

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Based on J-GAAP)

May 12, 2022

Listed company	Geniee Inc.	Listed stock exchange: TSE
Code No.	6562	URL https://geniee.co.jp
Representative	(Title/post) Representative Director, President & CEO	(Name) Tomoaki Kudo
Contact liaison	(Title/post) CFO	(Name) Jun Kikukawa
Schedule date of regular general meeting of shareholders	June 28, 2022	TEL: +81-3-5909-8177
Schedule date of marketable securities report submission	June 28, 2022	Schedule date to commence dividend payments —
Supplemental earnings summary materials created: Yes		
Earnings conference held: Yes		

(amounts below one million yen rounded off)

1. Consolidated earnings for FY2021 (April 1, 2020 to March 31, 2021)

(1) Consolidated operating results

(% 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	%
FY2021	14,459	-	738	277.5	746	400.2	1,325	125.6	335	230.2
FY2020	14,061	(2.0)	195	-	149	-	587	173.7	101	-

(Note) As the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. has been adopted from the beginning of the fiscal year ending March 31, 2022, change in net sales is not listed due to the impact of changes in accounting standards

(Note) Comprehensive income FY2021 369 million yen (255.4%) FY2020 103 million yen (-%)

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

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating profit margin
	Yen	Yen	%	%	%
FY2021	18.69	18.61	12.5	11.5	5.1
FY2020	5.66	5.61	3.9	3.0	1.4

(2) Status of consolidated finances

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	Yen
FY2021	7,336	2,732	37.1	153.60
FY2020	5,652	2,657	47.0	147.12

(Ref.) Shareholders' equity FY2021 2,721 million yen FY2020 2,655 million yen

(3) Status of consolidated cash flow

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents Balance at end of period
	million yen	million yen	%	Yen
FY2021	1,139	(1,273)	483	1,476
FY2020	431	(1,456)	912	1,091

2. Status of dividends

	Total annual dividends					Total dividend amount (Total)	Dividend payout ratio (Consolidated)	Net asset dividend ratio (consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	million yen	%	%
FY2020	-	0.00	-	0.00	0.00	-	-	-
FY2021	-	0.00	-	0.00	0.00	-	-	-
FY2022 (forecast)	-	-	-	-	-	-	-	-

(Note) The amounts of the second quarter and year-end dividends for the fiscal year ending March 31, 2023 are to be determined.

3. Consolidated earnings forecast for FY2022 (April 1, 2022 to March 31, 2023)

(% indicates YoY change)

	Revenue		Operating Income		Income before income taxes		Net income		Net income attributable to owners of the parent	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
FY2022	6,200~	—	1,000~	—	900~	—	600~	—	600~	—
	6,600	—	1,200	—	1,100	—	800	—	800	—

(Note) The forecast of consolidated financial results for the fiscal year ending March 31, 2023 is calculated based on International Financial Reporting Standards (IFRS), since the Company has decided to adopt IFRS on a voluntary basis from the fiscal year ending March 31, 2023. For this reason, the percentage change from the actual results for the fiscal year ended March 31, 2022, when Japanese GAAP was applied, is not shown.

(Note) From FY2022, we are changing sales of the Ad Platform Business to net sales recognition

*Notes

(1) Movement of important subsidiaries during fiscal year (movements of designated subsidiaries incidental to change in scope of consolidation): None

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

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

- 1) Change in accounting principles incidental to revisions to accounting standards, etc.: Yes
- 2) Changes in accounting principles other than 1): None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

(3) Number of issued shares (common stock)

- 1) Number of shares issued at end of fiscal year (including treasury stock)
- 2) Treasury stock as of end of term
- 3) Average number of shares during fiscal year

FY2021	18,048,200 shares	FY2020	18,048,200 shares
FY2021	330,339 shares	FY2020	118 shares
FY2021	17,965,393 shares	FY2020	17,980,274 shares

(Ref.) Overview of nonconsolidated earnings

Nonconsolidated earnings for FY2021 (April 1, 2021 to March 31, 2022)

(1) Nonconsolidated operating results

(% indicates YoY change)

	Net Sales		Operating Income		Ordinary Income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2021	11,908	—	588	280.1	626	411.0	271	171.9
FY2020	12,511	(3.8)	154	—	122	—	99	—

(Note) As the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc. has been adopted from the beginning of the fiscal year ending March 31, 2022, change in net sales is not listed due to the impact of changes in accounting standards

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
FY2021	15.13	15.06	15.06	15.06
FY2020	5.56	5.52	5.52	5.52

(2) Status of nonconsolidated finances

	Total assets		Net assets		Equity ratio		Net assets per share	
	million yen	million yen	million yen	million yen	%	Yen	Yen	
FY2021	6,870	2,647	2,647	2,668	38.5	149.24	149.24	
FY2020	5,417	2,668	2,668	2,668	49.2	147.76	147.76	

(Ref.) Shareholders' equity FY2021 2,644 million yen

FY2020 2,666 million yen

<Reason for differences in nonconsolidated earnings between the previous fiscal year and the fiscal year under review>

During the fiscal year under review, the Company's purchase costs decreased, resulting in a higher gross margin. For this and other reasons, a difference has arisen between the previous year's results and those of the fiscal year under review.

* The earnings summary is not subject to audits 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.

(Method of obtaining notes on financial statements)

Financial statements will be published to our website on May 12, 2022. We will hold an earnings conference for institutional investors and analysts on May 20, 2022.

Consolidated Financial Statements
Consolidated Balance Sheets

	(Thousands of yen)	
	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	1,091,864	1,476,761
Trade accounts receivable	1,479,167	-
Trade accounts receivable and contractual assets	-	2,032,430
Other	188,299	346,732
Allowance for doubtful accounts	(32,194)	(40,465)
Total current assets	2,727,136	3,815,459
Non-current assets		
Property, plant and equipment		
Buildings and structures	284,197	304,989
Tools, furniture and fixtures	50,846	50,879
Lease assets	112,007	115,177
Total property, plant and equipment	447,052	471,046
Intangible assets		
Goodwill	1,025,345	1,416,166
Software	896,899	938,576
Software in progress	151,981	247,331
Total intangible assets	2,074,225	2,602,074
Investments and other assets		
Investment securities	142,255	148,420
Deferred tax assets	68,768	90,667
Deposits and guarantees	224,305	244,286
Other	17,849	19,677
Allowance for doubtful accounts	(49,550)	(55,374)
Total investments and other assets	403,627	447,677
Total non-current assets	2,924,905	3,520,798
Total assets	5,652,042	7,336,257

	(Thousands of yen)	
	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable	1,012,031	1,512,647
Short-term borrowings	426,500	821,600
Current portion of long-term borrowings	160,928	396,825
Lease liabilities	68,628	53,051
Income taxes payable	39,062	181,932
Provision for bonuses	83,701	121,765
Other	363,582	401,077
Total current liabilities	2,154,435	3,488,898
Non-current liabilities		
Long-term borrowings	650,988	888,886
Lease obligations	62,325	76,860
Asset retirement obligations	126,963	144,208
Other	-	4,854
Total non-current liabilities	840,276	1,114,810
Total liabilities	2,994,712	4,603,708
Net assets		
Shareholders' equity		
Share capital	1,549,591	1,549,591
Capital surplus	1,556,829	1,122,316
Retained earnings	(462,395)	306,704
Treasury shares	(144)	(299,552)
Total shareholders' equity	2,643,880	2,679,061
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(2,581)	2,361
Foreign currency translation adjustment	13,934	40,007
Total accumulated other comprehensive income	11,353	42,369
Stock acquisition rights	2,095	2,896
Non-controlling interests	-	8,221
Total net assets	2,657,329	2,732,548
Total liabilities and net assets	5,652,042	7,336,257

Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net sales	14,061,504	14,459,453
Cost of sales	11,453,116	10,676,184
Gross profit	2,608,387	3,783,268
Selling, general and administrative expenses	2,412,712	3,044,686
Operating income (loss)	195,674	738,581
Non-operating income		
Interest income	353	461
Foreign exchange gains	5,869	1,524
Gain on investment in partnership	-	41,415
Management guidance fees	7,800	400
Other	1,808	2,468
Total non-operating income	15,831	46,269
Non-operating expenses		
Interest expenses	10,445	23,669
Commission fee	23,758	4,869
Loss on the transfer of accounts receivables	9,270	-
Miscellaneous loss	10,130	6,251
Other	8,683	3,729
Total non-operating expenses	62,288	38,520
Ordinary income (loss)	149,217	746,331
Extraordinary income		
Gain on reversal of subscription rights to shares	189	181
Total extraordinary income	189	181
Extraordinary losses		
Loss on sale of shares in an affiliated company	8,094	-
Impairment loss	-	216,763
Loss on retirement of fixed assets	-	30,181
Special severance payment	4,334	-
Damage compensation	1,295	-
Total extraordinary losses	13,724	246,944
Profit (loss) before income taxes	135,682	499,568
Income taxes - current	33,046	183,147
Income taxes - deferred	1,148	(21,899)
Total income taxes	34,194	161,247
Net income (loss)	101,488	338,320
Loss attributable to non-controlling interests	(223)	2,458
Profit (loss) attributable to owners of parent	101,711	335,862

Consolidated statements of cash flows

	(Thousands of yen)	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	135,682	499,568
Depreciation and amortization	303,058	412,226
Amortization of goodwill	88,767	174,557
Impairment loss	-	216,763
Loss (Gain) on sales of stock of subsidiaries and affiliates	8,094	-
Loss (Gain) on sales of investment securities	-	(41,415)
Foreign exchange losses (gains)	(8,027)	(11,968)
Increase in allowance for doubtful accounts	5,806	1,566
Increase (decrease) in provision for bonuses	16,387	34,113
Interest income	(353)	(461)
Interest expense	10,445	23,669
Decrease (increase) in trade receivables	(314,673)	(497,384)
Decrease (increase) in inventories	5,321	-
Increase (decrease) in notes and accounts payable - trade	237,578	522,527
Other, net	(34,886)	(164,163)
Subtotal	453,202	1,169,597
Interest and dividends received	353	34,076
Interest paid	(10,445)	(23,669)
Refund of income taxes	434	-
Income taxes paid	(12,243)	(40,120)
Net cash provided by (used in) operating activities	431,300	1,139,885
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,436)	(46,694)
Purchase of intangible assets	(593,277)	(675,726)
Distributions from an investment partnership	-	12,782
Payments for sales of investment in subsidiaries resulting in change in scope of consolidation	(831)	-
Purchase of investment in subsidiaries resulting in change in scope of consolidation	(862,637)	(544,929)
Collection of long-term loans receivable	5,255	-
Payments for lease deposit and guarantee deposit	(2,576)	(19,499)
Other, net	235	129
Net cash provided by (used in) investing activities	(1,456,268)	(1,273,938)
Cash flows from financing activities		
Proceeds from issuance of common stock	8,520	-
Purchase of treasury shares	-	(299,378)
Purchase of investment in subsidiaries resulting in non-change in scope of consolidation	(5,183)	-
Proceeds from short-term borrowings	618,500	1,209,000
Repayments of short-term borrowings	(292,000)	(813,900)
Proceeds from long-term borrowings	800,000	800,000
Repayments of long-term borrowings	(138,092)	(326,205)
Repayments of lease obligations	(79,302)	(85,805)
Net cash provided by (used in) financing activities	912,441	483,710
Effect of exchange rate change on cash and cash equivalents	6,849	37,851
Net increase (decrease) in cash and cash equivalents	(105,676)	387,509
Cash and cash equivalents at beginning of period	1,197,540	1,091,864
Decrease in cash and cash equivalents resulting from deconsolidation of subsidiaries	-	(2,611)
Cash and cash equivalents at end of period	1,091,864	1,476,761