



**Consolidated Financial Results for the Three Months  
Ended June 30, 2023 [Japanese GAAP]**

Aug 9, 2023

Company name Sun\* Inc.  
 Stock Exchange listing Tokyo  
 Code 4053 URL <http://sun-asterisk.com/>  
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 Scheduled date for filing the quarterly report: Aug 9, 2023  
 Scheduled date for commencement of dividend payment: –  
 Availability of supplementary briefing material on quarterly 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 Six Months Ended June 30, 2023 (January 1, 2023 - June 30, 2023)

(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	%
Three months ended June 30, 2023	6,121	17.8	861	87.6	1,021	123.4	716	111.2
June 30, 2022	5,195	43.0	459	(41.3)	457	(45.5)	339	(52.8)

(Note) Comprehensive income: Six months ended June 30, 2023: 1,226 million yen (33.5%)  
 Six months ended June 30, 2022: 836 million yen (1.9%)

	Net income per share	Net income per share (diluted)
Six months ended June 30, 2023	yen 18.84	yen 17.72
June 30, 2022	yen 8.98	yen 8.39

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of June 30, 2023	13,777	8,860	64.3
As of December 31, 2022	9,675	7,736	80.0

(Reference) Shareholders' Equity As of June 30, 2023 8,860 million yen  
 As of December 31, 2022 7,736 million yen

2. Cash Dividends

	Cash dividends per share for the fiscal year (yen)				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Year ending December 31, 2022	yen —	yen 0.00	yen —	yen 0.00	yen 0.00
Year ending December 31, 2023	—	0.00			
Year ending December 31, 2023 (forecast)			—	0.00	0.00

(Note) Revisions of the latest forecast for cash dividend: None

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

(% 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
FY2023	12,494	16.2	1,700	88.4	1,993	74.2	1,460	77.4	38.42

(Note) Revisions of the latest financial results forecast: Yes

※ Notes

(1) Significant changes in subsidiaries during the current quarter

(Changes in specified subsidiaries due to changes in the scope of consolidation): None

(2) Application of special accounting methods for the preparation of quarterly consolidated financial statements: Yes

(Note) For details, please refer to "2. Consolidated Financial Statements and Primary Notes (4) Notes to Consolidated Financial Statements (Application of Special Accounting Treatment in Preparing Quarterly Consolidated Financial Statements)" on page 9 of the attached materials.

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

① Changes in accounting policies due to revision of accounting standards, etc.: Yes

② Changes in accounting policies other than ①: None

③ Change of accounting estimates: None

④ Restatement: None

(4) Number of shares outstanding (common shares)

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

Second Quarter of the Fiscal Year ended December 2023	38,053,200 shares	As of December 31, 2022	37,956,400 shares
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② Number of treasury shares at the end of the period

Second Quarter of the Fiscal Year ended December 2023	132 shares	As of December 31, 2022	106shares
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③ Average number of shares during the period (Cumulative total for the quarter)

Second Quarter of the Fiscal Year ended December 2023	38,015,104 shares	Second Quarter of the Fiscal Year ended December 2022	37,739,064 shares
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※ The report is not subject to quarterly review by 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 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 "1. Qualitative Information on Consolidated Financial Results, (4) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements" 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.

(Change in the unit of presentation for monetary amounts)

Previously, the amounts of accounts and other items presented in the Company's quarterly consolidated financial statements were presented in thousands of yen, but effective from the first quarter of the current consolidated fiscal year and the first quarter of the current consolidated cumulative period, the Company has changed to present such amounts in millions of yen. In order to facilitate comparisons, the amounts for the previous consolidated fiscal year and the second quarter of the previous consolidated cumulative period are also presented in millions of yen.

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## 1. Qualitative Information on the Consolidated Financial Results for the Three Months Ended March 31, 2023

### (1) Explanation of Consolidated Financial Results

During the second quarter of the current fiscal year, the Japanese economy showed signs of a gradual pickup in economic and social activities due to the easing of restrictions on activities and overseas travel amidst continued warnings about the spread of the new coronavirus infection. However, the future outlook remains uncertain due to the protracted situation in Ukraine, soaring resource prices and global inflation.

In the digital and creative studio-related market, where our group provides services, remote work and digitalization of various services are widely spreading as new lifestyles take root in response to the new type of coronavirus. In addition, digital transformation is expected to advance in various services outside of the business scene as well.

In such a business environment, the Group has developed two service lines within the single segment of "Digital Creative Studio Business" to provide the services necessary to meet the challenges of our clients: "Creative & Engineering" to create digital products together with our clients, and "Talent Platform" 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 116, ARPU was 5,088 thousand yen, and net sales were 5,277 million yen (up 17.0% year-on-year) in the second quarter of the current fiscal year due to continued and stable firm orders from existing customers and continued growth in numbers of new customers. In the "Talent Platform" service, sales were 844 million yen (up 23.4% year-on-year).

As a result, in the second quarter of the current consolidated fiscal year, net sales were 6,121 million yen (up 17.8% year-on-year), gross profit was 3,172 million yen (up 30.9% year-on-year), operating income was 861 million yen (up 87.6% year-on-year), ordinary income was 1,021 million yen (up 123.4% year-on-year), and net income attributable to owners of the parent was 716 million yen (up 111.2% year on year).

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

### (2) Explanation of Consolidated Financial Position

#### (Assets)

Total assets at the end of the second quarter of the current fiscal year were 13,577 million yen, an increase of 4,102 million yen compared to the end of the previous fiscal year. This was mainly due to a 3,870 million yen increase in cash and deposits resulting from borrowing of funds and a 205 million yen increase in accounts receivable due to an increase in sales in the "Creative & Engineering" segment.

#### (Liabilities)

Total liabilities at the end of the first quarter of the current fiscal year were 4,917 million yen, an increase of 2,978 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in short-term loans payable of 2,138 million yen.

#### (Net Assets)

Net assets at the end of the second quarter of the current fiscal year were 8,960 million yen, an increase of 1,123 million yen compared to the end of the previous fiscal year. This was mainly due to a 716 million yen increase in retained earnings resulting from net income attributable to parent company shareholders and a 393 million yen increase in foreign currency translation adjustments.

### (3) Overview of Consolidated Cash Flow

Cash and cash equivalents ("cash") at the end of the second quarter of the current fiscal year increased 1,779 million yen from the end of the previous fiscal year to 5,066 million yen. The status of each cash flow and their factors during the first half of the current fiscal year are as follows.

#### (Cash flows from operating activities)

Net cash provided by operating activities amounted to 1,151 million yen (243 million yen in the same period of the previous year). This was due to factors such as income before income taxes and minority interests of 947 million yen, provision for bonuses of 137 million yen, and loss on valuation of investment in affiliates of 57 million yen, while factors such as an increase in notes and accounts receivable-trade and contract assets of 205 million yen was factors in the decrease.

#### (Cash flows from investing activities)

Net cash used in investing activities totaled 1,622 million yen (2,488 million yen in the same period of the previous year). This was mainly due to such cash-decreasing factors as payments into time deposits of 4,690 million yen

and purchase of property, plant and equipment of 49 million yen, while there were such cash-increasing factors as proceeds from withdrawal of time deposits of 3,052 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 2,115 million yen (1,140 million yen in the same period of the previous year). This was mainly due to such cash-decreasing factors as repayment of short-term loans payable of 2,361 million yen.

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

Based on the trends in our business performance during the second quarter of the current fiscal year, we have revised our consolidated business forecast for the fiscal year ending December 31, 2023. For details, please refer to the "Notice Concerning Revision of Earnings Forecasts" released today.

## 2. Consolidated Financial Statements and Primary Notes

## (1) Consolidated Balance Sheet

(Unit: million yen)

	As of December 31, 2022	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and cash equivalent	6,264	10,134
Notes and accounts receivable - trade and contract assets	1,165	1,371
Work in process	67	30
Other	446	689
Allowance for doubtful accounts	△23	△110
Total current assets	7,919	12,116
Noncurrent assets		
Property, plant, and equipment		
Buildings and structures	351	388
Accumulated depreciation	△167	△205
Buildings and structures (Net)	183	183
Machinery and equipment	282	314
Accumulated depreciation	△199	△220
Machinery and equipment (Net)	83	93
Total property, plant and equipment	267	277
Intangible assets		
Goodwill	526	491
Other	51	45
Total intangible assets	578	537
Investments and other assets		
Investment securities	513	477
Deferred tax assets	61	58
Other	396	425
Allowance for doubtful accounts	△60	△113
Total investments and other assets	910	847
Total noncurrent assets	1,755	1,661
Total assets	9,675	13,777

(Unit: million yen)

	As of December 31, 2022	As of June 30, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	273	258
Short-term loans payable	180	2,318
Current portion of long-term loans payable	56	51
Accounts payable - other	73	63
Accrued expenses	331	317
Income taxes payable	96	262
Contract liabilities	194	215
Provisions for bonuses	89	237
Other	310	786
<b>Total current liabilities</b>	<b>1,605</b>	<b>4,510</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	43	18
Asset retirement obligations	90	94
Deferred tax liabilities	82	90
Other	115	203
<b>Total noncurrent liabilities</b>	<b>332</b>	<b>406</b>
<b>Total liabilities</b>	<b>1,938</b>	<b>4,917</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,713	1,717
Capital surplus	1,698	1,702
Retained earnings	3,876	4,592
Treasury stock	△0	△0
<b>Total shareholders' equity</b>	<b>7,287</b>	<b>8,011</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	14	21
Foreign currency translation adjustment	435	828
<b>Total accumulated other comprehensive income</b>	<b>449</b>	<b>849</b>
<b>Stock subscription rights</b>	<b>0</b>	<b>0</b>
<b>Total net assets</b>	<b>7,736</b>	<b>8,860</b>
<b>Total liabilities and net assets</b>	<b>9,675</b>	<b>13,777</b>

(2) Consolidated Statements of Income and Comprehensive Income  
(Consolidated statements of income for the Six months ended June 30, 2023)

(Unit: thousand yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Net sales	5,195	6,121
Cost of sales	2,771	2,948
Gross profit	2,424	3,172
Selling, general and administrative expenses	1,964	2,311
Operating income	459	861
Non-operating income		
Interest income	71	218
Subsidy income	4	1
Other	0	7
Total non-operating income	75	226
Non-operating expense		
Interest expenses	3	5
foreign exchange loss	72	57
Other	2	4
Total non-operating expense	78	66
Ordinary income	457	1,021
Extraordinary gains		
Gain on sales of fixed assets	0	56
Other	—	1
Total extraordinary gains	0	58
Extraordinary losses		
Head office relocation cost	16	—
Loss on valuation of investment securities	46	38
Loss on valuation of investments in affiliates	—	57
Loss on valuation of investments in capital	—	8
Other	0	27
Total extraordinary losses	63	132
Income before income taxes	393	947
Income taxes	54	231
Quarterly net income	339	716
Quarterly net income attributable to shareholders of parent company	339	716



(Consolidated Quarterly Statements of Comprehensive Income)  
(Six months ended June 30, 2023)

(Unit: thousand yen)

	Six months ended June 30, 2022 (Jan. 1 - Jun.30)	Six months ended June 30, 2023 (Jan. 1 - Jun.30)
Net income	339	716
Other comprehensive income		
Valuation difference on available-for-sale securities	20	6
Foreign currency translation adjustments	476	393
Total other comprehensive income	497	400
Comprehensive income	836	1,116
(Details)		
Attributable to owners of the Company	836	1,116
Attributable to non-controlling interests	—	—

## (3) Consolidated Quarterly Statements of Cash Flows

(Unit: thousand yen)

	Six months ended June 30, 2022 (Jan. 1 - Jun.30)	Six months ended June 30, 2023 (Jan. 1 - Jun.30)
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	393	947
Gain on sales of fixed assets	△0	△56
Loss on valuation of investments in capital	—	8
Loss on valuation of investments in affiliates transfer cost	—	57
Depreciation and amortization	10	—
Other extraordinary loss (gain)	25	56
Amortization of goodwill	—	△1
Loss (gain) on valuation of investment securities	35	35
Increase (decrease) in allowance for doubtful accounts	46	38
Increase (decrease) in accrued bonuses	12	139
interest income	166	137
interest expense	△71	△218
Foreign exchange losse (gain)	3	5
Decrease (increase) in trade receivables and contract assets	△8	△0
Decrease (increase) in inventories	△71	△205
Increase (decrease) in notes and accounts payable- trade	40	37
Decrease (increase) in other assets	41	△15
Increase (decrease) in accrued consumption taxes	△71	△298
Increase (decrease) in contract liabilities	△97	92
Increase (decrease) in accrued liabilities	△357	△233
Increase (decrease) in accrued expenses	33	△13
Increase (decrease) in other liabilities	△4	△14
Other	252	507
subtotal	—	7
Interest income received	379	1,014
Interest payments	71	218
Income taxes paid	△3	△4
Cash flows from operating activities	△205	△76
Cash flows from investing activities	243	1,151
Payments into time deposits	△3,937	△4,690
Proceeds from withdrawal of time deposits	1,861	3,052
Purchases of property, plant and equipment	△116	△49
Proceeds from sales of intangible assets	—	55
Payments for purchase of investment securities	△118	△1
Other	△178	11
Cash flows from investing activities	△2,488	△1,622
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	1,272	2,138
Repayment of long-term debt	△132	△30
Proceeds from issuance of shares upon exercise of stock acquisition rights	0	7
Other	—	0
Cash flows from financing activities	1,140	2,115
Effect of exchange rate changes on cash	121	134
Net increase (decrease) in cash	△983	1,779
Cash at beginning of year	3,734	3,287
Cash at end of period	2,750	5,066

(4) Notes on the Consolidated Financial Statements

(Notes on Going-Concern Assumptions)

There are no applicable items.

(Notes in the event of significant changes in the amount of shareholders' equity)

Not applicable.

(Changes in Accounting Policies)

(Application of the Guidance on Accounting Standard for Measurement of Fair Value)

The "Guidance on Accounting Standard for Measurement of Fair Value" (ASBJ Guidance No. 31, enacted on June 17, 2021. hereinafter referred to as the "Guidance on Fair Value Calculation Standards") was applied from the beginning of the first quarter of the current fiscal year, and the new accounting policy prescribed by the Guidance on Accounting Standard for Measurement of Fair Value will be applied prospectively in accordance with the transitional treatment prescribed in Paragraph 27-2 of the Guidance on Accounting Standard for Measurement of Fair Value. This change has no impact on the quarterly financial statements.

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

(Calculation of tax expense)

Tax expenses are calculated by rationally estimating the effective tax rate after applying tax effect accounting to income before income taxes and minority interests for the consolidated fiscal year, including the first quarter under review, and multiplying income before income taxes and minority interests for the quarter by said estimated effective tax rate.

However, in cases where the calculation of tax expenses using such estimated effective tax rate would significantly lack rationality, the statutory effective tax rate is used.

(Additional Information)

On May 30, 2023, the National Tax Agency published "Taxation on Stock Options (Q&A)," stating that "trust-type stock options" are deemed to be substantive salary at the time an executive or employee exercises the rights granted by the company and acquires the shares, and that the company is required to retroactively withhold tax even on those executives and employees who have exercised the rights. The company is required to withhold tax retroactively even for those who have already exercised the stock options. The first series of stock acquisition rights issued by the Company fall under the category of trust-type stock options, and in the second quarter of the current fiscal year, the amount of 228 million yen, which is equivalent to the amount of withholding tax required, was recorded in current liabilities on the consolidated balance sheets, and the corresponding receivable was recorded in current assets.

(Segment Information, etc.)

(Segment Information)

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

(Significant Subsequent Events)

Not applicable.