COMPANY RESEARCH AND ANALYSIS REPORT

IID, Inc.

6038

Tokyo Stock Exchange Growth Market

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Contents

Summary

Net profit increased in FY6/25 for the first time in four fiscal years. Going forward, aims for high growth, including the use of M&A

IID, Inc. <6038> (hereafter, also "the Company") operates two business segments: the Creator Platform Business (CP Business), which involves managing online media content, and the Creator Solutions Business (CS Business), which involves providing research and e-commerce solutions. The Company operates 82 online media websites spanning a diverse range of 21 content categories that include automotive, IT, entertainment, and finance (as of June 30, 2025). It is promoting its media portfolio strategy of seeking not to rely on specific forms of media and its 360-degree business approach of diversifying revenue rather than relying solely on online advertising income.

1. Overview of FY6/25 results

The Company reported FY6/25 consolidated net sales of ¥6,084mn, down 0.7% year on year (YoY) and operating profit of ¥459mn, down 12.2%. The CP Business performed steadily, especially online advertising, but earnings declined in the CS Business due to a drop in research solutions. Furthermore, the Company sold part of its publishing business in June 2025, posting a loss of ¥60mn including exit costs, and posted temporary M&A-related expenses, which were also factors in the decreased earnings. Net profit returned to growth for the first time in four fiscal years. This was due to a decrease in loss on valuation of investment securities and extraordinary gain from gain on sale of investment securities and gain on business transfer.

2. FY6/26 forecasts

For the FY6/26 consolidated results, the Company forecasts that both sales and profit will increase, with net sales rising 5.2% YoY to ¥6,400mn and operating profit up 30.5% to ¥600mn. Its plan is to devote efforts to productivity improvement, membership base expansion for the media platforms it operates, and monetization through active use of AI technologies. In the CS Business, which was down in the previous fiscal year, research solutions orders have started to recover and increased sales and profits are expected. In July 2025, the Company made Edit Inc., whose business is publishing aimed at financial institutions, a subsidiary (investment ratio: 75.8%). This is a factor that will boost net sales by over ¥0.2bn, but the withdrawal from puzzle magazine publishing is a factor that will cause sales to decrease by almost ¥0.2bn. By making Edit Inc. a subsidiary, the Company aims to create synergy through collaboration with the financial media platforms it currently operates. In addition, it is currently involved in an M&A deal that is expected to be concluded during FY6/26, but this has not been included in the results forecasts.

3. Growth strategy

The future growth strategy is to target high growth by combining the M&A strategy with making the transition to an AI media company business model. Using the iid Smart id membership platform as a base, which will provide personalized, valuable information and experiences with AI, the Company will develop various services in each business area, including not just online advertising but also paid membership services, marketing support services, and more. Along with the automobile field, it intends to strengthen in the education, finance, IT, and entertainment fields, which are priority areas in the industry. Moreover, it plans to leverage its strength of operating a wide range of high-quality, industry-specific media platforms to launch a new talent referral service.

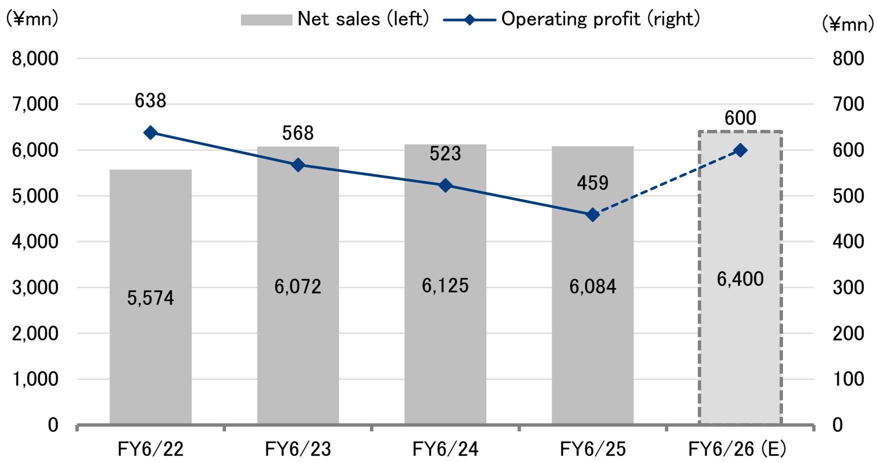
4. Shareholder return policy

In FY6/25, the Company paid a dividend of ¥22.0 per share (including a commemorative dividend of ¥6.0 to mark its 25th anniversary), which was an increase of ¥8.0 YoY. While the commemorative dividend will be eliminated in FY6/26, it plans to pay a dividend of ¥22.0, in line with the previous fiscal year. The target DOE (dividend on equity ratio) is 2.5%. Furthermore, the Company presented QUO cards worth ¥10,000 to shareholders with 500 or more shares at the end of FY6/25 as a commemorative shareholder benefit, and it plans to continue providing shareholder benefits in FY6/26 and beyond. It will present a ¥10,000 QUO card to shareholders who have continuously held 500 or more shares for less than one year and a ¥15,000 QUO card to those who have continuously held 500 or more shares for one year or more. Going forward, the Company's shareholder return policy is to pay stable dividends and provide shareholder benefits while ensuring internal reserves, as well as considering share buy-backs as needed.

Key Points

- While operating profit decreased in FY6/25 due to factors such as earnings declining in the CS Business, net profit increased for the first time in four fiscal years
- Targeting relatively large M&A deals using cash on hand
- In FY6/26, expects to achieve record-high net sales and double-digit growth at each profit stage
- Plans to expand shareholder benefit program and pay dividends with target DOE of 2.5%

Results trends



Source: Prepared by FISCO from the Company's financial results

Business overview

Managing online media content and providing research and e-commerce solution services

1. Company profile

The Company operates two business segments: one of which is the Creator Platform Business (CP Business), which entails offering various services including online advertising and e-commerce merchandise sales with a focus on operating its own online media platforms in seeking to produce a world where everyone is able to engage with media; and the other of which is the Creator Solutions Business (CS Business), which entails providing research and e-commerce solutions. Since its establishment in 2000, the Company has been expanding its business operations while promoting its M&A strategy. As of June 30, 2025, the Company has 6 consolidated subsidiaries (en Factory, Inc., Onlineshop Labo, Inc., Michael Inc., SAVAWAY Corp., FIT Pacific, Inc., Link Corp.) with a combined workforce of 272 employees (including temporary workers).

2. Business description

(1) Creator Platform Business (CP Business)

The CP Business segment primarily generates net sales from online advertising* streamed through online media platforms operated by the Company, media content, and data billing and sales (including e-commerce merchandise sales). For this reason, the extent to which the segment is able to efficiently improve the media value of the online media platforms serves as the key to the segment increasing its revenues. The segment also encompasses operations that include developing and providing systems related to media and e-commerce, engaging in the publishing business, as well as the automotive and IT-related businesses of FIT Pacific, which became a subsidiary in November 2022.

* Mainly includes programmatic advertising (sales through ad networks), affiliate advertising (performance-based ads), proposal-based advertising (article ads, etc. based on plans and proposals created by the media or customer requests), and pure advertising (banner ads, email ads, etc.).

The portfolio of online media platforms operated by the Company is 82 websites spanning 21 content categories as of June 30, 2025 (increase of 1 website from the end of the previous fiscal year). A distinguishing aspect of the segment is that it operates vertical media platforms specializing in various industries, including the automotive, IT, entertainment, education, lifestyle, and e-commerce fields. One such platform is the Response online media platform in the automotive field, which is one of Japan's largest comprehensive automotive platforms. It holds a central position among the online media platforms operated by the Company, which also offers services for paying subscribers. The segment's publishing business primarily involved issuing magazines in the puzzle and anime fields, but it withdrew from puzzle magazine publishing, which was not profitable, in June 2025.

(2) Creator Solutions Business (CS Business)

In its CS Business, the Company offers research solutions and e-commerce solutions. Sales to the automotive and telecommunications sectors account for the bulk of sales related to research solutions. Meanwhile in the realm of e-commerce solutions, the segment offers the marbleASP e-commerce website development system to e-commerce providers. Characterized by their low cost, short lead times, and high scalability, these services are suitable for e-commerce websites with membership counts ranging from hundreds of thousands of users.

Strengths derived from system developed in-house for efficiently managing online media content

3. Features and strengths

(1) iid-CMP

A key strength of the Company derives from the in-house development of its iid-CMP platform (IID content marketing platform) for efficiently managing the many online media platforms and high volume of content handled in the CP Business. The iid-CMP platform makes it possible for users to monetize online media in the early stages using the platform's four key features as follows: 1) achievement of higher sales using tools for generating substantial website engagement (SEO strategies, SNS compatibility, prompt web page rendering, optimal usability and user experience for smartphones and other devices, etc.), 2) cost optimization through low-cost operations (shared system usage and CPU resource distribution, standardization of formats in which news articles are furnished to portal websites, joint operation of optimal network advertising and affiliate advertising, etc.), 3) database storage and management (big data management enlisting data acquired from website content), and 4) content management functions to make editing more efficient (posting of news articles and photos online, content proofing, and similarity assessment). Since 2023, the Company has been targeting further productivity gains by actively using AI technologies, especially in the content creation and editing processes.

(2) M&A strategy

In addition to in-house development, the Company is actively proceeding with efforts to acquire online media content through M&A. This entails ongoing consideration of around five websites as potential M&A opportunities using the personal networks of the Company's management team when it comes to primary channels for gaining information. When making a business acquisition, management draws up a plan consisting of a target investment payback period of approximately five years. Meanwhile, the prospect of achieving profitability within two years post-acquisition serves as a key benchmark for assessing business continuity. Use of the iid-CMP platform has enabled the Company to lower costs, increase sales, and monetize nearly all of the websites in which it is involved. The Company has been encountering an increasing number of instances where a counterparty expresses interest in initiating sales negotiations thanks to the Company's highly evaluated track record of over 20 years of managing online media platforms and successfully arranging mergers and acquisitions. The Company carefully identifies promising media platforms among potential opportunities. Moreover, it has the expertise to determine suitable prices due to the experience it has accumulated over many years.

Elsewhere, the Company is also actively making strategic investments for the purpose of collaboration in new areas of business. Of its investment deals, two companies have gone public, including note inc. <5243>, which runs "note," a platform for creators, and Nyle, Inc. <5618>, which operates Carmo-kun, a subscription-based car leasing service. Companies that have yet to be listed include Campingcar Inc., which develops sharing economy services in the MaaS domain, Jigowatts Inc., which engages in business involving virtual keys and small chargers for EVs, and CINEMATODAY, Inc., which operates CINEMATODAY, a comprehensive online movie platform. In June 2022, the Company also invested in Arriba Studio PTE. LTD. (Singapore), an accelerator that supports startups in the Web3/NFT domain. Going forward, the Company intends to spur growth of its own media platforms by collecting cutting-edge information through Arriba Studio and concurrently seeking business alliances with prominent Web3 startups in Japan and abroad.

Results trends

While operating profit decreased due to factors such as earnings declining in the CS Business, net profit increased for the first time in four fiscal years

1. Overview of FY6/25 results

In FY6/25 consolidated results, net sales decreased by 0.7% YoY to ¥6,084mn, operating profit declined by 12.2% to ¥459mn, ordinary profit declined by 17.0% to ¥454mn and profit attributable to owners of parent increased by 88.8% to ¥307mn. Operating profit and ordinary profit declined for the third consecutive fiscal year, but net profit returned to growth for the first time in four fiscal years. The CP Business performed steadily, especially online advertising, but earnings declined in the CS Business. The Company also terminated part of its publishing business and posted a full-year loss of ¥60mn including exit costs, as well as posting M&A-related expenses at the end of the fiscal year, which were factors in the decreased operating profit. On the other hand, profit attributable to owners of parent increased due to loss on valuation of investment securities posted under extraordinary loss decreasing from ¥175mn in the previous fiscal year to ¥18mn and posting ¥74mn gain on sale of investment securities and ¥19mn gain on business transfer under extraordinary gain.

Consolidated results trends

(¥mn)

	FY6/22	FY6/23	FY6/24	FY6/25
Net sales	5,574	6,072	6,125	6,084
YoY	3.1%	8.9%	0.9%	-0.7%
Cost of sales	3,046	3,359	3,375	3,328
YoY	2.9%	10.2%	0.5%	-1.4%
% of net sales	54.7%	55.3%	55.1%	54.7%
SG&A expenses	1,889	2,144	2,225	2,296
YoY	-5.1%	13.5%	3.8%	3.2%
% of net sales	33.9%	35.3%	36.3%	37.7%
Operating profit	638	568	523	459
YoY	40.4%	-10.8%	-7.9%	-12.2%
% of net sales	11.4%	9.4%	8.6%	7.6%
Ordinary profit	638	566	547	454
YoY	37.6%	-11.3%	-3.3%	-17.0%
Profit attributable to owners of parent	450	280	163	307
YoY	-3.0%	-37.8%	-41.8%	88.8%

Source: Prepared by FISCO from the Company's financial results

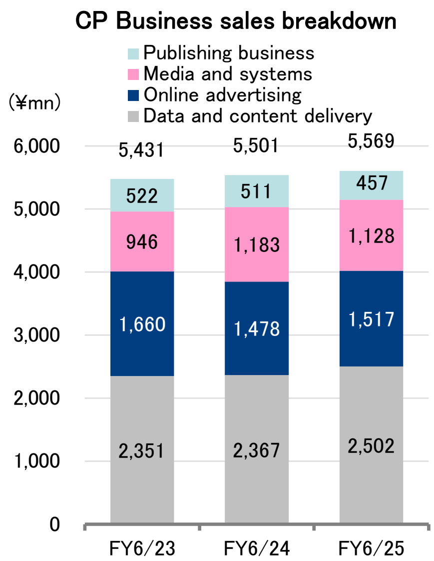
(1) CP Business

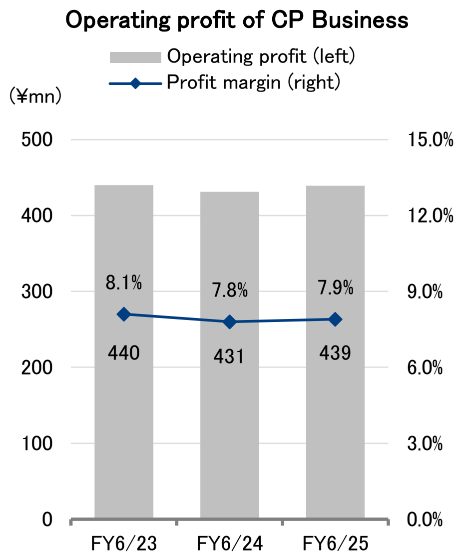
Net sales in the CP Business increased 1.2% YoY to ¥5,569mn and operating profit rose 1.9% to ¥439mn, setting new records for net sales. Operating profit also returned to growth for the first time in three fiscal years, albeit only slightly. Looking at the breakdown of net sales, they grew 2.6% to ¥1,517mn, supported by firm demand from education and other sectors even though online ad demand from the automobile industry was sluggish. However, while there was 12.9% growth in 1H, sales decreased in 2H. This seems to be due to the US policy of imposing high tariffs weighing on advertising demand from the automobile industry.

Data and content delivery net sales continued to grow, rising 5.7% YoY to ¥2,502mn. Although e-commerce merchandise sales were weak, sales increased for en Factory's cross-boundary learning services* and FITP's vehicle collision test-related services, while paid subscription services for corporate customers such as Response and ScanNetSecurity, a specialized website for information security, achieved double-digit growth due to an increase in membership counts. Specifically, in Response, demand was especially strong for the e-learning option in the EV reskilling course.

* Of the cross-boundary learning services, major companies are increasingly adopting Ekkyo-Circuit as a career support initiative. Ekkyo-Circuit is an intercompany, interactive online training program through which participants team up with people from other companies to conduct interviews, hypothesize, and propose solutions for real issues faced by venture companies. A single term in the program lasts for three months.

Regarding media systems, sales from FITP's facility solutions for data centers remained firm, but management of media owned by other companies and TEMPOSTAR, an integrated management system for multiple online shops from SAVAWAY, were weak, leading to a 4.7% YoY drop in net sales to ¥1,128mn. In the publishing business, anime magazines recovered, but puzzle magazines remained sluggish, with net sales falling 10.6% to ¥457mn. The operating margin remained more or less stable, increasing from 7.8% to 7.9%. This is likely because the posted M&A-related expenses and puzzle magazine exit costs were offset by growth in subscriber-based paid membership services and streamlining of media management costs based on the use of AI.



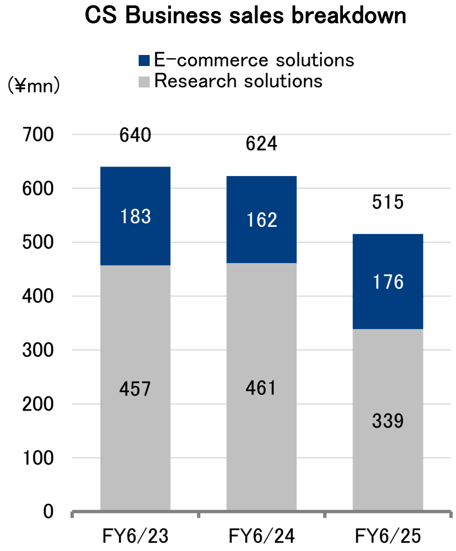


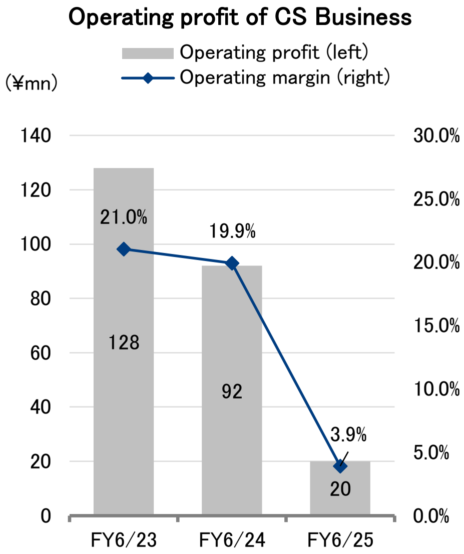
Note: Excludes intra-segment transactions
Source: Prepared by FISCO from the Company's financial results

(2) CS Business

Net sales in the CS Business declined 17.4% YoY to ¥515mn, and operating profit decreased 78.0% to ¥20mn. The breakdown of net sales is as follows. Research solutions sales fell sharply by 26.5% to ¥339mn, but e-commerce solutions sales returned to growth, increasing 8.6% to ¥176mn. Orders from automobile manufacturers, which are the main customers for research solutions, were weak, which was a key factor in the decrease in sales. The operating margin was also affected by the decrease in research solutions sales, dropping from 19.9% in the previous fiscal year to 3.9%.

Results trends





Note: Excludes intra-segment transactions
Source: Prepared by FISCO from the Company's financial results

Targeting relatively large M&A deals using cash on hand

2. Financial position

Total assets at the end of FY6/25 decreased ¥16mn from the end of the previous fiscal year to ¥6,252mn. In current assets, cash and deposits fell ¥17mn, while notes and accounts receivable and contract assets increased ¥162mn. In non-current assets, goodwill decreased ¥32mn, while investment securities increased ¥290mn due in part to a rise in the prices of shares held.

Total liabilities decreased ¥389mn to ¥1,614mn. This mainly reflected drops of ¥262mn and ¥62mn in interest-bearing debt and income taxes payable. Total net assets increased ¥372mn to ¥4,638mn. Retained earnings and valuation difference on available-for-sale securities both increased, by ¥239mn and ¥150mn, respectively.

The equity ratio, an indicator of management safety, rose to 72.9% from 67.0% at end-FY6/24, and the D/E ratio declined to 0.11 times from 0.18 times. Key factors in this were the reduction of interest-bearing debt and increase in equity capital. Net cash (cash and deposits minus interest-bearing debt) also increased from ¥244mn at the end of the previous fiscal year, reaching a record high level of ¥3,110mn. Using its large cash reserves, the Company intends to conduct relatively large M&A deals, targeting companies with net sales exceeding ¥1.0bn. Depending on future M&A deals, it may also increase interest-bearing debt. As a general indicator, it seems to be considering a D/E ratio of up to around 0.5 times, and it aims to further expand the scope of sales through proactive M&A activities.

Simplified consolidated balance sheet

(¥mn)

	FY6/22	FY6/23	FY6/24	FY6/25	Change
Current assets	4,050	4,022	4,718	4,579	-138
Cash and deposits	2,905	2,806	3,613	3,596	-17
Non-current assets	1,118	1,639	1,550	1,672	121
Goodwill	172	339	362	330	-32
Total assets	5,169	5,661	6,269	6,252	-16
Total liabilities	1,340	1,488	2,003	1,614	-389
Interest-bearing debt	300	417	748	486	-262
Total net assets	3,828	4,172	4,266	4,638	372
Management Indicators					
[Profitability]					
ROA	12.9%	10.5%	9.2%	7.3%	-1.9pp
ROE	12.6%	7.2%	4.0%	7.0%	3.0pp
Operating margin	11.4%	9.4%	8.6%	7.6%	-1.0pp
[Safety]					
Equity ratio	72.8%	71.7%	67.0%	72.9%	5.9pp
D/E ratio	0.08x	0.10x	0.18x	0.11x	-0.07x
Net cash	2,605	2,388	2,865	3,110	244

Source: Prepared by FISCO from the Company's financial results

In FY6/26, expects to achieve record-high net sales and double-digit growth at each profit stage

3. FY6/26 forecasts

For consolidated results in FY6/26, the Company forecasts net sales to increase 5.2% YoY to ¥6,400mn, operating profit to increase 30.5% to ¥600mn, ordinary profit to increase 32.0% to ¥600mn, and profit attributable to owners of parent to rise 20.8% to ¥372mn. Net sales are expected to set a new record high for the first time in two fiscal years, and operating profit and ordinary profit to increase for the first time in four fiscal years. As companies continue to actively invest in AI, the overall IT and online marketing industries to which the Company belongs are expected to heat up. In this environment, the Company aims to expand the media platforms it operates through M&A deals and business development, while also targeting stable, continuous growth based on diversification of its business model. By business segment, sales and profit are expected to increase in both the CP Business and CS Business. Research solutions business is forecast to return to growth, as orders are recovering at present.

FY6/26 consolidated results outlook

(¥mn)

	FY6/25	FY6/26 (E)
Net sales	6,084	6,400
YoY	-0.7%	5.2%
Operating profit	459	600
YoY	-12.2%	30.5%
% of net sales	7.6%	9.4%
Ordinary profit	454	600
YoY	-17.0%	32.0%
Profit attributable to owners of parent	307	372
YoY	88.8%	20.8%

Source: Prepared by FISCO from the Company's financial results

Net sales will decrease almost ¥0.2bn due to the impact of exiting the puzzle magazine business at the end of the previous fiscal year, but operating profit will increase by ¥60mn. Furthermore, the Company made Edit Inc., which publishes subscription magazines for financial institutions and institutional investors, a subsidiary in July 2025. Its results in FY9/24 were net sales of ¥278mn and operating profit of ¥30mn, and even after amortization of goodwill, it is expected to contribute somewhat to increased profit on an operating profit basis. By making Edit a subsidiary, the Company expects to expand business through collaboration with its current financial media platforms and create synergy, such as expanding Edit's digital business, which should lead to business growth in the financial domain.

Furthermore, in July this year, the Company acquired the Robosta robot information media business from robotstart inc. The robot market is expected to undergo high growth in the future, and there is a strong need for robot-related information in the automobile industry, which is one of the Company's core business domains. It therefore acquired this business which it deemed would have a powerful synergistic effect. Going forward, it plans to develop specialized BtoB media services using Robosta as a platform and has also begun offering Robosta Members as a new paid membership service (¥5,500/month). This includes distribution of specialized articles and content about the robotics and AI fields, online seminars by industry experts, and an archival video streaming service. It is expected that it will contribute to expansion of subscription services in the future. In addition, negotiations are under way to conduct another M&A deal, but the new deal, which will be agreed in the future, has not been included in the current results forecasts.

Aims for high growth as an AI media company while also using M&A

4. Growth strategy

The future growth strategy is to target high growth by combining the M&A strategy with making the transition to an AI media company business model. Using the iid Smart id membership platform as a base, which will provide personalized, valuable information and experiences with AI, the Company will develop various services in each business area, including not just online advertising but also paid membership services, marketing support services, and more. For online advertising, whose rates continue to decline, it is anticipated that improved reader understanding driven by the use of AI will enable the delivery of optimal advertising with high rates. Along with the automobile field, the Company intends to strengthen in the education, finance, IT, and entertainment fields, which are priority areas. Moreover, it plans to leverage its strength of operating a wide range of high-quality, industry-specific media platforms to launch a new talent referral service, while also continuing to devote effort to marketing support services using IP content (Entame Print*1, Gemumaido*2).

*1 The Entame Print service, available through the use of multifunction copy machines installed at convenience stores, enables users to purchase and print various types of content, including photo cards featuring popular characters, celebrities, and video game images. The service can be used as a promotional tool for products involving intellectual property, including picture cards bundled with advance-purchase movie tickets.

*2 A service that allows game-related picture cards with game-related images, which are provided as a memento of buying a game, to be printed at convenience stores.

Shareholder return policy

Planning to expand shareholder benefit program and pay dividends with target DOE of 2.5%

The Company is enhancing its shareholder returns. In FY6/25, it added a commemorative dividend of ¥6.0 to mark its 25th anniversary, paying a dividend of ¥22.0 per share, which was an increase of ¥8.0 YoY. As a commemorative shareholder benefit program, it presented QUO cards worth ¥10,000 to shareholders with 500 or more shares at the end of the fiscal year. While the commemorative dividend will be eliminated in FY6/26, it plans to increase the ordinary dividend to ¥22.0, which is the same amount as the previous fiscal year. With regard to dividend amounts, stable dividends are expected going forward, with a target DOE (dividend on equity ratio) of 2.5%. Meanwhile, the Company has announced that it will maintain and enhance its shareholder benefits program in the future. Specifically, it will present a ¥10,000 QUO card to shareholders who have continuously held 500 or more shares for less than one year as of the end of June each year and a ¥15,000 QUO card to those who have continuously held 500 or more shares for one year or more. In addition, the Company intends to consider share buy-backs as needed and has set raising the corporate value to a P/B ratio of 1.0 times or higher as a near-term target (net assets per share were ¥937.7 at the end of FY6/25). If one estimates the return on investment, including shareholder benefits, based on the share price as of September 1 (¥882), it is 4.8% for shares held for less than one year and 5.9% for shares held for one year or more.

Disclaimer

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