



FY2022 3Q Financial Results Briefing Document

Aug. 15, 2022

Topics

- FY2022 3Q YTD Actual : Well above earnings forecast due to summer seasonal genres by earlier end of rainy season than usual
Sales revenue : 3,119 mil.yen / Operating profit : 234 mil.yen
- Advertisement cost to sales ratio worsening since previous 3Q improved to optimized level, continuing from current 2Q
- Revised upward Earnings Forecast for FY2022
Sales revenue : 4,350 mil.yen / Operating profit : 350 mil.yen

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FY2022 3Q

Performance reporting

Consolidated FY2022 3Q results

3Q sales revenue were 1,174 mil.yen (YoY +275 mil.yen), remarkably contributed by earlier end of the rainy season than usual, etc. Operating profit and Net income ended in 109 mil.yen (YoY +224 mil.yen) and 101 mil.yen, respectively, due to increase of Sales revenue and continuous optimization of Advertisement cost ratio to sales just like 2Q YTD.

	3Q results FY2022	3Q results FY2021	YoY change
Sales revenue	1,174 mil.yen	898 mil.yen	+ 275 mil.yen
Operating profit	109 mil.yen	(114) mil.yen	+ 224 mil.yen
Net income	101 mil.yen	(121) mil.yen	+ 223 mil.yen

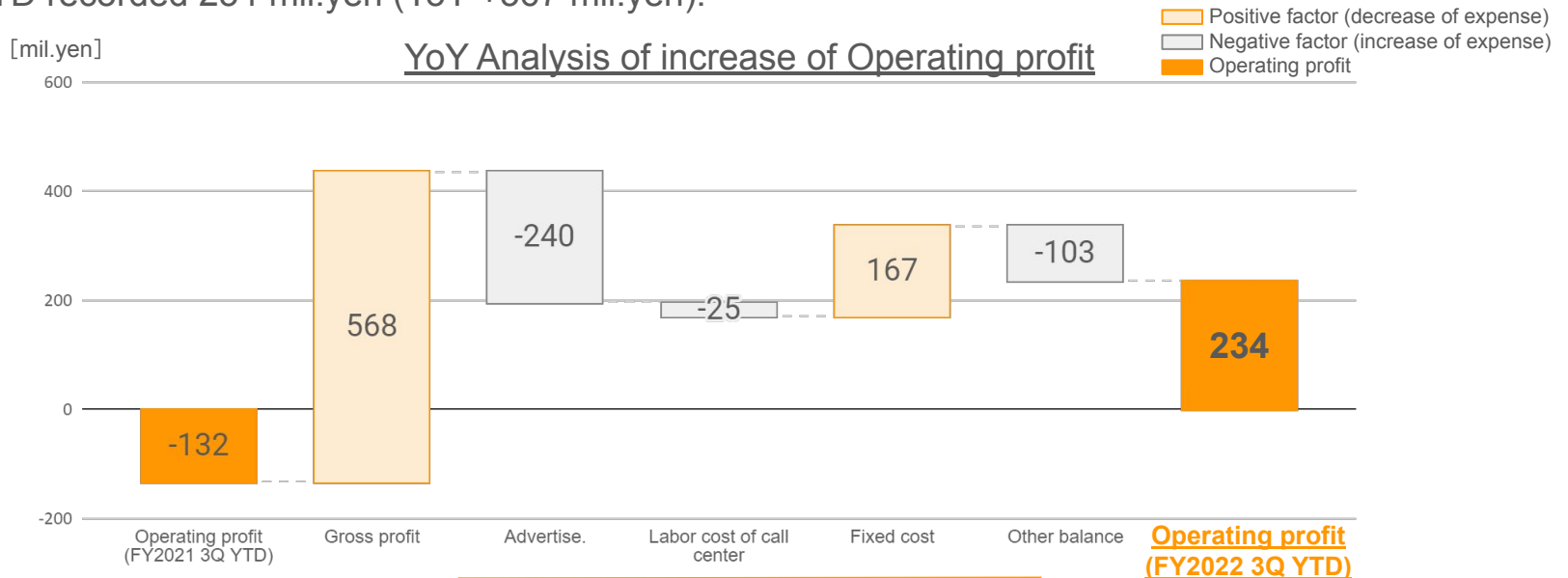
Consolidated FY2022 3Q YTD results

3Q YTD sales revenue remarkably increased by YoY +621 mil.yen (YoY 125%), due to stable growing genres until 2Q, and strong summer seasonal genres by earlier end of the rainy season than usual. Operating profit increased by YoY +367 mil.yen, due to increasing Sales revenue, decreasing depreciation cost, and optimizing Advertisement cost ratio to sales.

	3Q YTD results FY2022	3Q YTD results FY2021	YoY change
Sales revenue	3,119 mil.yen	2,497 mil.yen	+ 621 mil.yen
Operating profit	234 mil.yen	(132) mil.yen	+ 367 mil.yen
Net income	220 mil.yen	(170) mil.yen	+ 391 mil.yen

Analysis of increase of Operating profit in 3Q YTD

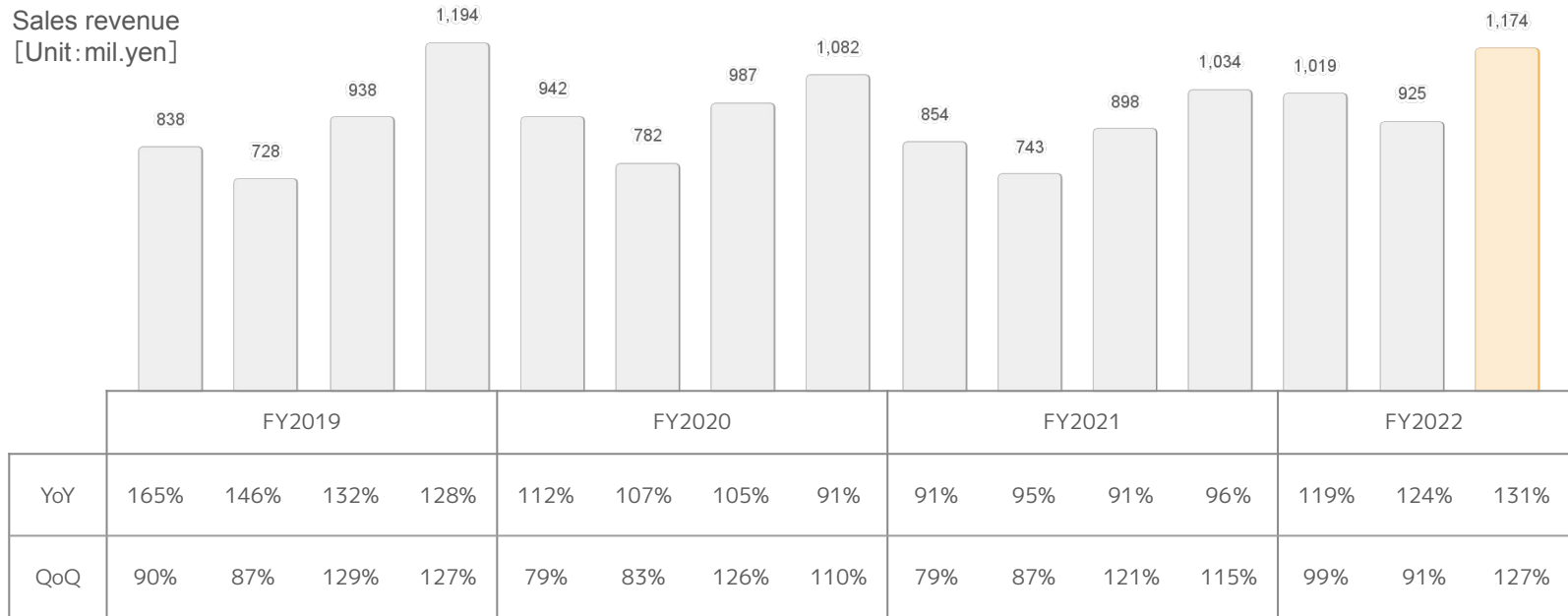
Starting from Operating loss (132) mil.yen of 3Q YTD of FY2021, Gross profit increased by 568 mil.yen. While Advertisement cost increased along with increase of Sales revenue, its cost ratio to sales has improved. Labor cost of call center maintains its cost ratio to sales at the certain level. Fixed cost decreased by 167 mil.yen. Adding Other balance, consequently, Operating profit of 3Q YTD recorded 234 mil.yen (YoY +367 mil.yen).



Sales revenue trend of “Household problems” business

3Q Sales revenue ended in YoY 131%, thanks to strong summer seasonal genres by earlier end of the rainy season than usual. 3Q Sales revenue also increased from 2Q recording remarkable well selling YoY, thus, QoQ ended in 127%.

Sales revenue
[Unit: mil.yen]



KPI of “Household problems” business

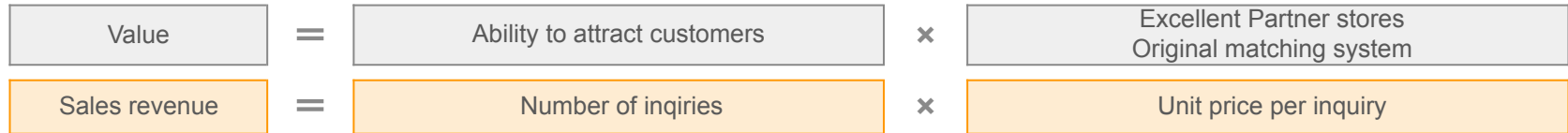
In 3Q, Advertisement cost ratio to sales (47%) was maintained at the optimized level, recovering from the most worsened FY2021 3Q. Labor cost of call center ratio (8%) was also contained at the usual level. In addition, continuous control of costs brought 109 mil.yen. of 3Q Operating profit.

[mil.yen] (Ratio to sales)	FY2020*				FY2021				FY2022		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Sales revenue	942	782	987	1,082	854	743	898	1,034	1,019	925	1,174
Cost of sales	15	17	14	14	11	22	23	27	29	35	44
Selling, general and administrative expenses	874	818	928	928	885	822	979	1,024	921	843	1,020
Advertise. (PPC)	355 (38%)	316 (41%)	402 (41%)	436 (40%)	384 (45%)	343 (46%)	501 (56%)	538 (52%)	499 (49%)	419 (45%)	550 (47%)
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%)	94 (8%)
Others	433	421	446	412	429	413	395	413	346	348	375
Other balance	4	5	14	(34)	65	60	(10)	(979)	3	7	0
Operating profit (Loss)	56	(48)	58	105	23	(41)	(114)	(998)	70	54	109

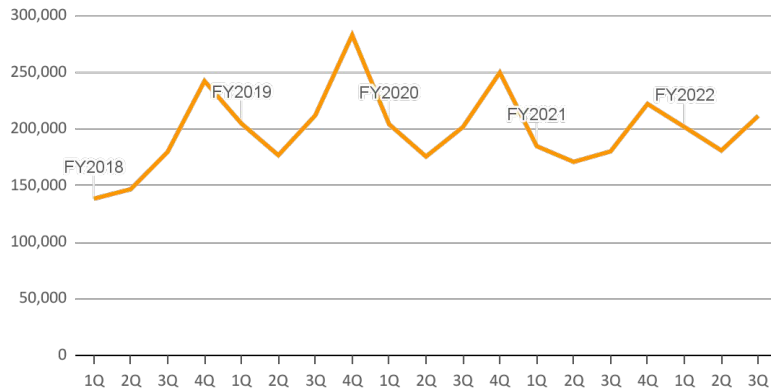
※For comparison of current business apple on apple, excludes subsidiaries ceasing operation, WEB Consulting business, etc.

Analysis of Sales revenue

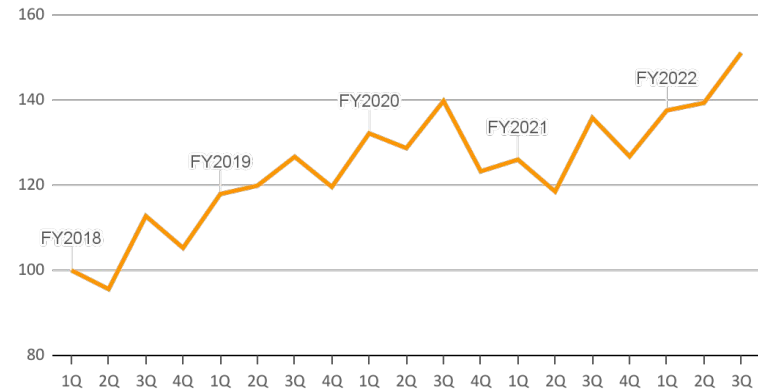
The trend of “Number of inquiries” and “Unit price per inquiry” consisting of Sales revenue are as follows. Although seeming to maintain certain level, “Number of inquiries” stably increases in highly profitable genres in actual, as a result of favorable change of genre mix brought by effective resource allocation. Accordingly, “Unit price per inquiry” also grows stably.



Number of inquiries
(cases)



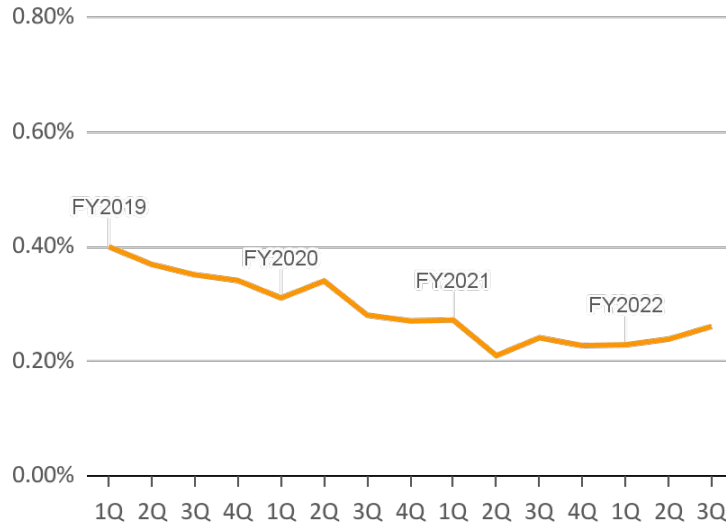
Unit price per inquiry
(2018 1Q = 100)



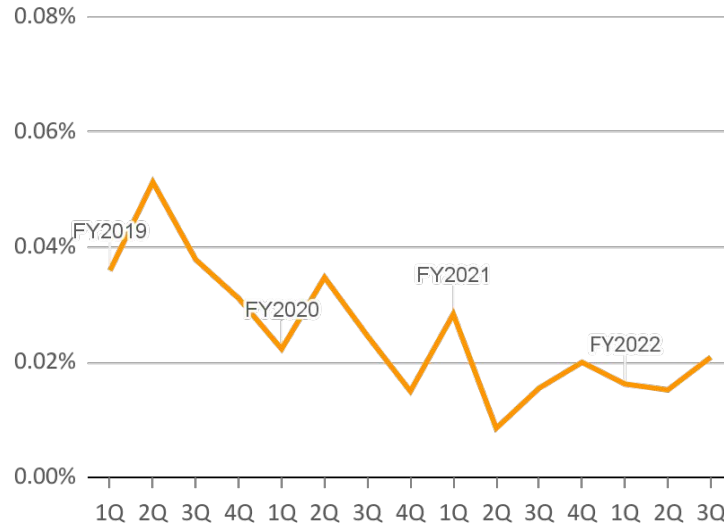
For Satisfaction of Customers and Partner Stores

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



Revision to Earnings

Forecast for FY2022

Upward Revision to Earnings Forecast for FY2022

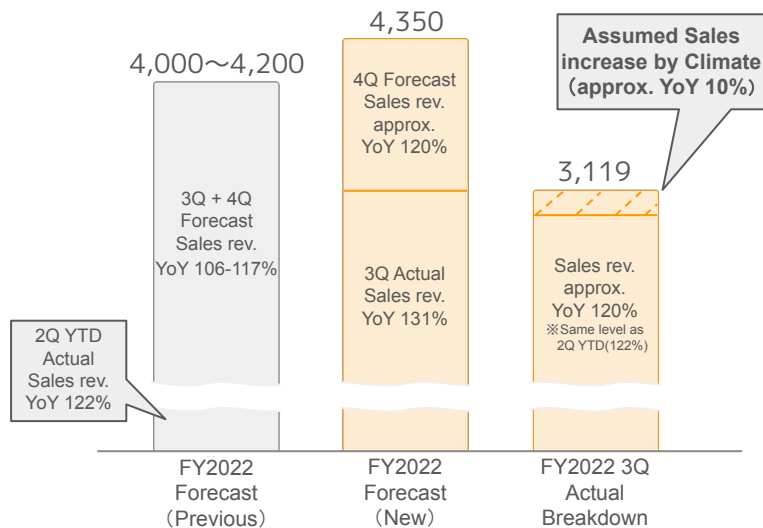
Since 3Q Sales revenue were well above the previous earnings forecast, and the same trend is expected to continue also in incoming 4Q, we have revised Sales revenue forecast announced on May 12, 2022, upward to 4,350 mil.yen. Accordingly, Operating profit forecast has been also revised upward to 350 mil.yen, due to the increase of sales revenue and continuous optimization of Advertisement cost ratio to sales, etc.

	Revised forecast (Aug. 15, 2022)	Previous forecast (May 12, 2022)	Change
Sales revenue	4,350 mil.yen	4,000~4,200 mil.yen	+ 150~350 mil.yen
Operating profit	350 mil.yen	250 mil.yen	+ 100 mil.yen

Analysis of increase of Sales revenue in 3Q, and future prospect

In the previous earnings forecast announced on May 12, 2022, the estimate of 3Q and after was rather conservative. Meanwhile, actual 3Q sales revenue remarkably increased (YoY 131%), thanks to strong summer seasonal genres by earlier end of the rainy season than usual. Considering the result until 3Q, in incoming 4Q also, the same or even stronger trend is prospected, compared to 3Q substantial level discounting favorable climate effect.

Previous vs. New forecast, Breakdown of 3Q Actual



Increase of Sales revenue in 3Q FY2022

Increase factor

3Q Sales revenue recorded YoY 131%. In addition to approx. YoY 120% of the same level as 2Q YTD, strong summer seasonal genres contributed, since the rainy season was shorter, and ended earlier than usual, nationwide.

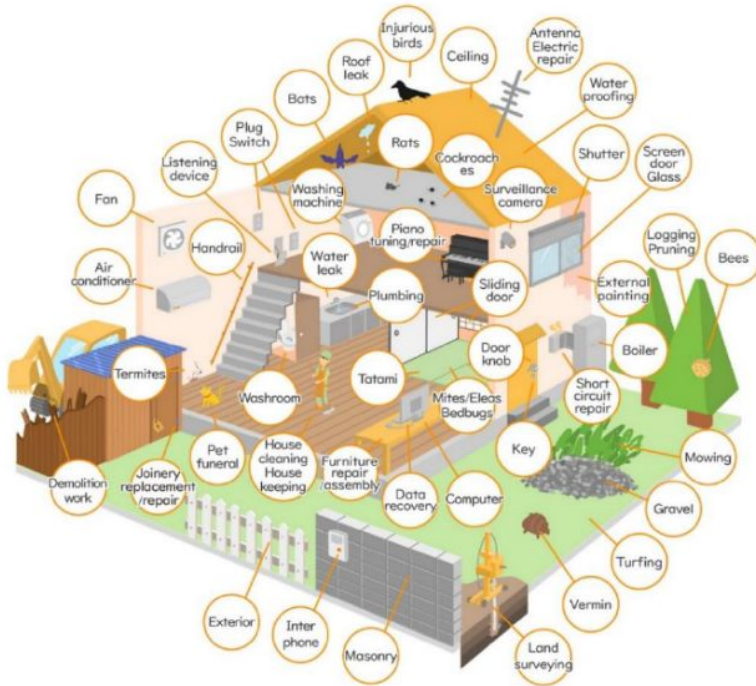
Genres

- Garden related (Weed growing rapidly in hot summer)
- Pest, Vermin, etc. (Prolific breeding in steamy summer)

Supplementary materials

Solving “Household problems”

We have contracts with over 6,000 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 6,000 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



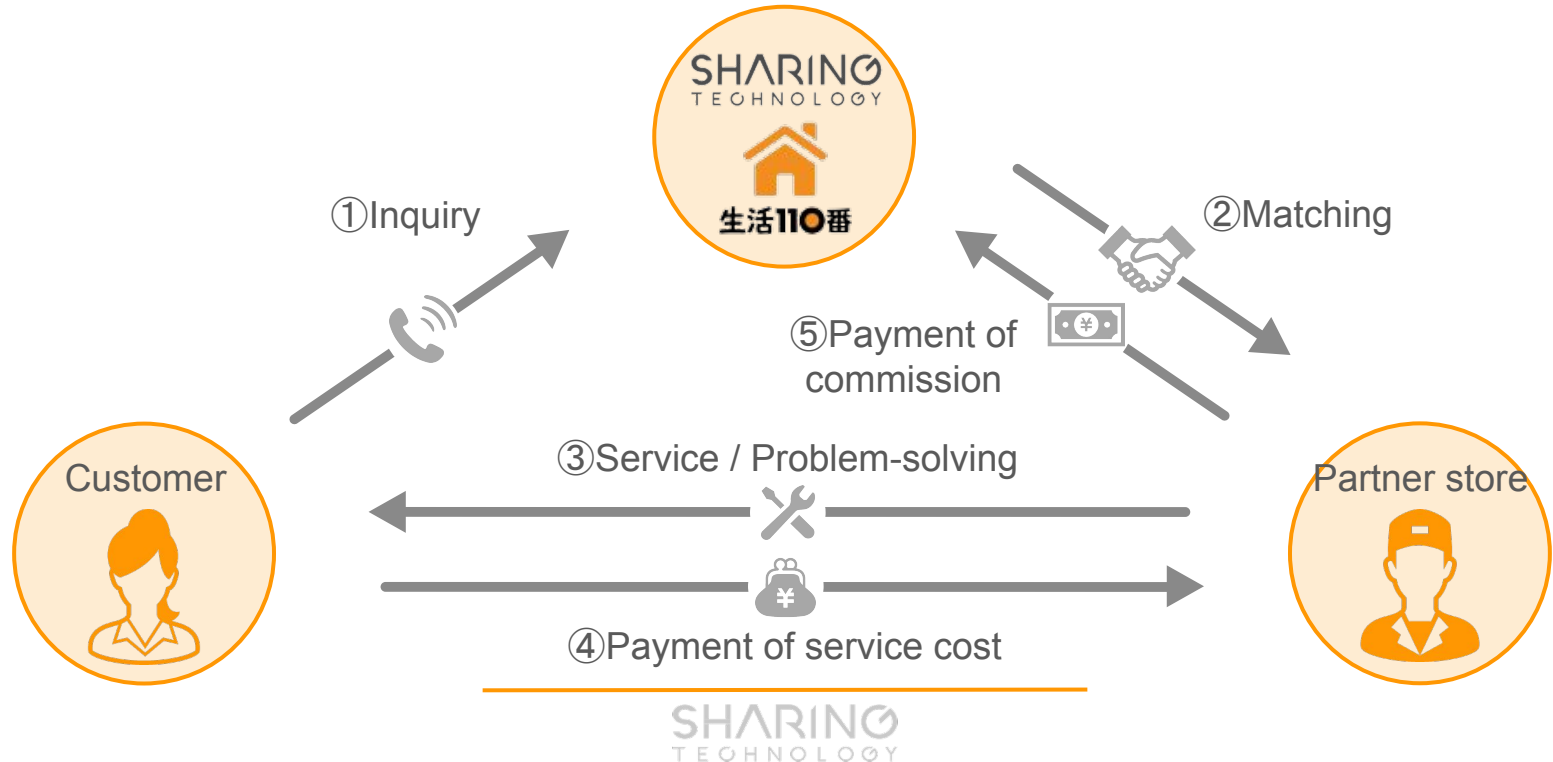
One genre per site



Mainly listing inflow

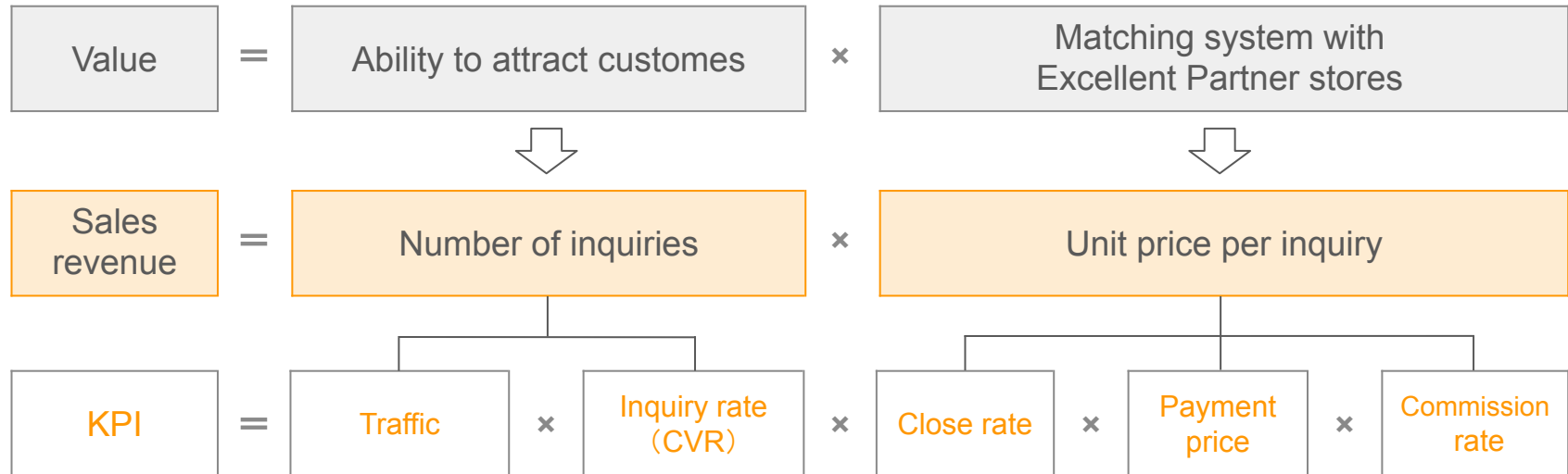
Business Flow

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.



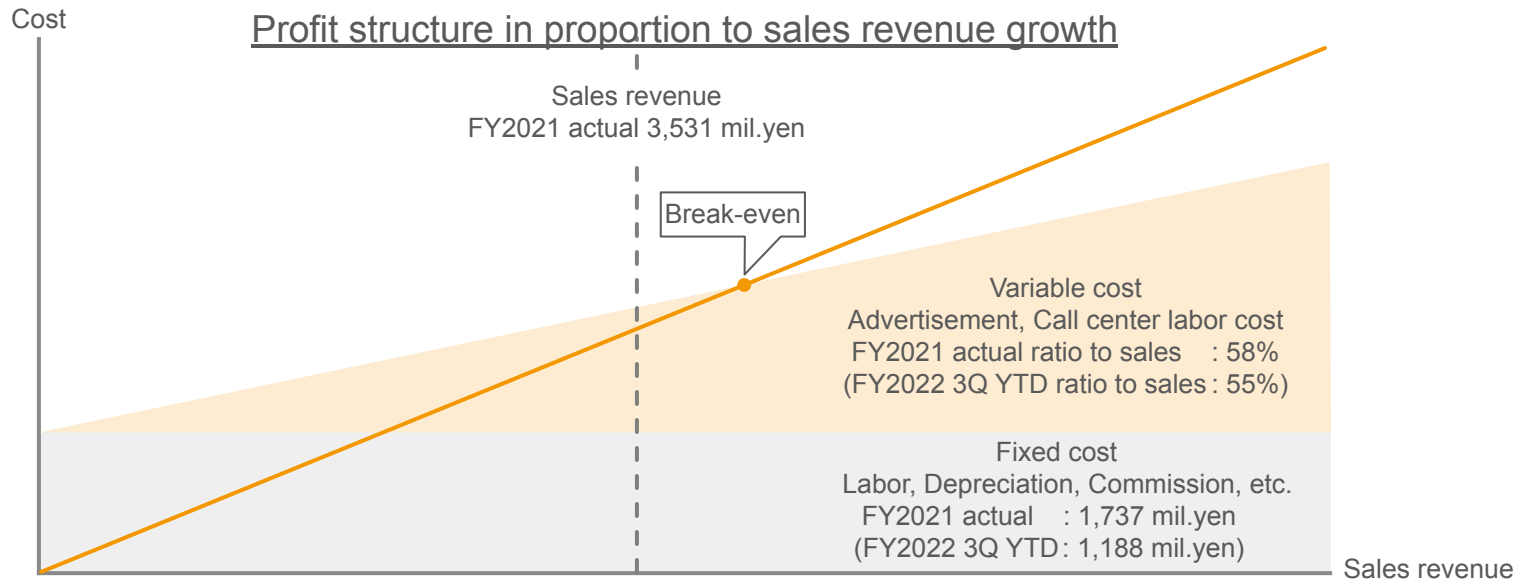
Profit Model

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

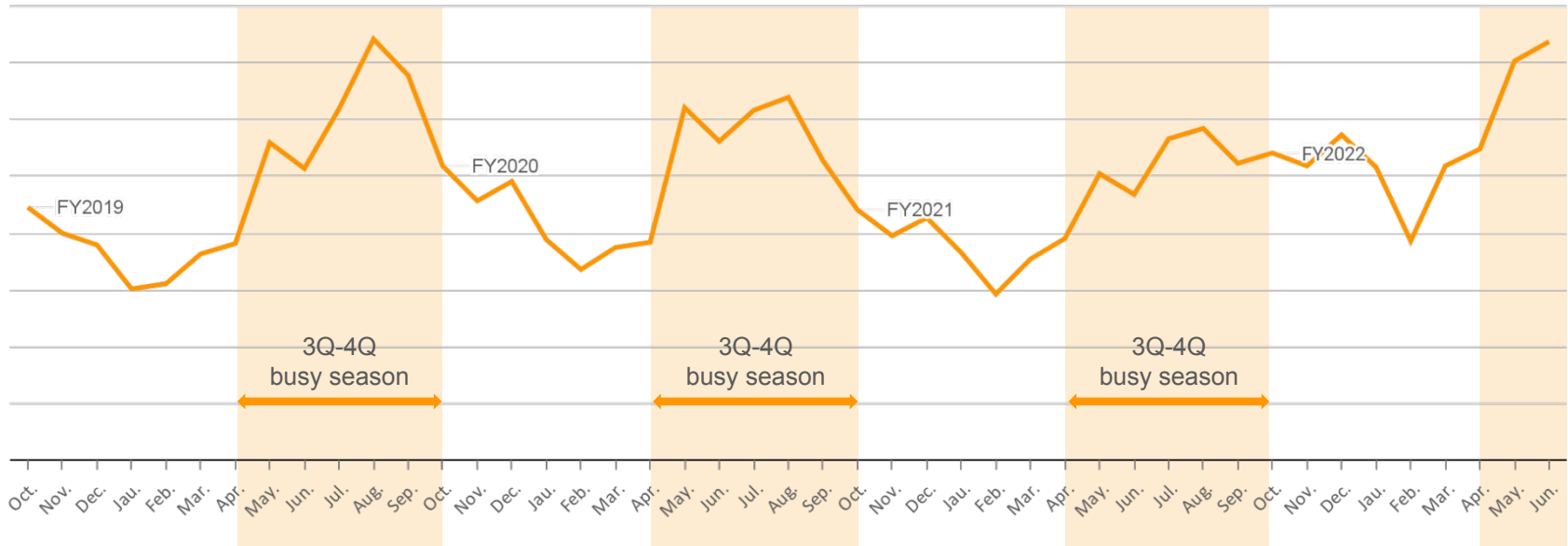
FY2022 3Q YTD Sales revenue were 3,119 mil.yen (YoY 125%), Variable cost ratio to sales was 55% (YoY 58%), Fixed cost were 1,188 mil.yen (YoY 91%). Throughout FY2022, in addition to Sales revenue increase, improvement of profit margin by optimization of Variable cost and decrease of Fixed cost will contribute 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.

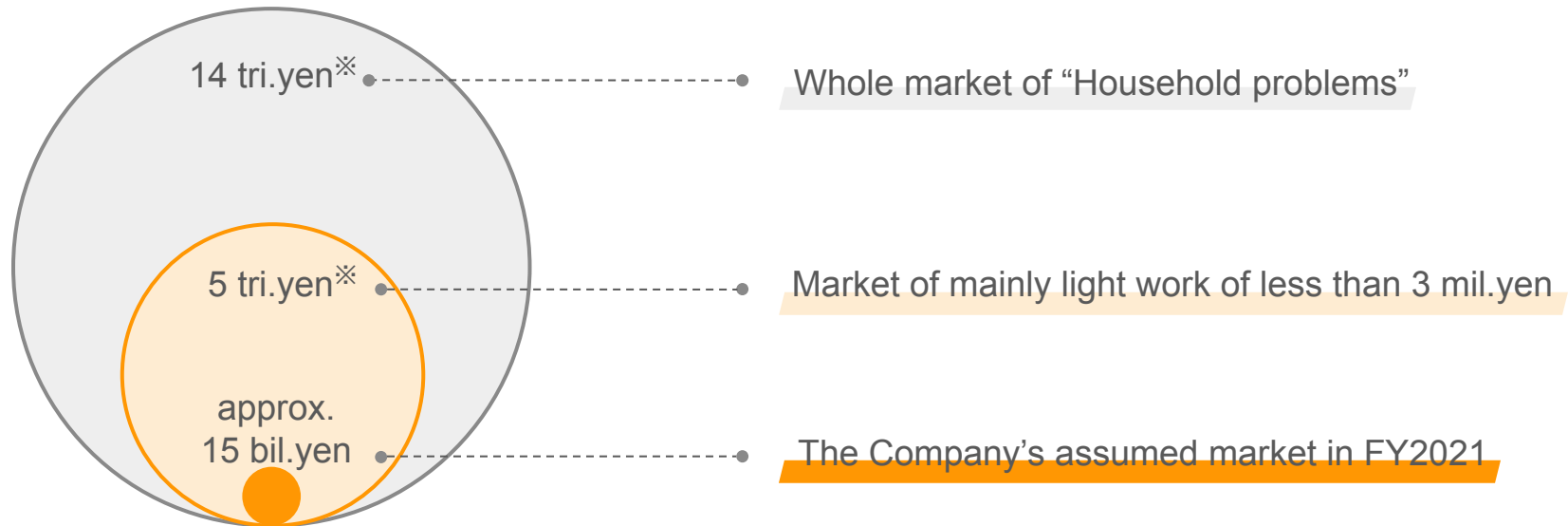
Sales trend of “Household problems” business fluctuating with change of season



Market of “Household problems” business

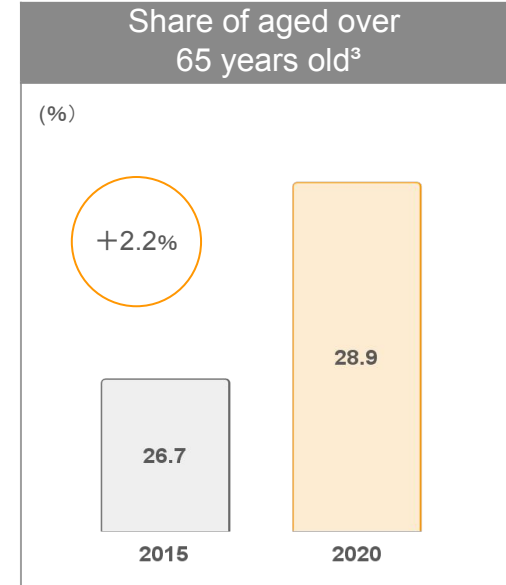
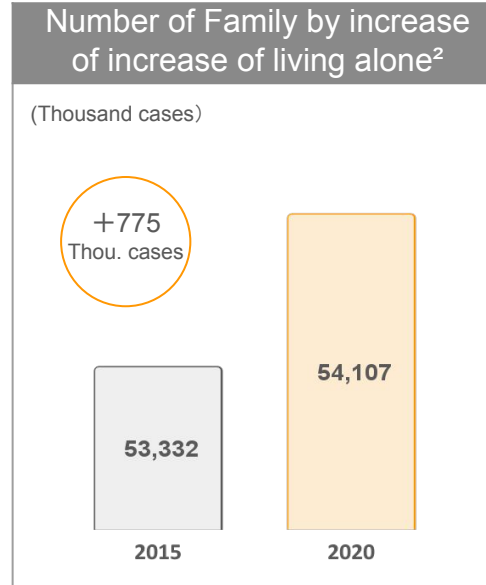
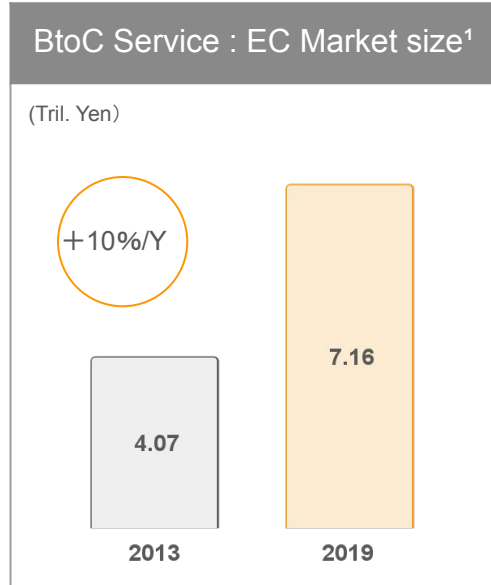
Domestic market of “Household problems” business is approx. 14 tri.yen, and of that, the market of low-price light work is estimated 5 tri.yen. With increase of the aged and people living alone, this market is expected to grow further. In addition, with an ongoing shift from current phone book to online, 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 3Q Balance sheet

[million.yen]

	FY2022 3Q (As of Jun. 30,2022)	Previous year-end 2021 (As of Sep. 30,2021)	YoY change
Current assets	1,578	2,271	(693)
Fixed assets	573	808	(235)
Total assets	2,151	3,080	(928)
Current liabilities	1,629	2,073	(443)
Fixed liabilities	109	815	(706)
Total equity	412	190	+221
Capital ratio	19.2%	6.2%	+13.0pt

FY2022 3Q P/L statement

[million.yen]

	FY2022 3Q YTD (As of Jun. 30,2022)	FY2021 3Q YTD (As of Jun. 30,2021)	YoY change
Sales revenue	3,119	2,497	+621
Cost of sales	110	57	+52
Gross profit	3,008	2,439	+568
SGA expense	2,785	2,687	+97
Operating profit	234	(132)	+367
Pre-tax profit	225	(149)	+374
Net income	220	(170)	+391

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 Jun.,2022
- **Number of Employees** 228 (including 52 temporary and part-time workers) *As of the end of Jun.,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.

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