Financial results for the 4Q, FY21

CREEMA LTD. (TSE Mothers: 4017)

April 14th, 2021

Creema

Company Profile

MISSION

Bring energy to people and the world by accomplishing our work with love

VISION

A new big conglomerate leading the 21st century

Corporate Statement

Let’s create a huge round era!

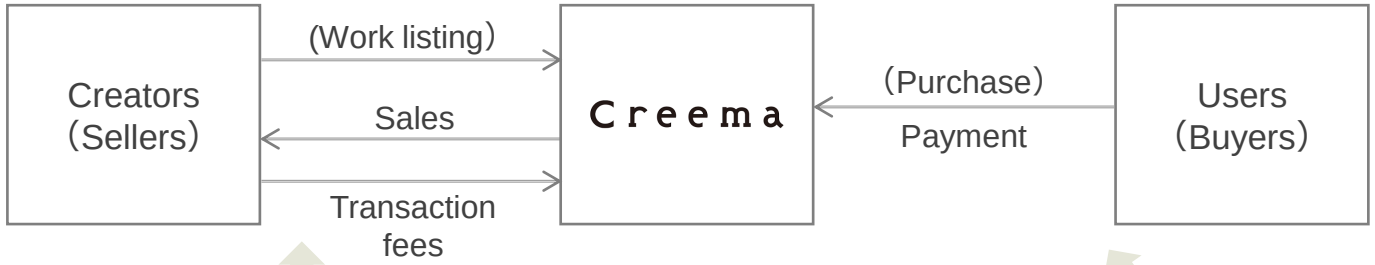
Business structure and Creema economic zone

With Japan's largest handmade marketplace "Creema" as the main axis, we are expanding our business into various service areas that support the activities of creators, and we are striving to expand the Creema economic zone where all services are dynamically linked.

Creator empowerment business

① Marketplace service （Japan / Taiwan / Hong Kong）

- Our Planning, development, management
  - Registered creators 210 thousand people
  - Registered works 11 million items
  - App downloads 11 million DL
  - GMV 15.4 billion / Year



② Platform services

- Advertising for creators (Internal advertising)
- Advertising for companies and local governments (External advertising)
- Membership services （Daily transfer service, etc.）

③ Events・Store services

- Events
  - HandMade In Japan Fes' （Tokyo Big Sight） etc.
- Stores
  - Creema Store （Shinjuku、Sapporo）

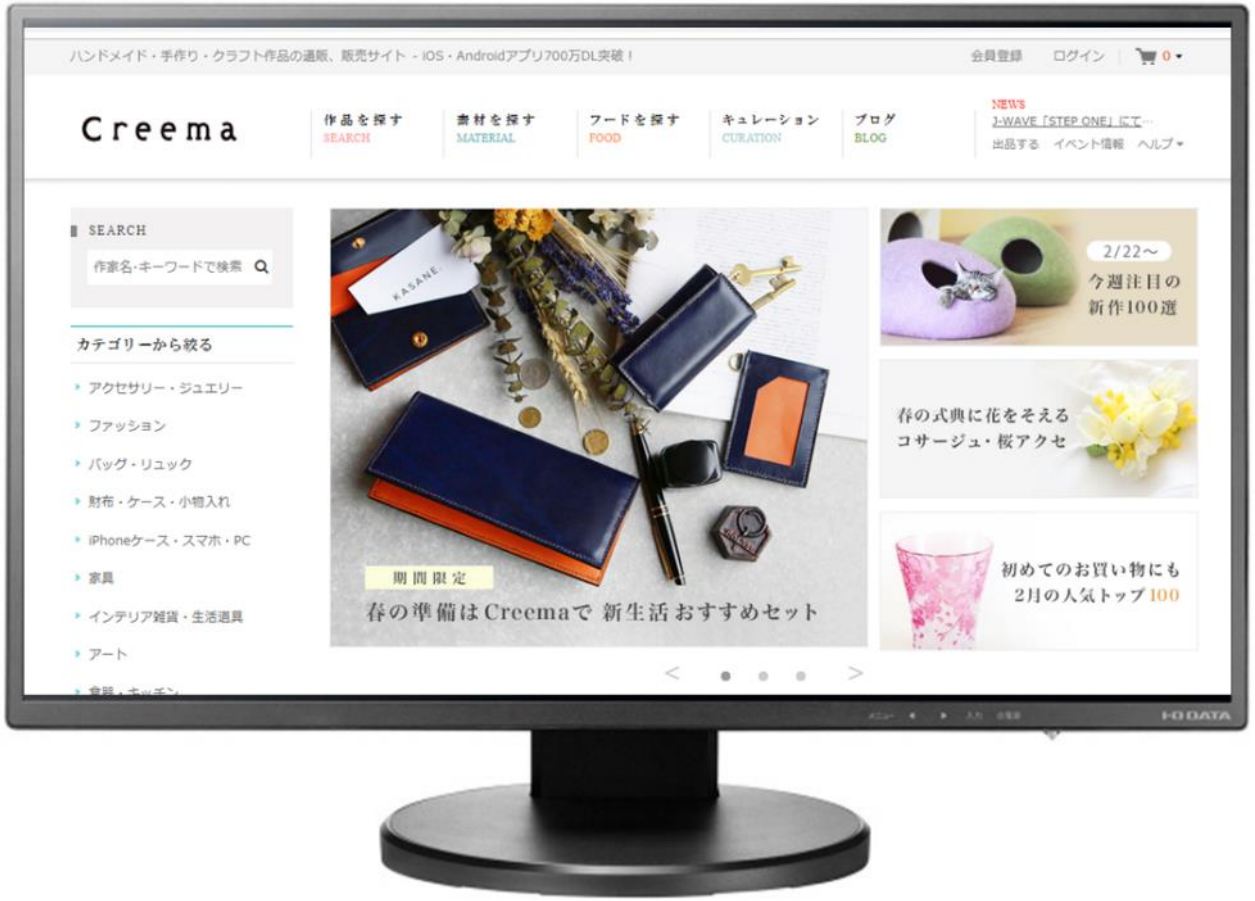
④ New service group

- Crowdfunding service
  - Creema SPRINGS
- Fulfillment service
- Other new services in preparation, etc.

Copyright ©2021 CREEMA LTD.

① Marketplace service（Japan / Taiwan / Hong Kong）

At "Creema," which acts as the core of the Creema economic zone, 11 million works produced by 210 thousand creators are listed. The GMV of FY 21 has exceeded 15.4 billion yen, establishing a position as one of the largest global handmade marketplaces in Japan and Asia.



Copyright ©2021 CREEMA LTD.

[Ref.] Various work categories that are handled by Creema

At "Creema", you can purchase original works of various genres, from fashion items, interior art, and food. In FY21, we will start handling agricultural products as well.

Copyright ©2021 CREEMA LTD.

②Platform services

Utilizing the “Creema” user base, communicability, and platform, we provide such platform services as advertising for creators (Internal advertising) that allows them to publicize their work and advertising for companies and local governments (External advertising). This way we promote multi-layering of business.

Advertising for creators (Internal advertising)

An advertising service that allows creators to place advertisements on "Creema" and post their own works on our website and app.

Advertising for companies and local governments (External advertising)

Corporate PR service

We have developed a diverse advertising menu, such as advertorials that introduce attractive products and services of client companies as "reading material" and collaborative projects in which creators create products of client companies.

Regional revitalization

Utilizing the user and platform infrastructure of "Creema", such as DX support for the traditional craft industry, local products PR, and production of promotional events to showcase the attractiveness of local cities, we are developing PR services in the area of regional revitalization.

Copyright ©2021 CREEMA LTD.

③Events, Stores, Services (1/2) - Events

Various handmade craft events are held all over Japan, including "Hand Made In Japan Fes' (Tokyo Big Sight)", one of the largest festivals of creators in Japan, which mobilizes 50,000 visitors per event.

HandMade In Japan Fes’	• Held at Tokyo Big Sight, since 2013. • Established a position as one of the largest festivals for creators in Japan. – Exhibitors：about 3,000 people – Visitors： about 50,000 people	
Creema Craft Party	• Held at INTEX Osaka, since 2014. • Established a position as one of the largest craft events in western Japan. – Exhibitors：about 1,500 people – Visitors： about 13,000 people	
Marunouchi Street Market	• The craft market "Marunouchi Street Market by Creema" is regularly held on Marunouchi Nakadori.	

Note) The number of exhibitors and visitors for each event is the result of the most recently held event. In 2020, it was not held due to the influence of COVID-19.

Copyright ©2021 CREEMA LTD.

[Ref.] Photos and sceneries from HandMade In Japan Fes’

Copyright ©2021 CREEMA LTD.

③ Events, Stores, Services (1/2) - Stores

The editorial shops "Creema Store", which sell the works of creators registered in "Creema", are open in Shinjuku and Sapporo.

Creema Store（LUMINE Shinjuku 2）

Creema Store（Sapporo Stellar Place）

Copyright ©2021 CREEMA LTD.

New service group（1/2）- Crowdfunding service

We develop various new services that respond to the challenges and thoughts of creators. In June 2020, we launched "Creema SPRINGS", a crowdfunding service that allows creators to raise funds for projects they want to realize.

Copyright ©2021 CREEMA LTD.

New service group（2/2）

In addition to the crowdfunding and fulfillment services that started in FY21, the policy is to gradually add new services after FY22 in order to promote the construction of the Creema economic zone while increasing the value provided to creators and users.

FY21 releases

Crowdfunding

Utilizing the huge membership base of "Creema" who support the activities of creators, we operate a platform where creators can raise funds.

Fulfillment

We offer additional services from photography to shipping, providing an environment where creators can concentrate on their creative activities.

After FY22

Introduction of new services

Currently we are developing and examining various new services which are compatible with "Creema", under the theme of empowerment of creators.

Copyright ©2021 CREEMA LTD.

FY21 Company-wide results

Executive summary

- Various measures to capture the needs for "nest-dweller consumption" due to the spread of the novel coronavirus infection have been successful, and the GMV of marketplace service has expanded to 15.4 billion yen, which is 171% of the previous year (4Q YoY: 157%). Sales were 1.5 billion yen (4Q YoY: 156%), 173% of the previous fiscal year.

- Advertising for creators, companies, and local governments (External advertising) also grew significantly, and platform service sales also expanded to 430 million yen, 149% of the previous year (4Q YoY: 155%).

- On the other hand, due to the spread of the above infectious disease, the annual events could not be held even once, through FY21, and 3 out of 5 stores were closed. As a result, event & store services sales landed at 85 million yen, 25% of the previous year's level (4Q YoY: 17%).

- As a result, **company-wide sales expanded to 2 billion yen, 136% of the previous year (4Q YoY: 120%).**

- Also, in order to achieve medium- to long-term growth, in addition to broadcasting TV commercials in 4Q, large-scale development of multiple services was carried out. As a result, SG & A expenses for the full year will be 1.8 billion yen, which is 135% of the previous year (4Q YoY: 181%).

- As a result, **consolidated operating income expanded to 226 million yen, 464% of the previous year. As disclosed in the "Notice Concerning Revision of Earnings Forecast" in March 2021, sales, operating income, and ordinary income all exceeded the initially announced forecasts.**
  - Sales revenue：106%、Operating profit：139%、Ordinary profit：142%

- On the other hand, a loss on the cancellation of treasury stock acquisition rights of approximately 54 million yen was incurred. Due to this extraordinary loss, net income was lower than initially announced.
  - Net income：90%

Copyright ©2021 CREEMA LTD.

[Company-wide] 4Q and full-year results

4Q sales landed at 539 million yen, 120% of the same period of the previous year, but as a result of large-scale investment, profits were △ 98 million yen. For the full year, the marketplace drove sales of 2 billion yen, 136% of the previous year, and profit of 226 million yen, 464% of the previous year (Operating profit margin 11%).

Consolidated Income Statement

Unit: million yen	4 Q			Full Year	
	Results	YoY	QoQ	Results	YoY
[Ref.] GMV	3,956	157%	114%	15,419	171%
Sales	**539**	**120%**	111%	**2,062**	**136%**
Sales Cost	1	5%	108%	5	5%
Gross profit	537	131%	111%	2,057	146%
SG&A	635	181%	155%	1,831	135%
Operating profit	**▲98**	–	–	**226**	**464%**
Ordinary Profit	▲102	–	–	204	446%
Net income	▲70	–	–	178	+206

Topics

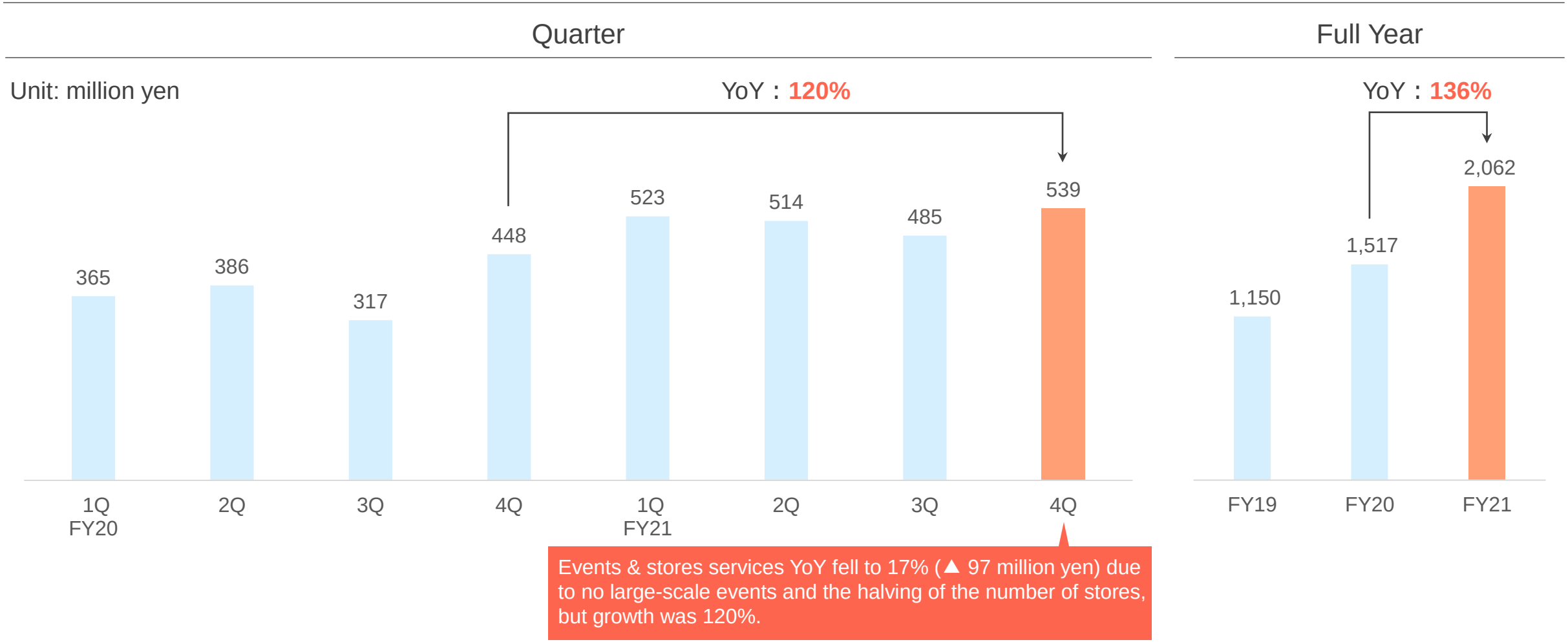
- Full-year sales grew 136% YoY, as offline services (events & stores) shrank significantly, but online services (marketplaces & platforms) expanded greatly.
- Gross profit was 146% YoY, as the online domain, which has a high gross profit margin, drove growth.
- Full-year SG & A expenses increased 135% YoY due to TV commercials and large-scale development investment.
- Full-year operating income increased to 464% YoY due to sales / gross profit growth exceeding investment amount。

Copyright ©2021 CREEMA LTD.

[Company-wide] Trends in consolidated sales

Sales in 4Q landed at 539 million yen, the highest in FY21. For the full year, it landed at 2 billion yen, which is 136% of the previous year.

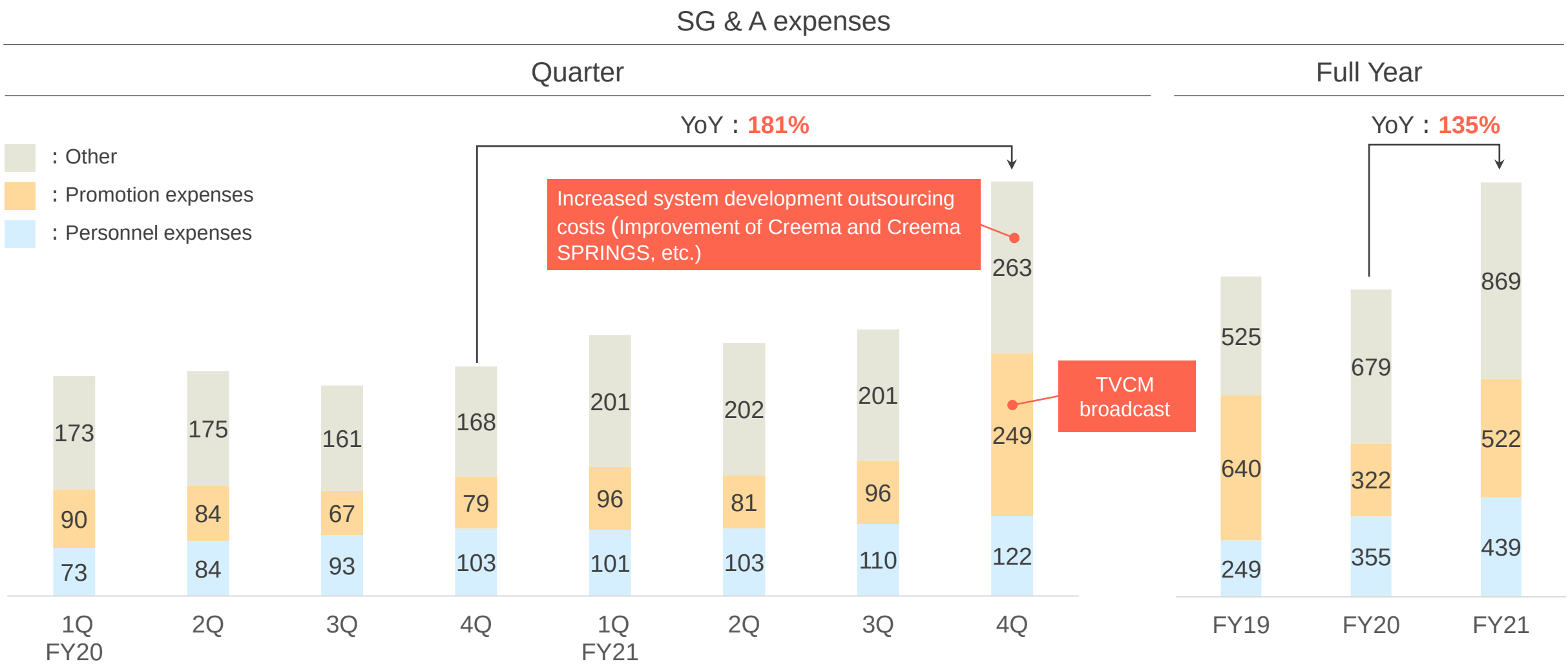
Sales trends



Copyright ©2021 CREEMA LTD.

[Company-wide] Changes in consolidated SG & A expenses

In the 4Q of FY21, we made a large investment in TV commercials and system development for further growth and strengthening of competitiveness in the medium to long term.

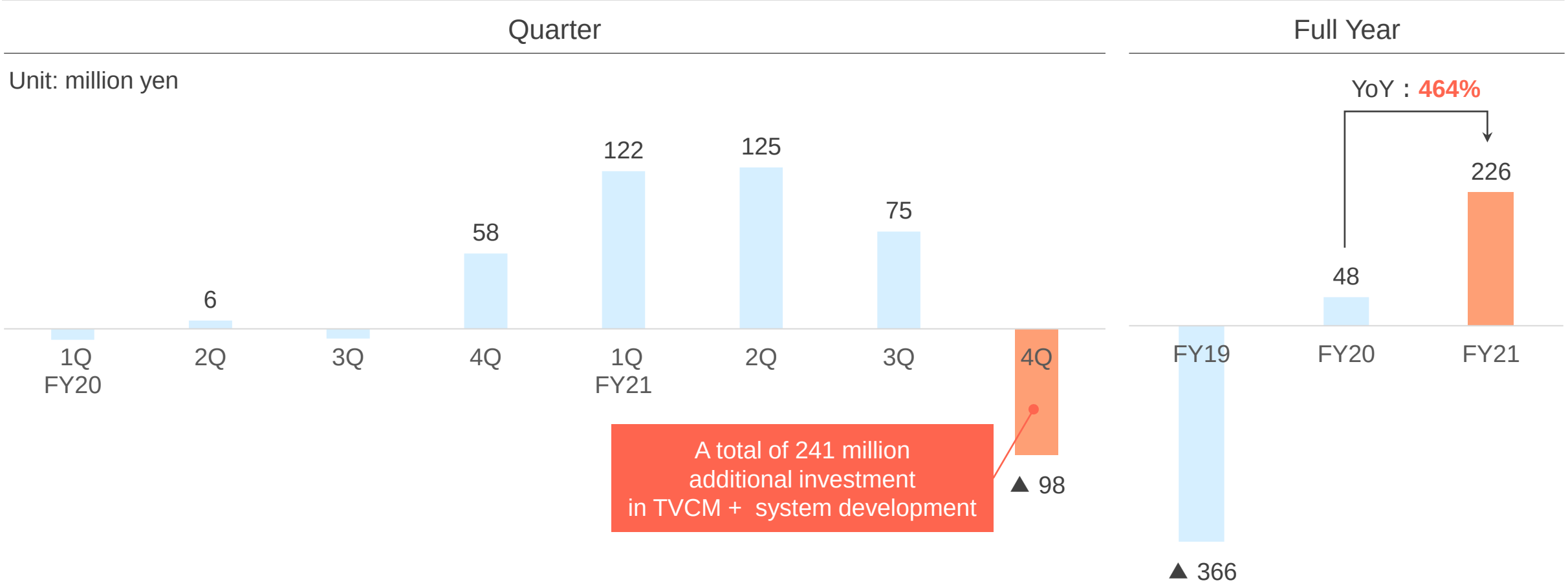


Copyright ©2021 CREEMA LTD.

[Company-wide] Changes in consolidated operating income

Although FY21 posted a deficit in 4Q due to strategic investments such as system development and commercial broadcasting, the business has grown significantly for the full year, and FY21 full-year operating income expanded to 226 million yen, 464% of the previous year. Operating profit margin also improved from 3% to 11%.

Trends in operating income



Copyright ©2021 CREEMA LTD.

[Company-wide] Balance sheet status

The financial base has been significantly strengthened by generating profits through business growth (turning profitable from the previous year) and listing on the TSE Mothers market in November 2020.

Subject (Unit: Million Yen)	FY21	FY20	YoY
Current Assets	3,568	1,859	192%
Cash and cash equivalents	**2,885**	1,403	**206%**
Accounts receivable	644	447	144%
Fixed assets	126	84	149%
Deferred tax assets	63	–	–
Security deposits	38	56	69%
Total assets	3,694	1,943	190%
Current Liabilities	2,313	1,533	151%
Withholdings / Funds payable and amounts due to creators	1,460	944	155%
Loans repayable within one year	266	27	955%
Fixed liabilities	298	371	80%
Long-term liabilities	298	371	80%
Total liabilities	2,612	1,904	137%
Capital stock	532	100	533%
Additional paid-in capital	532	100	533%
Retained Earnings	17	▲160	–
Total net assets	**1,081**	39	**2769%**

Cash generation output increased due to significant business growth. With the capital increase through listing, the company plans to continue investing in further growth.

Copyright ©2021 CREEMA LTD.

FY21 Performance by major services

[Marketplace] Changes in the GMV of Creema

The GMV of FY21 increased to 3.9 billion yen (157% YoY) in 4Q and 15.4 billion yen (171% compared to the previous year) for the full year.

Main initiatives

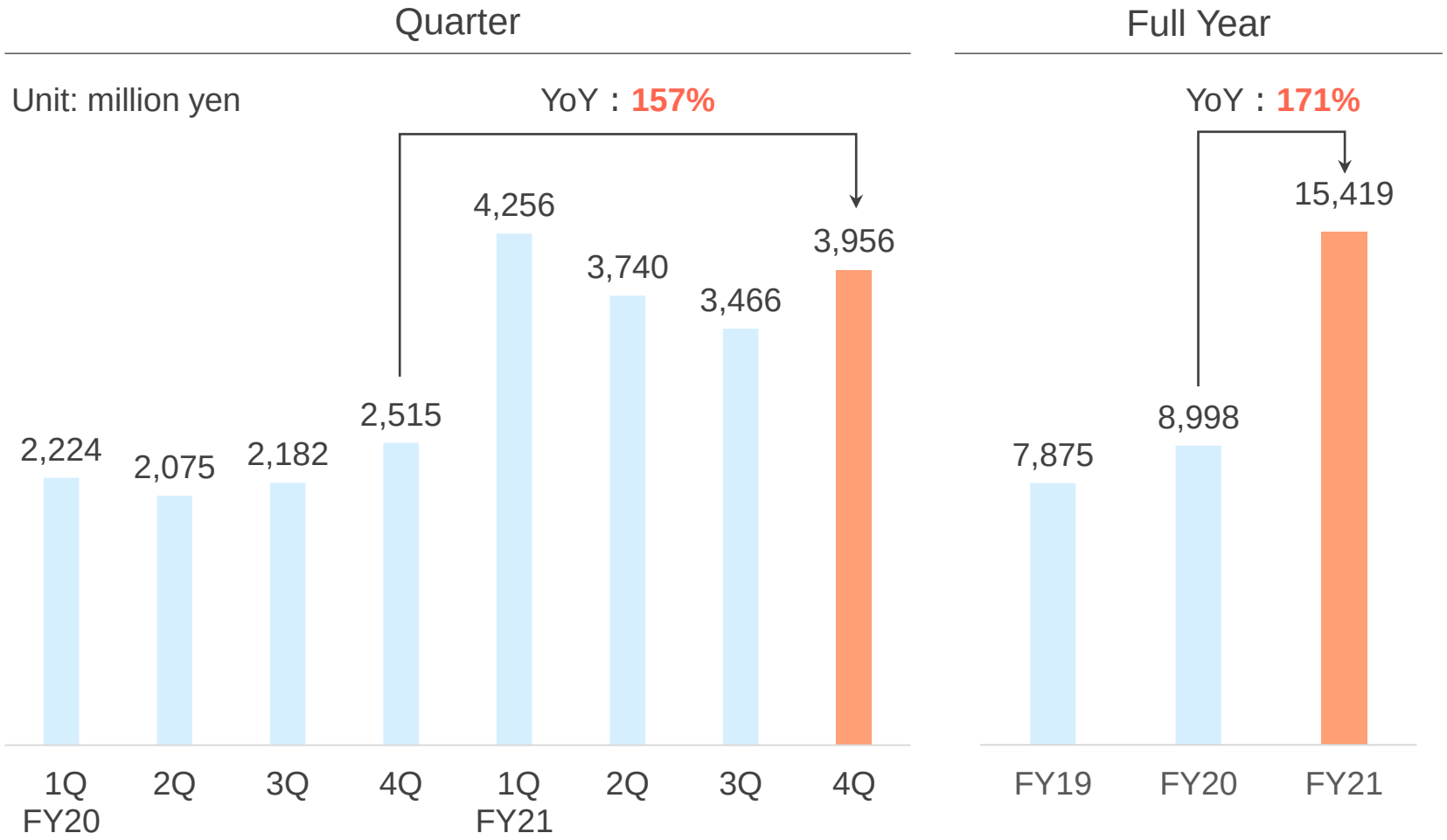
【Full year】

- Implementation of various measures to capture needs such as "nest-dweller consumption" due to the spread of COVID-19.
  - Merchandising
  - Campaigns etc.
- Smartphone websites renewal.
- Start of agricultural products handling
- Renewal of work categories, etc.

【4Q】

- We plan to invest in large-scale system development for sustainable growth from the next fiscal year onward.
- Broadcast of "Creema" TV commercial to raise awareness and acquire new customers.
- An online event “HandMade In Japan Fes (HMJ)” will also be held.

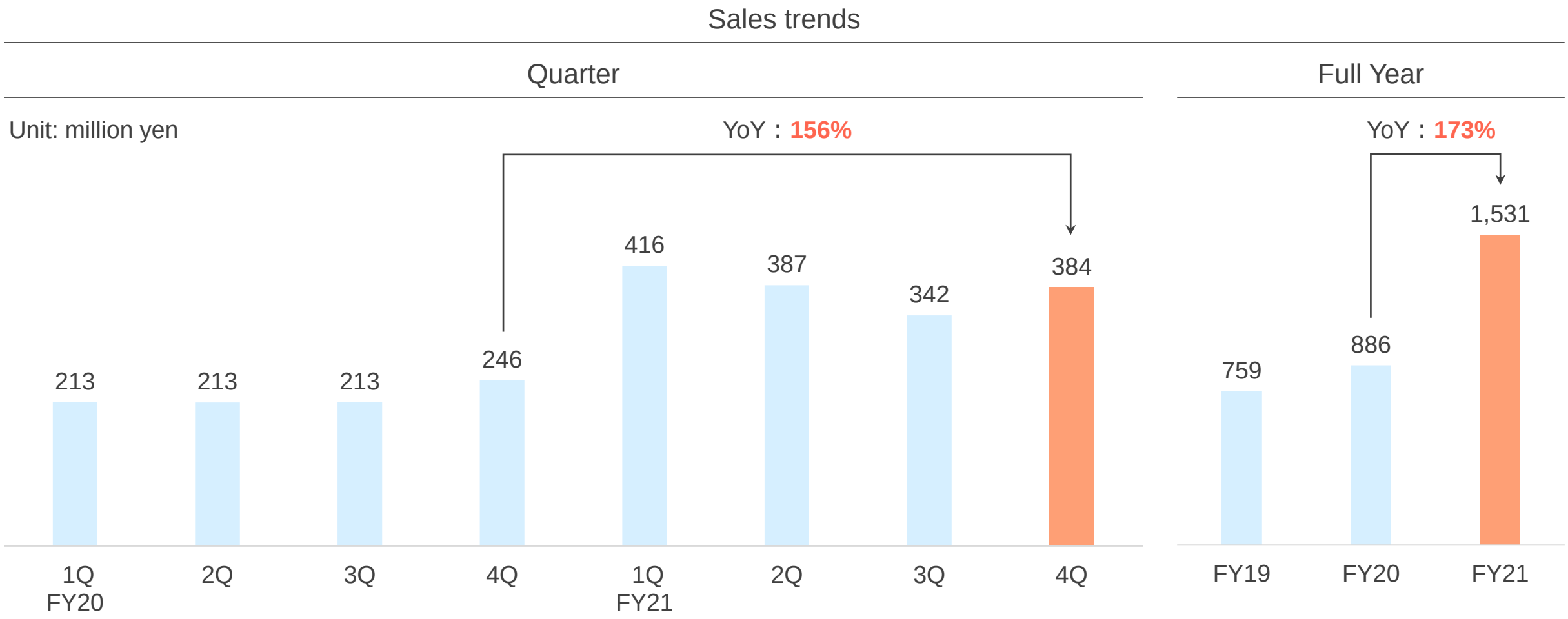
Changes in the GMV of Creema



Copyright ©2021 CREEMA LTD.

[Marketplace] Main initiatives and sales trends

Following the expansion of GMV mentioned earlier, 4Q sales increased to 384 million yen (156% YoY) and 1.5 billion yen (173% YoY) for the full year.



Copyright ©2021 CREEMA LTD.

[Ref.] Broadcast of the TV commercial

- The TV commercial for "Creema" was aired in two separate tests in December 2020 and February 2021.
- Effectively promotes lifestyle surrounded by handmade products and the meaning of purchasing and owning them.

Copyright ©2021 CREEMA LTD.

[Ref.] Holding of the “HandMade In Japan Fes (HMJ)”event

Holding online events where customers can enjoy handmade work workshops, live music, and talks with creators.

どこでも

HandMade In Japan Fes

2021.02.27 sat ▶ 02.28 sun

スペシャルライブ

青木慶則

優しい歌声と心温まる音色でCMでも大活躍の青木慶則さんのスペシャルライブ！
youtubeliveで配信

クリエイター対談

AKI SPRAY PAINT

「アートをもっと気軽なものに」という制作にかける思いとスプレーアートの魅力をお伺いします！

ワークショップ

Feel TheGarden

日々の暮らしに癒しをもたらす、苔のテラリウムワークショップ。

移住の話

そらのき

itoshigoto

移住している作家さんに、移住の魅力や暮らしぶりについて、詳しく聞いてみます！あなたも移住をしたくなるかも？

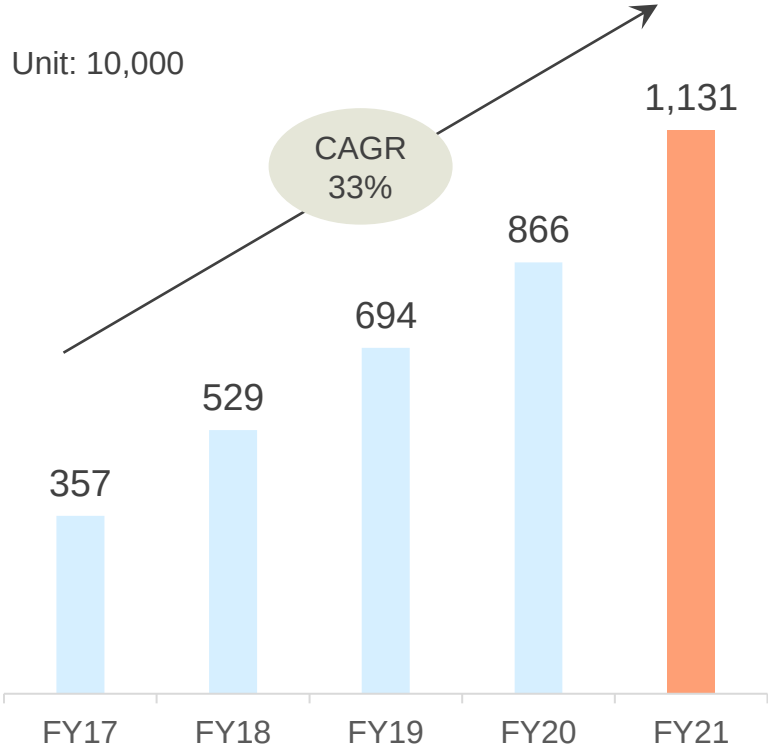
Copyright ©2021 CREEMA LTD.

[Ref.] Trends in marketplace-related KPIs

In FY21, both the number of listings and the number of app downloads increased significantly, but the transaction unit price fell due to a temporary surge in mask-related sales with low unit prices.（However, even with this transaction unit price, it is overwhelmingly on the highest level in the domestic handmade products market.）

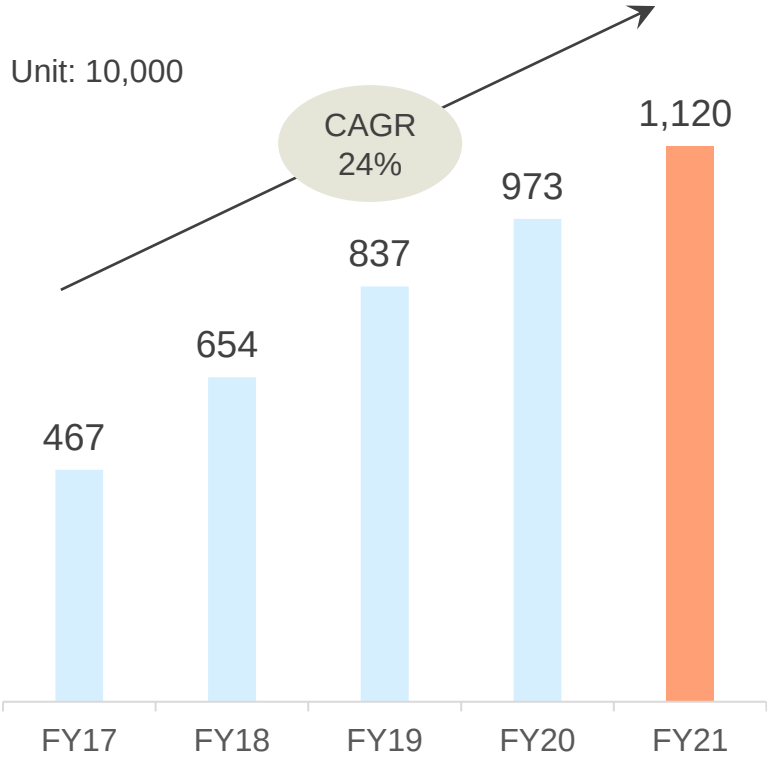
Number of listings

The number of listings has increased steadily at a compound annual growth rate of 33%.



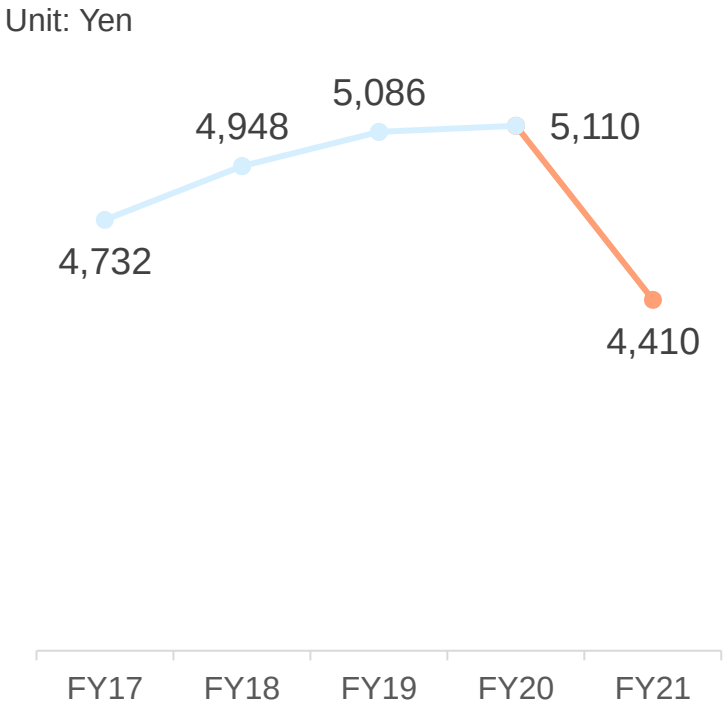
App DL

The number of DLs continues to increase steadily at CAGR 24%.



Average transaction unit price (Japan)

In FY21, the transaction unit price fell sharply due to the increase in low unit price mask-related transactions.



Copyright ©2021 CREEMA LTD.

[Platform] Main initiatives and sales trends

In addition to the progress in delivery of online advertising products through advertising for companies and local governments (External advertising), the use of advertising for creators (Internal advertising) has expanded steadily, resulting in full-year sales of 149% YoY at 430 million yen.

Main initiatives

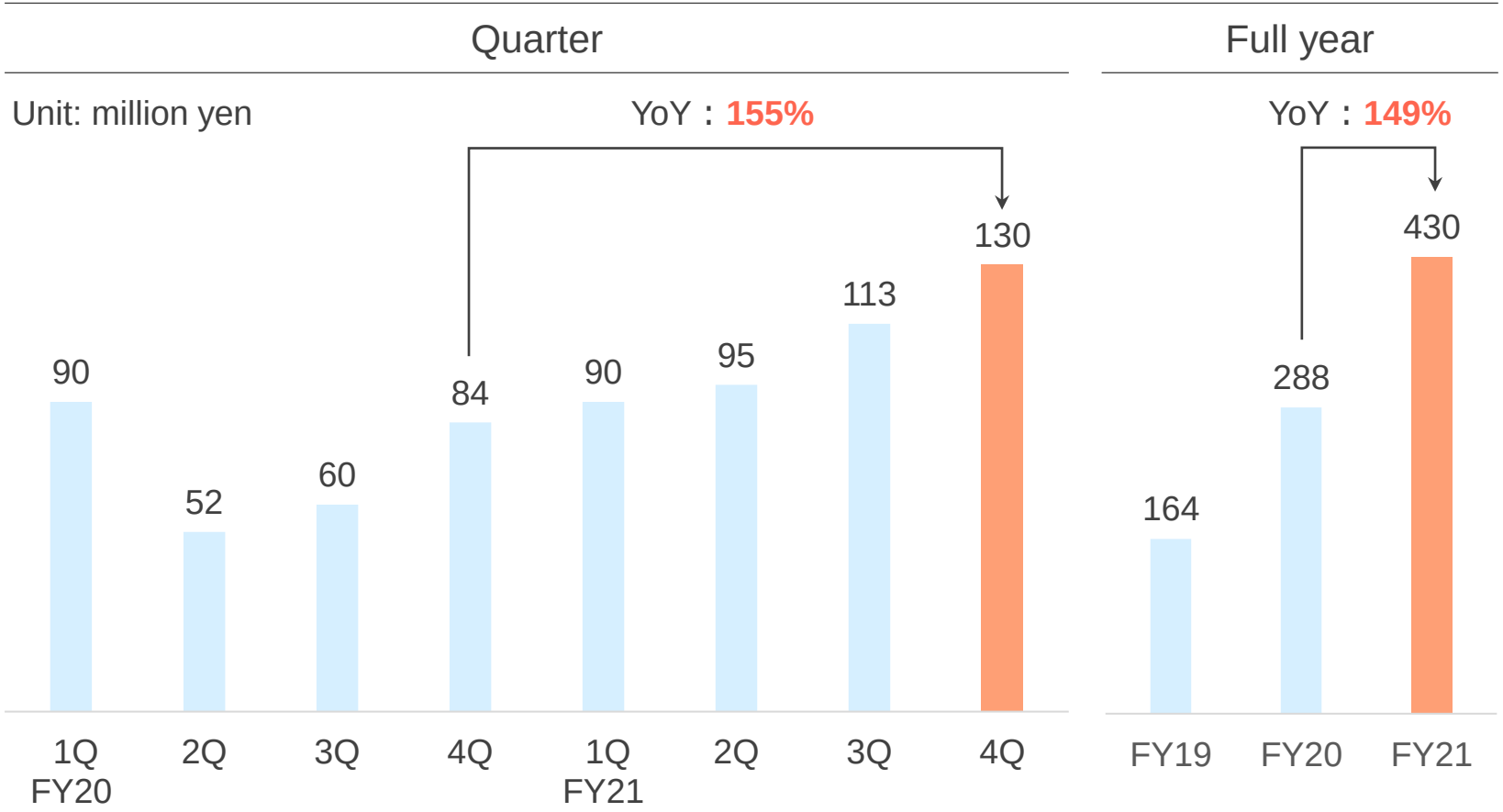
【Full year】

- Advertising for companies and local governments (External advertising)
  - Collaboration project with a major manufacturer
  - Support to a digital shift for the traditional craft industry
  - City promotion of local cities, etc.
- Advertising for creators (Internal advertising)
  - Optimization of ad analysis and operations by redesigning the dashboard screen
  - Various campaigns aimed at promoting usage, etc.

【4Q】

- Orders and deliveries increased through Advertising for companies and local governments (External advertising), driving growth.

Sales trends



Copyright ©2021 CREEMA LTD.

[Ref.] Example of advertising for companies and local governments(External advertising) – Creema Produced in Enshū Textile & Dyeing travelogue

Entrusted by the Enshu Producing Area Promotion Council, we promote and sell works at Creema such as bags and masks which were made in Enshu using textiles and dyeing materials.

Copyright ©2021 CREEMA LTD.

[Ref.] Dashboard renewal - Advertising for creators (Internal advertising)

The dashboard screen used by creators has been redesigned to make it easier to understand the effectiveness of advertising for creators (Internal advertising) and to enable efficient operation.

Copyright ©2021 CREEMA LTD.

[Events & stores] Main initiatives and sales trends

Due to the influence of the COVID-19, no annual events could be held at FY21. In addition, the number of stores, which was 5 at the beginning of the term, has been reduced to 2. As a result, sales landed at 85 million yen, 25% of the previous year.

Main initiatives

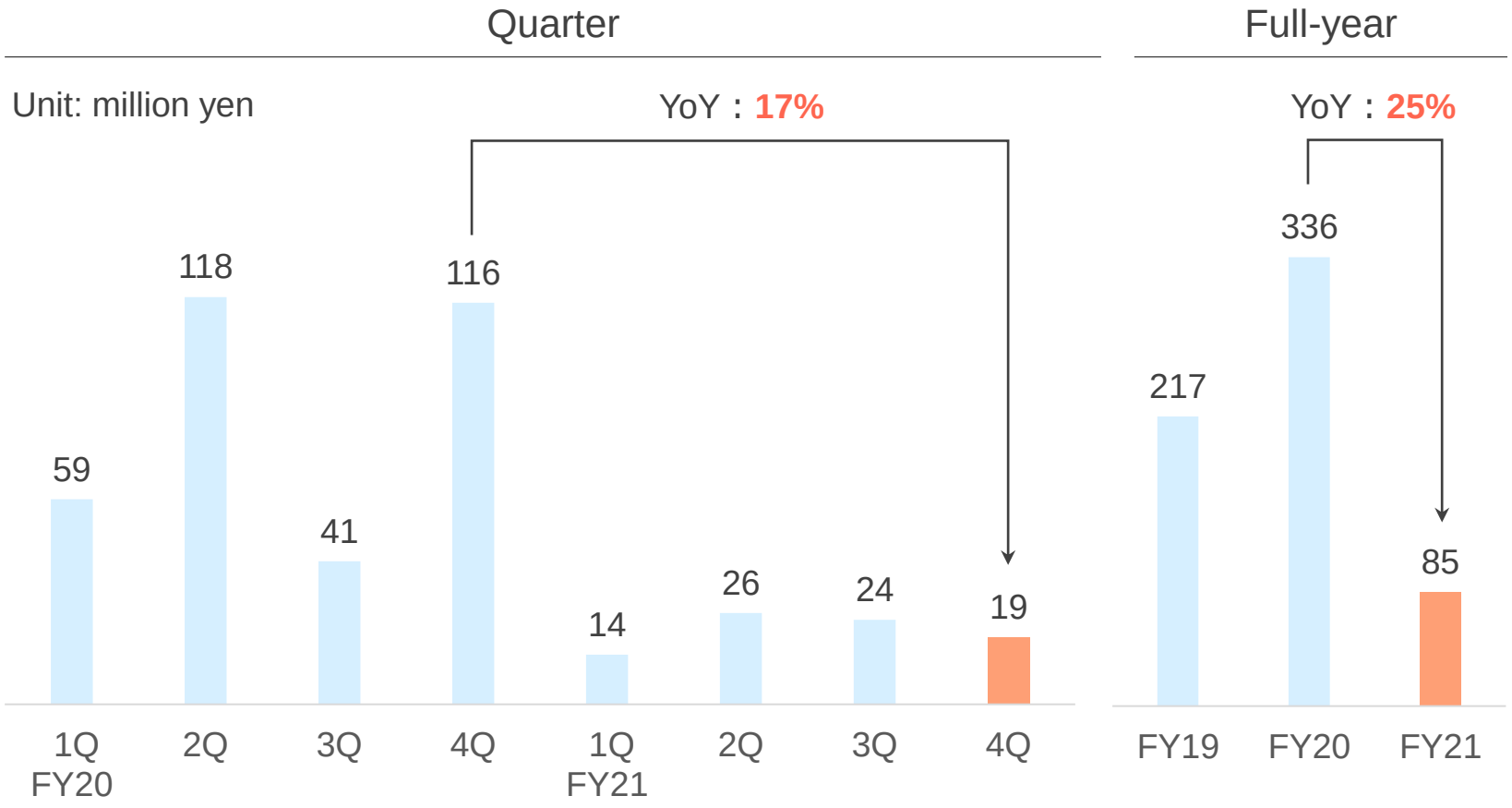
【Full-year】

- Affected by the COVID-19, both events & stores sales have declined significantly.
- No events have been held this term.
- There were 5 stores at the beginning of the term, but 3 of them in Nihonbashi, Kumamoto, and Futakotamagawa closed.

【4Q】

- "Hand Made In Japan Fes' (Tokyo Big Sight)" held in January every year has been cancelled.
- Shinjuku and Sapporo stores still operate, but the number of customers continued to decrease due to the state of emergency.

Sales trends (million yen)



Copyright ©2021 CREEMA LTD.

Other topic – “Hello Circus” business transfer

Founded in September 2020 by, the entertainer, Chiaki, the business of the handmade-related services "Hello Circus", has been transferred to our company and we continue to develop collaboration projects with "Hello Circus" on "Creema".

Copyright ©2021 CREEMA LTD.

FY22 Medium-term management policy and landing forecast

Medium-term management policy

In FY22, in order to achieve growth of existing sectors and by the addition of new services, we will utilize the platform base expanded and strengthened in FY21 and the current financial basis.

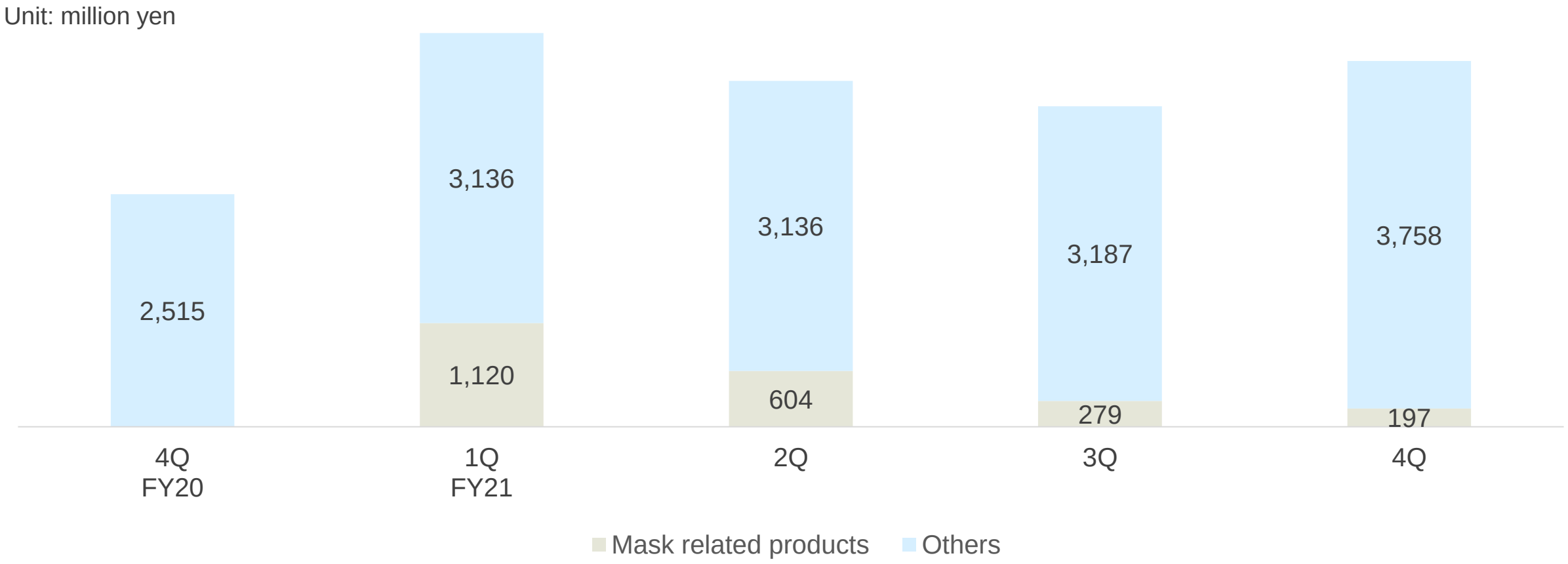
Company-wide		• Utilizing the platform which was significantly enhanced in FY21, realize further growth of existing businesses, and expand new service groups and make strategic investments for non-consecutive growth in the medium to long term. • In FY22, we aim for sales of 2.4 billion yen (YoY: 119%) and operating income of 315 million yen (YoY: 140%).
By Service	Market place	• Polishing the system and products of our main service “Creema” • Polishing various merchandising and campaign measures • Driving overall growth in the Creema economic zone by strengthening collaboration with Hello Circus, crowdfunding and other services
	Platform	• In advertising for creators (Internal advertising), we plan to evolve into a more valuable advertising service by continuing function development and campaign measures. • In advertising for companies and local governments (External advertising), we are strengthening proposals centered on our own online advertising products such as tie-up advertorials and creator collaboration projects. • In addition, we will focus on the online seminar service and others in which creators can play an even more active role.
	Events・Stores	• Partially resume large-scale events, such as「HandMade In Japan Fes’」&「Creema Craft Party」 • Rebuild the "Creema Stores" by strengthening merchandising considering changes in consumption and trends
	New service group	• Full-scale expansion of various new services started from FY21, such as crowdfunding and fulfillment • Development of new services centered on areas that have synergies with our platform (including M & A)

Copyright ©2021 CREEMA LTD.

Growth image of Creema GMV （1/2）

Due to the impact of the COVID-19, the GMV of mask-related products has increased significantly since March 2020, but as of the end of FY21, the ratio to the GMV was small. However, GMV growth continues.

Impact of mask-related products on the GMV of Creema



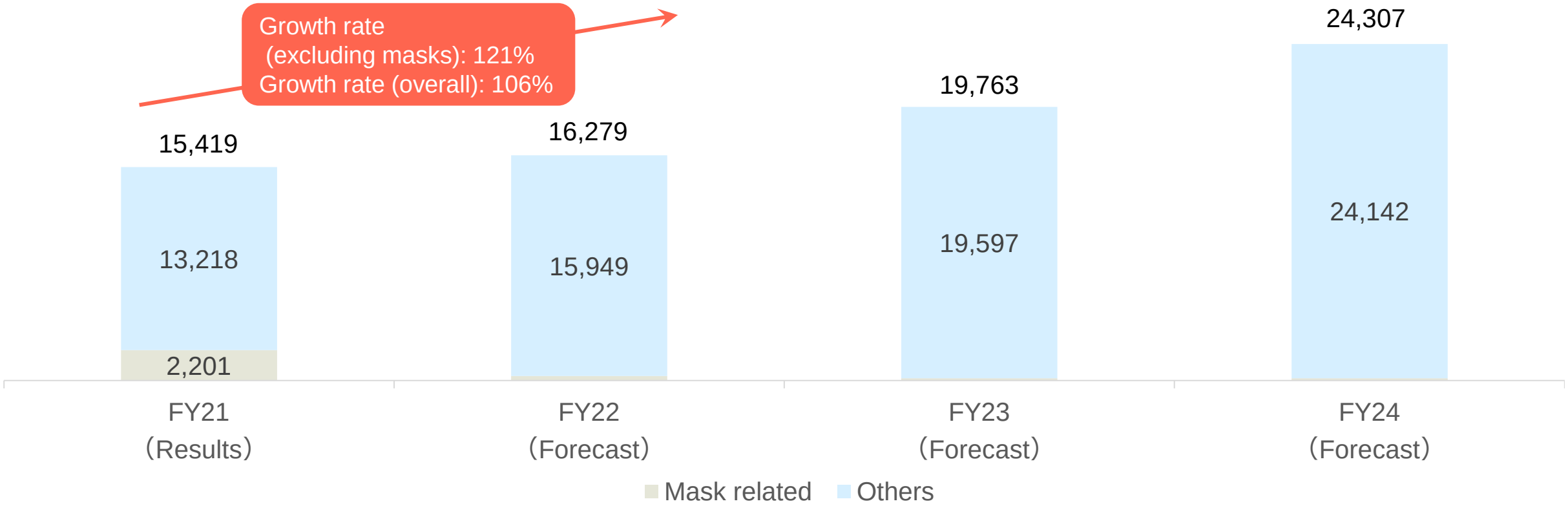
Copyright ©2021 CREEMA LTD.

Growth image of Creema GMV（2/2）

After FY22, it is anticipated that the mask-related demand, which increased sharply in the previous year, will converge. We are aiming for the GMV of 16.2 billion yen, which is 121% of the previous year's growth rate excluding mask sales.

Total forecast of Creema GMV

Unit: million yen

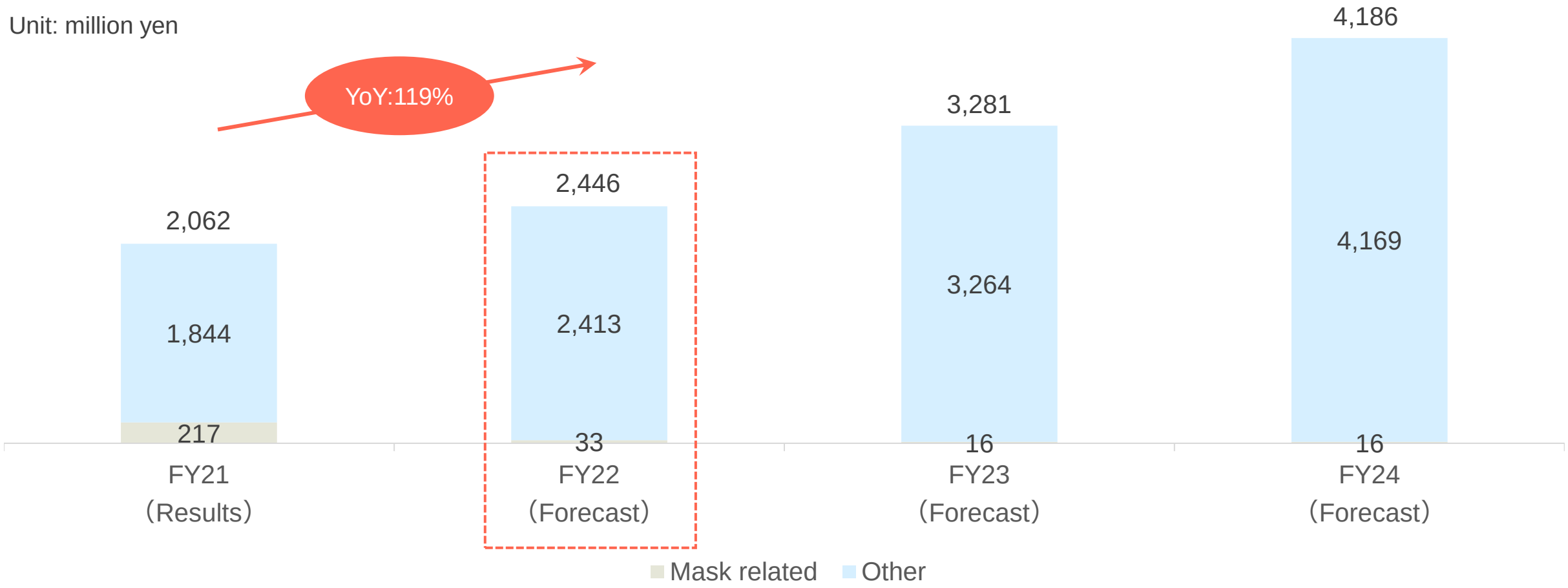


Copyright ©2021 CREEMA LTD.

Sales growth image

In FY22 we plan to launch several new businesses with the aim of expanding existing businesses based on the management base strengthened by FY21, realizing the vision, and achieving non-consecutive growth. Accelerate business growth after FY23.

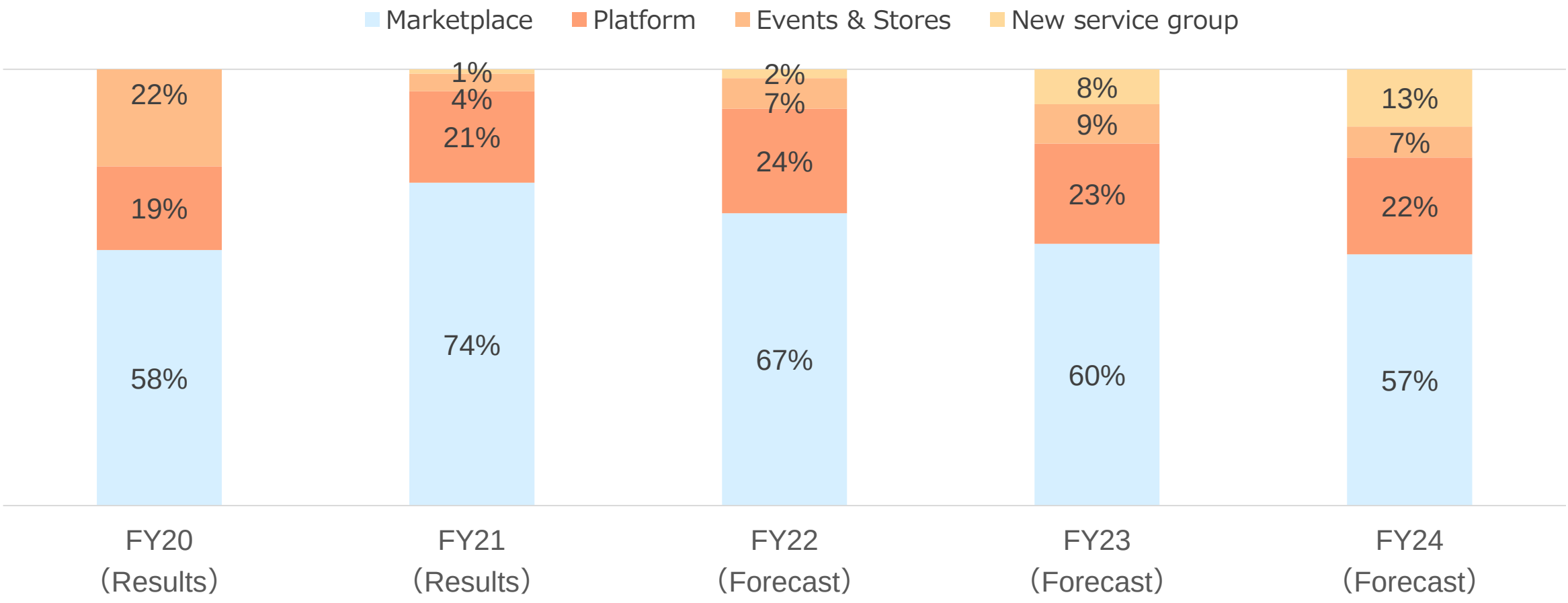
Sales earnings forecast



Copyright ©2021 CREEMA LTD.

[Ref.] Forecast of changes in sales composition by service

Due to the impact of the COVID-19, event & stores services shrank significantly in FY21, while the proportion of marketplace service increased. After FY22, our service ratio is expected to be gradually balanced back to normal, and the new service group will be progressively growing.



Copyright ©2021 CREEMA LTD.

FY22 company-wide earnings forecast

In order to further empower creators, FY22 aims to achieve sales of 2.4 billion yen, operating income of 315 million yen, and net income of 293 million yen by expanding the Creema economic zone where various services are dynamically linked.

Company-wide earnings forecast

Unit: million yen	（Ref.）FY21	FY22	YoY
Sales	2,062	2,446	119%
Sales cost	5	88	1689%
Gross profit	2,057	2,357	115%
SG&A	1,831	2,042	112%
Operating profit	226	315	140%
Ordinary profit	204	307	150%
Net income	178	293	164%

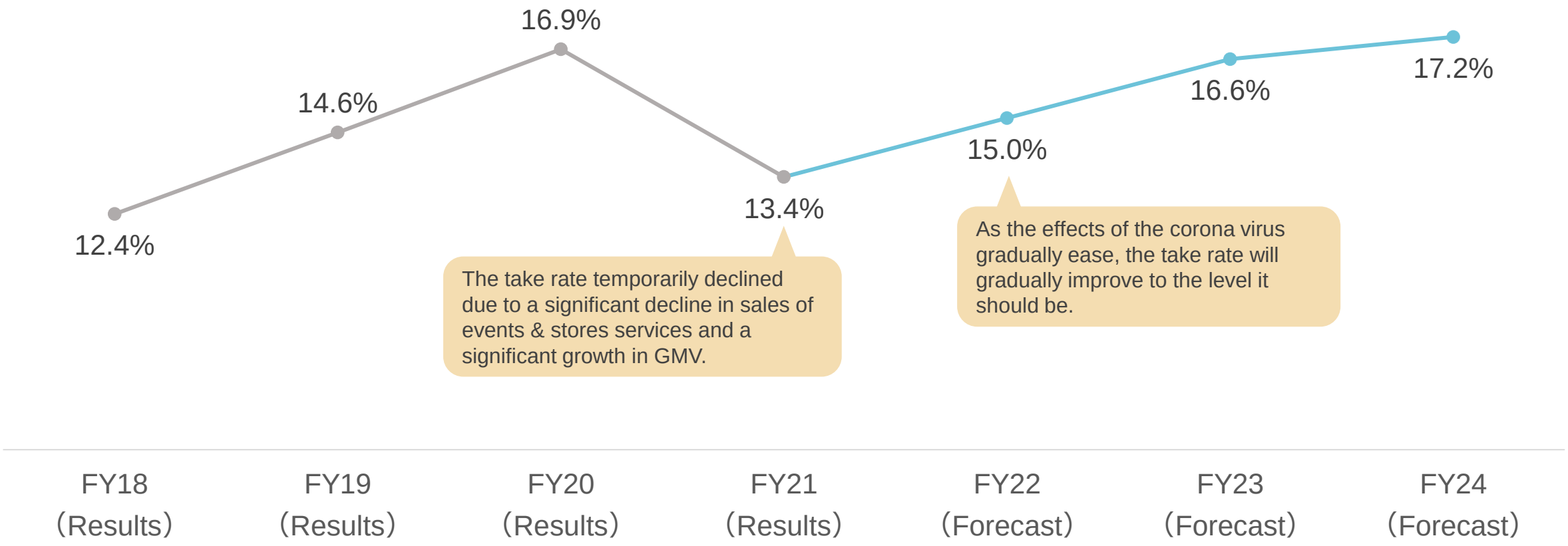
FY22 Sales Forecast by Major Services

Unit: million yen	
Marketplace	1,628 YoY：106% ※YoY without mask sales：121%
Platform	590 YoY：137%
Events & Stores	171 YoY：200%
New service group	55 YoY：382%

Copyright ©2021 CREEMA LTD.

[Ref.] Take rate trend & forecast

In FY21, GMV increased due to the spread of COVID-19, but the sales of events & stores services fell sharply, resulting in a significant decrease in take rate. After FY22, the events & stores will gradually recover and new service groups will be created, so the take rate is expected to improve again.



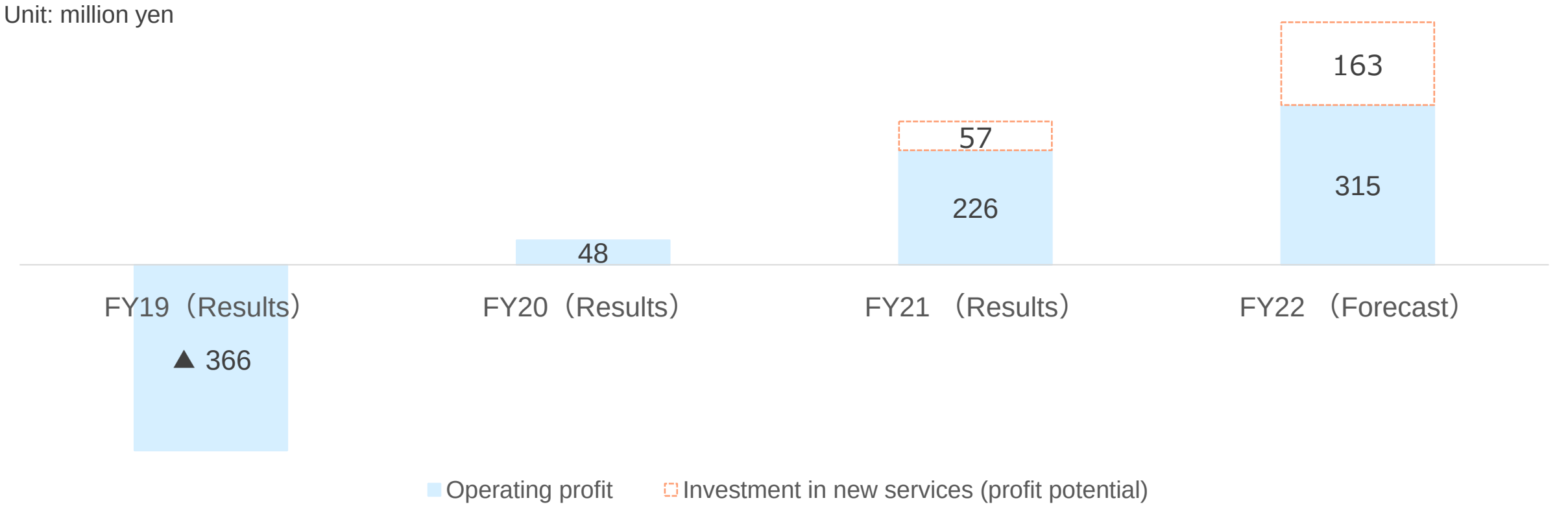
Note）The take rate is calculated using the GMV of the marketplace as the denominator and the sales of all services as the numerator.

Copyright ©2021 CREEMA LTD.

Investment in new services

Aiming for operating income of 140% YoY, while accelerating strategic investment in the new service group in FY22 to further accelerate growth.

Trends in operating profit

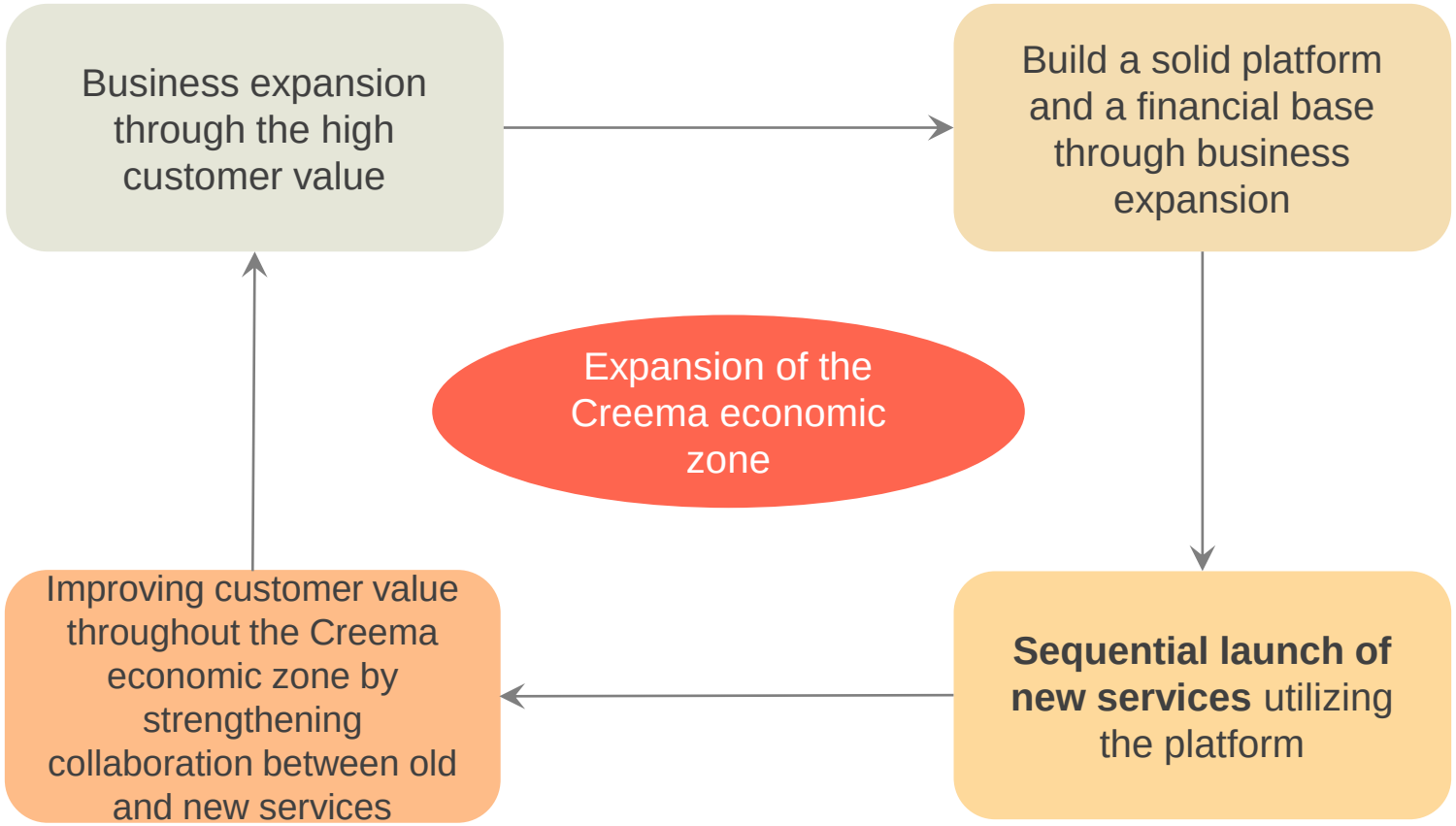


Copyright ©2021 CREEMA LTD.

Investment policy for new services

Development of new services will proceed from areas synergistic with the platform built through the creator empowerment business. After that, the competitive advantage will be further strengthened by the cooperation between old and new services, and the Creema economic zone will be expanded.

Creema Economic Zone Expansion Process



Creema platform infrastructure and new businesses

①Creator base centered on professionals and semi-professionals

②A huge user base of over 20-30 million visits per month, mainly by women in their 20s and 40s

③A website / app as a medium with transmission power and community base that goes beyond "just an EC website" (total number of followers on SNS is about 900,000)

④Business development ability that has created various services by utilizing the platform

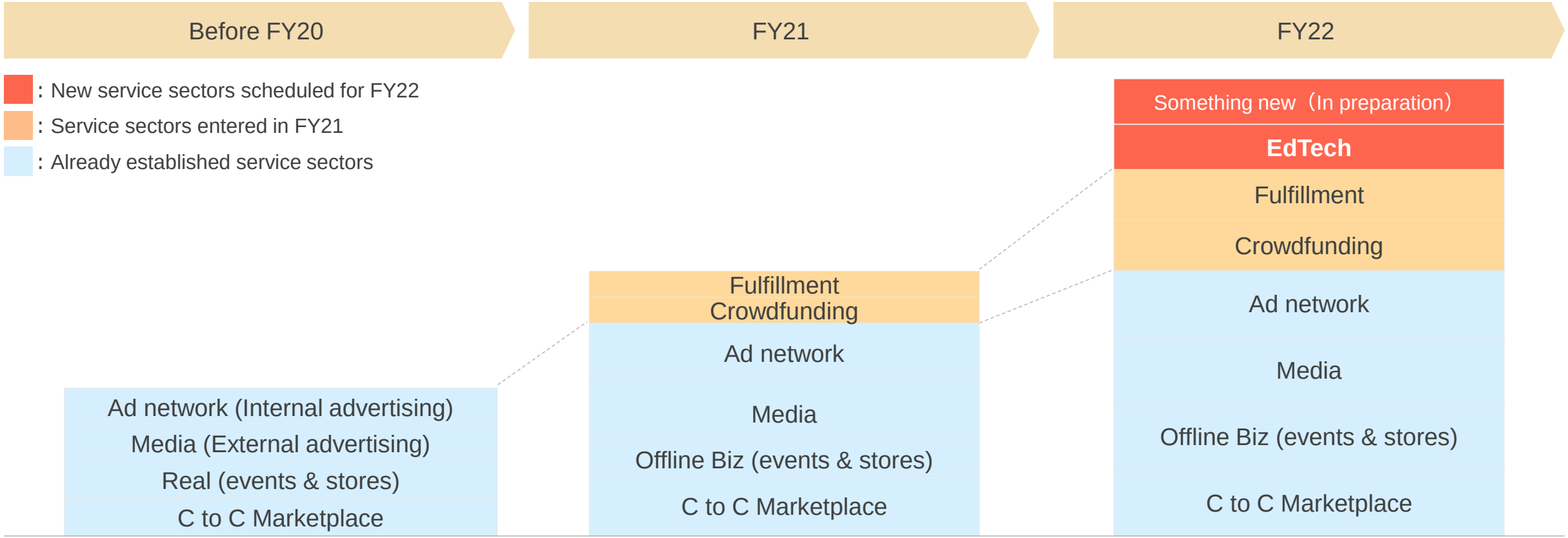
Utilizing a highly original platform, we will actively develop new services in other areas while focusing on areas related to creator activity support.

Copyright ©2021 CREEMA LTD.

Expansion of new services

Steadily expand the service areas by utilizing the platform. We will fully enter the EdTech domain in FY22.

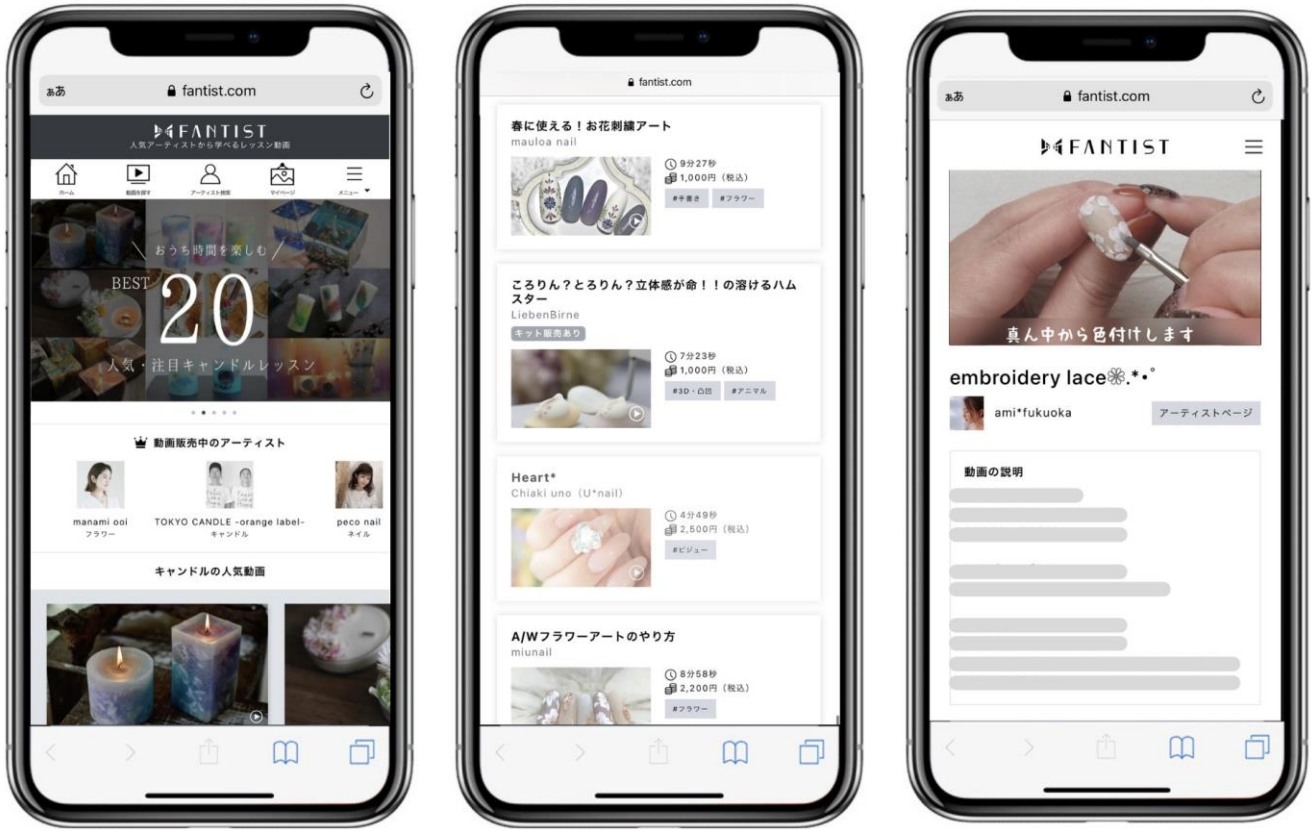
Service area expansion



Copyright ©2021 CREEMA LTD.

Acquisition of all shares of FANTIST

The contract to acquire all the shares of FANTIST Co. Ltd., which operates the video platform "FANTIST", where artists sell lesson videos, has been completed. With this M&A, we will make a full-scale entry into the EdTech domain as one of the new services.



- "FANTIST" is a video platform where top-level artists in each industry sell lesson videos, including candles and flower arrangements.
- With the addition of "FANTIST" to the Creema economic zone, we will provide even more value to creators and users.
  - 210,000 Creema creators can sell lesson videos.
  - Sale of works by FANTIST’s registered artists at Creema.
  - Implementation of mutual customer transfer and collaboration projects between Creema and FANTIST, etc.
- Using this share acquisition as an opportunity, we will start full-scale entry into the EdTech domain in collaboration with Creema platform.

We will continue to introduce new services to expand the Creema economic zone where all services are organically linked.

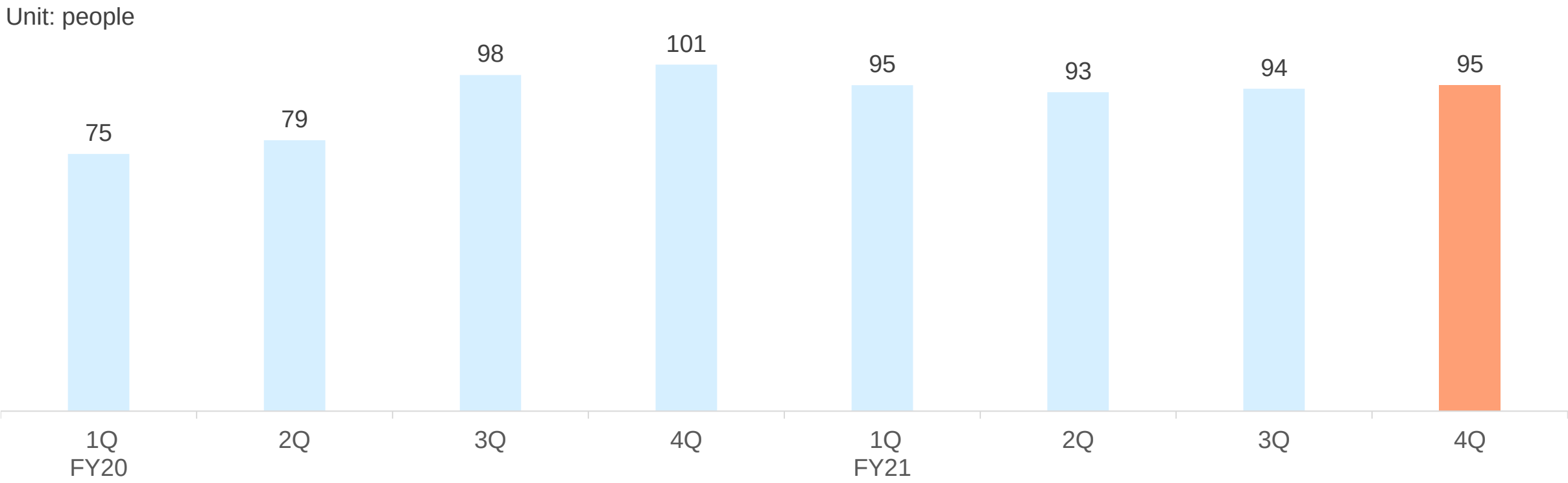
Copyright ©2021 CREEMA LTD.

Appendix

[Ref.] Changes in the number of employees

In FY21, the number of part-time workers decreased due to the withdrawal of 3 stores in the stores service. As of 4Q, the number of employees is 95.

Changes in the number of employees (including part-time jobs)



NOTE: Employees are the total of regular employees, contract employees, and part-time employees, excluding executives.

Copyright ©2021 CREEMA LTD.

Creema　CREEMA LTD.

The Company's plans, business outlooks, strategies, etc. contained in this material are based on the Company's management decisions obtained from the information available as of the date of the announcement. It is just a forecast for the future, and there are various risks such as "intensifying price competition in the market", "fluctuations in trends in economic activities surrounding the business environment", "fluctuations in exchange rates", "significant fluctuations in market prices in the capital markets", etc. Please note that the actual business performance may differ due to uncertainties mentioned above.

＜Contact information＞
CREEMA LTD. Corporate Div.
〒107-0061 Tokyo, Minato City, Kitaaoyama, 2 Chome−12−5 ＫＲＴ Aoyama 2F Bld.
TEL:03-6447-0105　FAX:03-6447-0057
e-mail:info@creema.co.jp