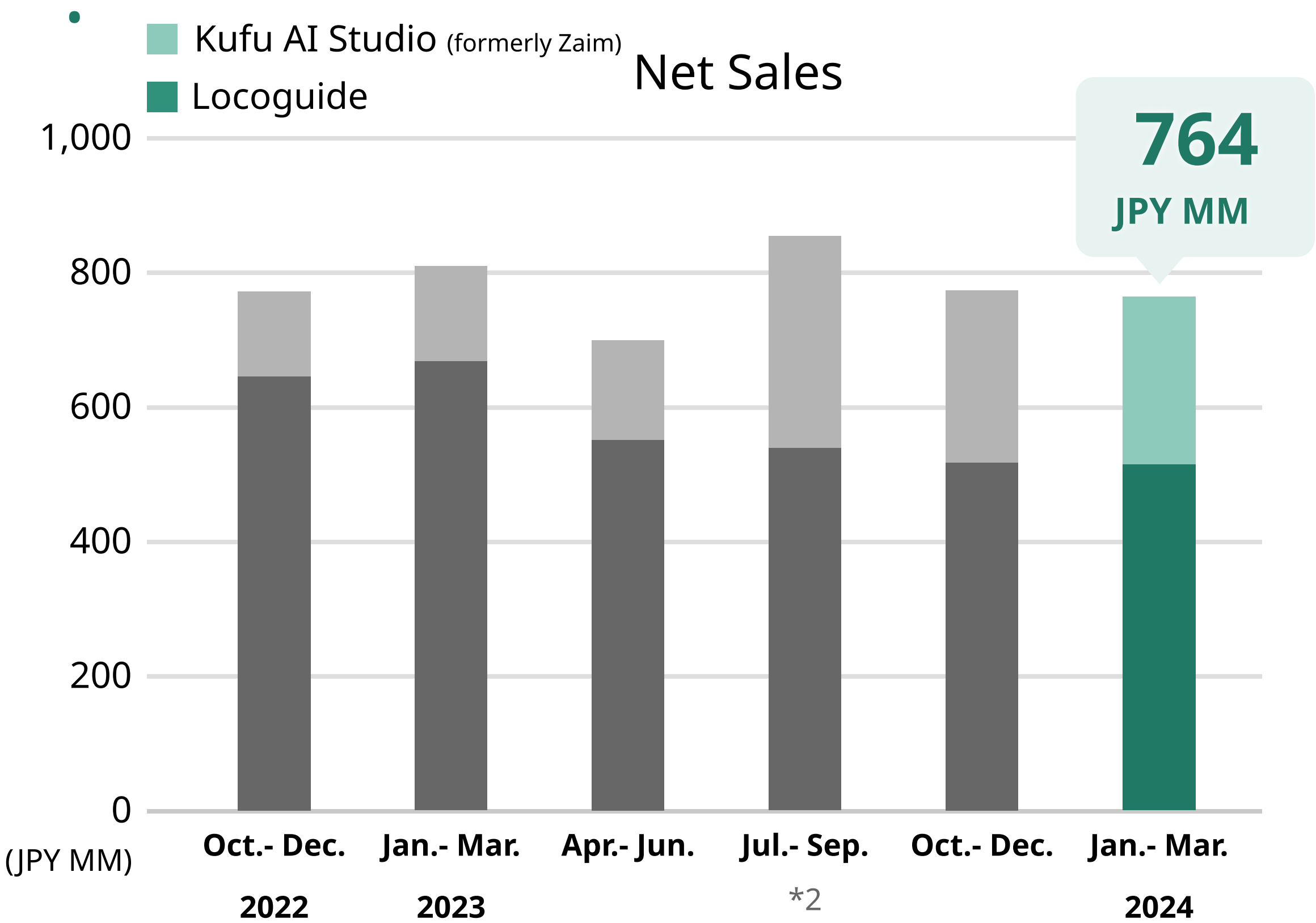
(JPY MM)

3. Business Overview by Segment

Daily Life Business



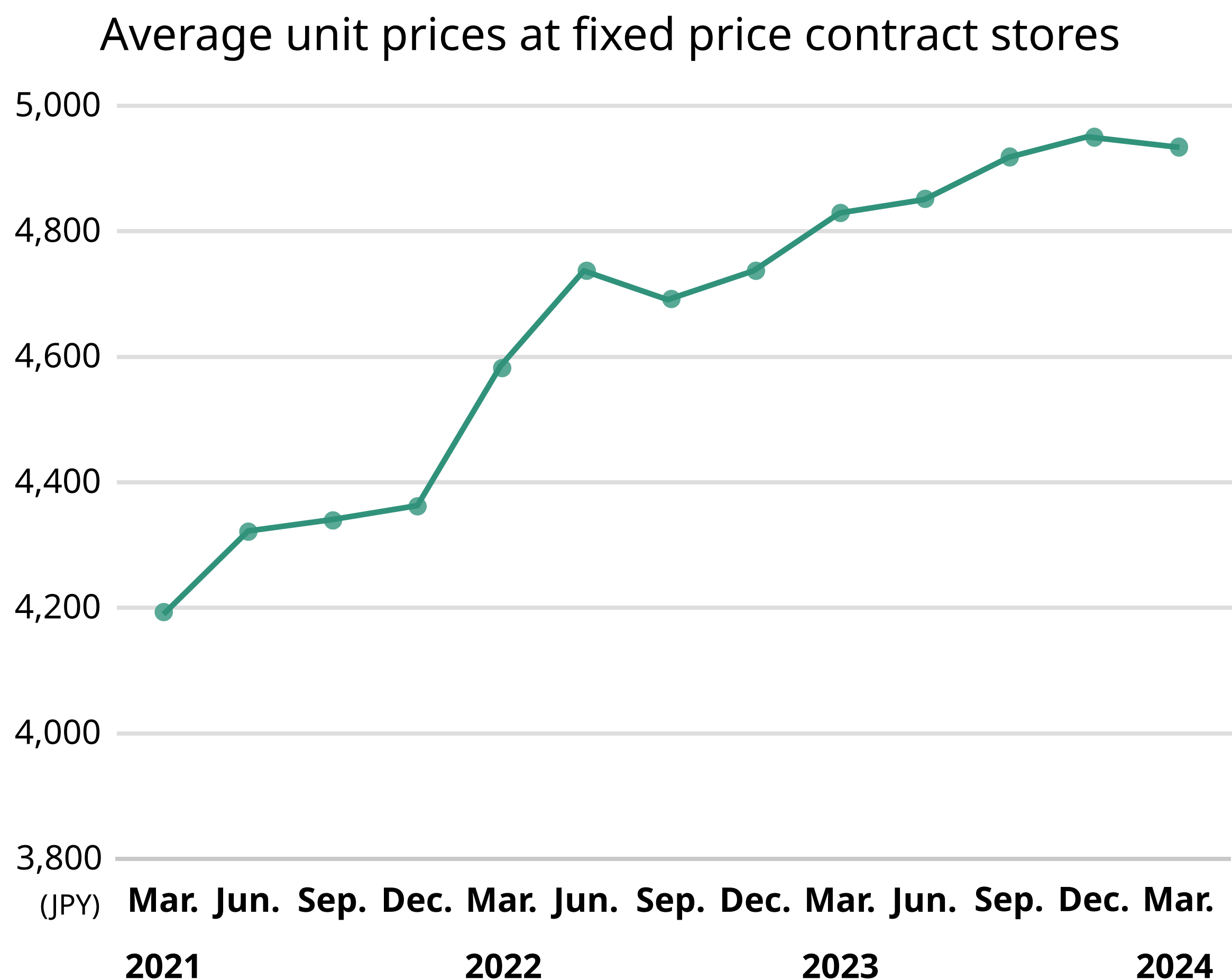
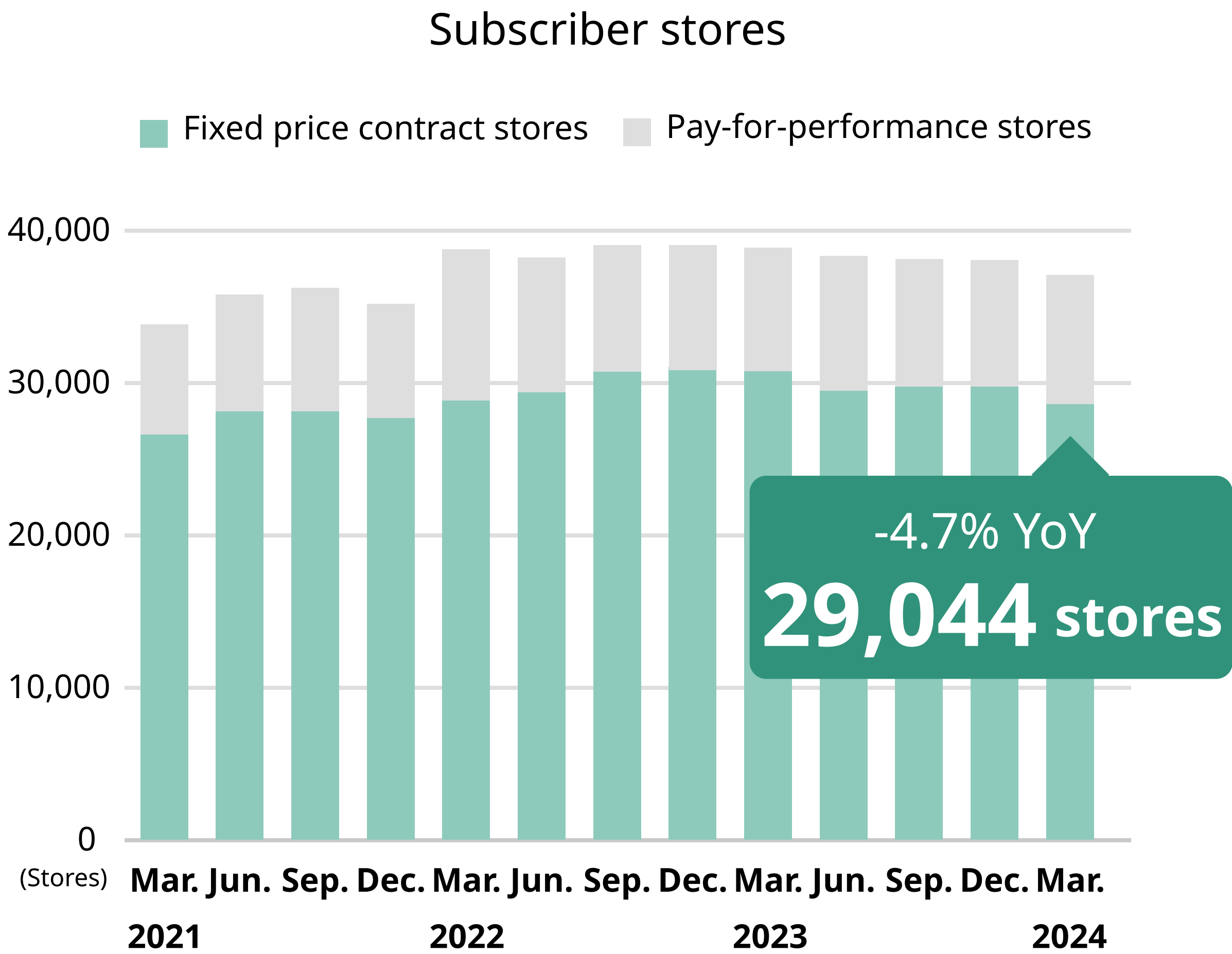
- In the Tokubai business, the number of subscriber stores decreased, and the number of users was also sluggish
- Operating profit was significantly impacted by the decline in profits from media advertising in and after March 2023. However, we transferred the business of lifestyle information media “Kufu Live!” in the first quarter and promoted the reduction of outsourcing and other costs



^{*1} : Kufu Shizuoka Inc. and KIDS STAR Inc. were changed their segment from the Life Event Business to the Investment and Incubation Business from the second quarter of FY2024.9.
The graph shows the figures after retroactive adjustment.

^{*2} : Da Vinci Studio Co., Ltd. merged into Zaim Inc., and Zaim Inc. changed its name to Kufu AI Studio Inc. on July 1, 2023.

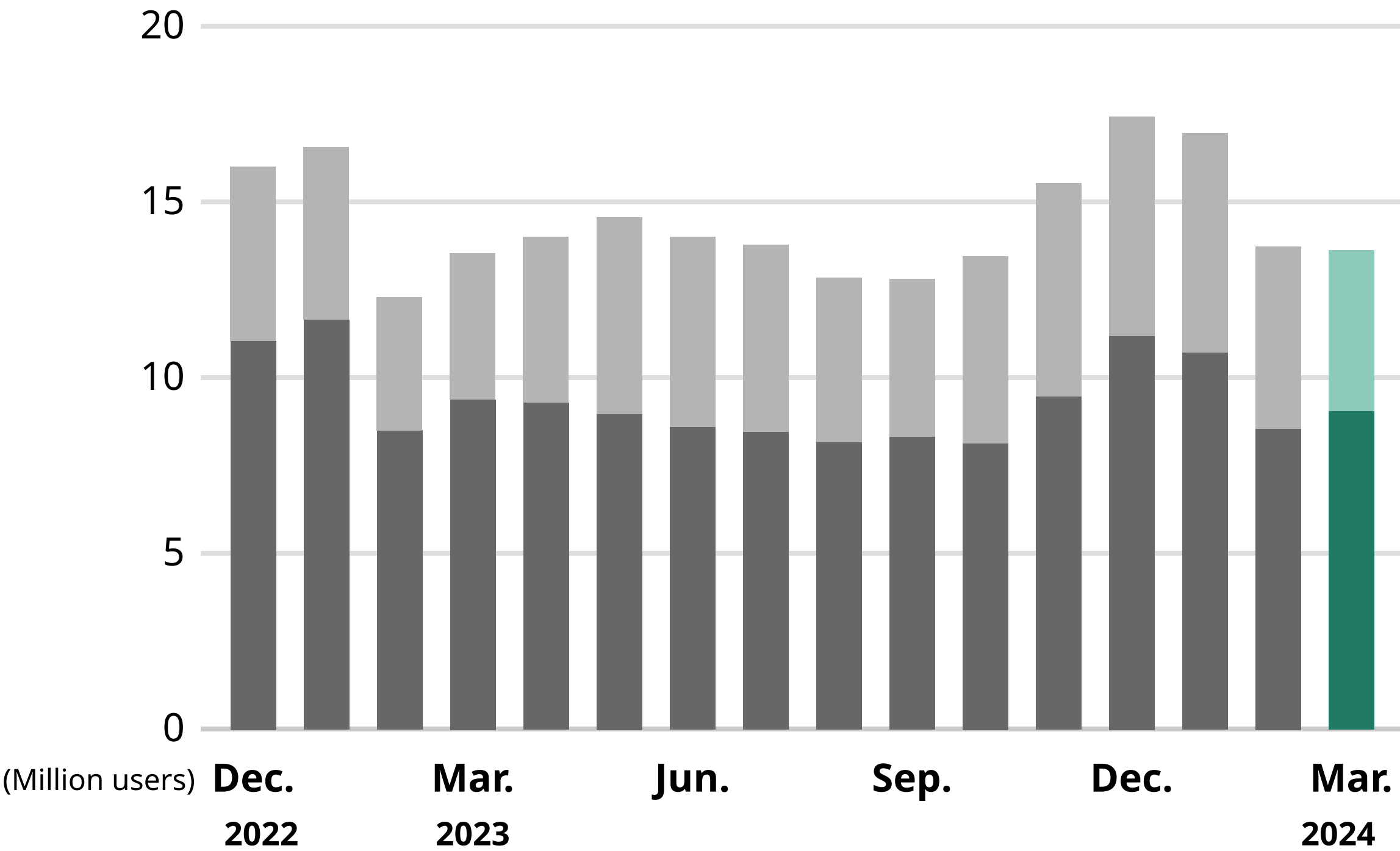
- As of the end of March 2024, there were 37,397 subscriber stores (stores with fixed price contracts were down 4.7 % YoY to 29,044)



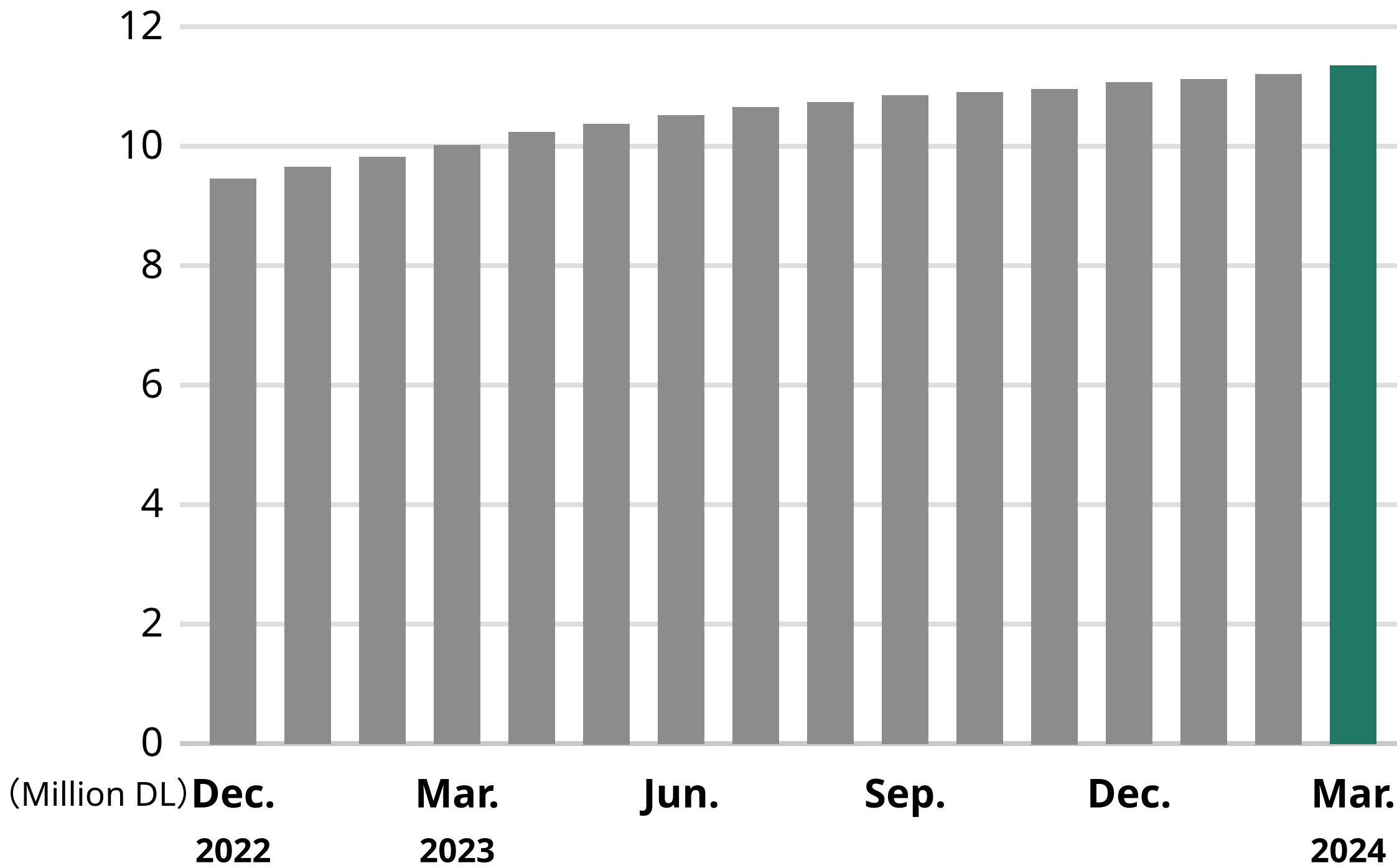
- As of the end of March 2024, the number of monthly active users of Tokubai service was approximately 14 million, and the cumulative number of app downloads was approximately 11 million
- As of the end of March 2024, the number of core users * was 3.37 million (3.25 million as of the end of March 2023)

Monthly active users

Tokubai Tokubai News



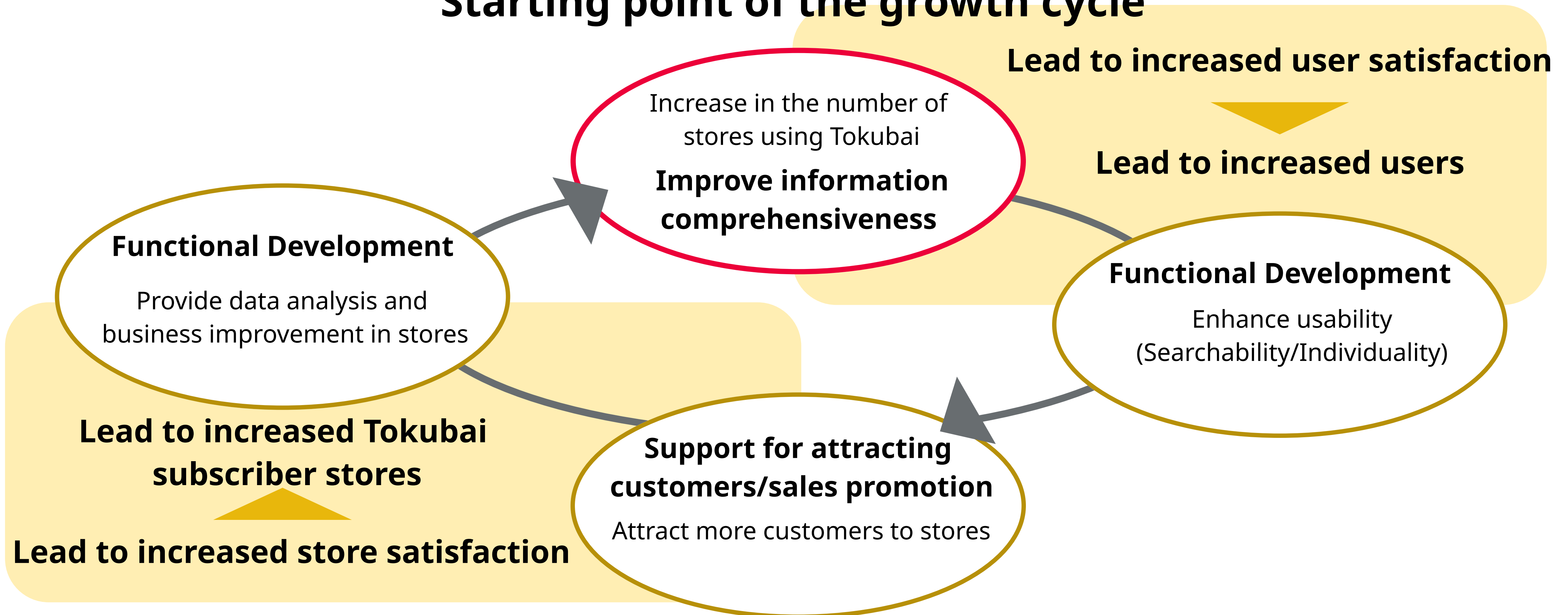
Total app downloads



*Total users who use the functions, such as flyers, recipes, and coupon rather than articles or other light functions, at least once a week.

- The fact that “improvement of information comprehensiveness” which serves as a starting point of the growth cycle, is currently stagnant has become a bottleneck for growth
- Restructuring into a strong sales organization toward increased stores using “Tokubai” is urgently required

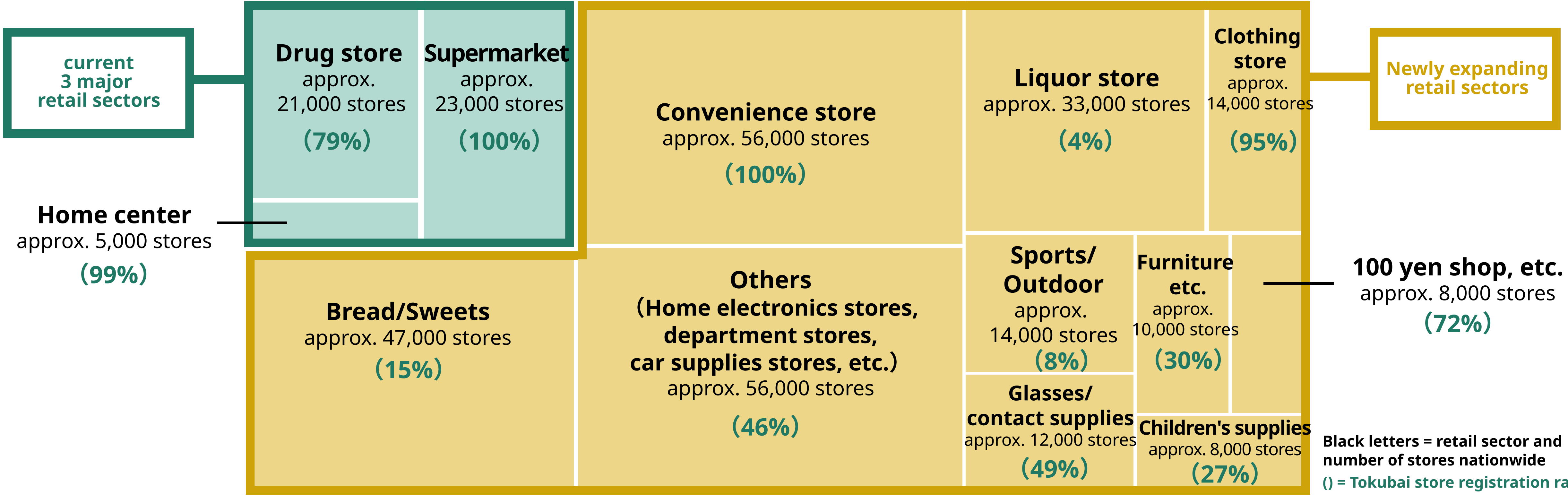
Starting point of the growth cycle



Expanding Retail Sectors to Increase Information Posting

- In addition to supporting users' diverse shopping activities, we will strengthen sales promotion support for each retail sector

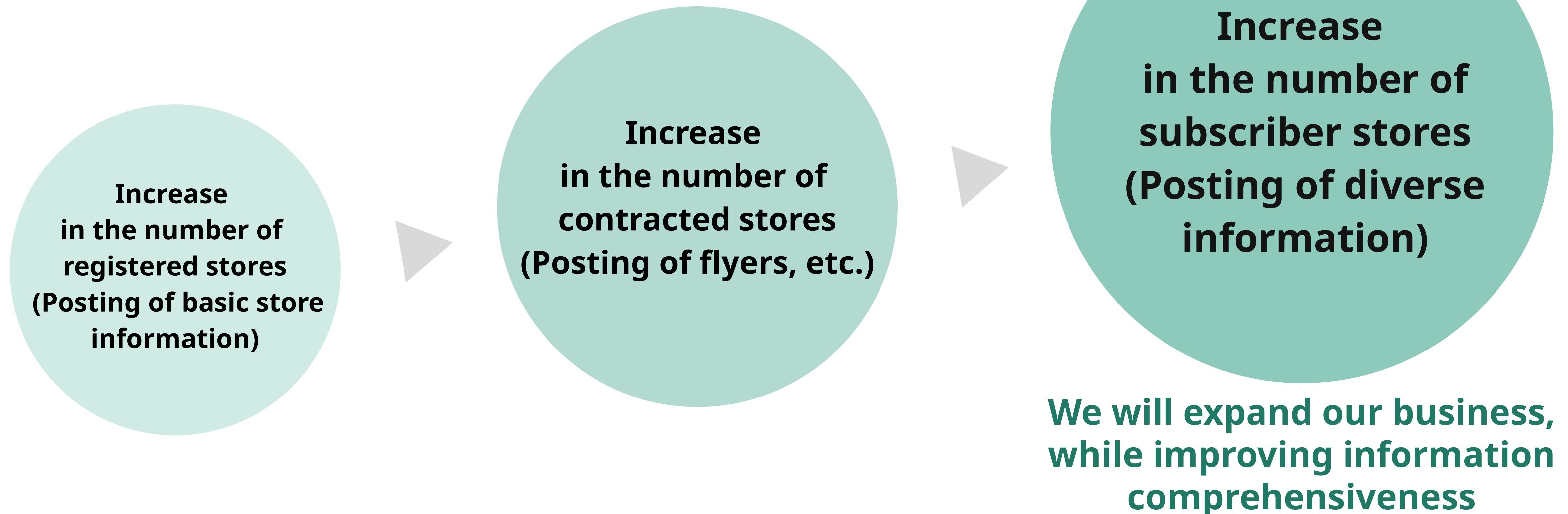
Total market for focus retail sectors (approx. 25 sectors): approx. 310,000 stores *
Number of stores registered for Tokubai service as of March 2024:
approx. 170,000 stores (registration rate 54%)



*Calculated by our company based on Ministry of Internal Affairs and Communications "Economic Census 2021", published values by associations of each retail sector and other research companies, etc.

Focusing on Improvement of Information Comprehensiveness in Each Retail Sector

- We are currently enhancing the coverage rate of Tokubai registered stores in the retail sectors following supermarkets, drug stores, and home centers
- We will realize the improvement of information comprehensiveness and business growth, through an increase in the number of stores using Tokubai and the amount of information posted per store



Our initiatives toward the provision of new user experiences in daily life

- Supporting users' shopping more broadly from daily to seasonal

Every day~Once a week

Everyday/Weekly



Supermarket

Drug store

Convenience store

Bread/Sweets

Liquor store

Once a month

Monthly



Home center

100 yen shop

Kids/baby items

Pet supplies

Department store/shopping center

Once a season

Seasonally



Home electronics store

Clothing

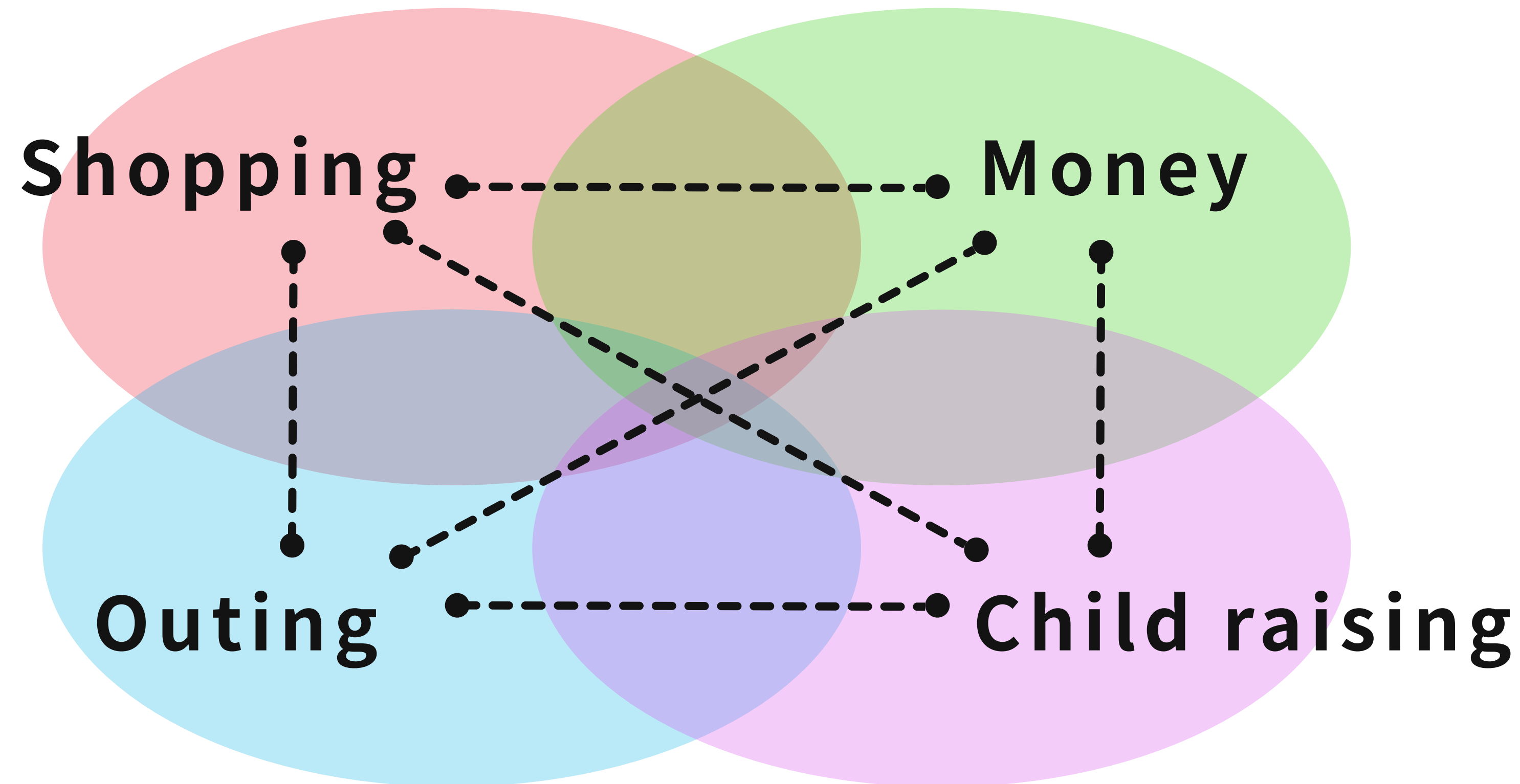
Car supplies

Furniture/Interior

Sports/Outdoor

Improving Convenience by Strengthening Collaboration between Group Services

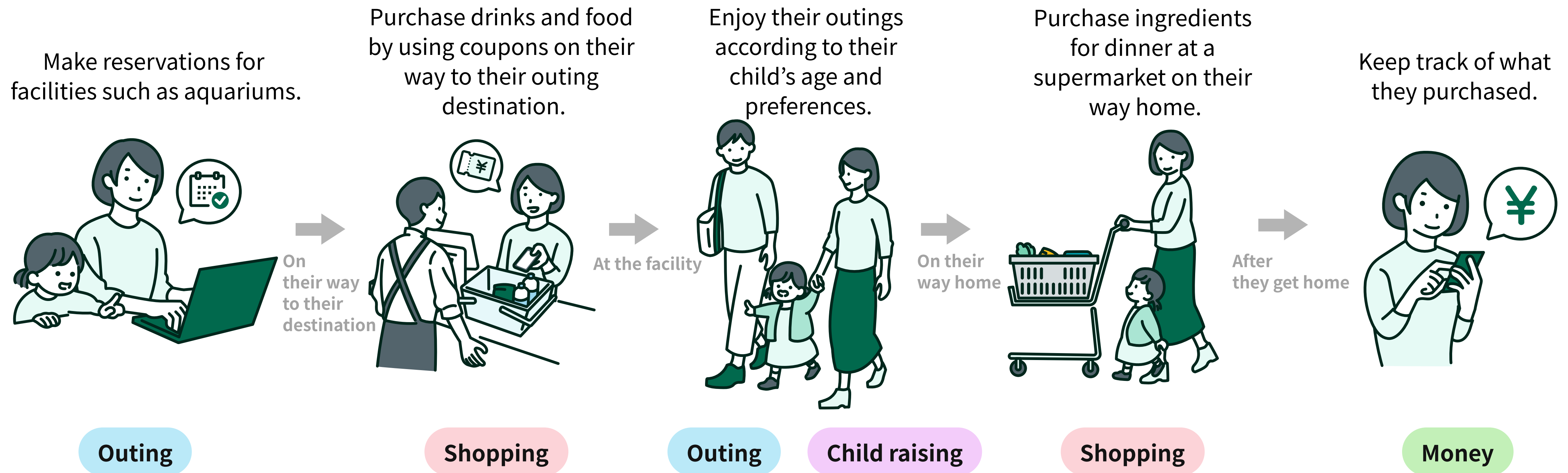
- Starting with the shopping service, we will link group services to broadly and deeply support users' daily lives
- Seamlessly connect services by creating a common account ID



Expanding contact points between services and users to enable provision of services that are tailored to each user's daily needs

- Proposing actions across group services to suit users' real lives

Example: Contact points between services and users on users' holiday



Expanding Value of “to C” and “to B” through the Combined Use of Original Data and AI

- Creating value useful for both users and companies by combining accumulated original data with AI technology

“to C”

Providing personalized information

- Information that fits each user's daily activities
- Information users want to know “now” and “here”
- Information based on potential user needs

Original Data

Registered information

- User information
- Store information

History of actions

- Purchase history
- GPS/Beacon
- Flyer/Store Browsing

Image

- Flyer
- Receipt
- Product



AI

- Natural Language Processing
- Information Recommendation

- Numerical Analysis
- Image Recognition

“to B”

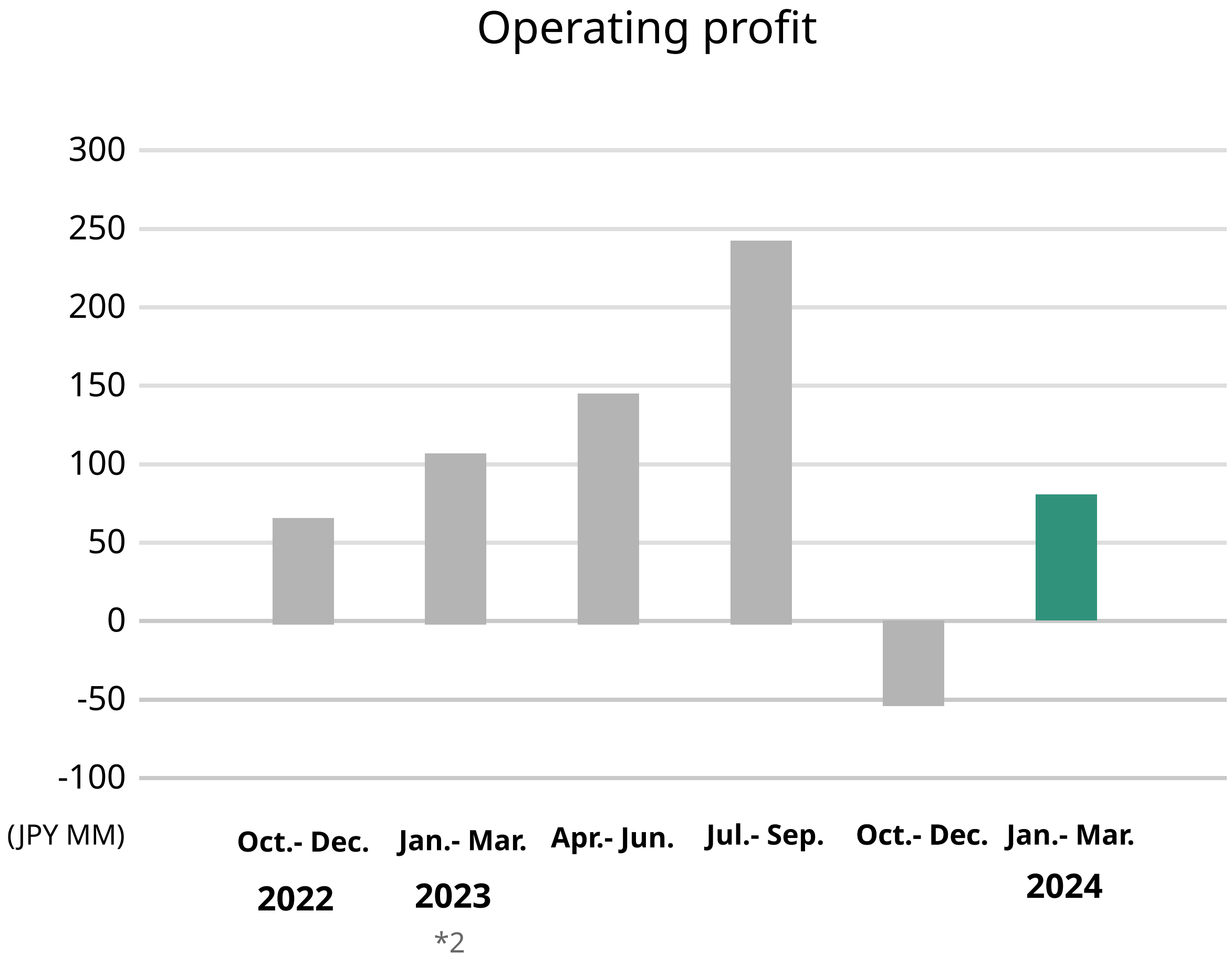
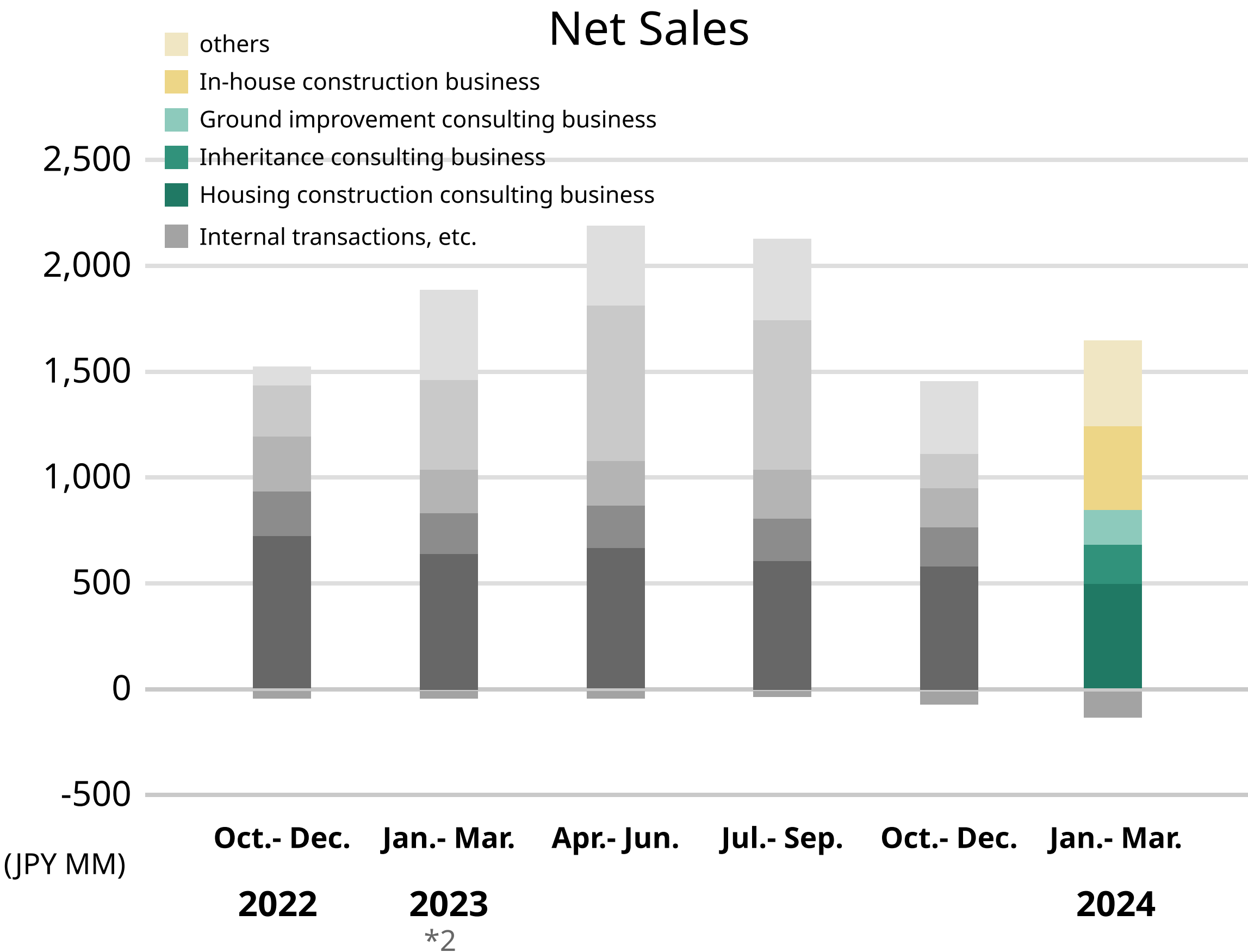
Community-based marketing support

- Digital spot flyers that can be distributed by town and street
- Targeted advertisements and sales promotion analysis based on users' interests and behavior
- Detailed user trend reports

Life Event Business



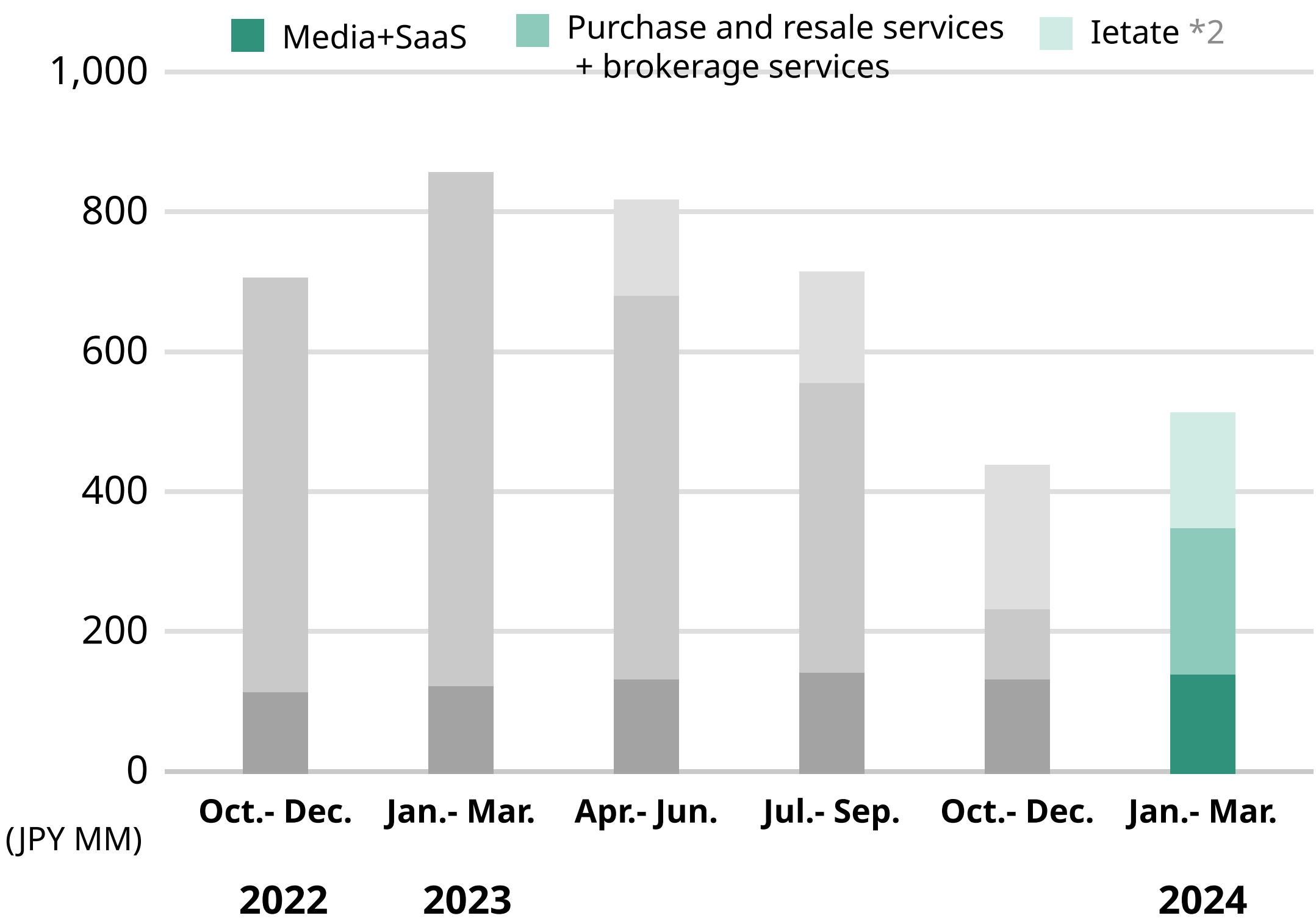
- As part of the delivery delays in the in-house construction business was resolved, net sales increased compared to the previous quarter
- Improved profits by streamlining of administrative operations



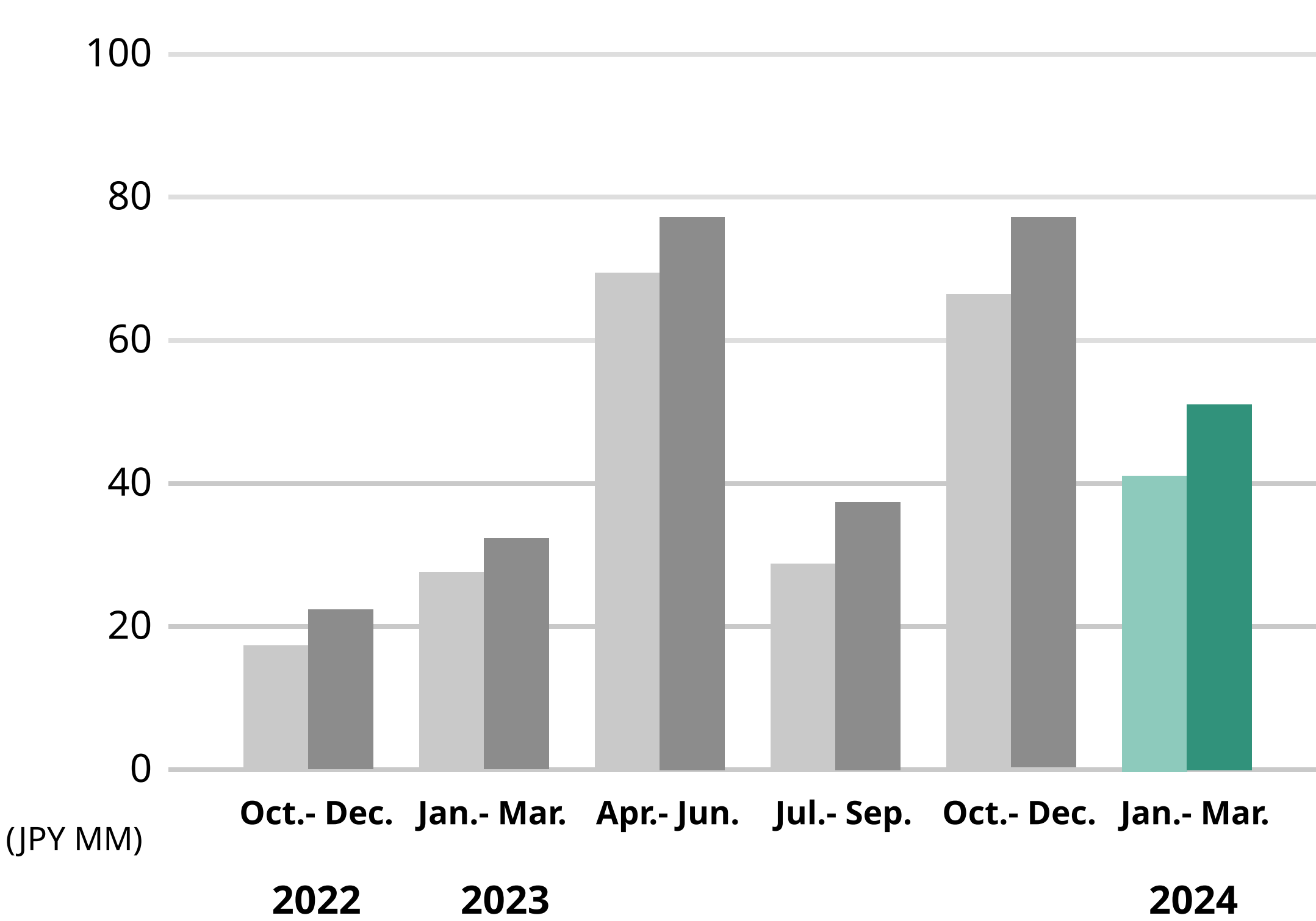
*1 : HyAS & Co. Inc. became wholly owned subsidiary on February 1, 2024.
*2 : P/L of OM Solar, Inc. was consolidated starting from Jan.-Mar. 2023.

- Sales of SaaS tools remained steady
- An increase in the number of contracts concluded at the consultation counter in the "Ietate" business contributed to business results. Additionally, the number of consultations has increased due to the smooth launch of new counters (2 counters opened in March)
- Purchase and resale services made progress in reducing inventory, which has been underway since the previous fiscal year

Net Sales



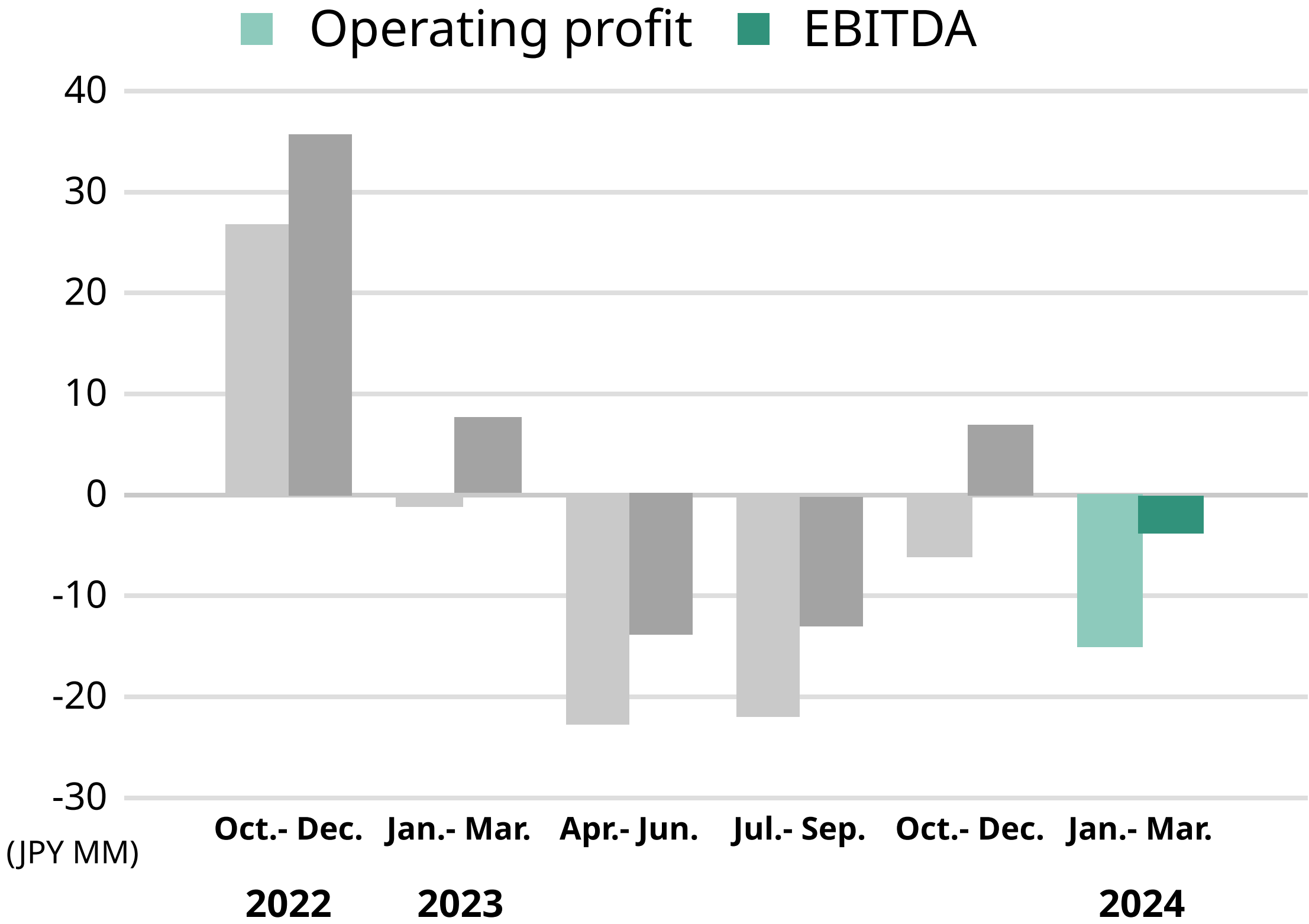
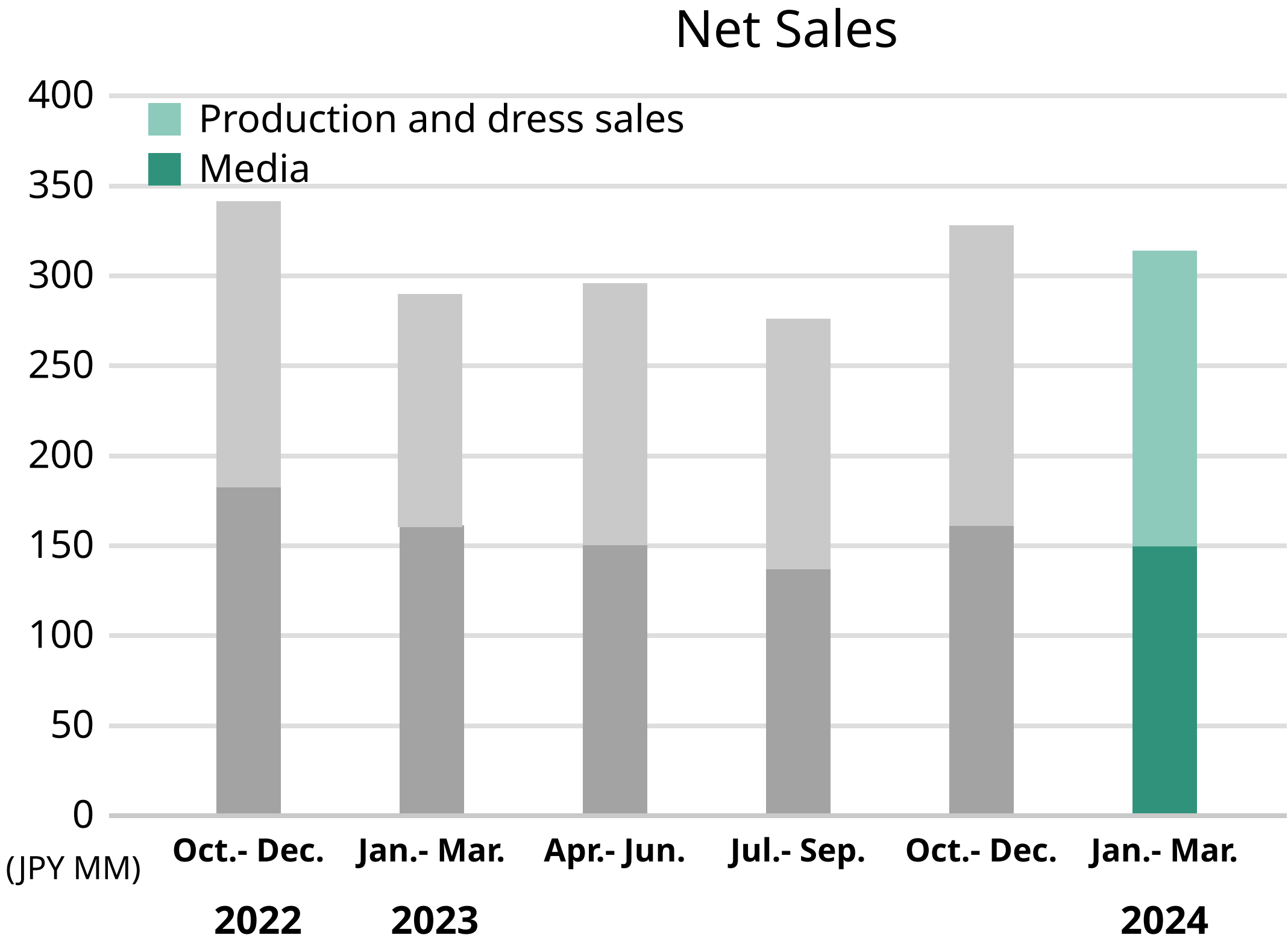
Operating profit EBITDA



*1 : 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 : Local housing information media "Kufu Ietate" and consultation services "Kufu Ietate Counter" (these businesses were taken over from Kufu Shizuoka Inc. to Kufu Sumai Inc. on April 1, 2023) .

- Steady progress toward full-year profitability
- In the media business, we are promoting product expansion to strengthen profitability (acquired web invitation service business in May 2024)
- In the wedding producing business, the number of weddings held and orders increased



Becoming No.1 service

in all businesses provided by Kufu Company Inc. Group,
by providing one-stop online and offline services

Shopping

Overwhelmingly No.1 in the number of contracted stores & users
in 3 years

Home

No.1 in the number of housing-related constructions in 5 years

Marriage

No.1 in the number of wedding creations in 5 years

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.

=Inquiries=

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