

Marketing Technology & AI Company



Fiscal Year Ending March 31, 2025 (FY2024)
Q1 Financial Results Briefing Materials

Revenue was 2,265 million yen, **up 26% YoY**

With gross profit also growing 26%, both revenue and gross profit **hit record highs**



In the Advertising Platform Business, growth was driven mainly by SSP, **realizing 25% YoY growth**



In the Marketing SaaS Business, with deliveries to large customers completed, recording of large-scale MRR has begun
Development of enterprise areas also progressed, **realizing 42% YoY growth**



In the Overseas Business, promotion of PMI by Zelto's CEO team led to greater business base stability

Financial Summary

Revenue was up 26.2% YoY and gross profit was up 26.5% YoY, **realizing high growth in each**
Operating profit was significantly higher YoY, with non-recurring items relating to the reversal of earnouts*¹ being a major factor
Resulted in a smooth Q1 to achieving the plan for this fiscal year

(Unit: million yen)

	FY2023 Q1 (a)	FY2024 Q1 (b)	Change (b – a)		FY2024 Projection
			Amount	%	
Revenue	1,795	2,265	470	26.2	10,200
Gross profit	1,376	1,740	364	26.5	8,000
Operating profit	111	815	704	633.7	2,300
[Normalized profit* ²]	[111]	[170]	[59]	[53.2]	—
Profit before tax	8	748	740	—	2,200
Profit	6	670	664	—	1,700
Profit attributable to owners of parent	4	672	668	—	1,700

*¹ In the previous consolidated fiscal year, out of the 10 million dollars (maximum payment amount) of the contingent considerations for Zelto, Inc., 5 million dollars was reduced by agreement with the former shareholders, but since the continued engagement of the former shareholders, which is a requirement for exercising contingent considerations, did not meet the exercise requirements, the decision was made to conduct reversal of the entire amount of the contingent considerations. As for the employees of Zelto, Inc. who have received a transfer of the right to receive contingent considerations from the former shareholders, an agreement has been entered into with the employees as a new incentive plan that grants annual performance-based bonuses in exchange for waiving the right to receive such receipt. Proceeds from the reversal are recorded as “other income” in the consolidated statements of profit or loss.

*² Refers to operating profit after excluding non-recurring items.

By Segment | Percentage of Earnings

The Advertising Platform Business with top-class domestic market share drove revenue
The Marketing SaaS Business rapidly expanded due to expansion of enterprise areas

Overseas Business

Revenue

334

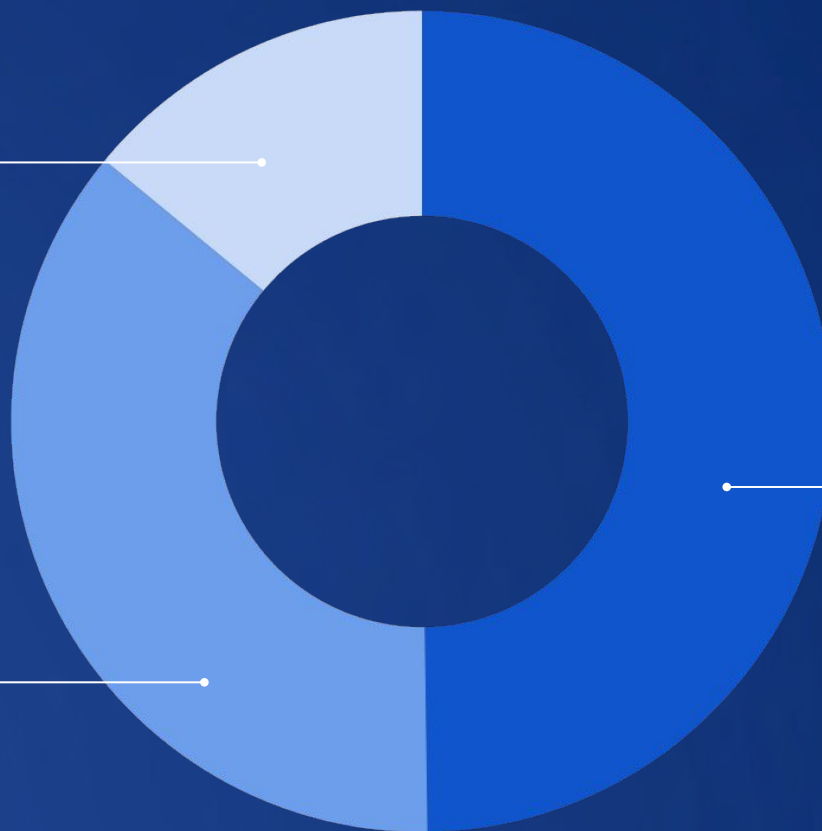
(Reference) Segment profit 24
Operating loss 0.0

Marketing SaaS Business

Revenue

859

(Reference) Segment profit 25
Operating loss 190



(Unit: million yen)

Advertising Platform Business

Revenue

1,179

(Reference) Segment profit 581
Operating profit 360

By Segment | Percentage of Earnings Trends

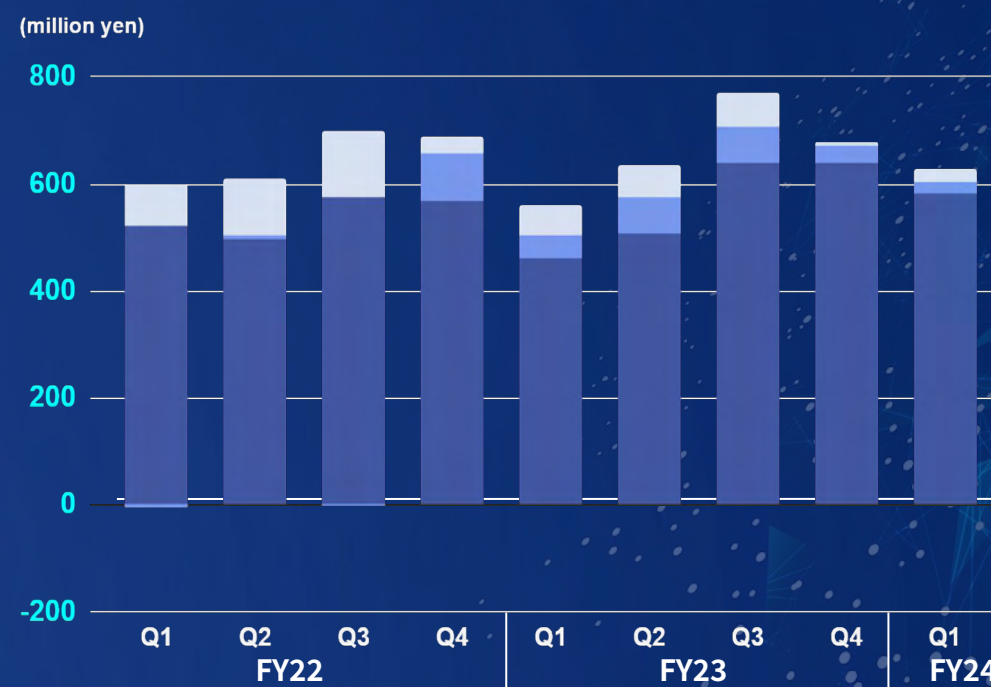
The percentage of the Marketing SaaS Business with a large market size and market growth rate is rapidly expanding
Enterprise orders continue to be received in the SFA/CRM and CHAT areas of the Marketing SaaS Business
With enterprise deliveries completed, recording of large-scale MRR began in April. Targeting semi-annual profitability in the second half of FY2024*

Advertising Platform Business
Marketing SaaS Business
Overseas Business

Revenue



Segment profit



* Since FY2023 Q4, hiring has been actively underway at JAPAN AI, causing the Marketing SaaS Business' operating SG&A expenses to increase and segment profit to thus decrease

1 Competitive Advantage

2 Segment Overview (Advertising Platform Business)

3 Segment Overview (Overseas Business)

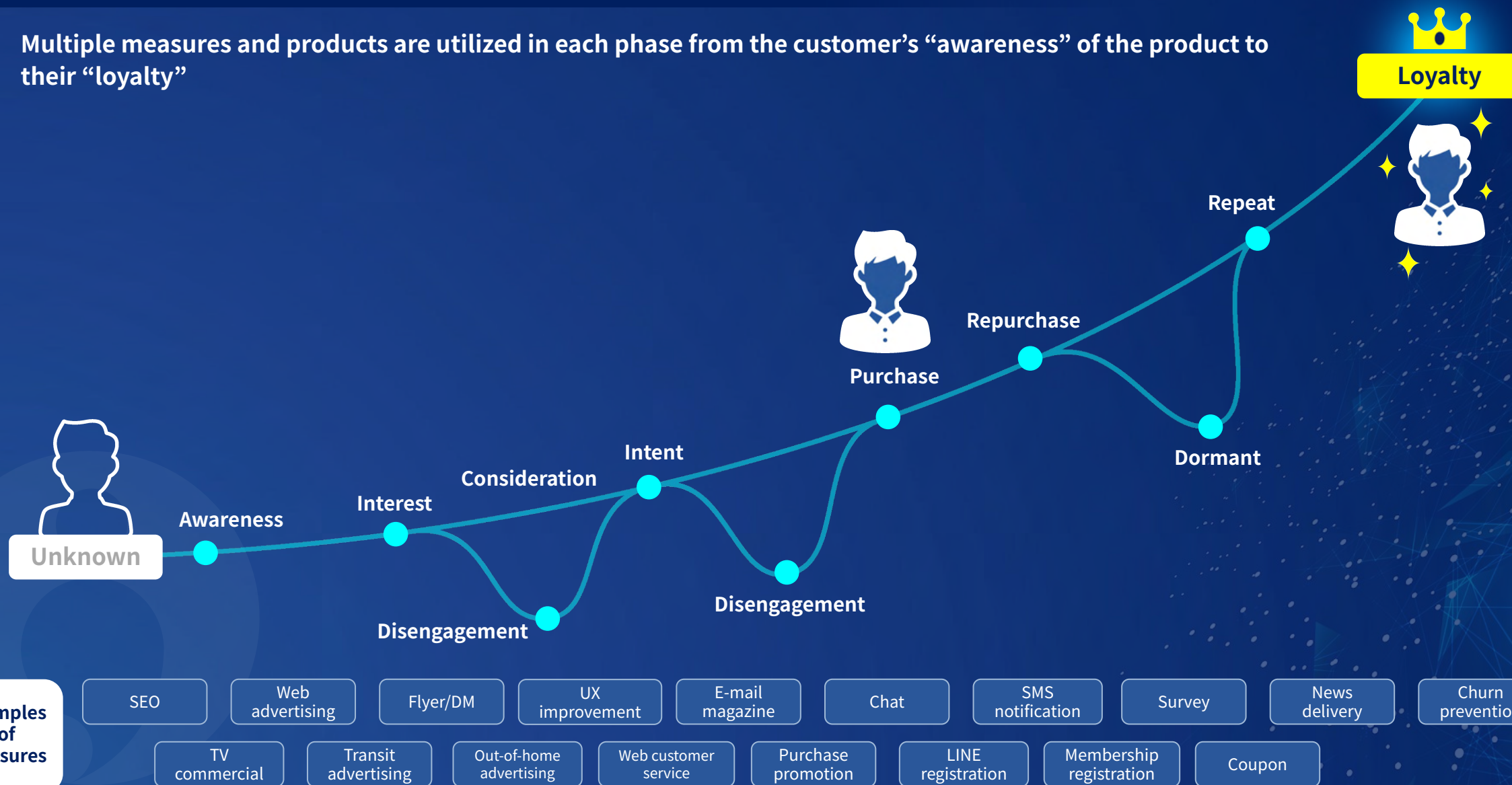
4 Segment Overview (Marketing SaaS Business)

5 Medium-Term Management Plan

6 Q&A

Big Picture of Digital Marketing

Multiple measures and products are utilized in each phase from the customer's "awareness" of the product to their "loyalty"



Marketing Challenges

There is a need to use multiple different tools for each phase and the marketing industry is flooded with tools and operators
Corporate marketing activities are becoming more complicated and inefficient



Common challenges

Business efficiency

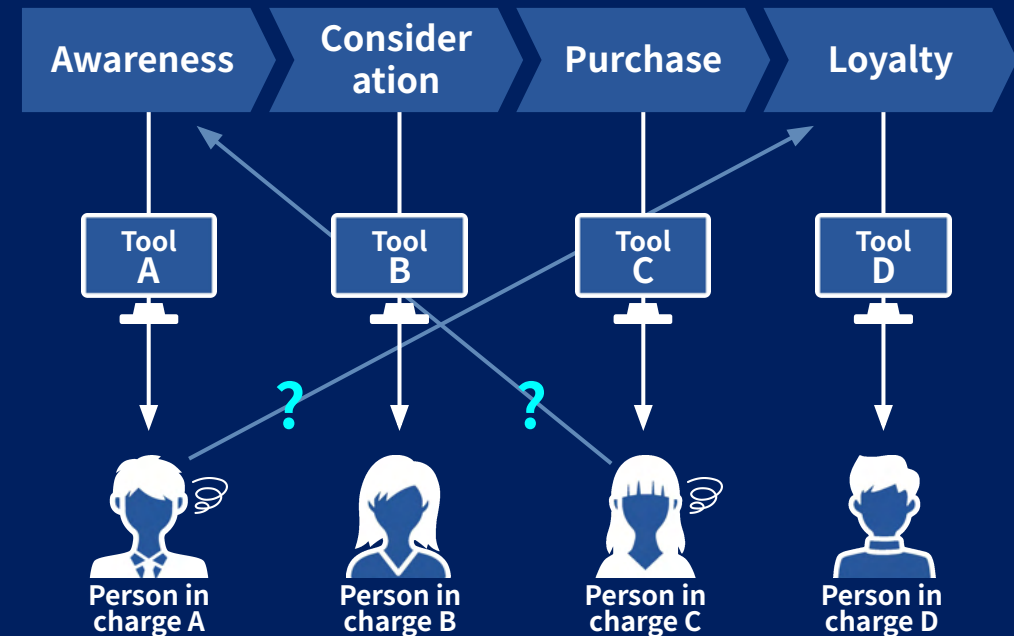
- Labor-intensive tasks for implementing breakouts arising (manual ad operation, data integration/analysis, etc.)
- Inefficiency of using complex marketing tools

Costs

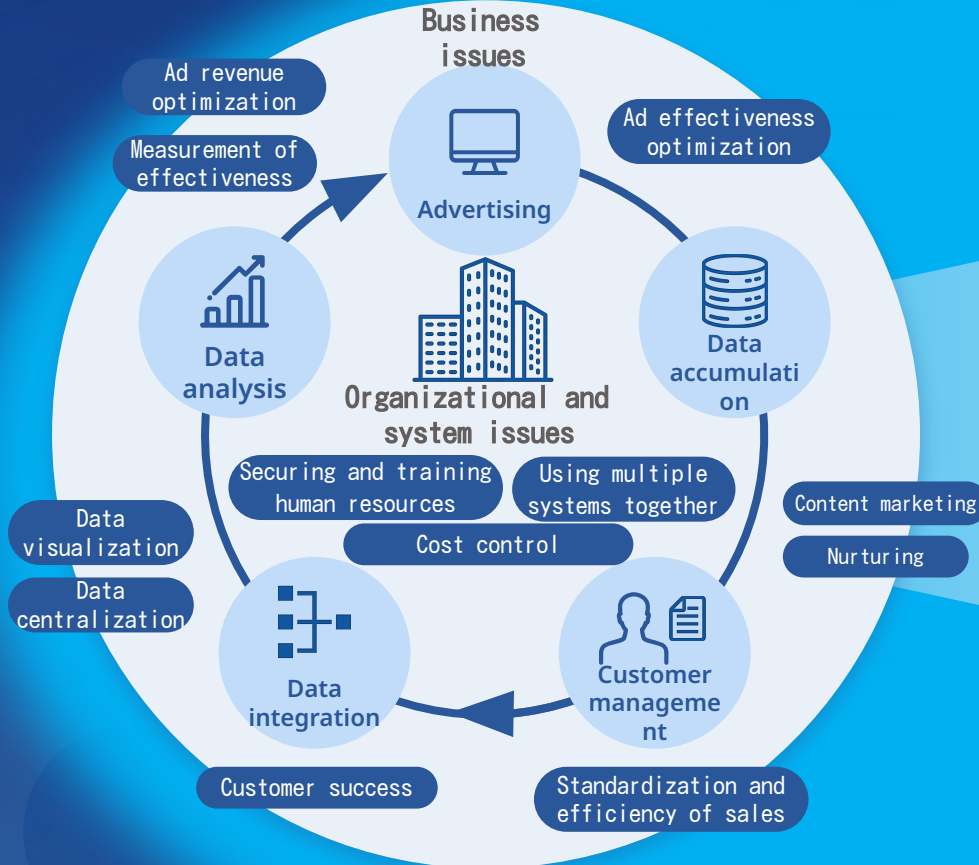
- Since multiple operators are used, commission expenses, communication costs, and development costs are incurred
- High hurdles, such as knowledge acquisition and in-house training, to utilize individual products

Effects of measures

- Failure to integrate marketing tools and internal systems prevents maximization of effectiveness
- Persons in charge of measures differ for each phase, making measures only partially optimal (example: issues in the “awareness” area being overlooked by the person in charge of marketing measures in the “purchase” phase prevents the issues from being solved fundamentally)



What Geniee Is Aiming For



GENIEE

One-stop platform

Diverse product areas

Utilization of the latest AI technology

Purpose

Creating a world where everyone can succeed in marketing

High cost performance

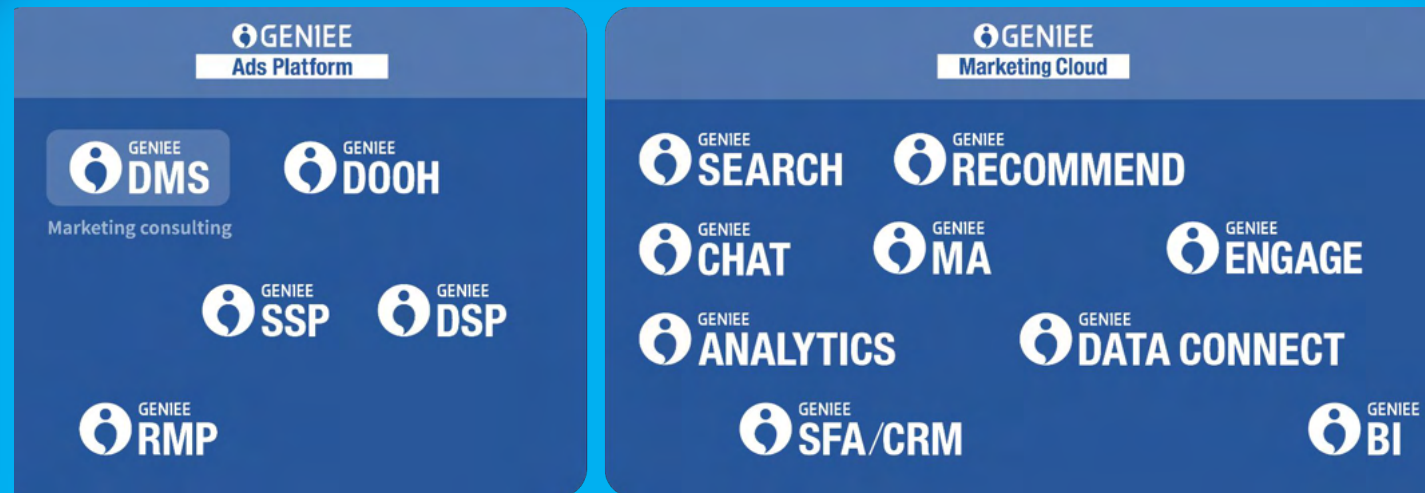
Automating and streamlining operations

State-of-the-art AI technology

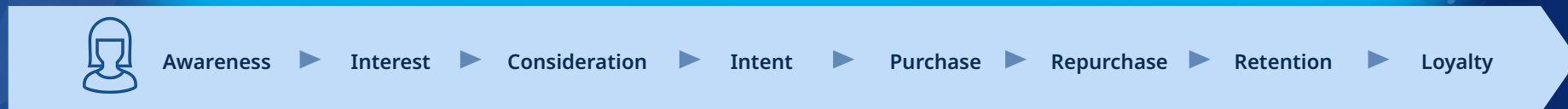
Areas of Business

Providing highly **cost-effective marketing solutions**

State-of-the-art **generative AI** development improving the value of products to customers, moving forward to a world where everyone can succeed in marketing



State-of-the-art generative AI solutions





**Overwhelmingly
highly cost-effective
products**

Competitive Advantage | Three Factors to Increase Cost Effectiveness

Our competitive advantage to maximize customer's **cost effectiveness** (= ① Customer value proposition / ② Customer's consideration payment)

Business management

Management style of a tech company that supports high growth by unifying and mutually using assets and brands from multiple businesses

- Multiple business divisions demonstrating synergies, implementing cost-effective business operations
- Instilling value management, and recruiting and developing a large number of management personnel and business development human resources
- Know-how to realize proactive M&A execution and PMI to grow at an early stage

In particular, functions to lower ②

Technology

Boasting one of the best technical capabilities in Japan, equipping marketing tools with generative AI solutions

- Boasting one of the best technical capabilities in Japan, developing many products with high customer value proposition in-house
- Integrating and utilizing company-wide data accumulated in multiple businesses and equipping each product with AI functions

In particular, functions to raise ①

Business

Establishing a system to enhance internal organizational capabilities, and realizing efficient business operations and operational excellence

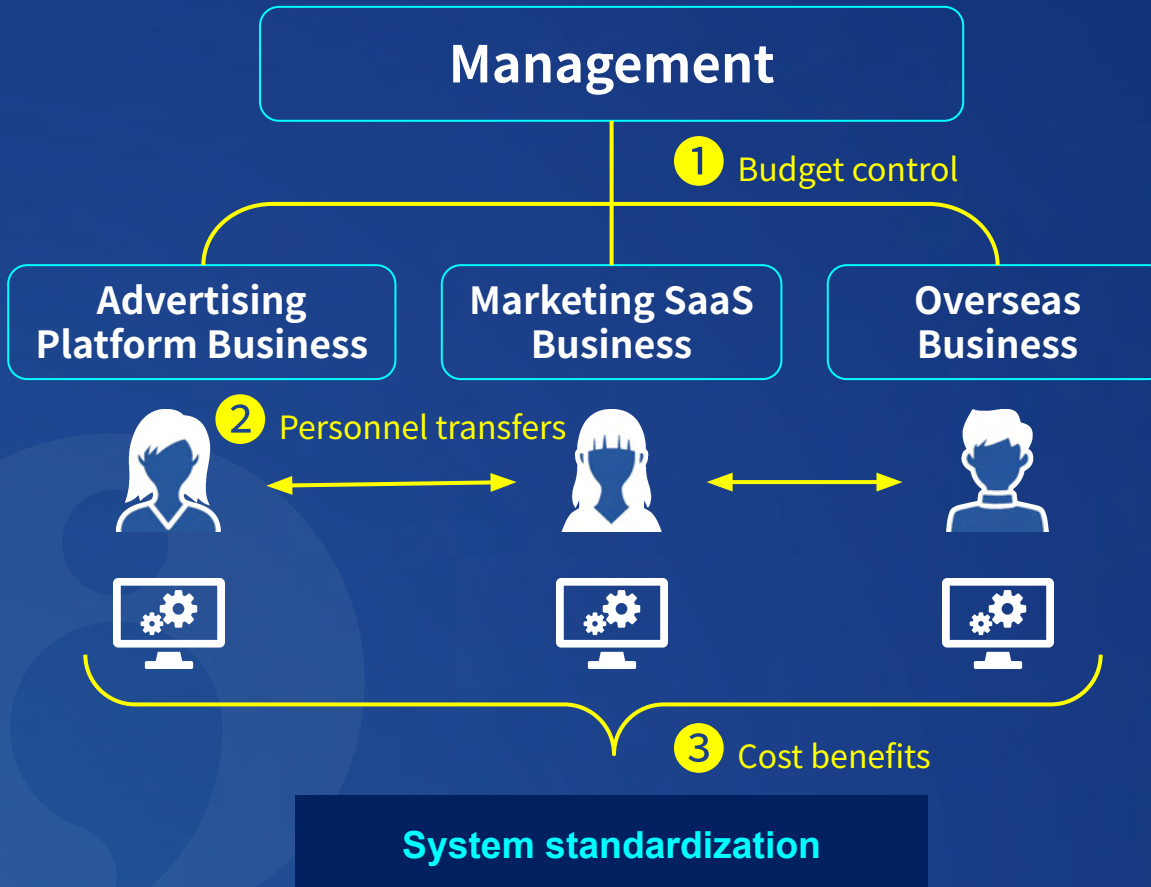
- Recruiting and developing a large number of product managers
- Building a data-driven management system through company-wide adoption of sales management tools developed in-house
- Low churn rate through product retention support

Functions to both raise ① and lower ②

Advantages in Business Management | Inter-Business Synergies

Multiple business divisions demonstrating synergies, implementing cost-effective business operations

Reducing management costs, making provision of inexpensive products without adding prices to customers (reduction in customer's consideration payment) feasible



① Budget control

A management system that adjusts the budget optimally. Management centrally grasps the budget status and plan achievement status of each business division. There is a system in place for performing optimal and agile budget allocations and adjustments on a company-wide level according to the situation. Reducing company-wide costs through efficient management of SG&A expenses.

② Flexible personnel transfers across departments

The transfer of human resources between departments is flexible and the replenishment of human resources is carried out in an agile manner. Reducing extra hiring costs through efficient staffing.

③ Cost benefits

Standardizing systems such as servers for each business, making volume discounts on system usage fees and purchase prices feasible. Creating cost benefits in managing multiple businesses.

Advantages in Business Management | Recruiting and Developing Human Resources

© Geniee, Inc.

Instilling value management, and recruiting and developing a large number of management personnel and business development human resources

Creating multiple high-growth businesses, **serving as the source of income for creating highly cost-effective products**

Value management

- Instilling value (concept of values and culture). A corporate culture that allows speedy alignment based on a common concept of values even when businesses diversify and the organization size expands. Implementing instillation by reflecting it in the evaluation system.
- In particular, the commitment and ownership values of being particular about achieving performance are deeply rooted in the corporate culture.

Recruiting capabilities

- Setting the highest level of remuneration in the industry. Designing incentives to enhance corporate value.
- An environment where people are involved in multiple high-growth businesses with discretionary power and opportunities to come into contact with advanced technology, such as AI, serving as advantages in recruitment
- Employing a large number of management and executive human resources of listed companies' C-suite level

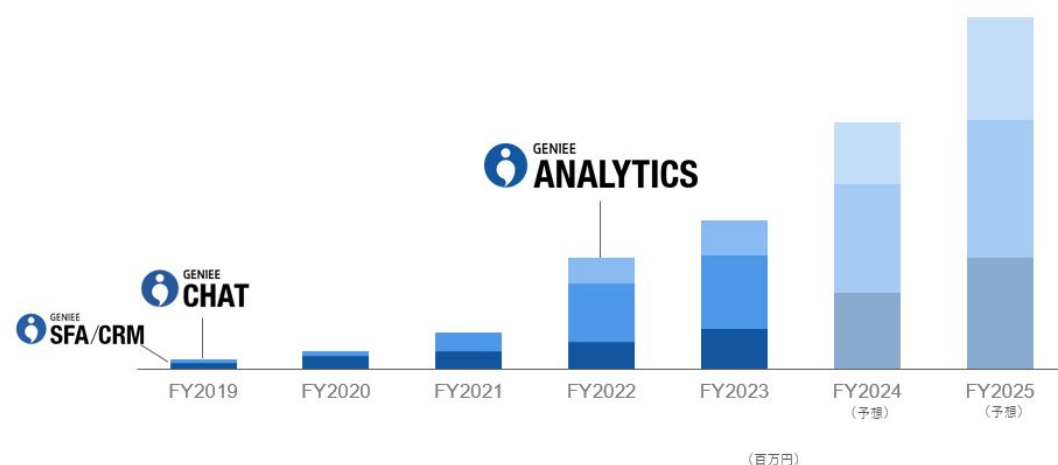
Development

- Developing management human resources capable of growing acquired businesses. Developing by way of OJT through assignments to acquired businesses and mutual sharing of knowledge through flexible transfers between business divisions.

Advantages in Business Management | M&A/PMI

Many cases of acquired businesses registering high growth at an annual rate of 30% or more

Utilizing the Geniee Group's technical capabilities and customer base to develop the industry's No. 1 product and make it a business with the No. 1 growth rate



	ARR推移					買収時からの年成長率
	FY2019	FY2020	FY2021	FY2022	FY2023	CAGR
SFA/CRM	75.0	159.1	215.7	325.0	474.4	58.6%
CHAT	39.0	53.0	222.6	690.3	880.8	118.0%
ANALYTICS	—	—	—	307.3	420.9	37.0%

① Cross-selling to existing customers

- Rapidly growing by implementing cross-selling to Geniee's huge existing customer base
- There are cases where accounts have grown by hundreds of percent in three years

② Improving product value

- Assigning product development/engineer members from the initial stage of PMI
- Armed with high technical capabilities, benchmarking competitor products and implementing product updates and function enhancements

③ Business management and PMI know-how

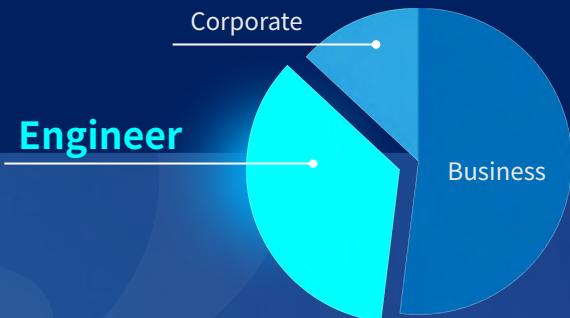
- Actively supporting the establishment of a system to increase sales of services while integrating management and development policies and establishing a business management system
- Setting up incentive plans for the management teams and members of acquired businesses

Advantages in Technology | Technical Capabilities

Boasting one of the best technical capabilities in Japan, developing many products with high customer value proposition in-house
Product value improving dramatically by equipping marketing tools with generative AI solutions (increase in customer value proposition)

Engineers with one of the best technical capabilities in Japan

- Approximately 35% of all employees are in engineer / product planning positions
- Housing many engineers with master's or doctorate degrees in computer science
- Housing numerous persons who worked at other companies such as Big Tech companies and as CTOs of ventures



Equipped with vast big data and Japan's best AI technology

- In-house development of the ad delivery platform of the No. 1 scale in Japan. Massive data processing technology that can withstand delivery of hundreds of thousands of ads per second, and automation of ad operations utilizing machine learning.
- Research and development of globally top-class speech recognition / image generation technology. Dramatically boosting the productivity of marketing activities.



Strong alliances with the world's leading tech companies

- Zelto has been certified as a GCPP Premier Partner* by Google (six companies worldwide).
- Certified as a Technology Partner that provides technical support for the marketing solutions of LY Corporation.
- Certified as Google Cloud Build Partner. Strengths in big data utilization and AI development.



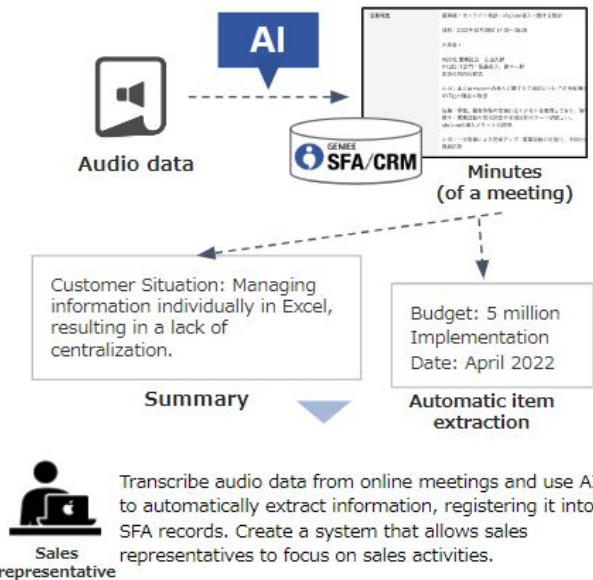
Advantages in Technology | AI Development

Capable of integrating and utilizing company-wide data accumulated in multiple businesses and equipping each product with AI functions
Raising product performance with advanced AI technology (increase in customer value proposition)



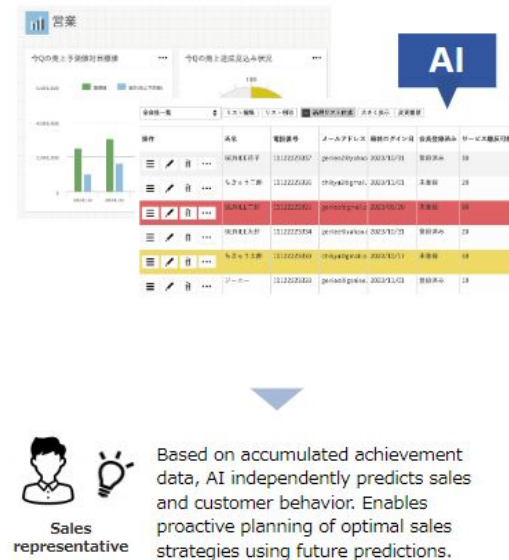
AI summarization / automatic extraction

Audio minutes → Summarized and itemized by AI, reducing input burden and minimizing the manager's review workload.



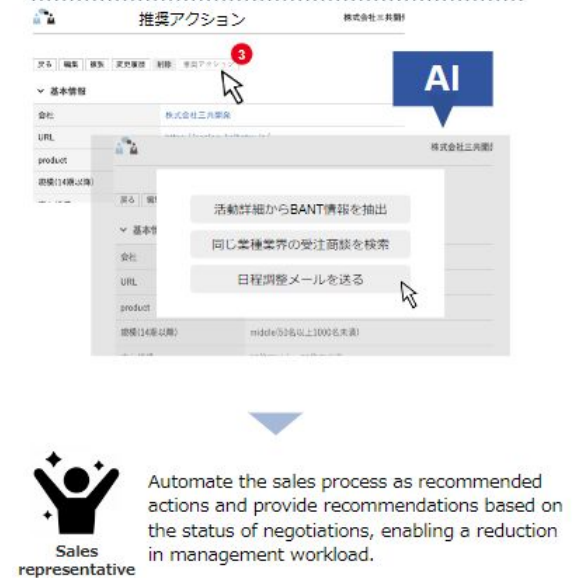
AI order prediction

Optimizing sales activities through AI-driven predictions.



Next action recommendations

Systematizing and automating the sales process with next action recommendations.





Implementing research and development of various generative AI products and provision of services

**JAPAN AI
CHAT**



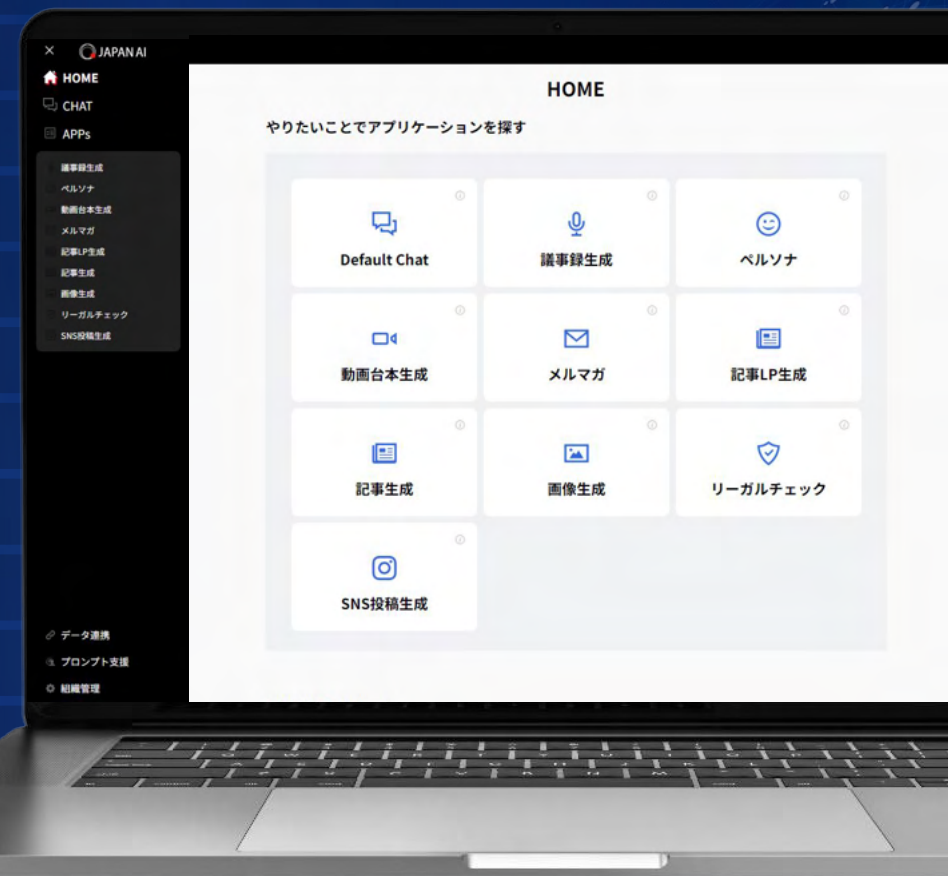
- 1 Corporate GPT
- 2 In-house manuals
- 3 Improved business productivity

**JAPAN AI
MARKETING**



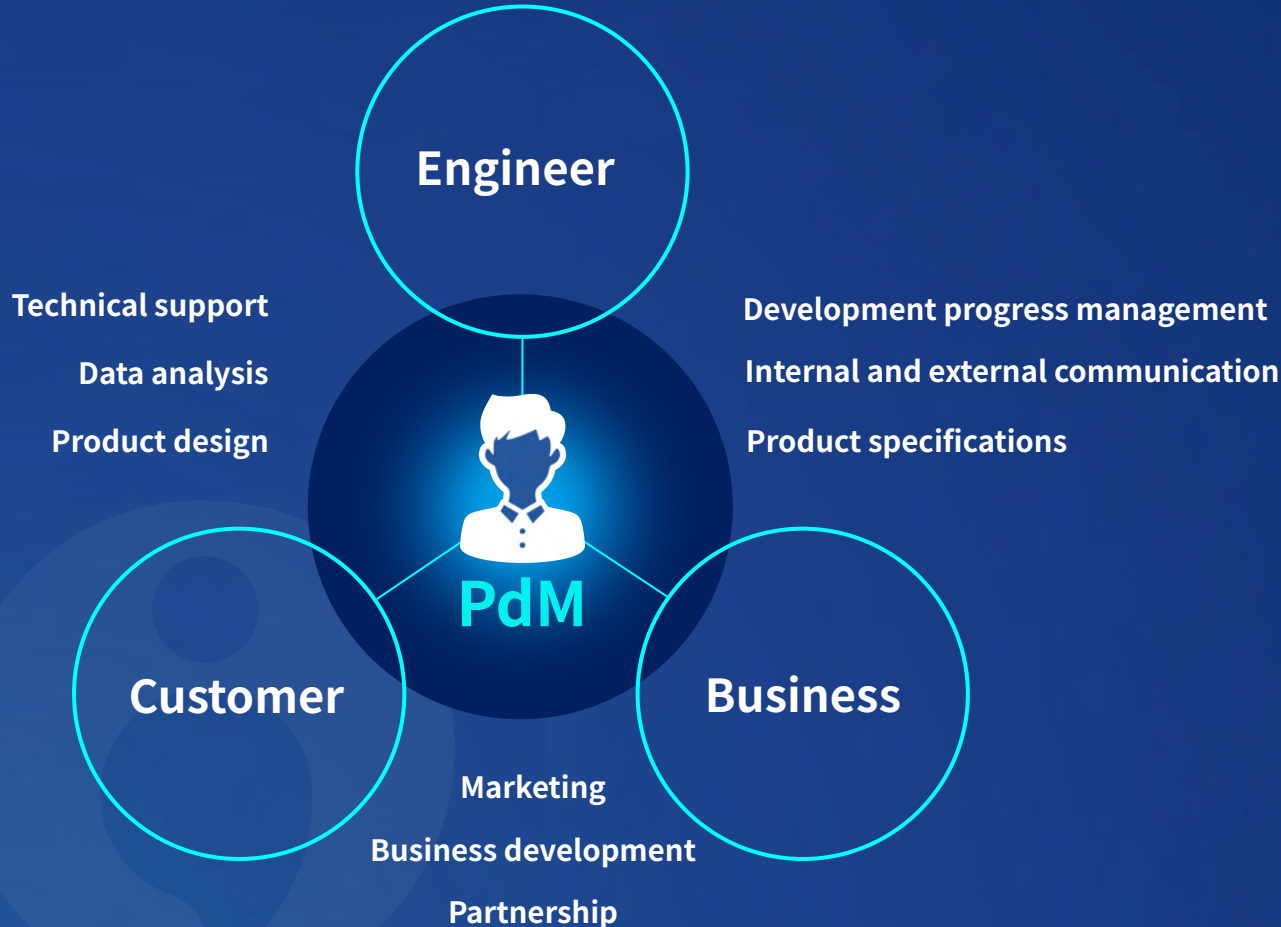
- 4 Persona settings
- 5 Creative generation
- 6 Similar image generation
- 7 Photo image generation
- 8 Article LP
- 9 Legal check
- 10 Automation of meeting minutes
- 11 Summarization / Speaker diarization
- 12 Various tools

**JAPAN AI
SPEECH**



Advantages in Business | Product Planning

Recruiting and developing a large number of product managers (PdMs). A system of developing highly cost-effective products and building medium- to long-term competitive advantage



About product manager (PdM)

■ What is PdM?

- An occupation responsible for improving the value of products. Stands between business, engineer, and customer, and plays a wide range of roles in all directions.
- It is an important job category at tech companies that focus on products, but there are only a few cases of such job category being in place at Japanese companies or such human resources in the market

■ Status of Geniee

- A large number of PdMs have been employed/appointed and PdMs are assigned for each product. An organizational structure that continues to increase the cost effectiveness of products as a driver for business growth.
- Company-wide knowledge sharing and development through PdM study sessions, internal meetings specialized in product improvement, etc.

Advantages in Business | Sales

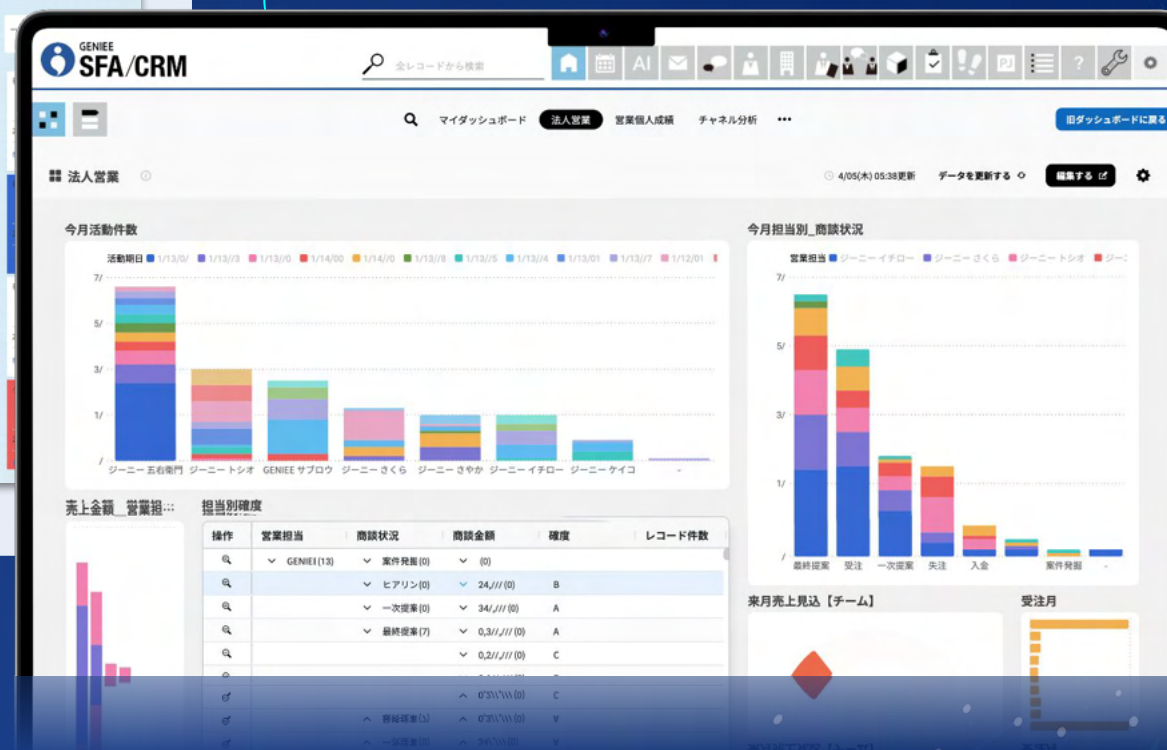
Adopting in-house sales management products (GENIEE SFA/CRM) company-wide
Highly reproducible scientific business management system based on data

Visualizes project progress and reliably
leads to results



GENIEE
SFA/CRM

Highly precise
management system based
on quantitative data



Advantages in Business | Customer Success and Operation

Building a generous service system for enterprise customers in-house to continually realize extremely low churn rates
Possessing the advantage of having both an in-house product development system and a utilization/introduction support system

Introduction period (two to three months from start of operation)

Introduction support

- Support for organizing product requests, operation training, integration of GENIEE products and existing customer systems, etc.
- Since Geniee develops products in-house, there are no communication costs or unnecessary expenses upon introduction (in the case of other companies in general, the system provider and the introduction support company are separate, so there is overlapping communication)

Requirements
definition

Initial setup

Advanced
settings

Data migration

Holding of operation lecture sessions

Utilization period

Utilization support

- Customer requests can be reflected promptly in in-house products and functions can be improved speedily. Seamless integration with other GENIEE products to maximize marketing effectiveness.
- A system of generously following up until the product is entrenched (= customer success) rather than just finish with providing products. Products are developed in-house, meaning plenty of know-how to support **entrenchment** (in the case of other companies, utilization support after product introduction is outsourced).

Support for utilizing new features

Sharing of success stories

Proposals for use in strategies

Information on study sessions

Market Size

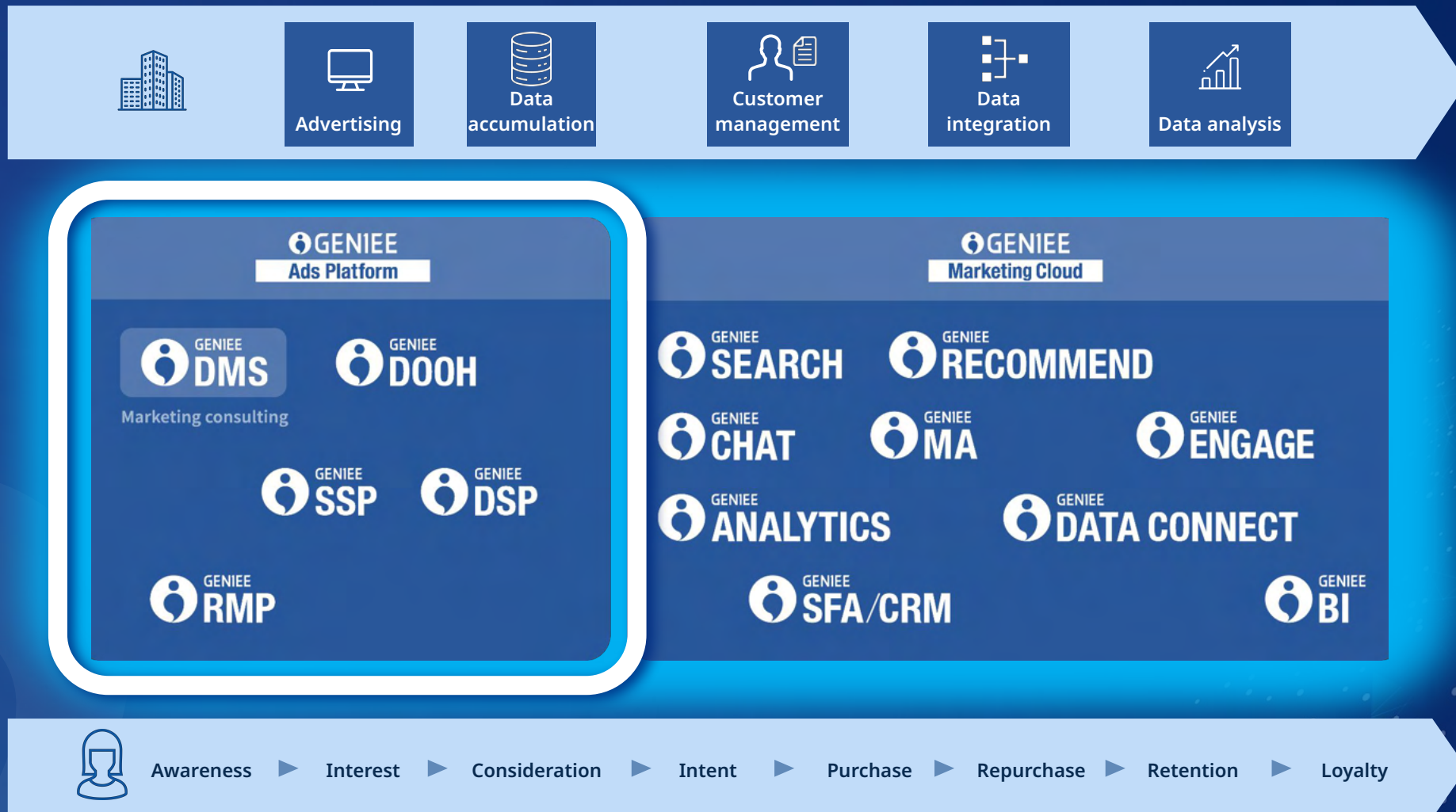
The company-wide total target market size for FY2024 is 720 billion yen and there is vast room for development
Aiming to acquire a total market of 17 billion yen by the fiscal year ending March 31, 2027 (FY2026)



*Excluding SOCIALWIRE (Digital PR Business)

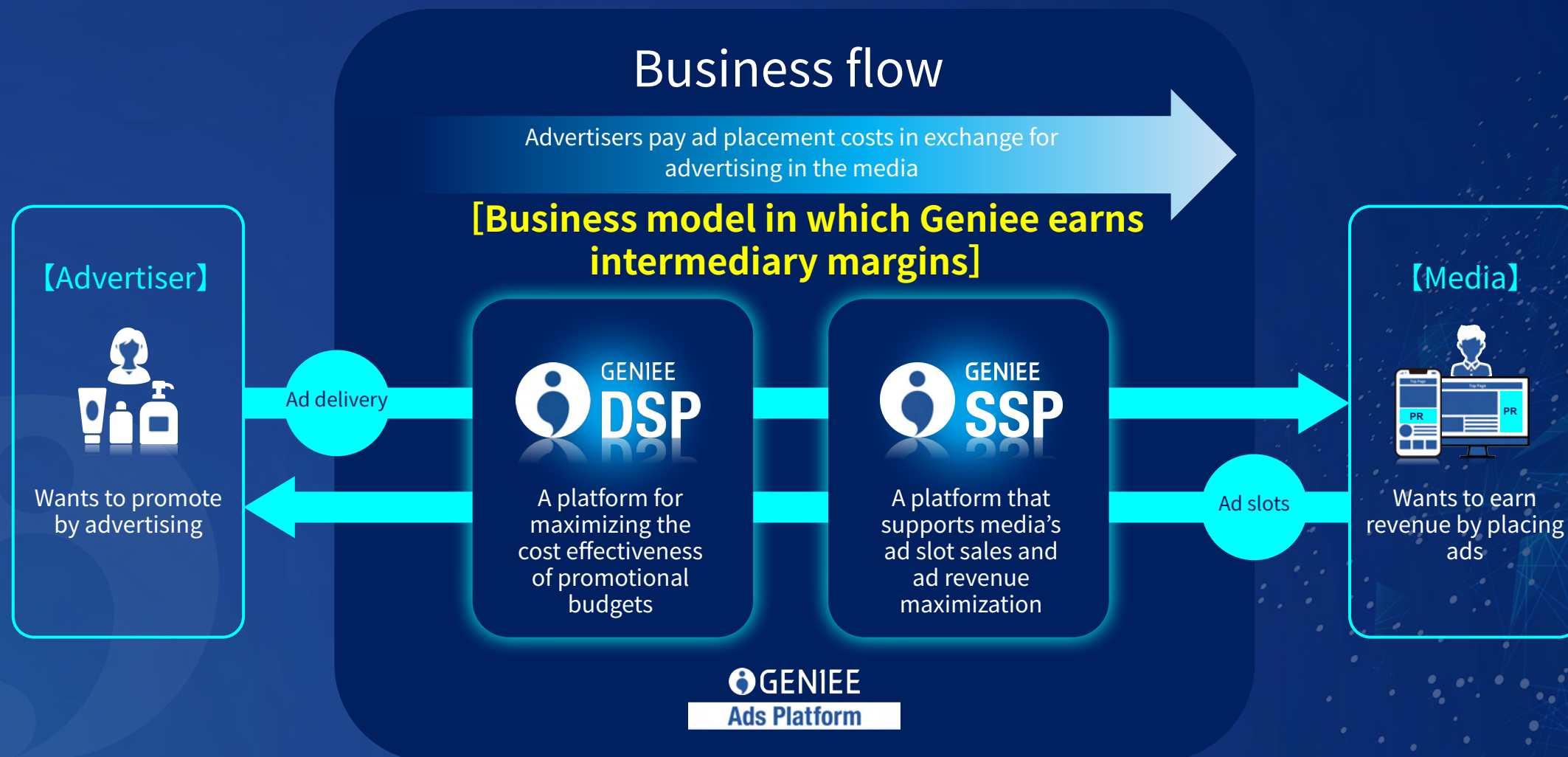
- 1 Competitive Advantage
- 2 Segment Overview (Advertising Platform Business)**
- 3 Segment Overview (Overseas Business)
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Areas of the Advertising Platform Business



Advertising Platform Business | GENIEE SSP / GENIEE DSP

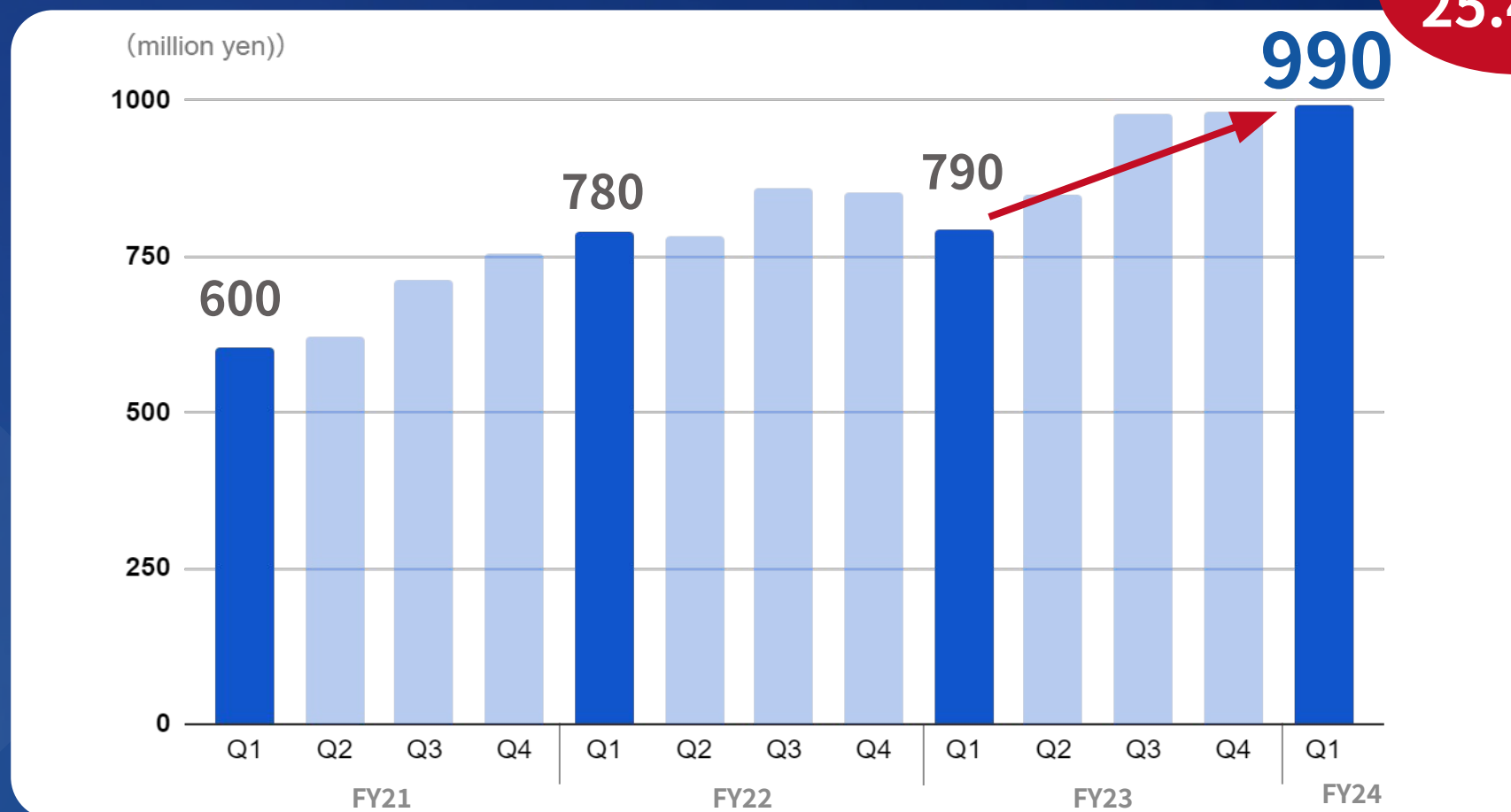
Technology that displays personalized ads, providing **high revenue for media** and **high return on ad spend for advertisers**



Advertising Platform Business | Gross Profit Trends

With gross profit of 990 million yen, **gross profit was up 25% YoY**

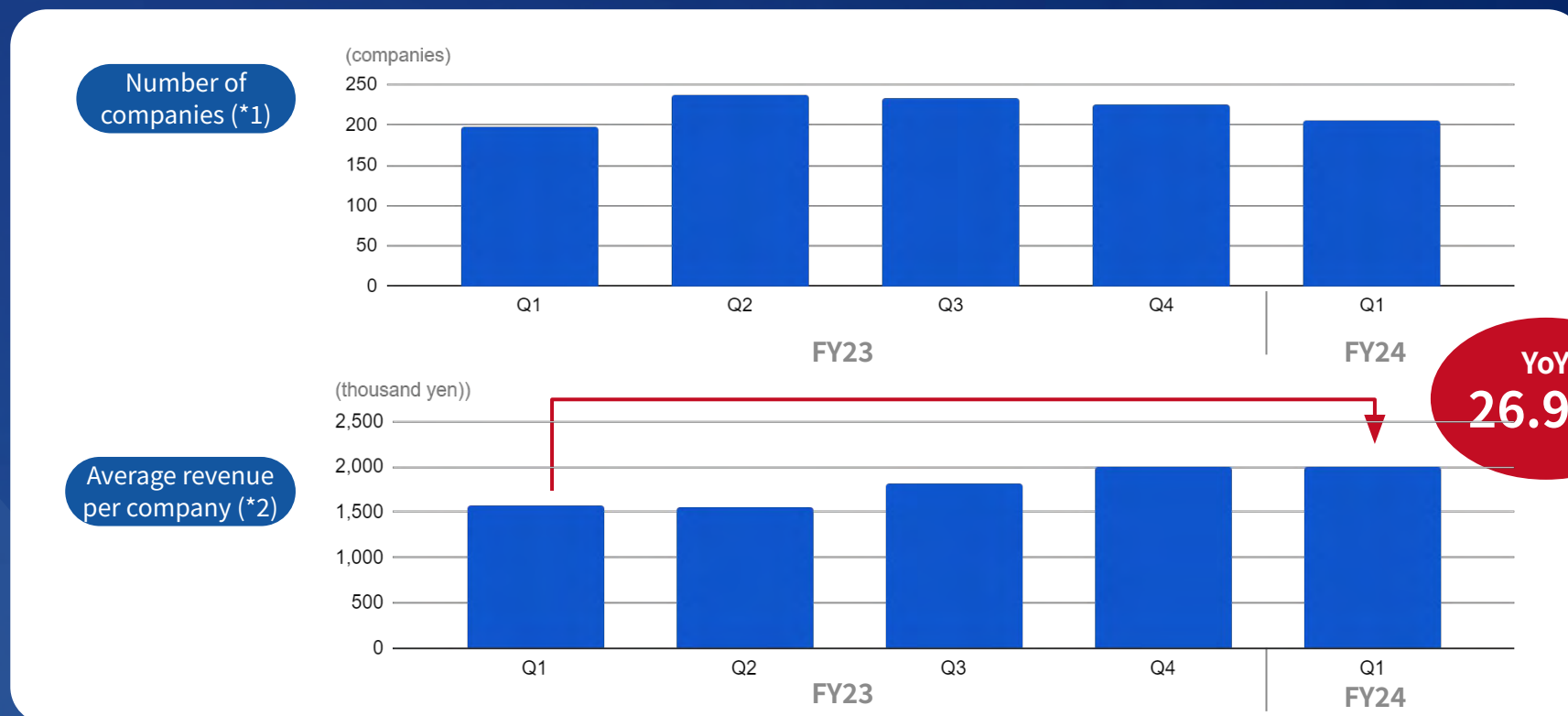
In particular, grew mainly in SSP, with SSP in the process of developing video areas and developing the enterprise customer base



YoY
25.4% up

Advertising Platform Business | KPIs

Average revenue per company improved due to progress in enterprise customer acquisition and ad unit prices improving
Average revenue per company is expected to improve also in the future due to continued acquisition of enterprise projects and development / sales expansion of products that improve the average revenue per company
The definition of the number of companies has been changed due to the policy of reducing small-lot transactions and increasing enterprise projects



*1: Customers (advertisers and media) that exceed a certain threshold for revenue are counted as the number of companies. (Until the previous disclosure, the number of companies was disclosed by including also small-scale customers, but the number of companies increased or decreased significantly depending on fluctuations in small-scale customers not targeted in terms of business strategy, preventing the actual state of business from being accurately reflected. A threshold that is above a certain scale has been set from the disclosure this time so as to reflect the actual situation.)

*2: Average revenue per company = Revenue ÷ Number of companies (Revenue = Advertising expenses paid from the advertiser side – Payment from Geniee to the media side)

Advertisers pay ad placement costs in exchange for advertising in the media, but the business model is one in which Geniee earns intermediary margins from such, the intermediary margins of which become revenue

TOPICS Withdrawal of the Deprecation of Third-Party Cookies

Google had announced plans to phase out third-party cookies, but **the deprecation policy has been withdrawn**
Continued to keep up compliance with cookie regulations

What are cookies?

- Cookies are a mechanism that can temporarily store activity logs and input data of users who have visited a website. There are two types of cookies: first-party cookies and third-party cookies.
- First-party cookies are cookies issued by the visited website to serve as a convenient mechanism for users, such as omitting the hassle of entering IDs and passwords from the next time after entering the information once and holding products placed in a shopping cart on EC websites.
- Third-party cookies are cookies issued by a domain different from the visited website and able to track user behavior across domains, making it possible to perform **highly cost-effective marketing for advertisers**, such as retargeting ads, and also making it easier to display **ads of interest or concern on the user side**.
- There being a risk of past activity and personal information being acquired by a third party without one's knowledge has called it into question from the viewpoint of **personal information protection and privacy**, and it has already been deprecated in Safari, Apple's default browser, in 2020.

Developments surrounding deprecation

- 2020: Announced plan to phase out all third-party cookies in Chrome, Google's browser, within two years
- 2021: Announced first postponement of the deprecation
- 2022: Announced second postponement of the deprecation
- 2024: As of April, **announced third postponement (phased deprecation from 2025)**; In July, **announced withdrawal of the deprecation policy** (due to backlash from the UK's Competition and Markets Authority and the ad industry)

Impact on our company and our response

- Since plans were conservatively formulated on the assumption that there would be third-party cookie impacts from FY2023 Q3, a **budget buffer** has generated due to the withdrawal of the deprecation policy
- Considering that cookies continue to be deprecated in Safari browsers and that there is a potential risk of future cookie regulations, we **continue to keep up development and support of cookie replacement technology**

TOPICS SOCIALWIRE PMI Status

SOCIALWIRE CO., LTD. (SW), operator of businesses centering on the digital PR business, such as press release distribution, influencer PR, clipping and risk check, became a consolidated subsidiary from July 2024
Dispatching directors and employees to implement PMI

Business overview

- Operator of businesses centering on the digital PR business established in 2006
- Its mainstay service is the press release distribution service @Press, which holds the industry's second largest market share, trailing only PR TIMES
- Having sold the domestic shared office business that was making a huge loss during COVID-19, succeeded in turning profitable from FY2023 Q3

Digital PR business	Newswire service	Press release distribution agency service aiding corporate communications
	Influencer service	Influencer casting service
	Clipping service	Service for clipping newspaper, magazine, web, and SNS media articles
	Risk check service	Background checks using publicly known information such as web news and newspaper articles

PMI progress

- **Cost synergies** | Reduced company-wide common costs by standardizing management operations across the Group. Cost reduction was implemented by making the servers that had been contracted by SW alone into a blanket contract as the Geniee Group.
- **Adoption of Group products** | Tools of JAPAN AI, a subsidiary of Geniee, have been adopted company-wide to improve business efficiency. Also, SW's risk check tool is planned to be adopted at Geniee.
- **Integration of business management systems** | Integrated KPI monitoring systems and other management systems
- **Cross-selling** | Started cross-selling SOCIALWIRE products to existing Geniee customers
- **Human synergies** | Accelerating business promotion by seconding sales, engineer, and other employees, and expanding resources

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Overseas Business

We began our international expansion in 2012 and have since expanded our ad platforms mainly in the rapidly growing Asian region. In February 2023, operator of ad platform businesses in Europe, the U.S., and the APAC region **Zelto, Inc.** was made a wholly owned subsidiary. Implemented integration and function enhancements between Zelto products and domestic businesses.

Overseas bases



Business description

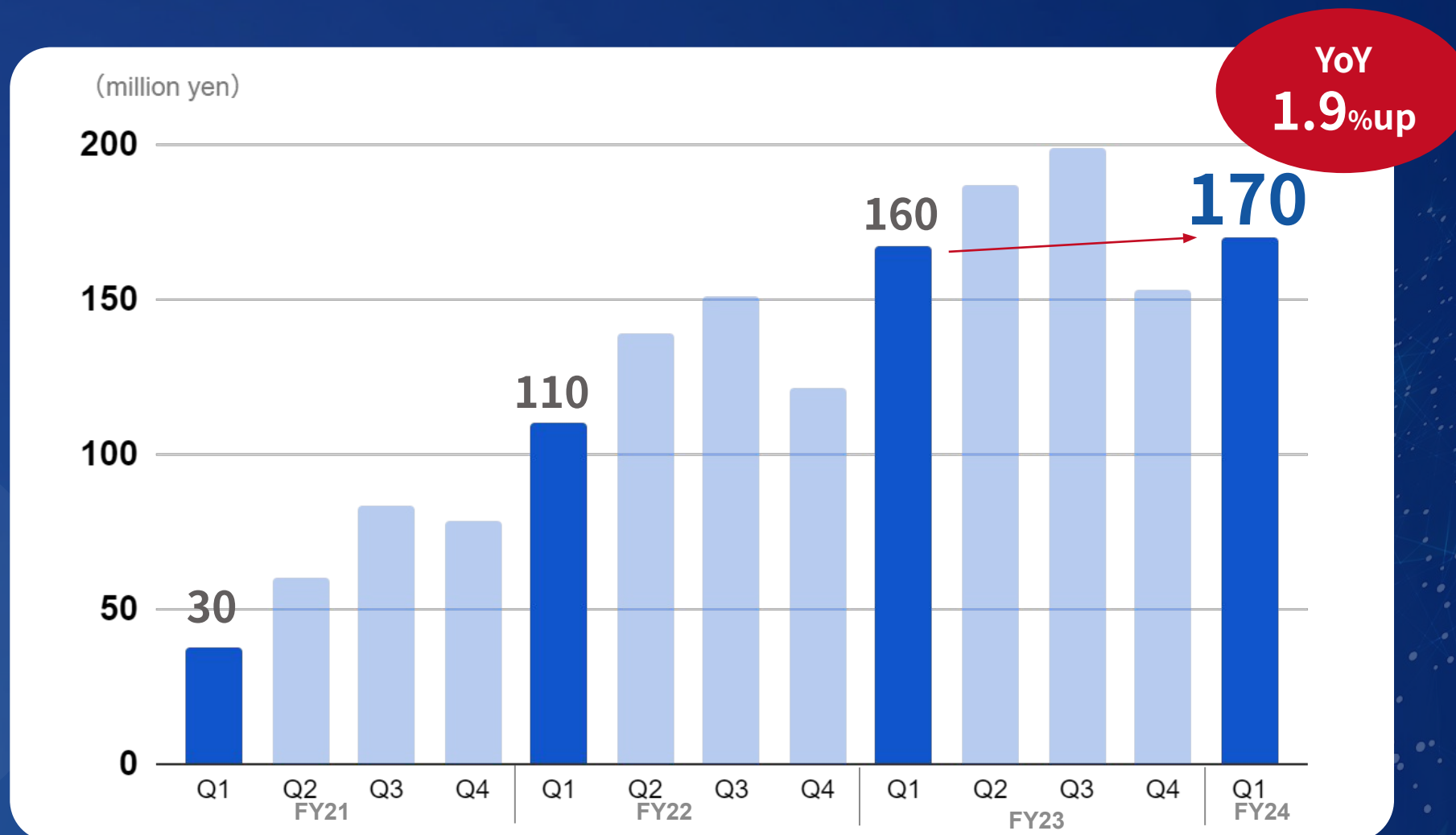
- Expanding business in Europe, the U.S., and the APAC region, while also establishing a market leader position in the area of ad revenue optimization in the APAC region
- In addition to being a Google reseller and providing GENIEE SSP, offers AdPushup (an ad revenue optimization solution) and AdRecover (a monetization solution for ad inventory) services
- **Zelto has been certified as a GCPP Premier Partner* by Google (six companies worldwide)**

*Only a select group of partner companies that have demonstrated expertise and skills in Google Ad Manager / AdSense and have met stringent criteria are certified

Overseas Business | Gross Profit Trends

With gross profit at 170 million yen, **gross profit was up 1.9% YoY**

Implementing cost reduction measures such as cross-selling of products within the Geniee Group and server replacements to enhance profitability



The management system was succeeded from the management before the acquisition to the CEO team and a system was put in place for business growth in and after Q2



Business

**Continued upselling to existing customers
Tapping new customers effectively and efficiently**

- In customer success, put a system in place for monitoring customer status to prevent churn of key customers and rolled out initiatives to enhance customer satisfaction through periodic interviews with customers.
- In sales, brushed up sales strategies by redefining target customers and customer personas. Organized organizational goal setting and division of authority, and promoted collaboration between organizations/teams.



Corporate

Improving retention by adopting the Geniee Group's evaluation system

- In the process of introducing the evaluation system adopted in Japan. Commenced executive training and initiatives to promote understanding of value (concept of values that Geniee places importance on), and promoted management level improvement and cultural integration. Focused on retention of key individuals by changing bonuses, the bonus system, incentive plans, etc.



Product

Launching active selling in also Japan of Zelto products boasting high competitive advantage

- With technical capabilities, video solutions boasting high product advantages have been developed. Having drastically resolved inferiority to competitors in terms of product functions, the state is now one that growth can be expected depending on sales strategies. Since advantages can be expected in the Japanese market as well, the video solutions are being expanded to also the Japanese market.

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Areas of the Marketing SaaS Business



Advertising



Data
accumulation



Customer
management



Data
integration



Data analysis

GENIEE
Ads Platform

GENIEE
DMS

Marketing consulting

GENIEE
DOOH

GENIEE
SSP

GENIEE
DSP

GENIEE
RMP

GENIEE
Marketing Cloud

GENIEE
SEARCH

GENIEE
RECOMMEND

GENIEE
CHAT

GENIEE
MA

GENIEE
ENGAGE

GENIEE
ANALYTICS

GENIEE
DATA CONNECT

GENIEE
SFA/CRM

GENIEE
BI



Awareness



Interest



Consideration



Intent



Purchase



Repurchase



Retention



Loyalty

Structure of the Marketing SaaS Business

Offering SaaS tools enabling execution/management of everything from customer attraction to sales promotion and order acceptance for marketing DX / sales DX

Stable revenue model with monthly revenue accounting for 80% of overall revenue

Companies that want to do efficient sales activities

「Campaign details and progress are in pieces. If only these can be checked all at once...」

「Want to find prospects more easily...」



Provision

Companies that want to increase revenue even more

「Even if they look at the website, they end up leaving」

「Even if they see the ad, they end up not buying」



Provision



GENIEE

Marketing Cloud

[Product development]



80% of overall revenue are monthly charges

Develop
ment
costs

One-time
revenue

+

(

Monthly
fee

+

Monthly
fee

+

Monthly
fee

...

)

=

**GENIEE
revenue**

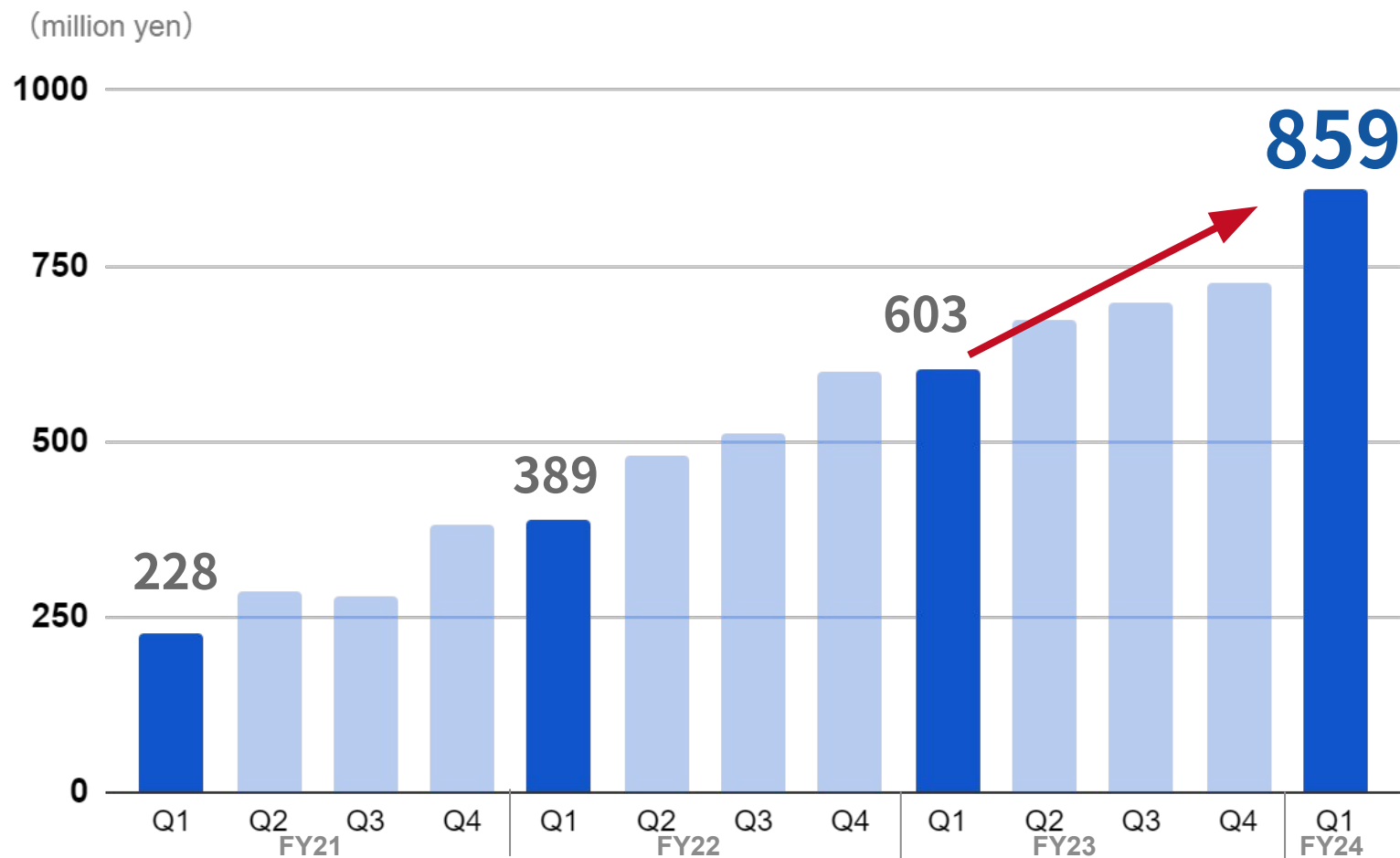
Subscriptions

Marketing SaaS Business | Revenue Trends

Revenue was 850 million yen, **up 42.4% YoY**

With deliveries to large customers completed in SFA/CRM, recording of large-scale MRR has begun, resulting in MRR steadily expanding

Leveraging our strength of being able to operate, develop, and maintain in-house, we are receiving orders for also contract development projects one after another

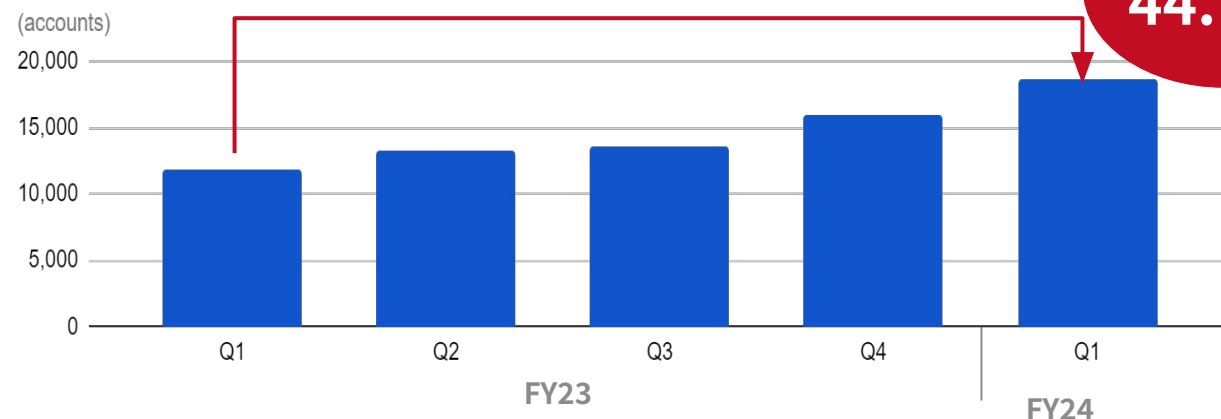


YoY
42.4% up

Marketing SaaS Business | KPIs

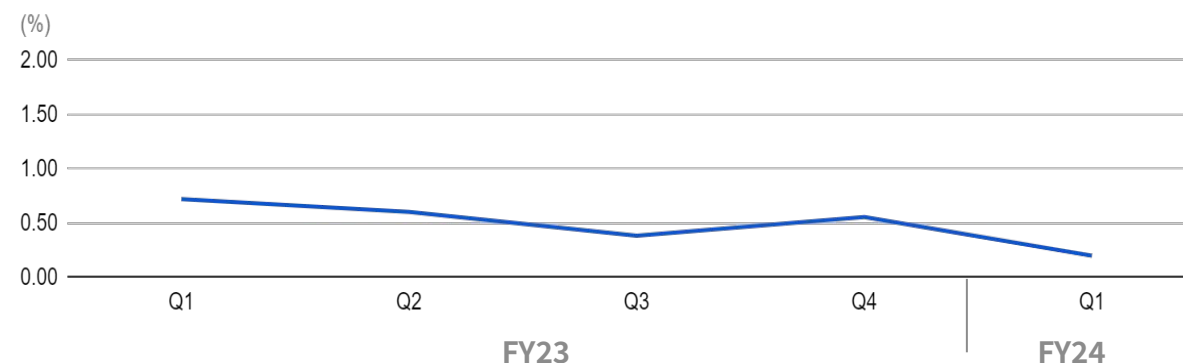
As a result of development of the enterprise customer base being carried out with strengths in cost effectiveness and such leading to progress in tapping enterprise customers in SFA/CRM for which we were aiming to increase accounts, the number of accounts was **up 44.7% YoY**. Whereas other companies in the industry have churn rates ranging between 2% and 7%, we **continued to maintain a low level of less than 1%**.

Number of paid accounts



Churn rate*

*Average 3-month churn rate for accounts



Marketing SaaS Business | Other Metrics

ARR are among those going strong

Although ARPA temporarily declined due to competition intensifying in CHAT areas, transactions with major customers also increased and the number of accounts increased significantly

ARR / YoY growth rate

2,658 million yen / +28.3%

ARPA / YoY growth rate

13,501yen / -3.6%

Gross margin

71.3%

Recurring ratio (*1) / YoY growth rate

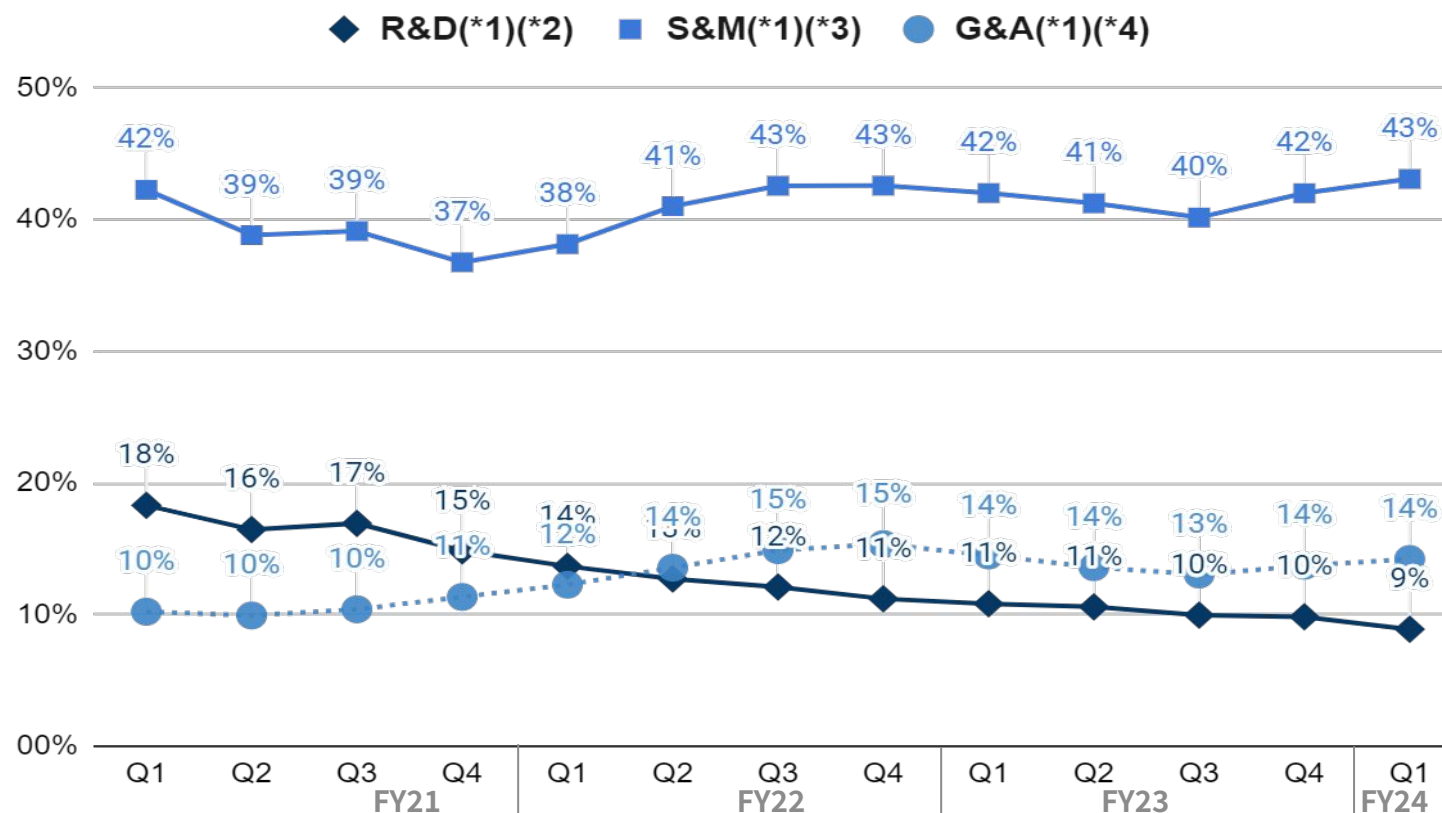
80.5% / -2.5point

*1: Calculated based on the figures going back 12 months from the end of the period.

Ratio of SG&A Expenses to Revenue

Overall, there is a downward trend due to MRR increasing

However, S&M and G&A have been increasing overall since FY2024 due to operating SG&A expenses increasing for JAPAN AI



*1: Calculated based on the figures going back 12 months from the end of the quarter.

*2: Abbreviation for Research and Development. The total of engineer personnel expenses, related expenses, etc. involved in research and development.

*3: Abbreviation for Sales and Marketing. The total of advertising expenses, sales personnel expenses, related expenses, etc. involved in sales promotion.

*4: Abbreviation for General and Administrative. The total of corporate department personnel expenses, related expenses, common costs, etc. that should be borne by the Marketing SaaS Business.

- 1 Competitive Advantage
- 2 Segment Overview (Advertising Platform Business)
- 3 Segment Overview (Overseas Business)
- 4 Segment Overview (Marketing SaaS Business)
- 5 Medium-Term Management Plan**
- 6 Q&A

FY2024 | Planning Assumptions

For FY2024, assuming that the high U.S. interest rate levels will still continue, the assumption is that **recovery in ad revenue unit prices in the U.S. will be limited**. The total amount of internet advertising media spending is also estimated to grow by over 8% in 2024, particularly with video advertising growing by over 12%*. The budget had been prepared on the assumption that Google will phase out all third-party cookies from October 2024 (※The depreciation policy was withdrawn in July 2024)

Taking into account also any shortfall from the previous period, the internal plan is disclosed after applying a coefficient

*Source: “2023 Advertising Expenditures in Japan: Detailed Analysis of Expenditures on Internet Advertising Media”

External environment and planning assumptions



- Interest rate levels remaining high in the U.S. continue to delay recovery in overseas ad revenue unit prices
- Due to the depreciation of the yen and low interest rate levels in Japan, the internet ad market is gradually recovering and the market expanding in video areas
- Google’s third-party cookie regulations are accounted for
- The plan for SOCIALWIRE CO., LTD., pending consolidation, are currently excluded

Policies of each business segment



- In the Advertising Platform Business, promoting in the major agency sales channels developed in FY2023 and expanding enterprise areas by tapping video areas and major media
- In the Marketing SaaS Business, expanding CHAT areas, and the enterprise areas of SFA/CRM and the newly upgraded MA
- In the Overseas Business, strengthening cross-selling in the domestic SSP and DSP areas and tapping new enterprise media

FY2024 | Full-Year Earnings Forecast



© Geniee, Inc.

(Unit: million yen)

For SW, which was consolidated from July 2024, profit at each stage is presented as the “Digital PR” segment in the amount based on SW’s external disclosure (**current synergies and cost reductions with our company are not taken into consideration**).

For FY2024, the forecast is over 27% growth in revenue and **over 30% growth in gross profit**.
(When including Digital PR: 54% growth in revenue and 53% growth in gross profit)

In the Advertising Platform Business, the forecast is over 25% growth in revenue due to promoting in major agency sales channels and expanding enterprise areas by tapping video areas and major media.

In the Overseas Business, the forecast is over 20% growth in revenue due to cross-selling in the domestic SSP and DSP areas and continuing to tap media at Zelto.

In the Marketing SaaS Business, the forecast is over 36% growth in revenue backed by expanding CHAT areas, and the enterprise areas of SFA/CRM and MA.

	FY2023 (Projection)	FY2023 (Result)	FY2024 (Plan)
Revenue	8,400	8,012	+27% ⁰ [+54%]
Advertising Platform Business	4,300	4,306	
Marketing SaaS Business	2,900	2,704	
Overseas Business	1,400	1,249	
Digital PR	—	—	
Reconciling items	(200)	(248)	
Gross profit	6,600	6,138	+30% ⁰ [+53%]
Segment profit	1,800	1,538	
Advertising Platform Business	2,200	2,244	
Marketing SaaS Business	400	215	
Overseas Business	300	201	
Digital PR	—	—	
Corporate, elimination, etc.	(1,100)	(1,122)	
Operating profit	1,800	1,538	+50% ⁰ [+54%]
Advertising Platform Business	1,300	1,351	
Marketing SaaS Business	(400)	(589)	
Overseas Business	200	108	
Digital PR	—	—	
Reconciling items	700	668	
Profit before tax	1,500	1,277	
Profit attributable to owners of parent	1,300	1,031	+65% ⁰ [+68%]
Digital PR			40

*Figures in brackets [] are reference figures inclusive of Digital PR (synergies and cost reductions are not taken into consideration)

Medium-Term Management Plan | Numerical Targets

For FY2024, **the planned figures are formulated based on the economic environment**, including that in North America, and the results of FY2023. On the other hand, the planned figures that include the synergies associated with the grouping of SW are planned to be formulated in the future. However, as reference figures, presented in brackets [] are SW's externally reported figures (**effects of synergies and cost reductions with our company are not taken into consideration**) after factoring for IFRS-adjusted figures.

Note that after the consolidation of SW (FY2024 Q2), an **update will be made at a later date** at the timing when formulation of plans on a consolidated basis becomes feasible.

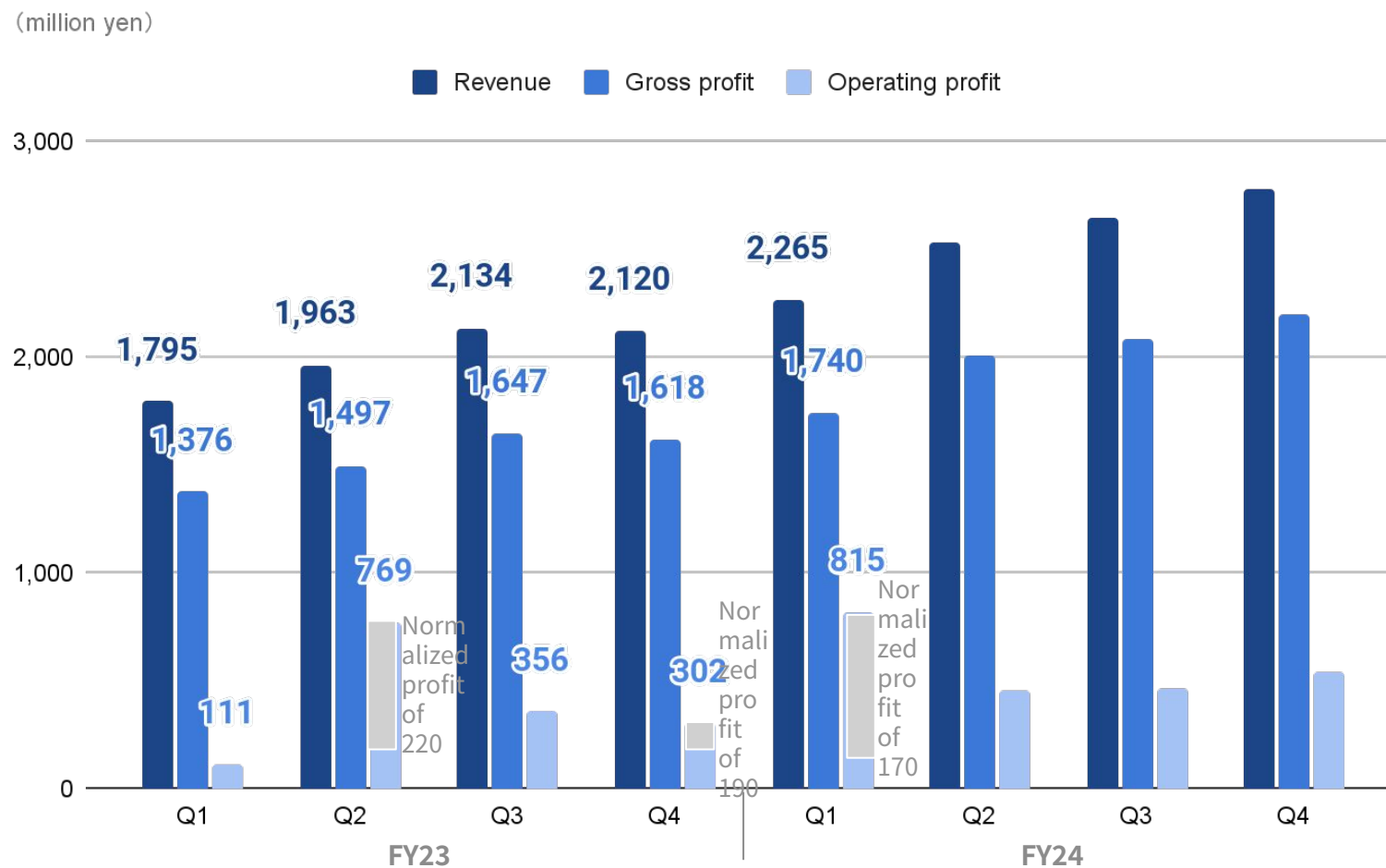
	FY2023 (Result)	FY2024 (Plan)	FY2025 (Plan) *To be re-formulated
Revenue	8.0 billion yen	10.2 billion yen [Incl. SW: 12.37 billion yen]	16.2 ~ 20.2 billion yen
Gross profit	6.1 billion yen	8.0 billion yen [Incl. SW: 9.39 billion yen]	13.2 ~ 16.4 billion yen
Operating profit	1.5 billion yen	2.3 billion yen [Incl. SW: 2.36 billion yen]	4.5 ~ 5.5 billion yen
Profit attributable to owners of parent	1.0 billion yen	1.7 billion yen [Incl. SW: 1.74 billion yen]	3.0 ~ 3.7 billion yen

Figures in brackets [] are based on the assumption that the exchange rate for FY2024 is 1 dollar = 140.00 yen.

Quarterly Earnings Forecast

Revenue is expected to grow each quarter

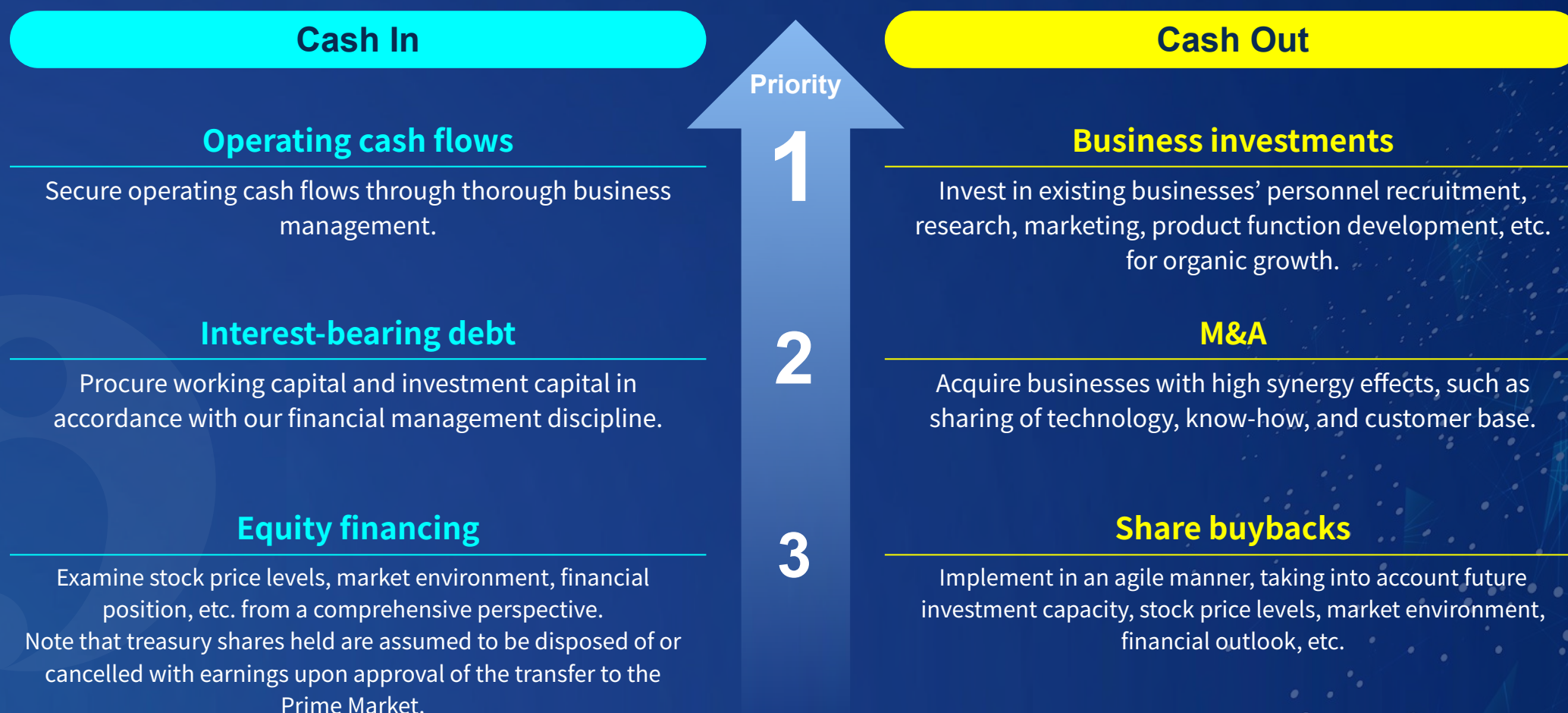
The Advertising Platform Business has seasonality in its earnings, with plans for revenue expansion during the busier second half of the fiscal year



Normalized profit: Actual profit after excluding non-recurring and other such items

Investing in Continuous Growth

For the borrowings relating to the acquisition of Zelto, assuming operating cash flows as the first priority source of funds for repayment
While controlling financing costs, mainly secure operating cash flows to secure a stable cash position
Treasury shares purchased back from SoftBank Corp. are planned to be disposed of or cancelled with earnings upon approval of the transfer to the Prime Market while considering the net assets balance
On the other hand, in terms of investment, the plan is to promote business investments and M&A while placing emphasis on organic growth



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How did the Advertising Platform Business perform in FY2023, and what is driving its improvement this fiscal year?

In the first half of the fiscal year, our company and also our competitors experienced a decline in revenue per unit in the internet advertising sector. Although our year-on-year growth rate was fairly low, in the single digits, it gradually recovered to a growth rate of 15.4% in Q4. Gross profit increased significantly as a result of the growth of the video sector, a previously untapped growth market, on the supply side. Additionally, alongside successful penetration of the enterprise market, we secured sustainable results, including the acquisition of new major media. Demand side growth was driven by increased performance sector, along with successful enterprise acquisitions through major ad agencies in the branding and dynamic sectors in the current fiscal year, which we believe will lead to continuous growth in the future.

What measure will be taken in response to cookie regulations?

Although Google announced plans to abolish all third-party cookies in its Chrome browser, it later withdrew this policy following backlash from the British Competition and Markets Authority (CMA) and the advertising industry. However, as the abolition of cookies continues to be promoted in the Safari browser, we plan to keep developing and supporting cookie replacement technologies, taking into account the potential risks of future cookie regulations.

Q&A related to the Marketing SaaS Business

How did the Marketing SaaS Business perform in FY2023, and what is driving the improvement in the current fiscal year?

In FY2023, growth was driven by the continued increase in enterprise accounts, particularly in SFA/CRM, a high customer satisfaction rate, and a low churn rate. Despite a temporary drop in ARPA due to intense competition in the CHAT sector, major customer deals and the number of accounts significantly increased in Q4 and after, resulting in an over 10% increase in revenue per company for the Marketing SaaS Business overall.

Account rates were lowered in the CHAT sector. Will the growth rate slow down in the future?

Since competitors drastically lowered prices in FY2023 Q3, we have decided to follow suit. However, as we progressed in development of major agencies, replacement with our products increased as a result of comparisons between the products that agencies were using and our products. Such has led to a significant increase in MRR in Q4. Replacements of products that are used by several agencies with ours are expected to continue during the current fiscal year as well.

It is said that enterprise projects are expanding in the SFA/CRM sector, but how does your company stand out or differentiate itself from others?

In the enterprise customer segment, there are many cases where internal systems have already been built, and implementation often involves a certain amount of development, so products that do not have development capabilities or cannot be developed are screened at this stage. Our company has an advantage due to its development capabilities, allowing us to meet client requests with products. Additionally, it has a system that manages everything from requirement definition to ongoing maintenance in a one-stop manner. Also, as is common to all products, our company prioritizes cost performance. One competitive advantages is the ability to offer proposals at half to two-thirds the price of major foreign competitors with the same features.

Q&A related to the Overseas Business

Should we view Zelto as having a high risk of impairment of goodwill?

Since the original acquisition plan for Zelto does not take into account the recession in the U.S, the current business results are lower than expected. However, the plan for assessing impairment of goodwill takes into account the current economic environment and is a more conservative than the original plan. At this point in time, we believe that there are no concerns regarding impairment.

What is the current status of ad revenue in the Overseas Business?

The revenue per unit of media companies has increased since January 2024, and we believe there is a recovery trend in market sentiment for the current fiscal year.

Q&A related to Acquisition of Treasury Shares from SoftBank Corp.

Why is it necessary to issue class shares?	Since the acquisition of treasury shares (4.95 billion yen) decreases net assets, it is necessary to build up net assets to maintain net assets. Since issuance of common shares drastically lowers stock price, it is also necessary to issue class shares of equity nature different from common shares.
What happens when business performance deteriorates and the stock price falls further?	The conversion value on the Mizuho Bank side is 933 yen, and it is likely that they will continue to receive preferred dividends because they will incur loss if converted. When business performance deteriorates, the pace of accumulating internal reserves will also decrease, so we will accumulate internal reserves, including dividends from subsidiaries, to build up funds for purchases after 2 years, and carry out purchases.
In what situations, will the conversion to common stock occur?	Basically, the financial institution also does not anticipate the exercise of the right to convert to common stock, and the most likely scenario is to purchase them after 2 years. If the situation deviates from the scenario, there is a possibility that a conversion to common stock will occur after 3 years from the acquisition, if the stock price exceeds 933 yen to allow for capital gains, and if our company is unable to purchase them for some reason.
What level of disposal of shares is expected when transferring to the Prime Market?	Considering the current liquidity at around 30% and the securing of future M&A funds, we believe it is possible to dispose of at least 5 to 10%. Our company intends to minimize the disposal of treasury shares, using them primarily to return profits to shareholders and support active investment.
What will the relationship with SoftBank be like in the future?	The capital partnership has been dissolved due to the acquisition of treasury shares, but our business alliance will continue. Businesses with SoftBank Group's LY Corporation, in the Advertising Platform Business, are expected to continue.
How will the treasury shares acquired from SoftBank be used?	It is assumed that the acquired treasury shares will be used for the following purposes: (1) Transfer to business partners (2) M&A activities, such as share exchanges (3) Disposal upon transfer to the Prime Market (4) Cancellation by profit
What kind of business partners are expected to receive the transferred shares?	Although the focus is on companies with business synergy, we are open to a wide range of potential business partners, provided they can enhance our market capitalization and offer overall benefits to our company. In any case, the assumption is that these will be companies in which we can invest over the long term.

Will you continue to actively conduct M&A in the future?	Although we will refrain from conducting large-scale M&As to prepare for the transfer to the Prime Market, we may conduct M&As that do not accompany significant changes in internal controls or management systems.
Regarding the acquisition of Socialwire Co., Ltd., how can it be made into a subsidiary despite holding only 49% of the shares, and how will sales and profits be recorded in this case?	We have adopted International Financial Reporting Standards (IFRS) and prepare consolidated financial statements in accordance with IFRS. The determination of consolidated subsidiaries is therefore based on whether they are considered consolidated subsidiaries from an IFRS perspective, which evaluates substantial control. In this case, the assumption is that a majority of the board of directors' consent is a precondition. Given that our company can effectively control management decisions, we plan to treat it as a consolidated subsidiary. We will consolidate on a 100% basis up to net income, and will report an amount equivalent to 49% interest for the equity attributable to owners of parent
What is the status of the DSP Business (Deqwas, KANADE) acquired from Scigineer Inc.?	Their functions were integrated into our company's GENIEE DSP, resulting in successful partnerships with several major Internet agencies. We expect progress during the current fiscal year due to the revitalization of initiatives with various companies and collaboration with our SSP.
You have absorbed Hypersonic and BST (Business Search Technology). What was the reason for conducting an absorbed-type merger of the two companies?	In addition to promoting product collaboration and sales activities utilizing each other's customer bases, we are already promoting activities to create business synergies such as product planning and development. We have decided to absorb the two companies to consolidate management resources, improve operational efficiency, and accelerate decision-making.

You mentioned that you will actively conduct IR activities in the future. Can you provide specific details?

(1) Refine financial results briefing materials Since some details linking KPIs related to the ad business and our strategy are difficult to understand, we would like to make the connection easier to understand and quantitatively demonstrate the long-term challenges to better align our future strategy. Additionally, points related to our competitive advantages will also be described better.
(2) Actively provide information through media exposure and the 'note' service to help people understand business details.

Given the published budget for FY2024, the FY2025 plan seems difficult to achieve. What should we take away from that?

The FY2025 plan does not account for the acquisition of Socialwire, and was formulated on the assumption that the U.S. recession would have eased. Therefore, we intend to reformulate the plan based on the current situation.

How will the business portfolio change in the future?

With the acquisition of Zelto, the Overseas Business ratio will increase relative to our total operations. It is assumed that sales of the Marketing SaaS Business with a high growth rate will increase to about the same level as sales of the Advertising Platform Business. Currently, of the total operations, the Advertising Platform Business accounts for about 50%, the Overseas Business for about 15%, and the Marketing SaaS Business for about 35%, but it is expected that the Marketing SaaS segment will expand to around 40% by FY2025.

Reference Material



FY2024 | Q1 Financial Results Briefing Materials

Company Profile

Name	GENIEE, Inc.
Business Description	Advertising Platform Business, Marketing SaaS Business, and Overseas Business
Location	Sumitomo Fudosan Shinjuku Oak Tower 6F, 6-8-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Representative	President & CEO: Tomoaki Kudo
Officer	Director Yuichi Nishino Director, Audit & Supervisory Committee member Katsuyuki Toritani (full-time, external) Yukio Todoroki (external) Yoshitaka Sasaki (external)
Number of Employees	617 (consolidated, as of March 31, 2024)
Date of Establishment	April 14, 2010
Share Capital	1,553 million yen (as of June 30, 2024)
Fiscal Year End	March



At Waseda University Graduate School of Science and Engineering, Kudo was affiliated with a research lab focused on AI and search engines.

Joined Recruit Co. Ltd. (now Recruit Holdings Co., Ltd.) and engaged in new business development.

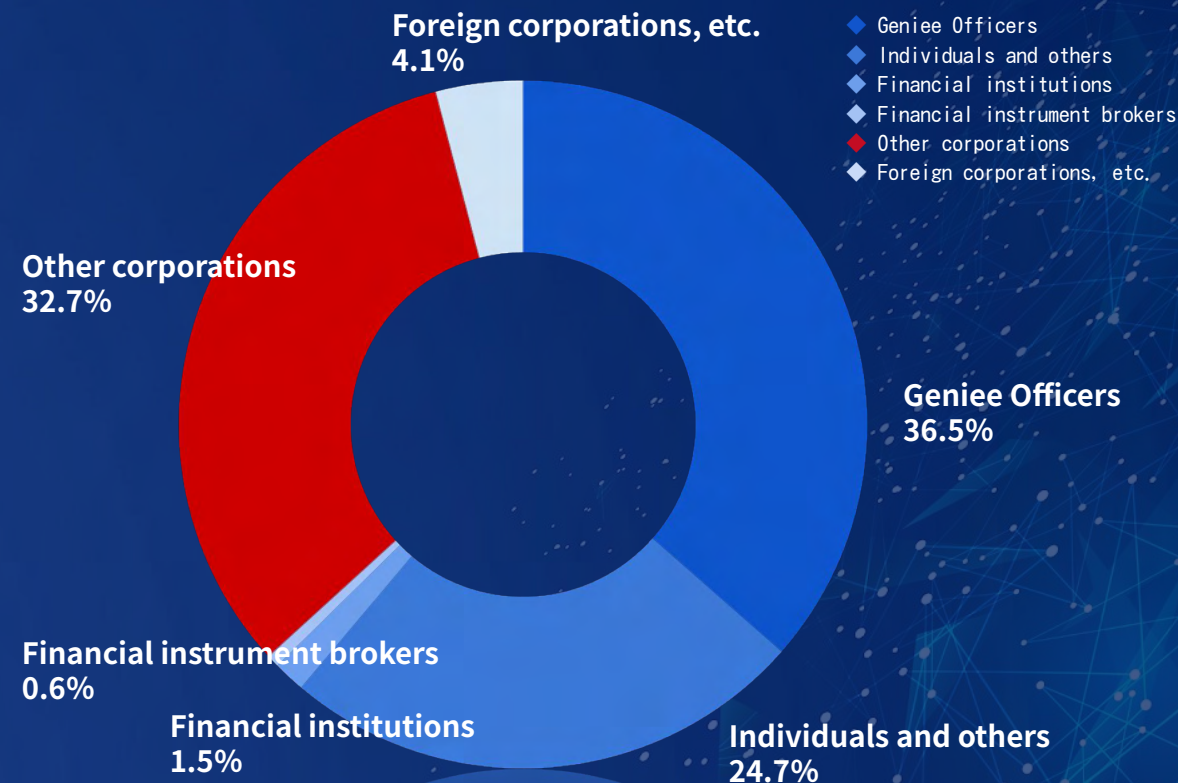
In April 2010, he founded Geniee, Inc. and became president and representative director.
In April 2023, he established JAPAN AI, Inc.

Status of Shareholders (as of the end of March 2024)

Status of Major Shareholders

Name of Shareholder	Number of Shares Held (Shares)	Shareholding Ratio (%)
Tomoaki Kudo (President & CEO)	6,544,400	36.43
SoftBank Corp.*	5,625,000	31.31
Daisuke Gomi	518,500	2.89
Nice Satis Fine Limited	402,000	2.24
Takuya Yoshimura	385,300	2.14
Japan Custody Bank, Ltd. (Trust Account)	268,700	1.50
Hiroshi Hirose	226,500	1.26
Seibun Kanazawa	100,000	0.56
Ueda Yagi Tanshi Corporation	95,900	0.53
BNYMSA / NVFORBNYMFORBNYMGCMCLIENTACCTSMI LMFE	85,764	0.48

Shareholders



*All of the shares held by SoftBank as of the end of March 2024 have been acquired by our company, and the shareholding ratio is currently zero.

Business Purpose

A world view realized by Geniee's products and services

**Creating a world where everyone can
succeed in marketing**

Corporate Purpose

Long-term goals of the organization • Existential significance

**To become a global technology company
from Japan, contributing to Japan and Asia**

Business Trends

We started the Advertising Platform Business in 2010. It became **one of the largest in Japan** in FY2016. In 2016, we started providing marketing SaaS products and **expanded our business while conducting M&A**. The Overseas Business began to expand in 2012, and **the acquisition of Zelto** in 2023 significantly increased the proportion of overseas sales revenue.

Gross profit: **6.1** billion yen



*Items marked in red are acquired through M&A. The former brands of Chamo, Engagebot, and HyperSonic have been integrated into GENIEE CHAT. The product brands of CATS Co., Ltd. have been integrated into GENIEE ANALYTICS.

In order to achieve the Medium-Term Management Plan, we identify and assess risks through global risk management activities and develop response policies.

When risks become apparent, we will respond quickly and appropriately.

Major Risks	Related Segment	Example Risk Scenarios	Main Response Policies
Internet advertising market trends and competitive environment	Advertising Platform Business and Overseas Business	Possible decline in revenue due to economic downturn, reduction in advertising budgets, and a lack of competitiveness.	<ul style="list-style-type: none"> • Approach business sectors/industries that are less likely to be affected. • Benchmark competitors and continue investing in technology.
Cookie regulations	Advertising Platform Business and Overseas Business	Possible decline in revenue due to regulations on targeted advertising.	<ul style="list-style-type: none"> • Develop new technologies. • Cooperate technically with other companies.
Information security and management of personal information	Marketing SaaS Business	Leakage of information assets such as customer information of companies that adopted SaaS products.	<ul style="list-style-type: none"> • Obtain Privacy Mark certification, maintain and improve the level of management of personal information on a continuous basis.
Technological Innovations	All businesses	Possible decline in competitiveness, additional system development, and increased labor costs due to competitors' development of new technologies and introduction of new services.	<ul style="list-style-type: none"> • Develop new technologies. • Analyze overseas advanced cases. • Cooperate technically with other companies.
Risks of Overseas Business	Overseas Business	Possible impact on our Group's financial position and operating results from not being able to recover our investment due to country-specific business practices, government regulations, and other factors.	<ul style="list-style-type: none"> • Confirm regulatory changes with a local corporate legal firm. • Collaborate on information between overseas subsidiaries and the head office.
Entering new service areas	All businesses	Possible losses due to service suspension or withdrawal as a result of failure to achieve initially expected results due to timing discrepancies between upfront investment associated with entering a new market and the speed or scale of market expansion.	<ul style="list-style-type: none"> • Interview multiple experts. • Study overseas advanced cases. • Defer upfront investments until strategies to earn profit from potential customers are established.
Corporate acquisitions and investments	All businesses	Possible significant losses due to the occurrence of contingent or unrecognized liabilities after an acquisition, or potential fraud or compliance issues due to inadequate internal controls.	<ul style="list-style-type: none"> • Conducting due diligence with various internal and external experts • Utilize M&A know-how and insights accumulated from the past.

Risks and Response Policies

Focusing particularly on social and governance aspects of ESG, we adopt a wide variety of systems to ensure fair opportunities for employees, enhance career motivation, and facilitate internal communication.

Furthermore, as a publicly listed company, we place importance on governance and have thoroughly implemented a code of conduct for employees to conduct business legally and appropriately. We have also established a system to enhance the reliability and transparency of our financial reporting.

	Examples of Initiatives and Results	SDGs Initiatives
Environment	<ul style="list-style-type: none"> Requested quotations and basic contracts to be electronically signed in principle to reduce environmental impact, optimize resource use, and improve business efficiency. Achieved complete paperless operations by adopting cloud-based systems for HR, attendance, accounting, and expense reimbursement. 	
Social	<ul style="list-style-type: none"> Created a comfortable working environment through programs such as refreshment leave, rent subsidies, book subsidies, and support for working parents. Additionally, supported career development with internship programs, job change programs, global challenge initiatives, and other opportunities. Actively hiring and promoting female employees to management positions to support their success. We will continue to foster an environment where all employees can work comfortably, regardless of gender. Assigned the right people to the right positions globally, including relocating talented overseas personnel to the head office and promoting head office staff to overseas positions. 	   
Governance	<ul style="list-style-type: none"> Held Compliance Committee meetings regularly and ensured that all employees are aware of the company's sexual harassment and power harassment policies. With a high proportion of external directors, oversight and checks by these directors functioned effectively. As a company with an audit and supervisory committee, we ensured the reliability and transparency of financial reporting by supervising and supporting both internal and external audits. 	

The figures for consolidated management targets and other data presented in this document are based on plans formulated using information currently available and include a number of uncertainties.
Actual results and performance may differ due to changes in business conditions and other factors.