

ロコガイド

**3rd Quarter FY2021.3**

**Financial Results**

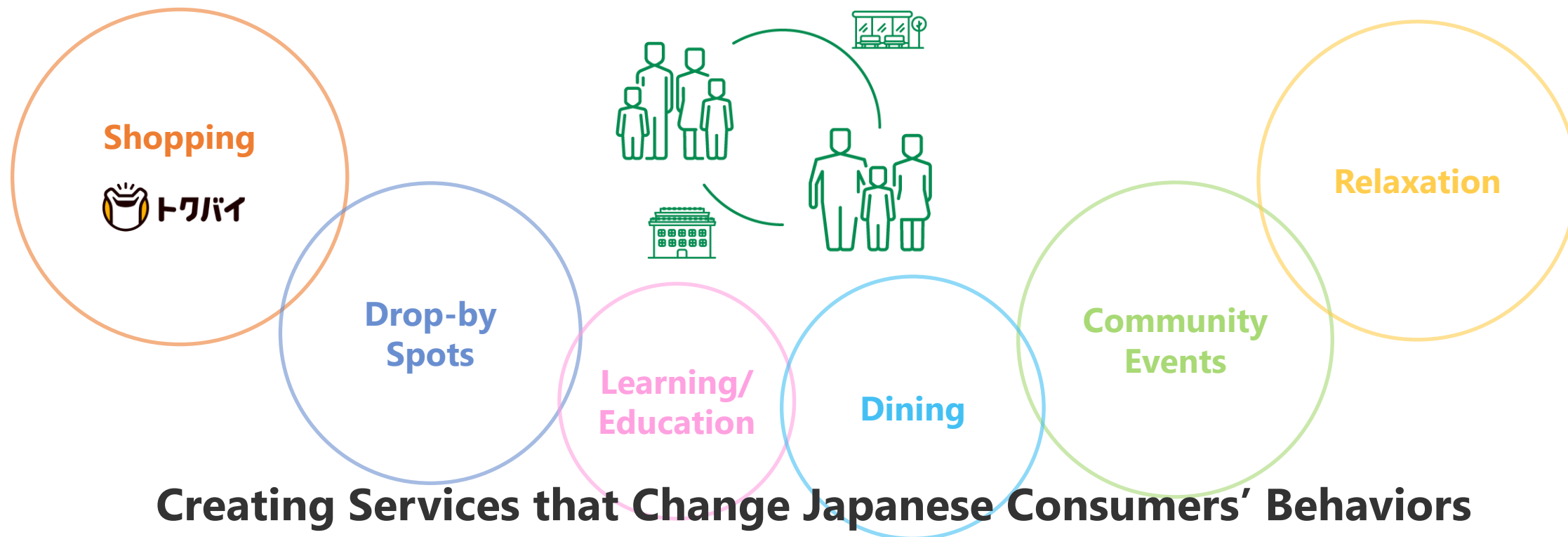
Locoguide Inc.

February 12, 2021

To Deliver Smarter and More Enjoyable Way of Living the Local Community Life



To Deliver Safety



**Creating Services that Change Japanese Consumers' Behaviors  
by Maximizing Value of "Time" x "Place"**

- 1. 3Q Financial Highlights**
- 2. KPIs Trend**
- 3. 3Q Business Highlights**

## KPIs

Number of Monthly Active Users

**16.1** MM

(YoY+64.8%)

Number of Subscribers

**30,739** Stores

(YoY+24.7%)

Churn Rate

**0.6%**

## 3Q Financial Results (Accumulated)

Revenue

JPY **1,192** MM

(YoY+15.0%)

Operating Profit

JPY **285** MM

(YoY+6.8%)

## Congestion Lamp

Number of Adopting Local Governments

**220**

(QoQ+58.3%)

\* Consolidated financial statement has been prepared since 3<sup>rd</sup> quarter of FY2021

## Consumers

- ✓ More and more consumers are getting concerned about “Congestion”
- ✓ Demand for newspaper flyer advertisement is expected to further decline. **Needs for digital information is rapidly growing**
- ✓ The crisis encourages consumers to place a **higher value on supporting local business operators**

**Difficult to find necessary information for addressing the changing lifestyles**



## Retail stores and facilities

- ✓ Retail stores/facilities have an increasing needs for **communicating “Crowdedness” information”** to consumers in addition to “Bargain Information”
- ✓ **The shift** from communications using printed media with a time lag to real-time communications using **digital information is expected to accelerate**

**Difficult to respond to the changes**



**Locoguide seizes the social changes as a business opportunity and is committed to creating new lifestyles**

## Advantages of Locoguide`s Business Model

- ✓ SaaS-type, year-round contract model -- **less vulnerable to short-term circumstances**
- ✓ **Thriving supermarket / drugstore / home center operators account for 66% of the subscriber stores**
  - ✓ **Diversified revenue stream** with sales from the platform, ads, new contracts, etc.

+

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### Business expansion spurred by social changes

- ✓ Number of users **increased 65% in the LTM (+49% in the last three months)**
- ✓ **Increasingly covered by a wide range of media**

### Responding to COVID-19 with new services

- ✓ **Deliver information on crowdedness** at retail stores and facilities

### Stronger structure

- ✓ **Familiar with teleworking since before COVID-19 outbreak**, enabling employees to work-at-home without any difficulties

# 1. 3Q Financial Highlights

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# 3Q Financial Results (Accumulated)

- ✓ 15.0% increase in revenue YoY and 6.8% increase in OP YoY
- ✓ Revenue increased driven by increase of # of paying customers and successful expansion of local Information business. **OP kept growing despite huge investment in human resources**
- ✓ **Full year financial forecast is kept as previously announced**, reflecting continuous increase of paying customers and solid momentum of Ad business and other businesses

## 3Q Financial Results (Last 9 months)

(JPY MM)

	3Q 2020.3	3Q 2021.3	YoY
Revenue	1,037	1,192	+15.0%
Operating Profit	266	285	+6.8%
Net Profit	157	196	+25.2%

\* Consolidated financial statement has been prepared since 3rd quarter of FY2021



# 3Q Financial Results (Quarterly)

- ✓ 18.7% increase in revenue QoQ and 114.5% increase in OP QoQ
- ✓ Recovery of advertisement business and successful monetization of local information business contributed to both revenue and OP hikes

## 3Q Financial Results (Last 3 months)

(JPY MM)

	2Q 2021.3	3Q 2021.3	QoQ
Revenue	376	447	+18.7%
Operating Profit	60	130	+114.5%
Net Profit	44	92	+108.8%

\* Consolidated financial statement has been prepared since 3rd quarter of FY2021

# Revenue Breakdown by Business Segment

- ✓ Tokubai Business : 12.8% increase driven by solid increase of # of paying customers
- ✓ Ad Business : 7.9% drop due to temporary decrease of demand in the 1<sup>st</sup> half year affected by Covid-19
- ✓ Other Business : Soared 502.1% mainly driven by successful monetization of local information business

**Breakdown of Revenue by Business (Last 9 months)**

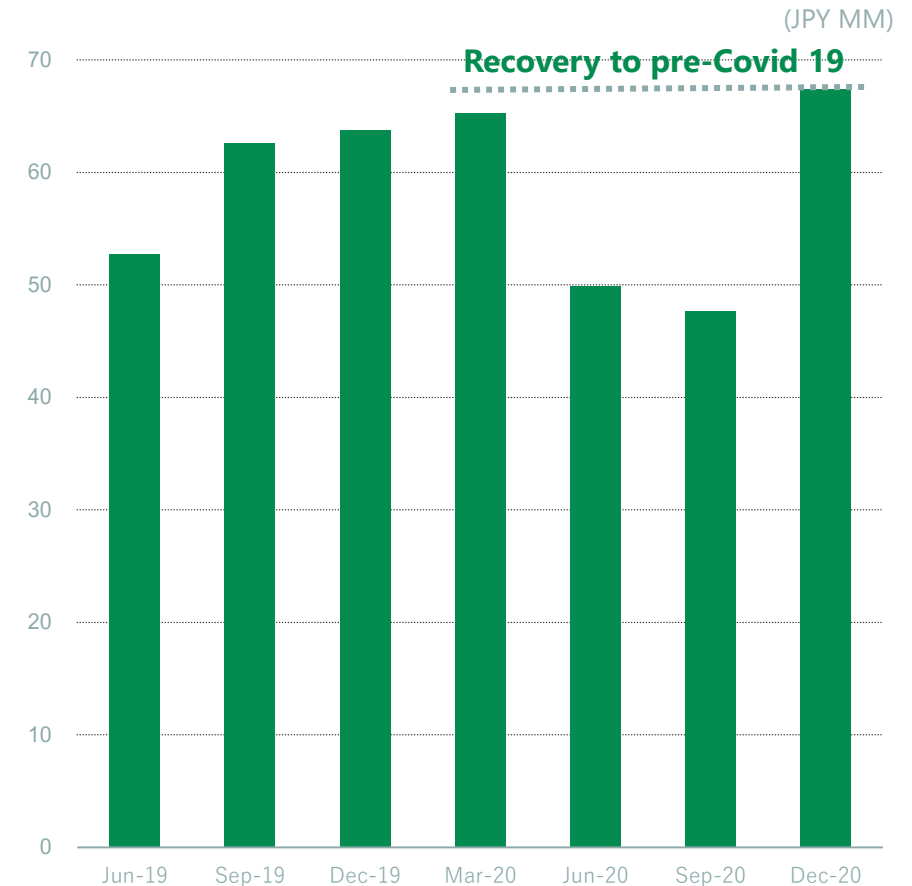
(JPY MM)

	3Q 2020.3	3Q 2021.3	YoY
Tokubai Business	845	954	+12.8%
Ad Business	179	164	△7.9%
Others	12	73	+502.1%

\* Consolidated financial statement has been prepared since 3<sup>rd</sup> quarter of FY2021.3

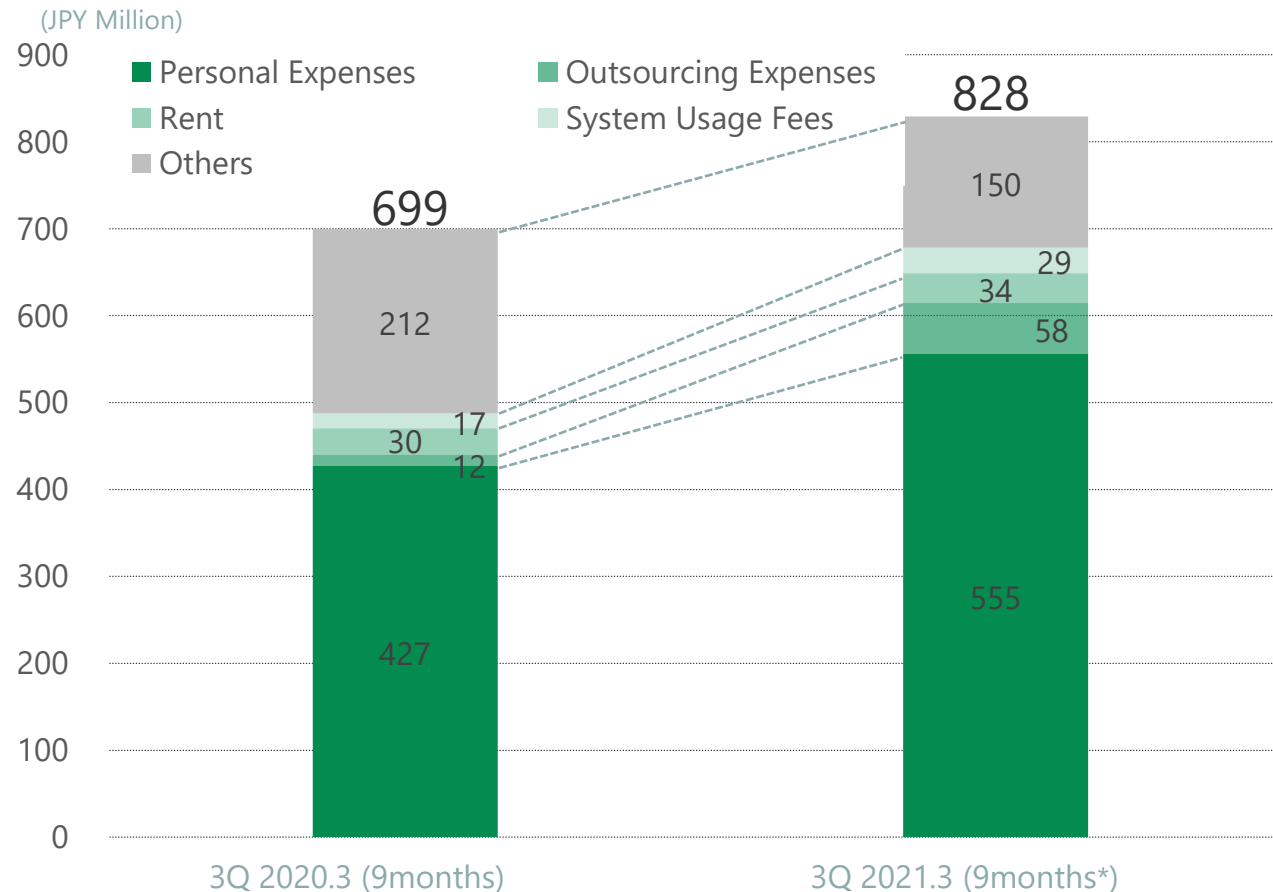
\* Investment business segment has been added to reportable segment since 3<sup>rd</sup> quarter of FY2021.3 but no revenue record in the 3<sup>rd</sup> quarter

**Revenue of Ad Business (Quarterly basis)**



- ✓ 18.5% increase in SG&A YoY
- ✓ Aggressive recruiting for business development, resulting in +23 employees YoY

## Breakdown of SG&A (Last 9 months)



Key SG&A items	
Personal Expenses	112 employees at the end of the 3Q (89 employees at the same timing of last year)
Outsourcing Expenses	Mainly for service development and content creation
Rent	Rent Office
System Usage Fees	Usage fees for various systems

\* Consolidated financial statement has been prepared since 3rd quarter of FY2021

## 2. KPIs Trend

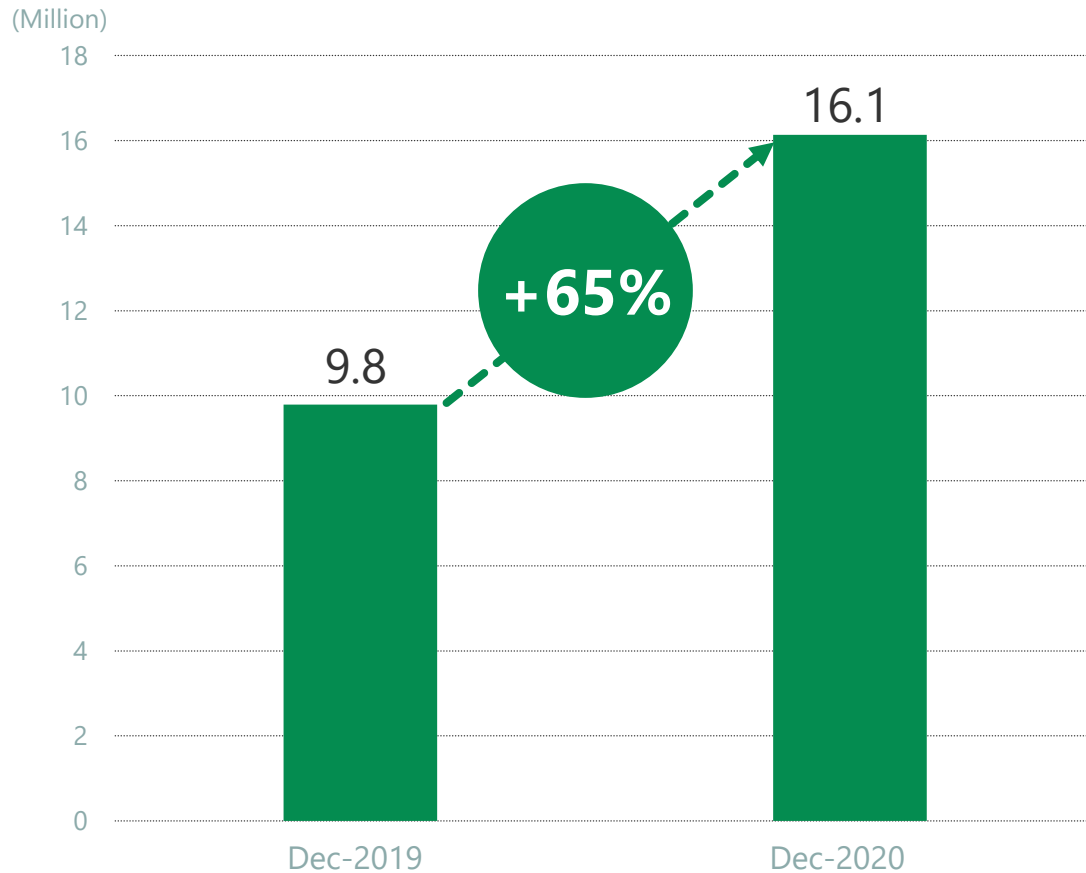
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# Number of Monthly Active Users and Subscriber Stores

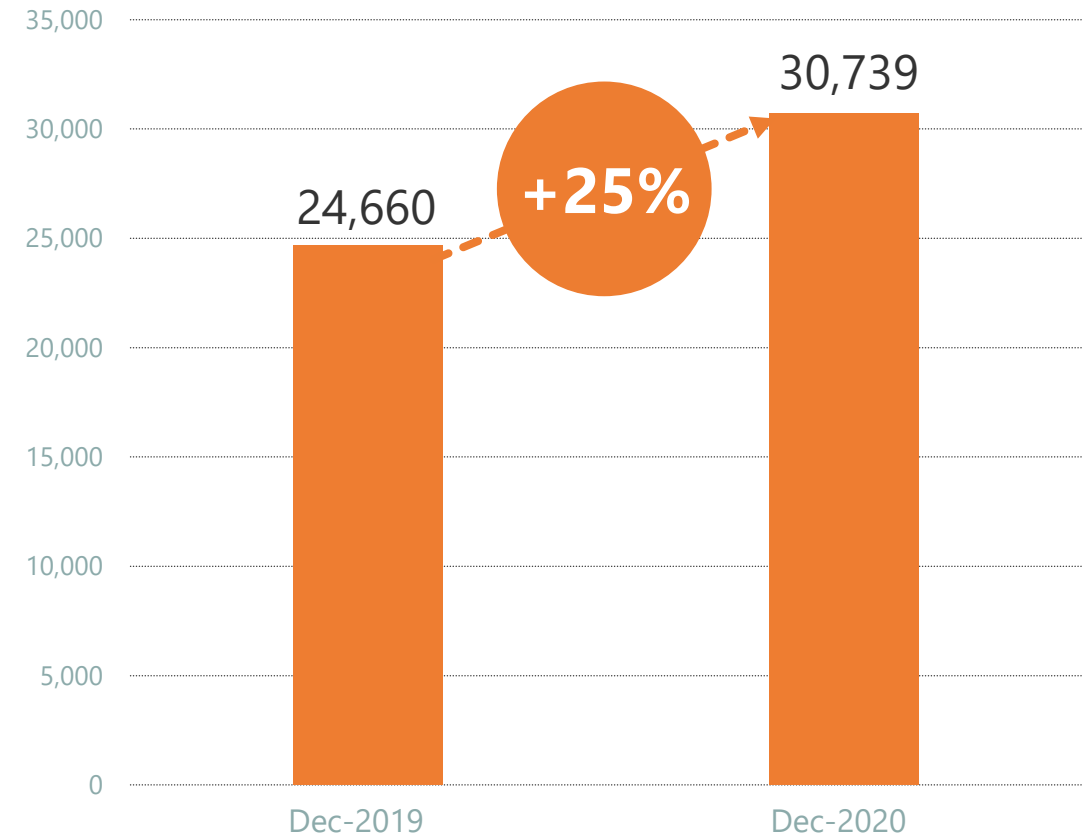
- ✓ Monthly Active Users significantly increased driven by intense demand in the year-end season, up 64.8% YoY
- ✓ Number of Subscriber Stores increased primarily in pay-for-performance subscriber stores, up 24.7% YoY

# of Monthly Active Users\*1



\*1 Total of users of "Tokubai," "Tokubai News," "Tokubai Minnano Cafe," and "Loconavi"

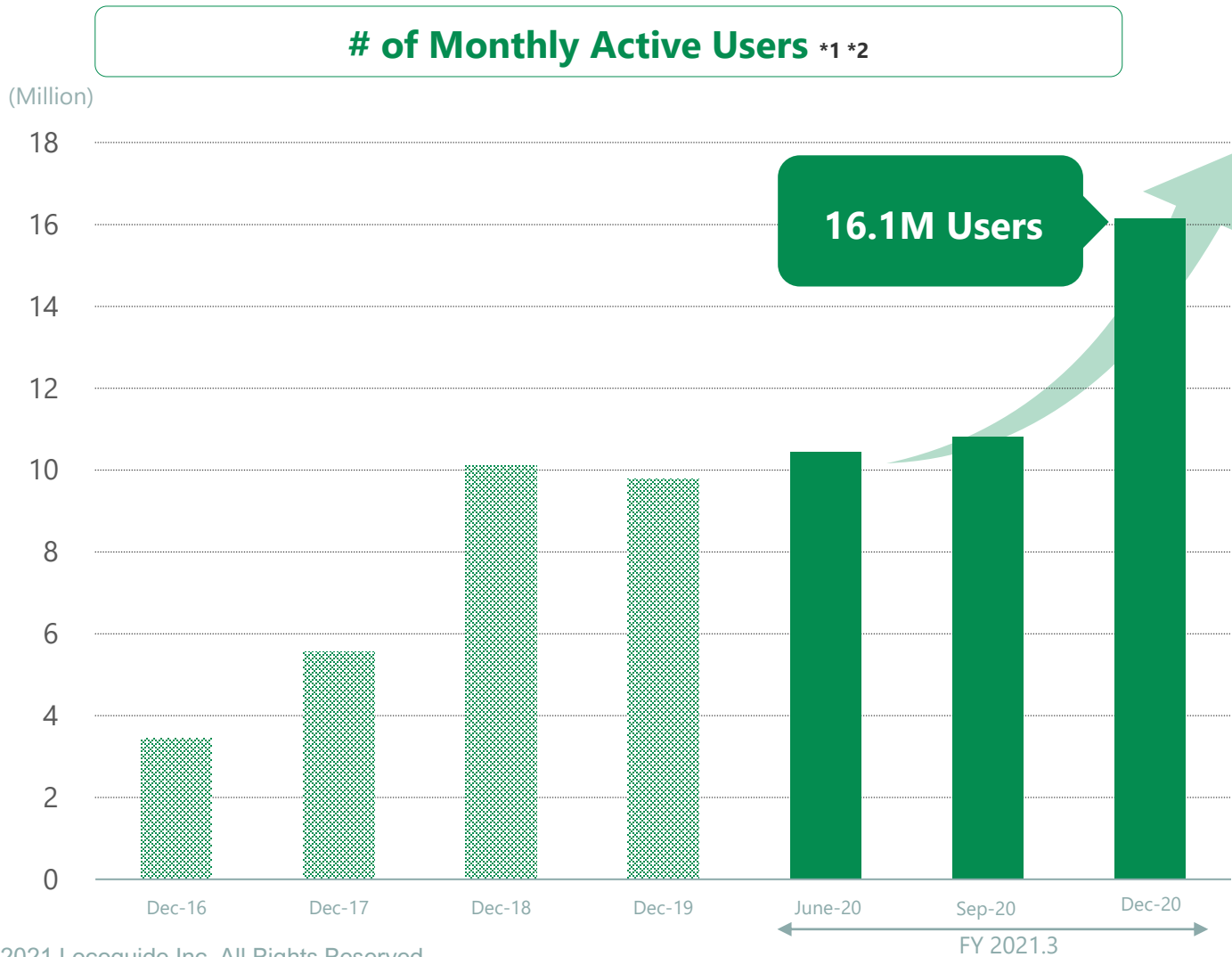
# of Subscriber Stores\*2



\*2 Total of subscriber stores with monthly fixed price contract and pay-for-performance contract

# Number of Monthly Active Users

- ✓ **Achieved historically high # of Monthly Active Users** in 3Q and keeping its momentum in January
- ✓ Aiming for additional growth of # of Active Users through enhancement of user convenience on Tokubai



**Target in March 2022**

**24.0M Users**

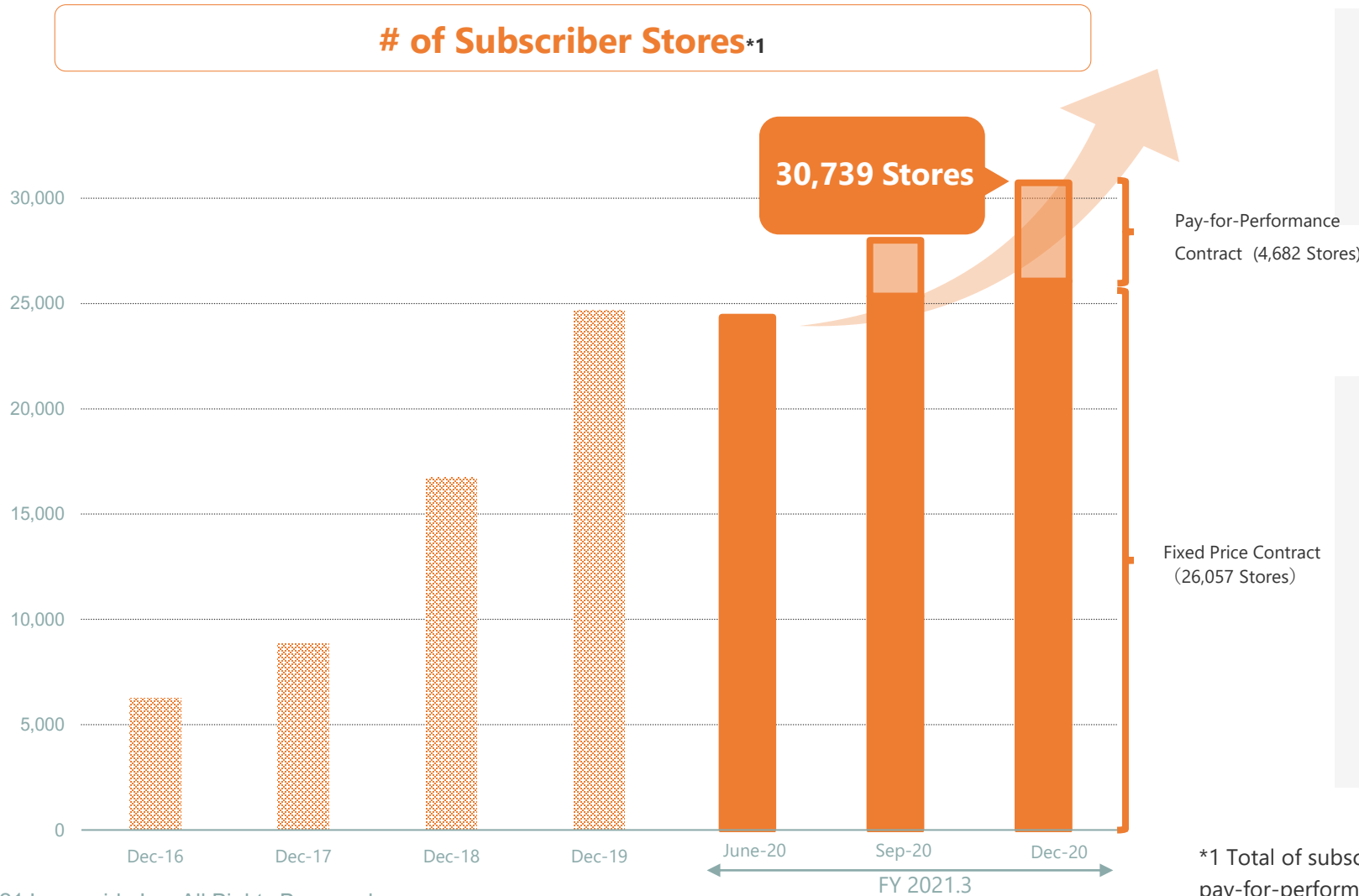
- ✓ **Improvement of coverage of Information**
- ✓ **Enhancement of user convenience**
- ✓ **Enrichment of contents of articles and communities**

\*1 Until March 2017: Users of "Tokubai"

\*2 From June 2017: Users of "Tokubai," "Tokubai News," "Tokubai Minnano Cafe," and "Loconavi"

# Number of Subscriber Stores

- ✓ **Achieved historically high # of Subscriber Stores** in 3Q driven by increase of both fixed price and pay-for-performance contracts
- ✓ Achieve accelerated expansion of pay-for-performance subscriber stores through diversification of our service



**Target in March 2022**

**37,000 Stores**

- ✓ **Expansion of business categories**
- ✓ **Optimization for each Business category**
- ✓ **various price options**

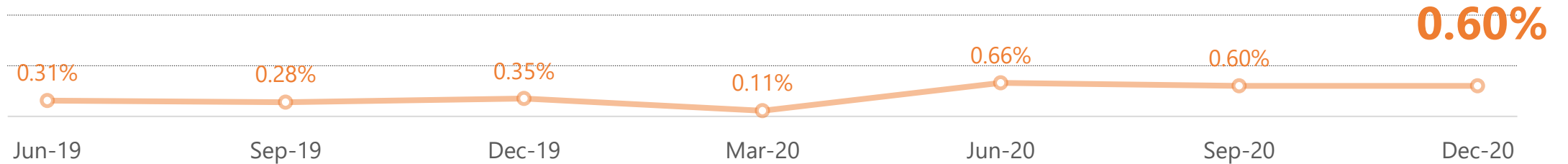
\*1 Total of subscriber stores with monthly fixed price contract and pay-for-performance contract

✓ **Maintaining low level** even under the Covid-19 impact

12-Months Average Churn Rate\*1

Churn Rate as of December 2020\*2

0.60%



\*1 Churn Rate =  $1 - (\text{Revenue from subscribers in this month} - \text{Revenue from new subscribers in this month}) \div \text{Revenue from subscribers in preceding month}$   
Revenue excludes additional sales due to plan change

\*2 Churn rate excludes stores that have temporarily stopped operation due to COVID-19



## 3. 3Q Business Highlights

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## Each Business's Key Developments

### Internet & Media Business

#### **Tokubai Service**

- User Expansion : Enriching Tokubai contents more user-friendly
- Subscriber Store Expansion : Accelerating increase of pay-for-performance subscribers

#### **Advertisement**

- Introduction of new advertisement services and development of new ad business for local governments

#### **Local Information**

- Deepening collaboration with local governments by leveraging "Congestion Lamp" Service
- Achieving new revenue stream through diversification of Local Business

### Investment Business

- Acquisition of minority stakes of several companies

- ✓ Delivering information of subscriber stores and relevant news in a timely manner under the State of Emergency

## Example of Tokubai Store Information

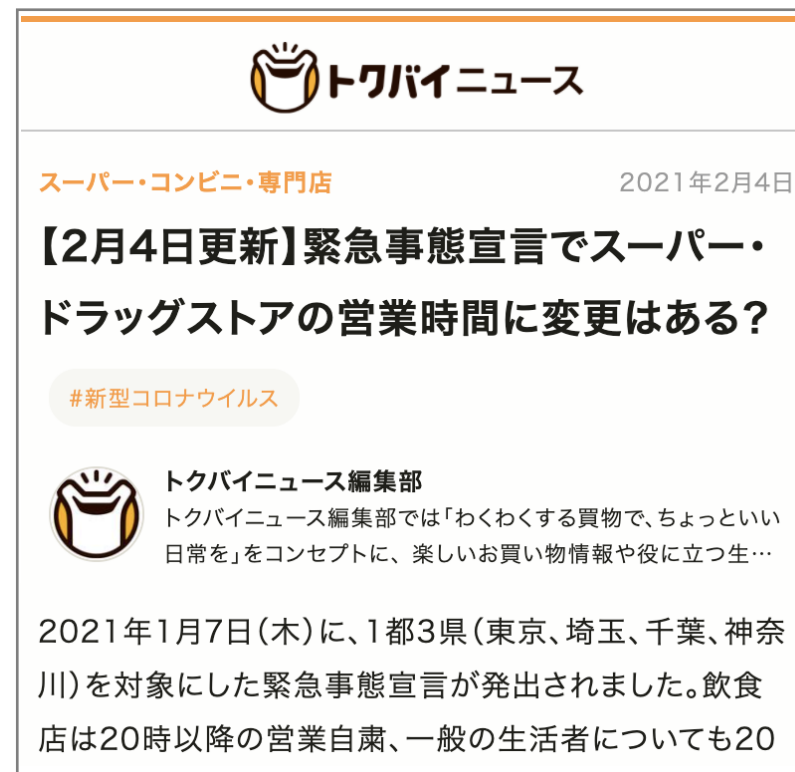
- Example of detailed shop information (ex. Opening hour) under the State of Emergency



The screenshot shows a mobile app interface for Tokubai. At the top, there are navigation icons for 'トップ' (Home), 'クーポン' (Coupons), 'トクバイストア' (Tokubai Store), 'オトクマート' (Otokumart), and 'トクドラッグ' (Tokudrug). Below this is a row of buttons: 'チラシ(2)' (Flyers), 'クーポン(3)' (Coupons), 'お知らせ' (Announcements), and 'クチコミ(2)' (Reviews). The main section is titled '店舗情報' (Store Information) and displays details for 'トクバイストア 渋谷店' (Tokubai Store Shibuya). The opening hours are listed as '9:00~23:00 12月1日 (火) より9時~23時の営業となります。' (9:00~23:00 from Dec 1st (Tue) onwards, 9:00~23:00 hours of operation).

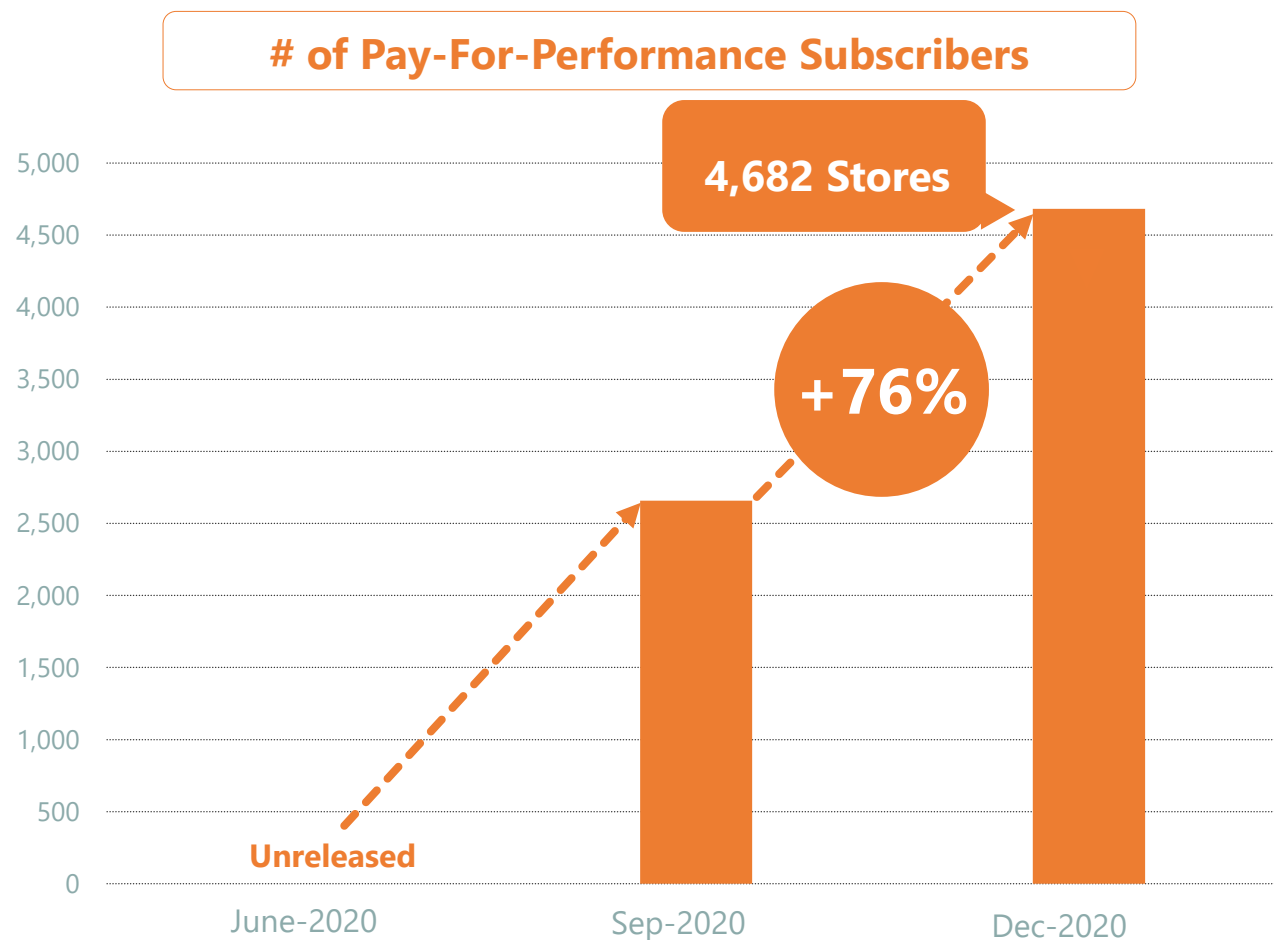
## Example of Tokubai News

- Example of relevant article which explains the impact of the State of Emergency to each retailer



The screenshot shows a news article from Tokubai News. The title is '【2月4日更新】緊急事態宣言でスーパー・ドラッグストアの営業時間に変更はある?' (Updated Feb 4th: Are there changes to the operating hours of supermarkets and drug stores due to the state of emergency?). The article is dated '2021年2月4日' (Feb 4, 2021) and is categorized as 'スーパー・コンビニ・専門店' (Supermarkets, Convenience Stores, Specialty Stores). The article text discusses the impact of the state of emergency on retailers, mentioning that on Jan 7th (Thu), an emergency declaration was issued for Tokyo, Saitama, Chiba, and Kanagawa, affecting restaurants and requiring a 20:00 closing for general consumers.

✓ 76% increase in pay-for-performance subscriber stores. **4,682 stores as of Dec. 2020**



## Key Potential Customers

Relaxation Facility

Mobile Retailer

Private-Tutoring School

- ✓ Example of new ad business initiative with a major food manufacturer

## Spotlight Movie

- Enables clients to create product promotion short movie



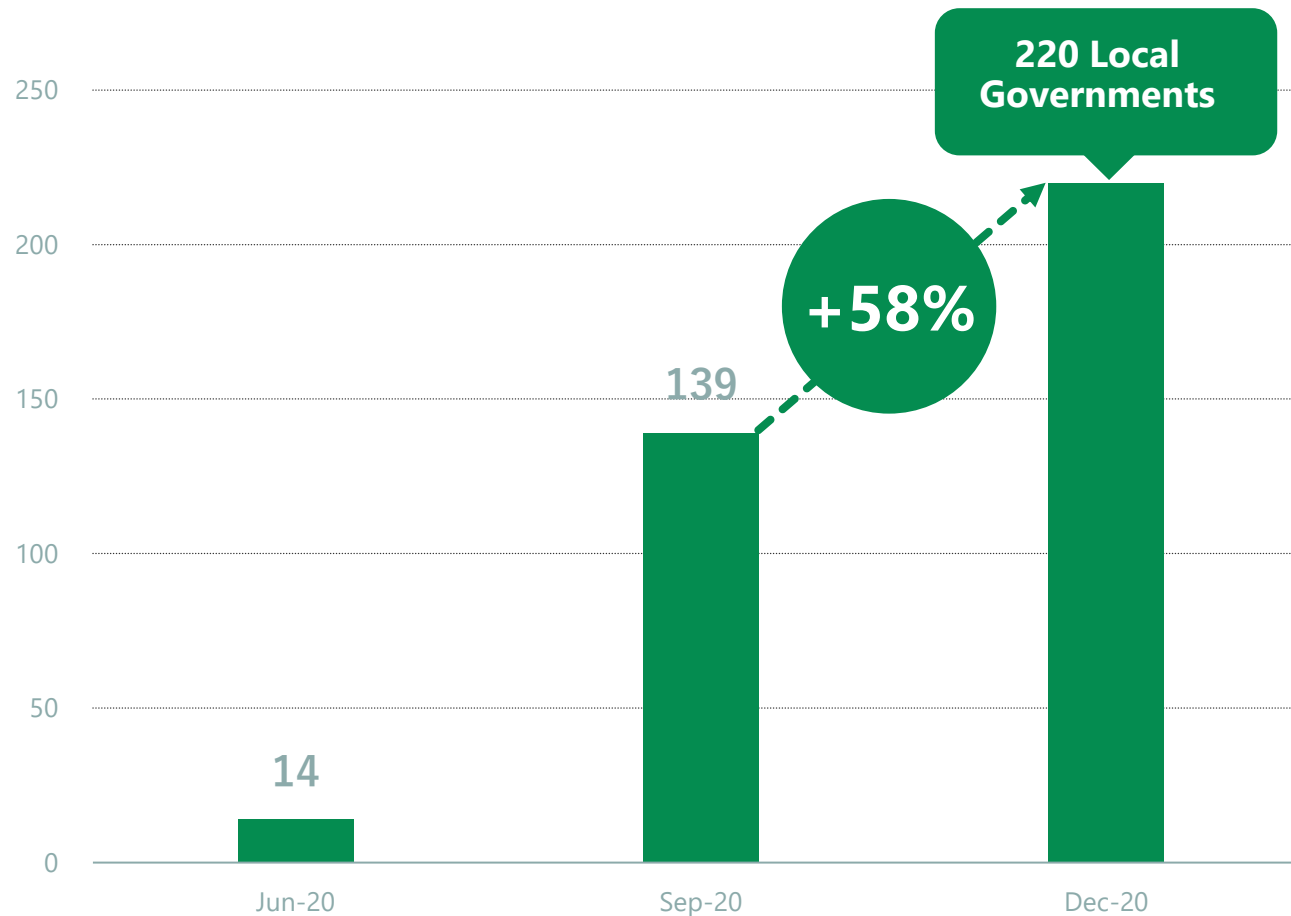
## "Must Buy" Campaign

- Customers can join "Must Buy Campaign" by using receipt of applicable products



- ✓ "Congestion Lamp" has been adopted by 220 local governments (# of local governments' facilities and stores: 383)
- ✓ **Working with local governments to promote digitalization of local stores and facilities**

# of Adopting Local Governments

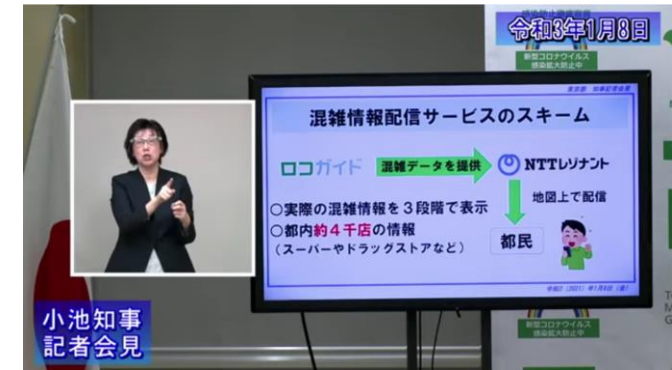


Newly Adopted Governments



- ✓ Tokyo Government appointed Locoguide as a partner of its working group to reduce crowdedness in Tokyo area under Covid-19 pandemic
- ✓ Locoguide provides each store and facility's crowdedness data to be reflected on the map App

## Preliminary initiative of the working group



Provide crowdedness data of retailers to partners

Crowdedness data is reflected on the map App, "Goo地図"

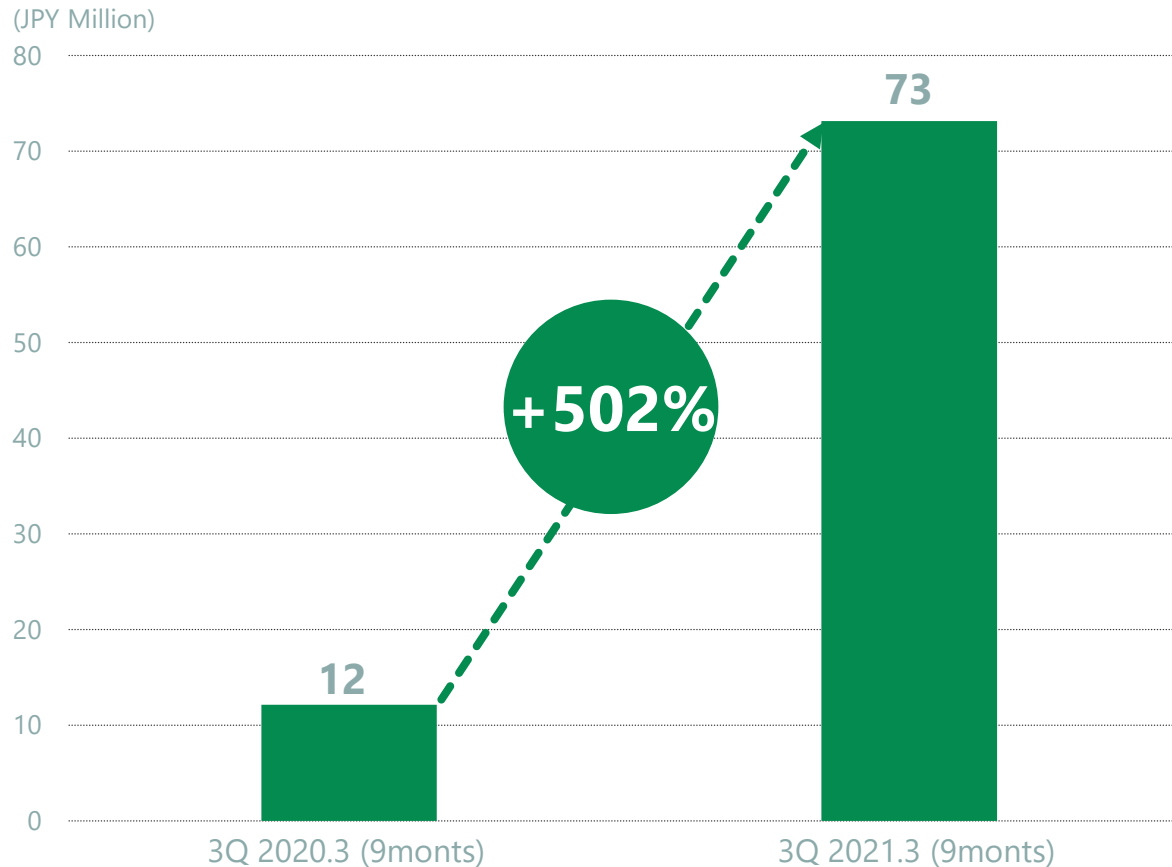
Tokubai App reflects crowdedness data as well

Tokyo governor, Yuriko Koike's announcement on January 8th



- ✓ Additional revenue stream has been achieved in collaboration with local governments
- ✓ Continuing support for digital transformation of local communities

## Revenue of Other Businesses(Last 9 Months)\*



\*1 Other Businesses include businesses other than Tokubai service business and advertisement Business

## Initiative for new revenue stream

- Advertisement of Hometown tax donation program of a local government on Tokubai App





**From Paper to Digital**

**From Far to Near**

**From Contact to Contact-  
Less**



**Social changes are our business opportunities**

**and**

**we create new services “To Deliver Smarter,**

**More Enjoyable, and Safer**

**Way of Living the Local Community Life”**

## Important notes

This document contains forward-looking statements. These forward-looking statements are based only on the information made available to Locoguide as of the date this document were prepared. These statements are not guarantees of future results and involve risks and uncertainties. Accordingly, the actual results may differ materially from those projected herein depending on operating environment and other factors.

Actual results could be affected by, but are not limited to, domestic and international economic conditions and industry trends surrounding Locoguide.

Locoguide undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Information that is not related to is Locoguide is derived from publicly available information. Accordingly, Locoguide does not verify nor guarantee the accuracy, completeness and correctness of such information.