



Financial Results
for the Third Quarter of FY2023
(Our Business Plan and Growth Potential)

March 30, 2023

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

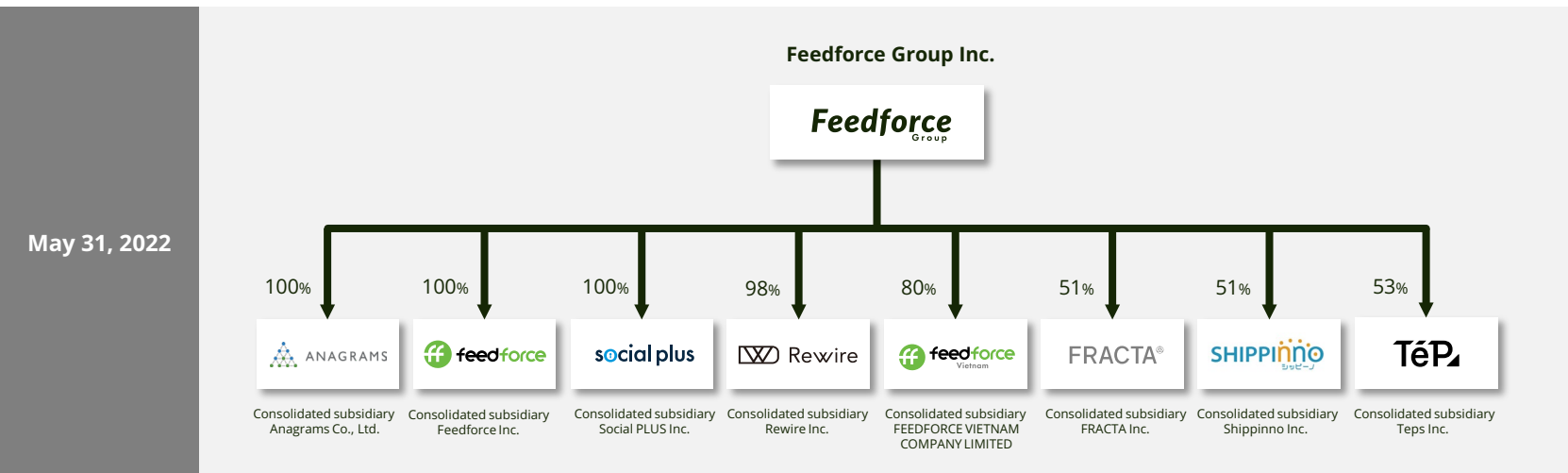
Table of Contents

| | | |
|----|---|----|
| 01 | Financial Highlights | 2 |
| 02 | Matters related to Business Plan and Growth Potential | 15 |
| | Business Model | 16 |
| | Market Environment | 29 |
| | Source of Competitiveness | 32 |
| | Business Plan | 37 |
| | Risk Information | 57 |

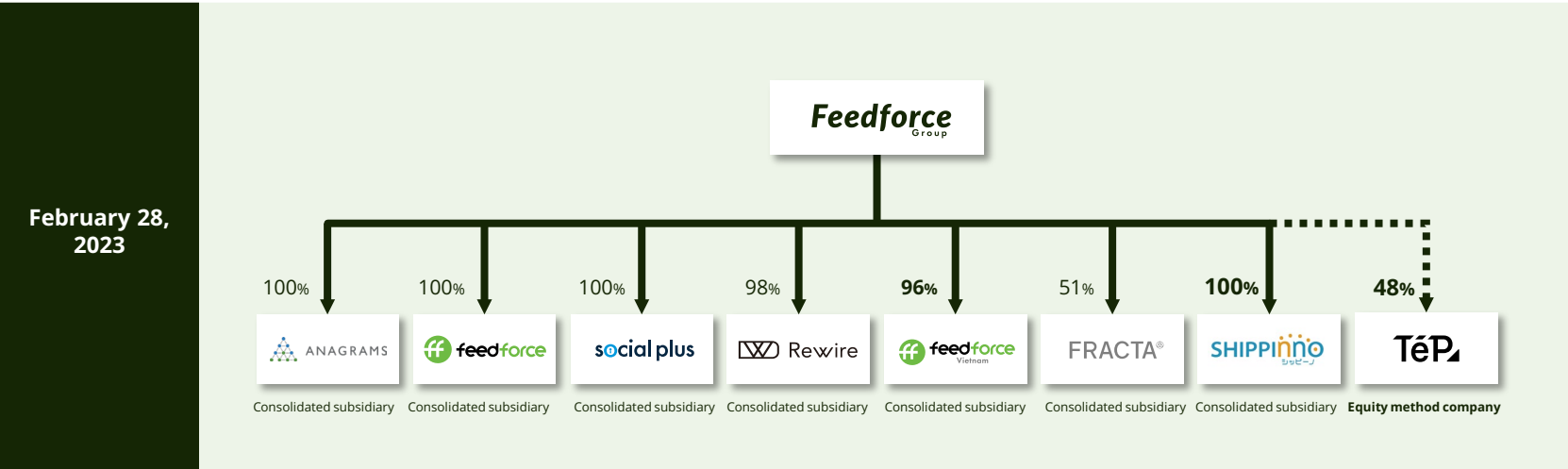
01

Financial Highlights

Our Group



Teps was deconsolidated due to capital increase by third-party allotment (the impact on the profit from the deconsolidation will be reflected after Q4).



Consolidated Financial Results Overview

(Million yen)

| | FY2022 Q3(9mo) Consolidated | FY2023 Q3(9mo) Consolidated | YoY | FY2022 Q3 Consolidated | Q4 Consolidated | FY2023 Q1 Consolidated | Q2 Consolidated | Q3 Consolidated | QoQ |
|--|-----------------------------------|-----------------------------------|--------|------------------------------|--------------------|------------------------------|--------------------|--------------------|--------|
| Transaction amount | 8,696 | 9,788 | +12.6% | 2,889 | 3,249 | 3,059 | 3,239 | 3,489 | +7.7% |
| Sales | 2,112 | 2,901 | +37.4% | 739 | 892 | 904 | 976 | 1,021 | +4.6% |
| EBITDA※ | 851 | 873 | +2.6% | 259 | 286 | 233 | 296 | 342 | +15.4% |
| Operating income | 713 | 687 | △3.5% | 205 | 217 | 160 | 241 | 285 | +18.2% |
| Ordinary income | 699 | 679 | △3.0% | 192 | 212 | 158 | 240 | 280 | +16.8% |
| Profit before income taxes | 690 | 353 | △48.8% | 192 | 227 | △191 | 240 | 305 | +27.1% |
| Profit attributable to owners of parent | 433 | 83 | △80.8% | 121 | 169 | △250 | 133 | 200 | +50.4% |

Consolidated results:

Sales and profit increased QoQ consecutively since Q2.

※ EBITDA = Operating income + Depreciation + Amortization of goodwill

Consolidated Business Segment Results Overview

(Million yen)

| | FY2022 Q3(9mo) Consolidated | FY2023 Q3(9mo) Consolidated | YoY | FY2022 Q3 Consolidated | Q4 Consolidated | FY2023 Q1 Consolidated | Q2 Consolidated | Q3 Consolidated | QoQ |
|-----------------------|-----------------------------------|-----------------------------------|---------|------------------------------|--------------------|------------------------------|--------------------|--------------------|--------|
| PS business※ | | | | | | | | | |
| Sales | 1,519 | 1,589 | +4.6% | 496 | 491 | 497 | 541 | 550 | +1.7% |
| Segment profit | 671 | 742 | +10.6% | 210 | 207 | 223 | 255 | 263 | +3.0% |
| SaaS business | | | | | | | | | |
| Sales | 534 | 668 | +25.1% | 191 | 199 | 209 | 224 | 233 | +4.1% |
| Segment profit | 205 | 271 | +31.8% | 75 | 95 | 87 | 81 | 102 | +25.9% |
| DX business | | | | | | | | | |
| Sales | 58 | 643 | +999.9% | 51 | 202 | 197 | 209 | 236 | +12.6% |
| Segment profit | △164 | △ 326 | — | △80 | △85 | △150 | △95 | △ 80 | — |

PS business:

Sales and profit increased YoY and QoQ.

SaaS business:

Sales and profit increased YoY and QoQ.

DX business:

Net loss decreased QoQ.

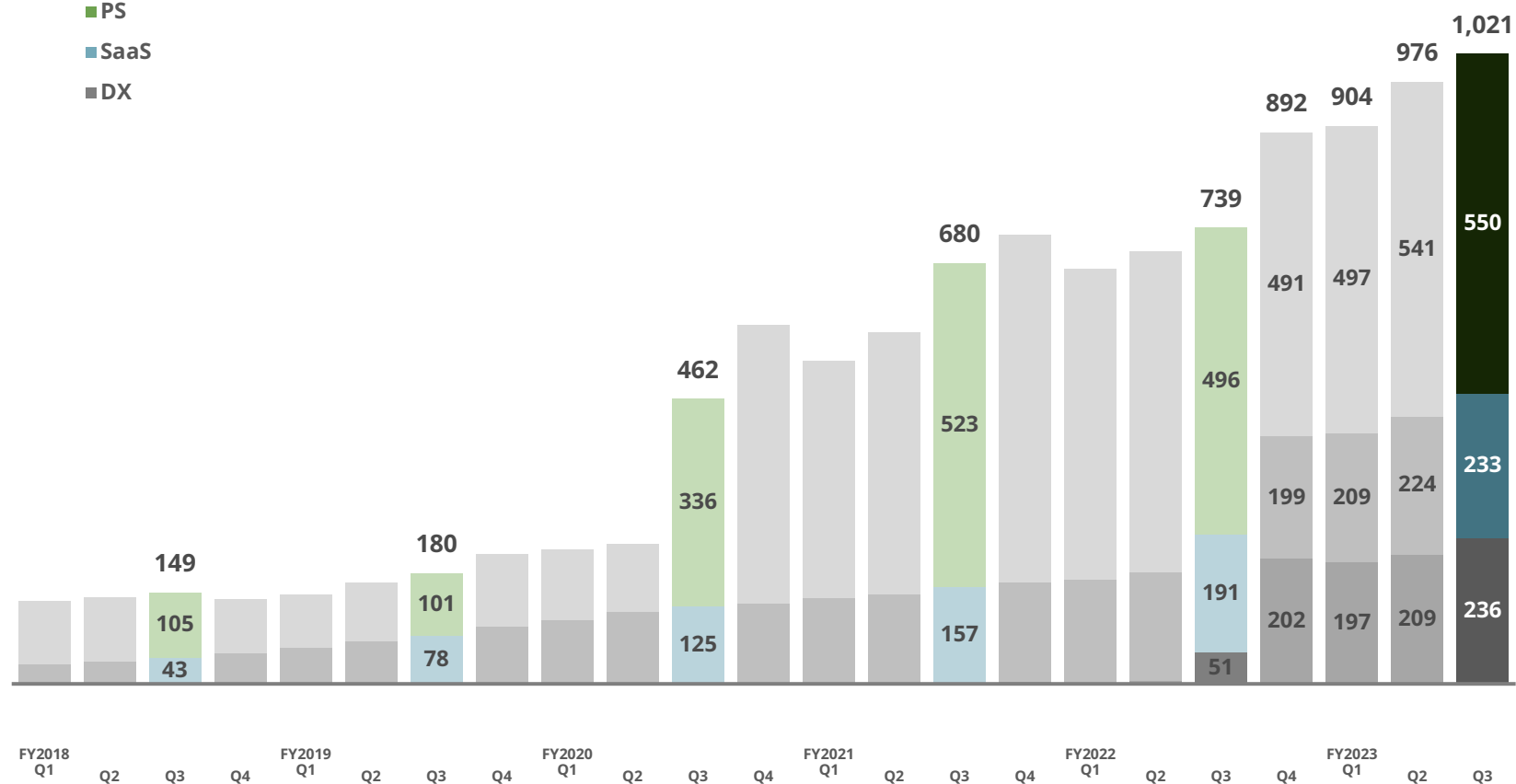
※ PS stands for Professional Services

Quarterly Sales

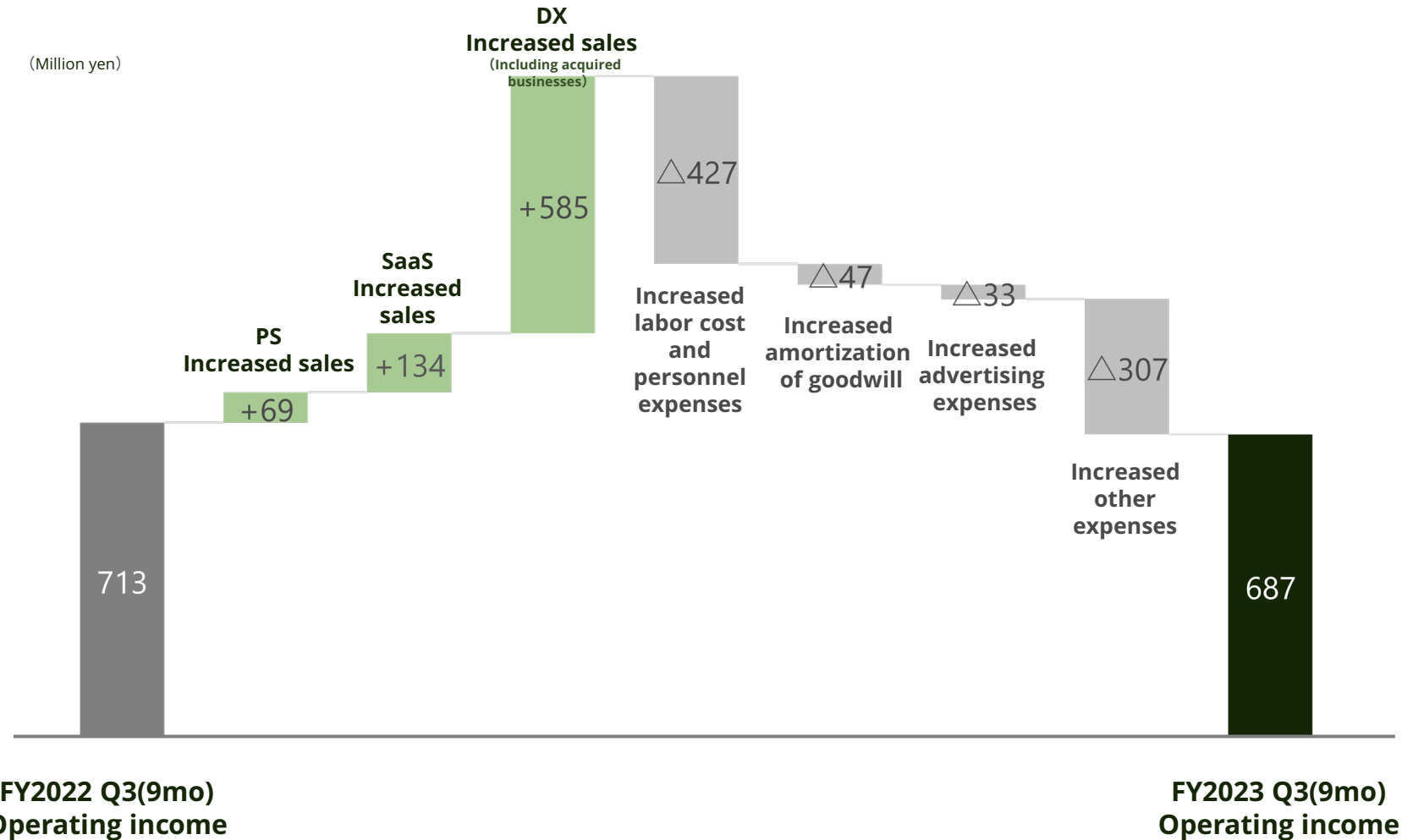
(Million yen)

■ PS
■ SaaS
■ DX

Sales increased QoQ for all segments.

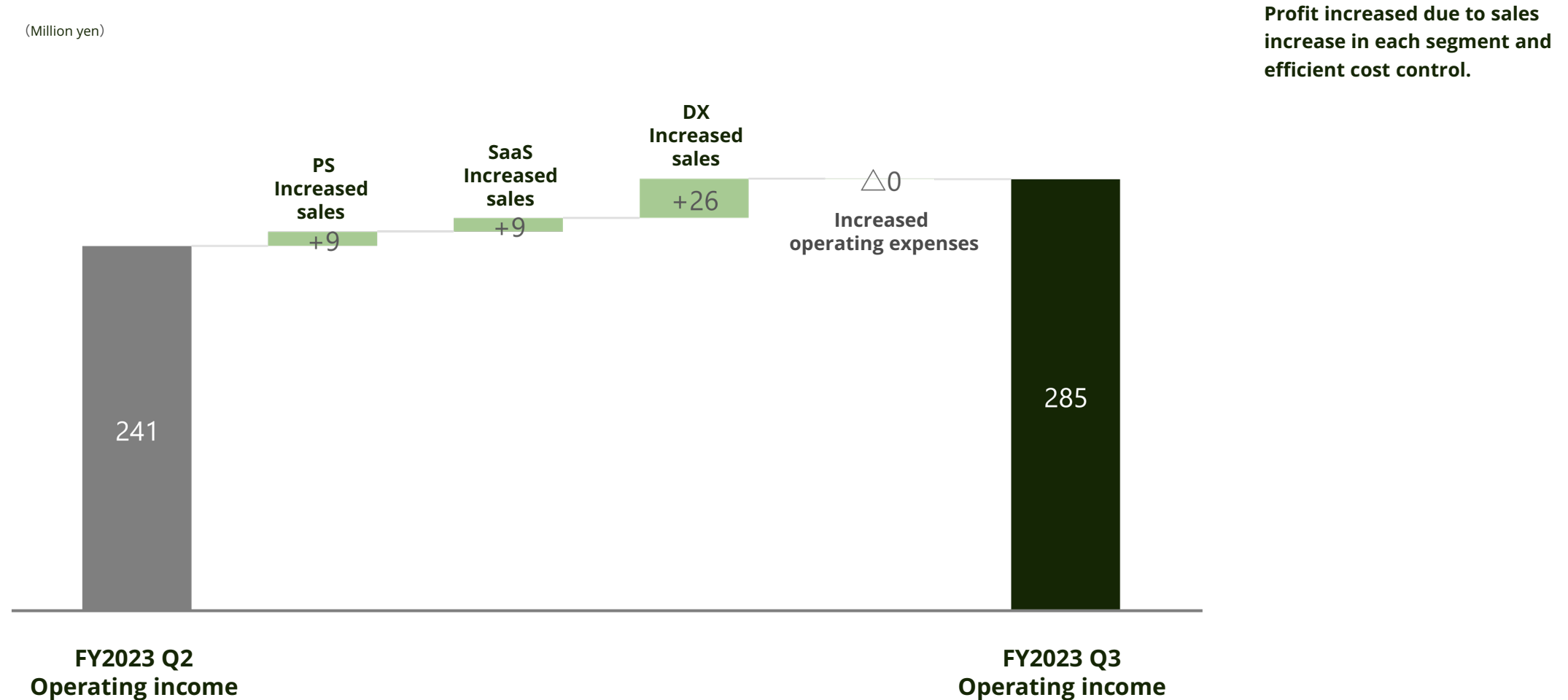


Factors for Changes in Operating Income YoY



Sales in DX business increased due to the acquisition of Shippinno, Teps and FRACTA, but personnel expenses also increased significantly.

Factors for Changes in Operating Income QoQ



Sales by Service

(Million yen)

| | FY2022 Q3(9mo) Consolidated | FY2022 Q3(9mo) Consolidated | YoY | FY2022 Q3 Consolidated | Q4 Consolidated | FY2023 Q1 Consolidated | Q2 Consolidated | Q3 Consolidated | QoQ |
|-------------------------------|-----------------------------------|-----------------------------------|---------|------------------------------|--------------------|------------------------------|--------------------|--------------------|--------|
| PS | 1,519 | 1,589 | +4.6% | 496 | 491 | 497 | 541 | 550 | +1.7% |
| Anagrams | 1,145 | 1,505 | | 370 | 361 | 467 | 514 | 523 | |
| Feedmatic | 239 | — | | 81 | 86 | — | — | — | |
| Other | 134 | 84 | | 44 | 42 | 29 | 27 | 27 | |
| SaaS | 534 | 668 | +25.1% | 191 | 199 | 209 | 224 | 233 | +4.1% |
| EC Booster | 41 | 37 | | 14 | 14 | 12 | 11 | 14 | |
| dfplus.io | 163 | 221 | | 58 | 62 | 68 | 73 | 79 | |
| Social PLUS | 329 | 408 | | 119 | 122 | 128 | 139 | 140 | |
| DX | 58 | 643 | +999.9% | 51 | 202 | 197 | 209 | 236 | +12.6% |
| FRACTA | — | 429 | | — | 143 | 129 | 137 | 162 | |
| Shippinno | 42 | 95 | | 45 | 47 | 34 | 31 | 30 | |
| TePs | 3 | 47 | | — | — | 16 | 15 | 16 | |
| Shopify App and others | 13 | 71 | | 5 | 11 | 17 | 26 | 27 | |

PS:

Sales increased YoY and QoQ.

SaaS:

Sales increased YoY and QoQ.

DX:

Sales increased QoQ due to sales increase of FRACTA.

Operating Expenses

(Million yen)

| | FY2022 Q3(9mo) Consolidated | FY2023 Q3(9mo) Consolidated | YoY | FY2022 Q3 Consolidated | Q4 Consolidated | FY2023 Q1 Consolidated | Q2 Consolidated | Q3 Consolidated | QoQ |
|---------------------------|-----------------------------------|-----------------------------------|---------------|------------------------------|--------------------|------------------------------|--------------------|--------------------|-------|
| Operating expenses | 1,399 | 2,213 | +58.2% | 533 | 675 | 743 | 734 | 735 | +0.1% |
| Cost of sales | 618 | 1,014 | +63.9% | 221 | 285 | 323 | 346 | 343 | △0.9% |
| Labor cost | 492 | 688 | | 169 | 194 | 213 | 222 | 252 | |
| Expenses | 126 | 320 | | 52 | 91 | 110 | 124 | 91 | |
| SG&A | 780 | 1,199 | +53.7% | 311 | 389 | 420 | 387 | 391 | +1.0% |
| Personnel expenses | 419 | 644 | | 170 | 208 | 214 | 205 | 223 | |
| Expenses | 361 | 555 | | 140 | 181 | 205 | 182 | 168 | |
| R&D | 9 | — | | 3 | 3 | — | — | — | |
| Recruitment/training | 22 | 42 | | 11 | 12 | 14 | 18 | 9 | |
| Advertising | 19 | 52 | | 8 | 13 | 31 | 8 | 12 | |
| Depreciation | 92 | 97 | | 31 | 35 | 31 | 32 | 33 | |
| Amortization of goodwill | 44 | 87 | | 21 | 35 | 35 | 25 | 25 | |
| Other | 173 | 276 | | 65 | 81 | 92 | 97 | 86 | |

Personnel expenses increased but the overall operating expenses were unchanged QoQ.

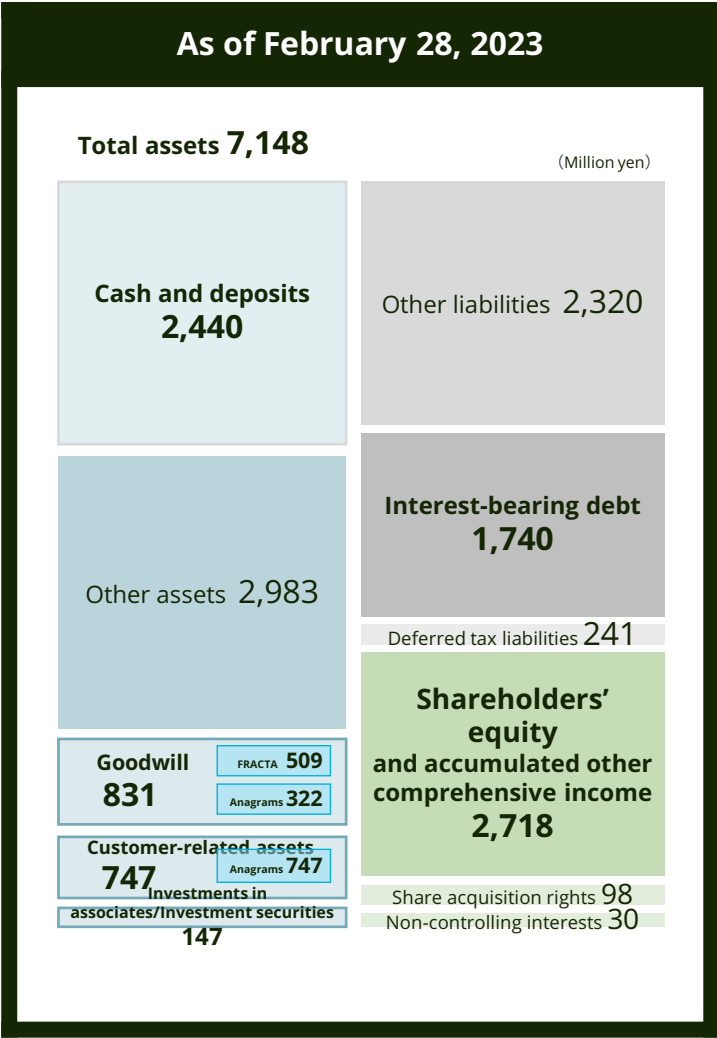
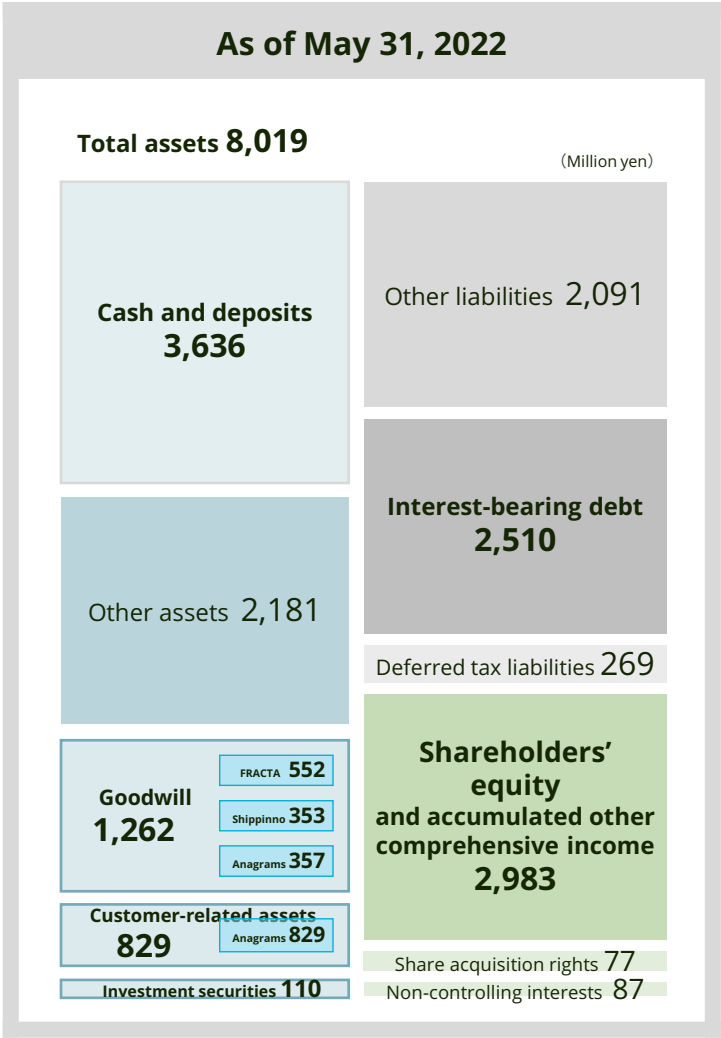
Financial Position

(Million yen)

| | FY2017 Unconsolidated | FY2018 Unconsolidated | FY2019 Unconsolidated | FY2020 Consolidated | FY2021 Consolidated | FY2022 Consolidated | FY2023 Q3 Consolidated | v.FY22 end |
|---|--------------------------|--------------------------|--------------------------|------------------------|------------------------|------------------------|---------------------------------------|-------------------|
| Current assets | 394 | 320 | 426 | 3,528 | 4,915 | 5,503 | 5,117 | △386 |
| Non-current assets | 28 | 25 | 44 | 1,690 | 1,552 | 2,515 | 2,031 | △484 |
| Total assets | 422 | 345 | 470 | 5,219 | 6,467 | 8,019 | 7,148 | △870 |
| Current liabilities | 205 | 192 | 322 | 1,370 | 2,255 | 2,861 | 2,589 | △271 |
| Non-current liabilities | 134 | 99 | 50 | 2,018 | 1,810 | 2,009 | 1,711 | △297 |
| Total liabilities | 339 | 291 | 373 | 3,389 | 4,065 | 4,870 | 4,301 | △569 |
| Shareholders' equity | 83 | 54 | 97 | 957 | 2,366 | 2,983 | 2,721 | △262 |
| Accumulated other comprehensive income | — | — | — | — | — | △0 | △3 | △3 |
| Share acquisition rights | — | — | — | — | 32 | 77 | 98 | +20 |
| Non-controlling interests | — | — | — | 872 | 2 | 87 | 30 | △56 |
| Total net assets | 83 | 54 | 97 | 1,829 | 2,401 | 3,148 | 2,847 | △301 |

Due to repayment of borrowings and acquisition of treasury shares (cancellation), total liabilities and net assets decreased.

Breakdown of Consolidated Balance Sheet



Due to repayment of borrowings and acquisition of treasury shares, cash and deposits decreased.

Office Relocation

Current locations

| | |
|--|--|
| Yushima, Bunkyo-ku, Tokyo |     |
| Sendagaya, Shibuya-ku, Tokyo |  ANAGRAMS |
| Sakuragaoka-cho, Shibuya-ku, Tokyo |  |
| Nakakaigan, Chigasaki-shi, Kanagawa |   |
| Ho Chi Minh City, Vietnam |  |



New locations (After Sept 2023)

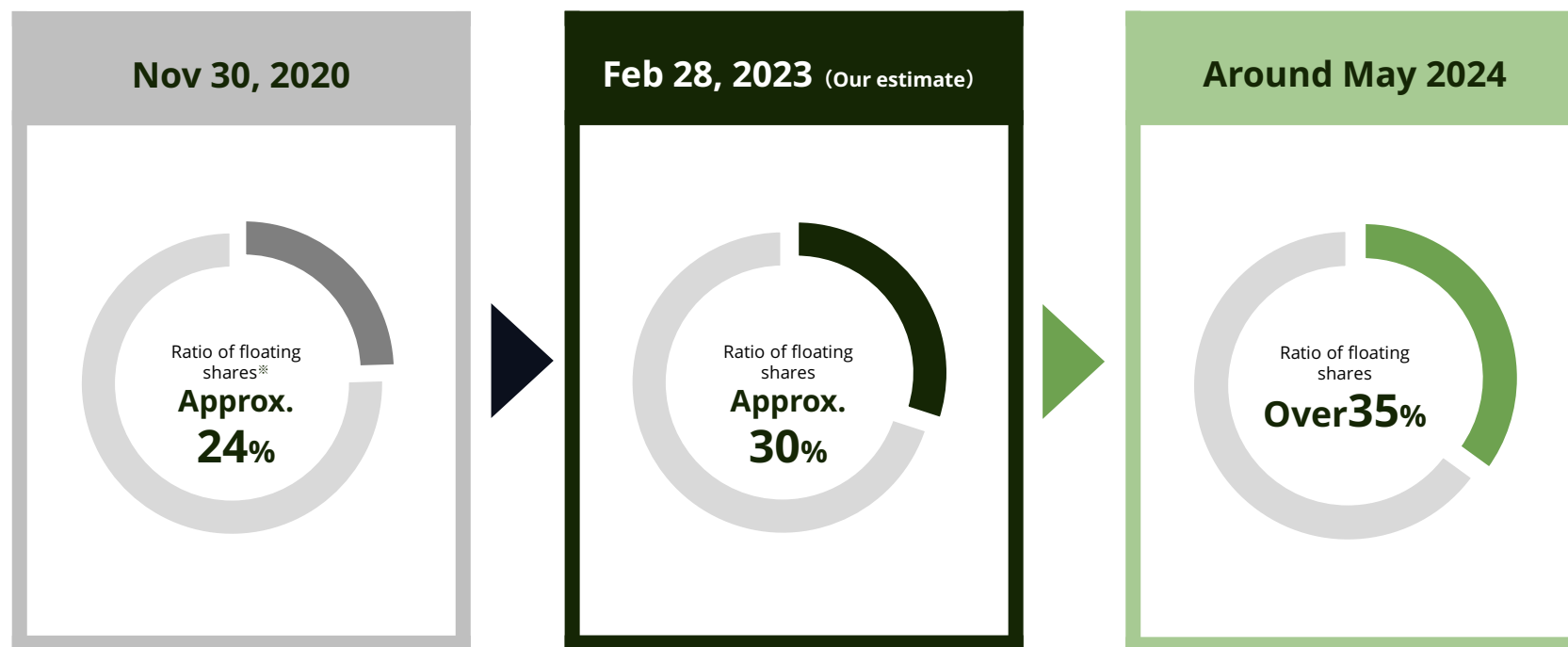
| | |
|--|--|
| Minami-Aoyama, Minato-ku, Tokyo |       |
| Sendagaya, Shibuya-ku, Tokyo |  ANAGRAMS |
| Nakakaigan, Chigasaki-shi, Kanagawa |  |
| Ho Chi Minh City, Vietnam |  |

For the purpose of consolidating our offices to one location, we decided to move our head office (around Sept 2023).

The moving-out expenses of the current offices will be recorded as an extraordinary loss (the amount to be calculated).

Outlook for the Ratio of Floating Shares






Aim to achieve over 35% around May 2024.



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

Business Model

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

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

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



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

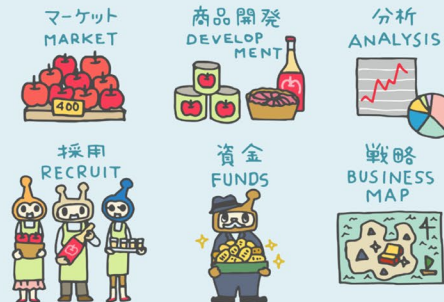
We want to be a partner that supports our clients in every way possible to help them succeed in their business, not just in the operation of managed advertising.

—Anagrams Features and Strengths —

Marketers are overwhelmingly strong in operational advertising.



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



An integrated system that does not separate sales and operations.





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.

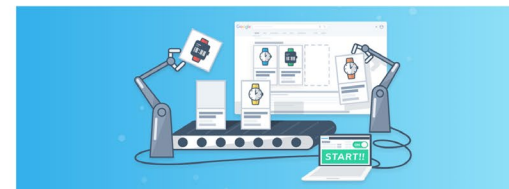


Easy submission and automatic operation functions



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.



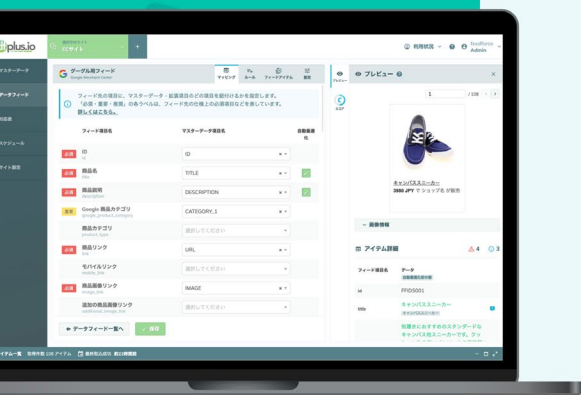
Powerful features

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

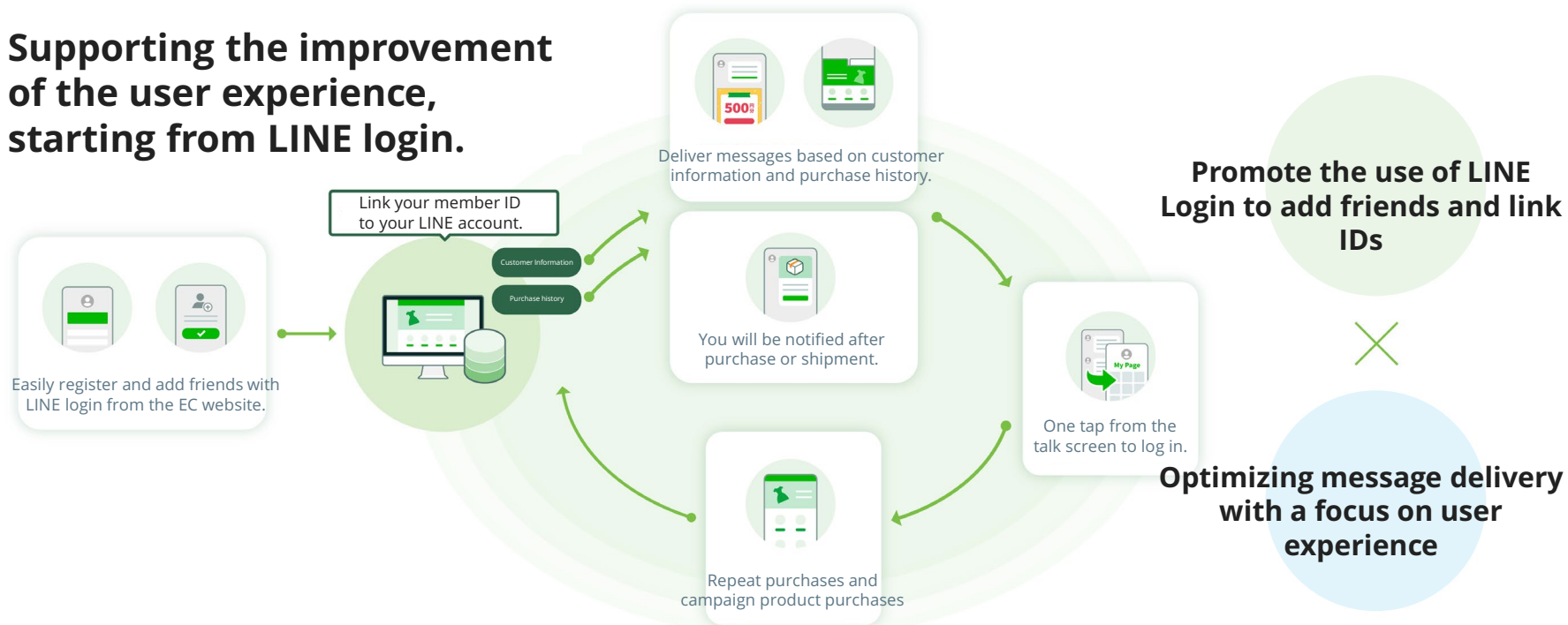
With a user interface that is easy to understand, even for beginners in data feeds, it realizes an operation system that does not depend on a single person. Support is also available.



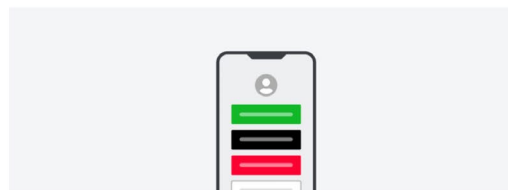
social plus

Make it easier to implement Social Login.

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

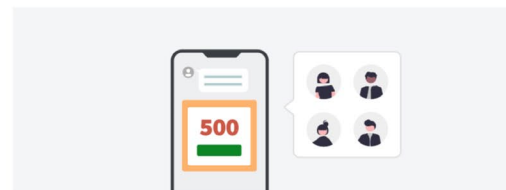


Optimization of member registration and purchase flow



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[®]

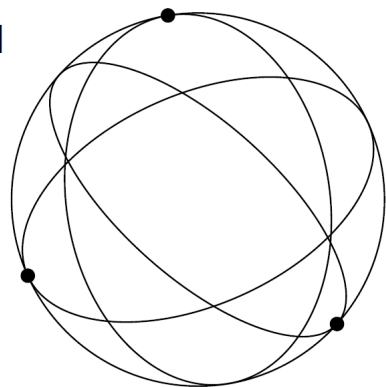
TOTAL BRANDING PARTNER

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

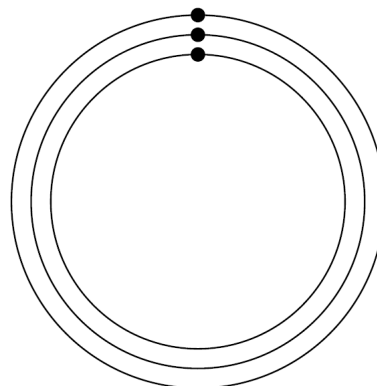


One by One

Brand Consulting Services

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

02

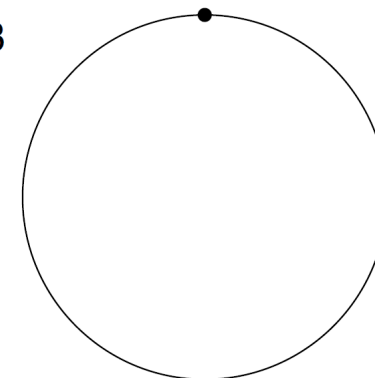


Star Tracker

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 stated 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

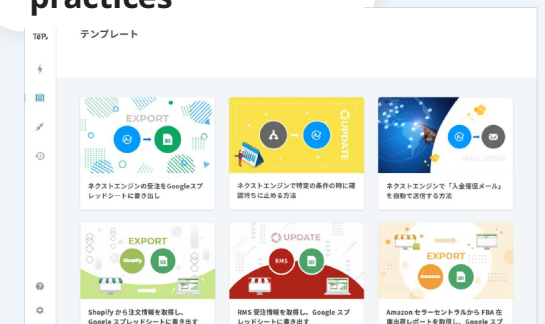
ワークシートを更新
Update Google spreadsheet

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





Omni-Channel Member Linkage App

Member information linkage

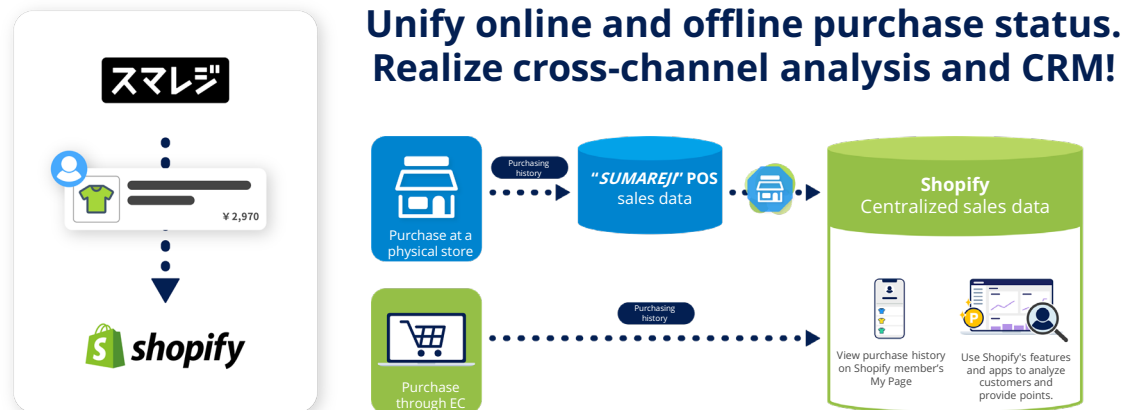


You can add your Shopify membership information as your **SUMAREJI** membership information.

Display member barcodes on the EC site!



Sales information linkage





Dokopoi introduces points system



Grant/use points

Set granting and using points to match Japanese business practice



Manage points per user

Show irregular points change and points past records



Manage points per user

Show irregular points change and points past records



Analytical tool

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



Export

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



Limited campaign

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



Compatible with Shopify Flow

Able to grant and use points automatically by certain actions



Link points with off-line stores

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



Reward program














Exchange saved points for merchandise



Export

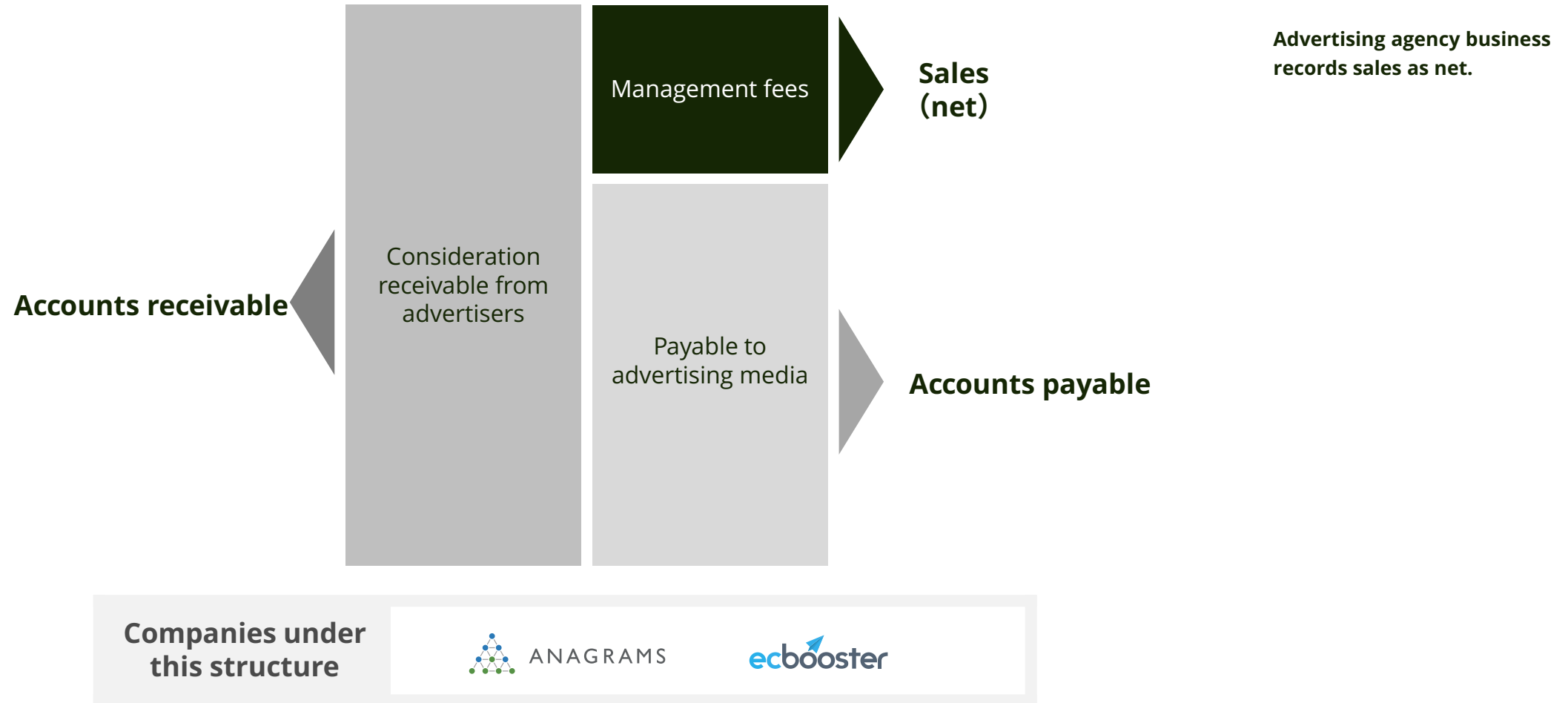
Export CSV file of customer information registered on Dokopoi and points past records

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

| Fee structure | PS | SaaS | DX |
|---------------------------|--|--|--|
| Variable rate per billing | Rate of customer promotion (advertising) expenses | | 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 supports  FRACTA® |

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

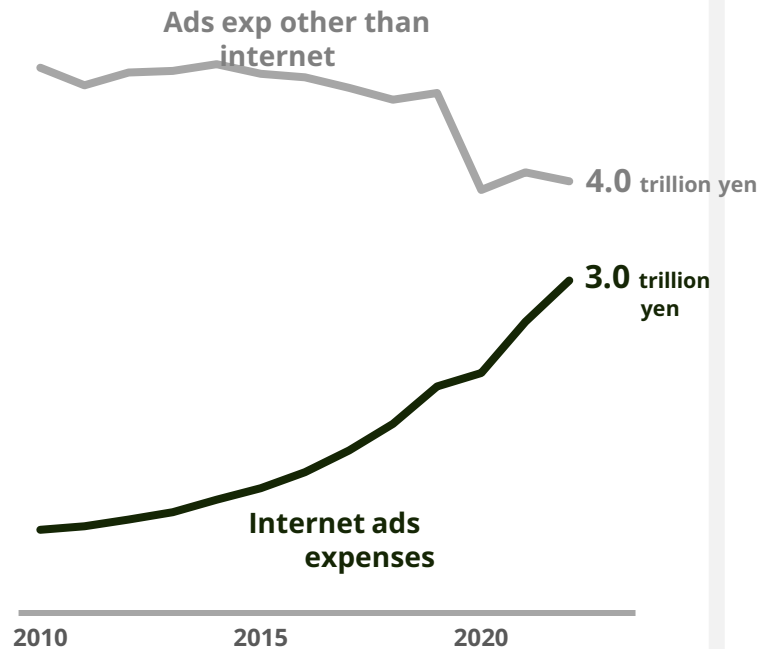
(2) Revenue Structure Revenue structure and sales recognition for advertising management services



Market Environment

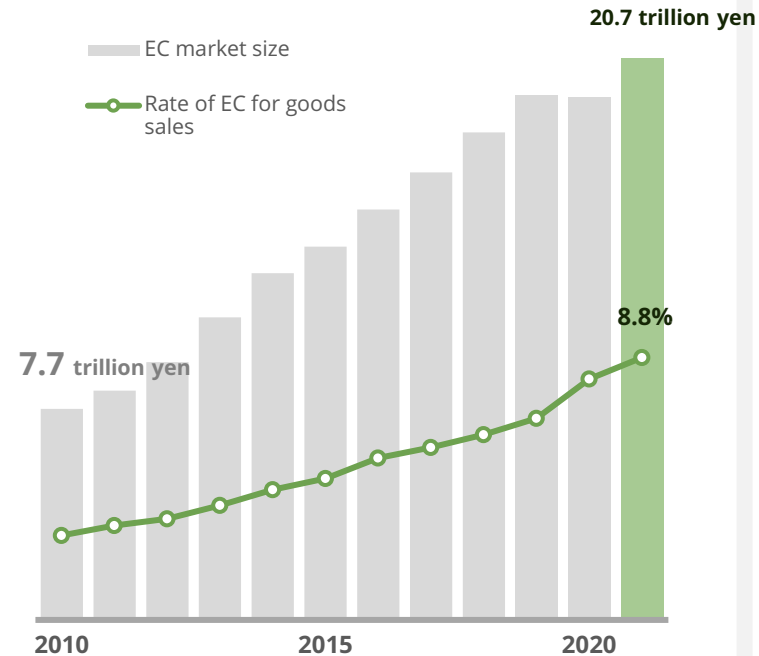
(1) Market Size Internet advertising and EC markets

Domestic internet advertising market



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

Domestic e-commerce market



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

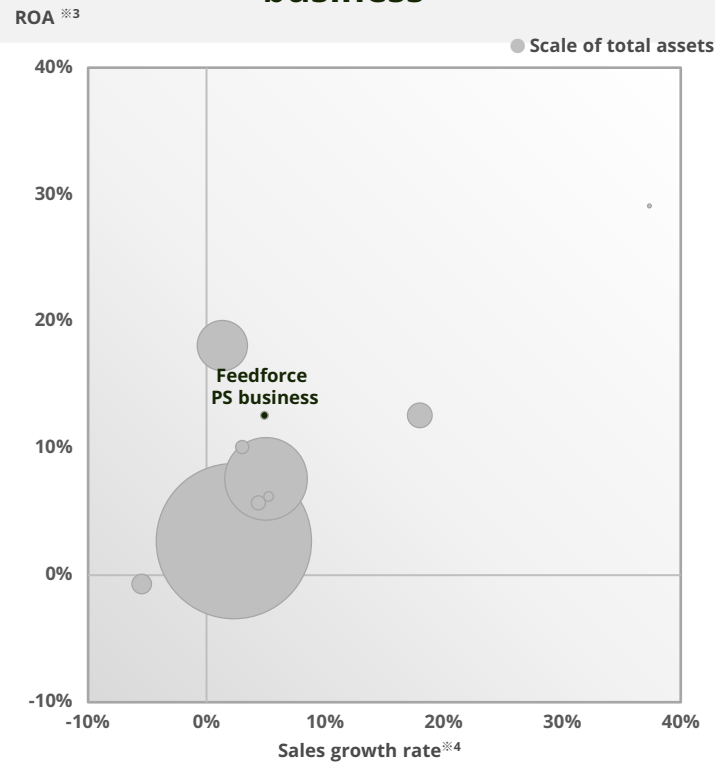
Internet advertising expenses grew 14.3% in 2022.

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

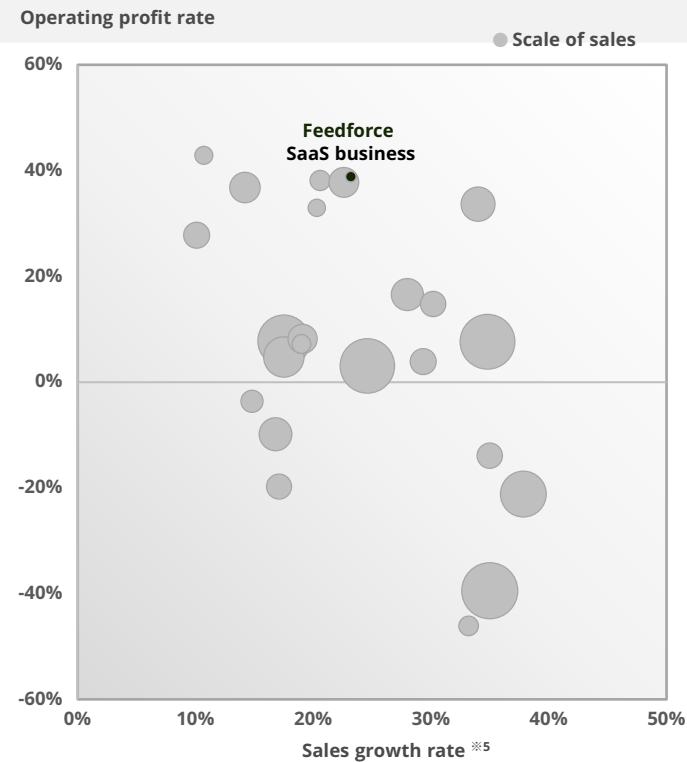
(2) Competitive Environment

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



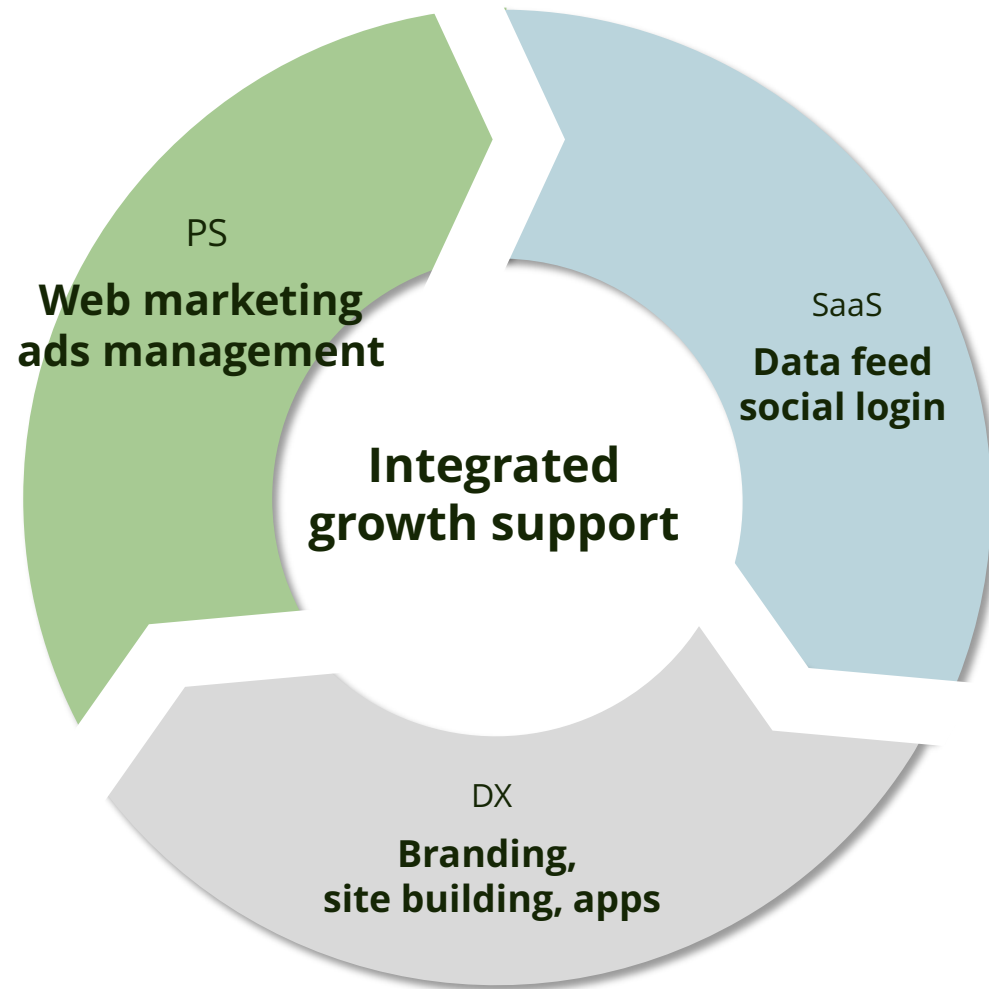
In comparison with major domestic advertising agency and SaaS businesses, we keep the high profit rate even though our scale of total assets and sales are small.

※1 Calculated based on the latest financial results of major companies listed in Japanese stock markets whose main business is advertising
 ※2 Calculated based on the latest financial results of major companies listed in Japanese stock markets whose main business is SaaS
 ※3 Calculated using the profit rate before tax for IFRS financial results
 ※4 Calculated based on actual sales
 ※5 Calculated based on forecast sales

Source of Competitiveness

(1) Management Resources and Competitive Advantage

Business segment synergies






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

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

(1) Management Resources and Competitive Advantage

Segment size, growth rate, profitability and stability

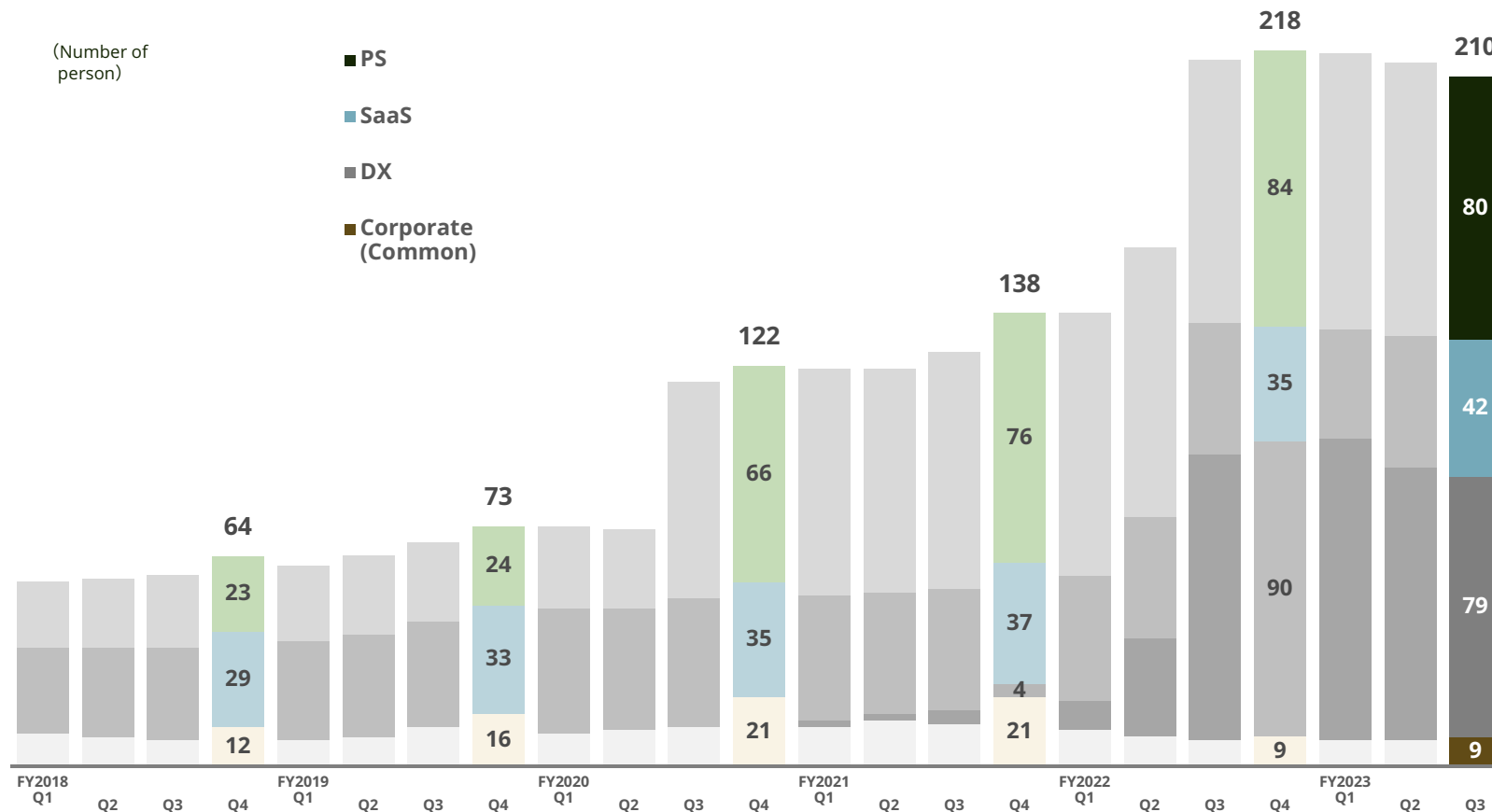
| | PS | SaaS | DX |
|---------------------------|--|---|--|
| Source of competitiveness | <ul style="list-style-type: none"> With a consulting-style advertising agency model, the PS business maintains high scale of sales and profitability. | <ul style="list-style-type: none"> With a high marginal profit rate, the SaaS business achieved a profit rate as high as the PS business in FY2022. Few competitors in Japan in social login and data feed tools. | <ul style="list-style-type: none"> With Shippinno and FRACTA as consolidated subsidiaries, EC support structure from website building to backyard jobs is now complete. Shopify App aims for growth while keeping the high marginal profit rate. |
| Sales | FY2022 2,010 million yen | FY2022 733 million yen | FY2022 261 million yen |
| Personnel | FY2022 end Number of staff (Full-time only) 84 | FY2022 end Number of staff (Full-time only) 35 | FY2022 end Number of staff (Full-time only) 90 |
| Growth potential | | | Sales trend 44 million yen (FY2021) ► 261 million yen (FY2022) |
| Profitability |  Operating profit rate (FY2022) 43.2% |  Operating profit rate (FY2022) 38.9% | |
| 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 Resources and Competitive Advantage

Expanding human resources

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



The number of Group employees (full-time only) is down to 210 due to deconsolidation of Teps (DX).

(1) Management Resources and Competitive Advantage Management

Koji Tsukada
President & CEO
Feedforce Inc.



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

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

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

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

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

Keji Abe
Director
Anagrams
President & CEO



Graduated from Bunka Fashion College in 2001. After 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 Office. In August 2017 he was appointed as an auditor, and in August 2018 became Director (Supervisory committee). Attorney at law.

Takanobu Kono
Group Executive Officer
President & CEO
FRACTA Inc.

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

Yasuo Sato
Independent
Director
(Supervisory Committee)

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

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

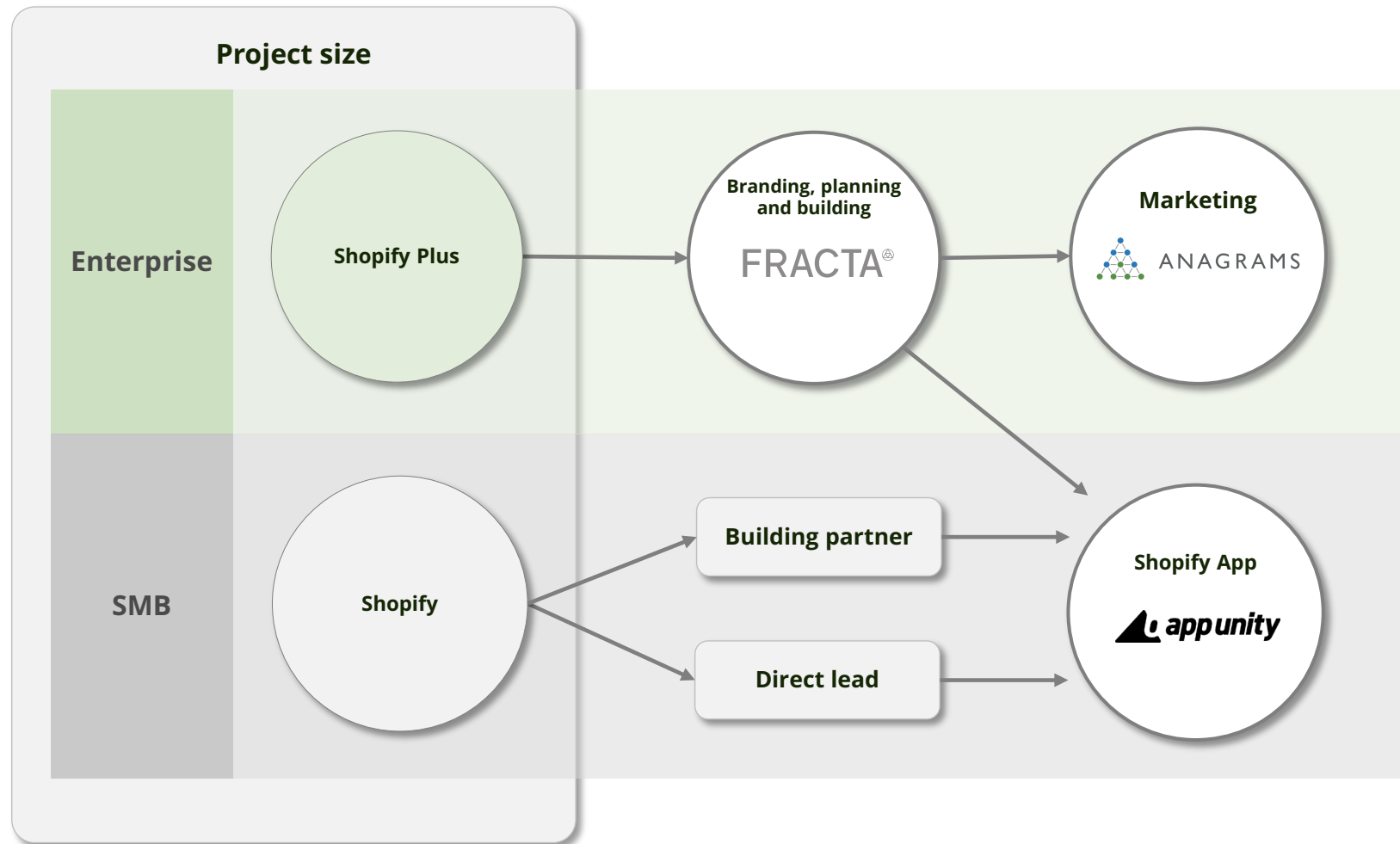
Business Plan Summary



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



(1) Growth Strategy Seek for group synergy

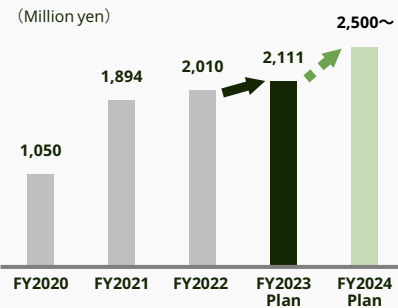


Build and provide value chains that suit the needs of Enterprise and SMB.

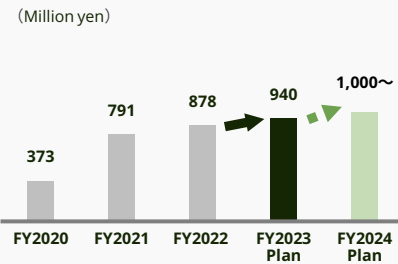
(1) Growth Strategy Growth strategy for PS business

PS results

Sales



Segment profit

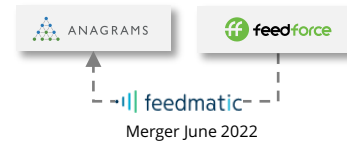


Initiatives for FY2023

- Increase staff to reinforce organization



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



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



Growth strategy after FY2024

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

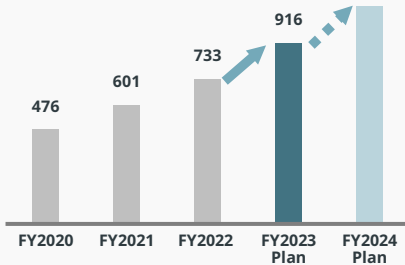
Our first priority is to increase the number of staff and training them to deal with active advertising agency inquiries.

(1) Growth Strategy Growth strategy for SaaS business

SaaS results

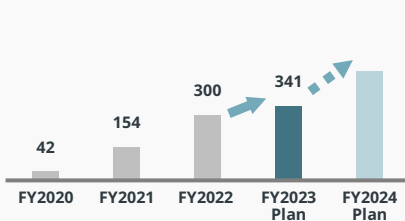
Sales

(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



- Hire more engineers, mainly develop 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

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

New fee structure

No more free plan, new paid plans

Entry plan

If you want to place your ads on Google for free

¥180/day
Max/day ¥5,000
(excl.tax)

For monthly ad budget
less than ¥10K

Ads page



Shopping tab

Access effect

Sales items up to 1,000: up to 100 access/month
Sales items over 1,000: up to 500 access/month

*Users average
It varies depending on the budget and merchandise

Main functions

- Automatic posting on Google free listing
- Kaizen card
- Help site

Standard plan

If you want to increase access to EC site

¥1,000/day

For monthly ad budget
b/w ¥30K and ¥150K

Ads page



- Search result tab
- Dynamic search ads
- Shopping tab

Access effect

Daily budget ¥1,000: approx. 1,500 access/month

*Users average
It varies depending on the budget and merchandise

Main functions

- Automatic posting on Google shopping ads
- Automatic posting on Google free listing
- Automatic posting on Google DSA (Optional)
- Kaizen card
- Ads result report
- Keyword result report
- Sales items result report
- Help site
- Mail support

Pro plan

If you want to automatically operate Google ads for EC for a reasonable fee

¥1,800/day+ads fee
Max/month ¥50,000
(excl.tax)

For monthly ad budget
over ¥150K

Ads page



- Search result tab
- Dynamic search ads
- Shopping tab

Access effect

Daily budget ¥1,000: approx. 1,500 access/month

*Users average
It varies depending on the budget and merchandise

Main functions

- Automatic posting on Google shopping ads
- Automatic posting on Google free listing
- Automatic posting on Google DSA (Optional)
- Kaizen card
- Ads result report
- Keyword result report
- Sales items result report
- Help site
- Mail support
- Priority support
- Pre-service of new functions

Start supporting new ads menu

Now support Google DSA and more advertising menu to come

EC Booster Starts supporting Google DSA!

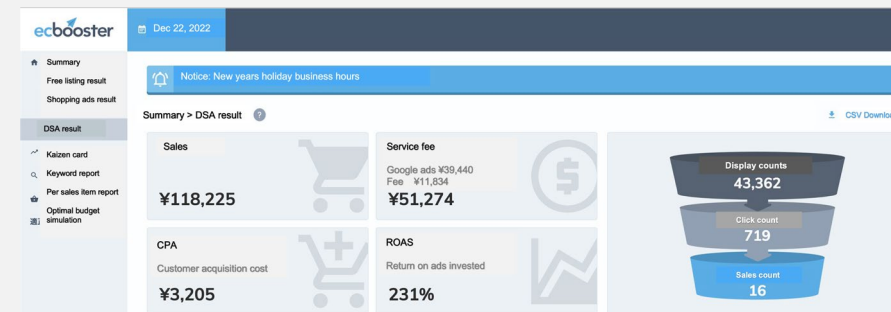
New function to promote sales growth of your own EC



◆ Outline of new ads menu

It's easy to operate with EC Booster's original automatic improvement function

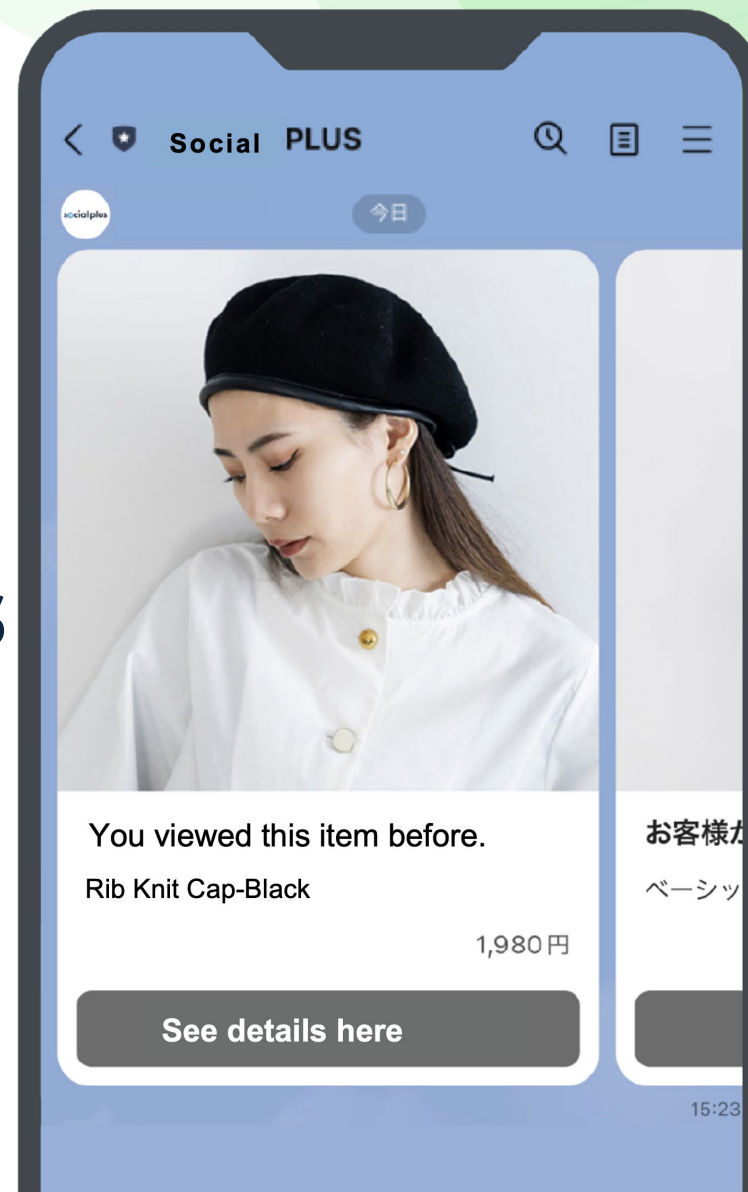
- No initial setting needed
- No daily ads operation
- You can check the ads result on the dashboard
- Available from ¥1,000/day





New function

**Reminder of browsed items
now available from
LINE official account!**

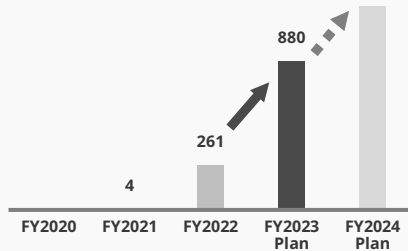


(1) Growth Strategy Growth strategy for DX business

DX results

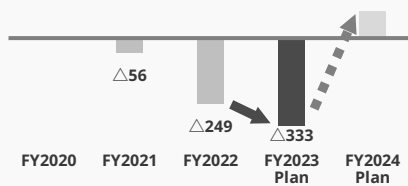
Sales

(Million yen)



Segment profit

(Million yen)



Initiatives for FY2023

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

Growth strategy after FY2024

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

Expand organization quickly and aim for making a net profit in FY2024.

FRACTA®

- For further sales and profit growth, reinforce organization first
- 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

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

(Number of use)

| | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 Q3 | v.FY2022 end |
|---------------|--------|--------|--------|--------|--------|--------|--|-----------------|
| PS | | | | | | | | |
| Anagrams | — | — | — | 96 | 115 | 116 | 157 | +41 |
| Feedmatic | 24 | 23 | 45 | 48 | 45 | 49 | — ※1 | △49 |
| SaaS | | | | | | | | |
| EC Booster※2 | — | 57 | 313 | 344 | 303 | 283 | 483 <small>うちエントリー プラン 207</small> | +200 |
| dfplus.io | 7 | 48 | 98 | 139 | 175 | 235 | 285 | +50 |
| Social PLUS | 133 | 188 | 237 | 272 | 309 | 361 | 380 | +19 |
| DX | | | | | | | | |
| FRACTA | — | — | — | — | — | 53 | 46 | △7 |
| Shippinno | — | — | — | — | — | 495 | 458 | △37 |
| Teps | — | — | — | — | — | 123 | 242 | +119 |
| Shopify App※3 | — | — | — | — | — | 532 | 917 | +385 |

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

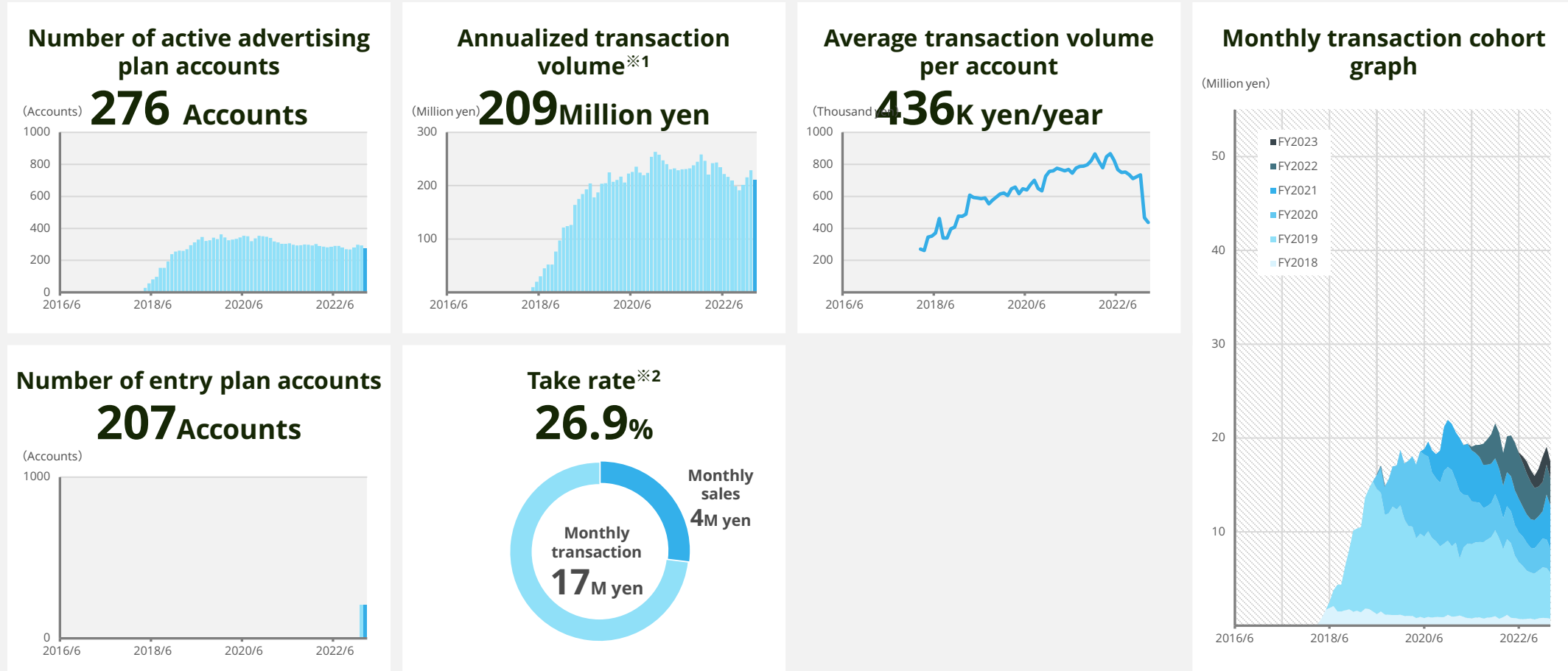
The number of Shopify App active account significantly increased.

※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



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

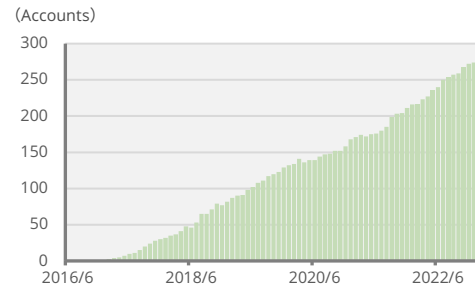
※2 Ratio of sales to transaction amount. Sales are calculated by deducting media advertising cost and partner commissions from the transaction volume.

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



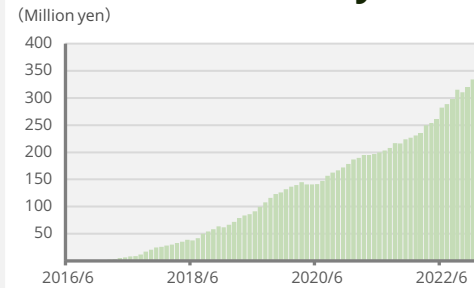
Number of accounts

285Accounts



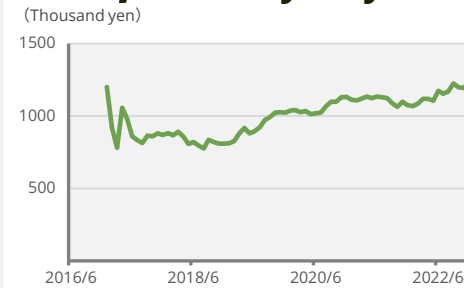
ARR^{※2}

341 Million yen



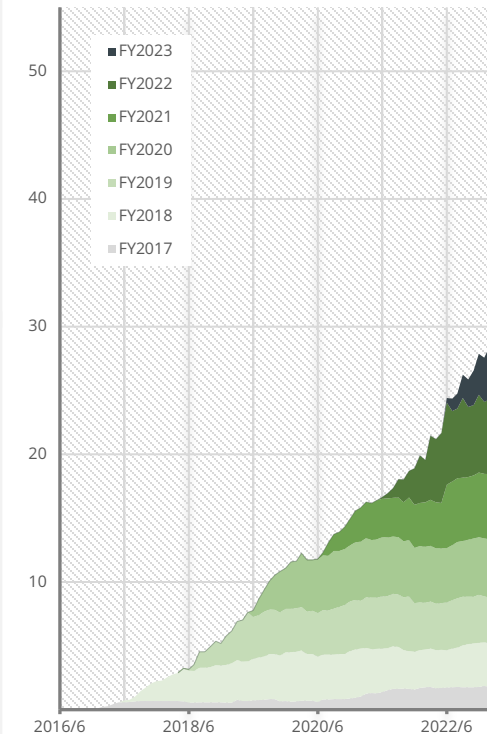
ARPA^{※3}

1,198K yen/year



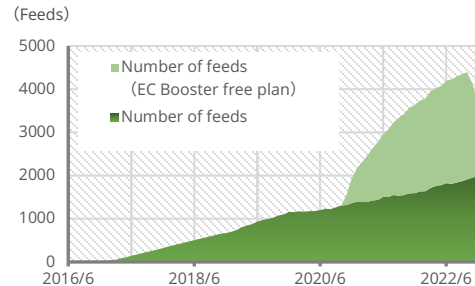
Monthly sales cohort graph

(Million yen)



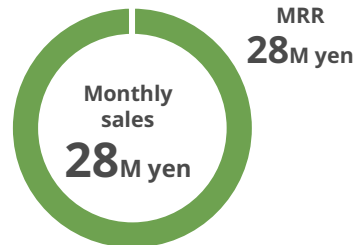
Number of datafeeds^{※1}

2,223Feeds



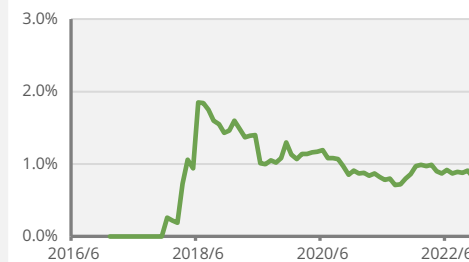
Recurring revenue ratio

100.0%



Churn rate^{※4}

0.72%



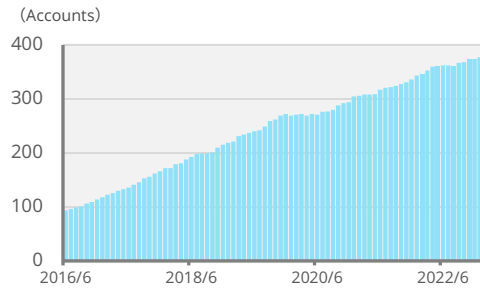
※1 Sum of the number of media to which data is sent to each account.
EC Booster free plan was terminated in Dec 2022. After Jan 2023, the number of datafeeds of entry plan are included.
※2 Calculated by multiplying each monthly recurring revenue (continuous fixed revenue) by 12
※3 Average ARR per account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

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

social plus

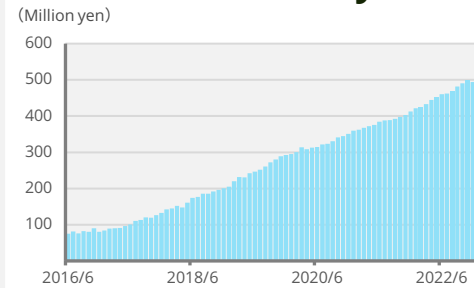
Number of accounts

380Accounts



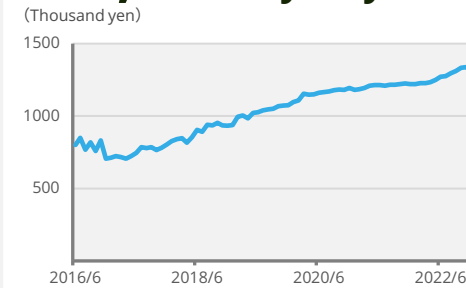
ARR^{※2}

511Million yen



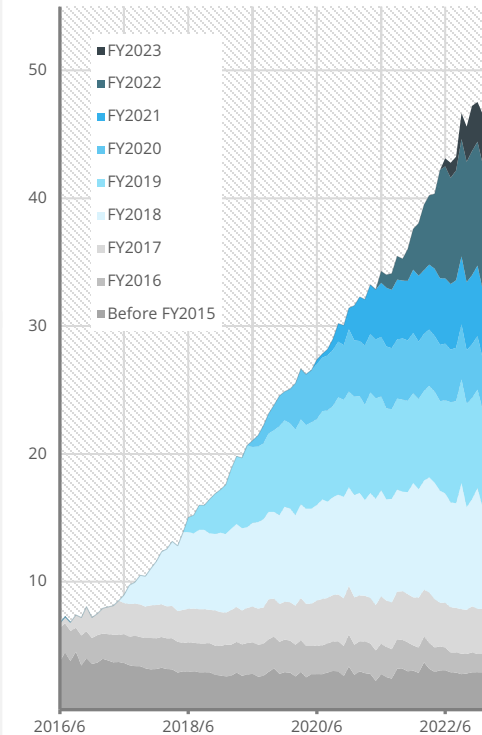
ARPA^{※3}

1,336K yen/year



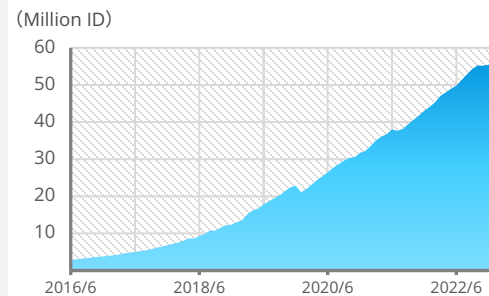
Monthly sales cohort graph

(Million yen)



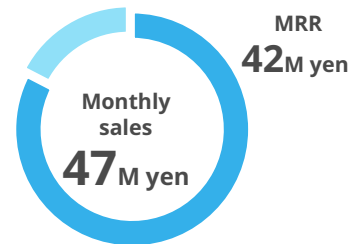
Number of user ID^{※1}

57Million ID



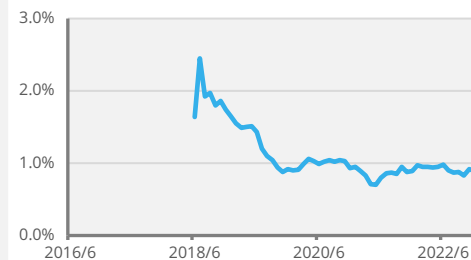
Recurring revenue ratio

90.5%



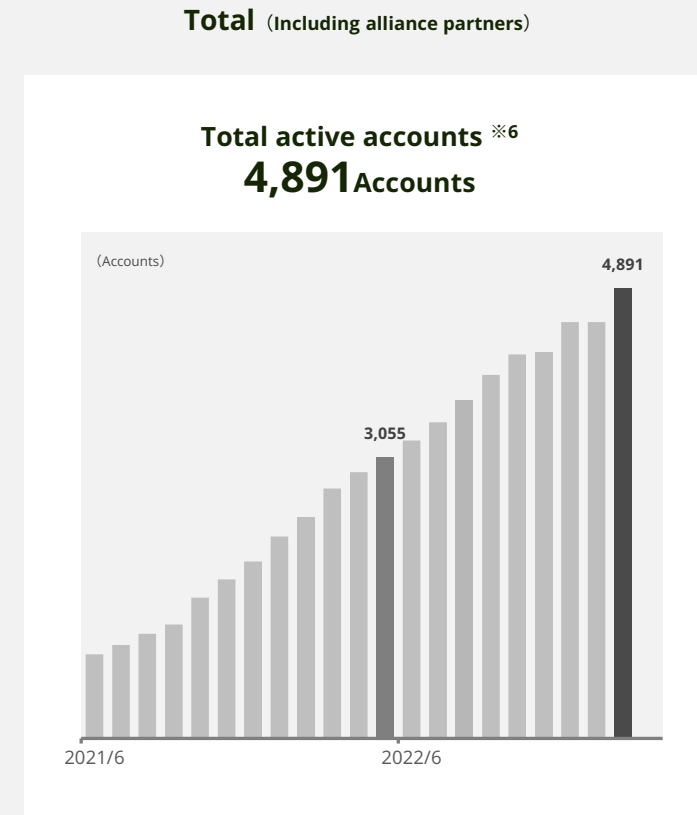
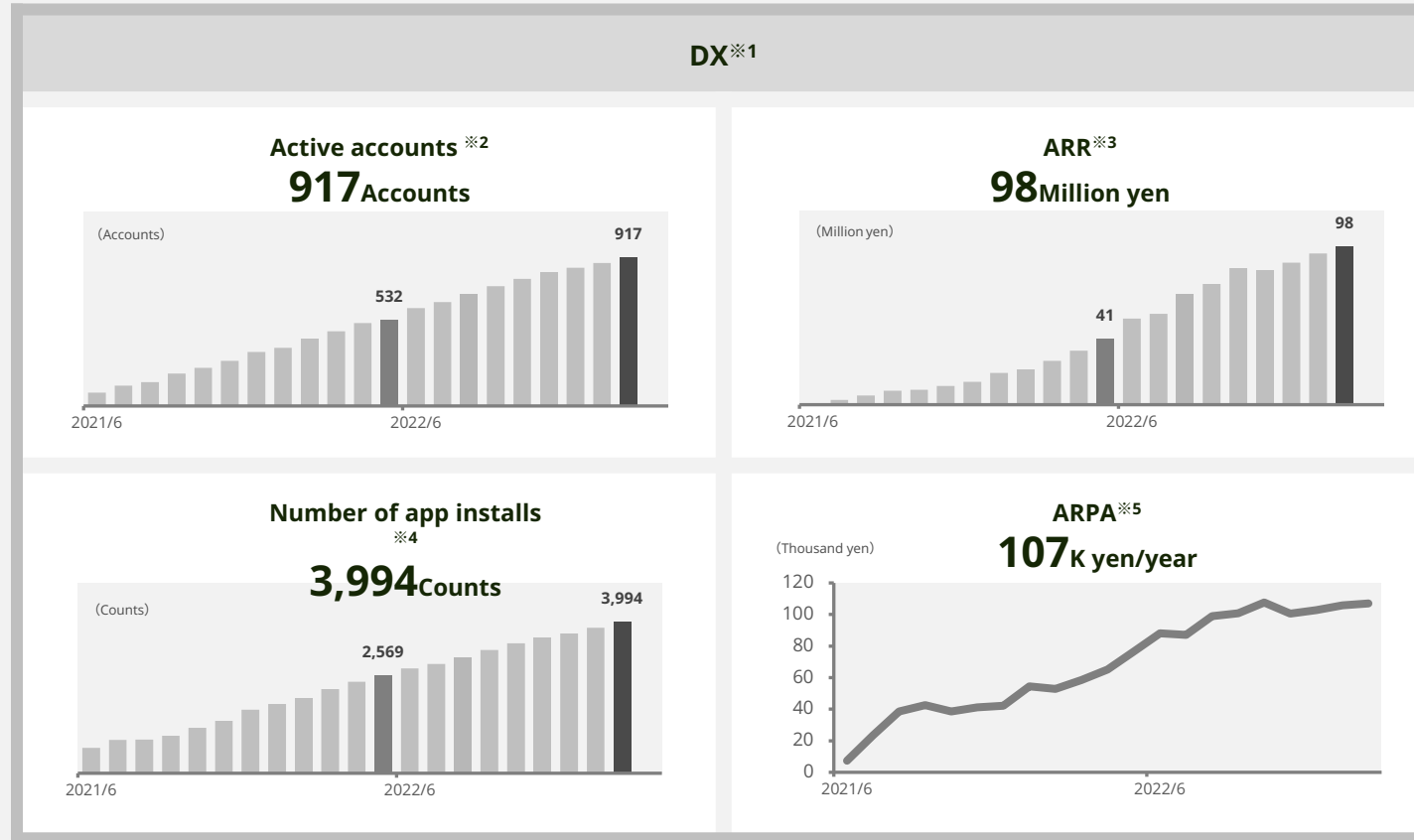
Churn rate^{※4}

0.77%



※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

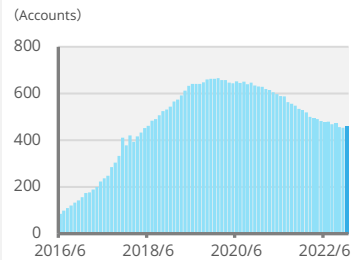


(The latest month is December 2022)

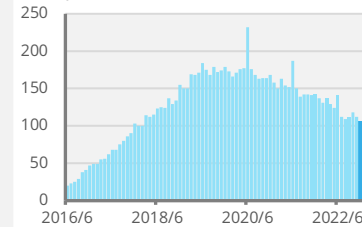


(The latest month is December 2022)

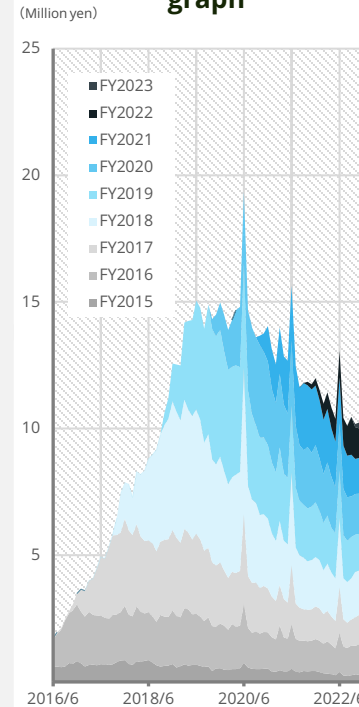
Number of accounts
458Accounts



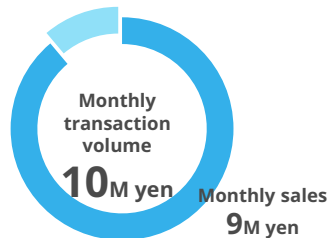
Annualized transaction volume^{※1}
107M yen/year



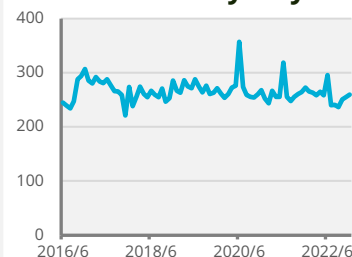
Monthly sales cohort graph



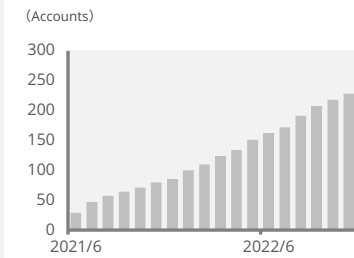
Take rate^{※2}
90.8%



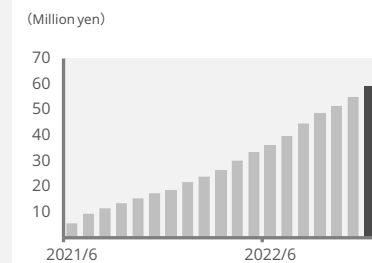
Ave. transaction/account
(Thousand yen) **259K yen/year**



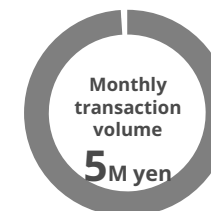
Number of accounts
242Accounts



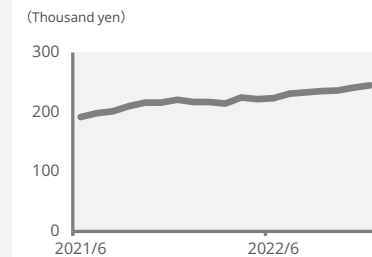
ARR^{※1}
59Million yen



Recurring revenue ratio
100.0%



ARPA^{※2}
244K yen/year



※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.

※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 | 2022FY Consolidated | FY2023 Q3 Consolidated |
|-------------------------------------|--------------------------|--------------------------|--------------------------|------------------------|------------------------|------------------------|------------------------------|
| Sales growth rate | +46.2% | +15.6% | +24.5% | +118.0% | +69.5% | +20.7% | +37.4% |
| PS | — | +1.8% | △0.3% | +162.6% | +88.7% | +6.1% | +4.6% |
| SaaS | — | +74.4% | +86.3% | +58.6% | +26.4% | +21.9% | +25.1% |
| DX | — | — | — | — | — | — | +999.9% |
| Operating profit margin | △5.9% | △4.6% | 6.6% | 27.2% | 34.4% | 31.0% | +23.7% |
| PS | 32.0% | 34.6% | 28.0% | 35.5% | 40.0% | 43.2% | +45.9% |
| SaaS | △157.2% | △94.6% | △19.5% | 8.6% | 24.4% | 38.9% | +38.2% |
| DX | — | — | — | — | — | △94.6% | △ 50.6% |
| ROA※1,※2 | — | — | 11.2% | 14.6% | 15.2% | 12.8% | n.a. |
| ROE※2,※3 | — | — | 57.2% | 31.0% | 28.5% | 22.5% | n.a. |
| Shareholders' equity ratio※4 | 19.7% | 15.7% | 20.7% | 18.3% | 36.6% | 37.2% | 38.0% |
| D/E ratio※5 | 2.1x | 2.6x | 1.6x | 1.1x | 0.7x | 0.8x | 0.6x |

In SaaS business, sales growth rate is about 25%, operating profit margin is about 38%.

※1 ROA : Operating income / {(total assets at beginning + total assets at end)/2}
 ※2 Presented as “-” for quarterly or negative figures
 ※3 ROE : Profit attributable to owners of parent ÷ {(total shareholders' equity at beginning + total shareholders' equity at end)/2}
 ※4 Shareholders' equity ratio : (Shareholders' equity + accumulated other comprehensive income) ÷ total assets
 ※5 D/E ratio : Interest-bearing debt ÷ net assets

(3) Profit Plan and Assumptions FY2023 forecast

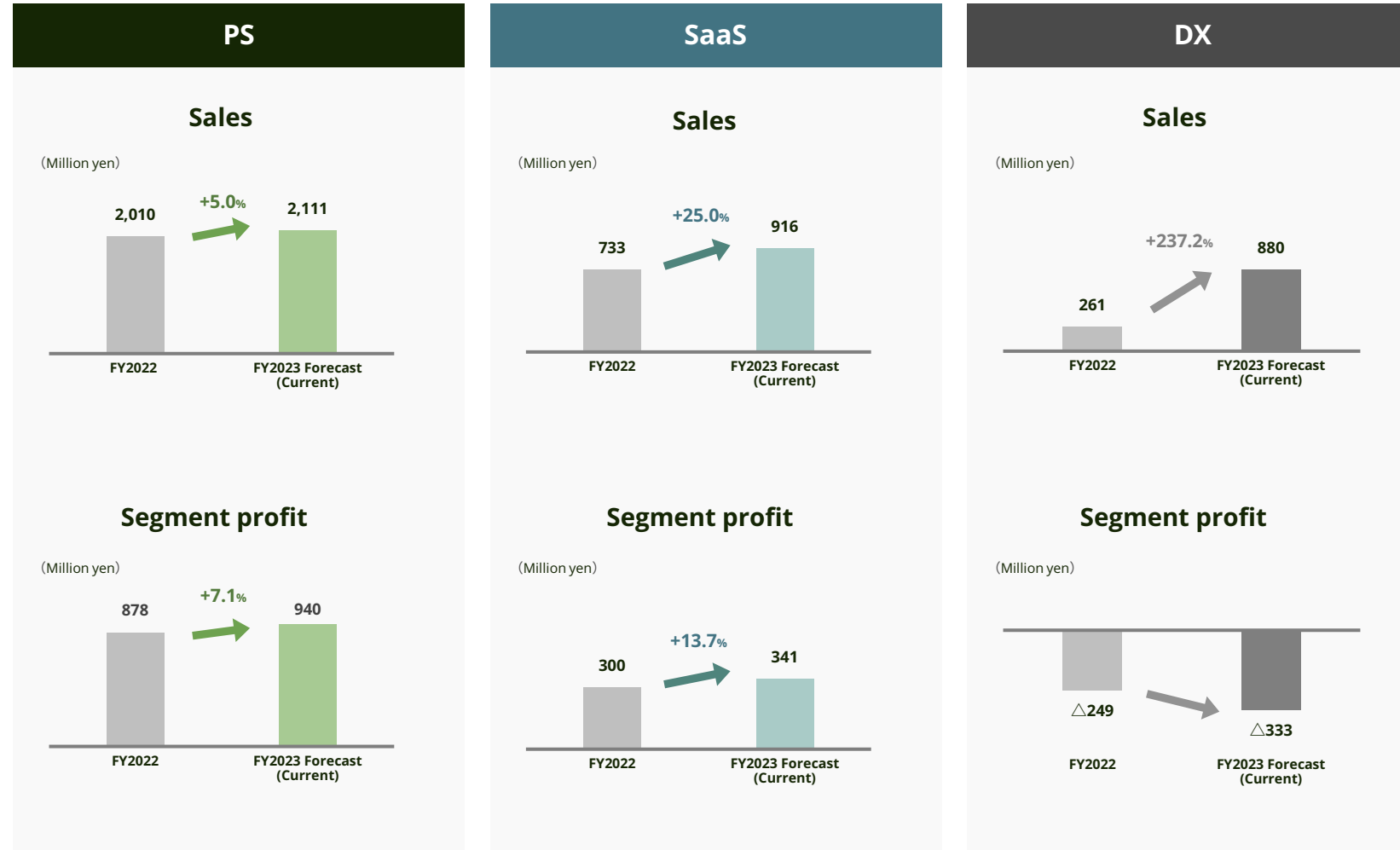
(Million yen)

| | FY2022 Actual (A) | FY2023 Q3 Actual (B) | FY2023 Forecast (Current) (C) | Variance (C) / (A) -100% | Progress rate (B) / (C) -100% |
|--|----------------------|-------------------------|----------------------------------|-----------------------------|----------------------------------|
| Sales | 3,005 | 2,901 | 3,907 | +30.0% | +74.3% |
| EBITDA | 1,137 | 873 | 1,189 | +4.5% | +73.4% |
| Operating income | 930 | 687 | 947 | +1.9% | +72.6% |
| Ordinary income | 912 | 679 | 936 | +2.6% | +72.5% |
| Profit attributable to owners of parent | 602 | 83 | 240 | △60.2% | +34.7% |
| EPS | 23.20yen | 3.19yen | 9.17yen | △60.5% | +34.7% |

Sales, EBITDA, operating income and ordinary income were increased compared to the previous period.

Q3 progress rate to the annual forecast is 74% for sales and 72% for operating income.

(3) Profit Plan and Assumptions FY2023 forecast by segment

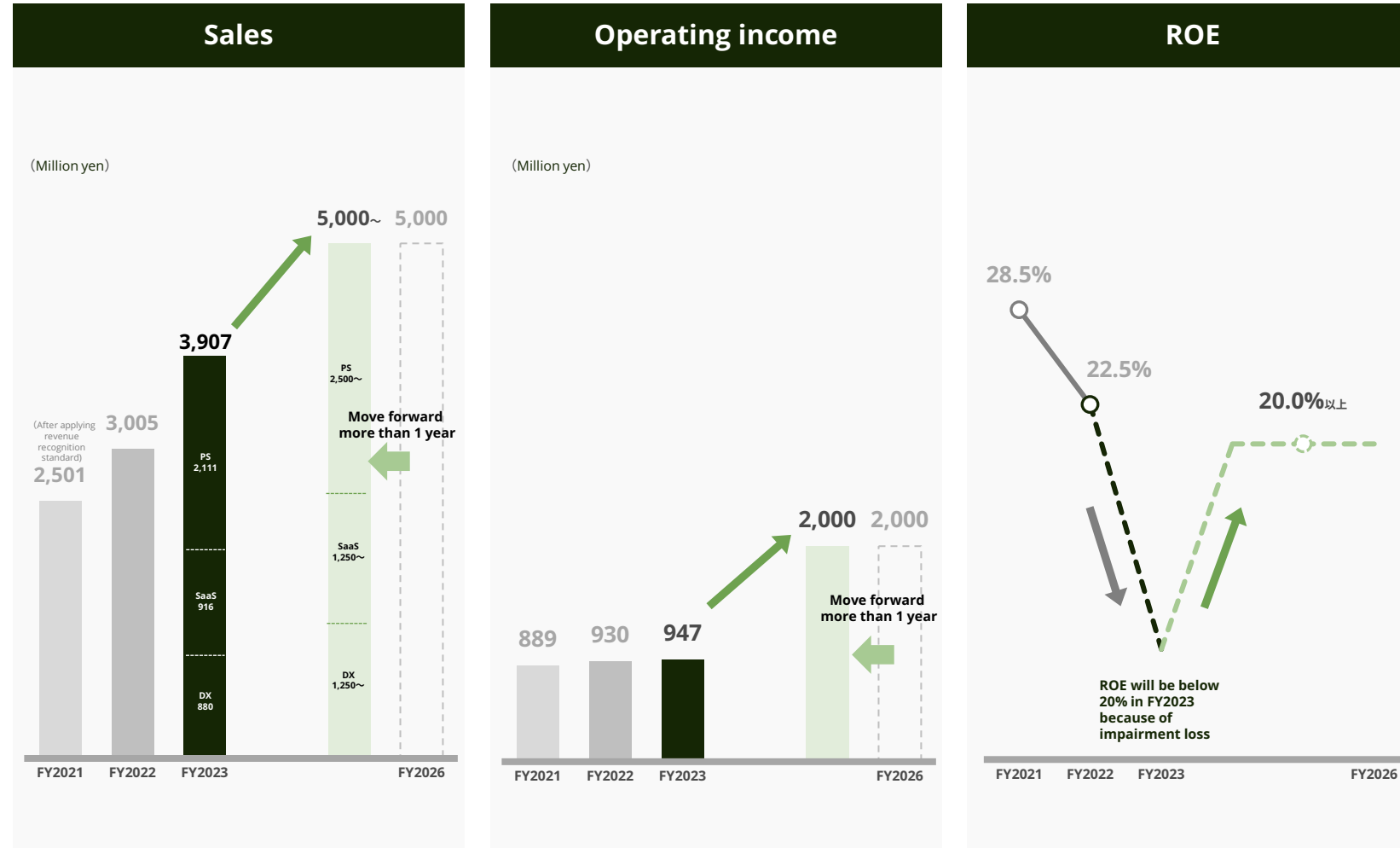


PS segment expects an increase in sales and profit.

SaaS segment also expects an increase in sales and profit.

DX segment expects an increase in sales but also expects an increased loss

(3) Profit Plan and Assumptions Mid-term goals



Our mid-term goal is to achieve by FY2026:

- Sales 5.0 billion yen
- Operating income 2.0 billion yen

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

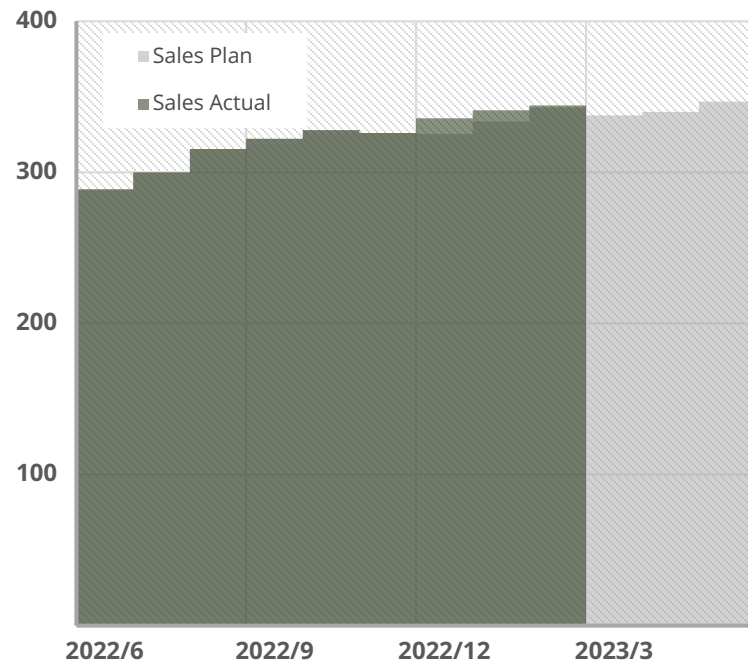
Maintain more than 20% ROE, while focusing on profit expansion and capital efficiency.

(4) Progress Progress in the FY2023 forecast (Revised Dec 28, 2022)

Q3 progress rate to plan

Sales **100.7%**

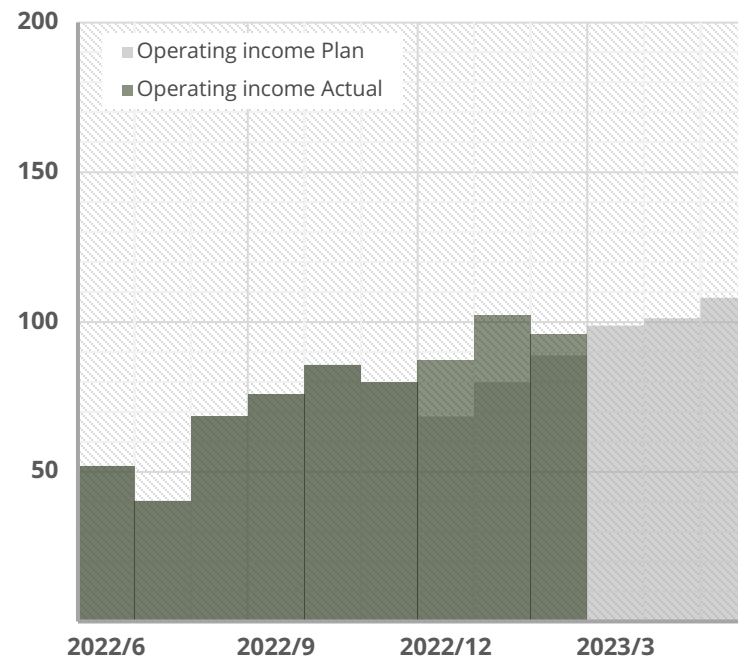
(Million yen)



Q3 progress rate to plan

Operating income **107.6%**

(Million yen)

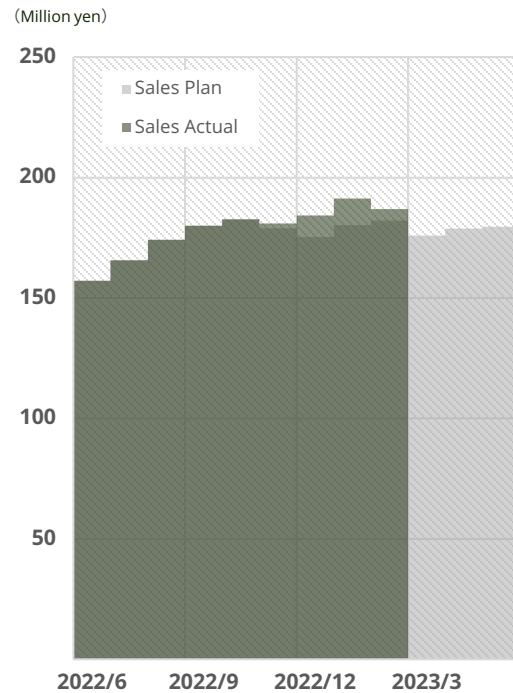


Both sales and operating income exceeded the plan.

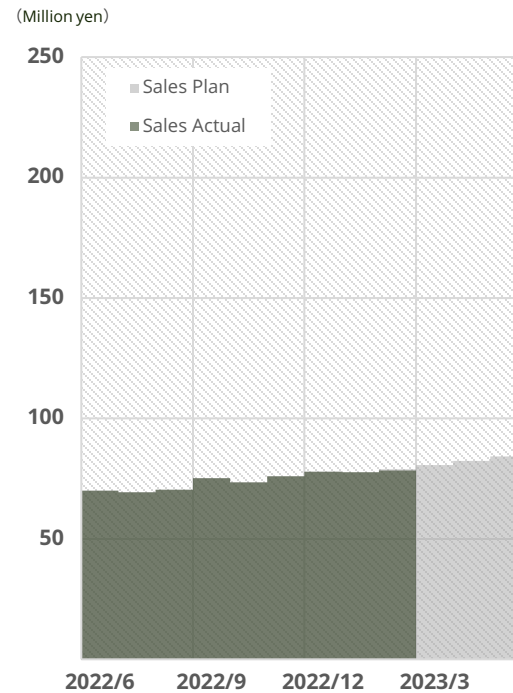
We will update *Our Business Plan and Growth Potential* every quarter and disclose. (Next update will be June 2023.)

(4) Progress Progress by segment in FY2023 forecast (Revised Dec 28, 2022)

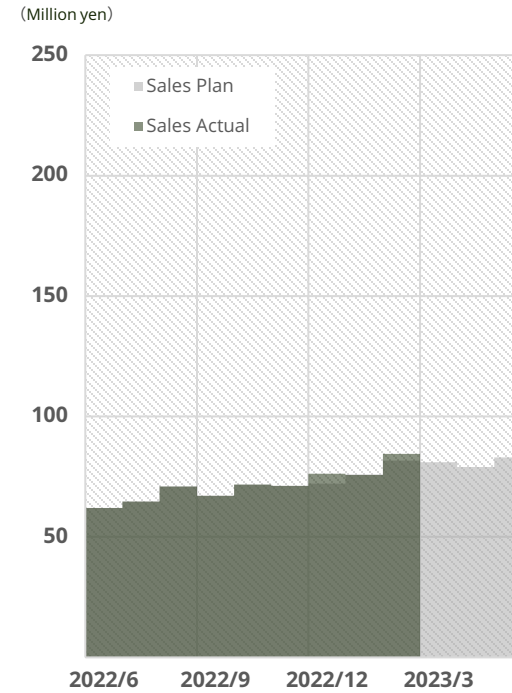
PS
Q3 progress rate to plan
Sales **100.8%**



SaaS
Q3 progress rate to plan
Sales **100.0%**



DX
Q3 progress rate to plan
Sales **100.9%**



For all segments, sales are roughly on track as planned.

Risk Information

(1) Perceived Risks

Business risks and external environment

| Risks Timing and probability | Contents |
|---|--|
| COVID-19 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> |
| Internet Ads Market 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> |
| Technological Innovation 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> |
| Regulations 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 |
|---|--|
| Concentration on a specific medium 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> |
| Concentration on specific customers 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> |
| Information Security 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 |
|---|---|
| Recovery of investment in new businesses 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> |
| Impairment of goodwill, etc. Timing: Long-term Probability: Medium | <p>Large amount of goodwill and customer-related assets recorded due to M&A.</p> <p>If it becomes apparent, the company may not be able to invest flexibly due to deteriorating financial conditions.</p> |

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

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

※ 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