

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under IFRS)

May 11, 2023

Listed company: Geniece Inc. Listed stock exchange: TSE
 Code No.: 6562 URL <https://en.geniece.co.jp>
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 President & CEO
 Senior Executive Officer (CFO)
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 Strategy Dept.
 Scheduled date of annual general meeting of shareholders: June 30, 2023 Schedule date to commence dividend payments: —
 Scheduled date to file annual securities report: June 30, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes
 (for institutional investors and analysts)

(amounts below one million yen rounded off)

1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

(% indicates YoY change)

	Net sales		Gross profit		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
FY2022	6,455	—	5,142	—	2,457	—	2,279	—	2,110	—	2,114	—	2,161	—
FY2021	14,399	—	3,741	—	588	—	717	—	539	—	500	—	571	—

	Basic earnings per share	Diluted earnings per share	Ratio of profit to equity attributable to owners of the parent	Ratio of pre-tax profit to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2022	119.52	119.45	54.0	17.9	38.1
FY2021	27.87	27.73	18.4	10.6	4.1

(2) Status of consolidated finances

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
	million yen	million yen	million yen	%
FY2022	17,855	5,033	4,994	28.0
FY2021	7,659	2,884	2,841	37.1

(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
FY2022	1,389	(5,967)	5,926	2,875
FY2021	1,235	(1,202)	316	1,476

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	%	%
FY2021	–	0.00	–	0.00	0.00	–	–	–
FY2022	–	0.00	–	0.00	0.00	–	–	–
FY2023 (forecast)	–	0.00	–	0.00	0.00		–	

3. Consolidated earnings forecast for FY2023 (April 1, 2023 to March 31, 2024)

(% indicates YoY change)

	Revenue		Gross profit		Operating Income		Income before income taxes		Net income		Net income attributable to owners of the parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	(Yen)
FY2023	9,600	148.7	7,800	151.7	2,000	81.4	1,900	83.4	1,500	71.1	1,500	70.9	84.78

(Note) Since we manage our business on an annual basis, we have omitted a description of our consolidated earnings forecast for the second quarter (cumulative). For details, please refer to “1. Overview of Business Results, etc. (4) Outlook” on page 4 of the Attachment.

*Notes

(1) Movement of important subsidiaries during consolidated cumulative quarter under review (movements of designated subsidiaries incidental to change in scope of consolidation): Yes

New companies: (Zelto, Inc.); Excluded companies: (–)

(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

(3) Number of issued shares (common stock)

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

FY2022	18,048,200 shares	FY2021	18,048,200 shares
FY2022	365,276 shares	FY2021	330,339 shares
FY2022	17,693,127 shares	FY2021	17,965,393 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

(Cautionary statement regarding forward-looking statements)

The forward-looking statements contained in this document are based on the information currently available to the Group and certain assumptions deemed reasonable by the Group. Statements in this document do not constitute a guarantee by the Group to achieve such goals. Actual business results may differ substantially due to various factors. For details of the assumptions underlying our forecasts and precautions regarding the use of such forecasts, please refer to “1. Overview of Business Results, etc. (4) Outlook” on page 4 of the Attachment.

(How to obtain supplementary material on quarterly results)

Geniec plans to hold a briefing for analysts on Friday, May 12, 2023. A video of this presentation will be posted on our website shortly after the meeting.

(Application of International Financial Reporting Standards (IFRS))

From the fiscal year ended March 31, 2023, the Group has adopted the International Financial Reporting Standards (IFRS). The financial figures for the previous fiscal year are also displayed in accordance with IFRS. For the difference between IFRS and Japanese standards pertaining to financial figures, please refer to “3. Consolidated Financial Statements and Main Notes (5) Note on Consolidated Financial Statements (First-time Adoption)” on page 16 of the Attachment.

Consolidated Financial Statements
Consolidated Statements of Financial Position

	(Thousands of yen)	
	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and cash equivalents	1,476,761	2,875,883
Trade and other receivables	2,029,947	2,446,381
Inventories	468	1,012
Other financial assets	105,107	6,606
Other current assets	189,336	341,633
Total current assets	3,801,621	5,671,516
Non-current assets		
Property, plant and equipment	355,868	471,006
Right of use asset	235,927	502,184
Goodwill	1,530,383	9,423,377
Intangible assets	1,098,666	1,183,418
Other financial assets	497,686	479,582
Deferred tax assets	120,903	99,432
Other non-current assets	18,430	24,636
Total non-current assets	3,857,866	12,183,637
Total assets	7,659,487	17,855,154

	(Thousands of yen)	
	As of March 31, 2022	As of March 31, 2022
Liabilities		
Current liabilities		
Trade payables	1,635,079	1,828,382
Borrowings	1,218,425	7,255,607
Lease liabilities	155,964	356,602
Income tax payable	181,932	136,264
Other current liabilities	458,469	751,307
Total current liabilities	3,649,870	10,328,164
Non-current liabilities		
Borrowings	888,886	1,102,048
Lease liabilities	92,296	177,790
Provisions	144,208	178,167
Other financial liabilities	-	7,602
Other non-current liabilities	-	1,028,213
Total non-current liabilities	1,125,391	2,493,821
Total liabilities	4,775,262	12,821,986
Shareholders' equity		
Share capital	1,549,591	1,549,591
Capital surplus	1,127,353	1,145,229
Retained earnings	430,379	2,545,093
Treasury shares	(299,552)	(329,828)
Other components of equity	34,122	84,765
Equity attributable to owners of the parent	2,841,894	4,994,852
Non-controlling interests	42,330	38,316
Total equity	2,884,225	5,033,168
Liabilities and equity	7,659,487	17,855,154

Consolidated Statements of Income

	(Thousands of yen)	
	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Revenue	14,399,385	6,455,074
Cost of sales	10,657,415	1,312,727
Gross profit	3,741,970	5,142,347
Selling, general and administrative expenses	2,909,378	4,006,584
Other revenue	2,868	1,683,262
Other expenses	247,265	361,912
Operating income	588,195	2,457,113
Financial income	155,261	19,961
Financial expense	26,200	198,066
Income before income taxes	717,256	2,279,008
Income taxes	177,745	168,308
Net income	539,511	2,110,699
Net income attributable to:		
Owners of the parent	500,637	2,114,713
Non-controlling interests	38,873	(4,013)
Net income	539,511	2,110,699
Interim earnings per share		
Basic (Yen)	27.86	119.52
Diluted (Yen)	27.73	119.45

Consolidated statements of cash flows

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	717,256	2,279,008
Depreciation and amortization	572,068	641,788
Impairment losses	203,478	-
Loss (gain) on step acquisition	-	(1,623,082)
Loss on retirement of fixed assets	-	285,302
Other costs	-	75,000
Financial income	(153,737)	(2,487)
Financial expense	25,346	87,266
Decrease (increase) in trade and other receivables	(481,170)	308,912
Decrease (increase) in inventories	564	(543)
Increase (decrease) in trade and other receivables	476,209	(341,626)
Others	(69,051)	(45,856)
Subtotal	1,290,964	1,663,681
Interest and dividends received	34,076	13,946
Interest paid	(25,546)	38,262
Income taxes paid	(63,603)	(251,421)
Miscellaneous expenses and other payments	-	(75,000)
Net cash provided by (used in) operating activities	1,235,891	1,389,468
Cash flows from investing activities		
Purchase of property, plant and equipment	(46,694)	(109,579)
Purchase of intangible assets	(629,176)	(649,716)
Payments for lease deposit and guarantee deposit	-	(48,275)
Proceeds from investments in capital	-	2,164
Purchase of investment securities	-	(33,382)
Payments for acquisition of subsidiaries	(520,184)	(5,128,606)
Others	(6,587)	246
Net cash provided by (used in) investing activities	(1,202,642)	(5,967,149)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,140,105)	5,728,400
Proceeds from long-term borrowings	2,009,000	1,050,000
Repayments of long-term borrowings	-	(528,056)
Repayments of lease obligations	(253,107)	(292,738)
Purchase of treasury shares	(299,378)	(31,261)
Net cash provided by (used in) financing activities	316,409	5,926,344
Effect of exchange rate change on cash and cash equivalents	37,851	50,458
Net increase (decrease) in cash and cash equivalents	387,509	1,399,121
Cash and cash equivalents at beginning of period	1,091,864	1,476,761
Decrease in cash and cash equivalents resulting from deconsolidation of subsidiaries	(2,611)	-
Cash and cash equivalents at end of period	1,476,761	2,875,883