



Financial Results for the First Quarter of FY2024

**(Our Business Plan and Growth Potential)
September 28, 2023**

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.

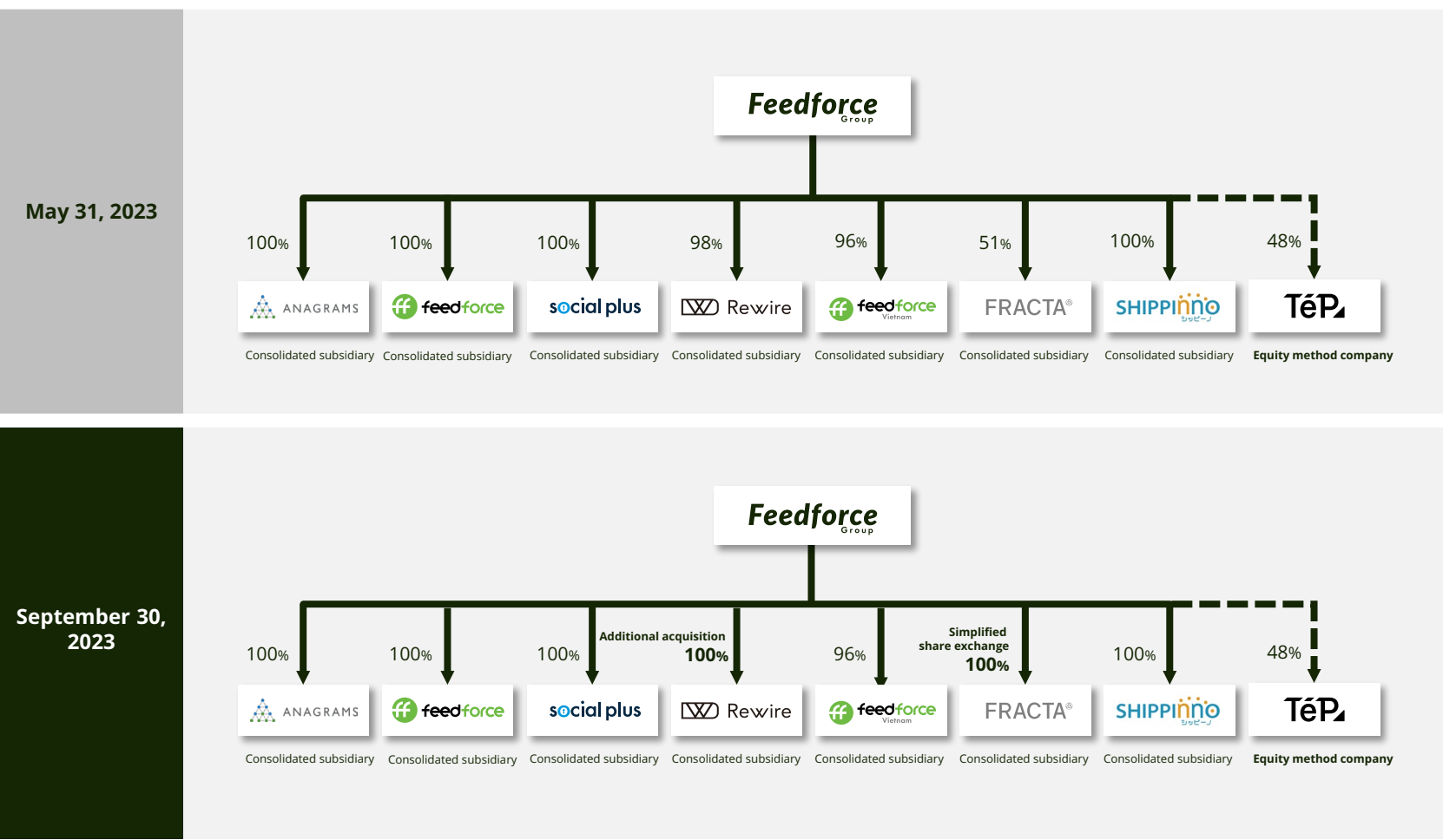
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01

Financial Highlights

Our Group



FRACTA and Rewire became wholly-owned subsidiaries.

Consolidated Financial Results Overview

(Million yen)

	FY2023 Q1	Q2	Q3	Q4	FY2024 Q1	YoY	QoQ
Transaction amount	3,059	3,239	3,489	3,617	3,556	+16.3%	△1.7%
Sales	904	976	1,021	1,064	1,066	+17.9%	+0.1%
EBITDA※	233	296	342	402	389	+66.5%	△3.3%
Operating income	160	241	285	341	335	+108.8%	△1.8%
Ordinary income	158	240	280	341	322	+103.3%	△5.4%
Profit before income taxes	△191	240	305	104	456	—	+335.8%
Profit attributable to owners of parent	△250	133	200	29	300	—	+915.5%

Consolidated results:

Operating income decreased QoQ, but significantly increased YoY.

※ EBITDA = Operating income + Depreciation + Amortization of goodwill (Operating expense)

Consolidated Business Segment Results Overview

(Million yen)

	FY2023 Q1	Q2	Q3	Q4	FY2024 Q1	YoY	QoQ
PS business※							
Sales	497	541	550	588	590	+18.9%	+0.5%
Segment profit	223	255	263	265	264	+18.3%	△0.4%
SaaS business							
Sales	209	224	233	242	254	+21.5%	+5.3%
Segment profit	87	81	102	96	115	+31.3%	+19.1%
DX business							
Sales	197	209	236	234	220	+11.6%	△6.0%
Segment profit	△150	△95	△80	△20	△43	—	—

PS business

Sales and profit increased YoY, while they kept the same level QoQ.

SaaS business

Sales and profit increased YoY and QoQ.

DX business

Net loss decreased YoY.

※ PS stands for Professional Services

Breakdown of Extraordinary Gains and Losses

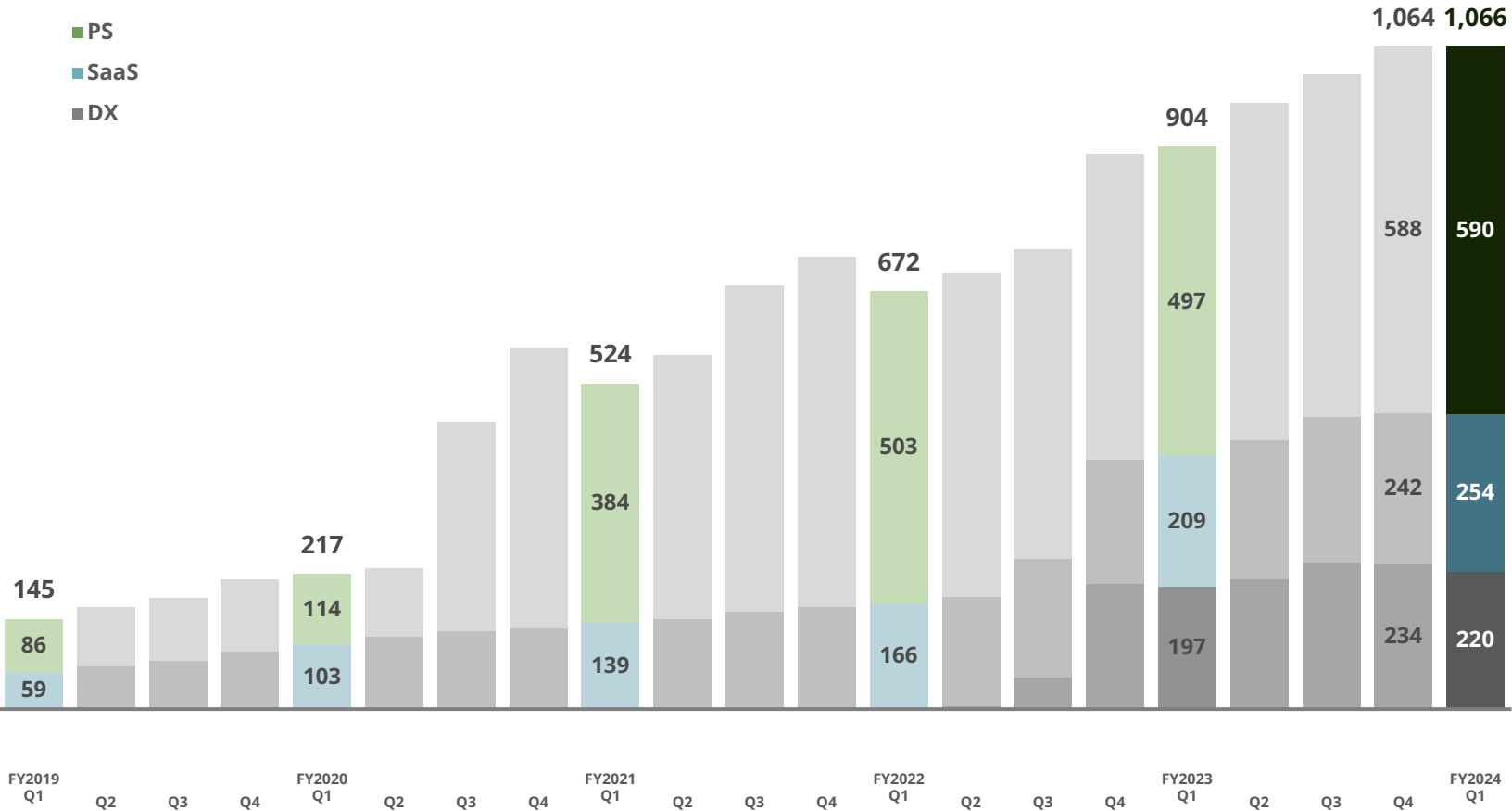
	FY2023 Q1	Q2	Q3	Q4	FY2024 Q1	(Million yen)	Contents
Extraordinary gains	—	—	24	1	133		
Gain on sale of investment securities	—	—	—	—	86		Current Q1 : Gain on sale of shares held by Anagram
Gain on change in equity	—	—	22	—	—		Previous Q3 : Valuation gain on the share of Teps upon de-consolidation
Gain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

Extraordinary gains of 133 million yen were recorded due to the valuation gain on investment securities and the reversal gain on asset retirement obligation

Quarterly Sales

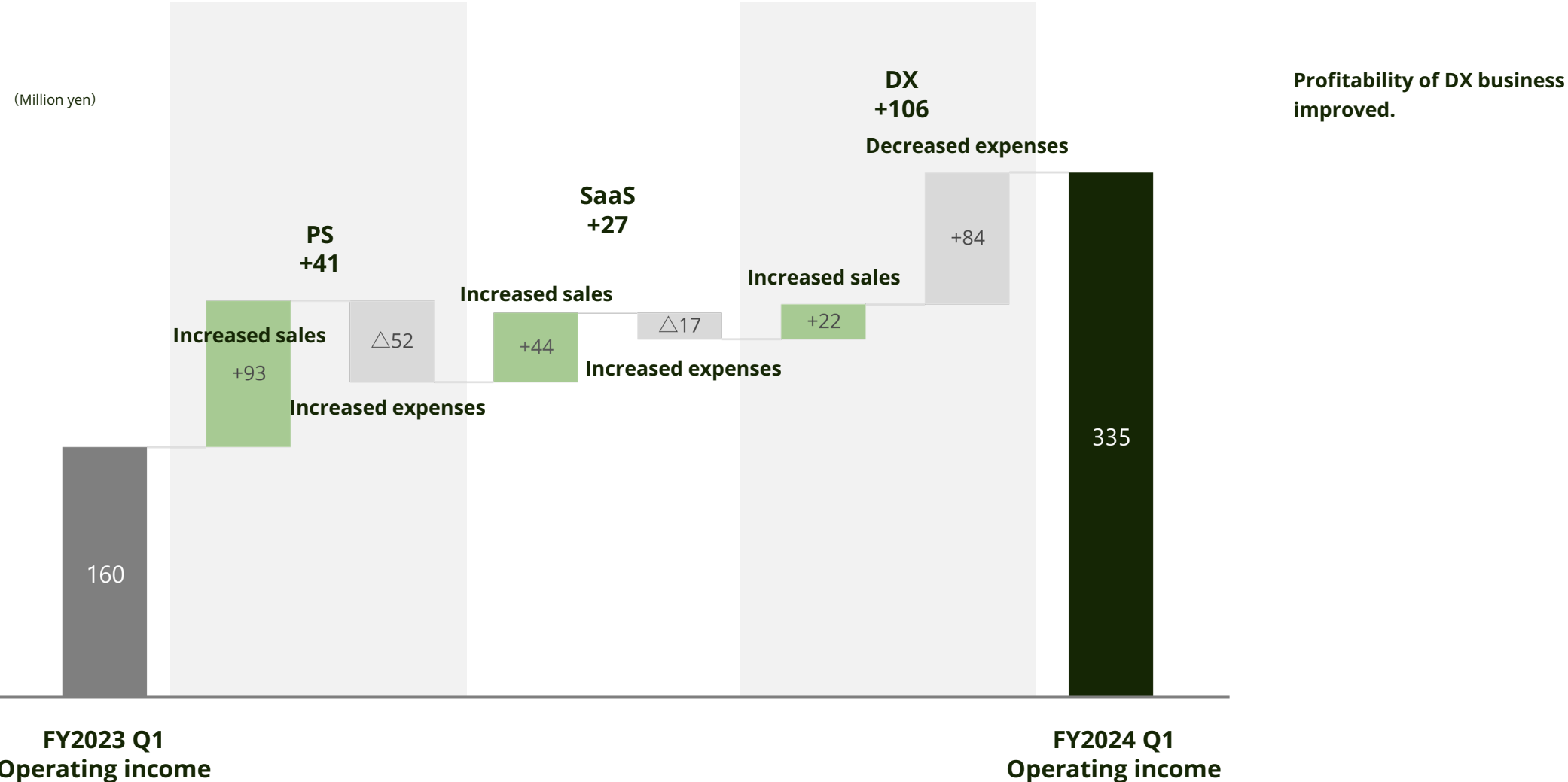
(Million yen)

■ PS
■ SaaS
■ DX

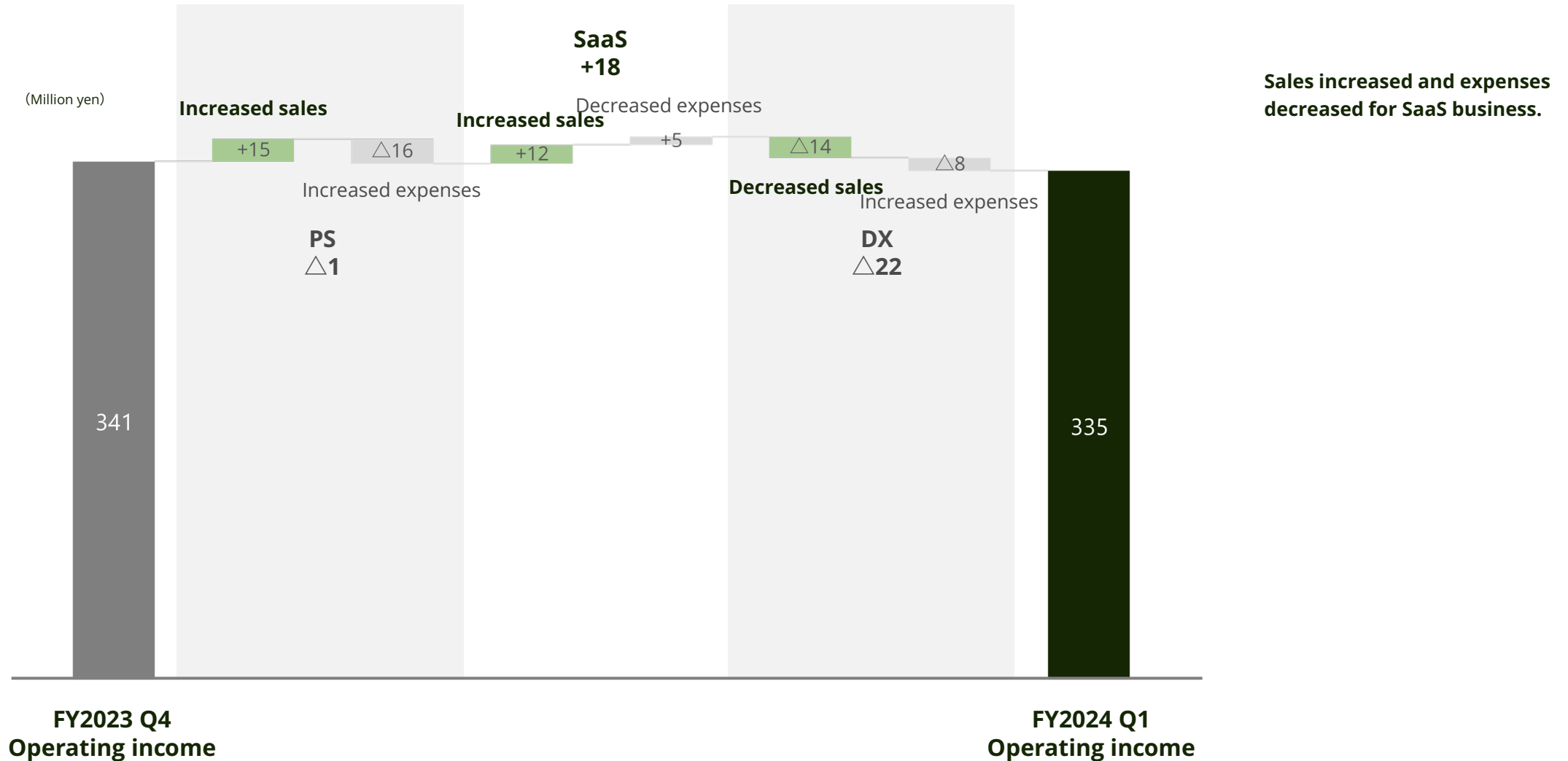


Quarterly sales kept increasing QoQ for 8 consecutive quarters since Q2 of FY2022.

Factors for Changes in Operating Income YoY



Factors for Changes in Operating Income QoQ



Sales by Service

(Million yen)

	FY2023 Q1	Q2	Q3	Q4	FY2024 Q1	YoY	QoQ
PS	497	541	550	588	590	+18.9%	+0.5%
Anagrams	467	514	523	567	566		
Other	29	27	27	20	24		
SaaS	209	224	233	242	254	+21.5%	+5.3%
EC Booster	12	11	14	13	13		
dfplus.io	68	73	79	82	84		
Social PLUS	128	139	140	146	157		
DX	197	209	236	234	220	+11.6%	△6.0%
FRACTA	129	137	162	177	164		
Shippinno	34	31	30	29	30		
Shopify App and others	17	26	27	28	26		
TePs	16	15	16	—	—		

PS:

Sales increased for both YoY and QoQ.

SaaS:

Sales increased for both YoY and QoQ.

DX:

Sales increased YoY and decreased QoQ.

Operating Expenses

	FY2023 Q1	Q2	Q3	Q4	FY2024 Q1	YoY	(Million yen) QoQ
Operating expenses	743	734	735	723	730	△1.8%	+1.0%
Operating expenses	323	346	343	336	362	+12.2%	+7.6%
Labor cost	213	222	252	234	252		
Expenses	110	124	91	102	110		
SG&A	420	387	391	386	367	△12.5%	△5.0%
Personnel expenses	214	205	223	192	189		
Expenses	205	182	168	194	178		
Recruitment /training	14	18	9	21	8		
Advertising	31	8	12	10	16		
Real estate-related expenses	20	20	19	18	18		
Depreciation	31	32	33	34	33		
Amortization of goodwill	35	25	25	25	20		
Other	72	77	67	83	82		

SG&A decreased QoQ.

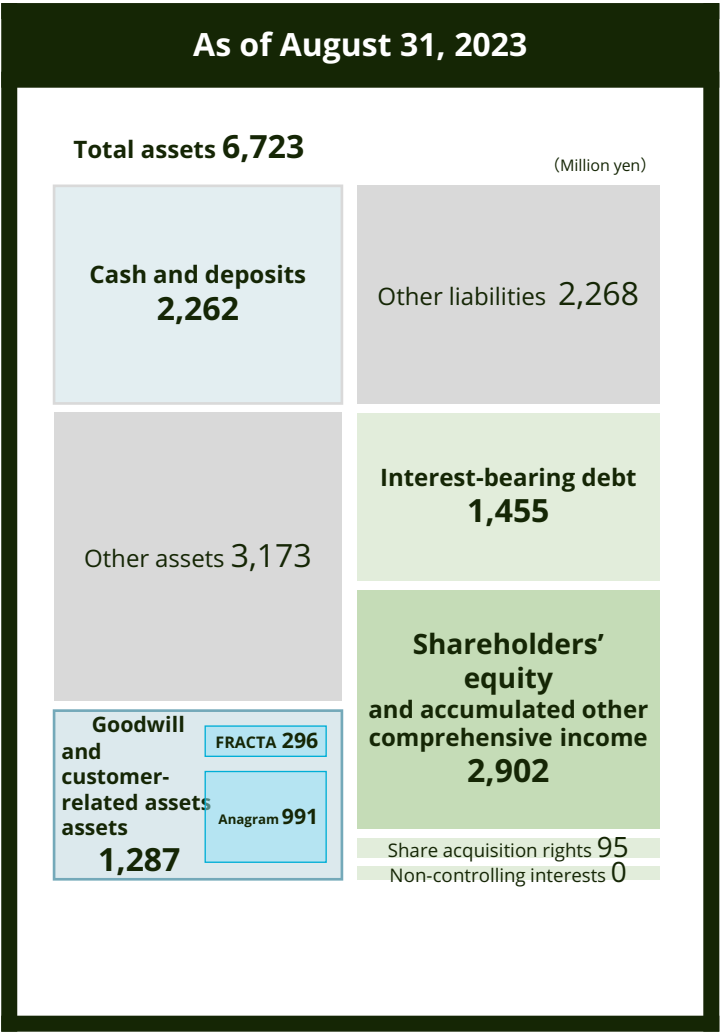
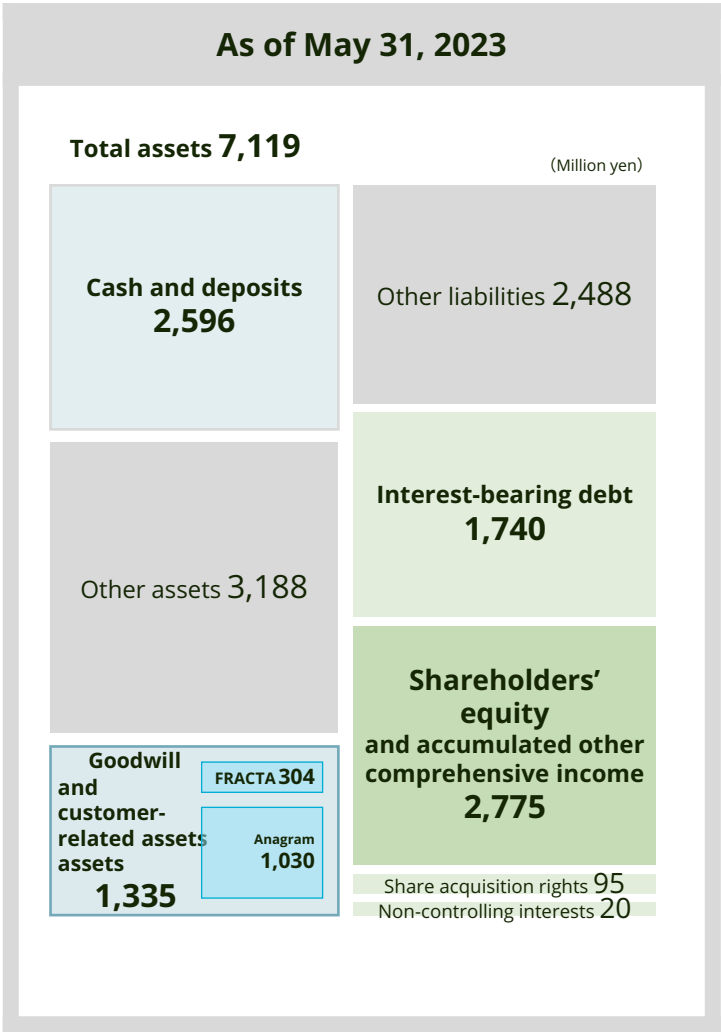
Financial Position

(Million yen)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 Q1	v.FY23 end
Current assets	426	3,528	4,915	5,503	5,248	4,905	△343
Non-current assets	44	1,690	1,552	2,515	1,870	1,817	△53
Total assets	470	5,219	6,467	8,019	7,119	6,723	△396
Current liabilities	322	1,370	2,255	2,861	2,541	2,410	△131
Non-current liabilities	50	2,018	1,810	2,009	1,686	1,313	△373
Total liabilities	373	3,389	4,065	4,870	4,228	3,723	△504
Shareholders' equity	97	957	2,366	2,983	2,777	2,904	+126
Accumulated other comprehensive income	—	—	—	△0	△2	△2	+0
Share acquisition rights	—	—	32	77	95	95	+0
Non-controlling interests	—	872	2	87	20	0	△19
Total net assets	97	1,829	2,401	3,148	2,890	2,999	+108

Due to decreased cash by repayment of borrowings and acquisition of treasury shares, total assets and liabilities decreased while net assets slightly increased.

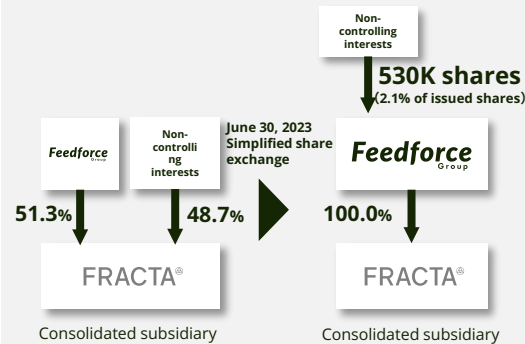
Breakdown of Consolidated Balance Sheet



Cash and deposits and interest-bearing debts decreased.

Corporate Action (FY2024)

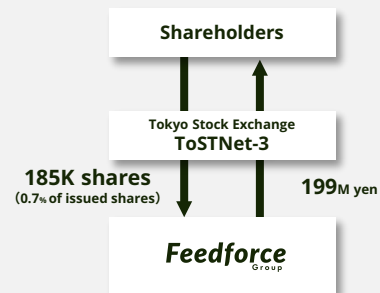
Full acquisition of FRACTA June 2023



Simplified share exchange

Exchange ratio	One FRACTA share to 6,800 shares of our company shares
Number of shares exchanged	530,400 shares (2.1% of issued shares)
Contract date	May 24, 2023
Effective date	June 30, 2023
Accounting treatment	"Transactions under common control"
Change in voting right ratio before and after the exchange	(Before) 51.3% (After) 100.0%

Acquisition and cancellation of treasury shares August 2023



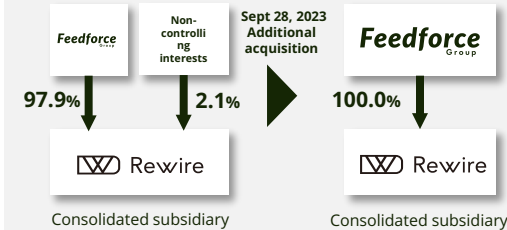
Acquisition of treasury shares

Method of acquisition	Off-auction treasury stock trading (ToSTNet-3)
Acquired amount	199 million yen
Number of shares acquired	185,800 shares (0.7% of issued shares)
Acquisition date	August 7, 2023

Cancellation of treasury shares

Number of shares cancelled	All treasury shares
Cancellation date	August 31, 2023

Full acquisition of Rewire September 2023



Additional acquisition of shares

Method of acquisition	Share purchase agreement
Number of shares acquired	180 shares (2.1% of shares issued by Rewire)
Contract date	September 28, 2023
Acquisition date	September 28, 2023
Accounting treatment	"Transactions under common control"
Change in voting right ratio before and after the exchange	(Before) 97.9% (After) 100.0%

In June 2023, we made FRACTA a wholly-owned subsidiary by exchanging 2.1% of issued shares (share exchange).

In August 2023, we acquired and cancelled treasury shares equivalent to 0.7% of all issued shares.

In September 2023, we made Rewire a wholly-owned subsidiary by additional acquisition of shares.

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."

Business Model

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

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

The core companies are
Anagrams in PS business,
Social PLUS in SaaS business,
and **FRACTA** in DX 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.**

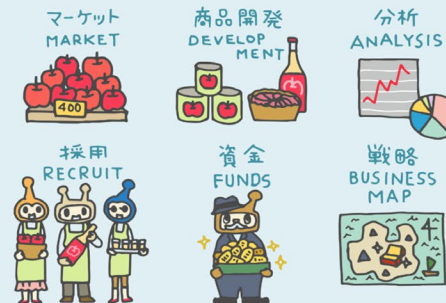
We want to be a partner that supports our clients in every way possible to help them succeed in their business, not just in the operation of managed advertising.

—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

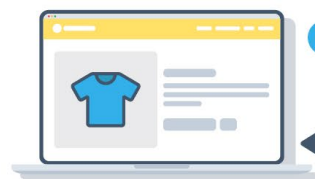
Quickest in 5 minutes,
Get your products listed
on Google

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.

E-commerce Store

Compatible EC Cart Systems



ecbooster

Linking EC stores to Google

1

Easy to submit
Automatic operation functions

2

Notify function of submit status

Google

Shopping Ads
Free Listings
Google DSA

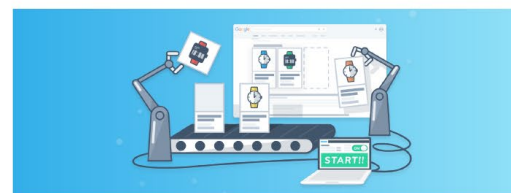


Easy submission and automatic operation functions



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.



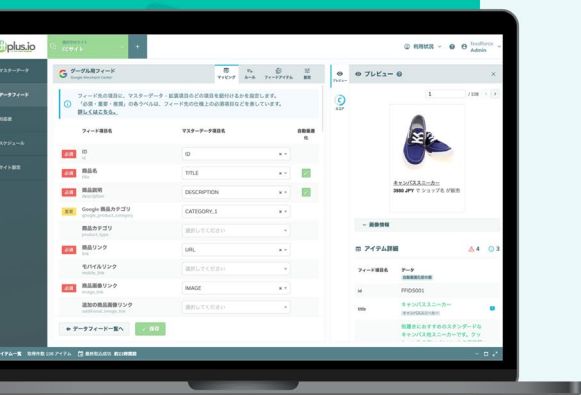
Powerful features

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

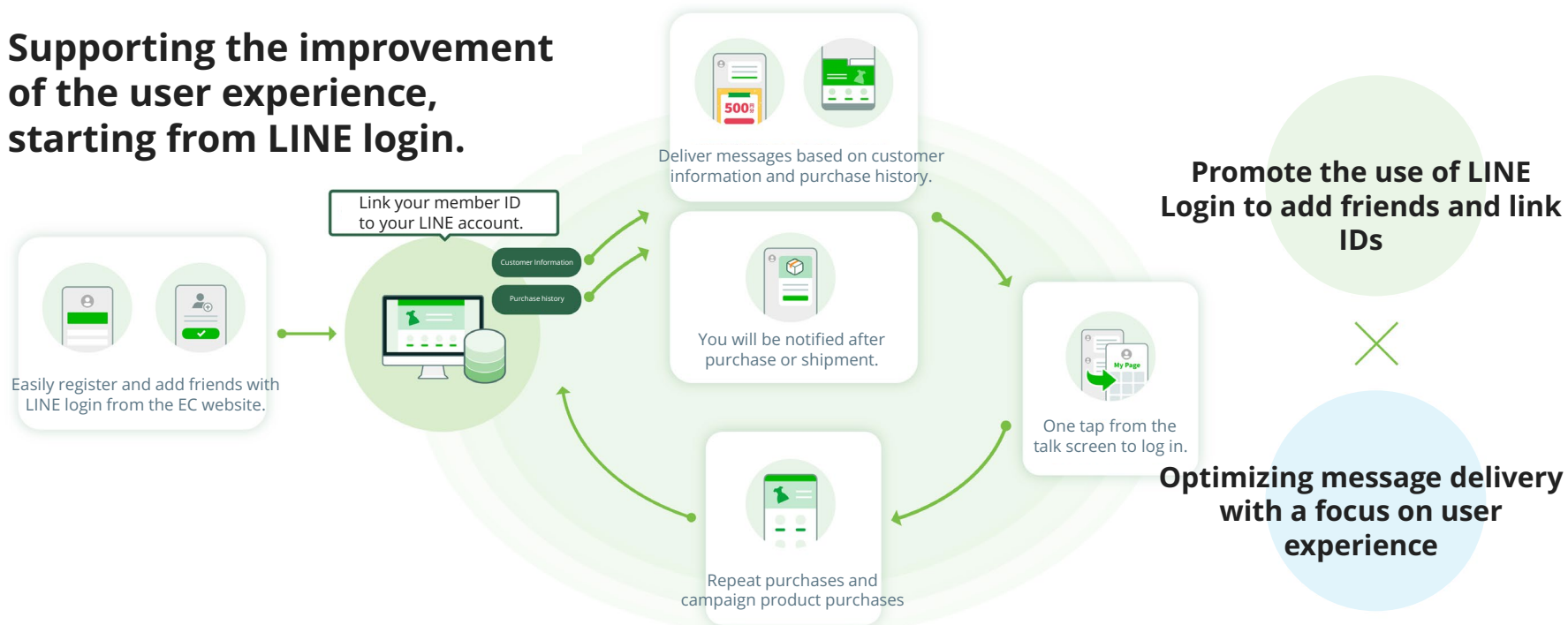
With a user interface that is easy to understand, even for beginners in data feeds, it realizes an operation system that does not depend on a single person. Support is also available.



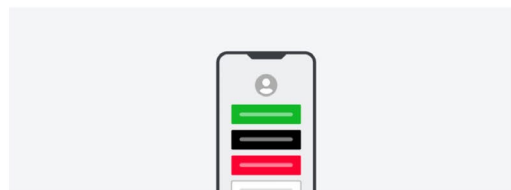
social plus

Make it easier to implement Social Login.

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

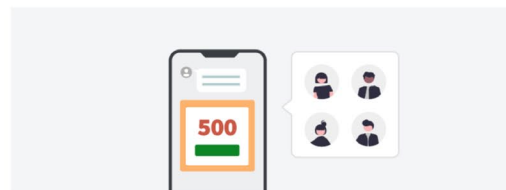


Optimization of member registration and purchase flow



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.

FRACTA[®]

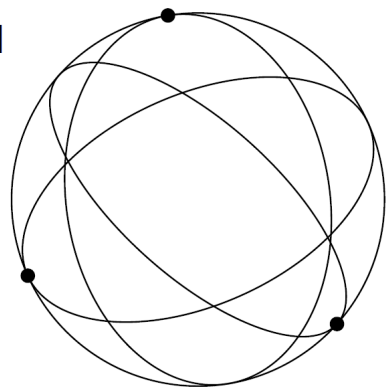
TOTAL BRANDING PARTNER

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

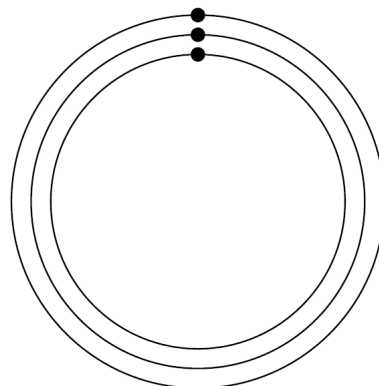


One by One

Brand Consulting Services

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

02

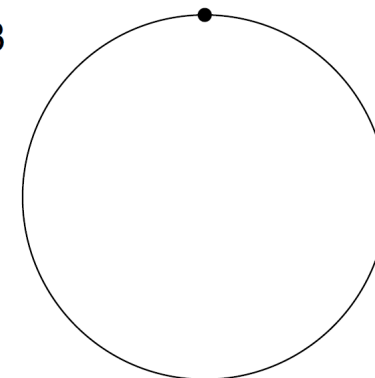


Star Tracker

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



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/>





Omni-Channel Member information linkage App

Member information linkage

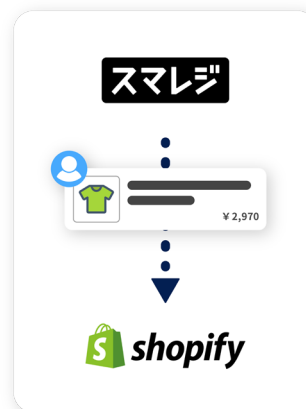


You can add your Shopify membership information as your *SUMAREJI* membership information.

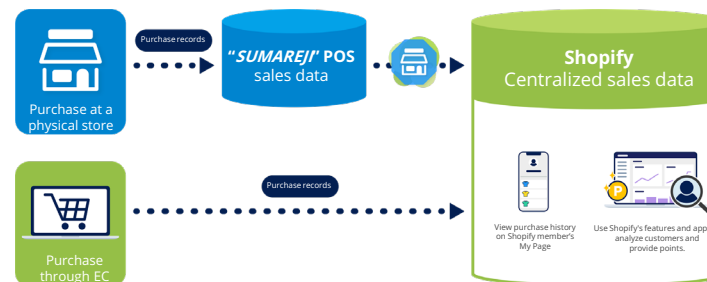
Display member barcode on the EC site!



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

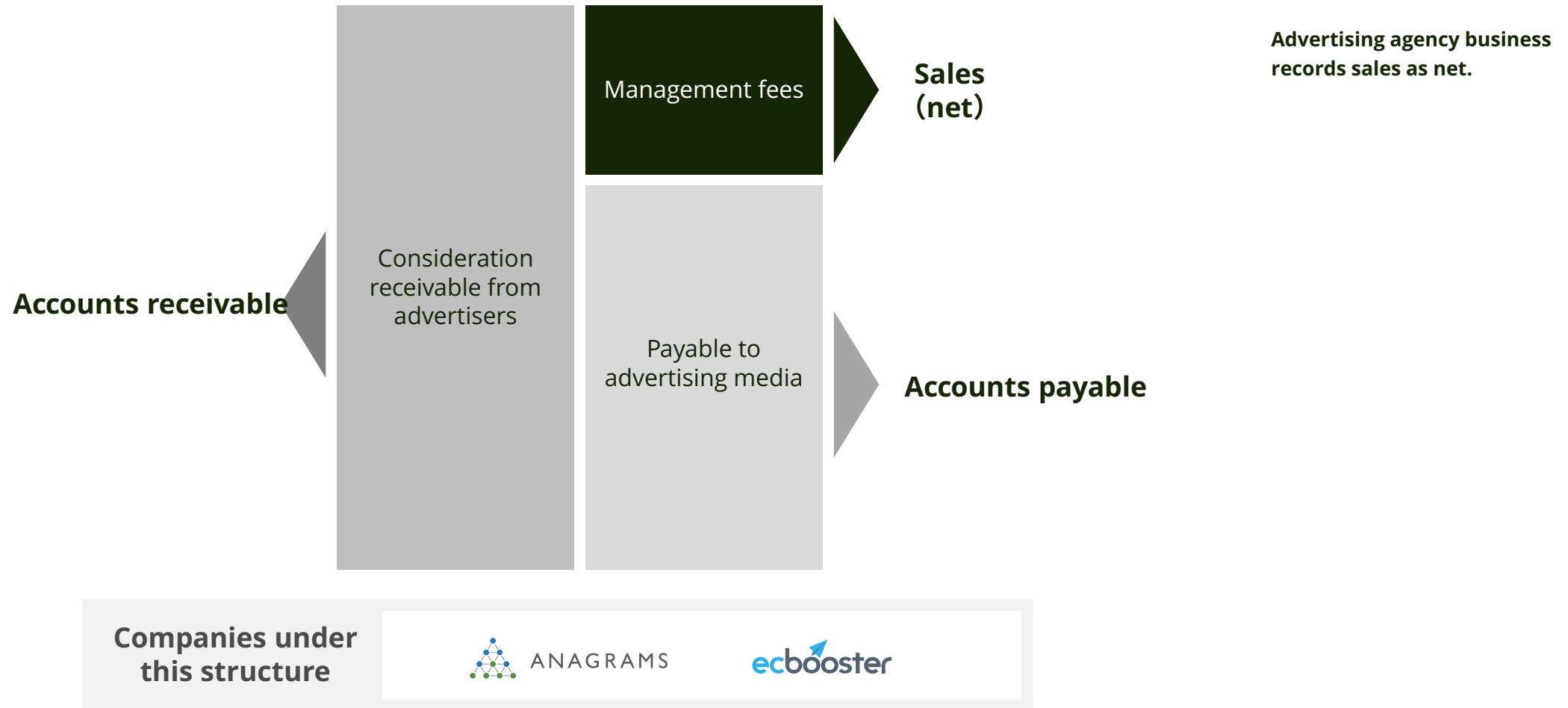
Export CSV file of customer information registered on Dokopoi and points past records

(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 	
Fixed by month	Data feed advertising operations 	Data feed management tool 	Automation of e-commerce shipments and orders 
		Social login & message delivery 	Subscription feather Shopify App 
		LINE-based CRM infrastructure Shopify App 	Shopify App related to point features 
			Branding online service  Star Tracker
Per person per month			Brand strategy, EC setup supports 

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

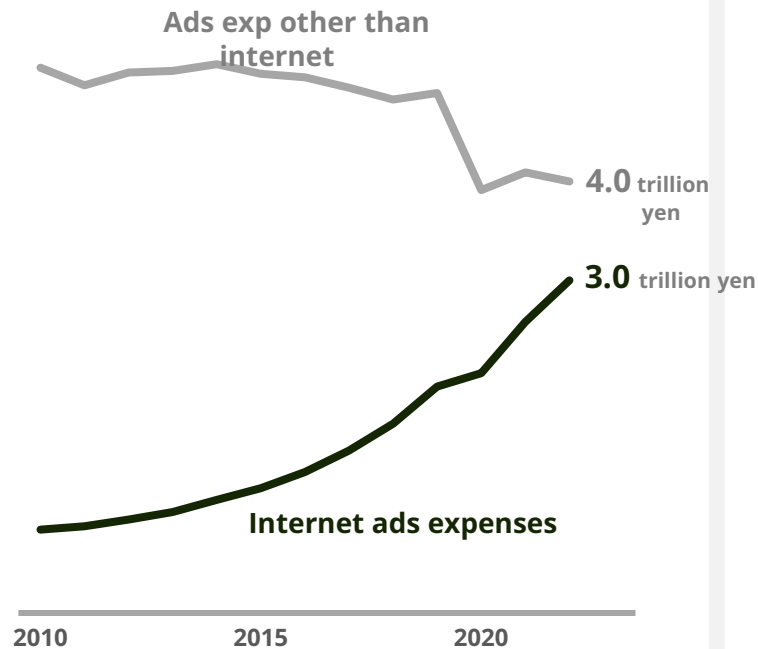
(2) Revenue Structure Revenue structure and sales recognition for advertising management services



Market Environment

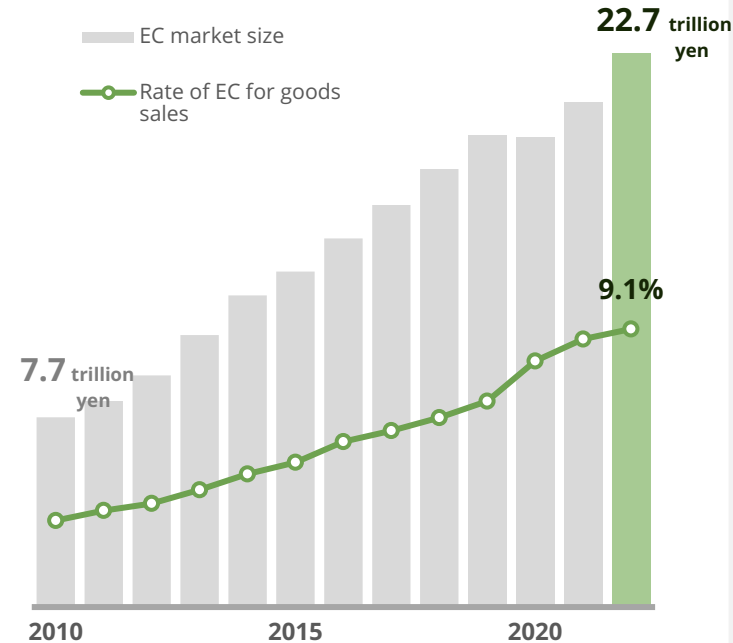
(1) Market Size Internet advertising and EC markets

Domestic internet advertising market



Source: Dentsu Inc. "Advertising costs in Japan 2022" (Feb 2023)

Domestic e-commerce market



Source: METI "Market Research on e-commerce 2022" (Aug 2023)

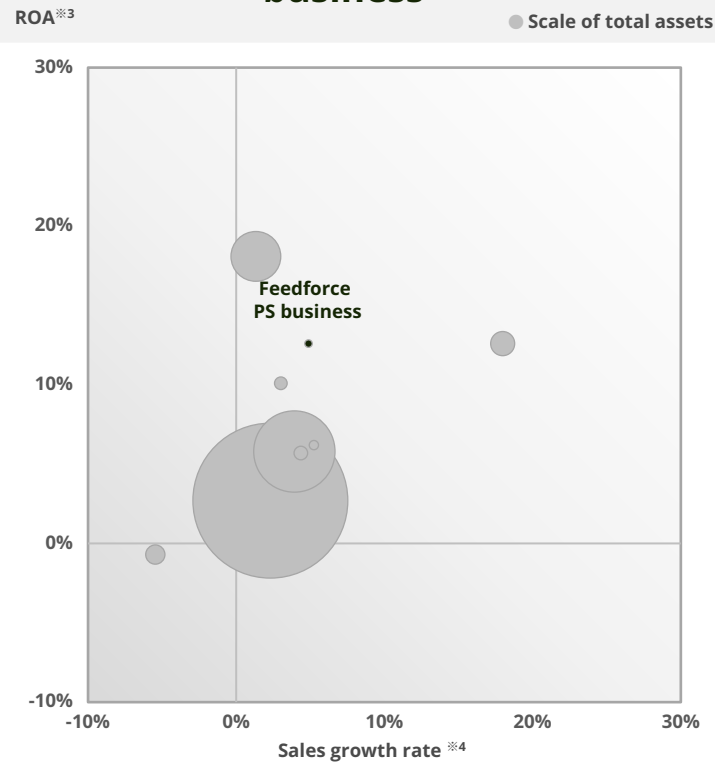
Internet advertising expenses grew 14.3% in 2022.

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%.

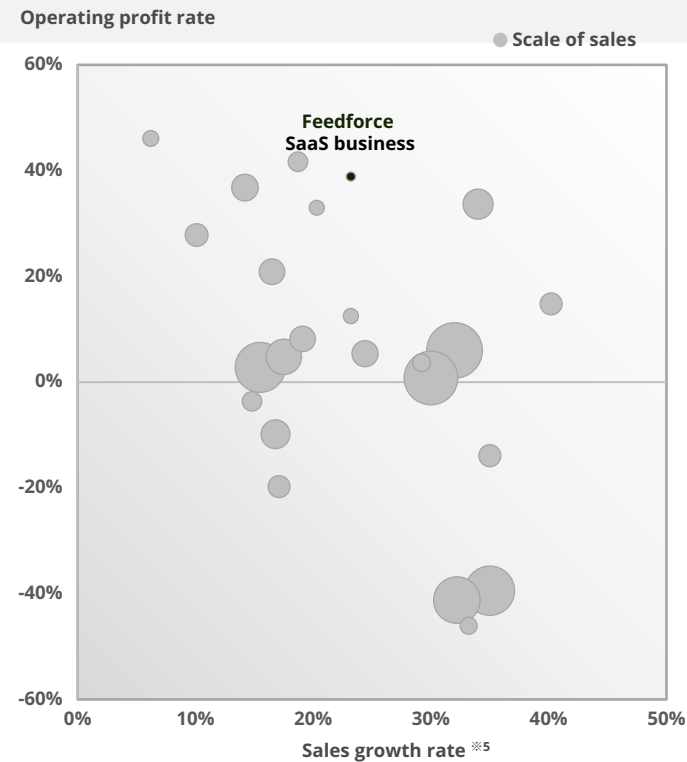
(2) Competitive Environment

Comparison with domestic major advertising agencies and SaaS business

Growth and profit rates of major domestic advertising agency business※1



Growth and profit rates of major domestic SaaS business※2



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

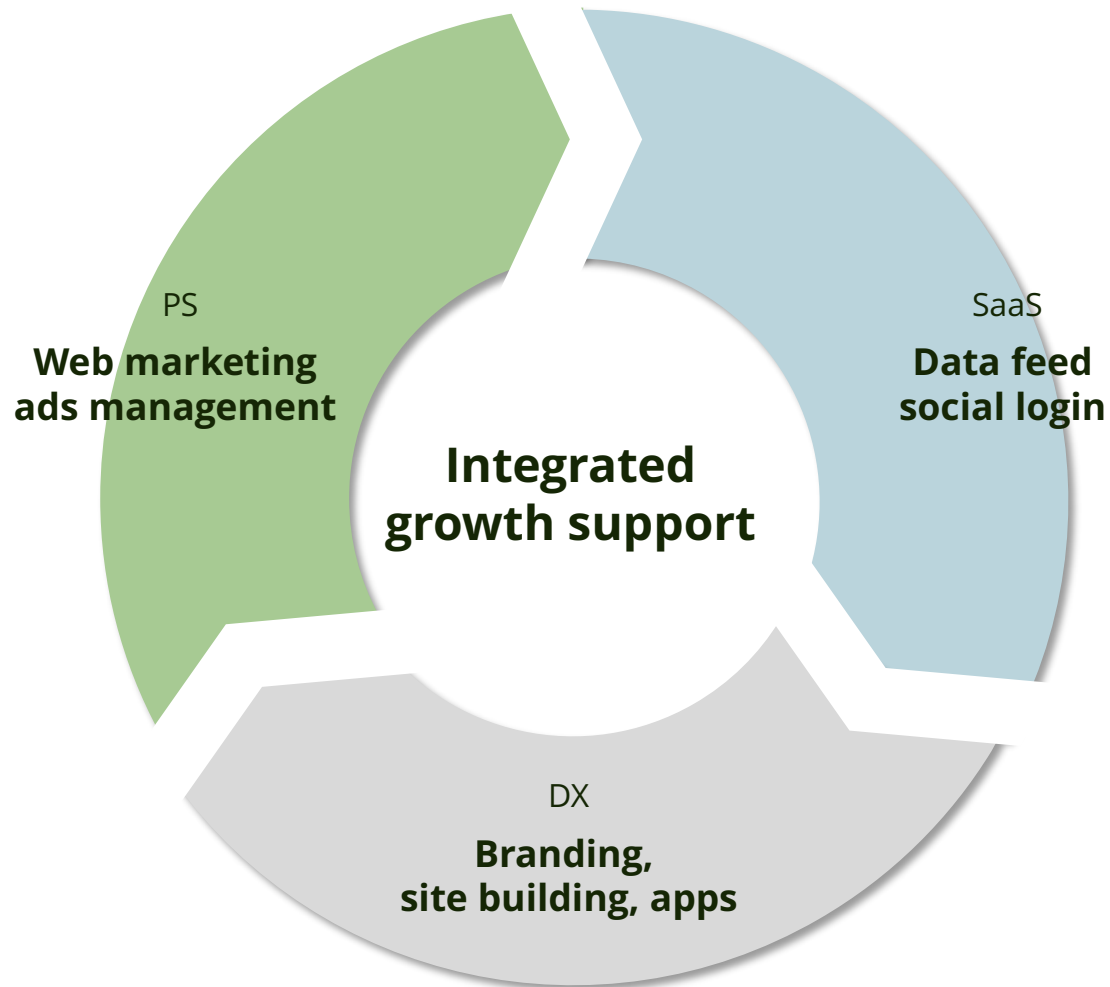
※4 Calculated based on actual sales

※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, site 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

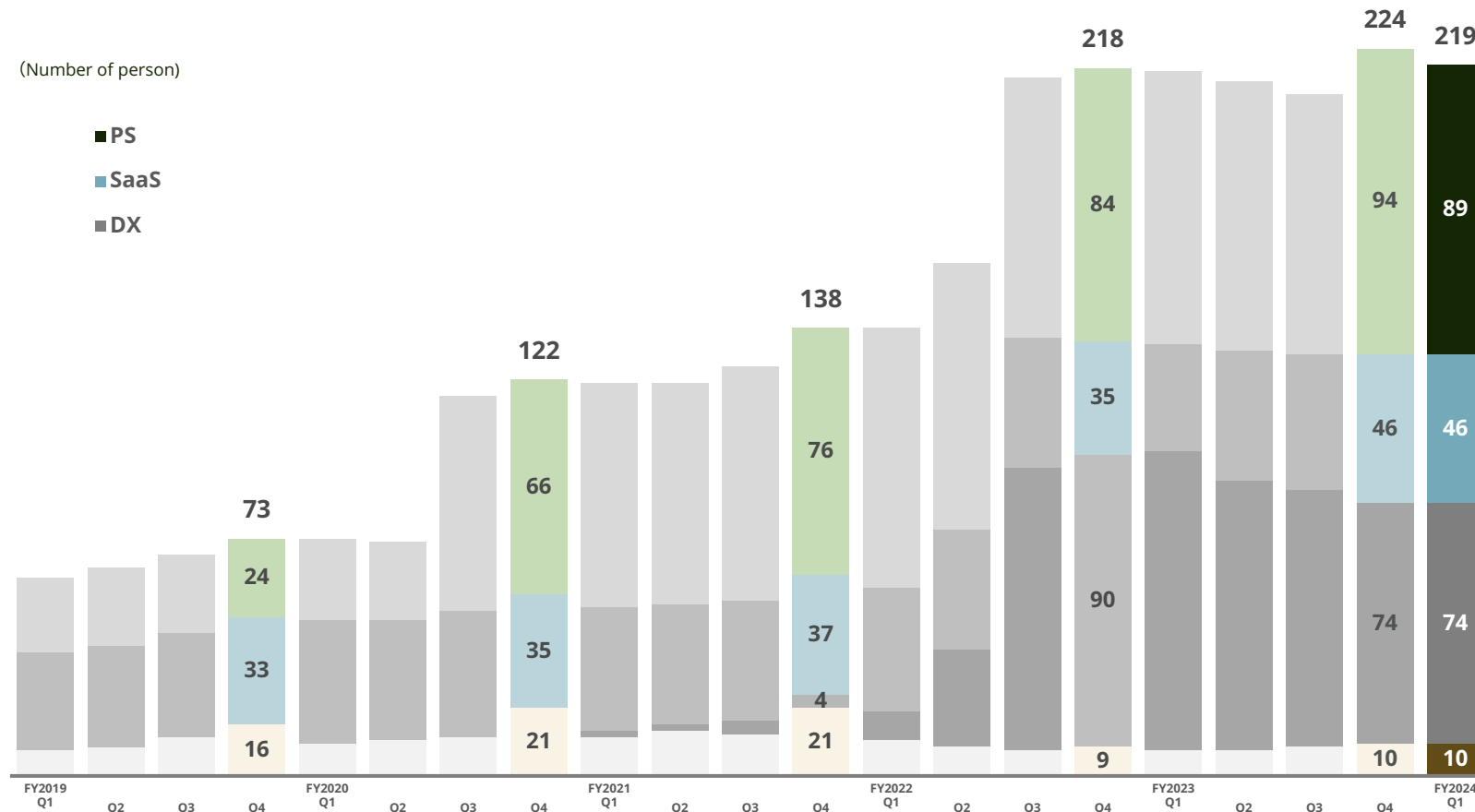
Characteristics of business segment

	Source of Competitiveness	Scale	Profitability	Stability	Growth potential	
PS	<ul style="list-style-type: none"> Maintains high profitability with a consulting-style advertising agency model 	Sales 2,177M yen Full-time employees 94 (FY2023)	Operating profit rate (FY2023) 45.5%			Since each segment has different characteristics, it is possible to continue growth investments while expanding profits.
SaaS	<ul style="list-style-type: none"> Maintain steady increase in sales and high profitability Few competitors in Japan in social login and data feed tools 	Sales 910M yen Full-time employees 46 (FY2023)	Operating profit rate (FY2023) 38.1%	Since segment disclosure in FY2017 Consecutive increase in sales and profit		
DX	<ul style="list-style-type: none"> Establish EC support structure from branding using Shopify, website building, providing apps to backyard jobs 	Sales 878M yen Full-time employees 74 (FY2023)			Expected sales growth rate (FY2024) +29.4%	

(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) slightly decreased QoQ.

(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., Coocom 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.

Takanobu Kono
Group Executive Officer
President & CEO
FRACTA Inc.

Worked as a freelance CG creator, composer and designer since 2000. Before joining Feedforce Group Inc. in December 2021, he was a digital strategy director at Tuchiya Kadan, Inc. (until March 2020) Japan's first Shopify evangelist.

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).

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.

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 Securities Co. (currently SMBC Nikko Securities Inc.) before joining Feedforce Inc. in January 2017.

Our Business Plan

Business Plan Summary

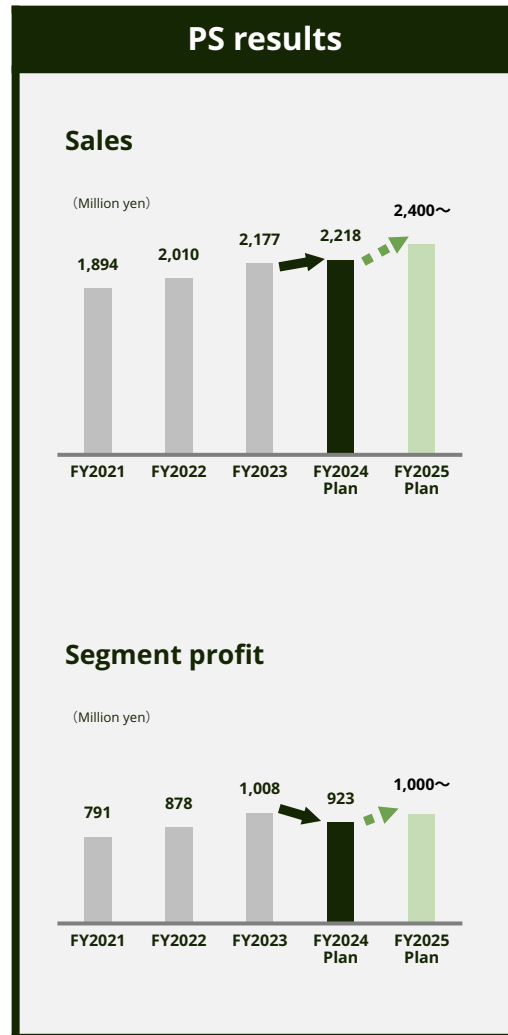
FY2023	<ul style="list-style-type: none"> Invest in expanding organization (mainly staff) for future growth while maintaining the profit level 	PS	<ul style="list-style-type: none"> Increase Anagrams staff to more than 100
		SaaS	<ul style="list-style-type: none"> Keep increasing sales and profit while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

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

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

FY2025 Goal	<ul style="list-style-type: none"> Mid-term goal: Achieve “5 billion yen for sales, 2 billion yen for operating profit, maintain over 20% for ROE”
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(1) Growth Strategy Growth strategy for PS business



Initiatives for FY2024

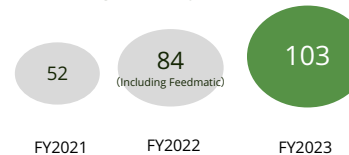
- Plan for FY2024
 - Sales 2.2 billion yen
 - Segment profit 0.9 billion yen

Growth strategy after FY2025

- Target for FY2025
 - Sales 2.4 billion yen
 - Segment profit 1.0 billion yen

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

- In the last fiscal year, the organization expanded to 100+ staff (including temp). In FY2024, build a stable operation while increasing staff by certain level.



- Secure a position as a major domestic independent internet advertising

- Build a stable revenue base, which does not depend on economic trends and particular projects

(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.

social plus

- Through the release of new message function, increase shares and reinforce EC platform link
- Aim for top market shares in Japan for both login and message functions

CRM PLUS on LINE

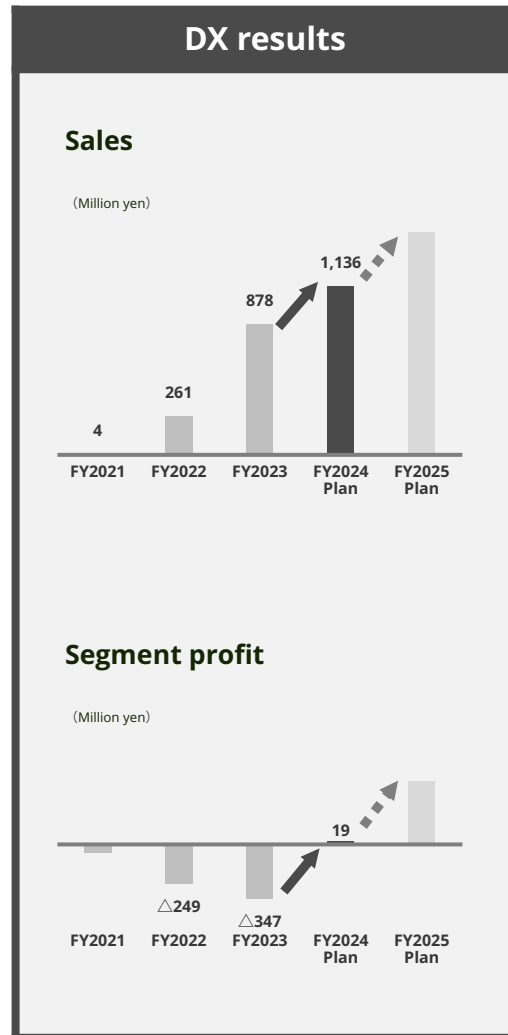
- Expand mainly for enterprise and also extend to medium and small businesses
- Expand from Shopify to other platforms

dfplus.io

- Develop enterprise customers and facilitate implementation
- Active use of AI in services
- Develop services of data feed x AI

(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.

FRACTA®

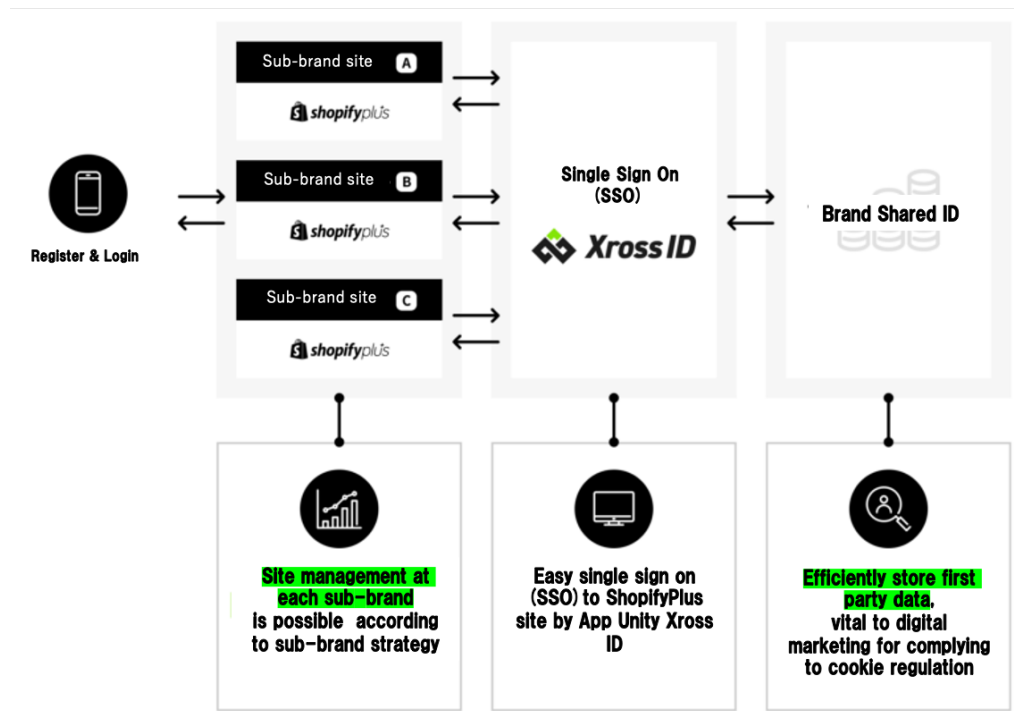
- Organizational reinforcement was completed last fiscal year. In FY2024, accelerate business growth
- Start EC operation support using AI, co-develop a solution using “the first party data” with AppUnity and release, which leads to business growth

appunity

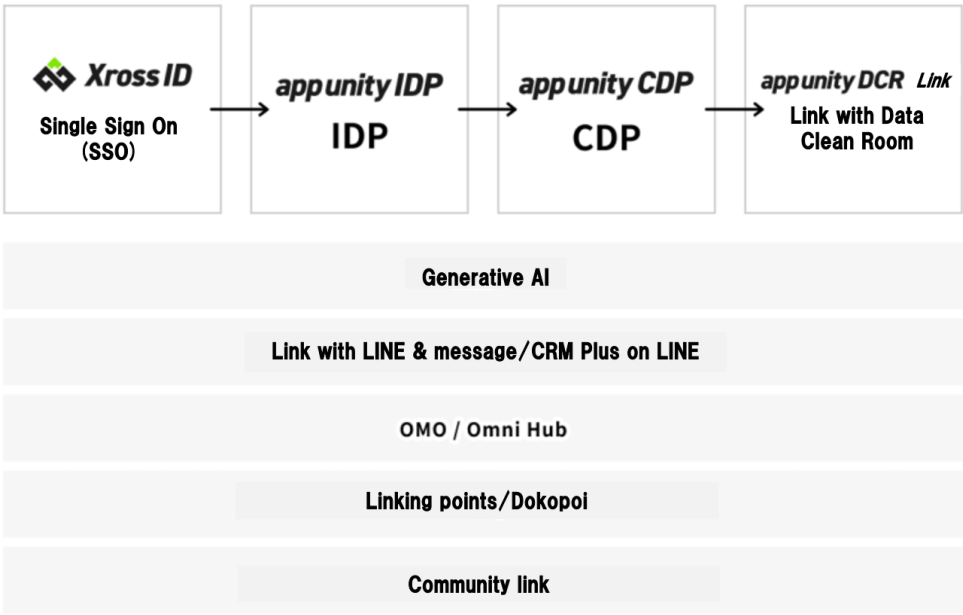
- Increase collaboration with group companies, obtain enterprise customers
- Focus on specialized solution, such as ID integration, OMO, B2B, P2C and AI

New service

Now available easy single sign-on using brand ID on Shopify Plus



Milestone for future ID solution



In September, FRACTA held
"Bunka Shoten," a new brand workshop event, in Harajuku



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

(Number of use)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 Q1	v.FY2023 end
PS							
Anagrams	—	96	115	116	156	156	—
Feedmatic	45	48	45	49	— ※1	—	—
SaaS							
EC Booster※2	313	344	303	283	460 <small>Of which entry plan is 198</small>	451 <small>Of which entry plan is 191</small>	△9
dfplus.io	98	139	175	235	302	325	+23
Social PLUS	237	272	309	361	391	408	+17
DX							
FRACTA	—	—	—	53	43	44	+1
Shippinno	—	—	—	495	435	431	△4
Shopify App※3	—	—	—	532	144	171	+27

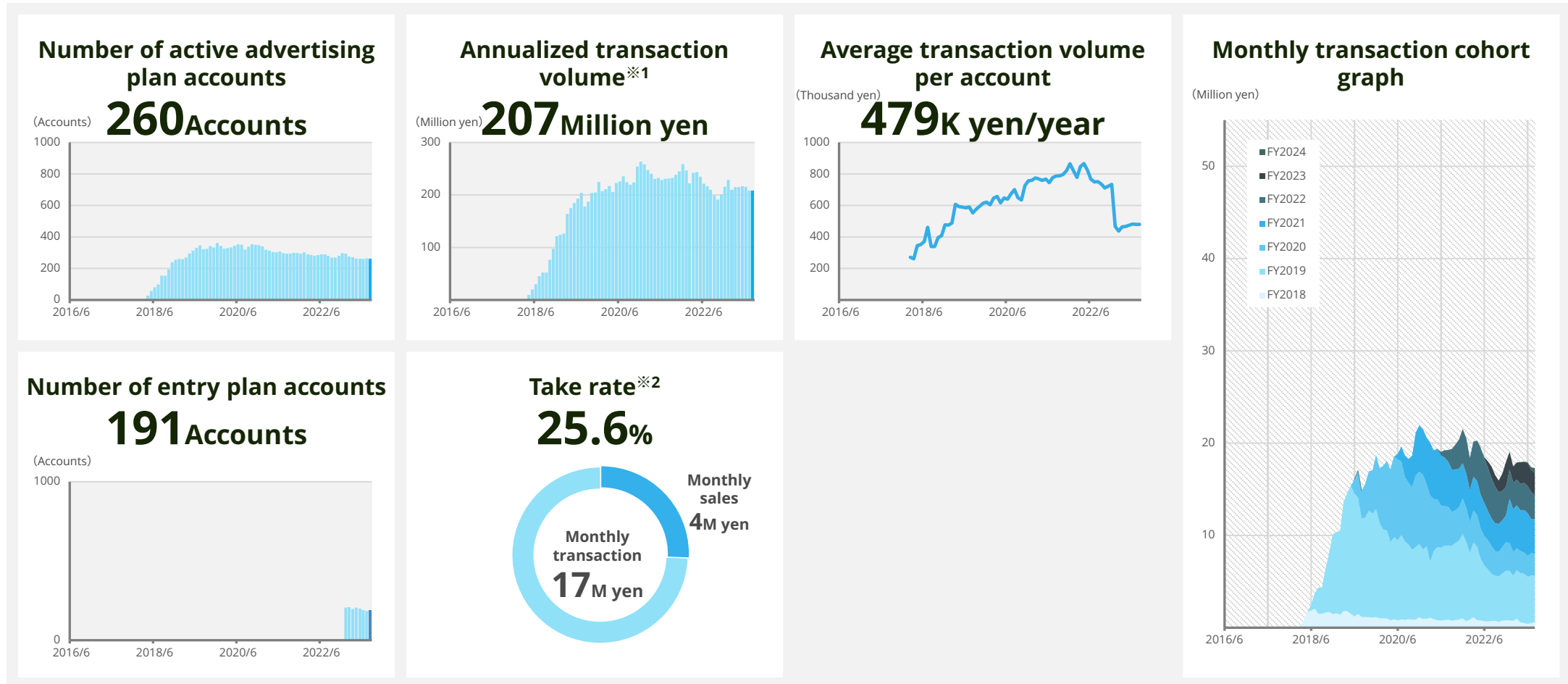
The number of use constantly increased for dfplus.io and Social PLUS.

※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

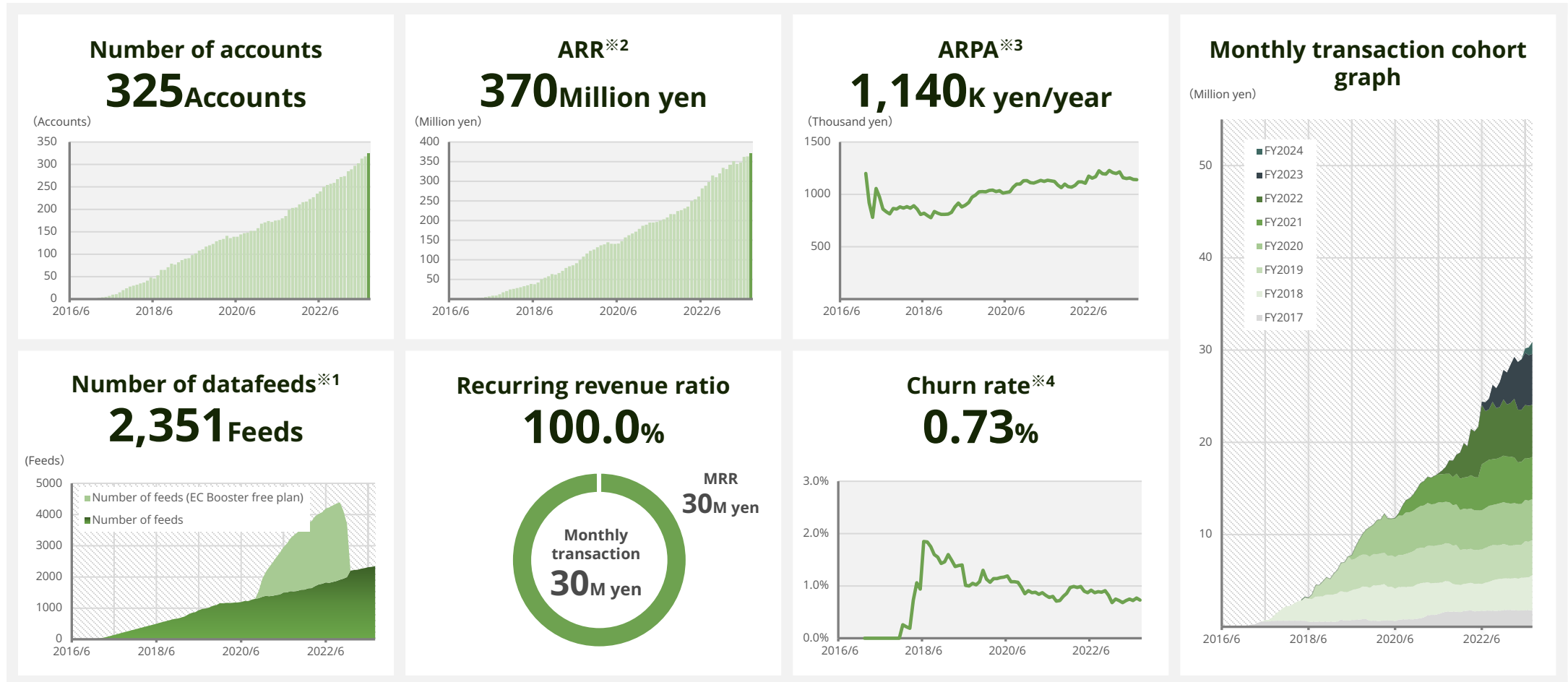
(2) Management Indicators Sales-related data: SaaS performance indicators



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

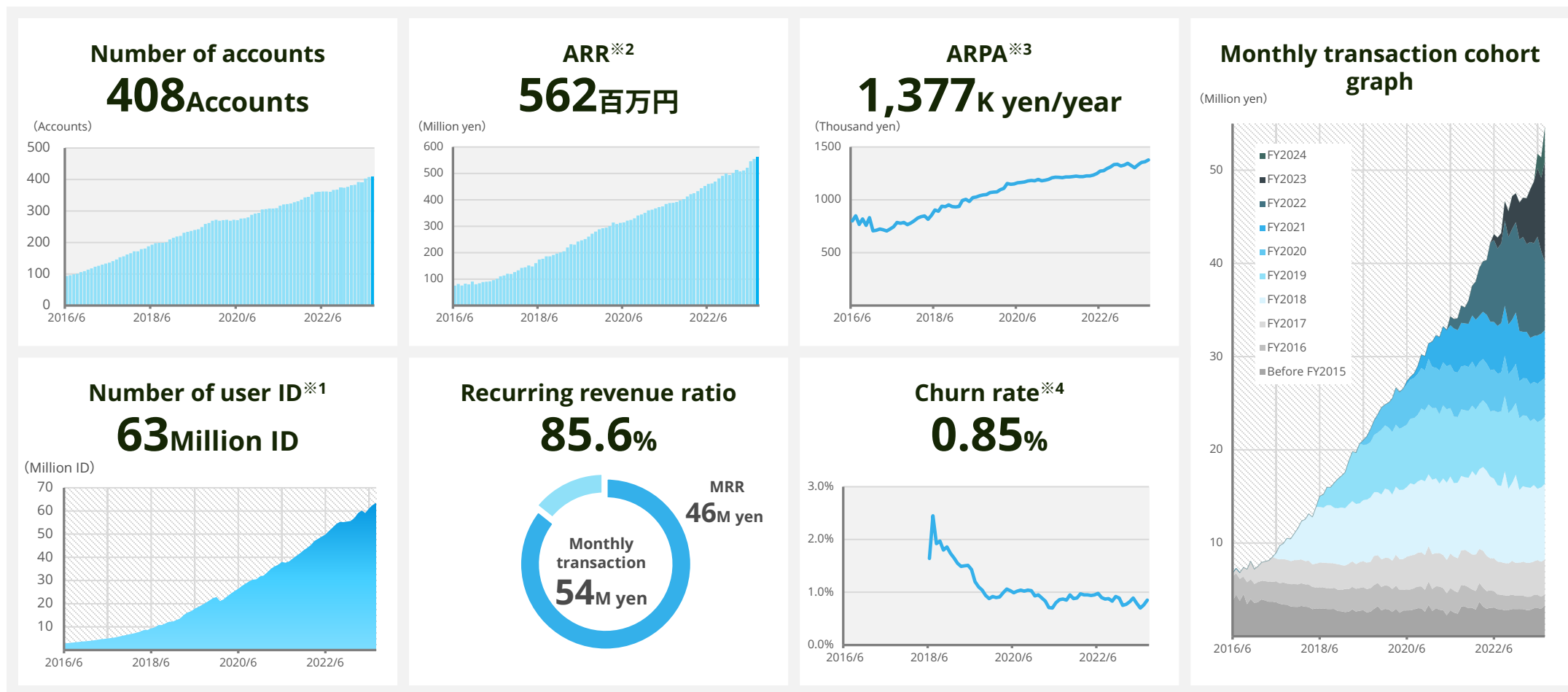
※2 Ratio of sales to transaction amount. Sales are calculated by deducting media advertising cost and partner commissions from the transaction volume.

(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

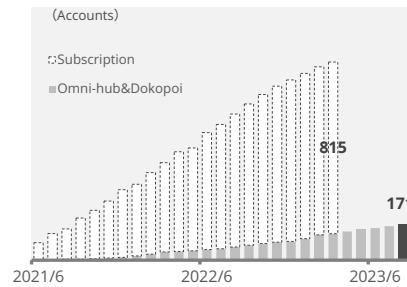
(2) Management Indicators Sales-related data: DX performance indicators



※1

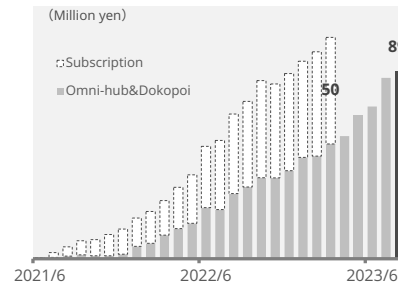
Active accounts ※2

171Accounts



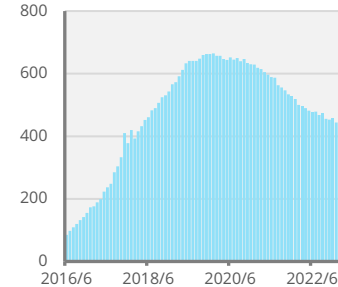
ARR ※3

89Million yen



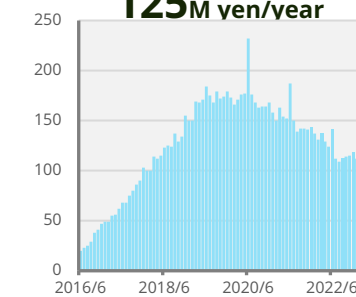
Number of accounts

431Accounts

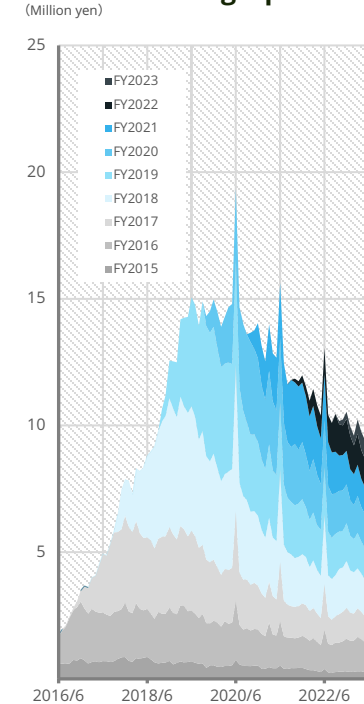


Annualized transaction volume ※1

125M yen/year

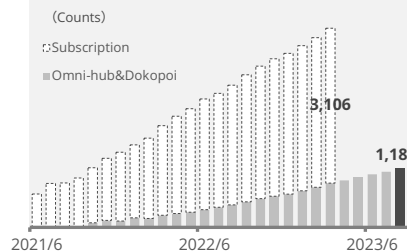


Monthly transaction cohort graph



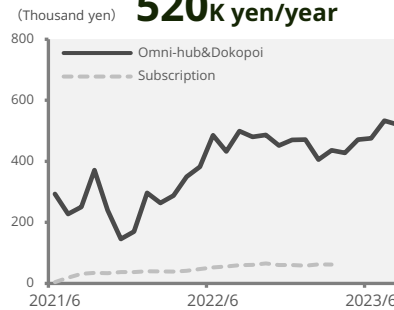
Number of app installs
※4

1,182Counts



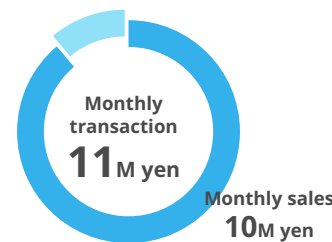
ARPA ※5

520k yen/year



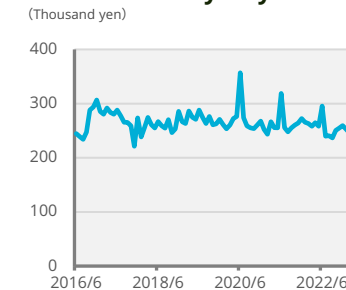
Take rate ※2

89.8%



Ave. transaction/account

292k yen/year



※1 Total of Shopify apps "Subscription," "Omni-hub" and "Dokopoi" belonging to DX business. Subscription app as a shared business ended in March. ※1 Calculated by multiplying 12 to each monthly transaction amount

※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

※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 Q1 Consolidated
Sales growth rate	+24.5%	+118.0%	+69.5%	+20.7%	+32.0%	+17.9%
PS	△0.3%	+162.6%	+88.7%	+6.1%	+8.3%	+18.9%
SaaS	+86.3%	+58.6%	+26.4%	+21.9%	+24.1%	+21.5%
DX	—	—	—	—	+236.6%	+11.6%
Operating profit margin	6.6%	27.2%	34.4%	31.0%	26.0%	+31.5%
PS	28.0%	35.5%	40.0%	43.2%	45.5%	+44.8%
SaaS	△19.5%	8.6%	24.4%	38.9%	38.1%	+43.1%
DX	—	—	—	△94.6%	△39.3%	△19.9%
ROA^{※1,※2}	11.2%	14.6%	15.2%	12.8%	13.6%	—
ROE^{※2,※3}	57.2%	31.0%	28.5%	22.5%	3.9%	—
Shareholders' equity ratio^{※4}	20.7%	18.3%	36.6%	37.2%	39.0%	43.2%
D/E ratio^{※5}	1.6x	1.1x	0.7x	0.8x	0.6x	0.5x

In SaaS business, sales growth rate is about 21%, and operating profit margin is about 43%.

※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 FY2024 forecast and YTD progress Q1

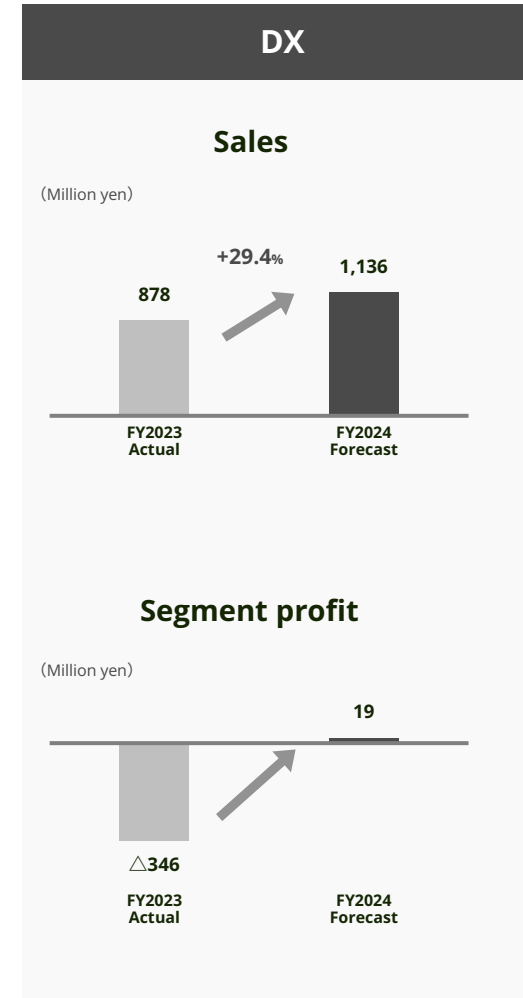
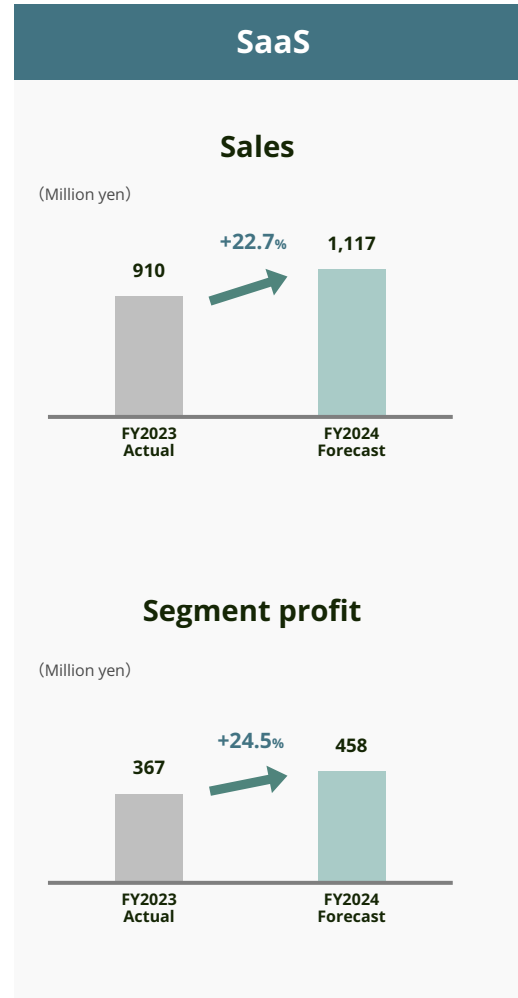
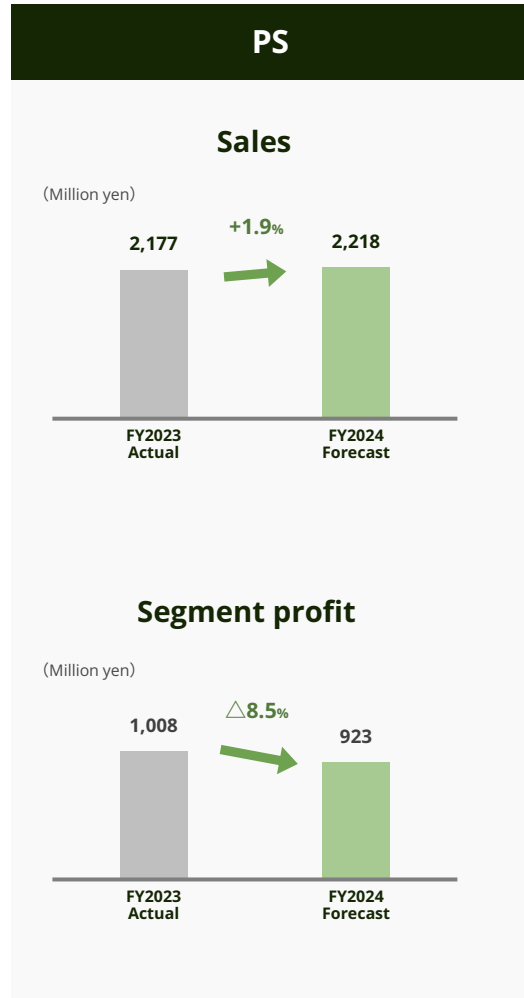
(Million yen)

	FY2023 Actual(A)	FY2024 Forecast(B)	Variance (B) / (A) -100%	FY2024 Q1 Actual(C)	Q1 Progress rate (C) / (B)
Sales	3,966	4,472	+12.8%	1,066	23.8%
EBITDA	1,275	1,619	+27.0%	389	24.0%
Operating income	1,029	1,400	+36.0%	335	24.0%
Ordinary income	1,020	1,354	+32.7%	322	23.8%
Profit attributable to owners of parent	112	881	+680.6%	300	34.1%
EPS	4.34円	34.28円	+687.4%	11.50円	33.5%

In FY2024, we expect increase in sales and increase in all profit levels to the bottom line.

Operating income for Q1 is 24% of the annual forecast.

(3) Profit Plan and Assumptions FY2024 forecast by segment

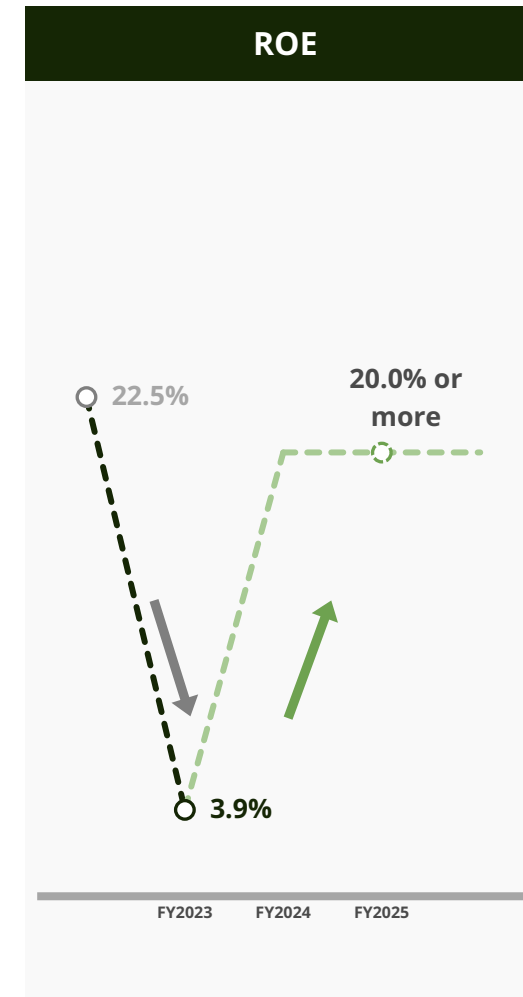
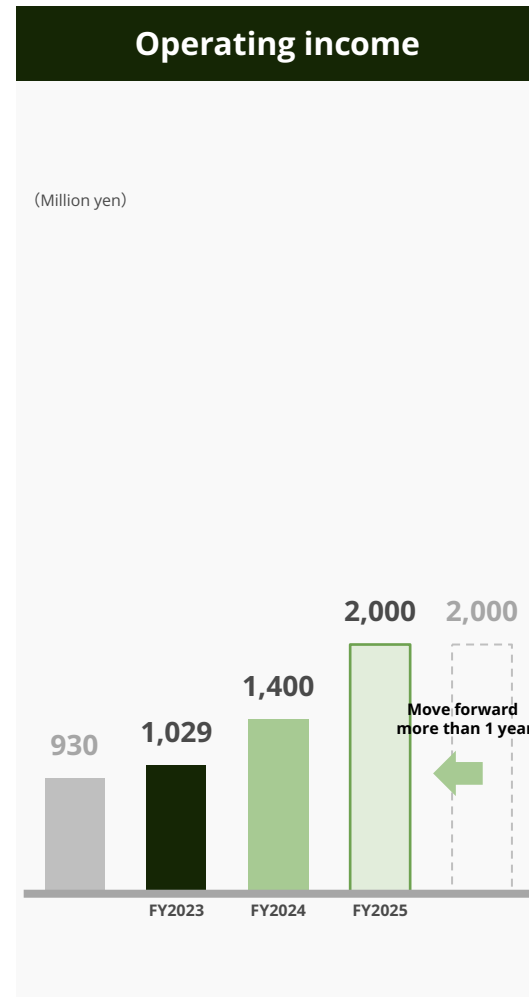
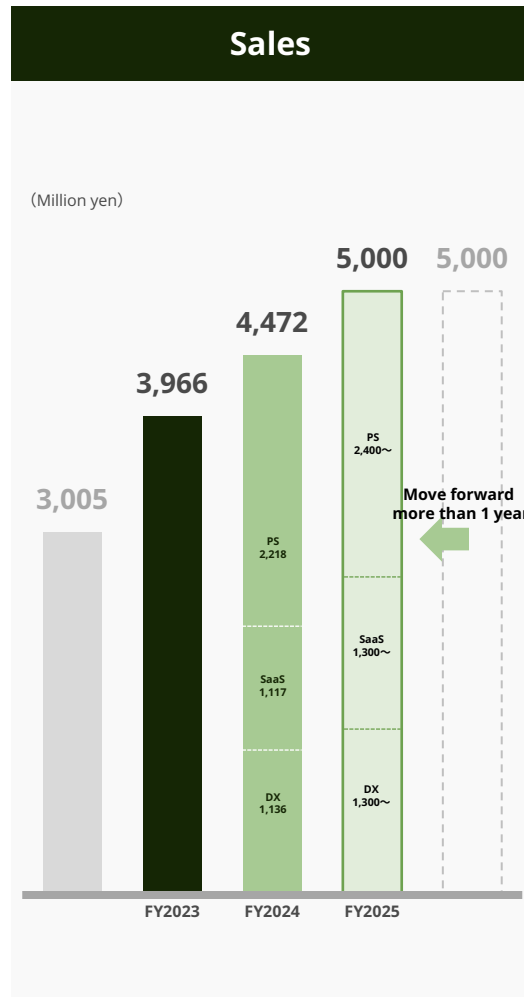


PS segment expects an increase in sales and decrease in profit.

SaaS segment expects an increase in sales and profit.

DX segment expects an increase in sales and a net profit

(3) Profit Plan and Assumptions Mid-term goals



Our mid-term goal is to achieve by FY2026:

- Sales 5.0 billion yen
- Operating income 2.0 billion yen

As the Group size expands, sales and operating income targets are expected to be reached more than 1 year earlier than planned.

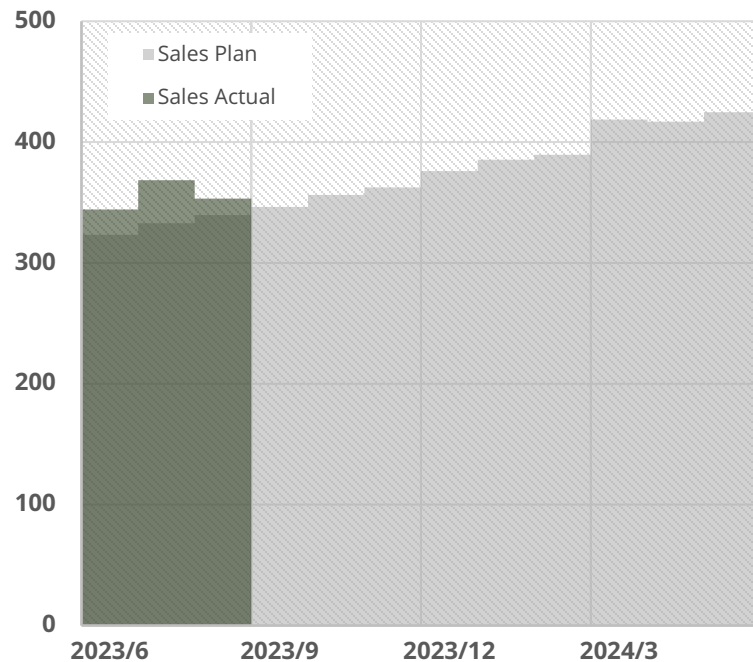
Maintain ROE at 20% or more, while focusing on profit expansion and capital efficiency.

(4) Progress Progress in the FY2024 forecast

Q1 Progress rate to plan

Sales **107.0%**

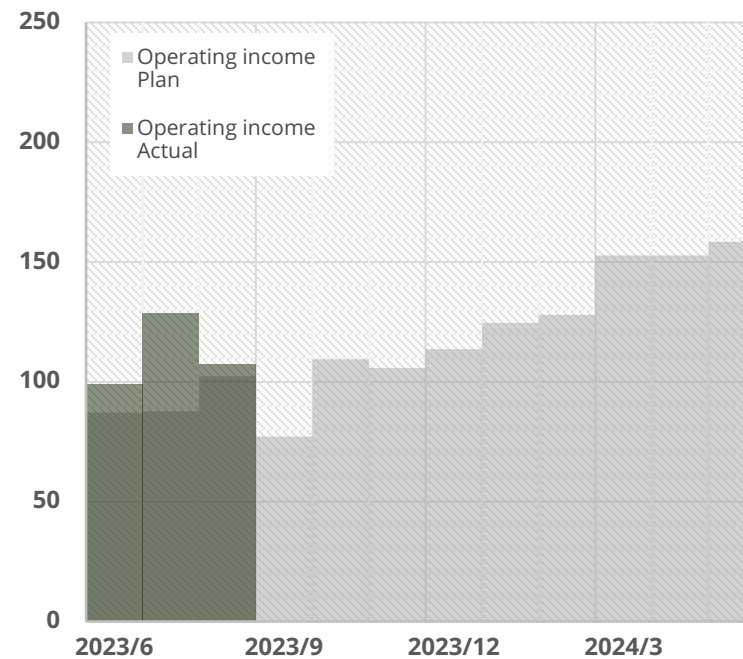
(Million yen)



Q1 Progress rate to plan
Operating

income **121.1%**

(Million yen)

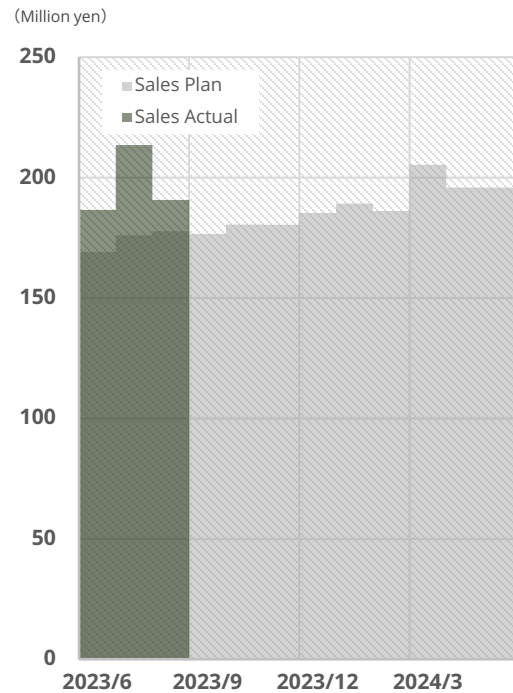


Both sales and operating income exceeded the plan.

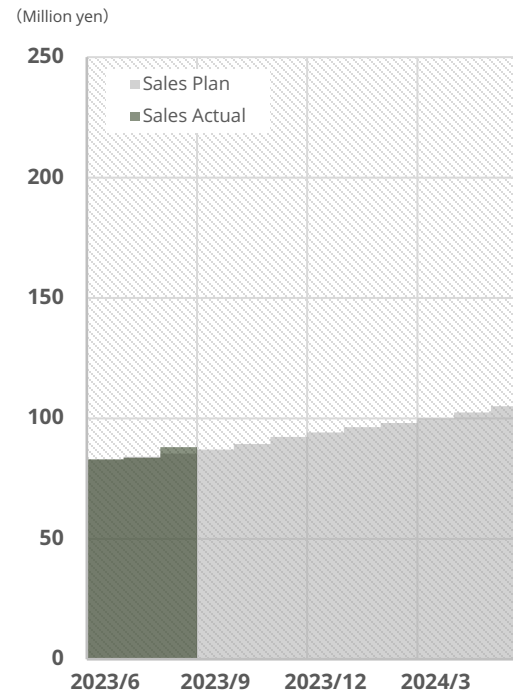
We will update *Our Business Plan and Growth Potential* every quarter and disclose. (Next update will be December 2023.)

(4) Progress by segment in FY2024 forecast

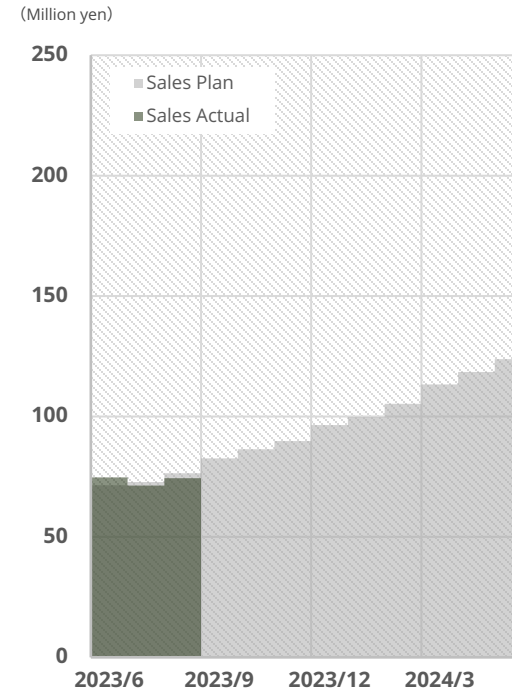
PS
Q1 Progress rate to plan
Sales **113.0%**



SaaS
Q1 Progress rate to plan
Sales **101.0%**



DX
Q1 Progress rate to plan
Sales **99.9%**



Sales exceeded the plan in PS business.

Risk Information

(1) Perceived Risks

Business risks and external environment

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

Business risks and internal environment

Risks Timing and probability	Contents
Concentration on a specific medium <div>Timing : Long-term Probability: Medium</div>	<p>Dependence on the services of a particular digital platformer.</p> <p>If this becomes apparent, policy changes may prevent the service from being provided as planned.</p>
Concentration on specific customers <div>Timing: Short-term Probability: High</div>	<p>Large percentage of sales to specific customers for advertising management service</p> <p>If this becomes apparent, the performance of the PS could be sluggish.</p>
Information Security <div>Timing : Long-term Probability: Medium</div>	<p>Possibility of information leakage due to unauthorized access from outside.</p> <p>If it becomes apparent, the business could suffer from a downturn in performance due to the suspension of operations and customer churn.</p>

Financial risks

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

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.

(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
Concentration on specific customers	Diversification of the number of projects and industries Strengthen ability to attract new customers
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