



**Financial Results  
for the First Quarter of FY2023**

**(Our Business Plan and Growth Potential)**

**September 30, 2022**

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.

# Table of Contents

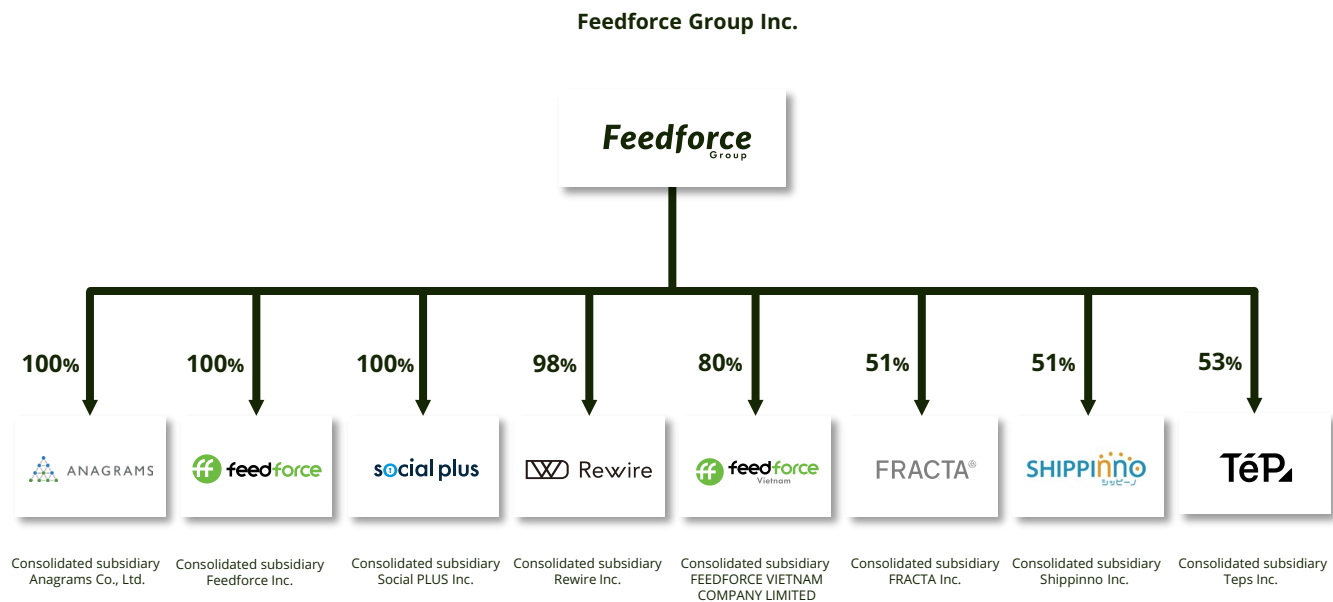
01	Financial Highlights	2
02	Matters related to Business Plan and Growth Potential	15
	Business Model	16
	Market Environment	28
	Source of Competitiveness	31
	Business Plan	36
	Risk Information	57

**01**

## Financial Highlights

# Our Group

As of August 31, 2022, the Group consists of 9 companies



# Consolidated Financial Results Overview

(Million yen)

	FY2022 Q1 Consolidated	Q2 Consolidated	Q3 Consolidated	Q4 Consolidated	GY2023 Q1 Consolidated	YoY	QoQ
<b>Transaction amount</b>	2,868	2,938	2,889	3,249	<b>3,059</b>	+6.7%	△5.9%
<b>Sales</b>	672	700	739	892	<b>904</b>	+34.5%	+1.3%
<b>EBITDA</b> ※	293	298	259	286	<b>233</b>	△20.2%	△18.3%
<b>Operating income</b>	250	256	205	217	<b>160</b>	△35.8%	△25.9%
<b>Ordinary income</b>	251	256	192	212	<b>158</b>	△36.8%	△25.9%
<b>Profit before income taxes</b>	242	256	192	227	△ <b>191</b>	—	—
<b>Profit attributable to owners of parent</b>	154	156	121	169	△ <b>250</b>	—	—

## Consolidated results:

**Sales increased but profit decreased for both YoY and QoQ.**

**An impairment loss of 343 million yen was recognized as an extraordinary loss (the goodwill of Shippinno and Teps).**

**Quarterly result for Q1 was net loss.**

※ EBITDA = Operating income + Depreciation + Amortization of goodwill

# Consolidated Business Segment Results Overview

(Million yen)

	FY2022 Q1 Consolidated	Q2 Consolidated	Q3 Consolidated	Q4 Consolidated	FY2023 Q1 Consolidated	YoY	QoQ
<b>PS business※</b>							
<b>Sales</b>	503	519	496	491	<b>497</b>	△1.3%	+1.2%
<b>Segment profit</b>	227	233	210	207	<b>223</b>	△1.8%	+7.9%
<b>SaaS business</b>							
<b>Sales</b>	166	175	191	199	<b>209</b>	+26.0%	+5.1%
<b>Segment profit</b>	62	67	75	95	<b>87</b>	+40.6%	△7.9%
<b>DX business</b>							
<b>Sales</b>	2	5	51	202	<b>197</b>	—	△2.5%
<b>Segment profit</b>	△39	△44	△80	△85	<b>△150</b>	—	—

PS business:

**Sales and profit decreased YoY, sales and profit increased QoQ.**

SaaS business:

**Sales and profit increased YoY, sales increased while profit decreased QoQ.**

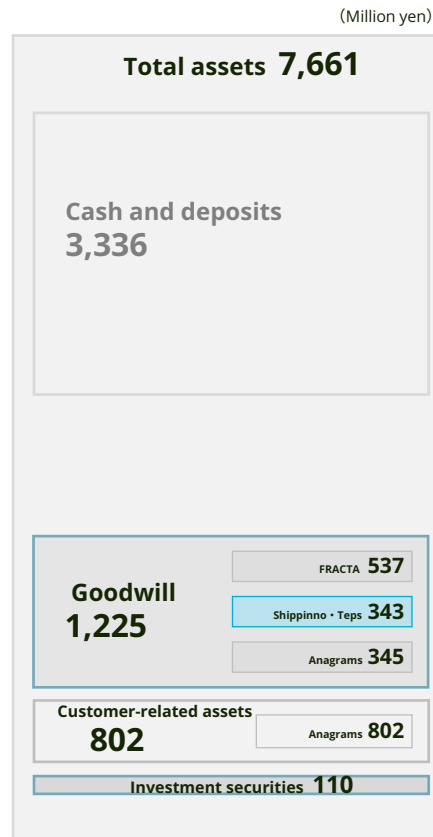
DX business:

**A significant increase in sales due to business acquisition YoY, but resulted in more loss QoQ.**

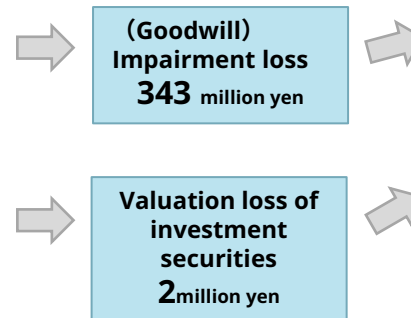
※ PS stands for Professional Services

# Impairment Loss and Valuation Loss of Investment Securities

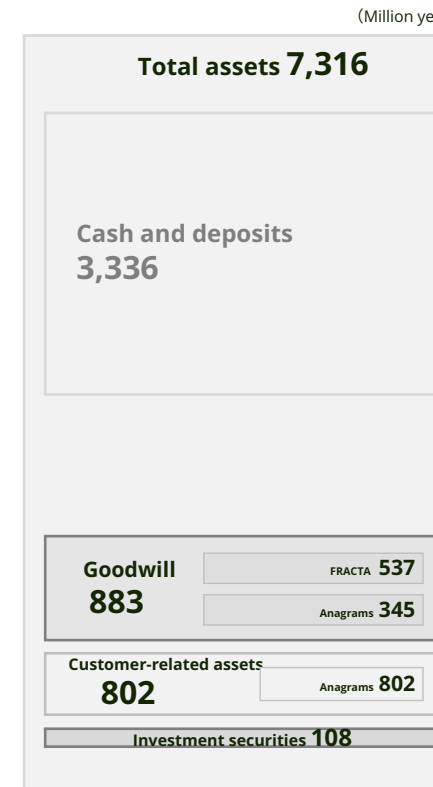
**Q1 end**  
(Before recording impairment loss and valuation loss of investment securities)  
**Consolidated assets breakdown**



**Q1 Extraordinary loss**



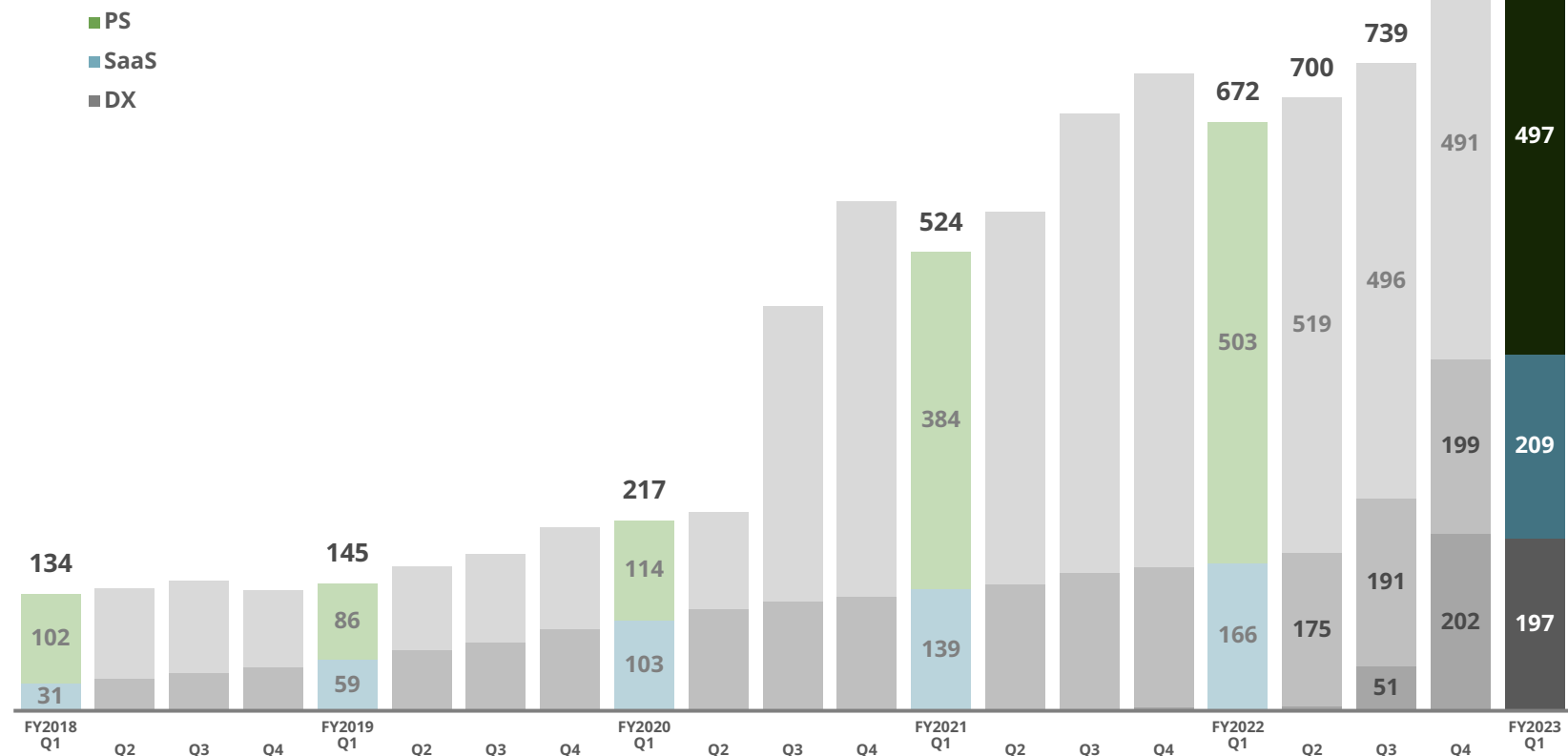
**Q1 end**  
(After recording impairment loss and valuation loss of investment securities)  
**Consolidated assets breakdown**



The entire goodwill amounts of Shippinno and Teps recognized at the time of the acquisition were written off.

# Quarterly Sales

(Million yen)

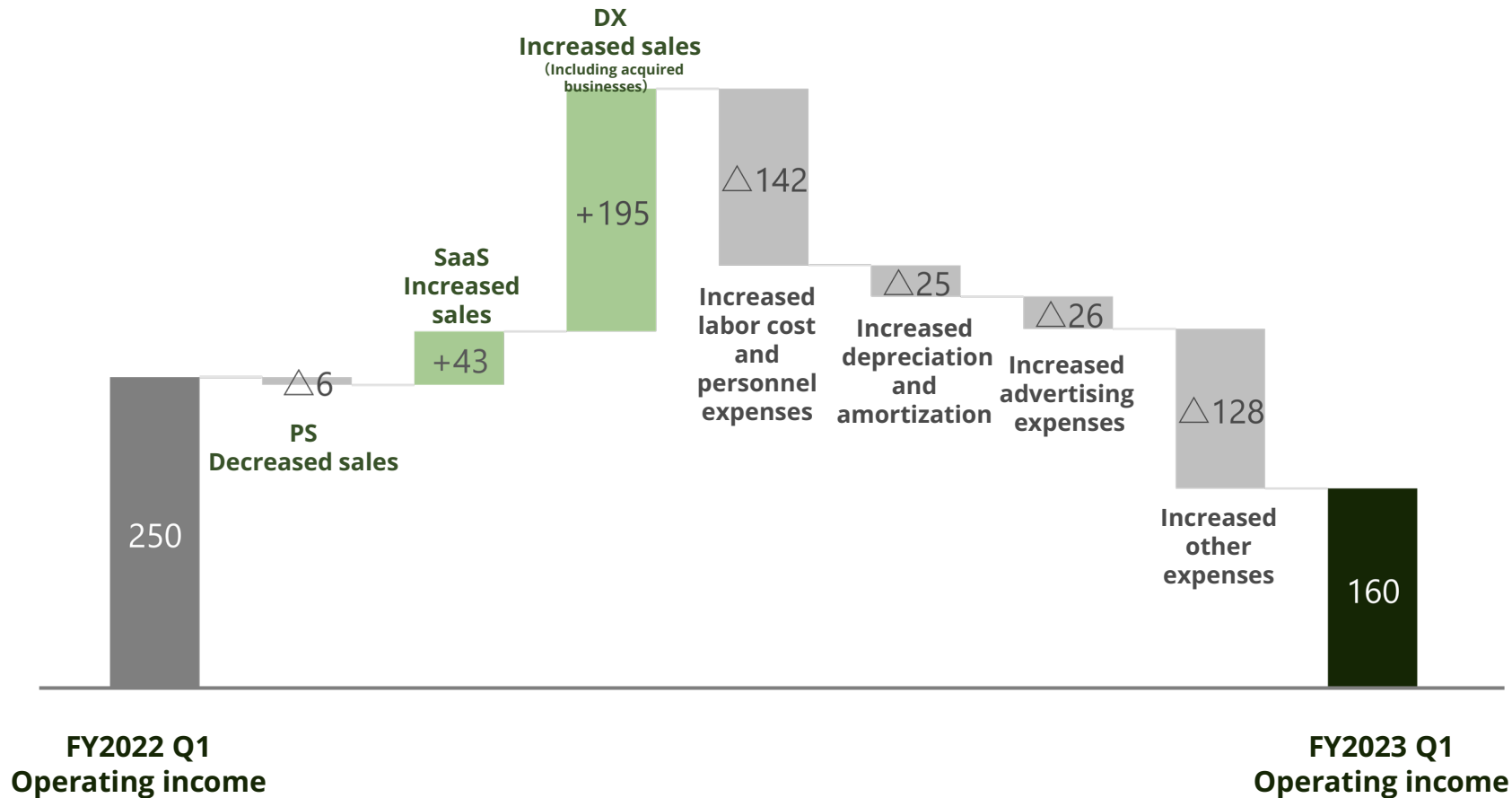


Sales decreased in DX business, while constantly increased in SaaS business.



# Factors for Changes in Operating Income YoY

(Million yen)



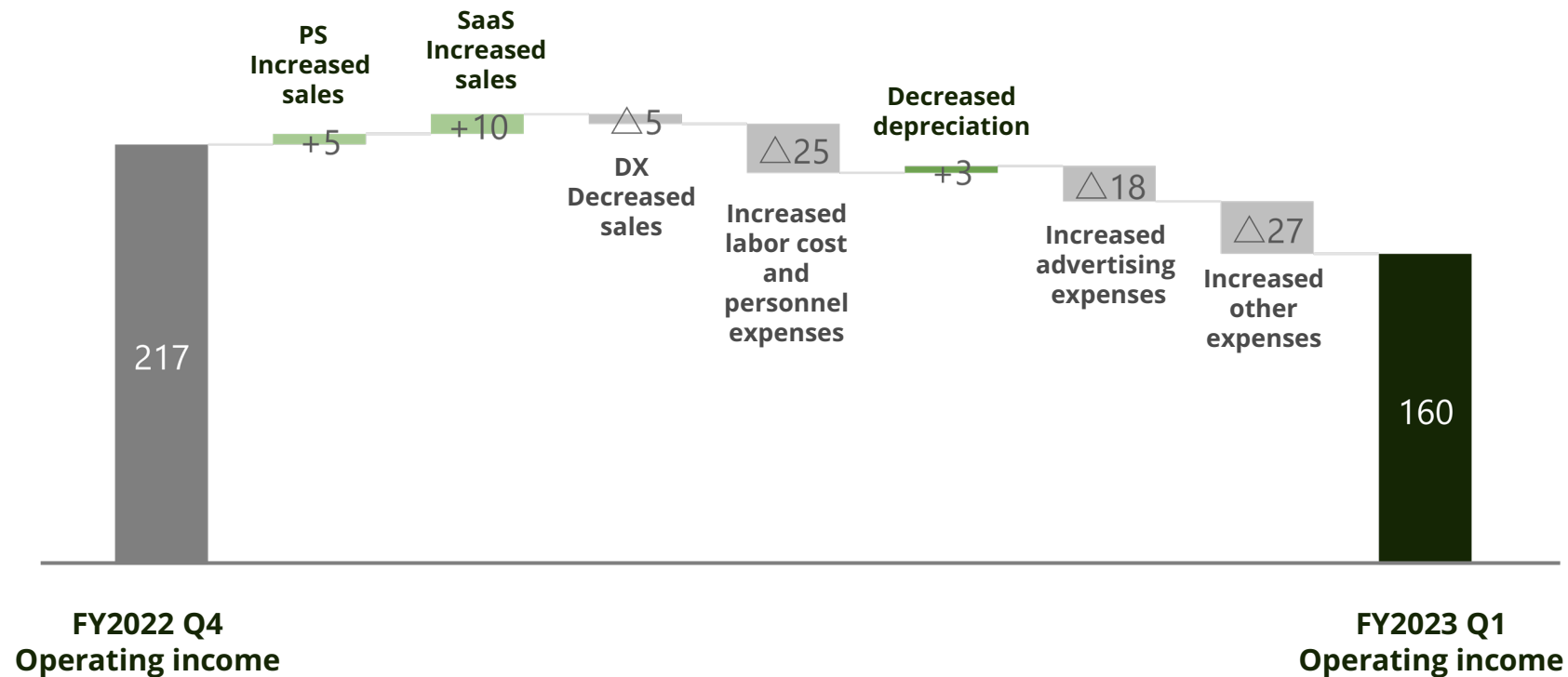
Sales in DX business increased due to the acquisition of Shippinno, Teps and FRACTA.

Amortization of goodwill and other increased by 25 million yen and advertising expenses increased by 26 million yen.

# Factors for Changes in Operating Income QoQ

(Million yen)

Profit decreased mainly due to increased personnel and advertising expenses.



# Sales by Service

(Million yen)

	FY2022 Q1 Consolidated	Q2 Consolidated	Q3 Consolidated	Q4 Consolidated	FY2023 Q1 Consolidated	YoY	QoQ
<b>PS</b>	503	519	496	491	<b>497</b>	△1.3%	+1.2%
<b>Anagrams</b>	372	401	371	361	<b>467</b>		
<b>Feedmatic</b>	84	76	79	86	<b>—</b>		
<b>Other</b>	46	43	44	42	<b>29</b>		
<b>SaaS</b>	166	175	191	199	<b>209</b>	+26.0%	+5.1%
<b>EC Booster</b>	13	14	14	14	<b>12</b>		
<b>dfplus.io</b>	50	54	58	62	<b>68</b>		
<b>Social PLUS</b>	102	106	119	122	<b>128</b>		
<b>DX</b>	2	5	51	202	<b>197</b>	—	△2.5%
<b>FRACTA</b>	—	—	—	143	<b>129</b>		
<b>Shippinno</b>	—	—	45	47	<b>34</b>		
<b>Teps</b>	—	—	—	—	<b>16</b>		
<b>Shopify App and others</b>	2	5	5	11	<b>17</b>		

PS business:

**Sales decreased YoY and increased QoQ.**

SaaS business:

**Sales increased for dfplus.io and Social PLUS.**

DX business:

**Due to FRACTA's sales decrease, segment sales decreased QoQ.**

# Operating Expenses

(Million yen)

	FY2022 Q1 Consolidated	Q2 Consolidated	Q3 Consolidated	Q4 Consolidated	FY2023 Q1 Consolidated	YoY	QoQ
<b>Operating expenses</b>	421	443	533	675	<b>743</b>	+76.2%	+10.0%
<b>Cost of sales</b>	192	204	221	285	<b>323</b>	+67.9%	+13.1%
<b>Labor cost</b>	163	159	169	194	<b>213</b>		
<b>Expenses</b>	29	44	52	91	<b>105</b>		
<b>SG&amp;A</b>	229	239	311	389	<b>420</b>	+83.3%	+7.8%
<b>Personnel expenses</b>	122	126	170	208	<b>214</b>		
<b>Expenses</b>	107	113	140	181	<b>205</b>		
R&D	5	1	3	3	<b>—</b>		
Recruitment/training	3	7	11	12	<b>14</b>		
Advertising	5	5	8	13	<b>31</b>		
Depreciation	30	30	31	35	<b>31</b>		
Amortization of goodwill	11	11	21	35	<b>35</b>		
Other	51	56	65	81	<b>92</b>		

**Operating expenses increased by 10% QoQ due to increased labor cost, personnel and advertising expenses.**

# Financial Position

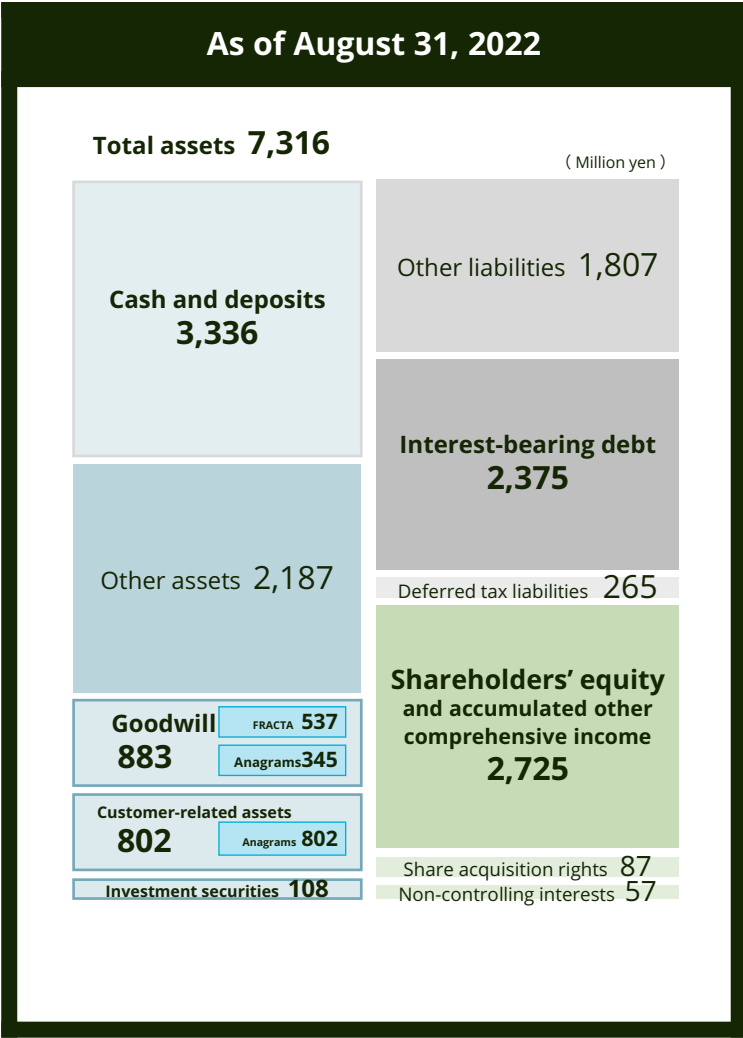
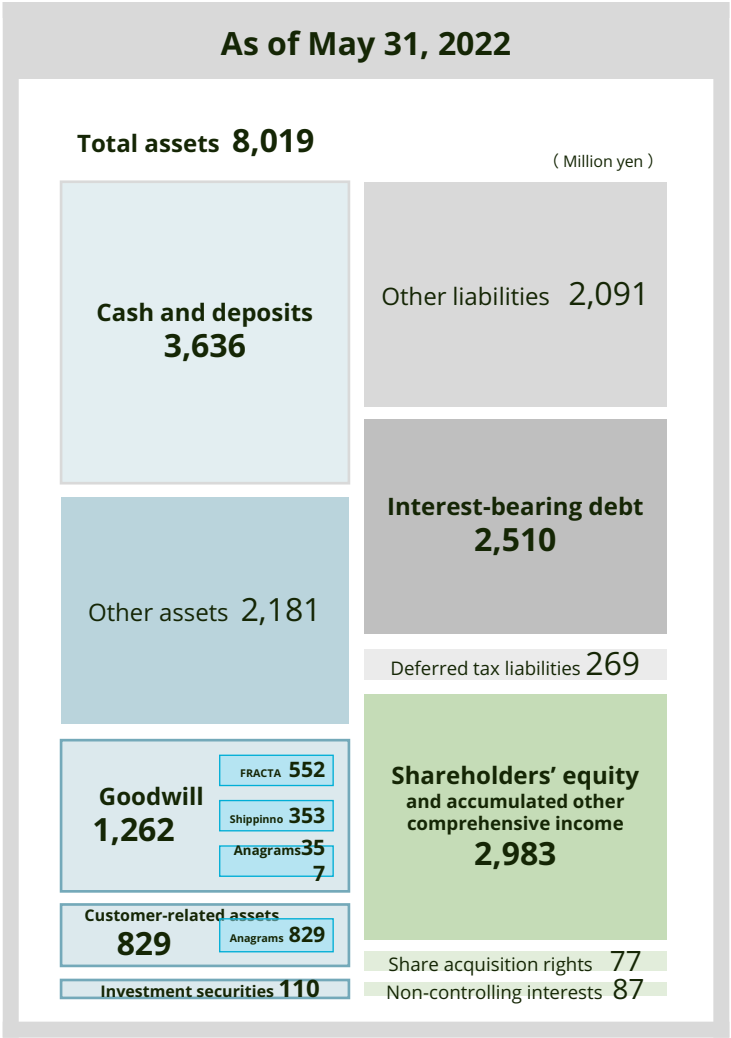
(Million yen)

	FY2017 Unconsolidated	FY2018 Unconsolidated	FY2019 Unconsolidated	FY2020 Consolidated	FY2021 Consolidated	FY2022 Consolidated	FY2023 Q1 Consolidated	v. FY22end
<b>Current assets</b>	394	320	426	3,528	4,915	5,503	<b>5,209</b>	△294
<b>Non-current assets</b>	28	25	44	1,690	1,552	2,515	<b>2,106</b>	△409
<b>Total assets</b>	422	345	470	5,219	6,467	8,019	<b>7,316</b>	△703
<b>Current liabilities</b>	205	192	322	1,370	2,255	2,861	<b>2,575</b>	△286
<b>Non-current liabilities</b>	134	99	50	2,018	1,810	2,009	<b>1,870</b>	△138
<b>Total liabilities</b>	339	291	373	3,389	4,065	4,870	<b>4,446</b>	△424
<b>Shareholders' equity</b>	83	54	97	957	2,366	2,983	<b>2,725</b>	△258
<b>Accumulated other comprehensive income</b>	—	—	—	—	—	△0	0	+0
<b>Share acquisition rights</b>	—	—	—	—	32	77	<b>87</b>	+9
<b>Non-controlling interests</b>	—	—	—	872	2	87	<b>57</b>	△30
<b>Total net assets</b>	83	54	97	1,829	2,401	3,148	<b>2,870</b>	△278

**Total assets decreased due to recording goodwill impairment loss and a payment of corporate income taxes.**

**Total liabilities also decreased due to decreased corporate income taxes payable and a repayment of interest-bearing debt.**

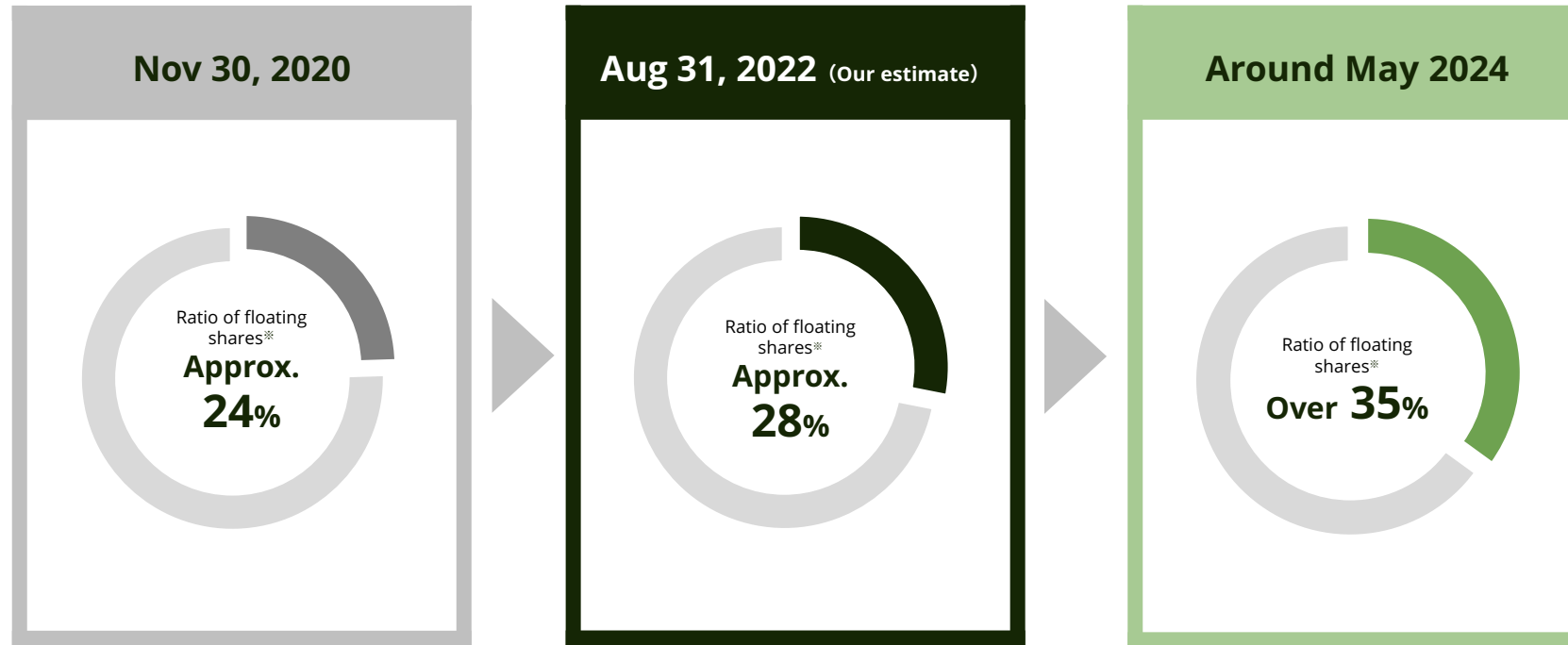
# Breakdown of Consolidated Balance Sheet



Goodwill decreased 379 million yen compared with the end of the previous fiscal year.

# Outlook for the Ratio of Floating Shares

Aim to achieve over 35% around May 2024.



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









**02**

## Our Business Plan and Growth Potential



# Business Model

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

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

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.**

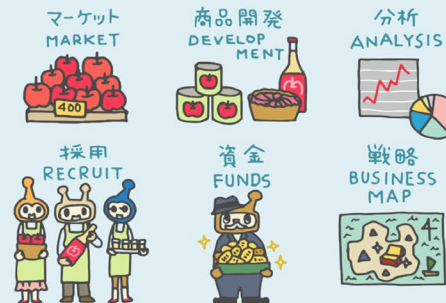
We want to be a partner that supports our clients in every way possible to help them succeed in their business, not just in the operation of managed advertising.

### —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

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.

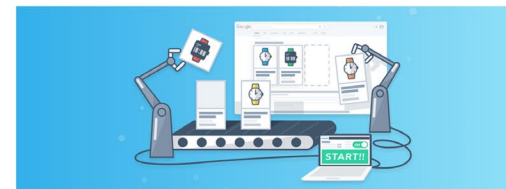


### Easy submission and automatic operation functions



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

"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.



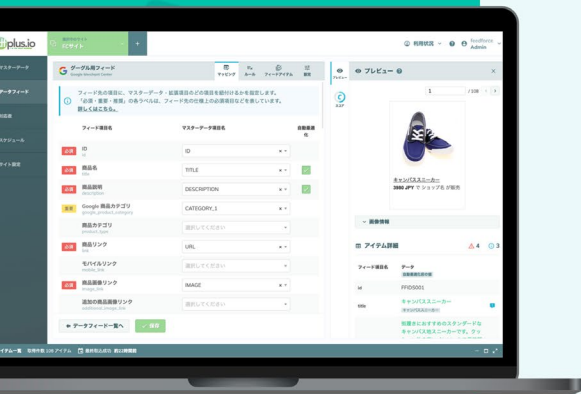
## Powerful features

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

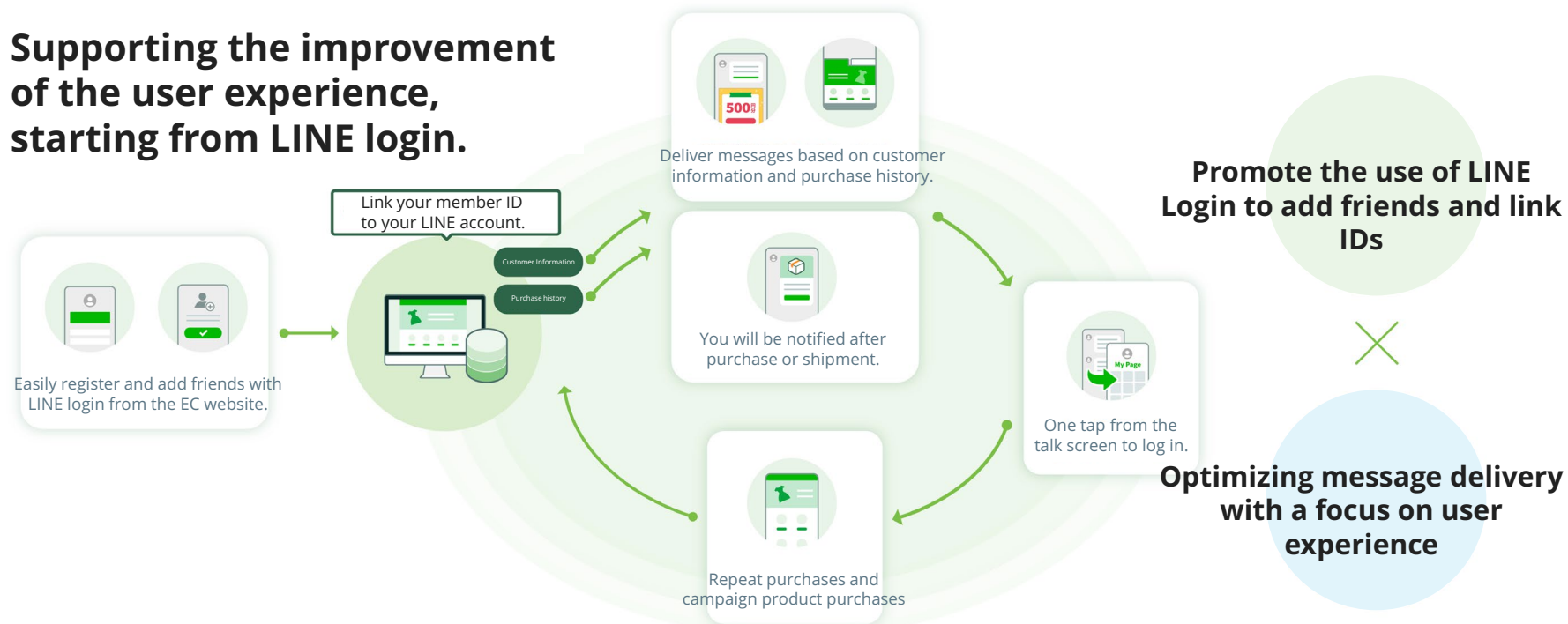
With a user interface that is easy to understand, even for beginners in data feeds, it realizes an operation system that does not depend on a single person. Support is also available.



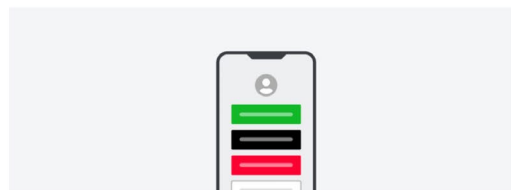
# social plus

Make it easier to implement Social Login.

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

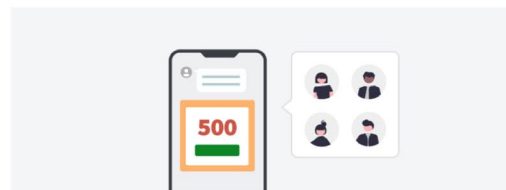


## Optimization of member registration and purchase flow



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<sup>®</sup>

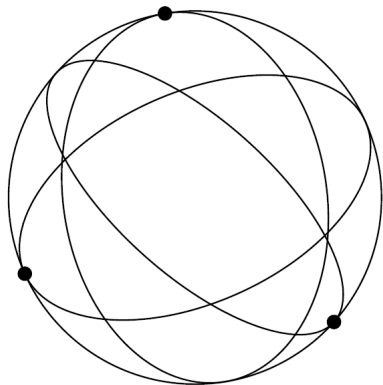
TOTAL BRANDING PARTNER

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

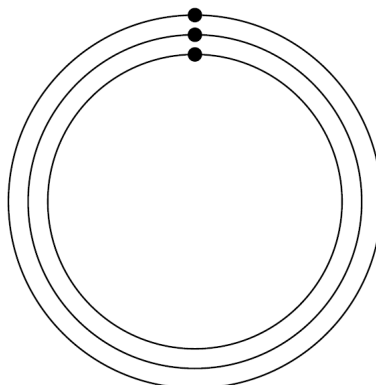


### One by One

#### Brand Consulting Services

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

02

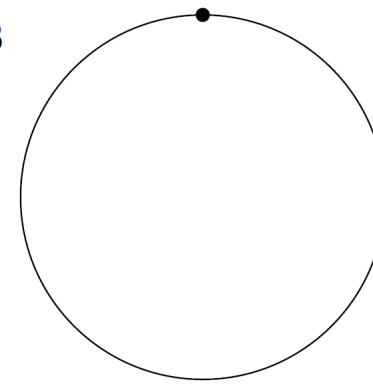


### Star Tracker

#### 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/>

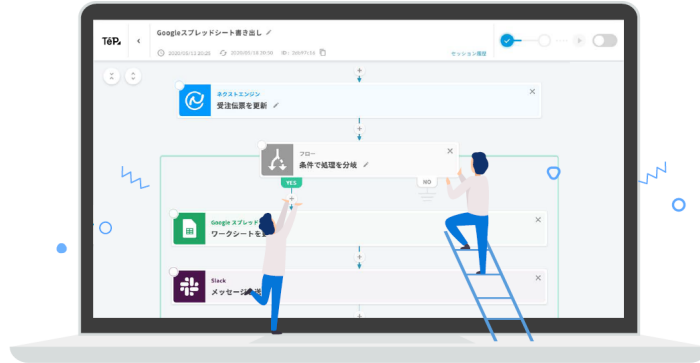






## Creating necessary tools on your own

EC-specific no-code tool



Tép allows you to connect various systems and services using API and to use uncountable functions and data by freely assembling them like a puzzle to your specific needs.

Because of this flexibility in assembly, it's possible to make tools that any existing service alone cannot fulfill.

Tép started providing services mainly to users of Cloud (SaaS) type EC platform "Next Engine" as "Tetra" from March 2021. Over 100 companies have adopted so far and over 20,000 flows are processed daily.

<https://teps.io/>

## Flexible assembly

Batch every 15 min.

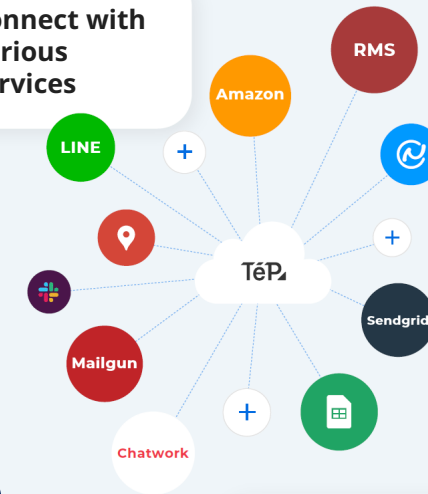
Get report

フロー / ループ  
Repeat every other line

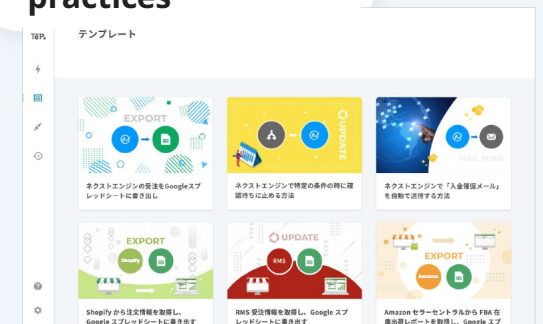
ワークシートを更新  
Update Google spreadsheet

在庫短欠レポートを生成  
Report short inventory

## Connect with various services



## Full of templates based on real practices





# Launch of Omni-Channel Member information linkage App



## Member information linkage



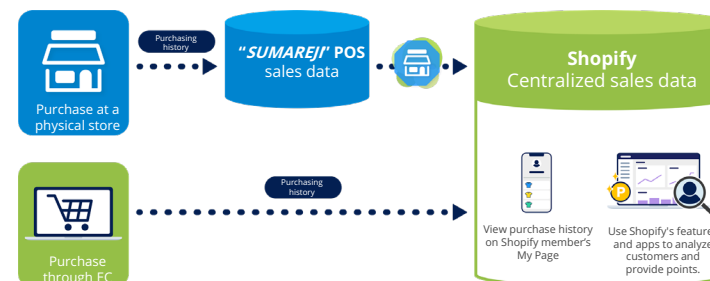
You can add your Shopify membership information as your *SUMAREJI* membership information.

Display member barcodes on the EC site!
















## Sales information linkage

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



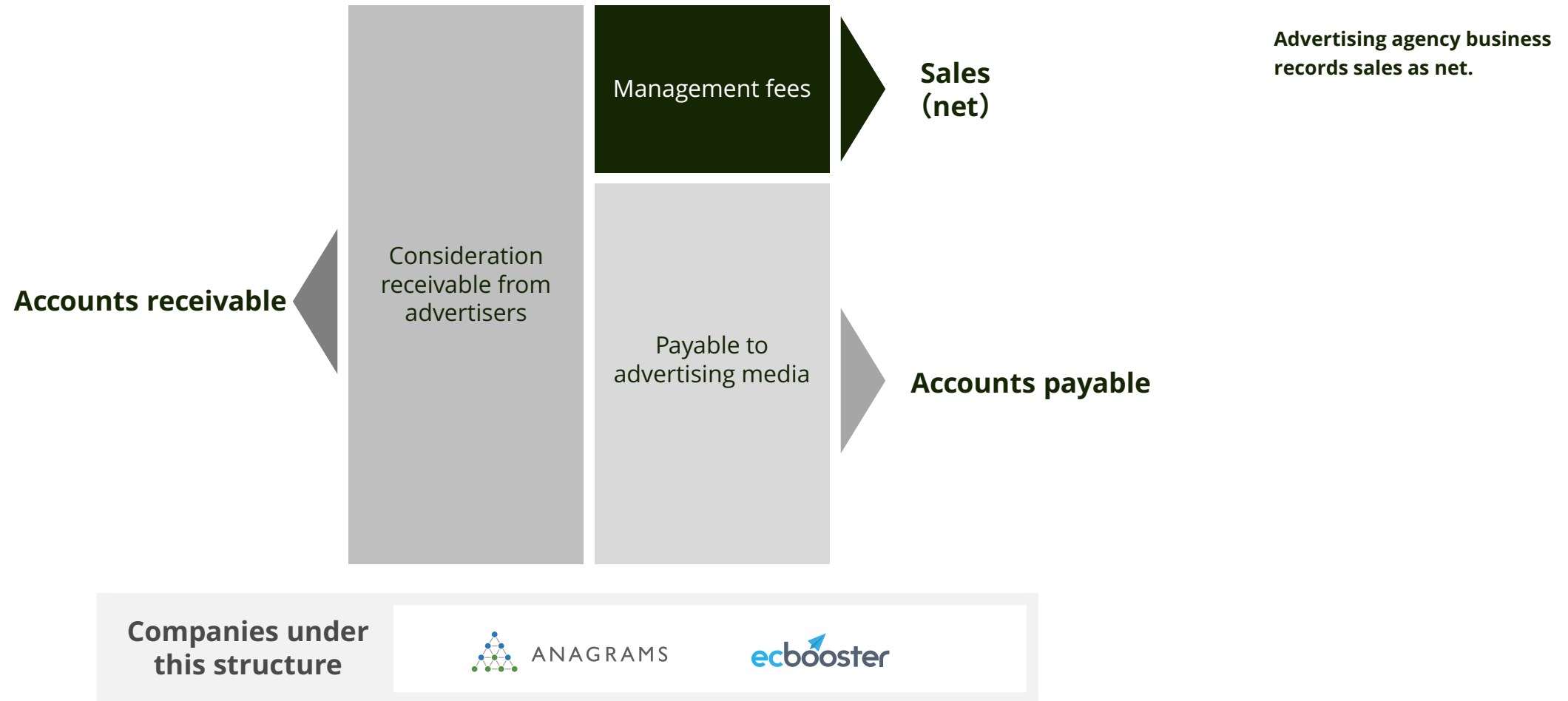
## (2) Revenue Structure List of key services and fee structures

Fee structure	PS	SaaS	DX
Variable rate per billing	Rate of customer promotion (advertising) expenses		Rate of customer sales (shipment amount)
	Internet-oriented advertising agency  ANAGRAMS	Google shopping ads automatic operation tool  ecbooster	Automation of e-commerce shipments and orders  SHIPPInno Subscription feather Shopify App  定期購買
Fixed by month	Data feed advertising operations  DF PLUS	Data feed management tool  dipplus.io	EC-specific no-code tool  TéP
		Social login & message delivery  social plus	Shopify App-related to store payments  Omni Hub <small>Powered by Feedforce Inc.</small>
		LINE-based CRM infrastructure Shopify App  CRM PLUS on LINE	Shopify App related to point features  どこポイ
			Branding online service  Star Tracker
Per person per month			Brand strategy, EC setup support  FRACTA®

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

## (2) Revenue Structure

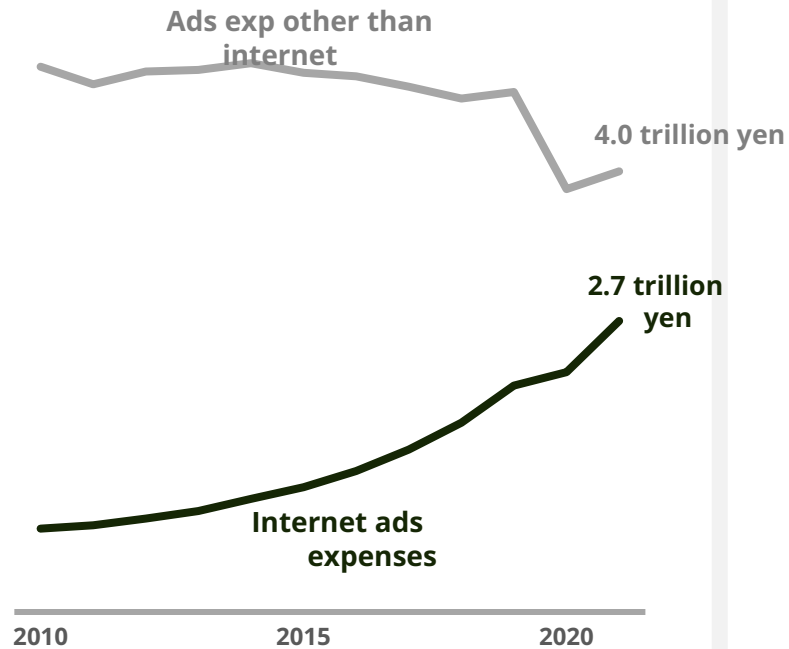
### Revenue structure and sales recognition for advertising management services



# Market Environment

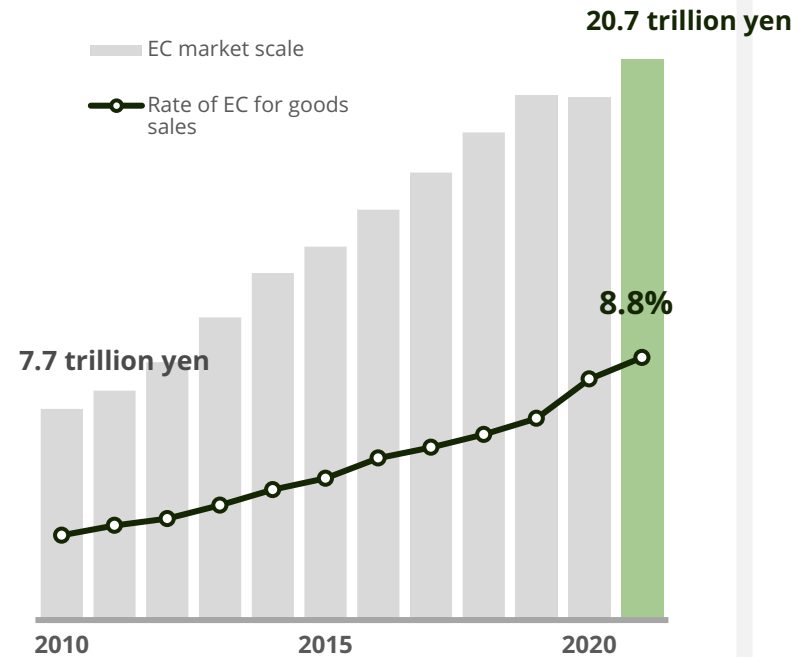
# (1) Market Size    Internet advertising and EC markets

## Domestic internet advertising market



Source: Dentsu Inc. "Advertising costs in Japan 2021" (Feb 2022)

## Domestic e-commerce market



Source: METI "Market Research on e-commerce 2021" (Aug 2022)

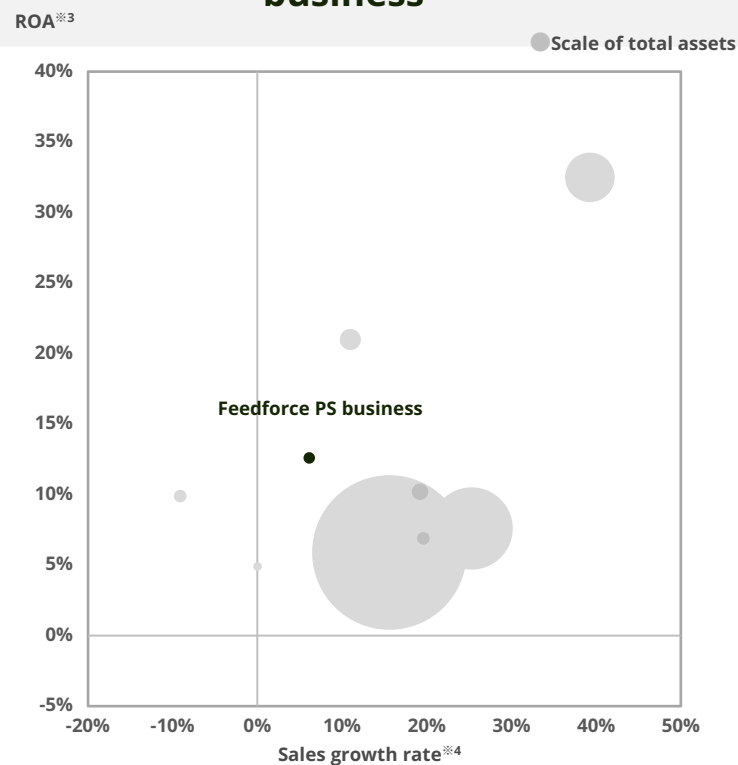
Internet advertising expenses grew 21.4% in 2021.

E-commerce in 2021 grew 8.6% in goods sales.

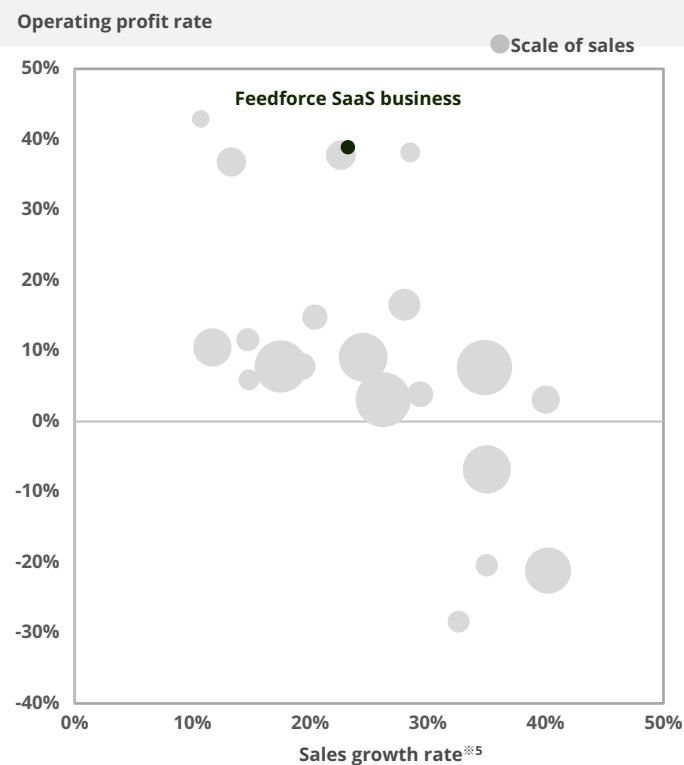
## (2) Competitive Environment

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 competitors, 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

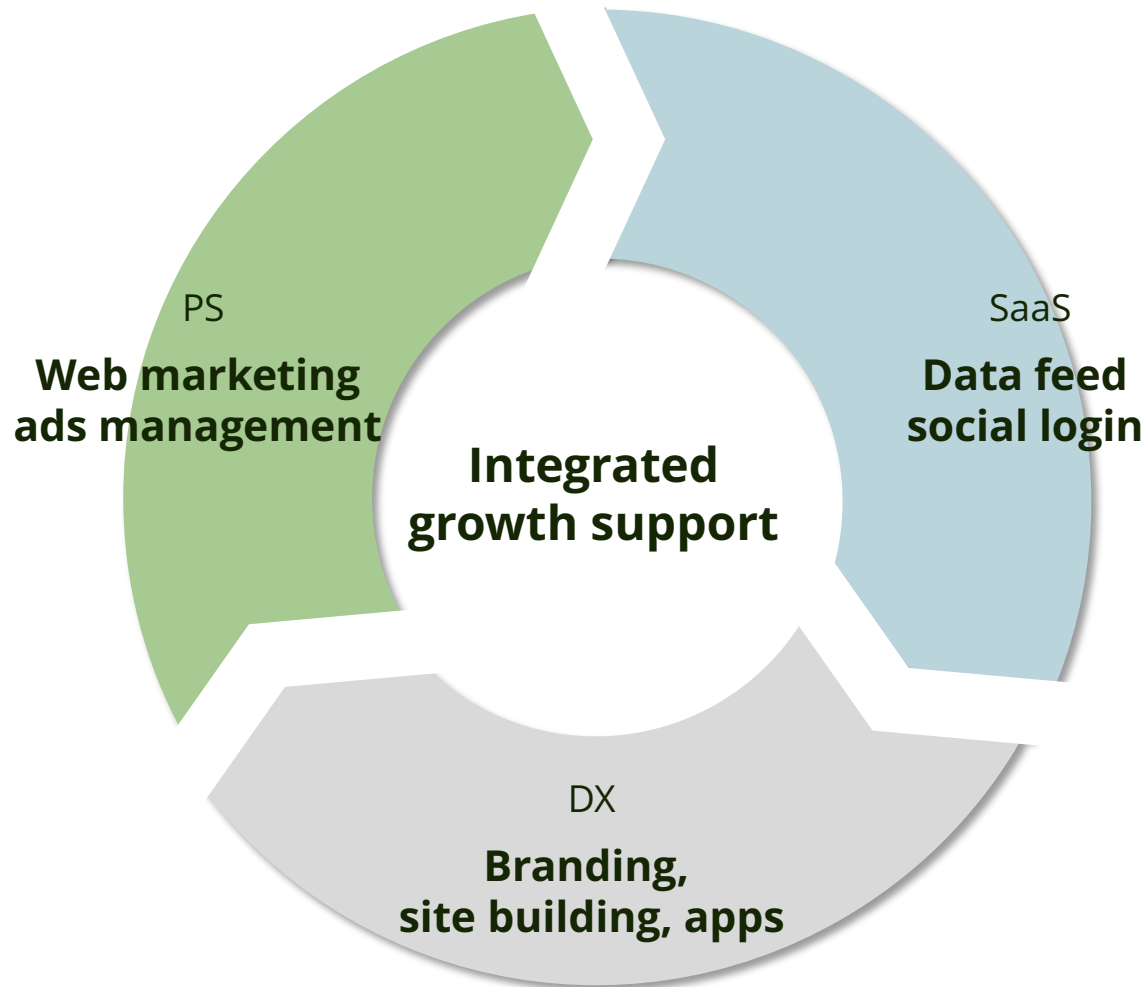
※5 Calculated based on forecast sales

## 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 Recourses and Competitive Advantage

## Segment size, growth rate, profitability and stability

	PS	SaaS	DX
Source of competitiveness	<ul style="list-style-type: none"> <li>With a consulting-style advertising agency model, the PS business maintains high scale of sales and profitability.</li> </ul>	<ul style="list-style-type: none"> <li>With a high marginal profit rate, the SaaS business achieved a profit rate as high as the PS business in FY2022.</li> <li>Few competitors in Japan in social login and data feed tools.</li> </ul>	<ul style="list-style-type: none"> <li>With Shippinno and FRACTA as consolidated subsidiaries, EC support structure from website building to backyard jobs is now complete.</li> <li>Shopify App aims for growth while keeping the high marginal profit rate.</li> </ul>
Sales	FY2022 <b>2,010</b> million yen	FY2022 <b>733</b> million yen	FY2022 <b>261</b> million yen
Personnel	FY2022 end Number of staff (Full-time only) <b>84</b>	FY2022 end Number of staff (Full-time only) <b>35</b>	FY2022 end Number of staff (Full-time only) <b>90</b>
Growth potential			Sales trend <b>4</b> million yen (FY2021) → <b>261</b> million yen (FY2022)
Profitability	Operating profit rate (FY2022) <b>43.2%</b>	Operating profit rate (FY2022) <b>38.9%</b>	
Stability		Since segment disclosure in FY2017 Constant increase in sales and profit	

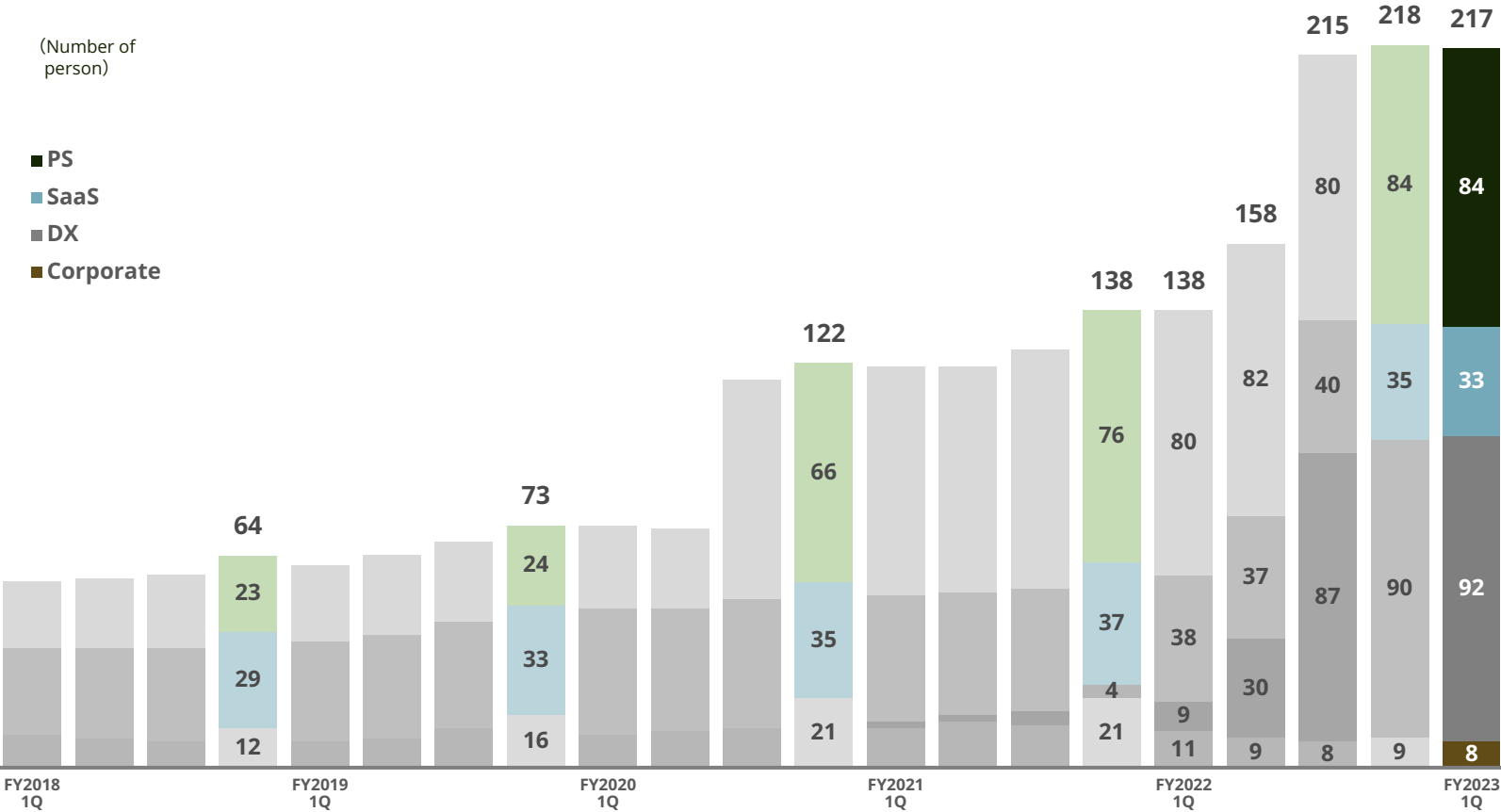
Since each segment has different characteristics, it is possible to continue growth investments while expanding profits.

# (1) Management Recourses and Competitive Advantage

Expanding human resources

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

The number of Group employees (full-time only) is 217.



# (1) Management Recourses 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.

**Kazahaya 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 graduating, 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 Offices. In August 2017 he was appointed as an auditor, and in August 2018 became Director (Supervisory committee). Attorney at law.

**Kosuke Kita**  
**Group Executive Officer**  
**Feedforce Inc.**  
**Director**

After graduating from Tokai University in 2002, he worked for Japan System Development Co. (currently NSD Corporation) and Daiwa Securities, before joining Feedforce Inc. in September 2006.

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

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

**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.

**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

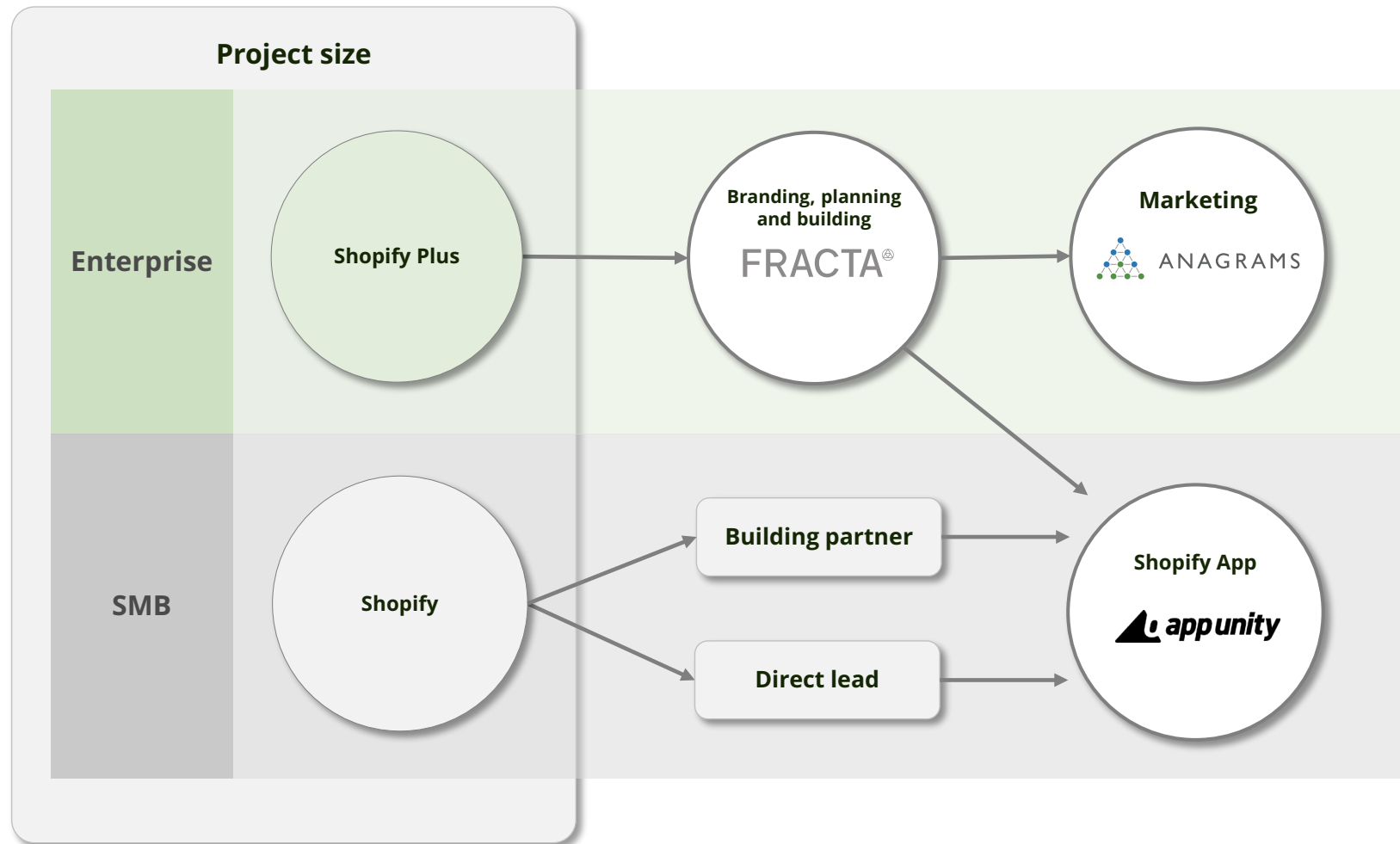
# Business Plan Summary

Business plan summary for FY2023	Invest in expanding organization (mainly staff) for future growth while maintaining the profit level	PS	□ Increase Anagrams staff to more than 100
		SaaS	□ Keep increasing sales and profit while expanding functions
		DX	□ Increase FRACTA staff, increase sales of App Unity

In FY2023, we will prioritize expanding our organization while keeping the profit level. After FY2024, we expect a significant profit expansion.

Goals after FY2024	□ Big leap in sales and profit for all segments □ Move forward the mid-term goal (5 billion yen sales, 2 billion operating income) for more than 1 year (to be reached by FY2025) □ Along with the profit expansion, keep more than 20% ROE for capital efficiency		

# (1) Growth Strategy Seek for group synergy

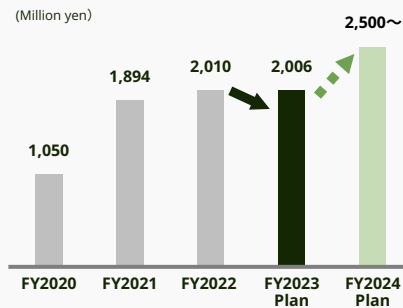


Build and provide value chains that suit the needs from Enterprise and SMB.

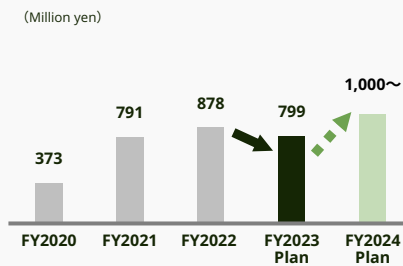
# (1) Growth Strategy Growth strategy for PS business

## PS results

### Sales



### Segment profit

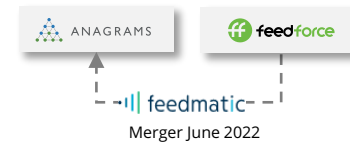


## Initiatives for FY2023

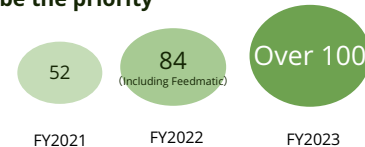
- Expect decrease in sales and profit due to impact from cancellation in later part of FY2022 and reinforcing organization



- Along with the business succession of Feedmatic, shift to integrated internet advertising agency, including data feed



- For reinforcing organization, hire more staff at Anagrams and for stronger consulting skills, training will be the priority



## Growth strategy after FY2024

- Target for FY2024:  
Sales 2.5 billion yen  
Segment profit 1.0 billion yen

- Secure a position as a major domestic independent internet advertising agency

Our first priority is to increase the number of staff and training them to deal with active advertising agency inquiries. For now we expect decreased sales and profit in FY2023.

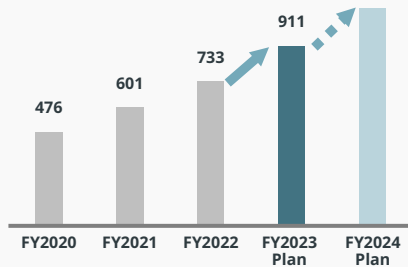


# (1) Growth Strategy Growth strategy for SaaS business

## SaaS results

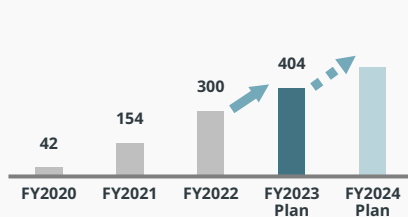
### Sales

( Million yen )



### Segment profit

( Million yen )



## Initiatives for FY2023

- Maintain more than 20% growth and increasing profit



- Expand mainly for enterprise and also extend to medium and small businesses
- Apply English and expand overseas

## Growth strategy after FY2024

- Constant rise in sales and profit, maintain high growth

While extending functions in each service, we will keep the rising trend in sales and profit.

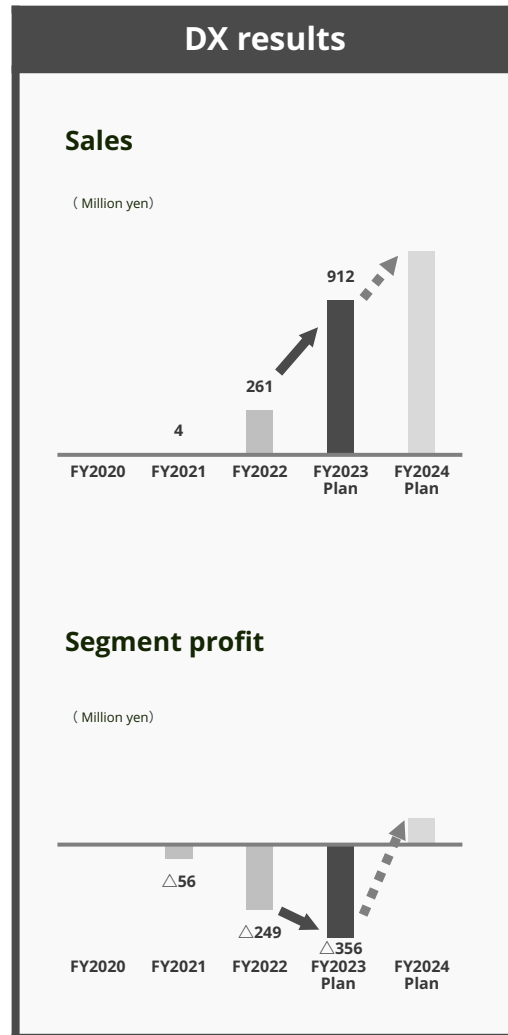
### social plus

- Hire more engineers, develop mainly message functions
- Aim for top market shares in Japan for both login and message functions



- Secure an absolute position as data feed SaaS
- Extend functions to new media, use coordinating data, link with movie generating services

# (1) Growth Strategy Growth strategy for DX business



## Initiatives for FY2023

- In FY2023, aim to make a segment profit for monthly result

## Growth strategy after FY2024

- Segment profit for FY2024
- Expect significant growth from reinforced organization, building Utility economic zone, and group synergy

Expand organization quickly and aim for making profit in FY2024.

## FRACTA®

- In previous year, sales and profit increased, for further accelerated growth, reinforce organization
- For now, focus on increasing staff and expect making a loss in 1H, but grow rapidly from 2H

## appunity

- Reinforce sales structure by packaging
  - Next Plus
  - Subscription PLUS, other
- Collaboration with Mynavi
  - Establish App Unity economic zone
  - Steady lead creation
  - Reinforce ARR for member apps
- Stronger synergy as a group App Unity Commune&Knowledge



**appunity.jp**

- Our partners increased to **97** in **Q1**
- **“Ask App Unity ! ”** as our new slogan, we support building and operating commerce site with the partners
- As the first step, we dig into the area of **OMO**※ by Shopify

※ “Online Merges with Offline,” which means realizing a customer experience by linking systems of EC and stores in this context.



Support attracting customers  
to boost Shopify sales  
and ground work for CRM!  
β-launch Feedforce "Connect-MAX"

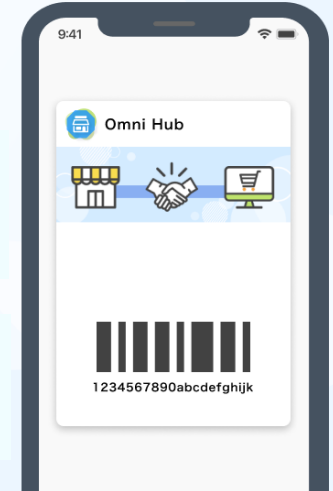


Set up "a consultation desk for  
Shopify×YouTube link"

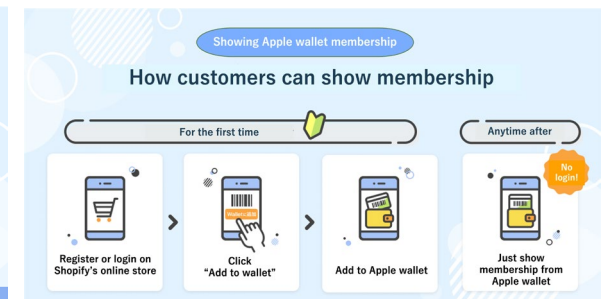
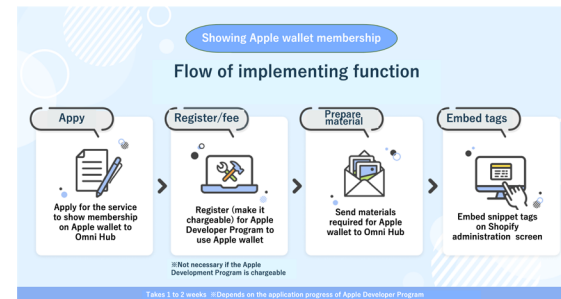


Show membership on  
Apple wallet!

"Omni Hub," Shopify-SUMAREJI link  
app, starts providing membership  
storage function to Apple wallet



A few taps offline will show  
membership



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

(Number of use)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 Q1	v. FY2022 end
<b>PS</b>								
Anagrams	—	—	—	96	115	116	<b>159</b>	+43
Feedmatic	24	23	45	48	45	49	— ※1	△49
<b>SaaS</b>								
EC Booster※2	—	57	313	344	303	283	<b>279</b>	△4
dfplus.io	7	48	98	139	175	235	<b>250</b>	+15
Social PLUS	133	188	237	272	309	361	<b>361</b>	—
<b>DX</b>								
FRACTA	—	—	—	—	—	53	<b>45</b>	△8
Shippinno	—	—	—	—	—	495	<b>479</b>	△16
Teps	—	—	—	—	—	123	<b>162</b>	+39
Shopify App※3	—	—	—	—	—	532	<b>693</b>	+161

The number of use constantly increased for the whole SaaS business.

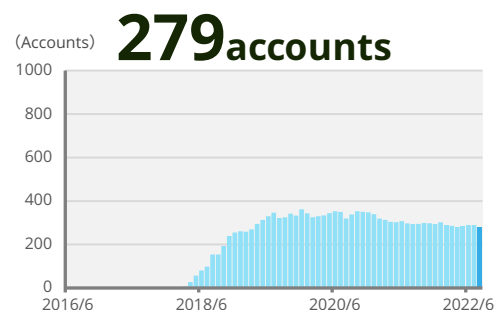
The number of Shopify App active account in DX business significantly increased

※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

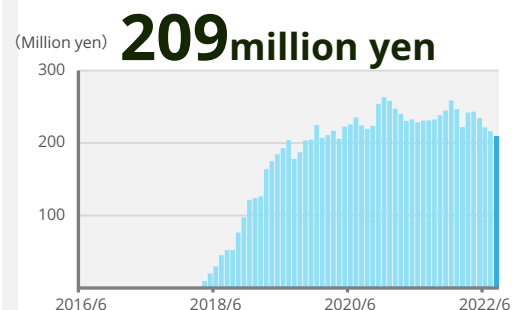
## (2) Management Indicators sales-related data: SaaS performance indicators



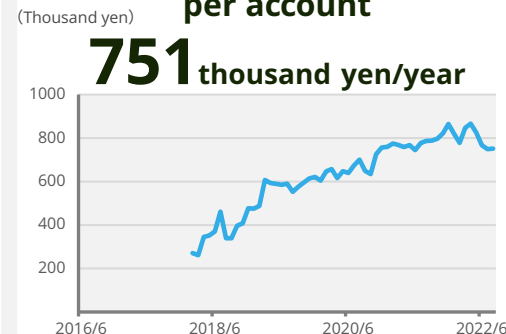
Number of paid advertising active accounts



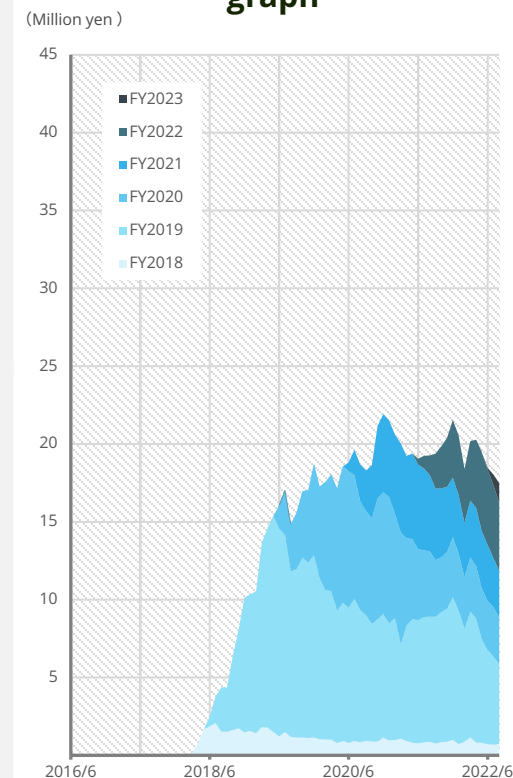
Annualized transaction volume<sup>※1</sup>



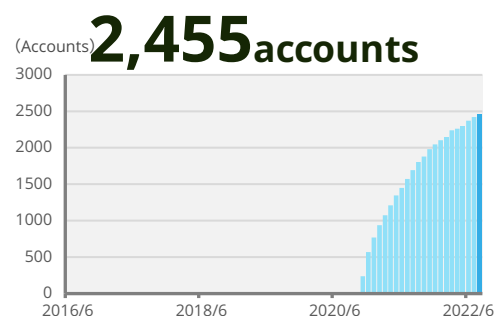
Average transaction volume per account



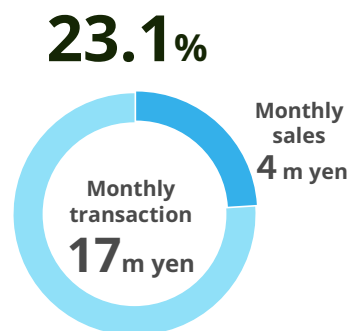
Monthly transaction cohort graph



Number of free plan active accounts



Take rate<sup>※2</sup>



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

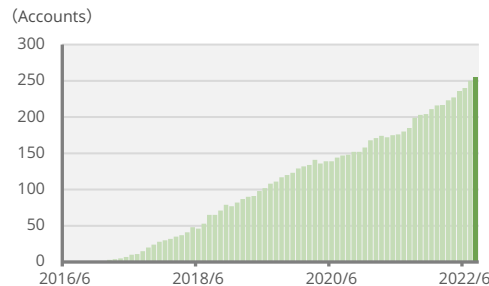
※2 Ratio of sales to transaction amount. Sales are calculated by deducting media advertising cost and partner commissions from the transaction volume.

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



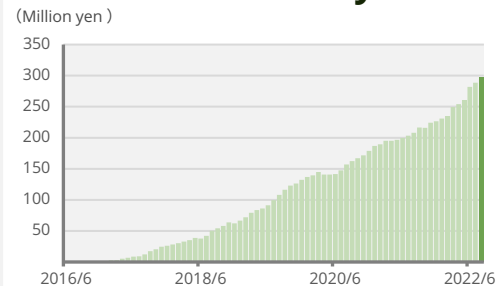
Number of accounts

**254**accounts



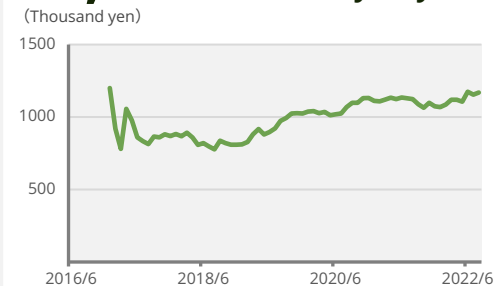
ARR<sup>※2</sup>

**296**million yen



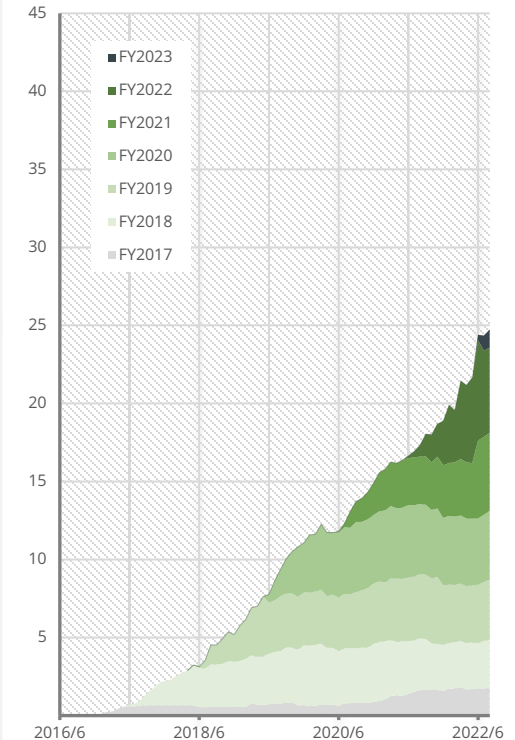
ARPA<sup>※3</sup>

**1,169**thousand yen/year



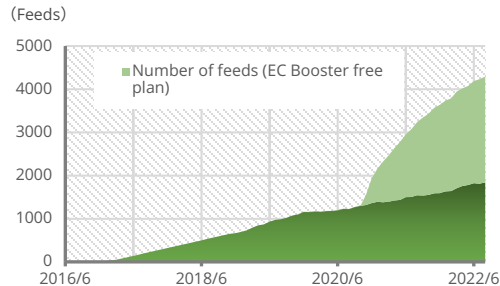
Monthly sales cohort graph

(Million yen)



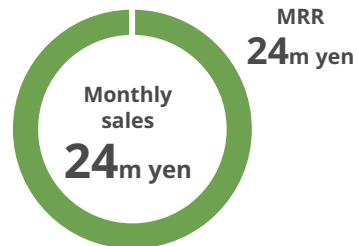
Number of datafeeds<sup>※1</sup>  
(Excluding ECBooster free plan)

**1,840**feeds



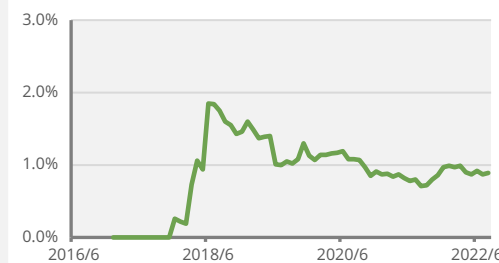
Recurring revenue ratio

**100.0%**



Churn rate<sup>※4</sup>

**0.89%**



※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

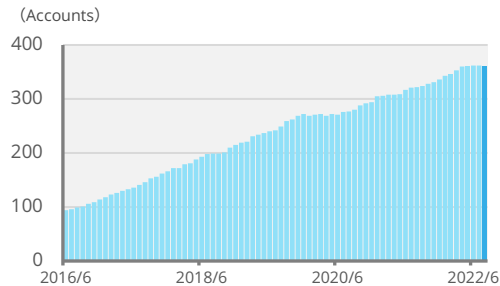
※4 The weighted average of monthly cancellation amounts for the monthly recurring revenue for the last 12 months

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

**social plus**

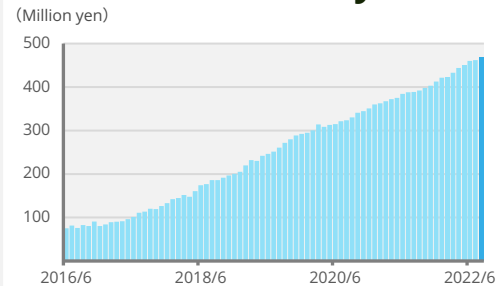
Number of accounts

**361**accounts



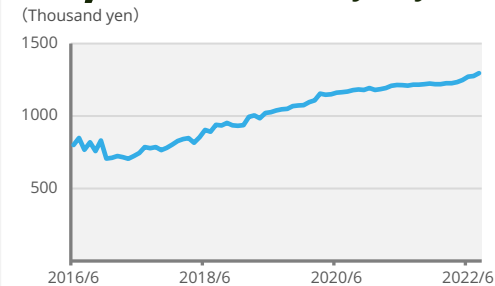
ARR<sup>※2</sup>

**467**million yen



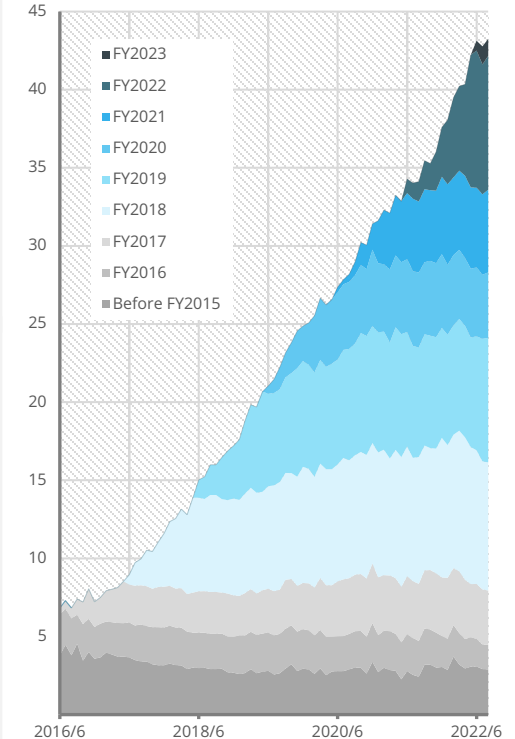
ARPA<sup>※3</sup>

**1,296**thousand yen/year



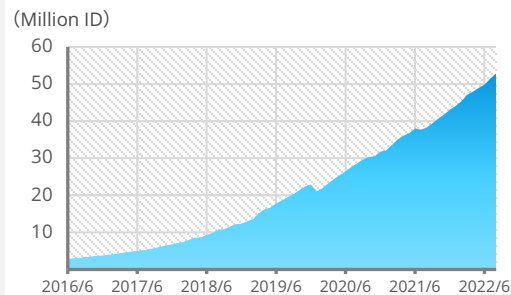
Monthly sales cohort graph

(Million yen)



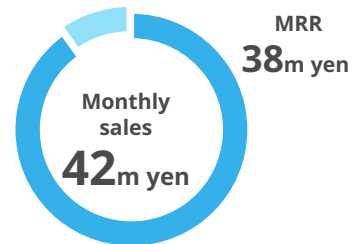
Number of user ID<sup>※1</sup>

**52**million ID



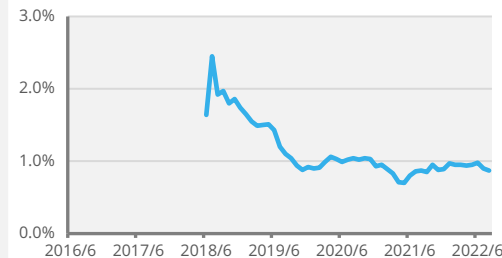
Recurring revenue ratio

**90.2%**



Churn rate<sup>※4</sup>

**0.87%**



※1 Total number of user IDs registered through the Social PLUS service

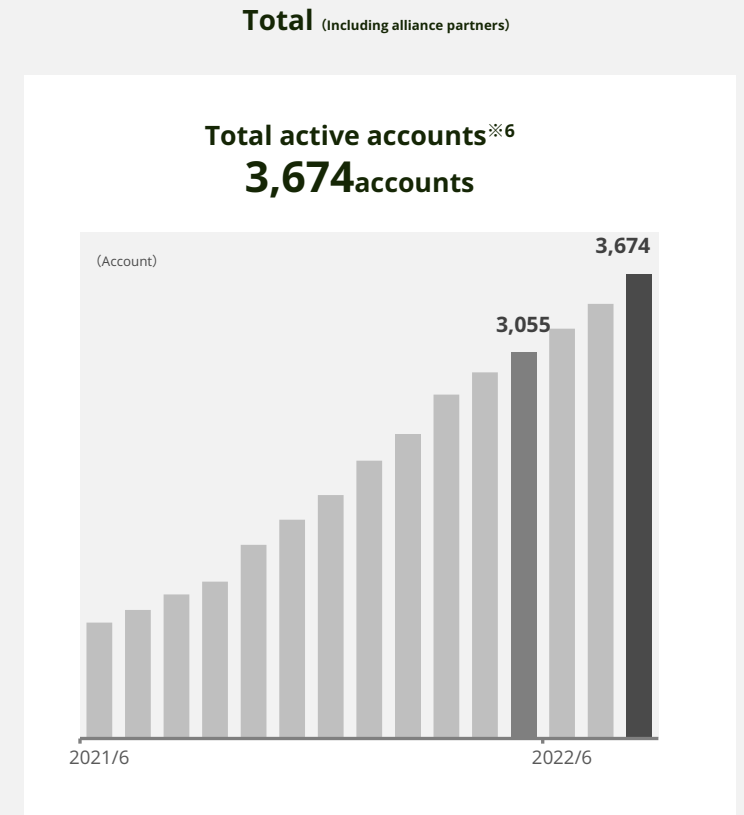
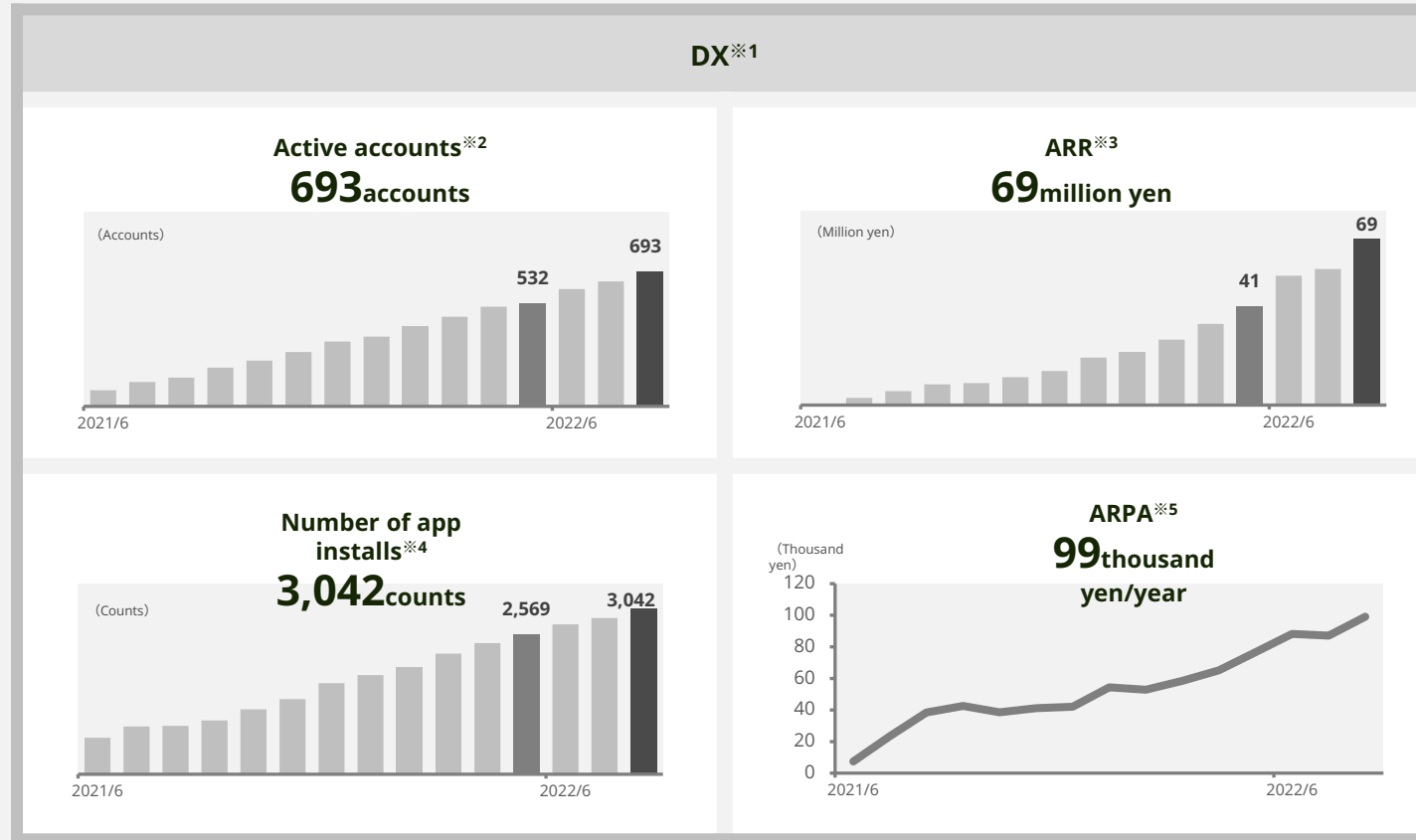
※2 Calculated by multiplying each monthly recurring revenue (continuous fixed revenue) by 12

※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

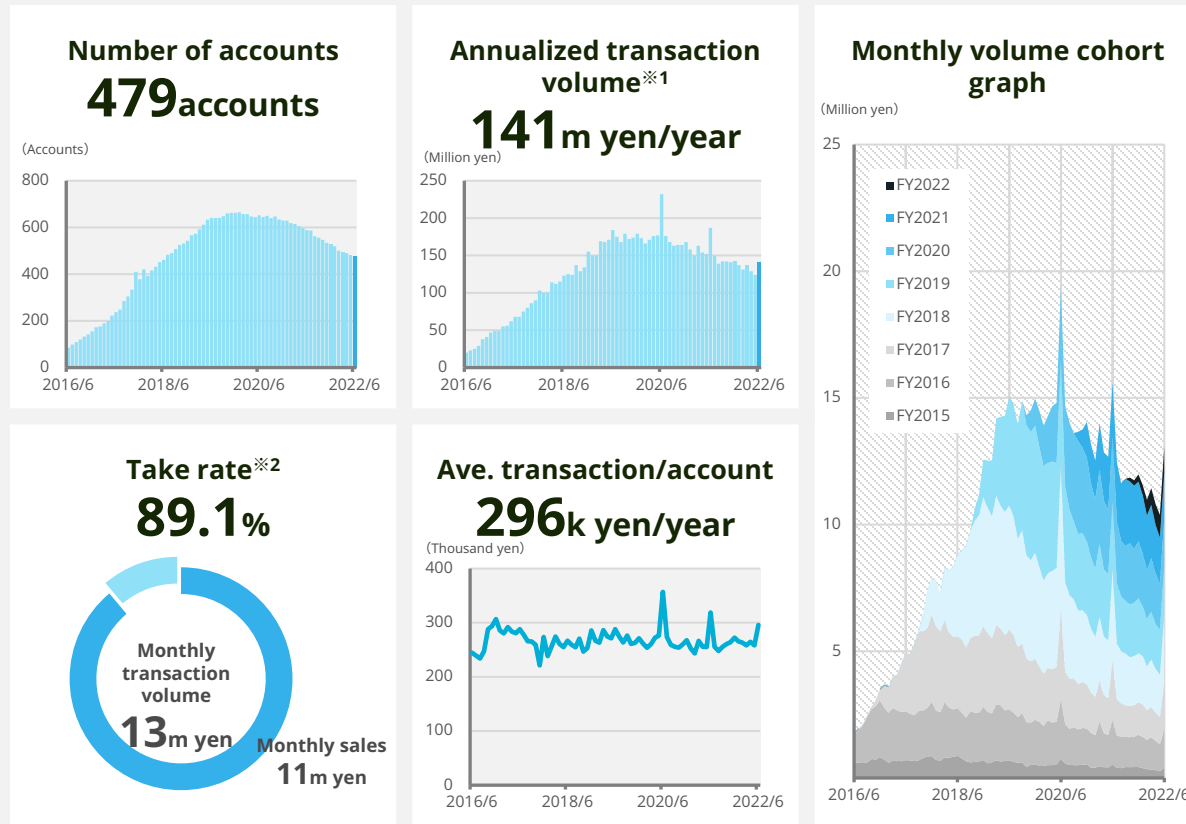


※1 Total of Shopify apps "Subscription," "Omni-hub" and "Dokopoi" belonging to DX business  
 ※2 Only the number of paid plan actives is included  
 ※3 Calculated by multiplying each monthly recurring revenue (continuous fixed revenue) by 12. In the joint venture development app, only the company's revenue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

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



(The latest month is June 2022)



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



(The latest month is June 2022)



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

## (2) Management Indicators Financial indicators

	FY2017 Unconsolidated	FY2018 Unconsolidated	FY2019 Unconsolidated	FY2020 Consolidated	FY2021 Consolidated	FY2022 Consolidated	FY2023 Q1 Consolidated
<b>Sales growth rate</b>	+46.2%	+15.6%	+24.5%	+118.0%	+69.5%	+20.7%	<b>+34.5%</b>
<b>PS</b>	—	+1.8%	△0.3%	+162.6%	+88.7%	+6.1%	△ <b>1.3%</b>
<b>SaaS</b>	—	+74.4%	+86.3%	+58.6%	+26.4%	+21.9%	<b>+26.0%</b>
<b>DX</b>	—	—	—	—	—	—	—
<b>Operating profit margin</b>	△5.9%	△4.6%	6.6%	27.2%	34.4%	31.0%	<b>+17.8%</b>
<b>PS</b>	32.0%	34.6%	28.0%	35.5%	40.0%	43.2%	<b>+44.1%</b>
<b>SaaS</b>	△157.2%	△94.6%	△19.5%	8.6%	24.4%	38.9%	<b>+39.1%</b>
<b>DX</b>	—	—	—	—	—	△94.6%	△ <b>75.6%</b>
<b>ROA<sup>※1,※2</sup></b>	—	—	11.2%	14.6%	15.2%	12.8%	—
<b>ROE<sup>※2,※3</sup></b>	—	—	57.2%	31.0%	28.5%	22.5%	—
<b>Shareholders' equity ratio<sup>※4</sup></b>	19.7%	15.7%	20.7%	18.3%	36.6%	37.2%	<b>37.3%</b>
<b>D/E ratio<sup>※5</sup></b>	2.1x	2.6x	1.6x	1.1x	0.7x	0.8x	<b>0.8x</b>

**In SaaS business, sales growth rate is about 26%, operating profit margin is about 39%.**

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

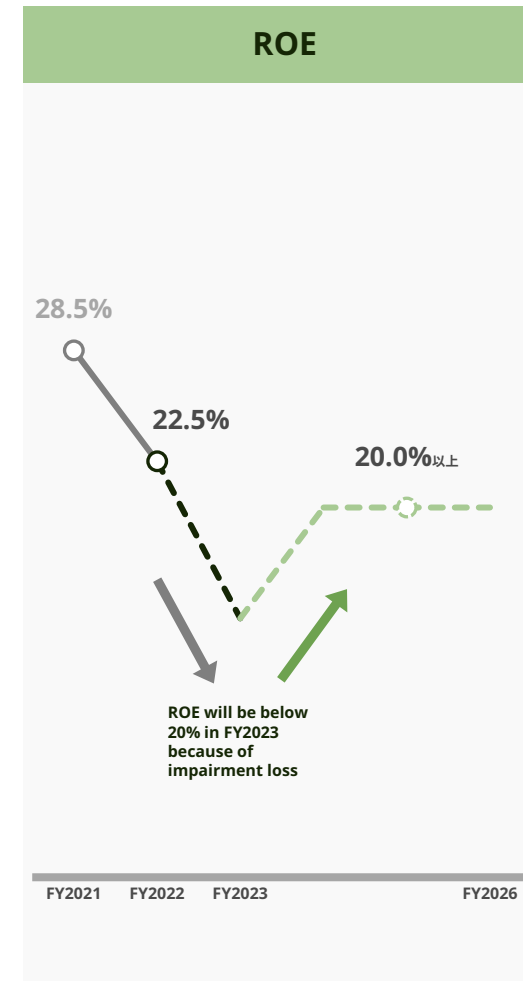
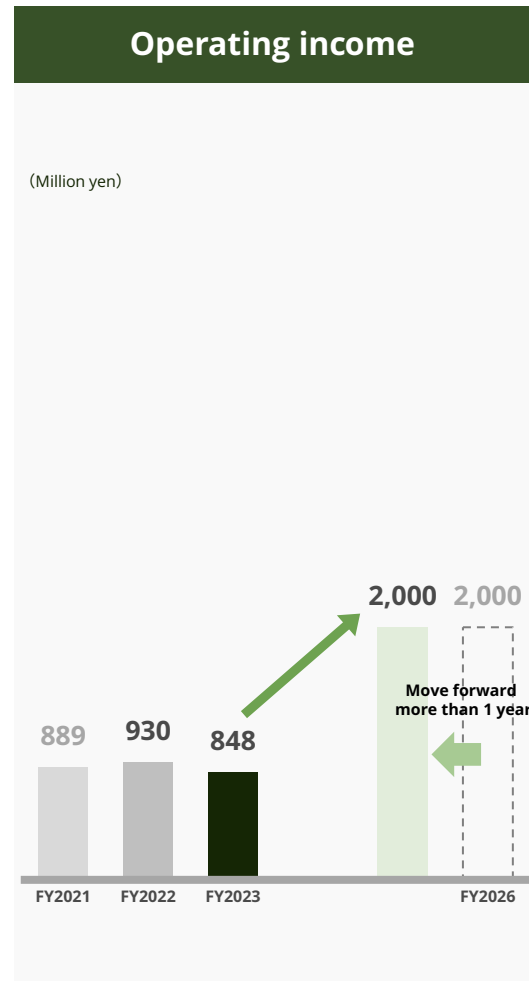
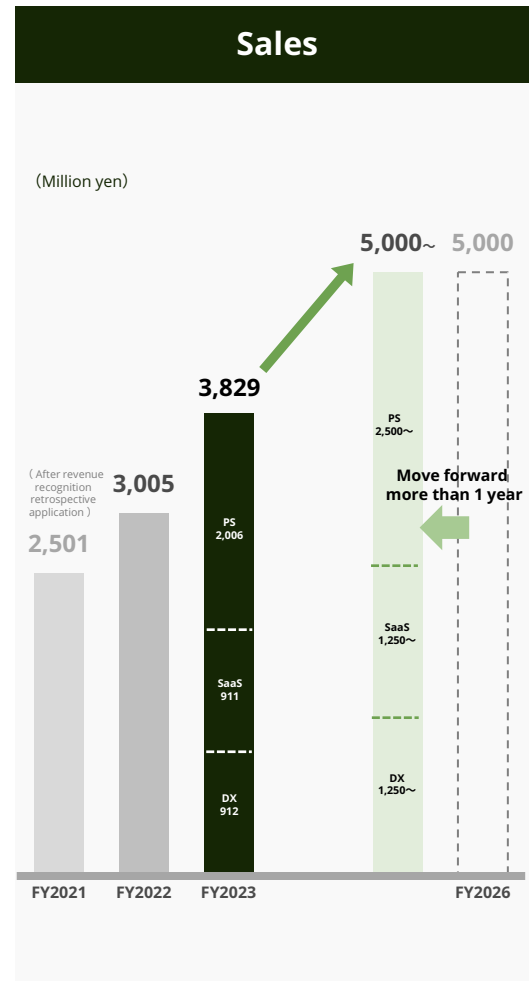
※2 Presented as 「△」 for negative figures

※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 Our business plan targets



Our business plan target sets 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 set to be reached more than 1 year earlier than planned.

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

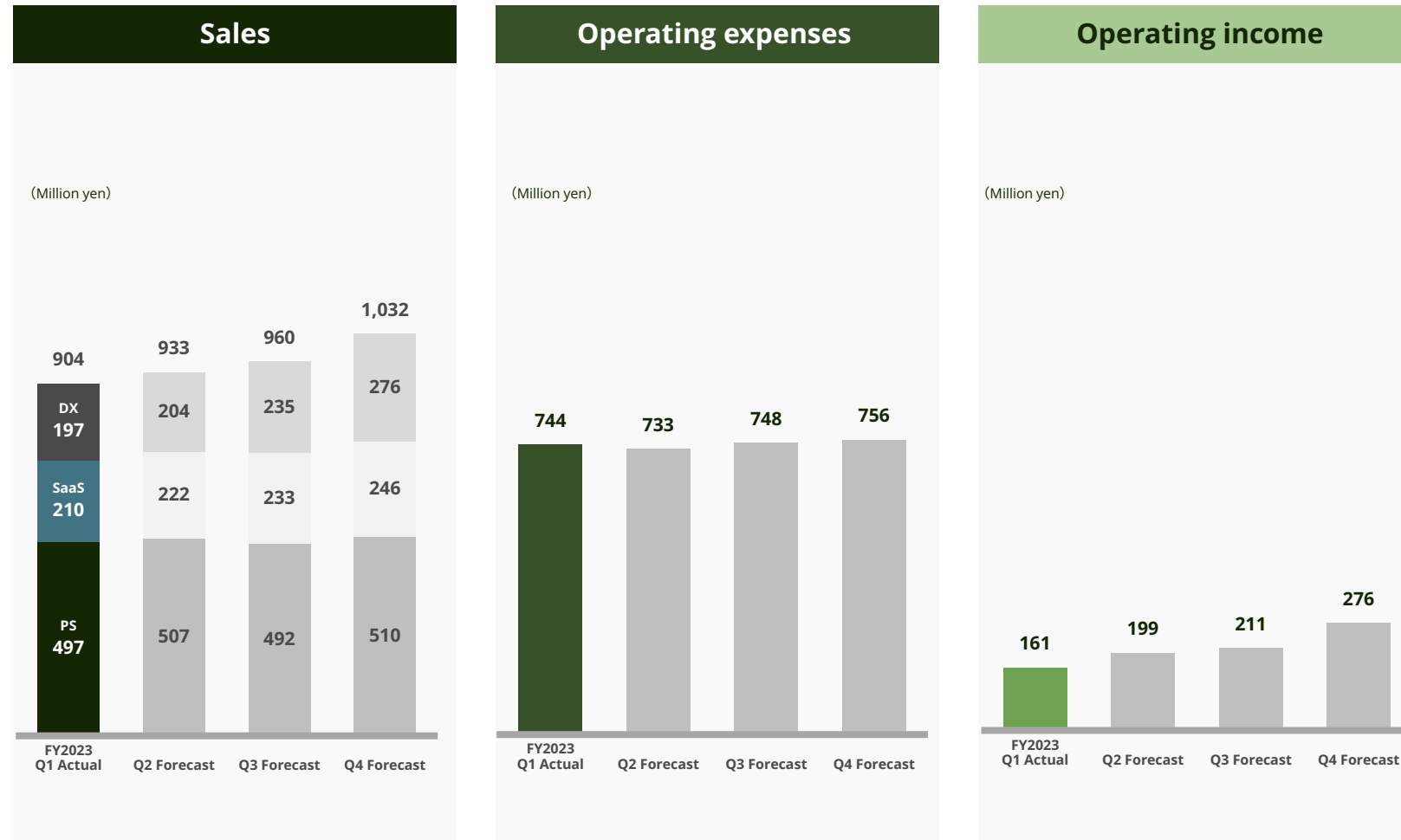
### (3) Profit Plan and Assumptions Revised FY2023 forecast

(Million yen)

	FY2022 Actual (A)	FY2023 Forecast <small>(at June 30, 2022)</small> (B)	FY2023 Forecast <small>(Current)</small> (C)	Variance (C) / (A) -100%	Change rate (C) / (B) -100%
<b>Sales</b>	3,005	3,681	<b>3,829</b>	<b>+27.4%</b>	<b>+4.0%</b>
PS	2,010	1,908	<b>2,006</b>	$\triangle 0.2\%$	<b>+5.1%</b>
SaaS	733	904	<b>911</b>	<b>+24.1%</b>	<b>+0.8%</b>
DX	261	868	<b>912</b>	<b>+249.4%</b>	<b>+5.1%</b>
<b>EBITDA</b>	1,137	—	<b>1,090</b>	$\triangle 4.2\%$	—
<b>Operating income</b>	930	—	<b>848</b>	$\triangle 8.9\%$	—
<b>Ordinary income</b>	912	—	<b>832</b>	$\triangle 8.9\%$	—
<b>Profit attributable to owners of parent</b>	602	—	<b>419</b>	$\triangle 30.5\%$	—
<b>EPS</b>	23.20 yen	—	<b>16.01 yen</b>	$\triangle 31.0\%$	—

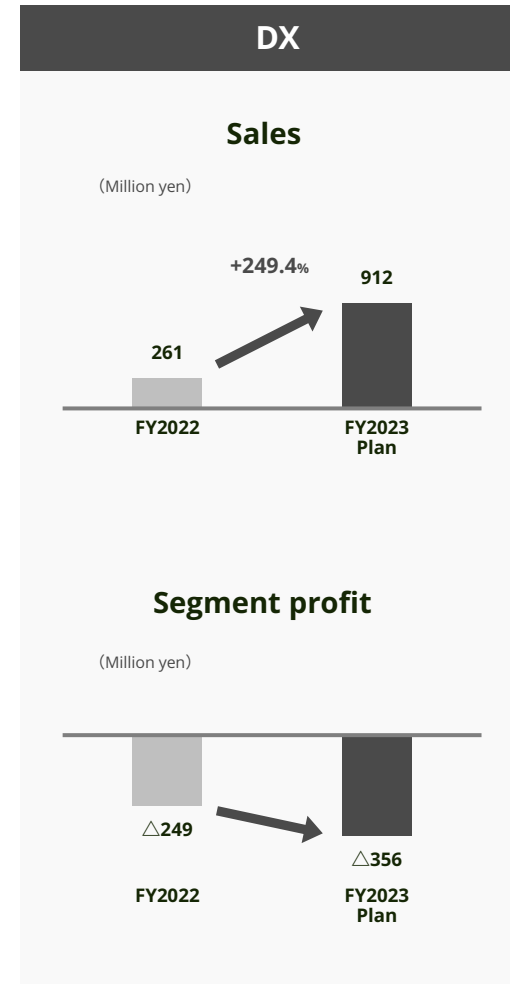
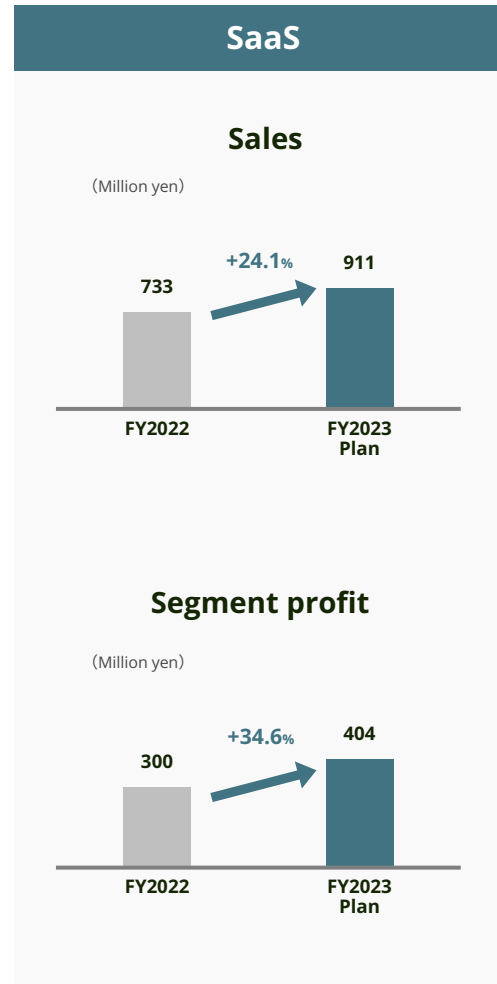
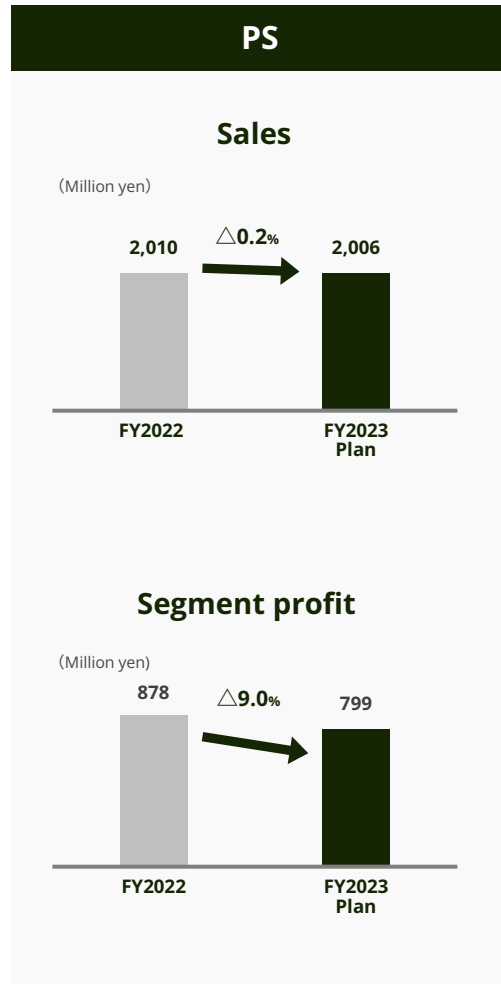
We expect the sales growth rate at 27% for FY2023.

### (3) Profit Plan and Assumptions FY2023 forecast by quarter



Since non-recurring expenses (such as advertising) were recorded in 1Q, operating expenses for 2Q expected to be lower QoQ.

### (3) Profit Plan and Assumptions FY2023 forecast by segment



PS segment sales and profit will decrease.

SaaS segment sales and profit will increase.

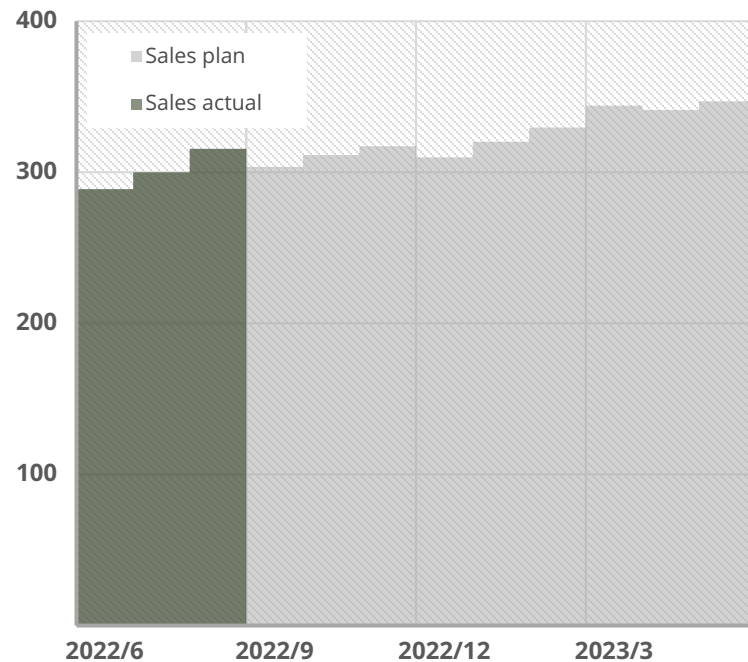
DX segment sales will increase but the segment loss will also increase.

## (4) Progress Progress in the FY2023 forecast (Revised September 30, 2022)

Annual progress rate to plan

Sales **23.6%**

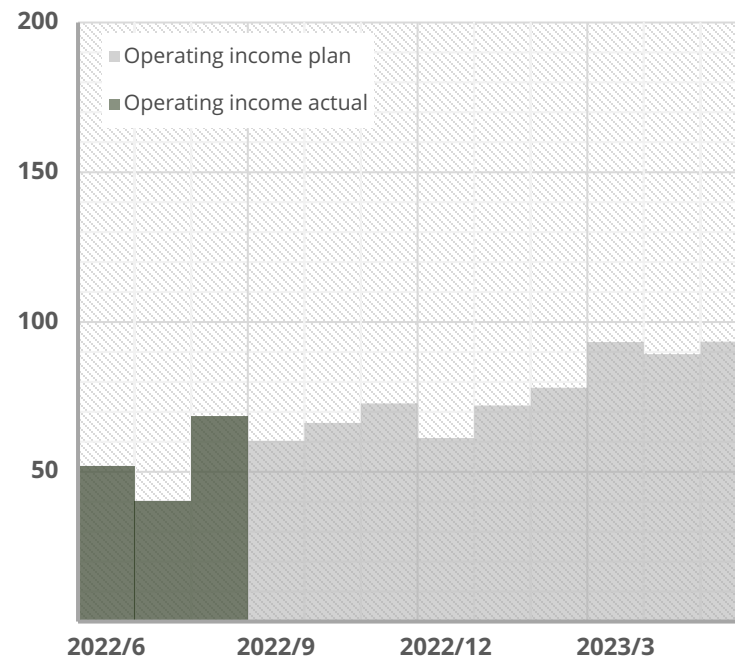
(Million yen)



Annual progress rate to plan  
Operating income

**19.0%**

(Million yen)

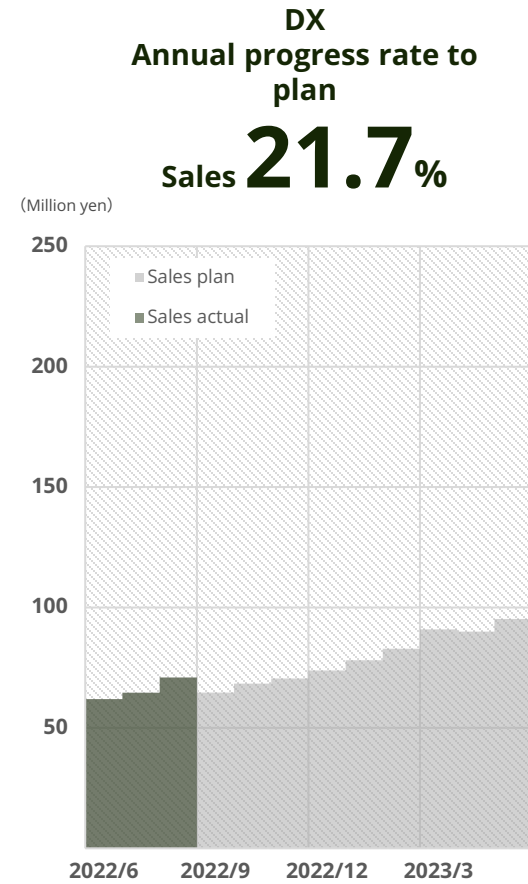
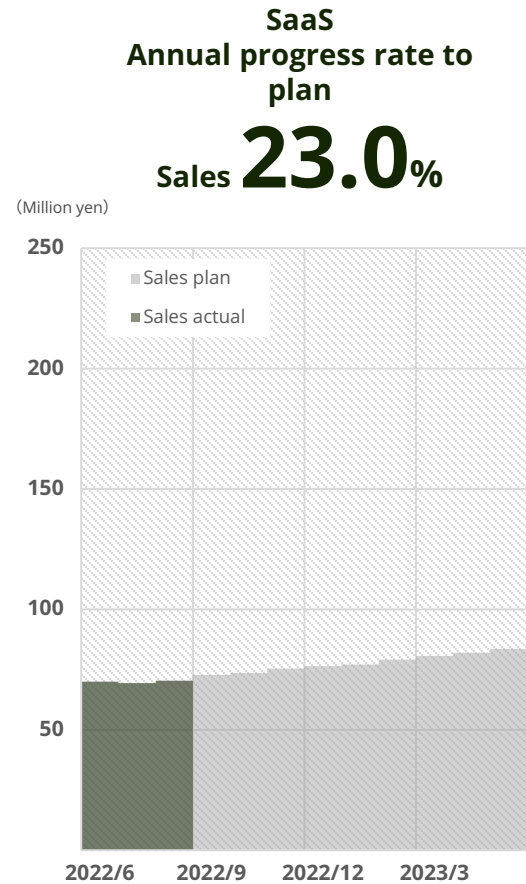
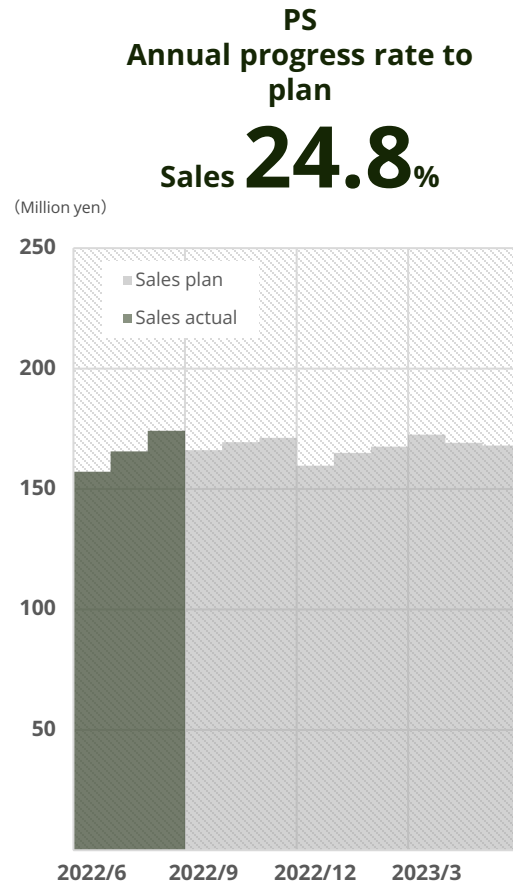


The progress rate is 23% for sales and 19% for operating income.

We will update *Our Business Plan and Growth Potential* every quarter and disclose. (Next update will be December 2022.)



## (4) Progress Progress by segment in FY2023 forecast (Revised September 30, 2022)



Sales increase is expected to continue in 2H for SaaS and DX.

## Risk Information

# (1) Perceived Risks

## Business risks and external environment

Risks Timing and probability	Contents
<b>COVID-19</b> Timing: Short-term Probability: High	<p>The domestic economy stays stagnant due to the long-lasting effects of the new coronavirus infection.</p> <p>If it becomes apparent, the growth of existing businesses in particular may stagnate.</p>
<b>Internet Ads Market</b> Timing: Short-term Probability: High	<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>
<b>Technological Innovation</b> Timing: Long-term Probability: Medium	<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>
<b>Regulations</b> Timing: Long-term Probability: High	<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
<b>Concentration on a specific medium</b> Timing: Long-term Probability: Medium	<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>
<b>Concentration on specific customers</b> Timing: Short-term Probability: High	<p>In the advertising management service, the percentage of sales to specific customers is large.</p> <p>If this becomes apparent, the performance of the PS could be sluggish.</p>
<b>Information Security</b> Timing: Long-term Probability: Medium	<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
<b>Recovery of investment in new businesses</b> Timing: Long-term Probability: High	<p>Inability to generate earnings as initially expected.</p> <p>If this becomes apparent, we may not be able to invest flexibly.</p>
<b>Impairment of goodwill, etc.</b> Timing: Long-term Probability: Medium	<p>Large amount of goodwill and customer-related assets recorded due to M&amp;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.

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

## (2) Risk Management

Business Risks and external environment	
Risks	Countermeasures
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
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**