



**Consolidated Financial Results for the Fiscal Year  
ended December 31, 2021 [Japanese GAAP]**

February 10, 2021

Company name Sun\* Inc.  
 Stock Exchange listing Tokyo  
 Code 4053 URL <http://sun-asterisk.com/>  
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 Scheduled date of annual general meeting of shareholders: March 30, 2022  
 Scheduled date for filing the annual report: March 31, 2022  
 Scheduled date for commencement of dividend payment: –  
 Availability of supplementary briefing material on annual financial results: Yes  
 Holding of financial result presentation: Yes (For institutional investors and analysts,)

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (January 1, 2021- December 31, 2021)

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

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended December 31, 2021	8,030	49.6	1,411	59.2	1,574	69.9	1,301	61.8
December 31, 2020	5,367	18.5	886	86.8	926	90.7	804	95.8

(Note) Comprehensive income: Fiscal year ended December 31, 2021: 1,496 million yen (96.5%)  
 Fiscal year ended December 31, 2020: 761 million yen (89.0%)

	Net income per share	Net income per share (diluted)	Return on equity	Ordinary income to total assets	Operating income to net sales
Fiscal year ended	yen	yen	%	%	%
December 31, 2021	34.79	32.16	22.4	21.5	17.6
December 31, 2020	22.93	20.78	22.8	19.4	16.5

(Note) 1. Since the Company was listed on the Mothers market of the Tokyo Stock Exchange on July 31, 2020, diluted net income per share for the previous fiscal year has been calculated by deeming the average share price from the date of initial listing to the end of the third quarter consolidated accumulated period as the average share price during the period.  
 2. On March 31, 2020, the Company conducted a 20-for-1 stock split of common stock. Net income per share is calculated on the assumption that the said stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of December 31, 2021	8,395	6,586	78.4	174.53
As of December 31, 2020	6,216	5,017	80.7	136.20

(Reference) Shareholders' Equity As of December 31, 2021 6,585 million yen  
 As of December 31, 2020 5,017 million yen

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of fiscal year
Fiscal year ended	million yen	million yen	million yen	million yen
December 31, 2021	1,187	(1,387)	(180)	3,734
December 31, 2020	862	(981)	1,981	4,070

## Cash Dividends

	Cash dividends per share for the fiscal year (yen)				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended December 31, 2020	yen –	yen 0.00	yen –	yen 0.00	yen 0.00
Fiscal year ending December 31, 2021	–	0.00	–	0.00	0.00
Fiscal year ending December 31, 2022 (forecast)	–	0.00	–	0.00	0.00

	Total cash dividends paid	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	million yen	%	%
Fiscal year ended December 31, 2020	–	–	–
Fiscal year ending December 31, 2021	–	–	–
Fiscal year ending December 31, 2022 (forecast)		–	

## 2. Consolidated Financial Forecast for the Fiscal Year ending December 31, 2022 (January 1, 2022 - December 31, 2022) (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	11,400	42.0	1,710	21.2	1,830	16.2	1,500	15.2	39.75

(Note) Since the Company manages its operations on an annual basis, the consolidated financial forecast for the second quarter (accumulated) is omitted. For details, please refer to "1. Overview of Operating Results, etc. (4) Future Outlook" on page 3 of the attached materials.

### ※ Notes

(1) Significant changes in subsidiaries during the current fiscal year

(Changes in specified subsidiaries due to changes in the scope of consolidation): Yes

(Note) For details, please refer to "3. Consolidated Financial Statements and Primary Notes (5) Notes on the Consolidated Financial Statements (Business combinations)" on page 11 of the attached materials.

(2) Changes in accounting policies, changes in accounting estimates, revisions and restatements

- ① Changes in accounting policies due to revision of accounting standards, etc.: None
- ② Changes in accounting policies other than (1): None
- ③ Change of accounting estimates: None
- ④ Restatement: None

(3) Number of shares outstanding (common shares)

① Number of shares outstanding at the end of the period (including treasury shares)

Fiscal Year ended December, 2021	37,733,500shares	Fiscal Year ended December, 2020	36,840,000shares
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② Number of treasury shares at the end of the period

Fiscal Year ended December, 2021	106 shares	Fiscal Year ended December, 2020	– shares
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③ Average number of shares during the period (Cumulative total for the quarter)

Fiscal Year ended December, 2021	37,408,883shares	Fiscal Year ended December, 2020	35,085,169shares
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(Note) On March 31, 2020, the Company conducted a 20-for-1 stock split of common stock. The number of shares outstanding at the end of the fiscal year and the average number of shares outstanding during the fiscal year are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(Reference) Overview of Non-consolidated Financial Results

1. None-consolidated Financial Forecast for the Fiscal Year ending December 31, 2021 (January 1, 2021 - December 31, 2021)

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

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal Year ended December, 2021	6,549	49.9	325	120.3	337	141.8	249	146.3
Fiscal Year ended December, 2020	4,368	32.3	147	64.0	139	42.0	101	43.2

	Net income per share	Net income per share (diluted)
Three months ended	yen	yen
March 31, 2021	6.66	6.16
March 31, 2020	2.88	2.61

(Note) 1. Since the Company was listed on the Mothers market of the Tokyo Stock Exchange on July 31, 2020, diluted net income per share for the previous fiscal year has been calculated by deeming the average share price from the date of initial listing to the end of the third quarter consolidated accumulated period as the average share price during the period.

2. On March 31, 2020, the Company conducted a 20-for-1 stock split of common stock. Net income per share is calculated on the assumption that the said stock split was conducted at the beginning of the previous fiscal year.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of December 31, 2021	5,070	4,022	79.3	106.60
As of December 31, 2020	4,860	3,697	76.1	100.36

(Reference) Shareholders' Equity As of December 31, 2021 4,022 million yen

As of December 31, 2020 3,697 million yen

(Note) On March 31, 2020, the Company conducted a 20-for-1 stock split of common stock. The number of shares outstanding at the end of the fiscal year and the average number of shares outstanding during the fiscal year are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

※ The report is not subject to annual audit by a certified public accountants or audit firms.

※ Information about the proper usage of forecast financial results, and other special instructions

The forward-looking statements, including business forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed reasonable, and are not intended as a promise by the Company that they will be achieved. Actual results may differ materially due to a variety of factors. Please refer to " (4) Future Outlook" on page 3 of the attached materials for the conditions that form the assumptions for earnings forecasts and cautions concerning the use of earnings forecast.

The Company periodically discloses the progress of management indices, etc. in its quarterly financial results presentation materials. We plan to disclose updated materials on "Business Plan and Growth Potential", which was last disclosed on August 12, 2021, around March 30, 2022.



○	TABLE OF CONTENTS	
1.	Overview of Operating Results, etc.	2
	(1) Overview of Consolidated Operating Results for the Period	2
	(2) Overview of Consolidated Financial Position for the Period	2
	(3) Overview of Consolidated Cash Flow for the Period	3
	(4) Future Outlook	3
2.	Basic Policy for adopting Accounting Standards	3
3.	Consolidated Financial Statements and Primary Notes	4
	(1) Consolidated Balance Sheet	4
	(2) Consolidated Statements of Income and Comprehensive Income	6
	Consolidated Statements of Income	6
	Consolidated Statements of Comprehensive Income	7
	(3) Consolidated Statements of Changes in Equity	8
	(4) Consolidated Statements of Cash Flows	10
	(5) Notes on the Consolidated Financial Statements	11
	(Change in scope of consolidation and application of the equity method)	11
	(Notes on Going-Concern Assumptions)	11
	(Additional Information)	11
	(Business combinations)	11
	(Segment Information, etc.)	12
	(Per Share Information)	14
	(Significant Subsequent Events)	14

## 1. Overview of Operating Results, etc.

### (1) Overview of Consolidated Operating Results for the Period

In the fiscal year ended December 31, 2021, the Japanese economy continued to face a prolonged severe situation due to the spread of the COVID-19, and the situation remains uncertain since there is no prospect of its containment in 2022.

In the digital and creative studio-related market where the Group provides services, remote work and the digitization of various services are becoming widely accepted as a response to the new coronavirus and as new lifestyles take root. In addition, digital transformation is expected to advance in various services outside the business scene.

In such a business environment, the Group has developed two service lines within the single segment of "Digital Creative Studio Business" service to provide the services necessary to meet the challenges of our clients: "Creative & Engineering" service to create digital products together with our clients, and "Talent Platform" service to discover, train and produce the human resources necessary for the creation of digital products for our clients.

In the "Creative & Engineering" service, the number of stock-type clients was 95, ARPU was 4,752 thousand yen, and net sales were 6,833,288 thousand yen in the third quarter of the current fiscal year due to an increase in orders from existing clients. Of this amount, sales of Trys Inc., which became a subsidiary in September 2021, amounted to 306,249 thousand yen for the period from October to December 2021.

In the "Talent Platform" service, sales were 1,197,561 thousand yen as a gradual recovery in companies' willingness to hire became apparent.

As a result, for the current consolidated fiscal year, net sales were 8,030,849 thousand yen (up 49.6% year-on-year), gross profit was 4,061,720 thousand yen (up 42.4% year-on-year), operating income was 1,411,268 thousand yen (up 59.2% year-on-year), ordinary income was 1,574,338 thousand yen (up 69.9% year-on-year), and net income attributable to shareholders of the parent company was 1,301,554 thousand yen (up 61.8% year-on-year).

Segment information is omitted because Group operates in a single segment – i.e., Digital Creative Studio Business.

### (2) Overview of Consolidated Financial Position

#### (Assets)

Total current assets at the end of the current fiscal year were 7,108,200 thousand yen, an increase of 1,312,751 thousand yen compared to the end of the previous fiscal year. This was mainly due to an increase of 656,232 thousand yen in cash and cash equivalents resulting from an increase in "Creative & Engineering" sales and the acquisition of subsidiaries, and an increase of 405,294 thousand yen in accounts receivable.

Total noncurrent assets were 1,287,298 thousand yen, an increase of 865,839 thousand yen compared to the end of the previous fiscal year. This was mainly due to an increase of 516,275 thousand yen in goodwill from the acquisition of subsidiaries and an increase of 239,801 thousand yen in investment securities.

As a result, total assets at the end of the current fiscal year were 8,395,499 thousand yen, an increase of 2,178,591 thousand yen compared to the end of the previous fiscal year.

#### (Liabilities)

Total current liabilities at the end of the current fiscal year were 1,516,482 thousand yen, an increase of 505,717 thousand yen compared to the end of the previous fiscal year. This was mainly due to an increase of 137,136 thousand yen in income taxes payable due to an increase in profits and an increase of 124,704 thousand yen in advances received due to an increase in orders for the Talent Platform (x seeds Hub) service.

Total noncurrent liabilities were 293,007 thousand yen, an increase of 104,691 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 65,295 thousand yen in long-term debt associated with the acquisition of a subsidiary.

As a result, total liabilities at the end of the current fiscal year were 1,809,490 thousand yen, a decrease of 610,408 thousand yen compared to the end of the previous fiscal year.

#### (Net Assets)

Net assets at the end of the current fiscal year were 6,586,008 thousand yen, an increase of 1,568,183 thousand yen compared to the end of the previous fiscal year. This was mainly due to an increase of 1,301,554 thousand yen in retained earnings resulting from the recording of net income attributable to shareholders of the parent company.

### (3) Overview of Consolidated Cash Flow

Cash and cash equivalent (hereinafter referred to as "net cash") at the end of the current fiscal year decreased by 336,574 thousand yen compared to the end of the previous fiscal year to 3,734,288 thousand yen. The status of each cash flow and their factors are as follows.

#### (Cash flows from operating activities)

Net cash provided by operating activities was 1,187,904 thousand yen (862,839 thousand yen in the previous fiscal year). This was due to the recording of 1,562,986 thousand yen in income before income taxes and minority interests, increases of 62,413 thousand yen in advances received and 262,619 thousand yen in accounts receivable.

#### (Cash flows from investing activities)

Net cash used in investing activities during the current fiscal year, was 1,387,543 (981,599 thousand yen in the previous fiscal year). This was mainly due to payments of 4,211,489 thousand yen into time deposits, payments of 275,095 thousand yen for the acquisition of investment securities, and proceeds of 3,368,820 thousand yen from the withdrawal of time deposits.

#### (Cash flows from financing activities)

Net cash provided by financing activities during the current fiscal year, was 180,728 thousand yen (1,981,844 thousand yen in the previous fiscal year). This was mainly due to the repayment of 221,936 thousand yen in long-term loans payable and proceeds of 71,480 thousand yen from the issuance of shares through the exercise of stock subscription rights.

### (4) Future Outlook

#### (1) Creative & Engineering

In this service line, we provide creative and engineering support to Japanese clients for business idea creation, product development, and continuous product growth, and generate revenue through quasi-delegate contracts or subcontracting contracts with the clients. Quasi-delegated contracts that last for more than three months are classified as stock-type, while quasi-delegated contracts and subcontracted contracts that last for less than three months are classified as flow-type.

Stock-type sales consist of the number of customers multiplied by ARPU, and the number of customers and ARPU for the year are set based on the actual results of orders received through the fiscal year ending December 31, 2021. Each of these indicators is on an upward trend due to the increase in the number of new customers through the strengthening of lead generation and lead nurturing, and the expansion of project scale through the strengthening of collaboration with existing customers. The number of stock-type customers at the end of the fiscal year ending December 31, 2022 is expected to increase by 12 companies from the previous fiscal year to 107 (up 12.6% year-on-year), and ARPU in the fiscal year ending December 31, 2022 is expected to increase by 742 thousand yen from the previous fiscal year to 5,495 thousand yen (up 15.6% year-on-year). As a result, net sales for this service line for the fiscal year ending December 31, 2022 are expected to be 10,050,000 thousand yen (up 47.1% year-on-year). Of this amount, the sales of Trys Inc. are expected to be 1,550,000 thousand yen.

#### (2) Talent Platform

In this service line, we discover and train IT human resources in Japan and overseas and supports clients in their promotion of digitalization in terms of human resources. The demand of hiring IT professional is on the rise, and we expect this trend to continue in the current fiscal year, so we are forecasting sales of 1,350,000 thousand yen (up 12.7% year-on-year) for this service line in the fiscal year ending December 31, 2022.

Based on the status of each of the service lines mentioned above, we forecast the following consolidated financial results for the fiscal year ending December 31, 2022: net sales of 11,400,000 thousand yen (up 42.0% year on year), gross profit of 5,700,000 thousand yen (up 40.3% year on year), operating income is expected to be 1,710,000 thousand yen (up 21.2% from the same period of the previous year), ordinary income is expected to be 1,830,000 thousand yen (up 16.2% from the same period of the previous year), and net income attributable to shareholders of the parent company is expected to be 1,500,000 thousand yen (up 15.2% from the same period of the previous year).

### 2. Basic Policy for adopting Accounting Standards

In consideration of the comparability of consolidated financial statements and inter-company comparability, the Group's policy for the time being is to prepare consolidated financial statements under Japanese GAAP.

Concerning the adoption of IFRS, the Group plans to respond appropriately in consideration of various domestic and international circumstances.

## 3. Consolidated Financial Statements and Primary Notes

## (1) Consolidated Balance Sheet

(Unit: thousand yen)

	As of December 31, 2020	As of December 31, 2021
<b>Assets</b>		
Current assets		
Cash and cash equivalent	5,073,055	5,729,288
Notes and accounts receivable - trade	583,546	988,840
Work in process	15,733	101,177
Other	133,065	306,407
Allowance for doubtful accounts	(9,951)	(17,513)
Total current assets	5,795,449	7,108,200
Noncurrent assets		
Property, plant, and equipment		
Buildings and structures	128,476	174,962
Accumulated depreciation	(99,378)	(132,764)
Buildings and structures (Net)	29,098	42,197
Machinery and equipment	97,690	233,501
Accumulated depreciation	(54,653)	(173,977)
Machinery and equipment (Net)	43,036	59,523
Total property, plant and equipment	72,134	101,720
Intangible assets		
Goodwill	80,760	597,035
Other	37	2,920
Total intangible assets	80,797	599,956
Investments and other assets		
Investment securities	169,776	409,578
Deferred tax assets	8,567	33,713
Other	110,367	167,012
Allowance for doubtful accounts	(20,185)	(24,682)
Total investments and other assets	268,526	585,621
Total noncurrent assets	421,458	1,287,298
Total assets	6,216,907	8,395,499



(Unit: thousand yen)

	As of December 31, 2020	As of December 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	141,908	229,563
Short-term loans payable	30,000	—
Current portion of long-term loans payable	179,133	140,732
Accounts payable - other	23,894	61,019
Accrued expenses	188,441	268,280
Income taxes payable	70,428	207,564
Advance received	154,042	278,746
Provisions for bonuses	28,479	50,689
Other	194,437	279,886
<b>Total current liabilities</b>	<b>1,010,765</b>	<b>1,516,482</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	153,327	218,622
Asset retirement obligations	20,027	32,637
Other	14,962	41,748
<b>Total noncurrent liabilities</b>	<b>188,316</b>	<b>293,007</b>
<b>Total liabilities</b>	<b>1,199,082</b>	<b>1,809,490</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,668,460	1,704,244
Capital surplus	1,653,460	1,689,244
Retained earnings	1,750,638	3,052,192
Treasury stock	—	(272)
<b>Total shareholders' equity</b>	<b>5,072,558</b>	<b>6,445,409</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(1,350)	3,091
Foreign currency translation adjustment	(53,756)	137,223
<b>Total accumulated other comprehensive income</b>	<b>(55,107)</b>	<b>140,314</b>
Stock subscription rights	374	284
<b>Total net assets</b>	<b>5,017,825</b>	<b>6,586,008</b>
<b>Total liabilities and net assets</b>	<b>6,216,907</b>	<b>8,395,499</b>

(2) Consolidated Statements of Income and Comprehensive Income  
(Consolidated statements of income for the fiscal year ended December 31, 2021)

(Unit: thousand yen)

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Net sales	5,367,633	8,030,849
Cost of sales	2,515,464	3,969,129
Gross profit	2,852,169	4,061,720
Selling, general and administrative expenses	1,965,743	2,650,452
Operating income	886,425	1,411,268
Non-operating income		
Interest income	28,464	137,679
Foreign exchange gains	20,551	11,021
Grant income	6,534	4,442
Gain on sales of investment securities	—	5,011
Other	904	9,052
Total non-operating income	56,455	167,207
Non-operating expense		
Interest expenses	2,706	1,697
Listing-related expense	5,941	—
Share issuance costs	6,040	460
Land and building rent	—	526
Other	1,284	1,452
Total non-operating expense	15,973	4,136
Ordinary income	926,907	1,574,338
Extraordinary gains		
Gain of sales of fixed assets	—	631
Total extraordinary gains	—	631
Extraordinary losses		
Impairment loss	—	1,112
Loss on valuation of investments in capital	—	10,872
Total extraordinary losses	—	11,984
Income before income taxes	926,907	1,562,986
Income taxes - current	108,789	266,476
Income taxes – deferred	13,730	(5,045)
Total income taxes	122,519	261,431
Net income	804,388	1,301,554
Net income attributable to shareholders of parent company	804,388	1,301,554

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated statements of comprehensive income for the fiscal year ended December 31, 2021)

(Unit: thousand yen)

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Net income	804,388	1,301,554
Other comprehensive income		
Valuation difference on available-for-sales- securities	(1,350)	4,441
Foreign currency translation adjustments	(41,385)	190,979
Total other comprehensive income	(42,735)	195,421
Comprehensive income	761,652	1,496,976
(Details)		
Attributable to shareholders of parent company	761,652	1,496,976
Attributable to non-controlling interests	—	—

## (3) Consolidated Statement of Changes in Equity

Previous fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2021)

(Unit: thousand yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of fiscal year	554,700	539,700	946,250	2,040,650
Changes of items during fiscal year				
Issuance of new shares	1,113,760	1,113,760		2,227,520
Net income attributable to owners of parent			804,388	804,388
Net changes of items other than shareholders' equity				
Total changes of items during fiscal year	1,113,760	1,113,760	804,388	3,031,908
Balance at end of fiscal year	1,668,460	1,653,460	1,750,638	5,072,558

	Accumulated other comprehensive income			Stock subscription rights	Total net assets
	Valuation difference on available-for-sales-securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of fiscal year	—	(12,371)	(12,371)	374	2,028,653
Changes of items during fiscal year					
Issuance of new shares					2,227,520
Net income attributable to owners of parent					804,388
Net changes of items other than shareholders' equity	(1,350)	(41,385)	(42,735)	—	(42,735)
Total changes of items during fiscal year	(1,350)	(41,385)	(42,735)	—	2,989,173
Balance at end of fiscal year	(1,350)	(53,756)	(55,107)	374	5,017,825

Current fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(Unit: thousand yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity	Total shareholders' equity
Balance at beginning of fiscal year	1,668,460	1,653,460	1,750,638	—	5,072,558
Changes of items during fiscal year					
Issuance of new shares	35,784	35,784			71,569
Net income attributable to owners of parent			1,301,554		1,301,554
Acquisition of treasury stock				(272)	(272)
Net changes of items other than shareholders' equity					
Total changes of items during fiscal year	35,784	35,784	1,301,554	(272)	1,372,850
Balance at end of fiscal year	1,704,244	1,689,244	3,052,192	(272)	6,445,409

	Accumulated other comprehensive income			Stock subscription rights	Total net assets
	Valuation difference on available-for-sales-securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of fiscal year	(1,350)	(53,756)	(55,107)	374	5,017,825
Changes of items during fiscal year					
Issuance of new shares					71,569
Net income attributable to owners of parent					1,301,554
Acquisition of treasury stock					(272)
Net changes of items other than shareholders' equity	4,441	190,979	195,421	(89)	195,332
Total changes of items during fiscal year	4,441	190,979	195,421	(89)	1,568,183
Balance at end of fiscal year	3,091	137,223	140,314	284	6,586,008

## (3) Consolidated Statements of Cash Flows

(Unit: thousand yen)

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
<b>Cash flow from operating activities</b>		
Income (loss) before income taxes	926,907	1,562,986
Depreciation of tangible assets	58,477	53,269
Impairment loss	—	1,112
Loss on valuation of investments in capital	—	10,872
Amortization of goodwill	10,095	25,157
(Gain) loss on devaluation of investment securities	—	(4,484)
Increase (decrease) in allowance for doubtful accounts	8,421	11,149
Increase (decrease) in provisions for bonuses	12,324	20,763
Interest income	(28,464)	(137,679)
Interest expenses	2,706	1,697
Gain on sales of fixed assets	—	(631)
Decrease (increase) in accounts receivable	(192,929)	(262,619)
Decrease (increase) in work in process	86,304	(53,922)
Increase (decrease) in accounts payable - trade	5,465	54,744
Decrease (increase) in other assets	(47,094)	(75,238)
Increase (decrease) in advance received	3,376	62,413
Increase (decrease) in accounts payable - other	(9,472)	(88,036)
Increase (decrease) in accrued expense	40,412	26,743
Increase (decrease) in other liabilities	60,915	(19,552)
<b>Total</b>	<b>937,447</b>	<b>1,188,743</b>
Interest income	28,464	137,679
Interest expense	(2,706)	(1,697)
Income taxes paid	(100,365)	(136,820)
<b>Net cash provided by (used in) operating activities</b>	<b>862,839</b>	<b>1,187,904</b>
<b>Cash flow from investing activities</b>		
Payments into time deposits	(1,248,316)	(4,211,489)
Refund from time deposits	386,729	3,368,820
Purchases of property, plant and equipment	(33,471)	(51,655)
Purchase of investment securities	(85,752)	(238,921)
Proceeds from sales of investment securities	—	10,006
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(275,095)
Other	(789)	10,790
<b>Net cash provided by (used in) investing activities</b>	<b>(981,599)</b>	<b>(1,387,543)</b>
<b>Cash flow from financing activities</b>		
Increase (decrease) in short-term loan	(70,000)	(30,000)
Proceeds from long-term loan	100,000	—
Payments of long-term loan	(275,676)	(221,936)
Proceeds from issuance of common stock	2,227,520	71,480
Purchase of treasury stock	—	(272)
<b>Net cash provided by (used in) financing activities</b>	<b>1,981,844</b>	<b>(180,728)</b>
Effect of exchange rate changes on cash and cash equivalent	(11,039)	43,793
<b>Net increase (decrease) in cash and cash equivalent</b>	<b>1,852,044</b>	<b>(336,574)</b>
Cash and cash equivalent at beginning of period	2,218,818	4,070,862
<b>Cash and cash equivalent at end of period</b>	<b>4,070,862</b>	<b>3,734,288</b>

(3) Notes on the Consolidated Financial Statements

(Change in scope of consolidation and application of the equity method)

Significant changes in the scope of consolidation

NEWh Inc., which was newly established, is included in the scope of consolidation from the current consolidated fiscal year.

Trys Inc., which was newly established, is included in the scope of consolidation from the current consolidated fiscal year.

(Notes on Going-Concern Assumptions)

There are no applicable items.

(Additional Information)

(Accounting estimates for the spread of covid-19 infections)

Although the impact of the spread of covid-19 infection is uncertain and may have a significant impact on the Group's consolidated financial statements for the following fiscal year, the Group has accounted for the spread of covid-19 infection as not having a significant impact on accounting estimates.

(Business combinations)

Business combination through acquisition

1. Overview of the business combination

(1) Acquired company and its business

Acquired company name: Trys Inc.

Business Description: Content platform business

(Game development and operation, digital content production, cartoon videos)

(2) Main reason for the business combination

We believe that the resources, information assets, and know-how possessed by Trys Inc. will greatly contribute to the expansion of our business in the entertainment field, and we have decided to invite Trys Inc. to join our group. We also believe that we can accelerate the driving force of Trys Inc.'s content platform business by utilizing the Group's assets.

We believe that solutions such as NFT and DeFi, which focus on blockchain technology, are penetrating and developing first in the entertainment domain. While continuing to generate revenue in existing businesses with Trys Inc., which has extensive experience in game development and operation, we will gradually expand into areas using Cryptocurrency and NFT, gain experience in business implementation and operation, and then promote the use of blockchain technology in BtoB solutions, lifestyle and social infrastructure as a group. We will then promote the use of blockchain technology in BtoB solutions and life and social infrastructure as a group.

(3) Date of business combination

September 15, 2021 (Date of stock acquisition)

(4) Legal form of business combination

Acquisition of shares with cash as consideration

(5) Name of the company after the merger

There is no change.

(6) Percentage of voting rights acquired

100%

(7) Main reason for determining the acquiring company

The purpose of this acquisition was to acquire 100% of the voting rights and gain control of the company through the acquisition of shares in exchange for cash.

2. Period of the acquired company's business results included in the consolidated financial statements

From October 1, 2021 to December 31, 2021

3. Acquisition cost of the acquired company and breakdown by type of consideration

Acquisition consideration	Cash	566,554 thousand yen
Acquisition cost		566,554 thousand yen

4. Details and amounts of major acquisition-related expenses

4,557 thousand yen

5. Amount of goodwill incurred, cause of occurrence, amortization method and amortization period

(1) Amount of goodwill incurred

507,341 thousand yen

(2) Cause of occurrence

Reason for accrual: Excess earning power expected from future business development.

(3) Amortization method and period

As of the end of the current consolidated fiscal year, the identification of identifiable assets and liabilities as of the date of the business combination is under scrutiny, and the allocation of acquisition costs has not yet been completed.

Therefore, the amount of goodwill has been provisionally accounted for, but the amortization method and period are expected to be equal over 10 years.

6. Amounts of the assets acquired and the liabilities assumed on the date of business combination and their main component.

Current assets	520,258 thousand yen
Fixed assets	153,554 thousand yen
Total assets	673,812 thousand yen

Current liabilities	408,101 thousand yen
Fixed assets	153,554 thousand yen
Total assets	673,812 thousand yen

7. Estimated amount and calculation method of the effect on the consolidated statement of income for the current consolidated fiscal year on the assumption that the business combination was completed as of the beginning of the current consolidated fiscal year

Net sales	1,273,752 thousand yen
Operating income	25,755 thousand yen
Net income attributable to owners of the parent	106,500 thousand yen

(Method of calculating the estimated amount)

The estimated amount of impact is the difference between the net sales and profit and loss information calculated on the assumption that the business combination was completed as of the beginning of the current fiscal year and the net sales and profit and loss information in the consolidated statement of income of the acquiring company.

This note has not been audited.

(Segment Information, etc.)

[Segment information]

This information is omitted because the Group operates in a single segment, the digital creative studio business.

[Related information]

Previous fiscal year ended 2020 (January 1, 2020 - December 31, 2020)

1. Information by product/service

(Unit: thousand yen)

	Creative & Engineering	Talent Platform	Total
Sales to external customers	4,328,558	1,039,074	5,367,633

2. Information by region

(1) Net sales

Sales to external customers in Japan are more than 90% of net sales in the consolidated statements of income, and information by region is omitted.

(2) Property, plant, and equipment

(Unit: thousand yen)

Japan	Vietnam	Total
45,462	26,672	72,134

3. Information by major customer

This is omitted as there were no external customers whose net sales account for more than 10% of net sales in the consolidated statements of income.



Current fiscal year ended 2021 (January 1, 2021 - December 31, 2021)

1. Information by product/service

(Unit: thousand yen)

	Creative & Engineering	Talent Platform	Total
Sales to external customers	6,833,288	1,197,561	8,030,849

2. Information by region

(1) Net sales

Sales to external customers in Japan are more than 90% of net sales in the consolidated statements of income, and information by region is omitted.

(2) Property, plant, and equipment

(Unit: thousand yen)

Japan	Vietnam	Total
82,032	19,687	101,720

3. Information by major customer

This is omitted as there were no external customers whose net sales account for more than 10% of net sales in the consolidated statements of income.

[Information on Impairment of Fixed Assets by Reportable Segment]

This information is omitted because the Group operates in a single segment, the digital creative studio business.

[Information on Amortization and Unamortized balance of Goodwill by Reportable Segment]

This information is omitted because the Group operates in a single segment, the digital creative studio business.

[Information on gain on negative goodwill by reportable segment]

There are no applicable items

## (Per Share Information)

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Net assets per share	136.20 yen	174.53 yen
Net income per share	22.93 yen	34.79 yen
Net income per share (diluted)	20.78 yen	32.16 yen

(Note) 1. Since the Company was listed on the Mothers market of the Tokyo Stock Exchange on July 31, 2020, diluted net income per share for the previous fiscal year has been calculated by deeming the average share price from the date of initial listing to the end of the third quarter consolidated accumulated period as the average share price during the period.

2. On March 31, 2020, the Company conducted a 20-for-1 stock split of common stock. Net income per share is calculated on the assumption that the said stock split was conducted at the beginning of the previous fiscal year.

3. Earnings per share and earnings per share (diluted) were calculated based on the following:

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Net income per share		
Net income attributable to shareholders of the parent company (thousand yen)	804,388	1,301,554
Amount not belonging to common shareholders' (thousand yen)	—	—
Net income attributable to shareholders of the parent attributable to common stock (thousand yen)	804,388	1,301,554
Average number of shares of common stock during the fiscal year (share)	35,085,169	37,408,883
Net income per share (diluted)		
Net income adjustments attributable to owners of parent company (thousand yen)	—	—
Increase in shares of common stock (share)	3,633,258	3,063,470
(Share subscription rights (share))	(3,633,258)	(3,063,470)
Residual securities excluded in the calculation of profit after adjustment for residual securities due to the fact that these securities had no dilutive effect	—	—

5. Net assets per share were calculated based on the following:

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Total net assets on consolidated balance sheet (thousand yen)	5,017,825	6,586,008
Amount to be deducted from total net assets (thousand yen)	374	284
Amount attributable to common stock (thousand yen)	5,017,451	6,585,724
Number of common shares used for calculating net assets per share (shares)	36,840,000	37,733,394

## (Significant Subsequent Events)

There are no applicable items.