Financial Results

for Q3 of Fiscal Year Ending March 31,2021

itsumo.

D2C・E-COMMERCE MARKETING

Itsumo.Inc

Tokyo Stock Exchange(TSE) Mothers listed company: 7694

itsumo.

Our mission:

Creating the Future of Japan with EC

With our mission, “Creating the future of Japan with EC”, we provide comprehensive support for EC business to a wide range of manufacturers from small-and-medium to large companies.
As the EC partner of manufactures, we provide the total support from the planning of the EC strategy to website construction, warehousing and fulfillment services.
We help you deliver Japanese brands to the world by combining "people" and "technology,“ and by maximizing the manpower with an excellent EC sales method.

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1. Company Overview

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Company Information

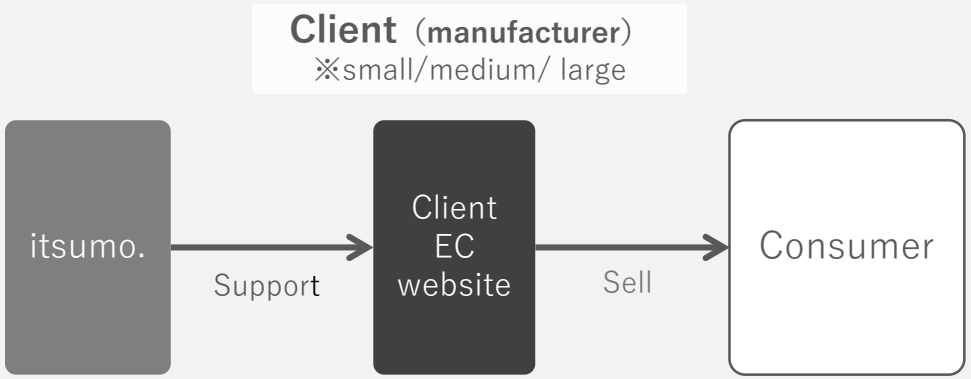
Name	Itsumo. Inc.
Founded	February 14th, 2007
Office location	1-12-1 Yurakucho, Chiyoda-ku, Tokyo, Japan, 100-0006
Capital	726,984,000 yen
Employees	217 (as of December, 2020) ※included executive officers, regular staff, and part-time employees
Description of business	E-Commerce One Platform Business (Comprehensive support for EC)

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Our services

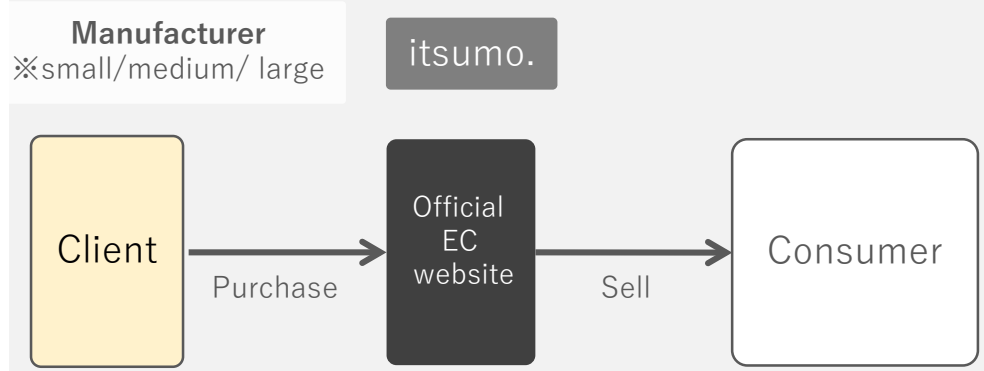
- We provide 2 types of services - EC Marketing Service and EC Marketplace Service

EC Marketing Service



- Provide comprehensive EC support that matches the particular needs of our clients
- Provide the value-chain support (partial/total support)
- Sales will be classified into 2 categories: the “Stock sales” which is stable, and the “Spot sales” which is temporary
- The “Stock sales” represents the sales of marketing service generated by the clients who have continuous contract with us.

EC Marketplace Service



- itsumo. provides overall support for EC business and operates EC website.
- itsumo. purchases goods from our clients and sell them directly to consumers through the official EC website.
- **Profit from sales to consumers= itsumo.’s company sales**
- Cost of sales is: cost of purchased goods, payments to e-commerce channels and logistics companies

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2. Financial Results for Q3 FY21 (Ending March)

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Highlights of Financial Results for Q3 FY2021

Overall company performance

Sales :	¥ **6,638**		+64.0% y/y
Gross profit on sales :	¥ **1,610**		+57.8% y/y
Gross profit margin :	**24.3**	%	-1.0% y/y

(in JPY million)

Performance by service

	EC Marketing Service		EC Marketplace Service	
Sales:	**1,310**	+27.3 y/y	**5,328**	+76.5 y/y
Gross profit on sales:	**913**		**697**	
Sales Ratio of "Stock Sales" :	**88.4** %*			
Summary:	• A steady growth was driven by an increase in the continuing contracts and large orders • Exceeded budget by securing the "Spot" sales-based contracts steadily after the Rakuten Super SALE at the end of the year		• Secured the steady growth of each brand • Opened new brand websites which has contributed to the increasing number of brands handled by itsumo.	

*Note: the "Stock sales" refers to the sales of marketing service generated by the clients who have continuous contract with itsumo.
The "stock sales" includes the sales based on pay-per-use program. This figure is not subject to audit review.

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P/L　Q3 FY21/3 (cumulative)

Significant growth in sales and the below profit compared to the same period last year

Gross profit on sales is: **+57.8% YoY**

(in JPY million)

Fiscal year:	Cumulative total of 2020/3 3Q	Cumulative total of 2021/3 3Q	Growth Rate
Period:	April-December	April-December	y/y
Sales:	4,047	6,638	64.0%
Gross profit:	1,020	1,610	57.8%
Operating profit:	251	491	95.8%
Ordinary profit:	259	505	95.0%
Current net profit:	175	357	104.4%

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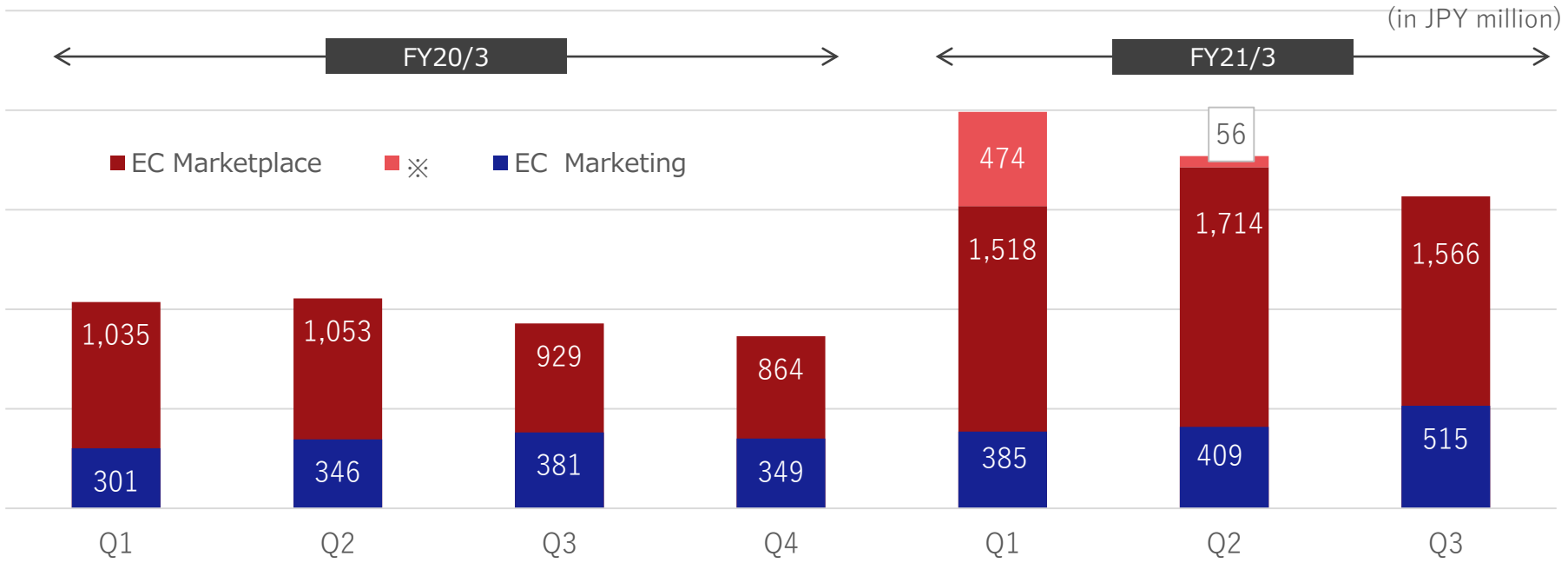
Sales trends

EC Marketing Service

- Up **+35.0% YoY** thanks to steadily increased “Stock sales”
- Large orders contributed to sales
- Increased the sales of pay-per-performance due to good performance of our business partners as the year-end is the best time to make a profit

EC Marketplace Service

- Up **+68.6% YoY** thanks to continued high growth of each brands
- Q1 and Q2 saw a temporary boom in demand due to the closure of brick-and-mortar stores following the state of emergency order. Also, there was a seasonal fluctuation in demand for the high-price, light hair remover, BRAUN Silk Expert from spring to summer. These two factors caused Q3 sales down compared to Q1 and Q2

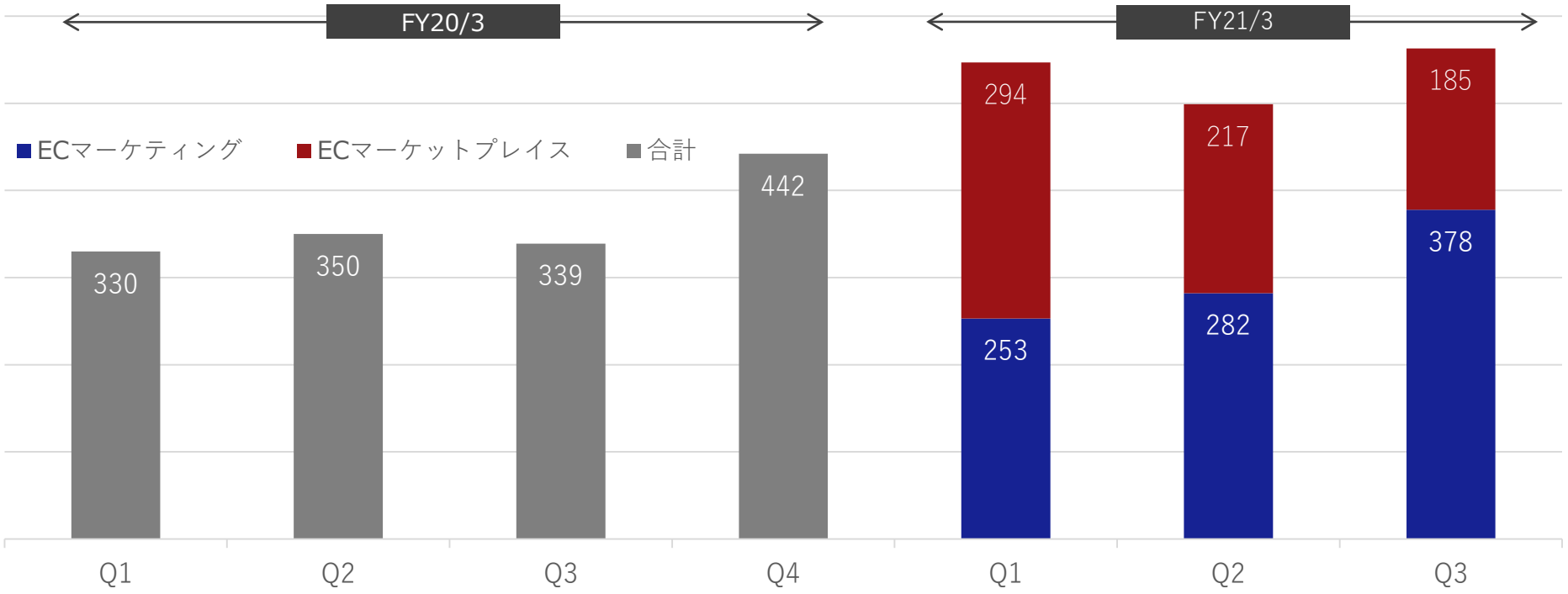


※Temporary increased revenue in EC marketplace
estimated [as the influence of COVID 19] based on consideration the difference between the YoY growth rate of each brand in April–May 2020 and other periods stems from the temporary increase of demand in 1st half of the FY

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Trends in Gross Profit

- Q3 saw gross profit grew **+65.7% YoY**
- Highly profitable **EC Marketing Service** steadily accumulated profit and contributed to growth
- **EC Marketplace Service** declined in QoQ due to temporary demand and seasonality



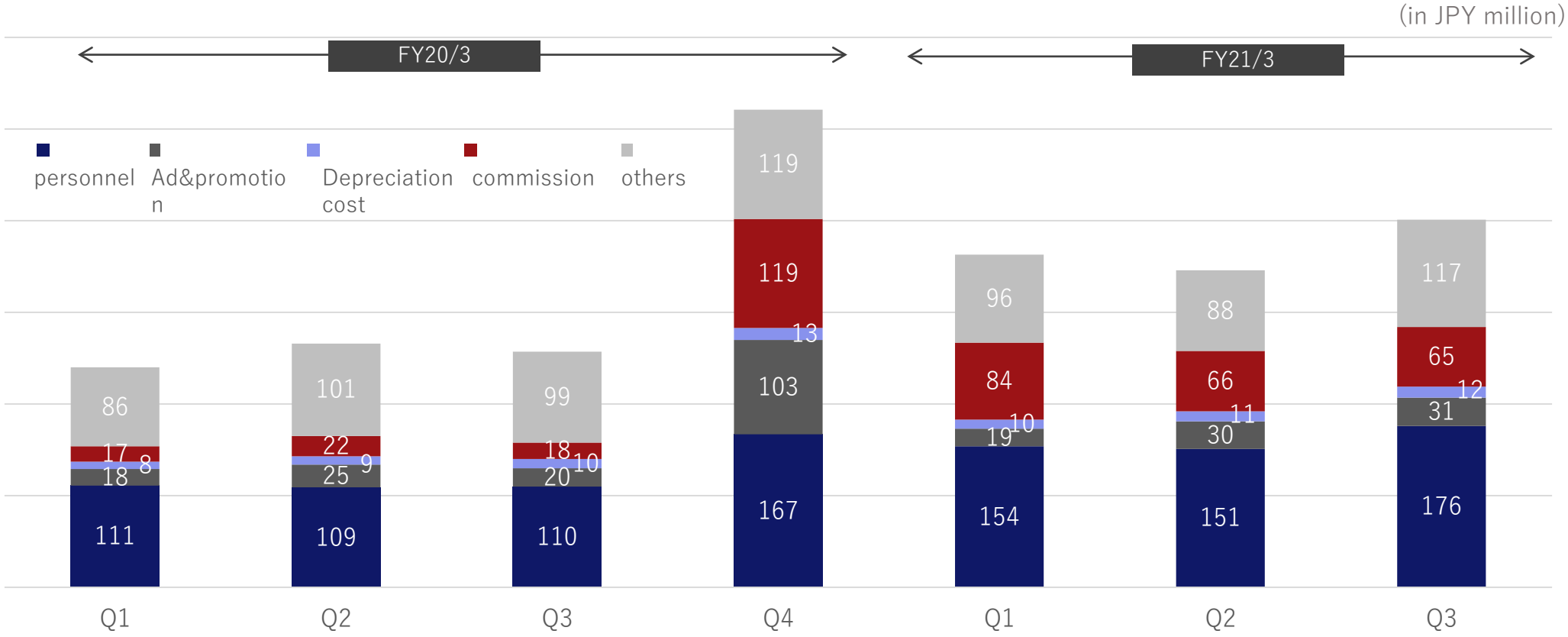
Note: Gross profit by service for FY2021 ended March is given in total figure as it is incalculable. Gross profit amount by service is not subject to audit review.

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Trends in SGA
(selling, general and administrative expenses)

- Overall SGA: 56.2% YoY for 3Q
- Aggressive hiring pushed up labor costs and accumulation of bonus reserves according to business performance
- Payment-processing fees increased as EC Marketplaces grew

(in JPY million)



(注) 人件費には、賞与、採用関連費用を含んでいます。
支払手数料は、主にECマーケットプレイスサービスにおける決済手数料です。

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通期業績予想

- Annual profit forecast has been revised considering the progress until Q3 as follows:
- In Q4, we will actively invest in advertising & promotion

(in JPY million)

Fiscal Year:	FY21/3	FY21/3	Increase/ decrease	percent change
	Original forecast on Dec.21 (A)	Announced forecast on Feb.12 (B)	B-A	
Sales:	**8,090**	**8,650**	**559**	**6.9%**
Operatingprofi:	**438**	**527**	**88**	**20.2%**
Ordinary profit:	**434**	**540**	**105**	**24.3%**
Net income:	**350**	**393**	**42**	**12.2%**

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BS　2021年３月期３Q

- Capital ratio improved to 43.3% by raising funds at IPO

(in JPY million)

	2020年3月期 4Q末	2021年３月期 3Q末	増減額
Cash and Deposit	**1,077**	**2,255**	**＋1,178**
Inventory assets	**339**	**493**	**＋154**
Accounts receivable	**424**	**701**	**＋276**
Current assets	**1,917**	**3,540**	**＋1,622**
Fixed assets	**342**	**312**	**-30**
Total assets	**2,260**	**3,852**	**＋1,592**
Total current liabilities	**1,134**	**1,426**	**+292**
Total fixed assets	**949**	**758**	**+191**
Total net assets	**176**	**1,667**	**＋1,491**

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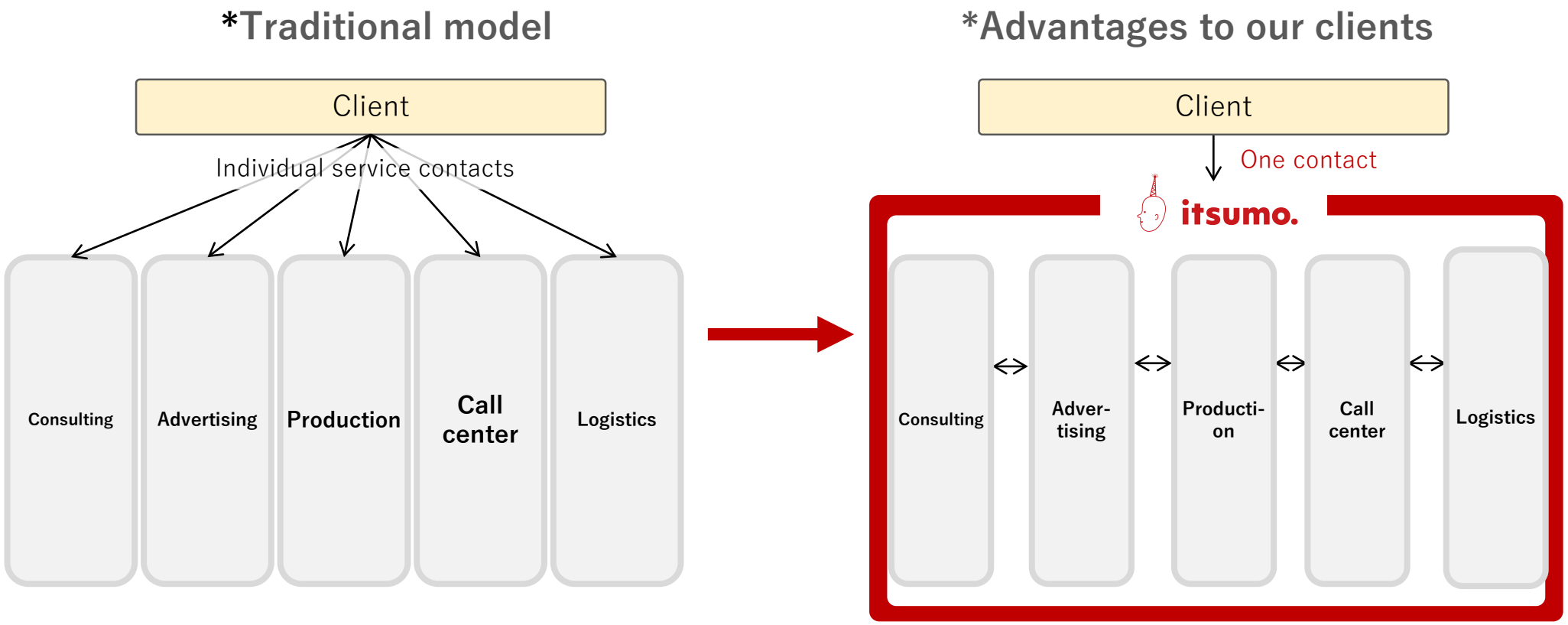
3. Business Details

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EC Marketing Service

Offering comprehensive services

By providing comprehensive services, we can make our support efficient and effective for clients.

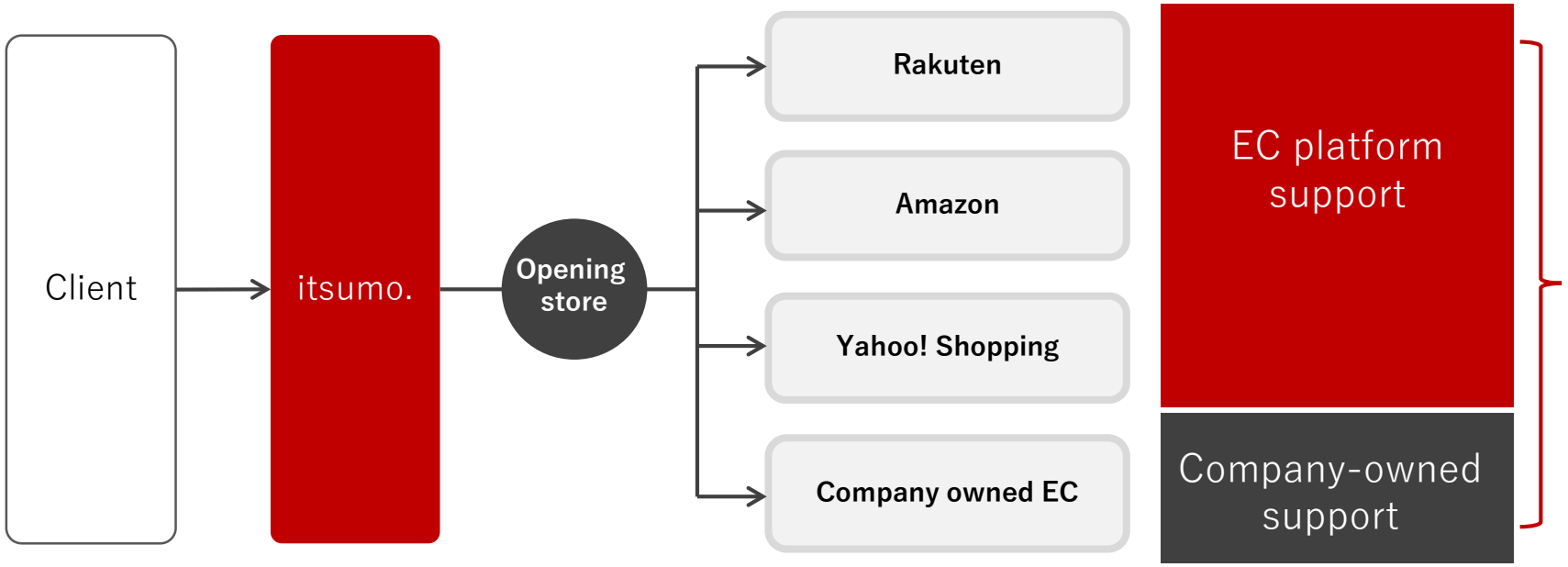


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EC Marketing Service

Extensive achievements of EC platform support

- Out of the 9,821 projects we have supported so far, most of them have been for the EC platform.
- Our wide experience enables us to effectively support the EC multi-channel development of our business partners.



Our achievements :

9,821 projects*

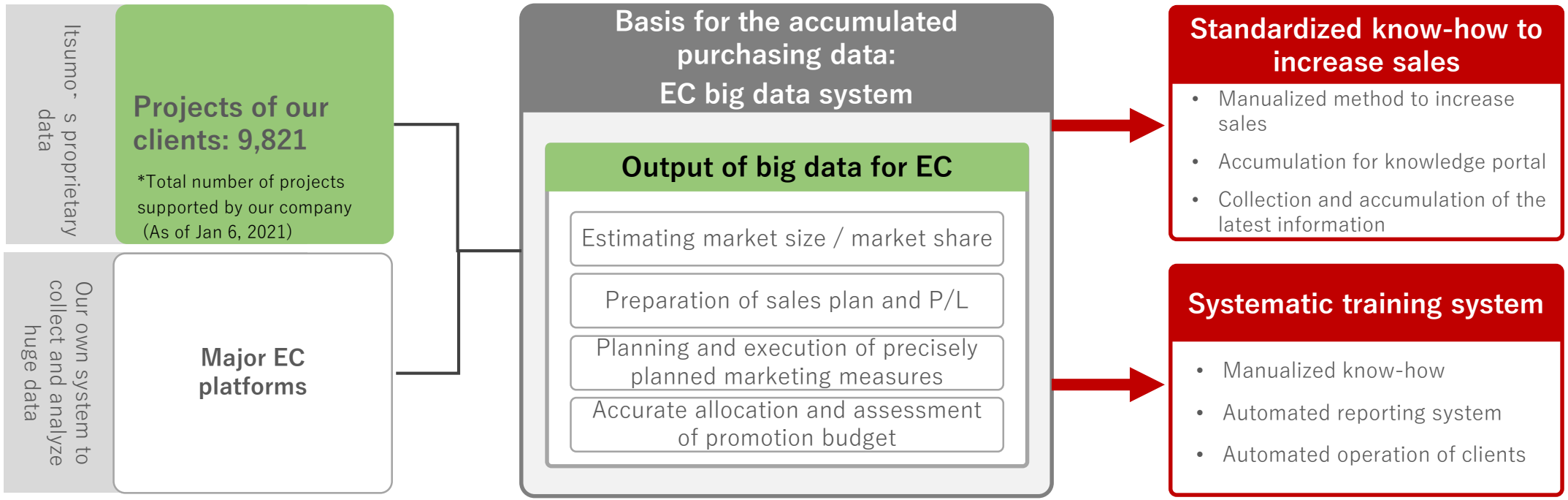
*Total number of projects supported by our company
(As of Jan 6, 2021)

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EC Marketing Service

Big data system for EC

Our big data system for EC stores information on the past transactions of clients and huge amounts of data of each EC platform. This system gives us know-how of standardized sales improvement and a systematic training system.



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Marketplace Service

Build direct-to-consumer (D2C) system for manufacturers quickly, at low-risk, and directly

Our well-equipped system enables us to build D2C system quickly and provide support.
Our services enables manufacturers to build a direct-to-consumer (D2C) system quickly at low risk.

Challenges for manufacturers in opening store and making growth in EC

①Risks in building a direct sales system (D2C) by manufacturers on their own

②Financial risks

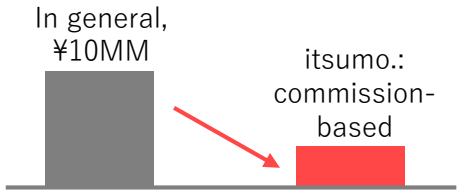
③Time risks

Resolution is our D2C support for manufacturers

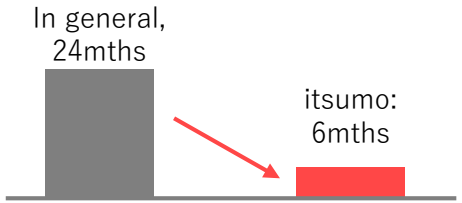
Reason①
We provide everything

- No need of EC business infrastructure
- Able to maintain with existing structure

Reason②
Low initial investment



Reason③
Short time frame from contract to launch



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Marketplace Service

Logistics services and infrastructure to increase sales

We have logistics services to increase sales and the infrastructure that supports them through our partnerships with outside companies.

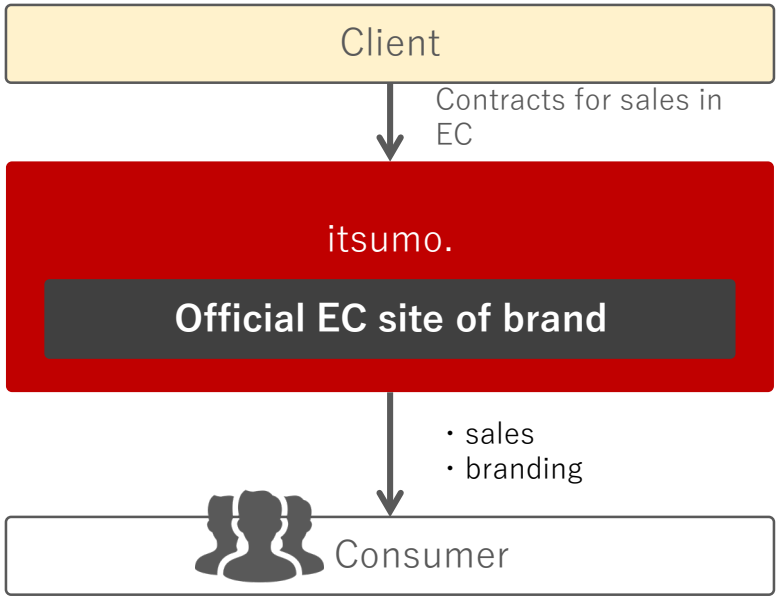
Our service 1	• Next-day quick shipping • Scheduled-time delivery
Our infrastructure 1	• Partnership with 16 warehouses nationwide to reduce logistics cost
Our service 2	• Highly value-added logistics services optimized for each commercial product
Our infrastructure 2	• Streamlined warehouses with state-of-the-art automation

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Marketplace Service

Official EC site of brands are jointly operated with manufacturers

We operate official EC site approved by manufacturers.
We have cultivated strong ties with manufacturers by increasing their brand value and sales over the long term..



We focus on:

①Long-time improvement of brand value
②Increase sales

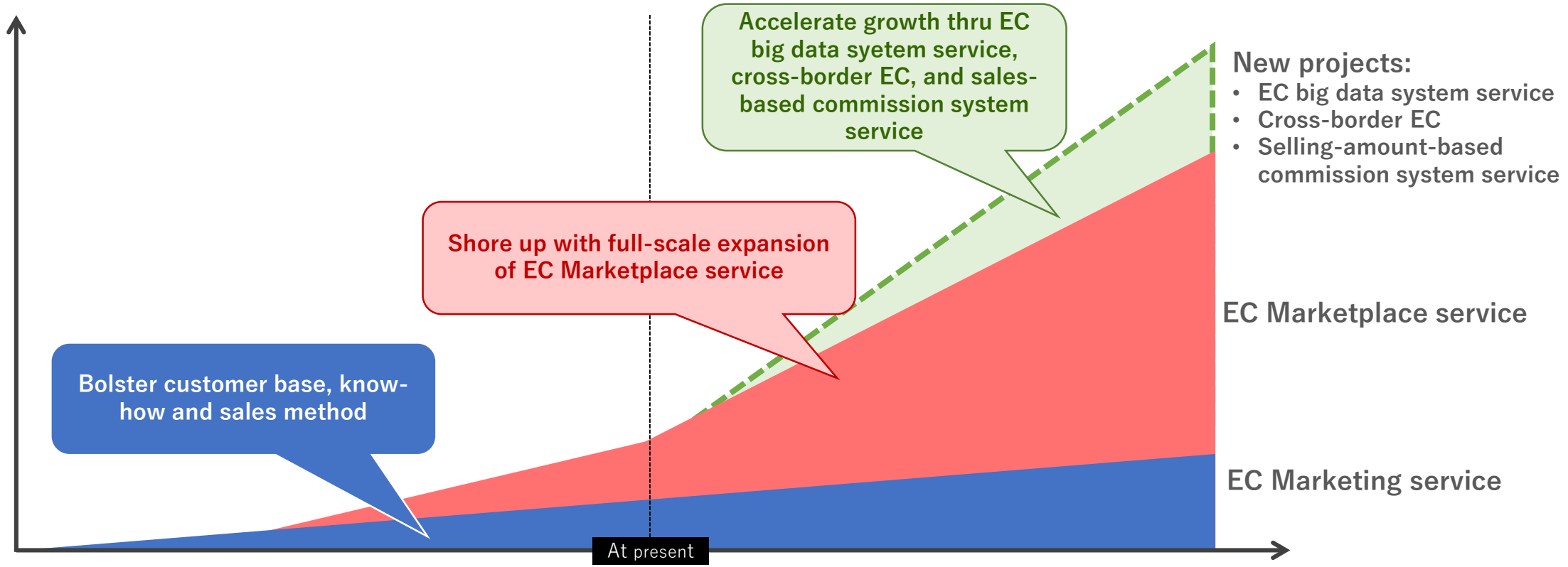
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4.Our Future Goals

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Our image of growth

- Stimulate growth by expanding steadily growing EC Marketplace service
- Further increase sales and profit through sales of EC big data system service, expansion of cross-border EC, and the selling-amount-based commission system service



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Explanatory note

This document contains forward-looking statements that are made based on the information considered reasonable at the time of creation These forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual operating results may differ substantially due to a number of factors. Such risks that may include, without limitation: domestic and international economic conditions and relevant industry trends in our company.

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