Alpha-Win Company Research Report

YRGLM Inc. (3690 TSE Standard)

● Summary

Business Description

・YRGLM Inc. (hereinafter, the "Company") plans, develops, and provides software related to internet marketing. It operates through two business segments: Marketing DX Support (new segment name: Marketing AI) and E-Commerce Support (new segment name: E-Commerce AI). Its CEO, Susumu Iwata, started the business while still a college student and founded the Company in 2001. The Company is currently listed on the Standard Market of the Tokyo Stock Exchange (TSE). It has a market capitalization of approximately 3.6 billion yen and is classified as a small-cap growth stock.

・The Company has been strategically executing M&A transactions and strengthening upfront investments to drive growth. It positions its current phase as a "second founding stage" and has articulated its strategic theme as "Evolution into an AI-Focused Enterprise—A Full Transformation of the Organization and Service Portfolio Optimized for the AI Era." Under this theme, the Company is advancing a fundamental shift of its business model.

・The flagship product of the Marketing DX Support segment is AD EBiS, an independently developed system for measuring the effectiveness of internet advertising. AD EBiS holds an extremely high market share, ranking at the top of its category—while small in scale, the Company is a leading company in a niche category. As a subscription-based, recurring-revenue business providing cloud services to mid-tier and large enterprises, the segment benefits from high business continuity, stability, and profitability.

・The flagship product of the E-Commerce Support segment is EC-CUBE, an open platform for building e-commerce sites. The Company has been rapidly expanding the e-commerce website building and operation support services through the acquisition of RUBY GROUPe ("RUBY") and building a vertically integrated model for this segment.

・The Company's strengths are the big data that it has accumulated as a frontrunner in the field, its technological capability enabling highly accurate data measurement, employees with DX expertise, its extensive customer touchpoints enabled by development across multiple services, and its network of more than 500 corporate partners.

Results for the Previous Fiscal Year

・Consolidated results for the previous fiscal year (FY2025: October 2024 to September 2025) were as follows: net sales increased 35.7% year-on-year to 4,934 million yen, marking a record high and the 25th consecutive year of net sales growth since the Company's founding. Operating profit also rose 69.6% year-on-year to 278 million yen, ranking as the fifth-highest level in the Company's history. Despite the significant increase in net sales and operating profit, the Company recorded a net loss of 142 million yen, reflecting impairment losses recognized at two acquired subsidiaries. The scale of the net loss was the largest on record.

・During the fiscal year, the Company revised its full-year forecast, and results came in largely in line with this revised plan. Despite posting a net loss, the Company paid a dividend of 7.9 yen per share as planned, representing a year-on-year increase of 0.1 yen.

・Net sales (to external customers; the same applies hereinafter) in the Marketing DX Support segment amounted to 2,919 million yen (+2.1% year-on-year or YoY), while segment profit rose sharply to 273 million yen (+80.6% YoY), resulting in modest net sales growth but a substantial increase in profit. In contrast, the E-Commerce Support segment recorded net sales of 2,016 million yen (+159.0% YoY), reflecting a significant increase, while segment profit declined slightly to 6 million yen (–17.0% YoY), showing a contrasting performance between the two segments.

・In the Marketing DX Support segment, sales of the core, high-margin product AD EBiS remained solid. In addition to the reallocation of resources toward the E-Commerce Support segment and improved operational efficiency through the use of AI, depreciation expenses declined, leading to a significant improvement in the profit margin from 5.3% to 9.3%, which contributed to the substantial increase in profit.

・The number of subscriptions (formerly referred to as the number of customer accounts) has continued a gradual upward trend since bottoming out in Q4 FY2023, supported by the introduction of a lower-priced plan (GSP) as a new customer acquisition initiative for AD EBiS, as well as contributions from CAPiCO. Although the average revenue per subscription has been gradually declining, this trend is in line with expectations, and the churn rate remains at the target level of approximately 2.0%.

・Meanwhile, in the E-Commerce Support segment, the acquired subsidiary RUBY steadily accumulated sales on a quarterly basis, exceeding initial expectations. As a result, segment net sales increased by approximately 2.6x. RUBY contributed to consolidated results from the beginning of the fiscal year, with its sales of 1,050 million yen accounting for approximately 80% of the company-wide net sales increase of 1,298 million yen.

・However, due to a significant increase in personnel expenses associated with consolidation, profit in the E-Commerce Support segment remained largely flat.

・Reflecting increased uncertainty arising from the potential cancellations of contracts by certain major customers, the Company recorded an impairment loss of 238 million yen related to RUBY as an extraordinary loss. In addition, another consolidated subsidiary, TOPICA, recorded 98 million yen in goodwill amortization as an extraordinary loss, reflecting an assessment of its recent performance in the SNS account management business.

・As a result, the Company posted a net loss for the fiscal year. However, excluding these one-off extraordinary losses, adjusted net profit is estimated at 195 million yen, implying that the Company would have remained profitable with increased profit (+127 million yen YoY; +186.8%).

・From a financial perspective, the Company continues to operate with virtually no debt, supported by capital accumulation from earnings and a steady buildup of cash and deposits. Although the equity ratio and current ratio have declined compared with earlier periods, they remain at adequate levels. Even after recognizing impairment losses at acquired subsidiaries, the Company's financial position remains sound.

Tender Offer for Silver Egg Technology Co., Ltd.

・In November 2025, the Company announced that it would launch a tender offer for the shares and other securities of Silver Egg Technology Co., Ltd. (listed on the Tokyo Stock Exchange Growth Market; securities code 3961; market capitalization of approximately 2.3 billion yen; "Silver Egg"). The estimated acquisition cost of 2,026 million yen exceeds the Company's cash and deposits of 1,558 million yen held at the end of the previous fiscal year. As the acquisition will be financed through bank borrowings, close attention should be paid to the Company's post-acquisition financial condition. However, as of the end of September 2025, Silver Egg had no debt and held cash and deposits of 1,190 million yen. Accordingly, the effective acquisition cost for the Company is estimated to be slightly over 800 million yen.

Forecast for the Current Fiscal Year

・For the current fiscal year, the Company forecasts net sales of 5,450 million yen (+10.4% YoY), operating profit of 320 million yen (+14.7% YoY), and net profit of 180 million yen, which represents a return to profitability and an earnings improvement of 322 million yen year-on-year. The Company also plans a dividend of 8.0 yen per share, an increase of 0.1 yen year-on-year, consisting of 7.00 yen based on a dividend on equity (DOE) ratio of 2.5% plus a commemorative dividend of 1.00 yen associated with the market segment change.

・Net sales are expected to reach a new record high consecutively for another year, while operating profit is forecast to be the fourth highest and net profit the fifth highest in the Company's history.

・During the current fiscal year, the Company plans to make strategic company-wide investments centered on AI, totaling approximately 130 million yen.

・By segment, in the E-Commerce AI segment (new segment name effective from the current fiscal year), the Company plans to pursue strategic investments aimed at leveraging AI and enhancing earnings power through AI-driven business transformation. Segment net sales are forecast at 2,450 million yen (+21.4% YoY), operating profit at 120 million yen (19.3x YoY), and the operating profit margin at 4.9% (+4.6 percentage points YoY). The Company expects this segment to serve as the primary driver of overall performance.

・In the Marketing AI segment, sales of the core product AD EBiS are expected to remain flat. As a result, segment net sales are forecast at 3,000 million yen (+2.6% YoY), representing modest growth. However, due to strategic investments aimed at driving growth from the following fiscal year onward, costs are expected to increase, leading to a decline in the operating profit margin to 6.7% (–2.6 percentage points YoY). Consequently, operating profit is forecast to decrease to 200 million yen (–26.7% YoY).

・The Alpha-Win Research Department ("Alpha-Win") expects the current fiscal year's performance to be in line with the Company's forecast. Following the completion of the acquisition of Silver Egg, Alpha-Win plans to revise financial forecasts for the current and subsequent fiscal years, taking into account the impact on consolidated results.

Business Strategy and Medium-Term Financial Forecast

・To date, the Company has achieved growth primarily through its products. However, under its medium-term business plan, VISION 2027 (FY2024 to FY2027), the Company aims to transform into a business partner that supports customers through a combination of products and digital transformation talent ("Products × DX Talent"). By leveraging its two growth drivers—marketing process support and e-commerce support—the Company is targeting the early achievement of 10.0 billion yen in net sales.

・Under its previous basic policy, the Company prioritized accelerated net sales growth as its most important mission, while strengthening upfront investments within the scope of maintaining consolidated operating profitability. From the current fiscal year, however, this policy has been revised to "pursue growth in both net sales and profits while implementing growth investments," and the Company has newly set a target of maintaining ROE above 10%. This shift from a sales-focused strategy to one that places greater emphasis on profitability represents a notable change in management policy.

・Specifically, the Company plans to allocate stable earnings generated from its existing businesses centered on AD EBiS toward the expansion of the e-commerce businesses, which are expected to serve as future growth drivers. In the subsequent phase, the Company aims to drive further earnings growth by improving the profitability of new services in the marketing process category. Target figures for net sales and profits for FY2027, the final year of the medium-term plan, have not been disclosed.

・Alpha-Win has revised upward its financial forecasts for the current and the next fiscal years (net sales and profits), and has newly added a forecast for the fiscal year after the next. For both fiscal years, Alpha-Win expects approximately 10% year-on-year growth in net sales and profits, along with continued dividend increases.

・Looking ahead, the Company is expected to continue upfront investments, including AI-related strategic investments and M&A, while cost increases driven by inflation are also anticipated. As a result, despite its high contribution-margin business model, Alpha-Win expects the profit growth rate to exceed the net sales growth rate only modestly.

・In the near term, as upfront investments continue, the timing of surpassing the Company's record-high operating profit of 399 million yen (FY2022) remains difficult to predict. However, depending on cost control (i.e., investment levels), such a milestone could be achieved as early as next fiscal year, or within the next medium-term plan period.

Share Price, Performance, and Valuation

・The Company's share price has recently been volatile, reflecting revisions to financial forecasts. Strong business performance in Q3 of the previous fiscal year led to a sharp rise in the share price in August. After a temporary correction, the share price rose again in October following upward revisions to net sales and operating profit.

・However, while the Company's full-year results for the previous fiscal year (announced in November) came in largely in line with revised forecasts, and the forecast for the current fiscal year calls for double-digit growth in net sales and profits, a return to profitability, and a dividend increase, the absence of a positive surprise led to a weaker price momentum. Against the backdrop of a deceleration in the projected profit growth rate for the current fiscal year, the share price has since corrected to the mid-500-yen range.

・On a year-to-date basis, the Company's share price has underperformed major stock indices.

・ The Company has historically been recognized as a domestic demand-oriented growth stock in the "AdTech & subscription" space. Looking ahead, however, the key question for share price performance and valuation will be whether the Company can successfully evolve into an AI-focused enterprise and sustain double-digit growth in both net sales and profit over the medium to long term. Based on financial forecasts for the current fiscal year by both the Company and Alpha-Win, valuation appears somewhat higher than the average of all stocks listed on the TSE Standard Market and Prime Market, but the previous sense of overvaluation has dissipated. In contrast, when compared with comparable peers, the stock appears attractively valued.

・ In the short term, the share price is expected to be influenced by financial performance trends in the current fiscal year—particularly profit trends in the E-Commerce AI and Marketing AI segments driven by AI utilization, changes in the dividend level, and the content of quarterly earnings releases—as well as by monthly net sales trends (year-on-year changes).

・ Over the medium term, key factors likely to affect financial performance include the expansion of the E-Commerce AI segment, which is expected to serve as a growth driver (including synergies with RUBY and the sales expansion of the new products/services of EC-CUBE Co., Ltd.), the performance of the new SaaS product Campaign Manager in the Marketing AI segment, and whether the Company's M&A strategy will be successful (particularly regarding post-merger integration and synergy realization related to the planned acquisition of Silver Egg).

・ If the Company is able to maintain a double-digit profit growth rate while continuing dividend increases, the share price is considered to have further upside potential.

(Note) In this report, due to rounding, treatment of fractions in calculation processes, and differences in presentation formats, numerical values for the same items may differ in the text and figures, or may differ from figures disclosed by the Company, and minor discrepancies may occur. Forecasts were made by the Alpha-Win Research Dept.
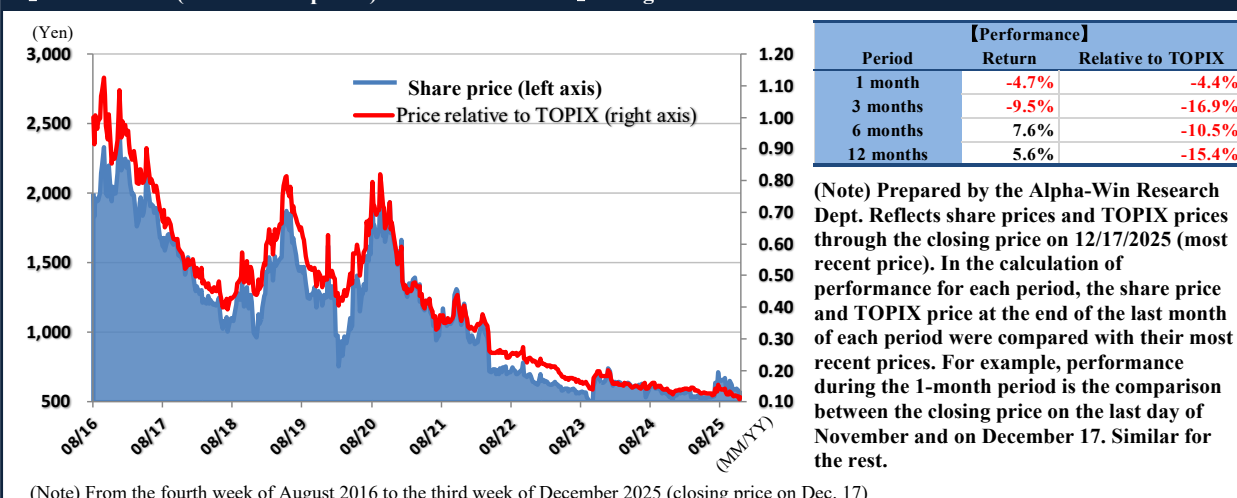
【3690 YRGLM Inc.　Sector: Information & Communication 】　Figure A

FY		Net Sales (million yen)	YoY (%)	Operating Profit (million yen)	YoY (%)	Ordinary Profit (million yen)	YoY (%)	Net Profit (million yen)	YoY (%)	EPS (yen)	BPS (yen)	Dividend (yen)
2021	A	2,957	12.9	365	32.0	364	39.5	239	30.7	38.0	257.5	5.2
2022	A	3,334	12.7	392	7.4	399	9.8	236	-1.5	37.7	283.3	7.0
2023	A	3,626	8.8	318	-18.8	329	-17.6	197	-16.5	31.4	309.1	7.4
2024	A	3,636	0.3	164	-48.4	162	-50.8	68	-65.1	11.1	304.6	7.8
2025	A	4,934	35.7	278	69.6	279	72.5	-142	-	-23.0	267.6	7.9
2025	CE (latest revision)	4,930		270		270		-140	-	-23.0		7.9
2025	Initial CE (= Old E)	4,750	30.6	200	22.0	190	17.3	100	47.1	16.2	313.0	7.9
2026	CE	5,450	10.4	320	14.7	310	10.9	180	-	28.9		8.0
2026	New E	5,450	10.4	320	14.7	310	10.9	180	-	28.9	288.6	8.0
2026	Old E	5,050	6.3	250	25.0	240	26.3	145	-	23.5	328.7	8.1
2027	New E	6,000	10.1	350	9.4	340	9.7	230	27.8	37.1	317.7	8.1
2027	Old E	5,300	5.0	300	20.0	290	20.8	175	20.7	28.4	349.0	8.6
2028	E	6,600	10.0	400	14.3	390	14.7	265	15.2	42.7	352.3	8.8

(Note) A: actual results; CE: the Company's estimates/forecasts; E: the Alpha-Win Research Dept's estimates/forecasts. "Old E" refers to the previous forecast (the Report issued on February 25, 2025), while "New E" refers to the current, new forecast. "CE (latest revision)" indicates the forecast revised by the Company on October 21, 2025. The "Initial CE" for FY2025 refers to the Company's initial forecast announced on January 17, 2025 (as no forecast was disclosed at the beginning of the fiscal year).

【 Share Price and Valuation Metrics: 3690 YRGLM Inc.】　Figure B

Item	12/17/2025	Item	P/E Ratio	P/B Ratio	Dividend Yield	Dividend Payout Ratio
Share Price (yen)	569	Results for the Previous Fiscal Year	-24.8	2.1	1.4%	-34.4%
Total Issued Shares (thousands)	6,372	Forecast for the Current Fiscal Year	19.7	2.0	1.4%	27.7%
Market Capitalization (million yen)	3,626	Forecast for the Next Fiscal Year	15.3	1.8	1.4%	21.8%
Dilutive Shares (thousands)	0.0	Forecast for the Fiscal Year After the Next	13.3	1.6	1.5%	20.6%
Equity Ratio at the End of the Previous Fiscal Year	51.8%	Dividend on Equity Ratio for the Previous Fiscal Year		2.8%	Previous Fiscal Year's ROE	-8.0%

(Note) Forecasts/estimates were made by the Alpha-Win Research Dept.

【 Stock Chart (end-of-week prices): 3690 YRGLM Inc.】　　Figure C

【Performance】		
Period	Return	Relative to TOPIX
1 month	-4.7%	-4.4%
3 months	-9.5%	-16.9%
6 months	7.6%	-10.5%
12 months	5.6%	-15.4%

(Note) Prepared by the Alpha-Win Research Dept. Reflects share prices and TOPIX prices through the closing price on 12/17/2025 (most recent price). In the calculation of performance for each period, the share price and TOPIX price at the end of the last month of each period were compared with their most recent prices. For example, performance during the 1-month period is the comparison between the closing price on the last day of November and on December 17. Similar for the rest.

(Note) From the fourth week of August 2016 to the third week of December 2025 (closing price on Dec. 17)

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(Notes)
・Segment names have been changed as follows: Marketing DX Support has been renamed Marketing AI, and E-Commerce Support has been renamed E-Commerce AI.
・Upon translating to English, when the page numbers differed from the original Japanese version, they were adjusted to those of the English version of this Report. Note that the Company's fiscal year is September-ending (i.e. FY2026 ends in September 2026).

◆ **A provider of marketing DX support and e-commerce support services. A leading market share in Japan in software for measuring internet advertising effectiveness and in open-source solutions for building e-commerce websites.**

(1) DX (Digital Transformation): Transformation and innovation of businesses and lifestyles using digital technologies

(2) Internet advertising effectiveness measurement tool: A tool for comprehensively measuring and evaluating the effectiveness of various internet ads and SEO strategies.

◆ **Expanded into new businesses through proactive M&A. Looking ahead, it aims to drive business growth through the utilization of AI and evolve into an AI-focused enterprise.**

◆ **Driving a full transformation of its organizational structure and service portfolio optimized for the AI era.**

◆ **Founded by its CEO Susumu Iwata. Currently listed on the TSE Standard Market.**

(3) Open source: Refers to making the source code, which serves as the blueprint of software, freely available, allowing anyone to modify and redistribute it.

(4) SaaS (software as a service): A service model where software is accessed via the internet (largely synonymous with cloud-based services). Eliminates the need to purchase packaged products. Users can access and pay for only the necessary functions, contents, and service volume via the internet.

◆ **The YRGLM Group comprises nine companies, including the Company.**

1. Company Overview

◆ A Leading Company in a Niche Market

Company Overview

YRGLM Inc. (hereinafter, the "Company") is a company that provides marketing DX[1] support and e-commerce support services. It plans, develops, and sells software related to internet advertising and e-commerce.

Guided by its vision to "become a company that supports marketing activities for businesses worldwide through data and technology to create happiness for both sellers and buyers," the Company has grown rapidly through its independently developed software. It holds the top market share with both AD EBiS, an internet advertising effectiveness measurement tool[2], and EC-CUBE, an open-source[3] software series for building e-commerce websites. It is a leading company in a niche market.

Historically, the Company's core business centered on providing SaaS[4] (i.e., cloud-based services) for measuring the effectiveness of internet advertising. However, through a combination of inhouse development and M&A, the Company has strengthened its e-commerce website building solutions and e-commerce operations management capabilities, evolving into a Comprehensive Marketing DX Support Business Group.

At present, the Company aims to drive business growth through the utilization of AI, its most critical strategic theme, with the goal of evolving into an AI-focused enterprise. From the current fiscal year onward, the Company will advance a full transformation of its organizational structure and service portfolio optimized for the AI era.

History

Susumu Iwata, the Company's CEO, started a website development business in Osaka while still a college student, and established the Company in 2001 as the business expanded.

The Company became listed on the former Tokyo Stock Exchange Mothers Market (currently the Growth Market) in September 2014, and changed its market segment to the Tokyo Stock Exchange Standard Market in August 2025. The Company currently operates under a dual-headquarters structure, with principal offices in Osaka and Tokyo.

Consolidated Companies and Trends in Consolidated Performance

The YRGLM Group consists of a total of nine companies: the Company, seven consolidated subsidiaries (EC-CUBE Co., Ltd., YRGLM VIETNAM Co., Ltd., and the five acquired companies Spoo! Inc., TOPICA Inc., Far End Technologies Corporation, and RUBY GROUPe, Inc. and its subsidiary KIMEI GLOBAL Co., Ltd.), and one equity method affiliate (SAI Co., Ltd.) (as of the end of November 2025: Figure 1 on page 8).

During FY2019 (note that the Company's fiscal years are September-ending; FY2019 ended in September 2019), the EC-CUBE business was carved out from the parent company and became a consolidated subsidiary following the spin-off. This caused the balance between consolidated and parent-company performance to shift. The ratio of consolidated to parent-company results has continued to rise in terms of net sales, reaching approximately 2.0 in the previous fiscal year. While the ratio for ordinary profit has fluctuated significantly depending on the fiscal year, the sum of the consolidated

companies (i.e., consolidated results minus parent-company results) has generally maintained a trend of net sales growth and profitability since FY2019 (Figure 2).

In addition, subsidiaries that became consolidated through M&A, led by Far End Technologies Corporation ("Far End") and RUBY GROUPe, Inc. ("RUBY"), have generally expanded their business scale following their acquisition and have made meaningful contributions to net sales growth.

【Figure 1】 Summary of the Consolidated Subsidiaries and Equity-Method Affiliate   (Unit: million yen or %)

Name of Consolidated Company Consolidated subsidiaries (7 companies)	Business Details	Form of Acquisition (Acquisition cost estimated by Alpha-Win)	Date of Acquisition / Spin-off / Merger / Sale	Location	Stake (Rounded to the nearest whole number)	Capital million yen	Founding Date	Fiscal Year Most recent disclosed data, or results as of the time of acquisition	Net Sales	Operating Profit	Net Profit
TOPICA	Planning and production of video contents; social media management service; provided in one stop	Company acquisition (220 million yen)	July 2021	Chiyoda-ku, Tokyo	75%	36	June 2016	Ended Apr. 2025	231		
Spoo	Web media planning, editing, and production	Company acquisition (several dozen million yen)	December 2020	Chiyoda-ku, Tokyo	100%	10	March 2000	Ended Dec. 2024	55		
Far End Technologies	Internet services and information security support services	Company acquisition (130 million yen)	February 2022	Matsue-shi, Shimane	100%	8	September 2008	Ended May 2025	241		
EC-CUBE	Succeeded the EC-CUBE business from the E-Commerce Support segment. Capital and business alliance with Orico.	Spin-off and business transfer	January 2019	Kita-ku, Osaka City, Osaka	90%	30	October 2018	Ended Sep. 2025	971	19	2
RUBY GROUPe	E-commerce website building and operation services for luxury brands, etc.	Company acquisition (approx. 480 million yen)	September 2024	Shinagawa-ku, Tokyo	100%	30	January 2011	Ended Mar. 2025	1,037	-12	-42
KIMEI GLOBAL CO., LTD	E-commerce website building	A subsidiary of RUBY GROUPe	September 2024	Ho Chi Minh City, Vietnam	51%	4,454 million VND*		(VND: Vietnamese dong, equivalent to approximately 26 million yen)			
YRGLM Vietnam Co., Ltd.	Offshore software development site	Founded		Ho Chi Minh City, Vietnam	100%	4,256 million VND*	December 2013	(VND: Vietnamese dong, equivalent to approximately 26 million yen)			
Equity method affiliate (1 company)											
SAI Co., Ltd.	Transferred the Company's prevoius e-commerce contract development business	Spin-off and business transfer	September 2015		20%	3	April 2004				17

(Source) Prepared by the Alpha-Win Research Dept. based on securities reports and financial results briefing materials. The net profit of Sai Co., Ltd. is an estimated figure, calculated from the equity-method investment gain recorded in the previous fiscal year.

(Note) On January 1, 2024, the consolidated subsidiary EC-CUBE Innovations Co., Ltd. (formerly BOKUBLOCK INC.) was absorbed through a merger into EC-CUBE Co., Ltd., which is responsible for e-commerce website building and operations, as well as platform development. In addition, on September 30, 2024, the Company acquired RUBY GROUPe, which became a consolidated subsidiary. Furthermore, the Company is currently conducting a tender offer for Silver Egg Technology Co., Ltd. (securities code 3961), which is listed on the Tokyo Stock Exchange Growth Market.

【Figure 2】 Comparison of Consolidated vs. Parent Company's Net Sales and Ordinary Profit by Fiscal Year
(Unit: million yen; ratios have no unit)

Unit: million yen; ratios have no unit		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
A	Consolidated net sales	1,360	1,437	1,613	1,719	1,804	2,204	2,618	2,957	3,334	3,626	3,636	4,934
B	Parent company's net sales	1,360	1,437	1,613	1,719	1,804	2,010	2,317	2,532	2,583	2,476	2,410	2,419
A - B = C	Consolidated net sales - Parent company's net sales	0	0	0	0	0	194	301	425	751	1,150	1,226	2,515
A/B	Consolidated net sales / Parent company's net sales	1.00	1.00	1.00	1.00	1.00	1.10	1.13	1.17	1.29	1.46	1.51	2.04
A	Consolidated ordinary profit	233.6	352.0	250.3	106.3	-115	79	261	364	399	329	162	279
B	Parent company's ordinary profit	245.2	359.0	252.1	106.8	-110	19	165	278	315	232	193	258
A - B = C	Consolidated ordinary profit - Parent company's ordinary profit	-12	-7	-2	-1	-5	60	96	86	84	97	-31	21
A/B	Consolidated ordinary profit / Parent company's ordinary profit	0.95	0.98	0.99	1.00	-	4.16	1.58	1.31	1.27	1.42	0.84	1.08

(Source) Prepared by the Alpha-Win Research Dept. based on securities reports. (Note) Consolidated results starting in FY2014 (applies to the rest of this Report).

Financial Condition and Cash Flow Trends

◆ **Cash and deposits exceed borrowings, and the Company continues to operate on an effectively debt-free basis.**

Due to M&A activity and large-scale investments, the Company experienced a period in which free cash flow (FCF) remained negative. However, from the second half of FY2020, FCF turned to an upward trend, accompanied by the accumulation of capital and an increase in cash and deposits (Figure 3 on page 9). As of the end of September 2025, the Company's total borrowings amounted to 679 million yen, while cash and deposits stood at 1,558 million yen, indicating that the Company is effectively debt-free.

In the second half of FY2024, investing cash flow increased substantially due to the acquisition of RUBY, resulting in a temporarily negative free cash flow (defined as operating cash flow plus investing cash flow).

◆ **Although the Company posted a net loss in the previous fiscal year, free cash flow turned positive.**

Although the Company recorded a net loss in the previous fiscal year, this was attributable to goodwill amortization and impairment losses. As a result, operating cash flow remained positive, while investing cash flow declined, leading to a return to positive free cash flow from the first half of the previous fiscal year.

【Figure 3】 **Semi-Annual Changes in Cash Flow and Balance of Cash & Deposits**

Unit: million yen	FY2015 H1	FY2015 H2	FY2016 H1	FY2016 H2	FY2017 H1	FY2017 H2	FY2018 H1	FY2018 H2	FY2019 H1	FY2019 H2	FY2020 H1	FY2020 H2	FY2021 H1	FY2021 H2	FY2022 H1	FY2022 H2	FY2023 H1	FY2023 H2	FY2024 H1	FY2024 H2	FY2025 H1	FY2025 H2
Operating CF ①	15	148	48	93	121	23	7	9	99	109	92	429	241	333	141	292	356	209	261	126	193	398
Investing CF ②	-5	-27	-80	-69	-88	-106	-94	-118	-368	-158	-409	-101	-35	-313	-262	-181	-100	-57	-69	-421	-92	-96
Financing CF	-0	0	-16	3	-31	-0	169	542	-0	-100	391	-56	-1	-23	-195	-121	-178	-115	-273	327	-210	-54
FCF(①+②)	9	121	-32	24	33	-83	-88	-110	-269	-50	-317	328	206	20	-121	111	256	152	192	-295	101	301
Cash and Deposits (on BS)	656	787	738	762	764	681	760	1,194	924	774	847	1,119	1,342	1,392	1,214	1,321	1,408	1,452	1,370	1,407	1,296	1,558

(Source) Prepared by the Alpha-Win Research Dept. based on the financial results summary. H1: first half. H2: second half.

◆ **The equity ratio stands at 52% and the current ratio at 218%, indicating a sound financial position.**

With total assets of 3.2 billion yen and a market capitalization of 3.6 billion yen (based on the closing price of 569 yen as of December 17, 2025), the Company remains small in scale. However, its equity ratio stands at 51.8% (53.3% in FY2024), and its current ratio is 217.6% (199.5% in FY2024), indicating a sound financial position (all figures are as of the end of September 2025).

Changes in Goodwill Balance

◆ **Goodwill has been significantly reduced through amortization; the remaining balance is minimal, and a one-time write-off would be feasible.**

As a result of corporate acquisitions, including RUBY, the Company's goodwill balance increased in the past. However, goodwill amortization progressed in the previous fiscal year, and the balance declined significantly to 58 million yen as of the end of September 2025 (year-on-year decrease of 372 million yen). When compared with annual EBITDA of 583 million yen, the remaining goodwill balance is relatively small (approximately 10%), indicating that a one-time write-off would be feasible if necessary (Figure 4).

Including goodwill, intangible assets—comprising software and software under development totaling 387 million yen—amounted to 457 million yen. Assets that potentially carry amortization or impairment risk (excluding tangible fixed assets) therefore remain within the Company's net assets of 1,685 million yen, accounting for approximately 27%. At present, this level is not considered to pose a material concern.

【Figure 4】 **Changes in the Balance of Goodwill and Amortization Amount**

Annual Goodwill	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Goodwill (balance on BS: million yen) ①	0	0	0	0	0	109	316	450	484	362	430	58
Annual amortization of goodwill (on CF statement: million yen) ②	0	0	0	0	0	16	55	84	108	122	122	106
Average amortization period (years) ③ = ① / ②	0	0	0	0	0	7.0	5.8	5.4	4.5	3.0	3.5	0.5
EBITDA ④	274	373	286	175	6	247	514	638	686	629	461	583
Goodwill / EBITDA ⑤ = ① / ④	0	0	0	0	0	0.4	0.6	0.7	0.7	0.6	0.9	0.1

(Source) Prepared by the Alpha-Win Research Dept. based on the financial results summary and briefing materials.

Equity Value of EC-CUBE Co., Ltd.

◆ **Unrealized gains on shares of the subsidiary EC-CUBE Co., Ltd. already exceeded 1.3 billion yen at the time a portion of the shares was sold to a third party, and are currently estimated to have approximately doubled.**

The Company holds a 90% equity stake in its subsidiary, EC-CUBE Co., Ltd. Based on the amount for which a 10% stake in the subsidiary was sold to Orient Corporation in November 2020, it is estimated that the Company holds shares with a market value of at least 1.4 billion yen, corresponding to unrealized gains of 1.37 billion yen.

Furthermore, a comparison between the TOPIX closing price at the end of November 2020 (1,754.92 yen), which was when the subsidiary's shares were sold, and the most recent closing price at the end of November 2025 (3,378.44 yen) indicates an increase of more than 90% over the five-year period. This suggests that the actual market value of the Company's stake, as well as the associated unrealized gains, are likely to be substantially higher than the above estimates.

Assuming that both the market value and unrealized gains of the stake have increased similarly to TOPIX (i.e., by more than 1.9x), the current market value of the Company's interest in EC-CUBE Co., Ltd. is estimated at approximately 2.66 billion yen, with unrealized gains of around 2.6 billion yen.

◆ The Company is currently conducting a tender offer (TOB) for Silver Egg Technology Co., Ltd., which is listed on the Tokyo Stock Exchange Growth Market. Following the acquisition, the Company plans to make Silver Egg a consolidated subsidiary and delist it.

◆ This transaction represents a relatively large-scale M&A compared with the Company's past acquisitions.

(5) Term loan under a committed credit facility: A term loan that allows the Company (as the borrower), upon request, to borrow funds up to a predetermined maximum amount within a specified drawdown period. During the commitment period, the Company can flexibly secure long-term borrowings under this facility.

(6) Net leverage ratio: Defined as (interest-bearing debt minus cash and deposits) divided by equity. It represents the ratio of net interest-bearing debt to net assets and is commonly used as an indicator of financial soundness. Generally, a ratio of 1.0 or below is considered desirable.

◆ Silver Egg provides AI-driven web marketing services and has a particular strength in real-time recommendation technology, in which it holds the top market share.

(7) Recommendation technology: Technologies and methods used to recommend products or services that match user preferences, such as on online shopping platforms.

(8) Personalization technology: Technologies that deliver optimized information to individual customers based on data such as website browsing behavior and purchasing history.

(9) Aigent Recommender: A high-precision real-time recommendation service that combines AI and advanced mathematical algorithms.

◆ **Planned Acquisition of Silver Egg Technology Co., Ltd.**

Overview of the Tender Offer and Financing Plan

In November 2025, the Company announced that it would launch a tender offer (TOB) for the shares and other securities of Silver Egg Technology Co., Ltd. ("Silver Egg"), which is listed on the Tokyo Stock Exchange Growth Market (securities code 3961) and has a market capitalization of approximately 2.3 billion yen. The Company plans to acquire all shares by March 2026, make Silver Egg a wholly owned subsidiary, and subsequently delist Silver Egg.

The estimated acquisition cost of 2,026 million yen—consisting of 1,673 million yen for the tender offer plus 353 million yen for shares subject to non-tender agreements—exceeds the Company's cash and deposits of 1,558 million yen held as of the end of the previous fiscal year, making this the largest acquisition in the Company's history. Accordingly, close attention should be paid to both post-acquisition financial performance and the Company's financial condition.

To finance the acquisition, the Company entered into a term loan under a committed credit facility[5] with Mizuho Bank in the amount of 1,680 million yen.

The loan agreement includes the following three financial covenants, all of which must be satisfied for each consolidated fiscal year during the loan term:
1. Net assets at fiscal year-end must remain positive.
2. Ordinary profit must not be negative for two consecutive fiscal years.
3. The net leverage ratio[6] must be 5.0 or below.

However, as of the end of September 2025, Silver Egg had no debt and held cash and deposits of 1,190 million yen. After deducting this amount, the effective acquisition cost for the Company is estimated to be slightly over 800 million yen.

Business Overview and Strengths of Silver Egg

Silver Egg was established in August 1998 and is engaged in the development and provision of web marketing services based on AI (artificial intelligence) technologies. The company positions itself as the first in Japan to successfully commercialize recommendation services utilizing AI and machine learning, and as a leading company in personalization within the digital marketing domain.

In the field of digital marketing, Silver Egg leverages recommendation technologies[7] and personalization technologies[8] to provide B2B marketing services to a broad range of high-quality clients, including e-commerce companies, apparel companies (such as United Arrows), cosmetics companies, Nitori, Ricoh, K's Holdings, En Inc., and ENOTECA.

Its flagship service, Aigent Recommender[9], is distinguished by real-time recommendation capabilities, enabling the system to analyze and predict user behavior simultaneously as visitors browse a website and to immediately present the most relevant products to each user. According to Silver Egg's website, the service has a 41% share of the recommendation engine market and has been adopted by more than 500 companies on a cumulative basis.

◆ **Through the acquisition of Silver Egg, the Company expects to accelerate growth by leveraging AI technologies and engineering talent and realizing synergies.**

◆ **Silver Egg is expected to post a decline in sales and a net loss in the current fiscal year.**

◆ **Silver Egg's financial position remains sound.**

Purpose of the Acquisition of Silver Egg

Through the acquisition of Silver Egg, the Company aims to leverage Silver Egg's AI technologies and engineering talent to improve development efficiency and embed AI capabilities into its products, thereby generating synergies with its existing businesses and achieving differentiation from competitors.

In particular, by leveraging the Group's partner network and sales management methodologies, the Company expects—even in the short term—to expand its e-commerce website building and support business by increasing customer acquisition opportunities and enhancing the value delivered to customers through Silver Egg's products.

In addition, over the medium term, the Company seeks to enhance the effectiveness of its marketing support for customers, create new business opportunities, and accelerate growth.

Financial Performance and Financial Condition of Silver Egg

Silver Egg's recent financial performance, based on publicly disclosed information, is summarized below (Figure 5).

Over the past three fiscal years (FY2022 to FY2024; December-ending), Silver Egg recorded stable net sales and maintained profitability.

However, in the most recent period (FY2025), Silver Egg expects a decline in net sales and a net loss, reflecting the loss of a major customer, higher U.S. dollar-denominated cloud service fees due to yen depreciation, and upfront investments.

Despite these near-term challenges, Silver Egg's financial position remains sound and cash-rich, supported by accumulated earnings. As of the end of the third quarter of the current fiscal year, Silver Egg reported an equity ratio of 95%, net assets of approximately 1.4 billion yen, and cash and deposits of approximately 1.2 billion yen.

【**Figure 5**】 **Trends in Financial Performance and Financial Condition of Silver Egg (Unit: million yen)**

Fiscal Year	FY2022	FY2023	FY2024	FY2025 Forecast
Period	Jan. 2022 – Dec. 2022	Jan. 2023 – Dec. 2023	Jan. 2024 – Dec. 2024	Jan. 2025 – Dec. 2025
Net Sales	1,241	1,257	1,229	1,036
Operating Profit	99	95	65	-54
Operating Profit Margin (%)	8.0	7.6	5.3	-5.2
Ordinary Profit	80	95	66	-52
Net Profit	9	59	30	-53
EPS (yen)	3.16	19.92	10.21	-18.07
Dividend (yen)	0.00	0.00	0.00	*(Below: Q3 results)*
Net Assets	1,238	1,377	1,420	*1,405*
Total Assets	1,383	1,505	1,521	*1,459*
Equity Ratio (%)	89.5	91.5	93.4	*96.3*
BPS (yen)	417.40	464.45	477.09	*467.07*
Total Asset Turnover Ratio	0.93	0.87	0.81	*—*
Cash and Deposits Balance	1,021	1,097	1,179	*1,190*

(Source) Prepared by the Alpha-Win Research Dept. based on IR materials of Silver Egg.

Impact of Silver Egg on the Group

Compared with the YRGLM Group's results for the previous fiscal year, Silver Egg amounts to 21% of net sales, 46% of total assets, and 83% of net assets (for comparison purposes, Silver Egg's net sales are based on the forecast for the fiscal year ending December 2025, while total assets and net assets are based on actual results as of the end of the third quarter of the same fiscal year).

Compared with other M&A transactions executed to date, this acquisition is relatively large in scale. As a result, a significant change in the consolidated balance sheet is expected following the acquisition.

◆ **Sales contribution from the acquisition of Silver Egg is estimated at approximately 700 million yen for the current fiscal year, with no material impact on profit expected.**

On the other hand, while it will depend on the timing of the acquisition's completion, if Silver Egg is to be consolidated starting from February 2025, approximately eight months of results would be reflected in the Company's consolidated income statement for the current fiscal year. The pro rata increase in net sales is estimated at around 700 million yen, while the impact on profit is expected to be limited, excluding one-off costs.

Given that Silver Egg's forecast for FY2025 (ending December 2025) and its earnings over the past three fiscal years are relatively modest, and that acquisition-related expenses (such as advisory fees and goodwill amortization) are expected to be incurred, it is likely that full-year earnings contribution and the materialization of synergies will occur from the Company's next fiscal year (FY2027; ending September 2027) onward.

The expected amount of goodwill and the amortization method associated with the acquisition have not been disclosed. However, assuming goodwill is amortized on a straight-line basis over approximately five to ten years, the impact of amortization on profit and loss for the period is expected to be limited.

That said, Silver Egg's balance sheet—particularly its net assets (1,405 million yen as of the end of Q3 FY2025)—is relatively large in comparison with the YRGLM Group. If dividends are determined based on the Company's dividend on equity (DOE) target of 2.5%, the portion attributable to Silver Egg would increase, resulting in a higher level of ordinary dividends, which currently stands at 7.0 yen per share (excluding the 1.0 yen commemorative dividend included in the total dividend of 8.0 yen). As a result, there is potential for future dividend increases.

◆ Business Philosophy

Under its mission, "Impact on the World," the Company aspires to create a society where companies offering unique value and society can thrive together.

This philosophy encompasses the Company's following concept: "We shall continue to impact each and every thing that we are involved in, because the accumulation of small impacts that move people's hearts will eventually create a large momentum that will move the entire world."

Also, the Company's vision is to "become a company that supports marketing activities for businesses worldwide through data and technology to create happiness for both sellers and buyers."

◆ Restructuring its business portfolio. Withdrew from non-core businesses and concentrated management resources on AD EBiS. In recent years, the Company has been expanding through the acquisition of peripheral businesses and companies, including those of the E-Commerce Support segment.

2. Business Contents and Business Model

◆ Business Portfolio

Restructuring and Strengthening of the Business Portfolio

Since FY2016, the Company has actively reorganized and strengthened its business portfolio through a series of initiatives, including focusing on its core business (shifting toward AD EBiS), separating and exiting non-core businesses, and executing M&A transactions (Figure 6). Having largely completed this phase of business restructuring, the Company has now entered a stage of rapid business expansion aimed at the next phase of accelerated growth.

【Figure 6】 Business Restructuring and Segments

(Grey-highlighted areas indicate closed businesses. In addition to those shown, the Company has exited several other businesses.)

Segment	Category / Business	Main Services (or Company)	Changes
I. Marketing DX Support (Now: Marketing AI)	(1) Marketing Process A. Advertising Effectiveness Measurement	① AD EBiS (including GSP), CAPiCO, and Campaing Manager (a new SaaS): Advertising effectiveness measurement tools	Withdrew from the ADPLAN business (acquired in Jan 2020; later merged) in March 2021
			New SaaS "Campaign Manager": The Company began offering the commercial version of Campaign Manager to AD EBiS customers in May 2025. In July 2025, it launched a new AI-powered feature, "AI Planning Analysis," followed by the release of "Knowledge Import" in September 2025. During the current fiscal year, the Company plans to roll out the service to general customers and implement initiatives to build brand awareness.
	B. Advertising Agency DX	② AdRepo: Automatic report generation tool for advertising analysis	Business acquisition (August 2018)
	(2) Incubation	① AD HOOP: Marketing-specialized matching	Started service in May 2020; changed name to AD HOOP in Jan 2021
		② TargetPush: Retention marketing tool	Started service in July 2024
		③ Spoo: Web media & design & management services	Acquired as a wholly owned subsidiary (Dec 2020)
		④ TOPICA: Social media and video marketing support	Acquired as a subsidiary (July 2021); current ownership stake of approximately 75%
		⑤ Far End Technologies: Project management tool	Acquired as a wholly owned subsidiary (Jan 2022)
II. E-Commerce Support (Now: E-Commerce AI)	(1) E-Commerce Website Building Solutions (Integrated the former platform and former e-commerce website building & operation categories)	① EC-CUBE and ec-cube.co: Open-source e-commerce website building	Transferred to EC-CUBE Co., Ltd., in Jan 2019; about 10% of shares sold to Orico; absorbed EC CUBE Innovations in Jan. 2024 for vertically integrated operation
		② EC-CUBE Innovations (former BOKUBLOCK) ➡ (absorbed by) EC-CUBE Co., Ltd.: E-commerce webite building & operation and solutions	Acquired as a wholly owned subsidiary (May 2022) ➡ Changed name to EC CUBE Innovations (June 2023) ➡ Shares transferred to EC-CUBE Co., Ltd by YRGLM ➡ company closed
	(2) E-Commerce Operations Management Services	① RUBY GROUPe: E-commerce website operation and fulfillment services	Acquired as a wholly owned subsidiary (September 2024)

(Source) Figures 6-8: Prepared by the Alpha-Win Research Dept. based on information including the financial results summary and briefing materials.

◆ The Company operates in two segments: Marketing DX Support and E-Commerce Support. The Marketing DX Support segment accounts for more than half of company-wide net sales and profit.

Business Segments and Performance Trends of Each Segment

As of the end of FY2025 (previous fiscal year), the Company operated in two business segments: I. Marketing DX Support and II. E-Commerce Support.

In the previous fiscal year, the Marketing DX Support segment accounted for approximately 59% of company-wide net sales (to external customers) and approximately 95% of company-wide operating profit (before consolidation adjustments) (Figure 7). This segment had been the driving force behind the Company's overall sales growth for many years. Within this segment, AD EBiS historically accounted for a substantial portion of net sales, representing around 80% of total segment sales. However, driven mainly by the expansion of the E-Commerce Support segment, sales excluding AD EBiS have increased rapidly, reducing AD EBiS's proportion to approximately 44% in the previous fiscal year. Changes in net sales by business segment are shown in Figure 8.

【Figure 7】 Net Sales and Profit Breakdown by Segment (FY2025: Full Fiscal Year)
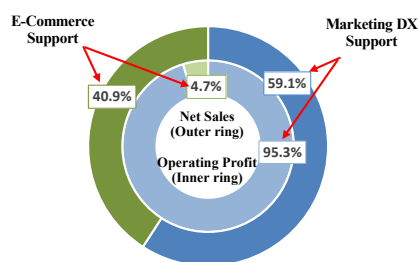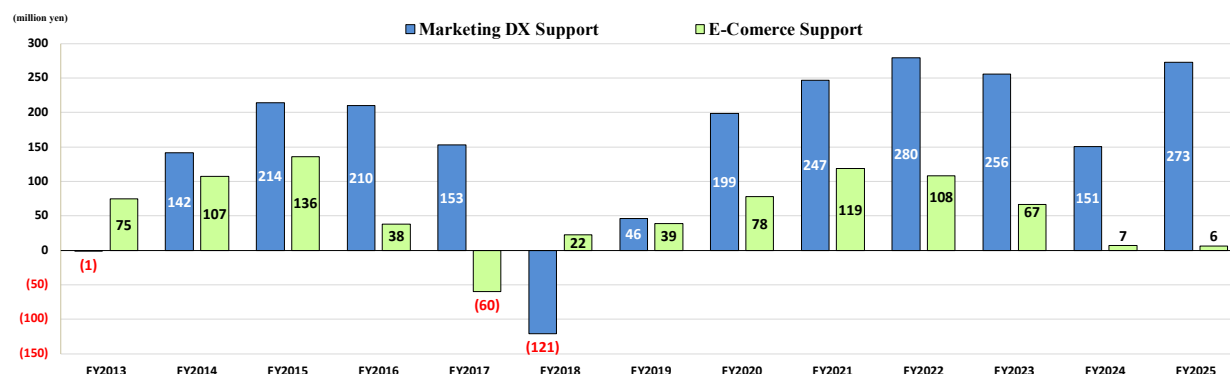

(Note) Segment net sales are those to external customers (the same applies hereinafter).

【Figure 8】 Changes in Net Sales by Segment (Unit: million yen)
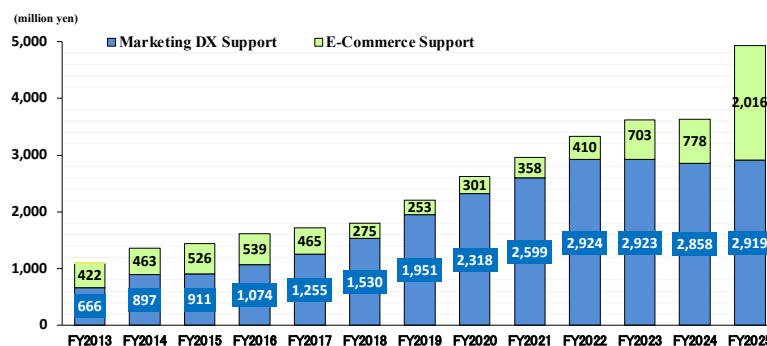
【Figure 9】 Changes in Operating Profit by Segment

(Source) Prepared by the Alpha-Win Research Dept. based on the financial results briefing materials.
(Note) Segment profits are those before consolidation adjustments (the same applies hereinafter).

◆ **Excluding the period of business restructuring, both segments have been posting operating profits.**

Each segment's changes in operating profit over the years are shown in Figure 9. Excluding FY2017 and FY2018, during which business restructuring was carried out, both segments have been posting operating profits (segment profit) for the full fiscal year.

Over the past 13 fiscal years, the Marketing DX Support segment has been contributing relatively significantly to profits.

The Company's business portfolio as of the end of the previous fiscal year is shown in Figure 10 (the numbers assigned to each business in Figure 10 match the numbers in Figure 6 on page 13 and in this section's description of business contents and subsequent sections).

【Figure 10】 Business Composition (As of the end of September 2025)
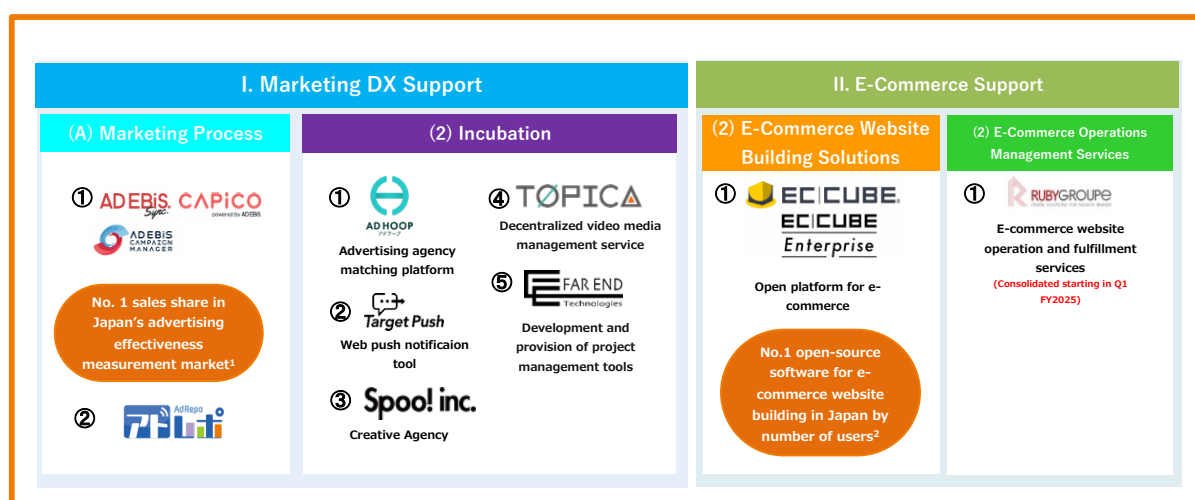
1. According to the Japan Marketing Research Organization's summary of its August 2024 market survey on competition in designated areas
2. According to Information-technology Promotion Agency, Japan's "3rd Open-Source Software Utilization Business Survey"

(Source) Prepared by the Alpha-Win Research Dept. based on the financial results briefing materials, with supplementary information added.

◆Business Details I. Marketing DX Support Segment
(Now: Marketing AI)

The Marketing DX Support segment's breakdown of net sales and changes in profit over the years are shown in Figure 11.

【Figure 11】 Changes in Net Sales and Operating Profit of the Marketing DX Support Segment

Net Sales (million yen)	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2025: YoY Change	
	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated: A	Consolidated: B	B - A	(B - A)/A
I. Marketing DX Support Segment	897	911	1,074	1,255	1,530	1,951	2,318	2,599	2,924	2,923	2,858	2,919	61	2.1
(1) Marketing Process	883	911	1,074	1,254	1,529	1,951	2,306	2,504	2,525	2,402	2,332	2,375	43	1.8
A. Advertising Effectiveness Measurement	883	911	1,074	1,254	1,445	1,747	2,127	2,310	2,353	2,222	N.A.	N.A.		
① AD EBiS (including GSP)	722	822	1,012	1,200	1,402	1,719	2,119	2,311	2,353	2,222	2,152	2,183	31	1.4
AD EBiS's sales growth rate (YoY: %)	27.3%	13.9%	23.1%	18.6%	16.8%	22.6%	23.3%	9.1%	1.8%	-5.6%	-3.2%	1.4%		
CAPiCO (since Aug. 2023)										0	N.A.	N.A.		
Campaign Manager (May 2025)											N.A.	N.A.		
THREe (withdrew at the end of Mar. 2020)	161	89	62	54	43	28	8	0	0	0	0	0		
B. Advertising Agency DX						124	152	181	172	180	N.A.	N.A.		
① AdRepo				(Business acquired in Oct. 2018 →)		124	149	169	167	180	180			
Ad-Knowledge (withdrew at the end of Jan. 2023)							3	12	5	Withdrew				
(2) Incubation							3	87	392	525	526	544	18	3.4
① AD HOOP (May 2020)								20	41	56	42	10	-32	-76.2
② TargetPush (Jul. 2024)											4	7	3	75.0
③ Spoo (Dec. 2020)								38	59	78	43	55	12	27.9
④ TOPICA (Jul. 2021)								28	189	230	239	231	-8	-3.3
⑤ Far End (Feb. 2022)								0	97	157	195	241	46	23.6
eZCX (service ended in May 2024)								1	6	4	3	-		
*Other: Professional Services (DMP)			(Professional Services, transferred from EC PF →)	84	80	27								
Segment Operating Profit	142	214	210	153	-121	46	199	247	280	256	151	273	122	80.6
Segment Operating Profit Margin (%)	16.1%	23.5%	19.5%	12.2%	-	2.4%	8.6%	9.5%	9.6%	8.7%	5.3%	9.3%	4.1%	

(Source) Prepared by the Alpha-Win Research Dept. based on the financial results briefing materials and interview.

(Note) Includes Alpha-Win's estimates. "N.A." indicates not disclosed.

◆ **The Marketing DX Support segment comprises two business categories. The core business is AD EBiS (advertising effectiveness measurement) of the marketing process category.**

I. The Marketing DX Support segment comprises two business categories: (1) marketing process and (2) incubation (which account for approximately 82% and 18% of segment net sales, respectively).

In the previous fiscal year, the net sales breakdown of this segment was as shown in Figures 11 and 12. AD EBiS, which falls under the (1) marketing process category, generated 2,183 million yen in sales and is estimated to have accounted for approximately 75% of the Marketing DX Support segment's net sales, equivalent to 44% of company-wide net sales. While AD EBiS remains the dominant product, its sales contribution has declined compared with earlier periods. AdRepo is estimated to have accounted for approximately 7% of the Marketing DX Support segment's net sales.

【Figure 12】 Net Sales Breakdown of the Marketing DX Support Segment
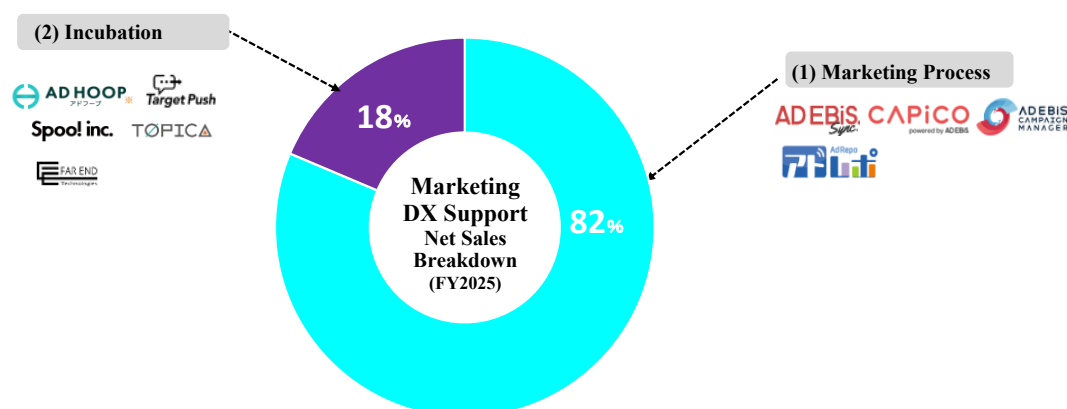
(Source) Prepared by the Alpha-Win Research Dept. based on the financial results briefing materials.

◆ **Its core business is AD EBiS, an independently developed system for measuring the effectiveness of internet advertising. It has the top share in the Japanese market. Accounts for about 44% of company-wide net sales. A highly stable, subscription-based business.**

(10) ACM (AD EBiS Campaign Manager): A tool that combines data accumulated through AD EBiS with generative AI–based analytical support linked to external information searches, enabling the management of the recording, evaluation, and improvement of marketing initiatives. The service was launched in May 2025.

(11) Subscription-based business model: Users pay periodically for the right to access the service for a specified period.

(12) Programmatic advertising: An advertising method that supports automatic and real-time ad optimization. After an ad is submitted, it is optimized to achieve better performance.

◆ **The business targeting advertising agencies consists of only AdRepo, a tool for fully automating the generation of reports in programmatic advertising.**

◆ **The incubation category consists of the Company's independently developed products AD HOOP and TargetPush and the businesses of the 3 consolidated subsidiaries acquired through M&A.**

Below are the Marketing DX Support segment's business categories and their main products (service or product name are underlined).

Business Performance by Segment: I. Marketing DX Support

(1) Marketing Process Category

① **AD EBiS** + **CAPiCO** + **AD EBiS Campaign Manager (abbrev.: ACM)**[10] (Independently developed services)

・ Internet advertising effectiveness measurement systems

・ The Company's independently developed, core product (an extremely strong position in the Japanese market, holding the top share of 87.4%, according to the Japan Marketing Research Organization's summary of its market survey on competition in designated areas for the period ended August 2024).

・ Enables the comprehensive management, measurement, analysis, and visualization of web ad performance, helping users evaluate and understand the cost-effectiveness of ads.

・ Subscription-based business model[11]

・ A business based on flat-rate, periodic payments by users. Its sales are determined by average revenue per subscription times the number of subscriptions. Both figures are important metrics that impact not only the performance of the AD EBiS business but also the entire company.

・ Sales of AD EBiS (including CAPiCO and related services) had been on a gradually declining trend since peaking in FY2022. However, in the previous fiscal year (FY2025), sales reached 2,183 million yen, representing an increase of approximately 1.4% from 2,152 million yen in FY2024, marking a return to growth.

② **AdRepo:** Fully automated report-generation tool for programmatic advertising[12]

・ A cloud-based service aimed at reducing the workload of advertising agencies.

・ The business was acquired from another company in August 2018.

・ Currently, the business targeting advertising agencies consists of only AdRepo (AD HOOP has been moved to the incubation category, and the Company has withdrawn from Ad-Knowledge). Sales in the previous fiscal year are estimated at approximately 180 million yen, accounting for about 7% of the Marketing DX Support segment's net sales, largely unchanged from the fiscal year before the previous in both amount and proportion.

Business Performance by Segment: I. Marketing DX Support

(2) Incubation Category (Figure 13 on page 18)

① **AD HOOP** (Independently developed service)

・ A marketing-specialized matching platform that connects corporate advertisers with the most suitable solution partners for solving their problems and meeting their needs. Released in May 2020, and later transferred from the advertising agency DX business. Due in part to contract revisions, sales declined from 42 million yen in the fiscal year before the previous to 10 million yen in the previous fiscal year (–76.2% YoY), accounting for approximately 0.3% of net sales in the Marketing DX Support segment. Achieving profitability remains a key challenge.

② **TargetPush** (Independently developed service)

・A web push notification tool enabling direct communication with users' PCs and smartphones.

・ It enables continuous communication with users once they grant permission for notifications on their web browsers, serving as an alternative to retargeting ads and email newsletters.

・ Sales increased slightly from 4 million yen in the fiscal year before the previous to 7 million yen in the previous fiscal year (+75.0% YoY), accounting for approximately 0.2% of net sales in the Marketing DX Support segment.

◆ **Has been acquiring companies in businesses related to internet marketing as consolidated subsidiaries at a pace of about 1-2 companies per year.**

◆ **Total sales of the three acquired companies increased by 10%, from 477 million yen to 527 million yen.**

Furthermore, as described below, the Company has been acquiring companies with businesses related to internet marketing as consolidated subsidiaries at a pace of one or two companies per year. All three most recently acquired companies have steadily expanded their businesses by leveraging their strengths and synergies.

③ **Spoo (Spoo! inc.):** Consolidated subsidiary (wholly owned)

・ Web media and design company. Founded in March 2000 and acquired by the Company in December 2020. Contract-development service provided by a small team. Recruitment has been a challenge.

・ The Company has been leveraging Spoo's creativity and talent to integrate its data and technologies. It aims to thereby create new value, expand into new areas of business, and strengthen its competitive edge.

・ Sales increased by 12 million yen (+27.8% YoY) from 43 million yen in the fiscal year before the previous to 55 million yen in the previous fiscal year.

④ **TOPICA:** Consolidated subsidiary (approximately 75% stake)

・ Founded in May 2016. Acquired in July 2021.

・ Marketing support business for social media and videos, ranging from the planning and production of video content to social media account management services.

・ Through the acquisition, the Company aims to expand its business into the rapidly growing social media marketing market and cross-sell TOPICA's services to its current client companies (around 1,300 companies). In addition, it plans to integrate its data and technologies with TOPICA's social media marketing business to create and provide new services.

・ Sales declined slightly by 8 million yen (–3.3% YoY) from 239 million yen in the fiscal year before the previous to 231 million yen in the previous fiscal year.

⑤ **Far End Technologies Corporation ("Far End"):** Consolidated subsidiary (wholly owned)

・ Founded in September 2008. Provides internet services (SaaS) and IT security support services.

・ Acquired in January 2022 as a wholly owned subsidiary

・Its main business involves the development of the globally well-known, open-source project management software **Redmine** and the paid, cloud-based version of the software, **My Redmine**.

・ In recent years, remote work has become firmly established following the COVID-19 pandemic, leading to growing demand for project

progress management. With the number of subscriptions increasing steadily, significant growth is expected.

・ By leveraging and integrating this business with the YRGLM Group's technologies and expertise, the Company plans to expand into new areas of business, strengthen its competitive edge, and provide new value to customers.

・ Sales have shown steady growth, reaching 158 million yen in FY2023, 195 million yen in FY2024, and 241 million yen in the previous fiscal year (+46 million yen YoY; +23.6%).

【Figure 13】 **Comparison of Sales of the Incubation Category's Businesses**
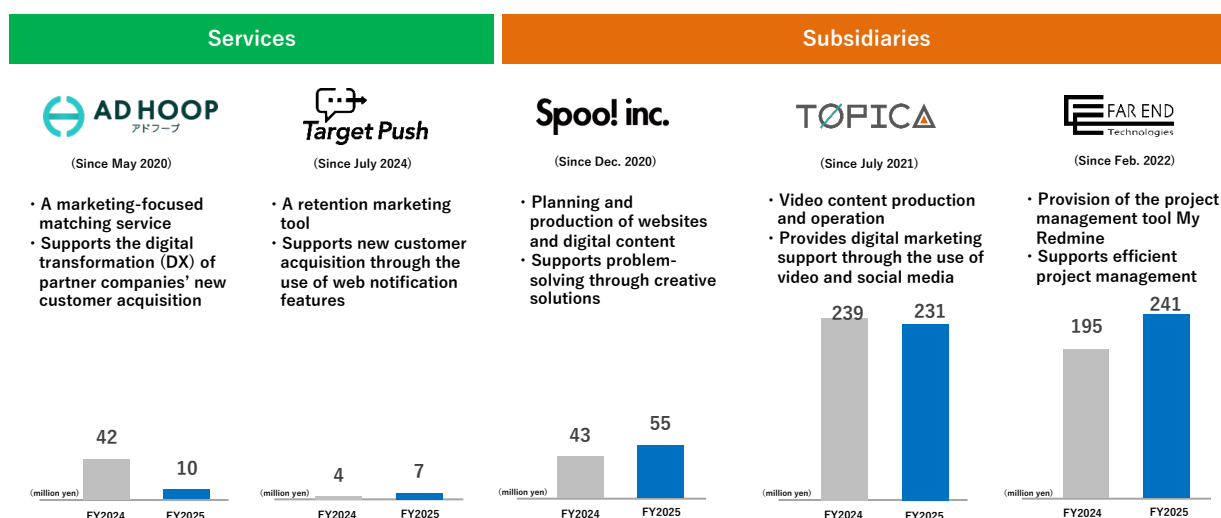
(Source) Financial results briefing materials.

◆**Business Details II. E-Commerce Support Segment**

(Now: E-Commerce AI)

• **The E-Commerce Support segment consists of e-commerce website building solutions (the EC-CUBE platform and e-commerce website building & operation categories were integrated into a single segment from the previous fiscal year) and e-commerce operations management services.**

• **Following the acquisition of RUBY, net sales have increased sharply.**

The E-Commerce Support segment consists of EC-CUBE Co., Ltd., which is responsible for e-commerce website building solutions (integrating the former platform category and the former e-commerce website building & operation category), and RUBY, which provides e-commerce operations management services.

Net sales of the E-Commerce Support segment have increased sharply following the acquisitions of EC-CUBE Innovations Co., Ltd. (formerly BOKUBLOCK INC.) and RUBY, rising from 410 million yen in FY2022 to 2,016 million yen in FY2025, a 4.9x increase. As a result, the E-Commerce Support segment has become a key driver of the Company's net sales growth (Figure 14 on page 19).

However, following the consolidation of RUBY, costs increased significantly, including a sharp rise in personnel expenses. As a result, although the segment remains profitable, profit has remained largely flat, declining slightly from 7 million yen to 6 million yen.

【Figure 14】 Changes in Net Sales and Operating Profit of the E-Commerce Support Segment

Net Sales (million yen)	FY2014 Consolidated	FY2015 Consolidated	FY2016 Consolidated	FY2017 Consolidated	FY2018 Consolidated	FY2019 Consolidated	FY2020 Consolidated	FY2021 Consolidated	FY2022 Consolidated	FY2023 Consolidated	FY2024 Consolidated: A	FY2025 Consolidated: B	FY2025 YoY Change B - A	(B - A)/A
II. E-Commerce Support Segment	463	526	539	465	274	253	301	358	410	703	778	2,016	1,237	159.0
(1) E-Commerce Website Building Solutions (Integrated the former platform and fomer e-commerce website building & operation categories)	245	230	219	208	254	253	301	358	411	705	776	966	190	24.5
•EC-CUBE (formerly, platform)	245	230	219	208	254	253	301	358	330	354	326	328	2	0.6
Sales growth rate (YoY: %)	18.3%	-6.1%	-4.8%	-5.2%	22.2%	-0.4%	19.0%	19.1%	14.7%	71.5%	10.1%	24.5%	14.4%	
① Payment processing fees								290	250	260	245	N.A.		
② Subscriptions								14	29	35	37	N.A.		
③ Others								54	49	56	57	N.A.		
•E-Commerce Website Building & Operation (formerly, BOKUBLOCK)								0	81	351	450	N.A.		
(2) E-Commerce Operations Management Services (RUBY GROUPe)												1,050		
(3) SOLUTION (transferred/withdrew) (former category)	232	296	319	257	20	0	0	0	0	0	0	0	0	0
① E-commerce contract development, e-commerce website consulting, etc. (former business)	232	296	319	257	20	0	0	0	0	0	0	0	0	0
Of which, DMP (transferred)				104										
Segment Operating Profit	107	136	38	-60	22	39	78	119	108	67	7	6	-1	-17.0
Segment Operating Profit Margin	22.5%	25.8%	7.1%		8.2%	15.4%	26.1%	33.1%	26.4%	9.5%	1.0%	0.3%	-0.7%	

(Source) Prepared by the Alpha-Win Research Dept. based on the financial results briefing materials and interview. (Note) Includes estimates by Alpha-Win.

Business Performance by Segment: II. E-Commerce Support

(1) E-Commerce Website Building Solutions

① EC-CUBE

Overview of the EC-CUBE Service

・EC-CUBE is a software platform that enables companies to build and manage e-commerce (EC) websites on their own.

・The Company provides EC-CUBE as web design software for companies to begin selling and providing products or services online. It is provided either as the open-source, packaged download version **EC-CUBE** or as the cloud version **ec-cube.co**.

・Characterized by low cost, high customizability, and high usability, it has the top share in the Japanese market and has become the standard platform.

Business Model and Sales Breakdown

・**EC-CUBE** is based on a freemium model[13] in which software is offered for free, but in return, revenue is earned from peripheral services.

・Revenue comes from payment processing fees paid by official partners using the software for their online businesses, **ec-cube.co**'s monthly subscription revenue, and other revenue (plugins, etc.).

・In recent years, sales have remained flat at just over 300 million yen.

Enterprise Version and New Paid Services

・The Company is focusing on the rollout of **EC-CUBE Enterprise**, a large-scale e-commerce website building and operation service designed for large corporate customers.

・The Company successively launched a range of product versions for EC-CUBE Enterprise: Mall (for mall-type e-commerce sites) and Multilingual (for multilingual e-commerce sites) in October 2024, followed by Subscription (subscription-based purchasing) in December 2024, and a B2B version in January 2025 (Figure 15 on page 21).

・In addition, in February 2025, the Company announced **EC-CUBE EQ**, a next-generation e-commerce website building platform and process standardization framework leveraging generative AI to enable more efficient and higher-quality e-commerce website building. Furthermore, the Company began offering **EC Business Growth Support Service** in September 2025, which provides hands-on support for e-commerce business growth through a combination of AI and domain experts.

Sidebar notes (left column):

◆ In the EC-CUBE business, the Company provides software for companies to build and manage e-commerce websites on their own.

◆ In addition to the download version, the cloud version has been released.

◆ Top share in the Japanese market.

(13) Freemium model: "Freemium" is a coined word that combines "free" and "premium." Refers to a business model that generates revenue by offering basic services free of charge while charging fees for more advanced or specially added related services.

◆ Paid enterprise versions have been launched for large corporate customers; expanding and enhancing the product lineup.

- **Providing a one-stop service and building a vertically integrated model. The e-commerce website building and operation business is expanding rapidly, leveraging synergies within the Group.**

(14) Professional services: A general term for services other than cloud-based tools, including consulting, account management, and contract development.

② **E-Commerce Website Building & Operation Services**

Following the acquisition of the former BOKUBLOCK INC., the Company re-entered the professional services[14] business, providing highly customized e-commerce website building and operation support using EC-CUBE. Through this, the Company offers solution services covering a broad range of the value chain, from e-commerce website building to marketing support.

In recent years, EC-CUBE Co., Ltd. has seen a sharp increase in sales driven by growing orders for e-commerce website building and operation projects, making it one of the Company's key growth drivers. Net sales increased from 778 million yen to 971 million yen in the previous fiscal year (+194 million yen YoY; +24.9%). The subsidiary turned profitable in the second half of the previous fiscal year and recorded a full-year operating profit of 19 million yen.

Business Performance by Segment: II. E-Commerce Support

(2) **E-Commerce Operations Management Services (RUBY GROUPe)**

- **RUBY has fully contributed to consolidated results since the previous fiscal year.**

RUBY, which became a consolidated subsidiary through an acquisition, has contributed fully to consolidated results since the beginning of the previous fiscal year.

RUBY provides e-commerce website building and operation services primarily for luxury brands. Its business includes outsourced e-commerce operations such as fulfillment services, consulting, operations management, and customer support.

- **The Company provides one-stop services within the E-Commerce Support segment.**

With RUBY, in addition to EC-CUBE Co., Ltd., the Company is increasingly able to offer one-stop services within the E-Commerce Support segment and is in the process of building a vertically integrated model. Previously, the segment focused mainly on the e-commerce website building and operation support business; however, following the acquisition of RUBY, sales from the e-commerce operations management business have been added, and the sales contributions of the two businesses are becoming more balanced.

◆ **Utilization of AI Technologies**

- **The Company is actively leveraging AI, aiming to evolve into an AI-focused enterprise and establish a solid position in the domestic AI market.**

In recent years, the Company has strategically developed and launched feature enhancements and new services leveraging AI technologies across both of its segments (the items highlighted in red in Figure 15 on page 21 indicate newly introduced AI-enabled products and services).

Looking ahead, the Company believes that the primary battleground of the AI market will shift to the application layer. By further refining its existing strengths and evolving into an AI-focused enterprise, the Company aims to establish a solid position in the rapidly growing domestic AI market, particularly in industry- and business-specific AI-powered SaaS solutions.

To this end, the Company intends to actively incorporate external resources through M&A and further strengthen its capabilities to embed AI into its products and services.

【**Figure 15**】 **New Service Releases in the Previous Fiscal Year**

Segment	Release Date	Service	Details
E-Commerce Support (E-Commerce AI)	October 2024	EC-CUBE Enterprise Mall	Supports mall-type e-commerce websites. EC-CUBE Enterprise is a large-scale e-commerce website building and operations service designed for enterprise customers. EC-CUBE Enterprise Infrastructure has been available since June 2024.
	October 2024	EC-CUBE Enterprise Multilingual	Supports multilingual e-commerce websites.
	December 2024	EC-CUBE Enterprise Subscription	An EC-CUBE package designed for enterprise customers.
	January 2025	EC-CUBE Enterprise BtoB	A B2B e-commerce version for enterprise customers.
	February 2025	EC-CUBE EQ	A platform aimed at standardizing next-generation e-commerce website building and development processes by leveraging generative AI technologies.
	September 2025	EC Business Growth Support Service	A comprehensive support service for e-commerce business operations.
Marketing DX Support (Marketing AI)	November 2024	AI-Powered Cross-Device Analysis	Enables daily cross-device analysis, supporting rapid and informed decision-making.
	May 2025	AD EBiS Campaign Manager	A new AI-powered SaaS product, now officially released. Centralizes marketing campaign information, with generative AI analyzing performance results and providing improvement recommendations. Visualizes user behavior across devices and browsers.
	July 2025	AD EBiS Campaign Manager: AI Planning Analysis feature	Analyzes past marketing campaigns and provides improvement suggestions, even in the absence of historical campaign data.
	September 2025	AD EBiS Campaign Manager: Knowledge Import feature	Uses AI to consolidate and share dispersed data, converting it into organizational knowledge assets that can be leveraged company-wide.

(Source) Prepared based on the financial results briefing materials. Text shown in red indicates services incorporating AI.

3. Shareholder Composition

◆ Change in Composition by Shareholder Type

♦ Individuals hold an extremely high proportion of shares at approximately 97%.

As shown in the shareholder composition by shareholder type as of the end of September 2025 (Figure 16), "individuals and others" represent a notably high proportion—approximately 97% of the total number of issued shares—and this proportion has been increasing in recent years. In terms of the number of shareholders, individuals and others account for approximately 99%. Excluding the top three shareholders who are current or former executives, the average number of shares held per individual shareholder is approximately 250 shares.

[Figure 16] Changes in Shareholder Composition by Shareholder Type (Unit: %)

	End of Sept. 2014	End of Sept. 2015	End of Sept. 2016	End of Sept. 2017	End of Sept. 2018	End of Sept. 2019	End of Sept. 2020	End of Sept. 2021	End of Sept. 2022	End of Sept. 2023	End of Sept. 2024	End of Sept. 2025
Individuals and others	87.90	94.69	89.48	94.69	93.62	81.51	83.29	91.42	91.93	95.29	97.40	96.91
Financial institutions	3.12	0.47	1.49	0.47	1.40	8.95	7.84	3.91	2.06	0.00	0.00	0.06
Overseas corporate entities	0.35	0.54	1.07	0.54	0.56	5.88	2.64	1.32	1.34	0.82	0.29	0.80
Other corporate entities	4.49	3.20	2.96	3.20	1.99	1.85	1.78	1.80	2.08	1.76	1.66	1.66
Financial instruments business operators	4.13	1.10	5.00	1.10	2.43	1.81	4.46	1.55	2.59	2.12	0.63	0.57

(Source) Prepared by the Alpha-Win Research Dept. based on securities reports.

◆ Major Shareholder Composition

♦ No significant change to the major shareholders. Individuals and groups affiliated with the Company (current and former executives and the employee stock ownership plan) possess approximately 60% of the total number of issued shares.

Major shareholders as of the end of September 2025 are shown in Figure 17 (see notes below).

・Compared with one year earlier, shareholdings of former executives have decreased, while CEO Iwata's shareholding has increased.

・Hakuhodo DY Media Partners, which had been a major shareholder, was merged into Hakuhodo, resulting in a change in the registered shareholder name, but the number of shares held remains unchanged.

・Aside from IREP Co., Ltd., which became the tenth-largest shareholder (presumed to be affiliated with Hakuhodo), and some individual shareholders, there has been no significant change in the lineup of major shareholders.

・The top three shareholders are Susumu Iwata, the Company's CEO, followed by the Company's executives (including former executives). Together, they possess more than half of the total number of issued shares.

・Regarding domestic mutual funds, the Company's shares are incorporated in the Rakuten Japan New Economy Index Fund.

・The Company owns approximately 173,000 shares of its own stock as of the end of September 2025 (2.7% of the total number of issued shares; effectively the fourth largest shareholder). It has disposed of treasury shares in several tranches in the past as share-based compensation for executives and employees, resulting in a decline in the number of treasury shares held.

[Figure 17] Current Major Shareholders (Unit: thousand shares or %)

	End of Sept. 2015	End of Sept. 2016	End of Sept. 2017	End of Sept. 2018	End of Sept. 2019	End of Sept. 2020	End of Sept. 2021	End of Sept. 2022	End of Sept. 2023	End of Sept. 2024	End of Sept. 2025	Shareholding Ratio	Ranking	Change in the Number of Shares Held (Sept. 2025 minus Sept. 2024)
Susumu Iwata (president and CEO)	2,851	2,817	2,817	2,819	2,822	2,825	2,827	2,809	2,753	2,615	2,641	42.59	1	25
Hiroichi Fukuda (former executive vice president)	1,071	1,021	1,021	961	801	781	817	779	805	805	771	12.43	2	-34
Kanako Mataza (former director and senior executive officer)	415	415	352	354	353	352	329	329	329	329	329	5.31	3	0
Yoshihisa Yamashita (individual)	—	—	—	—	—	—	54	54	68	68	68	1.09	4	0
YRGLM Employee Stock Ownership Plan	76	39	48	69	68	71	66	69	79	64	64	1.03	5	0
Hakuhodo Inc.	—	—	—	—	—	—	—	—	—	—	60	0.96	6	
Tomonori Yamada (individual)	—	—	28	—	—	—	33	36	53	53	53	0.85	7	0
Hitoshi Nakagawa (individual)	—	—	—	—	—	—	—	—	—	27	30	0.48	8	3
Kayoko Nagano (individual)	—	—	24	—	—	—	—	—	—	24	24	0.38	9	0
IREP Co., Ltd.	—	—	—	—	—	—	—	—	—	—	22	0.35	10	
Hakuhodo DY Media Partners Inc.	60	60	60	60	60	60	60	60	60	60	—			
J.P. MORGAN SECURITIES PLC	—	—	—	—	—	—	35	34	34	—	—			
Custody Bank of Japan (trust account)	—	—	—	—	—	221	128	103	—	—	—			
Custody Bank of Japan (securities investment trust account)	—	—	—	—	—	169	82	—	—	—	—			
Rakuten Securities, Inc.	—	—	—	72	64	—	—	—	—	—	—			
SBI SECURITIES Co., Ltd.	—	—	—	—	—	—	—	—	—	—	—			
UEDA YAGI TANSHI Co., Ltd.	—	—	—	—	—	86	—	—	—	—	—			
au Kabucom Securities	—	—	—	—	—	62	—	—	—	—	—			
Mitsubishi UFJ Morgan Stanley Securities	—	—	—	—	—	58	—	—	—	—	—			
Japan Trustee Services Bank (former name)	—	59	—	60	332	—	—	—	—	—	—			
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	—	—	60	—	—	—	—	—	—	—	—			
Trust & Custody Services Bank (former name)	—	—	—	29	123	—	—	—	—	—	—			
GOLDMAN SACHS INTERNATIONAL	—	—	—	—	284	—	—	—	—	—	—			
UEDA YAGI TANSHI Co., Ltd.	—	—	—	—	113	—	—	—	—	—	—			
Kenichiro Wade (former outside director)	39	29	29	—	—	—	—	—	—	—	—			
SEPTENI CO., LTD	62	62	—	—	—	—	—	—	—	—	—			
Matsui Securities Co., Ltd.	—	36	—	—	—	—	—	—	—	—	—			
Japan Securities Finance Co., LTD.	30	35	—	—	—	—	—	—	—	—	—			
Akio Shiojiri (former director; audit committee member)	26	—	—	—	—	—	—	—	—	—	—			
(Number of treasury shares: thousands)	0	0	0	0	81	64	58	112	84	210	173		Essentially 4th	
(Treasury shares as a percentage of total issued shares: %)	—	—	0.00%	0.02%	1.28%	1.01%	0.91%	1.75%	1.32%	3.30%	2.71%			

(Source) Prepared by the Alpha-Win Research Dept. based on securities reports. (Note) Treasury shares are excluded from major shareholders, and shareholding ratios are calculated excluding treasury shares. Words in red indicate groups and individuals affiliated with the Company, including its current and former executives and employees and the employee stock ownership plan. In addition, certain general individual investors included in past disclosures have been removed from the list.

4. ESG and SDGs

The Company has continued its initiatives for ESG and SDGs. There has been no notable change in its ESG activities in the most recent year.

◆ Environment

The Company's business is not the kind that harms the environment. It works on conserving energy, for instance, by saving electricity.

◆ Society

Through internet marketing tools, the Company's business contributes to its users' improvement of operational efficiency and business expansion.

◆ Governance

The Company has adopted a company system with an audit and supervisory committee. It delegates board decisions on execution of important business matters to directors to enable quick decision-making. Also, it incorporates an executive officer system and separates business execution from oversight to improve management efficiency and speed.

◆ **One director has been added (female). Of the eight directors, five are outside directors.**

There are a total of eight directors including the CEO Susumu Iwata. Of these directors, five are outside directors and three are audit and supervisory committee members. One of the recently added directors is a female certified public accountant, bringing the female representation on the board to 12.5%. There is currently no non-Japanese member among the directors or the five executive officers who do not concurrently hold positions as director (including the CTO and CAO; all male).

◆ **Advancing SDG initiatives through employment and services.**

(15) SDGs (Sustainable Development Goals) : International development goals adopted at the UN Summit, aiming to achieve a sustainable and better world by 2030.

◆ SDGs (Sustainable Development Goals)

Regarding the SDGs[15] (Sustainable Development Goals), the Company is undertaking initiatives aimed at contributing to the creation of a prosperous society by "providing marketing DX support that enhances job satisfaction and drives business growth for our customers and our company," which is a shared goal across both employment and service-related initiatives (Figure 18).

【Figure 18】 SDGs and Their Initiatives

(Source) Past financial results briefing materials

5. History of Growth

◆ Historical Trends in Financial Performance

Net Sales

- Net sales have reached new record highs for 25 consecutive fiscal years. Over the past 16 fiscal years, net sales have increased by 8.6x, with an average annual growth rate of 14.4%.

For the 25 fiscal years since its founding, net sales have continued to increase and hit record highs every fiscal year. During the period from FY2009 to FY2025, for which financial performance figures are disclosed, net sales have increased by approximately 8.6x from 570 million yen to 4,930 million yen (annual compound growth rate of +14.4%).

- The Company has achieved rapid growth by developing and launching differentiated, original products and services, expanding its service offerings through M&A, anticipating market needs, and steadily increasing its workforce.

By anticipating market needs at an early stage and developing and launching unique products and services that differentiate the Company from competitors, as well as by expanding its workforce and restructuring its business portfolio through M&A, the Company has achieved rapid growth (Figures 19 and 20 on page 25).

Its growth has been supported by the release and expansion of cloud services, especially its independently developed service AD EBiS in the Marketing DX Support segment which has grown rapidly. In addition, the stable growth of EC-CUBE in the E-Commerce Support segment, fueled by the growth of the e-commerce market, and the businesses of the acquired companies (such as e-commerce website building and operation support) have also contributed to the growth.

Profit

- Since FY2016, the Company had conducted business restructuring and upfront investments, prioritizing acceleration of future business growth over profit. Net losses were recorded consecutively in FY2018 and FY2019.

Regarding profit, the Company had remained profitable both on a standalone and consolidated basis through FY2017. However, since FY2016, its active business restructuring and upfront investments increased the costs, leading to a consecutive decline in profits despite growing sales.

In FY2018, due mainly to upfront investments centered on expanding development and sales personnel, the Company reported losses at all profit levels for the first time since listing, with an operating loss recorded only in that fiscal year.

In the following FY2019, the Company recorded operating and ordinary profits in a turnaround, driven by the growth of the Marketing DX Support segment's AD EBiS. However, due to extraordinary losses, it posted a net loss for the second consecutive fiscal year.

- Then, sales increased and costs improved, resulting in a V-shaped performance recovery.

In FY2020, net sales growth and cost improvements resulted in a 3x growth in operating and ordinary profits compared to the previous fiscal year. It posted a net profit for the first time in three fiscal years in a clear, V-shaped recovery.

- In FY2021, record highs were achieved across all profit levels. In FY2022, operating profit and ordinary profit also hit record levels.

In FY2021, the Company hit record highs at each profit level, followed by record-high operating profit and ordinary profit in FY2022.

- Thereafter, the Company experienced two consecutive fiscal years of net sales growth accompanied by profit declines, but in the previous fiscal year, it returned to a trend of operating profit growth.

In FY2023 and FY2024, profits declined despite net sales growth due to upfront investments. However, in the previous fiscal year, the Company returned to operating profit growth, and it plans further profit growth in the current fiscal year.

Financial forecasts and actual results for the past five fiscal years (FY2021 to FY2025) are compared in Figure 21 on page 25.

◆ **Over the past five fiscal years, actual results have often fallen short of year-beginning forecasts, indicating that the Company tends to set ambitious targets at the beginning of the fiscal year.**

During this period, actual results exceeded year-beginning forecasts in one fiscal year for net sales, two fiscal years for operating profit, and one fiscal year for net profit. Overall, the Company tends to present somewhat ambitious forecasts at the beginning of the fiscal year.

【Figure 19】 **Historical Trends in Financial Performance**
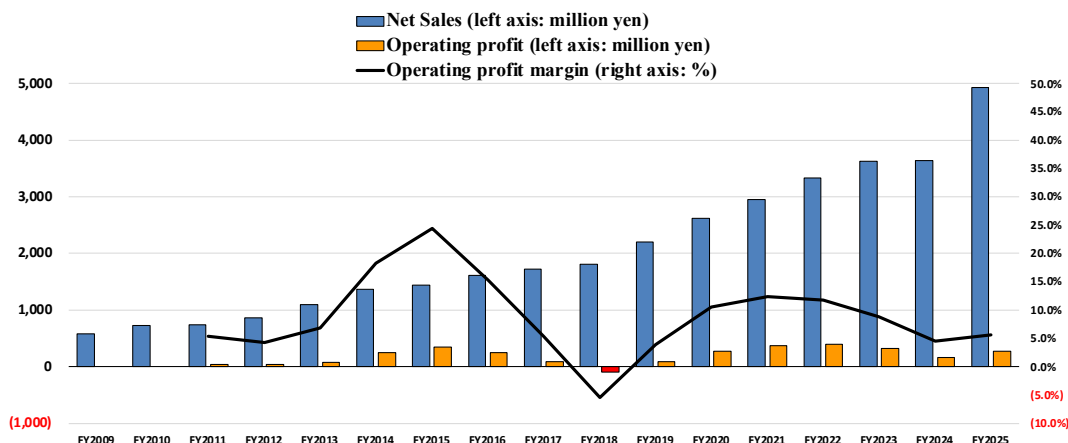
(Source) Prepared by the Alpha-Win Research Dept. based on the financial results summary. Consolidated financial results are shown from FY2014 onward; figures prior to that are on a standalone basis.

【Figure 20】 **Changes in the Number of Employees**
(Unit: persons)
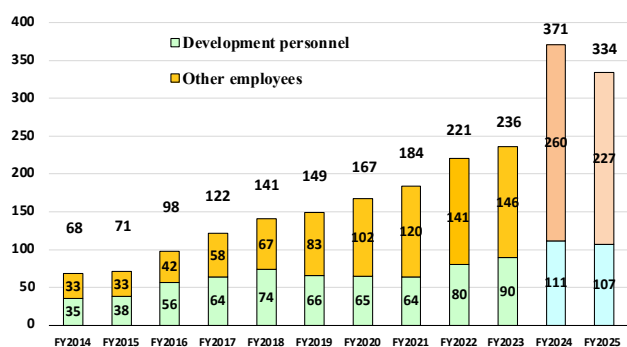
(Source) Prepared by the Alpha-Win Research Dept. based on financial results briefing materials and securities reports.
(Note) The breakdown of development personnel and other employees for FY2024 and FY2025 is estimated. In FY2025, headcount declined due to the departure of employees at an overseas subsidiary of RUBY, which had been acquired at the end of the previous fiscal year.

【Figure 21】 **Financial Forecasts over the Past Five Years (Including Revisions and Actual Results)**

Fiscal Year	Earnings Annoucement Date or Revision Date	Type	Net Sales (million yen)	Operating Profit (million yen)	Ordinary Profit (million yen)	Net Profit (million yen)	Dividend (Revised) (yen)
FY2021	Nov. 6, 2020	Year-beginning	—	—	—	—	4.5
	Feb. 5, 2021	Initial	3,000	330	320	210	4.5
	May 7, 2021	Revision	3,000	330	320	210	5.0
	Nov. 5, 2021	Result	2,957	365	364	239	5.2
	Deviation between result and year-beginning or initial forecast	Amount	-43	35	44	29	0.7
		%	-1.4%	10.6%	13.8%	13.8%	15.6%
FY2022	Nov. 5, 2021	Year-beginning	3,600	475	460	320	7.5
	May 6, 2022	Revision	3,400	340	340	210	7.0
	Nov. 4, 2022	Result	3,334	392	399	236	7.0
	Deviation between result and year-beginning or initial forecast	Amount	-266	-83	-61	-84	-0.5
		%	-7.4%	-17.5%	-13.3%	-26.3%	-6.7%
FY2023	Nov. 4, 2022	Year-beginning	3,900	400	390	240	7.8
	May 8, 2023	Revision	3,650	305	305	185	7.4
	Nov. 6, 2023	Result	3,626	318	329	197	7.4
	Deviation between result and year-beginning or initial forecast	Amount	-274	-82	-61	-43	-0.4
		%	-7.0%	-20.5%	-15.6%	-17.9%	-5.1%
FY2024	Nov. 6, 2024	Year-beginning	4,100	240	230	140	7.9
	Aug. 5, 2024	Revision	3,650	140	135	55	7.6
	Nov. 6, 2024	Result	3,636	164	162	68	7.8
	Deviation between result and year-beginning or initial forecast	Amount	-464	-76	-68	-72	-0.1
		%	-11.3%	-31.7%	-29.6%	-51.4%	-1.3%
FY2025	Nov. 6, 2024	Year-beginning	—	—	—	—	—
	Jan. 17, 2025	Initial	4,800	200	190	100	7.9
	Oct. 21, 2025	Revision	4,930	270	270	-142	7.9
	Nov. 6, 2025	Result	4,934	278	279	-142	7.9
	Deviation between result and year-beginning or initial forecast	Amount	134	78	89	-242	0.0
		%	2.8%	39.0%	46.8%	Net loss / Downward	0.0%
	Simple average of deviation rates (%) over the above five fiscal years		-4.9%	-4.0%	0.4%	—	0.5%
	# of upward revisions : # of downward revisions		1:4	2:4	2:4	1:4	1:3
FY2026	Nov. 6, 2025	Year-beginning	5,450	320	310	180	8.0

(Source) Prepared by the Alpha-Win Research Dept. based on the financial results summary.

6. Industry Landscape

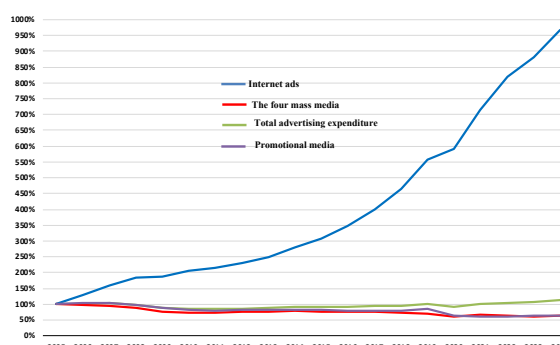## ◆ Trends of Japan's Advertising Market

Total Advertising Expenditure

Total advertising expenditure in Japan in 2024 (calendar year; the same applies throughout this section) reached approximately 7.7 trillion yen, an increase of 4.9% year-on-year, hitting a record high for the third consecutive year. This growth was supported by an increase in real-world events following the COVID-19 pandemic, a recovery in domestic and inbound tourism and travel, increased consumer spending, and strong corporate earnings. Driven by the ongoing digitalization of society, growth in internet advertising expenditure has continued to support the overall market, and the business environment remains favorable for the Company's internet advertising-related businesses.

Internet Advertising Market[16] (Annual)

Against the backdrop of advancing digitalization, the expansion of the e-commerce market, and greater demand for video advertising, internet advertising expenditure (the sum of media costs and production costs) reached approximately 3.7 trillion yen in 2024, representing 9.6% year-on-year growth. Internet advertising expenditure now accounts for 47.6% of total advertising expenditure, making it the largest advertising medium (source: Dentsu Inc., "2024 Advertising Expenditures in Japan"). From 2005 to 2024, the market expanded rapidly by 9.7x, representing an annual growth rate of about 12.9%, on a simple average basis (Figure 22).

◆ In 2024, total advertising expenditure in Japan increased by approximately 5% year on year, marking the third consecutive year of record highs.

◆ In 2024, the internet advertising market grew by approximately 10% year on year, maintaining a high growth rate and expanding to account for around 48% of total advertising expenditure. Recent trends also remain favorable.

(16) Following the termination of the Ministry of Economy, Trade and Industry's Survey of Selected Service Industries, monthly trends in internet advertising sales are no longer available.

【Figure 22】 **Changes in Advertising Expenditure by Medium**
(Indexation: the year 2005 is set to 100)

(Source) Prepared by the Alpha-Win Research Dept. based on Dentsu Inc., "2024 Advertising Expenditures in Japan."

◆ Trends of Japan's E-Commerce Market

Market Size and (Annual) Penetration Rate of B2C E-Commerce

Japan's B2C e-commerce market (e-commerce for consumers), closely tied to the products and services offered in the Company's E-Commerce Support segment, reached 26.1 trillion yen in 2024, marking a steady expansion (+5.1% YoY; 20.7 trillion yen in 2021, 22.7 trillion yen in 2022, and 24.8 trillion yen in 2023).

The size of the B2C e-commerce retail market has also grown by 3.07% YoY and the retail market's e-commerce penetration rate is 9.78% (+0.40 percentage point YoY), indicating further digitization of commerce (source: Ministry of Economy, Trade and Industry, "FY2024 E-Commerce Market Survey").

◆ The B2C e-commerce market expanded steadily by 5% year-on-year, with strong growth potential going forward.

◆ The e-commerce penetration rate in the retail market has risen to approximately 10%.

7. Previous Fiscal Year's Results and Current Fiscal Year's Forecast

◆ Consolidated Financial Results for FY2025 (Previous Fiscal Year)

Summary

For the full-year consolidated results for FY2025 (October 2024 to September 2025), net sales increased 35.7% year-on-year to 4,934 million yen (+1,298 million yen YoY), while operating profit rose 69.6% year-on-year to 278 million yen (+114 million yen YoY), resulting in a significant increase in both net sales and operating profit (Figure 23).

Net sales marked the 25th consecutive year of growth since the Company's founding, setting a new record high. Operating profit reached the fifth-highest level in the Company's history. However, due to the recognition of impairment losses on two previously acquired subsidiaries as extraordinary losses, the Company recorded a net loss of 142 million yen, the largest net loss on record.

At RUBY, which became a consolidated subsidiary, uncertainty increased following the emergence of potential contract cancellations among certain major customers. As a result, the Company conducted a conservative review and recorded an impairment loss of 238 million yen as an extraordinary loss. In addition, an extraordinary loss of 98 million yen was recorded as goodwill amortization for another consolidated subsidiary, TOPICA, reflecting recent performance in its SNS account management business.

Accordingly, adjusted net profit, excluding these one-off extraordinary losses, is estimated at 195 million yen, indicating that the Company remained profitable with increased profit (an increase of 127 million yen year-on-year, or 86.8%).

Despite posting a net loss, the Company paid a dividend of 7.9 yen per share, an increase of 0.1 yen year-on-year, in line with its plan.

The Company had revised its full-year forecast on October 21, 2025. Final results for the previous fiscal year came in largely in line with expectations for both net sales and profits, resulting in no material surprises.

Side notes:

◆ The previous fiscal year delivered significant net sales growth and an increase in operating profit, with net sales reaching a record high for the 25th consecutive year.

◆ The Company recorded extraordinary losses, resulting in a net loss.

◆ However, dividends were paid as planned.

◆ Results came in line with the revised forecasts, with no material surprises.

【Figure 23】 Full-Year Financial Performance Trends

(Unit: million yen or %)	FY2014 Amount (Result)	FY2015 Amount (Result)	FY2016 Amount (Result)	FY2017 Amount (Result)	FY2018 Amount (Result)	FY2019 Amount (Result)	FY2020 Amount (Result)	FY2021 Amount (Result)	FY2022 Amount (Result)	FY2023 Amount (Result)	FY2024 Amount (Result)	FY2025 Amount (Result)	FY2025 Change (Amount or percentage point) YoY	FY2025 Change (%) YoY	FY2025: The Company's Forecast Amount (Result)	FY2025: The Company's Forecast Deviation (Amount or percentage point) Result vs. Forecast	FY2025: The Company's Forecast Deviation Rate (%)
Net Sales	1,360	1,437	1,613	1,719	1,805	2,204	2,619	2,958	3,334	3,626	3,636	4,934	1,298	35.7%	4,930	4	0.1%
I. Marketing DX Support	897	911	1,074	1,255	1,530	1,951	2,318	2,599	2,924	2,923	2,858	2,919	61	2.2%			
II. E-Commerce Support	463	526	539	465	274	253	301	358	410	703	778	2,016	1,237	159.0%			
Gross Profit	867	956	1,044	1,123	1,190	1,561	1,832	2,039	2,260	2,169	2,119	2,566	447	21.1%			
Gross Profit Margin	63.8%	66.5%	64.7%	65.3%	65.9%	70.8%	70.0%	68.9%	67.8%	59.8%	58.3%	52.0%	-6.3%	-			
SG&A Expenses	618	606	796	1,030	1,289	1,476	1,555	1,674	1,867	1,850	1,955	2,287	333	17.0%			
SG&A Expense Ratio	45.4%	42.1%	49.3%	59.9%	71.4%	66.9%	59.4%	56.6%	56.0%	51.0%	53.8%	46.4%	-7.4%	-			
Segment Operating Profit	249	350	248	93	-98	85	277	365	392	318	164	278	114	69.6%	270	8	3.0%
I. Marketing DX Support	142	214	210	153	-121	46	199	247	280	256	151	272	121	80.6%			
II. E-Commerce Support	107	136	38	-60	22	39	78	119	108	67	7	6	-1	-17.0%			
Operating Profit Margin	18.3%	24.4%	15.4%	5.4%	-5.5%	3.9%	10.6%	12.4%	11.8%	8.8%	4.5%	5.7%	1.2%	-	5.5%	0.2%	-
I. Marketing DX Support	15.8%	23.5%	19.5%	12.2%	-7.9%	2.4%	8.6%	9.5%	9.6%	8.7%	5.3%	9.3%	4.0%	-			
II. E-Commerce Support	23.2%	25.8%	7.1%	-12.9%	8.2%	15.4%	26.1%	33.1%	26.4%	9.5%	1.0%	0.3%	-0.7%	-			
Ordinary Profit	234	352	250	106	-115	79	261	364	399	329	162	279	117	72.5%	270	9	3.3%
Net Profit	138	231	169	73	-89	-35	183	240	236	197	68	-142	-210	To loss	-140	-2	-1.4%

(Source) Prepared by the Alpha-Win Research Dept. based on the financial results briefing materials.

(Note) Net sales for the Marketing DX Support and E-Commerce Support segments represent sales to external customers.

Company-Wide Profit Margins

Due to changes in the business composition resulting from M&A, the gross profit margin declined by 6.3 percentage points, from 58.3% in the fiscal year before the previous to 52.0% in the previous fiscal year (Figure 24).

Meanwhile, SG&A expenses increased by only 17.0%, well below the net sales growth rate of 35.7%, leading to a decline in the SG&A expense ratio from 53.8% to 46.4%, a reduction of 7.4 percentage points.

As a result, the operating profit margin improved by 1.2 percentage points, rising from 4.5% to 5.7% in the previous fiscal year.
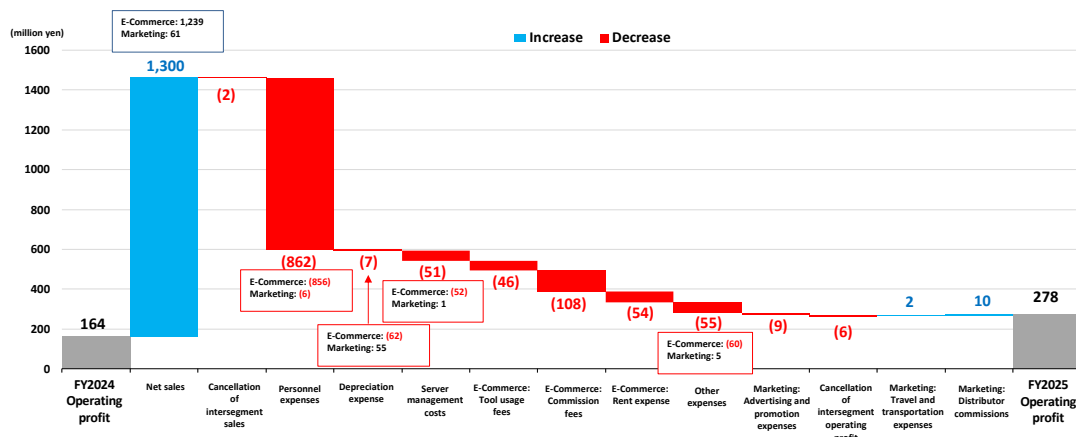
【**Figure 24**】 **Changes in the SG&A Expense Ratio and Profit Margins** (Unit: %)
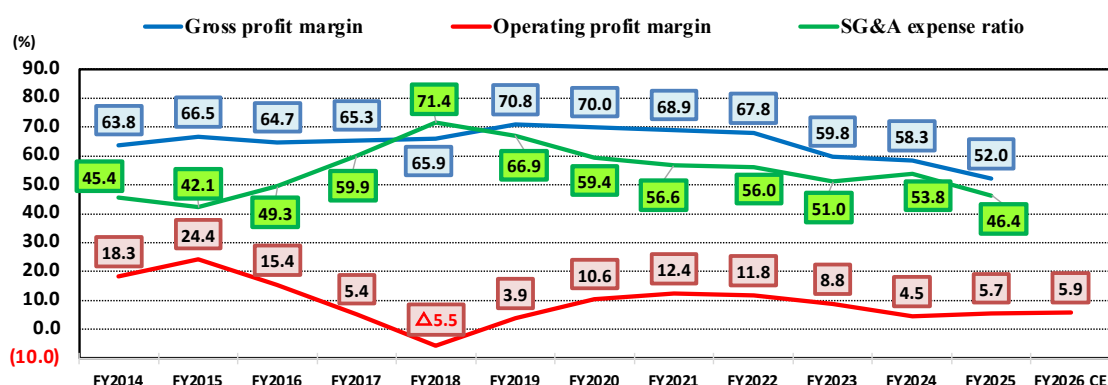
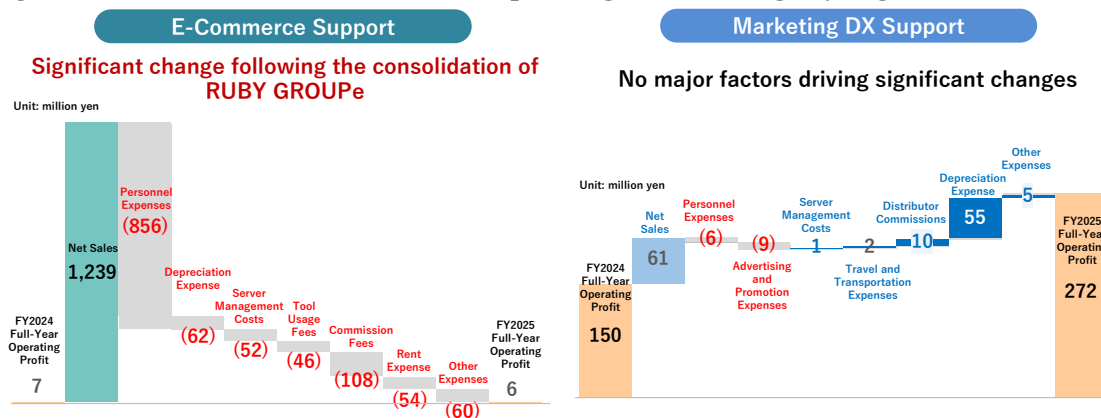(Source) Prepared by the Alpha-Win Research Dept. based on the financial results briefing materials.

♦ In the E-Commerce Support segment, positive and negative factors offset each other, resulting in flat profit, while profit growth in the Marketing DX Support segment lifted company-wide profit.

Analysis of Factors Behind the Profit Change in the Previous Fiscal Year

An analysis of the factors behind the change in profit on a company-wide basis in the previous fiscal year is shown in Figure 25. In the E-Commerce Support segment, positive and negative factors—namely net sales growth resulting from the acquisition of RUBY and an increase in personnel expenses—largely offset each other, resulting in flat profit. By contrast, in the Marketing DX Support segment, profit growth driven by higher net sales, together with a decline in depreciation expenses, became the primary driver of profit growth at the company-wide level (Figure 26 on page 29).

【**Figure 25**】 **Factors Behind the FY2025 Operating Profit Change** (Full fiscal year; YoY comparison)

(Source) Prepared by the Alpha-Win Research Dept. based on the financial results briefing materials. A combination of the left and right charts in Figure 26 on page 29.

【**Figure 26**】 **Factors Behind the FY2025 Operating Profit Change by Segment** (Full fiscal year; YoY comparison)

(Source) Prepared by the Alpha-Win Research Dept. based on the financial results briefing materials.

◆ **Following management reforms, the Company has established sustained profitability, maintaining operating profit for 27 consecutive quarters.**

◆ **Profit recovered sharply on a quarter-on-quarter basis.**

Quarterly Trends in Financial Performance

On a company-wide basis, the Company has maintained operating profitability for 27 consecutive quarters (Figure 27). In the previous fiscal year, net sales increased significantly year-on-year in every quarter from Q1 through Q4. Although operating profit declined year-on-year in Q1 and Q2, the Company remained profitable in both quarters.

On a quarter-on-quarter (QoQ) basis, net sales also increased, and the year-on-year sales growth rate accelerated each quarter, resulting in a sharp recovery in profit from Q1 to Q4. Operating profit in Q3 and Q4 was more than three times the level of the same periods in the fiscal year before the previous, indicating strong performance. (However, Q4 posted a net loss due to the recognition of extraordinary losses.)

By business segment, the Marketing DX Support segment recorded stable net sales and operating profit. In the E-Commerce Support segment, profitability at both EC-CUBE Co., Ltd. and RUBY improved, with the segment turning profitable in the second half (Q3) after posting losses in the first half. As a result, full-year profit for the E-Commerce Support segment remained broadly at the same level as the previous fiscal year (Figure 31 on page 32).

【**Figure 27**】 **Quarterly Changes in Operating Profit**
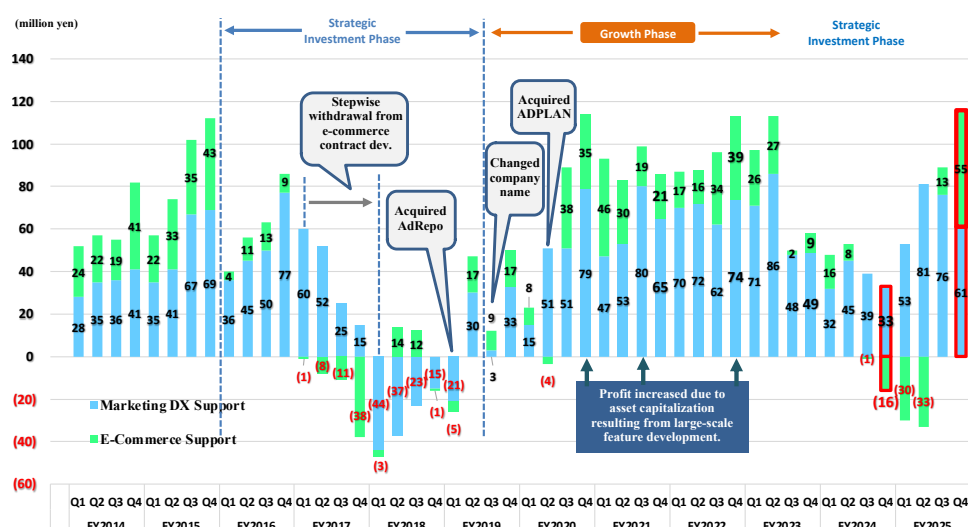
(Source) Prepared by the Alpha-Win Research Dept. based on the financial results briefing materials.

Financial Performance by Segment: I. Marketing DX Support

Overview

◆ **Modest net sales growth accompanied by a significant increase in profit.**

Net sales of the Marketing DX Support segment (to external customers; figures rounded to the nearest unit; the same applies hereafter) amounted to 2,919 million yen (+2.2% YoY), while segment profit increased significantly to 273 million yen (+80.6% YoY), representing modest net sales growth but a substantial increase in profit.

◆ **AD EBiS remained solid, with profit margins improving due to greater operational efficiency through the use of AI.**

While sales of AD EBiS, the Company's high-margin core product, remained solid, profitability improved due to greater operational efficiency through the use of AI and depreciation expenses decreased, resulting in a significant improvement in the profit margin from 5.3% to 9.3%.

Although investments were made in the new SaaS, these were primarily achieved through internal personnel reallocation, and personnel expenses remained largely flat.

◆ **The segment continues to serve as a stable earnings base.**

The segment generated more than 50 million yen in profit each quarter, with profit increasing year-on-year in every quarter, establishing it as a stable earnings base.

I-(1) Marketing Process Category (① AD EBiS + ② AdRepo)

◆ **Net sales and the number of subscriptions in the marketing process category are on a gradual upward trend.**

Sales in the marketing process category increased modestly from 2,332 million yen to 2,375 million yen (+43 million yen YoY; +1.8%).

The primary driver was a rise in AD EBiS sales, which increased from 2,152 million yen to 2,183 million yen (+31 million yen YoY; +1.4%), reflecting an increase in the number of subscriptions.

◆ **Lower-priced plans have contributed to the acquisition of new customers.**

The number of subscriptions has continued a gradual upward trend since bottoming out at 1,198 subscriptions in Q4 of FY2023, supported by the introduction of a lower-priced plan (GSP) as a new customer acquisition initiative for AD EBiS, as well as contributions from CAPiCO (Figure 28 on page 31).

Notably, among new subscriptions acquired in the previous fiscal year, the lower-priced GSP plan (Growth Step Program, launched in July 2023) accounted for 57%, making a significant contribution to the increase in the number of subscriptions.

◆ **The average revenue per subscription is on a declining trend but remains within expectations. Looking ahead to future expansion, the Company is prioritizing net increases in the number of subscriptions. The churn rate has been gradually declining.**

The number of subscriptions recovered to 1,266 as of the end of the previous fiscal year. Looking ahead, the Campaign Manager, released in Q3, is expected to support further subscription growth through initiatives to increase brand awareness in the current fiscal year, with the Company targeting to surpass the previous peak (1,666 subscriptions recorded in Q2 of FY2020) by FY2027.

While the expansion of GSP has led to a decline in average revenue per subscription, this trend is in line with expectations. Although the churn rate has shown a slight upward trend, it has remained at the target level of approximately 2.0% (Figures 29 and 30 on page 31).
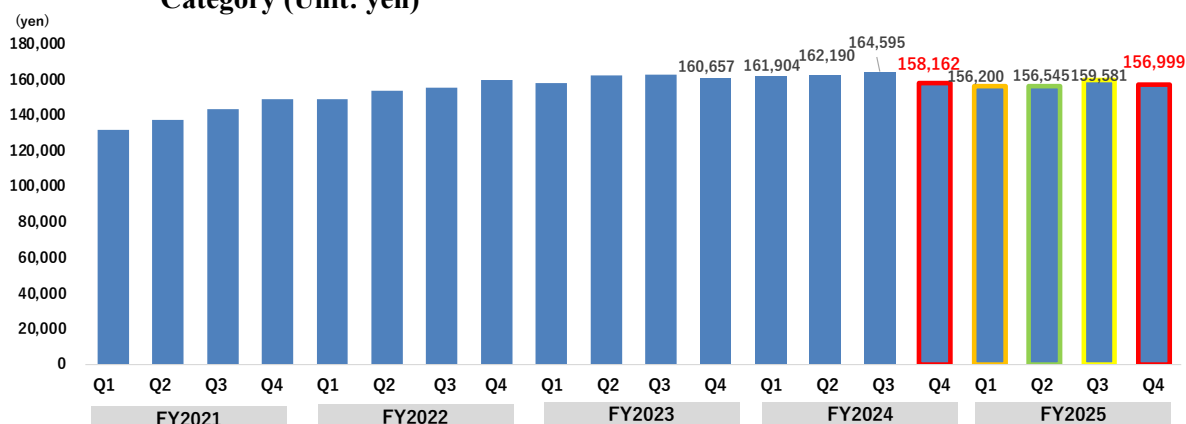
【**Figure 28**】 **Quarterly Changes in the Number of Subscriptions in the Marketing Process Category (Unit: number of subscriptions)**
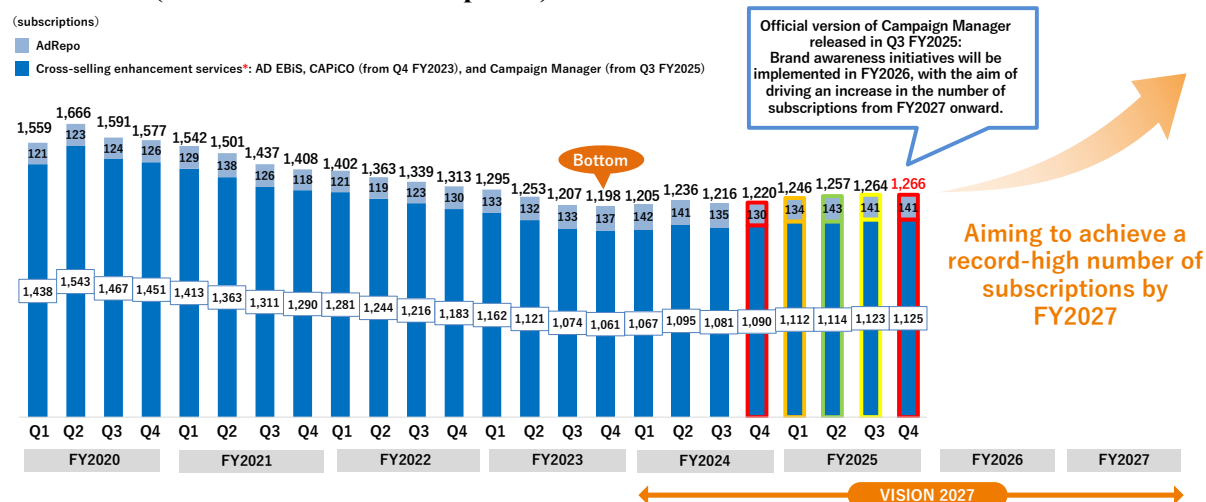
(Source) Prepared by the Alpha-Win Research Dept. based on the financial results briefing materials.
(Note) *The number of paid accounts (number of subscriptions) using AD EBiS, CAPiCO, and Campaign Manager. Accounts using the CAPiCO plan bundled with AD EBiS are not counted, as they are treated as optional subscriptions to AD EBiS.

【**Figure 29**】 **Quarterly Changes in Average Revenue Per Subscription in the Marketing Process Category (Unit: yen)**

(Source) Prepared by the Alpha-Win Research Dept. based on the financial results briefing materials.

【**Figure 30**】 **Quarterly Changes in Churn Rate in the Marketing Process Category (Unit: %)**
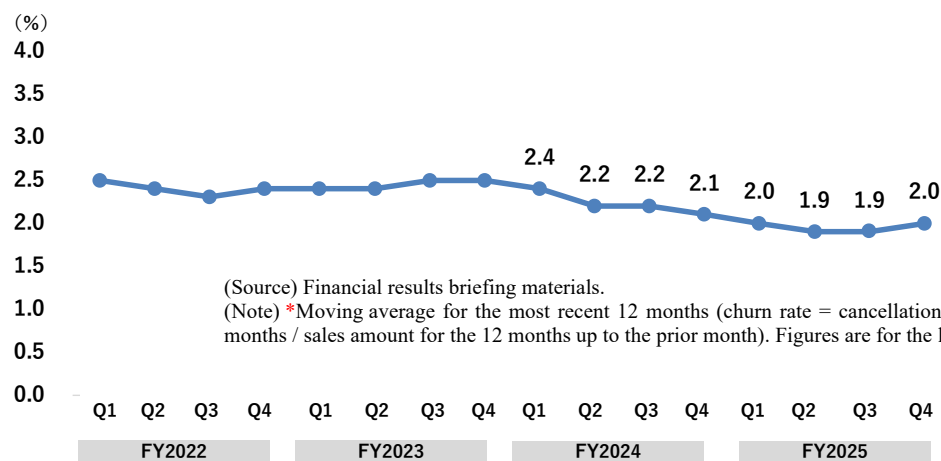
(Source) Financial results briefing materials.
(Note) *Moving average for the most recent 12 months (churn rate = cancellation amount over the most recent 12 months / sales amount for the 12 months up to the prior month). Figures are for the last month of each quarter.

- ◆ **Sales in the incubation category increased modestly.**

- ◆ **Far End performed well.**

I-(2) Incubation Category (Two Independently Developed Services and Three Acquired Subsidiaries)

In the incubation category of the Marketing DX Support segment, sales increased modestly from 523 million yen to 544 million yen (+21 million yen YoY; +4.0%) in the previous fiscal year, as management resources were concentrated on the marketing process category and e-commerce website building and operation support. At Far End, sales grew from 195 million yen to 241 million yen, offsetting slight sales declines in AD HOOP and TOPICA.

Financial Performance by Segment: II. E-Commerce Support

Within the E-Commerce Support segment, the categories have been integrated into a single segment; however, the business continues to consist of EC-CUBE Co., Ltd., which provides e-commerce website building solutions, and RUBY, which provides e-commerce operations management services. The quarterly performance trends are shown in Figure 31.

【**Figure 31**】 **Quarterly Trends in Net Sales and Operating Profit of the E-Commerce Support Segment**
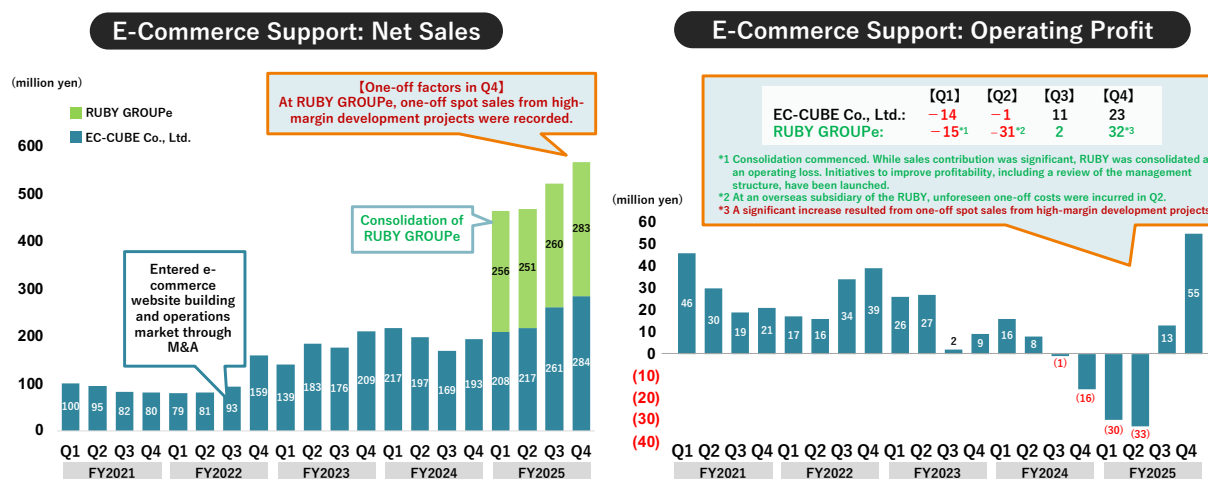
(Source) Financial results briefing materials. (Note) Certain figures have been adjusted by the Alpha-Win Research Dept.

- ◆ **Net sales growth in the E-Commerce Support segment drove overall net sales growth.**

Of the 1,298 million yen increase in company-wide net sales in the previous fiscal year, the E-Commerce Support segment accounted for 1,239 million yen, representing the majority of the increase. Of this amount, the contribution from RUBY, which was newly acquired, totaled 1,050 million yen (equivalent to RUBY's net sales), accounting for 81% of the company-wide net sales increase and 85% of the net sales increase in the E-Commerce Support segment.

- ◆ **The consolidation of RUBY accounted for a majority of the net sales increase.**

RUBY steadily accumulated sales on a quarterly basis, exceeding initial expectations, resulting in the E-Commerce Support segment's net sales expanding by approximately 2.6x. Although RUBY recorded a full-year net loss of 12 million yen, it secured high-margin development projects and turned profitable in the second half of the fiscal year, posting a profit of 34 million yen.

- ◆ **Profits at both EC-CUBE Co., Ltd. and RUBY recovered sharply in the second half, and the E-Commerce Support segment remained profitable on a full-year basis.**

Similarly, EC-CUBE Co., Ltd. saw a recovery in performance driven by an increase in orders for e-commerce website building and operation projects, and recorded a full-year net profit.

As both companies turned profitable in the second half and offset losses incurred in the first half, the E-Commerce Support segment as a whole remained profitable on a full-year basis, with profit remaining broadly flat year-on-year.

◆ **The Company's Consolidated Financial Forecast for FY2026 (Current Fiscal Year)**

Full-Year Forecast

For the current fiscal year, the Company forecasts net sales of 5,450 million yen (+10.4% YoY), operating profit of 320 million yen (+14.7% YoY), and net profit of 180 million yen (a return to profitability and an improvement of 322 million yen YoY). The Company also plans a dividend of 8.0 yen per share, an increase of 0.1 yen, consisting of 7.00 yen based on a DOE target of 2.5% plus a commemorative dividend of 1.00 yen associated with the market segment change (Figures 34 on page 34 and 37 on page 40).

- For the current fiscal year, the Company plans double-digit growth in both sales and profit, as well as a dividend increase. With no extraordinary losses expected, the Company expects to post net profit.

Net sales are expected to reach a record high again this fiscal year, while operating profit is forecast to rank as the fourth highest and net profit as the fifth highest in the Company's history.

- Net sales are expected to reach a new record high.

During the current fiscal year, the Company plans to make strategic investments totaling approximately 130 million yen, including initiatives to raise brand awareness for its new SaaS and company-wide business transformation through AI. As a result, the company-wide operating profit margin is expected to improve only modestly, from 5.7% in the previous fiscal year to 5.9%, an increase of 0.2 percentage point. The double-digit profit growth is expected to be driven primarily by net sales growth.

- The Company plans to execute strategic investments. While profit margins are expected to improve only slightly, net sales growth is expected to be the primary driver of the significant profit increase.

By segment, in the E-Commerce AI segment (new segment name effective this fiscal year), the Company forecasts net sales of 2,450 million yen (+21.4% YoY), operating profit of 120 million yen (19.3x YoY), and an operating profit margin of 4.9% (+4.6 percentage points) (Figure 32).

The E-Commerce AI segment is expected to lead overall performance in both net sales and profit, with profitability improving through AI-driven business transformation. The planned increase in net sales for this segment is 432 million yen, accounting for approximately 84% of the company-wide planned net sales increase of 516 million yen. Similarly, the planned increase in operating profit of 113 million yen corresponds to 263% of the company-wide operating profit increase.

- The E-Commerce AI segment is expected to lead overall performance in both net sales and profit.

In the Marketing AI segment, as sales of the core product AD EBiS are expected to remain flat, net sales are projected at 3,000 million yen, representing modest growth (+2.6% YoY; +76 million yen). However, due to strategic investments aimed at future growth, the operating profit margin is expected to decline from 9.3% to 6.7%, a decrease of 2.6 percentage points, resulting in a significant decline in operating profit from 272 million yen to 200 million yen (–26.7% YoY; –72 million yen).

- In the Marketing AI segment, net sales are expected to be largely flat; however, higher investment costs are expected to reduce profit margins, resulting in a double-digit decline in profit.

【Figure 32】 **Segment Performance Forecasts for the Current Fiscal Year**   (Unit: net sales in million yen; %)

E-Commerce AI					Marketing AI				
Unit: million yen	FY2025 Full-Year Results	FY2026 Full-Year Forecasts	YoY	Change (Amount)	Unit: million yen	FY2025 Full-Year Results	FY2026 Full-Year Forecasts	YoY	Change (Amount)
Net Sales	2,017	2,450	+21.4%	+432	Net Sales	2,923	3,000	+2.6%	+76
Operating Profit	6	120	19.3x	+113	Operating Profit	272	200	(26.7%)	(72)
Operating Profit Margin	0.3%	4.9%	+4.6 percentage points	—	Operating Profit Margin	9.3%	6.7%	(2.6) percentage points	—

(Source) Financial results briefing materials. (Note) Head office expenses are recorded under the Marketing AI segment.

- ◆ **Combined net sales for October and November in the current fiscal year increased by double digits year-on-year, tracking in line with the Company's plan.**

- ◆ **The E-Commerce AI segment continues to perform well.**

Current Conditions (Monthly Net Sales Trends)

Figure 33 shows the monthly net sales trends for the current fiscal year, as disclosed by the Company. In the previous fiscal year, following the consolidation of RUBY beginning in October 2024, net sales in the E-Commerce segment increased sharply. As a result, the company-wide monthly net sales growth rate remained high, ranging from 21% to 55% YoY.

In the current fiscal year, the company-wide net sales growth rate was 15.9% YoY in October and 4.7% YoY in November, resulting in an overall growth rate of 10.1% for the first two months. This is broadly in line with the Company's full-year net sales growth forecast of 10.4%, indicating that net sales are tracking steadily in line with expectations. By segment, the Marketing AI segment recorded modest net sales growth, while the E-Commerce AI segment continues to achieve near double-digit growth.

【Figure 33】 **Current Fiscal Year's Monthly Changes in Net Sales (Flash Report)**
(Upper row: net sales in thousand yen; lower row: YoY in %)

Calendar Year			2025	
Fiscal Year			FY2026	
Monthly Net Sales (thousand yen)	October	November	Cumulative Sales for the First Two Months	Unit
Marketing DX Support Segment	244,463	244,759	489,222	thousand yen
	106.1	101.9	104.0	% YoY
E-Commerce Support Segment	180,947	166,620	347,567	thousand yen
	132.5	109.0	119.7	% YoY
Company-wide	425,410	411,379	836,789	thousand yen
	115.9	104.7	110.1	% YoY

(Source) Prepared by the Alpha-Win Research Dept. based on monthly announcements on the Company's website. Head office expenses are recorded under the Marketing AI segment.
(Note) The values shown for October and beyond are preliminary data before an audit by an auditor and may become revised in the future.

【Figure 34】 **Financial Forecasts for the Current Fiscal Year and the Medium Term**

(million yen)	FY2022 Results	FY2023 Results	FY2024 Results	FY2025 Results	FY2026 CE	FY2026 New E	FY2027 New E	FY2028 E	FY2026 Old E	FY2027 Old E
Net Sales	3,334	3,626	3,636	4,934	5,450	5,450	6,000	6,600	5,050	5,300
I. Marketing AI Segment (Formerly, Marketing DX Support)	2,924	2,923	2,858	2,919	3,000	3,000	3,100	3,200	3,000	3,100
II. E-Commerce AI Segment (Formerly, E-Commerce Support)	410	703	778	2,016	2,450	2,450	2,900	3,400	2,050	2,200
Gross Profit	2,260	2,169	2,119	2,566		2,720	2,850	3,000	2,650	2,800
Gross Profit Margin	67.8%	59.8%	58.3%	52.0%		49.9%	47.5%	45.5%	52.5%	52.8%
SG&A Expenses	1,867	1,850	1,955	2,287		2,400	2,500	2,600	2,400	2,500
Ratio to Sales	56.0%	51.0%	53.8%	46.4%		44.0%	41.7%	39.4%	47.5%	47.2%
Operating Profit	392	318	164	278	320	320	350	400	250	300
Ratio to Sales	11.8%	8.8%	4.5%	5.6%	5.9%	5.9%	5.8%	6.1%	5.0%	5.7%
Ordinary Profit	399	329	162	279	310	310	340	390	240	290
Ratio to Sales	12.0%	9.1%	4.5%	5.7%	5.7%	5.7%	5.7%	5.9%	4.8%	5.5%
Net Profit	236	197	68	-142	180	180	230	265	145	175
Ratio to Sales	7.1%	5.4%	1.9%	-	3.3%	3.3%	3.8%	4.0%	2.9%	3.3%
Net Sales (YoY growth rate)	12.7%	8.8%	0.3%	35.7%	10.4%	10.5%	10.1%	10.0%	2.4%	5.0%
I. Marketing AI Segment	12.5%	-0.0%	-2.2%	2.1%	2.6%	2.8%	3.3%	3.2%	2.8%	3.3%
II. E-Commerce AI Segment	14.4%	71.4%	10.7%	159.0%	21.4%	21.5%	18.4%	17.2%	101.7%	107.3%
Gross Profit Margin (Difference from previous FY)	-1.2%	-8.0%	-1.5%	-6.3%		-2.1%	-2.4%	-2.0%	0.5%	0.4%
SG&A Expenses (Growth rate)	11.6%	-0.9%	5.7%	17.0%		4.9%	4.2%	4.0%	4.9%	4.2%
Operating Profit (Growth rate)	7.4%	-18.8%	-48.4%	69.6%	14.7%	15.1%	9.4%	14.3%	-10.1%	20.0%
Ordinary Profit (Growth rate)	9.8%	-17.6%	-50.8%	72.5%	10.9%	11.1%	9.7%	14.7%	-14.0%	20.8%
Net Profit (Growth rate)	-1.5%	-16.5%	-65.1%	-	-	-	27.8%	15.2%	-	20.7%
Operating Profit I. Marketing AI Segment	280	256	151	272	200	200	200	200	200	200
Operating Profit II. E-Commerce AI Segment	108	67	7	6	120	120	150	200	40	90
Operating Profit Margin I. Marketing AI Segment	9.6%	8.7%	5.3%	9.3%	6.7%	6.7%	6.5%	6.3%	6.7%	6.5%
Operating Profit Margin II. E-Commerce AI Segment	26.4%	9.5%	1.0%	0.3%	4.9%	4.9%	5.2%	5.9%	2.0%	4.1%

(Source) Prepared by the Alpha-Win Research Dept. based on the financial results summary and briefing materials.
(Note) CE: the Company's forecast/estimate. E: Alpha-Win's forecast/estimate. New E: current forecast. Old E: previous forecast.

◆ **Alpha-Win Research Department's Financial Forecast for FY2026 (Current Fiscal Year)**

Revisions to the Current Fiscal Year's Forecast

- **Alpha-Win's forecasts for the current fiscal year have been revised, with net sales and profits raised to align with the Company's forecasts.**

Based on the previous fiscal year's results, recent performance trends, and interviews with the Company, the Alpha-Win Research Department ("Alpha-Win") has reviewed its forecasts for net sales and profits for the current fiscal year and revised them to match the Company's plan (Figure 34 on page 34). The Company's assumptions appear generally reasonable, and Alpha-Win expects year-on-year growth in net sales, profits, and dividends. Provided that appropriate cost control is maintained, downside risk to earnings is considered limited.

- **Although Alpha-Win's dividend forecast was revised downward from the previous forecast, the new forecast still implies a year-on-year dividend increase.**

Alpha-Win's forecasts have been revised upward as follows (from its previous forecast to the current forecast): net sales from 5,050 million yen to 5,450 million yen, operating profit from 250 million yen to 320 million yen, and net profit from 145 million yen to 180 million yen. Meanwhile, the dividend forecast was revised downward from 8.1 yen to 8.0 yen.

- **Alpha-Win's forecasts for net sales and profit in the E-Commerce AI segment have been revised upward.**

By segment, net sales growth in the E-Commerce AI segment in the previous fiscal year exceeded initial expectations, and profitability in this segment has also improved, making it the primary driver of the upward revision for the current fiscal year. Meanwhile, for the Marketing AI segment, the Company's net sales forecast for the current fiscal year was in line with Alpha-Win's expectations; however, profits were somewhat below expectations due to higher costs associated with strategic investments.

- **Alpha-Win expects the operating profit margin to improve slightly.**

Assumptions include a gross profit margin of 49.9% (a decline of 2.1 percentage points from 52.0% in the previous fiscal year), SG&A expenses of 2,400 million yen (+113 million yen YoY; +4.9%), and an SG&A expense ratio of 44.0% (an improvement of 2.4 percentage points from 46.4% in the previous fiscal year). As a result, the operating profit margin is forecast at 5.9%, representing an improvement of 0.3 percentage point from 5.6% in the previous fiscal year. Non-operating income of 10 million yen is assumed, and net profit is forecast at 180 million yen, which is the same as the Company's forecast.

Key variables affecting financial performance, excluding the acquisition of Silver Egg, include the success of securing large-scale e-commerce website building projects and the performance of the EC-CUBE Enterprise series in the E-Commerce AI segment; sales performance of the new SaaS product Campaign Manager in the Marketing AI segment, as well as changes in the number of subscriptions, average revenue per subscription, and churn rates for AD EBiS; and the effectiveness of cost control, including strategic investments, in both segments.

Alpha-Win's new forecasts do not include the impact of the ongoing tender offer for Silver Egg.

- **If Silver Egg is acquired, approximately 700 million yen is expected to be added to net sales, while the impact on profits is expected to be limited.**

While uncertainty remains high and forecasting Silver Egg's profit is difficult, the short-term impact of the tender offer completion on consolidated profits is expected to be limited (as discussed on page 12). On the other hand, if pro rata net sales from Silver Egg (estimated at approximately 700 million yen) is added, consolidated net sales are estimated to reach around 6.2 billion yen.

8. Growth Strategy

◆ The Company's Medium- and Long-Term Business Plan and Strategy

Medium-Term Business Plan (VISION 2027): Summary

The Company has formulated a new medium-term plan, VISION 2027, for the four fiscal years from FY2024 through FY2027. The current fiscal year is the third year of the plan.

The Company positions the current stage as its "second founding stage." It has been growing mainly through its products, but it is now aiming to transform itself into a business partner that supports its customers' businesses through a combination of products and digital transformation talent ("Products × DX Talent"), targeting early achievement of 10 billion yen in net sales (the Company aims to achieve this early, but the timeframe has not been specified).

In this process, the Company will narrow down its areas of business to align with the theme of the current medium-term plan to "draw a clear path toward achieving net sales of 10 billion yen through the two growth drivers of marketing process support and e-commerce support."

Unlike the previous medium-term plan, specific numerical targets for net sales, operating profit, operating profit margin, and dividend on equity (DOE) ratio for the final year have not been announced.

The Company had previously defined its basic policy on business performance as follows: prioritizing accelerated net sales growth as its most important mission, while strengthening upfront investments within the scope of maintaining consolidated operating profitability.

However, as the Company's earnings structure has improved, it has revised its policy to "pursue growth in both net sales and profit while implementing growth investments." Under this approach, the Company now aims to secure a certain level of profit while maintaining a trend of profit growth going forward (Figure 35).

- ◆ The current fiscal year is the third year of VISION 2027 (medium-term plan).

- ◆ The Company is currently in its second founding stage.

- ◆ The Company aims to achieve net sales of 10 billion yen at an early stage.

- ◆ Marketing process support and e-commerce support are the two growth drivers.

- ◆ Numerical targets for the final year of the current medium-term plan are not disclosed.

- ◆ While the most important mission had been to accelerate sales growth, the Company is now shifting its focus to securing a certain level of profit while maintaining a profit growth trend.

【Figure 35】 VISION 2027's Net Sales Growth Projection
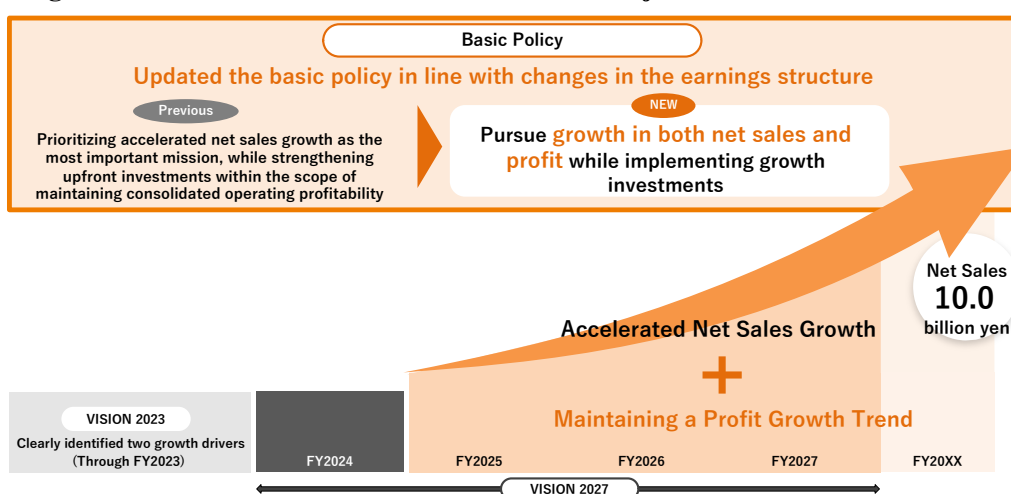
(Source) Financial results briefing materials.

◆ **The Company intends to actively pursue AI-related M&A.**

The Company's investment policy to achieve its medium-term business plan consists of the following two points.

(1) Invest profits generated from existing businesses centered on AD EBiS into future growth drivers.
(2) Acquire and strengthen organizational capabilities necessary to evolve into an AI-focused enterprise. In particular, the Company will consider acquisition targets that possess strengths in three key areas—customer touchpoints, AI embedding capabilities, and data assets—as well as companies that can help accelerate the vertically integrated model being pursued in the E-Commerce segment.

◆ **Through the use of AI, the Company aims to improve profitability and accelerate growth.**

◆ **Through the expansion of the E-Commerce AI segment, the Company plans for net sales of the two segments to reach comparable levels by FY2027.**

The Company aims to further expand the E-Commerce AI segment, where sales growth is accelerating, while pursuing profitability in the Marketing AI segment through initiatives such as expanding sales of the new SaaS product Campaign Manager in the marketing process category. In both segments, the Company seeks to enhance competitiveness and improve profit margins through organizational and business transformation driven by AI.

Looking ahead, through the expansion of the E-Commerce AI segment, the Company expects net sales of the two segments to reach comparable levels by FY2027.

◆ **Alpha-Win Research Department's Outlook of Medium-Term Financial Performance**

Medium-Term Forecast

Alpha-Win has reviewed its previous forecast for the next fiscal year, revising both net sales and profits upward. It has also added a new forecast for the fiscal year after the next (Figure 34 on page 34).

◆ **Alpha-Win has revised its medium-term forecasts, raising forecasts for the next fiscal year and adding a new forecast for the fiscal year after the next.**

For FY2027 (next fiscal year) and FY2028 (the fiscal year after the next), Alpha-Win expects double-digit growth in both net sales and profits, continued dividend increases, and consecutive record-high net sales.

◆ **For both the next fiscal year and the fiscal year after the next, Alpha-Win expects net sales and profit growth, along with consecutive record-high net sales.**

For FY2027 (next fiscal year), the forecast for net sales has been raised from 5,300 million yen to 6,000 million yen, operating profit from 300 million yen to 350 million yen (operating profit margin revised from 5.7% to 5.8%), and net profit from 175 million yen to 230 million yen.

In addition, for FY2028 (the fiscal year after the next), net sales are newly forecast at 6,600 million yen, operating profit at 400 million yen (operating profit margin at 6.1%), and net profit at 265 million yen.

Once the acquisition of Silver Egg is completed and uncertainties are resolved, Alpha-Win plans to review and revise its medium-term forecasts, including those for the current fiscal year.

◆ **Alpha-Win expects net sales in the Marketing AI segment to grow modestly, while profit is forecast to remain flat**.

By business segment, the Marketing AI segment is expected to achieve annual net sales growth of approximately 3%, while profit is forecast to remain largely flat due to rising development and other costs. Within the marketing process category, sales of both AD EBiS and AdRepo are expected to remain flat, as a modest increase in the number of subscriptions for AD EBiS is likely to be offset by a slight decline in average revenue per subscription. The Campaign Manager, being a subscription-based business, is expected to begin making a meaningful contribution to earnings from the

◆ **New services are expected to contribute to performance from the next fiscal year onward.**

◆ **Alpha-Win expects the E-Commerce AI segment to achieve double-digit growth in both net sales and profit.**

◆ **Through the use of AI technologies, an annual profit growth rate of approximately 10–15% is expected over the medium term.**

◆ **Assuming a DOE of 2.5% in the near term, continued dividend increases are expected, supported by capital accumulation driven by profit growth.**

next fiscal year onward, and depending on sales momentum, the marketing process category could shift to a gradual sales growth trend.

In the incubation category, while performance is expected to vary among subsidiaries, overall sales growth of approximately 5–10% is anticipated, supported by contributions from Far End and others.

For the E-Commerce AI segment, both EC-CUBE Co., Ltd. and RUBY are showing signs that their businesses are gaining traction as a result of prior initiatives. Alpha-Win therefore expects double-digit growth in both net sales and profits, driven by sales expansion and improved profitability.

In the near term, upfront investments centered on AI are expected to continue across both segments. However, in addition to net sales growth driven by the launch of new AI-enabled services, improvements in development efficiency and operational productivity through the use of AI technologies are expected to enhance profitability. Assuming appropriate cost control, Alpha-Win forecasts profit growth rates of approximately 10–15%, somewhat exceeding the net sales growth rate (Figure 34 on page 34).

With respect to dividends, forecasts for both fiscal years are based on the Company's current policy of a DOE of 2.5%. Although Alpha-Win has revised its dividend forecasts in line with changes to profit forecasts, its expectation of continued dividend growth—supported by rising net assets as profits expand—remains unchanged.

9.   Analyst's View

◆ SWOT Analysis

The Company's SWOT analysis results are as shown in Figure 36 (below is supplementary information).

Strengths

The Company's main strengths are the following: the data and technologies accumulated over many years through AD EBiS; talent with high-level expertise in DX; an extensive network with business partners; its CEO's management skills and expertise in cutting-edge internet marketing technologies; flagship products with a proven track record, robust features, along with a strong support framework (technological expertise, rapid development, and adaptability to change that only specialized major players like the Company can offer); its position in the market (top share with AD EBiS and E-CUBE); a stable, subscription-based business model; and its growth strategy to actively engage in M&A activities and business acquisitions. Furthermore, by leveraging AI to enhance and differentiate its products and services, as well as to improve development efficiency and reduce costs internally, the Company is likely to create new strengths and business opportunities.

Risk Factors

On the other hand, key risks include tighter regulations on the collection and use of personal information to enhance privacy protection (which could impact internet advertising effectiveness measurement), the emergence of alternative products due to the development of advanced AI technologies, deterioration of corporate users' business performance, shortage of AI- and DX-related talent, intensifying competition, and potential information leakage and system failures.

Historically, the Company's management had been highly dependent on CEO Iwata, which was viewed as a challenge. However, through clearer role allocation and specialization among directors, the Company has been transitioning to a more organizational management structure, which appears to be enhancing decision-making speed and reducing management risk. CEO Iwata has shifted his focus to overseeing new business development initiatives and the creation of new growth drivers.

Sidebar notes:

◆ The Company's strengths are the data and technologies accumulated over many years, DX talent, an external network, the CEO's management skills, product strength, strong support framework, business model, and its business strategy of actively engaging in M&A activities. Business opportunities driven by the use of AI are expected.

◆ Risks include tighter regulations on personal data protection, rapid technological change, intensifying competition, shortages of AI/DX talent, and potential system failures.

◆ Management responsibilities have been clearly defined among directors, facilitating a shift to a more organizational management structure, while the CEO has shifted his focus to the creation of new growth drivers.

【Figure 36】   SWOT Analysis

Strength	• Data assets and know-how (potential utilization as big data) that it has accumulated since its founding, as well as its technologies • Brand recognition, strong customer base, proven track record, and product strength (top share in the Internet ad effectiveness system tools market, with an extremely high share, and a leading market share with EC-CUBE in the open-source e-commerce website building software market) • In the Marketing AI segment, the core product AD EBiS is subscription-based and is expected to generate stable revenue (subscription business) • Network with numerous business partners (accesss to resources of external partners and collaboration with them) •CEO's management skills and expertise in leading-edge technologies of the industry; agile management strategies • Organized working environment; engineers with expertise in leading-edge technologies; accumulation of know-how (competitive edge as a major, specialized company with high capabilities in development and adaaptation)
Weakness	• Specialized in a niche market; small in scale •Business management is largely dependent on the CEO (however, authority and responsibility have now become allocated and delegated to other executives, reducing this dependency) •Measures needed to significantly increase the number of subscriptions in the marketing process category (the introduction of the lower-priced plan has halted the downward trend) •Profitability of the entire YRGLM Group (due to the upfront investment required for expansion, profitability has fallen significantly compared to before; measures to improve profitability at acquired companies) •Shortage of AI and DX talent (engineers and sales reps) • Funding constraints (including upfront investment costs, as well as risks associated with funding capacity and equity financing following large-scale M&A transactions)
Opportunity	•Growth potential of the internet ad marketing market and the e-commerce market •Growth potential in new areas based on its existing products and know-how (Business opportunities arising from the launch of the new SaaS Campaign Manager and enterprise-focused e-commerce website building service offerings) •Efficiency gains in development structures and operations through the use of AI technologies, as well as the provision of AI-enabled products and services to enhance competitiveness, differentiation, and value added. •Expansion of the customer base, cross-selling and upselling leveraging the existing customer base, and potential for higher average revenue per subscription. •Business expansion and group-wide synergy creation through M&A and business acquisitions
Threat	•Impacts associated with deterioration in the macroeconomic environment (cancellations, service suspensions, etc., due to deterioration in the business performance of corporate customers caused by factors such as rising interest rates, inflation, and trade friction) • Intensification of competition (esp. EC-CUBE-related businesses), launch of competing or alternative products/services, emergence of rivals, and loss of competitive advantage with the existing products • Tighter regulations related to stronger privacy protection in the use of personal information (restrictions on obtaining data) • Defects in products/services and delays in developing or providing services with new features •Large system troubles such as computer system outages and information leakages

(Source) Prepared by the Alpha-Win Research Dept. (Note) Words in red indicate additions or revisions since the previous analysis.

◆ Although the Company recorded a net loss, it paid a dividend of 7.9 yen per share in line with its plan (+0.1 yen YoY).

◆ For the current fiscal year, the Company plans a dividend of 8.0 yen per share, an increase of 0.1 yen, consisting of 7.0 yen based on a DOE target of 2.5% plus a commemorative dividend of 1.0 yen.

(17) Digital Gifts: A cashless gift service provided by DIGITAL PLUS Inc. (listed on the TSE Growth Market, securities code 3691), allowing users to send gift certificates digitally. Shareholders can choose from various gift cards, points, and digital money options.

◆ The Company plans to maintain its dividend policy based on a DOE of 2.5% for the time being.

◆ Alpha-Win expects continued dividend increases from the next fiscal year onward.

◆ Shareholder Returns

Despite recording a net loss in the previous fiscal year due to extraordinary losses, the Company paid a dividend of 7.9 yen per share in line with its plan, representing an increase of 0.1 yen year-on-year.

For the current fiscal year, the Company forecasts a dividend of 8.0 yen per share, consisting of an ordinary dividend of 7.0 yen based on a DOE target of 2.5%, plus a commemorative dividend of 1.0 yen to mark its listing on the Standard Market. This represents a further increase of 0.1 yen year-on-year and would mark the sixth consecutive year of dividend increase since dividends were resumed at 4.0 yen per share in FY2022. The dividend payout ratio is estimated at 27.7%, and DOE at approximately 2.8%.

The Company has also resumed its shareholder benefit program, switching from the distribution of Amazon gift cards (1,000 yen twice a year for shareholders holding 100 shares or more) to Digital Gifts[17] to enhance shareholder convenience. There have been no changes to the eligibility criteria or benefit amount.

Going forward, the Company will maintain its basic dividend policy of providing stable and continuous profit distributions, with year-end dividends determined based on a target consolidated DOE of 2.5%.

Alpha-Win expects profit growth in both FY2027 and FY2028, which should drive an increase in net assets. Based on these forecasts and a target DOE of 2.5%, Alpha-Win has formulated its dividend forecasts (Figure 37).

These dividend forecasts do not take into account any potential dividend increase resulting from an expansion of net assets following the acquisition of Silver Egg.

【Figure 37】 Changes in Dividends and Dividend Payout Ratio
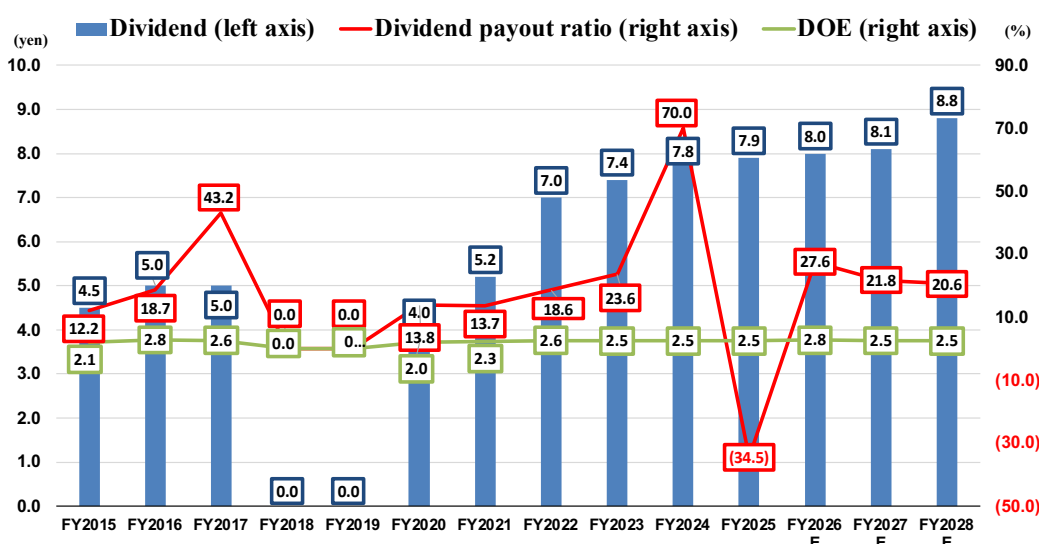
(Source) Prepared by the Alpha-Win Research Dept. E: Alpha-Win's forecast/estimate.

◆ Share Price Level, Trends, and Key Influencing Factors

Share Price Trends and Performance

◆ As a small-cap stock, the Company's share price exhibits high volatility.

The Company is listed on the Tokyo Stock Exchange (TSE) Standard Market (formerly the TSE Growth Market, previously known as the Mothers Market, until August 20, 2025) and is a small-cap AdTech-related stock with a market capitalization of approximately 3.6 billion yen. Since listing, the Company's share price has exhibited high volatility (with an intraday high of 5,770 yen in November 2014 and an intraday low of 469 yen in October 2023).

◆ Recently, the share price has moved in line with earnings revisions.

Recently, the Company's share price has moved largely in line with earnings announcements and forecast revisions. In Q3 of the previous fiscal year, strong performance led to a sharp rise in the share price in August. This was followed by a temporary correction, after which the share price resumed its upward trend in October following an upward revision to full-year net sales and operating profit forecasts (Figure C on page 5).

◆ The previous fiscal year's results came with no major surprises, after which the share price entered a correction phase.

However, although the full-year results announced in November came in broadly in line with expectations, the share price subsequently declined and is currently undergoing a correction, falling to the mid-500-yen range. While the Company announced double-digit growth in both net sales and operating profit for the current fiscal year, along with a modest dividend increase, the absence of a positive earnings surprise appears to have been perceived by investors as a loss of momentum.

◆ On a year-to-date basis, the stock has underperformed major indices.

In addition, amid rising share prices of large-cap companies supported by strong earnings, the Company's stock—classified as a small-cap growth stock that is currently experiencing a temporary earnings plateau— has underperformed major indices, including the TSE Standard (where it is listed) and the Prime Market indices, on a year-to-date basis (Figure 38).

【Figure 38】 Comparison of Valuation and Performance with Major Indices

Closing price on December 17, 2025	Share prices / Indices	Current fiscal year's forecast P/E ratio	Actual P/B ratio	Dividend yield (simple average) (%)	YTD return (%)	Return since Nov. 6, 2025 (announcement of the previous fiscal year's results) (%)	Return since May 8, 2024 (announcement of measures to enhance shareholder returns) (%)
YRGLM (3690): STD	569	19.68	2.13	1.41	5.57	-11.78	-10.0
Average of All TSE Prime Stocks: PRM	1,735.22	17.93	1.57	2.41	21.07	1.69	24.6
Average of All TSE Standard Stocks: STD	1,502.22	14.81	1.10	2.41	18.09	1.49	20.1
Average of All TSE Growth Stocks: GRT	851.16	33.02	3.26	0.91	3.22	-7.09	1.4
TOPIX	3,369.39				20.99	1.69	24.5
TSE Growth 250 (former TSE Mothers)	647.80				0.56	-7.86	-1.1
Nikkei Stock Average	49,512.28	18.79	1.67	1.87	24.11	-2.70	29.6

(Source) Prepared by the Alpha-Win Research Dept. The Company's P/E ratio is based on the Company's forecast (EPS).

Comparison of Valuations with Key TSE Indices

(18) P/S ratio: Ratio of share price to net sales = Market capitalization / Net sales

Based on the financial forecast for the current fiscal year, the Company's valuations are as follows: forecast P/E ratio of 19.68, actual P/B ratio of 2.13, forecast dividend yield of 1.41%, and forecast P/S ratio[18] of 0.67 (based on the Company's forecast, which is the same as Alpha-Win's forecast).

◆ Its valuation is higher than the average of both the TSE Prime and the TSE Standard.

Compared with the average of all stocks listed on the TSE Prime Market (P/E of 17.93, P/B of 1.57, and simple dividend yield of 2.41%), as well as the average of all stocks listed on the TSE Standard Market, to which the Company belongs (P/E of 14.81, P/B of 1.10, and simple dividend yield of 2.41%), the Company's stock is valued at higher P/E and P/B levels, while its dividend yield is lower.

◆ **EV/EBITDA and PEG ratios do not indicate overvaluation.**

(19) PEG ratio: P/E divided by the expected medium-term profit (EPS) growth rate (annualized).

◆ **Profit growth is expected in the current and the next fiscal years, leading to a decline in the forecast P/E.**

Its EV/EBITDA is estimated to be 5.0 for the current fiscal year, 4.8 for the next fiscal year, and 4.4 for the fiscal year after the next (Alpha-Win's forecasts), which seem to be within the general range (about 2 to 8).

Based on Alpha-Win's new forecasts, the Company's P/E ratio is expected to decline to 15.3 in the next fiscal year and 13.3 in the fiscal year after the next, bringing the valuation to a level that may merit investment consideration.

Meanwhile, assuming a medium-term profit growth rate of 10–15%, the PEG ratio[19] is estimated at approximately 1.3–2.0 (calculated as the P/E based on the current fiscal year forecast divided by the expected profit growth rate). This suggests that the valuation is reasonable and not excessive. In general, a PEG ratio below 1 is considered undervalued, while a ratio above 2 is viewed as overvalued.

Valuation Comparison with Similar Companies

In Japan, there are no listed companies that provide similar AdTech tools based on a subscription model like the Company.

Instead, Alpha-Win compared the size, business, and valuations of listed Japanese AdTech companies with businesses partly similar to the Company and listed companies that compete with the Company in the e-commerce platform business (packaged software for building websites for e-commerce stores, etc.) (Figure 39).

[Figure 39] Comparison with Similar Companies (AdTech-related companies, e-commerce platform-related companies, and 2 overseas companies)

AdTech-Related Companies			Markets: PRM = TSE Prime, STD = TSE Standard, and GRT = TSE Growth	Unit: million yen (million USD for overseas companies)			%	Ratios			%	Closing Price (12/17)
Code	Company Name	Business Area	Market	Market Cap.	Net Sales	Operating Profit	Operating Profit Margin	P/S	P/E	P/B	Dividend Yield	Share Price
2389	DIGITAL HD	Internet ad agency / ad measurement tool	PRM	37,406	14,000	700	5.0	2.67	17.00	1.31	0.01	2,014
2461	FAN Communications	Affiliate (pay-per-performance) ad	PRM	34,591	7,440	1,950	26.2	4.65	27.02	2.01	5.17	522
2491	ValueCommerce	Affiliate (pay-per-performance) ad	PRM	23,165	22,900	1,500	6.6	1.01	6.93	1.04	7.29	672
3134	Hamee	Mobile accessories / E-commerce cloud support	STD	7,167	25,528	2,920	11.4	0.28	3.69	0.68	5.13	439
3655	BrainPad	Internet marketing / data analysis	PRM	61,683	13,500	1,750	13.0	4.57	50.69	10.26	0.00	2,766
3690	YRGLM Inc.	Internet ad measurement tool	STD	3,626	5,450	320	5.9	0.67	19.68	2.13	1.41	569
3853	Asteria	Packaged software	PRM	17,124	3,500	850	24.3	4.9	-	2.45	0.87	979
3923	RAKUS	Cloud services / Email delivery / IT engineer dispatching	PRM	365,896	60,000	16,000	26.7	6.10	30.25	21.88	0.34	1,015
4293	SEPTENI HD	Internet ad agency / smartphone marketing support	STD	86,881	30,300	4,000	13.2	2.9	22.43	1.31	4.38	411
4395	Accrete	SMS delivery service	GRT	9,036	8,516	504	5.9	1.06	31.39	3.84	-	1,200
4751	CyberAgent	Internet ad agency / smartphone / games	PRM	663,881	880,000	55,000	6.3	0.8	24.14	3.69	1.45	1,310
4784	GMO Internet	Internet ad agency and related platform	PRM	174,708	75,000	8,000	10.7	2.33	34.95	12.76	2.86	636
6031	ZETA	Digital marketing solutions	GRT	7,524	2,200	650	29.5	3.42	13.84	2.70	1.51	292
6038	iiD	Contents marketing platform	GRT	4,703	6,400	600	0.1	0.7	12.15	0.95	2.37	929
6045	Rentracks	Pay-per-performance Internet ad service	GRT	12,530	4,102	1,317	32.1	3.05	17.15	3.25	1.53	1,571
6081	Allied Architects	SNS-related marketing support	GRT	3,116	2,650	-300	-11.3	1.18	-	1.73	-	196
6094	FreakOut HD	Internet ad delivery (DSP)	GRT	9,444	55,000	700	1.3	0.17	-	0.87	0.00	524
6185	SMN	Retargeting ads and affiliate website services	STD	6,384	12,200	550	4.5	0.52	14.68	1.54	0.00	432
6533	Orchestra HD	Digital marketing for companies	PRM	12,051	16,500	1,400	8.5	0.73	14.18	1.65	1.00	1,201
6535	i-mobile	Ad network (pay-per-click ad distribution)	PRM	27,911	22,000	4,500	20.5	1.27	8.62	1.67	5.63	480
6562	Geniee	Automatic trading of media ad space / AdTech biz	GRT	18,056	14,150	2,200	15.5	1.28	8.65	1.43	-	1,000
	Simple average of the 21 AdTech-related companies (which have not forecast a net loss)			75,566	61,016	5,005	12.2	2.11	19.86	3.77	2.27	
NYSE:HUBS	HubSpot Inc.	Cloud-based customer management platform	NYSE	20,764	2,628	-67	-2.5	7.9	-	10.51	0.00	USD 387.58

E-Commerce Platform-Related Companies			Markets: PRM = TSE Prime, STD = TSE Standard, and GRT = TSE Growth	Unit: million yen (million USD for overseas companies)			%	Ratios			%	Closing Price (12/17)
Code	Company Name	Business Area	Market	Market Cap.	Net Sales	Operating Profit	Operating Profit Margin	P/S	P/E	P/B	Dividend Yield	Share Price
3371	SOFT CREATE HD	E-commerce website building package / B2B sales of merchandise	PRM	57,029	33,500	6,000	17.9	1.70	13.64	1.96	3.00	2,070
4057	Interfactory	Cloud commerce platform	GRT	1,712	3,223	82	2.5	0.53	31.92	1.39	0.00	415
4477	BASE	E-commerce platform / online settlements	GRT	36,878	20,836	1,179	5.7	1.77	24.98	2.55	1.28	313
4496	Commerce One Holdings	Services to support SMEs / mid-tier companies in e-commerce website management	GRT	5,870	4,387	665	15.2	1.34	11.97	2.17	2.57	816
	Simple average of the 5 e-commerce platform-related companies (based on data that are valid)			25,372	15,487	1,982	10.3	1.34	20.63	2.02	1.71	
NYSE: SHOP	Shopify Inc.	Cloud-based commerce platform	NYSE	190,121	8,880	1,075	12.1	21.41	103.00	18.11	0.00	USD 161.73

(Source) Prepared by the Alpha-Win Research Dept. based on the companies' websites, securities reports, financial results summaries, and financial results briefing materials.

(Note) Generally, each company's forecast values from the latest financial results disclosure (latest quarterly financial results) or the most recent actual results (for BPS, etc.) available as of December 17, 2025, were used. For forecasts disclosed as ranges, as a general rule, the median was used for calculations. Values of similar companies that are not disclosed are marked by "-". The average was calculated using only valid figures. For the two overseas companies, performance and financial data (actual values) for the most recent full fiscal year (ended December 2024) were used in calculations including those for the P/E ratio, P/S ratio, P/B ratio, and operating profit margin.

When compared with 25 Japanese companies (21 AdTech companies, including the Company, and four e-commerce companies), valuation dispersion among similar companies is large, limiting the usefulness of averages. For reference, based on current fiscal year forecasts, the Company's forecast P/E is broadly in line with the simple average of similar companies, while its dividend yield is relatively low and not particularly attractive.

- **In valuation comparisons with similar Japanese companies, the Company's P/S and P/B appear undervalued.**

However, the Company's P/B, and in particular its forecast P/S of 0.67, is extremely low compared with the average of more than 2.0 for the 21 major listed AdTech-related companies and approximately 1.3 for the four e-commerce platform companies (Figure 39 on page 42: comparison with similar companies).

Overall, excluding dividend yield, the Company's valuation appears generally attractive relative to similar companies.

Key Points Going Forward and Share Price Outlook

The Company has been recognized as a domestic demand-oriented growth stock in the "AdTech & subscription" space. Going forward, however, the key determinant of its valuation level and share price will likely be whether it can evolve into an AI-focused enterprise capable of sustaining double-digit growth in both net sales and profit.

Based on the current fiscal year forecast, as discussed earlier, valuation comparisons with major indices and similar companies indicate that, following the decline in the share price and improvements in EPS, BPS, and dividends, the stock no longer appears overvalued as it once did. With earnings recovering while the share price has fallen, the current valuation is considered to be largely fair.

- **If the visibility of continuous double-digit profit growth improves, the stock is expected to have upside potential.**

Accordingly, if the Company successfully executes upfront investments and regains a high degree of confidence in sustaining double-digit profit growth, valuation multiples could re-rate upward. Taking into account the potential for further dividend increases, there appears to be upside potential for the share price over the medium term.

- **The Company has significant growth potential.**

Over the medium to long term, the internet advertising and e-commerce markets in Japan are expected to continue expanding, providing ample room for the Company's business growth. Moreover, the use of AI is expected to further enhance its growth potential.

- **Earnings and share price volatility are expected to remain high going forward.**

That said, as a small-cap growth stock, the Company is likely to continue experiencing high volatility in both earnings and share price.

- **As a domestic demand-oriented growth stock providing internet-related software leveraging AI technologies on a subscription model, close attention should be paid to the Company's earnings trajectory.**

As a domestic demand-oriented growth stock providing internet-related software on a subscription basis using AI technologies, close attention should be paid to future business developments and changes in its net sales and profit growth rates.

The following are the factors that may impact share price and are considered key points to watch.

1. Progress against the current fiscal year's forecast and final results, including profit and dividends, as well as the outlook for profit levels and growth rates in the next fiscal year and beyond.
2. Performance trends of subsidiaries following acquisitions, along with any new announcements regarding M&A or strategic alliances. In

◆ **The impact of new services, M&A, and the use of AI on financial performance in the current and next fiscal years, the medium-term profit growth rate, and the dividend level are expected to be the main factors to watch for the share price.**

particular, progress in the post-merger integration (PMI) of the planned acquisition of Silver Egg, realization of synergy effects, and the impact on consolidated earnings.

3. Business opportunities arising from the utilization of AI technologies and their impact on financial performance.

4. Key metrics in the marketing process category, including the number of subscriptions, average revenue per subscription, and churn rates, as well as the contribution to earnings from the new SaaS product Campaign Manager.

5. The contribution of RUBY to the performance of the E-Commerce Support segment and the contribution of new services to the performance of the e-commerce website building and operations business (including the EC-CUBE Enterprise series).

6. Monthly net sales trends (YoY changes for both segments).

7. Quarterly trends in profit and loss (profit growth rate, profit margins, EBITDA, and changes in each segment's net sales and profits).

8. Shareholder return measures and their level, including the DOE target, continued dividend increases, and the potential for additional share buybacks.

9. Tighter regulations such as those for the protection of personal information.