Company Report

July 10, 2026

Strategy Advisors Co., Ltd.
Team Coverage

FY3/26 Normal Profit Declined Slightly. Expected a Significant Profit Increase for FY3/27 & Rise in the Stock Price Driven by an Upside in PER

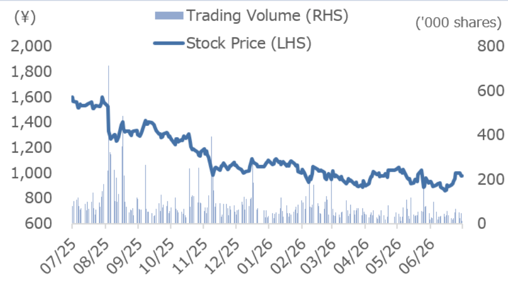
For FY3/26, revenue was ¥13.376 billion (+18% YoY), gross profit was ¥9.776 billion (+11% YoY), and operating profit was ¥1.535 billion (-39% YoY), resulting in a decline in operating profit despite increased revenue. Although operating profit declined due to lower operating profit in the Advertising Platform Business and an increase in operating losses in the Marketing SaaS Business, normal profit - which excluding one-off gains/losses from operating profit - decreased only slightly to ¥1.514 billion (-5% YoY) from ¥1.593 billion in the previous fiscal year, indicating a modest actual decline. Although not included in the Group's revenue, revenue at JAPAN AI, an equity-method affiliate, increased approximately 5x compared to the previous fiscal year.

Geniee announced its forecast for FY3/27: revenue of ¥16.4 billion (+23% YoY), gross profit of ¥11.7 billion (+20% YoY), and operating profit of ¥2.5 billion (+63% YoY). Although the Company's plan for FY3/27 projects strong growth in normal profit (+59% YoY), its projections for gross profit margin and SG&A expenses appear somewhat conservative. Securing revenue from the Advertising Platform Business and the Marketing SaaS Business will be key to achieving the normal profit target.

Since the beginning of the year, the company's stock price has fallen due to a decline in SaaS-related stocks, the announcement of lower-than-expected earnings for FY3/26 and revisions to its financial results. Subsequently, the stock rebounded on buying by investors who viewed it as undervalued, and it is currently trading at around ¥1,000.

Based on the company's earnings forecast, its PER stands at 8x, making it the most undervalued among its competitors. The low forecast PER is likely due to the fact that the company's performance for FY3/26 fell short of its initial plan, leading to skepticism in the stock market regarding its plan for FY3/27. If confidence in the company's plans is restored through upcoming quarterly earnings reports, investors' assessment of the company's growth potential is expected to improve, and the stock price is likely to rise.

Stock Price and Trading Volume (Past 1 Year)



Source: Strategy Advisors

Key Indicators

Stock Price (07/09/26)	977
52-Week High (08/07/25)	1,598
52-Week Low (06/23/26)	858
All-Time High (12/18/17)	2,678
All-Time Low (12/25/18)	409
Number of Shares Issued	12.2
Market Cap. (¥bn)	11.9
EV (¥bn)	21.2
Equity Ratio (FY3/26, %)	36.0
ROE (FY3/26 Actual, %)	9.8
PER (FY3/27 CoE, x)	8.0
PBR (FY3/26 Actual, x)	1.2
Yield (FY3/27 CoE, %)	-

Source: Strategy Advisors

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

FY	Revenues (¥mn)	YoY (%)	OP (¥mn)	YoY (%)	PBT (¥mn)	YoY (%)	NP (¥mn)	YoY (%)	EPS (¥)	DPS (¥)
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	2,256	76.7	1,950	89.0	136.0	0.0
FY3/26	13,376	18.2	1,535	-39.1	1,331	-41.0	866	-55.6	61.3	0.0
FY3/27 CoE	16,400	22.6	2,500	62.8	2,300	72.7	1,500	73.1	122.8	-

Note: Profit attributable to owners of parent is net profit.

Source: Company Data. Compiled by Strategy Advisors.

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1. Summary of Financial Results for FY3/26

FY3/26 Saw Revenue Growth, While Normal Profit Declined Slightly

The company's FY3/26 results were as follows: revenue of ¥13.376 billion (+18% YoY), gross profit of ¥9.776 billion (+11% YoY), operating profit of ¥1.535 billion (-39% YoY), normal profit of ¥1.514 billion (-5% YoY), and profit attributable to owners of parent of ¥866 million (-56% YoY). Although operating profit declined, as discussed below, normal profit—which excludes one-off gains/losses from operating profit—decreased only slightly.

Figure 1. Geniee's FY3/26 Results Overview

(¥mn)	FY3/25	**FY3/26 (A)**	YoY	Achievement Rate (A)/(B)	FY3/26 Company Plan (B)
Revenue	11,321	**13,376**	18.2%	94.5%	14,150
Advertising Platform Business	5,462	**5,455**	-0.1%	93.3%	5,850
Marketing SaaS Business	3,770	**4,459**	18.3%	90.9%	4,905
Digital PR Business	2,150	**3,513**	63.4%	101.8%	3,450
Adjustment Amount	-60	**-51**	—	—	-57
Cost of Goods Sold	2,514	**3,600**	43.2%	104.4%	3,450
Gross Profit	8,807	**9,776**	11.0%	91.4%	10,700
Gross Profit Margin	77.8%	73.1%	—	—	75.6%
SG&A Expenses	7,244	**8,321**	14.9%	—	—
SG&A Ratio	64.0%	62.2%	—	—	—
Operating Profit	2,520	**1,535**	-39.1%	69.8%	2,200
(Normal Profit※)	1,593	**1,514**	-5.0%	75.7%	2,000
Advertising Platform Business	2,641	**2,468**	-6.6%	88.3%	2,796
Marketing SaaS Business	668	**853**	27.7%	64.4%	1,325
Digital PR Business	432	**540**	25.2%	97.5%	554
Company-wide/Eliminations, etc.	-1,220	**-2,326**	—	—	-2,474
Equity Method Investment Gains/Losses	-96	**-122**	—	—	—
Profit Before Tax	2,256	**1,331**	-41.0%	68.3%	1,950
Income tax expense	215	**350**	62.6%	77.8%	450
Quarterly Profit	2,041	**981**	-51.9%	65.4%	1,500
Noncontrolling interests	90	**115**	27.5%	115.4%	100
Profit Attributable to Owners of Parent	1,950	**866**	-55.6%	61.9%	1,400

Note: Normal profit refers to operating profit excluding one-off gains/losses. Business unit profits are based on segment profits.
Source: Company Data. Compiled by Strategy Advisors.

Financial results for FY3/26 Were Revised on June 1

The financial results for FY3/26, which were announced on May 15, were as follows: revenue of ¥13.866 billion, gross profit of ¥10.265 billion, operating profit of ¥2.029 billion, normal profit of ¥2.007 billion, and profit attributable to owners of parent of ¥1.281 billion. However, following discussions with its auditors, the company revised its FY3/26 financial results to the figures mentioned above on June 1.

The revisions to the financial statements announced on May 15 mainly consist of the following 2 points.

1. Correction of accounting treatment regarding revenue from commissioned development and investment securities

Regarding commissioned development transactions in the Marketing SaaS Business - where orders were received from the company's clients (unlisted companies) - the rights and obligations associated with these transactions were not sufficiently reflected in the original contracts. After carefully examining whether the requirements for revenue recognition were met, the company determined that this could not be confirmed at this time and revised the originally recorded amount of ¥489 million. Furthermore, regarding investment securities arising from an investment agreement with the same client, the company determined that additional review of supporting documents and discussions among relevant parties were necessary to calculate the fair value of the unlisted shares to be acquired as consideration for the investment and to assess compliance with the requirements for recognition as investment securities. Consequently, the company restated the ¥604 million in investment securities originally recognized. As a result, the difference arising from the adjustment was reclassified to "other assets", and the ¥3 million in incidental costs incurred upon the acquisition of the investment securities was reclassified to "SG&A expenses".

The company explains that this correction is the result of a re-examination of the accounting judgment related to the transaction in question and that there are no issues regarding the existence or legality of the transaction itself. As a result of this correction, the assets related to the transaction are temporarily recorded under "other current assets".

2. Correction of Accounting Treatment for Foreign Currency-Denominated Items

Following the announcement of financial results on May 15, it was discovered that certain accounting treatments - including the year-end conversion procedures for foreign currency-denominated items and the calculation of foreign exchange impacts associated with currency option settlements - related to transactions with certain overseas subsidiaries and other entities required review. As a result of this review, foreign exchange gains of ¥81 million were recorded as financial income. In addition, related trade receivables and other receivables decreased by ¥80 million, trade payables and other payables increased by ¥128 million and other current liabilities decreased by ¥127 million.

Disclosure of "Normal Profit", Which Excludes One-Off Gains/Losses Recognized in Operating Profit Under IFRS

The company changed its accounting standards from Japanese GAAP to IFRS in FY3/23. Under Japanese GAAP, one-off gains/losses - which are primarily recognized as non-operating income and expenses or extraordinary gains and losses - are included in operating profit under IFRS as part of "other revenue" and "other expenses". Therefore, the company discloses operating profit excluding these one-off gains/losses as "normal profit".

Note that segment profit for each segment includes one-off gains/losses related to that segment. Furthermore, operating profit for each segment includes segment profit, "other revenue" and "other expenses" (primarily one-off gains/losses) not attributable to any specific segment, and corporate-wide expenses not allocated to any specific segment.

Normal Profit Was Down 5% YoY, Representing a Slight Decline in Actual Performance

Operating profit for FY3/26 fell significantly due to a decline in the majority of the one-time gains recorded in the previous fiscal year. However, normal profit - which more accurately reflects the core business performance - decreased by only 5% YoY, representing a slight decline in reality.

Operating profit for FY3/25 included a gain of ¥645 million resulting from a reduction in the earn-out (an obligation to pay additional consideration based on certain conditions following an M&A transaction) related to Geniee US Inc. (formerly Zelto, Inc.), a U.S. subsidiary in the Advertising Platform Business; plus a gain of ¥320 million from a change in equity interest following the reclassification of JAPAN AI, formerly a consolidated subsidiary, to an equity-method affiliate; and finally a gain of ¥70 million from the liquidation of the shared office business of Social Wire (3929 TSE Growth), a consolidated subsidiary responsible for the Digital PR Business. As a result, the company's non-recurring gains and losses for FY3/25 - calculated by subtracting non-recurring expenses from non-recurring gains - amounted to ¥1.035 billion. The company holds a 49.0% stake in Social Wire.

On the other hand, operating profit for FY3/26 includes a gain of ¥79 million from a change in equity interest associated with JAPAN AI's fundraising, as well as a gain of ¥11 million from the sale of shares in an affiliated company resulting from Social Wire's transfer of a portion of its shares in MK1 TECHNOLOGY VIETNAM COMPANY LIMITED ("MK1") to a Social Wire employee who is also the founder of MK1, thereby making MK1 an equity-method affiliate. In addition, it appears that several tens of millions of yen were recorded as one-time expenses in Q4 of FY3/26. As a result, one-time gains and losses for FY3/26 plummeted to ¥21 million.

Although SG&A Ratio Improved, Gross Profit Margin Declined

The gross profit margin fell from 77.8% in the previous fiscal year to 73.1%. Although the profit margin in the Marketing SaaS Business improved, the decline in the profit margin was driven by an increase in the revenue share of the Digital PR Business - which has a relatively low profit margin - and a decrease in the revenue share of the Advertising Platform Business, which has a relatively high profit margin.

SG&A expenses increased by 15% compared to the previous period. By major category, advertising and promotional expenses rose by 15% YoY. In addition, personnel expenses and other costs rose 17% YoY due to the acquisition of Social Wire in Q2 FY3/25, the recognition of one-time consulting fees to address development challenges in the Marketing SaaS Business, and increased expenses to strengthen the development structure. Furthermore, other expenses increased by 21% YoY due to higher commission expenses. On the other hand, due to intensified cost-cutting efforts, system development-related expenses remained flat compared to the previous period, and office equipment-related expenses rose by only 6%. Since the rate of increase in SG&A expenses was lower than the revenue growth rate, the SG&A ratio improved from 64.0% in the previous period to 62.2%. As the negative impact of the deterioration in the gross profit margin outweighed the positive impact of the improvement in the SG&A ratio, the ratio of normal profit to revenue declined from 14.1% in the previous period to 11.3%.

While Losses on Equity-Method Investments Increased, the Deficit in Net Financial Income Improved

Losses from equity-method investments related to JAPAN AI expanded from ¥96 million in the previous period to ¥122 million. However, since JAPAN AI became an equity-method affiliate in Q2 FY3/25, losses from equity-method investments were not recorded in Q1 of that fiscal year. Looking at the quarterly trend in equity method investment losses, they narrowed from ¥47 million in Q1 (April–June) to ¥14 million in Q2, due to a decrease in the ownership ratio following JAPAN AI’s fundraising and a reduction in JAPAN AI’s own losses. Subsequently, they expanded to ¥36 million in Q3 due to increased personnel expenses associated with hiring new staff, but narrowed to ¥24 million in Q4.

In addition, finance income increased from ¥9 million in the previous period to ¥106 million due to higher foreign exchange gains. On the other hand, finance expenses also rose slightly from ¥177 million in the previous period to ¥187 million. As a result, the net finance loss improved from ¥167 million in the previous period to ¥80 million.

Corporate Tax Burden Ratio Rises Sharply

Due to a decrease in non-recurring gains not recognized as income under tax law and an increase in losses from equity-method investments, the corporate tax burden ratio rose from 9.5% in the previous period to 26.3%. Additionally, non-controlling interests related to Social Wire increased from ¥90 million in the previous period to ¥115 million.

2. Segment Trends

The Increase in Revenue Was Driven by the Consolidation of the Digital PR Business & Higher Revenue in the Marketing Saas Business

Revenue increased by ¥2.055 billion compared to the previous period. The breakdown by segment was as follows: the Advertising Platform Business decreased by ¥7 million, the Marketing SaaS Business increased by ¥689 million, and the Digital PR Business - which was consolidated starting in Q2 FY3/25 - increased by ¥1.363 billion. Inter-segment revenue, which is subject to consolidation adjustments, expanded from −¥60 million in the previous period to −¥51 million.

Figure 2. Quarterly Performance Trends by Segment

(¥mn)		FY3/25				FY3/26			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	**Q4**
Revenue		2,265	2,856	3,160	3,039	3,061	3,239	3,593	**3,482**
	Advertising Platform Business	1,418	1,293	1,447	1,302	1,258	1,371	1,491	**1,333**
	Marketing SaaS Business	859	864	963	1,083	1,116	1,074	1,112	**1,155**
	Digital PR Business	—	707	761	680	703	807	1,001	**1,000**
	(Adjustment)	-11	-10	-11	-27	-16	-14	-12	**-6**
Gross Profit		1,740	2,139	2,515	2,411	2,362	2,383	2,584	**2,446**
Segment Profit		815	752	563	389	333	411	539	**251**
	Advertising Platform Business	605	610	730	680	538	611	721	**596**
	Marketing SaaS Business	25	126	260	256	287	186	216	**161**
	Digital PR Business	—	202	150	78	103	114	211	**110**
	(Company-wide/Eliminations)	184	-187	-577	-626	-596	-501	-609	**-617**
Operating Profit		815	752	563	389	333	411	539	**251**
	Advertising Platform Business	361	374	472	417	283	380	496	**375**
	Marketing SaaS Business	-193	-91	21	8	-1	-99	-86	**-176**
	Digital PR Business	—	108	65	4	24	49	116	**31**
	(Adjustment)	647	361	3	-40	26	81	13	**20**

Source: Company Data. Compiled by Strategy Advisors.

For FY3/26, the Advertising Platform Business Revenues Remain Flat, While Segment Profit Decreased by 7%

Regarding the Advertising Platform Business, since the domestic and overseas divisions (Geniee US Inc. and other overseas subsidiaries) were integrated starting in FY3/26, YoY growth rates are compared to retroactively adjusted figures. For this business's FY3/26 Results Overview, revenue remained flat YoY at ¥5.455 billion, but segment profit decreased by 7% YoY to ¥2.468 billion. Although revenue rebounded in Q2 and beyond, YoY revenue increased by 4%, but the significant impact of Q1 - which saw an 11% YoY decline in revenue and an 11% drop in profit - was largely due to a decrease in average revenue per customer resulting from specific issues with a major client. Among expenses, server costs increased significantly due to the strong U.S. dollar and weak yen.

Furthermore, operating profit for the Advertising Platform Business segment - calculated by deducting company-wide expenses allocated from the segment's segment profit - decreased from ¥1.626 billion in the previous fiscal year to ¥1.537 billion.

Q4 Advertising Platform Business: Revenue +2%, Segment Profit -12%

The number of companies with revenue exceeding a certain threshold (calculated based on the quarterly average, as opposed to the month-end figure at the end of the previous quarter) was 277 (-3% YoY) in Q3, but rose to 287 (+4% YoY) in Q4. On the other hand, revenue per client (calculated by dividing total revenue by the number of clients; the calculation method was changed from the end of the previous quarter to the quarterly average), rose to ¥1.792 million (+6% YoY) in Q3, but fell to ¥1.550 million (-2% YoY) in Q4.

As a result, revenue for this business in Q4 decreased to ¥1.333 billion (+2% YoY) from ¥1.491 billion (+3% YoY) in Q3. Segment profit for Q4 also decreased to ¥596 million (-12% YoY) from ¥721 million (-1% YoY) in Q3. The YoY decline in the Q4 segment profit margin is presumed to be due to an increase in server costs resulting from the weakening of the yen.

Revenue & Operating Profit for the Advertising Platform Business Fell Short of Targets for the FY3/26

The achievement rates against the full-year plan for the Advertising Platform Business, revised in November 2025, fell short of targets, with revenue at 93% and operating profit at 87%. The main factors behind the shortfall were a larger-than-expected reduction in advertising budgets from major clients and a trend among some clients to postpone or cancel ad placements. In H2 FY3/26 , although the company implemented structural reforms - such as standardizing overseas and domestic operations and conducting workforce reductions at Geniee US Inc. - the impact of falling short of revenue targets outweighed these measures.

Figure 3. Quarterly KPI Trends by Segment

		FY3/25				FY3/26			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	**Q4**
Marketing SaaS Business									
	# of Paid Accounts	18,714	19,416	20,337	21,676	22,651	24,157	24,623	**23,632**
	ARPA (Average Revenue Per Account) (¥)	11,655	12,810	13,379	13,339	13,023	12,705	12,731	**15,266**
	Churn Rate	0.20	1.83	0.72	0.30	2.15	1.17	0.38	**2.78**
	ARR (Annual Recurring Revenue, ¥mn)	2,658	2,984	3,244	3,471	3,539	3,683	3,761	**4,329**
	Gross Profit Margin	71.3	72.4	73.3	74.7	78.6	77.6	76.7	**74.4**
	Recurring Revenue Ratio	80.5	81.2	82.1	80.3	80.2	79.8	80.1	**82.5**
Advertising Platform Business									
	# of Clients (Companies)	251	259	285	275	260	257	277	**287**
	Revenue per Client (¥1,000)	1,883	1,667	1,694	1,580	1,611	1,779	1,792	**1,550**
	OP margin (%)	25.5	28.9	32.7	32.1	22.5	27.7	33.3	**28.2**
	Operating Profit (¥mn)	361	374	472	417	283	380	496	**375**
Digital PR Business									
	# of Clients (Companies)	—	4,114	4,315	4,305	4,500	4,659	4,654	**4,310**
	OP margin (%)	—	15.3	8.6	0.6	3.6	6.1	11.6	**3.2**
	Operating Profit (¥mn)	—	108	65	4	24	49	116	**31**

Note:
The Digital PR Business was consolidated starting in Q2 FY3/25. The number of clients and revenue per client for the Advertising Platform Business were changed from a quarter-end basis to a quarterly average basis; therefore, figures prior to Q3 FY3/26 have been restated retroactively. For the Marketing SaaS Business, APRA was changed to an MRR basis; therefore, figures prior to Q3 FY3/26 have been restated retroactively.

Source: Company Data. Compiled by Strategy Advisors.

In FY3/26, the Marketing Saas Business Saw an 18% Increase in Revenue & Segment Profit Rose 28%

For FY3/26, the Marketing SaaS Business reported revenue of ¥4.459 billion (+18% YoY) and segment profit of ¥853 million (+28% YoY). The primary drivers of revenue growth were the strong performance of SFA/CRM and CHAT, which led to a 9% YoY increase in the number of paid accounts as of the end of Q4 FY3/26 and a 14% YoY increase in Average Revenue Per Account (ARPA) in Q4. Additionally, annual recurring revenue (ARR) as of the end of Q4 was ¥4.329 billion, a 25% increase compared to the same period last year. CHAT posted strong growth of 29% YoY, while SFA/CRM grew by 20% YoY.

The recurring revenue ratio for the past 12-months as of the end of Q4 rose to 82.5% from 80.3% in the same period of last year, as Recurring Revenue expanded steadily, while initial implementation revenue remained sluggish for the full year. Meanwhile, the churn rate, which had peaked at 2.15% in Q1 FY3/26 and subsequently declined to 1.17% in Q2 and 0.38% in Q3, rose to 2.78% in Q4 due to cancellations resulting from specific factors.

Operating Loss in the Marketing SaaS Business Widened in FY3/26

Regarding the gross profit margin for the Marketing SaaS Business, in FY3/25, it was 71.3% in Q1, 72.4% in Q2, 73.3% in Q3 and 74.7% in Q4. In FY3/26, the figures were 78.6% in Q1, 77.6% in Q2, and 76.7% in Q3, showing an upward YoY trend through Q3. Factors contributing to this included the exclusion of JAPAN AI - which had been recording operating losses due to upfront investment costs - from this segment in Q2 FY3/25, a reduction in fixed costs accompanying revenue growth and a decrease in depreciation expenses following the disposal of software at the end of the previous fiscal year; and reductions in server-related expenses. However, in Q4 FY3/26, the gross profit margin stood at 74.4%, a 0.3ppt decline YoY.

Furthermore, the operating loss for the Marketing SaaS Business segment - calculated by deducting company-wide expenses allocated from the segment's profit - widened from ¥256 million in the previous fiscal year to ¥364 million, due to an increase in allocated company-wide expenses.

The Marketing SaaS Business Failed to Meet its Operating Profit Target for the FY3/26

The Marketing SaaS Business achieved 91% of its full-year revenue target. Regarding operating profit, the actual result was a loss of ¥364 million, compared to the planned operating profit of ¥40 million. The failure to meet the operating profit target was due to the revenue recognition for a major project - which had been factored into the forecast - being deferred to the following fiscal year or later.

Digital PR Business Reports Increased Revenue & Profit, Even Excluding Q1

The Digital PR Business, managed by Social Wire - which joined the Group in Q2 FY3/25 - operates in the following areas: press release distribution service (newswire), influencer PR, clipping and risk assessment.

The FY3/26 Results for the business included the following: revenue of ¥3.513 billion (compared to ¥2.150 billion for the same period last year, which excluded Q1 and consisted of the total for Q2 through Q4), segment profit of ¥540 million (compared to ¥432 million) and operating profit of ¥222 million (compared to ¥178 million). Furthermore, for the combined Q2 through Q4 FY3/26, revenue was ¥2.809 billion and segment profit was ¥437 million. Even when comparing figures excluding Q1 to accurately reflect the actual performance, revenue and profit both increased due to growth in the influencer PR and risk assessment segments.

The significant increase in revenue starting in Q3 was primarily due to strong performance of the influencer PR service "Find Model", as well as revenue contributions from iHack (Chiyoda-Ku, Tokyo), which Social Wire acquired in September.

Furthermore, the breakdown of revenue by service for FY3/26 was as follows: influencer PR (Find Model and iHack) accounted for 42%, press release distribution for 27%, clipping for 17% and risk assessment for 14%.

Revenue & Operating Profit for Digital PR Segment Exceeded Projections for FY3/26

The Digital PR Business exceeded its full-year targets, with revenue at 102% of plan and operating profit at 108% of plan. The "Find Model" influencer PR service and iHack's brand growth business (social media marketing support for cosmetics) both exceeded their targets.

Social Wire Made iHack a Wholly Owned Subsidiary in September

In September 2025, Social Wire made iHack a wholly-owned subsidiary. iHack operates a social media marketing support business specializing in the beauty and cosmetics sectors, as well as the Beauty Creator Academy, which aims to train individuals with no prior experience to become beauty creators within 6-months. iHack has particular strengths in the South Korean beauty market.

As of August 29, when the share acquisition was announced, iHack's projected financial results for FY8/25 were revenue of ¥647 million (+122% YoY) and operating profit of ¥124 million (compared to a loss of ¥26 million in the previous fiscal year). Additionally, revenue for the July - September quarter, which included the period prior to consolidation - increased by 68% YoY. The cost of the share acquisition was ¥20 million and the amount of goodwill was ¥672 million. Note that while Social Wire, which adopts Japanese accounting standards, amortizes goodwill on a periodic basis, Geniee, which adopts IFRS, does not amortize goodwill on a periodic basis.

Significantly Strengthening the Business Foundation for Influencer PR

Social Wire entered the influencer PR sector in 2018 with the acquisition of Find Model. In FY3/25, influencer PR has grown into one of the company's core services. The financial targets set by Social Wire in its medium-term management plan for FY3/28 are revenue of ¥5 billion (revenue for FY3/25, excluding discontinued operations, was ¥2.7 billion) and operating profit of ¥800 million.

JAPAN AI is Having a Positive Impact on Geniee's Business and Organization

JAPAN AI, an equity-method affiliate, is currently recording an equity-method investment loss. However, its revenue continues to grow rapidly and it is having a positive impact on Geniee in terms of business, organization, and investor relations and investment.

For example, on the business front, cross-selling of the two companies' products (such as GENIEE SFA/CRM and JAPAN AI SALES, GENIEE CDP/ANALYTICS and JAPAN AI MARKETING, and GENIEE CHAT and JAPAN AI CHAT) is increasing. Furthermore, through coordinated marketing activities, both companies' marketing budgets have been kept below plan.

Organizationally, coordinated recruitment efforts across both companies have led to a significant increase in the number of applicants and hires for senior-level positions, such as department heads and specialists. In terms of IR and investment, a positive impact includes the potential for JAPAN AI's future consolidation to significantly boost Geniee's corporate value, as well as the expanding opportunities for capital and business alliances within the Geniee Group through collaboration with JAPAN AI.

Appreciation for JAPAN AI Products, such as "JAPAN AI AGENT" is Growing

In January 2026, at the "GRID AWARD 2026 Winter" announced by ITreview - operated by iTcrowd Corp. - JAPAN AI's "JAPAN AI AGENT" won the top-tier "Leader" award in the newly established AI Agent Tool category, while "JAPAN AI CHAT" received the "High Performer" award - the second-highest ranking - in the Text Generation AI category for the first time.

In addition, "JAPAN AI AGENT" won the Grand Prize in the AI Agent category at the "AI PRODUCTS AWARD 2026", announced by the AI portal media outlet "AIsmiley". This marks the second consecutive award for "JAPAN AI AGENT", following its win at the "AI PRODUCTS AWARD 2025 Spring".

Both awards are recognition programs based on user evaluations and other factors, indicating that the reputation of JAPAN AI products, such as "JAPAN AI AGENT", has been rapidly rising recently in the highly competitive AI agent industry.

JAPAN AI's Revenue for FY3/26 Increased Approximately 5x

JAPAN AI's revenue for FY3/26 appears to have increased approximately 5x compared to the previous fiscal year. Significant growth is expected to continue going forward, driven by expanded sales of enterprise products such as "JAPAN AI STUDIO" - an AI development and operations platform for businesses launched in October 2025 - as well as strengthened collaboration with the company's Marketing SaaS Business and partnerships with major distribution channels such as Otsuka Corporation (4768 TSE Prime).

Figure 4. JAPAN AI Sales Trends

Source: Company Materials.

3. Earnings Forecast for FY3/27

Company Forecasts: 23% Increase in Revenue & 63% Increase in Operating Profit for FY3/27

The company's earnings forecast for FY3/27 calls for revenue of ¥16.4 billion (+23% YoY), gross profit of ¥11.7 billion (+20% YoY), operating profit of ¥2.5 billion (+63% YoY), income before income taxes of ¥2.3 billion (+73% YoY), net income of ¥1.7 billion (+73% YoY) and profit attributable to owners of parent of ¥1.5 billion (+73% YoY).

The gross profit margin is expected to decline from 73.1% in the previous fiscal year to 71.3%. This is believed to be due to a deterioration in the sales mix.

Figure 5. Geniee's FY3/27 Earnings Forecast

(¥mn)	FY3/26 Actual	**FY3/27 CoE**	YoY (%)
Revenue	13,376	**16,400**	22.6
Advertising Platform Business	5,455	**6,224**	14.1
Marketing SaaS Business	4,459	**5,792**	29.9
Digital PR Business	3,513	**4,412**	25.6
Adjustments	-51	**-28**	—
Gross Profit	9,776	**11,700**	19.7
Gross Profit Margin	73.1%	**71.3%**	—
Operating Profit	1,535	**2,500**	62.8
(Normal Profit※)	1,514	**2,400**	58.5
Advertising Platform Business	2,468	**2,929**	18.7
Marketing SaaS Business	853	**1,418**	66.2
Digital PR Business	540	**879**	62.8
Company-wide/Eliminations, etc.	-2,326	**-2,726**	—
Income Before Taxes	1,331	**2,300**	72.7
Income Tax Expense	350	**600**	71.4
Profit	981	**1,700**	73.2
Non-Controlling Interests	115	**200**	73.9
Profit Attributable to Owners of Parent	866	**1,500**	73.1

Note: Normal profit refers to operating profit excluding one-off gains/losses.
Note: Business unit profits are based on segment profits.
Source: Company Data. Compiled by Strategy Advisors.

Plans for Revenue & Profit Growth Across All Businesses

The revenue forecast by segment is as follows: Advertising Platform Business at ¥6.224 billion (+14% YoY), Marketing SaaS Business at ¥5.792 billion (+30% YoY) and Digital PR Business at ¥4.412 billion (+26% YoY).

Segment profit projections are as follows: Advertising Platform Business at ¥2.929 billion (+19% YoY), Marketing SaaS Business at ¥1.418 billion (+66% YoY) and Digital PR Business at ¥879 million (+63% YoY).

The projected operating profit by segment is ¥2.057 billion for the Advertising Platform Business (+34% YoY), ¥8 million for the Marketing SaaS Business (compared to a loss of ¥364 million in the previous fiscal year) and ¥497 million for the Digital PR Business (+124% YoY).

The Advertising Platform Business is Projected to See a Significant Increase in Revenue Overseas

In the Advertising Platform Business, following structural reforms implemented through the integration of the supply-side and demand-side divisions in October 2025, operational efficiency has improved and post-merger integration (PMI) of overseas operations is progressing; as a result, a significant increase in revenue is expected in the overseas division for FY3/27.

The Marketing SaaS Business Anticipates Growth in SFA/CRM & Other Areas

In the Marketing SaaS Business, the company plans to shift from a product-based to a function-based organizational structure in October 2025 to strengthen and streamline its products and services in the AI era. By service category, SFA/CRM and CHAT are expected to drive growth.

The Digital PR Business Anticipates Contributions From iHack & Expansion of Influencer PR

Revenue for the Digital PR Business is expected to be driven by iHack's full-year contribution (compared to 7 months in the previous fiscal year) and the expansion of influencer PR at Social Wire. Segment profit is projected to increase significantly due to the consolidation and relocation of the head office and group offices, as well as improved development efficiency through AI.

Normal Profit, Excluding One-Off Gains/Losses, is Projected to Increase by 59%

The projected one-time gain - the difference between operating profit and normal profit - is ¥100 million. Consequently, the projected normal profit is ¥2.400 billion (+59% YoY).

The Key: Achieve Normal Profit Target in Securing Revenue from the Advertising Platform & the Marketing Saas Businesses

Although the company's plan for FY3/27 projects strong growth in normal profit (+59% YoY), the projections for gross margin and SG&A expenses appear somewhat conservative. Strategy Advisors believes that securing revenue from the Advertising Platform Business and the Marketing SaaS Business will be key to achieving their normal profit target.

Combined Revenue from Geniee & JAPAN AI is Projected to Increase by More Than 50%

The company has stated that it expects the combined revenue from Geniee and JAPAN AI for FY3/27 to increase by more than 50% YoY.

JAPAN AI's Fundraising

On May 29, 2026, the company announced that JAPAN AI, an equity-method affiliate, had raised funds (totaling ¥1.1 billion) through a third-party allotment of new shares to two venture capital firms. As a result, the cumulative amount of equity funding raised since its establishment reached ¥4.1 billion.

Capital & Business Alliance with dip Corp

Additionally, on June 5, the company announced a capital and business alliance with dip Corp. (2379 TSE Prime). The company plans to dispose of 902,820 shares of treasury stock (5.0% of the total number of issued shares) through a third-party allotment to dip Corp. on June 24. Following this disposal of treasury stock, dip Corp.'s voting rights stake in the company is expected to reach 6.8%.

Furthermore, the company and Dip Corp. plan to enhance corporate value and expand and develop their businesses through joint service development and business collaboration.

Strengthening Corporate Governance

As part of efforts to strengthen corporate governance in order to overcome various challenges, the company transitioned from a company with an Audit and Supervisory Committee to a company with an Audit & Supervisory Board, pursuant to a resolution passed at the Annual General Meeting held on June 30.

Also, pursuant to a resolution at the AGM, Mr. Takashi Sawada, who previously served as President of FamilyMart and Mr. Shoji Fujiwara, Executive Director of dip Corp., were newly appointed as outside directors. As a result, the Board of Directors is now composed entirely of outside directors, with the exception of President and Representative Director Tomoaki Kudo.

4. Stock Price Trends and Valuations

1) Stock Price Trends and Comparison with Past Valuations

The Stock Price Range from Mid-April to Early June 2025 Was Generally Between ¥1,400 & 1,600

The company's stock price stood at ¥1,391 as of the end of September 2024. Following the upward revision of the full-year earnings forecast announced during the Q2 earnings release for FY3/25, the stock price entered an upward trend, rising to ¥1,876 on March 5, 2025.

However, following a market correction, the company's stock price subsequently declined and, from mid-April onward, settled into a range centered around ¥1,400 to ¥1,600. In the company's plan for FY3/26, announced on May 13, 2025, while normal profit was projected to increase by 54% YoY, the outlook indicated that operating profit would grow by only 9% - a slowdown from the previous year's 64% increase - causing the stock price to temporarily fall to around ¥1,300. In the first half of June, the market began to price in the outlook for growth in normal profit and as a result the stock price range returned to ¥1,400–¥1,600.

Following the Q1 Earnings Report, the Stock Price Range Shifted between ¥1,250–¥1,450 in September

When the launch of "JAPAN AI SALES" was announced on June 16, expectations grew that it would contribute to JAPAN AI's earnings and the stock price rose to ¥1,874 on June 19. However, as investor buying interest waned in July, the stock price range returned to ¥1,400–¥1,600. The Q1 earnings results for FY3/26, announced on August 12, were met with a negative reaction - particularly due to a 59% YoY decline in operating profit - causing the stock price range to shift to ¥1,250–¥1,450.

Following a Downward Revision to the Company's FY3/26 Plan, the Stock Price Range Shifted to ¥1,000–¥1,100 from Late November Onward.

In October, while the stock market saw a growing preference for large-cap stocks, shares of companies listed on the TSE Growth Market were broadly sold off. The company's stock price also trended downward, falling to a range of ¥1,100–¥1,200 in the first half of November. When the downward revision to the company's FY3/26 business plan was announced on November 14, the stock price temporarily fell below ¥1,000, but subsequently rebounded and the trading range from late November onward shifted to ¥1,000–¥1,100.

Amid a Slump in Saas-Related Stocks, the Company's Stock Also Continued to Test Lower Levels

In February 2026, amid growing concerns about replacement by generative AI, SaaS-related stocks were broadly sold off, and the company's stock also fell below ¥1,000. When Q3 earnings results were announced on February 13, although operating profit was largely in line with plans, the stock price began to test lower levels due to concerns over the slow progress toward targets in the Advertising Platform & Marketing SaaS Business; by April 7, the stock price had fallen to ¥888. Subsequently, the stock price rebounded to around ¥1,000.

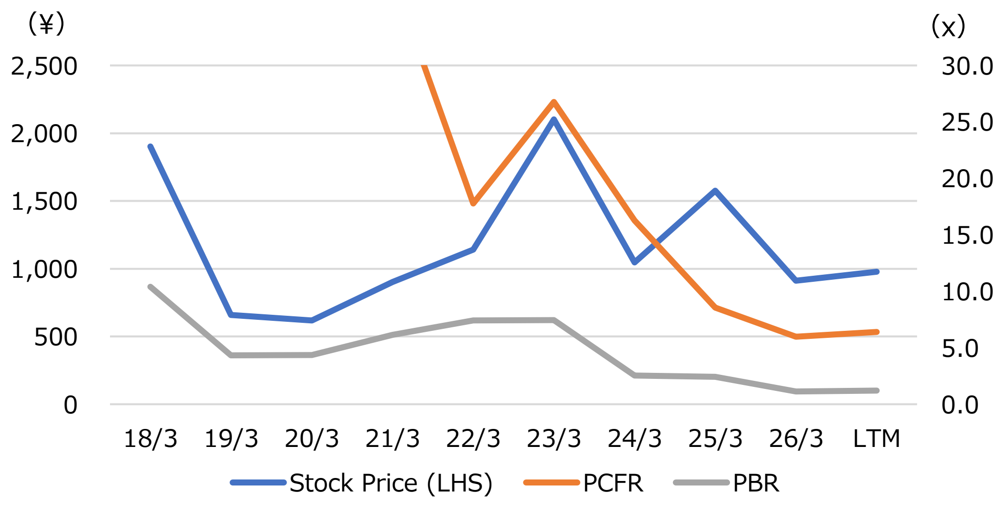
The Current Stock Price is Hovering Around ¥1,000

When the financial results for FY3/26 were announced on May 15, the fact that they fell slightly short of the revised forecast weighed on the stock, and on the following business day, May 18, the share price fell below ¥1,000 again. Subsequently, the stock rebounded on the back of news releases regarding JAPAN AI's fundraising efforts and other developments, and on June 1, it rose above ¥1,000. However, after the revised financial results for FY3/26 were announced following the close of trading on June 1, the stock price fell again, dropping to ¥858 on June 23. Subsequently, it rebounded once more on buying by investors who viewed the stock as undervalued and it is currently trading at around ¥1,000.

The Lower PBR Suggests the Stock is Undervalued Relative to its Historical Range

On the other hand, looking at valuation, PBR has declined from 2.4x at the end of March 2025 to around 1.2x currently. This decline is due to the stock price drop following the downward revision of the company's plan announced in November 2025, an increase in other components of equity driven by the weak yen, and a rise in retained earnings. Considering that the PBR had fluctuated between 4x and 10x through FY3/23, the current PBR level appears undervalued when compared to its historical range.

Figure 6. Geniee: Stock Price, PCFR & PBR Trends



Source: Company Data. Compiled by Strategy Advisors.

Figure 7. Geniee: Stock Price and Major Index Trends

FY	3/19	3/20	3/21	3/22	3/23	3/24	3/25	3/26	LTM (Jul. 9)
Stock Price (¥)	658	618	903	1,142	2,102	1,046	1,576	911	977
Operating CF (¥mn)	203	73	431	1,140	1,389	1,140	2,231	1,861	1,861
PCFR (x)	57.9	152.0	37.8	17.7	26.8	16.2	8.6	6.0	6.4
Net Profit (¥mn)	-544	-178	101	335	2,114	1,031	1,950	866	1,500
PER (x)	0.0	0.0	159.8	60.2	17.6	17.9	11.6	14.9	8.0
PBR (x)	4.3	4.4	6.1	7.4	7.4	2.6	2.4	1.1	1.2
ROE	-18.4	-6.8	3.9	12.5	-	16.9	25.8	9.8	9.8

Note: Profit attributable to owners of parent and PER are based on the company's earnings forecast (EPS). The LTM PBR is based on BPS as of the end of the most recent quarter.
Source: Company Data. Compiled by Strategy Advisors.

2) Comparison with Competitors (Japanese Companies)

PCFR Was Used as a Metric to Enable Comparison with Overseas Companies

When considering PBR in light of ROE levels, Geniee's valuation advantage within the industry disappears.

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	12/2025	50.4%	6.9	16.3	10,676	100%	11.4
Feedforce Group	7068	05/2026	40.7%	3.5	8.4	1,500	105%	8.6
Wills	4482	12/2025	33.3%	5.3	15.1	1,383	20%	10.4
Kyodo PR	2436	12/2025	22.6%	2.4	11.8	855	16%	12.5
F Code	9211	12/2025	21.7%	2.1	9.0	1,169	172%	14.7
User Local	3984	06/2025	19.8%	2.9	18.4	2,090	26%	13.4
Geniee	**6562**	**03/2026**	**9.8%**	**1.2**	**8.0**	**1,861**	**10%**	**6.4**
Bridge International Group	7039	12/2025	9.7%	1.4	9.7	492	-12%	12.7
LINE Yahoo!	4689	03/2026	6.5%	1.0	14.9	662,854	92%	4.6
Value Commerce	2491	12/2025	-6.7%	0.9	-	1,923	-34%	5.2

Note:
1. ROE and operating cash flow are figures 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.
2. PBR is calculated using BPS from the most recent quarterly financial results.
3. PCFR is calculated by dividing market capitalization by operating cash flow.
4. PER is calculated using the company's forecast EPS. However, for Bridge International Group, it is based on the median of the company's forecast EPS range, and for LINE Yahoo!, it is based on the company's forecast adjusted EPS.
5. For Wills and Value Commerce, since their financial reporting shifted from consolidated to non-consolidated, the figures for the most recent one-year period are the sum of the consolidated and non-consolidated figures.
Source: Company Data. Compiled by Strategy Advisors.

Considering PCFR, Which Factors in Operating Cash Flow Growth, Geniee Can No Longer Be Considered Undervalued Within the Industry

When comparing the 3-year CAGR (Compound Annual Growth Rate) of Operating Cash Flow ("Operating CF"), the company currently ranks 8th due to the deterioration in its performance in FY3/26. On the other hand, it ranks 3rd lowest in terms of PCFR (Price-to-Cash-Flow Ratio), a stock valuation metric based on operating CF. While there is no absolute financial metric that defines a fair level for PCFR, growth potential is a factor that contributes to a higher PCFR; therefore, it is considered appropriate to compare the 3-year CAGR of operating cash flow with the PCFR. Even when using PCFR adjusted for operating cash flow growth, the company's figure - which previously indicated relative undervaluation within the industry - can no longer be considered undervalued. Note that the 3-year CAGR of operating cash flow is calculated using figures from the most recent fiscal year-end and the fiscal year-end 3-periods prior.

Expectations for a Stock Price Rise Due to Improved Investor Sentiment

While the PBR and PCFR mentioned above are based on actual results, the company's PER - based on management forecasts - stands at 8x, making it the most undervalued among nine competitors, excluding Value Commerce, which is projected to post a loss. The fact that FY3/26 results fell short of initial projections, coupled with skepticism in the stock market regarding the company's plan for FY3/27, appears to be the reason for the low projected PER. If confidence in the company's plans is restored in future quarterly earnings reports, investor sentiment regarding the company's growth potential is likely to improve, and a rise in the stock price can be expected.

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

Company Name	Ticker	Revenue (¥mn)	Advertising Platform			Marketing SaaS				PR
			SSP	DSP	DMP	MA	SFA/CRM	Chat	AI	
LINE Yahoo!	4689	2,036,366	Y	Y	Y	Y	-	Y	Y	-
Cybozu	4776	38,917	-	-	-	-	Y	-	Y	-
Value Commerce	2491	18,884	-	-	-	-	Y	-	-	-
F Code	9211	13,425	-	-	-	Y	-	Y	Y	-
Geniee	**6562**	**13,377**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**
Kyodo PR	2436	8,865	-	-	-	-	-	-	-	Y
Bridge International Group	7039	8,221	-	-	-	Y	Y	-	Y	-
Wills	4482	6,260	-	-	-	-	-	-	-	Y
User Local	3984	5,155	-	-	-	-	-	Y	Y	-
Feedforce Group	7068	4,912	-	-	-	Y	-	-	Y	-

Note: Sales figures are for the most recent year. For Wills and Value Commerce, since their financial reporting shifted from consolidated to non-consolidated, the figures represent the sum of consolidated and non-consolidated results. Y=Yes.
Source: Company Data. Compiled by Strategy Advisors.

3) Comparison With Competitors (Global)

PCFR was Used as a Metric to Enable Comparison with Overseas Companies

Since some overseas companies report stock-based compensation expenses, resulting in operating profit losses, we used only PCFR among valuation metrics for this comparison.

Even When Including Overseas Companies, Geniee's PCFR Can No Longer Be Considered Undervalued Within the Industry

When comparing 28 companies, including overseas firms, the company ranks 21st in terms of the 3-year CAGR of operating cash flow (excluding two companies for which the figure could not be calculated), but ranks 7th lowest in terms of PCFR. Therefore, even when including overseas companies in the comparison, based on PCFR - which takes operating cash flow growth into account - while the company's figure previously indicated relative undervaluation within the industry, it can no longer be considered undervalued.

Geniee was also Affected by the Decline in Stock Prices of SaaS-Related Companies

Furthermore, over the past 6-months, the stock prices of many domestic and international marketing SaaS-related companies have fallen in line with declining valuations. As for this company, because it also operates the Advertising Platform Business and PR businesses, holds JAPAN AI as an equity-method affiliate and offers integrated solutions combining JAPAN AI's products with those of its Marketing SaaS Business, its stock price decline was slightly smaller than that of companies focused primarily on Marketing SaaS Business. However, it was unable to escape the impact of the deteriorating market environment.

JAPAN AI Holds the Key to the Company's Market Valuation

However, even if the company's Marketing SaaS Business were to lose its growth momentum due to the widespread adoption of generative AI, the company - which has a large customer base in this sector - is likely to sustain growth for the group as a whole by offering JAPAN AI's products. Furthermore, if the equity method investment income related to JAPAN AI turns positive, the stock market's assessment of the company could change.

Furthermore, the company explains that the services provided in its Marketing SaaS Business are built on algorithms linked to databases - which are difficult for AI to replicate - and that if it can quickly transition to AI-native business operations and business models, the proliferation of general-purpose AI will not pose a threat.

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 (¥mn)	3-Yr CAGR	PCFR
Baidu	9888	China	12/2025	120,117	-	55.2
AppLovin	APP	US	12/2025	667,587	122%	42.7
Magnite	MGNI	US	12/2025	17,002	12%	27.8
Alphabet	GOOGL	US	12/2025	26,269,845	27%	27.3
Microsoft	MSFT	US	06/2025	25,635,221	25%	18.0
F Code	9211	Japan	12/2025	1,169	172%	14.7
HubSpot	HUBS	US	12/2025	120,231	47%	13.7
Oracle	ORCL	US	05/2026	4,893,150	28%	13.4
User Local	3984	Japan	06/2025	2,090	26%	13.4
Meta Platforms	META	US	12/2025	18,683,136	38%	13.3
Bridge International Group	7039	Japan	12/2025	492	-12%	12.7
Kyodo PR	2436	Japan	12/2025	855	16%	12.5
Freshworks	FRSH	US	12/2025	37,183	-	12.3
Cybozu	4776	Japan	12/2025	10,676	100%	11.4
Pegasystems	PEGA	US	12/2025	77,332	195%	11.1
Wills	4482	Japan	12/2025	1,383	20%	10.4
Salesforce	CRM	US	01/2026	2,312,798	33%	9.6
Adobe	ADBE	US	11/2025	1,603,812	14%	8.9
Trade Desk	TTD	US	12/2025	164,697	27%	8.8
Feedforce Group	7068	Japan	05/2026	1,500	105%	8.6
PubMatic	PUBM	US	12/2025	12,465	2%	8.0
Geniee	**6562**	**Japan**	**03/2026**	**1,861**	**10%**	**6.4**
Taboola.com	TBLA	US	12/2025	40,516	64%	5.9
Value Commerce	2491	Japan	12/2025	1,923	-34%	5.2
LINE Yahoo!	4689	Japan	03/2026	662,854	92%	4.6
Criteo	CRTO	France	12/2025	44,765	11%	4.2
Verve Group	VER	Sweden	12/2025	16,454	-23%	3.1
Thryv Holdings	THRY	US	12/2025	11,373	-21%	2.6

Note: As of July 9 stock prices (for overseas companies are July 8). Operating cash flow is 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 Data. Compiled 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 (¥mn)	Advertising Platform			Marketing SaaS				PR
				SSP	DSP	DMP	MA	SFA/CRM	Chat	AI	
Alphabet	GOOGL	US	26,269,845	Y	Y	Y	-	-	Y	Y	-
Microsoft	MSFT	US	25,635,221	Y	Y	Y	Y	Y	Y	Y	-
Meta Platforms	META	US	18,683,136	Y	Y	-	-	-	-	-	-
Oracle	ORCL	US	4,893,150	-	-	Y	Y	Y	Y	Y	-
Salesforce	CRM	US	2,312,798	-	-	Y	Y	Y	Y	Y	-
Adobe	ADBE	US	1,603,812	-	Y	Y	Y	-	-	Y	-
AppLovin	APP	US	667,587	Y	Y	-	Y	-	-	Y	-
LINE Yahoo!	4689	Japan	662,854	Y	Y	Y	Y	-	Y	Y	-
Trade Desk	TTD	US	164,697	-	Y	Y	-	-	-	-	-
HubSpot	HUBS	US	120,231	-	-	-	Y	Y	-	Y	-
Baidu	9888	China	120,117	Y	Y	Y	-	-	Y	Y	-
Pegasystems	PEGA	US	77,332	-	-	-	-	Y	Y	Y	-
Criteo	CRTO	France	44,765	Y	Y	-	-	-	-	-	-
Taboola.com	TBLA	US	40,516	Y	-	-	-	-	-	-	-
Freshworks	FRSH	US	37,183	-	-	-	Y	Y	Y	Y	-
Magnite	MGNI	US	17,002	Y	-	-	-	-	-	-	-
Verve Group	VER	Sweden	16,454	Y	Y	Y	-	-	-	-	-
PubMatic	PUBM	US	12,465	Y	-	-	-	-	-	-	-
Thryv Holdings	THRY	US	11,373	-	-	-	Y	Y	Y	Y	-
Cybozu	4776	Japan	10,676	-	-	-	-	Y	-	Y	-
User Local	3984	Japan	2,090	-	-	-	-	-	Y	Y	-
Value Commerce	2491	Japan	1,923	-	-	-	-	Y	-	-	-
Geniee	**6562**	**Japan**	**1,861**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**
Feedforce Group	7068	Japan	1,500	-	-	-	Y	-	-	Y	-
Wills	4482	Japan	1,383	-	-	-	-	-	-	-	Y
F Code	9211	Japan	1,169	-	-	-	Y	-	Y	Y	-
Kyodo PR	2436	Japan	855	-	-	-	-	-	-	-	Y
Bridge International Group	7039	Japan	492	-	-	Y	Y	-	Y	-	-

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

Source: Company Data. Compiled by Strategy Advisors.

5. Equity Story

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

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 distinguished Japanese management scholar and Specially Appointed Professor at the Graduate School of Business Administration, Hitotsubashi University, states in his book *Competitive Strategy as a Story: The Conditions for Excellent Strategy*: "Companies that have achieved great success and sustained that success share a common trait: their strategies are structured as 'stories' with a flow and momentum. A Strategy is not something you are forced to endure with a grim face out of necessity. Rather, it is about creating an interesting 'story' that can't help, but want to tell someone". The concept of an Equity Story is closely related to this.

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

The company launched its Advertising Platform Business in the SSP (Supply-Side Platform) sector - which it judged to have significant room for new entrants - and captured market share from established competitors. It then rapidly expanded its business by strengthening its service offerings in the Marketing SaaS Business, which leverages data accumulated in its DMP (Data Management Platform). Although revenue growth slowed and normal profit declined slightly in FY3/26, the CAGR from the FY3/22 to FY3/26 showed revenue growth of 29% and normal profit growth of 18%.

The reason Geniee has been able to steadily implement such a "feasible and meticulous business strategy" is that it has become a "one-stop platform" for the information society - one that can provide a low-cost solution to the situation where communication channels such as the internet, social media and mobile apps have become increasingly diverse and complex, making it difficult for consumers to access information about the goods and services they truly need - and because it embraces the "exciting dream" of "realizing a society where anyone can succeed in marketing".

2 Equity Stories

The company has announced its segment-specific revenue targets for FY3/29: ¥10.6 billion for the Advertising Platform Business, ¥8.5 billion for the Marketing SaaS Business and ¥6.3 billion for the Digital PR Business. The compound annual growth rate (CAGR) from FY3/26 through FY3/29 is 24.7% for the Advertising Platform Business, 24.0% for the Marketing SaaS Business and 21.5% for the Digital PR Business. Based on this track record and targets, Strategy Advisors presents 2 equity stories.

"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 report a decline in operating profit for FY3/26, cost-cutting measures have been intensified recently. Therefore, for FY3/27, if revenue targets are met, an increase in the revenue-to-operating profit (normal profit) OP margin is expected. However, given the current stock price level, the market appears to be underestimating this factor. Therefore, if the quarterly earnings report confirms a solid performance trend, it could trigger a full-fledged turnaround in the stock price.

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

Additionally, in our September 2025 report, we added “JAPAN AI's Dramatic Growth Will Lead to Rapid Expansion of Group Revenues & Increased Valuation” as our second Equity Story. Note that "Achieving Steady Expansion of Operating Profit (Normal Profit) from FY3/27 Onwards", which is part of the other Equity Story, does not assume any contribution from JAPAN AI’s consolidation as a subsidiary.

At present, JAPAN AI is recording a net loss due to its aggressive investments in human resources and marketing. However, the company explains that, in addition to its rapidly growing revenue, JAPAN AI could return to profitability immediately if it were to halt these temporary investments.

The Company 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 Is Not Factored into the Company's Stock Price

Driven by rapid revenue growth, JAPAN AI’s profile as a domestic AI-related company rose sharply, enabling it to successfully raise funds in July 2025 and May 2026, during which its corporate value was highly valued by domestic venture capital firms. However, given the company’s low valuation (expected PER of 8x and P/CFR of 6x for the current fiscal year), it appears that the possibility of JAPAN AI receiving an even higher valuation - depending on its future growth - should it conduct further fundraising or go public, is not currently factored into its 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.

The Company’s Stock Has Become More Attractive Due to the Decline in its Valuation & the Improving User Ratings for Japan AI

As mentioned earlier, the company’s stock valuation - which was already low - has declined further due to the drop in share prices of SaaS-related stocks. Meanwhile, user evaluations of JAPAN AI’s product lineup are rapidly improving, creating a divergence in how investors and AI product users view the group. Consequently, for investors who are positive about the future of generative AI, the valuation appeal of the company’s stock appears to have increased compared to both the past and its peers.

6. Business Overview and History

Expanding Business Scope from Advertising Platform Business to Marketing SaaS Business

The company is a solutions provider that broadly supports customers' marketing activities with cost-effective products. After founding the company with the Advertising Platform Business, it expanded its operations into the Marketing SaaS Business - which provides marketing automation and customer management systems - to broaden the scope of application for information such as user attributes and behavioral history obtained through that business.

Launched its Proprietary SSP in 2011

Upon entering the ad tech industry, the company first developed "GENIEE SSP" and began offering it in 2011. President Tomoaki Kudo determined that starting with an SSP was the optimal choice, taking into account the competitive environment of the internet advertising market and other factors.

SSP is a Tool for Media Companies to Maximize Ad Revenue

SSP stands for "Supply Side Platform" and is a platform that enables media outlets - which provide ad inventory - to maximize their advertising revenue. A DSP (short for "Demand Side Platform") is a system that works in conjunction with the SSP to help advertisers maximize their advertising revenue.

RTB: Bidding on SSP Ad Slots via DSP

The mechanism by which ads are delivered through SSPs and DSPs is called RTB (short for Real-Time Bidding). In RTB:
1. When a user visits a web page, an ad slot appears on that page
2. The SSP receives a notification that the ad slot has been displayed
3. The SSP sends a bid request for the ad slot to multiple DSPs
4. Each DSP places a bid based on the advertiser's criteria, analyzes the user's interests and behavioral data to select the most appropriate ad and sends it to the SSP
5. the SSP selects the DSP that submitted the highest bid and decides to display the ad sent by that DSP.

Second in the World to Enable Bidding from an SSP to a DSP Within Its Own Service

Generally, the revenue-sharing ratio for internet advertising - with the advertiser's budget set at 100 - is said to be approximately 15 for advertising agencies, 30 for DSP operators, 20 for SSP operators and 35 for internet media companies (Source: Toyo Keizai Inc.).

To enhance cost competitiveness within this revenue-sharing structure, the company launched "GENIEE DSP" in March 2014, becoming the second company in the world - after AppNexus (Now Microsoft) - to establish a system enabling direct bidding from a DSP to an SSP within its own service.

Reducing Intermediary Margins Through Bidding Between "GENIEE SSP" & "GENIEE DSP"

Major ad technology companies, including FreakOut (6094 TSE Growth), MicroAd (9553 TSE Growth) and United (2497 TSE Growth), are among the DSP operators that bid on "GENIEE SSP" as the company's partners. Since "GENIEE DSP" has also established a system to bid against "GENIEE SSP" alongside these third-party DSPs, the structure allows "GENIEE DSP" to submit price-competitive bids by conducting direct bidding between the two services operated by Geniee, thereby reducing intermediary margins.

Launched Overseas Operations in 2012

In August 2012, the company established a subsidiary in Singapore and launched its overseas operations in Southeast Asian countries. In September 2013, it established a subsidiary in Vietnam.

In October 2014, with the aim of accelerating globalization, the company conducted a third-party allotment of new shares to the current SoftBank Group Corp. (9984, TSE Prime) and entered into a capital and business alliance. In September 2015, the company also established a subsidiary in Indonesia.

Utilize the Data Accumulated in its DMP, the Company Launched their Marketing SaaS Business in 2016

In 2015, the company also began offering "GENIEE DMP" (short for Data Management Platform), a DMP capable of accumulating user attribute information and behavioral history obtained during the bidding process between DSPs and SSPs.

In 2016, to leverage the data accumulated in its DMP for marketing purposes, the company launched "GENIEE MA", a marketing automation (MA) tool featuring automated email sending capabilities and other features, thereby entering the Marketing SaaS Business. In the marketing industry, it is widely recognized that customers go through multiple stages - awareness, consideration, purchase and becoming loyal customers - before reaching the final stage where they make repeat purchases. Different tools for each stage are provided by multiple vendors, leading to increasingly complex and inefficient marketing activities. To resolve this issue, Geniee has set out to become a "one-stop platform" that provides tools for every stage under a single provider and the launch of "GENIEE MA" marked the first step toward that goal.

The Core of the Marketing SaaS Business Consists of MA, SFA, CRM & Chat Tools

In the Marketing SaaS Business, the core components include MA (Marketing Automation) tools used to acquire leads; SFA (Sales Force Automation) tools, which feature sales activity management functions to convert leads into orders; CRM (Customer Relationship Management) tools, which provide customer information management and analysis capabilities to retain existing customers and drive upsells; and Chat tools, which enable follow-up with website visitors.

2018: The Company Rapidly Assembled a Full Suite of Key Tools Through M&A & Achieved Rapid Growth

Integrating these tools typically requires system development costs. To minimize the costs associated with tool integration by offering all of them as in-house services, the company acquired the current "GENIEE SFA/CRM" and "GENIEE CHAT" in a single transaction through M&A in 2018.

From the time of acquisition through FY3/26, SFA achieved an average annual growth rate (ARR) of 54%, while CHAT achieved 88%, demonstrating rapid growth. This was driven by cross-selling to existing customers, enhancing product value, and the company's expertise in business management and post-merger integration (PMI). Furthermore, regarding " GENIEE CHAT", the company acquired other chat tool businesses in 2021 and 2022 and integrated them into "GENIEE CHAT", thereby enhancing its functionality.

"GENIEE SFA/CRM" Boasts a 99% Retention Rate

"GENIEE SFA/CRM" is a tool that offers numerous features to support sales activities - including customer management, deal management, data analysis, report generation and business card management - yet it's simple and intuitive interface makes it easy for anyone to use, resulting in an extremely high retention rate of 99%. It is available starting at ¥3,450 per user/per month. Despite its wide range of features, it can be used at approximately one-third the cost of major SFA tools, which is the reason behind its high adoption rate.

Advertising Platform Business: The Company Continues to Launch New Services Developed In-House

In parallel with its aggressive M&A strategy, the company continues to release new services developed in-house. In the Advertising Platform Business, it launched "GENIEE DOOH", a tool for verifying the effectiveness of outdoor advertising, in 2019. Additionally, in 2023, it launched "GENIEE RMP", a Retail Media Platform (RMP) that controls digital signage and other devices installed in retail stores.

Marketing SaaS Business: Expansion of the Toolset Through M&A and In-House Development

In the Marketing SaaS Business, even after acquiring the SFA/CRM and chat services that form the core of its business model, the company continued to expand its portfolio through M&A, acquiring "GENIEE SEARCH" - an enterprise and e-commerce site search tool - in 2020 and "GENIEE ANALYTICS" - an ad effectiveness measurement tool - in 2022.

In addition, through in-house development, the company launched "GENIEE DATA CONNECT" in 2021 - a tool that fully automates the aggregation of data from multiple internal systems - and "GENIEE BI" in 2022, a BI (Business Intelligence) tool that facilitates graph creation and data analysis. In April 2023, the company established JAPAN AI as a subsidiary to provide customized generative AI to customers (became an equity-method affiliate in July 2024).

Acquired Zelto (Now Geniee US Inc.) in 2023

In February 2023, the company made Zelto, Inc. (Now Geniee US Inc.), which operates an SSP business primarily in North America, India and Europe, a wholly-owned subsidiary; aiming to achieve regional complementarity and technological synergies with "GENIEE SSP", whose core markets are Japan and Southeast Asia. (Since the company had already acquired a 17.5% stake in Zelto in 2016, this existing stake resulted in a gain on valuation at market value.)

July 2024: Social Wire Made a Consolidated Subsidiary. Established a New Digital PR Business

In July 2024, the company acquired a 49% stake in Social Wire, which operates press release distribution and influencer PR services, making it a consolidated subsidiary. With Social Wire joining the group, a new Digital PR Business was established.

Acquired Treasury Stock from SoftBank

In July 2024, as the business partnership with SoftBank became firmly established, the companies dissolved their capital relationship. Specifically, the company acquired 5,625,000 shares of treasury stock (31.15% of the total issued shares, valued at ¥4.95 billion) from SoftBank. Additionally, to raise funds for the treasury stock acquisition, the company issued ¥4 billion in preferred stock allocated to Mizuho Bank.

Launched "GENIEE CDP", a Next-Generation AI-Powered Customer Data Platform, in September 2024

In September 2024, the company released "GENIEE CDP", a next-generation AI-powered customer data platform. "GENIEE CDP" is a platform that integrates, analyzes, and centrally manages customer data - which is typically managed separately by marketing channel - enabling real-time communication strategies tailored to each individual customer's interests and preferences.

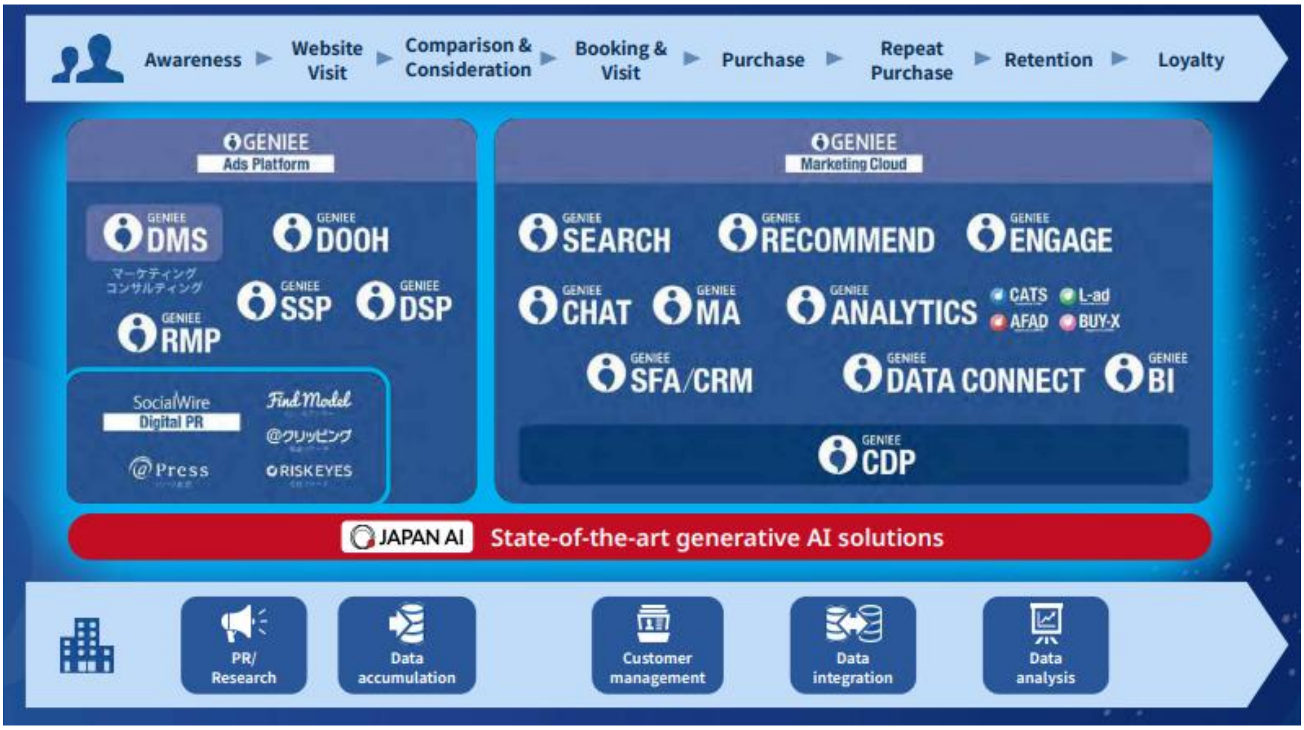
The company plans to achieve efficient improvements in customer engagement by seamlessly integrating with GENIEE Marketing Cloud products - such as

"GENIEE MA", "GENIEE SEARCH", "GENIEE ANALYTICS", "GENIEE ENGAGE (LINE)" (an email/SMS outreach tool for customers who abandon form submissions) and "GENIEE RECOMMEND" (a tool for displaying recommendations on e-commerce sites), while also leveraging AI to efficiently enhance customer engagement.

The Company's DNA is "Advanced Technical Capabilities & Cost Competitiveness in the Advertising & Marketing Sectors"

We believe that the company's corporate DNA, cultivated through its experience in these businesses, lies in its " high technical capabilities and cost competitiveness in the advertising and marketing sectors". As mentioned earlier, the CAGR from FY3/22 to FY3/26 was 29% for revenue and 18% for normal profit. It can be said that the provision of various products and services, rooted in this corporate DNA, has underpinned the company's growth.

Figure 12. Geniee: Business Areas



Source: Company Materials.

7. Business Model

Leveraging its Diversified Business Portfolio to Achieve Strong Cost Competitiveness

The company effectively leverages its multi-business structure to achieve 3 key objectives: (1) budget control - enabling company-wide, optimized, and agile budget allocation and adjustments, along with efficient management of SG&A expenses; (2) flexible and agile personnel transfers between departments to promote knowledge sharing while curbing unnecessary hiring costs; and (3) standardizing systems such as servers to secure cost benefits through volume discounts on usage fees. This enables the company to offer highly price-competitive products.

Attracting Top Talent Through Business Appeal, High Compensation & Abundant Growth Opportunities

In terms of recruitment, the company has established a system that attracts and retains top talent by offering industry-leading compensation packages and designing incentives tied to enhancing corporate value. The fact that this business offers frequent opportunities to work with cutting-edge technologies, such as AI, is a key competitive advantage in recruitment. Furthermore, the company is currently hiring a large number of CXO-level executives from publicly traded companies, creating a virtuous cycle in which talented and experienced leaders drive management while fostering the growth of promising young talent.

Furthermore, the firm actively utilizes the abundance of acquisition opportunities to provide on-the-job training (OJT) by assigning young employees to manage acquired businesses. As a result, employees who resonate with their corporate culture - which emphasizes “Commitment” and “Ownership” in achieving business results – allows the firm to fully leverage their established systems and environment to promote excellence in the work of their employees.

Recruiting and Developing “Product Managers” Responsible for Enhancing Product Value

The company is actively recruiting and developing Product Managers (PdMs) who are responsible for enhancing product value. A Product Manager is a role that acts as a bridge between the business, engineering, and customers, taking on a wide range of responsibilities across all areas while continuously focusing on improving the product’s cost-effectiveness. While this is a standard and critical role at global tech companies, it is rarely found in Japanese firms, and there is a shortage of such talent in the domestic job market.

Against this backdrop, the company is hiring as many Product Managers as possible and assigning them to specific products. At the same time, it is fostering company-wide knowledge sharing and developing new Product Managers through PdM study sessions and internal meetings dedicated to product improvement.

Using “GENIEE SFA/CRM” Internally

The company has also implemented “GENIEE SFA/CRM” across its entire sales management operations, enabling a data-driven, highly reproducible, and scientific sales management system.

Comprehensive Support System: In-House Assistance from Implementation to Adoption

When customers actually implement the product, unlike with other companies’ products, the company provides implementation and utilization support in-house. Because the company handles this support internally, customers incur no communication costs or unnecessary expenses. Furthermore, since the company can directly receive customer feedback and quickly incorporate it into its own product, it has established a system that enables rapid feature improvements. This comprehensive support system has led to a consistently very low churn rate.

3 Synergies: Budget Control, Personnel Transfers & Cost Benefits

Figure 13. Inter-Business Synergies

Source: Company Materials.

8. Analysis of Competitive Strategy

Porter Classifies Competitive Strategies Into "Differentiation", "Cost Leadership" and "Focus"

Michael Porter's "Competitive Strategy" falls under positioning theory. This theory emphasizes "how to position the company to gain an advantage within the industry". Porter classifies competitive strategies into "differentiation", "cost leadership" and "focus". He refers to companies that cannot formulate even one of these 3 strategies as "companies in dire straits" and points out that they will fall into low profitability. He also argues that companies with limited management resources should avoid attempting to pursue both a differentiation strategy and a cost leadership strategy simultaneously, as this is difficult to achieve.

In its Early Days, the Company Adopted a Focus & Cost Leadership Strategy's

Upon its founding, Geniee analyzed the advertising platform industry and determined that the SSP market offered greater room for new entrants than the DSP market, leading to the decision to start with the SSP business. The company succeeded in reducing server costs per ad impression to about one-tenth of those of competing services - among the lowest in the world - thereby acquiring new customers and capturing market share from established SSP providers. Therefore, it can be said that in its early stages, the company pursued a concentration strategy and a cost leadership strategy.

After Launching its DSP Service, the Company Shifted its Focus More Toward a Cost Leadership Strategy

Subsequently, the company also began offering a DSP, enabling direct bidding between the SSP and DSP to reduce intermediary margins. Furthermore, with the aim of leveraging the vast amounts of user attribute and behavioral history data accumulated in its DMP, the company expanded into the Marketing SaaS Business, adding various key tools - such as MA, SFA/CRM and chat - to its service portfolio through in-house development and M&A.

Many competitors offer these marketing-related services as standalone products and integrating MA and SFA/CRM services from different companies requires additional costs for system integration. In contrast, because the company provides a comprehensive suite of services in-house, it eliminates unnecessary costs such as communication expenses, giving it a cost-effectiveness advantage over competitors. Only a very small number of major companies, such as Microsoft, have built a similar service portfolio structure.

Consequently, since launching its DSP, the company has focused its business operations more heavily on a cost leadership strategy.

Recruiting and Training a Large Number of Product Managers

In addition, the company has established a system that enables rapid feature improvements, so it can directly receive customer feedback and quickly incorporate it into its products.

While functional improvements require talented engineers, the company also recruits and trains a large number of "product managers" who can oversee the entire relationship between the business, engineers & customers to enhance the product's cost-effectiveness. Since the role of product manager is not common in Japanese companies, there is a shortage of such talent in the market.

The Company's Inimitability Stems From "Securing Scarce Talent by Offering Industry-Leading Compensation and an Attractive Work Environment"

The company has succeeded in securing valuable product managers and talented engineers by offering industry-leading compensation, an environment where employees can work with autonomy on multiple high-growth businesses, and opportunities to engage with cutting-edge technologies such as AI. In the technology sector within the advertising and marketing fields, fierce competition for talent is underway. Against this backdrop, "securing scarce talent by offering industry-leading compensation and an attractive work environment" can be considered a key factor of the company's inimitability.

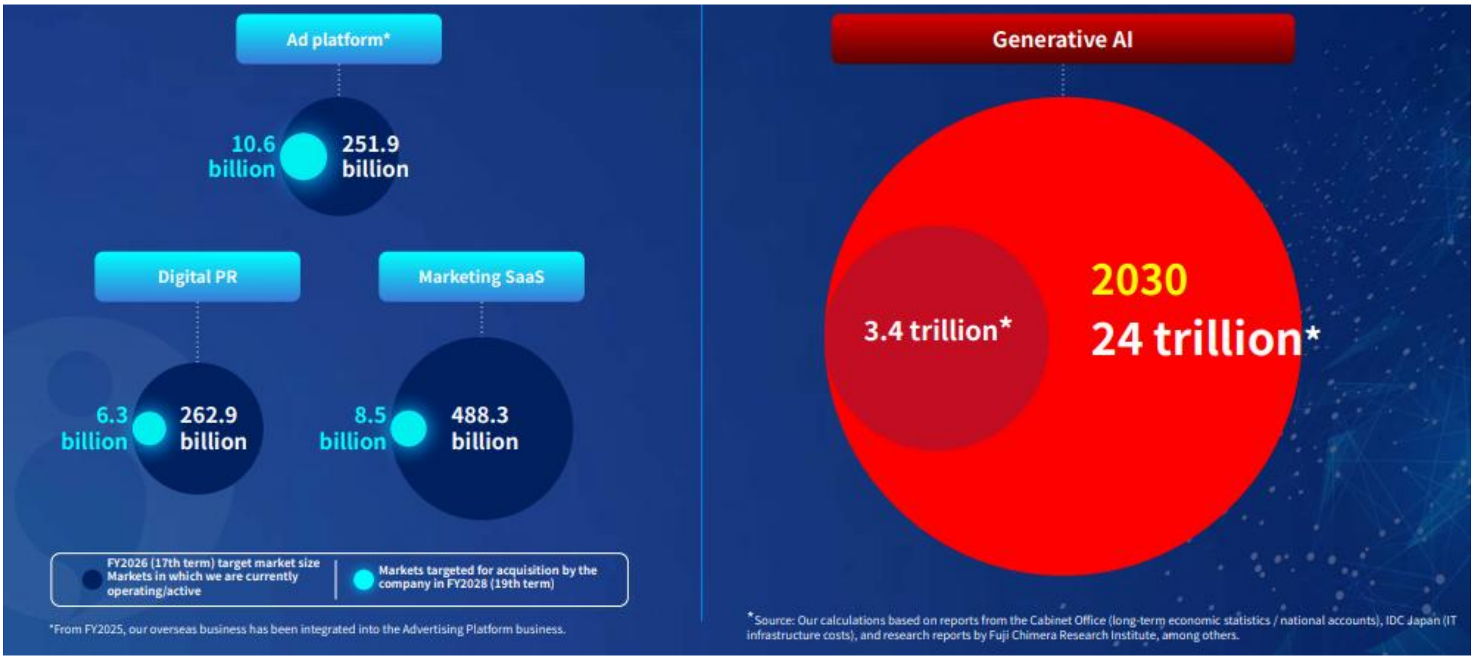
9. Target Market

Significant Potential for Revenue Growth

Geniee estimates the total target market for its services - comprising advertising platforms (both domestically and in overseas regions where it has already expanded), marketing SaaS and digital PR - to be approximately ¥1 trillion for FY3/27.

Furthermore, the company aims to capture ¥25.4 billion of this market by the fiscal year ending March 2029. Note that these figures do not include the domestic generative AI market (estimated by the company to be ¥3.4 trillion), which is handled by JAPAN AI, currently an equity-method affiliate.

Figure 14. Target Market Size



Source: Company Materials.

Figure 15. Quarterly Performance Trends (¥mn)

FY	3/25				3/26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	**2,265**	**2,856**	**3,160**	**3,039**	**3,061**	**3,239**	**3,593**	**3,482**
(YoY)	26.2%	45.5%	48.1%	43.3%	35.1%	13.4%	13.7%	14.6%
Advertising Platform Business (Former)	1,179	1,098	1,252	1,246	-	-	-	-
Overseas Business	334	374	401	278	-	-	-	-
Advertising Platform Business (New)	1,418	1,293	1,447	1,302	1,258	1,371	1,491	1,333
(YoY)	-	-	-	-	-11.2%	6.0%	3.0%	2.3%
Marketing SaaS Business	859	864	963	1,083	1,116	1,074	1,112	1,155
(YoY)	42.4%	28.4%	38.2%	48.3%	29.9%	24.3%	15.5%	6.7%
Digital PR Business	-	707	761	680	703	807	1,001	1,000
(YoY)	-	-	-	-	-	-	-	-
Adjustment	-11	-10	-11	-27	-16	-14	-12	-6
Cost of Sales	525	716	645	627	699	856	1,009	1,035
Gross Profit	**1,740**	**2,139**	**2,515**	**2,411**	**2,362**	**2,383**	**2,584**	**2,446**
(Gross Profit Margin)	76.8%	74.9%	79.6%	79.3%	77.2%	73.6%	71.9%	70.2%
SG&A Expenses	1,576	1,845	1,956	1,865	2,066	2,066	2,064	2,124
Other Revenues	651	468	12	6	38	100	20	15
Other Expenses	0	10	7	162	1	5	0	85
Operating Profit	**815**	**752**	**563**	**389**	**333**	**411**	**539**	**251**
(OP Margin)	36.0%	26.3%	17.8%	12.8%	10.9%	12.7%	15.0%	7.2%
Advertising Platform Business (Former)	581	496	578	567	-	-	-	-
(Segment Profit Margin)	49.3%	45.2%	46.2%	45.5%	-	-	-	-
Overseas Business	24	113	151	113	-	-	-	-
(Segment Profit Margin)	7.2%	30.2%	37.7%	40.6%	-	-	-	-
Advertising Platform Business (New)	605	604	736	680	538	611	721	596
(Segment Profit Margin)	42.7%	46.7%	50.9%	52.2%	42.8%	44.6%	48.4%	44.7%
Marketing SaaS Business	25	126	260	256	287	186	216	161
(Segment Profit Margin)	2.9%	14.6%	27.0%	23.6%	25.7%	17.3%	19.4%	13.9%
Digital PR Business	0	202	150	78	103	114	211	110
(Segment Profit Margin)		28.6%	19.7%	11.5%	14.7%	14.1%	21.1%	11.0%
Adjustment	184	-180	-583	-626	-596	-501	-609	-617
(Normal Profit*)	170	308	564	551	333	321	539	321
Equity in Earnings of Affiliates	0	-29	-32	-35	-47	-14	-36	-24
Finance Income	3	37	-30	0	1	2	0	101
Finance Costs	70	10	95	-8	56	48	47	34
Profit Before Tax	**748**	**750**	**406**	**351**	**231**	**350**	**456**	**293**
Profit	**670**	**620**	**318**	**431**	**162**	**243**	**328**	**247**
Profit Attributable to Owners of Parent	**672**	**568**	**292**	**417**	**150**	**196**	**293**	**225**
Net Profit Margin	29.7%	19.9%	9.2%	13.7%	4.9%	6.1%	8.2%	6.5%

Note: Starting in FY3/26, the overseas business was consolidated with the domestic Advertising Platform Business. The previous Advertising Platform Business is referred to as the "Advertising Platform Business (Former)", and the Advertising Platform Business resulting from the consolidation with the overseas business is referred to as the "Advertising Platform Business (New)". The figures for the new Advertising Platform Business and adjustments for FY3/25 have been restated retroactively.
Normal profit refers to operating profit excluding one-off gains/losses. Profit by business segment is based on segment profit.
Source: Company Data. Compiled by Strategy Advisors.

Figure 16. Consolidated Income Statement (¥mn)

FY	3/19	3/20	3/21	3/22	3/23	3/24	3/25	3/26	3/27 CoE
Revenue	**14,954**	**14,348**	**14,061**	**14,459**	**6,455**	**8,012**	**11,321**	**13,376**	**16,400**
Advertising Platform Business	-	-	-	11,246	3,918	4,306	5,462	5,455	6,224
Marketing SaaS Business	-	-	-	1,176	1,976	2,704	3,770	4,459	5,792
ARR (SaaS Business)				980	1,940	2,414	3,471	4,329	-
ARR (SFA/CRM)	-	75	159	216	325	474	833	985	-
ARR (CHAT)	-	39	53	223	690	881	1,252	1,706	-
ARR (ANALYTICS)	-	-	-	-	307	421	616	785	-
Overseas Business	-	-	-	2,131	783	1,249	-	-	-
Digital PR Business	-	-	-	-	-	-	2,150	3,513	4,412
Adjustment	-	-	-	-95	-223	-248	-60	-51	-28
Cost of Sales	13,008	12,127	11,453	10,676	1,312	1,873	2,514	3,600	4,700
Gross Profit	**1,946**	**2,220**	**2,608**	**3,783**	**5,142**	**6,138**	**8,807**	**9,776**	**11,700**
(Gross Profit Margin)	13.0%	15.5%	18.5%	26.2%	79.7%	76.6%	77.8%	73.1%	71.3%
SG&A Expenses	2,257	2,312	2,412	3,044	4,006	5,252	7,244	8,321	-
Operating Profit	**-310**	**-91**	**196**	**738**	**2,457**	**1,538**	**2,520**	**1,535**	**2,500**
Advertising Platform Business	-	-	-	1,727	2,164	2,244	2,627	2,468	2,929
Digital PR Business	-	-	-	-	-	-	431	540	879
Marketing SaaS Business	-	-	-	125	85	215	668	853	1,418
Overseas Business	-	-	-	163	338	201	-	-	-
Adjustment	-	-	-	-1,278	-131	-1,122	-1,206	-2,326	-2,726
(OP Margin)	-2.1%	-0.6%	1.4%	5.1%	38.1%	19.2%	22.3%	11.5%	15.2%
Normal Profit	**-**	**-**	**-**	**-**	**1,110**	**876**	**1,593**	**1,514**	**2,400**
Equity in Earnings of Affiliates (Loss)	-	-	-	-	0	0	-96	-122	-
Finance Income	2	9	15	46	19	31	9	106	-
Finance Costs	21	59	62	38	198	292	166	187	-
Ordinary Profit	**-330**	**-141**	**149**	**746**	**-**	**-**	**-**	-	**-**
Extraordinary Profit/Losses	-148	-30	-13	-246	-	-	-	-	-
Profit Before Tax	**-478**	**-172**	**135**	**499**	**2,279**	**1,277**	**2,256**	**1,331**	**2,300**
Income Tax Expense	62	4	34	161	168	242	215	350	600
Profit	**-541**	**-177**	**101**	**338**	**2,110**	**1,035**	**2,041**	**981**	**1,700**
Non-Controlling Interests	**3**	**1**	**0**	**2**	**-4**	**3**	**90**	**115**	**200**
Profit Attributable to Owners of Parent	**-544**	**-178**	**101**	**335**	**2,114**	**1,031**	**1,950**	**866**	**1,500**
(Net Profit Margin)	-3.6%	-1.2%	0.7%	2.3%	32.8%	12.9%	17.2%	6.5%	9.1%

Note: IFRS from FY3/23 onwards. Normal profit refers to operating profit net of non-recurring gains and losses. Business unit profits are based on segment profits.
The Advertising Platform Business through FY3/24 consists solely of the domestic segment. The Advertising Platform Business from FY3/25 onward includes the overseas segment.
Source: Company Data. Compiled by Strategy Advisors.

Figure 17. Consolidated Balance Sheet (¥mn)

FY	3/19	3/20	3/21	3/22	3/23	3/24	3/25	3/26
Cash and Deposits	1,619	1,198	1,092	1,477	2,875	2,494	2,861	2,969
Trade Receivables	1,085	1,131	1,479	2,032	2,409	3,095	4,416	5,314
Inventory	0	0	0	0	1	0	3	10
Other Current Assets	180	145	156	306	338	355	607	1,054
Current Assets	**2,884**	**2,474**	**2,727**	**3,815**	**5,635**	**5,944**	**7,887**	**9,347**
Tangible Fixed Assets	**638**	**532**	**447**	**471**	**471**	**446**	**689**	**692**
Right-of-Use Assets	**0**	**0**	**0**	**0**	**502**	**197**	**1,232**	**908**
Goodwill	401	305	1,025	1,416	9,384	10,444	10,958	12,226
Other Intangible Fixed Assets	296	544	1,049	1,186	1,183	1,628	2,107	2,871
Intangible Fixed Assets	**697**	**849**	**2,074**	**2,602**	**10,568**	**12,072**	**13,065**	**15,097**
Investments and Other Assets	**417**	**414**	**404**	**448**	**604**	**539**	**1,056**	**1,332**
Total Fixed Assets	**1,752**	**1,795**	**2,925**	**3,521**	**12,145**	**13,253**	**16,042**	**18,029**
Total Assets	**4,636**	**4,269**	**5,652**	**7,336**	**17,780**	**19,197**	**23,929**	**27,377**
Trade Payables	869	781	1,012	1,513	1,799	1,909	2,767	3,234
Interest-Bearing Debt	178	276	656	1,271	7,612	1,848	2,854	3,708
Other Current Liabilities	438	387	486	705	842	1,119	1,746	1,823
Current Liabilities	**1,485**	**1,444**	**2,154**	**3,489**	**10,253**	**4,876**	**7,367**	**8,765**
Interest-Bearing Debt	311	150	713	966	1,280	6,221	7,364	7,503
Asset Retirement Obligations	125	126	127	144	0	0	0	0
Other Fixed Liabilities	0	0	0	5	1,214	810	449	271
Fixed Liabilities	**436**	**276**	**840**	**1,115**	**2,494**	**7,031**	**7,813**	**7,774**
Total Liabilities	**1,921**	**1,720**	**2,994**	**4,604**	**12,747**	**11,907**	**15,181**	**16,539**
Capital and Surplus	3,083	3,095	3,107	2,672	2,695	2,820	6,800	6,872
Retained Earnings	-385	-564	-462	307	2,545	3,577	5,421	6,167
Treasury Stock	0	0	0	-300	-330	-402	-5,327	-5,223
Shareholders' Equity	10	9	11	42	85	1,254	990	2,038
Other Components of Equity	**2,707**	**2,540**	**2,655**	**2,721**	**4,994**	**7,248**	**7,883**	**9,854**
Non-Controlling Interests	7	7	-	8	38	42	864	983
Total Equity	**2,715**	**2,549**	**2,657**	**2,733**	**5,034**	**7,290**	**8,748**	**10,837**
Total Liabilities and Equity	**4,636**	**4,269**	**5,652**	**7,336**	**17,780**	**19,197**	**23,929**	**27,377**

Note: IFRS from FY3/23 onwards.

Source: Company Data. Compiled by Strategy Advisors.

Figure 18. Consolidated Cash Flow Statement (¥mn)

FY	3/19	3/20	3/21	3/22	3/23	3/24	3/25	3/26
Profit Before Tax	-479	-173	136	500	2,279	1,277	2,256	1,331
Depreciation	330	306	392	587	642	746	1,211	1,355
Other Income	-	-	-	-	-	-663	-1,108	-173
Equity in Earnings of Affiliates (Loss)	-	-	-	-	-	-	96	122
Impairment Loss	172	25	-	217	-	-	-	-
Loss on Disposal of Fixed Assets	-	-	-	-	285	-	-	-
Unrealized Gains and Losses on Securities and Investment Securities	1	1	-	-	-	-	-	-
Gain or Loss on Step Acquisition	-	-	-	-	-1,623	-	-	-
Allowance for Doubtful Accounts	14	11	6	2	-	-	-	-
Corporate Tax Paid	-183	79	-12	-40	-251	-65	-341	-476
Other Operating Cash Flows	348	-176	-90	-125	57	-155	117	-298
Cash Flows from Operating Activities	**203**	**73**	**431**	**1,140**	**1,389**	**1,140**	**2,231**	**1,861**
Acquisition of Securities and Investment Securities	-55	-1	-	-	-33	-45	-72	-32
Sales of Securities and Investment Securities	-	-	-	-	-	145	25	-
Acquisition and Sale of Tangible and Intangible Fixed Assets	-487	-345	-596	-722	-759	-844	-1,328	-1,486
Acquisition of Subsidiary Shares	-173	-71	-863	-545	-5,129	-	271	-645
Others	-281	2	2	-7	-46	-87	-42	-232
Cash Flows from Investing Activities	**-996**	**-415**	**-1,456**	**-1,274**	**-5,967**	**-831**	**-1,146**	**-2,395**
Issuance of Shares	39	12	9	-	-	7	3,919	-
Redemption and Cancellation of Shares	0	0	-	-299	-31	-	-4,945	-
Dividend Payment	-	-	-	-	-	-	-50	-120
Borrowings	-100	-2	988	869	6,250	-487	768	1,248
Other Financial Cash Flows	-77	-87	-84	-86	-293	-357	-469	-523
Cash Flows from Financing Activities	**-138**	**-76**	**912**	**484**	**5,926**	**-837**	**-777**	**605**
Free Cash Flow	**-793**	**-342**	**-1,025**	**-134**	**-4,578**	**309**	**1,085**	**-534**

Note: IFRS from FY3/23 onwards.

Source: Company Data. Compiled by Strategy Advisors.

Figure 19. Stock Price Indicators, ROE and KPIs

FY	3/19	3/20	3/21	3/22	3/23	3/24	3/25	3/26	3/27 CoE
EPS (¥)	-30.8	-10.0	5.7	18.7	119.5	58.3	136.0	61.3	**122.8**
BPS (¥)	151.5	141.5	147.1	153.6	282.5	409.3	651.2	806.7	
DPS (¥)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Dividend Payout Ratio	-	-	-	-	-	-	-	-	
Closing Price (¥)	658	618	903	1,142	2,102	1,046	1,576	911	
PER (x)	-	-	159.8	60.2	17.6	17.9	11.6	14.9	
PBR (x)	4.3	4.4	6.1	7.4	7.4	2.6	2.4	1.1	
# of Shares Issued at End of Period (mn)	17,868	17,958	18,048	18,048	18,048	18,056	18,056	18,056	
# of Treasury Stocks (Shares)	0	0	0	330	365	347	5,950	5,842	
# of Shares excl. Treasury Stocks (mn Shares)	17,868	17,958	18,048	17,718	17,683	17,710	12,106	12,215	
Market Cap. (¥mn)	11,757	11,098	16,297	20,234	37,170	18,524	19,079	11,128	
Equity Ratio	58.4	59.5	47.0	37.1	28.0	37.8	32.9	36.0	
Interest-Bearing Debt	489.0	426.0	1,369.0	2,237.0	8,892.0	8,068.0	10,218.0	11,211.0	
Net D/E Ratio	-0.4	-0.3	0.1	0.3	1.2	0.8	0.9	0.8	
EV (Enterprise Value)	10,634	10,333	16,574	21,002	43,186	24,098	27,254	20,353	
EBITDA (¥mn)	20	215	588	1,326	3,384	2,285	3,732	2,891	
EV/EBITDA (Multiple)	531.7	48.1	28.2	15.8	12.8	10.5	7.3	7.0	
ROE (%)	-18.4	-6.8	3.9	12.5	-	16.9	25.8	9.8	
ROIC (Invested Capital, %)	-10.6	-3.1	4.6	12.9	-	8.9	13.4	5.8	
ROIC (Business Assets, %)	-26.0	-5.9	6.9	17.6	-	10.0	14.9	6.7	
Number of Employees	258	264	307	346	566	617	877	816	

Source: Company Data. Compiled by Strategy Advisors.

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Room 703, Central Building, 1-27-8 Ginza, Chuo-Ku, Tokyo 104-0061