



September 2021 Financial Results Briefing Document
(Disclosure on business plans and matters related to high growth potential)

November 12, 2021

Topics

- FY2021 Actual : Sales revenue 3,531 mil.yen
Operating loss 1,130 mil.yen
(recognized 978 mil. yen of impairment loss, etc.)
- FY2022 Forecast : Sales revenue 3,800 - 4,000 mil.yen
Operating profit 30 mil.yen
- Resolved to apply for new “Growth Market” classification in TSE
- Toward growth, reconstruct business by Organization
specialized by genre

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FY2021

Performance reporting

Consolidated 4Q results (3 months)

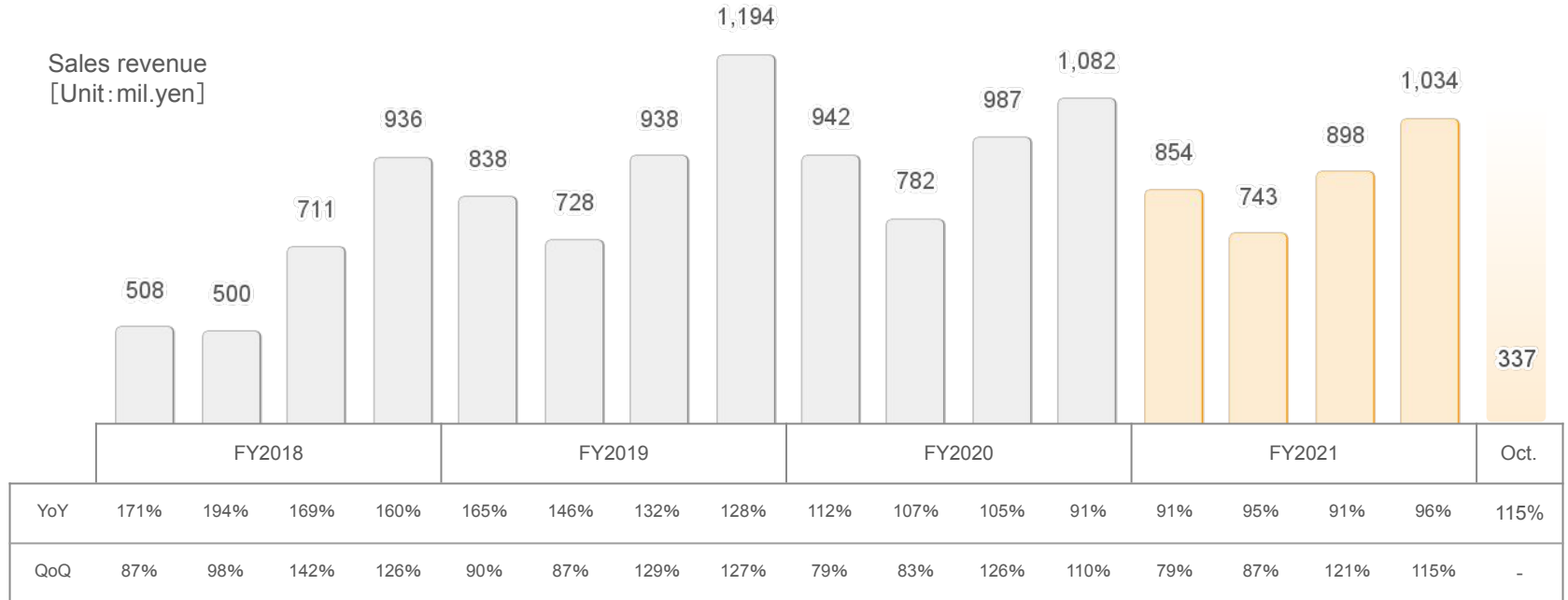
4Q sales revenue were 1,034 mil.yen (96 mil.yen below previous 4Q). Operating profit ended in 19 mil.yen loss (before impairment loss), and 998 mil.yen loss (after impairment loss). Due to intensified competition, unit cost per online advertisement click inflated, and advertisement cost ratio to sales worsened. In addition, impairment loss of non-current assets, etc. (978 mil.yen) was recorded.

	4Q results FY2021	4Q results FY2020*	YoY change
Sales revenue	1,034 mil.yen	1,130 mil.yen	(96) mil.yen
Operating profit	(998) mil.yen (before impairment loss 19 mil.yen loss)	168 mil.yen	(1,166) mil.yen
Net income	(948) mil.yen	153mil.yen	(1,102) mil.yen

※FY2020 includes WEB Consulting.

Sales revenue trend of “Household problems” business

4Q Sales revenue were below previous 4Q (YoY 96%). QoQ (Quarter on the most recent Quarter) were 115%. Since sales revenue of the latest Oct. recorded YoY 115%, the Company expects return to the increase trend from FY2022.



※Oct. value is monthly tentative.

Fiscal Year ending Sep. 30, 2021 performance results

While the downward revised forecast (Aug.13, '21) of sales revenue was 3,400 mil.yen, FY2021 sales revenue recorded 3,531 mil.yen (YoY 455 mil.yen decrease). Due to impairment loss of non-current assets, etc. (978 mil.yen), Operating profit ended in 1,130 mil.yen loss (152 mil.yen loss before impairment loss). Net income ended in 1,119 mil.yen loss.

	Sep. 2021 YTD	Sep. 2020 YTD	YoY change
Sales revenue	3,531 mil.yen	3,987 mil.yen	(455) mil.yen
Operating profit	(1,130) mil.yen (before impairment loss, etc., 152 mil.yen loss)	364 mil.yen	(1,495) mil.yen
Net income	(1,119) mil.yen	(1,156) mil.yen	36 mil.yen

※FY2020 includes WEB Consulting.

Contents of Impairment loss, loss on disposal, and Future impact

Based on the recent trends in performance and other factors, for goodwill and intangible non-current assets (mainly Software), the Company recognized 978mil.yen of impairment loss and loss on disposal, after examining their future possibility of recovering investments. Mainly thanks to this loss recognition in FY2021, Subsequently, in FY2022, the depreciation cost will decrease by approx. 200 mil.yen.

Item	Impairment/Disposal	FY2021 Depreciation	FY2022 Depreciation	YoY Change
Software, etc.	458 mil.yen	502 mil.yen	approx. 300 mil.yen (est.)	approx. (200) mil.yen (est.)
Goodwill	519 mil.yen	Not recognized in IFRS		—

KPI of “Household problems” business

Due to intensified competition, sales revenue decreased, advertisement cost ratio to sales worsened, resulting in the decreasing operating profit. Meanwhile, other expenses except advertisement cost have been contained stably. So, we aim for business growth, focusing on increase of “Number of inquiries”, and on decrease of advertisement cost ratio to sales.

[mil.yen] (Ratio to sales)	FY2020※				FY2021				
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	total
Sales revenue	942	782	987	1,082	854	743	898	1,034	3,531
Cost (CGS+SGA)	890	836	942	943	896	845	1,002	1,052	3,797
Advertise. (PPC)	355 (38%)	316 (41%)	402 (41%)	436 (40%)	384 (45%)	343 (46%)	501 (56%)	538 (52%)	1,767 (50%)
Labor cost of call center	85 (9%)	80 (10%)	78 (8%)	79 (7%)	71 (8%)	65 (9%)	82 (9%)	73 (7%)	292 (8%)
Other balance	4	5	14	(34)	65	60	(10)	(979)	(864)
Operating profit (Loss)	56	(48)	58	105	23	(41)	(114)	(998)	(1,130)

※For comparison of current business apple on apple, excludes subsidiaries ceasing operation, WEB Consulting business, etc.

Forecast of

FY2022

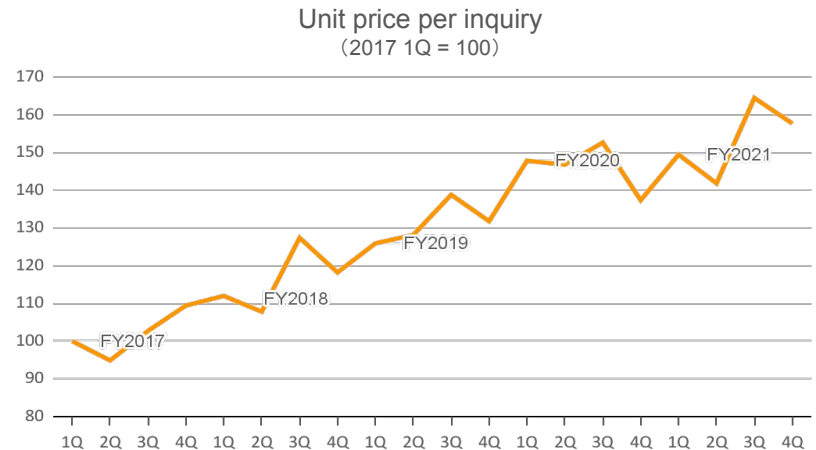
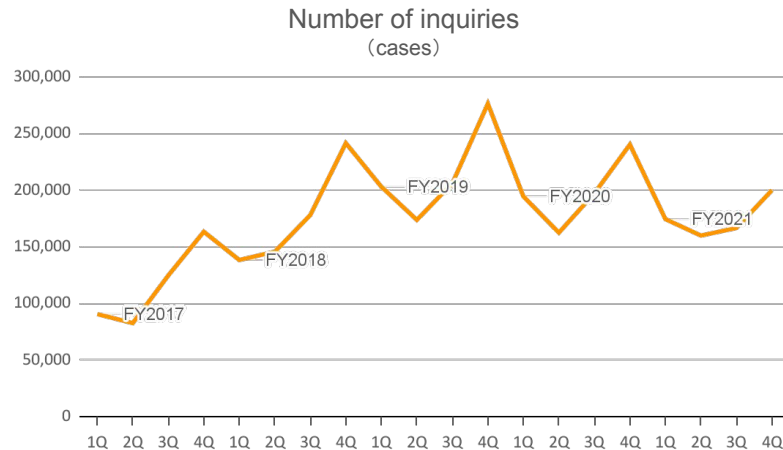
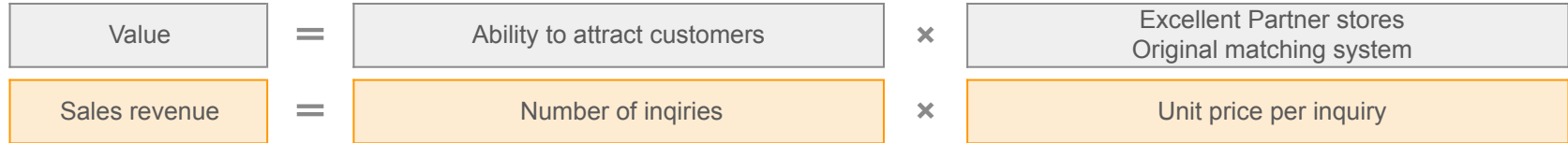
Forecast of Fiscal Year ending Sep. 30, 2022

We forecast FY2022 sales revenue of 3,800-4,000 mil.yen for the fiscal year ending Sep.30, 2022. Operating profit is estimated 30 mil.yen, with decreasing variable cost by diminishing advertisement cost, and with decreasing depreciation cost by impairment loss recognition in FY2021. And, tentative sales revenue of the latest Oct. '21 recorded 337 mil.yen (YoY 115 %).

	Sep. 2022 Forecast	Sep. 2021 Actual
Sales revenue	3,800 - 4,000 mil.yen (YoY 108 - 113%)	3,531 mil.yen
Operating profit	30 mil.yen	(1,130) mil.yen (after 978 mil.yen impairment loss)

Analysis of Sales revenue

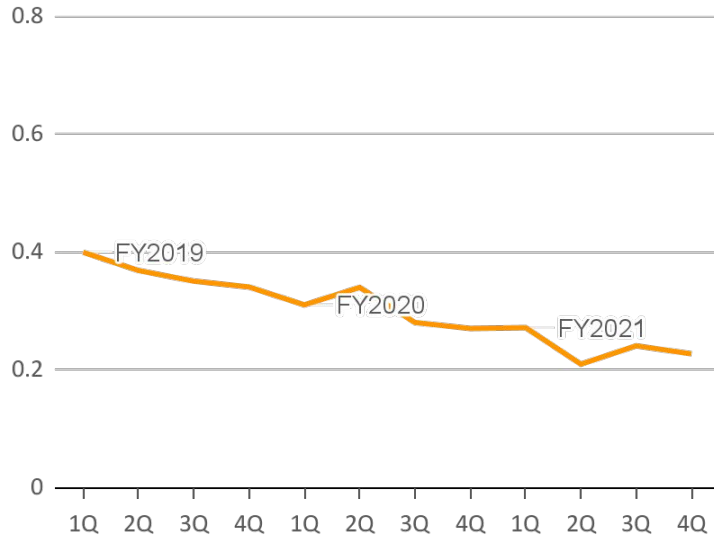
The trend of “Number of inquiries” and “Unit price per inquiry” consisting of Sales revenue are as follows. “Number of inquiries” stagnates recently, while “Unit price per inquiry” maintains increase trend. For future, increase of “Number of inquiries” is key for sales growth. Improving customer satisfaction, we will implement SEO countermeasures to increase inflow thru organic search.



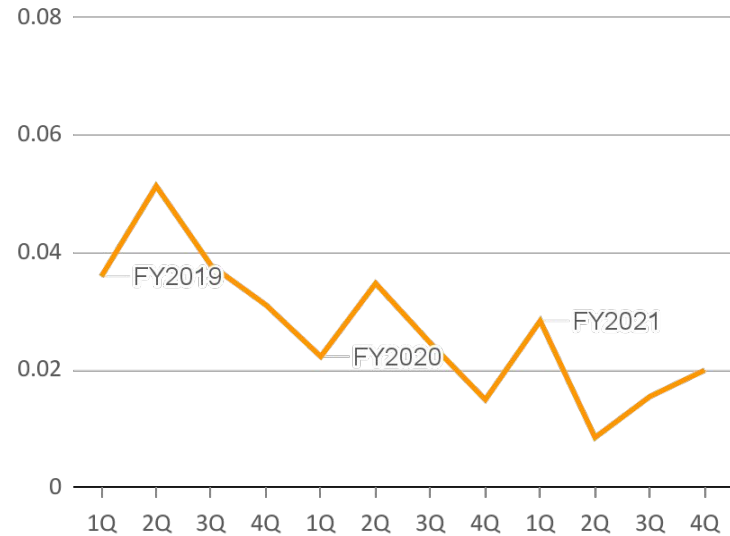
For Satisfaction of Customers and Partner Stores

Claim ratio from customers and partner stores are continuously low, with decreasing trend at certain level. For further customer satisfaction, we will continue to draw up on-site needs to reflect them on our business. To this end, we will improve our business model by implementing customer & partner store friendly platform.

Claim ratio from customers



Claim ratio from partner stores

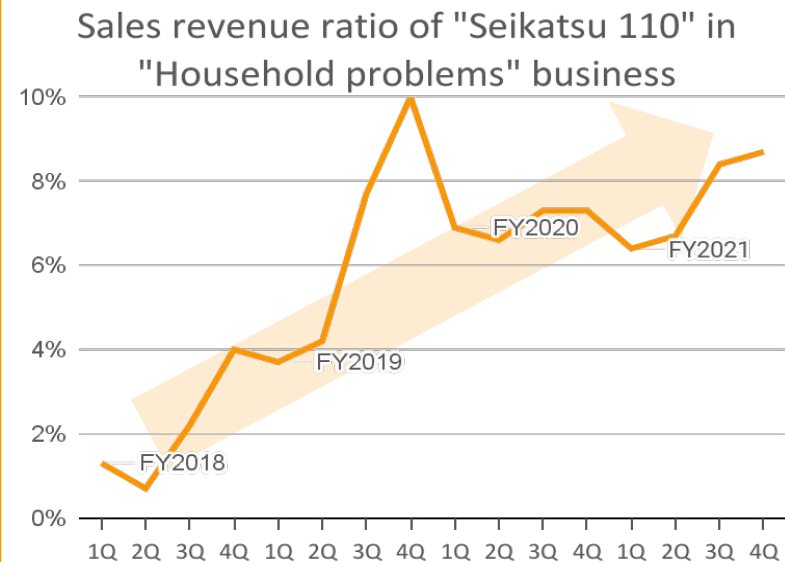


Strategy for
further growth

Strategy for further growth

Due to intensified competition, unit cost per click inflated, and advertisement ratio to sales has rapidly worsening. To diminish advertisement ratio to sales, we will continuously implement SEO countermeasures for increase of “Number of inquiries” thru our portal site ”Seikatsu 110”, and will raise ratio of sales thru organic inflows, with maintaining sales thru listing inflows in maximum.

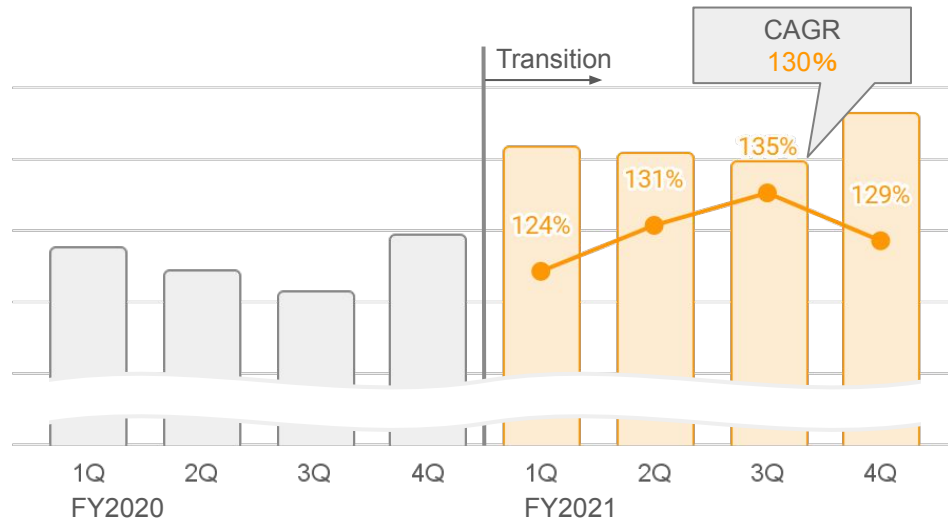
	Portal site	Vertical media site
Site name	生活🏠110番	ペット葬儀🏠110番 電気工事🔌110番
Inflow pathway	Mainly organic inflow	Mainly listing inflow
Merit	<ul style="list-style-type: none"> • No advertisement cost • Mid-, long-term customer attraction 	<ul style="list-style-type: none"> • Advertisement of present customer • Listed prior to organic search
Demerit	<ul style="list-style-type: none"> • Some time lag until outcomes 	<ul style="list-style-type: none"> • Advertisement cost • Unit click price hike in competition



Growth brought by Organization specialized by genre

Effective July, 2021, the Company organization was transformed from that by function into that by category putting together similar genres, aiming specialized service by genre, by investigating genres and partner stores deeply, and providing the best partner store matching suitable for service request. In advance, since October, 2020, “Pet animal funeral” genre with new organization has recorded YoY 130% sales revenue with success.

Sales revenue of “Pet animal funeral” genre



SHARETECH new strategy

- In SEO, select key-word specialized by category
- Prioritize genres among categories, and optimize resource allocation
- Search partner store database deeply, and provide the best matching for service request at the shortest

Further countermeasures suitable for characteristic of each genre

Supplementary materials

Solving “Household problems”

We have contracts with over 5,300 partner stores nationwide that can provide support for various “Household problems”. We accept customers who visit our website and introduce them to our 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 5,300 partner stores

Type of our Websites

We operate 2 types of websites relating to “Household problems” business. One is “Seikatsu 110”, a portal site that posts multiple genres onto a single site. Another is approx. 200 vertical media websites that specialize in specific genres. The portal site mainly receives inflow from organic SEO, while vertical media sites have high inflow ratio from listings.



生活110番



Portal site



Over 150 genres



Mainly organic inflow



ペット葬儀110番 電気工事110番 etc.



Vertical media site



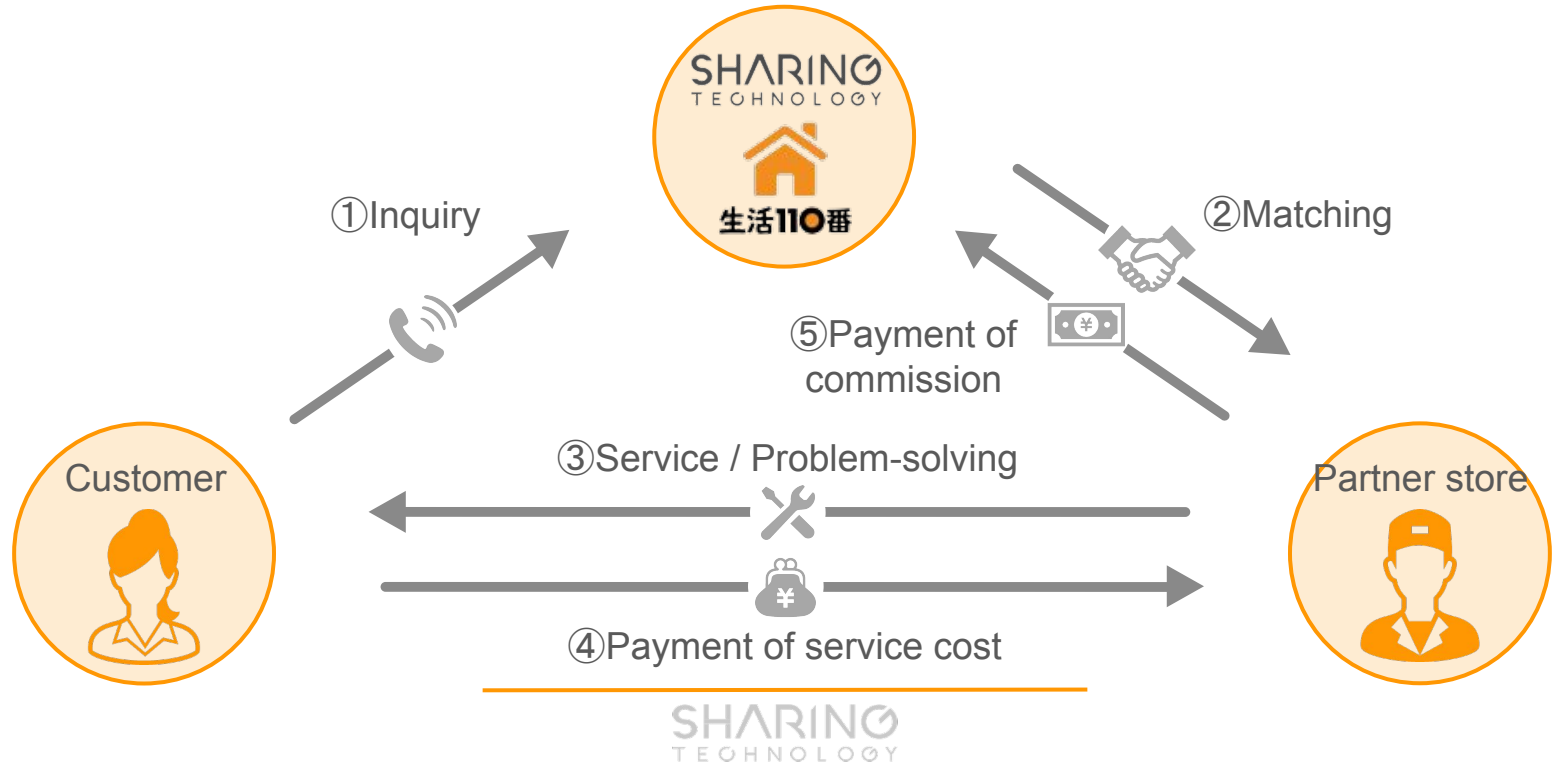
One genre per site



Mainly listing inflow

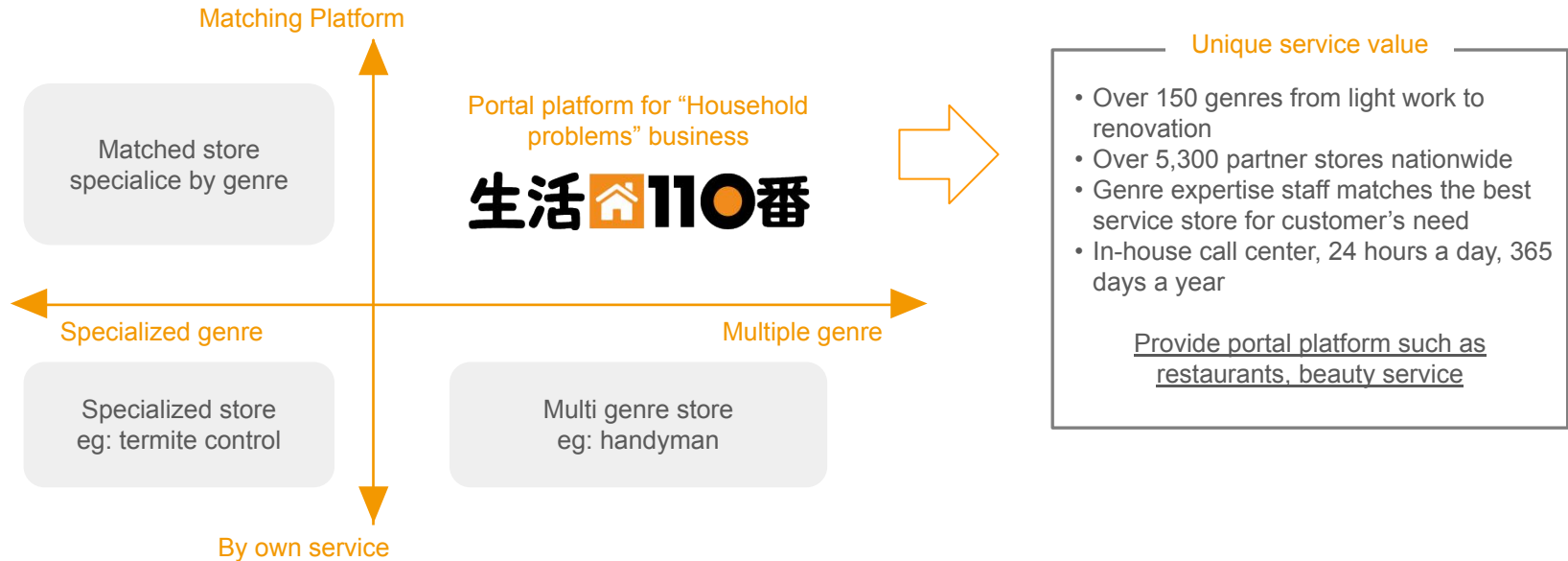
Business Flow

Customers with “Household problems” contact us through our website. Then, we match the most appropriate Partner store judging (1) Genre (2) Location (3) Preferred service date and time. We receive Commission either after service completion, or after introducing.



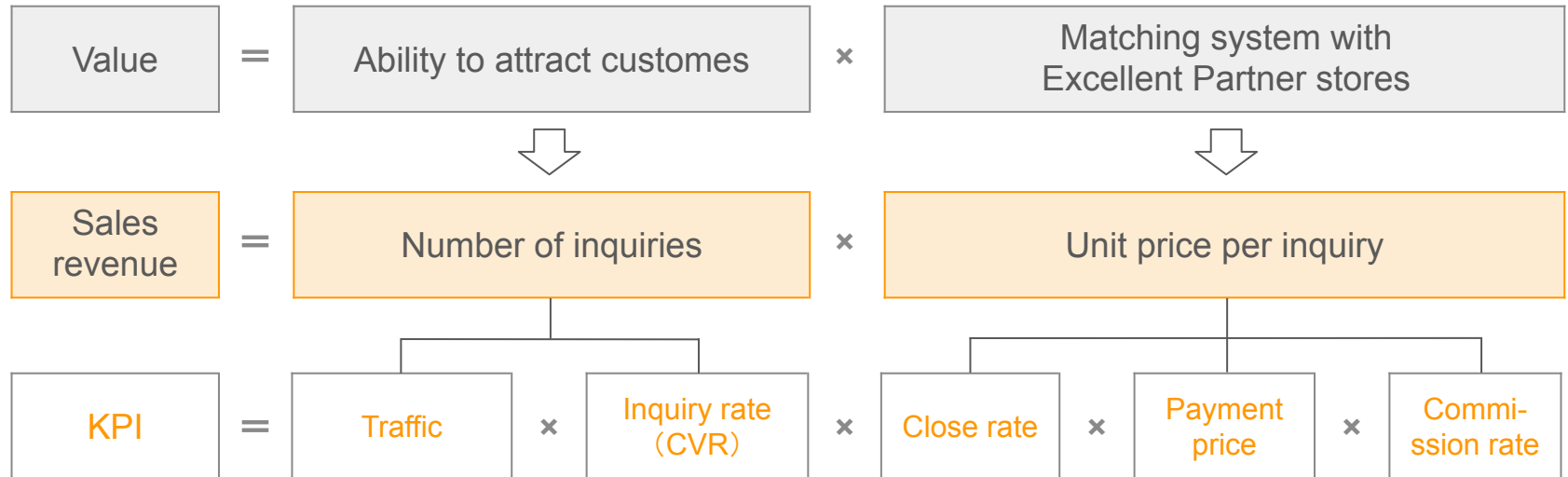
Competitors and our Target Position

Competitors in “Household problems” business are mapped as follows in terms of the number of genres, platform, and service provider store. We assume there exists no portal platform such as restaurants search, beauty service. For this business opportunity, by expanding quality partner store network after analyzing requests, prioritizing matching with high added-value & customer satisfaction partner stores, we try to provide portal platform to solve various problems in daily life.



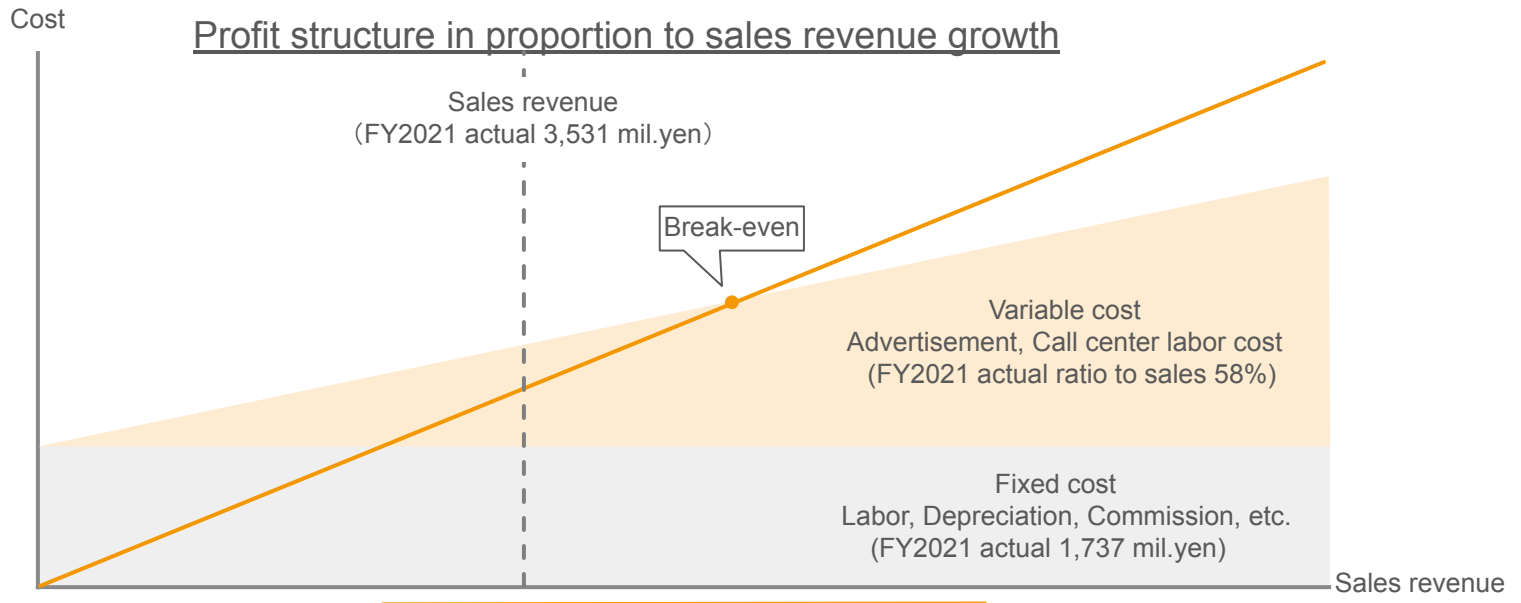
Profit Model

Our value source (Value) is defined as our ability to attract customers, our matching system to solve customers' problems, and excellent partner stores network. Each "Number of inquiries" and "Unit price per inquiry" is represented as numeric value. "Number of inquiries" is broken down into "Traffic", "Inquiry rate(CVR)", meanwhile, "Unit price per inquiry" is broken down into "Close rate", "Payment price", "Commission rate".



Profit structure image of “Household problems” business

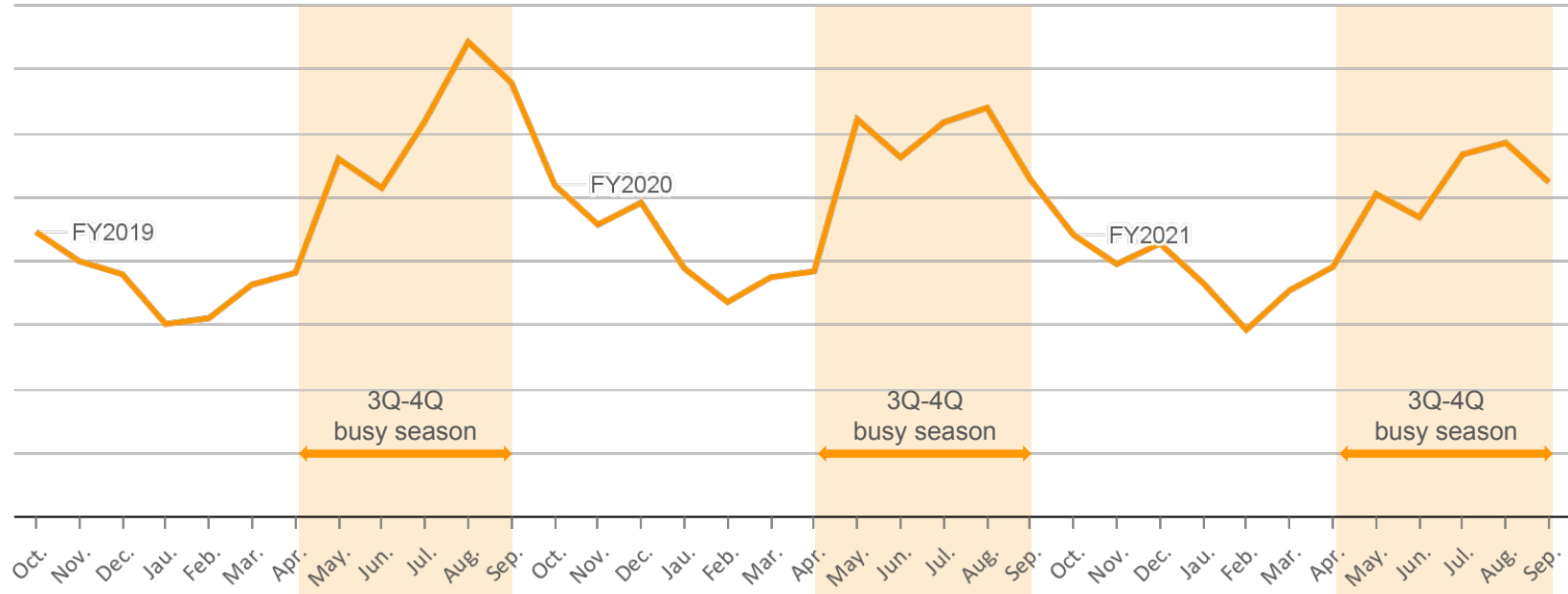
In FY2021, variable cost (advertisement, Call center labor cost) were 58%, and fixed cost (labor, depreciation, commission, etc.) were 1,737 mil.yen (from FY2022, depreciation cost will decrease by approx. 200 mil.yen). From now on, we will diminish advertisement cost (variable cost) by enhancing customer inflow through portal site, and increasing the number of organic inflow. Decrease of variable cost will bring higher marginal profit ratio, leading to profitable structure.



Monthly Sales revenue of “Household problems” business

“Household problems” business has seasonality. Summer with pest control and mowing/ gardening, and early autumn with typhoon damages on residential houses have tendency to increase our latter half sales revenue.

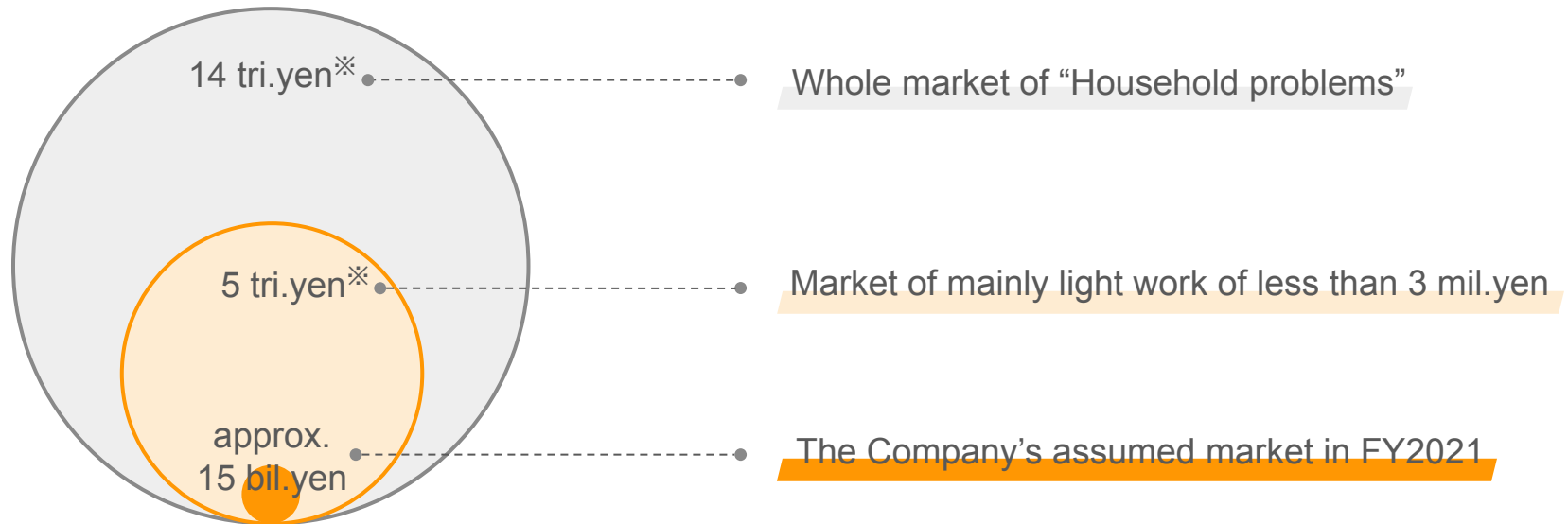
Sales trend of “Household problems” business fluctuating with change of season



Market of “Household problems” business

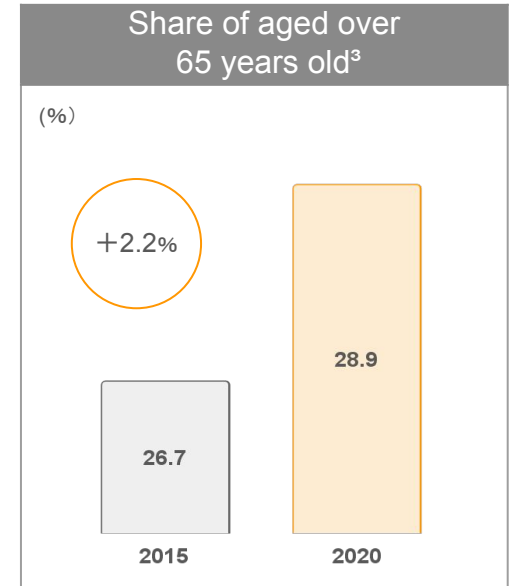
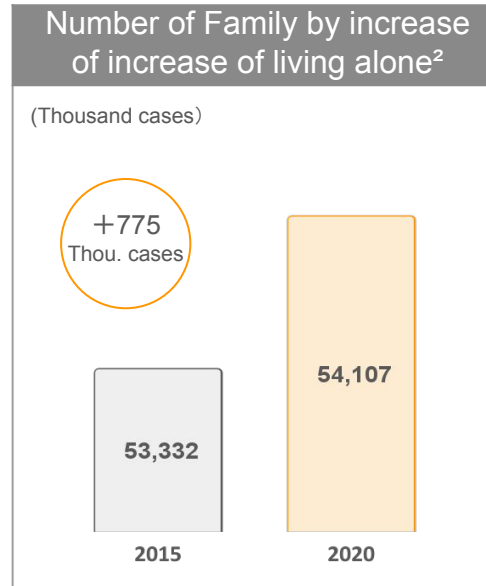
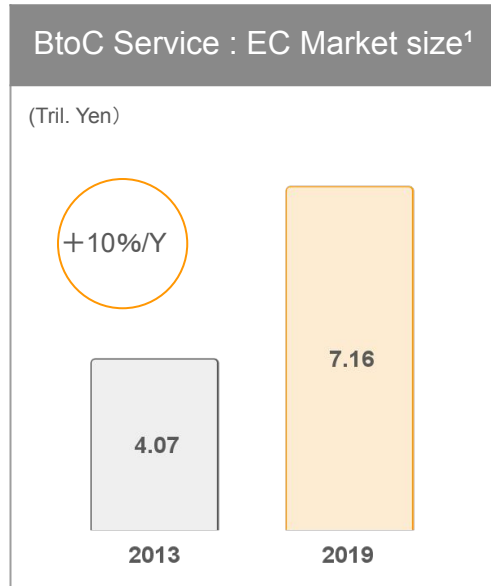
Domestic market of “Household problems” business is approx. 14 tri.yen, and of that, the market of low-price light work is estimated 5 tri.yen. With increase of the aged and people living alone, this market is expected to grow further. In addition, with an ongoing shift from current phone book to online, we assume further expansion of our business opportunities.

(estimated based on a questionnaire survey of frequency and price of “Household problems” services that targeted 20,000 respondents conducted by an external specialized agency)



Follow wind of Market opportunity

The increase of single and aged families, and spread of EC service will enlarge the market of our “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 number 2018”

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

Recognized Risk and Countermeasures

Area	Major Risk	Frequency/ Time/Impact	Countermeasure
Business Environment: Internet industry	Due to delay of securing engineers, etc., failure to respond to change of market environment may adversely effect on the Company's operating results.	Low/ Mid.& Long-term/ Medium	Always collect industry information, hire engineers timely, or utilize proper outsourcing
Business Content: Search engine	Due to change of priority display, etc., downward effectiveness of SEO may decrease effectiveness of customer inflow in sites.	Medium/ Mid.& Long-term/ Large	Continuously enhance SEO for further customer inflow through search engine, and strive to have our site displayed at the upper prioritized listing position
Business Content: Partner store	Due to some reasons, deterioration of partner stores' service quality may incur shortage of qualified partner stores.	Low/ Mid.& Long-term/ Medium	Recruit new partner stores continuously, and establish organization robust for sudden leaving of partner stores
Business Content: Seasonality	High seasonality genres affected by unsettled/abnormal weather may reduce the number of customer inquiries.	Medium/ Mid.& Long-term/ Large	Increase sales revenue of low seasonality genres, and try to not heavily count onseasonality
Business Content: System	Due to sudden surge of access, human error, disaster, system failure may adversely effect on the Company's operation.	Low/ Mid.& Long-term/ Medium	Decentralize servers, back up periodically, monitor operation status, and prevent/avoid system failure

※Quoted partially from "Business Operation Risk" of Securities Report regarding major risks for business growth and operation
For other risks, refer to "Business Operation Risk" of Securities Report

Fiscal Year ending September 30, 2021 balance sheet

[million.yen]

	Current year-end 2021 (As of Sep. 30,2021)	Previous year-end 2020 (As of Sep. 30,2020)	YoY change
Current assets	2,236	2,964	(727)
Fixed assets	843	2,812	(1,968)
Total assets	3,080	5,776	(2,695)
Current liabilities	2,073	2,128	(54)
Fixed liabilities	815	2,538	(1,722)
Total equity	190	1,110	(919)
Capital ratio	6.2%	19.2%	(13.0%)

Fiscal Year ending September 30, 2021 P/L statement

[million.yen]

	Current year-end 2021 (As of Sep. 30,2021)	Previous year-end 2020 (As of Sep. 30,2020)	YoY change
Sales revenue	3,531	3,987	(455)
Cost of sales	85	30	+55
Gross profit	3,445	3,956	(510)
SGA expense	3,712	3,581	+130
Operating profit	(1,130)	364	(1,495)
Pre-tax profit	(1,151)	329	(1,480)
Net income from Continuing operations	(1,119)	360	(1,480)
Net income from Discontinuing operations	-	(1,516)	-
Net income	(1,119)	(1,156)	+36

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
Director	Yoshitaka Katayama
Director Audit and Supervisory Committee Member	Chiaki Harada
Outside Director Audit and Supervisory Committee Member	Hiroo Asai
Outside Director Audit and Supervisory Committee Member	Yuichi Zenri
- **Capital** 1,308.06 million yen *As of the end of September,2021
- **Number of Employees** 265 (including 74 temporary and part-time workers) *As of the end of September,2021
- **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.

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.

The disclosed documents include “Documents of business plans and matters related to high growth potential” . Update of “Documents of business plans and matters related to high growth potential” will be disclosed around November after fiscal year-end close.