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SOCIALWIRE CO., LTD.

Financial Results for the Fiscal Year Ended March 2022

May 11, 2022

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Sales

- Digital PR: Maintained revenue growth throughout the year, despite the continued impact of COVID-19
- Shared office: Slightly declined due to slow recovery of satellite demand in domestic market and liquidation of overseas bases

Profit

- Digital PR: A record profit due to sales growth and productivity improvement
- Shared office: Landed in the red due to upfront costs associated with the opening of new bases, despite steady recovery

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Consolidated Results

Consolidated Results Highlights

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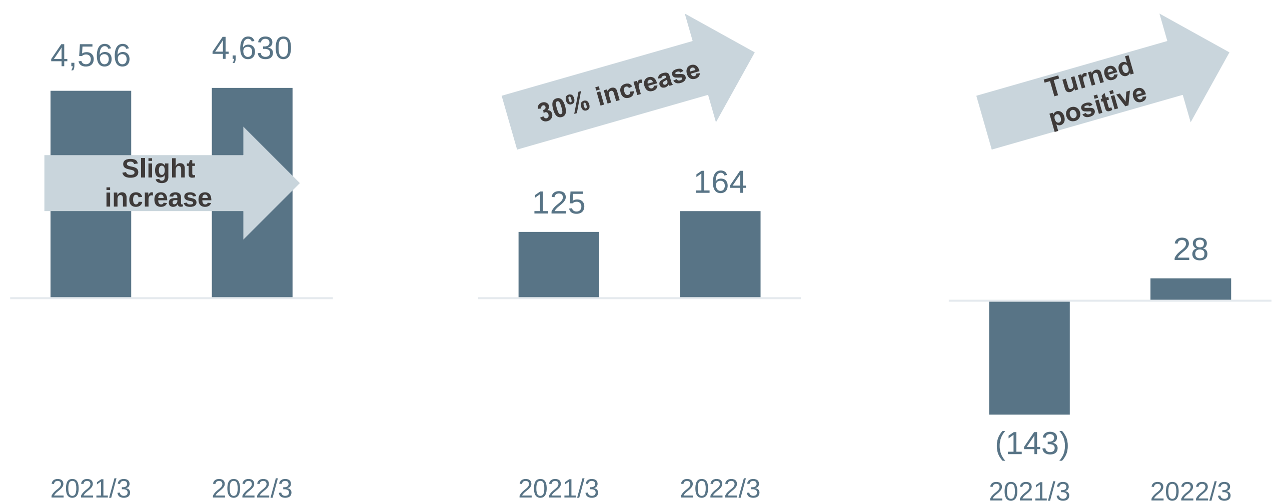
Consolidated Results (full year)

Net sales	¥4,630 million [101.4% YoY]
Operating income	¥164 million [130.9% YoY]
EBITDA*1	¥588 million [92.4% YoY]
Net income*2	¥28 million [Loss of ¥143 million in the previous year]

Net sales

Operating income

Net income



*1 EBITDA = operating income + depreciation + goodwill amortization (EBITDA has not been audited and reviewed)
*2 Increase in temporal expenses such as income taxes due to recording of expenditures for withdrawal and downsizing of overseas shared office business and application of tax-effect accounting

Consolidated Results Highlights

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Segment breakdown (full year)

	Digital PR	Shared office	Others	Consolidated Results
Net sales	¥2,632 million	¥1,998 million	-	¥4,630 million
YoY	110.1%	91.8%	-	101.4%
Segment income	¥593 million	(¥32 million)	(¥397 million)	¥164 million
YoY	127.9%	-	-	130.9%
Segment income margin	22.5%	(1.6%)	-	3.5%
EBITDA*	¥692 million	¥279 million	(¥383 million)	¥588 million

* EBITDA = operating income + depreciation + goodwill amortization (EBITDA has not been audited and reviewed)

Consolidated Results Trend

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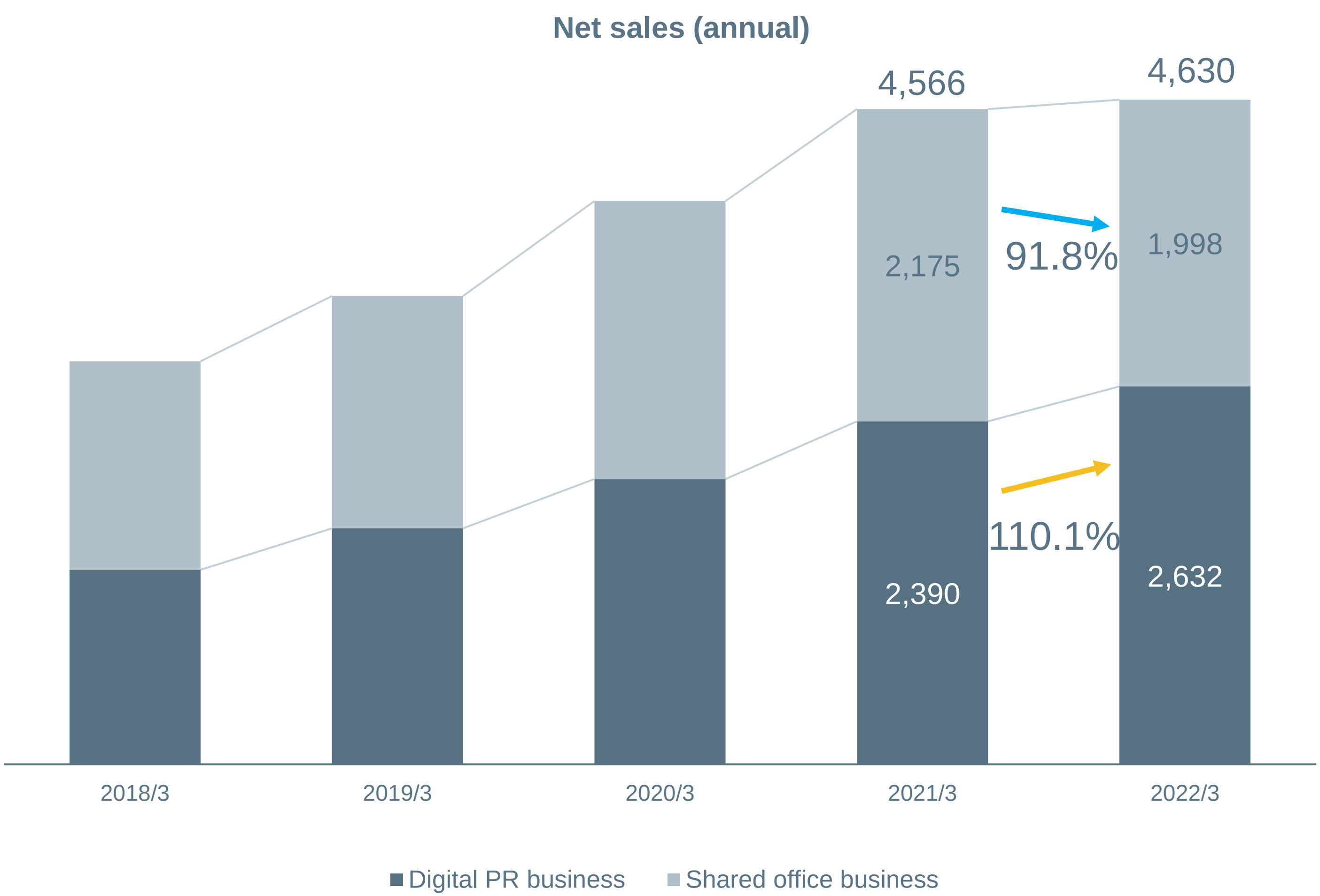
Net sales (million yen)

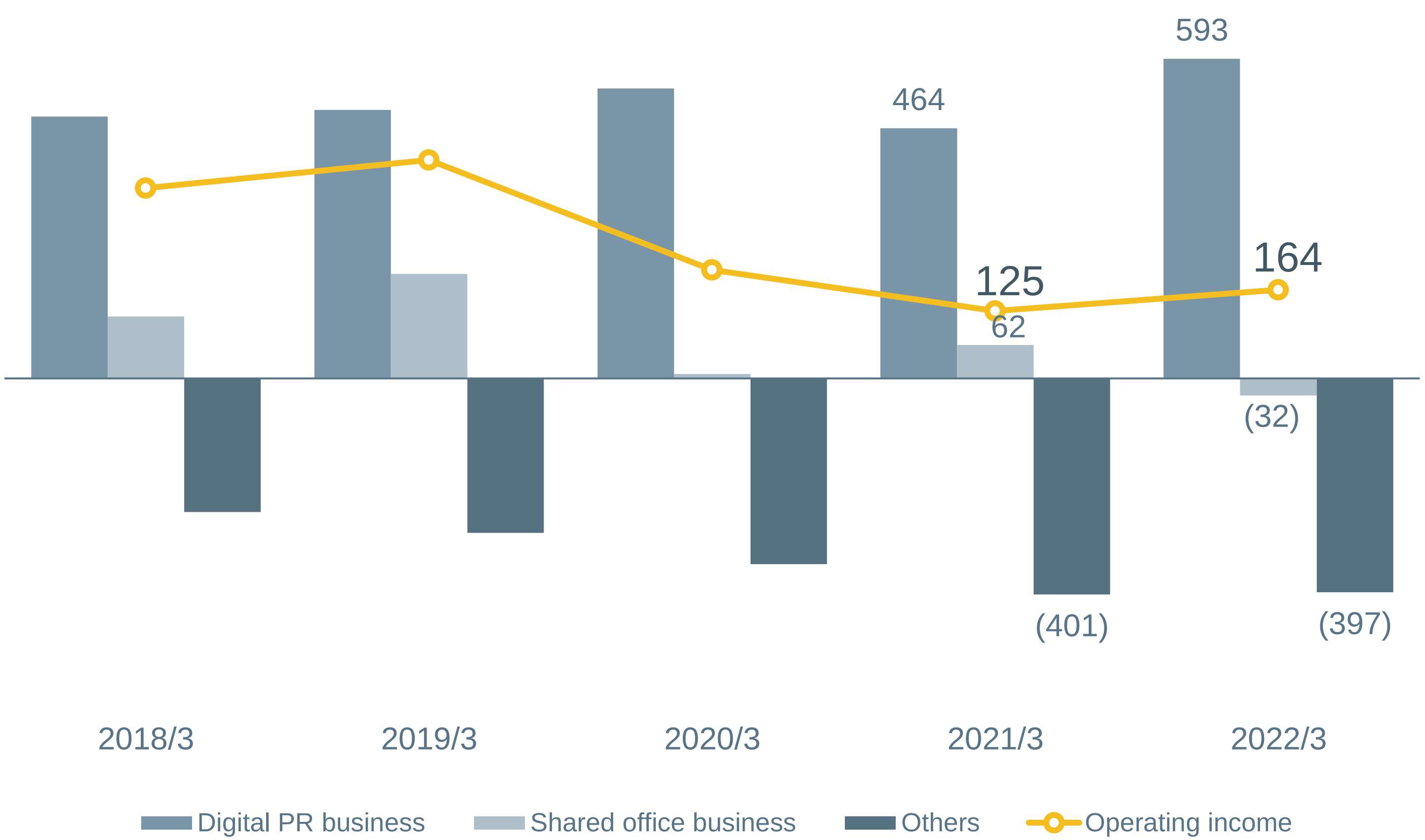
- Digital PR business: Steady growth during the year amid weak market conditions
- Shared office business: Downtrend in the domestic market due to slow market movement in addition to the impact of the reorganization of overseas bases



Operating income (million yen)

- Digital PR business: Record high profit due to increased sales and productivity
- Shared office business: Turned negative due to the opening of a new base in 4Q, despite the progress in cost reductions

Operating income (annual)



Digital PR business

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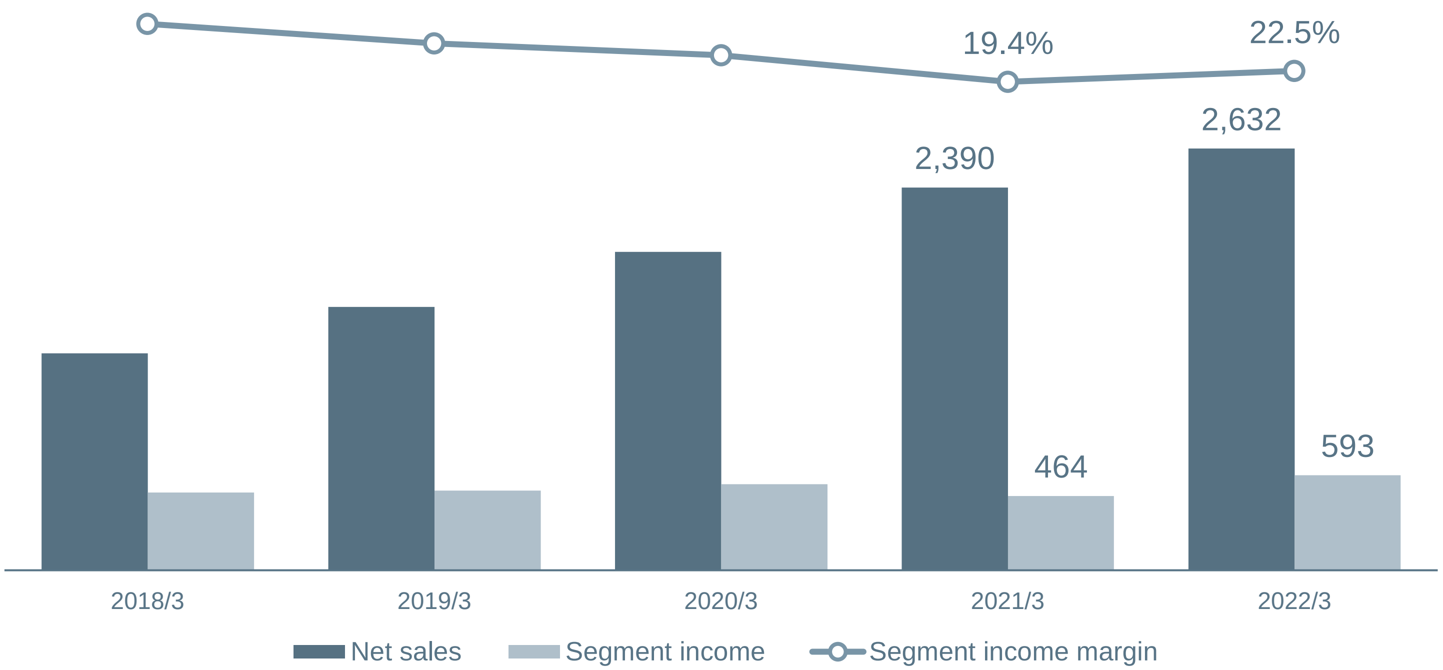
Results (full year)

Net sales	¥2,632 million [110.1% YoY]
Segment income	¥593 million [127.9% YoY]
Segment income margin	22.5% [+3.1 points YoY]

Results trend



Net sales, segment income, and profit margin all increased year-on-year due to the recovery from the COVID-19 pandemic and the trend of productivity improvement. (Net sales and segment income hit record highs)

Digital PR business

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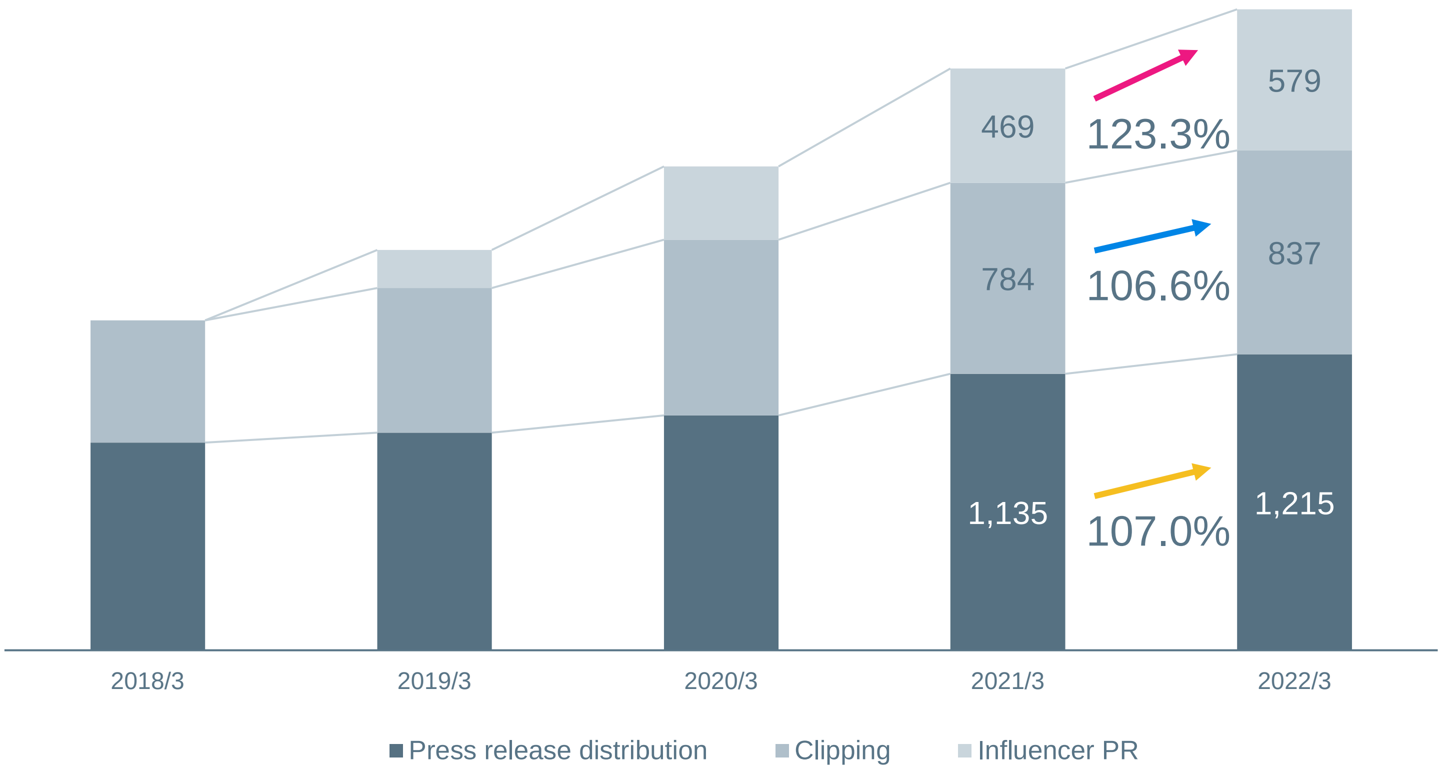
Breakdown of net sales (million yen)



All services achieved year-on-year revenue growth
Influencer PR is growing at 123.3% YoY with market expansion, despite the impact of the COVID-19 pandemic

Digital PR Business (Quarterly Trend)

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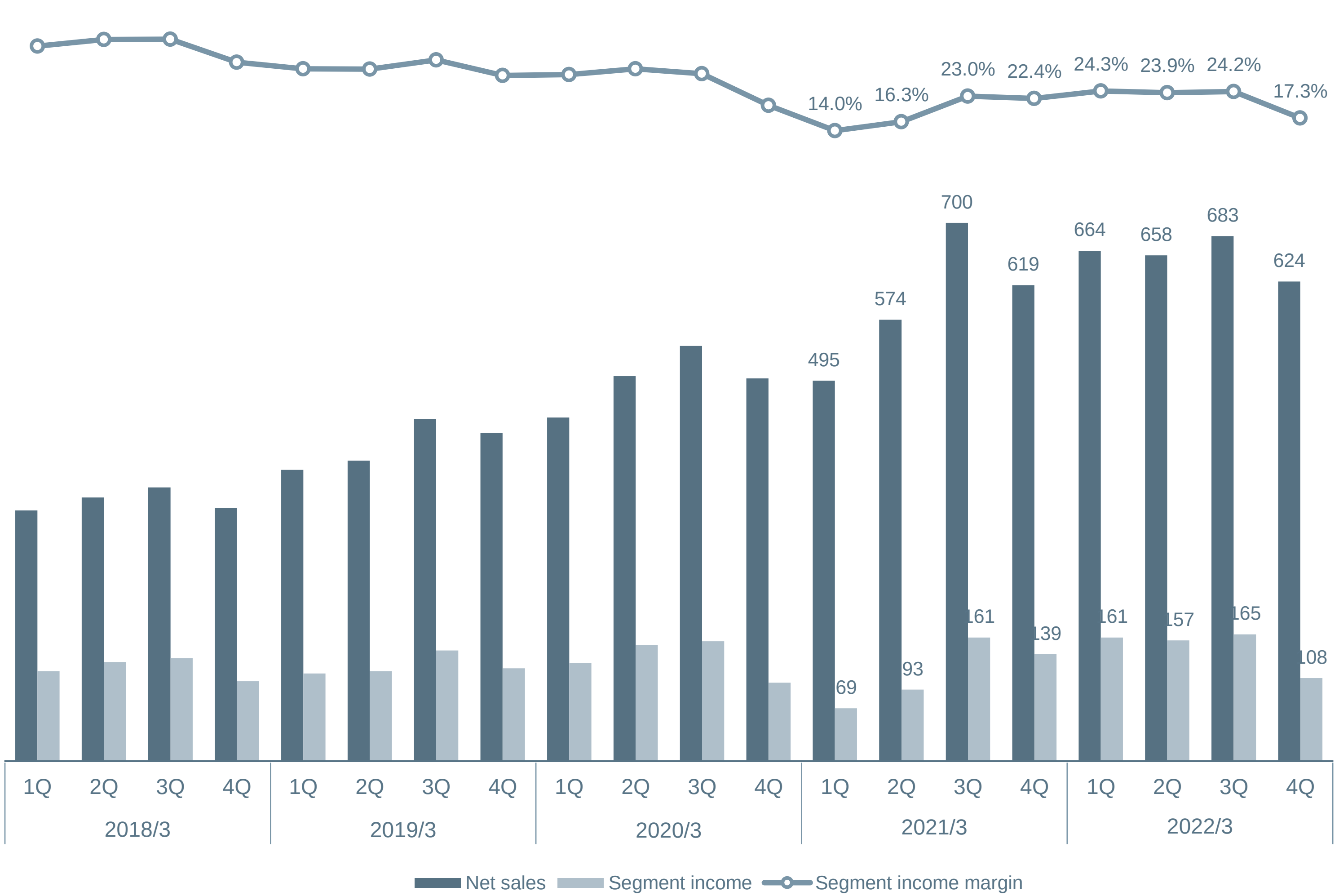
Net sales/segment income/segment income margin (million yen)



Net sales decreased QoQ due to seasonality
Segment income decreased in proportion to sales and due to an increase in one-time expenses.
(Segment income margin also decreased.)

Digital PR Business Highlights

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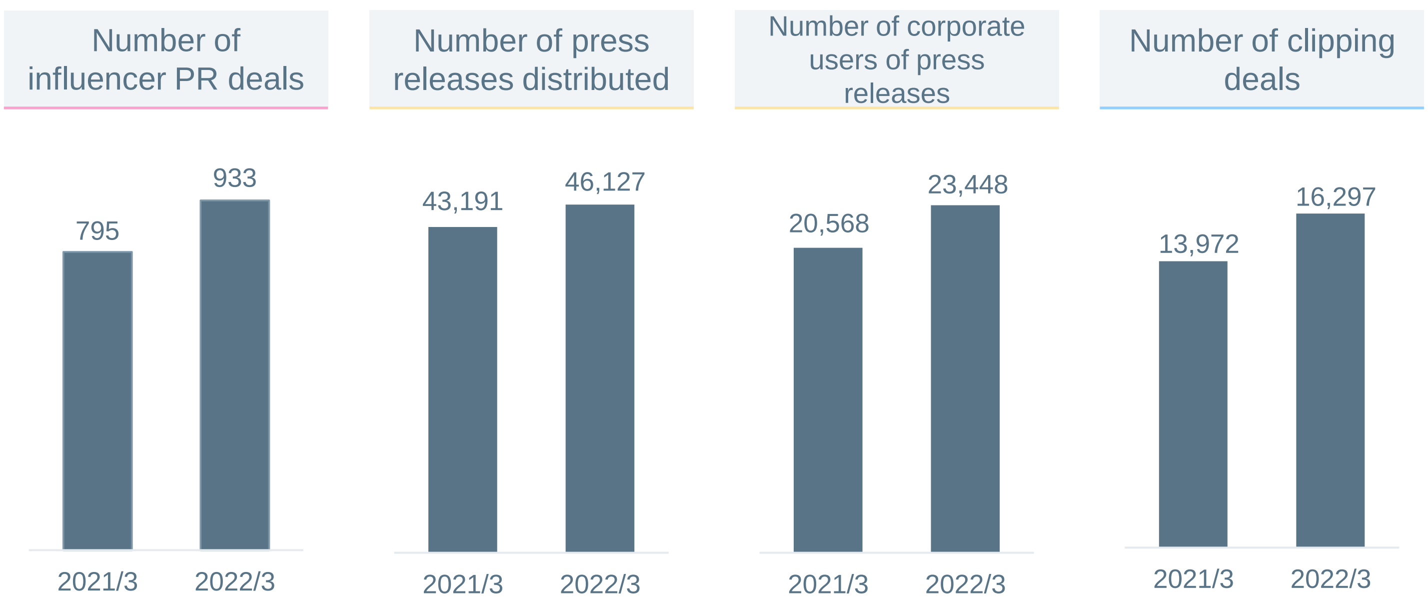
KPI (full year)

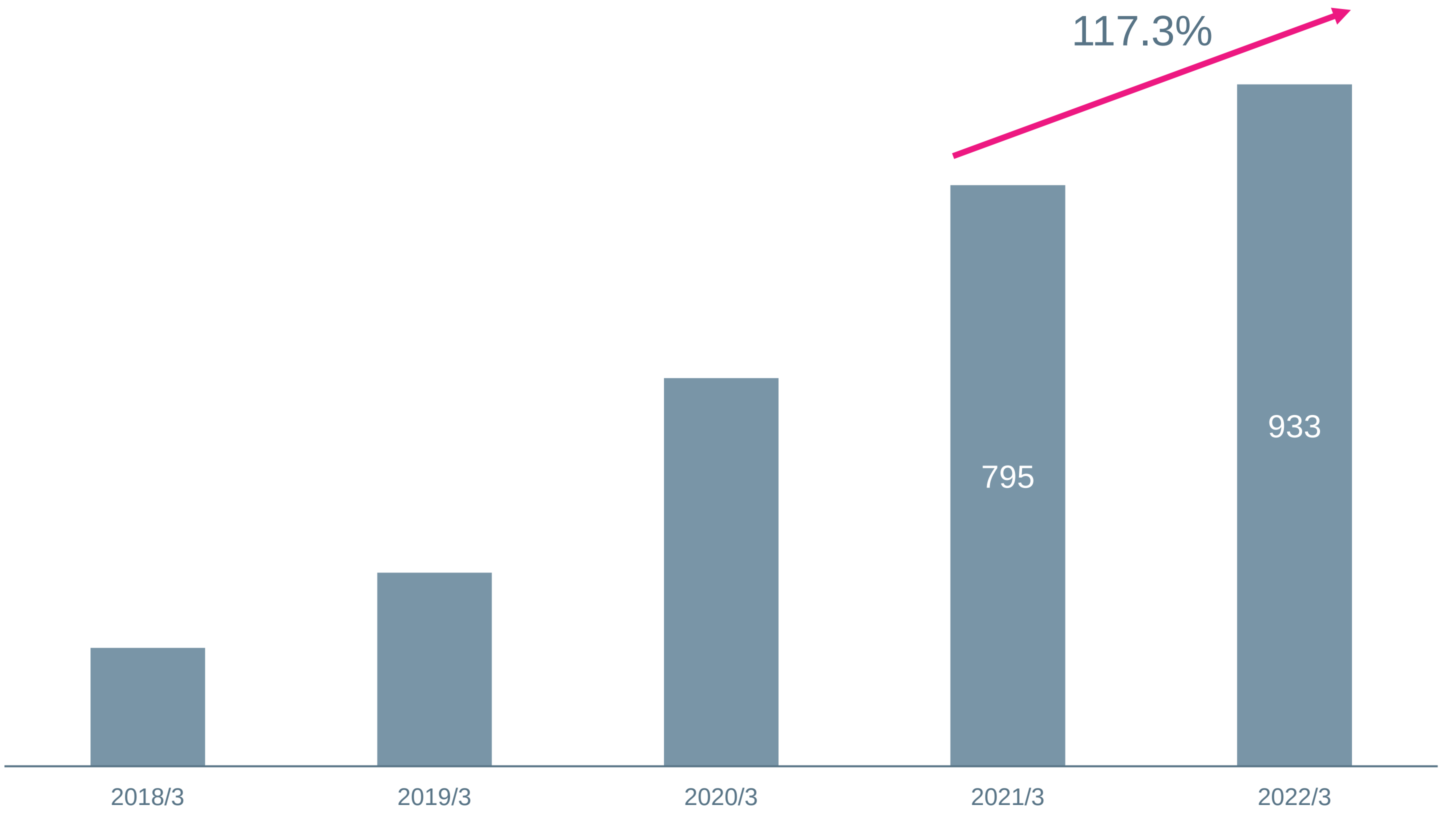
Number of influencer PR deals	933 [117.3% YoY]
Number of press releases distributed	46,127 [106.7% YoY]
Number of corporate users of press releases	23,448 [114.0% YoY]
Number of clipping deals	16,297 [116.6% YoY]



Compared to the previous year, when the COVID-19 pandemic had a significant impact, all indicators expanded during the year

Digital PR business (KPI)

Influencer PR services (number of deals)



Year-on-year increase of 117.3% supported by account management service, etc., despite the impact of the COVID-19 pandemic

Digital PR business (KPI)

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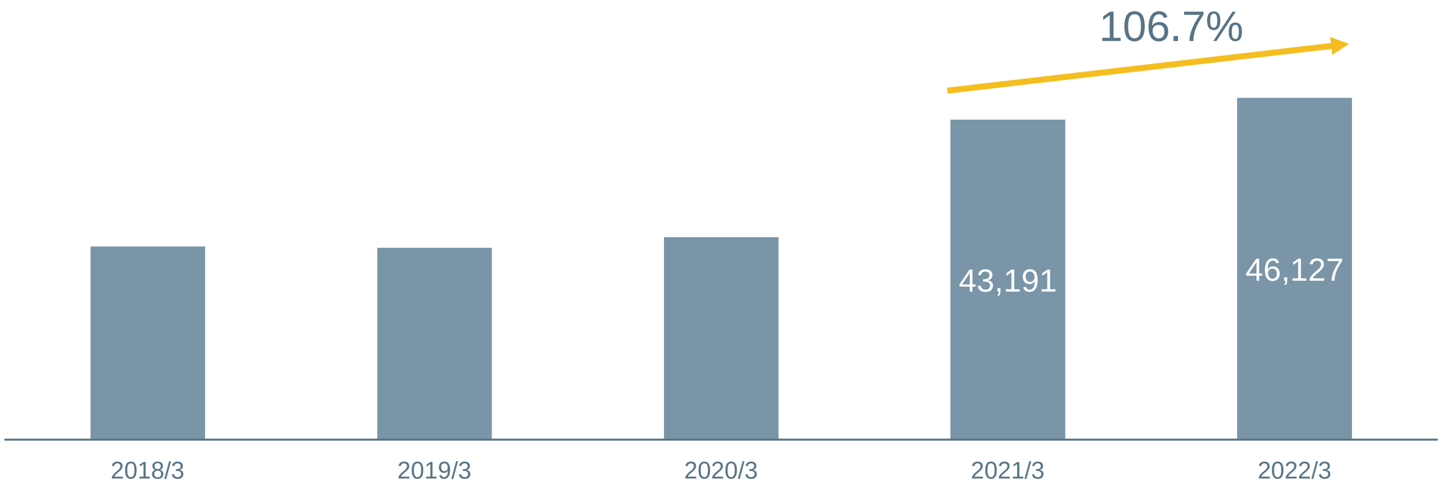
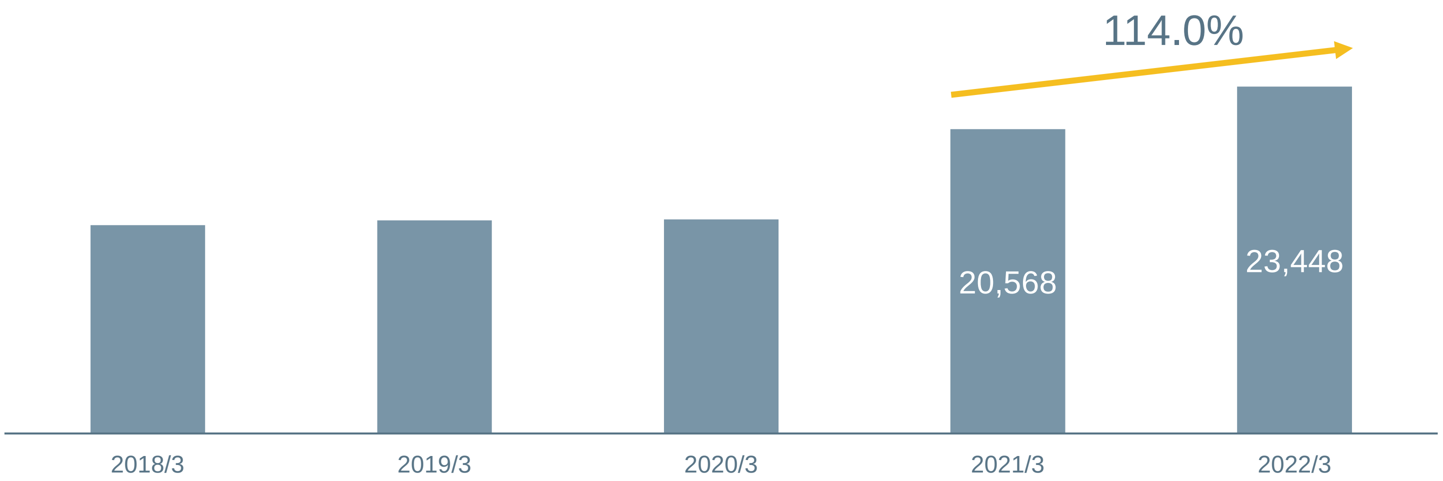
Press release distribution services (Upper: Number distributed / Lower: Number of corporate users)

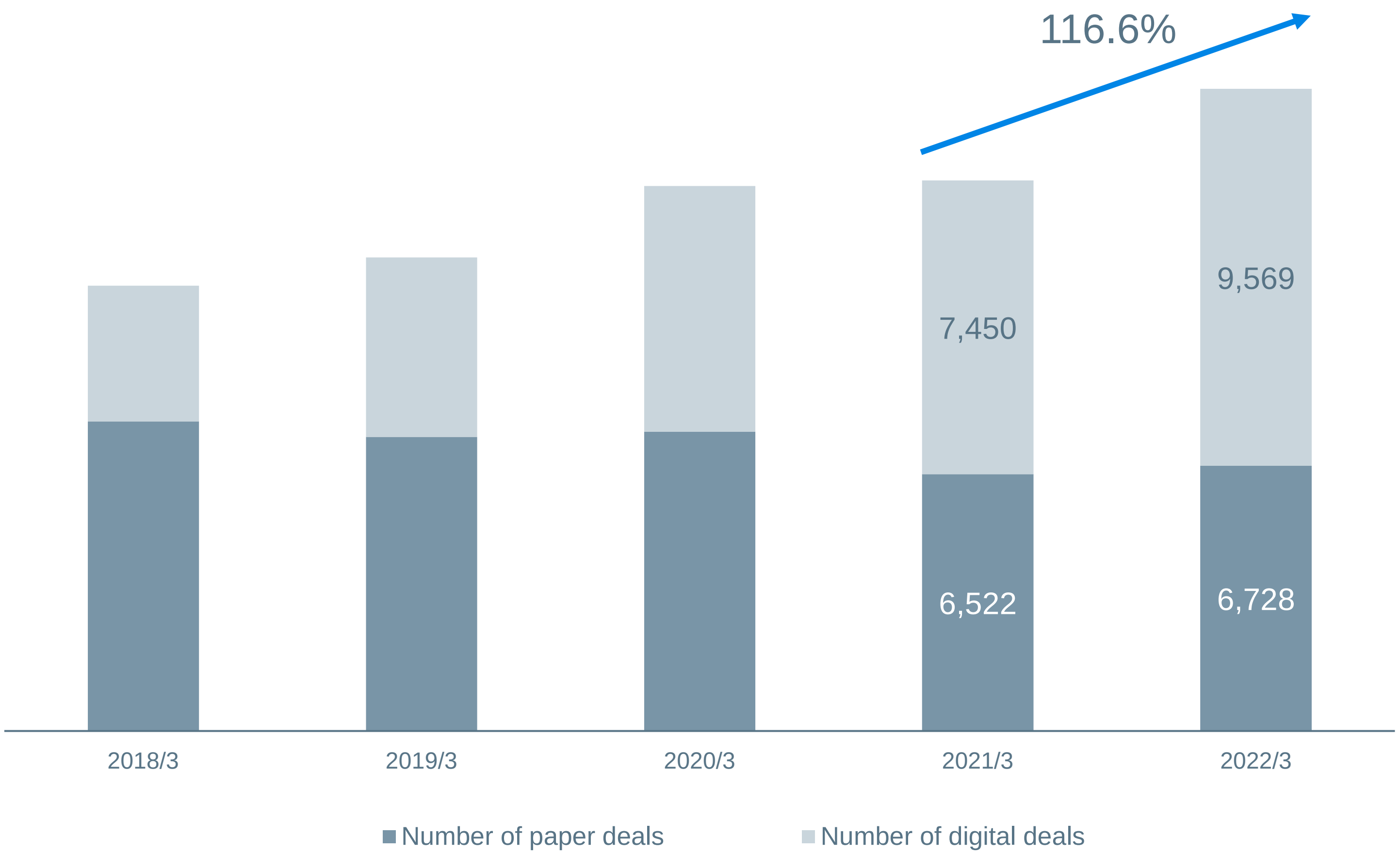




Steady growth despite the weak economic activities, due to the continual effect of sales focus in the previous year and the distribution needs after the lifting of the state of emergency declaration

Digital PR business (KPI)

Clipping services (number of deals)



While the number of paper deals remained flat (103.1%), the number of customer checking services (digital deals) expanded 128.4% YoY

Shared Office Business

Shared Office Business Highlights

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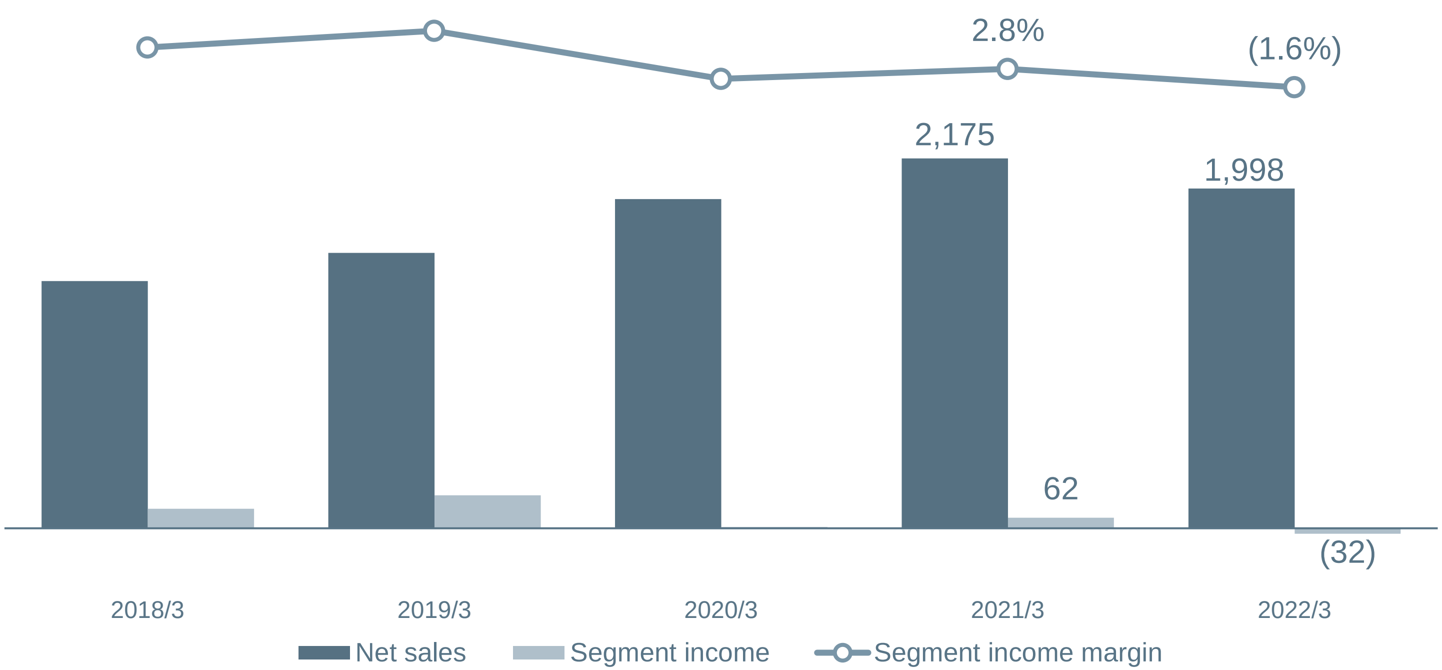
Results (Full Year)

Net sales	¥1,998 million [91.8% YoY]
Segment income	(¥32 million) [¥62 million in the previous year]
Segment income margin	(1.6%) [2.8 points in the previous year]

performance trend



Net sales decreased due to the impact of the COVID-19 pandemic and the downsizing of overseas bases from the previous fiscal year
Segment income landed in the red, significantly impacted by expenses associated with the opening of new bases

Shared Office Business (Quarterly Trend)

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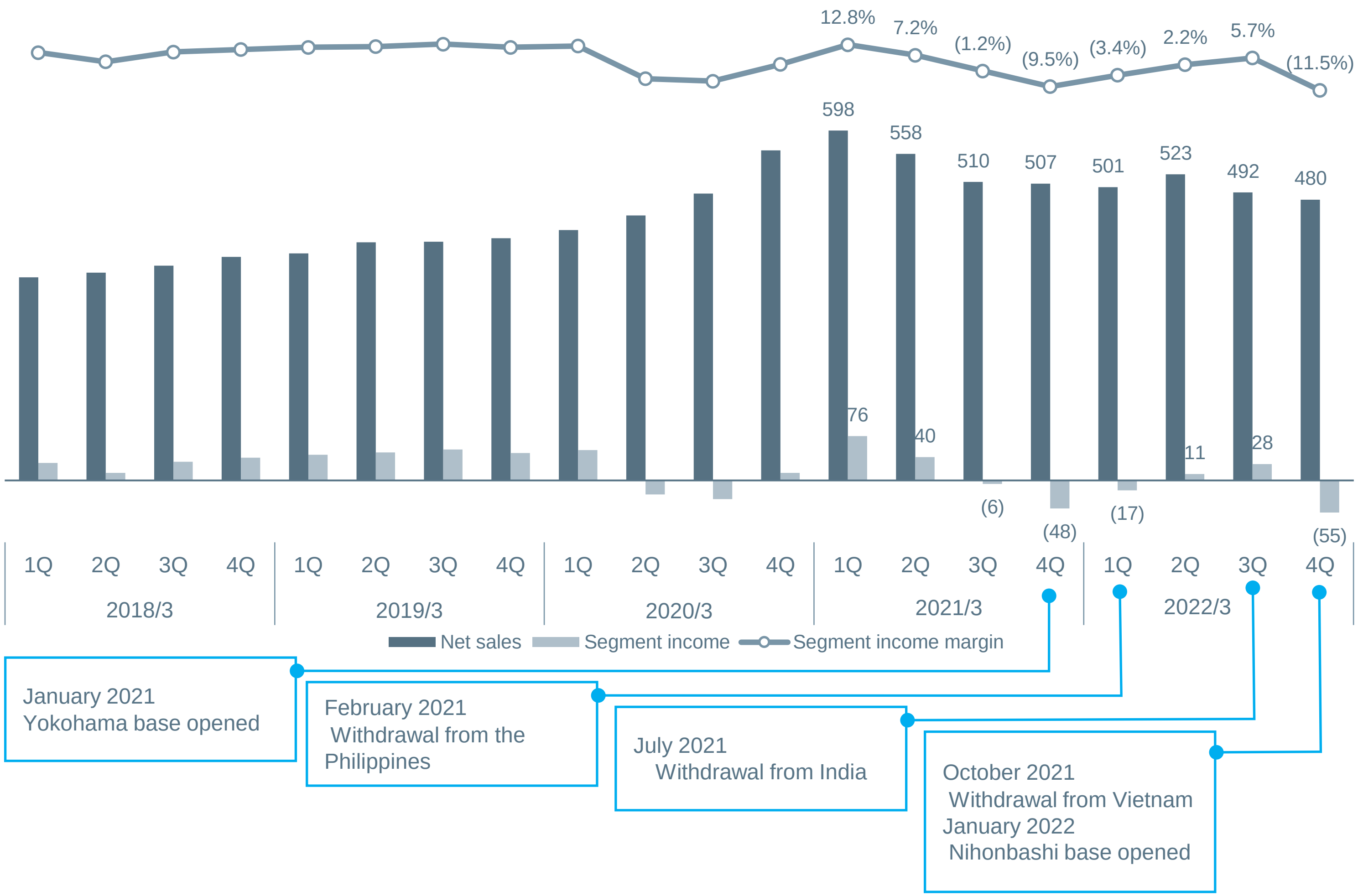
Net sales/segment income/segment income margin (million yen)

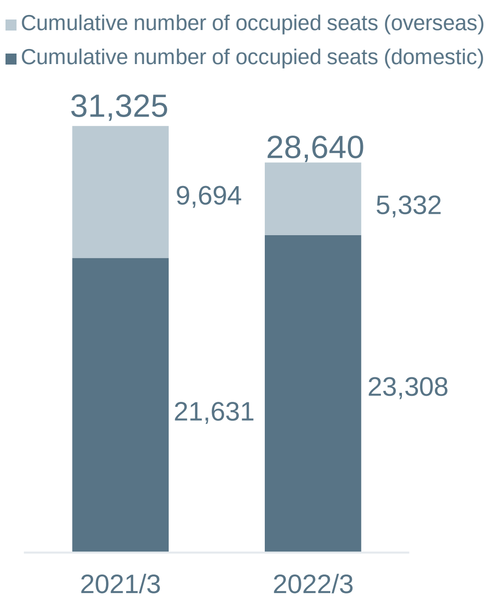


Net sales decreased QoQ due to the reorganization of overseas bases
Segment income recovered steadily as a result of the reorganization but landed in the red due to an increase in expenses associated with the opening of new domestic bases

KPI (full year)

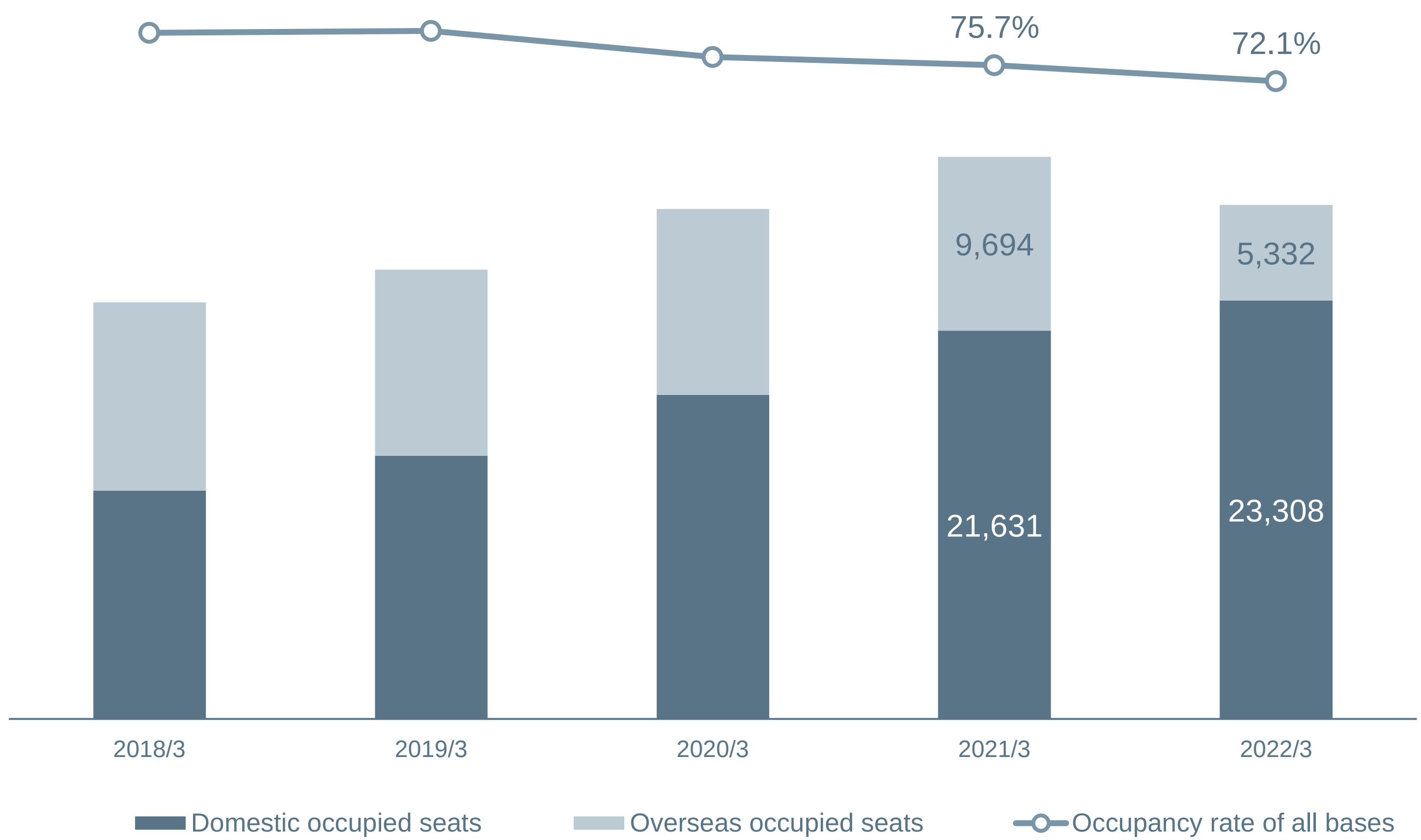
Cumulative number of occupied seats (domestic)	23,308	[107.7% YoY]
Cumulative number of occupied seats (overseas)	5,332	[55.0% YoY]
Cumulative number of occupied seats (total)	28,640	[91.4% YoY]

Cumulative number of occupied seats (total)



Increased in Japan due to the effect of opening new bases (while price negotiations associated with customers' office reorganization activities will continue)
Steady progress in withdrawals/downsizing overseas

Cumulative number of occupied seats / Occupancy rate



Occupied seats increased in Japan due to the opening of new bases, while overseas bases are steadily downsizing through reorganizations
The occupancy rate declined due to an increase in seats as a result of the opening of new bases.

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Consolidated Financial Statement

Consolidated Statement of Income for the Fiscal Year Ended March 2022

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	2021/3 Full year (million yen)	2022/3 Full year (million yen)	2022/3 YoY
Net sales	4,566	4,630	101.4%
Gross profit	2,064	2,160	104.6%
EBITDA*1	636	588	92.4%
Operating income (Operating income margin)	125 (2.7%)	164 (3.5%)	130.9% (+0.8 points)
Ordinary income	109	137	125.8%
Profit attributable to owners of the parent*2	(143)	28	-

*1 EBITDA = operating income + depreciation + goodwill amortization (EBITDA has not been reviewed)
*2 Increase in temporal expenses such as income taxes due to recording of expenditures for withdrawal and downsizing in overseas shared office business and application of tax-effect accounting

Consolidated Balance Sheet for the Fiscal Year Ended March 2022

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	End of FY2021/3		2022/3			
	Amount (million yen)	Composition ratio (%)	Amount (million yen)	Composition ratio (%)	Ratio to the end of FY2021/3 (%)	Major factors for change
Current assets	1,577	30.5	1,423	28.6	90.2	• Decrease in cash deposits and accounts receivable
Non-current assets	3,595	69.5	3,554	71.4	98.8	
Total assets	5,172	100.0	4,977	100.0	96.2	
Current liabilities	1,799	34.8	1,779	35.6	98.8	
Non-current liabilities	2,292	44.3	2,133	42.9	93.0	• Decreased due to repayments of long-term borrowings
Total liabilities	4,092	79.1	3,913	78.6	95.6	
Shareholders' equity	1,073	20.8	1,040	20.8	96.8	
[Treasury shares]*	[(45)]	[(0.9)]	[(83)]	[(1.7)]	-	
Non-controlling interests	10	0.2	12	0.3	119.2	
Other	(3)	(0.1)	11	0.2	-	
Total net assets	1,080	20.9	1,064	21.4	98.4	
Total liabilities and net assets	5,172	100.0	4,977	100.0	96.2	

* The amounts of treasury shares are included in the amounts of shareholders' equity

Consolidated Cash Flow Statement for the FY ended March 2022

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	2021/3	2022/3	
	Cumulative total (million yen)	Cumulative total (million yen)	Major factors for change
CF from operating activities	659	557	• Decrease in depreciation • Decrease in impairment loss recorded
CF from investment activities	(817)	(260)	• Decrease in guarantee deposits paid • Decrease in the purchase price for property, plant and equipment
CF from financing activities	164	(353)	• Decrease in the balance of borrowings due to the repayments • Expenditure due to acquisition of treasury shares
Cash & cash equivalents at the end of the FY	942	898	

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Dividends

We landed in the black for the fiscal year ended March 2022 after a year and a half of the reorganization in the shared office business and productivity improvements in the digital PR business.
However, we regret to inform you that we have decided to forego the dividends because the level of net income is still low, and at this point, we have decided to give priority to retained earnings and make appropriate investments to increase added value under the new management policy.

We appreciate your understanding as we strive for business growth.

Forecast for the Fiscal Year Ending March 2023

Management Policy for the FY Ending March 2023

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【Premise】

The global COVID-19 pandemic, including mutant strains, has irreversibly changed values in consumer activities

⇒ Paradigm shift in the digital PR and shared office industries

⇒Essential to promote product-market fit (PMF)

[Management policy]

◆ **Establishment of new management structure**

Change of president and renewal of corporate vision and management policy

New corporate vision: **Make the company attractive and bring everyone into the spotlight**

New management policy: **Increase the corporate value through the pursuit of added value**

◆ **Positioned as the first year of the Medium-Term Management Plan**

Formulate a Medium-Term Management Plan in line with the new corporate vision and management policy for the three years through the fiscal year ending March 31, 2025. We consider the fiscal year ending March 31, 2023 to be **a run-up period for medium-term product value enhancement**, and estimated top-line growth conservatively while factoring in cost increases in line with the new management policy.

<Digital PR>

Certain increase of cost for measures to improve product value

<Shared office>

Upfront costs for 2 new bases (Nihonbashi, Fukuoka)

Earnings Forecast for the FY Ending March 2023

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Earnings forecast

	2022/3 Full year (million yen)	2023/3 Full year (million yen)	2023/3 YoY
Net sales	4,630	5,000	107.9%
Operating income	164	(155)	-
Ordinary income	137	(170)	-
Net income	30	(180)	-

Profit attributable to owners of the parent

Segment breakdown

		2022/3 Full year (million yen)	2023/3 Full year (million yen)	2023/3 YoY
Net sales	Digital PR	2,632	2,770	105.2%
	Shared office	1,998	2,230	111.6%
Segment income	Digital PR	593	505	85.0%
	Shared office	(32)	(225)	-
	Others	(397)	(435)	-

Growth Image of Business Performance in the Medium-Term Management Plan

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We consider the fiscal year ending March 2023 to be a run-up period for mid-term product value enhancement. Despite the prospect of short-term deterioration, we aim to achieve record-high profits in the period.

	2022/3 (million yen)	2023/3 (million yen)	2024/3 (million yen)	2025/3 (million yen)
Sales	4,630	5,000	5,400	6,000
Operating income	164	(155)	400	650
Operating income margin	3.5%	(3.1%)	7.4%	10.8%
Net income*	28	(180)	280	460
ROE	2.6%	(18.6%)	27.7%	32.7%

*Profit attributable to owners of the parent

Dividend Forecast for the FY Ending March 2023

Dividends

There is no change in our dividend policy, which is to contribute sustainable dividends with a target payout ratio of 30%.

However, we regret to inform you that we will forgo the dividends for the current fiscal year to concentrate our management resources on improving the added value of each product in response to changes in the market under the new normal, hoping to realize sustainable profit growth from the next fiscal year onward under the new management policy.

We are deeply sorry for our shareholders, but we will seize the opportunity of the changing times to promote business growth, and we ask for your understanding.

Make the company attractive and
bring everyone into the spotlight