

Summary of Consolidated Financial Results for the Six months Ended October 31, 2021 (Based on Japanese GAAP)



December 10, 2021

Company Name: gumi Inc. Stock exchange listing: Tokyo
 Stock code: 3903 URL: https://gu3.co.jp/
 Representative: Title CEO Name Hiroyuki Kawamoto
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 Scheduled date to file Quarterly Securities Report December 10, 2021
 Scheduled date to commence dividend payments -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the Six months ended October 31, 2021 (from May, 2021 to October 31, 2021)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended October 31, 2021	8,578	△12.8	△1,573	—	△2,861	—	△4,359	—
Six months ended October 31, 2020	9,833	10.6	1,319	322.7	1,732	718.8	1,004	—

Note. Comprehensive income: 2nd quarter of FYE April 30, 2022: △4,253 millions of yen (—%) 2nd quarter of FYE April 30, 2021: 974 millions of yen (—%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
As of October 31, 2021	△148.05	—
As of October 31, 2020	33.27	32.90

Notes: 1. Due to net loss, the diluted earnings per share in 2nd quarter of FYE April 30, 2022 is not listed above.

2. Since "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29), etc. have been applied from the three months ended July 31, 2021, the above amounts of consolidated financial results reflect the application of the accounting standard, etc.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of October 31, 2021	21,444	11,714	49.9
As of April 30, 2021	25,012	17,190	64.7

(Reference) Equity capital: 2nd quarter of FYE April 30, 2022 10,705 millions of yen FYE April 30, 2021 16,189 millions of yen

Note. Since "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29), etc. have been applied from the three months ended July 31, 2021, the above amounts of consolidated financial results reflect the application of the accounting standard, etc.

2. Cash dividends

	Annual dividends per share				
	1 st quarter-end	2 nd quarter-end	3 rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
FYE April 30, 2021	—	0.00	—	5.00	5.00
FYE April 30, 2022	—	0.00	—	—	—
FYE April 30, 2022 (Forecast)	—	—	—	—	—

Notes: 1. The amendments of latest published dividends forecast : No

2. It is undetermined for the dividends in FYE April 30, 2022

3. Forecast of consolidated financial results FYE April 30, 2022 (May 1, 2021 to April 30, 2022)

Due to volatility of our business environmental changes, it is difficult to calculate and predict our accurate financial results. Therefore, we do not publish forecast of our business.

※ Notes

(1) Changes in significant subsidiaries during the Six months ended October 31, 2021 : No
 (changes in specified subsidiaries with the change in the scope of consolidation)

(2) Applications of special accounting methods for preparing quarterly consolidated financial reports. : No

(3) Changes in accounting policies, changes in accounting estimates and restatements

- 1) Changes in accounting policies due to the revision of accounting standards : Applicable
- 2) Changes in accounting policies other than 1) : Not applicable
- 3) Changes in accounting estimates : Not applicable
- 4) Restatements : Not applicable

(4) Total number of issued shares (Common stock)

1) Total number of issued shares at the end of the period (including treasury shares)	As of October 31, 2021	31,268,400 shares	As of April 30, 2021	31,231,900 shares
2) Total number of treasury shares at the end of the period	As of October 31, 2021	2,101,039 shares	As of April 30, 2021	980,039 shares
3) Average number of shares during the period (cumulative)	As of October 31, 2021	29,445,230 shares	As of October 31, 2020	30,208,191 shares

* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants and audit firms.

* Explanation for the appropriate use of performance forecast and other special notes:
 (Cautionary note on forward-looking statements)

The statements regarding forecast of financial results in this report are based on the information that is available to the Company, as well as certain assumptions that are deemed to be reasonable by management, and they are not meant to be a commitment by the Company. Therefore, there might be cases in which actual results differ materially from forecast values due to various factors.

Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of April 30, 2021	As of October 31, 2021
Assets		
Current assets		
Cash and deposits	8,492,510	9,186,457
Accounts receivable - trade	1,812,179	2,313,309
Other current asset	3,280,230	1,858,625
Total current assets	13,584,920	13,358,393
Non-current assets		
Property, plant and equipment	135,386	141,983
Intangible assets		
Software	493,142	563,902
Software in progress	3,405,522	1,791,371
Other intangible assets	73,855	49,453
Total intangible assets	3,972,519	2,404,727
Investment and other assets	0	0
Investment securities	1,823,758	1,809,023
Other investments	5,495,710	3,730,772
Total investment and other assets	7,319,469	5,539,795
Total non-current assets	11,427,375	8,086,507
Total assets	25,012,295	21,444,900

(Thousands of yen)

	As of April 30, 2021	As of October 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	542,982	558,303
Current portion of long-term borrowings	1,999,734	2,632,540
Income taxes payable	763,577	80,602
Provision for bonuses	100,239	93,181
Other current liabilities	1,169,477	1,707,800
Total current liabilities	4,576,010	5,072,427
Non-current liabilities		
Long-term borrowings	2,500,404	4,434,396
Asset retirement obligation	114,145	115,187
Other non-current liabilities	631,297	108,676
Total non-current liabilities	3,245,846	4,658,259
Total liabilities	7,821,857	9,730,687
Net assets		
Shareholders' equity		
Share capital	9,399,470	9,416,668
Capital surplus	3,407,249	3,424,447
Retained earnings	4,336,840	-303,783
Treasury shares	-1,058,438	-2,058,370
Total shareholders' equity	16,085,121	10,478,961
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	74,790	56,651
Foreign currency translation adjustment	29,978	170,258
Total accumulated other comprehensive income	104,769	226,910
Share acquisition rights	316,551	340,208
Non-controlling interests	683,995	668,133
Total net assets	17,190,437	11,714,213
Total liabilities and net assets	25,012,295	21,444,900

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income
(cumulative)**

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended October 31, 2020	Six months ended October 31, 2021
Net sales	9,833,254	8,578,797
Cost of Sales	6,856,295	8,239,819
Gross profit	<u>2,976,958</u>	<u>338,977</u>
Selling, general and administrative expenses	<u>1,657,336</u>	<u>1,912,374</u>
Operating profit	<u>1,319,622</u>	<u>-1,573,396</u>
Non-operating income		
Interest and dividend income	345	4,492
Subsidy income	0	1,107
Gain on valuation of Crypto Assets	303,562	0
Gain on sales of Crypto Assets	50,101	22,201
Gain on sales of non-current assets	47,661	0
Interest on tax refund	3,425	0
Gain on forgiveness of consumption tax	0	28,963
Share of profit of entities accounted for using equity method	70,394	0
Gain on investments in investment partnerships	0	16,885
Other non-operating incomes	1,053	7,342
Total non-operating income	<u>476,544</u>	<u>80,992</u>
Non-operating expenses		
Interest expenses	12,698	16,924
Foreign exchange losses	46,261	70,464
Loss on valuation of Crypto Assets	0	341,360
Share of loss of entities accounted for using equity method	0	938,763
Loss on investments in investment partnerships	1,669	0
Other non-operating expenses	2,841	1,128
Total non-operating expenses	<u>63,469</u>	<u>1,368,642</u>
Ordinary profit	<u>1,732,697</u>	<u>-2,861,046</u>
Extraordinary income		
Gain on sales of investment securities	0	65
Gain on reversal of share acquisition rights	9,398	0
Total extraordinary income	<u>9,398</u>	<u>65</u>
Extraordinary losses		
Impairment losses	41,088	1,906,092
Loss on valuation of investment securities	284,553	773
Business restructuring expenses	8,371	0
Officer retirement allowance	0	150,000
Total extraordinary losses	<u>334,014</u>	<u>2,056,865</u>
Profit (loss) before income taxes	<u>1,408,081</u>	<u>-4,917,846</u>
Income taxes - current	272,390	12,935
Income taxes - deferred	147,366	-555,605
Total income taxes	<u>419,756</u>	<u>-542,669</u>
Profit (loss)	<u>988,325</u>	<u>-4,375,176</u>
Loss attributable to non-controlling interests	<u>-16,577</u>	<u>-15,862</u>
Profit (loss) attributable to owner of parent	<u>1,004,902</u>	<u>-4,359,314</u>

Consolidated statements of comprehensive income (cumulative)

	(Thousands of yen)	
	Six months ended October 31, 2020	Six months ended October 31, 2021
Profit (loss)	988,325	-4,375,176
Other comprehensive income		
Valuation difference on available-for-sale securities	-981	-18,138
Foreign currency translation adjustment	-21,110	61,501
Share of other comprehensive income of entities accounted for using equity method	7,805	78,777
Total other comprehensive income	-14,286	122,140
Comprehensive income	974,038	-4,253,035
Comprehensive income attributable to owners of parent	990,615	-4,237,173
Comprehensive income attributable to non-controlling interests	-16,577	-15,862

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended October 31, 2020	Six months ended October 31, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	1,408,081	-4,917,846
Depreciation	455,987	607,641
Impairment loss	41,088	1,906,092
Share-based remuneration expenses	38,342	58,016
Increase (decrease) in provision for bonuses	20,624	-8,465
Interest and dividend income	-345	-4,492
Interest expenses	12,698	16,924
Foreign exchange losses (gains)	33,739	52,116
Subsidy income	0	-1,107
Share of loss (profit) of entities accounted for using equity method	-70,394	938,763
Loss (gain) on investments in investment partnerships	1,669	-16,885
Loss (gain) on valuation of crypto assets	-303,562	341,360
Loss (gain) on sales of crypto assets	-50,101	-22,201
Loss (gain) on sales of investment securities	0	-65
Loss (gain) on valuation of investment securities	284,553	773
Business restructuring expenses	8,371	0
Loss (gain) on sales of non-current assets	-47,661	0
Decrease (increase) in trade receivables	725,166	-493,858
Increase (decrease) in trade payables	-107,185	14,738
Increase (decrease) in accounts payable - other	-73,406	129,290
Increase (decrease) in accrued consumption taxes	-171,234	-36,865
Decrease (increase) in accounts receivable - other	-138,478	104,105
Decrease (increase) in prepaid expenses	147,679	166,528
Decrease (increase) in consumption taxes refund receivable	-11,579	53,574
Other, net	-214,768	68,657
Subtotal	1,989,284	-1,043,204
Interest and dividend received	345	4,492
Interest paid	-13,665	-13,733
Subsidies received	0	1,107
Payment of the restructuring cost	-11,189	-4,419
Income taxes (paid) refundd	-34,417	-674,494
Net cash provided by (used in) operating activities	1,930,358	-1,730,251
Cash flows from investing activities		
Purchase of property, plant and equipment	-30,817	-16,844
Purchase of intangible assets	-1,081,308	-928,589
Proceeds from sale of intangible assets	289,926	0
Proceeds from sales of investment securities	0	3,815
Purchase of investment securities	0	-49,900
Purchase of investments in other securities of subsidiaries and affiliates	-111,356	0
Proceeds from sales of crypto assets	61,141	948,491
Proceeds from distributions from investment partnerships	50,913	929,682
Payment for lease and guarantee deposits	-20,594	-2,583
Proceeds from repayment of lease and guarantee deposits	9,044	92,117
Net cash provided by (used in) investing activities	-833,051	976,189
Cash flows from financing activities		
Proceeds from long-term borrowings	5,500,000	8,400,000
Repayments of long-term borrowings	-2,250,263	-5,833,202
Proceeds from issuance of shares	27,507	36
Purchase of treasury share	-38	-999,932
Dividends paid	-150,947	-149,795
Net cash provided by (used in) financing activities	3,126,258	1,417,107
Effect of exchange rate change on cash and cash equivalents	26,115	30,901
Net increase (decrease) in cash and cash equivalents	4,249,681	693,947
Cash and cash equivalents at beginning of period	5,833,436	8,492,510
Cash and cash equivalents at end of period	10,083,117	9,186,457