Geocode (7357-TSE JASDAQ) ------ December 2,2020

Providing web marketing outcome enhancing services and cloud-based operation support tools to SMEs

This report is an English translation of part of the report issued on November 27, 2020. For inquiries concerning the report, please contract info@stock-r.org

Fiscal Year	Net sales	YoY	Operating profit	YoY	Ordinary profit	YoY	Profit	YoY	EPS	BPS	DPS
	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(yen)	(yen)	(yen)
Feb. 2019	2,415	-	47	-	55	-	0	-	0.4	104.7	0.0
Feb. 2020	2,968	22.9	153	225.5	155	181.8	109	-	52.3	145.4	0.0
Feb. 2021	f 3,172	6.9	191	24.8	169	9.0	105	-3.7	48.8	-	0.0

[7357 Geocode Sector : Services]

Note: Non-consolidated basis. Fifures for the fiscal year ending February 2021 are the company's forecast.

It conducted 1-to-200 stock split on August 22,2020. Par share indicies are adjusted retoroactively.

Web Marketing and Cloud Businesses for SMEs

Geocode conducts web marketing business and cloud business for small- and medium-sized enterprises. In the cloud business, it provides tools that support cloud-based operations in SaaS format. For the web marketing business, which accounts for the majority of its net sales, it provides various services including SEO measures, web advertisement operation agency and website creation (figure 1). Since many of the contracts for SEO measures and web advertisement last for half a year to one year and their retention rates are high, it has become a stock-type business in which net sales steadily increases by the accumulation of the number of customers.

Figure1: Sales Breakdown

	FY ended Feb. 2020					
Segment	Net sales	Composition				
	(million yen)	(%)				
Web marketing business	2,833	95.5				
(SEO measures)	895	30.2				
(Web advertisement)	1,774	59.8				
(Website creation)	164	5.5				
Cloud business	134	4.5				
Total	2,968	100.0				

Business Performance

Net sales is continuously showing an increase by utilizing the characteristics of a stock-type business. Ordinary profit varies by year, but a large increase was achieved in fiscal year ended February 2020, due to increased profit centering on web advertisement and other factors.

For the fiscal year ending February 2021, Geocode expects net sales of 3,172 million yen (6.9% increase year-on-year), operating profit of 191 million yen (24.8% increase), ordinary profit of 169 million yen (9.0% increase) and profit of 105 million yen (3.7% decrease). The company estimates sales to increase 7.0% for the web marketing business and increase 5.2% for the cloud business. While the company estimates a 1.5% increase in gross profit, it expects a 3.2% decrease in selling, general and administrative expenses through reviewing various expenses.

Newly Listed Company Introduction Report

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Figure2: Financial Statements

Statement of income	Fiscal Year	Feb. 2019		Feb. 2020		Feb. 2021 2Q (Cumulative)	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		2,415	100.0	2,968	100.0	1,442	100.0
Cost of sales		1,610	66.7	2,027	68.3	1,031	71.5
Gross profit		804	33.3	940	31.7	411	28.5
Selling, general and administrative expenses		756	31.3	787	26.5	356	24.7
Operating profit		47	1.9	153	5.2	55	3.8
Non-operating income		9	-	4	-	0	-
Non-operating expenses		1	-	2	-	2	-
Ordinary profit		55	2.3	155	5.2	52	3.6
Profit before income taxes		28	1.2	160	5.4	52	3.6
Net profit		0	0.0	109	3.7	33	2.3

Balance sheet	Fiscal Year	Feb. 2	019	Feb. 2020		Feb. 2021 2Q	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		563	67.9	871	75.7	860	76.7
Cash and deposits		358	43.2	597	51.9	619	55.2
Accounts receivable - trade		179	21.6	256	22.2	197	17.6
Inventories		13	1.6	12	1.0	28	2.5
Non-current assets		265	32.0	280	24.3	260	23.2
Property, plant and equipment		53	6.4	45	3.9	43	3.8
Intangible assets		66	8.0	37	3.2	26	2.3
Investments and other assets		146	17.6	196	17.0	191	17.0
Total assets		829	100.0	1,151	100.0	1,121	100.0
Current liabilities		521	62.8	746	64.8	705	62.9
Accounts payable - trade		150	18.1	273	23.7	226	20.2
Short-term borrowings		43	5.2	-	-	33	2.9
Current portion of long-term bor	rowings	83	10.0	123	10.7	121	10.8
Non-current liabilities		89	10.7	107	9.3	84	7.5
Bonds payable		190	22.9	50	4.3	0	0.0
Net assets		218	26.3	298	25.9	331	29.5
Owners' equity		218	26.3	298	25.9	331	29.5

Statement of cash flows	Fiscal Year	Feb. 2019	Feb. 2020	Feb. 2021 2Q (Cumulative)
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activitie	29	301	21	
Depreciation		19	20	10
Amortization of goodwill		32	29	14
Cash flows from investing activitie	-19	-48	-6	
Cash flows from financing activitie	91	-14	7	
Dividends paid		-	-	-
Net increase in cash and cash equivalents		99	238	22
Cash and cash equivalents		358	597	619

Note:Non-consolidated basis

Source: Prepared by Stock Research Center based on the notifiable prospectus.

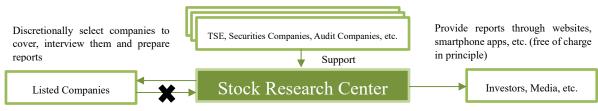
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