

Financial Results

FY3/23 (25th term)

Q2



S H I F F O N

November 29, 2022

Estore Group

Estore Corporation

Although the Company has applied the new revenue recognition standard from FY3/22, the figures for 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 Q2 FY3/23 Results

Business Results

- Increase in sales and decrease in profits
- Net sales: 2,849 million yen (Up 0.3%)
- Operating income: 246 million yen (Down 54.3%)
Operating income to net sales : 8.7%

Factor

[External environment]

- Willingness to invest in DX is strong
- Stable e-commerce spending

[Prior investment]

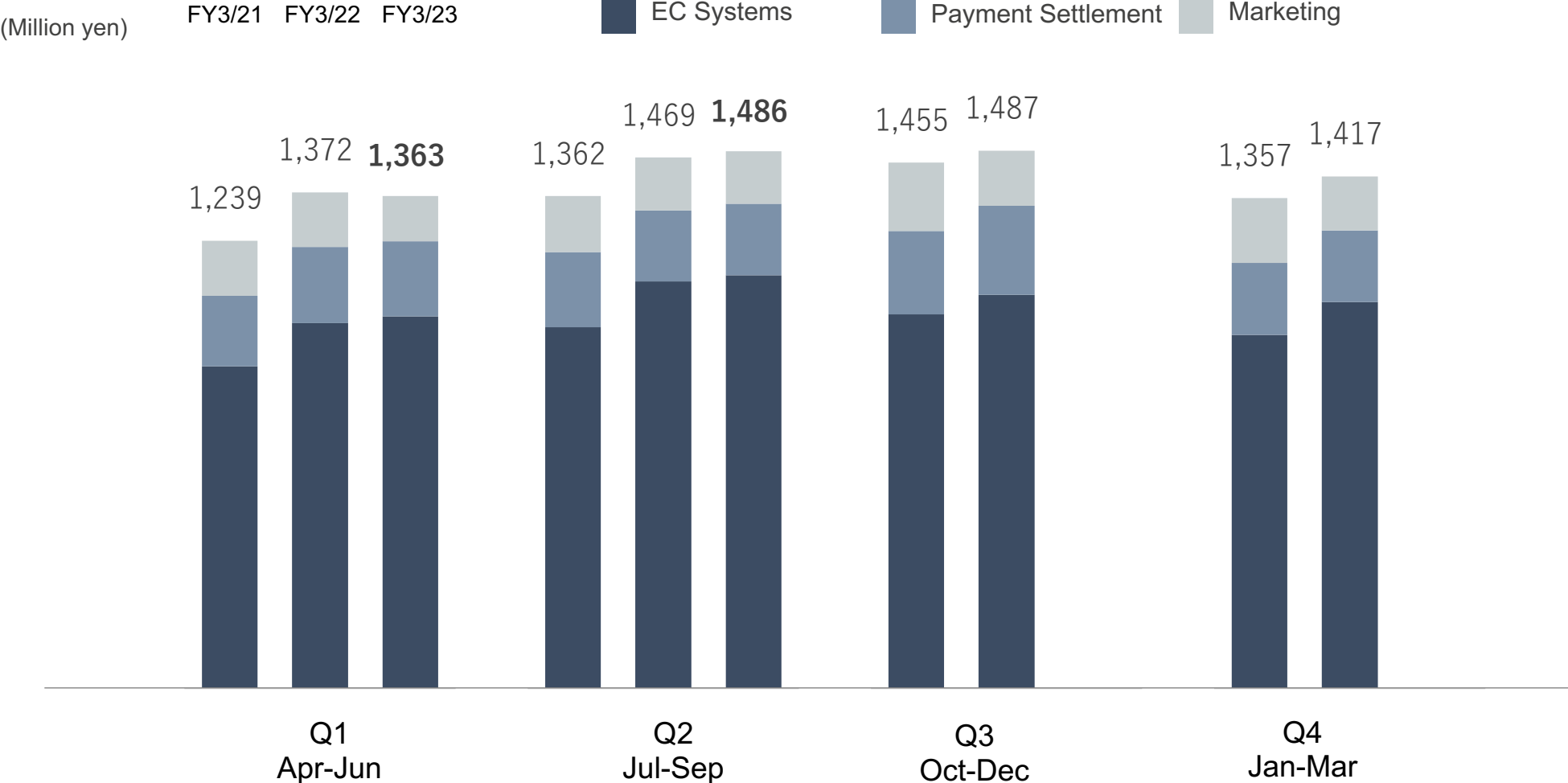
- Developed new functions for the EC Systems segment
- Strengthened sales activities for new customer acquisition and recruitment
- Large-scale M&A in the HOI business

[Others]

- Temporary increase in outsourcing costs for specific projects

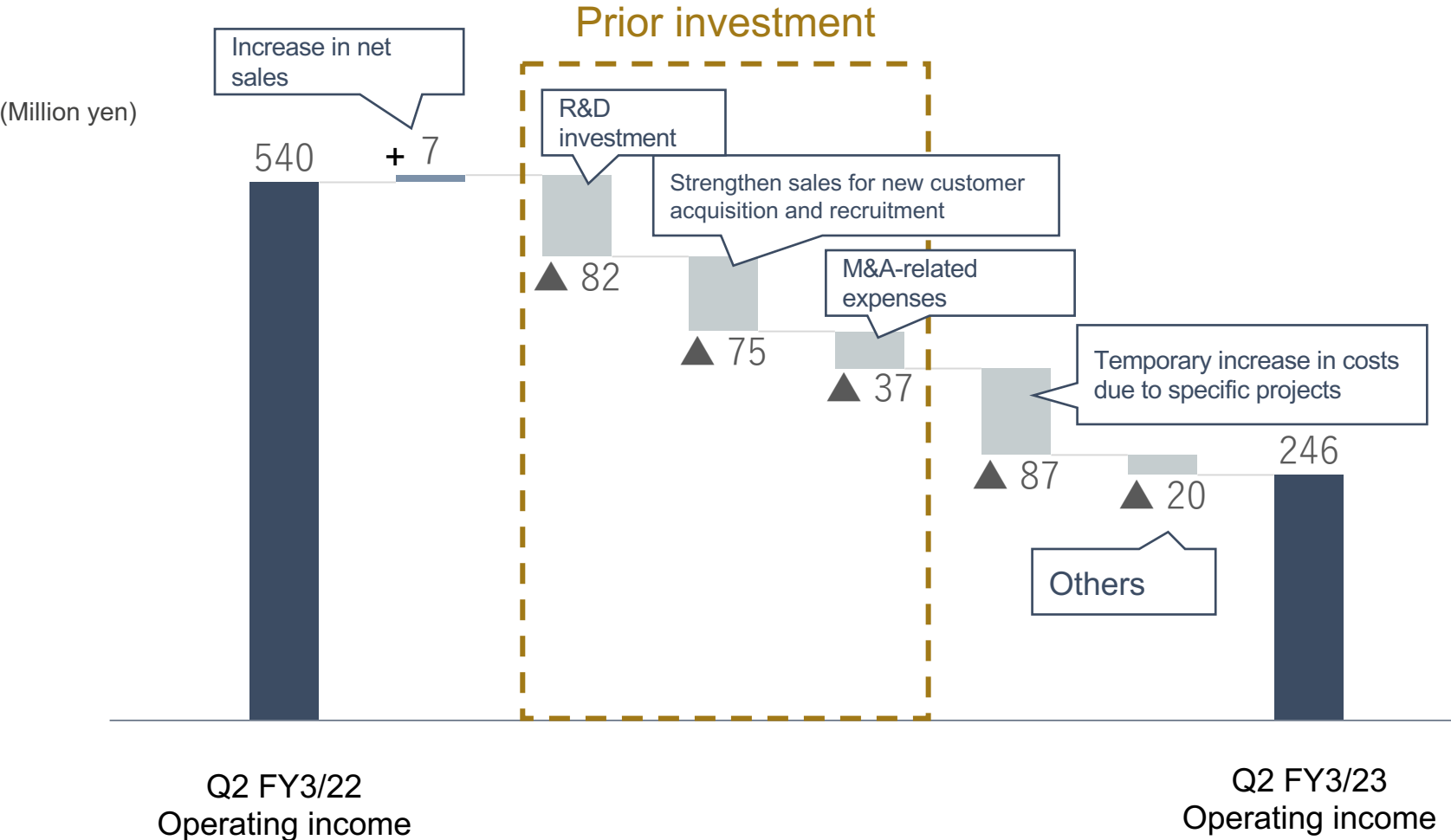
Consolidated Net Sales (Quarterly Change)

Solid performance against the backdrop of strong corporate DX investment.



Operating income Change Factors (YoY)

Actively promote upfront investment



Consolidated Balance Sheets

Increase in total assets due to M&A

(Million yen)

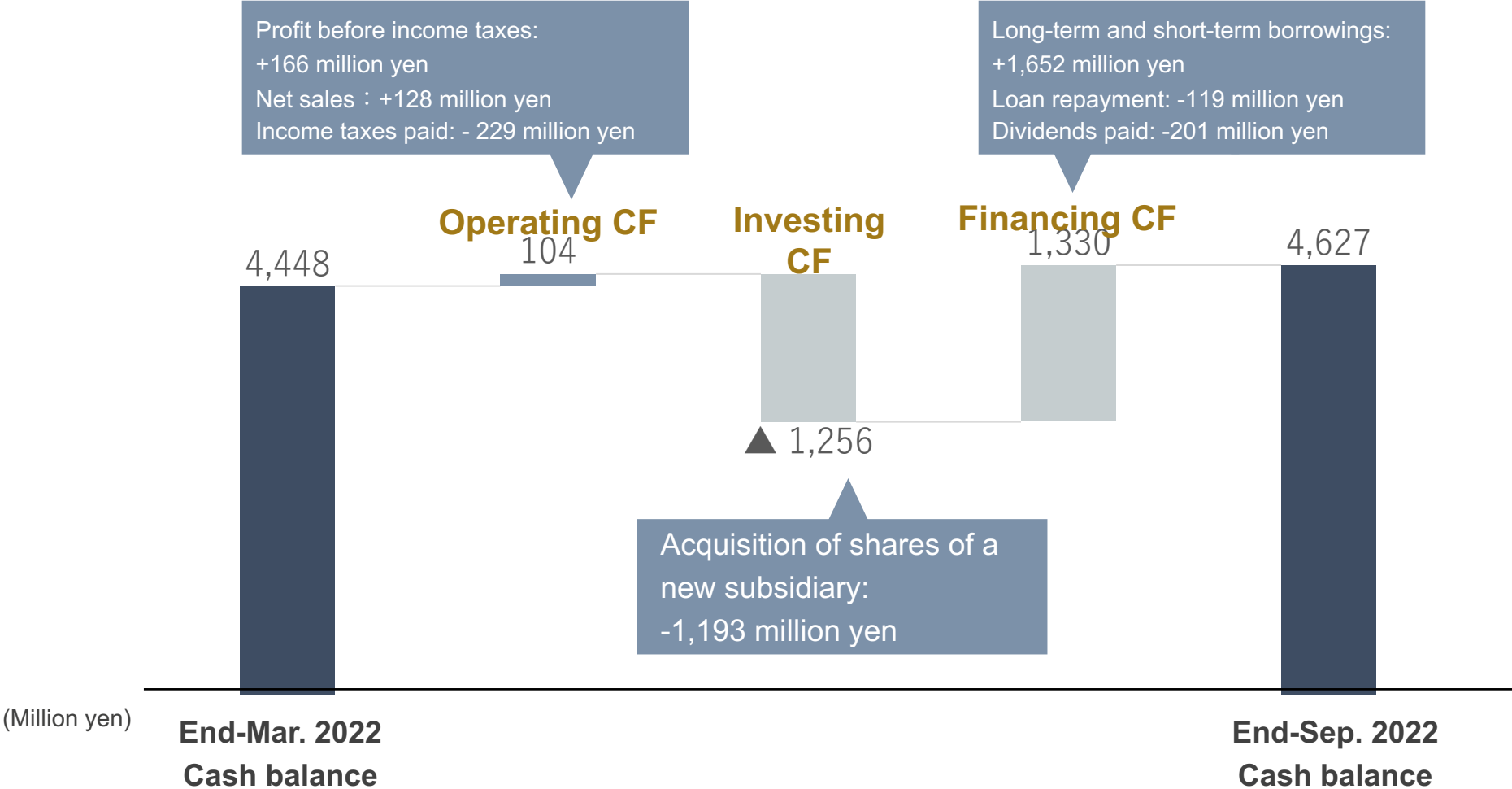
Current assets	8,075	Current liabilities	6,543
Major items		Major items	
Cash and deposits	4,628	Notes payable, accounts payable and accrued liabilities	1,724
Notes, accounts receivable and contract assets	2,282	Short-term and current portion of loans	1,930
Merchandise	818	Deposits received	2,189
		Non-current liabilities	2,383
Non-current assets	3,912	Net assets	3,061
Tangible and intangible	2,275	Shareholders' equity	2,551
Investment and others	1,237	Others	509
Total assets	11,987		11,987
(Total assets at the end of March 2022: 8,211)			

Liabilities

Long-term debt: 1,590 million yen
 Convertible bonds: 510 million yen

Consolidated Statements of Cash Flows

Acquisition of shares of a new subsidiary



2. Status by Revenue Model

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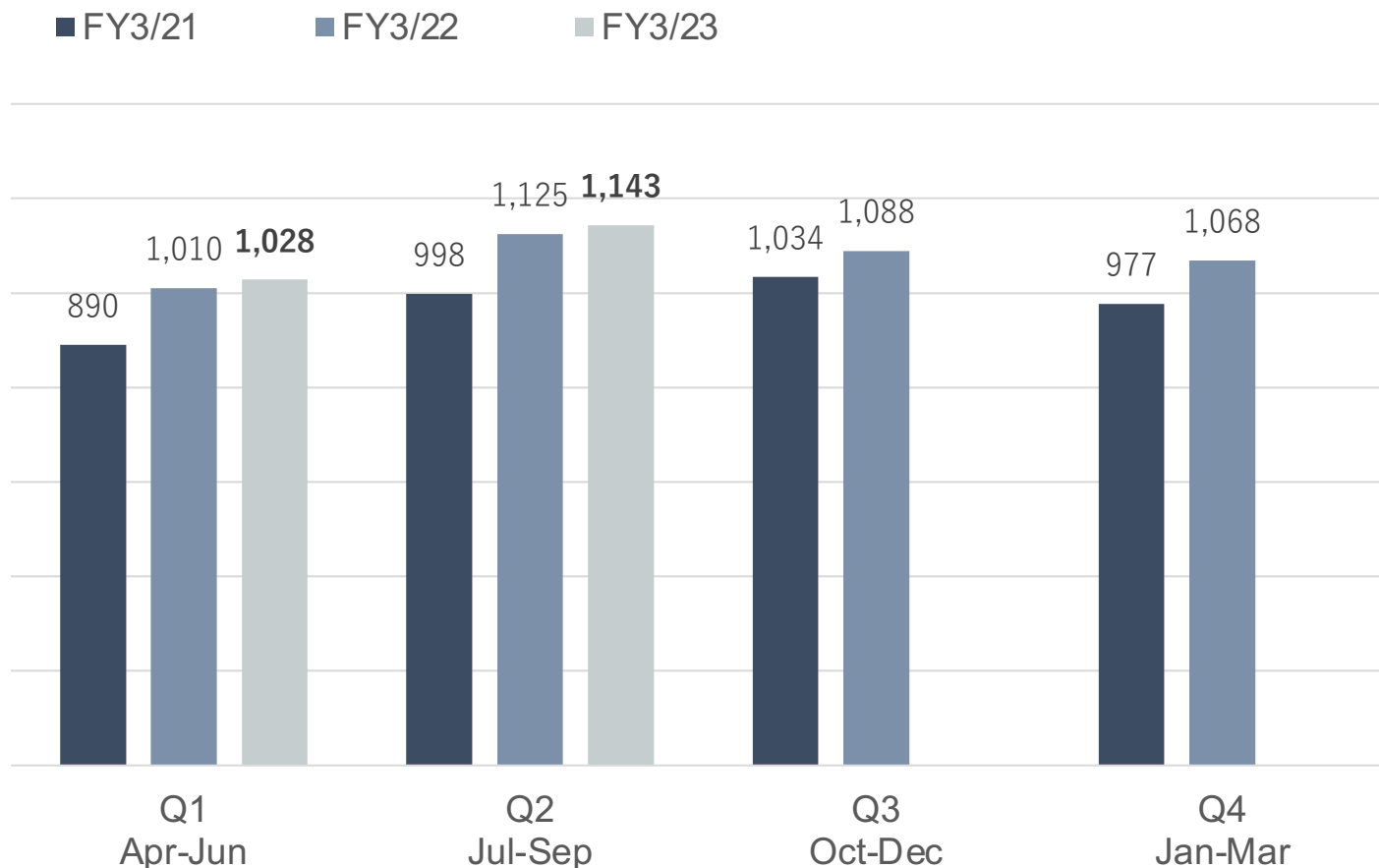
Consolidated Net Sales (Quarterly Change)

■ Solid performance on the back of DX investments by client companies. Maintain increased sales.

Net sales : 2,171 million yen

+ 1.7% YoY

(Million yen)



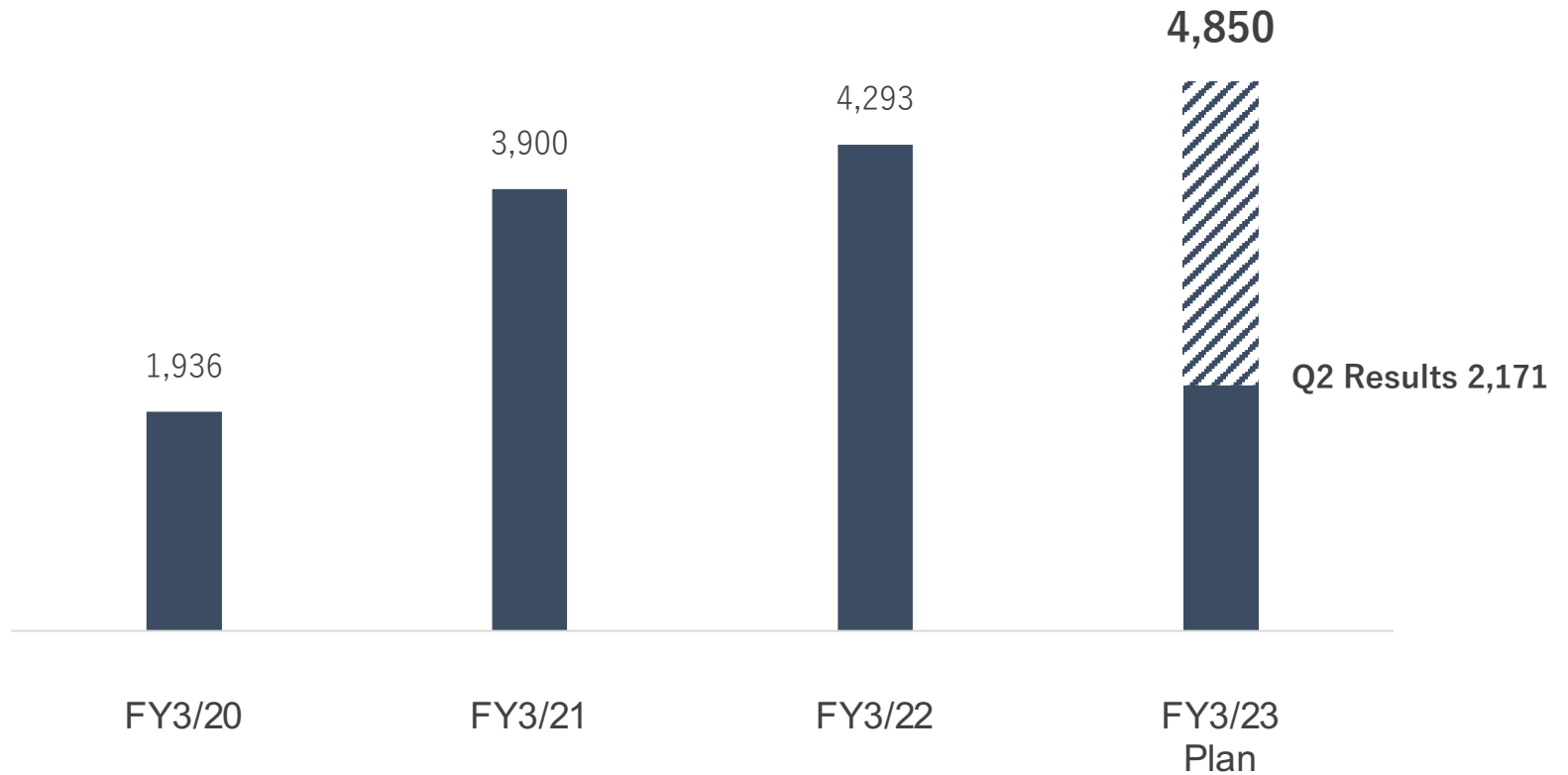
2. Status by Revenue Model EC Systems

Consolidated Net Sales (Full-year Forecast)

■ Client companies' willingness to invest in DX is strong.

Double-digit sales growth is expected.

(Million yen)

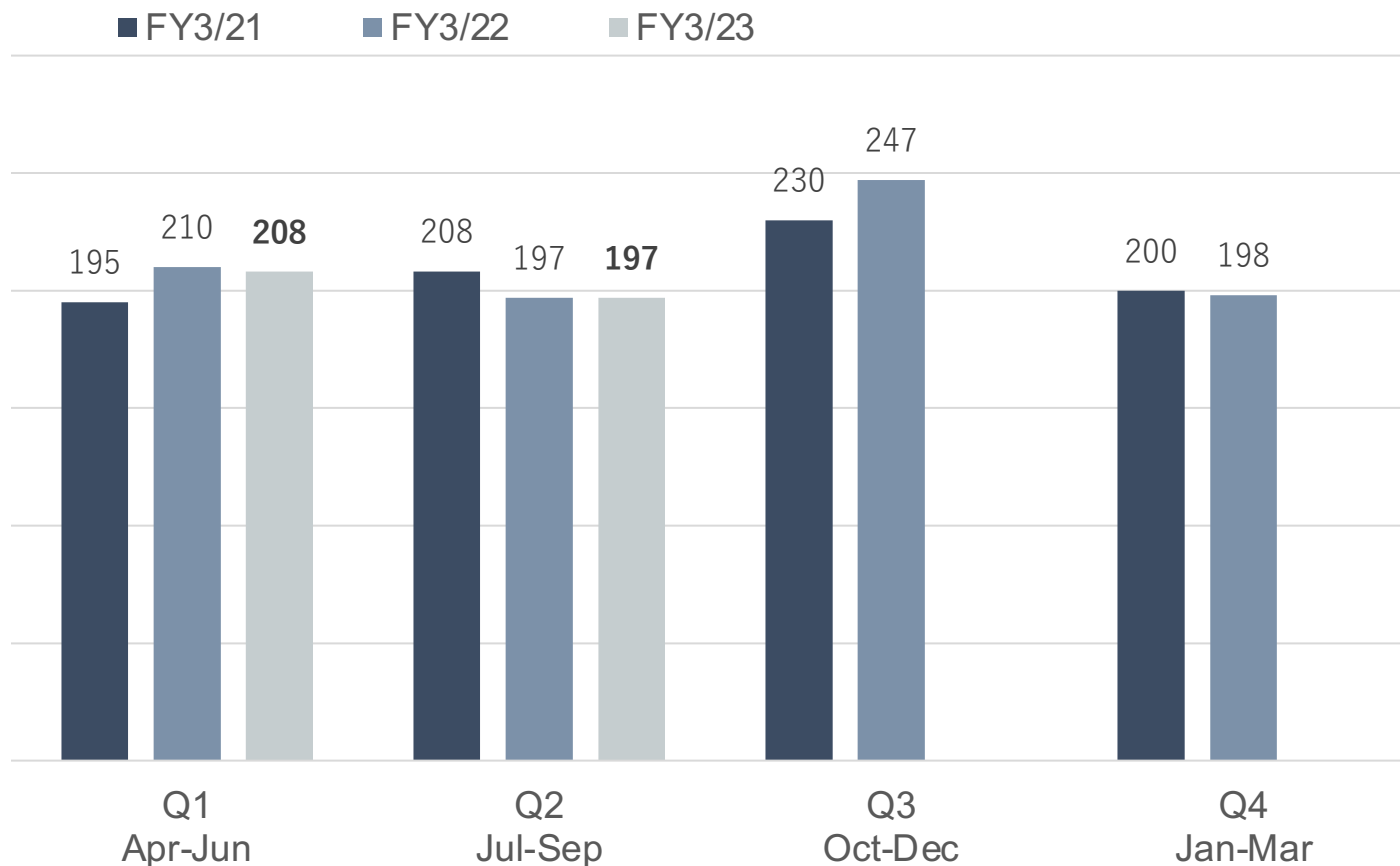


E-commerce spending has been stable.

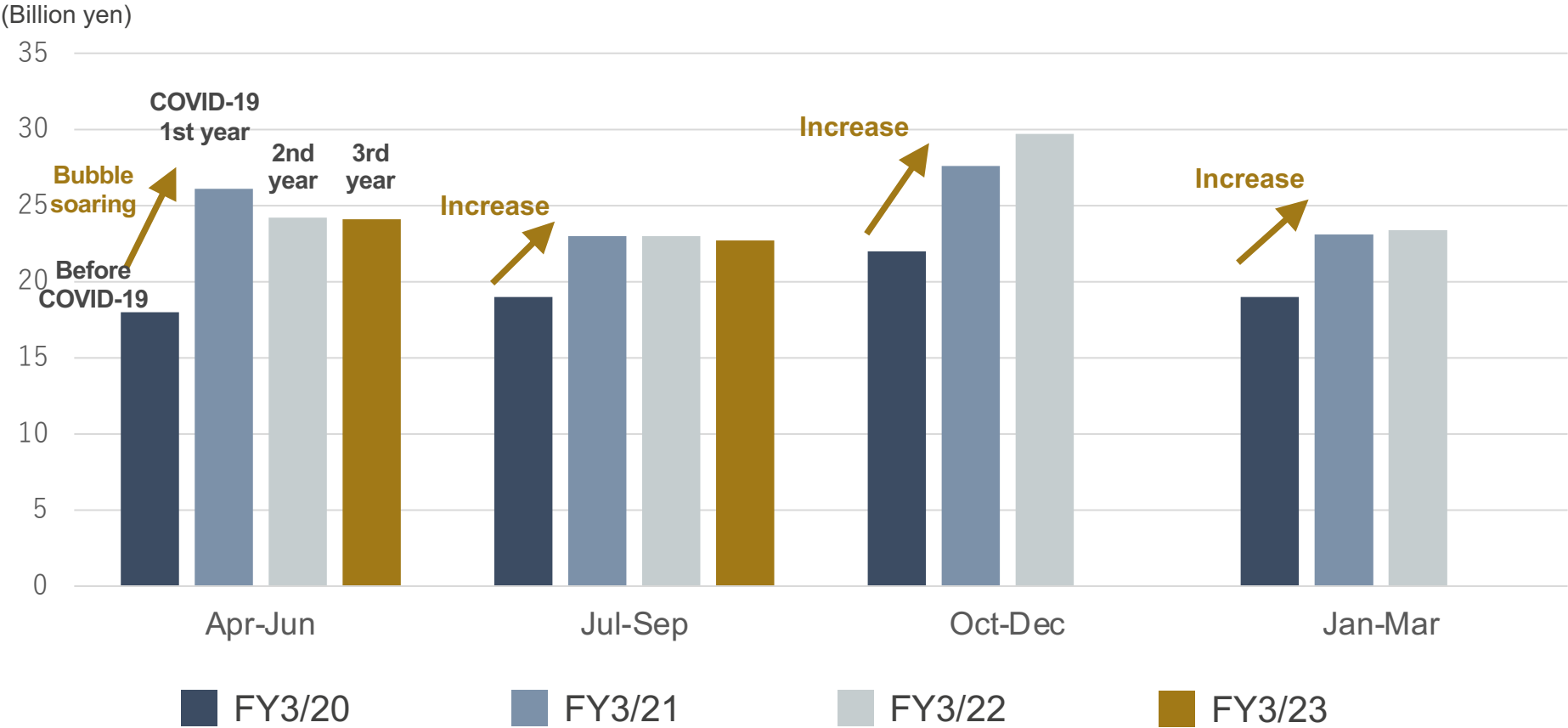
Net sales : 405 million yen

-0.6% YoY

(Million yen)



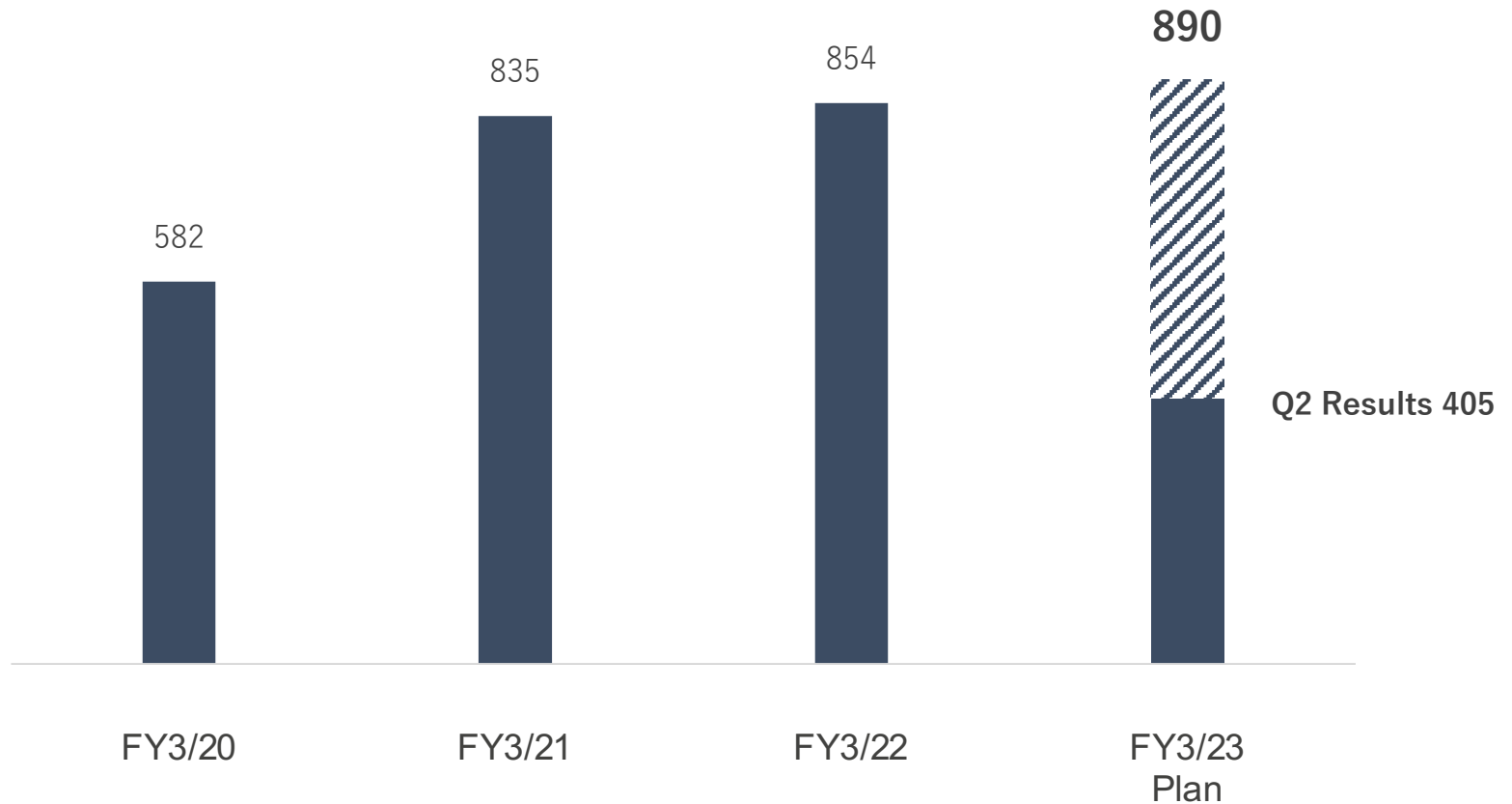
Stable levels since the COVID-19 bubble.



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

The demand period for e-commerce consumption will begin from Q3 onwards.

(Million yen)

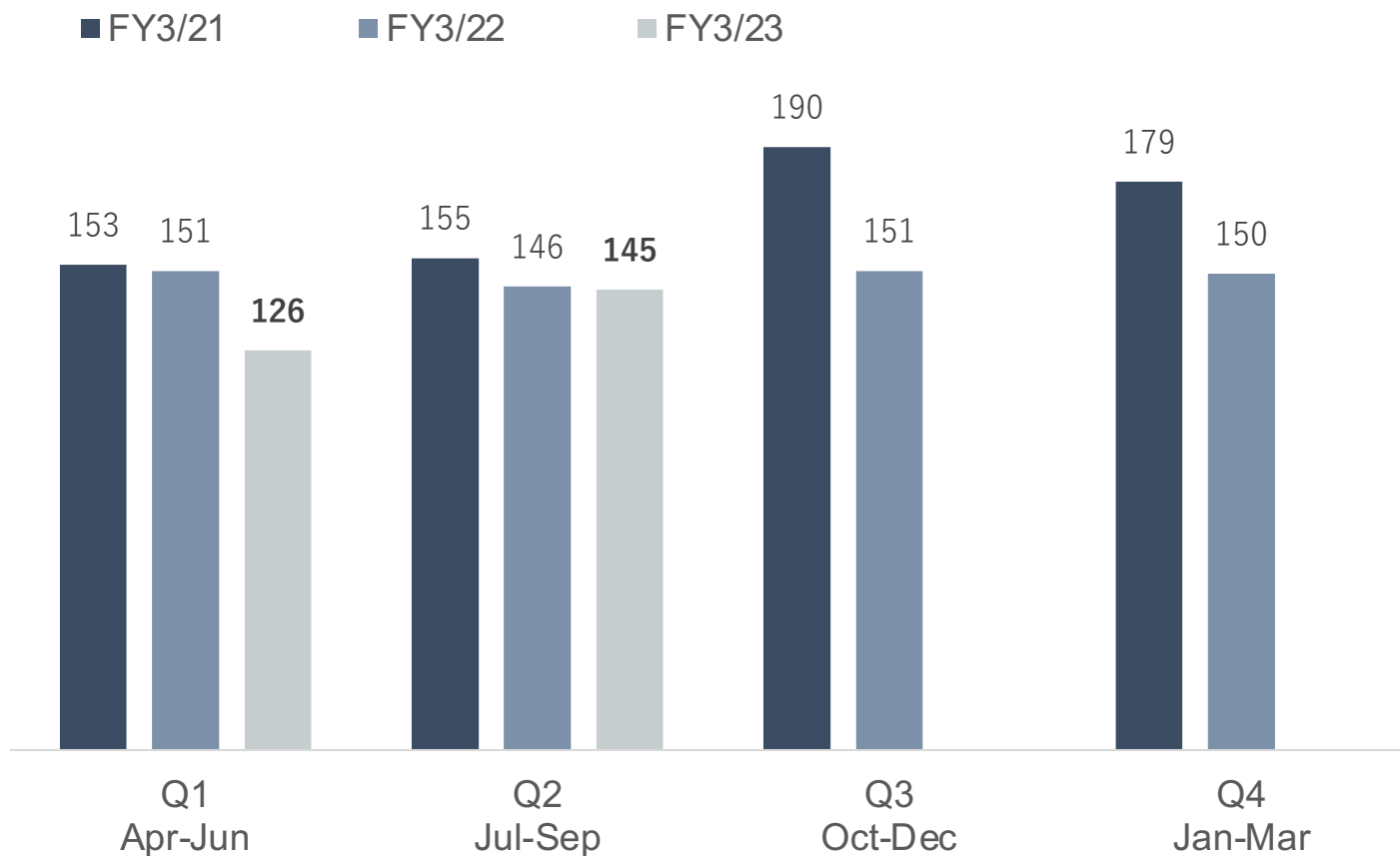


Shifted to web promotion for e-commerce sites.

Net sales : 272 million yen

-8.8% YoY

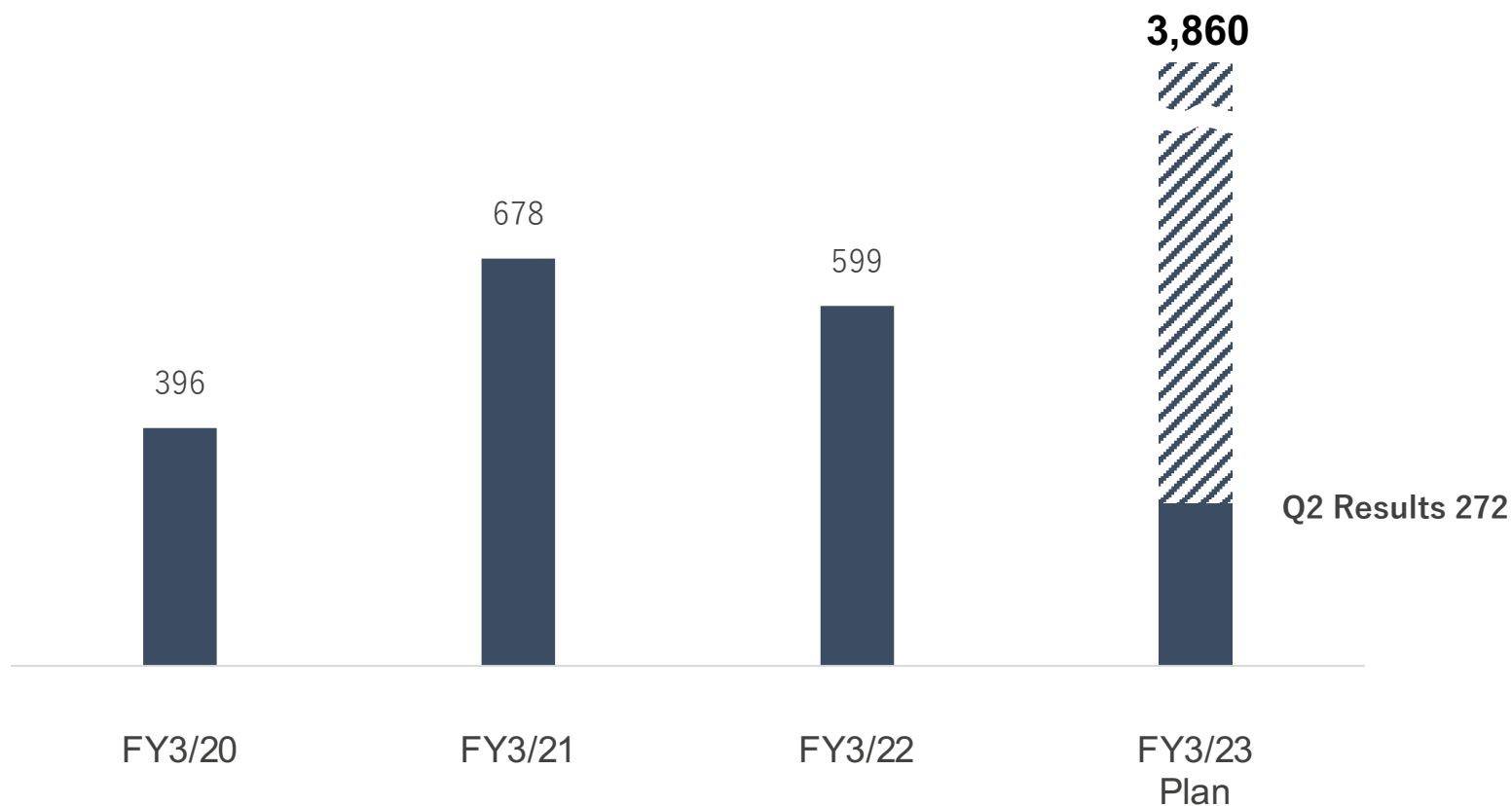
(Million yen)



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

From Q3 onwards, we plan to classify this business as HOI segment. For convenience, this business is currently included in Marketing.

(Million yen)



3. Business Forecasts

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Full-year Business Forecasts

- Sales and profits are forecast to increase on the back of strong corporate EC and DX spending that are expected to become more active, expecting record high profits for 3 consecutive years.

External Environment	<ul style="list-style-type: none"> • Strong DX investment demand • E-commerce demand is heavily weighted toward the 2H 	Internal environment	<ul style="list-style-type: none"> • Consolidated net income of subsidiaries acquired through M&A increased. • The increased costs associated with specific projects have been eliminated. • Adjusted upfront investment depending on sales conditions.
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	Previous results FY3/22	Current Forecast *1 FY3/23	YoY
Net sales	5,746	9,600	167.0%
Operating income	1,051	1,250	118.9%
Ordinary income	1,078	1,270	117.8%
Net income*2	677	800	118.1%

(Million yen)

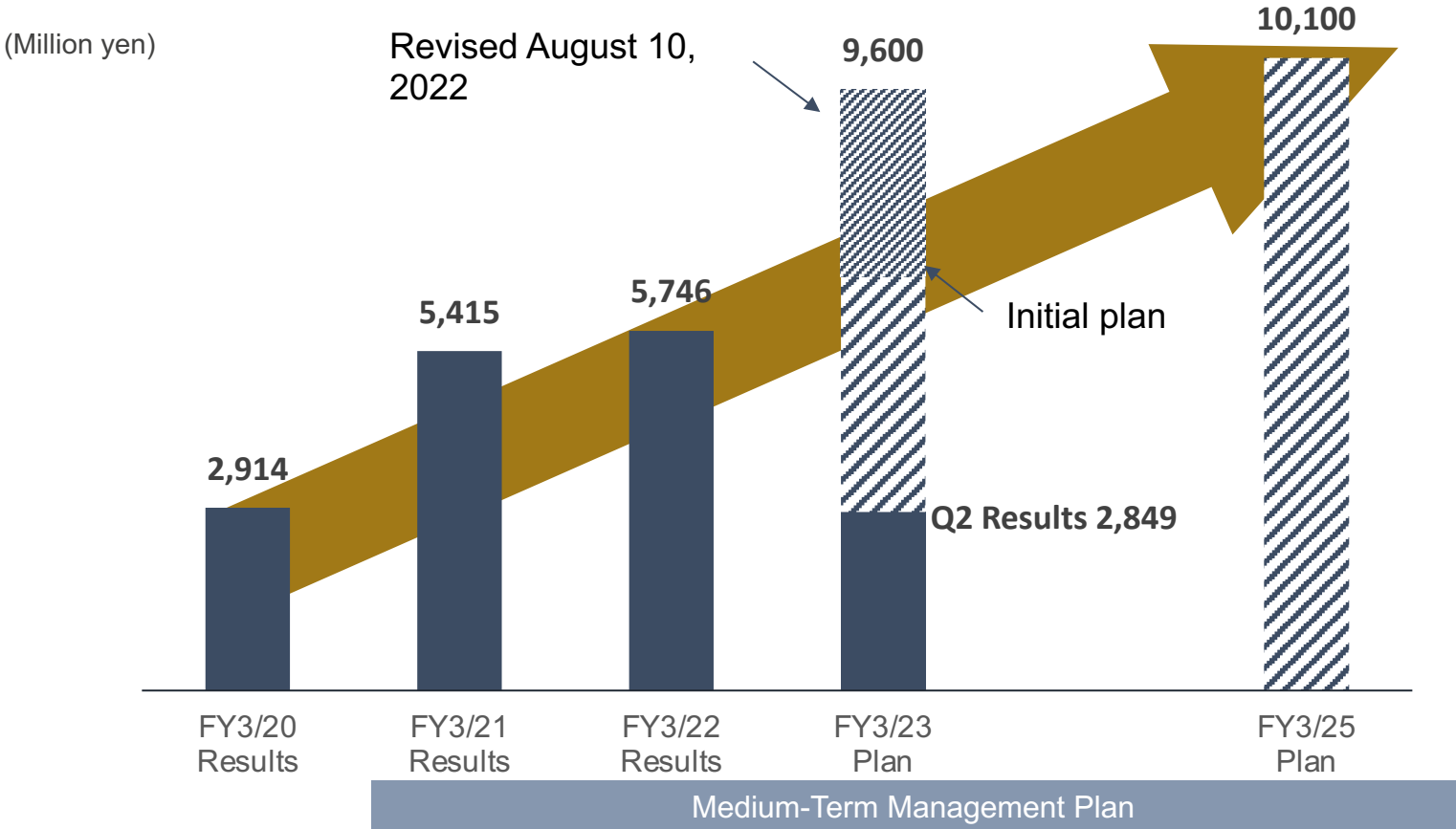
※1 Disclosed on August 10, 2022

※2 Net income attributable to owners of parent

3. Business Forecasts

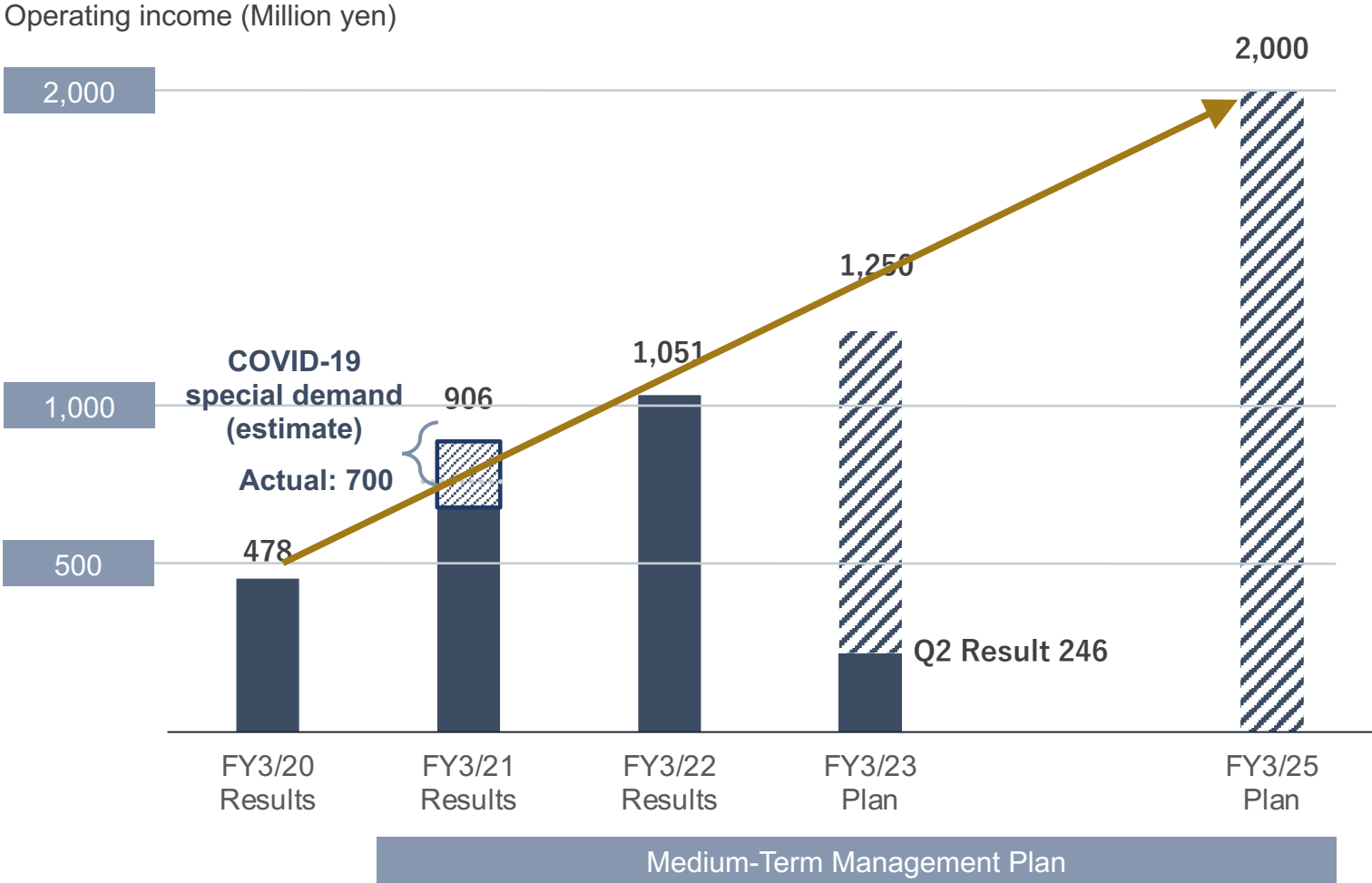
Consolidated Net Sales (Medium-Term Management Plan)

- Strong demand for DX investment mainly on systems for large e-commerce sites.
Operation of HOI business.



3. Business Forecasts

Consolidated Operating Income (Medium-Term Management Plan)



4. Appendix

Future Outlook

- The combination of SHIFFON's network and Estore's data analytics technology and marketing expertise will create a new genre of company as experts in digital transformation.
- Accelerate SHIFFON's digital transformation, the first phase of which is the creation of a global e-commerce platform.

Strengths of SHIFFON

- Established a solid position through a consumer perspective that is not bound by industry norms.
- High-level EC conversion rate (approx. 30% of sales are from webshop)



Both companies have an equal relationship. Mr. Nishimura, representative of SHIFFON, plans to participate in Estore's new business.

Mr. Ishimura, CEO, Estore (left) and Mr. Nishimura, President, SHIFFON

Source: WWD JAPAN

Major Customers

マガジンハウス



dinos



KOMEHYO

Pioneer

au Online Shop



A D A S T R I A

BOOK・OFF Online



FranceBed

講談社



AlpenGroup



モランボン

accessell



読売IS

PAL CLOSET
ONLINE STORE



HABA Online Shop

WACOAL WEB STORE