Commerce One Holdings Inc.

TSE Growth: 4496

Q4 & Fiscal Year Ended March 31, 2024

Financial Results

May 15, 2024

Today's Agenda

1

FY3/2024 Q4 & Full-Year Highlights

Commerce One Holdings

FY3/2024 Full-Year Summary

Consolidated net sales	Consolidated operating profit	Consolidated operating margin	Profit attributable to owners of parent
JPY 3.55 bn	**JPY 644 mn**	**18.1%**	**JPY 414 mn**
YoY +JPY **0.36** bn (+11.3%)	**YoY** +JPY **63** mn (+11.0%)	**YoY** −0.1%	**YoY** JPY (26) mn (−6.0%)

EC market situation

The domestic EC market, which had remarkably expanded due to the COVID-19 pandemic, has continued to grow steadily since FY3/2023 although growth has moderated as economic activity has normalized. The domestic EC market, in which the Group operates, is expected to grow sustainably at an average annual rate of 10.3% from 2023 to 2027.

* Source: *Summary of Report on the Current Status of Information and Communications 2023* issued by the Ministry of Internal Affairs and Communications

Financial summary

The Group aggressively invested for growth to adapt to changing market conditions and achieve sales growth. ARPU increased due to expanded service usage at futureshop, and M&As to acquire SAMURAI TECHNOLOGY and SOLAIRO contributed to the YoY sales increase. On the profit front, costs increased because of upfront investment for the future revenue streams and an increased size of orders received by SOFTEL. On the other hand, despite postponement of some delivery schedules, gross profit increased resulting from an increase in ARPU, and a change in a policy for some advertising expense contributed to an increase in profit. As a result, our full-year results came in largely higher than those for the previous fiscal year.

Commerce One *Holdings*

FY3/2024 Q4 Highlights

— Status of each subsidiary in FY3/2024

future shop

Although the growth rate of EC market settled down due to the relaxed restrictions on activities under the COVID-19 pandemic and consumption scene returning to real life, various metrics for the financial results grew steadily in general.

- Started offering "future M-App," an app that seamlessly connects to EC sites.
- Expanded a target area by enhancing functions through the version upgrades of futureshop series (See p. 14 of the presentation material on Business Plan and Growth Potential for more detail.) Now the upgraded version can:
  - automatically calculate shipping charges for bundled delivery of refrigerated, frozen, and room temperature products, a complicated task for food EC, and
  - eliminate users' concerns about delivery date and time by setting a lead time.
- Expanded the support business domain by strengthening collaboration with other service providers
  - Started accepting advance applications for optional services that enable "au PAY (net payment)"

SOFTEL

To promptly get SAMURAI TECHNOLOGY, a newly acquired subsidiary, work-ready for SOFTEL's business, we are making on-going efforts to dispatch engineers from SOFTEL and to develop an OJT* program. In some cases, some of SAMURAI TECHNOLOGY employees have been assigned to new implementation projects of Tsuhan-Suruzo as key personnel, progressing smoothly toward getting work-ready at an early stage.

- Customer stores received annual awards for excellence at Rakuten Ichiba, Rakuten Rakuma, Yahoo! Shopping, Yahoo! Auction, au PAY Market, etc.

* OJT stands for "On the Job Training," a training method to acquire business knowledge through practice in the workplace.

FY3/2024 Financial Highlights

Consolidated **Commerce One Holdings**

(Thousands of yen)

	FY3/2023 Results	FY3/2024 Results	YoY Change	YoY % Change
Net sales	**3,196,433**	**3,557,276**	+360,843	+11.3%
Operating profit	**580,350**	**644,001**	+63,651	+11.0%
Ordinary profit	**608,006**	**702,414**	+94,408	+15.5%
Profit before income taxes	**679,533**	**696,045**	+16,512	+2.4%
Profit attributable to owners of parent	**441,358**	**414,864**	(26,494)	−6.0%

Achievement against FY3/2024 Budget

Consolidated **Commerce One Holdings**

(Thousands of yen)

	FY3/2024 Results	FY3/2024 Full-year Revised Budget (Budget before revision)	Achievement vs. budget
Net sales	3,557,276	3,561,559 (3,558,054)	-0.1%
Operating profit	644,001	649,569 (488,043)	-0.9%
Ordinary profit	702,414	702,301 (502,820)	+0.0%
Profit attributable to owners of parent	414,864	422,922 (336,709)	-1.9%

Commerce One Holdings

FY3/2024 Highlights of futureshop

Non-Consolidated

futureshop

Net sales	Operating profit	Operating margin
JPY 2.57bn	**JPY 819 mn**	**31.8%**
YoY +JPY 0.13 bn (+5.7%)	YoY +JPY 119 mn (+17.0%)	YoY +3.1%

GMV	Number of contracts as of March 31, 2024	ARPU
JPY 198.8 bn	**2,881**	**JPY 74,254**
YoY +JPY 5.92 bn (+3.1%)	FYTD (37) (−1.3%)	YoY + JPY 4,690 (+6.7%)

future**shop**

FY3/2024 Highlights of SOFTEL

Commerce One
Holdings

Non-consolidated

SOFTEL (with SAMURAI TECHNOLOGY combined)

Net sales*	Operating profit*	Operating margin*
JPY **869** mn	JPY **85** mn	**9.9%**
YoY +JPY **0.8** mn (+0.1%)	YoY JPY **(26.3)** mn (−23.5%)	YoY − **3.0**%

SOFTEL

* SAMURAI TECHNOLOGY was newly joined the group last year, and SES sales to SOFTEL are expected to increase in the future. The figures above were calculated by adding the business results for Q1-Q4 of SAMURAI TECHNOLOGY and eliminating internal transactions. The figures for April-December 2022 have not been audited by the Company's auditing firm.

Total development sales	Development sales per customer	Recurring revenue	Ratio of recurring revenue
JPY **318** mn	JPY **1.6** mn	JPY **365** mn	**48.8%**
YoY + JPY **7.9** mn (+2.6%)	YoY JPY **(0.1)** mn (−10.3%)	YoY + JPY **29.2** mn (+8.7%)	Compared to average for the past 8 years + **5.4** pts

FY3/2024 Balance Sheet: Flux Analysis Compared to March 31, 2023

Commerce One Holdings

Non-consolidated

(Thousands of yen)

	March 31, 2023	March 31, 2024	YoY Change
Current assets	1,021,169	529,383	(491,786)
Cash and deposits	796,794	414,658	(382,136)
Non-current assets	809,641	1,223,843	+ 414,202
Investment securities	536,568	725,989	+ 189,421
Shares of subsidiaries and associates	202,368	429,883	+ 227,515
Current liabilities	10,764	12,554	+ 1,790
Non-current liabilities	129,971	181,811	+ 51,840
Net assets	1,690,074	1,558,861	(131,213)
Shareholders' equity	1,428,623	1,179,680	(248,943)
Retained earnings	1,179,680	808,917	(370,763)
Treasury shares	(139,224)	(36)	+ 139,188

Capital contribution to Enecycle (a decrease of JPY250,800 thousand) and payment of interim dividends (a decrease of JPY193,995 thousand)

Rise in stock prices of investee companies and depreciation of the yen

Investment in Enecycle (an increase of JPY250,800 thousand)

Cancellation of treasury shares (a decrease of JPY248,951 thousand) and payment of interim dividends (a decrease of JPY194,220 thousand)

Repurchase and cancellation of treasury shares

FY3/2024 Statements of Income: Flux Analysis Compared to FY3/2023

Non-consolidated **Commerce One Holdings**

(Thousands of yen)

	FY3/2023	FY3/2024	YoY Change
Net sales	358,800	310,690	(48,110)
SG&A expenses	250,607	271,547	+ 20,940
Operating profit	108,192	39,142	(69,050)
Non-operating income	26,580	46,725	+ 20,145
Non-operating expenses	81	65,836	+ 65,755
Ordinary profit	134,692	20,031	(114,661)
Extraordinary income	71,526	24,146	(47,380)
Extraordinary losses	–	23,285	+ 23,285
Profit	228,836	55,075	(173,761)

Decrease in dividends from Group companies

Increase in fees paid, mainly for additional M&A-related fees and listing administration costs

Increase in foreign exchange gains due to yen depreciation

Provision of allowance for doubtful accounts for loans from HD (+JPY65,000 thousand) due to loss on valuation of shares of SOLAIRO
* No impact on the consolidated statements of income

Decrease in gain on sales of investment securities due to decrease in number of shares sold

Recording of loss on valuation of shares of SOLAIRO

Comparison of Q3 and Q4 in FY3/2024

Consolidated **Commerce One Holdings**

(Thousands of yen)

	3Q FY3/2024	Q4 FY3/2024	QoQ Change
Net sales	886,634	928,669	+42,035
Operating profit	174,810	197,574	+22,764
Ordinary profit	183,682	205,065	+21,383
Operating margin	19.7%	21.3%	+1.6 pts
Profit attributable to owners of parent	129,703	94,095	(35,608)

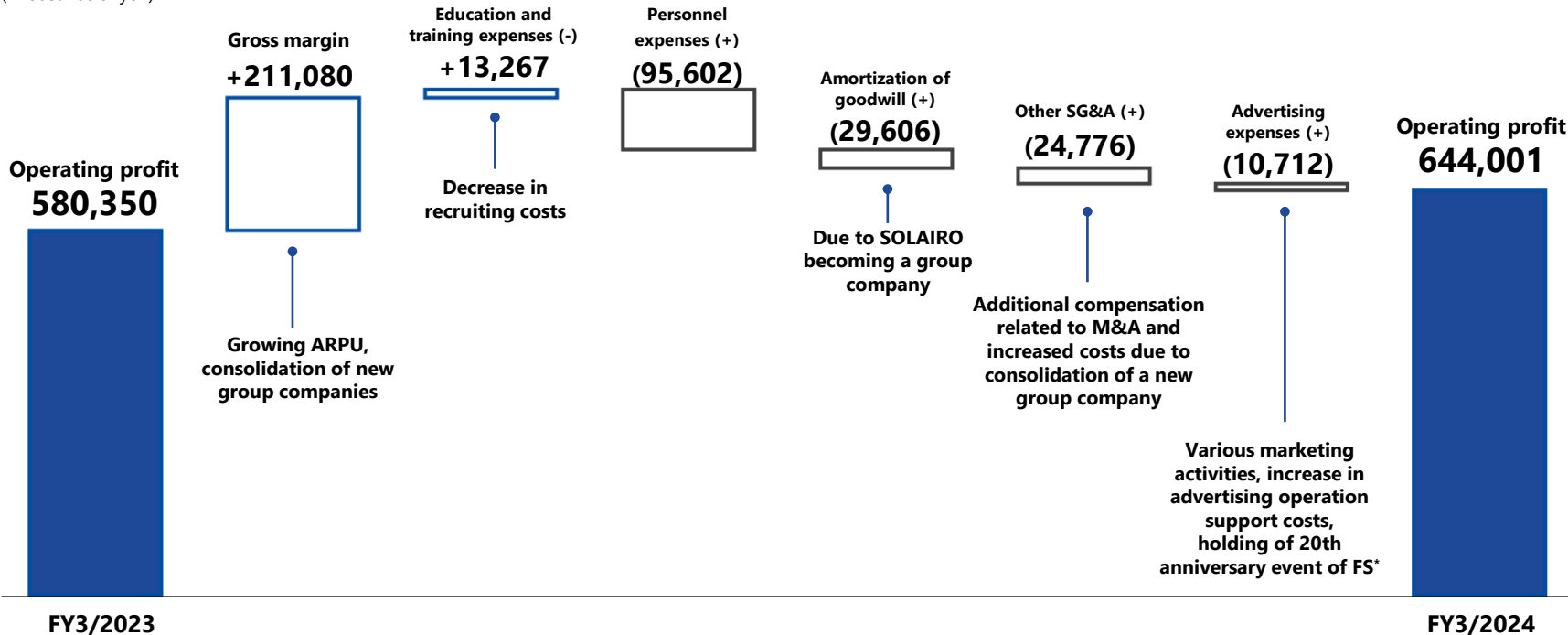Sales mainly from SOFTEL on a completed contract basis increased in Q4

Taxable income increased due to incurrence of non-deductible items including provision of allowance for doubtful accounts for loans to SOLAIRO and loss on valuation of shares in Q4

Analysis of Change in Operating Profit: FY3/2024 against FY3/2023

Consolidated

Commerce One Holdings

(Thousands of yen)

Gross margin
+211,080

Education and training expenses (-)
+13,267

Decrease in recruiting costs

Personnel expenses (+)
(95,602)

Amortization of goodwill (+)
(29,606)

Due to SOLAIRO becoming a group company

Other SG&A (+)
(24,776)

Additional compensation related to M&A and increased costs due to consolidation of a new group company

Advertising expenses (+)
(10,712)

Operating profit
580,350

Growing ARPU, consolidation of new group companies

Operating profit
644,001

Various marketing activities, increase in advertising operation support costs, holding of 20th anniversary event of FS*

FY3/2023

FY3/2024

* FS stands for Future Shop Co., Ltd., a Commerce One group company.

YoY Analysis of Operating Profit to Profit Before Income Taxes

Consolidated **Commerce One Holdings**

(Thousands of yen)

	FY3/2023 Results	FY3/2024 Results	YoY Change
Operating profit	580,350	644,001	+63,651
Non-operating income	27,818	59,566	+31,748
Non-operating expenses	162	1,153	+991
Ordinary profit	608,006	702,414	+94,408
Extraordinary income	71,526	24,146	(47,380)
Extraordinary loss	–	30,515	+30,515
Profit before income taxes	679,533	696,045	+16,512
EBITDA*	699,016	794,441	+95,425

Increase in foreign exchange gains due to the depreciation of yen and receipt of sponsorship for futureshop 20th anniversary event

Decrease in gain on sale of investment securities due to a decrease in the number of shares sold.

Impairment loss on goodwill arising from making SOLAIRO a consolidated subsidiary

*EBITDA: Operating profit + depreciation + amortization of goodwill

YoY Analysis of Balance Sheet: March 31, 2024 against March 31, 2023

Consolidated **Commerce One Holdings** (Thousands of yen)

	March 31, 2023	March 31, 2024	YoY Change
Current assets	**2,306,778**	**2,305,885**	**(893)**
Cash and deposits	1,608,724	1,733,879	+125,155
Deposits paid	112,220	994	(111,226)
Non-current assets	**1,199,215**	**1,576,802**	**+377,587**
Investment securities	563,479	1,002,854	+439,375
Goodwill	61,031	–	(61,031)
Current liabilities	**808,247**	**915,574**	**+107,327**
Non-current liabilities	**81,345**	**122,138**	**+40,793**
Net assets	**2,616,399**	**2,844,974**	**+228,575**
Shareholders' equity	2,354,948	2,465,794	+110,846
Treasury shares	(139,224)	(36)	+139,188
Valuation difference on available-for-sale securities	261,450	379,180	+117,730

Completed repurchase of treasury shares under a discretionally trading contract in June

Rise in stock prices of investee companies, depreciation of the yen, and capital contribution to Enecycle

Impairment loss on goodwill arising from making SOLAIRO a consolidated subsidiary

Repurchase and cancellation of treasury shares

Rise in stock prices of investee companies and depreciation of the yen

YoY Analysis of Cash Flows: FY3/2024 against FY3/2023

Commerce One Holdings

Consolidated

(Thousands of yen)

	FY3/2023	FY3/2024	YoY Change
Cash flows from operating activities	**163,971**	**778,607**	**+614,636**
Profit before income taxes	679,533	696,045	+16,512
Depreciation	117,756	119,924	+2,168
Decrease (increase) in deposits paid	(111,289)	111,226	+222,515
Other	(132,708)	19,611	+152,319
Income taxes paid	(282,207)	(195,533)	+86,674
Cash flows from investing activities	**(56,403)**	**(367,764)**	**(311,361)**
Purchase of intangible assets	(101,633)	(113,748)	(12,115)
Purchase of investment securities	(9,996)	(278,625)	(268,629)
Cash flows from financing activities	**(142,767)**	**(307,406)**	**(164,639)**
Purchase of treasury shares	(139,154)	(109,797)	+29,357
Dividends paid	–	(193,995)	(193,995)
Net increase (decrease) in cash and cash equivalents	**(34,744)**	**125,154**	**+159,898**

Deposits paid recorded in FY3/2023 for repurchase of treasury shares under a discretionally trading contract, which was completed in FY3/2024

- Prepaid fee for servers increased to get a discount
- Income taxes refund receivable recorded in FY3/2023

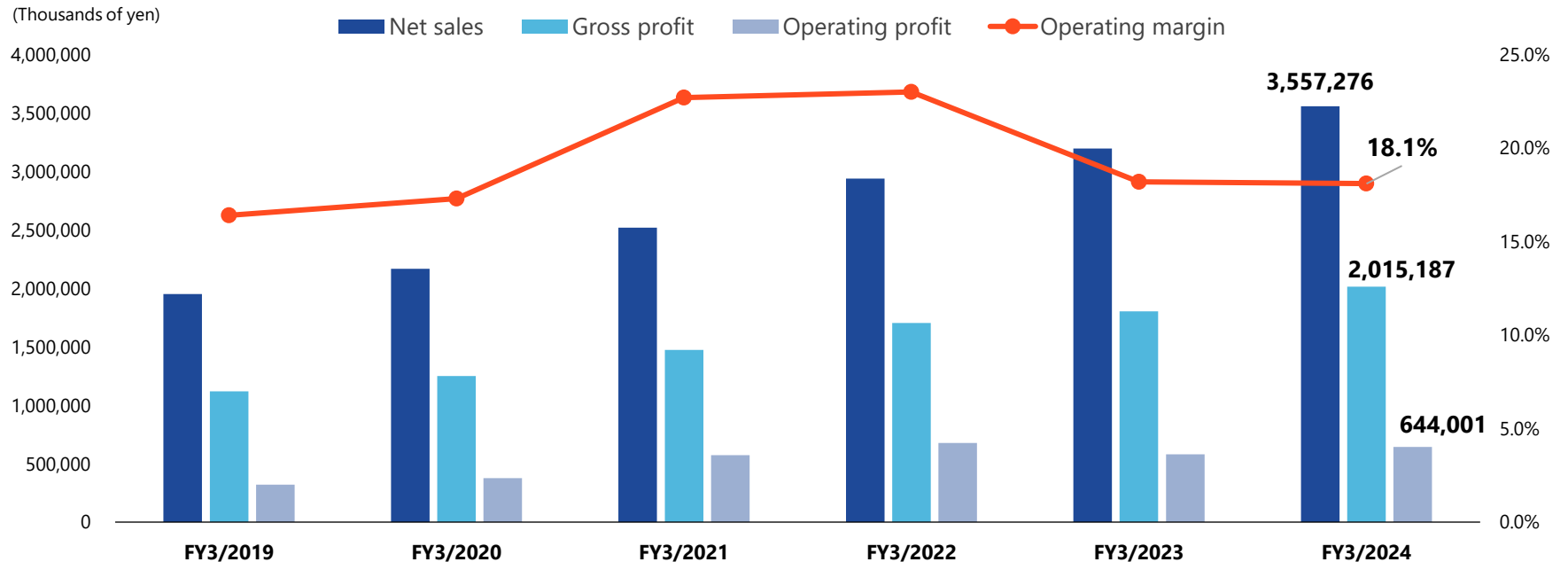Capital contribution to Enecycle (a decrease of JPY250,800 thousand)

Share repurchase implemented during FY3/2023–FY3/2024

Interim dividends paid

Changes in Consolidated Operating Results for the Past 5 Years

For FY3/2024, the Group achieved consistent sales growth while making personnel-related investments for future growth and executing PMI after M&A. Despite some delivery schedule postponements at SOFTEL, gross profit increased due to higher ARPU at Futureshop. Operating profit also increased due to some policy changes in advertising expenses. Profit attributable to owners of parent decreased due to an increase in taxable income following the provision of allowance for doubtful accounts for loans to SOLAIRO and incurrence of non-deductible items including loss on valuation of shares.

(Thousands of yen)

Legend: ■ Net sales ■ Gross profit ■ Operating profit ●— Operating margin

3,557,276
18.1%
2,015,187
644,001

FY3/2019 FY3/2020 FY3/2021 FY3/2022 FY3/2023 FY3/2024

* PMI stands for post merger integration, a process of consolidating two companies into one after M&A.

2

FY3/2025 Full-Year Forecast

FY3/2025 Full-Year Earnings and Dividend Forecasts

Consolidated **Commerce One Holdings**

(Thousands of yen, unless otherwise stated)

	FY3/2024 Results	FY3/2025 Budget	YoY Change	YoY % Change
Net sales	**3,557,276**	**3,815,446**	**+258,170**	**+7.3%**
Operating profit	**644,001**	**604,956**	**(39,045)**	**−6.1%**
Ordinary profit	**702,414**	**683,343**	**(19,071)**	**−2.7%**
Profit attributable to owners of parent	**414,864**	**454,730**	**+39,866**	**+9.6%**
EBITDA	**794,441**	**740,169**	**(54,272)**	**−6.8%**
Dividend payout ratio	**46.8%**	**31.6%**	**−15.2%**	**−**
EPS (yen per share)	**57.53**	**63.22**	**+5.69**	**+9.9%**
ROE	**15.2%**	**15.2%**	**−0.0%**	**−**

FY3/2025 Full-Year Earnings and Dividend Forecasts

Net sales

Start monetizing new businesses such as financial business and generative AI business.

futureshop

Expect an increase in net sales due to an increase in recurring revenue from the revision of usage fees and an increase in advertising operation sales.

SOFTEL

Expect only a slight increase in net sales because we will prioritize in developing Commerce Connect, while at the same time improving profit margin.

Operating profit & EBITDA

Expect to increase by JPY25,000 thousand primarily through contribution from new businesses.

futureshop

Expect a decrease in profit mainly due to an increases in expenses such as hiring expense to acquire design and marketing personnel, additional investments in various marketing efforts, Tokyo office expenses and security measures expenses.

SOFTEL   **SAMURAI TECHNOLOGY**

Expect to increase profits by improving profitability through reducing various costs except for investing in personnel.

Ordinary profit

In addition to the factors for a decrease in operating profit mentioned in the left column, the following factors are expected to cause a decrease in ordinary profit.

- Increase due to posting of share of profit of entities accounted for using equity method for Enecycle, which will become an equity-method associate of the Company.
- Adoption of a conservative stance in not projecting foreign exchange gains, more-than-expected dividends from investee companies, and one-time gains that were recorded in the previous fiscal year

Profit attributable to owners of parent

In the previous fiscal year, taxable income increased due to a number of non-deductible items, but in the fiscal year under review, net income is expected to increase due to a decrease in taxable income.

Dividend payout ratio

Although the dividend payout ratio for the fiscal year under review will decrease due to the absence of the commemorative dividend paid in the previous fiscal year for the 20th anniversary of Futureshop, we expect to achieve the dividend payout ratio of around 30% in line with our announced policy.

EPS

Expect an increase in EPS through improved profitability and controlled cost based on appropriate investments to be made.

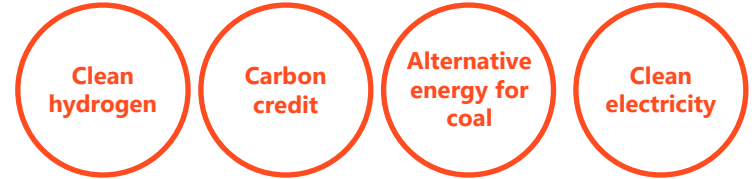# Background of capital contribution to Enecycle Inc.（Approaches to the global decarbonization market）

As a business infrastructure company that supports the sound development of society, the Group will contribute to the development of a sustainable society and enhance its long-term corporate value through the investment in the business of Enecycle Inc., which develops a touch point for the global decarbonization market (See right).

Decarbonization market is growing

The size of the decarbonization market is reported at approximately US$260 billion in 2023, with market revenue reaching approximately US$504.8 billion by 2036.

5,048

2,600

2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036
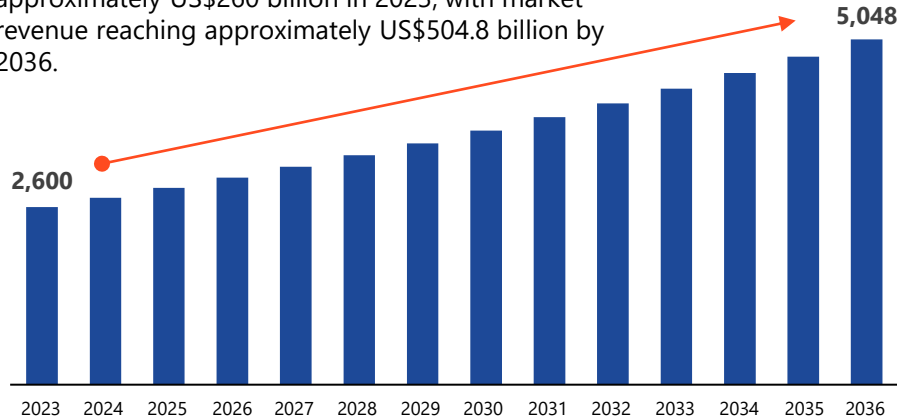
* Source: Report on Decarbonization Market by SDKI Inc (February 20, 2024)

Clean hydrogen

Carbon credit

Alternative energy for coal

Clean electricity

Environmental responsibility of businesses

Synergies with TradeSafe (plan)

TRADE SAFE

Enecycle Inc.

- Traceability of raw materials
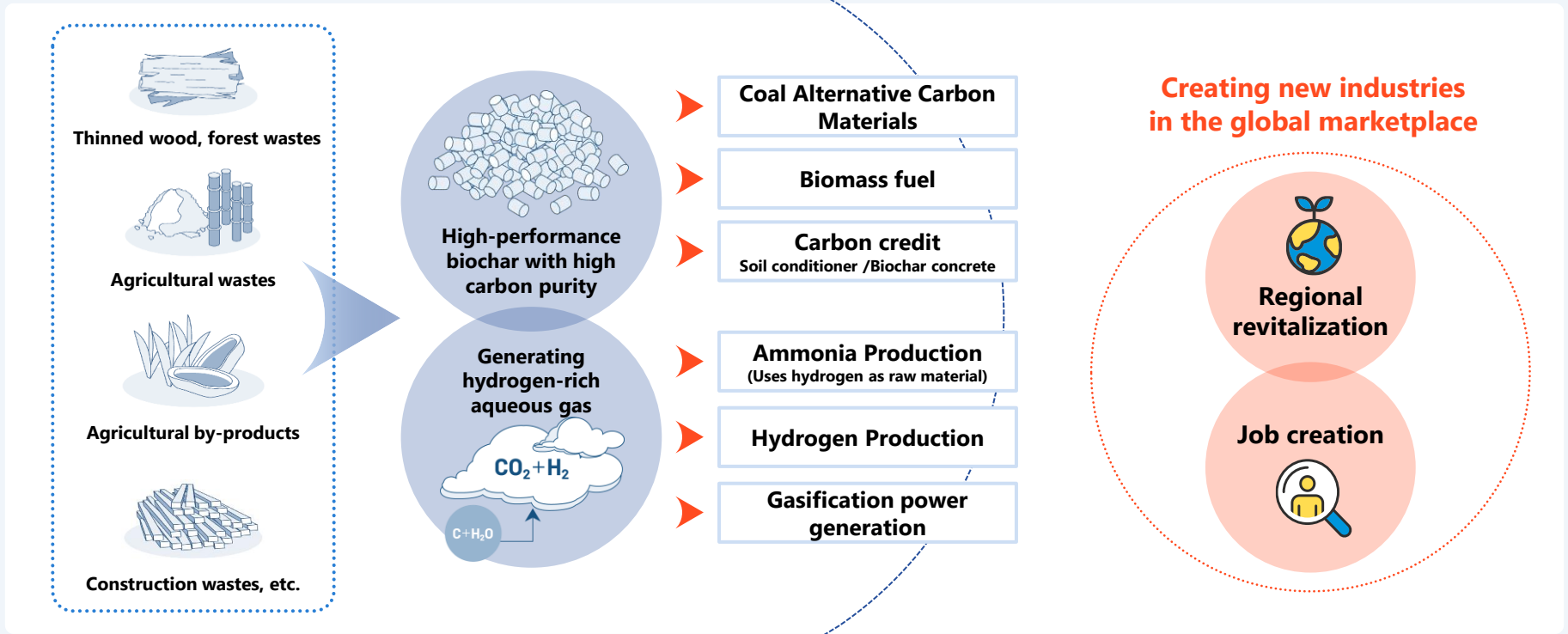- Consideration of certification services for safety and security

Corporate credibility from an internal perspective

As President Okamoto has been involved as a founder since the company's inception, we see solid growth potential in the company.

Enecycle's Business

Enecyle generates next-generation energy and provides decarbonization solutions by utilizing its proprietary technologies to carbonize and gasify biomass resources such as waste plants. The company has developed a new hydrogen production method, which has been adopted as a demonstration project (for biomass-derived hydrogen production process) by the Ministry of the Environment. The project is currently underway with major companies in various industry sectors.

Thinned wood, forest wastes

Agricultural wastes

Agricultural by-products

Construction wastes, etc.

High-performance biochar with high carbon purity

Generating hydrogen-rich aqueous gas

CO_2+H_2

$C+H_2O$

Coal Alternative Carbon Materials

Biomass fuel

Carbon credit
Soil conditioner /Biochar concrete

Ammonia Production
(Uses hydrogen as raw material)

Hydrogen Production

Gasification power generation

Creating new industries in the global marketplace

Regional revitalization

Job creation

In-house developed carbonization and gasification technologies

Enecycle efficiently generates biochar gas by utilizing a wide range of resources with its proprietary patented technology

01
Fewer restrictions
on raw materials
(available with raw materials with moisture content up to 50%)

02
Produces high carbon content biochar from high temperature processing

03
Produces aqueous gas
with up to 60% hydrogen content

04
Efficient treatment
through the use of waste gas and waste heat

Biochar: charcoal derived from biomass such as wood chips, plant residues, manure, and other agricultural waste
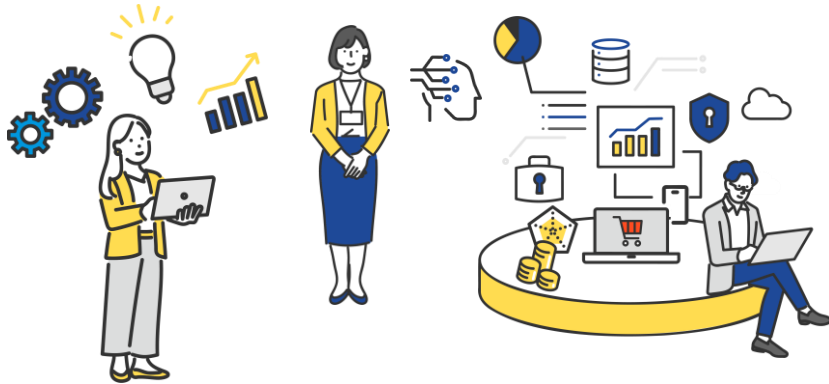
3

Growth Strategy

Corporate Philosophy

Our Vision

To be an e-commerce platform that maximizes the power of people who leverage technology

A Society We Aspire to Build

We aspire to build a society that is fair and empowers anyone to pursue self-realization

Our Business

Commerce One Holdings Group provides SaaS-based e-commerce platform services to small and medium sized companies operating e-commerce sites in Japan.

As explained at left, our Group operates under a single segment of e-commerce platform business.

future shop

Future Shop Co., Ltd

Provides a SaaS-based platform for developing e-commerce sites

SOFTEL

Softel Inc.

Offers e-commerce sales and inventory management systems tailored to each client's needs

TradE SafE

TradeSafe Inc.

Provides certification services for e-commerce sites and management support tools that visualize order trends based on data analysis

そらいろ

SOLAIRO, INC.

Provides web-based customer service solutions to increase repeat rate, create conversion opportunities, and improve Life Time Value (LTV).

SAMURAI TECHNOLOGY

SAMURAI TECHNOLOGY Co., Ltd

Provides optimal solutions based on its system development track record that has built over 20 years

Commerce One Holdings

Our Product Portfolio Provides Total E-Commerce Support

Enhance enterprise DX and productivity

through e-commerce support

DX (digital transformation)

Technology and data owned by each product

Consulting services that bring together each company's know-how
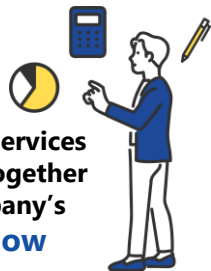
Front-end products

SaaS-based e-commerce platforms

futureshop

omni-channel

Web-based customer service solution

WhatYa

Back-end products

Sales & inventory software

通販する蔵
Tsuhan-Suruzo

Database support

Fast Connector®

Safe transactions

Symbol of trust and security

TradeSafe Trustmark

Business Model of Our Group

FRONT

BACK

futureshop

SOFTEL

ONLINE

Social media

CRM*

futureshop

omni-channel

Support

通販する蔵
Tsuhan-Suruzo

Apps

Hub System

Sales and inventory management system

OFFLINE

Point-of-sale (POS)

Centralized management

Return information to each environment

Settlement

Brick-and-mortar store

E-commerce mall branch

Core system **Warehouse/ Logistics** **POS** **Suppliers**

E-commerce site building

Shop operation & management support

Promotion to attract customers

Payment processing & transmission of order information

Order capturing & product-linked processing

Processing status monitoring to provide instruction

Shipping instruction & warehouse management

Customer correspondence & DB linkage

*CRM: Customer Relationship Management

The Path from Establishment

2006–2014

Establishment to business launch

2017–2020

Business expansion, incorporation of holding company

September 2018
Future Shop Co., Ltd. released a new CMS function branded "commerce creator"

After 2022

Further growth

September 2022
Released live commerce option "Live cottage"

October 2023
20th anniversary from the launch of futureshop service

June 2020
Listed on the Mothers market of the Tokyo Stock Exchange

March 2010
Jointly established Future Shop Co., Ltd. to began E-commerce support service
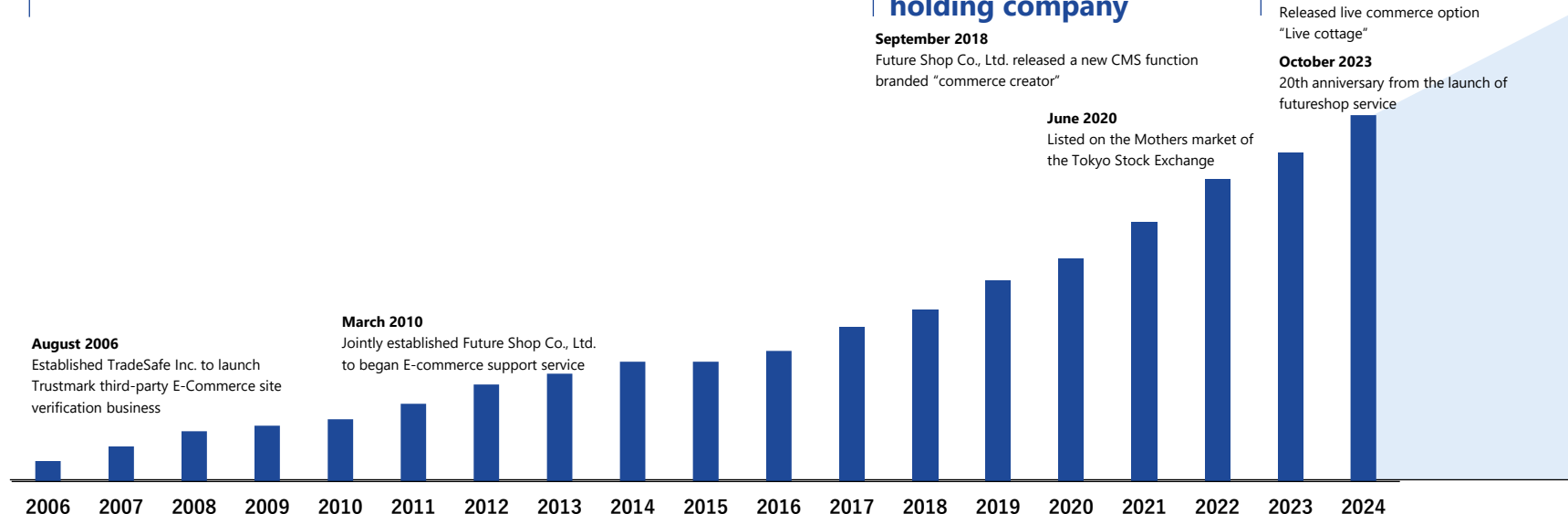
August 2006
Established TradeSafe Inc. to launch Trustmark third-party E-Commerce site verification business

2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024

December 2012
Made Future Shop Co., Ltd. a wholly owned subsidiary

July 2014
Made Softel Inc. a wholly owned subsidiary

September 2017
Split the business of TradeSafe Inc., converting it into a Group company and changing its name to TS Holdings Inc.

December 2019
Changed the company name to Commerce One Holdings Inc.

November 2022
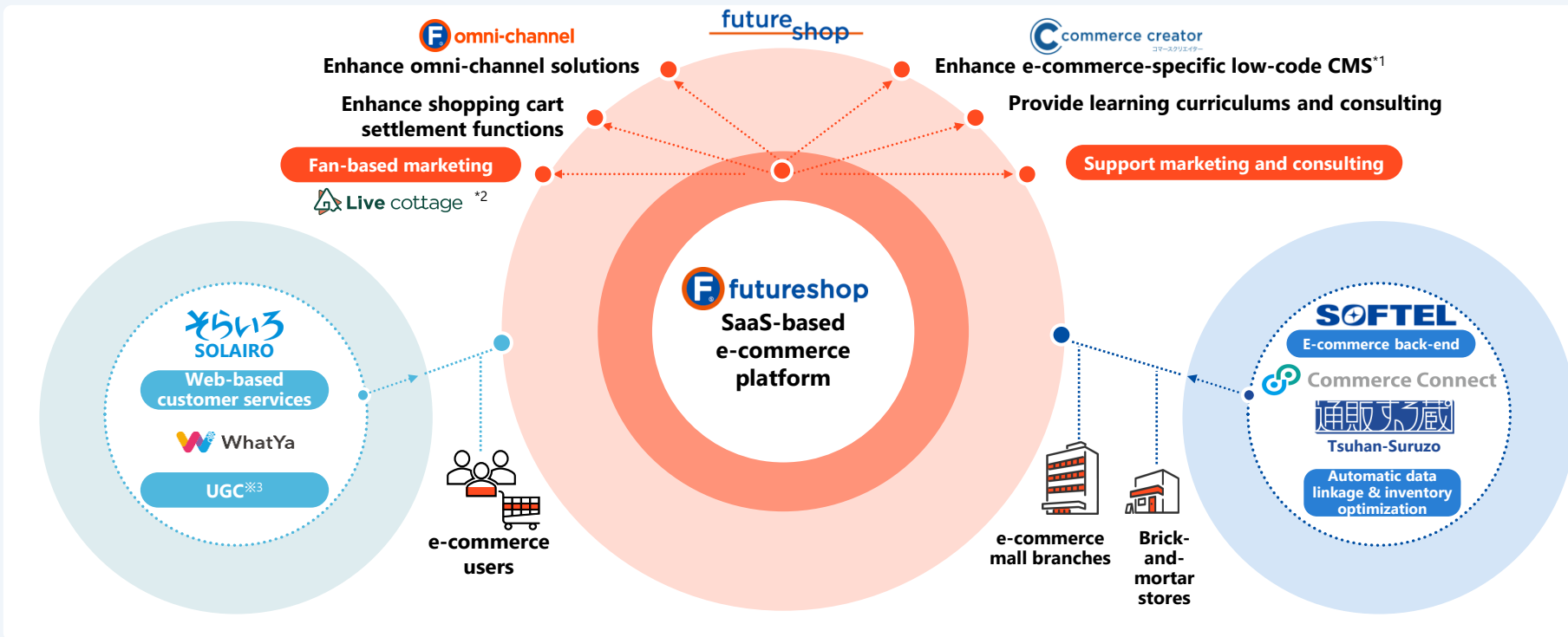Made SAMURAI TECHNOLOGY Co., Ltd. a wholly owned subsidiary

March 2023
Acquired SOLAIRO, INC. stock and made it a group company.

Policies for Achieving Growth

Actively invest in functional expansion and enhancement

Support marketing and consulting

Support inventory optimization

Provide finance and risk management services

Enhance efficiency functions with AI

Perform demonstration tests of new business areas

Recruit and train development engineers

Support marketing by web-based customer services and UGC*

Commerce One Holdings

Medium-term Policies for Achieving Growth

Incorporate Group companies' highly specialized services into futureshop to create a stronger platform, while allowing Group companies to use the futureshop's customer base.

omni-channel
Enhance omni-channel solutions

Enhance shopping cart settlement functions

Fan-based marketing

Live cottage *2

future shop

commerce creator
Enhance e-commerce-specific low-code CMS[1]

Provide learning curriculums and consulting

Support marketing and consulting

futureshop
SaaS-based e-commerce platform

SOLAIRO
Web-based customer services
WhatYa
UGC[3]

e-commerce users

e-commerce mall branches

Brick-and-mortar stores

SOFTEL
E-commerce back-end
Commerce Connect
Tsuhan-Suruzo
Automatic data linkage & inventory optimization

* 1 Low-code CMS：Content management system using the minimum necessary source code　* 3 UGC: User Generated Content
* 2 Live cottage：A service that can deploy live commerce to customers by setting up a live-streaming venue within the company's own e-commerce site

Commerce One Holdings

Policies and Initiatives for Q1 FY3/2025 and Beyond

Product development policy

- **Enhance shipping cost calculation and delivery date/time control functions (to enhance support for food-related EC)**

  Enhance functions for shipping cost calculation by temperature range and displaying an estimated delivery date

  Shipping cost calculation for 3 temperature ranges, bundled packaging control, and delivery lead time control, etc.

  Phase one update: Completed in January 2024
  Phase two update: To complete in Spring 2024

- **Improve a function for regular sale and sale through a buyer's club (subscription function)**

  Improve convenience for subscription users

  Improve convenience for delivery date change and cancellation

  Phase one update: Completed in July 2023
  Phase two update: To complete in Fall 2024

- **Enhance site production support functions** (for production companies, specifically by enhancing commerce creator functions)

  Improve convenience when creating EC sites with commerce creator (CMS)

  Implement template import/export functionality

  Phase one update: Completed in January 2024
  Phase two update: To complete in Fall 2024

- **Strengthen Live Commerce products**

  Strengthen live commerce functions
  Develop new services in view of expected growth of the live commerce market

- **Enhance linkage with external systems (API enhancement)**

  Enhance services for EC back-end functions
  Enhance system linkage with the EC back-end system provided by SOFTEL

Customer success policy

- **Improve GMV and LTV by expanding store support services**

  Provide consulting services for customer attraction and advertising
  Expand and enhance consulting services, which support EC sites at a growth stage, so that they can attract customers and develop advertising approach in-house.

Sales and marketing policy

- **Improve brand awareness by strengthening sales promotions and advertising**
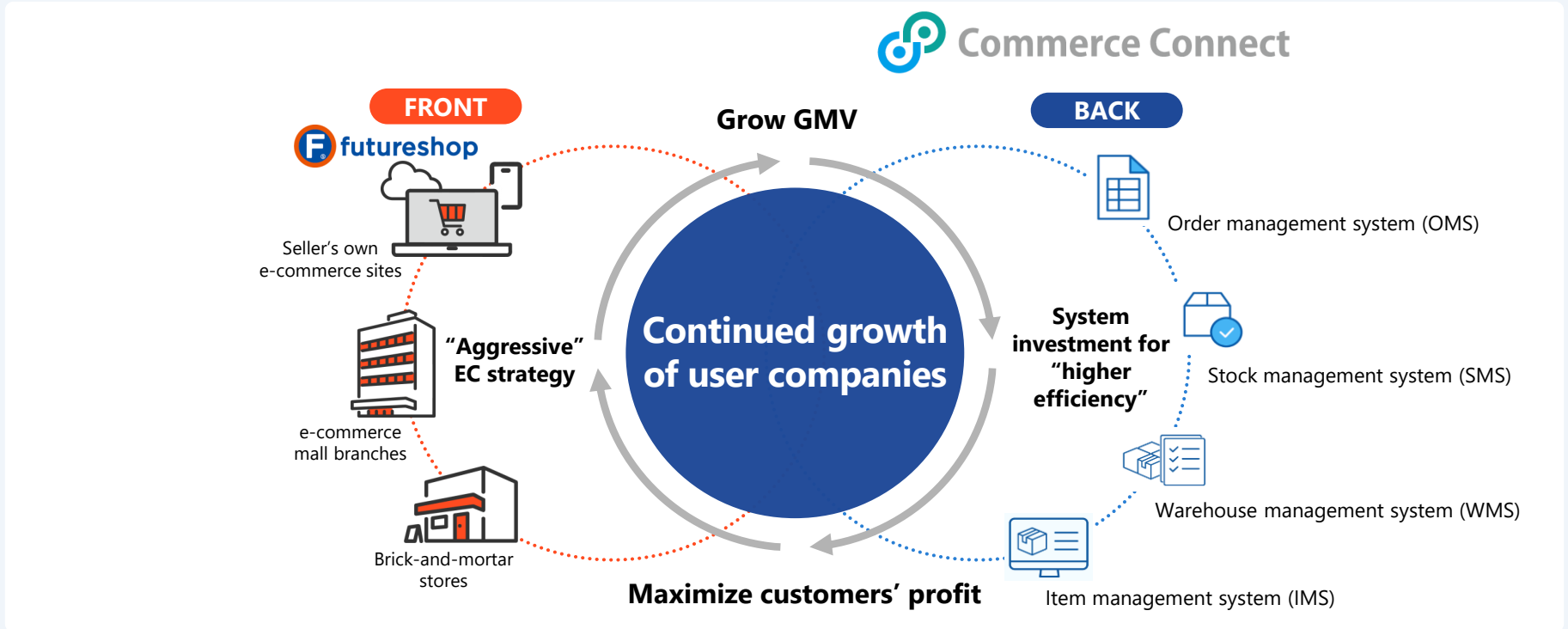
  Strengthen marketing efforts
  Aggressively invest in marketing to increase lead acquisition and eventually the number of new contracts won.

Commerce Connect

Provides SaaS-based multi-shop management functions.

Helps boost business growth by increasing expandability through modularization of functions with high demand for customization.
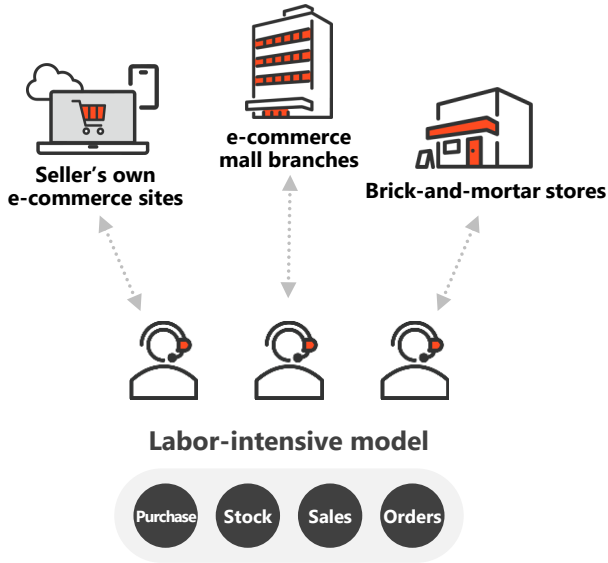

Commerce Connect
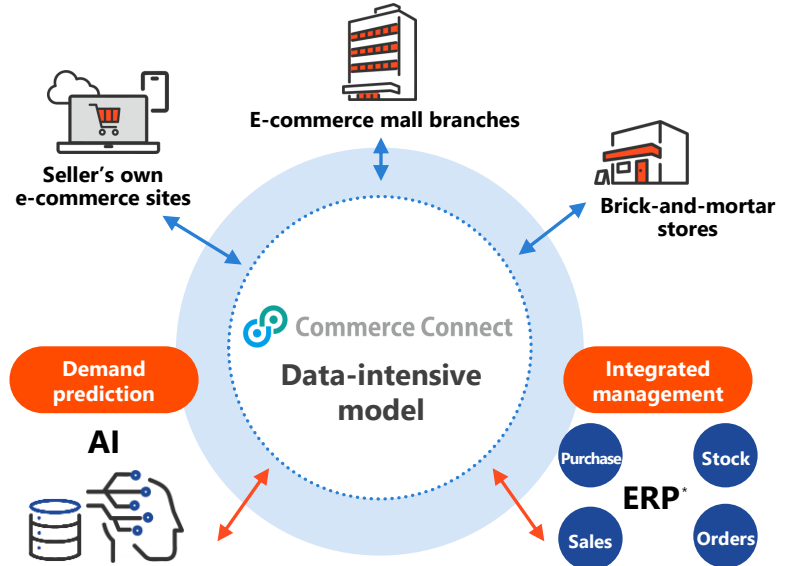
FRONT

Grow GMV

BACK

futureshop

Seller's own e-commerce sites

Order management system (OMS)

"Aggressive" EC strategy

Continued growth of user companies

System investment for "higher efficiency"

Stock management system (SMS)

e-commerce mall branches

Warehouse management system (WMS)

Brick-and-mortar stores

Maximize customers' profit

Item management system (IMS)

![Commerce One Holdings logo]

Commerce Connect

Transforms the e-commerce industry's business model from "labor-intensive" to "data-intensive."

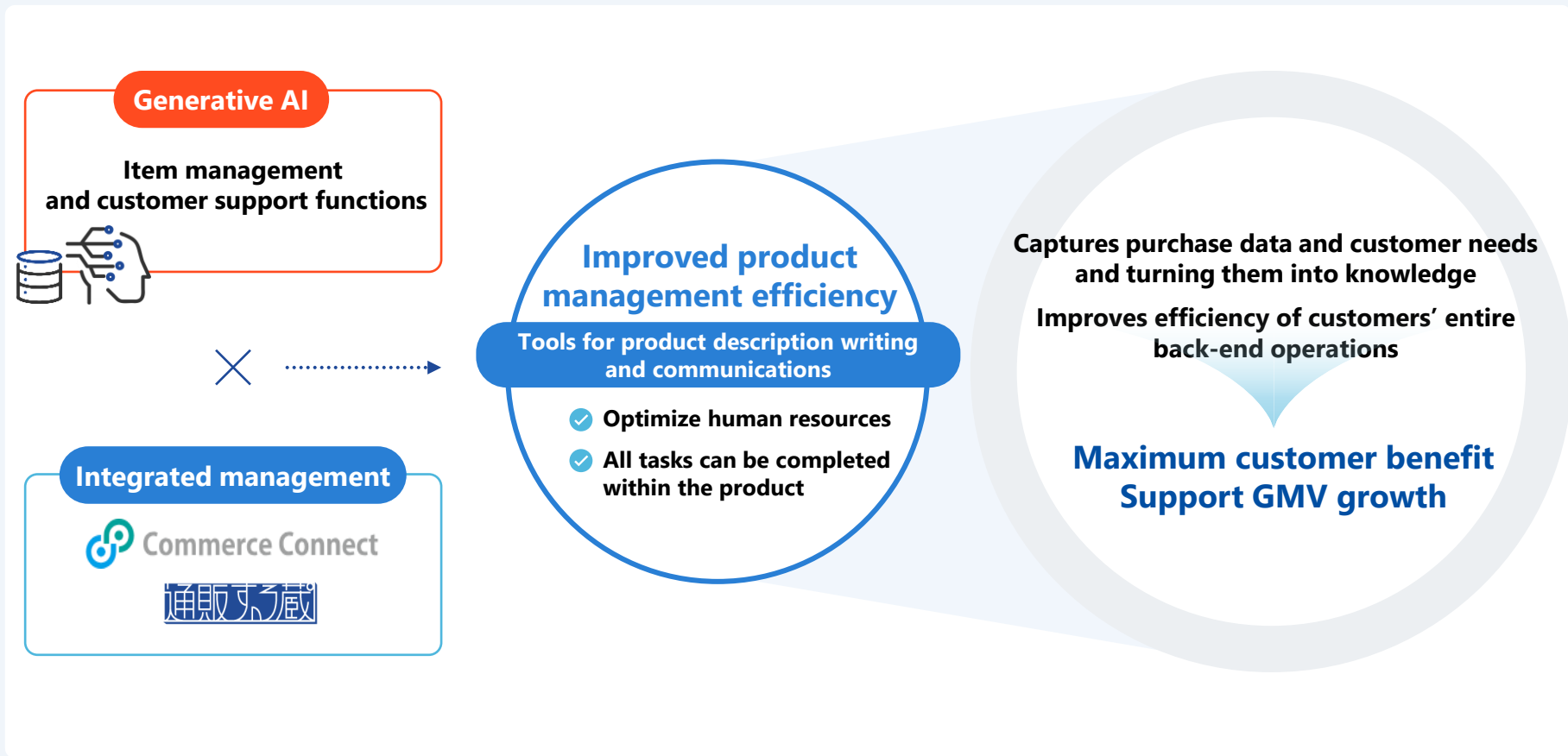**Expands business through AI-based demand forecasting.**

Different e-commerce sites are managed separately as channels are not integrated

Integrate channels to improve sales/management functions while **driving business performance with big data**

Seller's own e-commerce sites

e-commerce mall branches

Brick-and-mortar stores

Labor-intensive model

Purchase | Stock | Sales | Orders

E-commerce mall branches

Seller's own e-commerce sites

Brick-and-mortar stores

Commerce Connect

Data-intensive model

Demand prediction

AI

Integrated management

Purchase | Stock

ERP[*]

Sales | Orders

*ERP: Enterprise Resource Planning

Commerce One
Holdings

Started implementation phase in generative AI projects for Commerce Connect and Tsuhan-Suruzo

Generative AI

**Item management
and customer support functions**

×

Integrated management

Commerce Connect

通販する蔵

**Improved product
management efficiency**

**Tools for product description writing
and communications**

✅ **Optimize human resources**

✅ **All tasks can be completed
within the product**

**Captures purchase data and customer needs
and turning them into knowledge**

**Improves efficiency of customers' entire
back-end operations**

**Maximum customer benefit
Support GMV growth**

※ ERP：Enterprise（企業）Resource（資源）Planning（計画）の略称

SOFTEL Policies and Initiatives for Q1 FY3/2025 and Beyond

Product development

- **Next Generation Tsuhan-Suruzo "Commerce Connect"**
  Resumed development in April, after the project to make major specification changes by a major mall customer was largely completed. Specifically, resumed development of a product information linkage function with improved processing and development efficiency as well as operation verification and a function to specify multiple delivery destinations. Also, under way is a pilot development of a function to support product information creation powered by AI.

- **Provision of backyard options for futureshop**
  Resumed development and specific discussions on identifying customer needs, identifying necessary functions, and developing support structure for futureshop.

Focusing on proposals including customized cases with high customer needs
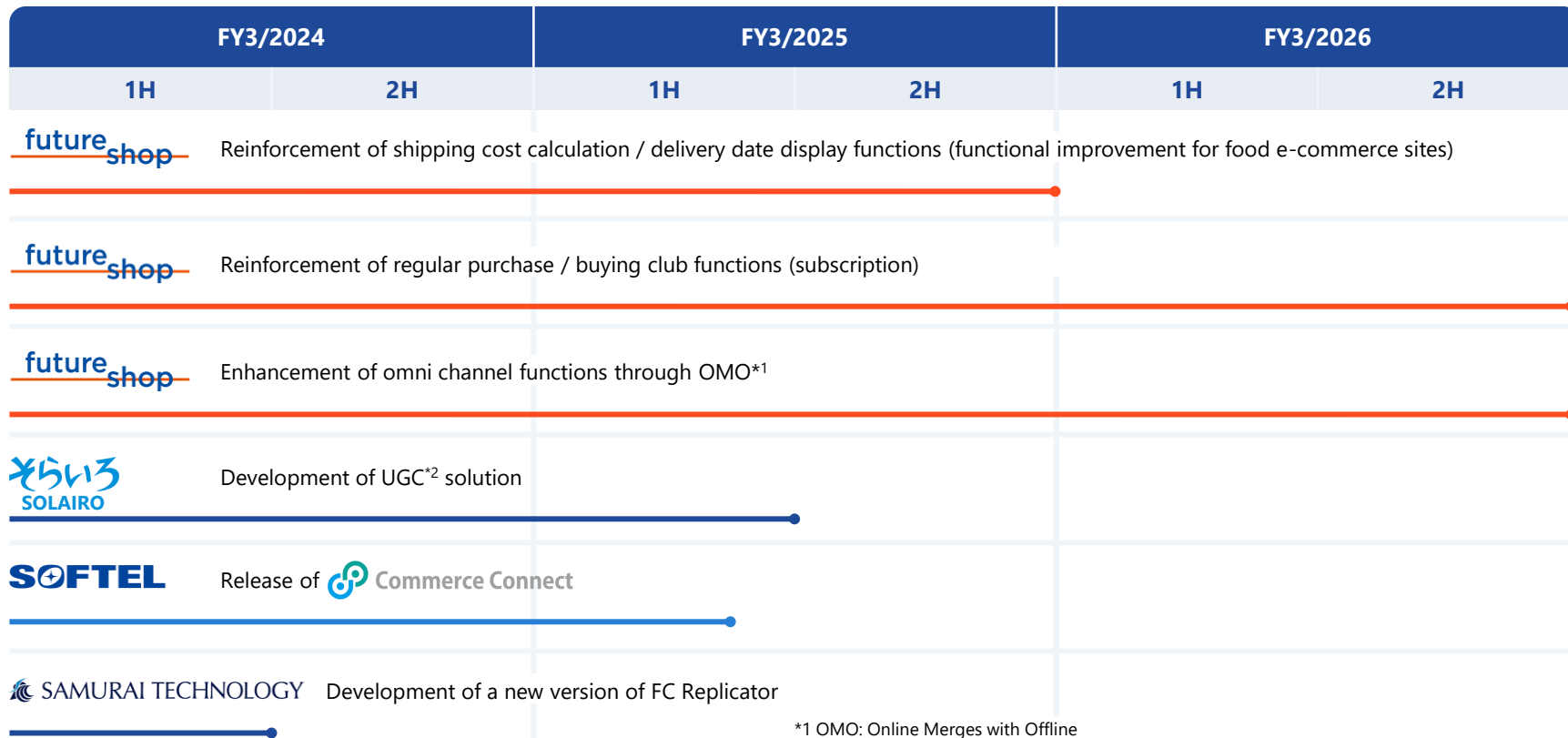
- **Cooperation with major mall warehouses**
  As we expect that the utilization rate of warehouses provided by such malls will increase to improve delivery quality and ensure competitive advantage in selling, we will promote proposals with a focus on collaborative functions.

- **Automatic invoice issuing function**
  A function that automatically determines and outputs the applicable invoice when customer information is read by a dedicated terminal such as a handy scanner. This helps improve shipping efficiency and reduce human error.

Strengthening of sales and development structure

- **Strengthen a sales and development base in Kanto region**
  Continue to dispatch SOFTEL engineers and conduct OJT*-based development to train SAMURAI TECHNOLOGY development personnel with an aim for developing a technical team capable of implementing the same level of customization as the Head Office Development Team.

- **Effectively use product introduction videos and customized case studies**
  Release a series of product introduction videos using YouTube and other media to target new potential customers. The aim is to acquire leads by providing easy-to-understand explanations of customization, which is one of the strengths of Tsuhan-Suruzo. For existing customers, we will make proposals using a collection of customized case studies that we has developed to date. In this way we will transform our sales system to be more proactive.

- **Accelerate branding and problem solving by holding Tsuhan-Suruzo seminars.**
  Continued to actively conduct joint seminars with external service vendors that have a high affinity with Tsuhan-Suruzo to improve product awareness and acquire leads. Regular study session seminars with existing customers are also being held on an ongoing basis.

* OJT stands for "On the Job Training," a training method to acquire business knowledge through practice in the workplace.

Product Development Schedule

	FY3/2024		FY3/2025		FY3/2026	
	1H	2H	1H	2H	1H	2H

future shop — Reinforcement of shipping cost calculation / delivery date display functions (functional improvement for food e-commerce sites)

future shop — Reinforcement of regular purchase / buying club functions (subscription)

future shop — Enhancement of omni channel functions through OMO*1

SOLAIRO — Development of UGC*2 solution

SOFTEL — Release of Commerce Connect

SAMURAI TECHNOLOGY — Development of a new version of FC Replicator

*1 OMO: Online Merges with Offline
*2 UGC: User Generated Content, or content created and generated by general users

4

Overview of Our Business

futureshop

Future Shop Co., Ltd.

ARPU (Average Revenue Per User)

Monthly sales per store

ARPU (Average Revenue Per User)

(Yen)

	FY3/2019	FY3/2020	FY3/2021	FY3/2022	FY3/2023	FY3/2024
	48,429	51,496	58,303	64,122	69,564	74,254
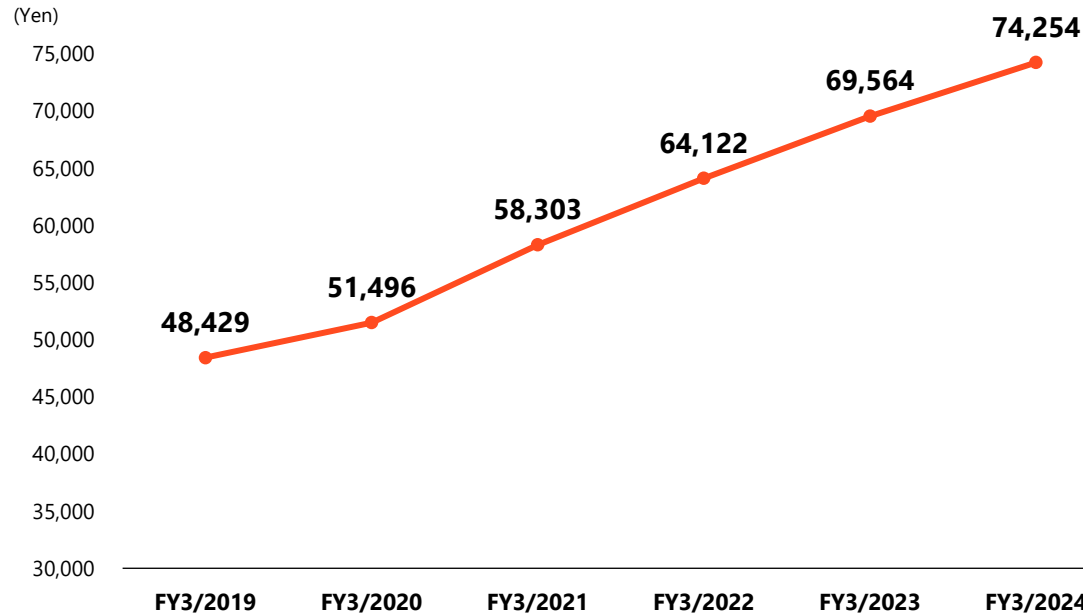
With the expansion of the e-commerce market, the functions required for the growth of EC business are expanding.

Given the situation above, ARPU will steadily increase due to expanded use of optional functions and alliance tie-up services.

Changes in GMV

Commerce One
Holdings

Full-year FY3/2024 results
GMV: **JPY198.89 bn (up 3.1% YoY)**
GMV per store: **JPY68,832 thousand (up 4.1% YoY)**

GMV
(Billions of yen)

GMV
per store
(Yen)

	FY3/2019	FY3/2020	FY3/2021	FY3/2022	FY3/2023	FY3/2024
GMV per store	46,279	45,953	62,398	63,872	66,146	68,832
GMV (bar)	1,116	1,151	1,703	1,850	1,930	1,989

- GMV
- Annual GMV per store
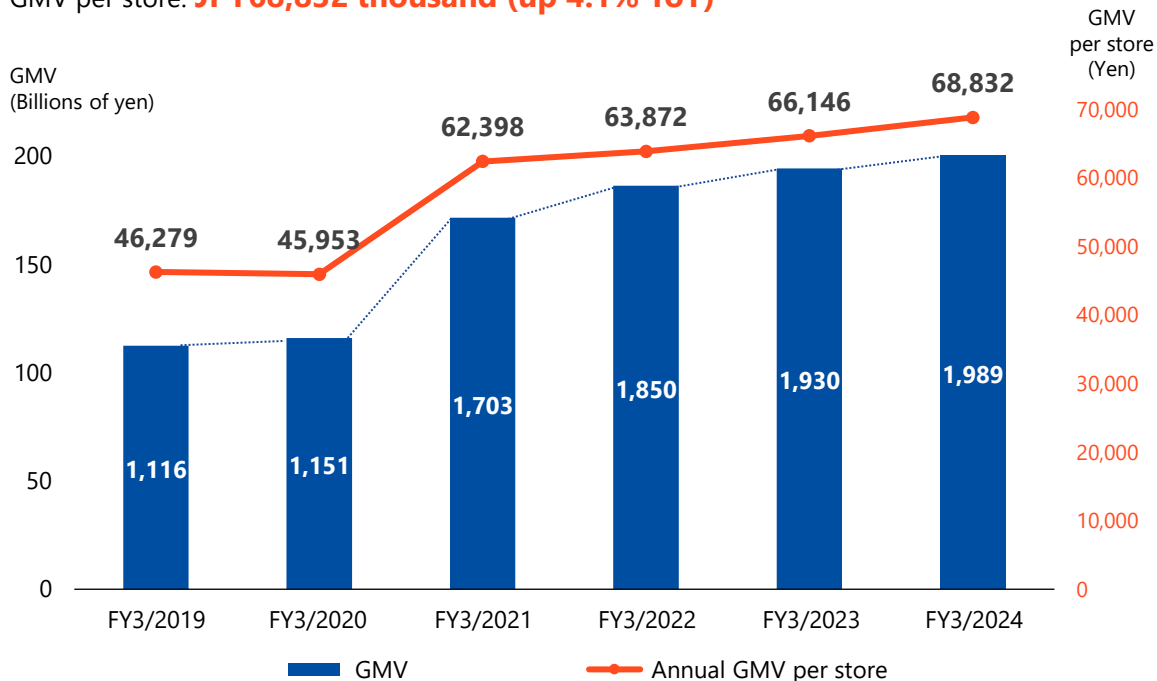
Annual GMV for FY3/2024 totaled JPY198.89 billion, up 3.1% YoY

The impact of the return of consumption to the real stores has been significant, with EC consumption sluggish and GMV growth remaining low. Nevertheless, GMV per store increased 4.1% YoY, providing solid growth of customers. futureshop's target customers have been narrowed down to mid-sized and larger EC business operators.
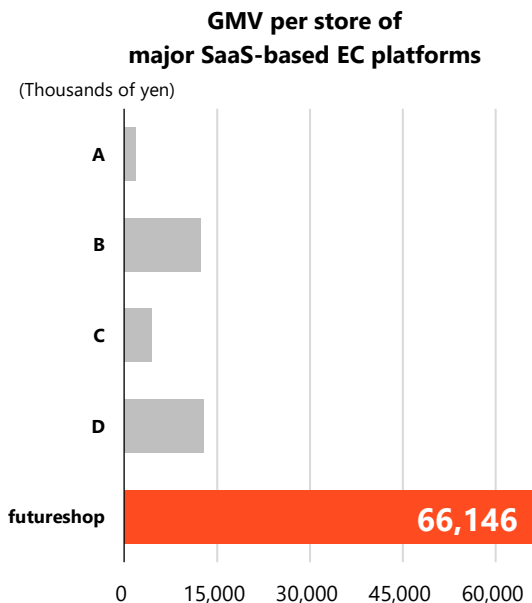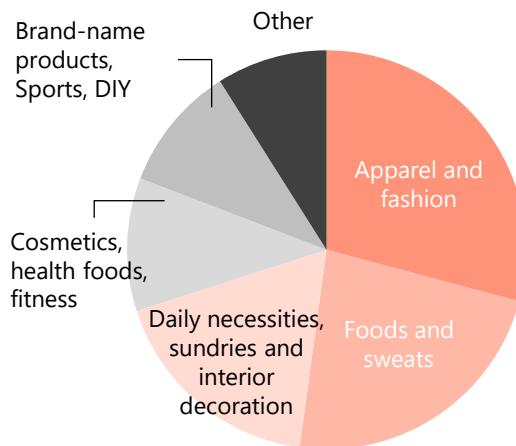
Omni-Channel Transition
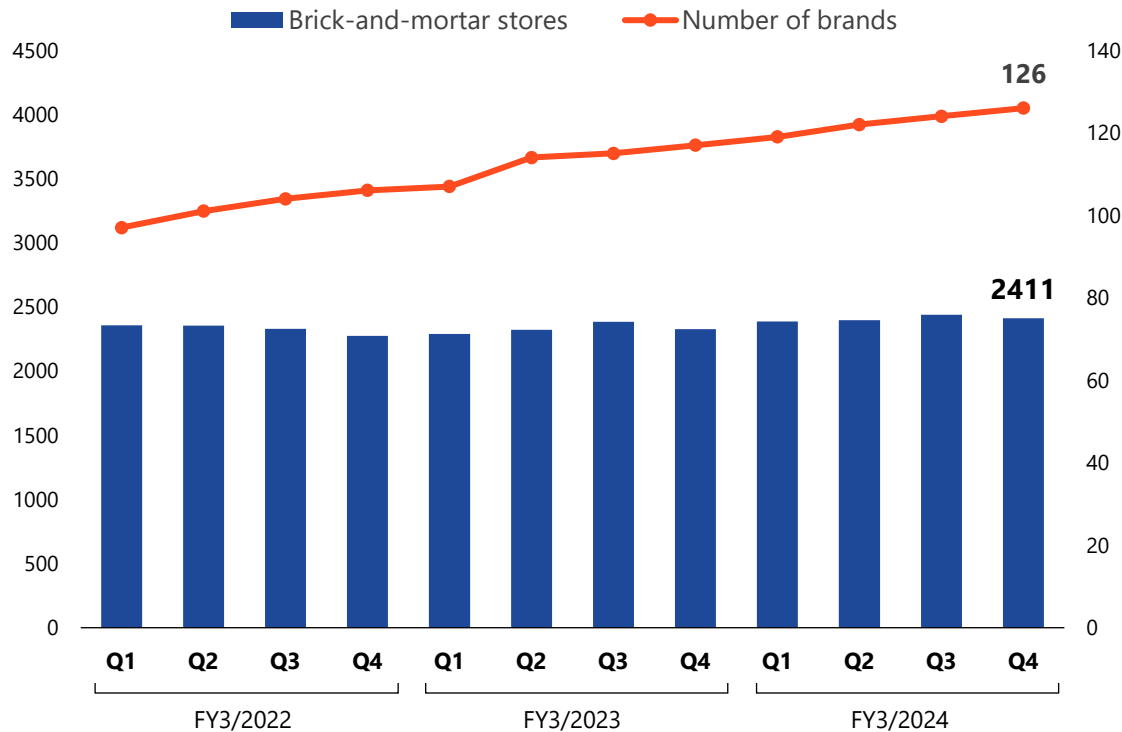
Companies continue to invest aggressively in OMO* and omni-channel.

*OMO stands for Online Merges with Offline, Meaning the fusion of online and offline.

42

Commerce One Holdings

Service Features

futureshop achieved overwhelmingly high GMV per store even as a provider of non-customized services

GMV per store of major SaaS-based EC platforms

(Thousands of yen)

A
B
C
D
futureshop **66,146**

0   15,000   30,000   45,000   60,000

Futureshop customers by shop category (As of Q4 FY3/2024)

Brand-name products, Sports, DIY
Other
Apparel and fashion
Cosmetics, health foods, fitness
Daily necessities, sundries and interior decoration
Foods and sweats

* The above graph is based on estimated GMV per store of major SaaS-based EC platforms in Japan in FY2022 researched by the Company (excluding industry/subscription commerce-specific and customized models)

Sales of customers who have been under contract for more than two years increased by

34.8% in average.

For Q4 FY3/2024:
Average YoY growth rate*1

+34.8%

For Q4 FY3/2023:
Average YoY growth rate

+21.4%

*1 Average growth rate of customers who have been under contract for more than 2 years = Average sales growth rate of stores that have been under contract for more than 2 years and have monthly sales of at least JPY1. Value of rapid sales growth in the initial stage is omitted by disregarding customers who have been in business for less than two years since start-up or renewal.

![Commerce One Holdings]

Service Features– Customer Satisfaction and Brand Awareness of futureshop omni-channel

futureshop

Received the "Leader" badge in the e-commerce site construction category at the ITreview Grid Award 2024 Spring for the 19th consecutive period.

"Leader" Badge:

indicates that our product is highly rated in both customer satisfaction and brand awareness on ITreview, a review site for business IT products and cloud services.

E-commerce site construction category at the ITreview Grid
Degree of satisfaction (relative value) as of April 2024

Commerce One *Holdings*

Highly Economically Rational, Multi-tenant, Non-customized SaaS-type Business Model

A SaaS model in which software and server environment are shared by all customers

F futureshop

All customers, from those at a startup phase to those with annual sales of several billion yen, run the same software in the same environment.

3 advantages of the SaaS model

Highly reliable security

Provides user-friendly system updates and up-to-date secure environment

Speedy version upgrades

Enables efficient function development and version upgrades without user-specific development and operation

Highly satisfactory support

Provides highly satisfactory support without customer-specific specifications

**Backed by these advantages, futureshop's business model can maximize the monetization of development resources.
Engineers can focus on product development, resulting in low turnover rates. As all users are in the same environment, knowledge of successful cases is easy to accumulate and share and highly reproducible.**

Service strengths

While being a non-customized service, our service strengths lie in product technology and expandability to ensure its customizability and Customer Success Team that supports the sales growth of users.

commerce creator
コマースクリエイター

(Patent registered, Patent No. 6619478)

Provides a CMS tailored for e-commerce that offers both design customizability and updatability

Technology

Expandability

omni-channel

Integrates web and brick-and-mortar sales channels

Connecting e-commerce and brick-and-mortar stores

How to Improve User's Sales

Support by Customer Success Team

futureshop ACADEMY

From "I don't know what to do" to "I know what to do!"

Provides informative programs, day-to-day telephone/email support and consulting services that help expand e-commerce business

Commerce One Holdings

Linkage with more than 100 EC support services

As a platform on which many excellent EC sites operate, futureshop is always linked quickly with trendy EC support services and payment services.

Store operation management (order management)

- CROSS MALL
- 通販する蔵
- NEXT ENGINE
- TEMPOSTAR
- コマースロボ
- Robot-in
- zaiko Robot
- item Robot
- eシェルパモール2.0
- fun order
- GoQSystem
- 店舗アップ♪
- 頑張れ♪店長！
- まとまるEC店長
- 助ネコEC管理システム
- One'sCloset
- アパレル管理自動くん
- 特攻店長
- マイティ通信販売
- TATEMPO GUIDE
- Simplex
- 受注応援
- 速販UX
- タロスPOS
- dアプリ

EAI (data linkage)
- ECコネクター®

Customer communications

Web-based customer service/Web-based chat
- KARTE
- Sprocket
- チャネルトーク
- WhatYa
- **CODE Marketing Cloud for futureshop**
- **MATTRZ CX for futureshop**
- **PUSH ONE for futureshop** new!
- AiDeal lite
- Flipdesk
- unisize
- skinsense new!

MA/CRM
- カスタマーリングス
- うちでのこづち
- LTV-DB
- **LTV-Lab for futureshop**
- **LTV-Omni for futureshop**
- **アクションリンクfor futureshop**
- **DATA CAST for futureshop**
- **EC Intelligence for futureshop**
- b→dash
- WazzUp!
- LOYCUS
- WEBCAS

Smartphone apps
- MGRe

EFO
- **EFOcats for futureshop**

Gift support
- **giftimize for futureshop**
- AnyGift new!

Contact center support
- Re:lation

Extension guarantee
- proteger

Goods return support
- Narvar
- 返品くん new!

Security
- **Web改ざん検知サービス for futureshop**

Customer attraction

Advertisement
- Criteo
- Logicad
- KANADE DSP
- EC Booster
- dfplus.io
- DFOマネージャー
- AdSIST
- nend

Influencers／Referral marketing
- toridori

Ads/EC operation support
- エフカフェ運用支援 new!

Recommendation

Recommendation engines
- awoo AI
- アイジェント・レコメンダー
- NaviPlusレコメンド

Use of coordination／Styling services
- STAFF START
- SNAPBOARD
- DROBE

Use of UGC
- **visumo social for futureshop**
- Letro
- Instagram連携（ショッピング）

Site search
- GENIEE SEARCH for EC

Settlement agent /ID settlement
- Amazon Pay
- 楽天ペイ (オンライン決済)
- LINE連携 (ログイン)
- Apple Payオプション
- PayPay (オンライン決済)
- SBペイメントサービス
- au PAY new!
- d払い
- NP後払い決済
- あと払い (ペイディ)
- エフレジ
- GMO後払い

Logistics
- mylogi
- はぴロジ
- Fulfillment by ZOZO
- 富士ロジテックホールディングス
- ロジレス
- LogiMoPro

Cross-border EC
- WorldShopping BIZ
- shutto翻訳
- Buyee Connect
- アジアンブリッジ

Product image creation
- SmartJPEG for Desktop

Package production
- **canal for futureshop**

Data analytics/MD support
- radial
- LTV-Zaiko

※for futureshop：futureshopの顧客専用の料金プランが用意されている。

Commerce One Holdings

FY3/2024 Q4 Customer Success Activities

Academy programs/seminars and one-to-one consultations available online

CS activities through customer-only seminars and open events

User-only small-group EC courses

# of programs held: 63
# of participants: **955**

Open seminar events

# of events held: 12
# of viewers: **660**

One-to-one on boarding sessions & free spot consulting sessions

# of consulting services offered:
92

A March 2024 seminar explaining the use of ChatGPT, a conversational AI service, for SEO attracted great interest and drew more than 300 attendees.

Various seminars on the use of generative AI in e-commerce measures are planned for the future.

FY3/2024 Q4 Business Highlights

Press release   February 8, 2024

Started offering *future M-App*, an application that seamlessly connects to the e-commerce site

The app automatically logs into the e-commerce site with a single tap from the app notification, not only increasing CVR, but also enabling sales promotions that connect the app, e-commerce site and store.

The *future M-App* application platform, which can be used in conjunction with e-commerce sites built with *futureshop*, was released as an optional service. Through this linkage, customers using *futureshop* or *futureshop omni-channel* can connect their stores and e-commerce sites through the creation and operation of apps, enabling cross-sectional online and offline sales promotions.

Apps linked to points system and membership
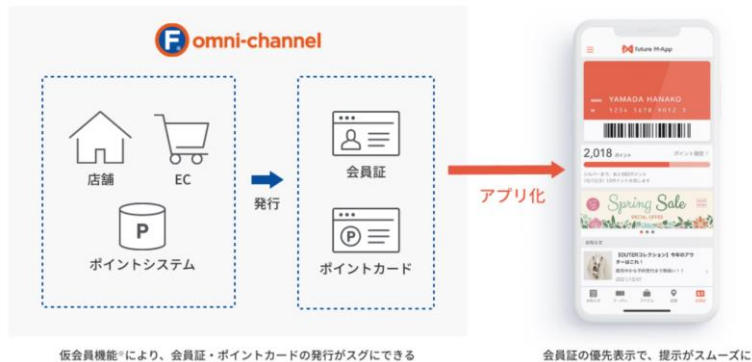
E-commerce site x App x Brick-and-mortar integration

FY3/2024 Q4 Business Highlights

Press release   **January 17, 2024**

Started accepting pre-applications for an optional service that enables *au PAY* (online payment) for e-commerce sites built with *futureshop*.

Payment service with more than 33.3 million members can now be introduced. A limited-time campaign with special rates is also being held.

Started accepting pre-applications on Wednesday, January 17, 2024 for an optional service that allows customers to use *au PAY* (online payment), a smartphone payment service provided by KDDI Corporation, via the online payment service of SB Payment Service Corp.

Q4 FY3/2024 Business Highlights

Upgrade 1 **January 24, 2024**

Automatically calculates shipping costs for bundled shipments of refrigerated, frozen, and ambient products - a complicated task for food e-commerce

Three temperature zones are supported: refrigerated, frozen, and ambient.
By setting the temperature zone for delivery for each product, the system bundles products by temperature zone and automatically calculates shipping costs for multiple shipments.
This enables more precise calculations of shipping costs for food e-commerce, allowing users to know exactly how much they need to pay for shipping when they make a purchase.
This update aims to improve the user experience and conversion rate (CVR) of e-commerce sites.

Q4 FY3/2024 Business Highlights

Upgrade 2   **January 24, 2024**

By setting a lead time, users' concerns about "When will it arrive?" are eliminated.

The correct available delivery date is calculated based on the two lead times of the product and delivery and displayed on the product page and shopping cart.
In the purchase procedure screen, the options are automatically displayed starting from the earliest possible delivery date automatically calculated from the delivery destination prefecture.
Same-day and next-day delivery settings are also available, making it possible to respond to requests for urgent orders.
We aim to improve the user experience and the conversion rate (CVR) on e-commerce sites, especially for food products, where the delivery date and time are important factors in the purchasing decision.
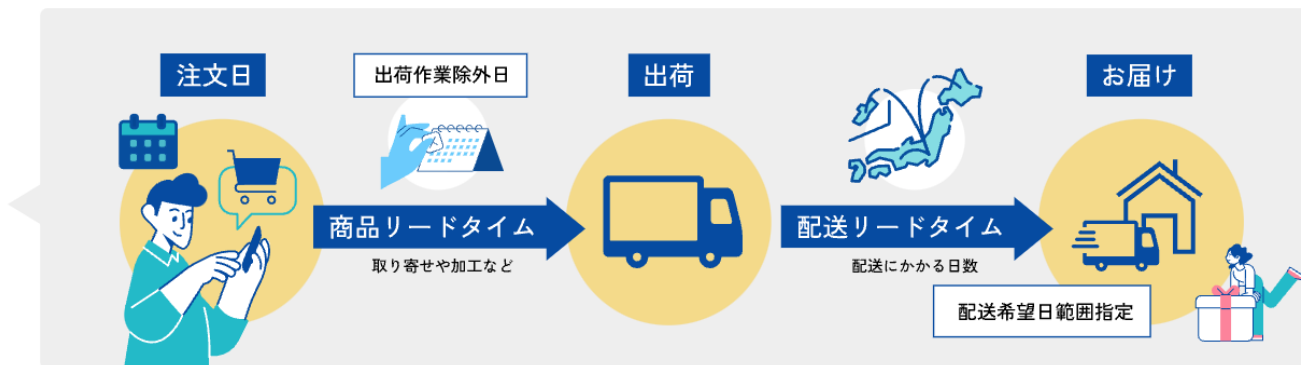
Q4 FY3/2024 Business Highlights

Press release　　**January 31, 2024**

Started linking with *AnyGift*, an e-gift service provided by AnyReach Inc.

Increase gift sales and expand customer base with *e-Gifts* that can be easily sent to people whose addresses you don't know through social networking sites, etc.

Customers using *futureshop* or *futureshop omni-channel* can not only achieve seamless operations such as automated inventory processing when purchasing and receiving e-gifts, but also receive general gift support focused on the e-gift function.

Press release　　**February 29, 2024**

Started linking with *skinsense*, an AI skin diagnostic system provided by Novera Inc.

Learned from the knowledge of over 400 beauty professionals! Patented high-quality AI skin diagnostic tool can now be provided with no-code.

Customers using *futureshop* or *futureshop omni-channel* can now be provided with an AI skin diagnostic tool that can be operated with no-code.

Press release　　**February 29, 2024**

Started linking with *PUSH ONE*, a web push service provided by SiGNITY, Inc.

Displays sale information and follow-up on cart abandonment directly to site visitors' devices, assisting e-commerce businesses in increasing sales.

Customers using *futureshop* or *futureshop omni-channel* can sign up for *PUSH ONE for futureshop*, a special plan for futureshop users.

Press release　　**March 14, 2024**

Started working with *Henpin-kun*, a system for streamlining return and exchange operations provided by NextLab inc.

Enables smooth returns and exchanges, reducing the burden on customer service and improving the post-purchase experience at the same time.

Customers using *futureshop* or *futureshop omni-channel* can now reduce the burden of returns and exchanges and improve the post-purchase experience.

![Commerce One Holdings]

Synergy between futureshop and SOLAIRO

futureshop

そらいろ
SOLAIRO

**Evolve and accelerate
marketing communication support for customers**

Deployment of AI solutions and development and provision of UGC* solutions, leading to an improved purchase rate of e-commerce sites,
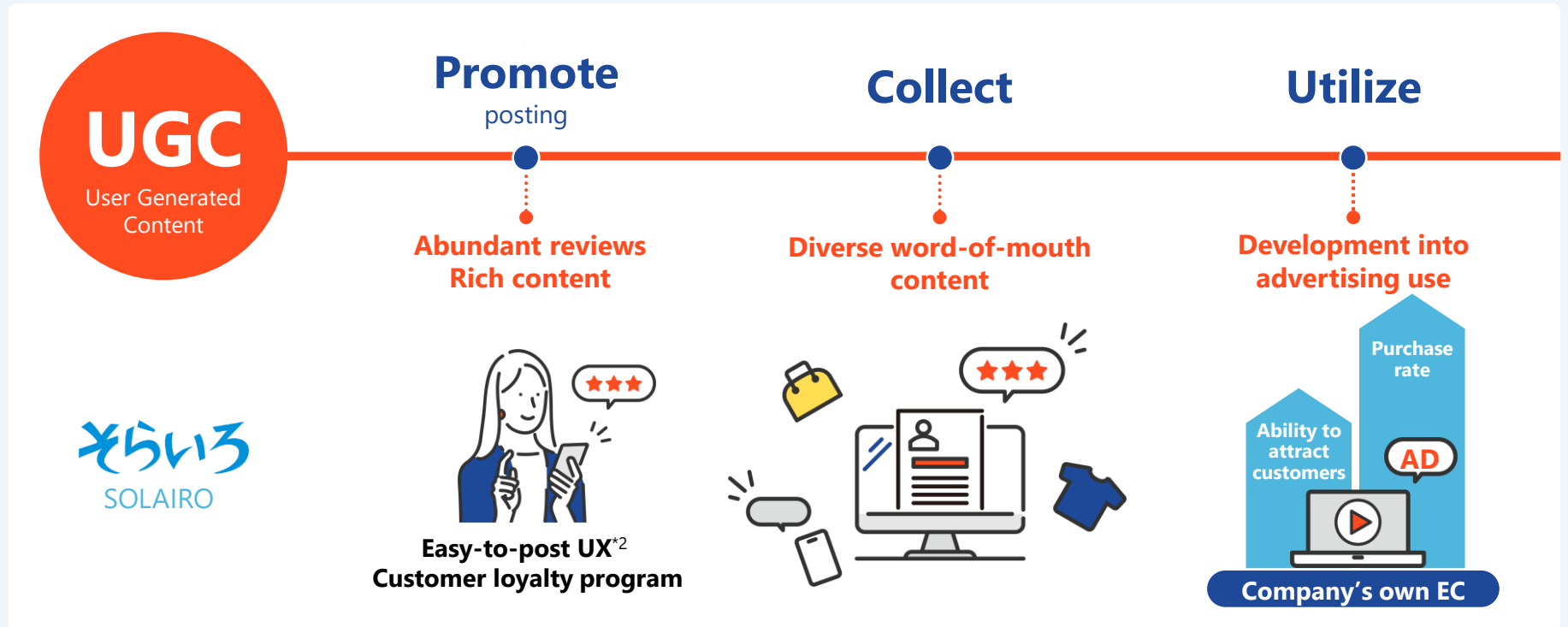
Utilizing the natural language processing technology cultivated through the operation of SOLAIRO's AI-powered web customer service solutions, the synergy further evolves and accelerates marketing communication support for customers.

Going forward, through collaboration between SOLAIRO and futureshop, which operate a SaaS type e-commerce platform, we will proceed with the deployment of AI solutions and development and provision of UGC* solutions, leading to an improved purchase rate of e-commerce sites.

We aim to further enhance corporate value by achieving further synergies across the group.

* UGC: User Generated Content, or content created and generated by general users

UGC[1] Solution developed by SOLAIRO

Accelerate OEM development for futureshop to increase the Group's GMV and ARPU, as well as increase the competitiveness of the solution and expand to other companies' e-commerce platforms.

UGC
User Generated Content

SOLAIRO

Promote
posting

Abundant reviews Rich content

Easy-to-post UX[2] Customer loyalty program

Collect

Diverse word-of-mouth content

Utilize

Development into advertising use

Purchase rate

Ability to attract customers

AD

Company's own EC

*1 UGC: User Generated Content, or content created and generated by general users
*2 UX: User Experience, or experience that users gain through products and services

Softel Inc.

![Commerce One Holdings logo]

Amount of Development Sales*1 / Development Sales per Customer*2
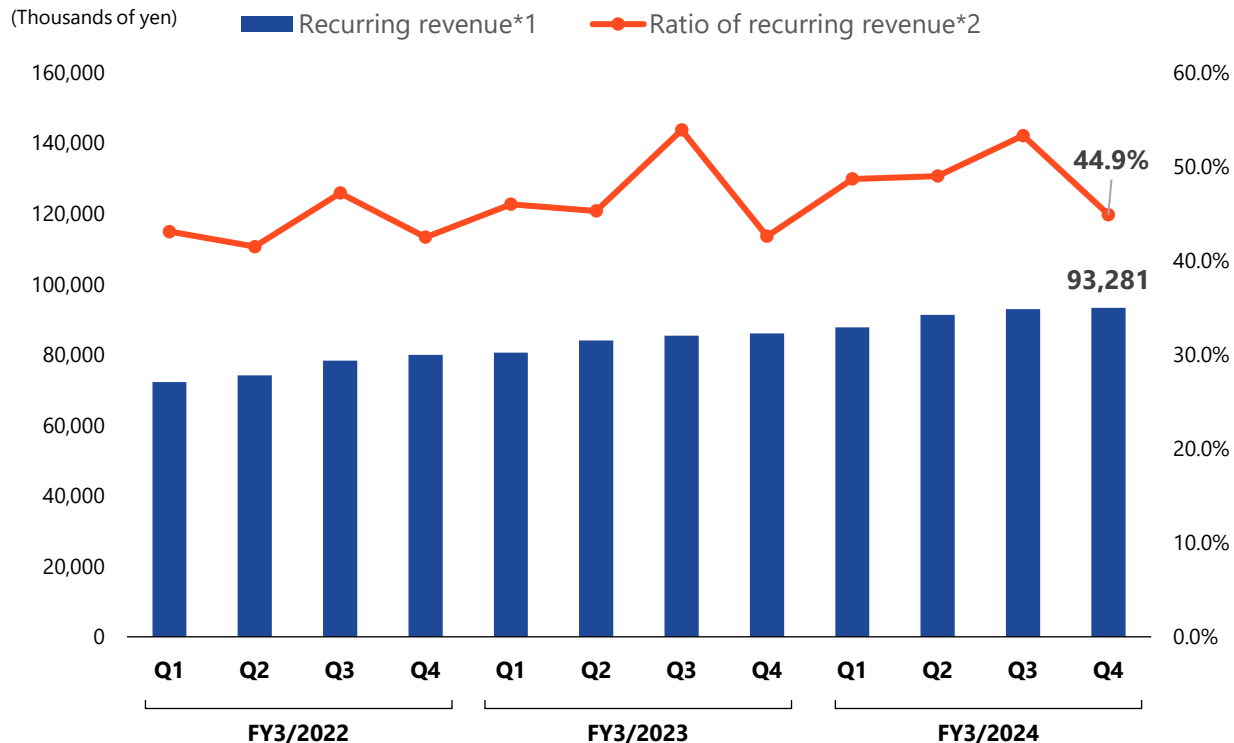
(Thousands of yen)
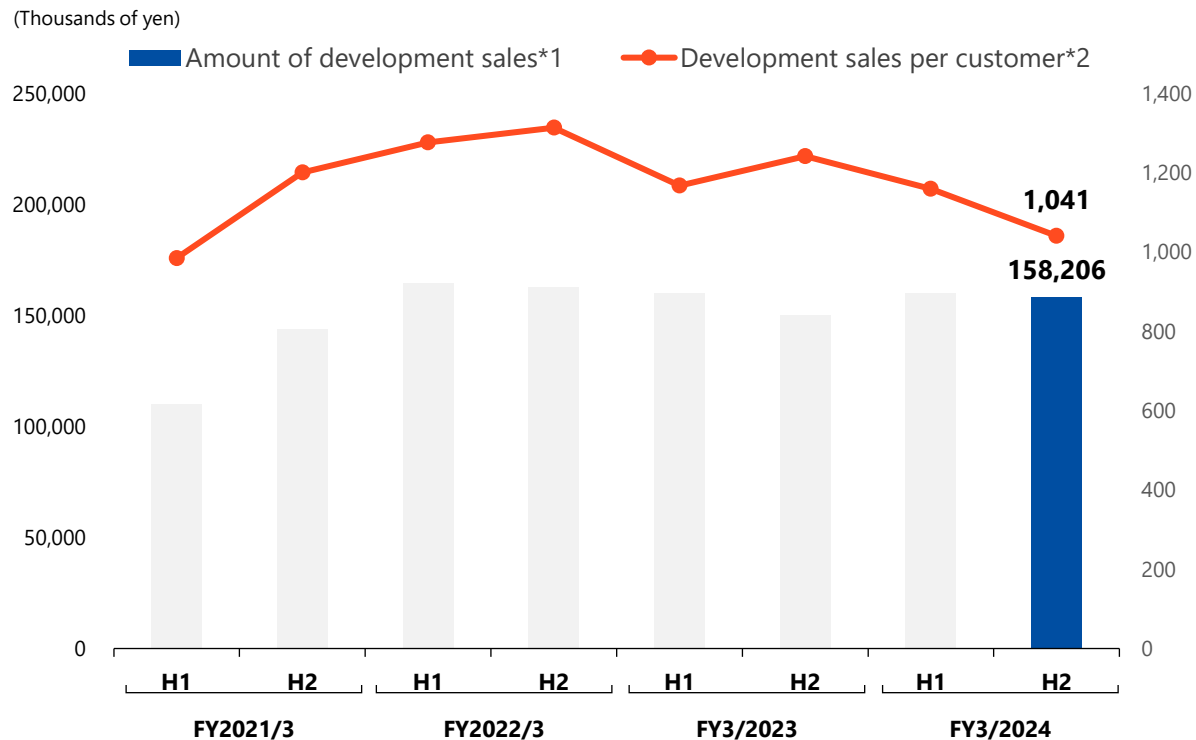
Amount of development sales per customer remained sluggish due to priority given to a project involving a major mall's significant specification changes. In the next fiscal year, while prioritizing the development of *Commerce Connect*, we will improve efficiency by building up additional customization for existing customers.

From FY2022/3 1Q, SOFTEL adopted percent of completion method. Therefore, except small amount or short-term development orders, sales of orders in progress also can be booked. However, as delivery of the systems tends to concentrate in September and March, we indicate results in the term of the 1H/2H.

*1 Sales amount of initial cost and customizing fee of Tsuhan-Suruzo
*2 Quotient of Amount of development sales / number of the companies installed or customized Tsuhan-Suruzo during the said period

Legend:
- Amount of development sales*1
- Development sales per customer*2

Chart values (labeled): 1,041 ; 158,206

X-axis: H1 H2 (FY2021/3), H1 H2 (FY2022/3), H1 H2 (FY3/2023), H1 H2 (FY3/2024)

Recurring Revenue*1

(Thousands of yen)

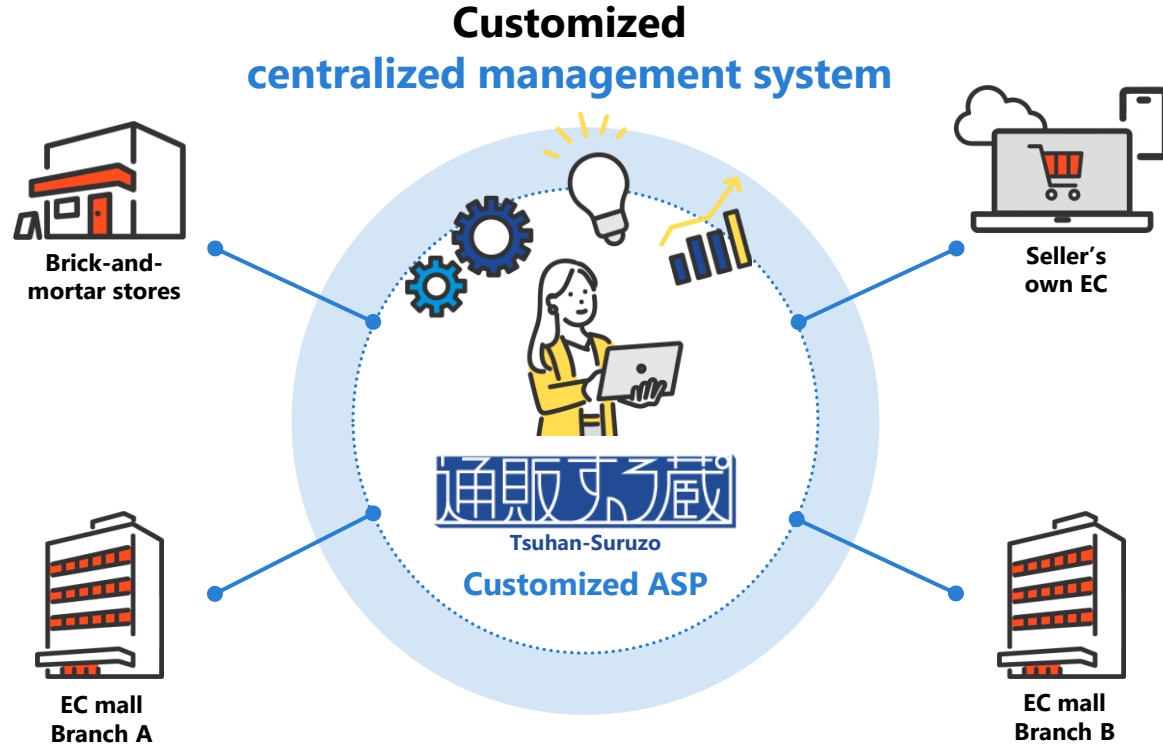Legend: ■ Recurring revenue*1 ● Ratio of recurring revenue*2

Steady increase in revenues due to the increase in the number of large clients and the sophistication of projects. Generally maintained a stable level of 40% or more and built a stable business foundation.

In 2Q and Q4, the ratio of recurring revenue tends to be lower due to customized sales growing as a result of increased deliveries due to seasonal factors.
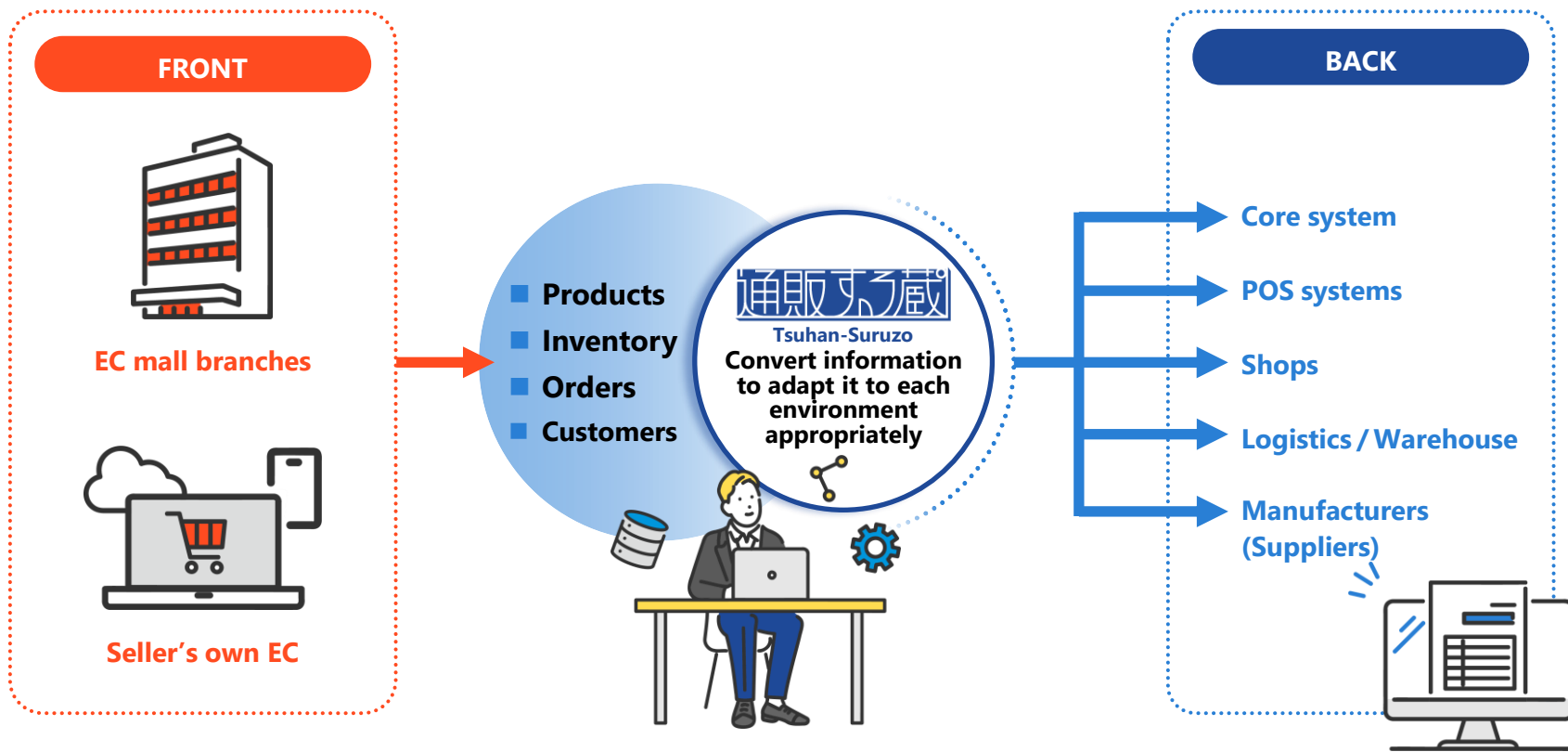
*1   Monthly maintenance sales of Tsuhan-Suruzo
*2   Value of recurring revenue divided by net sales of each quarter

"Tsuhan-Suruzo" Concept

Customized
centralized management system

Brick-and-mortar stores

Seller's own EC

Tsuhan-Suruzo
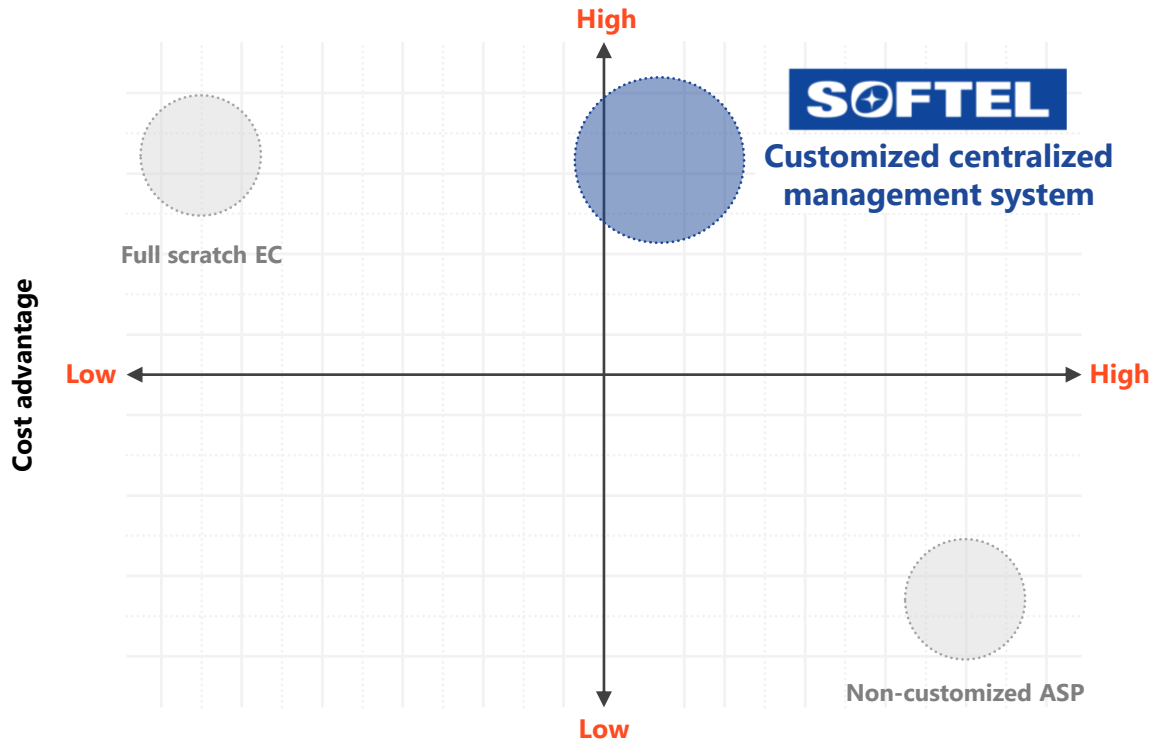**Customized ASP**

EC mall Branch A

EC mall Branch B

While non-customized ASP cannot support e-commerce operators in the field of backyard systems such as inventory management, Tsuhan-Suruzo can reduce human resources and costs by centrally managing e-commerce operations through customization, thereby creating resources required for business growth.

Business Overview

Our Positioning

Commerce One Holdings

Expandability/Customizability

High

SOFTEL

Customized centralized management system

Full scratch EC

Cost advantage

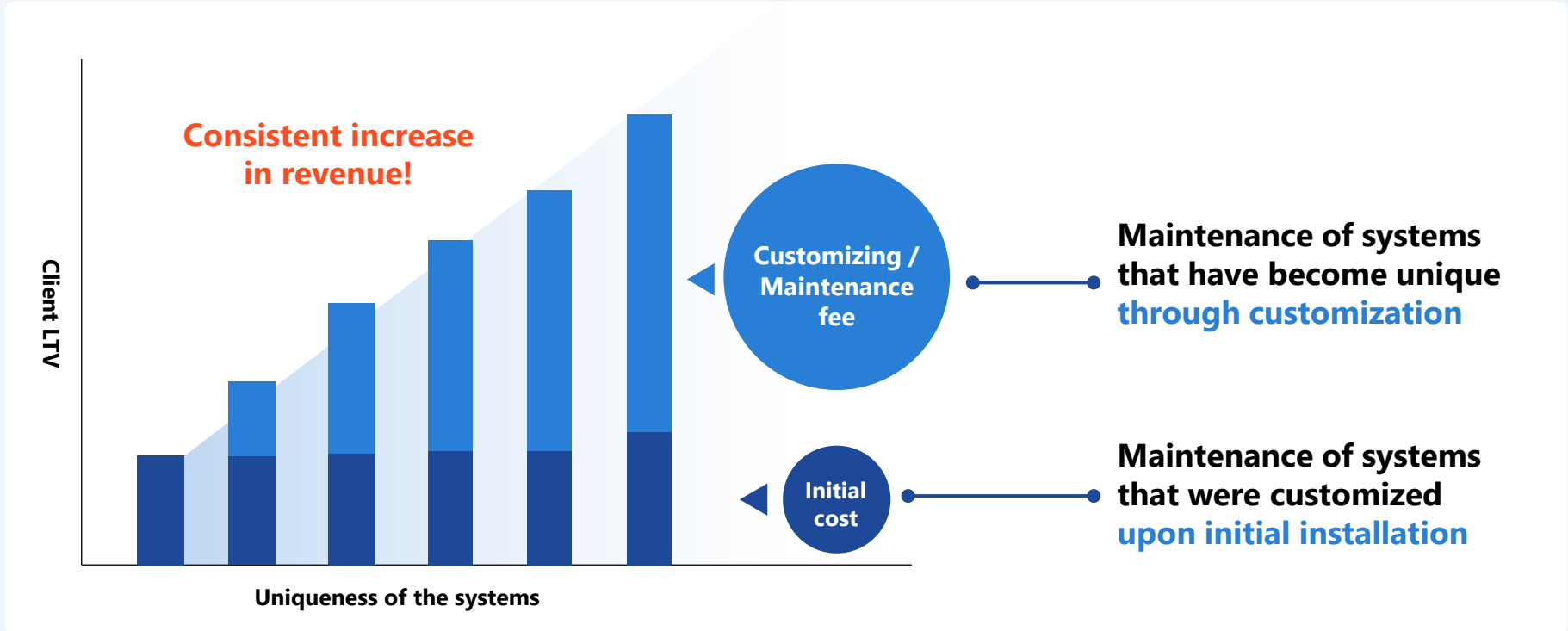**Low** ⟵———————————⟶ **High**

Non-customized ASP

Low

SOFTEL helps customers improve efficiency of their bloated operations through strong customizability and a wealth of track records. Also, our system can accelerate profitability of major and medium-sized enterprises through linkage with their core system and/or POS system.

SOFTEL has established a highly expandable and customizable, yet cost-effective, positioning, based on its accumulated expertise in updating Tsuhan-Suruzo, the basis for customization, and in meeting diverse and sophisticated demands from clients who regularly use our system.

Revenue Model

SOFTEL is expected to consistently boost revenue and client LTV, driven by additional customized development 3.7 times per year in average and increased maintenance fee in conjunction with the additional customization.

Consistent increase in revenue!

Client LTV

Uniqueness of the systems

Customizing / Maintenance fee

Initial cost

Maintenance of systems that have become unique through customization

Maintenance of systems that were customized upon initial installation

FY3/2024 Q4 Business Highlights

Clients using SOFTEL have won outstanding store of the year awards at various malls

- Rakuten Shop of the Year 2023   24 stores awarded
- Rakuten Shop of the Area 2023   8 stores awarded
- Rakuten Rakuma Shop of the Year 2023   1 store awarded

- Yahoo! Shopping Best Store Awards 2023   17 stores awarded
- Yahoo! Auctions Best Store Awards 2023   2 stores awarded

- au PAY Market BEST SHOP AWARD 2023   15 stores awarded

Disclaimer and Forward-Looking Statements

This presentation material is prepared solely for the purpose of providing information on Commerce One Holdings Inc. (the "Company") and its subsidiaries and is not intended for soliciting investment.

Business performance forecasts and any other forward-looking statements contained in this material have been determined by the Company based on information currently available to the Company.

Forecasts are inherently subject to various uncertainties, and actual results may differ materially from these forward-looking statements.

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