Feedforce
Group

Financial results for the 3rd Quarter
of Fiscal Year Ending May 31,2022
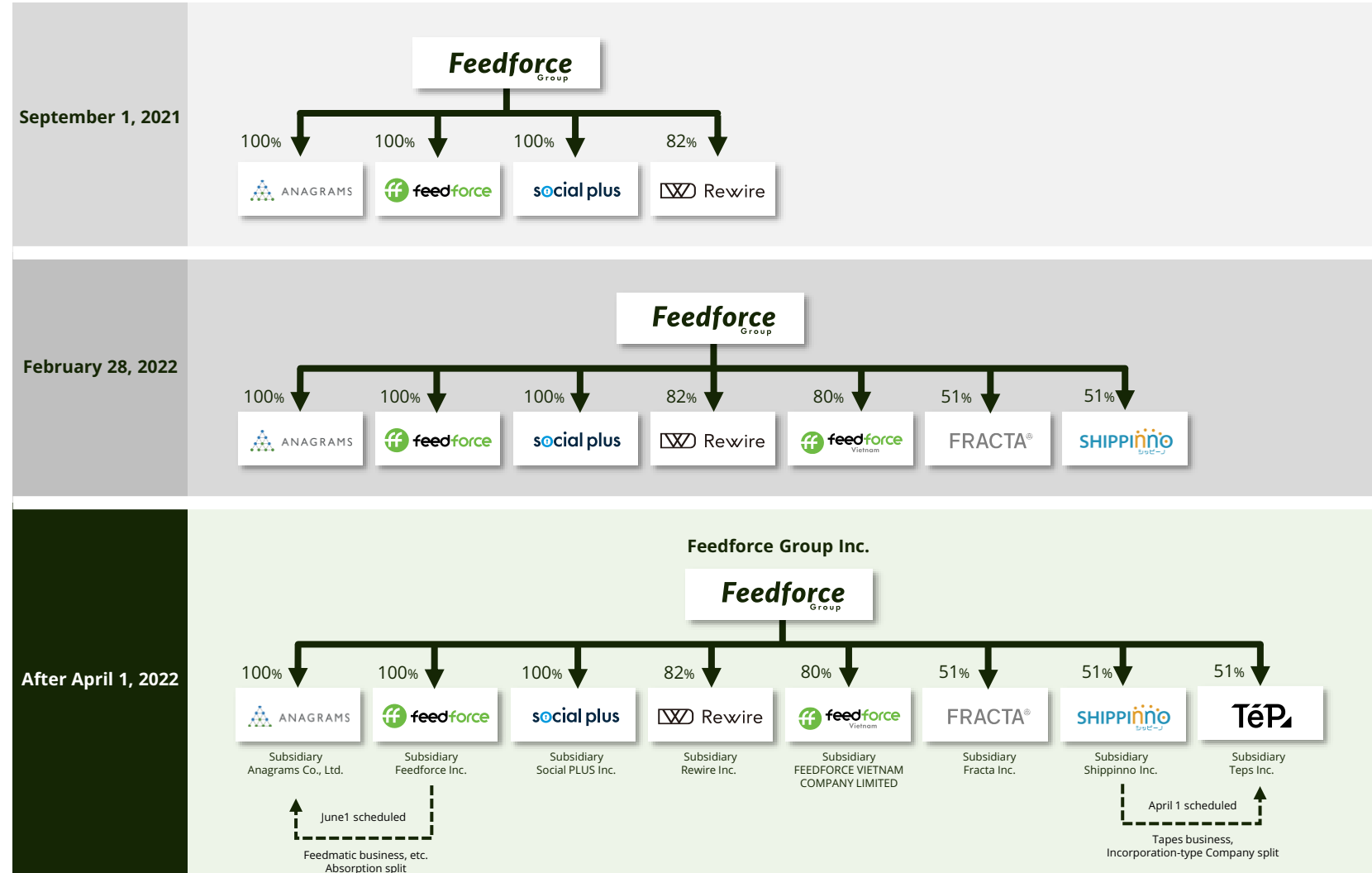### (Our Business plan and Growth Potential)

March 31, 2022

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Feedforce
Group

01

Financial Result Highlight

Our Group

Q3 Financial Results Overview

(Millions of yen)

	2021/5 3Q cumulative	2022/5 3Q cumulative	YoY	2021/5 3Q	4Q	2022/5 1Q	2Q	3Q	QoQ
Transaction Amount	7,657	**8,696**	+13.6%	3,107	3,363	2,868	2,938	**2,889**	△1.7%
Sales (After retroactive Accounting Standard for Revenue Recognition in FY2021/5)	1,773	**2,112**	+19.1%	680	727	672	700	**739**	+5.6%
EBITDA※	724	**851**	+17.6%	325	334	293	298	**259**	△13.2%
Operating Income	598	**713**	+19.2%	282	291	250	256	**205**	△19.7%
Profit before income taxes	585	**690**	+18.0%	279	289	242	256	**192**	△25.0%
Profit attributable to owners of parent	312	**433**	+38.7%	173	160	154	156	**121**	△22.4%

Consolidated Results

Sales and profits increase YoY

sales increased QoQ , but profit decreased due to the conversion of Shippinno to a consolidated subsidiary.

※ EBITDA = Operating Income + Depreciation + Amortization

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Q3 Business Segment Results Overview

(Millions of yen)

	2021/5 3Q cumulative	2022/5 3Q cumulative	YoY	2021/5 3Q	4Q	2022/5 1Q	2Q	3Q	QoQ
PS※ Business									
Sales (After retroactive Accounting Standard for Revenue Recognition in FY2021/5)	1,322	**1,519**	+14.9%	523	562	503	519	**496**	△4.4%
Operating income	518	**671**	+29.5%	250	272	227	233	**210**	△9.8%
SaaS Business									
Sales	441	**534**	+21.1%	157	160	166	175	**191**	+9.1%
Operating income	113	**205**	+81.7%	50	41	62	67	**75**	+11.7%
DX Business									
Sales	0	**58**	—	0	4	2	5	**51**	+915.0%
Operating income	△33	**△164**	—	△17	△22	△39	△44	**△80**	—

PS Business

Sales and Operating Income increased YoY、but both of them decreased QoQ

SaaS Business

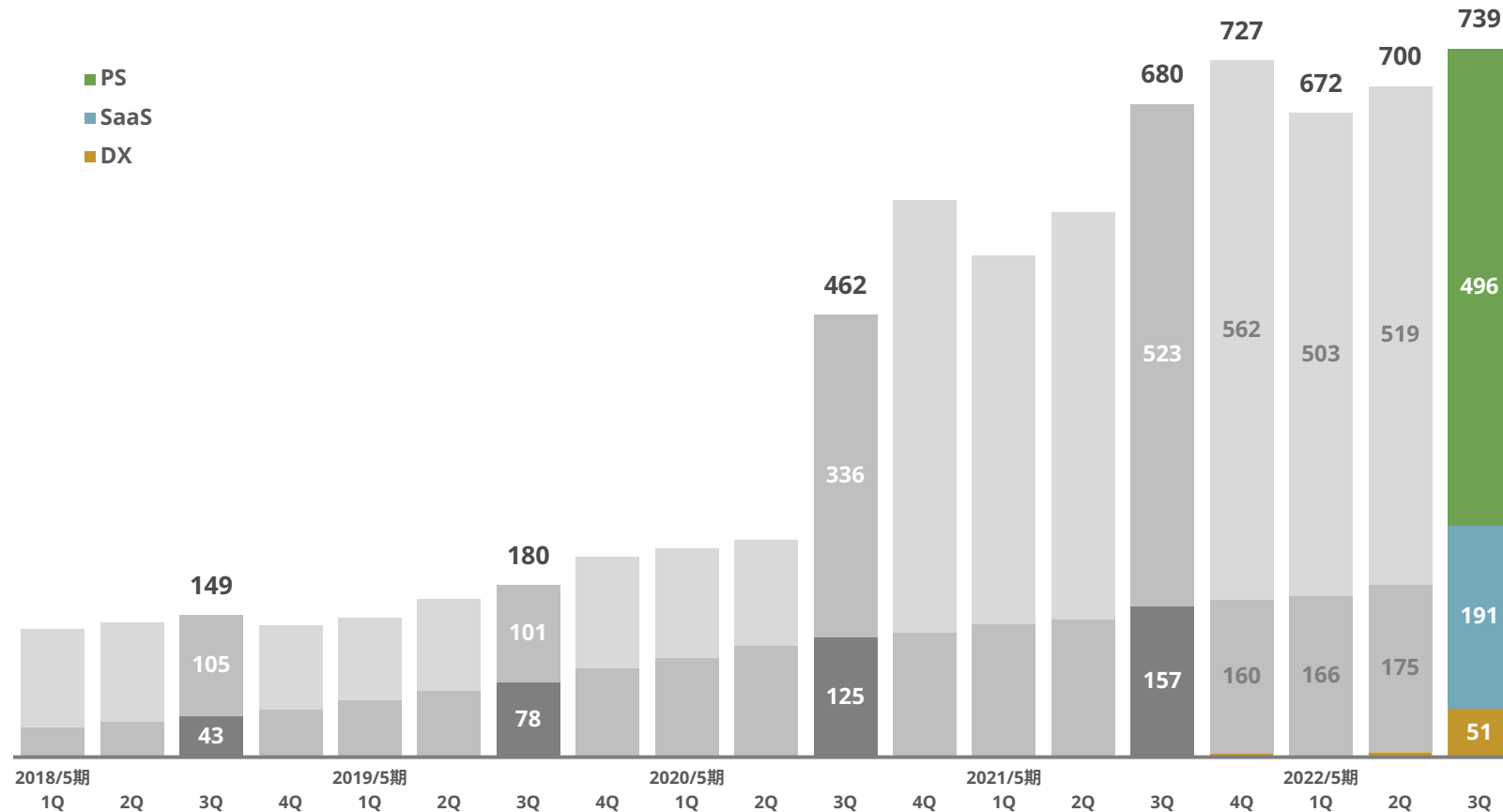**Sales and Operating Income increased YoY and QoQ**

DX Business

Sales increased due to making Shippinno a consolidated subsidiary, and losses increased

※ PS stands for Professional Services Business

Quarterly Sales （ After retroactive Accounting Standard for Revenue Recognition ）
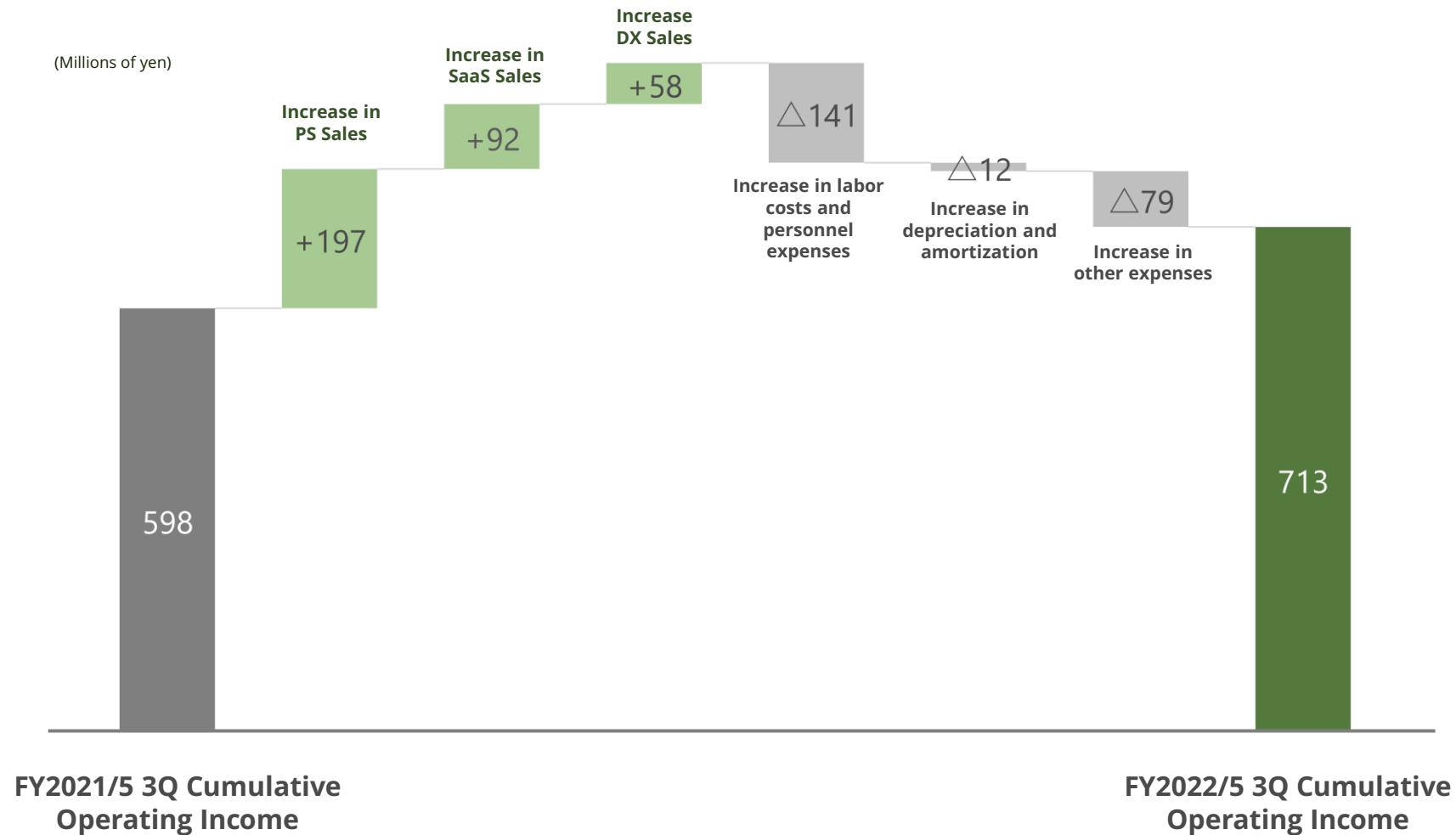
(Millions of yen)

Sales decreased in PS business, but continued to increase in SaaS business

Due to making Shippinno a consolidated subsidiary, 51 million yen was recorded in this quarter in DX business, .
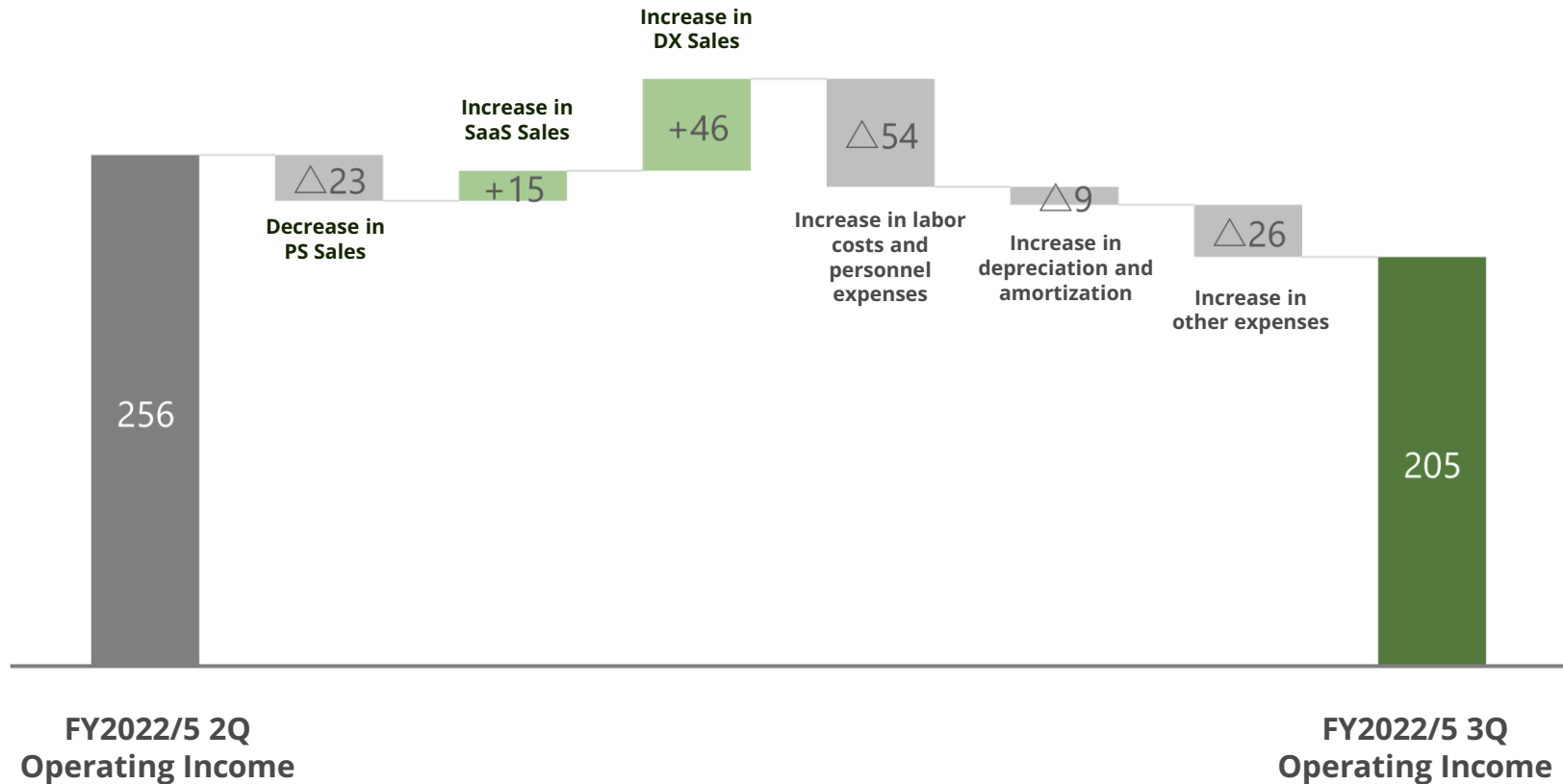
- ■ PS
- ■ SaaS
- ■ DX

		149				180				462			727		672	700	739		
						101				336			562	523	503	519	496		
		105															191		
		43				78				125		157	160	166	175	51			

2018/5期				2019/5期				2020/5期				2021/5期				2022/5期		
1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q

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Q3 Factors for Changes in Operating Income YoY

(Millions of yen)

FY2021/5 3Q Cumulative Operating Income: 598

Increase in PS Sales: +197

Increase in SaaS Sales: +92

Increase DX Sales: +58

Increase in labor costs and personnel expenses: △141

Increase in depreciation and amortization: △12

Increase in other expenses: △79

FY2022/5 3Q Cumulative Operating Income: 713

PS and SaaS businesses contributed to higher sales and profits YoY.

Q3 Factors for Changes in Operating Income QoQ

(Millions of yen)

Increase in DX Sales

Increase in SaaS Sales

Decrease in PS Sales

Increase in labor costs and personnel expenses

Increase in depreciation and amortization

Increase in other expenses

256 △23 +15 +46 △54 △9 △26 205

FY2022/5 2Q Operating Income

FY2022/5 3Q Operating Income

In QoQ, sales increased due to DX sales contribution, but operating income decreased due to PS sales decrease and increase in personnel expenses by making Shippinno a consolidated Subsidiary.

Sales by Service

	2021/5 3Q cumulative	2022/5 3Q cumulative	YoY		2021/5 3Q	4Q	2022/5 1Q	2Q	3Q	QoQ
PS (After retroactive Accounting Standard for Revenue Recognition FY2021)	1,332	**1,519**	+14.0%		523	562	503	519	**496**	△4.4%
Anagrams	981	**1,145**	+16.7%		389	431	372	401	**371**	△7.7%
Feedmatic	214	**239**	+11.7%		86	81	84	76	**79**	+3.6%
DF PLUS	119	**128**	+7.2%		44	46	43	41	**42**	+2.1%
Other	16	**6**	△62.2%		3	2	2	1	**1**	△15.0%
SaaS	441	**534**	+21.1%		157	160	166	175	**191**	+9.1%
EC Booster	48	**41**	△13.2%		15	13	13	14	**14**	+0.3%
dfplus.io	125	**163**	+31.0%		46	48	50	54	**58**	+6.3%
Social PLUS	267	**329**	+22.8%		95	98	102	106	**119**	+11.8%
DX	0	**58**	–		0	4	2	5	**51**	+915.0%
Shippinno・Teps	–	**45**	–		–	–	–	–	**45**	–
Other	0	**13**	–		0	4	2	5	**5**	+15.5%

PS Business

Anagrams' sales deceased QoQ

SaaS Business

Each service sales increased QoQ

DX Business

Sales increased as a result of making Shippinno a consolidated subsidiary

Operating Expense

（百万円）

	2021/5 3Q cumulative	2022/5 3Q cumulative	YoY	2021/5 3Q	4Q	2022/5 1Q	2Q	3Q	QoQ
Operating Expense (After retroactive Accounting Standard for Revenue Recognition FY2021)	1,175	**1,399**	+19.1%	404	444	421	443	**533**	+20.5%
Cost of Sales	535	**618**	+15.7%	213	182	192	204	**221**	+8.6%
Labor Costs	442	**492**		150	148	163	159	**169**	
Expenses	93	**126**		37	43	29	44	**52**	
SG&A expenses	640	**780**	+22.0%	217	253	229	239	**311**	+30.1%
Personnel Costs	327	**419**		113	128	122	126	**170**	
Expenses	312	**361**		104	124	107	113	**140**	
R&D	24	**9**		10	14	5	1	**3**	
Recruitment training	16	**22**		5	11	3	7	**11**	
Advertising	10	**19**		4	5	5	5	**8**	
Depreciation	89	**92**		30	30	30	30	**31**	
Amortization goodwill	35	**44**		11	11	11	11	**21**	
Other	135	**173**		42	51	51	56	**65**	

Expenses increased QoQ due to making Shippinno a consolidated subsidiary (amortization of goodwill increased by about 10 million yen)

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Financial Position

(Millions of yen)

	FY2017 Non-Consolidated	FY2018 Non-Consolidated	FY2019 Non-Consolidated	FY2020 Consolidated	FY2021 Consolidated	FY2022 Q1 Consolidated	FY2022 Q2 Consolidated	YoY	QoQ
Current assets	394	320	426	3,528	4,915	4,824	**5,259**	+344	+435
Non-current assets	28	25	44	1,690	1,552	1,965	**2,528**	+976	+562
Total assets	422	345	470	5,219	6,467	6,790	**7,788**	+1,320	+997
Current liabilities	205	192	322	1,370	2,255	2,200	**2,717**	+462	+517
Non-current liabilities	134	99	50	2,018	1,810	1,853	**2,165**	+354	+311
Total liabilities	339	291	373	3,389	4,065	4,054	**4,882**	+817	+828
Shareholders' equity	83	54	97	957	2,366	2,680	**2,805**	+439	+125
Other Comprehensive Income	—	—	—	—	—	—	**△0**	△0	△0
Share acquisition rights	—	—	—	—	32	52	**66**	+34	+14
Non-controlling interests	—	—	—	872	2	2	**32**	+30	+29
Total net assets	83	54	97	1,829	2,401	2,735	**2,905**	+503	+169

Fixed assets increased due to the goodwill of Shippinno Inc. at the end of 2nd quarter and the goodwill of Fracta Inc. at the end of the 3rd quarter.

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Breakdown of Balance Sheet as of February 28, 2022

（百万円）

Cash and deposits 3,439

Other assets 2,193

Goodwill 1,297
Fracta	566
Shippinno	362
Anagrams	369

Customer-related assets 856 | Anagrams 856 |

Amortization in the next 8-10 years

Other liabilities 1,917

Interest-bearing debt 2,678

Deferred tax liabilities 287

Shareholders' equity・
other comprehensive income 2,805

Share acquisition rights 66
Non-controlling interests 32

Cash and deposits 3,439 million yen

Intangible assets 2,154 million yen

Interest-bearing debt 2,678 million yen

Equity capital is 2,805 million yen

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Outlook for the Ratio of Shares In Circulation
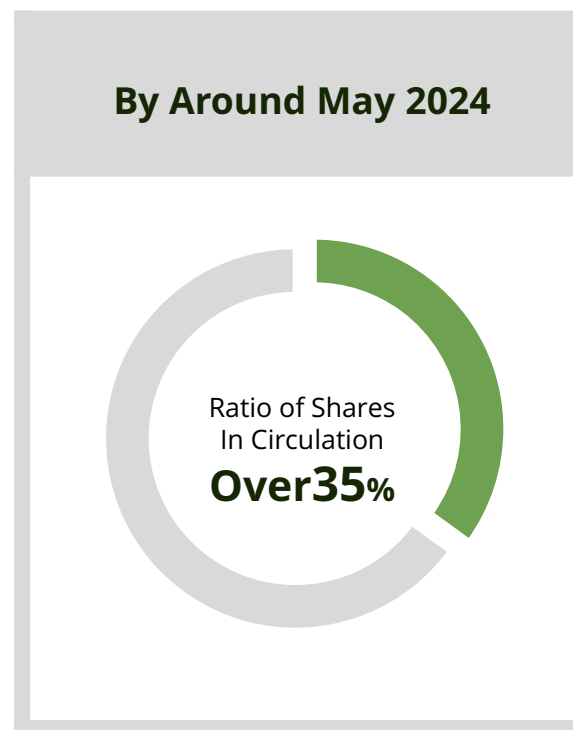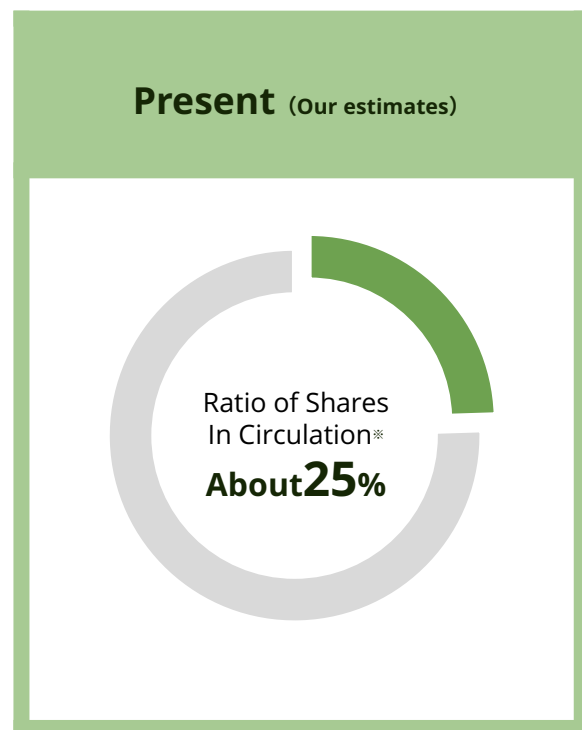
We aim to achieve circulating share ratio of 35% or more by around May 2024

Present (Our estimates)

Ratio of Shares
In Circulation※
About25%

By Around May 2024

Ratio of Shares
In Circulation
Over35%

※ Shares In Circulation：Number of shares listed, excluding "number of shares owned by shareholders who own 10% or more of listed shares", "number of shares held by officers", "number of treasury shares", "number of shares owned by special stakeholders other than officers", "number of shares held by special stakeholders other than officers", "number of shares deemed to be fixed" and "number of other shares deemed fixed"

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02

Our Business Plan and Growth Potential

Business Model

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

	PS Business	SaaS Business	DX Business
Outline	• Internet-operated advertising agency • Data feed creation agency service	• LINE CRM and social login service that connects users with ID • Data Feed Management Tools • Shopping Ads Automatic Seconding Tool	• Shopify Branding and EC Building Support Service • Shopify App and EC Business Automation Support Tool
feedforce	✓	✓	✓
ANAGRAMS	✓		
social plus		✓	
FRACTA			✓
SHIPPINNO			✓
TéP			✓
Rewire			✓
feedforce Vietnam			✓

The left column is labeled **Business area of each company**.

The core company is Anagram in PS Business, Social PLUS in SaaS business , and Fracta in DX business

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What we want to achieve is **to unearth the hidden charms of a company that even the clients 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.

— Anagram Features and Strengths —

Marketers are overwhelmingly strong in operational advertising.

Able to consult with the entire business and the entire market.

An integrated system that does not separate sales and operations.

feedmatic

Utilizing Feedforce's expertise in Data Feed, we are particularly good at digital marketing utilizing digital assets in EC, retail, human resources, and real estate.

Feed & Tag Optimization

- **Feed Building**
- **Tag building**
- **Using APIs**
- **Etc.**

×

Campaign Optimization

facebook   Google

RTB HOUSE =   criteo.

indeed   LINE   Instagram

Potential Customers		
Induction	Recognition, attention	New and similar audience distribution
	Interests	
Visit Site	Search	Search-Linked Ads
	Compare and review	
CV Promotion		Retargeting Ads
Customers	Buying	
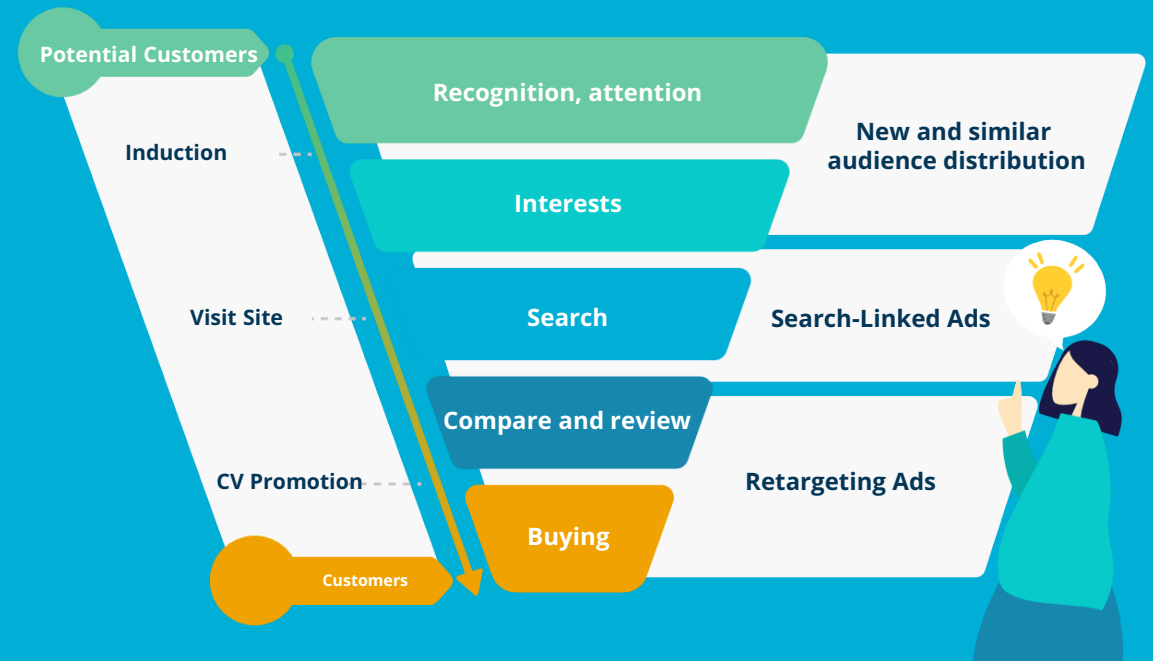
Feedmatic proposes the optimal media, distribution design, and overall funnel strategy to match your KPIs by combining a wide range of advertising, including listing advertising, static advertising, and the latest advertising menus, with a focus on Data Feed advertising.

ecbooster

Get your products listed on Google in as little as five minutes, completely free of charge.

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, we are automating the posting and operation of "Google Free Listings" and "Google Shopping Ads".
EC businesses can easily post their special products in the prime Google search locations.

E-commerce Store
Supported EC Cart Systems

ecbooster
Linking EC stores to Google

Google
Shopping Ads Free Listings

1 **Easy submission and automatic operation functions**

2 **Submission status notification**

3 **Improvement card function**
*New feature

Easy submission and automatic operation functions

With as little as five 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!

Improvement card function

This function provides "advice on improving product data" based on EC Booster's vast experience in ad serving and product placement.
We provide successful Know-how on how to improve product information that can improve usability, as successful e-commerce sites always do.

Make product data top-selling with Data Feed.

"dfplus.io", a Data Feed Management Tool with a **98.0%** Usage Retention Rate

"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.
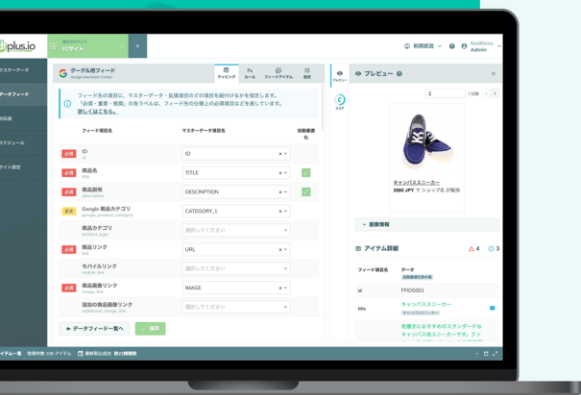
social plus

Make it easier to implement Social Login.

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

Link your member ID to your LINE account.

Customer Information

Purchase history

Easily register and add friends with LINE login from the EC website.

Deliver messages based on customer information and purchase history.

You will be notified after purchase or shipment.

One tap from the talk screen to log in.

Repeat purchases and campaign product purchases

Promote the use of LINE Login to add friends and link IDs

Optimizing message delivery with a focus on user experience

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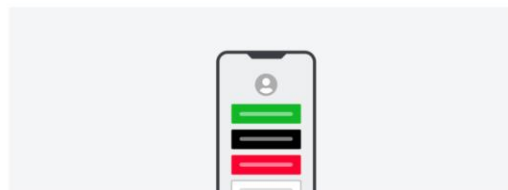
It makes membership registration very easy because it automatically fills in the membership registration form with personal information obtained through Social Login.
By linking the member ID to the SNS account, users can easily log in with their familiar SNS account.

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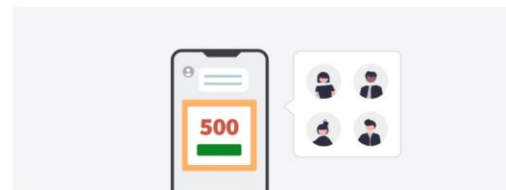
It is possible to promote the linkage of friend additions and IDs through LINE login, as well as optimize message delivery.
We will support you in improving user experience and sales based on our technical capabilities and know-how as a certified LINE Corporation Technology Partner and SMB Sales Partner.

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.
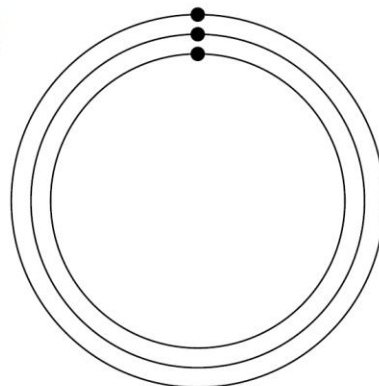
Three services provided by FRACTA

01
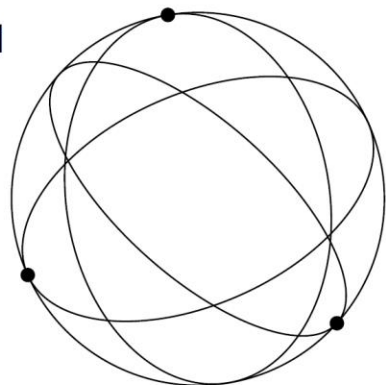
One by One

Brand Consulting Services
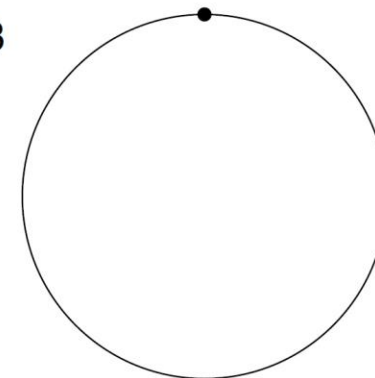
Build a dedicated brand team and accompany the brand to progress the project

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

SHIPPINNO
シッピーノ

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.

Mall ⟷ **SHIPPInno** ⟷ Logistics Service

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

Amazon
Rakuten Ichiba
Yahoo! Shopping
PayPay Mall
Next Engine
Shopify

SHIPPInno

Logistics Service

- FBA Multichannel Service
- Logizzard ZERO Support Warehouse
- LogiMoPro
- SB Logistics
- Sagawa Global Logistics
- Other domestic warehouses

(All warehouses that provide shipping instructions via CSV)

TēPs

Create the tools
you need yourself.

No-Code tools specialized for EC

With TēPs, you can connect various systems and services via APIs and freely use them by combining their countless functions and data like a puzzle, according to what you want to achieve.
The flexibility of this combination allows us to create tools that fill areas that cannot be covered by existing services alone.

TēPs has been providing some functions as "Tetra" since March 2021, mainly to users of the cloud (SaaS) EC platform "Next Engine".
Currently, the system has been installed in over 100 businesses and executes over 20,000 flows daily.

https://teps.io/

Connect to
various services

Flexibility of
combinations

Runs every 15 minutes.

Get report

Repeat for each line

Update Google Spreadsheet

Notify you of products that are out of stock
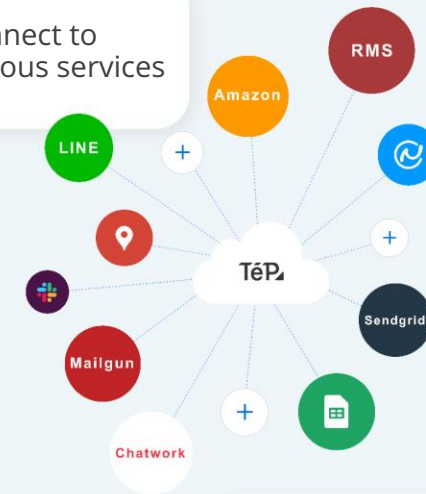
A wide variety of templates
based on actual business
operations

Launch of Omni-Channel Member information linkage App

shopify × スマレジ

Member information linkage

Display member barcodes on the EC site!

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

会員マイページ
会員No. 1234

Sales information linkage

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

スマレジ → shopify

¥ 2,970

Purchase at a physical store → Purchasing history → *"SUMAREJI"* POS sales data → **Shopify** Centralized sales data

Purchase through EC → Purchasing history →

View purchase history on Shopify member's My Page

Use Shopify's features and apps to analyze customers and provide points.
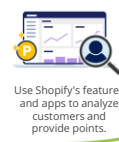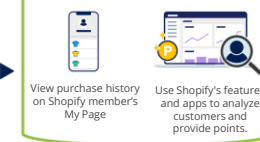
(2) Business Revenue Structure — List of key services and pricing

Fee structure	PS	SaaS	DX
Constant rate of advertising volume	Rate of charge on customer promotional expenses (advertising expenses)		Rate of charge on customer sales (shipment value)
	Operation-based advertising agency for listings, SNS, etc. **ANAGRAMS**		Automation of e-commerce shipments and orders **SHIPPINNO**
	Data Feed advertising operations **feedmatic**	Google Shopping Ads Auto **ecbooster**	Subscription Feature Shopify App **定期購買**
Fixed monthly	Data Feed Operations Outsourcing **DF PLUS**	Data Feed Management Tool **dfplus.io**	EC-specific no-code tool **TéP**
		Social Login & Message Delivery **social plus**	Shopify apps related to store payments **Omni Hub** Powered by Feedforce Inc.
		LINE-based CRM infrastructure Shopify app **CRM PLUS on LINE**	Shopify app related to point grant feature **どこポイ**
			Branding online service **Star Tracker**
Unit price per person per month			Support for brand strategy design and EC construction **FRACTA**

Consists of a revenue model of rate, fixed monthly, and per-month unit price on transaction volume

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(2) Business Revenue Structure

Revenue Structure and Revenue Accounting Method for Advertising Management Services
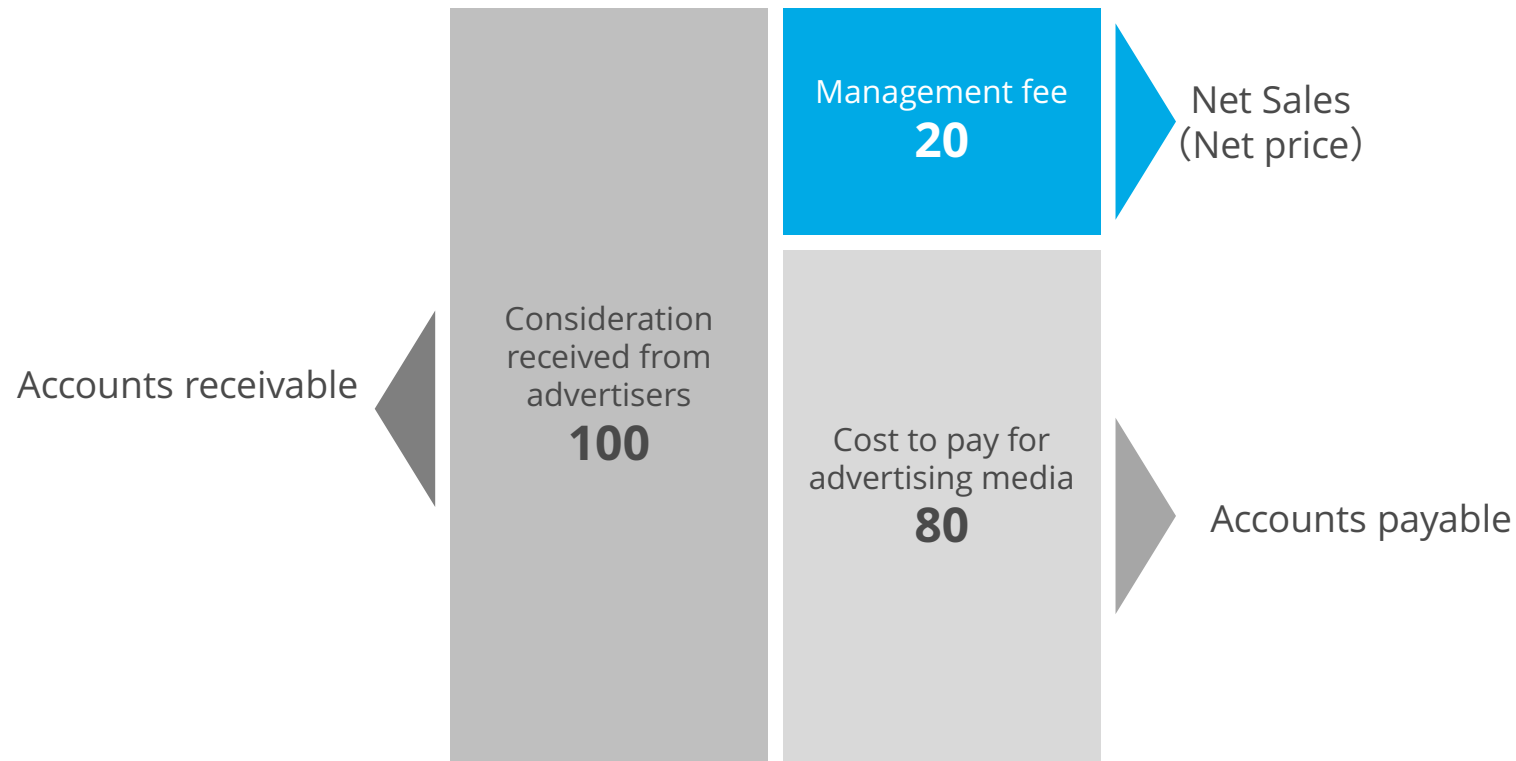
**Anagrams , Feedmatic and
EC Booster reports net sales.**

Market Environment

(1) Market size

Internet Advertising Market

Non-Internet advertising expenses

4.0trillion yen

2.7trillion yen

Internet advertising expenses

2010　　　　　2015　　　　　2020
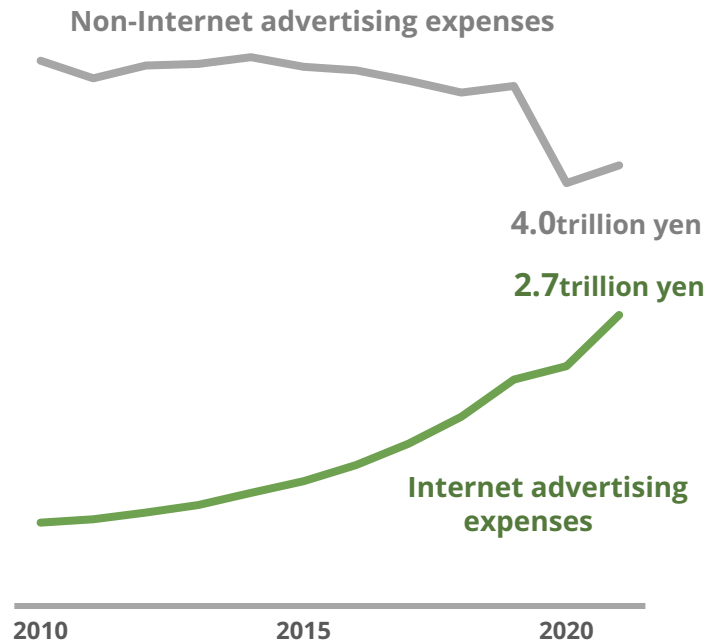
Source：DENTSU INC.「2021 Advertising Expenditures in Japan」
　　　　（February 2022）

Japanese E-Commerce Market

■ EC market size

● EC conversion rate

19.3trillion yen

7.7trillion yen

8.1%

2010　　　　　2015　　　　　2020
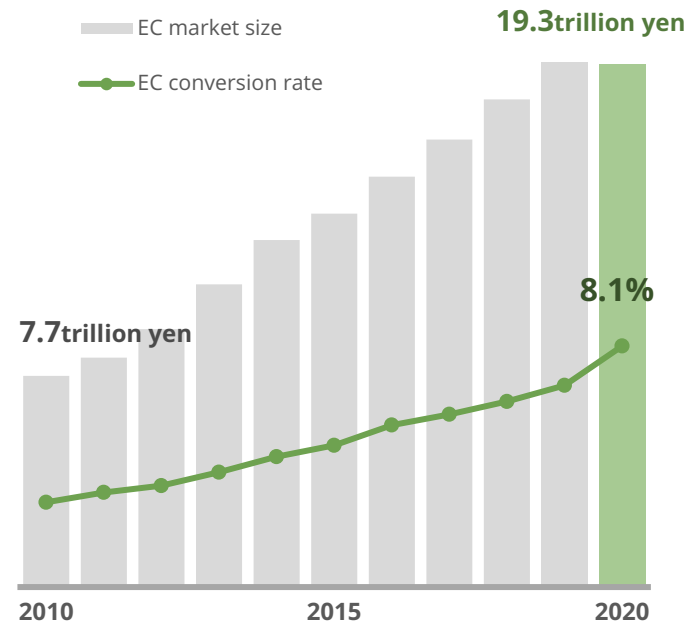
出所：経済産業省 「令和2年度電子商取引に関する市場調査」（2021年7月）

Internet advertising expenses in 2021 grew by 21.4%

The e-commerce market will expand in the goods sales field, although it will fall significantly in the service field (travel, food and beverage, tickets, etc.) in 2020.
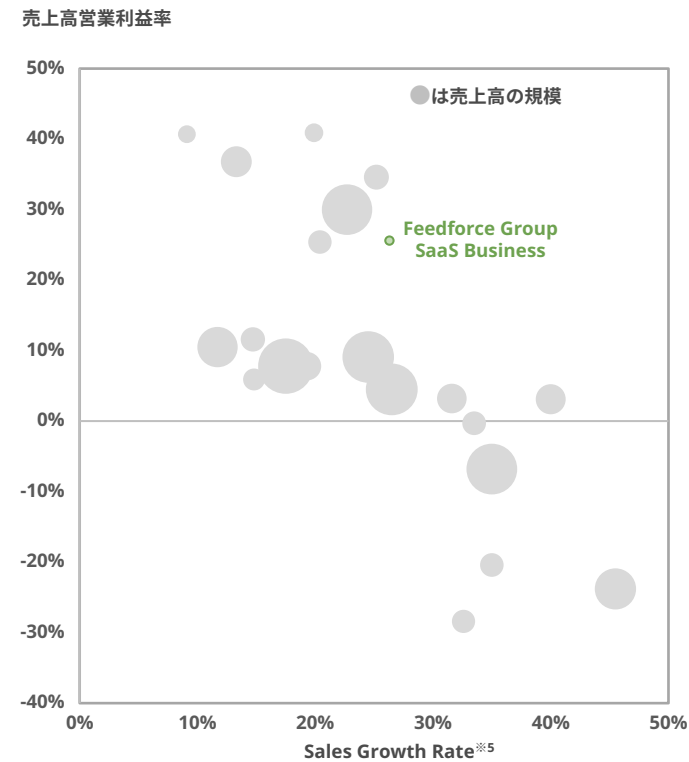
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(2) Market Environment
Comparison with major domestic advertising agencies and SaaS companies

Growth rate and profit margin of domestic advertising agency business※1

総資産経常利益率※3

は総資産の規模

● Feedforve Group
   PS Business※6
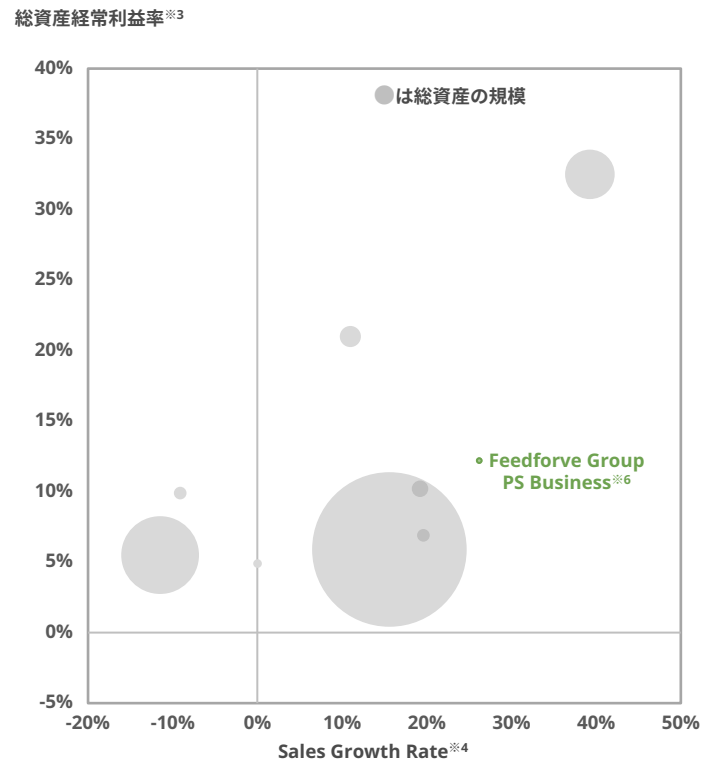
Sales Growth Rate※4

Growth rate and profit margin of domestic SaaS companies※2

売上高営業利益率

は売上高の規模

Feedforce Group
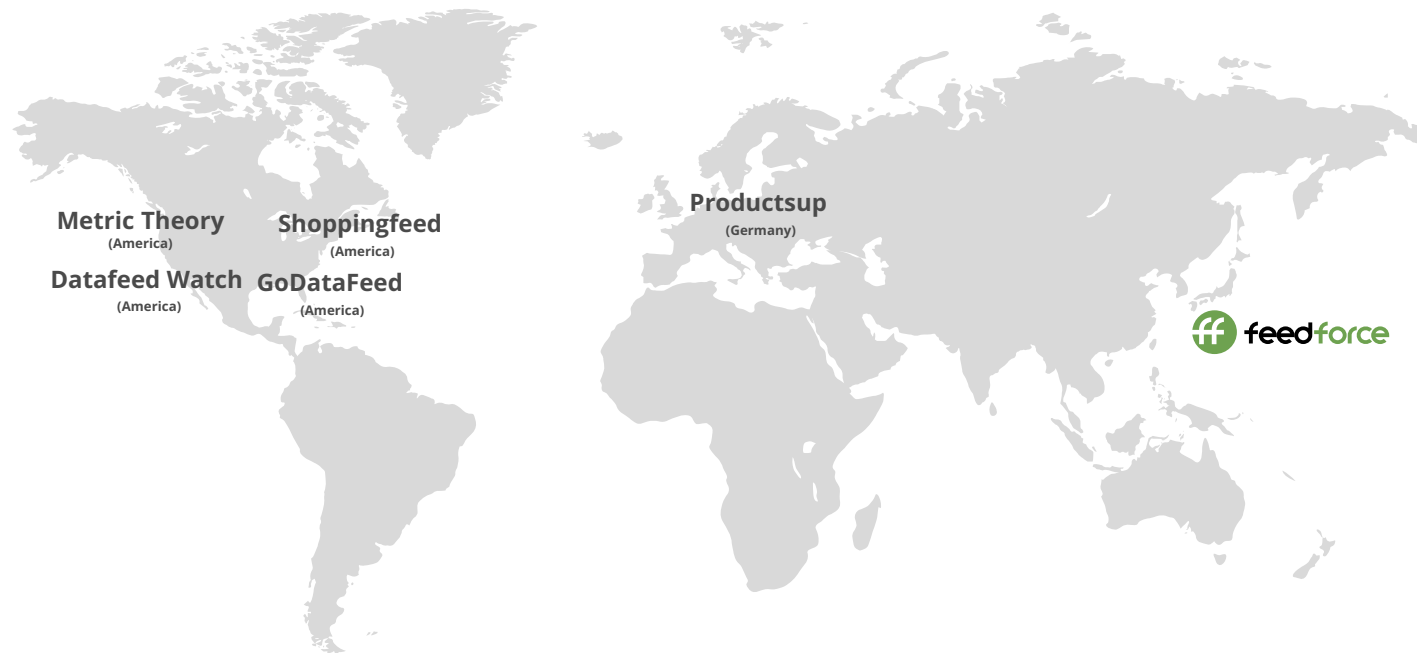SaaS Business

Sales Growth Rate※5

In comparison with major domestic advertising agencies and SaaS companies, the company is inferior in terms of asset size and sales scale, but it has maintained high growth and high profitability.

1 Calculated based on the most recent financial results of major companies listed in Japan that are mainly engaged in the advertising agency business.

2 Calculated based on the most recent financial results of major companies listed in Japan that are mainly engaged in the SaaS business.

3 IFRS results are calculated based on the ratio of pre-tax income to total assets.

4 Calculated based on actual net sales.

5 Calculated based on company forecast sales.

6 The sales growth rate of the Feedforce PS business is calculated including the sales before the business combination in the anagram for the fiscal year ending May 2020.Translated with www.DeepL.com/Translator (free version)

Feedforce Group

(2) Market Environment   Major companies that provide Data Feed services

There are several major companies overseas, but none of them are listed.

Metric Theory
(America)

Shoppingfeed
(America)

Datafeed Watch   GoDataFeed
(America)   (America)

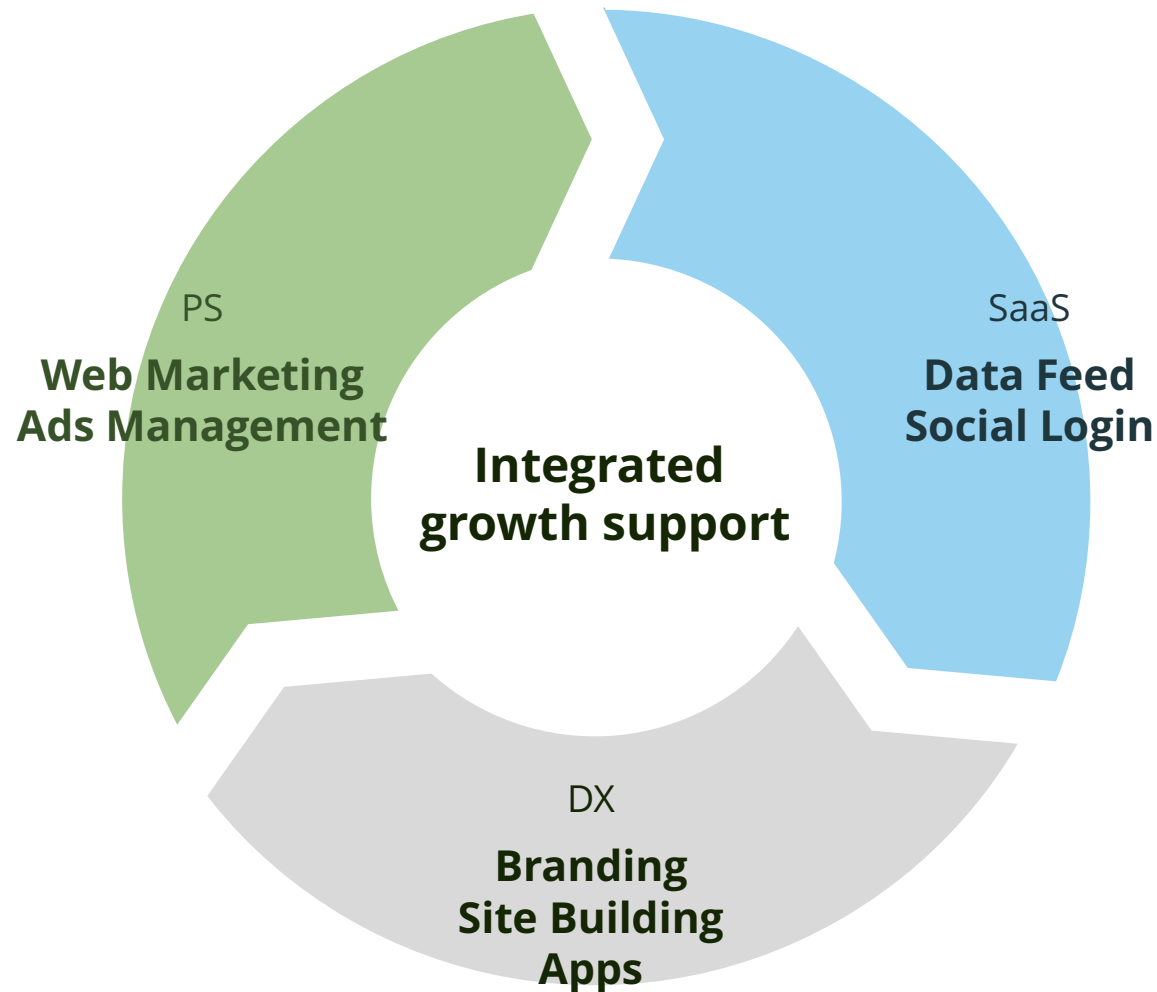Productsup
(Germany)

feedforce

(2) Market Environment Major companies that provide social login services

In overseas, Auth0, a subsidiary of Okta (listed on NASDAQ), is developing a service similar to Social PLUS.

Auth0
(America)

Source of competitiveness

(1) Management resources and Competitive advantage

Business segment synergies

PS
**Web Marketing
Ads Management**

SaaS
**Data Feed
Social Login**

**Integrated
growth support**

DX
**Branding
Site Building
Apps**

**Sales Promotions（PS）
Tool Provision（SaaS）
Branding，Site construction and
linkage（DX）**

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

Feedforce Group

(1) Management resources and Competitive advantage   Management Members

President & CEO

Koji Tsukada

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

Director, Anagrams President & CEO

Keji Abe

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

Independent Director
(Supervirory Committee)

Tameaki Sato

Graduated from the Faculty of Commerce, Chuo University in 1978.
After working at Deloitte Touche Tohmatsu LLC and other companies, he was appointed as an auditor in August 2017 and as a member of the audit committee in August 2018.
CPA.

Director

Kosuke Kita

Graduated from Tokai University in 2002.
Japan System Development Co.(now NSD Corporation) and Daiwa Securities, before joining the company in September 2006.

Director

Yoshihiro Okada

Graduated from the Faculty of Arts and Letters, Seijo University in 2001.
He has worked at M.K. Soft Services, Aun Consulting, Google, and Atala LLC before being appointed to the Audit Committee in August 2018.

Independent Director
(Supervirory Committee)

Katsunori Ura

Graduated from Hitotsubashi University, Faculty of Law in 2002.
Joined Blakemore Law Office.
He was appointed as an auditor in August 2017 and as a member of the Audit Committee in August 2018.
Lawyer.

Director

Shingo Nishiyama

Graduated from the Faculty of Engineering, Kyoto University in 2000.
The Ministry of Construction(now MLIT) and Nikko Citigroup Securities Co.(now SMBC Nikko Securities Inc.),before joining the company in January 2017.

Independent Director
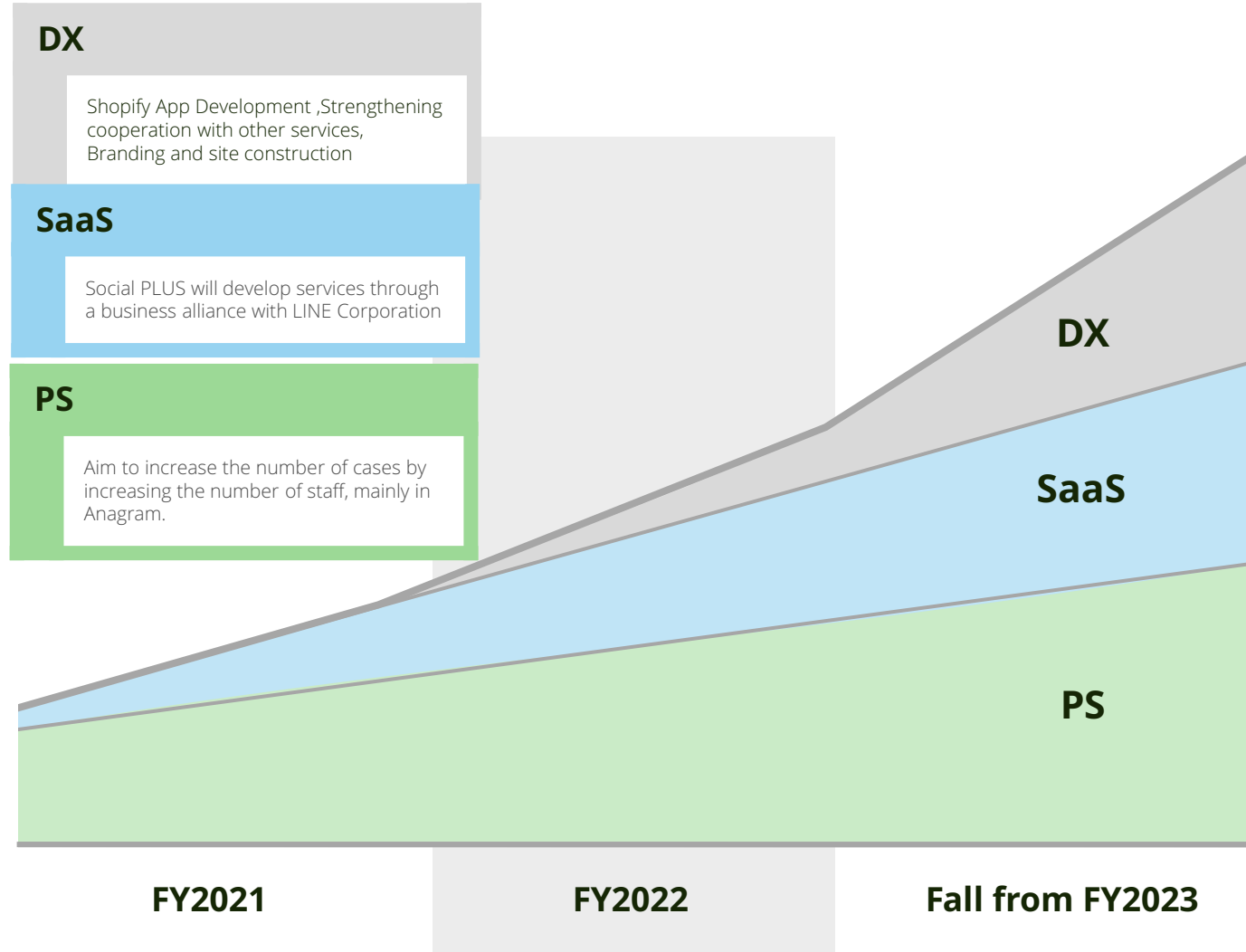**(Supervirory Committee)**

Yasuo Sato

After graduating from university, he worked for ADK Holdings Inc. , Digital Garage, Inc. , Infoseek , Google , ATARA, LLC Chairman(current position).
He was appointed as a member of the Audit Committee in August 2020.

Feedforce Group

Our Business Plan

(1) Growth Strategies

Medium-term business development strategy for growth

DX

Shopify App Development ,Strengthening cooperation with other services, Branding and site construction

SaaS

Social PLUS will develop services through a business alliance with LINE Corporation

PS

Aim to increase the number of cases by increasing the number of staff, mainly in Anagram.

Accelerate the development of the DX and SaaS with a view to long-term growth.

DX

SaaS

PS

FY2021　　　　**FY2022**　　　　**Fall from FY2023**

(1) Growth Strategies

Direction of approach to growth

DX

Gaining a solid share of the domestic Shopify market

Driving enterprise DX vertically

×

Business alliance with LINE, etc.

Horizontal deployment to EC and retail platforms
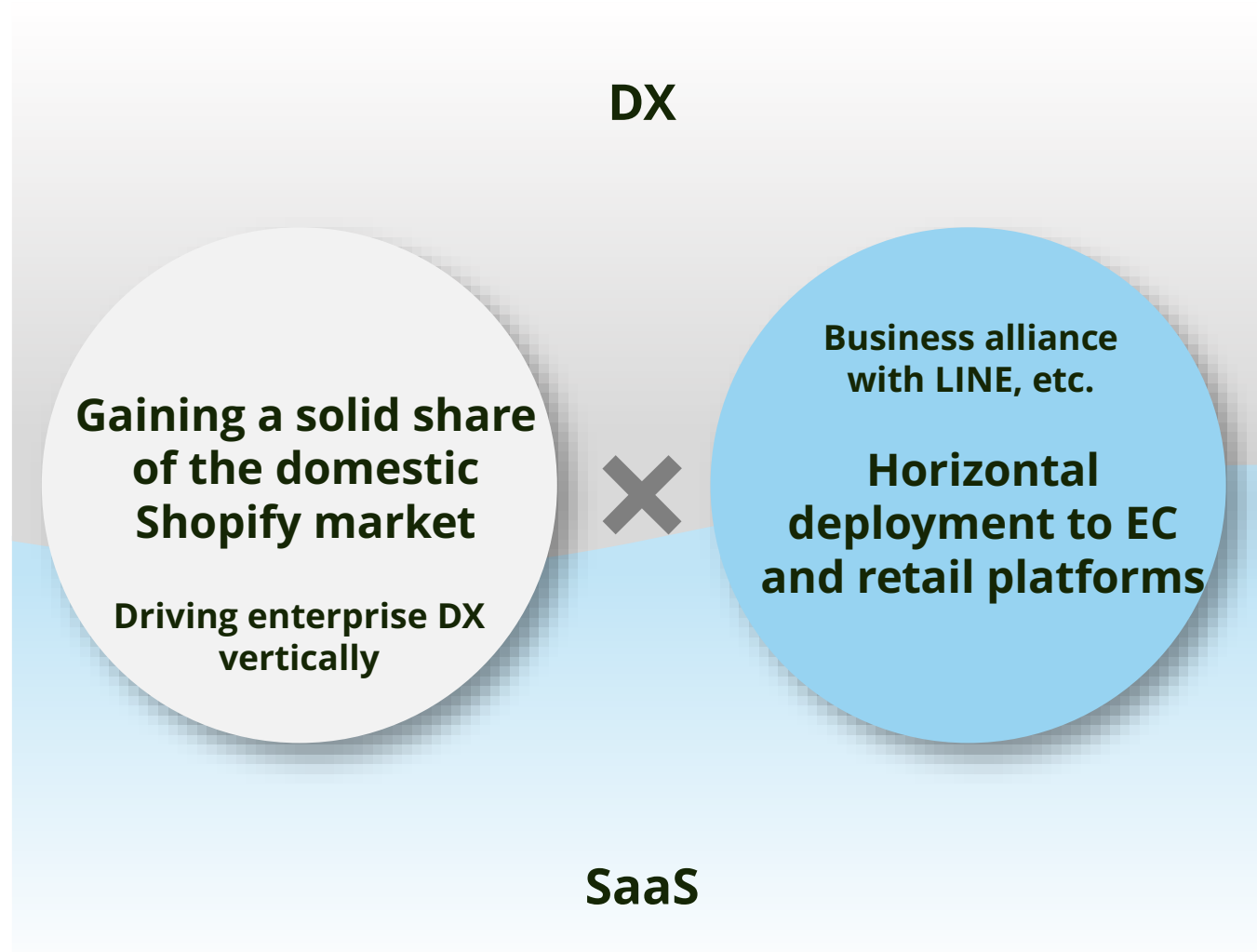
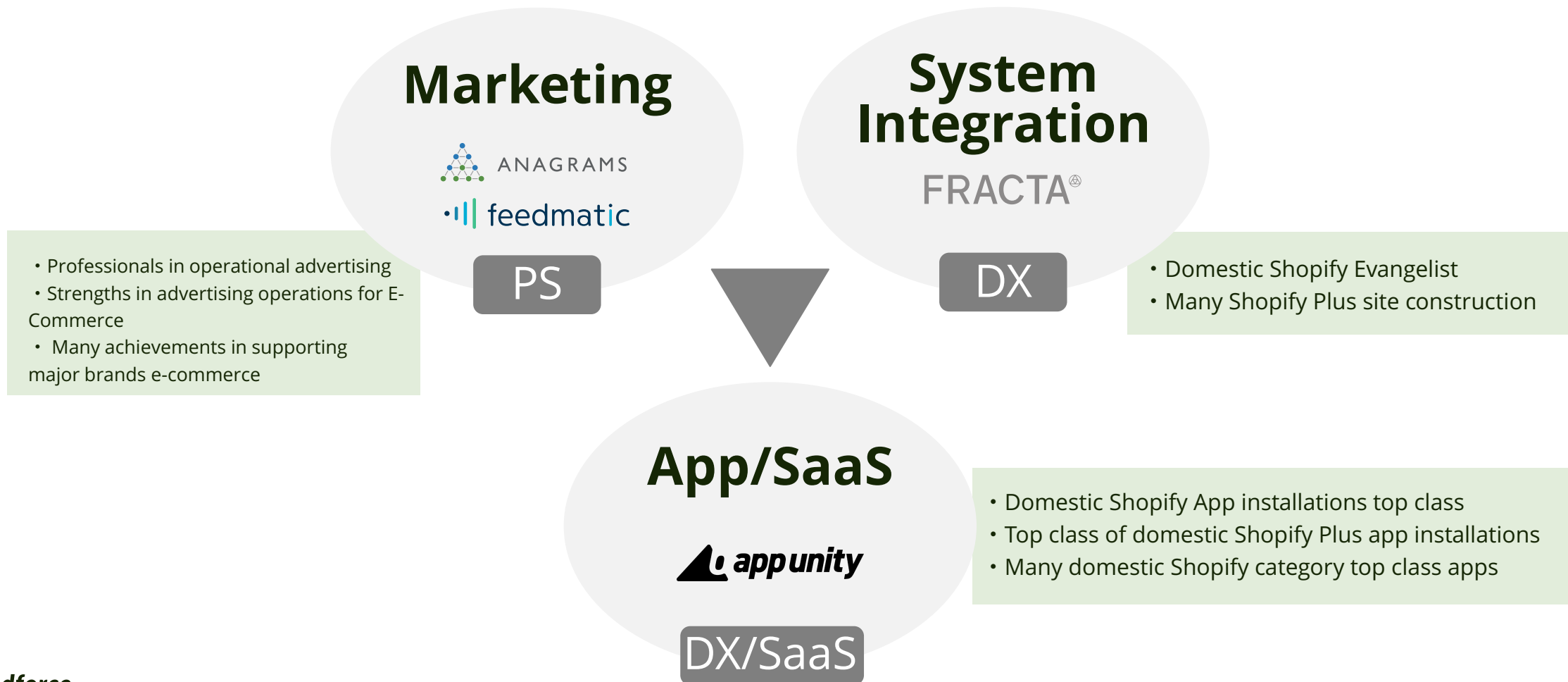SaaS

Utilizing the platforms of Shopify and LINE, the company aims to grow by pursuing synergies between its DX and SaaS businesses.

(1) Growth Strategies

Feedforce Group×Shopify   Aiming to be the No. 1 in Japan's Shopify Market

FRACTA's acquisition enables full support for site building, apps, and marketing
Feedforce Group has top-class players

Marketing

ANAGRAMS

feedmatic

PS

- Professionals in operational advertising
- Strengths in advertising operations for E-Commerce
- Many achievements in supporting major brands e-commerce

System Integration

FRACTA®

DX

- Domestic Shopify Evangelist
- Many Shopify Plus site construction

App/SaaS

app unity

DX/SaaS

- Domestic Shopify App installations top class
- Top class of domestic Shopify Plus app installations
- Many domestic Shopify category top class apps

(1) Growth Strategies Feedforce Group's lineup of commerce services

We provide a number of retail and Shopify services that conform to Japanese business practices, and there is strong cooperation between them.

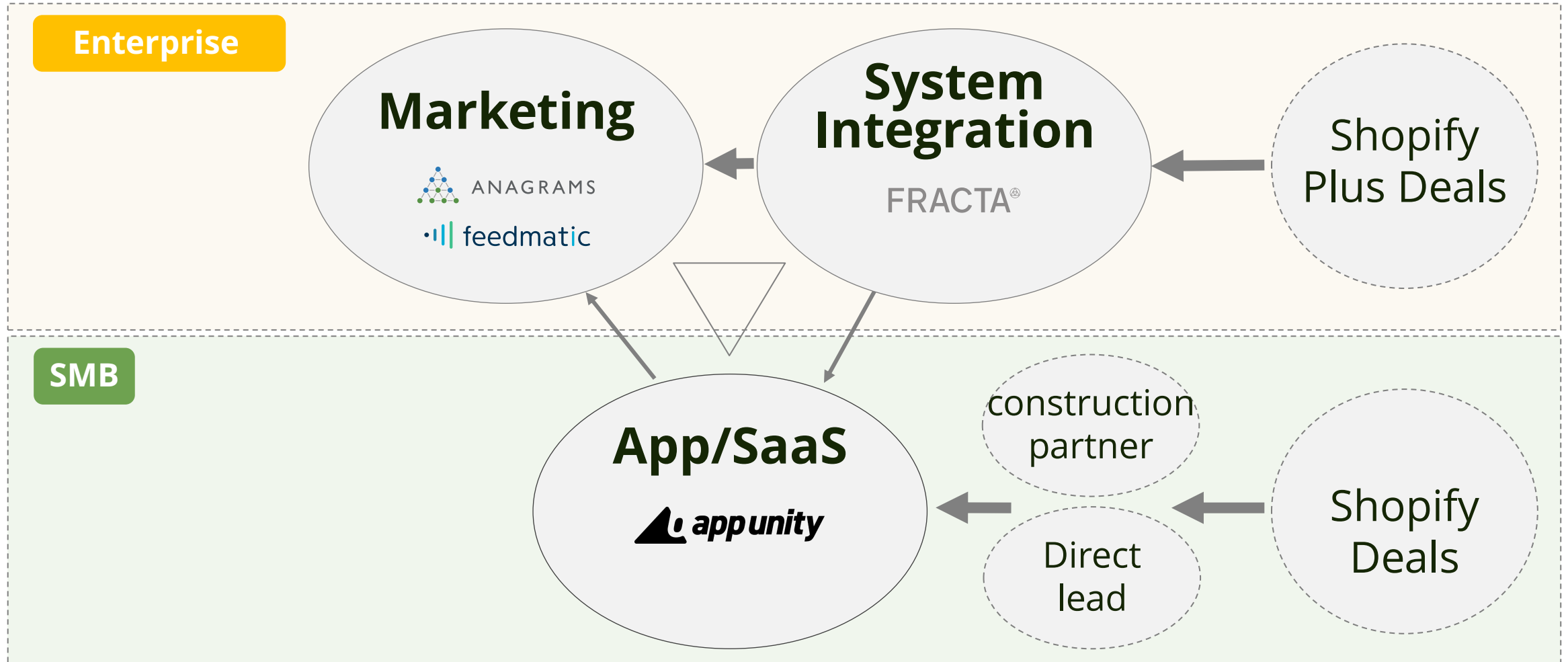|		
	CRM PLUS on LINE	Message CRM using LINE
	TēPs	EC Business Automation No Code Tool
	dfplus io **EC Booster**	Construction of sales channels for SNS collaboration
	Omni-hub	OMO tool to link EC and stores
	Subscription	Subscription Assistance App
	Dokopoi	Loyalty Program Support App
	Shippinno	Automatic shipment
	FRACTA	E-commerce construction, branding strategy planning and execution
	Anagrams/Feedmatic	Planning and execution of marketing strategies

(1) Growth Strategies   We update our domestic commerce system with the Shopify ecosystem

- Build a vertical value chain with Feedforce Group
- Function provided by Shopify app. PDCA with excellent customer experience and measures can be turned at high speed
- Supporting many local production companies as shop building channels
- Create a commerce ecosystem by involving peripheral solution partners
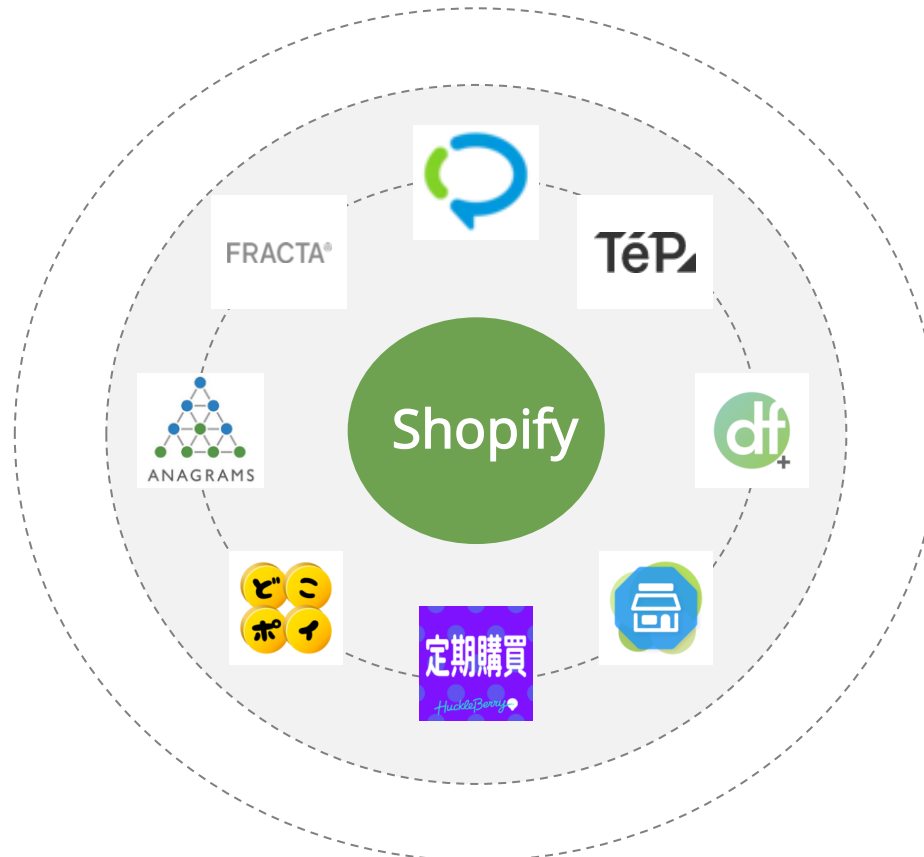
(1) Growth Strategies — Build a value chain that is customer-sized

Build and provide a value chain that fits enterprise and SMB

Enterprise

Marketing
ANAGRAMS
feedmatic

System Integration
FRACTA®

Shopify Plus Deals

SMB

App/SaaS
appunity

construction partner

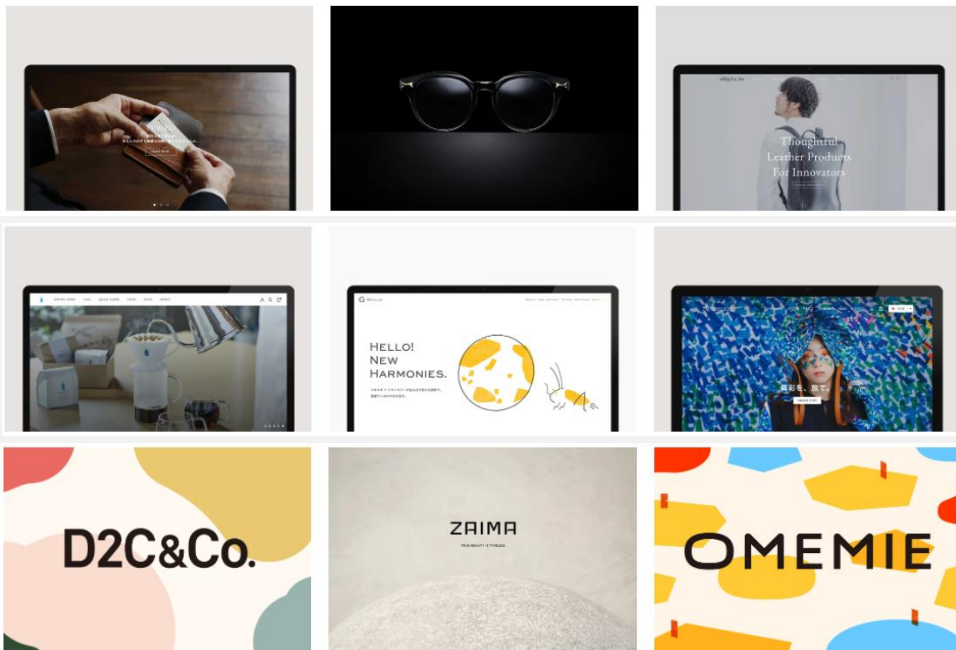Direct lead

Shopify Deals

(1) Growth Strategies Value Chain for Enterprise Customer

Enterprise One-stop support from building, branding, apps to advertising operations, and sales improvement based on Shopify Plus

FRACTA®

BRANDING

D2C&Co.

ZAIMA

OMEMIE

×

ANAGRAMS / feedmatic

PERFORMANCE

Certified Partner for Japan's Leading Advertising Platform

EXPERT · TAG · DATA FEED · BRONZE

AD
SALES
PARTNER
LINE

FACEBOOK
BUSINESS PARTNER

YAHOO! JAPAN Marketing Solutions
Sales Partner

PREMIER
Google Partner
Specialized in:
Search ads · Display ads · Shopping ads

(1) Growth Strategies   Value Chain for SMB Customers

SMB   Supported by App Unity apps and the commerce ecosystem from production companies across the country

What is App Unity?

- A network of Shopify apps specialized in domestic business
  practices
- Network app companies and e-commerce construction support
  companies throughout Japan
- Community hub and active information provision

app unity

(1) Growth Strategy Proactive investment in DX business

Date		Outline	Investment Amount	Purpose
Aug. 2021	HuckleBerry	Capital alliance (Business alliance in May 2021)	105mil Yen	Shopify in App Unity Strengthen application development and collaboration
Oct. 2021	SHIPPINNO シッピーノ	Acquired Shippinno Inc.	377mil Yen	Expansion of SaaS for E-Commerce Operators
Nov. 2021	feedforce VIETNAM	Established a local subsidiary in Vietnam.	4mil Yen	Offshore development, etc.
Dec. 2021	FRACTA	Acquired Fracta Inc.	619mil Yen	Business Branding E-commerce site construction support
Apr. 2022 (Scheduled)	TéP	Teps Inc. to be established by incorporation-type Company Split	–	E-commerce-specific no-code tools

Proactive investment and corporate action in DX business segment

In the fiscal year ended May 31, 2022, investments exceeds ¥1 billion (acquisition of shares)

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

（Number of accounts）

	2017/5末	2018/5末	2019/5末	2020/5末	2021/5末	2022/5期 2Q末	3Q末	前期末比	QoQ
PS	123	112	136	225	242	252	**247**	+5	△5
Anagrams	−	−	−	96	115	124	**118**	+3	△6
Feedmatic	24	23	45	48	45	50	**51**	+6	+1
DF PLUS	88	82	85	76	79	75	**76**	△3	+1
Other	11	7	6	5	3	3	**2**	△1	△1
SaaS	140	293	648	755	787	833	**845**	+58	+12
EC Booster※1	−	57	313	344	303	298	**284**	△19	△14
dfplus.io	7	48	98	139	175	204	**216**	+41	+12
Social PLUS	133	188	237	272	309	331	**345**	+36	+14
DX※2	−	−	−	−	3	273	**1,042**	+1,039	+769
Shippinno	−	−	−	−	−	−	528	+528	+528
Teps	−	−	−	−	−	−	85	+85	+85
Shopify App etc.	−	−	−	−	3	273	429	+426	+156

Continued increase in SaaS business as a whole, although the number of use decreased in EC Booster

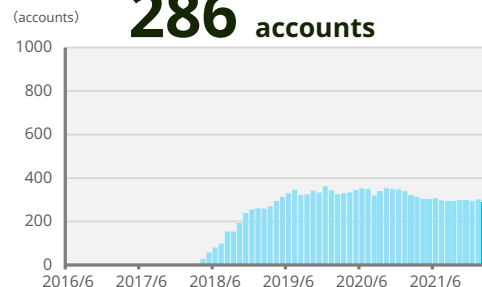**Shopify app active account number in DX business increases significantly**

※1　EC Booster free plan account not included
※2　Total number of site construction projects and active accounts of DX business provision apps

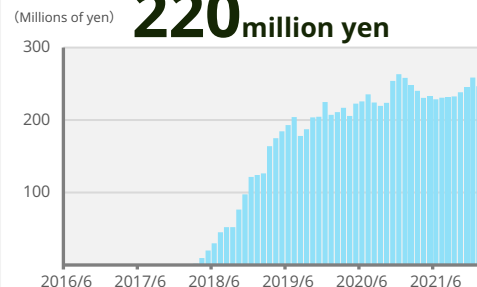# (2) Management Indicator Sales-Related Data SaaS Performance Indicators
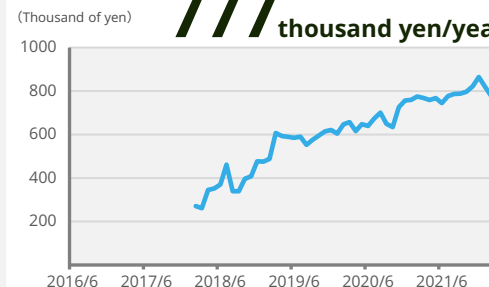
Number of paid advertising active accounts
286 accounts

(accounts)

Annualized transaction volume※1
220 million yen

(Millions of yen)

Average transaction volume per account
777 thousand yen/year

(Thousand of yen)

Monthly Transaction cohort

(Millions of yen)

- FY2021
- FY2020
- FY2019
- FY2018
- FY2017
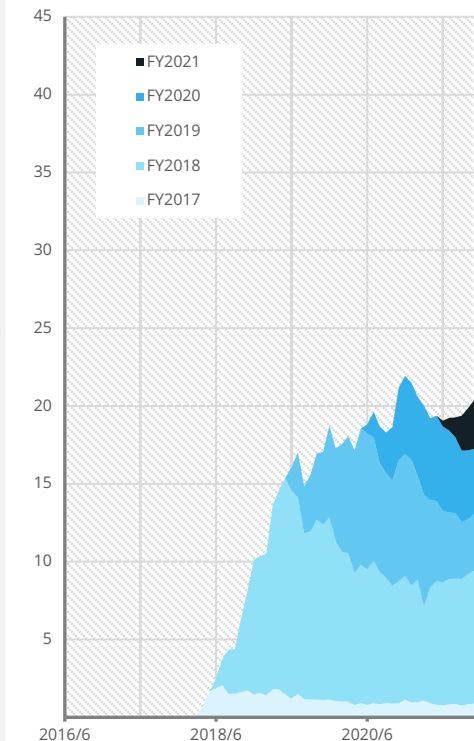
Number of free plan active accounts
2,151 accounts

(accounts)

Take Rate※2
23.4%
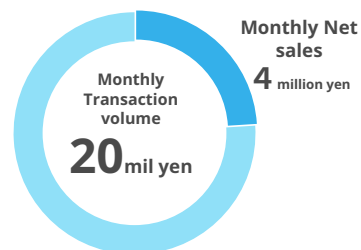
Monthly Net sales
4 million yen

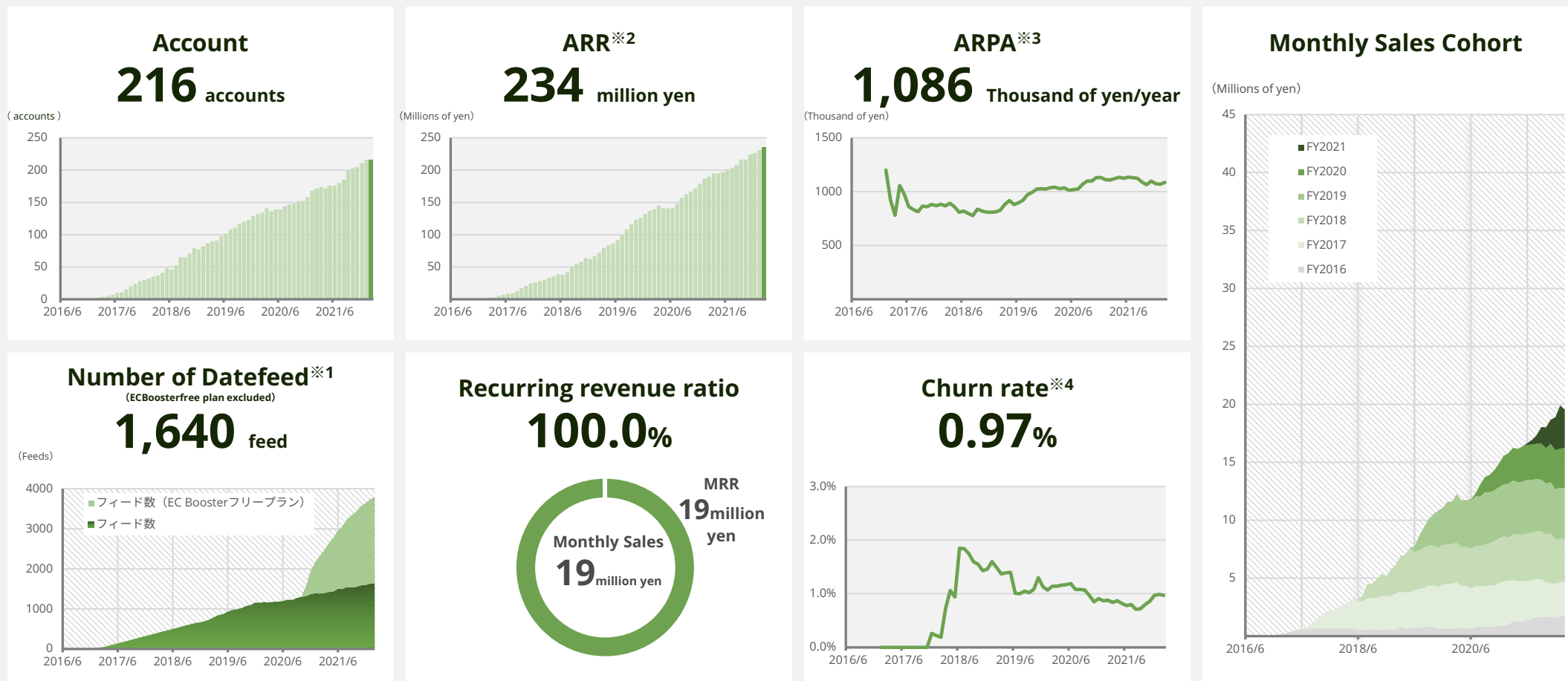Monthly Transaction volume
20 mil yen

※1 Calculated by multiplying each monthly transaction volume by 12
※2 Ratio of net sales to transaction volume. Sales are calculated by deducting media advertising expenses, referral fees to partners, etc. from the transaction volume.

(2) Management Indicator   Sales-Related Data SaaS Performance Indicators

Account
216 accounts

ARR※2
234 million yen

ARPA※3
1,086 Thousand of yen/year

Monthly Sales Cohort

Number of Datefeed※1
(ECBoosterfree plan excluded)
1,640 feed

Recurring revenue ratio
100.0%

Monthly Sales
19million yen
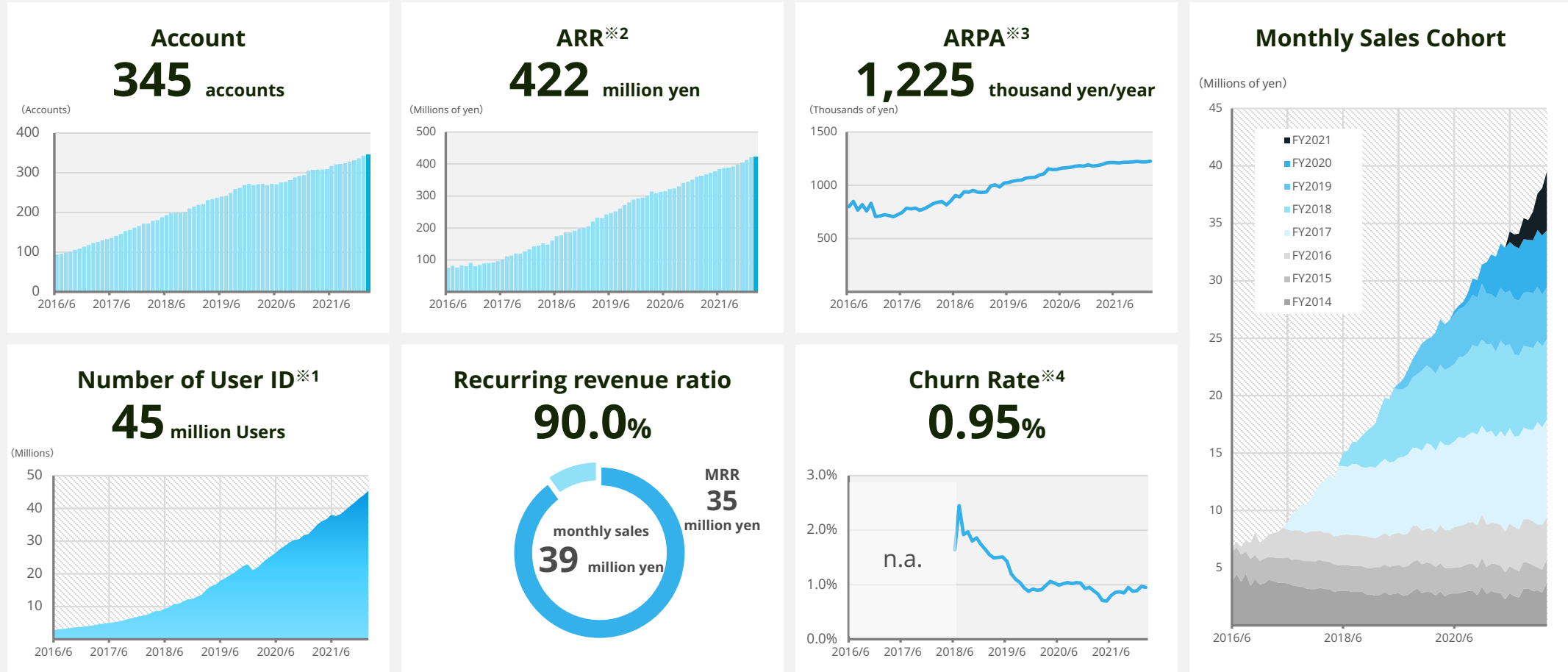
MRR
19million yen

Churn rate※4
0.97%

※1 Sum of the number of media to which data is sent to each account
※2 Calculated by multiplying each monthly recurring revenue (continuous fixed revenue) by 12
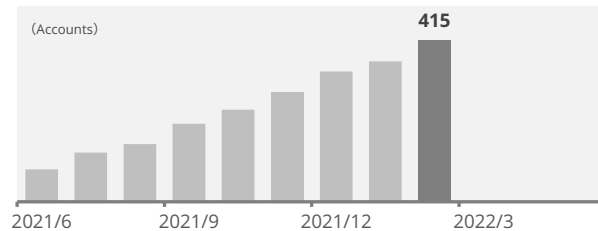※3 Average ARR per account
※4 The weighted average of monthly cancellation amounts for monthly recursing revenue for the last 12 months is described.

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(2) Management Indicator   Sales-Related Data DX Performance Indicators

appunity

DX Business※1

Active account※2
415 accounts

(Accounts)   415

2021/6   2021/9   2021/12   2022/3

ARR※3
22 million yen

(Millions of yen)   22

2021/6   2021/9   2021/12   2022/3
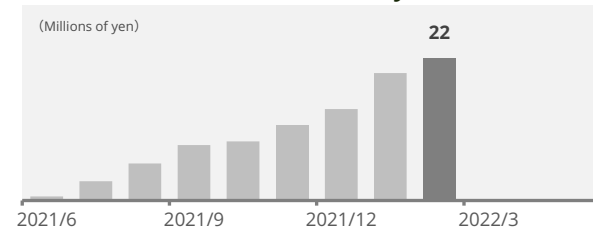
Number of app installs ※4
1,965件

(Accounts)   1,965

2021/6   2021/9   2021/12   2022/3
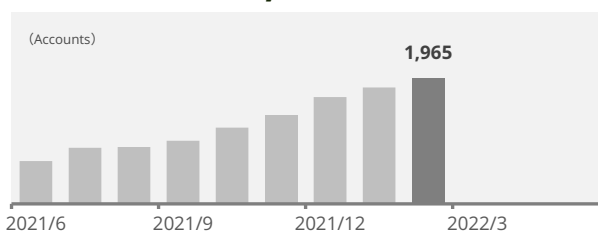
ARPA※5
52 thousand yen/year

(Thousands of yen)
80
60
40
20
0
2021/6   2021/9   2021/12   2022/3
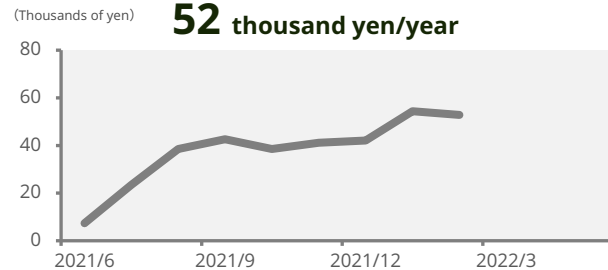
Total (including alliance partner)

Total active account※6
2,404件

(Accounts)   2,404

2021/6   2021/9   2021/12   2022/3
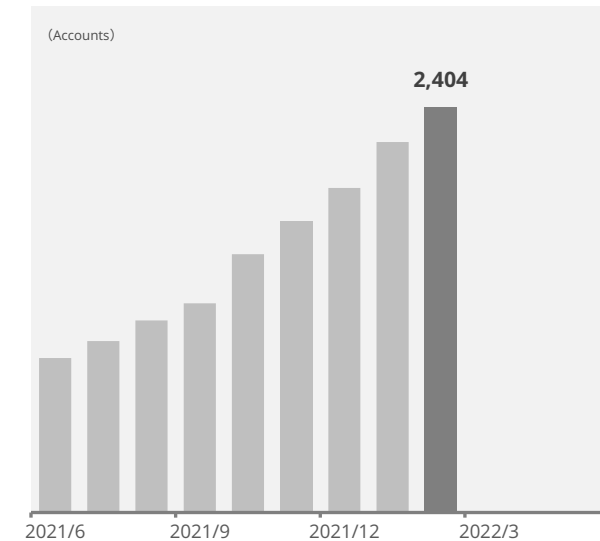
※1 Total of Shopify apps "Subscription", "Omni-hub" and "Dokopoi" belonging to DX business
※2 Only the number of paid plan actives is included
※3 Calculated by multiplying each monthly recurring revenue (continuous fixed revenue) by 12. In the joint venture development app, only the company's revenue is recorded
※4 Accrual after deducting uninstalls from the total number of installations
※5 Average ARR per account
※6 Includes free plan actives

(2) Management Indicator   Sales-Related Data DX Performance Indicators

SHIPPINNO

(The most recent month is Dec 2021)

Number of accounts
534 Accounts

(件)

Annualized transaction volume※1
143 Millions of yen/year

(Millions of yen)

Monthly volume cohort graph

(Millions of yen)

- 2022/9期
- 2021/9期
- 2020/9期
- 2019/9期
- 2018/9期
- 2017/9期
- 2016/9期
- 2015/9期

Take Rate※2
90.1%

Monthly Transaction
11 million yen

Monthly sales
10 million yen

Average transaction volume per account
272 Thousands of yen/year

(Thousands of yen)

TéP

(The most recent month is Dec 2021)

Number of accounts
85 accounts

(Accounts)

ARR※1
18 million yen

(Millions of yen)

Recurring revenue ratio
100.0%

Monthly Transaction
1 million yen

ARPA※2
220 thousand yen/year

(Thousands of yen)

※1 Calculated by multiplying each monthly transaction volume by 12
※2 Ratio of net sales to transaction volume. Sales are calculated by deducting the payment fee to the partner from the transaction volume.

※1 Calculated by multiplying each monthly recurring revenue (continuous fixed revenue) by 12
※2 Average ARR per account

Feedforce Group

(2) Management Indicator [Cost-related Data] Number of Group Employees (Full-time employees only)

(人)

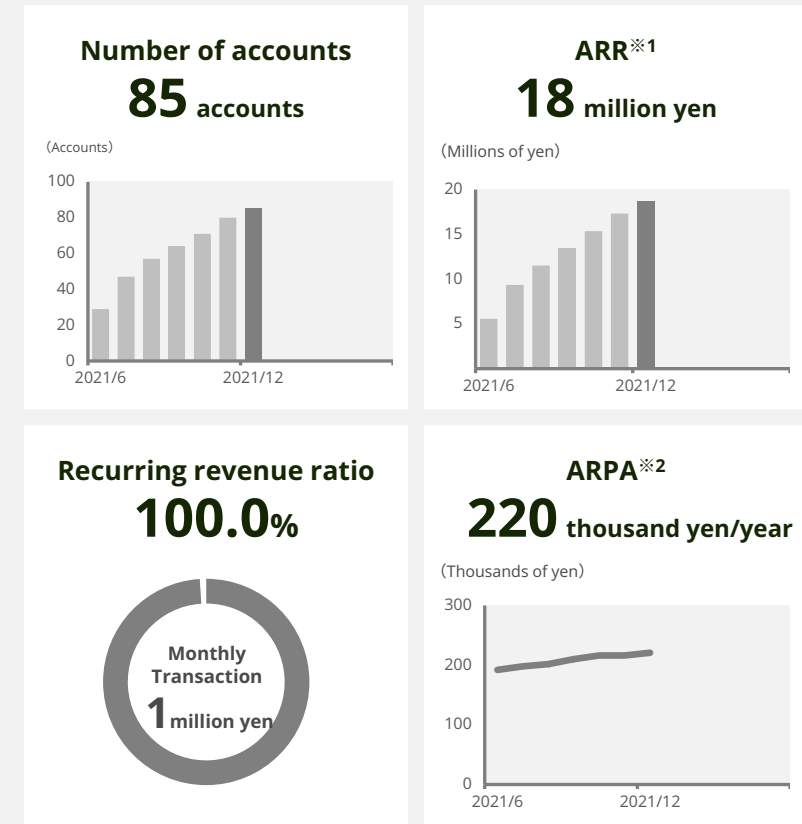|	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022 Q2	FY2022 Q3	YoY	QoQ
Employees	64	64	73	122	138	158	**215**	+77	+57
PS Business	n.a.	23	24	66	76	82	**80**	+4	△2
Anagrams	—	—	—	41	52	56	**55**	+3	△1
Feedforce	n.a.	23	24	25	24	26	**25**	+1	△1
SaaS Business	n.a.	29	33	35	37	37	**40**	+3	+3
Feedforce	n.a.	29	33	35	37	21	**21**	△16	—
Social PLUS	—	—	—	—	—	16	**19**	+19	+3
DX Business	—	—	—	—	4	30	**87**	+83	+57
Fracta	—	—	—	—	—	—	**48**	+48	+48
Shippinno	—	—	—	—	—	19	**21**	+21	+2
Other	—	—	—	—	4	11	**18**	+14	+7
Corporate	n.a.	12	16	21	21	9	**8**	△13	△1

The number of group employees (full-time employees only) is 215, which is 77 increase from the end of previous fiscal year

Feedforce Group

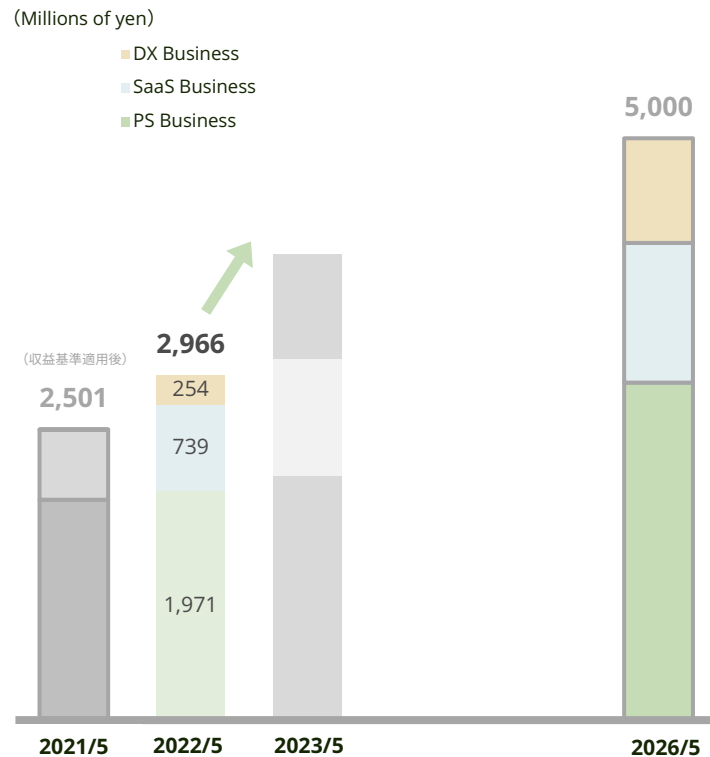# (2) Management Indicators Financial Indicators

	FY2017 Non-Consolidated	FY2018 Non-Consolidated	FY2019 Non-Consolidated	FY2020 Consolidated	FY2021 Consolidated	FY2022 Q2 Consolidated cumulative
Growth in Net Sales	+46.2%	+15.6%	+24.5%	+118.0%	+69.5%	**+19.1%**
PS	—	+1.8%	△0.3%	+162.6%	+88.7%	**+14.9%**
SaaS	—	+74.4%	+86.3%	+58.6%	+26.4%	**+21.1%**
Operating margin on net sales	△5.9%	△4.6%	6.6%	27.2%	34.4%	**33.8%**
PS	32.0%	34.6%	28.0%	35.5%	40.0%	**44.2%**
SaaS	△157.2%	△94.6%	△19.5%	8.6%	24.4%	**36.7%**
ROA	—	—	11.2%	14.6%	15.2%	**n.a.**
ROE	—	—	57.2%	31.0%	28.5%	**n.a.**
Share holders' Equity ratio	19.7%	15.7%	20.7%	18.3%	36.6%	**36.0%**
D/E ratio	2.1x	2.6x	1.6x	1.1x	0.7x	**0.9x**

In SaaS business, sales growth rate is about 21%, operating profit margin is about 37%

Feedforce Group

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(3) Profit Plan and Assumptions   Mid-term targets for FY ending May 2026

Sales mid-term target

(Millions of yen)

- DX Business
- SaaS Business
- PS Business

2,501

(収益基準適用後)

2,966

DX	254
SaaS	739
PS	1,971

5,000

| 2021/5 | 2022/5 | 2023/5 | 2026/5 |

Operating Income mid-term target

（Millions of yen）

889

859

2,000

| 2021/5 | 2022/5 | 2023/5 | 2026/5 |
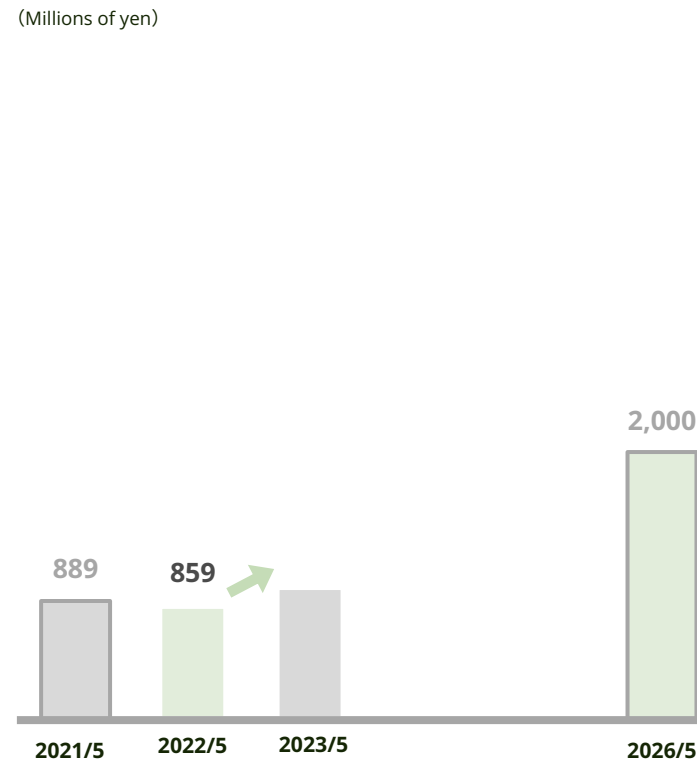
By FY2026
- sales 5 billion yen
- operating income 2 billion yen

Fy2026's SaaS and DX businesses are expected to account for about 40% of sales

Specific Growth Drivers

SaaS: Social PLUS(Including joint services with LINE Corporation)

DX:System construction and app development using Shopify

In the fiscal year ending May 31, 2023, sales is expected to increase significantly, partly due to making Shippinno and Fracta consolidated subsidiaries. We are aiming to achieve the sales target early ahead of time

Feedforce Group

(3) Profit Plan and Assumptions   FY2022/5 Earnings Forecast (amended on December 28, 2021)

	FY2020/5 Actual	FY 2021/5 Actual (A)	FY 2022/5 Amended Forcasts (B)	compared (B) / (A) −100%
Net Sales (FY2021 Revenue Recognition Accounting Standard Retroactively)	1,487	2,501	**2,966**	**+18.6%**
EBITDA	487	1,058	**1,093**	**+3.3%**
Operating income	415	889	**859**	**△3.4%**
Ordinary income	371	874	**853**	**△2.5%**
Profit attributable to owners of parent	163	472	**517**	**+9.5%**
Basic earnings per share	7.37 Yen	18.88 Yen	**19.95 Yen**	**+5.5%**

Amended earnings forecasts in December 2021 based on lower sales forecasts in the PS business, an increase in amortization of goodwill, etc., and the outlook for operating loss at Shippinno, which became a consolidated subsidiary.

Feedforce Group

(3) Profit Plan and Assumptions — Segment Breakdown (Amended on December 28, 2021)

FY2022 Sales Forecasts Breakdown by Segment

(Millions of yen)

PS Business	SaaS Business	DX Business
（収益認識基準適用後）		
1,894 → 1,971	601 → 739	4 → 254
+4.0%	+23.0%	
FY 2021/5 → FY 2022/5 Amended forecast	FY 2021/5 → FY 2022/5 Amended forecast	FY 2021/5 → FY 2022/5 Amended forecast

FY2022 Operating Income Forecasts Breakdown by Segment

(Millions of yen)

PS Business	SaaS Business	DX Business
791 → 846	154 → 286	△56 → △273
+7.0%	+85.7%	
FY 2021/5 → FY 2022/5 Amended forecast	FY 2021/5 → FY 2022/5 Amended forecast	FY 2021/5 → FY 2022/5 Amended forecast

**Significant increase in operating income in SaaS business**

Dx business is expected to increase sales by two consolidated subsidiaries, but also to increase losses due to an increase in development costs such as personnel expenses.

Feedforce Group

(4) Progress   Monthly progress in the FY 2022/5 (Amended on December 28, 2021)

3QCumulative progress to plan
Sales 101.5%
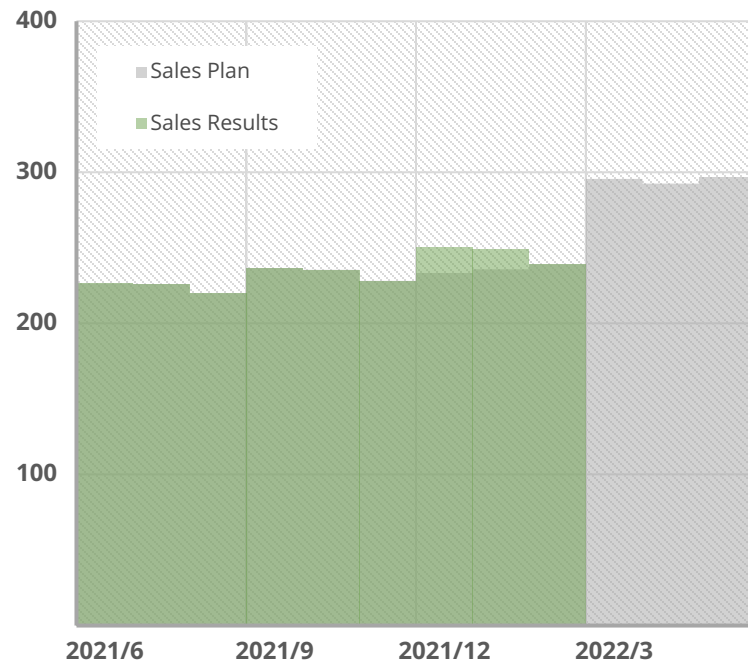
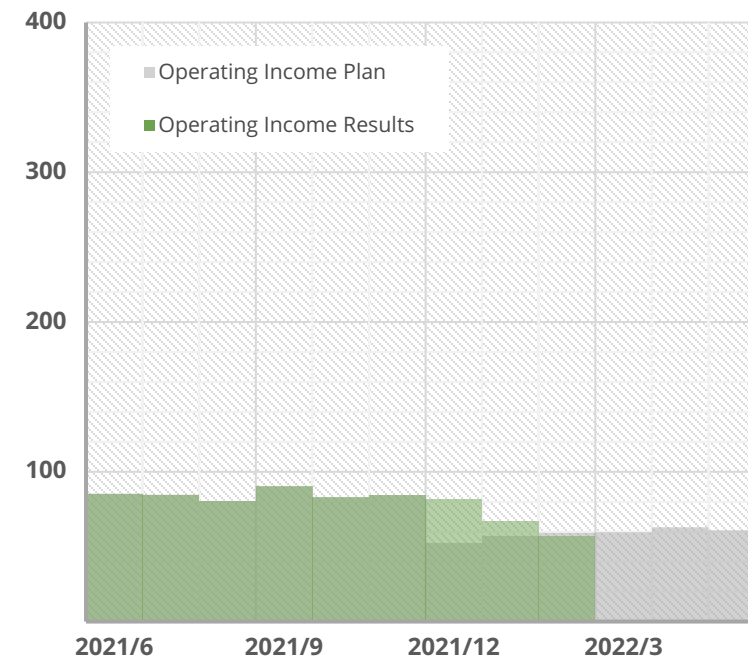## 3QCumulative progress to plan
Operating Income 105.5%

**Both sales and operating income are higher than planned.**

In the fourth quarter, we expect to contribute to the consolidated results of Fracta.

**We plan to update "Business Plan and Growth Potential Matters" on a quarterly basis and disclose progress.
(The next one is scheduled for June 2022)**

(Millions of yen)

400

- Sales Plan
- Sales Results

300

200

100

2021/6   2021/9   2021/12   2022/3

(Millions of yen)

400

- Operating Income Plan
- Operating Income Results

300

200

100

2021/6   2021/9   2021/12   2022/3

(4) Progress   Monthly progress by segment of FY2022/5 Forecast (Amended on December 28, 2021)
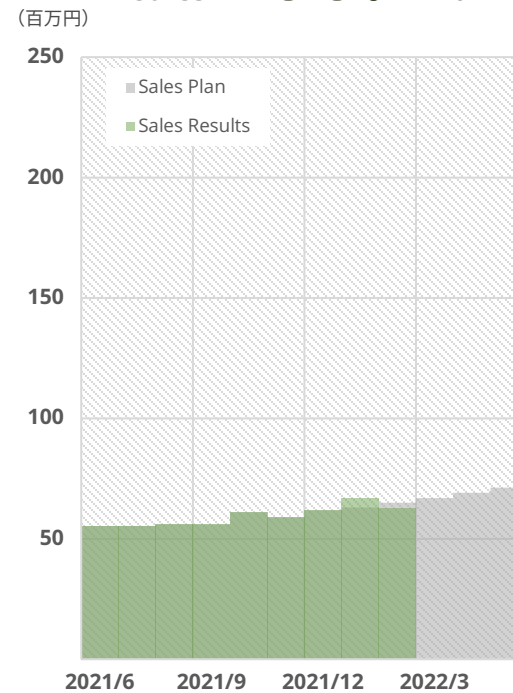

**PS Business
Q3 cumulative
progress to plan**
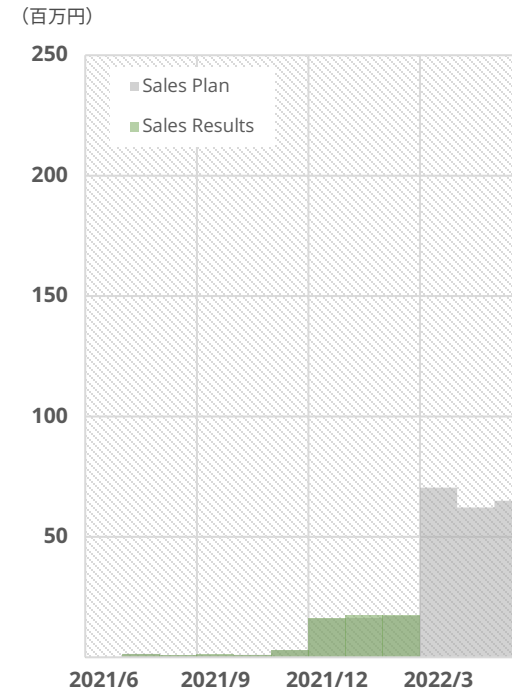
Sales **101.9**%
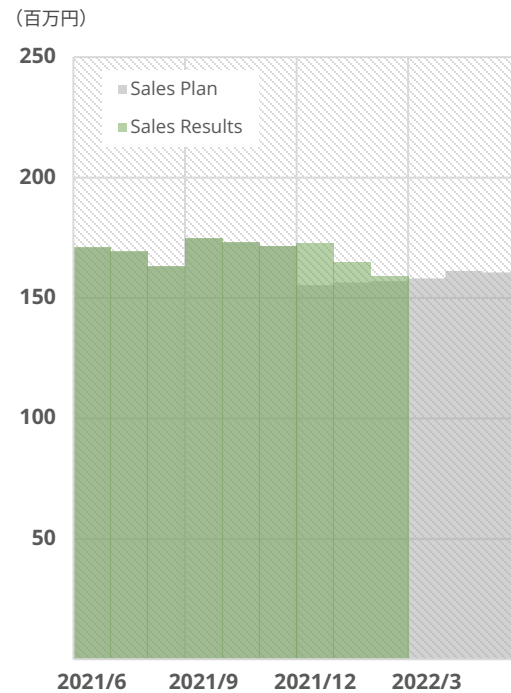
**SaaS Business
Q3 Cumulative
progress to plan**

Sales **100.4**%

**DX Business
Q3Cumulative
progress to plan**

Sales **102.6**%

at the third quarter, results surpass planned sales in all segments.

Risk Information

(1) Perceived Risks

Business Risks and external environment

Risk	Contents
COVID-19 Time of Manifestation: Short-term Probability: High	The domestic economy is stagnant due to the long-lasting effects of the new coronavirus infection. If it becomes apparent, the growth of existing businesses in particular may stagnate.
Internet Ads Market Time of Emergence: : 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.
Technology Innovation Time of Emergence: Long-term Probability: Medium	Delays in responding to new technologies will cause the services and technologies provided to become obsolete. 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.
Regulation of Law Time of Emergence: Long-term Probability: High	Possibility of regulation of sales promotion methods using personal purchasing and browsing history on the Internet. If this becomes apparent, the performance of the PS could be sluggish.

Business Risks and internal environment

Risk	Contents
Concentration on a specific medium Time of Emergence: Long-term Probability: Medium	Dependence on the services of a particular digital platformer. If this becomes apparent, policy changes may prevent the service from being provided as planned.
Concentration on specific customers Time of Manifestation: Short-term Probability: High	In the advertising management service, the percentage of sales to specific customers is large. If this becomes apparent, the performance of the PS could be sluggish.
Information Security Time of Emergence: Long-term Probability: Medium	Possibility of information leakage due to unauthorized access from outside. If this were to become apparent, the SaaS could suffer a downturn in performance due to the suspension of operations.

Financial Risks

Risk	Contents
Recovery of investment in new businesses Time of Emergence: Long-term Probability: High	Inability to generate earnings as initially expected. If this becomes apparent, we may not be able to invest flexibly.
Impairment of goodwill, etc. Time of Emergence: 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 realization of growth and the execution of the business plan.

※ 上記以外の「主要なリスク」は、有価証券報告書を参照ください

(2) Risk Management

Business Risks and external environment	
Risk	**Countermeasures**
COVID-19	**Continued online interviews and remote work** **Focus on E-commerce**
Internet Ads Market	**Diversification of risk through increase in number of projects and diversification of client industries**
Technology Innovation	**Continuous service improvement and engineering recruitment**
Regulation of Law	**Approaches to ID marketing**

Business Risks and internal environment	
Risk	**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 propose to new customers**
Information Security	**Limited access rights** **Periodic vulnerability checks, etc.**

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

Take action even before the risk materializes

Feedforce
Group

Group Mission

「働く」を豊かにする。

Feed a force for good and change