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Summary of Non-consolidated Financial Results for the Three Months Ended August 31, 2022 [Japanese GAAP]



October 14, 2022

Company name: Enjin Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 7370

URL: <https://www.y-enjin.co.jp/>

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Scheduled date of filing quarterly securities report: October 14, 2022

Scheduled date of commencing dividend payments: –

Availability of supplementary explanatory materials on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

1. Financial Results for the Three Months Ended August 31, 2022 (June 1, 2022–August 31, 2022)

(1) Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended August 31, 2022	738	14.7	230	10.8	231	21.2	161	22.8
August 31, 2021	644	–	207	–	191	–	131	–

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended August 31, 2022	21.80	21.60
August 31, 2021	18.09	17.89

(Note) For the three months ended August 31, 2021, changes from the previous corresponding period are not presented as quarterly financial statements for the three months ended August 31, 2020 were not prepared.

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of August 31, 2022	4,522	3,722	82.1
As of May 31, 2022	4,875	3,816	78.1

(Reference) Equity: As of August 31, 2022: ¥3,714 million

As of May 31, 2022: ¥3,808 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended May 31, 2022	Yen –	Yen 0.00	Yen –	Yen 34.50	Yen 34.50
Fiscal year ending May 31, 2023	–				
Fiscal year ending May 31, 2023 (Forecast)		13.00	–	–	–

(Note) Revision to the forecast for dividends announced most recently: Yes

The Company's Articles of Incorporation stipulate that its record dates for dividends are the end of each second quarter and the end of each fiscal year, but the forecast amount of year-end dividends for the fiscal year ending May 31, 2023 is yet to be determined.

3. Financial Results Forecast for the Fiscal Year Ending May 31, 2023 (June 1, 2022–May 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
Full year	Million yen 4,055	% 32.3	Million yen 1,500	% 24.8	Million yen 1,498	% 21.2	Million yen 966	% 16.6	Yen 129.53

(Note) Revision to the financial results forecast announced most recently: None

*** Notes:**

(1) Accounting methods adopted particularly for the preparation of quarterly financial statements: None

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

For details, please see “2. Quarterly Financial Statements and Principal Notes (3) Notes to Quarterly Financial Statements (Changes in accounting policies)” on page 5 of the attachments (available in Japanese only).

(3) Total number of issued and outstanding shares (common shares)

1) Total number of issued and outstanding shares at the end of the period (including treasury shares):

August 31, 2022: 7,388,200 shares

May 31, 2022: 7,388,200 shares

2) Total number of treasury shares at the end of the period:

August 31, 2022: 67 shares

May 31, 2022: 40 shares

3) Average number of shares during the period (cumulative):

Three months ended August 31, 2022: 7,388,142 shares

Three months ended August 31, 2021: 7,351,440 shares

* These quarterly financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information available to the Company as of the date of publication of this document and certain assumptions deemed reasonable, and do not represent the Company’s commitment that they will be achieved. Actual results may differ significantly due to various factors.

Quarterly Financial Statements

(1) Quarterly Balance Sheets

(Thousand yen)

	As of May 31, 2022	As of August 31, 2022
Assets		
Current assets		
Cash and deposits	4,007,163	3,647,970
Accounts receivable - trade	81,815	71,861
Inventories	13,429	16,372
Accounts receivable - other	290,107	318,465
Prepaid expenses	68,216	76,028
Other	52	52
Allowance for doubtful accounts	(17,567)	(25,932)
Total current assets	4,443,216	4,104,817
Non-current assets		
Property, plant and equipment	149,919	146,810
Intangible assets	30,115	31,830
Investments and other assets		
Investment securities	97,186	95,264
Deferred tax assets	55,638	45,053
Distressed receivables	24,353	24,173
Other	99,694	99,252
Allowance for doubtful accounts	(24,353)	(24,773)
Total investments and other assets	252,519	238,970
Total non-current assets	432,553	417,611
Total assets	4,875,770	4,522,428
Liabilities		
Current liabilities		
Accounts payable - trade	44,739	22,385
Income taxes payable	362,430	70,876
Advances received	437,990	531,331
Provision for bonuses	23,414	25,982
Other	188,769	145,670
Total current liabilities	1,057,344	796,247
Non-current liabilities		
Long-term accounts payable - other	1,639	3,279
Total non-current liabilities	1,639	3,279
Total liabilities	1,058,984	799,527
Net assets		
Shareholders' equity		
Share capital	903,331	903,331
Capital surplus	873,331	873,331
Retained earnings	2,032,291	1,938,492
Treasury shares	(133)	(218)
Total shareholders' equity	3,808,821	3,714,937
Share acquisition rights	7,964	7,964
Total net assets	3,816,785	3,722,901
Total liabilities and net assets	4,875,770	4,522,428

(2) Quarterly Statements of Income
Three Months Ended August 31

(Thousand yen)

	For the three months ended August 31, 2021	For the three months ended August 31, 2022
Net sales	644,386	738,883
Cost of sales	127,694	117,503
Gross profit	516,692	621,380
Selling, general and administrative expenses	309,045	391,321
Operating profit	207,646	230,059
Non-operating income		
Interest income	9	19
Reversal of allowance for doubtful accounts	150	–
Gain on sale of goods	13	183
Gain on investments in silent partnerships	1,014	3,731
Other	14	300
Total non-operating income	1,201	4,234
Non-operating expenses		
Foreign exchange losses	43	129
Provision of allowance for doubtful accounts	–	450
Loss on investments in investment partnerships	–	1,921
Share issuance costs	8,705	–
Listing expenses	8,881	–
Other	77	109
Total non-operating expenses	17,708	2,610
Ordinary profit	191,139	231,683
Profit before income taxes	191,139	231,683
Income taxes - current	59,441	60,004
Income taxes - deferred	535	10,585
Total income taxes	59,977	70,590
Profit	131,162	161,093