



**Financial Results  
for the Third Quarter of FY2024  
(Our Business Plan and Growth Potential)**

**March 28, 2024**

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

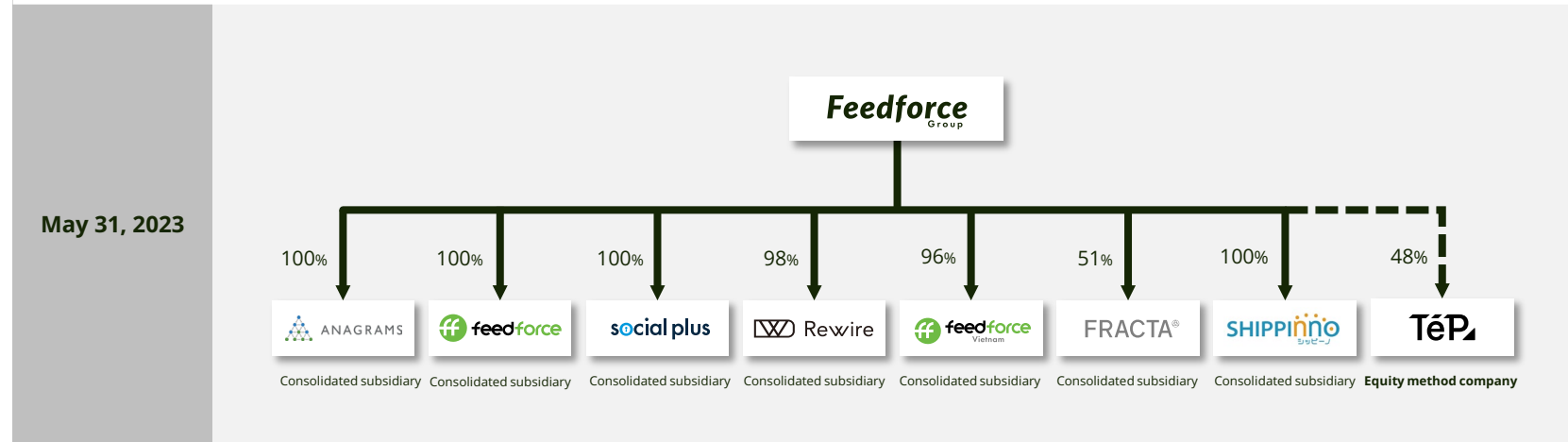
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01

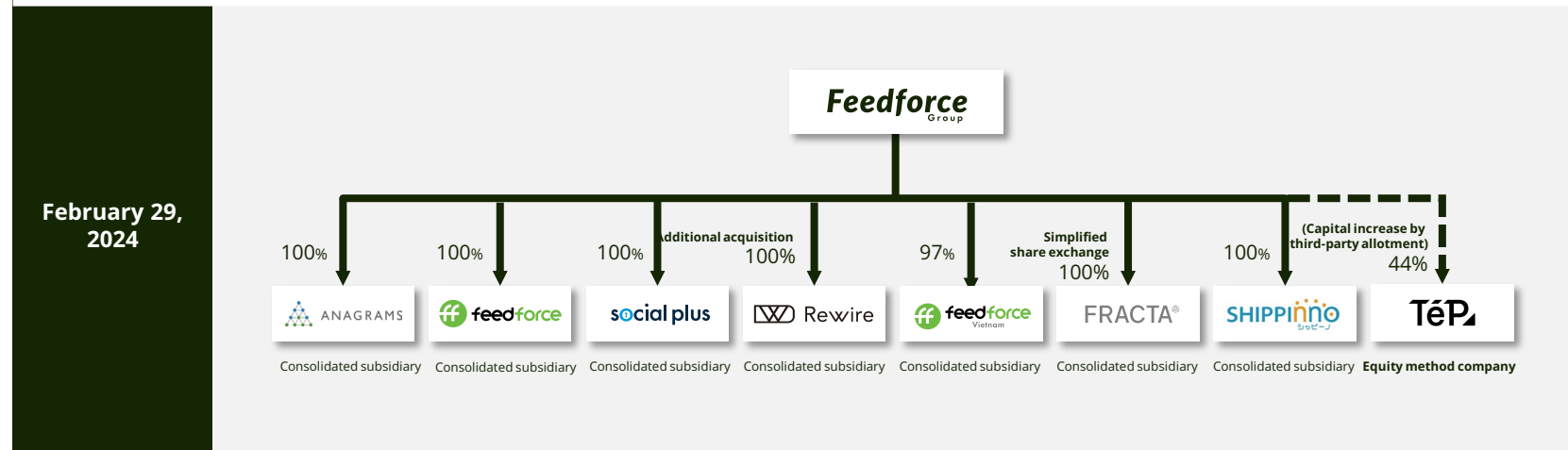
# Financial Highlights

# Our Group



In FY2024, FRACTA and Rewire became wholly-owned subsidiaries.

Teps received capital investment from outside the group and our holding ratio became 44%.



# Consolidated Financial Results Overview

(Million yen)

	FY2023 Q3(9mo)	FY2024 Q3(9mo)	YoY	FY2023 Q3	Q4	FY2024 Q1	Q2	Q3	QoQ
<b>Transaction amount</b>	9,788	<b>10,297</b>	+5.2%	3,489	3,617	3,556	3,408	<b>3,332</b>	△2.2%
<b>Sales</b>	2,901	<b>3,130</b>	+7.9%	1,021	1,064	1,066	1,077	<b>986</b>	△8.4%
<b>EBITDA*</b>	873	<b>1,037</b>	+18.8%	342	402	389	364	<b>284</b>	△21.9%
<b>Operating income</b>	687	<b>885</b>	+28.8%	285	341	335	311	<b>238</b>	△23.6%
<b>Ordinary income</b>	679	<b>850</b>	+25.2%	280	341	322	299	<b>227</b>	△24.1%
<b>Profit before income taxes</b>	353	<b>732</b>	+107.0%	305	104	456	45	<b>229</b>	+400.0%
<b>Profit attributable to owners of parent</b>	83	<b>282</b>	+238.6%	200	29	300	△124	<b>106</b>	—

## Consolidated results:

**Sales increased YoY, but decreased QoQ.**

**Operating income increased YoY, but significantly decreased QoQ due to deteriorated performance of DX business (FRACTA).**

**FRACTA suffered a significant sales decline due to a decrease in new orders and project delays and revisions, and will implement management reforms and personnel reductions as well as downsize its business.**

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

# Consolidated Business Segment Results Overview

(Million yen)

	FY2023 Q3(9mo)	FY2024 Q3(9mo)	YoY	FY2023 Q3	Q4	FY2024 Q1	Q2	Q3	QoQ
<b>PS*</b>									
<b>Sales</b>	1,589	<b>1,789</b>	+12.6%	550	588	590	606	<b>592</b>	△2.2%
<b>Segment profit</b>	742	<b>782</b>	+5.3%	263	265	264	276	<b>240</b>	△13.0%
<b>SaaS</b>									
<b>Sales</b>	668	<b>819</b>	+22.7%	233	242	254	271	<b>293</b>	+8.1%
<b>Segment profit</b>	271	<b>344</b>	+27.0%	102	96	115	102	<b>127</b>	+24.3%
<b>DX</b>									
<b>Sales</b>	643	<b>521</b>	△19.0%	236	234	220	200	<b>100</b>	△49.7%
<b>Segment profit</b>	△326	△ <b>240</b>	—	△80	△20	△43	△67	△ <b>129</b>	—

PS:

Sales and profit increased YoY and decreased QoQ.

SaaS:

Sales and profit increased both YoY and QoQ.

DX:

Sales decreased YoY and QoQ mainly due to decline in new orders for FRACTA, which resulted in increased net loss QoQ.

\* PS stands for Professional Services

# Sales by Service

(Million yen)

	FY2023 Q3(9mo)	FY2024 Q3(9mo)	YoY	FY2023 Q3	Q4	FY2024 Q1	Q2	Q3	QoQ
<b>PS</b>	1,589	<b>1,789</b>	+12.6%	550	588	590	606	<b>592</b>	△2.2%
<b>Anagrams</b>	1,505	<b>1,724</b>		523	567	566	581	<b>576</b>	
<b>Other</b>	84	<b>64</b>		27	20	24	24	<b>16</b>	
<b>SaaS</b>	668	<b>819</b>	+22.7%	233	242	254	271	<b>293</b>	+8.1%
<b>EC Booster</b>	37	<b>41</b>		14	13	13	14	<b>13</b>	
<b>dfplus.io</b>	221	<b>275</b>		79	82	84	89	<b>101</b>	
<b>Social PLUS</b>	408	<b>503</b>		140	146	157	167	<b>178</b>	
<b>DX</b>	643	<b>521</b>	△19.0%	236	234	220	200	<b>100</b>	△49.7%
<b>FRACTA</b>	429	<b>332</b>		162	177	164	137	<b>31</b>	
<b>Shippinno</b>	95	<b>87</b>		30	29	30	28	<b>28</b>	
<b>Feedforce/Rewire</b>	71	<b>101</b>		27	28	26	34	<b>40</b>	
<b>TePs</b>	47	—		16	—	—	—	—	

PS:

Sales increased YoY and decreased QoQ.

SaaS:

Sales increased both YoY and QoQ.

DX:

Sales significantly decreased QoQ mainly due to decline in new orders for FRACTA.

# Operating Expenses

(Million yen)

	FY2023 Q3(9mo)	FY2024 Q3(9mo)	YoY	FY2023 Q3	Q4	FY2024 Q1	Q2	Q3	QoQ
<b>Operating expenses</b>	2,213	<b>2,245</b>	+1.4%	735	723	730	766	<b>748</b>	△2.3%
<b>Cost of sales</b>	1,014	<b>1,059</b>	+4.5%	343	336	362	356	<b>340</b>	△4.4%
<b>Labor cost</b>	688	<b>746</b>		252	234	252	251	<b>242</b>	
<b>Expenses</b>	320	<b>313</b>		91	102	110	104	<b>98</b>	
<b>SG&amp;A</b>	1,199	<b>1,185</b>	△1.2%	391	386	367	410	<b>408</b>	△0.5%
<b>Personnel expenses</b>	644	<b>594</b>		223	192	189	194	<b>210</b>	
<b>Expenses</b>	555	<b>591</b>		168	194	178	215	<b>197</b>	
<b>Recruitment/training</b>	42	<b>37</b>		9	21	8	8	<b>21</b>	
<b>Advertising</b>	52	<b>55</b>		12	10	16	30	<b>8</b>	
<b>Real estate-related expenses</b>	60	<b>88</b>		19	18	18	37	<b>32</b>	
<b>Depreciation</b>	97	<b>102</b>		33	34	33	34	<b>34</b>	
<b>Amortization of goodwill</b>	87	<b>49</b>		25	25	20	17	<b>11</b>	
<b>Other</b>	216	<b>258</b>		67	83	81	87	<b>90</b>	

Operating expenses stayed at the same level YoY.



# Breakdown of Extraordinary Gains and Losses

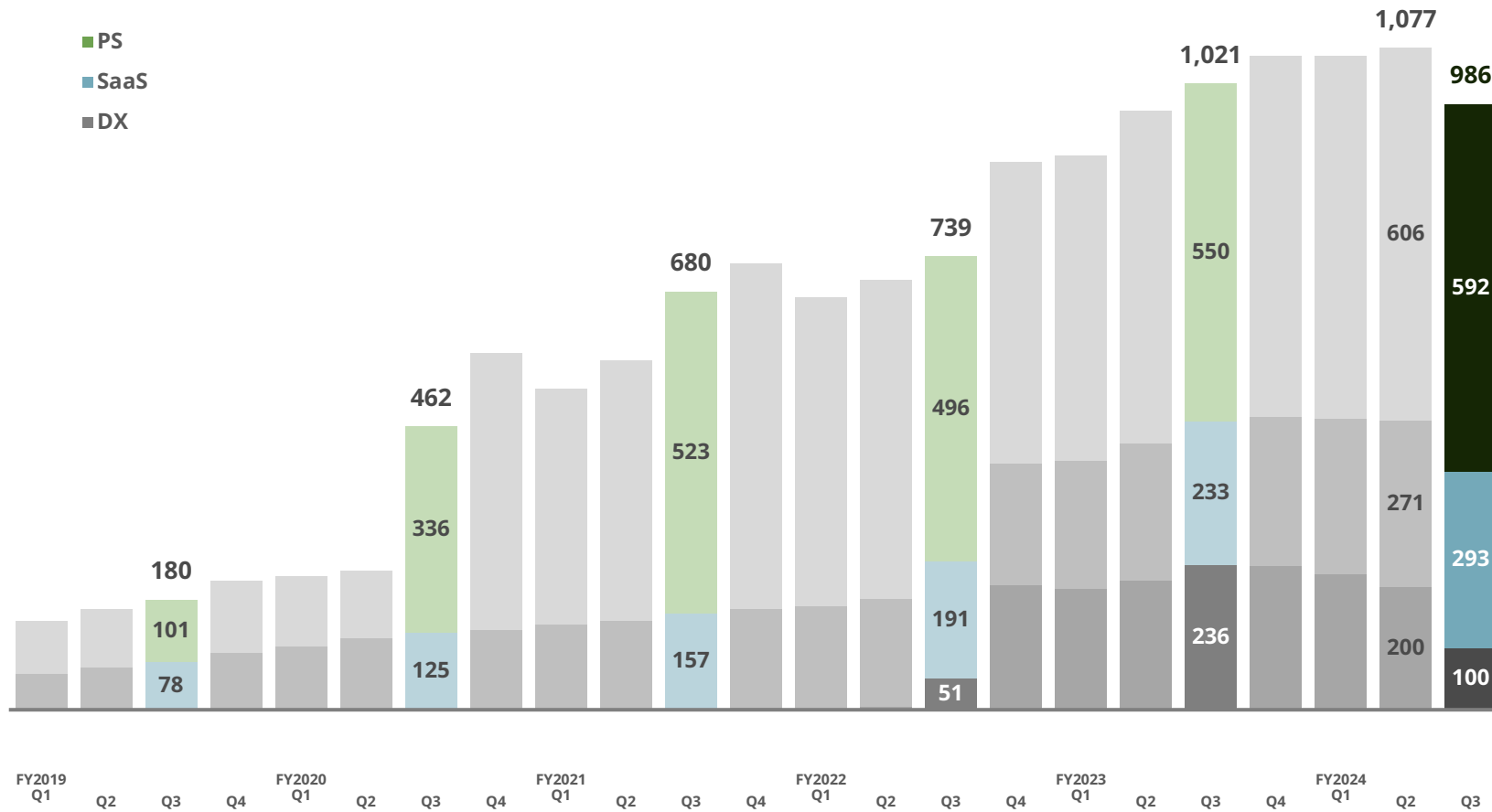
	FY2023 Q3(9mo)	FY2024 Q3(9mo)	FY2023 Q3	Q4	FY2024 Q1	Q2	(Million yen) Q3	Content
<b>Extraordinary gains</b>	24	<b>172</b>	24	1	133	36	<b>1</b>	
Gain on sale of investment securities	—	<b>86</b>	—	—	86	—	—	Current Q1 : Gain on sale of shares held by Anagram
Gain on change in equity	22	—	22	—	—	—	—	Previous Q3 : Valuation gain on the share of Teps upon de-consolidation
Gain on reversal of asset retirement obligation	—	<b>44</b>	—	—	44	—	—	Current Q1 : Reversal of obligation by agreement to deliver the old office to the new tenant on as-is basis
Gain on donated assets	—	<b>32</b>	—	—	—	32	—	Current Q2 : Donated assets for new office furnishment
Gain on reversal of share acquisition rights	2	<b>9</b>	2	1	3	3	<b>1</b>	Reversal gain on free acquisition from retirees and others
Other	—	<b>0</b>	—	—	—	0	—	
<b>Extraordinary losses</b>	350	<b>290</b>	—	237	0	290	—	
Valuation loss on investment securities	2	<b>0</b>	—	—	0	—	—	
Impairment losses	343	<b>290</b>	—	47	—	290	—	Previous Q4 : Valuation loss of fixed assets and restoration expenses related to office relocation Current Q2 : Impairment loss of FRACTA's goodwill
Amortization of goodwill	—	—	—	190	—	—	—	Previous Q4 : One-time amortization related to valuation of FRACTA shares
Other	4	<b>0</b>	—	—	0	—	—	

In Q2, the entire amount of FRACTA's goodwill was written off as impairment loss and recorded in extraordinary loss in the amount of 290 million yen.

# Quarterly Sales

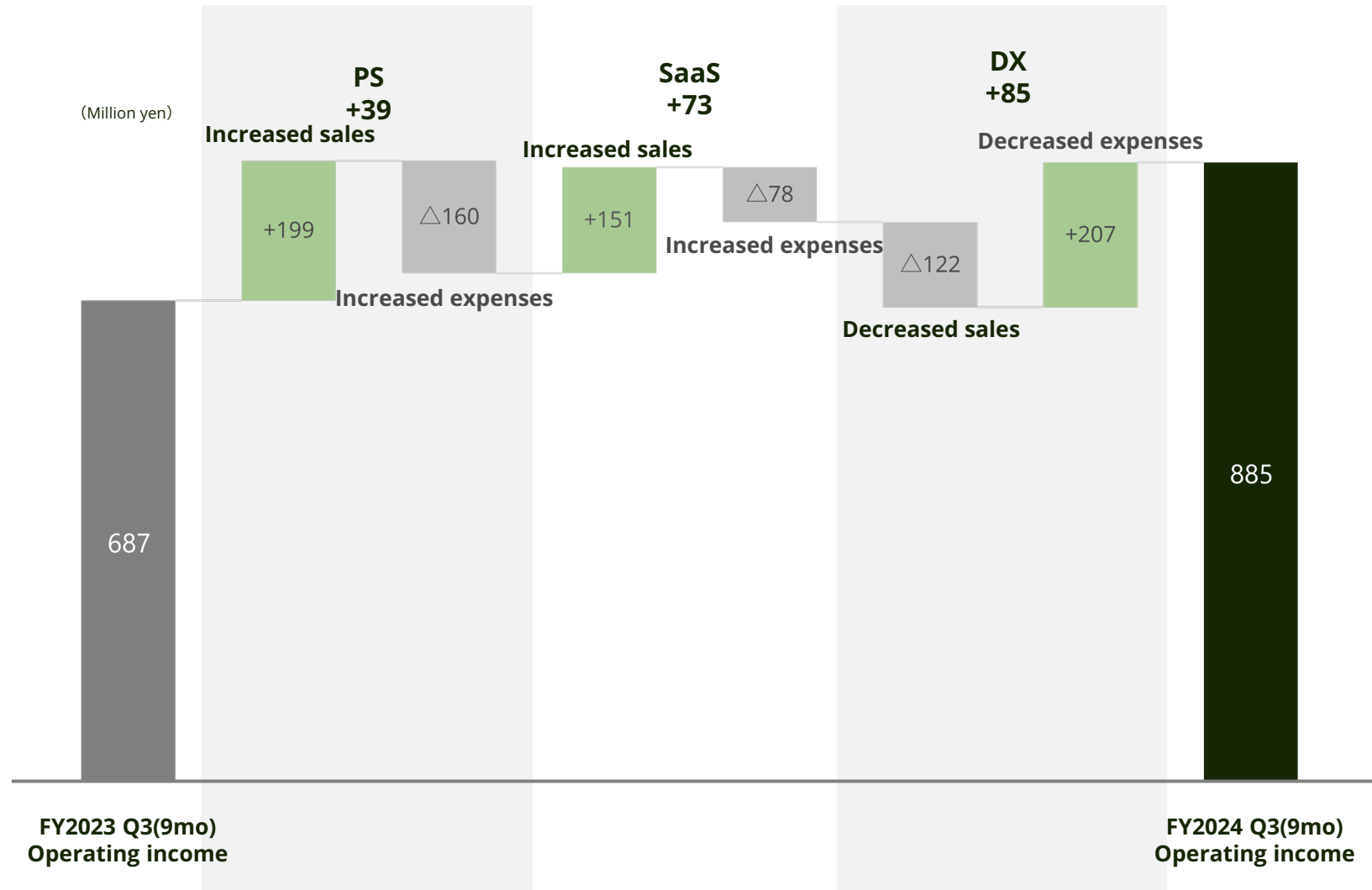
(Million yen)

- PS
- SaaS
- DX



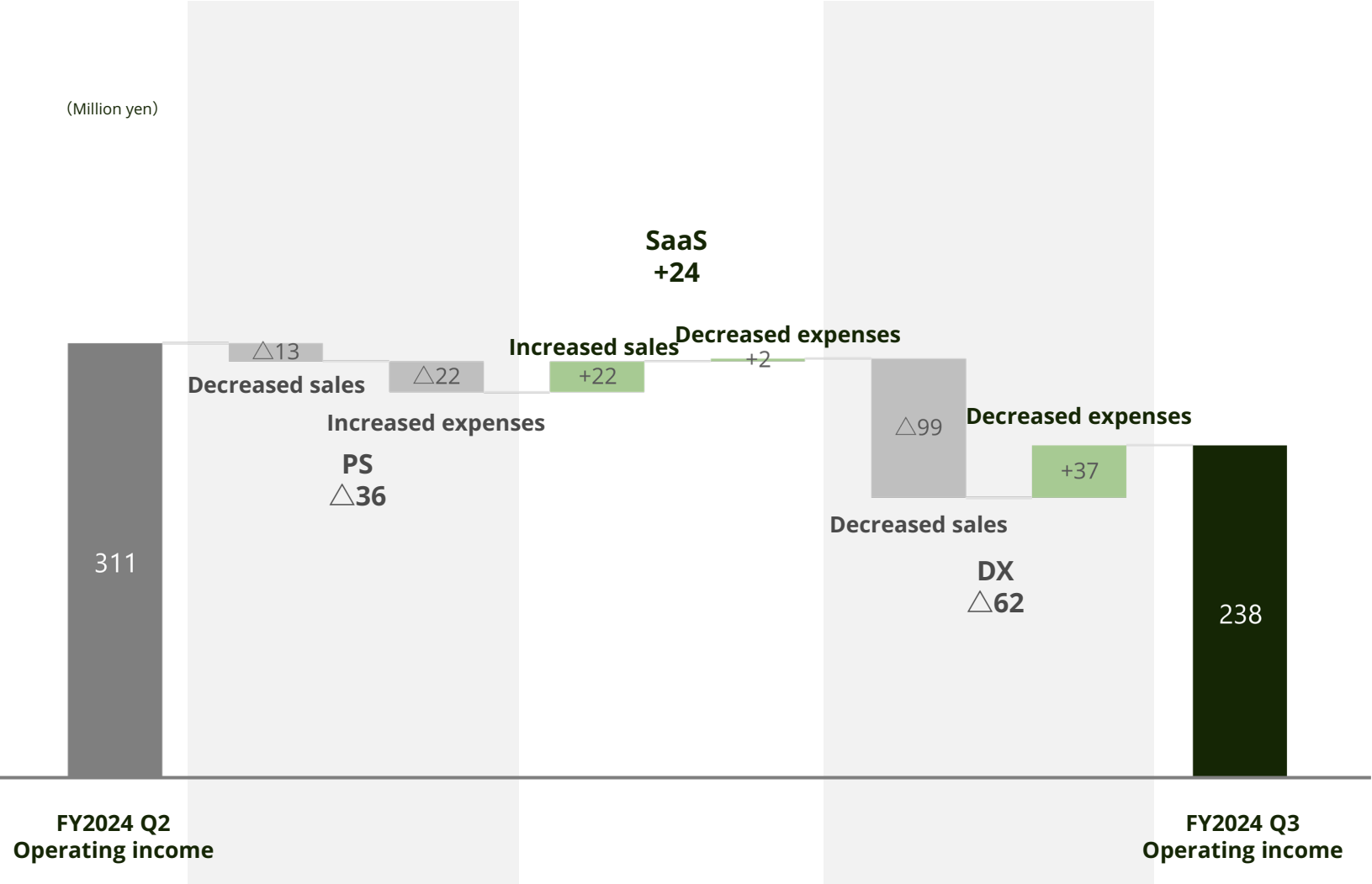
Quarterly sales decreased from Q3 of FY2023 due to the effect of lower sales in DX business.

# Factors for Changes in Operating Income YoY



Operating income increased YoY due to increased sales in PS and SaaS businesses and the effect of change in scope of consolidation in DX business.

# Factors for Changes in Operating Income QoQ



Operating income decreased QoQ because of increased expenses in PS business and significant decrease in sales in DX business.

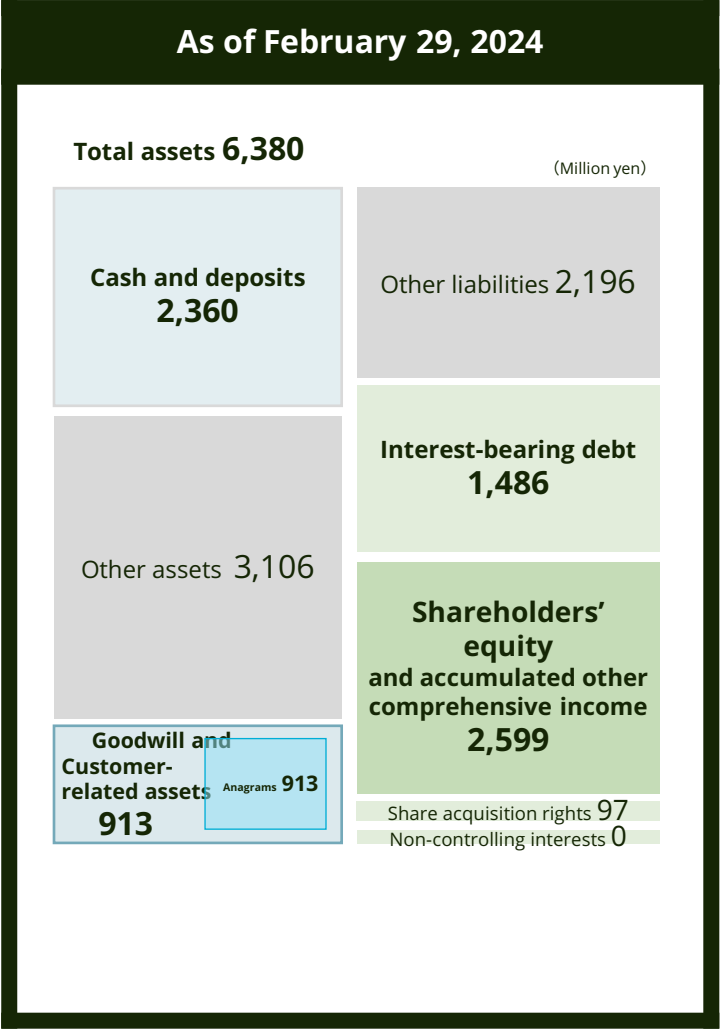
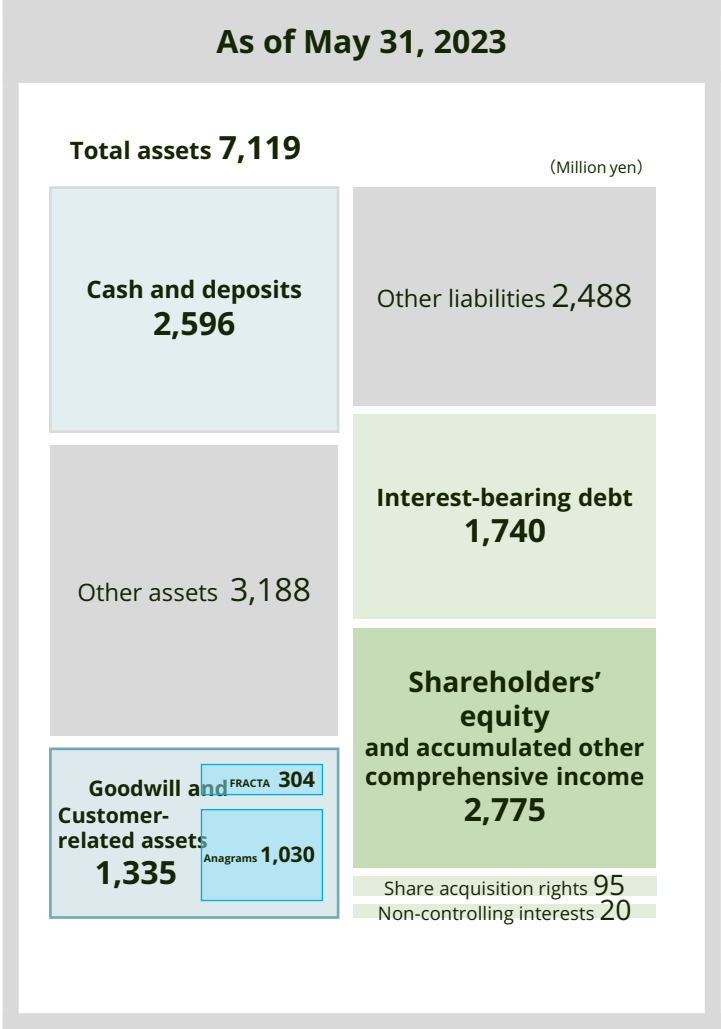
# Consolidated Balance Sheet

(Million yen)

	FY2019	FY2020	FY2021	FY2022	FY2023	<b>FY2024 Q3</b>	v. FY23 end
<b>Current assets</b>	426	3,528	4,915	5,503	5,248	<b>4,981</b>	△267
<b>Non-current assets</b>	44	1,690	1,552	2,515	1,870	<b>1,399</b>	△471
<b>Total assets</b>	470	5,219	6,467	8,019	7,119	<b>6,380</b>	△739
<b>Current liabilities</b>	322	1,370	2,255	2,861	2,541	<b>3,473</b>	+931
<b>Non-current liabilities</b>	50	2,018	1,810	2,009	1,686	<b>209</b>	△1,477
<b>Total liabilities</b>	373	3,389	4,065	4,870	4,228	<b>3,682</b>	△545
<b>Shareholders' equity</b>	97	957	2,366	2,983	2,777	<b>2,602</b>	△175
<b>Accumulated other comprehensive income</b>	—	—	—	△0	△2	△2	△0
<b>Share acquisition rights</b>	—	—	32	77	95	<b>97</b>	+1
<b>Non-controlling interests</b>	—	872	2	87	20	<b>0</b>	△19
<b>Total net assets</b>	97	1,829	2,401	3,148	2,890	<b>2,697</b>	△193

**Assets, liabilities and net assets all decreased due to repayment of borrowings, acquisition of treasury shares and impairment of goodwill.**

# Breakdown of Consolidated Balance Sheet

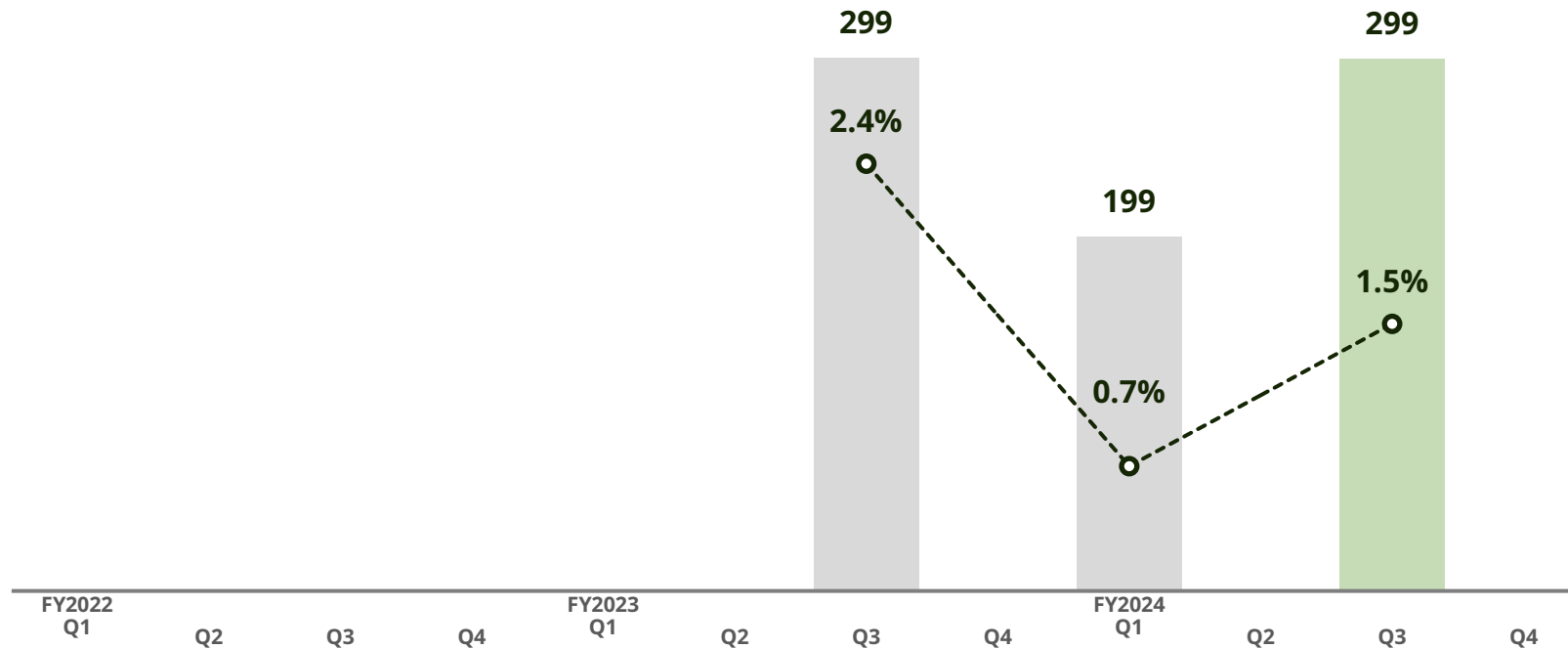


Cash and deposits and interest-bearing debt decreased due to acquisition of treasury shares and repayment of borrowings.

In March 2024, one-billion-yen new borrowing will be provided.

# Acquisition of Treasury Shares

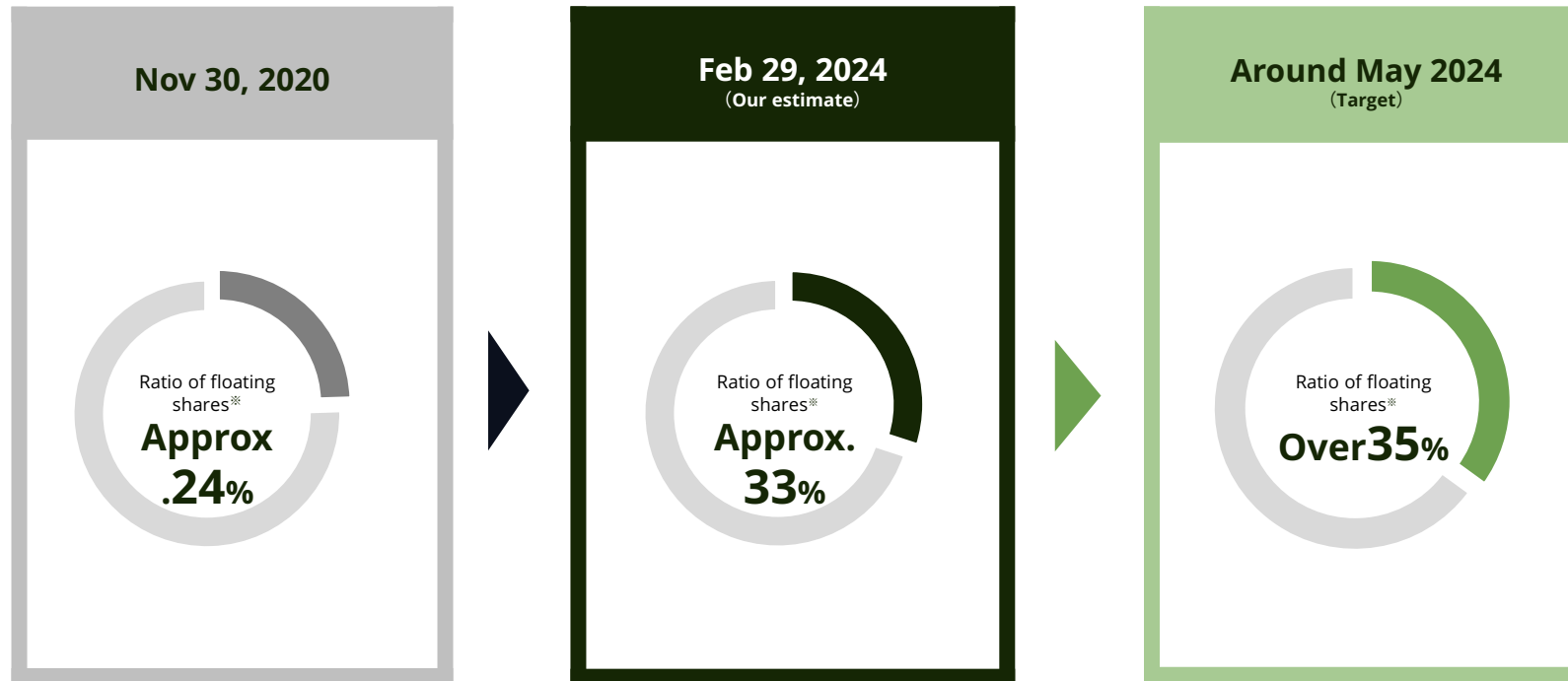
- Acquisition amount of treasury shares (million yen)
- Ratio of treasury shares (%)



Since FY2023, we have purchased treasury shares three times totaling approximately 800 million yen (all of them have been cancelled).

# Outlook for the Ratio of Floating Shares

Aim to achieve over 35% around May 2024.



\* Ratio of floating shares: the ratio of floating shares to the outstanding shares where the floating shares are the number of shares outstanding, excluding the following: "the number of shares held by the shareholders who own 10% or more of the outstanding shares", "the number of shares held by officers", "the number of treasury shares", "the number of shares owned by special related parties other than officers", "the number of shares held by domestic commercial banks, insurance companies and other corporations", and "the number of shares deemed to be fixed."










02

Our Business Plan and Growth Potential

# Business Model

# (1) Business Overview Business segments and business areas of subsidiaries

		PS	SaaS	DX
<b>Outline</b>		<ul style="list-style-type: none"> <li>Internet-oriented advertising agency</li> <li>Data feed creation agency service</li> </ul>	<ul style="list-style-type: none"> <li>LINE CRM and social login service that connects users with ID</li> <li>Data feed management tools</li> <li>Shopping ads automatic seconding tool</li> </ul>	<ul style="list-style-type: none"> <li>Shopify branding and EC building support services</li> <li>Shopify App and EC business automation support tool</li> </ul>
<b>Business areas of each company</b>	 feedforce	✓	✓	✓
	 ANAGRAMS	✓		
	 social plus		✓	
	 FRACTA®			✓
	 SHIPPINNO			✓
	 Rewire			✓
	 feedforce Vietnam			✓

The core companies are Anagrams in PS business and Social PLUS in SaaS business.



What we want to achieve is **to unearth the hidden charms of company clients that even they themselves are not aware of and make their business successful.**

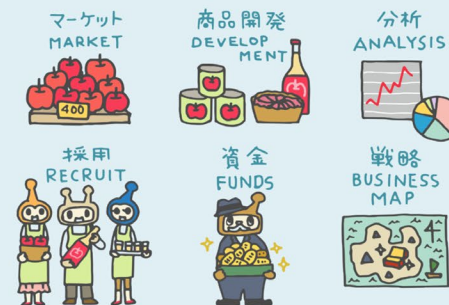
We want to be a partner that supports our clients in every way possible to help them succeed in their business, not just in the operation of managed advertising.

—Anagrams Features and Strengths —

Marketers are overwhelmingly strong in operational advertising.



Able to ask about the entire business and the entire market.



An integrated system that does not separate sales and operations.

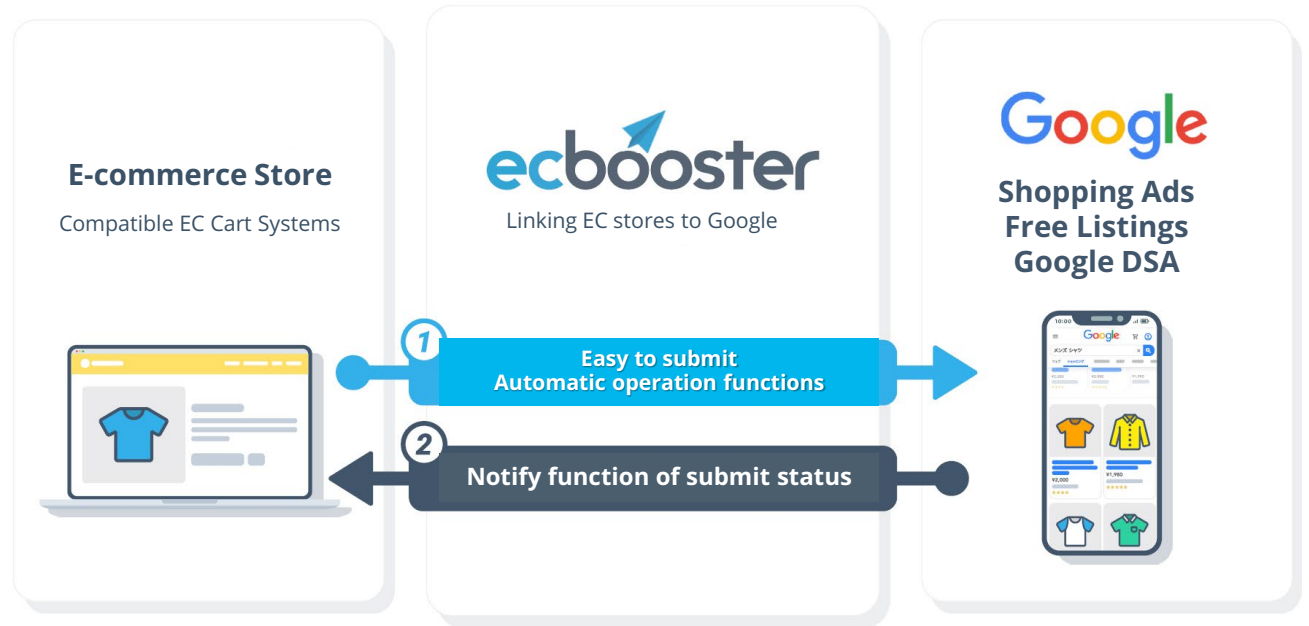


# ecbooster

Quickest in 5 minutes,  
Get your products listed  
on Google

## What is EC Booster?

"EC Booster" is a service that automates the process of attracting customers, targeting small and medium-sized E-Commerce businesses. Currently, the posting and operation of "Google Shopping Ads" and "Google DSA" are automated and EC businesses can easily post their special products in the prime Google search locations.

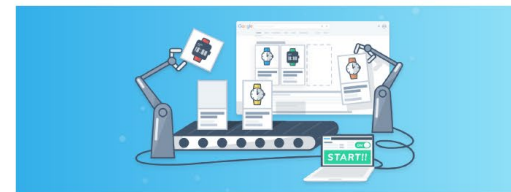


## Easy submission and automatic operation functions



With as little as 5 minutes of initial setup, you can automatically submit advertisements from your E-commerce site. There is no need for operational effort. Fully automated handling of difficult screening and other tasks. Daily operations are also fully automated, so you can rest assured.

## Submission status notification



It will automatically notify you if there are any products that are not listed on Google. If your ad is disapproved by Google, we'll show you how to deal with it, so you can make improvements in the system right away and minimize lost opportunities!





Make product data top-selling with Data Feed.

# "dfplus.io", a Data Feed Management Tool

"dfplus.io" is a Data Feed Management Tool for utilizing EC product data, human resource job posting data, real estate property data, etc. for marketing. In addition to data feed ads such as Google Shopping Ads, Criteo, Facebook, Indeed, etc., we also provide recommendations, data linkage with partner sites, and social commerce, realizing an operational environment where even a small number of people can easily achieve results.



**You can complete the process at hand.**

The creation and management of Data Feeds can be completed at hand, greatly reducing communication costs. Rapid implementation of measures is possible.



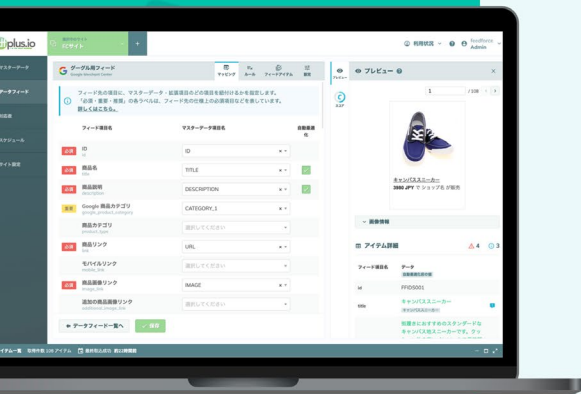
**Powerful features**

We have improved its functions more than 100 times in a year, including automatic optimization, automatic creation of feeds, and avoidance of human errors. Standard support for all major media.



**Beginners are welcome**

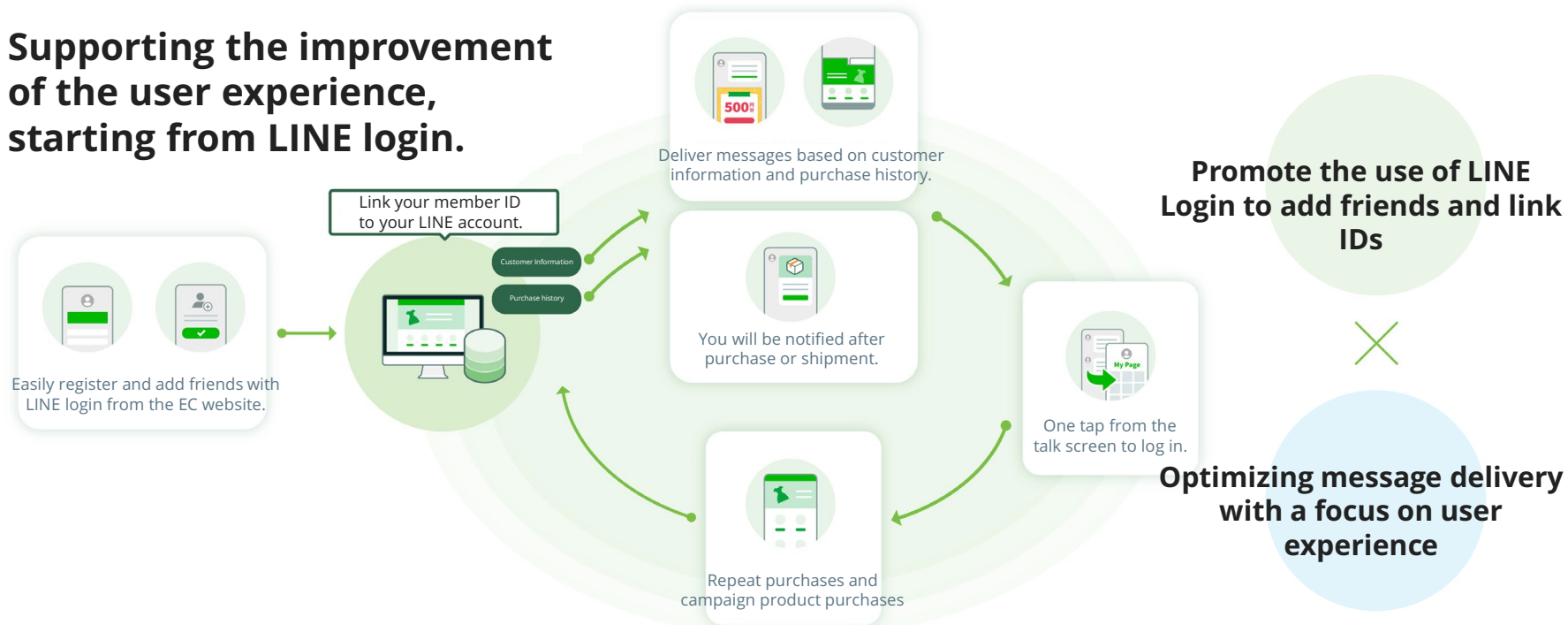
With a user interface that is easy to understand, even for beginners in data feeds, it realizes an operation system that does not depend on a single person. Support is also available.



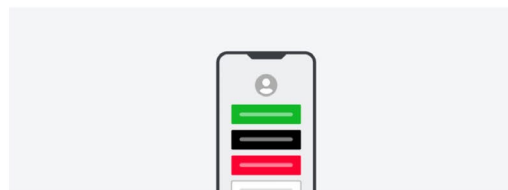
# social plus

Make it easier to implement Social Login.

## Supporting the improvement of the user experience, starting from LINE login.

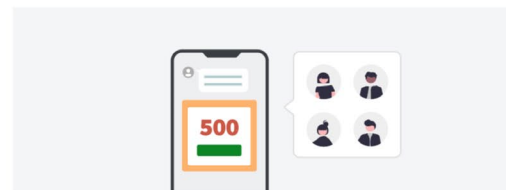


### Optimization of member registration and purchase flow



It makes membership registration very easy because it automatically fills in the membership registration form with personal information obtained through Social Login. By linking the member ID to the SNS account, users can easily log in with their familiar SNS account.

### CRM using the official LINE account

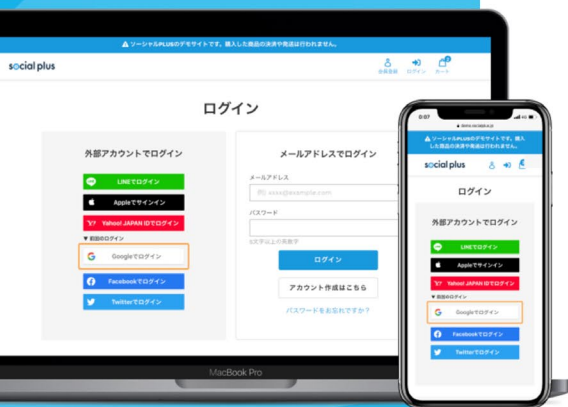


It is possible to promote the linkage of friend additions and IDs through LINE login, as well as optimize message delivery. We will support you in improving user experience and sales based on our technical capabilities and know-how as a certified LINE Corporation Technology Partner and SMB Sales Partner.

### Linking Shopify and LINE



Easily implement social login and CRM policies that integrate Shopify and LINE. We also support segmented delivery based on Shopify customer information and purchase history, as well as automatic delivery of LINE notification messages after purchase completion and shipping completion.



# Omni Hub



## Omni-Channel Member information linkage App

### Member information linkage



You can add your Shopify membership information as your *SUMAREJI* membership information.

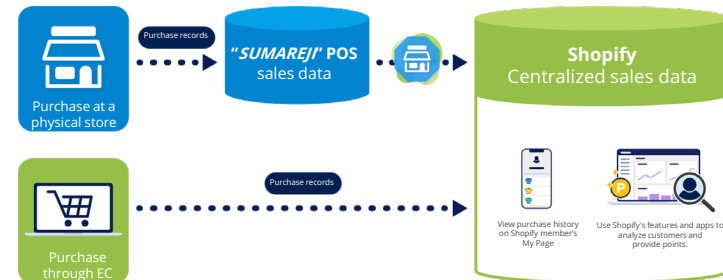
Display member barcode on the EC site!



### Sales information linkage



Unify online and offline purchase status. Realize cross-channel analysis and CRM!







# Dokopoi introduces points system



## Grant/use points

Set granting and using points to match Japanese business practice



## Manage points per user

Show irregular points change and points past records



## Manage points per user

Show irregular points change and points past records



## Analytical tool

Show data for LTV improvement, such as the current status of points granted and used



## Export

Export CSV file of customer information registered on Dokopoi and points past records



## Limited campaign

Change grant rates by combining multiple conditions at the time of purchase (limited period, accumulated amount, etc.)



## Compatible with Shopify Flow

Able to grant and use points automatically by certain actions



## Link points with off-line stores

Integrate member and points information by SUMAREJI (Omni Hub) and Shopify POS



## Reward program

Exchange saved points for merchandise



## Export

Export CSV file of customer information registered on Dokopoi and points past records



SHIPPINNO processes orders automatically 24 hours a day, from order receipt to shipping requests, inventory synchronization, and sending emails to buyers. It is a service that automates data linkage related to shipping and dispatch between any mall and logistics warehouse.



### Non-stop, fully automated processing from order to shipment

- Reflecting incoming data
- Confirmation of order information
- Sending Thank You Email
- Check inventory
- Request shipment to warehouse
- Packing and shipping at warehouse
- Send shipment completion email
- Register shipping information
- Synchronize inventory

<https://www.shippinno.net/>

#### Mall, Systems

#### Logistics Service

- Amazon
- Rakuten Ichiba
- Yahoo! Shopping
- PayPay Mall
- Next Engine
- Shopify

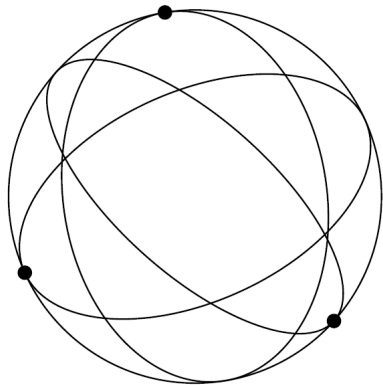
- FBA Multichannel Service
- Logizzard ZERO Support Warehouse
- LogiMoPro
- SB Logistics
- Sagawa Global Logistics
- Other domestic warehouses  
(All warehouses that provide shipping instructions via CSV)

FRACTA is a total branding partner that implements brand brilliance in society.

With the power of branding and marketing as well as technology and design, we will rediscover the core of existing brands in addition to new business development and implement them in society.

## Three services provided by FRACTA

01

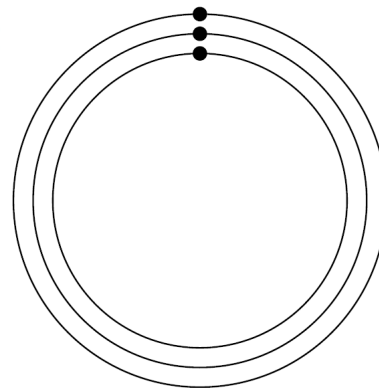


### One by One

#### Brand Consulting Services

Build a dedicated brand team and accompany the brand to progress the project

02

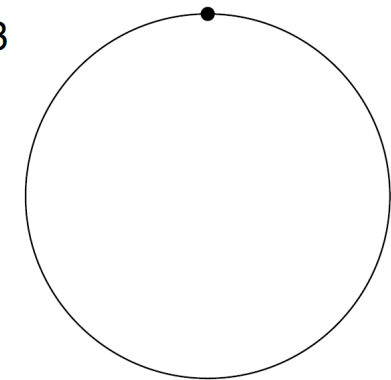


### Star Tracker

#### Branding Online Service

Promote brand self-propelled driving by providing centralized tools and know-how related to brand management

03













### Branding Camp

#### Branding and Commerce Education Services

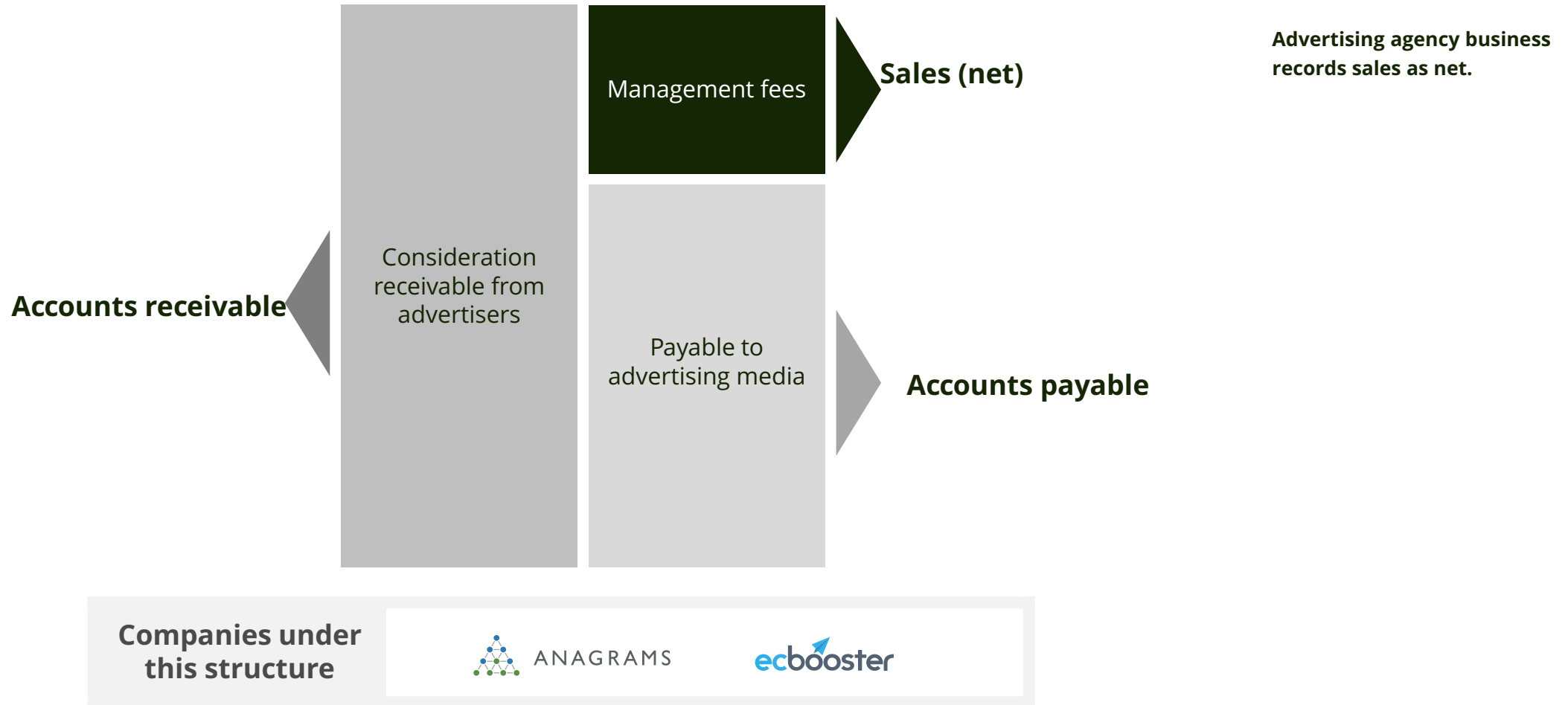
Promote revitalization through knowledge education on branding and e-commerce

## (2) Revenue Structure List of key services and fee structures

Fee structure	PS	SaaS	DX
Variable rate per billing	Rate of customer promotion (advertising) expenses		
	Internet-oriented advertising agency  ANAGRAMS	Google shopping ads automatic operation tool  ecbooster	
Fixed by month	Data feed advertising operations  DF PLUS	Data feed management tool  df plus.io	Automation of e-commerce shipments and orders  SHIPPInno
		Social login & message delivery  social plus	Sumareji-linked Shopify App  Omni Hub <small>Powered by Feedforce Inc.</small>
		LINE-based CRM infrastructure Shopify App  CRM PLUS on LINE	Shopify App related to point features  どこポイ
Per person per month			Brand strategy, EC setup supports  FRACTA®

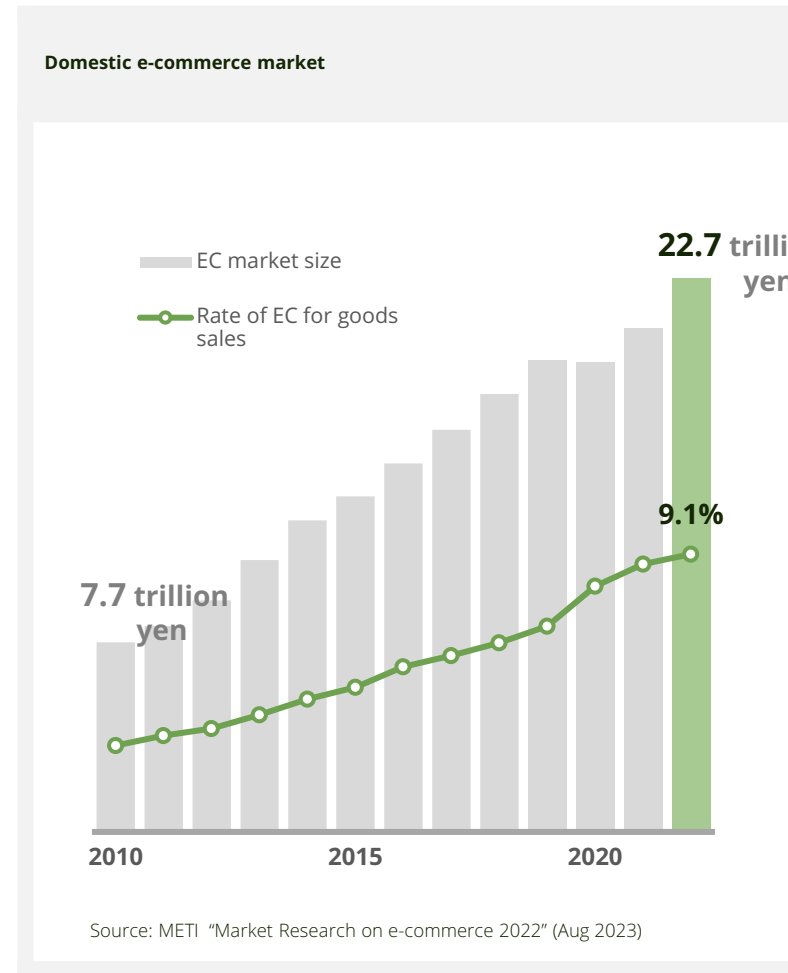
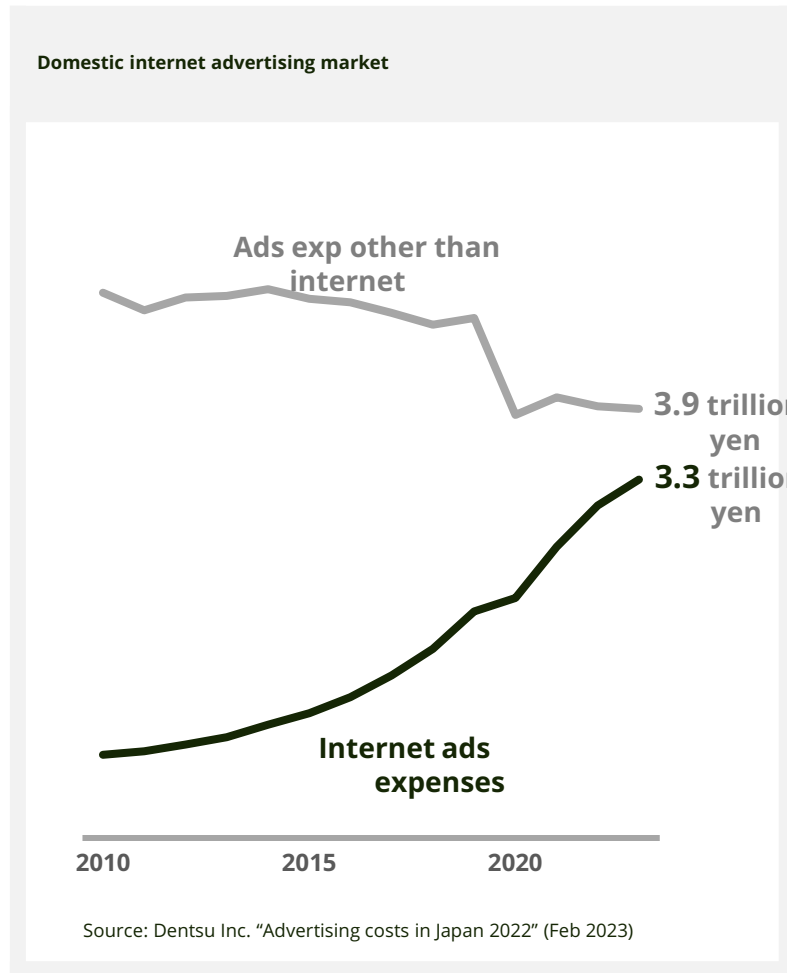
Based on revenue models of rate per billing, fixed monthly fee and per person per month

## (2) Revenue Structure Revenue structure and sales recognition for advertising management services



# Market Environment

# (1) Market Size Internet advertising and EC markets



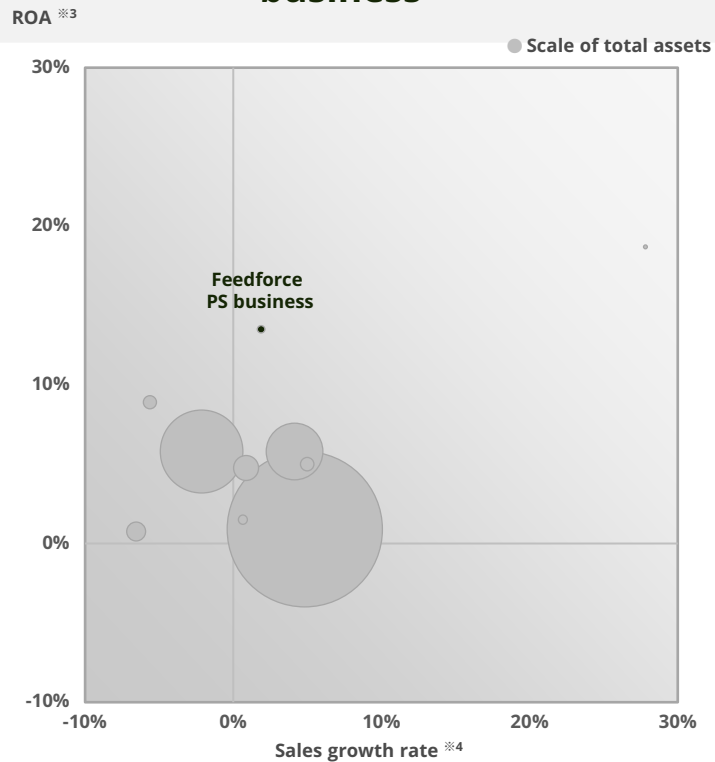
Internet advertising expenses in 2023 grew steadily to 3.3 trillion yen, accounting for 45.5% of total advertising expenses.

E-commerce market size in 2022 was 22.7 trillion yen, for goods sales, it grew 5.4% compared to the previous year, making the EC rate 9.1%.

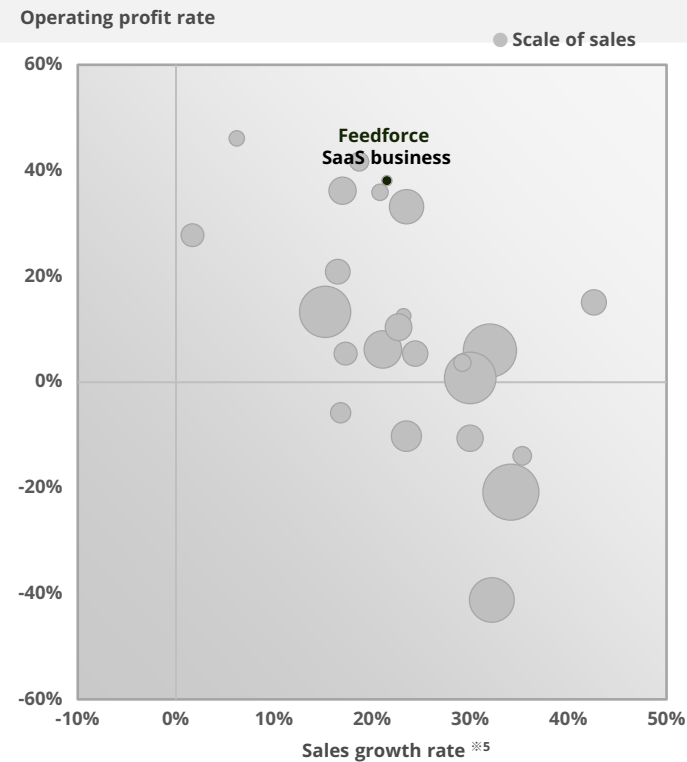
## (2) Competitive Environment

### Comparison with domestic major advertising agencies and SaaS business

Growth and profit rates of major domestic advertising agency business<sup>※1</sup>



Growth and profit rates of major domestic SaaS business<sup>※2</sup>



In comparison with major domestic advertising agency and SaaS businesses, we keep the high profit rate even though our scale of total assets and sales are small.

※1 Calculated based on the latest financial results of major companies listed in Japanese stock markets whose main business is advertising

※2 Calculated based on the latest financial results of major companies listed in Japanese stock markets whose main business is SaaS

※3 Calculated using the profit rate before tax for IFRS financial results

※4 Calculated based on actual sales

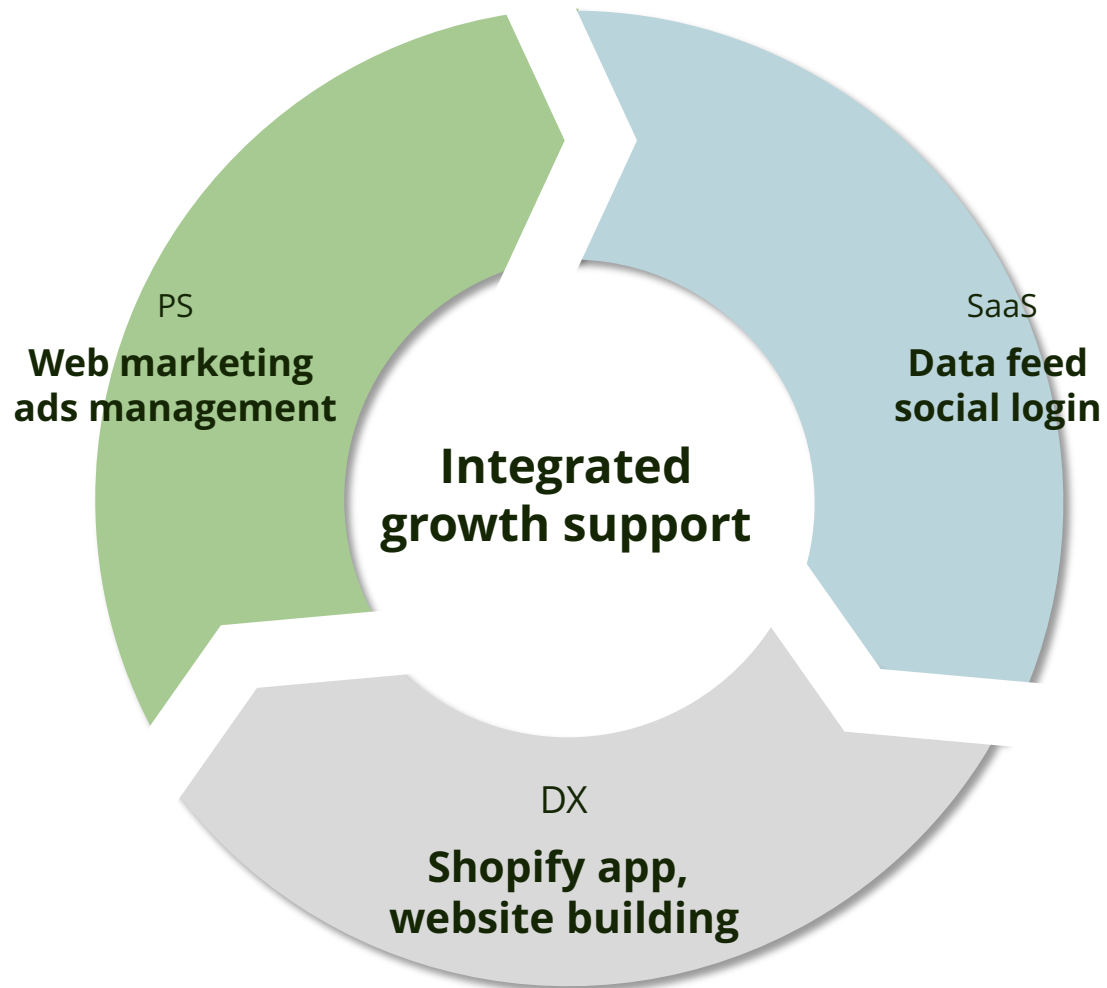
※5 Calculated based on forecast sales



## Source of Competitiveness

# (1) Management Resources and Competitive Advantage

## Business segment synergies



- Sales promotion (PS)
- Providing tools (SaaS)
- Branding, EC website building and providing EC apps (DX)

Through these businesses, we will support the growth of e-commerce and Web service providers.

# (1) Management Resources and Competitive Advantage

## Characteristics of business segment

	Source of Competitiveness	Scale	Profitability	Stability	Growth potential
<b>PS</b>	<ul style="list-style-type: none"> <li>Maintains high profitability with a consulting-style advertising agency model</li> </ul>	Sales <b>2,177M</b> yen Full-time employees <b>94</b> (FY2023)	Operating profit rate (FY2023) <b>45.5%</b>		
<b>SaaS</b>	<ul style="list-style-type: none"> <li>Maintain steady increase in sales and high profitability</li> <li>Few competitors in Japan in social login and data feed tools</li> </ul>	Sales <b>910M</b> yen Full-time employees <b>46</b> (FY2023)	Operating profit rate (FY2023) <b>38.1%</b>	Since segment disclosure in FY2017 Consecutive increase in sales and profit	
<b>DX</b>	<ul style="list-style-type: none"> <li>Establish <b>EC support structure from branding using Shopify, website building, providing apps to backyard jobs</b></li> </ul>	Sales <b>878M</b> yen Full-time employees <b>74</b> (FY2023)	<b>Review business structure</b>		

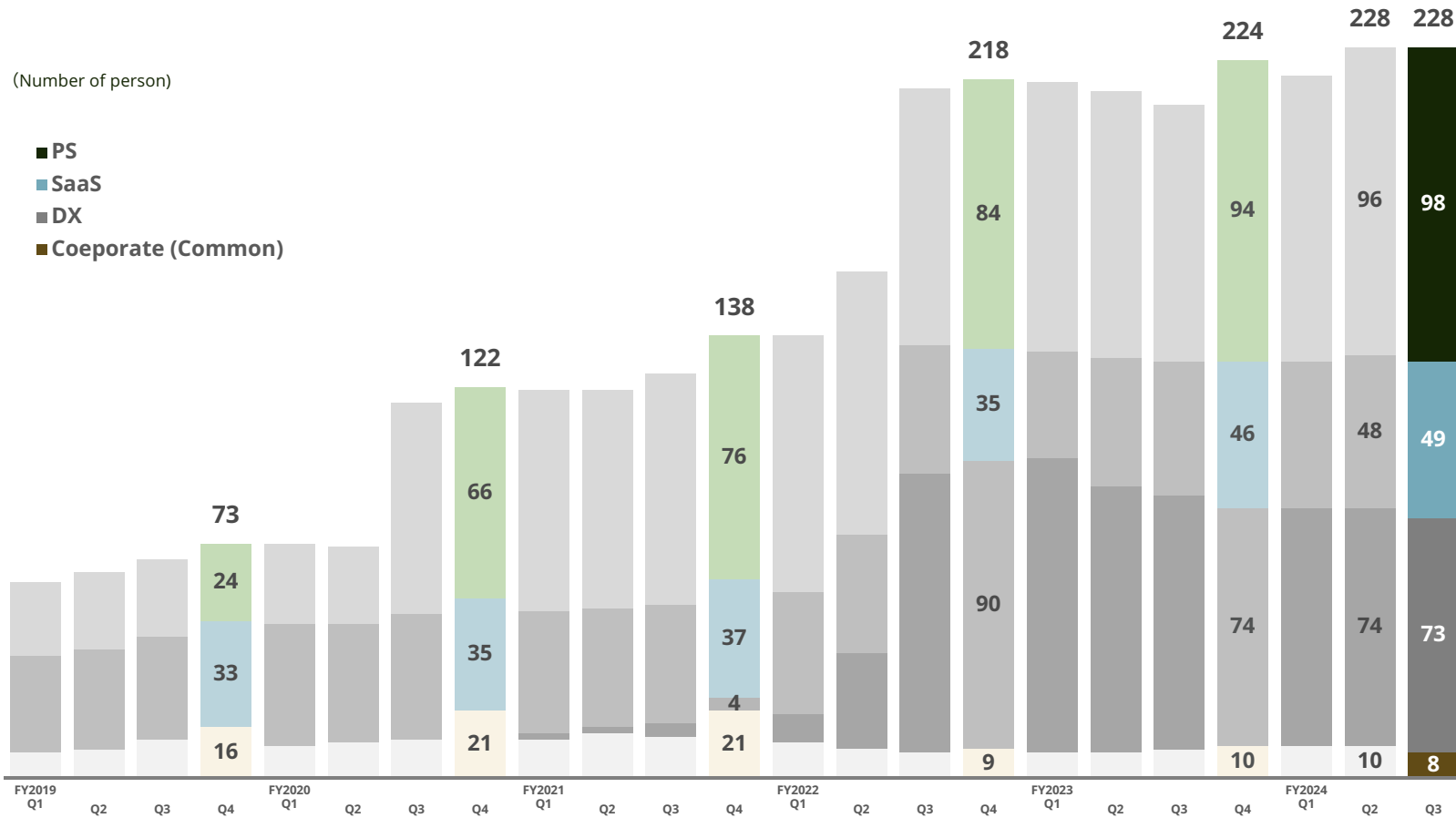
Since each segment has different characteristics, it is possible to continue growth investments while expanding profits.

For the DX business, we will fundamentally review its business structure.

# (1) Management Resources and Competitive Advantage

## Expanding human resources

### Changes in the number of employees (Full-time only)



The number of Group employees (full-time only) increased in PS business.

# (1) Management Resources and Competitive Advantage

## Management

**Koji Tsukada**  
President & CEO  
Feedforce Inc.



Graduated from Kyoto University, the Faculty of Engineering in 1992. After working at Yasuda Trust and Banking, he established Root Communications Inc. in 1996. In March 2006, he founded Feedforce Inc.

**Norikazu Shimada**  
Independent  
Director  
(Supervisory Committee,  
full-time)

Graduated from Yokohama National University, Department of Economics in 2007. He worked for Deloitte Touche Tohmatsu LLC and became Director (Supervisory Committee) in August 2022. CPA.

**Kazuhaya Okada**  
Group Executive Officer  
President & CEO  
Social PLUS Inc.

After graduating from Tokai University, the Faculty of Engineering in 2000, he was a sole proprietor, worked for TMJ Inc., Cocom Inc. and other companies before joining Feedforce Inc. in October 2015. He served as Head Manager for SaaS business and was an executive officer and in June 2021 became President and CEO of Social PLUS Inc.

**Keji Abe**  
Director  
Anagrams  
President & CEO



Graduated from Bunka Fashion College in 2001. After graduation, he worked as a freelancer for the apparel and e-commerce businesses. Established Anagrams in April 2010 and became President (current position).

**Katsunori Ura**  
Independent  
Director  
(Supervisory Committee)

Graduated from Hitotsubashi University, the Faculty of Law in 2002. He joined Blakemore Law Office and then joined the Tokyo Marunouchi Law Office. In August 2017 he was appointed as an auditor, and in August 2018 became Director (Supervisory committee). Attorney at law.

**Hideya Kato**  
Group Executive Officer  
President & CEO  
Rewire, Inc.

After graduating from International Pacific University, New Zealand in 2006, he joined Septeni, Co., Ltd., CyberAgent, Inc., LITALICO, Inc., and Legoliss, Inc. In November 2022, he became Director of Rewire, Inc. and in March 2022 became President and CEO.

**Yasuo Sato**  
Independent  
Director  
(Supervisory Committee)

After graduating from university, he worked for Asatsu Inc. (currently ADK Holdings), Digital Garage, Inc., Infoseek, Google, ATARA, LLC Chairman (current position). In August 2020 he became Director (Supervisory committee).

**Shingo Nishiyama**  
Group Executive Officer  
In charge of Group

Graduated from Kyoto University, the Faculty of Engineering in 2002. He worked for the Ministry of Construction (currently MLIT) and Nikko Citigroup (currently MLIT) and Nikko Citigroup Securities Co. (currently SMBC Nikko Securities Inc.) before joining Feedforce Inc. in January 2017.

# Our Business Plan

# Business Plan Summary

FY2023	<ul style="list-style-type: none"> <li>Invest in expanding organization (mainly staff) for future growth while maintaining the profit level</li> </ul>	PS	<ul style="list-style-type: none"> <li>Increase Anagrams staff to more than 100</li> </ul>
		SaaS	<ul style="list-style-type: none"> <li>Keep increasing sales and profit while expanding functions</li> </ul>
		DX	<ul style="list-style-type: none"> <li>Increase FRACTA staff, increase sales of AppUnity</li> </ul>

In FY2024, we will aim profit expansion by continuing growth in PS and SaaS businesses.

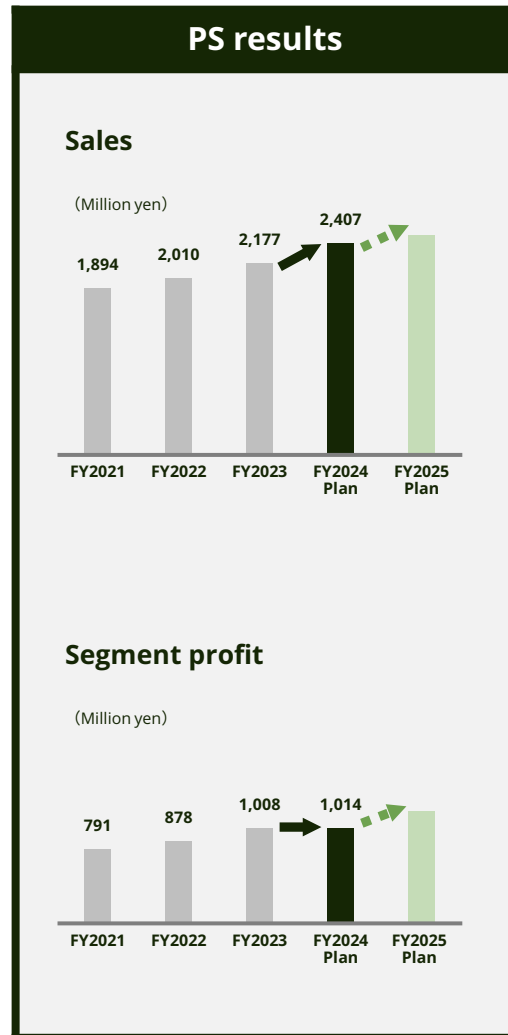
As for DX business, we will review its business structure.

Because of that, our sales goal for FY2025 has been dropped.

FY2024 Plan	<ul style="list-style-type: none"> <li>Shift from profit maintaining phase due to up-front investment to sales and profit expansion phase</li> <li>Continue constant organizational expansion towards mid-term goal</li> </ul>	PS	<ul style="list-style-type: none"> <li>Build stable operating structure and revenue base</li> </ul>
		SaaS	<ul style="list-style-type: none"> <li>Keep 20% growth rate and increase profit</li> </ul>
		DX	<ul style="list-style-type: none"> <li>Review business structure</li> </ul>

FY2025 Goal	<ul style="list-style-type: none"> <li>(Initially) Mid-term goal: Achieve “5 billion yen for sales, 2 billion yen for operating income, and maintain over 20% for ROE”</li> </ul>
	<ul style="list-style-type: none"> <li>(After review) Mid-term goal: “2 billion yen for operating income and maintain over 20% for ROE”</li> </ul>

# (1) Growth Strategy Growth strategy for PS business



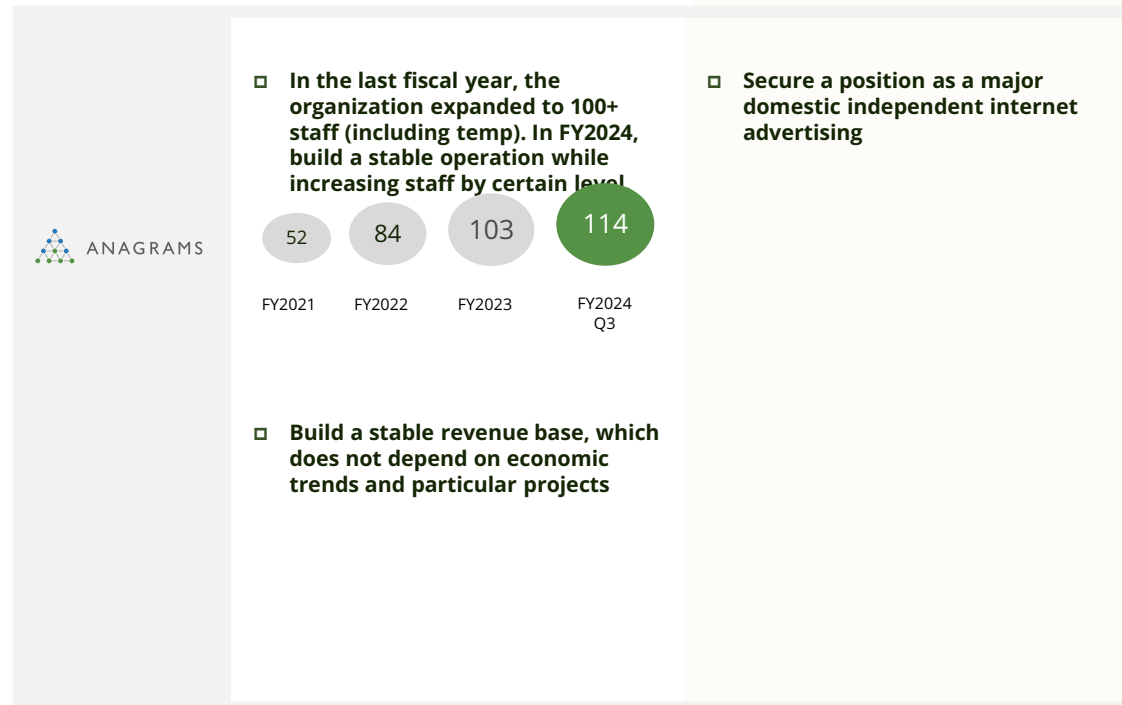
## Initiatives for FY2024

- Plan for FY2024 (Revised)
  - Sales 2.4 billion yen
  - Segment profit 1.0 billion yen

## Growth strategy after FY2025

- Aim for stable increase in sales and profit

By building a stable operational structure and revenue base, we will maintain a high revenue structure.





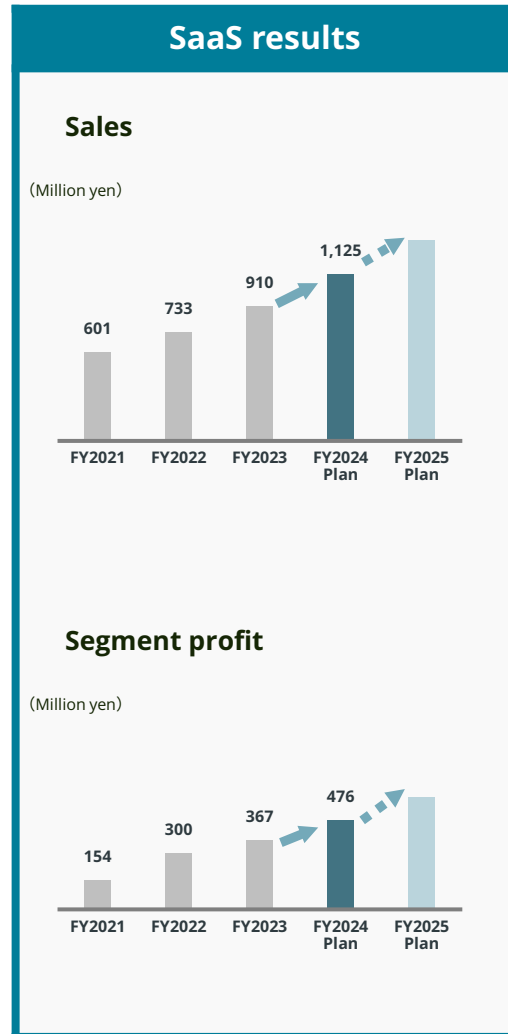
# Anagrams expended its customer base and lowered dependency on certain customers

Sales ratio of top 10 main customers in PS business



# (1) Growth Strategy

## Growth strategy for SaaS business



### Initiatives for FY2024

- Plan for FY2024
  - Sales 1.1 billion yen
  - Segment profit 0.4 billion yen

### Growth strategy after FY2025

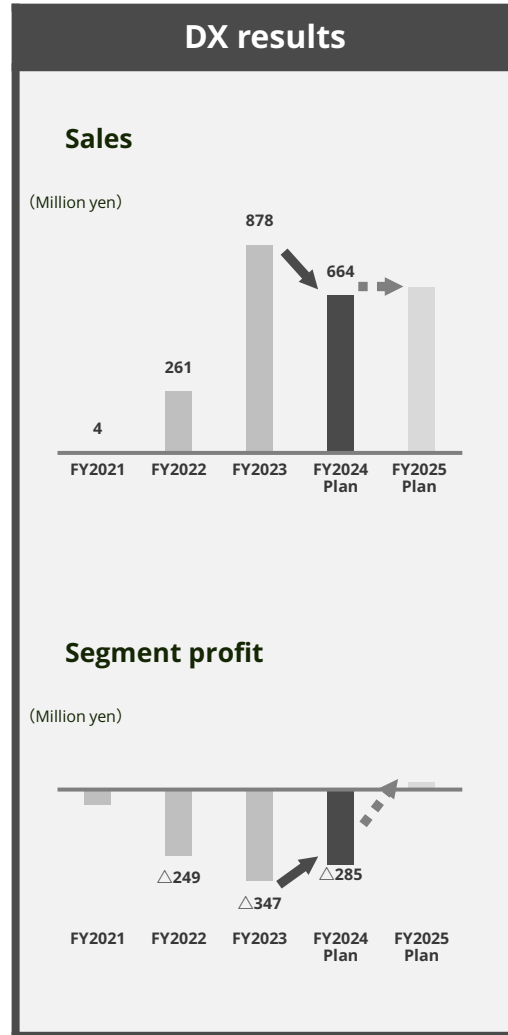
- Maintain around 20% sales growth and increased profit

While extending functions in each service, we will continue around 20% increase in sales going forward.

<b>social plus</b>	<ul style="list-style-type: none"> <li>Through the release of new message function, increase shares and reinforce EC platform link</li> </ul>	<ul style="list-style-type: none"> <li>Aim for top market shares in Japan for both login and message functions</li> </ul>
<b>CRM PLUS on LINE</b>	<ul style="list-style-type: none"> <li>Expand mainly for enterprise and also extend to medium and small businesses</li> </ul>	<ul style="list-style-type: none"> <li>Expand from Shopify to other platforms</li> </ul>
<b>dtplus.io</b>	<ul style="list-style-type: none"> <li>Develop enterprise customers and facilitate implementation</li> </ul>	<ul style="list-style-type: none"> <li>Develop services of data feed x AI</li> </ul>

# (1) Growth Strategy

## Growth strategy for DX business




### Initiatives for FY2024

- Aim for big sales growth and segment profit

### Growth strategy after FY2025

- Big profit growth in FY2025
- Expect significant growth by building AppUnity economic zone and group synergy

We plan to provide new solutions while aiming to make a net profit in FY2024.

<p>FRACTA®</p>	<ul style="list-style-type: none"> <li>□ Scale down business</li> </ul>
<p> Rewire</p>	<ul style="list-style-type: none"> <li>□ Increase collaboration with group companies, obtain enterprise customers</li> <li>□ Focus on specialized solution, such as ID integration, OMO, B2B, P2C and AI</li> </ul>

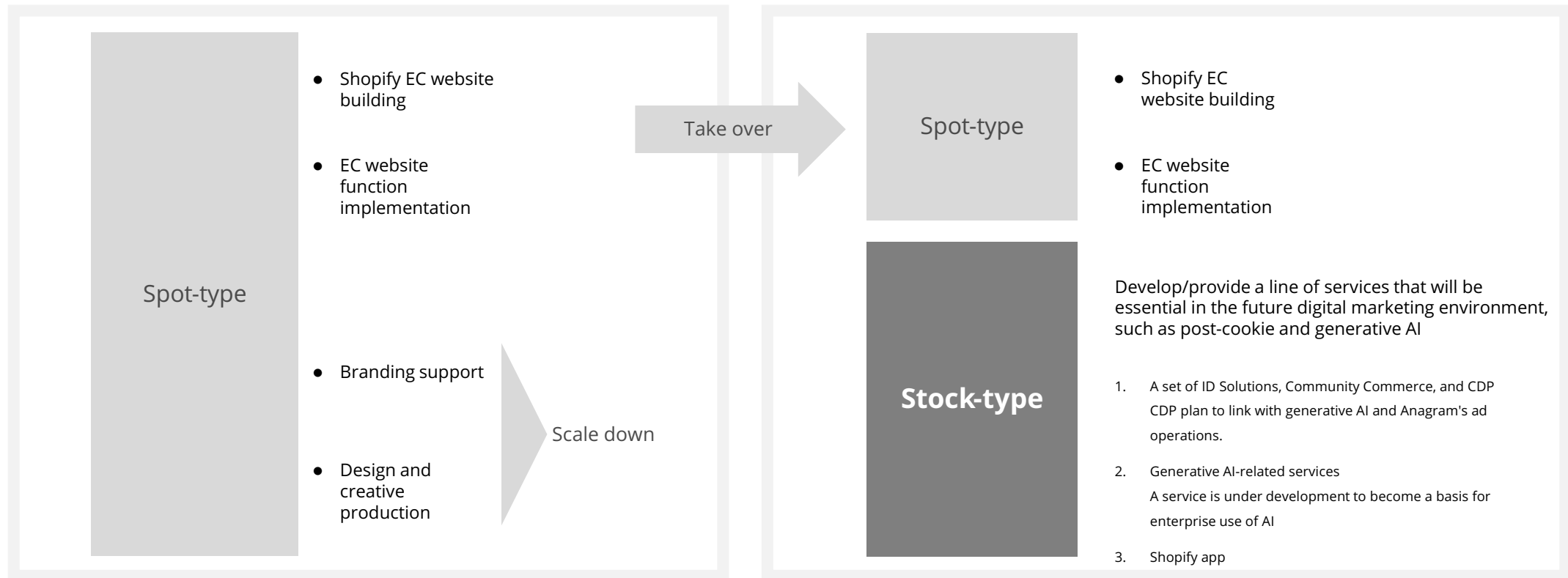
# Restructure DX business segment

FRACTA will be downsized by reducing headcounts and Shopify-related business will be taken over by Rewire

Rewire will drive the growth of DX business, aiming for stable growth mainly based on a stock-type revenue model.

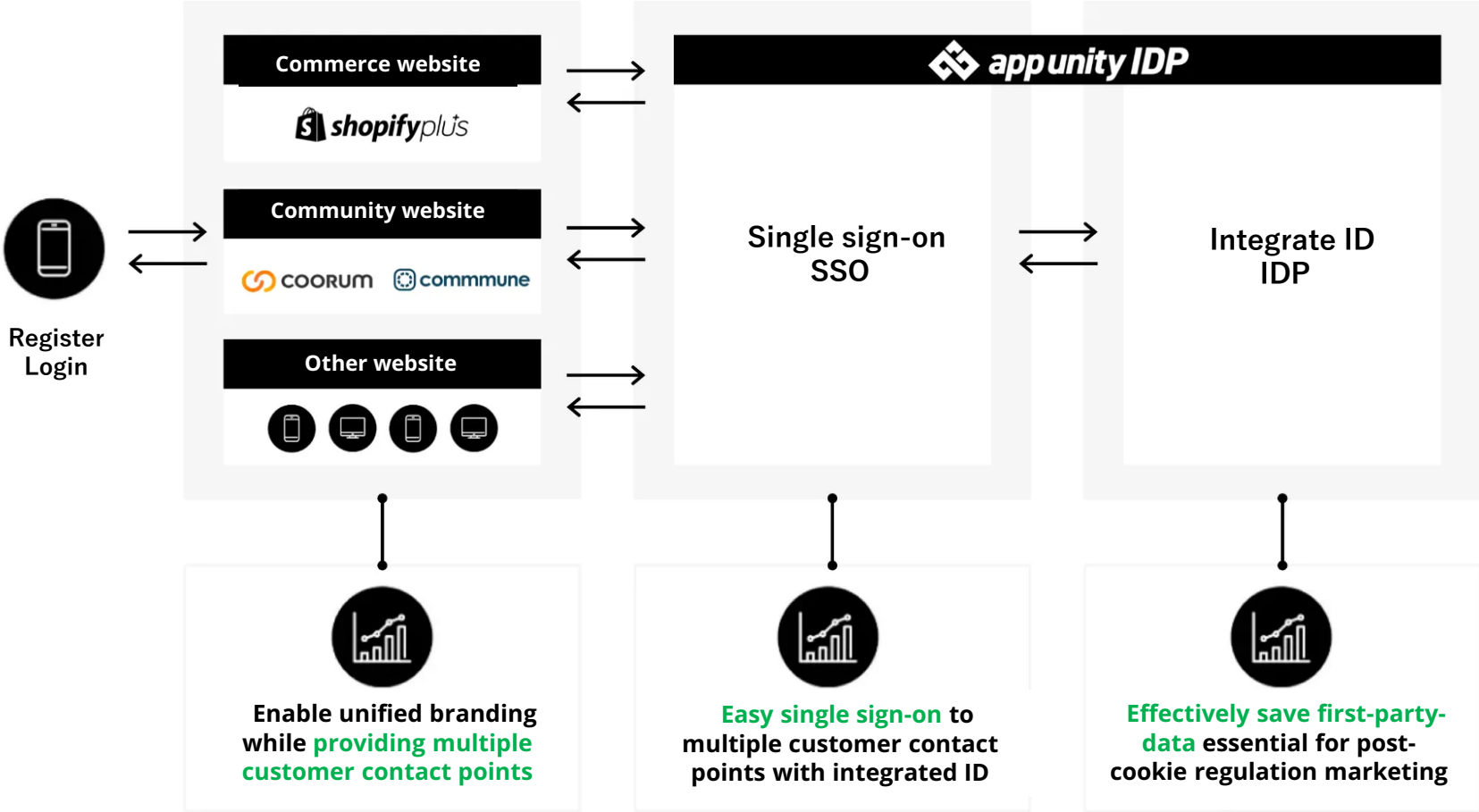
FRACTA®

 Rewire



# New service Launched “App Unity IDP”, an ID solution for Shopify Plus

Enabling common ID and community commerce to support the use of 1<sup>st</sup>-party data in a corporate post-cookie environment



New service

# Launched “Generight”, a service for solving problems in the area of generative AI

## Generight

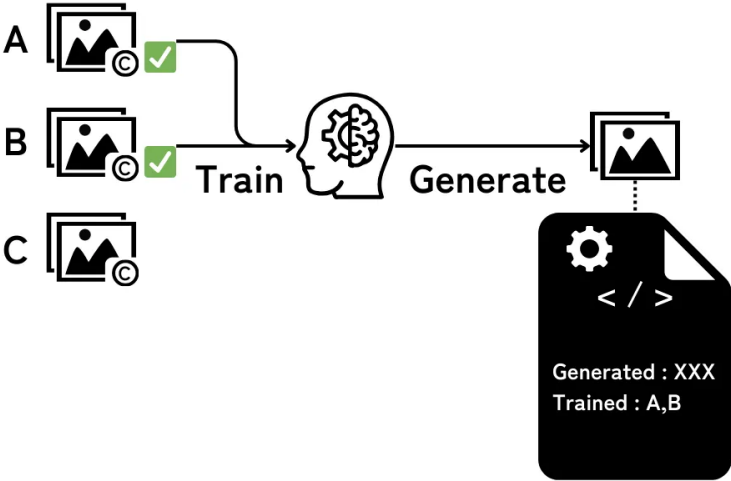
Traceability system that manages the rights to materials used for training image generative AI throughout the entire process

Provide an environment where creators and companies can use AI without worry



# Generight

New image generative AI that can track rights information



## (2) Management Indicators Sales-related data: Number of use projects by service

	(Number of use)						
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 Q3	v.FY2023 end
<b>PS</b>							
Anagrams	—	96	115	116	156	<b>159</b>	+3
Feedmatic	45	48	45	49	— ※1	—	—
<b>SaaS</b>							
EC Booster※2	313	344	303	283	460 <small>うちエントリー プラン198</small>	<b>422</b> <small>うちエントリー プラン180</small>	△38
dfplus.io	98	139	175	235	302	<b>364</b>	+62
Social PLUS	237	272	309	361	391	<b>428</b>	+37
<b>DX</b>							
FRACTA	—	—	—	53	43	<b>21</b>	△22
Shippinno	—	—	—	495	435	<b>418</b>	△17
Shopify app※3	—	—	—	532	144	<b>234</b>	+90

The number of use constantly increased for dfplus.io and Social PLUS.

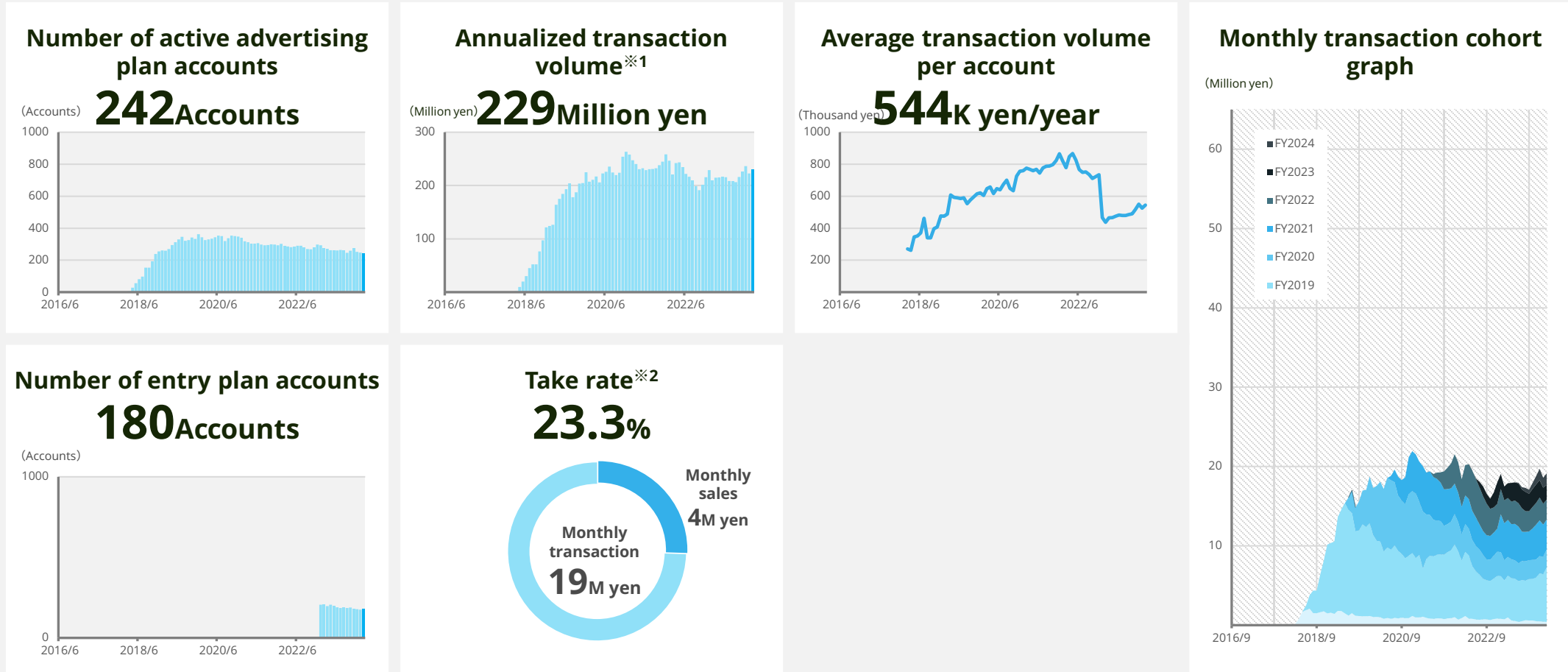
FRACTA project deals declined significantly.

※1 After a merger in June 2022, the number of use has been integrated into Anagrams\*.

※2 EC Booster free plan accounts are not included.

※3 The number of paid active accounts of Shopify-providing apps

## (2) Management Indicators Sales-related data: SaaS performance indicators

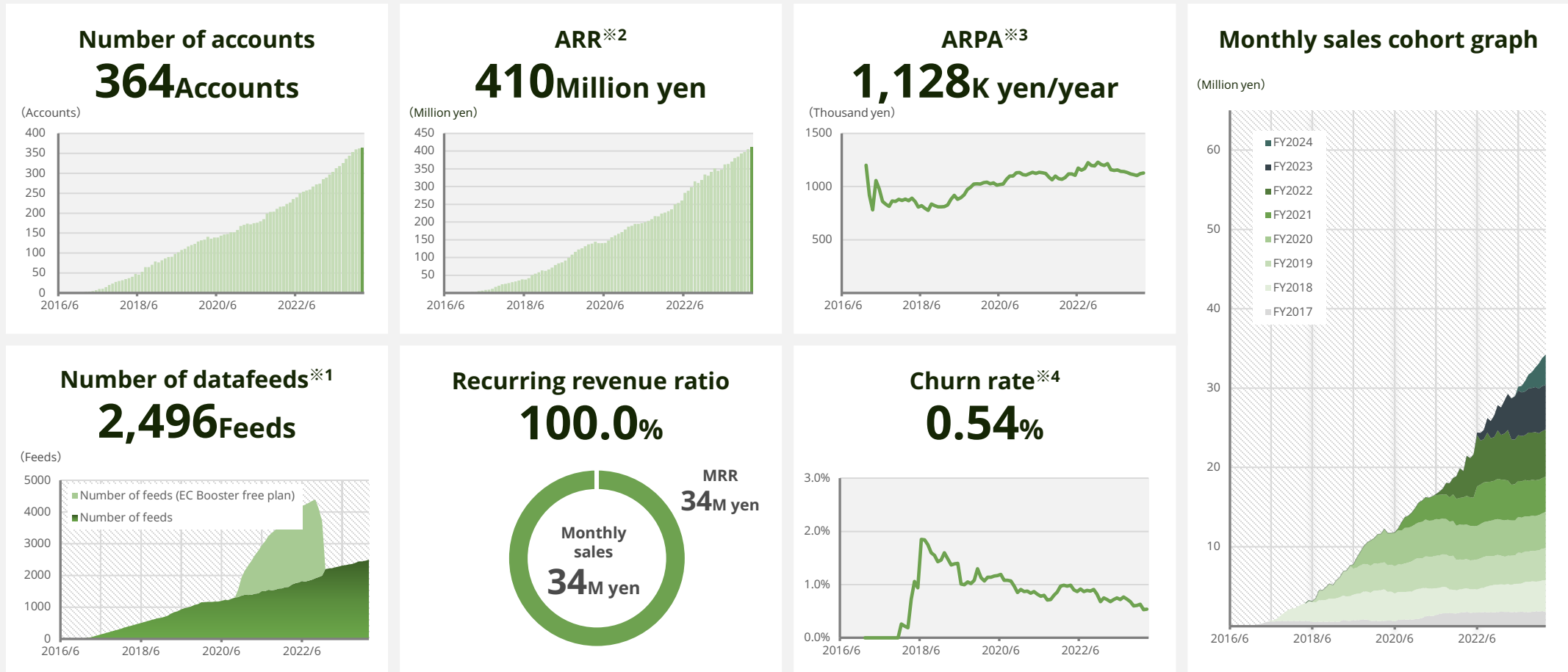


※1 Calculated by multiplying 12 to each monthly transaction amount.

※2 Ratio of sales to transaction amount. Sales are calculated by deducting media advertising cost and partner commissions from the transaction volume.

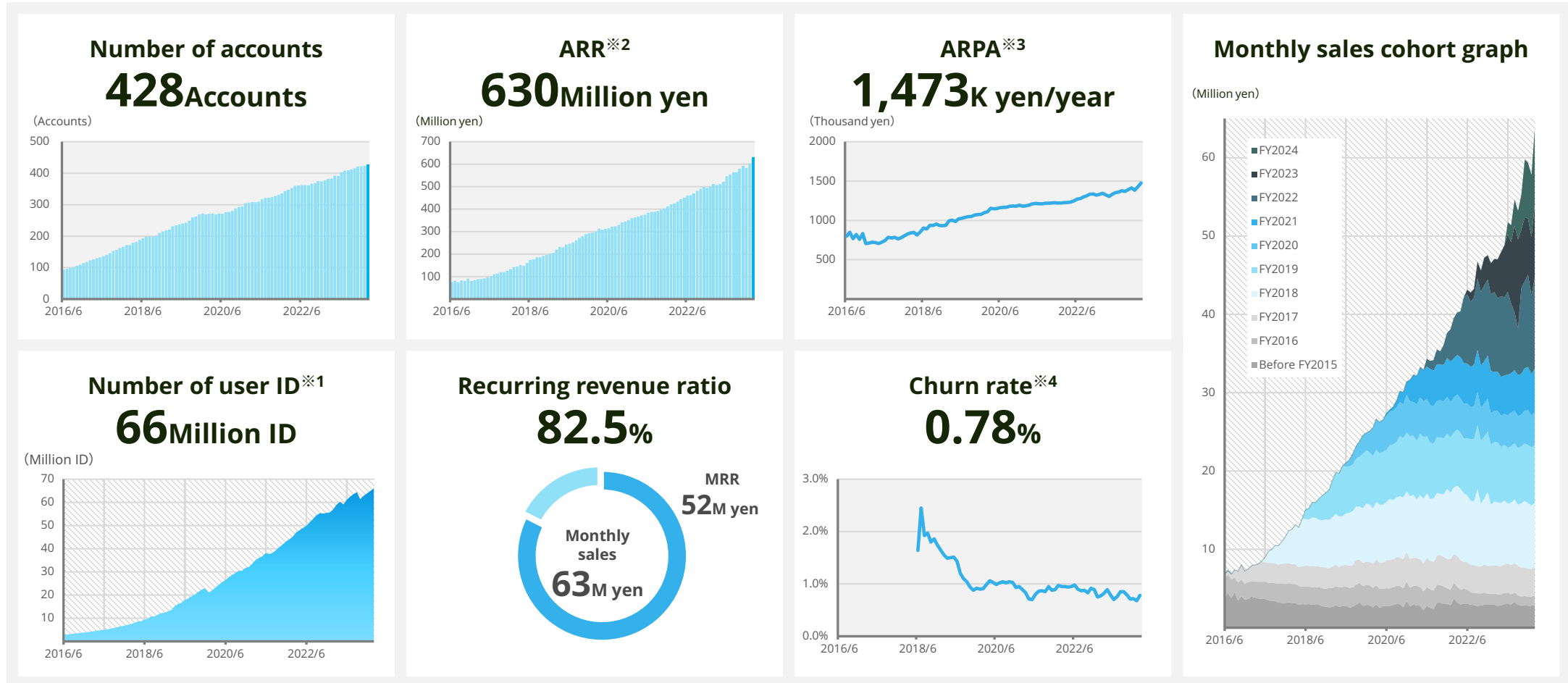


## (2) Management Indicators Sales-related data: SaaS performance indicator



※1 Sum of the number of media to which data is sent to each account.  
 EC Booster free plan was terminated in Dec 2022. After Jan 2023, the number of datafeeds of entry plan are included.  
 ※2 Calculated by multiplying each monthly recurring revenue (continuous fixed revenue) by 12  
 ※3 Average ARR per account  
 ※4 The weighted average of monthly cancellation amounts for the monthly recurring revenue for the last 12 months

## (2) Management Indicators Sales-related data: SaaS performance indicator

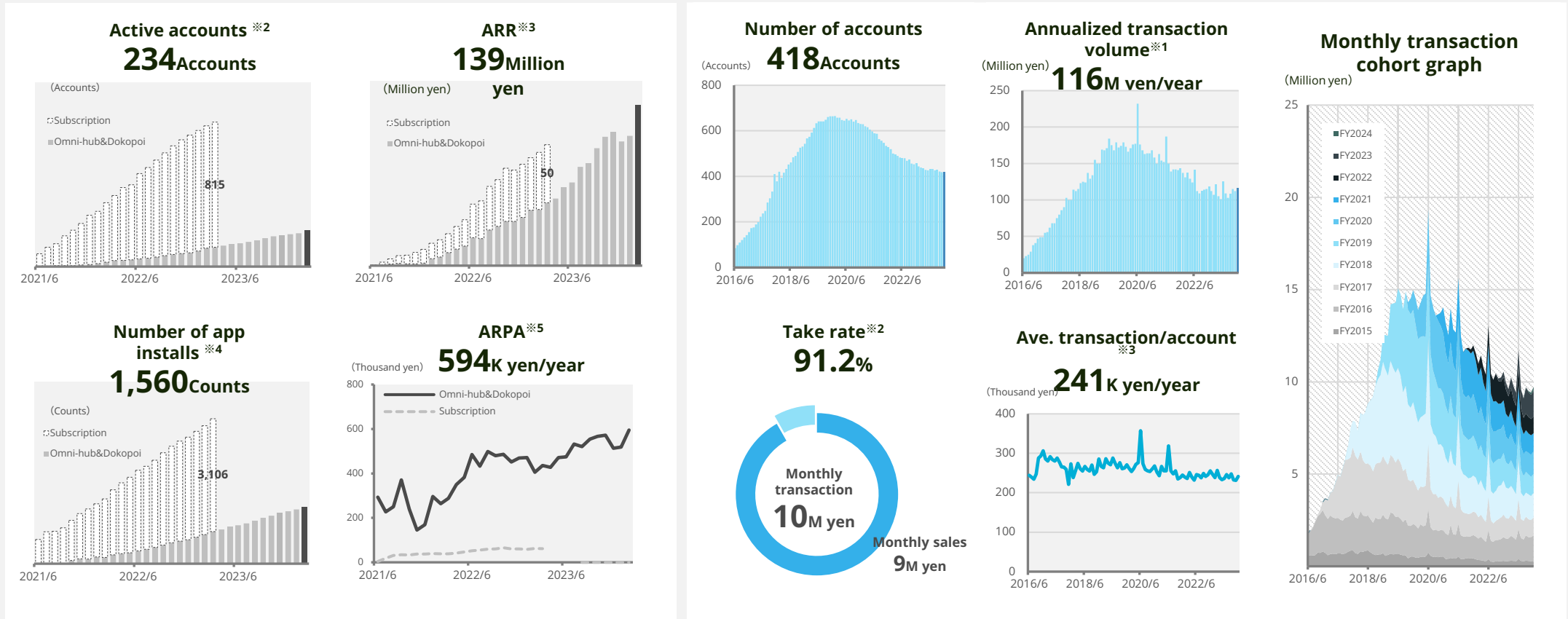


※1 Total number of user IDs registered through the Social PLUS service  
 ※2 Calculated by multiplying each monthly recurring revenue (continuous fixed revenue) by 12  
 ※3 Average ARR per account  
 ※4 The weighted average of monthly cancellation amounts for the monthly recurring revenue for the last 12 months

# (2) Management Indicators Sales-related data: DX performance indicators



(The latest month is Sept 2023)



※1 Total of Shopify apps "Subscription," "Omni-hub" and "Dokopoi" belonging to DX business. Subscription app as a shared business ended in March.  
 ※2 Only the number of paid plan actives is included  
 ※3 Calculated by multiplying each monthly recurring revenue (continuous fixed revenue) by 12. For subscription app, only our revenue is recorded.  
 ※4 Accrual after deducting uninstalls from the total number of installs  
 ※5 Average ARR per account

※1 Calculated by multiplying 12 to each monthly transaction amount  
 ※2 Ratio of sales to transaction volume. Sales are calculated by deducting the payment fees to the partners from the transaction volume.

## (2) Management Indicators      Financial indicators

	FY2019 Unconsolidated	FY2020 Consolidated	FY2021 Consolidated	FY2022 Consolidated	FY2023 Consolidated	FY2024 Q3 Consolidated
<b>Sales growth rate</b>	+24.5%	+118.0%	+69.5%	+20.7%	+32.0%	<b>+7.9%</b>
PS	△0.3%	+162.6%	+88.7%	+6.1%	+8.3%	<b>+12.6%</b>
SaaS	+86.3%	+58.6%	+26.4%	+21.9%	+24.1%	<b>+22.7%</b>
DX	—	—	—	—	+236.6%	△19.0%
<b>Operating profit margin</b>	6.6%	27.2%	34.4%	31.0%	26.0%	<b>+28.3%</b>
PS	28.0%	35.5%	40.0%	43.2%	45.5%	<b>+43.6%</b>
SaaS	△19.5%	8.6%	24.4%	38.9%	38.1%	<b>+40.4%</b>
DX	—	—	—	△94.6%	△39.3%	△46.2%
<b>ROA<sup>※1,※2</sup></b>	11.2%	14.6%	15.2%	12.8%	13.6%	—
<b>ROE<sup>※2,※3</sup></b>	57.2%	31.0%	28.5%	22.5%	3.9%	—
<b>Shareholders' equity ratio<sup>※4</sup></b>	20.7%	18.3%	36.6%	37.2%	39.0%	<b>40.7%</b>
<b>D/E Ratio<sup>※5</sup></b>	1.6x	1.1x	0.7x	0.8x	0.6x	<b>0.6x</b>

**In SaaS business, sales growth rate is about 22%, and operating profit margin is about 40%.**

※1 ROA : Operating income / ((total assets at beginning + total assets at end)/2)

※2 Presented as "+" for quarterly or negative figures

※3 ROE : Profit attributable to owners of parent + ((total shareholders' equity at beginning + total shareholders' equity at end)/2)

※4 Shareholders' equity ratio : (Shareholders' equity + accumulated other comprehensive income) ÷ total assets

※5 D/E ratio : Interest-bearing debt ÷ net assets

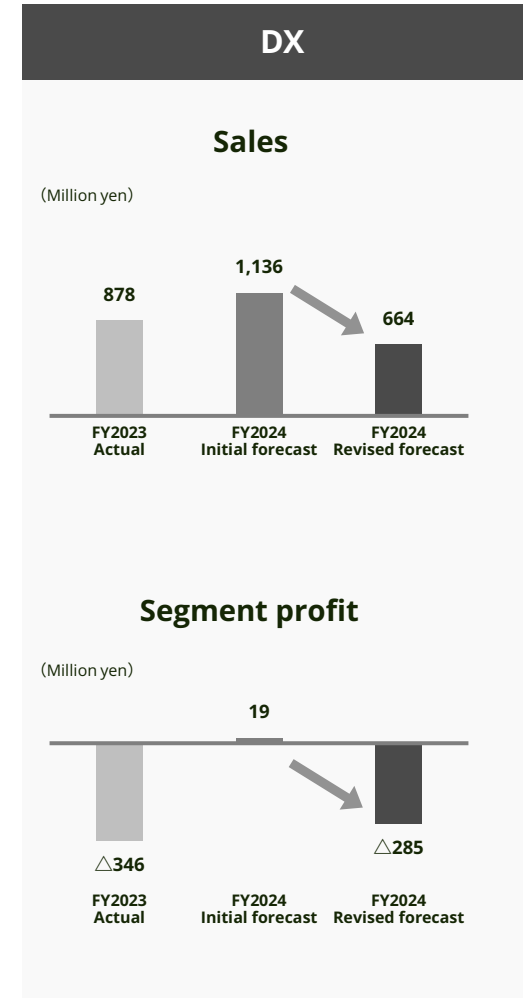
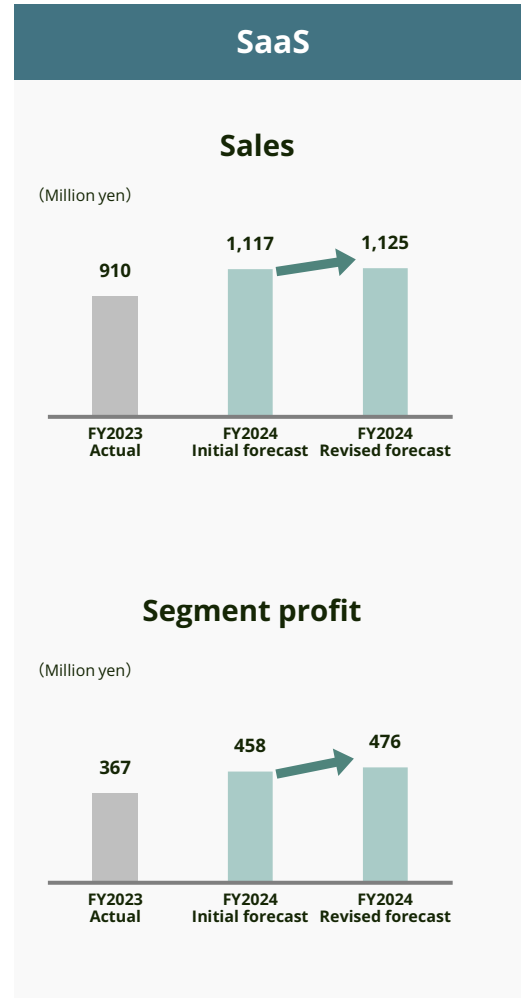
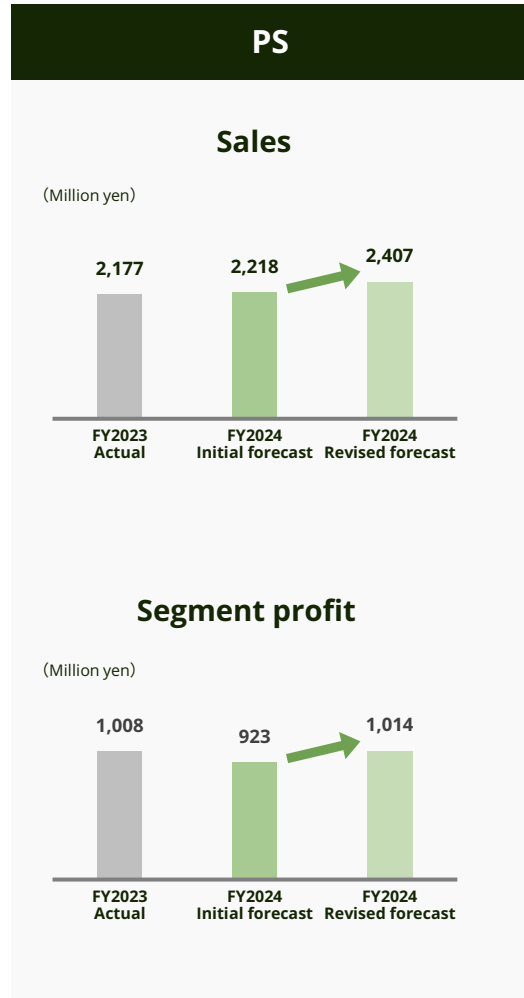
### (3) Profit Plan and Assumptions Revision of FY2024 forecast

(Million yen)

	FY2023 Actual (a)	FY2024 Initial forecast (b)	<b>FY2024 Revised forecast (c)</b>	FY2024 Revised forecast v. FY2023 Actual (c) / (a) -100%	FY2024 Revised forecast v. Initial forecast (c) - (b)	FY2024 Revised forecast v. Initial forecast(rate) (c) / (b)
<b>Sales</b>	3,966	4,472	<b>4,197</b>	+5.8%	△274	△6.2%
<b>EBITDA</b>	1,275	1,619	<b>1,415</b>	+11.0%	△203	△12.6%
<b>Operating income</b>	1,029	1,400	<b>1,205</b>	+17.1%	△195	△13.9%
<b>Ordinary income</b>	1,020	1,354	<b>1,134</b>	+11.2%	△219	△16.1%
<b>Profit attributable to owners of parent</b>	112	881	<b>472</b>	+318.8%	△408	△46.3%
<b>EPS</b>	4.34yen	34.28yen	<b>18.18yen</b>	+318.9%	△16.10yen	△46.9%

**FY2024 performance forecast  
was revised downward.  
Increases in sales and profit are  
still expected.**

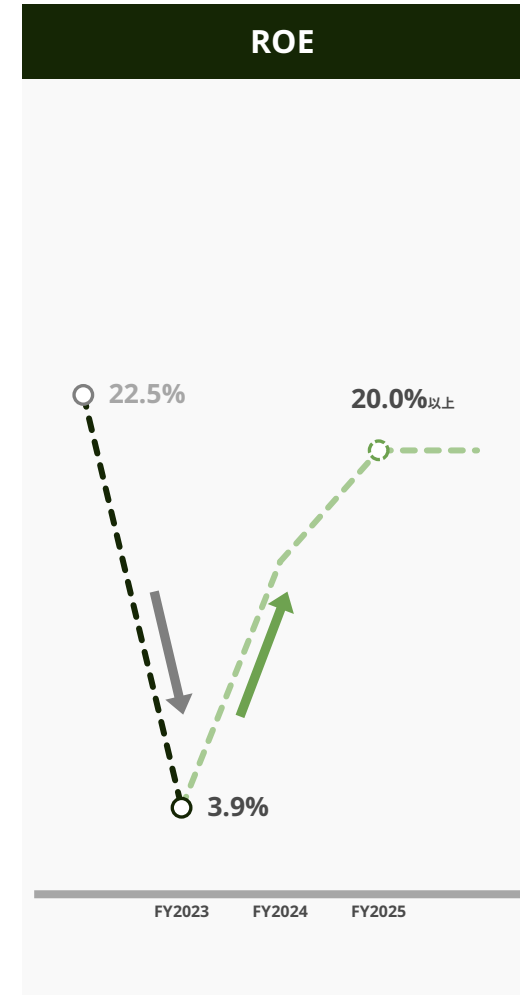
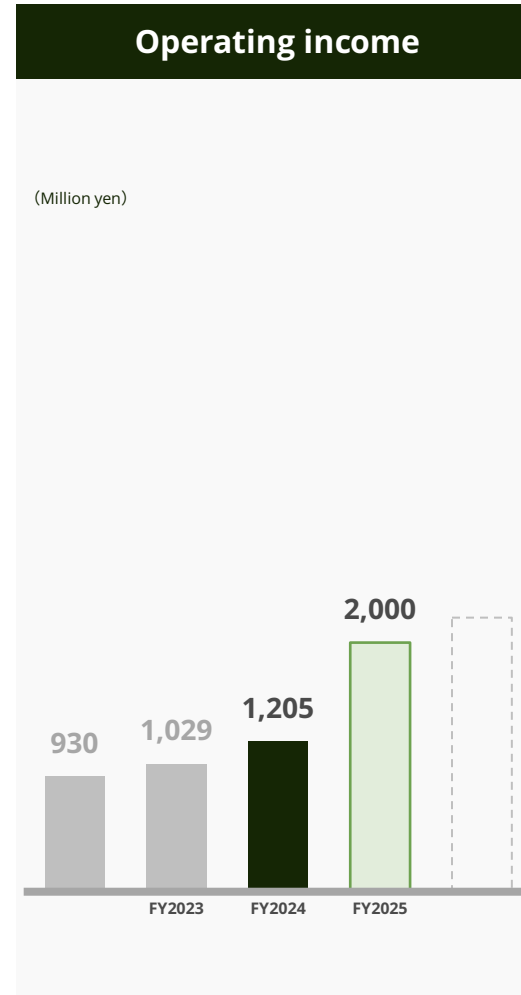
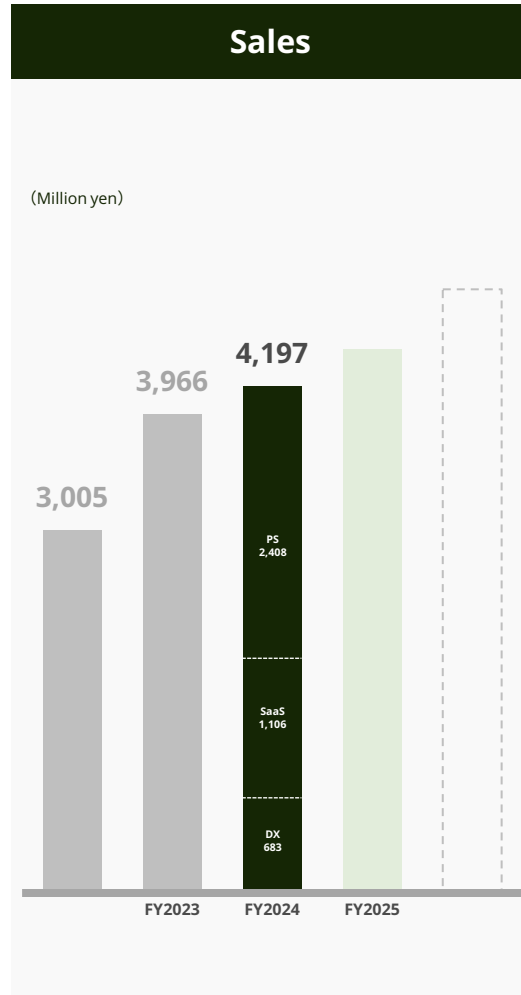
# (3) Profit Plan and Assumptions FY2024 forecast by segment



Sales and profit for PS and SaaS segments were revised upward.

DX segment was significantly revised downward.

### (3) Profit Plan and Assumptions Mid-term goals

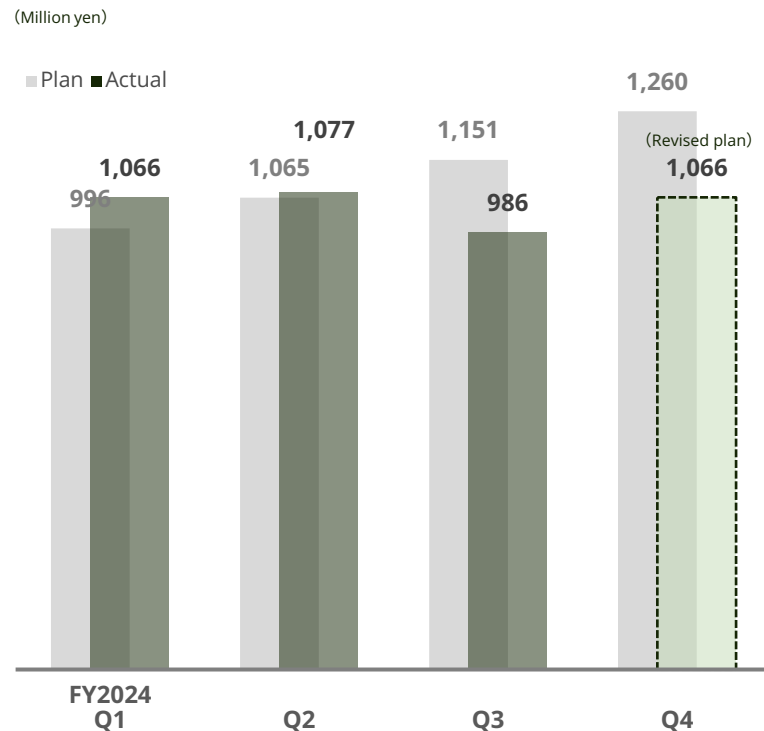


In FY2025, our mid-term goal was set at “5.0 billion yen in sales, 2.0 billion yen in operating income, and ROE at 20%”. But due to reviewing the DX business, the sales goal for FY2025 was dropped.

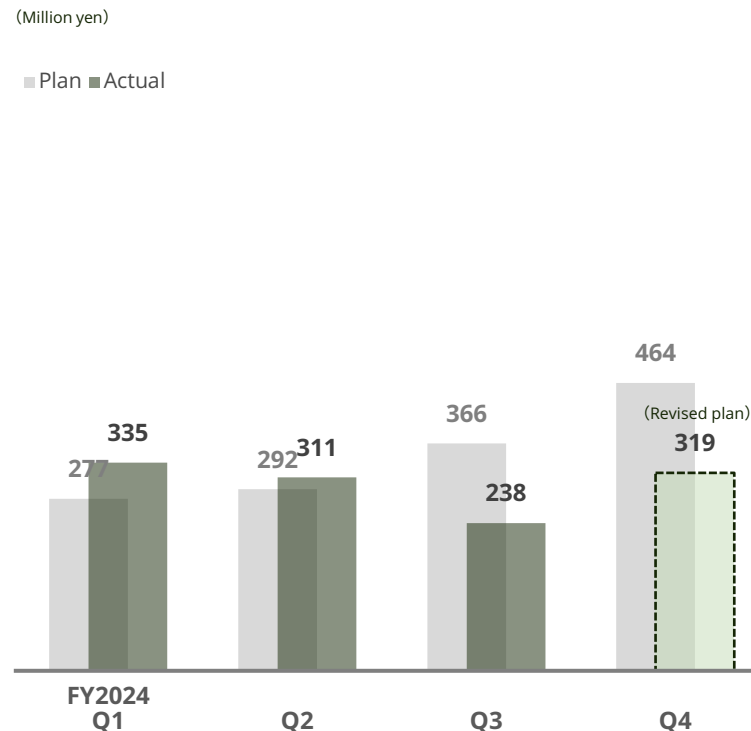
However, the goals for operating income and ROE are kept intact.

## (4) Progress Progress in the FY2024 forecast (before revision)

Q3 Progress rate to plan  
Sales **97.5%**



Q3 Progress rate to plan  
Operating income **94.6%**



In 3Q, both sales and operating income fell short of plan.

4Q plan was also revised downward.

We will update *Our Business Plan and Growth Potential* every quarter and disclose. (Next update will be June 2024.)

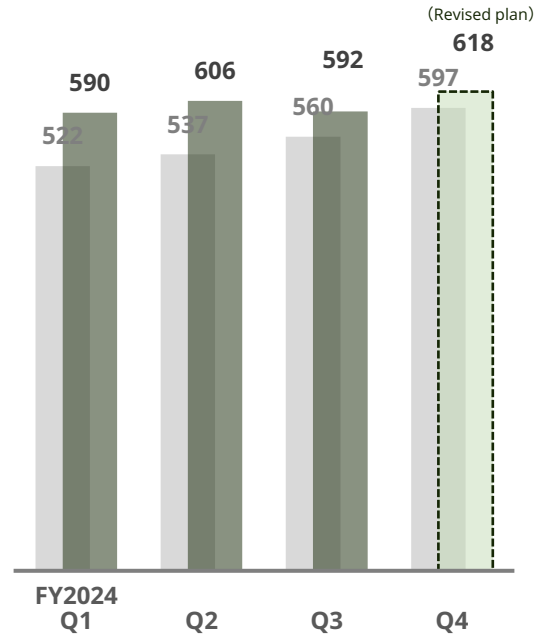


## (4) Progress by segment in FY2024 forecast (before revision)

PS  
Q3 Progress rate to plan  
Sales **110.4%**

(Million yen)

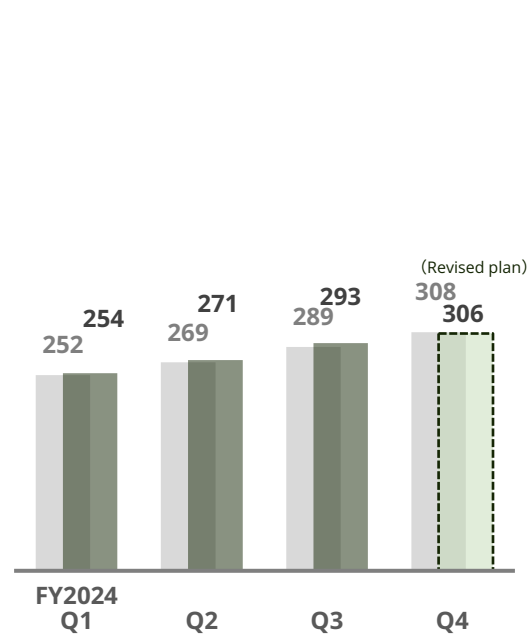
■ Plan ■ Actual



SaaS  
Q3 Progress rate to plan  
Sales **101.3%**

(Million yen)

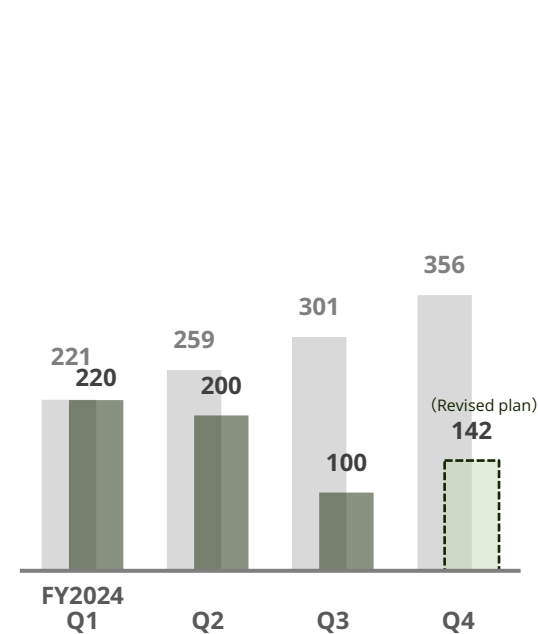
■ Plan ■ Actual



DX  
Q3 Progress rate to plan  
Sales **66.8%**

(Million yen)

■ Plan ■ Actual



PS business exceeded the plan.

SaaS business progressed as planned.

DX business significantly fell below the plan in 3Q.

# Risk Information

# (1) Perceived Risks

## Business risks and external environment

Risks Timing and probability	Contents
<b>Internet Ads Market</b> Timing: Short-term Probability: High	The impact of economic fluctuations and changes in corporate advertising strategies will have a significant impact.  If it becomes apparent, the performance of the PS could be sluggish.
<b>Technological Innovation</b> Timing: Long-term Probability: Medium	Delays in responding to new technologies will cause the services and technologies provided to become obsolete.  If it becomes apparent, there would be an increase in cancellations and existing services, mainly in the SaaS business, may not be able to continue.
<b>Regulations</b> Timing: Long-term Probability: High	Strict regulations on sales promotion methods using personal purchase and browsing history on the Internet.  If it becomes apparent, the performance of the PS could be sluggish.

## Business risks and internal environment

Risks Timing and probability	Contents
<b>Concentration on a specific medium</b> Timing: Long-term Probability: Medium	Dependence on the services of a particular digital platformer.  If it becomes apparent, policy changes may prevent the service from being provided as planned.
<b>Information Security</b> Timing: Long-term Probability: Medium	Possibility of information leakage due to unauthorized access from outside.  If it becomes apparent, the business could suffer from a downturn in performance due to the suspension of operations and customer churn.

## Financial risks

Risks Timing and probability	Contents
<b>Recovery of investment in new businesses</b> Timing: Long-term Probability: High	Inability to generate earnings as initially expected.  If this becomes apparent, we may not be able to invest flexibly.
<b>Impairment of goodwill, etc.</b> Timing: Long-term Probability: Medium	Large amount of goodwill and customer-related assets recorded due to M&A.  If it becomes apparent, the company may not be able to invest flexibly due to deteriorating financial conditions.

The “major risks” that will have a significant impact on the realization of growth and execution of the business plan are shown on the left.

If any of these risks were to materialize, it would have a significant impact on the growth and the execution of the business plan.

※ “COVID-19” was removed from the list as the pandemic was classified into class-5 category and its impact was limited to our services.

Please refer to “Major risks” in annual securities report for other risks not listed here.

## (2) Risk Management

Business Risks and external environment	
Risks	Countermeasures
Internet Ads Market	Diversification of risk through increase in number of projects and diversification of client industries
Technological Innovation	Continuous service improvement and engineer recruitment
Regulations	Approaches to ID marketing

Business Risks and internal environment	
Risks	Countermeasures
Concentration on a specific medium	Strengthen ties with Shopify, LINE, and other non-GAFA partners
Information Security	Limited access rights, periodic vulnerability checks, etc.

Financial risks	
Risks	Countermeasures
Recovery of investment in new businesses	Initial cost reduction by lean start-up method
Impairment of goodwill, etc.	Straight-line depreciation in 10 years or less

**Start countermeasures before the risks become apparent.**

**Group Mission**

**「働く」を豊かにする。**

**Feed a force for good and change**