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September 8, 2023

## Consolidated Financial Results for the Six Months Ended July 31, 2023 (Under Japanese GAAP)

Company name: YUKE'S Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4334  
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 Scheduled date to file quarterly securities report: September 12, 2023  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for analysts and institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the six months ended July 31, 2023 (from February 1, 2023 to July 31, 2023)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
July 31, 2023	2,032	(4.8)	164	(67.6)	238	(63.5)	177	(66.8)
July 31, 2022	2,135	23.7	508	57.1	653	18.8	534	17.2

Note: Comprehensive income For the six months ended July 31, 2023: ¥182 million [(66.0)%]  
 For the six months ended July 31, 2022: ¥536 million [15.7%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
July 31, 2023	21.18	20.89
July 31, 2022	61.96	61.53

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
July 31, 2023	4,560	3,920	85.2
January 31, 2023	4,759	4,046	84.3

Reference: Equity  
 As of July 31, 2023: ¥3,883 million  
 As of January 31, 2023: ¥4,014 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended January 31, 2023	—	0.00	—	30.00	30.00
Fiscal year ending January 31, 2024	—	0.00			
Fiscal year ending January 31, 2024 (Forecast)			—	42.00	42.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Forecast of consolidated earnings for the fiscal year ending January 31, 2024 (from February 1, 2023 to January 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		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	%	Yen
Fiscal year ending January 31, 2024	7,923	84.3	1,615	70.4	1,622	48.5	1,192	35.0	141.47

Note: Revisions to the forecast of cash dividends most recently announced: None

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None
- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of July 31, 2023	11,096,000 shares
As of January 31, 2023	11,096,000 shares

- (ii) Number of treasury shares at the end of the period

As of July 31, 2023	2,691,980 shares
As of January 31, 2023	2,665,543 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended July 31, 2023	8,396,275 shares
Six months ended July 31, 2022	8,632,016 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

This summary of financial results includes forward-looking statements such as our forecasts.

These forward-looking statements are based on judgments and assumptions that are based on information currently available to us, and may differ materially from our actual results in the future in light of the uncertainties inherent in judgments and assumptions and the possibility of fluctuations due to future business operations and changes in internal and external conditions.

Please refer to "Explanation of Consolidated Earnings and Other Forecasts" on page 2 of the accompanying materials for the judgments and assumptions that form the basis for the forecasts.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Management's discussion

During the second quarter of the current fiscal year, the Japanese economy is expected to continue to recover moderately as the employment and income situation improves, and the effects of various policies are expected to bear fruit. Nevertheless, the downturn in overseas economies poses the risk of downward pressure on our economy, such as the impact of the global monetary tightening and concerns about the outlook for the Chinese economy. In addition, due attention should be paid to the effects of price increases and changes in financial markets.

In the entertainment industry, which is related to our group, there have been reports of brisk activity, with large-scale acquisitions becoming a topic.

Under such circumstances, in our group's outsourced software, a professional wrestling game modeled on this group, which was developed by All Elite Wrestling (abbreviated as "AEW"), a newly established U.S. professional wrestling organization, was launched by THQ Nordic on June 29, 2023. With regard to new cases, we have contracted to develop a "EARTH DEFENSE FORCE: WORLD BROTHERS" that is to be launched in 2024 (Launch: D3PUBLISHER INC.). In addition, several other projects are being developed.

In XR business field, on August 19, 2023, "the GIRLS und PANZER Virtual Live, We begin! ~Let's all meet at Oarai!!!!!!~", we participated in live production using YUKE'S's proprietary technological ALiS ZERO ® in the production of CG characters and real-time motion capture at Bandai Namco Filmworks Inc. and Bandai Namco Music Live Inc..

In the Publishing business segment, we began open beta testing of DC Dual Force, a digital card game featuring DC comics characters, at 12:00 p.m. U.S. Pacific Standard Time on July 14, 2023 and transitioned to Early Access on August 31, 2023. In the future, based on the data obtained from the beta-test, we plan to release in [dcdualforce.com](http://dcdualforce.com) and other Steam/Epic Games Store and expand into other languages while making final adjustments, adding functions, and balancing adjustments.

In the pachinko and pachislot field, development is proceeding steadily as the Group continues to contract with video development projects for multiple titles.

In addition, several other projects are being developed in the mobile content field.

As a result of the above, for the consolidated cumulative second quarter, net sales were 2.032 billion yen (down 4.8% year on year), ordinary income was 238 million yen (down 63.5% year on year), and profit attributable to owners of parent was 177 million yen (down 66.8% year on year).

Since our Group is a single segment of the Digital Contents Business, the disclosure of business results by segment is omitted.

### (2) Explanation of Financial Position

Total assets at the end of the second quarter of the current fiscal year decreased by 199 million yen from the end of the previous fiscal year to 4.56 billion yen. The main factors were a decrease of 578 million yen in cash and deposits, a decrease of 52 million yen in work in process, and an increase of 415 million yen in software in progress.

Liabilities decreased by 73 million yen from the end of the previous fiscal year to 639 million yen. This was mainly due to a decrease of 81 million yen in income taxes payable.

Net assets decreased 125 million yen from the end of the previous fiscal year to 3.92 billion yen. Major factors included quarterly profit attributable to owners of parent of 177 million yen, dividends of surplus of 252 million yen, and an increase in treasury stock of 103 million yen.

Regarding cash flows in the consolidated cumulative second quarter under review, the Company used 183 million yen in operating activities (compared with 327 million yen in the same period of the previous fiscal year), used 423 million yen in investing activities (compared with 215 million yen in the same period of the previous fiscal year), and used 361 million yen in financing activities (compared with 143 million yen in the same period of the previous fiscal year).

As a result, cash and cash equivalents decreased by ¥578 million from the end of the previous fiscal year to 1.309 billion yen.

### (3) Explanation of Consolidated Earnings and Other Forecasts

There are no revisions to the full-year earnings forecasts announced in the financial results for the fiscal year ending January 2023 (announced on March 10, 2023).

Earnings forecasts are forward-looking statements based on currently available information. Actual results may differ from forecasts due to changes in business conditions or other factors.

(Thousands of yen)

	As of January 31, 2023	As of July 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	1,888,164	1,309,320
Trade receivables and contract asset	885,242	920,463
Merchandise	0	0
Work in process	63,354	10,920
Prepaid expenses	241,002	267,371
Other	61,177	4,771
Allowance for doubtful accounts	(218)	(250)
Total current assets	3,138,721	2,512,597
Non-current assets		
Property, plant and equipment	31,979	38,333
Intangible assets		
Software in progress	899,440	1,315,365
Other	2,329	1,925
Total intangible assets	901,769	1,317,291
Investments and other assets		
Other	792,159	794,161
Allowance for doubtful accounts	(104,852)	(102,052)
Total investments and other assets	687,307	692,109
Total non-current assets	1,621,056	2,047,733
Total assets	4,759,778	4,560,331
<b>Liabilities</b>		
Current liabilities		
Accounts payable - other	254,993	303,278
Income taxes payable	150,638	69,097
Contract liabilities	77	7,297
Provision for bonuses	101,039	81,198
Other	88,444	59,851
Total current liabilities	595,192	520,723
Non-current liabilities		
Long-term accounts payable - other	200	200
Retirement benefit liability	117,436	118,171
Other	250	250
Total non-current liabilities	117,886	118,621
Total liabilities	713,078	639,345
<b>Net assets</b>		
Shareholders' equity		
Share capital	412,902	412,902
Capital surplus	466,215	509,957
Retained earnings	4,040,181	3,965,094
Treasury shares	(957,988)	(1,061,607)
Total shareholders' equity	3,961,310	3,826,345
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	52,773	57,532
Total accumulated other comprehensive income	52,773	57,532
Share acquisition rights	32,615	37,109
Total net assets	4,046,699	3,920,986
<b>Total liabilities and net assets</b>	<b>4,759,778</b>	<b>4,560,331</b>

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

(Quarterly consolidated statement of income)

(Second Quarter of Fiscal Year)

(Thousands of yen)

	Six months ended July 31, 2022	Six months ended July 31, 2023
Net sales	2,135,119	2,032,760
Cost of sales	1,357,838	1,318,298
Gross profit	777,281	714,461
Selling, general and administrative expenses	268,901	549,974
Operating profit	508,379	164,486
Non-operating income		
Interest income	4,585	6,859
Dividend income	1,044	1,344
Foreign exchange gains	133,444	61,972
Other	6,019	4,629
Total non-operating income	145,093	74,805
Non-operating expenses		
Interest expenses	148	156
Commission for purchase of treasury shares	271	499
Total non-operating expenses	419	656
Ordinary profit	653,053	238,636
Extraordinary income		
Gain on reversal of share acquisition rights	-	4,600
Total extraordinary income	-	4,600
Profit before income taxes	653,053	243,236
Income taxes	118,211	65,409
Profit	534,842	177,826
Profit attributable to owners of parent	534,842	177,826

(Quarterly consolidated statement of comprehensive income)

(Second Quarter of Fiscal Year)

(Thousands of yen)

	Six months ended July 31, 2022	Six months ended July 31, 2023
Profit	534,842	177,826
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,090)	4,758
Foreign currency translation adjustment	5,024	-
Total other comprehensive income	1,933	4,758
Comprehensive income	536,776	182,584
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	536,776	182,584
Comprehensive income attributable to non-controlling interests	-	-



	Six months ended July 31, 2022	Six months ended July 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	653,053	243,236
Depreciation	3,074	4,187
Increase (decrease) in retirement benefit liability	2,221	735
Increase (decrease) in provision for bonuses	(3,010)	(19,840)
Increase (decrease) in allowance for doubtful accounts	(4,105)	(2,768)
Share-based payment expenses	12,841	28,841
Interest and dividend income	(5,629)	(8,203)
Interest expenses	148	156
Foreign exchange losses (gains)	(123,604)	(22,876)
Gain on reversal of share acquisition rights	-	(4,600)
Decrease (increase) in trade receivables	(187,218)	(35,221)
Decrease (increase) in inventories	(13,569)	52,433
Increase (decrease) in accounts payable - other	165,789	46,111
Increase (decrease) in contract liabilities	(22,000)	7,220
Other, net	(62,744)	9,150
Subtotal	415,247	298,563
Interest and dividends received	4,666	6,640
Interest paid	(148)	(156)
Subsidies received	-	10,000
Income taxes paid	(102,750)	(131,738)
Income taxes refund	10,373	-
Net cash provided by (used in) operating activities	327,388	183,309
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,522)	(7,964)
Purchase of intangible assets	(206,919)	(415,925)
Payments of guarantee deposits	(8,530)	-
Proceeds from refund of guarantee deposits	996	-
Net cash provided by (used in) investing activities	(215,976)	(423,890)
<b>Cash flows from financing activities</b>		
Proceeds from exercise of employee share options	-	16,634
Purchase of treasury shares	(57,482)	(126,110)
Dividends paid	(85,599)	(251,164)
Other, net	(271)	(499)
Net cash provided by (used in) financing activities	(143,352)	(361,139)
Effect of exchange rate change on cash and cash equivalents	126,681	22,876
Net increase (decrease) in cash and cash equivalents	94,741	(578,843)
Cash and cash equivalents at beginning of period	1,971,786	1,888,164
Cash and cash equivalents at end of period	2,066,528	1,309,320

(4)Notes to Quarterly Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

Not applicable.

(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)

(Calculation of Tax Expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate after the application of tax effect accounting to profit before income taxes for the fiscal year including the second quarter under review, and multiplying profit before income taxes by this estimated effective tax rate. In addition, if the calculation of tax expense using the estimated effective tax rate results in a significantly unreasonable outcome, tax expense is calculated by considering significant additional or deductible items and tax deductible items.

(Segment Information)

[Segment Information]

Previous consolidated cumulative second quarter (from February 1, 2022 to July 31, 2022) and current consolidated cumulative second quarter (from February 1, 2023 to July 31, 2023)

Since the business of our group is a single segment of the digital content business, the description is omitted.