FY2023 3Q Financial Results Briefing Document

August 14, 2023

Topics

3Q Actual

- Sales revenue : 4,294 mil.yen (YoY 138%, **+1,175 mil.yen**)
- Operating profit : 821 mil.yen (YoY 351%, **+587 mil.yen**)

Business Progress

- Rise of “Key lost” genre, general Close rate led to **increase of sales**
- Continuous control of Advertise. cost ratio and SGA led to **increase of profit**

FY2023 Forecast

- **Revised upward Sales and Operating profit Forecast**, with good progress
- Sales revenue: 5,800→**6,100 mil.yen** Operating profit: 1,000→**1,150 mil.yen**

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FY2023 3Q
Performance reporting
and Business progress

Consolidated FY2023 3Q results (3 months)

Succeeding 2Q, 3Q Sales revenue ended in 1,724 mil.yen (YoY 147%), mainly due to sales increase of various genres (i.e. “Key lost” genre), and consolidation of Fujisawa Real Estate Inc. Operating profit increased largely, due to sales increase and continuous control of Advertisement cost (around 46% of ratio to Gross profit).

	3Q results FY2023	3Q results FY2022	YoY change
Sales revenue	1,724 mil.yen	1,174 mil.yen	+550 mil.yen
Operating profit	397 mil.yen	109 mil.yen	+288 mil.yen
Net income	457 mil.yen	101 mil.yen	+355 mil.yen

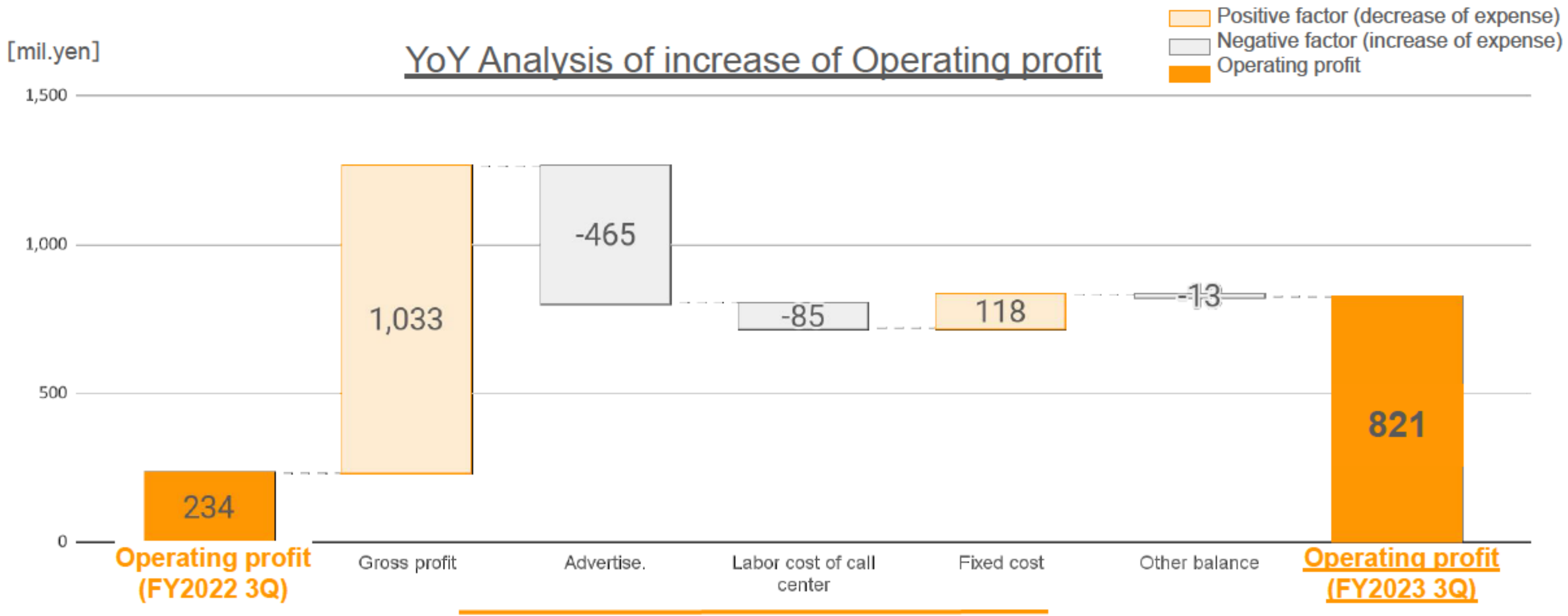
Consolidated FY2023 3Q YTD results (9 months)

3Q YTD sales revenue increased significantly, due to good sales of main genres (i.e. “Key lost” genre). Operating profit increased significantly, with large increase of Gross profit, and appropriate control of variable cost ratio (Advertisement, Call Center labor) and Fixed cost.

	3Q YTD results FY2023	3Q YTD results FY2022	YoY change
Sales revenue	4,294 mil.yen	3,119 mil.yen	+ 1,175 mil.yen
Operating profit	821 mil.yen	234 mil.yen	+ 587 mil.yen
Net income	1,099 mil.yen	220 mil.yen	+ 878mil.yen

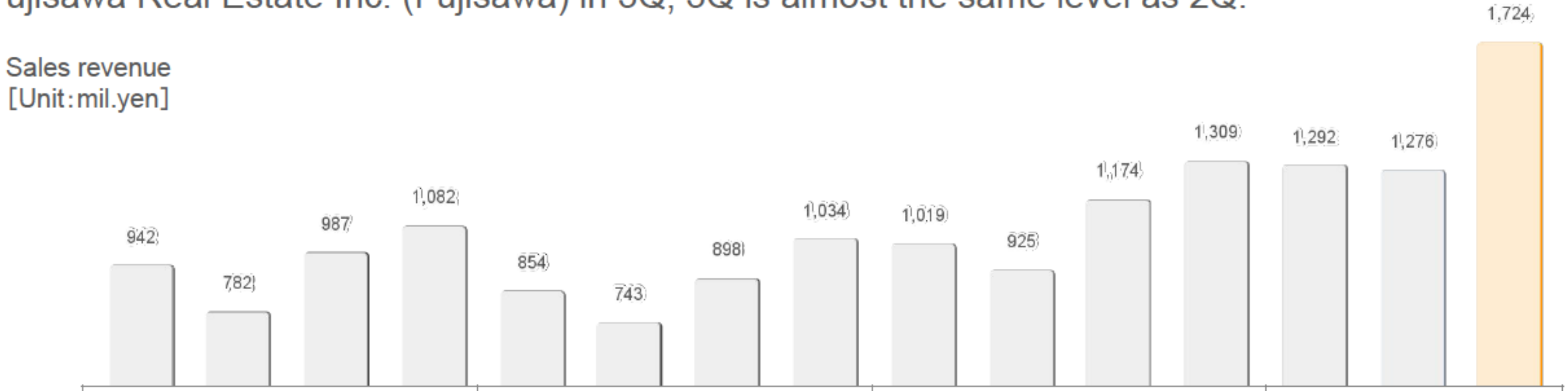
Analysis of increase of Operating profit of 3Q YTD

Starting from 234 mil.yen of Operating profit of 3Q YTD, FY2022, Gross profit increased significantly. Though cost of Advertisement and Call Center labor increased with sales increase, cost ratio to Gross profit is maintained at the certain level. Also, 118 mil.yen decrease of Fixed cost contributed to large 821 mil.yen of Operating profit of 3Q YTD, FY2023.



Sales revenue quarterly trend

FY2023 3Q Sales revenue booked record high of 3Q drastically, thanks to recovery path of "Key lost" genre. Also, continuous countermeasures for Unit price increase and Business alliance expansion, etc. have steadily contributed to strong results. Excluding the effect of consolidation of Fujisawa Real Estate Inc. (Fujisawa) in 3Q, 3Q is almost the same level as 2Q.



	FY2020				FY2021				FY2022				FY2023		
YoY	112%	107%	105%	91%	91%	95%	91%	96%	119%	124%	131%	127%	127%	138%	147%
QoQ	79%	83%	126%	110%	79%	87%	121%	115%	99%	91%	127%	112%	99%	99%	135%

KPI

COS rose with increasing Alliance and Our-own service (includ. Fujisawa). Advertisement cost ratio to GP was contained around 46%. Labor cost ratio of Call center was also kept at the certain level. Also, decrease of Fixed cost brought 397 mil.yen of Operating profit of 3Q FY2023.

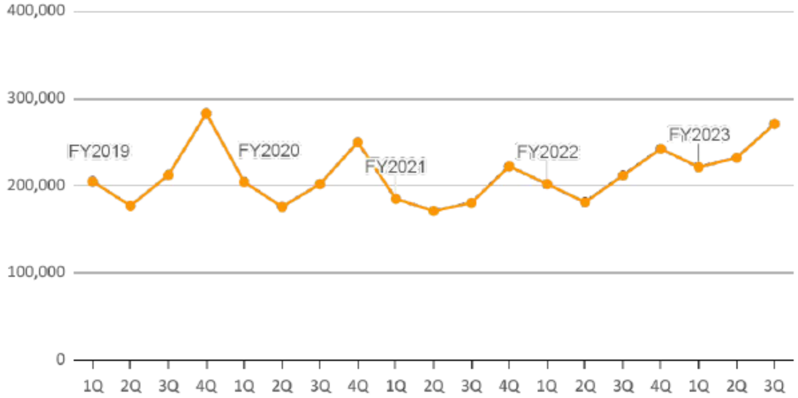
[mil.yen] (Ratio to GP)	FY2021				FY2022				FY2023		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Sales revenue	854	743	898	1,034	1,019	925	1,174	1,309	1,292	1,276	1,724
Cost of sales (Ratio to sales)	11 (1%)	22 (3%)	23 (3%)	27 (3%)	29 (3%)	35 (4%)	44 (4%)	61 (5%)	61 (5%)	77 (6%)	112 (7%)
Cost (SGA)	885	822	979	1,024	921	843	1,020	1,080	1,017	999	1,201
Advertise.	384 (46%)	343 (48%)	501 (57%)	538 (54%)	499 (51%)	419 (47%)	550 (49%)	585 (47%)	598 (49%)	594 (50%)	741 (46%)
Labor cost of call center	71 (8%)	65 (9%)	82 (9%)	73 (7%)	75 (8%)	75 (8%)	94 (8%)	107 (9%)	106 (9%)	99 (8%)	127 (8%)
Others	429	413	395	413	346	348	375	387	312	305	331
Other balance	65	60	(10)	(979)	3	7	0	0	7	4	(13)
Operating profit (Loss)	23	(41)	(114)	(998)	70	54	109	167	220	204	397

KPI trend of breakdown of Sales revenue

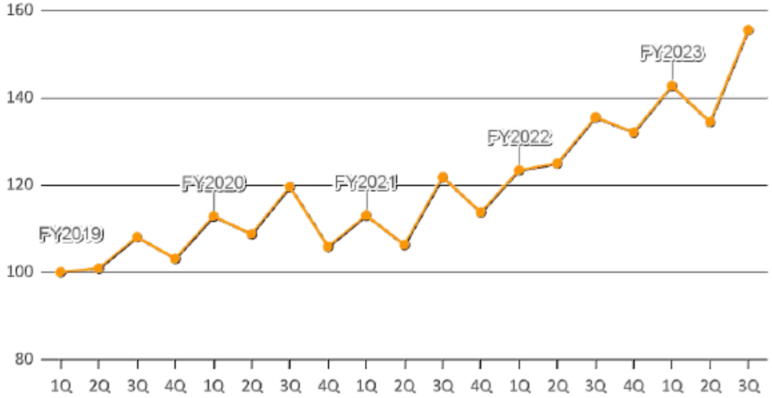
“Number of inquiries” is gradually increasing from the stable certain level.
“Unit price per inquiry” recorded steep increase mainly due to consolidation of Fujisawa in 3Q, with increasing trend by optimized matching methodology.

Value	＝	Ability to attract customers	×	Excellent Partner stores Original matching system
Sales revenue	＝	Number of inqiries	×	Unit price per inquiry

Number of inquiries
（cases）



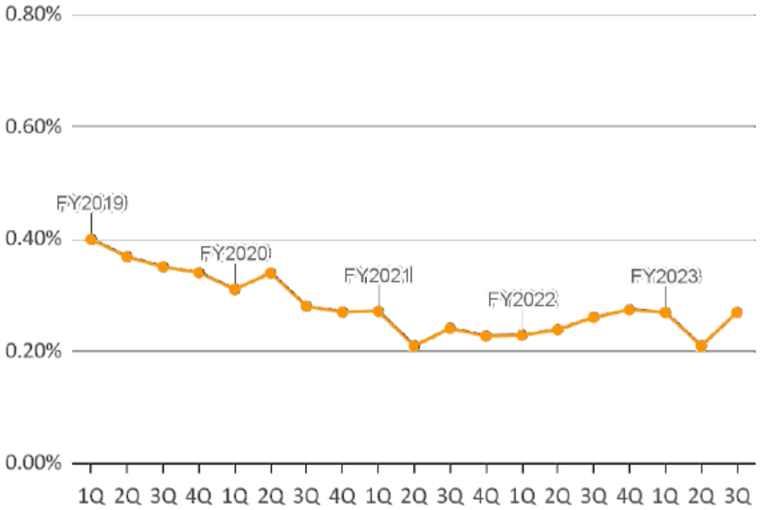
Unit price per inquiry
（FY2019 1Q = 100）



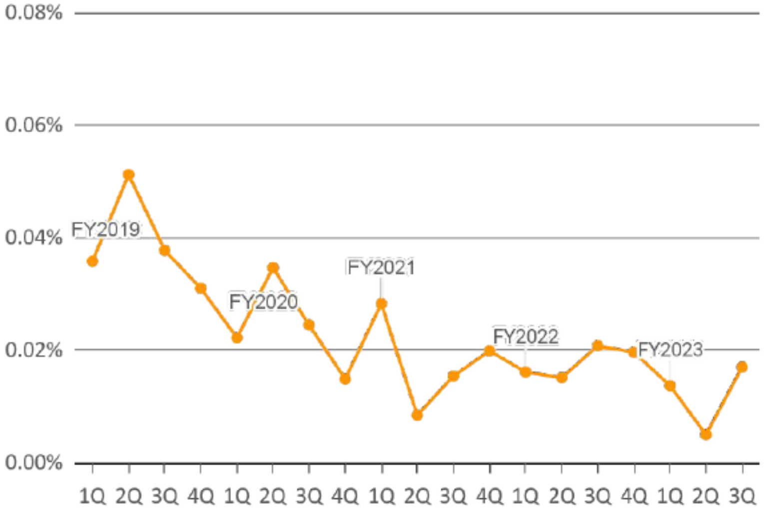
For Satisfaction of Customers and Partner Stores

Claim ratios from customers and partner stores are continuously low, with stable trend at certain level. For further satisfaction, we will make the best effort to implement friendly platform both for customers and partner stores. Though increased from 2Q, still low level is not problematic.

Claim ratio from customers



Claim ratio from partner stores



Revision to Earnings Forecast for FY2023

Upward Revision to Earnings Forecast for FY2023

Since FY2023 Sales revenue have been well above the previous earnings forecast (announced in May 2023), we have revised Sales revenue forecast of 5,800 mil.yen, upward to 6,100 mil.yen (+300 mil.yen). Accordingly, Operating profit forecast of 1,000 mil.yen has been also revised upward to 1,150 mil.yen (+150 mil.yen), thanks to sales revenue increase and appropriate cost control such as Advertisement cost.

	Revised forecast (Aug. 14, 2023)	Previous forecast (May 15, 2023)	Change
Sales revenue	6,100 mil.yen	5,800 mil.yen	+ 300 mil.yen
Operating profit	1,150 mil.yen	1,000 mil.yen	+ 150 mil.yen

Rationale of Upward Revision to Earnings Forecast for FY2023

Earnings Forecast is based upon 3Q YTD Actual. Sales revenue YoY are 138% both for 3Q YTD Actual and Full Year Forecast. Although COS may fluctuate, other expenses are expected to be the same level as 3Q YTD.

	3Q YTD Actual	Full Year Forecast
Sales revenue	4,294 mil.yen (YoY 138%)	**6,100 mil.yen (YoY 138%)**
COS (Cost of sales) ratio	6% (to Sales)	Variable w/ own-service, alliance
Advertisement cost ratio	48% (to Gross profit)	Same Level
Call Center labor cost ratio	8% (to Gross profit)	Same Level
Fixed cost	949 mil.yen	Same Level Amount
Other balance	(1) mil.yen	Same Level Amount
Operating profit	821 mil.yen	**1,150 mil.yen**

Supplementary materials

MISSION

Contributing to a safe life by creating a new mechanism

We will provide peace of mind for customers with “Household problems” at the earliest possible moment. We hope that existence of our service will improve the sense of ease of customers with respect to future "Household problems". We have always improved and will always improve our service in response to the needs of society.

VALUE

Speed × Flexibility

Meet the needs of customers, service provider stores, associates, the times, at the earliest time possible.
We will run to the clear and present goal at top speed.
Besides that, we will keep running at real top speed by coping with changes of needs flexibly.

Diversity × Togetherness

Solve any "Household problems" of any category throughout Japan, in cooperation with our specialists in all fields.
We believe that respecting diversity of age, gender, value systems, exchanging opinions, creating services together, will inspire to all stakeholders. With this firm belief, our team will surely produce the best result.

Challenge × Growth

Keep challenging and growing in ever-changing world of service, technology, and sensibility.
Any failure shall be a stepping stone to the next challenge.
We will appreciate associate's challenge and growth with one another.

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		Our Promise of Value
Unkown service provider	→	Matching
		×
Unkown reasonable price	→	Reasonable price
		×
Unkown service quality	→	High quality

Solving "Household problems"

We have contracts with over 6,200 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 6,200 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

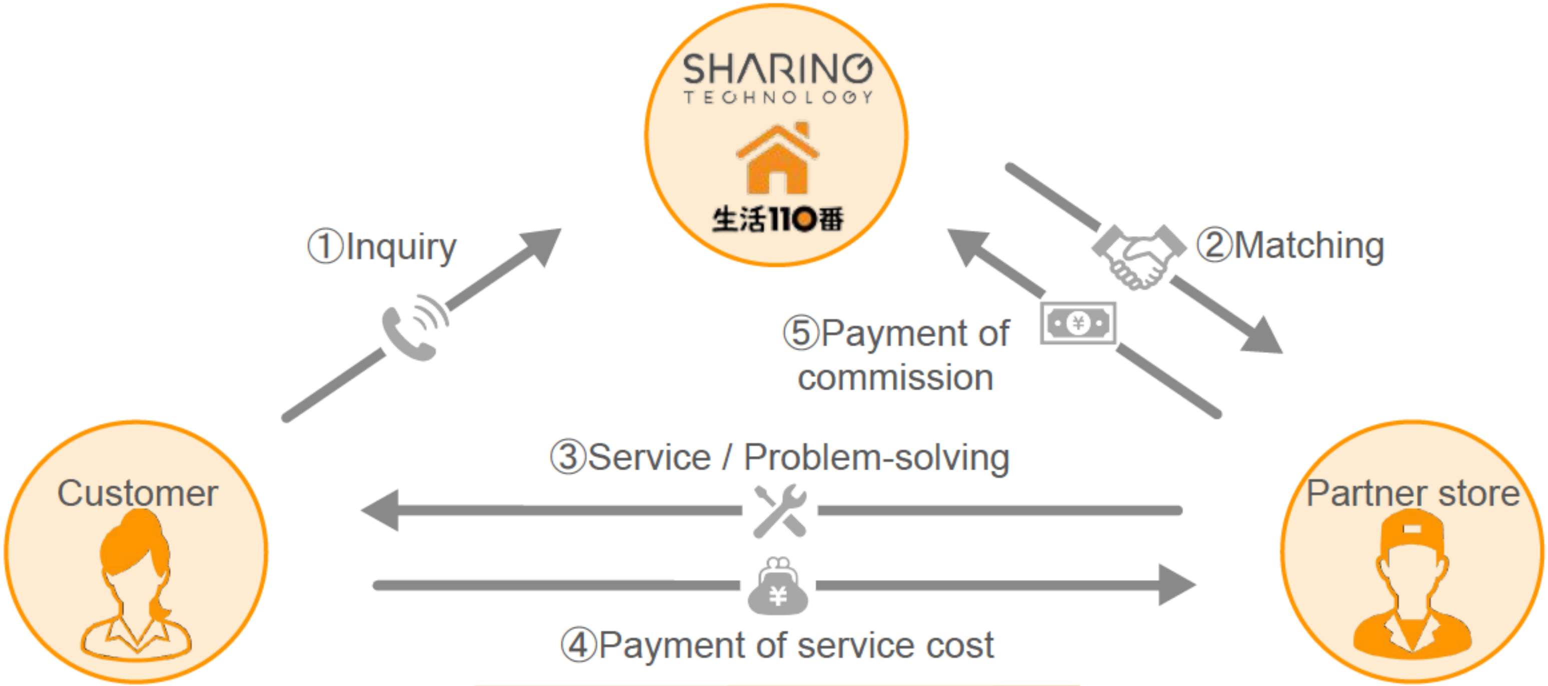
- Portal site
- Over 150 genres
- Mainly organic inflow

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".

Value ＝ Ability to attract customes × Matching system with Excellent Partner stores

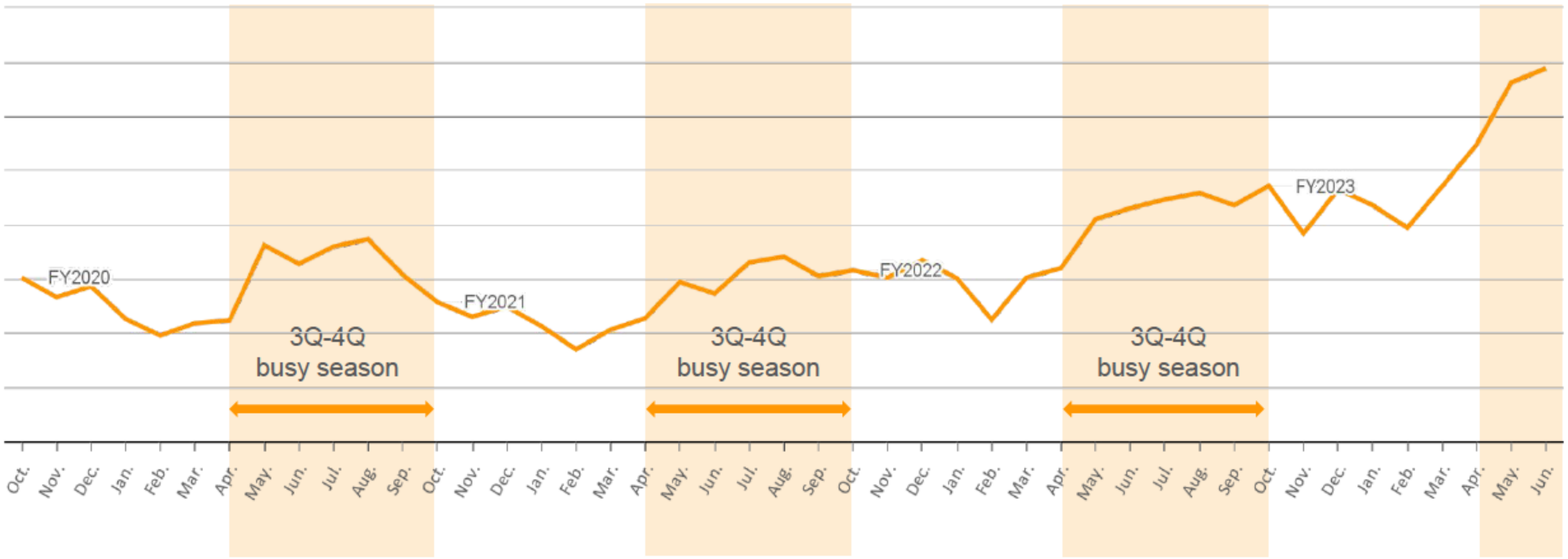
Sales revenue ＝ Number of inquiries × Unit price per inquiry

KPI ＝ Traffic × Inquiry rate (CVR) × Close rate × Payment price × Commission rate

Monthly Sales revenue

"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 fluctuating with change of season



Market of “Household problems” business

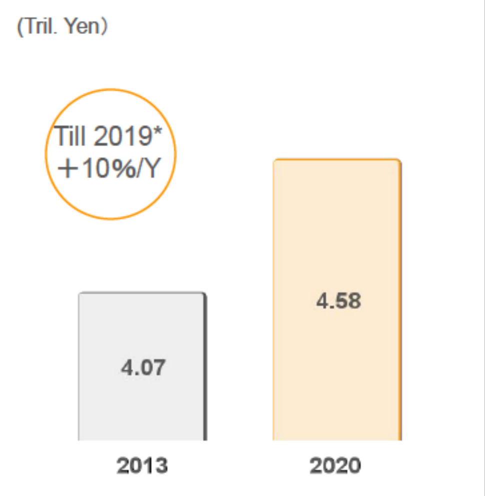
Domestic market of “Household problems” business is approx. 14 tri.yen, and of that, the market of low-price light work is estimated 5 tri.yen. With increase of the aged and people living alone, this market is expected to grow further. In addition, with an ongoing shift from current phone book to online,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

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

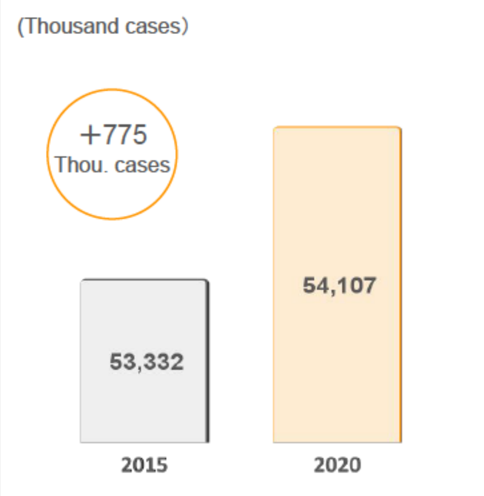
Follow wind of Market opportunity

The increase of single and aged families, and spread of EC service will enlarge the market of our "Household problem" business.

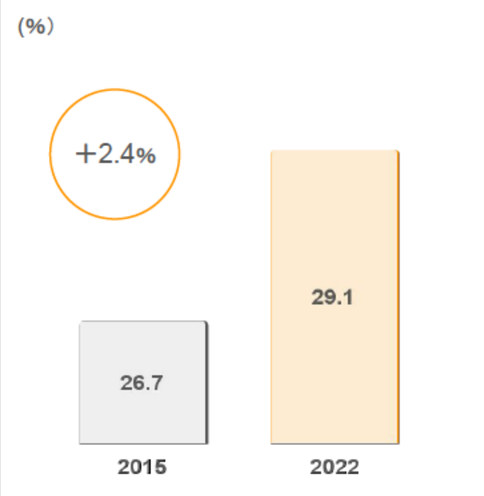
BtoC Service : EC Market size[1]



Number of Family by increase of increase of living alone[2]



Share of aged over 65 years old[3]



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"

FY2023 3Q Balance sheet

[million.yen]

	FY2023 3Q (As of Jun. 30,2023)	Previous year-end 2022 (As of Sep. 30,2022)	Change from Previous year-end
Current assets	2,171	1,706	+465
Fixed assets	1,504	622	＋881
Total assets	3,675	2,328	＋1,347
Current liabilities	1,222	1,565	(343)
Fixed liabilities	532	93	＋439
Total equity	1,920	669	＋1,250
Capital ratio	52.3%	28.8%	＋23.5pt

FY2023 3Q YTD P/L statement

[million.yen]

	FY2023 3Q YTD (From Oct.1, 2022 to Jun.30, 2023)	FY2022 3Q YTD (From Oct.1, 2021 to Jun.30, 2022)	YoY change
Sales revenue	4,294	3,119	+1,175
Cost of sales	252	110	+141
Gross profit	4,042	3,008	+1,033
SGA expense	3,218	2,785	+432
Operating profit	821	234	+587
Pre-tax profit	818	225	+592
Net income	1,099	220	+878

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, COO	Yoshitaka Katayama
	Director	Eisaku Ueda
	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	60.75 million yen *As of the end of Jun.,2023	
Number of Employees	205 (including 42 temporary and part-time workers) *As of the end of Jun.,2023	
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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