

FY3/2025 Financial Results Show Significant Increases in Revenues & Profits. FY3/2026 Plans to Increase Profits by 54% Excl. One-Time Gains. PBR Appears Undervalued Relative to Past Performance & Peers

FY3/2025 results showed a significant increase in both revenue and profit, with revenue of ¥11.32 billion (+41% YoY), gross profit of ¥8.81 billion (+44%), operating profit of ¥2.52 billion (+64%) and profit attributable to owners of the parent of ¥1.95 billion (+89%). The increase in operating profit of ¥982 million is due into an increase in normalized profit of ¥717 million, calculated by deducting one-time gains from operating profit and an increase in one-time gains of ¥265 million.

By business segment, the Marketing SaaS Business saw a 39% increase in sales YoY due to favorable performance of SFA, CHAT and ANALYTICS. Advertising Platform Business saw an 11% increase in sales YoY due to an increase in enterprise customers, etc. Overseas Business saw an 11% increase in sales YoY due to increased cross-selling within the group following the integration of organizational and operational structures with domestic SSP's. Revenue from the Digital PR Business operated by Social Wire, which was made a subsidiary in FY3/2025Q2, was ¥2.15 billion for the 9-months due to the contribution of large-scale projects in the influencer PR business, etc.

The company's forecast for FY3/2026 is revenue of ¥15.3 billion (+35% from FY3/2025), gross profit of ¥11.8 billion (+34%), operating profit of ¥2.75 billion (+9%) and profit attributable to owners of the parent of ¥1.96 billion (0% change). Although the growth in operating profit is expected to slow due to a significant decrease in one-time gains, normalized profit excluding one-time gains is expected to increase by 54% from the previous fiscal year; mainly due to the Advertising Platform Business, which is expected to benefit from the domestic and overseas integration. In addition, the risk of impairment of goodwill associated with the acquisition of Zelto has been significantly reduced due to the domestic and overseas integration of supply-side businesses in the Advertising Platform Business.

Stock Price & Trading Volumes (Past Year)



Source: Strategy Advisors.

Key Indicators

Stock Price (06/12/25)	1,527
YTD High (03/05/25)	1,876
YTD Low (04/07/25)	1,220
52-Week High (03/05/25)	1,876
52-Week Low (08/05/24)	950
# of Shares Issued (mn)	12.1
Market Cap. (¥bn)	18.5
EV (¥bn)	26.7
Equity Ratio (FY3/25, %)	54.8
ROE (FY3/25 Actual, %)	9.7
PER (FY3/26 CoE, x)	9.4
PBR (FY3/25 Actual, x)	2.3
Yield (FY3/26 CoE, %)	-

Source: Strategy Advisors.

Geniee | 6562 (TSE Growth)

The stock price has generally been on an upward trend since the FY3/2025 forecast was revised upward when the FY3/2025 Q2 financial results were announced. However, despite securing an ROE of 25.8% in FY3/2025, PBR remains at around 2.3x and Geniee is still undervalued relative to the past. The PBR's of 5 Japanese peers with ROEs of 20% or more over the past year range from 3.7x to 12.5x, so by these standards Geniee is relatively undervalued.

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

FY	Revenues	YoY	OP	YoY	Profit Before Tax	YoY	NP	YoY	EPS	DPS
	(¥ mn)	(%)	(¥ mn)	(%)	(¥ mn)	(%)	(¥ mn)	(%)	(¥)	(¥)
FY3/22	14,459	2.8	739	277.0	500	267.6	336	229.4	18.7	0.0
FY3/23	6,455	-	2,457	-	2,279	-	2,114	-	119.5	0.0
FY3/24	8,012	24.1	1,538	-37.4	1,277	-44.0	1,031	-51.2	58.3	0.0
FY3/25	11,321	41.3	2,520	63.8	2,267	77.5	1,954	89.5	136.3	0.0
FY3/26 CoE	15,300	35.1	2,750	9.1	2,600	14.7	1,960	0.3	161.9	-

Source: Company Data. Compiled by Strategy Advisors.

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1. FY3/2025 Results Overview

Significant Increases in Revenue and Profits for FY3/2025

Geniee's FY3/2025 results showed significant increases in revenue and profit, with revenue of ¥11.32 billion (+41% YoY), gross profit of ¥8.81 billion (+44% YoY), operating profit of ¥2.52 billion (+64% YoY) and profit for the period attributable to owners of the parent of ¥1.95 billion (+89% YoY).

The Main Reason for the Large Increase in Profits Was the Increase in Normalized Profits

The ¥980 million increase in operating profit were derived from a ¥720 million increase in normalized profit, which is operating profit minus one-time gains and losses and a ¥260 million increase in one-time gains and losses.

Significant Sales Growth and Improved Gross Profit Margins are Factors Behind the Increase in Normalized Profit

Factors behind the increase in normalized profit include a significant increase in revenue, an increase in gross profit margin from 76.6% in FY3/2024 to 77.8%, and a decrease in selling and administrative expenses ratio from 65.6% in FY3/2024 to 64.0%.

The increase in gross profit margin was due to factors including the fact that JAPAN AI, which had been recording an operating loss due to the burden of upfront investment, was transitioned from a consolidated subsidiary to an equity method affiliate following a third-party allotment of new shares; and the profitability of the Overseas Business improved due to a reduction in cost of sales through server replacement, etc.

The SG&A ratio declined due to a slowdown in growth in sales and marketing expenses, research and development expenses and labor costs following JAPAN AI becoming an equity-method affiliate.

Recorded High One-Time Gains Due to Gains from Reduction of Earn-Out Payments, etc.

One-time gains and losses are calculated by deducting one-time "other expenses" from one-time "other income" which is recorded as operating profit under IFRS. FY3/2025 one-time gains increased to ¥930 million from ¥660 million in FY3/2024. The main components of the ¥930 million include a ¥640 million gain from the reduction of earn-out payments (obligations to pay additional amounts depending on the conditions after M&A is completed) (Q1), a ¥320 million gain on changes in equity due to the transition of JAPAN AI to an equity method affiliate (Q2), a ¥70 million gain on sale arising from the liquidation of the shared office business by Social Wire (3929 TSE Growth), which became a consolidated subsidiary (Q3) and finally a loss on disposal of software of -¥130 million (Q4).

The earn-out payments was an incentive to be granted if certain performance conditions were met 3-years later at the time of the acquisition of Zelto, but since it was based on a plan that did not take into account the current U.S. market conditions, the company concluded a contract to grant the grantees a performance-linked bonus based on a plan that takes into account the current market environment in exchange for them waiving their earn-out payments rights.

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As a result, the amount of the earn-out payments payable that was recorded at the time of the acquisition was reversed and recorded as profit.

Equity Method Investment Loss Recorded

As JAPAN AI became an equity method affiliate in Q2, an equity method investment loss of ¥100 million was recorded. Financial income decreased to ¥10 million from ¥30 million in FY3/2024, while financial expenses also decreased to ¥170 million from ¥290 million in FY3/2024.

Non-Controlling Interests Increased

Due to an increase in one-time gains that are not taxable income under tax law and the recognition of equity method investment losses, the corporate tax burden rate decreased from 19.0% in FY3/2024 to 9.7%. In addition, as Social Wire became a consolidated subsidiary from FY3/2025Q2, non-controlling interests increased sharply from ¥30 million in FY3/2024 to ¥94 million. The investment ratio in Social Wire is 49.0%.

Revenue Increased by ¥3.31 Billion

Revenue increased by ¥3.31 billion compared to the previous quarter, with the breakdown by segment being as follows: Advertising Platform Business increased ¥470 million, Marketing SaaS Business increased ¥1.07 billion, Overseas Business increased ¥140 million and the newly added Digital PR Business increased ¥2.15 billion.

The inter-segment revenue adjustment amount subject to consolidated elimination increased by ¥520 million YoY. The increase in the adjustment amount was mainly due to favorable sales of video advertising in the Overseas Business to domestic customers in the Advertising Platform Business.

Figure 1: Geniee's FY3/2025 Performance

FY	3/24	3/25 (A)	YoY	YTD (A)/(B)	3/25 CoE (B)
Revenue	8,012	11,321	41.3	94.3	12,000
Advertising Platform Business	4,306	4,776	10.9	96.3	4,960
Marketing SaaS Business	2,704	3,770	39.4	101.9	3,700
Overseas Business	1,249	1,389	11.2	92.7	1,500
Digital PR Business	-	2,150	-	105.4	2,040
Adjustment	-248	-765	208.4	382.5	-200
Cost of Sales	1,873	2,514	34.2	86.7	2,900
Gross Profit	6,138	8,807	43.5	96.8	9,100
SG&A Expenses	5,252	7,244	37.9	-	-
Operating Profit	1,538	2,520	63.8	100.8	2,500
Normalized Profit	876	1,593	81.8	-	-
Advertising Platform Business	2,244	2,223	-0.9	88.9	2,500
Marketing SaaS Business	215	668	210.0	83.5	800
Overseas Business	201	403	100.4	134.5	300
Digital PR Business	-	428	-	107.2	400
Corporate / Elimination	-1,122	-1,203	7.2	80.2	-1,500
Equity in Earnings of Affiliates (Loss)	-	-96	-	-	-
Profit Before Tax	1,277	2,267	77.5	94.5	2,400
Income Tax Expense	242	218	-9.6	36.5	600
Profit	1,035	2,048	97.9	113.8	1,800
Non-Controlling Interests	3	94	-	-	-
Profit Attributable to Owners of Parent	1,031	1,954	89.4	108.6	1,800

Note: Normalized profit refers to operating profit minus one-time profits and losses. Business segment profits. Source: Company Data. Compiled by Strategy Advisors.

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Marketing SaaS Business: Sales Increased 39% Due to Favorable Performance of SFA, Etc.

Revenue from the Marketing SaaS Business increased significantly to ¥3.77 billion (+39% YoY). The main reason for the increase in revenue was the strong performance of SFA, CHAT and ANALYTICS, which led to a 36% increase in the number of paid accounts compared to the previous fiscal year, despite JAPAN AI becoming an equity-method affiliate from Q2. In addition, Geniee's lower churn rate compared to other companies in the industry (2-7% for other companies in the industry, while Geniee's churn rate is less than 1% except for FY3/2025Q2) also contributed to the increase in the number of accounts. Revenue from this segment in Q4 was ¥1.08 billion (+48% YoY).

Marketing SaaS Business Will Turn a Profit in the Second Half of the Year

Due to the exclusion of JAPAN AI from the segment, the segment's gross profit margin rose from 73.2% in FY3/2024 to 74.7% and revenue expanded significantly, resulting in segment profit of ¥670 million (+210% YoY). The operating loss of the segment, which excludes company-wide expenses allocated to each segment, narrowed to ¥250 million from ¥580 million in the previous fiscal year. On a half-yearly basis, operating profit turned from a loss of ¥280 million in the first half of FY3/2025 to a profit of ¥30 million in the second half of FY3/2025.

Figure 2: Marketing SaaS Business Quarterly Revenue Trends



Source: Company Data.

Marketing SaaS Business ARR Increased 44%

Regarding the KPI's for this business, the recurring ratio for FY3/2025 was 80.3% (-1.4% YoY), ARPA at the end of FY3/2025 was ¥18,777 (+27.5% from the end of the previous fiscal year), and ARR was ¥3.47 billion (+43.8% from the end of the previous fiscal year).

Advertising Platform Business Revenue Increased 11% Due to an Increase in Enterprise Customers, etc.

Revenue from the Advertising Platform Business was ¥4.78 billion (+11% YoY). The main factors behind the increase in revenue were an increase in enterprise customers in SSP and the contribution of large-scale projects in the branding field in DSP.

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Revenue for this segment in Q4 was ¥1.25 billion (+6.4% YoY), and gross profit was ¥1.02 billion (+4.7% YoY), slowing growth from revenue of ¥1.25 billion (+8.4% YoY) and gross profit of ¥1.04 billion (+7.3% YoY) in Q3. In Q4, the number of companies whose revenue exceeded a certain scale increased 8.0% YoY, but the average customer price was sluggish, -7.1% YoY due to changes in the competitive environment.

Advertising Platform Business Segment Profit Decreased Slightly

Segment profit was ¥2.22 billion (-1% YoY). Gross profit grew at the same rate as revenue, but selling and administrative expenses increased significantly due to upfront investments such as the release of a weather-linked ad delivery function for GENIEEE DOOH, an advertising delivery service for digital outdoor advertising. Operating profit for the segment was ¥1.35 billion, remaining flat compared to the previous fiscal year.

Figure 3: Trends in Quarterly Gross Profit for the Advertising Platform Business



Source: Company Data.

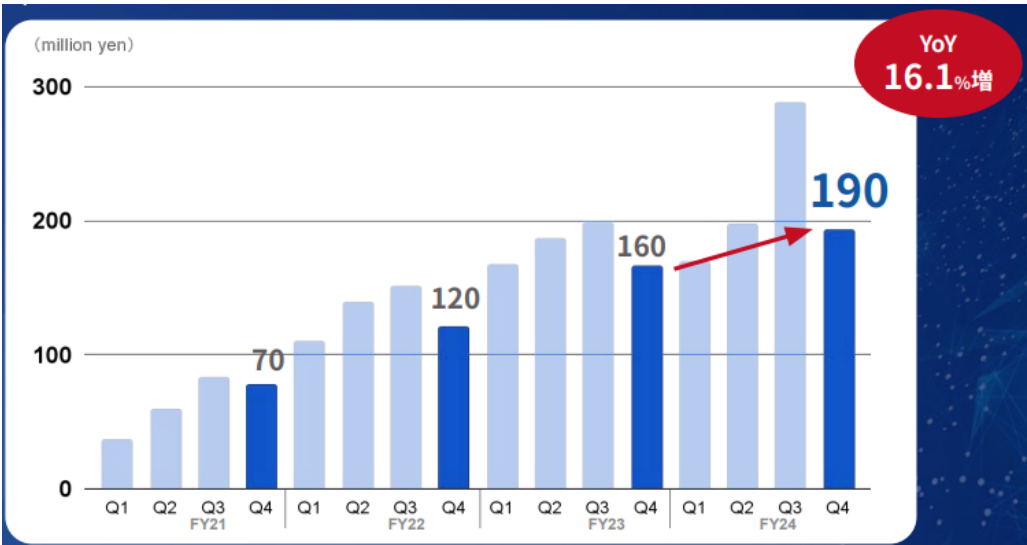
Overseas Business: 11% Increase in Revenue Due to Expansion of Cross-Selling

Revenue from the Overseas Business was ¥1.39 billion (+11% from the previous fiscal year). The increase in revenue was due to increased cross-selling within the group following the integration of the organizational and operational structures of the domestic division and the overseas division, including Zelto, in the supply-side business from September 2024.

Revenue from this segment in Q4 was ¥280 million (-7.1% YoY), down from ¥400 million in Q3 (+18.9% YoY). In Q3, the busy season, revenue increased significantly due to a rapid expansion in cross-selling of video ads to Japanese customers. On the other hand, in Q4, the slow season, revenue to Japanese customers increased significantly, but revenue to overseas customers fell.

Gross profit for Q4 was ¥190 million (+16.1% YoY). Although this was a decrease from ¥280 million (+45.2% YoY) in Q3, it was still up YoY due to a reduction in cost of sales through server replacement and other factors.

Figure 4: Changes in Quarterly Gross Profit for the Overseas Business



Source: Company Data.

Overseas Business Segment
Profit Doubled

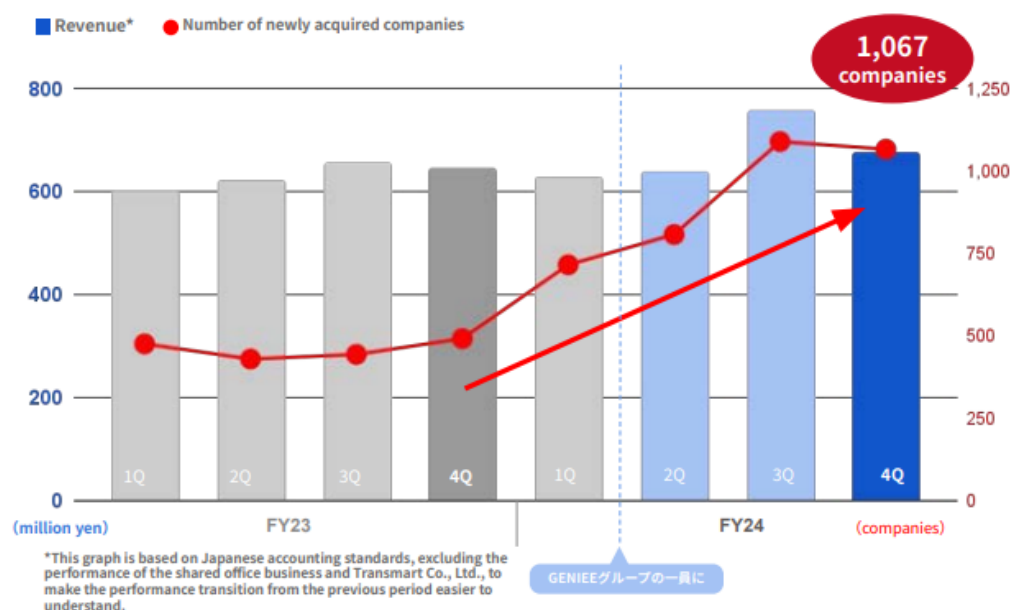
Segment profit was ¥400 million (+100% compared to FY3/2025). In addition to an increase in gross profit margin due to server replacement, etc., SG&A expenses decreased due to the integration of organizational structure and operations, resulting in a significant increase in profit. Operating profit for this segment increased from ¥100 million in the previous fiscal year to ¥270 million.

Digital PR Business:
Large-Scale Influencer PR
Projects Contributed to
Growth

Revenue from the Digital PR Business operated by Social Wire, which was acquired as a subsidiary in FY3/2025Q2, was ¥2.15 billion over the 9-months, due in part to contributions from large-scale projects in the influencer PR business.

Revenue in Q4 decreased to ¥680 million from ¥760 million in Q3, when there was a large-scale project in the influencer PR business. The number of new companies acquired in Q4 decreased slightly from 1,090 companies in Q3 to 1,067 companies.

Figure 5: Digital PR Business Quarterly Revenue & # of New Companies acquired



Source: Company Data.

Segment profit was ¥430 million. Meanwhile, operating profit for the segment was ¥170 million. This includes a ¥70 million gain on the sale of shares in affiliated companies in the shared office business.

Overall, Results Were in Line with the Company Plan.

The achievement rates for the company's plan were revenue 94.3%, operating profit 100.8%, profit before tax 94.5% and profit attributable to owners of the parent 108.6%. Although the achievement rates varied by segment, overall, the results were roughly in line with the plan.

2. Company Forecast for FY3/2026

FY3/2026 Company Forecasts 35% Revenue Growth & 9% Operating Profit Growth

The company's forecast for FY3/2026 is revenue ¥15.3 billion (+35 % YoY), gross profit ¥11.8 billion (+34 %), operating profit ¥2.75 billion (+9 %), profit before tax ¥2.6 billion (+15%), profit ¥2.01 billion (-2 %) and profit attributable to owners of the parent ¥1.96 billion (flat at 0%).

Figure 6: Geniee's FY3/2026 Earnings Forecast

FY	3/25	3/26 CoE	YoY (%)
Revenue	11,321	15,300	35.1
Advertising Platform Business	4,776	6,970	45.9
Marketing SaaS Business	3,770	5,280	40.1
Overseas Business	1,389	-	-
Digital PR Business	2,150	3,100	44.2
Adjustment	-765	-50	-
Cost of Sales	8,807	11,800	34.0
Gross Profit	2,520	2,750	9.1
SG&A Expenses	1,593	2,450	53.8
Operating Profit	2,223	3,370	51.6
Normalized Profit	668	1,370	105.1
Advertising Platform Business	403	-	-
Marketing SaaS Business	428	460	7.5
Overseas Business	-1,203	-2,450	-
Profit Before Tax	2,267	2,600	14.7
Income Tax Expense	218	590	170.6
Profit	2,048	2,010	-1.9
Non-Controlling Interests	94	50	-46.8
Profit Attributable to Owners of Parent	1,954	1,960	0.3

Note: Normalized profit refers to operating profit minus one-time profits and losses.

Note: Business unit profits are based on segment profits.

Source: Company Data. Compiled by Strategy Advisors.

Zelto Impairment Risk Has Significantly Decreased

Following the integration of organizational and operational structures in its domestic and overseas supply-side businesses, the company integrated its Overseas Business into its Advertising Platform Business from FY3/2026. As a result, the cash-generating unit (CGU) for the goodwill impairment assessment for Zelto was changed from Zelto alone to the entire global supply-side business.

As a result of this change, the risk of impairment of goodwill, which had reached ¥11.0bn as of the end of FY3/2025, mainly for Zelto, has been significantly reduced.

All Segments Plan to Increase Revenue

Revenue plans by segment are for Advertising Platform Business to be ¥6.97 billion (+46% YoY, on a simple comparison basis that does not take into account the integration of Overseas Business), Marketing SaaS Business to be ¥5.28 billion (+40% YoY), and Digital PR Business to be ¥3.10 billion (+44% YoY). Adjustments are planned to be reduced from -¥770 million in FY3/2025 to -¥50

Advertising Platform Business Plans to Significantly Increase Profits Due to Organizational Integration Effects Both Domestically and Overseas

million due to the integration of Overseas Business and Advertising Platform Business.

Revenue from the Advertising Platform Business is expected to increase by ¥800 million compared to the combined total of ¥6.17 billion from the Advertising Platform Business and Overseas Business in FY3/2025, due to the promotion of cross-selling both domestically and overseas and the development of media enterprise customers.

Segment profit is expected to be ¥3.37 billion (+52% versus FY3/2025, +28% increase including Overseas Business) due to the reduction in cost of sales and selling, general and administrative expenses through decision-making and business efficiency improvements accompanying the domestic and overseas organizational integration. Operating profit for this segment is planned to be ¥2.3 billion (+70% over FY3/2025, +42% including Overseas Business).

Marketing SaaS Business Plans to Significantly Increase Profits Due to Increased Sales

Revenue from the Marketing SaaS Business is expected to increase by ¥1.51 billion compared to the previous period due to growth in SFA/CRM, CHAT and ANALYTICS. Segment profit is expected to increase by ¥700 million YoY to ¥1.37 billion due to the effect of increased sales. On the other hand, due to the increase in investment burden for the customer data platform "GENIEEE CDP" released in September 2024, the operating profit of this segment is planned to increase by ¥300 million YoY to ¥40 million (-¥260 million in FY3/2025).

Digital PR Business's Operating Profit is Expected to Decrease Due to the Absence of Gains on the Sale of the Shared Office Business

Revenue from the Digital PR Business is expected to increase by ¥950 million compared to the previous period due to annual contributions and expansion into the influencer area. Segment profit is expected to increase by ¥30 million YoY to ¥460 million due to the expansion of revenue. However, due to the absence of ¥70 million gain on the sale of the shared office business recorded in the previous term, the operating profit for this segment is expected to decrease by ¥70 million YoY to ¥110 million.

Normalized Profit, Excl. One-Off Gains and Losses are Expected to Increase by 54%

One-time gains are expected to decrease from ¥930 million in the previous period to ¥300 million. On the other hand, due to a significant increase in profits from the Advertising Platform Business, etc., normalized profit is planned to be ¥2.45 billion (+54% from the previous period).

Operating Profit CAGR Target: 35-40 %

Genieeee also mentioned its medium to long-term performance targets, setting a compound annual growth rate (CAGR) target for operating profit of 35-40% from FY3/2027 to FY3/2031.

By segment, for the Advertising Platform Business, the investment phase is expected to end and the company will enter a phase of improving business efficiency by utilizing generative AI. For the Marketing SaaS Business, except for business areas in the investment phase such as "GENIEEE CDP", the company plans to increase its market share while improving business efficiency and profitability. For the Digital PR Business, the company plans to increase its market share by strengthening product functions while improving business

3. Medium to Long-Term Performance Goals

efficiency by utilizing generative AI.

Genieeee Group plans to continue to actively pursue M&A to strengthen its value chain. In addition, the company plans to make JAPAN AI a consolidated subsidiary again once the investment period is over. However, the target average annual growth rate for operating profit from FY3/2027 to FY3/2031 does not factor in the consolidation of JAPAN AI.

Figure 7: Outlook for Business Performance from FY3/2026 to FY3/2031



Source: Company Data.

4. Stock Price Trends and Valuations

1) Comparison with Past Performance

The company's stock price was ¥1,046 as of the end of March 2024. Following the upward revision of the full-year forecast when the FY3/2025 Q2 financial results were announced, the stock price began to rise, increasing to ¥1,876 in early March 2025. However, the stock price then moved to a range of ¥1,400 to ¥1,600 due to adjustments in the stock market. In the FY3/2026 company plan announced on May 13, normalized profit was expected to increase by 54% YoY, but operating profit was expected to increase by 9%, slowing from FY3/2024's 64% increase and as a result the stock price temporarily fell to around ¥1,300. After that, the stock price range returned to ¥1,400 to ¥1,600 as investors evaluated the forecast for an increase in normalized profit.

On the other hand, despite securing ROE of 25.8% in FY3/2025, the PBR has further declined from 2.6x at the end of March 2024 to around 2.3x at present. Considering that the 2.6x at the end of March 2024 was the level after the decline following the removal of one-time gains following the acquisition of Zelto and that the PBR was in the 7x range even in FY3/2022 when there was no impact from one-time gains related to Zelto, and finally that the PBR was in the

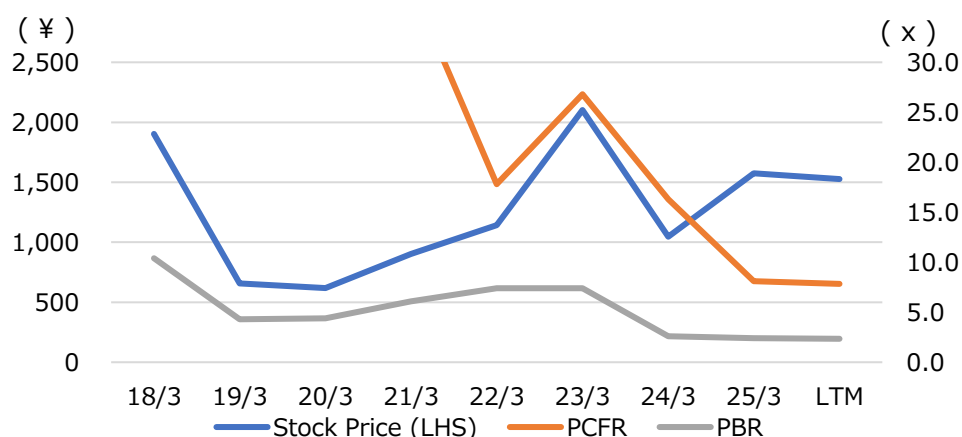
After the Upward Revision of Earnings Forecasts at FY3/2025Q2 Results Announcement, the Stock Price is on an Upward Trend

PBR is Lower Than When the Company Posted Losses for Two Consecutive Periods, Giving the Stock a Sense of Undervaluation

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4x range from FY3/2019 to FY3/2020 when the company recorded a net loss for the period, the current level still seems cheap.

Figure 8: Geniee's Stock Price, PCFR & PBR Trends



Source: Company Data. Compiled by Strategy Advisors.

Figure 9: Geniee's Stock Price and Major Index Trends

FY	3/18	3/19	3/20	3/21	3/22	3/23	3/24	3/25	LTM (Jun.12)
Stock Price (¥)	1,903	658	618	903	1,142	2,102	1,046	1,576	1,527
Operating CF (¥ mn)	292	203	73	431	1,140	1,389	1,140	2,359	2,359
PCFR (x)	114.1	57.9	152.0	37.8	17.7	26.8	16.2	8.1	7.8
Net Income (¥ mn)	63	-545	-179	102	336	2,115	1,032	1,954	1,960
PER (x)	528.9	0.0	.0	159.8	60.2	17.6	17.9	9.8	9.4
PBR (x)	10.4	4.3	4.4	6.1	7.4	7.4	2.6	2.4	2.3
ROE	2.6	-18.4	-6.8	3.9	12.5	0.0	16.9	25.8	25.8

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

Source: Company Materials. Compiled by Strategy Advisors.

2) Comparison with Competitors (Japanese Companies)

Geniee Appears Undervalued When Comparing Its PBR with Domestic Competitors with Roes of Over 20%.

Comparing 13 representative Japanese companies (incl. Geniee) involved in advertising platforms, marketing SaaS and PR businesses, the companies with the highest ROE over the past year are Cybozu (4776 TSE Prime) at 37%, Wills (4482 TSE Growth) at 34%, Feedforce Group (7068 TSE Growth) at 31%, Geniee at 26%, F Code (9211 TSE Growth) at 21%, and Brain Pad (3655 TSE Prime) at 20%. The PBRs of each company are 14.3x for Cybozu, 6.8x for Wills, 4.9x for Feedforce Group, 2.3x for Geniee, 4.1x for F Code, and 5.5x for Brain Pad, making Geniee undervalued.

Cybozu And F Code Have High Operating Cash Flow Growth Rates

When comparing the 3-year CAGR of operating cash flow, Cybozu was 128 %, F Code was 107%, Geniee was 27 %, Wills was 26 %, Brain Pad was 25% and Feedforce Group was -14 %, with Cybozu and F Code showing particularly high growth rates.

Figure 10: Key Indicators of Major Japanese Companies Involved in the Advertising Platform, Marketing SaaS & Corporate PR Businesses (in Descending Order of ROE)

Company Name	Ticker	FY	ROE	PBR (x)	PER (x)	Operating Cash Flow (¥mn)	3-Yr CAGR	PCFR (x)	Daily Average Trading Volume (¥mn)
Cybozu	4776	12/2024	36.5%	14.3	28.1	5,601	128%	29.6	761
Wills	4482	12/2024	33.8%	6.8	19.6	1,072	26%	13.5	13
Feedforce Group	7068	5/2024	31.4%	4.9	11.5	862	-14%	15.4	20
Geniee	6562	3/2025	25.8%	2.3	9.4	2,359	27%	7.8	171
F Code	9211	12/2024	20.6%	4.1	21.3	916	107%	30.1	360
Brain Pad	3655	6/2024	19.8%	5.5	25.5	1,538	25%	19.9	410
Kyodo PR	2436	12/2024	18.5%	2.2	10.3	911	27%	8.3	13
User Local	3984	3/2025	17.1%	4.0	23.0	1,545	30%	19.9	98
Value Commerce	2491	6/2024	16.8%	1.4	8.4	3,411	-14%	5.2	170
Bridge International	7039	12/2024	16.2%	1.6	10.8	957	2%	7.1	15
Digital Holdings	2389	12/2024	9.0%	0.7	-	7,049	-17%	3.2	82
CARTA HOLDINGS	3688	12/2024	6.6%	1.6	21.9	2,576	-29%	15.3	70
LINE Yahoo!	4689	3/2025	5.1%	1.3	-	519,590	25%	7.4	7,633

Note: ROE and operating cash flow are for the past year, and trading volume is the average daily trading volume for the past three months. PER is based on the company's projected EPS.

Source: Company Materials. Compiled by Strategy Advisors.

Figure 11: 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	
LINE Yahoo!	4689	1,917,478	Y	Y	Y	Y	-	Y	Y	-
Cybozu	4776	31,527	-	-	-	-	Y	-	Y	-
Value Commerce	2491	30,938	-	-	-	-	Y	-	-	-
CARTA HOLDINGS	3688	24,630	Y	Y	-	-	-	-	-	-
Digital Holdings	2389	16,531	-	-	-	-	Y	-	-	-
Brain Pad	3655	11,607	-	-	Y	Y	-	-	Y	-
Geniee	6562	11,322	Y	Y	Y	Y	Y	Y	Y	Y
Bridge International	7039	8,671	-	-	-	Y	Y	-	Y	-
Kyodo PR	2436	7,573	-	-	-	-	-	-	-	Y
F Code	9211	6,513	-	-	-	Y	-	Y	Y	-
Wills	4482	5,072	-	-	-	-	-	-	-	Y
User Local	3984	4,394	-	-	-	-	-	Y	Y	-
Feedforce Group	7068	4,312	-	-	-	Y	-	-	Y	-

Note: The figures for Sales are for the past one-year. Y=Yes.

Source: Company Data. Compiled by Strategy Advisors.

3) Comparison with Competitors (Global)

Use PCFR As A Measure to Compare with Overseas Companies

Some overseas companies are in the red even at the operating profit stage after recording stock-based compensation expenses, so we compared them using

PCFR (price-to-cash-flow ratio), a stock price indicator that uses operating cash flow. There is no absolute financial indicator that indicates the appropriate level of PCFR, but growth is one factor that increases PCFR, so we compared the three-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 to 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

Comparing the list in descending order of PCFR, Japanese companies with lower growth rates but higher PCFR's than Geniee (3-year CAGR 27%, PCFR 7.8x) include CARTA HOLDINGS (3688 TSE Prime) (3-year CAGR -29%, PCFR 15.3x), Brain Pad (3-year CAGR 25%, PCFR 19.9x), Wills (3-year CAGR 26%, PCFR 13.5x) and Feedforce Group (3-year CAGR -14%, PCFR 15.4x). Most of these Japanese companies have daily stock trading volumes lower than Geniee, which makes Geniee's stock price look relatively undervalued.

Compared to Microsoft and Others, Geniee's Growth Rate is High, But its PCFR is Cheap

In addition, foreign companies with higher PCFR than Geniee include the two major US IT companies, Microsoft (MSFT NASDAQ) and Alphabet (GOOGL NASDAQ). Although these two companies have significantly larger business scales than Geniee, Geniee's 3-year CAGR of operating cash flow (27%) is higher than Microsoft (24%) and Alphabet (26%).

Figure 12: Key Indicators of Major Companies Involved in the Advertising Platform, Marketing SaaS & Corporate PR Businesses (in Descending Order of PCFR)

Company Name	Ticker	Country	FY	Operating Cash Flow (¥mn)	3yr CAGR	PCFR	Daily Ave. Trading Volume (¥mn)
AppLovin	APP	US	12/2024	387,348	114%	49.7	371,968
HubSpot	HUBS	US	12/2024	96,622	54%	46.5	64,187
Trade Desk	TTD	US	12/2024	129,030	46%	40.2	95,098
F Code	9211	Japan	12/2024	916	107%	30.1	360
Cybozu	4776	Japan	12/2024	5,601	128%	29.6	761
Microsoft	MSFT	US	6/2024	19,949,303	24%	26.7	1,387,000
Oracle	ORCL	US	5/2024	3,141,495	42%	25.7	242,717
Freshworks	FRSH	US	12/2024	27,167	178%	25.4	6,290
Baidu	9888	China	12/2024	190,825	-18%	23.3	22,732
Pegasystems	PEGA	US	12/2024	56,472	136%	22.9	12,855
Brain Pad	3655	Japan	6/2024	1,538	25%	19.9	410
User Local	3984	Japan	6/2024	1,545	30%	19.9	98
Adobe	ADBE	US	11/2024	1,429,479	12%	18.5	211,556
Salesforce	CRM	US	1/2025	2,022,739	45%	18.0	284,472
Meta Platforms	META	US	12/2024	14,668,255	32%	17.8	1,451,791
Alphabet	GOOGL	US	12/2024	20,237,912	26%	15.8	932,134
Feedforce Group	7068	Japan	5/2024	862	-14%	15.4	20
CARTA HOLDINGS	3688	Japan	12/2024	2,576	-29%	15.3	70
Wills	4482	Japan	12/2024	1,072	26%	13.5	13
Kyodo PR	2436	Japan	12/2024	911	27%	8.3	13
PubMatic	PUBM	US	12/2024	9,883	0%	8.2	957
Magnite	MGNI	US	12/2024	45,508	48%	8.2	4,979
Geniee	6562	Japan	3/2025	2,359	27%	7.8	171
Thryv Holdings	THRY	US	12/2024	11,273	-16%	7.6	1,041
LINE Yahoo!	4689	Japan	3/2025	519,590	25%	7.4	7,633
Bridge International	7039	Japan	12/2024	957	2%	7.1	15
Taboola.com	TBLA	US	12/2024	30,532	64%	5.6	972
Value Commerce	2491	Japan	12/2024	3,411	-14%	5.2	170
Criteo	CRTO	France	12/2024	46,777	24%	4.4	1,927
Verve Group	VER	Sweden	12/2024	21,016	36%	4.1	363
Digital Holdings	2389	Japan	12/2024	7,049	-17%	3.2	82

Note: Operating cash flow is for the past year. Trading volume is the average daily stock trading volume for the past 3-months.

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

Figure 13: Major Business Portfolios of Representative Companies Involved in Advertising Platforms, Marketing SaaS & Corporate PR Businesses

Company Name	Ticker	Country	Operating Cash Flow (¥ mn)	Advertising Platform			Marketing SaaS				PR
				SSP	DSP	DMP	MA	SFA/CRM	Chat	AI	
Alphabet	GOOGL	US	20,237,912	Y	Y	Y	-	-	Y	Y	-
Microsoft	MSFT	US	19,949,303	Y	Y	Y	Y	Y	Y	Y	-
Meta Platforms	META	US	14,668,255	Y	Y	-	-	-	-	-	-
Oracle	ORCL	US	3,166,867	-	-	Y	Y	Y	Y	Y	-
Salesforce	CRM	US	2,022,739	-	-	Y	Y	Y	Y	Y	-
Adobe	ADBE	US	1,429,479	-	Y	Y	Y	-	-	Y	-
LINE Yahoo!	4689	Japan	519,590	Y	Y	Y	Y	-	Y	Y	-
AppLovin	APP	US	387,348	Y	Y	-	Y	-	-	Y	-
Baidu	9888	China	190,825	Y	Y	Y	-	-	Y	Y	-
Trade Desk	TTD	US	129,030	-	Y	Y	-	-	-	-	-
HubSpot	HUBS	US	96,622	-	-	-	Y	Y	-	Y	-
Pegasystems	PEGA	US	56,472	-	-	-	-	Y	Y	Y	-
Criteo	CRTO	France	46,777	Y	Y	-	-	-	-	-	-
Magnite	MGNI	US	45,508	Y	-	-	-	-	-	-	-
Taboola.com	TBLA	US	30,532	Y	-	-	-	-	-	-	-
freshworks	FRSH	US	27,167	-	-	-	Y	Y	Y	Y	-
Verve Group	VER	Sweden	21,016	Y	Y	Y	-	-	-	-	-
Thryv Holdings	THRY	US	11,273	-	-	-	Y	Y	Y	Y	-
PubMatic	PUBM	US	9,883	Y	-	-	-	-	-	-	-
Digital Holdings	2389	Japan	7,049	-	-	-	-	Y	-	-	-
Cybozu	4776	Japan	5,601	-	-	-	-	Y	-	Y	-
Value Commerce	2491	Japan	3,411	-	-	-	-	Y	-	-	-
CARTA HOLDINGS	3688	Japan	2,576	Y	Y	-	-	-	-	-	-
Geniee	6562	Japan	2,359	Y	Y	Y	Y	Y	Y	Y	Y
User Local	3984	Japan	1,545	-	-	-	-	-	Y	Y	-
Brain Pad	3655	Japan	1,538	-	-	Y	Y	-	-	Y	-
Wills	4482	Japan	1,072	-	-	-	-	-	-	-	Y
Bridge International	7039	Japan	957	-	-	Y	Y	-	Y	-	0
F Code	9211	Japan	916	-	-	-	Y	-	Y	Y	-
Kyodo PR	2436	Japan	911	-	-	-	-	-	-	-	Y
Feedforce Group	7068	Japan	862	-	-	-	Y	-	-	Y	-

Note: The figures for Sales are for the past one-year. Y=Yes.

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

5. Business Overview and History

Expanding Business from Advertising Platform Business to Marketing SaaS Business

Geniee is a solutions company that provides a wide range of support to its clients' marketing activities with cost-effective products.

After being founded as an advertising platform business for internet advertising, the company expanded its operations into a marketing SaaS business that provides marketing automation and customer management systems in order to broaden the scope of use of information such as user attributes and behavioral history obtained through the advertising platform business.

Started Offering its Own Product SSP Since 2011

Geniee first developed "GENIEEE SSP" when it entered the ad technology industry and began offering it in 2011. President Tomoaki Kudo considered the competitive environment in the internet advertising market and decided that starting with an SSP was the best option.

SSP is A Tool for Media to Maximize Advertising Revenue

SSP stands for "Supply Side Platform" and is a platform for advertising media (media) that provide ad slots to maximize advertising revenue. DSP (short for Demand Side Platform) is a system that works with SSP to maximize advertising revenue for advertisers.

RTB Where DSP Bids on SSP Ad Slots

The system for delivering ads through SSP and DSP is called RTB (short for Real Time Bidding). In RTB, ① when a user visits a webpage, an ad space is displayed on the page, ② the SSP is notified that the ad space has been displayed, ③ the SSP sends a bid request for the ad space to multiple DSPs, ④ each DSP makes a bid based on the advertiser's conditions, analyzes the user's interests and behavioral data, selects the most suitable ad and sends it to the SSP, ⑤ the SSP selects the DSP that submitted the highest bid and decides to display the ad sent by that DSP.

The Second Company in the World to Achieve In-House SSP to DSP Bidding

It is generally said that the revenue distribution ratio for internet advertising is roughly 15% for advertising agencies, 30% for DSP operators, 20% for SSP operators and 35% for internet media, assuming the advertiser's advertising fee is 100 (Source: Toyo Keizai Inc.).

In order to increase cost competitiveness in this revenue distribution structure, Geniee also began offering "GENIEEE DSP" in March 2014, becoming the second company in the world after AppNexus (now Microsoft) to enable direct bidding from DSP's to SSP's within its own service.

Compression of Intermediate Margins through Bidding Between "GENIEE SSP" and "GENIEEE DSP"

DSP operators who bid for "GENIEEE SSP" as Geniee's partner companies include major ad technology companies such as FreakOut HD (6094 TSE Growth), MicroAd (9553 TSE Growth), and UNITED (2497 TSE Growth). As "GENIEE DSP" has also established a system to bid for "GENIEEE SSP" together with these other DSP's, "GENIEE DSP" can bid directly between the two services operated by Geniee, reducing the middleman's margin and allowing "GENIEE DSP" to bid at a competitive price.

Geniee | 6562 (TSE Growth)

Started Overseas Business in 2012

In August 2012, the company established a subsidiary in Singapore and began overseas business in Southeast Asian countries. In September 2013, the company established a subsidiary in Vietnam. In October 2014, the company signed a capital and business alliance with SoftBank Group Corp. (9984 TSE Prime) through a third-party allotment of new shares in an effort to accelerate its globalization. In September 2015, the company established a subsidiary in Indonesia.

In Order to Utilize the Data Accumulated in the DMP, Geniee Started a Marketing SaaS Business in 2016

In 2015, the company also began offering "GENIEEE DMP", a DMP (short for Data Management Platform) that can accumulate user attribute information and behavioral history obtained during the bidding process from DSP to SSP.

In 2016, Geniee began offering "GENIEE MA," an MA (short for Marketing Automation) tool with an automatic email sending function to utilize data accumulated in DMP for marketing purposes, and entered the marketing SaaS business. In the marketing industry, it is recognized that customers go through multiple stages, namely Awareness, Consideration, Purchase and Loyalty Customer, before reaching the final stage where they become a regular purchaser of a product. At each stage, different tools are provided by multiple businesses, making marketing activities complicated and inefficient. To solve this problem, Geniee aims to become a "one-stop platform" that provides tools for each stage from a single company and the launch of "GENIEE MA" was the first step in that direction.

Marketing SaaS Business is MA, SFA, CRM and Chat Tools

In the Marketing SaaS Business, the core of the business is not only MA tools used to acquire potential customers, but also SFA (Sales Force Automation) tools with sales activity management functions to convert potential customers into orders, CRM (Customer Relationship Management) tools with customer information management and analysis functions to retain and upsell to existing customers and Chat tools with a function to follow up with website visitors.

In 2018, the Company Acquired Major Tools at Once through M&A And Grew Rapidly

Achieving integration between these tools normally requires system development costs, but Geniee was able to reduce the costs of integration between tools by providing all of the services in-house and acquired what is now "GENIEEE SFA/CRM" and "GENIEE CHAT" in one go in 2018 through M&A.

The average annual growth rate of ARR from the time of acquisition to FY3/2025 is 54% for SFA and 84% for CHAT, demonstrating rapid growth. This is due to cross-selling to existing customers, improved product value and business management and PMI know-how. In addition, GENIEE CHAT acquired other chat tool businesses in 2021 and 2022 and integrated them into GENIEEE CHAT, enhancing its functionality.

"GENIEE SFA/CRM" Has a Retention Rate Of 99%

"GENIEE SFA/CRM" is a tool with many functions to support sales activities, such as customer management, negotiation management, data analysis, report creation and business card management; but it's simple and intuitive screen design makes it easy for anyone to operate, resulting in an extremely high retention rate of 99%. Available for use from ¥3,480 per user per month, it is multifunctional yet can be used at about one-third the cost of major SFA tools.

Geniee | 6562 (TSE Growth)

Advertising Platform Business Continues to Provide New Services Through In-House Development

In parallel with aggressive M&A, the company continues to release new services that it has developed in-house. In the Advertising Platform Business, the company began offering "GENIEE DOOH", an outdoor advertising effectiveness verification tool, in 2019. In addition, in 2023, the company began offering "GENIEE RMP", an RMP (short for Retail Media Platform) that controls digital signage installed in retail stores.

Marketing SaaS Business Expands Tools through M&A and In-House Development

In the Marketing SaaS Business, even after acquiring the SFA/CRM and CHAT services that are the core of the business model, the company acquired "GENIEE SEARCH", a corporate and e-commerce site search tool, in 2020 and "GENIEE ANALYTICS", an advertising effectiveness measurement tool, through M&A in 2022.

In addition, the company began offering "GENIEE DATA CONNECT," a service developed in-house that fully automates data aggregation from multiple internal systems, in 2021, and "GENIEE BI," a BI (short for Business Intelligence) tool that makes it easy to create graphs and analyze data in 2022.

In April 2023, Geniee established JAPAN AI as a subsidiary to provide generative AI customized for customers (an equity method affiliate from July 2024).

Acquired Zelto in 2023

In February 2023, aiming for a regional complementary relationship and technological synergy with "GENIEE SSP," whose main business is in the Japanese and Southeast Asian markets, the company acquired Zelto, Inc., which operates an SSP business mainly in North America, India and Europe, as a wholly owned subsidiary. (Since the company had already acquired 17.5% of Zelto's shares in 2016, this existing stake generated a mark-to-market gain).

In July 2024, Social Wire Became a Consolidated Subsidiary and Established a New Digital PR Business

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

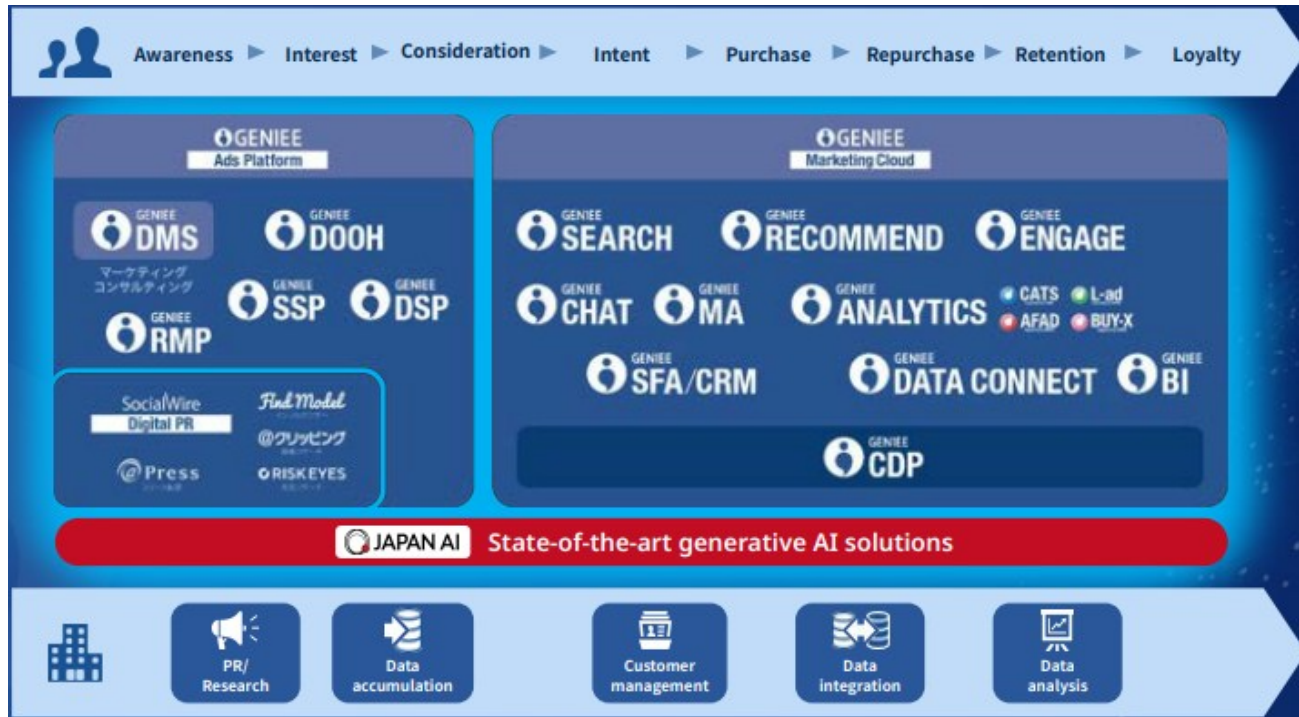
Acquires Treasury Stock from Softbank

In July 2024, the company dissolved its capital relationship with SoftBank as its business partnership with SoftBank had been solidified. Specifically, the company acquired 5,625,000 shares (31.15% of the issued shares, worth ¥4.95 billion) of its own stock from SoftBank. In addition, the company issued ¥4 billion of preferred stock to Mizuho Bank in order to raise funds to be used for the acquisition of its own shares.

The Next-Generation AI-Powered Customer Data Platform "GENIEE CDP" Was Released in September 2024

In September 2024, the company released GENIEE CDP, a next-generation customer data platform equipped with AI. GENIEE CDP is a platform that enables real-time communication measures tailored to the interests of each individual customer by integrating, analyzing, and centrally managing customer data that is usually managed by marketing channel. "GENIEE MA", "GENIEE SEARCH", "GENIEE ANALYTICS", "GENIEE ENGAGE (LINE)" (an email/SMS approach tool for customers who abandon the form while filling it out), and "GENIEE RECOMMEND" (a recommendation display tool on purchasing sites) as standard and also utilize AI to efficiently improve customer engagement.

Figure 14: Geniee's Business Areas



Source: Company Data.

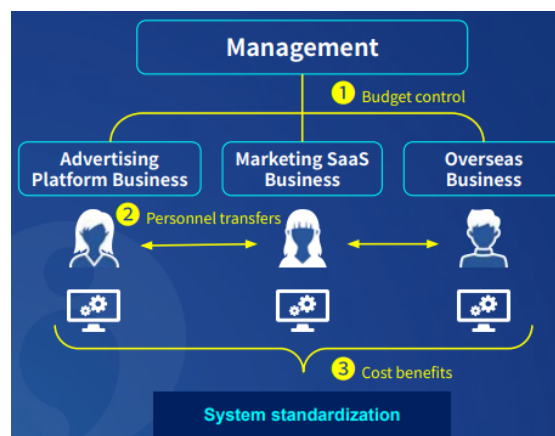
6. Business Model

Achieving High Cost Competitiveness by Taking Advantage of Having Multiple Businesses

Geniee has made good use of having multiple businesses to achieve 3-things: 1) Budget control with optimal and agile budget allocation and adjustment for the entire company and efficient management of selling and general administrative expenses, 2) Flexible and agile transfer of personnel between departments to promote knowledge sharing between departments while reducing unnecessary recruitment costs and 3) Cost benefits such as volume discounts on usage fees by standardizing systems such as servers. This has enabled them to provide products with high price competitiveness.

3 Synergies: Budget Control, Personnel Transfers and Cost Benefits

Figure 15: Inter-Business Synergies



Source: Company Data.

Geniee | 6562 (TSE Growth)

Attracting Talented People by Offering Attractive Business Opportunities, High Compensation and Many Growth Opportunities

In terms of recruiting, the company has set the highest level of compensation relative to the industry and designed incentives to increase corporate value, creating a system that attracts and retains talented personnel. The fact that the company is in a business where there are many opportunities to come into contact with cutting-edge technologies such as AI is what gives the company an advantage in terms of recruiting. In addition, the company is currently recruiting many executives at the CXO level of listed companies and has created a system that leads to a virtuous cycle in which talented and experienced personnel lead the company while helping young, talented personnel grow.

In addition, taking advantage of the frequent acquisition opportunities, the company proactively assigns young employees to be in charge of acquisition projects as on-the-job training. As a result, employees who empathize with the company culture of Commitment and Ownership, which is focused on achieving business results, are able to make the most of the established system and environment to carry out their work.

Hiring and Training "Product Managers" Who Are Responsible for Increasing the Value of the Product

Geniee is currently recruiting and training product managers (PdMs) who are responsible for improving the value of the product. A product manager is someone who plays a wide range of roles in all directions between business, engineers and customers, while continuing to focus on improving the cost-effectiveness of the product. While this is an important position that is naturally present in global tech companies, there are few examples of this position being established in Japanese companies and there is also a low supply in the domestic talent market.

In this environment, Geniee is hiring as many product managers as possible and assigning them to each product, while at the same time sharing knowledge across the company and nurturing new product managers through internal meetings specializing in PdM study sessions and product improvement.

"GENIEEE SFA/CRM" is Also Used In-House

Geniee has also implemented "GENIEEE SFA/CRM" into its entire sales management system, realizing a scientific sales management system that is based on data and highly reproducible.

A Thorough In-House Support System That Provides Support from Product Introduction to Utilization

Unlike other companies' products, Geniee provides in-house implementation and usage support when customers actually install the product. Because Geniee provides in-house implementation and usage support, customers do not incur communication costs or unnecessary expenses. In addition, Geniee is able to directly receive customer requests and quickly reflect them in its products, allowing it to quickly improve functions. This thorough follow-up system has led to an extremely low cancellation rate.

7. Competitive Strategy Analysis

Porter Categorizes Competitive Strategies into "Differentiation", "Cost Leadership" and "Focus"

Michael Porter's "Competitive Strategy" is classified as positioning theory. This theory emphasizes "how to position one's company to gain an advantage within the industry". Porter classifies competitive strategies into "differentiation", "cost leadership" and "focus." He calls companies that are unable to implement any

In the Early Days of the Company, it Adopted a Focus Strategy and Cost Leadership Strategy

Since Launching DSP, Geniee Has Focused More on Cost Leadership Strategy

Hiring and Training Multiple Product Managers

Securing Rare Talent by Offering the Highest Compensation in the Industry, Making It Difficult for Other Companies to Imitate

A Strategy is a Story That You Can't Wait to Tell Someone

of these 3-strategies "companies in distress" and points out that they will suffer from low profits. He also states that it is difficult for companies with limited management resources to achieve both a differentiation strategy and a cost leadership strategy, and therefore should be avoided.

When Geniee was first founded, it analyzed the advertising platform industry and concluded that there was more room for new entrants in the SSP market than in the DSP market, so it decided to start with the SSP business. It then succeeded in reducing server costs per ad delivery to around one-tenth of the cost of competing services, one of the lowest in the world, thereby acquiring new customers and taking market share from leading SSP's. Therefore, in the early days of its founding, Geniee adopted a focus strategy and a cost leadership strategy.

Geniee then began offering DSP services and reduced the middleman's margin by implementing direct bidding between SSP and DSP. Furthermore, with a view to utilizing the large amount of user attribute information and behavioral history data accumulated in the DMP, Geniee entered the Marketing SaaS Business; and through in-house development and M&A, Geniee added various major tools such as MA, SFA/CRM and Chat to its in-house menu of offerings.

Other companies often offer these marketing-related services as individual items and in order to link MA and SFA/CRM services from different companies, it is costly to make system adjustments. Geniee provides comprehensive services in-house, so there is no need for extra costs such as communication costs and in this respect it is also more cost-effective than other companies. There are only a few major companies, including Microsoft, that have built a similar service portfolio structure. Therefore, it can be said that since starting to offer its DSP, Geniee has focused more on a cost leadership strategy.

Geniee is also able to receive customer requests directly and quickly reflect them in its products, allowing it to make rapid improvements to functions. While excellent engineers are needed to improve functionality, Geniee also employs and trains many "product managers" who oversee the entire relationship between business, engineers and customers and improve the cost-effectiveness of the product. Product manager positions are not common in Japanese companies, so there are few such people in the market.

Geniee has been successful in securing valuable product manager talent and excellent engineers by offering the highest level of compensation in the industry, an environment where employees can work on multiple high-growth businesses with discretion and opportunities to work on cutting-edge technologies such as AI. It is difficult to realize all of these benefits and in-house environments, so it is difficult for other companies to imitate them.

8. Equity Story

An equity story is a long-term scenario that will grow a company's stock price and profits. From the perspective of long-term stock price growth, an equity

story is primarily composed of 1) a "feasible and precise business strategy" and 2) an "exciting dream".

Ken Kusunoki, a professor at the Hitotsubashi University Graduate School of Business and Commerce and one of Japan's leading business scholars, writes in his book "Competitive Strategy as a Story - Conditions for an Excellent Strategy", that "Companies that have achieved great success and have maintained that success have in common that their strategies are constructed as a 'story' with flow and movement. A strategy is not something that is forced upon you out of necessity and you have no choice but to make a difficult face, but rather it is about creating an interesting 'story' that you can't help but want to tell someone". An equity story is a concept similar to this.

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

As mentioned above, Geniee judged there was a lot of room for new entrants, so it started an Advertising Platform Business from SSP, seizing market share from established competitors and strengthened its Marketing SaaS Business service menu, which allows it to utilize data accumulated in DMPs, rapidly expanding its business. Gross profit, an important management indicator for analyzing the company's business, has increased sharply from ¥1.95 billion in FY3/2019 to ¥8.81 billion in FY3/2025, reaching a CAGR of 28.6%.

The reason why Geniee has been able to steadily realize such a "feasible and precise management strategy" is because it has an "exciting dream" to become a "one-stop platform" for an information society, that can solve at low cost the situation in which it is becoming difficult for information about the goods and services that consumers really need to reach them as communication media such as the Internet, SNS and mobile apps become more diverse and complex.

"Achieve a CAGR Of 35-40% in Operating Profit from FY3/2027 Onwards"

As mentioned above, Geniee has set a target compound annual growth rate (CAGR) of 35-40% for its operating profit from FY3/2027 to FY3/2031, while explaining that the CAGR for revenue will be around 30%.

With the one-stop platform transformation now in the final stages, it appears that, except for some business areas with heavy upfront investment burdens, profit margins are expected to improve in each segment as business efficiency improves. As mentioned above, Geniee achieved a gross profit CAGR of 28.6% from FY3/2019 to FY3/2025. "The effects of hiring and nurturing valuable product managers and excellent engineers and building a one-stop platform will become fully realized; and the business efficiency phase will begin, leading to the realization of a 35-40% CAGR in operating profit from FY3/2027 onwards" is an equity story that is within reach if the company continues to make the effort.

9. Target Market

Geniee estimates that the target market for its services, including its ad platform (domestic and overseas regions where it has already expanded), marketing SaaS and digital PR, is approximately ¥970 billion in total, which means it has the potential to expand to 86x its FY3/2025 revenue.

Potential to Increase Revenue by 400x

The company also aims to capture ¥21 billion of this market by FY3/2027. Note that these figures do not include the generation AI market (market size of ¥687.9 billion in 2025) that is managed by JAPAN AI, which is currently an equity-method affiliate.

Figure 16: Target Market Size



Source: Company Data.

Figure 17: Quarterly Performance Trends (¥mn)

FY	3/24				3/25			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	1,796	1,963	2,134	2,120	2,266	2,856	3,161	3,039
(YoY)	22.3%	25.0%	27.1%	22.1%	26.2%	45.5%	48.2%	43.3%
Advertising Platform Business	948	1,032	1,155	1,172	1,179	1,099	1,252	1,247
(YoY)	-0.9%	8.9%	15.3%	18.3%	24.4%	6.4%	8.4%	6.4%
Digital PR Business	-	-	-	-	-	708	761	681
(YoY)	-	-	-	-	-	-	-	-
Marketing SaaS Business	604	673	697	730	859	865	963	1,083
(YoY)	55.2%	41.0%	37.3%	24.3%	42.4%	28.4%	38.2%	48.3%
Overseas Business	306	305	338	299	335	375	402	278
(YoY)	85.5%	52.5%	99.6%	389.4%	9.2%	22.9%	18.9%	-7.1%
Adjustment	-63	-47	-57	-81	-108	-190	-218	-250
Cost of Sales	423	462	487	501	525	716	646	628
Gross Profit	1,373	1,501	1,646	1,619	1,741	2,140	2,516	2,412
(Gross Profit Margin)	76.4%	76.5%	77.2%	76.4%	76.8%	74.9%	79.6%	79.3%
SG&A Expenses	1,266	1,282	1,289	1,416	1,577	1,846	1,957	1,866
Other Revenues	3	555	1	116	652	468	12	6
Other Expenses	2	1	2	18	0	10	8	163
Operating Profit	107	773	356	302	816	752	563	389
(OP Margin)	6.0%	39.4%	16.7%	14.2%	36.0%	26.3%	17.8%	12.8%
Advertising Platform Business	460	509	639	637	581	497	578	567
(Segment Profit Margin)	48.5%	49.3%	55.3%	54.4%	49.3%	45.2%	46.2%	45.5%
Digital PR Business	-	-	-	-	-	202	151	76
(Segment Profit Margin)	-	-	-	-	-	28.6%	19.8%	11.1%
Marketing SaaS Business	44	66	67	39	25	126	261	256
(Segment Profit Margin)	7.3%	9.8%	9.6%	5.3%	2.9%	14.6%	27.1%	23.7%
Overseas Business	56	60	65	20	24	114	152	113
(Segment Profit Margin)	18.3%	19.7%	19.2%	6.7%	7.2%	30.4%	37.8%	40.7%
Adjustment	-454	140	-415	-394	185	-187	-578	-623
(Normalized Profit)	111	223	357	185	170	308	564	551
Equity in Earnings of Affiliates (Loss)	-	-	-	-	-	-29	-32	-36
Profit before Tax	18	2	4	6	3	37	-30	0
Income Tax Expense	121	90	-28	110	70	10	95	-8
Profit	9	685	388	198	748	750	407	362
Non-Controlling Interests	6	633	232	168	671	621	319	439
Profit Attributable to Owners of Parent	5	631	229	170	672	667	347	268
Net Profit Margin	0.3%	32.2%	10.7%	8.0%	29.7%	23.3%	11.0%	8.8%

Note: Normalized profit refers to operating profit minus one-time profits and losses. Business unit profits are based on segment profits.

Source: Company Materials. Compiled by Strategy Advisors.

Figure 18: Consolidated Income Statement (¥mn)

FY	3/18	3/19	3/20	3/21	3/22	3/23	3/24	3/25	3/26 CoE
Revenue	14,381	14,955	14,348	14,062	14,459	6,455	8,013	11,322	15,300
Advertising Platform Business	-	-	-	-	11,246	3,919	4,307	4,777	6,970
Marketing SaaS Business	-	-	-	-	1,177	1,976	2,704	3,770	5,280
ARR (SaaS Business)	-	-	-	-	980	1,940	2,414	3,471	-
ARR (SFA/CRM)	-	-	75	159	215	325	474	833	-
ARR (CHAT)	-	-	39	53	223	690	881	1,252	-
ARR (ANALYTICS)	-	-	-	-	-	307	421	616	-
Overseas Business	-	-	-	-	2,132	784	1,249	1,390	-
Digital PR Business	-	-	-	-	-	-	-	2,150	3,100
Adjustment	-	-	-	-	-95	-224	-248	-765	-50
Cost of Sales	11,923	13,008	12,127	11,453	10,676	1,313	1,874	2,515	3,500
Gross Profit	2,457	1,947	2,221	2,608	3,783	5,142	6,139	8,807	11,800
Gross Profit Margin	17.1%	13.0%	15.5%	18.5%	26.2%	79.7%	76.6%	77.8%	77.1%
SG&A Expenses	1,930	2,257	2,312	2,413	3,045	2,685	4,600	6,287	-
Operating Profit	528	-310	-91	196	739	2,457	1,539	2,521	2,750
Advertising Platform Business	-	-	-	-	1,727	2,164	2,245	2,224	2,300
Digital PR Business	-	-	-	-	-	-	-	429	110
Marketing SaaS Business	-	-	-	-	126	86	216	668	40
Overseas Business	-	-	-	-	163	339	201	404	-
Adjustment	-	-	-	-	-1,279	-132	-1,123	-1,204	300
OP Margin	3.7%	-2.1%	-0.6%	1.4%	5.1%	38.1%	19.2%	22.3%	18.0%
Normalized Profit	-	-	-	-	-	1,110	876	1,593	2,450
Equity in Earnings of Affiliates (Loss)	-	-	-	-	-	0	0	-97	-
Finance Income	8	2	9	16	46	20	31	10	-
Finance Costs	68	22	60	62	39	198	293	263	-
Ordinary Profit	467	-330	-142	149	746	-	-	-	-
Extraordinary Profit/Losses	-277	-148	-31	-14	-247	-	-	-	-
Profit Before Tax	191	-479	-173	136	500	2,279	1,277	2,267	2,600
Income Tax Expense	130	63	5	34	161	168	242	219	590
Profit	61	-541	-177	101	338	2,111	1,035	2,048	2,010
Non-Controlling Interests	-3	3	1	0	2	-4	3	94	50
Profit Attributable to Owners of Parent	63	-545	-179	102	336	2,115	1,032	1,954	1,960
Net Profit Margin	0.4%	-3.6%	-1.2%	0.7%	2.3%	32.8%	12.9%	17.3%	12.8%

Note: IFRS will be used from FY3/2023 onwards. Normalized profit refers to operating profit minus one-time profits and losses. Business unit profits are based on segment profits.

Source: Company Materials. Compiled by Strategy Advisors.

Figure 19: Consolidated Balance Sheet (¥mn)

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

Note: IFRS from FY3/2023 onwards.

Source: Company Data. Compiled by Strategy Advisors.

Figure 20: Consolidated Cash Flow Statement (¥mn)

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

Source: Company Data. Compiled by Strategy Advisors.

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Figure 21. Indicators, ROE & KPI's

FY	3/18	3/19	3/20	3/21	3/22	3/23	3/24	3/25	3/26 CoE
EPS (¥)	3.8	-30.8	-10.0	5.7	18.7	119.5	58.3	136.3	161.9
BPS (¥)	183.0	151.5	141.5	147.1	153.6	282.5	409.3	651.6	-
DPS (¥)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend Payout Ratio	-	-	-	-	-	-	-	-	-
Closing Price (¥)	1,903	658	618	903	1,142	2,102	1,046	1,576	1,527
PER (x)	528.9	0.0	0.0	159.8	60.2	17.6	17.9	9.8	9.4
PBR (x)	10.4	4.3	4.4	6.1	7.4	7.4	2.6	2.4	-
# of Shares Issued at End of Period ('000)	17,508	17,868	17,958	18,048	18,048	18,048	18,056	18,056	-
# of Treasury Stocks (Shares)	0	0	0	0	330	365	347	5,950	-
# of Shares excl. Treasury Stocks ('000 Shares)	17,508	17,868	17,958	18,048	17,718	17,683	17,710	12,106	-
Market Cap. (¥mn)	33,318	11,757	11,098	16,297	20,234	37,170	18,524	19,079	-
Shareholders' Equity Ratio	57.8	58.4	59.5	47.0	37.1	28.0	37.8	33.0	-
Interest-Bearing Debt Balance	629.0	489.0	426.0	1,369.0	2,237.0	8,892.0	8,068.0	10,219.0	-
Net D/ E Ratio	-0.6	-0.4	-0.3	0.1	0.3	1.2	0.8	0.9	-
EV (Enterprise Value)	31,407	10,634	10,333	16,574	21,002	43, 186	24, 098	27,252	-
EBITDA (¥mn)	784	20	215	588	1,326	3, 384	2,285	3,732	-
EV/EBITDA (Multiple)	40.1	531.7	48.1	28.2	15.8	1 2.8	10.5	7.3	-
ROE (%)	2.6	-18.4	-6.8	3.9	12.5	54.0	16.9	25.8	-
ROIC (Invested Capital, %)	13.2	-10.6	-3.1	4.6	12.9	-	8.9	13.4	-
ROIC (Business Assets, %)	36.1	-26.0	-5.9	6.9	17.6	-	10.0	14.9	-
# of Employees	242	258	264	307	346	566	617	877	-

Source: Company Data. Compiled by Strategy Advisors.

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