

Trenders

FY2023 (Full year)

Financial Report

FY2024.03(Full year)
Presentation Material

May 14, 2024



トレンドを捉え、 新しい時代を創る

Capturing trend, Create new ERA.

We are **Trender**s 

Company Profile

Company name	Trenders, Inc.	
Establishment	April 2000	
Share capital	629.75 million yen (as of March 31, 2024)	
Director	Ikuo Okamoto, Chairman and Representative Director Ryoko Kurokawa, President and Representative Director Hayato Tanaka, Director and CFO	
Outside Director	Moriu Ishikawa, Tetsuya Honda, Ryuji Yokoyama	
No. of employees	197 (No. of full-time and contract employees as of March 31, 2024)	
Address	Headquarters: 8th Floor, F-Nissay Ebisu Building, 3-16-3, Higashi, Shibuya-ku, Tokyo Shimane Office: i-259-5, Oda, Odacho, Oda, Shimane Creative Center: CROSSCOOP Sendai, 10th Floor, Sendai Trust Tower, 1-9-1, Ichibancho, Aoba-ku, Sendai, Miyagi	
Subsidiaries	CLEMENCE•LABORATORY, Inc., CARAFUL, Inc., Ryoukakai General Incorporated Association	

Management Policy

1

Creating new value in society through business development that is in line with consumer and market trends.

2

Seeking to create businesses and organizations that continue to grow over the medium to long term.

3

Placing priority on maximizing shareholder value at all times, and delivering proactive and stable shareholder returns.

4

Seeking to be an advanced company in Diversity & Inclusion (D&I) by promoting flexible working styles and organization management that emphasizes diversity.

Overview of Trenders Group

- Operating two business segments: Marketing and Investment
- CARAFUL Inc. became a wholly-owned subsidiary on April 1, 2023, and develops marketing business services specializing in TikTok



*Sales composition ratio in FY2023

Marketing Business Areas

- We are developing two fields in the Marketing Business: beauty marketing and medical marketing

Marketing Business Areas

Beauty marketing

Digital and SNS marketing support
for clients in the beauty category



Sharing
marketing
know-how

Medical marketing

Marketing and DX support for self-
funded medical treatment clinics
and the development and sale of
clinic-exclusive products





0 1

**FY2023 (FY ended March 31, 2024)
Financial Results**

Financial Summary (Full year)

Group	Revenue increased by 3.7% and gross income increased by 16.8% as the growth of the Marketing Business compensated for the decrease in sales and income in the Investment Business		
	Revenue 5,673 million yen (YonY+3.7%(*2))	Gross income 3,061 million yen (YonY+16.8%)	Operating income 788 million yen (*1) (YonY -22.0%)
Marketing Business	Continued growth in beauty marketing led to +16.9% revenue and +23.0% gross income Operating income decreased due to business investments such as large advertising investments in MimiTV		
	Revenue 5,544 million yen (YonY +16.9% (*2))	Gross income 2,988 million yen (YonY+23.0%)	Operating income 848 million yen (YonY -9.6%)
Investment Business	Income and profit decreased due to the impact of two sales of operating investment securities in the previous fiscal year (sales of 642 million yen and operating income of 103 million yen) and the recording of a valuation loss on operating investment securities (50 million yen) in the fourth quarter		
	Revenue 129 million yen (YonY -82.3%)	Gross income 72 million yen (YonY -61.7%)	Operating income 70 million yen (YonY -62.3%)

*1. Total segment operating income and consolidated operating income do not match because there are company-wide expenses that are not attributable to any segment

*2. Calculated on the basis of net sales for the same period of the previous fiscal year, assuming that some transactions in the Marketing Business changed to net due to changes in the contents of contracts from the current fiscal year

Financial Results Summary (Full year)

(Unit: million yen)	FY2022	Fiscal year ending March 2024	YoY
Revenue (Gross)	9,088	-	-
Revenue (Net)	5,471 ^(*)	5,673	+3.7%
Marketing Business	4,742	5,544	+16.9%
Investment Business	729	129	(82.3%)
Gross income	2,620	3,061	+16.8%
Marketing Business	2,430	2,988	+23.0%
Investment Business	190	72	(61.7%)
Selling, general and administrative expenses	1,609	2,273	+41.3%
Operating income	1,011	788	(22.0%)
Ordinary income	1,022	773	(24.3%)
Net income attributable to owners of the parent	708	479	(32.3%)

*Values for the same period of the previous year are stated as reference values on the assumption that the accounting method has been changed from the beginning of the previous fiscal year for some transactions in the Marketing Business, which have changed to net accounting due to changes in the contents of contracts from the current fiscal year

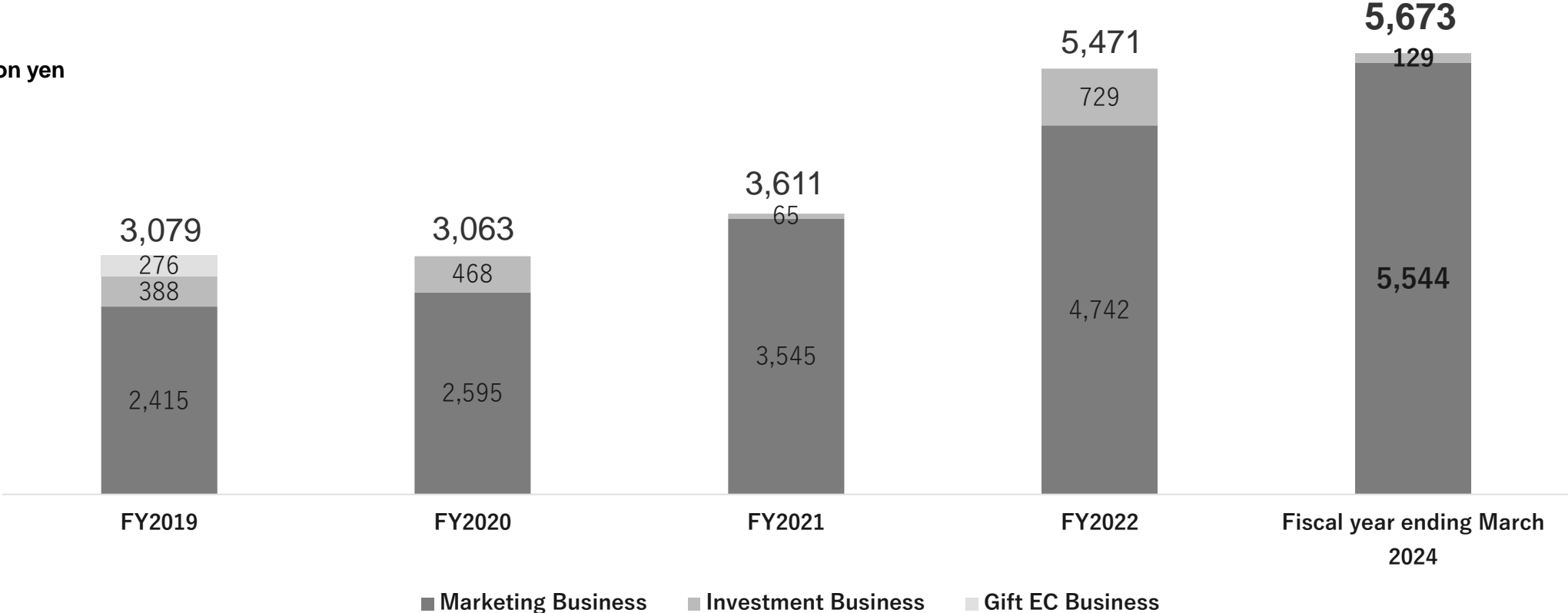
Difference Between Forecast and Results (Full year)

(Unit: million yen)	FY2023 forecast	FY2023 result	vs. earnings forecasts	Factors
Revenue	6,215	5,673	-8.7%	<p><Marketing Business></p> <ul style="list-style-type: none"> In the beauty category, which is our focus area, we saw steady growth, with +23.7% revenue and +27.9% gross margin YoY, but non-beauty categories fell short of expectations
Operating income	1,150	788	-31.4%	<ul style="list-style-type: none"> We positioned it as an investment period for achieving the Medium-term Management Plan (operating income of 2 billion yen by FY2025), and implemented business investments as planned. As a result, SG&A expenses were incurred as expected
Ordinary income	1,150	773	-32.7%	<p><Investment Business></p> <ul style="list-style-type: none"> Revenue and income at each stage were significantly lower than expected due to a valuation loss on operating investment securities resulting from a failure to generate sales revenue as originally planned
Net income attributable to owners of the parent	780	479	-38.5%	<ul style="list-style-type: none"> Downturn due to subsidiary accounting treatment that differed from initial expectations

Revenue (Net) (Full year)

- Revenue (Net): 5,673 million yen (+3.7% YoY)
- Although the Investment Business saw a sharp decline in revenue (-82.3% YoY), the beauty category, which is our focus area, grew by +23.7% YoY, and revenue in the Marketing Business increased by +16.9% YoY

Unit: million yen

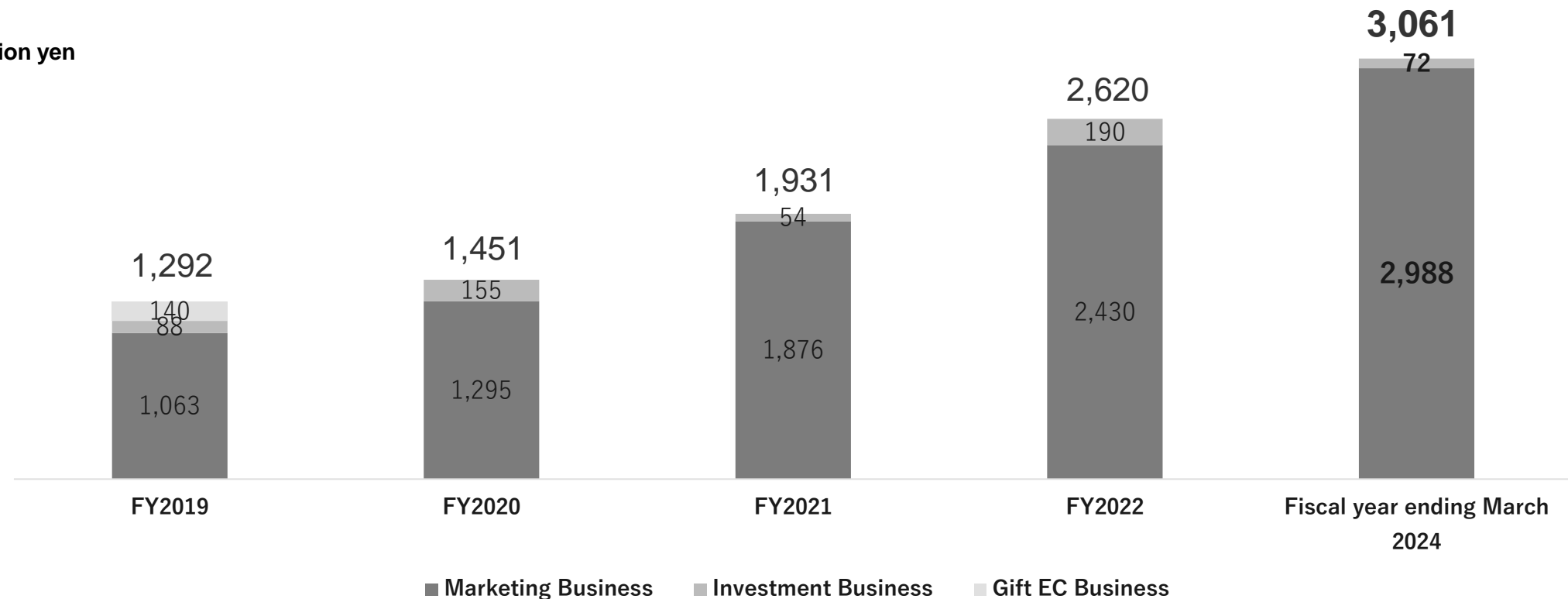


*For certain transactions in the Marketing Business which have changed to net accounting due to changes in the contents of contracts from the current fiscal year, revenue changes are assuming that the accounting method changed from FY2020

Gross Income (Full year)

- Gross income: 3,061 million yen (+16.8% YoY)
- Although the Investment Business saw a sharp decline in income (-61.7% YoY), the beauty category, which is our focus area, saw an increase in income of +27.9% YoY, and gross income in the Marketing Business increased by +23.0% YoY

Unit: million yen

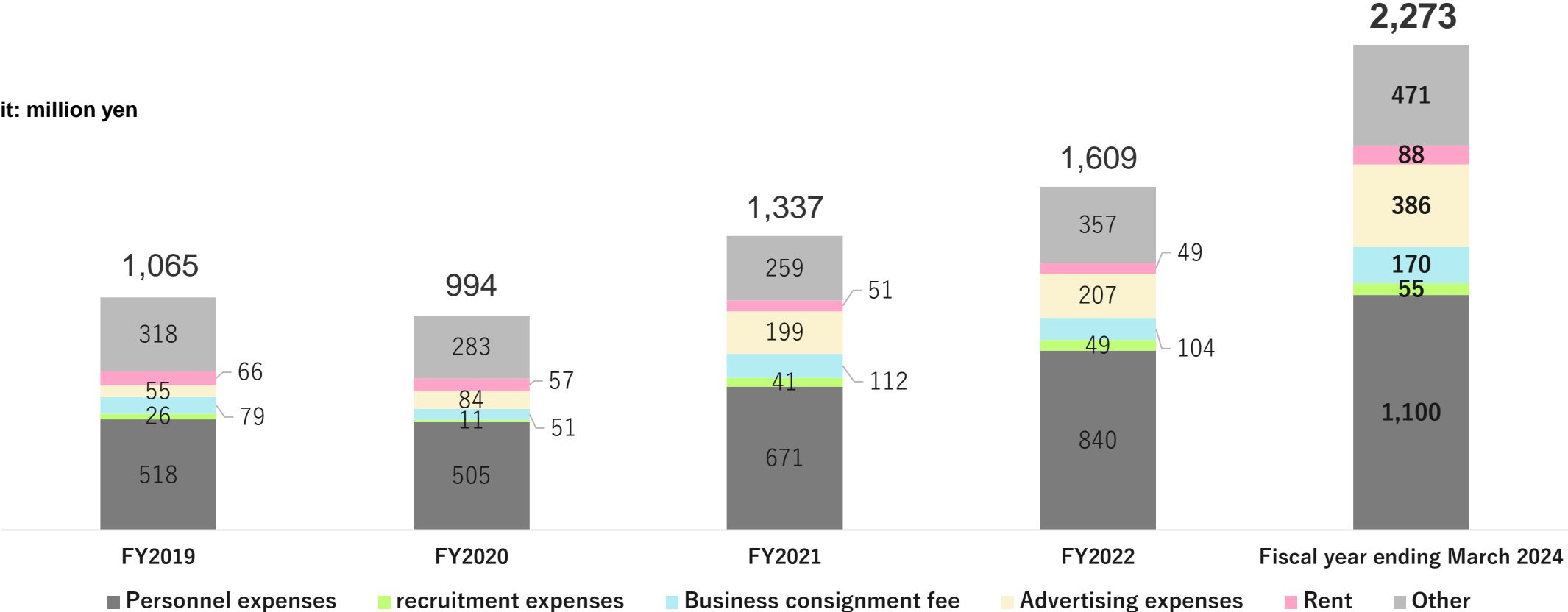


*Gross margin: Profit by deducting only outsourcing expenses directly linked to the provision of goods and services from revenue

SG&A Expenses (Full year)

- SG&A expenses: 2,273 million yen (+41.3% YoY)
- Personnel expenses increased YoY due to increased recruitment as the Marketing Business grew, and advertising expenses increased due to large advertising investment in MimiTV

Unit: million yen

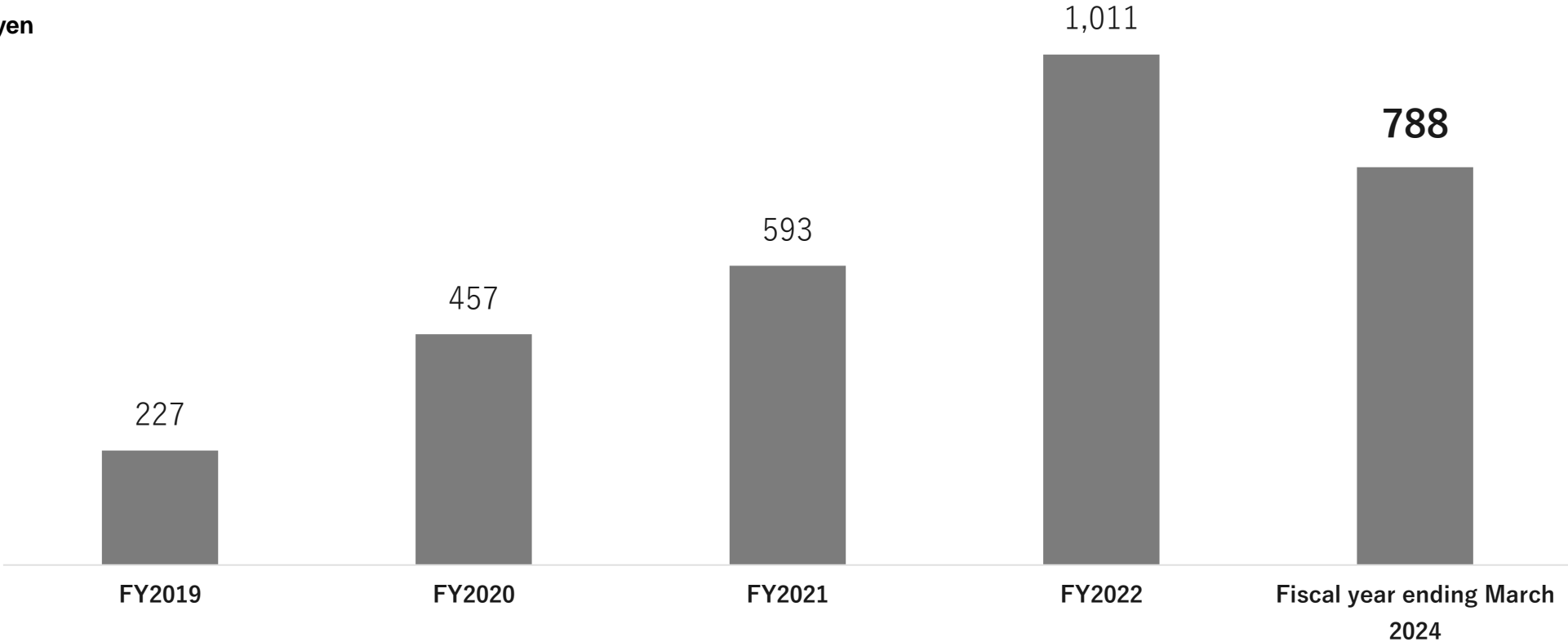


*Others: Maintenance, commission expenses, training expenses, taxes and dues, etc.

Operating Income (Full year)

- Operating income: 788 million yen (-22.0% YoY)
- Positioned as an investment to achieve the Medium-term Management Plan (operating income of 2 billion yen by FY2025), we actively invested in the beauty marketing and medical marketing areas, resulting in a decline in income

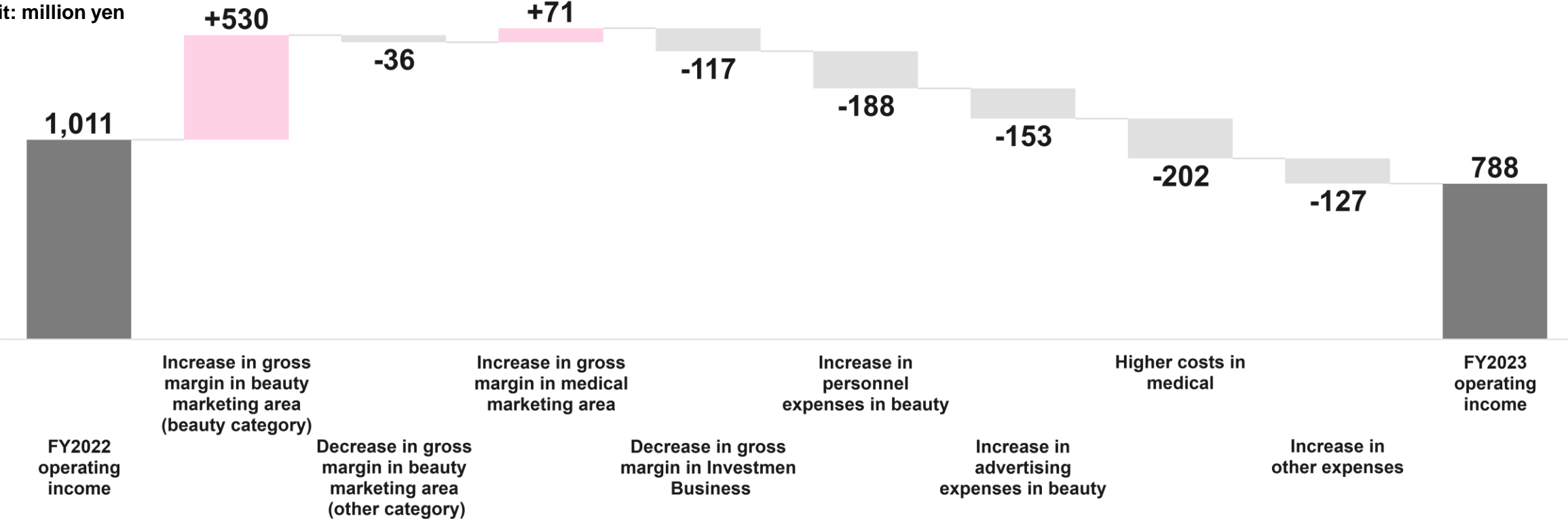
Unit: million yen



Increase / Decrease in Operating Income (Full year)

- Gross margins in the beauty category, which is our focus area, and in the medical marketing area, which is a new business for us, increased, while gross margins outside the beauty category and in the Investment Business decreased
- There was an increase in personnel expenses due to an increase in employees resulting from business growth, the implementation of large scale promotion for MimiTV TVCMs, etc., an increase in SG&A expenses due to investment in the medical marketing area, etc.

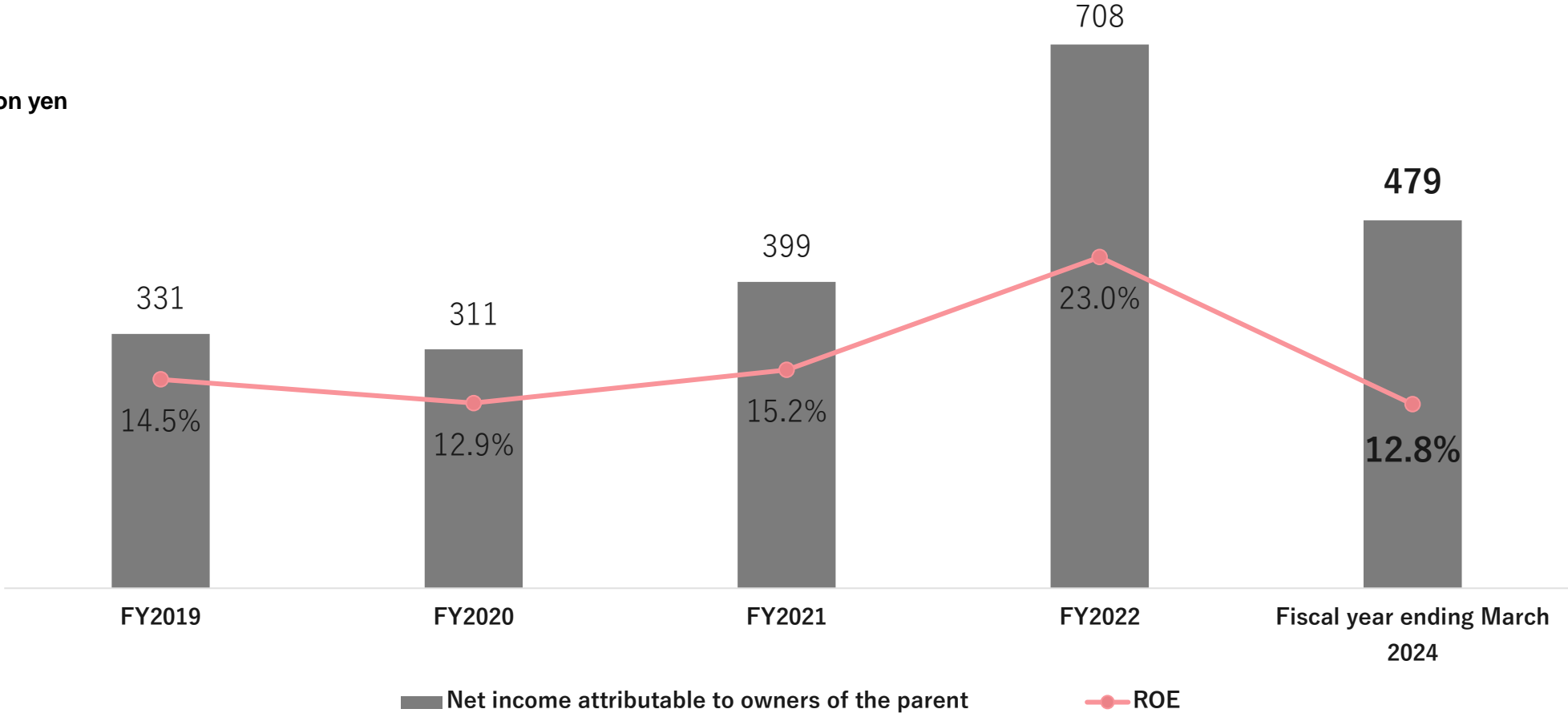
Unit: million yen



Net Income Attributable to Owners of the Parent & ROE (Full year)

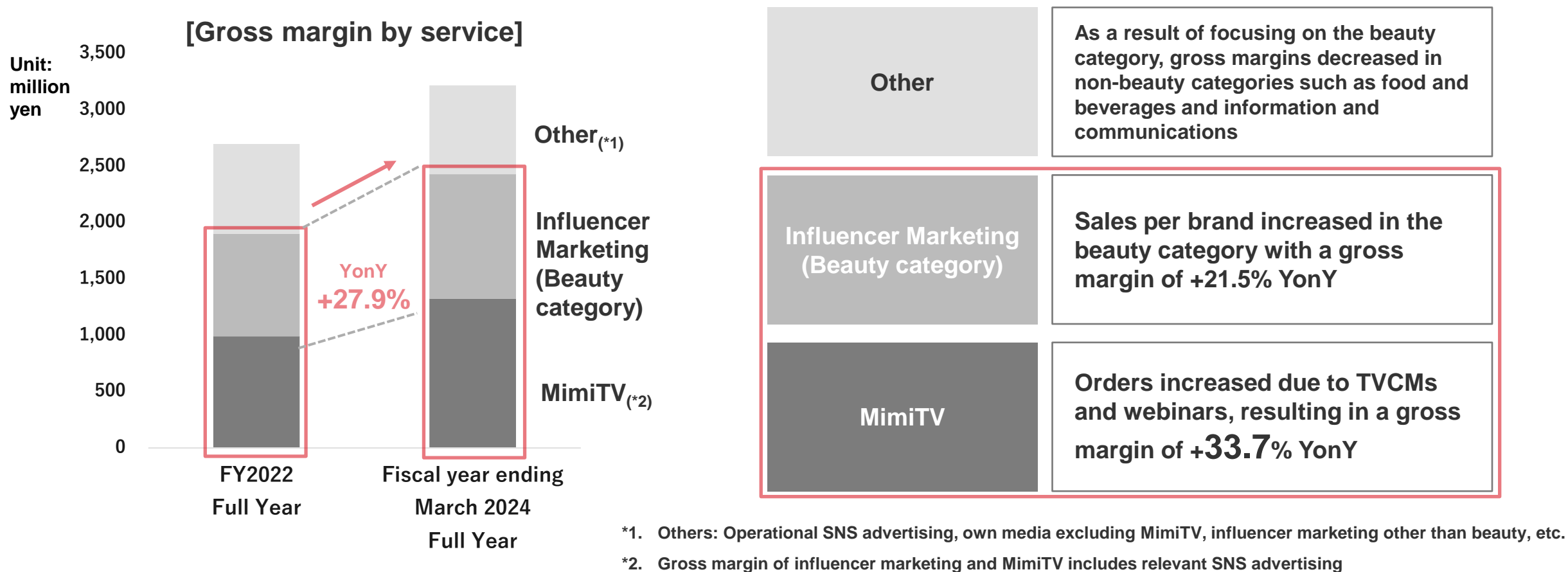
- Net income attributable to owners of the parent: 479 million yen (-32.3% YoY),
ROE: 12.8% (-10.2 percentage points YoY)
- Seeking to increase ROE continuously with an awareness of capital cost and capital efficiency

Unit: million yen



Gross Margin by Service (Beauty marketing area/full year)

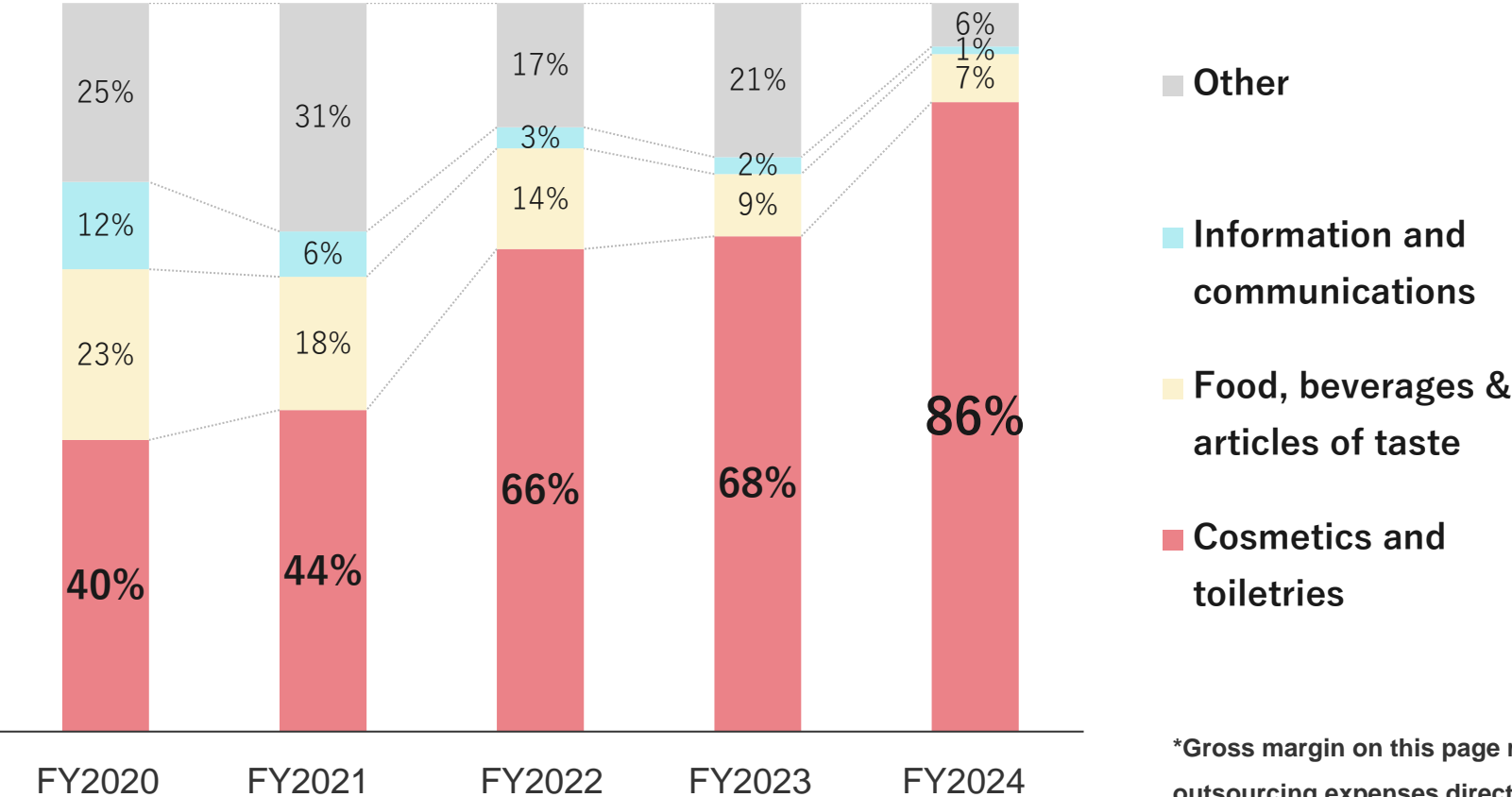
■ As a result of the strategic focus on the beauty category, gross margin by service in the beauty marketing area for FY2023 grew steadily: +21.5% for influencer marketing, +33.7% for MimiTV, and +27.9% for the beauty category as a whole



Gross Margin Composition in the Beauty Category

■ Strategically specializing in the beauty category resulted in a gross margin composition ratio by industry of more than 80% in the category

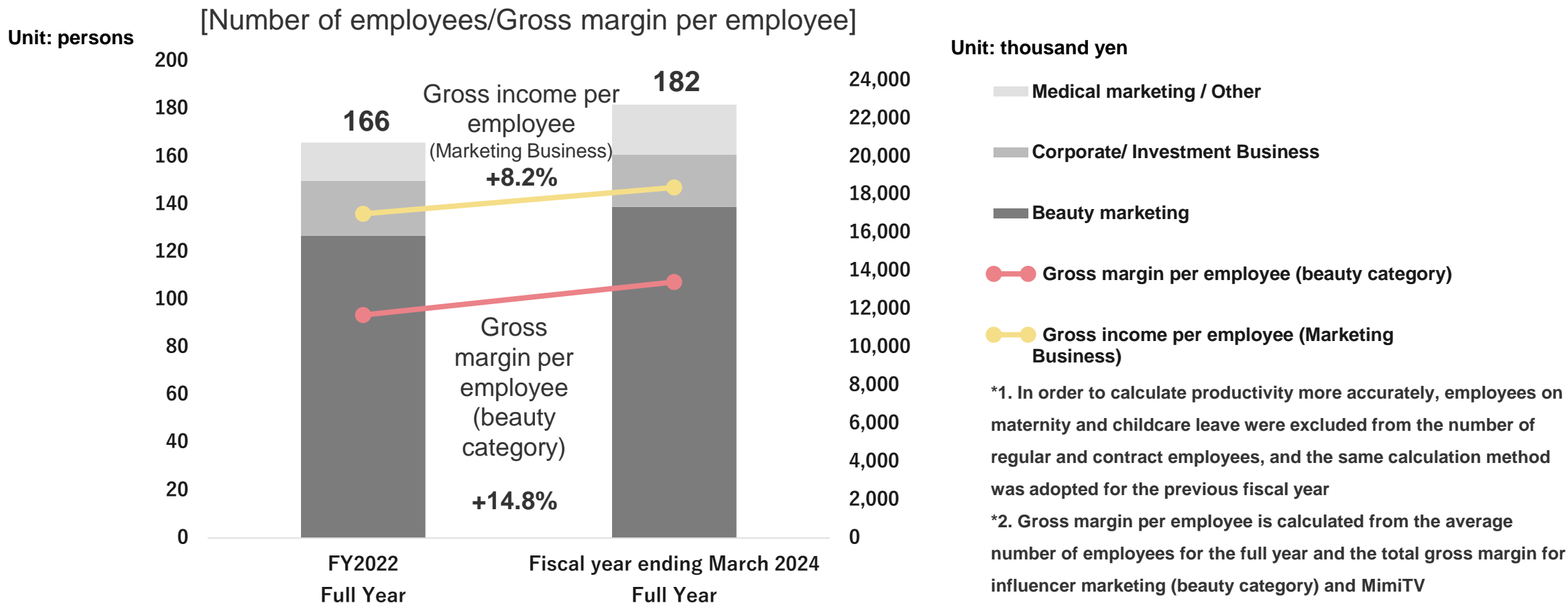
[Gross margin composition by customer industry]



*Gross margin on this page refers to profit by deducting only outsourcing expenses directly linked to the provision of goods and services from revenue

Number of Employees / Gross Margin per Employee (Beauty category/full year)

■ For FY2023, the number of employees (*1) increased by 9.6% YoY, the gross income per employee in the Marketing Business increased by 8.2%, and the gross margin for the beauty category (*2) increased by 14.8%



*1. In order to calculate productivity more accurately, employees on maternity and childcare leave were excluded from the number of regular and contract employees, and the same calculation method was adopted for the previous fiscal year

*2. Gross margin per employee is calculated from the average number of employees for the full year and the total gross margin for influencer marketing (beauty category) and MimiTV

*Gross margin on this page refers to profit by deducting only outsourcing expenses directly linked to the provision of goods and services from revenue

Balance Sheet

- Cash and deposits cover about 15 months' worth of monthly fixed costs, and financial condition is sound with a capital adequacy ratio of 60.9%

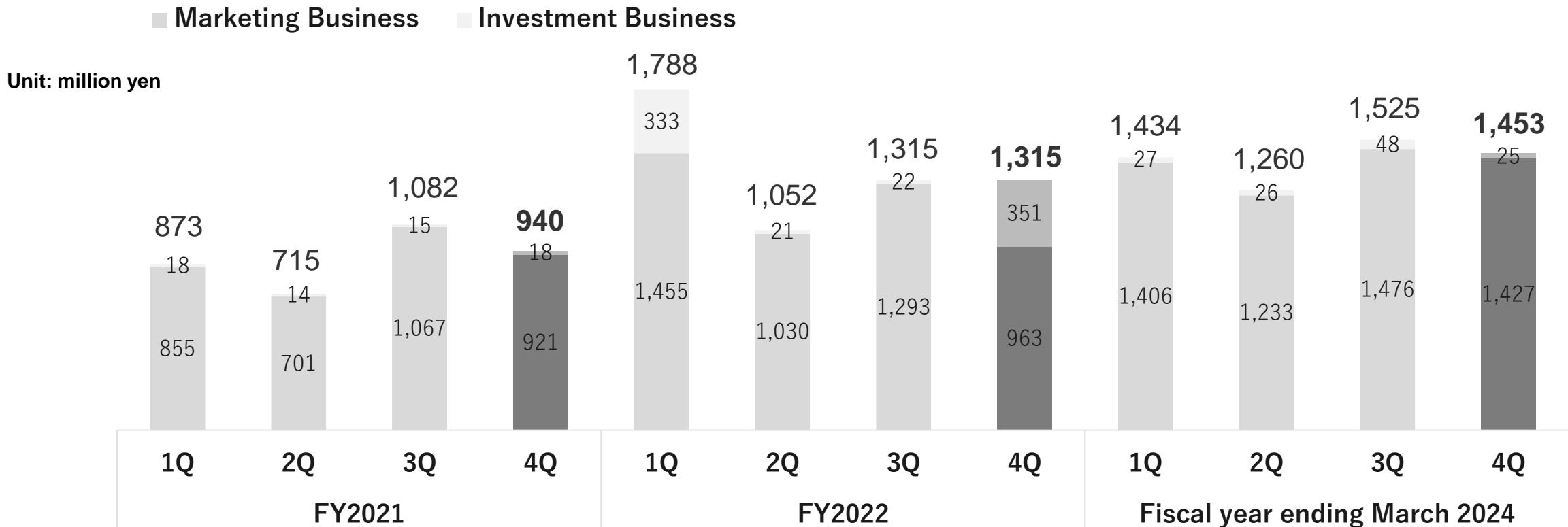
(Unit: million yen)	As of March 31, 2023	Fiscal year ending March 2024 End of Period	YoY
Current assets	5,165	6,397	+23.8%
Cash and deposits	1,513	3,209	+112.0%
Operational investment securities	2,157	1,518	(29.6%)
Fixed assets	262	390	+48.6%
Total assets	5,428	6,788	+25.0%
Current liabilities	2,031	2,615	+28.8%
Fixed liabilities	19	34	+78.5%
Net assets	3,377	4,137	+22.5%



02 FY2023 Q4 Financial Results

Revenue (Net) (Quarterly)

- Revenue (net) in the fourth quarter (January to March): 1,453 million yen (+10.5% YoY)
- Revenue for the Marketing Business increased significantly by +48.2% YoY due to the growth of influencer marketing and MimiTV
- The Investment Business saw a -92.8% drop in revenue YoY due to sales of operating investment securities



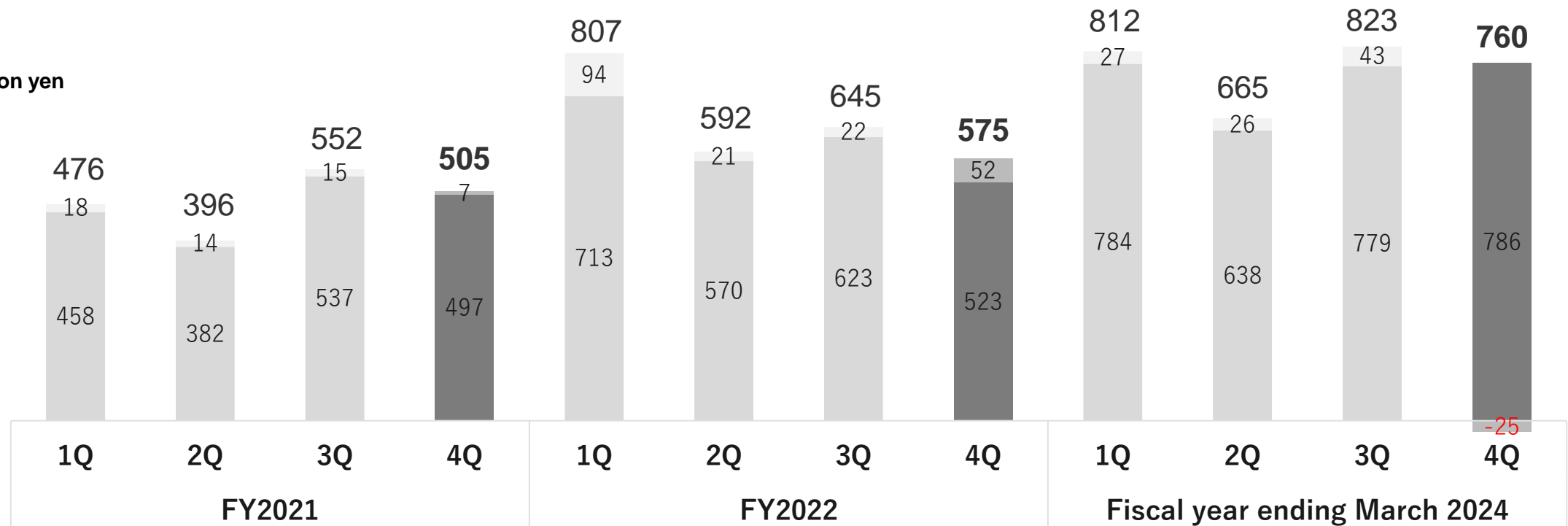
*For certain transactions in the Marketing Business which have changed to net accounting due to changes in the contents of contracts from the current fiscal year, revenue changes are assuming that the accounting method changed from FY2021

Gross Income (Quarterly)

- Gross income in the fourth quarter (January to March): 760 million yen (+32.2% YoY)
- Gross income for the Marketing Business increased significantly by +50.3% YoY due to the growth of influencer marketing and MimiTV
- The Investment Business recorded a gross loss of 25 million yen due to a valuation loss on operating investment securities of 50 million yen

■ Marketing Business ■ Investment Business

Unit: million yen

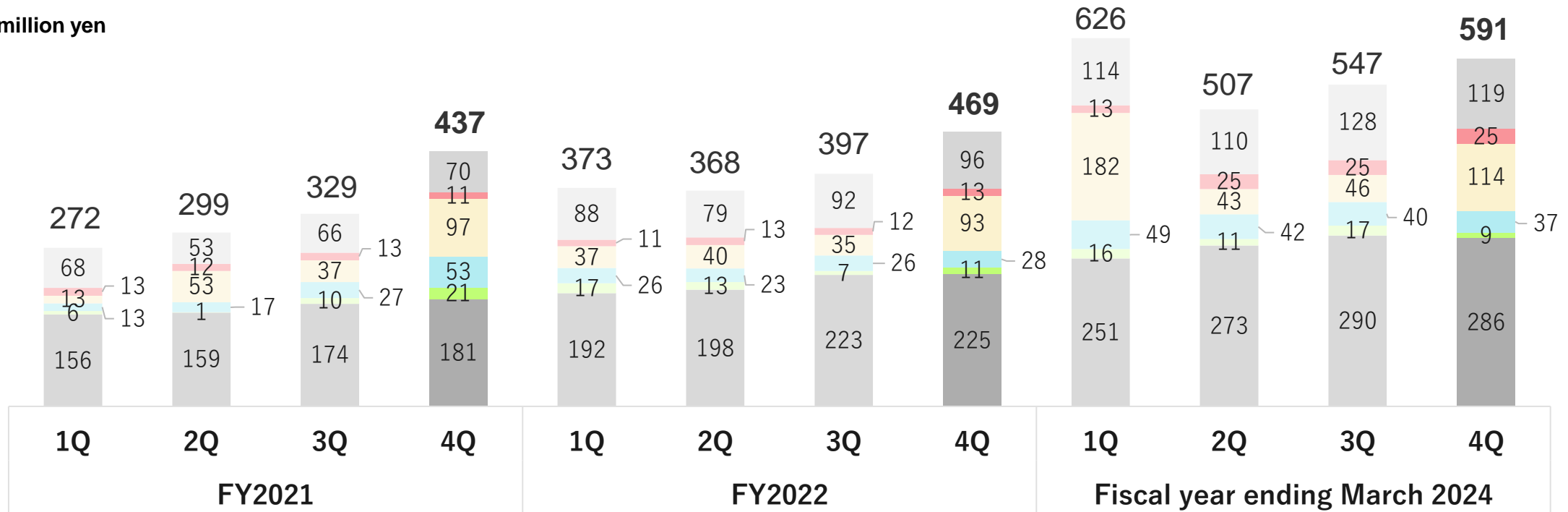


SG&A Expenses (Quarterly)

- SG&A expenses in the fourth quarter (January to March): 591 million yen (+26.0% YoY)
- Personnel expenses increased YoY due to increased hiring in line with business growth
- Implementation of real events as part of efforts to increase awareness of MimiTV, with 61 million yen allocated for advertising expenses

■ Personnel expenses ■ recruitment expenses ■ Business consignment fee ■ Advertising expenses ■ Rent ■ Other

Unit: million yen

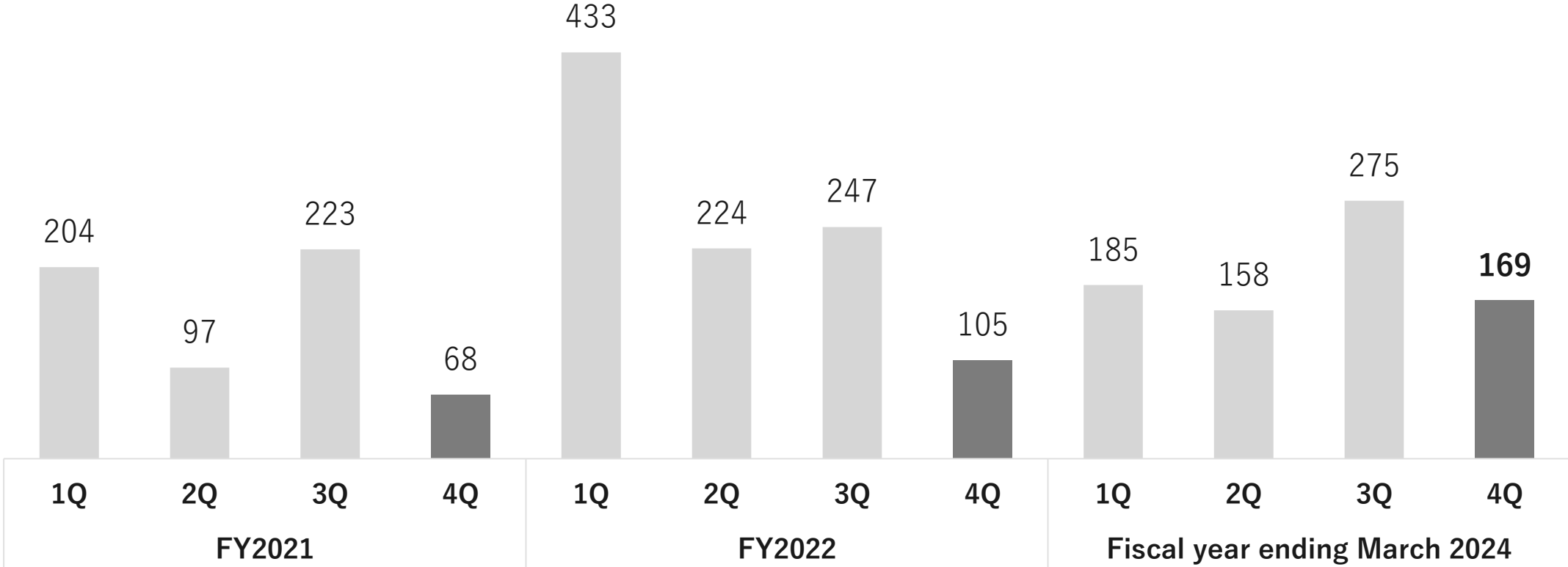


*Others: Maintenance, commission expenses, training expenses, taxes and dues, etc.

Operating Income (Quarterly)

■ Operating income in the fourth quarter (January to March): 169 million yen (+59.7% YoY)

Unit: million yen





03

FY2024 Earnings Forecast and Growth Strategy

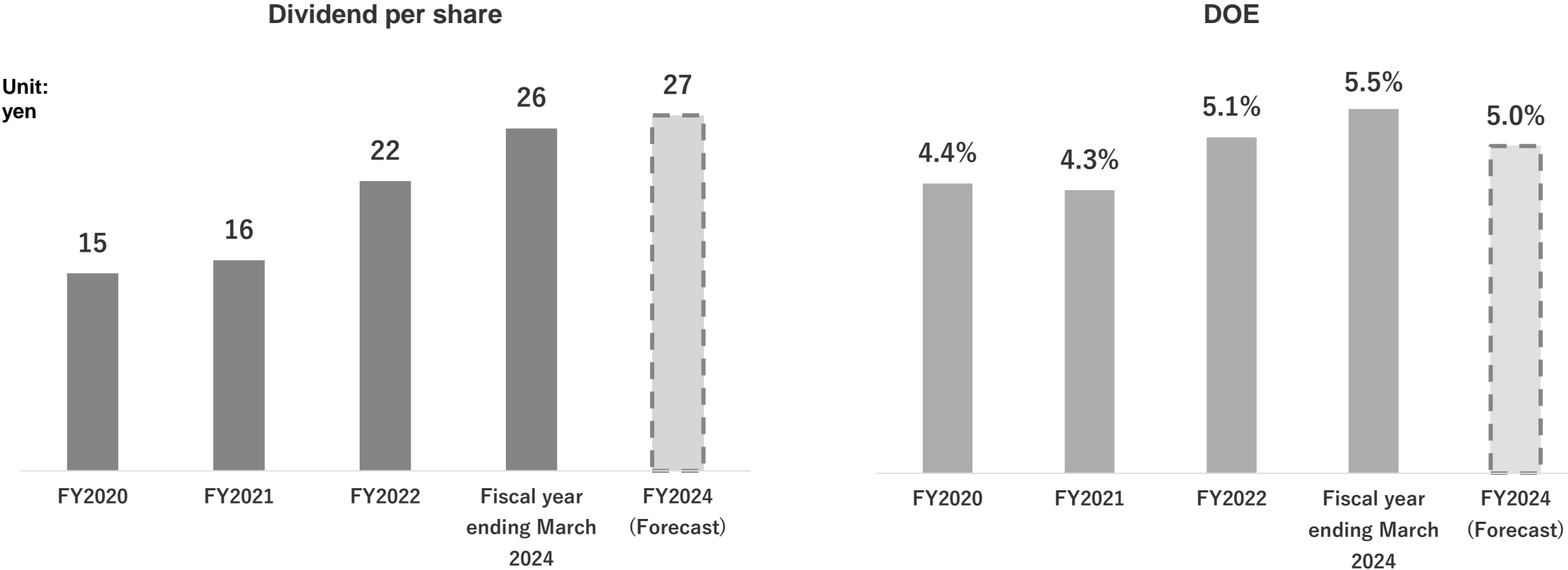
FY2024 Forecast

- Revenue and operating income are expected to increase by +13.7% and +26.8% YoY, respectively, due to the continued growth of the Marketing Business
- The capital and business alliance with istyle Inc. is not included in the forecast because it is difficult to calculate a reasonable amount at present

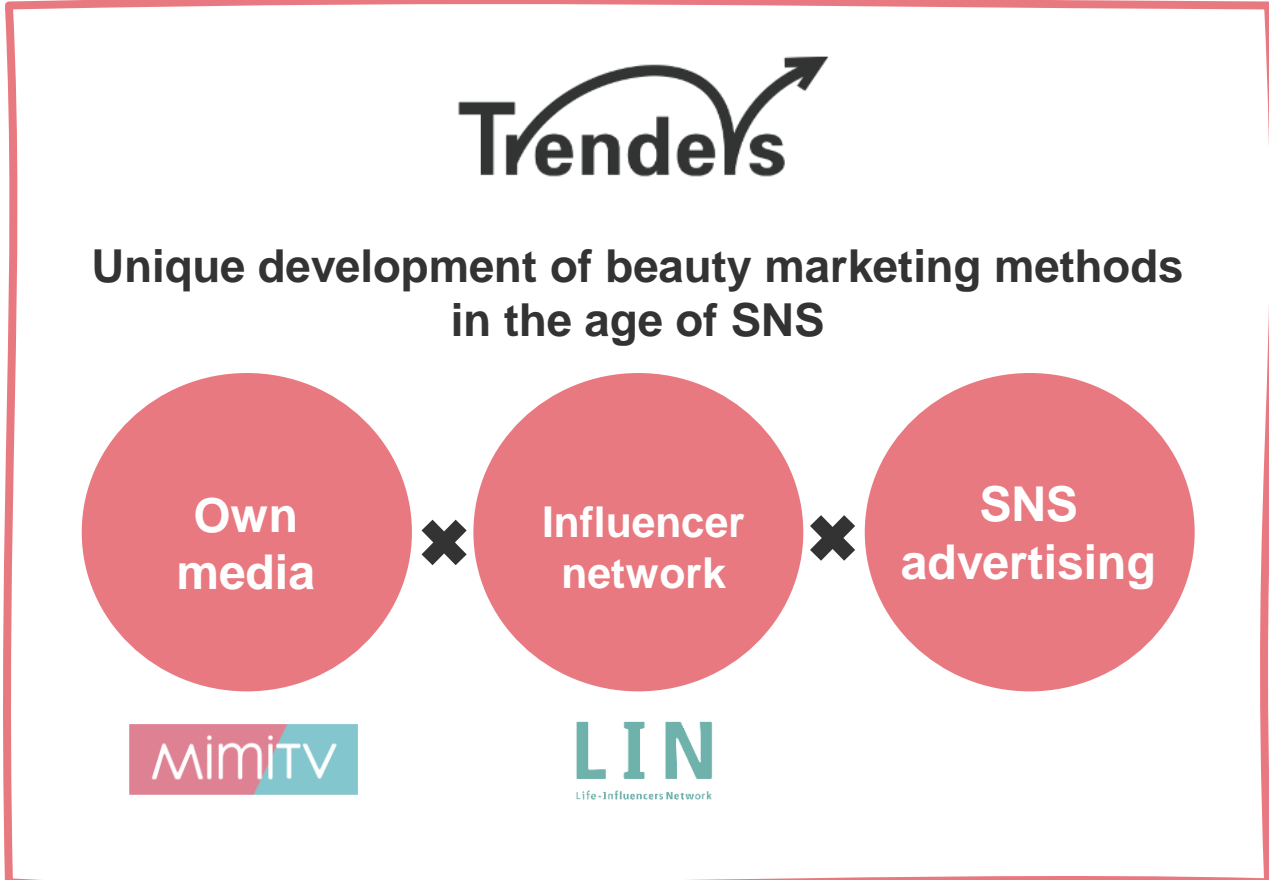
(Unit: million yen)	Fiscal year ending March 2024 Result	FY2024 Earnings forecasts	YoY
Revenue	5,673	6,450	+13.7%
Marketing Business	5,544	6,285	+13.4%
Investment Business	129	165	+27.9%
Operating income	788	1,000	+26.8%
Ordinary income	773	1,000	+29.2%
Net income attributable to owners of the parent	479	620	+29.3%

Shareholder Returns

- Dividend per share for FY2023 was 26 yen (up 4 yen YonY), increasing for eight consecutive years
- The basic policy of shareholder returns: Continuous increase in dividend per share and DOE of 4% or more.
Dividend for FY2024 is expected to increase to 27 yen (up 1 yen) per share



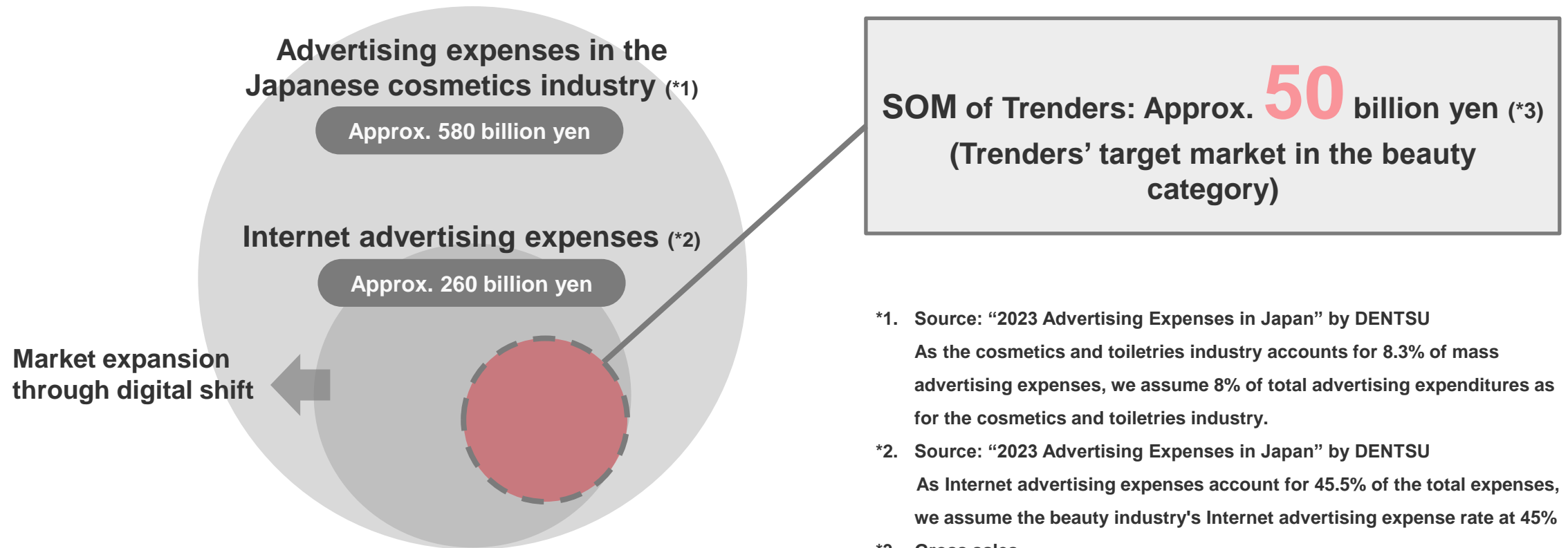
- By combining beauty media MimiTV and the influencer network LIN with SNS advertisements, we provide an integrated solution that can respond to the marketing issues of cosmetics manufacturers in a unified manner



Target Market in the Beauty Marketing Area

Beauty marketing

- The advertising market in the cosmetics industry, which is a target in the beauty marketing area, is about 580 billion yen in total
- Accelerating the digital and SNS shift is expected to further expand our company area

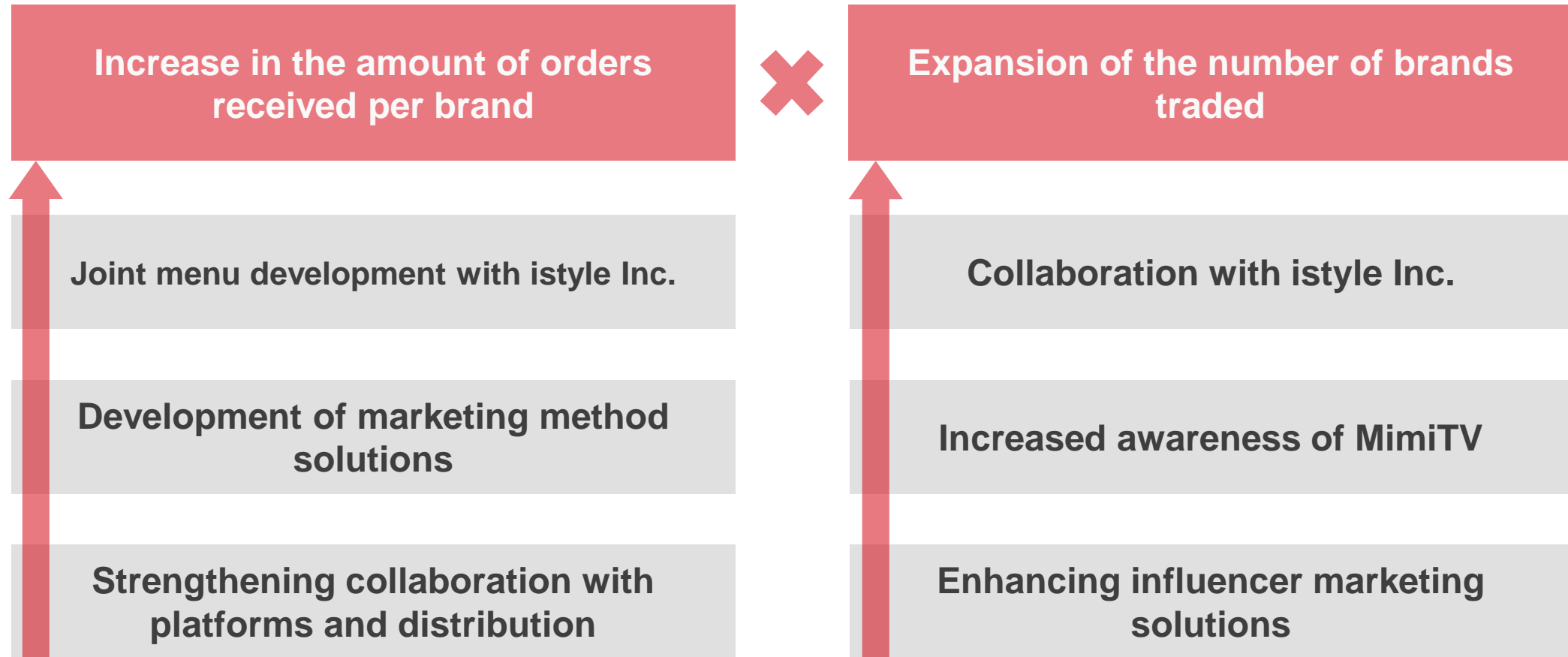


- *1. Source: "2023 Advertising Expenses in Japan" by DENTSU
As the cosmetics and toiletries industry accounts for 8.3% of mass advertising expenses, we assume 8% of total advertising expenditures as for the cosmetics and toiletries industry.
- *2. Source: "2023 Advertising Expenses in Japan" by DENTSU
As Internet advertising expenses account for 45.5% of the total expenses, we assume the beauty industry's Internet advertising expense rate at 45%
- *3. Gross sales

Growth Strategy in the Beauty Marketing Area

Beauty marketing

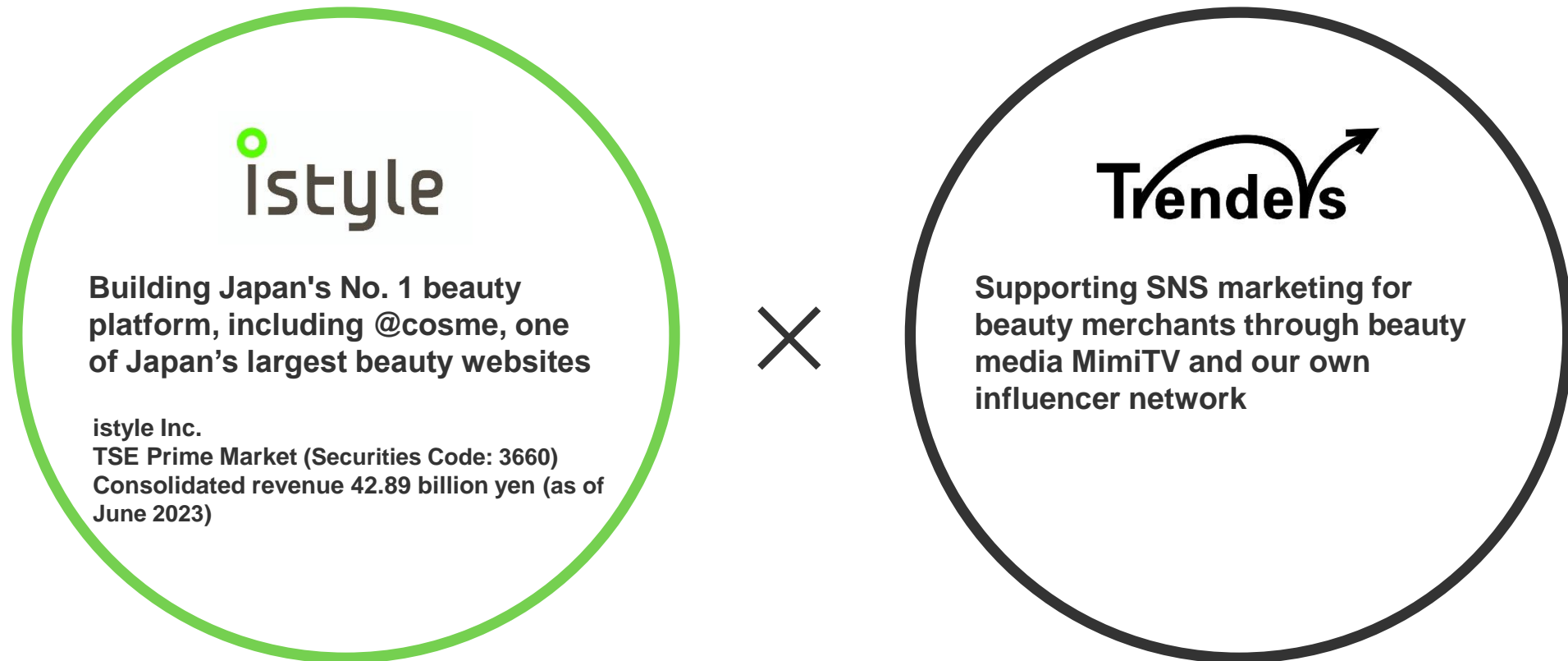
- Increase in the amount of orders received per brand and expand the number of brands traded through each initiative



Capital and business alliance with istyle Inc.

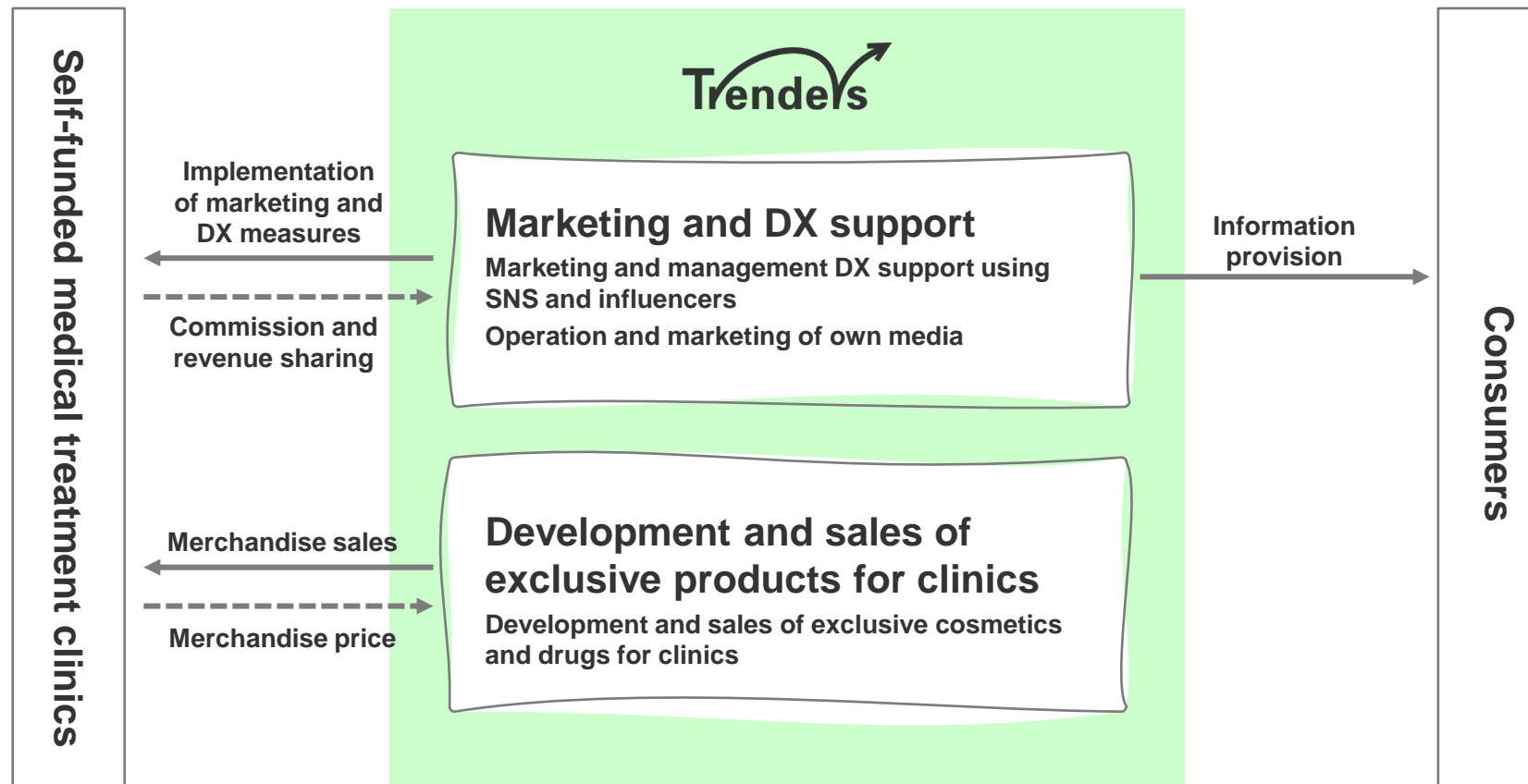
Beauty marketing

- On February 14, 2024, we entered into a capital and business alliance agreement with istyle Inc.



Creating new customer experiences in the beauty industry and turning “beauty” into an industry and culture that Japan can proudly share with the world

- Marketing and DX support for self-funded medical treatment clinics and the development and sale of clinic-exclusive products



Status and Policy of Investment Business

Investment Business

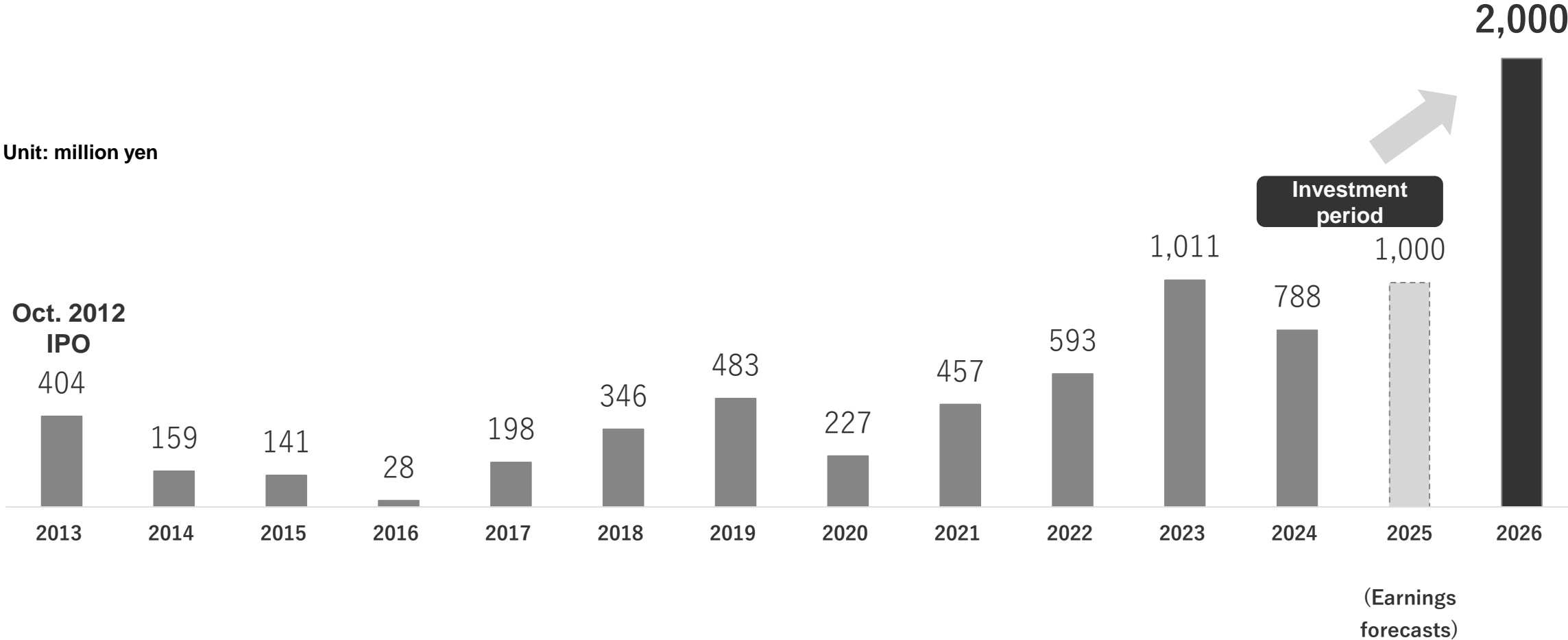
- Seeking to raise the corporate value over the medium to long term by investing profits generated from the Investment Business into the Marketing Business
- Taking into consideration duration risk, underwrite corporate bonds, mainly those that reach a redemption date in about six months, so that we can flexibly invest funds according to financing needs in our own business, M&A, etc.

(Unit: million yen)

Operational investment securities as of March 31, 2024	1,518	
(Breakdown)		(Details)
Corporate bonds	1,300	Corporate bonds redeemable in about six months, interest rate of 6.0% per annum
Investment limited partnership interests	6	Aiming for return by increasing the interests and value of the investment limited partnership
Equity shares	211	Investing in five startups

Medium-term Management Target (announced in May 2023)

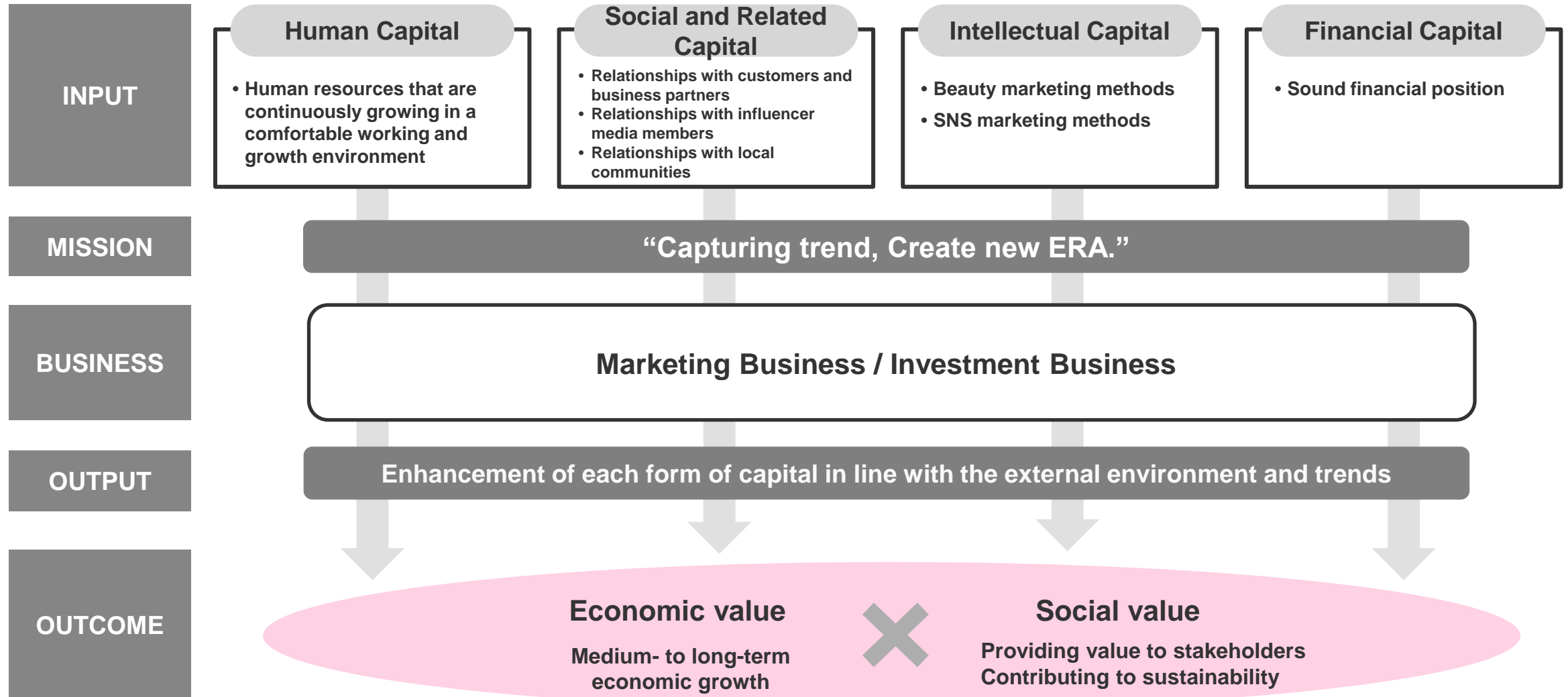
■ The medium-term management target announced in May 2023 (to achieve an operating income of 2 billion yen by FY2025) will remain unchanged at present





0 4 Appendix

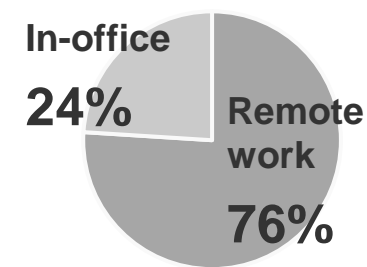
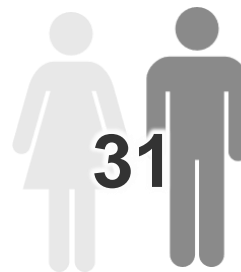
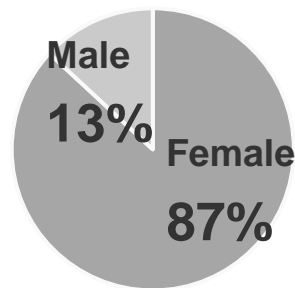
Trenders Value Creation Model



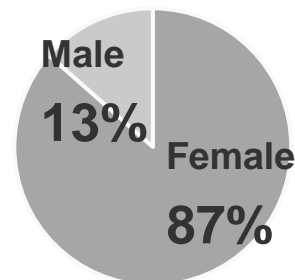
Human Capital Management in Our Company

- We have maintained a high ratio of female employees since the company was founded in 2000, and promote a variety of working styles in line with women's work-life balance
- The ratio of female managers is the same as the ratio of female employees as a whole and is high for a Japanese company
- We achieve continued growth of the organization and human resources through high employee retention rates, such as maintaining a 100% reappointment rate after maternity leave

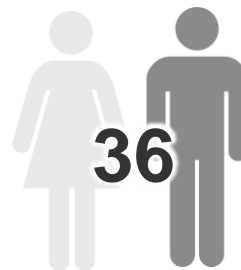
[Ratio of male to female employees] [Average age of all employees] [Remote work/in-office ratio]



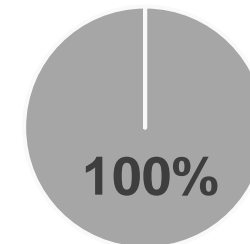
[Ratio of male to female managers]



[Average age of managers]



[Reappointment rate after maternity leave]



*As of March 31, 2024

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