



## 1Q FY2020 Results Briefing Materials

Aug. 12, 2020

# Challenge Under COVID-19 Situation

- ✓ Achieve 25% growth of gross margin YoY
- ✓ Generate operating income in 2Q
- ✓ Generate JPY 180 million in full-year operating income

# 1Q FY2020 Financial Results Overview

Profitability improved with suspension of activities of unprofitable businesses in Japan and overseas.

Gross margin of Japanese businesses **increased 7% YoY despite COVID-19 situation.**

Consolidated earnings	1Q FY2019	1Q FY2020	Change	(Unit: JPY billion)
				YoY
Net Sales	3.39	<b>3.06</b>	<b>-0.33</b>	<b>-9.7%</b>
Gross Margin (Japan)	0.46 (0.4)	<b>0.46</b> (0.43)	<b>-0.0</b> (+0.03)	<b>-0.1%</b> (+7.0%)
Operating Income	-0.16	<b>-0.13</b>	<b>+0.03</b>	- %
Ordinary Income	-0.16	<b>-0.12</b>	<b>+0.04</b>	- %
EBITDA	-0.08	<b>-0.05</b>	<b>+0.03</b>	- %

## Ad Platform Business

Net Sales ¥**2.57** bn

We worked on maintaining and optimizing existing domains, marketing new products, and increasing share in new domains. Meanwhile, with the demand-side business, we strengthened marketing in domains not impacted by COVID-19.

In the digital OOH domain, we also promoted new efforts, such as development of new ad products with major billboard media and experiments on visualization of ad value

## Marketing Solutions Business

Net Sales ¥**0.23** bn

The business was impacted by COVID-19 to a certain degree, including decisions to refrain from participation in exhibitions and decreased ad volume in ad management services, but we rolled out marketing activities addressing the COVID-19 situation, including provision of chat bot Chamo free of charge and cross-selling of multiple products to companies working on introduction of IT.

## Overseas Business

Net Sales ¥**0.28** bn

We worked on strengthening the supply side reseller business. At the same time, efforts that we carried out the previous year, such as shrinking unprofitable businesses, bore fruit and brought significant improvement to our profit structure.

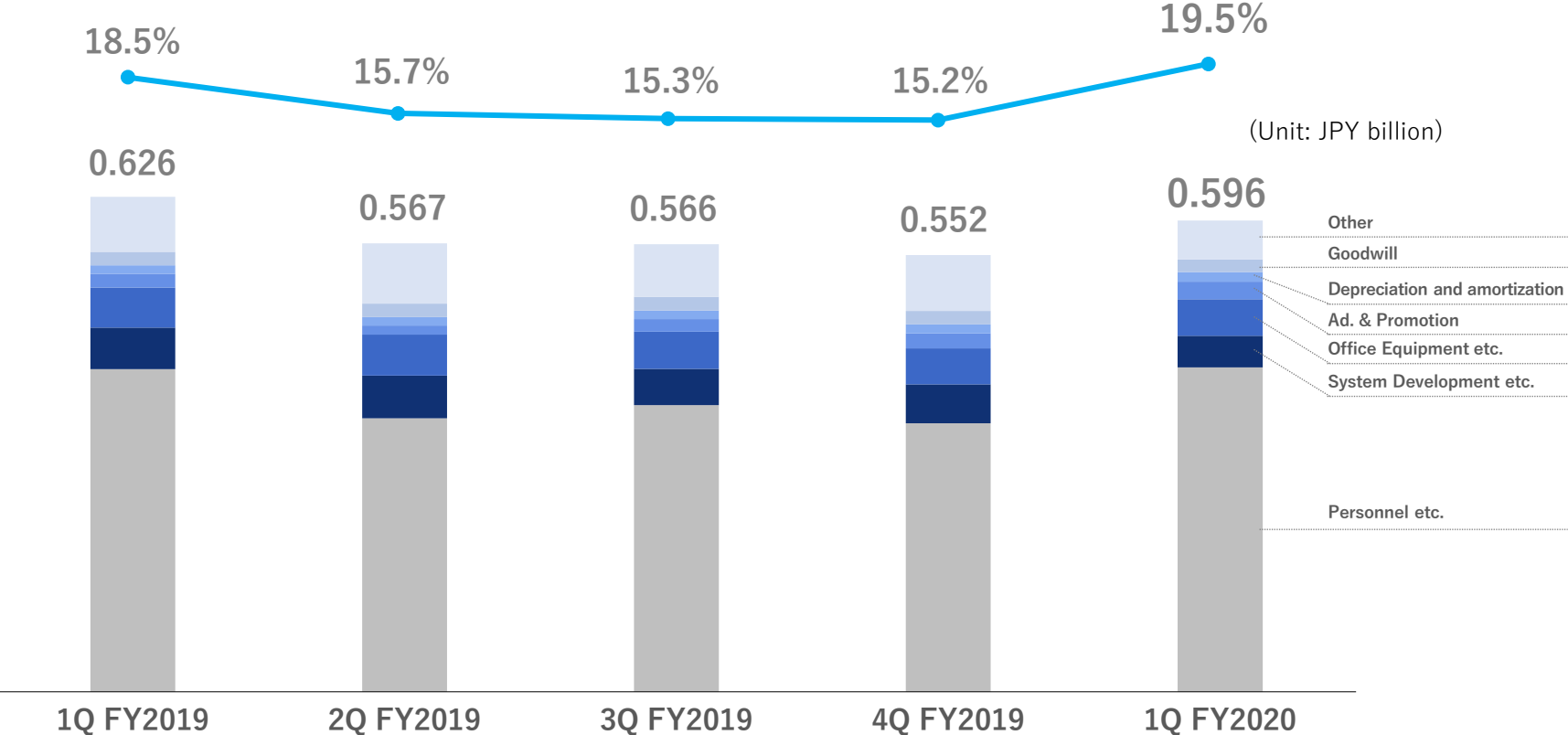
### Impact of COVID-19

Decline in ad placements (stores, outdoor billboard ads, etc.)

Delivery delays due to declaration of state of emergency

Suspension of sales activities due to declaration of state of emergency

Consolidated SG&A expenses curtailed since previous year despite increase in personnel expenses for new employees, etc.



# **FY2020 Full-Year Business Outlook**

Plan to increase gross margin significantly by 25.5% YoY while taking most recent economic situation into account (44% growth if impact of COVID-19 not considered).

Plan to move operating income and ordinary income into the black.

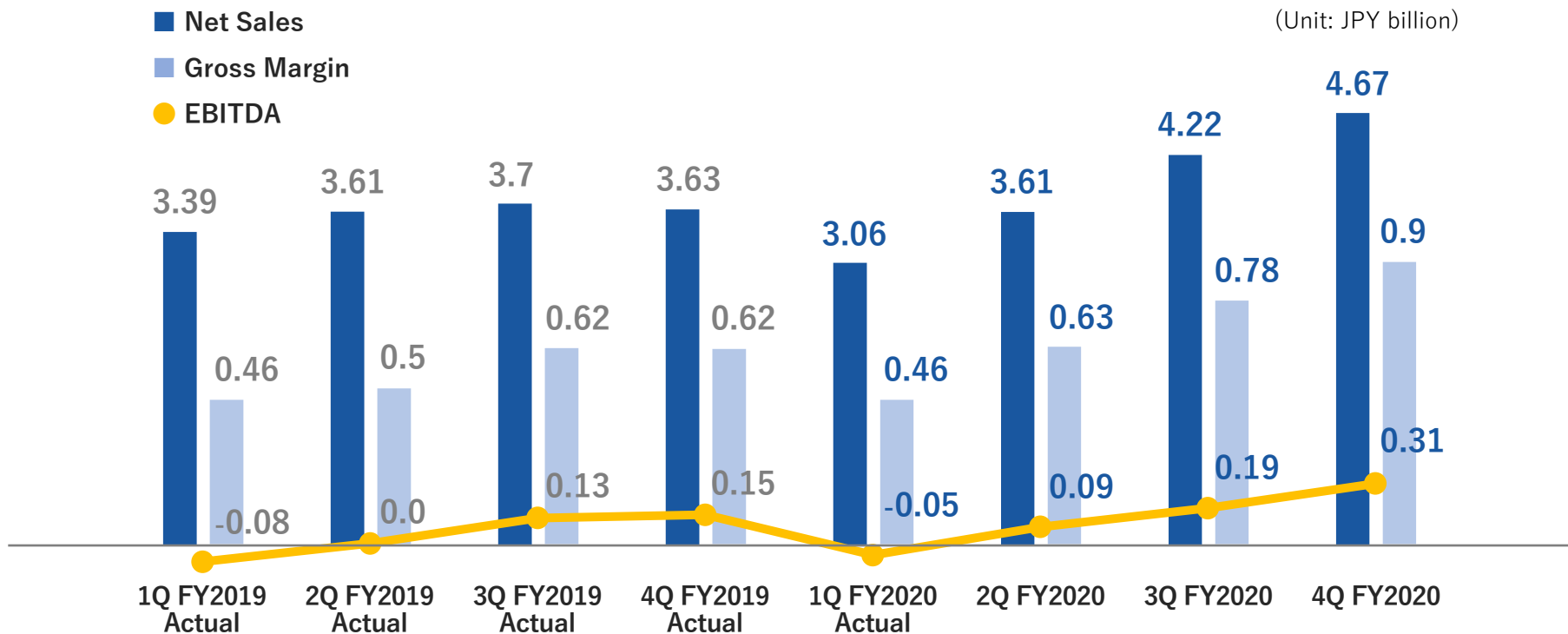
\*Assumption behind earnings forecast: Impact of COVID-19 will remain this year to certain extent, but economic activity will remain around level of August 12 with no return to state of emergency

(Unit: JPY billion)

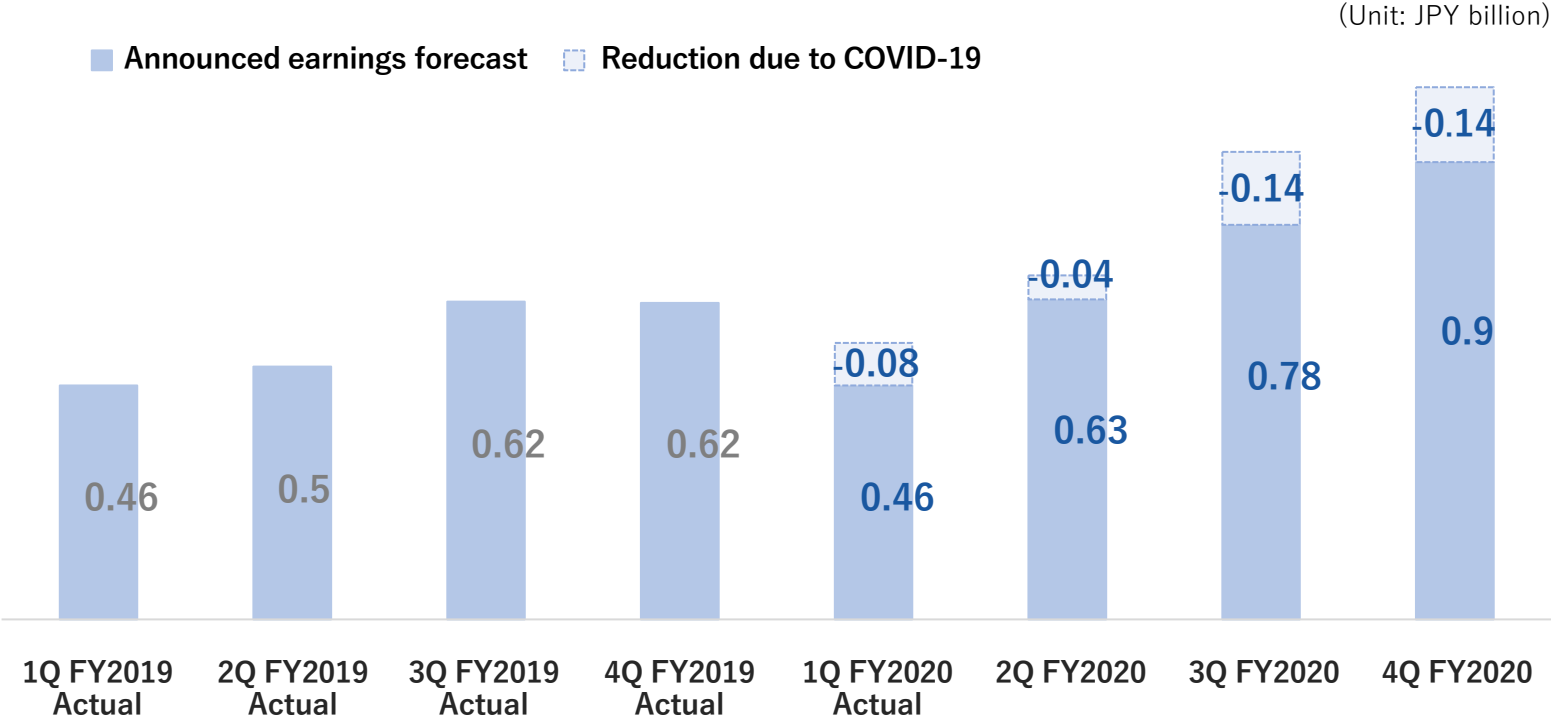
	FY2019 (Actual)	FY2020 (Forecast)	YoY
<b>Net Sales</b>	14.34	<b>15.58</b>	+8.6%
<b>Gross Margin</b>	2.22	<b>2.78</b>	+25.5%
Operating Income	-0.09	<b>0.18</b>	- %
Ordinary Income	-0.14	<b>0.17</b>	- %
<b>EBITDA</b>	0.21	<b>0.54</b>	+156.1%



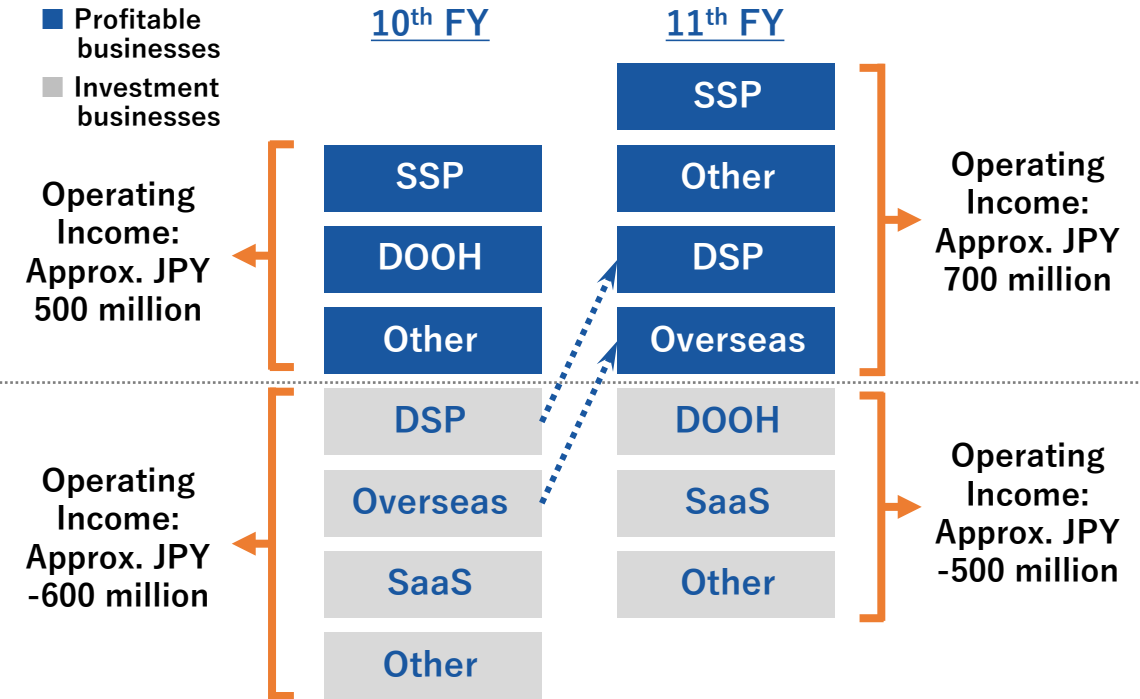
Earnings based on weighted 2H due to ad industry demand period. Aim to achieve gross margin of JPY 900 million, highest since listing, in 4Q after moving to black in 2Q operating income.



Fully-year impact of COVID-19 on gross margin estimated at JPY -420 million.  
Earnings forecast reflects this estimate.



In 11th fiscal year, operating income of profitable businesses to be approx. JPY 700 million, and that of investment businesses to be approx. JPY -500 million. DSP and overseas business profitable. Will continue certain level of investment in DOOH and SaaS to expand share. Aiming to achieve scale in SaaS allowing both profitability and listing on the local exchange during the year.



Rapidly growing industries

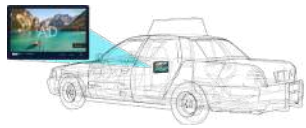
### Leading SaaS companies

<b>freee K.K.</b>	Market cap: JPY 259.9 bil
	Previous year's net sales: JPY 4.5 bil
<b>RAKUS Co., Ltd.</b>	Market cap: JPY 240.2 bil
	Previous year's net sales: JPY 11.6 bil
<b>Money Forward, Inc.</b>	Market cap: JPY 189.2 bil
	Previous year's net sales: JPY 7.1 bil
<b>Sansan, Inc.</b>	Market cap: JPY 161.2 bil
	Previous year's net sales: JPY 13.3 bil
<b>Chatwork, Inc.</b>	Market cap: JPY 60.4 bil
	Previous year's net sales: JPY 1.8 bil

\*Market cap is as of August 7, 2020

Plan YoY increase of 270% in DOOH net sales in 11th FY.

Will also focus on introducing to several media and enhancing functions of ad distribution platform, including new product development and visualization of ad effectiveness.



1-day programmatic broadcast plan



19/2

19/8

19/11

20/1-3

20/6

20/7



Plan YoY increase of 96% in SaaS net sales in 11th FY.

Strengthen marketing, including presentations at seminars, and increase number of implementing companies.

Seminar Presentations



May 28 Online Seminar

Organizer: Mynavi Corporation

Participants: 350



June 1 Online Conference

Organizer: Givery, Inc.

Participants: 670



June 19 Online Conference

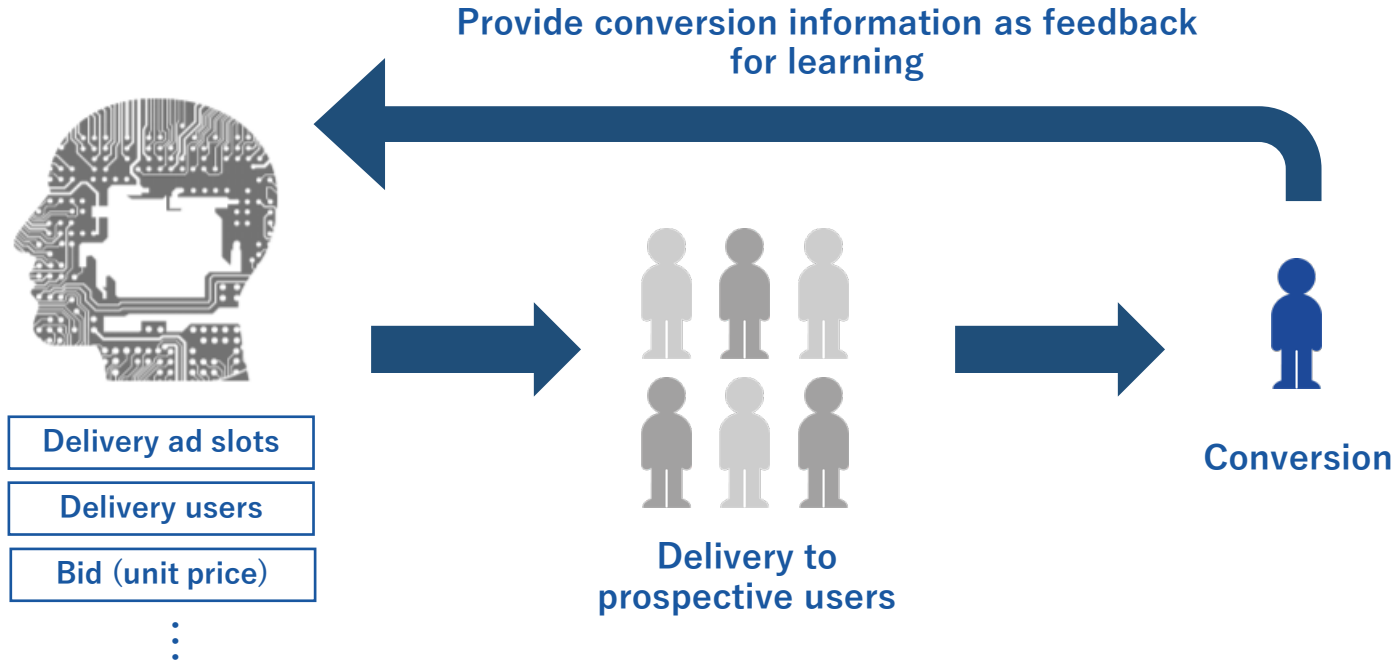
Organizer: SB Creative Corp.

Participants: 1,080

Track Record of Implementation



Released beta of purchasing algorithm using machine learning on July 29.  
Improves purchasing efficiency enabling more conversions at a low cost.



## Recent Releases

- 7/29 Yunika Corp. and Geniee partner to develop YUNIKA VISION DOOH, ad distribution service for DOOH
- 7/09 Keio Agency, Inc. and Geniee partner to begin experimenting on visualization of ad value
- 7/02 Geniee and Tokyo Verdy Club sign marketing partnership agreement
- 6/24 HIT CO., LTD. and Geniee team up for DOOH project offering ad broadcasting on large outdoor screens in Tokyo and Osaka for 10,000 yen or less per day!
- 6/01 Geniee's response to lifting of state of emergency
- 5/29 Geniee to hold online conference on June 1 entitled "MOC2020: New Marketing Style Required in the Age of COVID-19"
- 5/25 Geniee named among High-Growth Companies 2020 Asia-Pacific by Financial Times
- 5/20 Geniee to present at seminar organized by Mynavi Corporation entitled "Deepening Relationships with Customers: Latest BtoB Marketing Techniques and Examples of Early Adoption" on May 28
- 5/18 Geniee, SoftBank Corp., and Arm Treasure Data to hold data strategy seminar
- 5/08 Geniee extends free provision of Chamo chat bot tool
- 5/08 Geniee's response to the spread of COVID-19

### For Customers

**Extension of free provision of Chamo chat bot tool**

**Holding of online seminars and conferences**

**During state of emergency:** In principle, internal and external meetings and hiring interviews held online

**After state of emergency:** Meetings and hiring interviews held face-to-face or online according to customer/interviewee preference

### For Employees

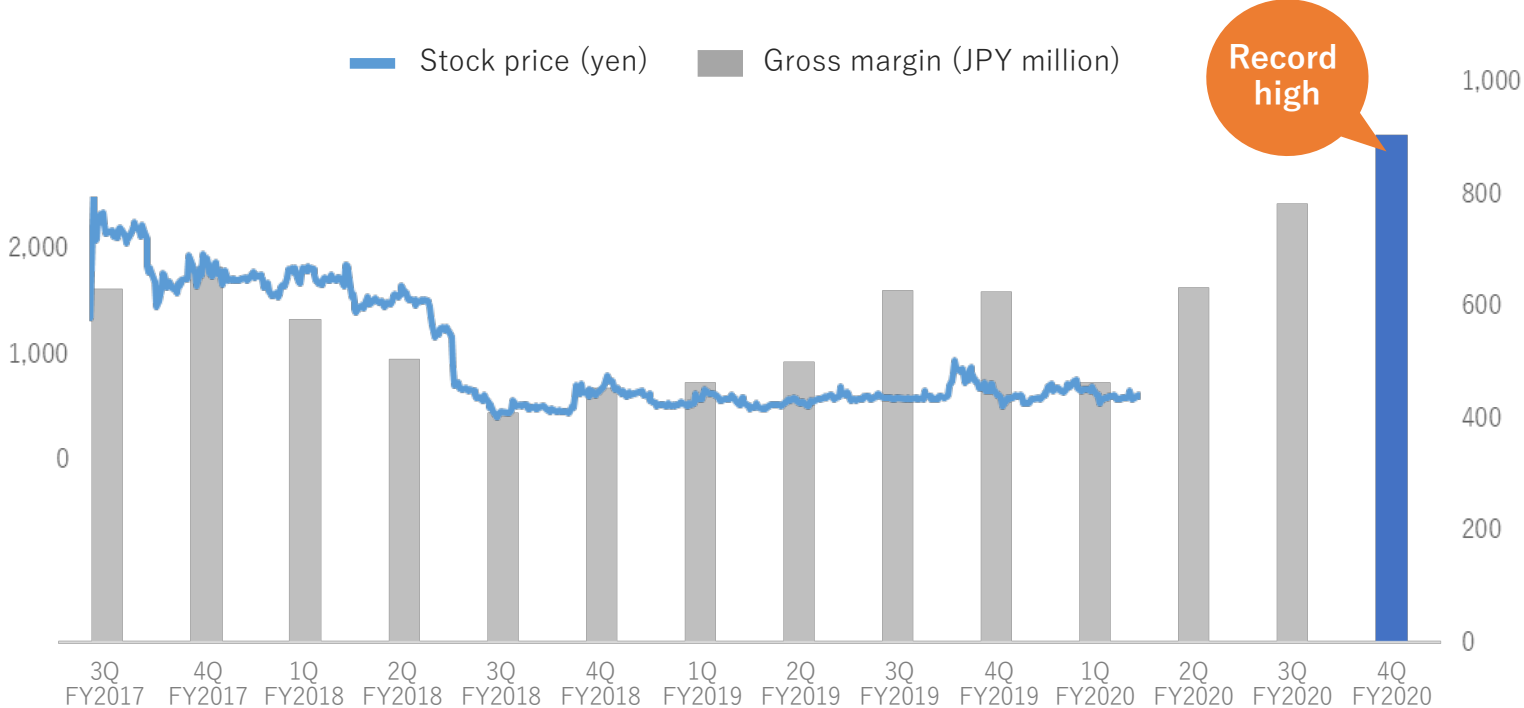
**During state of emergency:** In principle, all employees worked from home, regardless of employment type

**After state of emergency:** Working from office and from home. If working from office, staggered hours and measures to prevent the spread of the virus (hand washing, mouth washing, and wearing of face masks) used out of consideration for safety while working



**Stock Price: JPY 608 as of August 11**

**Steadily grow company in short, medium, and long term, enhance IR, and tie that into increasing stock price.**



# Reference Materials

# 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.

Developing Ad Platform Business related to online ads and Marketing Solutions Business related to digital transformation.

Also rolling out Japanese products overseas, primarily in Southeast Asia.

## Ad Platform Business

Provide platform for buying and selling online ads



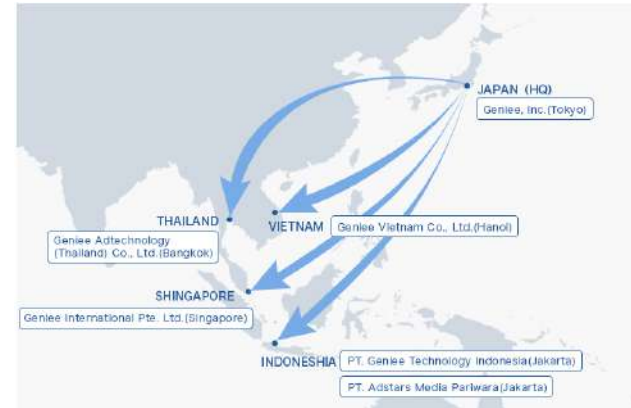
## Marketing Solutions Business

Provide software for streamlining corporate marketing activities



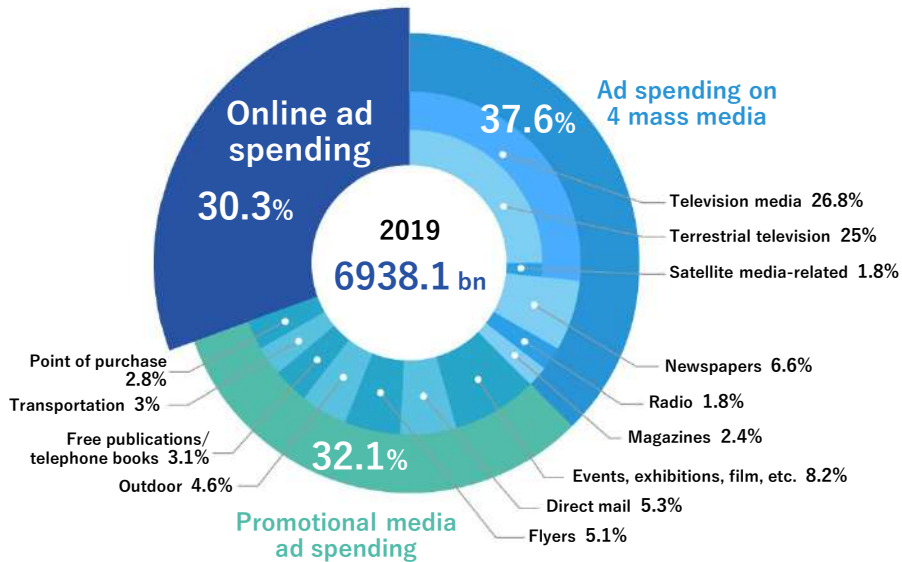
## Overseas Business

Roll out Japanese products overseas

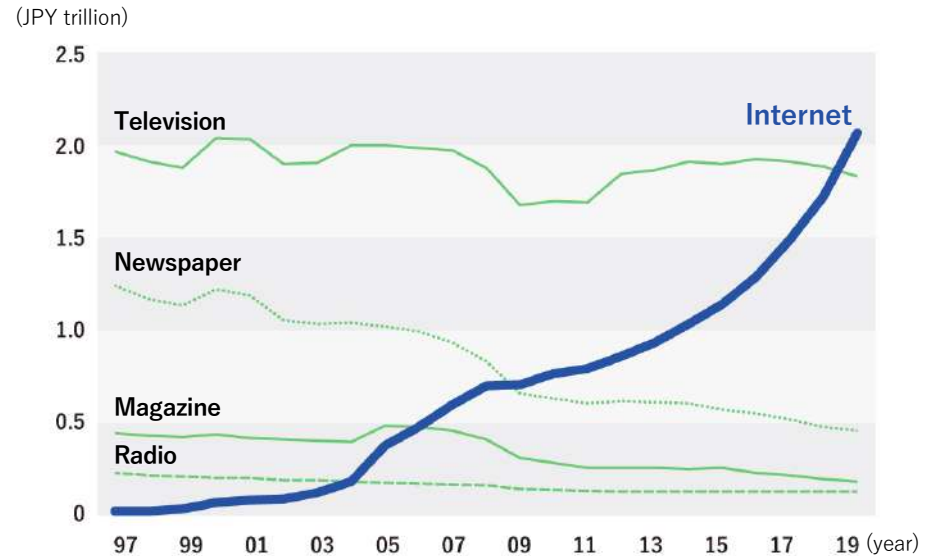


The ad market is roughly JPY 6.9 trillion. Online ads account for around 30% of it.  
 The online ad market is growing every year and is projected to approach JPY 3 trillion by FY2023.

### Composition by media

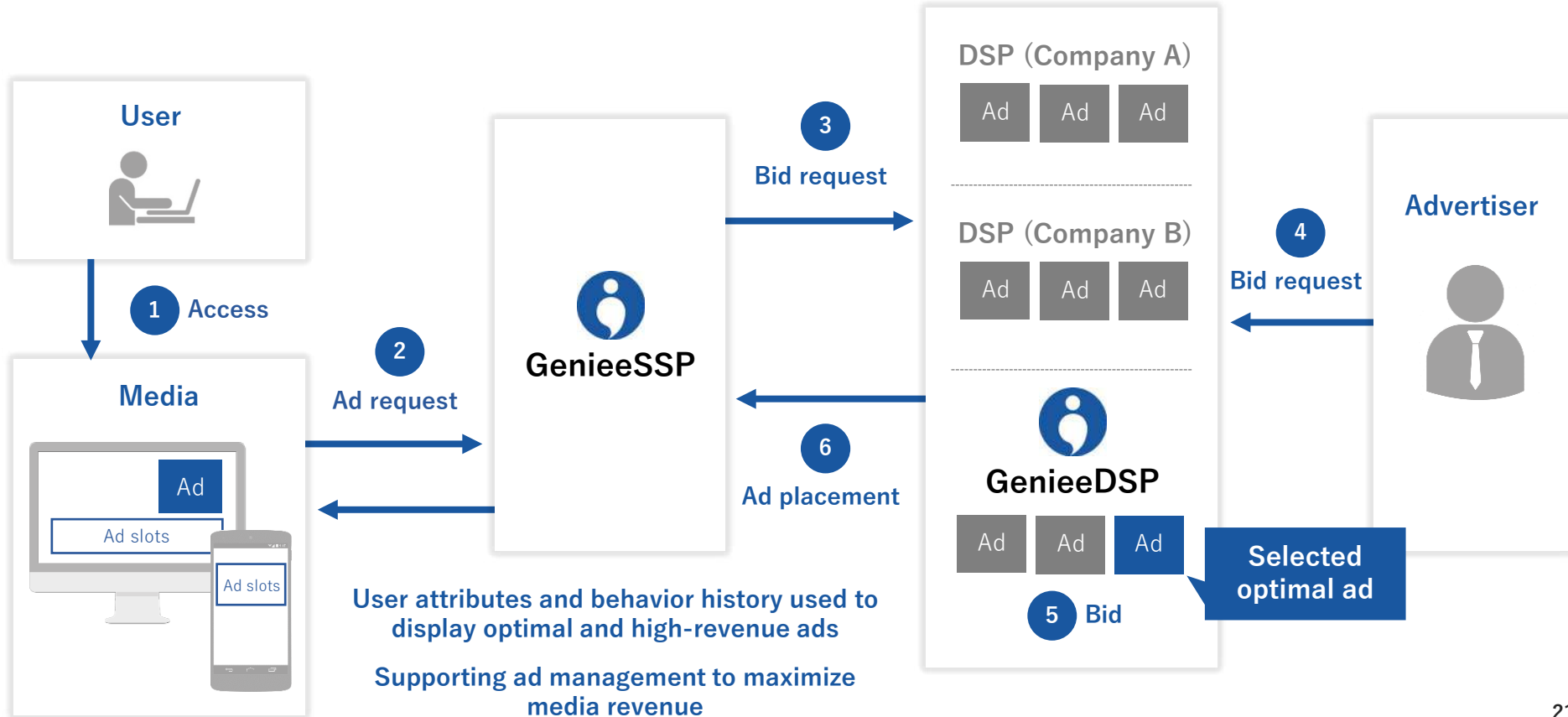


### Trend in online ad market



# What is the Ad Platform Business?

Develop Ad Platform Business providing SSP, DSP, etc. in online ad market.





**東洋経済 ONLINE**  
2月19日 (水) 週刊東洋経済プラス | 四季報オンライン | ストア | セミナー  
無料会員

Life on LINE  
 新型コロナウイルスもたらす「最悪のシナリオ」とは何か  
 松本 英毅：NY在任コモディティリーダー 3  
 LINE、スマホ決済と広告事業に見えた構造変化  
 長尾 泉論：東洋経済 記者 2  
 東京メトロ社長が明かす「遅延を減らす秘策」  
 大坂 直樹：東洋経済 記者 2  
 「ジープ」の販売台数が10年で13倍も増えた理由  
 鈴木 ケンイチ：モータージャーナリスト 3

「職業の選択」を間違わないためにやるべき事 5  
 安井 元康  
 ブックオフと赤いきつね「CM」刷新と不安の値打 1  
 我妻 弘崇  
 「自動化」で躍進！名古屋港の存在感が増すワケ 会員限定

疫病都市 武蔵野 野島 野島リポート 小堀由

「インフル特効薬」急落で塩野義が 小学6年までに「英検準2級」を取る

## TOYOKEIZAI ONLINE

**Walker** イベント スポット ニュース ランキング 行き先を探す  
Google カスタム検索

北海道 札幌市 東北 仙台市 関東 東京都 横浜市 甲府県 新潟県 富山県 石川県 福井県 山梨県 長野県 岐阜県 静岡県 愛知県 三重県 滋賀県 京都府 兵庫県 徳島県 香川県 岡山県 広島県 山口県 福岡県 佐賀県 熊本県 大分県 鹿児島県 沖縄県 東京都 千葉県 埼玉県 茨城県 栃木県 群馬県 山梨県 長野県 岐阜県 静岡県 愛知県 三重県 滋賀県 京都府 兵庫県 徳島県 香川県 岡山県 広島県 山口県 福岡県 佐賀県 熊本県 大分県 鹿児島県 沖縄県

開催予定のイベントが延期、中止になっている場合があります。おでかけの際は、事前にご確認ください。

今が旬のおでかけ特集  
 ベリー・ベリー・ミニ  
 ビクサー・ブレイタイム

紹介! 2020. 1.10~3.19

LINEカーナビでGO!  
 乗り場はここ! LINEカーナビでGO!

## Walker+

**All About** 知りたいことを検索

あなたの明日が動きだす

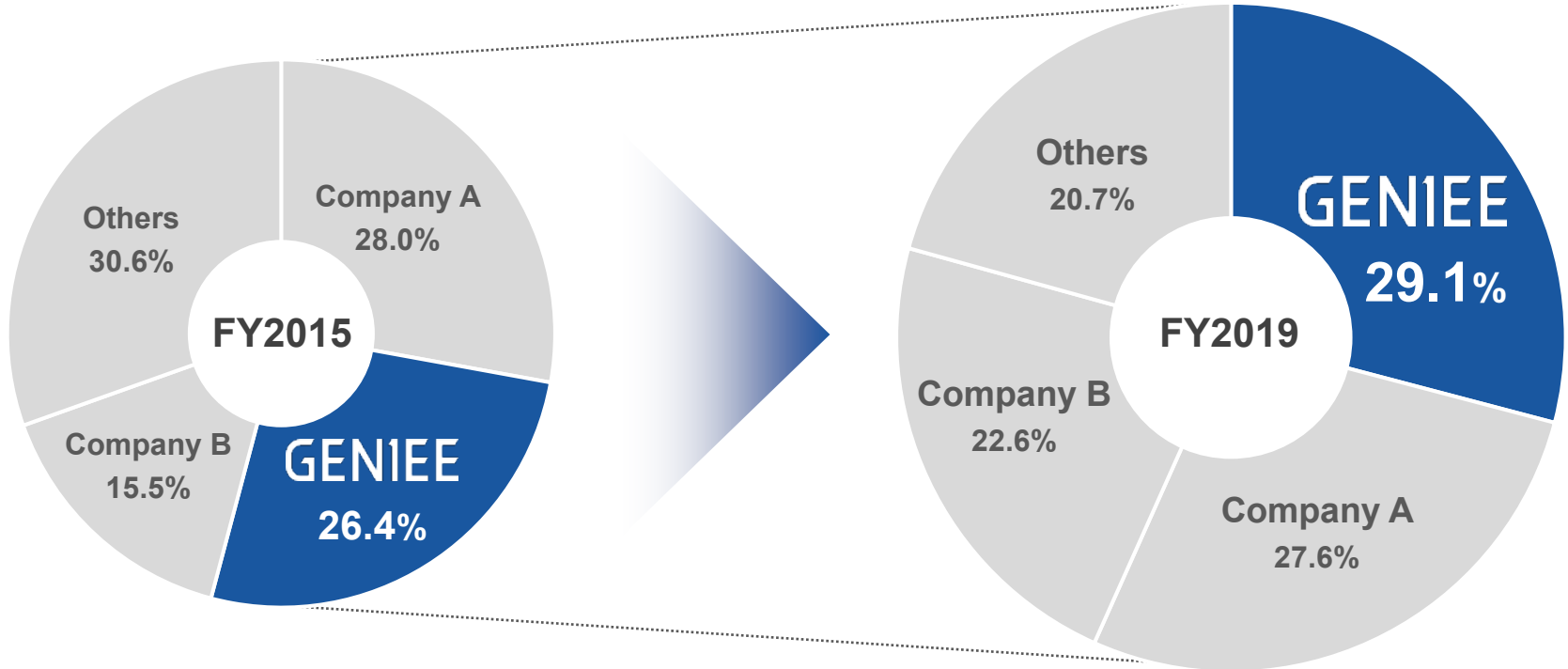
サイトマップ | メルマガ | 公式SNS一覧 | ガイドを探す

暮らし 美容 住宅 マナー 健康 ビューティ デジタル 暮らし 恋愛・結婚 ビジネス・学習 メンズスタイル 旅行 趣味 ファッション グルメ 車・バイク

パッケージも魅力! ロングセラーの定番お菓子13選  
 購入 時正  
 100歳超えも? ロングセラーの定番お菓子12選  
 購入 時正  
 ビジネス・学習  
 韓国語で尊敬語を学ぼう! まずは名詞から  
 時野 京  
 2020年の家計防衛・第3回「もっとお金が貯まる保険の...」

## All About

Captured top share of SSP market in FY2016 and have maintained it since

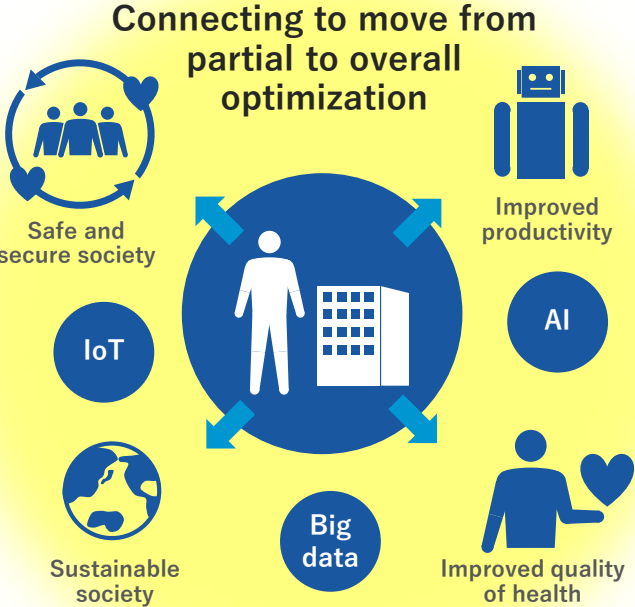
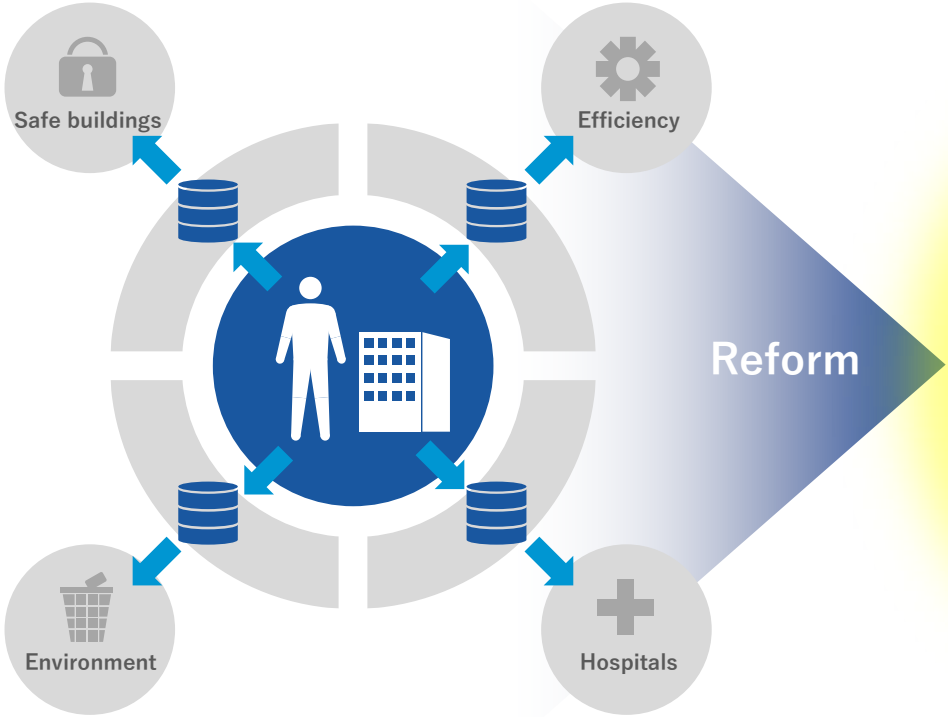




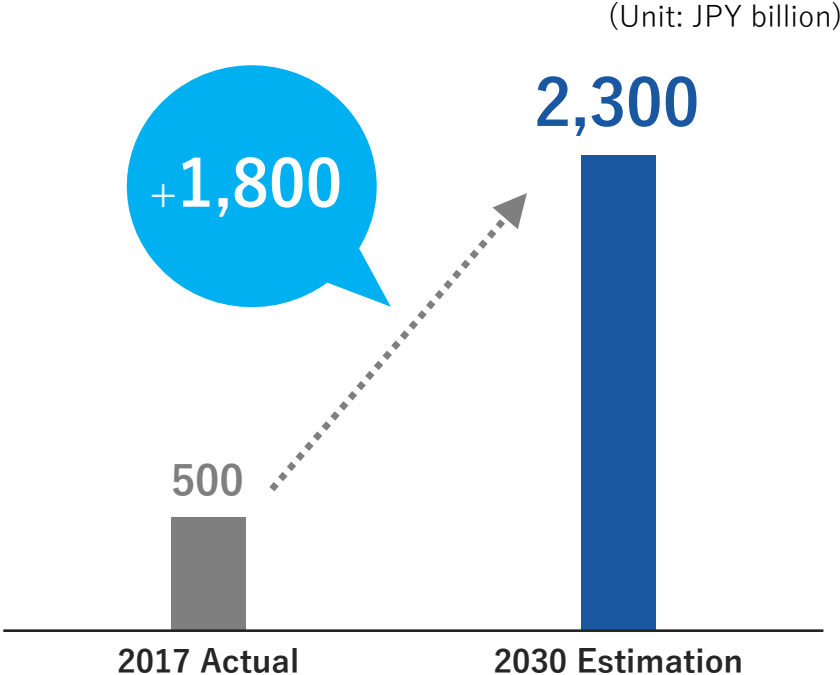
Digital transformation (DX) refers to transforming business models using ICT. Existing traditional industries are being replaced by new digital services one after another.

**Now** Reality and cyber space separate

**Future** Reality and cyber space seamlessly connected



Expand scale in aim of reforming business model and creating new businesses  
Will grow to more than 2.3 trillion yen by 2030 owing in part to work style reform



# Strengths of Geniee

## Business development capabilities

Entrepreneurial spirit and will to face difficulties

Sell innovative products in Asia



## Technology

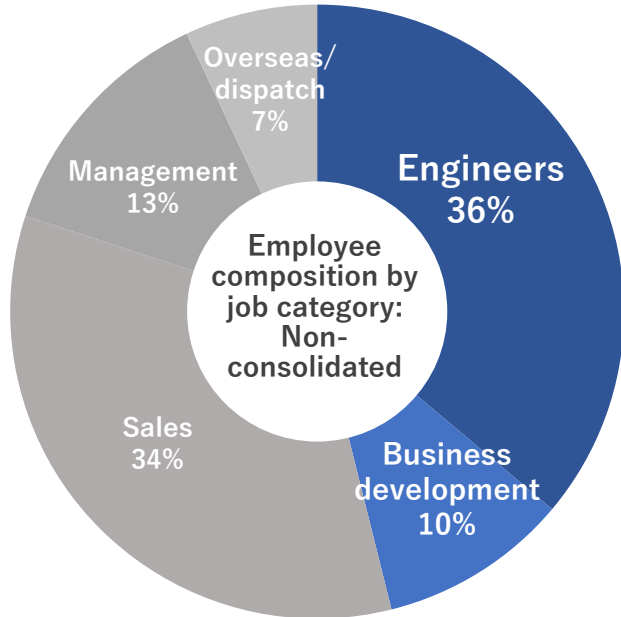
An organization of nearly 100 engineers creating innovative products

Nearly half have a Ph.D. in information engineering

## SoftBank Corp. Company

Business alliances offering numerous business merits

Development personnel account for roughly half of all personnel and develop revolutionary products and businesses



(As of March 31, 2020)

Data processing technology enabling several hundred thousands of requests (ad distribution orders) per second



- Around 15 terabytes of data processed daily, among the top in Japan
- Distribution system infrastructure fully handmade using on-premise\* servers
- Data center in Singapore allows overseas delivery as well

\* Independent management and operations in which we install and implement information system hardware in our data centers and other facilities ourselves

Developing a solid structure of collaboration since start of capital and business alliance in 2014

## Major Shareholders

Name	Shares Owned	%
Tomoaki Kudo (Representative Director and President)	6,541,100	36.42
<b>SoftBank Corp.</b>	<b>5,625,000</b>	<b>31.32</b>
Hiroshi Hirose (Director)	657,700	3.66
Rakuten Securities, Inc.	656,600	3.65
Trans Cosmos Co., Ltd.	495,000	2.75

Management from long-term perspective possible thanks to stable shareholders composition

Strengthen and expand cross-border services offered in collaboration with Softbank.



Distribute ads targeting foreigners visiting Japan to major supermarkets, drug stores, and consumer goods manufacturers



\* Cross-border services: Cross-border ad distribution services that generate inbound and cross-border EC marketing opportunities

<b>Company Name</b>	Geniee, Inc.	<b>Employee</b>	264 (Geniee Japan: 180; overseas subsidiaries: 84)  *Temporary staff and outsourced workers are not included in the number of employees.
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<b>Business</b>	Marketing Technology Business	<b>Establishment</b>	April 14, 2010
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<b>Headquarters</b>	Sumitomo Realty & Development Shinjuku Oak Tower 6th Floor, 6-8-1 Nishi Shinjuku, Shinjuku-ku, Tokyo 163-6006	<b>Capital</b>	¥1,545 million
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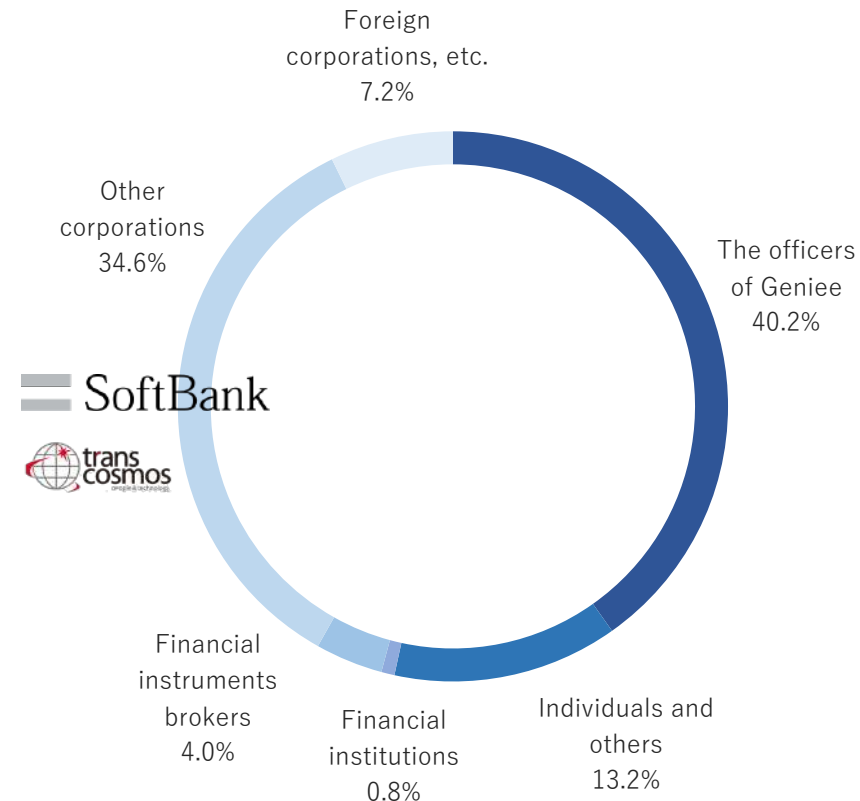
<b>Representative</b>	President and CEO Tomoaki Kudo	<b>End of Fiscal Year</b>	March 31
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<b>Executive Officers</b>	Director    Hiroshi Hirose Michimasa Naka (Outside) Koichi Machida (Outside)  Director and Audit & Supervisory Committee Member Katsuyuki Toritani (Full-time, Outside) Yukio Todoroki (Outside) Katsumasa Niki (Outside)	<b>Group company</b>	Geniee International Pte., Ltd. Geniee Vietnam Co., Ltd. PT. Geniee Technology Indonesia Geniee Adtechnology (Thailand) Co., Ltd. PT. Adstars Media Pariwara
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Trans Cosmos Co., Ltd.	495,000	2.75
NICE SATISFY LIMITED	402,000	2.23
AT- I Investment Limited Partnership	378,200	2.10
BNY GCM CLIENT ACCOUNT JPRD AC ISG(FE – AC)	313,500	1.74
Fenix Venture Company IX, L.P.	258,000	1.43
Anchor Advisors TMT3 Investment Limited Partnership	204,900	1.14

## Shareholder Composition by Owner



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.

