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November 14, 2023

## Consolidated Financial Results for the Six Months Ended September 30, 2023 (Under Japanese GAAP)



Company name: Commerce One Holdings Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4496  
 URL: <https://www.cm-one.jp/en/>  
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 Scheduled date to file quarterly securities report: November 14, 2023  
 Scheduled date to commence dividend payments: December 7, 2023  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for analysts and institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2023	1,741	12.4	271	(8.3)	313	(5.4)	191	(12.2)
September 30, 2022	1,550	8.0	296	(14.5)	331	(11.9)	217	(14.4)

Note: Comprehensive income For the six months ended September 30, 2023: ¥221 million [31.7%]  
 For the six months ended September 30, 2022: ¥168 million [(1.5)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	26.43	-
September 30, 2022	28.91	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2023	3,689	2,728	74.0
March 31, 2023	3,505	2,616	74.6

Reference: Equity  
 As of September 30, 2023: ¥2,728 million  
 As of March 31, 2023: ¥2,616 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2024	-	27.00			
Fiscal year ending March 31, 2024 (Forecast)			-	7.00	34.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

Note: Dividends at the end of the second quarter of fiscal year ending March 31, 2024

Ordinary dividend: ¥7.00, Commemorative dividend: ¥20.00

## 3. Consolidated financial results forecast for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	3,558	11.3	488	(15.9)	502	(17.3)	336	(23.7)	45.85

Note: Revisions to the financial results forecast most recently announced: None

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None

(4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2023	7,523,400 shares
As of March 31, 2023	7,523,400 shares

- (ii) Number of treasury shares at the end of the period

As of September 30, 2023	330,049 shares
As of March 31, 2023	179,249 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	7,228,952 shares
Six months ended September 30, 2022	7,523,351 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

**\* Proper use of earnings forecasts and other special matters**

Results forecasts and other forward-looking statements presented in this document are based on information currently available to the Company and certain assumptions that are deemed reasonable. The Company does not intend to guarantee that the said forecasts will be achieved. Actual results may vary significantly due to various factors. For more information on the preconditions on which the forecasts are based and the notes on its use, please see “1. Qualitative Information on Quarterly Financial Results (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the attachments.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

The Group provides a variety of solutions that E-Commerce operators need in order to launch and operate business. The Group's goal is the development and growth of a sound E-Commerce market in which everyone, including consumers and E-Commerce operators, can engage in transactions that are safe and secure. To achieve this, the Group engages in business activities as a corporate group that offers E-Commerce platforms that provide business infrastructure for E-Commerce operators.

The domestic E-Commerce market, the Group's primary business area, has been continually growing, backed by the diversification of products sold, a rising number of market participants, dramatic reductions in delivery times by logistics operators, increases in the amount of information shared via social media, and other factors. In the domestic E-Commerce market, which grew rapidly due to the impact of the COVID-19 pandemic, as economic activity has normalized from FY2022 onward, the rate of growth has slowed down, but the market is continuing to grow steadily. For consumers, new lifestyles and workstyles appear to have taken firm hold. Due to these changes, E-Commerce platforms must, more than ever before, expand the range of optional and alliance services they offer to increase store sales, and they must supply solutions that increase the value of customer experiences, such as web customer services.

Under this business environment, during the six months ended September 30, 2023, the Group strove to ensure net sales in line with market growth and actively engaged in growth investment in order to adapt to the future market environment. Future Shop Co., Ltd., supplier of "futureshop," has released the "Live cottage," which is a live commerce function, to vitalize the live commerce market. Softel Inc. developed package solutions for improving the efficiency of backend operations. We are also enhancing our investment to further improve the skills of the engineer resources we obtained from SAMURAI TECHNOLOGY Co., Ltd. and SOLAIRO, INC., which became part of the Group during the previous fiscal year. SOLAIRO, INC. is currently developing solutions that propose new ways of providing web customer services.

As a result of these efforts, the operating results of the Group and the financial results of its main consolidated subsidiaries during the six months ended September 30, 2023 are as indicated in the table below.

[Consolidated financial results]

(Thousands of yen)

	Six months ended September 30, 2022 (cumulative)	Six months ended September 30, 2023 (cumulative)	Increase/decrease	Percentage (%)
Net sales	1,550,477	1,741,973	191,496	12.4
EBITDA	353,000	349,472	(3,527)	(1.0)
Operating profit	296,149	271,617	(24,531)	(8.3)
Ordinary profit	331,655	313,667	(17,987)	(5.4)
Profit attributable to owners of parent	217,498	191,066	(26,432)	(12.2)

\*EBITDA = Operating profit + Depreciation + Amortization of goodwill

[Financial results of major consolidated subsidiaries]

(Thousands of yen)

		Six months ended September 30, 2022 (cumulative)	Six months ended September 30, 2023 (cumulative)	Increase/decrease	Percentage (%)
Future Shop Co., Ltd.	Net sales	1,185,162	1,255,383	70,220	5.9
	Operating profit	326,297	383,498	57,201	17.5
Softel Inc.	Net sales	360,601	366,834	6,233	1.7
	Operating profit	71,741	17,773	(53,967)	(75.2)

## (2) Explanation of Financial Position

Total assets increased by ¥183,261 thousand from the end of the previous fiscal year to ¥3,689,254 thousand. Current assets increased by ¥133,406 thousand from the end of the previous fiscal year to ¥2,440,184 thousand. This was primarily due to an increase of ¥347,586 thousand in cash and deposits due to the expansion of our business.

Non-current assets increased by ¥49,855 thousand from the end of the previous fiscal year to ¥1,249,070 thousand. This was primarily due to an increase of ¥75,280 thousand in investments and other assets due to the additional purchase of investment securities and a rise in market price.

Liabilities increased by ¥71,415 thousand from the end of the previous fiscal year to ¥961,009 thousand. This was primarily due to increases of ¥18,310 thousand in accounts payable - trade and ¥24,968 thousand in income taxes payable.

Net assets increased by ¥111,845 thousand from the end of the previous fiscal year to ¥2,728,245 thousand. This was primarily because of an increase of ¥30,577 thousand in valuation difference on available-for-sale securities due to the rise in the market price of investment securities and an increase of ¥191,066 thousand in retained earnings due to profit attributable to owners of parent, despite an increase of ¥109,797 thousand in treasury shares.

As a result, the equity-to-asset ratio fell from 74.6% at the end of the previous fiscal year to 74.0%.

The Company operates in a single segment, the E-Commerce platform business segment. Therefore, descriptive information about its reportable segments is not stated in this document.

## (Cash flow)

During the six months ended September 30, 2023, cash and cash equivalents (hereinafter “net cash”) increased by ¥347,586 thousand from the end of the previous fiscal year to ¥1,956,310 thousand.

The status of cash flows and their contributing factors during the six months ended September 30, 2023 are as follows.

### (Cash flows from operating activities)

Net cash provided by operating activities was ¥527,772 thousand.

This was primarily due to ¥313,667 thousand in profit before income taxes, ¥62,597 thousand in depreciation, ¥15,257 thousand in amortization of goodwill, and a decrease of ¥110,272 thousand in deposit paid.

### (Cash flows from investing activities)

Net cash used in investing activities was ¥84,049 thousand.

This was primarily due to ¥27,825 thousand in purchase of investment securities and ¥51,151 thousand in purchase of intangible assets due to software development by Future Shop Co., Ltd. such as the development of new functions.

### (Cash flows from financing activities)

Net cash used in financing activities was ¥111,604 thousand.

This was primarily due to ¥109,797 thousand in purchase of treasury shares.

## (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The full-year financial forecast for the fiscal year ending March 31, 2024 is unchanged from the forecast announced in the previous earnings summary (May 15, 2023).

We forecast full-year net sales of ¥3,558 million, operating profit of ¥488 million, ordinary profit of ¥502 million, and profit attributable to owners of parent of ¥336 million.

For the financial results in the six months ended September 30, 2023, we have been making steady progress against forecasts.

These forecasts are based on information currently available to the Company and certain assumptions that are deemed reasonable. Actual results may vary in the future due to various factors.

**2. Quarterly Consolidated Financial Statements and Principal Notes****(1) Quarterly Consolidated Balance Sheets**

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	1,608,724	1,956,310
Trade receivables and contract asset	290,977	301,235
Work in process	5,872	8,847
Prepaid expenses	91,027	99,650
Deposits paid	112,220	1,947
Income taxes refund receivable	69,945	51,050
Other	132,013	25,583
Allowance for doubtful accounts	(4,002)	(4,441)
Total current assets	2,306,778	2,440,184
Non-current assets		
Property, plant and equipment	90,981	84,346
Intangible assets		
Goodwill	61,031	45,773
Other	322,239	318,708
Total intangible assets	383,270	364,481
Investments and other assets		
Investment securities	563,479	635,270
Other	164,524	168,002
Allowance for doubtful accounts	(3,041)	(3,030)
Total investments and other assets	724,962	800,242
Total non-current assets	1,199,215	1,249,070
Total assets	3,505,993	3,689,254

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	37,446	55,757
Short-term borrowings	47,000	47,000
Advances received	408,635	421,523
Income taxes payable	104,885	129,853
Provision for bonuses	581	566
Other	209,699	216,941
<b>Total current liabilities</b>	<b>808,247</b>	<b>871,643</b>
Non-current liabilities		
Asset retirement obligations	47,445	47,537
Deferred tax liabilities	21,667	30,941
Other	12,232	10,887
<b>Total non-current liabilities</b>	<b>81,345</b>	<b>89,366</b>
<b>Total liabilities</b>	<b>889,593</b>	<b>961,009</b>
Net assets		
Shareholders' equity		
Share capital	210,400	210,400
Capital surplus	160,400	160,400
Retained earnings	2,123,373	2,314,439
Treasury shares	(139,224)	(249,022)
<b>Total shareholders' equity</b>	<b>2,354,948</b>	<b>2,436,217</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	261,450	292,028
<b>Total accumulated other comprehensive income</b>	<b>261,450</b>	<b>292,028</b>
<b>Total net assets</b>	<b>2,616,399</b>	<b>2,728,245</b>
<b>Total liabilities and net assets</b>	<b>3,505,993</b>	<b>3,689,254</b>



## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

## Quarterly Consolidated Statements of Income

Six Months Ended September 30

(Thousands of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	1,550,477	1,741,973
Cost of sales	674,731	783,569
Gross profit	875,745	958,404
Selling, general and administrative expenses	579,596	686,786
Operating profit	296,149	271,617
Non-operating income		
Interest income	11	12
Dividend income	25,715	23,068
Foreign exchange gains	9,136	15,269
Other	693	3,963
Total non-operating income	35,556	42,314
Non-operating expenses		
Interest expenses	-	94
Other	50	169
Total non-operating expenses	50	264
Ordinary profit	331,655	313,667
Extraordinary income		
Gain on sale of investment securities	10,751	-
Total extraordinary income	10,751	-
Profit before income taxes	342,407	313,667
Income taxes - current	126,017	125,655
Income taxes - deferred	(1,109)	(3,053)
Total income taxes	124,908	122,601
Profit	217,498	191,066
Profit attributable to owners of parent	217,498	191,066

## Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Thousands of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	217,498	191,066
Other comprehensive income		
Valuation difference on available-for-sale securities	(49,264)	30,577
Total other comprehensive income	(49,264)	30,577
Comprehensive income	168,233	221,643
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	168,233	221,643

## (3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	342,407	313,667
Depreciation	56,850	62,597
Amortization of goodwill	-	15,257
Increase (decrease) in allowance for doubtful accounts	(309)	427
Increase (decrease) in provision for bonuses	(26,461)	(14)
Interest and dividend income	(25,726)	(23,081)
Interest expenses	-	94
Foreign exchange losses (gains)	(9,390)	(15,269)
Loss (gain) on sale of investment securities	(10,751)	-
Decrease (increase) in trade receivables	(2,530)	(10,246)
Decrease (increase) in inventories	(3,101)	(2,975)
Decrease (increase) in prepaid expenses	(19,340)	(8,622)
Increase (decrease) in trade payables	6,823	18,113
Increase (decrease) in advances received	(7,590)	12,888
Decrease (increase) in deposits paid	-	110,272
Other, net	(31,315)	114,122
Subtotal	269,561	587,230
Interest and dividends received	25,726	23,081
Interest paid	-	(94)
Income taxes paid	(141,640)	(82,445)
Net cash provided by (used in) operating activities	153,646	527,772
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(4,889)	(873)
Purchase of intangible assets	(50,073)	(51,151)
Purchase of investment securities	(9,996)	(27,825)
Other, net	243	(4,198)
Net cash provided by (used in) investing activities	(64,715)	(84,049)
<b>Cash flows from financing activities</b>		
Repayments of lease liabilities	(1,806)	(1,806)
Purchase of treasury shares	-	(109,797)
Net cash provided by (used in) financing activities	(1,806)	(111,604)
Effect of exchange rate change on cash and cash equivalents	9,343	15,467
Net increase (decrease) in cash and cash equivalents	96,468	347,586
Cash and cash equivalents at beginning of period	1,643,469	1,608,724
Cash and cash equivalents at end of period	1,739,938	1,956,310

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

In accordance with a resolution of the Board of Directors on February 14, 2023, the Company has purchased 150,800 shares of treasury shares. As a result, during the six months ended September 30, 2023, the value of treasury shares increased by ¥109,797 thousand, and the value of treasury shares as of September 30, 2023 is ¥249,022 thousand.