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



July 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
 Contact: Yuji Hirata, Director and General Manager, Corporate Management Division
 Phone: +81-3-4590-0808
 Scheduled date of annual general meeting of shareholders: August 25, 2023
 Scheduled date of filing annual securities report: August 28, 2023
 Scheduled date of commencing dividend payments: August 28, 2023
 Availability of supplementary explanatory materials on financial results: Available
 Schedule of financial results briefing session: Scheduled (for analysts and institutional investors)

(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–May 31, 2023)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
May 31, 2023	–	–	–	–	–	–	–	–
May 31, 2022	–	–	–	–	–	–	–	–

(Note) Comprehensive income: For the fiscal year ended May 31, 2023: ¥– million [–%]
 For the fiscal year ended May 31, 2022: ¥– million [–%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
May 31, 2023	–	–	–	–	–
May 31, 2022	–	–	–	–	–

(Reference) Share of profit (loss) of entities accounted for using equity method:

For the fiscal year ended May 31, 2023: ¥– million

For the fiscal year ended May 31, 2022: ¥– million

* The fiscal year ended May 31, 2023 is the first year to prepare the summary of consolidated financial results, and only balance sheets are consolidated for the fiscal year ended May 31, 2023 as the deemed date of acquisition of consolidated subsidiaries has been set at the last day of the consolidated fiscal year. Therefore, consolidated operating results are omitted.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of May 31, 2023	5,478	4,163	75.9	572.95
As of May 31, 2022	–	–	–	–

(Reference) Equity: As of May 31, 2023: ¥ 4,156million
 As of May 31, 2022: ¥– 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 end of period
Fiscal year ended May 31, 2023	Million yen –	Million yen –	Million yen –	Million yen –
May 31, 2022	–	–	–	–

* The fiscal year ended May 31, 2023 is the first year to prepare the summary of consolidated financial results, and only balance sheets are consolidated for the fiscal year ended May 31, 2023 as the deemed date of acquisition of consolidated subsidiaries has been set at the last day of the consolidated fiscal year. Therefore, consolidated cash flows are omitted.

2. Dividends

	Annual dividends					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	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	Million yen 254	% –	% –
Fiscal year ended May 31, 2023	–	13.00	–	22.80	35.80	261	–	6.2
Fiscal year ending May 31, 2024 (Forecast)	–	13.00	–	23.80	36.80		30.0	

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen 3,204	% –	Million yen 1,018	% –	Million yen 1,018	% –	Million yen 682	% –	Yen 92.63

* The fiscal year ended May 31, 2023 is the first year to prepare the summary of consolidated financial results, and only balance sheets are consolidated for the fiscal year ended May 31, 2023 as the deemed date of acquisition of consolidated subsidiaries has been set at the last day of the consolidated fiscal year. Therefore, changes from the previous corresponding period are omitted.

*** Notes:**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly included: – companies (Company name) –

Excluded: – companies (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: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(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):

May 31, 2023: 7,253,800 shares

May 31, 2022: 7,388,200 shares

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

May 31, 2023: 67 shares

May 31, 2022: 40 shares

3) Average number of shares during the period:

Fiscal year ended May 31, 2023: 7,362,335 shares

Fiscal year ended May 31, 2022: 7,351,440 shares

(Reference) Overview of Non-consolidated Financial Results

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

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
May 31, 2023	3,481	13.6	1,303	8.3	1,313	6.2	879	6.1
May 31, 2022	3,065	41.7	1,202	98.1	1,236	104.7	828	95.8

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
May 31, 2023	119.45	118.54
May 31, 2022	112.72	111.59

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of May 31, 2023	5,070	4,166	82.0	573.24
As of May 31, 2022	4,875	3,816	78.1	515.53

(Reference) Equity: As of May 31, 2023: ¥4,158 million

As of May 31, 2022: ¥3,808 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending May 31, 2024 (June 1, 2023–May 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	2,904	△16.6	1,018	△21.9	1,018	△22.5	682	△22.4	92.63

* These financial results are outside the scope of audit 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.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

As of May 31, 2023	
Assets	
Current assets	
Cash and deposits	4,083,823
Accounts receivable - trade	105,990
Inventories	7,892
Accounts receivable - other	332,514
Prepaid expenses	78,003
Other	231
Allowance for doubtful accounts	(24,918)
Total current assets	4,583,537
Non-current assets	
Property, plant and equipment	
Buildings	143,365
Accumulated depreciation	(38,239)
Buildings, net	105,126
Vehicles	30,159
Accumulated depreciation	(15,216)
Vehicles, net	14,943
Tools, furniture and fixtures	107,671
Accumulated depreciation	(72,741)
Tools, furniture and fixtures, net	34,930
Land	1,107
Total property, plant and equipment	156,107
Intangible assets	
Software	36,068
Goodwill	97,915
Other	509
Total intangible assets	134,493
Investments and other assets	
Investment securities	393,734
Distressed receivables	23,673
Deferred tax assets	62,084
Other	148,469
Allowance for doubtful accounts	(23,673)
Total investments and other assets	604,287
Total non-current assets	894,888
Total assets	5,478,426

(Thousand yen)

As of May 31, 2023

Liabilities	
Current liabilities	
Accounts payable - trade	394,171
Current portion of long-term borrowings	3,384
Accounts payable - other	37,697
Accrued expenses	67,502
Income taxes payable	270,013
Advances received	345,274
Provision for bonuses	65,869
Other	75,474
Total current liabilities	1,259,388
Non-current liabilities	
Long-term borrowings	24,946
Other	30,167
Total non-current liabilities	55,113
Total liabilities	1,314,502
Net assets	
Shareholders' equity	
Share capital	904,012
Capital surplus	874,012
Retained earnings	2,378,231
Treasury shares	(218)
Total shareholders' equity	4,156,038
Share acquisition rights	7,884
Total net assets	4,163,923
Total liabilities and net assets	5,478,426

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

The fiscal year ended May 31, 2023 is the first year to prepare consolidated financial statements, and only balance sheets are consolidated for the fiscal year ended May 31, 2023 as the deemed date of acquisition of consolidated subsidiaries has been set at the last day of the consolidated fiscal year. Therefore, consolidated statements of income have not been prepared.

Consolidated Statements of Comprehensive Income

The fiscal year ended May 31, 2023 is the first year to prepare consolidated financial statements, and only balance sheets are consolidated for the fiscal year ended May 31, 2023 as the deemed date of acquisition of consolidated subsidiaries has been set at the last day of the consolidated fiscal year. Therefore, consolidated statements of comprehensive income have not been prepared.

(3) Consolidated Statements of Changes in Equity

The fiscal year ended May 31, 2023 is the first year to prepare consolidated financial statements, and only balance sheets are consolidated for the fiscal year ended May 31, 2023 as the deemed date of acquisition of consolidated subsidiaries has been set at the last day of the consolidated fiscal year. Therefore, consolidated statements of changes in equity have not been prepared.

(4) Consolidated Statements of Cash Flows

The fiscal year ended May 31, 2023 is the first year to prepare consolidated financial statements, and only balance sheets are consolidated for the fiscal year ended May 31, 2023 as the deemed date of acquisition of consolidated subsidiaries has been set at the last day of the consolidated fiscal year. Therefore, consolidated statements of cash flows have not been prepared.

Non-consolidated Financial Statements

(1) Balance Sheets

(Thousand yen)

	As of May 31, 2022	As of May 31, 2023
Assets		
Current assets		
Cash and deposits	4,007,163	3,589,231
Accounts receivable - trade	81,815	92,046
Inventories	13,429	7,892
Accounts receivable - other	290,107	332,514
Prepaid expenses	68,216	76,908
Other	52	57
Allowance for doubtful accounts	(17,567)	(24,918)
Total current assets	4,443,216	4,073,732
Non-current assets		
Property, plant and equipment		
Buildings	121,834	143,365
Accumulated depreciation	(28,303)	(38,239)
Buildings, net	93,530	105,126
Vehicles	27,932	30,159
Accumulated depreciation	(6,959)	(15,216)
Vehicles, net	20,972	14,943
Tools, furniture and fixtures	94,500	107,671
Accumulated depreciation	(59,489)	(72,741)
Tools, furniture and fixtures, net	35,010	34,930
Land	405	1,107
Total property, plant and equipment	149,919	156,107
Intangible assets		
Software	30,115	32,942
Total intangible assets	30,115	32,942
Investments and other assets		
Investment securities	97,186	393,734
Shares of subsidiaries	–	223,000
Deferred tax assets	55,638	60,135
Distressed receivables	24,353	23,673
Other	99,694	130,413
Allowance for doubtful accounts	(24,353)	(23,673)
Total investments and other assets	252,519	807,282
Total non-current assets	432,553	996,332
Total assets	4,875,770	5,070,064

(Thousand yen)

	As of May 31, 2022	As of May 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	44,739	44,330
Accounts payable - other	25,821	33,152
Accrued expenses	50,474	67,262
Income taxes payable	362,430	252,836
Advances received	437,990	345,274
Provision for bonuses	23,414	65,160
Other	112,473	65,874
Total current liabilities	1,057,344	873,892
Non-current liabilities		
Long-term accounts payable - other	1,639	6,016
Long-term advances received	–	24,151
Total non-current liabilities	1,639	30,167
Total liabilities	1,058,984	904,060
Net assets		
Shareholders' equity		
Share capital	903,331	904,012
Capital surplus	873,331	874,012
Legal capital surplus	873,331	874,012
Retained earnings	2,032,291	2,380,312
Legal retained earnings	–	35,114
Other retained earnings	2,032,291	2,345,198
Retained earnings brought forward	2,032,291	2,345,198
Treasury shares	(133)	(218)
Total shareholders' equity	3,808,821	4,158,119
Share acquisition rights	7,964	7,884
Total net assets	3,816,785	4,166,004
Total liabilities and net assets	4,875,770	5,070,064

(2) Statements of Income

(Thousand yen)

	For the fiscal year ended May 31, 2022	For the fiscal year ended May 31, 2023
Net sales	3,065,500	3,481,014
Cost of sales	547,978	590,192
Gross profit	2,517,522	2,890,821
Selling, general and administrative expenses	1,314,689	1,587,657
Operating profit	1,202,832	1,303,163
Non-operating income		
Interest income	27	38
Reversal of allowance for doubtful accounts	600	–
Gain on sale of goods	74	306
Gain on investments in silent partnerships	54,507	14,670
Gain on sale of non-current assets	2,175	–
Other	68	466
Total non-operating income	57,454	15,482
Non-operating expenses		
Foreign exchange losses	1,257	500
Loss on investments in investment partnerships	2,813	3,452
Share issuance costs	8,765	60
Listing expenses	8,881	–
Other	1,734	637
Total non-operating expenses	23,453	4,650
Ordinary profit	1,236,833	1,313,995
Extraordinary income		
Gain on reversal of share acquisition rights	–	79
Total extraordinary income	–	79
Extraordinary losses	–	–
Profit before income taxes	1,236,833	1,314,075
Income taxes - current	421,508	439,171
Income taxes - deferred	(13,320)	(4,496)
Total income taxes	408,187	434,674
Profit	828,645	879,400

(3) Statement of Changes in Equity

Fiscal year ended May 31, 2022 (from June 1, 2021 to May 31, 2022)

(Thousand yen)

	Shareholders' equity								Share acquisition rights	Total net assets
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity		
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings				
Balance at beginning of period	30,000	–	–	–	1,203,645	1,203,645	–	1,233,645	–	1,233,645
Changes during period										
Issuance of new shares - exercise of share acquisition rights	873,331	873,331	873,331	–	–	–	–	1,746,663	–	1,746,663
Dividends of surplus	–	–	–	–	–	–	–	–	–	–
Profit	–	–	–	–	828,645	828,645	–	828,645	–	828,645
Purchase of treasury shares	–	–	–	–	–	–	(133)	(133)	–	(133)
Cancellation of treasury shares	–	–	–	–	–	–	–	–	–	–
Issuance of share acquisition rights	–	–	–	–	–	–	–	–	–	–
Cancellation of treasury share acquisition rights	–	–	–	–	–	–	–	–	–	–
Net changes in items other than shareholders' equity	–	–	–	–	–	–	–	–	7,964	7,964
Total changes during period	873,331	873,331	873,331	–	828,645	828,645	(133)	2,575,175	7,964	2,583,139
Balance at end of period	903,331	873,331	873,331	–	2,032,291	2,032,291	(133)	3,808,821	7,964	3,816,785

Fiscal year ended May 31, 2023 (from June 1, 2022 to May 31, 2023)

(Thousand yen)

	Shareholders' equity								Share acquisition rights	Total net assets
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity		
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings				
					Retained earnings brought forward					
Balance at beginning of period	903,331	873,331	873,331	–	2,032,291	2,032,291	(133)	3,808,821	7,964	3,816,785
Changes during period										
Issuance of new shares - exercise of share acquisition rights	681	681	681	–	–	–	–	1,362	(1,362)	–
Dividends of surplus	–	–	–	35,114	(386,254)	(351,140)	–	(351,140)	–	(351,140)
Profit	–	–	–	–	879,400	879,400	–	879,400	–	879,400
Purchase of treasury shares	–	–	–	–	–	–	(180,324)	(180,324)	–	(180,324)
Cancellation of treasury shares	–	–	–	–	(180,239)	(180,239)	180,239	–	–	–
Issuance of share acquisition rights	–	–	–	–	–	–	–	–	1,362	1,362
Cancellation of treasury share acquisition rights	–	–	–	–	–	–	–	–	(79)	(79)
Net changes in items other than shareholders' equity	–	–	–	–	–	–	–	–	–	–
Total changes during period	681	681	681	35,114	312,907	348,021	(85)	349,298	(79)	349,219
Balance at end of period	904,012	874,012	874,012	35,114	2,345,198	2,380,312	(218)	4,158,119	7,884	4,166,004

(4) Statements of Cash Flows

(Thousand 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	1,236,833	1,314,075
Depreciation	27,141	42,615
Increase (decrease) in allowance for doubtful accounts	8,198	6,670
Increase (decrease) in provision for bonuses	6,534	41,746
Interest income	(27)	(38)
Share issuance costs	8,765	–
Foreign exchange losses (gains)	(1,257)	–
Loss (gain) on investments in silent partnerships	(54,507)	(14,670)
Gain on sale of non-current assets	(2,175)	–
Decrease (increase) in accounts receivable - trade	(41,617)	(21,816)
Decrease (increase) in inventories	(4,021)	5,612
Decrease (increase) in accounts receivable - other	(68,480)	(42,367)
Decrease (increase) in prepaid expenses	(24,057)	(8,692)
Increase (decrease) in accounts payable - trade	6,840	(409)
Increase (decrease) in accounts payable - other	8,856	(1,758)
Increase (decrease) in accrued expenses	13,847	17,386
Increase (decrease) in advances received	(11,205)	(68,563)
Other, net	75,161	4,877
Subtotal	1,184,826	1,274,666
Interest and dividends received	27	38
Income taxes paid	(217,485)	(585,094)
Net cash provided by (used in) operating activities	967,368	689,611
Cash flows from investing activities		
Purchase of property, plant and equipment	(77,064)	(31,425)
Proceeds from sale of property, plant and equipment	2,175	–
Purchase of intangible assets	(23,465)	(9,475)
Dividends received in silent partnerships	54,507	14,670
Purchase of investment securities	(100,000)	(300,000)
Purchase of shares of subsidiaries	–	(220,000)
Purchase of golf club membership	(8,500)	–
Purchase of resort membership	(14,082)	(1,609)
Other, net	(33,124)	(30,107)
Net cash provided by (used in) investing activities	(199,553)	(577,947)
Cash flows from financing activities		
Proceeds from issuance of shares	1,736,994	–
Proceeds from exercise of employee share options	903	–
Purchase of treasury shares	(133)	(180,324)
Proceeds from issuance of share acquisition rights	7,964	1,362
Dividends paid	–	(350,633)
Net cash provided by (used in) financing activities	1,745,728	(529,596)
Effect of exchange rate change on cash and cash equivalents	1,257	–
Net increase (decrease) in cash and cash equivalents	2,514,800	(417,932)
Cash and cash equivalents at beginning of period	1,492,362	4,007,163
Cash and cash equivalents at end of period	4,007,163	3,589,231