## November 14, 2024

# Brief Report on Mid-Term Financial Results for the Fiscal Year Ending March 31, 2025

## **Estore Corporation**

**Estore Group** 











## Summary

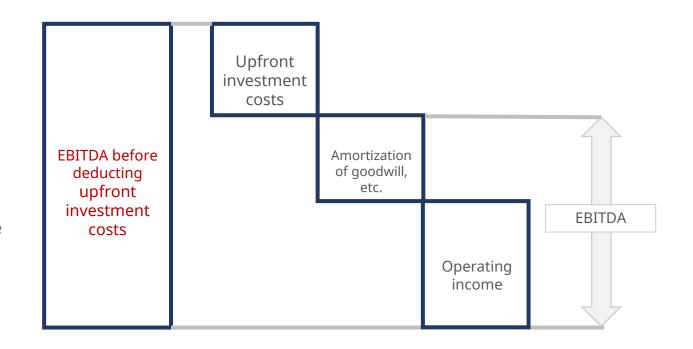
- In the EC business, the company could not fully address the surge in demand from largescale projects in the previous fiscal year, resulting in a slight year-on-year decline in the results for the first half of the current fiscal year. However, this is expected to have no impact on the full-year plan.
- The company expects to achieve its full-year targets as planned, given that additional development projects from major customers have originally been scheduled to be concentrated in the second half of the fiscal year, and its business structure is inherently weighted toward the latter half of the fiscal year.
- The current term is the final fiscal year of the medium-term management plan, so the company is on track to achieve its targeted goals.
- While the HOI business saw growth driven by the expansion of online sales, the acquisition of new HOI projects remained latent. (Additional profit is expected if new projects are acquired.)

## Focusing on EBITDA before deducting upfront investment costs

Brief Report on Financial Results for the Fiscal Year Ended March 31, 2024 (Reposting)

- 1. Currently we are in a phase aggressively promoting upfront investment for the future, and
- 2. Shifting our focus from the EC to HOI business.

Based on the above, we focus on EBITDA before deducting upfront investment costs as the most appropriate indicator to present the business's actual value.



\*EBITDA before deducting upfront investment costs = Operating income + depreciation and amortization + amortization of goodwill + upfront investment costs

### Both net sales and EBITDA before deducting upfront investment costs declined slightly.

In the EC business, despite raising the system usage fees for small- to medium-scale projects, the company could not fully address the surge in demand from large-scale projects in the previous fiscal year, resulting in a slight decline in net sales and EBITDA before deducting upfront investment costs.

SHIFFON, under the HOI business, saw growth due to increased online sales. No special mention is necessary regarding the decrease in EBITDA before deducting upfront investment costs, as it is due to preparations for the second half of the current fiscal year.

(Millions of yen)		FY3/:	24 H1	FY3/2	25 H1	YoY	
Net sales			5,213		5,170	99%	
	EC business (of which for Commerce21)		3,078 (1,486)		<b>2,796</b> (1,217)	91% (82%)	
	HOI business		2,143		2,383	111%	
EBITDA before de costs	ducting upfront investment		644		603	94%	
	EC business (of which for Commerce21)		618 (464)		<b>591</b> (292)	96% (63%)	
	HOI business		23		7	30%	
Depreciation goodwill, etc.	and amortization, amortization of		240		190		
Upfront inves	stment costs		173		215		
Operating income			231		197		

167

Net income attributable to owners of parent

\*135

<sup>•</sup> EBITDA before deducting upfront investment costs = Operating income + depreciation and amortization + amortization of goodwill + upfront investment costs

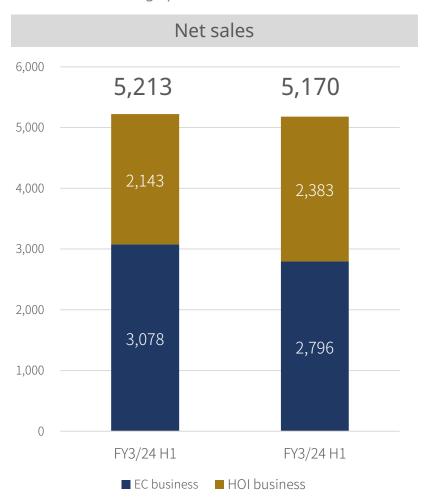
<sup>•</sup> Figures are truncated; figures by business do not include adjustments

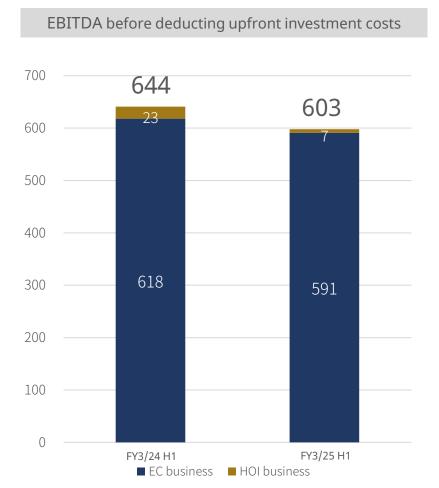
<sup>\*1</sup> The major factors that contributed to the profit decline are as follows: Decrease in non-operating income (main factor: termination of subsidy revenue) Increase in non-operating expenses (main factors: foreign exchange losses and cryptocurrency valuation losses) Increase in extraordinary losses (relocation costs)

# Both net sales and EBITDA before deducting upfront investment costs declined slightly.

In the EC business, despite raising the system usage fees for small- to medium-scale projects, the company could not fully address the surge in demand from large-scale projects in the previous fiscal year, resulting in a slight decline in net sales and EBITDA before deducting upfront investment costs.

SHIFFON, under the HOI business, saw growth due to increased online sales. No special mention is necessary regarding the decrease in EBITDA before deducting upfront investment costs, as it is due to preparations for the second half of the current fiscal year.





<sup>•</sup> EBITDA before deducting upfront investment costs = Operating income + depreciation and amortization

<sup>+</sup> amortization of goodwill + upfront investment costs

<sup>•</sup> Figures are truncated; figures by business do not include adjustments

As in previous years, business results are expected to be weighted toward the second half of the fiscal year. Moreover, with additional projects from major customers scheduled to be concentrated in this period, performance is expected to be more heavily weighted toward the latter half than usual. (Additional profit is expected if new HOI projects are acquired.)

(N	fillions of yen)	FY3/24 H1 Results	FY3/24 H2 Results	FY3/24 Results	FY3/25 H1 Results	(Reference) Remaining balance from the plans at the beginning of the fiscal year (calculated by simple subtraction)	FY3/25 Forecast
Ne	t sales	5,213	7,352	12,566	5,170	8,180	13,350
	EC business (of which for Commerce21)	3,078 (1,487)	3,050 (1,405)		<b>2,796</b> (1,217)	3,554 (1,933)	6,350 (3,150)
	HOI business	2,143	4,301	6,444	2,383	4,617	*1 7,000
befor	TDA re deducting ont investment costs	644	1,199	1,844	603	1,363	1,966
	EC business (of which for Commerce21)	618 (464)	647 (323)	, , , ,	591 *2 (292)	805 *2 (671)	1,396 *2 (963)
	HOI business	23	552	575	7	572	*1 579
	eciation and amortizatior tization of goodwill, etc.	1, 240	203	3 443	190	160	350
Upfro	nt investment costs	173	142	315	215	195	410
Opera	ating income	231	855	1,086	197	1,009	1,206

<sup>•</sup> EBITDA before deducting upfront investment costs = Operating income + depreciation and amortization + amortization of goodwill + upfront investment costs

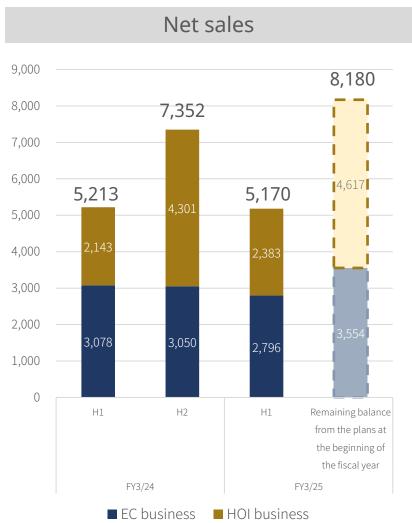
<sup>•</sup> Figures are truncated; figures by business do not include adjustments

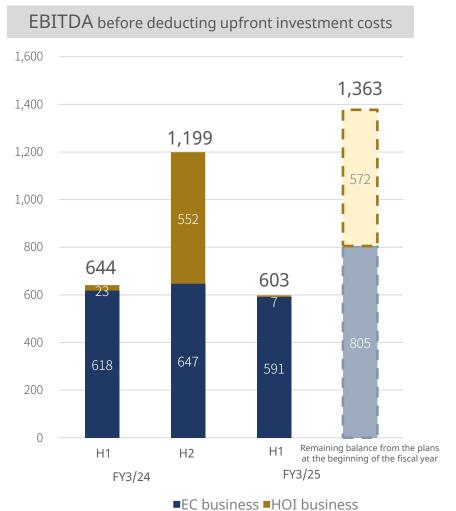
<sup>\*1</sup> No new HOI projects are expected

<sup>\*2</sup> See slide 11 for details on upfront investment costs of Commerce21

## Targets on track to be achieved

As in previous years, business results are expected to be weighted toward the second half of the fiscal year. Moreover, with additional projects from major customers scheduled to be concentrated in this period, performance is expected to be more heavily weighted toward the latter half than usual. (Additional profit is expected if new HOI projects are acquired.)





<sup>•</sup> EBITDA before deducting upfront investment costs = Operating income + depreciation and amortization + amortization of goodwill + upfront investment costs

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## Progress of Medium-Term Management Plan

Brief Report on Financial Results for the Fiscal Year Ended March 31, 2024 (Reposting)

Brief Report on Financial Results for the Fiscal Year Ended March 31, 2024 (Reposting)

### Overall:

Overall, progress is on track. Although the synergy strategy was not realized, the shift to the HOI business was successful.

### EC business:

- •Synergies we initially envisioned (in the marketing and payment areas) were not realized.
- •Commerce21 had more large-scale projects due to enterprises' DX promotion, further accelerated due to the COVID-19 pandemic and labor shortages.

#### **HOI** business:

•As more enterprises actively consider M&A to promote DX and gain management expertise, a favorable environment has been created to expand our HOI business.

## Net sales are expected to exceed the plan.

Brief Report on Financial Results for the Fiscal Year Ended March 31, 2024 (Reposting)

### Net sales



 $<sup>\</sup>bullet$  Figures are truncated; figures by business do not include adjustments

Brief Report on Financial Results for the Fiscal Year Ended March 31, 2024 (Reposting)



<sup>•</sup> EBITDA before deducting upfront investment costs = Operating income + depreciation and amortization + amortization of goodwill + upfront investment costs

<sup>•</sup> Figures are truncated; figures by business do not include adjustments

Brief Report on Financial Results for the Fiscal Year Ended March 31, 2024 (Reposting)

				· .						
FY3/21 Estimate at the time of announcement of the medium-term management plan			FY3/23 Results		FY3/24 Results		FY3/25 Forecast		Figures in the medium-term management plan	
Net sales		5,080		9,449		12,566		13,350		10,100
EC business (of which for Commerce21)		5,080		<b>5,942</b> (2,576)		<b>6,136</b> (2,891)		6,350 (3,150)		8,600
HOI business		0		3,516		6,444		7,000		1,500
EBITDA before deducting upfront investment costs		620		1,506		1,844		1,966		2,100 *1
EC business (of which for Commerce21)		620 (-)		<b>1,147</b> *2 (673)		1,265 *2 (787)		<b>1,396</b> *2 (963)		800
HOI business		0		359		575		579		1,300
eciation and amortiz will, etc.	zation,	, amortization of		298		443		350		100
Upfront investment costs				324		315		410		_
Operating income				882		1,086		1,206		2,000
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<sup>\*1</sup> Shown as figures before goodwill amortization in the medium-term management plan announcement materials. Reference: p22, Medium-Term Management Plan announced on Nov. 17, 2020

<sup>\*2</sup> See slide 11 for details on upfront investment costs of Commerce21

### Commerce21: Business results improved, centered on consulting sales

Brief Report on Financial Results for the Fiscal Year Ended March 31, 2024 (Reposting)

Commerce21 offers contracted development and continuous proposals to build a value chain that considers the client's business and cultivates loyal customers. We will make proposals contributing to business growth and leading to constant project orders.

Concept & planning

Materialization

Maintenance & operation

Discuss the ideal/desired state

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To achieve the above, identify requirements with an eye to the business as a whole

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Define the required systems

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Propose building a value chain that will achieve business growth and management plan through cultivating loyal customers who continue to support the business despite the shift to a new economic environment, such as declining birthrates, an aging population, and accelerating inflation.

Design and develop apps and design and construct infrastructure. Implement system migration in line with the migration plan.

Development and maintenance, infrastructure maintenance, 24/365 monitoring, data utilization, etc.

Propose systems, etc., that contribute to further business growth

Continuous project orders

### Upfront investments to create the next business drivers (Commerce21)

Brief Report on Financial Results for the Fiscal Year Ended March 31, 2024 (Reposting) We will newly establish a DX solution business unit and expand managed In five years While the composition ratio will be on a infrastructure services to form a cloud declining trend, the size of the sale will solution business. We will invest remain flat. We can make proposals upfront in these two businesses as smoothly by connecting with customers driving forces to develop our business in the DX and cloud solutions businesses. EC solution business performance. EC system innovations for enterprises built by Commerce21 Taking advantage of our system, which can handle the entire development Current process, we capture the ever-evolving DX demand and provide consulting services for a wide range of businesses, from DX solution business enterprises to small businesses. We also consider working with independent Newly established DX innovations in value chains vendors. and supply chains created by Commerce 21 EC solution business Upfront investment to increase the New headcount for establishing this business business Cloud environments are vital for Cloud solution building and operating various business drivers systems, including EC. By expanding Expanded our business, we increase stock earnings. Cloud network innovations Managed supported by Commerce21 infrastructure Upfront investment to increase the headcount for expanding this business services

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