

Marketing Technology & AI Company



Fiscal Year Ending March 31, 2025 (FY2024)
Q2 Financial Results Briefing Materials

Sales revenue reached 5.12 billion yen, **up 36.3% year-on-year**, with gross profit growing 34.9%. **Both metrics achieved over 30% growth.** Due to the consolidation effects of Social Wire, **we have raised our full-year operating profit forecast to 2.5 billion yen.**



The advertising platform business, centered around SSP, **grew to sales revenue of 2.27 billion yen, achieving a year-on-year growth of 15%.**



The marketing SaaS business steadily increased MRR primarily in SFA/CRM and CHAT, **achieving sales revenue of 1.72 billion yen, with a year-on-year growth of 35%.**



Since July, Social Wire has been consolidated as a subsidiary. A new digital PR business has been established, generating sales revenue of 700 million yen.



The overseas business implemented cost reduction measures within the group to enhance profitability, **achieving sales revenue of 700 million yen and a year-on-year growth of 16%.**

Financial Summary

Thanks to the consolidation effects of Social Wire, sales revenue increased by 36.3% year-on-year, and gross profit grew by 34.9%, **both achieving over 30% growth**. Although there was a one-time gain/loss*¹, operating profit also saw a significant year-on-year increase, **with normal profit*² achieving a growth of 43.1%**.

(Unit: million yen)

	FY2023 Q2 (a)	FY2024 Q2(b)	Change (b – a)		FY2024 Projection
			Amount	%	
Revenue	3,758	5,121	1,363	36.3	12,000
Gross profit	2,877	3,880	1,003	34.9	9,100
Operating profit	884	1,567	683	77.2	2,500
[Normalized profit* ²]	[334]	[478]	[144]	[43.1]	—
Profit before tax	694	1,498	804	115.8	1,900
Profit for the period	639	1,291	652	101.9	1,800
Profit for the period attributable to owners of parent	636	1,339	703	110.5	1,800

*¹ In the first quarter, a profit of 640 million yen was generated due to a reduction in earn-out. In the second quarter, a profit of 320 million yen was recorded as a result of the transition from a consolidated subsidiary to an affiliated company due to fundraising by JAPAN AI. Additionally, a profit of 70 million yen was generated from the liquidation of the shared office business by Social Wire.

*² This refers to operating profit minus one-time gains/losses.

By Segment | Percentage of Earnings

The domestic top-class advertising platform business is driving sales revenue. The marketing SaaS business is rapidly expanding due to the growth in the enterprise sector. A new digital PR business has been established, and Social Wire will be consolidated as a subsidiary starting from July 2024.

(Unit: million yen)

Overseas Business

Revenue

709

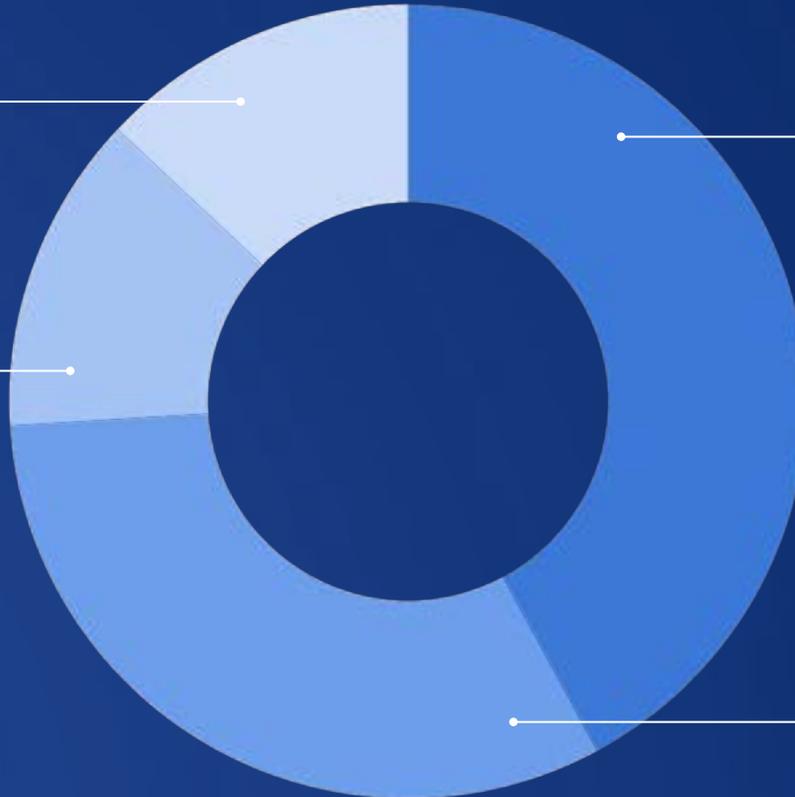
(Reference) Segment profit 138
Operating loss 73

Digital PR Business

Revenue

707

(Reference) Segment profit 202
Operating loss 108



Advertising Platform Business

Revenue

2,277

(Reference) Segment profit 1,078
Operating profit 662

Marketing SaaS Business

Revenue

1,723

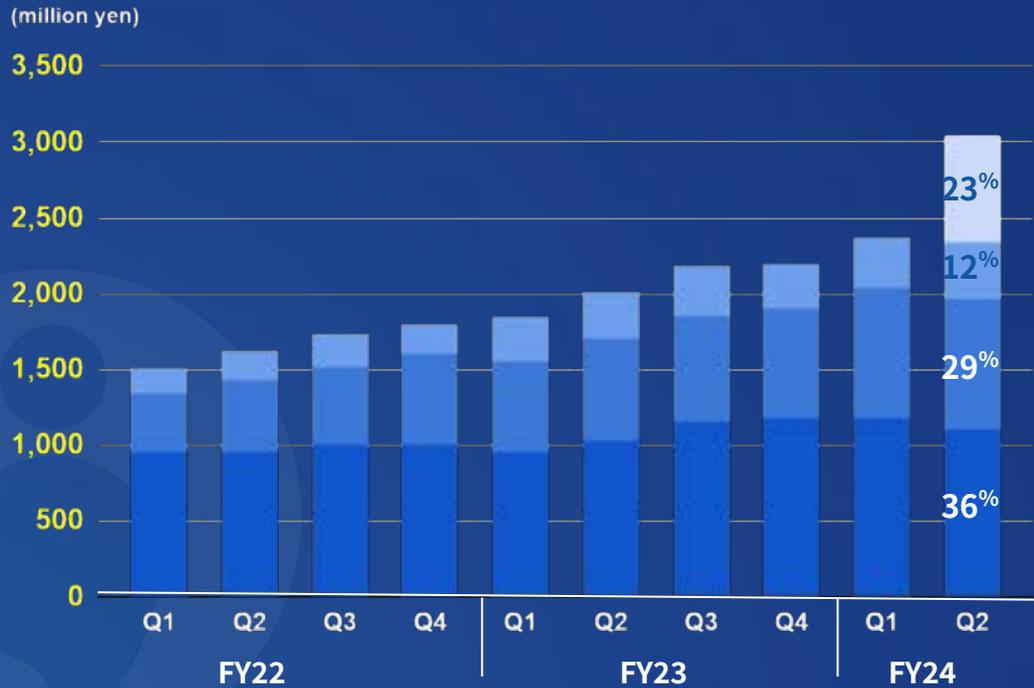
(Reference) Segment profit 151
Operating loss 285

By Segment | Percentage of Earnings Trends

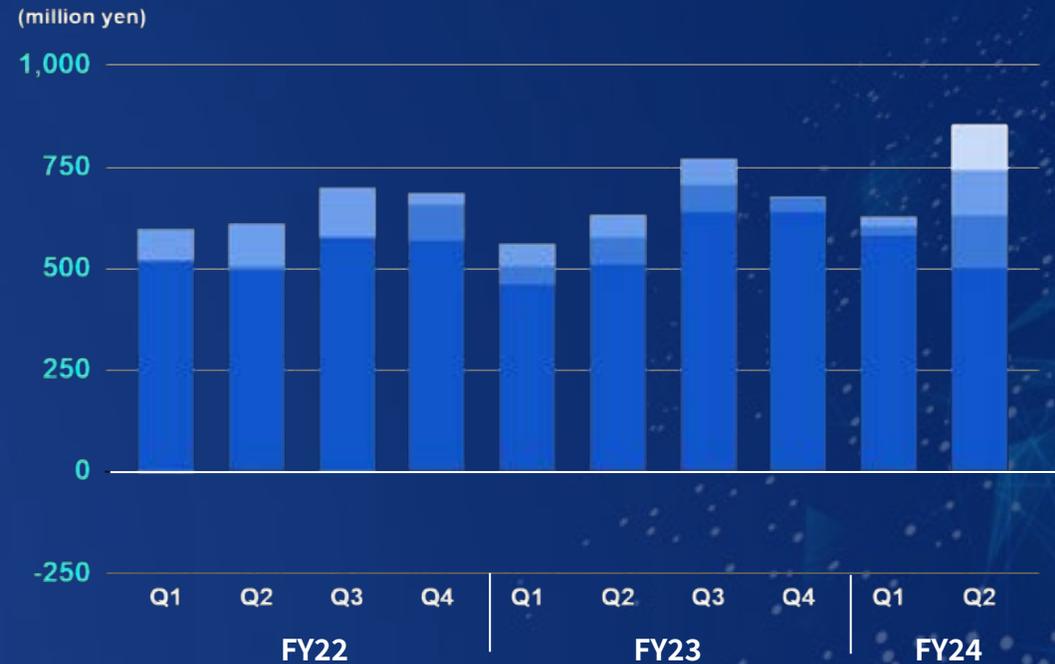
The proportion of the marketing SaaS business, which has a large market size and high market growth rate, is rapidly expanding. In particular, orders for enterprise solutions continue in the SFA/CRM and chat areas, aiming for operating profitability in the second half of FY2024. Additionally, JAPAN AI became an equity-method affiliate due to the execution of equity financing at the end of July 2024, and therefore, it has been excluded from sales revenue starting from the second quarter.

- Advertising Platform Business
- Marketing SaaS Business
- Overseas Business
- Digital PR Business

Revenue



Segment profit



1 Competitive Advantage

2 Segment Overview (Advertising Platform Business)

3 Segment Overview (Overseas Business)

4 Segment Overview (Digital PR Business)

5 Segment Overview (Marketing SaaS Business)

6 Medium-Term Management Plan

7 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"



Examples of measures

SEO

Web advertising

Flyer/DM

UX improvement

E-mail magazine

Chat

SMS notification

Survey

News delivery

Churn prevention

TV commercial

Transit advertising

Out-of-home advertising

Web customer service

Purchase promotion

LINE registration

Membership registration

Coupon

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

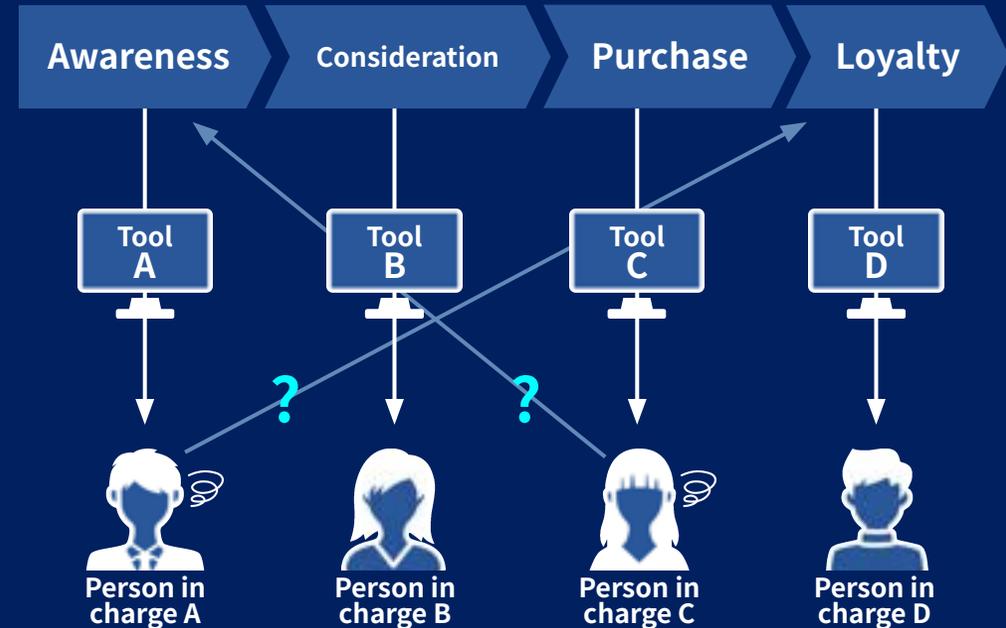
- Labor-intensive tasks for implementing breakouts arising (manual ad operation, data integration/analysis, etc.)
- Inefficiency of using complex marketing tools

Costs

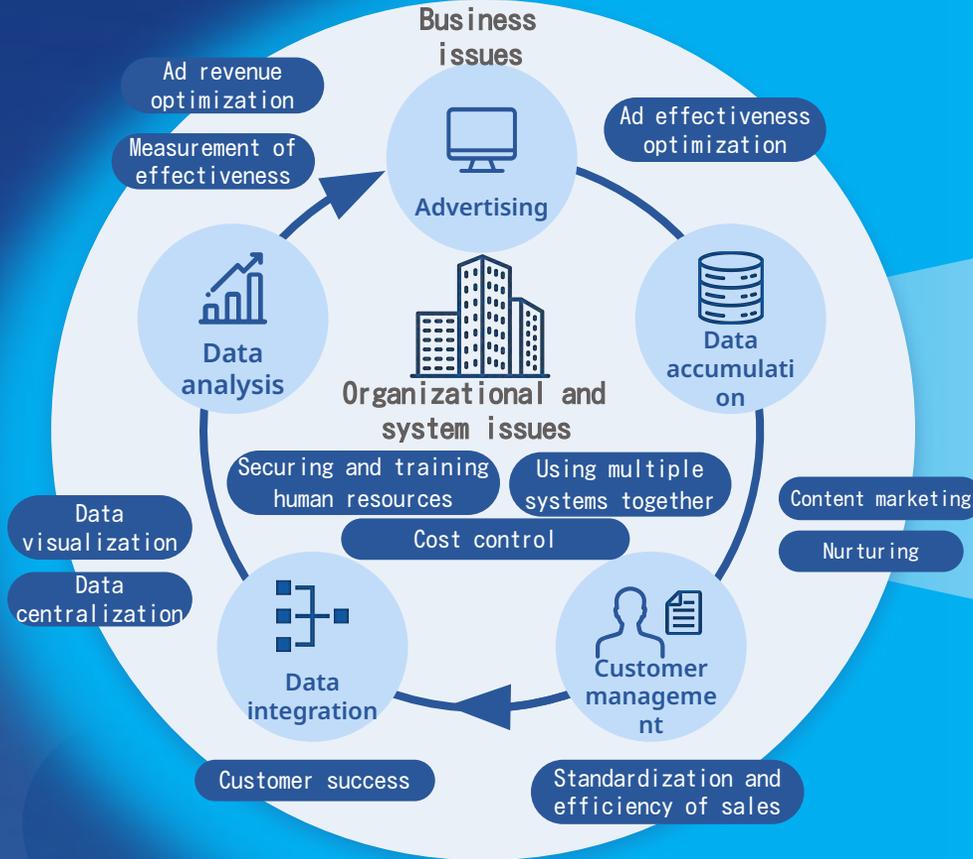
- Since multiple operators are used, commission expenses, communication costs, and development costs are incurred
- High hurdles, such as knowledge acquisition and in-house training, to utilize individual products

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.



GENIEE Ads Platform

- GENIEE DMS (Marketing Consulting)
- GENIEE DOOH
- GENIEE RMP
- GENIEE SSP
- GENIEE DSP
- SocialWire Digital PR
- Find Model
- @クリッピング
- @Press
- RISKEYES



GENIEE Marketing Cloud

- GENIEE SEARCH
- GENIEE RECOMMEND
- GENIEE ENGAGE
- GENIEE CHAT
- GENIEE MA
- GENIEE ANALYTICS (CATS, L-ad, AFAD, BUY-X)
- GENIEE SFA/CRM
- GENIEE DATA CONNECT
- GENIEE BI
- GENIEE CDP

 **JAPAN AI** 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.

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.



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

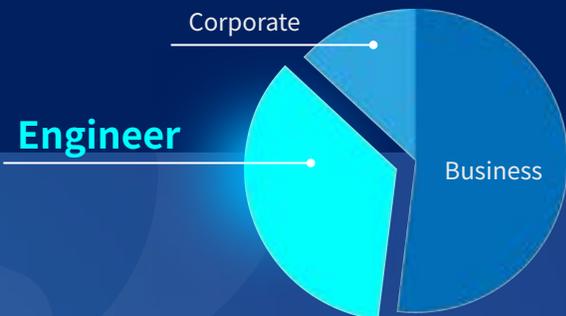
- Actively supporting the establishment of a system to increase sales of services while integrating management and development policies and establishing a business management system
- Setting up incentive plans for the management teams and members of acquired businesses

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

- 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.



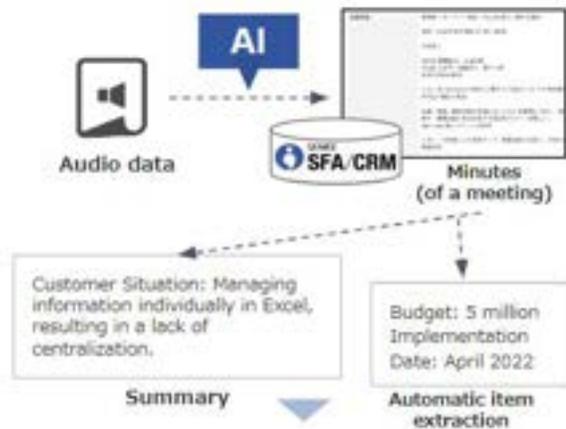
Advantages in Technology | AI Development

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.



 Transcribe audio data from online meetings and use AI to automatically extract information, registering it into SFA records. Create a system that allows sales representatives to focus on sales activities.

AI order prediction

Optimizing sales activities through AI-driven predictions.



 Based on accumulated achievement data, AI independently predicts sales and customer behavior. Enables proactive planning of optimal sales strategies using future predictions.

Next action recommendations

Systematizing and automating the sales process with next action recommendations.



 Automate the sales process as recommended actions and provide recommendations based on the status of negotiations, enabling a reduction in management workload.

JAPAN AI

Engaging in research and development as well as providing services for various generative AI products.

1 JAPAN AI CHAT



- 1 Corporate GPT
- 2 Data Integration
- 3 RAG
- 4 Prompt Template
- 5 Multi-LLM Support

2 JAPAN AI SPEECH



- 1 Meeting Transcription
- 2 Minutes Taking
- 3 Speaker Diarization
- 4 Conference System Integration
- 5 SFA Integration

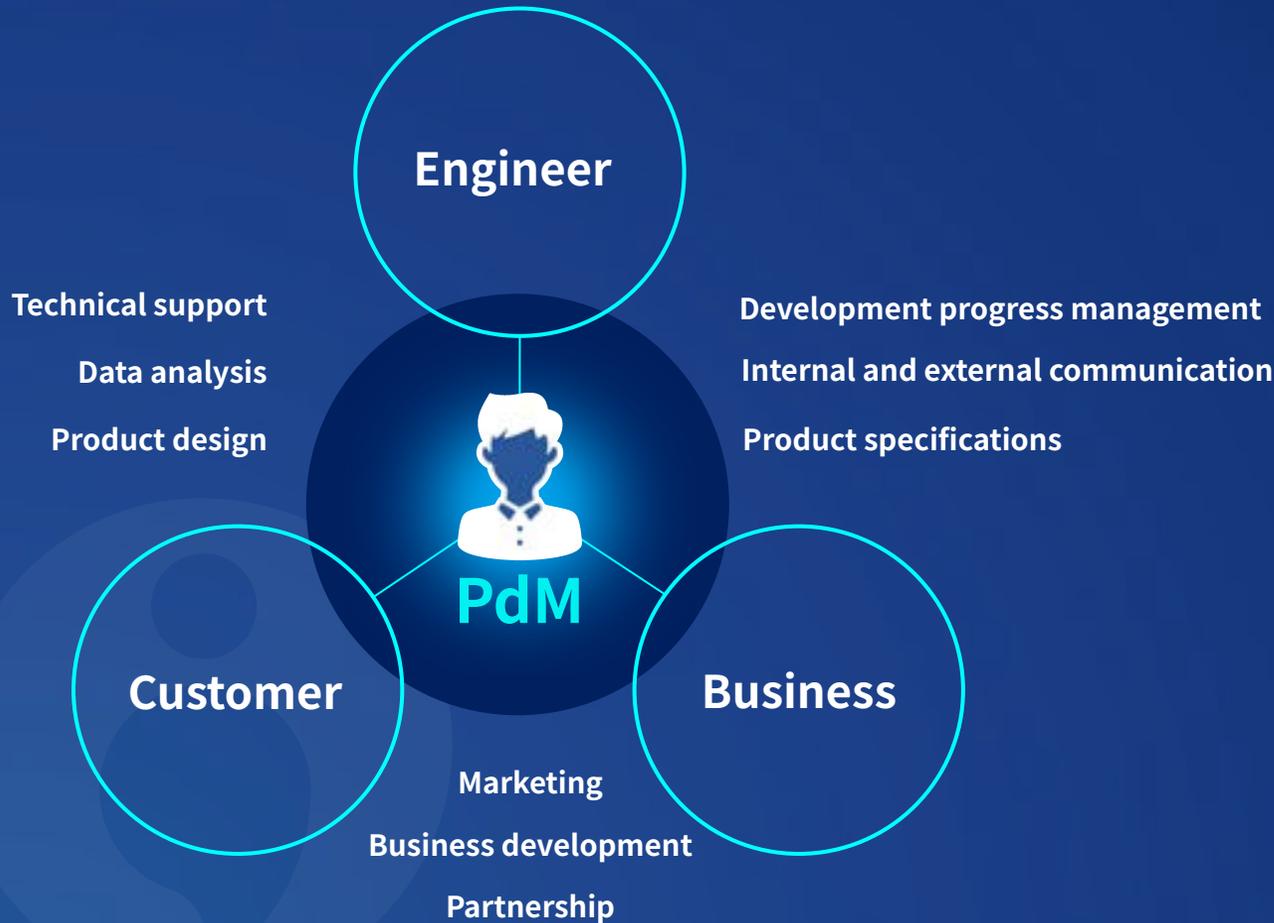
3 JAPAN AI SALES & MARKETING



- 1 Persona Inference
- 2 Image Generation
- 3 Video Script Generation
- 4 Social Media Post Generation
- 5 Article Landing Page
- 6 Legal Check



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.

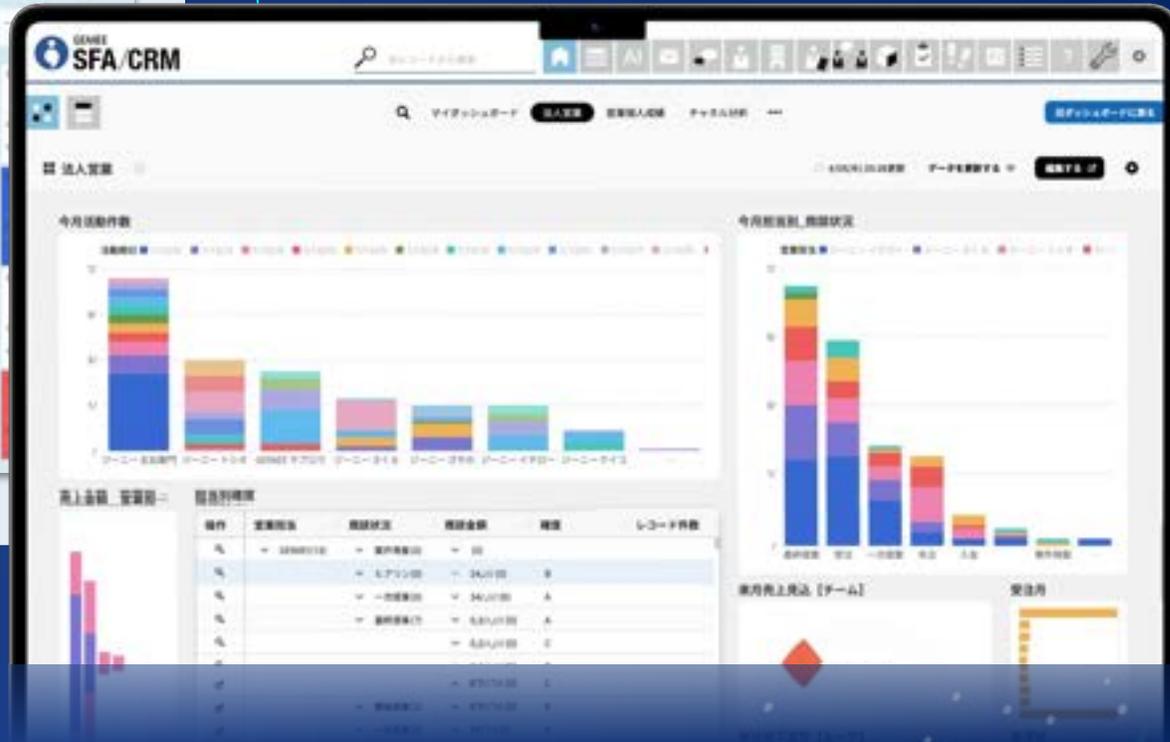
Advantages in Business | Sales

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



Highly precise management system based on quantitative data



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 target market size for the 15th term (FY2024) is a total of 970 billion yen for the entire company, indicating a vast potential for development. By the 17th term (FY2026), we aim to capture a market worth 21 billion yen.

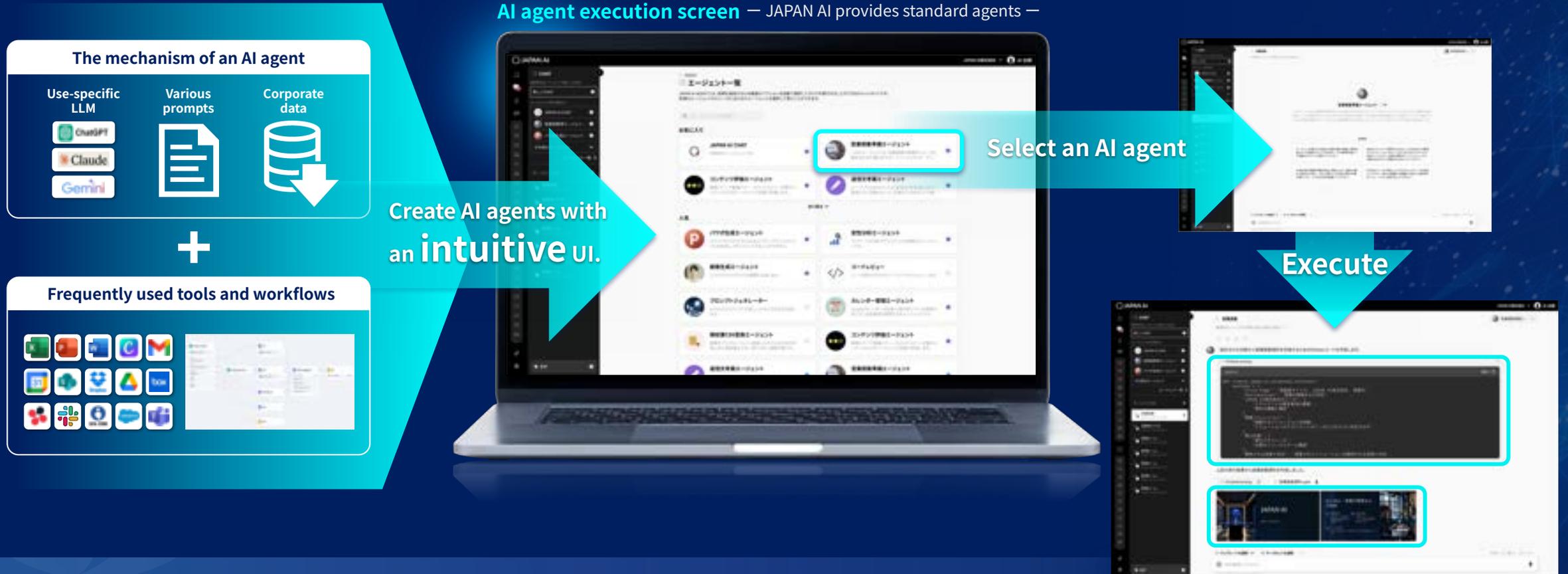


TOPICS About JAPAN AI AGENT

Launch of 'Practical AI Agent for Japanese Companies.' An 'AI that thinks and executes tasks on its own' handles everyday tasks, supporting labor shortages. Assisting Japanese companies of all sizes to evolve their business in the AI era.



AI agent execution screen — JAPAN AI provides standard agents —



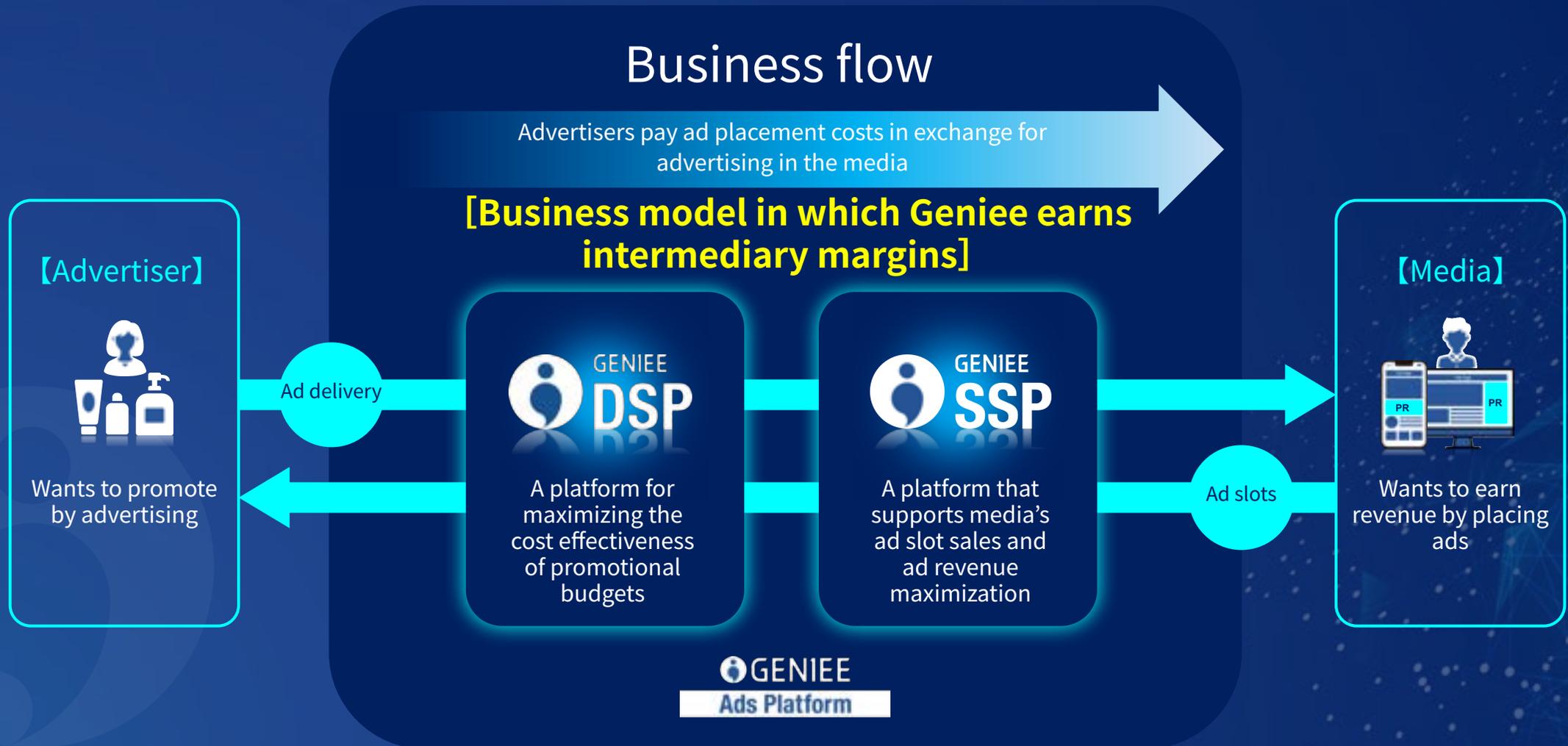
- 1 Competitive Advantage
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Areas of the Advertising Platform Business



Advertising Platform Business | GENIEE SSP / GENIEE DSP

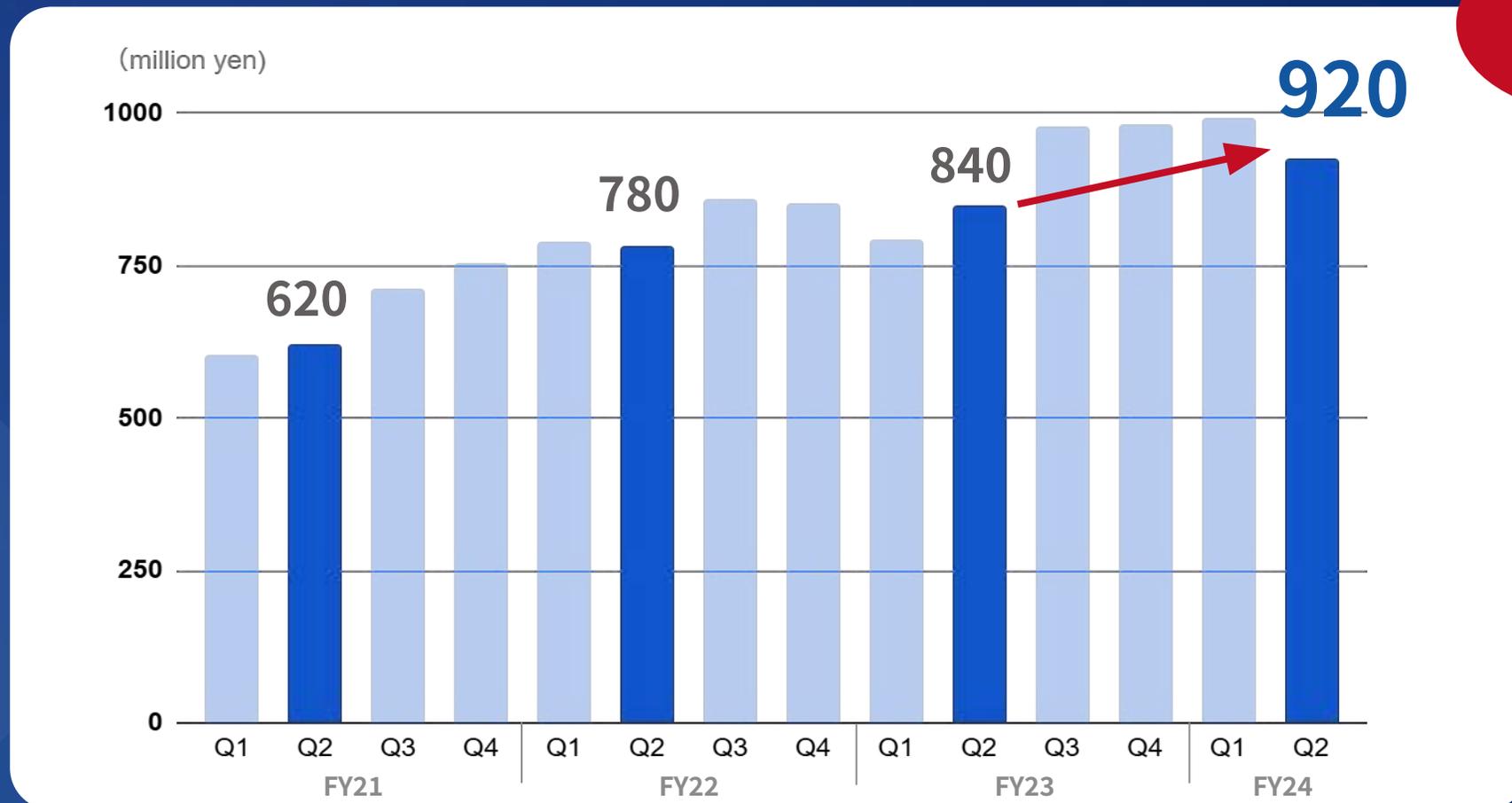
Technology that displays personalized ads, providing **high revenue for media** and **high return on ad spend for advertisers**.



Advertising Platform Business | Gross Profit Trends

With gross profit of 920 million yen, **gross profit was up 9.3% YoY**.

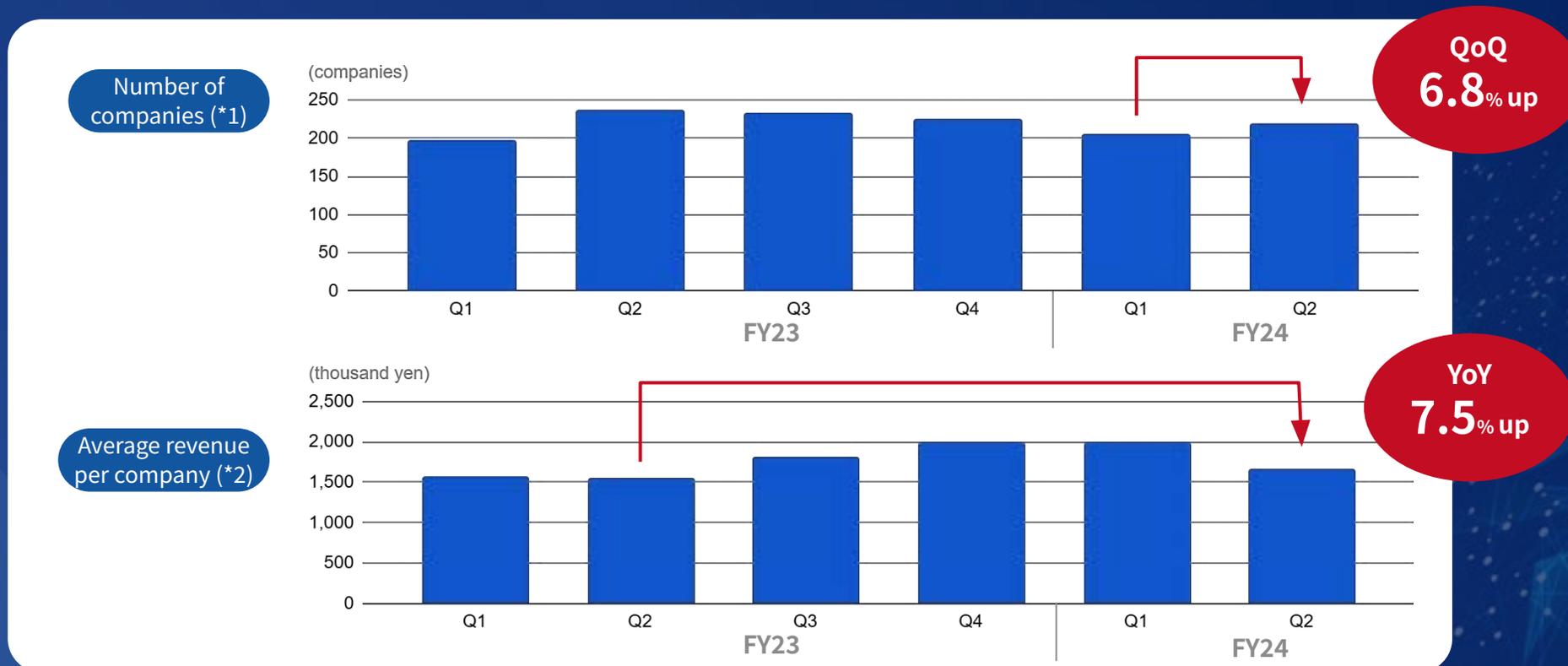
Growth was centered on the enterprise and video sectors within the SSP, which constitutes the majority of the advertising platform business. Additionally, a temporary increase in profit returns to media was implemented within the SSP, resulting in a decline compared to 1Q, but this is a short-term impact. Furthermore, in the DSP, revenue growth is anticipated in 3Q due to the acquisition of major brand clients.



YoY
9.3% up

Advertising Platform Business | KPIs

Due to progress in acquiring enterprise customers, improvement in advertising unit prices, and the development and expansion of products aimed at increasing unit prices, the company's unit price is **rising year-over-year**. Regarding the number of companies, although it decreased year-over-year due to a change in definition from 1Q to focus on reducing small transactions and increasing enterprise projects, it has **increased compared to 1Q**.



*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.

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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



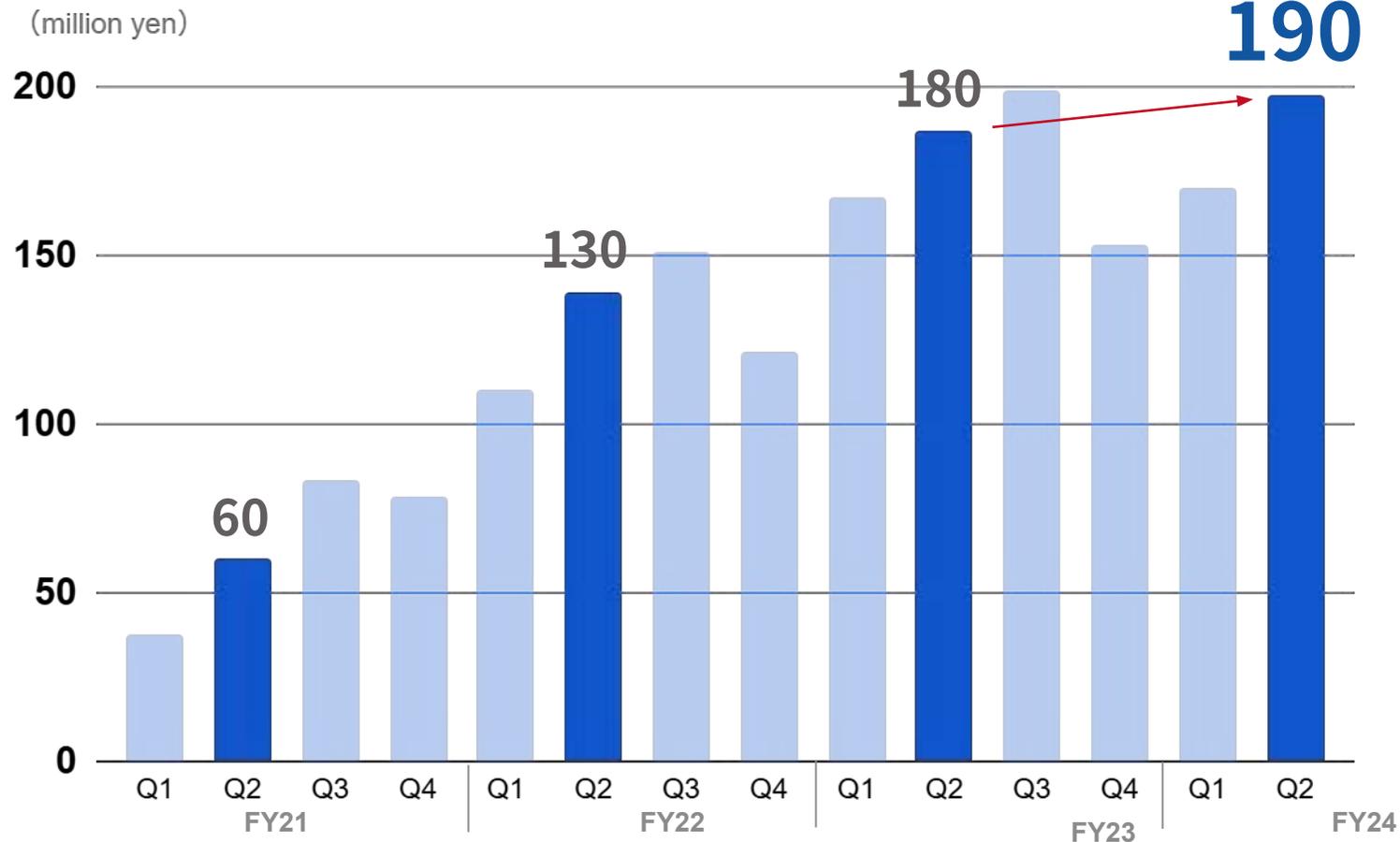
Business description

- 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

Overseas Business | Gross Profit Trends

With gross profit at 190 million yen, **gross profit was up 5.9% YoY.**

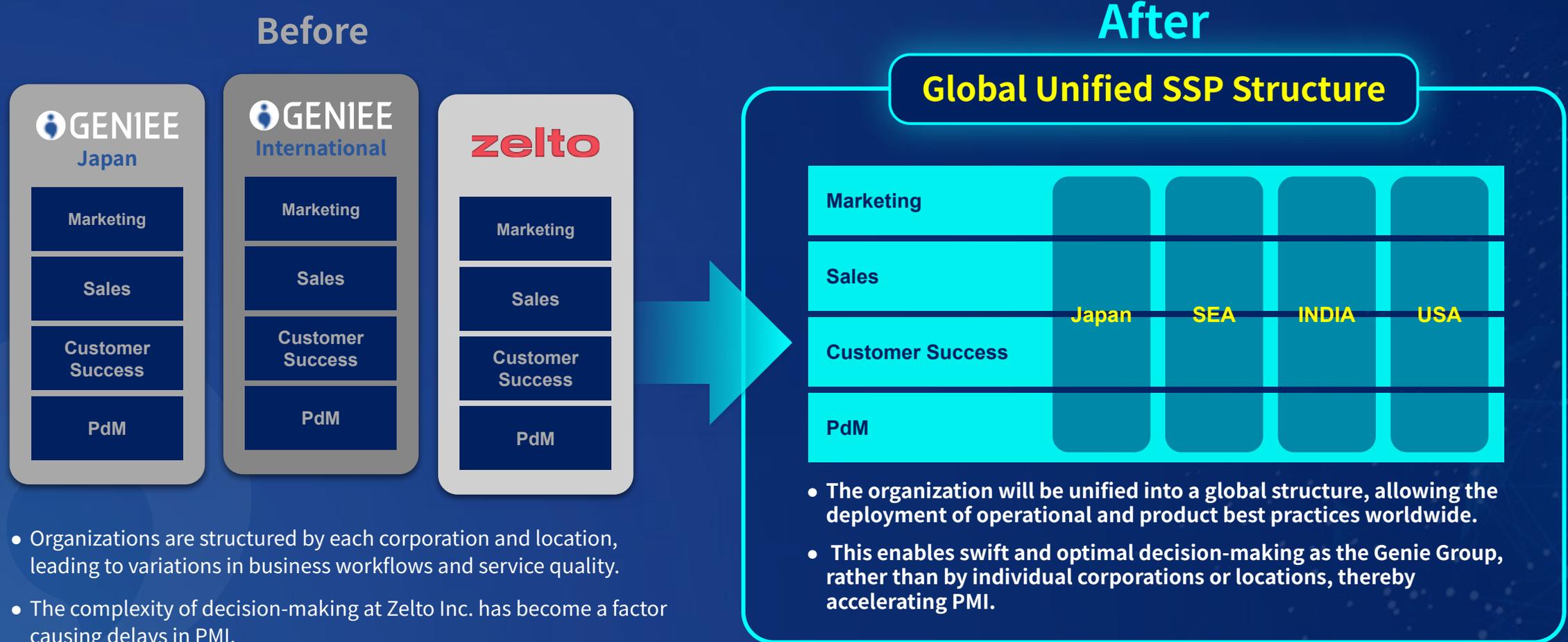
Implemented cross-selling of products within the Genie Group and cost reduction measures such as server replacements to improve profitability.



YoY
5.9% up

Progress on PMI at Zelto, Inc.

Starting from September 2024, the domestic SSP business and the overseas SSP business (including Zelto) will integrate their organizational structure and operations. The business workflows of each function-based organization will be standardized at a global level to accelerate the progress of PMI. Additionally, product sales will be integrated, with the proactive launch of Zelto's highly competitive products in the domestic market.



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Areas of the Digital PR Business



Starting from the second quarter of this fiscal year, a new structure has been established, referring to the following four businesses operated by Social Wire Inc. This aims to complement the value chain in the marketing domain and accelerate the establishment of a comprehensive one-platform solution.

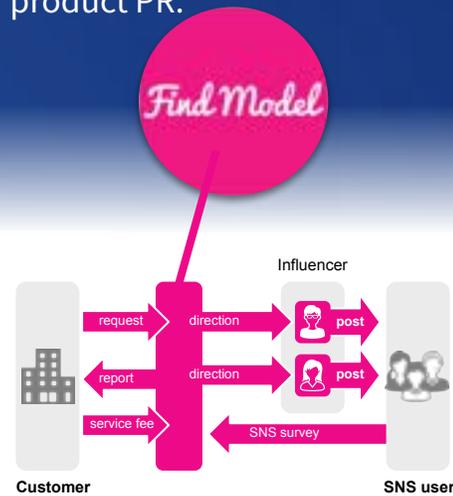
News wire Business

A press release distribution service supporting corporate communications, "@Press" is the industry's second-largest after PR TIMES.



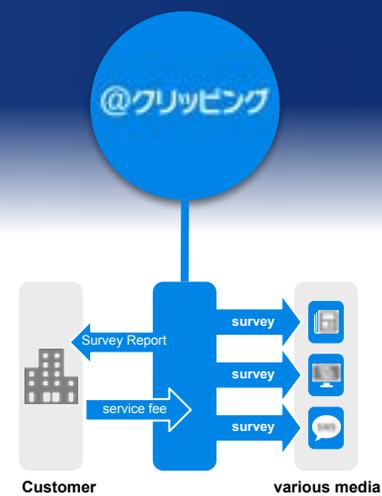
Influencer PR Business

A service that receives orders from advertising agencies and direct clients to cast influencers on social media, primarily Instagram, for product PR.



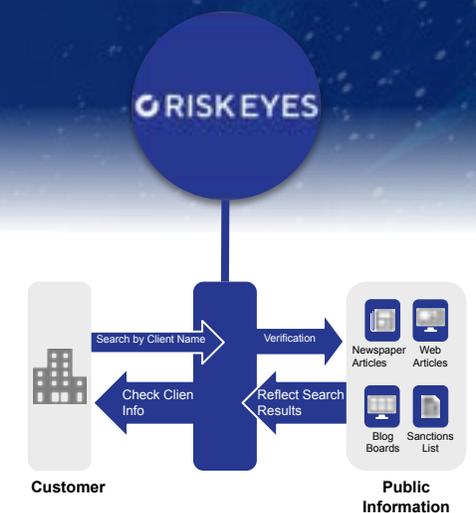
Clipping Business

A service that researches, selects, and reports (via mail) articles from media that customers need.



Risk Assessment Business

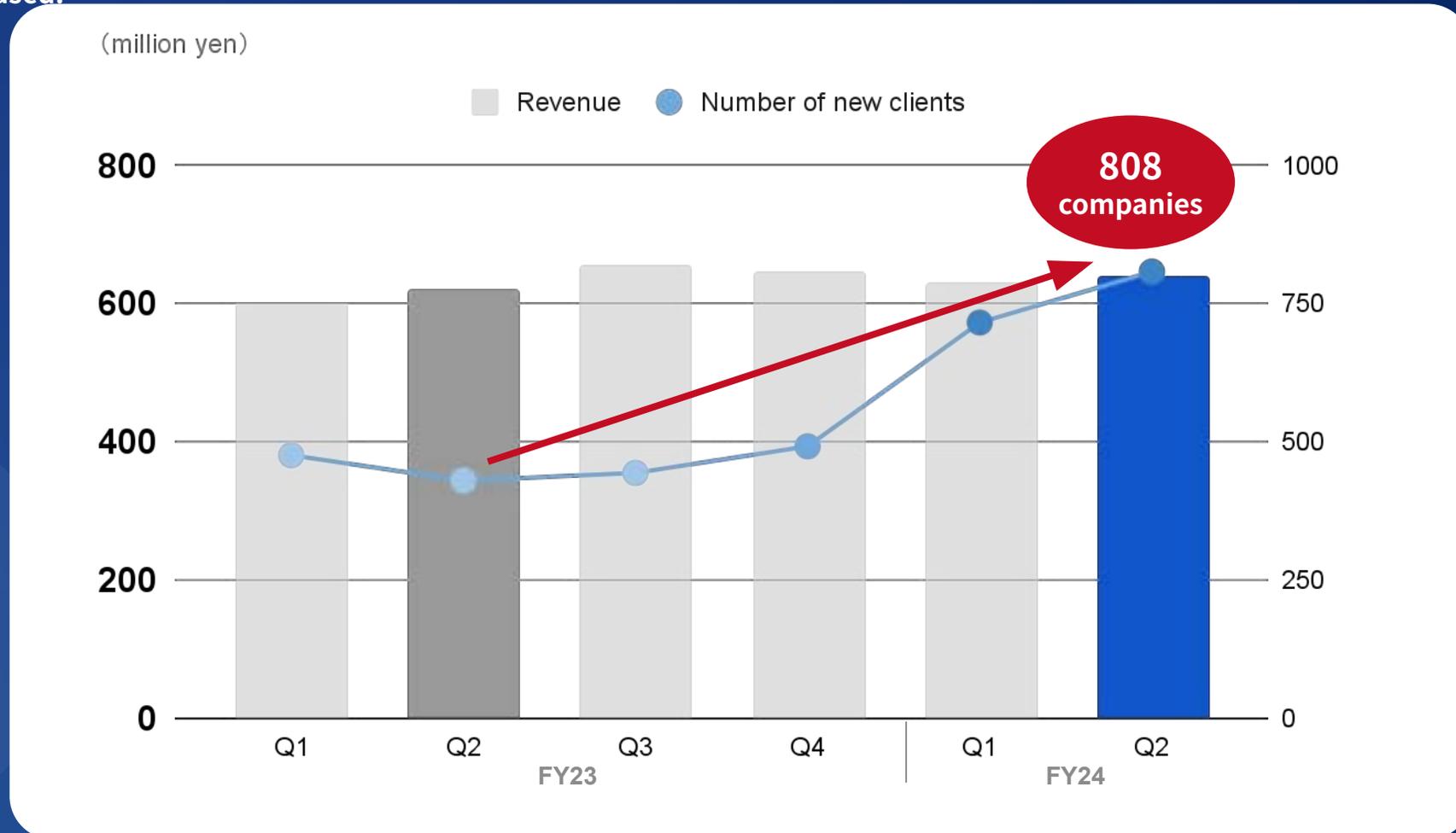
A service to verify a client's ties to anti-social forces, criminal activities, and scandals using public information like news articles.



Digital PR Business | Revenue Trends

Revenue was 630 million yen (700 million yen including the shared office business and Transmart).

The loss-making shared office business at Social Wire has been sold to focus on improving the digital PR business. Marketing initiatives have led to a significant year-on-year increase in new clients, totaling 808. Despite business and subsidiary sales and a decrease in unit prices, sales revenue has slightly increased.



TOPICS Social Wire's performance forecast revision

Sold the shared office and translation businesses (Transmart) with weak ties to digital PR, focusing on the digital PR sector. Short-term measures include managing advertising budgets, reducing server costs, and cutting personnel and SG&A expenses. Synergy cost savings total 34 million yen, with ongoing product feature development through secondments of development staff.

(Unit: million yen)

	2Q Results (i)	3Q Forecast (ii)	3Q Forecast (iii)	① 2Q to 4Q Current Forecast (= i + ii + iii)	② 2Q to 4Q Previous Forecast	Difference (① - ②)	Difference Breakdown: Divestiture	Difference Breakdown: Progress & Synergies
Revenue	710	670	660	2,040	1,990	50	-220	270
Gross profit	450	470	460	1,380	1,320	60	-80	140
Operating profit	110	40	20	170	90	80	70	10
Profit after tax	100	30	10	140	20	120	40	80

※ Excludes the contribution from the sold subsidiary for the second half and recognizes the gain or loss on the sale. Note that the gain or loss from the loss of control over the subsidiary is classified as other income (operating profit) under IFRS.

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Areas of the Marketing SaaS Business



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



80% of overall revenue are monthly charges

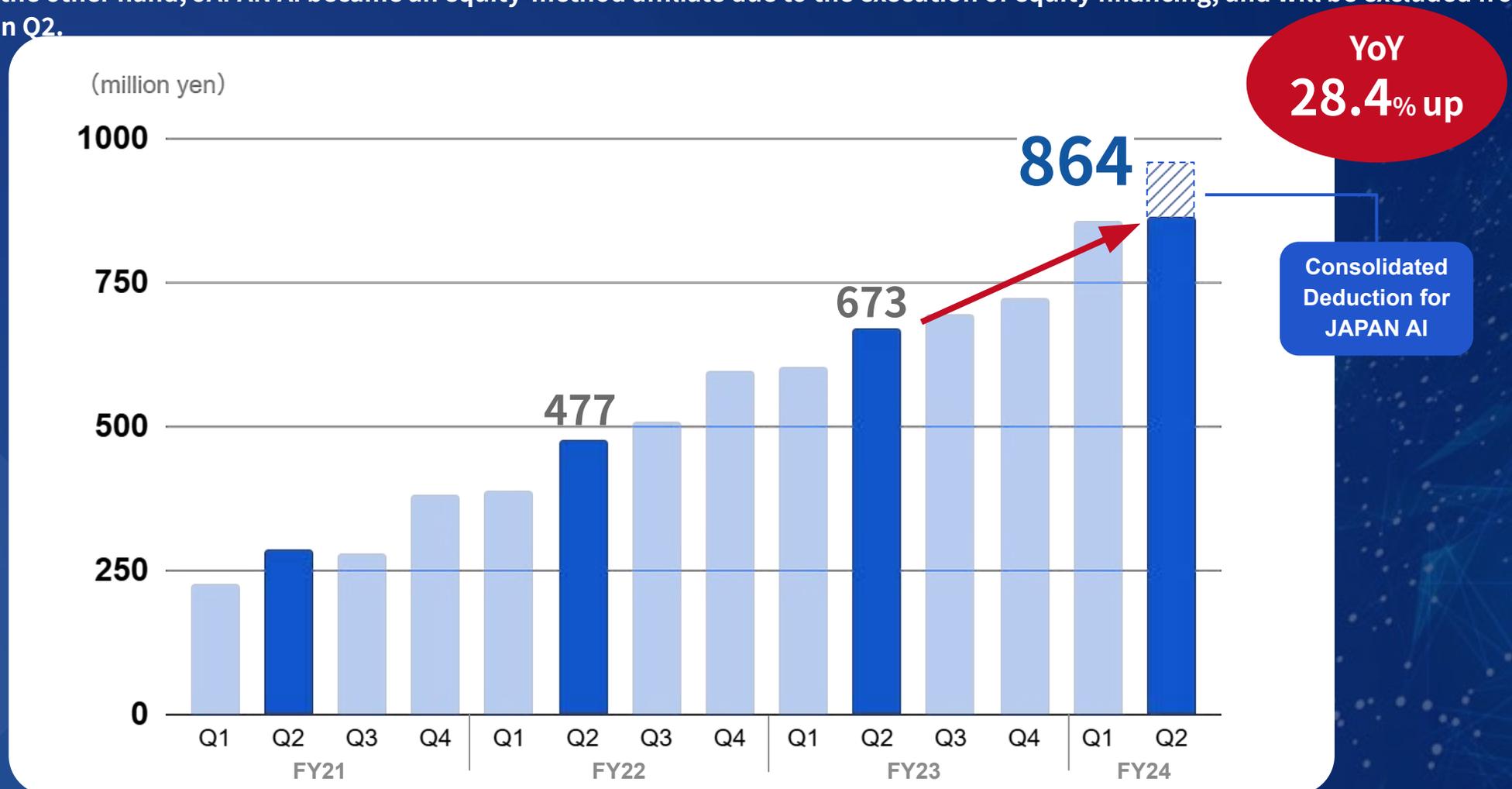
$$\begin{matrix} \text{Development costs} \\ \text{One-time revenue} \end{matrix} + \left(\begin{matrix} \text{Monthly fee} \\ \text{Monthly fee} \\ \text{Monthly fee} \dots \end{matrix} \right) = \text{Subscriptions}$$

GENIEE revenue

Marketing SaaS Business | Revenue Trends

Revenue was 860 million yen, a year-on-year increase of 28.4%.

SFA/CRM and CHAT have seen growth primarily in enterprise projects, while SEARCH and ANALYTICS continue to grow and contribute to performance. On the other hand, JAPAN AI became an equity-method affiliate due to the execution of equity financing, and will be excluded from revenue starting in Q2.



Marketing SaaS Business | KPIs

By leveraging cost-effectiveness as a strength, we have advanced the development of the enterprise segment through SFA/CRM, aiming to expand the number of accounts. As a result, the number of accounts **increased by 46.7% year-on-year**. Although the churn rate temporarily rose in July, it returned to previous low levels from August onward, maintaining a level below the industry average of 2-7% at around 1%.

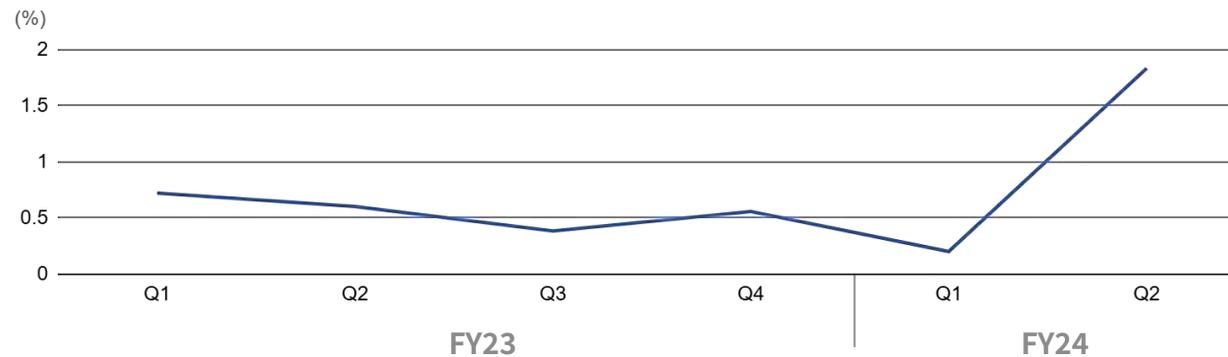
Number of paid accounts



YoY
46.7% up

Churn rate*

*Average 3-month churn rate for accounts



Marketing SaaS Business | Other Metrics

The ARR growth rate has remained strong at over 40%.

Although the average revenue per account (ARPA) temporarily decreased due to intensified competition in the CHAT sector, the number of accounts has significantly increased as transactions with major clients have also grown.

ARR / YoY growth rate

2,984 million yen / **+40.3%**

ARPA / YoY growth rate

15,284 yen / **-3.4%**

Gross margin

72.4%

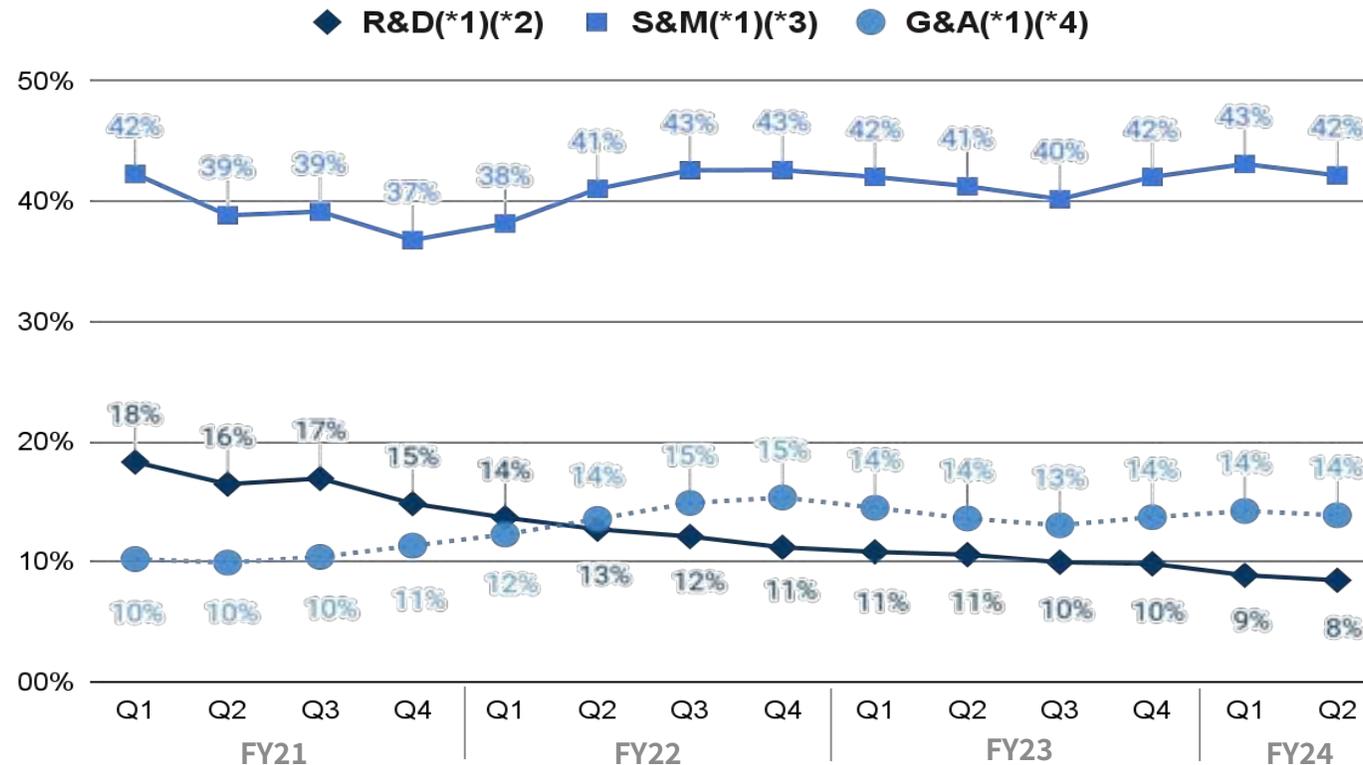
Recurring ratio (*1) / YoY growth rate

81.2% / **-1.8 point**

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

Ratio of SG&A Expenses to Revenue

Overall, due to the increase in MRR, there is a downward trend. Although S&M expenses are expected to rise following the increase in JAPAN AI's personnel from FY23 Q4, they will trend downward starting from FY24 Q2 due to the transition to an equity-method affiliate.



*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.

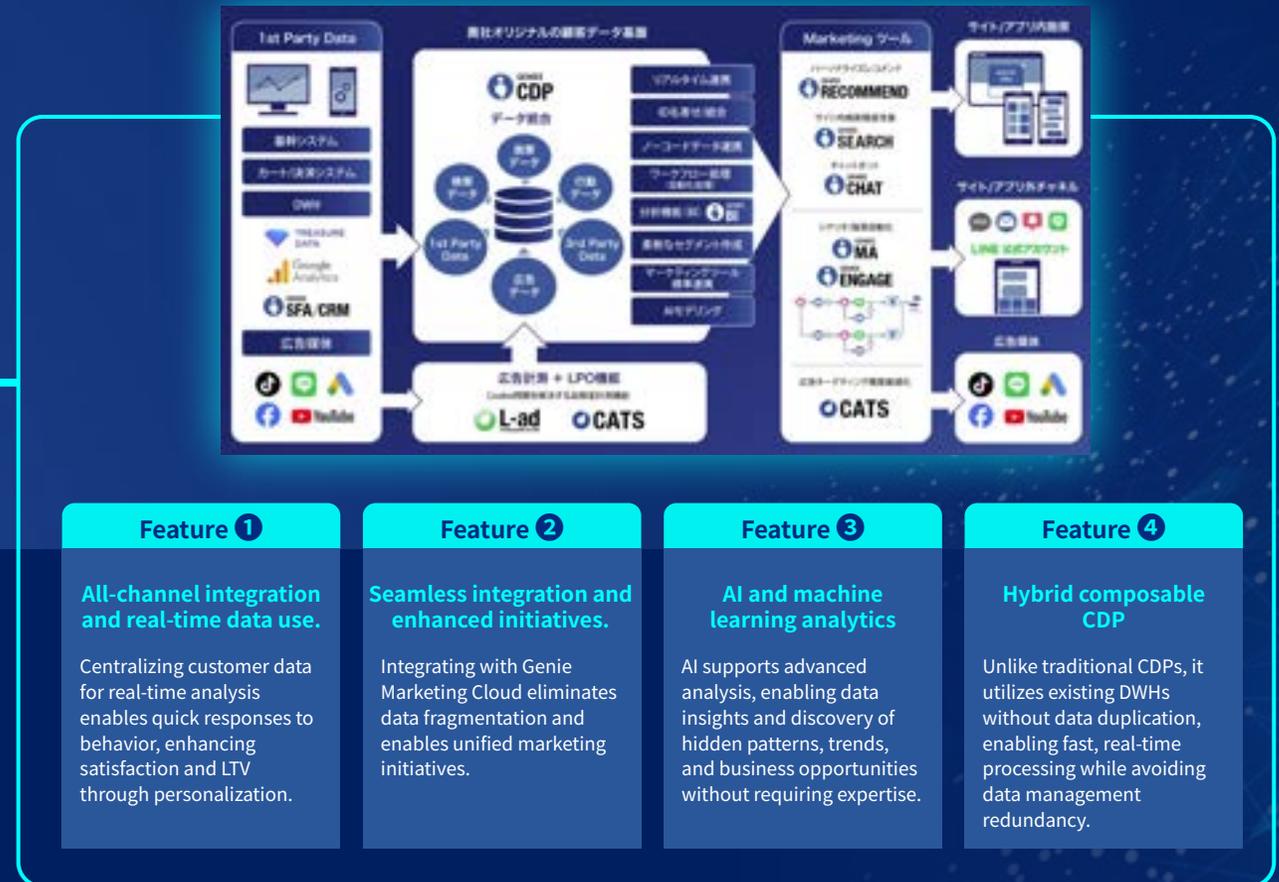
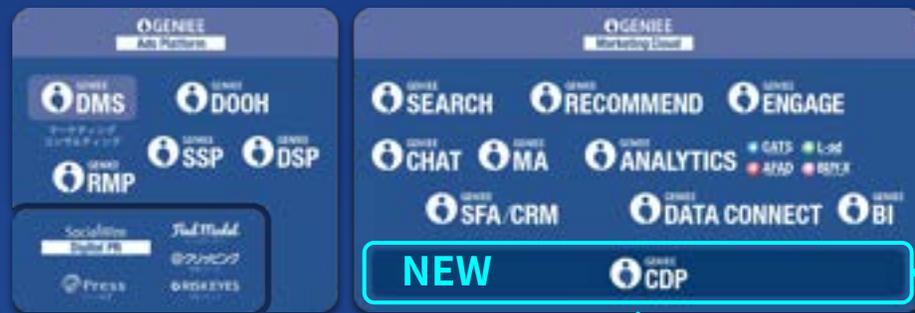
*3: Abbreviation for Sales and Marketing. The total of advertising expenses, sales personnel expenses, related expenses, etc. involved in sales promotion.

*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.

TOPICS Released 「GENIEE CDP」

In light of the situation where customer data exists in fragmented forms due to the diversification of marketing channels, making true customer understanding difficult, we have released "GENIEE CDP" to enable companies to develop sophisticated and effective marketing strategies by deeply understanding customer attributes and behaviors.

Business Domain Map



- Feature ①**
All-channel integration and real-time data use.
 Centralizing customer data for real-time analysis enables quick responses to behavior, enhancing satisfaction and LTV through personalization.
- Feature ②**
Seamless integration and enhanced initiatives.
 Integrating with Genie Marketing Cloud eliminates data fragmentation and enables unified marketing initiatives.
- Feature ③**
AI and machine learning analytics
 AI supports advanced analysis, enabling data insights and discovery of hidden patterns, trends, and business opportunities without requiring expertise.
- Feature ④**
Hybrid composable CDP
 Unlike traditional CDPs, it utilizes existing DWHs without data duplication, enabling fast, real-time processing while avoiding data management redundancy.

※DWH stands for Data Warehouse, a system that accumulates large amounts of data from multiple internal systems in a time-series format.

TOPICS Acquisition of 「Arch by HiCustomer」

Acquisition of the digital sales room "Arch by HiCustomer," which is part of the business operated by HiCustomer Inc. With this acquisition, we will enhance the value of the sales management tool "GENIEE SFA/CRM" by incorporating "Arch by HiCustomer," further expanding our sales support capabilities.



This SaaS maximizes LTV by allowing easy creation of customer-specific pages for data placement and collaborative task management.



Customer
Customers can review materials and ask questions at their own pace.

Sales
Share real-time information and offer tailored suggestions.

【Digital sales room】

An online platform for customers and sales to enhance efficiency.

Centralizing two-way communication reduces loss risks and improves conversion rates while securely managing essential information, minimizing customer research effort and follow-up time for sales reps.



GENIEE
SFA/CRM

Expansion of sales support functions

- 1 Competitive Advantage
- 2 Segment Overview (Advertising Platform Business)
- 3 Segment Overview (Overseas Business)
- 4 Segment Overview (Digital PR Business)
- 5 Segment Overview (Marketing SaaS Business)
- 6 Medium-Term Management Plan**
- 7 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 deprecation 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

(Unit: million yen)

Starting July 2024, the consolidated Social Wire will be reported as the "Digital PR" segment based on external disclosure amounts, with projected growth of over 50% in revenue and **over 48% in gross profit**.

For the advertising platform business, we anticipate over 15% revenue growth driven by increased sales through major agencies and expansion in the video and enterprise sectors.

The overseas business is expected to grow over 20% in revenue through cross-selling in the domestic SSP and DSP markets and ongoing media development at Zelto.

The marketing SaaS business is projected to grow over 36% in revenue, supported by expansion in the enterprise sectors of CHAT, SFA/CRM, and MA.

	FY2023 (Projection)	FY2023 (Result)	FY2024 (Revised Plan)
Revenue	8,400	8,012	+50% → 12,000
Advertising Platform Business	4,300	4,306	4,960
Marketing SaaS Business	2,900	2,704	3,700
Overseas Business	1,400	1,249	1,500
Digital PR	—	—	2,040
Reconciling items	-200	-248	-200
Gross profit	6,600	6,138	+48% → 9,100
Segment profit	1,800	1,538	2,500
Advertising Platform Business	2,200	2,244	2,500
Marketing SaaS Business	400	215	800
Overseas Business	300	201	300
Digital PR	—	—	400
Corporate, elimination, etc.	-1,100	-1,122	-1,500
Operating profit	1,800	1,538	+62% → 2,500
Advertising Platform Business	1,300	1,351	1,500
Marketing SaaS Business	-400	-589	-300
Overseas Business	200	108	200
Digital PR	—	—	170
Reconciling items	700	668	930
Profit before tax	1,500	1,277	2,400
Profit for the period attributable to owners of parent	1,300	1,031	+74% → 1,800
Digital PR			70

Medium-Term Management Plan | Numerical Targets

In FY2024, following the consolidation of SW company and the resulting synergies, **the initial plan has been revised upward**. For FY2025, we plan to re-establish the projected figures, incorporating the anticipated recession in the United States.

(Unit: billion yen)

	FY2023 (Result)	FY2024 (Plan)	FY2024 (Revised Plan)	FY2025 (Plan) *To be re-formulated
Revenue	8.0	10.2	12.0	16.2 ~ 20.2
Gross profit	6.1	8.0	9.1	13.2 ~ 16.4
Operating profit	1.5	2.3	2.5	4.5 ~ 5.5
Profit for the period attributable to owners of parent	1.0	1.7	1.8	3.0 ~ 3.7

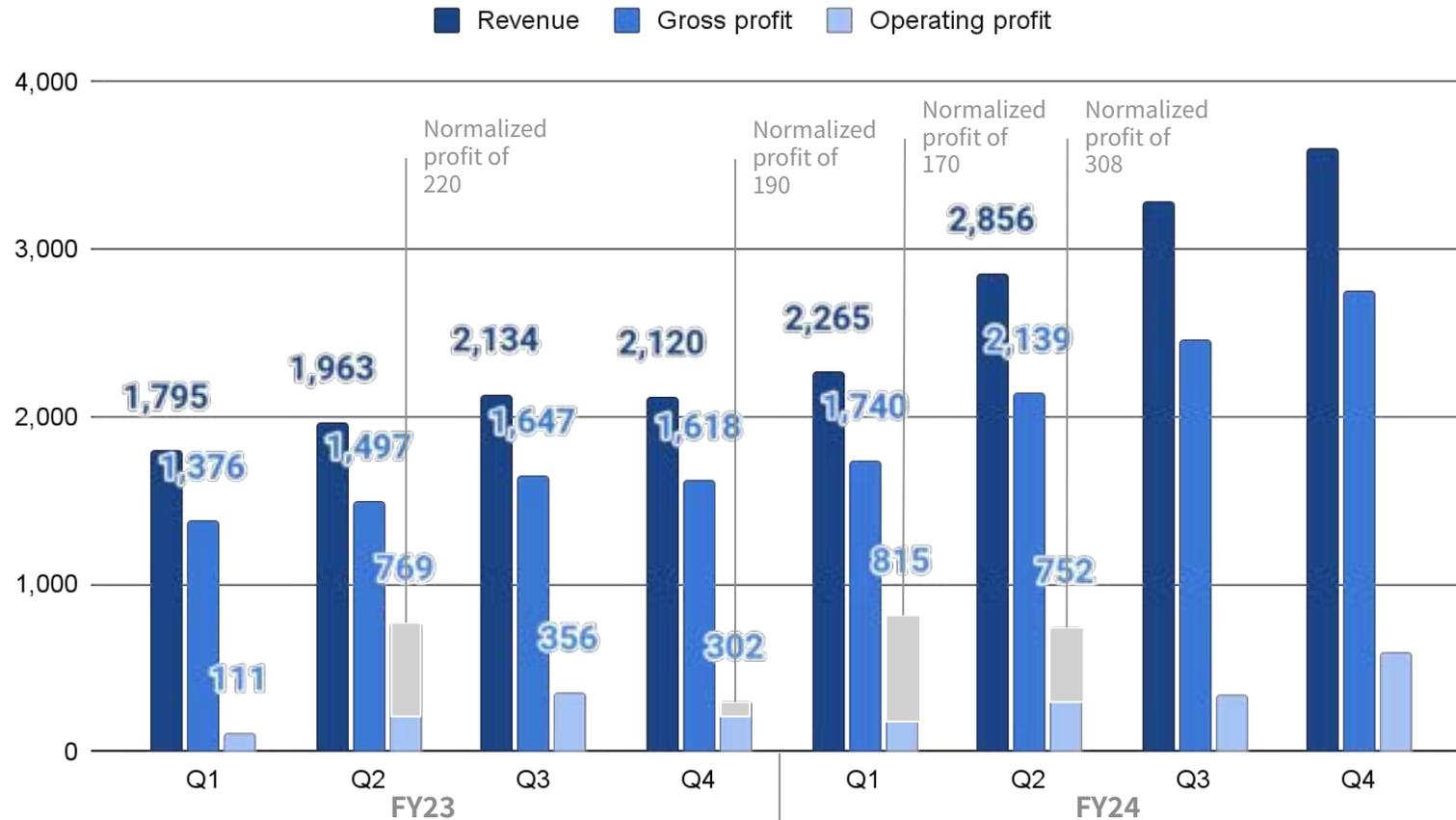
*The exchange rate is assumed to be 1 USD = 140.00 JPY for FY2024.

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.

(million yen)



*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.



- 1 Competitive Advantage
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- 4 Segment Overview (Digital PR Business)
- 5 Segment Overview (Marketing SaaS Business)
- 6 Medium-Term Management Plan
- 7** Q&A

What were the developments in the advertising platform business in FY23, and what are the reasons behind the expected growth in the current period?

In the first half of the fiscal year, both our company and competitors faced a decline in revenue per unit in the internet advertising sector, resulting in a low year-on-year growth rate for us in the single digits. However, we gradually recovered, achieving a 15.4% growth rate in FY23 Q4. The previously untapped video sector grew significantly, boosting our gross profit. We also advanced our enterprise strategy, securing new large media accounts for sustainable results. On the demand side, we expanded our market share in performance advertising and successfully acquired enterprise contracts through major agencies in branding and dynamic sectors, which we believe will contribute to continued growth.

What is the response to cookie regulations?

Although a plan was announced to eliminate all third-party cookies in Google's Chrome browser, the UK Competition and Markets Authority (CMA) and the advertising industry opposed this, leading to the announcement of a reversal of the elimination policy. However, in our case, the elimination of cookies continues in the Safari browser, and considering the potential risks of future cookie regulations, we plan to continue the development and implementation of cookie alternative technologies.

Q&A related to the Marketing SaaS Business

What are the developments in the Marketing SaaS business for FY23, and what factors are contributing to expected growth this period?

In FY23, our performance grew due to an increase in accounts from expanding the enterprise segment in SFA/CRM and a low churn rate driven by high customer satisfaction. Despite a temporary decline in ARPA from intensified competition in the CHAT sector, we have significantly increased the number of accounts since FY23 Q4 through more transactions with major clients, resulting in over a 10% growth in our Marketing SaaS business.

Will the growth rate slow down in the future despite the decrease in account unit price in the CHAT sector?

In FY23 Q3, we followed competitors in lowering prices, but as we developed relationships with major agencies, comparisons led to our products replacing theirs, significantly improving MRR in FY23 Q4. We anticipate continued replacements with products from several agencies this period.

What are the advantages and differentiators in expanding enterprise projects in the SFA/CRM sector compared to other companies?

Many enterprise customers already have established systems that require development for implementation, screening out products without development capabilities. Our company has the ability to meet client requests through our products and offers a one-stop solution from requirements definition to maintenance, giving us a competitive edge. Additionally, we emphasize cost performance, allowing us to offer prices that are half to two-thirds of major foreign competitors with similar functionalities, enhancing our competitive advantage.

Q&A related to the Overseas Business

Should we consider the risk of goodwill impairment for Zelto to be high?

The initial acquisition plan for Zelto did not take into account the potential recession in the United States, so the current performance is below the acquisition expectations. However, the goodwill impairment assessment plan agreed upon with the auditing firm is more conservative than the original plan, considering the current economic environment. Therefore, we believe there are no concerns about impairment at this time.

What is the current advertising revenue per unit for the overseas business?

Since January 2024, the revenue per unit for media companies has been rising, and we believe there is a recovery trend in the market sentiment this period.

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

Why is it necessary to issue preferred stock?	Acquiring treasury stock (4.95 billion yen) will reduce net assets, so to maintain them, we need to increase net assets. Issuing common stock would significantly lower the stock price, which is why we need to issue preferred stock with different capital characteristics.
What happens if performance worsens and the stock price declines further?	Mizuho Bank's conversion price is set at 933 yen, and since converting would incur a loss, they are expected to continue receiving preferential dividends. If performance declines, internal reserve accumulation will slow, so we will maximize reserves, including dividends from subsidiaries, to prepare for repurchase after two years.
Under what circumstances would conversion to common stock occur?	Financial institutions do not anticipate exercising conversion rights to common stock, with the main scenario being a buyback after two years. Conversion may occur if the stock price exceeds 933 yen three years after acquisition, allowing for capital gains, and if we cannot repurchase for some reason.
What level of disposal is anticipated at the time of changing to the Prime Market?	With current liquidity around 30% and considering future M&A funding, we believe a minimum disposal of about 5-10% is feasible. We aim to leverage treasury stock for shareholder returns and investments while keeping disposals to a minimum.
What will the future relationship with SoftBank be like?	The capital partnership will end with this acquisition of treasury stock, but the business partnership will continue, particularly with LINE Yahoo in the advertising platform business.
How will the treasury stock acquired from SoftBank be used?	The acquired treasury stock is expected to be used for: ① Transfer to business partners ② M&A through stock exchanges ③ Disposal when changing to the Prime Market ④ Cancellation through profits
What kind of business partners are anticipated for the transfer?	We will primarily consider partners with business synergies but are open to any entities that can benefit our market capitalization, focusing on long-term investment potential.

Q&A related to M&A (reposting)

Will you continue to actively pursue M&A in the future?

While we will refrain from large-scale M&A to prepare for the transition to the Prime Market, there is a possibility of conducting M&A that does not significantly alter our internal controls or management structure.

Regarding the acquisition of Social Wire, you hold a 49% stake. Why can you consolidate it as a subsidiary, and how will revenues and profits be accounted for in that case?

We adopt IFRS and prepare consolidated financial statements based on IFRS. Therefore, the determination of whether a company is a consolidated subsidiary is based on whether we have substantial control. In this case, we require the consent of a majority of the board of directors, which allows us to effectively control management decisions, and we plan to treat it as a consolidated subsidiary. For the current period, we will consolidate 100% of the net profit, but only 49% of the net profit attributable to the parent company will be recorded.

What is the status of the DSP business (deqwas, KANADE) acquired from Scigineer Inc.?

We have integrated the functions into our GENIEE DSP and successfully developed relationships with several major online agencies. We expect growth this period due to enhanced collaboration with these companies and our SSP.

Why did you merge Hypersonic and BST (Business Search Technology)?

In addition to promoting product integration and leveraging each other's customer bases for sales activities, we are actively creating business synergies in product planning and development. We decided to merge both companies to consolidate management resources, improve operational efficiency, and expedite decision-making.

What specific initiatives will you undertake to actively engage in IR going forward?

①Enhancing financial presentation materials. We aim to clarify the linkage between KPIs related to our advertising business and our corporate strategy, making it easier to understand our future strategies by quantitatively demonstrating long-term challenges. Additionally, we will clearly outline our competitive advantages.
②Proactively providing information through media exposure and notes to help stakeholders understand our business dynamics.

Considering the FY24 disclosed budget, it seems challenging to achieve the FY25 plan. How should we interpret this?

For FY25, our planning was based on the assumption that the acquisition of Social Wire is not included and that the U.S. recession is stabilizing. We would like to revise our plans based on the current situation.

What will the business portfolio look like in the future?

With the acquisition of Social Wire, we will establish a new digital PR business, forming a significant business portfolio. We anticipate that the high-growth marketing SaaS business will grow to a revenue level comparable to that of the advertising platform business. Currently, the advertising platform business accounts for about 36%, SaaS about 29%, digital PR about 23%, and overseas operations about 12%.

What is the background for JAPAN AI becoming an equity-method affiliate, and what will its position be within the Genie Group going forward?

JAPAN AI aims to "create a sustainable future society through AI" and addresses challenges across various fields, not just marketing, in the generative AI sector. To achieve these solutions faster than competitors, it was necessary to secure engineers and business personnel and rapidly build an organization. Therefore, we executed equity financing from external VCs at the end of July 2024. As a result, it became an equity-method affiliate, but our representative, Kudo, continues to lead JAPAN AI. We still hold over 70% of the equity, including potential shares, and will maintain its core position in our group's digital transformation.

What is your perspective on the business partnership with PIALA?

PIALA was originally one of our clients, and we believe there is a high potential for collaboration, particularly in CHAT, ANALYTICS, and the newly launched CDP and SFA/CRM, with JAPAN AI. We believe that collaborating with our group will benefit both companies' performance, which is why we decided to form a business partnership.

Reference Material



FY2024 | Q2 Financial Results Briefing Materials

Name	GENIEE, Inc.
Business Description	Advertising Platform Business, Marketing SaaS Business, Overseas Business, and Digital PR 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	100 million yen (as of September 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.

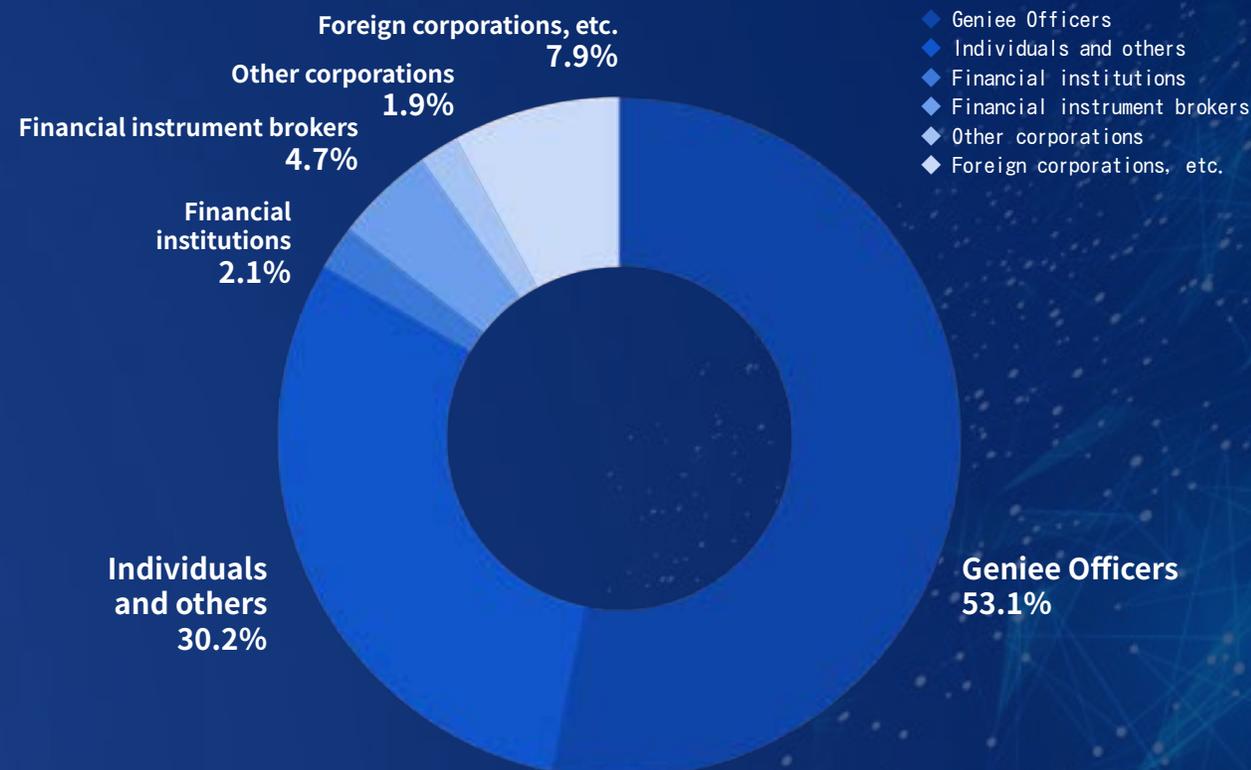
In April 2010, he founded Geniee, Inc. and became president and representative director. In April 2023, he established JAPAN AI, Inc.

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

Status of Major Shareholders

Name of Shareholder	Number of Shares Held (Shares)	Shareholding Ratio (%)
Tomoaki Kudo (President & CEO)	6,544,400	53.0
Daisuke Gomi	500,000	4.1
NICE SATISFY LIMITED	402,000	3.3
Takuya Yoshimura	385,300	3.1
Custody Bank of Japan, Ltd. (Trust Account)	252,600	2.0
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	228,479	1.9
JPMorgan Securities Japan Co., Ltd.	184,300	1.5
Hiroshi Hirose	179,500	1.5
SBI SECURITIES Co.,Ltd.	143,498	1.2
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	99,200	0.8

Shareholders



※ 1: We hold 5,715,740 shares of treasury stock, but these are excluded from the above major shareholders.

※ 2: The top 10 shareholders are listed in order of the number of voting rights associated with their shares, and on July 31, we issued 10,000,000 Class A preferred shares to Mizuho Bank.

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.

Risks and Response Policies

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.

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
<p>Environment</p>	<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. 	
<p>Social</p>	<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. 	   
<p>Governance</p>	<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.

