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Summary of Non-consolidated Financial Results for the Nine Months Ended February 28, 2023 [Japanese GAAP]



April 14, 2023

Company name: Enjin Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 7370

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

Representative: Kohdai Honda, Representative Director and President

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Scheduled date of filing quarterly securities report: April 14, 2023

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 Nine Months Ended February 28, 2023 (June 1, 2022–February 28, 2023)

(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 | % |
| Nine months ended | | | | | | | | |
| February 28, 2023 | 2,390 | 8.7 | 845 | (2.2) | 854 | (4.4) | 580 | 4.9 |
| February 28, 2022 | 2,199 | 42.2 | 864 | 106.6 | 893 | 115.4 | 553 | 104.5 |

| | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Nine months ended | | |
| February 28, 2023 | 78.48 | 77.87 |
| February 28, 2022 | 75.41 | 74.64 |

(2) Financial Position

| | Total assets | Net assets | Equity ratio |
|-------------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of February 28, 2023 | 4,840 | 4,047 | 83.5 |
| As of May 31, 2022 | 4,875 | 3,816 | 78.1 |

(Reference) Equity: As of February 28, 2023: ¥4,039 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 |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended May 31, 2022 | – | 0.00 | – | 34.50 | 34.50 |
| Fiscal year ending May 31, 2023 | – | 13.00 | – | | |
| Fiscal year ending May 31, 2023 (Forecast) | | | | 22.50 | 35.50 |

(Note) Revision to the forecast for dividends announced most recently: None

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.

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 | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| | 3,404 | 11.0 | 1,223 | 1.7 | 1,233 | (0.2) | 801 | (3.3) | 108.19 |

(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):

February 28, 2023: 7,403,800 shares

May 31, 2022: 7,388,200 shares

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

February 28, 2023: 67 shares

May 31, 2022: 40 shares

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

Nine months ended February 28, 2023: 7,398,536 shares

Nine months ended February 28, 2022: 7,339,200 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 February 28, 2023 |
|------------------------------------|--------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 4,007,163 | 3,901,131 |
| Accounts receivable - trade | 81,815 | 82,087 |
| Inventories | 13,429 | 14,937 |
| Accounts receivable - other | 290,107 | 351,182 |
| Prepaid expenses | 68,216 | 66,384 |
| Other | 52 | 226 |
| Allowance for doubtful accounts | (17,567) | (26,513) |
| Total current assets | 4,443,216 | 4,389,438 |
| Non-current assets | | |
| Property, plant and equipment | 149,919 | 148,594 |
| Intangible assets | 30,115 | 36,854 |
| Investments and other assets | | |
| Investment securities | 97,186 | 93,734 |
| Deferred tax assets | 55,638 | 40,489 |
| Distressed receivables | 24,353 | 23,853 |
| Other | 99,694 | 131,067 |
| Allowance for doubtful accounts | (24,353) | (23,853) |
| Total investments and other assets | 252,519 | 265,291 |
| Total non-current assets | 432,553 | 450,739 |
| Total assets | 4,875,770 | 4,840,178 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 44,739 | 27,881 |
| Income taxes payable | 362,430 | 60,532 |
| Advances received | 437,990 | 552,224 |
| Provision for bonuses | 23,414 | 22,367 |
| Other | 188,769 | 127,528 |
| Total current liabilities | 1,057,344 | 790,533 |
| Non-current liabilities | | |
| Long-term accounts payable - other | 1,639 | 2,049 |
| Total non-current liabilities | 1,639 | 2,049 |
| Total liabilities | 1,058,984 | 792,583 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 903,331 | 904,012 |
| Capital surplus | 873,331 | 874,012 |
| Retained earnings | 2,032,291 | 2,261,823 |
| Treasury shares | (133) | (218) |
| Total shareholders' equity | 3,808,821 | 4,039,630 |
| Share acquisition rights | 7,964 | 7,964 |
| Total net assets | 3,816,785 | 4,047,594 |
| Total liabilities and net assets | 4,875,770 | 4,840,178 |

(2) Quarterly Statements of Income
 Nine Months Ended February 28

(Thousand yen)

| | For the nine months ended February 28, 2022 | For the nine months ended February 28, 2023 |
|--|--|--|
| Net sales | 2,199,470 | 2,390,553 |
| Cost of sales | 387,768 | 399,305 |
| Gross profit | 1,811,701 | 1,991,248 |
| Selling, general and administrative expenses | 946,952 | 1,145,620 |
| Operating profit | 864,748 | 845,627 |
| Non-operating income | | |
| Interest income | 27 | 38 |
| Reversal of allowance for doubtful accounts | 450 | 450 |
| Gain on sale of goods | 74 | 306 |
| Gain on investments in silent partnerships | 50,983 | 11,180 |
| Other | 68 | 403 |
| Total non-operating income | 51,603 | 12,378 |
| Non-operating expenses | | |
| Foreign exchange losses | 1,144 | 275 |
| Loss on investments in investment partnerships | 2,813 | 3,452 |
| Share issuance costs | 8,765 | 60 |
| Listing expenses | 8,881 | – |
| Other | 1,587 | 109 |
| Total non-operating expenses | 23,192 | 3,897 |
| Ordinary profit | 893,160 | 854,108 |
| Profit before income taxes | 893,160 | 854,108 |
| Income taxes - current | 351,424 | 258,287 |
| Income taxes - deferred | (11,712) | 15,149 |
| Total income taxes | 339,712 | 273,436 |
| Profit | 553,447 | 580,672 |