



## 3Q FY2019 Results Briefing Materials

Feb. 13, 2020

# **V-shaped Recovery**

## **Rapid Growth**

3Q  
Net  
Sales

¥ **3.7** bn (YoY+6.4%)

3Q record high net sales

Sharp recovery of more than 50% YoY  
in gross margin

3Q  
Net  
Sales

¥ **0.62** bn (YoY+53.4%)

EBITDA of ¥138mn/Operating income  
of ¥60mn

## Two factors

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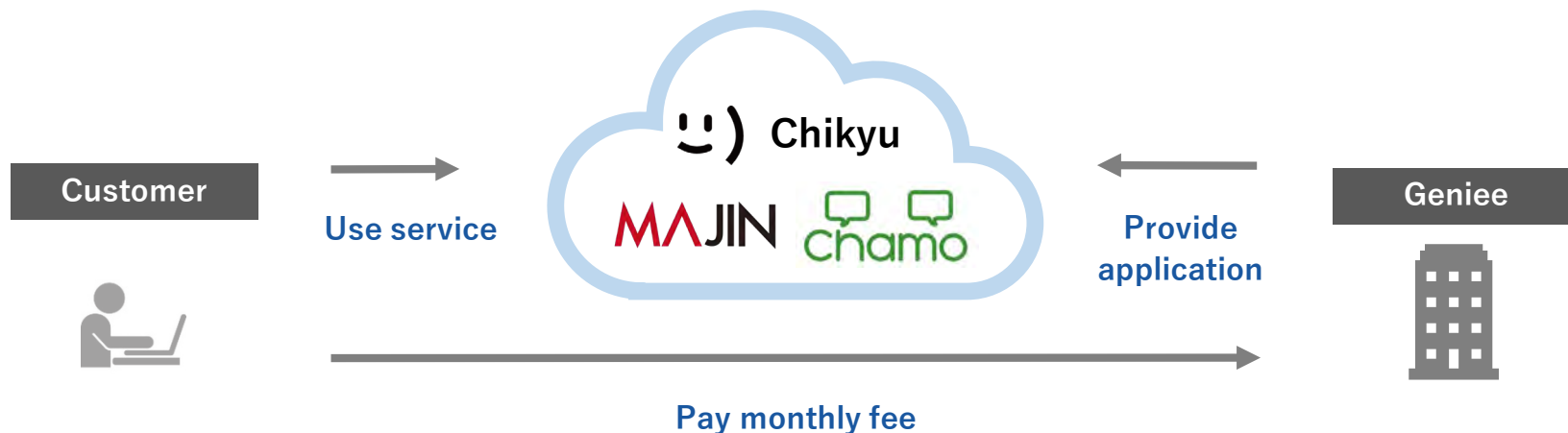
### Rapid expansion of SaaS business

Sales growth rate up 62.3% YoY in  
marketing solutions business

### Improvement of ad technology: DOOH growth

DOOH business contributed with  
QoQ growth of 223.7%, supporting  
improvement of profit margin

A subscription-type business model in which applications are provided via the cloud



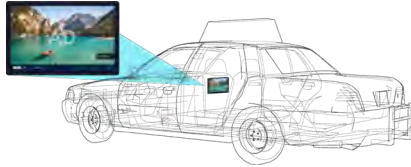
## Leading SaaS companies

	Market cap as of 2/10	Net sales in previous year			
Sansan, Inc.	¥179.9bn	¥7.3bn	RAKUS Co., Ltd.	8.5	¥158.4bn
freee K.K.	¥158.5bn	¥6.9bn	Money Forward, Inc.		¥115.3bn
Cybozu, Inc.	¥109.2bn	¥11.3bn	Uzabase, Inc.		¥72.9bn
TeamSpirit Inc.	¥35.5bn	¥1.8bn	Chatwork, Inc.		¥33.5bn
Link and Motivation Inc.	¥63.3bn	¥39.9bn	kaonavi, inc.		¥37.2bn
					¥8.7bn
					¥7.1bn
					¥9.3bn
					¥1.3bn
					¥1.6bn

## What is DOOH?

The collective term for ad media consumers encounter outside the home such as outdoor billboard ads and transportation ads (digital out-of-home media)

Market will grow to ¥300bn by 2025



AR



5G



Effectiveness  
measurement

# **3Q FY2019 Financial Results Overview**

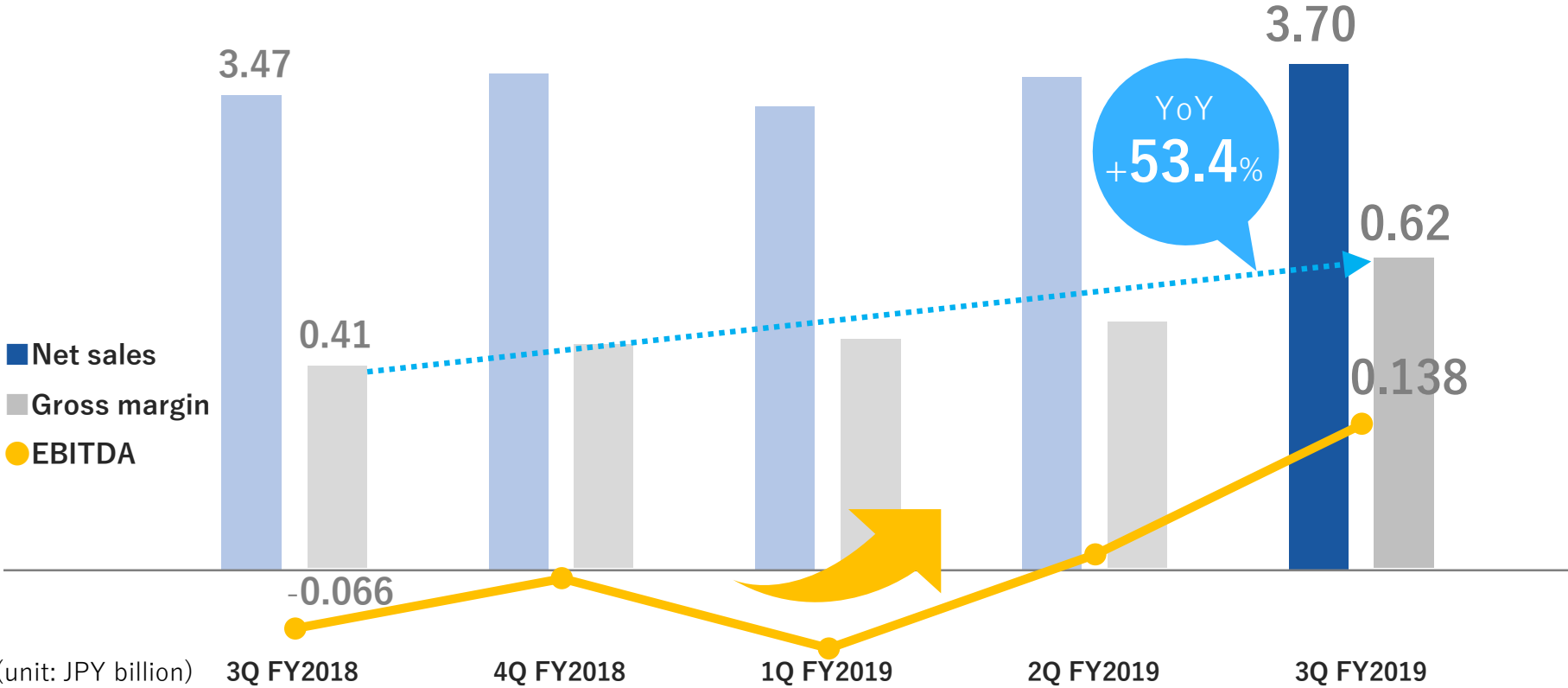
Promoted core policies towards achieving Medium-Term Management Plan Commitment 2022

Each business made progress mostly according to plan owing to continued thorough cost management

	Forecast	3Q FY2019 Cumulative	Change	Ratio
<b>Net Sales</b>	10.88	<b>10.7</b>	<b>-0.17</b>	<b>-1.6%</b>
<b>Gross Margin</b>	1.59	<b>1.59</b>	<b>-0.0</b>	<b>-0.0%</b>
Operating Income	-0.196	<b>-0.165</b>	<b>+0.03</b>	– %
Ordinary Income	-0.217	<b>-0.184</b>	<b>+0.033</b>	– %
<b>EBITDA</b>	0.034	<b>0.059</b>	<b>+0.024</b>	<b>+71.8%</b>

(unit: JPY billion)

Achieved record high 3Q net sales





## Ad Platform Business

Maintained and optimized existing domains, expanded sales of new products, expanded share in new domains, and update to delivery logic, which was a focus since the first half, was a success.

Received contract for new large-scale development project in the DOOH domain, and inquiries increased steadily.



## Marketing Solutions Business

For Chikyu, there were new and repeat large-scale orders, including from leading communications providers.

Cross-sell inquiries increased owing to linking of Chikyu and MAJIN systems.

Upselling to existing customers was favorable with ad management services.

Chamo also contributed to sales.



## Overseas Business

Promoted enhancement of supply side reseller business.

Reformed business structure, including shrinking of unprofitable demand side businesses.



\*Business-specific net sales indicate figures prior to elimination of inter-segment transactions


## Launched app media monetization support service utilizing Google™ AdMob




Supporting client success by strengthening partnership with Google

Enabling platform selection and monetization support according to app developer's circumstances

GoogleSDK  
Tech support

AdMob  
GenieeSSP 

GenieeDSP   
Other DSP ad networks

Operational support for  
maximizing revenue

Deliver ads unique to our DSP

### AdMob

A platform for earning revenue by displaying targeted ads provided by Google in app content

A service for app developers for expanding revenue by displaying ads in apps based on specific conditions

\*Google is a trademark or registered trademark of Google LLC.

## Business tie-up with HIT CO., LTD.



Launched programmatic OOH ads on large  
outdoor screens



Launched service starting  
with digital LED billboards  
along expressway

Gradually rolling out ads

Shibuya: Shibuhachi HIT Vision

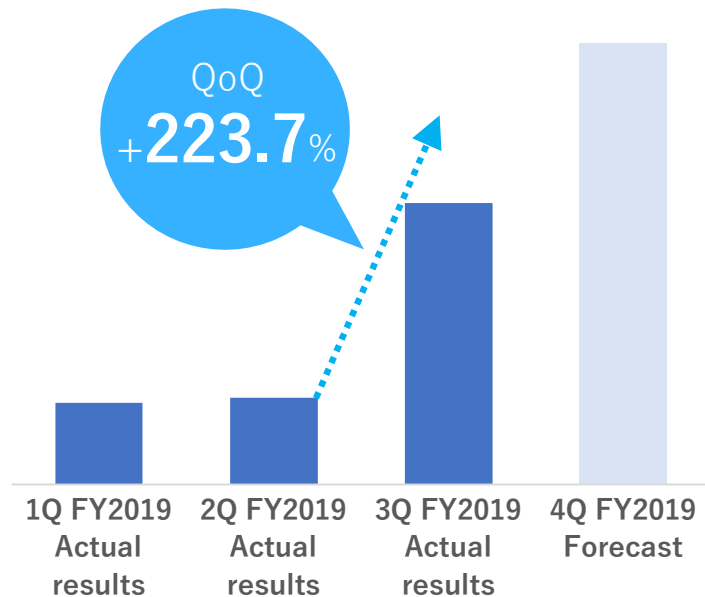
Osaka/Ebisu Bridge: Tsutaya Ebisubashi HIT Vision

Shin-Midosuji: Digital LED Billboard

**Will shorten ad placement period and implement online  
reporting function, function for delivery based on  
audience attributes, etc. in the future.**

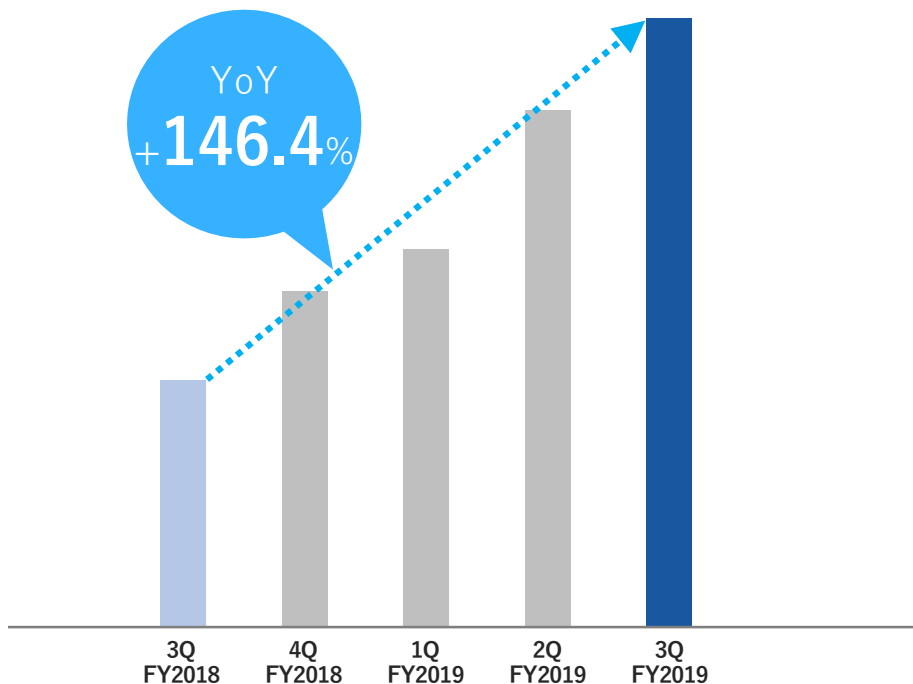
## Sales growing rapidly in DOOH business

Trend in quarterly sales in DOOH business



## SaaS business is growing rapidly

Trend in quarterly SaaS product sales



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Centralized CRM/SFA,  
from customer/negotiation  
management to analysis

MAJIN

Market automation tool  
providing uniform management & implementation,  
from marketing to sales promotion



chamo

No. 1 chat tool in Japan adopted by  
4,500 companies

# **FY2019 Full-Year Business Outlook**

## Expecting record high net sales and gross margin

	4Q FY2019 Forecast	4Q FY2018	YoY	3Q FY2019	QoQ
<b>Net Sales</b>	<b>4.86</b>	3.63	<b>+33.8%</b>	3.7	<b>+31.4%</b>
<b>Gross Margin</b>	<b>0.99</b>	0.45	<b>+119.3%</b>	0.62	<b>+58.2%</b>
Operating Income	<b>0.188</b>	-0.097	– %	0.063	<b>+198.5%</b>
Ordinary Income	<b>0.191</b>	-0.102	– %	0.062	<b>+208.6%</b>
<b>EBITDA</b>	<b>0.299</b>	-0.016	– %	0.138	<b>+115.8 %</b>

(unit: JPY billion)

Gross margin up significantly YoY by 33.1%

EBITDA recovered sharply to ¥350 million

	FY2018 (Actual)	FY2019 (Forecast)	YoY
<b>Net Sales</b>	14.95	<b>15.57</b>	+4.1%
<b>Gross Margin</b>	1.94	<b>2.59</b>	+33.1%
<b>Operating Income</b>	-0.31	<b>0.023</b>	— %
<b>Ordinary Income</b>	-0.33	<b>0.007</b>	— %
<b>EBITDA</b>	0.019	<b>0.359</b>	+1789.9%

**Net Sales****¥15.57 billion****Gross Margin****¥2.59 billion****EBITDA****¥0.359 billion**

Factors not included in above earnings forecast include the following.

**Upside**

- Growth for each business exceeding projections
- Increased per-company net sales thanks to increased cross-selling
- Rapid commercialization of new businesses

**Downside**

- Major change in client business policy
- Development delays due to hiring difficulties, increased hiring costs
- Impairment from fixed assets, investments
- Changes in customs and government regulations unique to each overseas office

**Other**

- Impact of M&A on consolidated accounting: Growth from adding acquired companies to scope of consolidation or negative from investments



### Aim to increase stock price as gross margin recovers



## **Reference Materials: Company Profile**

## Company Profile (As of the end of September 2019)

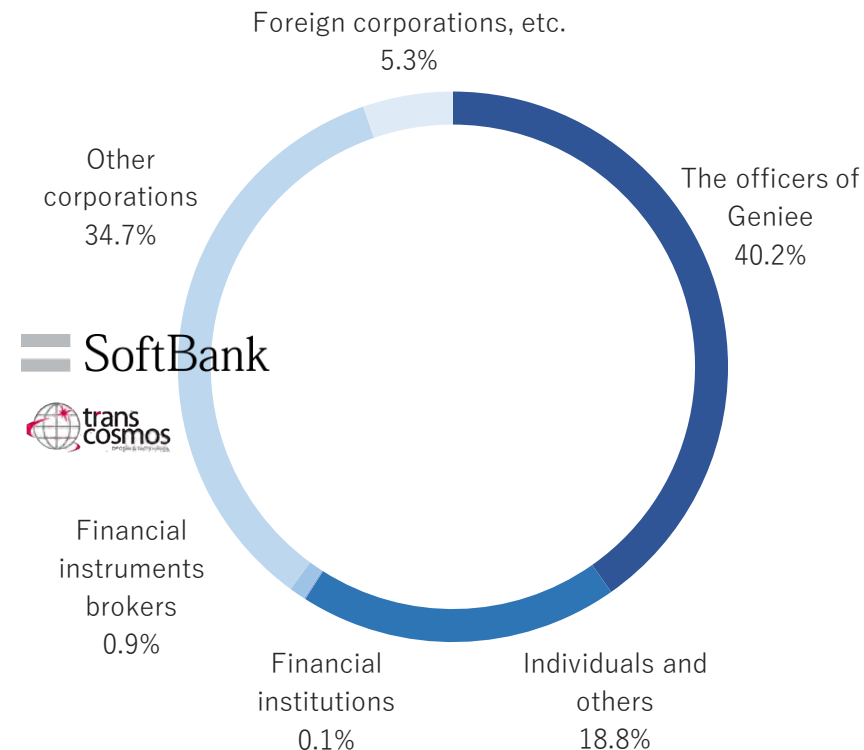


Company Name	Geniee, Inc.	Employee	279 (Geniee Japan: 186; overseas subsidiaries: 93) * Temporary staff and outsourced workers are not included in the number of employees.
Business	Marketing Technology Business	Establishment	April 14, 2010
Headquarters	Sumitomo Realty & Development Shinjuku Oak Tower 6th Floor, 6-8-1 Nishi Shinjuku, Shinjuku-ku, Tokyo 163-6006	Capital	¥1,541 million
Representative	President and CEO Tomoaki Kudo	End of Fiscal Year	March 31
Executive Officers	<p>Director Hiroshi Hirose Katsumasa Niki (Outside) Daisuke Fujihira (Outside) Michimasa Naka (Outside)</p> <p>Director and Audit &amp; Supervisory Committee Member Katsuyuki Toritani (Full-time, Outside) Yukio Todoroki (Outside) Fumiaki Goto (Outside)</p>	<p>Group company As of the Oct. 1, 2019</p>	<p>Geniee International Pte., Ltd. Geniee Vietnam Co., Ltd. PT. Geniee Technology Indonesia Geniee Adtechnology (Thailand) Co., Ltd. PT. Adstars Media Pariwara Adskom India Private Limited</p>

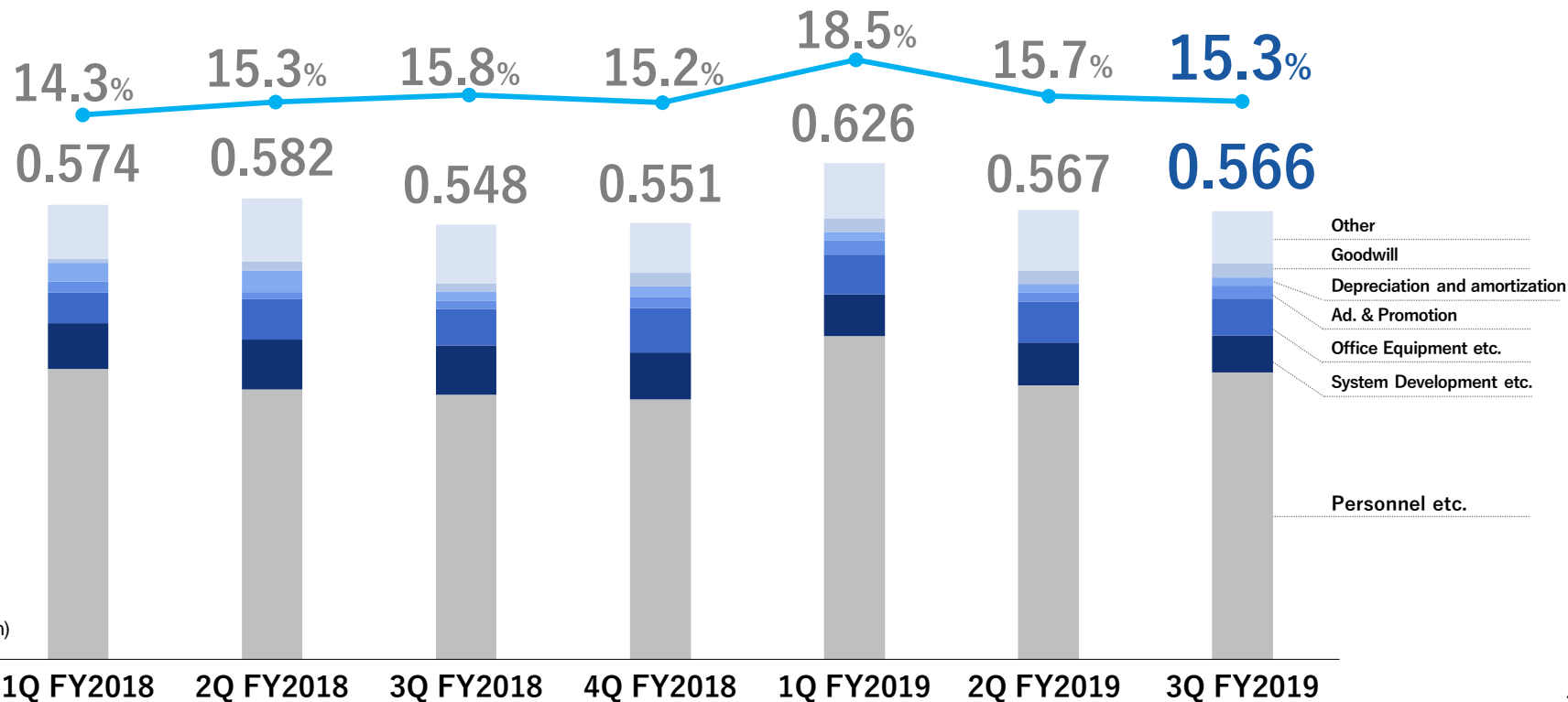
## Major Shareholders

Name	Shares Owned	%
Tomoaki Kudo (Representative Director and President)	6,540,700	36.51
SoftBank Corp.	5,625,000	31.40
Takuya Yoshimura	662,500	3.69
Hiroshi Hirose (Director)	656,900	3.66
Trans Cosmos Co., Ltd.	495,000	2.76
NICE SATISFY LIMITED	402,000	2.24
AT- I Investment Limited Partnership	378,200	2.11
Fenox Venture Company IX, L.P.	258,000	1.44
Anchor Advisors TMT3 Investment Limited Partnership	204,900	1.14
PT Metra Digital Investama	93,000	0.51

## Shareholder Composition by Owner



Salary allowance increased with acquisition of human resources for business expansion, but thorough management of costs, including reduction of hiring and outsourcing expenses, kept SG&A expenses down to certain level



- 2/13 Geniee launches app media monetization support service utilizing Google AdMob
- 1/30 HIT CO., LTD. and Geniee Inc. establish business tie-up and launch programmatic OOH ads on large outdoor screens
- 11/11 Programmatic OOH ads can now be delivered to digital signage used at approx. 1,400 dental office nationwide
- 9/13 In-house MA and CRM/SFA platforms unified
- 8/21 Geniee Earns Google Cloud Platform™ Service Partner Certification
- 8/9 OEM provision of ad distribution functions for Geo Nexus Co., Ltd. next-generation call bell
- 7/24 Notice on absorption of consolidated subsidiary via merger (short-form merger)
- 6/25 Started link between GenieeSSP and TikTok Audience Network, provided by ByteDance
- 6/19 Notice on issuance of performance-linked stock options (share warrants)

## **Reference Materials: Commitment 2022**

## The Geniee spirit and mission

### Founding Spirit

**To create a global technology company founded in Japan.**

### Mission

**Use technology to create new value and work together with clients to build success**

We believe in the possibilities of technology.

We bring new value to corporate marketing activities to create products that promote innovation.

As a Japanese technology company, we have a deep understanding of business in Asia.

We reflect this understanding in our products and services to achieve new success for Asian companies.

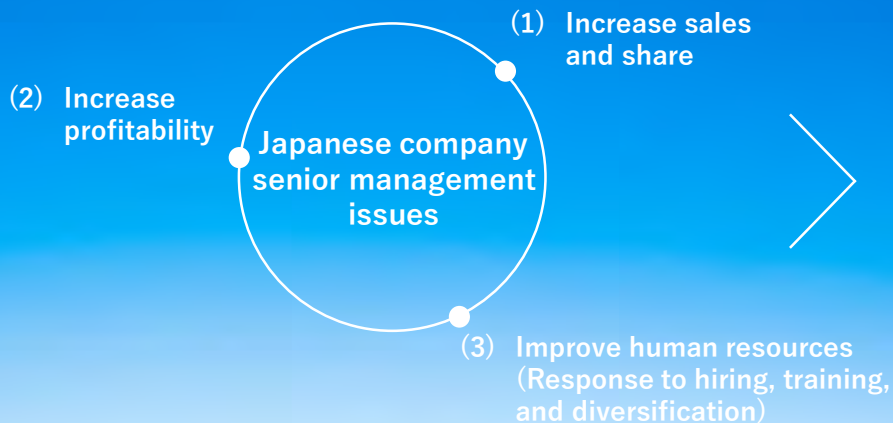


## Drafted Commitment 2022 as the 1st step towards becoming a global technology company

	FY2019 (Forecast)	FY2021 (Target)
Net Sales	15.5	25.0
Gross Margin	2.5	6.0
EBITDA	0.3	3.0

(unit: JPY billion)

# Our Reason for Being

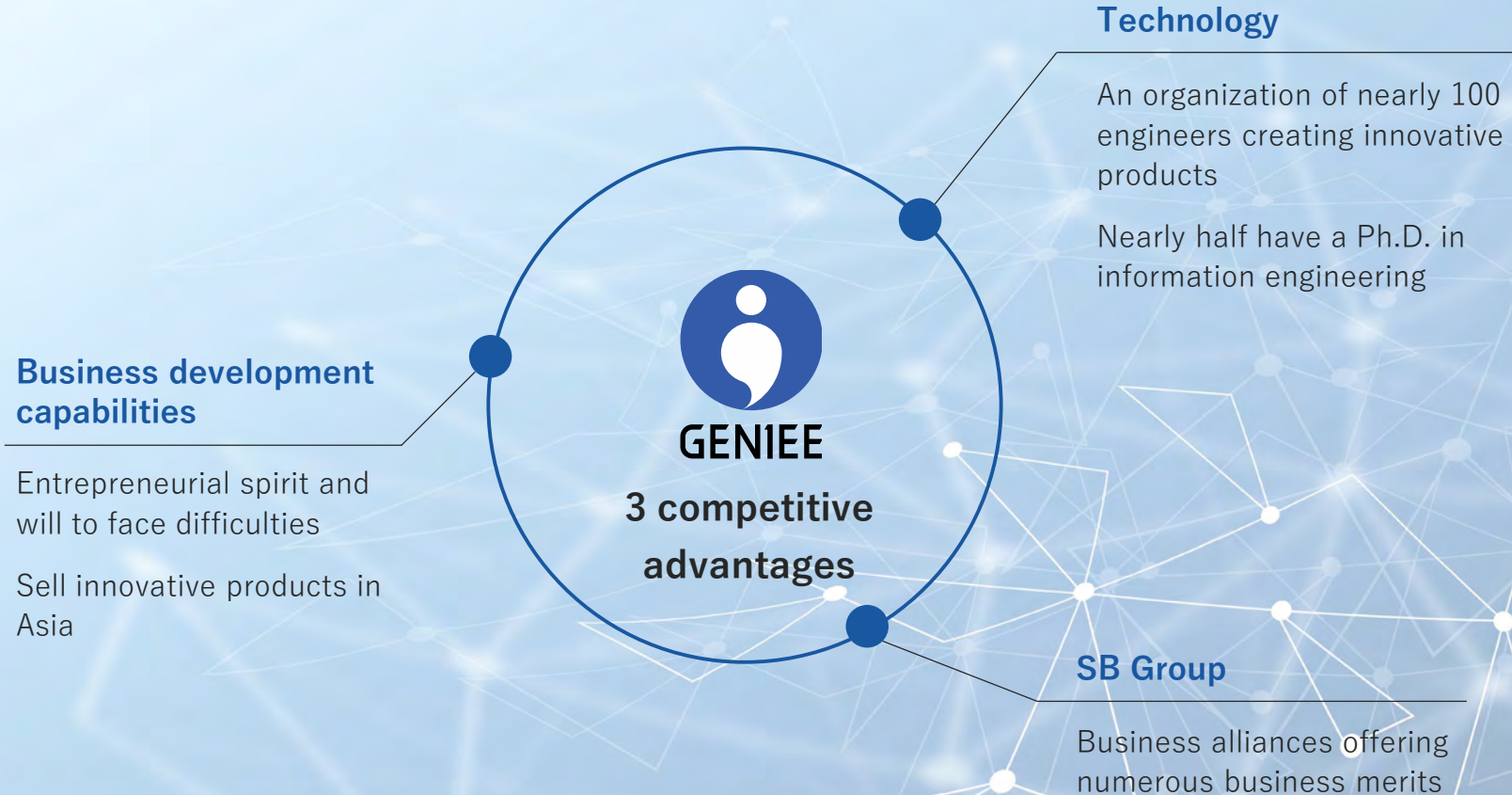


## Geniee's reason for being

Our technology resolves the highest-priority management problems. From startup to becoming an established corporation, improve work efficiency to resolve worker shortage, improve profitability, and contribute to sales growth.

Source: KAIKA "Japanese Company Management Issues 2017"

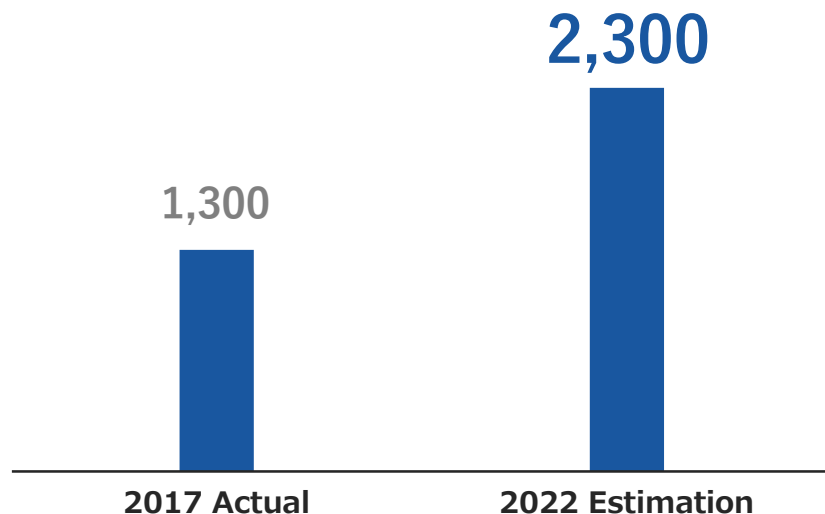




## Ad Platform Business

Online ad market

Continue 10%-20% annual growth



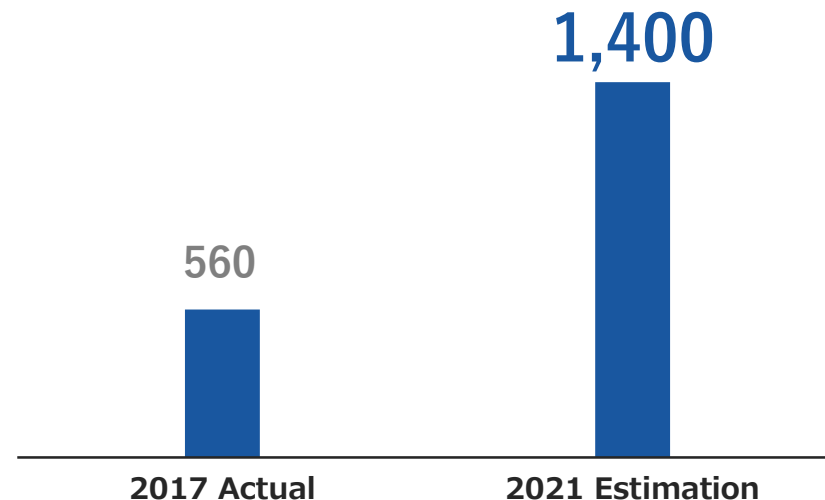
(Yano Research Institute "Online Advertisement Market in Japan: Key Research Findings 2018")

(unit: JPY billion)

## Marketing Solutions Business

Digital transformation market

Strong demand on DX market



(Source: Fuji Chimera Research Institute, Inc. "Outlook for Digital Transformation Market 2018")

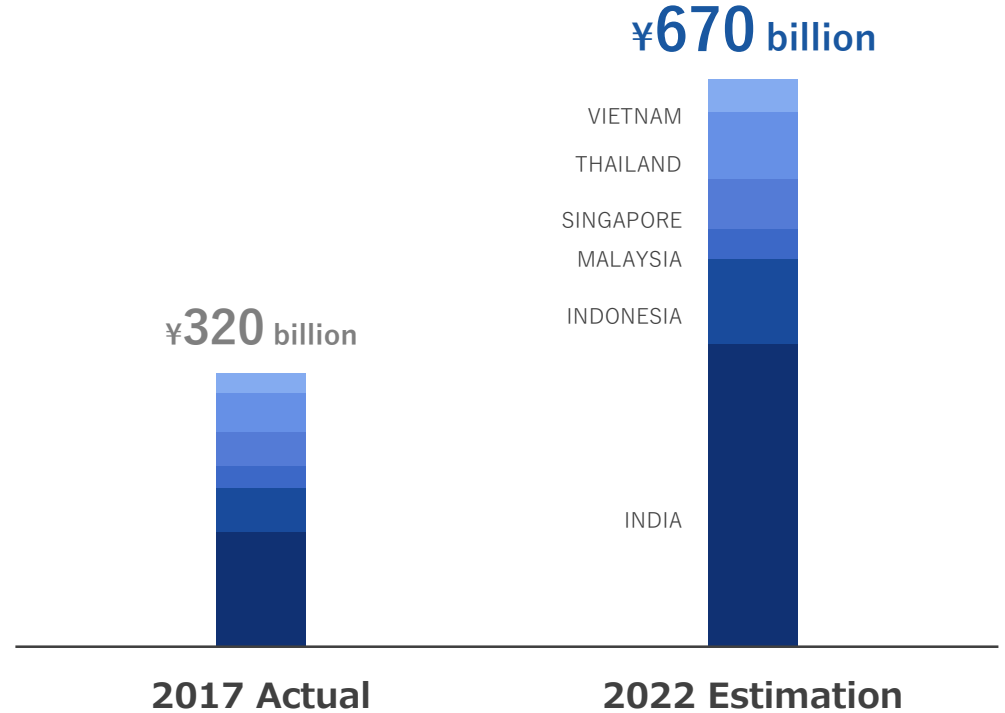
Growth speed exceeding Japan to develop products with Japanese quality on a scale of ¥670 billion by 2022, expecting market share growth

Asia online ad market

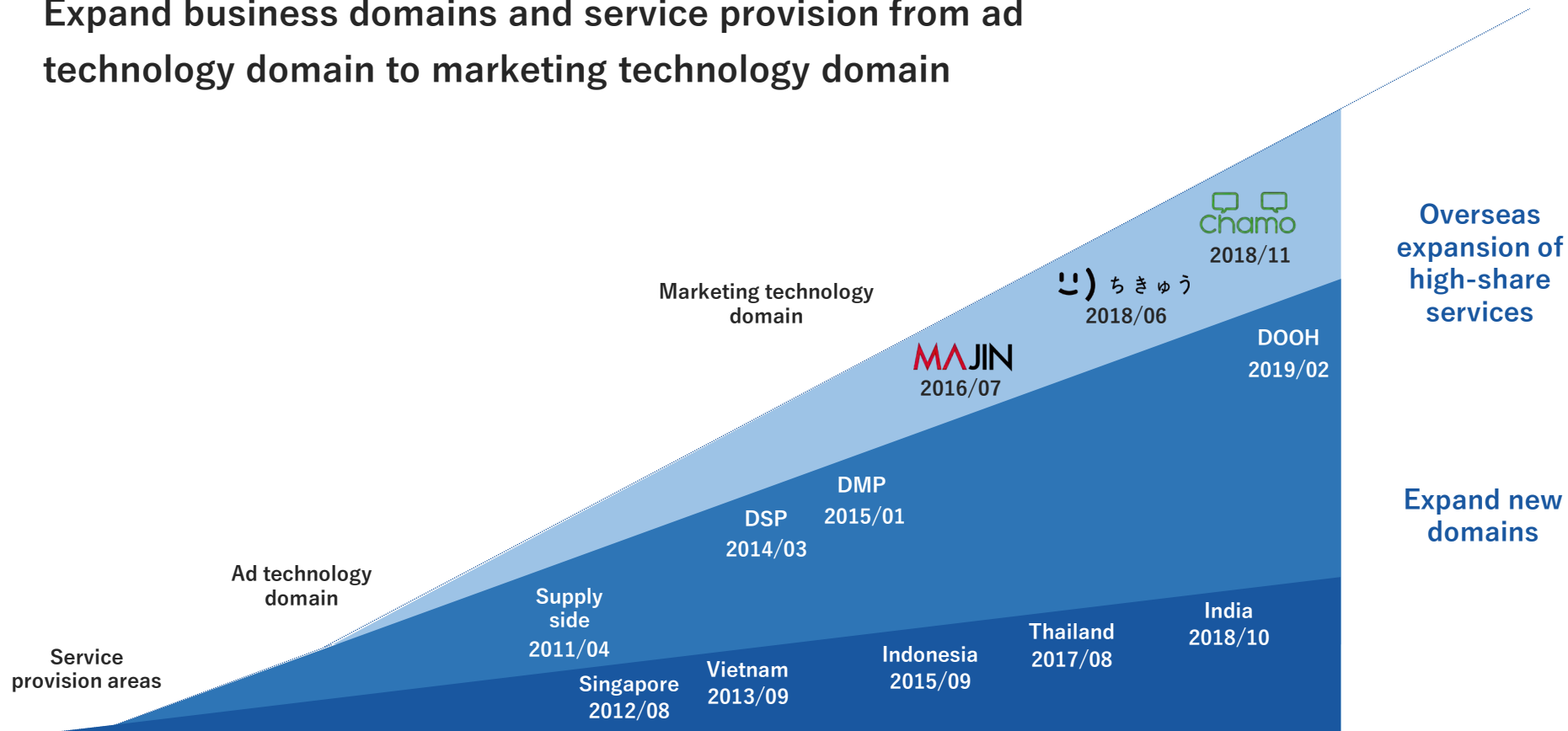
2022

¥670 billion

\*Geniee calculations based on eMarketer data



Expand business domains and service provision from ad technology domain to marketing technology domain



The consolidated earnings goals and other figures indicated in these materials reflect judgments based on information available at the time of creation and contain elements of uncertainty.

Actual performance may differ from actual results due to various factors.

