



itsumo.

D2C • E-COMMERCE MARKETING

Q4 Financial Results Fiscal Year Ended March 2023

May 12, 2023

itsumo.inc | Ticker : 7694

Contents

- 1. Corporate Profile 2
- 2. FY2023 Consolidated Financial Results 3
- 3. FY2024 Guidance 11
- 4. Growth Strategy 17
- 5. Appendix 49

Corporate Profile



Company	itsumo. inc
Founded	February 14, 2007
Location	1-12-1 Yurakucho Chiyoda-ku Tokyo, JAPAN
Capital	742.009 million yen
Employee (Consolidated)	273 (Mar. 31, 2023) <small>Note</small>
Operation	Comprehensive E-Commerce support for domestic manufactures. Producing original brand products and its sales over the Net (D2C). Live Commerce platform operation.
Subsidiary	BLAN, itsumo commerce, itsumo capital, limited liability company Peace you

Note: The number of employees means consolidated one and it excludes part - timers



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FY2023 Consolidated Financial Results

FY2023 Performance Highlights

Upside

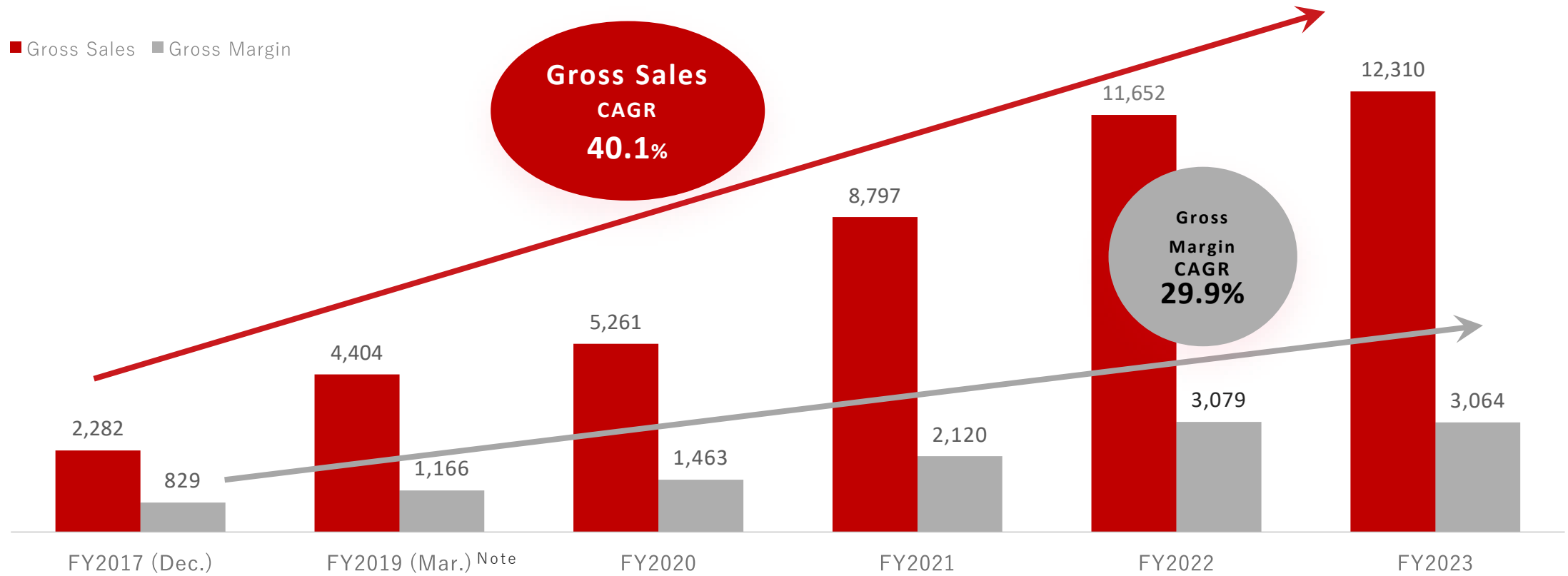
- Operating income and ordinary income exceeded the initial forecasts (announced in May 2022).
- Steady growth in EC Marketing Services with its sales of 2.7 billion (+23.8% YoY).
- BLAN, the largest Brand Value-Up business grew steadily.
- New entry into the live commerce platform business with the joining of Peace you.

Downside

- Impairment losses were recorded in Q2 for small brands in the Brand Value-Up business, which fell short of initial expectations. No M&A results were recorded due in part to a review of acquisition conditions for small brands.
→ Continue to aggressively pursue M&A opportunities
- For the HANRO Act over EC Operations, we set exit conditions and restructured some of the brands we deal with.

Change in Gross Sales and Gross Margin

Steady growth in gross sales at a CAGR of 40.1% over the past 5 years



Note. Due to the change in the fiscal year end, the fiscal year ending March 2019 will be the 15 months from January 2018 to March 2019.

FY2023 Consolidated Financial Results

Due partly to an increase in growth strategy costs, sales increased, and income decreased as planned at the beginning of the fiscal year.

In Millions of Yen	FY2022 (Apr.-Mar.)	FY2023 (Apr.-Mar.)	Change FY2022 vs. FY2023	Change (%) FY2022 vs. FY2023
Gross Sales	11,652	12,310	+ 657	+ 5.6 %
Gross Margin	3,079	3,064	△15	△0.5 %
SG&A	2,474	2,749	+ 274	+ 11.1 %
Operating Income	604	314	△290	△48.0 %
Ordinary Income	583	293	△290	△49.7 %
Adjusted EBITDA <small>Note 1</small>	787	506	△281	△35.8 %
Net income attributable to the parent company	361	△219	△580	—

Note 1. Adjusted EBITDA = Operating Income + Depreciation + Goodwill amortization + Stock-based compensation expenses + Acquisition fees.
Adjusted EBITDA is not subject to auditing firm,

Balance Sheet

Inventories increased due to higher sales of EC Marketplace Service.

In Millions of Yen	FY2022	FY2023	Change
Cash and Cash Equivalents	4,122	2,698	△1,423
Account Receivable	872	944	+72
Inventory <small>Note 1</small>	861	1,695	+834
Account Receivable	6,060	5,556	△503
Fixed Asset	866	1,041	+175
Total Asset	6,926	6,598	△328
Total Current Liabilities	2,583	2,828	+244
Total Fixed Asset	1,935	1,570	△364
Total Liabilities and Net Assets	2,407	2,198	△209

Note 1. Inventories are stated as the sum of "Merchandise," "Work in process," and "Stored items/Supplies" in the consolidated balance sheets.

Cash Flow

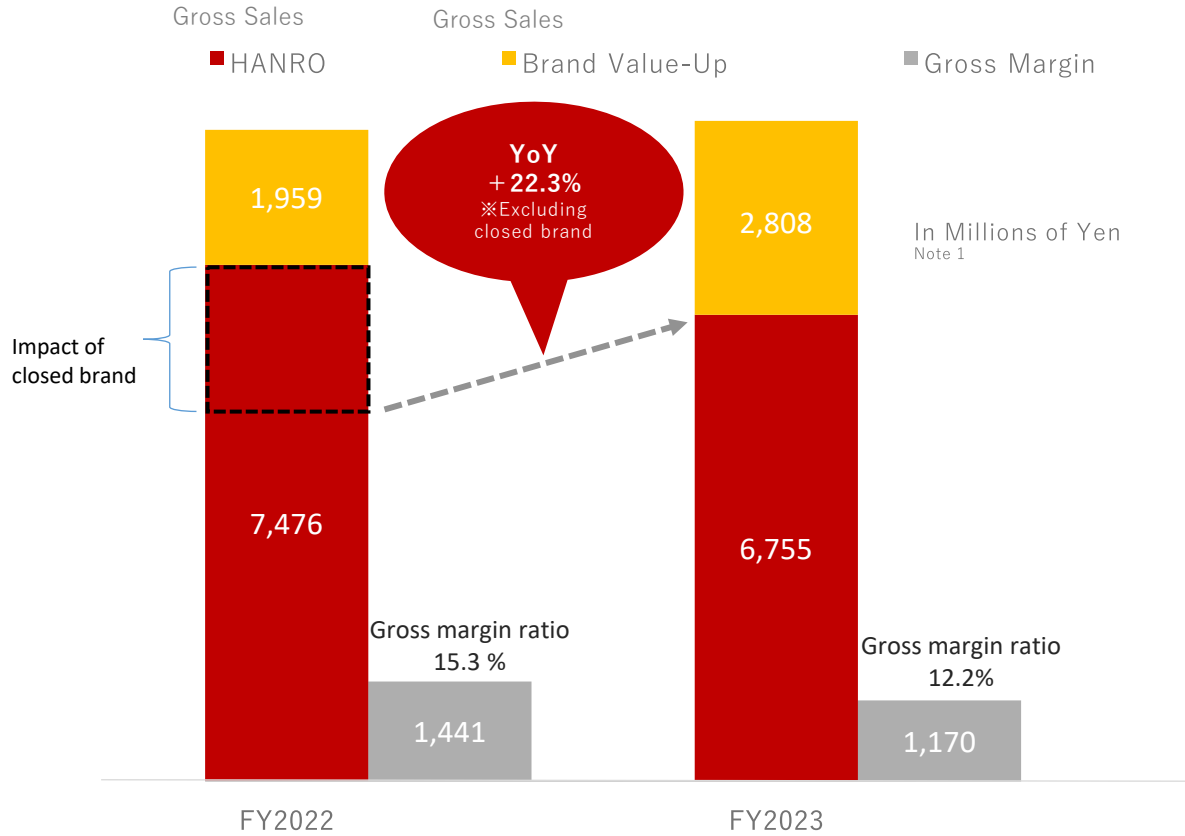
Decrease in operating cash flow due to increase in inventories.

Decrease in cash flow by investment and financing activities due to M&A investments and loan repayment.

In Millions of Yen	FY2022	FY2023
Cash and cash equivalents at beginning of year	2,757	4,122
Cash flow from operating activities	399	△344
Cash flows from investment activities	△925	△650
Cash flow from financial activities	1,890	△429
Change in cash and cash equivalents	1,364	△1,423
Cash and cash equivalents at end of year	4,122	2,698

Highlights

Steady growth of existing brands and increased contribution from Brand Value-Up businesses resulted in its sales of about 9.5 billion and YoY growth of 1.4%.



✓ HANRO Act over EC Operations | Official Brand Site

- Excluding the impact of brands that left the company in the previous fiscal year, sales grew 22.3% YoY, and the existing brands grew steadily.
- Liquidated some small unprofitable brands

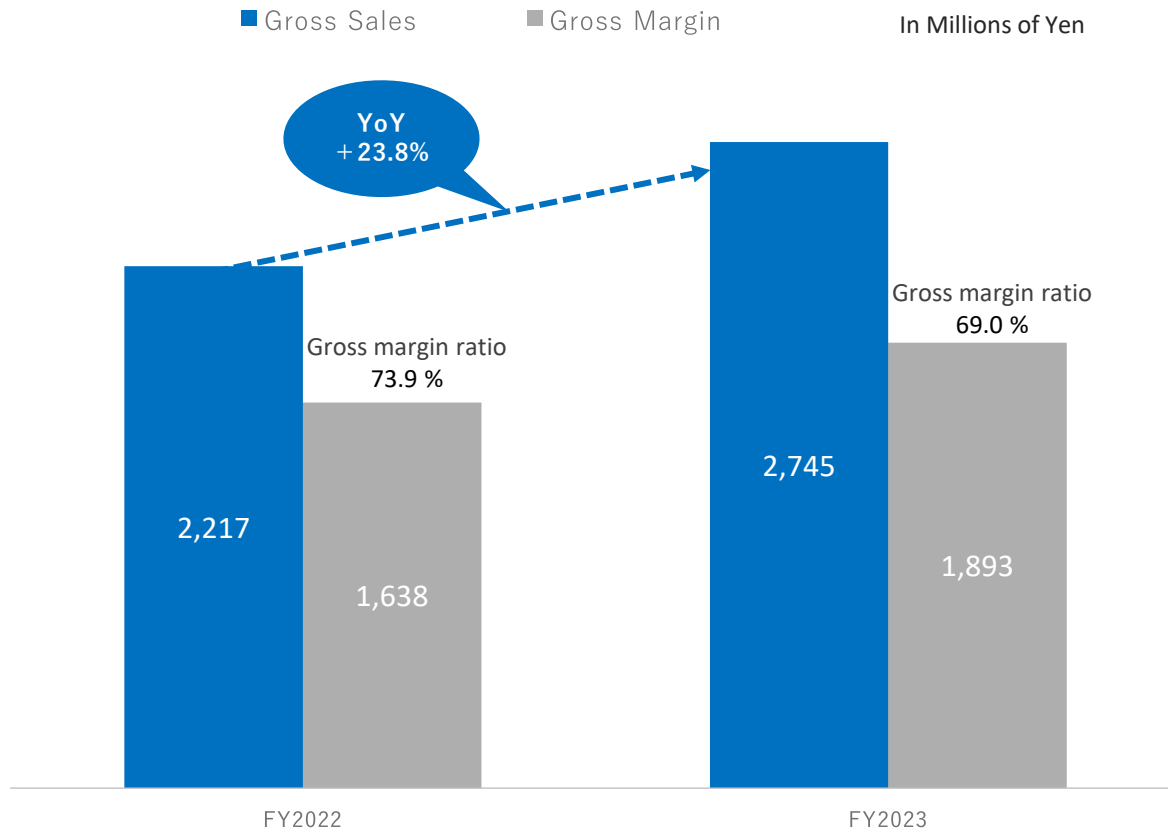
✓ Brand Value-Up | Acquisition/Development of In-House Brand

- Since its initiation of business in Q3 2022, it keeps on contributing to earnings throughout the year. In this quarter, it increased 43.3% YoY.
- Snow wear, BLAN's core product, performed well in the 2H.
- Gross profit margin declined due to cost increases caused by yen depreciation and other factors
- Acquisition of exclusive overseas sales rights KohGenDo, a prestigious domestic cosmetic firm.
- No new brands acquired through M&A during the period due to focus on existing brands and review of acquisition terms

Note 1. Figures for gross sales and gross margin by service are not subject to review by the auditors.

Highlights

Steady growth in recurring revenue contracts, with its sales of approximately 2.7 billion, up 23.8% YoY, and its gross profit of approximately 1.9 billion, up 15.6% YoY, compared to the same period last year.



- Recurring revenue contracts steadily increased due to the continued higher motivation of companies to invest in EC, and revenue increased.
- Increase in AUP by service contributed to the increase.
- While the number of projects increased as a result of strengthening the workforce, and revenue from recurring revenue contracts increased, the profit margin temporarily declined during the period due to an increase in labor charges, such as for training.

Note 1. Figures for gross sales and gross margin by service are not subject to review by the auditors.



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FY2024 Guidance

FY2024 Guidance

Gross sales increased 15% YoY to approx. 14.2 billion yen, and operating income increased 30% YoY to approx. 400 million yen.
Continue to invest aggressively to increase gross sales, gross margin, and adjusted EBITDA.

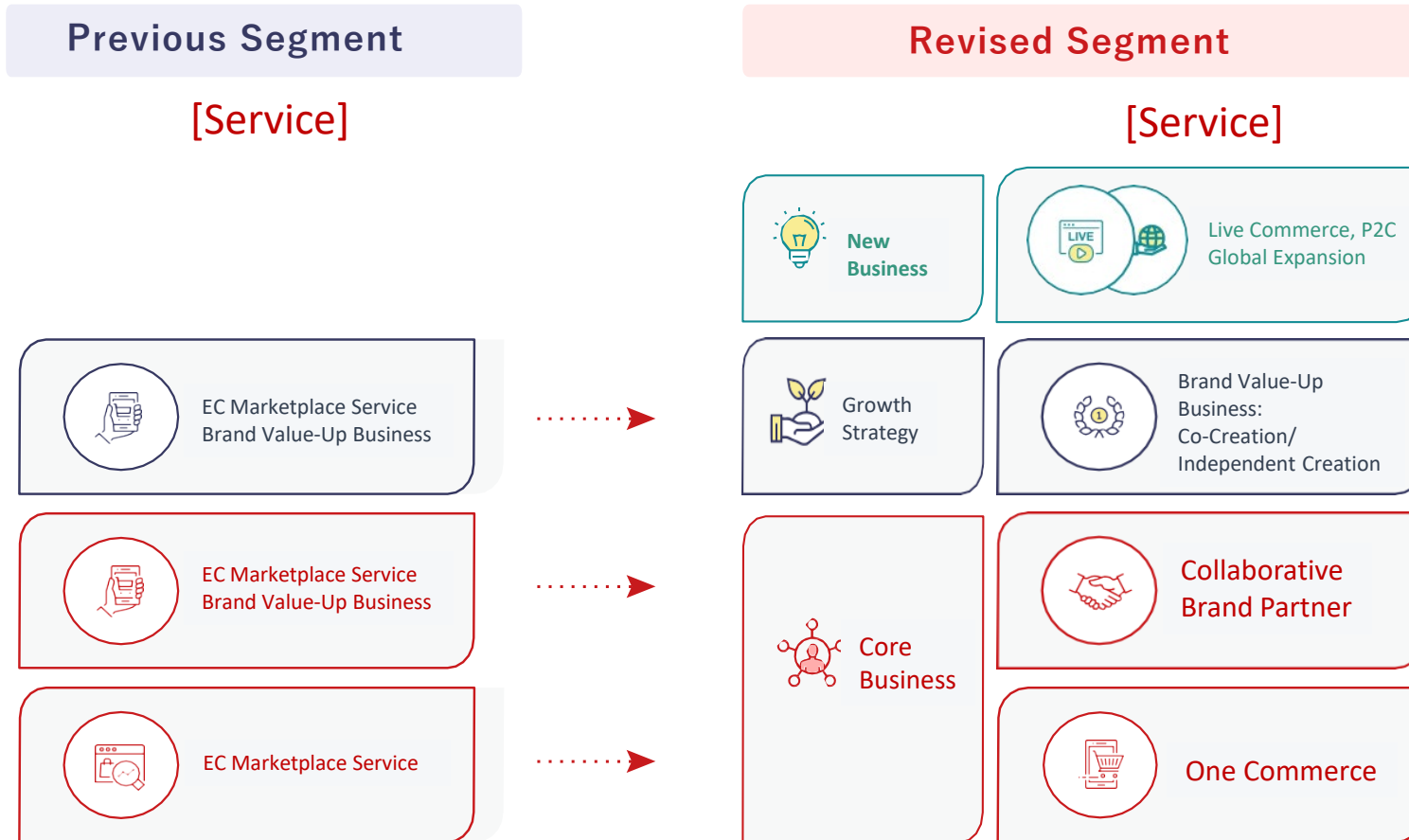
(In Millions of Yen)	FY2023 Actual ① <small>Note2.</small>	FY2024 Guidance ②	Change ③=②-①	YoY (%) ③/①
Gross Sales	12,310	14,209	1,899	+15.4%
Gross Margin	2,837	3,566	729	+25.7%
SG&A	2,523	3,157	633	+25.1%
Operating Income	314	409	95	+30.3%
Ordinary Income	293	359	65	+22.4%
Net income attributable to the parent company	△219	249	469	—
Adjusted EBITDA <small>Note1.</small>	506	533	27	+5.4%
Net Income Per Share (JPY)	△38.20	43.00		

Note 1. Adjusted EBITDA = Operating Income + Depreciation + Goodwill amortization + Stock-based compensation expenses + Acquisition fees. Adjusted EBITDA is not subject to auditing firm

Note 2. Cost categories have been revised from the fiscal year ending March 31, 2024, and the results for the fiscal year ended March 31, 2023 have been reclassified to reflect the new cost categories.

Change of Service Segment

For realizing our growth strategy, change business and service categories from fiscal year ending March 31, 2024.



FY2024 Guidance by Service

All services plan to grow sales by 10% or more year over year.

(In Millions of Yen)	FY2023 Actual ①	FY2024 Guidance ②	Change ③=②-①	YoY (%) ③/①
【Gross Sales】				
One Commerce	2,745	3,168	422	+15.4%
Collaborative Brand Partner	6,740	7,472	732	+10.9%
Brand Value-Up Business Co-Creation/Independent Creation	2,786	3,242	456	+16.4 %
Live Commerce/P2C/ Global Expansion	37	325	287	+765.3%
【Gross Margin】^{Note}				
One Commerce	1,159	1,266	107	+9.3%
Collaborative Brand Partner	1,286	1,381	94	+7.4%
Brand Value-Up Business Co-Creation/Independent Creation	369	682	313	+85.0 %
Live Commerce/P2C/ Global Expansion	22	235	212	+930.8 %

Note. Cost categories have been revised from the fiscal year ending March 31, 2024, and the results for the fiscal year ended March 31, 2023 have been reclassified to reflect the new cost categories.

FY2024 Guidance

As in past years, gross sales and operating income are expected to be concentrated in the 2H, when e-commerce sales for B2C will increase.

In the 1H, operating income will be negative due to new investments, but significantly improved compared to the same period last year (Operating income for the 1H FY2023: minus 112 million yen).

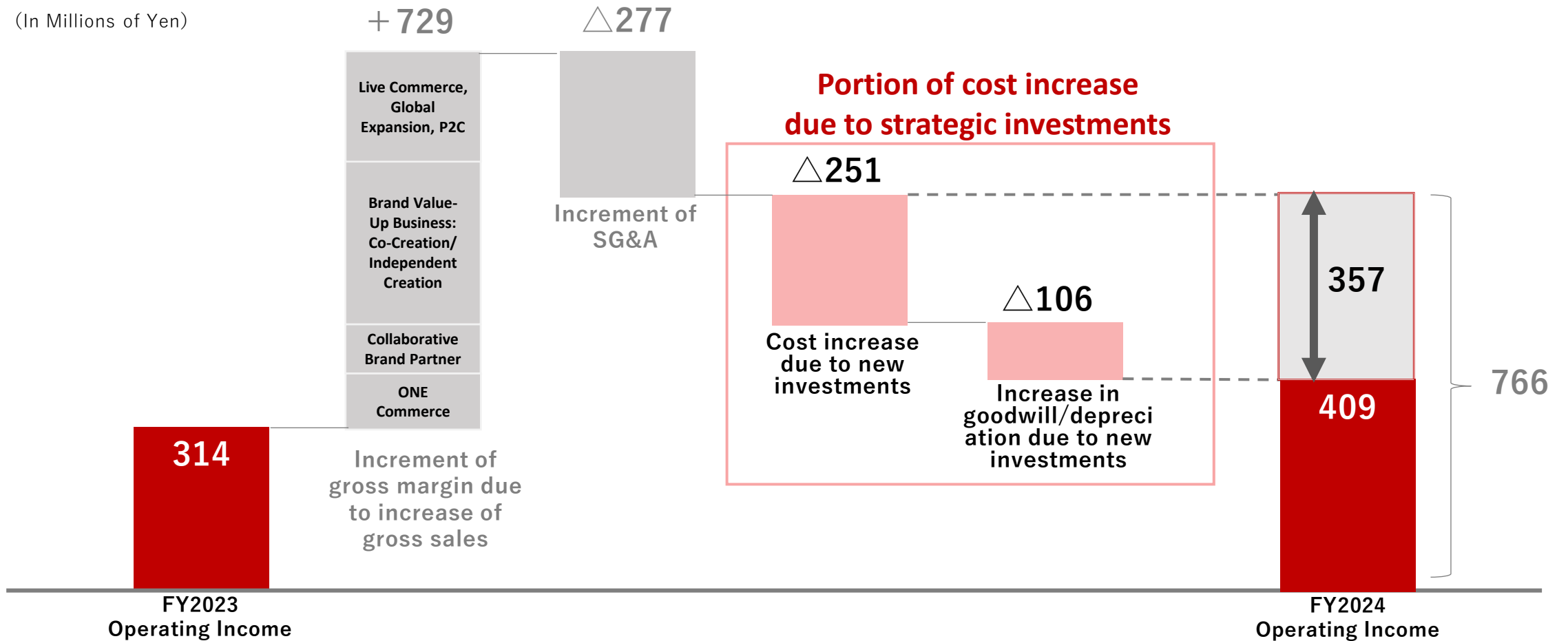
(In Millions of Yen)	FY2024 1H Guidance ①	FY2024 2H Guidance ②	FY2024 Guidance ① + ②
Gross Sales	6,395	7,814	14,209
Gross Margin ^{Note1.}	1,495	2,071	3,566
SG&A ^{Note1.}	1,540	1,616	3,157
Operating Income	△45	454	409
Ordinary Income	△70	429	359
Net income attributable to the parent company	△48	298	249

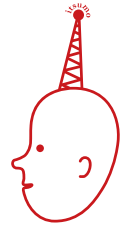
Note 1. From the fiscal year ending March 31, 2024, the classification of prime cost and SG&A expenses will be revised, and those of reclassified expenses will be presented in accordance with the new classification.

FY2024 Guidance

Our earning power is steadily growing, as we expect operating income to more than double from the previous year, considering the increased costs associated with our aggressive investment strategy.

(In Millions of Yen)





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Growth Strategy

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. 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.

Growth Strategy: Challenge to itsumo. 5 x Project

The medium-term management plan, "itsumo.5x," aims for five-fold growth over five years starting in 2022, and FY2024 is positioned as the 2nd year of expansion and further strategic investments will be exercised.



New Business

Growth As A Platformer

- ✓ EC Platform Business

Maximize the experience and "power of selling" cultivated in the core business to date and develop a new next-generation model.

FY2022

0 bill.

Goal in 3 Years

2.5 bill.



Growth Business

Growth As a D2C Brand Manufacturer

- ✓ Brand Value-Up Business: Co-Creation/Independ Creation

Accelerate the M&A business that began in FY2022 to expand the number of brands and strengthen functions of manufacturer at the same time.

FY2022

1.9 bill.

Goal in 3 Years

10 bill.*

* Of this amount, approximately 60% will be generated from new M&A.



Core Business

Growing As An EC Partner

- ✓ Collaborative Brand Partner
- ✓ One Commerce

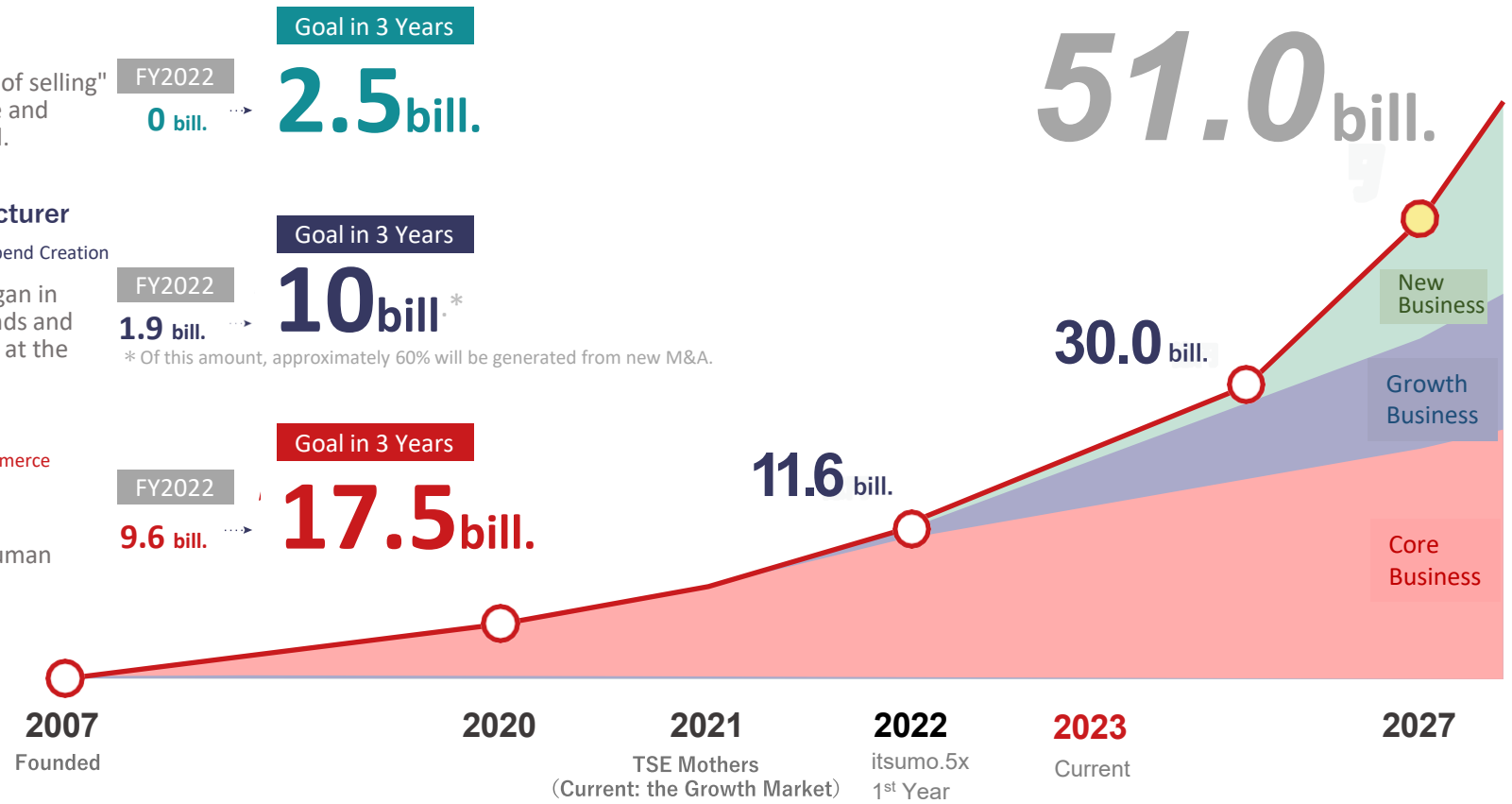
Achieve high growth and continuous profitability. Stable growth of core businesses based on investment in human resources.

FY2022

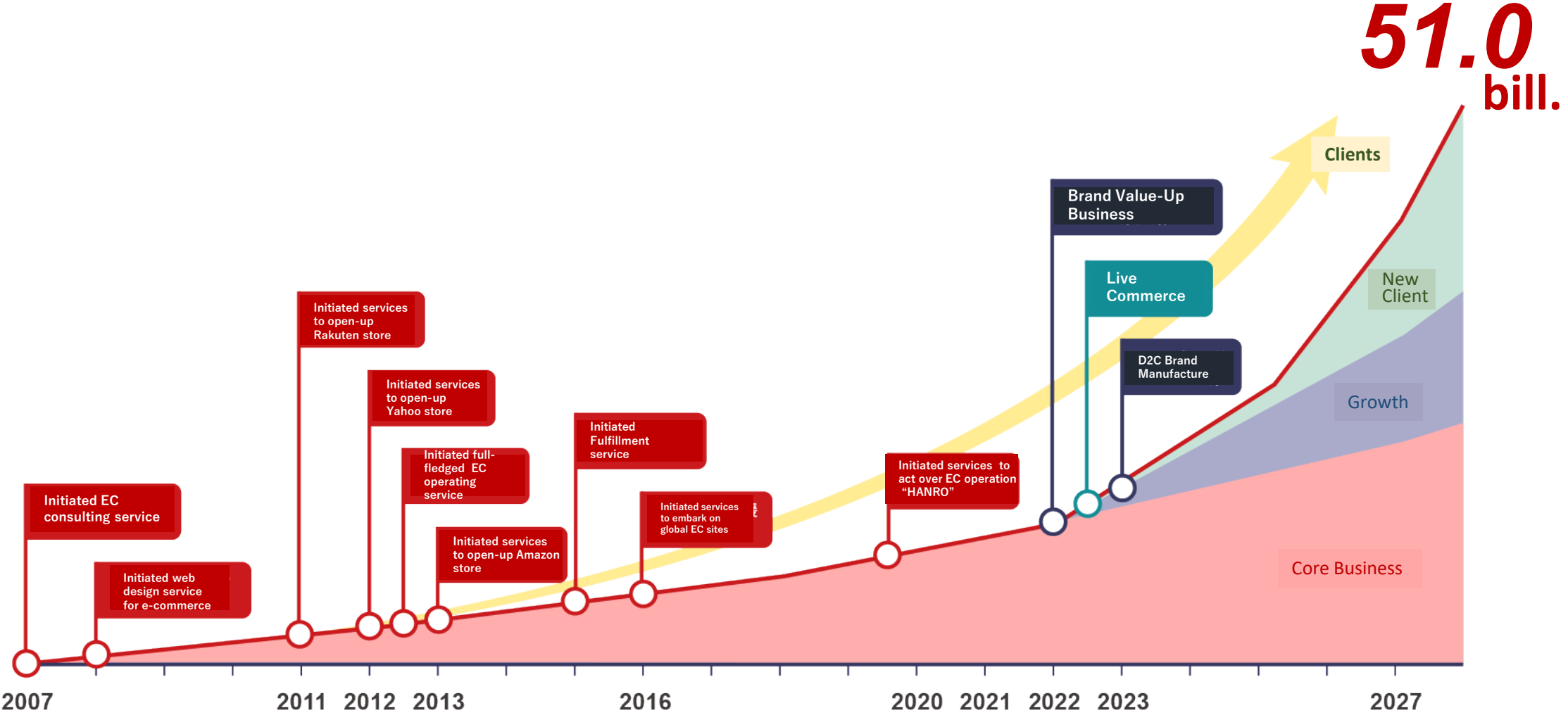
9.6 bill.

Goal in 3 Years

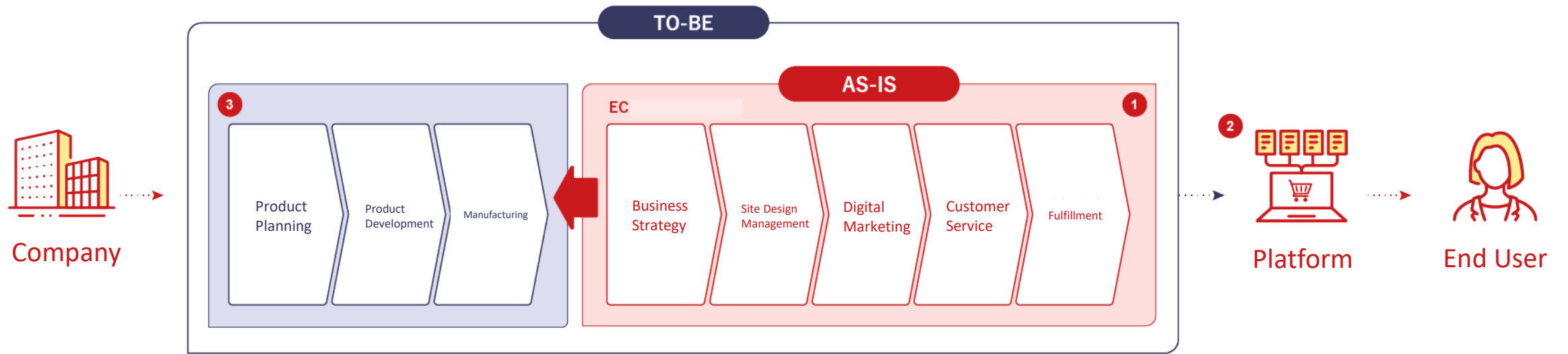
17.5 bill.



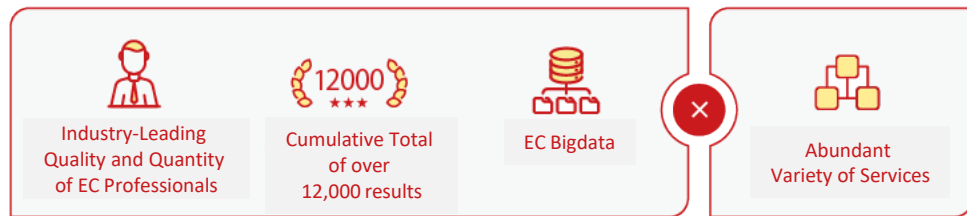
History of Our Business



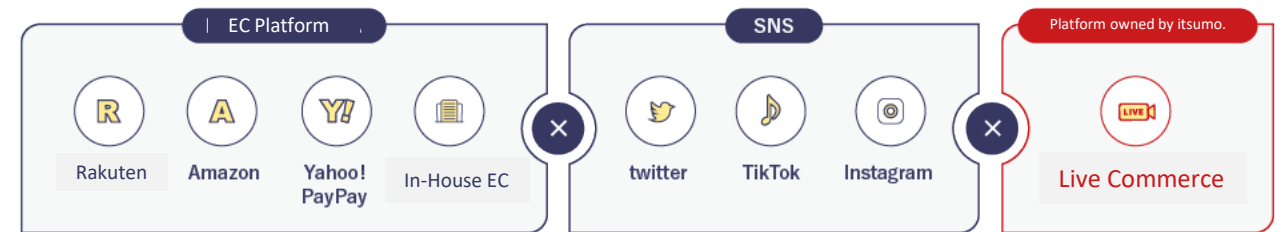
Expanding Business Model



1 Successful Total Ecommerce Business Support



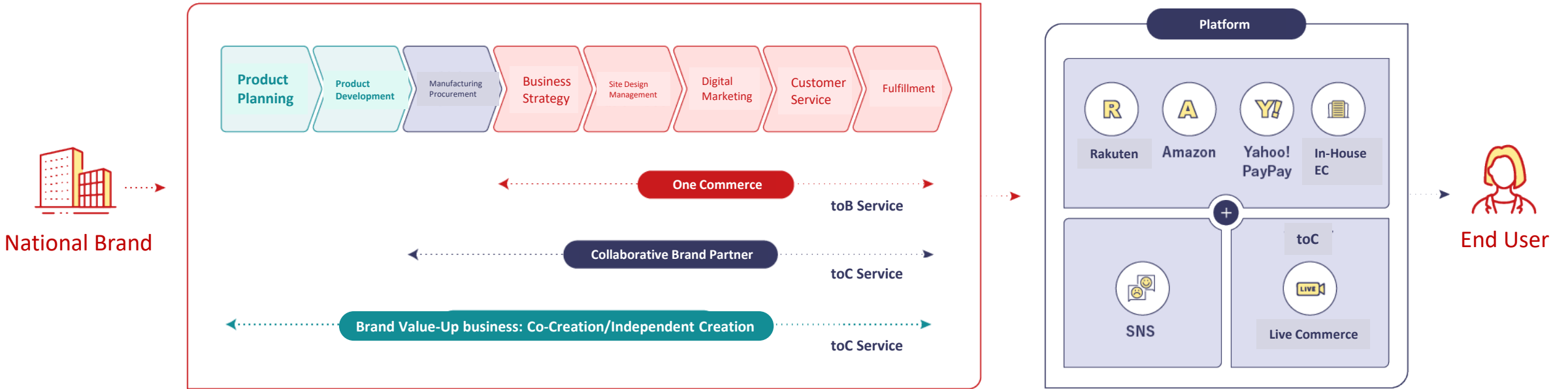
2 Cross-Channel Support



3 Product Planning and Manufacturing Support



Service Model



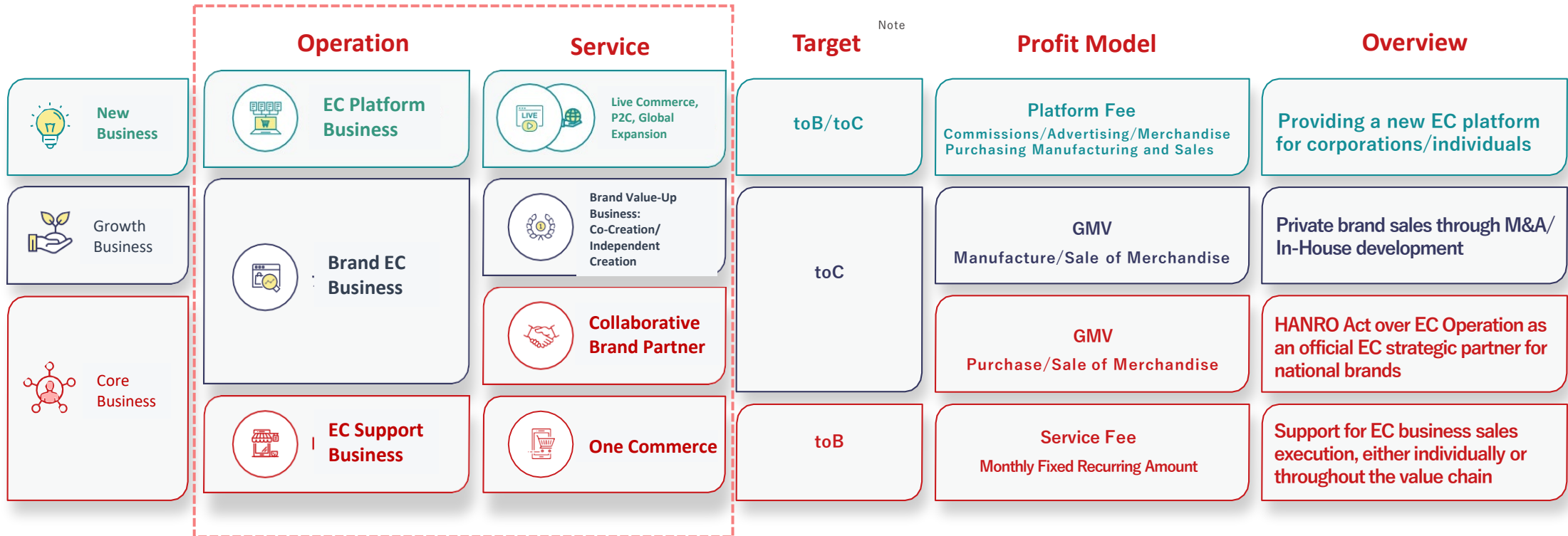
Accumulated Deals:  Over 12,000



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Service Segment View

Change business and service categories from FY2024 to realize our growth strategy

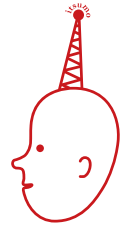


Note: toB: to Business (business with corporate customers) / toC: to Customer (business with individual customers)

Current Status of itsumo.5x Project (Mid-Term Plan)

(In Million JPY)	FY2023 Actual	FY2024 Guidance (Announced)	FY2027 Plan
itsumo.5x Project	1 st Year	2 nd Year	5 th Year
Gross Sales Breakdown	123 mill.	142 mill.	510 mill.
One Commerce	27 mill.	31 mill.	50~70 mill.
Collaborative Brand Partner	67 mill.	74 mill.	150~200 mill.
Brand Value-Up Business Co-Creation/Independent Creation	27 mill.	32 mill.	200~250 mill.
Live Commerce/P2C/ Global Expansion	0 mill.	3 mill.	50~80 mill.
Operating Income	3 mill.	4 mill.	44 mill.
Adjusted EBITDA^{Note}	5 mill.	5 mill.	60 mill.
Adjusted EBITDA Ratio	4.1%	3.8%	11.5%

Note: Adjusted EBITDA = Operating Income + Depreciation + Goodwill amortization + Stock-based compensation expenses + Acquisition fees. Adjusted EBITDA is not subject to auditing firm



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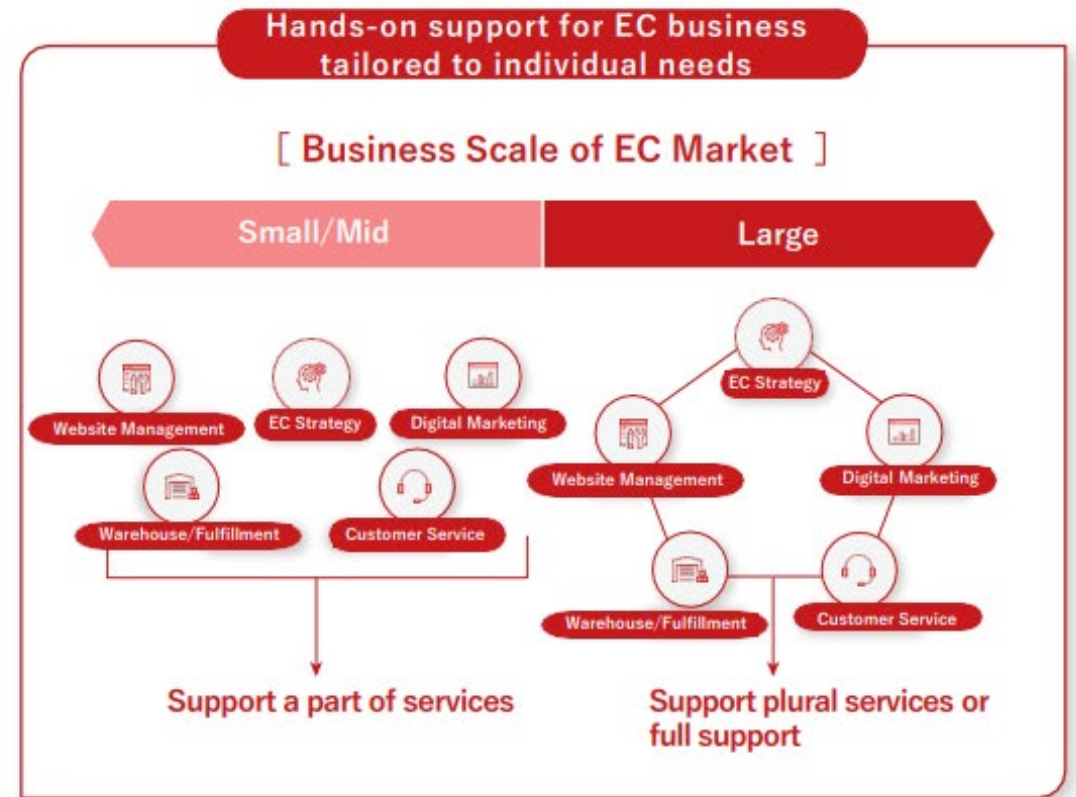
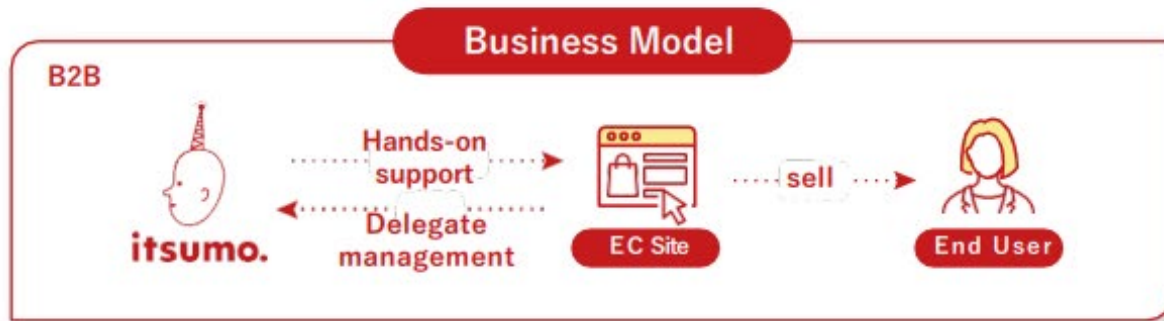
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One Commerce

Business Model: One Commerce

One Commerce Service

Provide makers with EC value chain service in a full-fledged manner or a la carte

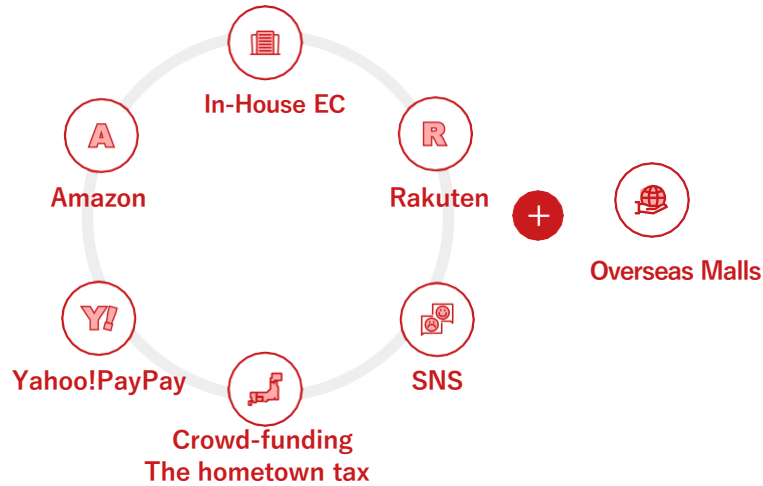


Importance of Cross-Platform Development

Although cross-platform development is important for e-commerce retailers due to consumer purchasing characteristics and market size, however, each platform has different targets and marketing methods, it makes thing highly complexed.

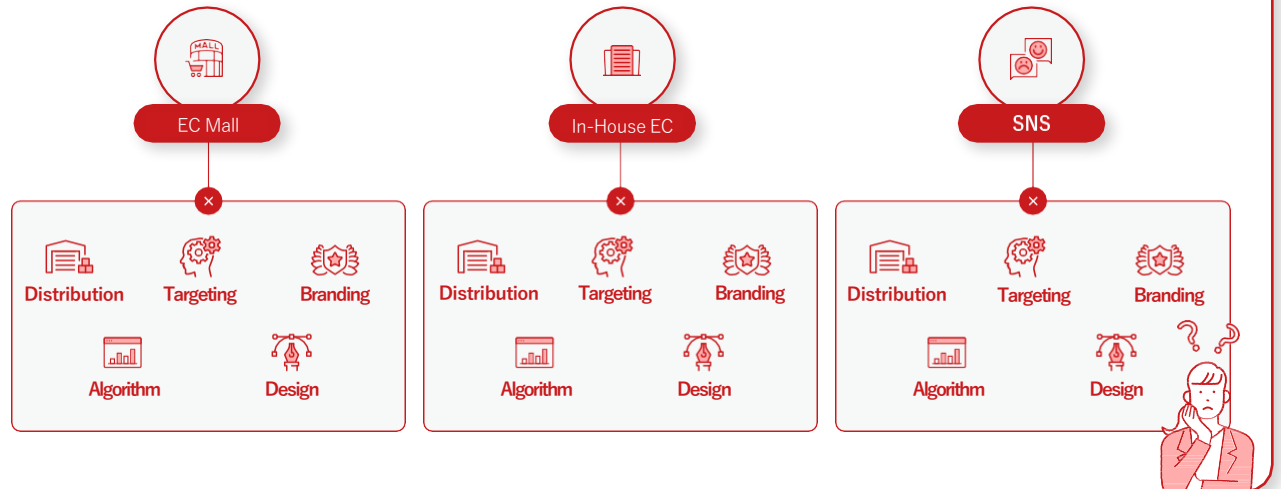
Necessity of Cross-Platform Development

Consumers gather information and purchase over multiple platforms. Each channel has its own market. Therefore, brands can increase its revenues by developing multiple e-commerce platforms.



Complexity of Cross-Platform Deployment

Due to the different market practices and marketing methods of e-commerce platforms such as company websites, e-commerce malls, and social networking services, e-commerce strategies must be implemented in accordance with each of them. However, it is not easy for EC retailers to independently adapt to rapidly changing consumer behavior and new marketing methods.

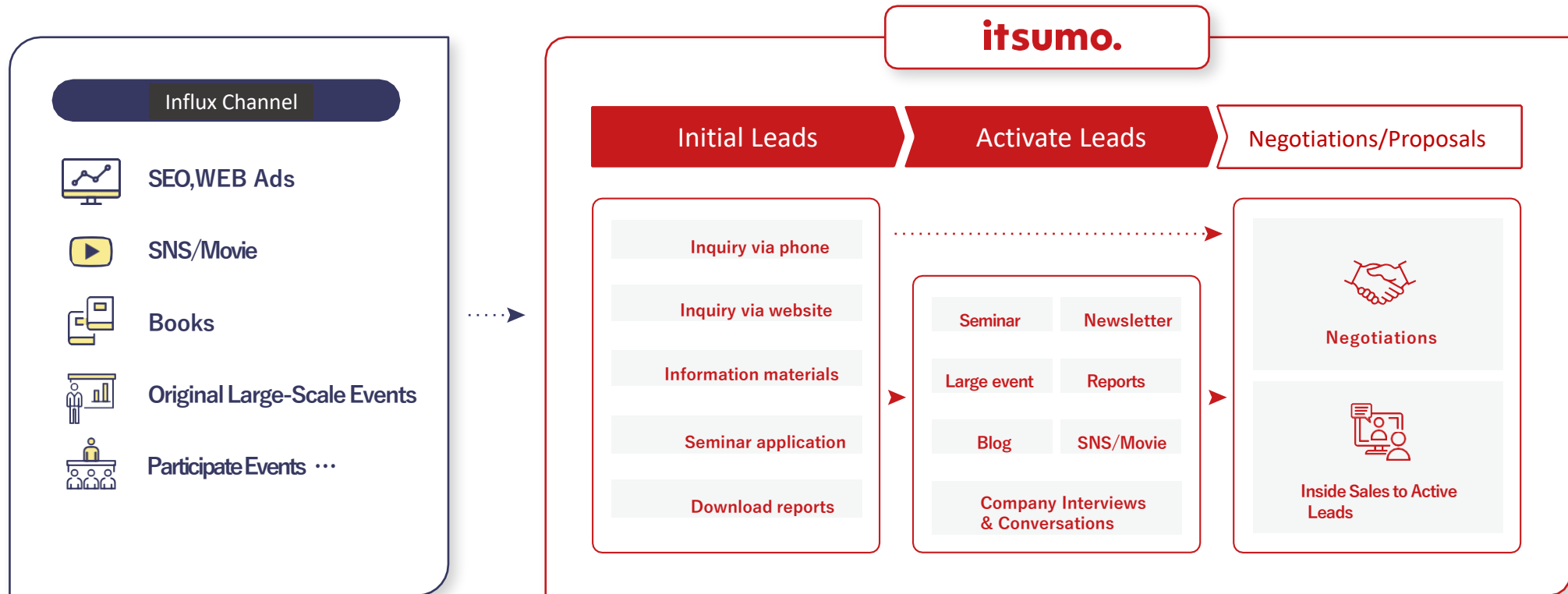


itsumo. Marketing Chain Solves This Challenge

Efforts to Increase the Number of Customers

For customers who have come in through various channels, take a tailored approach to generate business negotiations.

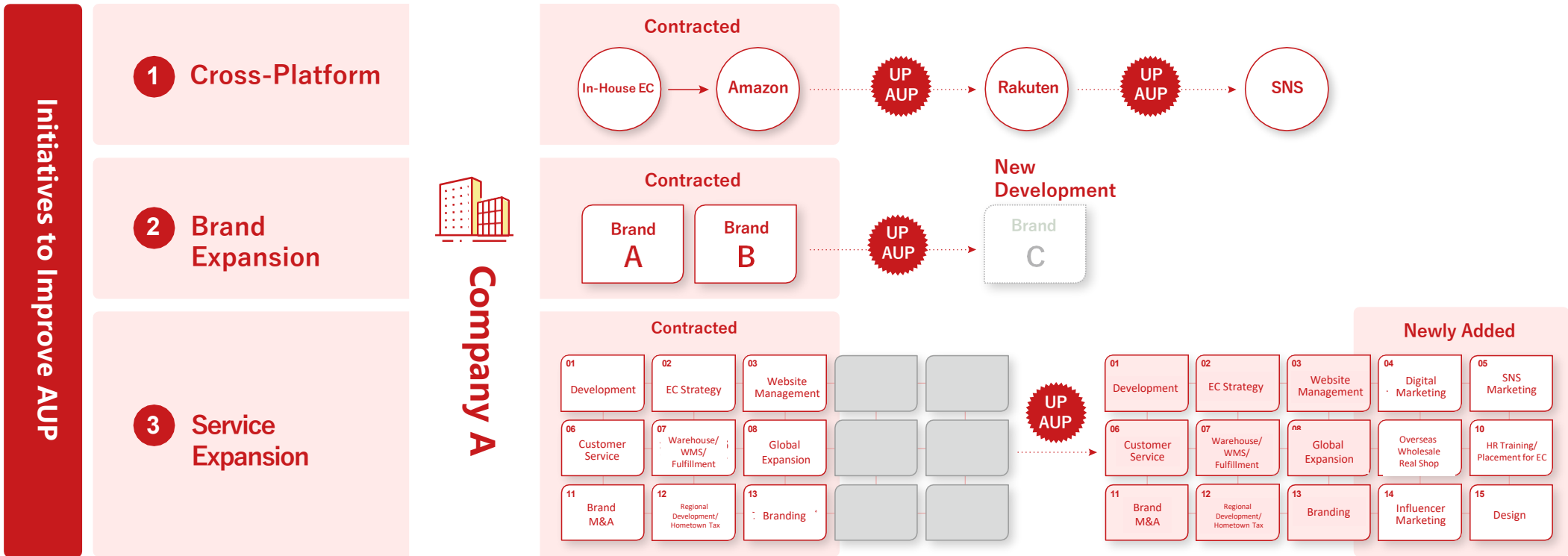
$$\begin{array}{c}
 \text{# of Clients} \times \text{AUP} \times \text{Retention ratio} = \text{Recurring revenue}
 \end{array}$$



Efforts to Improve AUP

Cross-selling and improving AUP by proposing and expanding services that match cross-platform development for all product categories

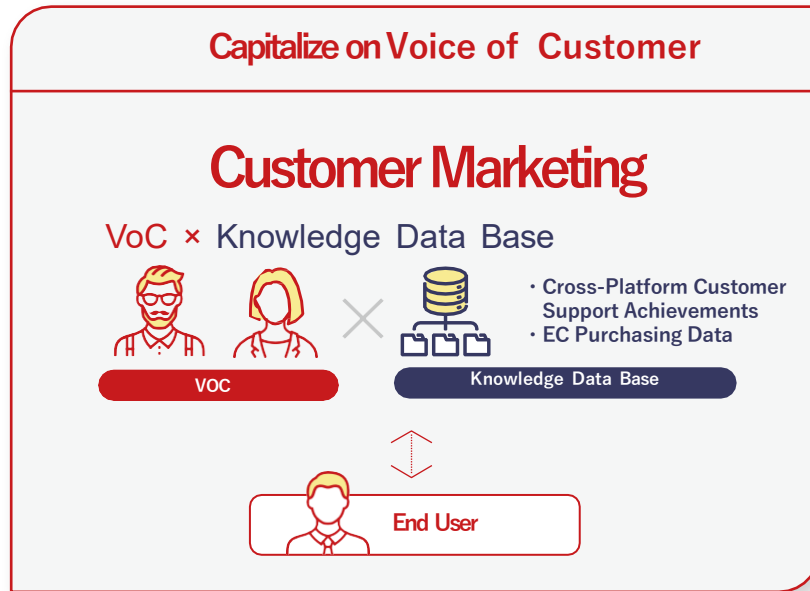
$$\left[\begin{array}{c} \text{# of} \\ \text{Clients} \end{array} \right] \times \left[\text{AUP} \right] \times \left[\text{Retention ratio} \right] = \left[\text{Recurring revenue} \right]$$



Initiatives to Improve Continuation Rates

Share feedback received from customers and multiply and analyze the information in our possession.

$$\left[\begin{array}{c} \text{# of} \\ \text{Clients} \end{array} \right] \times \left[\begin{array}{c} \text{AUP} \\ \text{;} \end{array} \right] \times \left[\begin{array}{c} \text{Retention ratio} \end{array} \right] = \left[\begin{array}{c} \text{Recurring} \\ \text{revenue} \end{array} \right]$$

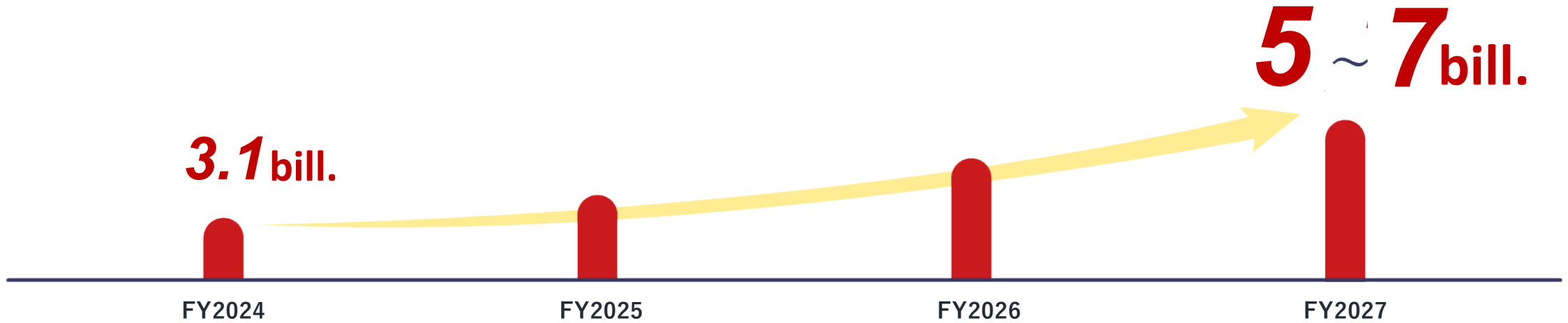


Improve the retention rate by combining the results of cross-platform customer support and EC big data, analyzing them, and circulating them through the service.



Nationwide online availability allows for speedy response to client needs.

FY2023 Key Initiatives for One Commerce



Efforts to Improve AUP

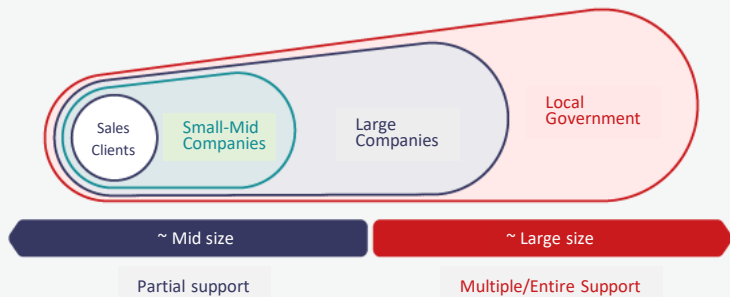
Cross-Platform Development and Promotion of initiatives to Increase AUP

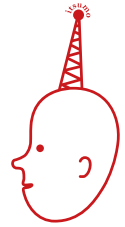


- Developed a system to centralize, analyze, and manage sales information of multiple platforms for EC retailers
- Strengthen human resource development to support multiple platforms in a composite manner
- Efforts to increase sales per employee by linking EC purchase data and support results to a database of consulting know-how, developing analysis and reporting functions using AI.

Expanding The Scope of EC Business Support

By combining our expertise in providing comprehensive support for EC sales and our know-how in supporting customers of various vendors and sizes, providing EC support for companies and expand our services to local governments.





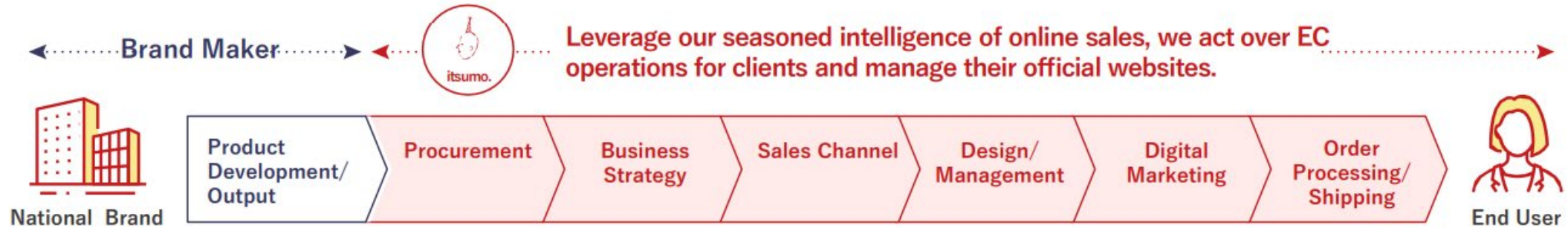
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Collaborative Brand Partner

Business Model with Collaborative Brand Partner

istumo. is EC strategic partner for national brand makers and we drive forward their official brand site business. The advantage to use our service is making it possible to embark on the marketplace in a low-cost manner and expand a touch point with customers at the early stage.



1 Target

- National brands to consider direct sales
- Target annual sales of several hundred million to one billion yen after 2-3 years of operation.

2 Traits of Our Service

- Gross Sales = Purchase products from brands and sell them to consumers on official EC sites
- Increase the number of points of contact with consumers to communicate brand value in the e-commerce market
- Unique logistics quality that enhances the brand experience for consumers
- Cross-platform deployment

3 Business Environment

- Many brands have issues with core systems/improved logistics functions/business practices/marketing

Business Model with Collaborative Brand Partner

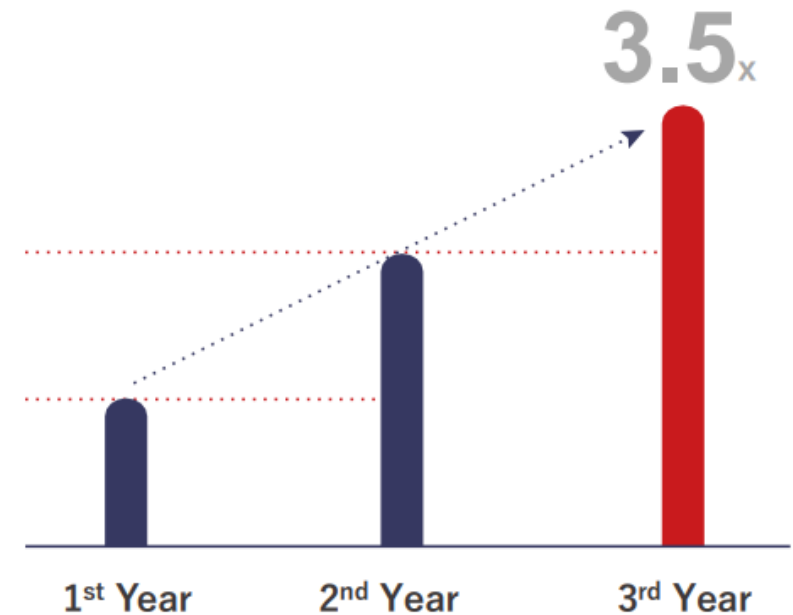
From the initiation of this business, itsumo. and brand makers collaborate to plan and drive strategies attaining significant profits in HANRO. Its monetization is limited for the first year, but it will in 2-3 years.

Profit Model

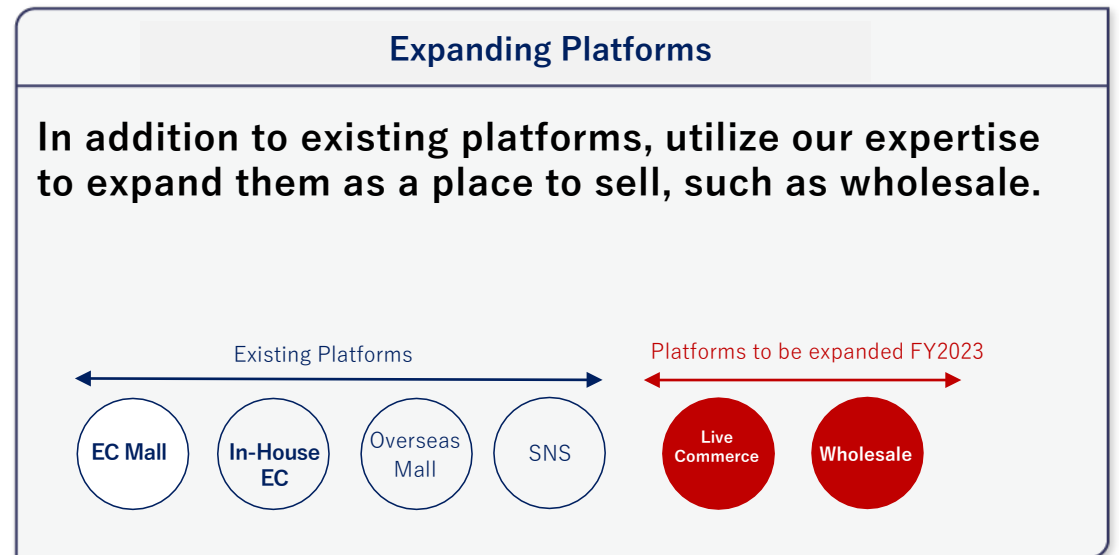
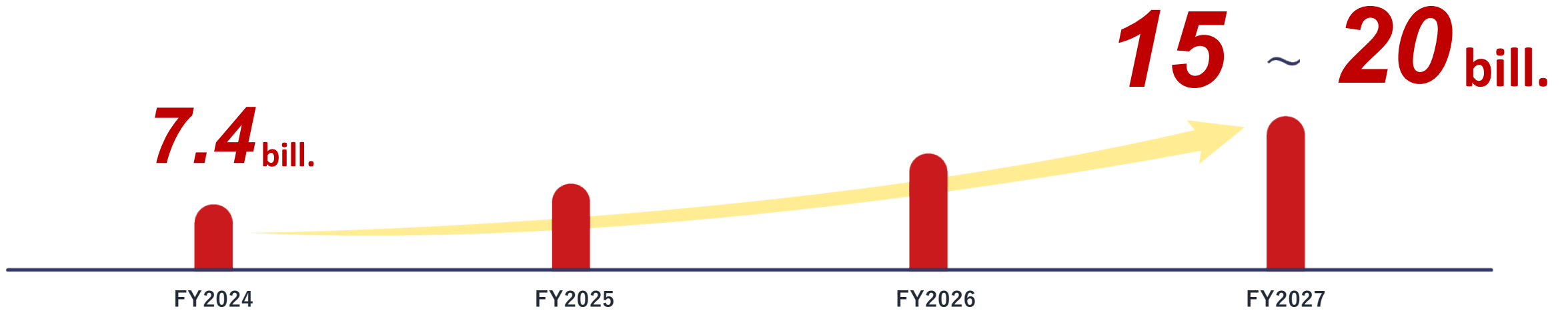
Physical contribution to profit is in the 2-3 year of our leverage

- ✓ In runup period (6 months) for launching website, execute market research, coordinate service plan and formulate strategy.
- ✓ For the first year, review its website, optimize SEO, run test marketing with sales promotion committee and builds up track records.
- ✓ For the 2nd and 3rd year, increase market share and name brand recognition, gain recurring customers and enhance Life-Time-Value.

[Change in sales following install of our leverage]



Business Model with Collaborative Brand Partner



Resource: FY2021 Market Research Report on Electronic Commerce, Ministry of Economy, Trade and Industry © 2023 itsumo. inc.

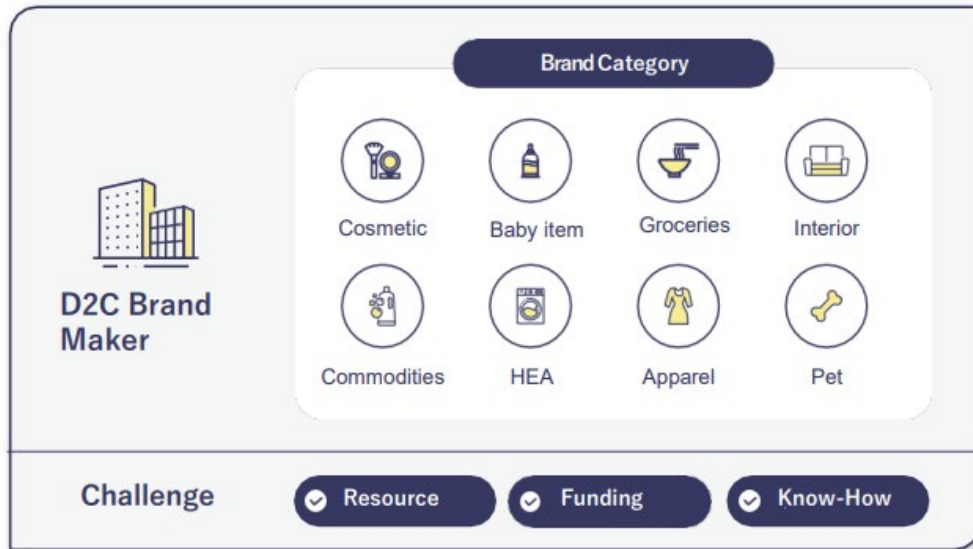


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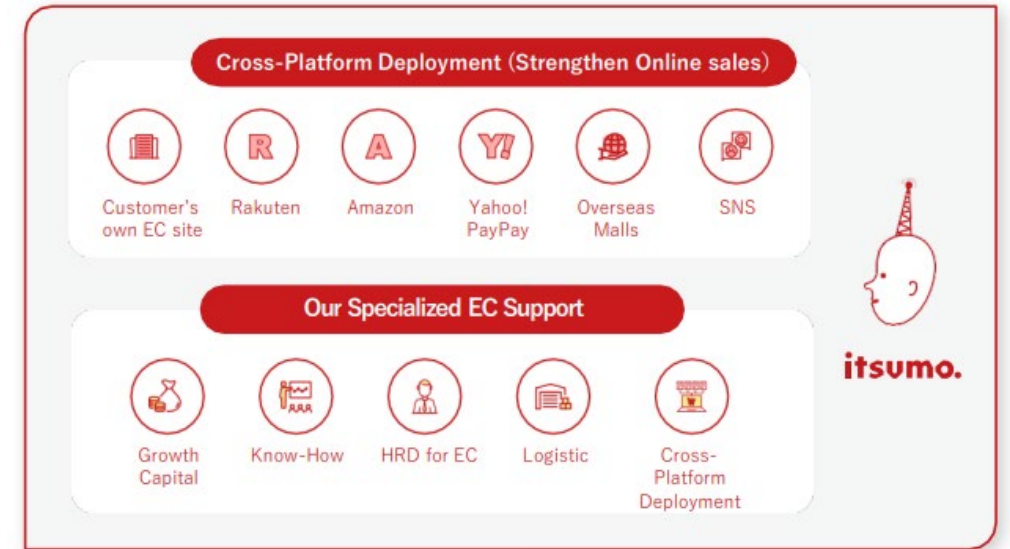
Brand Value-Up Business : Co-Creation and Independent Creation

Brand Value-UP Business: Co-Creation/Independent Creation

Leveraging our expertise, seeking for achieving growth with three business models.



- ① Independent Creation: Launch its own brands
- ② Co-Creation : Participate in itsumo. group via M&A or financing
- ③ Co-Creation: Acquisition of distributorship



① Independent Creation

Develop the "D2C brand manufacturer business," which involves product planning, development, and manufacturing with proven results, in addition to our unique strengths in EC and D2C marketing and sales know-how.

② Co-Creation/M&A

Co-create with D2C brands with growth potential and makes Brand Value-Up business successful rapidly to realize a quick return on investment.

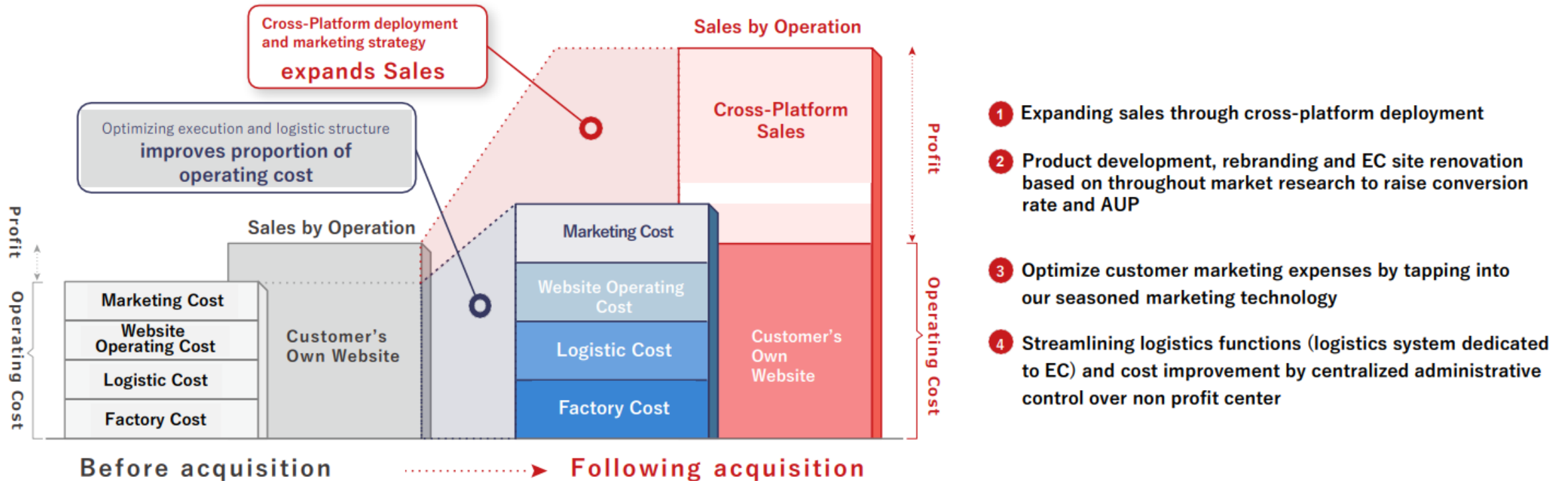
③ Partnership by Co-Creation/Sales

Partner with companies that harbor products with strong brand initiative, capitalize on our EC sales know-how, maximize our domestic and international sales network. itsumo. always grows with its partner companies.

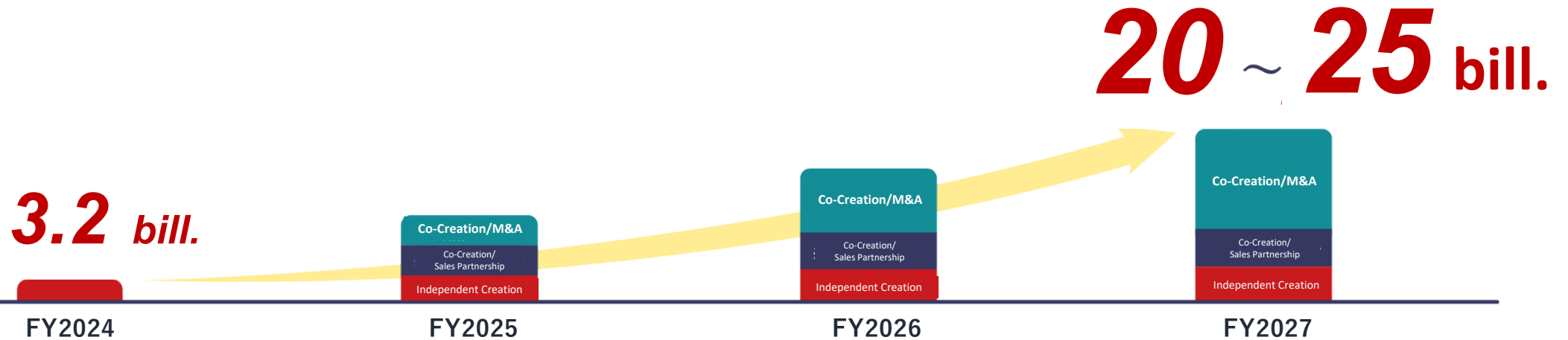
Strategy for Co-Creation & M&A

Implement speedy sales expansion and cost improvement by an in-house team specializing in co-creation project post brand acquisition

How to push up sales following brand acquisition (as an example)

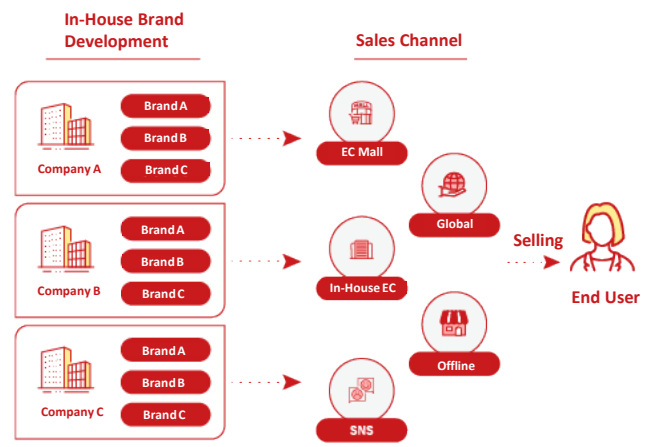


Brand Value-Up Business: Co-Creation/Independent Creation - Clear Priority Measure

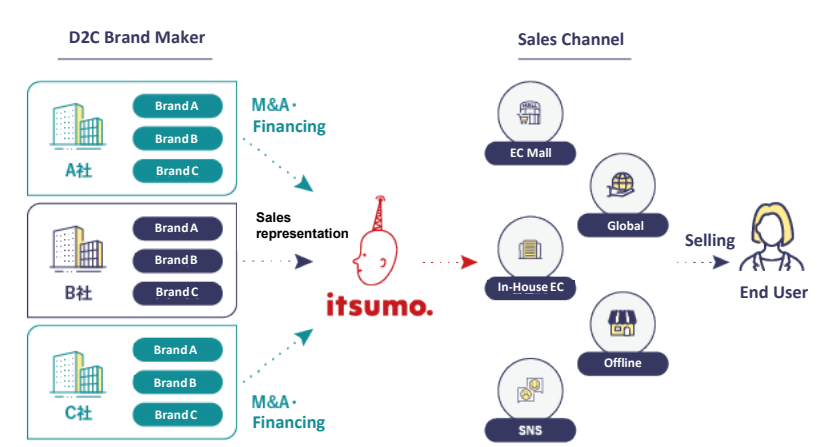


- 1 Independent Creation**
 Develop a D2C Brand Business that plans, develops, and manufactures products in addition to our unique strengths in EC and D2C marketing and sales know-how.
- 2 Co-Creation/M&A**
 Co-creation with D2C brands with growth potential and establish Brand Value-Up business at an early stage to shorten payback period.
- 3 Co-Creation/Sales Partnership**
 Partner with companies harboring strong brands and maximize our e-commerce sales know-how in addition to our domestic and international sales network in order to grow the brand together with the partner company.

1 Independent Creation
 Strive to grow each category to a scale of more than 1 billion in annual sales in the first few years after launch.



2 Co-Creation/M&A
3 Co-Creation/Sales Partnership



Case Study of Brand Value-Up Business: Independent Creation

- Launched a makeup brush brand in May 2023, which was planned and developed jointly with MimiTV, a beauty media company with over 5.6 million followers on SNS.
- In addition, several other product plans and sales plans are announced during FY2023, with plans to expand into a multi-billion scale company in a few years.
- Furthermore, plan to develop a "D2C Brand Business" which plans, develops, and manufactures products, by utilizing our unique strengths in e-commerce, D2C marketing and its sales know-how.

Deployment of D2C Brand Business

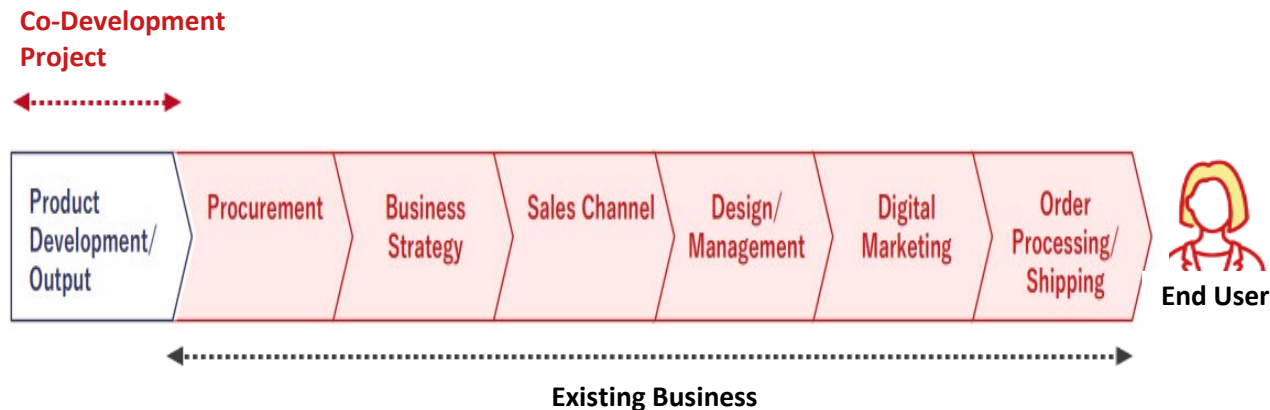
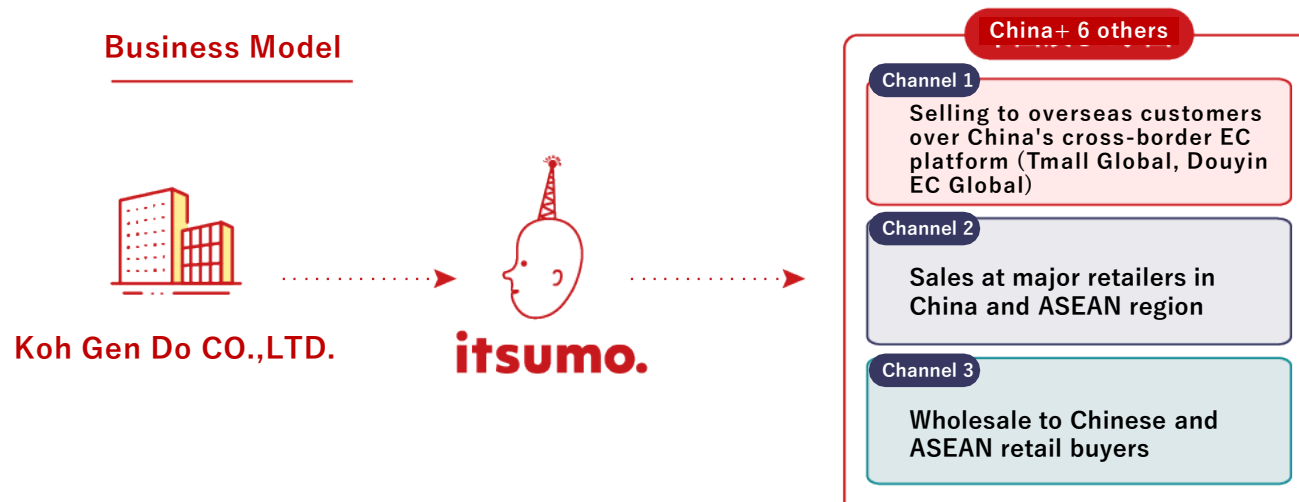


Photo:
Mimish makeup brush kit
(Available May 18, 2023 *online only)



Case Study of Brand Value-Up Business: Sales Partnership

- Acquired exclusive distribution rights for cosmetics brand KohGenDo in China and six other countries and regions from Koh Gen Do CO.,LTD.
- Took over and operated the flagship store of KohGenDo from China's largest cross-border EC platform Tmall Global^{Note²} and opened the overseas flagship store of Douyin^{Note³} in April 2023, contributing to the further business expansion of our EC business.
- Plan to develop a complex channel strategy and brand development, including local offline and online channels, utilizing not only cross-border EC but also our own network.



Note¹: KohGenDo was founded in 1986. With the brand concept of "Your skin quality is the prime matter," they initiated its main salon at Azabu, throughout Japan, and in seven countries around the world, including the United States and China.



Note²: Tmall is an online shopping mall for China operated by the Alibaba Group, China's largest company. Tmall Global is Tmall's "cross-border e-commerce platform" and the largest in China.
 Note³: Douyin is an app for posting and watching short videos of 15-30 seconds that is available only in China, with more than 800 million daily active users in 2022.



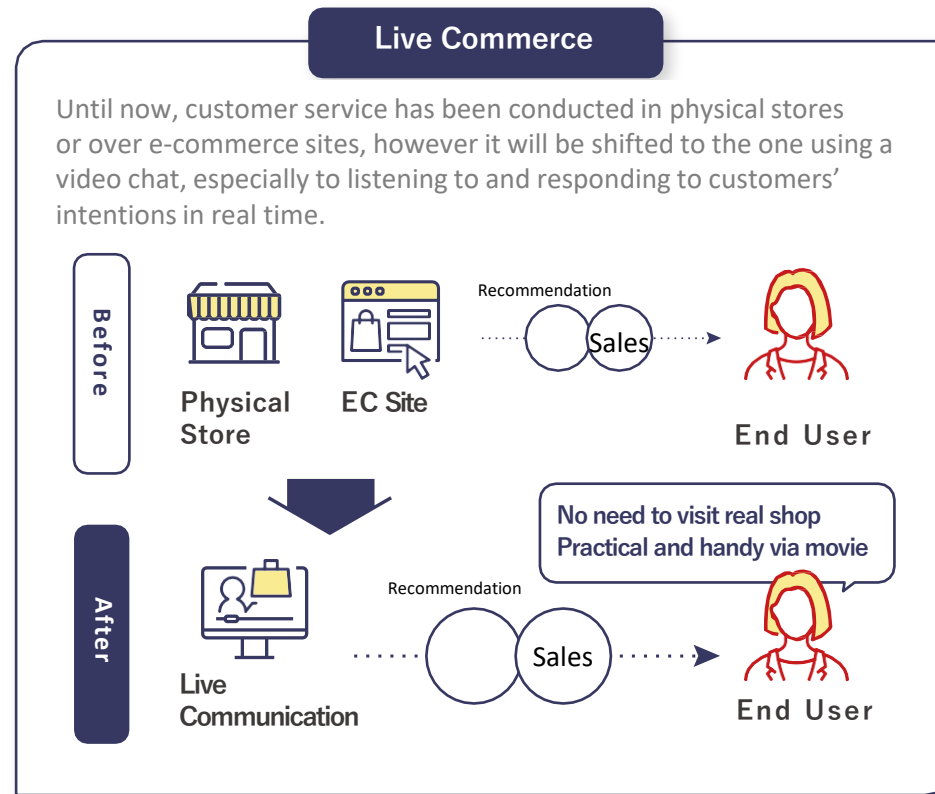
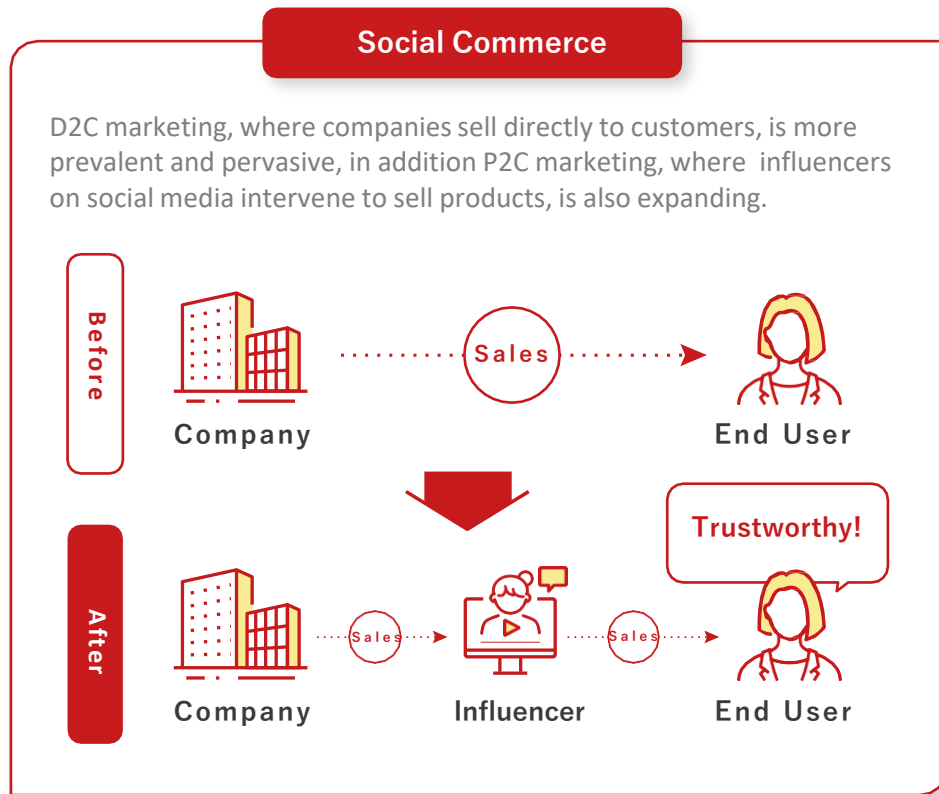
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**Live Commerce, Person to Consumer (P2C)
and Global Expansion**

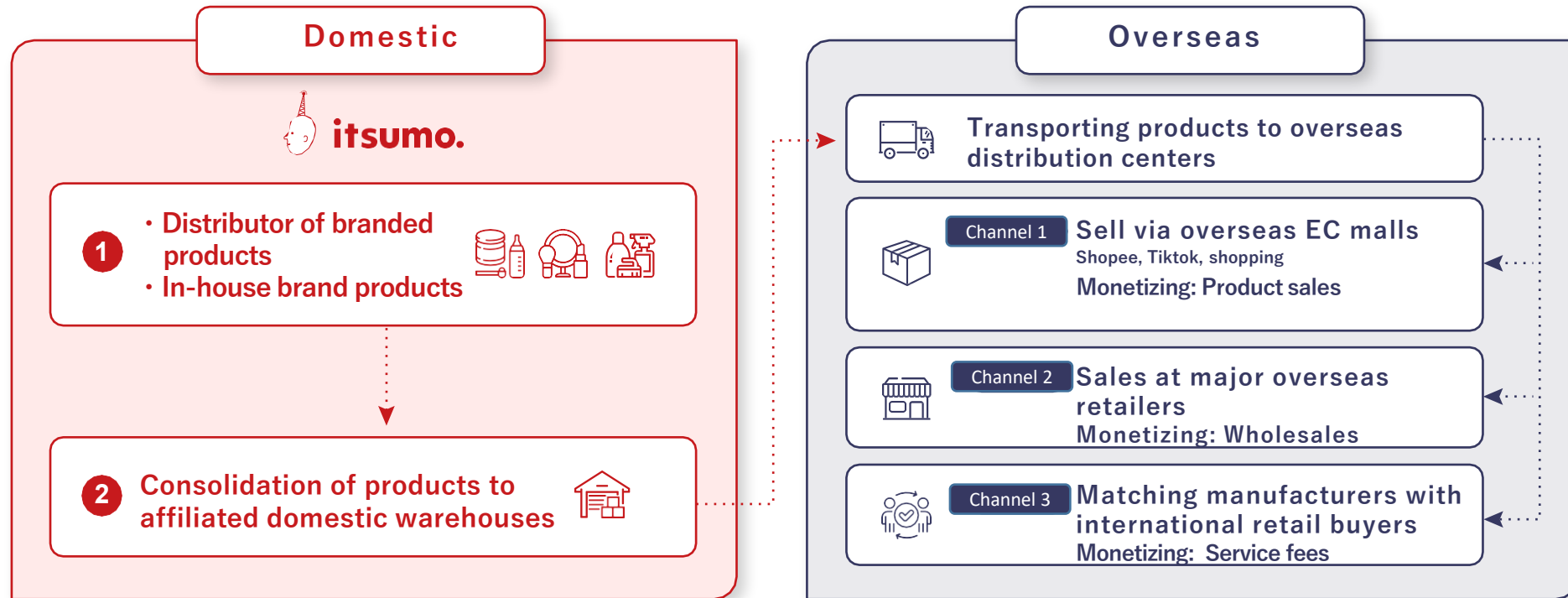
Social Commerce and Live Commerce: New Buying Experience

As one of our growth business fields, we position social commerce and live commerce as new purchasing experiences that will expand in the future.



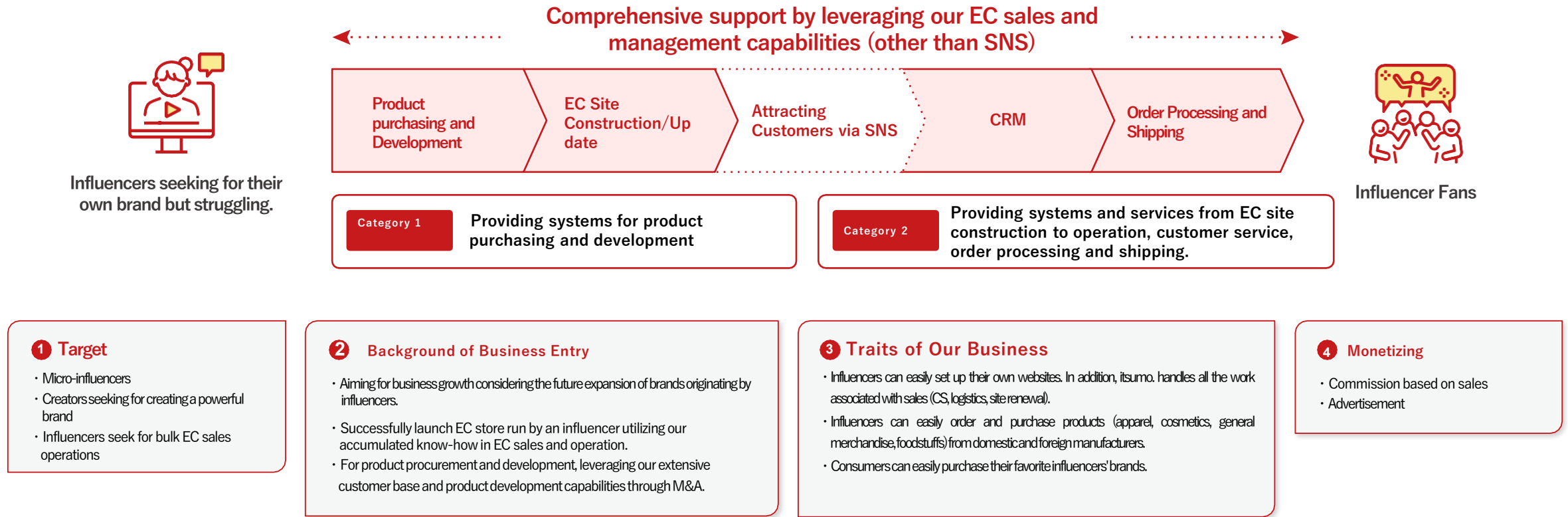
EC Global Expansion through a Hybrid of Integrates Online and Offline Channels

Provides for a global sales business that integrates online and offline channels. To widely spread the value of Japanese brands in China and the ASEAN region, and to generate revenue quickly. Integrated on/offline service of marketing and sales at e-commerce malls overseas, where we have expertise, and sales at overseas retail stores, where we are strengthening our wholesale network. In addition to China and the ASEAN region, we also plan to gradually expand into the Middle East, the U.S., and other regions.

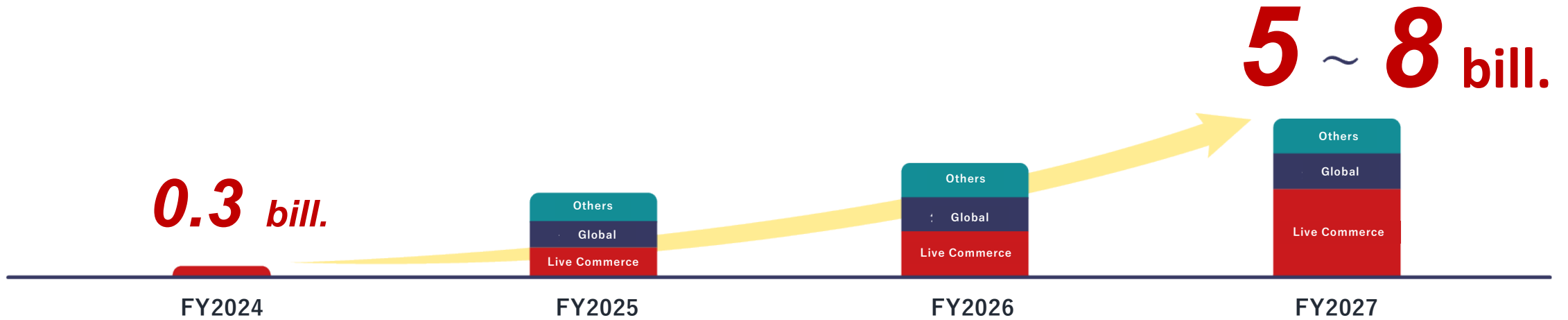


P2C: Person to Consumer


A business that provides consistent support from product development and storage to pre- and post-sales, necessary for influencers to collaborate with manufacturers and factories to launch and sell their brands in the expanding social commerce market. It operates a P2C mall that leverages influencers' influence to sell directly to fans.



Live Commerce, P2C, Global Expansion




Live Commerce




- In February 2023, acquire Peace you, LLC, one of Japan's leading live commerce application operators, as a group company.
- Strengthening system investment for global support, including multilingual support and live-streaming from overseas.
- Expand the current business to several billions of dollars in annual sales so that it can be a top-class GMV platform in Japan within a few years.

Global Expansion



- M&As and new launches of platform services are contemplating in order to strengthen the overseas sales network.
- Strengthening overseas expansion support for One Commerce business by maximizing its sales network in 29 countries and global expansion of products through Brand Value-Up business of Co-Creation and Independent-Creation .

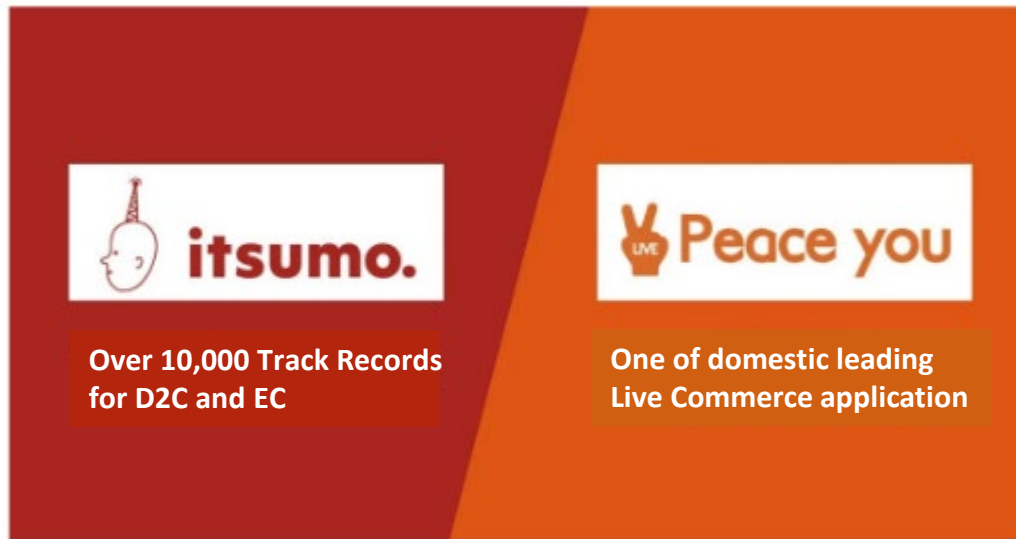
Platform Business



- Facilitating a platform to connect influencers with our customers, and developing the products of domestic and overseas partner manufacturers.

Case Study of Brand Value-Up Business: Co-Creation/Independent Creation - Sales Partnership

- Peace you LLC, which operates "Peace you Live", Japan's leading live commerce application in terms of total annual circulation, has been incorporated into itsumo.group from February 2023.
- We expect further growth of the live commerce service by combining the strong community assets of talented performers of Peace you live and highly motivated users with the EC specialists and EC sales know-how of our company. itsumo. plans to scale up to several billion yen within a few years.



誰でも簡単に物が売れる！

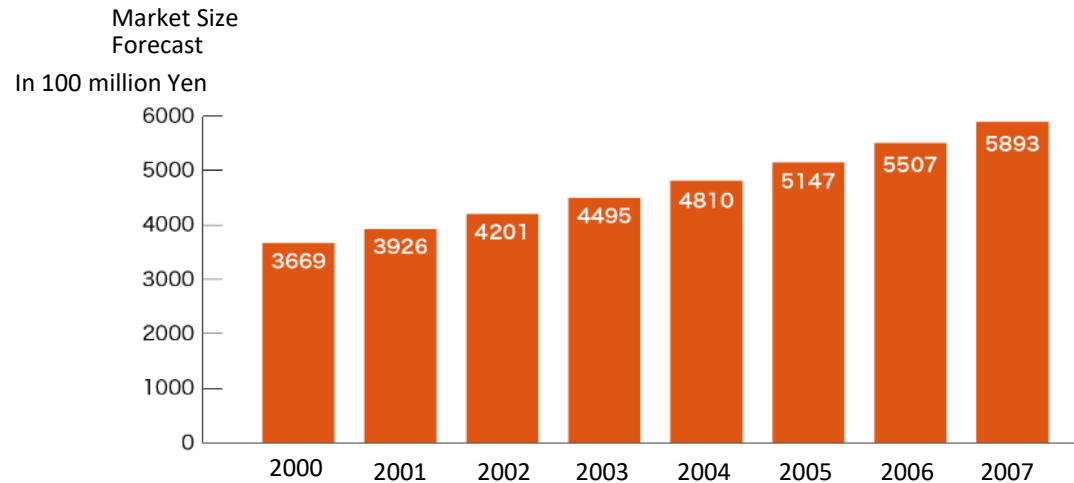


Case Study of Brand Value-Up Business: Co-Creation/Independent Creation - Sales Partnership

New Development

- ① In the first month after being incorporated into itsumo. group, the amount of distribution grew by approximately 120% month-on-month, and the average daily amount of distribution reached a record high.
- ② Achieved a successful track record in "Peace Match," a matching service that provides for the exchange of attractive companies and products with livers with high selling power. In order to accelerate the volume of matching, com up with a much number of products.
- ③ Global expansion has increased live distribution from overseas (Asia and the U.S.) for Japanese buyers, resulting in an increase in distribution value.

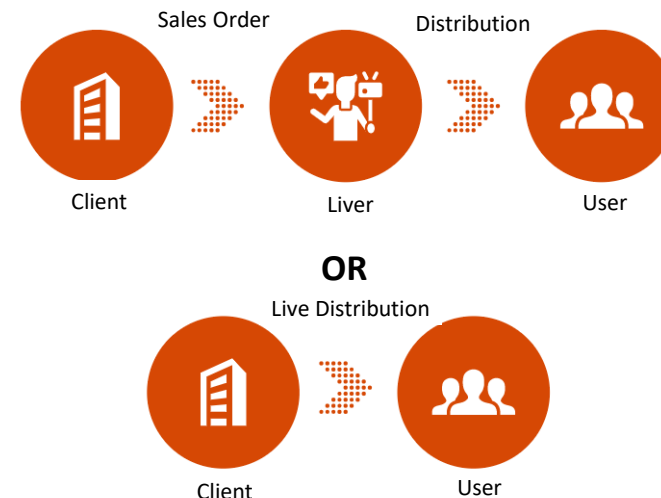
Chart: Domestic Live Commerce Market Forecast

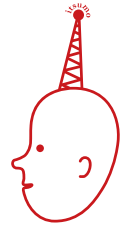


* In-house estimates based on data from iResearch "China's E-commerce Livestreaming Research Report 2021" and "Retail TouchPoints" issued by Coresight Research.

* The domestic EC market size in 2025 is expected to be 17.1578 trillion according to the Ministry of Economy, Trade and Industry's e-commerce market research, and the domestic live commerce ratio is calculated as 3.0% as of 2027, using the growth rate of live commerce in the U.S. as a reference value.

How to Work Peace You Live





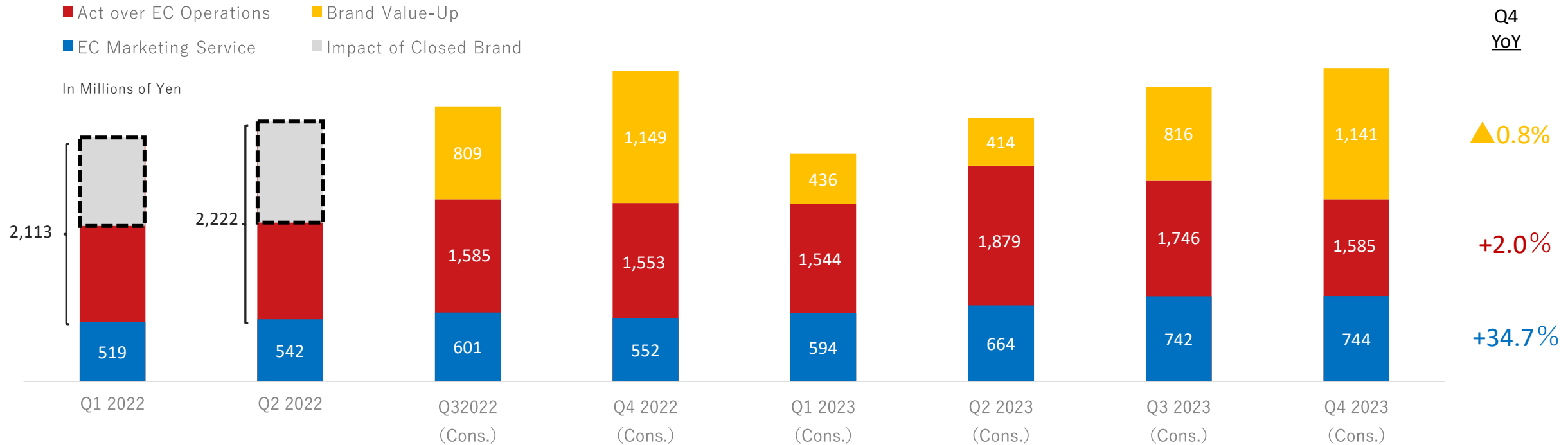
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Appendix

Change in Gross Sales

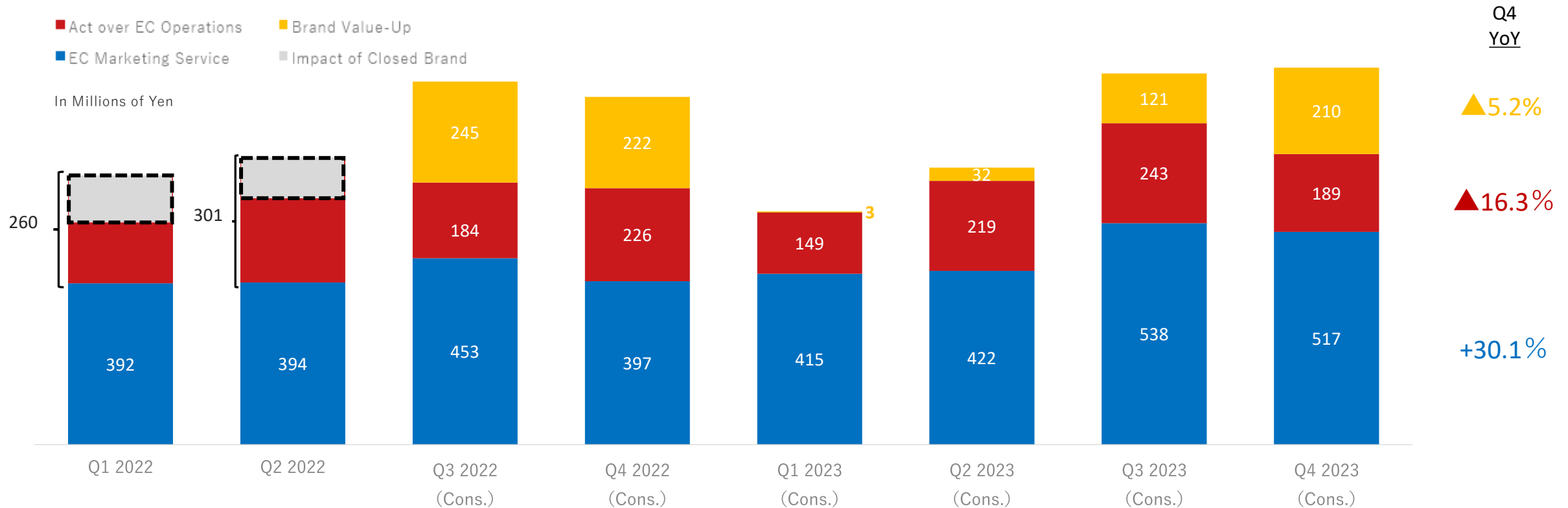
Q4 gross sales increased 6.6% YoY mainly due to an increase in EC Marketing Service revenues resulting from an accumulation of continuing contracts. In EC Marketplace Service (Brand Value-Up business, Act over EC Operations), unprofitable brands were liquidated, the number of existing brands decreased.



Change in Gross Margin

Q4 gross margin was the highest ever in a fiscal period

Stable profit contribution from EC Marketing Service, but profit from Brand Value-Up business and Act over Operations declined YoY due to cost increases mainly caused by yen depreciation.



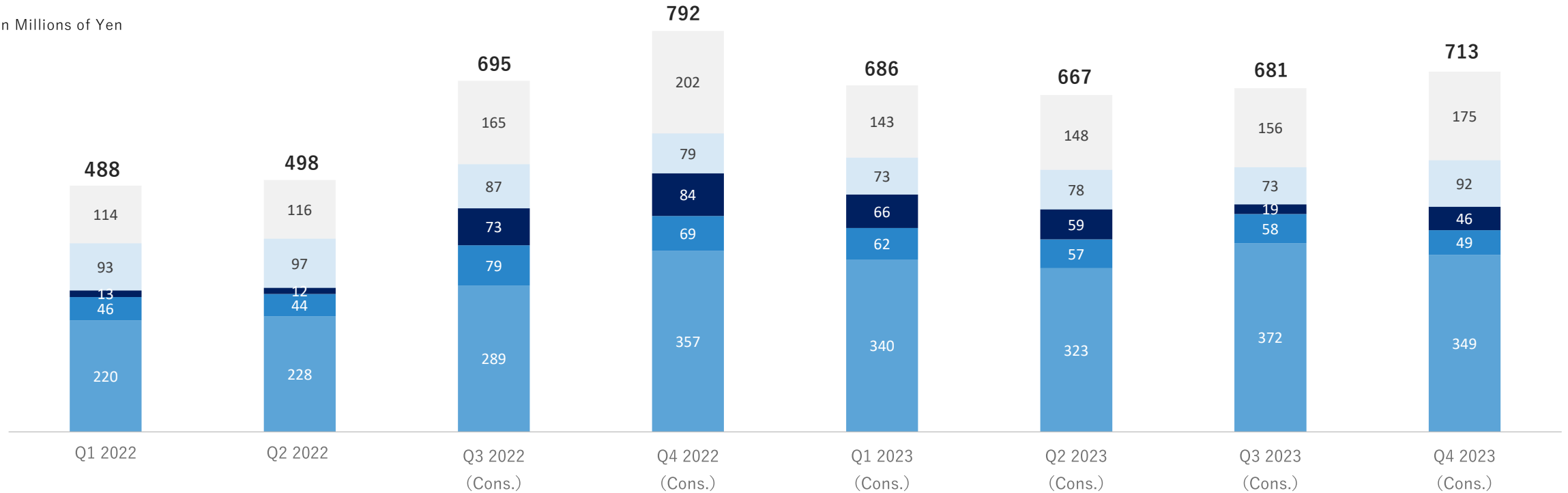
Change in SG&A (Account Period)

Labor charge are on an upward trend throughout the fiscal year due to an increase in personnel in existing businesses and the new hiring for the launch of new businesses.

SG&A Note 1.-4.

■ Labor Charge ■ Advertisement ■ Depreciation, Goodwill, M&A Costs ■ Commission Paid ■ Others

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 incurred in this fiscal period.

Note 4. From Q3 2022 consolidated accounting initiated. Q1-Q2 2022 are non-consolidated ones.

Cost Classification: Figures after Recombination

In Millions of Yen	Previous	
	FY2023 Cons.	Gross Sales Ratio
Gross Sales	12,310	100.0%
EC Marketing Service	2,745	
EC Marketplace Service Act over EC Operations	6,755	
EC Marketplace Service Brand Value-Up Business	2,808	
Gross Margin	3,064	24.9%
EC Marketing Service	1,893	
EC Marketplace Service Act over EC Operations	801	
EC Marketplace Service Brand Value-Up Business	368	
SG&A	2,749	22.3%
Operating Income	314	—

In Millions of Yen	Updated	
	FY2023 Cons.	Gross Sales Ratio
Gross Sales	12,310	100.0%
One Commerce	2,745	
Collaborative Brand Partner	6,740	
Brand Value-Up Business Co-Creation/Independent Creation	2,786	
Live Commerce/P2C/Global Expansion	37	
Gross Margin	2,837	23.1%
One Commerce	1,159	
Collaborative Brand Partner	1,286	
Brand Value-Up Business Co-Creation/Independent Creation	369	
Live Commerce/P2C/Global Expansion	22	
SG&A	2,523	20.5%
Operating Income	314	—

Note: Operating Income and below are the same as in advance of the reclassification, and therefore have been omitted.

SNS Marketing That Delivers Results

In addition to our accumulated experience in e-commerce marketing, we have newly integrated a comprehensive SNS marketing service. This enables us to provide powerful support to our clients, from expanding awareness to sales growth.



1 Target

- Brand manufacturers seeking for increasing sales through D2C.
- Companies seeking for increasing their recognition.
- Companies struggling with sales growth despite SNS implementation.

2 Traits

- Provide for a comprehensive strategy and execution from SNS marketing to EC sales.
- Provide value with client companies by integrating our wealth of EC sales know-how with the planning and creative skills necessary for SNS marketing.
- Data visualization from awareness to purchase and sharing.

3 Monetizing

- Service fees.

Case Study Overseas

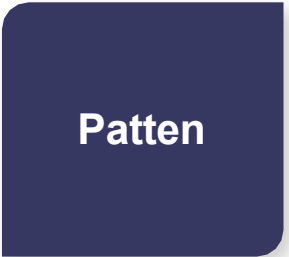
Representative Overseas EC Companies



Revenue	1,503 mill. (8,852 mill. RMB)
HQs	China
Found	2007
Employee	6,076



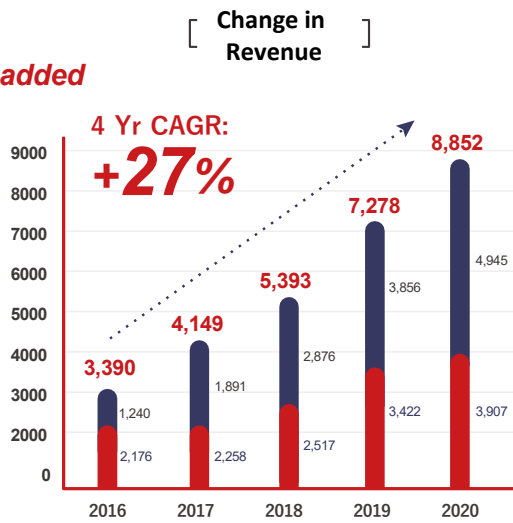
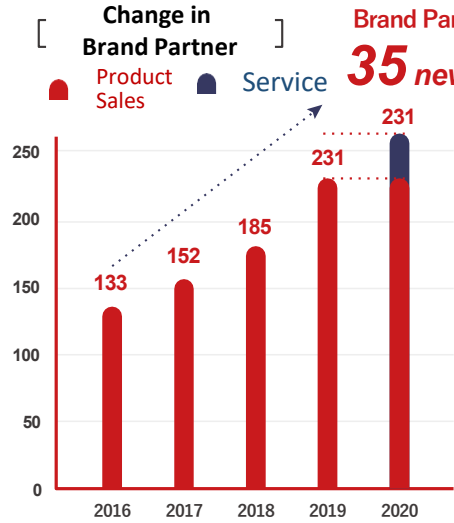
Revenue	Over 51.8 bill. USD (Over 456 mill. USD)
HQs	USA
Found	2010
Employee	Approx.1,000



Revenue	Over 56.8 bill. (500 mill. USD) Over 1,000 mill. USD (2022 Guidance)
HQs	USA
Found	2013
Employee	Approx. 900

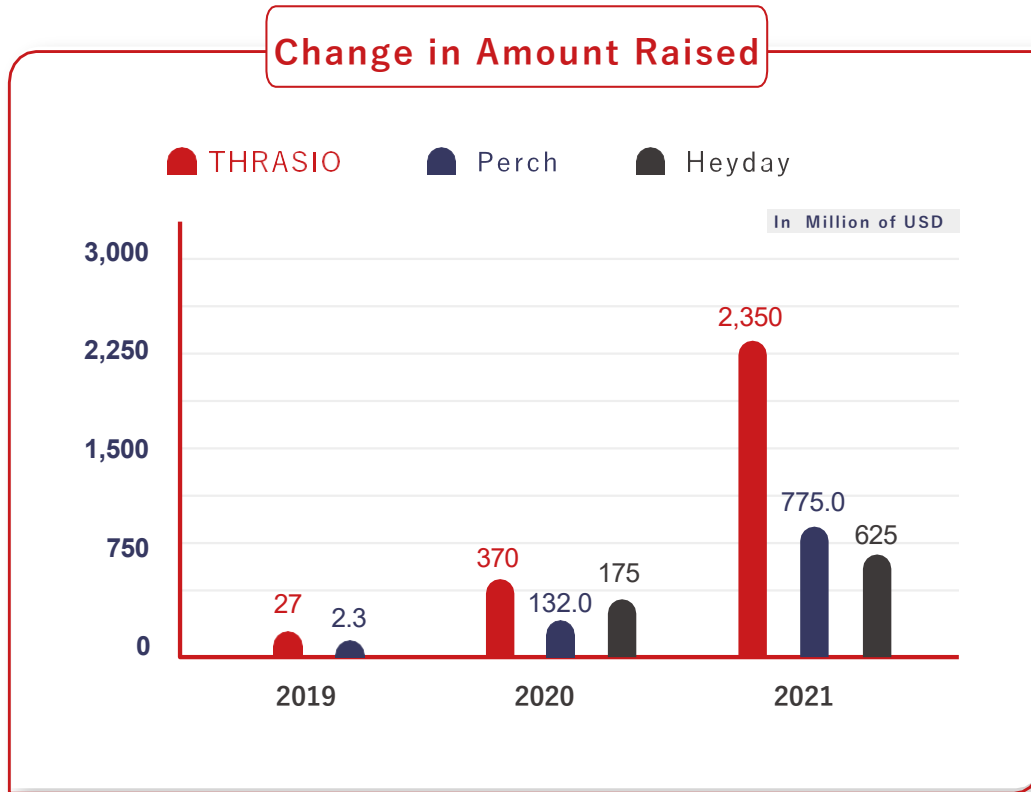


Revenue	Over 56.8 bill. (Over 500 mill. USD)
HQs	USA
Found	2006
Employee	Approx. 1,000



Brand Value-Up Business: Co-Creating/Independent Creating – Business Environment Overseas

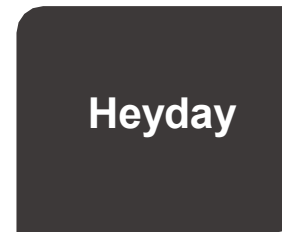
Representative Overseas EC Companies



HQs	US, EU, Japan
Found	2018
Amount Raised	Approx.385.4 bill. (\$3,396 mill. USD)
Current Valuation <small>※ Oct. 2021</small>	Approx.851.0 bill. (\$7.5 bill. USD)



HQs	US
Found	2019
Amount Raised	Approx.99.8 bill. (\$909 mill. USD)
Current Valuation <small>※ May 2021</small>	Approx.130.0 bill. (\$1.1 bill. USD)



HQs	US
Found	2020
Amount Raised	Approx.91.3 bill. (\$800 mill. USD)
Current Valuation <small>※ Nov. 2021</small>	Approx.99.8 bill. (\$875 mill. USD)

Acquired third-party own brand in Amazon FBA business. Develop D2C e-commerce business.

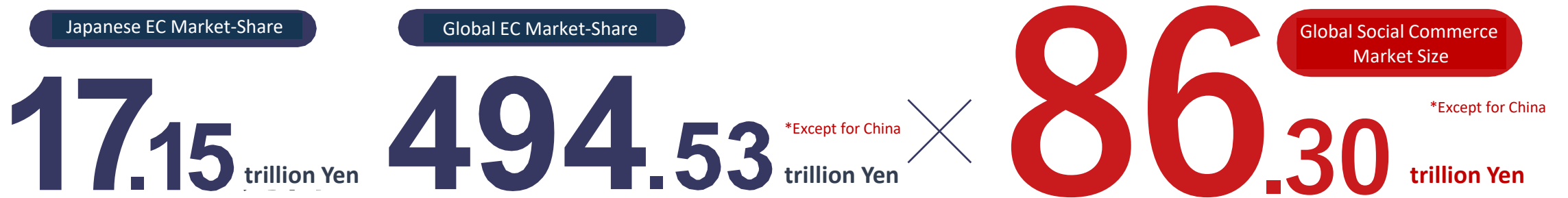
TAM in Social Commerce Market

$$\begin{array}{ccc} \text{Japanese EC Market-Share} & & \text{Social Commerce Ratio} \\ 17.2^{*2025 \text{ Estimate}} \text{ trillion Yen} & \times & 17.4\%^{*2025 \text{ Estimate}} = 3.17^{*2025 \text{ Estimate}} \text{ trillion Yen} \end{array}$$

* Calculated based on 2025 EC market size and global social commerce ratio excluding China.

TAM in Social Commerce Market

Appendix : Basis for calculating the market share of domestic social commerce



Calculated based on the ratio of the EC market size. Calculated excluding Chinese due to the enormous size of the SNS and social commerce market in China.

TAM in Social Commerce Market

Appendix : Basis for calculating the market share of domestic social commerce

	2021	2022	2023	2024	2025
① Global EC Market-Share	647	726	806	886	968

	2021	2022	2023	2024	2025
② Chinese EC Market-Share	326	365	402	439	474

	2021	2022	2023	2024	2025
③ EC Market-Share Excluding China	321	361	403	448	495

Source: Japan's EC Market Size: METI, Trade and Industry E-Commerce Market Survey (In Trillion Yen)
Other: Statista

	2021	2022	2023	2024	2025
④ Global Social Commerce Market-Share	76	98	125	161	207

	2021	2022	2023	2024	2025
⑤ Chinese Social Commerce Market-Share	57	69	83	100	120

	2021	2022	2023	2024	2025
⑥ Social Commerce Market-Share Excluding China	19	29	42	61	86

Source: Statista

(In Trillion Yen)



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**Never hesitate to contact us with any questions.
We look for hearing from you “i-tsu-mo” (anytime in Japanese)!**

corporate@itsumo365.co.jp

Japanese Website

<https://itsumo365.co.jp/ir/>



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. 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 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.
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- 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.