

Q3 Results: Upward Trend Since Q2 Continues. But the Stock Still Appears Undervalued

FY25/3 Q3 results are sales of ¥8.3bn (+50% YoY), gross profit of ¥6.4bn (+42%), operating profit of ¥2.1bn (+72%) and net profit of ¥1.7bn (+96%) mainly due to smooth progress in acquiring large corporate clients. The large increase in operating profit was partly due to the recording of a one-off profit, but even ignoring this effect, the company achieved a high growth rate of +51% YoY.

The new FY25/3 forecast that has taken into account the consolidation of Socialwire, is sales of ¥12bn (+50% YoY), gross profit of ¥9.1bn (+43%), operating profit of ¥2.5bn (+62%) and net profit of ¥1.8bn (+13%). As of Q2, while sales and gross profit progress rates are in the 40% range, operating and net profit are both over 60%.

Although the stock price has been on an upward trend since the FY25/3 forecast revision in Q2, shareholders' capital has also increased and the PBR (2.6 times) is still at the same level as FY24/3. Considering that the 2.6 times in FY24/3 was a level after a decline that was due to a drop in one-time profits following the acquisition of Zelto; and that PBR was in the 7 times range even in FY22/3 and was not affected by the one-time profits related to Zello, the current level still seems cheap.

Compared to Japanese peers, the highest ROE over the past year is Wills at 33%, Cybozu at 31%, Geniee at 25% and Feedforce Group at 24%. The PBRs of each company are 6.1x for Wills, 10.9x for Cybozu, 2.6x for Geniee and 4.0x for Feedforce Group, making Geniee undervalued. On the other hand, when comparing the 3-year CAGR of operating cash flow, Wills is 26 %, Cybozu is 12.8 %, Geniee is 27 % and Feedforce Group is -4%, making Cybozu's growth rate stand out.

Share Price & Volumes (Past Year)



Source: Strategy Advisors

Key Indicators

Stock Price (2025/3/17)	1,699
YTD High (2025/2/20)	1,847
YTD Low (2025/1/21)	1,478
All-Time High (2017/12/28)	2,678
All-Time Low (2018/12/25)	409
Shares Issued (mn)	18
Market Capitalization (¥ bn)	20.6
EV (¥ bn)	28.7
Equity Ratio (Actual, %)	37.7
ROE (24/3%)	16.9
PER (25/3 Forecast, Times)	11.4
PBR (24/3 Actual, Times)	2.6
Yield (25/3 CoE, %)	-

Source: Strategy Advisors

Consolidated (Changed from the Japanese GAAP to IFRS in FY23/3)

FY	Sales (¥ mn)	YoY (%)	OP (¥ mn)	YoY (%)	RP (¥ mn)	YoY (%)	NP (¥ mn)	YoY (%)	EPS (¥)	DPS (¥)
FY24/3 Q3	5,892	24.9	1,237	54.0	1,079	28.1	861	35.4	48.7	0.0
FY25/3 Q3	8,283	40.6	2,131	72.3	1,905	76.6	1,686	95.8	112.2	0.0
FY22/3	14,459	2.8	739	277.0	746	400.7	336	229.4	18.7	0.0
FY23/3	6,455	-	2,457	232.5	2,279	205.5	2,115	529.5	119.5	0.0
FY24/3	8,013	24.1	1,539	-37.4	1,277	-44.0	1,032	-51.2	58.3	0.0
FY25/3 CoE	12,000	49.8	2,500	62.4	2,400	87.9	1,800	74.4	123.2	0.0

Source: Strategy Advisors. Based on Company Data

1. Steadily Expanding Business Performance in FY25/3 Q3

Significant Increase in Sales and Profits in FY25/3 Q3

Geniee's consolidated results for the third quarter of fiscal year 25/3 showed sales of ¥8.283 billion (+41% YoY), gross profit of ¥6.396 billion (+42% YoY), operating profit of ¥2.131 billion (+72% YoY) and net profit of ¥1.686 billion (+96% YoY), which shows increases in both sales and profits.

Recorded One-Off Gains Related to the Reversal of an Earn-Out and the Transition of JAPAN AI to an Affiliated Company

The main reason for the large increase in operating profit was a one-off profit, which consisted of a reversal of the earn-out (an obligation to pay additional money according to conditions after the M&A is completed) of ¥640 million in the first quarter; and ¥320 million due to the transition from a consolidated subsidiary to an affiliated company following the fundraising of JAPAN AI in the second quarter and another ¥70 million in gains on sale related to the liquidation of the shared office business by Socialwire. The earn-out was an incentive granted at the time of the acquisition of Zelto if certain performance conditions were met three years later, but since it was based on a plan that did not take into account the current US market conditions, the grantees were asked to waive their earn-out rights, and instead, a contract was concluded to grant performance-linked bonuses based on a plan that takes into account the current market environment. As a result, the unpaid amount related to the earn-out that was recorded at the time of the acquisition was reversed and recorded as profit.

Increased Revenue and Profits Even Without One-Off Profits

The one-time profit related to the reversal of earn-out is recorded as "other income" included in operating profit, but in order to ignore this impact, "normal profit" obtained by subtracting the one-time profit and loss from operating profit was ¥691 million in the third quarter of the fiscal year ending March 2024 and ¥1.042 billion in the third quarter of the fiscal year ending March 2025, an increase of ¥351 million or 51% compared to the same period last year.

Consolidated Sales Increased by ¥2.391 bn

Consolidated sales increased ¥2.391 billion compared to the same period last year, broken down by segments as follows: the advertising platform business increased ¥395 million, the marketing SaaS business increased ¥713 million, the overseas business increased ¥162 million and the newly added digital PR business increased by ¥1.469 billion.

The Main Reason for the Largest Increase in Sales was the Marketing SaaS Business, which Developed the Enterprise Demographic through SFA/CRM

The largest increase was in the Marketing SaaS business, where sales were ¥2.687 billion (+36% YoY), due mainly to a 50% increase in the number of paid accounts compared to the same period last year. This increase in the number of accounts was achieved as a result of the company's efforts to cultivate the enterprise demographic with SFA/CRM, taking advantage of its cost-effectiveness. Geniee's lower cancellation rate compared to other companies in the industry (2-7% for other companies, while Geniee's is less than 1%) also contributed to the increase in the number of accounts. Segment profits increased ¥235 million to ¥412 million (+52% YoY).

The Advertising Platform Business Saw Increased Revenue and Profits Due to Development of the Enterprise Demographic

The next largest increase was in the advertising platform business, with sales of ¥3.530 billion (+13% YoY), mainly due to the success of measures to improve profits for existing customers in SSP, the progress in developing the enterprise demographic, which led to an increase in average customer spending and the fact that DSP received orders for large projects in the branding field. Segment profit increased ¥48 million to ¥1.656 billion (+3% YoY).

Overseas Business Saw a Significant Increase in Profits due to Cost Reductions from Cross-Selling & Server Replacement

Sales from the overseas business increased to ¥1.112 billion (+17% YoY). Segment profit increased by ¥109 million to ¥290 million (+60% YoY). Profits increased significantly as a result of improving profitability by implementing cost reduction measures such as cross-selling of products within the Geniee Group and replacing servers.

In the Digital PR business, Socialwire Revised its Full-Year Earnings Forecast Upwards

The digital PR business operated by the newly acquired subsidiary Socialwire recorded sales of ¥1.469 billion and segment profit of ¥353 million. While the performance of the newswire business, influencer PR business, clipping business and risk check business, all grew overall, the influencer PR business grew significantly. Socialwire once again revised its full-year earnings forecast upward.

Figure 1. Geniee's 25/3 Q3 Financial Results Summary

(¥ Million)	24/3Q3 Total	25/3Q3 Total (A)	YoY	Progress Rate (A)/(B)	25/3 Company Forecast (B)
Sales	5,892	8,283	40.6%	69.0%	12,000
Advertising Platform Business	3,135	3,530	12.6%	71.2%	4,960
Marketing SaaS Business	1,974	2,687	36.1%	72.6%	3,700
Overseas Business	950	1,112	17.1%	74.1%	1,500
Digital PR Business	-	1,469	-	72.0%	2,040
Adjustment	-167	-515	-	-	-200
Cost of Sales	1,372	1,887	37.5%	65.1%	2,900
Gross Profit	4,520	6,396	41.5%	70.3%	9,100
Operating Profit	1,237	2,131	72.3%	85.2%	2,500
(Normal Profit*)	691	1,042	50.8%	-	-
Advertising Platform Business	1,608	1,656	3.0%	66.2%	2,500
Marketing SaaS Business	177	412	132.8%	51.5%	800
Overseas Business	181	290	60.2%	96.7%	300
Digital PR Business	-	353	-	88.3%	400
Corporate/Eliminations, etc.	-729	-580	-	-	-1,500
Profit Before Tax	1,079	1,905	76.6%	79.4%	2,400
Net Income	861	1,686	95.8%	93.7%	1,800

*Normal profit refers to operating profit minus one-time profits and losses.

Source: Company Data. Compiled by Strategy Advisors

2. Current Business Outlook

Revenues & Profits Expected to Increase for the Full Fiscal Year Ending March 2025

The full-year business performance forecast for the fiscal year ending March 2025 is sales of ¥12.000 billion (+50% YoY), cost of sales of ¥2.900 billion (+43%), gross profit of ¥9.100 billion (+43%), operating profit of ¥2.500 billion (+62%), profit before taxes of ¥2.400 billion (+15%) and net profit of ¥1.800 billion (+13%).

Revenues Expected to Increase in ALL Segments

Consolidated sales are expected to increase by ¥3.987 billion compared to the previous period, broken down by segment it is as follows: the advertising platform business will increase by ¥653 million, the marketing SaaS business will increase by ¥996 million, the overseas business will increase by ¥251 million and the newly added Digital PR business increases by ¥2.040 billion.

Marketing SaaS Business is Seeing Growth Centered on the Enterprise Sector

The marketing SaaS business is expected to see the largest increase in sales, at ¥3.700 billion (+37% YoY), mainly due to the promotion of growth in the enterprise field, mainly in the CHAT field, SFA/CRM and the recently released CDP. Segment profit is expected to increase by ¥584 million to ¥800 million (+270% YoY).

The Increase in Revenue from the Advertising Platform Business is Due to the Expansion of the Enterprise Domain Field

The next largest increase is expected to be in the advertising platform business, with sales forecasted at ¥4.960 billion (+15% YoY), due mainly to the strengthening of sales channels for major agencies and the expansion of the enterprise field through the development of the video field and major media. Segment profit is expected to increase by ¥255mn to ¥2.500 billion (+11% YoY).

Overseas Business to Focus on Cross-Selling and Enterprise Media

Sales from the overseas business are expected to be ¥1.500 billion (+20% YoY) and the increase in sales is mainly due to deepening cooperation with domestic supply and demand teams and working on cross-selling and developing new enterprise media. Segment profit is expected to increase by ¥99 million to ¥300 million (+49% YoY).

Sales in the Digital PR Business are Expected to Remain Stable

Sales of the digital PR business are expected to be at ¥2.040 billion, with sales expected to remain at the same level as in Q2 in 2H. Segment profit is expected to be ¥400 million.

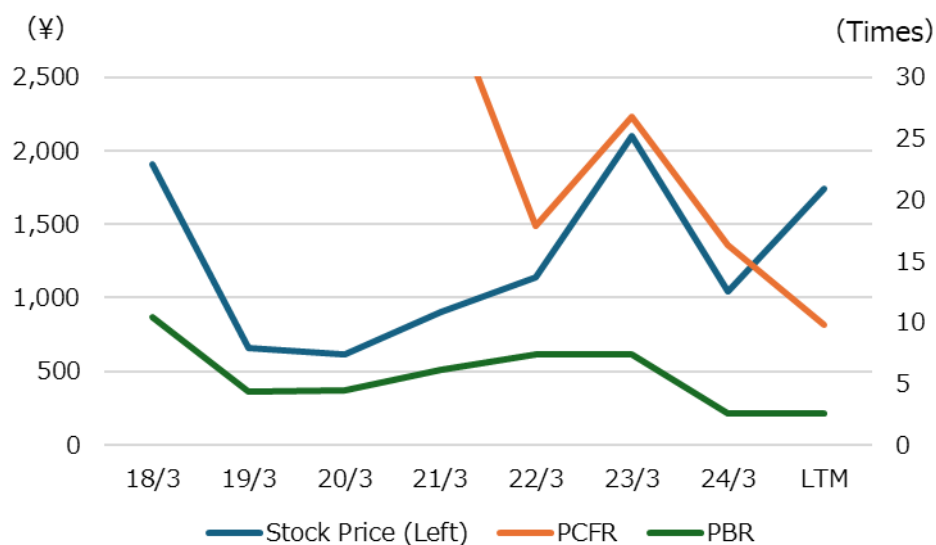
3. Stock Price Trends and Valuations

1) Comparison with Past Performance

PBR is Lower Than When the Company Posted Losses for the 2 Previous Years, Making the Stock Appear Undervalued

The stock price has been rising for a month since the announcement of the financial results, due to the upward revision of the earnings forecast from ¥1.700 billion in net income (¥1.740 billion including the digital PR business and without considering synergies and cost reductions) to ¥1.800 billion taking into account synergies, etc. On the other hand, as the accumulation of shareholders' capital has progressed, the PBR is at the same level as at the time of the full-year settlement of the fiscal year ending March 2024, which was 2.6 times. Considering that the 2.6 times in FY24/3 was this level after the decline due to the loss of one-time profits following the acquisition of Zelto; and PBR was in the 7 times range even in FY22/3, which was not affected by the one-time profits related to Zelto, and that the PBR was in the 4 times range even from FY19/3 to FY20/3, when there was a net loss for the current term, the current level still seems cheap.

Figure 2. Geniee's Stock Price, PCFR & PBR Trends



Source: Company Data. Compiled by Strategy Advisors

Figure 3. Geniee's Stock Price and Major Index Trends

	18/3	19/3	20/3	21/3	22/3	23/3	24/3	LTM
Stock Price (¥)	1,903	658	618	903	1,142	2,102	1,046	1,738
Operating CF (¥ mn)	292	203	73	431	1,140	1,389	1,140	2,200
PCFR (times)	114.1	57.9	152.0	37.8	17.8	26.8	16.3	9.8
Net Income (¥ mn)	63	-545	-179	102	336	2,115	1,032	1,857
PER (times)	528.9	-	-	159.8	60.2	17.6	17.9	11.6
PBR (times)	10.4	4.3	4.4	6.1	7.4	7.4	2.6	2.6
ROE	2.6%	-18.4%	-6.8%	3.9%	12.5%	-	16.7%	25.2%

Source: Company Data. Compiled by Strategy Advisors

2) Comparison with Japanese Competitors

Geniee's ROE & PBR Seem Relatively Undervalued

Comparing 12 representative Japanese companies (including Geniee) involved in advertising platforms, marketing SaaS and PR businesses, the highest ROE over the past year is Wills (4482 TSE Growth) at 33%, Cybozu (4776 TSE Prime) at 31%, Geniee at 25% and Feedforce Group (7068 TSE Growth) at 24%. The PBRs of each company are 6.1x for Wills, 10.9x for Cybozu, 2.6x for Geniee and 4.0x for Feedforce Group, making Geniee undervalued.

Cybozu Has the Highest Operating CF Growth Rate

On the other hand, when comparing the 3-year CAGR of operating cash flow, Wills is at 26 %, Cybozu at 12.8 %, Geniee at 27 % and Feedforce Group at -4%, with Cybozu 's growth rate standing out.

Figure 4. Key Indicators for Major Japanese Companies Involved in Advertising Platforms, Marketing SaaS & Corporate PR Businesses

Company Name	Ticker	Accounting Period	ROE	PBR (Times)	PER (Times)	OCF (¥ mn)	3-Year CAGR	PCFR (Times)	Daily Trading Volume (¥ mn)
Wills	4482	24/12	33.6%	6.1	19.4	1,072	26%	12.2	14
Cybozu	4776	24/12	31.1%	10.9	35.6	5,601	128%	22.6	1,274
Geniee	6562	24/12	25.2%	2.6	11.6	2,200	27%	9.8	157
Feedforce Group	7068	24/12	23.6%	4.0	17.3	926	-4%	13.0	31
Brain Pad	3655	24/12	21.0%	3.9	20.0	1,673	14%	14.2	511
F Code	9211	24/12	18.3%	2.9	21.4	914	107%	3.8	236
User Local	3984	24/12	17.3%	3.5	21.6	1,612	23%	17.2	166
Value Commerce	2491	24/12	16.2%	1.4	6.3	3,461	-14%	6.2	284
Kyodo PR	2436	24/12	15.8%	1.9	12.7	911	27%	7.4	42
Bridge International	7039	24/12	15.5%	1.6	10.3	957	2%	7.1	16
CARTA HOLDINGS	3688	24/12	7.1%	1.6	22.3	2,576	-29%	14.6	39
Digital Holdings	2389	24/12	4.5%	0.9	19.5	6,920	-17%	3.8	158
LINE Yahoo!	4689	24/12	3.9%	1.2	31.2	573,880	22%	6.4	5,680

* Consolidated operating CF and ROE are for the past year, and transaction size is the average daily value for the past three months. Source: Prepared by Strategy Advisors based on data from each company.

Figure 5. Major Business Portfolios of Representative Japanese Companies Involved in Advertising Platforms, Marketing SaaS & Corporate PR Businesses

Company Name	Ticker	Sales (¥ mn)	Advertising Platform			Marketing SaaS				PR
			SSP	DSP	DMP	MA	SFA/CRM	Chat	AI	
Wills	4482	5,072	-	-	-	-	-	-	-	Y
Cybozu	4776	29,675	-	-	-	-	Y	-	Y	-
Geniee	6562	10,404	Y	Y	Y	Y	Y	Y	Y	Y
Feedforce Group	7068	4,170	-	-	-	Y	-	-	Y	-
Brain Pad	3655	11,267	-	-	Y	Y	-	-	Y	-
F Code	9211	5,131	-	-	-	Y	-	Y	Y	-
User Local	3984	4,225	-	-	-	-	-	Y	Y	-
Value Commerce	2491	30,410	-	-	-	-	Y	-	-	-
Kyodo PR	2436	7,324	-	-	-	-	-	-	-	Y
Bridge International	7039	8,615	-	-	-	Y	Y	-	Y	-
CARTA HOLDINGS	3688	24,275	Y	Y	-	-	-	-	-	-
Digital Holdings	2389	16,155	-	-	-	-	Y	-	-	-
LINE Yahoo!	4689	1,896,582	Y	Y	Y	Y	-	Y	Y	-

*Sales figures are for the past one year.

Source: Compiled by Strategy Advisors. Based on Data from Each Company

3) Comparison with Global Competitors

Using PCFR as a Measure to Compare with Overseas Companies

Some overseas companies have posted stock-based compensation expenses and are in the red even at the operating profit stage, so we will compare them using PCFR, a stock price indicator that uses operating cash flow. There is no absolute financial indicator that shows the appropriate level of PCFR, but growth is one factor that increases PCFR, so we will compare the 3-year CAGR of operating cash flow with PCFR. For operating cash flow, we used figures for the most recent year (if the most recent quarterly settlement is in September, then the year going back from the end of September) and the corresponding figure for the year 4-years prior.

There are Several Japanese Companies Whose Operating CF Growth Rate is Lower than Geniee's, but Whose PCFR is Higher Than Geniee's

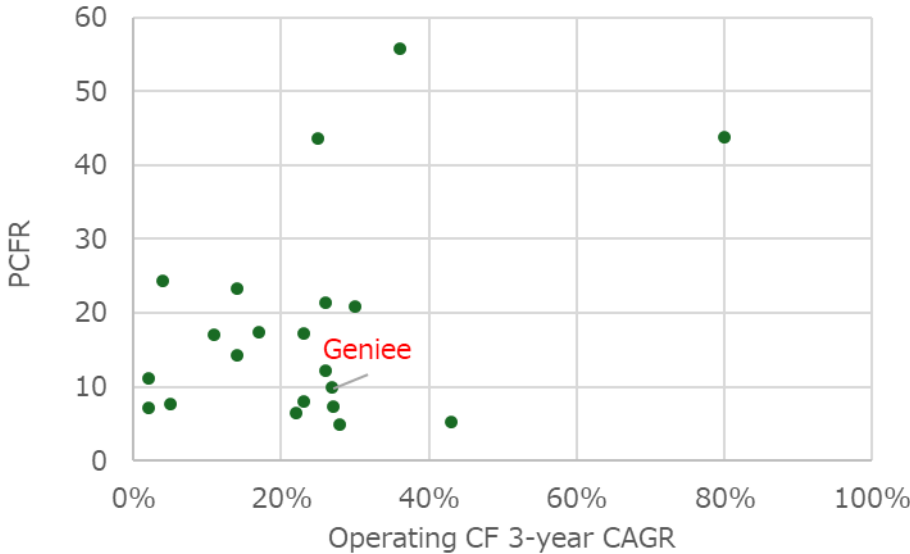
When comparing the PCFR in descending order, there are Japanese companies with lower growth rates but higher PCFR's than Geniee (3-year CAGR 27%, PCFR 9.8x); such as User Local (3984 TSE Prime) (3-year CAGR 23%, PCFR 17.2x), CARTA HOLDINGS (3688 TSE Prime) (3-year CAGR -29%, PCFR 14.6x), Brainpad (3655 TSE Prime) (3-year CAGR 14%, PCFR 14.2x), Feedforce Group (3-year CAGR -4%, PCFR 13.0x) and Wills (3-year CAGR 26%, PCFR 12.2x). Most of these Japanese companies have daily trading volumes lower than Geniee, which makes Geniee's stock price look relatively undervalued.

Geniee | 6562 (TSE Growth)

Geniee Has a Higher Growth Rate than Microsoft & Adobe. But its Stock Price is Cheaper

In addition, companies with higher PCFR's than these Japanese companies include two major American IT companies, Microsoft (MSFT NASDAQ) and Adobe (ADBE NASDAQ). Although these two companies are significantly larger in scale than Geniee, Geniee has a higher 3-year CAGR of operating cash flow.

Figure 6. Relationship Between PCFR & 3-Year Average Growth Rate of Operating Cash Flow



Source: Company Data. Compiled by Strategy Advisors

Figure 7. Key Indicators of Major Companies Involved in the Advertising Platform, Marketing SaaS & Corporate PR Businesses (Descending Order of PCFR)

Company Name	Ticker	Country	FY	OCF (¥ mn)	3Y CAGR	PCFR	Daily Trading Volume (¥ mn)
HubSpot	HUBS	US	24/12	89,790	36%	55.8	54,419
AppLovin	APP	US	24/12	314,852	80%	43.8	360,129
Trade Desk	TTD	US	24/12	110,918	25%	43.6	96,656
Freshworks	FRSH	US	24/12	24,097	141%	30.0	10,180
Adobe	ADBE	US	24/11	1,208,400	4%	24.3	271,163
Microsoft	MSFT	US	24/12	18,837,450	14%	23.3	1,422,615
Cybozu	4776	Japan	24/12	5,601	128%	22.6	1,274
Oracle	ORCL	US	24/11	3,043,050	26%	21.4	282,387
Salesforce	CRM	US	25/01	1,963,800	30%	20.8	328,330
Pegasystems	PEGA	US	24/12	51,889	107%	18.9	11,523
Meta Platforms	META	US	24/12	13,699,200	17%	17.4	1,453,884
User Local	3984	Japan	24/12	1,612	23%	17.2	166
Alphabet	GOOGL	US	24/12	18,794,850	11%	17.0	858,769
CARTA HOLDINGS	3688	Japan	24/12	2,576	-29%	14.6	39
Brain Pad	3655	Japan	24/12	1,673	14%	14.2	511
Feedforce Group	7068	Japan	24/12	926	-4%	13.0	31
Wills	4482	Japan	24/12	1,072	26%	12.2	14
Baidu	09888	China	24/12	424,680	2%	11.2	22,150
Geniee	6562	Japan	24/12	2,200	27%	9.8	157
Thryv Holdings	THRY	US	24/12	13,467	-19%	8.1	1,260
Magnite	MGNI	US	24/12	35,280	23%	8.0	5,874
Criteo	CRTO	France	24/12	38,724	5%	7.7	2,555
Kyodo PR	2436	Japan	24/12	911	27%	7.4	42
Bridge International	7039	Japan	24/12	957	2%	7.1	16
PubMatic	PUBM	US	24/12	11,014	-6%	6.5	832
LINE Yahoo!	4689	Japan	24/12	573,880	22%	6.4	5,680
Value Commerce	2491	Japan	24/12	3,461	-14%	6.2	284
Taboola.com	TBLA	US	24/12	27,650	43%	5.2	774
Verve Group	VER	Sweden	24/12	21,919	28%	4.9	237
Digital Holdings	2389	Japan	24/12	6,920	-17%	3.8	158
F Code	9211	Japan	24/12	914	107%	3.8	236

* Consolidated operating cash flow is for the past year, and transaction size is the average daily value for the past three months.

Source: Prepared by Strategy Advisors. Based on Data from Each Company

Figure 8. Major Business Portfolios of Peer Companies

Company Name	Ticker	Country	OCF (\$ mn)	Advertising Platform			Marketing SaaS				PR
				SSP	DSP	DMP	MA	SFA/CRM	Chat	AI	
HubSpot	HUBS	US	52,645	-	-	-	Y	Y	-	Y	-
AppLovin	APP	US	159,227	Y	Y	-	Y	-	-	Y	-
Trade Desk	TTD	US	89,749	-	Y	Y	-	-	-	-	-
Freshworks	FRSH	US	12,926	-	-	-	Y	Y	Y	Y	-
Adobe	ADBE	US	1,095,300	-	Y	Y	Y	-	-	Y	-
Microsoft	MSFT	US	17,782,200	Y	Y	Y	Y	Y	Y	Y	-
Cybozu	4776	Japan	29,675	-	-	-	-	Y	-	Y	-
Oracle	ORCL	US	2,800,950	-	-	Y	Y	Y	Y	Y	-
Salesforce	CRM	US	1,535,091	-	-	Y	Y	Y	Y	Y	-
Pegasystems	PEGA	US	49,392	-	-	-	-	Y	Y	Y	-
Meta Platforms	META	US	10,666,950	Y	Y	-	-	-	-	-	-
User Local	3984	Japan	4,225	-	-	-	-	-	Y	Y	-
Alphabet	GOOGL	US	15,261,900	Y	Y	Y	-	-	Y	Y	-
CARTA HOLDINGS	3688	Japan	24,275	Y	Y	-	-	-	-	-	-
Brain Pad	3655	Japan	11,267	-	-	Y	Y	-	-	Y	-
Feedforce Group	7068	Japan	4,170	-	-	-	Y	-	-	Y	-
Wills	4482	Japan	5,072	-	-	-	-	-	-	-	Y
Baidu	09888	China	732,300	Y	Y	Y	-	-	Y	Y	-
Geniee	6562	Japan	1,140	Y	Y	Y	Y	Y	Y	Y	Y
Thryv Holdings	THRY	US	16,250	-	-	-	Y	Y	Y	Y	-
Magnite	MGNI	US	32,155	Y	-	-	-	-	-	-	-
Criteo	CRTO	France	33,637	Y	Y	-	-	-	-	-	-
Kyodo PR	2436	Japan	7,324	-	-	-	-	-	-	-	Y
Bridge International	7039	Japan	-	-	-	Y	Y	-	Y	-	-
PubMatic	PUBM	US	12,168	Y	-	-	-	-	-	-	-
LINE Yahoo!	4689	Japan	316,477	Y	Y	Y	Y	-	Y	Y	-
Value Commerce	2491	Japan	3,950	-	-	-	-	Y	-	-	-
Taboola.com	TBLA	US	21,906	Y	-	-	-	-	-	-	-
Verve Group	VER	Sweden	19,350	Y	Y	Y	-	-	-	-	-
Digital Holdings	2389	Japan	5,354	-	-	-	-	Y	-	-	-
F Code	9211	Japan	5,131	-	-	-	Y	-	Y	Y	-

* OCF is the figure for the most recent year. Source: Prepared by Strategy Advisors. Based on Data from Each Company

Figure 9. Cumulative Quarterly Performance Trends (¥ million)

Accounting Period	23/3	24/3	25/3	25/3	25/3
	Q3	Q3	Q3	Full-Year	Progress Rate
Sales	4,718	5,892	8,283	12,000	69.0%
(YoY Comparison)	-	24.9%	40.6%	49.8%	-
Advertising Platform Business	2,912	3,135	3,530	4,960	71.2%
(YoY Comparison)	-	7.7%	12.6%	15.2%	-
Digital PR Business	-	-	1,469	2,040	72.0%
(YoY Comparison)	-	-	-	-	-
Marketing SaaS Business	1,377	1,974	2,687	3,700	72.6%
(YoY Comparison)	73.4%	43.4%	36.1%	36.8%	-
Overseas Business	583	950	1,112	1,500	74.1%
(YoY Comparison)	-	63.0%	17.1%	20.1%	-
Adjustment Amount	-154	-167	-515	-200	-
Cost of Sales	951	1,372	1,887	2,900	65.1%
Gross Profit	3,767	4,520	6,396	9,100	70.3%
(Gross Profit Margin)	79.8%	76.7%	77.2%	75.8%	-
SG&A	2,918	3,837	5,379	-	-
Other Revenues	30	560	1,132	-	-
Other Expenses	76	6	18	-	-
Operating Profit	803	1,237	2,131	2,500	85.2%
(Operating Profit Margin)	17.0%	21.0%	25.7%	20.8%	-
Advertising Platform Business	1,595	1,608	1,656	2,500	66.2%
(Profit Margin)	54.8%	51.3%	46.9%	50.4%	-
Digital PR Business	-	-	353	400	88.3%
(Profit Margin)	-	-	24.0%	19.6%	-
Marketing SaaS business	-3	177	412	800	51.5%
(Profit Margin)	-0.2%	9.0%	15.3%	21.6%	-
Overseas Business	308	181	290	300	96.7%
(Profit Margin)	52.8%	19.1%	26.1%	20.0%	-
Adjustment Amount	-1,098	-729	-580	-1,500	-
(Normal Profit*)	-	691	1,042	-	-
Financial Revenue	80	25	10	-	-
Finance Charges	41	183	175	-	-
Profit Before Tax	842	1,079	1,905	2,400	79.4%
Net Income	636	861	1,686	1,800	93.7%
Net Profit Margin	13.5%	14.6%	20.4%	15.0%	-

*Normal profit refers to operating profit minus one-time profits and losses. Source: Created by Strategy Advisors. Based on Company Materials

Figure 10. Quarterly Performance Trends (¥ mn)

Accounting Period	24/3				25/3		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sales	1,796	1,963	2,134	2,120	2,266	2,856	3,161
(YoY Comparison)	22.3%	25.0%	27.1%	22.1%	26.2%	45.5%	48.2%
Advertising platform Business	948	1,032	1,155	1,172	1,179	1,098	1,252
(YoY Comparison)	-0.9%	8.9%	15.3%	18.3%	24.4%	6.4%	8.4%
Digital PR Business	-	-	-	-	-	708	761
(YoY Comparison)	-	-	-	-	-	-	-
Marketing SaaS Business	604	673	697	730	859	864	963
(YoY Comparison)	55.2%	41.0%	37.3%	24.3%	42.4%	28.4%	38.2%
Overseas Business	306	305	338	299	335	375	402
(YoY Comparison)	85.5%	52.5%	99.6%	389.4%	9.2%	22.9%	18.9%
Adjustment Amount	-63	-47	-57	-81	-108	-190	-218
Cost of Sales	423	462	487	501	525	716	646
Gross Profit	1,373	1,501	1,646	1,619	1,741	2,140	2,516
(Gross Profit Margin)	76.4%	76.5%	77.2%	76.4%	76.8%	74.9%	79.6%
SG&A	1,266	1,282	1,289	1,416	1,577	1,846	1,957
Other Revenues	3	555	1	116	652	468	12
Other Expenses	2	1	2	18	0	10	8
Operating Profit	107	773	356	302	816	752	563
(Operating Profit Margin)	6.0%	39.4%	16.7%	14.2%	36.0%	26.3%	17.8%
Advertising Platform Business	460	509	639	637	581	490	578
(Profit Margin)	48.5%	49.3%	55.3%	54.4%	49.3%	44.5%	46.2%
Digital PR Business	-	-	-	-	-	202	151
(Profit Margin)	-	-	-	-	-	19.6%	19.8%
Marketing SaaS business	44	66	67	39	25	130	261
(Profit Margin)	7.3%	9.8%	9.6%	5.3%	2.9%	14.4%	27.1%
Overseas business	56	60	65	20	24	110	152
(Profit Margin)	18.3%	19.7%	19.2%	6.7%	7.2%	28.2%	37.8%
Adjustment Amount	-454	140	-415	-394	185	-187	-578
(Normal Profit*)	107	220	356	190	170	308	564
Financial Revenue	18	2	4	6	3	37	-30
Finance Charges	121	90	-28	110	70	10	95
Profit Before Tax	5	685	388	198	748	750	406
Net Income	1	631	229	170	672	667	347
Net Profit Margin	0.1%	32.2%	10.7%	8.0%	29.7%	23.3%	11.0%

*Normal profit refers to operating profit minus one-time profits and losses. Source: Created by Strategy Advisors. Based on Company Materials

Figure 11. Consolidated Income Statement (¥ mn)

Accounting Period	18/3	19/3	20/3	21/3	22/3	23/3	24/3	25/3e
Sales	14,381	14,955	14,348	14,062	14,459	6,455	8,013	12,000
Advertising Platform Business	-	-	-	-	11,246	3,919	4,307	4,960
Marketing SaaS Business	-	-	-	-	1,177	1,976	2,704	3,700
ARR (SaaS Business)	-	-	-	-	980	1,940	2,414	-
ARR (SFA/CRM)	-	-	75	159	215	325	474	-
ARR (CHAT)	-	-	39	53	223	690	881	-
ARR (ANALYTICS)	-	-	-	-	-	307	421	-
Overseas Business	-	-	-	-	2,132	784	1,249	1,500
Digital PR Business	-	-	-	-	-	-	-	2,040
Adjustment Amount	-	-	-	-	-95	-224	-248	-200
Cost of Sales	11,923	13,008	12,127	11,453	10,676	1,313	1,874	2,900
Gross Profit	2,457	1,947	2,221	2,608	3,783	5,142	6,139	9,100
Gross Profit Margin	17.1%	13.0%	15.5%	18.5%	26.2%	79.7%	76.6%	75.8%
SG&A	1,930	2,257	2,312	2,413	3,045	2,685	4,600	-
Operating Profit	528	-310	-91	196	739	2,457	1,539	2,500
Advertising Platform Business	-	-	-	-	1,719	2,164	2,245	2,500
Marketing SaaS Business	-	-	-	-	49	86	216	800
Overseas Business	-	-	-	-	163	339	201	300
Digital PR Business	-	-	-	-	-	-	-	400
Adjustment Amount	-	-	-	-	-1,343	-132	-1,123	-1,500
Operating Profit Margin	3.7%	-2.1%	-0.6%	1.4%	5.1%	38.1%	19.2%	20.8%
(Normal Profit*)	-	-	-	-	-	1,110	870	-
Non-Operating Income	8	2	9	16	46	20	31	-
Non-Operating Expenses	68	22	60	62	39	198	293	-
Ordinary Profit	467	-330	-142	149	746	2,279	1,277	2,200
Ordinary Profit Margin	3.2%	-2.2%	-1.0%	1.1%	5.2%	35.3%	15.9%	21.6%
Extraordinary Profit and Loss	-277	-148	-31	-14	-247	0	0	-
Net Income Before Taxes	191	-479	-173	136	500	2,279	1,277	2,400
Pre-Tax Profit Margin	1.3%	-3.2%	-1.2%	1.0%	3.5%	35.3%	15.9%	20.0%
Corporate Tax etc.	130	63	5	34	161	168	242	-
Net Income	63	-545	-179	102	336	2,115	1,032	1,800
Net Profit Margin	0.4%	-3.6%	-1.2%	0.7%	2.3%	32.8%	12.9%	15.0%

*Normal profit refers to operating profit minus one-time profits and losses. Source: Created by Strategy Advisors. Based on Company Materials

Figure 12. Consolidated Balance Sheet (¥ mn)

Accounting Period	18/3	19/3	20/3	21/3	22/3	23/3	24/3
Cash and Deposits	2,542	1,619	1,198	1,092	1,477	2,844	2,494
Trade Receivables	1,855	1,085	1,131	1,479	2,032	2,489	3,095
Inventory	0	0	0	0	0	1	0
Deferred Tax Assets	40	0	0	0	0	0	0
Other Current Assets	11 6	180	145	156	306	338	355
Current Assets	4,513	2,884	2,474	2,727	3,815	5,672	5,944
Tangible Fixed Assets	319	638	532	447	471	973	642
Goodwill	27	401	305	1,025	1,416	9,423	10,444
Other Intangible Fixed Assets	419	296	544	1,049	1,186	1,184	1,628
Intangible Fixed Assets	446	697	849	2,074	2,602	10,607	12,072
Investments and Other Assets	263	417	414	404	448	604	539
Total Fixed Assets	1,028	1,752	1,795	2,925	3,521	12,184	13,253
Total Assets	5,541	4,636	4,269	5,652	7,336	17,855	19,197
Trade Payables	1,299	869	781	1,012	1,513	1,671	1,909
Accounts Payable and Accrued Expenses	0	0	0	0	0	732	0
Interest-Bearing Debt	178	178	276	656	1,271	7,612	1,848
Current Liabilities	408	438	387	486	705	313	1,119
Current Liabilities	1,885	1,485	1,444	2,154	3,489	10,328	4,876
Interest-Bearing Debt	451	311	150	713	966	1,280	6,221
Asset Retirement Obligations	0	125	126	127	144	0	0
Other fixed Liabilities	0	0	0	0	5	1,214	810
Fixed Liabilities	451	436	276	840	1,115	2,494	7,031
Total Liabilities	2,336	1,921	1,720	2,994	4,604	12,822	11,907
Capital and Surplus	3,044	3,083	3,095	3,107	2,672	2,695	2,819
Retained Earnings	160	-385	-564	-462	307	2,545	3,577
Treasury Stock	0	0	0	0	-300	-330	-402
Shareholders' Equity	3,203	2,698	2,531	2,644	2,679	4,990	7,248
Valuation Difference	0	10	9	11	42	80	1,254
Stock Acquisition Rights	0	0	1	2	3	5	4
Total Net Assets	5,541	4,636	4,269	5,652	7,336	17,855	19,197
Liabilities and Net Assets	5,541	4,636	4,269	5,652	7,336	17,855	19,197

Source: Company Data. Compiled by Strategy Advisors

Figure 13. Consolidated Operating Cash Flow (¥ mn)

Accounting Period	18/3	19/3	20/3	21/3	22/3	23/3	24/3
Profit Before Tax	191	-479	-173	136	500	2,279	1,277
Depreciation	256	330	306	392	587	642	746
Impairment Loss	-	172	25	-	203	0	-
Loss on Disposal of Fixed Assets	-	-	-	-	-	285	-
Unrealized Gains and Losses on Securities and Investment Securities	278	1	1	0	0	0	0
Gain or Loss on Step Acquisition	-	-	-	-	-	-1,623	-
Allowance for Doubtful Accounts	34	14	11	6	2	-	-
Corporate Tax Paid	-145	-183	79	-23	-64	-251	-65
Other Operating Cash Flows	-322	348	-176	-80	-88	57	-818
Cash Flows from Operating Activities	292	203	73	431	1,140	1,389	1,140
Acquisition of Securities and Investment Securities	-111	-55	-1	0	0	-33	-45
Sales of Securities and Investment Securities	0	0	0	0	0	0	145
Acquisition and Sale of Tangible and Intangible Fixed Assets	-142	-487	-345	-595	-723	-760	-844
Acquisition of Subsidiary Shares	-	-173	-71	-863	-520	-5,129	-
Others	-77	-281	2	2	-31	-45	-87
Cash Flows from Investing Activities	-330	-996	-415	-1,456	-1,274	-5,967	-831
Issuance of Shares	1,539	39	12	9	0	0	7
Redemption and Cancellation of Shares	0	0	0	0	-299	-31	0
Dividend Payment	1,050	6,400	6,400	0	0	0	0
Borrowings	-97	-100	-2	-254	869	6,250	-487
Other Financial Cash Flows	-1,100	-6,477	-6,486	1,157	-86	-293	-357
Cash Flows from Financing Activities	1,392	-138	-76	912	484	5,926	-837
Free Cash Flow	-38	-793	-342	-1,025	-134	-4,578	309

Source: Company Data. Compiled by Strategy Advisors

Figure 14. Indicators, ROE & KPI's

Accounting Period	18/3	19/3	20/3	21/3	22/3	23/3	24/3	25/3e
EPS (¥)	3.8	-30.8	-10.0	5.7	18.7	119.5	58.3	123.2
BPS (¥)	183.0	151.5	141.5	147.1	153.6	282.5	0.0	
Dividend Per Share (¥)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend Payout Ratio	-	-	-	-	-	-	-	-
Closing Price (¥)	1,903	658	618	903	1,142	2,102	1,046	
PER (Multiple)	528.9	0.0	0.0	159.8	60.2	17.6	17.9	11.4
PBR (Multiple)	10.4	4.3	4.4	6.1	7.4	7.4	2.6	
Number of Shares Issued at End of Period ('000)	17,508	17,868	17,958	18,048	18,048	18,048	18,056	
Number of Treasury Stocks (Shares)	0	0	0	0	330	365	347	
Number of Treasury Stocks Excluded ('000 Shares)	17,508	17,868	17,958	18,048	17,718	17,683	17,710	
Market Capitalization (¥ Million)	33,318	11,757	11,098	16,297	20,234	37,170	18,524	
Shareholders' Equity Ratio	57.8	58.4	59.5	47.0	37.1	28.0	37.8	
Interest-Bearing Debt Balance	629.0	489.0	426.0	1,369.0	2,237.0	8,892.0	8,068.0	
D/E Ratio	0.2	0.2	0.2	0.5	0.8	1.8	1.1	
EV (Enterprise Value)	31,407	10,634	10,333	16,574	21,002	43,256	24,140	
EBITDA (¥ Million)	784	20	215	588	1,326	3,099	2,285	
EV/EBITDA (Multiple)	40.1	531.7	48.1	28.2	15.8	14.0	10.6	
ROE	2.6	-18.4	-6.8	3.9	12.5	-	16.9	
ROIC (Invested Capital)	13.2	-10.6	-3.1	4.6	12.9	-	8.9	
ROIC (Business Assets)	36.1	-26.0	-5.9	6.9	17.6	-	9.8	
Number of Employees	242	258	264	307	346	566	617	

Source: Company Data. Compiled by Strategy Advisors

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