

Financial Results

FY3/22 (24th term)



June 9, 2022

Estore Group

Estore Corporation

Although the Company has applied the new revenue recognition standard from FY3/22, the figures for FY3/20 and FY3/21 in this document are retrospectively applied these standards (but not audited) as reference. The figures for transactions conducted as an agent have been reclassified from gross to net.

1. Overview of FY3/22 Results

Business Results

- Increase in sales and profits
 - Net sales: 5,746 million yen (Up 6%)
 - Operating income: 1,051 million yen (Up 16%)
- Ratio of operating income to net sales : 18.3%

Although sales appears to have declined on the summary of the financial report, this is because figures for transactions conducted as an agent have been reclassified from gross to net.

Factor

- Accelerated DX investment by client companies
- Driven by systems for large e-commerce websites
- E-commerce spending remained steady, exceeding the previous fiscal year's bubble.

Prior investment

- Advanced system development in anticipation of future demand
Contribution of newly consolidated subsidiary
- Strengthened advertising (TV commercial, etc.)

Transitioning from E-commerce (EC) to Unified Commerce (UC)

■ **Estore: Shift to large projects in line with expectations**

As we have been promoting "reduction in the number of stores and improvement in the quality of stores", acquisition of large stores was several times more successful than cancellations.

■ **Commerce21: Shift to “backroom” services**

In addition to "EC-front" services centered on UC, strengthen "backroom" systems, such as supply chain bookkeeping systems.

■ **WCA: Shift to e-commerce specialized services**

Shifted from "operation-type advertising" to "attracting customers focused on LTV" with reduced effectiveness, greatly contributing to hands-on services.

■ **Consolidation of Irvine Systems, Inc. and reinforcement of the development structure**

Acquisition price: 130 million yen (majority of shares), commenced consolidation in July 2021, and used treasury stock (39 million) as part of consideration (share issuance)

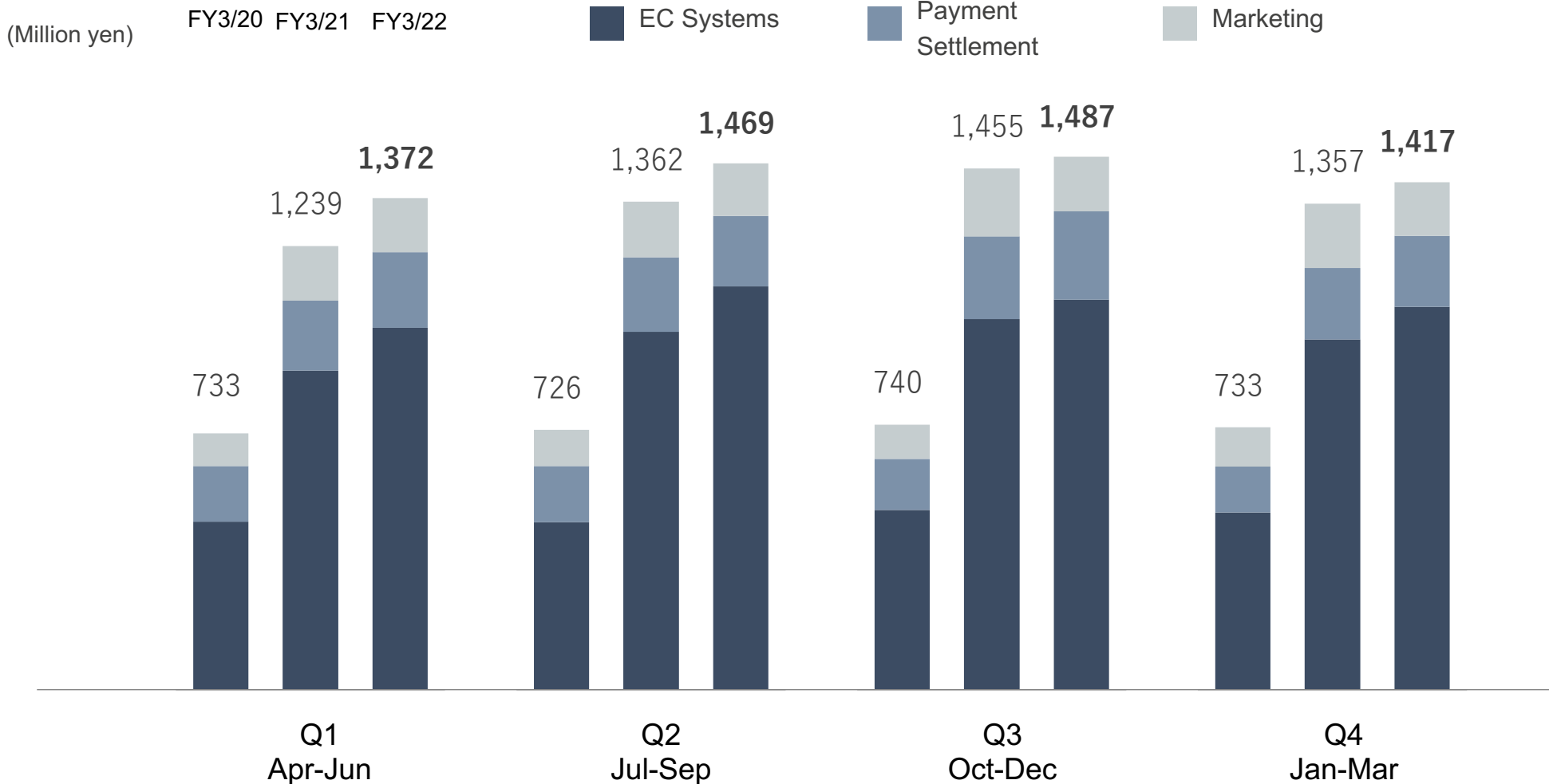
■ **Steady progress of the Medium-Term Management Plan (FY3/25)**

3-thirds of the 5-year plan starting from FY3/21 trended as planned

■ **Purchase of treasury stock**

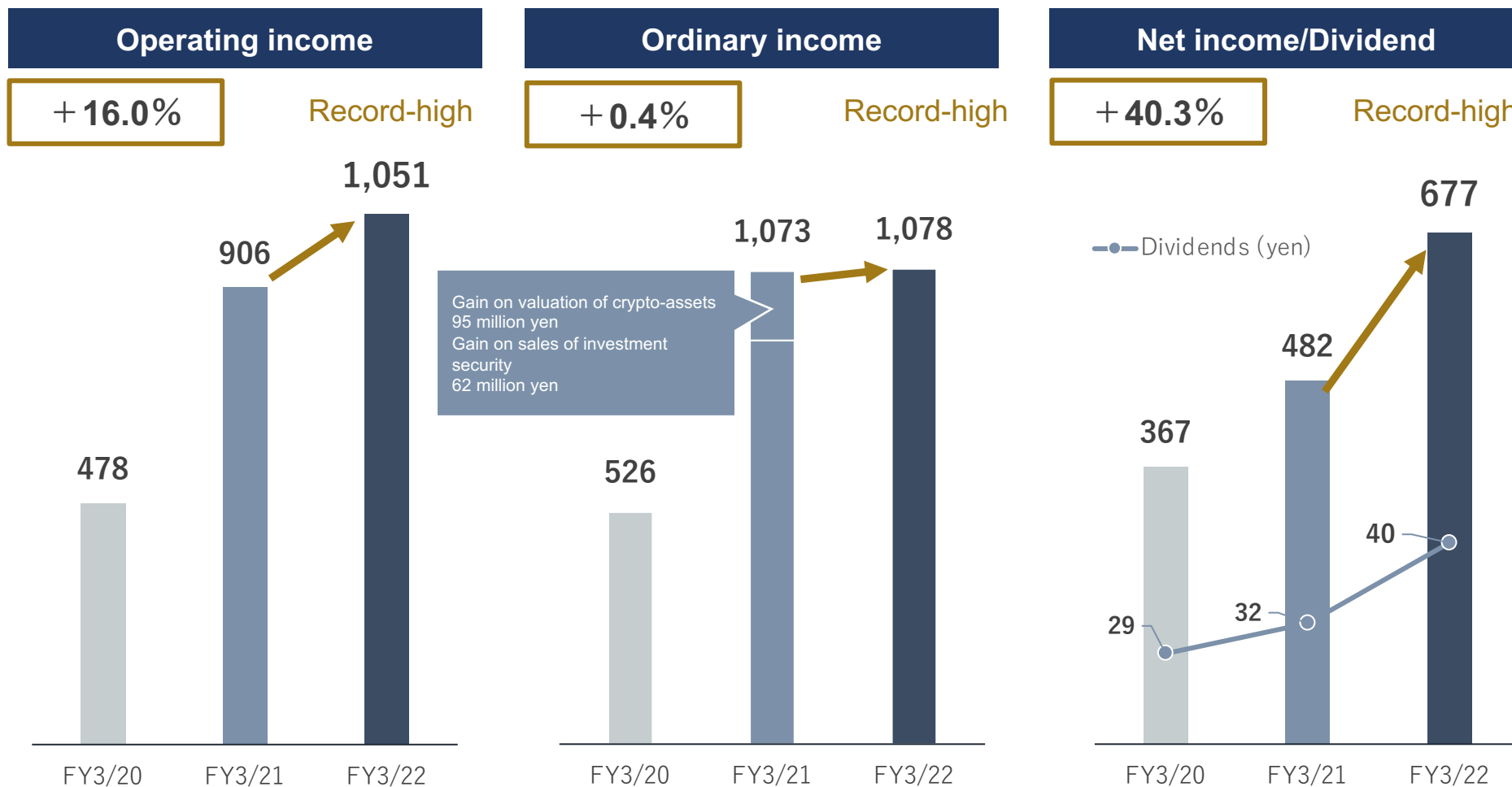
240 thousand shares, 4.79% of the total number of issued shares (excluding treasury stock), at a purchase price of 491 million (2,049 yen per share)

Strong performance throughout the fiscal year against the backdrop of corporate DX investment.



Record-high profits for 2 consecutive years.

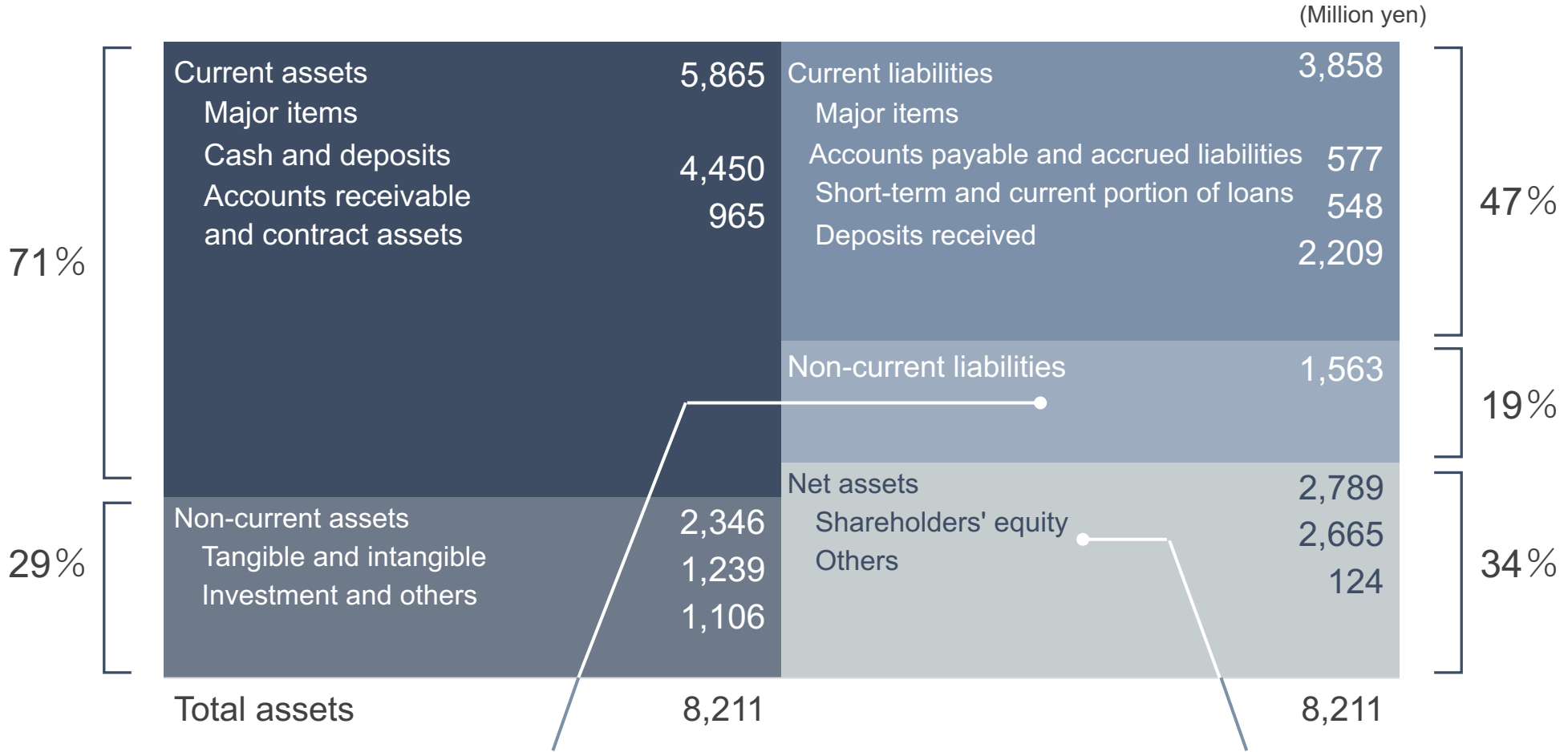
40 yen of dividend payment, exceeding the initial forecast of 32 yen.



※ Net income attributable to owners of parent

Unit: million yen

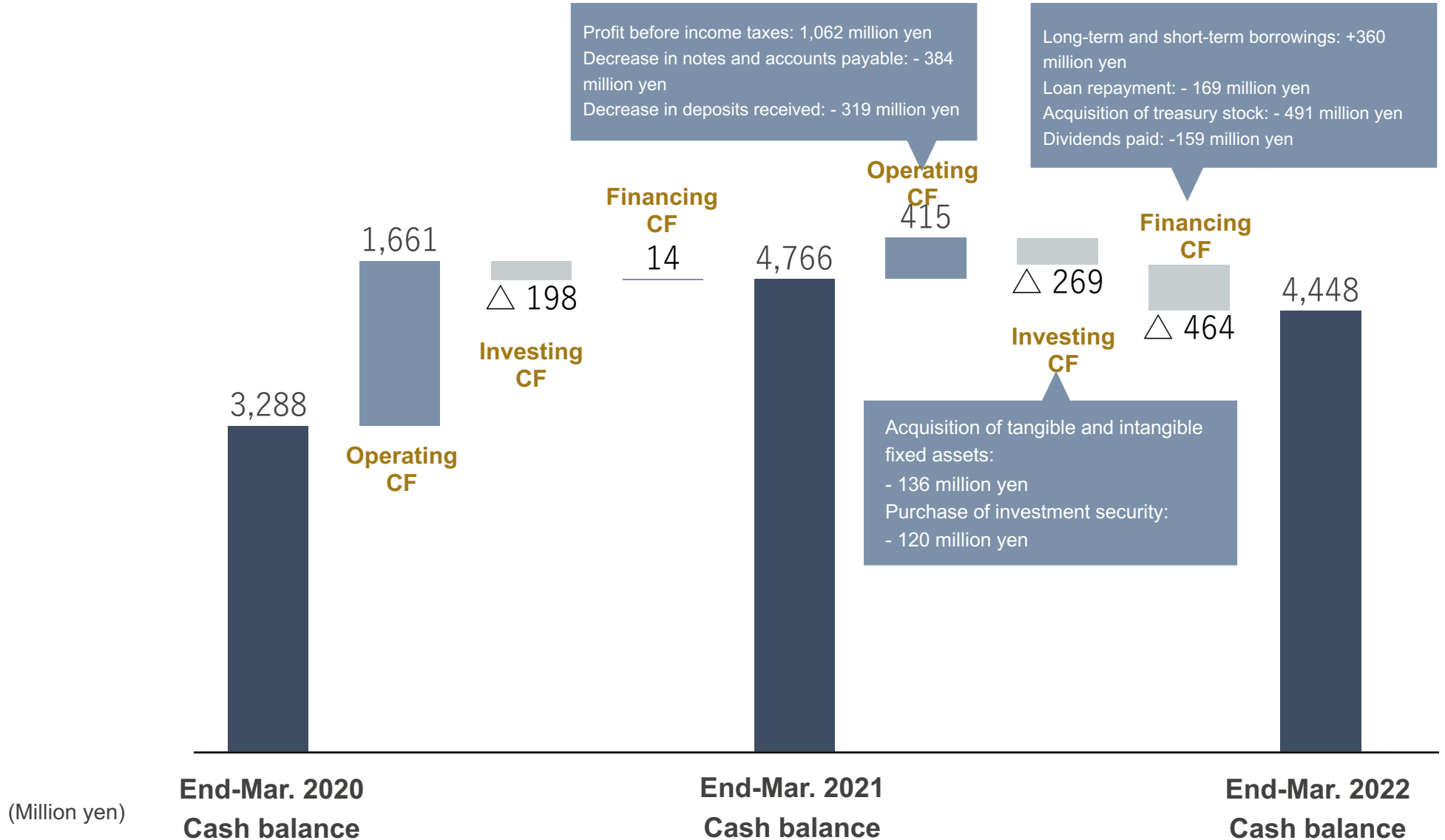
Equity ratio: 32.6%, + 5.4pt YoY



Liabilities/Net assets
 Long-term debt: 843 million yen
 Convertible bonds: 510 million yen

Equity ratio: 32.6%
 Net income: 677 million yen
 Acquisition of treasury stock: -491 million yen

Acquisition of treasury stock + dividend paid: 650 million yen



2. Status by Revenue Model

2. Status by Revenue Model EC Systems

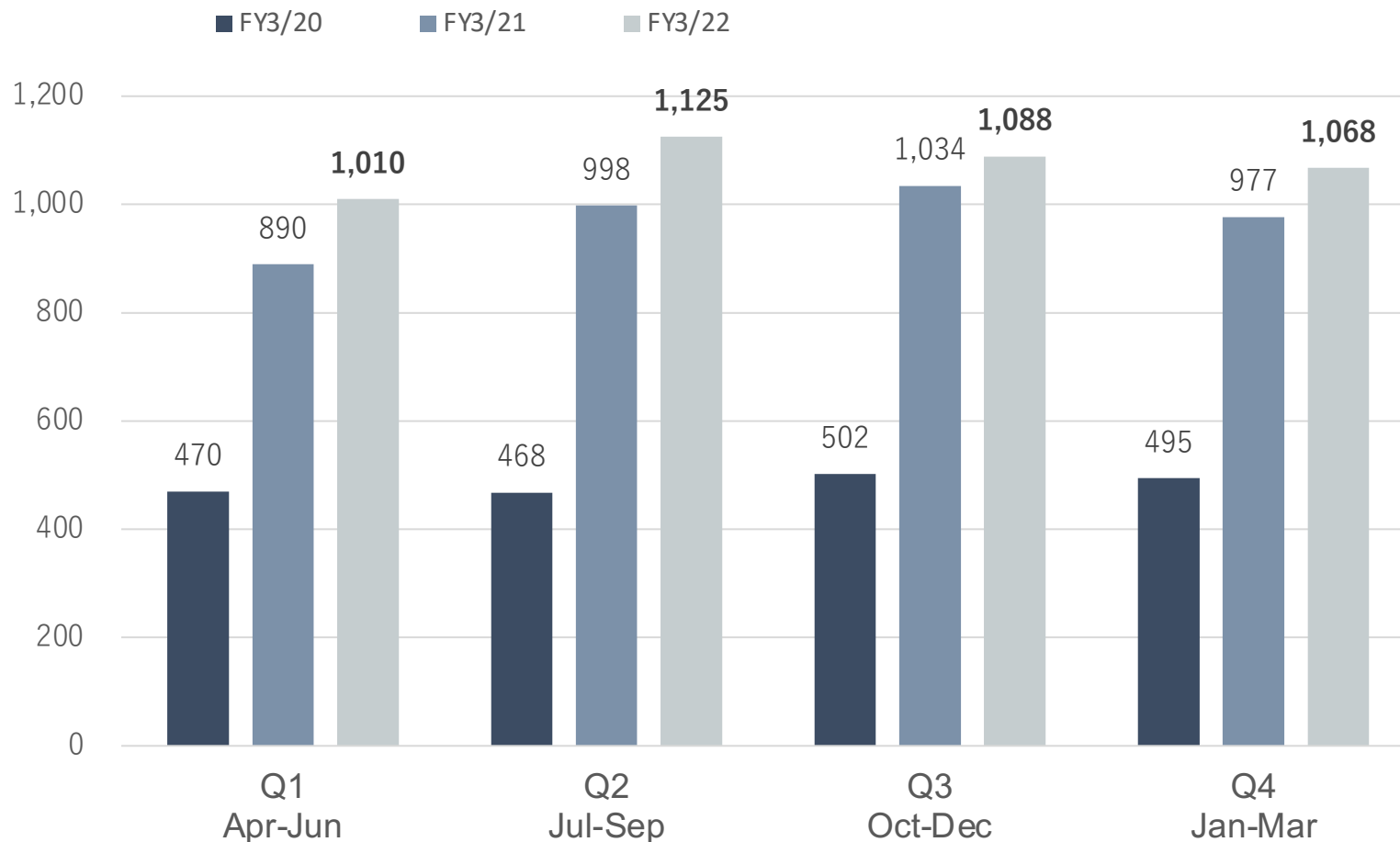
Consolidated Net Sales (Quarterly Change)

■ Strong performance throughout the fiscal year on the back of DX investments by client companies.

Net sales : 4,293 million yen

+ 10.1% YoY

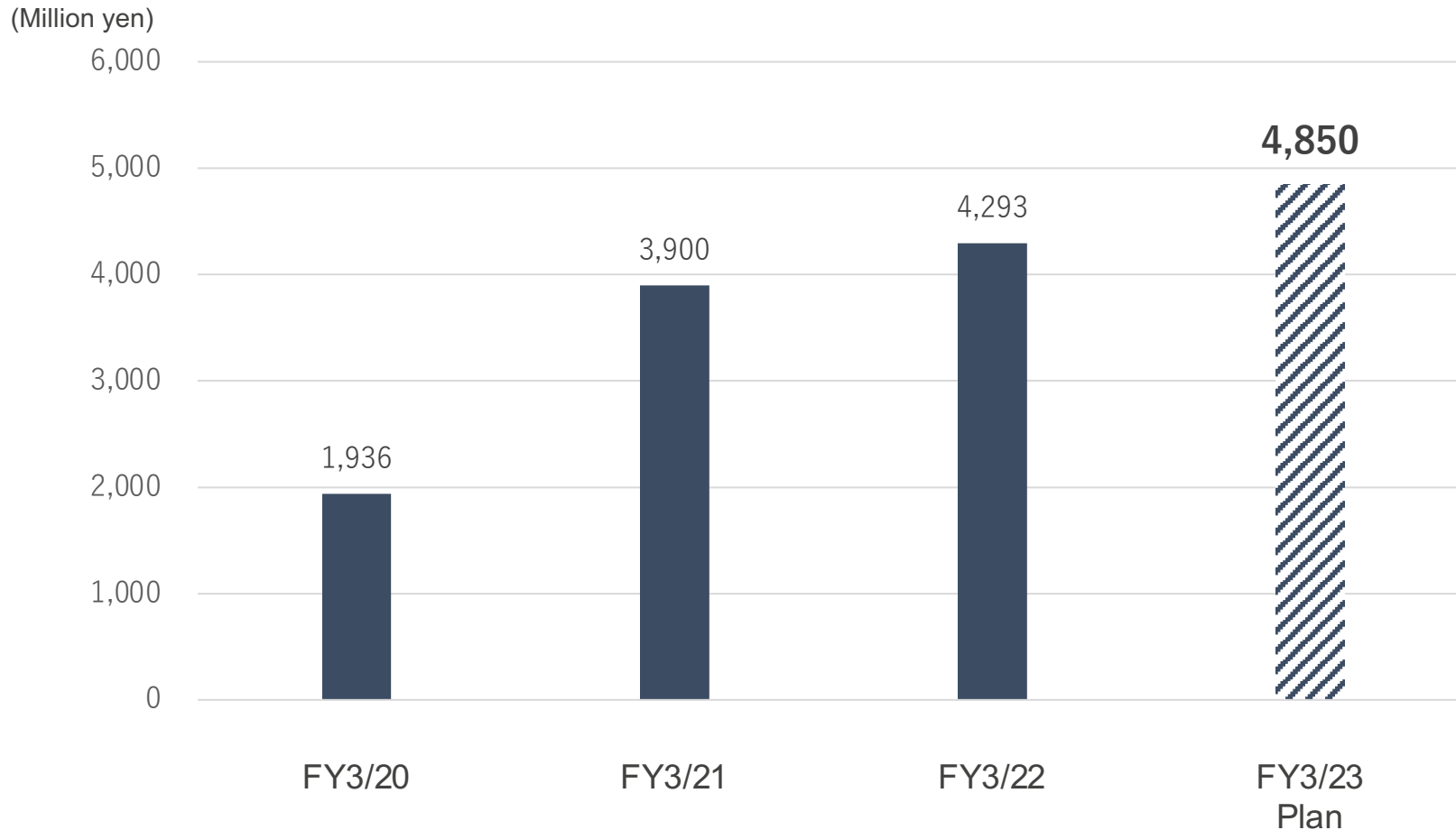
(Million yen)



2. Status by Revenue Model EC Systems

Consolidated Net Sales
(Full-year forecast)

- Client companies' willingness to invest in DX is strong. Double-digit sales growth is expected.



2. Status by Revenue Model Payment Settlement

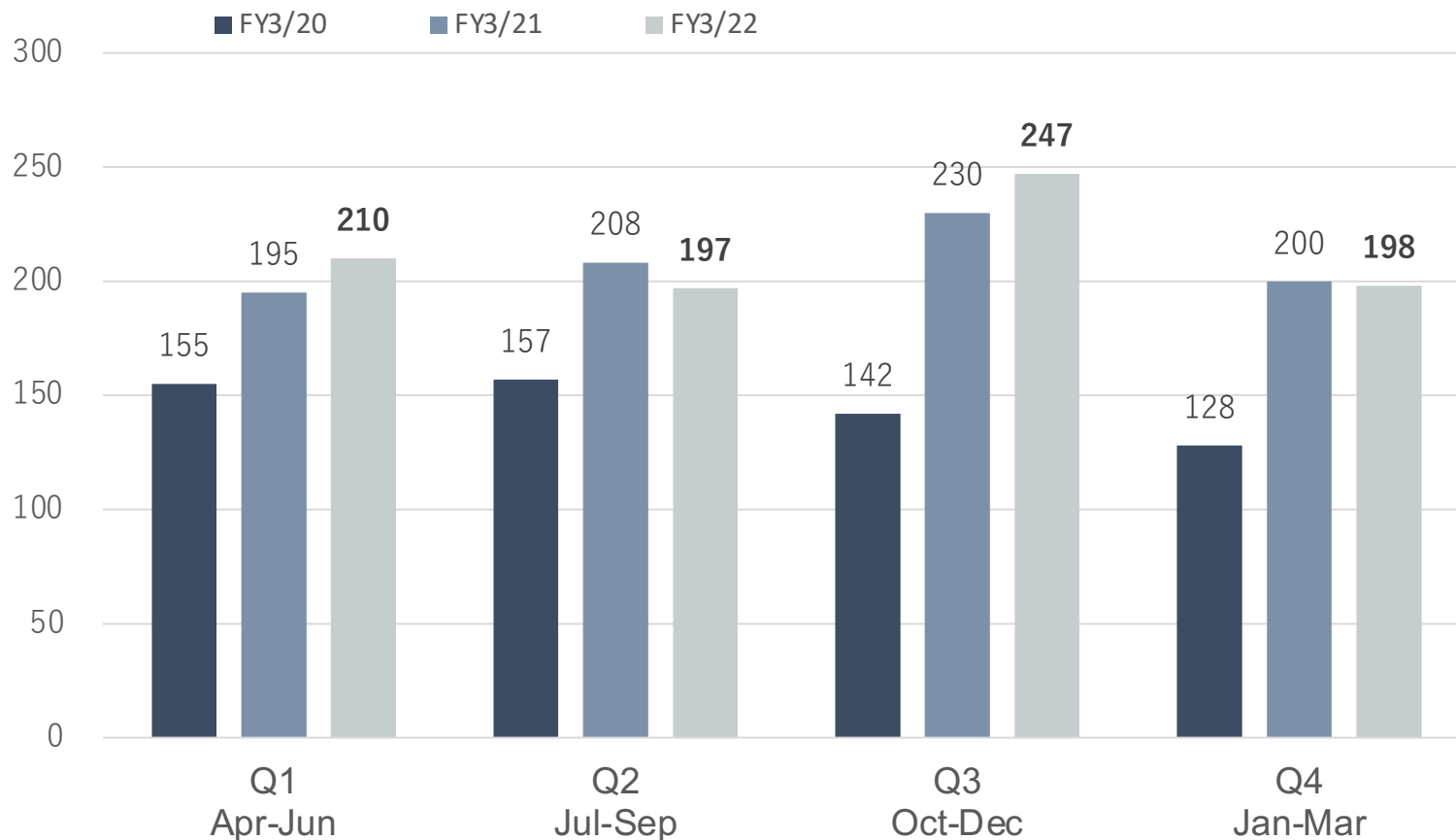
Consolidated Net Sales (Quarterly Change)

E-commerce spending showed only a slight rebound from the "stay-at-home demand" in the previous year; in fact, web-based consumption is firmly established.

Net sales : 854 million yen

+ 2.2% YoY

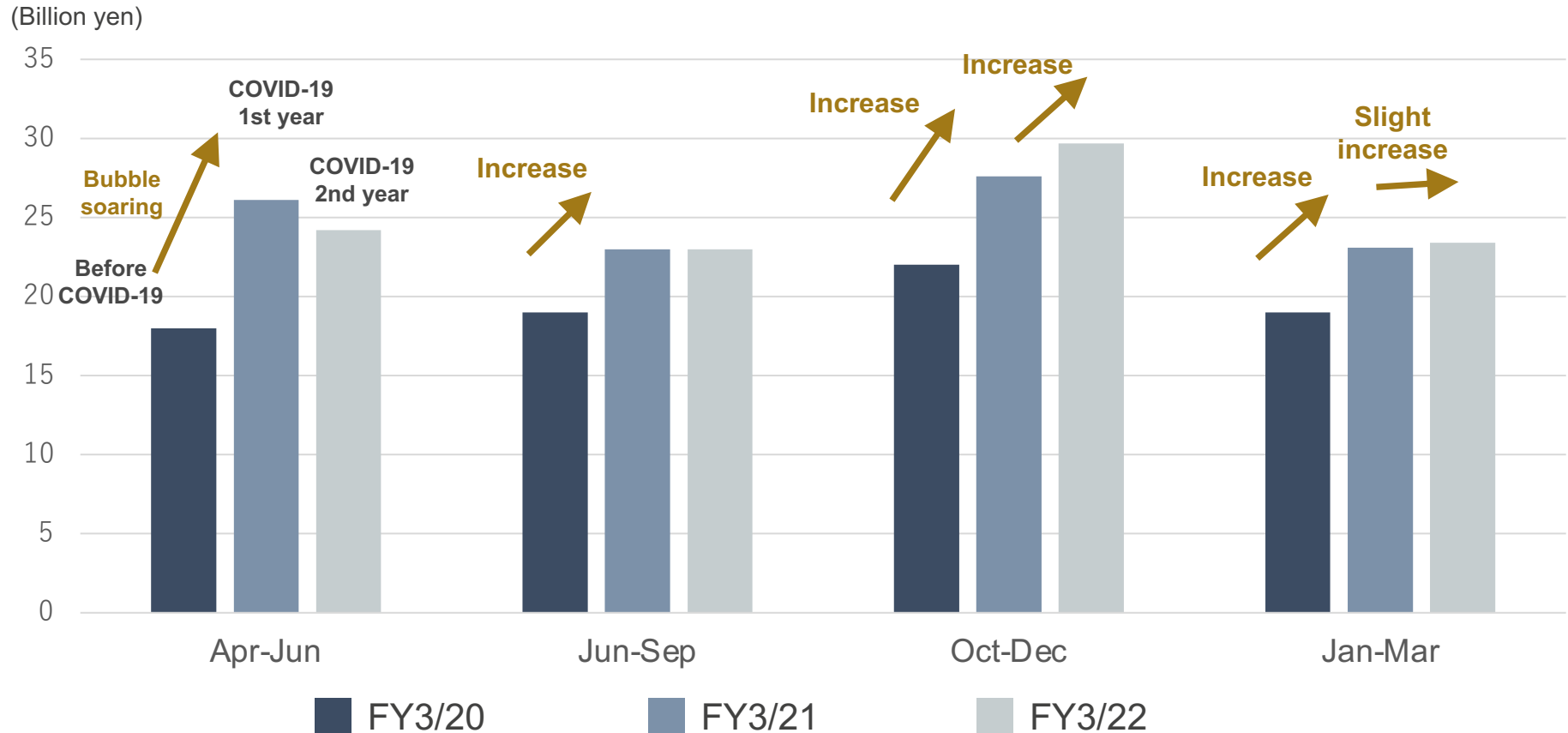
(Million yen)



2. Status by Revenue Model Payment Settlement

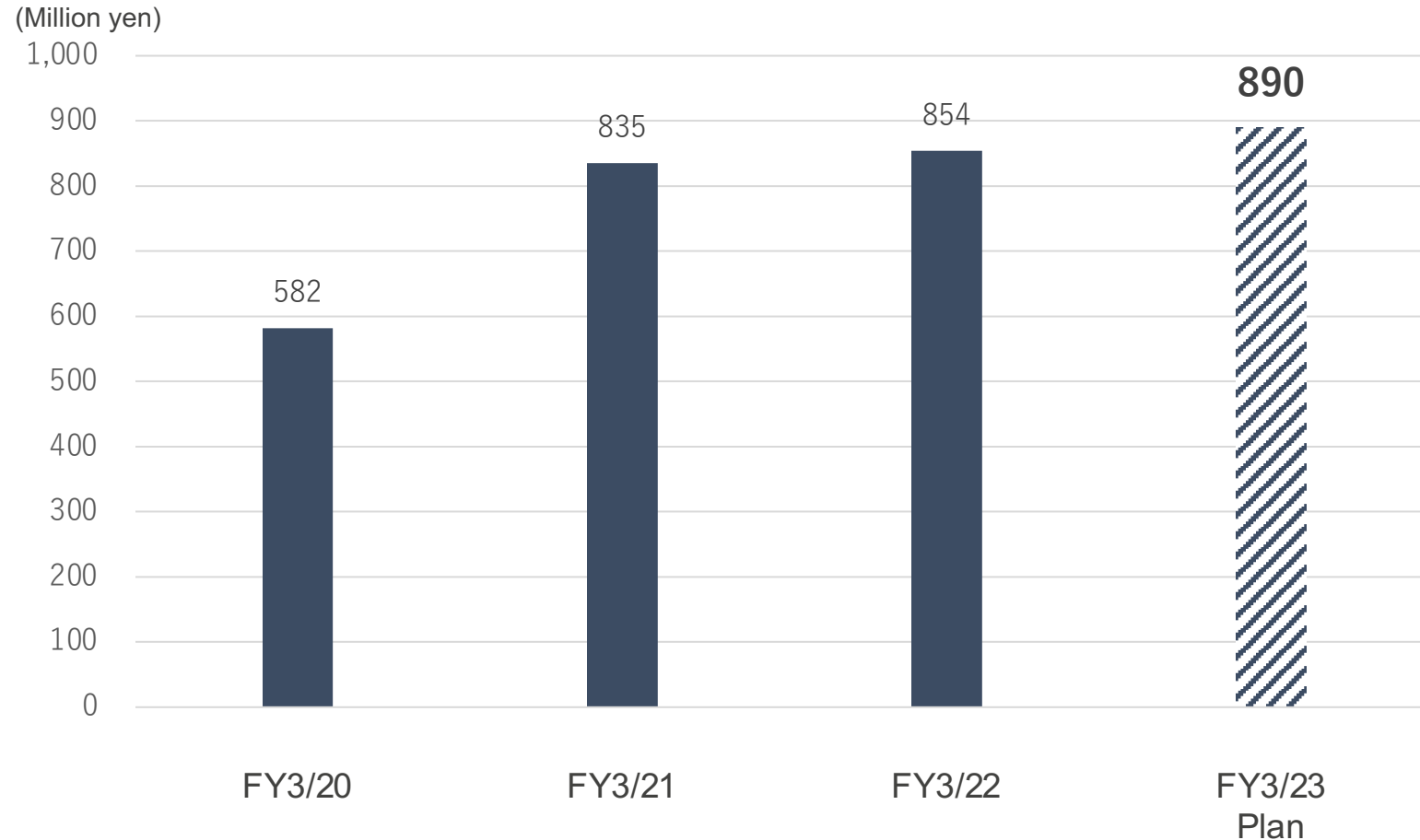
(Reference) Shopserve:
Commercial Transaction Value

The commercial transaction value in the first half did not reach the level of the previous first half, which saw a sharp increase due to COVID-19, but remained steady in the second half.



* Shopserve's commercial value. Figures do not include the value of Sell Side Solution trade.

E-commerce spending is expected to remain strong.

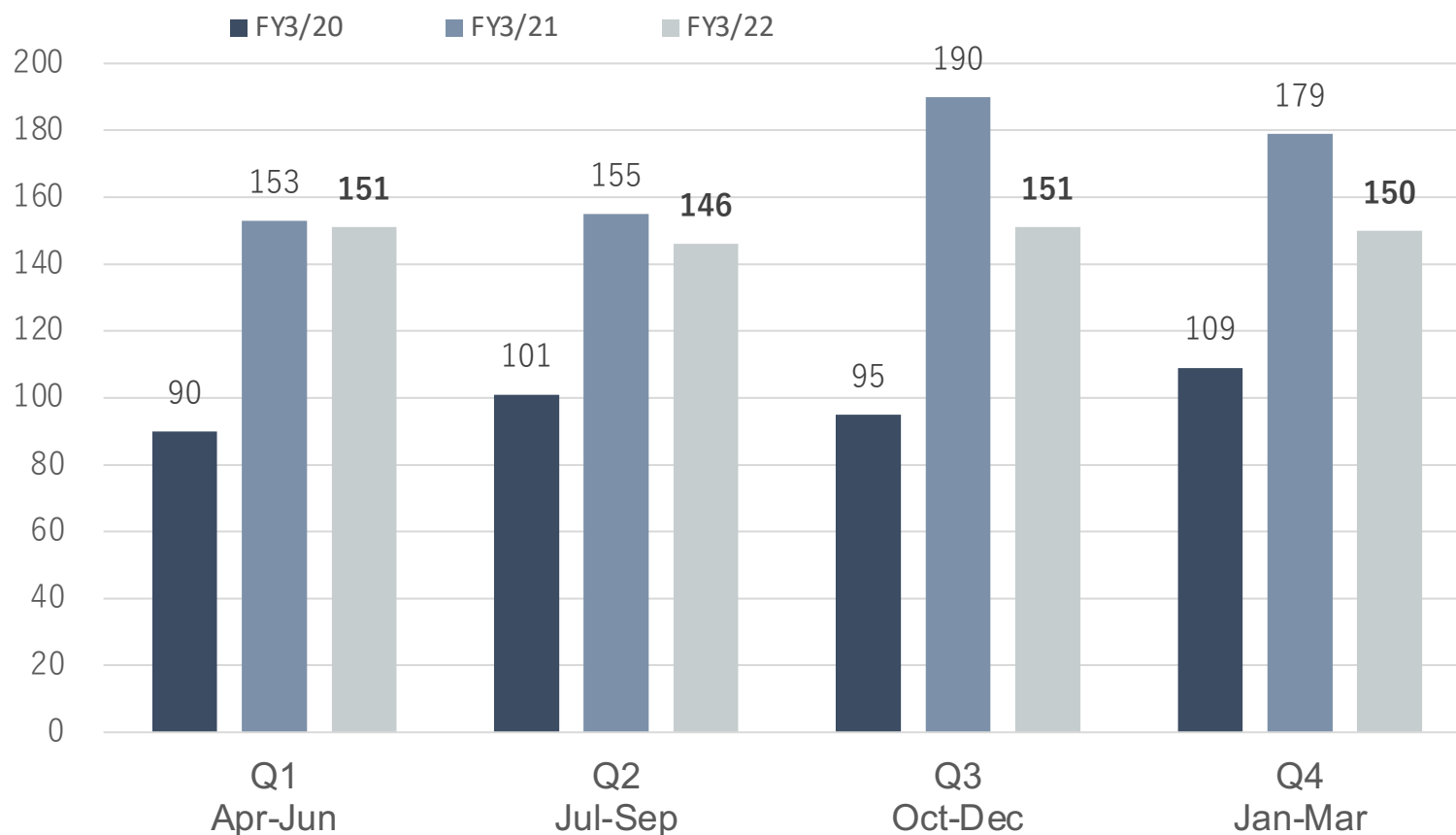


Sales shifted to online promotion for e-commerce. Figures are now presented in net amount.

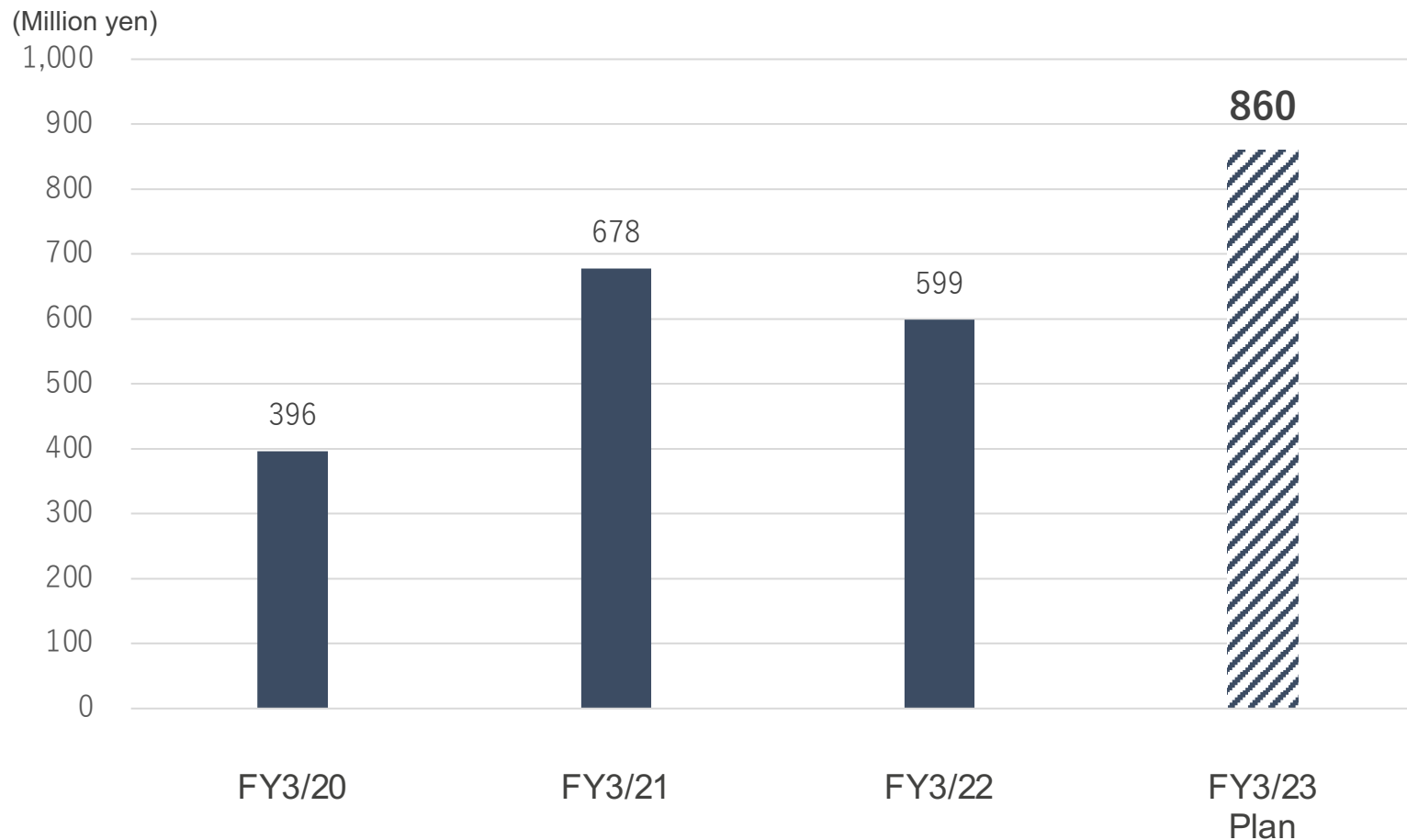
Net sales : 599 million yen

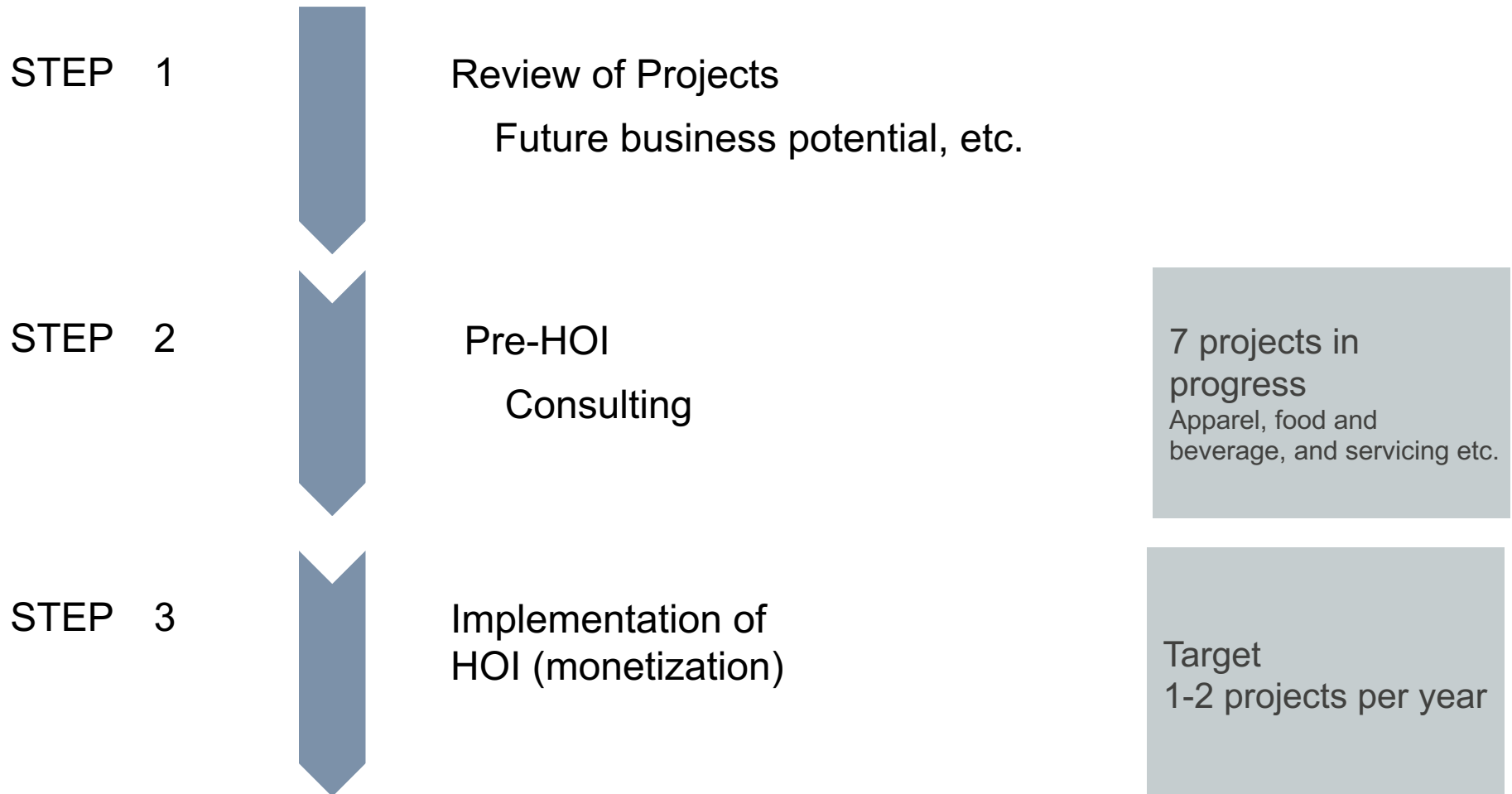
※ Percentage change is not shown because it is difficult to compare with the previous year due to an increase in the number of transactions that should be presented as net amount.

(Million yen)



The Hands-on Incubation (HOI) business is expected to become profitable.





3. Business Forecasts

3. Business Forecasts

Full-year Business Forecasts

- Sales and profits are forecast to increase on the back of continued growth in E-commerce spending and DX spending by companies that are expected to become more active. Expect record high profits for 3 consecutive years.

	Previous results FY3/22	Forecasts FY3/23	YoY
Net sales	5,746	6,600	114.8%
Operating income	1,051	1,250	118.9%
Ordinary income	1,078	1,270	117.8%
Net income*	677	800	118.1%

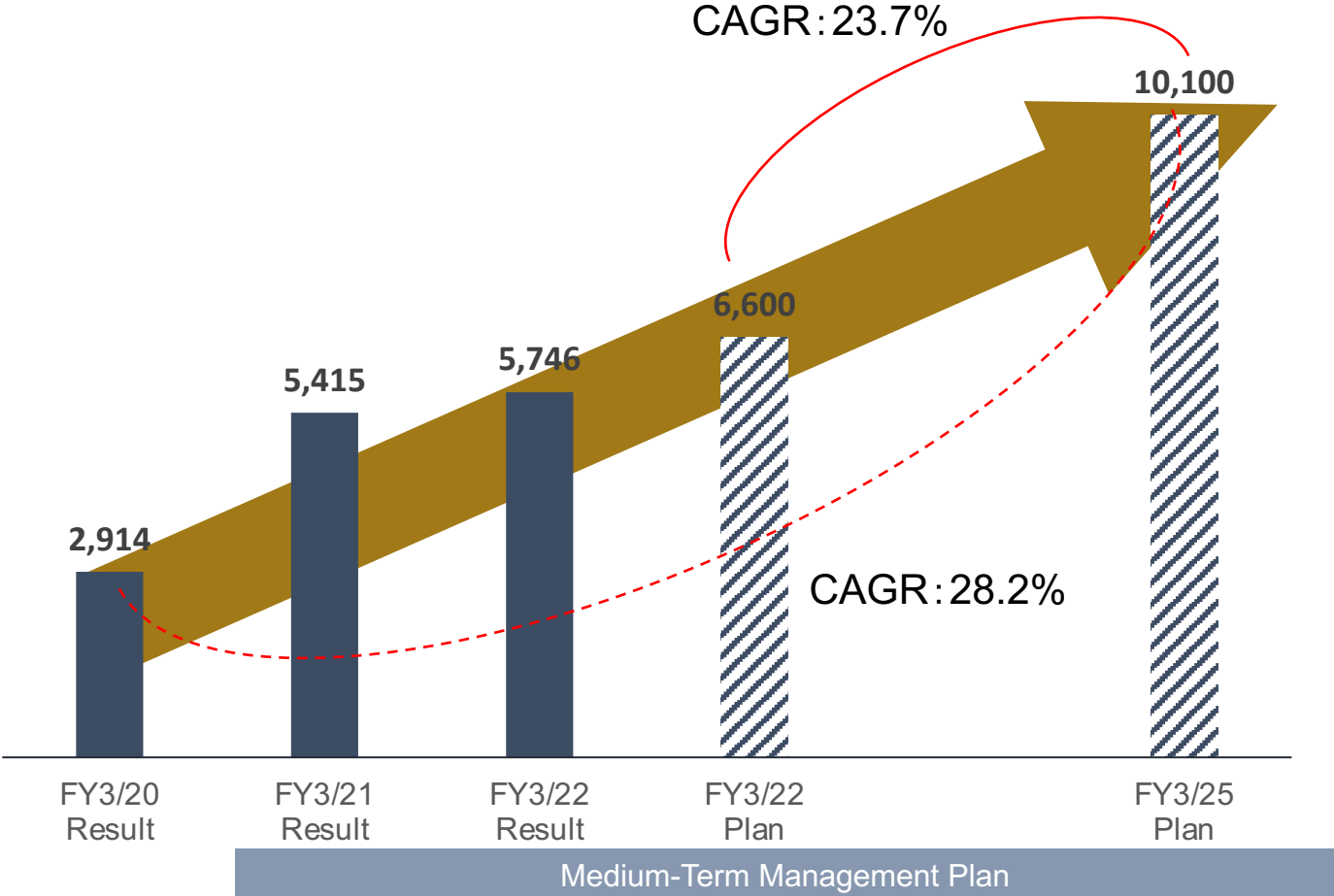
(Million yen)

※ Net income attributable to owners of parent

3. Business Forecasts

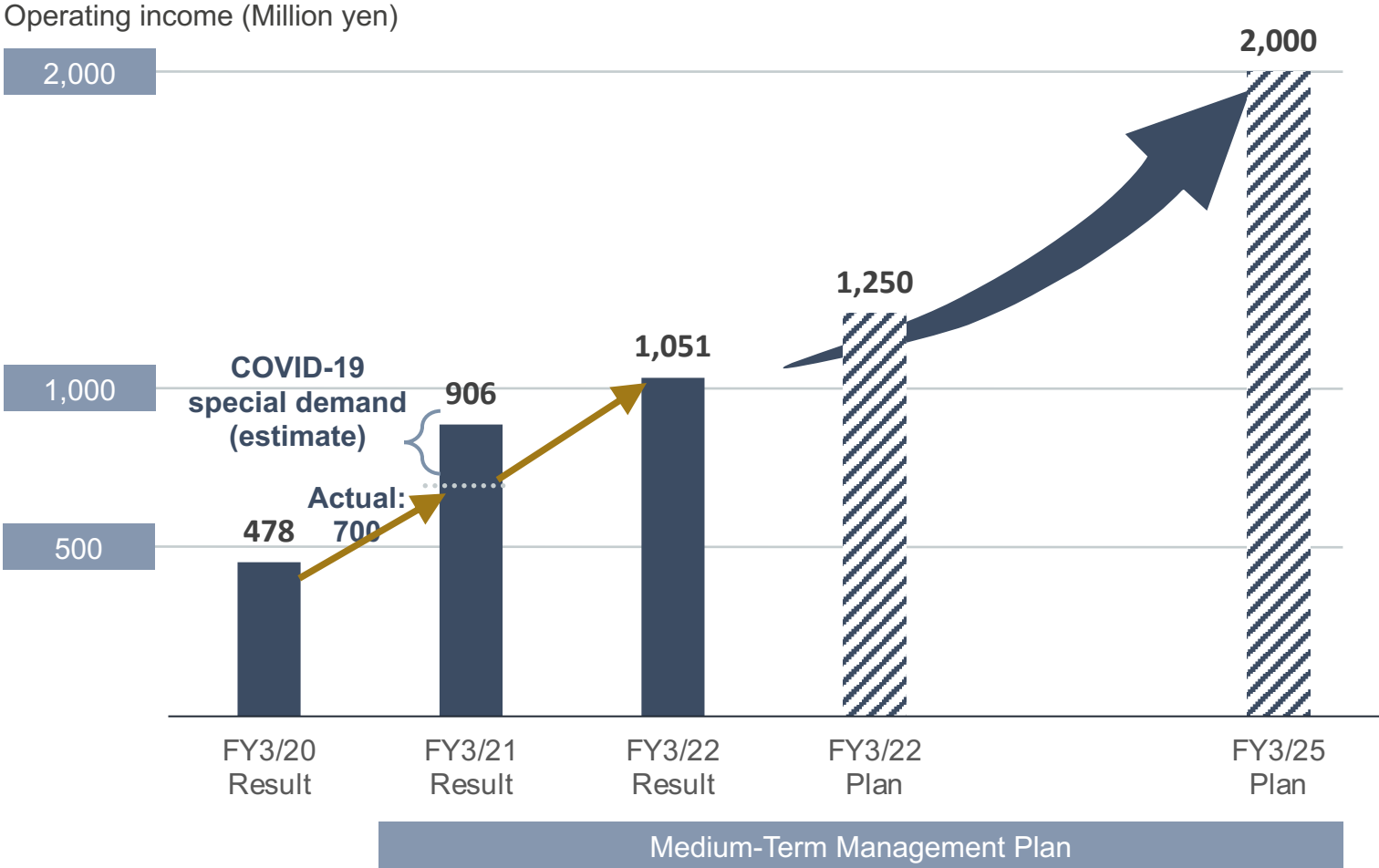
Consolidated Net Sales (Medium-Term Management Plan)

- Strong demand for DX investment mainly on systems for large E-commerce sites. Forecast sales growth in line with the Medium-Term Management Plan.



3. Business Forecasts

Consolidated Operating Income (Medium-Term Management Plan)



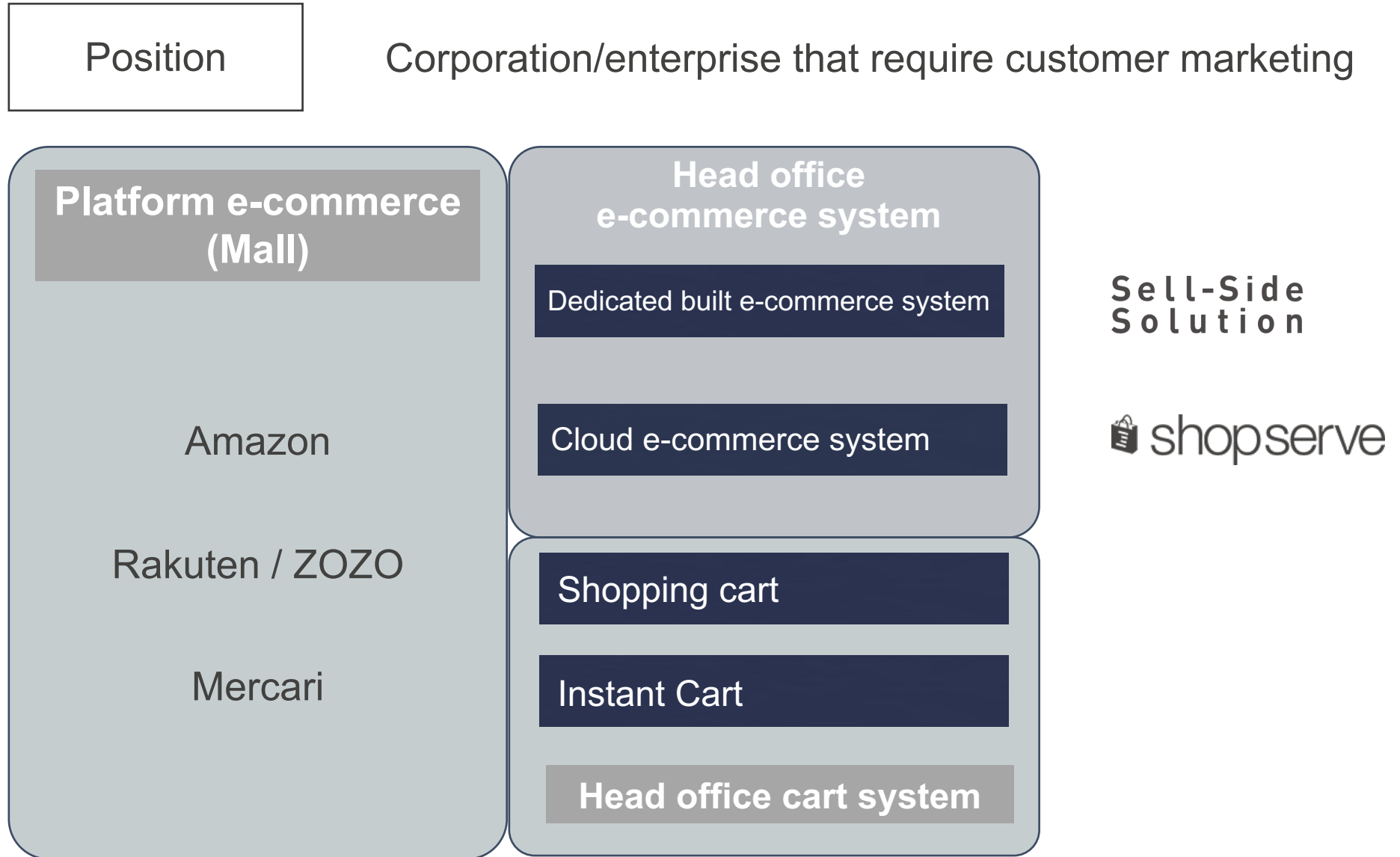
4. Appendix

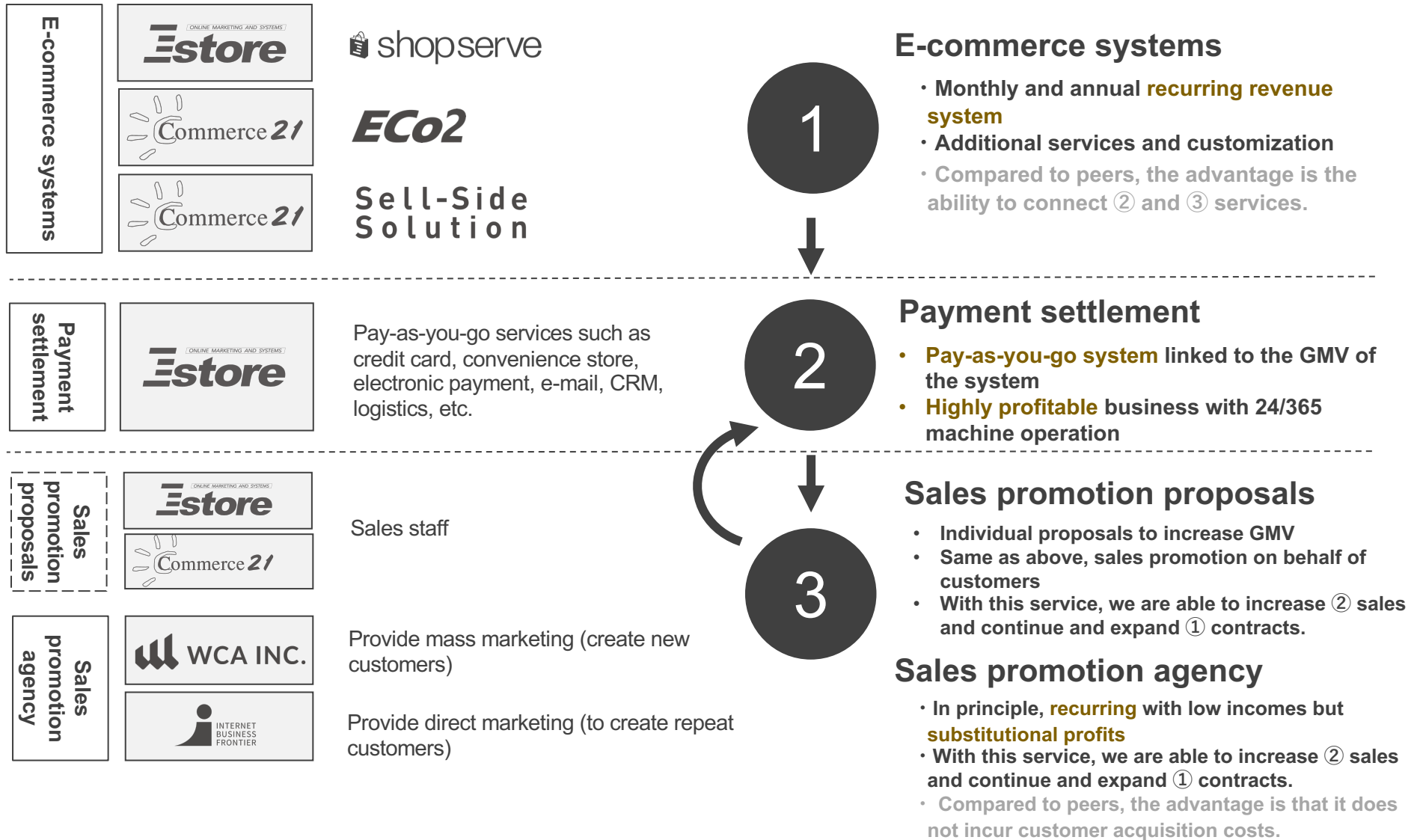
23 years of support for own store e-commerce

Figures as of March 31, 2022

Support menu: sales systems + sales promotion services
 Advantage is the one-stop service

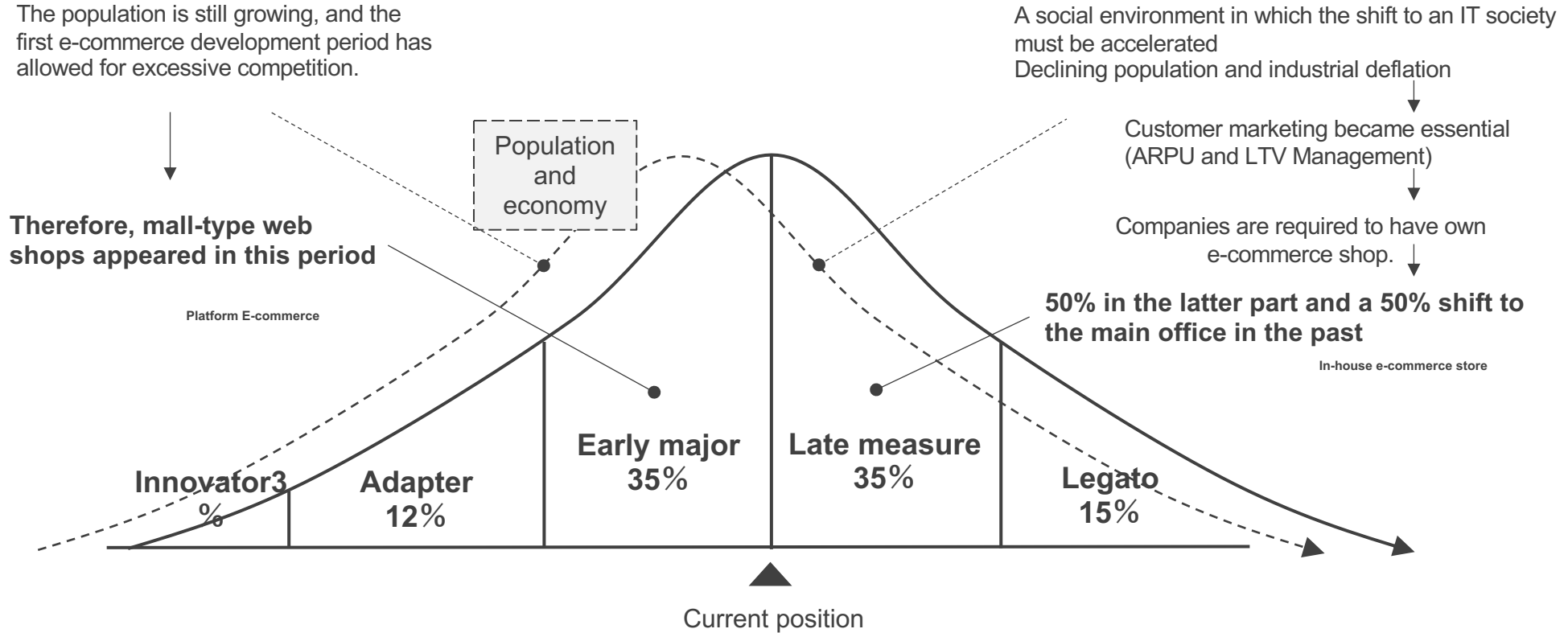






4. Appendix

(4) Market environment and reasons for the dominance of the in-house e-commerce store



We have a large future customer market

- ① Accelerated shift from malls to main stores; ② large growth rate of domestic e-commerce adoption still low; and ③ theory that large number of late majors enter the market

When IT (EC) is sorted into the E. Rogers industrial development curve (market area), it is now the middle of the early majors and the late majors. In other words, we think that it is at the top of the peak of the customer market area. Therefore, the customer market after the Rate Major is the market of the same size as the past 20 years. In addition, as the domestic population and economy have already peaked and are on a downward curve, both socially and politically, digital promotion is inevitable. At present, only 7% of the domestic EC adoption rate (30% in China, 20% in the U.S., and 15% in Southeast Asia) is expected to increase at an early pace (reaching Legato in 2010 years).

We anticipate that the market for large corporations, many of which are more late majors, will develop rapidly than above.



ヒューマンアカデミー



au Online Shop



A D A S T R I A



Better Everyday



講談社



モランボン



HABA Online Shop



WACOAL WEB STORE

他約9,000社ご支援