

## Company Report

December 15, 2025

Strategy Advisors Inc.  
Team Coverage



## FY3/26 H1 Results: Revenues Up, Operating Profits Down. Full-Year Outlook has been Lowered, Normal Profit is However Expected to Grow

In FY3/26 H1, revenue was ¥6.301 billion (+23% YoY), gross profit was ¥4.745 billion (+22% YoY), whilst operating profit was ¥744 million (-53% YoY), resulting in increased revenue but a decrease in operating profit. Looking at normal profit, which is operating profit minus one-off gains and losses, it increased from ¥478 million in the same period last year to ¥654 million (+37% YoY), meaning that both revenue and profits are continuing to increase.

Geniee has revised downward its FY3/26 plan, mainly due to lower sales and profits in H1 and the failure to achieve targets in its Advertising Platform Business. The revised plan calls for a 25% increase in sales and a 13% decrease in operating profit compared to the previous year, but normal profit is expected to increase by 26%.

After the announcement of the FY3/26 Q1 financial results, the Company's share price fluctuated in the ¥1,250 to ¥1,450 range for a while, but as October began and the stock market's preference for large-cap stocks intensified, shares of companies listed on the growth market were sold off widely. The Company's share price range also shifted to ¥1,100 to ¥1,200 in the first half of November. After that, the Company revised its full year forecast downward on November 14th, which resulted in a negative reaction, and the share price temporarily fell below ¥1,000. It is currently fluctuating between ¥1,000 and ¥1,100.

The Company's equity story is "The Company will enter a business efficiency phase as it hires and develops valuable product managers and excellent engineers and builds a one-stop platform. This will lead to steady expansion of operating profit (normal profit) from FY3/27 onward". The Company's dramatic growth in JAPAN AI will lead to rapid expansion of group revenue and an increase in valuation. While JAPAN AI, an equity-method affiliate, is currently recording a net loss for the current fiscal year, maximizing the growth of JAPAN AI will contribute most to the future growth of the group's overall corporate value. Based on this outlook, the Company is concentrating management resources on the AI business as its top priority. The Company plans to exercise its stock acquisition rights in the future and return JAPAN AI to being a consolidated subsidiary. This will not only significantly contribute to group revenue, but could also lead to a significant increase in the Company's stock valuation, which is currently at a low level.

### Stock Price and Trading Volume (Past Year)



Source: Strategy Advisors.

### Key Indicators

Stock Price (12/12/25)	1,039
52-Week High (03/05/25)	1,876
52-Week Low (11/18/25)	982
All-Time High (12/18/17)	2,678
All-Time Low (12/25/18)	409
Number of Shares Issued (mn)	12.2
Market Cap. (¥bn)	12.7
EV (¥bn)	21.8
Equity Ratio (FY3/25, %)	33.0
ROE (FY3/25 Actual, %)	25.8
PER (FY3/26 CoE, x)	9.1
PBR (FY3/25 Actual, x)	1.6
Yield (FY3/26 CoE, %)	-

Source: Strategy Advisors.

# Geniee | 6562 (TSE Growth)

Consolidated (Changed from the Japanese GAAP to IFRS in FY3/23)

FY	Revenues (¥ mn)	YoY (%)	OP (¥ mn)	YoY (%)	PBT (¥ mn)	YoY (%)	NP (¥ mn)	YoY (%)	EPS (¥)	DPS (¥)
FY3/25 H1	5,121	36.3	1,567	77.2	1,498	115.8	1,240	95.0	77.2	-
FY3/26 H1	<b>6,301</b>	<b>23.0</b>	<b>744</b>	<b>-52.5</b>	<b>581</b>	<b>-61.2</b>	<b>346</b>	<b>-72.0</b>	<b>28.6</b>	-
FY3/22	14,459	-	738	277.5	499	268.2	335	230.2	18.7	0.0
FY3/23	6,455	-	2,457	-	2,279	-	2,114	-	119.5	0.0
FY3/24	8,012	24.1	1,538	-37.4	1,277	-44.0	1,031	-51.2	58.3	0.0
FY3/25	11,321	41.3	2,520	63.8	2,267	77.5	1,954	89.4	136.3	0.0
FY3/26 CoE	14,150	25.0	2,200	-12.7	1,950	-14.0	1,400	-28.4	115.7	0.0

Source: Company Data. Compiled by Strategy Advisors.

## 1. FY3/26 H1 Results

### Revenue Increased, But Operating Profit Decreased in FY3/26 H1

Geniee's results for FY3/26 H1 were revenue of ¥6.301 billion (+23% YoY), gross profit of ¥4.745 billion (+22% YoY), operating profit of ¥744 million (-53% YoY), and interim profit attributable to owners of the parent of ¥346 million (-72% YoY). This result is an increase in revenue, but a decrease in operating profit.

### Normal Profit, Which Excludes One-Off Gains and Losses Recorded as Operating Profit under IFRS

The Company changed its accounting standards from Japanese GAAP to IFRS in FY3/23. Under Japanese GAAP, one-off gains and losses are mainly recorded as non-operating income/expenses and extraordinary gains/losses; but under IFRS, they are included in operating profit as part of "other income" and "other expenses". Therefore, the Company defines and discloses operating profit excluding one-off gains and losses as "normal profit".

Segment profit for each segment includes one-off gains and losses related to that segment. Operating profit for each segment includes segment profit, "other income" and "other expenses" (mainly one-off gains and losses) not attributable to each segment and corporate expenses not allocated to each segment.

### Normal Profit Increased 37% YoY

Operating profit for FY3/25 H1 included a profit of ¥645 million due to a reduction in the earn-out (an obligation to pay additional fees according to the conditions after M&A is completed) related to Geniee US Inc. (formerly Zelto, Inc.), a US subsidiary of the Advertising Platform Business, and a gain on changes in equity of ¥328 million from the transition of consolidated subsidiary JAPAN AI to an equity-method affiliate.

Meanwhile, operating profit for FY3/26 H1 included a gain on changes in equity of ¥79 million from the fundraising of JAPAN AI, and a gain on sales of shares of affiliates of ¥11 million from Social Wire (3929 TSE Growth), a consolidated subsidiary in charge of the Digital PR Business, transferring a portion of its shares in MK1 TECHNOLOGY VIETNAM COMPANY LIMITED (hereinafter MK1) to a Social Wire employee and founder, thereby turning MK1 into an equity-method affiliate.

As a result, normal profit for FY3/26 H1, which is the operating profit minus this one-off gain/loss, was ¥654 million (+37% YoY). Sales and profits continued to increase.

## General and Administrative Expenses Ratios Are Factors Behind the Increase in Normal Profit

The factors behind the increase in normal profit include a significant increase in revenue and a decrease in the sales and administrative expenses ratio from 66.8% to 65.6% YoY due to a reduction in fixed costs resulting from increased sales.

Gross profit margin decreased to 75.3% from 75.8% YoY. Although the profit margin of the Marketing SaaS Business improved, this was largely due to a decline in the revenue composition ratio of the Advertising Platform Business, which has a relatively high profit margin.

SG&A expenses were ¥4,133 million (+21% YoY). Personnel expenses +23% YoY due to the hiring of new graduates and the consolidation of Social Wire in FY3/25 Q2, and other expenses +37% YoY due to increases in commissions paid and outsourcing fees. On the other hand, system development-related expenses (-3% YoY) and office facility-related expenses (+3% YoY) remained roughly flat.

## Equity Method Investment Losses Increased & Financial Balance Also Worsened

The equity method investment loss related to JAPAN AI increased to ¥61 million from ¥28 million YoY. However, since JAPAN AI became an equity method affiliate in FY3/25 Q2, the equity method investment loss was not recorded in FY3/25 Q1. Furthermore, due to a decrease in the investment ratio following JAPAN AI's fundraising and a reduction in the deficit of JAPAN AI itself, the equity method investment loss in Q2 decreased to ¥14 million from ¥47 million in Q1.

In addition, financial income decreased from ¥39 million to ¥3 million, while financial expenses increased from ¥79 million to ¥105 million YoY. As a result, the financial deficit also worsened from ¥40 million to ¥101 million YoY.

## Corporate Tax Burden Rate Rises Sharply

Due to a decrease in temporary profits that are not taxable income and the recording of equity method investment losses, the corporate tax burden rate rose from 13.8% in the same period of the previous year to 30.3%. In addition, with Social Wire becoming a consolidated subsidiary, non-controlling interests turned from a profit of ¥50 million in the same period of the previous year to a profit of ¥58 million. The Company's investment ratio in Social Wire is 49.0%.

## The Increase in Revenue Was Due to the Consolidation of the Digital PR Business & Strong Performance of the Marketing SaaS Business

Revenue increased by ¥1.179 billion YoY, but broken down by segment, Advertising Platform Business decreased by ¥81 million, Marketing SaaS Business increased by ¥467 million and Digital PR Business, which was consolidated from FY3/25 Q2, increased by ¥803 million. This is inter-segment revenue and the adjustment amount subject to consolidated eliminations increased slightly from -¥21 million in the same period last year to -¥31 million.

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**Figure 1. Geniee's FY3/26 H1 Results**

(¥mn)	3/25 H1	<b>3/26 H1</b> (A)	YoY	Progress Rate (A)/(B)	FY3/26 Initial Plan	FY3/26 Revised Plan (B)
Revenue	5,121	<b>6,301</b>	23.0%	41.2%	15,300	14,150
Advertising Platform Business	2,712	<b>2,630</b>	-3.0%	37.7%	6,970	5,850
Marketing SaaS Business	1,723	<b>2,190</b>	27.1%	41.5%	5,280	4,905
Digital PR Business	707	<b>1,510</b>	113.4%	48.7%	3,100	3,450
Adjustment	-21	<b>-31</b>	-	62.0%	-50	-57
Cost of Sales	1,241	<b>1,555</b>	25.3%	44.4%	3,500	3,450
Gross Profit	3,880	<b>4,745</b>	22.3%	40.2%	11,800	10,700
SG&A Expenses	3,422	<b>4,133</b>	20.8%	-	-	-
Operating Profit	1,567	<b>744</b>	-52.5%	27.1%	2,750	2,200
Ordinary Profit	478	<b>654</b>	36.7%	26.3%	2,490	2,000
Advertising Platform Business	1,210	<b>1,149</b>	-5.0%	34.1%	3,370	2,796
Marketing SaaS Business	151	<b>474</b>	213.3%	34.6%	1,370	1,325
Digital PR Business	202	<b>218</b>	7.9%	47.4%	460	554
Corporate/Eliminations, etc.	3	<b>-1,097</b>	-	44.8%	-2,450	-2,474
Equity in Earnings of Affiliates (Loss)	-28	<b>-61</b>	-	-	-	-
Profit Before Tax	1,498	<b>581</b>	-61.2%	22.3%	2,600	1,950
Income Tax Expense	207	<b>175</b>	-15.5%	29.7%	590	450
Profit	1,291	<b>405</b>	-68.6%	20.1%	2,010	1,500
Non-Controlling Interests	50	<b>58</b>	16.0%	116.0%	50	100
Profit Attributable to Parent Company of the Subsidiary	1,240	<b>346</b>	-72.0%	17.7%	1,960	1,400

Note:

1) Ordinary profit refers to the operating profit minus one-time profits and losses.

2) Business unit profits are based on segment profits.

3) The initial plan for the Advertising Platform Business and the adjusted amount for FY3/25H1 and the normal profit for FY3/26 have been retroactively revised.

Source: Company Data. Compiled by Strategy Advisors.

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## **Advertising Platform Business Revenue Decreased 3%, Segment Profit Decreased 5%**

Regarding the advertising platform business, since the domestic division and overseas division (Geniee US Inc. and other overseas subsidiaries) were integrated starting in FY3/26, YoY is compared to retroactively adjusted figures.

The business results were revenue of ¥2.63 billion (-3% YoY) and segment profit of ¥1.149 billion (-5% YoY). The number of companies whose revenue exceeded a certain scale increased 2% YoY to 251 companies in Q1, but decreased 3% YoY to 259 companies in Q2. Meanwhile, revenue per company (average monthly customer spending), calculated by dividing revenue by the number of companies, decreased 8% YoY to ¥1.859 billion in Q1, but increased 12% YoY to ¥1.826 billion in Q2. As a result, revenue increased from ¥1.258 billion in Q1 (-11% YoY) to ¥1.371 billion in Q2 (+6%), and segment profit also improved from ¥538 million in Q1 (-11% YoY) to ¥611 million in Q2 (+0%).

## **Advertising Platform Business Operating Profit Decreased 10%**

While segment profit for this business decreased 5% YoY, operating profit for this business, which is the allocation of company-wide expenses to each segment, decreased 10% YoY to ¥664 million to an increase in labor costs, etc.

## **Both Revenue & Operating Profit Fell Short of Plan**

Compared to the initial plan for this business, revenue fell short by ¥387 million and operating profit by ¥40 million. Factors contributing to the shortfall included: the failure to acquire new customers and projects due to marketing and sales activities (¥130 million shortfall), Reduced transactions with existing customers due to operational issues and customer satisfaction (¥70 million shortfall), revenue shortfall (¥70 million shortfall) caused by changes to advertising regulations, among other factors and reduced sales due to changes in advertisers' regulations (¥70 million shortfall). However, the shortfall in operating profit was kept to a small margin by implementing reductions in SG&A expenses (¥190 million profit plan excess factor).

**Figure 2**Quarterly Performance Trends by Segment

(¥mn)		3/25				3/26	
		Q1	Q2	Q3	Q4	Q1	Q2
Revenue		2,265	2,856	3,160	3,039	3,061	<b>3,239</b>
	Advertising Platform Business	1,418	1,293	1,447	1,302	1,258	<b>1,371</b>
	Marketing SaaS Business	859	864	963	1,083	1,116	<b>1,074</b>
	Digital PR Business	—	707	761	680	703	<b>807</b>
	(Adjustment)	-11	-10	-11	-27	-16	<b>-14</b>
Gross Profit		1,740	2,139	2,515	2,411	2,362	<b>2,383</b>
Segment Profit		815	752	563	389	333	<b>411</b>
	Advertising Platform Business	605	610	730	680	538	<b>611</b>
	Marketing SaaS Business	25	126	260	256	287	<b>186</b>
	Digital PR Business	—	202	150	78	103	<b>114</b>
	(Corporate/Eliminations)	184	-187	-577	-626	-596	<b>-501</b>
Operating Profit		815	752	563	389	333	<b>411</b>
	Advertising Platform Business	361	374	472	417	283	<b>380</b>
	Marketing SaaS Business	-193	-91	21	8	-1	<b>-99</b>
	Digital PR Business	—	108	65	4	24	<b>49</b>
	(Adjustment)	647	361	3	-40	26	<b>81</b>

Source: Company Materials. Prepared by Strategy Advisors.

## Marketing SaaS Business Revenue +30%. Segment Profit +213%

The Marketing SaaS Business's results were revenue of ¥2.19 billion (+27% YoY) and segment profit of ¥474 million (+213% YoY). The increase in revenue was primarily due to strong performance in SFA/CRM and ANALYTICS, which led to +24% in the number of paid accounts at the end of FY3/26 Q1 YoY, +12% in average revenue per account (ARPA=average revenue per account). There was also a significant increase in initial implementation sales related to development. Furthermore, annual recurring revenue (ARR=annual recurring revenue) at the end of Q2 +23% YoY to ¥3.683 billion.

The recurring revenue ratio for the past 12-months as of the end of Q2 fell to 79.8% from 81.2% YoY. Meanwhile, due to cancellations by major customers in April, the churn rate rose from 0.30% in Q4 of FY3/25 to 2.15% in Q1. Although it fell to 1.17% in Q2, it remains at a slightly higher level compared to the past.

## Marketing SaaS Business Operating Profit/Loss Significantly Reduced

The gross profit margin for this segment was 71.3% in Q1 and 72.4% in Q2 of FY3/25, but rose to 78.6% in Q1 and 77.6% in Q2 of FY3/26, due to factors such as the exclusion of JAPAN AI, which is in the upfront investment stage, from this segment, and a reduction in fixed costs due to increased sales, a decrease in depreciation expenses due to the disposal of software implemented at the end of the previous fiscal year and a reduction in server-related expenses.



The segment's SG&A expense ratio also improved significantly, as the rate of increase in R&D-related expenses and personnel and overhead costs for the sales and administrative departments was lower than the growth in revenue, thanks to the effect of increased sales. In addition, the operating loss for this segment, after deducting corporate expenses allocated to each segment, narrowed to ¥102 million from ¥285 million YoY.

## **Revenue Fell Short of Plan. But Operating Loss Was Lower Than Planned**

In this business, revenue fell short of the plan of ¥113 million, but the operating loss was only ¥102 million, compared to the planned ¥199 million. The shortfall in revenue was due to cancellations by major CHAT customers. On the other hand, the effectiveness of cross-selling with JAPAN AI helped to reduce marketing expenses and reductions in other selling and administrative expenses also helped to reduce the operating loss.

## **Digital PR Significant Increase in Operating Profit Decreased Due to the Disappearance of One- Off Profits**

The Digital PR Business, which is handled by Social Wire, which joined the group in Q2 FY3/25 (July to September), is engaged in newswire, influencer PR, clipping and risk check businesses. The results for this business were revenue of ¥1.51 billion (¥707 million in Q2 only, as there was no Q1 in YoY), segment profit of ¥218 million (¥202 million YoY), and operating profit of ¥74 million (¥108 million YoY).

In Q2 alone, revenue was ¥807 million (+14% YoY), segment profit was ¥114 million (-44% YoY) and operating profit was ¥49 million (-55% YoY). The influencer PR service "Find Model" drove an increase in revenue (+57% YoY). Also contributing was one month of revenue from iHack (Chiyoda-Ku, Tokyo), which Social Wire acquired in September. Despite the increase in revenue, segment profit and operating profit decreased, largely due to the impact of a gain on the sales of a business of ¥70 million recorded in Q2 FY3/25.

## **Both Revenue & Operating Profit Exceeded the Plan**

Revenue for this business exceeded the plan by ¥87 million and operating profit by ¥64 million, main reason for this was the consolidation of iHack.

## **iHack Becomes a Wholly Owned Subsidiary in September**

In September 2025, Social Wire acquired iHack, a wholly owned subsidiary. iHack operates an influencer marketing support business specializing in the beauty and cosmetics fields, as well as a Beauty Creator Academy business that aims to train inexperienced people to become beauty creators in just 6-months. iHack has particular strengths in the Korean beauty market.

As of August 29th, when the acquisition of shares was announced, iHack's forecast for FY8/25 was sales of ¥124 million (+122% YoY) and an operating profit of ¥124 million (-¥26 million loss in previous year). Furthermore, the YoY sales growth rate for the July-September period, including the period before consolidation, was 68%. The cost of acquiring the shares was ¥20 million and the amount of goodwill was ¥672 million.

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## Significantly Strengthening the Business Foundation of Influencer PR

Social Wire acquired Find Model in 2018 and entered the influencer PR field. In FY3/25, influencer PR has grown into one of its core services. Social wire's medium-term management plan targets sales of ¥5 billion for FY3/28 (revenue of ¥2.7 billion for FY3/25 excluding withdrawn businesses).

In FY3/26 Q2, Find Model's revenue +57% YoY and with the acquisition of iHack, which saw +68% YoY in revenue, the Company's business foundation has been significantly strengthened, so it can be said that the Company's management strategy of "systematizing influencer PR" is progressing smoothly.

**Figure 3 Quarterly KPI Trends by Segment**

		3/25				3/26	
		Q1	Q2	Q3	Q4	Q1	Q2
Marketing SaaS Business							
	# of Paid Accounts	18,714	19,416	20,337	21,676	22,651	<b>24,157</b>
	ARPA (¥)	13,501	15,284	19,874	18,777	20,620	<b>17,167</b>
	Churn Rate	0.20	1.83	0.72	0.30	2.15	<b>1.17</b>
	ARR (¥ mn)	2,658	2,984	3,244	3,471	3,539	<b>3,683</b>
	Gross Profit Margin	71.3	72.4	73.3	74.7	78.6	<b>77.6</b>
	Recurring Revenue Ratio	80.5	81.2	82.1	80.3	80.2	<b>79.8</b>
Advertising Platform Business							
	# of Clients	247	267	287	293	251	<b>259</b>
	Revenue per Client (¥ mn)	2,012	1,636	2,120	1,439	1,859	<b>1,826</b>
	OP Margin	25.5	28.9	32.7	32.1	22.5	<b>27.7</b>
	Operating Profit	361	374	472	417	283	<b>380</b>
Digital PR Business							
	# of New Clients Acquired	–	808	1,090	1,067	831	<b>748</b>
	OP Margin	–	15.3	8.6	0.6	3.6	<b>6.1</b>
	Operating Profit	–	108	65	4	24	<b>49</b>

Note: Digital PR Business was consolidated from FY3/25 Q2. The non-consolidated figures for Advertising Platform Business prior to FY3/26 Q1 have been retroactively adjusted.

Source: Company Materials. Prepared by Strategy Advisors.

## JAPAN AI Has a Positive Impact on Geniee's Business, Organization

Although the equity method affiliate JAPAN AI is currently recording an equity method investment loss, its sales have continued to grow rapidly and it is having a positive impact on Geniee in terms of business, organization, IR and investment.

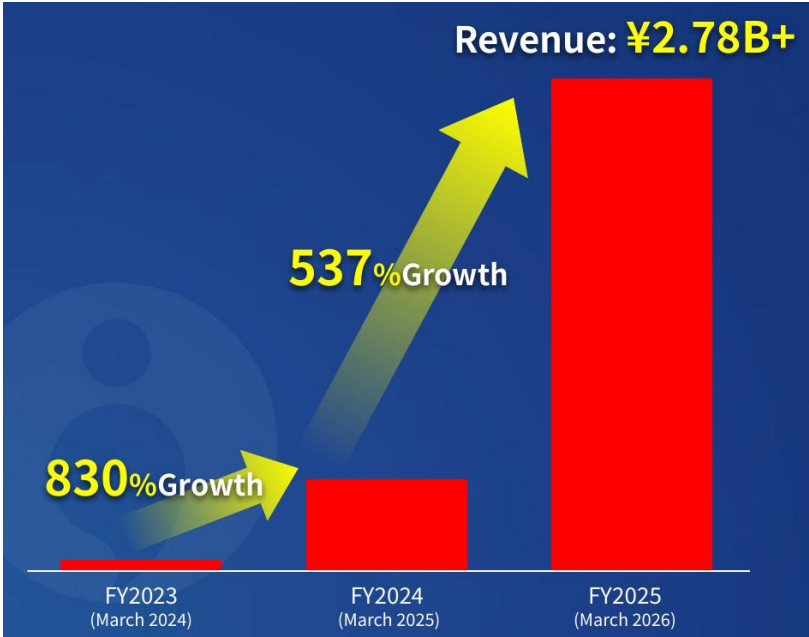
For example, in terms of business, cross-selling of the two companies' products (GENIEE SFA/CRM and JAPAN AI SALES, GENIEE CDP/ANALYTICS and JAPAN AI MARKETING, GENIEE CHAT and JAPAN AI CHAT, etc.) has increased. In addition, due to the collaboration in marketing activities, the marketing budgets of both companies have been kept lower than planned.



In terms of organization, as a result of the two companies coordinating their recruitment activities, there has been a significant increase in the number of applications and hires for high-level positions such as general managers and specialists. In terms of IR and investment, if JAPAN AI is consolidated in the future, Geniee's corporate value may rapidly expand and the positive impact of collaboration with JAPAN AI is also expected to be an increase in opportunities for capital and business alliances for the Geniee Group.

JAPAN AI's full-year forecast has been revised upward twice, due to +603% YoY in sales in FY3/26 H1. FY3/26 sales are currently ¥2.78 billion (+537% YoY), but there is likely room for further growth. Significant growth is expected to continue through the expansion of enterprise products such as "JAPAN AI STUDIO" an AI development and operation platform for businesses launched in October 2025 and strengthened collaboration with Geniee 's Marketing SaaS Business.

Figure 4. JAPAN AI Sales Trends



Source: Company Materials.

## 2. Earnings Forecast for the FY3/26

### FY3/26 Forecast Revised Downward

The Company's forecasts for FY3/26 have been revised downwards as follows: revenue of ¥15.3 billion (+35% YoY) to ¥14.15 billion (+25%), gross profit of ¥11.8 billion (+34%) to ¥10.7 billion (+22%), operating profit of ¥2.75 billion (+9%) to ¥2.2 billion (-13%), profit before tax of ¥2.6 billion (+15%) to ¥1.95 billion (-14%), profit for the period of ¥2.01 billion (-2%) to ¥1.5 billion (-27%) and profit for the period attributable to owners of the parent of ¥1.96 billion (+0%) to ¥1.4 billion (-28%).

### Advertising Platform Business and Marketing Saas Business Revised Downwards, Digital PR Business Revised Upwards

The revised revenue plans by segment are: Advertising Platform Business ¥6.97 billion → ¥5.85 billion (+7% YoY), Marketing SaaS Business ¥5.28 billion → ¥4.905 billion (+30% YoY) and Digital PR Business ¥3.1 billion → ¥3.45 billion (+60% YoY; the previous period was for the 9-months from Q2).

The revised segment profit plan is for Advertising Platform Business to increase from ¥3.37 billion to ¥2.796 billion (+6% YoY), Marketing SaaS Business to increase from ¥1.37 billion to ¥1.325 billion (+98% YoY) and Digital PR Business to increase from ¥460 million to ¥554 million (+29% YoY).

The revised operating profit plans for each segment are as follows: Advertising Platform Business: ¥2.3 billion → ¥1.758 billion (+8% YoY), Marketing SaaS Business: ¥40 million and Digital PR Business: ¥110 million → ¥205 million.

### Advertising Platform Business Revised Down Significantly

In the Advertising Platform business, the Company planned to begin integrating its supply-side and demand-side divisions in October and implement structural reforms, including improving operational efficiency and sharing customer information, with the aim of restoring revenue growth from next fiscal year onward.

However for FY3/26, the Company revised its initial second-half forecast, which projected high growth, downward by ¥733 million, due to the fact that revenue for this business for FY3/26 fell short of its target (¥387 million) in H1; due to internal factors such as marketing and customer satisfaction and external factors such as changes in advertiser policies. While H1 saw a 3% decrease in revenue YoY, the H2 forecast now anticipates a 17% increase.

While the segment profit and operating profit forecasts are expected to see additional cost reduction effects, they have been reduced by ¥574 million and ¥542 million respectively, due to the downward revision of the revenue forecast, which was the main reason for the downward revision on a company-wide basis.

**Figure 5. Geniee's FY3/26 Earnings Forecast**

(¥mn)	FY3/25	FY3/26		YoY (%)
	Actual	Initial plan	Revised Plan	
Revenue	11,321	15,300	<b>14,150</b>	25.0
Advertising Platform Business	5,462	6,970	<b>5,850</b>	7.1
Marketing SaaS Business	3,770	5,280	<b>4,905</b>	30.1
Digital PR Business	2,150	3,100	<b>3,450</b>	60.5
Adjustment	-60	-50	<b>-57</b>	-
Gross Profit	8,807	11,800	<b>10,700</b>	21.5
Operating Profit	2,520	2,750	<b>2,200</b>	-12.7
(Ordinary profit*)	1,593	2,490	<b>2,000</b>	25.5
Advertising Platform Business	2,627	3,370	<b>2,796</b>	6.4
Marketing SaaS Business	668	1,370	<b>1,325</b>	98.4
Digital PR Business	431	460	<b>554</b>	28.5
Corporate/Eliminations, etc.	-1,206	-2,450	<b>-2,474</b>	-
Profit Before Tax	2,267	2,600	<b>1,950</b>	-14.0
Income Tax Expense	218	590	<b>450</b>	106.4
Profit	2,048	2,010	<b>1,500</b>	-26.8
Non-Controlling Interests	94	50	<b>100</b>	6.4
Profit Attributable to Parent Company of Subsidiaries	1,954	1,960	<b>1,400</b>	-28.4

Note:

- 1) Normal profit refers to operating profit minus one-time profits and losses.
- 2) The initial plan for normal profit has been retroactively revised.
- 3) Business unit profits are based on segment profits.

Source: Company Data. Compiled by Strategy Advisors.

## Marketing SaaS Business: Revenue Revised Downward, but Operating Profit Remained Unchanged

The Company plans to change its organization from product-based to function-based in October, and to strengthen the capabilities and efficiency of each function. However, the Company has revised its initial second-half revenue forecast downward by ¥262 million due to the growing impact of the decline in revenue caused by the cancellation of a major CHAT customer during H1 and the fact that new contracts have not been acquired as much as initially planned. Revenue increased 27% YoY in H1 but is now expected to increase 33% in H2.

The segment profit plan was reduced by ¥45 million due to a downward revision of the sales revenue plan, while the effect of reducing marketing expenses due to organizational changes was expected. On the other hand, the operating profit plan for the business was left unchanged due to an expected reduction in allocated company-wide expenses.

## Digital PR Business Revised Upward

Revenue for the digital PR business has been revised upward by ¥350 million due to the contribution of iHack (7-months) and an increase in the plan for influencer PR at Social Wire. Segment profit and operating profit plans have been increased by ¥94 million and ¥95 million, respectively, based on the upward revision of the revenue plan.

## Normal Profit, Excluding One-Off Gains and Losses, is Expected to Increase by 26%

The one-time profit forecast was reduced from the initial plan of ¥260 million to ¥200 million. As a result, the normal profit forecast was reduced by ¥490 million from the initial plan to ¥2 billion (+26% YoY), but the profit increase forecast remains unchanged.

## 3. Stock Price Trends and Valuations

### 1) Stock Price Trends and Comparison with Past Valuations

## The Stock Price Range: Mid-April to Early June 2025 ¥1,400 to ¥1,600

The Company's stock price was ¥1,391 as of the end of September 2024. Following the upward revision of its full-year earnings forecast when it released its Q2 financial results for fiscal year March 2025, the stock price began to rise, reaching ¥1,876 on March 5, 2025.

However, the stock price subsequently fell due to a stock market correction, and since mid-April, the stock price has shifted to a range of ¥1,400 to ¥1,600. In the Company's plan for fiscal year March 2026, released on May 13, normal profits were expected to increase 54% year-on-year, but operating profits were expected to increase 9%, slowing from the previous year's 64% increase. This led to the stock price temporarily falling to around ¥1,300. In the first half of June, investors began to appreciate the forecast for an increase in normal profits, and the stock price returned to the ¥1,400 to ¥1,600 range.

## Following the Q1 Financial Results, the Stock Price Range for September Will Shift to ¥1,250 to ¥1,450

When the release of "JAPAN AI SALES" was announced on June 16th, expectations were high that it would contribute to JAPAN AI's performance, and the stock price rose to ¥1,874 by June 19th. However, as investor buying interest waned in July, the stock price returned to the ¥1,400 to ¥1,600 range. The Q1 FY3/26, announced on August 12th, showed a 59% decrease in operating profit YoY, which was not well received and so the stock price range shifted to ¥1,250 to ¥1,450.

# Geniee | 6562 (TSE Growth)

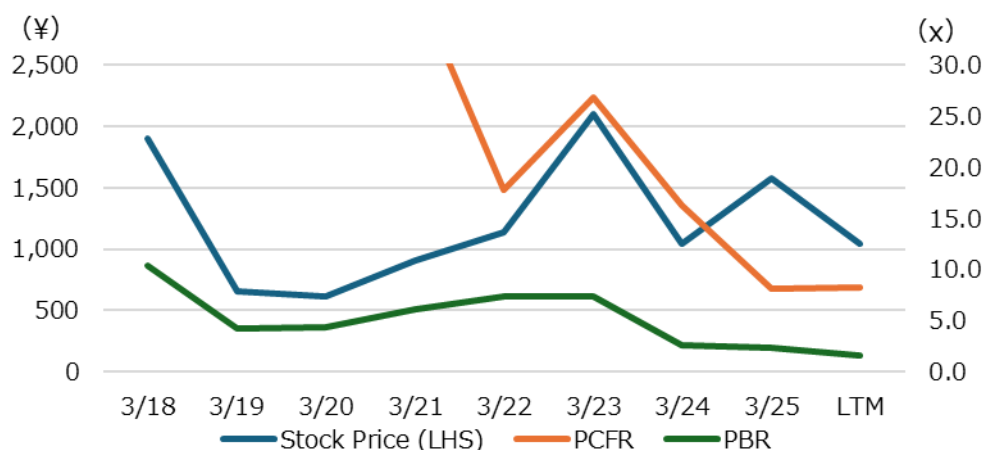
**Following the Downward Revision of the FY3/26 Company Plan, the Current Share Price is Hovering Between ¥1,000 to ¥1,100**

**The Decline in PBR Makes the Price Seem Undervalued**

In October, the stock market saw a growing preference for large-cap stocks, while shares of companies listed on the growth market were sold off widely. The Company's stock price also trended downward, dropping to a range of ¥1,100 to ¥1,200 in the first half of November. When a downward revision of the Company's forecast for FY3/26 was announced on November 14, the stock price plummeted, hitting a low of ¥982 on the 18th. The stock price has since rebounded and is currently trading in the ¥1,000 to ¥1,100 range.

On the other hand, looking at valuation, PBR has fallen from 2.4x at the end of March 2025 due to a downward revision of the Company's plan, and is currently around 1.6x. Considering that PBR had been fluctuating between 4x to 10x up until FY3/23, the current PBR level appears cheap.

**Figure 6 Geniee Stock Price, PCFR & PBR Trends**



Source: Company Data. Compiled by Strategy Advisors.

**Figure 7 Geniee: Stock Price and Major Index Trends**

	3/18	3/19	3/20	3/21	3/22	3/23	3/24	3/25	LTM (Dec.12)
Stock Price (¥)	1,903	658	618	903	1,142	2,102	1,046	1,576	1,039
Operating CF (¥mn)	292	203	73	431	1,140	1,389	1,140	2,359	1,541
PCFR (x)	114.1	57.9	152.0	37.8	17.7	26.8	16.2	8.1	8.2
Net Profit (¥mn)	63	-544	-178	101	335	2,114	1,031	1,954	1,960
PER (x)	528.9	0.0	0.0	159.8	60.2	17.6	17.9	9.8	9.1
PBR (x)	10.4	4.3	4.4	6.1	7.4	7.4	2.6	2.4	1.6
ROE	2.6	-18.4	-6.8	3.9	12.5	0.0	16.9	25.8	12.5

Note: LTM's net income and PER are based on the Company's forecast Earnings Per Share (EPS).

Source: Company Data. Compiled by Strategy Advisors.

## 2) Comparison with Competitors (Japanese Companies)

**In Terms of PBR, Which Takes into Account the ROE Level, Geniee Appears Less Undervalued Within the Industry**

Among 12 representative Japanese companies involved in advertising platforms, marketing SaaS and PR businesses, Geniee's PBR ranks fourth lowest. However, when comparing ROE for the past year, Geniee has secured 12.5%, but due to a recent decline in profits, it has dropped to 10th place. As a result, when taking into account ROE levels, the PBR makes the Company appear less undervalued within the industry.

**Geniee Appears to Be Undervalued in Terms of PCFR, Which Takes into Account the Operating Cash Flow Growth Rate**

When comparing the 3-year CAGR of operating cash flow (hereinafter referred to as operating CF) of companies, Geniee is tied with LINE Yahoo! for seventh place. But it is fourth lowest in PCFR, a stock price indicator using operating CF. There is no absolute financial indicator that indicates the appropriate level of PCFR, but since growth is one factor that increases PCFR, it is considered appropriate to compare the 3-year CAGR of operating CF with PCFR. From this perspective, it can be said that Geniee's PCFR is relatively undervalued. The 3-year CAGR of operating CF is calculated using figures from the most recent full-year financial statement and the full-year financial statement 3-years prior.

**Figure 8 Key Indicators of Major Japanese Companies Involved in Advertising Platforms, Marketing SaaS & Corporate PR Businesses (ROE in Descending Order)**

Company Name	Ticker	FY	ROE	PBR (x)	PER (x)	Operating CF (¥ mn)	3yr CAGR	PCFR
Cybozu	4776	12/24	42.9%	11.4	21.1	8,662	128%	15.3
Feedforce Group	7068	5/25	38.6%	5.4	11.7	1,405	31%	12.1
Wills	4482	12/24	34.0%	7.5	21.6	1,132	26%	14.0
Value Commerce	2491	12/24	23.0%	1.2	7.1	2,915	-14%	5.1
F Code	9211	12/24	20.1%	2.6	13.5	1,394	107%	12.6
Kyodo PR	2436	12/24	18.4%	2.5	11.5	973	27%	8.7
User Local	3984	6/25	18.1%	3.5	19.7	1,806	26%	16.6
Bridge International	7039	12/24	15.0%	1.6	12.1	684	2%	10.4
Brain Pad	3655	6/25	14.1%	9.7	49.2	1,351	6%	41.5
<b>Geniee</b>	<b>6562</b>	<b>3/25</b>	<b>12.5%</b>	<b>1.6</b>	<b>9.1</b>	<b>1,541</b>	<b>25%</b>	<b>8.2</b>
LINE Yahoo!	4689	3/25	7.0%	1.0	-	483,807	25%	5.8
Digital Holdings	2389	12/24	4.7%	1.1	16.4	5,264	-17%	6.9

Note:

1) ROE and operating cash flow are figures for the most recent year

2) The 3-year CAGR of operating cash flow is calculated using figures from the most recent financial statement & the financial statement 3 years prior

3) PCFR is calculated by dividing market capitalization by operating cash flow

4) PER is calculated using the Company's forecast EPS. For Bridge International, it is based on the midpoint of the Company's forecast EPS range

Source: Company Data. Compiled by Strategy Advisors.



**Figure 9 Major Business Portfolios of Representative Japanese Companies Involved in Advertising Platforms, Marketing SaaS & Corporate PR Businesses**

Company Name	Ticker	Sales (¥ bn)	Advertising Platform			Marketing SaaS				PR
			SSP	DSP	DMP	MA	SFA/CRM	Chat	AI	
LINE YAHOO!	4689	1,987,552	○	○	○	○	-	○	○	-
Cybozu	4776	35,620	-	-	-	-	○	-	○	-
Value Commerce	2491	28,955	-	-	-	-	○	-	-	-
Digital Holdings	2389	13,361	-	-	-	-	○	-	-	-
<b>Geniee</b>	<b>6562</b>	<b>12,501</b>	<b>○</b>	<b>○</b>	<b>○</b>	<b>○</b>	<b>○</b>	<b>○</b>	<b>○</b>	<b>○</b>
Brain Pad	3655	11,772	-	-	○	○	-	-	○	-
F Code	9211	10,456	-	-	-	○	-	○	○	-
Bridge International	7039	8,847	-	-	-	○	○	-	○	-
Kyodo PR	2436	8,051	-	-	-	-	-	-	-	○
Wills	4482	5,816	-	-	-	-	-	-	-	○
User Local	3984	4,783	-	-	-	-	-	○	○	-
Feedforce Group	7068	4,520	-	-	-	○	-	-	○	-

Note: Sales figures are for the most recent year.

Source: Company Data. Compiled by Strategy Advisors.

### 3) Comparison With Competitors (Global)

#### PCFR is Used as a Measure to Compare with Overseas Companies

Some overseas companies have recorded stock compensation expenses and are already in the red at the operating profit stage, so we used only PCFR among the valuation indicators for comparison.

#### Geniee's PCFR is Cheap, Even When Including Overseas Companies

Comparing 30 companies, including overseas companies, Geniee is ranked 18th in terms of 3-year CAGR of operating cash flow, but its PCFR is 9th lowest, excluding one company for which calculations are not possible. Therefore, even when compared with global companies, it can be said that Geniee's PCFR is relatively cheap.

**Figure 10** Key Indicators of Major Companies Involved in Advertising Platforms, Marketing SaaS & Corporate PR Businesses (PCFR Descending Order)

Company Name	Ticker	Country	FY	Operating CF (¥ bn)	3-Yr CAGR	PCFR
AppLovin	APP	America	12/24	501,028	100%	70.4
Brain Pad	3655	Japan	6/25	1,351	6%	41.5
HubSpot	HUBS	America	12/24	105,540	51%	29.1
Oracle	ORCL	America	5/25	3,205,241	42%	26.3
Alphabet	GOOGL	America	12/24	22,590,661	24%	25.7
Microsoft	MSFT	America	6/25	21,936,471	25%	25.2
Pegasystems	PEGA	America	12/24	65,945	130%	23.9
Trade Desk	TTD	America	12/24	131,365	39%	21.2
Salesforce	CRM	America	1/25	1,958,638	44%	19.8
Freshworks	FRSH	America	12/24	33,030	168%	17.5
User Local	3984	Japan	6/25	1,806	26%	16.6
Adobe	ADBE	America	11/24	1,457,496	16%	15.9
Meta Platforms	META	America	12/24	16,048,762	30%	15.8
Cybozu	4776	Japan	12/24	8,662	128%	15.3
Wills	4482	Japan	12/24	1,132	26%	14.0
F Code	9211	Japan	12/24	1,394	107%	12.6
Feedforce Group	7068	Japan	5/25	1,405	31%	12.1
Magnite	MGNI	America	12/24	33,181	37%	11.0
Bridge International	7039	Japan	12/24	684	2%	10.4
Kyodo PR	2436	Japan	12/24	973	27%	8.7
<b>Genie</b>	<b>6562</b>	<b>Japan</b>	<b>3/25</b>	<b>1,541</b>	<b>25%</b>	<b>8.2</b>
Digital Holdings	2389	Japan	12/24	5,264	-17%	6.9
Verve Group	VER	Sweden	12/24	10,831	39%	5.9
LINE YAHOO!	4689	Japan	3/25	483,807	25%	5.8
Taboola.com	TBLA	America	12/24	31,426	59%	5.8
PubMatic	PUBM	America	12/24	12,076	5%	5.4
Value Commerce	2491	Japan	12/24	2,915	-14%	5.1
Thryv Holdings	THRY	America	2024/12	10,065	-10%	3.9
Criteo	CRTO	France	2024/12	47,740	17%	2.5
Baidu	9888	China	2024/12	-67,576	9%	-

Note: Operating cash flow is the figure for the most recent year. The 3-year CAGR of operating cash flow is calculated using the figures for the most recent financial statement and the financial statement 3-years prior.

Source: Company Materials. Created by Strategy Advisors.

**Figure 11 Major Business Portfolios of Representative Companies Involved in Advertising Platforms, Marketing SaaS & Corporate PR Businesses**

Company Name	Ticker	Country	Operating CF (¥ bn)	Advertising Platform			Marketing SaaS				PR
				SSP	DSP	DMP	MA	SFA/CRM	Chat	AI	
Alphabet	GOOGL	America	22,590,661	○	○	○	-	-	○	○	-
Microsoft	MSFT	America	21,936,471	○	○	○	○	○	○	○	-
Meta Platforms	META	America	16,048,762	○	○	-	-	-	-	-	-
Oracle	ORCL	America	3,205,241	-	-	○	○	○	○	○	-
Salesforce	CRM	America	1,958,638	-	-	○	○	○	○	○	-
Adobe	ADBE	America	1,457,496	-	○	○	○	-	-	○	-
AppLovin	APP	America	501,028	○	○	-	○	-	-	○	-
LINE YAHOO!	4689	Japan	483,807	○	○	○	○	-	○	○	-
Trade Desk	TTD	America	131,365	-	○	○	-	-	-	-	-
HubSpot	HUBS	America	105,540	-	-	-	○	○	-	○	-
Pegasystems	PEGA	America	65,945	-	-	-	-	○	○	○	-
Criteo	CRTO	France	47,740	○	○	-	-	-	-	-	-
Magnite	MGNI	America	33,181	○	-	-	-	-	-	-	-
Freshworks	FRSH	America	33,030	-	-	-	○	○	○	○	-
Taboola.com	TBLA	America	31,426	○	-	-	-	-	-	-	-
PubMatic	PUBM	America	12,076	○	-	-	-	-	-	-	-
Verve Group	VER	Sweden	10,831	○	○	○	-	-	-	-	-
Thryv Holdings	THRY	America	10,065	-	-	-	○	○	○	○	-
Cybozu	4776	Japan	5,601	-	-	-	-	○	-	○	-
Digital Holdings	2389	Japan	5,264	-	-	-	-	○	-	-	-
Value Commerce	2491	Japan	2,915	-	-	-	-	○	-	-	-
User Local	3984	Japan	1,806	-	-	-	-	-	○	○	-
<b>Genie</b>	<b>6562</b>	<b>Japan</b>	<b>1,541</b>	<b>○</b>	<b>○</b>	<b>○</b>	<b>○</b>	<b>○</b>	<b>○</b>	<b>○</b>	<b>○</b>
Feedforce Group	7068	Japan	1,405	-	-	-	○	-	-	○	-
F Code	9211	Japan	1,394	-	-	-	○	-	○	○	-
Brain Pad	3655	Japan	1,351	-	-	○	○	-	-	○	-
Wills	4482	Japan	1,132	-	-	-	-	-	-	-	○
Kyodo PR	2436	Japan	973	-	-	-	-	-	-	-	○
Bridge International	7039	Japan	684	-	-	○	○	-	○	-	
Baidu	9888	China	-67,576	○	○	○	-	-	○	○	-

Note: Operating cash flow is for the most recent year.

Source: Company Materials. Created by Strategy Advisors.

**A Strategy is a Story That You Can't Help, But Want to Tell Someone**

**Aiming to Become a One-Stop Platform for the Information Society**

## 2 Equity Stories

## 4. Equity Story

An equity story is a long-term scenario that will grow a company's stock price and profits. From the perspective of long-term stock price growth, an equity story is thought to consist mainly of (1) a "realizable and detailed management strategy" and (2) an "exciting dream".

Ken Kusunoki, a professor at the Hitotsubashi University Graduate School of Business and one of Japan's leading management scholars, states in his book "Competitive Strategy as a Story: The Conditions for a Superior Strategy" that "Companies that have achieved great success and sustained that success have in common that their strategies are constructed as a 'story' with flow and movement. A strategy is not something that is forced upon you out of necessity and you have to look grim, but rather it is about creating an interesting 'story' that you can't help but want to tell someone". Equity stories are a similar concept.

Geniee decided that there was significant room for new entrants into the SSP market, and by launching its Advertising Platform Business, it was able to take market share from established competitors. It then strengthened its Marketing SaaS Business service menu, which makes use of data accumulated in its DMP, and rapidly expanded its business. Gross profit, an important management indicator for analyzing the Company's business, rose sharply from ¥1.947 billion in FY3/19 to ¥8.807 billion in FY3/25, a CAGR of 28.6%.

Geniee has been able to steadily realize such a "feasible and detailed management strategy", because it has the "exciting dream" of becoming a "one-stop platform" for the information society that can solve the situation where communication media such as the Internet, social media and mobile apps are becoming more diverse and complex, making it difficult for consumers to receive information about the goods and services they really need.

Geniee aims to expand its operating profit at a rate that exceeds the growth rate of its sales from FY3/27 to FY3/31. As the Company's one-stop platform transformation is nearing the final stage, it is expected that profit margins will improve as business efficiency improves in each segment, excluding some business areas where upfront investment is a heavy burden. Due to the impact of upfront investment, Geniee's normal profit to revenue ratio was 10.9% in FY3/24, but this ratio improved to 14.1% in FY3/25 due to the effect of increased sales, etc. Based on this track record, Strategy Advisors presents 2 equity stories.

# Geniee | 6562 (TSE Growth)

## **"Achieving Steady Expansion of Operating Profit (Normal Profit) from FY3/27 Onwards"**

The first is "the realization of steady expansion of operating profit (normal profit) from FY3/27 onwards, when the effects of hiring and nurturing valuable product managers and excellent engineers and building a one-stop platform will become fully apparent and the business will enter a phase of improving efficiency".

Although the Company was forced to revise its earnings forecast for FY3/26 downward, it has been strengthening its cost reduction efforts at present, and if it can secure revenue growth for FY3/27, it is more likely that the revenue operating profit (normal profit) ratio will actually increase. However, given the current stock price level, the stock market seems to be overlooking this point, so the announcement of the plan for next fiscal year could be the catalyst for a full-scale reversal of the stock price.

## **JAPAN AI's Dramatic Growth Will Lead to Rapid Expansion of Group Revenues & Increased Valuation**

Furthermore, in its previous report, Strategy Advisors added a second equity story: "Rapid expansion of group revenue and an increase in valuation due to the dramatic growth of JAPAN AI, which is expected to become a consolidated subsidiary in the future". The other equity story, "Achieving steady growth in operating profit (normal profit) from FY3/27 onwards", does not include the contribution of JAPAN AI becoming a consolidated subsidiary.

JAPAN AI is currently posting a net loss for the current period due to aggressive investments in human resources and marketing. However, the Company explains that JAPAN AI's sales revenue is growing rapidly and that it will be able to quickly return to profitability if it stops temporary investments.

## **Japan Concentrate Management Resources on AI**

Based on the outlook that maximizing the growth of JAPAN AI will contribute most to increasing the future corporate value of the entire group, the Company is concentrating and allocating management resources to the AI business as its top priority.

## **JAPAN AI's Corporate Value Are Not Factored into the Company's Stock Price**

Following the rapid growth in sales revenue, JAPAN AI attracted a lot of attention as a domestic AI-related company, and succeeded in raising funds in July 2025, with its corporate value being highly evaluated by domestic venture capital firms. However, given the low valuation of the Company's stock (projected PER for this fiscal year of 9x and PCFR of 8x), it appears that the possibility of an even higher valuation being assigned to JAPAN AI, which depends on future growth if JAPAN AI were to raise further funds or go public has not been factored into the Company's stock price.

The Company is considering exercising its stock acquisition rights in the future and bringing JAPAN AI back into its consolidated subsidiary, which would not only contribute significantly to group profits, but also potentially lead to a significant increase in the Company's stock valuation, which is currently at a low level.

**Figure 12** Quarterly Performance Trends (¥mn)

FY	3/24			3/25				3/26	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>Revenue</b>	<b>1,963</b>	<b>2,134</b>	<b>2,120</b>	<b>2,266</b>	<b>2,856</b>	<b>3,161</b>	<b>3,039</b>	<b>3,061</b>	<b>3,239</b>
(YoY)	25.0%	27.1%	22.1%	26.2%	45.5%	48.2%	43.3%	35.1%	13.4%
Advertising Platform	1,032	1,155	1,172	1,179	1,099	1,252	1,247	-	-
Overseas Business	305	338	299	335	375	402	278	-	-
Advertising Platform	-	-	-	1,418	1,293	1,447	1,302	1,258	1,371
(YoY)	-	-	-	-	-	-	-	-11.3%	6.0%
Marketing SaaS Business	673	697	730	859	864	963	1,083	1,116	1,074
(YoY)	41.0%	37.3%	24.3%	42.4%	28.4%	38.2%	48.3%	29.9%	24.3%
Digital PR Business	-	-	-	-	707	761	680	703	807
(YoY)	-	-	-	-	-	-	-	-	14.1%
Adjustment	-47	-57	-81	-11	-10	-11	-27	-16	-14
Cost of Sales	462	487	501	525	716	645	627	699	856
<b>Gross Profit</b>	<b>1,501</b>	<b>1,646</b>	<b>1,619</b>	<b>1,740</b>	<b>2,139</b>	<b>2,515</b>	<b>2,411</b>	<b>2,362</b>	<b>2,383</b>
(Gross Profit Margin)	76.5%	77.2%	76.4%	76.8%	74.9%	79.6%	79.3%	77.1%	73.6%
SG&A Expenses	1,282	1,289	1,416	1,576	1,845	1,956	1,865	2,066	2,066
Other Revenues	555	1	116	651	468	12	6	38	100
Other Expenses	1	2	18	0	10	7	162	1	5
<b>Operating Profit</b>	<b>773</b>	<b>356</b>	<b>302</b>	<b>815</b>	<b>752</b>	<b>563</b>	<b>389</b>	<b>333</b>	<b>411</b>
(OP Margin)	39.4%	16.7%	14.2%	36.0%	26.3%	17.8%	12.8%	10.9%	12.7%
Advertising Platform	509	639	637	581	497	578	567	-	-
(Segment Profit Margin)	49.3%	55.3%	54.4%	49.3%	45.2%	46.2%	45.5%	-	-
Overseas Business	60	65	20	24	114	152	113	-	-
(Segment Profit Margin)	19.7%	19.2%	6.7%	7.2%	30.4%	37.8%	40.7%	-	-
Advertising Platform	-	-	-	605	610	730	680	538	611
(Segment Profit Margin)	-	-	-	-	-	-	-	42.8%	44.6%
Marketing SaaS Business	66	67	39	25	126	260	256	287	186
(Segment Profit Margin)	9.8%	9.6%	5.3%	2.9%	14.6%	27.1%	23.7%	25.8%	17.3%
Digital PR Business	-	-	-	-	202	150	78	103	114
(Segment Profit Margin)	-	-	-	-	28.6%	19.8%	11.1%	14.7%	14.1%
Adjustment	140	-415	-394	184	-187	-577	-626	-596	-501
(Ordinary Profit*)	223	357	185	170	308	564	551	333	321
Equity in Earnings of Affiliates	-	-	-	-	-29	-32	-36	-47	-14
Finance Income	2	4	6	2	36	-29	0	1	2
Finance Costs	90	-28	110	69	9	94	-8	56	48
<b>Profit Before Tax</b>	<b>685</b>	<b>388</b>	<b>198</b>	<b>748</b>	<b>750</b>	<b>406</b>	<b>361</b>	<b>231</b>	<b>350</b>
<b>Profit</b>	<b>633</b>	<b>232</b>	<b>168</b>	<b>670</b>	<b>620</b>	<b>318</b>	<b>438</b>	<b>162</b>	<b>243</b>
<b>Profit Attributable to Parent</b>	<b>631</b>	<b>229</b>	<b>170</b>	<b>672</b>	<b>568</b>	<b>292</b>	<b>421</b>	<b>150</b>	<b>196</b>
Net Profit Margin	32.1%	10.7%	8.0%	29.7%	19.9%	9.2%	13.9%	4.9%	6.1%

Note: From FY3/26, the overseas business was integrated with the Advertising Platform Business, which targets Japan. The previous Advertising Platform Business is now called the old Advertising Platform Business, and the Advertising Platform Business integrated with the overseas business is now called the new Advertising Platform Business. The figures for the new Advertising Platform Business and adjustments for FY3/25 have been retroactively revised. Ordinary profit refers to operating profit minus one-off profits and losses. Business unit profits are based on segment profits.

Source: Company Data. Compiled by Strategy Advisors.



**Figure 13 Consolidated Income Statement (¥mn)**

FY	3/19	3/20	3/21	3/22	3/23	3/24	3/25	3/26CE Initial	3/26CE Revised
<b>Revenue</b>	<b>14,954</b>	<b>14,348</b>	<b>14,061</b>	<b>14,459</b>	<b>6,455</b>	<b>8,012</b>	<b>11,322</b>	<b>15,300</b>	<b>14,150</b>
Advertising Platform Business	-	-	-	<b>11,246</b>	<b>3,918</b>	<b>4,306</b>	<b>5,462</b>	<b>6,970</b>	<b>5,850</b>
Marketing SaaS Business	-	-	-	<b>1,176</b>	<b>1,976</b>	<b>2,704</b>	<b>3,770</b>	<b>5,280</b>	<b>4,905</b>
ARR (SaaS Business)				980	1,940	2,414	3,471	-	-
ARR (SFA/CRM)	-	75	159	215	325	474	833	-	-
ARR (CHAT)	-	39	53	223	690	881	1,252	-	-
ARR (ANALYTICS)	-	-	-	-	307	421	616	-	-
Overseas Business	-	-	-	2,131	783	1,249	-	-	-
Digital PR Business	-	-	-	-	-	-	2,150	3,100	3,450
Adjustment	-	-	-	-95	-223	-248	-60	-50	-57
Cost of Sales	13,008	12,127	11,453	10,676	1,312	1,873	2,514	3,500	3,450
<b>Gross Profit</b>	<b>1,946</b>	<b>2,220</b>	<b>2,608</b>	<b>3,783</b>	<b>5,142</b>	<b>6,138</b>	<b>8,807</b>	<b>11,800</b>	<b>10,700</b>
Gross Profit Margin	13.0%	15.5%	18.5%	26.2%	79.7%	76.6%	77.8%	77.1%	75.6%
SG&A Expenses	2,257	2,312	2,412	3,044	4,006	5,252	7,244	-	-
<b>Operating Profit</b>	<b>-310</b>	<b>-91</b>	<b>196</b>	<b>738</b>	<b>2,457</b>	<b>1,538</b>	<b>2,520</b>	<b>2,750</b>	<b>2,200</b>
Advertising Platform Business	-	-	-	1,727	2,164	2,244	2,627	3,370	2,796
Digital PR Business	-	-	-	-	-	-	431	460	554
Marketing SaaS Business	-	-	-	125	85	215	668	1,370	1,325
Overseas Business	-	-	-	163	338	201	-	-	-
Adjustment	-	-	-	-1,278	-131	-1,122	-1,206	-2,450	-2,474
OP Margin	-2.1%	-0.6%	1.4%	5.1%	38.1%	19.2%	22.3%	18.0%	15.5%
<b>Normalized Profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,110</b>	<b>876</b>	<b>1,593</b>	<b>2,490</b>	<b>2,000</b>
Equity in Earnings of Affiliates	-	-	-	-	<b>0</b>	<b>0</b>	<b>-96</b>	-	-
(Loss)									
Finance Income	2	9	15	46	19	31	9	-	-
Finance Costs	21	59	62	38	198	292	166	-	-
<b>Ordinary Profit</b>	<b>-330</b>	<b>-141</b>	<b>149</b>	<b>746</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Extraordinary Profit/Losses	-148	-30	-13	-246	-	-	-	-	-
<b>Profit Before Tax</b>	<b>-478</b>	<b>-172</b>	<b>135</b>	<b>499</b>	<b>2,279</b>	<b>1,277</b>	<b>2,267</b>	<b>2,600</b>	<b>1,950</b>
Income Tax Expense	62	4	34	161	168	242	218	<b>590</b>	<b>450</b>
<b>Profit</b>	<b>-541</b>	<b>-177</b>	<b>101</b>	<b>338</b>	<b>2,110</b>	<b>1,035</b>	<b>2,048</b>	<b>2,010</b>	<b>1,500</b>
<b>Non-Controlling Interests</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>-4</b>	<b>3</b>	<b>94</b>	<b>50</b>	<b>100</b>
<b>Profit Attributable to Owners of Parent</b>	<b>-544</b>	<b>-178</b>	<b>101</b>	<b>335</b>	<b>2,114</b>	<b>1,031</b>	<b>1,954</b>	<b>1,960</b>	<b>1,400</b>
Net Profit Margin	-3.6%	-1.2%	0.7%	2.3%	32.8%	12.9%	17.3%	12.8%	9.9%

Note: IFRS will be used from FY3/23 onwards. Normalized profit refers to operating profit minus one-time profits and losses. Business unit profits are based on segment profits. The Advertising Platform Business up until FY3/24 consisted of only the domestic division. From FY3/25 onwards, the Advertising Platform Business will integrate into the overseas division.

Source: Company Data. Compiled by Strategy Advisors.

**Figure 14 Consolidated Balance Sheet (¥mn)**

FY	3/18	3/19	3/20	3/21	3/22	3/23	3/24	3/25
Cash and Deposits	2,542	1,619	1,198	1,092	1,477	2,875	2,494	2,861
Trade Receivables	1,855	1,085	1,131	1,479	2,032	2,409	3,095	4,416
Inventory	0	0	0	0	0	1	0	3
Other Current Assets	76	180	145	156	306	338	355	604
<b>Current Assets</b>	<b>4,473</b>	<b>2,884</b>	<b>2,474</b>	<b>2,727</b>	<b>3,815</b>	<b>5,635</b>	<b>5,944</b>	<b>7,887</b>
<b>Tangible Fixed Assets</b>	<b>319</b>	<b>638</b>	<b>532</b>	<b>447</b>	<b>471</b>	<b>471</b>	<b>446</b>	<b>689</b>
<b>Right-of-Use Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>502</b>	<b>197</b>	<b>1,232</b>
Goodwill	27	401	305	1,025	1,416	9,384	10,444	11,010
Other Intangible Fixed Assets	419	296	544	1,049	1,186	1,183	1,628	2,107
<b>Intangible Fixed Assets</b>	<b>446</b>	<b>697</b>	<b>849</b>	<b>2,074</b>	<b>2,602</b>	<b>10,568</b>	<b>12,072</b>	<b>13,117</b>
<b>Investments and Other Assets</b>	<b>303</b>	<b>417</b>	<b>414</b>	<b>404</b>	<b>448</b>	<b>604</b>	<b>539</b>	<b>958</b>
<b>Total Fixed Assets</b>	<b>1,068</b>	<b>1,752</b>	<b>1,795</b>	<b>2,925</b>	<b>3,521</b>	<b>12,145</b>	<b>13,253</b>	<b>15,936</b>
<b>Total Assets</b>	<b>5,541</b>	<b>4,636</b>	<b>4,269</b>	<b>5,652</b>	<b>7,336</b>	<b>17,780</b>	<b>19,197</b>	<b>23,884</b>
Trade Payables	1,299	869	781	1,012	1,513	1,799	1,909	2,768
Interest-Bearing Debt	178	178	276	656	1,271	7,612	1,848	2,855
Other Current Liabilities	408	438	387	486	705	842	1,119	1,745
<b>Current Liabilities</b>	<b>1,885</b>	<b>1,485</b>	<b>1,444</b>	<b>2,154</b>	<b>3,489</b>	<b>10,253</b>	<b>4,876</b>	<b>7,368</b>
Interest-Bearing Debt	451	311	150	713	966	1,280	6,221	7,364
Asset Retirement Obligations	0	125	126	127	144	0	0	0
Other Fixed Liabilities	0	0	0	0	5	1,214	810	449
<b>Fixed Liabilities</b>	<b>451</b>	<b>436</b>	<b>276</b>	<b>840</b>	<b>1,115</b>	<b>2,494</b>	<b>7,031</b>	<b>7,813</b>
<b>Total Liabilities</b>	<b>2,336</b>	<b>1,921</b>	<b>1,720</b>	<b>2,994</b>	<b>4,604</b>	<b>12,747</b>	<b>11,907</b>	<b>15,181</b>
Capital and Surplus	3,044	3,083	3,095	3,107	2,672	2,695	2,820	6,800
Retained Earnings	160	-385	-564	-462	307	2,545	3,577	5,425
Treasury Stock	0	0	0	0	-300	-330	-402	-5,328
<b>Shareholders' Equity</b>	<b>3,203</b>	<b>2,698</b>	<b>2,531</b>	<b>2,644</b>	<b>2,679</b>	<b>4,995</b>	<b>7,248</b>	<b>6,897</b>
Other Components of Equity	0	10	9	11	42	85	1,254	990
Non-Controlling Interests	2	7	7	0	8	38	42	815
<b>Total Equity</b>	<b>3,205</b>	<b>2,715</b>	<b>2,549</b>	<b>2,657</b>	<b>2,733</b>	<b>5,034</b>	<b>7,290</b>	<b>8,703</b>
<b>Total Liabilities and Equity</b>	<b>5,541</b>	<b>4,636</b>	<b>4,269</b>	<b>5,652</b>	<b>7,336</b>	<b>17,780</b>	<b>19,197</b>	<b>23,884</b>

Note: IFRS from FY3/2023 onwards.

Source: Company Data. Compiled by Strategy Advisors.

**Figure 15 Consolidated Cash Flow Statement (¥mn)**

FY	3/18	3/19	3/20	3/21	3/22	3/23	3/24	3/25
Profit Before Tax	191	-479	-173	136	500	2,279	1,277	2,267
Depreciation	256	330	306	392	587	642	746	1,211
Other Income	-	-	-	-	-	-	-663	-1,108
Equity in Earnings of Affiliates (Loss)	-	-	-	-	-	-	-	97
Impairment Loss	-	172	25	-	217	-	-	-
Loss on Disposal of Fixed Assets	-	-	-	-	-	285	-	-
Unrealized Gains and Losses on Securities and Investment Securities	278	1	1	-	-	-	-	-
Gain or Loss on Step Acquisition	-	-	-	-	-	-1,623	-	-
Allowance for Doubtful Accounts	34	14	11	6	2	-	-	-
Corporate Tax Paid	-145	-183	79	-12	-40	-251	-65	-342
Other Operating Cash Flows	-322	348	-176	-90	-125	57	-155	233
<b>Cash Flows from Operating Activities</b>	<b>292</b>	<b>203</b>	<b>73</b>	<b>431</b>	<b>1,140</b>	<b>1,389</b>	<b>1,140</b>	<b>2,359</b>
Acquisition of Securities and Investment Securities	-111	-55	-1	-	-	-33	-45	-73
Sales of Securities and Investment Securities	-	-	-	-	-	-	145	25
Acquisition and Sale of Tangible and Intangible Fixed Assets	-142	-487	-345	-596	-722	-759	-844	-1,329
Acquisition of Subsidiary Shares	-	-173	-71	-863	-545	-5,129	-	272
Others	-77	-281	2	2	-7	-46	-87	-42
<b>Cash Flows from Investing Activities</b>	<b>-330</b>	<b>-996</b>	<b>-415</b>	<b>-1,456</b>	<b>-1,274</b>	<b>-5,967</b>	<b>-831</b>	<b>-1,147</b>
Issuance of Shares	1,505	39	12	9	-	-	7	3,919
Redemption and Cancellation of Shares	-	0	0	-	-299	-31	-	-4,946
Dividend Payment	-	-	-	-	-	-	-	-51
Borrowings	-97	-100	-2	988	869	6,250	-487	641
Other Financial Cash Flows	-17	-77	-87	-84	-86	-293	-357	-469
<b>Cash Flows from Financing Activities</b>	<b>1,392</b>	<b>-138</b>	<b>-76</b>	<b>912</b>	<b>484</b>	<b>5,926</b>	<b>-837</b>	<b>-905</b>
<b>Free Cash Flow</b>	<b>-38</b>	<b>-793</b>	<b>-342</b>	<b>-1,025</b>	<b>-134</b>	<b>-4,578</b>	<b>309</b>	<b>1,212</b>

Source: Company Data. Compiled by Strategy Advisors.

**Figure 16** Stock Price Indicators, ROE and KPIs

FY	3/18	3/19	3/20	3/21	3/22	3/23	3/24	3/25	3/26 CoE
EPS (¥)	3.8	-30.8	-10.0	5.7	18.7	119.5	58.3	136.3	115.7
BPS (¥)	183.0	151.5	141.5	147.1	153.6	282.5	409.3	651.6	-
DPS (¥)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend Payout Ratio	-	-	-	-	-	-	-	-	-
Closing Price (¥)	1,903	658	618	903	1,142	2,102	1,046	1,576	-
PER (x)	528.9	0.0	0.0	159.8	60.2	17.6	17.9	9.8	-
PBR (x)	10.4	4.3	4.4	6.1	7.4	7.4	2.6	2.4	-
# of Shares Issued at End of Period (mn)	17,508	17,868	17,958	18,048	18,048	18,048	18,056	18,056	-
# of Treasury Stocks (Shares)	0	0	0	0	330	365	347	5,950	-
# of Shares excl. Treasury Stocks (mn Shares)	17,508	17,868	17,958	18,048	17,718	17,683	17,710	12,106	-
Market Cap. (¥ bn)	33,318	11,757	11,098	16,297	20,234	37,170	18,524	19,079	-
Shareholders' Equity Ratio	57.8	58.4	59.5	47.0	37.1	28.0	37.8	33.0	-
Interest-Bearing Debt Balance	629.0	489.0	426.0	1,369.0	2,237.0	8,892.0	8,068.0	10,219.0	-
Net D/ E Ratio	-0.6	-0.4	-0.3	0.1	0.3	1.2	0.8	0.9	-
EV (Enterprise Value)	31,407	10,634	10,333	16,574	21,002	43,186	24,098	27,252	-
EBITDA (¥ mn)	784	20	215	588	1,326	3,384	2,285	3,732	-
EV/EBITDA (Multiple)	40.1	531.7	48.1	28.2	15.8	12.8	10.5	7.3	-
ROE (%)	2.6	-18.4	-6.8	3.9	12.5	54.0	16.9	25.8	-
ROIC (Invested Capital, %)	13.2	-10.6	-3.1	4.6	12.9	-	8.9	13.4	-
ROIC (Business Assets, %)	36.1	-26.0	-5.9	6.9	17.6	-	10.0	14.9	-
# of Employees	242	258	264	307	346	566	617	877	-

Source: Company Data. Compiled by Strategy Advisors.

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