

Q1 Results: One-time Losses Resulted in an Operating Loss, While Adjusted Operating Profit Stayed Positive; Potential for Stock Price Upside Through a Re-rating as Confidence in Company Guidance Recovers

For the Q1 FY3/27, Geniee (the Company) reported revenue of ¥3,499 million (+14% YoY), gross profit of ¥2,426 million (+3% YoY), and an operating loss of ¥207 million (compared to an operating profit of ¥333 million in the same period last year), resulting in an operating loss despite increased revenue. Although the Company was forced to report an operating loss due to higher selling, general, and administrative expenses resulting from increased development hours for the Marketing SaaS Business, as well as the recognition of one-time expenses, adjusted operating profit—which excludes one-time gains/losses such as losses related to unauthorized access and provisions for doubtful accounts from operating profit—remained in the black.

Although Q1 FY3/27 results fell short of the Company's expectations due to the recognition of unplanned one-time expenses, the Company maintained its initial full-year earnings forecast for FY3/27, which anticipates a significant increase in profit, based on the assumption that a reversal of the provision for doubtful accounts in the amount of ¥200 million will be recorded during the current fiscal year.

Since February 2026, the Company's stock price has fallen to around ¥1,000 due to a decline in SaaS-related stocks, the announcement of lower earnings for FY3/26, and revisions to financial results. Following the release of the Q1 results for FY3/27 on August 14, the stock price fell further, hitting ¥863 on August 21. However, a sharp rally in SaaS-related stocks on the U.S. stock market—triggered by factors such as Salesforce's (CRM, NYSE) upward revision of its earnings outlook—spilled over into the Japanese market, and the Company's stock recovered to ¥900 range on the 28th. It is currently trading in ¥910–¥980 range.

Based on the Company's forecasts, the PER stands at 8x, which is significantly undervalued compared to its peers. Since the Company's FY3/26 results fell short of its initial forecast and it posted an operating loss in Q1 FY3/27, skepticism in the stock market regarding the Company's plans for FY3/27 is seen as a factor behind the low PER. If

Stock Price and Trading Volume (Past 1 Year)



Source: Strategy Advisors

Key Indicators

Stock Price (09/03/26)	926
52-Week High (09/16/25)	1,411
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	13.2
Market Cap. (¥bn)	12.2
EV (¥bn)	20.4
Equity Ratio (FY3/26, %)	36.0
ROE (FY3/26 Actual, %)	9.8
PER (FY3/27 CoE, x)	7.5
PBR (Q1 FY3/27 Actual, x)	1.2
Yield (FY3/27 CoE, %)	-

Source: Strategy Advisors

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confidence in the Company's plans is restored in future quarterly earnings reports, investors' assessment of the Company's growth potential is likely to improve, and a rise in the stock price can be expected.

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

FY	Revenues (¥mn)	YoY (%)	OP (¥mn)	YoY (%)	PBT (¥mn)	YoY (%)	NP (¥mn)	YoY (%)	EPS (¥)	DPS (¥)
Q1 3/26	3,061	35.1	333	-59.1	232	-68.9	150	-77.6	12.4	-
Q1 3/27	3,499	14.3	-207	-	-469	-	-347	-	-28.2	-
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.

Table of Contents

1. Q1 FY3/27 Results Overview	3
2. Segment Performance and Trends in JAPAN AI.....	7
3. Earnings Forecast for FY3/27.....	12
4. Stock Price Trends and Valuations	14
1) Stock Price Trends and Comparison with Past Valuations	14
2) Comparison with Competitors (Japanese Companies).....	16
3) Comparison With Competitors (Global)	18
5. Equity Story.....	22

1. Q1 FY3/27 Results Overview

Q1 FY3/27 Saw Revenue Growth, but Adjusted Operating Profit Declined

The Q1 FY3/27 results announced on August 14 showed revenue of ¥3,499 million (+14% YoY), gross profit of ¥2,426 million (+3% YoY), an operating loss of ¥207 million (compared to a profit of ¥333 million in the same period last year), adjusted operating profit of ¥156 million (-53% YoY), and losses attributable to owners of the parent of ¥347 million (compared to a profit of ¥150 million in the same period last year). Although the Company was forced to report an operating loss due to increased selling, general, and administrative expenses resulting from higher development hours for contract work in the Marketing SaaS Business, as well as the recognition of one-time gains/losses, adjusted operating profit—which excludes one-time gains/losses from operating profit—remained in the black.

Figure 1. Geniee's Q1 FY3/27 Results

(¥mn)	Q1 FY3/26	Q1 FY3/27 (A)	YoY	Progress Rate (A)/(B)	FY3/27 Company Plan (B)
Revenue	3,061	3,499	14.3%	21.3%	16,400
Advertising Platform Business	1,258	1,370	8.9%	22.0%	6,224
Marketing SaaS Business	1,116	1,172	5.0%	20.2%	5,792
Digital PR Business	703	963	37.0%	21.8%	4,412
Adjustment Amount	-16	-7	—	—	-28
Cost of Goods Sold	699	1,072	53.3%	22.8%	4,700
Gross Profit	2,362	2,426	2.7%	20.7%	11,700
Gross Profit Margin	77.1%	69.3%	—	—	71.3%
SG&A Expenses	2,066	2,321	12.3%	—	—
SG&A Ratio	67.5%	66.3%	—	—	—
Operating Profit	333	-207	—	—	2,500
(Adjusted operating profit※)	333	156	-53.0%	6.5%	2,400
Advertising Platform Business	538	590	9.6%	20.2%	2,929
Marketing SaaS Business	287	83	-71.0%	5.9%	1,418
Digital PR Business	103	111	7.4%	12.6%	879
Company-wide/Eliminations, etc.	-596	-992	—	—	-2,726
Equity Method Investment	-47	-25	—	—	—
Gains/Losses					
Profit Before Tax	232	-469	—	—	2,300
Income tax expense	69	-133	—	—	600
Quarterly Profit	163	-336	—	—	1,700
Noncontrolling interests	12	11	-11.1%	5.6%	200
Profit Attributable to Owners of Parent	150	-347	—	—	1,500

Note: Adjusted operating 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.

Recorded Losses Related to Unauthorized Access and a Provision for Doubtful Accounts as Non-Recurring Expenses

Concurrent with the announcement of its Q1 financial results, the Company issued a "Notice Regarding the Recognition of Losses Related to Unauthorized Access and Provision for Doubtful Accounts (Other Expenses)" as non-recurring expenses.

"Other expenses" consist of the following two items:

1) Losses Related to Unauthorized Access to "GENIEE MA"

As announced in the "Notice Regarding Unauthorized Access to 'GENIEE MA'" dated May 21, 2026, the Company conducted a thorough investigation—including discussions with the server provider—following the unauthorized use of cloud computing resources by a third party on "GENIEE MA." As a result, based on a reasonable estimate at this time, the Company recorded a loss related to the unauthorized access of ¥181 million under "Other Expenses" in Q1 as the amount of expenses the Company will bear due to this incident. Although the unauthorized use had been stopped as of May 21, the final loss amount may change depending on the progress of future investigations and reviews; therefore, the loss amount related to this matter has not yet been finalized.

2) Recording of the Provision for Doubtful Accounts

In the restatement of financial results announced on June 1, 2026, the Company revised its accounting treatment regarding the recognition of revenue from contract development transactions with a business partner (an unlisted company) and the recognition of investment securities related to an investment agreement, and recorded the resulting difference as "Other Assets." The recovery of these "Other Assets" is contingent upon the collection of payment upon delivery of the developed system; however, the client's source of funds for payment relies primarily on revenue from fees received under a business outsourcing contract with a partner company.

However, the conclusion of the relevant outsourcing contract requires approval from the relevant authorities, and since obtaining such approval is taking longer than initially anticipated, the Company determined that, at this point in time, there are still insufficient objective circumstances to assess the recoverability of the "Other Assets." Therefore, after careful consultation with its accounting auditor and in light of the current situation regarding the recoverability of these assets, the Company established an allowance for doubtful accounts of ¥198 million for these "Other Assets" in the first quarter and recorded a provision for doubtful accounts in the same amount under "Other Expenses." The Company explains that if recovery of these "Other Assets" progresses in the future—for example, if the business partner obtains the necessary licenses and permits from the authorities and begins receiving service fees from the partner—a reversal of the allowance for doubtful accounts is expected based on the recovery status and other factors.

The Company has stated that, considering the losses related to the unauthorized access incident and the provision for doubtful accounts, it

intends to review certain aspects of its existing policies in the Marketing SaaS Business with a view to reducing risk.

Disclosure of “Adjusted Operating Profit,” Which Excludes One-Time 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-time gains/losses are primarily recognized as non-operating income and expenses or extraordinary gains/losses; under IFRS, however, they are included in operating profit as part of “other income” and “other expenses.” Therefore, the Company discloses operating profit net of one-time gains/losses as “Adjusted operating profit.”

Note that segment profit for each segment includes one-time gains/losses related to that segment. Furthermore, operating profit for each segment includes segment profit, “Other Revenue” and “Other Expenses” (primarily one-time gains/losses) not attributable to any specific segment, and corporate-wide expenses not allocated to any specific segment.

Adjusted Operating Profit Remains in the Black

As mentioned earlier, although the Company posted an operating loss of ¥207 million in Q1 FY3/27, Adjusted operating profit, which more accurately reflects the Company’s core business performance—remained in the black at ¥156 million.

While no one-time gains/losses were recorded in Q1 FY3/26, Q1 FY3/27 resulted in a one-time loss of ¥363 million. Although the total amount of non-recurring expenses has not been disclosed, at least ¥379 million—comprising ¥181 million in expenses related to unauthorized access and ¥198 million in provisions for doubtful accounts—was recorded. Meanwhile, although the total amount of non-recurring gains has not been disclosed, it appears that a gain on change in equity interest was recorded in connection with the third-party allotment of new shares by JAPAN AI, an equity-method affiliate, which took place in May.

Although the SG&A Ratio Improved, the Gross Profit Margin Declined

The gross profit margin declined to 69.3% from 77.1% in the same period of the previous year. This decline was driven by a decrease in the profit margin of the Marketing SaaS Business from 78.6% to 74.3% YoY, as well as 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 12% YoY. By major category, system development-related expenses rose 31% YoY due to factors such as an increase in contract development man-hours in the Marketing SaaS Business, while office equipment-related expenses also increased by 40% YoY due to the expansion of office space. In addition, personnel expenses and other related costs rose 7% YoY following the hiring of new graduates and mid-career employees, and advertising and promotional expenses increased by 4% YoY. Other expenses also increased by 15% YoY. Since the rate of increase in SG&A expenses was lower than the revenue growth rate, the SG&A ratio improved from 67.5% in the same period of the previous year to 66.3%. However, the negative impact of the deterioration in the gross profit margin outweighed the positive impact of the improved SG&A ratio, resulting in a decline in the ratio of Adjusted operating

While Losses on Equity-Method Investments Narrowed, the Deficit in Net Financial Income Widened

profit to revenue from 10.9% in the same period of the previous year to 4.5%.

The equity method investment loss related to JAPAN AI narrowed from ¥47 million in the same period of the previous fiscal year to ¥25 million. However, in FY3/26, the loss amounted to ¥14 million in the Q2, ¥36 million in the Q3, and ¥24 million in the Q4, representing a slight increase QoQ.

In addition, due to an increase in foreign exchange losses, financial expenses rose significantly from ¥56 million in the same period of the previous fiscal year to ¥249 million. On the other hand, financial income also increased from ¥2 million in the same period of the previous fiscal year to ¥13 million. As a result, the net financial loss widened from ¥53 million in the same period of the previous fiscal year to ¥236 million.

Supplementary Explanation Regarding Foreign Exchange Losses

The Company has provided the following supplementary explanation regarding foreign exchange losses.

(1) Although the Company revised the translation methods for foreign currency-denominated items in the restated financial results for FY3/26, announced on June 1, a foreign exchange loss of ¥92 million occurred in the first quarter due to further refinement of these translation methods.

(2) As a result of the refinement of the translation methods mentioned above, a foreign exchange loss of ¥36 million arose from the settlement of foreign currency-denominated transactions during the first quarter.

(3) On a non-consolidated basis, due to the depreciation of the yen during the Q1, a foreign exchange loss of ¥40 million occurred because of the year-end conversion of foreign currency-denominated operating receivables, payables, and borrowings at the end of the Q1.

The foreign exchange losses resulting from the refinement of the translation method (the total of (1) and (2), amounting to ¥128 million) arose from the refinement in Q1 the translation methods for foreign currency-denominated items finalized at the end of FY3/26, and is expected to be a one-time loss. On the other hand, the valuation loss resulting from the end-of-period translation in Q1 (¥40 million in (3)) may fluctuate depending on future exchange rates and the balance of foreign currency-denominated receivables and payables.

Non-controlling Interests Decreased

Non-controlling interests decreased from ¥12 million in the same period of the previous fiscal year to ¥11 million, due to a decline in quarterly profit at Social Wire (3929 TSE Growth), a consolidated subsidiary engaged in the Digital PR Business. The Company's ownership stake in Social Wire is 49.0%.

Free Cash Flow Returns to Positive Territory

Cash flow from operating activities (operating CF) for Q1 FY3/27 resulted in a net inflow of ¥966 million (compared to a net outflow of ¥172 million in the same period of the previous year), despite operating profit turning into losses, due to a significant decrease in trade receivables and other receivables. Free cash flow (FCF), which is the sum of operating CF and cash flow from investing activities, resulted in a net inflow of ¥302 million, a significant improvement from the net outflow of ¥679 million in the same period of FY3/27. The company

is making steady progress toward its key objective for FY3/27: “improving FCF generation.”

Acquisition and Cancellation of Class A Preferred Stock

The company announced on August 27 that it repurchased 3.75 million shares—out of the 10 million Class A preferred shares issued in July 2024—from Mizuho Bank on October 15, 2026, at ¥455.875 per share, and retired them on the same day. While the Company does not pay dividends on its common stock, it does pay preferred dividends on its Class A preferred shares. The purpose of this acquisition and cancellation of Class A preferred stock is to reduce the burden of paying preferred dividends.

2. Segment Performance and Trends in JAPAN AI

The Digital PR Business and Advertising Platform Business Drove Revenue Growth

Revenue for Q1 increased YoY by ¥438 million. By segment, the Advertising Platform Business increased by ¥111 million, the Marketing SaaS Business increased by ¥56 million, and the Digital PR Business—which benefited significantly from M&A—increased by ¥260 million. Inter-segment revenue, which is subject to consolidation adjustments, narrowed from -¥16 million in the same period last year to -¥7 million.

Figure 2. Quarterly Performance Trends by Segment

(¥mn)		FY3/26				FY3/27
		Q1	Q2	Q3	Q4	Q1
Revenue		3,061	3,239	3,593	3,482	3,499
	Advertising Platform Business	1,258	1,371	1,491	1,333	1,370
	Marketing SaaS Business	1,116	1,074	1,112	1,155	1,172
	Digital PR Business	703	807	1,001	1,000	963
	(Adjustment)	-16	-14	-12	-6	-7
Gross Profit		2,362	2,383	2,584	2,446	2,426
Segment Profit		333	411	539	251	-207
	Advertising Platform Business	538	611	721	596	590
	Marketing SaaS Business	287	186	216	161	83
	Digital PR Business	103	114	211	110	111
	(Company-wide/Eliminations)	-596	-501	-609	-617	-992
Operating Profit		333	411	539	251	-207
	Advertising Platform Business	283	380	496	375	348
	Marketing SaaS Business	-1	-99	-86	-176	-289
	Digital PR Business	24	49	116	31	25
	(Adjustment)	26	81	13	20	-291

Source: Company Data. Compiled by Strategy Advisors.

In Q1 FY3/27, the Advertising Platform Business: Revenue +9%, Segment Profit +10%

For Q1 FY3/27, the Advertising Platform Business was managed by the Company, Geniee US Inc., and other overseas subsidiaries. The revenue for this business increased to ¥1,370 million (+9% YoY), and segment profit rose to ¥590 million (+10% YoY), driven by contributions from the domestic SSP (Supply-Side Platform) and major overseas projects. As a result of the structural reforms implemented in the previous fiscal year and progress in post-merger integration (PMI) for overseas operations, the growth rate of the overseas

business recovered. This led to a sharp recovery in profit momentum compared to the Q4 FY3/26, when revenue increased by 2% YoY but segment profit decreased by 12%.

Furthermore, operating profit for the Advertising Platform Business segment—calculated by deducting company-wide expenses allocated from the segment's segment profit—increased from ¥283 million in the same period of the previous fiscal year to ¥348 million, driven by an increase in segment profit and a decrease in allocated company-wide expenses.

Starting in Q2, the Company plans to expand Geniee US Inc.'s highly profitable products into Asian markets, including Japan, while optimizing headcount to further increase profits.

The Advertising Platform Business Performed Well in Q1 in Terms of Both the Number of Client Companies and Revenue Per Client

The number of companies with revenue exceeding a certain threshold (based on quarterly averages) was 287 in Q4 FY3/26 (+4% YoY). Although this figure decreased slightly to 279 in Q1 FY3/27, it still represented a 7% YoY increase, indicating a higher growth rate. Meanwhile, Revenue per Client (based on quarterly averages), calculated by dividing total revenue by the number of Clients, rose from ¥1.55 million in Q4 FY3/26 (-2% YoY) to ¥1.638 million (+2% YoY). This was driven by the success of cross-selling initiatives both domestically and internationally, as well as strengthened efforts to develop new media channels in the enterprise sector.

Figure 3. Quarterly KPI Trends by Segment

		FY3/26				FY3/27
		Q1	Q2	Q3	Q4	Q1
Marketing SaaS Business						
	# of Paid Accounts	22,651	24,157	24,623	23,632	23,142
	ARPA (Average Revenue Per Account, ¥)	12,990	12,705	12,731	14,519	15,439
	Churn Rate	2.15	1.17	0.38	2.80	2.70
	ARR (Annual Recurring Revenue, ¥mn)	3,530	3,683	3,761	4,117	4,287
	Gross Profit Margin	78.6	77.6	76.7	74.4	74.3
	Recurring Revenue Ratio	80.2	79.8	80.1	82.1	85.3
Advertising Platform Business						
	# of Clients (Companies)	260	257	277	287	279
	Revenue per Client (¥1,000)	1,611	1,779	1,792	1,550	1,638
	OP margin (%)	22.5	27.7	33.3	28.2	25.5
	Operating Profit (¥mn)	283	380	496	375	348
Digital PR Business						
	# of Clients (Companies)	4,500	4,659	4,654	4,310	4,224
	OP margin (%)	3.6	6.1	11.6	3.2	2.6
	Operating Profit (¥mn)	24	49	116	31	25

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.

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In Q1 FY3/27, the Marketing SaaS Business: Revenue +5%, Segment Profit -71%

The Marketing SaaS Business's Q1 FY3/27 results showed revenue of ¥1,172 million (+5% YoY) and segment profit of ¥83 million (-71% YoY). Revenue growth was driven by strong performance in SFA/CRM, CHAT, and ANALYTICS, which led to a 2% YoY increase in the number of paid accounts at the end of Q1 and a 19% YoY increase in Average Revenue Per Account (ARPA) during Q1. Annual Recurring Revenue (ARR) as of the end of Q1 was ¥4,287 million, up 21% from the same period last year.

Recurring Revenue Ratio and Churn Rate Rise

The recurring ratio for the past 12 months as of the end of Q1 rose from 80.2% in the same period of the previous year to 85.3%. This increase was driven by steady growth in Recurring Revenue, as well as a decline in initial implementation revenue due to factors such as timing shifts in new projects.

Meanwhile, regarding the churn rate, after peaking at 2.15% in Q1 FY3/26, it declined to 1.17% in Q2 and 0.38% in Q3; however, due to cancellations caused by specific factors, it rose to 2.80% in Q4 and remained at a high level of 2.70% in Q1 FY3/27.

It appears that there have been cases where customers' business environments underwent significant changes, as well as instances where customers who had set their expectations too high prior to implementation canceled their subscriptions because they were dissatisfied with actual operational conditions. The company plans to strengthen the early detection and mitigation of churn risk by implementing measures such as standardizing onboarding and utilizing health scores.

Operating Loss in the Marketing SaaS Business Widened in Q1 FY3/27

The gross profit margin for the Marketing SaaS Business fell from 78.6% in the same period of the previous fiscal year to 74.3%, due to a decline in high-margin initial implementation revenue. Combined with an increase in SG&A expenses resulting from higher man-hours for custom development projects, the segment profit margin fell from 25.8% in the same period of the previous fiscal year to 7.1%.

The operating loss for the Marketing SaaS Business segment—calculated by deducting company-wide expenses allocated to each segment from the segment profit—widened from ¥1 million in the same period of the previous fiscal year to ¥289 million, due to the decline in segment profit and the increase in allocated company-wide expenses.

Starting in Q2, the Company plans to work toward improving profitability through cost reductions resulting from the implementation of structural reforms.

Social Wire Oversees the Digital PR Business

The Digital PR Business, managed by Social Wire—which joined the Group in Q2 FY3/25—operates the following services: press release distribution service (newswire), influencer PR, clipping, and risk assessment. In FY3/26, the revenue breakdown by service was as follows: influencer PR (Find Model and iHack) accounted for 42%, press release distribution service (newswire) for 27%, clipping for 17%, and risk assessment for 14%.

The business's FY3/26 Results Overview was as follows: revenue of ¥3,513 million (compared to ¥2,150 million for the same period last year, which did not

include 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 totaled ¥2,809 million 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 influencer PR and risk assessment. Furthermore, 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.

**In Q1 FY3/27,
the Digital PR Business
Revenue +37%,
Segment Profit +7%**

For the Q1 FY3/27, the Digital PR Business reported revenue of ¥963 million (+37% YoY) and segment profit of ¥111 million (+7% YoY). In addition to organic growth in the influencer PR business, contributions from iHack and SEIRYO (discussed below) were the primary drivers of the significant revenue increase. On the other hand, the segment profit margin declined from 14.7% in the same period of the previous fiscal year to 11.5% due to increases in personnel expenses and advertising and promotional expenses.

**Operating Profit for the
Digital PR Business in
Q1 FY3/27 Rose Slightly**

Operating profit for the Digital PR Business segment—calculated by deducting company-wide expenses allocated from its segment profit—increased only slightly from ¥24 million in the same period of the previous fiscal year to ¥25 million, despite a 7% YoY increase in segment profit, due to a rise in allocated company-wide expenses.

Starting in Q2, cost reductions are planned through the relocation and consolidation of the head office and group offices, as well as the utilization of AI and organizational optimization; as a result, profit growth is expected due to an increase in the OP margin.

**Social Wire Made SEIRYO
a Wholly Owned Subsidiary
in June**

In June 2026, Social Wire made SEIRYO (Chiyoda-ku, Tokyo), a company that provides advertising management support services primarily in the short-form video space centered on TikTok, a wholly owned subsidiary. SEIRYO holds an official partnership agreement with ByteDance and is characterized by efficient business operations run by a small team, backed by a strong collaborative relationship with the platform.

SEIRYO's FY3/26 Results Overview was as follows: revenue of ¥670 million (-11% YoY), operating profit of ¥26 million (-29% YoY), and adjusted operating profit of ¥77 million (+47% YoY). The cost of acquiring the shares was ¥9 million, and the amount of goodwill was ¥262 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.

**Social Wire's FY3/28
Targets:
Revenue ¥5.0 billion,
Operating Profit ¥800 million**

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

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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.

On the organizational front, 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, positive impacts include potential for JAPAN AI's future consolidation to significantly boost Geniee's corporate value, as well as expanding opportunities for capital and business alliances within the Geniee Group resulting from the collaboration with JAPAN AI.

JAPAN AI Products, Such as "JAPAN AI AGENT," Are Receiving Increasingly Positive Reviews

In the "AI PRODUCTS AWARD 2026" announced in January 2026 by the AI portal media outlet "AIsmiley," "JAPAN AI AGENT" won the Grand Prix in the AI Agent category. This marks the second consecutive award for "JAPAN AI AGENT" since the "AI PRODUCTS AWARD 2025 Spring."

In May 2026, JAPAN AI was selected in three categories—"The Best Software Rookie of the Year," "The Best Software for AI-Powered Features," and "The Best Software by Category" (AI Agent Tools category)—in the "ITreview The Best Software in Japan 2026" awards announced by ITreview, operated by iTcroud Corp.

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

JAPAN AI's Q1 FY3/27 Revenue Grows Steadily

JAPAN AI's revenue for FY3/26 appears to have increased approximately fivefold compared to the previous fiscal year. In Q1 FY3/27, the Company acquired over 27,000 leads (including approximately 8,000 from large enterprises with 1,000 or more employees), and revenue is expected to continue expanding steadily.

JAPAN AI continues to expand its lineup of "specialized AI solutions" optimized for the specific challenges of various sectors and industries. In May 2026, the Company released a new feature for "JAPAN AI MARKETING" called the "Ad Banner Generation AI Agent." Additionally, in August, it began offering "JAPAN AI Administration," an AI service for local governments, marking a move to expand its scope of services.

Adopted by Major Companies Across Diverse Industries

JAPAN AI's competitive advantage lies in its hands-on support system, which goes beyond simply providing tools to offer end-to-end assistance—from on-site adoption to business transformation. As a result, its services are increasingly adopted by major companies across diverse industries and by local

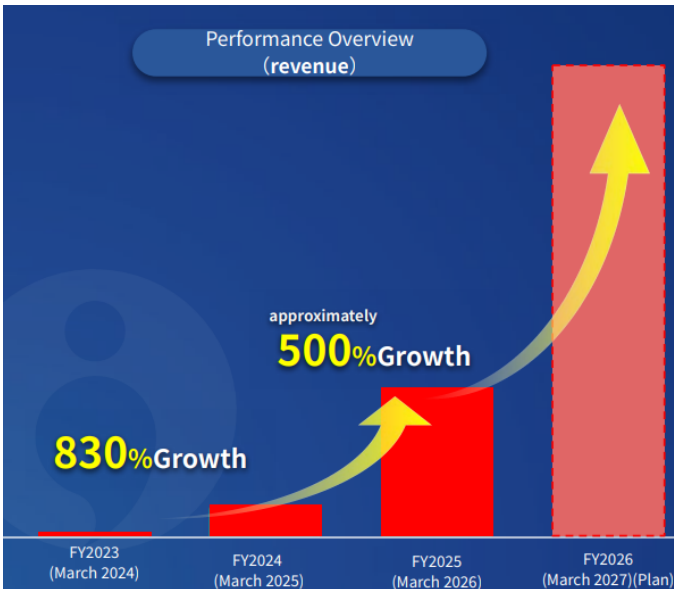
governments. Examples of companies that have adopted the service include Furukawa Electric (5801 TSE Prime, non-ferrous metals), Sawai Group Holdings (4887 TSE Prime, pharmaceuticals), B.M.L. (4694 TSE Prime, services), Cross Marketing Group (3675 TSE Prime, information and communications), and Naigai Tech (3374 TSE Standard, wholesale).

Capital and Business Alliance with Otsuka Shokai

In July, the Company closed the second round of its Series C funding by accepting an investment from its business partner, Otsuka Shokai (4768 TSE Prime). Otsuka Shokai had previously been offering “Tayoreru Business AI Agent,” its own AI agent service for mid-sized and small businesses based on “JAPAN AI AGENT.”

Following the capital alliance, the two companies began collaborating on the provision of vertical (industry-specific) solutions. They are also working to develop new offerings for mid-sized and small businesses and provide specialized templates, with the aim of jointly promoting the adoption of AI among these companies.

Figure 4. JAPAN AI Sales Trends



Source: Company Materials.

3. Earnings Forecast for FY3/27

Initial Forecast for FY3/27 Remains Unchanged

Although Q1 earnings for FY3/27 fell short of the Company’s expectations due to the recognition of unplanned one-time expenses, the Company has maintained its initial full-year earnings forecast for FY3/27, if a reversal of ¥200 million in the allowance for doubtful accounts will be recorded during the current fiscal year.

The company’s earnings forecast for FY3/27 is as follows: revenue of ¥16,400 million (+23% YoY), gross profit of ¥11,700 million (+20% YoY), operating profit of ¥2,500 million (+63% YoY), income before income taxes of ¥2,300

million (+73% YoY), net income of ¥1,700 million (+73% YoY), and profit attributable to owners of parent of ¥1,500 million (+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.

Plans for Increased Revenue and Profit Across All Businesses

The revenue forecast by segment is as follows: Advertising Platform Business at ¥6,224 million (+14% YoY), Marketing SaaS Business at ¥5,792 million (+30% YoY), and Digital PR Business at ¥4,412 million (+26% YoY).

Segment profit projections are as follows: Advertising Platform Business at ¥2,929 million (+19% YoY), Marketing SaaS Business at ¥1,418 million (+66% YoY), and Digital PR Business at ¥879 million (+63% YoY). In addition, the projected operating profit by segment is ¥2,057 million 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).

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: Adjusted operating profit refers to operating profit net of non-recurring gains and losses. Profit by business segment is based on segment profit

Source: Company Data. Compiled by Strategy Advisors.

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 improvements and post-merger integration (PMI) of overseas operations are progressing; as a result, a significant increase in revenue is expected in the overseas division for FY3/27.

Geniee | 6562 (TSE Growth)

The Marketing SaaS Business Anticipates Growth in SFA/CRM and 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 a Contribution to Earnings from iHack and the Expansion of Influencer PR

Revenue in 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 headquarters and group offices, as well as improved development efficiency through AI.

Adjusted Operating Profit, Excluding One-Time Gains/Losses, Is Projected to Increase by 59%

The projected one-time gain—the difference between operating profit and adjusted operating profit—is ¥100 million. Consequently, the projected adjusted operating profit is ¥2,400 million (+59% YoY).

The Key to Achieving the Normal Operating Profit Target Lies in Securing Revenue from the Advertising Platform Business and the Marketing SaaS Business

Although the Company's plan for FY3/27 projects strong growth in adjusted operating profit (+59% YoY), the projections for gross profit 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 the adjusted operating profit target.

Combined Revenue from Geniee and JAPAN AI Is Projected to Increase by More Than 50%

Furthermore, 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.

4. Stock Price Trends and Valuations

1) Stock Price Trends and Comparison with Past Valuations

Following the Q1 FY3/26 Earnings Report, the Stock Price Range in September Shifted to ¥1,250–¥1,450

The company's stock price fluctuated between ¥1,400 and ¥1,600 during the first half of June 2025. 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 report for FY3/26, released on August 12, was 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 Starting in Late November

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.

Geniee | 6562 (TSE Growth)

Amid a Slump in SaaS-Related Stocks, the Company's Stock Also Sought a Bottom

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 the 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 Business and Marketing SaaS Business; by April 7, the stock price had fallen to ¥888. Subsequently, the stock price rebounded and recovered the ¥1,000 mark in mid-April.

From May through Mid-August, the Stock Price Generally Hovered Around ¥1,000

When the FY3/26 earnings were announced on May 15, the results fell slightly short of the revised plan, which was met with negative sentiment, causing the stock price to dip below ¥1,000 again on the following business day, the 18th. Subsequently, the stock price rebounded following news releases such as JAPAN AI's fundraising, and on June 1, it rose above ¥1,000. However, after a correction to the FY3/26 financial results was 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 from July through early August, the price generally fluctuated around ¥1,000 mark.

The Stock Price Rebounded on the Back of a Rally in SaaS-Related Stocks

Following the release of the Q1 financial results for FY3/27 on August 14, the stock price turned downward, reaching ¥863 on August 21. However, a sharp rally in SaaS-related stocks on the U.S. stock market—triggered by factors such as Salesforce's (CRM NYSE) upward revision of its earnings outlook—spilled over into the Japanese market, and the Company's stock recovered to ¥900 range on the 28th. The stock is currently trading in the ¥910–¥980 range.

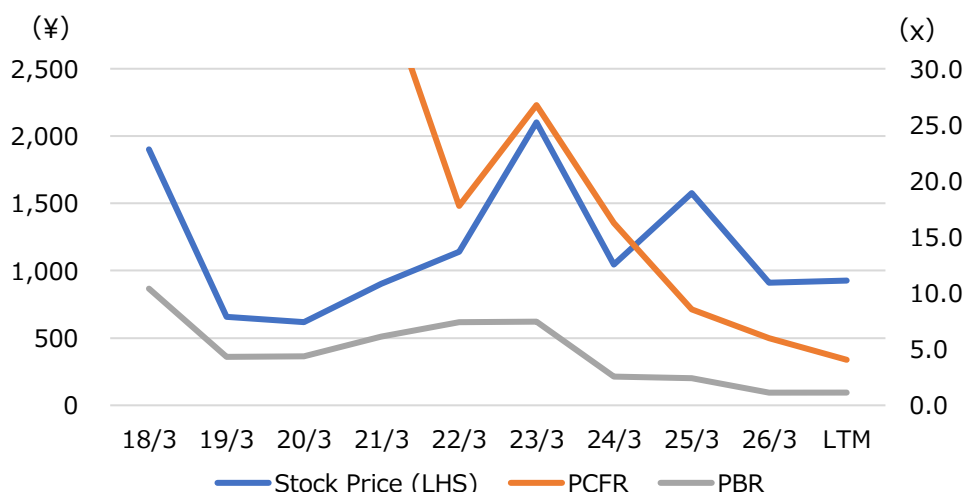
The Lower PBR Suggests the Stock Is Undervalued Compared to Its Historical Range

On the other hand, looking at valuation, the PBR has declined from 2.4x at the end of March 2025 to around 1.2x currently. This decline is due to a drop in the stock price following the downward revision of the Company's plan announced in November 2025, the disposal of a portion of treasury stock in June 2026, an increase in other components of equity resulting from 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.

The PCFR Also Appears Undervalued When Compared to Its Historical Range

Furthermore, while the Company's PCFR remained above 10x prior to FY3/24, it has been on a downward trend since FY3/25—when concerns about future growth potential began to emerge—and currently stands at 4x. This figure also 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 (Sep. 3)
Stock Price (¥)	658	618	903	1,142	2,102	1,046	1,576	911	926
Operating CF (¥mn)	203	73	431	1,140	1,389	1,140	2,231	1,861	3,000
PCFR (x)	57.9	152.0	37.8	17.7	26.8	16.2	8.6	6.0	4.1
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	7.5
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	4.0

Note: Profit attributable to owners of the parent and PER are based on the company's earnings forecast (EPS). 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)

**When Considering PBR
Considering ROE Levels,
Geniee Appears
Undervalued Relative to
LINE Yahoo!**

Among 10 leading Japanese companies engaged in the Advertising Platform Business, the Marketing SaaS Business, and PR businesses, the Company ranks third lowest in terms of PBR. On the other hand, when comparing ROE over the past year, although the Company's ROE had historically remained at a high level, it has fallen to 4.0% over the past year due to a recent decline in earnings, placing it in 9th place.

However, with regard to Geniee, it is necessary to take into account the fact that its ROE over the past year has declined significantly due to the recognition of one-time expenses. In FY3/26, when such exceptional circumstances did not exist, Geniee's ROE was 9.8%, while LINE Yahoo!'s (4689 TSE Prime) ROE over the past year was 6.9%, meaning Geniee's ROE was higher. On the other hand, looking at PBR, Geniee and LINE Yahoo! are both at 1.2x. Therefore, when

compared to LINE Yahoo!, Geniee appears to be undervalued based on PBR adjusted for ROE.

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 (x)
Cybozu	4776	12/2025	48.3%	7.8	18.4	9,627	100%	14.2
Feedforce Group	7068	05/2026	40.7%	3.9	9.3	1,500	105%	9.5
Wills	4482	12/2025	36.8%	4.8	15.8	1,355	20%	11.1
Kyodo PR	2436	12/2025	23.1%	2.3	11.5	1,097	16%	9.5
F Code	9211	12/2025	22.0%	2.0	8.9	1,389	172%	12.3
User Local	3984	06/2026	18.0%	2.5	15.8	2,238	19%	10.6
LINE Yahoo!	4689	03/2026	6.9%	1.2	17.8	542,611	92%	6.8
Bridge International Group	7039	12/2025	6.8%	1.0	53.4	344	-12%	14.3
Geniee	6562	03/2026	4.0%	1.2	7.5	3,000	10%	4.1
Value Commerce	2491	12/2025	-14.6%	0.9	-	-91	-34%	-

Note:

- 1) ROE and operating cash flow (operating CF) are figures for the most recent 12-month period. The 3-year CAGR of operating CF 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 CF.
- 4) PER is calculated using the company's projected EPS. For LINE Yahoo!, the figure is based on the company's projected 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 combined total of consolidated and non-consolidated results.

Source: Company Data. Compiled by Strategy Advisors.

When Considering PCFR Adjusted for Operating CF Growth, Geniee Can No Longer Be Considered Undervalued within the Industry

When comparing the 3-year CAGR of operating CF, the Company currently ranks eighth due to a deterioration in performance during FY3/26. On the other hand, in terms of PCFR—a stock valuation metric based on operating CF—it has the lowest ratio among the nine companies, excluding one for which the figure could not be calculated.

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, comparing the 3-year CAGR of operating CF with the PCFR is considered appropriate. Even when considering the PCFR adjusted for operating CF growth, the Company's figure—which previously indicated relative undervaluation within the industry—no longer qualifies as undervalued as of the end of FY3/26. Note that the three-year CAGR of operating CF is calculated using figures from the most recent fiscal year-end and the fiscal year-end three periods prior.

Possibility of a Return to Relative Undervaluation in PCFR Due to Operating CF Expansion

However, as mentioned earlier, operating CF in Q1 FY3/27 shifted from a cash outflow in the same period of the previous year to a cash inflow; therefore, operating CF for FY3/27 is expected to increase YoY. If the trend of expanding operating CF continues, the relative undervaluation of the PCFR could return, which could serve as a catalyst for a rise in the stock price.

Geniee | 6562 (TSE Growth)

Expectations for a Stock Price Rise Due to Improved Investor Sentiment

While the PBR and PCFR mentioned above are based on actual results, the PER based on the Company's forecast stands at 8x. Among the 9 comparable companies—excluding Value Commerce, which is forecast to post a loss—the Company is valued at a low level, roughly on par with Feedforce Group (7068 TSE Growth) and F Code (9211 TSE Growth). Since the Company's performance for FY3/26 fell short of its initial plan and it posted an operating loss in Q1 FY3/27, skepticism in the stock market regarding the Company's plan for FY3/27 is seen as a factor behind the low projected PER. If confidence in the Company's plan 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)	Ad Platform			Marketing SaaS				PR
			SSP	DSP	DMP	MA	FA/CRM	Chat	AI	
LINE Yahoo!	4689	2,100,722	Y	Y	Y	Y	-	Y	Y	-
Cybozu	4776	40,311	-	-	-	-	Y	-	Y	-
F Code	9211	14,926	-	-	-	Y	-	Y	Y	-
Value Commerce	2491	14,008	-	-	-	-	Y	-	-	-
Geniee	6562	13,814	Y	Y	Y	Y	Y	Y	Y	Y
Kyodo PR	2436	9,126	-	-	-	-	-	-	-	Y
Bridge International Group	7039	7,756	-	-	-	Y	Y	-	Y	-
Wills	4482	6,690	-	-	-	-	-	-	-	Y
User Local	3984	5,343	-	-	-	-	-	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 CF (excluding two companies for which the figure could not be calculated), but ranks fourth lowest in terms of PCFR (excluding one company for which the figure could not be calculated). Therefore, even when including overseas companies in the comparison, based on PCFR—which takes operating CF growth into account—the Company's figure, which previously indicated relative undervaluation within the industry, can no longer be considered undervalued.

Geniee | 6562 (TSE Growth)

Geniee Was Also Affected by the Decline in Stock Prices of SaaS-Related Companies in the H1 2026

Furthermore, in the H1 2026, many domestic and international marketing SaaS companies saw their stock prices fall significantly due to declining valuations. While the Company's stock price decline was somewhat smaller than that of firms focused primarily on the Marketing SaaS Business—due to its operations outside the Marketing SaaS Business and the collaboration between its equity-method affiliate, JAPAN AI, and its Marketing SaaS division to provide services—it was unable to escape the impact of the deteriorating market environment.

Since July, Some SaaS-Related Companies Have Seen Their Stock Prices Rebound Sharply

However, since July, there have been sporadic instances of sharp stock price rebounds among domestic and international marketing SaaS companies, indicating that the stock market has returned to a mindset of assessing the fundamentals of individual companies. Note that because the Company's stock price decline in the first half of this year was relatively modest, the rate of increase in its stock price since the end of June has been modest.

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

On the other hand, even if the Company's Marketing SaaS Business were to lose its growth potential due to the widespread adoption of generative AI, the Company—which has a large customer base in this sector—is highly 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 valuation of the Company could change. The company also explains that the services provided in its Marketing SaaS Business are built on algorithms linked to databases—which exhibit inimitability—and that if it can quickly transition to AI-native business operations and business models, the widespread adoption of general-purpose AI will not pose a threat.

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 (¥mn)	3-Yr CAGR	PCFR
Baidu	9888	China	12/2025	120,117	-	42.7
AppLovin	APP	US	12/2025	699,309	122%	24.5
Alphabet	GOOGL	US	12/2025	28,678,459	27%	23.0
Microsoft	MSFT	US	06/2026	28,255,252	33%	20.9
HubSpot	HUBS	US	12/2025	132,270	47%	14.8
Salesforce	CRM	US	01/2026	2,312,798	33%	14.7
Freshworks	FRSH	US	12/2025	38,107	-	14.5
Bridge International Group	7039	Japan	12/2025	344	-12%	14.3
Cybozu	4776	Japan	12/2025	9,627	100%	14.2
Oracle	ORCL	US	05/2026	4,893,150	28%	13.8
Magnite	MGNI	US	12/2025	43,393	12%	13.2
Pegasystems	PEGA	US	12/2025	79,229	195%	12.4
F Code	9211	Japan	12/2025	1,389	172%	12.3
Meta Platforms	META	US	12/2025	20,125,660	38%	12.0
Adobe	ADBE	US	11/2025	1,603,812	14%	11.1
Wills	4482	Japan	12/2025	1,355	20%	11.1
User Local	3984	Japan	06/2026	2,238	19%	10.6
Kyodo PR	2436	Japan	12/2025	1,097	16%	9.5
Feedforce Group	7068	Japan	05/2026	1,500	105%	9.5
PubMatic	PUBM	US	12/2025	13,598	2%	9.3
LINE Yahoo!	4689	Japan	03/2026	542,611	92%	6.8
Trade Desk	TTD	US	12/2025	167,070	27%	6.6
Taboola.com	TBLA	US	12/2025	39,041	64%	4.2
Geniee	6562	Japan	03/2026	3,000	10%	4.1
Criteo	CRTO	France	12/2025	49,240	11%	2.9
Verve Group	VER	Sweden	12/2025	16,454	-23%	2.5
Thryv Holdings	THRY	US	12/2025	11,091	-21%	1.2
Value Commerce	2491	Japan	12/2025	-91	-34%	-

Note: Closing prices as of September 3 (as of September 2 for overseas companies). Operating CF figures are for the most recent year. The 3-year CAGR for operating CF is calculated using figures from the most recent fiscal year-end and the fiscal year-end three periods 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	28,678,459	Y	Y	Y	-	-	Y	Y	-
Microsoft	MSFT	US	28,255,252	Y	Y	Y	Y	Y	Y	Y	-
Meta Platforms	META	US	20,125,660	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	699,309	Y	Y	-	Y	-	-	Y	-
LINE Yahoo!	4689	Japan	542,611	Y	Y	Y	Y	-	Y	Y	-
Trade Desk	TTD	US	167,070	-	Y	Y	-	-	-	-	-
HubSpot	HUBS	US	132,270	-	-	-	Y	Y	-	Y	-
Baidu	9888	China	120,117	Y	Y	Y	-	-	Y	Y	-
Pegasystems	PEGA	US	79,229	-	-	-	-	Y	Y	Y	-
Criteo	CRTO	France	49,240	Y	Y	-	-	-	-	-	-
Magnite	MGNI	US	43,393	Y	-	-	-	-	-	-	-
Taboola.com	TBLA	US	39,041	Y	-	-	-	-	-	-	-
Freshworks	FRSH	US	38,107	-	-	-	Y	Y	Y	Y	-
Verve Group	VER	Sweden	16,454	Y	Y	Y	-	-	-	-	-
PubMatic	PUBM	US	13,598	Y	-	-	-	-	-	-	-
Thryv Holdings	THRY	US	11,091	-	-	-	Y	Y	Y	Y	-
Cybozu	4776	Japan	9,627	-	-	-	-	Y	-	Y	-
Geniee	6562	Japan	3,000	Y	Y	Y	Y	Y	Y	Y	Y
User Local	3984	Japan	2,238	-	-	-	-	-	Y	Y	-
Feedforce Group	7068	Japan	1,500	-	-	-	Y	-	-	Y	-
F Code	9211	Japan	1,389	-	-	-	Y	-	Y	Y	-
Wills	4482	Japan	1,355	-	-	-	-	-	-	-	Y
Kyodo PR	2436	Japan	1,097	-	-	-	-	-	-	-	Y
Bridge International Group	7039	Japan	344	-	-	Y	Y	-	Y	-	-
Value Commerce	2491	Japan	-91	-	-	-	-	Y	-	-	-

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

Source: Company Data. Compiled by Strategy Advisors.

5. Equity Story

A Strategy is a Story That You 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 an 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 you 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 with an SSP (Supply-Side Platform), which it judged to have significant room for new entrants, and captured market share from leading competitors. It then rapidly expanded its business scope 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 adjusted operating profit declined slightly in FY3/26, the compound annual growth rate (CAGR) from the FY2/22 to FY3/26 shows that revenue grew by 29% and adjusted operating profit by 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 provides a low-cost solution to the challenge posed by the diversification and increasing complexity of communication channels such as the internet, social media, and mobile apps, which make 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

In May 2026, the Company 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 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 (Adjusted Operating Profit) from FY3/27 Onwards"

The first is "the realization of steady expansion of operating profit (adjusted operating 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-operate profit (adjusted operating profit) ratio is expected. However, given the current stock price level, the market appears to be underestimating this point; 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

In addition, 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 (Adjusted operating profit) from FY3/27 Onwards," which is part of another Equity Story, does not assume any contribution from JAPAN AI becoming a consolidated 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 has garnered significant attention as a domestic AI-related company, enabling it to successfully raise funds in July 2025 and May 2026, during which its corporate value was highly rated by domestic venture capital firms. However, given the Company's low valuation (expected PER of 8x and PCFR of 4x 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 stock prices of SaaS-related companies. On the other hand, user evaluations of JAPAN AI's product lineup are rapidly improving, creating a divergence in how the Company is viewed by investors versus AI product users. In [our July 2026 report](#) on the Company, we noted that for investors who are positive about the future of generative AI, the valuation appeal of the Company's stock has increased compared to both the past and peer companies. That assessment remains unchanged at this time.

Figure 12. Quarterly Performance Trends (¥mn)

FY	25/3			26/3				27/3
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Revenue	2,856	3,160	3,039	3,061	3,239	3,593	3,482	3,499
(YoY)	45.5%	48.1%	43.3%	35.1%	13.4%	13.7%	14.6%	14.3%
Advertising Platform Business (Former)	1,098	1,252	1,246	-	-	-	-	-
Overseas Business	374	401	278	-	-	-	-	-
Advertising Platform Business (New)	1,293	1,447	1,302	1,258	1,371	1,491	1,333	1,370
(YoY)	-	-	-	-11.2%	6.0%	3.0%	2.3%	8.9%
Marketing SaaS Business	864	963	1,083	1,116	1,074	1,112	1,155	1,172
(YoY)	28.4%	38.2%	48.3%	29.9%	24.3%	15.5%	6.7%	5.0%
Digital PR Business	707	761	680	703	807	1,001	1,000	963
(YoY)	-	-	-	-	14.1%	31.6%	46.9%	37.0%
Adjustment	-10	-11	-27	-16	-14	-12	-6	-7
Cost of Sales	716	645	627	699	856	1,009	1,035	1,072
Gross Profit	2,139	2,515	2,411	2,362	2,383	2,584	2,446	2,426
(Gross Profit Margin)	74.9%	79.6%	79.3%	77.1%	73.6%	71.9%	70.2%	69.3%
SG&A Expenses	1,845	1,956	1,865	2,066	2,066	2,064	2,124	2,321
Other Revenues	468	12	6	38	100	20	15	91
Other Expenses	10	7	162	1	5	0	85	404
Operating Profit	752	563	389	333	411	539	251	-207
(OP Margin)	26.3%	17.8%	12.8%	10.9%	12.7%	15.0%	7.2%	-5.9%
Advertising Platform Business (Former)	496	578	567	-	-	-	-	-
(Segment Profit Margin)	45.2%	46.2%	45.5%	-	-	-	-	-
Overseas Business	113	151	113	-	-	-	-	-
(Segment Profit Margin)	30.4%	37.8%	40.7%	-	-	-	-	-
Advertising Platform Business (New)	604	736	680	538	611	721	596	590
(Segment Profit Margin)	46.7%	50.9%	52.2%	42.8%	44.6%	48.4%	44.7%	43.1%
Marketing SaaS Business	126	260	256	287	186	216	161	83
(Segment Profit Margin)	14.6%	27.0%	23.6%	25.8%	17.3%	19.4%	13.9%	7.1%
Digital PR Business	202	150	78	103	114	211	110	111
(Segment Profit Margin)	28.6%	19.7%	11.5%	14.7%	14.1%	21.1%	11.0%	11.5%
Adjustment	-180	-583	-626	-596	-501	-609	-617	-992
(Adjusted Operating Profit*)	308	564	551	333	321	539	321	156
Equity in Earnings of Affiliates	-29	-32	-35	-47	-14	-36	-24	-25
Finance Income	37	-30	0	2	2	0	101	13
Finance Costs	10	95	-8	56	48	47	34	249
Profit Before Tax	750	406	351	232	350	456	293	-469
Profit	620	318	431	163	243	328	247	-336
Profit Attributable to Owners of Parent	568	292	417	150	196	293	225	-347
Net Profit Margin	19.9%	9.2%	13.7%	4.9%	6.1%	8.2%	6.5%	-9.9%

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.

Adjusted operating 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 13. 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. Adjusted operating 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 14. 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	1,053
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	1,329
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	1,821
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 15. 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 16. 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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