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November 14, 2024

## Consolidated Financial Results for the Six Months Ended September 30, 2024 (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 semi-annual securities report: November 14, 2024  
 Scheduled date to commence dividend payments: December 9, 2024  
 Preparation of supplementary materials on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for analysts and investors)

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

### 1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	1,816	4.3	320	18.1	207	(33.9)	77	(59.4)
September 30, 2023	1,741	12.4	271	(8.3)	313	(5.4)	191	(12.2)

Note: Comprehensive income For the six months ended September 30, 2024: ¥(49) million [(-%)]  
 For the six months ended September 30, 2023: ¥221 million [31.7%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	10.80	—
September 30, 2023	26.43	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	3,694	2,701	73.1
March 31, 2024	3,882	2,844	73.3

Reference: Equity  
 As of September 30, 2024: ¥2,701 million  
 As of March 31, 2024: ¥2,844 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, 2024	—	27.00	—	11.00	38.00
Fiscal year ending March 31, 2025	—	10.00			
Fiscal year ending March 31, 2025 (Forecast)			—	10.00	20.00

Note: 1. Revisions to the forecast of cash dividends most recently announced: None

2. Dividends at the end of the second quarter of fiscal year ended March 31, 2024:

Ordinary dividend of ¥7.00 and Commemorate dividend of ¥20.00

## 3. Consolidated financial results forecast for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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	3,815	7.3	604	(6.1)	683	(2.7)	454	9.6	63.22

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

**\* Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of the semi-annual 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: Yes
  - (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, 2024	7,193,400 shares
As of March 31, 2024	7,193,400 shares

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

As of September 30, 2024	20,049 shares
As of March 31, 2024	49 shares

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

Six months ended September 30, 2024	7,189,957 shares
Six months ended September 30, 2023	7,228,952 shares

\* The Japanese-language originals of the consolidated financial results for the six months ended September 30, 2024 are exempt from review conducted by certified public accounts or an audit firm.

**\* 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. Overview of Operating Results, etc. (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 5 of the attachments.

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## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for the Six Months Ended September 30, 2024

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, prompting the need for business developments that align with current trends. To support businesses facing challenges in this rapidly changing market, the Group has been expanding its business domains by enhancing the range of optional and alliance services that increase store sales, entering the e-commerce consulting business, and providing solutions using generative AI that helps improve the efficiency of back-office operations.

As such, the Group has aimed to become "an E-Commerce platform that maximizes the power of people using our technology," while proactively tapping into business domains related to the E-Commerce business.

Under this business environment, during the six months ended September 30, 2024, the Group strove to secure net sales in line with market growth and actively made growth investments in a bid to adapt to the future market environment.

### **Future Shop Co., Ltd.**

Future Shop Co., Ltd. (hereinafter "Future Shop" or the "subsidiary"), operating the "futureshop" platform, started to collaborate with YouTube Shopping, which is provided by YouTube, a video sharing platform operated by Google. The collaboration has enabled futureshop users to post its products on YouTube channels, YouTube videos, as well as live-streamed videos. The subsidiary has continued to enhance its optional and alliance services to improve the convenience of the "futureshop."

With such growth investments and due in part to the price revision in June 2024, the subsidiary recorded year-on-year increases in both sales and profits while net sales remained strong.

### **Softel Inc.**

Softel Inc. (hereinafter "Softel" or the "subsidiary"), provider of our Tsuhan-Suruzo software, focused on making proposals tailored to major customer needs. Specifically, Softel launched an image creation service using generative AI, which helps streamline back-office operations of e-commerce operators and strengthened the alliance service. Driven by these efforts, net sales remained strong, and as a result, the subsidiary recorded year-on-year increases in both sales and profits.

### **Other**

SAMURAI TECHNOLOGY Co., Ltd. and SOLAIRO, INC. have been developing new solutions.

As a result of the above, during the six months ended September 30, 2024, the operating results of the Group and the financial results of its major consolidated subsidiaries were as indicated in the table below.

## [Consolidated financial results]

(Thousands of yen)

	Six months ended September 30, 2023 (cumulative)	Six months ended September 30, 2024 (cumulative)	Increase/decrease	Percentage change (%)
Net sales	1,741,973	1,816,569	74,595	4.3
EBITDA	349,472	381,999	32,527	9.3
Operating profit	271,617	320,660	49,042	18.1
Ordinary profit	313,667	207,192	(106,475)	(33.9)
Profit attributable to owners of parent	191,066	77,651	(113,414)	(59.4)

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

## [Financial results of major consolidated subsidiaries]

(Thousands of yen)

		Six months ended September 30, 2023 (cumulative)	Six months ended September 30, 2024 (cumulative)	Increase/decrease	Percentage change (%)
Future Shop Co., Ltd.	Net sales	1,255,383	1,346,052	90,668	7.2
	Operating profit	383,498	412,004	28,505	7.4
Softel Inc.	Net sales	366,834	374,448	7,614	2.1
	Operating profit	17,773	27,104	9,330	52.5

## (2) Overview of Financial Position for the Six Months Ended September 30, 2024

Total assets decreased by ¥188,652 thousand from the end of the previous fiscal year to ¥3,694,035 thousand. Current assets decreased by ¥2,280 thousand from the end of the previous fiscal year to ¥2,303,604 thousand. This is attributable to a decrease of ¥127,025 thousand in cash and deposits due primarily to dividends paid and purchase of treasury shares.

Non-current assets decreased by ¥186,371 thousand from the end of the previous fiscal year to ¥1,390,431 thousand. This is attributable primarily to a decrease of ¥261,086 thousand in investments and other assets due in part to the sale and a decline in the market price of investment securities.

Liabilities decreased by ¥45,031 thousand from the end of the previous fiscal year to ¥992,681 thousand. This is attributable primarily to a decrease of ¥38,268 thousand in income taxes payable and a decrease of ¥43,753 thousand in deferred tax liabilities due in part to a decline in the market price of investment securities.

Net assets decreased by ¥143,620 thousand from the end of the previous fiscal year to ¥2,701,354 thousand. This is attributable primarily to an increase in retained earnings backed by increased profit attributable to owners of parent, which was more than offset by a decrease of ¥127,198 thousand in valuation difference on available-for-sale securities, dividends paid of ¥79,126 thousand, and an increase of ¥14,947 thousand in treasury shares.

As a result, the equity-to-asset ratio declined from 73.3% at the end of the previous fiscal year to 73.1%.

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 flows)

During the six months ended September 30, 2024, cash and cash equivalents (hereinafter “net cash”) decreased by ¥127,025 thousand from the end of the previous fiscal year to ¥1,606,854 thousand.

The status of cash flows and their contributing factors during the six months ended September 30, 2024 are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥97,316 thousand.

This is attributable primarily to ¥212,175 thousand in profit before income taxes, ¥61,339 thousand in depreciation, ¥124,594 thousand in share of loss of entities accounted for using equity method, increase in deposits paid of ¥59,813 thousand, and income taxes paid of ¥115,445 thousand.

(Cash flows from investing activities)

Net cash used in investing activities was ¥112,762 thousand.

This is attributable primarily to ¥16,034 thousand in purchase of property, plant and equipment associated with the relocation of the Tokyo office for Future Shop Co., Ltd., ¥35,762 thousand in payments of leasehold and guarantee deposits, ¥61,403 thousand in purchase of intangible assets associated with 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 ¥96,151 thousand.

This is attributable primarily to ¥79,008 thousand in dividends paid and ¥15,036 thousand in purchase of treasury shares.

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

The full-year financial results forecast for the fiscal year ending March 31, 2025 is unchanged from the forecast announced in the previous earnings summary (May 15, 2024).

We forecast full-year net sales of ¥3,815 million, operating profit of ¥604 million, ordinary profit of ¥683 million, and profit attributable to owners of parent of ¥454 million.

For the financial results during the six months ended September 30, 2024, net sales and operating profit have progressed steadily against the forecasts. However, as we have continued to make upfront investments in Enecycle Inc. during the six months ended September 30, 2024, we recognized ¥124,594 thousand in share of loss of entities accounted for using equity method. Going forward, we expect to record net sales in line with the progress of each project, we currently have no plan to revise share of loss (profit) of entities accounted for using equity method in the full-year financial results forecast for the fiscal year ending March 31, 2025 which was announced on May 15, 2024.

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, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	1,733,879	1,606,854
Trade receivables and contract asset	293,050	281,108
Work in process	7,562	9,099
Prepaid expenses	88,808	109,419
Deposits paid	994	60,807
Income taxes refund receivable	55,929	2,436
Other	128,896	236,762
Allowance for doubtful accounts	(3,234)	(2,882)
Total current assets	2,305,885	2,303,604
Non-current assets		
Property, plant and equipment	78,489	141,850
Intangible assets	328,514	339,867
Investments and other assets		
Investment securities	1,002,854	692,138
Other	169,491	218,087
Allowance for doubtful accounts	(2,546)	(1,513)
Total investments and other assets	1,169,798	908,712
Total non-current assets	1,576,802	1,390,431
Total assets	3,882,688	3,694,035

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	33,676	35,883
Short-term borrowings	47,000	46,700
Advances received	422,847	440,527
Income taxes payable	175,881	137,612
Provision for bonuses	5,107	612
Asset retirement obligations	-	10,863
Other	231,062	225,935
Total current liabilities	915,574	898,134
Non-current liabilities		
Deferred tax liabilities	65,428	21,674
Asset retirement obligations	47,629	52,718
Other	9,081	20,154
Total non-current liabilities	122,138	94,547
Total liabilities	1,037,713	992,681
<b>Net assets</b>		
Shareholders' equity		
Share capital	210,400	210,400
Capital surplus	160,400	160,400
Retained earnings	2,095,031	2,093,556
Treasury shares	(36)	(14,983)
Total shareholders' equity	2,465,794	2,449,372
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	379,180	251,981
Total accumulated other comprehensive income	379,180	251,981
Total net assets	2,844,974	2,701,354
Total liabilities and net assets	3,882,688	3,694,035

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

## Quarterly Consolidated Statements of Income

Six Months Ended September 30, 2024

(Thousands of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	1,741,973	1,816,569
Cost of sales	783,569	795,969
Gross profit	958,404	1,020,599
Selling, general and administrative expenses	686,786	699,938
Operating profit	271,617	320,660
Non-operating income		
Interest income	12	138
Dividend income	23,068	24,305
Foreign exchange gains	15,269	-
Other	3,963	3,170
Total non-operating income	42,314	27,613
Non-operating expenses		
Interest expenses	94	94
Share of loss of entities accounted for using equity method	-	124,594
Foreign exchange losses	-	15,521
Other	169	871
Total non-operating expenses	264	141,081
Ordinary profit	313,667	207,192
Extraordinary income		
Gain on sale of investment securities	-	6,176
Total extraordinary income	-	6,176
Extraordinary losses		
Impairment losses	-	1,193
Total extraordinary losses	-	1,193
Profit before income taxes	313,667	212,175
Income taxes - current	125,655	136,433
Income taxes - deferred	(3,053)	(1,909)
Total income taxes	122,601	134,524
Profit	191,066	77,651
Profit attributable to owners of parent	191,066	77,651

Quarterly Consolidated Statements of Comprehensive Income  
Six Months Ended September 30, 2024

(Thousands of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	191,066	77,651
Other comprehensive income		
Valuation difference on available-for-sale securities	30,577	(127,198)
Total other comprehensive income	30,577	(127,198)
Comprehensive income	221,643	(49,546)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	221,643	(49,546)

## (3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	313,667	212,175
Depreciation	62,597	61,339
Impairment losses	-	1,193
Amortization of goodwill	15,257	-
Increase (decrease) in allowance for doubtful accounts	427	(1,384)
Increase (decrease) in provision for bonuses	(14)	(4,495)
Interest and dividend income	(23,081)	(24,443)
Interest expenses	94	94
Share of loss (profit) of entities accounted for using equity method	-	124,594
Foreign exchange losses (gains)	(15,269)	15,547
Loss (gain) on sale of investment securities	-	(6,176)
Decrease (increase) in trade receivables	(10,246)	12,974
Decrease (increase) in inventories	(2,975)	(1,536)
Decrease (increase) in prepaid expenses	(8,622)	(20,610)
Increase (decrease) in trade payables	18,113	2,207
Increase (decrease) in advances received	12,888	17,680
Decrease (increase) in deposits paid	110,272	(59,813)
Other, net	114,122	(140,933)
Subtotal	587,230	188,412
Interest and dividends received	23,081	24,443
Interest paid	(94)	(94)
Income taxes paid	(82,445)	(115,445)
Net cash provided by (used in) operating activities	527,772	97,316
Cash flows from investing activities		
Purchase of property, plant and equipment	(873)	(16,034)
Purchase of intangible assets	(51,151)	(61,403)
Purchase of investment securities	(27,825)	-
Payments of leasehold and guarantee deposits	(4,511)	(35,762)
Other, net	312	437
Net cash provided by (used in) investing activities	(84,049)	(112,762)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	(300)
Repayments of lease liabilities	(1,806)	(1,806)
Purchase of treasury shares	(109,797)	(15,036)
Dividends paid	-	(79,008)
Net cash provided by (used in) financing activities	(111,604)	(96,151)
Effect of exchange rate change on cash and cash equivalents	15,467	(15,428)
Net increase (decrease) in cash and cash equivalents	347,586	(127,025)
Cash and cash equivalents at beginning of period	1,608,724	1,733,879
Cash and cash equivalents at end of period 「	1,956,310	1,606,854

#### (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 August 14, 2024, the Company has purchased 20,000 shares of treasury shares. As a result, during the six months ended September 30, 2024, the value of treasury shares increased by ¥14,947 thousand, and the value of treasury shares as of September 30, 2024 is ¥14,983 thousand.

(Changes in accounting policies)

The Company has applied Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022") effective from the beginning of the first six months of the fiscal year under review.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso of paragraph 65-2 (2) of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Revised Implementation Guidance 2022"). This change in accounting policies has no impact on the quarterly consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the first quarter under review. This change in accounting policies is applied retrospectively, and quarterly consolidated financial statements and consolidated financial statements for the previous year are after retrospective application. Please note that these changes in accounting policies have no impact on the quarterly consolidated financial statements and full-year consolidated financial statements for the fiscal year ended March 31, 2024.

(Segment information)

Segment information is omitted as the Group's business segment consists of a single segment, the E-Commerce platform business, and the information is insignificant.

(Subsequent events)

Acquisition of treasury stock

Commerce One Holdings Inc. (the "Company") has resolved at its Board of Directors meeting held on August 14, 2024 to repurchase its own shares in accordance with the provision of Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of the same act, and thus, has repurchased own shares since August 15, 2024, as follows.

Details of resolution concerning the repurchase of own shares

##### (1) Reasons for the repurchase of treasury stock

Based on the financial strategies set out in its Medium-term Management Plan (fiscal year ending March 31, 2025 to fiscal year ending March 31, 2027), the Company will proactively and flexibly repurchase its own shares while comprehensively taking into account its strategic investment opportunities, financial position, and the levels of its share prices.

##### (2) Details of matters relating to the repurchase of own shares

- (i) Class of shares to be repurchased: Common stock
- (ii) Total number of shares that may be repurchased: Up to 100,000

- (iii) Total value of shares to be repurchased: Up to 75,000,000 yen
- (iv) Repurchase period: From August 15, 2024 to November 8, 2024
- (v) Method of repurchase: Market purchases based on a discretionary trading contract

Results of share repurchases

- (i) Class of shares repurchased: Common stock
- (ii) Total number of shares repurchased: Up to 30,000
- (iii) Total value of repurchased shares: 22,156,400 yen
- (iv) Repurchase period: From August 15, 2024 to November 8, 2024
- (v) Method of repurchase: Market purchases based on a discretionary trading contract

Repurchases based on this resolution have been completed as of November 8, 2024.

(Repurchase of own shares)

Commerce One Holdings Inc. (the “Company”) has resolved, at its Board of Directors meeting held on November 14, 2024, on the matters relating to share repurchase in accordance with the provision of Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of the same act.

Details of resolution concerning the repurchase of own shares

(1) Reasons for the repurchase

Based on the financial strategies set out in its Medium-term Management Plan (fiscal year ending March 31, 2025 to fiscal year ending March 31, 2027), the Company will proactively and flexibly repurchase its own shares while comprehensively taking into account its strategic investment opportunities, financial position, and the levels of its share prices.

(2) Details of matters relating to the repurchase of own shares

- (i) Class of shares to be repurchased: Common stock
- (ii) Total number of shares that may be repurchased: Up to 100,000
- (iii) Total value of shares to be repurchased: Up to 75,000,000 yen
- (iv) Repurchase period: From November 15, 2024 to March 31, 2025
- (v) Method of repurchase: Market purchases based on a discretionary trading contract

(Conclusion of a share purchase agreement in the process of third-party allocation of new shares to convert to a consolidated subsidiary)

The Company resolved at the Board of Directors meeting held on November 14, 2024 to convert KIDOKU inc. into one of its subsidiaries by purchasing new shares issued by KIDOKU in the form of third-party allocation. After the third-party allocation, the Company's shareholding in KIDOKU will be 60.00%.

(1) Objectives of acquiring new shares through third-party allocation

KIDOKU inc. is engaged in businesses that maximize the value of services by bringing together Marketing and Creativity with human emotions at the core. By combining AI technologies with human emotions, KIDOKU supports the production of novel images and videos by unlocking creative potential to the extent possible.

Through the acquisition of new shares, we believe that the Group and KIDOKU can better support e-commerce operators in terms of creativity and marketing. Specifically, the two companies will be able to provide creative and marketing supports catered to the buying behaviors of consumers that are changing constantly by leveraging the technical expertise nurtured through the experience operating AI-based image creation solutions.

In the years ahead, through the collaboration with our group companies and KIDOKU, we will develop and provide AI solutions that help e-commerce operators to streamline their operations. All the group companies will work closely together to produce more synergies, aiming to further enhance our corporate value.

(2) Name, business lines, and scale of the company to be acquired

Name: KIDOKU inc.

Business lines: Provision of AI-based marketing and branding services

Share capital: 5,500 thousand yen

(3) Timing of third-party allocation of new shares

Date of agreement: November 14, 2024

Acquisition date of new shares through third-party allocation: November 14, 2024

(4) Number and price of new shares to be acquired through third-party allocation and post-transaction shareholding ratio

Number of shares to be acquired: 1,500 shares

Price of shares to be acquired: 15,000 thousand yen

Shareholding after the transaction: 60.00%

(5) Method of financing the acquisition

Own funds (planned)