Feedforce Group

# Financial Results for the Second Quarter of FY2025

## (Our Business Plan and Growth Potential)

**December 26, 2024**

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 17

- Business Model 18
- Market Environment 30
- Source of Competitiveness 33
- Business Plan 38
- Risk Information 56

# 01

# Financial Highlights

# Consolidated Financial Results Overview

(Million yen)

| | FY2024 Q2(6mo) | **FY2025 Q2(6mo)** | YoY | FY2024 Q2 | Q3 | Q4 | FY2025 Q1 | **Q2** | QoQ |
|---|---|---|---|---|---|---|---|---|---|
| **Transaction amount** | 6,964 | **7,639** | +9.7% | 3,408 | 3,332 | 3,778 | 3,811 | 3,827 | +0.4% |
| **Sales** | 2,143 | **2,084** | △2.8% | 1,077 | 986 | 1,098 | 1,052 | 1,032 | △2.0% |
| **EBITDA※** | 753 | **762** | +1.2% | 364 | 284 | 407 | 398 | 364 | △8.6% |
| **Operating income** | 647 | **666** | +3.0% | 311 | 238 | 351 | 351 | 315 | △10.3% |
| **Ordinary income** | 622 | **637** | +2.4% | 299 | 227 | 315 | 340 | 297 | △12.6% |
| **Profit before income taxes** | 502 | **638** | +27.0% | 45 | 229 | 286 | 340 | 297 | △12.7% |
| **Profit attributable to owners of parent** | 175 | **400** | +128.2% | △124 | 106 | 191 | 196 | 203 | +3.6% |

Consolidated results:

**YoY, sales decreased while operating income increased.**

**QoQ, sales and operating income decreased.**

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

# Consolidated Business Segment Results Overview

(Million yen)

| | FY2024 Q2(6mo) | **FY2025 Q2(6mo)** | YoY | FY2024 Q2 | Q3 | Q4 | FY2025 Q1 | **Q2** | QoQ |
|---|---|---|---|---|---|---|---|---|---|
| **PS※** | | | | | | | | | |
| **Sales** | 1,196 | **1,224** | +2.3% | 606 | 592 | 666 | 614 | **609** | △0.8% |
| **Segment profit** | 541 | **466** | △13.7% | 276 | 240 | 274 | 238 | **227** | △4.6% |
| **SaaS** | | | | | | | | | |
| **Sales** | 526 | **615** | +17.0% | 271 | 293 | 302 | 304 | **311** | +2.5% |
| **Segment profit** | 217 | **221** | +2.0% | 102 | 127 | 128 | 128 | **93** | △27.1% |
| **DX** | | | | | | | | | |
| **Sales** | 420 | **245** | △41.7% | 200 | 100 | 129 | 134 | **110** | △17.5% |
| **Segment profit** | △111 | **△21** | – | △67 | △129 | △50 | △15 | **△6** | – |

PS:

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

SaaS:

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

DX:

**Business restructuring within segment progressed and the loss decreased QoQ.**

※ PS stands for Professional Services

# Sales by Service

(Million yen)

| | FY2024 Q2(6mo) | **FY2025 Q2(6mo)** | YoY | FY2024 Q2 | Q3 | Q4 | FY2025 Q1 | **Q2** | QoQ |
|---|---|---|---|---|---|---|---|---|---|
| **PS** | 1,196 | **1,224** | +2.3% | 606 | 592 | 666 | 614 | **609** | △0.8% |
| **Anagrams** | 1,148 | **1,188** | | 581 | 576 | 645 | 595 | **593** | |
| **Other** | 48 | **35** | | 24 | 16 | 21 | 19 | **15** | |
| **SaaS** | 526 | **615** | +17.0% | 271 | 293 | 302 | 304 | **311** | +2.5% |
| **Social PLUS** | 325 | **386** | | 167 | 178 | 188 | 189 | **197** | |
| **dfplus.io** | 174 | **202** | | 89 | 101 | 99 | 100 | **101** | |
| **EC Booster** | 27 | **26** | | 14 | 13 | 14 | 13 | **12** | |
| **DX** | 420 | **245** | △41.7% | 200 | 100 | 129 | 134 | **110** | △17.5% |
| **Shopify App and others** | 57 | **142** | | 32 | 38 | 53 | 65 | **77** | |
| **FRACTA** | 301 | **36** | | 137 | 31 | 42 | 36 | **0** | |
| **Shippinno** | 58 | **55** | | 28 | 28 | 28 | 28 | **27** | |
| **Vietnam business** | 2 | **9** | | 1 | 2 | 4 | 3 | **6** | |

PS:

**Increased YoY and decreased QoQ.**

SaaS:

**Increased YoY and QoQ.**

DX:

**Shopify App and others (including ID solution and contract development) significantly grew.**

# Consolidated Operating Expenses

(Million yen)

| | FY2024 Q2(6mo) | FY2025 Q2(6mo) | YoY | FY2024 Q2 | Q3 | Q4 | FY2025 Q1 | Q2 | QoQ |
|---|---|---|---|---|---|---|---|---|---|
| **Operating expenses** | 1,496 | **1,418** | △5.2% | 766 | 748 | 746 | 701 | **716** | +2.2% |
| **Cost of sales** | 718 | **634** | △11.7% | 356 | 340 | 364 | 324 | **310** | △4.4% |
| **Labor cost** | 503 | **461** | | 251 | 242 | 275 | 243 | **218** | |
| **Expenses** | 215 | **173** | | 104 | 98 | 89 | 81 | **91** | |
| **SG&A** | 777 | **783** | +0.7% | 410 | 408 | 381 | 376 | **406** | +7.9% |
| **Personnel expenses** | 384 | **406** | | 194 | 210 | 178 | 190 | **215** | |
| **Expenses** | 393 | **377** | | 215 | 197 | 202 | 185 | **191** | |
| Recruitment/training | 16 | **28** | | 8 | 21 | 20 | 10 | **17** | |
| Advertising | 47 | **10** | | 30 | 8 | 8 | 5 | **5** | |
| Real estate-related expenses | 55 | **55** | | 37 | 32 | 23 | 27 | **28** | |
| Depreciation | 68 | **72** | | 34 | 34 | 43 | 35 | **37** | |
| Amortization of goodwill | 38 | **23** | | 17 | 11 | 11 | 11 | **11** | |
| Other | 168 | **187** | | 87 | 90 | 95 | 95 | **91** | |

**As the DX business downsized its business, the cost of sales significantly decreased and operating expenses decreased YoY, and due to increased selling expenses, operating expenses increased QoQ.**

# Breakdown of Extraordinary Gains and Losses

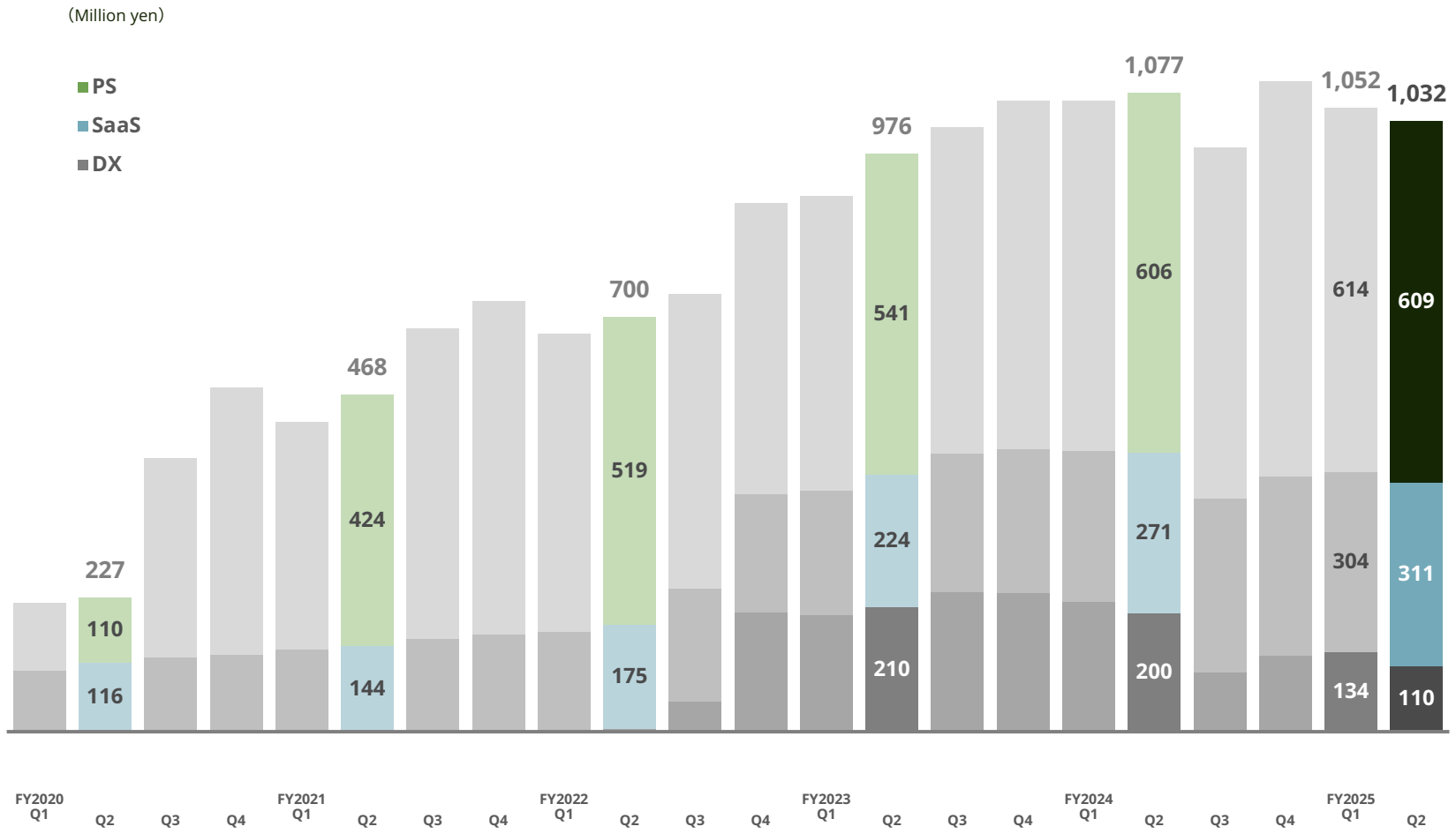
(Million yen)

| | FY2024 Q2(6mo) | FY2025 **Q2(6mo)** | FY2024 Q2 | Q3 | Q4 | FY2025 Q1 | **Q2** | Content |
|---|---|---|---|---|---|---|---|---|
| **Extraordinary gains** | 170 | **0** | 36 | 1 | 25 | 0 | **–** | |
| **Gain on sale of investment securities** | 86 | **–** | – | – | – | – | **–** | Previous Q1: **Gain on sale of shares held by Anagram** |
| **Gain on change in equity** | – | **–** | – | – | 25 | – | **–** | Previous Q4: Valuation gain on the share of Teps upon de-consolidation |
| **Gain on reversal of asset retirement obligation** | 44 | **–** | – | – | – | – | **–** | Previous 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 | – | – | – | **–** | Previous Q2: **Donated assets for new office furnishment** |
| **Gain on reversal of share acquisition rights** | 7 | **0** | 3 | 1 | 0 | 0 | **–** | **Reversal gain on free acquisition from retirees and others** |
| **Other** | 0 | **–** | 0 | – | – | – | **–** | |
| **Extraordinary losses** | 290 | **–** | 290 | – | 54 | – | **–** | |
| **Valuation loss on investment securities** | 0 | **–** | – | – | – | – | **–** | |
| **Impairment losses** | 290 | **–** | 290 | – | 54 | – | **–** | Previous Q2: **Impairment loss of FRACTA's goodwill**<br>Previous Q4: **Impairment losses of Rewire's software and of FRACTA's leased assets** |
| **Other** | 0 | **–** | – | – | 0 | – | **–** | |

**There was no extraordinary loss for the current cumulative Q2.**

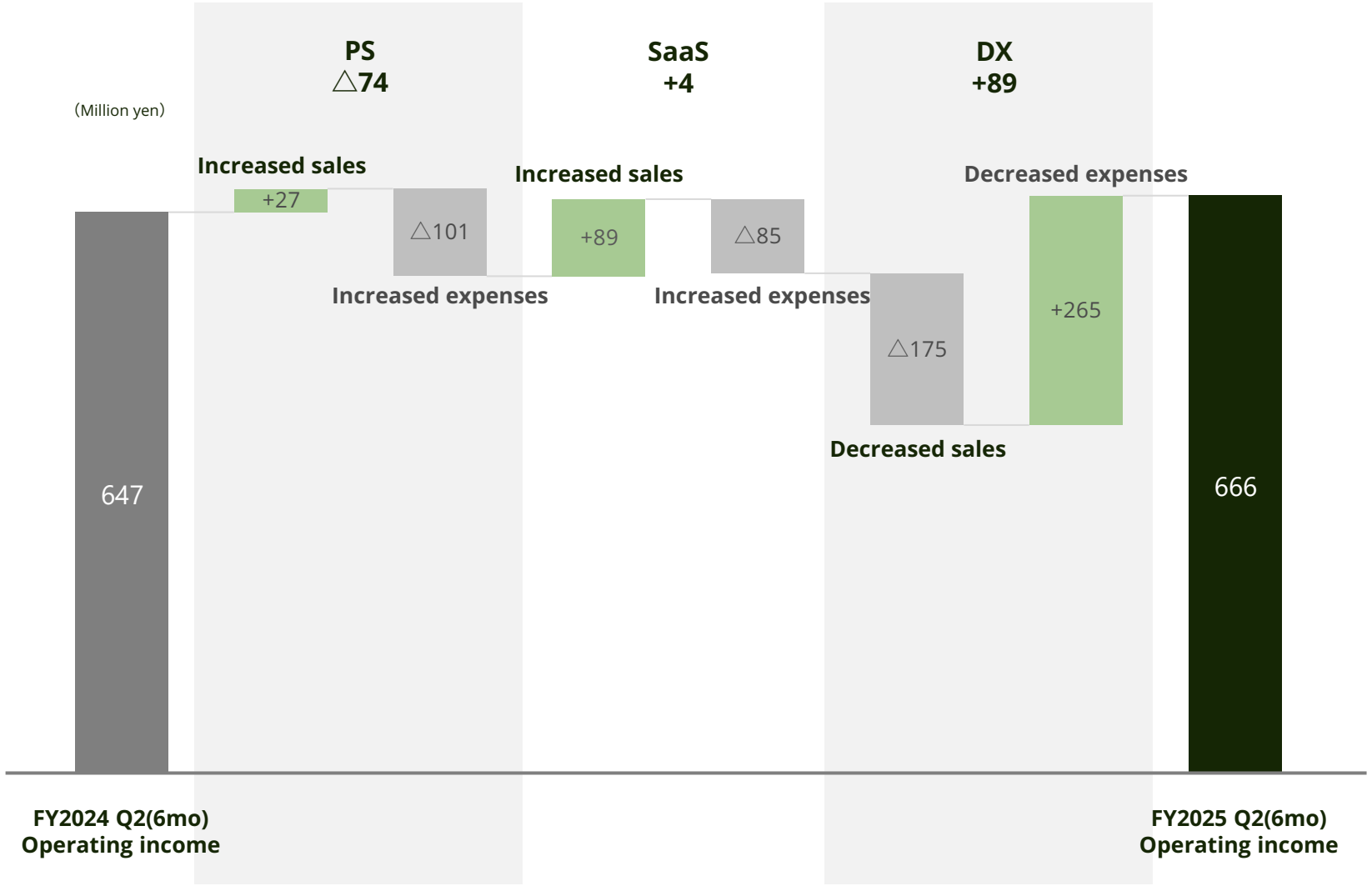
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# Quarterly Consolidated Sales



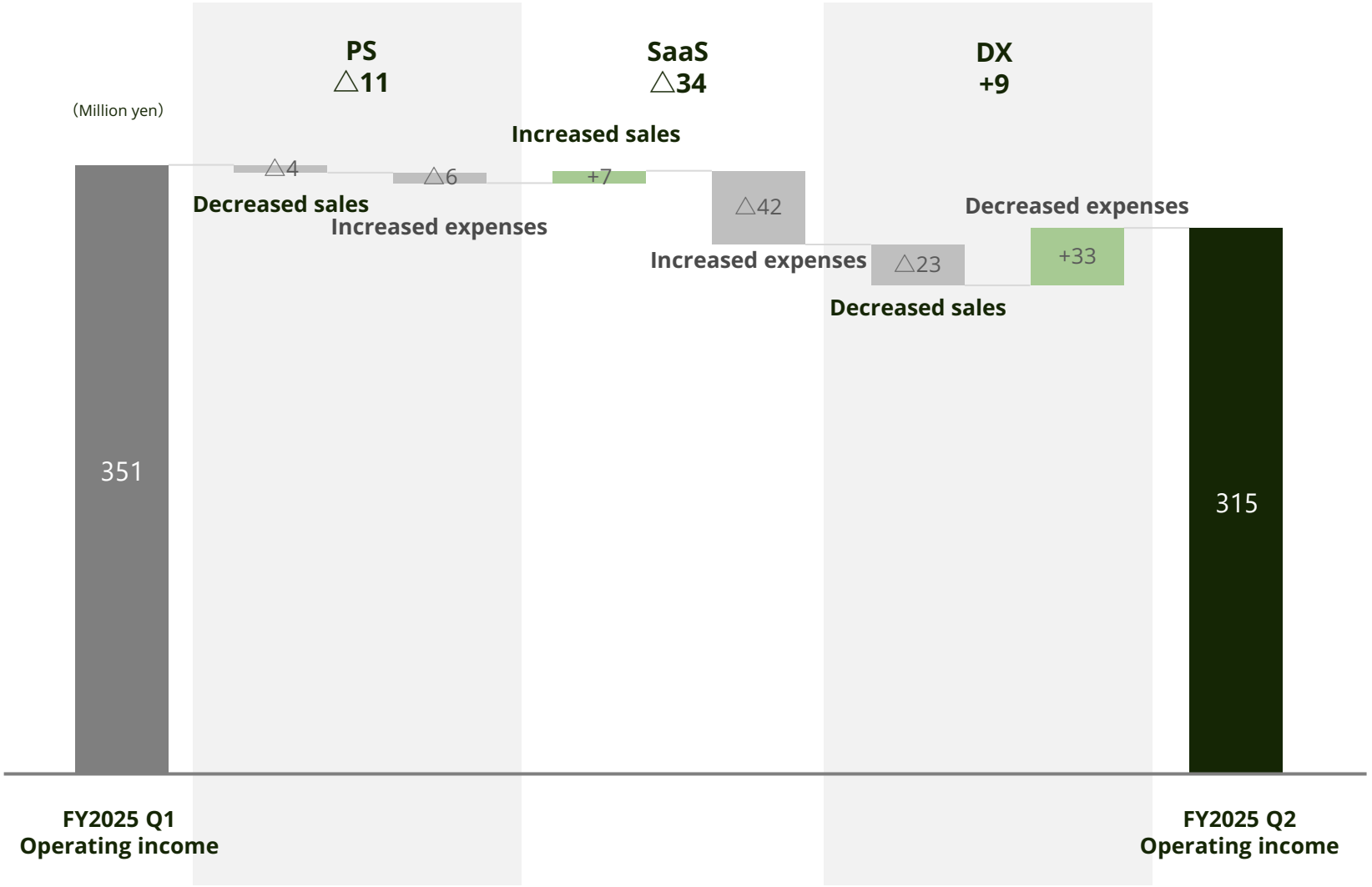

**Q2 sales exceeded 1 billion yen despite lower sales due to the impact of DX business restructuring**

# Factors for Changes in Operating Income YoY




**Operating income increased YoY due to SaaS organic growth and DX improved performance from business restructuring, despite decrease in profit in PS business due to increase in headcount.**

# Factors for Changes in Operating Income QoQ




**Profitability improved due to DX business restructuring, but operating income decreased due to increased expenses in SaaS business**

# Consolidated Balance Sheet

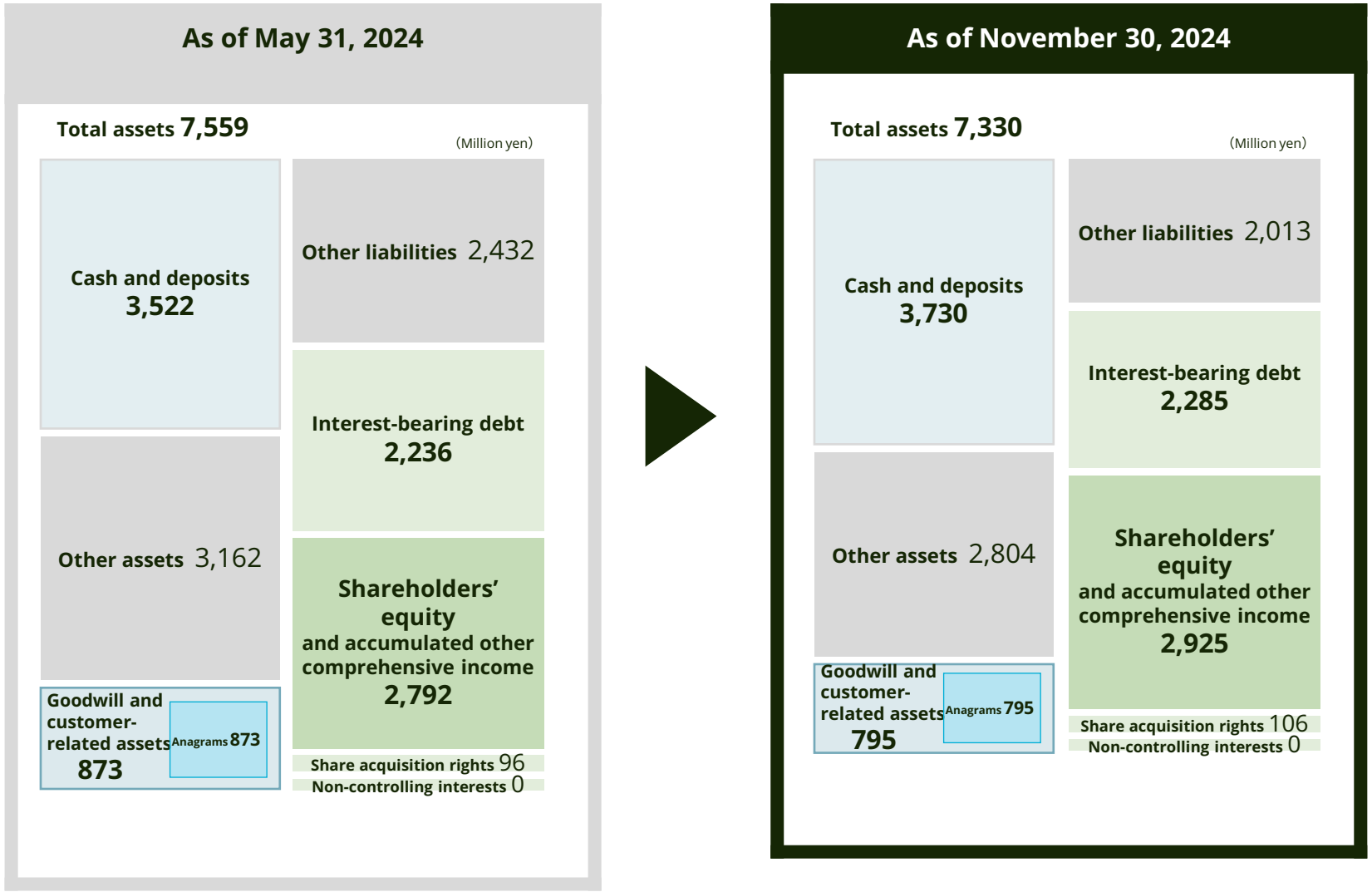
(Million yen)

| | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 | **FY2025 Q2** | v.FY24 end |
|---|---|---|---|---|---|---|---|
| **Current assets** | 3,528 | 4,915 | 5,503 | 5,248 | 6,198 | **6,011** | △186 |
| **Non-current assets** | 1,690 | 1,552 | 2,515 | 1,870 | 1,361 | **1,319** | △41 |
| **Total assets** | 5,219 | 6,467 | 8,019 | 7,119 | 7,559 | **7,330** | △228 |
| **Current liabilities** | 1,370 | 2,255 | 2,861 | 2,541 | 3,496 | **3,139** | △357 |
| **Non-current liabilities** | 2,018 | 1,810 | 2,009 | 1,686 | 1,172 | **1,158** | △14 |
| **Total liabilities** | 3,389 | 4,065 | 4,870 | 4,228 | 4,669 | **4,298** | △371 |
| **Shareholders' equity** | 957 | 2,366 | 2,983 | 2,777 | 2,795 | **2,929** | +133 |
| **Accumulated other comprehensive income** | — | — | △0 | △2 | △3 | **△4** | △0 |
| **Share acquisition rights** | — | 32 | 77 | 95 | 96 | **106** | +9 |
| **Non-controlling interests** | 872 | 2 | 87 | 20 | 0 | **0** | △0 |
| **Total net assets** | 1,829 | 2,401 | 3,148 | 2,890 | 2,889 | **3,032** | +142 |

**Net assets decreased consecutively from FY2022 to FY2024 due to the acquisitions of treasury shares.**

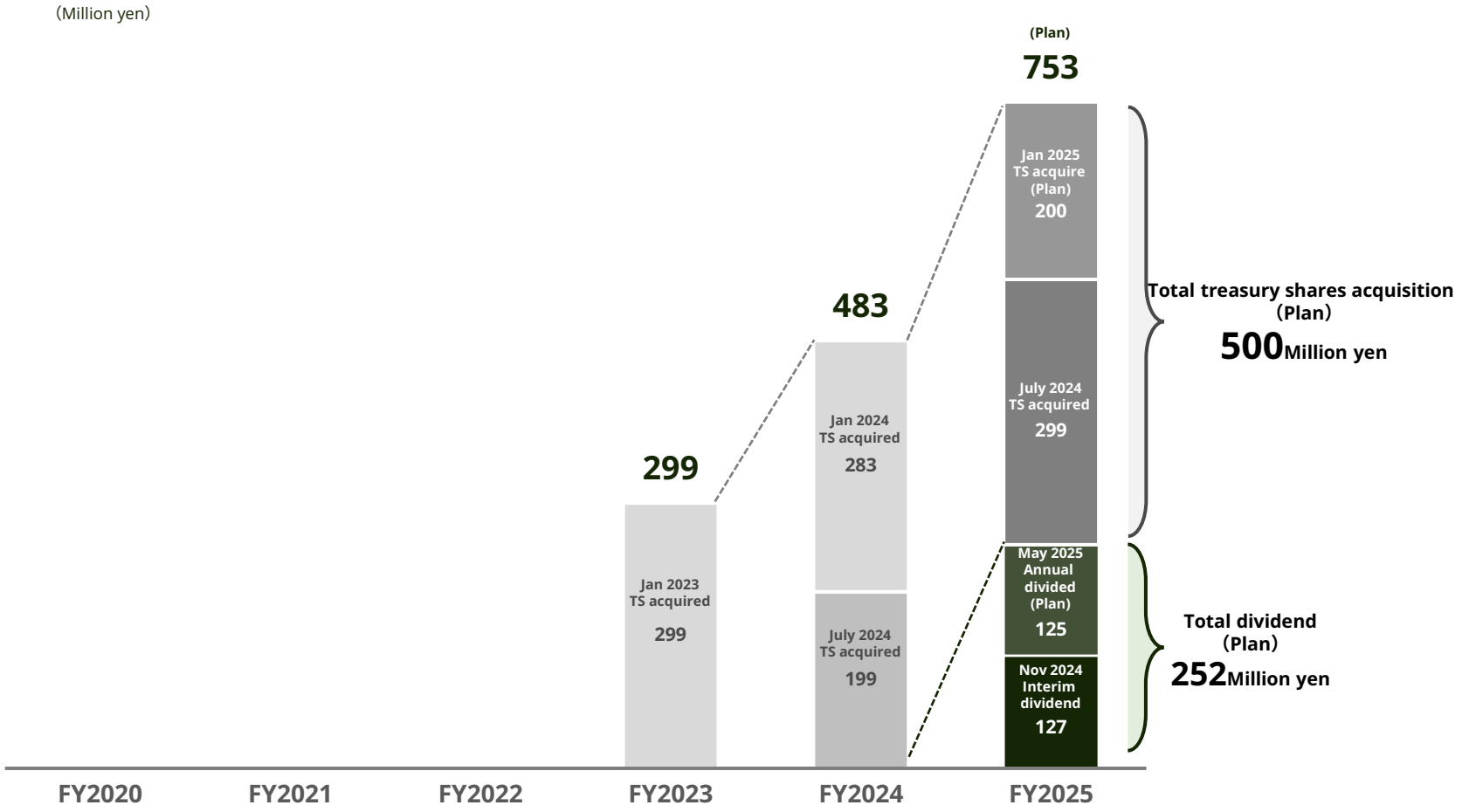
**Although the number of shares increased at the end of Q2 from the end of the previous fiscal year end, it is expected to decrease at the end of Q3 from the end of Q2 due to shareholder returns.**

# Breakdown of Consolidated Balance Sheet




**Cash and deposits increased to 3.7 billion yen**

# Shareholder returns

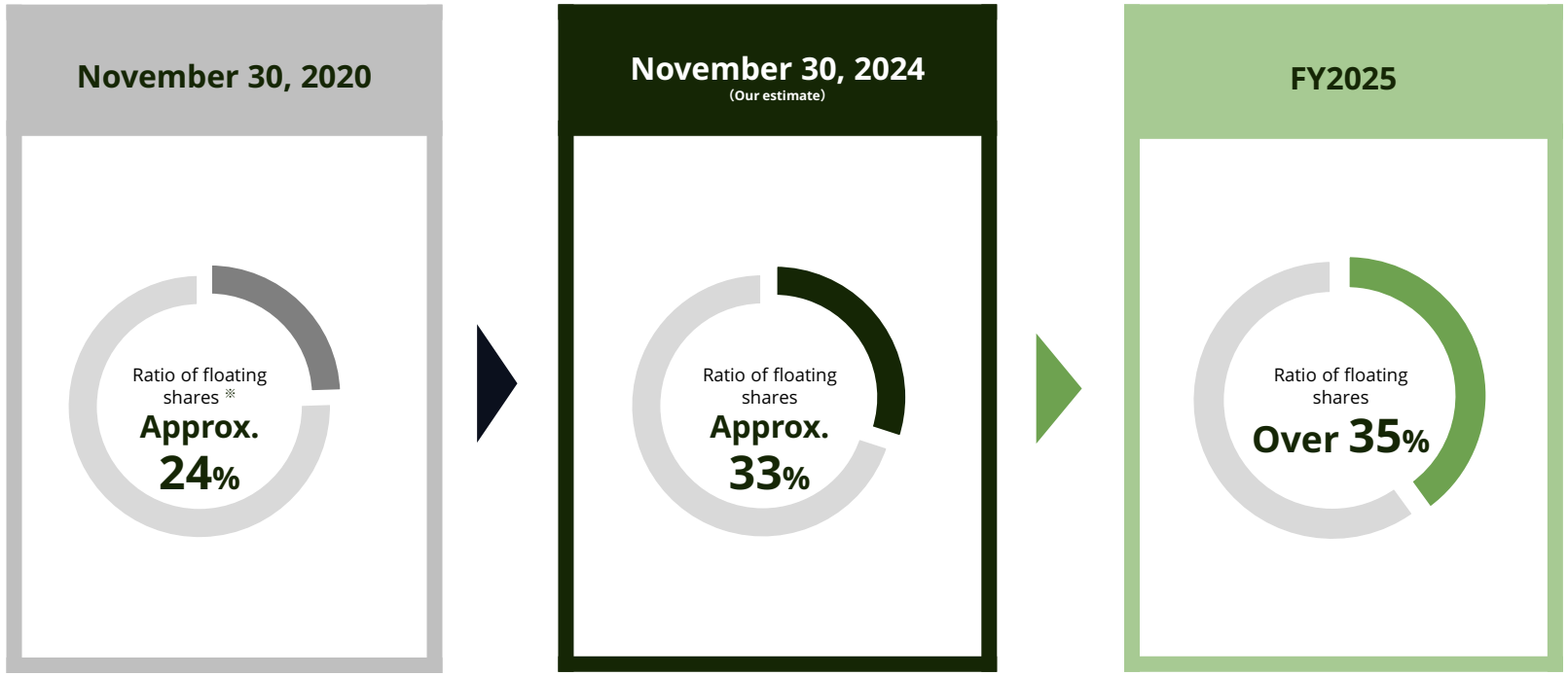



**We have acquired treasury shares since FY2023 for continuous shareholder returns.**

**From FY2025 (interim) we will start dividend payout in addition to treasury shares acquisition.**

※ Treasury shares acquisitions are recorded on the acquisition date, and dividends are recorded in the fiscal year to which the record date belongs.

# Ratio of Floating Shares

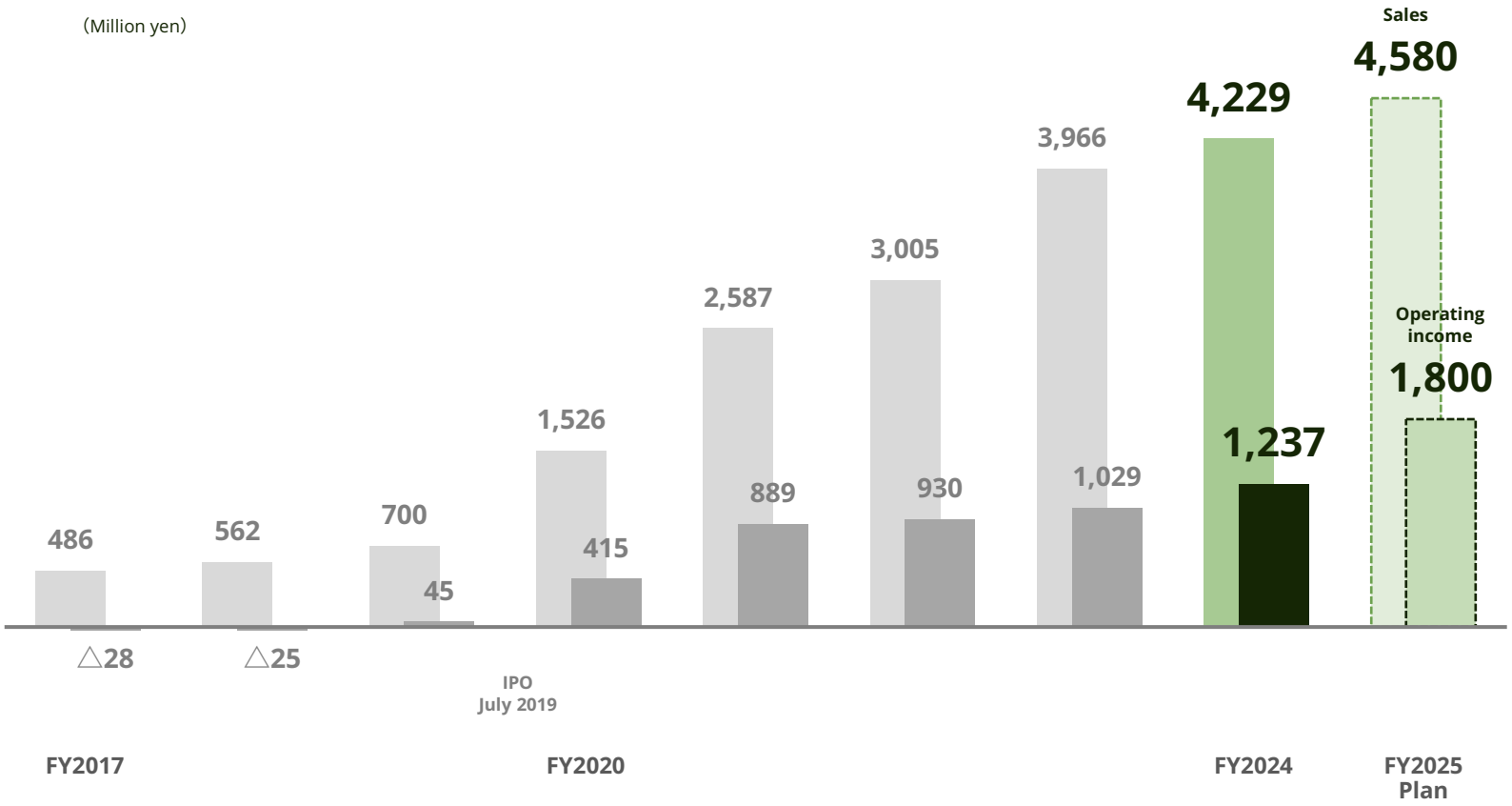



**As of November 30, 2024, the ratio of floating shares is 33% (our estimate).**

**We will work to raise the ratio to exceed 35% as soon as possible.**

※ 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."

# Financial Results of Past 8 Fiscal Years and FY2025 Performance Forecast



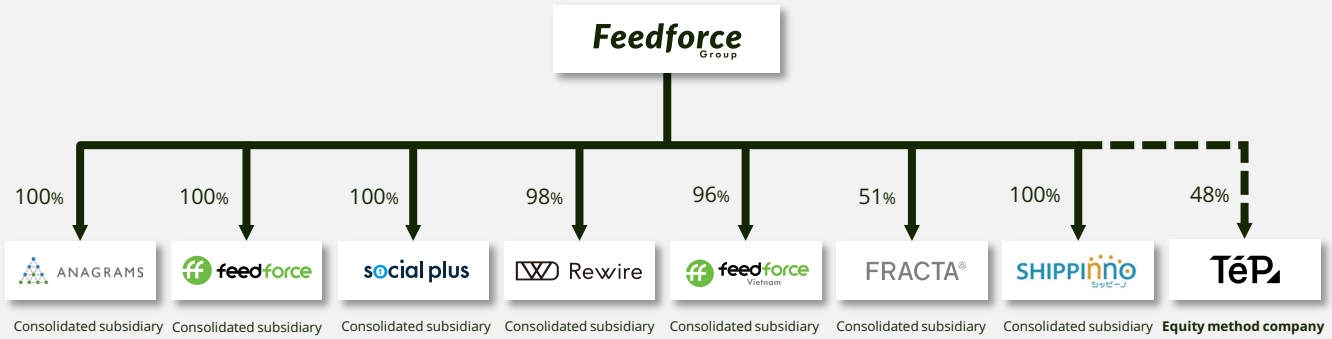

※ Consolidated after FY2020.

**Already achieved continuous increases in sales and profit before IPO.**

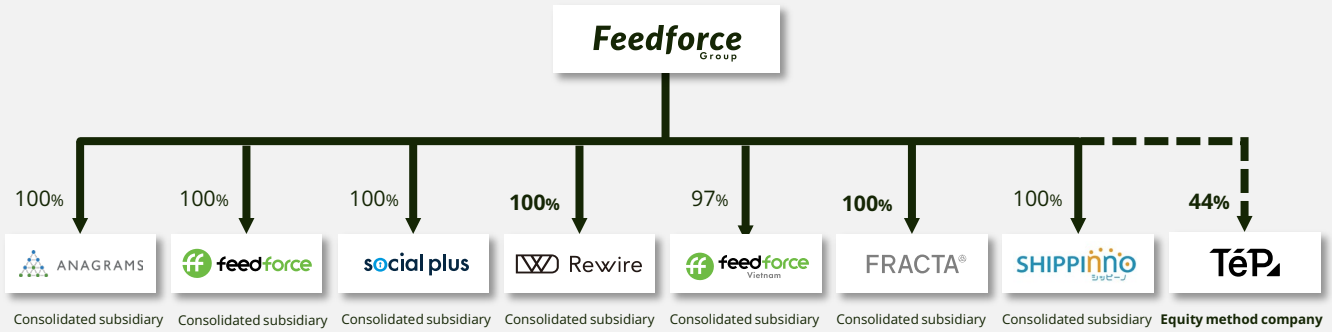
**Sales and profit will also increase in FY2025.**

# Our Group

**May 31, 2023**




**December 31, 2024**




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

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

02

# Our Business Plan and Growth Potential

# Business Model

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

| | | PS | SaaS | DX |
|---|---|---|---|---|
| Outline | | • Internet-oriented advertising agency<br>• Data feed creation agency service | • LINE CRM and social login service that connects users with ID<br>• Data feed management tools<br>• Shopping ads automatic seconding tool | • Shopify branding and EC building support services<br>• Shopify App and EC business automation support tool |
| Business areas of each company | feedforce | ✓ | ✓ | ✓ |
| | ANAGRAMS | ✓ | | |
| | social plus | | ✓ | |
| | Rewire | | | ✓ |
| | SHIPPINNO シッピーノ | | | ✓ |
| | feedforce Vietnam | | | ✓ |

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

ANAGRAMS



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.





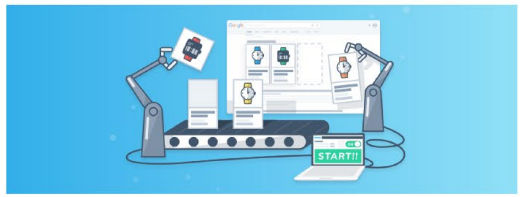


### Easy submission and automatic operation functions




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!



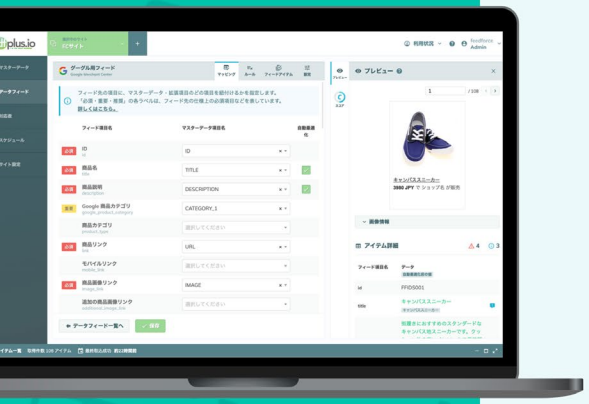
dfplus.io

**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.

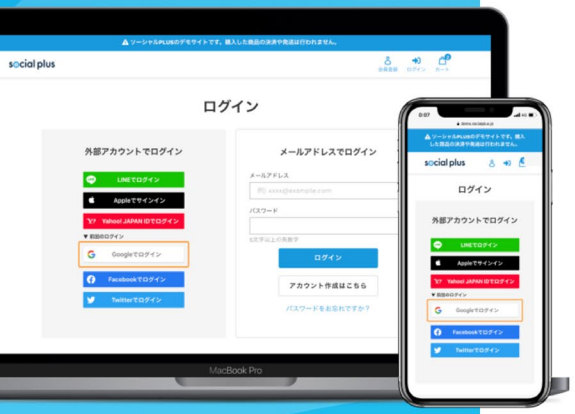


## Beginners are welcome

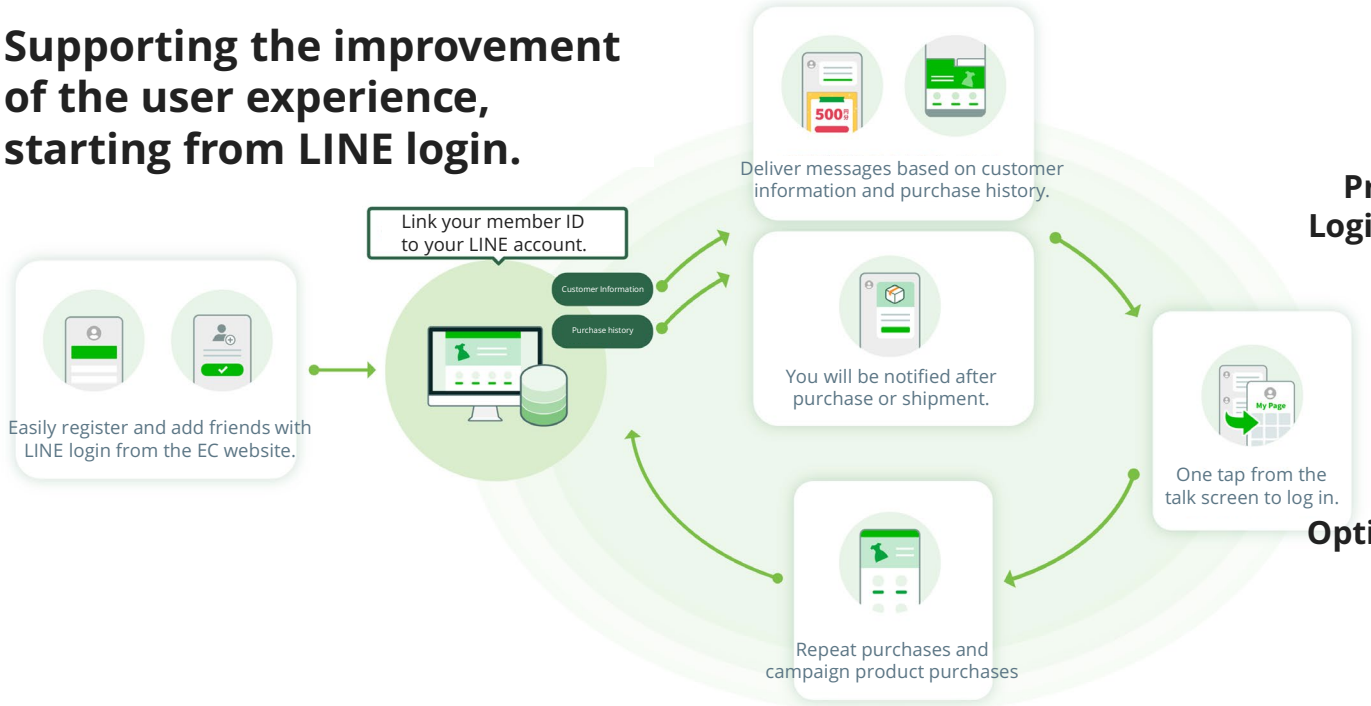
With a user interface that is easy to understand, even for beginners in data feeds, it realizes an operation system that does not depend on a single person.
Support is also available.

social plus

**Make it easier to implement Social Login.**




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

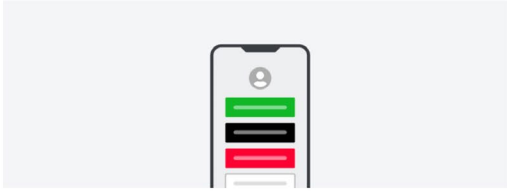



**Promote the use of LINE Login to add friends and link IDs**

×

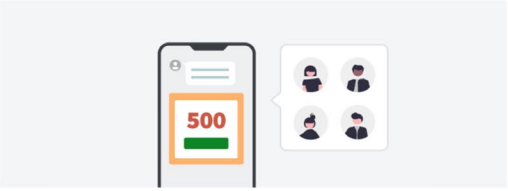
**Optimizing message delivery with a focus on user experience**

## Optimization of member registration and purchase flow



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

## CRM using the official LINE account




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

## Linking Shopify and LINE




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

# Omni Hub

shopify × スマレジ

## Omni-Channel Member information linkage App

### Member information linkage



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

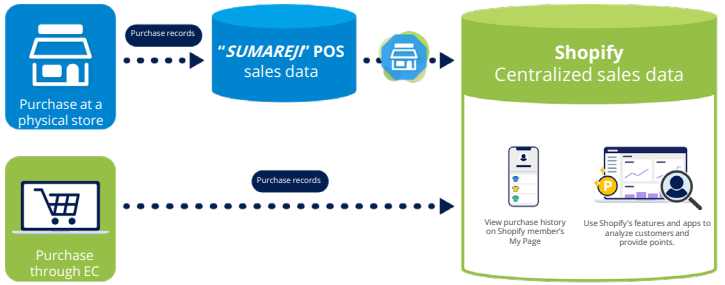
**Display member barcode on the EC site!**




### 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

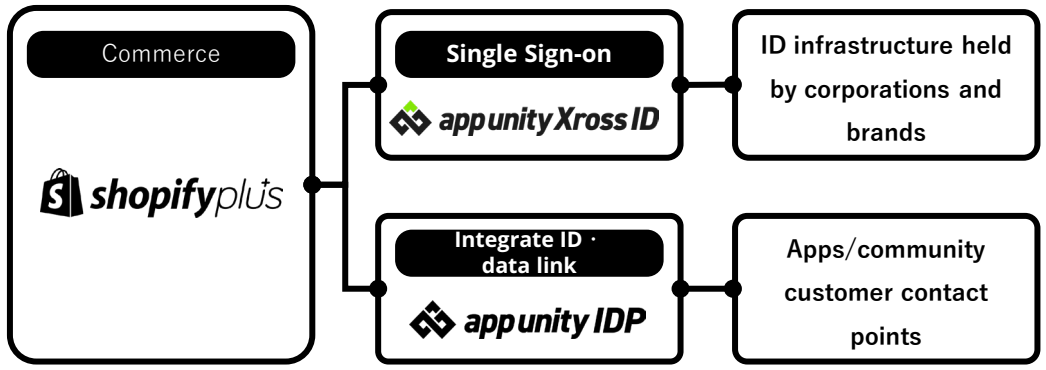
Export CSV file of customer information registered on Dokopoi and points past records

Low-cost ID integration and SSO for

commerce and multiple customer contact points centered on Shopify

# appunity ID Solution

Enabling integrated ID and single sign-on by connecting Shopify and ID infrastructure/customer contact points




appunity

## Series — App Unity ID solution series

### appunity Xross ID

Single sign-on to Shopify using corporations and brands common ID

### appunity IDP

Integrate multiple IDs including external sites using Shopify store user ID

### and more..

Plan to develop a series of Shopify apps that provide deep customer understanding and high customer experience

# SHIPPINNO
シッピーノ

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




**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/

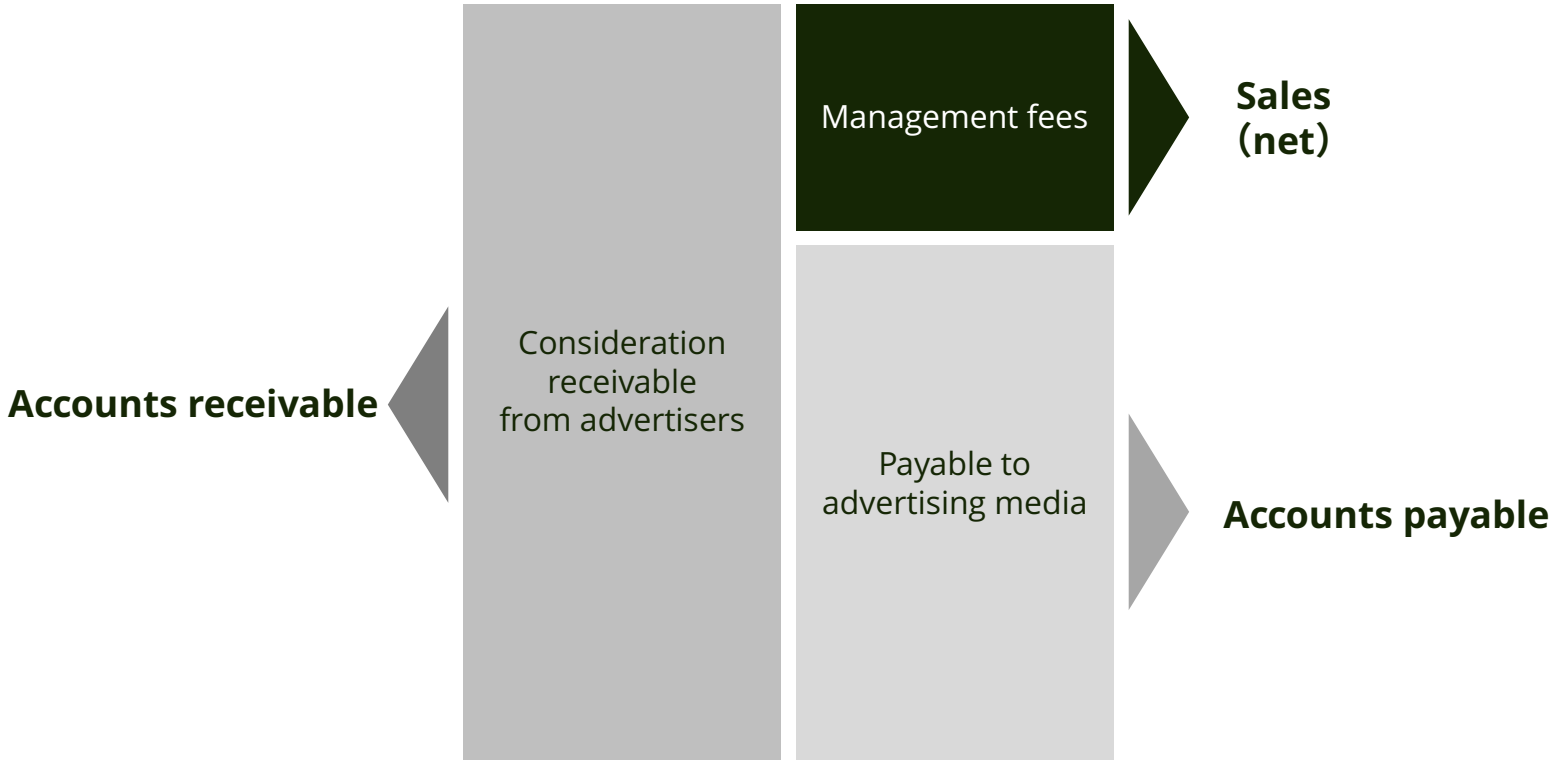


# (2) Revenue Structure List of key services and fee structures

| Fee structure | PS | SaaS | DX |
|---|---|---|---|
| Variable rate per billing | Internet-oriented advertising agency<br>ANAGRAMS | Google shopping ads automatic operation tool<br>ecbooster | |
| Fixed by month | Data feed advertising operations<br>DF PLUS | Data feed management tool<br>dfplus.io | Automation of e-commerce shipments and orders (Partially based on usage)<br>SHIPPINNO シッピーノ |
| | | Social login (initial fee applies for the first month) & message delivery<br>social plus | Sma-regi-linked Shopify App<br>Omni Hub |
| | | LINE-based CRM infrastructure Shopify App<br>CRM PLUS on LINE | Shopify App related to point features<br>どこポイ |
| Initial fee + Fixed by month | | | appunity Xross ID<br>appunity IDP |

**Based on revenue models of rate per billing, fixed monthly fee and others**

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




**Advertising agency business records sales as net.**

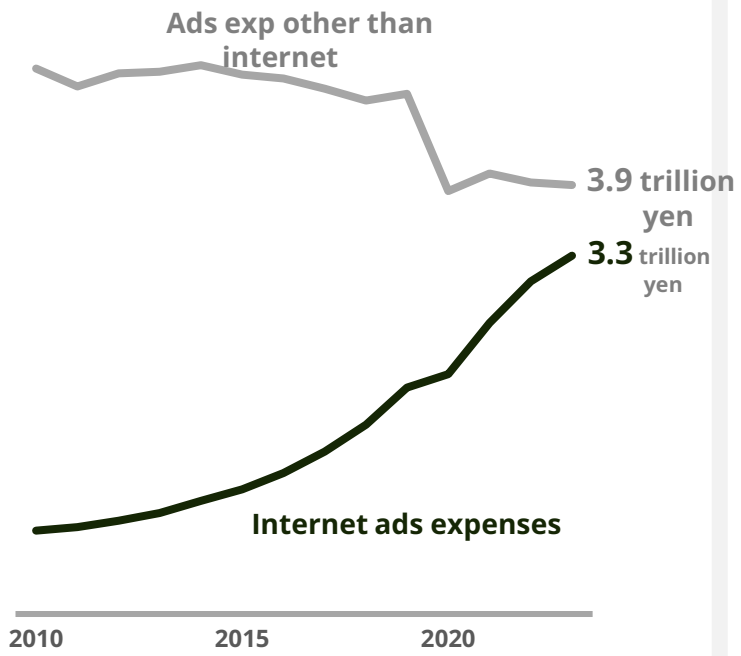
**Companies under this structure**

ANAGRAMS ecbooster

# Market Environment

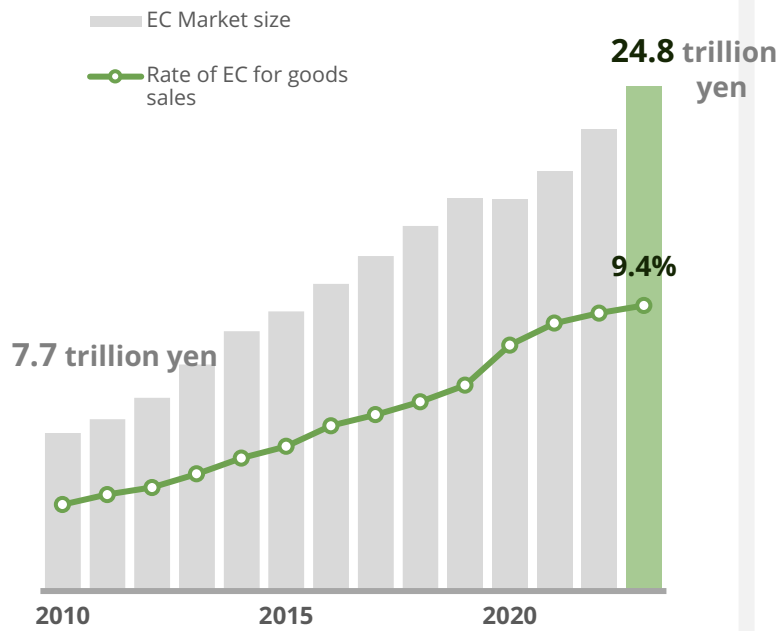
# (1) Market Size Internet advertising and EC markets

## Domestic internet advertising market




Source: Dentsu Inc. “Advertising costs in Japan 2023” (Feb 2024)

## Domestic e-commerce market



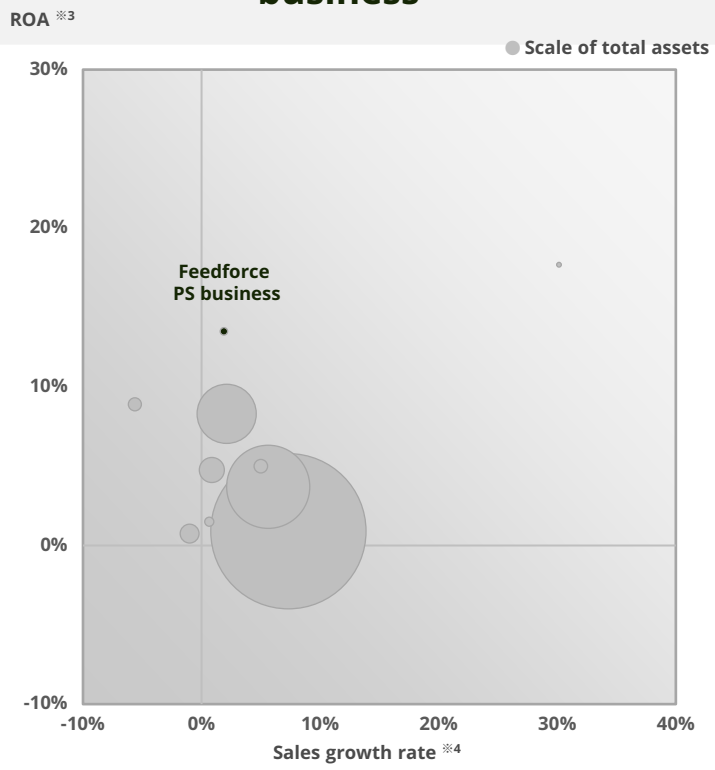

Source: METI “Market Research on e-commerce 2023” (Sept 2024)

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

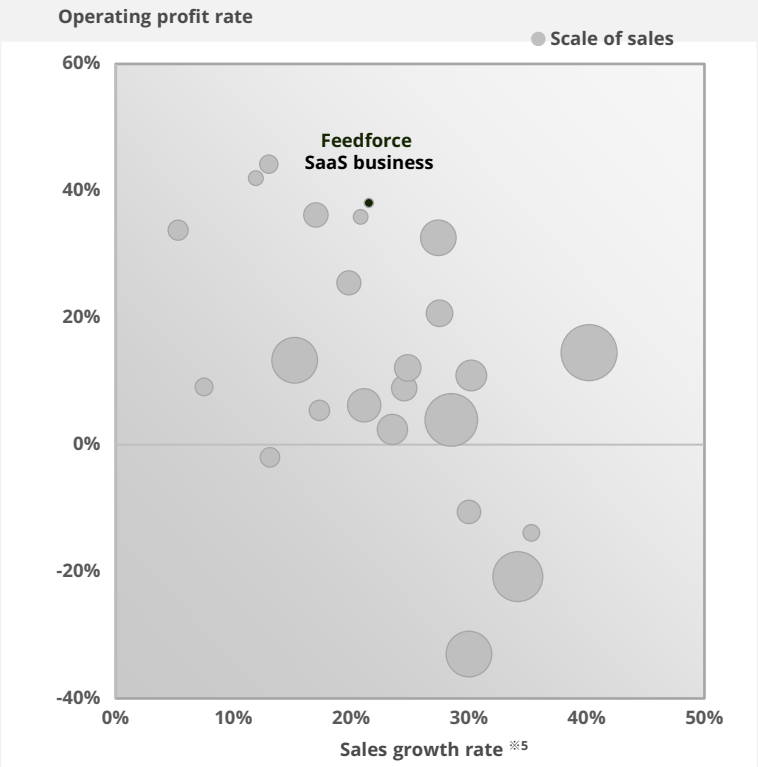
**E-commerce market size in 2023 was 24.8 trillion yen, for goods sales, it grew by 4.8% compared to the previous year, making the EC rate 9.4%.**

# (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

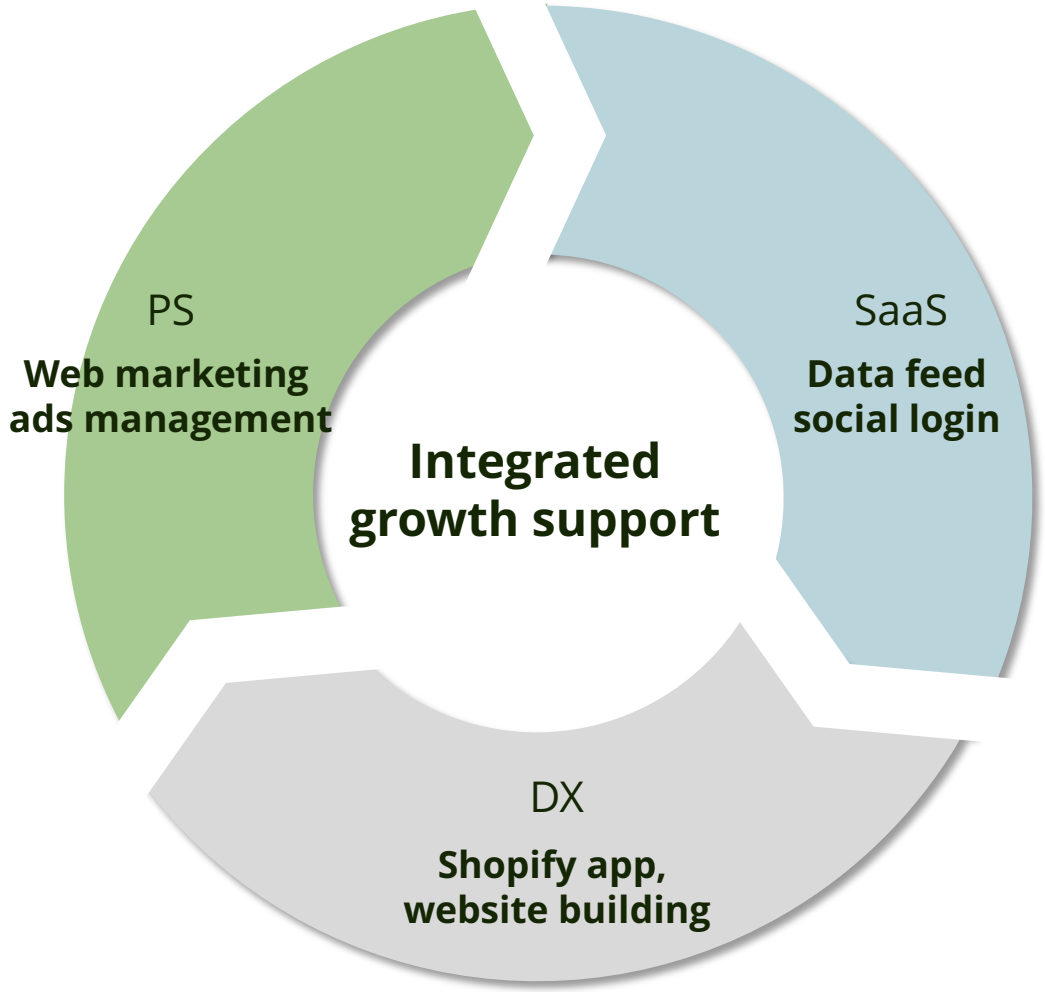



**In comparison with major domestic advertising agency and SaaS businesses, we keep the high profit rate even though our scale of total assets and sales are small.**

※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

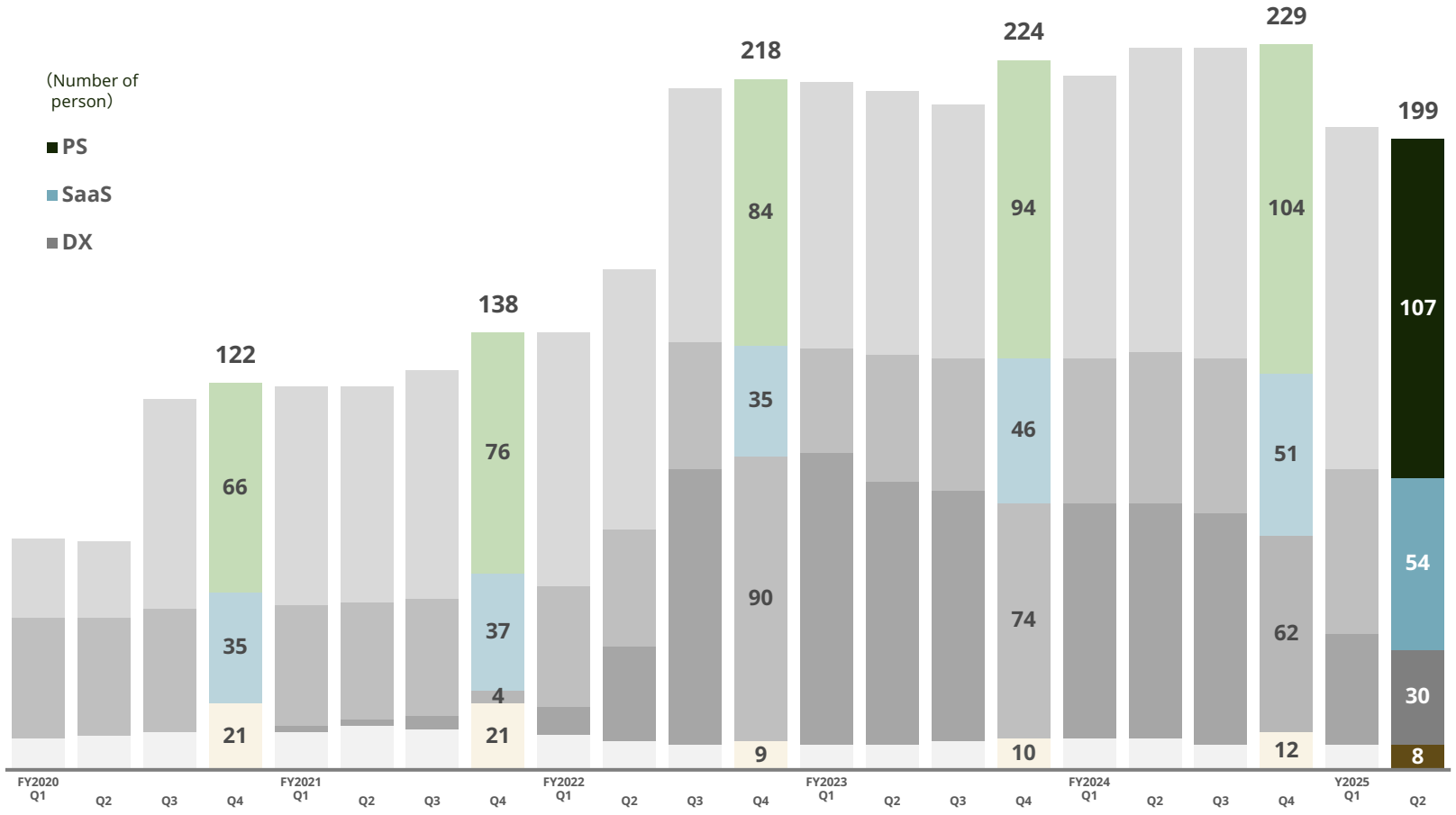
| | Source of Competitiveness | Scale | Profitability | Stability | Growth potential |
|---|---|---|---|---|---|
| PS | ◻ Maintains high profitability with a consulting-style advertising agency model | Sales 2,455M yen (FY2024)<br>Full-time employees 107 (FY2025 Q2) | Operating profit rate (FY2024) 42.9% | | |
| SaaS | ◻ Maintain steady increase in sales and high profitability<br>◻ Few competitors in Japan in social login and data feed tools | Sales 1,122M yen (FY2024)<br>Full-time employees 54 (FY2025 Q2) | Operating profit rate (FY2024) 40.5% | Since segment disclosure in FY2017 Consecutive increase in sales and profit | |
| DX | ◻ Establish EC support structure from branding using Shopify, website building, providing apps to backyard jobs | Sales 650M yen (2024/5期)<br>Full-time employees 30 (FY2025 Q2) | | | (Shopify-related business only) YoY sales growth rate (FY2025 Q2 cumulative) +147.5% |

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

**DX business will grow back by focusing on the Shopify-related services.**

# (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 but significantly decreased in DX due to restructuring**

# (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.

**Keji Abe**
**Director**
**Chairman**
**Anagrams**



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).

**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.

**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.

**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).

**Junya Koyama**
**Group Executive Officer**
President & CEO
Anagrams

Joined Anagrams during college in August 2014. Graduated from Tokyo University, Faculty of Literature in 2015. He served as an executive officer and in August 2024 became President and CEO of Anagrams.

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

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

**Shingo Nishiyama**
**Group Executive Officer**
In charge of Group

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

# Our Business Plan

# Business Plan Summary

**FY2024 Actual**

- **Shift from profit maintaining phase due to up-front investment to sales and profit expansion phase**

| | |
|---|---|
| PS | Build stable operating structure and revenue base |
| SaaS | Keep 20% growth rate and increase profit |
| DX | Review business structure |

**FY2025 Plan**

- (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

- (Performance forecast)
  **Revised downward to "4.5 billion yen for sales, 1.8 billion yen for operating income and maintain over 20% for ROE"**

**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 (below) one year ahead of time**

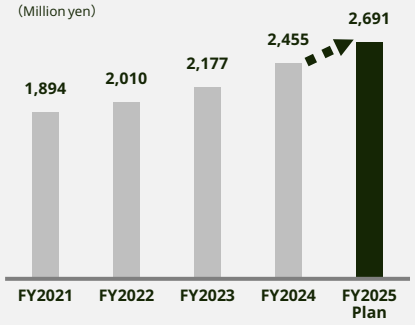
**Sales 5 billion yen**
**Operating income 2 billion yen**

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

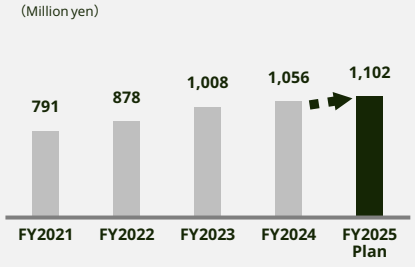
# (1) Growth Strategy Growth strategy for PS business

## PS results

### Sales




### Segment profit



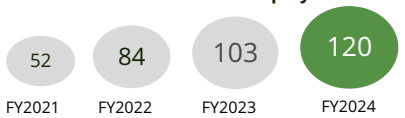

## Initiatives for FY2025

- **Plan for FY2025**
  **Sales 2.6 billion yen**
  **Seg. profit 1.1 billion yen**

ANAGRAMS

- **Build a stable operating structure while maintaining growth**

**Growth of number of employees**




- **Cooperate with REWIRE, enable solution using ads x 1st party data**

## Growth strategy after FY2026

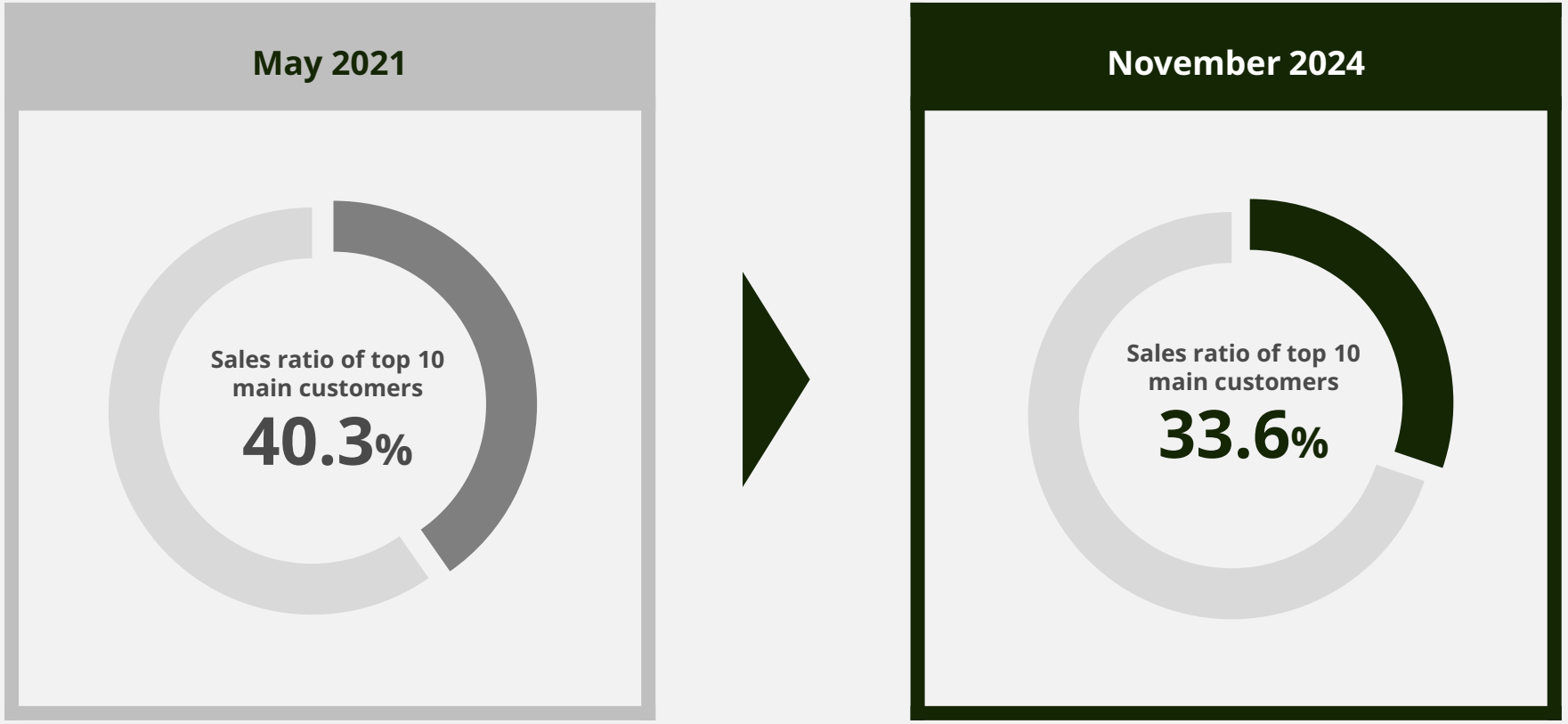
- **Aim for stable increase in sales and profit**
- **Secure a position as a major domestic independent internet advertising**

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

ANAGRAMS

# Anagrams expended its customer base and lowered dependency on certain customers

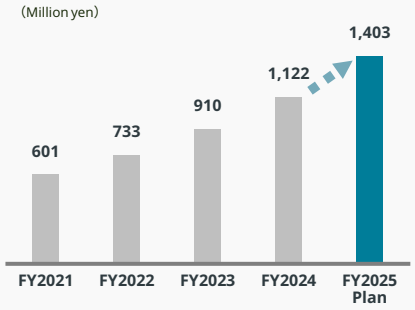
## Sales ratio of top 10 main customers in PS business



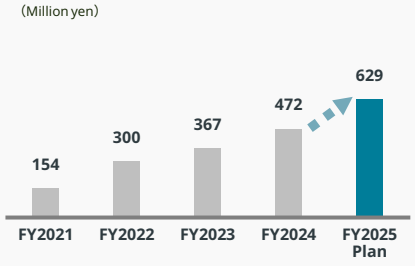
# (1) Growth Strategy Growth strategy for SaaS business

## SaaS results

### Sales




### Segment profit




| | Initiatives for FY2025 | Growth strategy after FY2026 |
|---|---|---|
| | ◻ Plan for FY2025<br>Sales 1.4 billion yen<br>Segment profit 0.6 billion yen | ◻ Maintain around 20% sales growth and increased profit |
| social plus | ◻ Stand-alone LINE message distribution function | ◻ Aim for top market shares in Japan for both login and message functions |
| CRM PLUS on LINE | ◻ Expand mainly for enterprise | ◻ Expand mainly for enterprise |
| dfplus.io | ◻ To release “Micro ATS,” HR-related service | ◻ Expand the value provided, including peripheral areas of feeds, by specializing in human resources and EC |
| ecbooster | ◻ Release app version of Shopify<br>◻ Compatible with Microsoft Advertising | ◻ 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.**

# “Micro ATS” will be released January 2025, enabling data link with major job search websites

Leveraging our experience and expertise in handling large volumes of job data, we have decided to offer “Micro ATS”, a new feature that enables HR-related companies to integrate data with job search websites without changing their existing workflow or customer experience.




Enable data link with major job search websites

# Micro ATS

To be released January 2025

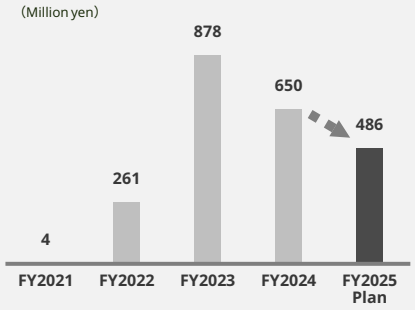
Now open for pre-registration with special offers and introductory consultation

# (1) Growth Strategy

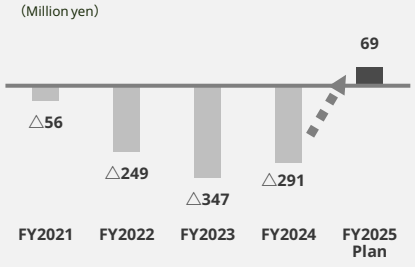
## Growth strategy for DX business

### DX results

**Sales**




**Segment profit**




| | Initiatives for FY2025 | Growth strategy after FY2026 |
|---|---|---|
| | ◻ Aim for re-growth, mainly Rewire, and segment profit, which wasn't achieved in FY2024 | ◻ Big profit growth in FY2025 |
| Rewire | ◻ Improve data service, app service<br>◻ Succeed FRACTA's base and develop projects related to Shopify<br>◻ Start generative AI solution | ◻ Become a domestic leading company in Shopify development |
| Omni Hub | ◻ Increase clients in both enterprise and SMB | ◻ Expand compatible POS and enter into much bigger market |
| SHIPPINNO | ◻ Explore new markets for EC cart and delivery link | |
| feedforce Vietnam | ◻ Focus on enterprise and manufacturers' local EC and advertising<br>◻ Ensure resource and technical support as off-shore development | ◻ Marketing and technical support for businesses expanding in Vietnam |
| FRACTA® | ◻ Transfer business to Rewire and downsize | |

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

# Launching App Unity Safe Delete

REWIRE, Inc. will launch “App Unity Safe Delete,” a Shopify app for building a secure customer withdrawal system. Now secure deletion, masking, and tagging of customer data to comply with GDPR and other laws and regulations will be possible on Shopify.

appunity

**Safe Delete**

## Establish a secure customer withdrawal system

**Provide secure** deletion, masking, and tagging of customer data to comply with GDPR and other laws and regulations



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

(Number of use)

| | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 | **FY2024 Nov** | v.FY2024 end |
|---|---|---|---|---|---|---|---|
| **PS** | | | | | | | |
| Anagrams | 96 | 115 | 116 | 156 | 166 | **176** | **+10** |
| Feedmatic | 48 | 45 | 49 | —※1 | — | — | — |
| **SaaS** | | | | | | | |
| Social PLUS | 272 | 309 | 361 | 391 | 440 | **453** | **+13** |
| dfplus.io | 139 | 175 | 235 | 302 | 375 | **391** | **+16** |
| EC Booster※2 | 344 | 303 | 283 | 460<br>Of which entry plan 198 | 419<br>Of which entry plan 184 | **362**<br>**Of which entry plan 153** | **△57** |
| **DX** | | | | | | | |
| Shopify app※3 | — | — | 532 | 144 | 258 | **319** | **+61** |
| FRACTA | — | — | 53 | 43 | 8 | **1** | **△7** |
| Shippinno | — | — | 495 | 435 | 417 | **401** | **△16** |

**Anagrams' number of advertising cases increased.**

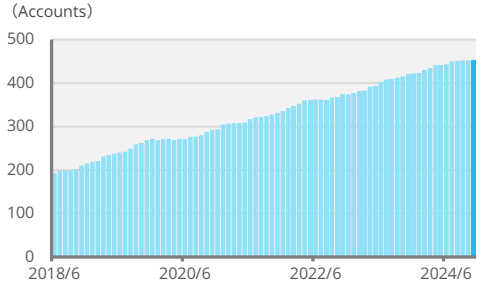
**For dfplus.io and Social PLUS, the number of accounts has been constantly increased while for EC Booster, the number of accounts has been constantly decreasing.**

**While FRACTA project cases have significantly decreased, the number of accounts for Shopify app has been significantly increasing.**

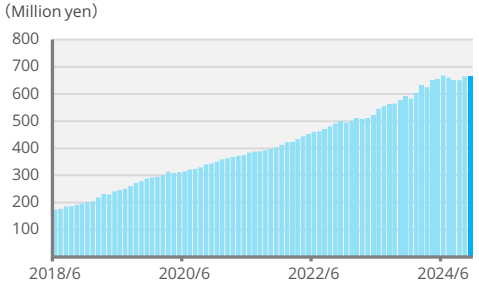
※1 After a merger in June 2022, the number of use has been integrated into Anagrams'.
※2 EC Booster free plan accounts are not included.
※3 The number of paid active accounts of Shopify-providing apps

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

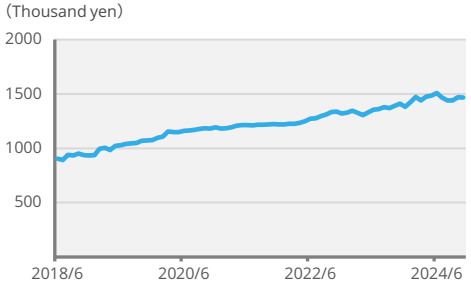
### Number of accounts
**453Accounts**



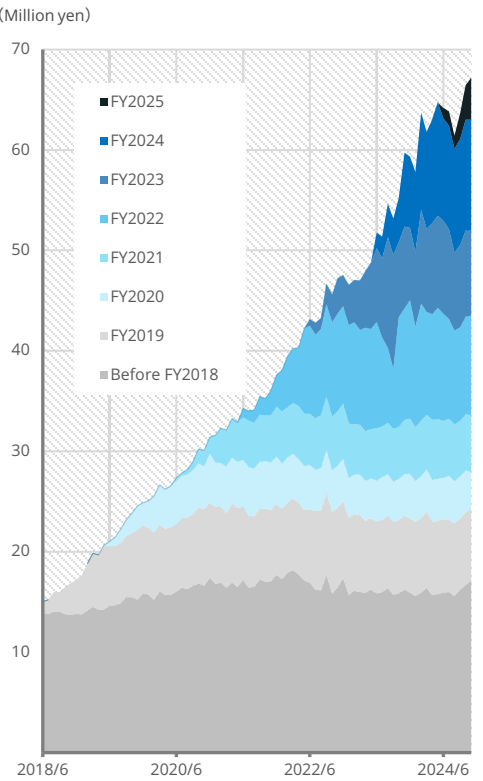

### ARR※2
**664Million yen**



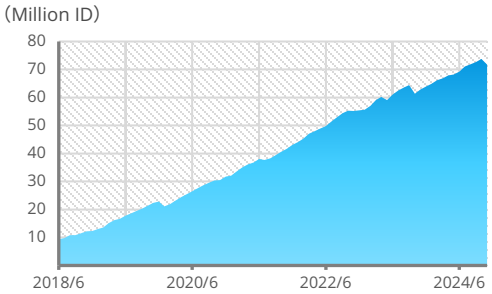

### ARPA※3
**1,466K yen/year**



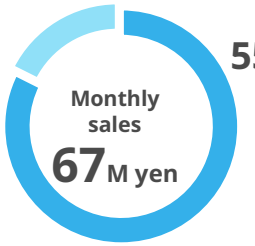

### Monthly sales cohort graph




### Number of user ID※1
**71Million ID**

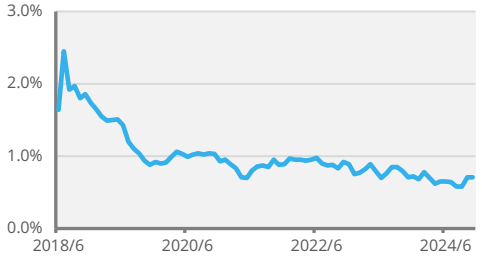



### Recurring revenue ratio
**82.3%**




MRR
**55M yen**

### Churn rate※4
**0.71%**

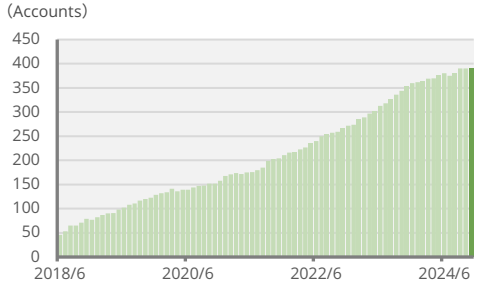



※1 Total number of user IDs registered through the Social PLUS service
※2 Calculated by multiplying each monthly recurring revenue (continuous fixed revenue) by 12
※3 Average ARR per account
※4 The weighted average of monthly cancellation amounts for the monthly recurring revenue for the last 12 months

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

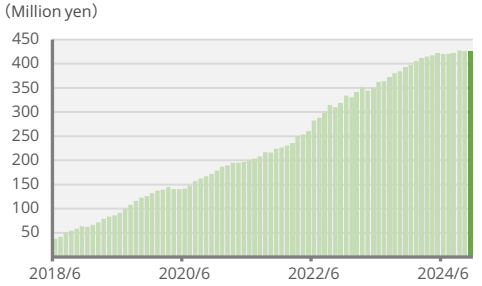
## Number of accounts

**391 Accounts**



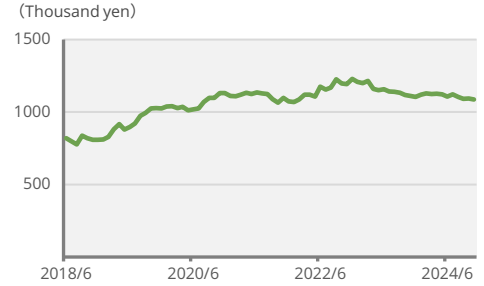

## ARR※2

**424 Million yen**

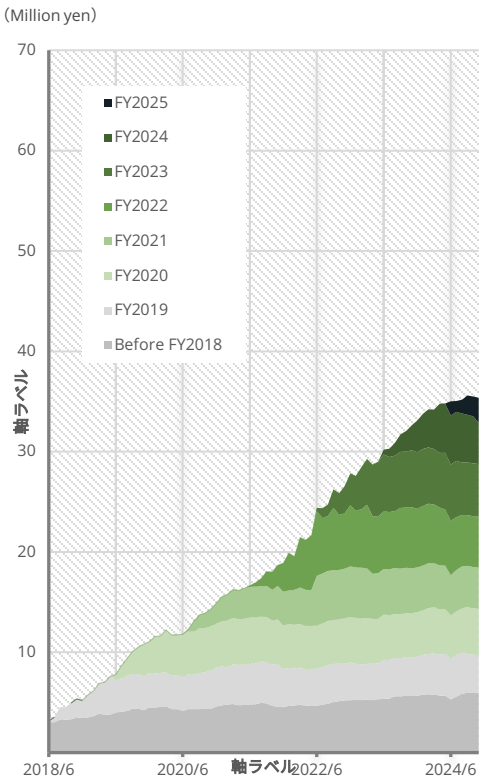



## ARPA※3

**1,085 K yen/year**

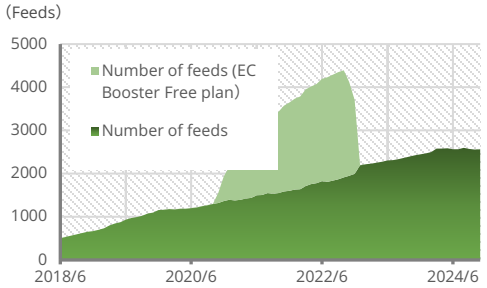



## Monthly sales cohort graph



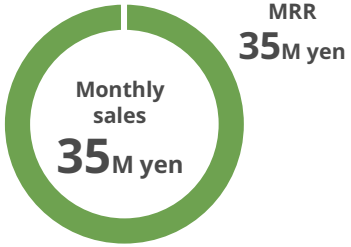

## Number of datafeeds※1

**2,562 Feeds**




## Recurring revenue ratio

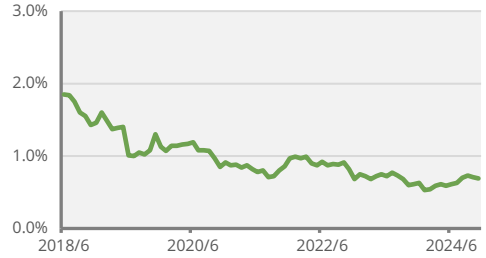
**100.0%**




MRR
**35M yen**

## Churn rate※4

**0.69%**

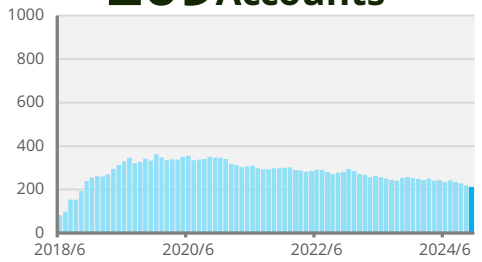



※1 Sum of the number of media to which data is sent to each account.
EC Booster free plan was terminated in Dec 2022. After Jan 2023, the number of datafeeds of entry plan are included.
※2 Calculated by multiplying each monthly recurring revenue (continuous fixed revenue) by 12
※3 Average ARR per account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

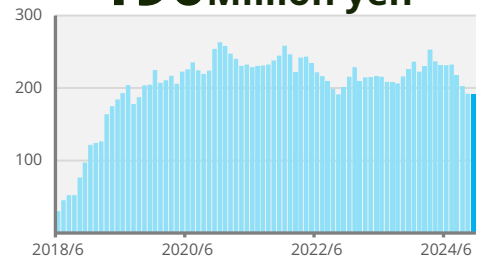
## Number of active advertising plan accounts

209Accounts



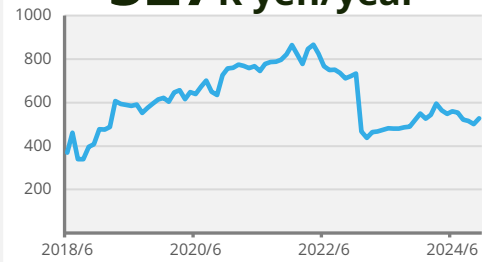

## Annualized transaction volume※1

190Million yen

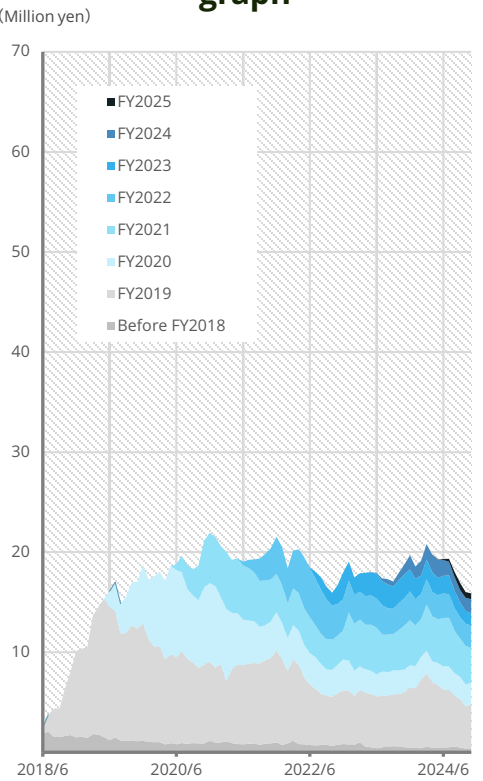



## Average transaction volume per account

527K yen/year

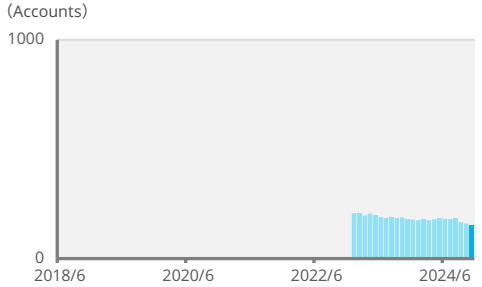



## Monthly transaction cohort graph



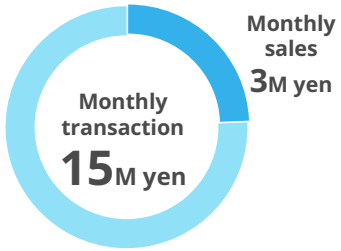

## Number of entry plan accounts

153Accounts




## Take rate※2

24.3%



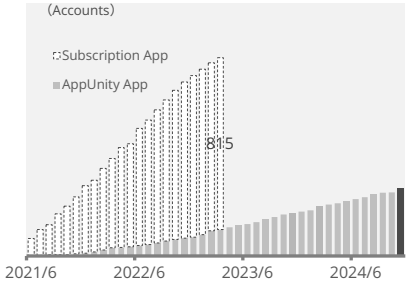

※1 Calculated by multiplying 12 to each monthly transaction amount.
※2 Ratio of sales to transaction amount. Sales are calculated by deducting media advertising cost and partner commissions from the transaction volume.

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

appunity ※1

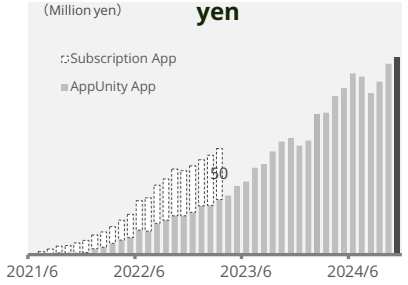
## Active accounts ※2

**319**Accounts

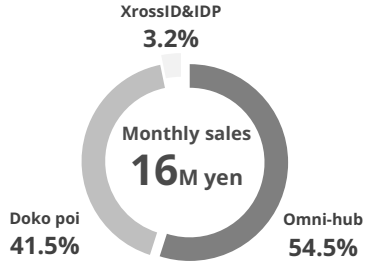



## ARR※3

**195**Million yen

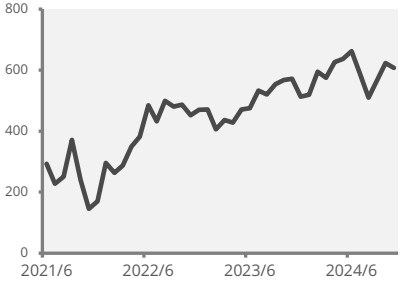



## Sales ratio




## ARPA※4

**607**K yen/year

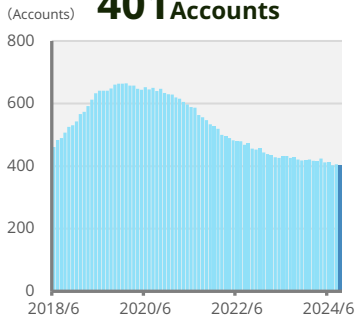



SHIPPINNO シッピーノ

(The latest month is Sept 2024)

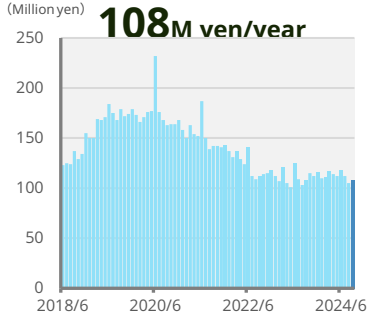
## Number of accounts

**401**Accounts

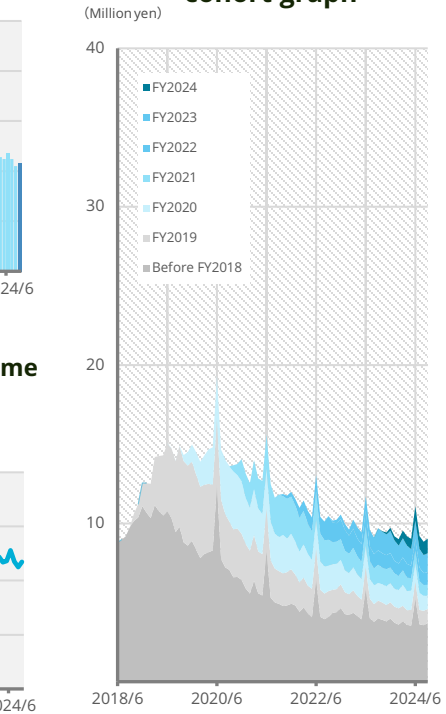



## Annualized transaction volume※1

**108**M yen/year

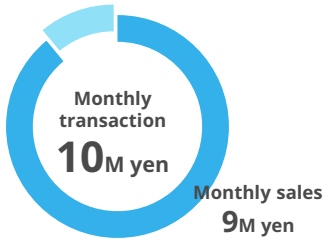



## Monthly transaction cohort graph



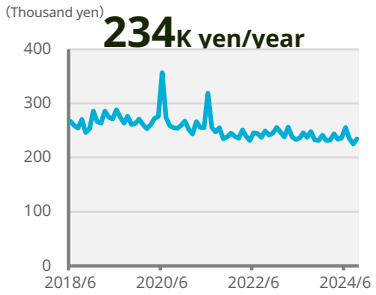

## Take rate※2

**88.2**%




## Average transaction volume per account※3

**234**K yen/year




※1 Total of Shopify apps "Subscription", "Omni-hub", "Dokopoi", "XrossID", and "IDP" belonging to DX business. Subscription app as a shared business ended in March 2023.
※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 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.
※3 Calculated on the basis of sales until May 2022, and on the basis of recurring revenue out of sales from June 2022 onward.

# (2) Management Indicators

## Financial indicators

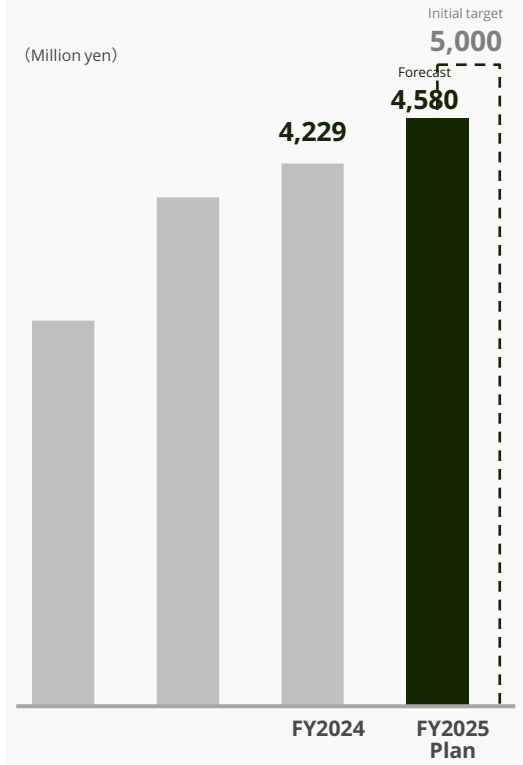
| | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 Q2(6mo) |
|---|---|---|---|---|---|---|
| **Sales growth rate** | +118.0% | +69.5% | +20.7% | +32.0% | +6.6% | **△2.8%** |
| **PS** | +162.6% | +88.7% | +6.1% | +8.3% | +12.8% | **+2.3%** |
| **SaaS** | +58.6% | +26.4% | +21.9% | +24.1% | +23.3% | **+17.0%** |
| **DX** | – | – | – | +236.6% | △25.9% | **△41.7%** |
| **Operating profit margin** | 27.2% | 34.4% | 31.0% | 26.0% | +29.3% | **+32.0%** |
| **PS** | 35.5% | 40.0% | 43.2% | 45.5% | +42.9% | **+38.1%** |
| **SaaS** | 8.6% | 24.4% | 38.9% | 38.1% | +40.5% | **+35.5%** |
| **DX** | – | – | △94.6% | △39.3% | △44.8% | **△8.7%** |
| **ROA**※1,※2 | 14.6% | 15.2% | 12.8% | 13.6% | 15.9% | **–** |
| **ROE**※2,※3 | 31.0% | 28.5% | 22.5% | 3.9% | 17.0% | **–** |
| **Shareholders' equity ratio**※4 | 18.3% | 36.6% | 37.2% | 39.0% | 36.9% | **39.9%** |
| **D/E Ratio**※5 | 1.1x | 0.7x | 0.8x | 0.6x | 0.8x | **0.8x** |

**In SaaS business, sales growth rate is about 17%, and operating profit margin is about 35%.**

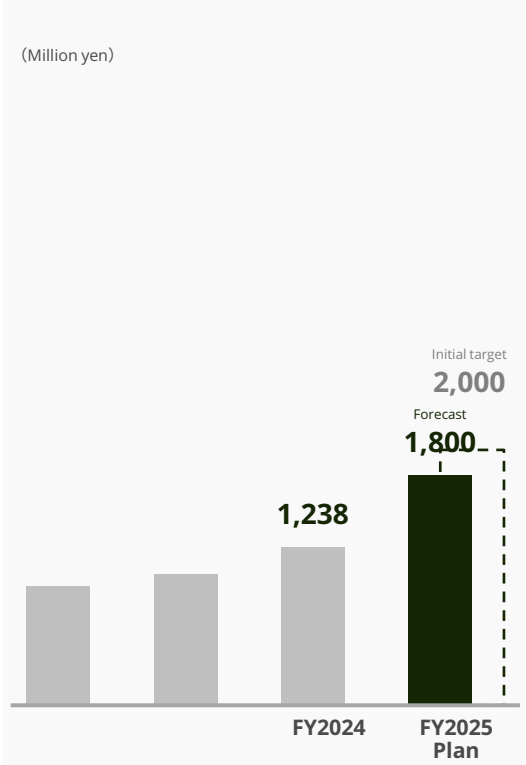
※1 ROA：Operating income / {(total assets at beginning + total assets at end)/2}
※2 Presented as "-" for quarterly or negative figures
※3 ROE：Profit attributable to owners of parent ÷ {(total shareholders' equity at beginning + total shareholders' equity at end)/2}
※4 Shareholders' equity ratio：(Shareholders'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

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

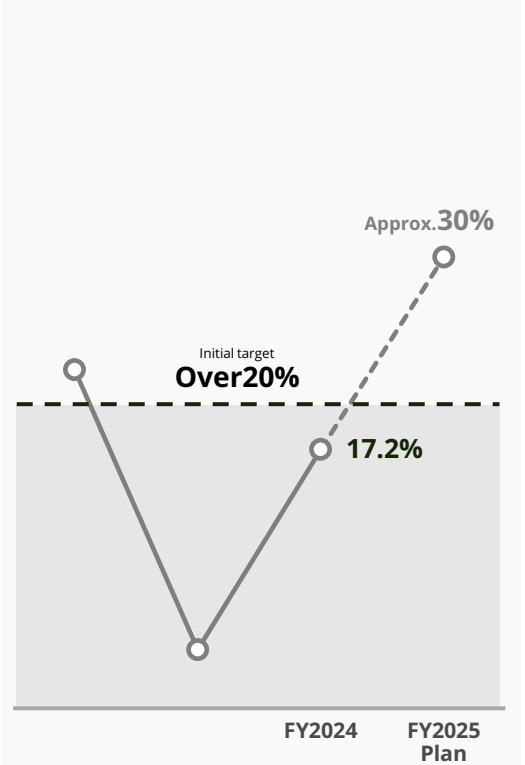
## Sales




## Operating income




## ROE




**Although we had planned to achieve the performance targets of "sales of 5 billion yen, operating income of 2 billion yen, and ROE of 20%" for the fiscal year ending May 31, 2025, one year ahead of schedule, we have revised the timing of achieving the mid-term targets for sales and operating income due to a review of the DX business.**

# (3) Profit Plan and Assumptions Q2 YTD progress to forecast

(Million yen)

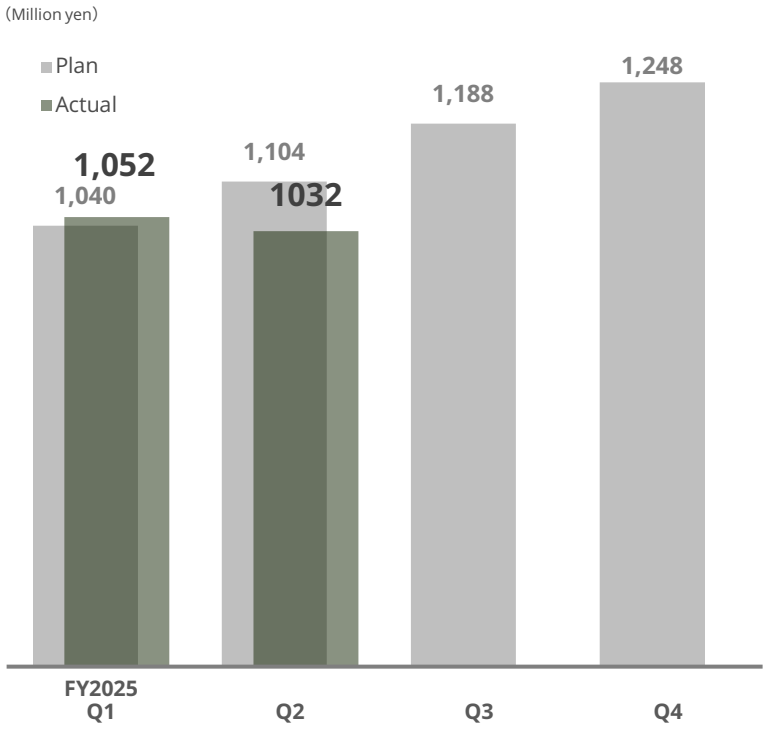
| | FY2025 Q2(6mo) Actual (a) | FY2025 Q2(6mo) Forecast (b) | **FY2025 Q2 vs. forecast (a) / (b)** | FY2025 Forecast (c) | **FY2025 Q2 YTD Progress rate (a) / (c)** |
|---|---|---|---|---|---|
| **Sales** | 2,084 | 2,144 | **97.3%** | 4,580 | **45.5%** |
| **EBITDA** | 762 | 859 | **88.7%** | 2,014 | **37.8%** |
| **Operating income** | 666 | 754 | **88.5%** | 1,800 | **37.0%** |
| **Ordinary income** | 637 | 744 | **85.7%** | 1,781 | **35.8%** |
| **Profit attributable to owners of parent** | 400 | 490 | **81.8%** | 1,172 | **34.2%** |
| **EPS** | 15.77yen | 19.14yen | | 45.90yen | |

**In FY2025, we expect operating income of 1.8 Billion yen and 2Q(6mo) progress is 37.0%**

# (4) Progress Quarterly progress to FY2025 forecast

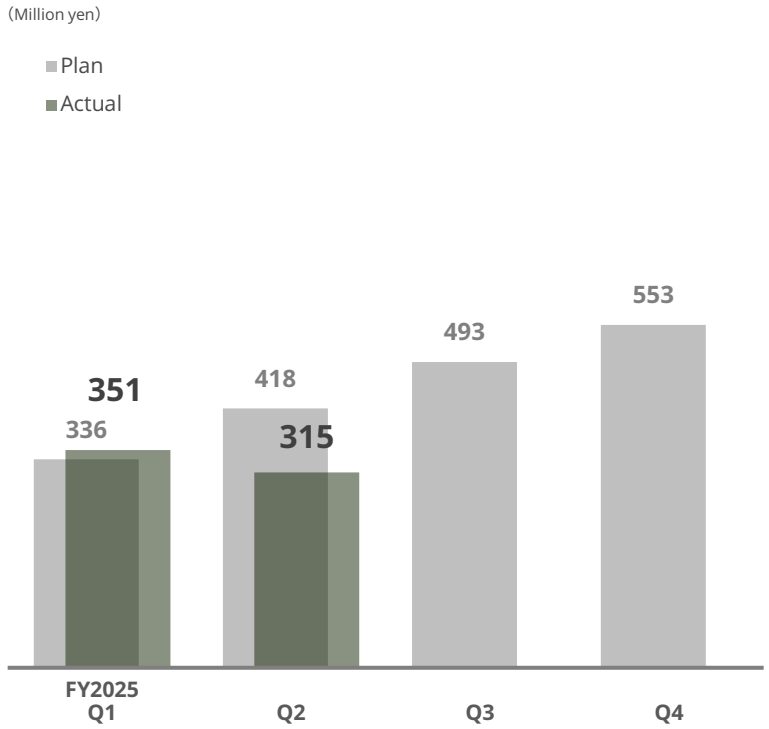
## Q2 FY2025 Progress rate to plan

**Sales 97.3%**




## Q2 FY2025 Progress rate to plan

**Operating income 88.5%**



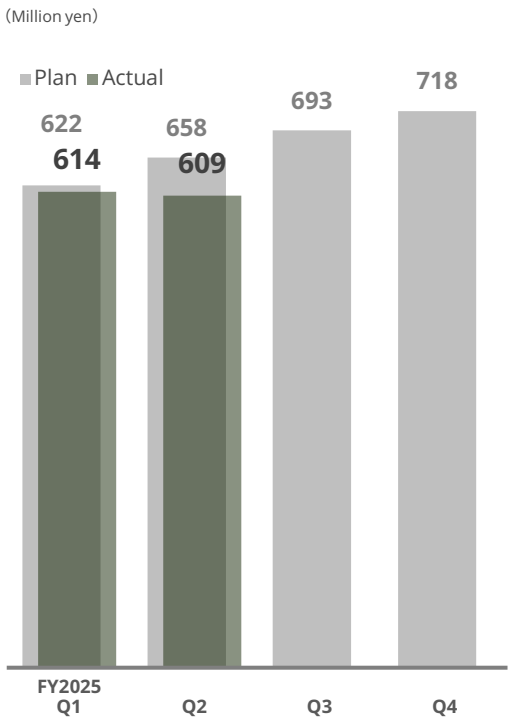

**FY2025 Q1 ended slightly over the plan, but 2Q cumulative sales and operating income were behind the plan.**

**We will update *Our Business Plan and Growth Potential* every quarter and disclose. (Next update will be March. 2025.)**

# (4) Progress Quarterly progress to FY2025 forecast by segment

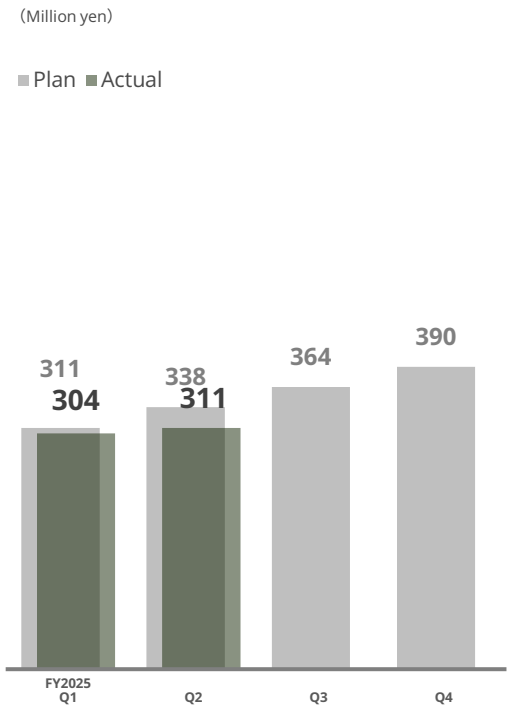
**PS**
**Q2 FY2025 Progress rate to plan**

**Sales 95.6%**



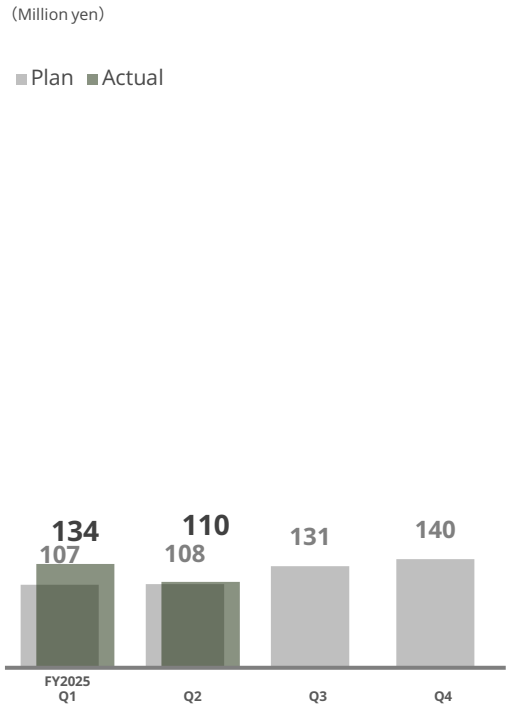

**SaaS**
**Q2 FY2025 Progress rate to plan**

**Sales 94.9%**




**DX**
**Q2 FY2025 Progress rate to plan**

**Sales 114.2%**




**In 2Q cumulative FY2025, DX business exceeded the plan, but PS and SaaS businesses 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.<br><br>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.<br><br>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.<br><br>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.<br><br>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.<br><br>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.<br><br>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.<br><br>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.**

**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 |

**We start countermeasures before the risks become apparent.**

Group Mission

# 「働く」を豊かにする。

Feed a force for good and change