



**HITO-Communications Holdings, Inc.**

TSE 1<sup>st</sup> Section ticker number: 4433



# FY2021 Q1 Financial Results

---

Jan. 12, 2021

- 1 HITO-Communications Holdings Outlook
- 2 Summary of FY2021 Q1 Financial Results
- 3 FY2021 Financial Results Forecast
- 4 FY2021 Business Strategy

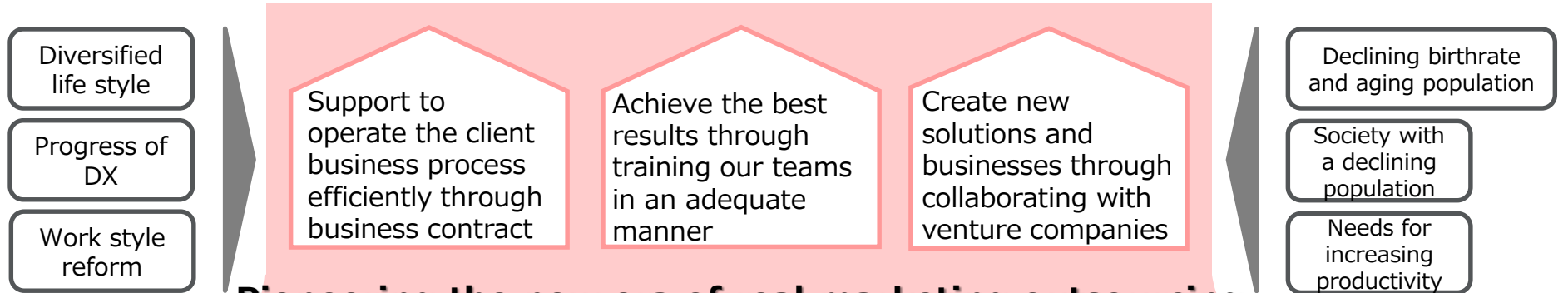


# HITO-Communications Holdings Outlook

---

## [HITO-COM HD Creation of Value (Business Theme)]

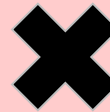
All contact is our business field, both in real and digital region. We have pursued the smiles and satisfactions of customers, and created the bright and vibrant society.



COVID-19 boosts the change of the external environment

- **Retail Sales Support including mobile devices**
- **Facility Operation Support**
- **Sports Event Operation**
- **Tour Staffing in Japan and Overseas**
- **Landoperater**

Human Sales Support



Digital Sales Support

- **EC Site Operation Support**
- **Inside Sales**
- **Cutting-Edge Technologies Utilization**
- **Remote customer support, Live commerce**

Social challenges which needs prompt responses

### Fruitful Business Portfolio Omni-Channel Sales Support

- Over 100 EC sites operations
- Various business fields including mobile sales, tourism, sports, logistics

### Results-Driven Sales Support Services

- Results achievement responded to the clients needs as a partner
- Positive commitments to the clients' EC site growths through revenue share model

### Human Resource Development

- Various original training programs responded to real and digital region

### High Implementation Ability

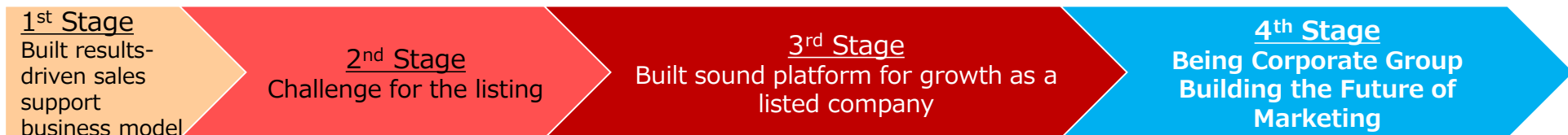
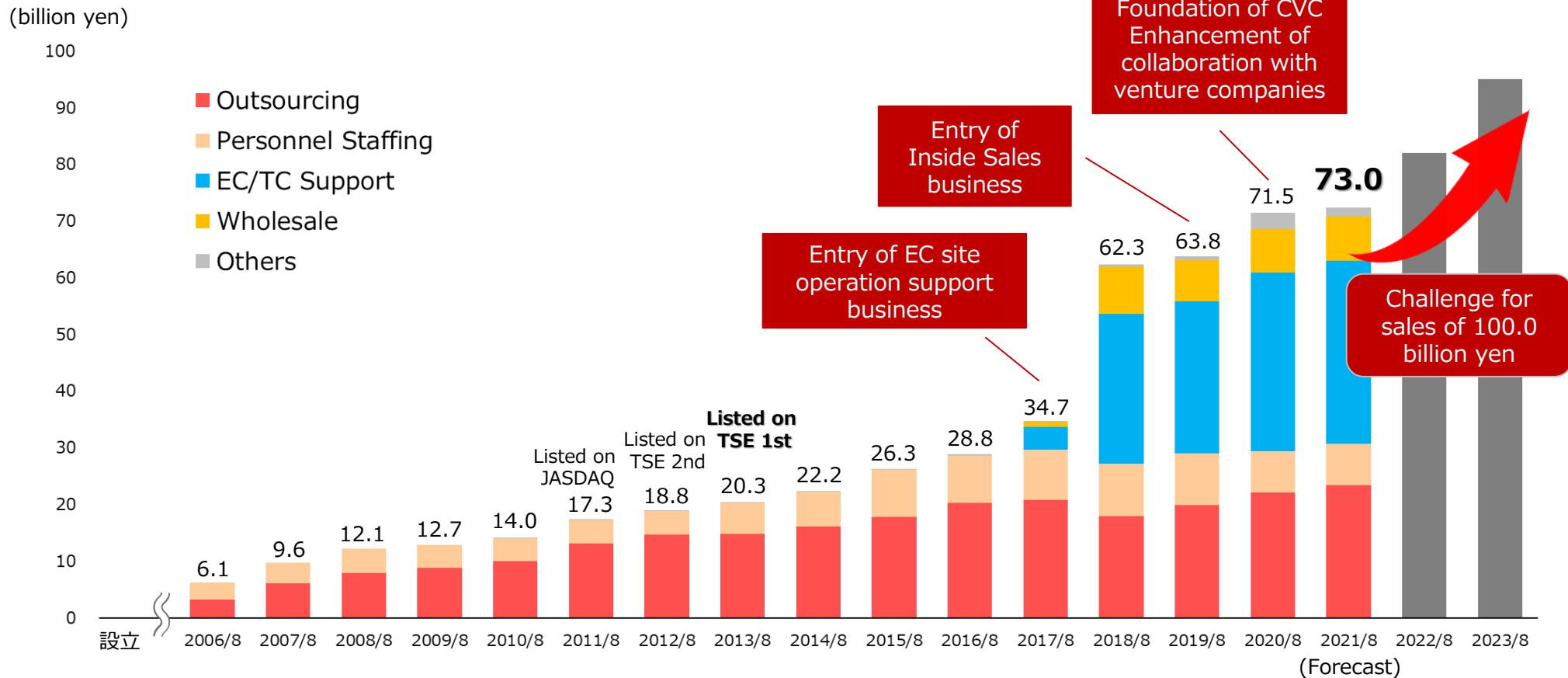
- High response capacity to businesses all over Japan
- Over 15,000 dedicated staff
- One-stop EC site operation support

## **Strengths of HITO-COM**

# Sales Trend



**24<sup>th</sup> straight years of sales growth since the foundation, aiming to achieve the sales of 73.0 billion yen.**





# Summary of FY2021 Q1 Financial Results

---

Due to the negative impact of COVID-19, the business environment of tourism sector continued severe. However, EC site operation support business and Wholesale business which utilizes the influential manufacturing licenses performed well continuously. We strengthened efforts for the mobile device field in which the severe competition and 5G demand growth would be foreseen. We covered the negative results of tourism sector and achieved strong performance of both sales and operating profit by double digit increase year on year.

## Sales

20,623M yen  
113.9 % yoy

- ◆ Sales growth of EC site operation support business responded to the demand increase for EC by changes of consumer behavior
- ◆ Solid growth of Inside Sales business by introducing support services with accumulated know-how
- ◆ Expansion of Wholesale business by strengthening influential manufacturing licenses including Demon Slayer, Sanrio

## Operating Profit

1,432M yen  
140.7 % yoy

- ◆ OP growth by digital marketing business (EC site operation, Inside Sales etc.) increases
- ◆ Promotion of the proposal sales with high-added value products leveraging influential manufacturing licenses of famous anime characters in Wholesale business
- ◆ Settlement of efficient sales system based on the change in the COVID-19 environment and establishment of resilient cost structure responding to the business circumstances

# P/L Overview



	FY2020 Q1	FY2021 Q1		
			% yoy	+/- yoy
<b>Sales</b>	<b>18,103</b> (100.0%)	<b>20,623</b> (100.0%)	<b>113.9%</b>	<b>+ 2,520</b>
Outsourcing business (composition)	<b>5,774</b> (31.9%)	<b>5,696</b> (27.6%)	<b>98.6%</b>	<b>-78</b>
Personnel Staffing business (composition)	<b>2,278</b> (12.6%)	<b>1,681</b> (8.2%)	<b>73.8%</b>	<b>-597</b>
EC/TC Support business (composition)	<b>6,917</b> (38.2%)	<b>9,975</b> (48.4%)	<b>144.2%</b>	<b>+ 3,058</b>
Wholesales business (composition)	<b>1,948</b> (10.8%)	<b>2,973</b> (14.4%)	<b>152.6%</b>	<b>+ 1,024</b>
Others business (composition)	<b>1,183</b> (6.5%)	<b>296</b> (1.4%)	<b>25.1%</b>	<b>-887</b>
<b>Gross Margin</b> (% to sales)	<b>3,355</b> (18.5%)	<b>3,698</b> (17.9%)	<b>110.2%</b>	<b>+ 343</b>
<b>Sales and General Administrative Expenses</b> (% to sales)	<b>2,336</b> (12.9%)	<b>2,265</b> (11.0%)	<b>97.0%</b>	<b>-70</b>
<b>Operating Profit</b> (% to sales)	<b>1,018</b> (5.6%)	<b>1,432</b> (6.9%)	<b>140.7%</b>	<b>+ 414</b>
<b>Ordinary Profit</b> (% to sales)	<b>1,025</b> (5.7%)	<b>1,531</b> (7.4%)	<b>149.3%</b>	<b>+ 505</b>
<b>Net Profit attributed to owners of the parent</b> (% to sales)	<b>557</b> (3.1%)	<b>895</b> (4.3%)	<b>160.8%</b>	<b>+ 338</b>

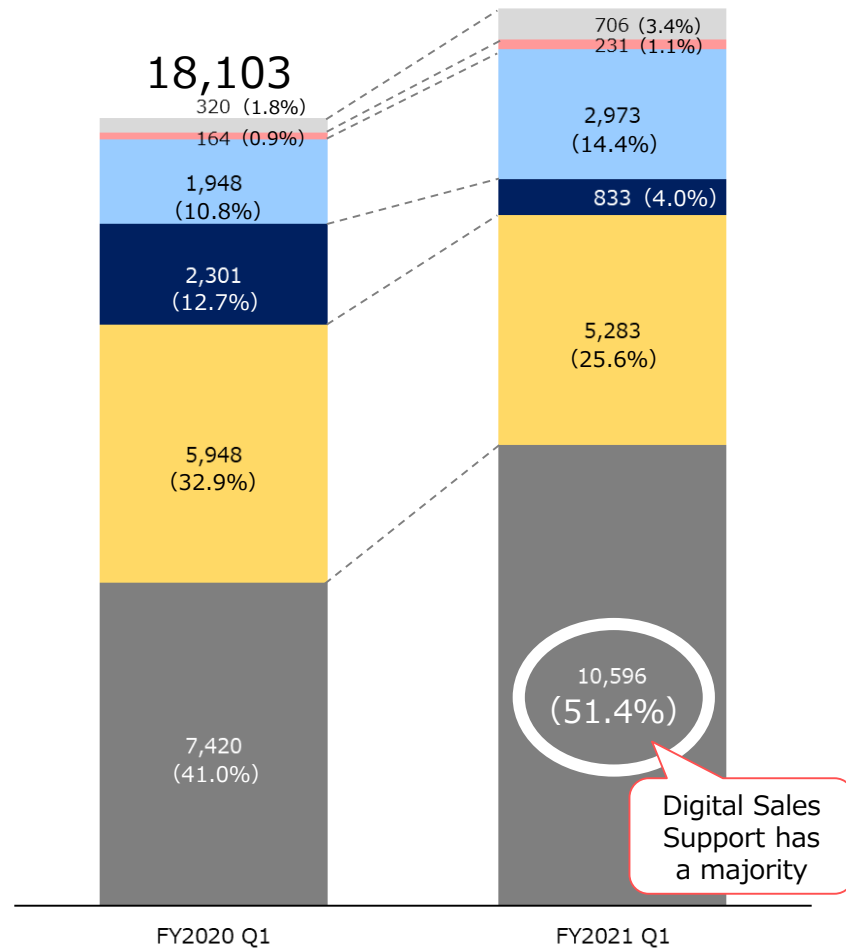


# Sales Performance for Each Sector



## Sales

Unit: million yen/(composition)



### Digital Sales Support

↑ YoY **+42.8%** (+3,175M)

<EC/TC support, Inside Sales, etc.>

- Strong performance of EC operation support business
- Steady growth of Inside Sales by introducing new services and finding new clients

### Store Sales Support

↘ YoY **-11.2%** (-664M)

<Telecommunication and Mobile, Home appliances, store services, etc.>

- Negative impacts of some client retail stores temporarily close and shorten operating hours due to COVID-19
- Strengthening cooperation with clients focusing on 5G diffusion and industrial changes of telecommunications

### Tourism & Sports

↓ YoY **-63.8%** (-1,468M)

<Tourism, Sports, MICE and Inbound>

- Partial recovery of tourism industry due to Go To travel campaign
- Uncertain outlook of overseas tourism and inbound

### Wholesale

↑ YoY **+52.6%** (+1,024M)

<Wholesale mainly on apparel products>

- Expansion of business with existing clients and development of new customers leveraging influential manufacturing licenses

### Sales Business Support

↑ YoY **+41.1%** (+67M)

<Field sales support>

- Strengthening sales force due to strong demand of cashless payment

### Others

↑ YoY **+120.7%** (+386M)

<Call center and others>

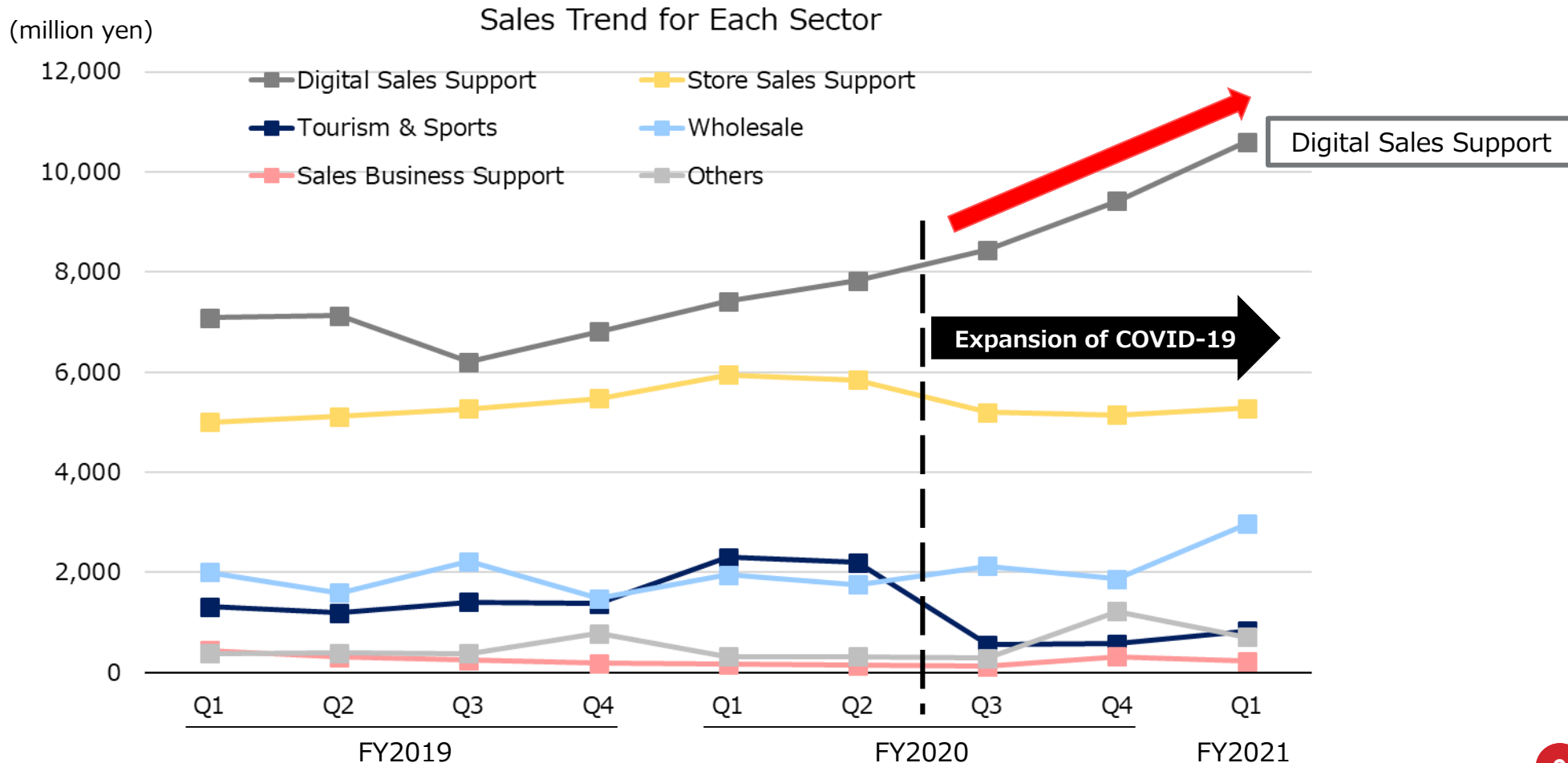
- Operation of several economic support packages of the government for mitigating COVID-19 negative impacts

Note: We manages 6sectors for matching actual business operating units

# Sales Trend for Each Sector



Amid the expansion of COVID-19, Store Sales Support especially in urban area and Tourism & Sports businesses had negative impacts. On the other hand, Digital Sales Support business has grown dramatically in response to the increase of EC demand and expansion of inside sales business based on the non face-to-face sales needs. It has acted as a growth engine of the Company.





# **FY2021 Financial Results Forecast**

---

# FY2021 Financial Results Forecast (1<sup>st</sup> Half/Full)



**HITO-Communications Holdings, Inc.**

Unit: million yen

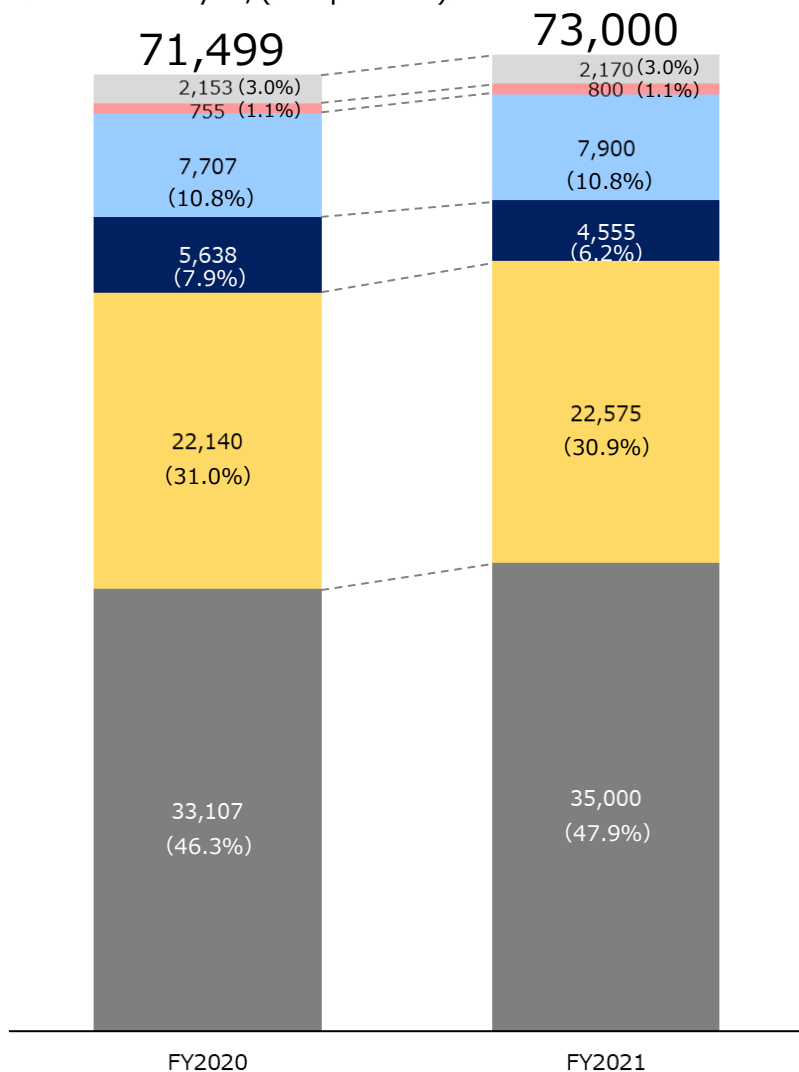
	FY2021			
	1 <sup>st</sup> Half	YoY % (+/-)	Full Year	YoY % (+/-)
<b>Sales</b>	<b>35,500</b> (100.0%)	<b>98.1%</b> (-698)	<b>73,000</b> (100.0%)	<b>102.1%</b> (+1,500)
Outsourcing business (composition)	11,065 (31.2%)	94.9% (-600)	23,990 (32.9%)	108.5% (+1,883)
Personnel Staffing business (composition)	3,675 (10.4%)	85.0% (-649)	7,300 (10.0%)	99.6% (-29)
EC/TC Support business (composition)	16,055 (45.2%)	112.3% (+1,761)	32,310 (44.3%)	102.5% (+776)
Wholesales business (composition)	3,967 (11.2%)	107.0% (+259)	7,900 (10.8%)	102.5% (+193)
Others business (composition)	738 (2.1%)	33.4% (-1,470)	1,500 (2.1%)	53.1% (-1,323)
<b>Gross Margin</b> (% to sales)	<b>6,270</b> (17.7%)	<b>94.2%</b> (-388)	<b>12,867</b> (17.6%)	<b>102.1%</b> (+259)
Sales and General Administrative Expenses (% to sales)	4,570 (12.9%)	95.9% (-194)	9,367 (12.8%)	99.0% (-90)
<b>Operating Profit</b> (% to sales)	<b>1,700</b> (4.8%)	<b>89.8%</b> (-194)	<b>3,500</b> (4.8%)	<b>111.1%</b> (+350)
<b>Ordinary Profit</b> (% to sales)	<b>1,780</b> (5.0%)	<b>93.1%</b> (-132)	<b>3,600</b> (5.0%)	<b>107.1%</b> (+238)
<b>Net Profit attributed to owners of the parent</b> (% to sales)	<b>970</b> (2.7%)	<b>87.2%</b> (-142)	<b>1,880</b> (2.6%)	<b>137.1%</b> (+509)

# Sales Forecast for Each Sector (Full Year)



## Sales

Unit: million yen/(composition)



### Digital Sales Support

YoY **+5.7%** (+1,893M)

<EC/TC support, Inside Sales, etc.>

- Enhancing operation support for existing EC site based on the changes of consumption behavior, strengthening approach for new fields including food sector
- Promoting inside sales in response to non face-to-face sales needs
- Boosting digital marketing including remote customer support

### Store Sales Support

YoY **+2.0%** (+434M)

<Telecommunication and Mobile, Home appliances, store services, etc.>

- Increasing business in telecommunication and mobile fields which are activated based on 5G demand growth
- Enhancing store support centered on logistic field revitalized by demand growth of EC

### Tourism & Sports

YoY **-19.2%** (-1,082M)

<Tourism, Sports, MICE and Inbound>

- Some positive impact for Tourism business due to Go To Travel campaign, but limited
- Olympic held but very simple style

### Wholesale

YoY **+2.5%** (+193M)

<Wholesale mainly on apparel products>

- Strengthening license business leveraging popular characters and influencers

### Sales Business Support

YoY **+6.0%** (+44M)

<Field sales support>

- Strengthening sales force due to strong demand of cashless payment

### Others

YoY **+0.8%** (+17M)

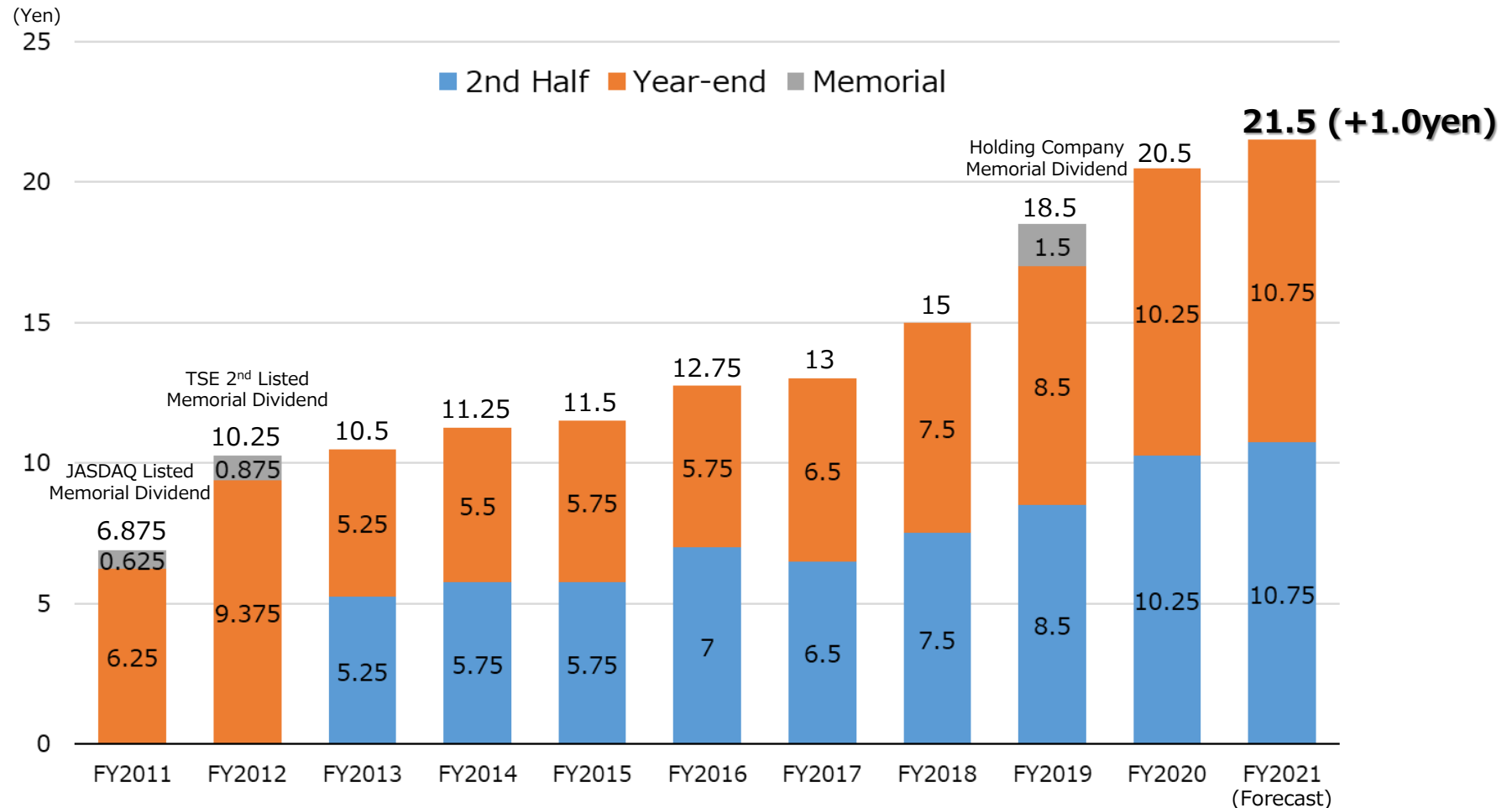
<Call center and others>

# Dividend Forecast



Steady increase of dividend, dividend pay out ratio of 20% as a rough guide, balanced with investment for growth

For FY2021, 21.5yen per share by 1yen increase from the previous year and increases for the 10th year in a row since listed



Note: Dividend per share in this page reflects the impacts of share splitting on 30<sup>th</sup> April 2012 (1 to 2), 31<sup>st</sup> January 2013 (1 to 2), and 31<sup>st</sup> January 2016 (1 to 2)



# **FY2021 Business Strategy**

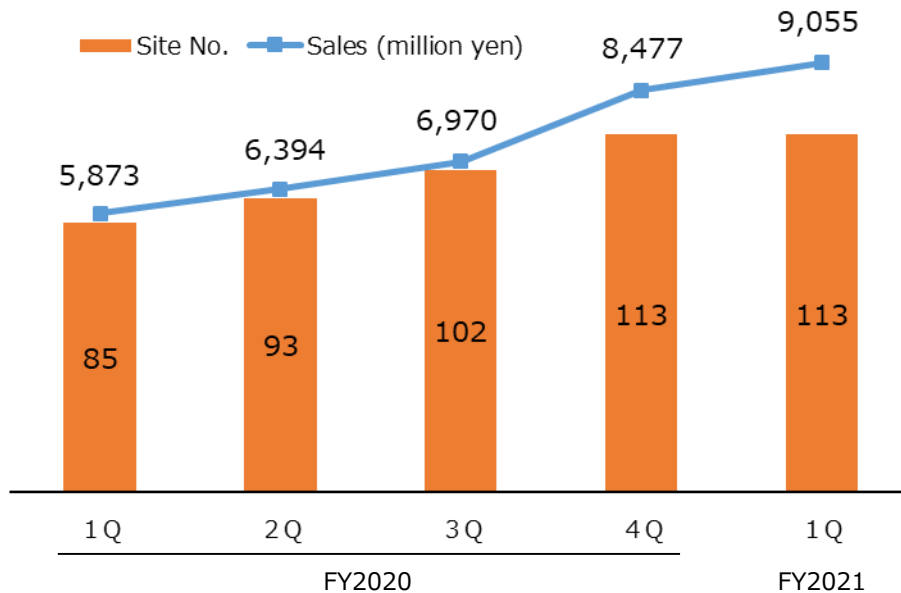
---

## Enhancing EC site operation support by leveraging the original platform

### Expanding sales centered on the existing fashion and sports brand sites

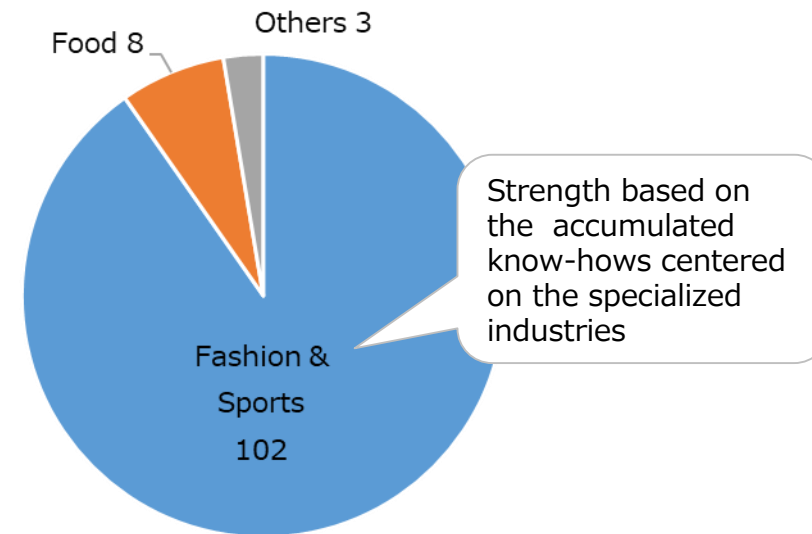
#### 【Steady growth of EC site operation support business】

In Q1, Sports brand sites well performed in response to the stay home trend due to COVID-19



#### 【Client Portfolio】

Enhancing approaches for new fields including food sector for new earning foundation



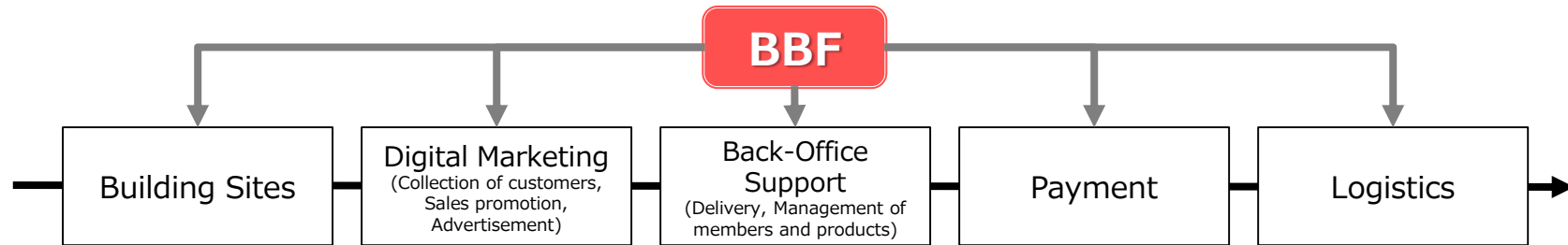
Enhancing approaches for the industries which have low penetration rate in EC including food and cosmetics in the future

Building and promoting new business model with clients through accumulating the industrial specialized know-hows



## Supporting client EC sites operation as a site coordinator and operator by sharing goals with clients

Support all services related with EC operations all at once (Optimization of total value chain)



Note: Offer services in response to clients needs including partnership with appropriate business partners

## Results-Driven Sales Support Business Model (Revenue Share Model)

### Strength of Business Model

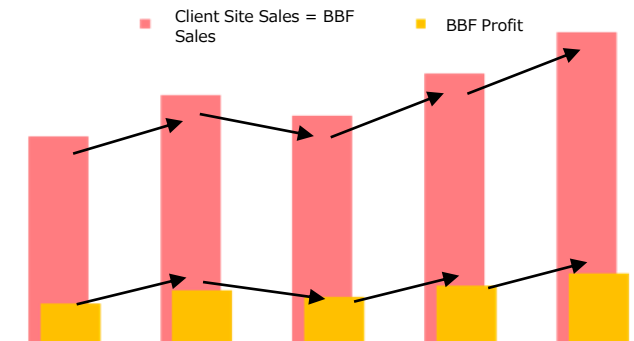
- Leveraging the original EC support platform
- Mitigating clients cost burden by implementing low cost operation
- Accumulated know-hows by operating various specialized EC sites

### Earning Structure of EC support business

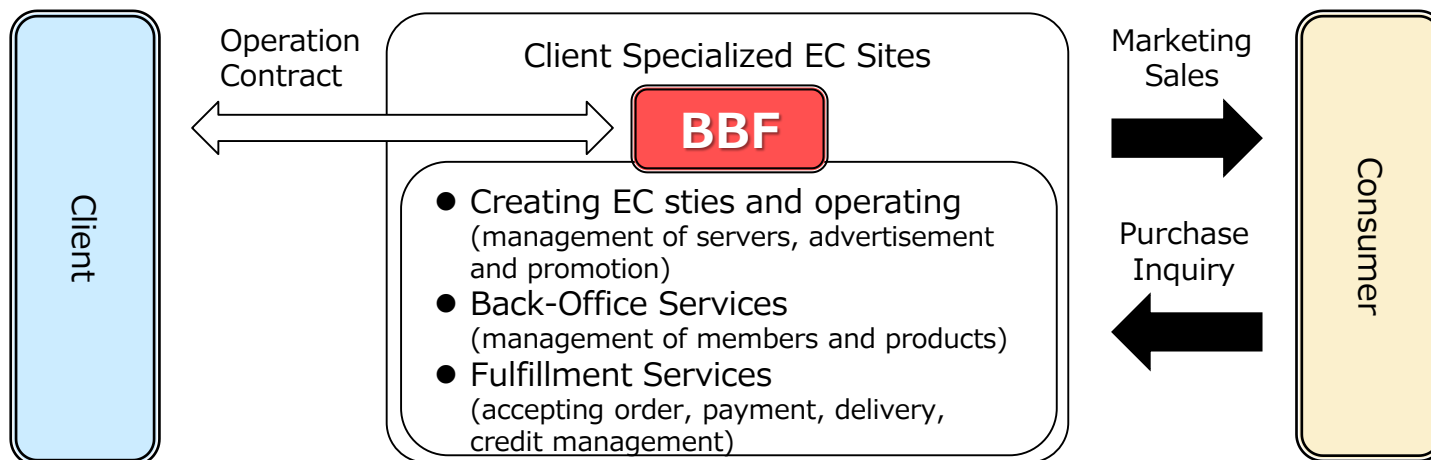
Client Site Sales = BBF Sales  
 Profit linked to sales due to revenue share model

⇒ Strong commitment to clients growths

**Results-driven business model which grows the sales by increasing clients EC site sales through overwhelming sales performance and brand nurturing power**



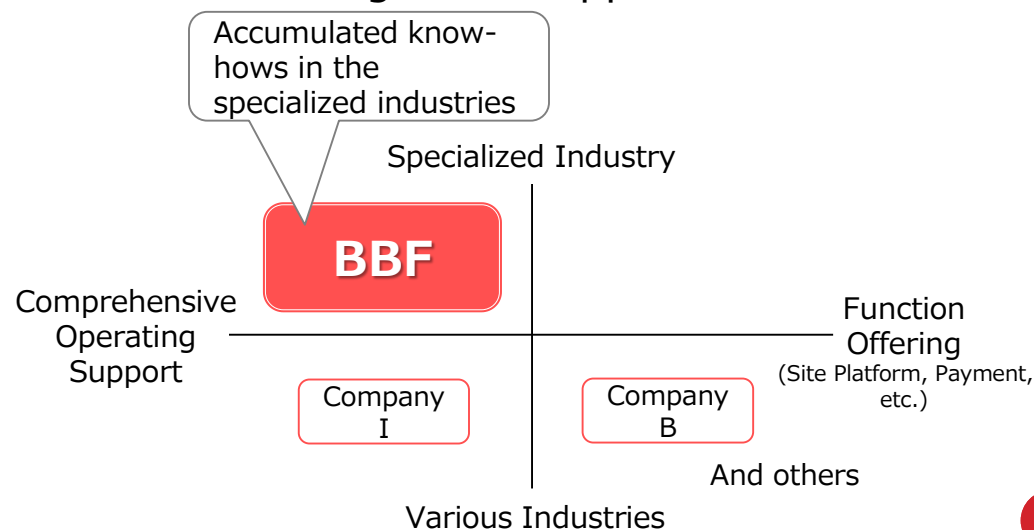
## Supporting the clients' specialized EC sites operation comprehensively through planning, creating, operating EC sites and fulfilment services



### Achievements of BBF

- Operating over 100 domestic EC sites centered on apparel
- Approx. 350 brands EC sites operation
- Operating major apparel brand EC site operation (sales of approx. 20billion yen)
- Developing and operating custody of inventory system for domestic and overseas shopping EC malls

### Positioning of EC support business

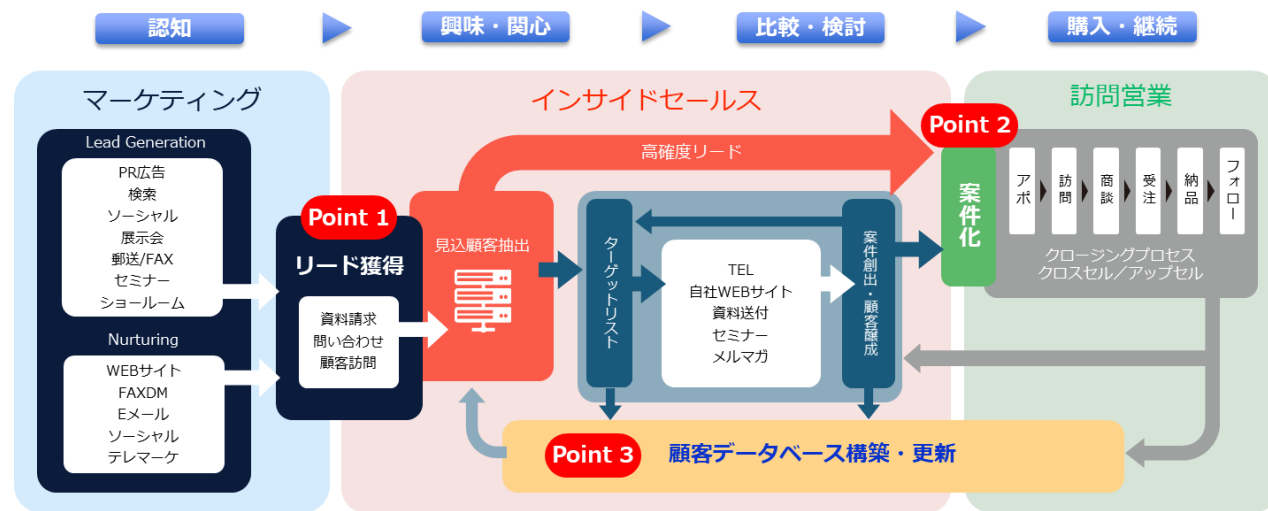


## Changing sales systems from walk-in sales type to inside sales with web and data utilization

**【Strength of SALES ROBOTICS】**  
Promoting Data Driven Smart Sales

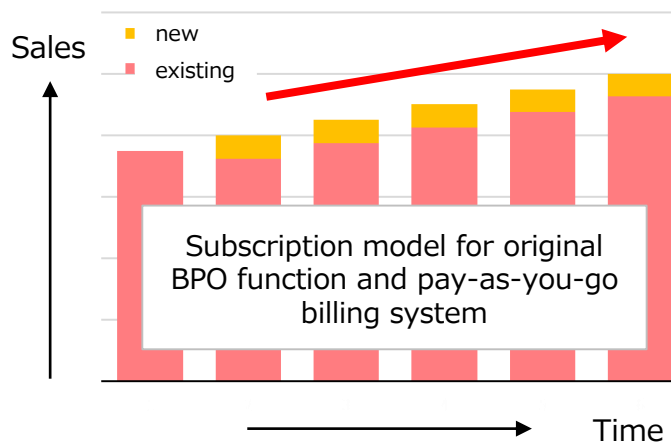
【Point】

- Collecting data in various industries**, accumulating know-hows for generating leads
- Offering sales expert teams** for intensifying approaches
- Owing original data base** based on approx. 1,000 companies and approx. 2,000 products



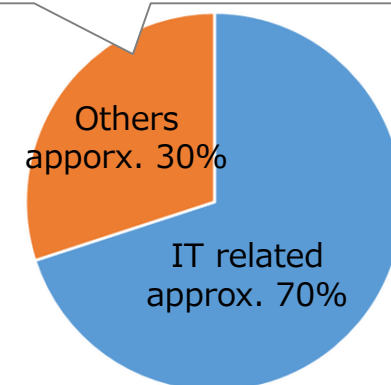
### 【Earning Model】

- Model accumulating new clients every month with curbing churn of existing customers  
Accumulated data leading to offer data based proposal for various industries
- Focused on acquiring leads so far  
Expanding the business target and aiming at increasing ARPA in the future



### 【Client Portfolio】

Real Estate, Staffing Service, Manufacturing, and others



※ARPA : Average Revenue Per Account

## Realizing both clients' productivity increase and employment generation driven by non face-to-face services with cutting edge digital tools

### 【Effects of Remote Customer Service】

- ① Increase clients' productivities by offering customer service data analysis
- ② Promote new work styles not limited to the work places and generate new employment chances
- ③ Realize comfortable shopping experiences in the circumstances where contacts need to be avoided

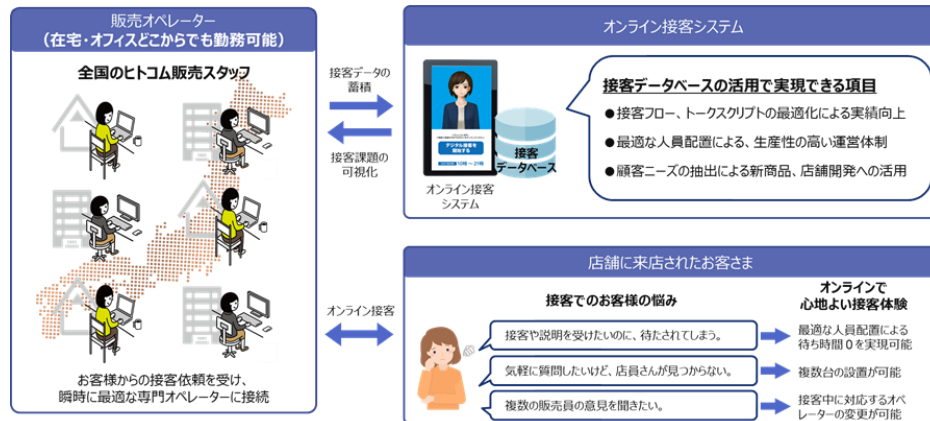
### 【Main Target Clients】

Expand the services in the industries where customers want to hear the product/service details before purchase and use

- ①health food, ②cosmetics, ③baby goods



Industry  
-first



## Aiming at a company trusted and needed by society through offering new values for social challenges by leveraging our various resources

- Challenging continuously to the new stage for being “Corporate Group Building the Future of Marketing” driven by expanding the business region and deepening the specialty through multiplying human resource power by IT
- Contributing realization of sustainable and sound society through our business performance in the changing world





# Being Corporate Group Building the Future of Marketing

Information in this material is not intended to solicit sale or purchase of shares in HITO-Communications Holdings. The views, estimates and other information expressed in this document are based on the company's judgment at the time of publication, and no guarantees are provided regarding the accuracy of such information.

This information is subject to change without notice. The company and its officers and representatives accept no responsibility or liability for any damage or inconvenience that may be caused by or in conjunction with any part of these materials.