FY2021

Financial Results

itsumo.

D2C・E-COMMERCE MARKETING

itsumo Inc. | Ticker: 7694

itsumo.

Mission

Creating a Future of Japan with e-Commerce

This is our mission to fulfill.

itsumo inc. is a Japanese leading EC solution company which provide you with its total support to a wide range of manufactures and brands.

As a trustworthy EC partner, we support your business from building up strategy, website construction to warehousing and fulfillment.

We facilitates to develop your brands to the world through a fusion of "people" and "technology“ with our seasoned EC sales know-hows

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1. Our Business and its Unique Feature

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Comprehensive EC Business Support - Wide Range of Industry Coverage

Trait 1
Deal with a variety types of products of brands and manufactures

Cosmetic | Baby item | Groceries | Interior | Commodities | HEA | Apparel | Pet

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Trait 2
Provide for an all-around support on EC value chain

EC Strategy | Website | Digital Marketing | Customer Service | Warehousing Fulfillment

Trait 3
Facilitate a broader deployment of prominent EC channels

Rakuten | Amazon | Yahoo! Shopping

Own EC site | Overseas mall

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Business Partner by Industries

At this point of moment, we develop our business in eight major service categories

Apparel・Beauty・Health



Grocery・Beverage



Miscellaneous・Hobby



Conglomerates

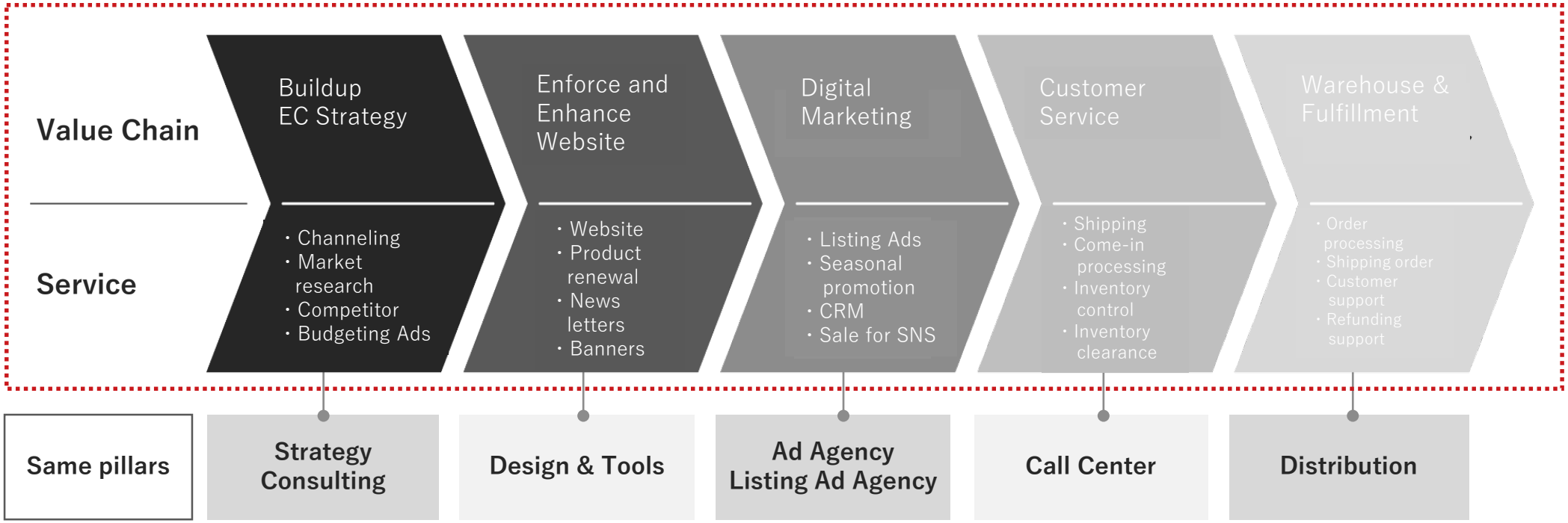


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Comprehensive EC Business Support – Implement EC Services in One Go

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Strategic EC partner for makers and brands.
Operating PDCA by ourselves



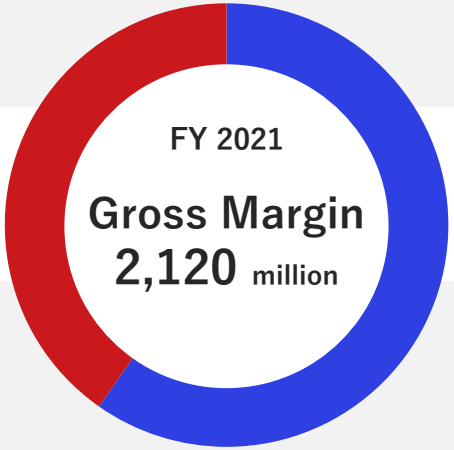
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Two Service Lines - Overview

In Millions of yen

	EC Marketplace	EC Marketing
Gross Sales	Sales : 7,004 million Up 80.4% YoY % to Gross Sales : 79.6%	Sales : 1,792 million Up 30.0% YoY % to Gross Sales : 20.4%
Purpose	All-Around Support for D2C Player (brands/makers)	Operating Support for EC Debutant (exc. micro-business)
Operation	Wholesale for B2C (by factory-outlet)	Professional advices and support
Key Driver	Incremental # of Brands	Growth of Stock Sales* Recurring Contract (based on amount)
Growth Index	Gross Profit : 853 million	Gross Profit : 1,267 million





* Stock Sales means sales in EC Marketing generated by recurring contract

Note: In FY 2020, due to that gross profit by service category is not subject to our audit, we don't disclose them at this point of moment.

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Two Service Lines – Profit Scheme

How do we profit ?

* excluding micro-business

EC Marketplace

TARGET
Major Manufacture/Brand

Sell their products to itsumo. ↓

↑ Payment and Data sharing

itsumo.

Operate official EC sites instead of manufactures/brands

Sell via EC site ↓

↑ Payment

Consumer

EC Marketing

TARGET
A Variety of Enterprises*

Service Fee ↓

↑ Professional Advice/Support

Backed by itsumo. professional advices, construct souped-up and attractive EC platform on their own site

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Provide enterprises with our personalized EC Value Chain services in flat fee or one-shot

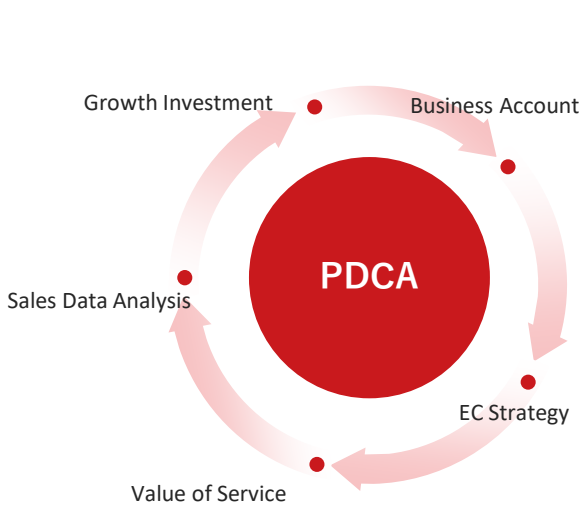
Seasoned expertise in JP EC business over 15 years

Payment from consumer
=
Profit of itsumo.

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How to Develop Our Business in the future?

Optimize our business resources in the most practical manner



EC Marketing

EC Marketplace

Scale out data and know-how

Business Account 9,821*

Achieve maximum effect by our value chain system

The Output of EC Big Data

- Market size and market share
- Sales Planning and P/L
- A more precise marketing measures
- Budget allocation for promotions and valuation

Systematic Personal Training

Train up the inexperienced in a short period, made them adaptable fighting potentials in EC operation

- Manualized know-how
- Automated reporting
- Automated customer care

Accumulate intelligence and know-how
Take advantage of these intelligence to generate new business

* Accumulated # of business accounts (Jan 6, 2021)

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EC Marketplace – Current Status and Prospect

FY 2021





Key Deriver

FY 2021 Incremental # of Brands (plan)

5 *2

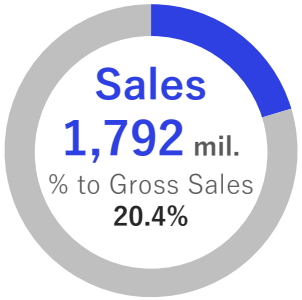
- itsumo. purchases (as a wholesale) products from manufacturers or brands then, runs their EC site on our website
- Sales of EC Marketplace ＝
  Sales to consumers via the above EC sites
- COGS＝
  Cost of procurement, EC platform, payment to distributors

* 1 Due to that gross profit by service category is not subject to our audit, we don't disclose them at this point of moment.
* 2 Including the # of another EC platforms of the same brand partner.

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EC Marketing - Current Status and Prospect

FY 2021





Key Driver

Stock Sales Ratio *1 :

89.3%

Cancelation Ratio :
(amount base)

1.79%
monthly average

- **Provide seasoned advices with specific needs of clients**
- **Sales of EC Marketing = Steady Stock Sales*1 + Spot Sales**
- **Manufactures often require plural value chain services, then it raises average sale per unit**

*1 Stock Sales means sales in EC Marketing generated by recurring contract
*2 Due to that gross profit by service category is not subject to our audit, we don't disclose them at this point of moment.

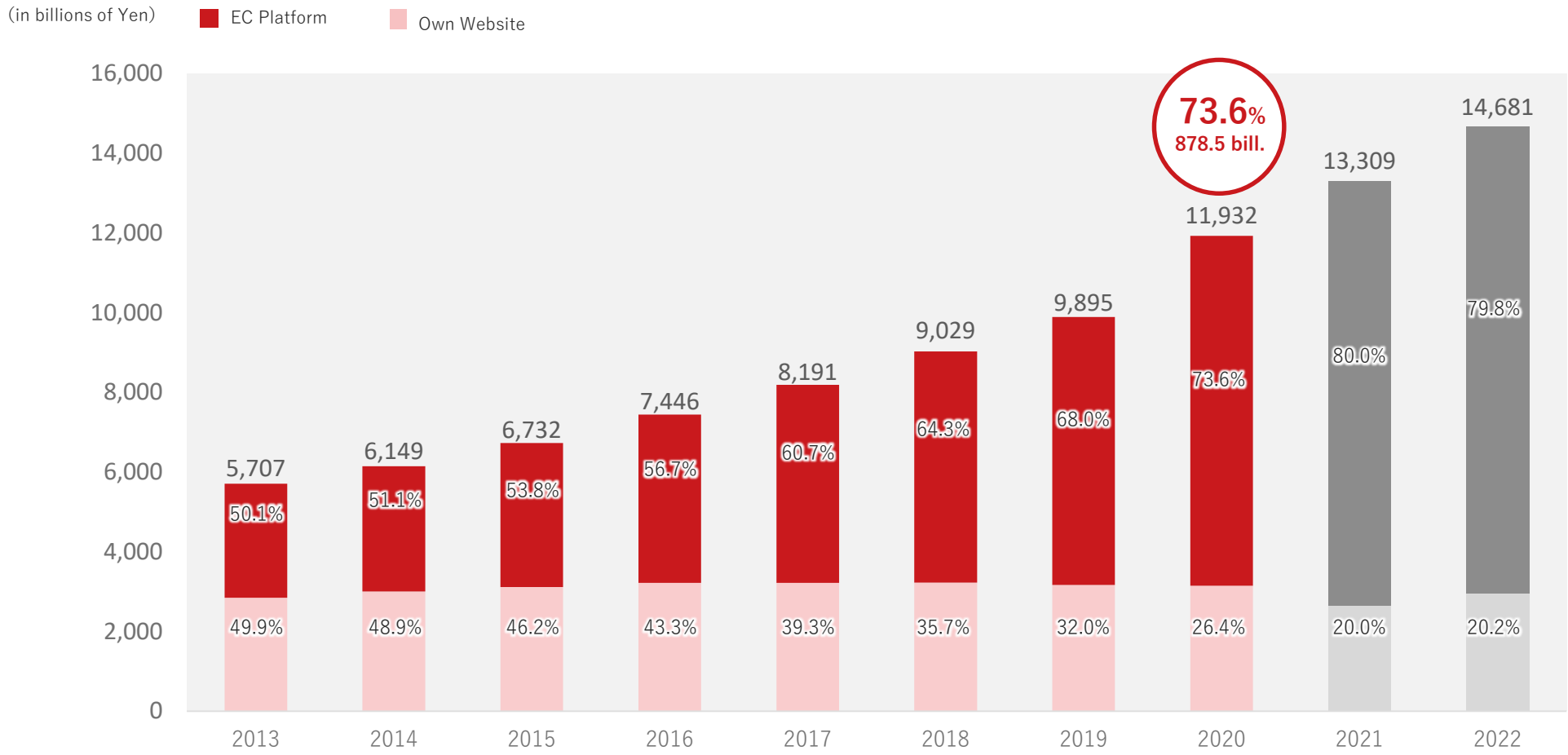
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2. Market Circumstances

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Change in Japan EC Market

Growth drivers are Amazon, Rakuten, Yahoo! Shopping.
In 2020, it accounts for 73. 6 % to the entire market.

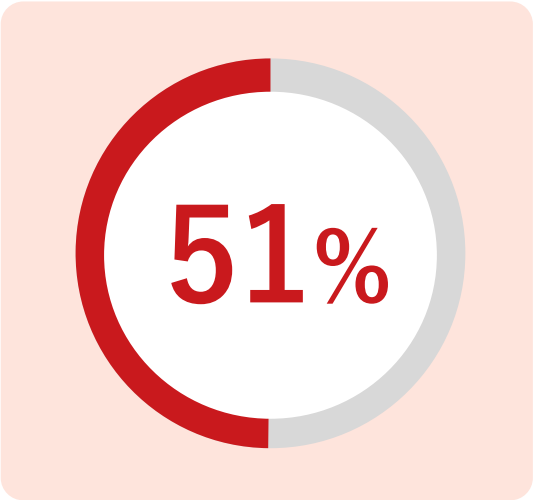


Source: itsumo. customized the data based on Fuji Keizai Group 2020 “Current status of mail order and e-commerce business and the future”

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Prominent Market Opportunity in Japan EC Business

- **Most of JP manufactures doesn't harbor any adequate support system for EC platform such as Amazon, Rakuten, Yahoo! Shopping**
- **It would be a significant tool for them to develop D2C sales via EC Platform**



of enterprises in Japan yet to launch their own EC platforms *1



of manufactures in Japan depend on their sales via EC sites *2

*1 Source: Japan Fair Trade Commission "e-commerce trading report for consumers" (In Japanese)
*2 Source: The company originally created based on "online sales strategy of manufactures seeking for coexistence with EC Platform" by Fuji Keizai Group

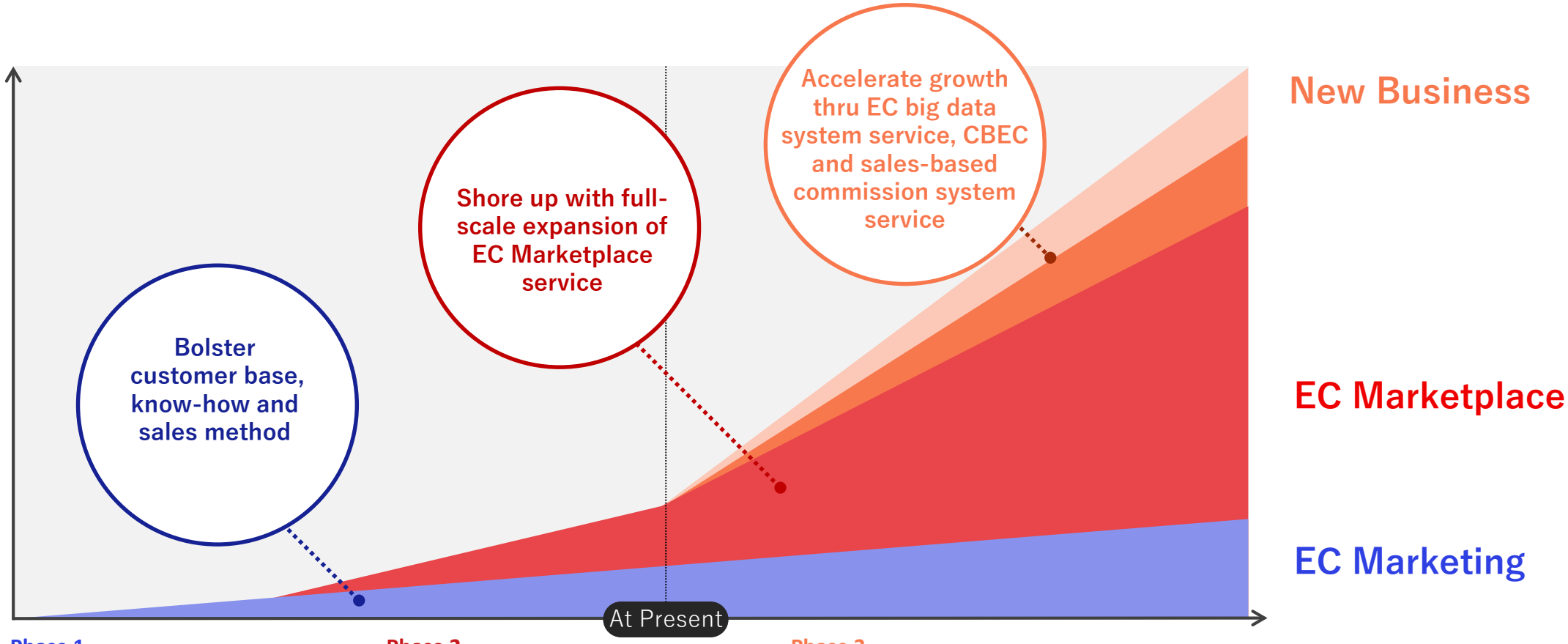
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3. Growth Strategy

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Growth Strategy - Overview

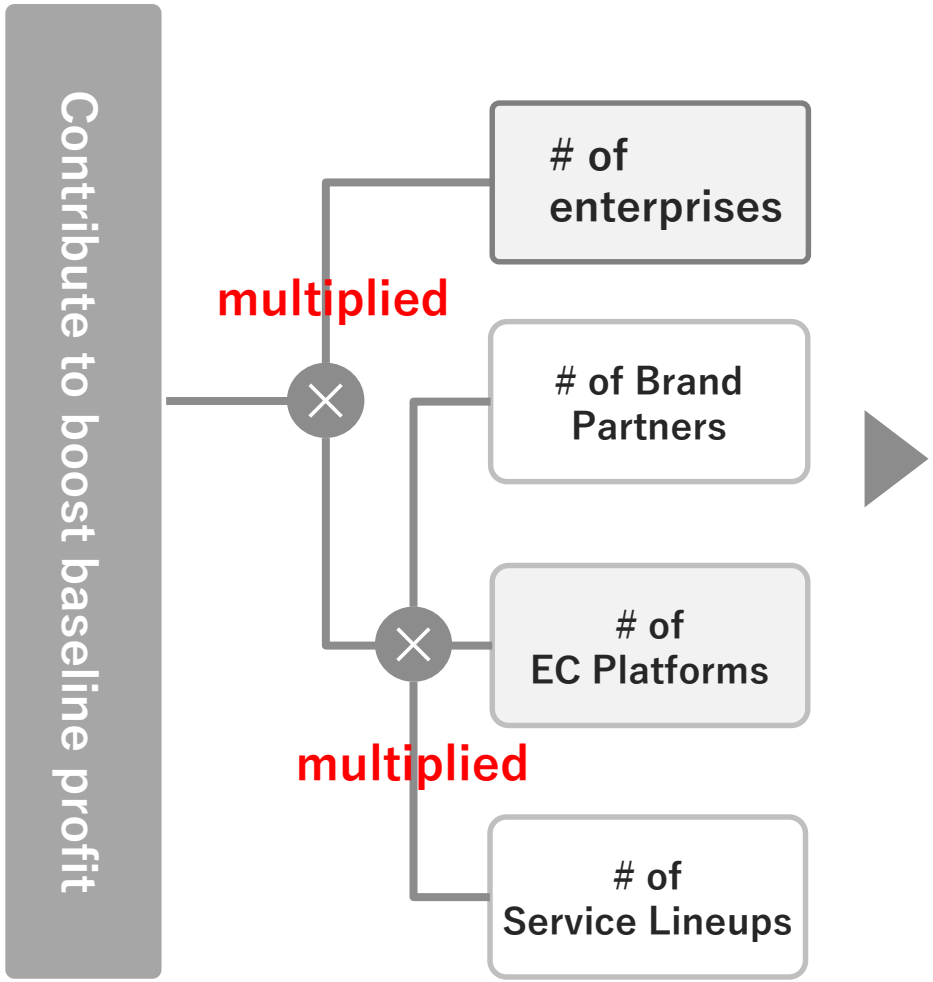
1. Growth in stock sales: Raise average sales per service unit
2. Growth in GMV for both profit lines: Increase profit via performance-based compensation
3. In addition to our traditional sales support service, M&A/financing to prominent brands would strongly boost our profit baseline



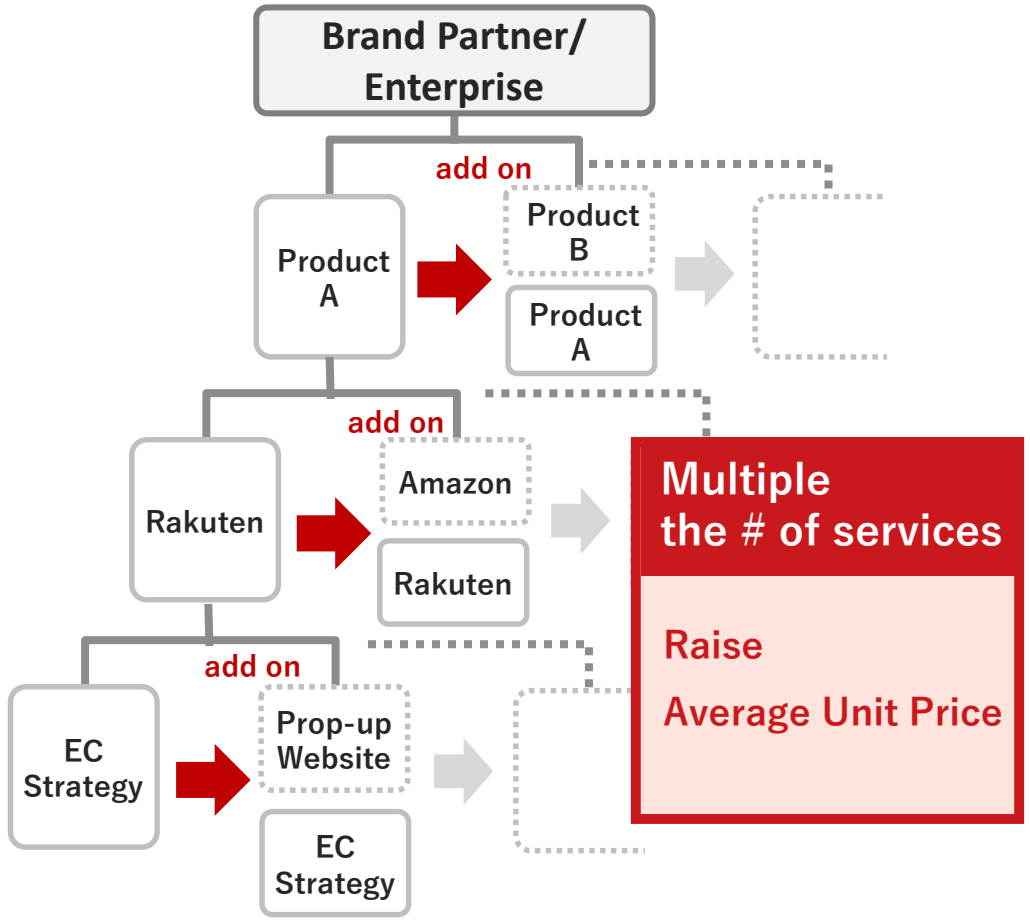
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EC Marketing - Growth in Stock Sales (1)

Incremental of stock sales stables and boost up baseline profits



How to develop recurring contract



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EC Marketing - Growth in Stock Sales (2)

How do we find new clients ?











Pull Marketing

On a regular monthly basis, itsumo. organizes seminars or events for EC debutants and its advanced players,

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EC Marketing - Growth in GMV via Performance-Based Compensation (3)

Traditional

Flat-rate fee by value-chain service content

Present Term

Enhance performance-based compensation

Value Chain

- Buildup EC Strategy
- Enforce and Enhance Website
- Digital Marketing
- Customer Service
- Warehouse & Fulfillment

Support

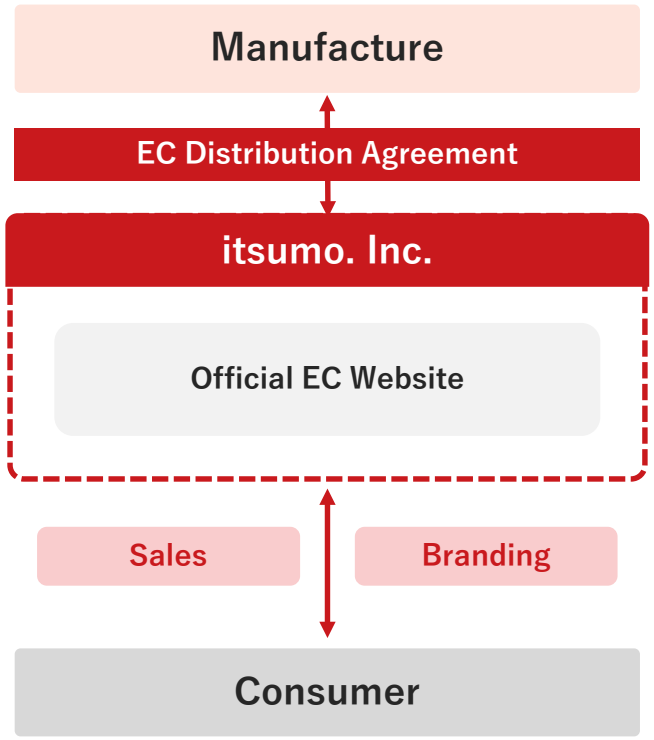
Flat fee ＋
Pay per Action

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EC Marketplace – Growth by GMV (1)

Collaborating with manufactures, operating its official EC websites



Pivotal Points of Our Business

1 Elevate brand value on a long-term basis

2 Increase gross sales

Buildup a strong relationship with manufactures

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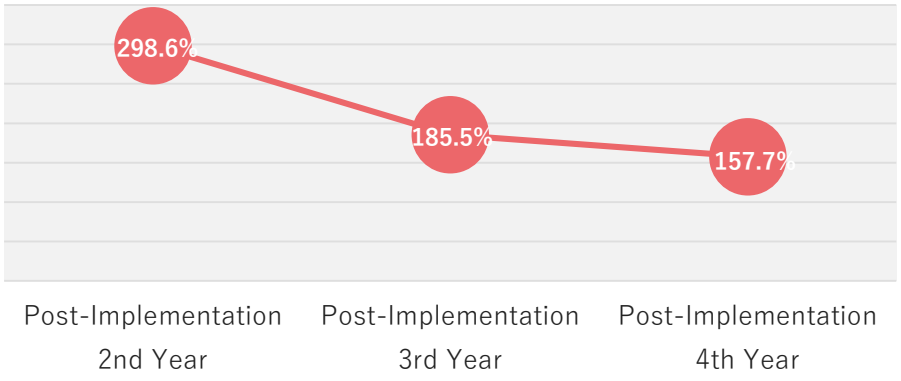
EC Marketplace – Change in Alliance Partners (2)

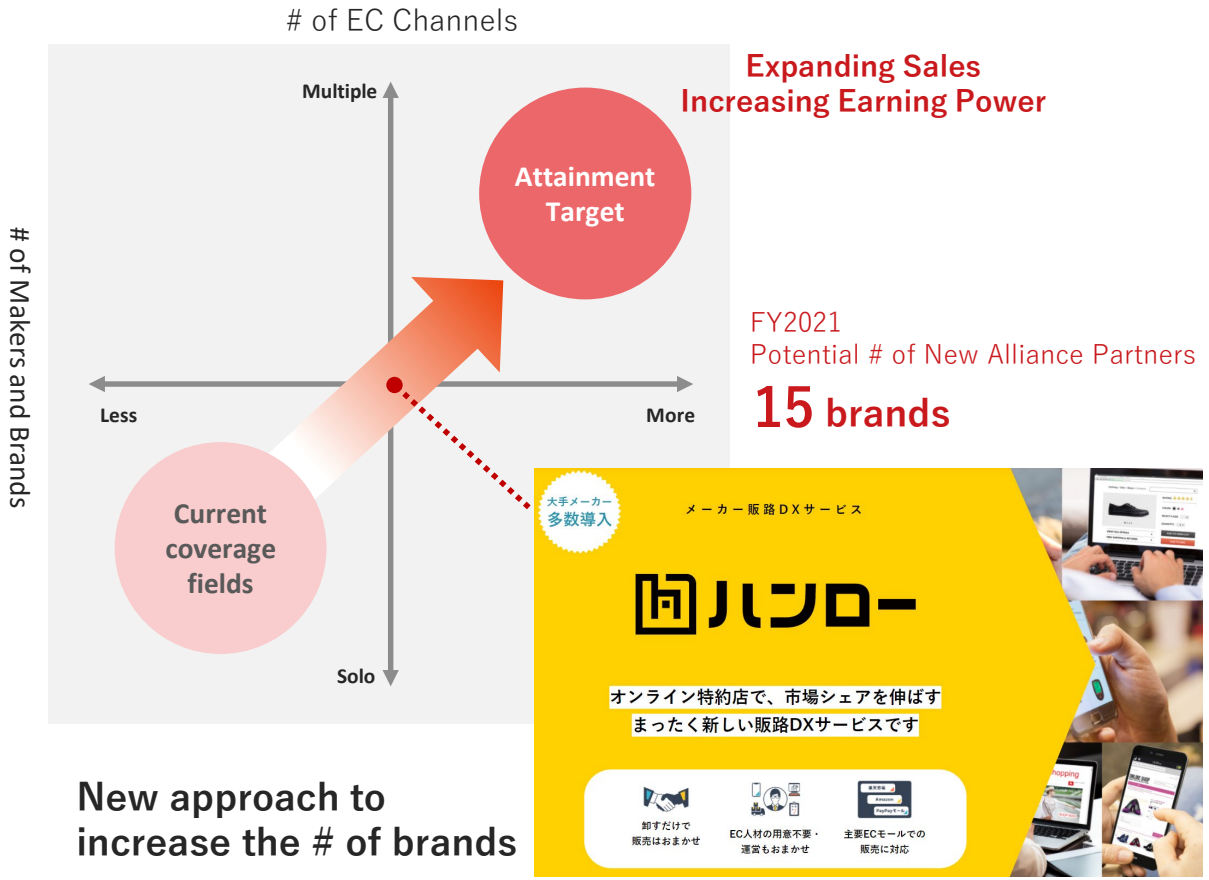
Successfully attained revenue growth in all alliance partners since our business initiation in 2016.
Expanding the # of manufactures and brands by focusing on sales channel DX ”HANRO” as well as scaling it out to EC channels

Primal Brand Revenue Growth

Brand A	Brand B
YoY up 73.0% ↑	YoY up 192.6% ↑
Brand C	**Brand D**
YoY up 99.3% ↑	YoY up 307.6% ↑

Alliance Brands: Average Growth Rate of Revenue





New approach to increase the # of brands

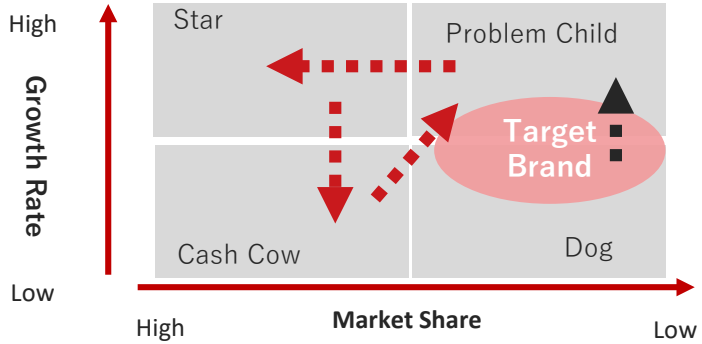
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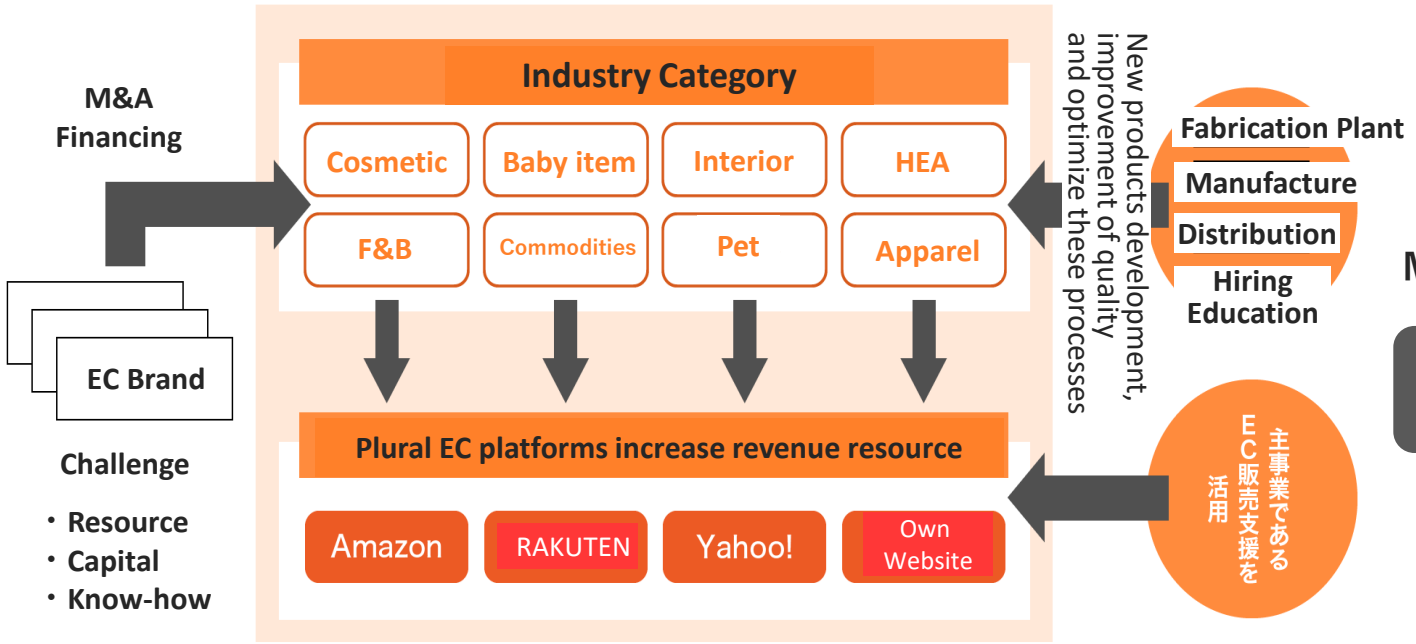
EC Marketplace – Increase Value by Additional Brand Partners (3)

FY2021 Target # of Brands 25 brands*

- Including the # of another EC platforms of the same brand partner

Target Business Size： aprox. **50～300 million JPY**





Major elements of increasing brand value

Financing	EC Specialist	Know-How	Product Development	Distribution

Improve sales promptly and reinforce brand value

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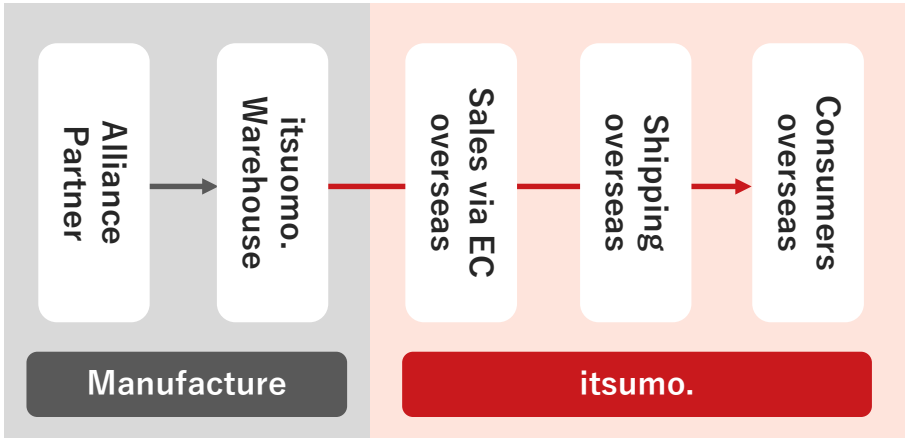
EC Marketplace – Cross-Border e-Commerce (4)

Our alliance partners to develop their overseas business swiftly, just depositing their products onto our warehouse domestic.

The more incremental of the # of CBEC participants, the more we expand our profit zones.

Unique Feature & Advantage

1. Alliance with major and promising EC platforms overseas
2. Backed by distribution agreement with brand, realize a more stable and secured supply



Business Potential aside from China



* Accumulated # of alliance partners (July 17, 2020)

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4. FY2021 Financial Results and FY2022 Forecast

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FY2021 Highlights

In Millions of Yen		YoY
Gross Sales	**8,797**	**+67.2 %**
EC Marketing	1,792	+30.0 %
EC Marketplace	7,004	+80.4 %
Gross Margin	**2,120**	**+44.9 %**
% of Gross Margin	**24.1 %**	**△3.7 %**

- **In total, all segments show a healthy growth, particularly, gross sales and gross margin jumped compared to the previous year**
- **Due to strong growth in EC Marketplace, gross margin ratio declined slightly and this is because of the difference of profit ratio in EC Marketplace and EC Marketing.**
- **Profit structure significantly differs between the both service lines as well as, profit ratio is also different from brands and products, therefore, in order to measure our success, we focus on the amount of gross margin.**

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P/L

- Significant growth in each segment
- Incremental in Gross Margin +44.9 % (Compare to the cumulative quarterly accounting period)

In Millions of Yen	FY 2020	FY 2021					
	Actual	Planned	Adjusted	Result	Change to Planned (%)	Change to Adjusted (%)	Change (%)
Gross Sales	5,261	8,090	8,650	8,797	8.7%	1.7%	67.2%
Gross Margin	1,463	1,936	2,092	2,120	9.5%	1.4%	44.9%
Operating Income	170	438	527	526	20.0%	△0.1%	209.7%
Ordinary Income	198	434	540	547	26.1%	1.4%	176.5%
Net Income	143	350	393	419	19.7%	6.7%	191.7%

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Cash Flow

- **Up 1,745 million yen in Cash Flow**
- **Up 668 million yen in CFFO**
- **CIF 1,430 million yen by new share issue of IPO, Up 1,103 million in cash flow by FCF**

In Millions of Yen	FY 2020 Actual	FY 2021 Actual	Change (%)
Cash and cash equivalents at beginning of year	**481**	**1,011**	**110.2%**
cash flow from operating activities	**234**	**668**	**184.5%**
cash flows from investment activities	**△50**	**△25**	**△49.4%**
cash flow from financial activities	**346**	**1,103**	**218.7%**
Change in cash and cash equivalents	**530**	**1,745**	**229.2%**
Cash and cash equivalents at end of year	**1,011**	**2,757**	**172.5%**

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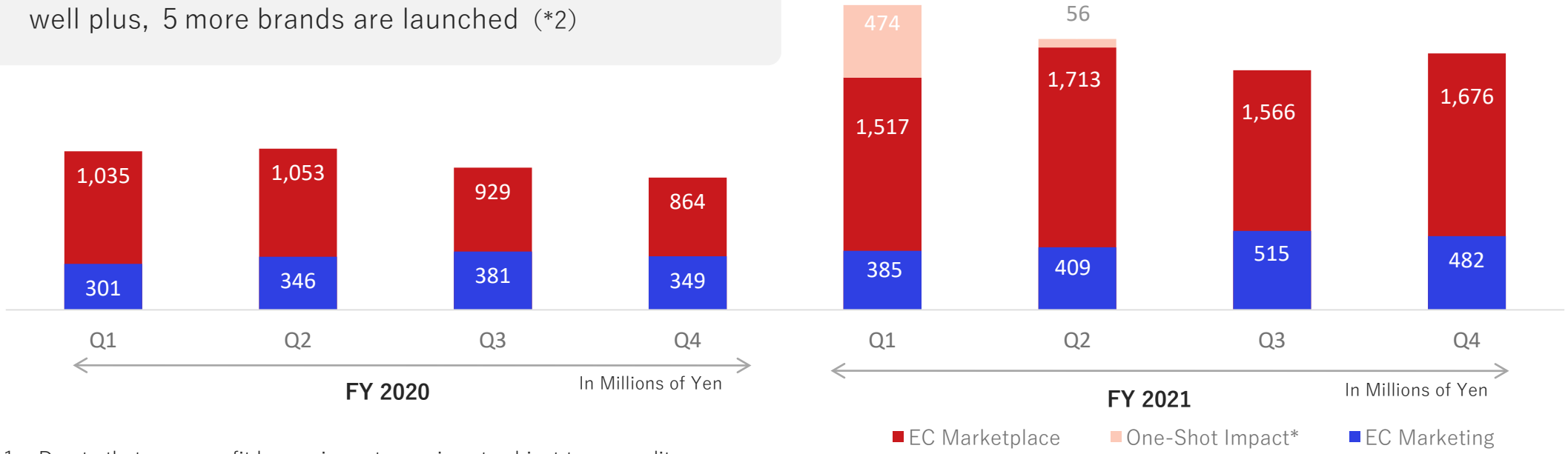
Change in Sales by Service Line (*1)

EC Marketplace

- All brand partner shows healthy grow **up 80.4%** YoY (accumulative accounting period)
- Mighty growth in 1H is only temporary* due to a series of state of emergency as well as lofty price products for spring and summer paid off
- In 2H, the momentum continued
- Newly acquired brand partners for current term fare well plus, 5 more brands are launched (*2)

EC Marketing

- Steady growth of stock sales **up 30.0%** YoY (accumulative accounting period)
- In Q3 peak period, end year shopping boosted order entries
- New contract model in performance-based compensation is pretty accepted as incremental of sales



＊1 Due to that gross profit by service category is not subject to our audit, we don't disclose them at this point of moment.

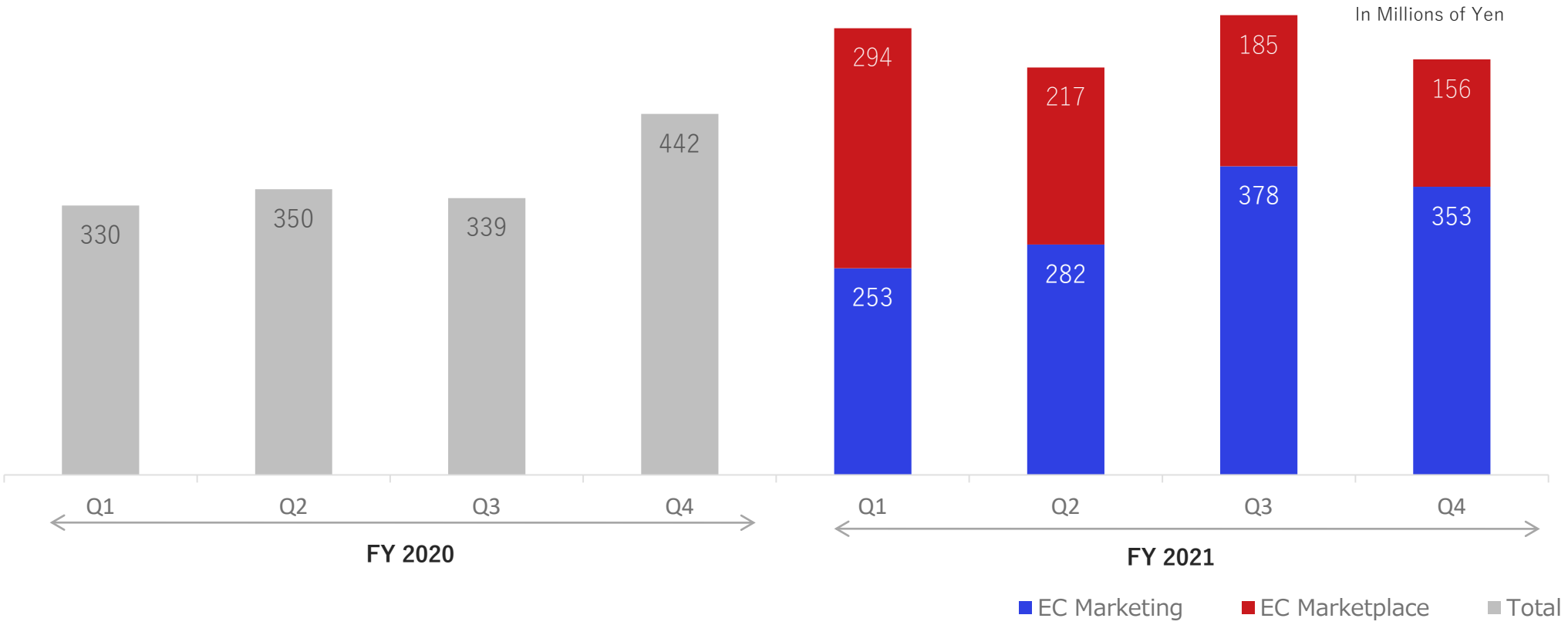
＊2 Including the # of another EC platforms of the same brand partner.

- For sales of EC Marketplace, we assume and calculate that the change in growth rate of each brand Apr.-May, 2020 and that of the previous year in other periods

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Change in Gross Margin

- **Q4 gross margin in both service lines, up 15.3% YoY, 67 million** (accumulative accounting period)
- **Cash caw EC Marketing shows healthy grow and contributed to profit**

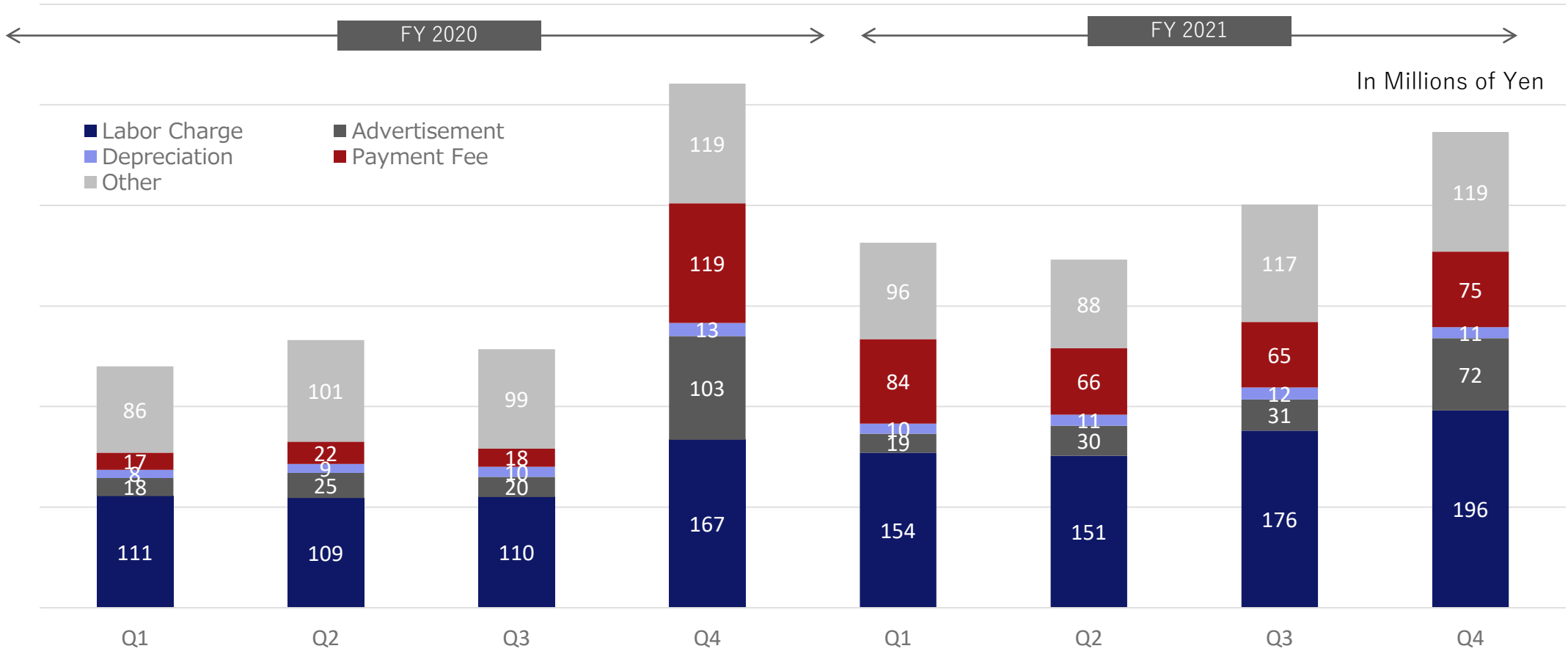


Note: Due to that gross profit by service category is not subject to our audit, we don't disclose them at this point of moment.

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Change in SG&A

- In Q4, SGA ratio declined by 18.1% from 24.6% in 2020 (accumulative accounting period)
- In 2H, labor charge increased due to performance-based bonus and personnel
- As growth of EC Marketplace, payment fee increased



Note: Labor charge includes bonus, cost of new hiring. Payment fee is mainly EC Marketplace

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FY 2022 Forecast

- Continuously grow in sales, and expect up 30.1%, 11,448 million
- Focus on investment to new business that strongly shores up mid-long time growth
- Adjusted EBITDA is up 41.3%, 817 million
- Management benchmark is adjusted EBITDA as new business develops, M&A cost and depreciation good will increase

In Millions of yen	FY 2021	FY 2022		
	Actual	Forecast	Change to FY2021	Change to FY2021 (%)
Gross Sales	8,797	11,448	2,650	30.1%
EC Marketing	1,792	2,306	514	28.7%
EC Marketplace	7,004	9,141	2,136	30.5%
Gross Margin	2,120	2,898	777	36.7%
Operating Income	526	569	42	8.1%
Ordinary Income	547	557	9	1.7%
Net Income	419	386	△33	△7.9%
EBITDA (Adjusted)*	578	817	239	41.3%

* Adjusted EBITDA：OP＋Depreciation＋Depreciation of good will＋M&A cost

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Appendix

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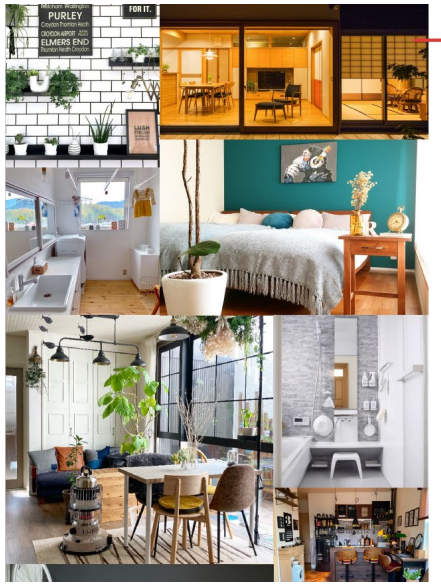
New Business

Capitalize on our intelligence and seasoned know-how to improve EC sales, increase corporate value and return of investees, we initiate investment to D2C players internal and external

itsumo Capital Inc. :
No. 1 Business Tie-Up/Financing

RoomClip Inc.

https://corp.roomclip.jp/



RoomClip とは

RoomClipは、
住生活の領域に特化した
日本最大級の
ソーシャルプラットフォームです。

様々なユーザーが投稿した「住生活の実例写真」から、お手本になる人や情報、
欲しいアイテム、好きなブランドと繋がることができます。
実例写真は、アプリやウェブサイトを中心に、SNSや出版物を通じて、
多くの人に届けられています。

What We Do Together

1. **Integrate client base and operation know-how of both companies, co-promote to expand “RoomClip Shopping” business**

2. **Marketing service for shop owners of RoomClip Shoping website**
   Capitalize on client base of EC Marketing, develop its operation

3. **Alternately circulate client base of itsumo. and RoomClip’s , seek to generate new customers**

RoomClip Inc.
CEO：Masahiko TAKASHIGE
Business：Planning, development, operation of RoomClip
Capital ：149.8 million JPY
Found：November, 2011

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Disclaimer

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Factors that affect the above actual results include, but are not limited to, domestic and international economic conditions and trends of relevant industry surrounding the Company.

From now on, in the event of new information or incident in the future, the Company is not obligated to update or revise any future information contained in this material.

Furthermore, the information aside from the company contained in this material and these are quoted from public information as well as, we have not verified or guarantee the accuracy, appropriateness of such information.

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