

1Q FY03/20 Financial Results Presentation

CROOZ

CROOZ, Inc.

TSE JASDAQ Standard; Code 2138

Key strategies for CROOZ

- 1 Make SHOPLIST a brand that represents fast fashion e-commerce
- 2 Invest in new businesses to create second and third core businesses after SHOPLIST
- 3 Adopt two-pronged strategy for new businesses:
(1) new launches within group, and (2) M&A
- 4 100 managers x JPY10.0bn business*
- 5 Make investments to maximize sales so long as this does not push operating profit or net profit into the red

Ultralong objective for CROOZ

Ultralong objective	Expand market cap to JPY1tn by 20XX			
Medium- to long-term targets	SHOPLIST annual sales JPY100.0bn	Second and third businesses after SHOPLIST 10	Businesses with sales of JPY1.0bn or more 100	Representative directors 100人
Q1 FY03/20	JPY25.0bn (FY03/19 result)	0	12*	32

* Includes businesses expected to generate sales of JPY1.0bn or more over the medium to long term.

Key strategy for SHOPLIST

Key strategy	Make SHOPLIST a brand that represents fast fashion e-commerce			
Medium- to long-term targets	Annual sales JPY 100.0 bn	Annual unique purchasers 5 mn	Average annual spend per user JPY 20,000	Annual frequency of purchases per user 4 times
Q1 FY03/20	JPY 25.0 bn (FY03/19 result)	1.86 mn	JPY 13,401 *	2.67 times*

* Figures are updated at the end of each fiscal year. Figures for Q1 FY03/20 are as of end-March 2019.

Consolidated results summary

(million yen)

	Q1 FY03/19	Q1 FY03/20	YoY
Transaction value	7,992	8,495	+6.3%
Sales	7,752	8,144	+5.1%
Operating profit	215	-347	—
EBITDA	306	-221	—

Segment results summary

(million yen)

	Q1 FY03/19		Q1 FY03/20	
	Sales	Operating profit	Sales	Operating profit
SHOPLIST Business	6,343	198	6,239	-17
IT Businesses	648	208	571	75
Advertising Agency Businesses	441	22	754	19
Investment Businesses	0	-19	61	-17
Other Businesses	319	-193	517	-408

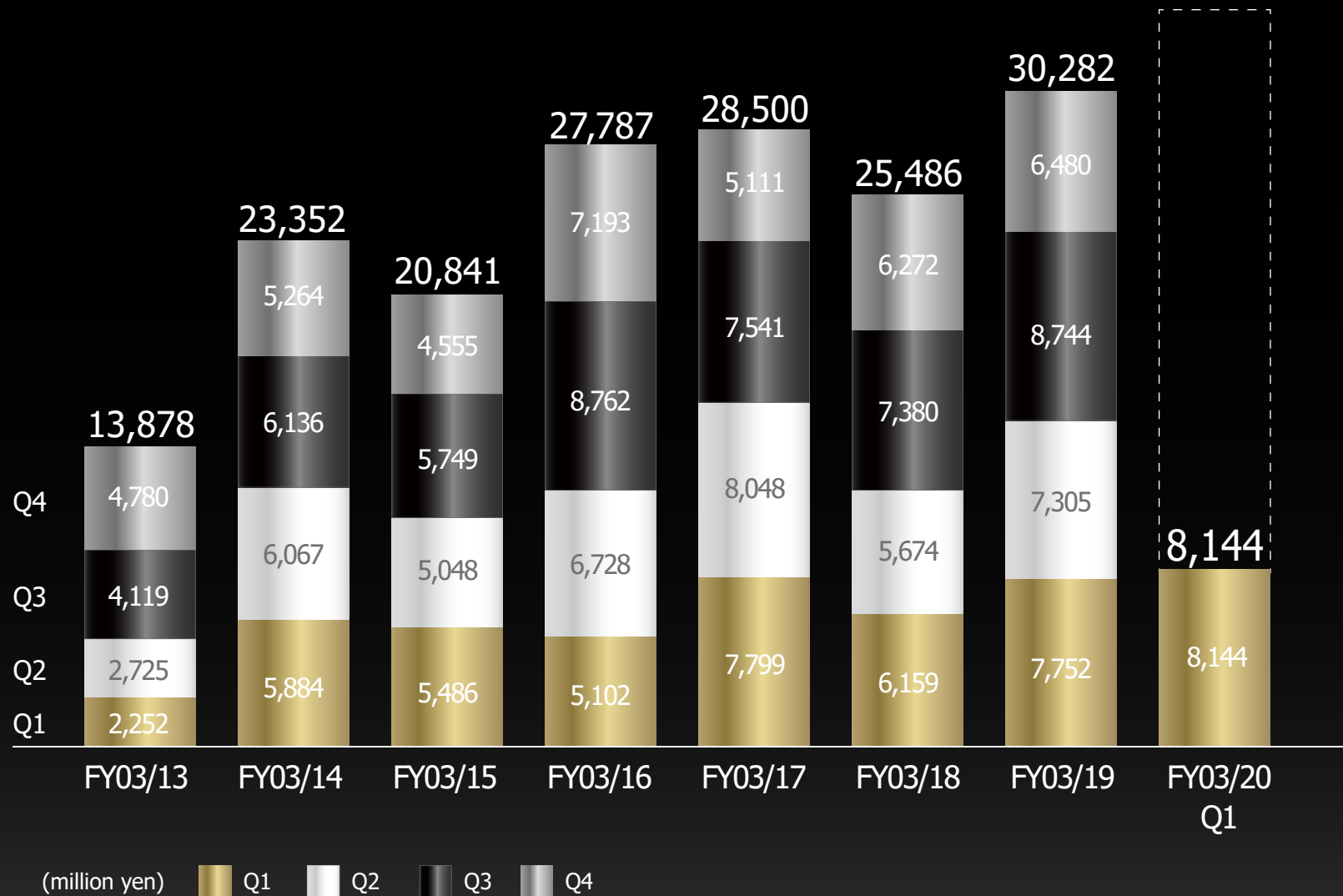
* As of FY03/20 "Advertising Agency Business" and "Investment Business" which were previously grouped under "Other Businesses" have been separated due to being recognized as important segments.

Consolidated balance sheet summary

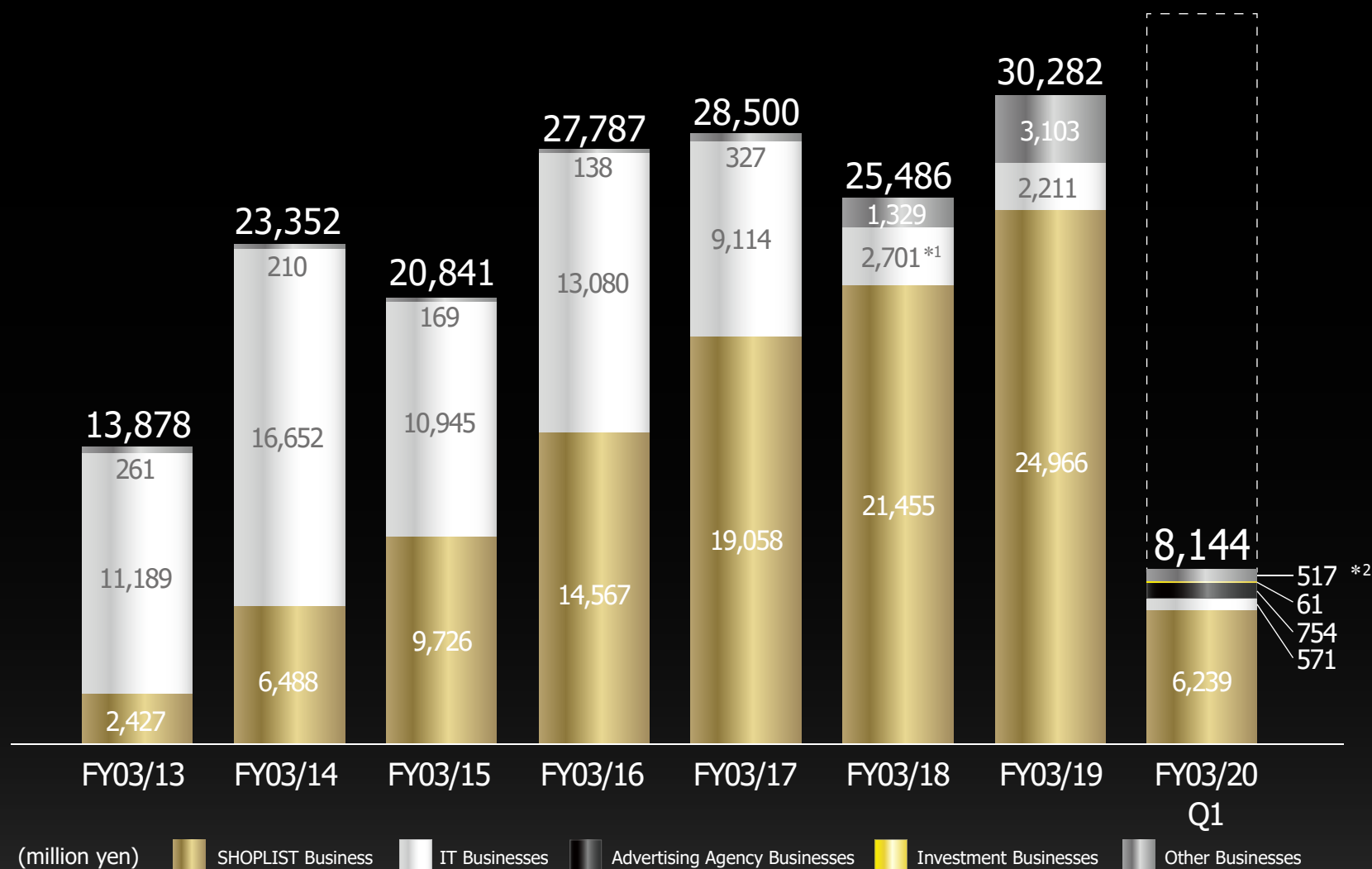
(million yen)

	Q4 FY03/19	Q1 FY03/20	YoY
Current assets	19,357	19,259	-0.5%
Cash and deposits	12,861	11,844	-7.9%
Non-current assets	4,864	4,975	2.3%
Goodwill	1,093	1,029	-5.9%
Total assets	24,410	24,418	0.0%
Current liabilities	5,530	5,573	0.8%
Non-current liabilities	10,220	10,230	0.1%
Total liabilities	15,750	15,804	0.3%
Total net assets	8,660	8,614	-0.5%

Sales trends



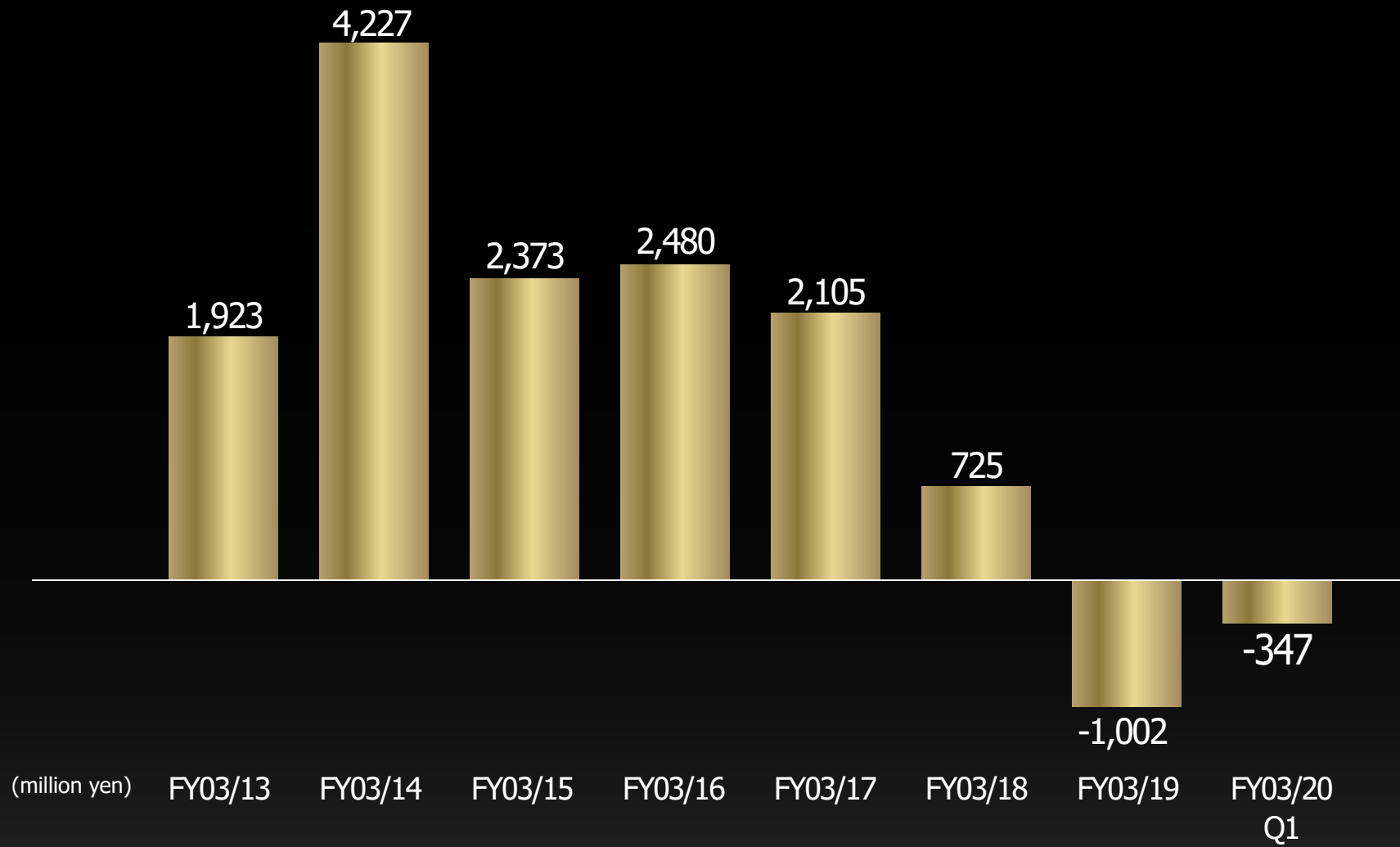
Sales trends (by segment)



*1 In November 2016, CROOZ sold the bulk of its IT Businesses operations, retaining only a portion of the business.

*2 As of FY03/20 "Advertising Agency Business" and "Investment Business" which were previously grouped under "Other Businesses" have been separated due to being recognized as important segments.

Operating profit trends



Investment policies for new businesses

In light of revisions to FY03/20 group forecasts, we have reviewed our investment policies going forward.

In FY03/19 we said we would fully reinvest consolidated EBITDA, deploy profit and cash to maximize sales in the SHOPLIST business, rapidly establish second and third core businesses, and make acquisitions to maximize sales, even at the cost of incurring losses at the operating or net profit levels. In FY03/19 we invested JPY1.0bn in new businesses over the year, reducing operating profit by exactly that amount.

However, in FY03/20 businesses in the black have started to emerge and we expect to be able to count the number of companies in the red on a monthly basis on one hand by Q3. In 2H, we expect group sales and operating profit to be in an uptrend and even if we don't invest all of our profit we expect to be able to invest adequate amounts in the new businesses. Therefore, we will of course not needlessly make investments, and under a new policy we aim to invest to maximize sales so long as this does not push operating profit or net profit into the red. We will continue our aggressive investment in new businesses, including acquisitions.

Review of future management priorities

Important management indicators from FY03/20 are operating profit and EBITDA.

	At present (short term)	Going forward (medium and long term)
Group transaction value/sales	<input type="radio"/>	<input type="radio"/>
Create second and third core businesses	<input type="radio"/>	<input type="radio"/>
Operating profit / EBITDA	<input type="radio"/>	<input type="radio"/>
Dividends (payout ratio of 30% or more)	<input checked="" type="checkbox"/>	<input type="radio"/>
Share buybacks and shareholder incentives	<input type="radio"/>	<input type="radio"/>
Share price (market cap of JPY1tn)	<input checked="" type="checkbox"/>	<input type="radio"/>
Next-generation businesses	<input type="radio"/>	<input type="radio"/>
Next-generation managers (more than 100 people)	<input type="radio"/>	<input type="radio"/>
Speed (e.g., decision-making)	<input type="radio"/>	<input type="radio"/>

Yes No

Overview of the CROOZ Group

The CROOZ GROUP comprises the pure holding company CROOZ, Inc., and the present 32 subsidiaries.

E-commerce field	<p>CROOZ SHOPLIST, Inc. Planning, development, and operation of fashion e-commerce platform SHOPLIST.com by CROOZ</p> <p>CROOZ EC Partners, Inc. Solutions business handling e-commerce website system development, contracted operation, fulfilment, etc.</p> <p>CROOZ TRAVELIST, Inc. Planning, development, and operation of low-cost airline ticket sales and price comparison website TRAVELIST by CROOZ</p>
Media field	<p>Candle, Inc. Planning, development, and operation of media business and new businesses</p>
Advertising field	<p>CROOZ Media Partners, Inc. Agency business mainly handling advertising and media</p>
Social games field	<p>StudioZ, Inc. Planning, development, and operation of smartphone games</p>
Investment/ financing field	<p>Sevenwoods Investment, Inc. Investment business focused on domestic and overseas startups</p>

* As of March 31, 2019, CROOZ had also set up 25 other subsidiaries. These are not listed above because the impact and probability of success for these ventures are unclear at present. If there is any progress with related initiatives, we will provide reports through appropriate channels such as press releases and results briefing materials.

Glossary

	Meaning / definition
EBITDA	Operating profit that excludes M&A-related goodwill amortization and other non-recurring factors
Annual unique purchasers	The number of unique purchasers that have purchased products from SHOPLIST at least once in the most recent year * If a user purchases items on four separate occasions during the period, that user is still counted as one unique purchaser.
Vision for Continual Evolution	A framework to create the strongest company organization through an ecosystem of people, equipment, and money, and facilitate (1) the creation and growth of next-generation businesses, (2) the development and growth of next-generation managers, and (3) continued development at the pace of a venture company

The CROOZ Group operates in a business environment that is susceptible to major changes, and aggressively engages in new businesses and businesses distinguished by a high degree of novelty.

This makes it difficult to calculate appropriate and reasonable forecasts, and the Group has therefore not disclosed earnings forecasts since FY03/15.

The material herein contains medium- to long-term plans and forecasts made by CROOZ.

The information contained in these pages is not intended to guarantee the future business results of the company and bears certain risks and uncertainties.

As future business results can be affected by various factors and may change from the company outlook, we ask the reader to refrain from relying solely on the information presented herein.