

Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (Based on J-GAAP)

May 14, 2021

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)	Administration Department General Manager & CFO	(Name) Jun Kikukawa TEL: +81-3-5909-8177
Schedule date of regular general meeting of shareholders	June 30, 2021	Schedule date to commence dividend payments	—
Schedule date of marketable securities report submission	June 30, 2021		
Supplemental earnings summary materials created:	Yes		
Earnings conference held:	Yes		

(amounts below one million yen rounded off)

1. Consolidated earnings for FY2019 (April 1, 2019 to March 31, 2020)

(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	%
FY2020	14,061	(2.0)	195	—	149	—	587	173.7	101	—
FY2019	14,348	(4.1)	(91)	—	(141)	—	214	1,027.8	(178)	—

(Note) Comprehensive income FY2020 103 million yen (-%) FY2019 (179) 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	%	%	%
FY2020	5.66	5.61	3.9	3.0	1.4
FY2019	(9.99)	—	(6.8)	(3.2)	(0.6)

(Ref.) Equity in earnings of affiliates FY2020 — million yen FY2019 — million yen

(2) Status of consolidated finances

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	Yen
FY2020	5,652	2,657	47.0	147.12
FY2019	4,269	2,548	59.5	141.47

(Ref.) Shareholders' equity FY2020 2,655 million yen FY2019 2,540 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
FY2020	431	(1,456)	912	1,091
FY2019	73	(415)	(76)	1,197

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	%	%
FY2019	—	0.00	—	0.00	0.00	—	—	—
FY2020	—	0.00	—	0.00	0.00	—	—	—
FY2021 (forecast)	—	—	—	—	—	—	—	—

(Note) The amounts of the second quarter and year-end dividends for the fiscal year ending March 31, 2022 are to be determined.

3. Consolidated earnings forecast for FY2021 (April 1, 2021 to March 31, 2022)

(% 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	13,425~	—	640~	227.1~	620~	315.5~	1,259~	114.3~	526~	417.1~
	13,739	—	840	329.3	820	449.5	1,459	148.3	665	553.8

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, the above consolidated financial forecast reflects the application of the accounting standard. If the same standard is applied to the fiscal year ended March 31, 2021, net sales would be 15.04 billion (+7.0%) to 15.36 billion (+9.3%) year on year.

*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.: None
- 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)

FY2020	18,048,200 shares	FY2019	17,958,200 shares
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2) Treasury stock as of end of term

FY2020	118 shares	FY2018	118 shares
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3) Average number of shares during fiscal year

FY2020	17,980,274 shares	FY2018	17,909,366 shares
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(Ref.) Overview of nonconsolidated earnings

Nonconsolidated earnings for FY2020 (April 1, 2020 to March 31, 2021)

(1) Nonconsolidated operating results

(% indicates YoY change)

	Net Sales		Operating Income		Ordinary Income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2020	12,511	(3.8)	154	—	122	—	99	—
FY2019	12,999	(6.5)	(1)	—	(12)	—	(218)	—

	Net income per share	Diluted net income per share
	Yen	Yen
FY2020	5.56	5.51
FY2019	(12.21)	—

(2) Status of nonconsolidated finances

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	Yen
FY2020	5,417	2,668	49.2	147.76
FY2019	4,142	2,559	61.8	142.49

(Ref.) Shareholders' equity FY2020 2,666 million yen

FY2019 2,558 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 14, 2021. We will hold an earnings conference for institutional investors and analysts on May 21, 2021.

Consolidated Financial Statements
Consolidated Balance Sheets

	(Thousands of yen)	
	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	1,197,540	1,091,864
Trade accounts receivable	1,131,347	1,479,167
Other	171,151	188,299
Allowance for doubtful accounts	(25,840)	(32,194)
Total current assets	2,474,198	2,727,136
Non-current assets		
Property, plant and equipment		
Buildings and structures	301,935	284,197
Tools, furniture and fixtures	77,435	50,846
Lease assets	152,542	112,007
Total property, plant and equipment	531,912	447,052
Intangible assets		
Goodwill	305,110	1,025,345
Software	461,798	896,899
Software in progress	82,260	151,981
Total intangible assets	849,169	2,074,225
Investments and other assets		
Investment securities	145,451	142,255
Deferred tax assets	71,646	68,768
Deposits and guarantees	223,608	224,305
Other	26,357	17,849
Allowance for doubtful accounts	(53,339)	(49,550)
Total investments and other assets	413,724	403,627
Total non-current assets	1,794,805	2,924,905
Total assets	4,269,004	5,652,042

	(Thousands of yen)	
	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable	781,434	1,012,031
Short-term borrowings	100,000	426,500
Current portion of long-term borrowings	99,996	160,928
Lease liabilities	76,084	68,628
Income taxes payable	22,534	39,062
Provision for bonuses	67,313	83,701
Other	296,568	363,582
Total current liabilities	1,443,931	2,154,435
Non-current liabilities		
Long-term borrowings	50,012	650,988
Lease obligations	99,968	62,325
Asset retirement obligations	126,174	126,963
Total non-current liabilities	276,154	840,276
Total liabilities	1,720,086	2,994,712
Net assets		
Shareholders' equity		
Share capital	1,545,331	1,549,591
Capital surplus	1,550,157	1,556,829
Retained earnings	(564,107)	(462,395)
Treasury shares	(144)	(144)
Total shareholders' equity	2,531,237	2,643,880
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(2,065)	(2,581)
Foreign currency translation adjustment	11,334	13,934
Total accumulated other comprehensive income	9,269	11,353
Stock acquisition rights	1,137	2,095
Non-controlling interests	7,272	-
Total net assets	2,548,917	2,657,329
Total liabilities and net assets	4,269,004	5,652,042

Consolidated Statements of Income

	(Thousands of yen)	
	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Net sales	14,348,300	14,061,504
Cost of sales	12,127,471	11,453,116
Gross profit	2,220,829	2,608,387
Selling, general and administrative expenses	2,312,316	2,412,712
Operating income (loss)	(91,487)	195,674
Non-operating income		
Interest income	395	353
Foreign exchange gains	-	5,869
Management guidance fees	-	7,800
Commission fee	4,057	-
Subsidy income	1,425	-
Interest on refund	1,066	-
Other	2,096	1,808
Total non-operating income	9,040	15,831
Non-operating expenses		
Interest expenses	9,051	10,445
Foreign exchange losses	21,458	-
Provision of allowance for doubtful accounts	10,665	-
Commission fee	6,187	23,758
Consumption Tax Definition	8,171	-
Loss on the transfer of accounts receivables	-	9,270
Miscellaneous loss	-	10,130
Other	3,989	8,683
Total non-operating expenses	59,524	62,288
Ordinary income (loss)	(141,970)	149,217
Extraordinary income		
Gain on reversal of subscription rights to shares	-	189
Total extraordinary income	-	189
Extraordinary losses		
Loss on sale of shares in an affiliated company	-	8,094
Impairment loss	24,757	-
Special severance payment	5,927	4,334
Damage compensation	-	1,295
Total extraordinary losses	30,685	13,724
Profit (loss) before income taxes	(172,656)	135,682
Income taxes - current	5,704	33,046
Income taxes - deferred	(868)	1,148
Total income taxes	4,835	34,194
Net income (loss)	(177,492)	101,488
Loss attributable to non-controlling interests	1,376	(223)
Profit (loss) attributable to owners of parent	(178,868)	101,711

Consolidated statements of cash flows

(Thousands of yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	(172,656)	135,682
Depreciation and amortization	236,893	303,058
Increase (decrease) in allowance for doubtful accounts	10,665	–
Amortization of goodwill	69,214	88,767
Impairment loss	24,757	–
Loss (Gain) on sales of stock of subsidiaries and affiliates	–	8,094
Loss (Gain) on sales of investment securities	1,413	–
Foreign exchange losses (gains)	12,559	(8,027)
Increase in allowance for doubtful accounts	10,926	5,806
Increase (decrease) in provision for bonuses	1,363	16,387
Interest income	(395)	(353)
Interest expense	9,051	10,445
Decrease (increase) in trade receivables	(50,628)	(314,673)
Decrease (increase) in inventories	(5,684)	5,321
Increase (decrease) in notes and accounts payable - trade	(85,157)	237,578
Other, net	(59,129)	(34,886)
Subtotal	3,194	453,202
Interest and dividends received	395	353
Interest paid	(9,051)	(10,445)
Refund of income taxes	79,864	434
Income taxes paid	(1,295)	(12,243)
Net cash provided by (used in) operating activities	73,107	431,300
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,419)	(2,436)
Purchase of intangible assets	(341,139)	(593,277)
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	(71,380)	(862,637)
Purchase of investment securities	(500)	–
Payments of loans receivable	–	5,255
Payments for lease deposit and guarantee deposit	–	(2,576)
Other, net	2,069	235
Net cash provided by (used in) investing activities	(415,369)	(1,456,268)
Cash flows from financing activities		
Proceeds from issuance of common stock	12,435	8,520
Purchase of treasury shares	(29)	–
Purchase of investment in subsidiaries resulting in non-change in scope of consolidation	–	(5,183)
Proceeds from short-term borrowings	100,000	618,500
Repayments of short-term borrowings	–	(292,000)
Proceeds from long-term borrowings	–	800,000
Repayments of long-term borrowings	(101,984)	(138,092)
Repayments of lease obligations	(86,799)	(79,302)
Net cash provided by (used in) financing activities	(76,378)	912,441
Effect of exchange rate change on cash and cash equivalents	(2,383)	6,849
Net increase (decrease) in cash and cash equivalents	(421,024)	(105,676)
Cash and cash equivalents at beginning of period	1,618,564	1,197,540
Cash and cash equivalents at end of period	1,197,540	1,091,864