



FY2022 2Q Financial Results Briefing Document

May 12, 2022

Topics

- FY2022 2Q YTD Actual : Sales and Profit increased drastically YoY
Sales revenue : 1,944 mil.yen (**YoY +346 mil.yen**)
Operating profit : 125 mil.yen (**YoY +143 mil.yen**)
- Worsening Advertisement cost to sales ratio improved to FY2021 level (45%)
- Revised upward Earnings Forecast for FY2022
Sales revenue : 3,800~4,000 → **4,000~4,200 mil.yen**
Operating profit : 30 → **250 mil.yen**

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FY2022 2Q

Performance reporting

Consolidated FY2022 2Q results

2Q sales revenue were 925 mil.yen (YoY +182 mil.yen). 2Q Operating profit (historically, the weakest period) ended in 54 mil.yen (YoY +95 mil.yen), due to increasing Sales revenue and maintaining appropriate cost level.

	2Q results FY2022	2Q results FY2021	YoY change
Sales revenue	925 mil.yen	743 mil.yen	+ 182 mil.yen
Operating profit	54 mil.yen	(41) mil.yen	+ 95 mil.yen
Net income	52 mil.yen	(42) mil.yen	+ 94 mil.yen

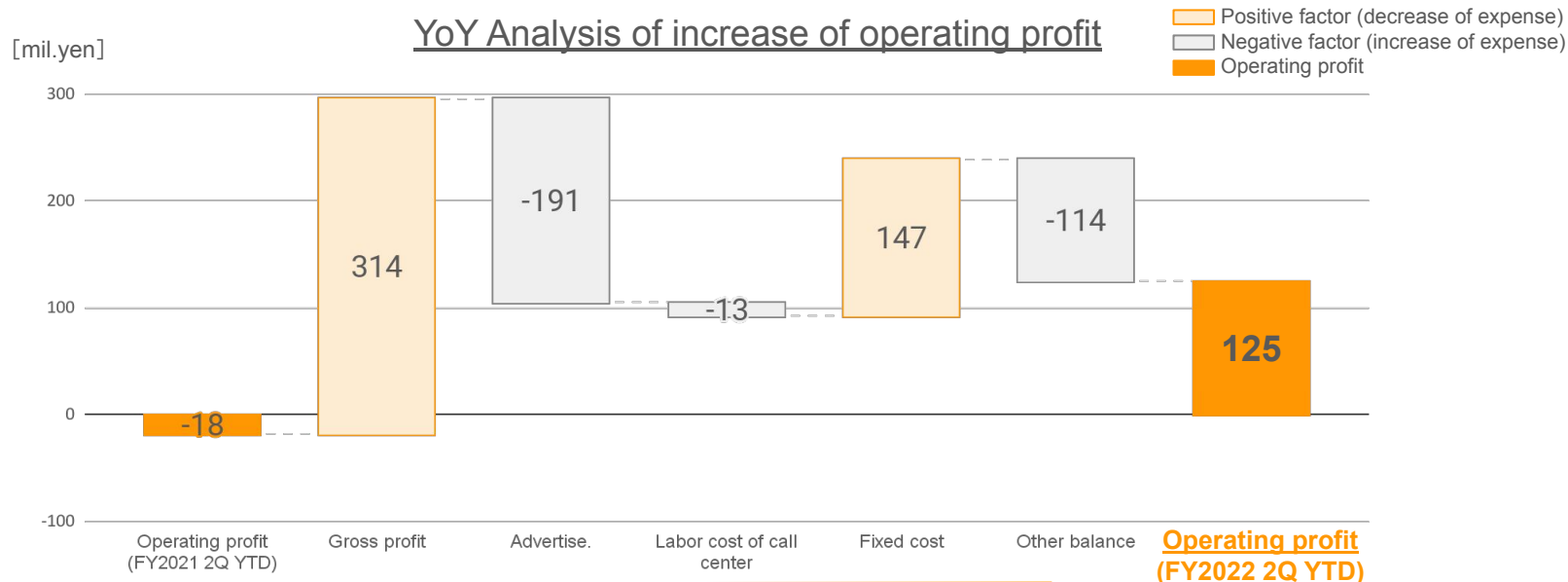
Consolidated FY2022 2Q YTD results

2Q YTD sales revenue increased by YoY +346 mil.yen, due to stable growing genres by increase of “Unit price per inquiry”, etc. Operating profit increased by YoY +143 mil.yen, due to decreasing depreciation cost, and optimizing Advertisement cost ratio to sales, etc.

	2Q YTD results FY2022	2Q YTD results FY2021	YoY change
Sales revenue	1,944 mil.yen	1,598 mil.yen	+ 346 mil.yen
Operating profit	125 mil.yen	(18) mil.yen	+ 143 mil.yen
Net income	118 mil.yen	(49) mil.yen	+ 168 mil.yen

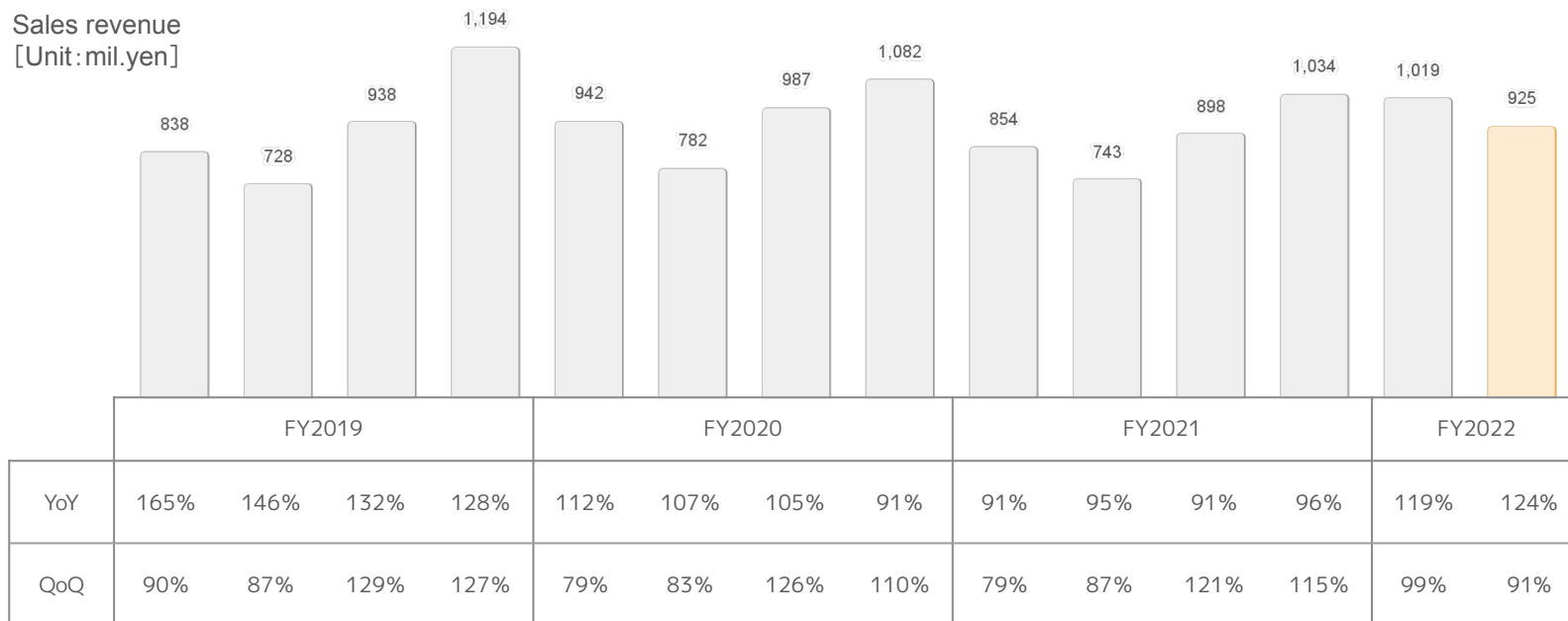
Analysis of increase of Operating profit in 2Q YTD

Starting from Operating profit (18) mil.yen of 2Q YTD of the previous FY, Gross profit increased by 314 mil.yen. While Advertisement cost and Labor cost of call center increased along with increase of Sales revenue, their cost ratio to sales are maintained at the certain level. Fixed cost decreased by 147 mil.yen due to decreasing depreciation cost, etc. As a result, Operating profit of 2Q YTD recorded 125 mil.yen (YoY +143 mil.yen)



Sales revenue trend of “Household problems” business

2Q Sales revenue ended in YoY 124%, QoQ 91%, which exceed historically weak 2Q actual in the past. After the incoming 3Q also, the same strong level is expected to continue.



KPI of “Household problems” business

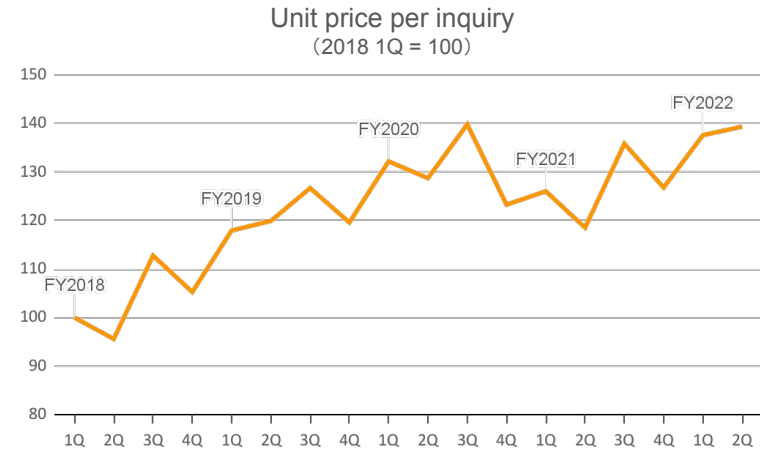
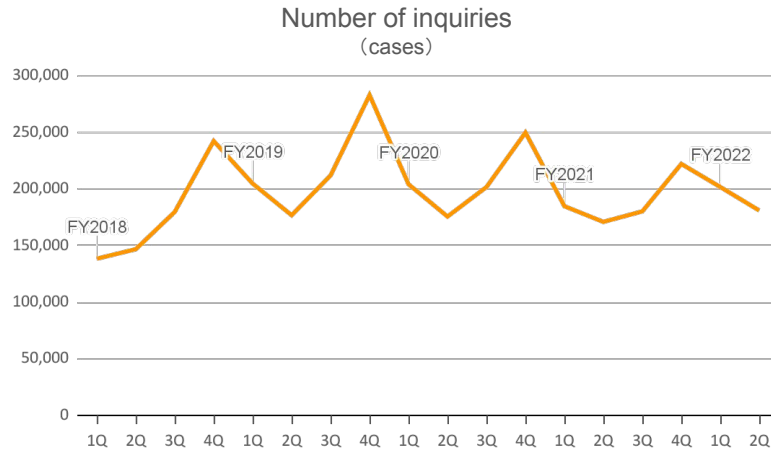
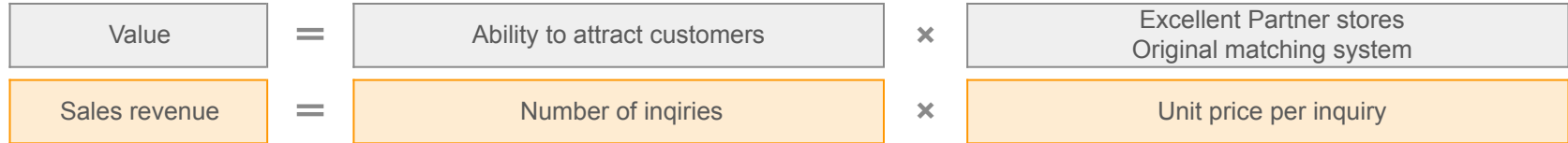
In 2Q, Advertisement cost ratio to sales improved to 45% (FY2021 level), recovering from the most worsened FY2021 3Q, with gradual decreasing QoQ. Labor cost of call center ratio was appropriate 8% level. Decreasing Fixed cost (esp. depreciation as 1Q) contributed to Operating profit of 54 mil.yen.

[mil.yen] (Ratio to sales)	FY2020※				FY2021				FY2022	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Sales revenue	942	782	987	1,082	854	743	898	1,034	1,019	925
Cost of sales	15	17	14	14	11	22	23	27	29	35
Selling, general and administrative expenses	874	818	928	928	885	822	979	1,024	921	843
Advertise. (PPC)	355 (38%)	316 (41%)	402 (41%)	436 (40%)	384 (45%)	343 (46%)	501 (56%)	538 (52%)	499 (49%)	419 (45%)
Labor cost of call center	85 (9%)	80 (10%)	78 (8%)	79 (7%)	71 (8%)	65 (9%)	82 (9%)	73 (7%)	75 (7%)	75 (8%)
Others	433	421	446	412	429	413	395	413	346	348
Other balance	4	5	14	(34)	65	60	(10)	(979)	3	7
Operating profit (Loss)	56	(48)	58	105	23	(41)	(114)	(998)	70	54

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

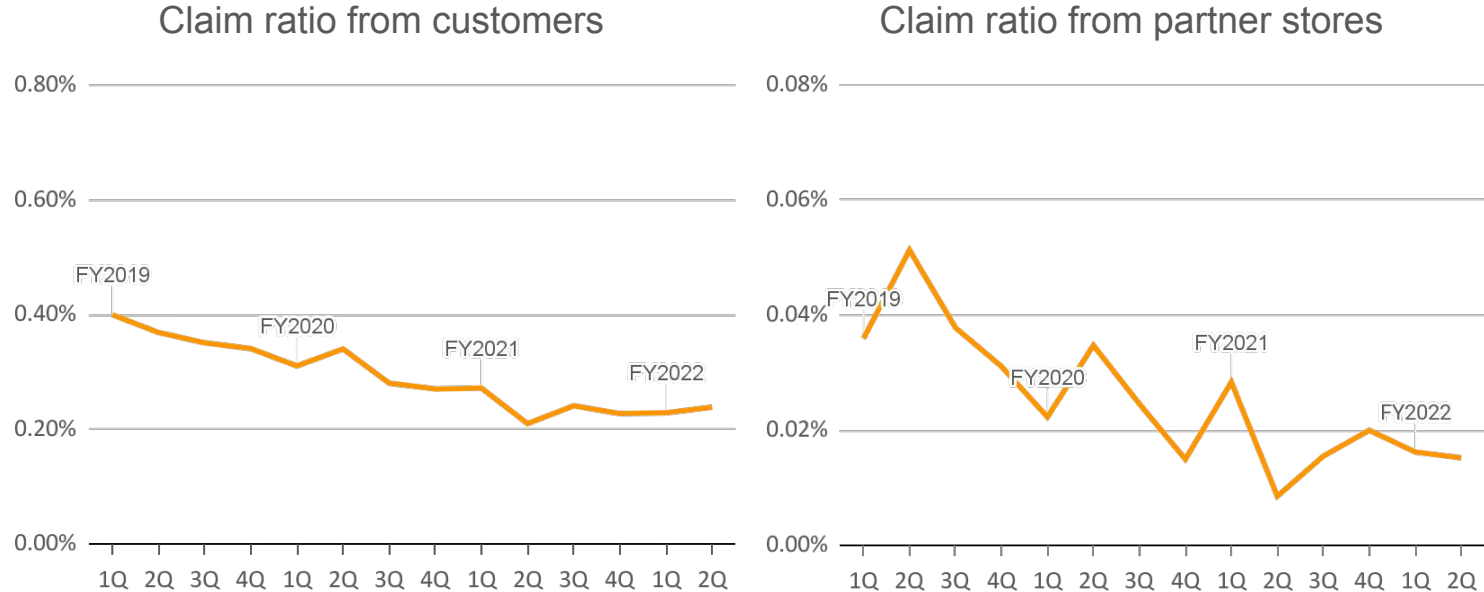
Analysis of Sales revenue

The trend of “Number of inquiries” and “Unit price per inquiry” consisting of Sales revenue are as follows. Meanwhile “Number of inquiries” stagnated recently, “Unit price per inquiry” grows stably. Continuously, we will improve customer satisfaction, and implement SEO countermeasures for more inflow thru organic search. Index has reflected Air ticket matching site with increasing share.



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.



Revision to Earnings

Forecast for FY2022

Upward Revision to Earnings Forecast for FY2022

Since FY2022 Sales revenue have been well above the previous earnings forecast, we have revised original Sales revenue forecast 3,800~4,000 mil.yen announced in Nov. 2021, upward to 4,000~4,200 mil.yen (+200 mil.yen upward). Accordingly, original Operating profit forecast of 30 mil.yen has been also revised upward to 250 mil.yen (+220 mil.yen upward), thanks to sales revenue increase and appropriate cost (e.g. Advertisement) level.

	Revised forecast (May 12, 2022)	Original forecast (Nov. 12, 2021)	Change
Sales revenue	4,000~4,200 mil.yen	3,800~4,000 mil.yen	+ 200 mil.yen
Operating profit	250 mil.yen	30 mil.yen	+ 220 mil.yen

Resolution of Significant Events relating to Going Concern Assumption

Significant Events relating to Going Concern Assumption, which were brought by impairment loss of goodwill and non-current asset, and the decrease of capital ratio at the fiscal year end of Sep. FY2021, have been resolved. We will continuously improve profitability, and stabilize financial position.

(Significant Events relating to Going concern Assumption)

At the end of the previous consolidated fiscal year, Impairment loss of goodwill and non-current asset brought operating loss, net loss, and deteriorating capital ratio (ratio of equity attributed to the owner of the parent company to total assets). As a result, there existed events or circumstances that raise significant doubt about the Group's ability to continue as a going concern.

To resolve this situation, the Group has implemented mid-term business & cash flow plan, and has increased sales revenue and has normalized advertisement cost ratio to sales toward stabilization of financial position.

As a result, in the current 2nd quarter YTD, the Group recorded 125,141 thousand yen operating profit and 118,849 thousand yen net income. And, at the end of the current 2nd quarter, capital ratio (ratio of equity attributed to the owner of the parent company to total assets) ended in 12.90%. After incoming 3rd quarter also, the Group continuously expects to improve profitability and capital ratio (ratio of equity attributed to the owner of the parent company to total assets).

The Group had cash and cash equivalents of 1,041,234 thousand yen at the end of the current 2nd quarter, and will have sufficient funds to continue operations for foreseeable future. The Group does not have significant uncertainties regarding cash flow.

Consequently, the Group believes that Significant Events relating to Going concern Assumption have been resolved at the end of the current 2nd quarter.

extracted from State of Accounts of 2Q, FY2022

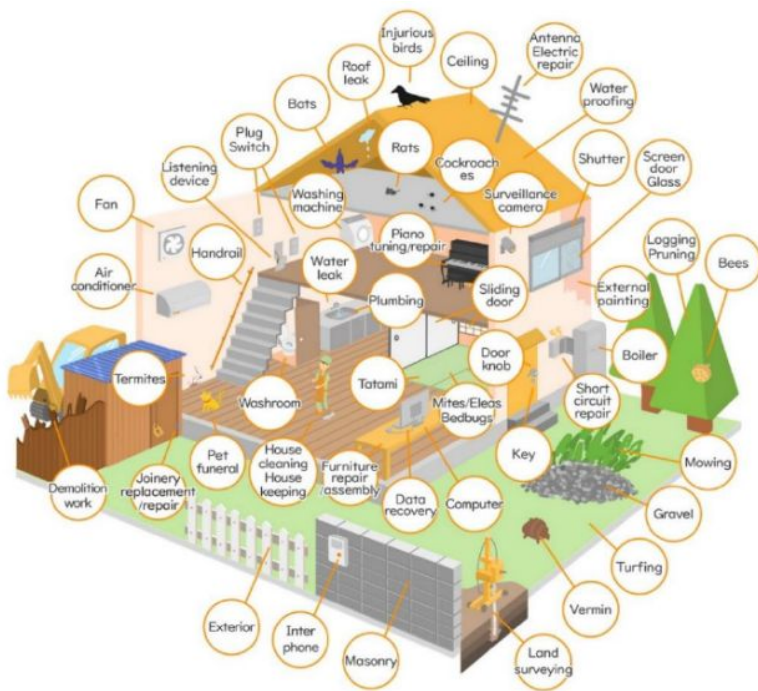
Rationale of resolution

- Operating loss of FY2021
→ Turned into black by 2Q
- Decreasing Capital ratio at FY2021 year end
→ Improved by turning into black of Operating income
- Securing business fund (No concern assumption)
→ Further improved by more Operating C/F

Supplementary materials

Solving “Household problems”

We have contracts with over 5,800 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 5,800 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



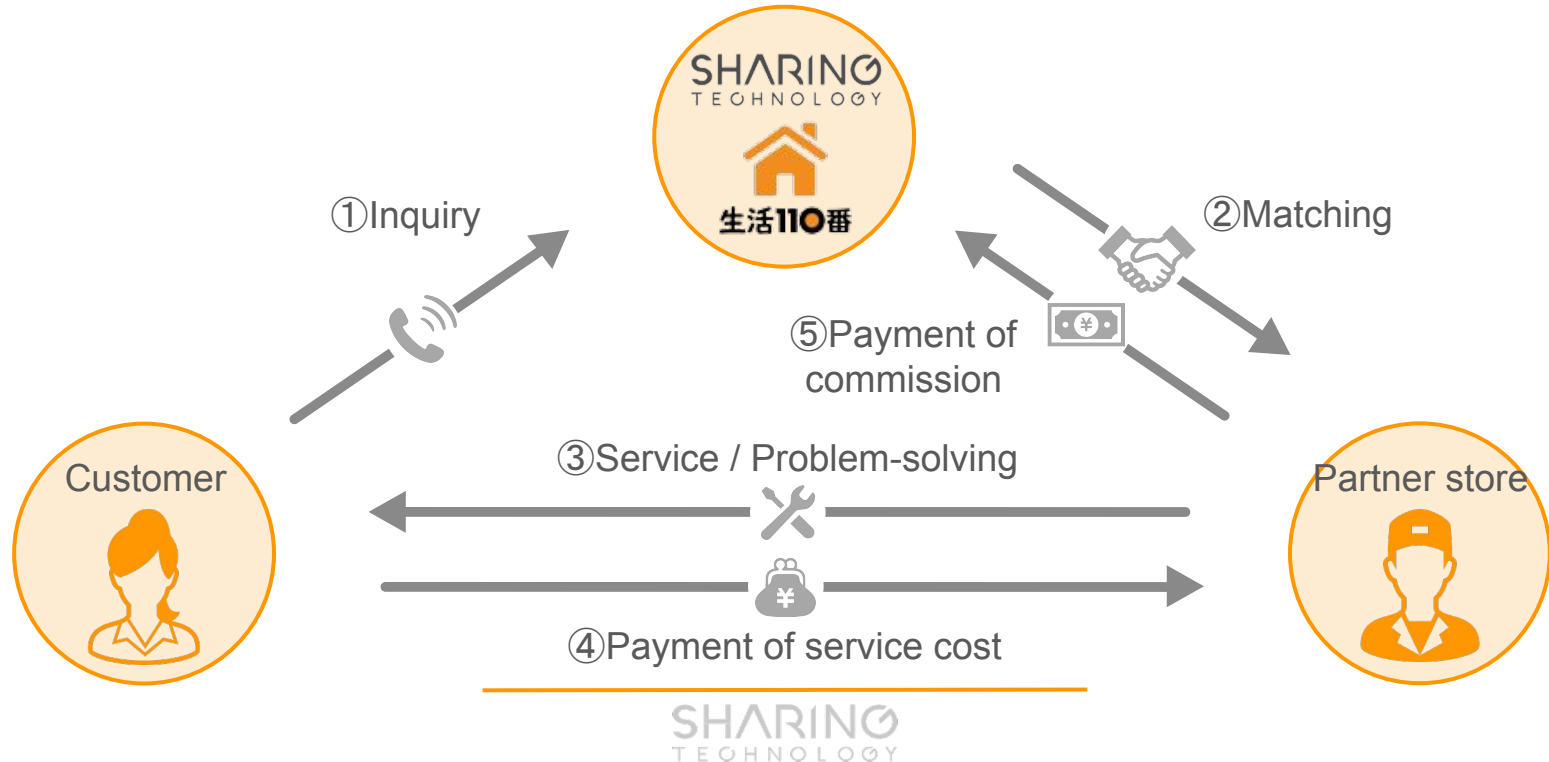
One genre per site



Mainly listing inflow

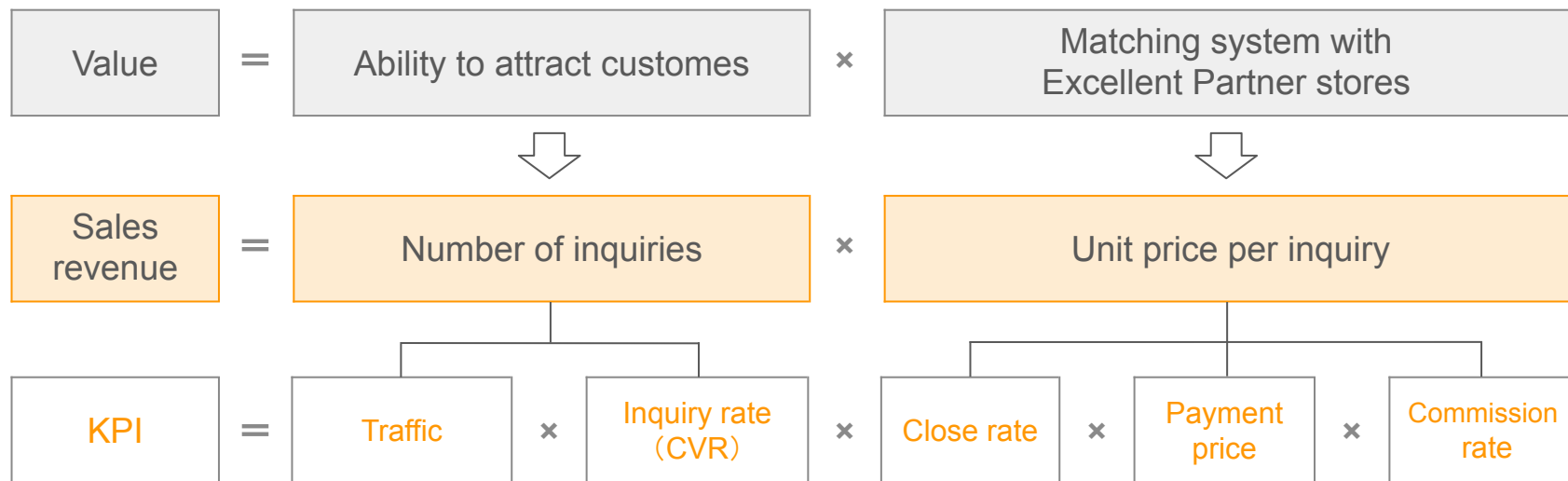
Business Flow

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.



Profit Model

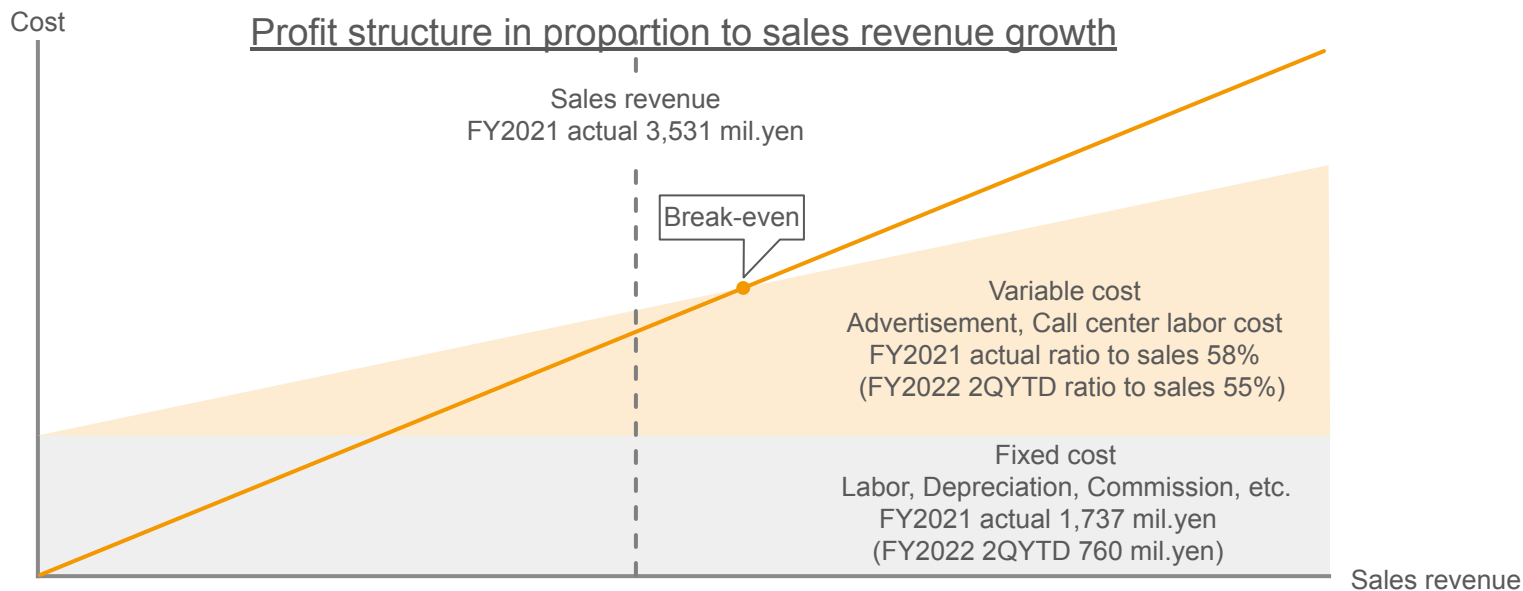
Our value source (Value) is defined as our ability to attract customers, our matching system to solve customers' problems, and excellent partner stores network. Each "Number of inquiries" and "Unit price per inquiry" is represented as numeric value. "Number of inquiries" is broken down into "Traffic",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

FY2022 2Q YTD Sales revenue were 1,944 mil.yen (YoY 122%), Variable cost ratio to sales was 55% (54% in FY2021 2Q YTD), Fixed cost were 760 mil.yen (YoY 87%).

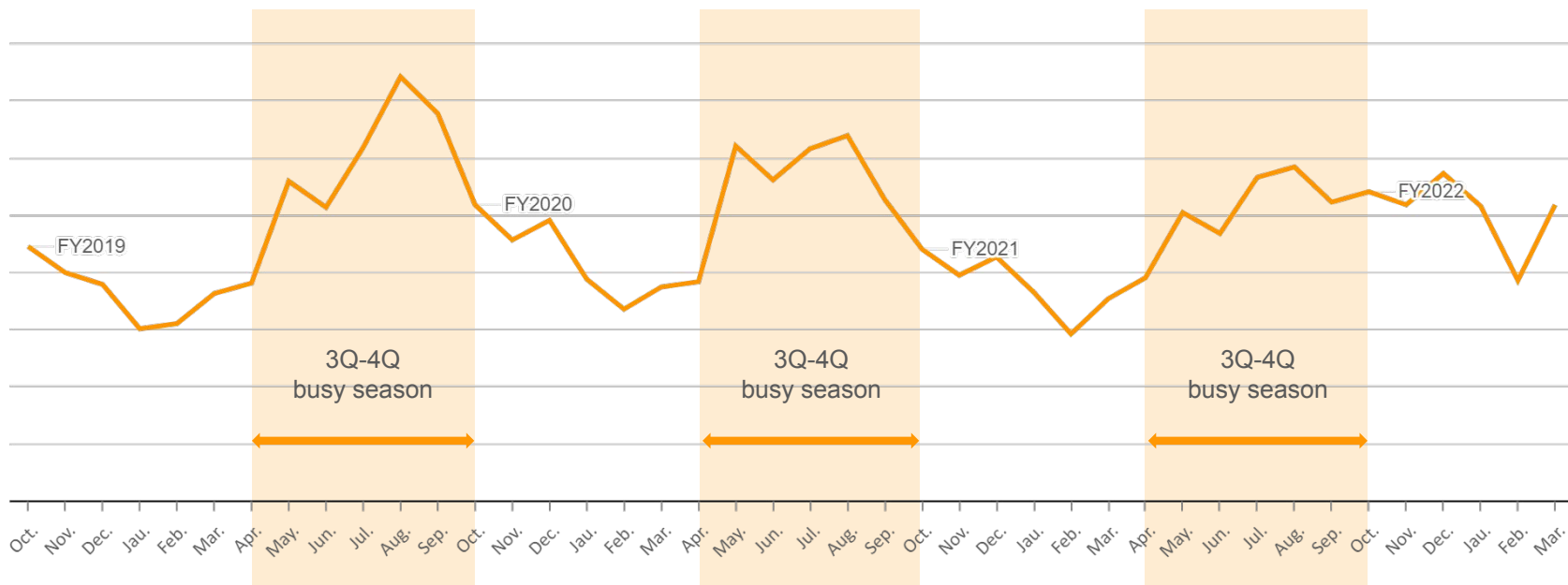
Throughout FY2022, increase of Sales revenue, improvement of profit margin by optimization of Variable cost, decrease of Fixed cost, will further contribute to further increase of profit.



Monthly Sales revenue of “Household problems” business

“Household problems” business has seasonality (e.g. Summer with pest control and mowing/gardening, early autumn of our 2nd half with typhoon damages on residential houses). This seasonality continues, and Sales revenue are expected to grow in the current fiscal year.

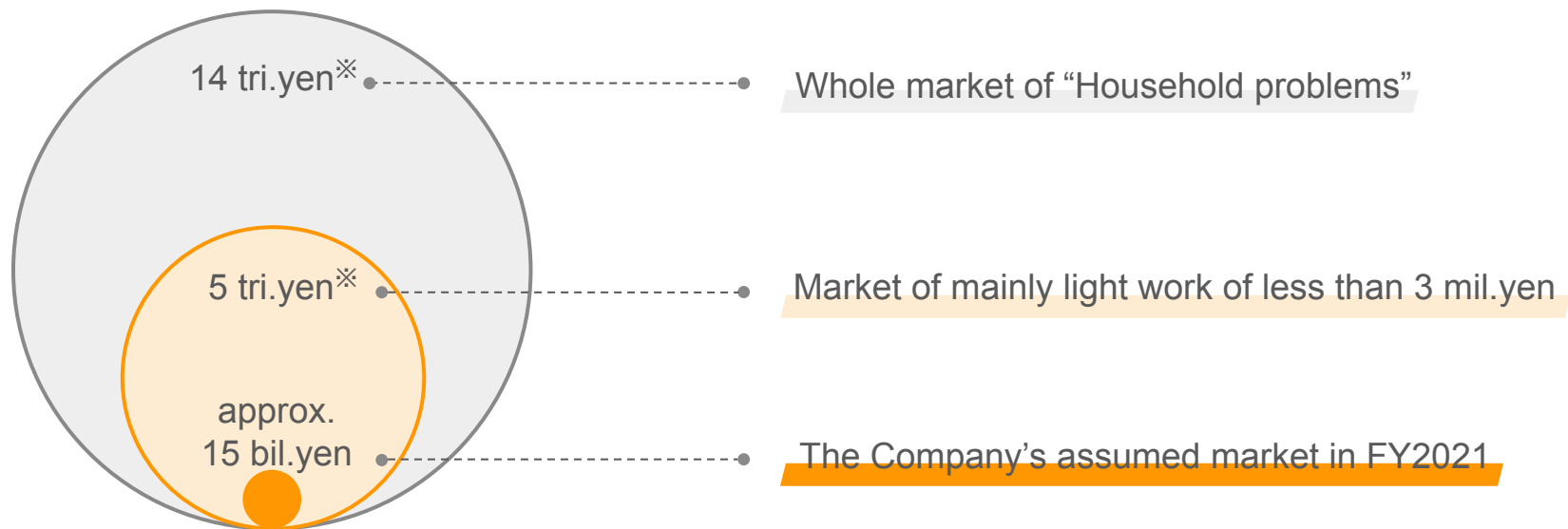
Sales trend of “Household problems” business fluctuating with change of season



Market of “Household problems” business

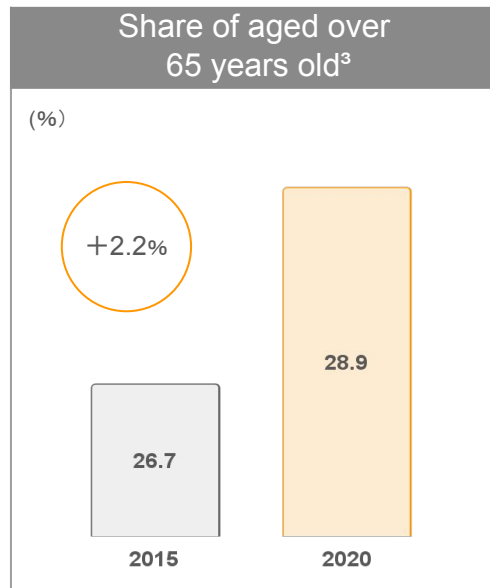
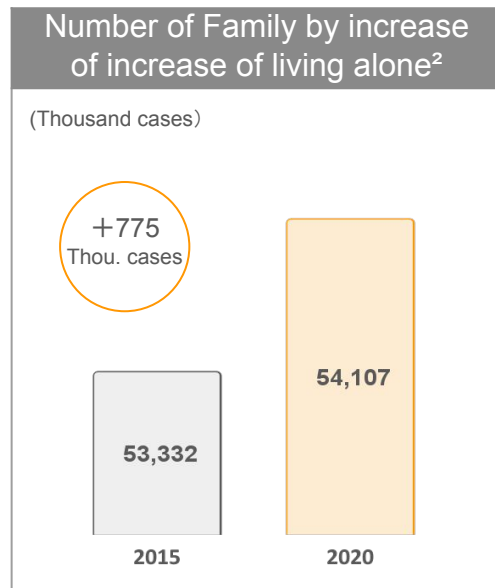
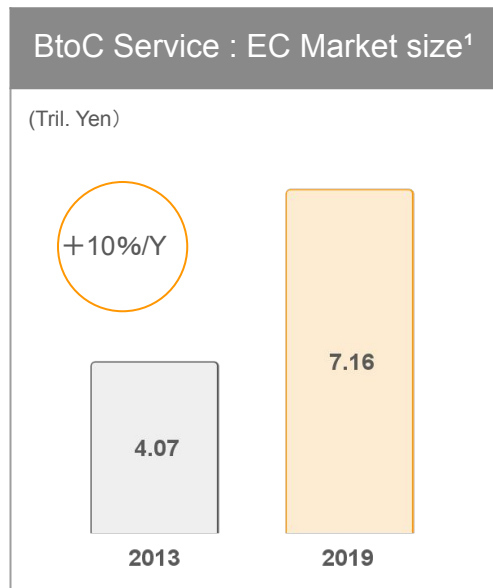
Domestic market of “Household problems” business is approx. 14 tri.yen, and of that, the market of low-price light work is estimated 5 tri.yen. With increase of the aged and people living alone, this market is expected to grow further. In addition, with an ongoing shift from current phone book to online,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

FY2022 2Q Balance sheet

[million.yen]

	FY2022 2Q (As of Mar. 31,2022)	Previous year-end 2021 (As of Sep. 30,2021)	YoY change
Current assets	1,712	2,271	(559)
Fixed assets	688	808	(120)
Total assets	2,401	3,080	(679)
Current liabilities	1,789	2,073	(283)
Fixed liabilities	301	815	(514)
Total equity	309	190	+118
Capital ratio	12.9%	6.2%	+6.7pt

FY2022 2Q P/L statement

[million.yen]

	FY2022 2Q YTD (As of Mar. 31,2022)	FY2021 2Q YTD (As of Mar. 31,2021)	YoY change
Sales revenue	1,944	1,598	+346
Cost of sales	65	34	+31
Gross profit	1,879	1,564	+314
SGA expense	1,765	1,708	+57
Operating profit	125	(18)	+143
Pre-tax profit	118	(29)	+148
Net income	118	(49)	+168

Company profile

- **Company name** SHARINGTECHNOLOGY INC.
- **Head Office** JP Tower Nagoya 19F, 1-1-1 Meieki, Nakamura-ku, Nagoya-shi, Aichi 450-6319
- **TEL** TEL: +81-52-414-5919
- **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 million yen *As of the end of Mar.,2022
- **Number of Employees** 229 (including 58 temporary and part-time workers) *As of the end of Mar.,2022
- **Accounting Period** End of September
- **Market** Securities Code: 3989 (Tokyo Stock Exchange, Growth)

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. We ask that all investors make your own judgments relating to investments.