



September 2022 Financial Results Briefing Document

(Disclosure on business plans and matters related to high growth potential)

November 14, 2022

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Topics

- FY2022 Actual : Outcome by current measures
Sales revenue: 4,429 mil.yen/Operating profit: 401 mil.yen
- FY2023 Forecast : YoY increase both in Sales and Profit
Sales revenue: 5,000 mil.yen/Operating profit: 500 mil.yen
- Enhance our own service provision for High quality service,
and strengthen business fundamentals for further growth

FY2022

Performance reporting

Consolidated 4Q results (3 months)

4Q Sales revenue recorded 1,309 mil.yen (YoY 127%), succeeding steady growth until 3Q. Operating profit ended in 167 mil.yen due to increase of Sales revenue, continuous optimization of Advertisement cost ratio to sales (47%), and diminishing Fixed Cost. Net income ended in 252 mil.yen.

	4Q results FY2022	4Q results FY2021	YoY change
Sales revenue	1,309 mil.yen	1,034 mil.yen	+275 mil.yen
Operating profit	167 mil.yen	(998) mil.yen ※ ((19) mil.yen)	+1,165 mil.yen ※ (+186 mil.yen)
Net income	252 mil.yen	(948) mil.yen ※ ((29) mil.yen)	+1,200 mil.yen ※ (+222 mil.yen)

※Excluding the effect of impairment loss, etc. temporarily recognized in FY2021

Fiscal Year ending Sep. 30, 2022 performance results

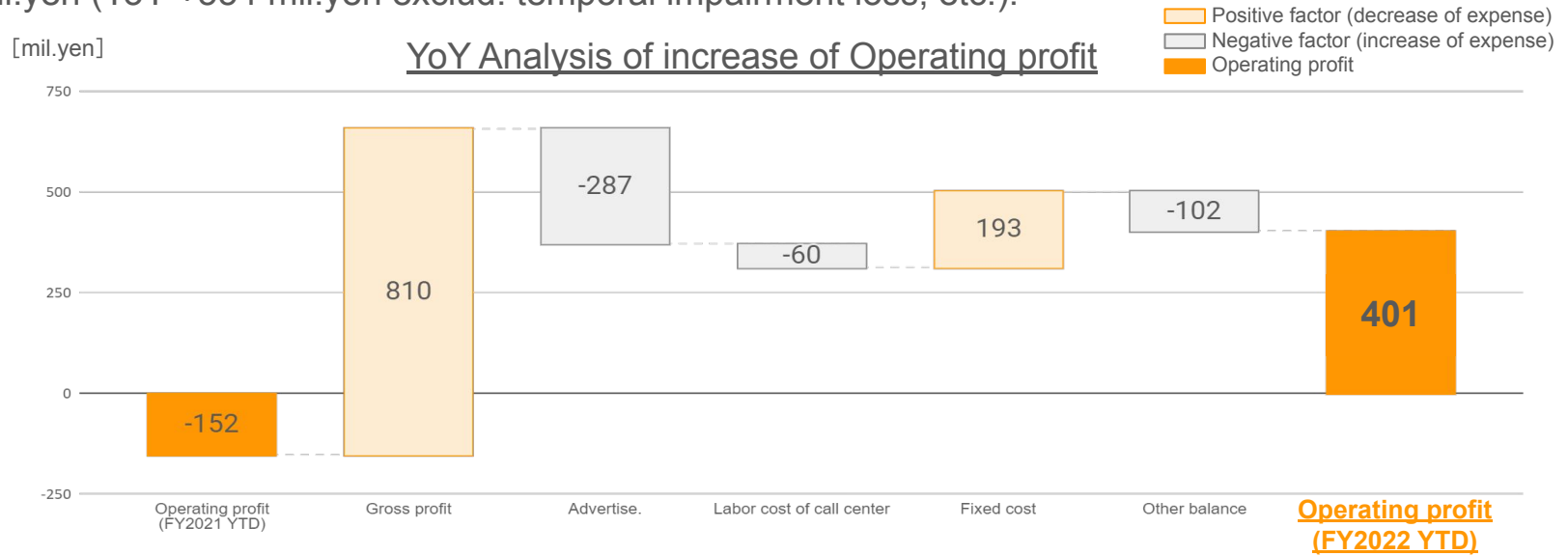
FY2022 sales revenue was remarkable 4,429 mil.yen (YoY +897 mil.yen). Operating profit was 401 mil.yen (YoY +554 mil.yen exclud. impairment loss) by Sales revenue increase, optimized Advertisement cost ratio thru the year, diminished Fixed Cost. After Aug.15 Forecast, continuous steady sales and optimized Advertisement cost ratio brought positive change from Forecast.

	Sep. 2022 YTD	Sep. 2021 YTD	YoY change	Forecast (Aug.15, 2022)	Change from Forecast
Sales revenue	4,429 mil.yen	3,531 mil.yen	+897 mil.yen	4,350 mil.yen	+79 mil.yen
Operating profit	401 mil.yen	(1,130) mil.yen ※ ((152) mil.yen)	+1,532 mil.yen ※ (+554 mil.yen)	350 mil.yen	+51 mil.yen
Net income	472 mil.yen	(1,119) mil.yen ※ ((141) mil.yen)	+1,591 mil.yen ※ (+613 mil.yen)	—	—

※Excluding the effect of impairment loss, etc. temporarily recognized in FY2021

Analysis of increase of Operating profit in FY2022

Starting from FY2021 Operating loss (152) mil.yen (exclud. impairment loss, etc.) , Gross profit increased by 810 mil.yen. While Advertisement cost increased with Sales revenue, ratio to sales has improved. Labor cost of call center maintains ratio to sales at the certain level. Fixed cost decreased by 193 mil.yen. After Other balance, FY2022 Operating profit largely increased to 401 mil.yen (YoY +554 mil.yen exclud. temporal impairment loss, etc.).



KPI of “Household problems” business

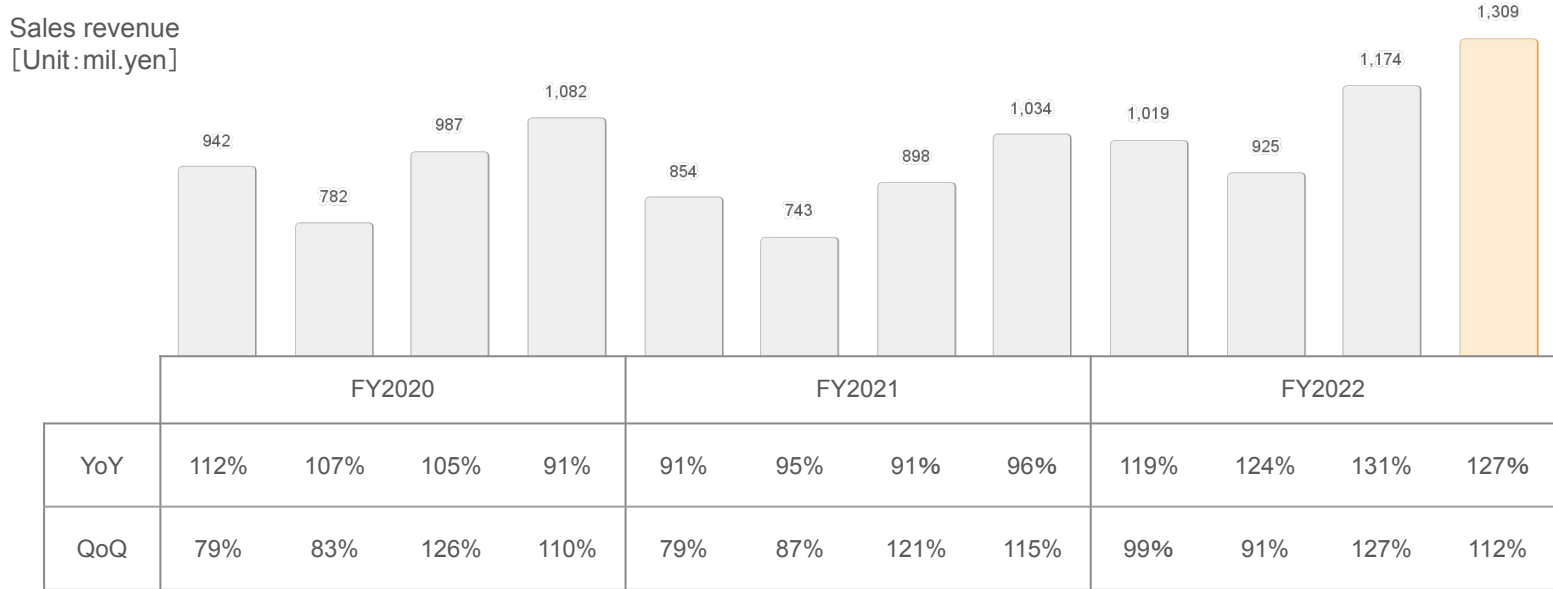
Cost of sales rose with increasing business alliance and start of our own service provision. In FY2022, Advertisement cost ratio was optimized at 48%, diminishing after the worst FY2021 3Q. Labor cost of call center ratio stayed at the certain level, Fixed cost decreased. Operating profit ended in 401 mil.yen. With COS increase, denominator of SGA is Gross profit instead of Sales.

[mil.yen] (Ratio to GP)	FY2020*					FY2021					FY2022				
	1Q	2Q	3Q	4Q	合計	1Q	2Q	3Q	4Q	合計	1Q	2Q	3Q	4Q	合計
Sales revenue	942	782	987	1,082	3,987	854	743	898	1,034	3,531	1,019	925	1,174	1,309	4,429
Cost of sales (Ratio to sales)	15 (2%)	17 (2%)	14 (2%)	14 (1%)	62 (2%)	11 (1%)	22 (3%)	23 (3%)	27 (3%)	85 (3%)	29 (3%)	35 (4%)	44 (4%)	61 (5%)	172 (4%)
Cost (CGS+SGA)	874	818	928	928	3,550	885	822	979	1,024	3,712	921	843	1,020	1,080	3,866
Advertise.	355 (38%)	316 (41%)	402 (41%)	436 (41%)	1,511 (41%)	384 (46%)	343 (48%)	501 (57%)	538 (54%)	1,767 (51%)	499 (51%)	419 (47%)	550 (49%)	585 (47%)	2,055 (48%)
Labor cost of call center	85 (9%)	80 (11%)	78 (8%)	79 (8%)	324 (9%)	71 (9%)	65 (9%)	82 (9%)	73 (7%)	292 (9%)	75 (8%)	75 (8%)	94 (8%)	107 (9%)	353 (8%)
Others	433 (47%)	421 (55%)	446 (46%)	412 (39%)	1,714 (46%)	429 (51%)	413 (57%)	395 (45%)	413 (41%)	1,651 (48%)	346 (35%)	348 (39%)	375 (33%)	387 (31%)	1,458 (34%)
Other balance	4	5	14	(34)	(9)	65	60	(10)	(979)	(864)	3	7	0	0	11
Operating profit (Loss)	56	(48)	58	105	172	23	(41)	(114)	(998)	(1,130)	70	54	109	167	401

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

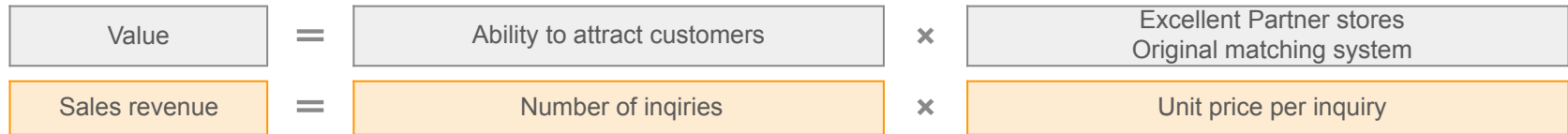
Sales revenue trend of “Household problems” business

FY2022 4Q Sales revenue ended in YoY 127%, thanks to strong summer genres such as “Garden related”, “Pest, Vermin, etc.”, succeeding 3Q and “Key-lost” genre recovering from the adverse effect of COVID-19. Also, 4Q Sales revenue ended in usual QoQ 112%, compared to 3Q recording remarkable well-selling assisted by favorable climate.

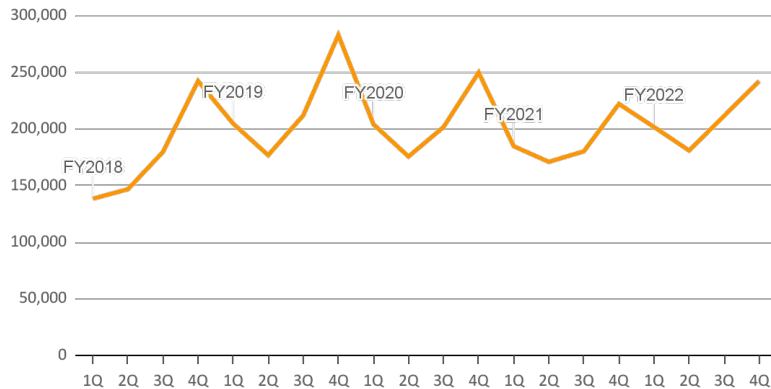


Analysis of Profit Structure (Sales revenue)

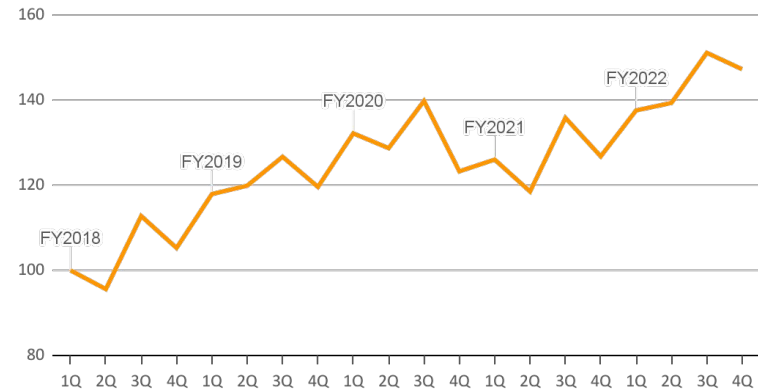
The trend of “Number of inquiries” and “Unit price per inquiry” consisting of Sales revenue are as follows. Though seeming to maintain certain level, “Number of inquiries” stably increases in highly profitable genres by favorable change of genre mix. In addition, “Unit price per inquiry” also grows stably by Matching measures specialized by category. In result, Sales revenue is increasing.



Number of inquiries
(cases)



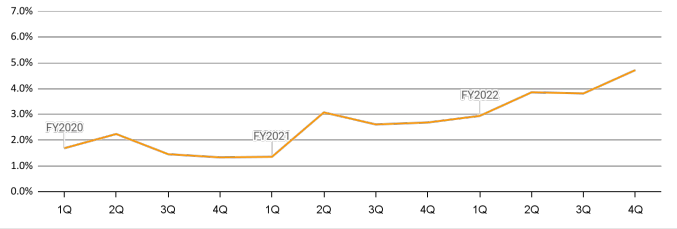
Unit price per inquiry
(2018 1Q = 100)



Analysis of Profit Structure (Cost)

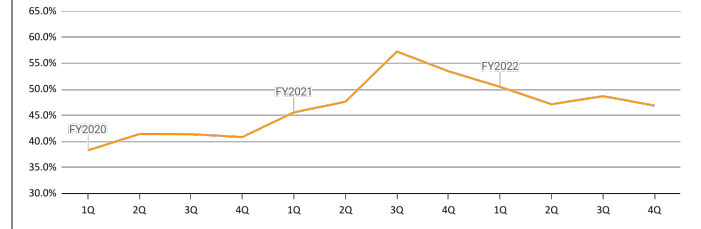
Cost of Sales ratio

Rising due to increasing consignment (new contract type) in alliance with business entities, and start of our own service provision



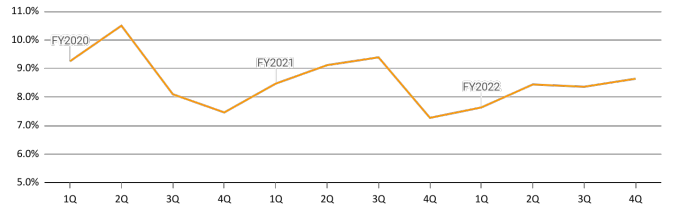
Advertisement cost (PPC) ratio

Improving from FY2021 in the rapid worsening competition. Considering current insufficient organic inflow, significant cost down opportunity left



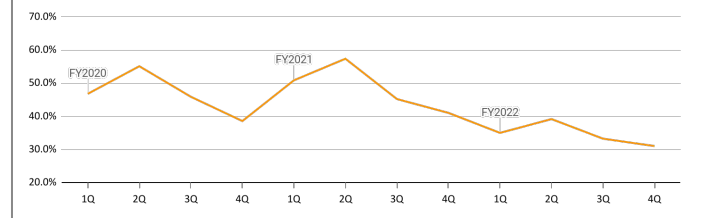
Labor cost of call center ratio

Maintaining the certain level despite seasonality. In future also, maintain the same level with optimization



Fixed cost ratio

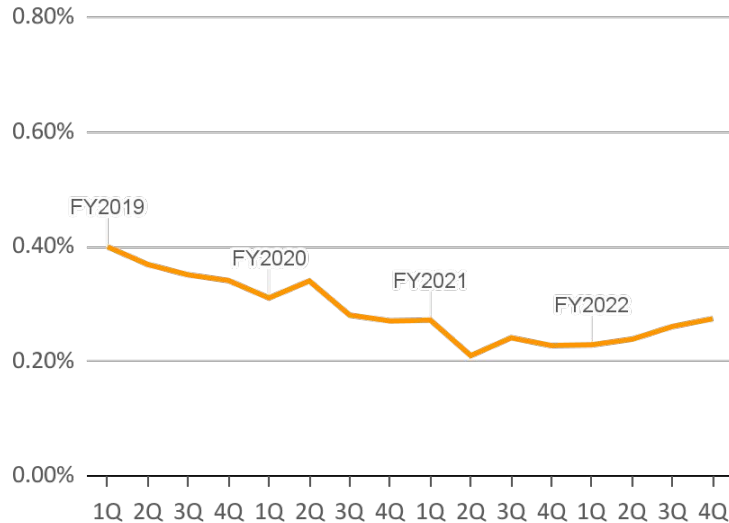
Decreasing in FY2022, after impairment loss recognition etc. in FY2021 4Q. Expected to diminish along with the increase of Sales revenue in future



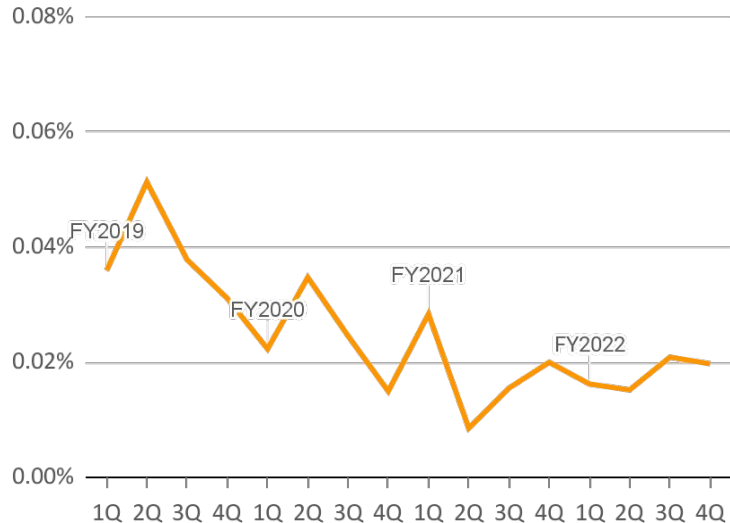
For Satisfaction of Customers and Partner Stores

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



Forecast of Fiscal Year ending Sep. 30, 2023

Forecast of FY2023 Sales revenue is 5,000 mil.yen by further increase of “Number of inquiries” and “Unit price per inquiry”. Operating profit is estimated 500 mil.yen by keeping Advertisement and Call Center Labor cost ratio to sales, and Fixed cost at the certain level, despite rising Cost of Sales ratio due to increase of business alliance and start of our own service provision.


	Sep. 2023 Forecast	Sep. 2022 Actual
Sales revenue	5,000 mil.yen	4,429 mil.yen
Operating profit	500 mil.yen	401 mil.yen


Growth Strategy


Issues at the Market and Our Promise of Value

The issues of “Household problems” business are recognized as “Unkown service provider” “Unkown reasonable price” “Unkown service quality”, until now. we have been aiming at normalization of the industry by “Effective matching” “Reasonable price” “High quality”. In addition to current countermeasures, we will provide more reliable One-stop service.

Issues at the Market

Unkown service provider 

Unkown reasonable price 

Unkown service quality 



Our Promise of Value

Matching

×

Reasonable price

×

High quality

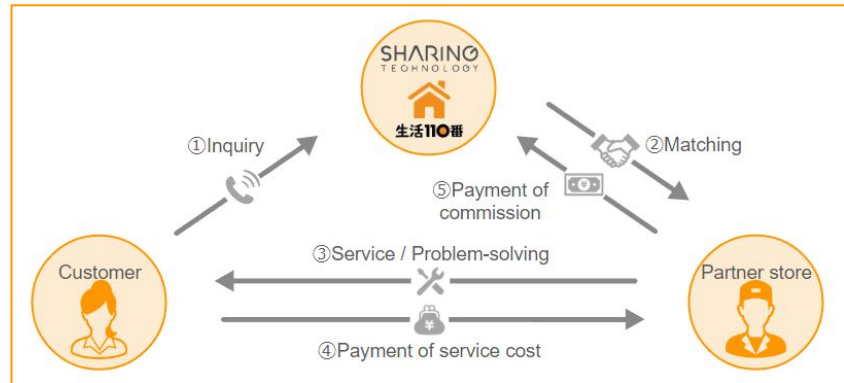
Our Promise of Value ~ Matching ~

To optimize “Matching”, the prerequisite of “Household problems” business, we have developed our original system based on the network with Service Providers. We will continue to optimize “Matching” by feedback from Customers and Service Providers, and accumulated historical service data.

Our Promise of Value



Enhance Original Matching System



Our Promise of Value ~ Reasonable price ~

To attain “Reasonable price”, the issue of “Household problems” business, we have been eliminating unfair overcharging based on historical data and feedback from Customers. The recent problem consciousness of the market also supports our effort to “Reasonable price”.

Our Promise of Value

Matching

×

Reasonable price

×

High quality



Our Measures and Market Moves

Our measures



Customer questionnaire

Historical data

Market moves



Public Institution's caution

Advertiser's severe check

Our Promise of Value ~ High quality ~

To achieve “High quality” of “Household problems” business, we have been improving Partner Stores network based on feedback from Customers. For further understanding of the industry and clarification of ideal standard, we will enhance our own service provision by our staff and our Group entities.

Our Promise of Value

Matching

×

Reasonable price

×

High quality



Full Swing Own Service

To realize High quality

- Clearly understand service on site
- Realize quality of best practice
- Try out new service

Supplementary materials

Solving “Household problems”

We have contracts with over 6,100 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 6,100 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 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



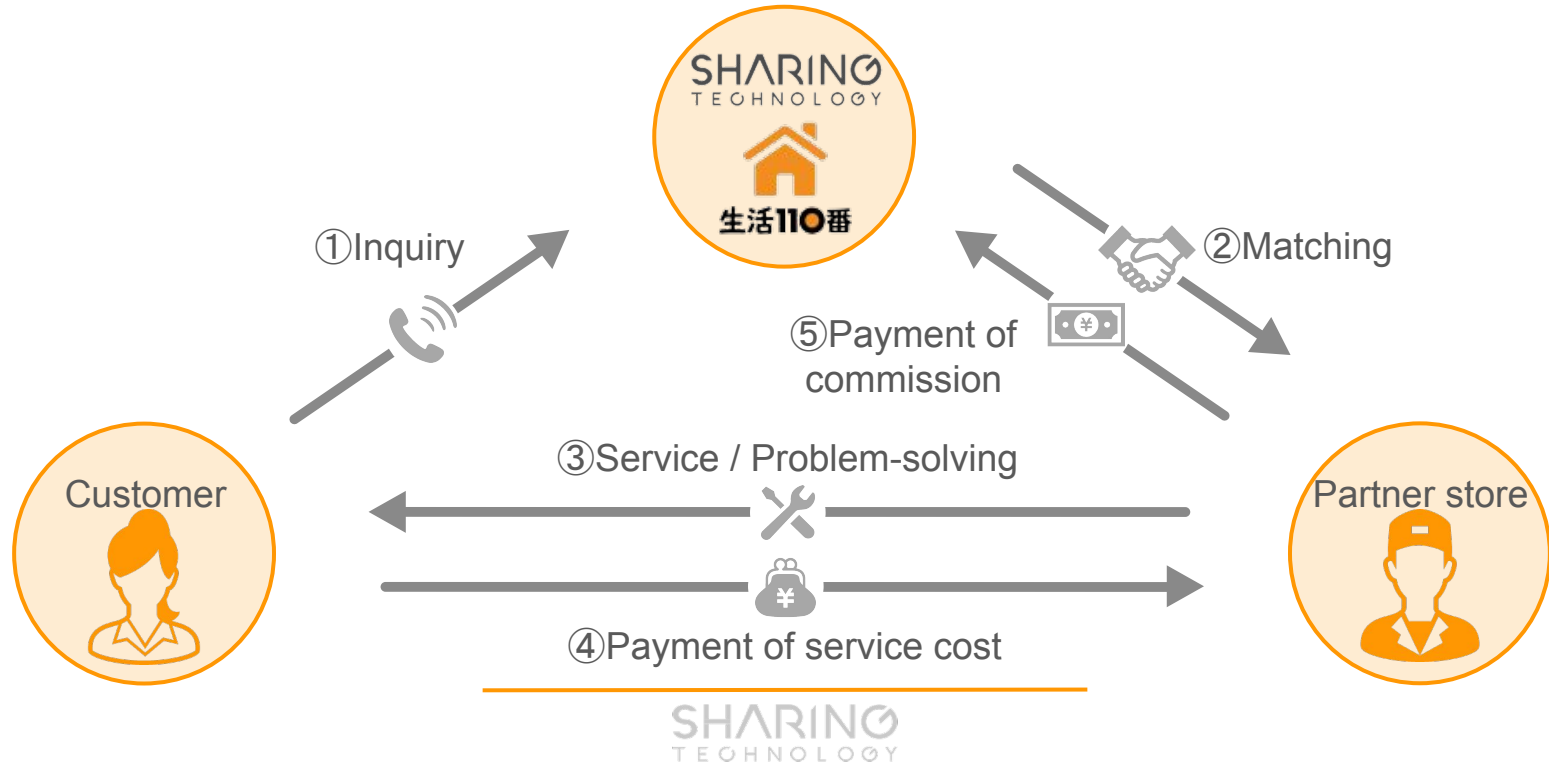
One genre per site



Mainly listing inflow

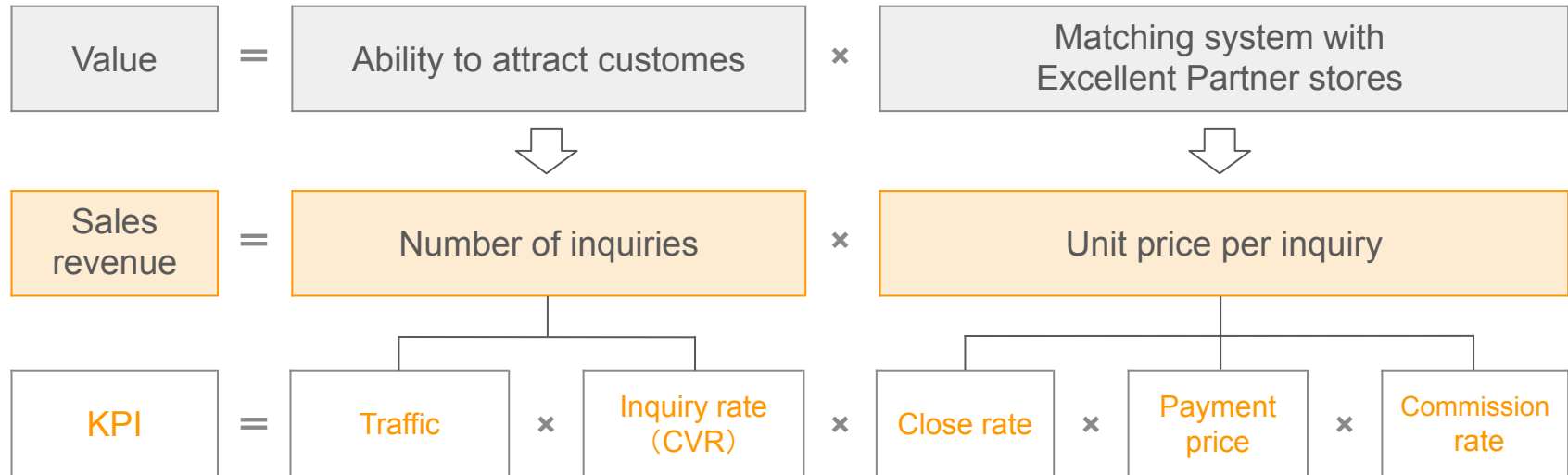
Business Flow

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

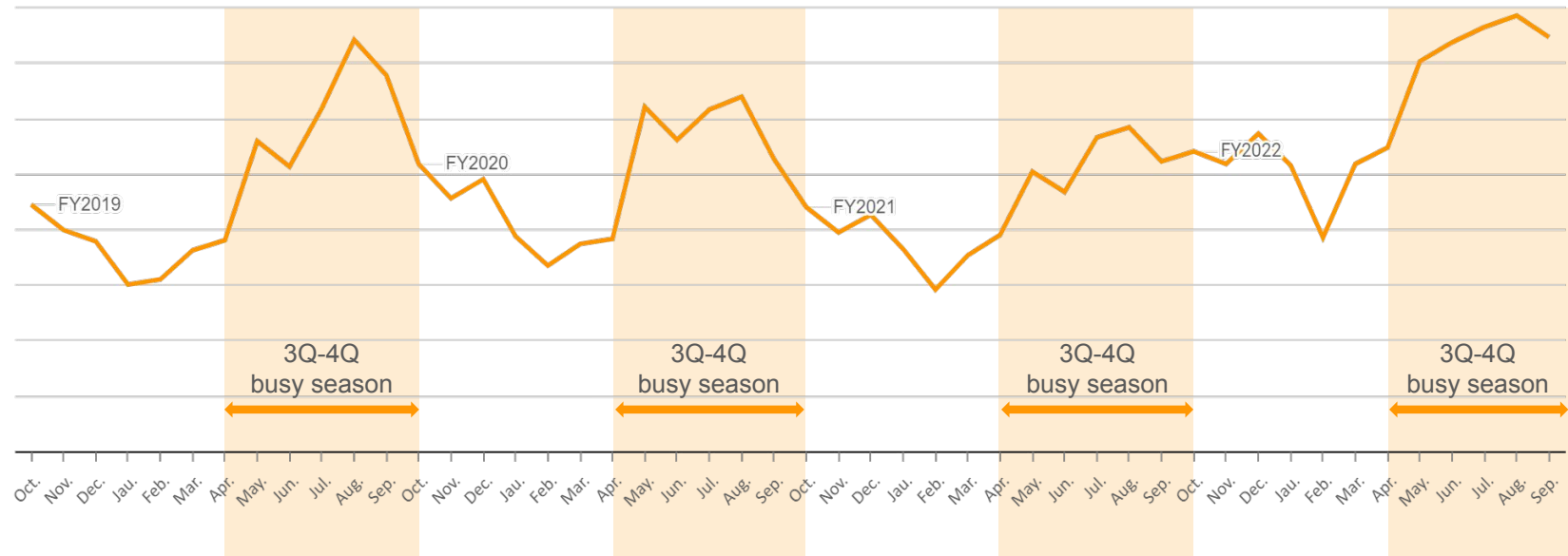
Our value source (Value) is defined as our ability to attract customers, our matching system to solve customers' problems, and excellent partner stores network. Each "Number of inquiries" and "Unit price per inquiry" is represented as numeric value. "Number of inquiries" is broken down into "Traffic",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



Monthly Sales revenue of “Household problems” business

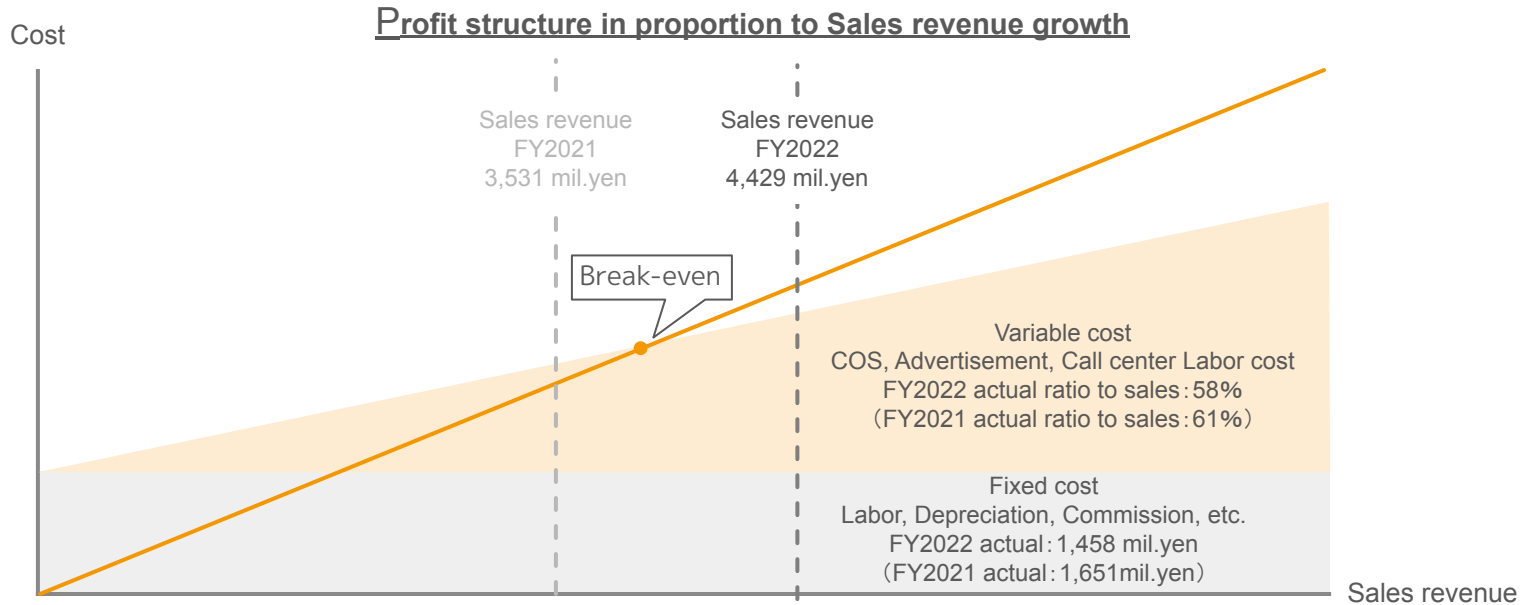
“Household problems” business has seasonality (e.g. Summer with pest control and mowing/ gardening, early autumn of our 2nd half with typhoon damages on residential houses). This seasonality continues, and Sales revenue are expected to grow in the current fiscal year.

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



Profit structure image of “Household problems” business

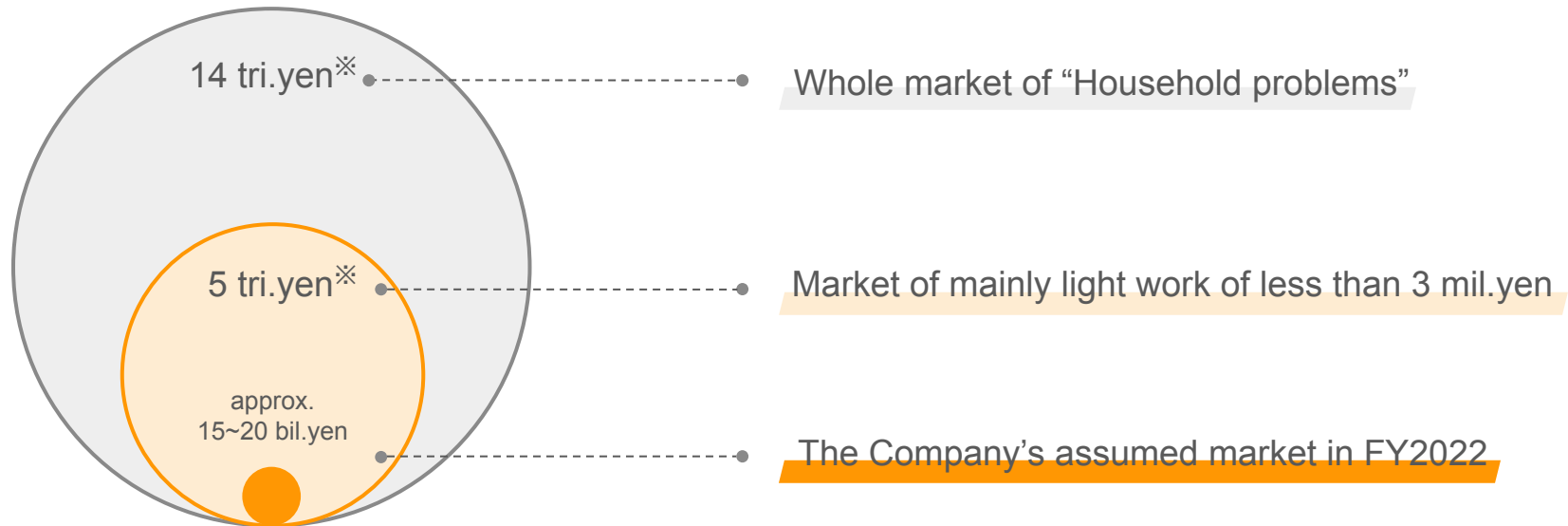
FY2022 Sales revenue were 4,429 mil.yen (YoY 125%), Variable cost ratio to sales was 58% (FY2021 61%), Fixed cost were 1,458 mil.yen (YoY 88%). Throughout FY2022, in addition to Sales revenue increase, improvement of profit margin by optimization of Variable cost and decrease of Fixed cost will contribute to further increase of profit.



Market of “Household problems” business

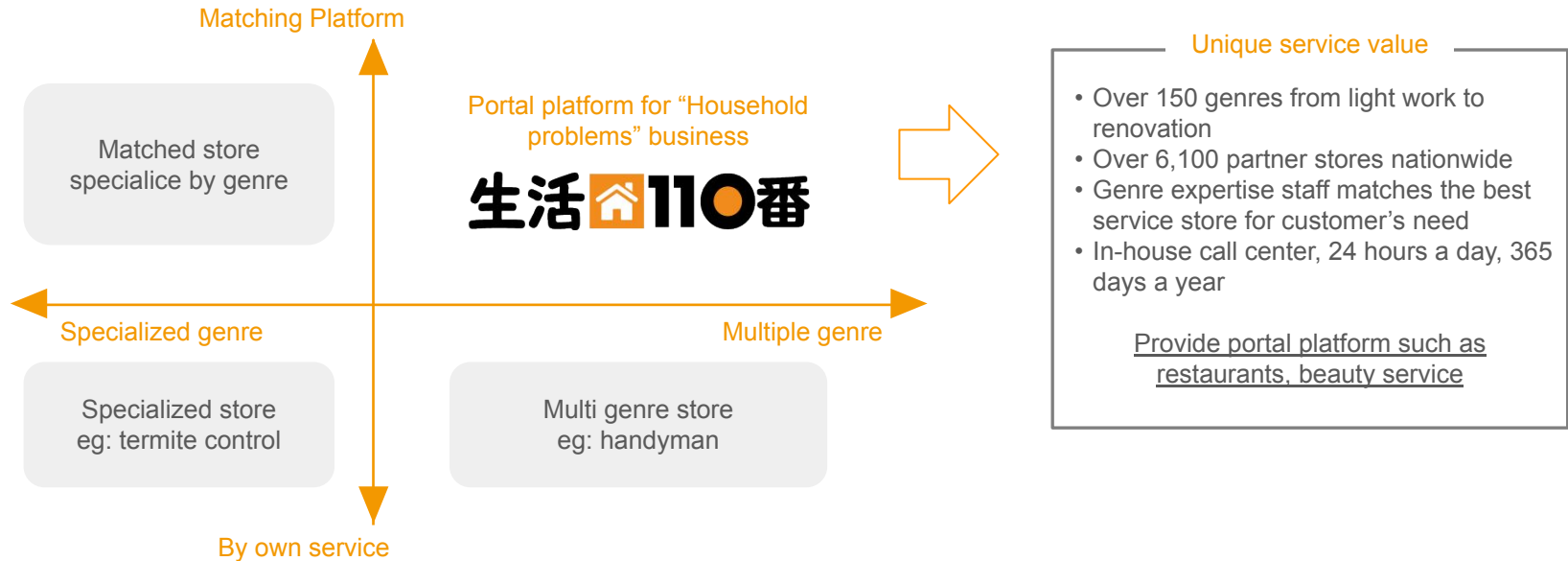
Domestic market of “Household problems” business is approx. 14 tri.yen, and of that, the market of low-price light work is estimated 5 tri.yen. With increase of the aged and people living alone, this market is expected to grow further. In addition, with an ongoing shift from current phone book to online,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



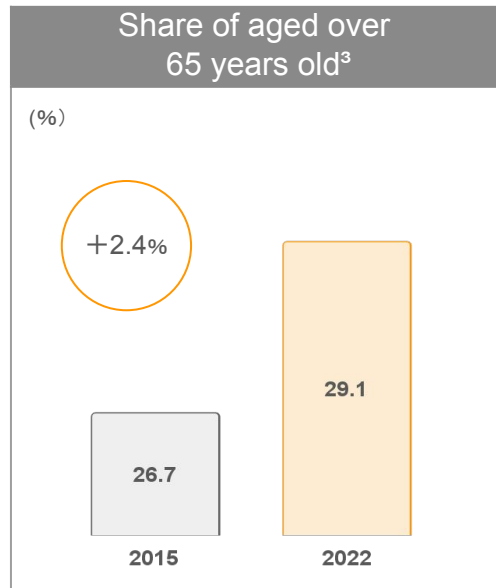
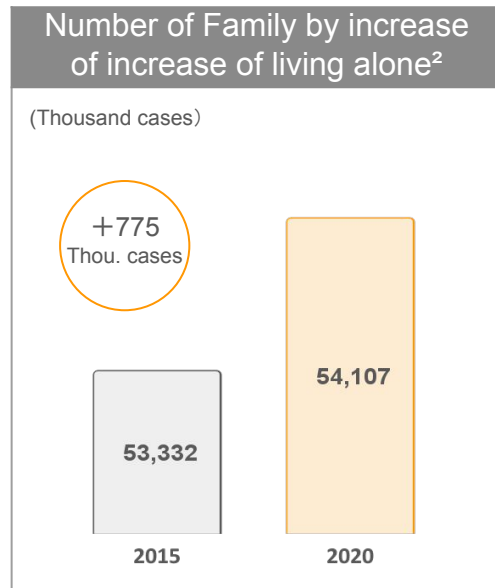
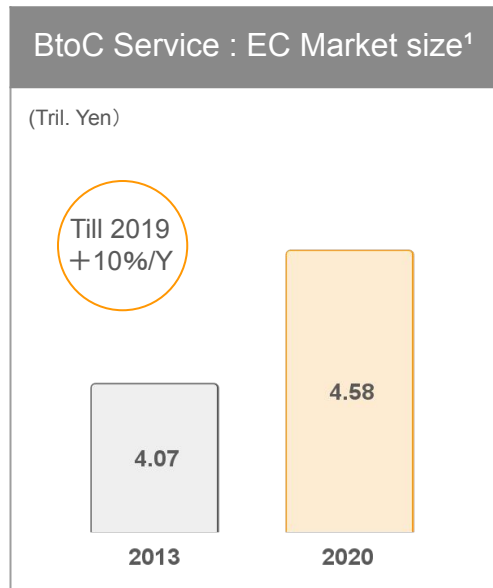
Competitors and our Target Position

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.



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)” *Due to COVID-19, growth ratio temporarily decrease in 2020-2022

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, 2022 balance sheet

[million.yen]

	Current year-end 2022 (As of Sep. 30,2022)	Previous year-end 2021 (As of Sep. 30,2021)	YoY change
Current assets	1,706	2,271	(565)
Fixed assets	622	808	(186)
Total assets	2,328	3,080	(751)
Current liabilities	1,565	2,073	(507)
Fixed liabilities	93	815	(722)
Total equity	669	190	+478
Capital ratio	28.8%	6.2%	+22.6pt

Fiscal Year ending September 30, 2022 P/L statement

[million.yen]

	Current year-end 2022 (As of Sep. 30,2022)	Previous year-end 2021 (As of Sep. 30,2021)	YoY change
Sales revenue	4,429	3,531	+897
Cost of sales	172	85	+86
Gross profit	4,256	3,445	+810
SGA expense	3,866	3,712	+154
Operating profit	401	(1,130)	+1,532
Pre-tax profit	390	(1,151)	+1,542
Net income	472	(1,119)	+1,591

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** 1,309 million yen *As of the end of Sep.,2022
- **Number of Employees** 214 (including 50 temporary and part-time workers) *As of the end of Sep.,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, 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.