

Q3 Financial Results

Fiscal Year Ended March 2022

February 14, 2022



D2C • E-COMMERCE MARKETING

itsumo.inc.

| Ticker : 7694

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Corporate Profile

Company	itsumo. inc.
Founded	February 14, 2007
Location	1-12-1 Yurakucho Chiyoda-ku Tokyo, JAPAN
Capital	735.094 million yen
Employee (Consolidated)	252 (December, 2021) *
Operation	Comprehensive E-Commerce support for domestic manufactures. Producing original brand products and its sales over the Net (D2C)
Subsidiary	itsumo commerce itsumo capital



Mamoru SAKAMOTO

C.E.O.

In 1999, joined Funai Soken Holdings Inc.
In 2007, founded itsumo. inc. and inaugurated as its C.E.O.



Tomoyuki MOCHIZUKI

E.D.P

In 1999, joined Funai Soken Holdings Inc.
Co-founder of itsumo. inc., Executive Deputy President. In 2020, concurrently serving as Business Operation dept.



Michiyuki SUGIURA

C.F.O.

In, 2006, joined KPMG AZSA LLC. In 2010, registered as certified account of Japan. In, 2020, joined itsumo. inc. Executive CFO and Corporate Affairs dept.

■ **Takeshi ISOZUMI**
Outside Director

■ **Yasutaka ARIMOTO**
Auditor

■ **Yoshiyuki SATO**
Auditor

■ **Toru KAMIYAMA**
Auditor

* The number of employees means consolidated one and it excludes corporate officers and part-timers.

Excellence of Our Business



① Deal with A Variety Types of Products

Cosmetic

Baby Item

Groceries

Interior

Commodities

HEA

Apparel

Pet

② All-Around Support on EC Value Chain

EC Strategy

Website
Management

Digital Marketing

Customer Service

Warehouse
Fulfillment

③ Facilitate A Broader Deployment of Plural EC channels

Customer's
Own EC website

Rakuten

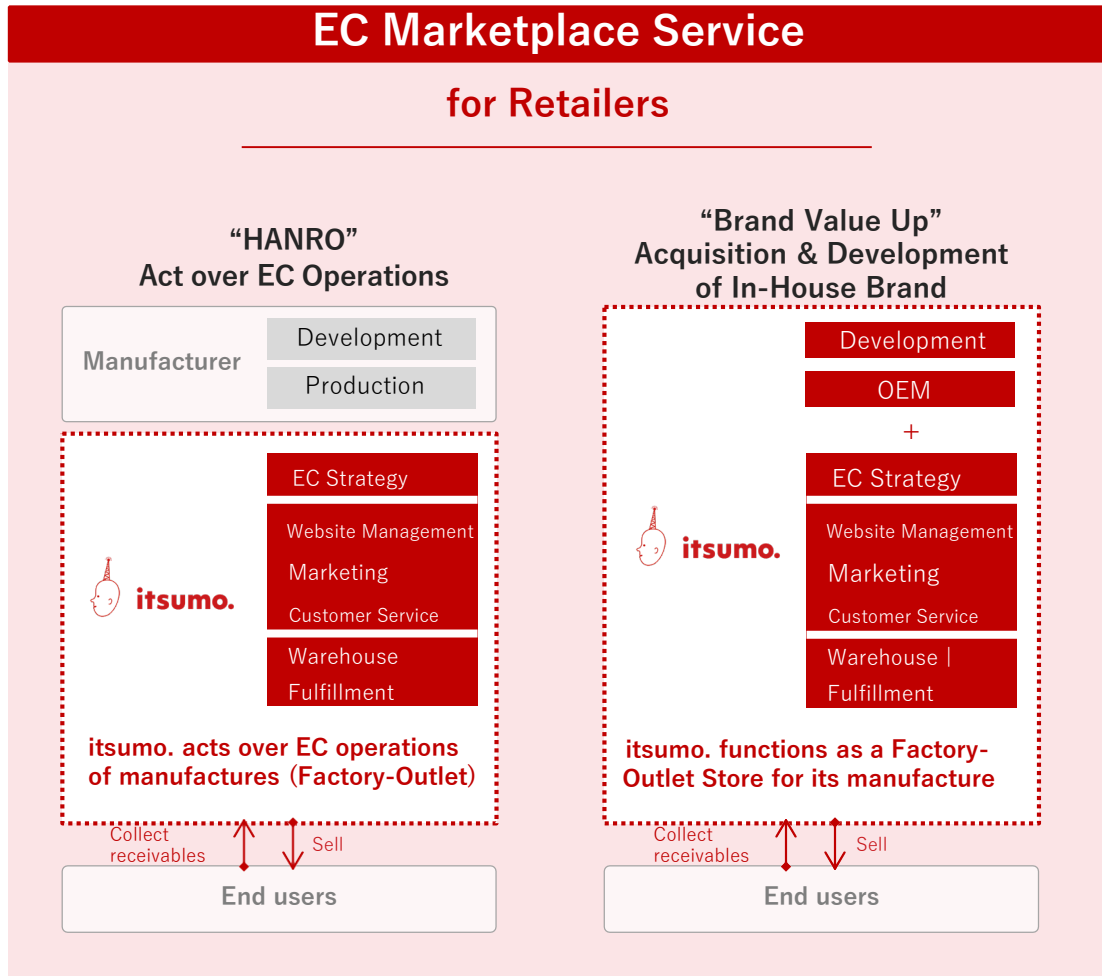
Amazon

Yahoo! / PayPay



Overseas Mall

Our Revenue Model



1. Q3 FY2022 Financial Results

Q3 FY2022 Topics and Performance Highlights

TOPICS

- **Achieved the highest total gross sales and total gross margin in three straight quarters**
- Attainment to guidance on operating income fares well, **96.7%**
- **Seek for a stable growth in the mid-long term, continue investment**
- Due to initiation of **consolidated accounting from this quarter**, Commerce Group* which propels Brand Value Up (Acquisition) is incorporated

EC Marketplace Service

- “HANRO” (Act over EC operation)
Nonetheless of disengagement of a major brand partner, achieved a strong growth, up **11.1% YoY**
- Brand Value Up (Acquisition)
From this quarter, **8 brands for Brand Value Up initiated to monetize**

EC Marketing Service

- **Customer success management paid off, ARPU successfully went upward as customer adopts multi-channel**
- Gross margin ratio increased **4.8 points, YoY**

* Commerce Group includes itsumo commerce, a wholly owned company of itsumo. inc., and a subsidiary of itsumo commerce.

Q3 FY2022 Financial Highlights

Q3 Primal Management Indicators ^{*1}

Total Gross Sales **8,396** mil.

YoY comparison
6,638 mil.

YoY comparison
+ 26.5 % ↑

Total Gross Margin **2,233** mil.

YoY comparison
1,610 mil.

YoY comparison
+ 38.6 % ↑

Adjusted EBITDA ^{*2} **649** mil.

YoY comparison
526 mil.

YoY comparison
+ 23.4 % ↑

* 1. From this quarter, we initiated consolidated accounting, year-to-year comparison indicates non-consolidated figures.

* 2. Adjusted EBITDA = Operating Income + Depreciation + goodwill amortization + acquisition fees.
Adjusted EBITDA is not subject to auditing firm

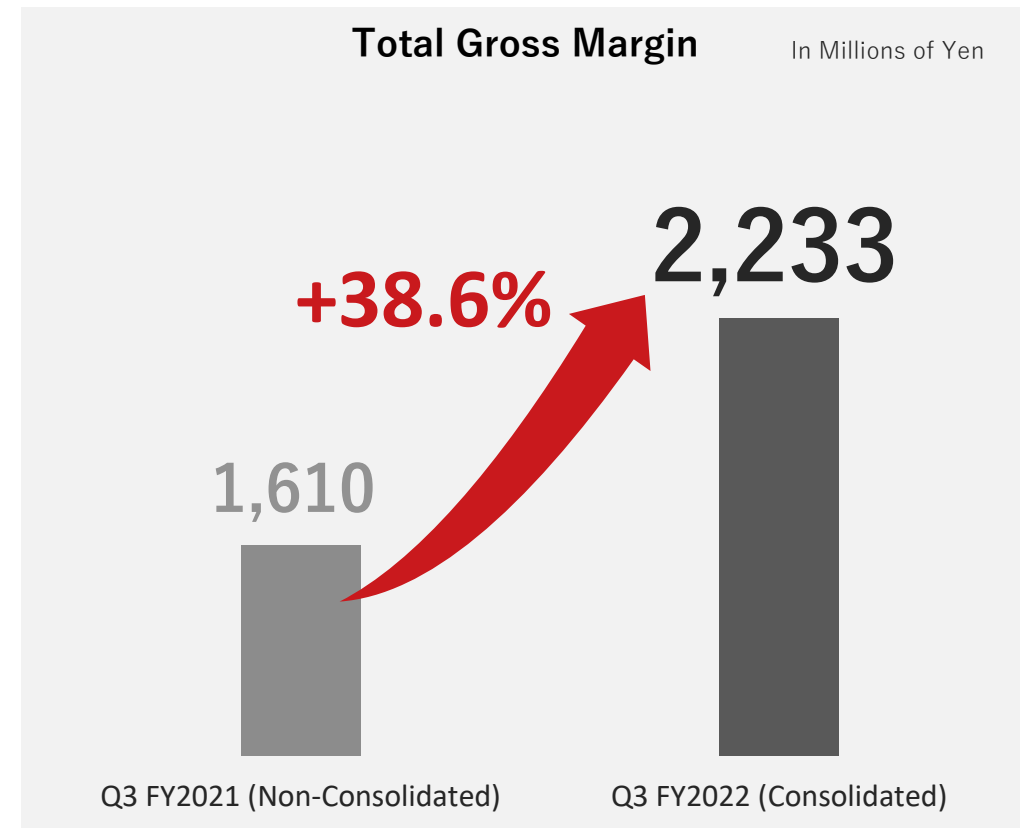
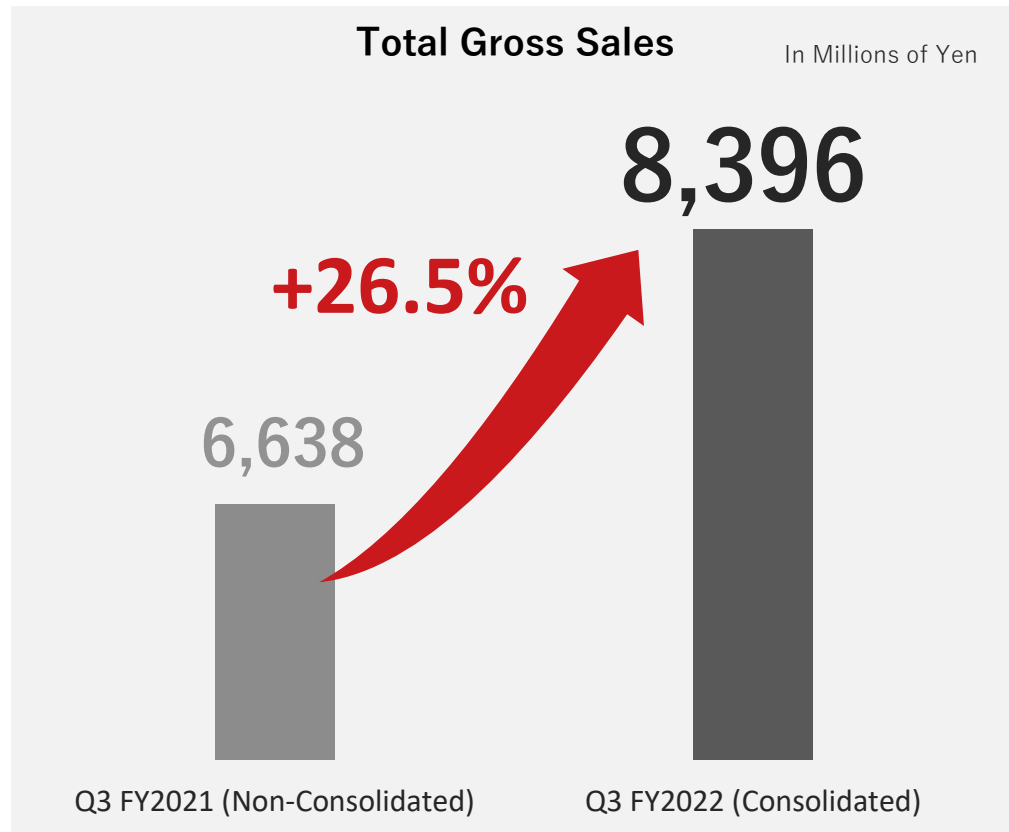
P/L Highlight

In Millions of Yen	Q3 FY2021 Non-Consol. (Reference)	Q3 FY2022 Actual	Change	Change (%)
Total Gross Sales	6,638	8,396	+1,757	+26.5%
EC Marketing Service	1,310	1,664	+354	+27.1%
EC Marketplace Service	5,328	6,731	+1,402	+26.3%
Total Gross Margin	1,610	2,233	+622	+38.6%
EC Marketing Service	913	1,240	+327	+35.8%
EC Marketplace Service	697	992	+295	+42.3%
Gross Margin Ratio	24.3%	26.6%	+ 2.3 points	—
SG&A	1,118	1,682	+563	+50.4%
Operating Income	491	550	+58	+12.0%
Ordinary Income	505	530	+25	+5.0%
Adjusted EBITDA ^(Note)	526	649	+123	+23.4%
Net Income	357	342	△15	△4.3%

Note: Adjusted EBITDA = Operating Income + Depreciation + goodwill amortization + acquisition fees.
Adjusted EBITDA is not subject to auditing firm

Total Gross Sales | Total Gross Margin

- Both total gross sales and total gross margin significantly increased from the same period last year
- Positive investment successfully enhanced its operating base. Seek for a stable growth in the mid-long term, continue investment
- Total gross sales is **8,396 million yen** (up 26.5%, YoY), total gross margin is **2,233 million yen** (up 38.6% YoY)

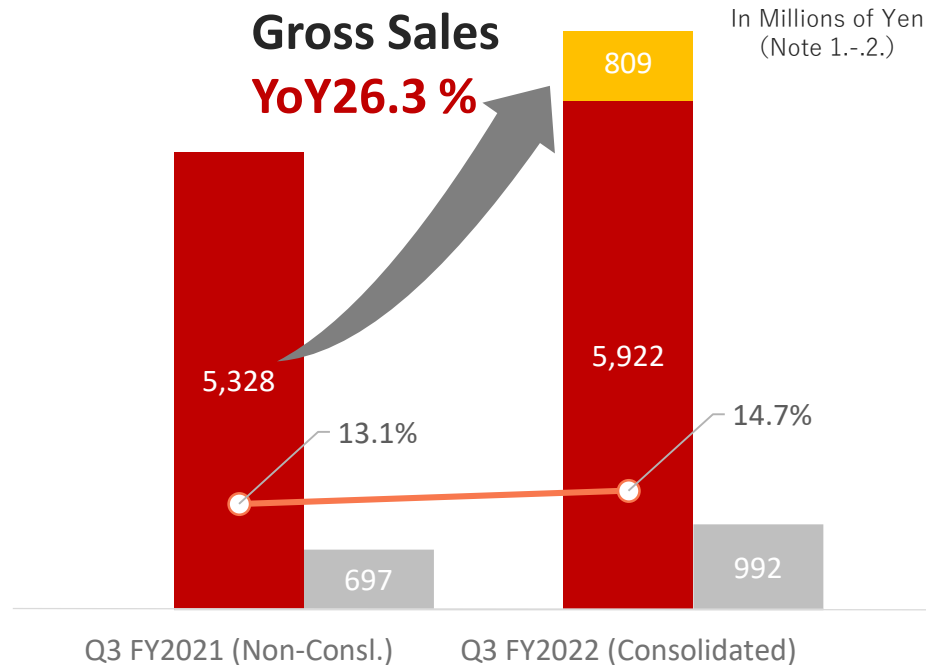


Note: From this quarter, we initiated consolidated accounting, year-to-year comparison indicates non-consolidated figures.

EC Marketplace Service Performance Digest

- In addition to a healthy growth of current brands, newly added brands initiated to perform. Gross sales of “HANRO” (Act Over EC Operations) is 5,922 million yen (up 11.1% on the same period last year)
- Consolidation of Commerce Group which drives “Brand Value Up” (Acquisition), it starts to play great roles to increase the gross sales

■ "HANRO" (Act Over EC Operations) ■ Brand Value Up (Acquisition)
 ■ Gross Margin ○ Gross Margin Ratio



“HANRO” Act over EC Operations | Official Brand Site

- Strong growth in existing brands totally recapped the disengagement of a major brand partner
- Newly added 12 brands fairly performing

Brand-Value-Up (Acquisition/Development of In-House Brand)

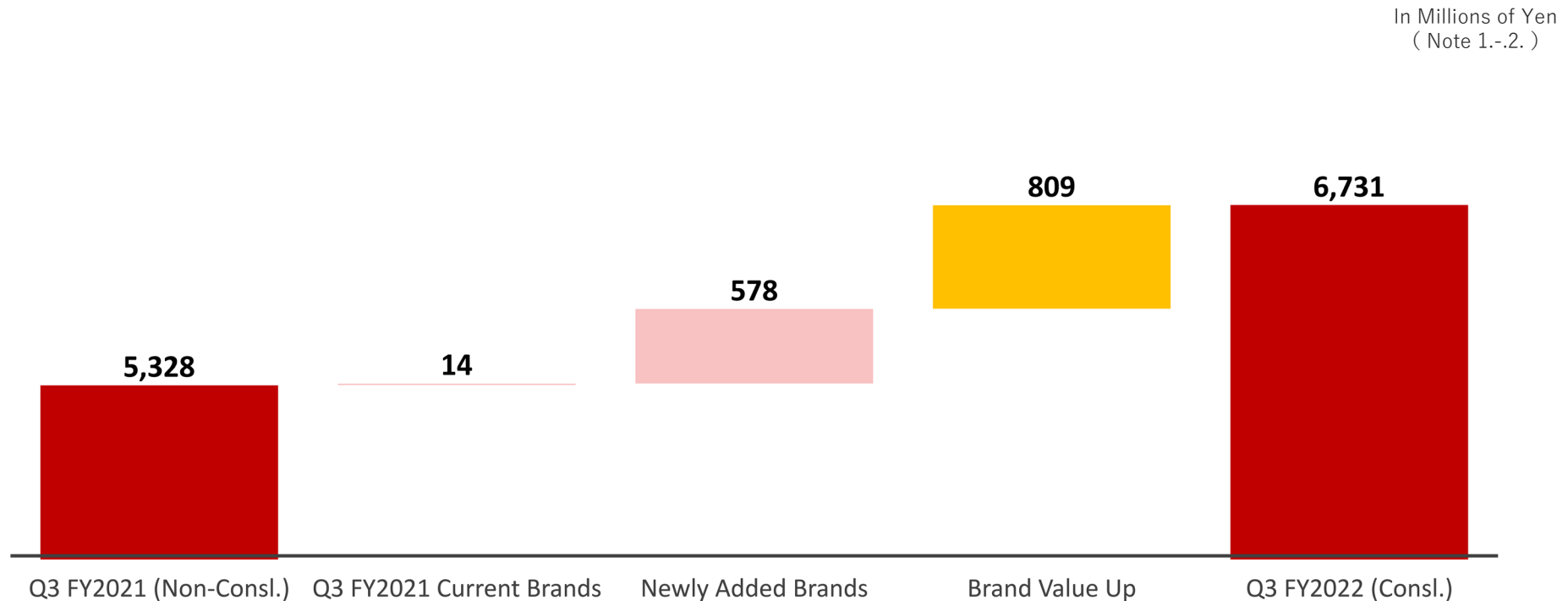
- 8 brands successfully monetized
- Gross margin ratio is higher than “HANRO”. Brand Value Up greatly improves profitability of entire EC Marketplace Service

Note 1. Gross sales and gross margin by service lines are not subject to auditing firm.

Note 2. From this quarter, we initiated consolidated accounting, year-to-year comparison indicates non-consolidated figures.

EC Marketplace Service Fluctuating factor in the Gross Sales from Q3 FY2021

- Nonetheless of disengagement of a major brand partner, existing and newly added brands achieved strong growth, accordingly, EC Marketplace service made a breakthrough in revenue growth 11.1% on the same period last year



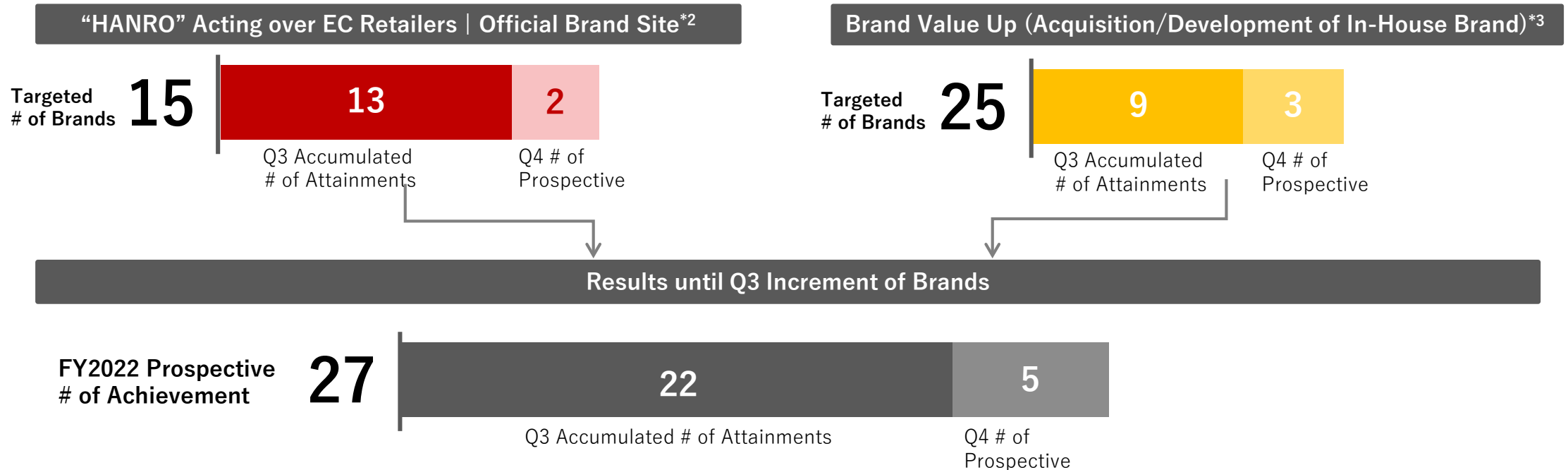
Note 1. Gross sales and gross margin by service lines are not subject to auditing firm

Note 2. From this quarter, we initiated consolidated accounting, year-to-year comparison indicates non-consolidated figures.

EC Marketplace Service Performance of Newly Added Brands

- HANRO (Act over EC Operations) soundly grows as scheduled
- Brand Value Up (Acquisition) generates a high margin. Hereafter, proceed investment focusing on potential growth ability

Goal to attain **40 Brands***1 { "HANRO" (Act over EC Operations) **15** brands
Brand Value Up (Acquisition) **25** brands



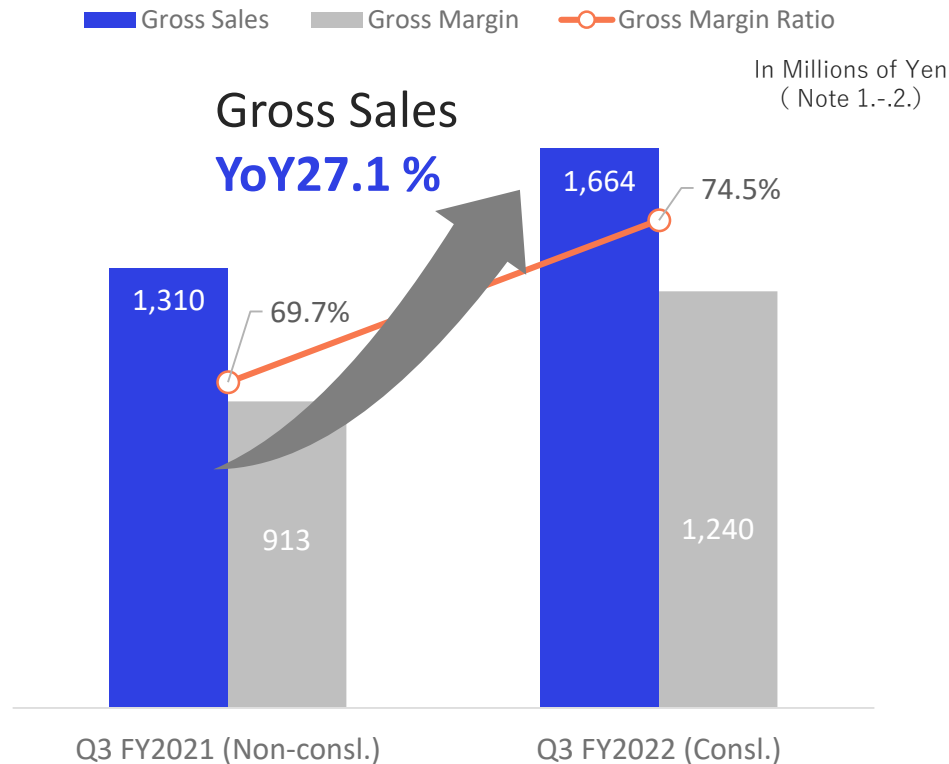
*1 The number of websites includes that of stores in the same brands opened over different channels.

*2 The number of contracted brands at the end of September (Requires 3-6 months on average from contact to store open)

*3 The number of contracted brands at the end of September (Requires 1-3 months on average from contact to store open)

EC Marketing Service Performance Digest

- Enhancing customer success management paid off, about 87% ^{*1} of customer shows positive response to our business
- ARPU successfully went upward backed by customer's positive trend to deploy multi-channel



EC Marketing Service

- Recurring revenue^{*2} soundly grew and gross margin ratio up 4.8 points, YoY
- Recurring revenue ratio ticks up 88.4%(Q3 FY2021) to 92.8% (Q3 FY2022)
- Proactive hiring is efficiently commensurate with existing operation

* 1. Internal CSS run by April to December, 2022

* 2. Recurring revenue means the sales in EC marketing service and it is the sales related to the contracted clients, it includes pay-as-you-go sales.

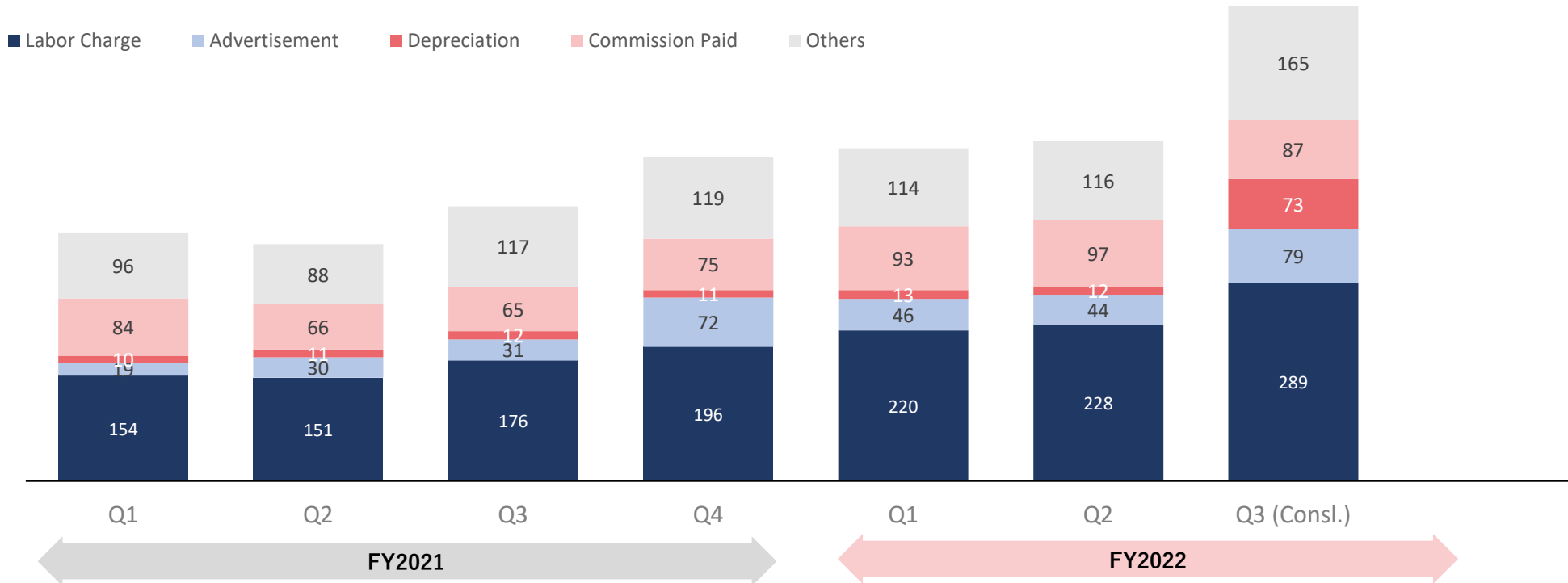
Note 1 Gross sales and gross margin by service lines are not subject to auditing firm.

Note 2 From this quarter, we initiated consolidated accounting, year-to-year comparison indicates non-consolidated figures.

Change in SG&A (Account Period)

- Prior investment to buildup operating base and new hiring along with growth of flagship business
- Labor charge increased 63.6% on the same period last year
- The number of employees increased 44%, from 175 (end of the previous term; non-consolidated) to 252 (Q3 FY2022; consolidated)

SG&A In Millions of Yen



Note 1. Labor charge includes bonus and hiring relevant costs.

Note 2. Commission paid means primary settlement fees for EC Market Place service.

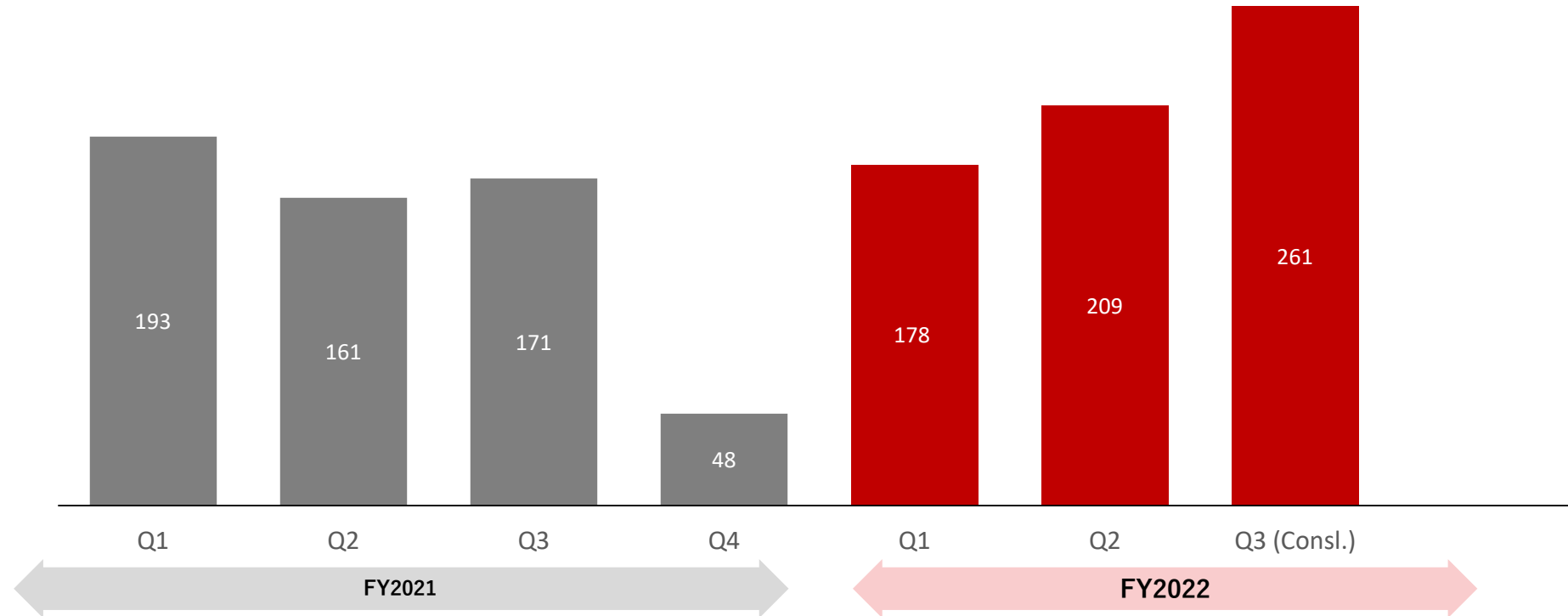
Note 3. The above numbers are account period ones.

Note 4. From this quarter, we initiated consolidated accounting. FY2021 and Q1-Q2 of FY2022 are non-consolidated ones

Change in Adjusted EBITDA (Account period)

- Due to initiation of consolidated accounting from this quarter, depreciation of goodwill and acquisition expenses relevant to Brand Value Up project are generated.

Adjusted EBITDA (Account term) In Millions of Yen



Note 1. Adjusted EBITDA = Operating Income + Depreciation + goodwill amortization + acquisition fees.

Adjusted EBITDA is not subject to auditing firm

Note 2. The above numbers are account period ones.

Note 3. From this quarter, we initiated consolidated accounting. FY2021 and Q1-Q2 of FY2022 are non-consolidated ones.

Balance Sheet

- **Inventory** : Beef up inventory in expecting strong demand of brands' products in EC Marketplace Service
- **Fixed liabilities** : Increment of long-term debt according to business expansion

In Millions of Yen	FY2021 Non-Consolidated (Reference)	Q3 FY2022 Actual	Change
Cash and Cash Equivalents	2,828	3,876	+1,047
Account Receivable	641	1,160	+519
Inventory	503	1,178	+675
Current Asset	4,089	6,401	+2,312
Fixed Asset	342	759	+417
Total Asset	4,431	7,161	+2,730
Total Current Liabilities	1,711	2,678	+967
Total Fixed Liabilities	693	2,097	+1,403
Total Liabilities and Net Assets	2,027	2,385	+358

FY2022 Guidance and the Current Status

- Attainment to Guidance of operating income is paying off
- In order to strengthen our three key indicators, proceeding constructive investment

In Millions of Yen	FY2021	FY2022		
	Actual (Non-Consolidated)	Guidance	Q3 Actual	Attainment to Guidance (%)
Gross Sales	8,797	11,448	8,396	73.3%
EC Marketing Service	1,792	2,306	1,664	72.2%
EC Marketplace Service	7,004	9,141	6,731	73.6%
Gross Profit	2,120	2,898	2,233	77.1%
Operating Income	526	569	550	96.7%
Ordinary Income	547	557	530	95.2%
Adjusted EBITDA*	574	817	649	79.5%
Net Income	419	386	342	88.6%

* Adjusted EBITDA = Operating Income + Depreciation + goodwill amortization + acquisition fees
Adjusted EBITDA is not subject to auditing firm

Change in Sales and Gross Margin by Service Line (Account Period) Note 1.-3.

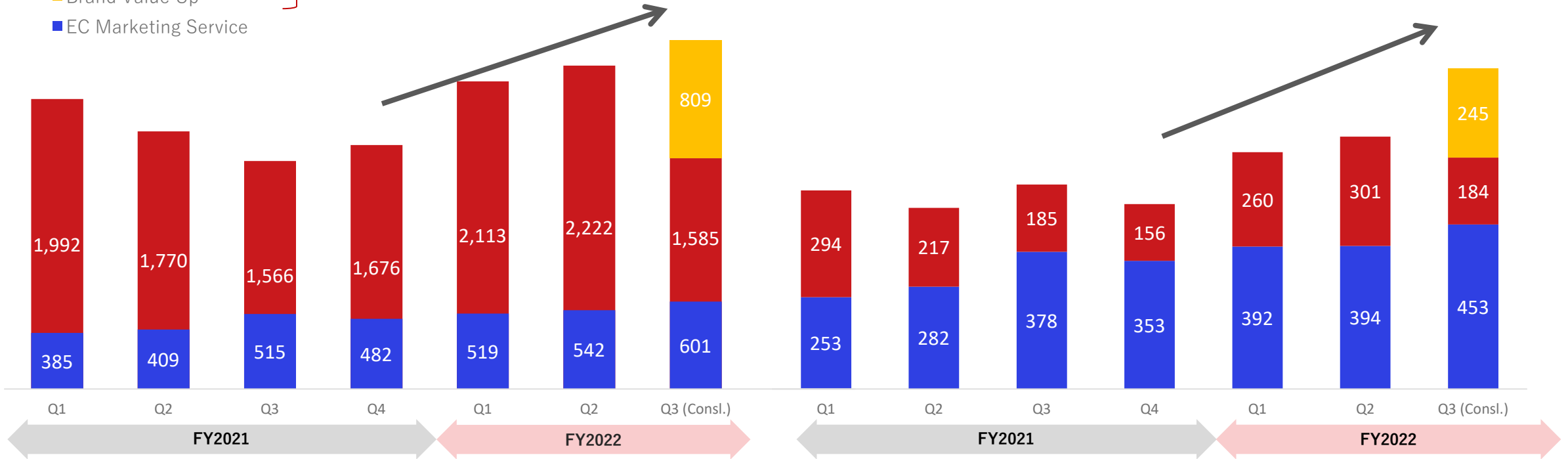
In Millions of Yen

Gross Sales

Gross Margin

- Act Over EC Operations
- Brand Value Up
- EC Marketing Service

EC Marketplace Service



Note 1. As for the numbers of sales and gross margin are not subject to auditing firm.

Note 2. The above numbers are account period ones.

Note 3. From this quarter, we initiated consolidated accounting. FY2021 and Q1-Q2 FY2022 are non-consolidated ones.

2. New Development

A New Project Kick Off with SK-II



SK-II (a skin care cosmetic of P&G) is selected as for a thank-you gift for [Donation to Japanese Municipality in Yasu city Shiga pref. and, itsumo. inc.](#) is designated to act over their EC operation.

- Under the contract between Yasu City and its contractor, itsumo. inc. substitutes their ordering, confirmation, shipping products (thank-you gift), as well as deal with its advance payment on behalf of donors.
- This unique donation project for municipality is a quite high margin business. The more the amount of donation, the more we can profit. The profit of this business is added to Act Over EC Operations.

Note: All SK-II relevant products are manufactured at P&G plant in Yasu city Shiga prefecture.
Note: For details about Donation to Japan Municipality project, refer to the following website at <https://www.furusato-tax.jp/donationtojapan/en/>

The above image is quoted from <https://yasu-furusato.com/>

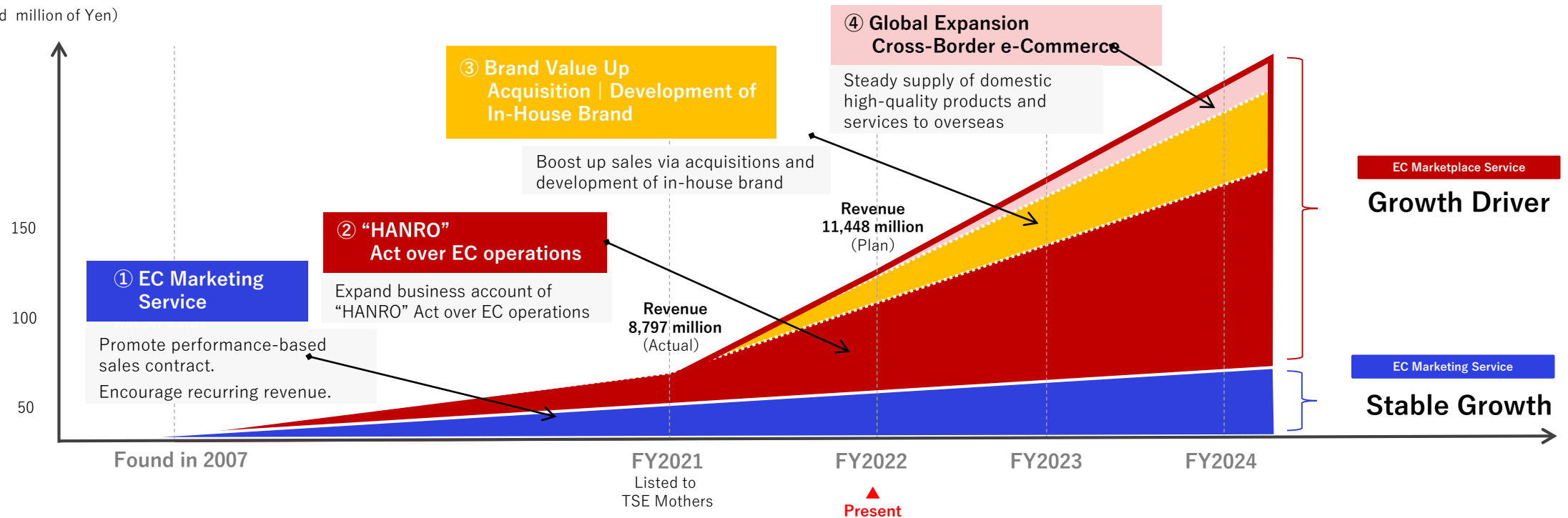
3. Growth Strategy

Progress of Business

- The current business and “Brand Value Up” accelerate growth of business

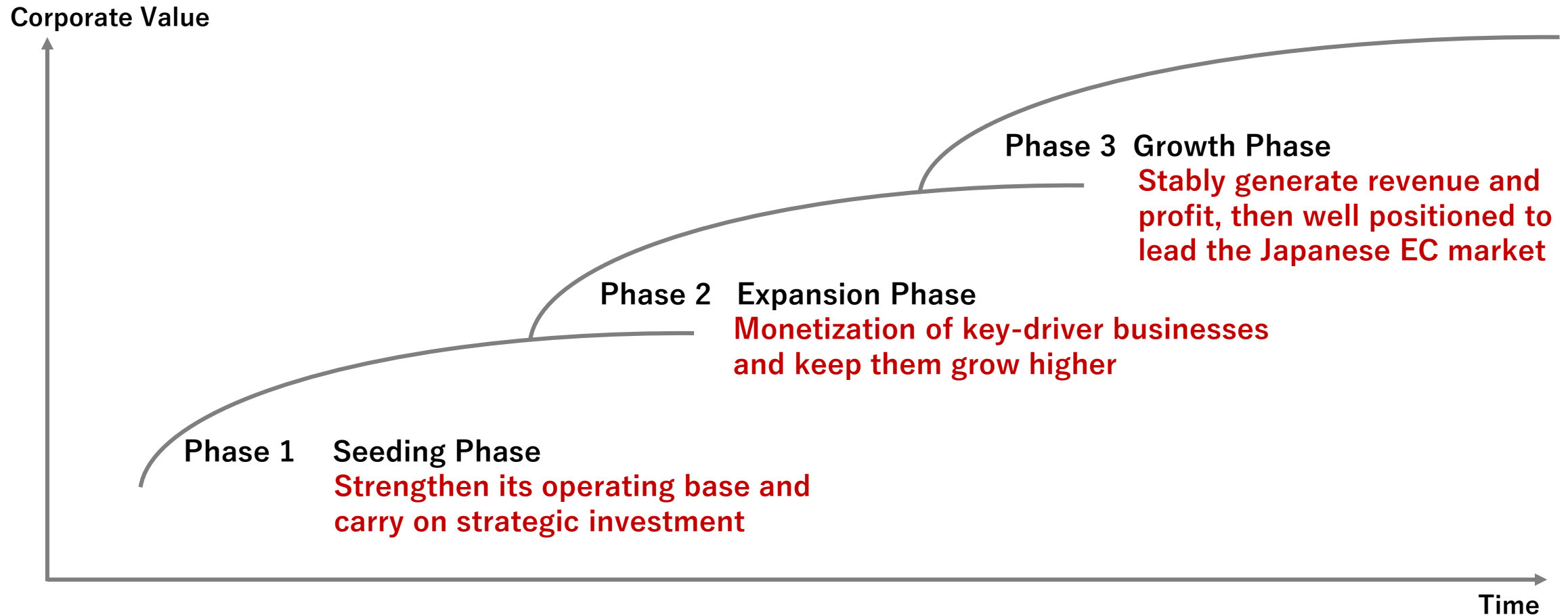
- EC Marketing Service** Steady growth of recurring revenue (Enlarge newly added brands and Enhance ARPU) ①
- EC Marketplace Service** Increment of brands expands sales ②③④

(In a hundred million of Yen)



Growth Scenario

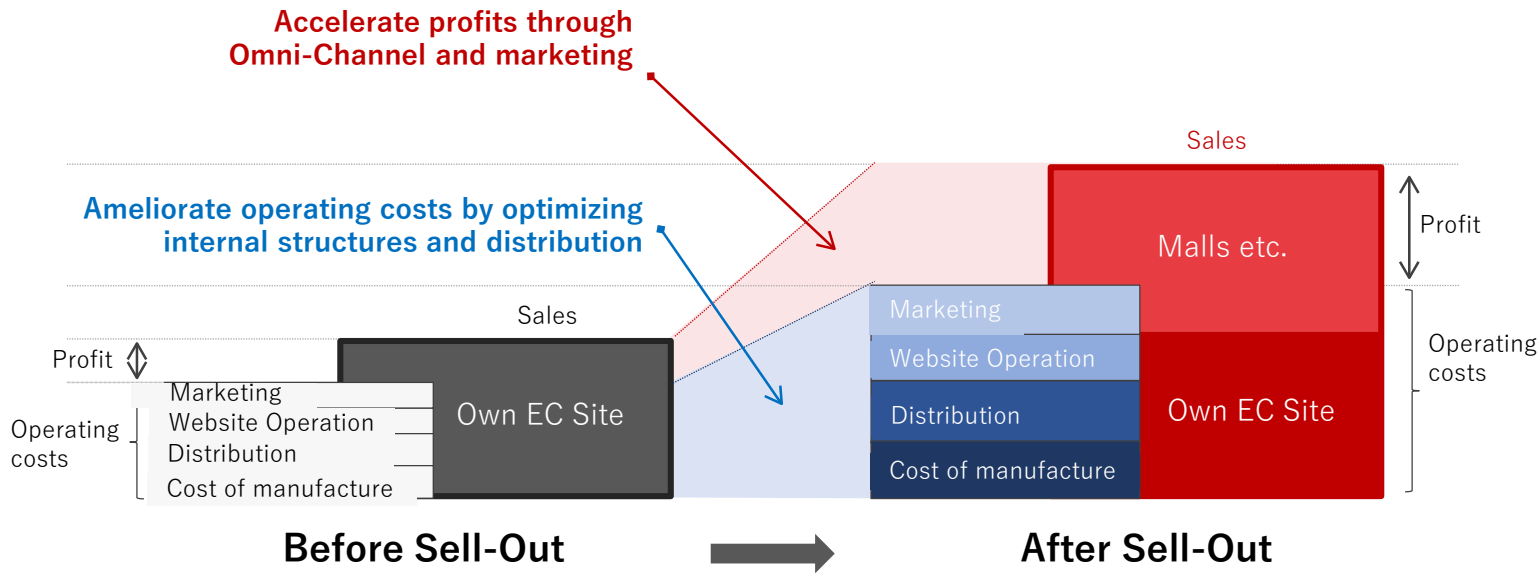
- Seeking for a continuous growth, deploy and exercise three staged developments





A Maneuver to Accelerate Sales with Brand-Value-Up (Acquisition)

- A wide range of service coverage, customer data and professional teams realize a rapid sales expansion and ameliorate costs.
- In a nod to enforce its in-house brand operation, encourage hiring through this fiscal year.



Model process of post acquisition

- ① Turnaround profits through Omni-Channel
- ② Based on a throughout research of competitors and its market status, execute product development and rebranding as well as upgrade conversion rate and ARPU by renovation of EC sites.
- ③ Optimize brands' marketing costs with our operating skills and technologies
- ④ Streamline distribution functions of EC business, and accelerate cost improvement in administrative dept. by uniform management



3. Growth Strategy

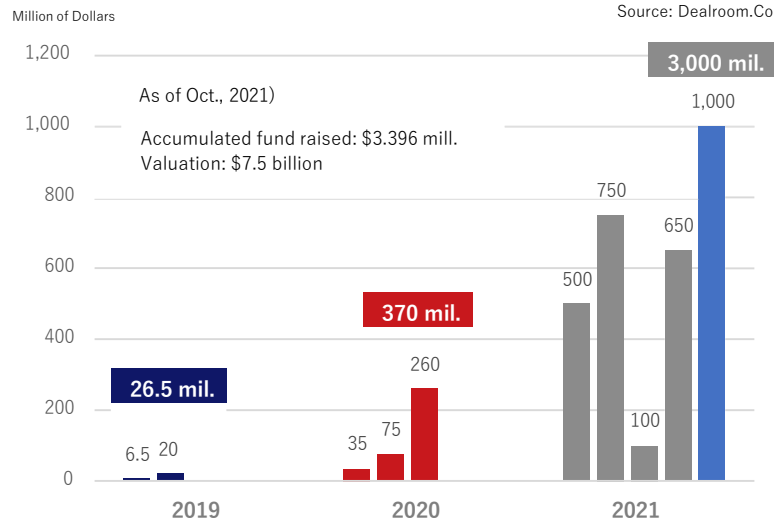
Brand-Value-Up Overseas Players

Same Pillars | Competitors

Major EC Aggregators Overseas

Source: Dealroom.Co | Tech Crunch

Thrasio Holdings, Inc.



A unicorn startup found in 2018 in MA, USA. Acquire the 3rd party sellers of Amazon FBA and operating D2C e-commerce. Announce to embarks on Japan.

HQs	U.S.
Found	2018
Fund Raised	\$3,396 mill.
Valuation	\$7.5 billion (as of Oct. 2021)



HQs	U.S.
Found	2019
Fund Raised	\$909 million
Valuation (May, 2021)	\$1.1 billion

An technology-driven e-commerce unicorn founded in 2019 in Boston, USA. Engaged in large-scale acquisition and operation of Amazon's top 3rd parties and its related D2C brands.



HQs	U.S.
Found	2020
Fund Raised	\$800 million
Valuation (Nov, 2021)	\$875 million

Founded in 2020 based in San Francisco, USA. Acquisition of 3rd-party brands in Amazon FBA business as well as incubation and buyout of brand companies. Providing support for capital, tools, information, expertise throughout brand-life-cycle.

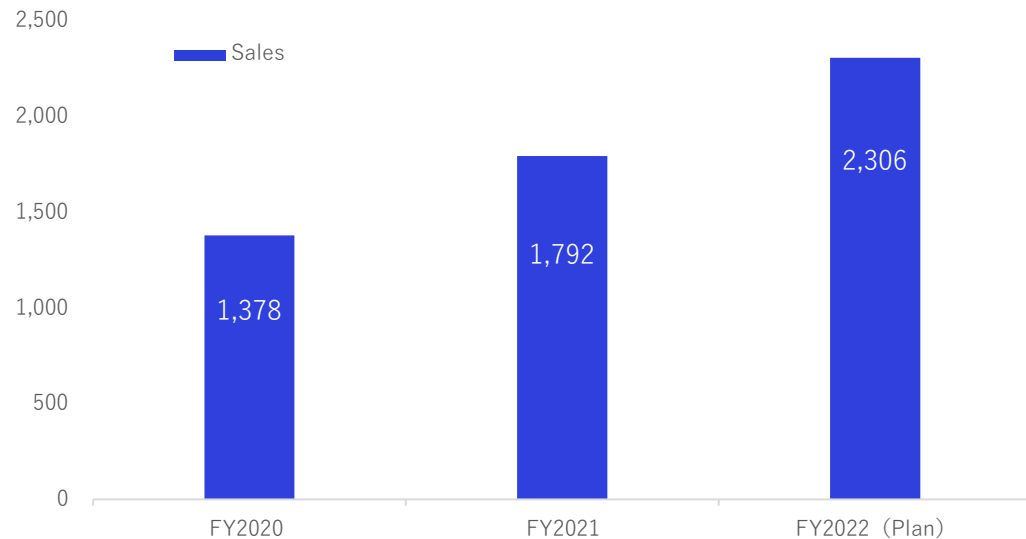
Note: The above numbers and business status are based on our own research and data from Dealroom.Co or Tech Crunch

Enforcement of EC Marketing Service

- Providing clients with EC support services by channel or project every month, stably generate profit with buildup approach.
- Enlargement of recurring revenue and encourage clients shift to performance based service contract generate a steady-paying.

EC Market Service : Gross Sales

(In Millions of Yen)



Provide for customer-oriented EC value chain service, encourage deployment of Omni-Chanel and improve ARPU

Enlargement of Recurring Revenue*

Backed by a positive customer satisfaction rating, our recurring revenue are steadily growing and seek for strong profitability.

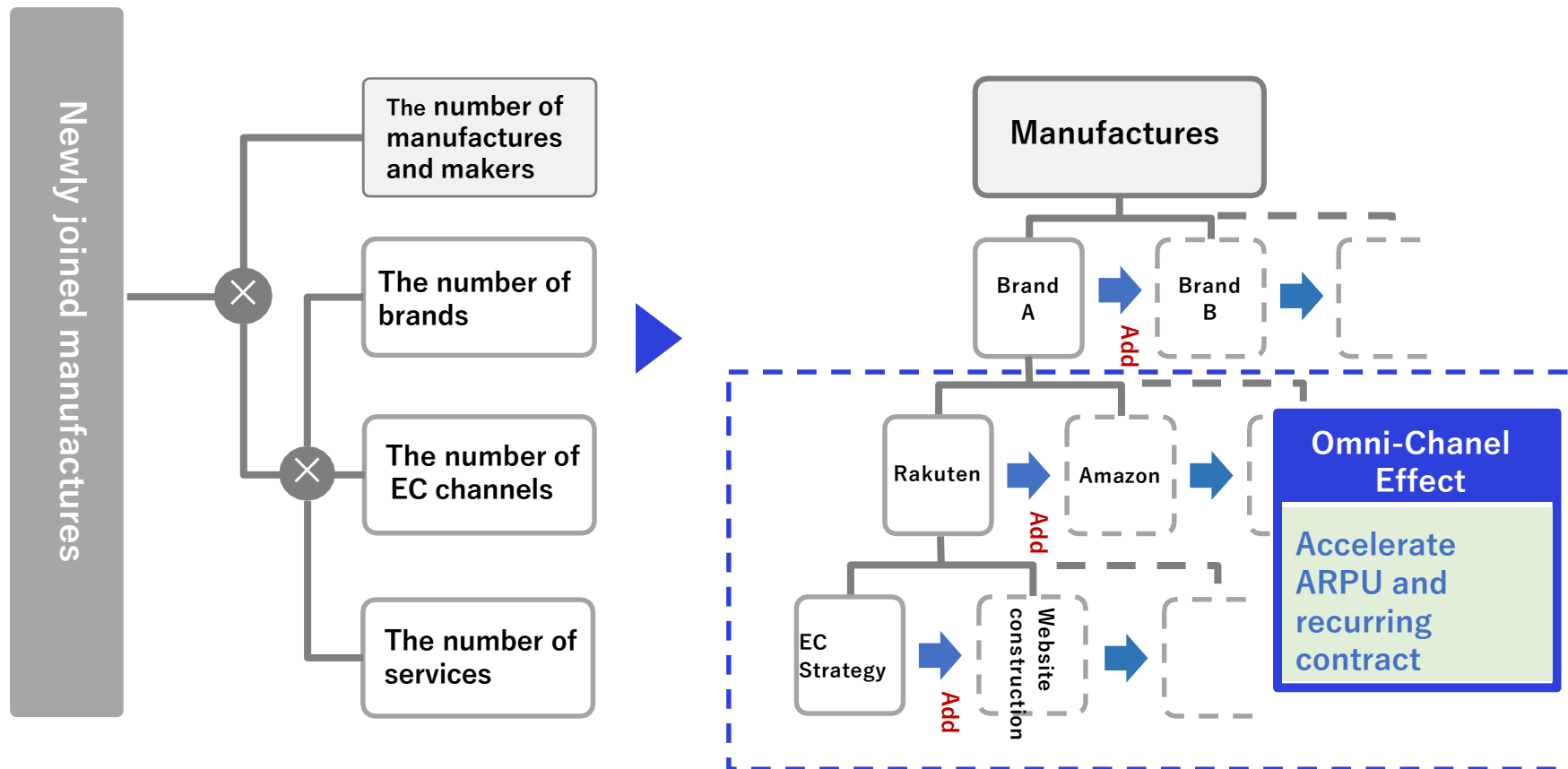
Accelerate Performance-Based Sales Contracts

Shifting from flat-fee billing system to pay-as-you-go one

* Recurring revenue model means Of the sales in the marketing service and it is the sales related to the concluded clients which executed renewal of their contracts, as well as it includes pay-as-you-go sales.

Mechanism of Recurring Revenue

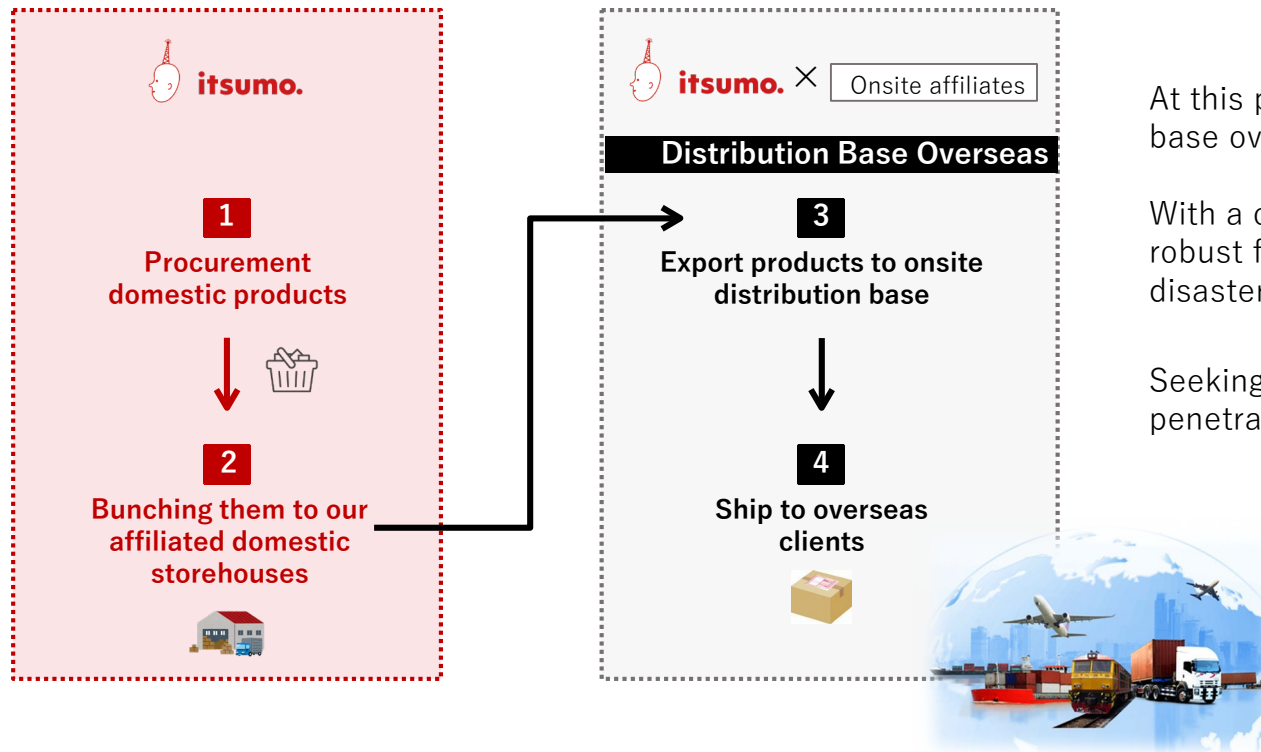
- In addition to increment of new brands, enlarge service volume of current brands, accelerate Omni-Channel, that encourages long-term contract and consolidate revenue base.



Global Expansion Cross-Boarder E-Commerce

- Purchase stock of excellent brand products domestic, sell them online marketplace of each country via distribution base overseas

Deployment of Global Version of EC Marketplace Service



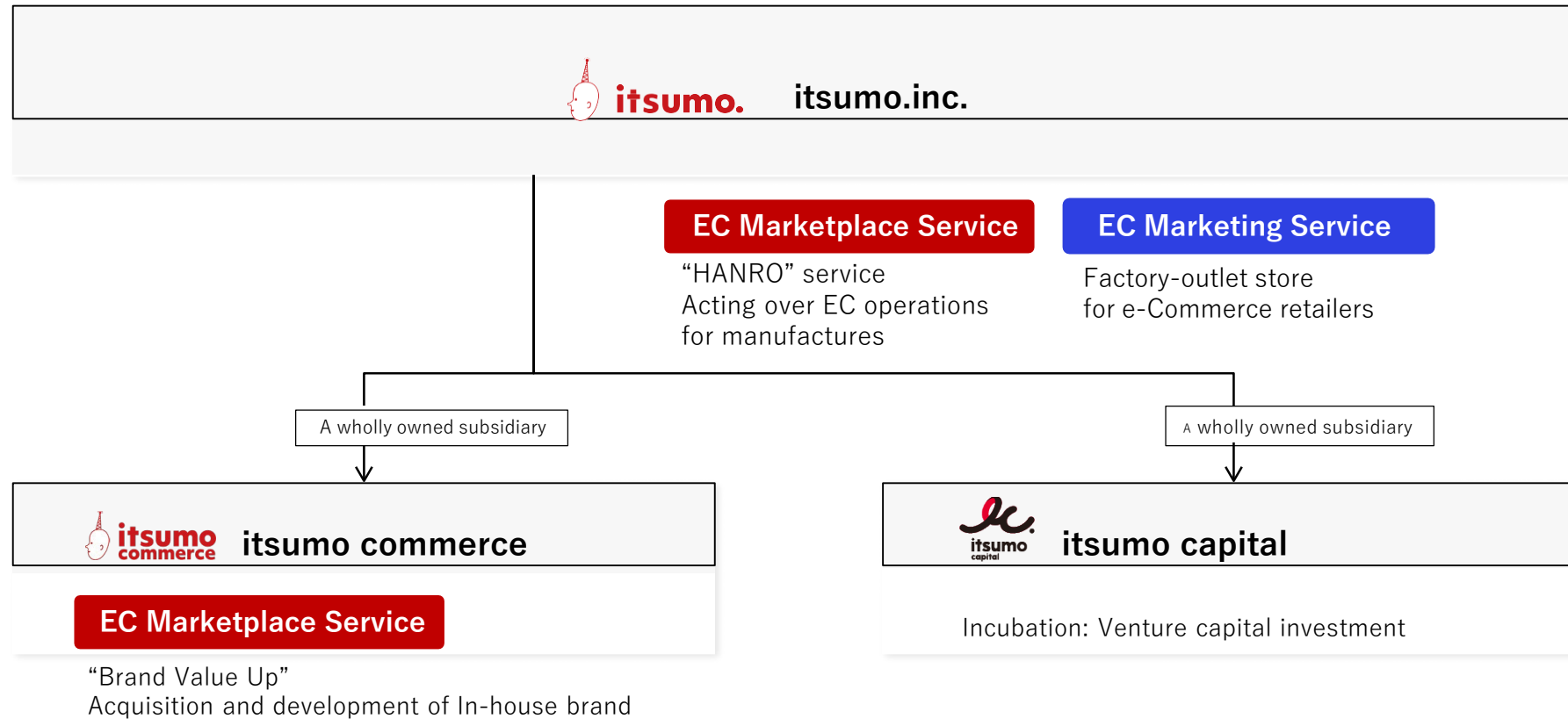
At this point of moment, physical deployment of distribution base overseas will be the phase of after corona

With a co-creating project with overseas partners, buildup robust fulfillment system which is up to any emergencies or disasters.

Seeking for precocious revenue generation by widely penetrating of "Made in Japan" value in global regions.

Appendix

itsumo. Group Organization Chart



Business Partners

Apparel · Cosmetic · Health



Food & Beverage



Miscellaneous · Hobby

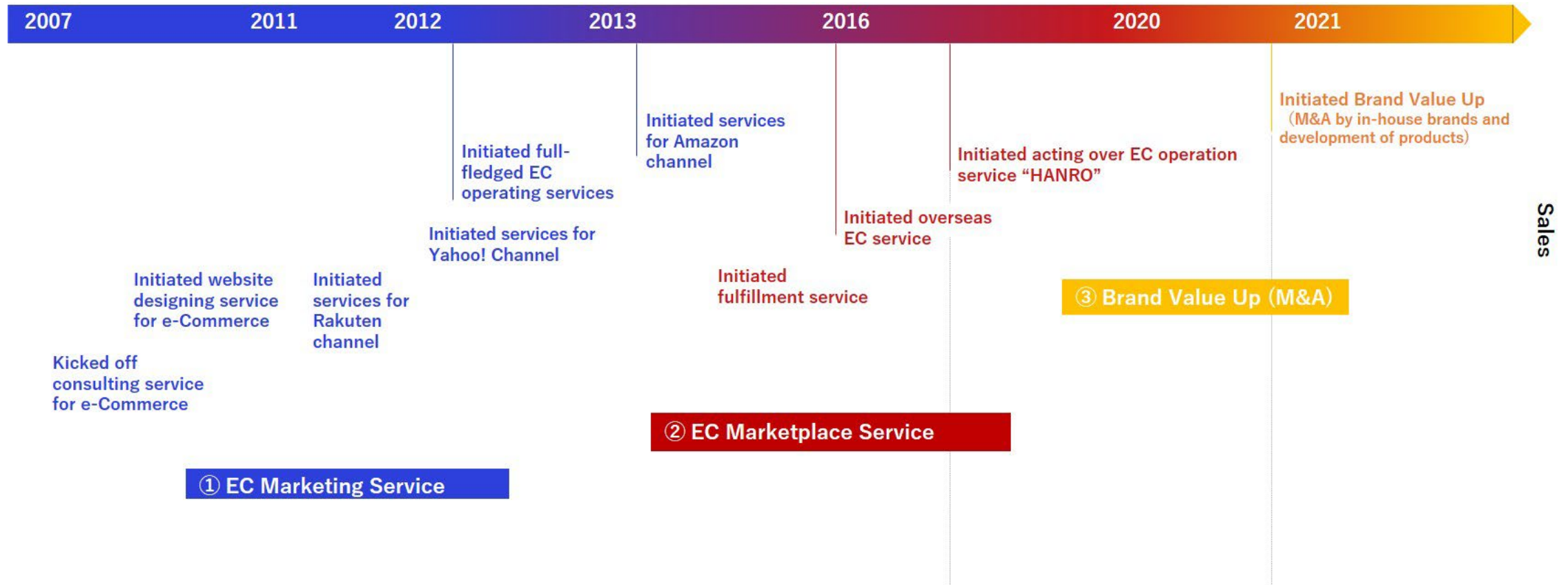


Manufactures



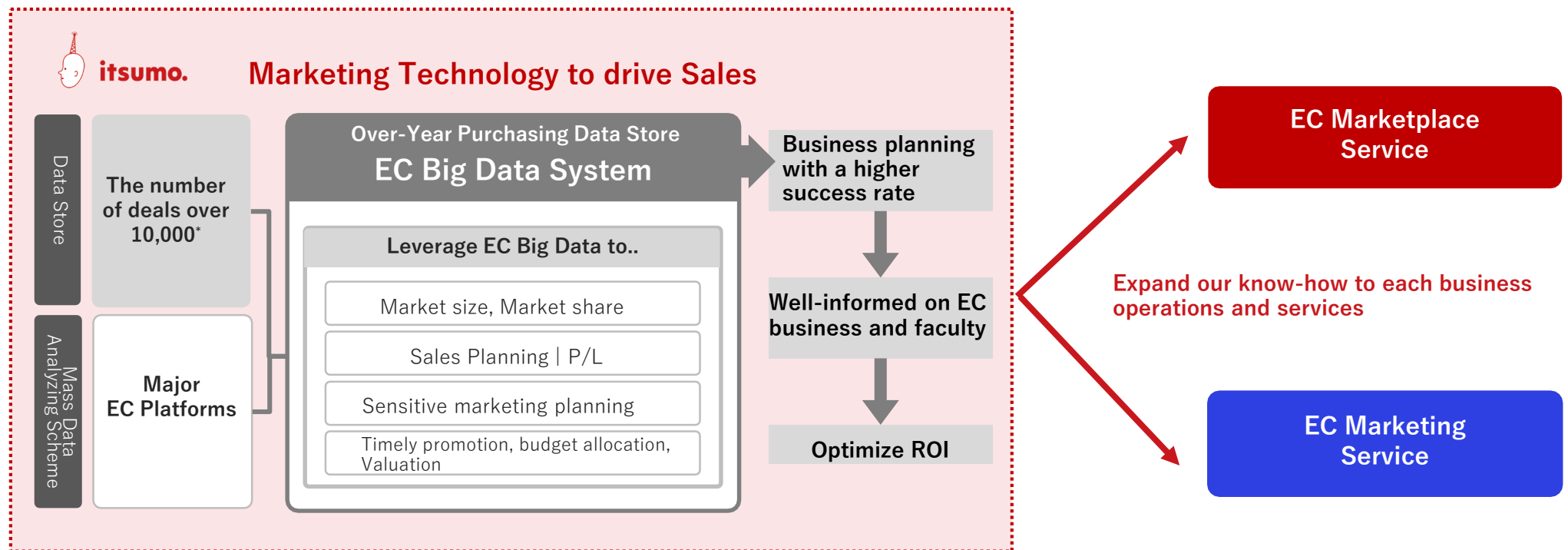
History of Our Business

- Since the institution's formation, itsumo. has been dedicated to provide for a high-quality EC marketing service. By capitalizing on its over-year purchasing data store and know-how, we launched "HANRO" service (act over EC operation for retailers) in July 2016, furthermore we initiated "Brand Value Up" strategy in 2021 which acquires in-house brands. We continue to provide for new services that meet the needs of the times.



Operation Base

- itsumo. deploys EC Big Data System which accumulates long-time customer data, as well as a broader intelligence through different EC channels.
- This technology enables us to optimize investment efficiency for EC planning and to design a successful business model, it is also effectively applied our major profit lines of EC Marketplace Service and EC Marketing Service.



* The company's accumulated number of deals



Unique Identity for EC Marketplace Service



HANRO (literally means “sales channel” in Japanese) is a mix of wholesale and acting over. This brand new DX scheme expands market share among online distributors. This service exploits your distribution routs over the Internet, in addition, it enables you to break ground reaching to new customers seamlessly.

- **Support entire EC Value Chain as an e-Commerce accelerator**
- **Encompass purchasing, online sales and shipping**
- **Encourage embarking on plural EC channels**

1 Target Client

- ① Any manufactures or brands which have potentials to become 3.4 mill. to 11 mill, USD (300 mill.-1 bill. JPY) players after providing leverage for 2-3 years.
- ② Brands or manufactures which plan for a new online store opening

2 Traits of Our Service

- Secure brand value over EC market
- Encourage multi-channel deployment
- Wide variety of service capabilities
- Competitive edges in volume of brands and business performance
- Less competitors or same pillars in Japan

3 Same Pillars | Competitors

CHINA: Baozun (NASDAQ:BZUN)
Acting over EC retailers in China

US: providing for e-Commerce consulting service or encourage multi-channel deployment as EC accelerator such as PACKABLE (NYSE:HTPA) and Pattern (Utah)



Unique Identity for EC Marketplace Service

Traits of Service

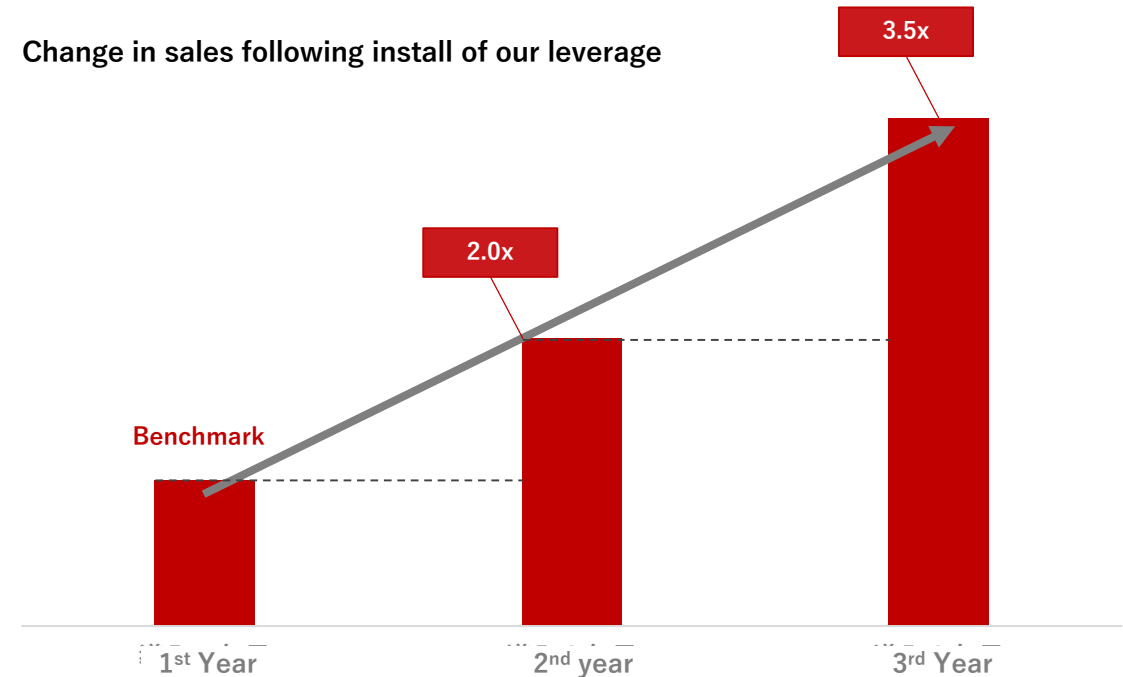
Monetization becomes full-fledged 2-3 years after our prop-up (launching their website)

- During preparatory period, execute market research, develop service lineups and buildup EC strategies
- For the 1st year, review website, optimize SEO and build up a track record through test marketing activities
- For the 2nd and 3rd year, increase market share and name brand recognition, gain recurring customers and enhance Life-Time-Value

Since FY2021, itsumo. Has deployed a new strategy of increase brand partners

- In 2nd half of FY2021, successfully added five brand partners, striving for an earlier monetization

Change in sales following install of our leverage



Physical contribution to monetization by New brand partners starts kicking **in the 2nd year of our leverage**



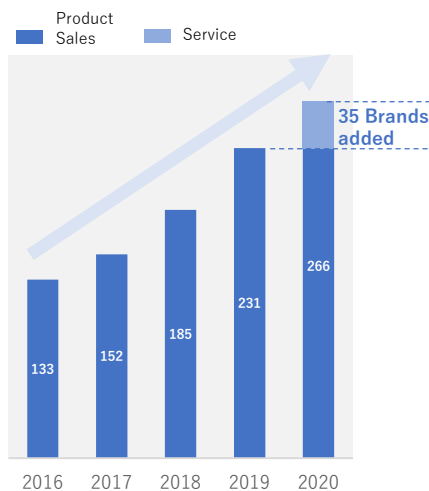
Unique Identity for EC Marketplace Service

Same Pillars | Competitors

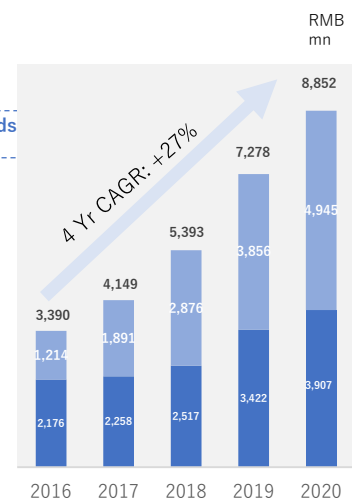
Acting over EC operations for manufactures (Reference)



Change in the Number of Brand Partners



Change in Sales



The largest EC solution provider in China, encompassing total EC value chain service.

Acting over official website of brands over domestic major EC channels and malls.

In 2015, listed on NASDAQ and in 2021, went public on HKEX.

Sales	13.2 bill. USD (8,852 mil. RMB)
HQs	China
Found	2007
Employees	6,076



Packable is a leading EC entity with a proprietary technology platform that empowers brands with a complete and cost-effective logistics, fulfilment, data science, digital marketing and sales solution. In 2021, they agreed with a SPAC merger with Highland Transcend Partners I Corp., listed to NYSE (Ticker: HTPA)

Sales	456 mill. USD (2021 estimated)
HQs	US
Found	2010
Employees	About 1,000



Pattern® is the first ecommerce accelerator to help your company grow faster, protect your brand, and sell globally on ecommerce marketplaces, D2C, and other digital channels.

Sales	Over 500 mill. USD Over 1 bill. USD (estimated in 2022)
HQs	US
Found	2013
Employees	About 900



Spreatail is the E2E EC partner for manufacturers who want to accelerate ecommerce reach, revenue, and reward.

Sales	Over 500 mill. USD
HQs	US
Found	2006
Employees	About 1,000

Source: Form-20F-2020 (SEC), macro trends, TechCrunch | LEHI Pointe et.al., internal investigation
As Pattern and Spreatail are non-listed companies therefore the numbers shown above are based on our internal investigation



Unique Identity for EC Marketplace Service



1 Target

- Private brand entity
- 500K to 5 million USD of revenue
- Support any channels no matter of product categories
- Support stock transfer or employee transfer

2 Traits of Our Business

- Nail down acquisitions in a most rapid way
- Seasoned experiences promptly identify quality of brands
- Business evolution by Omni-Channel
- Encompass entire EC value chain

3 Same Pillars | Competitors

Overseas
 US: THRASIO, perch, Heyday
 Plural unlisted startups successfully raising over 1 billion USD

Unique Identity for EC Marketplace Service

- Backup EC Strategies for D2Cs by **Monthly Sales** × **EC Channels**

Own Website

- Series "Iron Law" -



Consulting Menu

- Own EC site
- Intermediate course
- Advanced course (Dec, 2021)




Rakuten

- Series "Iron Law" -






Consulting Menu



- Rakuten course
- Optimize search influx
- Act over RPP
- Act over exposure ads with coupon
- Act over search function service (Dec, 2021)






Amazon

Malls | CBEC





Fulfillment

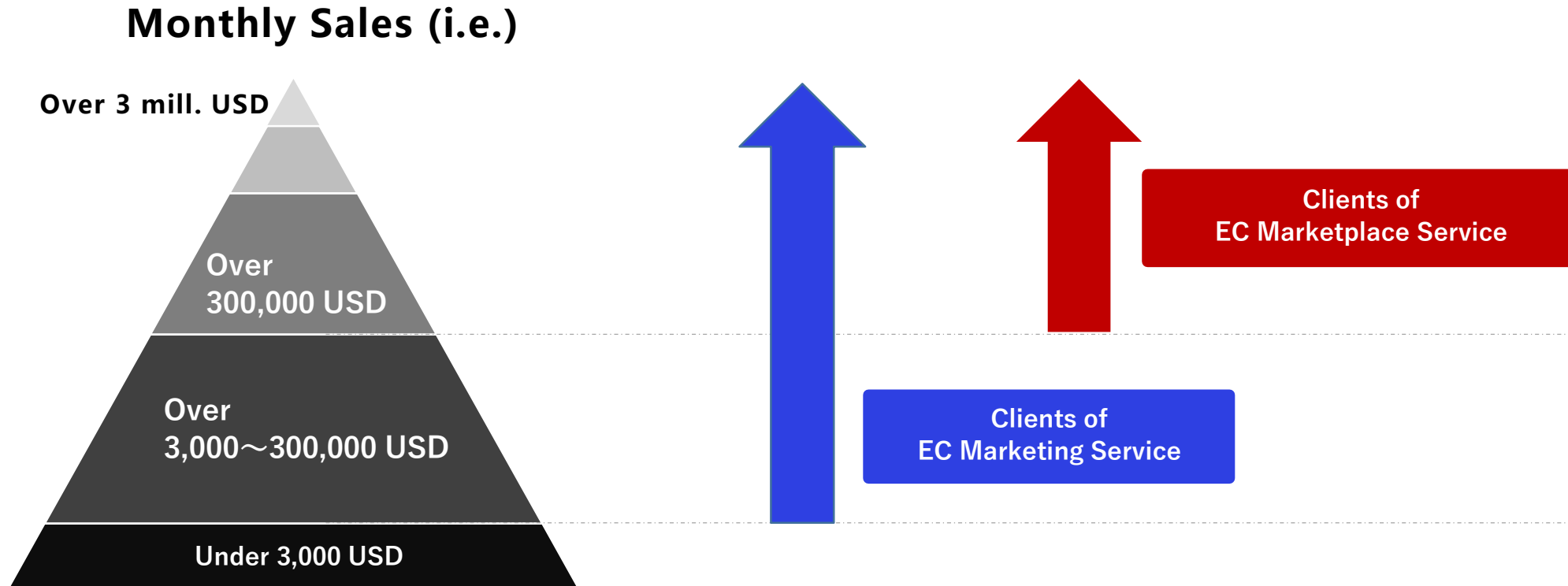
- Deploy support by channel/country
- Own online site
 - Rakuten
 - Amazon
 - Yahoo! (PayPay)
 - au PAY Market Qoo10
 - US/ Russia/ EU
 - ASEAN Counties China

Production | Design



Base of Clientele

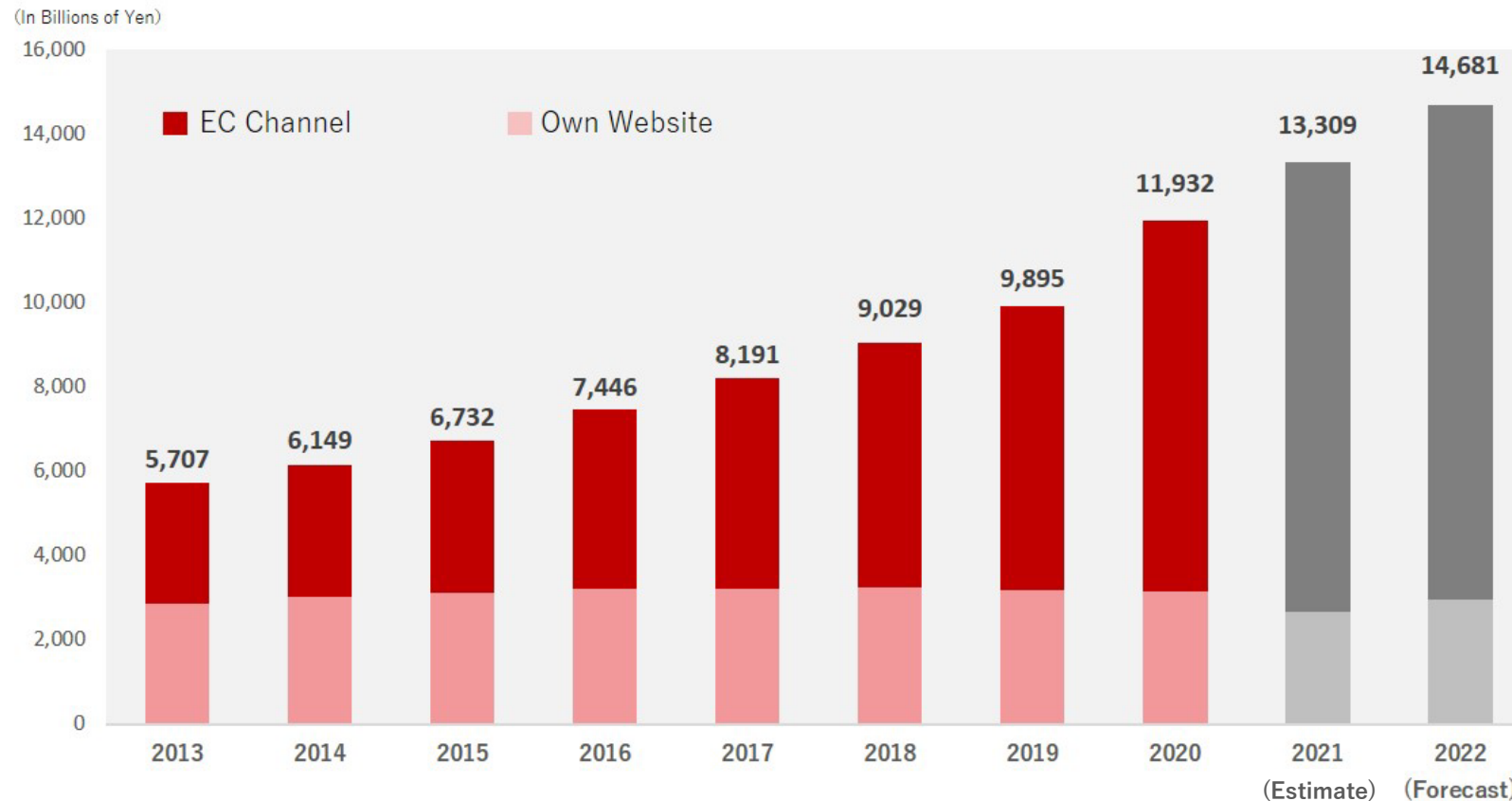
- We provide domestic brands that seeks for a further incremental sales in their e-Commerce
- Optimized services to meet their challenges tailor to their sales scale.



Market Size of Japanese EC Channel

- itsumo. harbors seasoned and long-time operations as well as robust case studies in the field of EC channels such as Amazon, Rakuten, Yahoo! Shopping. Our business matches substantially the needs of Japanese marketplace.

Based on the research of Fuji Keizai Group “2011 Current Status of Mail-Order and e-Commerce Business and the Future, itsumo. inc. customized





D2C · E-COMMERCE MARKETING

**Please feel free to contact us with any questions.
We look for hearing from you “*i-tsu-mo*”(anytime)!**

corporate@itsumo365.co.jp



Our Mission

Creating the Future of Japan with EC

This is our mission and we provide small to large manufacturers with comprehensive supporting solutions dedicated to e-Commerce, a fundamental business of 21 century.

As a leader of EC business in Japan, we provide you with a throughout support such as building up strategy, construction website, warehousing and fulfillment.

itsumo. inc. facilitates you to develop your brands to the world through a fusion of "people" and "technology" with a seasoned EC sales know-hows.

Forward Looking Statement

- This material includes forward-looking statements. These descriptions are only based on the information at the time this material was created. Moreover, these statements neither guarantee future financial results nor business status in the future, as well as they contain risks and uncertainties. Should you be sure that the actual results may differ significantly from the future outlook due to changes in the environment and other factors.
- 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, we have not verified or guarantee the accuracy, appropriateness of such information.