

Consolidated Financial Results for the Year Ended December 31, 2022 [Japanese GAAP]



February 14, 2023

Company name: ProjectCompany, Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 9246
 URL: <https://projectcompany.co.jp/>
 Representative: Yunosuke Doi, Representative Director and President
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 Scheduled date of ordinary general meeting of shareholders: March 28, 2023
 Scheduled date of commencing dividend payments: —
 Scheduled date of filing securities report: March 29, 2023
 Availability of supplementary explanatory materials on financial results: Available
 Schedule of financial results briefing session: Scheduled (for institutional investors and analysts)

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

1. Financial Results for the Fiscal Year Ended December 31, 2022 (January 1, 2022 - December 31, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
December 31, 2022	4,352	—	958	—	948	—	676	—
December 31, 2021	—	—	—	—	—	—	—	—

(Note) Comprehensive income: Fiscal year ended December 31, 2022: ¥676 million [— %]
 Fiscal year ended December 31, 2021: ¥— million [— %]

	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
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2022	119.17	113.48	27.8	26.8	22.0
December 31, 2021	—	—	—	—	—

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

Fiscal year ended December 31, 2022: ¥— million

Fiscal year ended December 31, 2021: ¥— million

(Note) As the consolidated fiscal year under review is the first year of preparing consolidated financial results, the figures for the fiscal year ended December 31, 2021 and changes from the previous fiscal year are not presented.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2022	4,285	2,805	65.1	489.08
As of December 31, 2021	—	—	—	—

(Reference) Equity: As of December 31, 2022: ¥2,790 million

As of December 31, 2021: ¥— million

(Note) As the consolidated fiscal year under review is the first year of preparing consolidated financial results, the figures for the fiscal year ended December 31, 2021 are not presented.

(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 December 31, 2022	Million yen 782	Million yen (1,218)	Million yen 407	Million yen 2,220
December 31, 2021	—	—	—	—

(Note) As the consolidated fiscal year under review is the first year of preparing consolidated financial results, the figures for the fiscal year ended December 31, 2021 are not presented.

2. Dividends

	Annual dividends					Total dividends (annual)	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 December 31, 2021	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00	Million yen —	% —	% —
December 31, 2022	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending December 31, 2023 (forecast)	—	0.00	—	0.00	0.00		—	

3. Financial Results Forecast for the Fiscal Year Ending December 31, 2023 (January 1, 2023 - December 31, 2023)

(% indicates year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen 7,470	% 71.6	Million yen 1,270	% 32.5	Million yen 1,260	% 32.8	Million yen 840	% 24.1	Yen 145.81

*** Notes:**

- (1) Changes in significant subsidiaries during the period under review: Yes
 (Changes in specified subsidiaries resulting in changes in scope of consolidation):
 Newly included: 3 companies (ProjectPartners Co., Inc., DCXforce, Inc., ProjectTechnologies, Inc.), Excluded:
 None

- (Notes) 1. DCXforce, Inc. was renamed from ProjectDigitalMarketing Co., Inc. in January 2023.
 2. ProjectTechnologies, Inc. was renamed from cuatro technologies, Inc. in January 2023.

- (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):

December 31, 2022:	5,736,950 shares
December 31, 2021:	5,637,150 shares

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

December 31, 2022:	55 shares
December 31, 2021:	32 shares

- 3) Average number of shares during the period:

Fiscal year ended December 31, 2022:	5,679,466 shares
Fiscal year ended December 31, 2021:	5,169,924 shares

- (Note) The Company conducted a 10-for-1 stock split on June 2, 2021. Total number of issued and outstanding shares at the end of the period (including treasury shares), total number of treasury shares at the end of the period and average number of shares during the period were calculated assuming that the stock split was conducted at the beginning of the fiscal year ended December 31, 2020.

(For Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

- (1) Non-consolidated Operating Results (% indicates changes from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
December 31, 2022	3,518	64.4	796	56.0	787	56.7	582	61.9
December 31, 2021	2,139	93.6	510	190.0	502	194.7	359	215.6

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended				
December 31, 2022	102.54		97.65	
December 31, 2021	69.58		64.55	

- (2) Non-consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of December 31, 2022	3,873		2,711		69.6		472.62	
As of December 31, 2021	2,784		2,088		75.0		370.44	

- (Reference) Equity: As of December 31, 2022: ¥2,696 million

As of December 31, 2021: ¥2,088 million

*These financial results are outside the scope of audits 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 currently available to the Group and certain assumptions deemed reasonable, and the Group does not intend to promise the achievement of these forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

As of December 31, 2022	
Assets	
Current assets	
Cash and deposits	2,220,324
Accounts receivable - trade	592,719
Other	95,312
Total current assets	2,908,356
Non-current assets	
Property, plant and equipment	59,381
Intangible assets	
Goodwill	568,469
Other	549
Total intangible assets	569,018
Investments and other assets	
Investment securities	53,297
Leasehold deposits	644,993
Other	43,556
Total investments and other assets	741,847
Total non-current assets	1,370,248
Deferred assets	7,248
Total assets	4,285,852

(Thousand yen)

As of December 31, 2022

Liabilities	
Current liabilities	
Accounts payable - trade	271,493
Accounts payable - other	153,512
Current portion of long-term borrowings	113,551
Current portion of bonds payable	44,000
Income taxes payable	239,297
Other	146,102
Total current liabilities	967,957
Non-current liabilities	
Bonds payable	25,000
Long-term borrowings	485,874
Other	1,216
Total non-current liabilities	512,090
Total liabilities	1,480,048
Net assets	
Shareholders' equity	
Share capital	970,984
Capital surplus	615,460
Retained earnings	1,204,218
Treasury shares	(226)
Total shareholders' equity	2,790,437
Share acquisition rights	15,366
Total net assets	2,805,803
Total liabilities and net assets	4,285,852

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousand yen)

	For the fiscal year ended December 31, 2022
Net sales	4,352,418
Cost of sales	2,510,431
Gross profit	1,841,986
Selling, general and administrative expenses	883,753
Operating profit	958,232
Non-operating income	
Interest income	16
Dividend income	3
Other	3
Total non-operating income	23
Non-operating expenses	
Interest expenses	2,828
Amortization of share issuance costs	3,640
Amortization of bond issuance costs	1,426
Other	1,634
Total non-operating expenses	9,529
Ordinary profit	948,727
Extraordinary income	
Gain on sale of investment securities	1,825
Total extraordinary income	1,825
Extraordinary losses	
Loss on retirement of non-current assets	1,323
Total extraordinary losses	1,323
Profit before income taxes	949,228
Income taxes - current	282,513
Income taxes - deferred	(10,094)
Total income taxes	272,418
Profit	676,809
Profit attributable to owners of parent	676,809

Consolidated Statement of Comprehensive Income

(Thousand yen)

	For the fiscal year ended December 31, 2022
Profit	676,809
Comprehensive income	676,809
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	676,809

(3) Consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	945,522	615,460	527,408	(171)	2,088,220
Changes during period					
Issuance of new shares	25,462	—			25,462
Dividends of surplus			—		—
Profit attributable to owners of parent			676,809		676,809
Purchase of treasury shares				(55)	(55)
Net changes in items other than shareholders' equity					
Total changes during period	25,462	—	676,809	(55)	702,217
Balance at end of period	970,984	615,460	1,204,218	(226)	2,790,437

	Share acquisition rights	Total net assets
Balance at beginning of period	—	2,088,220
Changes during period		
Issuance of new shares		25,462
Dividends of surplus		—
Profit attributable to owners of parent		676,809
Purchase of treasury shares		(55)
Net changes in items other than shareholders' equity	15,366	15,366
Total changes during period	15,366	717,583
Balance at end of period	15,366	2,805,803

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended December 31, 2022
Cash flows from operating activities	
Profit before income taxes	949,228
Depreciation	53,011
Amortization of lease deposits	2,403
Amortization of share issuance costs	3,640
Amortization of bond issuance costs	1,426
Share-based payment expenses	12,188
Interest and dividend income	(20)
Interest expenses on borrowings and bonds	2,987
Loss (gain) on liquidation of investment securities	(1,825)
Loss on retirement of non-current assets	1,323
Decrease (increase) in trade receivables	(196,573)
Increase (decrease) in trade payables	119,928
Increase (decrease) in accounts payable - other	48,228
Increase (decrease) in accrued consumption taxes	49,920
Other, net	(63,085)
Subtotal	982,782
Interest and dividends received	20
Interest paid	(3,499)
Income taxes paid	(196,645)
Net cash provided by (used in) operating activities	782,657
Cash flows from investing activities	
Purchase of securities	(35,000)
Proceeds from sale of securities	2,665
Purchase of property, plant and equipment	(25,733)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(501,650)
Payments for acquisition of businesses	(100,000)
Payments of leasehold and guarantee deposits	(557,499)
Proceeds from refund of leasehold and guarantee deposits	60
Other, net	(1,031)
Net cash provided by (used in) investing activities	(1,218,189)
Cash flows from financing activities	
Proceeds from long-term borrowings	487,000
Repayments of long-term borrowings	(53,726)
Redemption of bonds	(52,400)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	25,462
Proceeds from issuance of share acquisition rights	3,177
Purchase of treasury shares	(55)
Other, net	(1,650)
Net cash provided by (used in) financing activities	407,808
Net increase (decrease) in cash and cash equivalents	(27,723)
Cash and cash equivalents at beginning of period	2,248,047
Cash and cash equivalents at end of period	2,220,324