

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.

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

| FY | Revenues | YoY | OP | YoY | PBT | YoY | NP | YoY | EPS | DPS |
|------------|--------------|-------------|------------|--------------|------------|--------------|------------|--------------|-------------|-----|
| | (¥ mn) | (%) | (¥ mn) | (%) | (¥ mn) | (%) | (¥ mn) | (%) | (¥) | (¥) |
| FY3/25 H1 | 5,121 | 36.3 | 1,567 | 77.2 | 1,498 | 115.8 | 1,240 | 95.0 | 77.2 | - |
| FY3/26 H1 | 6,301 | 23.0 | 744 | -52.5 | 581 | -61.2 | 346 | -72.0 | 28.6 | - |
| 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.

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.

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

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

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.

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

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.

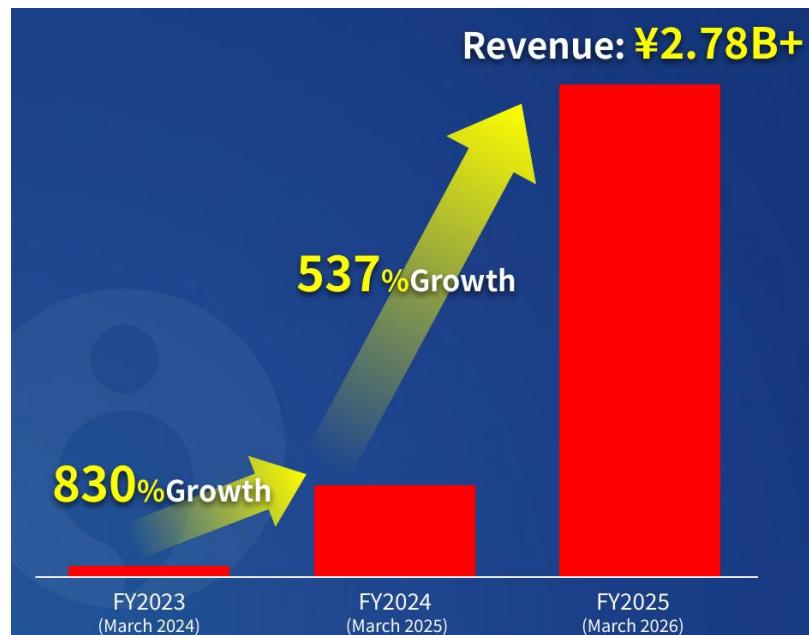
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In terms of organization, as a result of the two companies coordinating their recruitment activities, there has been a significant increase in the number of applications and hires for high-level positions such as general managers and specialists. In 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 FY3/26 Plan Calls for 537% Revenue Growth

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.

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

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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)

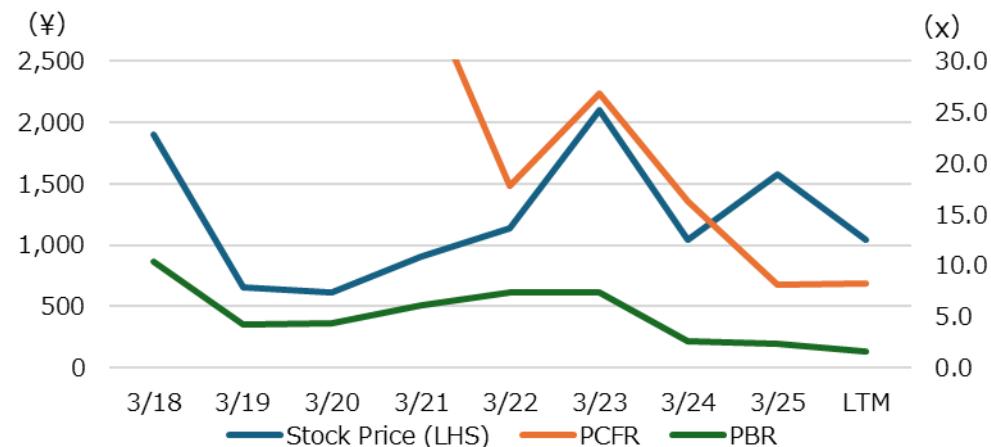
Following the Downward Revision of the FY3/26 Company Plan, the Current Share Price is Hovering Between ¥1,000 to ¥1,100

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 6Geniee Stock Price, PCFR & PBR Trends



Source: Company Data. Compiled by Strategy Advisors.

Figure 7Geniee: 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

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

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.

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 |
| Genie | 6562 | 3/25 | 12.5% | 1.6 | 9.1 | 1,541 | 25% | 8.2 |
| 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.

Geniee | 6562 (TSE Growth)

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 | - | - | - | - | ○ | - | - | - |
| Genie | 6562 | 12,501 | ○ | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| 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.

Geniee | 6562 (TSE Growth)

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 |
| Genie | 6562 | Japan | 3/25 | 1,541 | 25% | 8.2 |
| 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.

Geniee | 6562 (TSE Growth)

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 | |
| 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 | - | - | - | - | - | ○ | ○ |
| Genie | 6562 | Japan | 1,541 | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| 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.

Geniee | 6562 (TSE Growth)

Figure 12 Quarterly Performance Trends (¥mn)

| FY | 3/24 | | | 3/25 | | | | 3/26 | | |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|
| | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | |
| Revenue | 1,963 | 2,134 | 2,120 | 2,266 | 2,856 | 3,161 | 3,039 | 3,061 | 3,239 | |
| (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 | |
| Gross Profit | 1,501 | 1,646 | 1,619 | 1,740 | 2,139 | 2,515 | 2,411 | 2,362 | 2,383 | |
| (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 | |
| Operating Profit | 773 | 356 | 302 | 815 | 752 | 563 | 389 | 333 | 411 | |
| (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 | |
| Profit Before Tax | 685 | 388 | 198 | 748 | 750 | 406 | 361 | 231 | 350 | |
| Profit | 633 | 232 | 168 | 670 | 620 | 318 | 438 | 162 | 243 | |
| Profit Attributable to Parent | 631 | 229 | 170 | 672 | 568 | 292 | 421 | 150 | 196 | |
| 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.

Geniee | 6562 (TSE Growth)

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 |
|--|---------------|---------------|---------------|---------------|--------------|--------------|---------------|-------------------|-------------------|
| Revenue | 14,954 | 14,348 | 14,061 | 14,459 | 6,455 | 8,012 | 11,322 | 15,300 | 14,150 |
| Advertising Platform Business | - | - | - | 11,246 | 3,918 | 4,306 | 5,462 | 6,970 | 5,850 |
| Marketing SaaS Business | - | - | - | 1,176 | 1,976 | 2,704 | 3,770 | 5,280 | 4,905 |
| 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 |
| Gross Profit | 1,946 | 2,220 | 2,608 | 3,783 | 5,142 | 6,138 | 8,807 | 11,800 | 10,700 |
| 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 | - | - |
| Operating Profit | -310 | -91 | 196 | 738 | 2,457 | 1,538 | 2,520 | 2,750 | 2,200 |
| 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% |
| Normalized Profit | - | - | - | - | 1,110 | 876 | 1,593 | 2,490 | 2,000 |
| Equity in Earnings of Affiliates (Loss) | - | - | - | - | 0 | 0 | -96 | - | - |
| Finance Income | 2 | 9 | 15 | 46 | 19 | 31 | 9 | - | - |
| Finance Costs | 21 | 59 | 62 | 38 | 198 | 292 | 166 | - | - |
| Ordinary Profit | -330 | -141 | 149 | 746 | - | - | - | - | - |
| Extraordinary Profit/Losses | -148 | -30 | -13 | -246 | - | - | - | - | - |
| Profit Before Tax | -478 | -172 | 135 | 499 | 2,279 | 1,277 | 2,267 | 2,600 | 1,950 |
| Income Tax Expense | 62 | 4 | 34 | 161 | 168 | 242 | 218 | 590 | 450 |
| Profit | -541 | -177 | 101 | 338 | 2,110 | 1,035 | 2,048 | 2,010 | 1,500 |
| Non-Controlling Interests | 3 | 1 | 0 | 2 | -4 | 3 | 94 | 50 | 100 |
| Profit Attributable to Owners of Parent | -544 | -178 | 101 | 335 | 2,114 | 1,031 | 1,954 | 1,960 | 1,400 |
| 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.

Geniee | 6562 (TSE Growth)

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 |
| Current Assets | 4,473 | 2,884 | 2,474 | 2,727 | 3,815 | 5,635 | 5,944 | 7,887 |
| Tangible Fixed Assets | 319 | 638 | 532 | 447 | 471 | 471 | 446 | 689 |
| Right-of-Use Assets | 0 | 0 | 0 | 0 | 0 | 502 | 197 | 1,232 |
| 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 |
| Intangible Fixed Assets | 446 | 697 | 849 | 2,074 | 2,602 | 10,568 | 12,072 | 13,117 |
| Investments and Other Assets | 303 | 417 | 414 | 404 | 448 | 604 | 539 | 958 |
| Total Fixed Assets | 1,068 | 1,752 | 1,795 | 2,925 | 3,521 | 12,145 | 13,253 | 15,936 |
| Total Assets | 5,541 | 4,636 | 4,269 | 5,652 | 7,336 | 17,780 | 19,197 | 23,884 |
| 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 |
| Current Liabilities | 1,885 | 1,485 | 1,444 | 2,154 | 3,489 | 10,253 | 4,876 | 7,368 |
| 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 |
| Fixed Liabilities | 451 | 436 | 276 | 840 | 1,115 | 2,494 | 7,031 | 7,813 |
| Total Liabilities | 2,336 | 1,921 | 1,720 | 2,994 | 4,604 | 12,747 | 11,907 | 15,181 |
| 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 |
| Shareholders' Equity | 3,203 | 2,698 | 2,531 | 2,644 | 2,679 | 4,995 | 7,248 | 6,897 |
| Other Components of Equity | 0 | 10 | 9 | 11 | 42 | 85 | 1,254 | 990 |
| Non-Controlling Interests | 2 | 7 | 7 | 0 | 8 | 38 | 42 | 815 |
| Total Equity | 3,205 | 2,715 | 2,549 | 2,657 | 2,733 | 5,034 | 7,290 | 8,703 |
| Total Liabilities and Equity | 5,541 | 4,636 | 4,269 | 5,652 | 7,336 | 17,780 | 19,197 | 23,884 |

Note: IFRS from FY3/2023 onwards.

Source: Company Data. Compiled by Strategy Advisors.

Geniee | 6562 (TSE Growth)

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 |
| Cash Flows from Operating Activities | 292 | 203 | 73 | 431 | 1,140 | 1,389 | 1,140 | 2,359 |
| 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 |
| Cash Flows from Investing Activities | -330 | -996 | -415 | -1,456 | -1,274 | -5,967 | -831 | -1,147 |
| 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 |
| Cash Flows from Financing Activities | 1,392 | -138 | -76 | 912 | 484 | 5,926 | -837 | -905 |
| Free Cash Flow | -38 | -793 | -342 | -1,025 | -134 | -4,578 | 309 | 1,212 |

Source: Company Data. Compiled by Strategy Advisors.

Geniee | 6562 (TSE Growth)

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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