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MEMBERSHIP

December 8, 2023

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

Company name: YUKE'S Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4334  
 URL: <https://www.yukes.co.jp>  
 Representative: Yukinori Taniguchi, President and Representative Director  
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 Scheduled date to file quarterly securities report: December 13, 2023  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on quarterly financial results: None  
 Holding of quarterly financial results briefing: None

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

### 1. Consolidated financial results for the nine months ended October 31, 2023 (from February 1, 2023 to October 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	%
Nine months ended								
October 31, 2023	3,095	(2.8)	241	(69.4)	354	(63.6)	(1,328)	—
October 31, 2022	3,183	29.6	787	106.2	973	52.7	799	52.4

Note: Comprehensive income For the nine months ended October 31, 2023: ¥(1,327) million [—%]  
 For the nine months ended October 31, 2022: ¥802 million [47.6%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
October 31, 2023	(158.17)	—
October 31, 2022	93.06	92.19

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
October 31, 2023	3,339	2,428	71.1
January 31, 2023	4,759	4,046	84.3

Reference: Equity  
 As of October 31, 2023: ¥2,374 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)				10.00	10.00

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	4,153	(3.4)	179	(81.1)	283	(74.1)	(1,425)	—	(169.73)

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 October 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 October 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)

Nine months ended October 31, 2023	8,398,885 shares
Nine months ended October 31, 2022	8,589,278 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 Forecasts and Other Forward-Looking Information" 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

Looking ahead, the Japanese economy in the third quarter of the current fiscal year is expected to continue to recover moderately as the employment and income situation improves. Nevertheless, the period in the overseas economy poses a risk of downward pressure on the Japanese economy due to 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, developments in the Middle East, and changes in financial and capital markets.

In the entertainment sector related to our group, we are regaining vigor, as evidenced by the announcement of PlayStation®5 remote play specialist PlayStation Portal™ Remote Player and new PlayStation®5 models. In September 2023, the Tokyo Game Show was held at Makuhari Messe.

Under such circumstances, we have announced that our contracted software will be developed as a "deer that will reappear on a square globe?" Digibok Earth Defense Force 2 EARTH DEFENSE FORCE: WORLD BROTHERS (launched by: D3PUBLISHER INC.) that is expected to be launched in 2024.

In XR business field, on August 19, 2023, we participated in the live production of "GIRLS und PANZER Virtual Live, Start! ~All together in Oarai!!!!~" (sponsor: Bandai Namco Filmworks Inc., Bandai Namco Music Live Inc.) using our proprietary technical ALiS ZERO ®. We also participated in the live production of HATSUNE MIKU "MAGICAL MIRAI 2023" (sponsored by TOKYO METROPOLITAN TELEVISION BROADCASTING Corporation, Krypton Future Media Co., Ltd.) held on August 11-13, 2023 at INTEX OSAKA and at Makuhari Messe on September 1-3, 2023. Real-time CG was produced at Project SEKAI 3rd Anniversary Thanks Festival held on September 16-17, 2023 (sponsored by SEGA CORPORATION and Colorful Palette Inc.). On October 8, 2023, SEGA CORPORATION and Colorful Palette Inc. participated in the real-time live distribution of CONNECT LIVE 3rd ANNIVERSARY Memorial Stage at Project SEKAI COLORFUL STAGE! feat. HATSUNE MIKU, a rhythm and adventure game for iOS/Android.

In the publishing business field, DC DUAL FORCE, a digital card game featuring DC comics characters, transitioned to early access on August 31, 2023, and began distribution in Steam/Epic Games Store on October 18, 2023. However, we were forced to conclude that we were profitable in a short period of time and that the recoverability of initial development costs in the future was very low. Accordingly, we recorded an extraordinary loss of 1.655 billion yen due to the impairment loss on assets related to DC DUAL FORCE.

In the pachinko and pachislot field, we continue to undertake image development projects for multiple titles, and development is proceeding steadily.

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

In addition, we cooperated with the art in the drama "born on what day of the week," which was launched by ABC TV on August 6, 2023. Within this drama, our digital card game "DC DUAL FORCE" and our development professional wrestling game "AEW: Fight Forever" (from the seller: THQ Nordic GmbH) and our developed collaborative RPG "Tales of ARISE (from the seller: Bandai Namco Entertainment Inc.) were used.

As a consequence, in the first 3 quarters of the fiscal year under review, the Group recorded net sales of 3.095 billion yen (down 2.8% year on year), ordinary income of 354 million yen (down 63.6% year on year), and extraordinary loss of 1.655 billion yen due to impairment losses on assets related to DC DUAL FORCE, resulting in a net loss attributable to owners of the parent of 1.328 billion yen (net income attributable to owners of the parent of 799 million yen in the same period of the previous fiscal 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 third quarter of the current fiscal year decreased by 1.42 billion yen from the end of the previous fiscal year to 3.339 billion yen. The main factors were a decrease of 677 million yen in cash and deposits, a decrease of 36 million yen in work in process, and a decrease of 899 million yen in software in progress.

Liabilities increased 198 million yen from the end of the previous fiscal year to 911 million yen. This was mainly due to an increase of 300 million yen in short-term loans payable.

Net assets decreased 1.618 billion yen from the end of the previous fiscal year to 2.428 billion yen. Major factors included a quarterly net loss attributable to owners of parent of 1.328 billion yen, dividends of surplus of 252 million yen, and an increase in treasury stock of 103 million yen.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements

The full-year earnings forecasts announced in the fiscal year ending January 2023 (announced on March 10, 2023) have been revised. For details, please refer to the "Notice Concerning Recording of Extraordinary Losses, Earnings Forecast and Revision of Dividend Forecast" announced on November 24, 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.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of January 31, 2023	As of October 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	1,888,164	1,210,307
Trade receivables and contract asset	885,242	1,192,338
Merchandise	0	0
Work in process	63,354	27,270
Prepaid expenses	241,002	61,337
Other	61,177	81,354
Allowance for doubtful accounts	(218)	(436)
Total current assets	3,138,721	2,572,172
Non-current assets		
Property, plant and equipment	31,979	36,445
Intangible assets		
Software in progress	899,440	-
Other	2,329	1,813
Total intangible assets	901,769	1,813
Investments and other assets		
Other	792,159	831,040
Allowance for doubtful accounts	(104,852)	(102,052)
Total investments and other assets	687,307	728,988
Total non-current assets	1,621,056	767,247
Total assets	4,759,778	3,339,419
<b>Liabilities</b>		
Current liabilities		
Short-term borrowings	-	300,000
Accounts payable - other	254,993	284,172
Income taxes payable	150,638	2,956
Contract liabilities	77	2,296
Provision for bonuses	101,039	141,747
Other	88,444	58,739
Total current liabilities	595,192	789,911
Non-current liabilities		
Long-term accounts payable - other	200	200
Retirement benefit liability	117,436	120,786
Other	250	250
Total non-current liabilities	117,886	121,236
Total liabilities	713,078	911,148
<b>Net assets</b>		
Shareholders' equity		
Share capital	412,902	412,902
Capital surplus	466,215	509,957
Retained earnings	4,040,181	2,458,831
Treasury shares	(957,988)	(1,061,607)
Total shareholders' equity	3,961,310	2,320,082
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	52,773	53,929
Total accumulated other comprehensive income	52,773	53,929
Share acquisition rights	32,615	54,259
Total net assets	4,046,699	2,428,271
Total liabilities and net assets	4,759,778	3,339,419

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

(Quarterly consolidated statement of income)

(Consolidated Cumulative Third Quarter)

(Thousands of yen)

	Nine months ended October 31, 2022	Nine months ended October 31, 2023
Net sales	3,183,415	3,095,221
Cost of sales	1,980,406	2,066,459
Gross profit	1,203,009	1,028,761
Selling, general and administrative expenses	415,288	787,430
Operating profit	787,720	241,331
Non-operating income		
Interest income	8,025	8,550
Dividend income	1,044	1,357
Foreign exchange gains	175,110	101,396
Other	8,650	4,998
Total non-operating income	192,830	116,302
Non-operating expenses		
Interest expenses	183	197
Commission for purchase of treasury shares	981	499
Commitment fees	5,964	2,683
Other	37	-
Total non-operating expenses	7,166	3,380
Ordinary profit	973,384	354,253
Extraordinary income		
Gain on reversal of share acquisition rights	-	4,600
Total extraordinary income	-	4,600
Extraordinary losses		
Impairment losses	-	1,655,267
Total extraordinary losses	-	1,655,267
Profit (loss) before income taxes	973,384	(1,296,414)
Income taxes	174,101	32,022
Profit (loss)	799,283	(1,328,436)
Profit (loss) attributable to owners of parent	799,283	(1,328,436)



(Quarterly consolidated statement of comprehensive income)

(Consolidated Cumulative Third Quarter)

(Thousands of yen)

	Nine months ended October 31, 2022	Nine months ended October 31, 2023
Profit (loss)	799,283	(1,328,436)
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,160)	1,155
Foreign currency translation adjustment	8,606	-
Total other comprehensive income	3,446	1,155
Comprehensive income	802,729	(1,327,280)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	802,729	(1,327,280)
Comprehensive income attributable to non-controlling interests	-	-

(3)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 consolidated fiscal year including the third quarter under review, and multiplying profit before income taxes by this estimated effective tax rate. However, if the calculation of tax expense using the estimated effective tax rate results in a significantly irrational outcome, the Company uses the statutory tax rate.

(Segment Information)

[Segment Information]

Third Quarter (February 1, 2022 to October 31, 2022) and Third Quarter (February 1, 2023 to October 31, 2023)

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