

## Q2 Results: Stock Price is Still Undervalued Relative to Past Performance, Although it is Rising

FY25/3 Q2 results are sales of ¥5.1bn (+50% YoY), gross profit of ¥3.9bn (+35%), operating profit of ¥1.6bn (+77%) and net profit of ¥1.3bn (+111%) mainly due to smooth progress in acquiring large corporate clients. The large increase in operating profit was partly due to the recording of a one-off profit, but even ignoring this effect, the company maintained a high growth rate of +43% YoY.

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

The stock price is rising due to the upward revision of the net income forecast from ¥1.7bn to ¥1.8bn considering synergies, etc. with PBR rising from 2.6 times as of FY24/3 to 3.0 times. However, considering that the 2.6 times in FY24/3 was a level after a decline that was due to a decline in one-time profits following the acquisition of Zelto; and that PBR was in the 7 times range even in FY22/3 and was not affected by the one-time profits related to Zello, the current level still seems cheap.

Among Japanese peers, the high ROE companies are Double Standard at 36%, Vector at 33%, Geniee at 25% and PR Times at 20%. The PBR's are 4.0 for Double Standard, 3.1 for Vector, 3.0 for Geniee and 3.6 for PR Times, making PR Times more expensive. When comparing the 3-year CAGR of OCF, Double Standard is 15%, Vector is 8%, Geniee is 33% and PR Times is 2%, making Geniee's growth rate stand out.

### Share Price & Volumes (Past Year)



Source: Strategy Advisors

### Key Indicators

|                              |       |
|------------------------------|-------|
| Stock Price (2024/12/23)     | 1,705 |
| YTD High (2024/12/17)        | 1,741 |
| YTD Low (2024/5/24)          | 808   |
| All-Time High (2017/12/28)   | 2,678 |
| All-Time Low (2018/12/25)    | 409   |
| Shares Issued (mn)           | 18    |
| Market Capitalization (¥ bn) | 20.6  |
| EV (¥ bn)                    | 28.9  |
| Equity Ratio (Actual, %)     | 37.7  |
| ROE (24/3%)                  | 16.9  |
| PER (25/3 Forecast, Times)   | 12.9  |
| PBR (24/3 Actual, Times)     | 2.6   |
| Yield (25/3 CoE, %)          | -     |

Source: Strategy Advisors

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

| FY               | Sales<br>(¥ mn) | YoY<br>(%)  | OP<br>(¥ mn) | YoY<br>(%)  | RP<br>(¥ mn) | YoY<br>(%)   | NP<br>(¥ mn) | YoY<br>(%)   | EPS<br>(¥)  | DPS<br>(¥) |
|------------------|-----------------|-------------|--------------|-------------|--------------|--------------|--------------|--------------|-------------|------------|
| FY24/3 Q2        | 3,759           | 23.7        | 881          | 99.8        | 691          | 48.0         | 633          | 93.0         | 35.8        | 0.0        |
| <b>FY25/3 Q2</b> | <b>5,122</b>    | <b>36.3</b> | <b>1,568</b> | <b>78.0</b> | <b>1,499</b> | <b>116.9</b> | <b>1,339</b> | <b>111.5</b> | <b>83.4</b> | <b>0.0</b> |
| FY21/3           | 14,062          | -2.0        | 196          | 315.4       | 149          | 204.9        | 102          | 157.0        | 5.7         | 14.0       |
| FY22/3           | 14,459          | 2.8         | 739          | 277.0       | 746          | 400.7        | 336          | 229.4        | 18.7        | 9.0        |
| FY23/3           | 6,455           | -           | 2,457        | 232.5       | 2,279        | 205.5        | 2,115        | 529.5        | 119.5       | 11.0       |
| FY24/3           | 8,013           | 24.1        | 1,539        | -37.4       | 1,277        | -44.0        | 1,032        | -51.2        | 58.3        | 13.0       |
| FY25/3 CoE       | 10,200          | 27.3        | 2,300        | 49.4        | 2,200        | 72.3         | 1,700        | 64.7         | 96.1        | 14.0       |

Source: Strategy Advisors Based on Company Data

## 1. Steadily Expanding Business Performance in FY25/3 Q2

### Significant Increase in Sales and Profits in FY25/3 Q2

Geniee's consolidated results for the second quarter of fiscal year 25/3 showed sales of ¥5,122 million (+50% YoY), gross profit of ¥3,880 million (+35% YoY), operating profit of ¥1,568 million (+77% YoY) and net profit of ¥1,339 million (+111% YoY), which shows increases in both sales and profits.

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

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

### Increased Revenue and Profits Even Without One-Off Profits

The one-time profit related to the reversal of earn-out is recorded as "other income" included in operating profit, but in order to ignore this impact, "normal profit" obtained by subtracting the one-time profit and loss from operating profit was ¥334 million in the second quarter of the fiscal year ending March 2024 and ¥478 million in the second quarter of the fiscal year ending March 2025, an increase of ¥144 million or 43% compared to the same period last year.

### Consolidated Sales Increased by ¥1,363mn

Consolidated sales increased ¥1,363 million compared to the same period last year, broken down by segments as follows: the advertising platform business increased ¥298 million, the marketing SaaS business increased ¥447 million, the overseas business increased ¥98 million and the newly added digital PR business increased by ¥708 million.

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

The largest increase was in the Marketing SaaS business, where sales were ¥1,724 million (+37% YoY), due mainly to a 47% increase in the number of paid accounts compared to the same period last year. This increase in the number of accounts was achieved as a result of the company's efforts to cultivate the enterprise demographic with SFA/CRM, taking advantage of its cost-effectiveness. Geniee's lower cancellation rate compared to other companies in the industry (2-7% for other companies, while Geniee's is less than 2%) also contributed to the increase in the number of accounts. Segment profits increased ¥41 million to ¥151 million (+38% YoY).

# Geniee | 6562 (TSE Growth)

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

The next largest increase was in the advertising platform business, with sales of ¥2,278 million (+15% YoY), mainly due to the progress in developing the video domain in SSP and the progress in developing the enterprise demographic, which led to an increase in average customer spending. Segment profit increased ¥109 million to ¥1,078 million (+11% YoY).

## **In Addition to an Increase in Gross Profit, Overseas Business Also Saw an Increase in Segment Profit**

Sales from the overseas business increased to ¥710 million (+20% YoY). Segment profit increased by ¥22 million to ¥138 million (+19% YoY). As a result of improving profitability by implementing cost reduction measures such as cross-selling of products within the Geniee Group and replacing servers; segment profit, which was negative year on year as of Q1 due mainly to PMI costs for Zelto, turned positive in the cumulative Q2 period.

## **The Number of New Clients in the Digital PR Business is Increasing. This is Expected to Contribute to Profits**

The digital PR business operated by the newly acquired subsidiary Socialwire recorded sales of ¥708 million and segment profit of ¥202 million. Excluding sales from the shared office business sold in August and the translation business sold in October, sales were approximately ¥630 million. The number of new clients acquired by the digital PR business per quarter increased from under 500 in the same period of the previous year to 808 in Q2 of the fiscal year ending March 2024, and is expected to contribute to profits. In addition, since acquiring Socialwire as a subsidiary, the company has implemented measures such as managing advertising budgets with Geniee, reducing server costs and reducing personnel expenses and other selling and administrative expenses and these short-term measures alone have reduced costs by ¥34 million. In addition, product function development is continuing through secondment of mainly development personnel.

**Figure 1. Geniee's 25/3 Q2 Financial Results Summary**

| (¥ Million)                   | 24/3Q2<br>Total | 25/3Q2<br>Total<br>(A) | YoY    | Progress<br>Rate<br>(A)/(B) | 25/3<br>Company<br>Forecast<br>(B) | 25/3<br>Previous<br>Forecast<br>(Incl. Digital PR) | 25/3<br>Previous<br>Forecast<br>(Excl. Digital PR) |
|-------------------------------|-----------------|------------------------|--------|-----------------------------|------------------------------------|--|--|
| Sales                         | 3,759           | <b>5,122</b>           | 36.3%  | 42.7%                       | 12,000                             | 12,400   | 10,200   |
| Advertising Platform Business | 1,980           | <b>2,278</b>           | 15.0%  | 45.9%                       | 4,960                              | 5,400  | 5,400  |
| Marketing SaaS Business       | 1,277           | <b>1,724</b>           | 36.8%  | 46.6%                       | 3,700                              | 3,700  | 3,700  |
| Overseas Business             | 612             | <b>710</b>             | 20.1%  | 47.3%                       | 1,500                              | 1,500  | 1,500  |
| Digital PR Business           | -               | <b>708</b>             | -      | 34.7%                       | 2,040                              | 2,200  | -  |
| Adjustment                    | -110            | <b>-297</b>            | -      | -                           | -200                               | -400   | -400   |
| Cost of Sales                 | 881             | <b>1,241</b>           | 40.9%  | 42.8%                       | 2,900                              | 3,000  | 2,200  |
| Gross Profit                  | 2,877           | <b>3,880</b>           | 34.9%  | 42.6%                       | 9,100                              | 9,400  | 8,000  |
| Operating Profit              | 885             | <b>1,568</b>           | 77.2%  | 62.7%                       | 2,500                              | 2,370  | 2,300  |
| (Normal Profit*)              | 334             | <b>478</b>             | 43.1%  | -                           | -                                  | -  | -  |
| Advertising Platform Business | 969             | <b>1,078</b>           | 11.2%  | 43.1%                       | 2,500                              | 2,700  | 2,700  |
| Marketing SaaS Business       | 110             | <b>151</b>             | 37.3%  | 18.9%                       | 800                                | 800  | 800  |
| Overseas Business             | 116             | <b>138</b>             | 19.0%  | 46.0%                       | 300                                | 300  | 300  |
| Digital PR Business           | -               | <b>202</b>             | -      | 50.5%                       | 400                                | 300  | -  |
| Corporate/Eliminations, etc.  | -314            | <b>-2</b>              | -      | -                           | -1,500                             | -1,730   | -1,500   |
| Profit Before Tax             | 694             | <b>1,499</b>           | 116.0% | 62.5%                       | 2,400                              | -  | -  |
| Net Income                    | 636             | <b>1,339</b>           | 110.5% | 74.4%                       | 1,800                              | 1,740  | 1,700  |

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

\*The previous forecast (including digital PR) for 24/12 was a reference figure given as of Q1 and did not take into account synergies or cost reductions from the acquisition of Socialwire.

Source: Company Data. Compiled by Strategy Advisors

## 2. Current Business Outlook

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

The full-year business performance forecast for the fiscal year ending March 2025 is sales of ¥12,000 million (+50% YoY), cost of sales of ¥2,900 million (+43%), gross profit of ¥9,100 million (+43%), operating profit of ¥2,500 million (+62%), profit before taxes of ¥2,400 million (+15%) and net profit of ¥1,800 million (+13%).

## Revenues Expected to Increase in ALL Segments

Consolidated sales are expected to increase by ¥3,987 million compared to the previous period, broken down by segment it is as follows: the advertising platform business will increase by ¥653 million, the marketing SaaS business will increase by ¥996 million, the overseas business will increase by ¥251 million, and the newly added Digital PR business increases by ¥2,040 million.

## Marketing SaaS Business is Seeing Growth Centered on the Enterprise Sector

The marketing SaaS business is expected to see the largest increase in sales, at ¥3,700 million (+37% YoY), mainly due to the promotion of growth in the enterprise field, mainly in the CHAT field, SFA/CRM and the recently released CDP. Segment profit is expected to increase by ¥584 million to ¥800 million (+270% YoY).

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

The next largest increase is expected to be in the advertising platform business, with sales forecasted at ¥4,960 million (+15% YoY), due mainly to the strengthening of sales channels for major agencies and the expansion of the enterprise field through the development of the video field and major media. Segment profit is expected to increase by ¥255mn to ¥2,500 million (+11% YoY).

## Overseas Business to Focus on Cross-Selling and Enterprise Media

Sales from the overseas business are expected to be ¥1,500 million (+20% YoY) and the increase in sales is mainly due to deepening cooperation with domestic supply and demand teams and working on cross-selling and developing new enterprise media. Segment profit is expected to increase by ¥99 million to ¥300 million (+49% YoY).

## Sales in the Digital PR Business are Expected to Remain Stable

Sales of the digital PR business are expected to be at ¥2,040 million, with sales expected to remain at the same level as in Q2 in 2H. Segment profit is expected to be ¥400 million.

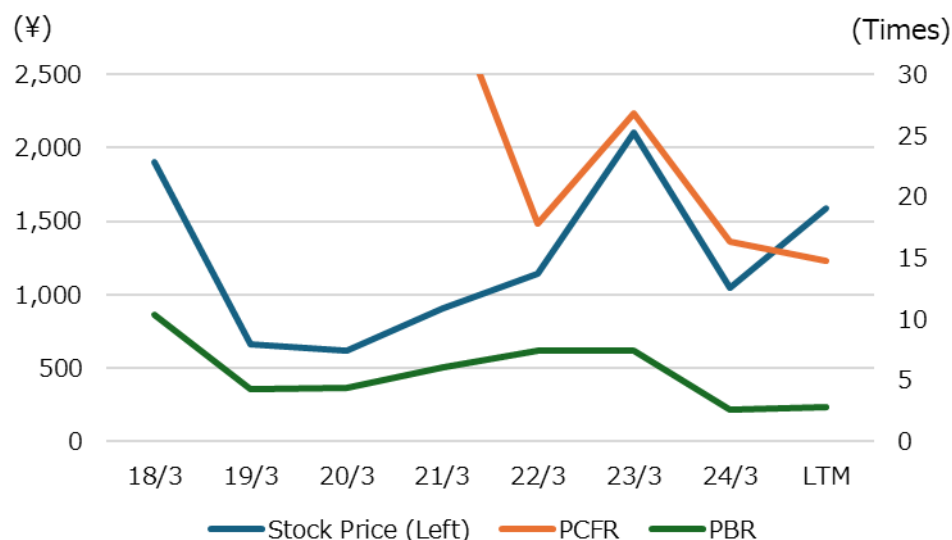
## PBR Is Lower Than When the Company Posted Losses for the 2 Previous Years, Making the Stock Appear Undervalued

The stock price has been rising for a month since the announcement of the financial results, due to the upward revision of the earnings forecast from ¥1,700 million in net income (¥1,740 million including the digital PR business and without considering synergies and cost reductions) to ¥1,800 million taking into account synergies, etc., with PBR having risen from 2.6 times at the time of the full-year financial results for FY24/3 to 3.0 times. However, considering that the 2.6 times in FY24/3 was this level after the decline due to the loss of one-time profits following the acquisition of Zelto; and PBR was in the 7 times range even in FY22/3, which was not affected by the one-time profits related to Zelto, and that the PBR was in the 4 times range even from FY19/3 to FY20/3, when there was a net loss for the current term, the current level still seems cheap.

## 3. Stock Price Trends and Valuations

### 1) Undervalued Compared with Past Performance

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



Source: Company Data. Compiled by Strategy Advisors

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

|                     | 18/3  | 19/3   | 20/3  | 21/3  | 22/3  | 23/3  | 24/3  | LTM   |
|---------------------|-------|--------|-------|-------|-------|-------|-------|-------|
| Stock Price (¥)     | 1,903 | 658    | 618   | 903   | 1,142 | 2,102 | 1,046 | 1,736 |
| Operating CF (¥ mn) | 292   | 203    | 73    | 431   | 1,140 | 1,389 | 1,140 | 2,261 |
| PCFR (times)        | 114.1 | 57.9   | 152.0 | 37.8  | 17.8  | 26.8  | 16.3  | 9.3   |
| Net Income (¥ mn)   | 63    | -545   | -179  | 102   | 336   | 2,115 | 1,032 | 1,032 |
| PER (times)         | 528.9 | -      | -     | 159.8 | 60.2  | 17.6  | 17.9  | 12.1  |
| PBR (times)         | 10.4  | 4.3    | 4.4   | 6.1   | 7.4   | 7.4   | 2.6   | 3.0   |
| ROE                 | 2.6%  | -18.4% | -6.8% | 3.9%  | 12.5% | -     | 16.7% | 25.4% |

Source: Company Data. Compiled by Strategy Advisors

## 2) Comparison with Japanese Competitors

### In Terms of ROE and PBR Ranking, Geniee Seems Undervalued Relative to PR Times

Comparing 12 representative Japanese companies (including Geniee) involved in advertising platforms, marketing SaaS and PR businesses, the highest ROE over the past year is Double Standard (3925 TSE Prime) at 36%, Vector (6058 TSE Prime) at 33%, Geniee at 25% and PR TIMES (3922 TSE Prime) at 20%. The PBRs of each company are 4.0 for Double Standard, 3.1 for Vector, 3.0 for Geniee and 3.6 for PR TIMES, making PR Times overpriced.

# Geniee | 6562 (TSE Growth)

## Geniee Has the Highest Operating CF Growth Rate

On the other hand, when comparing the three-year CAGR of operating cash flow, Double Standard is 15%, Vector is 8%, Geniee is 33% and PR TIMES is 2%, making Geniee's growth rate stand out.

**Figure 4. Major Business Portfolios of Representative Japanese Companies Involved in Advertising Platforms, Marketing SaaS & Corporate PR Businesses**

| Company Name         | Ticker      | Sales<br>(¥ mn) | Advertising Platform |          |          | Marketing SaaS |          |          |          | PR       |
|----------------------|-------------|-----------------|----------------------|----------|----------|----------------|----------|----------|----------|----------|
|                      |             |                 | SSP                  | DSP      | DMP      | MA             | SFA/CRM  | Chat     | AI       |          |
| LINE Yahoo!          | 4689        | 1,868,157       | Y                    | Y        | Y        | Y              | -        | Y        | Y        | -        |
| Vector               | 6058        | 58,032          | -                    | -        | -        | -              | -        | -        | -        | Y        |
| Value Commerce       | 2491        | 29,912          | -                    | -        | -        | -              | Y        | -        | -        | -        |
| Digital Holdings     | 2389        | 17,151          | -                    | -        | -        | -              | Y        | -        | -        | -        |
| Scinex               | 2376        | 16,017          | -                    | -        | -        | -              | -        | -        | -        | Y        |
| SMN                  | 6185        | 10,785          | -                    | Y        | -        | -              | -        | -        | -        | -        |
| <b>Geniee</b>        | <b>6562</b> | <b>9,376</b>    | <b>Y</b>             | <b>Y</b> | <b>Y</b> | <b>Y</b>       | <b>Y</b> | <b>Y</b> | <b>Y</b> | <b>Y</b> |
| Double Standard      | 3925        | 7,596           | -                    | -        | -        | -              | -        | -        | Y        | -        |
| PR Times             | 3922        | 7,445           | -                    | -        | -        | -              | -        | -        | -        | Y        |
| iRidge               | 3917        | 6,357           | -                    | -        | -        | Y              | Y        | Y        | -        | -        |
| YRGLM                | 3690        | 3,636           | -                    | -        | -        | Y              | -        | -        | -        | -        |
| <b>(Social Wire)</b> | <b>3929</b> | <b>2,978</b>    | <b>-</b>             | <b>-</b> | <b>-</b> | <b>-</b>       | <b>-</b> | <b>-</b> | <b>-</b> | <b>Y</b> |

\*Sales figures are for the past one year.

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

**Figure 5. Key Indicators for Major Japanese Companies Involved in Advertising Platforms, Marketing SaaS & Corporate PR Businesses**

| Company Name         | Ticker      | Accounting Period | ROE          | PBR (Times) | PER (Times) | OCF (¥ mn)   | 3-Year CAGR | PCFR (Times) | Daily Trading Volume (¥ mn) |
|----------------------|-------------|-------------------|--------------|-------------|-------------|--------------|-------------|--------------|-----------------------------|
| LINE Yahoo!          | 4689        | 24/09             | 3.6%         | 1.1         | 29.2        | 479,951      | 25%         | 6.4          | 5,540                       |
| Vector               | 6058        | 24/08             | 32.5%        | 3.1         | 9.9         | 5,104        | 8%          | 9.1          | 363                         |
| Value Commerce       | 2491        | 24/09             | 16.9%        | 2.1         | 8.9         | 3,950        | -12%        | 6.3          | 153                         |
| Digital Holdings     | 2389        | 24/09             | 5.5%         | 0.7         | 13.4        | 5,354        | -21%        | 4.1          | 57                          |
| Scinex               | 2376        | 24/09             | 4.6%         | 0.6         | 12.1        | 564          | 3%          | 7.6          | 10                          |
| SMN                  | 6185        | 24/09             | -20.0%       | 1.5         | -           | 1,096        | 16%         | 5.8          | 4                           |
| <b>Geniee</b>        | <b>6562</b> | <b>24/09</b>      | <b>25.4%</b> | <b>3.0</b>  | <b>11.8</b> | <b>2,261</b> | <b>33%</b>  | <b>9.3</b>   | <b>186</b>                  |
| Double Standard      | 3925        | 24/09             | 36.2%        | 4.0         | 12.1        | 1,859        | 15%         | 11.9         | 64                          |
| PR Times             | 3922        | 24/08             | 20.1%        | 3.6         | 19.0        | 1,397        | 2%          | 15.1         | 61                          |
| iRidge               | 3917        | 24/09             | -32.2%       | 1.8         | -           | 673          | 79%         | 6.0          | 4                           |
| YRGLM                | 3690        | 24/09             | 3.6%         | 2.0         | 53.0        | 386          | -12%        | 8.6          | 5                           |
| <b>(Social Wire)</b> | <b>3929</b> | <b>24/09</b>      | <b>-</b>     | <b>1.8</b>  | <b>15.1</b> | <b>36</b>    | <b>-62%</b> | <b>69.6</b>  | <b>7</b>                    |

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

### 3) Comparison with Global Competitors

#### Use PCFR as a Measure to Compare with Overseas Companies

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

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

When comparing the PCFR in descending order, there are several Japanese companies with lower growth rates, but higher PCFRs than Geniee (3-year CAGR 33%, PCFR 9.3x), such as PR TIMES (3-year CAGR 2%, PCFR 15.1x) and Double Standard (3-year CAGR 15%, PCFR 11.9x). These Japanese companies also have lower daily trading volume than Geniee, which makes Geniee's stock price look relatively undervalued.

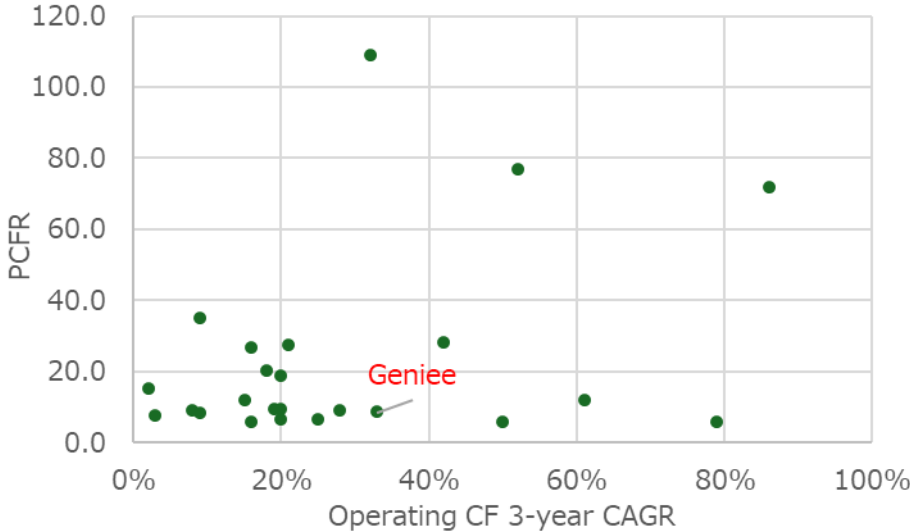


# Geniee | 6562 (TSE Growth)

**Geniee has a Higher Growth Rate than Salesforce, Microsoft & Adobe. But its Stock Price is Cheaper**

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

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



Source: Company Data. Compiled by Strategy Advisors

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

| Company Name         | Ticker      | Country      | FY           | OCF (¥ mn)   | 3Y CAGR     | PCFR        | Daily Trading Volume (¥ mn) |
|----------------------|-------------|--------------|--------------|--------------|-------------|-------------|-----------------------------|
| Trade Desk           | TTD         | US           | 24/09        | 94,623       | 32%         | 109.1       | 48,861                      |
| HubSpot              | HUBS        | US           | 24/09        | 76,561       | 52%         | 76.9        | 51,527                      |
| AppLovin             | APP         | US           | 24/09        | 262,526      | 86%         | 72.0        | 56,326                      |
| <b>(Social Wire)</b> | <b>3929</b> | <b>Japan</b> | <b>24/09</b> | <b>36</b>    | <b>-62%</b> | <b>69.6</b> | <b>7</b>                    |
| Adobe                | ADBE        | US           | 24/08        | 1,019,094    | 9%          | 35.1        | 240,111                     |
| Freshworks           | FRSH        | US           | 24/09        | 22,601       | 121%        | 33.0        | 4,183                       |
| Salesforce           | CRM         | US           | 24/10        | 1,874,203    | 42%         | 28.1        | 201,921                     |
| Oracle               | ORCL        | US           | 24/08        | 2,900,966    | 21%         | 27.3        | 172,213                     |
| Microsoft            | MSFT        | US           | 24/09        | 17,782,200   | 16%         | 26.6        | 1,262,500                   |
| Pegasystems          | PEGA        | US           | 24/09        | 49,392       | 191%        | 25.2        | 6,166                       |
| Alphabet             | GOOGL       | US           | 24/09        | 15,832,127   | 18%         | 20.4        | 624,587                     |
| Meta Platforms       | META        | US           | 24/09        | 12,449,899   | 20%         | 18.7        | 1,068,374                   |
| PR Times             | 3922        | Japan        | 24/08        | 1,397        | 2%          | 15.1        | 61                          |
| Double Standard      | 3925        | Japan        | 24/09        | 1,859        | 15%         | 11.9        | 64                          |
| Magnite              | MGNI        | US           | 24/09        | 31,829       | 61%         | 11.8        | 3,579                       |
| PubMatic             | PUBM        | US           | 24/09        | 12,577       | 19%         | 9.6         | 1,257                       |
| Criteo               | CRTO        | France       | 24/09        | 37,227       | 20%         | 9.3         | 3,076                       |
| <b>Geniee</b>        | <b>6562</b> | <b>Japan</b> | <b>24/09</b> | <b>2,261</b> | <b>33%</b>  | <b>9.3</b>  | <b>186</b>                  |
| Taboola.com          | TBLA        | US           | 24/09        | 21,906       | 28%         | 9.2         | 424                         |
| Vector               | 6058        | Japan        | 24/08        | 5,104        | 8%          | 9.1         | 363                         |
| YRGLM                | 3690        | Japan        | 24/09        | 386          | -12%        | 8.6         | 5                           |
| Perion Network       | PERI        | Israel       | 24/09        | 7,681        | 9%          | 8.3         | 546                         |
| Scinex               | 2376        | Japan        | 24/09        | 564          | 3%          | 7.6         | 10                          |
| LINE Yahoo!          | 4689        | Japan        | 24/09        | 479,951      | 25%         | 6.4         | 5,540                       |
| Baidu                | 09888       | China        | 24/09        | 617,840      | 20%         | 6.4         | 15,127                      |
| Thryv Holdings       | THRY        | US           | 24/09        | 16,250       | -6%         | 6.4         | 515                         |
| Value Commerce       | 2491        | Japan        | 24/09        | 3,950        | -12%        | 6.3         | 153                         |
| iRidge               | 3917        | Japan        | 24/09        | 673          | 79%         | 6.0         | 4                           |
| Verve Group          | VER         | Sweden       | 24/09        | 19,350       | 50%         | 5.9         | 142                         |
| SMN                  | 6185        | Japan        | 24/09        | 1,096        | 16%         | 5.8         | 4                           |
| Digital Holdings     | 2389        | Japan        | 24/09        | 5,354        | -21%        | 4.1         | 57                          |

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

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

**Figure 8. Major Business Portfolios of Peer Companies**

| Company Name         | Ticker      | Country      | OCF (\$ mn)   | Advertising Platform |          |          | Marketing SaaS |          |          |          | PR       |
|----------------------|-------------|--------------|---------------|----------------------|----------|----------|----------------|----------|----------|----------|----------|
|                      |             |              |               | SSP                  | DSP      | DMP      | MA             | SFA/CRM  | Chat     | AI       |          |
| Trade Desk           | TTD         | US           | 89,749        | -                    | Y        | Y        | -              | -        | -        | -        | -        |
| HubSpot              | HUBS        | US           | 52,645        | -                    | -        | -        | Y              | Y        | -        | Y        | -        |
| AppLovin             | APP         | US           | 159,227       | Y                    | Y        | -        | Y              | -        | -        | Y        | -        |
| <b>(Social Wire)</b> | <b>3929</b> | <b>Japan</b> | <b>36</b>     | -                    | -        | -        | -              | -        | -        | -        | <b>Y</b> |
| Adobe                | ADBE        | US           | 1,095,300     | -                    | Y        | Y        | Y              | -        | -        | Y        | -        |
| Freshworks           | FRSH        | US           | 12,926        | -                    | -        | -        | Y              | Y        | Y        | Y        | -        |
| Salesforce           | CRM         | US           | 1,535,091     | -                    | -        | Y        | Y              | Y        | Y        | Y        | -        |
| Oracle               | ORCL        | US           | 2,800,950     | -                    | -        | Y        | Y              | Y        | Y        | Y        | -        |
| Microsoft            | MSFT        | US           | 17,782,200    | Y                    | Y        | Y        | Y              | Y        | Y        | Y        | -        |
| Pegasystems          | PEGA        | US           | 49,392        | -                    | -        | -        | -              | Y        | Y        | Y        | -        |
| Alphabet             | GOOGL       | US           | 15,261,900    | Y                    | Y        | Y        | -              | -        | Y        | Y        | -        |
| Meta Platforms       | META        | US           | 10,666,950    | Y                    | Y        | -        | -              | -        | -        | -        | -        |
| PR Times             | 3922        | Japan        | 1,397         | -                    | -        | -        | -              | -        | -        | -        | Y        |
| Double Standard      | 3925        | Japan        | 1,859         | -                    | -        | -        | -              | -        | -        | Y        | -        |
| Magnite              | MGNI        | US           | 32,155        | Y                    | -        | -        | -              | -        | -        | -        | -        |
| PubMatic             | PUBM        | US           | 12,168        | Y                    | -        | -        | -              | -        | -        | -        | -        |
| Criteo               | CRTO        | フランス         | 33,637        | Y                    | Y        | -        | -              | -        | -        | -        | -        |
| <b>Geniee</b>        | <b>TBLA</b> | <b>US</b>    | <b>21,906</b> | <b>Y</b>             | <b>-</b> | <b>-</b> | <b>-</b>       | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> |
| Taboola.com          | 6058        | Japan        | 5,104         | -                    | -        | -        | -              | -        | -        | -        | Y        |
| Vector               | 3690        | Japan        | 386           | -                    | -        | -        | Y              | -        | -        | -        | -        |
| YRGLM                | <b>6562</b> | <b>Japan</b> | <b>1,140</b>  | <b>Y</b>             | <b>Y</b> | <b>Y</b> | <b>Y</b>       | <b>Y</b> | <b>Y</b> | <b>Y</b> | <b>Y</b> |
| Perion Network       | PERI        | Israel       | 23,319        | Y                    | Y        | Y        | -              | -        | -        | -        | -        |
| Scinex               | 2376        | Japan        | 564           | -                    | -        | -        | -              | -        | -        | -        | Y        |
| LINE Yahoo!          | 4689        | Japan        | 316,477       | Y                    | Y        | Y        | Y              | -        | Y        | Y        | -        |
| Baidu                | 09888       | China        | 732,300       | Y                    | Y        | Y        | -              | -        | Y        | Y        | -        |
| Thryv Holdings       | THRY        | US           | 16,250        | -                    | -        | -        | Y              | Y        | Y        | Y        | -        |
| Value Commerce       | 2491        | Japan        | 3,950         | -                    | -        | -        | -              | Y        | -        | -        | -        |
| iRidge               | 3917        | Japan        | 673           | -                    | -        | -        | Y              | Y        | Y        | -        | -        |
| Verve Group          | VER         | Sweden       | 19,350        | Y                    | Y        | Y        | -              | -        | -        | -        | -        |
| SMN                  | 6185        | Japan        | 522           | -                    | Y        | -        | -              | -        | -        | -        | -        |
| Digital Holdings     | 2389        | Japan        | 5,354         | -                    | -        | -        | -              | Y        | -        | -        | -        |

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

# Geniee | 6562 (TSE Growth)

Figure 9. Cumulative Quarterly Performance Trends (¥ million)

| Accounting Period             | 23/3         | 24/3         | 25/3         | 25/3          | 25/3          | (Reference) 24/3    |
|-------------------------------|--------------|--------------|--------------|---------------|---------------|---------------------|
|                               | Q2           | Q2           | Q2           | Full-Year     | Progress Rate | Progress rate as of |
| <b>Sales</b>                  | <b>3,039</b> | <b>3,759</b> | <b>5,122</b> | <b>12,000</b> | <b>42.7%</b>  | <b>46.9%</b>        |
| (YoY Comparison)              | -            | 23.7%        | 36.3%        | 49.8%         | -             | -                   |
| Advertising Platform Business | 1,905        | 1,980        | 2,278        | 4,960         | 45.9%         | 46.0%               |
| (YoY Comparison)              | -            | 4.0%         | 15.0%        | 15.2%         | -             | -                   |
| Digital PR Business           | -            | -            | 708          | 2,040         | 34.7%         | -                   |
| (YoY Comparison)              | -            | -            | -            | -             | -             | -                   |
| Marketing SaaS Business       | 866          | 1,277        | 1,724        | 3,700         | 46.6%         | 47.2%               |
| (YoY Comparison)              | 67.9%        | 47.3%        | 35.0%        | 36.8%         | -             | -                   |
| Overseas Business             | 365          | 612          | 710          | 1,500         | 47.3%         | 49.0%               |
| (YoY Comparison)              | -            | 67.4%        | 16.0%        | 20.1%         | -             | -                   |
| Adjustment Amount             | -97          | -110         | -297         | -200          | -             | -                   |
| Cost of Sales                 | 613          | 881          | 1,241        | 2,900         | 42.8%         | 47.0%               |
| <b>Gross Profit</b>           | <b>2,425</b> | <b>2,877</b> | <b>3,880</b> | <b>9,100</b>  | <b>42.6%</b>  | <b>46.9%</b>        |
| (Gross Profit Margin)         | 79.8%        | 76.6%        | 75.8%        | 75.8%         | -             | -                   |
| SG&A                          | 1,910        | 2,548        | 3,422        | -             | -             | -                   |
| Other Revenues                | 0            | 559          | 1,120        | -             | -             | -                   |
| Other Expenses                | 75           | 4            | 10           | -             | -             | -                   |
| <b>Operating Profit</b>       | <b>441</b>   | <b>885</b>   | <b>1,568</b> | <b>2,500</b>  | <b>62.7%</b>  | <b>57.5%</b>        |
| (Operating Profit Margin)     | 14.5%        | 23.5%        | 30.6%        | 20.8%         | -             | -                   |
| Advertising Platform Business | 1,018        | 969          | 1,078        | 2,500         | 43.1%         | 43.2%               |
| (Profit Margin)               | 53.4%        | 48.9%        | 47.0%        | 50.4%         | -             | -                   |
| Digital PR Business           | -            | -            | 202          | 400           | 50.5%         | -                   |
| (Profit Margin)               | -            | -            | 28.3%        | 19.6%         | -             | -                   |
| Marketing SaaS business       | 0            | 110          | 151          | 800           | 18.9%         | 50.9%               |
| (Profit Margin)               | 0.0%         | 8.6%         | 8.7%         | 21.6%         | -             | -                   |
| Overseas Business             | 185          | 116          | 138          | 300           | 46.0%         | 57.7%               |
| (Profit Margin)               | 50.6%        | 19.0%        | 18.3%        | 20.0%         | -             | -                   |
| Adjustment Amount             | -763         | -314         | -2           | -1,500        | -             | -                   |
| (Normal Profit*)              | 441          | 334          | 478          | -             | -             | -                   |
| Financial Revenue             | 54           | 21           | 40           | -             | -             | -                   |
| Finance Charges               | 27           | 211          | 80           | -             | -             | -                   |
| <b>Profit Before Tax</b>      | <b>467</b>   | <b>694</b>   | <b>1,499</b> | <b>2,400</b>  | <b>62.5%</b>  | <b>54.3%</b>        |
| <b>Net Income</b>             | <b>328</b>   | <b>636</b>   | <b>1,339</b> | <b>1,800</b>  | <b>74.4%</b>  | <b>61.6%</b>        |
| Net Profit Margin             | 8.0%         | 29.7%        | 23.3%        | 15.0%         | -             | -                   |

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

Figure 10. Quarterly Performance Trends (¥ mn)

| Accounting Period         | 23/3         |              |              |              | 24/3         |              |              |              | 25/3         |              |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                           | Q1           | Q2           | Q3           | Q4           | Q1           | Q2           | Q3           | Q4           | Q1           | Q2           |
| <b>Sales</b>              | <b>1,468</b> | <b>1,571</b> | <b>1,679</b> | <b>1,737</b> | <b>1,796</b> | <b>1,963</b> | <b>2,134</b> | <b>2,120</b> | <b>2,266</b> | <b>2,856</b> |
| (YoY Comparison)          | -            | -            | -            | -            | 22.3%        | 25.0%        | 27.1%        | 22.1%        | 26.2%        | 45.5%        |
| Advertising platform      | 957          | 948          | 1,002        | 991          | 948          | 1,032        | 1,155        | 1,172        | 1,179        | 1,098        |
| (YoY Comparison)          | -            | -            | -            | -            | -0.9%        | 8.9%         | 15.3%        | 18.3%        | 24.4%        | 6.4%         |
| Digital PR Business       | -            | -            | -            | -            | -            | -            | -            | -            | -            | 708          |
| (YoY Comparison)          | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Marketing SaaS            | 389          | 477          | 508          | 587          | 604          | 673          | 697          | 730          | 859          | 864          |
| (YoY Comparison)          | 70.6%        | 65.7%        | 82.6%        | 53.4%        | 55.2%        | 41.0%        | 37.3%        | 24.3%        | 42.4%        | 28.4%        |
| Overseas Business         | 165          | 200          | 170          | 61           | 306          | 305          | 338          | 299          | 335          | 375          |
| (YoY Comparison)          | -            | -            | -            | -            | 85.5%        | 52.5%        | 99.6%        | 389.4%       | 9.2%         | 22.9%        |
| Adjustment Amount         | -43          | -54          | 0            | 98           | -63          | -47          | -57          | -81          | -108         | -190         |
| Cost of Sales             | 297          | 317          | 338          | 361          | 423          | 462          | 487          | 501          | 525          | 716          |
| <b>Gross Profit</b>       | <b>1,172</b> | <b>1,254</b> | <b>1,341</b> | <b>1,376</b> | <b>1,373</b> | <b>1,501</b> | <b>1,646</b> | <b>1,619</b> | <b>1,741</b> | <b>2,140</b> |
| (Gross Profit Margin)     | 79.8%        | 79.8%        | 79.9%        | 79.2%        | 76.4%        | 76.5%        | 77.2%        | 76.4%        | 76.8%        | 74.9%        |
| SG&A                      | 906          | 1,004        | 1,008        | 1,089        | 1,266        | 1,282        | 1,289        | 1,416        | 1,577        | 1,846        |
| Other Revenues            | 0            | 0            | 30           | 1,653        | 3            | 555          | 1            | 116          | 652          | 468          |
| Other Expenses            | 75           | 0            | 1            | 286          | 2            | 1            | 2            | 18           | 0            | 10           |
| <b>Operating Profit</b>   | <b>191</b>   | <b>250</b>   | <b>362</b>   | <b>1,654</b> | <b>107</b>   | <b>773</b>   | <b>356</b>   | <b>302</b>   | <b>816</b>   | <b>752</b>   |
| (Operating Profit Margin) | 13.0%        | 15.9%        | 21.6%        | 95.2%        | 6.0%         | 39.4%        | 16.7%        | 14.2%        | 36.0%        | 26.3%        |
| Advertising Platform      | 520          | 498          | 577          | 569          | 460          | 509          | 639          | 637          | 581          | 490          |
| (Profit Margin)           | 54.3%        | 52.6%        | 57.6%        | 57.4%        | 48.5%        | 49.3%        | 55.3%        | 54.4%        | 49.3%        | 44.5%        |
| Digital PR Business       | -            | -            | -            | -            | -            | -            | -            | -            | -            | 202          |
| (Profit Margin)           | -            | -            | -            | -            | -            | -            | -            | -            | -            | 19.6%        |
| Marketing SaaS            | -7           | 7            | -3           | 89           | 44           | 66           | 67           | 39           | 25           | 130          |
| (Profit Margin)           | -1.8%        | 1.5%         | -0.6%        | 15.1%        | 7.3%         | 9.8%         | 9.6%         | 5.3%         | 2.9%         | 14.4%        |
| Overseas business         | 78           | 107          | 123          | 31           | 56           | 60           | 65           | 20           | 24           | 110          |
| (Profit Margin)           | 47.2%        | 53.5%        | 72.5%        | 50.7%        | 18.3%        | 19.7%        | 19.2%        | 6.7%         | 7.2%         | 28.2%        |
| Adjustment Amount         | -400         | -363         | -335         | 966          | -454         | 140          | -415         | -394         | 185          | -167         |
| (Normal Profit*)          | 191          | 150          | 362          | 320          | 107          | 220          | 356          | 190          | 170          | 308          |
| Financial Revenue         | 38           | 16           | 26           | -60          | 18           | 2            | 4            | 6            | 3            | 37           |
| Finance Charges           | 10           | 17           | 14           | 157          | 121          | 90           | -28          | 110          | 70           | 10           |
| <b>Profit Before Tax</b>  | <b>219</b>   | <b>249</b>   | <b>374</b>   | <b>1,437</b> | <b>5</b>     | <b>685</b>   | <b>388</b>   | <b>198</b>   | <b>748</b>   | <b>750</b>   |
| <b>Net Income</b>         | <b>178</b>   | <b>150</b>   | <b>308</b>   | <b>1,479</b> | <b>1</b>     | <b>631</b>   | <b>229</b>   | <b>170</b>   | <b>672</b>   | <b>667</b>   |
| Net Profit Margin         | 12.1%        | 9.5%         | 18.3%        | 85.1%        | 0.1%         | 32.2%        | 10.7%        | 8.0%         | 29.7%        | 23.3%        |

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

**Figure 11. Consolidated Income Statement (¥ mn)**

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

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

**Figure 12. Consolidated Balance Sheet (¥ mn)**

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

Source: Company Data. Compiled by Strategy Advisors

**Figure 13. Consolidated Operating Cash Flow (¥ mn)**

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

Source: Company Data. Compiled by Strategy Advisors



**Figure 14. Indicators, ROE & KPI's**

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

Source: Company Data. Compiled by Strategy Advisors

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