

November 14, 2024

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

Estore Corporation

Estore Group

ONLINE MARKETING AND SYSTEMS
Estore

commerce21

 WCA INC.


Irvine
Systems

S H I F F O N

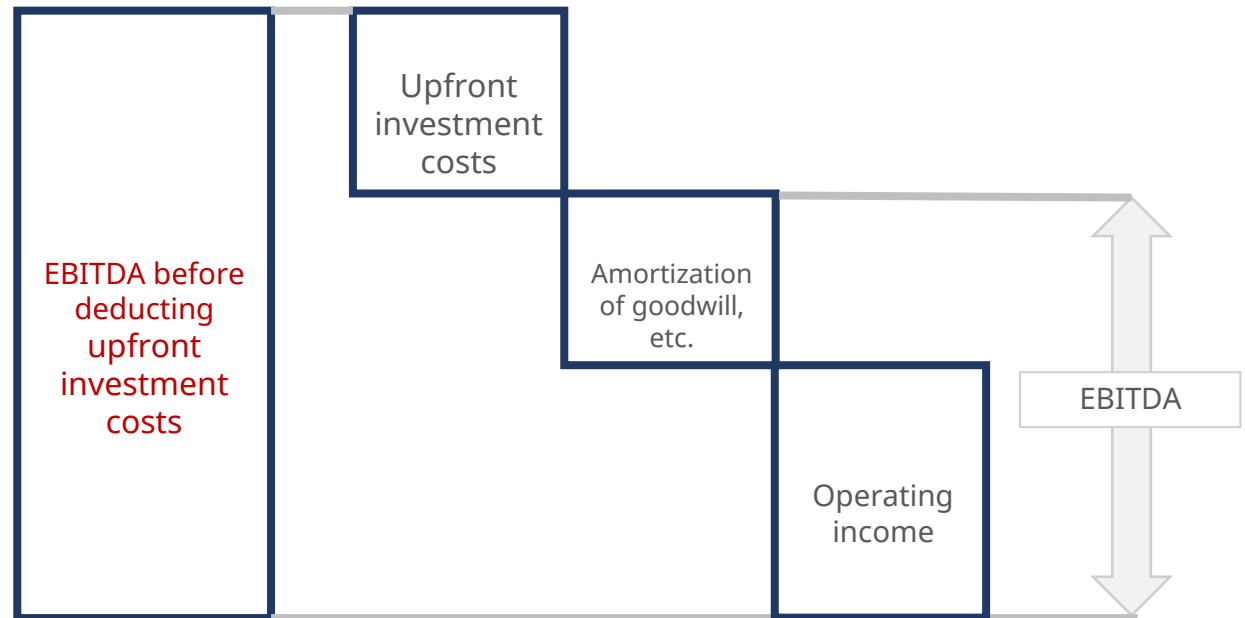
Summary

- In the EC business, the company could not fully address the surge in demand from large-scale 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.)

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.

Summary of Consolidated Business Results

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	FY3/25 H1	YoY
Net sales	5,213	5,170	99%
EC business (of which for Commerce21)	3,078 (1,486)	2,796 (1,217)	91% (82%)
HOI business	2,143	2,383	111%
EBITDA before deducting upfront investment costs	644	603	94%
EC business (of which for Commerce21)	618 (464)	591 (292)	96% (63%)
HOI business	23	7	30%

Depreciation and amortization, amortization of goodwill, etc.

240

190

Upfront investment costs

173

215

Operating income

231

197

Net income attributable to owners of parent

167

*1 35

- EBITDA before deducting upfront investment costs = Operating income + depreciation and amortization + amortization of goodwill + upfront investment costs
- Figures are truncated; figures by business do not include adjustments

*1 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)

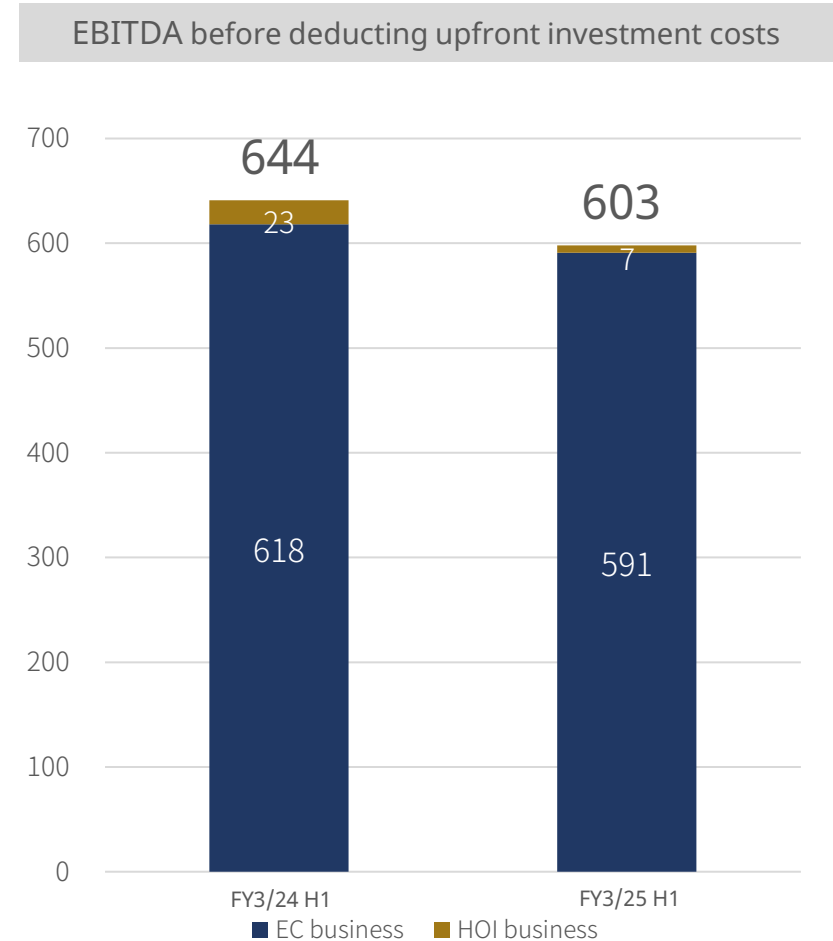
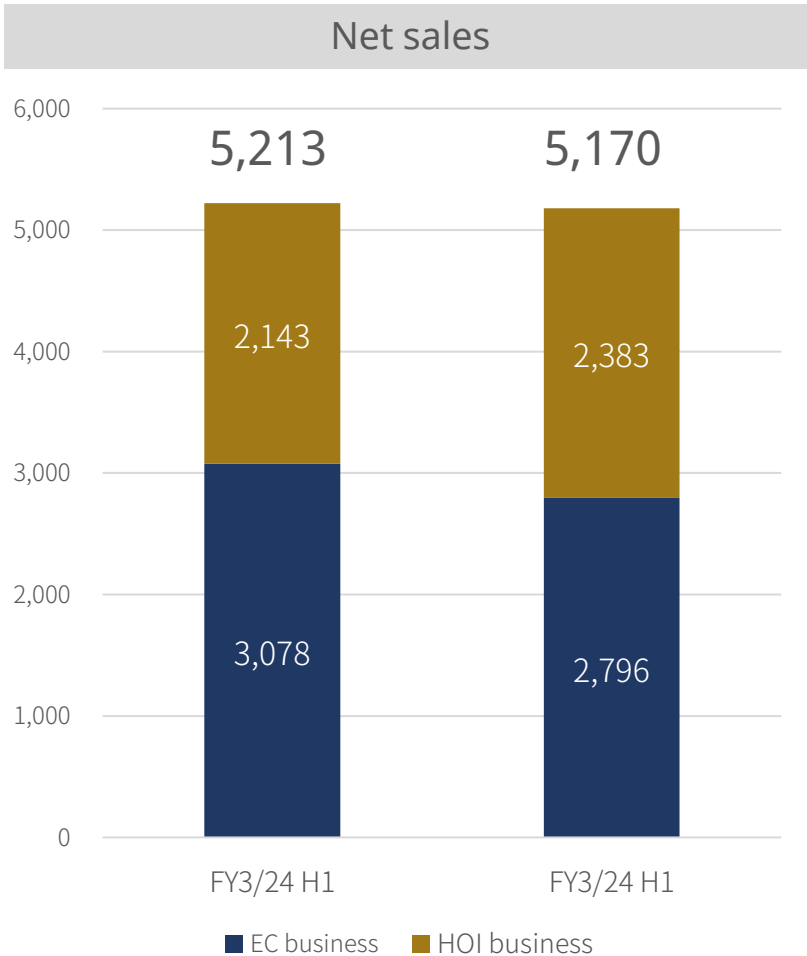
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Graphical representation of the previous slide



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Targets on track to be achieved

Full-Year Forecast

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.)

(Millions of yen)	FY3/24	FY3/24	FY3/24	(Reference)		
	H1 Results	H2 Results	Results	FY3/25	Remaining balance	FY3/25
				H1 Results	from the plans at the	Forecast
					beginning of the fiscal	
					year	
					(calculated by simple subtraction)	
Net 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)	6,136 (2,891)	2,796 (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
EBITDA before deducting upfront investment costs	644	1,199	1,844	603	1,363	1,966
EC business (of which for Commerce21)	618 (464)	647 (323)	1,265 (787)	591 *2 (292)	805 *2 (671)	1,396 *2 (963)
HOI business	23	552	575	7	572	*1 579
Depreciation and amortization, amortization of goodwill, etc.	240	203	443	190	160	350
Upfront investment costs	173	142	315	215	195	410
Operating income	231	855	1,086	197	1,009	1,206

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

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*1 No new HOI projects are expected

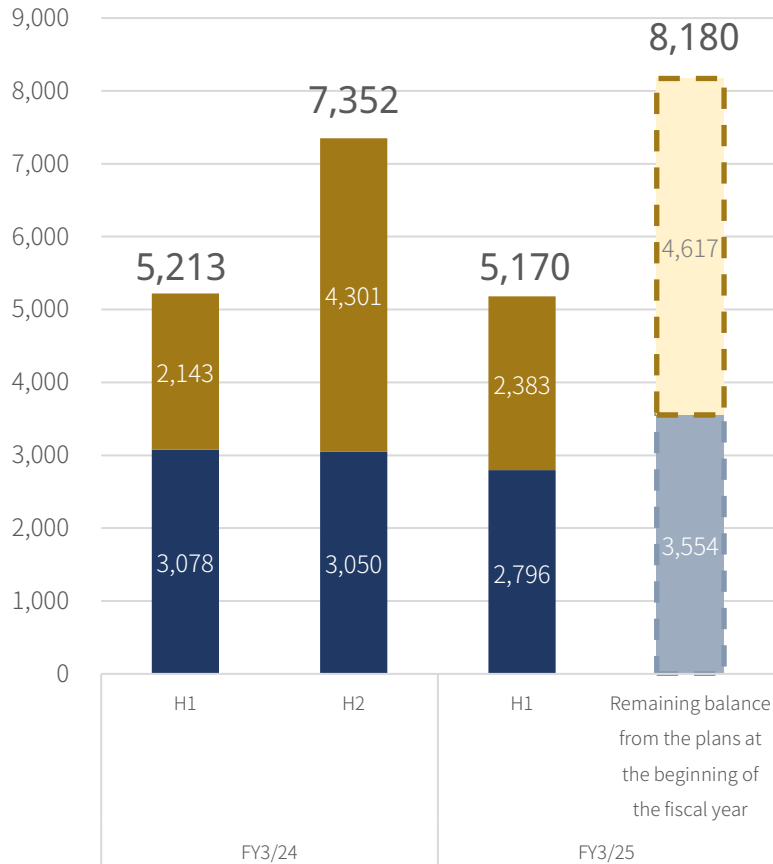
*2 See slide 11 for details on upfront investment costs of Commerce21

Targets on track to be achieved

Full-Year Forecast

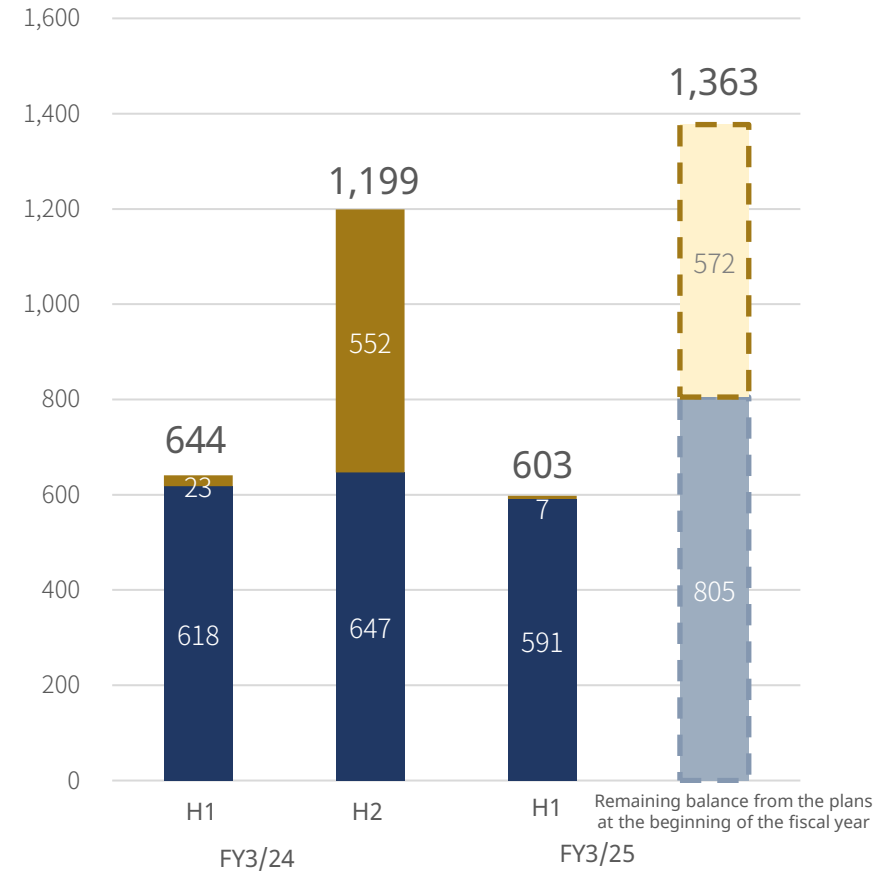
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Net sales



■ EC business ■ HOI business

EBITDA before deducting upfront investment costs



■ EC business ■ HOI business

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Progress of Medium-Term Management Plan

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.

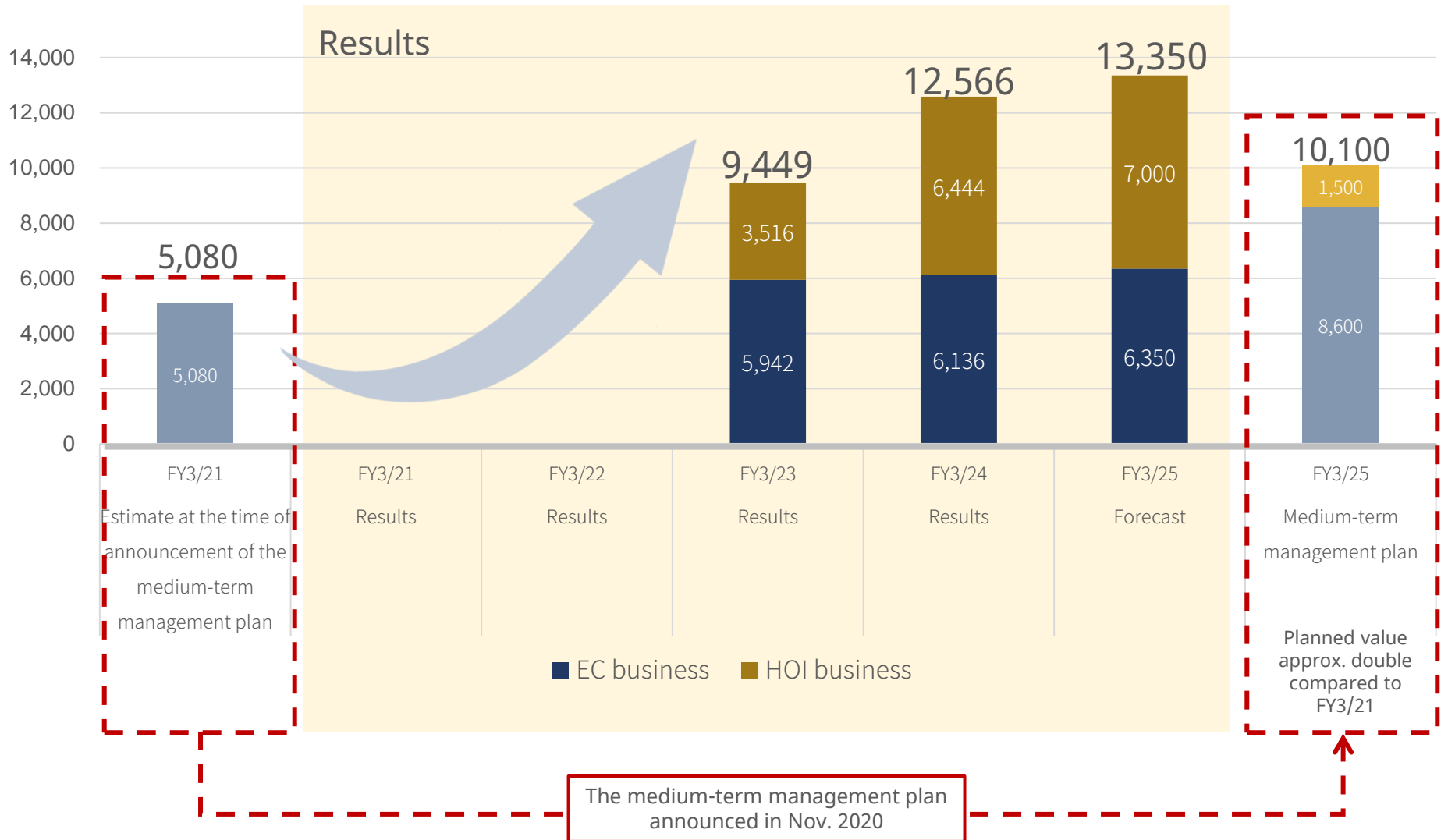
HOI business:

- 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



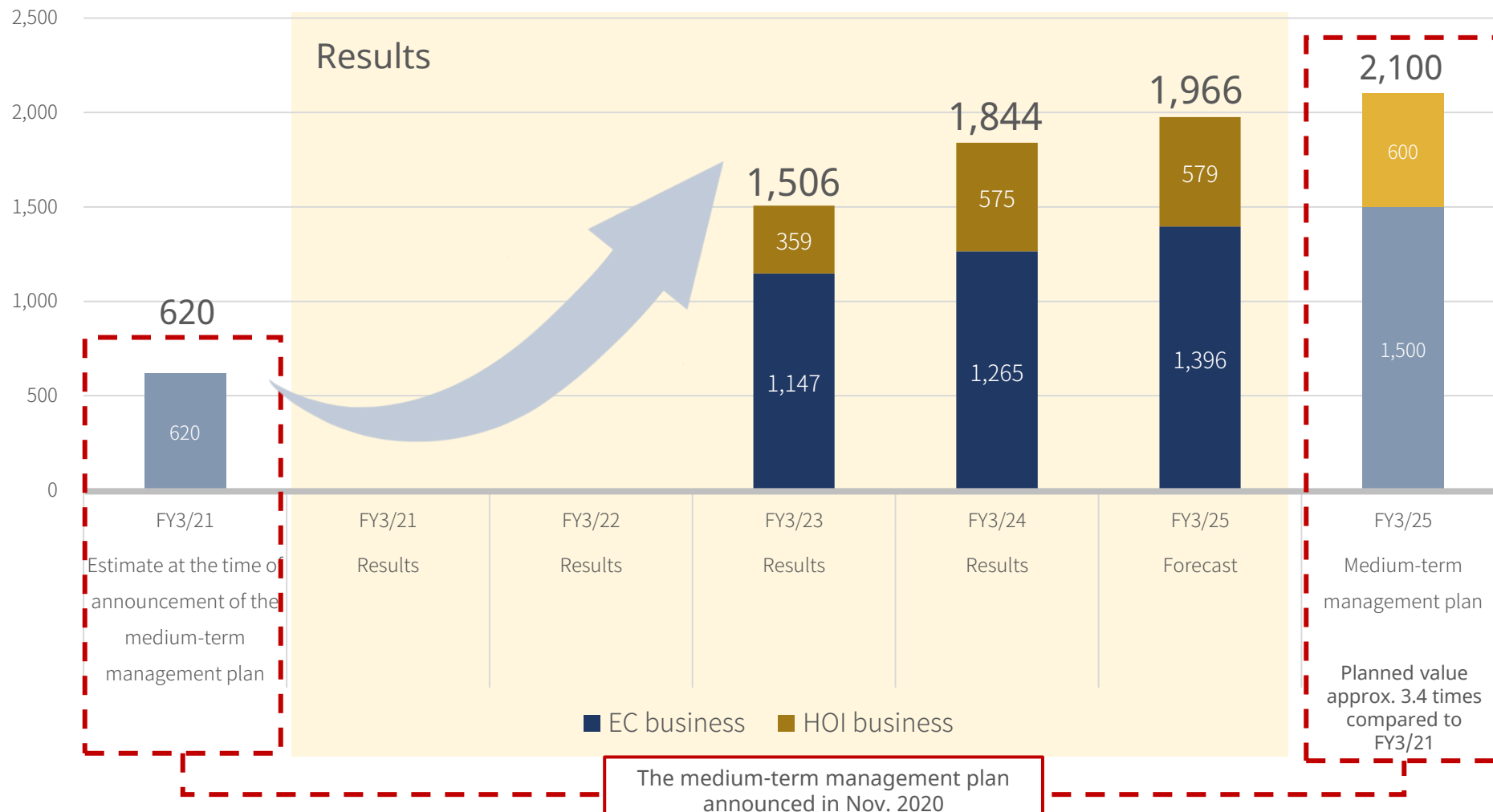
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EBITDA before deducting upfront investment costs

is also within the range.

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

EBITDA before deducting upfront investment costs



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

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Targets on track to be achieved

Progress of Medium-Term Management Plan

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

(Millions of yen)	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	5,942 (2,576)	6,136 (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 (-)	1,147 ^{*2} (673)	1,265 ^{*2} (787)	1,396 ^{*2} (963)	800
HOI business	0	359	575	579	1,300
Depreciation and amortization, amortization of goodwill, etc.		298	443	350	100
Upfront investment costs		324	315	410	—
Operating income		882	1,086	1,206	2,000

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

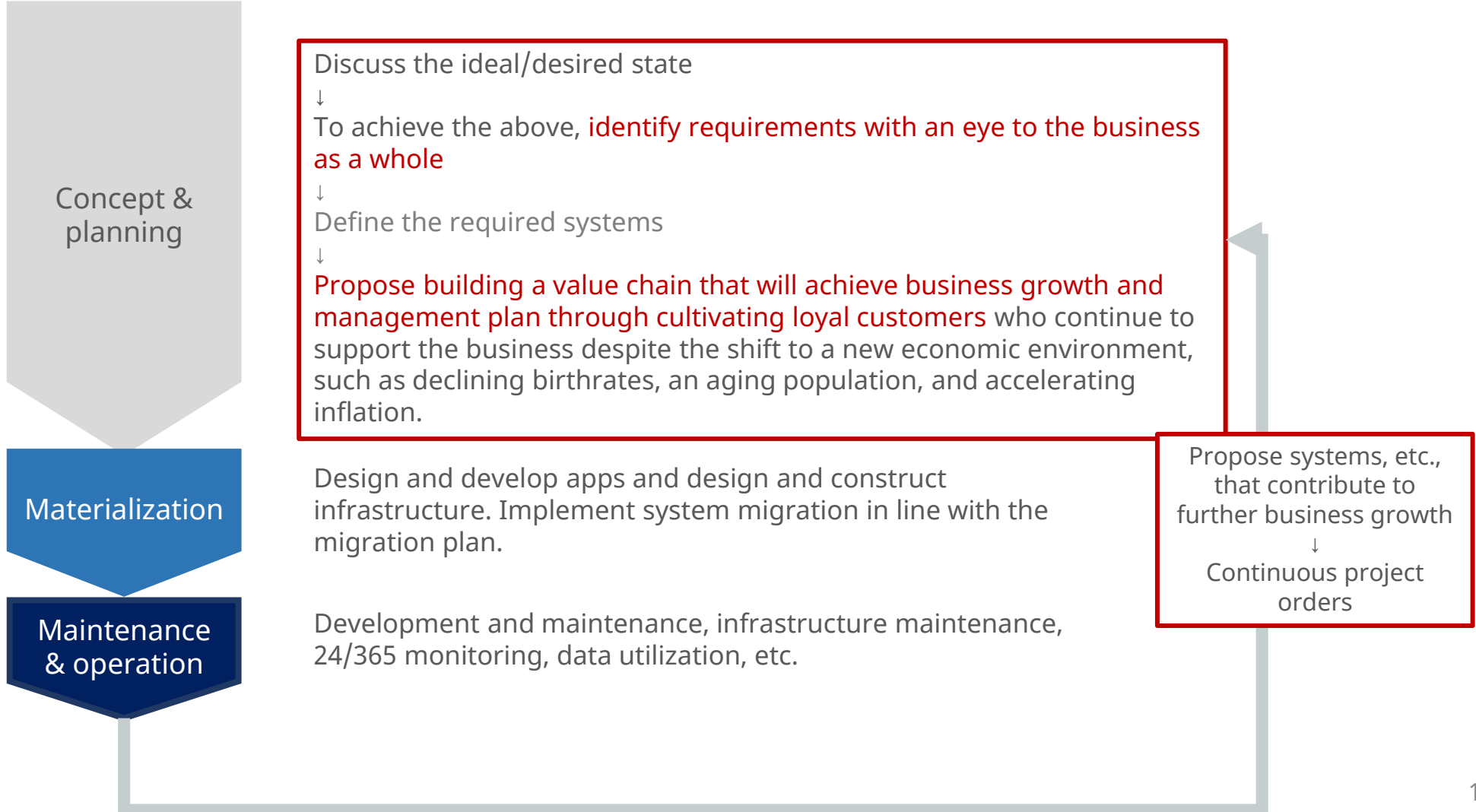
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^{*1} Shown as figures before goodwill amortization in the medium-term management plan announcement materials. Reference: p22, Medium-Term Management Plan announced on Nov. 17, 2020

^{*2} See slide 11 for details on upfront investment costs of Commerce21

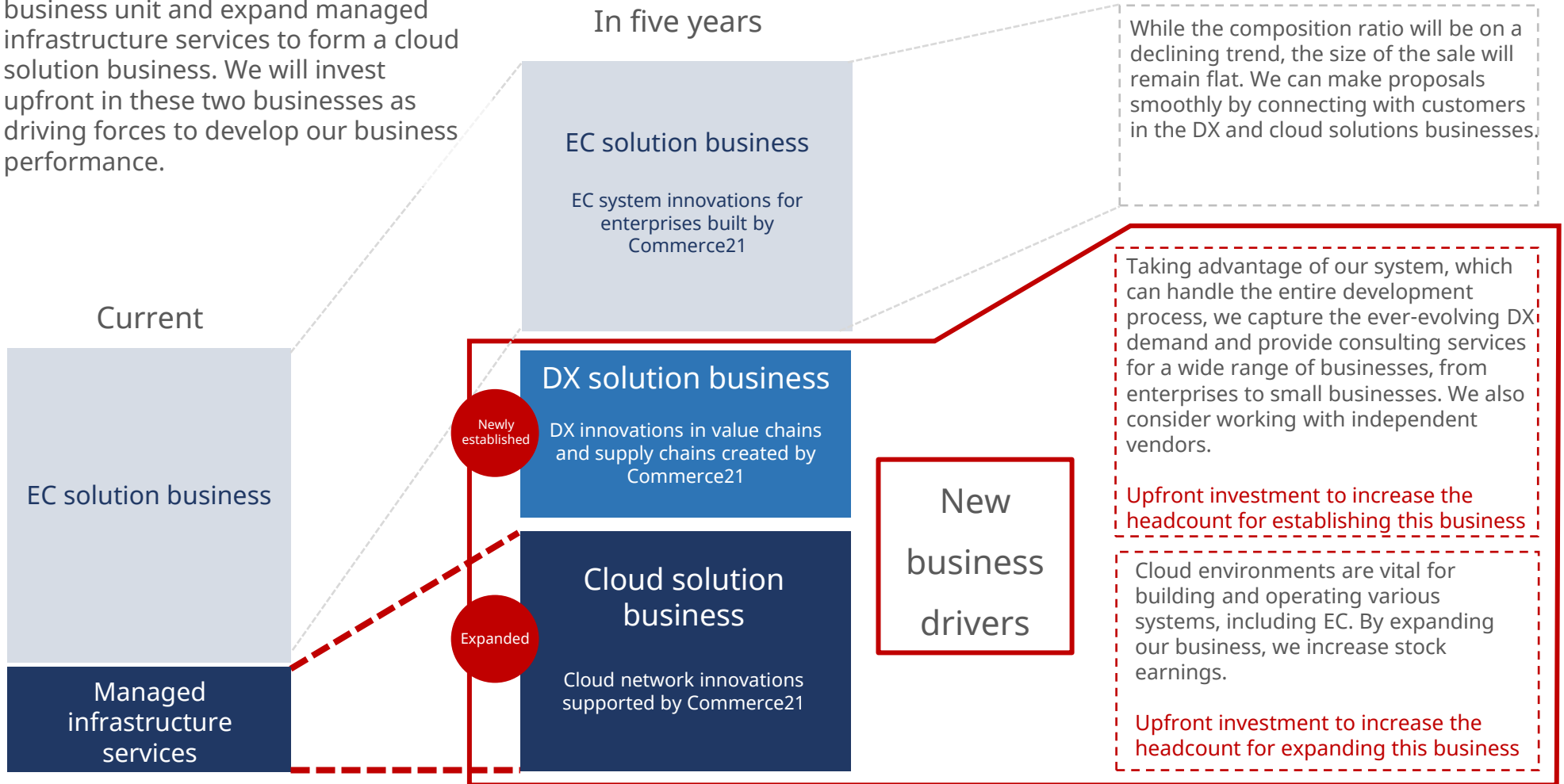
Brief Report on Financial Results for the Fiscal Year Ended March 31, 2024 (Restating)

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.



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 infrastructure services to form a cloud solution business. We will invest upfront in these two businesses as driving forces to develop our business performance.



The contents of this presentation are based on information and estimates available as of the date of disclosure. We are not obligated to update or alter the contents in the event of changes due to future events, etc. Please be aware that the forward-looking statements in this presentation and the briefing materials may include several uncertain elements. As such, results may differ from these forward-looking statements due to changes in various factors.