



en Japan Inc.

2nd Quarter FY March 2023 Earnings Announcement [Japan GAAP] (Consolidated)

November 10, 2022

| | | | |
|--|--|--------------------|---|
| Company Name | en Japan Inc. | Exchange Listed On | First Section of the Tokyo Stock Exchange |
| Stock Code | 4849 | URL | https://corp.en-japan.com/ |
| Representative (Title) | President | (Name) | Takatsugu Suzuki |
| Contact (Title) | Administration Division Director | (Name) | Toshio Hijikata |
| Scheduled Date for Submission of Quarterly Report | | Telephone | +81-3-3342-4506 |
| Scheduled Date to Begin Dividend Payments | | November 10, 2022 | |
| Preparation of Quarterly Summary Supplementary Explanatory Materials | Yes | | |
| Quarterly Earnings Briefing | Yes (for analysts and institutional investors) | | |

(Figures rounded down to nearest million yen)

1. FY Ending March 2023 First Half Operating Results (From April 1, 2022 to September 30, 2022)

(1) Consolidated Operating Results (year to date) (percentages indicate percent change from prior fiscal year)

| | Net Sales | | Operating Income | | Ordinary Income | | Profit Attributable to Owners of Parent | |
|-------------------|-------------|------|------------------|-------|-----------------|-------|---|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| FYE 3/23 2nd Qtrr | 32,404 | 29.4 | 2,700 | -43.0 | 2,941 | -38.9 | 1,865 | -42.4 |
| FYE 3/22 2nd Qtrr | 25,044 | 21.3 | 4,740 | 62.5 | 4,810 | 60.6 | 3,240 | 109.1 |

(Note) Comprehensive income FYE 3/23 2nd Qtrr 3,055 million yen (-16.5%) FYE 3/22 2nd Qtrr 3,657 million yen (145.2%)

| | EPS | Fully Diluted EPS |
|-------------------|-------|-------------------|
| | Yen | Yen |
| FYE 3/23 2nd Qtrr | 41.59 | 41.24 |
| FYE 3/22 2nd Qtrr | 72.26 | 72.17 |

(2) Consolidated Financial Position

| | Total Assets | Net Assets | Net Asset Ratio |
|-------------------|--------------|-------------|-----------------|
| | Million yen | Million yen | % |
| FYE 3/23 2nd Qtrr | 55,778 | 39,683 | 70.1 |
| FYE 3/22 | 56,215 | 41,160 | 72.2 |

(Reference) Core capital FYE 3/23 2nd Qtrr 39,074 million yen FYE 3/22 40,603 million yen

2. Dividends

| | Dividends per Share | | | | |
|----------------------|---------------------|-----------------|-----------------|----------|-----------|
| | 1st Quarter-end | 2nd Quarter-end | 3rd Quarter-end | Year-end | Full Year |
| | Yen | Yen | Yen | Yen | Yen |
| FYE 3/22 | – | 0.00 | – | 70.10 | 70.10 |
| FYE 3/23 | – | 0.00 | – | 70.10 | 70.10 |
| FYE 3/23 (projected) | – | – | – | 70.10 | 70.10 |

(Note) Revisions to the Company's latest dividend forecast: None

3. FY Ending March 2023 Projected Consolidated Operating Results (April 1, 2022 – March 31, 2023)

(Percentages indicate percentage change from prior fiscal year)

| | Net Sales | | Operating Income | | Ordinary Income | | Profit Attributable to Owners of Parent | | EPS |
|-----------|-------------|------|------------------|-------|-----------------|-------|---|-------|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 66,191 | 21.4 | 4,369 | -54.6 | 4,621 | -54.4 | 3,359 | -49.3 | 74.90 |

(Note) Revisions to the Company's latest operating results projections: Yes

For the revision to the projected consolidated operating results, please refer to "Notice Concerning Revisions to Operating Results Forecasts" announced November 10, 2022.

* Notes

- (1) Changes in material subsidiaries during the period under review
(Change in specific subsidiaries that will accompany a change in scope of consolidation) None
 Newly included None (Name of company) –
 Exclusion None (Name of company) –
- (2) Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements Yes
- (3) Changes in accounting policy, changes in accounting estimates, or restatement due to correction
 - a. Changes in accounting policy accompanying amendment of accounting principles: None
 - b. Changes in accounting policy other than "a." None
 - c. Changes in accounting estimates: None
 - d. Restatement due to correction: None
- (4) Number of shares issued (common share)
 - a. Number of shares issued at the end of the period (including treasury shares)
 FYE 3/23 2nd Qtr 49,716,000 shares FYE 3/22 49,716,000 shares
 - b. Number of shares of treasury shares at the end of the period
 FYE 3/23 2nd Qtr 5,263,049 shares FYE 3/22 4,795,377 shares
 - c. Average number of shares issued during the period (Quarter Year-to-Date)
 FYE 3/23 2nd Qtr 44,855,982 shares FYE 3/22 2nd Qtr 44,841,374 shares

* The quarterly earnings announcement is not within the scope of the quarterly review procedure by a certified public accountant or an audit corporation.

* Explanation regarding appropriate use of operating results forecasts, other special notes

(Cautionary Notes on Forward-Looking Statements)

Forward-looking statements including projected operating results contained in this report and supplementary materials are based on information currently available to the Company and on certain assumptions deemed as rational, and are not intended to guarantee achievements by the Company. Actual results may differ significantly from such projections due to various factors.

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* The Company plans to post supplementary materials to explain its financial results on its website today.
Please refer to the following URL.
<https://corp.en-japan.com/IR/>

1. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheets

(Unit: Million yen)

| | Previous Fiscal Year (As of March 31, 2022) | Second Quarter of Current Fiscal Year (As of September 30, 2022) |
|---|--|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 33,849 | 28,001 |
| Notes and accounts receivable – trade and contract assets | 5,466 | 6,226 |
| Securities | 2,000 | 2,000 |
| Other | 1,061 | 4,997 |
| Allowance for doubtful accounts | -76 | -256 |
| Total current assets | 42,301 | 40,969 |
| Non-current assets | | |
| Property, plant and equipment | 634 | 570 |
| Intangible assets | | |
| Goodwill | 2,342 | 2,399 |
| Other | 4,545 | 5,080 |
| Total intangible assets | 6,888 | 7,480 |
| Investments and other assets | | |
| Investment securities | 2,752 | 3,083 |
| Shares of subsidiaries and associates | 680 | 680 |
| Other | 3,327 | 3,353 |
| Allowance for doubtful accounts | -367 | -359 |
| Total investments and other assets | 6,392 | 6,758 |
| Total non-current assets | 13,914 | 14,809 |
| Total assets | 56,215 | 55,778 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable – trade | 1,063 | 1,354 |
| Income taxes payable | 1,189 | 873 |
| Provision for bonuses | 1,088 | 1,094 |
| Provision for directors' bonuses | 27 | 21 |
| Advances received | 3,785 | 4,463 |
| Other | 6,346 | 6,529 |
| Total current liabilities | 13,501 | 14,335 |
| Non-current liabilities | | |
| Retirement benefit liability | – | 95 |
| Provision for share benefits | 424 | 445 |
| Asset retirement obligations | 206 | 206 |
| Other | 922 | 1,010 |
| Total non-current liabilities | 1,553 | 1,758 |
| Total liabilities | 15,054 | 16,094 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 1,194 | 1,194 |
| Capital surplus | 902 | 900 |
| Retained earnings | 43,147 | 41,699 |
| Treasury shares | -5,068 | -6,243 |
| Total shareholders' equity | 40,176 | 37,551 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 102 | 335 |
| Foreign currency translation adjustment | 324 | 1,187 |
| Total accumulated other comprehensive income | 426 | 1,522 |
| Subscription rights to shares | 124 | 145 |
| Non-controlling interests | 432 | 463 |
| Total net assets | 41,160 | 39,683 |
| Total liabilities and net assets | 56,215 | 55,778 |

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income

First Half

(Unit: Million yen)

| | First Half of the Previous Fiscal Year (From April 1, 2021 to September 30, 2021) | First Half of the Current Fiscal Year (From April 1, 2022 to September 30, 2022) |
|--|--|---|
| Net sales | 25,044 | 32,404 |
| Cost of sales | 5,075 | 7,912 |
| Gross profit | 19,968 | 24,491 |
| Selling, general and administrative expenses | 15,228 | 21,790 |
| Operating income | 4,740 | 2,700 |
| Non-operating income | | |
| Interest income | 58 | 74 |
| Dividend income | 27 | — |
| Foreign exchange gains | — | 126 |
| Gain on investments in partnership | — | 30 |
| Other | 23 | 13 |
| Total non-operating income | 108 | 244 |
| Non-operating expenses | | |
| Interest expenses | 2 | 2 |
| Loss on investments in partnership | 22 | — |
| Foreign exchange losses | 5 | — |
| Provision of allowance for doubtful accounts | — | 1 |
| Other | 6 | 0 |
| Total non-operating expenses | 38 | 4 |
| Ordinary income | 4,810 | 2,941 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 0 | — |
| Gain on sales of investment securities | 33 | 103 |
| Total extraordinary income | 33 | 103 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 0 | — |
| Loss on retirement of non-current assets | 0 | 0 |
| Loss on sales of investment securities | 3 | — |
| Loss on valuation of investment securities | — | 186 |
| Total of extraordinary losses | 3 | 186 |
| Profit before income taxes | 4,840 | 2,858 |
| Income taxes-current | 1,519 | 963 |
| Total income taxes | 1,519 | 963 |
| Profit | 3,320 | 1,894 |
| Profit attributable to non-controlling interests | 80 | 28 |
| Profit attributable to owners of parent | 3,240 | 1,865 |

Quarterly Consolidated Statements of Comprehensive Income

First Half

(Unit: Million yen)

| | First Half of the Previous Fiscal Year (From April 1, 2021 to September 30, 2021) | First Half of the Current Fiscal Year (From April 1, 2022 to September 30, 2022) |
|--|--|---|
| Profit | 3,320 | 1,894 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 47 | 233 |
| Foreign currency translation adjustment | 288 | 927 |
| Total other comprehensive income | 336 | 1,161 |
| Comprehensive income | 3,657 | 3,055 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | 3,555 | 2,961 |
| Comprehensive income attributable to non-controlling interests | 101 | 93 |

(3) Quarterly Consolidated Statements of Cash Flows

(Unit: Million yen)

| | First Half of the Previous Fiscal Year (From April 1, 2021 to September 30, 2021) | First Half of the Current Fiscal Year (From April 1, 2022 to September 30, 2022) |
|---|--|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 4,840 | 2,858 |
| Depreciation | 803 | 899 |
| Amortization of goodwill | 186 | 179 |
| Bad debts expenses | — | 20 |
| Increase (decrease) in allowance for doubtful accounts | -16 | 153 |
| Increase (decrease) in provision for bonuses | -37 | 26 |
| Increase (decrease) in provision for directors' bonuses | -0 | -27 |
| Interest and dividend income | -85 | -74 |
| Interest expenses | 2 | 2 |
| Foreign exchange losses (gains) | 5 | -30 |
| Loss (gain) on investments in partnership | 22 | -30 |
| Loss (gain) on sales of non-current assets | -0 | — |
| Loss on retirement of non-current assets | 0 | 0 |
| Decrease (increase) in notes and accounts receivable – trade | -1,726 | -401 |
| Increase (decrease) in notes and accounts payable – trade | 261 | 226 |
| Loss (gain) on sales of investment securities | -30 | -103 |
| Loss (gain) on valuation of investment securities | — | 186 |
| Increase (decrease) in accounts payable – other | 699 | 449 |
| Increase (decrease) in advances received | 1,551 | 559 |
| Other | 74 | -309 |
| Subtotal | 6,551 | 4,583 |
| Interest and dividend income received | 72 | 91 |
| Interest expenses paid | -1 | -2 |
| Income taxes paid | -861 | -1,797 |
| Income taxes refund | 120 | 9 |
| Net cash provided by (used in) operating activities | 5,881 | 2,885 |
| Cash flows from investing activities | | |
| Payments into time deposits | -488 | -476 |
| Proceeds from withdrawal of time deposits | 229 | 131 |
| Purchase of property, plant and equipment | -59 | -85 |
| Proceeds from sales of property, plant and equipment | 0 | — |
| Purchase of intangible assets | -771 | -1,104 |
| Purchase of investment securities | -192 | -145 |
| Proceeds from sales and redemption of investment securities | 88 | 126 |
| Payment for lease and guarantee deposits | -12 | -14 |
| Proceeds from collection of lease and guarantee deposits | 15 | 2 |
| Purchase of insurance funds | -1 | — |
| Other proceeds | 119 | 0 |
| Net cash provided by (used in) investing activities | -1,072 | -1,565 |

| | First Half of the Previous Fiscal Year (From April 1, 2021 to September 30, 2021) | First Half of the Current Fiscal Year (From April 1, 2022 to September 30, 2022) |
|--|--|---|
| Cash flows from financing activities | | |
| Purchase of treasury shares | -0 | -1,213 |
| Cash dividends paid | -1,750 | -3,305 |
| Dividends paid to non-controlling interests | -61 | -62 |
| Other proceeds | 0 | 0 |
| Net cash provided by (used in) financing activities | -1,812 | -4,581 |
| Effect of exchange rate change on cash and cash equivalents | -104 | 358 |
| Net increase (decrease) in cash and cash equivalents | 2,891 | -2,904 |
| Cash and cash equivalents at beginning of period | 26,835 | 33,389 |
| Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation | -129 | — |
| Cash and cash equivalents at end of period | 29,597 | 30,485 |

(4) Notes Regarding Quarterly Consolidated Financial Statements

(Notes Relating to the Going Concern Assumption)

There are no pertinent items.

(Adoption of Special Accounting Treatment Used in Preparation of the Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

The Company calculates tax expenses by rationally estimating the effective tax rate after applying tax effect accounting on profit before income taxes on a consolidated basis for the fiscal year including the first six months of the period. It then multiplies the estimated effective tax rate by profit before income taxes for the quarter.

Note, however, that if calculating tax expenses using the estimated effective tax rate produces a result which significantly lacks reasonableness, the statutory tax rate is adopted.

(Notes on Significant Changes to Shareholders' Equity)

In accordance with Article 370 of the Companies Act and Article 25 of the Articles of Incorporation of the Company, the Board of Directors of the Company resolved in writing, effective August 10, 2022, to repurchase treasury shares pursuant to Article 156 of the Act, as applied by replacing terms pursuant to Article 165, paragraph 3 of the Act. As a result, the Company's treasury shares increased by ¥1,213 million in the first half of the fiscal year under review to ¥6,243 million at the end of the second quarter of the fiscal year under review.

(Segment Information)

[Segment Information]

I First half of the previous fiscal year (April 1, 2021 to September 30, 2021)

Description is omitted since en Japan group is formed under a single segment.

II First half of the fiscal year under review (from April 1, 2022 to September 30, 2022)

Description is omitted since en Japan group is formed under a single segment.