

**First Quarter Consolidated Financial Results for the Fiscal Year Ending March 31, 2020**  
**(Based on J-GAAP)**

August 9, 2019

Listed company Geniee Inc. Listed stock exchange: TSE  
Code No. 6562 URL <https://geniee.co.jp>  
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General Manager  
Schedule date of first quarter report submission August 9, 2019 Schedule date to commence dividend payments —  
Supplemental quarterly earnings summary materials created: Yes  
Supplemental quarterly earnings summary materials created: No

(amounts below one million yen rounded off)

1. Consolidated earnings for the first quarter of FY2020 (April 1, 2019 to June 30, 2019)

(1) Consolidated operating results (cumulative) (% indicates YoY change)

	Net sales		Operating income		Ordinary income		EBITDA		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
1Q/FY2020	3,393	-15.7	-162	—	-169	—	-87	—	-151	—
1Q/FY2019	4,023	—	2	—	-4	—	84	—	11	—

(Note) Comprehensive income 1Q/FY 2020 -151 million yen (-%) 1Q/FY 2019 24 million yen (-%)

(Note) EBITDA = Operating income + Depreciation and amortization + Amortization of goodwill

	Net income per share	Diluted net income per share
	Yen	Yen
1Q/FY2020	-8.46	—
1Q/FY2019	0.68	0.66

(Notes) 1. As we did not create quarterly consolidated financial statements for the first quarter of FY2018, we do not indicate the YoY change (%) compared to the first quarter of FY2019.

2. Although potentially dilutive shares do exist, this is not indicated under “diluted net income per share” for 1Q/FY 2020 as the quarter resulted in a net loss per share.

(2) Status of consolidated finances

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
1Q/FY2020	4,307	2,564	59.3
FY2019	4,635	2,714	58.4

(Ref.) Shareholders' equity 1Q/FY2020 2,555 million yen FY2019 2,707 million yen

2. Status of dividends

	Total annual dividends				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2019	—	0.00	—	0.00	0.00
FY2020	—	—	—	—	—
FY2020 (forecast)	—	—	—	—	—

(Note) Revisions since most recently announced dividend forecast: None

Dividend forecast amounts for FY2020 second quarter and end of fiscal year are not yet determined.

3. Consolidated earnings forecast for FY2020 (April 1, 2019 to March 31, 2020)

(% indicates YoY change)

	Net sales		Operating income		Ordinary income		EBITDA		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	Yen
Full-year	15,572	4.1	23	—	7	—	359	—	-39	—	-2.20

(Note) Revisions since most recently announced earnings forecast: None

\*Notes

(1) Movement of important subsidiaries during consolidated cumulative quarter under review (movements of designated subsidiaries incidental to change in scope of consolidation): None

New companies: (Company name); Excluded companies: (Company name)

(2) Application of special accounting treatments during the creation of quarterly consolidated financial statements: None

(3) Changes in accounting principles, changes in accounting estimates, and restatements

1) Change in accounting principles incidental to revisions to accounting standards, etc.: None

2) Changes in accounting principles other than 1): None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of issued shares (common stock)

1) Number of shares issued at end of fiscal year (including treasury stock)

1Q/FY2020	17,883,200 shares	FY2019	17,868,200 shares
1Q/FY2020	70 shares	FY2019	70 shares
1Q/FY2020	17,877,361 shares	1Q/FY2019	17,616,000 shares

2) Treasury stock as of end of term

3) Average number of shares during fiscal year (cumulative quarter)

\*The quarterly earnings summary is not subject to quarterly review by the public certified accountant or auditing firm.

\*Explanation concerning appropriate use of earnings forecasts and other special notes

(Notes on forward-looking statements)

Earnings forecasts and other forward-looking statements indicated in these materials, are based on information available and certain assumptions deemed reasonable at the time. Statements in these materials do not constitute any guarantee the achievement of performance. Actual business results may differ substantially due to several factors.

(Method of obtaining notes on quarterly financial statements)

Notes on quarterly financial statements will be published to our website on August 9, 2019.

## 1. Qualitative information concerning quarter earnings

### (1) Information on operating results

In the online ad market, the main segment in which our Group operates, demand for managed ads and smartphone video ads remains high thanks to the popularity of smart devices and technological advancements. In 2019, online advertising media budgets are expected to increase to 1,678.1 billion yen, up 115.9% from the previous year (research by Dentsu Inc., Cyber Communications Inc., and D2C Inc.).

Amid such an operating environment, our Group aims for sustainable growth and the medium- to long-term growth of our corporate value by serving as a Japanese technology company founded in Japan that embraces the mission of using technology to create new value and working together with clients to build success.

During the consolidated cumulative first quarter, we focused on enhancing business portfolio management, expanding cross-cell initiatives, and streamlining our organizational structure by transferring decision-making authority to business supervisors. These represent the core strategies we have outlined for this fiscal year to achieve our current medium-term management plan, which extends through FY2022. Overall, initiatives by each division progressed largely according to plan.

Our Group operates in a single segment. The status of operations broken down by service and area are as follows.

In the Ad Platform Business, we promoted initiatives aimed at increasing profits for client media, including maintaining and optimizing existing domains, marketing new products, increasing share in new domains, and improving our ad distribution logic for our mainstay supply side-business (Google Products + GenieeSSP). With the demand-side business (GenieeDSP), we focused on target domain sales and new project development contracts for the digital OOH (Note 1), a new service we launched this fiscal year, were favorable. As a result of the above, net sales were 2,704 million yen (down 24.4% YoY). Furthermore, the impact from policy changes affecting client ad network operators has subsided. Earnings are firm relative to our forecast and are contributing overall performance.

In the marketing solutions business (Note 2), for the marketing automation platform MAJIN we strengthen business development efforts to target clients. At the same time, we also increased new orders for our ad management service. For the customer relations management (CRM) and sales force administration (SFA) system Chikyu, we succeeded in increasing customers through enhanced sales activities including participating in exhibits and holding seminars. At the same time, we decreased client turnover rates by improving support to existing clients. Chamo, the chat-based customer service tool operated by Chamo Inc. we acquired in November 2018 also contributed to sales. As a result of the above, net sales are 363 million yen (up 43.0% YoY).

Looking at overseas business, offices for supply-side businesses saw a decline in ad placements. At the same time, on demand side, the cross-border business captured large-scale campaign orders from a major cosmetics company and new client development was favorable. As a result, net sales were 369 million yen (up 44.6% YoY).

Overall, earnings for the consolidated cumulative first quarter resulted in net sales of 3,393 million yen (down 15.7% YoY), operating losses of 162 million yen (1Q/FY2019 was operating income of 2 million yen), ordinary losses of 169 million yen (1Q/FY2019 was operating losses of 4 million yen), and 151 million yen in losses attributable to owners of parent (1Q/FY2019 was 11 million yen in profit attributable to owners of parent). These results are largely attributable to decreased net sales and increased personnel expenses related to enhancing our organizational structure.

(Note 1) OOH is the abbreviation for Out of Home, which refers to ad media that engages the target audience in locations outside the home such as transportation ads and billboards.

(Note 2) As of 1Q/FY2020, we changed the business name from the former “Marketing Automation Business” to the “Marketing Solutions Business” to better reflect business operations.

### (2) Information on financial status

#### (Assets)

Total assets as of the end of 1Q/FY2020 were 4,307 million yen, a decrease of 328 million yen compared to the end of the previous consolidated fiscal year. This is mainly due to factors including a decrease in cash and deposits of 165 million yen and a decrease in accounts receivable of 159 million yen.

(Liabilities)

Total liabilities as of the end of 1Q/FY2020 were 1,743million yen, a decrease of 177 million yen compared to the end of the previous consolidated fiscal year. This is mainly due to factors including a decrease in accounts payable of 141 million yen.

(Net assets)

Net assets as of the end of 1Q/FY2020 were 2,564 million yen, a decrease of 150 million yen compared to the end of the previous consolidated fiscal year. This is mainly due to a decrease in retained earnings of 151 million yen as a result of recording losses attributable to owners of parent.

(3) Information on consolidated earnings forecast and other forward-looking information

There is no change in the consolidated earnings forecast for FY 2020 indicated in the earnings summary released on May 14, 2019.