

Financial Results

FY3/22 (24th term) Q2



November 25, 2021

Estore Group

Estore Corporation

1. FY3/22 First Half Review

1. FY3/22 First Half Review Highlights of consolidated results for FY3/22 Q2

Business Results

- Increase in sales and profits
(Sales up by 9% and operating income up by 44%)

Factor

- E-commerce consumption did not reach the level of the same period of the previous year, when the “stay-at-home” bubble was at its peak. However, inquiries for our services increased as client companies accelerated their investment in DX, especially in Online Merges with Offline (OMO) measures, and this demand matched the Group's know-how.

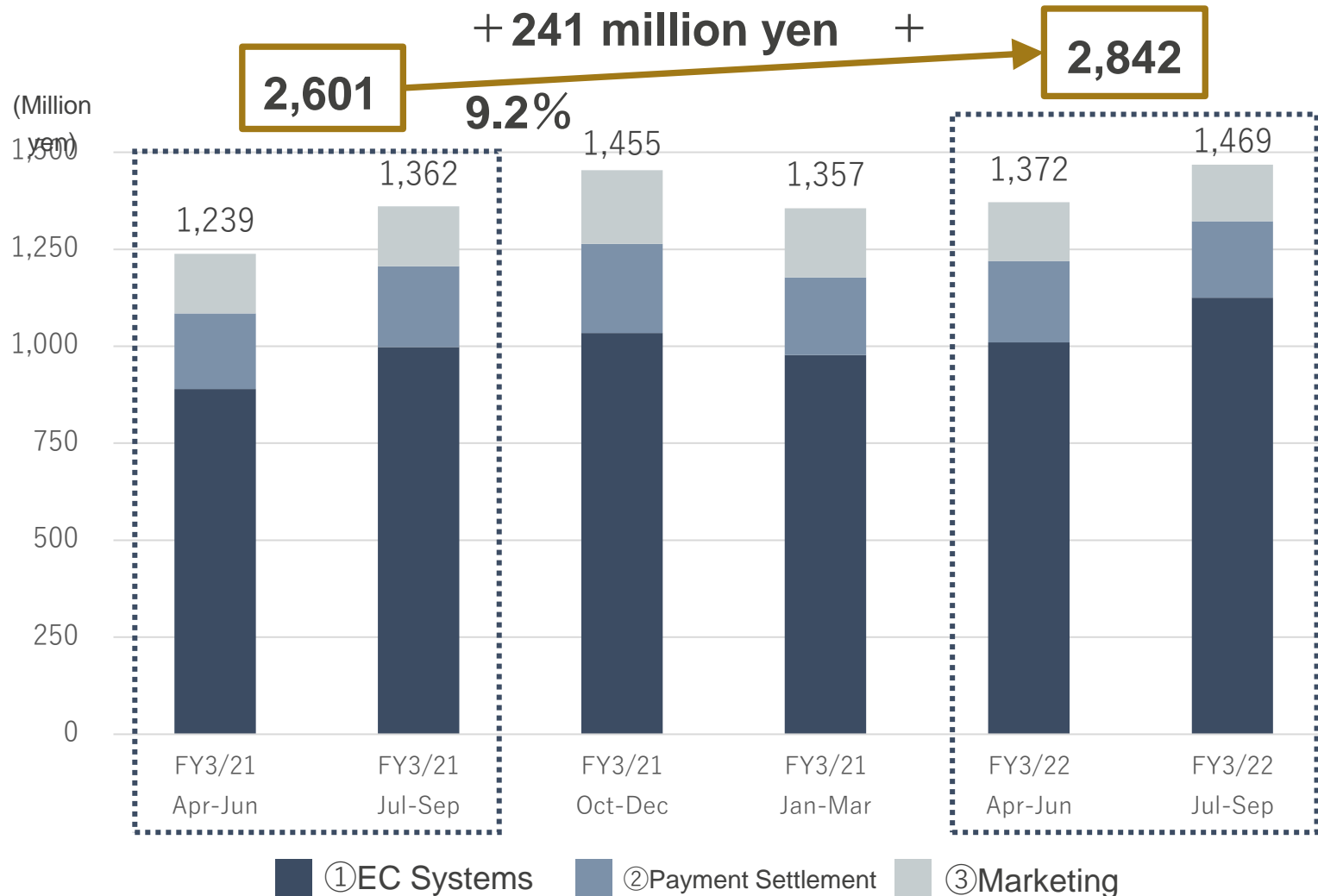
Prior investment

- Advance system development in anticipation of future demand (contribution from newly consolidated company)
- Strengthened advertising activities (TV commercials, etc.)

1. FY3/22 First Half Review

Consolidated sales (total)

■ Sales increased thanks to the accelerated investment in DX, especially in OMO.

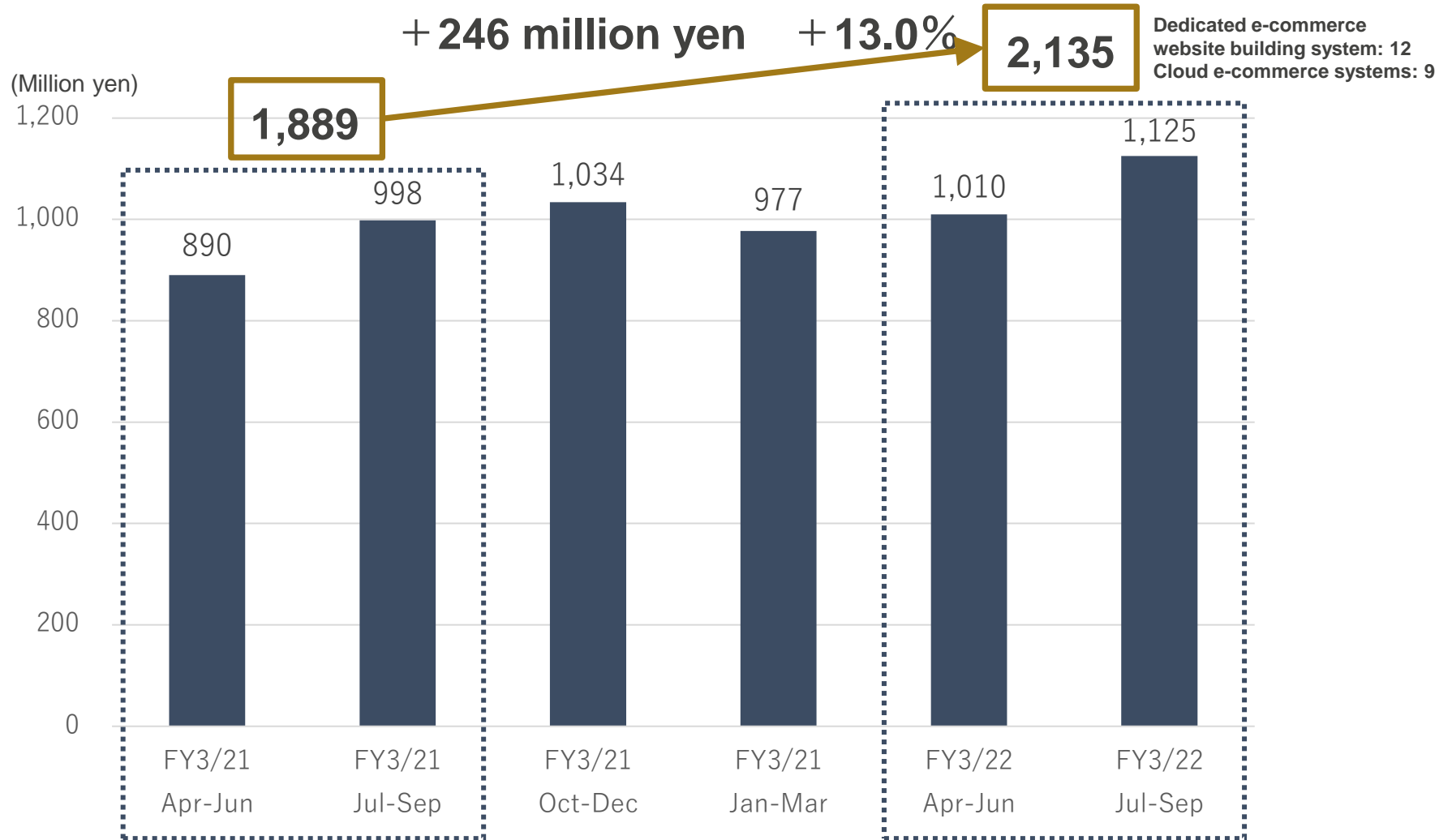


Although the Company adopted the revenue recognition standard in FY3/22, the above figures for FY3/21 are based on the retroactive application of the standard (but not audited). Transactions conducted on behalf of the Company have been reclassified from gross to net. In addition, the breakdown of "Other" has been included in "Marketing services".

1. FY3/22 First Half Review

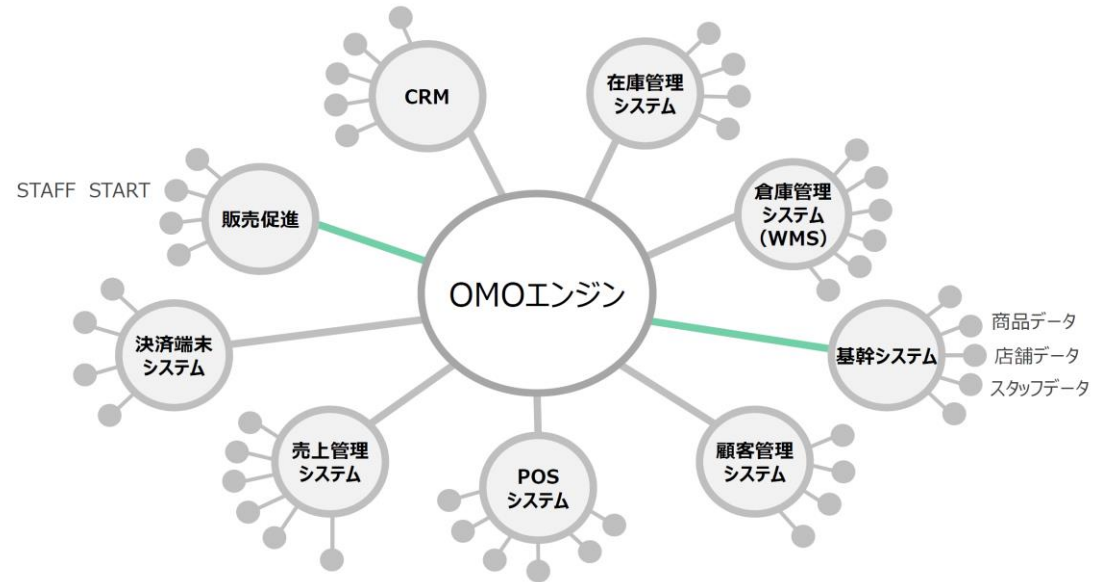
Consolidated sales (① E-commerce systems)

■ Sales increased thanks to the accelerated investment in DX, especially in OMO.



■ Capturing the major needs for OMO

- Adastria Co., Ltd.
- Alpen Co., Ltd.
- PAL CO.,LTD
- DCM Holdings Co., Ltd



Key points for OMO

- To combine the advantages of online and offline, it is important to have a flexible and scalable system.
- The key phrase is: Is the architecture of the e-commerce system capable of microservices?

1. FY3/22 First Half Review

(Reference for ①) Cloud e-commerce system

GMV/Number of stores

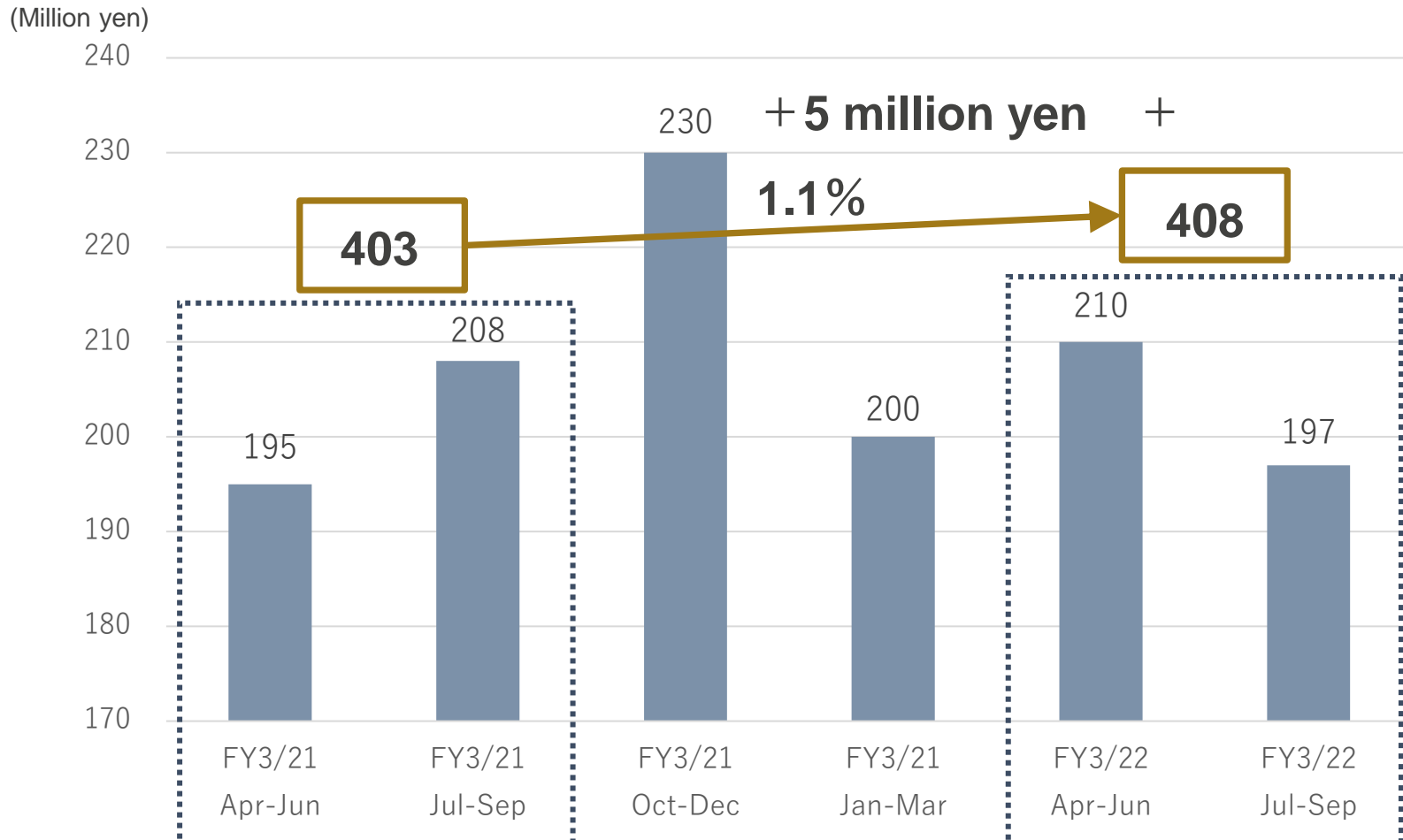
	FY3/21					FY3/22	
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Full-year	Apr-Jun	Jul-Sep
GMV (billion yen)	26.1	23.3	27.6	23.1	100.3	24.2	23.0
Transaction value (billion yen)	18.1	15.5	17.9	15.6	67.2	16.3	15.3
GMV per store (thousand yen)	3,051	2,768	3,311	2,812	11,942	2,997	2,898
Number of stores using the service (stores) Average for the period	8,580	8,432	8,350	8,243	8,401	8,090	7,940
Number of stores using the service (件) End of the period	8,528	8,399	8,314	8,204	8,204	8,029	7,909

- ※ The above figures indicate the results of Shopserve provided by Estore is included. The GMV of the EC system provided by Commerce21 Corporation is not included.
- ※ "Transaction value" covers transactions made through our payment system out of GMV. The transaction value does not include cash on delivery or bank transfers.
- ※ The "GMV per store" figures in the financial statements prior to FY3/21 included systems other than Shopserve, but this table includes only Shopserve.

1. FY3/22 First Half Review

Consolidated sales (② Payment settlement services)

- E-commerce consumption fell below the level of the previous year, when the “stay-at-home” bubble was at its peak (See next page), but revenue from settlement services linked to this remained flat.



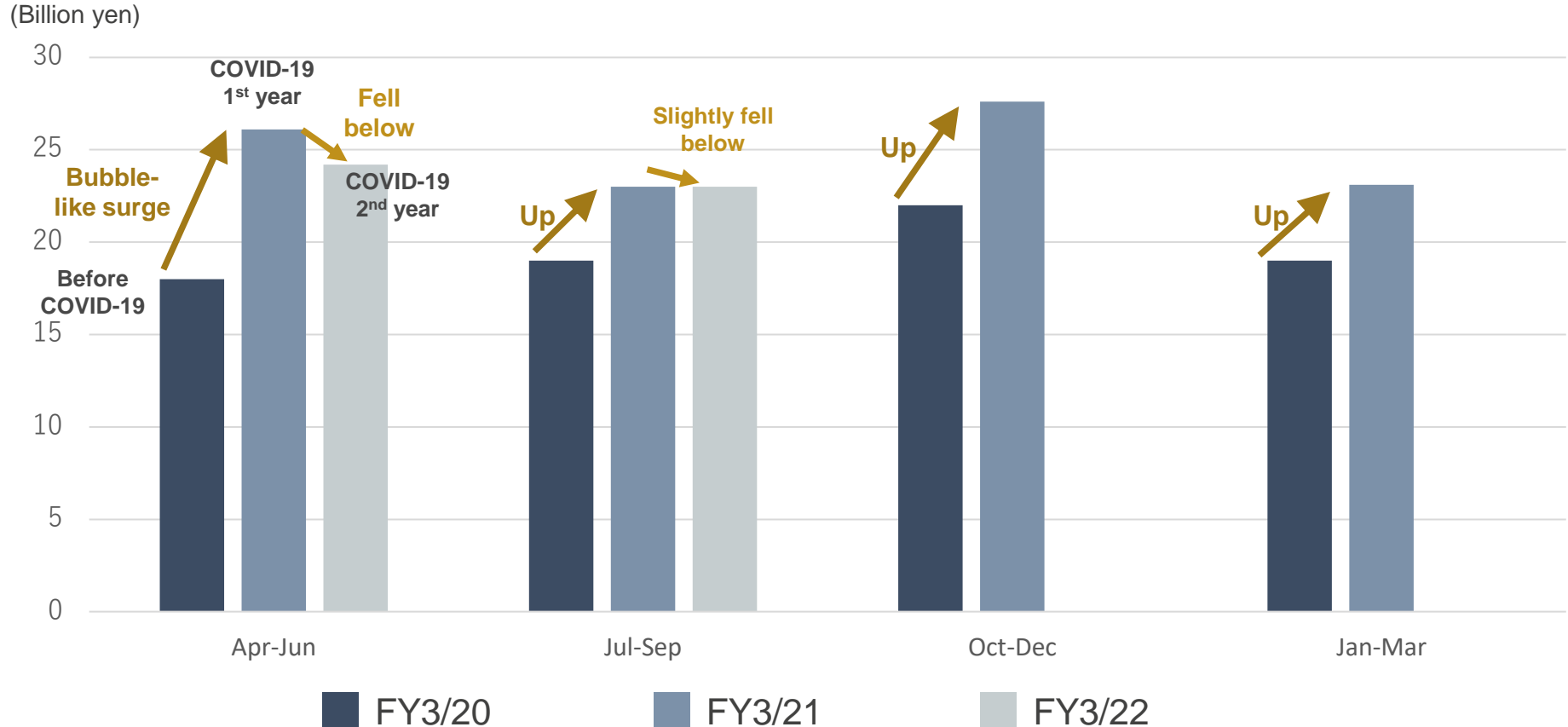
This is a reaction to the temporary low settlement fee rate in conjunction with the cashless campaign at the time of the consumption tax rate hike.

1. FY3/22 First Half Review

(Reference for ②) GMV

■ The first half of the current fiscal year did not reach the level of the first half of the previous fiscal year, which saw a bubble-like surge due to COVID-19.

However, it has turned to positive growth since September, when the bubble period of the previous year was over.

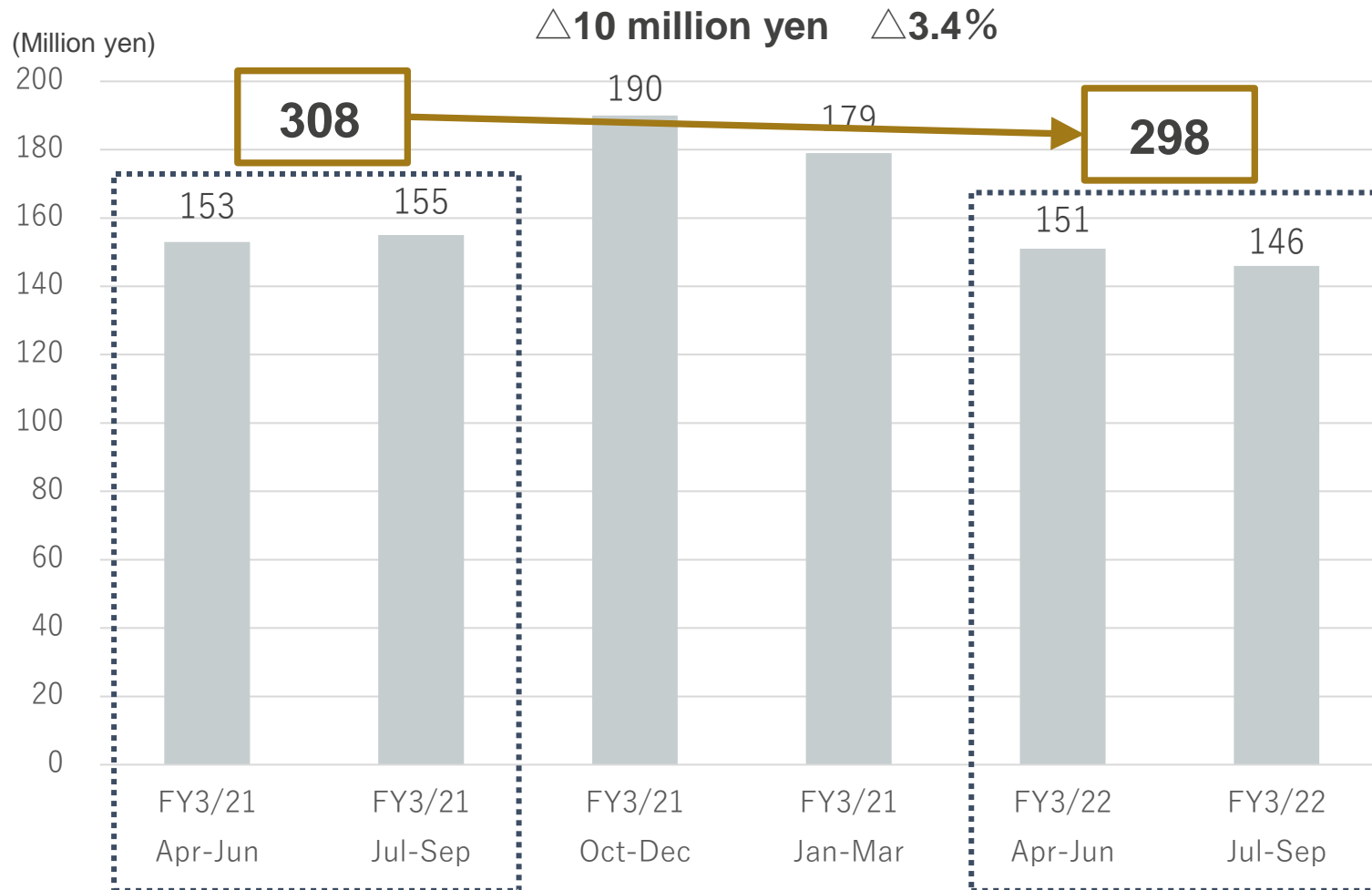


※GMV of Shopserve, excluding GMV of Sell Side Solution.

1. FY3/22 First Half Review

Consolidated sales (③ Marketing Services)

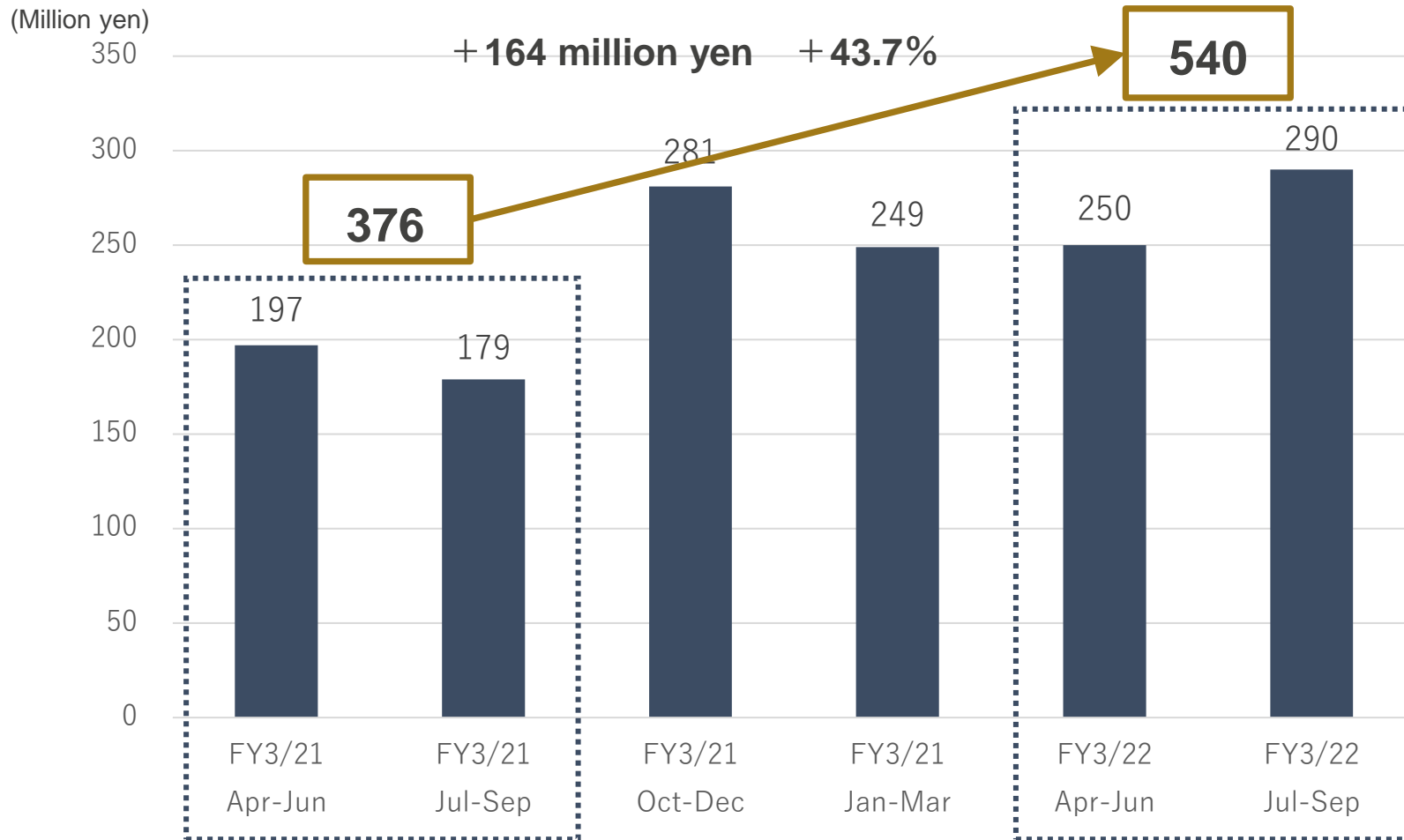
■ Demand had cooled down due to COVID-19 and did not recover to the ordinary level.



1. FY3/22 First Half Review

Consolidated operating income

- Operating income increased by absorbing the cost burden of accelerated development and strengthened advertising



1. FY3/22 First Half Review

Consolidated Balance Sheets

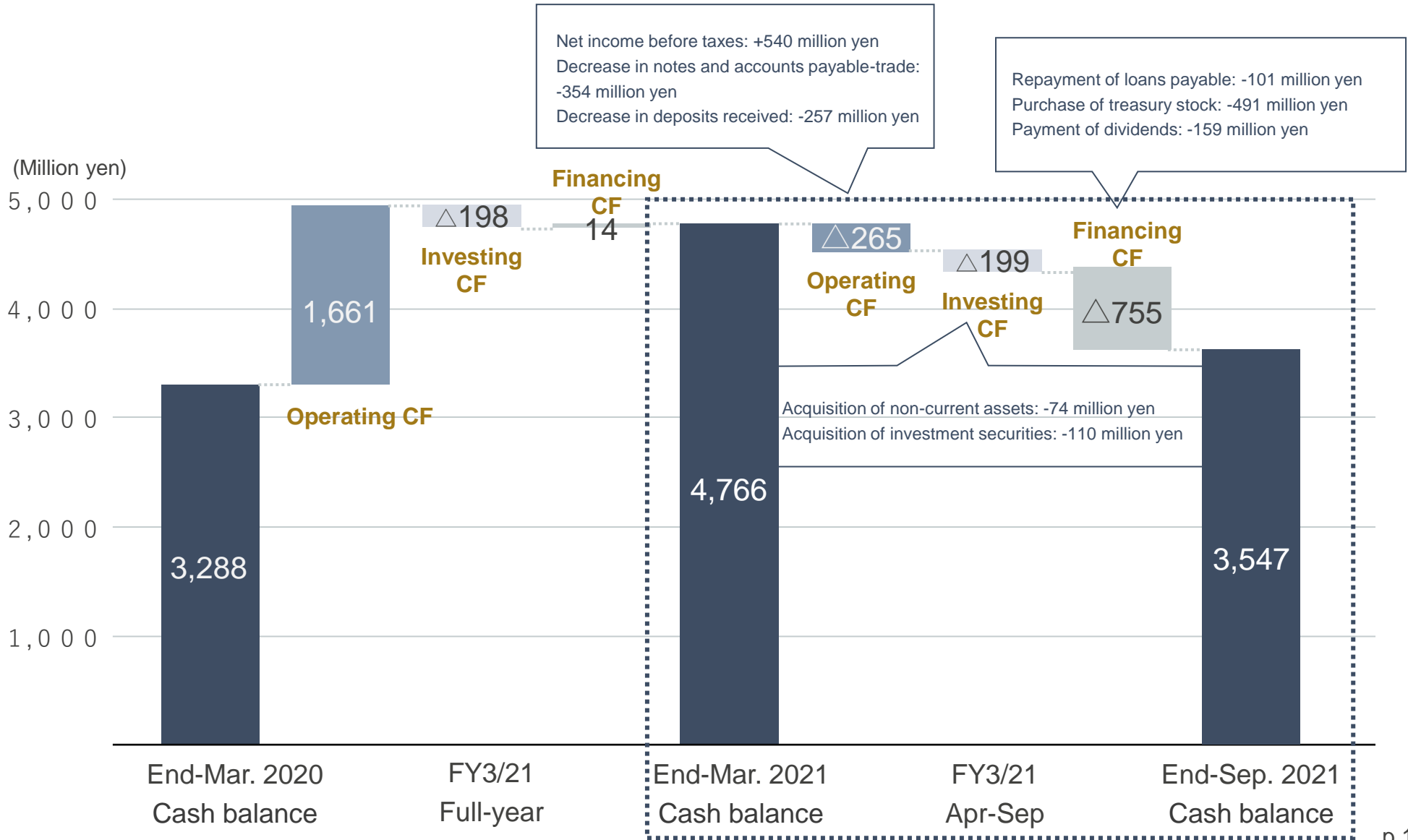
■ Stable equity ratio at 31%.

69%	Current assets	5,237	Current liabilities	3,745	49%
	Cash and deposits	3,549	Accounts payable and accrued liabilities	603	
	Accounts receivable and contract assets	1,492	Short-term and current portion of loans	393	
	Others	196	Deposits received	2,271	
			Others	476	
			Non-current liabilities	1,455	19%
31%	Non-current assets	2,407	Net assets	2,445	32%
	Tangible and intangible	1,296	Shareholders' equity	2,336	
	Investment and others	1,110	Others	108	
	Total assets	7,645	Total liabilities and net assets	7,645	

Long-term debt: 706 million yen
 Convertible bonds: 510 million yen

Equity ratio: 30.7%
 Capital stock and capital surplus increased by 224 million yen due to conversion of bonds with stock acquisition rights

■ Operating cash flow was temporarily negative



2. Business Forecasts

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Full-year Business Forecasts

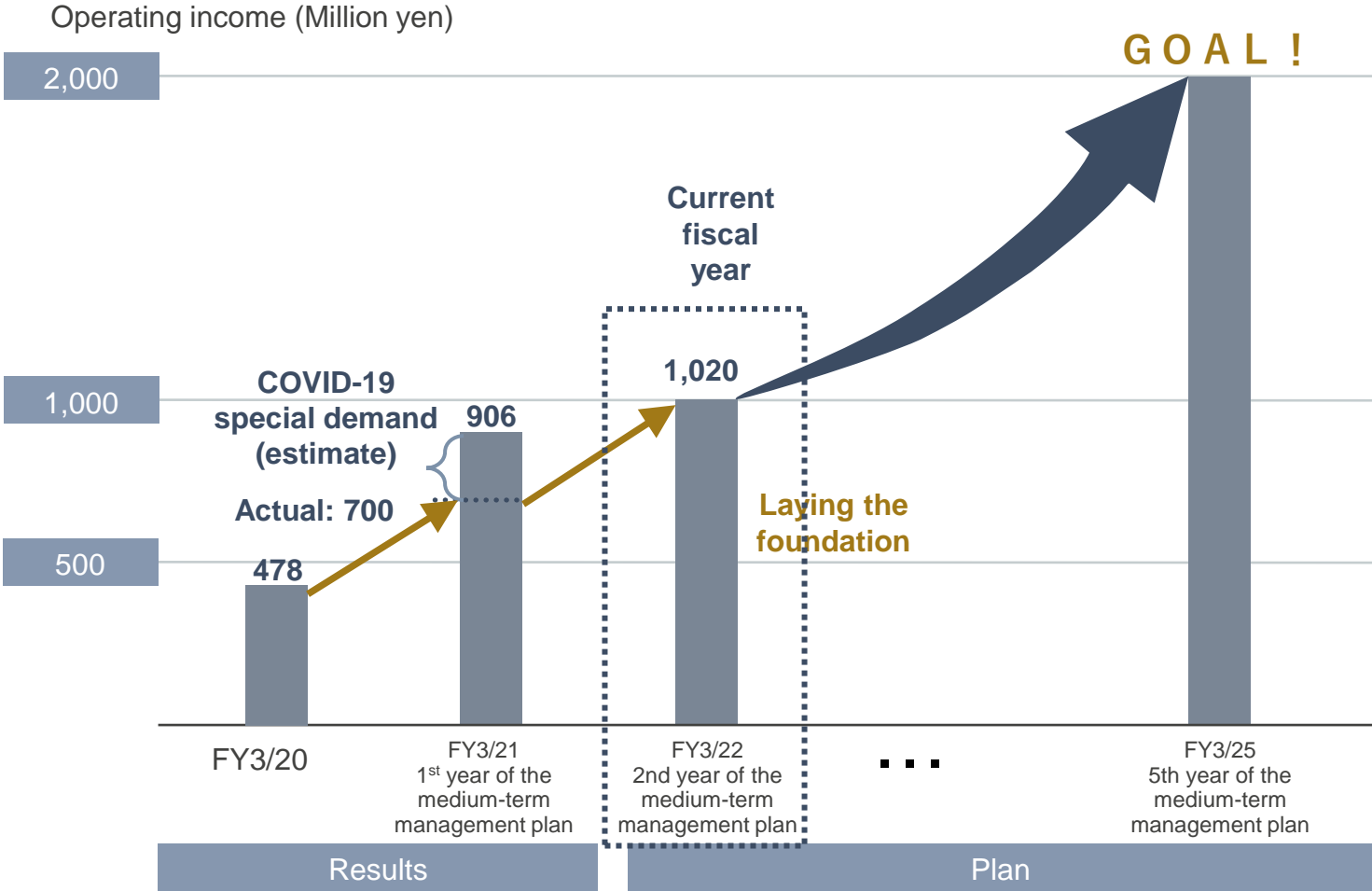
■ We are making steady progress toward its business forecast for the current fiscal year.

	Current results FY3/21	Current forecasts FY3/22	YoY	Current Apr-Sep results FY3/22	Progress rate (Million yen)
Net sales	5,415	5,900	109.0%	2,842	48.2%
Operating income	906	1,020	112.6%	540	52.9%
Ordinary income	1,073	1,070	99.7%	540	50.5%
Net income	482	740	153.5%	348	47.0%

2. Business Forecasts

(Reference) Medium-Term Management Plan
(Five-year plan from FY3/21 to FY3/25)

Aim for operating income of 2 billion yen in FY3/25 (announced in November 2020)



3. Appendix

23 years of support for own store e-commerce

Figures as of March 31, 2021

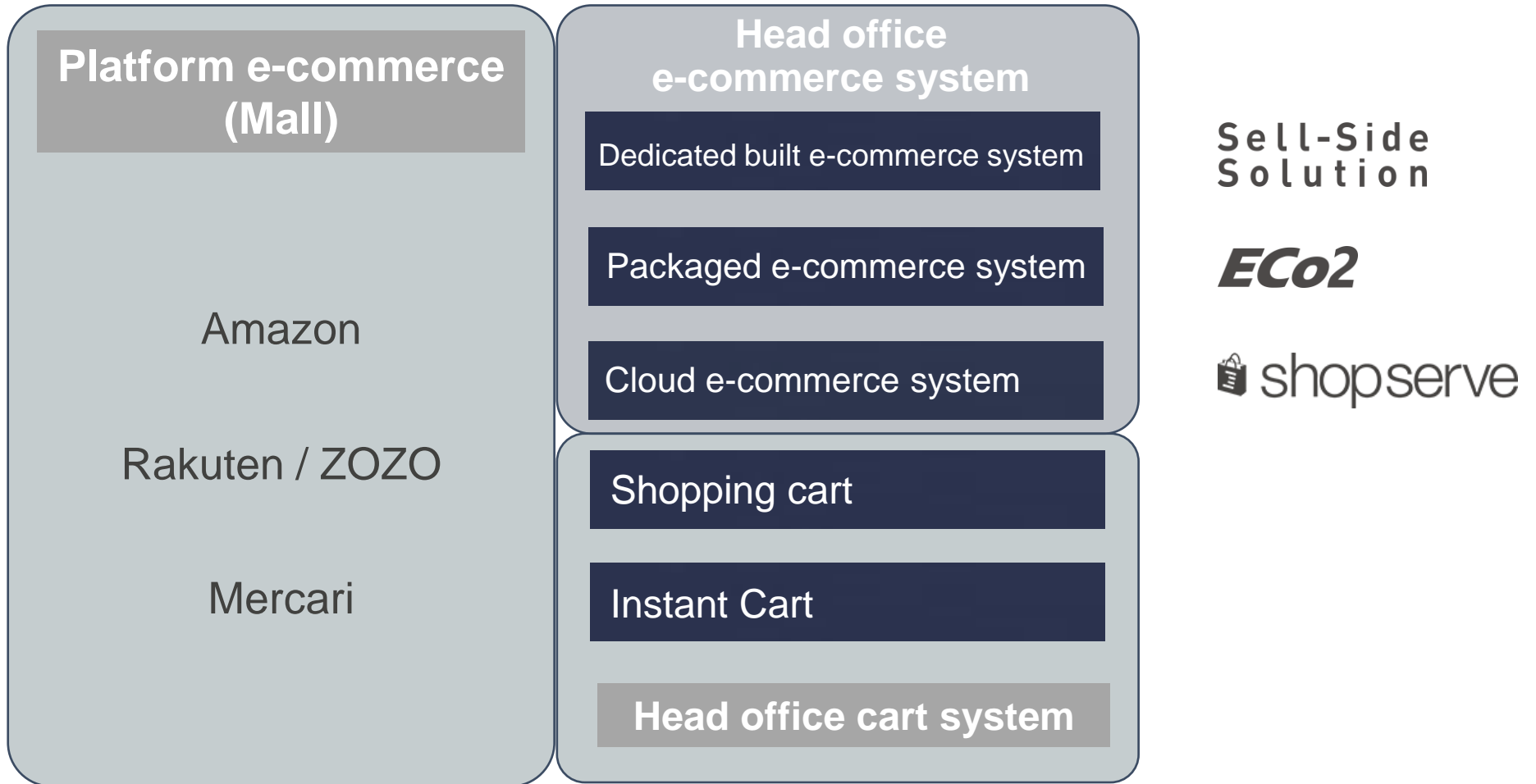
Support menu: sales systems + sales promotion services

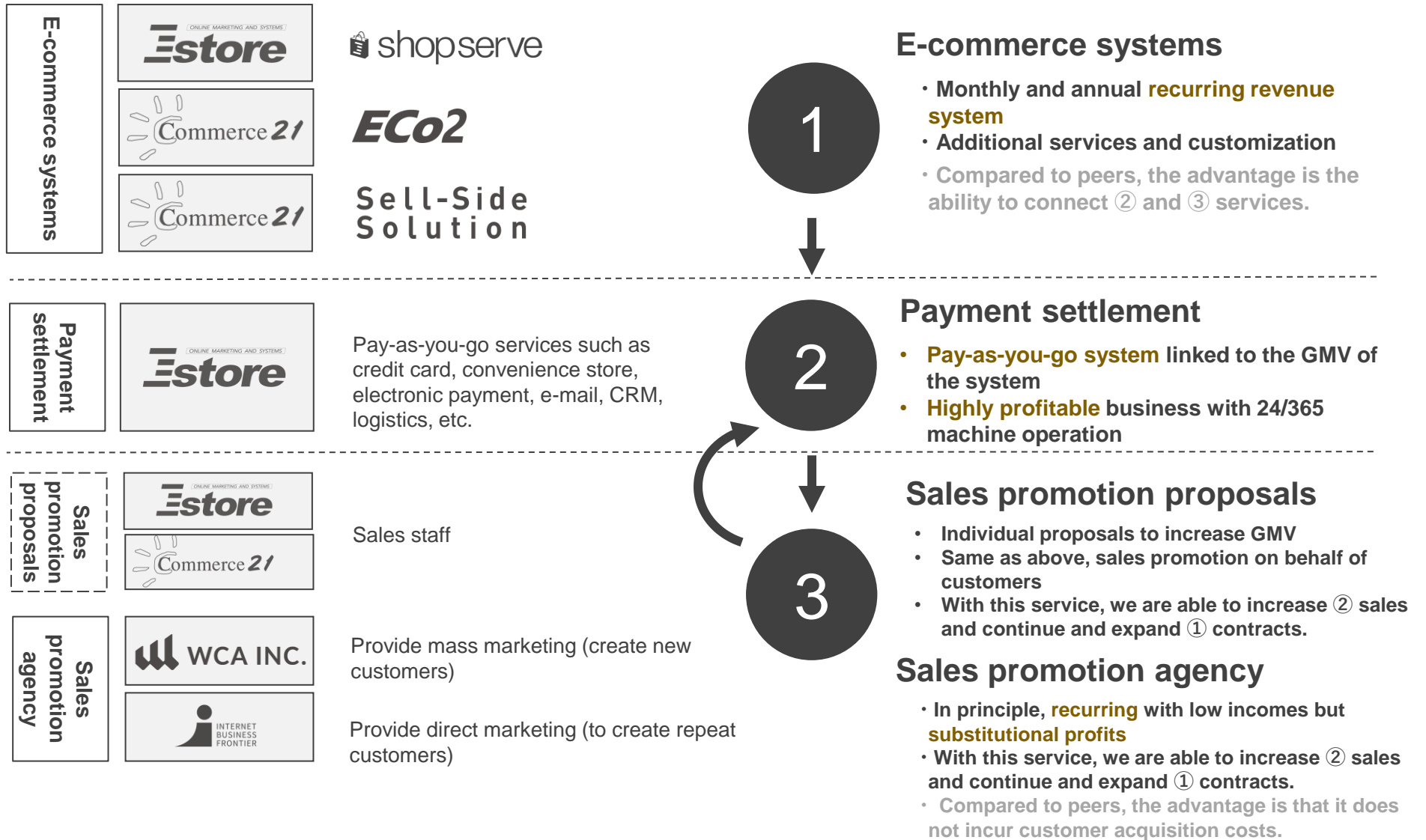
Advantage is the one-stop service



Position

Corporate that requires customer marketing



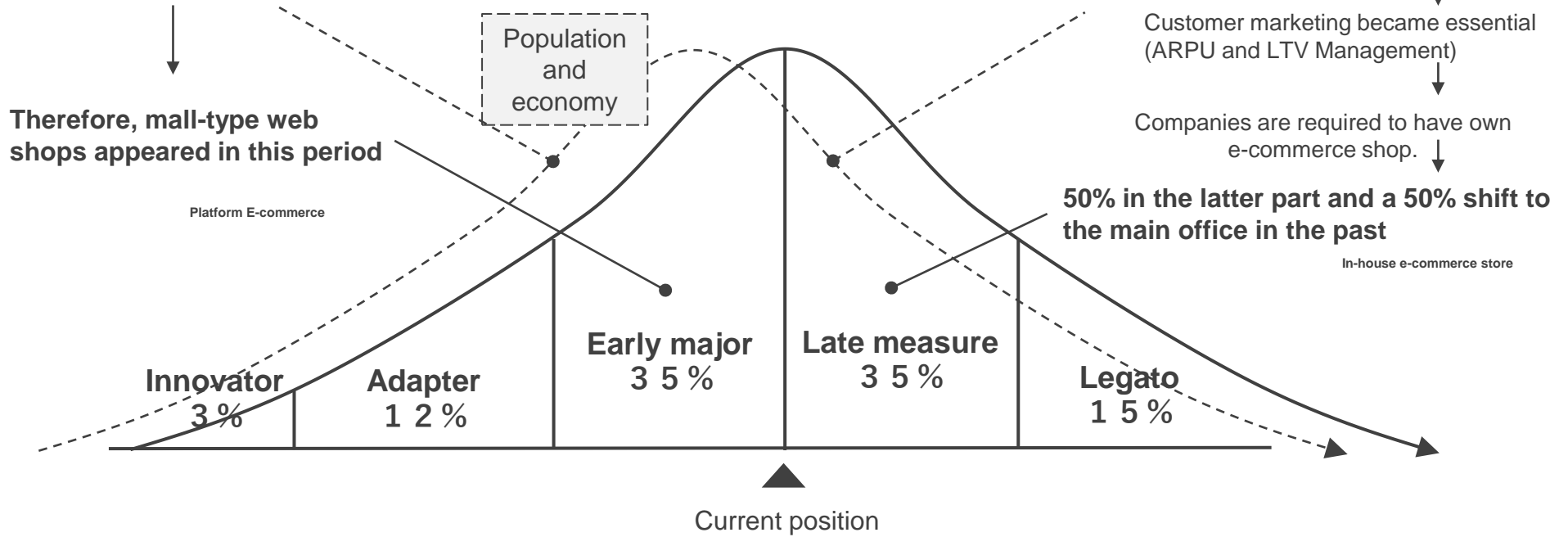


3. Appendix

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

The population is still growing, and the first e-commerce development period has allowed for excessive competition.

A social environment in which the shift to an IT society must be accelerated
Declining population and industrial deflation



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.

Adastria Co., Ltd.
Alpen Co., Ltd.
PAL CO.,LTD
DCM Holdings Co., Ltd
Toys"R"Us-Japan, Ltd.
Kodansha Ltd.
HABA Laboratories, Inc.
Kenkou corporation, Inc.
F.O.INTERNATIONAL CO., LTD.
Wacoal Corp.
MAGASseek Corporation
Golf Digest Online Inc.
Mizuno Corporation
KOMERI CO., LTD.
Dinos Cecile Co., Ltd.
SANWA SUPPLY INC.
Kojima Co., Ltd.
PC DEPOT CORPORATION
De'Longhi Japan Corp.
SkyNet Co.