



FY 4/2022 (ending April 2022)

Q1 Financial Results

August 31, 2021

Key Points

Business environment continued to improve amid the continuous respread of COVID-19

Demand for services continued to increase



EC Business: The number of members of “SUPER DELIVERY,” the number of retailers and the number of participating companies continued to increase steadily



Confirmed steady penetration of BtoB digital shift



Financial business: The number of member companies of “Paid,” the number of operating companies and the number of contracted companies of URIHO also continued to increase steadily

Modulation of economic activities by domestic companies

Impact of the frequent deceleration of a state of emergency (twice during the first quarter)



Impact of usual seasonal variation (transaction value decreased from Q4 to Q1)



The value of transactions per customer for domestic services of “SUPER DELIVERY” in the EC business and “Paid” in the Financial business decreased

Continued to conduct measures eyeing recovery (increase) of value of transactions per customer after the normalization of economic activities in Q2 onward

Strengthening acquisition of new users through proactive investments of promotion costs

Improvement of convenience and efficiency of systems for the purpose of promoting continuous use

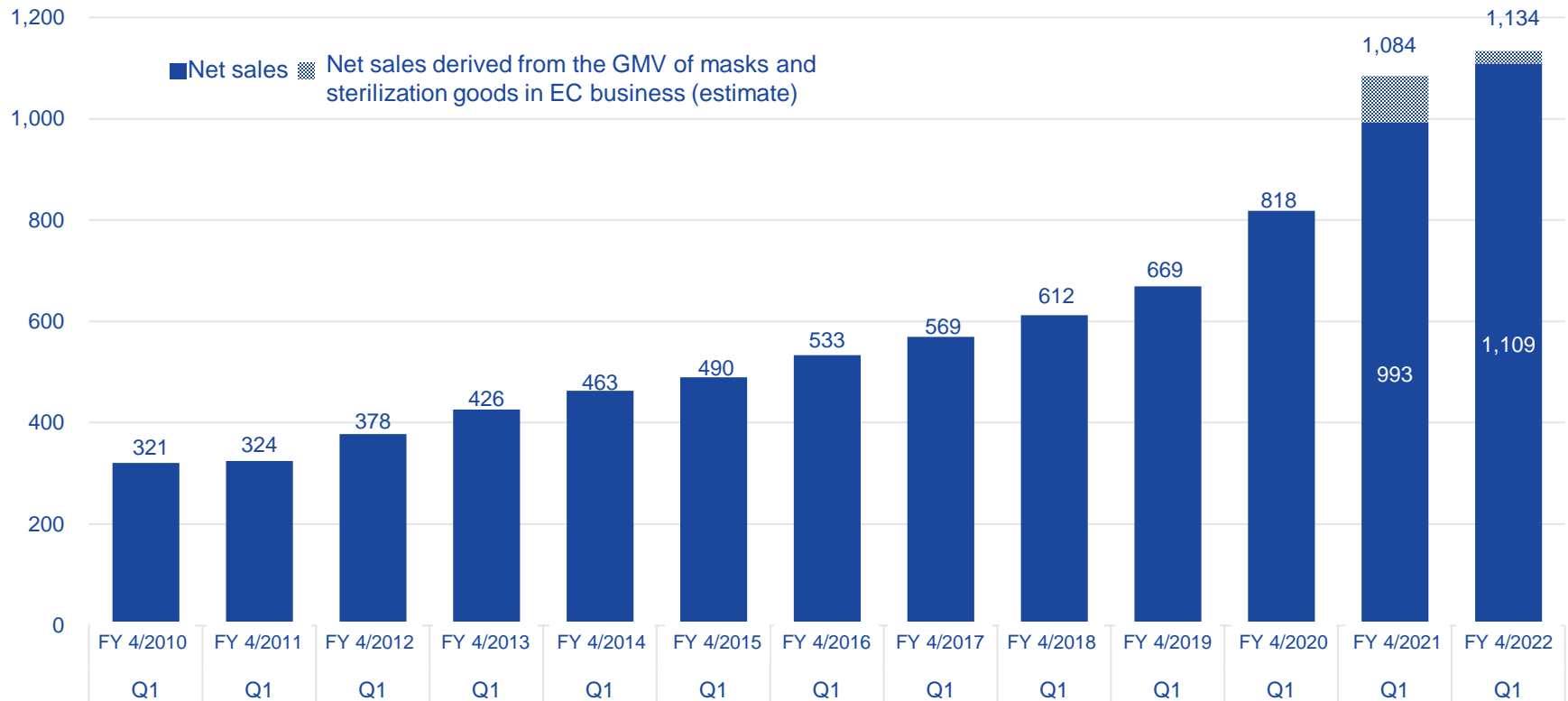
		YoY
Net sales	1,134 million yen	+4.6%
Operating income	259 million yen	-24.8%

- Net sales increased moderately by 4.6% year on year as the preceding Q1 was particularly impacted positively by the special demand due to COVID-19. The substantial net sales excluding the net sales derived from the GMV of masks and sterilization goods in the EC business increased by 11.7% year on year, recording a double-digit growth.
- Net sales by segment increased by 1.3% year on year in the EC business with a high hurdle caused by the special demand due to COVID-19 in the preceding Q1 and by 10.3% year on year in the Financial business, and revenue increased for both businesses.
- The amount of guarantees provided in the Financial business remained at a low level, and the rate of cost of sales remained at a low level from the previous year.
- Due to the continuous strengthening of promotion and the increase in the number of staff, advertising expenses and personnel expenses increased. Selling, general and administrative expenses increased by 22.4% year on year and operating income decreased by 24.8% year on year. However, the transient positive impact of net sales in the EC business caused by the special demand due to COVID-19 and the transient decrease in cost of sales due to the reversal of additional allowances at the end of the previous quarter in the Financial business as well as the irregular factors also had a strong impact on operating income in the preceding Q1, and it is recognized that the increase in essential operating income is continuing.

Trends in Consolidated Net Sales by Quarter (1)

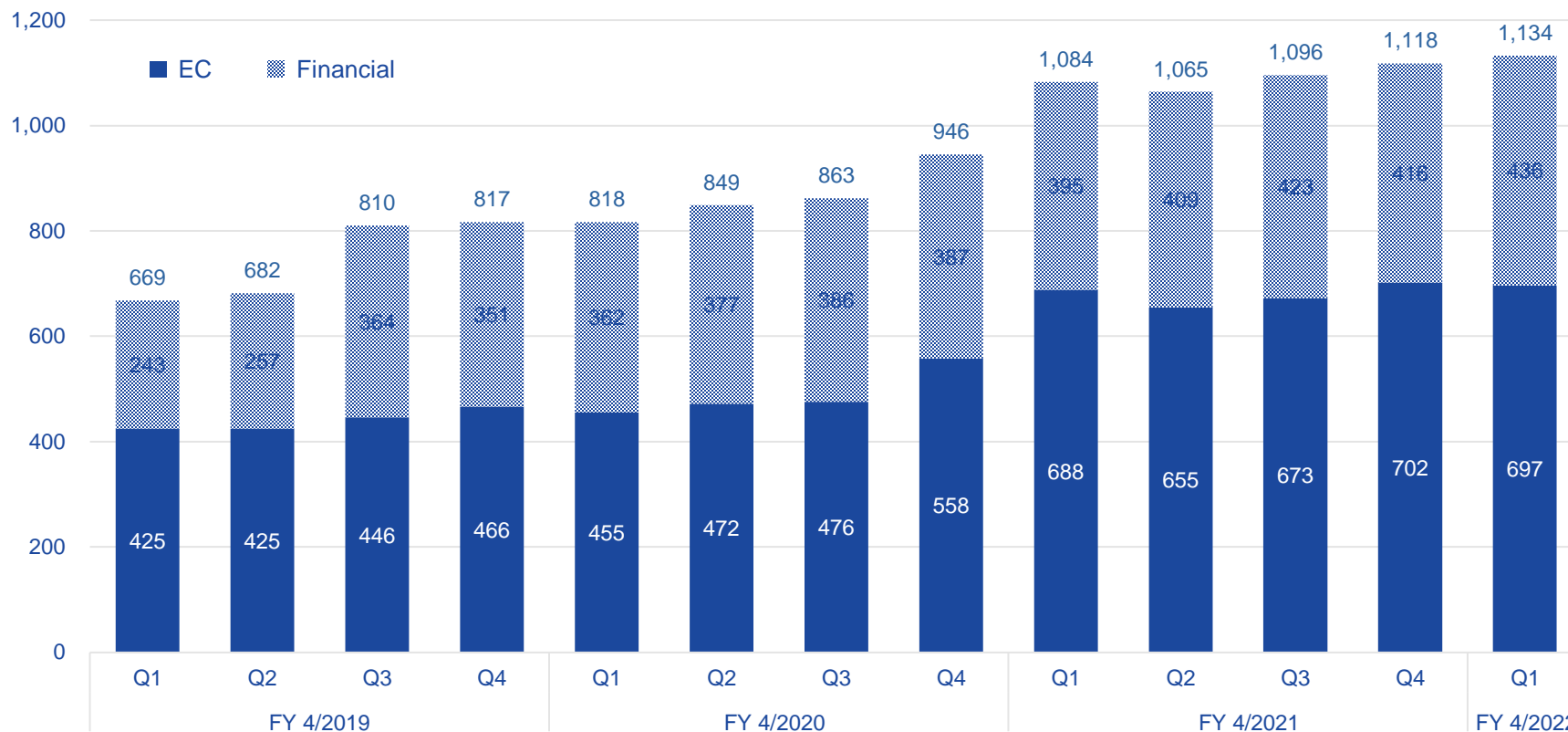
Achieved net sales exceeding that for the previous quarter when remarkable progress was made with the impact of the special demand due to COVID-19 (year-on-year increase of 4.6%) (year-on-year increase of 11.7% when excluding net sales derived from the GMV of masks and sterilization goods)

(Unit: Million Yen)



Net sales in the EC business decreased quarter on quarter due to the decrease in the value of transactions per customer of domestic retailers (the impact of usual seasonal variation + the impact of careful purchasing activities due to the state of emergency declared twice in Q1) but was covered by the Financial business, and both a year-on-year increase and quarter-on-quarter increase in revenue was achieved

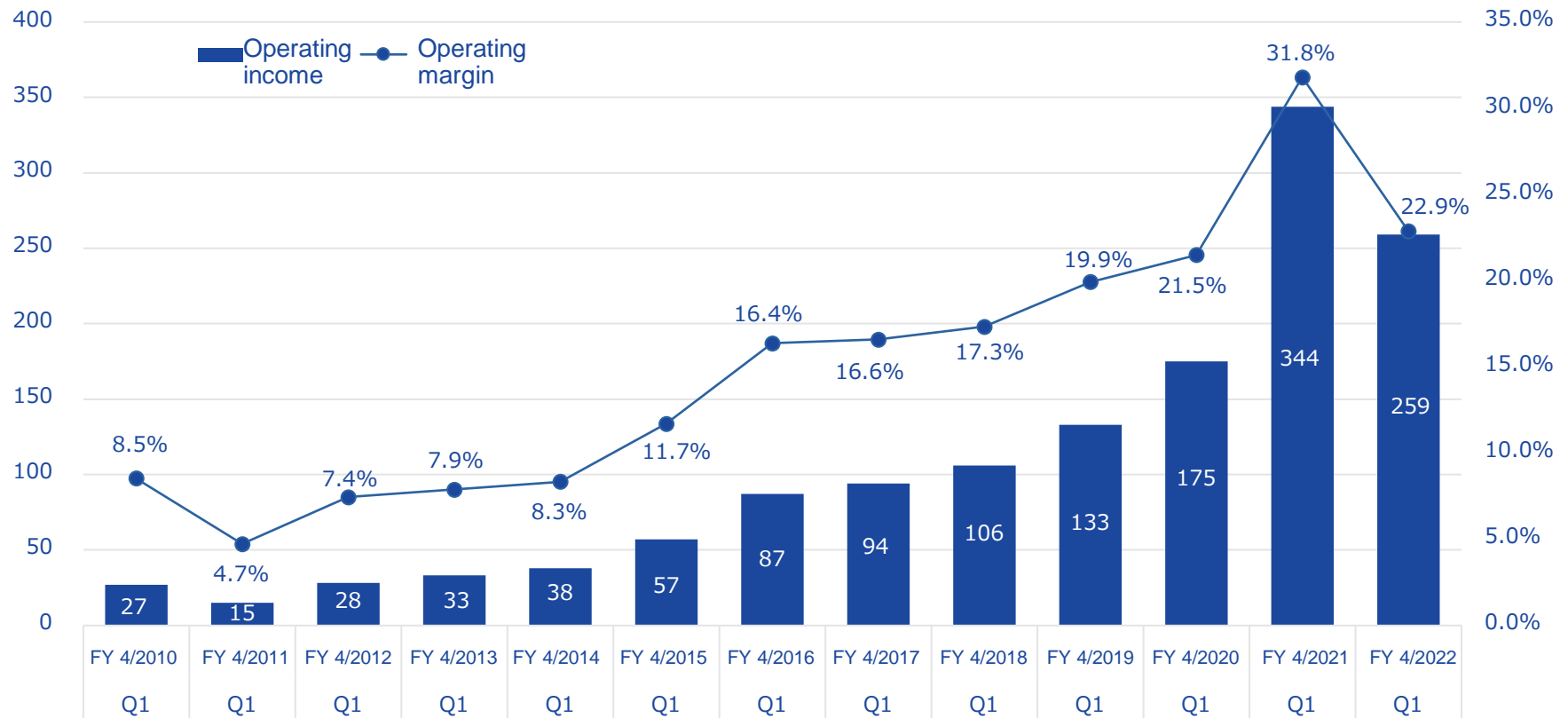
(Unit: Million Yen)



Irregular factors such as the special demand due to COVID-19 and the reversal of allowances were strong

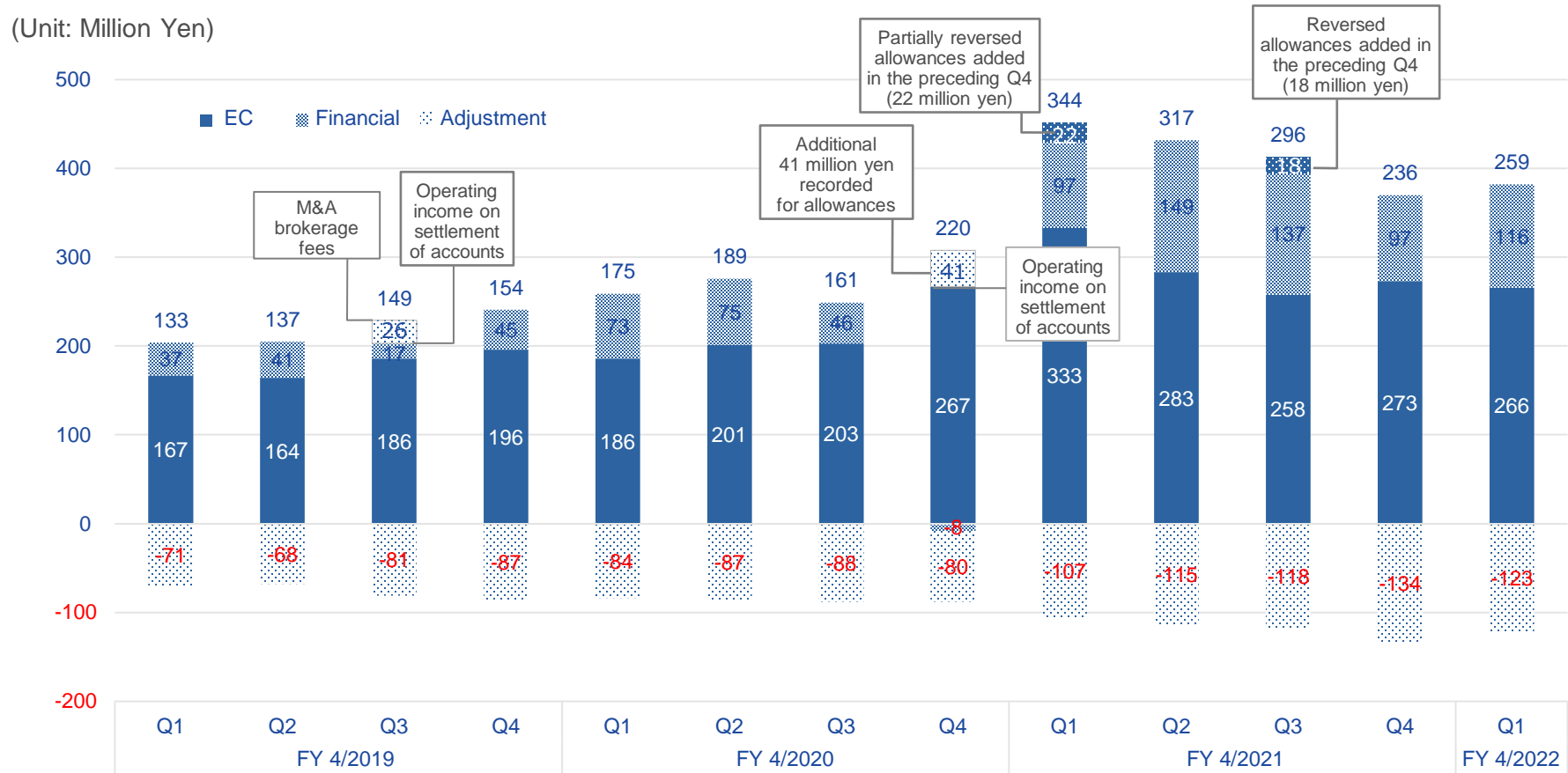
Although operating income decreased from the preceding Q1, the increase in substantial operating income continues to be seen

(Unit: Million Yen)



Trends in Consolidated Operating Income by Quarter (2)

Decreased by 24.8% year on year (YoY) from the preceding Q1 when irregular factors such as the special demand due to COVID-19 and the reversal of allowances were strong and increased by 9.6% quarter on quarter



The growth rate of net sales became mild at +4.6% as the preceding Q1 was particularly impacted by the special demand due to COVID-19

Selling, general and administrative expenses increased by 22.4% as a result of the increase in advertising expenses due to the strengthening of promotion and the increase in personnel expenses associated with the increase in the number of staff

(Unit: Million Yen)

	FY 4/2022 Q1	FY 4/2021 Q1	YoY	Earnings forecasts	Achievement rate
Net sales	1,134	1,084	+4.6%	5,300	21.4%
Gross profit	948	907	+4.5%	—	—
Selling, general and administrative expenses	689	563	+22.4%	—	—
- Advertising and sales promotion expenses	135	85	+57.9%	—	—
EBITDA	294	382	-23.0%	1,580	18.6%
				1,680	17.5%
Operating income	259	344	-24.8%	1,430	18.1%
				1,530	16.9%
Operating margin	22.9%	31.8%	-8.9%	27.0%	—
				28.9%	—
Ordinary income	257	334	-23.1%	1,430	18.0%
				1,530	16.8%
Net income attributable to owners of parent	169	220	-23.2%	940	18.0%
				1,000	16.9%

Net sales increased by 1.4% and operating income increase by 9.6%, both on a quarter-on-quarter basis, showing an increase in revenue and profit

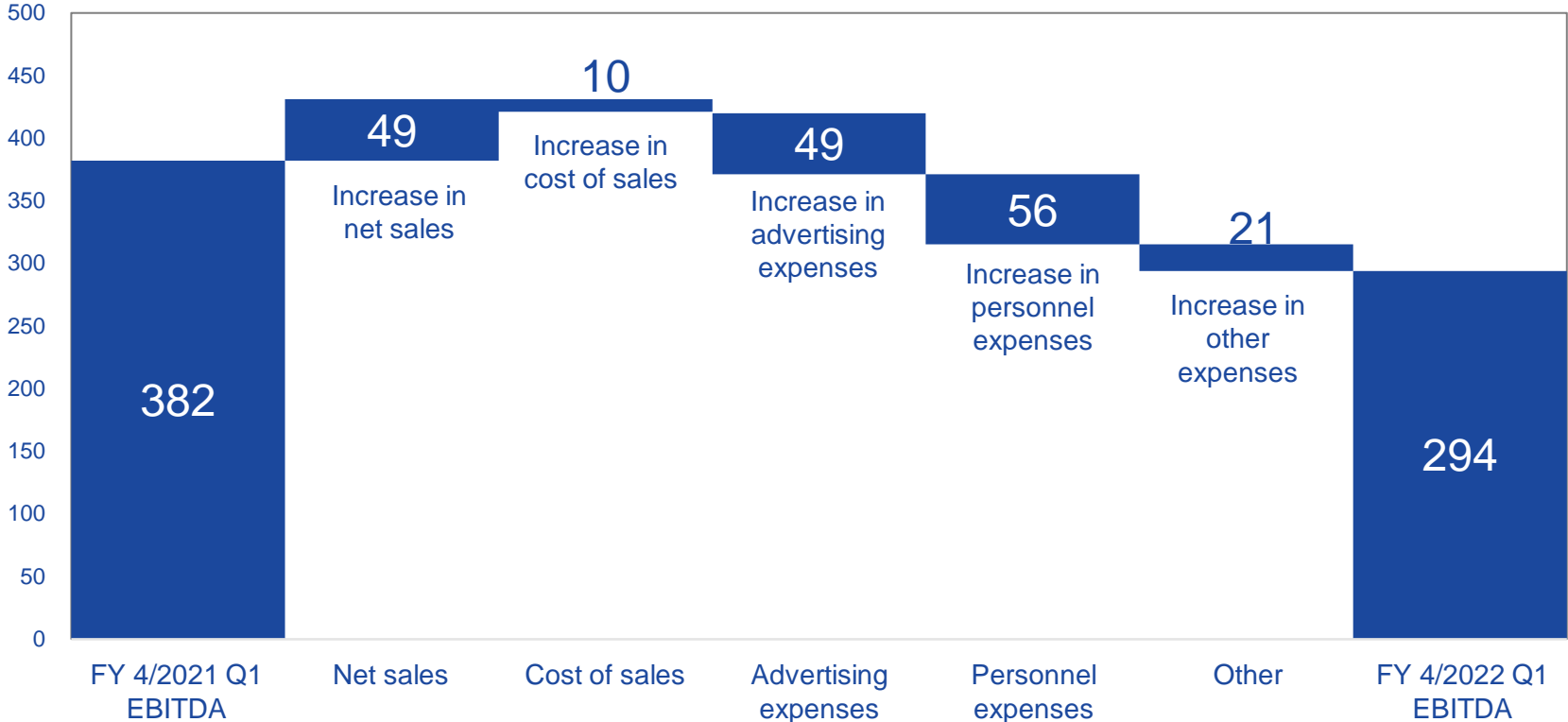
(Unit: Million Yen)

	FY 4/2021				FY 4/2022
	Q1	Q2	Q3	Q4	Q1
Net sales	1,084	1,065	1,096	1,118	1,134
Gross profit	907	925	934	946	948
Selling, general and administrative expenses	563	608	637	709	689
- Advertising and sales promotion expenses	85	102	132	188	135
Operating income	344	317	296	236	259
Operating margin	31.8%	29.8%	27.1%	21.1%	22.9%
Ordinary income	334	327	293	260	257
Net income attributable to owners of parent	220	207	201	170	169

Factors Behind Change in EBITDA (Year-on-Year Comparison)

Although net sales increased, EBITDA was 294 million yen (-23.0% from the previous quarter) due to prior investments of advertising expenses and the increase in personnel expenses

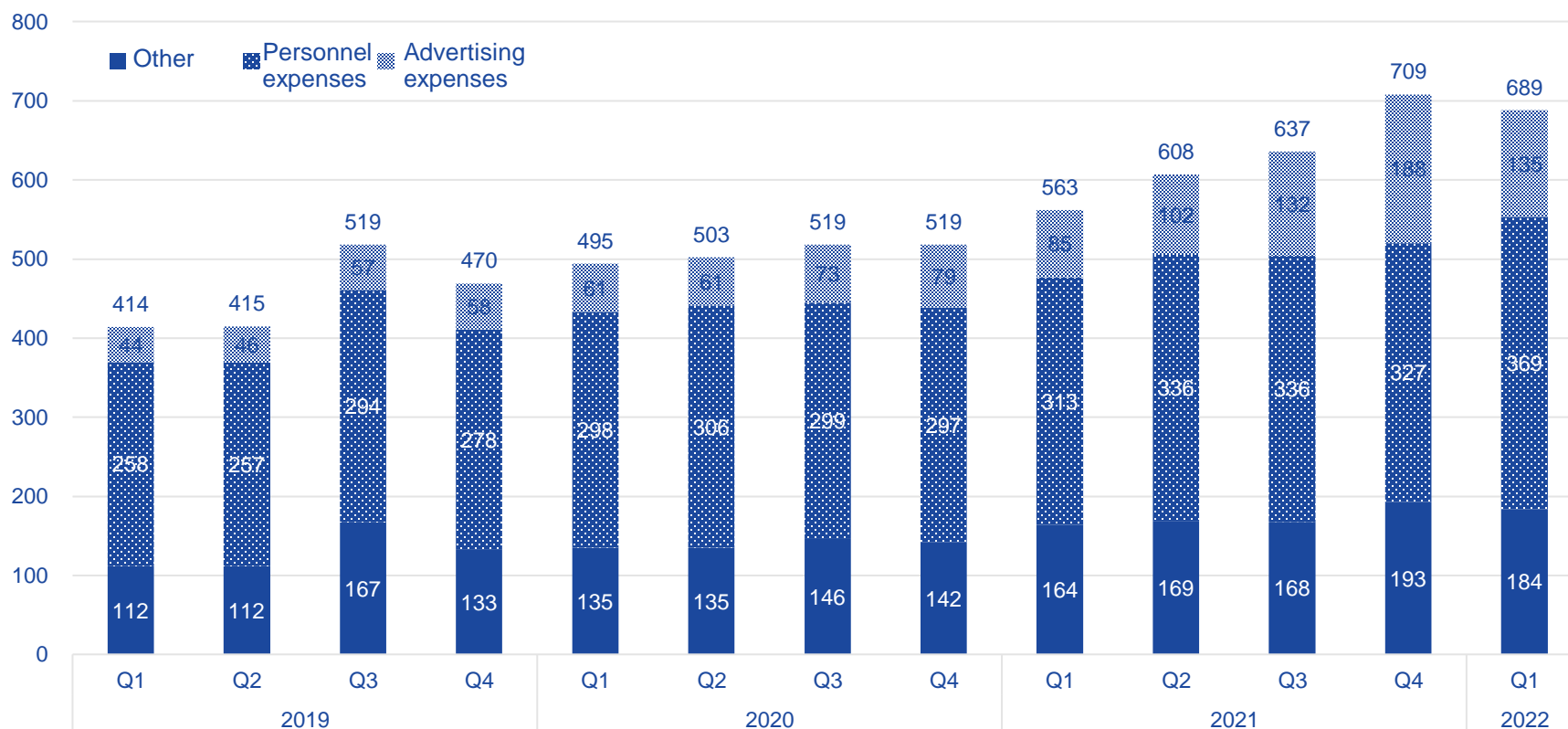
(Unit: Million Yen)



Advertising expenses continued to be on an upward trend due to the continuous strengthening of promotion

Personnel expenses also increased due to the increase in the number of staff, and selling, general and administrative expenses increased by 22.4% year on year

(Unit: Million Yen)



Current assets increased as cash and deposits increased due to the impact of the increase in net income

(Unit: Million Yen)

	FY 4/2022 Q1	FY 4/2021	Difference	Compared with the end of the previous fiscal year
Current assets	10,075	9,872	202	102.0%
Non-current assets	2,564	2,579	-15	99.4%
- Property, plant and equipment	1,453	1,460	-7	99.5%
- Intangible assets	460	463	-3	99.3%
- Investments and other assets	650	655	-4	99.3%
Current Liabilities	6,069	5,859	210	103.6%
Non-current liabilities	1,205	1,250	-45	96.4%
Net assets	5,364	5,342	22	100.4%
Total assets	12,639	12,452	187	101.5%

Summary by Segment

In terms of sales

		YoY
Segment sales	697 million yen	+1.3%
Segment profit	266 million yen	-19.9%

- Overseas transaction value increased by 50.3% year on year, and the growth rate remained at a high level. Particularly, the increase in the transaction value in Taiwan is conspicuous. The steady growth of “日貨百貨 (SD Taiwan)” a local service website for Taiwan launched in May 2020, and the strengthening of cooperation with forwarding companies had a positive impact.

	YoY	Year-on-year comparison excluding masks and sterilization goods
Domestic transaction value	-12.5%	+4.1%
Overseas transaction value	+50.3%	+52.0%

- The domestic transaction value excluding masks and sterilization goods increased by 4.1% year on year. Although the number of buying customers is increasing steadily quarter on quarter, the value of transactions per customer of domestic retailers decreased with “the impact of usual seasonal variation” + “the impact of careful purchasing activities due to the state of emergency declared twice in Q1.”

In terms of expenses

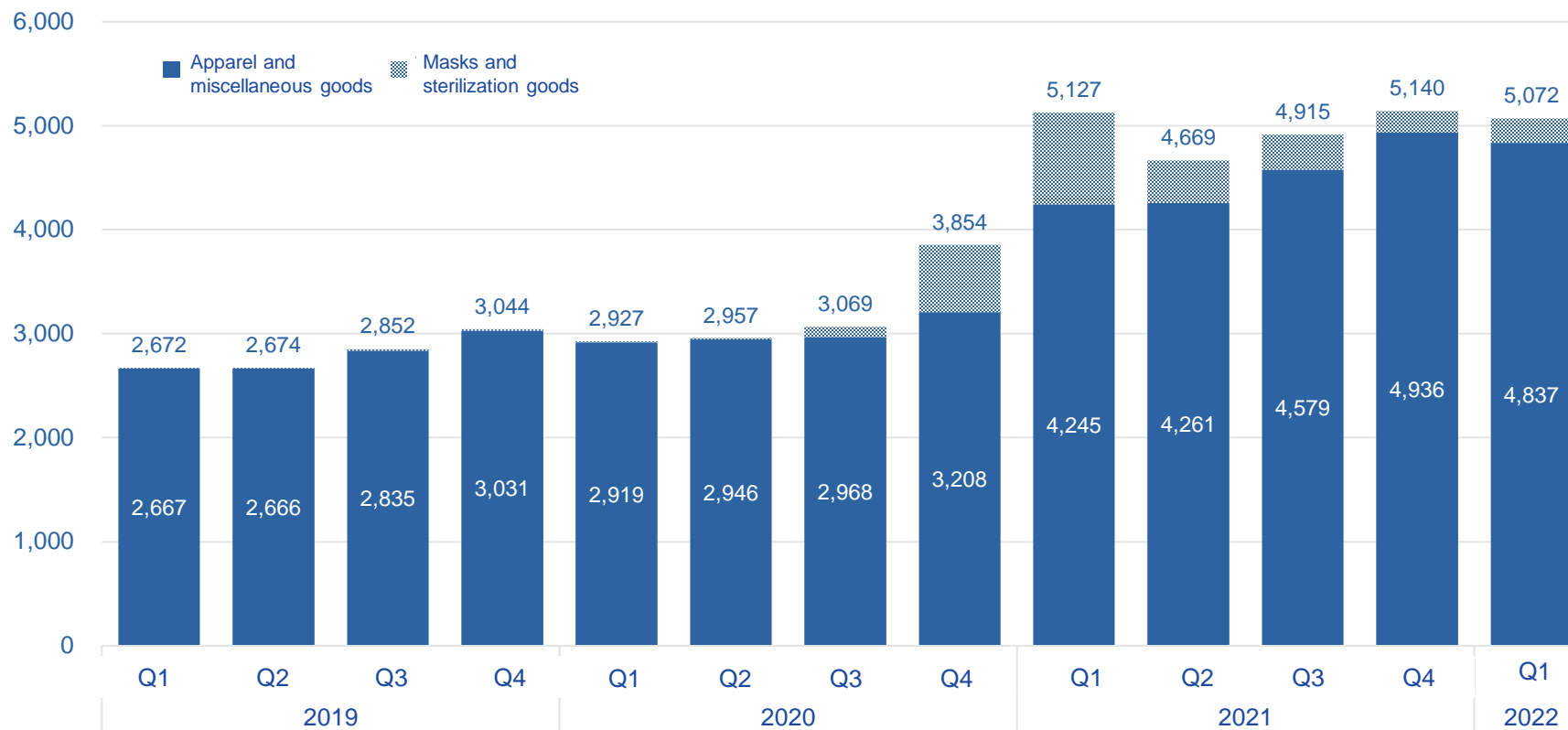
- Advertising expenses increased by 47.6% year on year due to proactive development of promotion such as the expansion of the target of listing advertisement and the distribution of WEB-CM. As a result of the increase in personnel expenses (21.8% year-on-year increase) due to the increase in the number of staff associated with the business expansion, segment profit decreased by 19.9%.

Total transaction value: 5,072,675,000 yen

(-1.1% YoY Excluding masks and sterilization goods +13.9% YoY)

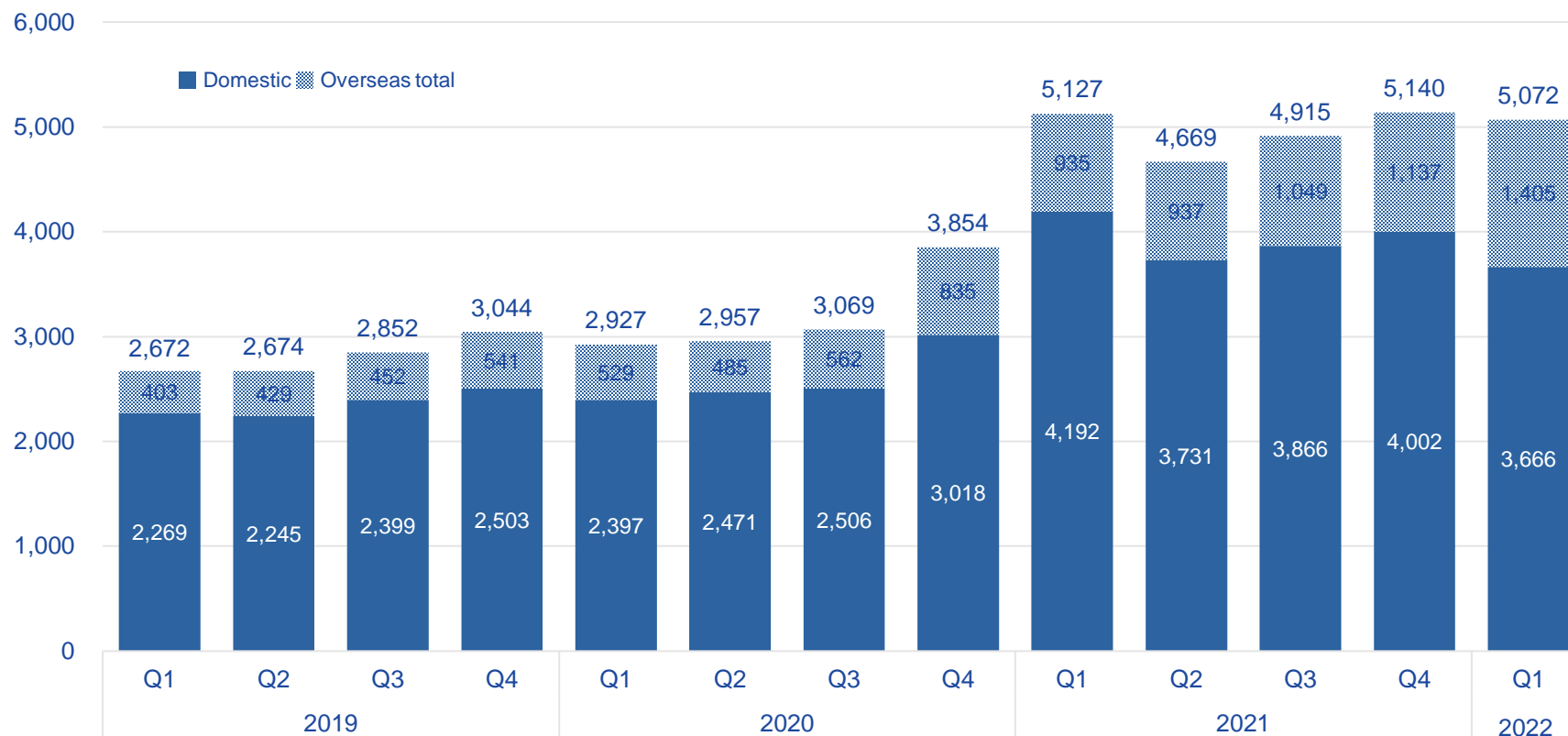
The transaction value of apparel and miscellaneous goods excluding masks and sterilization goods decreased by 2.0% quarter on quarter due to the impact of the usual seasonal variation and recorded a double-digit year-on-year increase of 13.9%

(Unit: Million Yen)

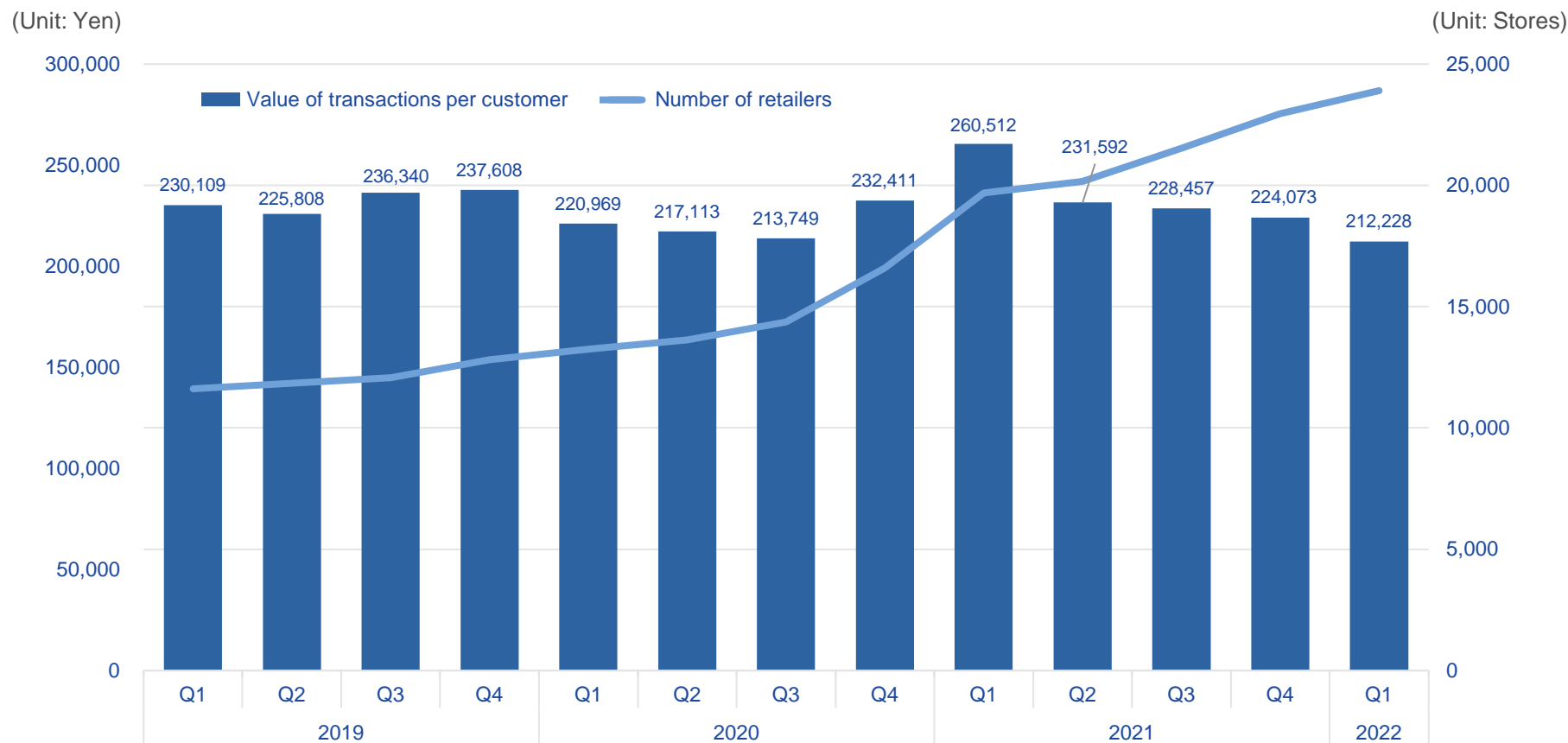


The domestic transaction value which benefited from masks and sterilization goods in the previous quarter decreased by 12.5% year on year
 The overseas transaction value increased by 50.3% year on year and its percentage in the total transaction value increased to 27.7%

(Unit: Million Yen)

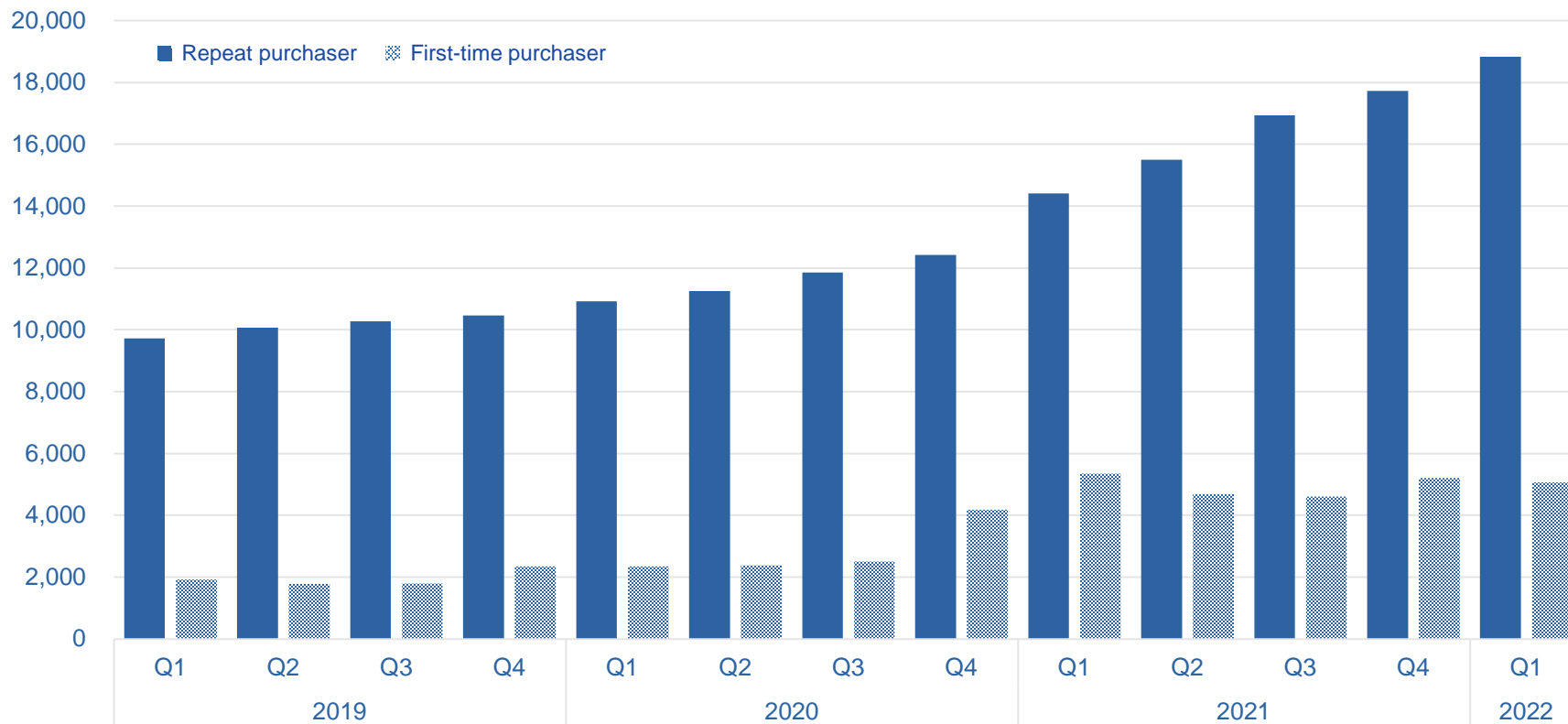


The number of retailers continued to increase steadily. The value of transactions per customer decreased due to the increase in the number of new purchasers + decrease in the value of transactions per customer for domestic retailers (the impact of usual seasonal variation + the impact of careful purchasing activities due to the state of emergency declared twice in Q1)



The number of first-time purchasers remained at a high level
The pace of increase in the number of repeat purchasers remains unchanged,
and such purchasers were steadily accumulated

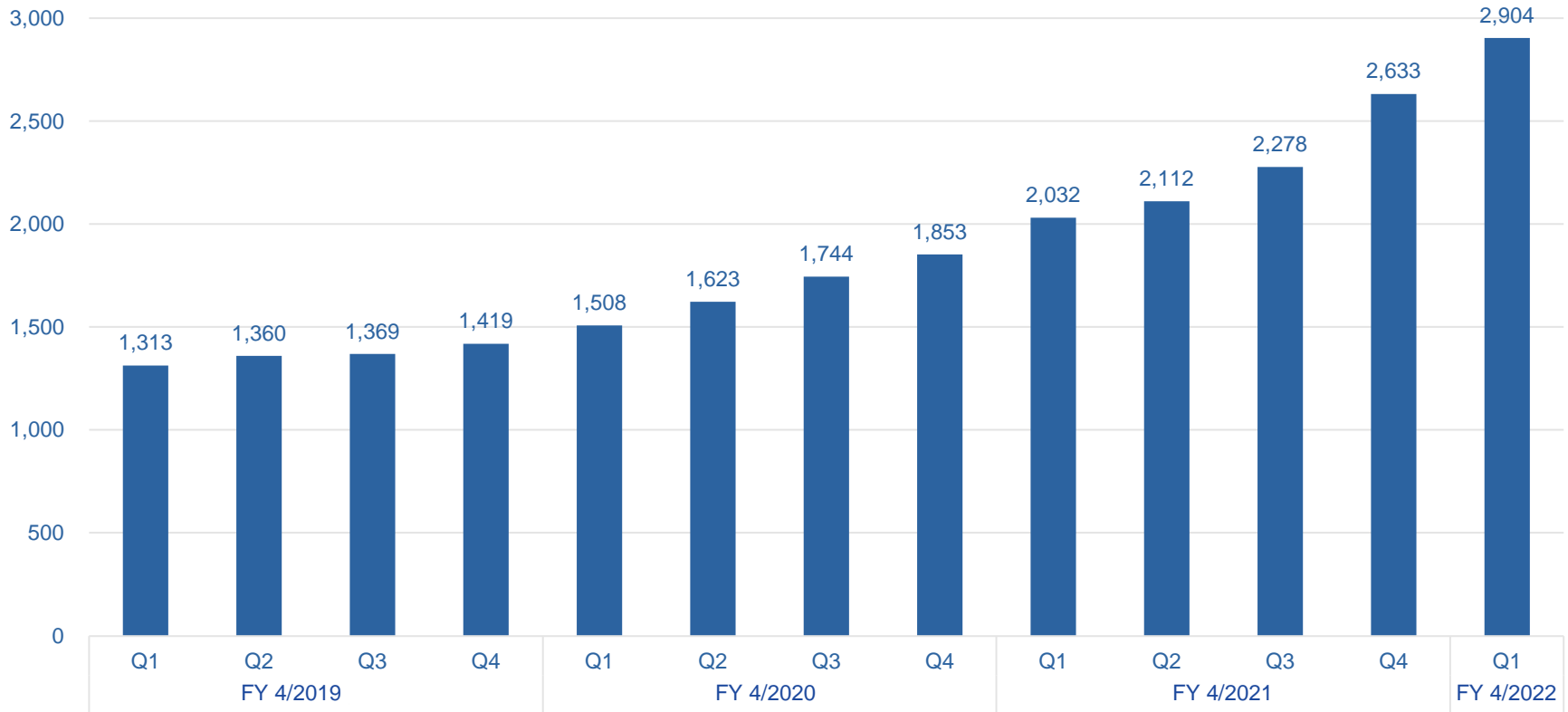
(Unit: Store)



* First-time purchasers are business operators who made purchases for the first time during the quarter. Those who made additional purchases during the same quarter after their initial purchase are counted as first-time purchasers.

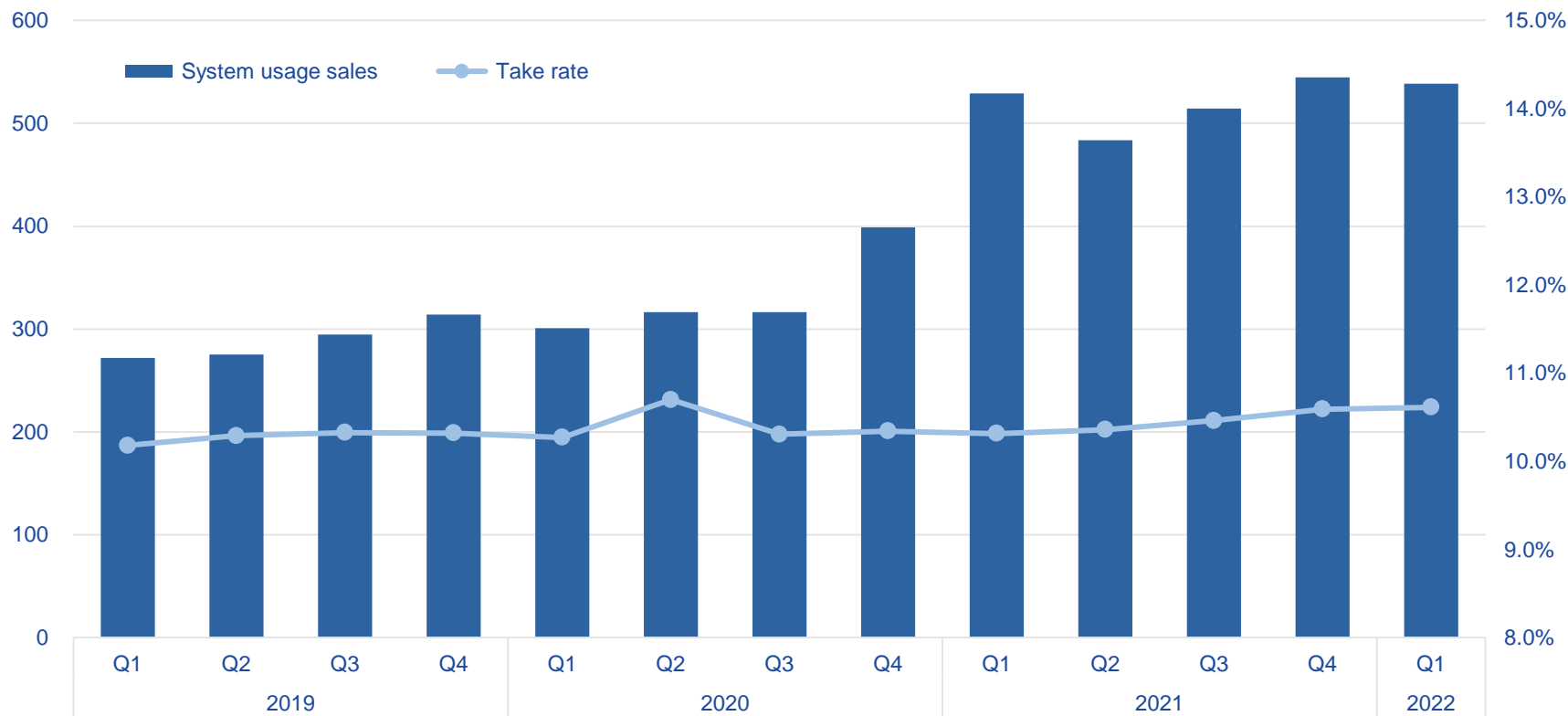
The increase in the number of participating companies remained at a high level

(Unit: Company)



Take rate increased slightly by 0.02% quarter on quarter
Take rate is assumed to rise moderately going forward

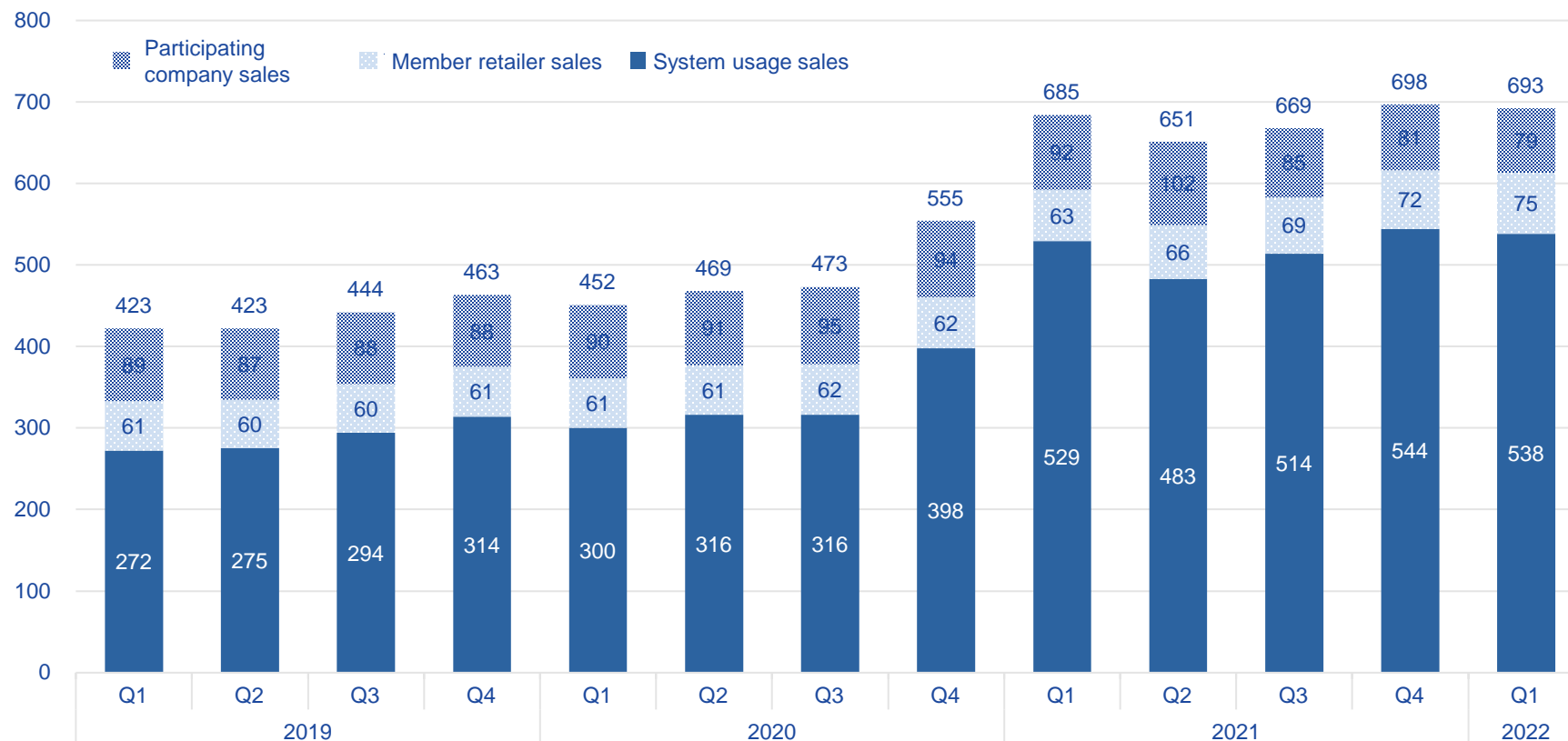
(Unit: Million Yen)



* Take rate= System usage sales/transaction value

The moderate increase in take rate covered the year-on-year decrease in GMV, and system usage sales increased by 1.8% year on year while overall sales also increased by 1.2% year on year

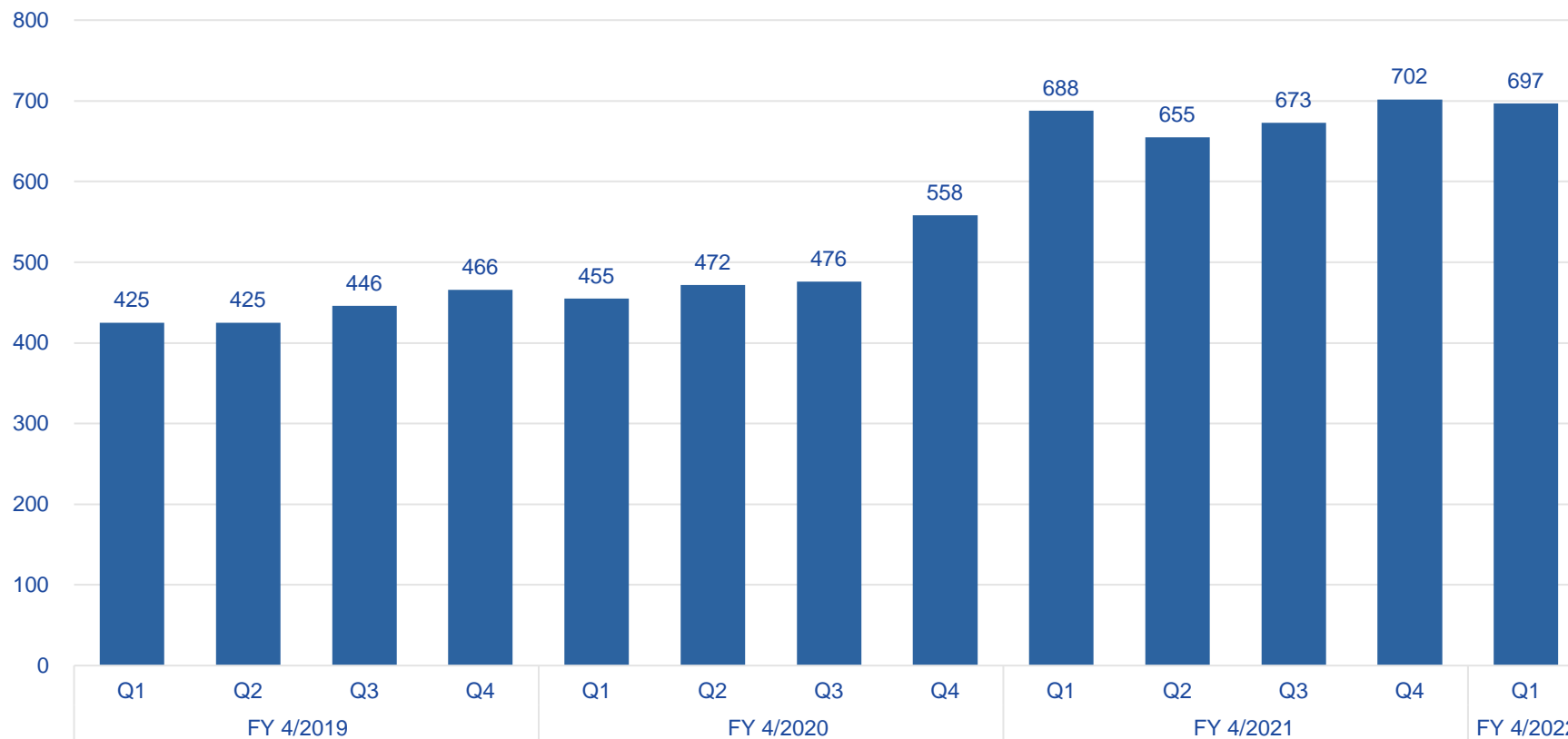
(Unit: Million Yen)



* System usage sales = fees calculated by charging a certain rate to GMV and collected from participating companies
 Participating company sales = basic participation fees
 Member retailer sales = monthly membership fees (collected from domestic retailers only)

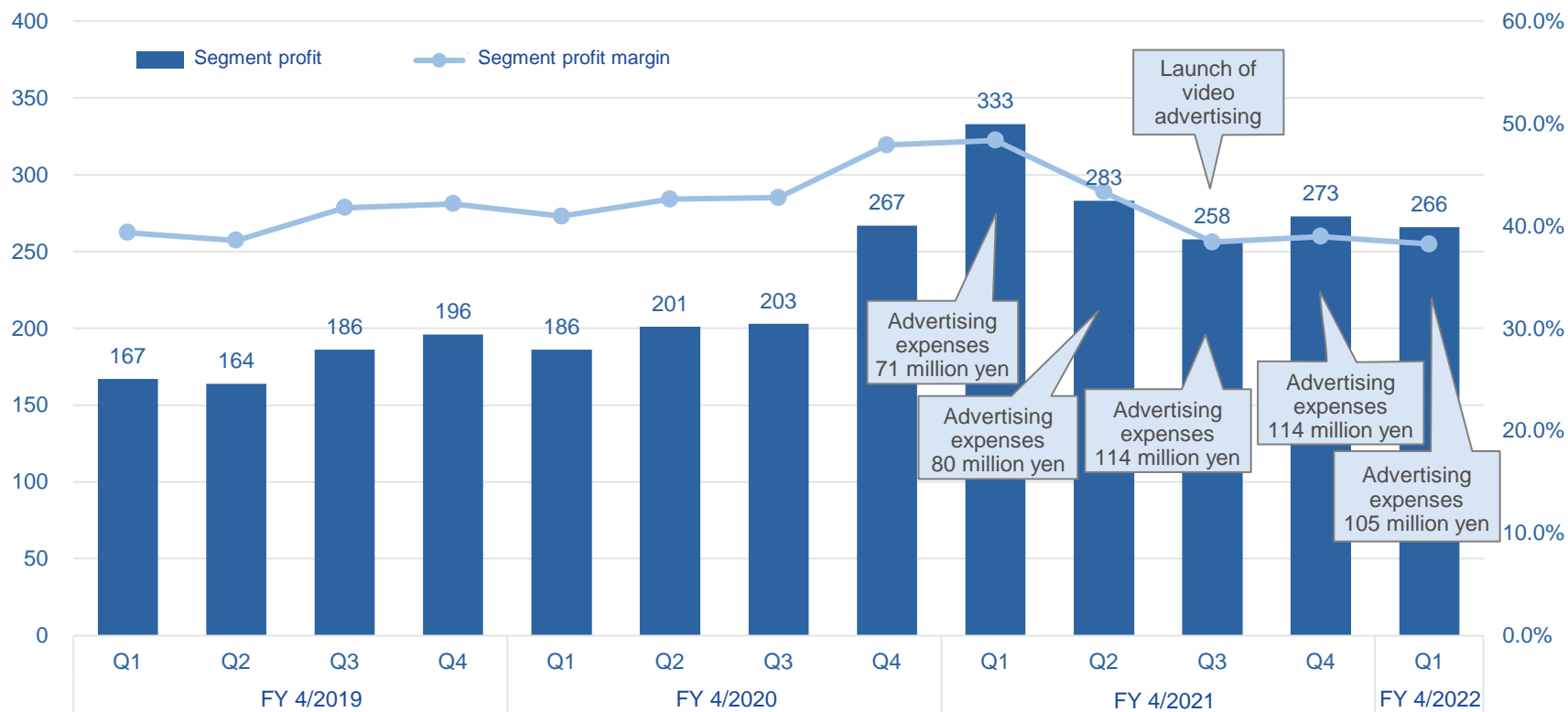
The increase in system usage sales due to the increase in transaction value continued to lead the increase in net sales overall for EC, resulting in a year-on-year increase of 1.3 and quarter-on-quarter decrease of 0.7%

(Unit: Million Yen)



Segment profit to decrease by 19.9% and segment margin by 10.1 points year on year due to the impact of the increase in promotion costs and personnel expenses

(Unit: Million Yen)



		YoY	Substantial year-on-year comparison deducting the reversal of additional allowances from the segment profit for the previous quarter
Segment sales	490 million yen	+7.0%	—
Segment profit	116 million yen	-2.8%	+19.9%

In terms of sales			YoY
Guarantee	URIHO increased steadily Guarantee balance also showed a double-digit increase of 14.0%		+0.4%
			+52.2%
Payment	The number of member companies increased steadily due to the needs for the digital shift of billing work	 <small>* Comparison excluding internal sales</small>	+13.9%
Rent guarantee	The guarantee balance in rent guarantees for businesses which continued to decrease turned to an increase + Re-guarantees in rent guarantee service for businesses increased smoothly		+4.2%

In terms of expenses

- The rate of cost of sales continued to decrease due to the decrease in the amount of guarantees provided
- As large-scale promotions were not implemented in Q1, advertising expenses increased by 10 million yen year on year and costs were reduced.
- Personnel expenses increased due to the increase in the number of staff associated with the business expansion (year-on-year increase of 15.1%)

▼

Segment profit decreased by 5.5% year on year. However, it increased by 19.9% compared with the substantial segment profit obtained by deducting the reversal of additional allowances from the segment profit for the previous quarter.

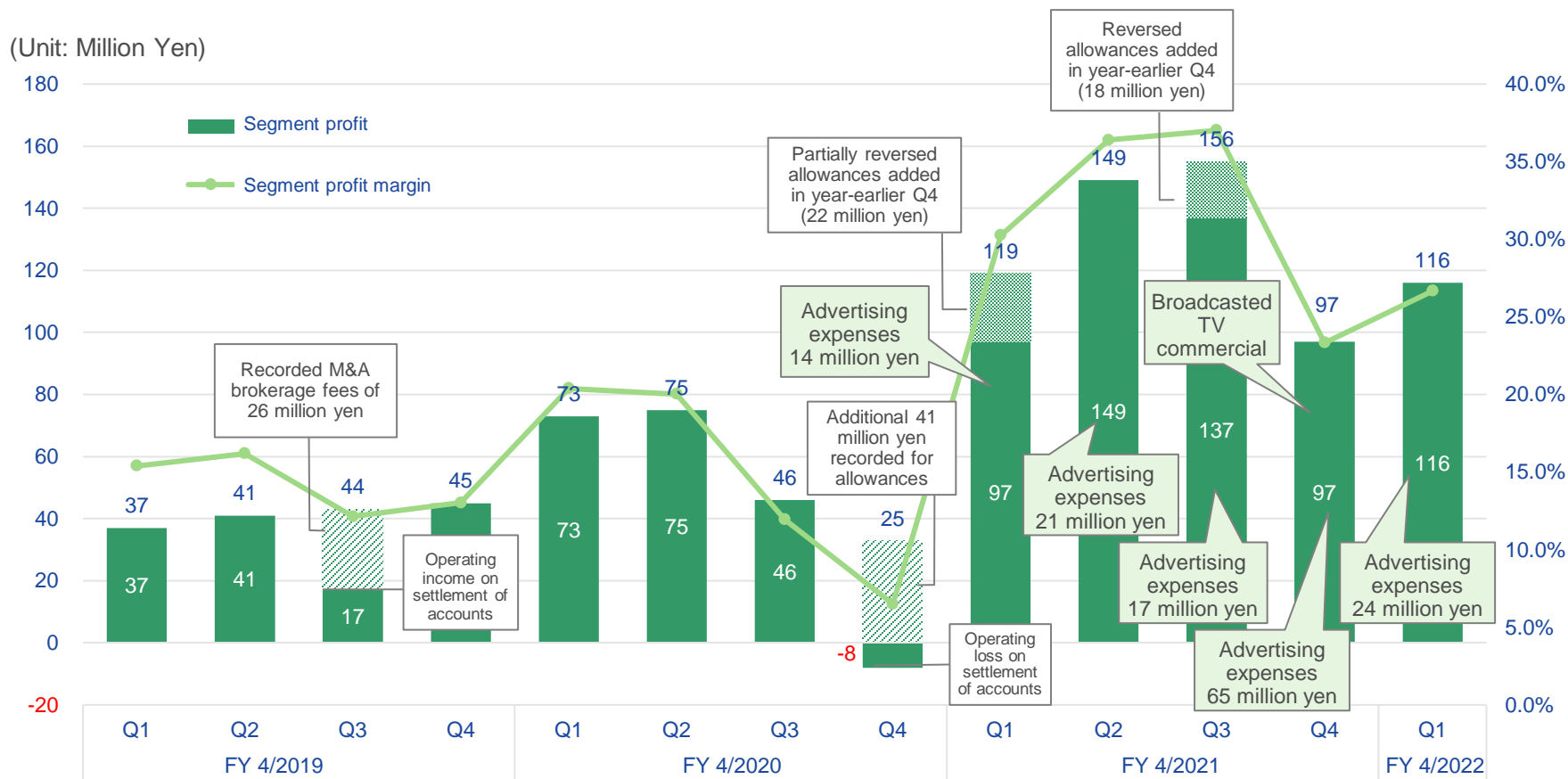
Net sales excluding inter-segment transactions recorded a double-digit year-on-year increase of 10.3%

(Unit: Million Yen)



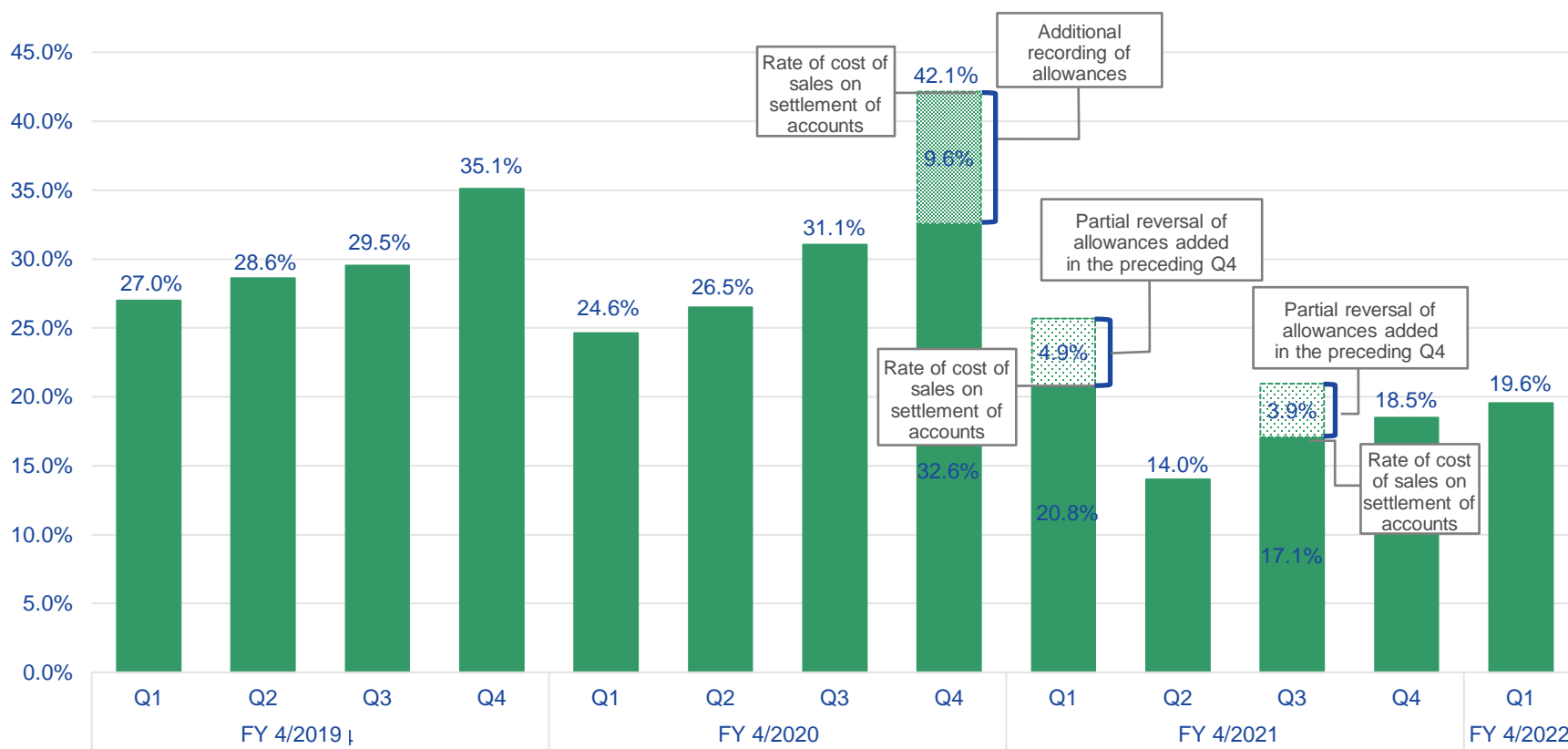
* Inter-segment transactions are excluded.

Quarterly segment profit decreased by 2.8% year on year, but the substantial segment profit excluding the reversal of allowances added in the preceding Q1 increased by 19.9% year on year



* Segment profit margin calculated excluding Inter-segment transactions.

The status of occurrence of default remains at a low level, and the rate of cost of sales is at a low level



The number of member companies increased steadily and exceeded 4,200! The transaction volume per unit of some member companies impacted by the state of emergency declared twice in Q1 decreased

Due to such impact, the transaction volume decreased by 2.8% quarter on quarter and increased by 8.3% year on year

(Unit: Million Yen)



The guarantee balance of URIHO accumulated steadily and led accumulation of the overall guarantee balance

(Unit: Million Yen)



Despite the environment in which the appetite for action is declining amid the COVID-19 pandemic, the number of cases of re-guarantee in rent guarantee services for businesses increased steadily and guarantee balance remain steady

(Unit: Million Yen)



* The figures indicate the actual guarantee balance calculated by the formula of guarantee balance / guarantee period x average implementation period. Accordingly, the figures differ from the balances indicated in the relevant Summary of Financial Results and Securities Report.

Reference: Appendix

Trends in Consolidated Net Sales by Quarter

(Unit: Thousand Yen)

	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
EC	392,285	393,391	409,310	416,992	411,858	422,816	429,159	431,392
Financial	177,263	182,555	189,081	198,432	200,454	204,346	218,443	227,608
Total	569,548	575,946	598,391	615,424	612,313	627,162	647,603	659,000

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
EC	425,150	425,472	446,243	466,189	455,214	472,263	476,792	558,665
Financial	243,873	257,229	364,526	351,713	362,899	377,467	386,461	387,906
Total	669,023	682,702	810,769	817,902	818,113	849,730	863,254	946,571

	2021				2022
	Q1	Q2	Q3	Q4	Q1
EC	688,464	655,525	673,588	702,650	697,548
Financial	395,763	409,649	423,019	416,060	436,585
Total	1,084,227	1,065,175	1,096,607	1,118,710	1,134,133

Trends in Consolidated Operating Income by Quarter

(Unit: Thousand Yen)

	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
EC	139,203	140,305	154,643	150,387	150,866	159,467	165,583	169,227
Financial	13,878	13,679	14,979	13,470	26,952	19,235	25,016	5,055
Adjustment	-58,634	-48,480	-51,960	-60,661	-71,758	-72,556	-68,443	-70,957
Total	94,448	105,504	117,662	103,197	106,060	106,146	122,156	103,325

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
EC	167,308	164,168	186,450	196,600	186,422	201,232	203,865	267,602
Financial	37,533	41,638	17,839	45,823	73,979	75,589	46,154	-8,196
Adjustment	-71,567	-68,219	-81,257	-87,592	-84,626	-87,353	-88,140	-80,443
Total	133,274	137,587	123,032	154,831	175,775	189,468	161,878	178,963

	2021				2022
	Q1	Q2	Q3	Q4	Q1
EC	333,001	283,910	258,746	273,772	266,643
Financial	119,745	149,092	156,609	97,068	116,433
Adjustment	-107,999	-115,067	-118,415	-134,296	-123,752
Total	344,748	317,936	296,940	236,544	259,324

EC: Trends in “SUPER DELIVERY” Sales

(Unit: Thousand Yen)

	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
System usage sales	236,045	238,416	252,671	260,824	254,911	267,006	275,823	277,465
Member retailer sales	61,362	62,442	61,854	61,986	61,538	61,342	61,050	61,002
Participating company sales	94,181	91,496	93,793	92,986	94,273	93,141	90,785	91,183
Total	391,589	392,354	408,319	415,797	410,722	421,490	427,659	429,651
Transaction value	2,373,604	2,364,000	2,504,825	2,592,073	2,540,172	2,607,775	2,704,572	2,731,729

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
System usage sales	272,082	275,301	294,524	314,239	300,684	316,377	316,321	398,846
Member retailer sales	61,170	60,712	60,888	61,070	61,814	61,801	62,315	62,285
Participating company sales	89,903	87,312	88,610	88,415	90,066	91,213	95,092	94,418
Total	423,155	423,326	444,023	463,724	452,564	469,392	473,730	555,550
Transaction value	2,672,949	2,674,929	2,852,157	3,044,716	2,927,620	2,957,307	3,069,019	3,854,776

	2021				2022
	Q1	Q2	Q3	Q4	Q1
System usage sales	529,040	483,696	514,329	544,552	538,446
Member retailer sales	63,129	66,147	69,678	72,320	75,702
Participating company sales	92,962	102,087	85,787	81,772	79,199
Total	685,132	651,931	669,794	698,644	693,347
Transaction value	5,127,935	4,669,605	4,915,725	5,140,681	5,072,675

EC: No. of Buying Customers That Purchased Via “SUPER DELIVERY” and Value of Transactions Per Customer

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
No. of buying customers	8,759	8,662	8,796	8,937	8,919	8,763	8,875	9,027
Value of transactions per customer (unit: yen)	263,338	275,998	273,161	272,449	254,966	268,478	270,505	283,623

	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
No. of buying customers	9,077	9,129	9,318	9,654	9,829	10,210	10,497	11,046
Value of transactions per customer (unit: yen)	261,496	258,955	268,815	268,497	258,436	255,413	257,651	247,304

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
No. of buying customers	11,616	11,846	12,068	12,814	13,249	13,621	14,358	16,586
Value of transactions per customer (unit: yen)	230,109	225,808	236,340	237,608	220,969	217,113	213,749	232,411

	2021				2022
	Q1	Q2	Q3	Q4	Q1
No. of buying customers	19,684	20,163	21,517	22,942	23,902
Value of transactions per customer (unit: yen)	260,512	231,592	228,457	224,073	212,228

Financial: Trends in “Paid” Transaction Value

(Unit: Thousand Yen)

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Internal transactions	1,598,398	1,735,527	1,703,691	1,750,567	1,637,797	1,699,168	1,733,022	1,869,146
External transactions	728,416	839,188	980,724	1,157,949	1,355,857	1,539,287	1,681,144	1,888,849
Total	2,326,815	2,574,716	2,684,416	2,908,517	2,993,654	3,238,455	3,414,167	3,757,996

	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Internal transactions	1,652,225	1,672,828	1,741,922	1,767,514	1,682,372	1,724,556	1,751,225	1,737,694
External transactions	2,000,291	2,311,575	2,597,637	2,841,259	2,829,913	2,920,373	3,105,237	3,297,511
Total	3,652,516	3,984,403	4,339,560	4,608,774	4,512,285	4,644,930	4,856,462	5,035,205

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Internal transactions	1,637,880	1,624,883	1,701,840	1,757,236	1,670,517	1,737,978	1,713,416	1,802,943
External transactions	3,588,014	3,977,456	4,270,115	4,488,159	4,549,949	4,848,632	4,891,303	4,802,197
Total	5,225,894	5,602,340	5,971,955	6,245,395	6,220,467	6,586,611	6,604,719	6,605,141

	2021				2022
	Q1	Q2	Q3	Q4	Q1
Internal transactions	2,408,086	2,242,342	2,271,979	2,276,493	2,063,159
External transactions	4,894,563	5,186,738	5,501,080	5,862,713	5,847,946
Total	7,302,650	7,429,081	7,773,059	8,139,206	7,911,105

(Unit: Thousand Yen)

2016				2017			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
5,241,870	5,447,712	5,629,359	6,267,980	5,803,443	5,895,684	5,689,826	6,158,819

2018				2019			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
6,785,008	7,743,693	8,583,315	9,907,803	10,311,384	11,403,717	12,193,958	13,609,462

2020				2021			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
14,073,465	15,093,308	16,011,597	18,029,768	18,403,599	18,835,716	20,865,449	23,076,794

2021
Q1
24,328,307

(Unit: Thousand Yen)

2016				2017			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
117,323	170,098	221,702	267,139	340,143	402,415	458,777	594,519

2018				2019			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
737,035	857,787	979,309	1,113,485	1,224,871	1,252,870	5,435,686	5,622,052

2020				2021			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
5,832,274	6,049,021	6,265,811	6,546,084	6,801,684	6,941,143	6,851,240	6,735,393

2020
Q1
6,923,983

* The figures indicate the actual guarantee balance calculated by the formula of guarantee balance / guarantee period x average implementation period. Accordingly, the figures differ from the balances indicated in the relevant Summary of Financial Results and Securities Report.

Disclaimer

Opinions and estimates contained in this document are based on the judgement of the Company at the time of preparation and may include inaccuracies.

Actual decisions and results may differ due to various changes in the business environment.