

SHARING TECHNOLOGY

S H A R I N G T E C H N O L O G Y I N C .

September 2020 Financial Results Briefing Document

- ◆ **Despite COVID-19 and unseasonable weather, Sales increased / Profit improved drastically (YoY)**
- ◆ **Completed transfer of subsidiaries not related with “Household problems” business**
- ◆ **21FY forecast : Sales 4,400 – 4,800 mil. yen
Operating Profit increase**
- ◆ **New countermeasures to increase “Number of inquiry”**

1. Fiscal Year ending Sep. 30, 2020

Performance reporting

2. Forecast of Fiscal Year ending Sep. 30, 2021, and profit structure

3. For further growth

4. Supplementary materials

**Fiscal Year ending
Sep. 30, 2020
Performance
reporting**

Consolidated 4Q results

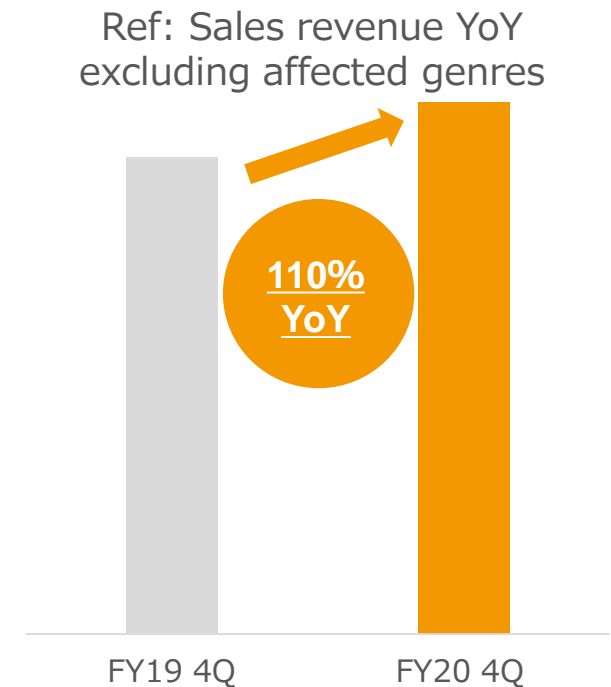
Sales revenue in FY20 4Q were below previous 4Q due to continuing COVID-19's impact on "Key Lost" genre, long rainy season, and abnormally no large-scale typhoon this year. Operating profit ended 153 million yen, thanks to enhancement of customer inflow and profitability. From FY20 4Q, segment consist of only "Household problems" business. Operating profit of "Household problems" has resulted in 198 million yen steadily, excluding impairment loss of investment company, etc. which is not related with our main business.

		Sep. 2020 4Q			Sep. 2019 4Q
		"Household problems"	(Impairment loss, etc.)	Total	
Continuing operations	Sales revenue	1,130mil.yen	—	1,130mil.yen	1,242mil.yen
	Operating profit	198mil.yen	(44)mil.yen	153mil.yen	173mil.yen
	Net income	—	—	181mil.yen	(39) mil.yen
(Net income from discontinued operations)		—	—	(28) mil.yen	(29) mil.yen
Net income		—	—	153mil.yen	(68) mil.yen

Decrease factor of 4Q sales revenue

Sales revenue of “Household problems” business in FY20 4Q were 91% (YoY), due to COVID-19’s strong impact on “Key Lost” genre (i.e. people refrain from outing, banquet), long rainy season’s impact on “Exterminating Beehive” genre), and poor performance of “Typhoon Related” genre due to abnormally no large-scale typhoon landing the mainland. Meanwhile, excluding the effect on these genres, sales revenue steadily increased 110% (YoY).

Genre affected	Sales R. YoY	Decrease Factor
Key Lost	<u>57% Decrease</u>	Refrain from outing, banquet by COVID-19
Exterminate Beehive	<u>55% Decrease</u>	Long rainy season
Typhoon Related (antenna, lead, glass)	<u>15% Decrease</u>	No large typhoons (YoY)



Fiscal Year ending Sep. 30, 2020 performance results

Despite COVID-19 and unseasonable weather, sales revenue of fiscal year ending Sep.30, 2020 kept increase trend. Operating profit drastically improved and resulted in 364 mil. yen (409 mil. yen, excluding impairment loss, etc.), thanks to enhancement of customer inflow and profitability. Since FY20, MEISHI, Denshi, Shiotani, Re-abroad, etc. were classified as discontinued operations. Sales revenue and operating profit are amounts related to continuing operations only. FY19 was reclassified by the same way.

		Sep. 2020 YTD			Sep. 2019 YTD
		“Household problems”	(Impairment loss, etc.)	Total	
Continuing operations	Sales revenue	3,987mil.yen	—	3,987mil.yen	3,891mil.yen
	Operating profit	409mil.yen	(44)mil.yen	364mil.yen	(268)mil.yen
	Net income	—	—	360mil.yen	(358)mil.yen
(Net income from discontinued operations)		—	—	(1,516) mil.yen	(218) mil.yen
Net income		—	—	(1,156)mil.yen	(576) mil.yen

Transfer of Subsidiaries

Since FY20, to maximize the Corporate Value in the mid. & long-term, we have transferred subsidiaries, not related with “Household problems” business. Transfer of subsidiaries, MEISHI in Mar. 2020, Denshi in Jun. 2020, Re-abroad in Aug. 2020 have been completed. And, Shiotani stopped operation, and its assets were merged into the Company in Sep. 2020. The Company has established organization to Focus on “Household problems” business from the next fiscal year ending Sep. 2021.

SHARINGTECHNOLOGY Group

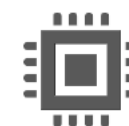
SHARING
TECHNOLOGY

In FY20, Completed transfer of
all subsidiaries not related
with main business
Concentrate on “Household
problems” business

Subsidiaries



MEISHI Consultant
Mar. '20 Transferred



Denshi Print Kogyo
Jun. '20 Transferred



Shiotani Glass
Sep. '20 Merged



Re-abroad
Aug. '20 Transferred

**Forecast of
Fiscal Year ending
Sep. 30, 2021, and
Profit structure**

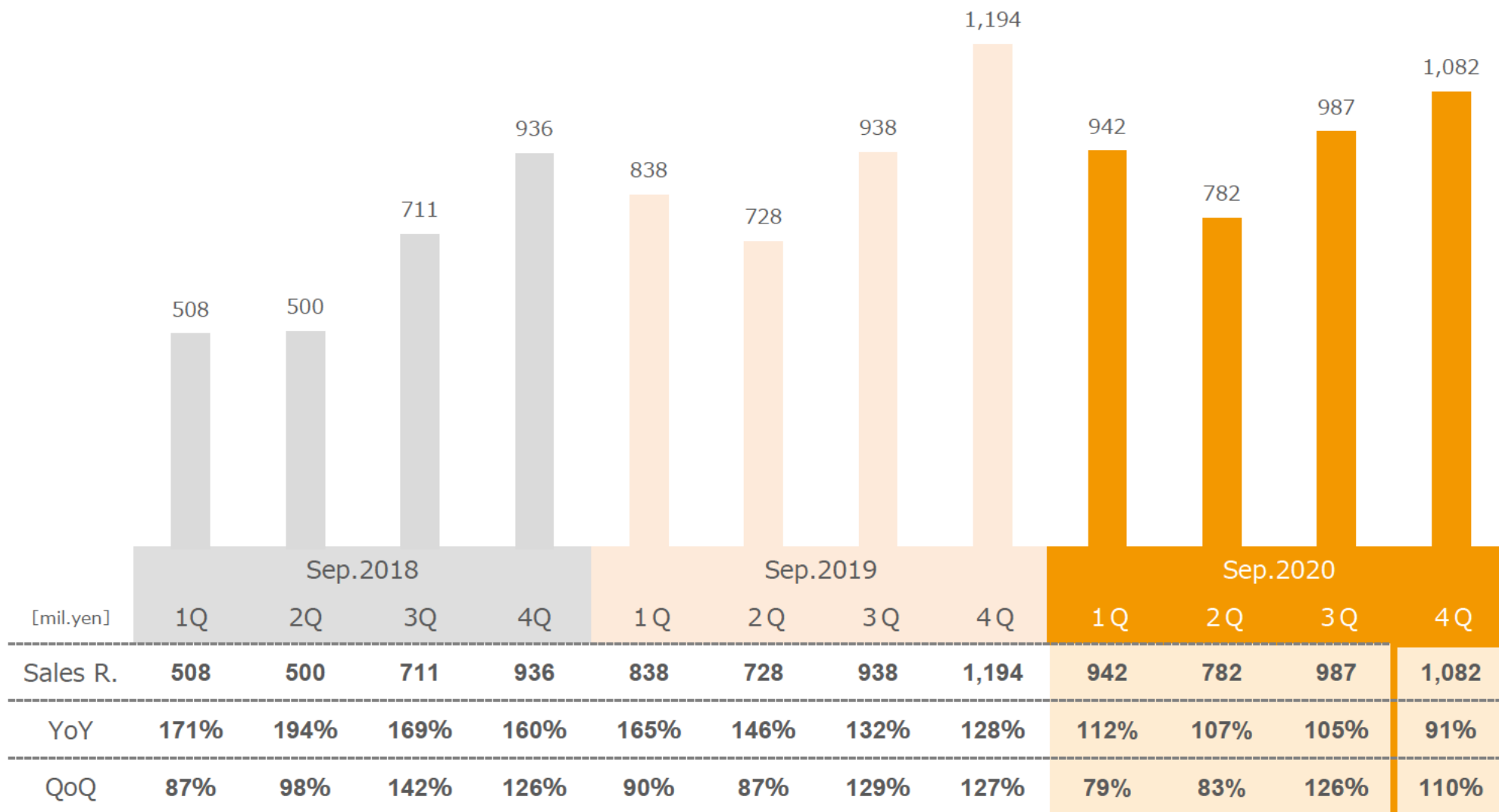
Forecast of Fiscal Year ending Sep. 30, 2021

Based upon recent business growth trend, we forecast 4,400 ~ 4,800 mil.yen of full-year sales. With continuous containment of fixed cost, and control of variable cost ratio below 50%, operating profit is expected to increase. Meanwhile, operating profit may fluctuate according to strategic investment, since we are still at the phase of investment.

	Sep. 2020 "Household problems"	Sep. 2021 Forecast
Sales revenue	3,795mil.yen (excluding WEB Consulting sales)	4,400mil.yen ~4,800mil.yen (116%~126% YoY)
Operating profit	364mil.yen	Profit increase (fluctuates according to sales growth and investment strategy)

Sales revenue trend of “Household problems” business

4Q Sales revenue in current 4Q were below previous 4Q (YoY 91%). QoQ (Quarter on the most recent Quarter) was 110%, assisted by seasonality. Despite continuous COVID-19 and unseasonable weather, sales revenue has maintained the increasing trend on YoY base.



KPI of “Household problems” business

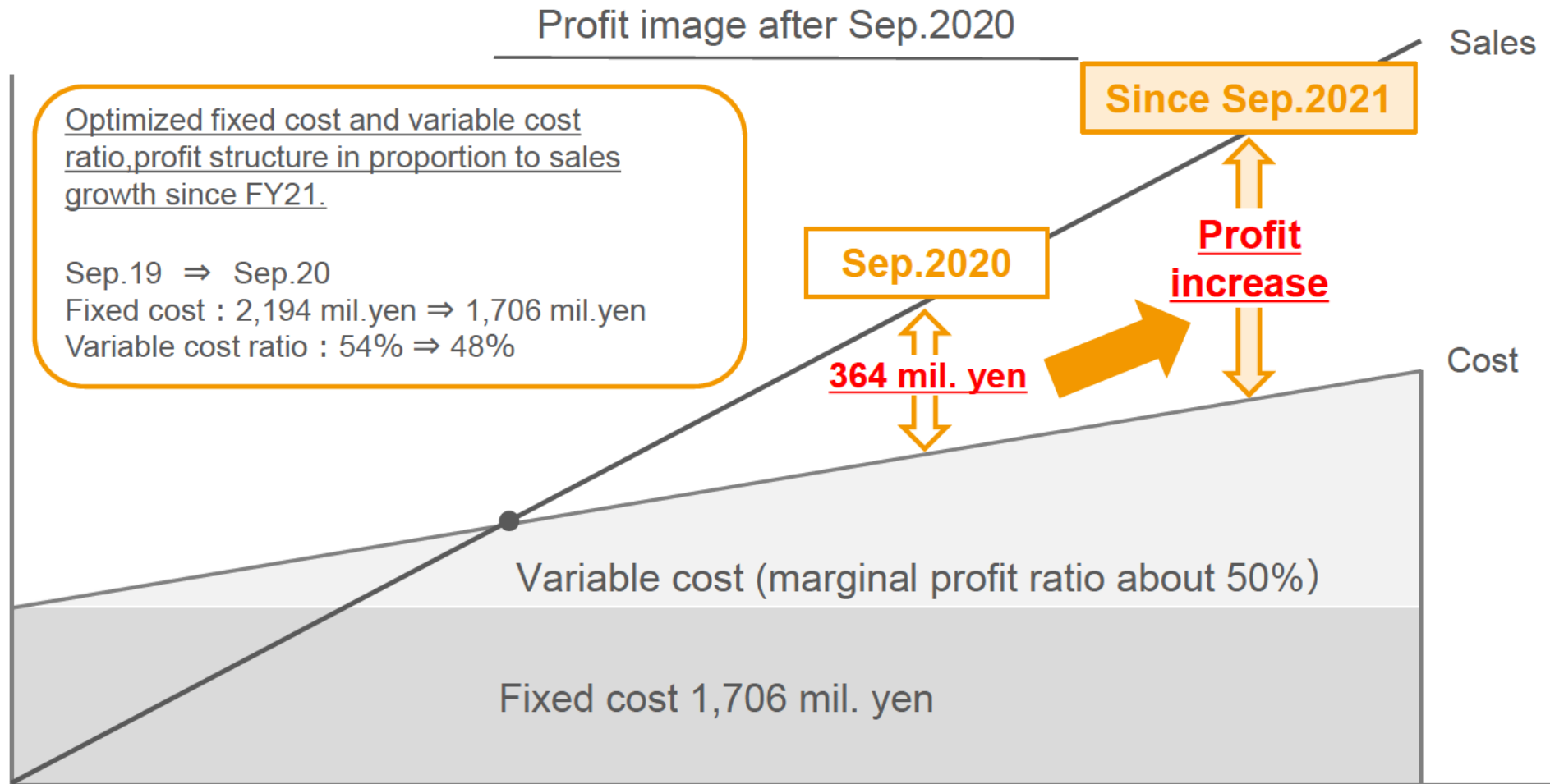
Since 3Q of FY19 prioritizing profitability, the ratio to sales of PPC Advertisement cost and Labor cost of Call center have been reduced significantly. Fixed cost was contained stably despite sales revenue increase. As a result, operating profit increased steadily. 4Q of FY20 also secured operating profit, as planned.

*excluding WEB Consulting sales

(mil. yen)	Sep. 2019				Sep. 2020				
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	total
Sales revenue	838	728	938	1,194	942	782	987	1,082	3,795
Advertise. cost (PPC)	418 (50%)	377 (52%)	372 (40%)	420 (35%)	355 (38%)	316 (41%)	402 (41%)	436 (40%)	1,511 (40%)
Labor cost of Call center	99 (12%)	101 (14%)	114 (12%)	108 (9%)	85 (9%)	80 (10%)	78 (8%)	79 (7%)	324 (9%)
Fixed cost (SGA and other)	574 (69%)	542 (75%)	540 (58%)	536 (45%)	443 (47%)	429 (55%)	432 (44%)	400 (37%)	1,706 (46%)
Other balance	0 (0%)	1 (0%)	1 (0%)	4 (0%)	4 (1%)	0 (0%)	14 (1%)	15 (2%)	35 (1%)
Operating Profit (Loss)	(255) (-%)	(295) (-%)	(90) (-%)	125 (11%)	53 (6%)	(45) (-%)	58 (6%)	150 (14%)	217 (5%)

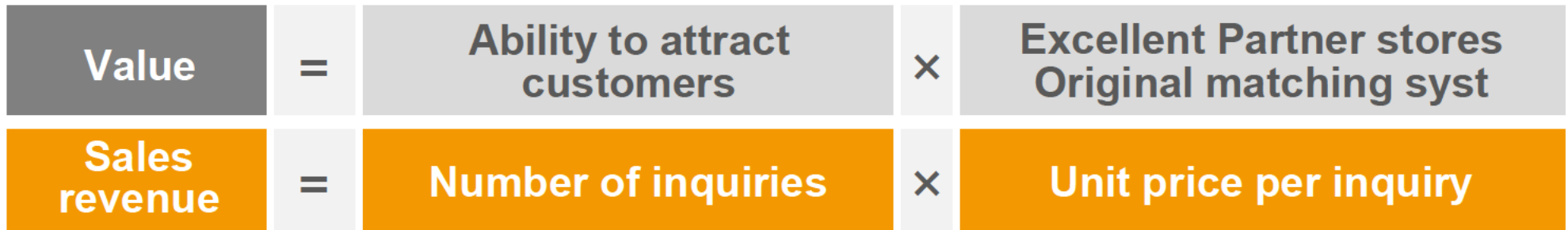
Profit structure image of “Household problems” business

Enhanced customers inflow and optimized fixed cost (2,194 → 1,706 mil. yen) improved to 364 mil. yen of operating profit of “Household problems” business in Sep.2020, recovering from 268 mil. yen of red ink in Sep.2019. In coming fiscal year ending in Sep. 2021, with sales revenue increase and continuous marginal profit ratio of about 50%, operating profit is expected to increase. Meanwhile, operating profit may fluctuate according to the sales revenue increase and strategical investment in “Household problems” business.

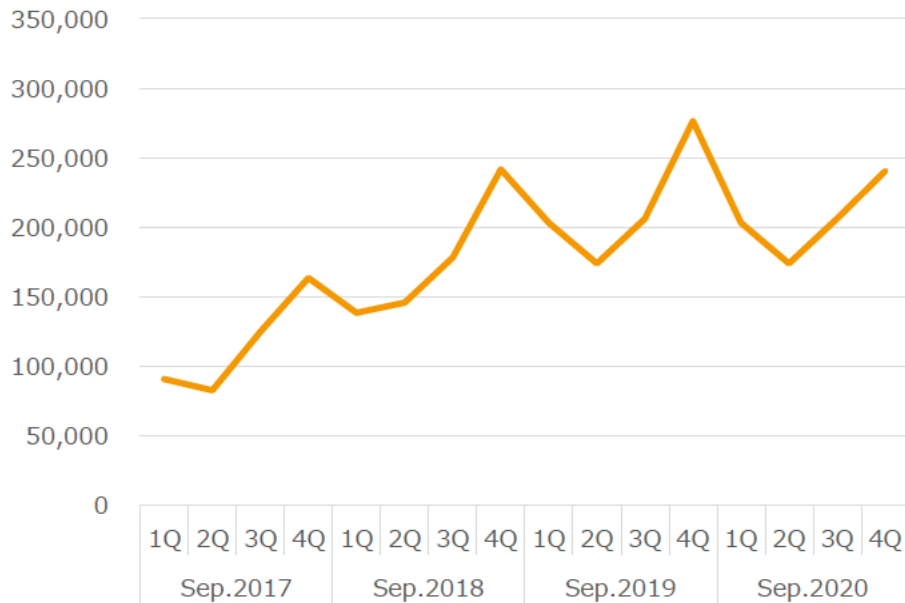


For further growth

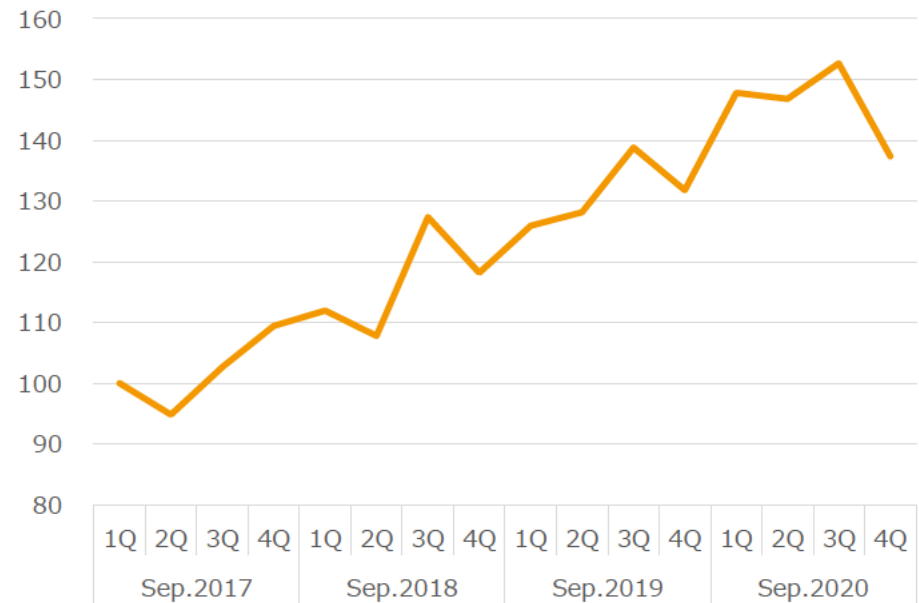
Sales revenue consists of “Number of inquiries” and “Unit price per inquiry”. Although “Unit price per inquiry” increased steadily by continuously improved matching, “Number of inquiries” of 4Q,2020 were below the last year due to COVID-19 effect on “Key Lost genre” and unseasonable weather. Countermeasures to increase “Number of inquiries” shall maintain the upward trend of sales revenue.



Number of inquiries
(cases)

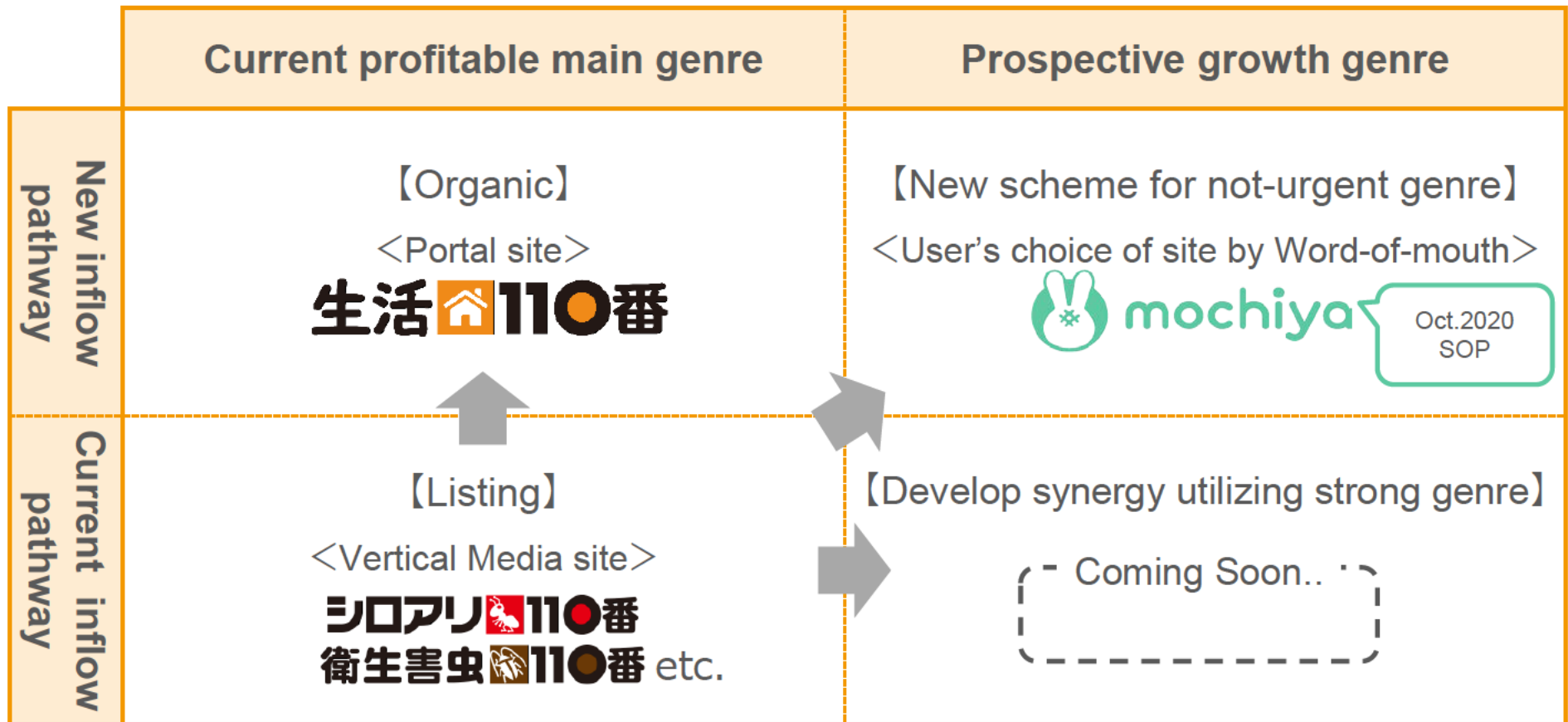


Unit price per inquiry
(2017 1Q = 100)



Countermeasures increasing “Number of inquiries”

Sales revenue consists of “Number of inquiries” and “Unit price per inquiry.” “Unit price per inquiry” increased steadily by continuously improved matching. For further increase of sales revenue, increase of “Number of inquiries” is essential. In addition to strengthening main profitable genre, we will expect further sales revenue increase, enhancing prospective growth genre.



Countermeasures strengthening current profit genre

To increase “Number of inquiries”, we will increase customers by improving our site leading to “inquiry” and by proposing cross cell genres at call center after “inquiry”. In improving our site, prioritizing our current profit genres, making the best use of our in-house call center, we investigate hypothesis genre by genre, based upon vast amount of accumulated data. With increase of sessions, “inquiry rate” is expected to increase. In call center high-skill staff match inquiry in strengthened genre, utilizing new PBX system. Eliminating loss of business opportunity, and suggesting synergy genres, we plan to acquire prospective customers.

Site to be selected by visitor

Before



After



- Organize special team familiar with WEB marketing.
- Raise CVR by revising site contents utilizing listing inflow pathway data, and call center corresponding.

Detailed response by call center




- Organize special team with high skill for target genre.
- Offer concurrent services (e.g. bug→monitoring camera, termite→renovation, etc.). And Cross Cell services, making the best use of over 150 genres.

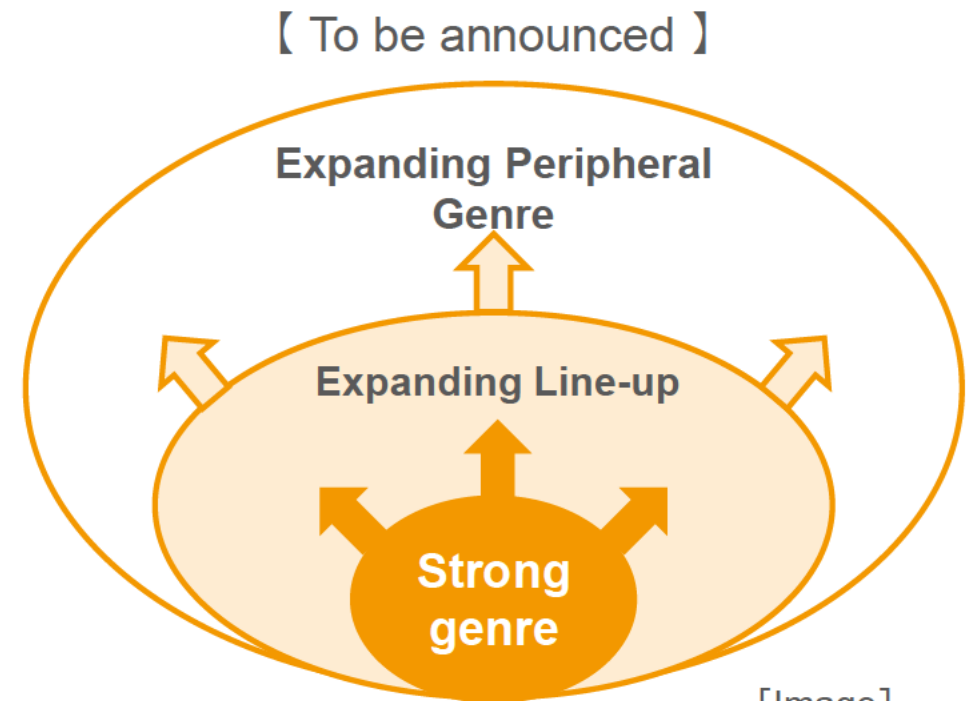
Countermeasures strengthening prospective growth genre

We started “mochiya” new scheme CGM site in house-cleaning genre on Oct. 2020. House-cleaning genre is rapidly growing due to TVCM and increase of double-income household. In place of our traditional matching by call center, new scheme of site selection by users referring to word-of-mouth, will attract prospective young users. Also, we are enhancing service line-up and launching new sites for peripheral genres surrounding our current strong genre. By fully utilizing our nation-wide network, and business scale, we will expand business opportunity.

New scheme of not-urgent genre

	 mochiya	Current ST
Selection of service provider	Customer select by Word-of-mouth, benchmarking	SHARETECH select through call center
Communication	Message function on site	Phone with service provider
Service area	Radius from optional location	Boundary of municipalities
Payment	Credit card on site	Cash on the spot

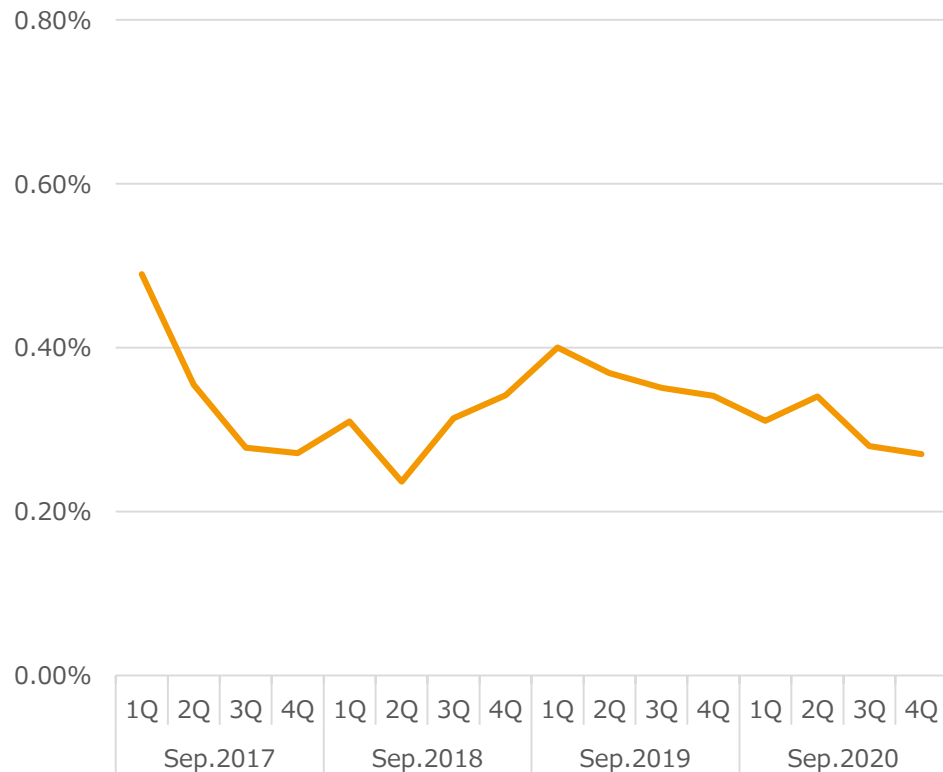
Develop synergy of strong genre



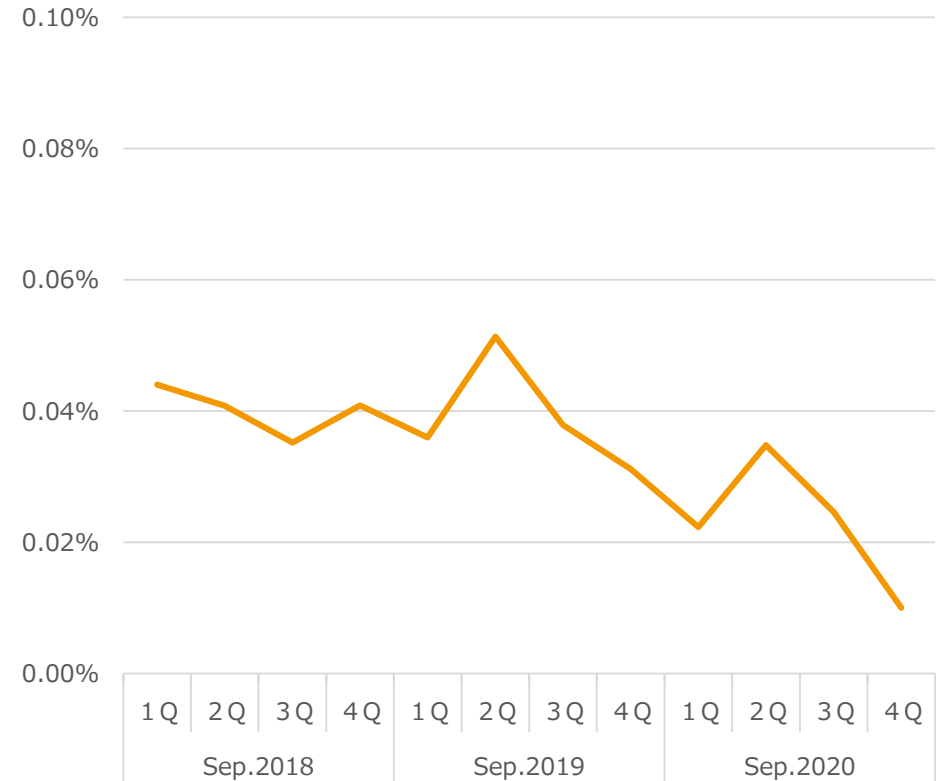
For Satisfaction of Customers and Partner Stores

Claim ratio from customers and partner stores are continuously low. For further customer satisfaction, we will continue to draw up on-site needs, and reflect them on our business. Meanwhile, we will strive to provide better user-friendly platform for partner stores. Claim ratio from partner stores is also defined as key success factor of long-term business growth and our competitiveness.

Claim ratio



Claim ratio from partner stores



Supplementary materials

Solving household problems

We have contracts with over 4,500 partner stores that can provide support for various "Household problems," and we accept users who visit the website our company operates and introduce them to these partner stores.



Over 150 genres
From light work to renovations

Accepted 24 hours
a day, 365 days a year
In-house call center

Corresponding
throughout Japan
Over 4,500 partner stores

Website operated by the Company

We operate two types of websites relating to "Household problems." One is "Seikatsu 110," a portal site that posts multiple categories onto a single site. Another is about 250 vertical media websites that specialize in specific categories. The portal site mainly receives inflow from SEO, while the vertical media sites have a high inflow ratio from listings.

Portal site "Seikatsu 110"



生活家110番

Over 150 categories/mainly organic inflow

Vertical media site "XX 110"



電気工事110番



ペット葬儀110番



草刈り110番



雨漏り修理110番

One category per site/mainly listing inflow

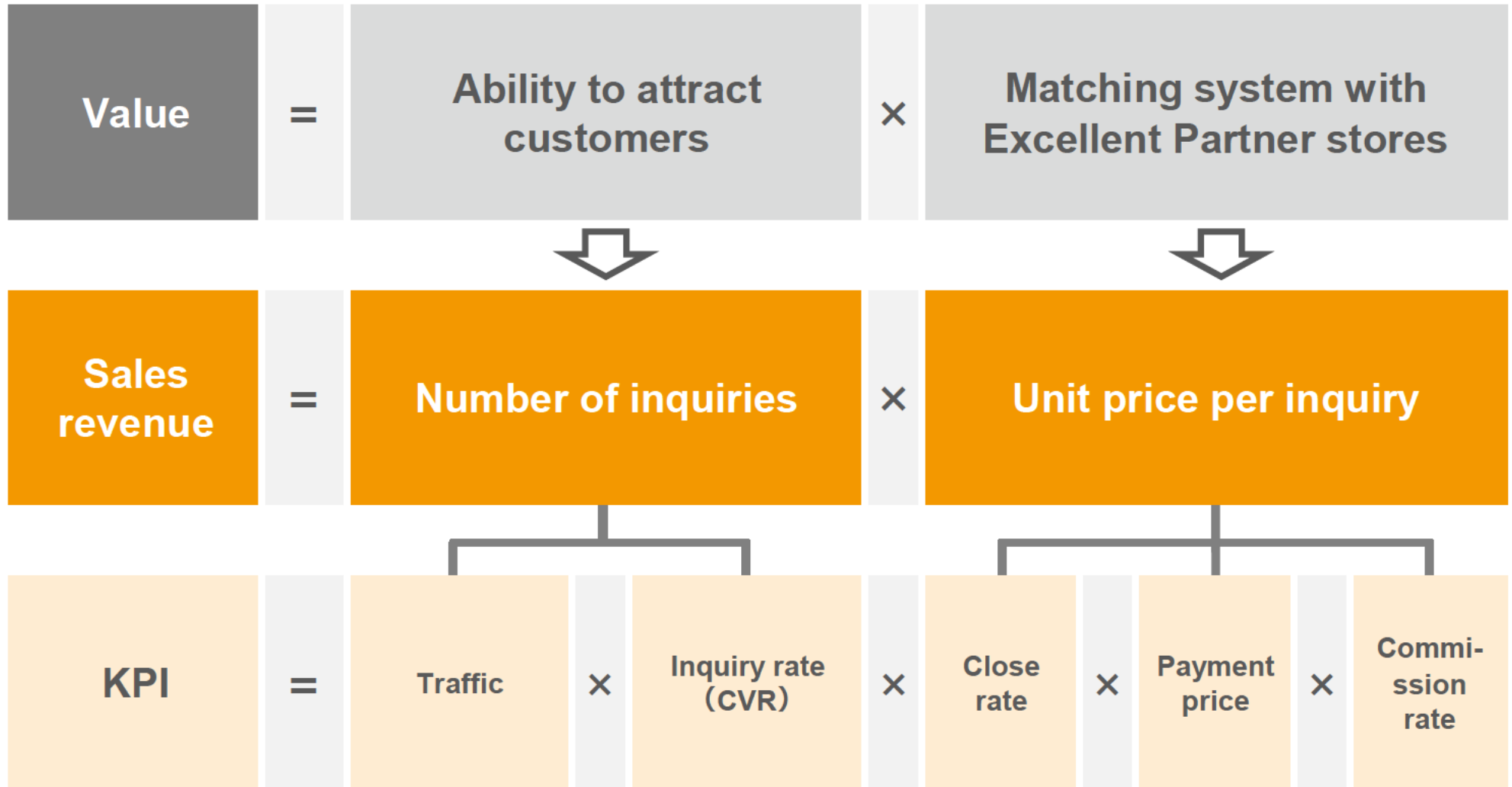
Flow of introducing

Users with "Household problems" contact us through our website. Then, we select the most appropriate partner store judging (1) Genre (2) Location and (3) Desired service date and time. We will receive a commission only after the service is completed. (in some cases, receive a commission just after introducing)



Profit structure

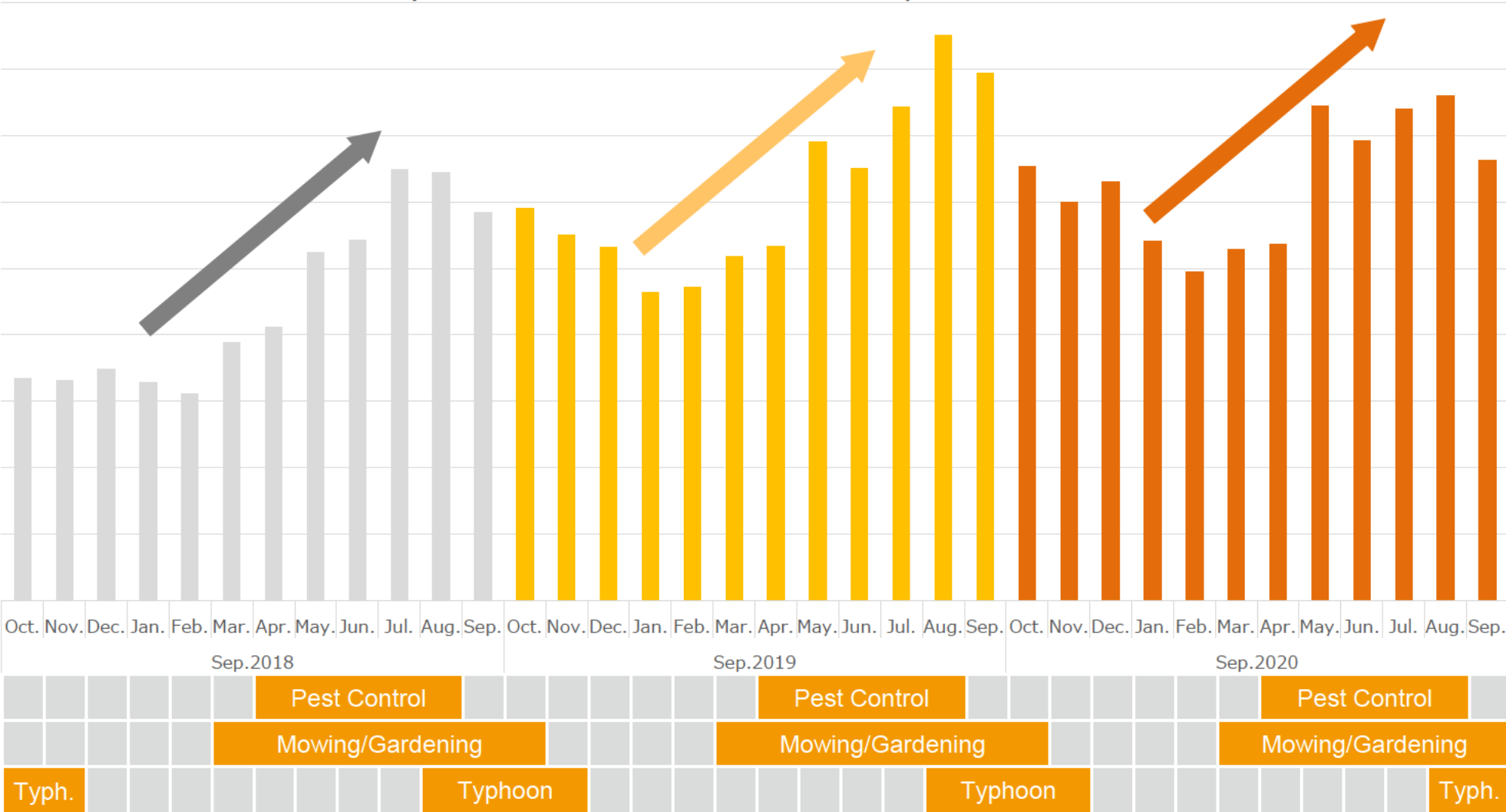
Our value source (Value) is defined as a matching system and excellent partner stores network that monetizes the ability to attract customers. Each numeric value represents “Number of inquiries” and “Unit price per inquiry”, and a further disassembled KPI management is followed up.



Monthly Sales revenue of “Household problems” business

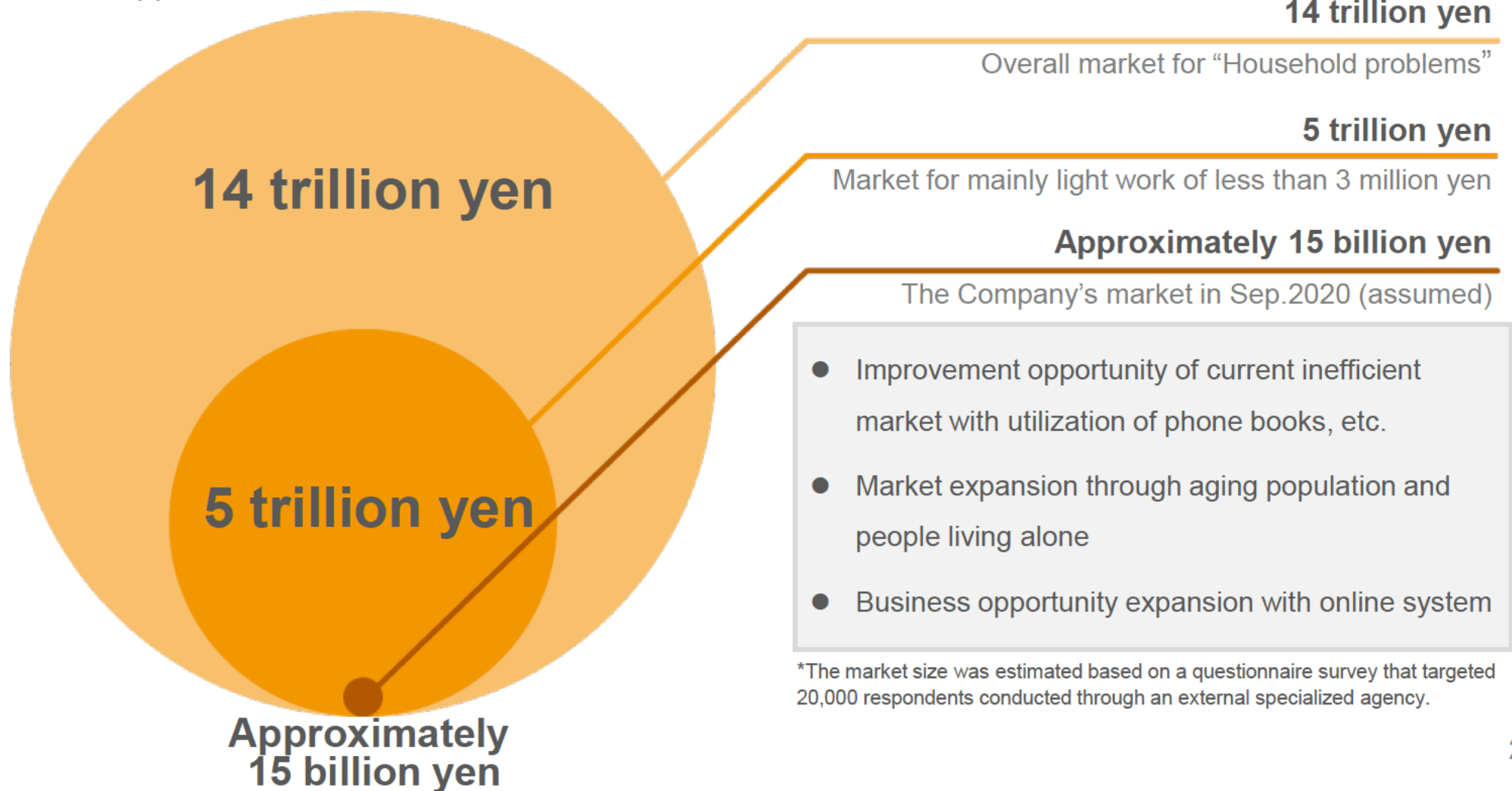
Sales revenue have changed as usual QoQ, and have grown continuously YoY. We will keep increase trend.

Monthly sales revenue of “Household problems” business



Market of “Household problems”

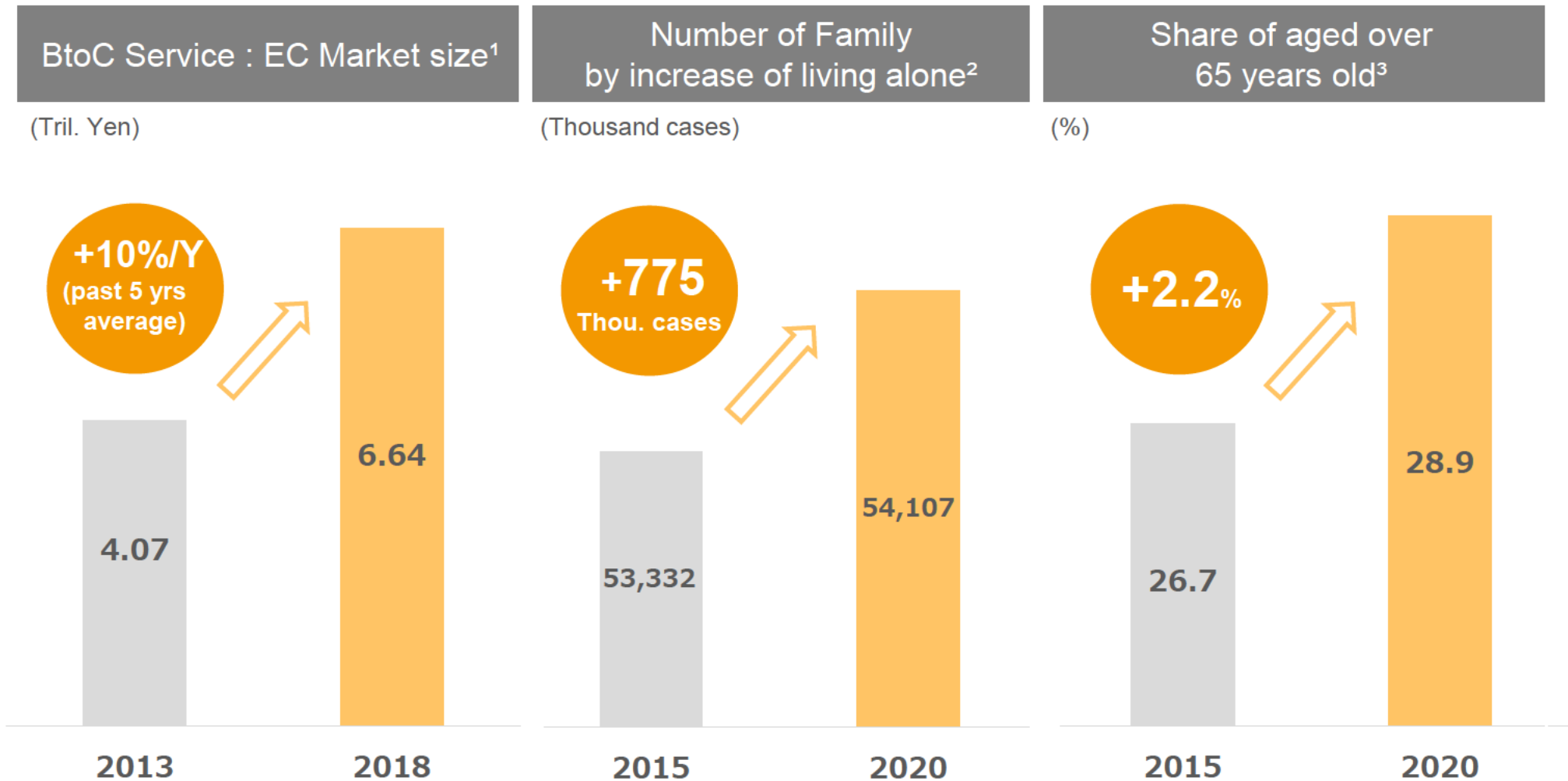
Domestic market of "household problems" is around 14 trillion yen, and of that, we estimate that the market with low-price light work is worth 5 trillion yen. With the increase of the aged and people living alone, this market is expected to grow continuously. In addition, currently, the majority of customers are attracted offline. With an ongoing shift from offline to online, we, who have strengths in online business, will enjoy expansion of business opportunities.



*The market size was estimated based on a questionnaire survey that targeted 20,000 respondents conducted through an external specialized agency.

Follow wind of Market opportunity

The single and aged society and EC of services will enlarge the market ow “Household problem” business.



1.Ministry of Economy, Trade and Industry “Infrastructure of Data Driven Society (EC Market Research)”

2.Notional Social Security Population Problem Research “Estimate of Japanese family numbers 2018”

3.Ministry of Public Management, Home Affairs, Posts and Telecommunications “Statistics Topics No. 113 Japanese aged society”

Fiscal Year ending September 30, 2020 balance sheet

(million yen)

	Previous year-end 2019 (As of Sep. 30,2019)	Current year-end 2020 (As of Sep. 30,2020)	YoY Change
Current assets	4,650	2,964	(1,686)
Fixed assets	4,259	2,812	(1,447)
Total assets	8,910	5,776	(3,134)
Current liabilities	2,986	2,128	(858)
Fixed liabilities	4,474	2,538	(1,936)
Total equity	1,449	1,110	(339)
Capital ratio	16.3%	19.2%	+2.9%

Fiscal Year ending September 30, 2020 P/L statement

(million yen)

	Previous year-end 2019 (As of Sep. 30,2019)	Current year-end 2020 (As of Sep. 30,2020)	YoY change
Sales revenue	3,891	3,987	+95
Cost of sales	50	30	(19)
Gross profit	3,841	3,956	+115
SGA expense	4,172	3,581	(590)
Operating profit	(268)	364	+632
Pre-tax profit	(304)	329	+634
Net income from Continuing operations	(358)	360	+718
Net income from Discontinued operations	(218)	(1,516)	(1,298)
Net income	(576)	(1,156)	(579)

Company profile

- Company name SHARINGTECHNOLOGY INC.
- Head Office JP Tower Nagoya 19F, 1-1-1 Meieki, Nakamura-ku, Nagoya-shi, Aichi 450-6319
- TEL / FAX TEL : +81-52-414-5919 FAX : +81-52-526-2000
- Executive officers
 - Representative Director, CEO Nobuhiro Moriyoshi
 - Director Eisaku Ueda
 - Outside Director Hiroo Asai
 - Audit and Supervisory Committee Member
 - Outside Director Yuichi Zenri
 - Audit and Supervisory Committee Member
 - Outside Director Satoshi Moriyama
 - Audit and Supervisory Committee Member
- Capital 1,195.67 million yen (paid-in capital 2,356.35 million yen)
*As of the end of September,2020
- Number of Employees 308 (including 119 temporary and part-time workers)
*As of the end of September,2020
- Accounting Period End of September
- Market Securities Code: 3989 (Tokyo Stock Exchange Mothers)

Precautions relating to future forecasts

The disclosed documents include matters relating to the future outlook of forecasts, perspectives, goals and plans relating to SHARINGTECHNOLOGY Group, and have been generated on the basis of forecasts at the time of disclosure based on the information that could be obtained at the time of disclosure.

Certain assumptions have been utilized for these matters, and they include risks and uncertainties that are merely decisions made by SHARINGTECHNOLOGY Group's management and subjective predictions.

As a result, please note that due to various factors, the performances, operating results and financial situations may yield different results compared to the current forecasts, perspectives, goals.

Even in the event that new information or events will arise in the future and this future outlook will be affected, We will not be obligated to update and announce such prospects.

The disclosed documents are not intended for soliciting investments, and SHARINGTECHNOLOGY INC. shall not bear any responsibility regarding any troubles, damages or losses incurred based on this information. We ask that all investors make your own judgments relating to investments.