

Marketing Technology & AI Company



Financial results for the fiscal year ending March 2024

May. 14, 2024



Company Profile

Name	Geniee, Inc.	Number of Employees	617 (end of March 2023)
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Description of Business	Advertising Platform Business Marketing SaaS Business Overseas Business	Date of Establishment	April 14, 2010
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location	6-8-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo Sumitomo Fudosan Shinjuku Oak Tower 5/6F	Paid-in Capital	1,553 Million Yen
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representative	President & CEO: Tomoaki Kudo	Fiscal year end	March
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officer	director Koichi Machida (external) Director, Audit & Supervisory Committee Member Katsuyuki Toritani (full-time, external) Yukio Todoroki (external) Yoshitaka Sasaki (external)	Group Companies	CATS Inc. JAPAN AI Inc. Zelto, Inc. Geniee International Pte., Ltd. Geniee Vietnam Co., Ltd. PT. Geniee Technology Indonesia PT. Adstars Media Pariwara
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Introduction of the Representative Director



President & CEO **Tomoaki Kudo**

- Graduate School of Science and Engineering, Waseda University Student entrepreneurship while studying computer science at the same time.
- After graduating, he joined Recruit Holdings Co., Ltd.. Launched a 1 billion yen business in the business development office.

Career Step

Student
Entrepreneurship

Recruit Holdings
Co., Ltd.
Joined

GENIEE
Entrepreneurship
(April 2010)

Establishment of
overseas bases
(April 2012)

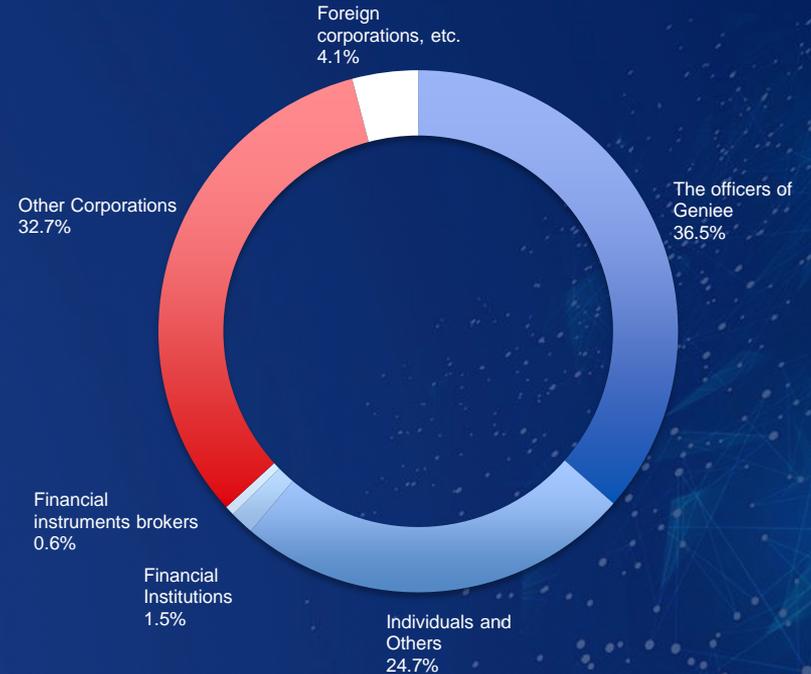
Initial listing of Mothers
(December 2017)

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/ NVFORBNYMFORBNYMGCMCLIENTA CCTSMILMFE	85,764	0.48

Shareholders



Purpose

Business Purpose

The 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

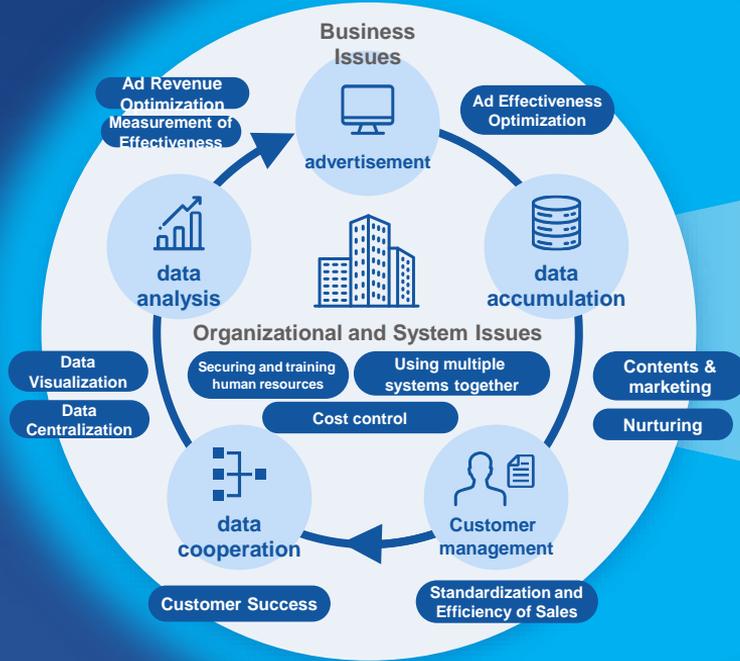
**Becoming a global technology company from Japan,
Contributing to Japan and Asia**

What the Geniee Group is aiming for

State-of-the-art
AI Technology

Automating and streamlining operations

Cross-product collaboration



One Stop
platform

Diverse Product Areas

Utilization of the latest
AI technology

Everyone in Marketing A world where you can succeed

High cost performance

Automating and streamlining
operations

Business Domains

It provides companies with convenient and cost-effective marketing solutions, and delivers highly accurate marketing to users through the enterprise. State-of-the-art generative AI development improves the value of products to customers. Moving forward to a world where everyone can succeed in marketing.



 **JAPAN AI** State-of-the-art generative AI solutions



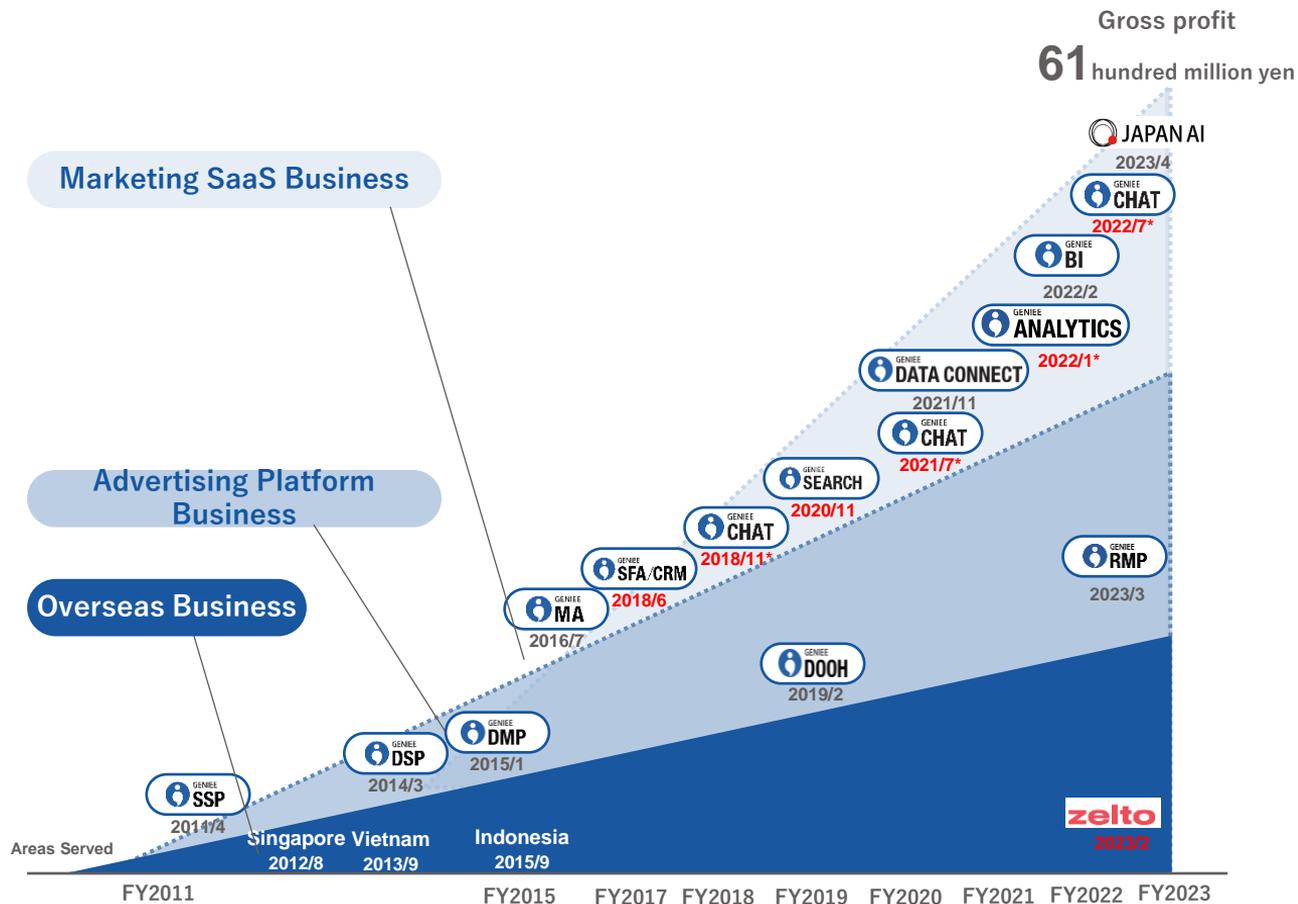
Business Portfolio and Consolidated Gross Profit

In fiscal 2016, our main business, GENIEE SSP, became one of the largest in Japan.

In 2016, we started providing 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.

In addition, it is classified into a segment in the marketing SaaS business on the segment of JAPAN AI.



※ The deficit was acquired through M&A. Currently, GENIEE CHAT has integrated the brands of the former Chamo, the former Engagebot, and the former HyperSonic. also, the products of CATS are integrated into geniee analytics brand.

Company-wide Performance Trends

Despite a slowdown in the advertising market, we achieved a 24% sales growth due to strong performance in our existing businesses.

However, adjusted operating profit dropped by 22% mainly due to a 1 billion yen increase in personnel and outsourcing costs, with additional increases in advertising and payment fees.

From FY2024, we'll focus on productivity as a key metric, enhancing performance monitoring and enforcing strict cost control across the company.

(unit : hundred million yen)

	FY2021*	FY2022	FY2023
Sales Revenue	48.2 +33%	64.5 +24%	80.1
Gross profit	37.4 +37%	51.4 +19%	61.3
Operating Profit	5.8	24.5	15.3
(Transient gains and losses)	(▲2.0) <small>· Software Impairment ▲2.0</small>	(+ 13.3) <small>· Software Retirement Loss ▲2.8 · Margin from tiered acquisition +16.2</small>	(+ 6.6) <small>· Earn-out deduction+5.5 · Obligation exemption benefits to former Zelto shareholders+1.1</small>
(Adjusted operating income)	(7.9) +41%	(11.1) ▲22%	(8.7)
Net income attributable to parent	5.0	21.1	10.3

*Until FY2021, sales revenue from the advertising platform business was recorded as gross, so sales revenue was recorded on the net in accordance with FY2022.

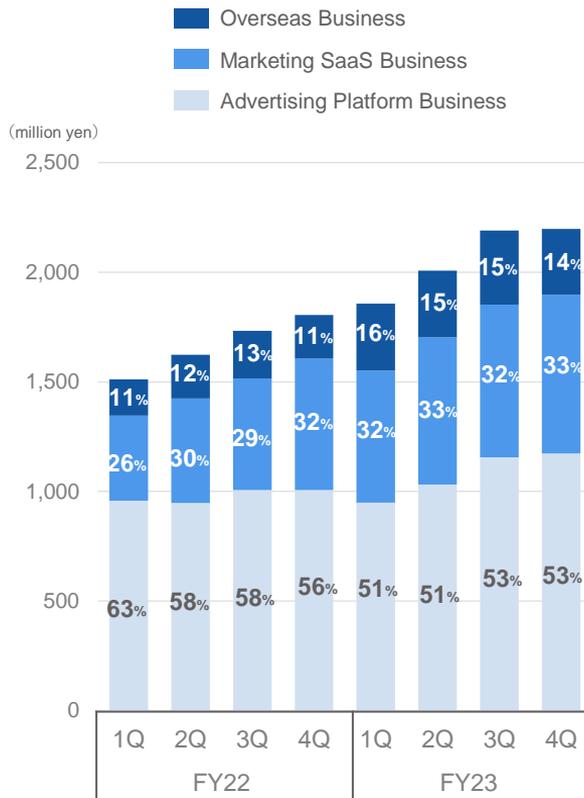
By Segment Percentage of Earnings

Rapid growth in Marketing SaaS and international business sectors with high market size and growth rates.

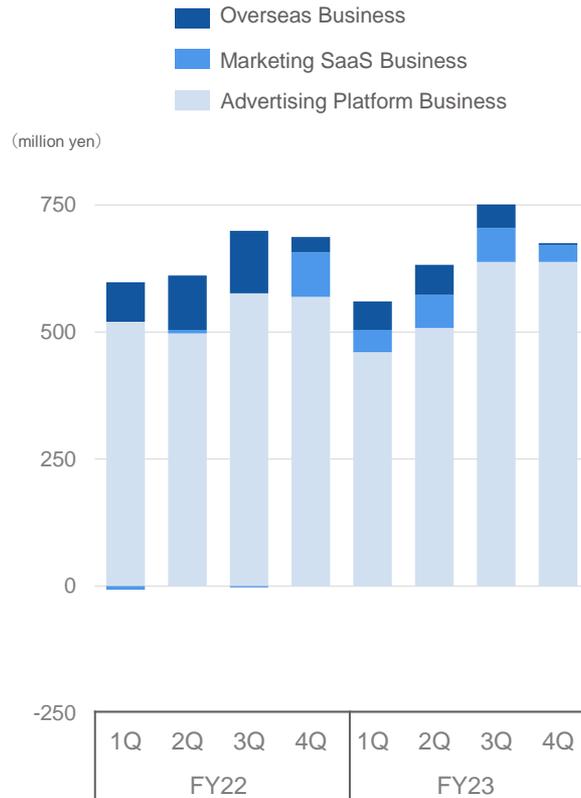
Marketing SaaS, particularly in SFA/CRM and CHAT, has been profitable since Q4 FY2022, after expenses. With enterprise deliveries completed, significant MRR began in April.

Targeting semi-annual profitability in the second half of FY2024.

Sales Revenue



Segment Profit



Financial results for the fiscal year ending March 2024



1

Full-Year Business Segment Financial Overview (Advertising Platform Business)

2

Full-Year Business Segment Financial Overview (Overseas Business)

3

Full-Year Business Segment Financial Overview (Marketing SaaS Business)

4

Mid-Term Management Plan

5

TOPIX

Advertising Platform Business Business Overview

GENIEE Ads Platform

Technology to display
personalized ads

High revenue for media and
high cost-effectiveness for
advertisers

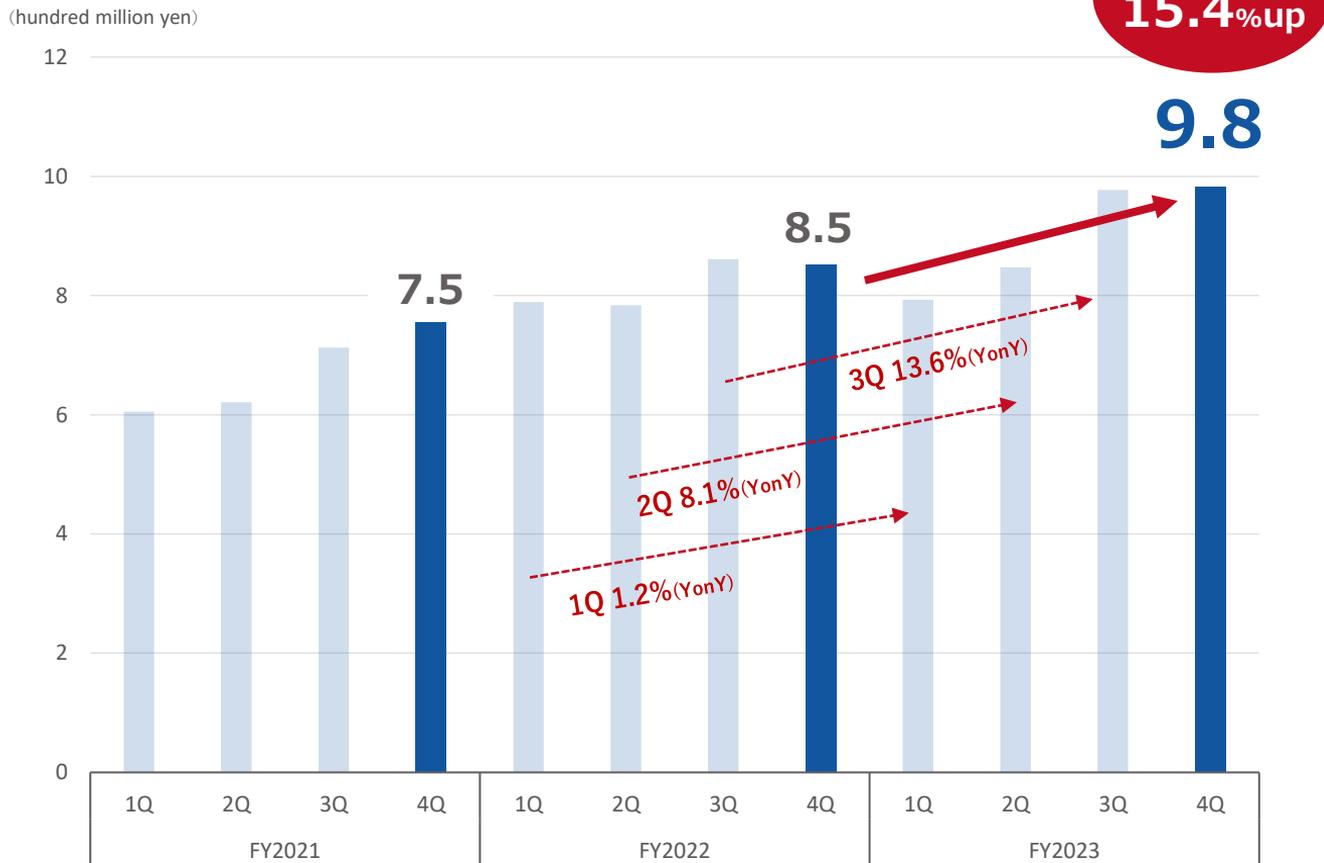


Advertising Platform Business Gross Profit Trend

Gross profit rose 15.4% YoY,
accelerating from Q1.

The video sector, a previously
untapped growth market, became a
key player on the supply side,
alongside successful enterprise
market penetration and securing
new major media for future growth.

Demand side growth was driven by
increased performance sector share
and successful enterprise
acquisitions through major ad
agencies in branding and dynamic
sectors, accelerating growth rates.

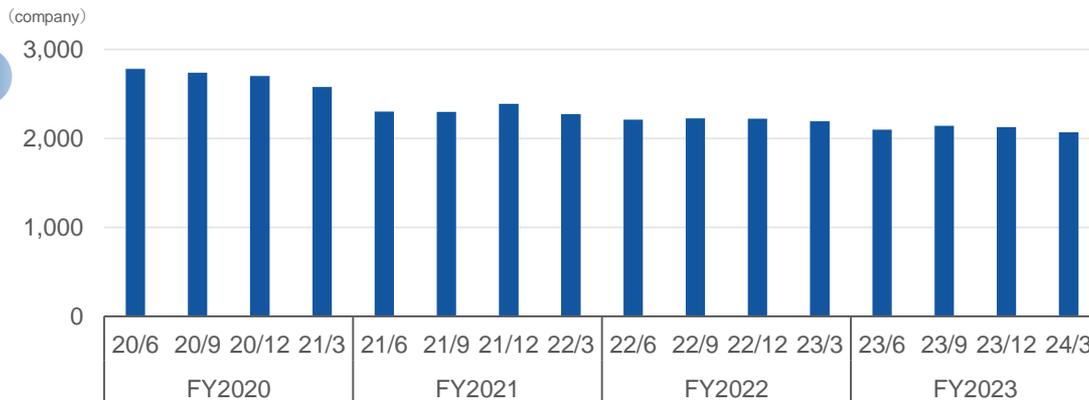


Advertising Platform Business KPI

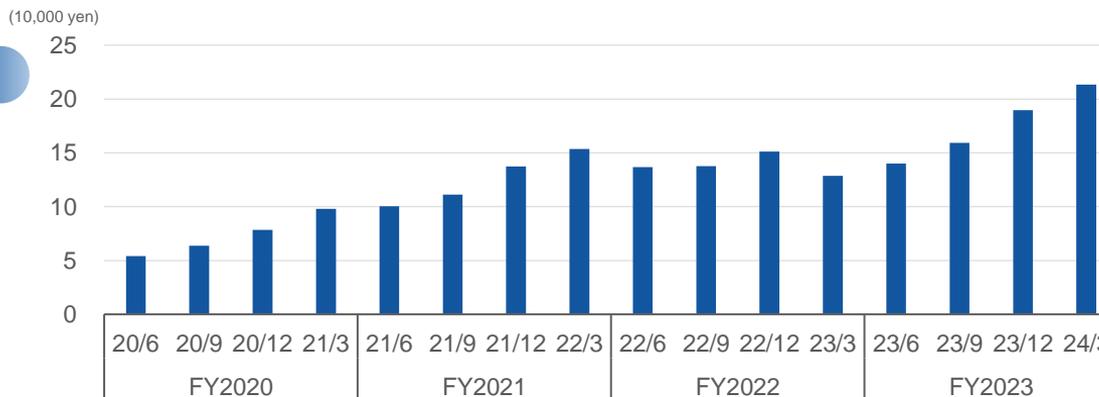
The acquisition of new media and the improvement in unit prices of existing media have led to an increase in per-company revenue.

Due to the reduction in small transactions and an increase in enterprise projects, we plan to change the disclosure of the number of companies to align with our business policy from FY2024 onwards, starting from the next disclosure.

Number of companies^{※1}



revenue per company^{※1}



※1 Calculated based on net amount figures. Additionally, starting from this period, figures for advertising operations and DOOH are calculated by also including comparative information from previous years.

Google had announced plans to phase out all third-party cookie by the second half of 2024, but on April 23, 2024, they announced a postponement of the schedule to begin the phased elimination in early 2025.

By collaborating with the industry and leveraging the resources of the Genie Group, we aim to develop alternative solutions, turn challenges into opportunities, and strive for market share expansion.

What are cookie?

- Cookie are mechanisms for temporarily storing user activity and input data on websites, categorized into first-party and third-party cookies.
- First-party cookie, issued by the visited website, streamline user experiences by remembering login details and shopping cart contents.
- Third-party cookie, from different domains, track user behavior across sites, enhancing targeted advertising effectiveness and aligning ads with user interests.

The Issues with Third-Party Cookie and Regulatory Movements

- Due to privacy concerns, Apple's Safari discontinued third-party data tracking in 2020.
- Google planned to end all third-party cookies by late 2024 but postponed this to early 2025 on April 23, 2024.

Impact on our company and our response

- Our plans, made in anticipation of third-party cookie impacts from FY2024 Q3, mean the postponement improves our budget achievement likelihood.
- We've mostly finished adapting to industry-standard estimated ID solutions and are developing unique solutions to gain a competitive edge.

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- 2 Full-Year Business Segment Financial Overview (Overseas Business)**
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- 4 Mid-Term Management Plan
- 5 TOPIX

Overseas Business Business Overview

We began our international expansion in 2012.

We have been actively expanding overseas, especially in the rapidly growing Asian region, with a platform that maximizes advertising revenue and effectiveness for internet media and advertisers.

In February 2023, we fully acquired Zelto, Inc., aiming not only for the international expansion of "GENIEE SSP" but also for the integration and enhancement of services with Zelto products.

Overseas bases



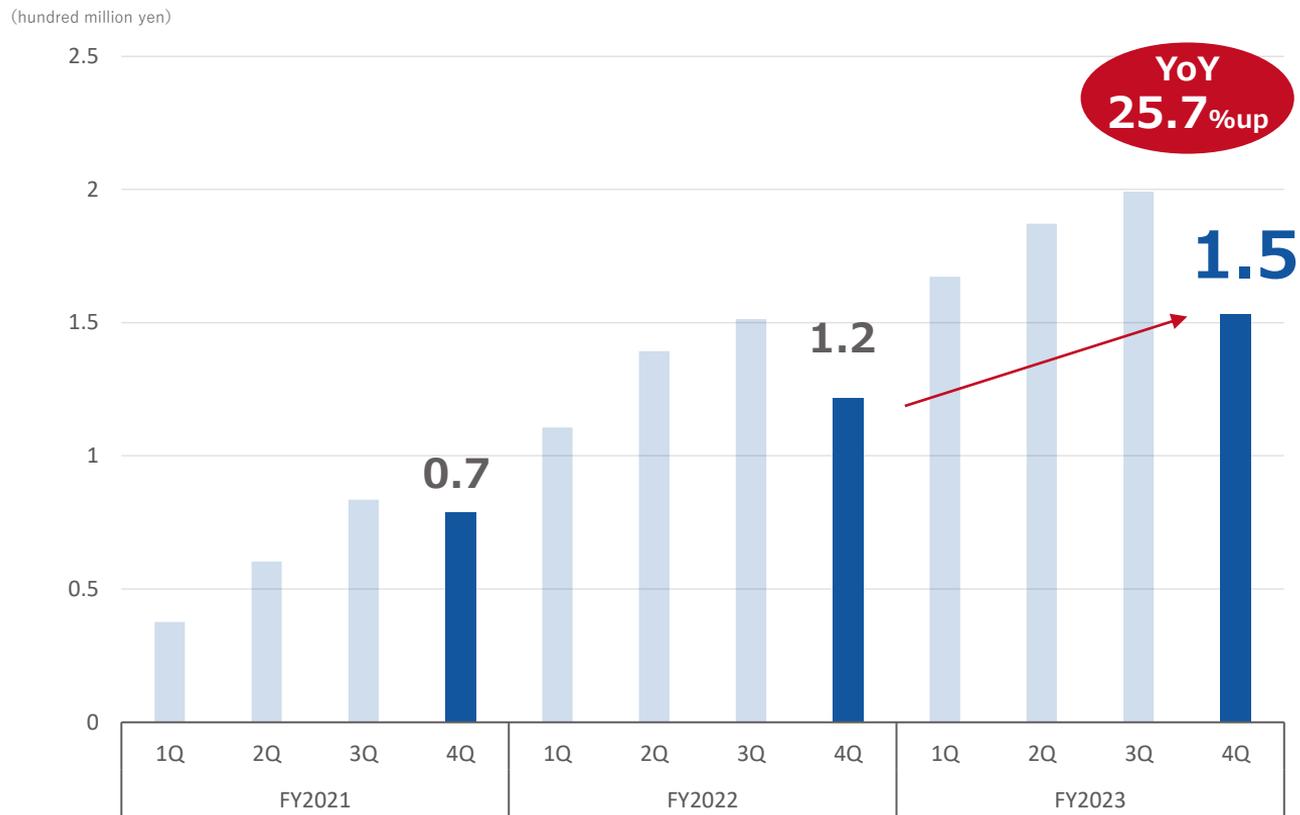
Description of Business

- We are expanding our business in the Western and APAC regions, while also establishing our position as a market leader in the area of advertising revenue optimization in the APAC region.
- In addition to being a reseller of Google and providing "GENIEE SSP," we offer services such as "Adpushup" (an advertising revenue optimization solution) and "Adrecover" (a monetization solution for advertising inventory).
- Zelto has been certified as a GCPP Premier Partner* by Google.

*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 Trend

Gross profit increased by 25.7%
year-on-year.



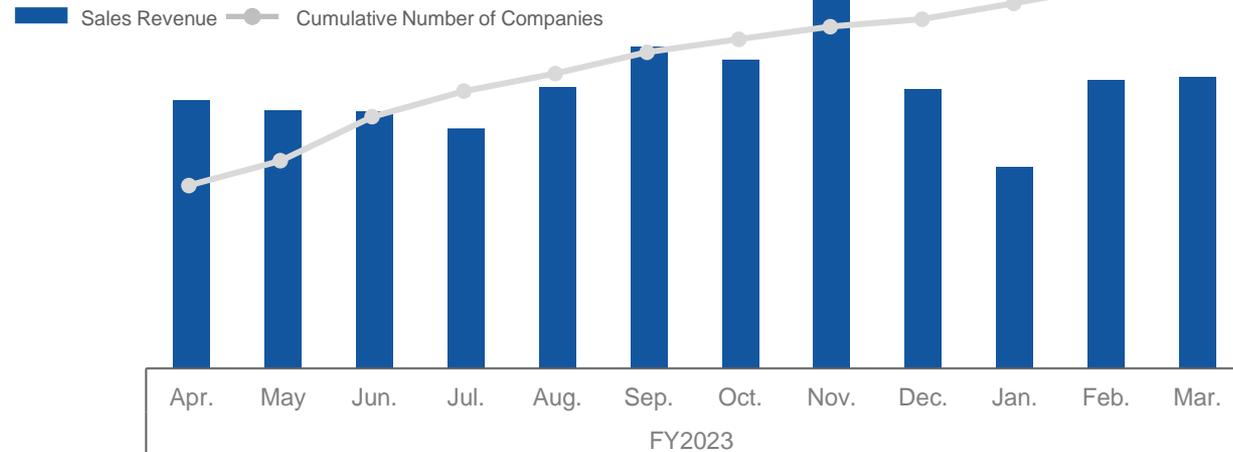
Overseas Business Zelto PMI Progress

Leading PMI to further strengthen our business foundation.

Despite market-driven fluctuations in ad rates (CPM/RPM), we're seeing a continuous increase in the number of transactions.

In the Geniee Group, we're implementing cost reduction strategies such as product cross-selling and server replacements to enhance profitability in future periods.

Sales Revenue and Number of Companies Trend



Financial results for the fiscal year ending March 2024



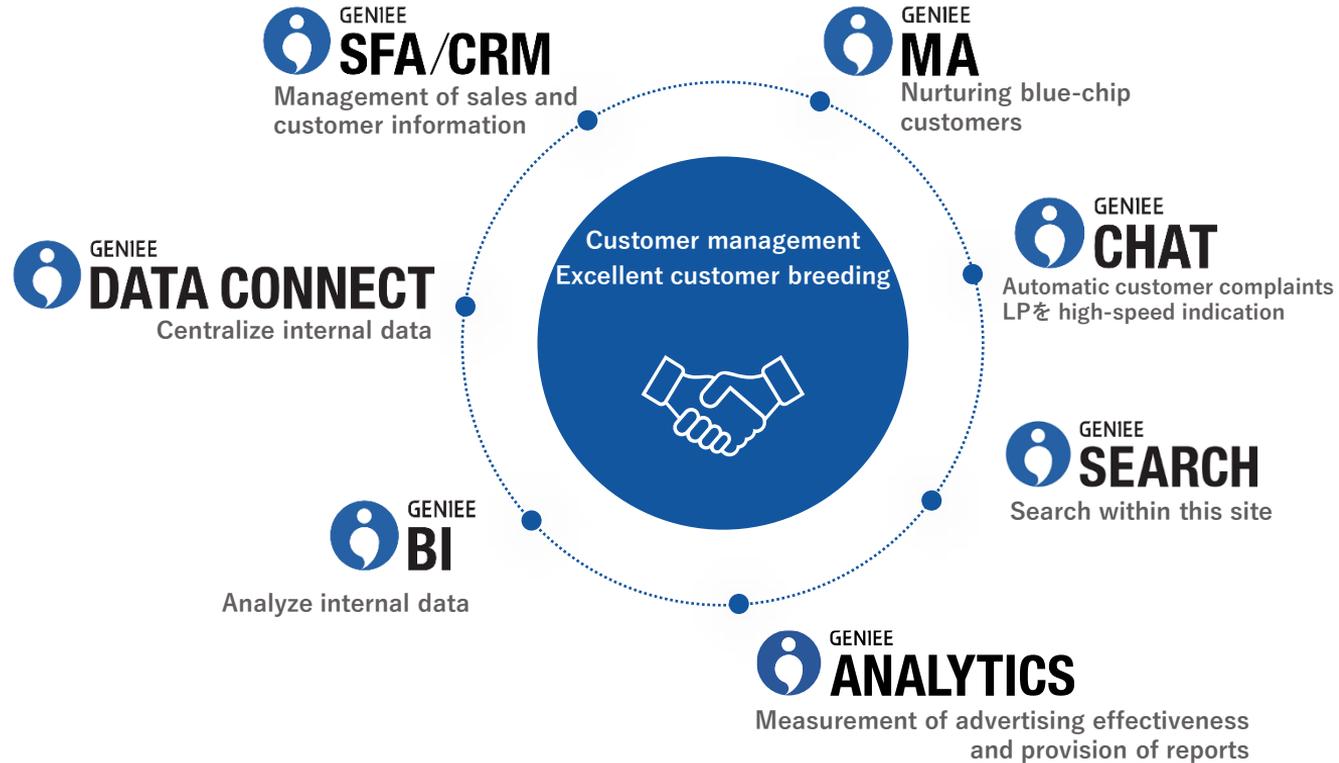
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- 5 TOPIX

Marketing SaaS Business Business Overview

GENIEE

Marketing Cloud

The only domestic sales & marketing platform capable of consistently executing and managing everything from customer acquisition to promotion and order acceptance.



Marketing SaaS Business highlight

Sales revenue and ARR are strong.

Growth is driven by an increase in enterprise accounts and high customer satisfaction, maintaining low churn.

Despite a temporary drop in ARPA due to intense competition in the CHAT sector, major customer deals and account numbers have significantly increased.

Overall, the marketing SaaS business has grown by over 10%.

Sales Revenue / Year-over-year growth

2,699 million yen / **+37.6%**

Recurring ratio ^(※1) / Year-over-year growth

81.7% / **+0.3** point

Gross margin

73.2%

ARR / Year-over-year growth

2,414 million yen / **+24.5%**

Segment Profit

211 million yen

ARPA / Year-over-year growth

14,730 円 / **▲16.4%**

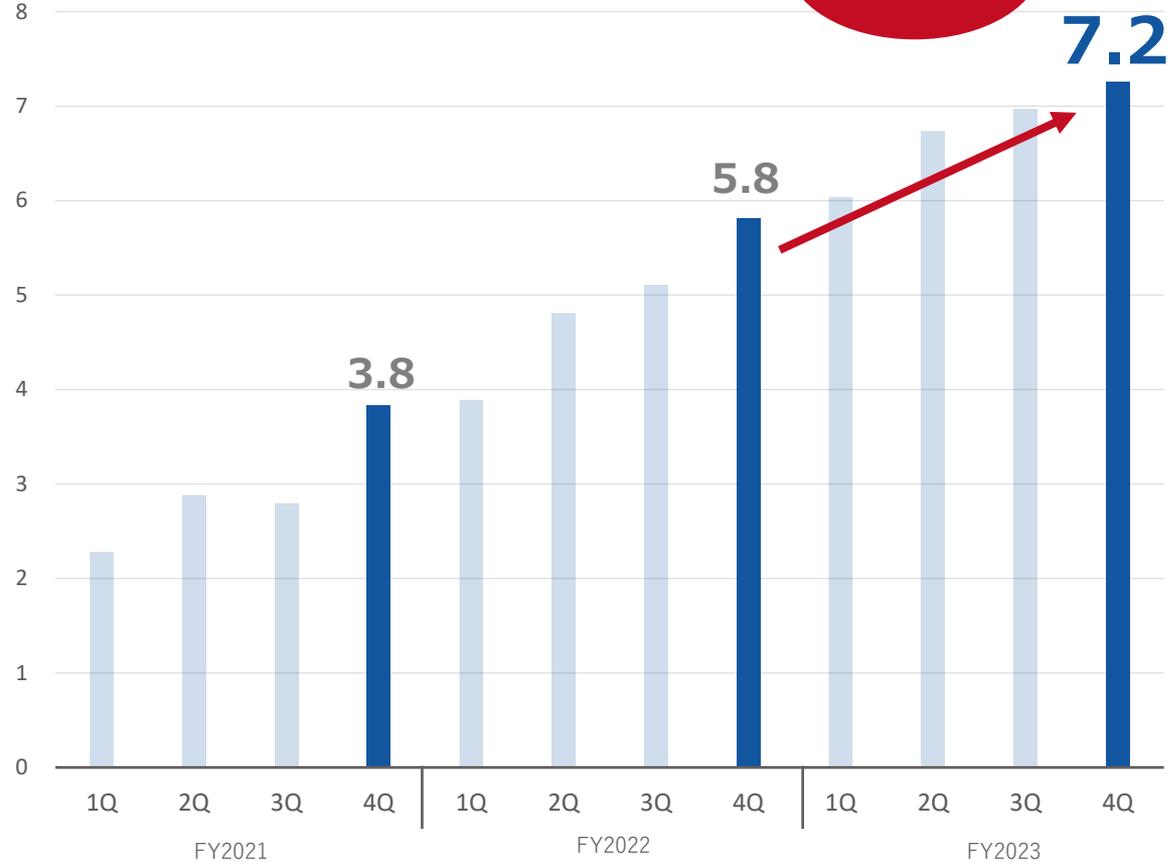
*Calculated based on 12 months back from the end of the first fiscal year.

Marketing SaaS Business Sales Revenue Trend

Sales revenue increased by 21.2% YoY, setting a new record on a quarterly basis.

Both SFA/CRM and CHAT saw an increase in MRR, contributing to the performance.

(hundred million yen)



YoY
21.2% up

7.2

Marketing SaaS Business KPI

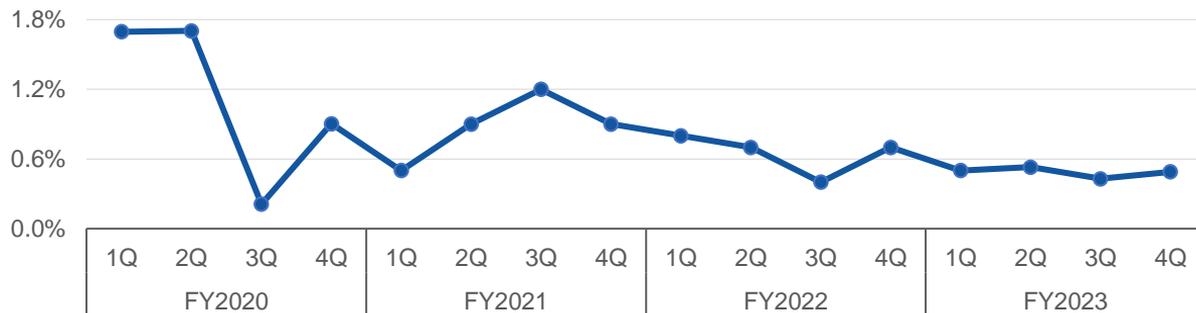
As a result of advancing enterprise-level development in SFA/CRM, the number of accounts increased by 47.0% YoY.

The churn rate has continued to maintain a low level of less than 1%.

Number of Paid Accounts



Churn rate



* Average 3-month churn rate for accounts

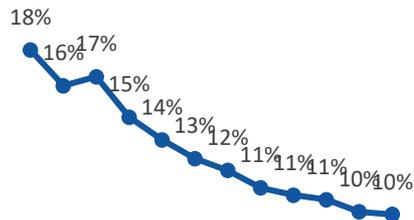
Marketing SaaS Business SG&A expenses for sales ratio

Despite an increase in the S&M ratio in FY2022 due to the expansion of business-side members, there is a decreasing trend* due to the increase in MRR.

G&A also increased in FY2022 due to expansion and an increase in corporate staff, but there is a decreasing trend* due to the increase in MRR.

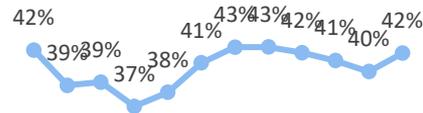
* With the progress of JAPAN AI's business, the S&M and G&A figures for FY23-4Q increased, respectively.

R&D(*1)(*2)



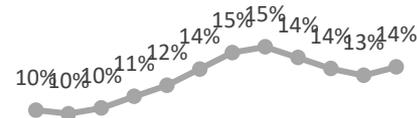
1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
FY2021				FY2022				FY2023			

S&M(*1)(*3)



1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
FY2021				FY2022				FY2023			

G&A(*1)(*4)



1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
FY2021				FY2022				FY2023			

※1 Calculated based on the figures from the last 12 months from the end of the quarter.

※2 Abbreviation for Research and Development. The total of engineers' salaries, related expenses, etc., involved in research and development.

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

※4 Abbreviation for General and Administrative. The total of corporate department salaries, related expenses, and common costs that the marketing SaaS business should bear.

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- 5 TOPIX

Assumptions for the FY2024 Plan

For FY2024, high U.S. interest rates are expected to continue, impacting ad revenue recovery.

Internet ad spending is projected to increase by over 8%, with video advertising expected to grow by more than 12%.*

Budgeting was done anticipating Google's phase-out of third-party cookies from October 2024, though this has been delayed.

Taking into account the shortfall from the previous period, adjustments have been made to the internal plan.

*Source: 'Detailed Analysis of Internet Advertising Media Expenses in Japan, 2023'

External environment · Planning Assumptions



- U.S. high interest rates continue to slow overseas ad revenue recovery.
- The internet ad market, especially in video, is rebounding due to yen depreciation and low domestic rates.
- Google's third-party cookie regulation is accounted for.
- SOCIALWIRE CO., LTD. plans, pending consolidation, are currently excluded.

Policies of each business segment



- The advertising PF business will see growth in FY2023 through expansion in major agency sales channels, video domains, and enterprise areas by developing major media.
- The marketing SaaS business is expanding its enterprise areas in CHAT, SFA/CRM, and newly upgraded MA.
- The overseas business focuses on strengthening cross-selling with domestic supply and demand and developing new enterprise media.

FY2024 Full-Year Earnings Forecast

Pre-consolidation figures of SOCIALWIRE CO., LTD.

For FY2024, we anticipate over 27% growth in sales and over 30% growth in gross profit. In the advertising platform business, we expect over 25% sales growth due to increased penetration in major agency channels, expansion in the video domain, and exploration of major media leading to an expansion in the enterprise area.

For our overseas business, we anticipate over 20% sales growth, driven by cross-selling with domestic supply and demand, and continuous media development in Zelto. In the Marketing SaaS business, with the expansion in the enterprise area of CHAT, SFA/CRM, and MA, we expect over 36% sales growth.

(unit : million yen)

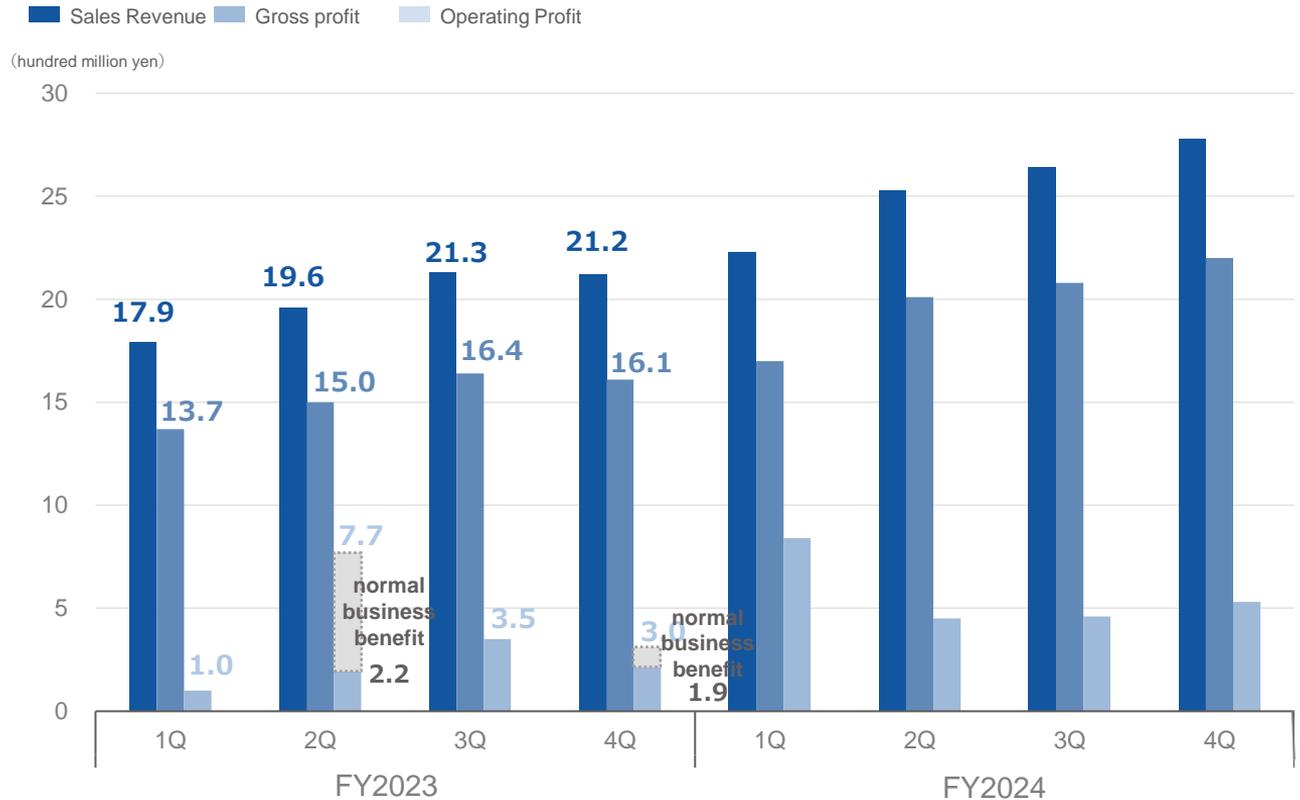
	FY2023 (Expected)	FY2023 (achievements)	FY2024 (plan)
Sales Revenue	8,400	8,012	10,200 +27%
Advertising PF Business	4,300	4,306	5,400
Marketing SaaS Business	2,900	2,704	3,700
Overseas Business	1,400	1,249	1,500
(Adjustment amount)	△200	△248	△200
Gross profit	6,600	6,138	8,000 +30%
Segment Profit	1,800	1,538	2,300
Advertising PF Business	2,200	2,244	2,700
Marketing SaaS Business	400	215	800
Overseas Business	300	201	300
(Company-wide, erasure, etc.)	△1,100	△1,122	△1,500
Operating Profit	1,800	1,538	2,300 +50%
Advertising PF Business	1,300	1,351	1,700
Marketing SaaS Business	△400	△589	△300
Overseas Business	200	108	200
(Adjustment amount)	700	668	700
Profit before taxes	1,500	1,277	2,200
Profit attributable to owners of the parent	1,300	1,031	1,700 +65%

* FY2024 (Forecast) Earnings Per Share for the Current Period 96.07yen

FY2024 Quarterly Performance Forecast

Sales 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.



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- 4 Mid-Term Management Plan
- 5 TOPIX**

We've signed a capital and business alliance with Social Wire Co., a firm specializing in digital PR activities like press release distribution and influencer PR.

By acquiring 49% of the newly issued shares under the condition of appointing the majority of its directors, we aim to make it a subsidiary by July 2024, pending shareholder approval.

This partnership is expected to enhance synergies, particularly in media collaboration and cross-selling with our advertising platform business.

Business Overview

- Established in 2006, focusing on [digital PR](#).
- Holds the industry's [second-largest market share](#) with its press release service, @Press, trailing only PRtimes.
- Sold its loss-making domestic shared office business due to COVID-19, [turning profitable in FY2023/3Q](#).

Digital PR Business	Newswire Business	Press release service aiding corporate communication.
	Influencer Business	Influencer Casting Business
	Clipping Business	Clipping service for newspapers, magazines, web, and SNS media articles
	Risk Check Business	Background checks using publicly known information such as web news and newspaper articles.

Summary of Achievements

- Exited loss-making domestic shared office business in FY23 Q3, turning profitable.
- Operating loss of ¥15 million from the exit remained in Q3, to be cleared from Q4.
- FY24 figures are from a standalone plan, not accounting for synergies with our company.

	FY21	FY22	FY231Q	FY232Q	FY233Q	FY234Q	FY24
sales	4,630	4,769	1,138	1,021	762	746	2,890
Gross profit	2,160	1,960	476	468	479	475	(Non-disclosure)
Operating Profit	164	▲211	▲50	▲12	15	45	100
Net Income	28	▲876	▲53	▲173	104	▲23	45

TOPIX Acquired treasury shares from SoftBank Corp.

We've signed an agreement with SoftBank Corporation, holding 31.15% of our issued shares, to acquire a maximum amount of shares. Approval at the June 2024 shareholders' meeting is required due to the transaction's related-party nature.

Funding details will be presented at the May board meeting and disclosed later.

Get background

- Our company and SoftBank have pursued a capital and business alliance since 2014 for long-term benefits in the internet advertising sector.
- However, considering the need for a flexible capital strategy based on the management environment, we're exploring the acquisition of SoftBank-owned shares in our company.
- We believe it's prudent to flexibly consider options such as share cancellation, long-term holding, transfers to suitable companies, M&A through share exchange and issuance, and share sales aligned with Prime Market listing approval, based on our performance and stock trends.

Future relationship with SoftBank

We plan to maintain a good relationship, including business transactions, and continue our business alliance even after the dissolution of this capital partnership.

