

Company Report

September 2, 2025

Strategy Advisors Inc.
Team Coverage



FY3/26 Q1 Results: Ordinary Profit Continued to Increase Significantly, Due to the Expansion of the SaaS Business

In FY3/26 Q1, revenue was ¥3.061 billion (+35% YoY), gross profit ¥2.362 billion (up 36%), operating profit ¥333 million (-59% YoY) and profit attributable to parent company of the subsidiaries ¥150 million (-78% YoY); shows an increased revenue but a decrease in operating profit. Looking at ordinary profit, which is operating profit minus one-off gains and losses, it increased from ¥170 million in the same period last year to ¥333 million (+95% YoY), meaning that both revenue and profits are continuing to increase.

By segment, the Advertising Platform Business, which integrated domestic and overseas businesses from FY3/26, saw a decrease in revenue of 11% YoY. However, due to strong performance in SFA, CHAT and ANALYTICS, the Marketing SaaS Business saw a 30% increase in revenue. In addition, the Digital PR Business operated by Social Wire, which became a consolidated subsidiary in Q2 FY3/25, contributed to the increase with revenue of ¥703 million.

When equity-method affiliate JAPAN AI released "JAPAN AI SALES" on June 16, the stock price rose to the ¥1,800 range. However, as investor enthusiasm waned, the stock price returned to the ¥1,400 to ¥1,600 range in July. The company subsequently released its first-quarter FY3/26 financial results, which were largely in line with the company's expectations and showed a significant increase in normal profit. However, the decline in operating profits was a disappointment, causing the stock price to fall and it is currently trading between ¥1,300 and ¥1,500.

Strategy Advisors has now added the following point to its equity story: "JAPAN AI's dramatic growth will lead to rapid expansion of group revenue and an increase in valuation". Although JAPAN AI is currently recording a net loss for the current fiscal year, its revenue is rapidly expanding. JAPAN AI's corporate value was highly valued by domestic venture capital firms during its fundraising in July, but expectations for future increases in corporate value do not appear to have yet been factored into the company's stock price. The company plans to exercise its stock acquisition rights in the future and return JAPAN AI to being a consolidated subsidiary. This will not only significantly contribute to group revenue but could also lead to a significant increase in the company's stock valuation, which is currently at a low level.

Stock Price and Trading Volume (Past Year)



Source: Strategy Advisors

Key Indicators

Stock Price (09/01/25)	1,332
52-Week High (03/05/25)	1,876
52-Week Low (04/07/25)	1,220
All-Time High (12/18/17)	2,678
All-Time Low (12/25/18)	409
Number of Shares Issued	12.1
Market Cap. (¥ bn)	16.2
EV (¥ bn)	25.0
Equity Ratio (FY3/25, %)	33.0
ROE (FY3/25 Actual, %)	25.8
PER (FY3/26 CoE, x)	8.2
PBR (FY3/25 Actual, x)	2.1
Yield (FY3/26 CoE, %)	-

Source: Strategy Advisors

Geniee | 6562 (TSE Growth)

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

FY	Revenues (¥ mn)	YoY (%)	OP (¥ mn)	YoY (%)	PBT (¥ mn)	YoY (%)	NP (¥ mn)	YoY (%)	EPS (¥)	DPS (¥)
FY3/25 Q1	2,265	26.2	815	633.7	748	-	672	-	38.0	-
FY3/26 Q1	3,061	35.1	333	-59.1	231	-69.1	150	-77.7	12.4	-
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	89.4	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	0.0

Source: Company Data. Compiled by Strategy Advisors.

1. FY3/26Q1 Results

Revenue Increased but Operating Profit Decreased in FY3/26 Q1

Geniee's results for Q1 FY3/26 were revenue of ¥3.061 billion (+35% YoY), gross profit of ¥2.362 billion (+36% YoY), operating profit of ¥333 million (-59% YoY) and quarterly profit attributable to parent company of the subsidiaries of ¥150 million (-78% YoY), resulting in an increase in revenue but a decrease in operating profit.

Normal Profit Increased 95% YoY

Operating profit for FY3/25Q1 included a profit of ¥645 million due to a reduction in the earn-out (an obligation to pay additional fees according to the conditions after M&A is completed) related to Zelto, a US subsidiary of the Advertising Platform Business. Normal profit for FY3/26 Q1, which is the operating profit minus this one-off gain/loss, increased from ¥170 million in the same period of the previous year to ¥333 million (up 95% YoY), and sales and profits continued to increase.

Figure 1. Geniee's FY3/26 Q1 Results

(¥ mn)	3/25Q1	3/26Q1	YoY	Progress rate (A)/(B)	3/26 CoE (B)
		(A)			
Revenue	2,265	3,061	35.1	20.0%	15,300
Advertising Platform Business	1,418	1,258	-11.2	18.1%	6,970
Marketing SaaS Business	859	1,116	29.9	21.1%	5,280
Digital PR Business	-	703	-	22.7%	3,100
Adjustment	-11	-16	-	33.5%	-50
Cost of Sales	525	699	33.3	20.0%	3,500
Gross Profit	1,740	2,362	35.7	20.0%	11,800
SG&A Expenses	1,576	2,066	31.1	-	-
Operating Profit	815	333	-59.1	12.1%	2,750
Ordinary Profit	170	333	95.4	13.6%	2,450
Advertising Platform Business	605	538	-11.1	16.0%	3,370
Marketing SaaS Business	25	287	11.4x	21.0%	1,370
Digital PR Business	-	103	-	22.5%	460
Corporate/Eliminations, etc.	184	-596	NM	24.4%	-2,450
Equity in Earnings of Affiliates (Loss)	-	-47	-	-	-
Profit Before Tax	748	231	-69.1	8.9%	2,600
Income Tax Expense	77	68	-10.9	11.7%	590
Profit (Qty)	670	162	-75.8	8.1%	2,010
Non-Controlling Interests	-1	11	NM	23.9%	50
Profit Attributable to Parent Company of the Subsidiary (Qty)	672	150	-77.7	7.7%	1,960

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

Business unit profits are based on segment profits. The figures for Advertising Platform Business and adjustments for 25/3Q1 have been retroactively adjusted.

Source: Company Data. Compiled by Strategy Advisors.

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General and Administrative Expenses Ratios Are Factors Behind the Increase in Normal Profit

Factors contributing to the increase in normal profit include a significant increase in revenue, an increase in gross profit margin from 76.8% in the same period last year to 77.1%, and a decrease in the selling and administrative expenses ratio from 69.6% in the same period last year to 67.5% due to a reduction in fixed costs resulting from increased sales.

The slight improvement in gross profit margin was due to the impact of improved profit margins in the Advertising Platform Business and Marketing SaaS Business outweighing the impact of a decline in the revenue composition ratio of the Advertising Platform Business, which has a relatively high profit margin.

SG&A expenses increased 31% YoY to ¥2.066 billion. This was due to a 32% YoY increase in personnel expenses and other expenses due to the hiring of approximately 60 new graduates and the consolidation of Social Wire (3929 TSE Growth) in Q2 FY3/25, as well as a 43% YoY increase in other expenses due to an increase in commissions paid, taxes and other dues.

Equity Method Investment Loss Recorded

As JAPAN AI became an equity-method affiliate from FY3/25 Q2, the company recorded an equity-method investment loss of ¥47 million. In addition, financial income decreased from ¥2 million in the same period of the previous year to ¥1 million while financial expenses also decreased from ¥69 million in the same period of the previous year to ¥56 million.

Corporate Tax Burden Rate Rises Sharply

Due to a decrease in temporary profits that are not taxable income and the recording of equity method investment losses, the corporate tax burden rate rose from 10.3% in the same period of the previous year to 29.9%. In addition, with Social Wire becoming a consolidated subsidiary, non-controlling interests turned from a loss of ¥1 million in the same period of the previous year to a profit of ¥11 million. The company's investment ratio in Social Wire is 49%.

The Increase in Revenue Was Due to the Consolidation of the Digital PR Business and Strong Performance of the Marketing SaaS Business

Revenue increased by ¥796 million YoY, but broken down by segment, Advertising Platform Business decreased by ¥159 million, Marketing SaaS Business increased by ¥257 million and Digital PR Business, which was consolidated from FY3/25 Q2, increased by ¥703 million. This is inter-segment revenue and the adjustment amount subject to consolidated eliminations increased slightly from -¥11 million in the same period last year to -¥16 million.

Advertising Platform Business: -11% Decrease in Revenue & in Profit

Regarding the advertising platform business, since the domestic division and overseas division (Zelto and other overseas subsidiaries) were integrated starting in FY3/26, YoY is compared to retroactively adjusted figures.

The business's results were revenue of ¥1.258 billion (-11% YoY) and segment profit of ¥538 million (-11% YoY). Although the gross profit margin improved due to a reduction in server-related expenses, the SG&A expense ratio worsened due to an increase in fixed costs associated with the decline in revenue. Although the number of companies exceeding a certain level of revenue increased by 2% YoY to 251 companies, the impact of an individual issue at a major client that began around March 2013 continued, resulting in a slump in revenue per client of ¥1.621 million (-13%). The company explained that as a result of focusing on resolving the issue, the company's revenue per client in Q2 is on the rise.

Advertising Platform Business Operating Profit Decreased 22%

While segment profit for this business decreased 11% YoY, operating profit for this business, which is the allocation of company-wide expenses to each segment, decreased 22% YoY to ¥283 million due to an increase in personnel expenses, etc.

Marketing SaaS Business Revenue Increased 30%

The Marketing SaaS Business's performance saw a significant increase in revenue, reaching ¥1.116 billion (+30% YoY). Due to strong performance in SFA/CRM, CHAT, and ANALYTICS, the number of paid accounts at the end of Q1 FY3/26 increased by 21% YoY, average revenue per account (ARPA) increased by 53% YoY and initial implementation sales related to development for SFA/CRM and CHAT increased significantly. Furthermore, annual recurring revenue (ARR) at the end of Q1 increased by 33% YoY to ¥3.539 billion.

The recurring revenue ratio in Q1 fell slightly to 80.2% from 80.5% in the same period last year. Meanwhile, the cancellation rate in Q1 rose to 2.15% from 0.30% in Q4 FY3/25 due to cancellations by major customers in April, but have improved since May.

Marketing SaaS Business Operating Profit/Losses Significantly Reduced

Compared to the same period in the previous fiscal year, the segment's gross profit margin rose from 71.3% to 78.6%. This increase was driven by several factors, including the exclusion of JAPAN AI (which is in an upfront investment stage), lower fixed costs from increased sales, reduced depreciation following a software disposal at the end of last year and a decrease in server-related expenses. The segment's selling, general and administrative expense ratio also improved significantly, as the rate of increase in R&D-related expenses and sales-related personnel and expenses was lower than the growth in revenue because of increased sales.

As a result, the segment profit was ¥287 million (increase of ¥262 million YoY), and the operating loss of the segment, which is calculated by deducting company-wide expenses allocated to each segment, narrowed to ¥1 million from ¥193 million in the same period of the previous year.

Figure 2. Quarterly Performance Trends by Segment

		3/25				3/26
		Q1	Q2	Q3	Q4	Q1
Revenue		2,265	2,856	3,160	3,039	3,061
	Advertising Platform Business	1,418	1,293	1,447	1,302	1,258
	Marketing SaaS Business	859	864	963	1,083	1,116
	Digital PR Business	-	707	761	680	703
	(Adjustment)	-11	-10	-11	-27	-16
Gross Profit		1,740	2,139	2,515	2,411	2,362
Segment Profit		815	752	563	389	333
	Advertising Platform Business	605	610	730	680	538
	Marketing SaaS Business	25	126	260	256	287
	Digital PR Business	—	202	150	78	103
	(Corporate/Eliminations)	184	-187	-577	-626	-596
Operating Profit		815	752	563	389	333
	Advertising Platform Business	361	374	472	417	283
	Marketing SaaS Business	-193	-91	21	8	-1
	Digital PR Business	—	108	65	4	24
	(Adjustment)	647	361	3	-40	26

Note: FY3/25 Advertising Platform Business figures are calculated by combining figures with overseas divisions.

Source: Company Data. Compiled by Strategy Advisors.

Digital PR Business Saw Increased Revenue and Profits Compared to FY3/25Q4

Social Wire's Digital PR Business includes newswire, influencer PR, clipping and risk check services. The business's results were revenue of ¥703 million, segment profit of ¥103 million and operating profit of ¥24 million. Although revenue and profit decreased compared to FY3/25 Q3 (revenue of ¥761 million, segment profit of ¥150 million), which was driven by a large influencer PR project, revenue and profit increased compared to FY3/25 Q4 (revenue of ¥680 million, segment profit of ¥78 million). The number of new clients acquired (companies) in Q1 decreased from 1,067 in Q4 to 831, but this was an increase from the number of companies in the same period last year before consolidation.

Figure 3. Quarterly KPI Trends by Segment

		3/25 Q1	Q2	Q3	Q4	3/26 Q1
Marketing SaaS Business						
	# of Paid Accounts	18,714	19,416	20,337	21,676	22,651
	ARPA (¥)	13,501	15,284	19,874	18,777	20,620
	Churn Rate	0.20	1.83	0.72	0.30	2.15
	ARR (¥ mn)	2,658	2,984	3,244	3,471	3,539
	Gross Profit Margin	71.3	72.4	73.3	74.7	78.6
	Recurring Revenue Ratio	80.5	81.2	82.1	80.3	80.2
Advertising Platform Business						
	# of Clients	247	267	287	293	251
	Revenue per Client (¥ mn)	1.871	1.588	1.921	1.703	1.621
	OP Margin	25.5	28.9	32.7	32.1	22.5
	Operating Profit	361	374	472	417	283
Digital PR Business						
	# of New Clients Acquired	-	808	1,090	1,067	831
	OP Margin	-	15.3	8.6	0.6	3.6
	Operating Profit	-	108	65	4	24

Note: FY3/25 Advertising Platform Business figures are combined with overseas divisions, and Digital PR Business has been consolidated since FY3/25Q2

Source: Company Data. Compiled by Strategy Advisors.

JAPAN AI Raises ¥1.9 Billion

In July 2025, the company group implemented or announced 3 capital policies. The first is the issuance of new shares (preferred shares) by equity-method affiliate JAPAN AI, allocated to 3 venture capital firms and FCE (9564 TSE Standard). JAPAN AI raised ¥1.9 billion to invest in strengthening recruitment and software development. With this funding, the company's stake in JAPAN AI has decreased from 11.5% to 5.8%, but as it holds stock acquisition rights for JAPAN AI, its shareholding ratio, including potential shares, remains above 50%. In addition, the company expects to recognize a one-time gain due to the decrease in its ownership stake in JAPAN AI as equity-method investment gain in Q2 but explains that the impact is minor.

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FCE & Japan AI Enter into a Capital and Business Alliance Agreement

The second is the capital and business alliance agreement concluded between Japan AI and FCE. Through the disposal of treasury stock, the company allocated 65,000 common shares (0.36% of the total number of issued common shares) to FCE. This alliance will see FCE's DX promotion and education/training businesses collaborate with the company's Marketing SaaS Business, with a view to building a new productivity improvement model that integrates human capital with sales and marketing data in the future. In addition, FCE's investment in JAPAN AI will enable FCE to introduce JAPAN AI's product, "JAPAN AI AGENT," as an OEM offering, and by conducting proof-of-concept tests and expanding the product to existing customers, the company group aims to establish a new business foundation in the AI agent field.

Branding Technology and Japan AI Enter into Capital and Business Alliance

The third is a capital and business alliance between JAPAN AI and Branding Technology (7067TSE Growth). On August 13th, JAPAN AI acquired 20,000 common shares of Branding Technology (1.27% of the total number of issued shares) through a third-party allotment of treasury stock conducted by Branding Technology. Through this alliance, JAPAN AI aims to enhance the corporate value of both companies by leveraging its AI agent development technology to promote the digital transformation of Branding Technology's consulting services.

JAPAN AI is Highly Regarded in the Field of AI Agents

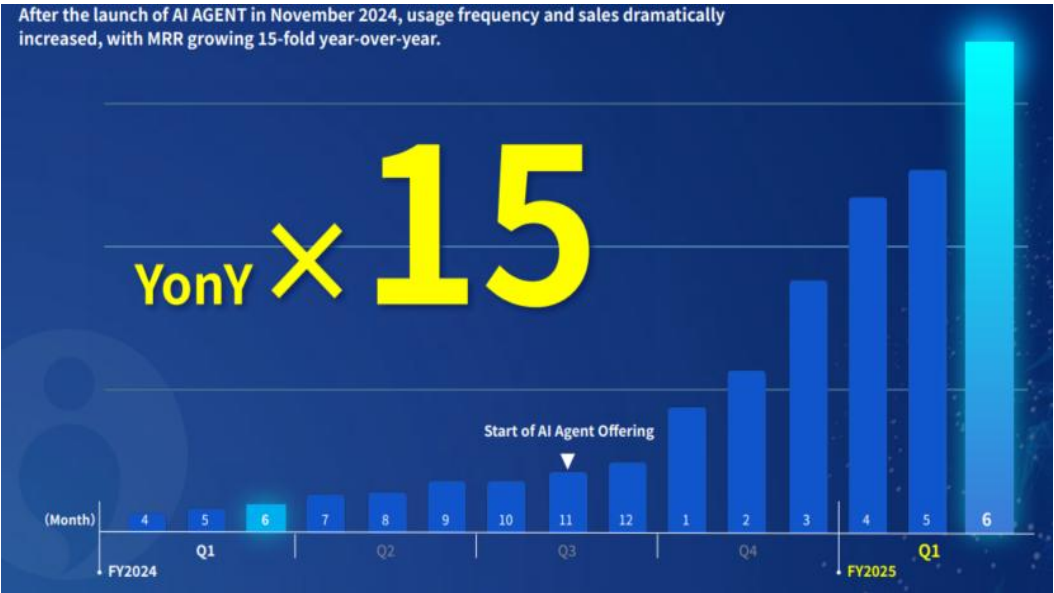
JAPAN AI has been continuously releasing AI agent functions that are in high demand from a customer perspective, with the number of official AI agents released exceeding 100 in June 2025. In addition, JAPAN AI's "JAPAN AI AGENT" was selected as the grand prize winner in the AI Agent category at the "AI PRODUCTS AWARD 2025 SPRING" announced by AI Smiley, which operates the AI portal media "AI Smiley".

JAPAN AI's MRR in June was 15x Higher than the Same Month Last Year

In June 2025, the company released "JAPAN AI SALES", a sales-specialized agent that automatically inputs activity records from sales sites into SFA/CRM systems and this appears to have led to an increase in bundled sales with "GENIEE SFA/CRM". There is also growing demand for collaboration that combines JAPAN AI's AI agent technology with "GENIEE CDP", which integrates, analyzes and centrally manages customer data.

As such, since the release of "AI Agent" in November 2024, group synergy has rapidly emerged between the company and JAPAN AI. The company told us that JAPAN AI's monthly recurring revenue (MRR) in June 2025 increased 15 times compared to the same month last year.

Figure 4. JAPAN AI MRR Trends



Source: Company Data.

2. Earnings Forecast for FY3/26

Company Forecasts for FY3/26 Remain Unchanged

The company's forecasts for FY3/26, which remained unchanged at the time of the Q1 financial results announcement, are revenue of ¥15.3 billion (+35% YoY), gross profit of ¥11.8 billion (+34% YoY), operating profit of ¥2.75 billion (+9% YoY), profit before tax of ¥2.6 billion (+15% YoY), profit for the period of ¥2.01 billion (-2% YoY) and profit for the period attributable to parent company of the subsidiaries to be ¥1.96 billion (0% YoY).

Figure 5. Geniee 's FY3/26 Earnings Forecast

(¥ mn)	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	-
Gross Profit	8,807	11,800	34.0
Operating Profit	2,520	2,750	9.1
(Ordinary profit*)	1,593	2,450	53.8
Advertising Platform Business	2,223	3,370	51.6
Marketing SaaS Business	668	1,370	105.1
Overseas Business	403	-	-
Digital PR Business	428	460	7.5
Corporate/Eliminations, etc.	-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 Parent	1,954	1,960	0.3
Company of Subsidiaries			

Note: Ordinary profit refers to the 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 Goodwill Impairment Has Significantly Decreased

Following the integration of the organizational and operational structures of its domestic and overseas supply-side businesses, the company integrated its overseas business into its Advertising Platform Business from FY3/26. As a result, the Cash-Generating Unit (CGU) used to assess the impairment of goodwill 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 billion as of the end of FY3/25 (including ¥8.7 billion from the overseas division of the Advertising Platform Business), centered on Zelto, has been significantly reduced.

All Segments Plan to Increase Revenue

Revenue plans by segment are for Advertising Platform Business of ¥6.970 billion (+46% YoY, based on a simple comparison that does not take into account the integration of overseas businesses), Marketing SaaS Business of ¥5.280 billion (+40% YoY), and Digital PR Business of ¥3.100 billion (+44% YoY, the previous fiscal year is for the nine months from Q2). Adjustments are planned to be reduced from -¥765 million in FY3/25 to -¥50 million due to the integration of the Advertising Platform Business and the overseas businesses, which had a lot of inter-segment transactions.

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Advertising Platform Business plans to Significantly Increase Profits

Revenue from the Advertising Platform Business is expected to increase by ¥805 million compared to the total of ¥6.165 billion from the Advertising Platform Business and overseas business in FY3/25, due to the promotion of cross selling both domestically and overseas and the development of enterprise media customers.

Segment profit is expected to be ¥3.370 million (+52% from the previous year, +28% when combined with overseas businesses) due to the reduction of cost of sales and selling, general and administrative expenses through decision-making and operational efficiency improvements associated with the integration of domestic and overseas organizations. Operating profit for the segment is expected to be ¥2.3 billion (+70% from the previous year, +42% when combined with overseas businesses).

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

Revenue from the Marketing SaaS Business is expected to increase by ¥1.510 billion compared to the previous period due to growth in SFA/CRM, CHAT, and ANALYTICS.

Segment profit is expected to increase by ¥702 million YoY to ¥1.37 billion because of increased sales. On the other hand, due to the increase in investment burden for the customer data platform "GENIEE CDP" released in September 2024, the operating profit of this segment is expected to increase by ¥295 million YoY to ¥40 million (compared to a loss of ¥255 million YoY).

Operating Profit for the Digital PR Business is Expected to Decrease

Revenue from the Digital PR Business is expected to increase by ¥950 million compared to the previous period due to annual contributions and expansion in the influencer field.

Segment profit is expected to increase by ¥32 million YoY to ¥460 million due to the expansion of revenue. However, due to the absence of approximately ¥70 million gain on the sales of the shared office business recorded in the previous period, the operating profit for this segment is expected to decrease by ¥68 million YoY to ¥110 million.

Normal Profit, Excluding One-Off Gains and Losses, is Expected to Increase by 54%

One-time profits are expected to decrease from ¥927 million in the previous fiscal year to ¥300 million. On the other hand, due to a significant increase in profits from the Advertising Platform Business, normal profit is expected to reach ¥2.45 billion (+54% from the previous period).

The Stock Price Range from Mid-April to Early June 2025 is Roughly ¥1,400 to ¥1,600

The company's stock price was ¥1,156 as of the end of June 2024. Following the upward revision of the full-year earnings forecast when the FY3/25 Q2 financial results were announced, the stock price began to rise, rising to ¥1,876 on March 5, 2025.

However, the company's shares subsequently fell in line with the stock market correction, and since mid-April, the range has been centered around ¥1,400 to

3. Stock Price Trends and Valuations

1) Comparison with Past Performance

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¥1,600. In the company's FY3/26 forecast released on May 13, normal profit was expected to increase 54% YoY, but operating profit was expected to increase 9%, slowing from the previous year's 64% increase, and the share price temporarily fell to around ¥1,300. In the first half of June, investors began to appreciate the forecast for an increase in normal profit and the share price returned to the ¥1,400 to ¥1,600 range.

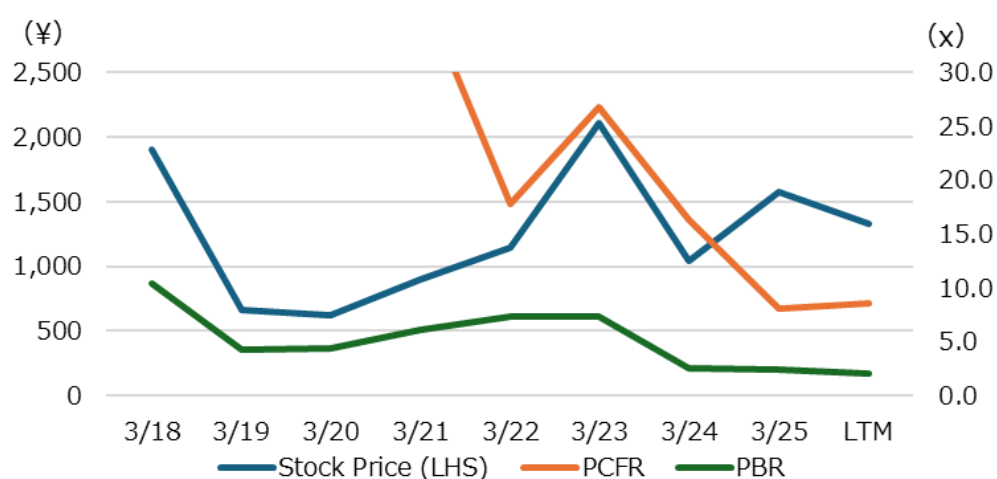
Following the Q1 Financial Results, the Current Stock Price is Hovering Between ¥1,300 and ¥1,500

When the "JAPAN AI SALES" release was announced on June 16, expectations of a positive impact on JAPAN AI's business performance led to the stock price rising to ¥1,874 by June 19. However, as investor appetite waned in July, the stock price returned to the ¥1,400-¥1,600 range. The FY3/26 Q1 financial results announced on August 12 were generally in line with the company's expectations, but investors were discouraged by the fact that operating profit was down 59% YoY and quarterly profit attributable to parent company of the subsidiaries was down 78% YoY, causing the stock price to temporarily fall below ¥1,300. The stock price subsequently rebounded and is currently trading in the ¥1,300 to ¥1,500 range.

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

On the other hand, despite securing an ROE of 25.8% in FY3/25, the PBR has further declined from 2.6x at the end of March 2024 to the current level of around 2.1x. Considering that the 2.6x figure at the end of March 2024 was the level after the decline following the disappearance of one-off profits associated with the acquisition of Zelto, that the PBR was in the 7x range even in FY3/22 when there was no impact from one-off profits related to Zelto; and that the PBR was in the 4x range from FY3/19 to FY3/20 when the company recorded a net loss, the current level still appears to be undervalued.

Figure 6. Geniee Stock Price, PCFR, and PBR Trends



Source: Company Data. Compiled by Strategy Advisors.

Figure 7. Geniee: Stock Price and Major Index Trends

	3/18	3/19	3/20	3/21	3/22	3/23	3/24	3/25	LTM (Sep. 1)
Stock price (¥)	1,903	658	618	903	1,142	2,102	1,046	1,576	1,332
Operating CF (¥ mn)	292	203	73	431	1,140	1,389	1,140	2,359	1,875
PCFR (x)	114.1	57.9	152.0	37.8	17.7	26.8	16.2	8.1	8.6
Net Profit (¥ mn)	63	-545	-179	102	336	2,115	1,032	1,954	1,960
PER (x)	528.9	0.0	0.0	159.8	60.2	17.6	17.9	9.8	8.2
PBR (x)	10.4	4.3	4.4	6.1	7.4	7.4	2.6	2.4	2.1
ROE	2.6	-18.4	-6.8	3.9	12.5	0.0	16.9	25.8	17.6

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

Source: Company Data. Compiled by Strategy Advisors.

2) Comparison with Competitors (Japanese Companies)

Geniee Appears to Be Undervalued Even When Comparing its PBR With Domestic Peers with Higher ROEs

Comparing 13 representative Japanese companies (including Geniee) involved in advertising platforms, marketing SaaS and PR businesses, the companies with the highest ROE over the past year were Cybozu (4776 TSE Prime) at 40%, Feedforce Group (7068 TSE Growth) at 32%, Wills (4482 TSE Growth) at 31%, Value Commerce (2491 TSE Prime) at 25%, Brain Pad (3655 TSE Prime) and F Code (9211 TSE Growth) at 19%, with Geniee at 18%. The PBRs for each company were: Cybozu 12.2x, Feedforce Group 4.1x, Wills 6.5x, Value Commerce 1.2x, Brain Pad 4.6x, F Code 4.3x and Geniee 2.1x. Geniee is second only to Value Commerce, whose ROE is higher than the actual value due to the recording of extraordinary profits.

Cybozu and F Code Have High Operating Cash Flow Growth Rates

When comparing the 3-year CAGR of operating cash flow (hereinafter referred to as operating CF) of companies with the highest ROE, Cybozu is 12.8%, F Code is 107%, Feedforce Group is 31%, Geniee is 27%, Wills is 26%, Brain Pad is 6% and Value Commerce is -14%, with Cybozu and F Code showing outstanding growth rates. The 3-year CAGR of operating CF is calculated using the figures for the most recent full-year financial statement and the full-year financial statement 3-years prior.

Figure 8. Key Indicators of Major Japanese Companies Involved in Advertising Platforms, Marketing SaaS & Corporate PR Businesses (ROE in Descending Order)

Company Name	Ticker	FY	ROE	PBR (x)	PER (x)	Operating CF (¥ mn)	3yr CAGR	PCFR
Cybozu	4776	12/2024	39.8%	12.2	27.7	8,662	128%	20.1
Feedforce Group	7068	5/2025	32.3%	4.1	11.7	1,405	31%	10.0
Wills	4482	12/2024	31.4%	6.5	19.7	1,132	26%	12.8
Value Commerce	2491	6/2025	24.6%	1.2	8.2	3,113	-14%	5.5
Brain Pad	3655	6/2025	18.8%	4.6	23.1	1,351	6%	20.0
F Code	9211	12/2024	18.5%	4.3	22.8	1,394	107%	21.1
Geniee	6562	3/2025	17.6%	2.1	8.2	1,875	27%	8.6
User Local	3984	3/2025	17.4%	3.8	21.8	1,806	26%	18.4
Kyodo PR	2436	12/2024	17.4%	2.2	11.2	973	27%	8.4
Bridge International	7039	12/2024	16.1%	1.5	10.7	684	2%	10.2
CARTA HOLDINGS	3688	12/2024	6.5%	2.2	29.4	3,869	-29%	13.7
Digital Holdings	2389	12/2024	6.0%	1.2	14.9	6,567	-17%	5.0
LINE Yahoo!	4689	3/2025	5.1%	1.1	17.5	527,270	25%	6.2

Note: ROE and operating cash flow are figures for the most recent year. The 3-year CAGR of operating cash flow is calculated using figures from the most recent financial statement and the financial statement three years prior. PCFR is calculated by dividing market capitalization by operating cash flow. PER is calculated using the company's forecast EPS. However, for LINE Yahoo! and Bridge International, it is based on the midpoint of the company's forecast EPS range.

Source: Company Data. Compiled by Strategy Advisors.

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

Company Name	Ticker	Sales (¥ bn)	Advertising Platform			Marketing SaaS				PR
			SSP	DSP	DMP	MA	SFA/CRM	Chat	AI	
LINE Yahoo!	4689	1,944.024	○	○	○	○	-	○	○	-
Cybozu	4776	33.487	-	-	-	-	○	-	○	-
Value Commerce	2491	31.411	-	-	-	-	○	-	-	-
CARTA HOLDINGS	3688	25.306	○	○	-	-	-	-	-	-
Digital Holdings	2389	15.218	-	-	-	-	○	-	-	-
Geniee	6562	12.118	○	○	○	○	○	○	○	○
Brain Pad	3655	11.772	-	-	○	○	-	-	○	-
Bridge International	7039	8.793	-	-	-	○	○	-	○	-
F Code	9211	8.305	-	-	-	○	-	○	○	-
Kyodo PR	2436	7.715	-	-	-	-	-	-	-	○
Wills	4482	5.332	-	-	-	-	-	-	-	○
User Local	3984	4.582	-	-	-	-	-	○	○	-
Feedforce Group	7068	4.373	-	-	-	○	-	-	○	-

Note: Sales figures are for the most recent year.

Source: Company Data. Compiled by Strategy Advisors.

3) Comparison with Competitors (Global)

PCFR is Used as a Measure to Compare with Overseas Companies.

Some overseas companies record stock-based compensation expenses and are already in the red at the operating profit stage, so we compared them using PCFR, a stock price indicator that uses operating cash flow. There is no absolute financial indicator that indicates the appropriate level of PCFR, but growth potential is one factor that increases PCFR, so we compared the 3-year CAGR of operating cash flow with PCFR.

There are Several Japanese Companies Who's Operating PCFR Growth Rate is Lower than Geniee's

Comparing the list in descending order of PCFR, Japanese companies with lower operating cash flow growth rates but higher PCFRs than Geniee (3-year CAGR 27%, PCFR 8.6x) include CARTA HOLDINGS (3688 TSE Prime) (3-year CAGR -29%, PCFR 13.7x), Brain Pad (3-year CAGR 6%, PCFR 20.0x), Wills (3-year CAGR 26%, PCFR 12.8x) and User Local (3984 TSE Prime) (3-year CAGR 26%, PCFR 18.4x). As a result, even from the perspective of PCFR, which takes into account operating cash flow growth rates, Geniee's stock price appears relatively undervalued among Japanese companies.

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

Additionally, overseas companies with higher PCFR than Geniee include two major US IT companies, Microsoft (MSFT NASDAQ) and Alphabet (GOOGL NASDAQ). While these two companies differ in that their business scale is significantly larger than Geniee's, Geniee (27%) has a higher 3-year CAGR of operating cash flow than Microsoft (25%) and Alphabet (24%).

Figure 10. Key Indicators of Major Companies Involved in Advertising Platforms, Marketing SaaS & Corporate PR Businesses (PCFR Descending Order)

Company Name	Ticker	Country	FY	Operating CF (¥ bn)	3-Yr CAGR	PCFR
AppLovin	APP	US	12/2024	427.662	100%	56.0
HubSpot	HUBS	US	12/2024	101.779	51%	36.2
Oracle	ORCL	US	5/2025	3,141.495	42%	29.8
Trade Desk	TTD	US	12/2024	139.153	39%	28.7
Microsoft	MSFT	US	6/2025	20,391.683	25%	27.2
Pegasystems	PEGA	US	12/2024	62.327	130%	22.1
F Code	9211	Japan	12/2024	1.394	107%	21.1
Cybozu	4776	Japan	12/2024	8.662	128%	20.1
Freshworks	FRSH	US	12/2024	29.990	168%	20.1
Brain Pad	3655	Japan	6/2025	1.351	6%	20.0
Alphabet	GOOGL	US	12/2024	20,024.170	24%	19.1
User Local	3984	Japan	6/2025	1.806	26%	18.4
Meta Platforms	META	US	12/2024	15,320.344	30%	18.0
Salesforce	CRM	US	1/2025	2,022.739	44%	17.9
Adobe	ADBE	US	11/2024	1,450.721	12%	16.0
Magnite	MGNI	US	12/2024	34.016	37%	15.9
CARTA HOLDINGS	3688	Japan	12/2024	3.869	-29%	13.7
Wills	4482	Japan	12/2024	1.132	26%	12.8
Bridge International	7039	Japan	12/2024	0.684	2%	10.2
Feedforce Group	7068	Japan	5/2025	1.405	31%	10.0
Genie	6562	Japan	3/2025	1.875	27%	8.6
Kyodo PR	2436	Japan	12/2024	0.973	27%	8.4
Thryv Holdings	THRY	US	12/2024	12.160	-10%	6.7
LINE Yahoo!	4689	Japan	3/2025	527.270	25%	6.2
PubMatic	PUBM	US	12/2024	10.141	5%	6.1
Value Commerce	2491	Japan	12/2024	3.113	-14%	5.5
Taboola.com	TBLA	US	12/2024	31.033	59%	5.3
Digital Holdings	2389	Japan	12/2024	6.567	-17%	5.0
Criteo	CRTO	France	12/2024	43.116	17%	4.6
Verve Group	VER	Sweden	12/2024	18.744	39%	3.7
Baidu	9888	China	12/2024	-5.044	9%	-

Note: Operating cash flow is the figure for the most recent year. The three-year CAGR of operating cash flow is calculated using the figures for the most recent financial statement and the financial statement 3-years prior.

Source: Company Data. Compiled by Strategy Advisors.

Figure 11. Major Business Portfolios of Representative Companies Involved in Advertising Platforms, Marketing SaaS & Corporate PR Businesses

Company Name	Ticker	Country	Operating CF (¥ bn)	Advertising Platform			Marketing SaaS				PR
				SSP	DSP	DMP	MA	SFA/CRM	Chat	AI	
Microsoft	MSFT	US	20,391.683	○	○	○	○	○	○	○	-
Alphabet	GOOGL	US	20,024.170	○	○	○	-	-	○	○	-
Meta Platforms	META	US	15,320.344	○	○	-	-	-	-	-	-
Oracle	ORCL	US	3,141.495	-	-	○	○	○	○	○	-
Salesforce	CRM	US	2,022.739	-	-	○	○	○	○	○	-
Adobe	ADBE	US	1,450.721	-	○	○	○	-	-	○	-
LINE Yahoo!	4689	Japan	527.270	○	○	○	○	-	○	○	-
AppLovin	APP	US	427.662	○	○	-	○	-	-	○	-
Baidu	9888	China	190.825	○	○	○	-	-	○	○	-
Trade Desk	TTD	US	139.153	-	○	○	-	-	-	-	-
HubSpot	HUBS	US	101.779	-	-	-	○	○	-	○	-
Pegasystems	PEGA	US	62.327	-	-	-	-	○	○	○	-
Criteo	CRTO	France	43.116	○	○	-	-	-	-	-	-
Magnite	MGNI	US	34.016	○	-	-	-	-	-	-	-
Taboola.com	TBLA	US	31.033	○	-	-	-	-	-	-	-
Freshworks	FRSH	US	29.990	-	-	-	○	○	○	○	-
Verve Group	VER	Sweden	18.744	○	○	○	-	-	-	-	-
Thryv Holdings	THRY	US	12.160	-	-	-	○	○	○	○	-
PubMatic	PUBM	US	10.141	○	-	-	-	-	-	-	-
Digital Holdings	2389	Japan	6.567	-	-	-	-	○	-	-	-
Cybozu	4776	Japan	8.662	-	-	-	-	○	-	○	-
CARTA HOLDINGS	3688	Japan	3.869	○	○	-	-	-	-	-	-
Value Commerce	2491	Japan	3.113	-	-	-	-	○	-	-	-
Genie	6562	Japan	1.875	○	○	○	○	○	○	○	○
User Local	3984	Japan	1.806	-	-	-	-	-	○	○	-
Feedforce Group	7068	Japan	1.405	-	-	-	○	-	-	○	-
F Code	9211	Japan	1.394	-	-	-	○	-	○	○	-
Brain Pad	3655	Japan	1.351	-	-	○	○	-	-	○	-
Wills	4482	Japan	1.132	-	-	-	-	-	-	-	○
Kyodo PR	2436	Japan	0.973	-	-	-	-	-	-	-	○
Bridge International	7039	Japan	0.684	-	-	○	○	-	○	-	

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

Source: Company Data. Compiled by Strategy Advisors.

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

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

4. Equity Story

An equity story is a long-term scenario that will grow a company's stock price and profits. From the perspective of long-term stock price growth, an equity story is thought to consist mainly of (1) a "realizable and detailed management strategy" and (2) an "exciting dream".

Ken Kusunoki, a professor at the Hitotsubashi University Graduate School of Business and one of Japan's leading management scholars, states in his book "Competitive Strategy as a Story: The Conditions for a Superior Strategy" that "Companies that have achieved great success and sustained that success have in common that their strategies are constructed as a 'story' with flow and movement. A strategy is not something that is forced upon you out of necessity and you have to look grim, but rather it is about creating an interesting 'story' that you can't help but want to tell someone". Equity stories are a similar concept.

Geniee decided that there was significant room for new entrants into the SSP market, and by launching its Advertising Platform Business, it was able to take market share from established competitors. It then strengthened its Marketing SaaS Business service menu, which makes use of data accumulated in its DMP, and rapidly expanded its business. Gross profit, an important management indicator for analyzing the company's business, rose sharply from ¥1.947 billion in FY3/19 to ¥8.807 billion in FY3/25, a CAGR of 28.6%.

Geniee has been able to steadily realize such a "feasible and detailed management strategy", because it has the "exciting dream" of becoming a "one-stop platform" for the information society that can solve the situation where communication media such as the Internet, social media and mobile apps are becoming more diverse and complex, making it difficult for consumers to receive information about the goods and services they really need.

Geniee | 6562 (TSE Growth)

Achieving a CAGR of 35-40% in Operating Profit from FY3/27 Onwards

Geniee has set a target CAGR of 35-40% for operating profit from FY3/27 to FY3/31. Meanwhile, it explains that the revenue CAGR is approximately 30%. With the one-stop platform transformation approaching the final stage, apart from some business areas with heavy upfront investment burdens, it appears that 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 FY3/19 to FY3/25.

Based on these achievements, in a previous report, Strategy Advisors highlighted the company's "achieving a CAGR of 35-40% in operating profit from FY3/27 onwards, which will mark the start of a business efficiency phase as the company employs and develops valuable product managers and talented engineers and builds a one-stop platform" as an equity story that is within reach if the company puts in the effort.

Japan AI's Dramatic Growth Will Lead to Rapid Expansion of Group Revenue and an Increased Valuation

Strategy Advisors has added the following to the equity story: "Rapid expansion of group revenue and rise in valuation due to the dramatic growth of JAPAN AI, which is expected to become a consolidated subsidiary in the future". Note that the previous equity story's statement that "Achieving a CAGR of 35-40% in operating profit from FY3/27 onwards" does not include the contribution of JAPAN AI becoming a consolidated subsidiary.

Currently, JAPAN AI is making aggressive investments in human resources and marketing, leading to a net loss for the current fiscal year (the loss for Q1 is estimated to be ¥410 million based on the company's investment ratio). However, the company explains that JAPAN AI's revenue is growing rapidly and that it will be able to return to profitability immediately if it stops temporary investments.

JAPAN AI's Corporate Value Are Not Factored into the Company's Stock Price

Following the rapid growth of Revenue, JAPAN AI has attracted a lot of attention as a domestic AI-related company, which led to its successful fundraising, and its corporate value was highly evaluated by domestic venture capital firms. However, given the low valuation of the company's stock (projected PER for this fiscal year of 8.2x and PCFR of 8.6x), it appears that the possibility of an even higher valuation being assigned to JAPAN AI depending on its future growth if JAPAN AI were to raise further funds or go public has not been factored into the company's stock price.

The company is considering exercising its stock acquisition rights in the future and bringing JAPAN AI back into its consolidated subsidiary, which would not only contribute significantly to group profits but also potentially lead to a significant increase in the company's stock valuation, which is currently at a low level.

Figure 12. Quarterly Performance Trends (¥ mn)

FY	3/24			3/25				3/26
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Revenue	1,963	2,134	2,120	2,266	2,856	3,161	3,039	3,061
(YoY)	25.0%	27.1%	22.1%	26.2%	45.5%	48.2%	43.3%	35.1%
Advertising Platform Business (Former)	1,032	1,155	1,172	1,179	1,099	1,252	1,247	-
Overseas Business	305	338	299	335	375	402	278	-
Advertising Platform Business (New)	-	-	-	1,418	1,293	1,447	1,302	1,258
(YoY)	-	-	-	-	-	-	-	-11.2%
Marketing SaaS Business	673	697	730	859	864	963	1,083	1,116
(YoY)	41.0%	37.3%	24.3%	42.4%	28.4%	38.2%	48.3%	29.9%
Digital PR Business	-	-	-	-	707	761	680	703
(YoY)	-	-	-	-	-	-	-	-
Adjustment	-47	-57	-81	-11	-10	-11	-27	-16
Cost of Sales	462	487	501	525	716	646	628	699
Gross Profit	1,501	1,646	1,619	1,740	2,139	2,515	2,411	2,362
(Gross Profit Margin)	76.5%	77.2%	76.4%	76.8%	74.9%	79.6%	79.3%	77.1%
SG&A Expenses	1,282	1,289	1,416	1,577	1,846	1,957	1,866	2,066
Other Revenues	555	1	116	652	468	12	6	38
Other Expenses	1	2	18	0	10	8	163	1
Operating Profit	773	356	302	815	752	563	389	333
(OP Margin)	39.4%	16.7%	14.2%	36.0%	26.3%	17.8%	12.8%	10.9%
Advertising Platform Business (Former)	509	639	637	581	497	578	567	-
(Segment Profit Margin)	49.3%	55.3%	54.4%	49.3%	45.2%	46.2%	45.5%	-
Overseas Business	60	65	20	24	114	152	113	-
(Segment Profit Margin)	19.7%	19.2%	6.7%	7.2%	30.4%	37.8%	40.7%	-
Advertising Platform Business (New)	-	-	-	605	610	730	680	538
(Segment Profit Margin)	-	-	-	-	-	-	-	42.8%
Marketing SaaS Business	66	67	39	25	126	260	256	287
(Segment Profit Margin)	9.8%	9.6%	5.3%	2.9%	14.6%	27.1%	23.7%	25.8%
Digital PR Business	-	-	-	-	202	150	78	103
(Segment Profit Margin)	-	-	-	-	28.6%	19.8%	11.1%	14.7%
Adjustment	140	-415	-394	184	-187	-577	-626	-596
(Ordinary Profit*)	223	357	185	170	308	564	551	333
Equity in Earnings of Affiliates	-	-	-	-	-29	-32	-36	-47
Finance Income	2	4	6	3	37	-30	0	1
Finance Costs	90	-28	110	70	10	95	-8	56
Profit Before Tax	685	388	198	748	750	407	362	231
Profit	633	232	168	671	621	319	439	162
Profit Attributable to Parent Company Shareholders	631	229	170	672	667	347	268	150
Net Profit Margin	32.2%	10.7%	8.0%	29.7%	23.3%	11.0%	8.8%	4.9%

Note: From FY3/26, the overseas business was integrated with the Advertising Platform Business, which targets Japan. The previous Advertising Platform Business is now called the old Advertising Platform Business, and the Advertising Platform Business integrated with the overseas business is now called the new Advertising Platform Business. The figures for the new Advertising Platform Business and adjustments for FY3/25 have been retroactively revised. Ordinary profit refers to operating profit minus one-off profits and losses. Business unit profits are based on segment profits.

Source: Company Data. Compiled by Strategy Advisors.

Figure 13. 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 Data. Compiled by Strategy Advisors.

Figure 14. Consolidated Balance Sheet (¥ mn)

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

Note: IFRS from FY3/2023 onwards.

Source: Company Data. Compiled by Strategy Advisors.

Figure 15. Consolidated Cash Flow Statement (¥ mn)

FY	3/18	3/19	3/20	3/21	3/22	3/23	3/24	3/25
Profit Before Tax	191	-479	-173	136	500	2,279	1,277	2,267
Depreciation	256	330	306	392	587	642	746	1,211
Other Income	-	-	-	-	-	-	-663	-1,108
Equity in Earnings of Affiliates (Loss)	-	-	-	-	-	-	-	97
Impairment Loss	-	172	25	-	217	-	-	-
Loss on Disposal of Fixed Assets	-	-	-	-	-	285	-	-
Unrealized Gains and Losses on Securities and Investment Securities	278	1	1	-	-	-	-	-
Gain or Loss on Step Acquisition	-	-	-	-	-	-1,623	-	-
Allowance for Doubtful Accounts	34	14	11	6	2	-	-	-
Corporate Tax Paid	-145	-183	79	- 12	-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.

Figure 16. Stock Price Indicators, ROE and KPIs

FY	3/18	3/19	3/20	3/21	3/22	3/23	3/24	3/25	3/26 CoE
EPS (¥)	3.8	-30.8	-10.0	5.7	18.7	119.5	58.3	136.3	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 (mn)	17.508	17.868	17.958	18.048	18.048	18.048	18.056	18.056	-
# of Treasury Stocks (Shares)	0	0	0	0	330	365	347	5,950	-
# of Shares excl. Treasury Stocks (mn Shares)	17.508	17.868	17.958	18.048	17.718	17.683	17.710	12.106	-
Market Cap. (¥ bn)	33.318	11.757	11.098	16.297	20.234	37.170	18.524	19.079	-
Shareholders' Equity Ratio	57.8	58.4	59.5	47.0	37.1	28.0	37.8	33.0	-
Interest-Bearing Debt Balance	629.0	489.0	426.0	1,369.0	2,237.0	8,892.0	8,068.0	10,219.0	-
Net D/ E Ratio	-0.6	-0.4	-0.3	0.1	0.3	1.2	0.8	0.9	-
EV (Enterprise Value)	31,407	10,634	10,333	16,574	21,002	43,186	24,098	27,252	-
EBITDA (¥ mn)	784	20	215	588	1,326	3,384	2,285	3,732	-
EV/EBITDA (Multiple)	40.1	531.7	48.1	28.2	15.8	12.8	10.5	7.3	-
ROE (%)	2.6	-18.4	-6.8	3.9	12.5	54.0	16.9	25.8	-
ROIC (Invested Capital, %)	13.2	-10.6	-3.1	4.6	12.9	-	8.9	13.4	-
ROIC (Business Assets, %)	36.1	-26.0	-5.9	6.9	17.6	-	10.0	14.9	-
# of Employees	242	258	264	307	346	566	617	877	-

Source: Company Data. Compiled by Strategy Advisors.

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