



**Consolidated Financial Results for the Nine Months  
Ended September 30, 2023 [Japanese GAAP]**

Nov 8, 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: Nov 8, 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 Nine Months Ended September 30, 2023 (January 1, 2023 - September 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	%
Nine months ended September 30, 2023	9,284	16.2	1,336	105.6	1,727	112.8	1,204	93.5
September 30, 2022	7,990	43.0	649	△42.5	812	△32.7	622	△39.9

(Note) Comprehensive income: Nine months ended September 30, 2023: 1,553 million yen (26.4%)  
 Nine months ended September 30, 2022: 1,228 million yen (4.0%)

	Net income per share	Net income per share (diluted)
Nine months ended September 30, 2023	yen 31.66	yen 29.79
September 30, 2022	yen 16.48	yen 15.40

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of September 30, 2023	million yen 12,734	million yen 9,297	73.0%
As of December 31, 2022	9,675	7,736	80.0

(Reference) Shareholders' Equity As of September 30, 2023 9,297 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 0.00	yen 0.00	yen 0.00	yen 0.00	yen 0.00
Year ending December 31, 2023	0.00	0.00	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: None

※ 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 (3) Notes to Consolidated Financial Statements (Application of Special Accounting Treatment in Preparing Quarterly Consolidated Financial Statements)" on page 7 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)

Third Quarter of the Fiscal Year ended December 2023	38,055,900 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

Third 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)

Third Quarter of the Fiscal Year ended December 2023	38,028,502 shares	Third Quarter of the Fiscal Year ended December 2022	37,742,509 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, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements" on page 2 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 third 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 first nine months of the current fiscal year, the Japanese economy experienced a gradual recovery in economic activities due to further easing of regulations against new coronavirus infections. On the other hand, the economic outlook in Japan and abroad remains uncertain, as raw material prices continued to soar due to prolonged geopolitical risks surrounding the situation in Russia and Ukraine and the impact of the yen's strengthening trend toward depreciation in foreign exchange markets. 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 114, ARPU was 5,208 thousand yen, and net sales were 8,061 million yen (up 16.6% year-on-year) in the third 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 1,222 million yen (up 12.9% year-on-year).

As a result, in the third quarter of the current consolidated fiscal year, net sales were 9,284 million yen (up 16.2% year-on-year), gross profit was 4,838 million yen (up 29.7% year-on-year), operating income was 1,336 million yen (up 105.6% year-on-year), ordinary income was 1,727 million yen (up 112.8% year-on-year), and net income attributable to owners of the parent was 1,204 million yen (up 93.5% 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 third quarter of the current fiscal year were 12,734 million yen, an increase of 3,059 million yen compared to the end of the previous fiscal year. This was mainly due to a 2,811 million yen increase in cash and deposits and a 287 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 third quarter of the current fiscal year were 3,436 million yen, an increase of 1,498 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in short-term loans payable of 979 million yen.

#### (Net Assets)

Net assets at the end of the third quarter of the current fiscal year were 9,297 million yen, an increase of 1,561 million yen compared to the end of the previous fiscal year. This was mainly due to a 1,204 million yen increase in retained earnings resulting from net income attributable to parent company shareholders and a 339 million yen increase in foreign currency translation adjustments.

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

There is no change to the consolidated earnings forecast announced in the "Summary of Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2023" on August 9, 2023.

## 2. Consolidated Financial Statements and Primary Notes

## (1) Consolidated Balance Sheet

(Unit: million yen)

	As of December 31, 2022	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and cash equivalent	6,264	9,075
Notes and accounts receivable - trade and contract assets	1,165	1,452
Work in process	67	38
Other	446	610
Allowance for doubtful accounts	△23	△111
Total current assets	7,919	11,065
Noncurrent assets		
Property, plant, and equipment		
Buildings and structures	351	388
Accumulated depreciation	△167	△203
Buildings and structures (Net)	183	185
Machinery and equipment	282	315
Accumulated depreciation	△199	△231
Machinery and equipment (Net)	83	84
Total property, plant and equipment	267	270
Intangible assets		
Goodwill	526	473
Other	51	44
Total intangible assets	578	518
Investments and other assets		
Investment securities	513	498
Deferred tax assets	61	57
Other	396	499
Allowance for doubtful accounts	△60	△174
Total investments and other assets	910	880
Total noncurrent assets	1,755	1,668
Total assets	9,675	12,734

(Unit: million yen)

	As of December 31, 2022	As of September 30, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	273	245
Short-term loans payable	180	1,159
Current portion of long-term loans payable	56	46
Accounts payable - other	73	79
Accrued expenses	331	355
Income taxes payable	96	240
Contract liabilities	194	207
Provisions for bonuses	89	298
Other	310	385
<b>Total current liabilities</b>	<b>1,605</b>	<b>3,018</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	43	11
Asset retirement obligations	90	95
Deferred tax liabilities	82	89
Other	115	221
<b>Total noncurrent liabilities</b>	<b>332</b>	<b>418</b>
<b>Total liabilities</b>	<b>1,938</b>	<b>3,436</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	5,080
Treasury stock	△0	△0
<b>Total shareholders' equity</b>	<b>7,287</b>	<b>8,499</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	14	24
Foreign currency translation adjustment	435	774
<b>Total accumulated other comprehensive income</b>	<b>449</b>	<b>798</b>
Stock subscription rights	0	0
<b>Total net assets</b>	<b>7,736</b>	<b>9,297</b>
<b>Total liabilities and net assets</b>	<b>9,675</b>	<b>12,734</b>

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

(Unit: thousand yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Net sales	7,990	9,284
Cost of sales	4,258	4,445
Gross profit	3,731	4,838
Selling, general and administrative expenses	3,082	3,502
Operating income	649	1,336
Non-operating income		
Interest income	130	319
Foreign exchange gains	29	151
Subsidy income	4	1
Gain on sales of investment securities	3	—
Other	0	7
Total non-operating income	167	480
Non-operating expense		
Interest expenses	4	6
foreign exchange loss	—	72
Other	0	9
Total non-operating expense	5	88
Ordinary income	812	1,727
Extraordinary gains		
Gain on sales of fixed assets	0	55
Other	—	1
Total extraordinary gains	0	57
Extraordinary losses		
Head office relocation cost	16	—
Loss on valuation of investment securities	51	38
Loss on valuation of investments in affiliates	—	95
Loss on disposal of fixed assets	0	0
Other	—	99
Total extraordinary losses	68	234
Income before income taxes	743	1,551
Income taxes	121	347
Quarterly net income	622	1,204
Quarterly net income attributable to shareholders of parent company	622	1,204

(Consolidated Quarterly Statements of Comprehensive Income)  
(Nine months ended September 30, 2023)

(Unit: thousand yen)

	Nine months ended September 30, 2022 (Jan. 1 - Sep.30)	Nine months ended September 30, 2023 (Jan. 1 - Sep.30)
Net income	622	1, 204
Other comprehensive income		
Valuation difference on available-for-sale securities	19	9
Foreign currency translation adjustments	587	339
Total other comprehensive income	606	349
Comprehensive income	1, 228	1, 553
(Details)		
Attributable to owners of the Company	1, 228	1, 553
Attributable to non-controlling interests	—	—



(3) 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 September 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 third 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.

(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.