

Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2022
(Based on J-GAAP)

November 12, 2021

Listed company: Geniee Inc.

Listed stock exchange: TSE

Code No.: 6562 URL <https://en.geniee.co.jp>

Representative: (Title/post) Representative Director, President & CEO (Name) Tomoaki Kudo

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Schedule date of first quarter report submission: November 12, 2021 Schedule date to commence dividend payments: —

Supplemental quarterly earnings summary materials created: Yes

Quarterly earnings conference held: Yes

(amounts below one million yen rounded off)

1. Consolidated earnings for the first half of FY2021 (April 1, 2021 to September 30, 2021)

(1) Consolidated operating results (cumulative)

(% 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	%
IH FY2021	6,458	—	172	—	193	—	455	863.3	138	—
IH FY2010	6,430	(8.2)	(123)	—	(140)	—	47	—	(119)	—

(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 IH FY 2021 143 million yen (-%) IH FY 2020 (126) million yen (-%)

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

	Net income per share	Diluted net income per share
	Yen	Yen
IH FY2021	7.69	7.65
IH FY2010	(6.66)	—

(Note) Although potentially dilutive shares do exist, they are not listed under diluted net income per share because they resulted in a net loss per share.

(2) Status of consolidated finances

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
IH FY2021	6,490	2,698	41.5
FY2020	5,652	2,657	47.0

(Ref.) Shareholders' equity 1Q FY2021 2,669 million yen FY2020 2,655 million yen

2. Status of dividends

	Total annual dividends				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2020	—	0.00	—	0.00	0.00
FY2021	—	0.00	—	—	—
FY2021 (forecast)	—	—	—	—	—

(Note) Revisions since most recently announced dividend forecast: None

Dividend forecast amounts for FY2021 second quarter and end of fiscal year are not yet determined.

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

	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, change in net sales is not listed due to the impact of changes in accounting standards.

*Notes

(1) Movement of important subsidiaries during consolidated cumulative quarter under review (movements of designated subsidiaries incidental to change in scope of consolidation): None

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

(2) Application of special accounting treatments during the creation of quarterly consolidated financial statements: None

(3) 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

(4) Number of issued shares (common stock)

1) Number of shares issued at end of fiscal year (including treasury stock)

1H FY2021	18,048,200	shares	FY2020	18,048,200	shares
1H FY2021	102,639	shares	FY2020	118	shares
1H FY2021	18,023,688	shares	1H FY2020	17,968,246	shares

2) Treasury stock as of end of term

3) Average number of shares during fiscal year (cumulative quarter)

*The quarterly earnings summary is not subject to quarterly review 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. Refer to “(3) Information on consolidated earnings forecast and other forward-looking information in 1. Qualitative information concerning quarter earnings” on page 4 of the attachment for the assumptions behind earnings forecasts and notes concerning the use thereof.

(Method of obtaining notes on quarterly financial statements)

Notes on quarterly financial statements will be published to our website on November 12, 2021.

Consolidated Financial Statements
Consolidated Balance Sheets

	(Thousands of yen)	
	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	1,091,864	1,536,094
Trade accounts receivable	1,479,167	—
Trade accounts receivable and contractual assets	—	1,539,542
Other	188,299	199,304
Allowance for doubtful accounts	(32,194)	(35,875)
Total current assets	2,727,136	3,239,067
Non-current assets		
Total property, plant and equipment	447,052	488,256
Intangible assets		
Goodwill	1,025,345	1,113,795
Software	896,899	863,616
Software in progress	151,981	361,417
Total intangible assets	2,074,225	2,338,828
Investments and other assets		
Investment securities	142,255	146,667
Other	310,923	328,769
Allowance for doubtful accounts	(49,550)	(50,831)
Total investments and other assets	403,627	424,605
Total non-current assets	2,924,905	3,251,689
Total assets	5,652,042	6,490,756

	(Thousands of yen)	
	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Accounts payable	1,012,031	1,155,678
Short-term borrowings	426,500	274,000
Current portion of long-term borrowings	160,928	406,821
Income taxes payable	39,062	71,289
Provision for bonuses	83,701	116,132
Other	432,211	473,048
Total current liabilities	2,154,435	2,496,968
Non-current liabilities		
Long-term borrowings	650,988	1,087,696
Asset retirement obligations	126,963	143,775
Other	62,325	64,060
Total non-current liabilities	840,276	1,295,531
Total liabilities	2,994,712	3,792,500
Net assets		
Shareholders' equity		
Common stock	1,549,591	1,549,591
Capital surplus	1,556,829	1,122,316
Retained earnings	(462,395)	109,449
Treasury stock	(144)	(101,805)
Total shareholders' equity	2,643,880	2,679,553
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(2,581)	(796)
Foreign currency translation adjustment	13,934	17,026
Total accumulated other comprehensive income	11,353	16,229
Stock acquisition rights	2,095	2,473
Total net assets	2,657,329	2,698,256
Total liabilities and net assets	5,652,042	6,490,756

Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended September 30, 2020	For the fiscal year ended September 30, 2021
Net sales	6,430,952	6,458,395
Cost of sales	5,388,638	4,776,484
Gross profit	1,042,313	1,681,910
Selling, general and administrative expenses	1,165,782	1,509,494
Operating income (loss)	(123,468)	172,415
Non-operating income		
Interest income	278	184
Foreign exchange gains	5,264	—
Gain on investment in partnership	—	43,692
Other	494	1,357
Total non-operating income	6,037	45,234
Non-operating expenses		
Interest expenses	3,558	11,010
Foreign exchange losses	—	4,864
Casualty loss	10,130	7,011
Other	9,431	1,307
Total non-operating expenses	23,121	24,194
Ordinary income (loss)	(140,552)	193,455
Extraordinary income		
Gain on reversal of subscription rights to shares	189	181
Total extraordinary income	189	181
Extraordinary losses		
Loss on retirement of noncurrent assets	—	0
Loss on sale of shares in an affiliated company	8,157	—
Special severance payment	4,304	—
Damage compensation	1,295	—
Total extraordinary losses	13,757	0
Profit (loss) before income taxes	(154,120)	193,637
Income taxes - current	3,853	52,659
Income taxes - deferred	(38,017)	2,371
Total income taxes	(34,164)	55,030
Net income (loss)	(119,955)	138,607
Loss attributable to non-controlling interests	(226)	—
Profit (loss) attributable to owners of parent	(119,728)	138,607

Consolidated statements of cash flows

	(Thousands of yen)	
	For the fiscal year ended September 30, 2020	For the fiscal year ended September 30, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	(154,120)	193,637
Depreciation and amortization	138,963	200,487
Amortization of goodwill	31,741	82,073
Increase (decrease) in allowance for doubtful accounts	3,130	(460)
Increase (decrease) in provision for bonuses	14,509	32,430
Interest income	(278)	(184)
Interest expense	3,558	11,010
Foreign exchange losses (gains)	(6,935)	(1,309)
Loss (gain) on investment in partnership	—	(43,692)
Loss (gain) on sales of stock of subsidiaries and affiliates	8,157	—
Decrease (increase) in trade receivables	(102,658)	(50,579)
Increase (decrease) in notes and accounts payable - trade	129,379	145,376
Other, net	8,204	27,504
Subtotal	73,653	596,295
Interest and dividends received	278	34,722
Interest paid	(3,505)	(11,010)
Income taxes paid	(3,776)	(20,432)
Net cash provided by (used in) operating activities	66,650	599,574
Cash flows from investing activities		
Purchase of property, plant and equipment	(29)	(45,535)
Purchase of intangible assets	(254,673)	(315,481)
Distributions from an investment partnership	—	10,251
Purchase of investment in subsidiaries resulting in change in scope of consolidation	—	(167,929)
Payments for sales of investment in subsidiaries resulting in change in scope of consolidation	(838)	—
Proceeds from long-term loans receivable	5,296	—
Payments for lease deposit and guarantee deposit	(2,576)	(19,499)
Other, net	224	—
Net cash provided by (used in) investing activities	(252,596)	(538,195)
Cash flows from financing activities		
Proceeds from short-term borrowings	150,000	579,000
Repayments of short-term borrowings	(25,000)	(731,500)
Proceeds from long-term borrowings	—	800,000
Repayments of long-term borrowings	(49,998)	(117,399)
Repayments of lease obligations	(38,532)	(45,792)
Proceeds from issuance of common stock	2,100	—
Purchase of treasury shares	—	(101,631)
Purchase of investment in subsidiaries resulting in non-change in scope of consolidation	(5,223)	—
Net cash provided by (used in) financing activities	33,345	382,677
Effect of exchange rate change on cash and cash equivalents	(4,855)	2,785
Net increase (decrease) in cash and cash equivalents	(157,456)	446,842
Cash and cash equivalents at beginning of period	1,197,540	1,091,864
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(2,611)
Cash and cash equivalents at end of period	1,040,084	1,536,094