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Consolidated Financial Results for the Year Ended May 31, 2023 [Japanese GAAP]

July 12, 2023

Company name: GameWith, Inc.
 Stock exchange listing: Tokyo
 Code number: 6552
 URL: <https://gamewith.co.jp>
 Representative: Takuya Imaizumi President
 Contact: Hideyuki Hiyoshi Director
 Phone: +81-3-6722-6330
 Scheduled date of Annual General Meeting of Shareholders: August 23, 2023
 Scheduled date of commencing dividend payments: -
 Scheduled date of filing annual securities report: August 24, 2023
 Availability of supplementary briefing material on annual financial results: Yes
 Schedule of annual financial results briefing session: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended May 31, 2023 (June 1, 2022 to May 31, 2023)

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

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended May 31, 2023	3,512	12.5	469	52.7	337	68.4	313	40.1	179	51.0
May 31, 2022	3,120	8.4	301	-	200	-	223	-	118	-

(Note) Comprehensive income: Fiscal year ended May 31, 2023: ¥ 179 million [45.6%]
 Fiscal year ended May 31, 2022: ¥ 123 million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
May 31, 2023	9.99	9.95	5.4	6.6	9.6
May 31, 2022	6.57	6.53	3.7	4.6	6.4

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended May 31, 2023: ¥ (8) million
 Fiscal year ended May 31, 2022: ¥ (0) million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
May 31, 2023	4,581	3,359	73.3	188.48
May 31, 2022	4,882	3,274	67.1	181.27

(Reference) Equity: As of May 31, 2023: ¥ 3,359 million
 As of May 31, 2022: ¥ 3,274 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
May 31, 2023	188	(132)	(423)	3,191
May 31, 2022	675	(269)	(377)	3,558

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
May 31, 2022	-	0.00	-	0.00	0.00	-	-	-
May 31, 2023	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending May 31, 2024 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending May 31, 2024 (June 1, 2023 to May 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	3,750	6.8	493	7.2	350	3.7	320	2.1	190	6.1	10.66

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)
 Exclusion: - (Company name:)

(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: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

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

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

May 31, 2023: 18,348,200 shares
 May 31, 2022: 18,315,900 shares

2) Number of treasury shares at the end of the period:

May 31, 2023: 525,735 shares
 May 31, 2022: 251,235 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended May 31, 2023: 17,921,357 shares
 Fiscal Year ended May 31, 2022: 18,056,281 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended May 31, 2023 (June 1, 2022 to May 31, 2023)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
May 31, 2023	2,720	(0.6)	305	94.0	307	58.5	213	90.3
May 31, 2022	2,736	(1.2)	157	-	194	-	112	-

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
May 31, 2023	11.93	11.87
May 31, 2022	6.22	6.18

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
May 31, 2023	4,428	3,378	76.3	189.57
May 31, 2022	4,704	3,256	69.2	180.28

(Reference) Equity: As of May 31, 2023: ¥ 3,378 million
As of May 31, 2022: ¥ 3,256 million

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousands of yen)

	As of May 31, 2022	As of May 31, 2023
Assets		
Current assets		
Cash and deposits	3,558,465	3,191,999
Trade receivables and contract asset	446,584	507,053
Prepaid expenses	50,931	58,574
Consumption taxes refund receivable	3,332	6,222
Other	15,800	23,797
Total current assets	4,075,114	3,787,647
Non-current assets		
Property, plant and equipment		
Buildings	80,795	82,493
Accumulated depreciation	(16,866)	(30,395)
Buildings, net	63,929	52,097
Tools, furniture and fixtures	90,035	89,969
Accumulated depreciation	(61,675)	(70,770)
Tools, furniture and fixtures, net	28,360	19,199
Total property, plant and equipment	92,289	71,297
Intangible assets		
Goodwill	305,082	263,334
Other	-	1,375
Total intangible assets	305,082	264,709
Investments and other assets		
Shares of subsidiaries and associates	39,185	30,274
Investment securities	190,008	209,500
Leasehold deposits	81,987	134,355
Deferred tax assets	98,561	81,436
Other	404	2,054
Total investments and other assets	410,146	457,621
Total non-current assets	807,518	793,627
Total assets	4,882,633	4,581,274

(Thousands of yen)

	As of May 31, 2022	As of May 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	116,292	128,481
Current portion of long-term borrowings	328,404	294,704
Accounts payable - other	98,674	74,727
Accrued expenses	120,203	117,815
Income taxes payable	95,812	92,450
Contract liabilities	75,436	49,435
Provision for bonuses	79,224	79,134
Other	68,361	54,405
Total current liabilities	982,410	891,153
Non-current liabilities		
Long-term borrowings	598,022	303,318
Asset retirement obligations	27,681	27,676
Total non-current liabilities	625,703	330,994
Total liabilities	1,608,113	1,222,148
Net assets		
Shareholders' equity		
Share capital	551,225	553,809
Capital surplus	550,224	552,808
Retained earnings	2,368,059	2,547,102
Treasury shares	(200,107)	(300,080)
Total shareholders' equity	3,269,401	3,353,639
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,118	8,070
Foreign currency translation adjustment	-	(2,583)
Total accumulated other comprehensive income	5,118	5,487
Total net assets	3,274,520	3,359,126
Total liabilities and net assets	4,882,633	4,581,274

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended May 31, 2022	For the fiscal year ended May 31, 2023
Net sales	3,120,745	3,512,357
Cost of sales	1,671,783	1,850,005
Gross profit	1,448,961	1,662,352
Selling, general and administrative expenses	1,248,575	1,324,978
Operating profit	200,386	337,373
Non-operating income		
Interest income	34	36
Subsidy income	570	-
Gain on investments in investment partnerships	23,830	-
Foreign exchange gains	2,107	-
Miscellaneous income	-	51
Other	2,097	-
Total non-operating income	28,640	87
Non-operating expenses		
Interest expenses	4,256	2,860
Loss on investments in investment partnerships	-	9,453
Loss on cancellation of rental contracts	1,015	-
Foreign exchange losses	-	1,661
Share of loss of entities accounted for using equity method	14	8,910
Other	0	1,008
Total non-operating expenses	5,286	23,893
Ordinary profit	223,740	313,567
Extraordinary income		
Gain on sale of investment securities	-	8,167
Gain on reversal of share acquisition rights	3,263	-
Total extraordinary income	3,263	8,167
Extraordinary losses		
Loss on valuation of investment securities	5,000	-
Other	433	-
Total extraordinary losses	5,433	-
Profit before income taxes	221,569	321,734
Income taxes - current	85,904	126,869
Income taxes - deferred	17,087	15,822
Total income taxes	102,991	142,692
Profit	118,578	179,042
Profit attributable to owners of parent	118,578	179,042

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended May 31, 2022	For the fiscal year ended May 31, 2023
Profit	118,578	179,042
Other comprehensive income		
Valuation difference on available-for-sale securities	4,673	2,951
Foreign currency translation adjustment	-	(2,583)
Total other comprehensive income	4,673	368
Comprehensive income	123,252	179,410
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	123,252	179,410
Comprehensive income attributable to non-controlling interests	-	-

Consolidated Statements of Changes in Equity

For the fiscal year ended May 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	549,625	548,624	2,249,481	(200,107)	3,147,623
Changes during period					
Issuance of new shares - exercise of share acquisition rights	1,600	1,600			3,200
Profit attributable to owners of parent			118,578		118,578
Purchase of treasury shares					-
Net changes in items other than shareholders' equity					
Total changes during period	1,600	1,600	118,578	-	121,778
Balance at end of period	551,225	550,224	2,368,059	(200,107)	3,269,401

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	445	-	445	3,004	3,151,072
Changes during period					
Issuance of new shares - exercise of share acquisition rights					3,200
Profit attributable to owners of parent					118,578
Purchase of treasury shares					-
Net changes in items other than shareholders' equity	4,673	-	4,673	(3,004)	1,669
Total changes during period	4,673	-	4,673	(3,004)	123,448
Balance at end of period	5,118	-	5,118	-	3,274,520

For the fiscal year ended May 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	551,225	550,224	2,368,059	(200,107)	3,269,401
Changes during period					
Issuance of new shares - exercise of share acquisition rights	2,584	2,584			5,168
Profit attributable to owners of parent			179,042		179,042
Purchase of treasury shares				(99,972)	(99,972)
Net changes in items other than shareholders' equity					
Total changes during period	2,584	2,584	179,042	(99,972)	84,237
Balance at end of period	553,809	552,808	2,547,102	(300,080)	3,353,639

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	5,118	-	5,118	-	3,274,520
Changes during period					
Issuance of new shares - exercise of share acquisition rights					5,168
Profit attributable to owners of parent					179,042
Purchase of treasury shares					(99,972)
Net changes in items other than shareholders' equity	2,951	(2,583)	368	-	368
Total changes during period	2,951	(2,583)	368	-	84,605
Balance at end of period	8,070	(2,583)	5,487	-	3,359,126

Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended May 31, 2022	For the fiscal year ended May 31, 2023
Cash flows from operating activities		
Profit before income taxes	221,569	321,734
Depreciation	43,065	24,527
Amortization of goodwill	57,720	97,998
Increase (decrease) in provision for bonuses	(30,184)	(89)
Loss (gain) on investments in investment partnerships	(23,830)	9,453
Interest income	(34)	(36)
Interest expenses	4,256	2,860
Subsidy income	(570)	-
Loss (gain) on sale of investment securities	-	(8,167)
Loss (gain) on valuation of investment securities	5,000	-
Decrease (increase) in trade receivables	30,807	(60,468)
Decrease (increase) in consumption taxes refund receivable	78,539	(2,889)
Increase (decrease) in trade payables	12,895	12,189
Increase (decrease) in accounts payable - other	34,027	(24,128)
Increase (decrease) in accrued expenses	5,889	(2,387)
Increase (decrease) in contract liabilities	34,411	(26,001)
Other, net	52,415	(24,335)
Subtotal	525,978	320,257
Interest received	34	36
Interest paid	(4,430)	(2,309)
Subsidies received	570	-
Income taxes paid	(9,678)	(129,039)
Income taxes refund	162,995	-
Net cash provided by (used in) operating activities	675,470	188,943
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,853)	(4,555)
Purchase of investment securities	(53,413)	(35,427)
Purchase of shares of subsidiaries and associates	(39,200)	-
Proceeds from sale of investment securities	-	8,167
Purchase of intangible assets	-	(1,500)
Purchase of shares of subsidiaries	-	(56,250)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(235,546)	-
Payments of leasehold deposits	(5)	(55,111)
Proceeds from refund of leasehold deposits	46,212	969
Payments for asset retirement obligations	(9,800)	-
Proceeds from distributions from investment partnerships	34,269	10,736
Net cash provided by (used in) investing activities	(269,338)	(132,971)

(Thousands of yen)

	For the fiscal year ended May 31, 2022	For the fiscal year ended May 31, 2023
Cash flows from financing activities		
Repayments of long-term borrowings	(380,904)	(328,404)
Purchase of treasury shares	-	(100,472)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	3,200	5,168
Net cash provided by (used in) financing activities	(377,704)	(423,708)
Effect of exchange rate change on cash and cash equivalents	-	1,269
Net increase (decrease) in cash and cash equivalents	28,428	(366,466)
Cash and cash equivalents at beginning of period	3,530,036	3,558,465
Cash and cash equivalents at end of period	3,558,465	3,191,999