



**Consolidated Financial Results for the Six Months  
Ended June 30, 2024 [Japanese GAAP]**

August 14, 2024

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 Stock Exchange listing Tokyo  
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 Scheduled date for filing the quarterly report: August 14, 2024  
 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 Three Months Ended June 30, 2024 (January 1, 2024 – June 30, 2024)

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

Six months ended	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company	
	million yen	%	million yen	%	million yen	%	million yen	%
June 30, 2024	6,517	6.5	727	(15.6)	697	(31.7)	468	(34.6)
June 30, 2023	6,121	17.8	861	87.6	1,021	123.4	716	111.2

(Note) Comprehensive income:  
 Six months ended June 30, 2024: 801 million yen (28,2%)  
 Six months ended June 30, 2023: 1,116 million yen 33,5%

Six months ended	Net income per share	Net income per share (diluted)
	yen	yen
June 30, 2024	12.30	11.60
June 30, 2023	18.84	17.72

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of June 30, 2024	14,862	10,300	69.3
As of December 31, 2023	11,859	9,499	80.1

(Reference) Shareholders' Equity	As of June 30, 2024	10,300	million yen
	As of December 31, 2023	9,498	million yen

2. Cash Dividends

	Cash dividends per share for the fiscal year (yen)				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	yen	yen	yen	yen	yen
Year ending December 31, 2023	–	0.00	–	0.00	0.00
Year ending December 31, 2024	–				
Year ending December 31, 2024 (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, 2024 (January 1, 2024 - December 31, 2024)  
(% 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
FY2024	15,061	20.3	2,162	21.8	2,299	0.8	1,780	13.4	46.80

(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 (4) Notes to Consolidated Financial Statements (Application of Special Accounting Treatment in Preparing Quarterly Consolidated Financial Statements)" on page 10 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.: None

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 2024	38,080,200	shares	As of December 31, 2023	38,075,500	shares
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② Number of treasury shares at the end of the period

Second Quarter of the Fiscal Year ended December 2024	132	shares	As of December 31, 2023	132	shares
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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 2024	38,077,239	shares	Second Quarter of the Fiscal Year ended December 2023	38,015,104	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 4 of the attached materials for the conditions that form the assumptions for earnings forecasts and cautions concerning the use of earnings forecast.

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## 1. Qualitative Information on the Consolidated Financial Results for This Interim

### (1) Explanation of Consolidated Financial Results

During the current interim consolidated accounting period, the Japanese economy has been recovering moderately under the improving employment and income environment and with the effects of various policies. On the other hand, the economic outlook in Japan and abroad remains uncertain due to the effects of global monetary tightening and sharp exchange rate fluctuations.

In this business environment, in order to provide services necessary to meet the challenges of our clients, the Group, within the single segment of "Digital Creative Studio Business," is engaged in "Creative & Engineering" to create digital products with our clients, and "Creative & Engineering" to create digital products with our clients, and "Creative & Engineering" to In the "Digital Creative Studio Business" segment, we offer two service lines: "Creative & Engineering," which creates digital products together with clients, and "Talent Platform," which identifies and develops human resources necessary for the creation of digital products, and produces them for clients.

In the "Creative & Engineering" service, the number of stock-type clients during the current interim consolidated accounting period was 127 companies, with average monthly client sales of 5,139 thousand yen and net sales of 5,668 million yen (up 7.4% year-on-year), thanks to continuous and stable firm orders from existing clients and an ongoing increase in new clients. Sales increased 7.4% year-on-year to 5,668 million yen. In the "Talent Platform" segment, sales amounted to 849 million yen (up 0.6% year-on-year).

As a result, for the current interim consolidated accounting period, net sales were 6,517 million yen (up 6.5% year-on-year), gross profit was 3,432 million yen (up 8.2% year-on-year), operating income was 727 million yen (down 15.6% year-on-year), ordinary income was 697 million yen (down 31.7% year-on-year), and net income attributable to parent company shareholders was 468 million yen (down 34.6% year-on-year). Net income attributable to owners of the parent amounted to 468 million yen (down 34.6% 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 current interim consolidated accounting period amounted to 14,862 million yen, up 3,002 million yen from the end of the previous consolidated fiscal year. This was mainly due to a 3,122 million yen increase in cash and deposits resulting from the borrowing of funds and a 36 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 current interim consolidated accounting period amounted to 4,561 million yen, up 2,201 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase in short-term loans payable of 2,400 million yen.

#### (Net Assets)

Net assets at the end of the current interim consolidated accounting period totaled 10,300 million yen, an increase of 801 million yen from the end of the previous consolidated fiscal year. This was mainly due to a 468 million yen increase in retained earnings resulting from the posting of interim net income attributable to parent company shareholders and a 320 million yen increase in foreign currency translation adjustments.

### (3) Overview of Consolidated Cash Flow

Cash and cash equivalents ("cash") at the end of the interim period under review increased 3,256 million yen from the end of the previous fiscal year to 7,889 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 507 million yen (1,151 million yen in the same period of the previous year). This was mainly due to income before income taxes and minority interests of 672 million yen and interest and dividend income of 235 million yen, while there was a negative factor such as income taxes paid of 343 million yen.

#### (Cash flows from investing activities)

Net cash provided by investing activities amounted to 313 million yen (net cash used in investing activities amounted to 1,622 million yen in the same period of the previous year). This was mainly due to such positive factors as a net decrease in time deposits of 347 million yen and proceeds from withdrawal of long-term deposits of 149 million yen, while there was a negative factor of 97 million yen for the purchase of investment securities.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 2,374 million yen (2,115 million yen in the same period of the previous year). This was mainly due to such positive factors as proceeds of 2,400 million yen from the execution of short-term loans payable.

(4) 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 Year Ended December 31, 2023" on February 9, 2024.

## (1) Consolidated Balance Sheet

(Unit: million yen)

	As of December 31, 2023	As of June 30, 2024
<b>Assets</b>		
Current assets		
Cash and cash equivalent	7,946	11,069
Notes and accounts receivable - trade and contract assets	1,422	1,458
Work in process	68	52
Other	656	566
Allowance for doubtful accounts	(45)	(35)
Total current assets	10,047	13,110
Noncurrent assets		
Property, plant, and equipment		
Buildings and structures	381	394
Accumulated depreciation	(211)	(249)
Buildings and structures (Net)	170	145
Machinery and equipment	318	374
Accumulated depreciation	(236)	(270)
Machinery and equipment (Net)	81	103
Total property, plant and equipment	252	248
Intangible assets		
Goodwill	456	431
Other	51	74
Total intangible assets	507	505
Investments and other assets		
Investment securities	489	583
Deferred tax assets	102	96
Other	634	498
Allowance for doubtful accounts	(174)	(181)
Total investments and other assets	1,051	996
Total noncurrent assets	1,811	1,751
Total assets	11,859	14,862

(Unit: million yen)

	As of December 31, 2023	As of June 30, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	242	234
Short-term loans payable	–	2,400
Current portion of long-term loans payable	33	13
Accounts payable - other	66	94
Accrued expenses	408	466
Income taxes payable	328	184
Contract liabilities	295	249
Provisions for bonuses	195	314
Other	463	229
Total current liabilities	2,035	4,186
Noncurrent liabilities		
Long-term loans payable	11	6
Asset retirement obligations	95	96
Deferred tax liabilities	85	93
Other	132	179
Total noncurrent liabilities	324	375
Total liabilities	2,359	4,561
Net assets		
Shareholders' equity		
Capital stock	1,717	1,718
Capital surplus	1,702	1,703
Retained earnings	5,445	5,913
Treasury stock	(0)	(0)
Total shareholders' equity	8,865	9,334
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19	31
Foreign currency translation adjustment	614	934
Total accumulated other comprehensive income	633	966
Stock subscription rights	0	0
Total net assets	9,499	10,300
<b>Total liabilities and net assets</b>	<b>11,859</b>	<b>14,862</b>

(2) Consolidated Statements of Income and Comprehensive Income  
(Consolidated statements of income for the Six months ended June 30, 2024)

(Unit: million yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Net sales	6,121	6,517
Cost of sales	2,948	3,085
Gross profit	3,172	3,432
Selling, general and administrative expenses	2,311	2,704
Operating income	861	727
Non-operating income		
Interest income	218	98
Other	8	3
Total non-operating income	226	101
Non-operating expense		
Interest expenses	5	2
foreign exchange loss	57	111
Other	4	17
Total non-operating expense	66	131
Ordinary income	1,021	697
Extraordinary gains		
Gain of sales of fixed assets	56	0
Other	1	–
Total extraordinary gains	58	0
Extraordinary losses		
Loss on valuation of investment securities	38	25
Loss on valuation of investments in affiliates	57	–
Other	36	–
Total extraordinary losses	58	25
Income before income taxes	947	672
Income taxes	231	204
Interim net income	716	468
Interim net income attributable to shareholders of parent company	716	468



(Consolidated statements of income for the Six months ended June 30, 2024)

(Unit: million yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Net income	716	468
Other comprehensive income		
Valuation difference on available-for-sale securities	6	12
Foreign currency translation adjustments	393	320
Total other comprehensive income	400	333
Comprehensive income	1,116	801
(Details)		
Attributable to owners of the Company	1,116	801
Attributable to non-controlling interests	—	—

## (3) Consolidated Interim Statements of Cash Flows

(Unit: million yen)

	Six months ended June 30, 2023 (Jan. 1 - Jun.30)	Six months ended June 30, 2024 (Jan. 1 - Jun.30)
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	947	672
Depreciation and amortization	56	62
Amortization of goodwill	35	35
Increase (decrease) in allowance for doubtful accounts	139	(3)
Increase (decrease) in accrued bonuses	137	113
Interest income	(218)	(98)
Interest expenses	5	2
Gain on sales of fixed assets	(56)	0
Loss on valuation of investments in affiliates	38	25
Loss on on sales of investment securities	57	-
Decrease (increase) in trade receivables and contract assets	(205)	(11)
Decrease (increase) in inventories	37	18
Increase (decrease) in notes and accounts payable-trade	(15)	(9)
Increase (decrease) in accrued expenses	(14)	57
Increase (decrease) in contract liabilities	(233)	(82)
Increase (decrease) in accrued consumption taxes	92	(210)
Other	209	46
<b>Subtotal</b>	<b>1,014</b>	<b>618</b>
Interest income received	218	235
Interest payments	(4)	(2)
Income taxes paid	(76)	(343)
<b>Cash flows from operating activities</b>	<b>1,151</b>	<b>507</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(1,637)	347
Proceeds from withdrawal of time deposits	-	149
Purchases of property, plant and equipment	(49)	(48)
Payments for purchase of investment securities	(1)	(97)
Other	66	(36)
<b>Cash flows from investing activities</b>	<b>(1,622)</b>	<b>313</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	2,138	2,400
Other	(22)	(25)
<b>Cash flows from financing activities</b>	<b>2,115</b>	<b>2,374</b>
Effect of exchange rate changes on cash	134	60
Net increase (decrease) in cash	1,779	3,256
Cash at beginning of year	3,287	4,633
Net increase (decrease) in cash	5,066	7,889

(4) Notes on the Consolidated Financial Statements

(Notes on Going-Concern Assumptions)

Not applicable.

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

Not applicable.

(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 interim under review, and multiplying income before income taxes and minority interests for the interim 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.