



Financial Results for FY2024

(Our Business Plan and Growth Potential)

June 27, 2024

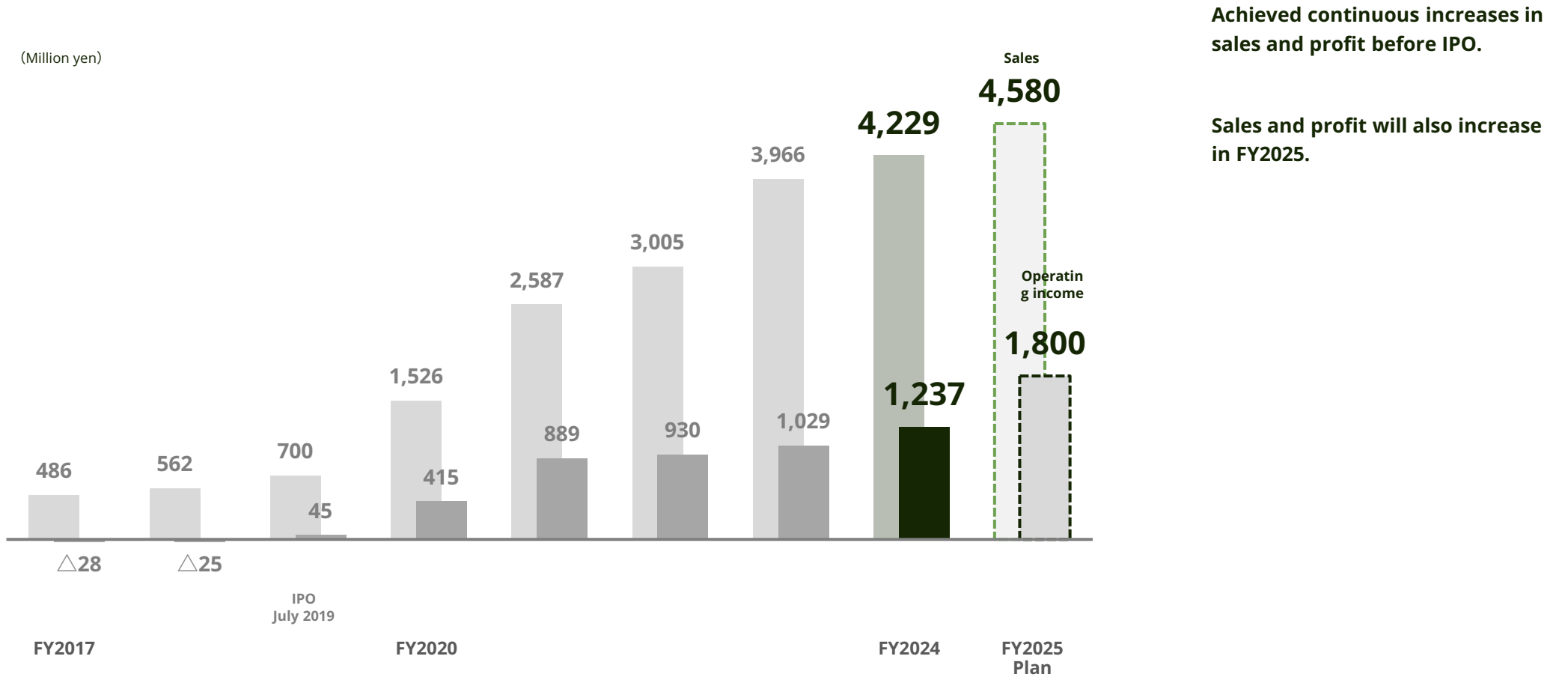
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01

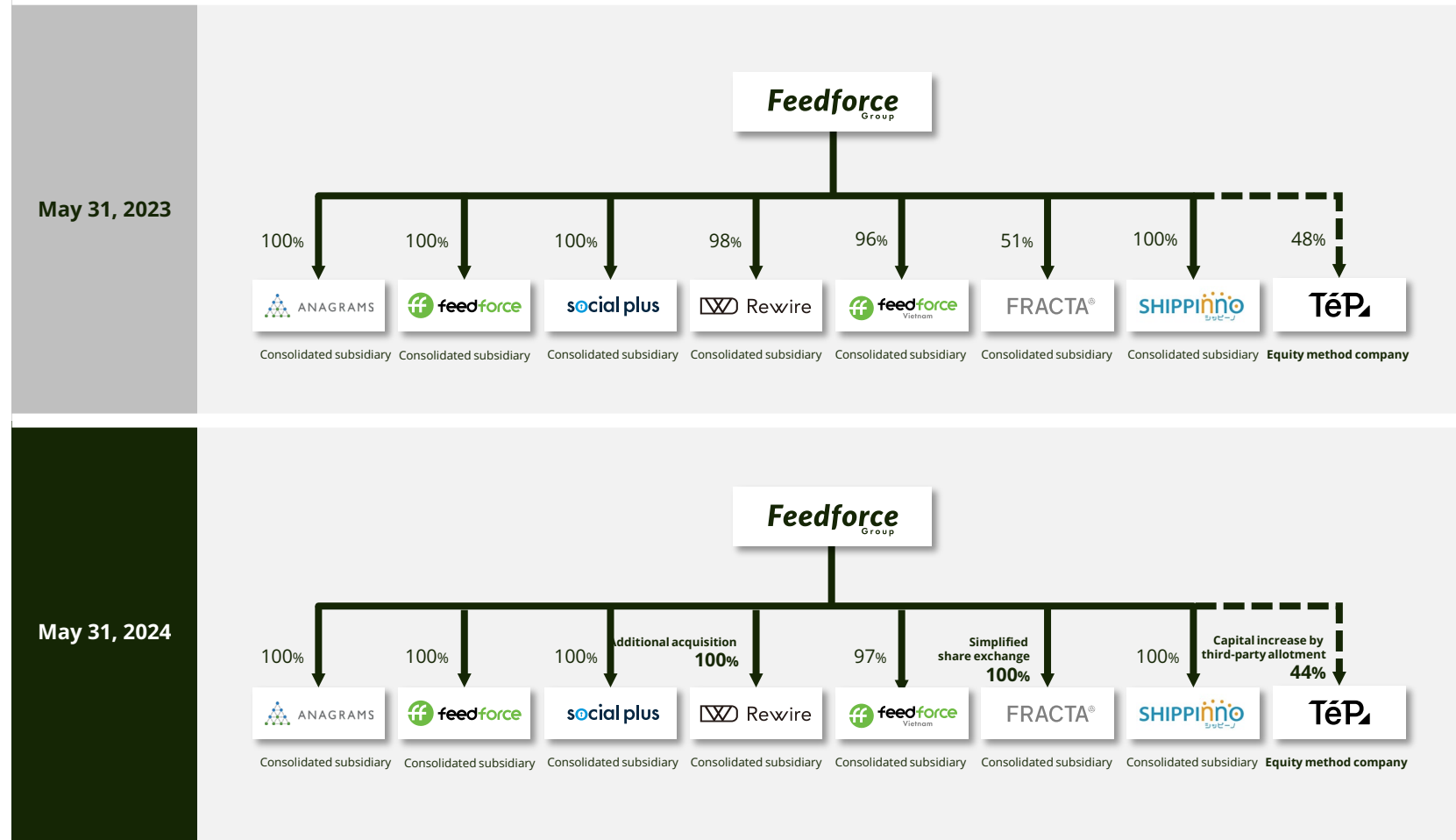
Financial Highlights

Financial Results of Past 8 Fiscal Years and FY2025 Performance Forecast



* Consolidated after FY2020.

Our Group



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

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

Consolidated Financial Results Overview

(Million yen)

	FY2023 Year	FY2024 Year	YoY	FY2023 Q4	FY2024 Q1	Q2	Q3	Q4	QoQ
Transaction amount	13,405	14,075	+5.0%	3,617	3,556	3,408	3,332	3,778	+13.4%
Sales	3,966	4,229	+6.6%	1,064	1,066	1,077	986	1,098	+11.3%
EBITDA*	1,275	1,445	+13.3%	402	389	364	284	407	+43.2%
Operating income	1,029	1,237	+20.2%	341	335	311	238	351	+47.7%
Ordinary income	1,020	1,166	+14.3%	341	322	299	227	315	+38.7%
Profit before income taxes	458	1,018	+122.2%	104	456	45	229	286	+24.8%
Profit attributable to owners of parent	112	473	+319.4%	29	300	△124	106	191	+79.6%

Consolidated results:

Sales and operating income increased both YoY and QoQ.

* EBITDA = Operating income + Depreciation + Amortization of goodwill

Consolidated Business Segment Results Overview

(Million yen)

	FY2023 Year	FY2024 Year	YoY	FY2023 Q4	FY2024 Q1	Q2	Q3	Q4	QoQ
PS business ※									
Sales	2,177	2,455	+12.8%	588	590	606	592	666	+12.5%
Segment profit	1,008	1,056	+4.8%	265	264	276	240	274	+14.0%
SaaS business									
Sales	910	1,122	+23.3%	242	254	271	293	302	+3.0%
Segment profit	367	472	+28.5%	96	115	102	127	128	+0.8%
DX business									
Sales	878	650	△25.9%	234	220	200	100	129	+28.2%
Segment profit	△346	△ 291	—	△20	△43	△67	△129	△ 50	—

PS business:

Sales and profit increased for both YoY and QoQ.

SaaS business:

Sales and profit increased for both YoY and QoQ.

DX business:

Mainly due to decline in new orders for FRACTA, sales decreased YoY, but sales increased and net loss decreased QoQ.

※ PS stands for Professional Services

Sales by Service

(Million yen)

	FY2023 Year	FY2024 Year	YoY	FY2023 Q4	FY2024 Q1	Q2	Q3	Q4	QoQ
PS	2,177	2,455	+12.8%	588	590	606	592	666	+12.5%
Anagrams	2,072	2,369		567	566	581	576	645	
Other	105	86		20	24	24	16	21	
SaaS	910	1,122	+23.3%	242	254	271	293	302	+3.0%
EC Booster	51	55		13	13	14	13	14	
dfplus.io	304	375		82	84	89	101	99	
Social PLUS	555	691		146	157	167	178	188	
DX	878	650	△25.9%	234	220	200	100	129	+28.2%
FRACTA	607	375		177	164	137	31	42	
Shippinno	124	115		29	30	28	28	28	
Rewire & Feedforce	101	149		28	25	32	38	53	
Feedforce Vietnam	0	9		—	0	1	2	4	
TePs	47	—		—	—	—	—	—	

PS:

Sales increased both YoY and QoQ.

SaaS:

Sales increased both YoY and QoQ.

DX:

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

Operating Expenses

(Million yen)

	FY2023 Year	FY2024 Year	YoY	FY2023 Q4	FY2024 Q1	Q2	Q3	Q4	QoQ
Operating expenses	2,937	2,991	+1.9%	723	730	766	748	746	△0.3%
Cost of sales	1,350	1,424	+5.5%	336	362	356	340	364	+7.1%
Labor cost	922	1,021		234	252	251	242	275	
Expenses	428	402		102	110	104	98	89	
SG&A	1,586	1,567	△1.2%	386	367	410	408	381	△6.6%
Personnel expenses	836	772		192	189	194	210	178	
Expenses	750	793		194	178	215	197	202	
Recruitment/training	64	57		21	8	8	21	20	
Advertising	62	63		10	16	30	8	8	
Real estate-related expenses	78	111		18	18	37	32	23	
Depreciation	132	146		34	33	34	34	43	
Amortization of goodwill	112	61		25	20	17	11	11	
Other	299	354		83	81	87	90	95	

Operating expenses slightly increased YoY.

Breakdown of Extraordinary Gains and Losses

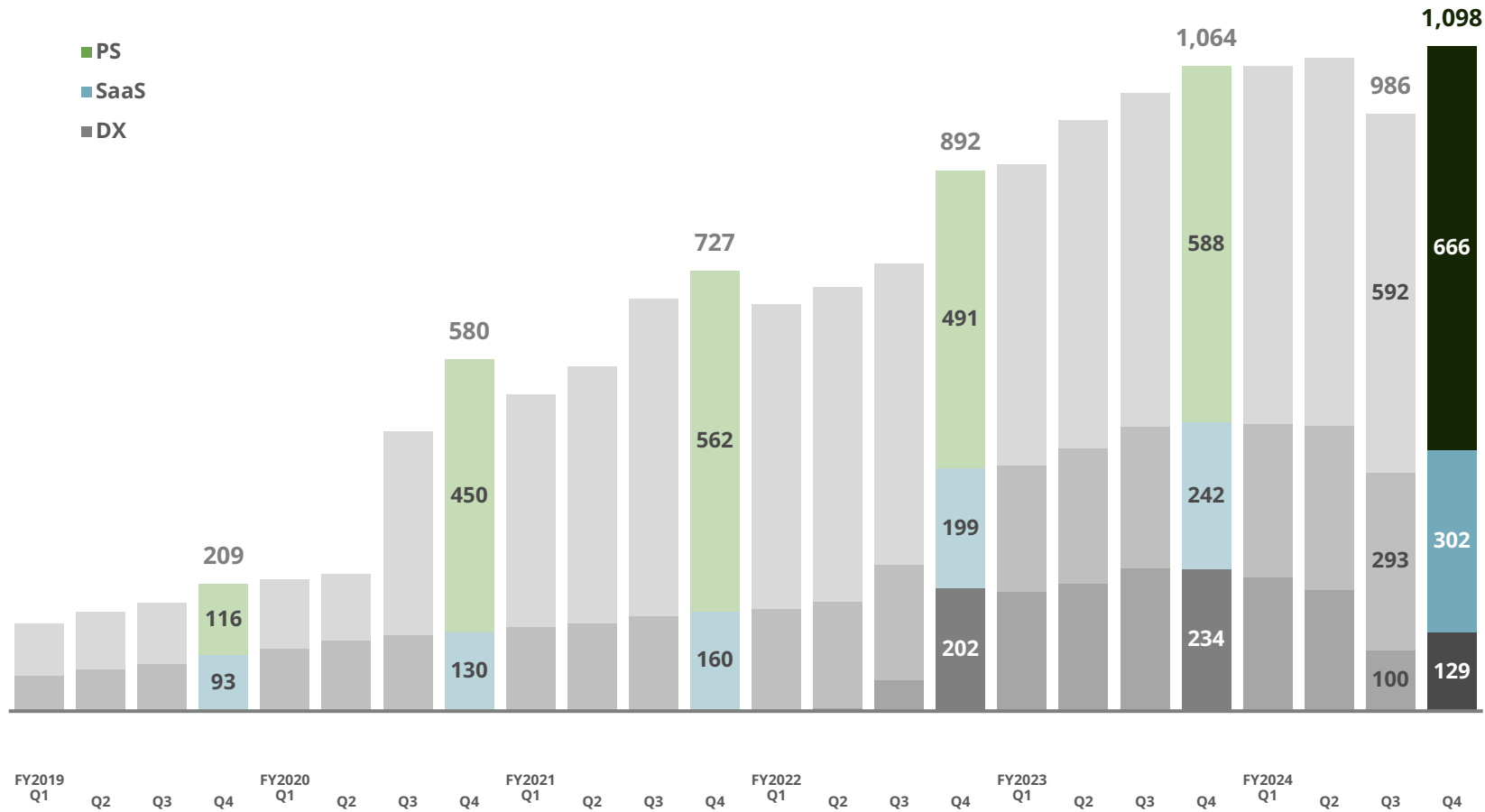
	FY2023 Year	FY2024 Year	FY2023 Q4	FY2024 Q1	(Million yen)		Q4	Content
					Q2	Q3		
Extraordinary gains	25	197	1	133	36	1	25	
Gain on sale of investment securities	—	86	—	86	—	—	—	Current Q1: Gain on sale of shares held by Anagram
Gain on change in equity	22	25	—	—	—	—	25	Previous Q3: Valuation gain on the share of Teps upon de-consolidation Current Q4: Valuation gain on additional acquisition of Teps
Gain on reversal of asset retirement obligation	—	44	—	44	—	—	—	Current Q1: Reversal of obligation by agreement to deliver the old office to the new tenant on as-is basis
Gain on donated assets	—	32	—	—	32	—	—	Current Q2: Donated assets for new office furnishment
Gain on reversal of share acquisition rights	3	10	1	3	3	1	0	Reversal gain on free acquisition from retirees and others
Other	—	0	—	—	0	—	—	
Extraordinary losses	587	345	237	0	290	—	54	
Valuation loss on investment securities	2	0	—	0	—	—	—	Previous Q4: Valuation loss of fixed assets and restoration expenses related to office relocation
Impairment losses	390	344	47	—	290	—	54	Current Q2: Impairment loss of FRACTA's goodwill Current Q4: Impairment losses of Rewire's software and of leased assets associated with FRACTA's business downsizing
Amortization of goodwill	190	—	190	—	—	—	—	Previous Q4: One-time amortization related to valuation of FRACTA shares
Other	4	0	—	0	—	—	0	

In FY2024, we recorded 345 million yen extraordinary loss due to impairment loss on FRACTA's goodwill and others.

Quarterly Sales

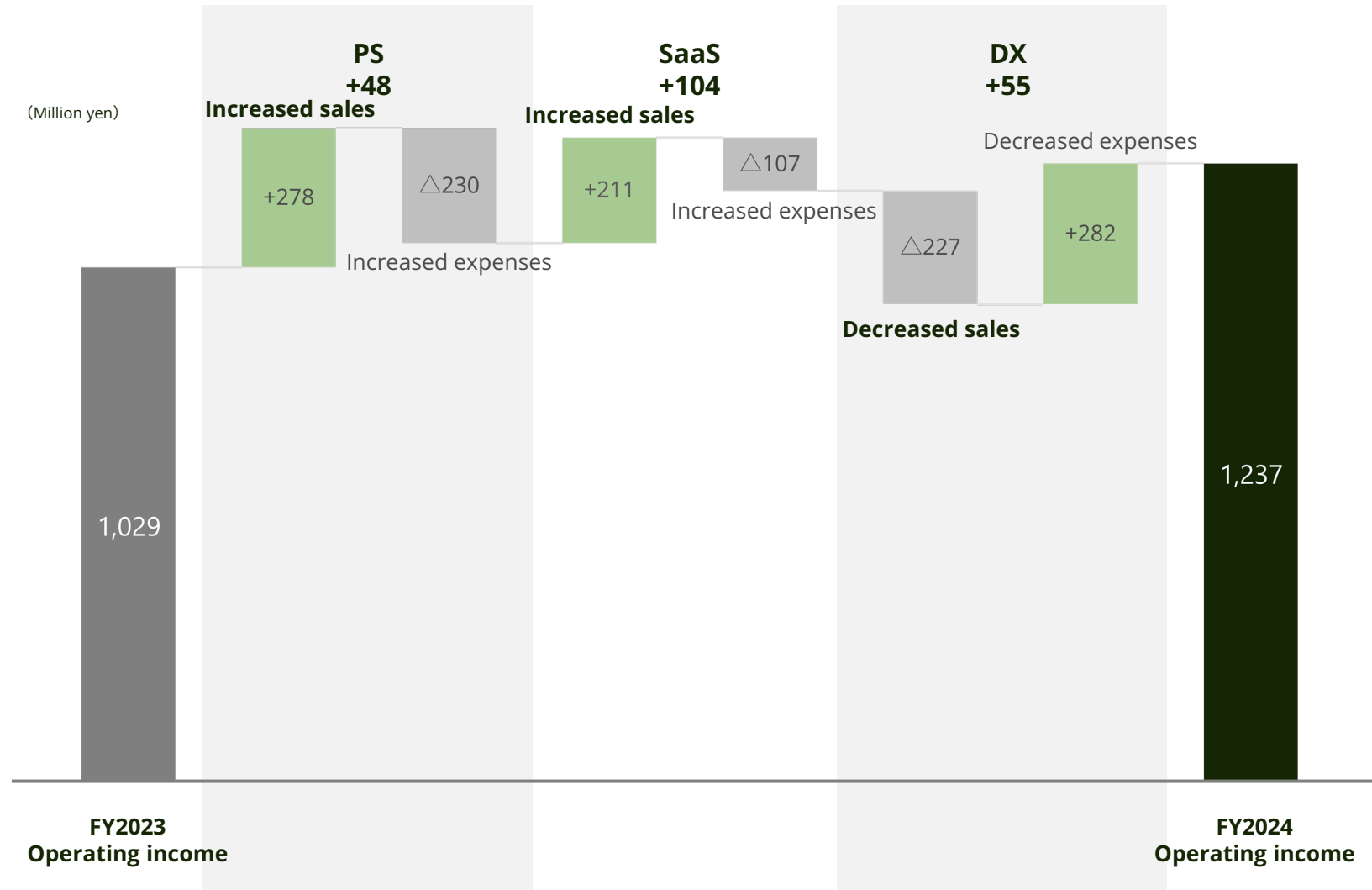
(Million yen)

- PS
- SaaS
- DX



Q3 sales dipped down, but Q4 sales hit the highest ever.

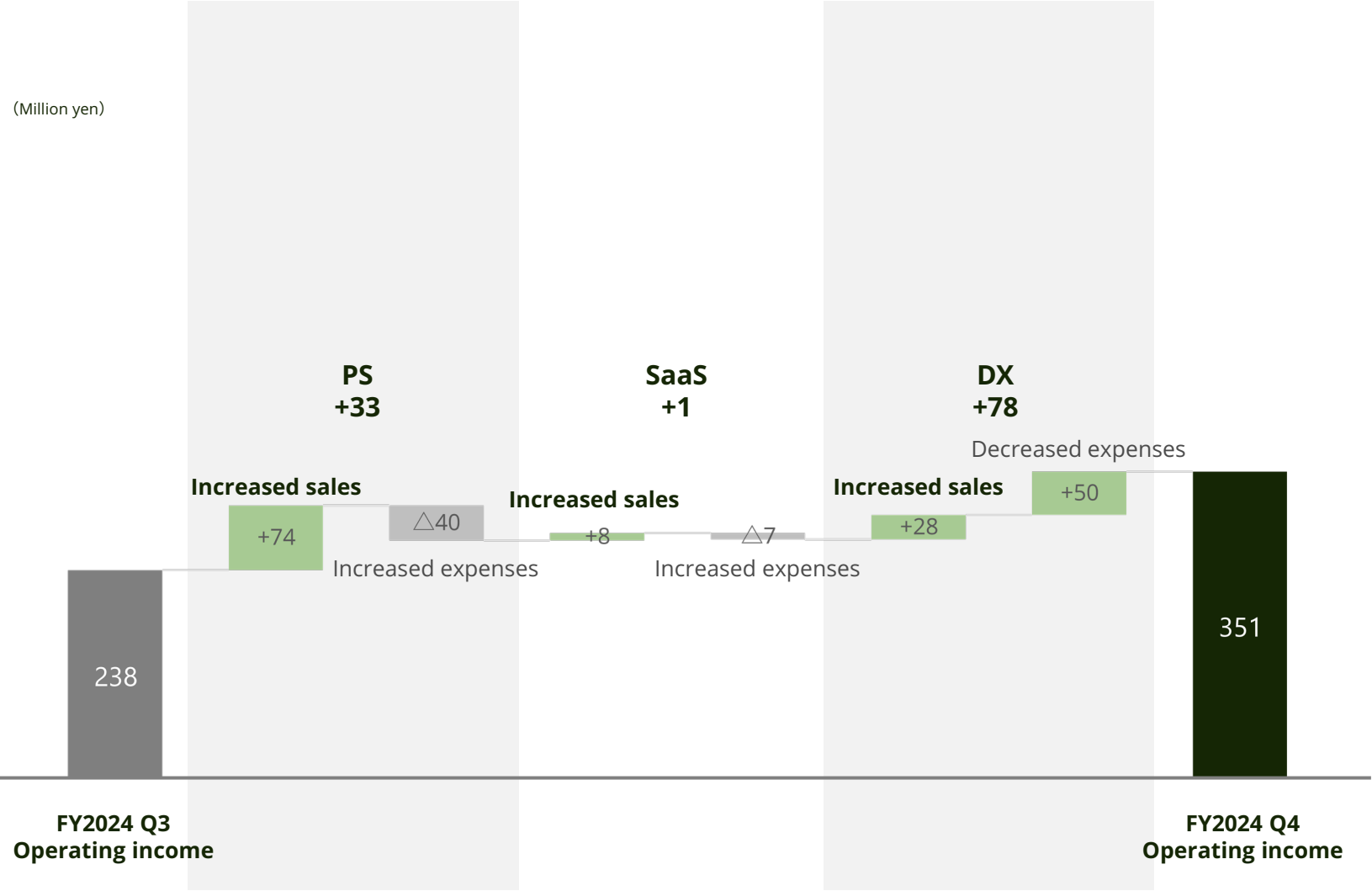
Factors for Changes in Operating Income YoY



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

Factors for Changes in Operating Income QoQ

(Million yen)



Operating income increased QoQ due to all segments making profit.

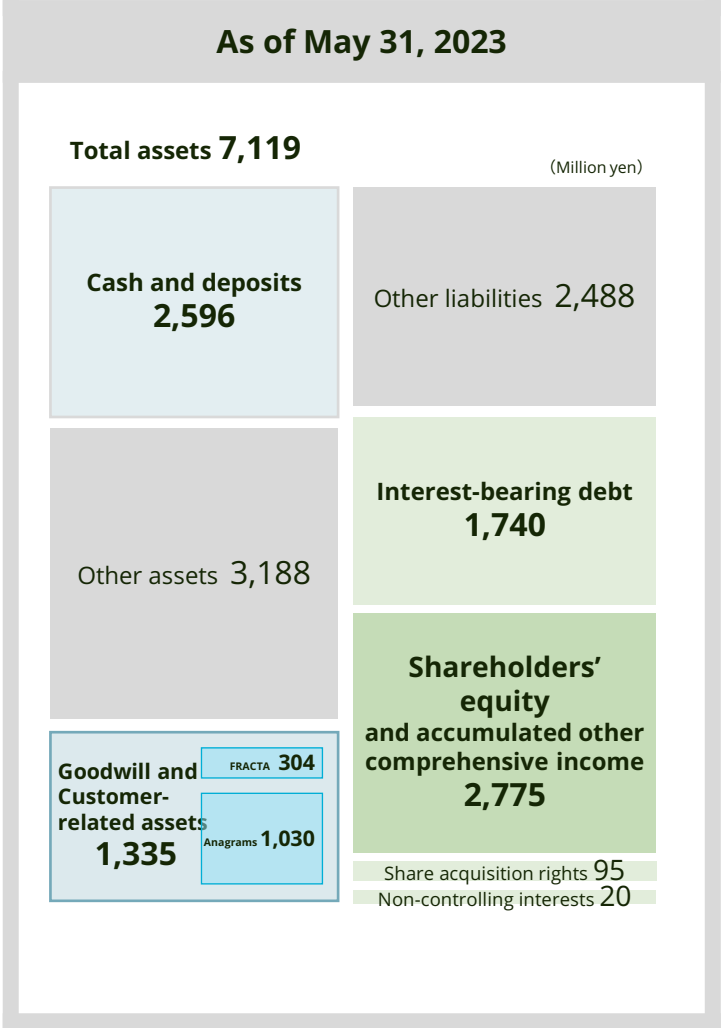
Consolidated Balance Sheet

(Million yen)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	v.FY23 end
Current assets	426	3,528	4,915	5,503	5,248	6,198	+949
Non-current assets	44	1,690	1,552	2,515	1,870	1,361	△509
Total assets	470	5,219	6,467	8,019	7,119	7,559	+440
Current liabilities	322	1,370	2,255	2,861	2,541	3,496	+954
Non-current liabilities	50	2,018	1,810	2,009	1,686	1,172	△513
Total liabilities	373	3,389	4,065	4,870	4,228	4,669	+440
Shareholders' equity	97	957	2,366	2,983	2,777	2,795	+18
Accumulated other comprehensive income	—	—	—	△0	△2	△3	△0
Share acquisition rights	—	—	32	77	95	96	+1
Non-controlling interests	—	872	2	87	20	0	△19
Total net assets	97	1,829	2,401	3,148	2,890	2,889	△0

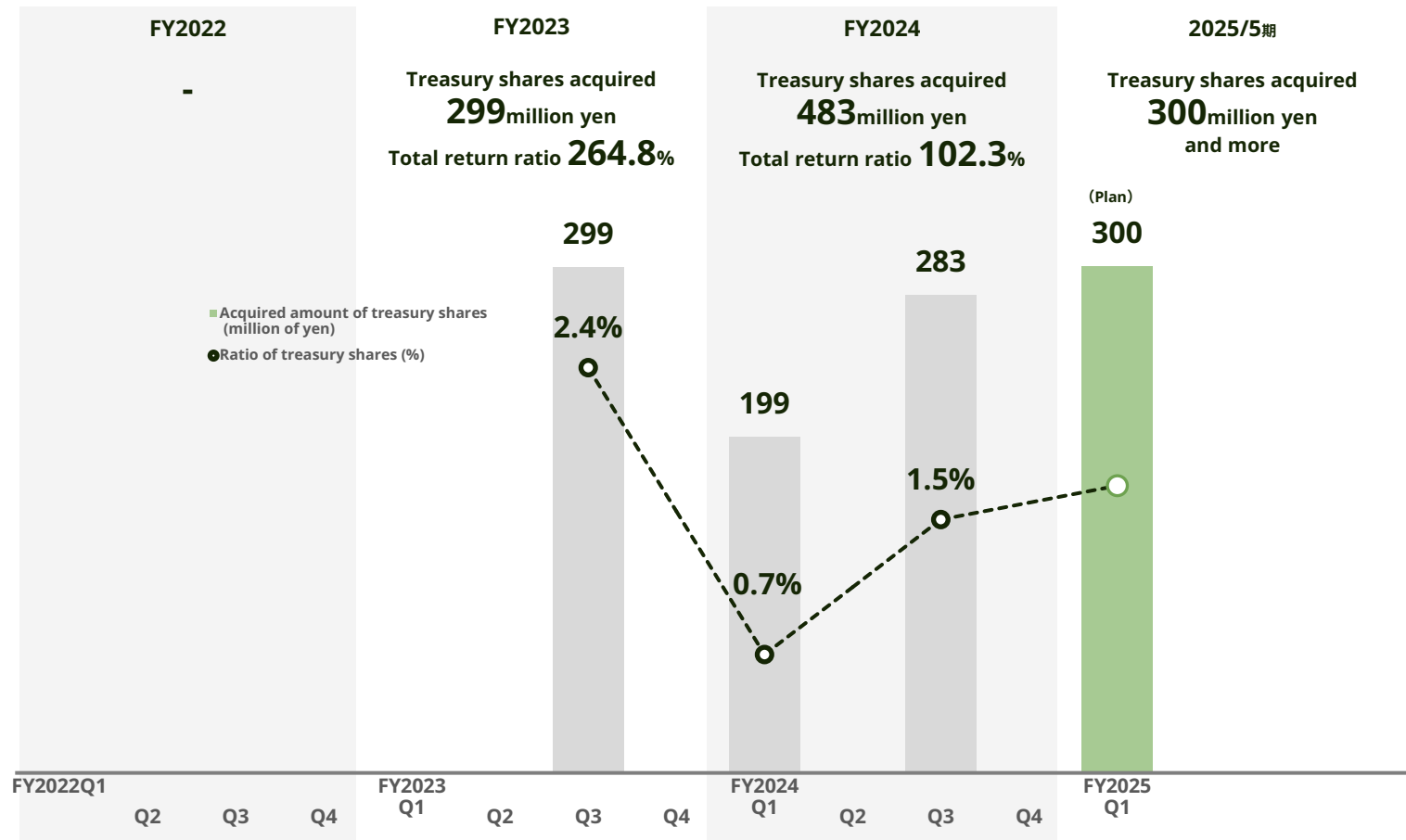
Net assets decreased 2 consecutive years due to acquisition of treasury shares, etc.

Breakdown of Consolidated Balance Sheet



Balance sheet expanded due to increased interest-bearing debt despite the acquisition of treasury shares.

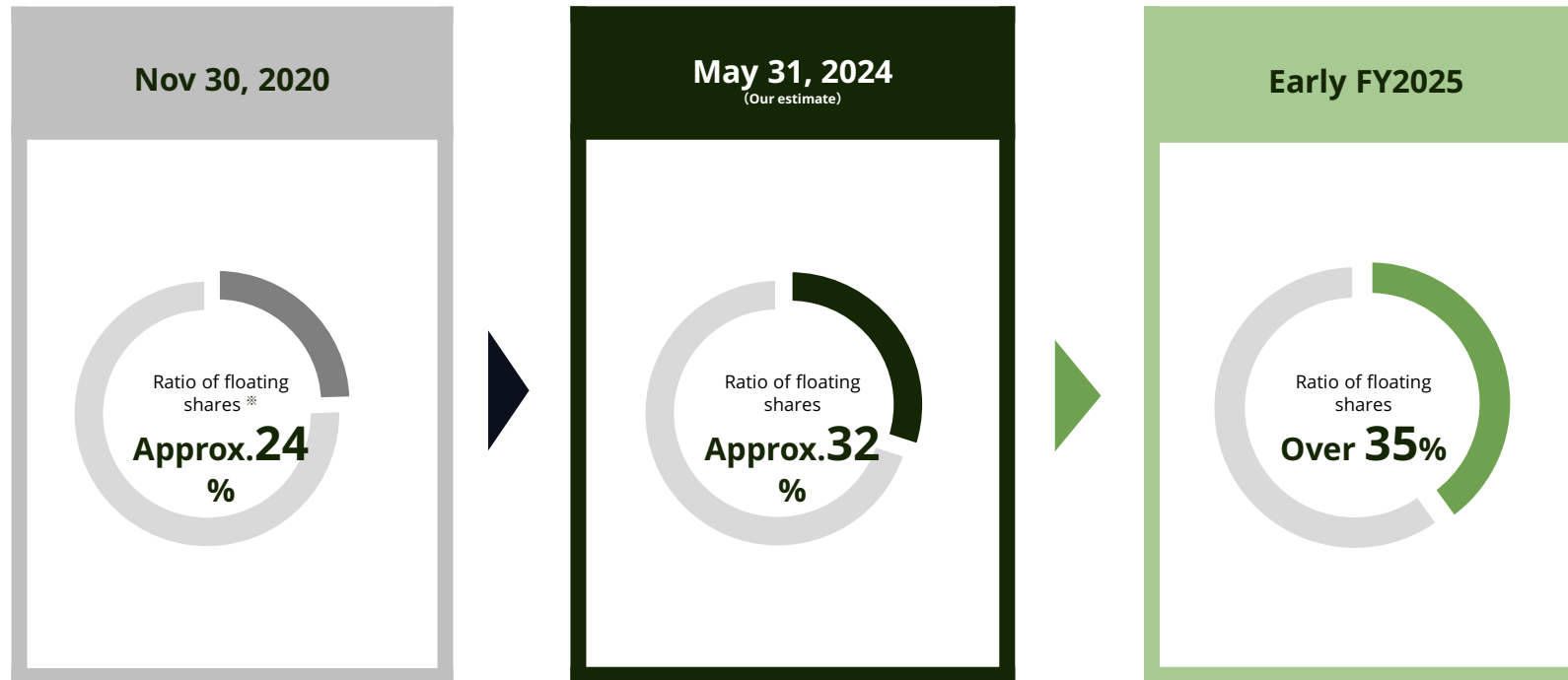
Acquisition of Treasury Shares



Since FY2023, we have repurchased treasury shares three times totaling approximately 800 million yen (all have been retired).

To ensure continuous shareholders' return, we plan to repurchase approximately 300 million yen of treasury shares in July 2024.

Outlook for the Ratio of Floating Shares



As of May 31, 2024, the ratio of floating shares stayed at 32%.

We will work on improving the ratio to exceed 35% early FY2025.








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

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



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

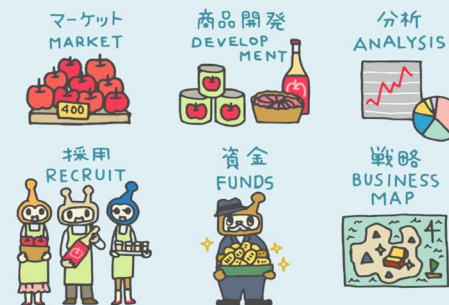
We want to be a partner that supports our clients in every way possible to help them succeed in their business, not just in the operation of managed advertising.

—Anagrams Features and Strengths —

Marketers are overwhelmingly strong in operational advertising.



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



An integrated system that does not separate sales and operations.

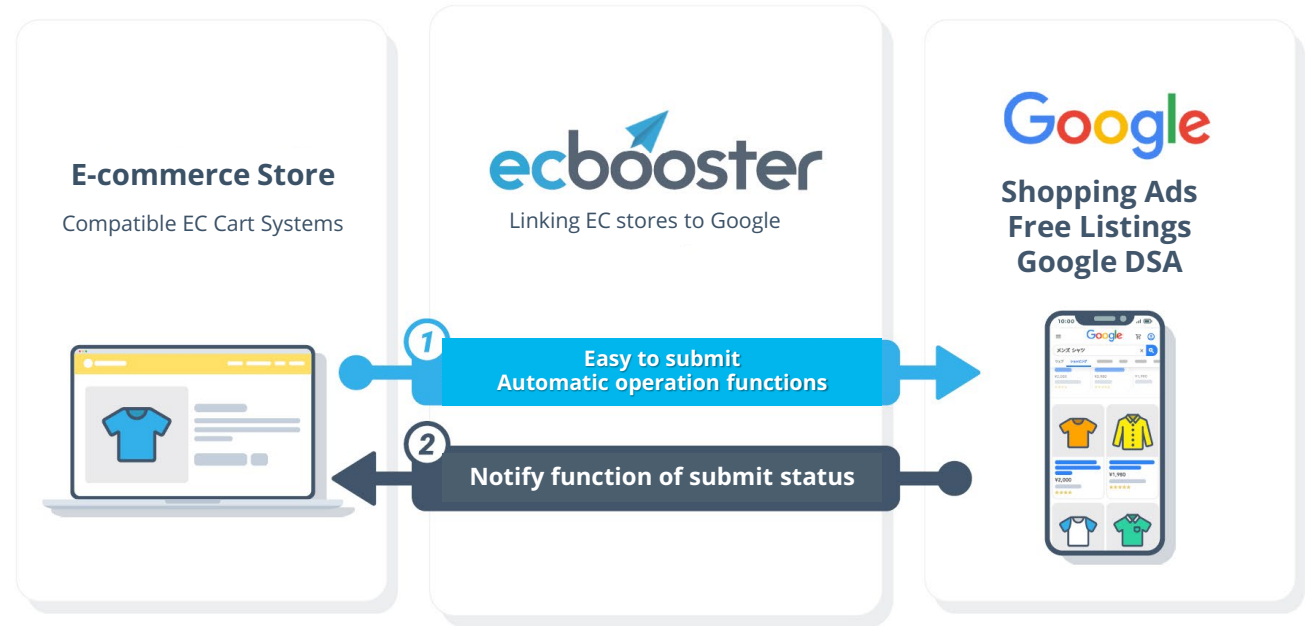


ecbooster

Quickest in 5 minutes,
Get your products listed
on Google

What is EC Booster?

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

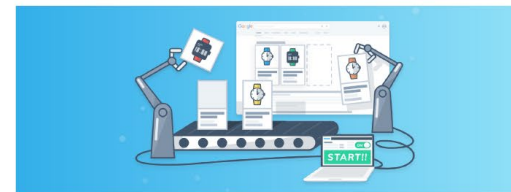


Easy submission and automatic operation functions



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

Submission status notification



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





Make product data top-selling with Data Feed.

"dfplus.io", a Data Feed Management Tool

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



You can complete the process at hand.

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



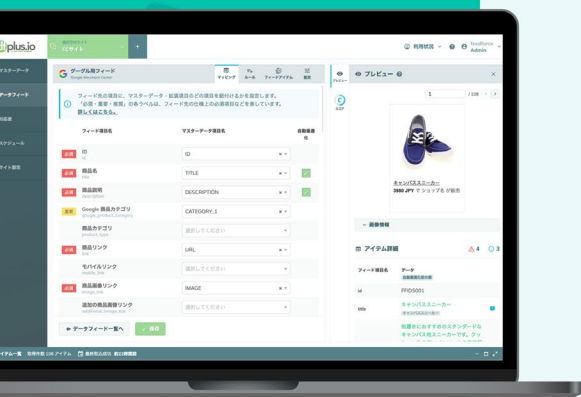
Powerful features

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



Beginners are welcome

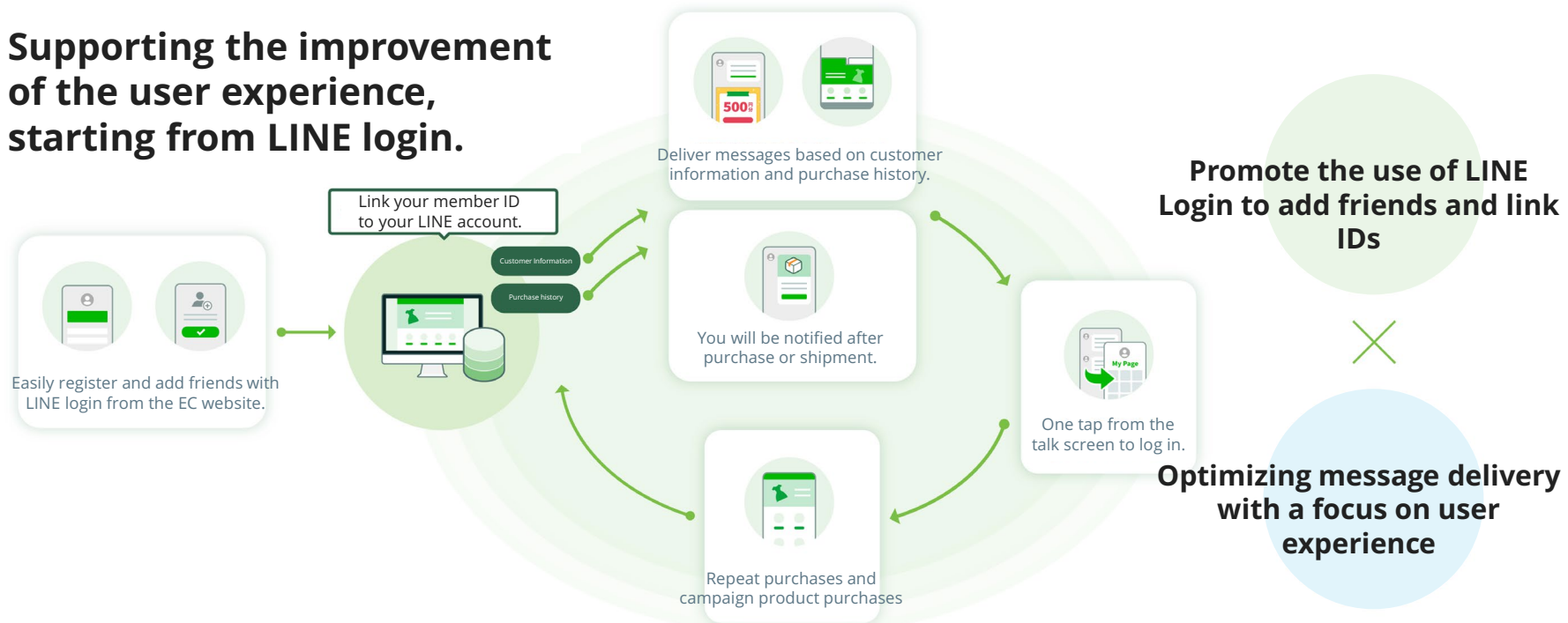
With a user interface that is easy to understand, even for beginners in data feeds, it realizes an operation system that does not depend on a single person. Support is also available.



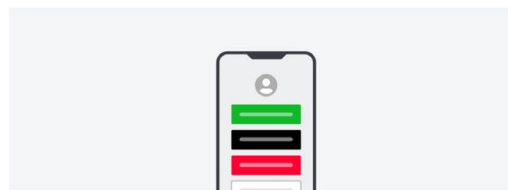
social plus

Make it easier to implement Social Login.

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

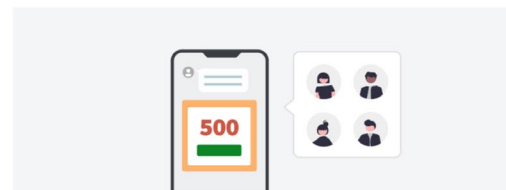


Optimization of member registration and purchase flow



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

CRM using the official LINE account

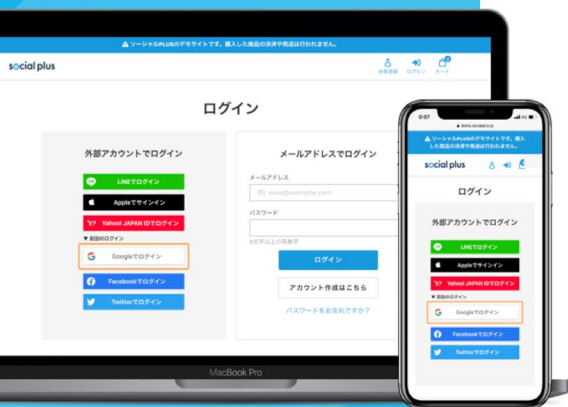


It is possible to promote the linkage of friend additions and IDs through LINE login, as well as optimize message delivery. We will support you in improving user experience and sales based on our technical capabilities and know-how as a certified LINE Corporation Technology Partner and SMB Sales Partner.

Linking Shopify and LINE



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



Omni Hub



Omni-Channel Member information linkage App

Member information linkage



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

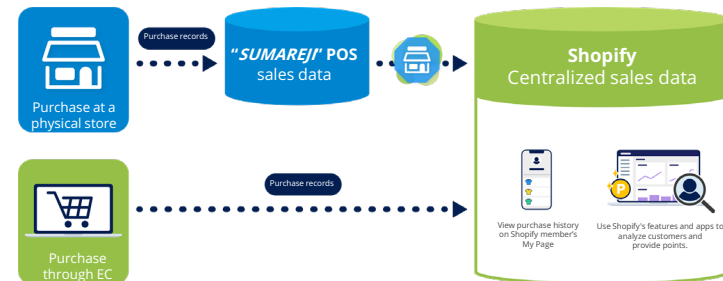
Display member barcode on the EC site!



Sales information linkage



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





Dokopoi introduces points system



Grant/use points

Set granting and using points to match Japanese business practice



Manage points per user

Show irregular points change and points past records



Manage points per user

Show irregular points change and points past records



Analytical tool

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



Export

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



Limited campaign

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



Compatible with Shopify Flow

Able to grant and use points automatically by certain actions



Link points with off-line stores

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



Reward program

Exchange saved points for merchandise



Export

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



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



Non-stop, fully automated processing from order to shipment

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

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










Mall, Systems

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

Logistics Service

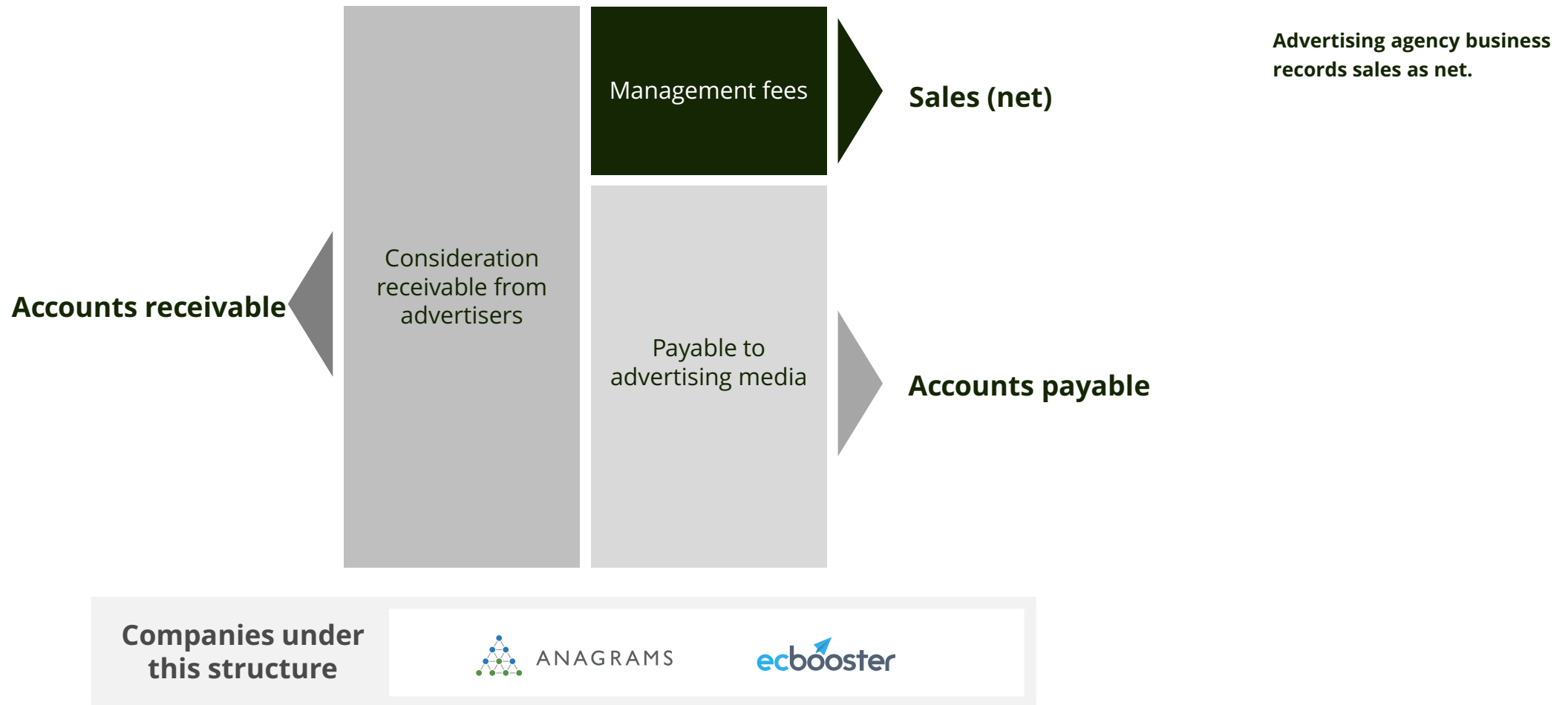
- FBA Multichannel Service
- Logizzard ZERO Support Warehouse
- LogiMoPro
- SB Logistics
- Sagawa Global Logistics
- Other domestic warehouses
(All warehouses that provide shipping instructions via CSV)

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

Fee structure	PS	SaaS	DX
Variable rate per billing	Rate of customer promotion (advertising) expenses		
	Internet-oriented advertising agency  ANAGRAMS	Google shopping ads automatic operation tool  ecbooster	
Fixed by month	Data feed advertising operations  DF PLUS	Data feed management tool  dfplus.io	Automation of e-commerce shipments and orders  SHIPPInno シッピーノ
		Social login & message delivery  social plus	Subscription feather Shopify App  Omni Hub Powered by Feedforce Inc.
		LINE-based CRM infrastructure Shopify App  CRM PLUS on LINE	Shopify App related to point features  どこポイ

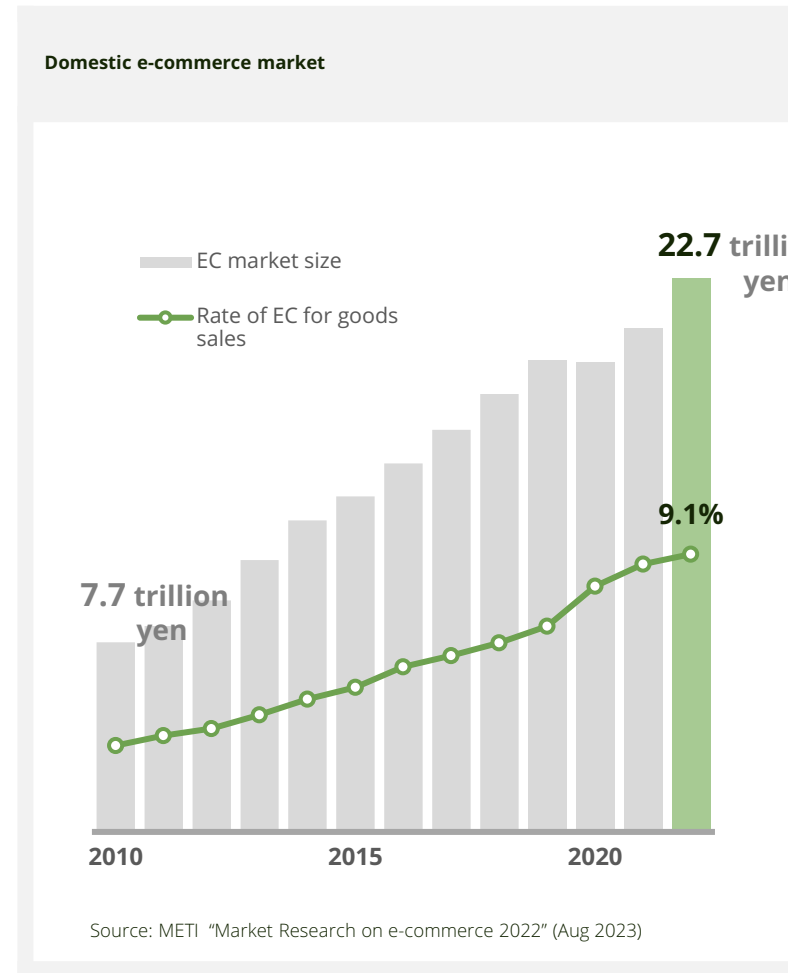
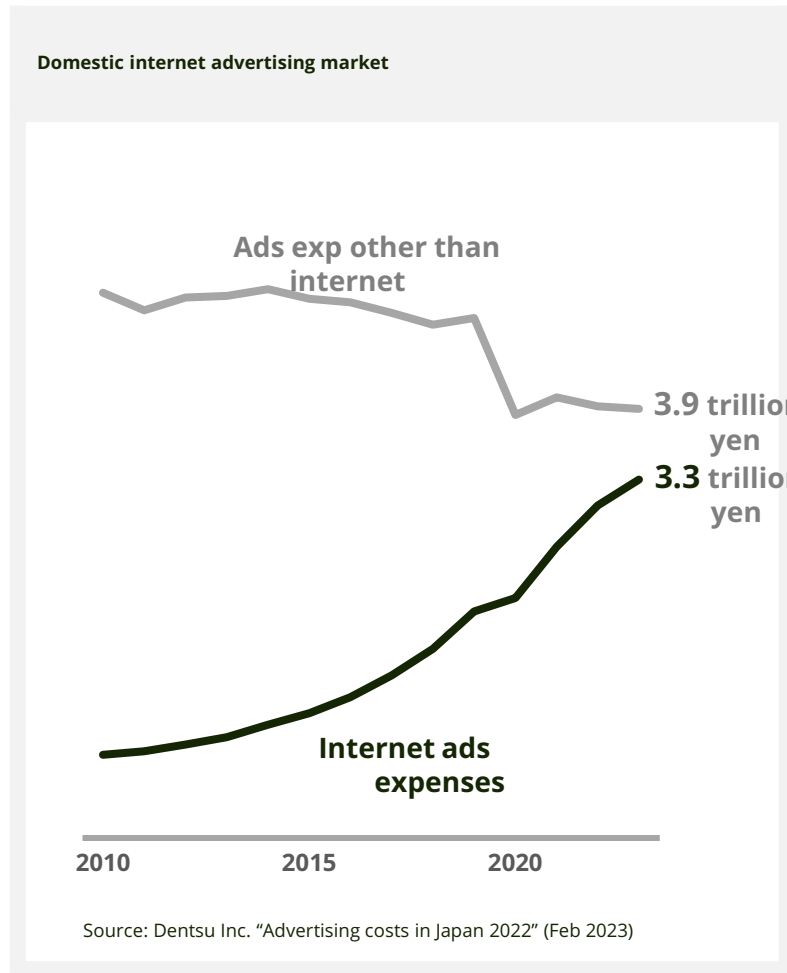
Based on revenue models of rate per billing, fixed monthly fee and per person per month

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



Market Environment

(1) Market Size Internet advertising and EC markets



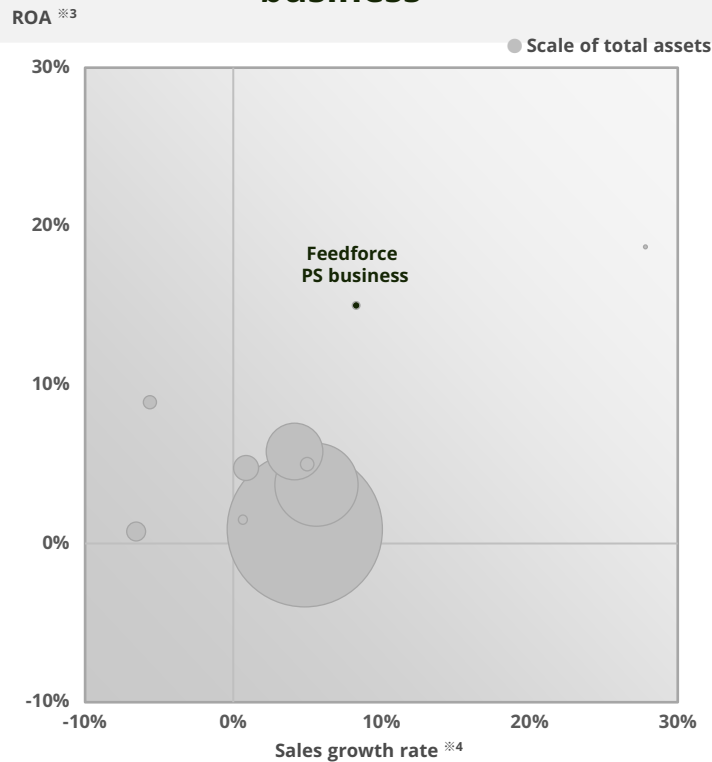
Internet advertising expenses in 2023 grew steadily to 3.3 trillion yen, accounting for 45.5% of total advertising expenses.

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

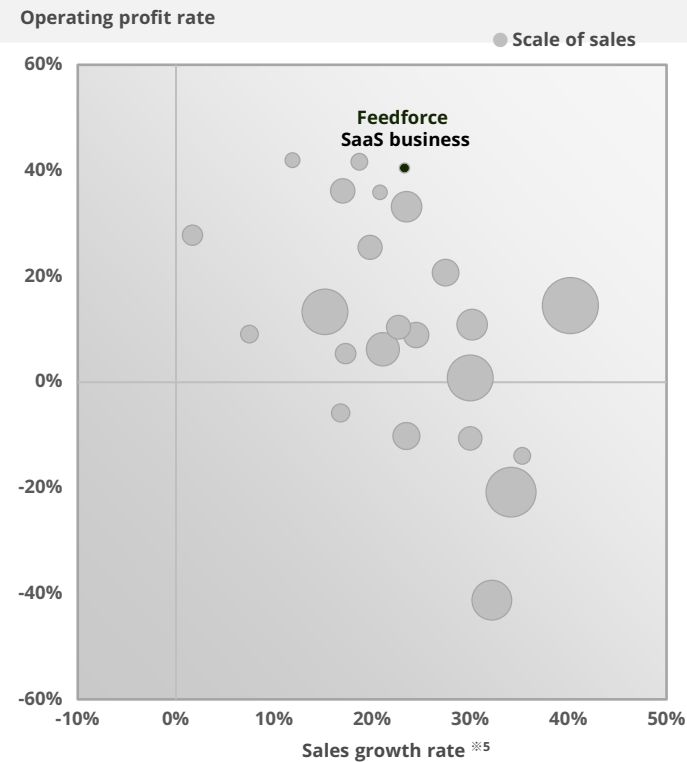
(2) Competitive Environment

Comparison with domestic major advertising agencies and SaaS business

Growth and profit rates of major domestic advertising agency business^{※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

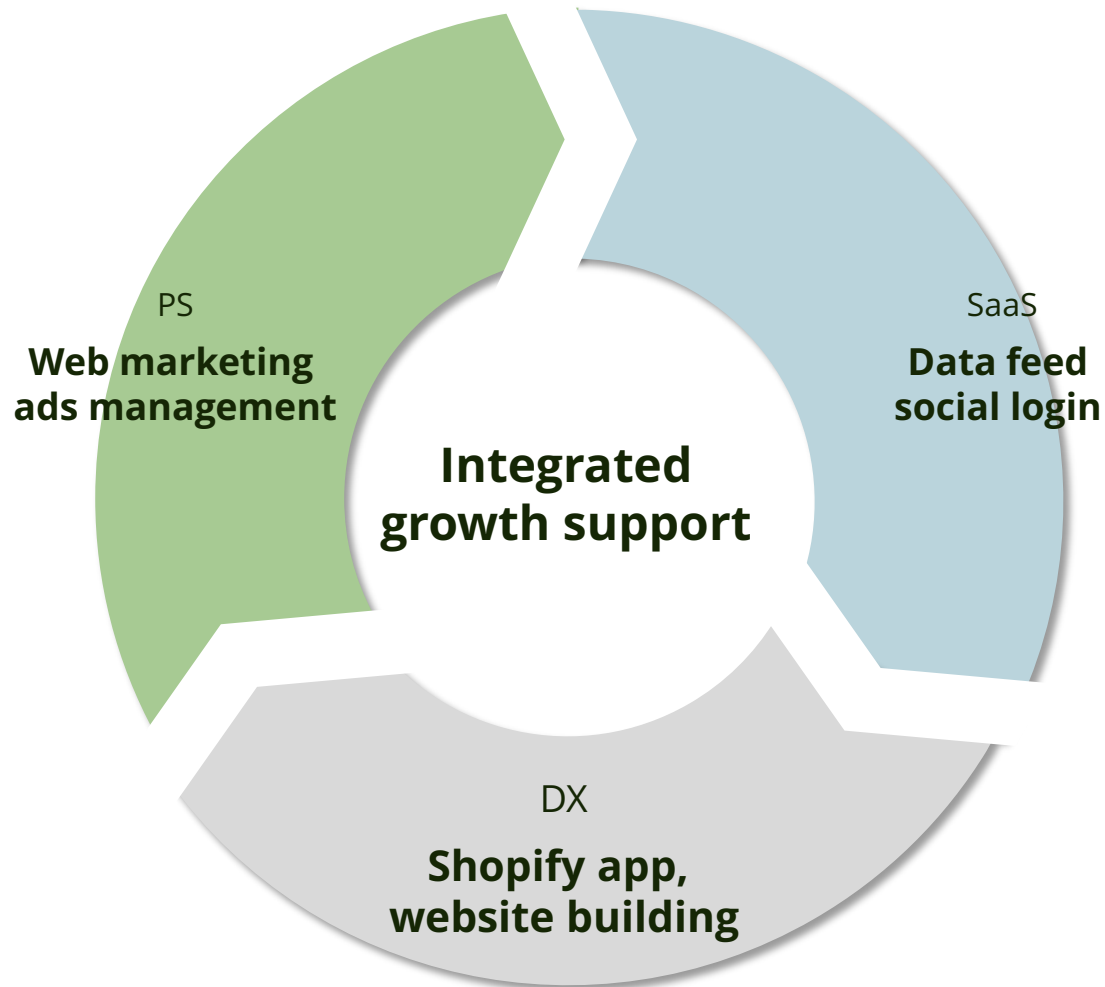
※4 Calculated based on actual sales

※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, EC website building and providing EC apps (DX)

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

(1) Management Resources and Competitive Advantage

Characteristics of business segment

	Source of Competitiveness	Scale (FY2024)	Profitability	Stability	Growth potential
PS	<ul style="list-style-type: none"> Maintains high profitability with a consulting-style advertising agency model 	Sales 2,455 M yen Full-time employees 104	Operating profit rate 42.9%		
SaaS	<ul style="list-style-type: none"> Maintain steady increase in sales and high profitability Few competitors in Japan in social login and data feed tools 	Sales 1,122 M yen Full-time employees 51	Operating profit rate 40.5%	Since segment disclosure in FY2017 Consecutive increase in sales and profit	Sales growth rate +23.3%
DX	<ul style="list-style-type: none"> Establish EC support structure from branding using Shopify, website building, providing apps to backyard jobs 	Sales 650 M yen Full-time employees 62	Review business structure for re-growth		

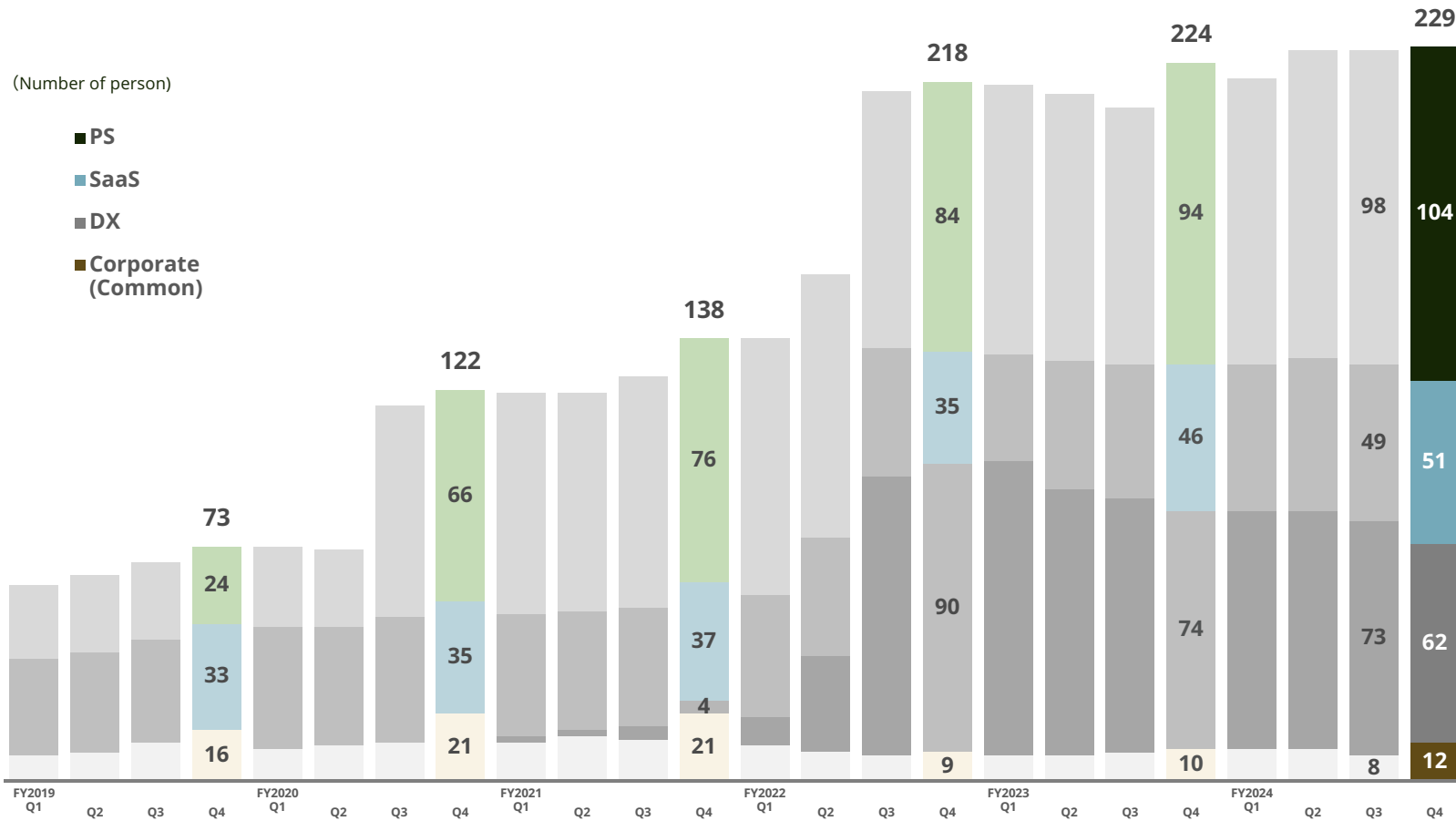
Since each segment has different characteristics, it is possible to continue growth investments while expanding profits.

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

(1) Management Resources and Competitive Advantage

Expanding human resources

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



The number of Group employees (full-time only) increased in PS and SaaS and decreased in 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., Cocom Inc. and other companies before joining Feedforce Inc. in October 2015. He served as Head Manager for SaaS business and was an executive officer and in June 2021 became President and CEO of Social PLUS Inc.

Keji Abe
Director
Anagrams
President & CEO



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

Katsunori Ura
Independent
Director
(Supervisory Committee)

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

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

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

Yasuo Sato
Independent
Director
(Supervisory Committee)

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

Shingo Nishiyama
Group Executive Officer
In charge of Group

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

Our Business Plan

Business Plan Summary

FY2024 Actual	<ul style="list-style-type: none"> Shift from profit maintaining phase due to up-front investment to sales and profit expansion phase 	PS	<ul style="list-style-type: none"> Build stable operating structure and revenue base
		SaaS	<ul style="list-style-type: none"> Keep 20% growth rate and increase profit
		DX	<ul style="list-style-type: none"> Review business structure

In FY2024, we realized profit expansion through growth in PS and SaaS, but had a huge loss in DX.

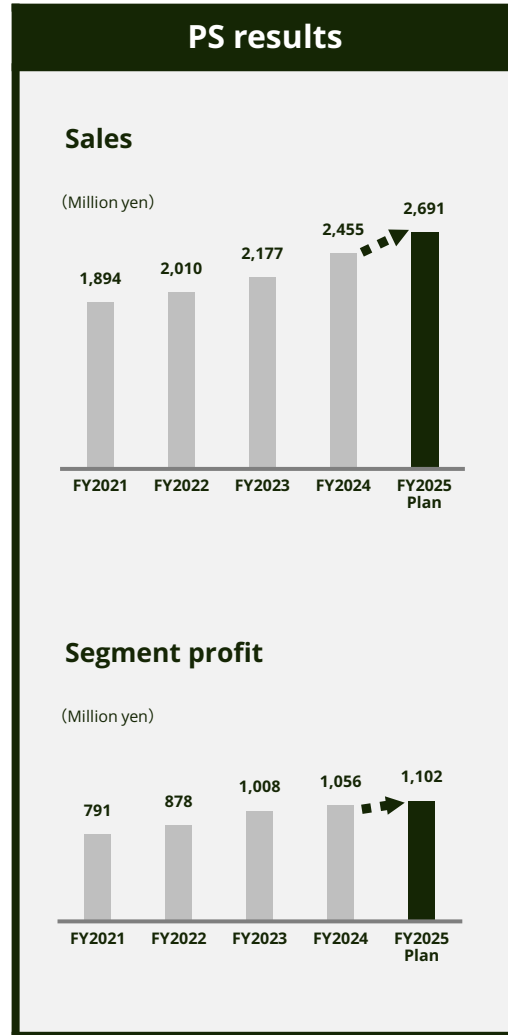
Our FY2025 mid-term goal was to achieve the initial goal
 Sales 5 billion yen
 Operating income 2 billion yen
 one year ahead of time

But because of the delayed progress in DX, it was revised to
 Sales 4.5 billion yen
 Operating income 1.8 billion yen



FY2025 Plan	<ul style="list-style-type: none"> (Initial mid-term goal) Achieve "5 billion yen for sales, 2 billion yen for operating income, and maintain over 20% for ROE" one year ahead of schedule
	<ul style="list-style-type: none"> (Performance forecast) Revised downward to "4.5 billion yen for sales, 1.8 billion yen for operating income and maintain over 20% for ROE"

(1) Growth Strategy Growth strategy for PS business



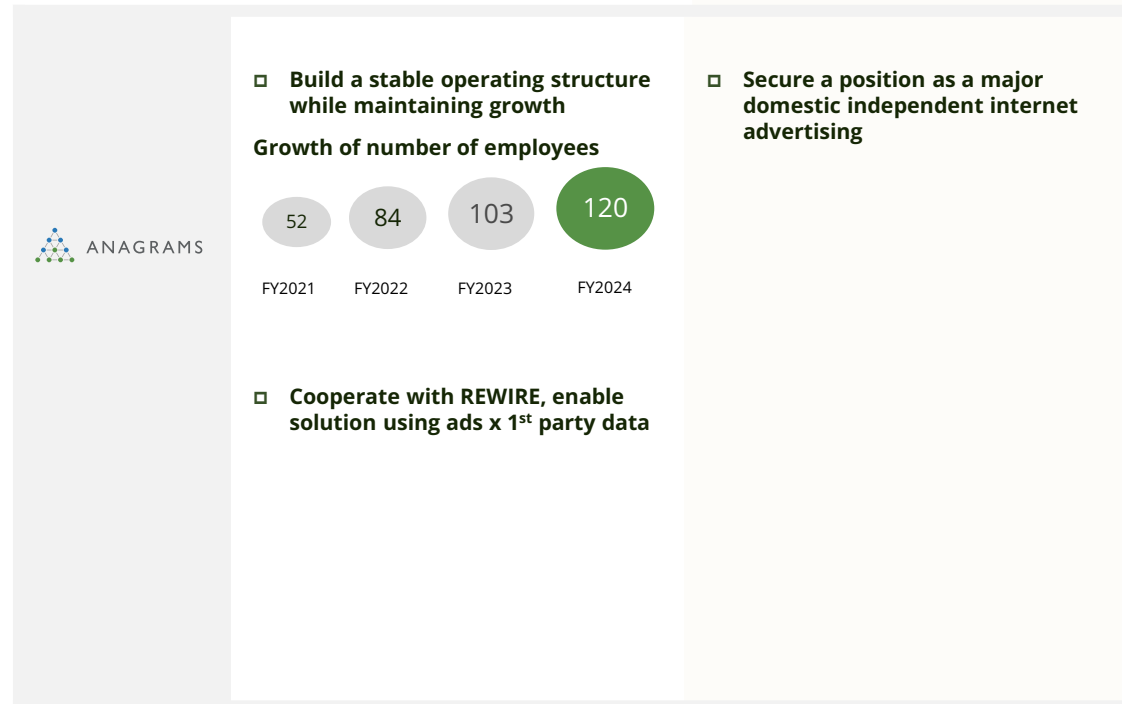
Initiatives for FY2025

- Plan for FY2025
Sales 2.6 billion yen
Segment profit 1.1 billion yen

Growth strategy after FY2026

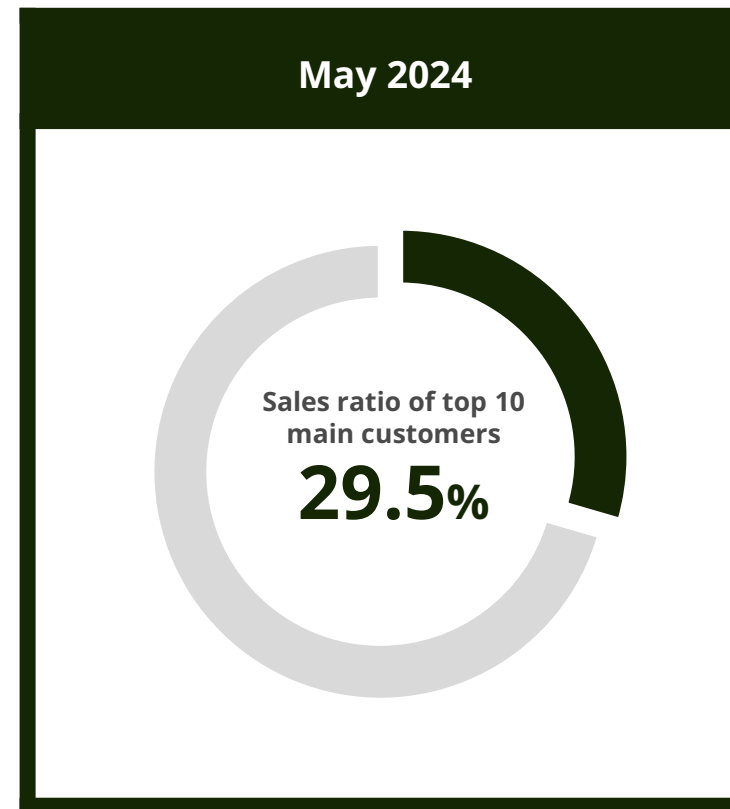
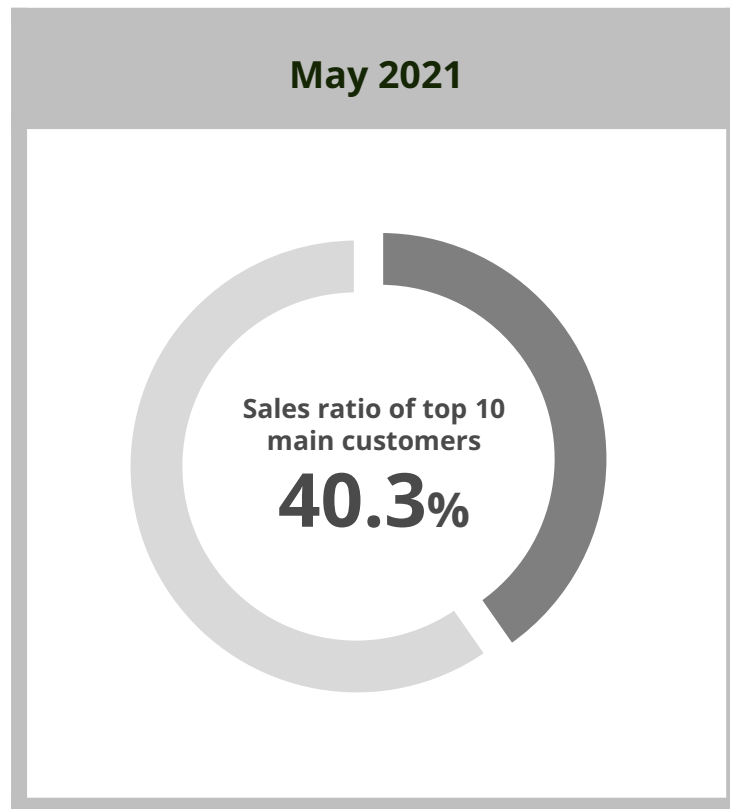
- Aim for stable increase in sales and profit

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



Anagrams expended its customer base and lowered dependency on certain customers

Sales ratio of top 10 main customers in PS business



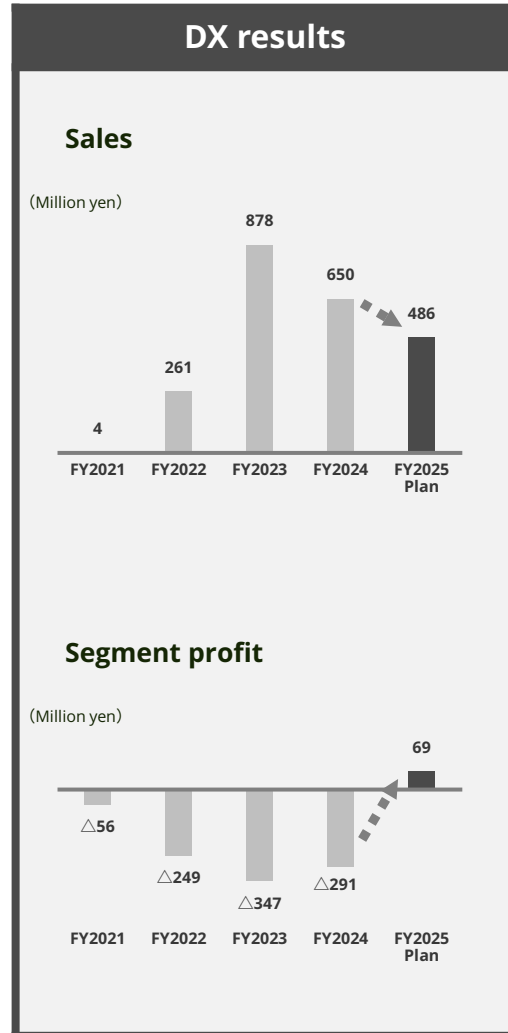
(1) Growth Strategy Growth strategy for SaaS business



	Initiatives for FY2025	Growth strategy after FY2026
	<ul style="list-style-type: none"> Plan for FY2025 Sales 1.4 billion yen Segment profit 0.6 billion yen 	<ul style="list-style-type: none"> Maintain around 20% sales growth and increased profit
social plus	<ul style="list-style-type: none"> Stand-alone LINE message distribution function 	<ul style="list-style-type: none"> Aim for top market shares in Japan for both login and message functions
CRM PLUS on LINE	<ul style="list-style-type: none"> Expand mainly for enterprise 	
diplus.io	<ul style="list-style-type: none"> Release Indeed-related service function 	<ul style="list-style-type: none"> Expand the value provided, including peripheral areas of feeds, by specializing in human resources and EC
ecbooster	<ul style="list-style-type: none"> Release app version of Shopify Compatible with Microsoft Advertising 	<ul style="list-style-type: none"> Commercialize "Must Have," advertising for small and medium EC commerce

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

(1) Growth Strategy Growth strategy for DX business



Initiatives for FY2025

Growth strategy after FY2026

We plan to provide new solutions while aiming to make a net profit in FY2025.

- Aim for re-growth, mainly Rewire, and segment profit, which wasn't achieved in FY2024

- Big profit growth in FY2025

Rewire	<ul style="list-style-type: none"> □ Improve data service, app service □ Succeed FRACTA's base and develop projects related to Shopify □ Start generative AI solution 	<ul style="list-style-type: none"> □ Become a domestic leading company in Shopify development
Omni Hub	<ul style="list-style-type: none"> □ Increase clients in both enterprise and SMB 	<ul style="list-style-type: none"> □ Expand compatible POS and enter into much bigger market
SHIPPInno	<ul style="list-style-type: none"> □ Explore new markets for EC cart and delivery link 	
feedforce Vietnam	<ul style="list-style-type: none"> □ Focus on enterprise and manufacturers' local EC and advertising □ Ensure resource and technical support as off-shore development 	<ul style="list-style-type: none"> □ Marketing and technical support for businesses expanding in Vietnam
FRACTA®	<ul style="list-style-type: none"> □ Transfer business to Rewire and downsize 	

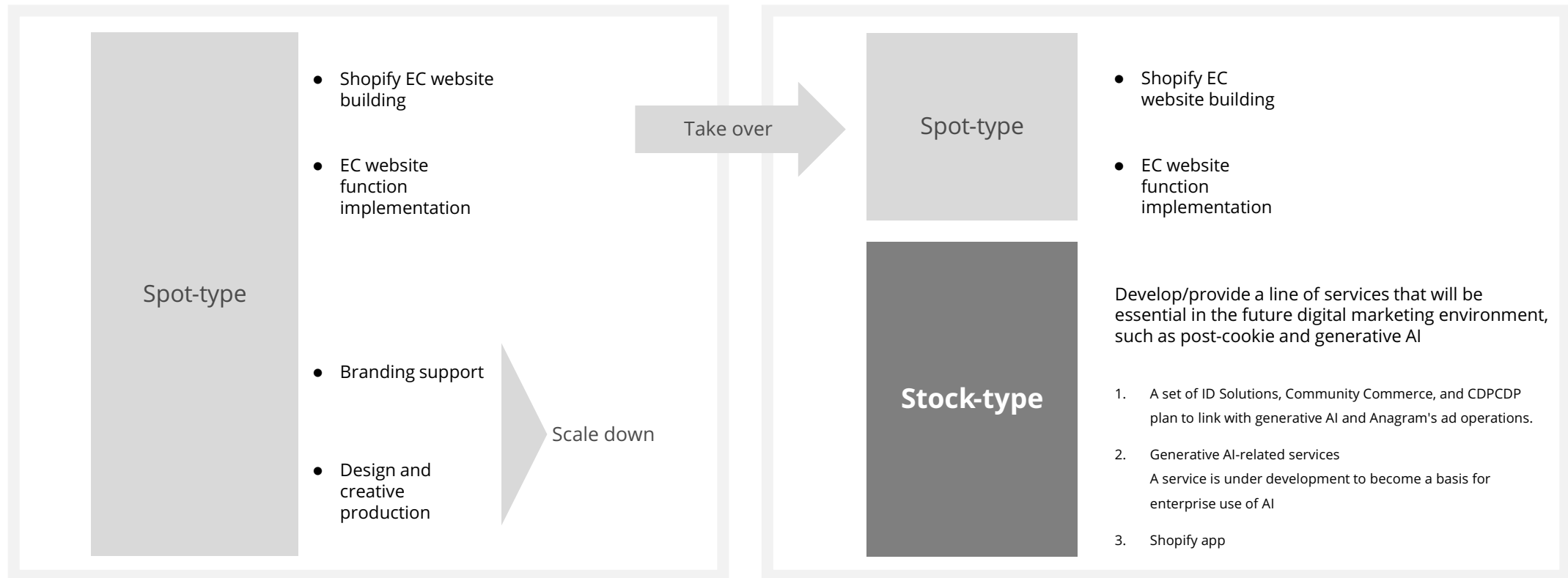
Restructure DX business segment

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

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

FRACTA®

 Rewire



New service

Obtained patent related to “Generight,” generative AI services

Generight

Traceability system that manages the rights to materials used for training image generative AI throughout the entire process
Provide an environment where creators and companies can use AI without worry

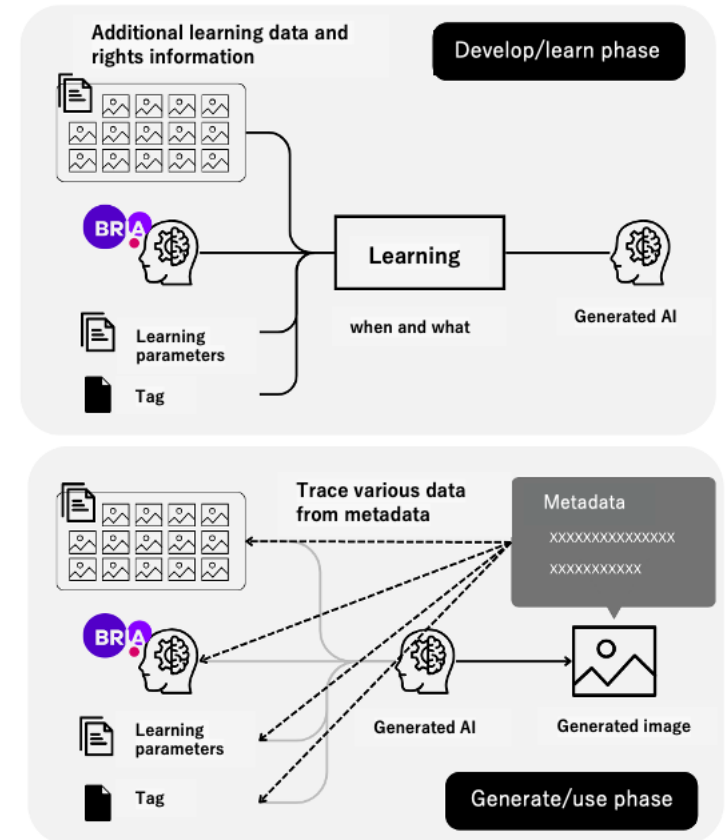
Patented

Patented basic mechanism for traceability of training material for generative AI.
This enables the use of generative AI without infringing on creators’ rights



Generight

New image generative AI that can track rights information



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

(Number of use)

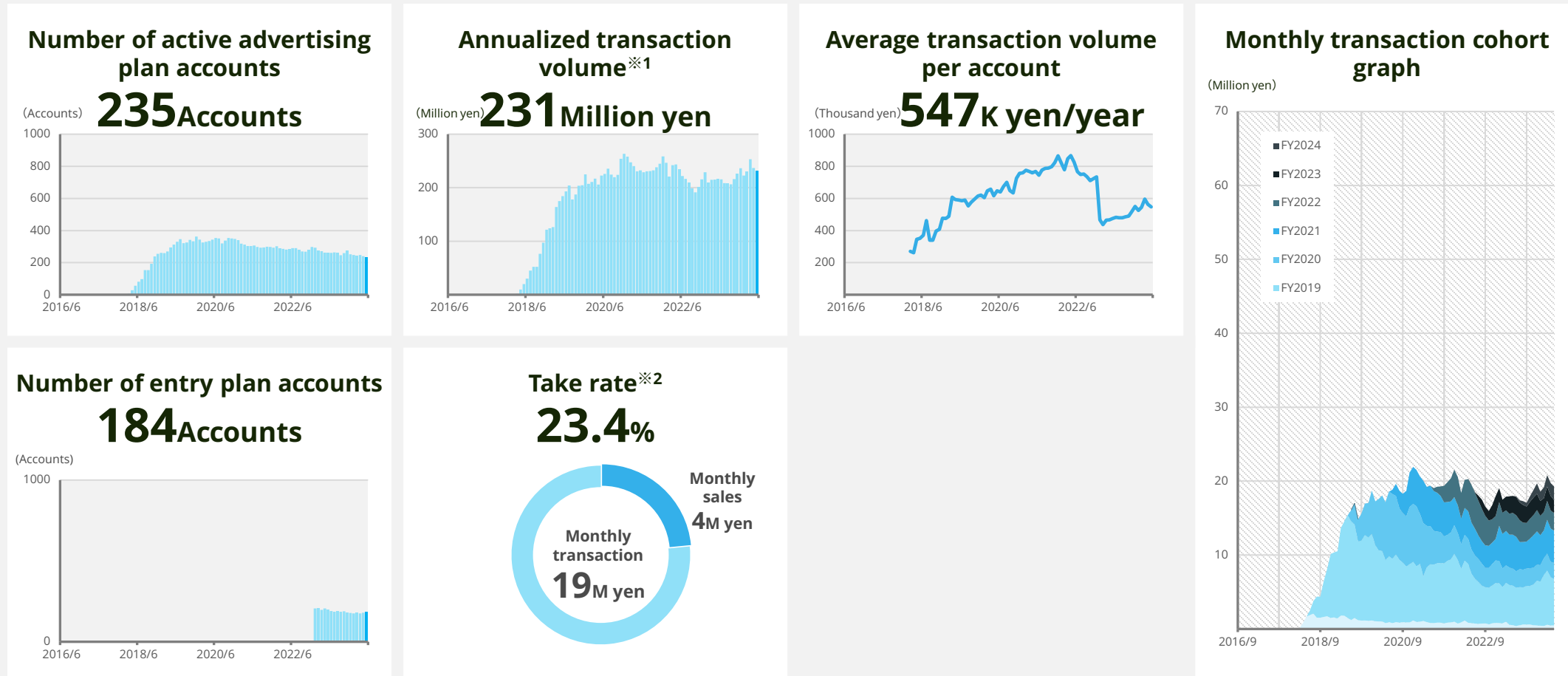
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	v. FY2023 end
PS							
Anagrams	—	96	115	116	156	166	+10
Feedmatic	45	48	45	49	— ※1	—	—
SaaS							
EC Booster※2	313	344	303	283	460 <small>うちエントリー プラン198</small>	419 <small>うちエントリー プラン184</small>	△41
dfplus.io	98	139	175	235	302	375	+73
Social PLUS	237	272	309	361	391	440	+49
DX							
FRACTA	—	—	—	53	43	8	△35
Shippinno	—	—	—	495	435	417	△18
Shopify app※3	—	—	—	532	144	258	+114

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

FRACTA project deals declined significantly.

※1 After a merger in June 2022, the number of use has been integrated into Anagrams.
 ※2 EC Booster free plan accounts are not included.
 ※3 The number of paid active accounts of Shopify-providing apps

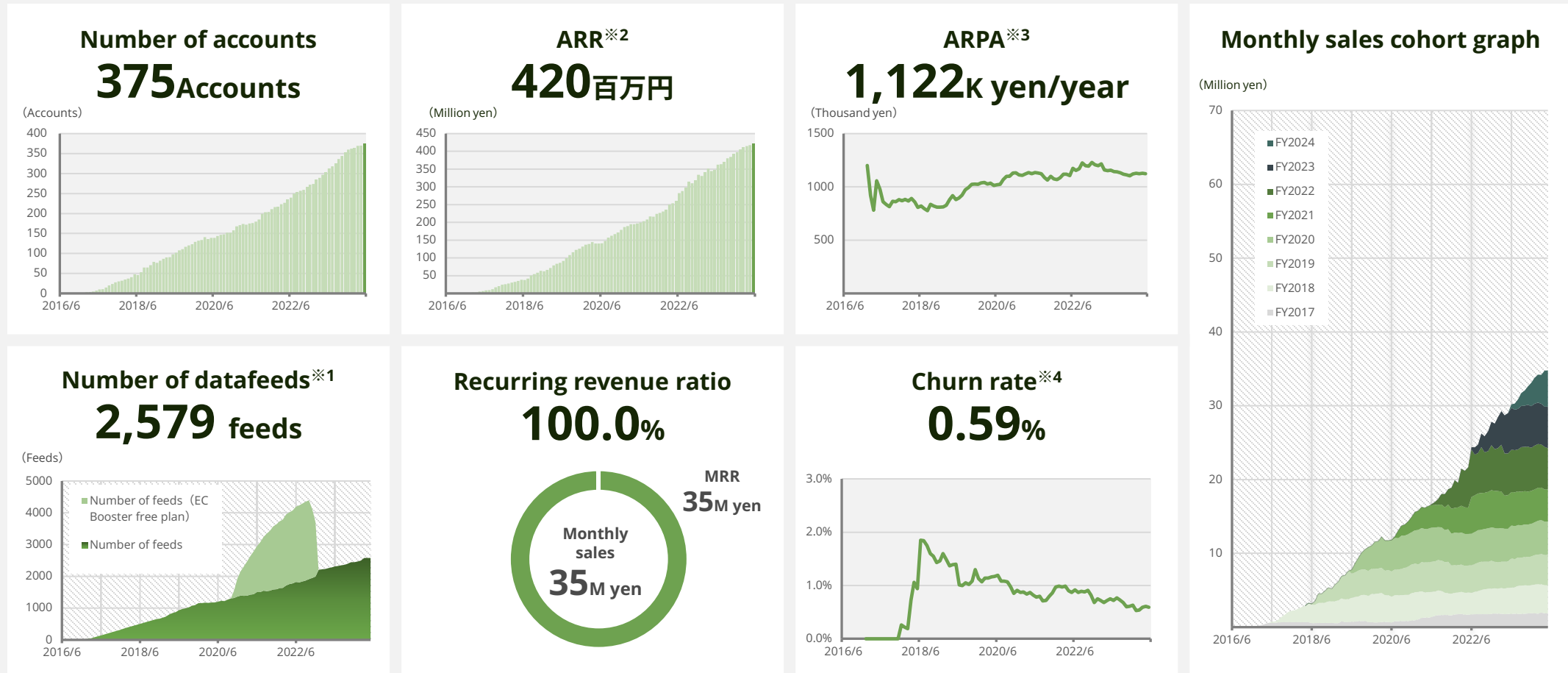
(2) Management Indicators Sales-related data: SaaS performance indicators



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

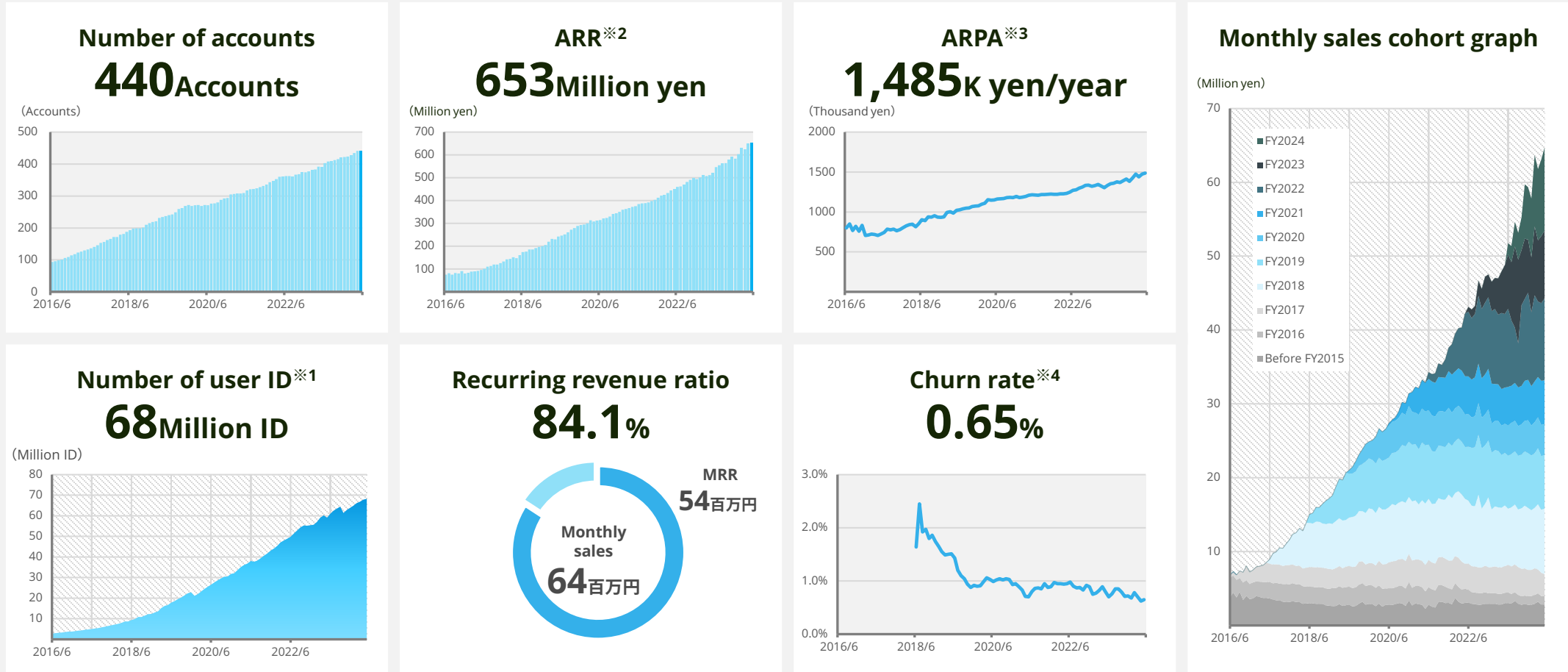
※2 Ratio of sales to transaction amount. Sales are calculated by deducting media advertising cost and partner commissions from the transaction volume.

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



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

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



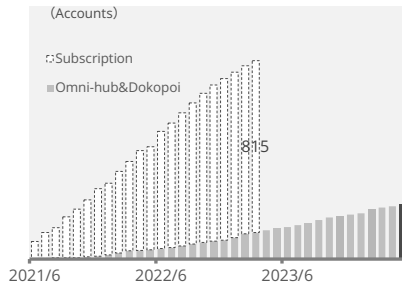
※1 Total number of user IDs registered through the Social PLUS service
 ※2 Calculated by multiplying each monthly recurring revenue (continuous fixed revenue) by 12
 ※3 Average ARR per account
 ※4 The weighted average of monthly cancellation amounts for the monthly recurring revenue for the last 12 months

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

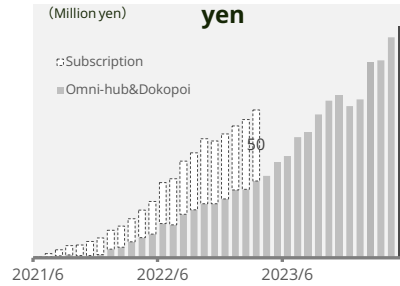


(The latest month is March 2024)

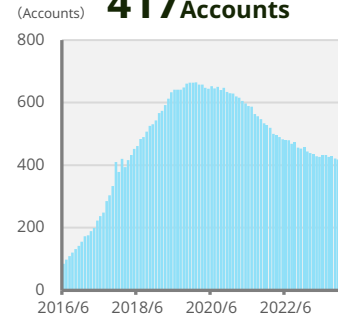
Active accounts^{※2}
258Accounts



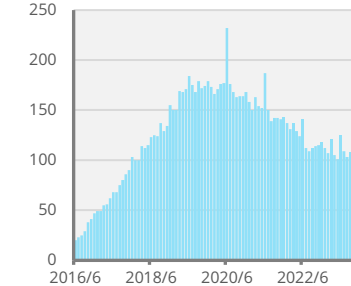
ARR^{※3}
164Million yen



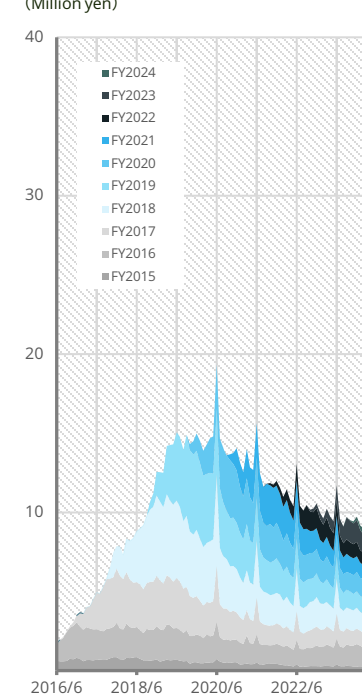
Number of accounts
417Accounts



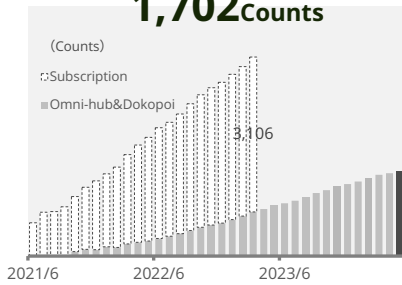
Annualized transaction volume^{※1}
117 M yen/year



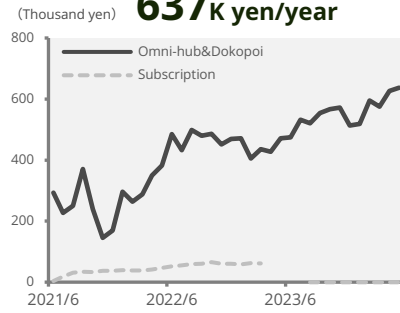
Monthly transaction cohort graph



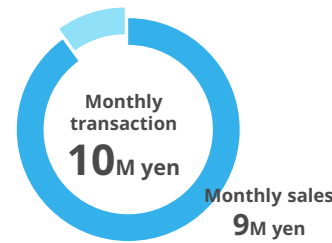
Number of app installs^{※4}
1,702Counts



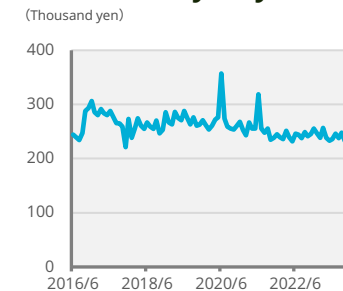
ARPA^{※5}
637k yen/year



Take rate^{※2}
90.0%



Ave. transaction/account^{※3}
244k yen/year



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

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

(2) Management Indicators Financial indicators

	FY2019 Unconsolidated	FY2020 Consolidated	FY2021 Consolidated	FY2022 Consolidated	FY2023 Consolidated	FY2024 Consolidated
Sales growth rate	+24.5%	+118.0%	+69.5%	+20.7%	+32.0%	+6.6%
PS	△0.3%	+162.6%	+88.7%	+6.1%	+8.3%	+12.8%
SaaS	+86.3%	+58.6%	+26.4%	+21.9%	+24.1%	+23.3%
DX	—	—	—	—	+236.6%	△25.9%
Operating profit margin	6.6%	27.2%	34.4%	31.0%	26.0%	+29.3%
PS	28.0%	35.5%	40.0%	43.2%	45.5%	+42.9%
SaaS	△19.5%	8.6%	24.4%	38.9%	38.1%	+40.5%
DX	—	—	—	△94.6%	△39.3%	△44.8%
ROA^{※1,※2}	11.2%	14.6%	15.2%	12.8%	13.6%	15.9%
ROE^{※2,※3}	57.2%	31.0%	28.5%	22.5%	3.9%	17.0%
Shareholders' equity ratio^{※4}	20.7%	18.3%	36.6%	37.2%	39.0%	36.9%
D/E Ratio^{※5}	1.6x	1.1x	0.7x	0.8x	0.6x	0.8x

In SaaS business, sales growth rate is about 23%, and operating profit margin is about 40%.

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

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

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

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

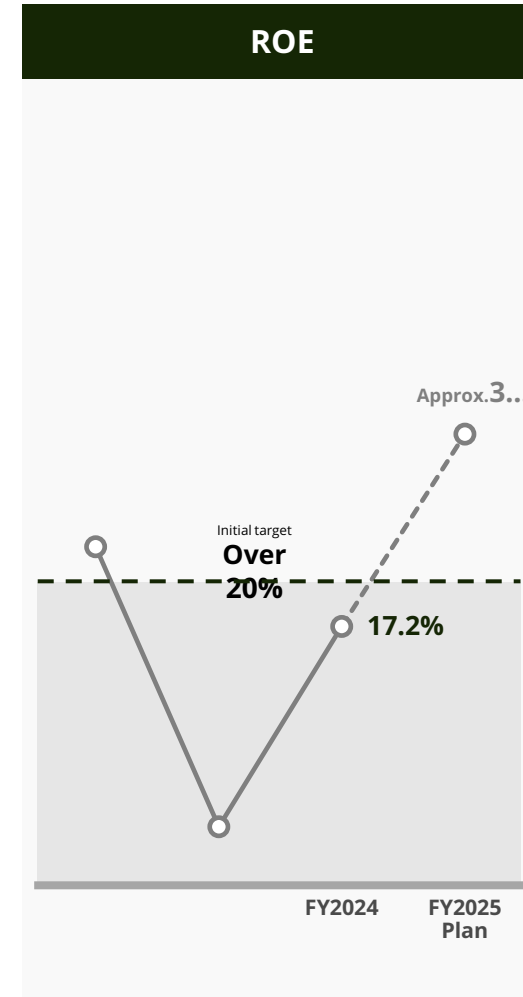
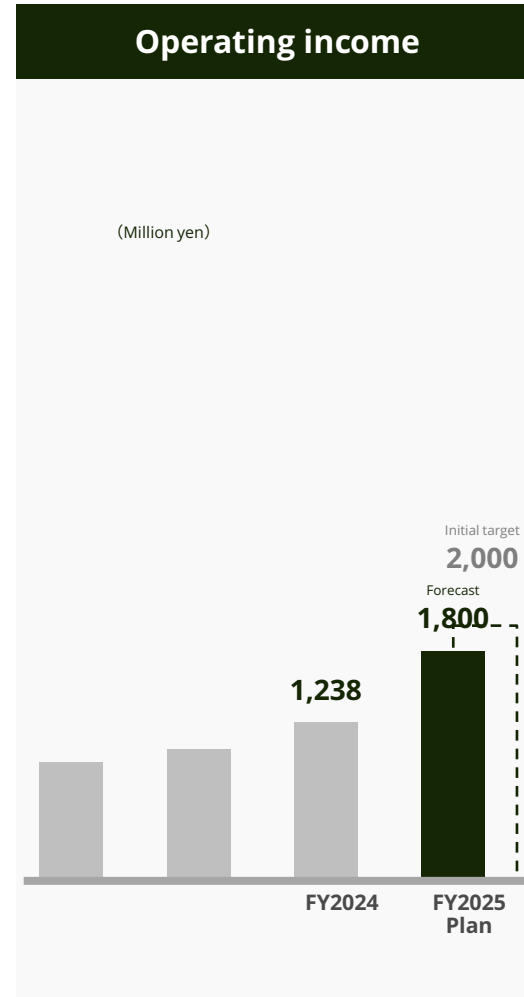
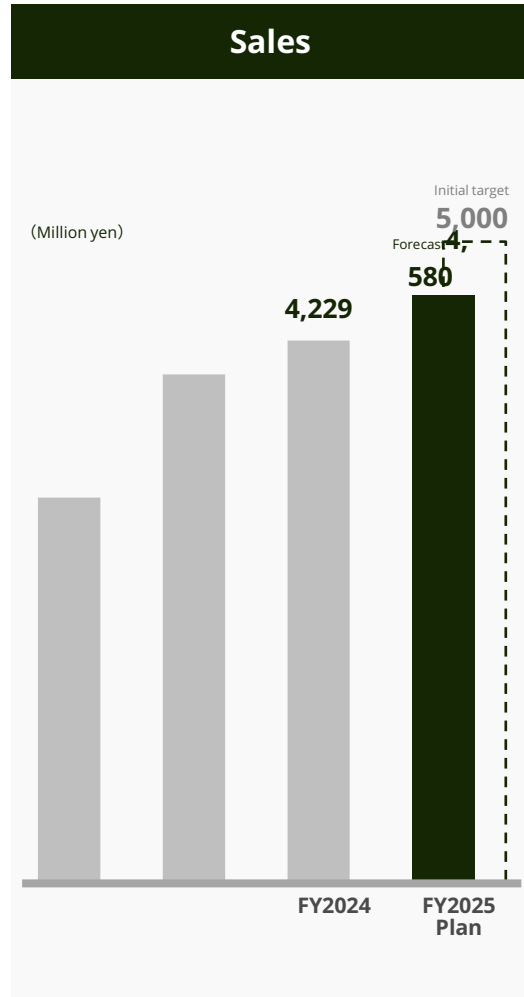
※5 D/E ratio : Interest-bearing debt ÷ net assets

(3) Profit Plan and Assumptions FY2025 Performance forecast

(Million yen)

	FY2024 Q2 YTD Actual (a)	FY2024 Full year Actual (b)	FY2025 Q2 YTD Forecast (c)	Forecast v. Actual Q2 (c) / (a)-100%	FY2025 Full year Forecast (d)	Forecast v. Actual Full year (d) / (b)-100%	In FY2025, we expect operating income of 1.8 billion yen.
Sales	2,143	4,229	2,144	+0.0%	4,580	+8.3%	
EBITDA	753	1,445	859	+14.0%	2,014	+39.3%	
Operating income	647	1,237	754	+16.4%	1,800	+45.5%	
Ordinary income	622	1,166	744	+19.5%	1,781	+52.7%	
Profit attributable to owners of parent	175	473	490	+179.0%	1,172	+147.6%	
EPS	6.73 yen	18.23 yen	19.14 yen		45.90 yen		

(3) Profit Plan and Assumptions Mid-term goals and performance forecast

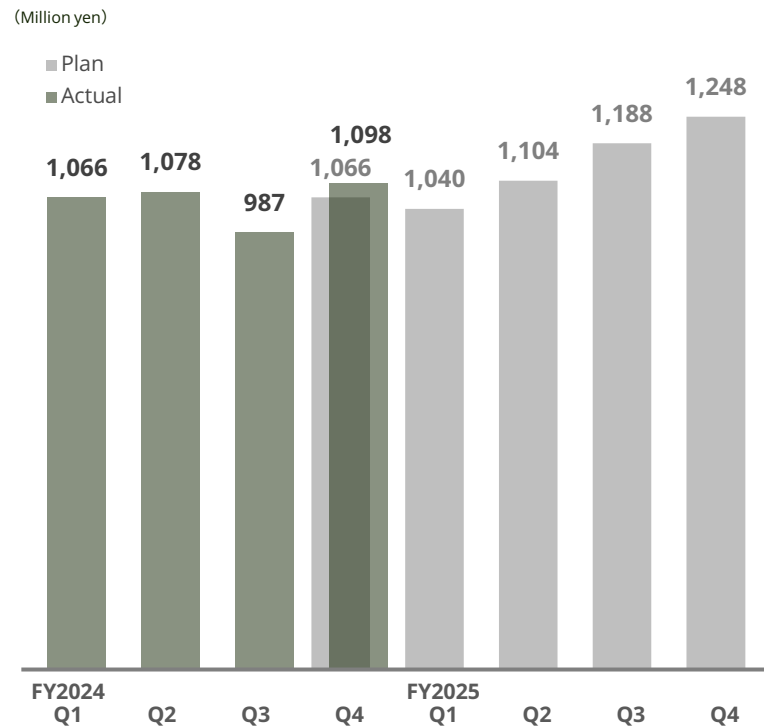


In FY2025, our mid-term goal was to achieve “5.0 billion yen in sales, 2.0 billion yen in operating income, and ROE at 20%” one year ahead of schedule. But due to reviewing the DX business, the timing to reach sales and operating income mid-term targets was revised.

(4) Progress Progress in the FY2024 forecast (revised) • Quarterly progress to FY2025 forecast

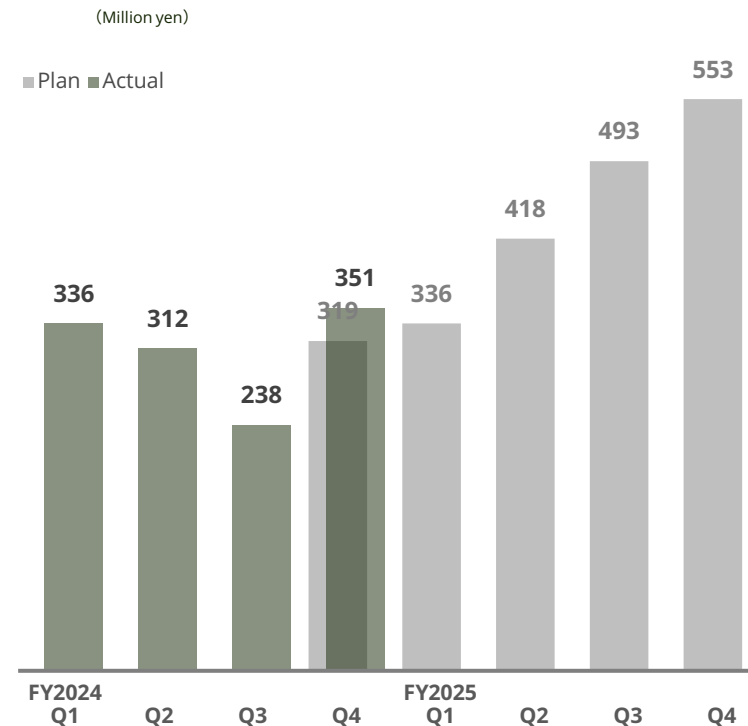
4Q FY2024 Progress rate to plan

Sales **100.8%**



4Q FY2024 Progress rate to plan

Operating income **102.7%**



Exceeded the FY2024 Q4 forecast (revised).

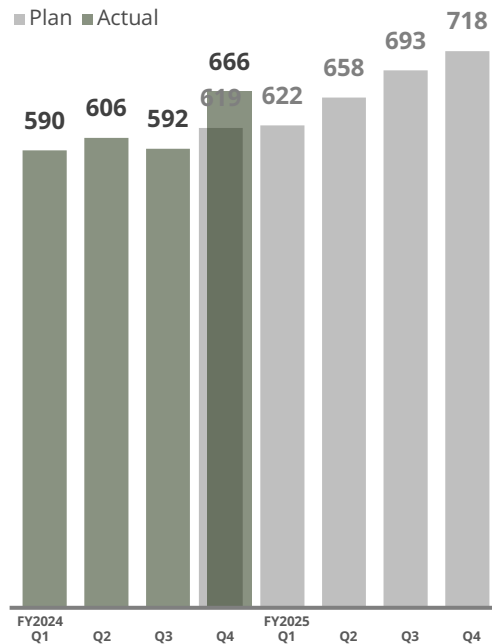
In FY2025, we aim for stable growth after Q1.

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

(4) Progress Progress in the FY2024 forecast (revised) • Quarterly progress to FY2025 forecast by segment

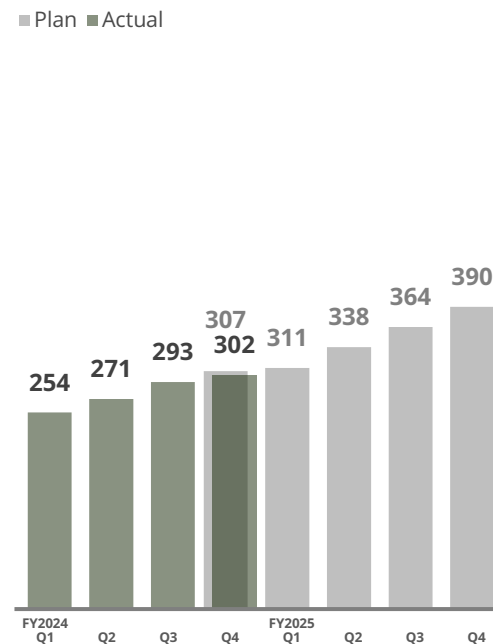
PS
4Q FY2024 Progress rate to plan
Sales **102.0%**

(Million yen)



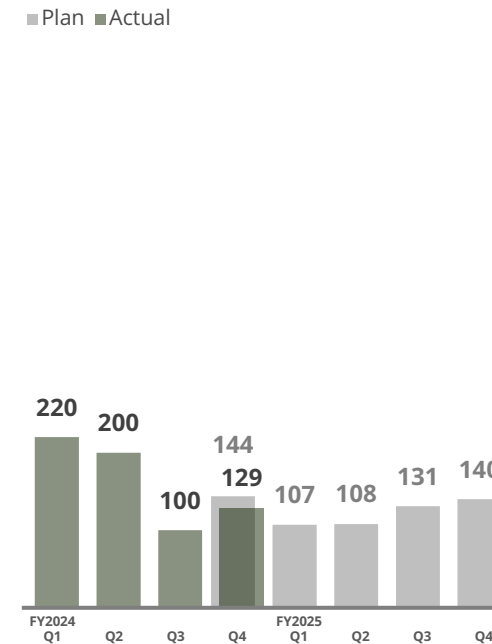
SaaS
4Q FY2024 Progress rate to plan
Sales **99.7%**

(Million yen)



DX
4Q FY2024 Progress rate to plan
Sales **97.9%**

(Million yen)



In 4Q FY2024, PS exceeded the plan, but SaaS and DX slightly fell behind the plan.

Risk Information

(1) Perceived Risks

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

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

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

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

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

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

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

(2) Risk Management

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

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

Financial risks	
Risks	Countermeasures
Collectability 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