

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2021
(Based on J-GAAP)

August 12, 2020

Listed company: Geniee Inc. Listed stock exchange: TSE
 Code No.: 6562 URL <https://en.geniee.co.jp>
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 General Manager & CFO
 Schedule date of first quarter report submission: August 12, 2020 Schedule date to commence dividend payments: —
 Supplemental quarterly earnings summary materials created: Yes
 Quarterly earnings conference held: None

(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	3,063	-9.7	-132	—	-128	—	-50	—	-102	—
1Q FY2019	3,393	-15.7	-162	—	-169	—	-87	—	-151	—

(Note) Comprehensive income 1Q FY 2020 -107 million yen (-%) 1Q FY 2019 -151 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	-5.73	—
1Q FY2019	-8.46	—

(Note) Although potentially dilutive shares do exist, they are not listed under diluted net income per share because they resulted in a net loss per share.

(2) Status of consolidated finances

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
1Q FY2020	3,970	2,441	61.3
FY2019	4,269	2,548	59.5

(Ref.) Shareholders' equity 1Q FY2020 2,433 million yen FY2019 2,540 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, 2020 to March 31, 2021)

(% 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	15,580	8.6	186	—	174	—	549	156.1	134	—	7.48

(Notes) Revisions since most recently announced earnings forecast: Yes

*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	17,958,200 shares	FY2019	17,958,200 shares
1Q FY2020	118 shares	FY2019	118 shares
1Q FY2020	17,958,082 shares	1Q FY2019	17,877,361 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 of actual performance. Actual business results may differ substantially due to several factors. Refer to “(3) Information on consolidated earnings forecast and other forward-looking information in 1. Qualitative information concerning quarter earnings” on page 4 of the attachment for the assumptions behind earnings forecasts and notes concerning the use thereof.

(Method of obtaining notes on quarterly financial statements)

Notes on quarterly financial statements will be published to our website on August 12, 2020.

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 2020, online advertising media budgets are expected to increase to 1,845.9 billion yen, up 111.0% from the previous year (research by Dentsu Inc., Dentsu Digital Inc., Cyber Communications Inc., and D2C Inc.). On the other hand, the spread of the novel coronavirus since the beginning of the fiscal year has heavily impacted economic activity in Japan and other countries, which has increased feelings of uncertainty about the future.

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 worked on expanding profitability of our main businesses and increasing our share in businesses in the investment stage to achieve our current medium- term management plan, which extends through FY2021.

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

- Ad Platform Business

In the Ad Platform Business, in our main supply-side businesses, 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. As a result of the above, net sales in the Ad Platform Business were 2,574 million yen (down 4.8% YoY).

- Marketing Solutions Business

The Marketing Solutions 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. As a result, net sales in the Marketing Solutions Business were 238 million yen (down 34.4% YoY).

- Overseas Business

In our overseas business, 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. As a result, net sales were 281 million yen (down 23.9% YoY).

Overall, earnings for the consolidated cumulative first quarter resulted in net sales of 3,063 million yen (down 9.7% YoY), operating losses of 132 million yen (1Q FY2019 was operating losses of 162 million yen), ordinary losses of 128 million yen (1Q FY2019 was ordinary losses of 169 million yen), and 102 million yen in losses attributable to owners of parent (1Q FY2019 was 151 million yen in losses attributable to owners of parent). These results are largely attributable to decreased net sales and increased personnel expenses related to enhancing our organizational structure.

* 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.

(2) Information on financial status

(Assets)

Total assets as of the end of 1Q FY2020 were 3,970 million yen, a decrease of 298 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 174 million yen and a decrease in accounts receivable of 207 million yen.

(Liabilities)

Total liabilities as of the end of 1Q FY2020 were 1,529million yen, a decrease of 190 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 112 million yen.

(Net assets)

Net assets as of the end of 1Q FY2020 were 2,441 million yen, a decrease of 107 million yen compared to the end of the previous consolidated fiscal year. This is mainly due to a decrease in retained earnings of 102 million yen as a result of recording losses attributable to owners of parent.

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

The consolidated earnings forecast for FY 2020 had been left to be determined due to the difficulty in accurately calculating the impact of COVID-19 on earnings arising from uncertainty over when the situation will come to an end. However, we have now published an earnings forecast calculated based on currently available information.