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May 13, 2022

Summary of Consolidated Financial Results for the Year Ended March 31, 2022 [Japan GAAP]

Name of Company:	Startia Holdings, Inc.
Stock Code:	3393
Stock Exchange Listing:	Tokyo Stock Exchange
URL:	https://www.startiaholdings.com/
Representative	
Title:	Representative Director and President & Group CEO
Name:	Hideyuki Hongo
Contact Person	
Title:	Director, Group Operating Officer
Name:	Takao Uematsu
Tel:	+81-(0)3-5339-2109
Date of regular general meeting of shareholders:	June 23, 2022 (tentative)
Date of commencement of dividend payment:	June 24, 2022 (tentative)
Date of filing of securities report:	June 23, 2022 (tentative)
Supplementary documents for financial results:	Yes
Financial results briefing:	Yes (for securities analysts, institutional investors and media representatives)

(Yen in millions, rounded down)

1. Consolidated financial results for the fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(1) Result of operations (Consolidated) (Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit (loss) attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2022	16,011	20.2	344	-	553	687.7	958	-
Fiscal year ended March 2021	13,324	4.3	21	(97.0)	70	(90.9)	(130)	-

Note: Comprehensive income
Fiscal year ended March 31, 2022: 1,042 million yen (yoy - %)
Fiscal year ended March 31, 2021: (66) million yen (yoy - %)

	Earnings per share	Diluted EPS	Return on equity	Return on asset (ROA)	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 2022	100.02	-	21.8	5.5	2.2
Fiscal year ended March 2021	(13.25)	-	(2.8)	0.8	0.2

Reference: Share of profit (loss) of entities accounted for using equity method
Fiscal year ended March 31, 2022: 68 million yen
Fiscal year ended March 31, 2021: 1 million yen

(Note) Diluted profit per share is not shown because there are no latent shares with a dilutive effect

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	11,378	4,233	37.1	484.26
As of March 31, 2021	8,790	4,577	52.1	463.06

Reference: Shareholders' equity
As of March 31, 2022: 4,226 million yen
As of March 31, 2021: 4,577 million yen

(3) Consolidated cash flow

	Cash flows from operating activity	Cash flows from investing activity	Cash flows from financing activity	Increase/decrease in cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 2022	(118)	(359)	276	3,055
Fiscal year ended March 2021	(189)	(703)	722	3,245

2. Dividends

	Annual dividends					Aggregate amount (annual)	Payout ratio (Consolidated)	Dividends/ net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 2021	-	3.00	-	7.00	10.00	98	-	2.1
Fiscal year ended March 2022	-	4.00	-	10.00	14.00	131	14.0	3.0
Fiscal year ending March 2023 (forecast)	-	5.00	-	7.00	12.00		-	

Note: Breakdown of the year-end dividend for the fiscal year ended March 2022

Ordinary dividend: 7.00 yen Commemorative dividend: 3.00 yen

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	8,600	23.0	270	111.7	270	(0.6)	162	(58.9)	18.56
Full year	18,000	12.4	700	103.0	700	26.4	420	(56.2)	48.12

Notes:

(1) Changes in significant subsidiaries during the period (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): Yes

Newly included: One (Company name) Startia Lead, Inc. Excluded:

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

(a) Changes in accounting policies accompanying revisions in accounting standards and other regulations: Yes

(b) Changes other than in (a): None

(c) Changes in accounting estimates: None

(d) Restatements: None

(3) Number of outstanding shares (common shares)

(a) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022: 10,240,400 shares As of March 31, 2021: 10,240,400 shares

(b) Number of treasury shares at the end of the period

As of March 31, 2022: 1,511,719 shares As of March 31, 2021: 355,582 shares

(c) Average number of shares during the period

Fiscal year ended March 31, 2022: 9,582,718 shares Fiscal year ended March 31, 2021: 9,858,719 shares

(Note) The number of treasury shares at the end of the period includes the Company’s shares held by the trust account regarding the stock benefit trust (BBT・J-ESOP) (326,600 shares for the fiscal year ended March 2022 and 355,500 shares for the fiscal year ended March 2021). In addition, the number of the Company’s shares held by the trust account regarding the stock benefit trust (BBT・J-ESOP) was included in the number of treasury shares, which was to be deducted from the calculation of the average number of shares during the period (336,162 shares for the fiscal year ended March 2022 and 381,618 shares for the fiscal year ended March 2021).

(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(1) Result of operations (Non-consolidated) (Percentage figures represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit (loss)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2022	838	(24.4)	(109)	-	(55)	-	232	-
Fiscal year ended March 2021	1,109	10.2	132	-	130	-	(10)	-

	Earnings per share	Diluted EPS
	Yen	Yen
Fiscal year ended March 2022	24.24	-
Fiscal year ended March 2021	(1.07)	-

(Note) Diluted profit per share is not shown because there are no latent shares with a dilutive effect

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	7,798	2,556	32.7	292.19
As of March 31, 2021	7,000	3,629	51.8	367.14

Reference: Shareholders' equity
As of March 31, 2022: 2,550 million yen
As of March 31, 2021: 3,629 million yen

* This financial report is not subject to the audit conducted by certified public accountants or auditing firms.

* Explanation of the proper use of these earnings forecasts and other matters

(Note on forward-looking statements)

The forward-looking statements such as earnings forecasts shown in this report are based on information currently available and certain assumptions that the Company regards as reasonable. The Company cautions that these statements do not guarantee future achievements. Actual results of operations may differ significantly from forward-looking statements for a number of reasons. Please refer to "1. Overview of results of operations (4) Outlook for the fiscal year ending March 2023" on page 10 for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

1. Overview of results of operations

(1) Overview of results of operations in the fiscal year under review

During the consolidated fiscal year under review, the outlook for economic activities in Japan became uncertain due to the combination of the re-expansion of new coronavirus infections, the tapering of monetary easing in the United States and other developed countries, soaring crude oil prices, the shortages of supply of semiconductors and other products, and the further tensions in the situation in Ukraine.

In this business environment, there is the urgent need for management reforms using IT in the industries to which the Startia Group belongs, due to the introduction of teleworking and the progress of environmental arrangements for a digital shift to cope with COVID-19. While demand for IT-related investments increased in areas like digital transformation (DX), a cautious stance on such investments continues to be seen amid the unclear environment.

In the Digital Marketing business, the Company provides "Cloud CIRCUS," a digital marketing tool, which helps customer companies to "increase and nurture their customers," as a subscription model (recurring billing type), working to increase the number of customer acquisitions and ARR (annual recurring revenue).

In the IT Infrastructure business, the Group has been establishing solid relationships with the customer base of small and medium-size enterprises, or SMEs, and supported them to improve their productivity consistently by proposing and providing solutions to those customers. In a bid to lead their operations in a better direction, the Group uses IT technologies that cover core and indispensable facilities at offices and support for office work.

In the fiscal year under review, while we were affected by the partial self-restraint on economic activities due to the effects of COVID-19, customers began some business activities to cope with the situation amid the pandemic and the era after it. Both the Digital Marketing business and IT Infrastructure business performed well compared to the previous fiscal year. In addition, as of November 1, 2021, the Company's wholly owned subsidiary, Startia Lead, Inc., took over the IT infrastructure business operated by YOSHIDA STORE (Main office: Fukushima Prefecture, “YOSHIDA STORE”) and Sharp Document 21yoshida (Main office: Miyagi Prefecture, “SD21”). With the business acquisition, the Startia Group could expand its customers and sales in the IT Infrastructure business.

As a result, net sales for the fiscal year under review totaled 16,011,043 thousand yen (up 20.2% from the previous fiscal year).

The cost of sales was 9,171,092 thousand yen (up 22.1% from the previous fiscal year). The year-on-year rise was mainly due to the increase in sales, particularly a rise in manufacturing costs stemming from development investment in the Digital Marketing business.

Selling, general and administrative expenses were 6,495,144 thousand yen (up 12.1% from the previous fiscal year). This was mainly due to an increase in expenses from advertising investments centered on TV commercials in the Digital Marketing business and a rise in personnel expenses due to an increase in personnel, a rise in personnel expenses in the IT Infrastructure business due to an increase in personnel, and an increase in SG&A expenses due to the aforementioned transfer of the IT infrastructure business in November 2021.

As a result, operating profit was 344,806 thousand yen (compared with 21,678 thousand yen in the previous fiscal year).

Ordinary profit was 553,766 thousand yen (up 687.7% from the previous fiscal year), mainly due to an increase in equity in earnings of affiliates by virtue of the strong performance of equity-method affiliates and a gain on investment in an investment partnership.

In addition, extraordinary profit totaled 760,091 thousand yen (extraordinary profit of 12,133 thousand yen in the previous fiscal year). There was gain of 416,552 thousand yen in July 2021 from the sale of affiliate company shares in connection with the establishment of a joint venture company, and in August, we reported gain of 148,199 thousand yen from the sale of a portion of investment securities we had held. Moreover, in December, we reported gain of 185,340 thousand yen from the sale of a portion of investment securities we had held in connection with the listing of those shares.

Profit before income taxes was 1,313,858 thousand yen (compared to 62,084 thousand yen in the previous fiscal year). Income taxes paid after application of tax effect accounting were 355,404 thousand yen (up 84.5% from the previous fiscal year). As a result, net profit attributable to owners of parent was 958,454 thousand yen (compared to net loss of 130,581 thousand yen in the previous fiscal year).

Business segment results were as follows:

(Digital Marketing)

The overview of the Digital Marketing segment in the fiscal year under review is as follows.

In the Digital Marketing business, the Group provides “Cloud Circus*,” a group of SaaS tools that help solve issues in five areas to increase the number of customers: transmission of information, attracting customers, enhancing experienced value of customers, fostering potential customers and turning them into actual customers, and preventing cancellations of contracts and increasing repeated customers. Cloud Circus is an easy-to-use tool that everyone can start and use quickly even if he/she engages in digital marketing for the first time ever. We also provide freemium plans for the service. On top of Cloud Circus, we support marketing consulting and operations by customers based on our expertise for the management of advertising and establishment of websites. By providing comprehensive support for the evolution of marketing power, together with the tools, we respond to the potential need for shifting to digitalization and provide multiple services to a single customer.

In the fiscal year under review, we released the fifth round of commercials simultaneously on nationwide TV stations and in taxis in Tokyo, leading to the further recognition of Cloud CIRCUS and the penetration of the features and understanding of various tools. Accordingly, cross-selling of and new orders for Cloud CIRCUS increased, resulting in good performance of sales of subscription-type products and services. In addition, conventional flow-type sales, or one-time sales of products and services, also grew as Cloud CIRCUS-related contracted development and web production increased.

* Cloud CIRCUS

Area of Issue	Tool to Be Provided	Service
Transmission of information	ActiBooK	E-book production software, video sharing
	BlueMonkey	WebCMS & generating owned media
	AppGoose	Operation of applications
	Plusdb	Establishing databases
	creca	Producing landing pages for smartphones
Consulting for attracting customers and running advertisements	—	Consulting for marketing and for running ads
Experience	COCOAR	AR production software
	LESSAR	AR production software for web browsers
Enhancing experienced value of customers	IZANAI	Chatbot
Fostering potential customers and turning them into actual customers	BowNow	Marketing automation
Preventing cancellations of contracts and increasing repeated customers	Fullstar	Customer Success Management

Consequently, net sales were 2,804,934 thousand yen (up 8.7% from the previous fiscal year) and the segment loss (operating loss) of 274,219thousand yen was recorded compared with the segment loss (operating loss) of 121,508thousand yen in the previous fiscal year.

(IT Infrastructure)
The overview of the IT Infrastructure segment in the fiscal year under review is as follows.
In the IT Infrastructure segment, the Group is in charge of the sale, construction or maintenance of information and communication equipment such as MFPs (multi-function printers), UTM (Unified Threat Management) equipment, network equipment and business phones. It also provides consistent SI services from installing servers to system operation and maintenance as well as maintenance of equipment. It also provides customers with consulting services for business automation from the introduction of the most appropriate tools fitted for their issues to support for them until they successfully utilize the tools. To that effect, it provides “RoboTANGO,” an original solutions tool using RPA (Robotic Process Automation) to automate back-office operations, and AI-OCR. Moreover, while telework has been promoted due to the workstyle reforms and the spread of COVID-19, we are handling an electronic signature tool, by which the signing, sealing, delivery, and storage of contracts are concluded on a cloud basis.

Under these circumstances, in July 2021, Chatwork Co., Ltd. and our consolidated subsidiary, StartiaRaise Inc., established a joint venture, Chatwork Storage Technologies Co., Ltd. (an equity method affiliate). In November, our consolidated subsidiary, Startia Lead, Inc., acquired the IT infrastructure business with some 5,000 customer companies operated by YOSHIDA STORE and SD21, both of which had been under the civil rehabilitation procedures. In addition to further expanding the customer base and sales and expanding its business nationwide, the Company strived to improve the corporate value of the Group through the acquisition of the business, such as by reducing procurement and other costs and by expecting cross-selling to the Digital Marketing business.

In the fiscal year under review, sales of MFPs and network equipment, the mainstay products of this business, remained strong as a result of the aforementioned business acquisition, which contributed to customer expansion and sales growth at Startia Lead, and the promotion of the sales accumulation of major products by organizing and analyzing customer data mainly by the marketing department.

Consequently, net sales were 13,135,797 thousand yen (up 23.4% from the previous fiscal year) and segment profit (operating profit) was 757,351 thousand yen (up 165.1% from the previous fiscal year).

(CVC)
The overview of the CVC segment in the fiscal year under review is as follows.
The CVC business conducted no fresh investment during the year. Meanwhile, it sold all shares in an investee company, The Oddle Company Pte. Ltd. (Main office: Singapore), and reported net sales of 63,683 thousand yen. In addition, it reported loss on valuation of operating investment securities of 22,541 thousand yen in connection with convertible equity at an investee company.

Consequently, net sales were 70,070 thousand yen (up 21.1% from the previous fiscal year) and the segment profit (operating profit) of 46,529 thousand yen was recorded (up 3.5% from the previous fiscal year).

(2) Overview of financial position in the fiscal year under review

(Current assets)

Current assets were 7,765,587 thousand yen at the end of the fiscal year under review, 1,296,045 thousand yen more than at the end of the previous fiscal year. This was attributable primarily to the increase of 1,034,168 thousand yen in notes, accounts receivable-trade and contract assets, 416,740 thousand yen in inventories and the decrease of 189,942 thousand yen in cash and deposits.

(Non-current assets)

Noncurrent assets were 3,613,085 thousand yen at the end of the fiscal year under review, 1,292,363 thousand yen more than at the end of the previous fiscal year. This was attributable primarily to the increase of 412,736 thousand yen in goodwill, 340,182 thousand yen in software, 225,530 thousand yen in deferred tax assets, 139,276 thousand yen in investment securities, 58,887 thousand yen in tools, furniture and fixtures, 37,916 thousand yen in guarantee deposits, 32,925 thousand yen in buildings, and 3,246 thousand yen in vehicles.

(Current liabilities)

Current liabilities were 6,226,469 thousand yen at the end of the fiscal year under review, 3,150,720 thousand yen more than at the end of the previous fiscal year. This was attributable primarily to the increase of 1,847,000 thousand yen in short-term borrowings, 601,360 thousand yen in accounts payable-trade, 552,155 thousand yen in income taxes payable, 70,899 thousand yen in provision for bonuses and the decrease of 33,514 thousand yen in accrued consumption taxes.

(Non-current liabilities)

Noncurrent liabilities were 919,084 thousand yen at the end of the fiscal year under review, 218,169 thousand yen less than at the end of the previous fiscal year. This was attributable primarily to the decrease of 216,532 thousand yen in long-term borrowings and 34,229 thousand yen in deferred tax liabilities, and the increase of 21,908 thousand yen in provision for share awards.

(Net assets)

Net assets were 4,233,119 thousand yen at the end of the fiscal year under review, 344,141 thousand yen less than at the end of the previous fiscal year. This was attributable primarily to the increase of 1,280,097 thousand yen in treasury stocks, the decrease in retained earnings due to dividends from surplus of 112,643 thousand yen, the increase in retained earnings due to the profit attributable to owners of parent of 958,454thousand yen, and the increase of 83,938 thousand yen in valuation difference on available-for-sale securities due to rise in market value of investment securities.

(3) Overview of the cash flows in the fiscal year under review

Cash and cash equivalents (“cash”) were 3,055,293 thousand yen at the end of the fiscal year under review, 189,942 thousand yen (5.9%) less than at the end of the previous fiscal year.

An overview of the cash flows by category in the fiscal year under review is as follows.

1) Cash flows from operating activities

Net cash used by operating activities was 118,772 thousand yen, compared with 189,554 thousand yen used in the previous fiscal year. Major sources of cash were depreciation of 282,088 thousand yen, amortization of goodwill of 34,631 thousand yen, the increase of 600,566 thousand yen in notes and accounts payable-trade and 64,803 thousand yen in accounts payable-other and income taxes refund of 68,344 thousand yen. The primary use of cash was the increase of 1,034,168 thousand yen in accounts receivables-trade and 132,226 thousand yen for income taxes paid.

2) Cash flows from investing activities

Net cash used in investing activities was 359,226 thousand yen compared with 703,410 thousand yen used in the previous fiscal year. Major source of cash was 505,771 thousand yen generated from sales of investment securities, and proceeds of 453,900 thousand yen from the sale of subsidiary shares accompanying a change in the scope of consolidation. The primary uses of cash were 734,490 thousand yen for acquiring non-current assets, 53,900 thousand yen for investment in affiliates, 529,262 thousand yen for acquisition of businesses, and 32,975 thousand yen for purchase of investment securities.

3) Cash flows from financing activities

Net cash provided in financing activities was 276,731 thousand yen compared with 722,013 thousand yen provided in the previous fiscal year. Major source of cash was 1,847,000 thousand yen from short-term borrowings, 650,000 thousand yen from long-term borrowings and 40,310 thousand yen generated from disposal of treasury shares. The primary uses of cash were 1,300,018 thousand yen for purchase of treasury shares, 855,970 thousand yen for repayment of long-term borrowings and 112,643 thousand yen for dividends paid.

(4) Outlook for the fiscal year ending March 2023

The Startia Group has been operating its businesses to achieve the targets of the "Medium-Term Management Plan, 'NEXT'S 2025'" (the "Medium-Term Management Plan"), announced on May 15, 2020, a five-year plan from the fiscal year ended March 2021. Under the Medium-Term Management Plan, we have been developing DX in our businesses and services and promoting DX in our internal business environment to improve productivity by increasing operational efficiency.

In particular, in the Digital Marketing business, the Company concentrated its management resources on the subscription model (recurring billing type), strengthened its system development and structure, and invested in marketing activities. As a result, the number of acquired customers increased and cross-selling (overlapping sales of multiple products) progressed, leading to an increase in ARR.

In the IT Infrastructure business, sales increased as a result of the customer expansion and nationwide development, as well as cost reductions in purchasing and other areas, through the opening of new stores and the transfer of the customer base through M&A and the further promotion of alliances.

In the current fiscal year ending March 2023, the third year of our Medium-Term Management Plan, while we are striving to achieve further growth, the external business environment remains severe and the outlook for economic activities remains uncertain, due to the combination of the still unclear situation of COVID-19, the tapering of monetary easing policy in the U.S. and other developed countries, soaring oil prices, the supply shortages of semiconductors and other products, inflation, and the strained situation in Ukraine.

This is especially true in the Group's business environment, where the impact of COVID-19 has not yet subsided, and the effects of soaring electricity transaction prices and shortages in the supply of semiconductors and other products continue to be felt. We have decided to revise our Medium-Term Management Plan once again as a solid plan, since we recognize that the impact of COVID-19 has significantly exceeded the scale of the impact assumed when the plan was formulated. At that time, we assumed that the pandemic would be contained around September 2020.

Going forward, in addition to continuing already successful measures, that is expanding our customer base and securing stable earnings in the IT Infrastructure business, we will focus on the Cloud CIRCUS digital marketing tool in the Digital Marketing business and further deepen the strategies of the "NEXT'S 2025" Medium-Term Management Plan. By doing so, we will promote further productivity improvement while developing DX in our businesses and services.

The Company plans to revise its Medium-Term Management Plan for the two-year period of the fiscal year ending March 2024 and that ending March 2025. The timing of the announcement has not yet been determined, but we will announce the revised plan as soon as it is finalized.

For the year ending March 2023, we forecast consolidated net sales of 18,000 million yen (up 12.4% from the previous fiscal year), consolidated operating profit of 700 million yen (up 103.0% from the previous fiscal year), consolidated ordinary profit of 700 million yen (up 26.4% from the previous fiscal year) and profit attributable to owners of parent of 420 million yen (compared to 958 million yen in the previous fiscal year).

Following is the segment-by-segment plans.

(Digital Marketing)
In the Digital Marketing business, the Group will continue to expand sales of “Cloud Circus,” a group of SaaS tools that is a comprehensive digital marketing service by which the user can use our multiple software products for corporate uses, such as COCOAR and BowNow, at fixed prices. By using Cloud Circus, customer companies are able to do marketing automation, namely, automated sales promotion that adds AR devices on paper media, such as posters, to guide viewers to their websites, measures the browsing history on the websites, finds promising customers who are interested in their products and services, and sends e-mails to them based on scenarios fit for their interests.

In April 2022, we launched "CrowdBooth," the online exhibition system former called "Sokoiru," which we acquired in December 2021. Furthermore, in April 2022, we officially released "MOSYA," a photogrammetry function that allows users to easily create 3D models from photographs, which had previously been available as a beta version. In addition to the new tool and function, we aim to progress data linkage between Cloud CIRCUS tools, such as API linkage between the "ActiBook" e-book creation tool and the "BowNow" MA tool, and promote the enhancement of usability, including UI/UX unification. Meanwhile, we will also enhance the lineup of Cloud CIRCUS products and add new functions to increase the effectiveness of the tools, leading to improved convenience for customers, and further developing new customers, improving cross-selling, and preventing cancellations.

In this business, we have shifted to a subscription model since the fiscal year ended March 2021, which resulted in a significant decline in revenues for the past two years. However, from the current fiscal year ending March 2023, we have been focusing on earning revenues, aiming for high-profit growth and realizing an ecosystem in customer marketing.

(IT Infrastructure)
Though the outlook remains uncertain due to the impact of COVID-19, delays in product manufacturing and inventory shortages caused by the global semiconductor shortage, in the IT Infrastructure business, we will penetrate our mission, “assist the sound growth and survival of customers,” into all of our executives and employees further and make society offer larger opportunities according to our vision, to become a company that can have a good effect on the management of SMEs, so that we can achieve the target of providing solutions to corporate issues at 100,000 companies as early as possible.

For the fiscal year ending March 2023, we will promote overlapping sales of major products and improve productivity by strengthening cooperation between the marketing department and the Wakayama Contact Center. We will also improve productivity and customer satisfaction at the sales departments by expanding cooperation with the customer success department, whose coverage is currently limited to only part of the sales departments, to coordination and cooperation involving all sales departments.

(CVC)
In the fiscal year ending March 2023 as before, the business will focus on the support for growth of the existing investee companies and exit from the investments.

(Note) Forward-looking statements described in the text, including the annual earnings forecast, do not guarantee future performance and they include risks and uncertainties because there are various factors such as unforeseeable changes in the economic situation. The Medium-Term Management Plan for the five-year period from the fiscal year ended March 2021 to that ending March 2025 is based on the assumption that the impact of COVID-19 will be contained by around September 2020. Thus we plan to review the Medium-Term Management Plan for the fiscal year ending March 2024 and that ending March 2025.

2. Basic idea for adoption of accounting standards

In preparing its consolidated financial statements, the Company Group adopts the Japanese accounting standards for the time being, considering comparability from period to period and among companies.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(thousand yen)

	FY 2020 (As of March 31, 2021)	FY 2021 (As of March 31, 2022)
ASSETS		
Current assets		
Cash and deposits	3,245,235	3,055,293
Notes and accounts receivable-trade	2,331,454	—
Notes and accounts receivable-trade and contract assets	—	3,365,623
Operational investment securities	120,606	108,852
Inventories	168,500	585,240
Other	742,071	802,644
Allowance for doubtful accounts	(138,326)	(152,067)
Total current assets	6,469,542	7,765,587
Non-current assets		
Property, plant and equipment		
Buildings	203,137	246,850
Accumulated depreciation	(110,576)	(121,364)
Buildings, net	92,561	125,486
Vehicles	25,297	23,110
Accumulated depreciation	(23,308)	(17,874)
Vehicles, net	1,988	5,235
Tools, furniture and fixtures	269,234	352,757
Accumulated depreciation	(225,894)	(250,529)
Tools, furniture and fixtures, net	43,340	102,228
Other	600	600
Accumulated depreciation	(600)	(600)
Other, net	0	0
Total property, plant and equipment	137,890	232,949
Intangible assets		
Goodwill	37,968	450,705
Software	791,433	1,131,615
Other	8,113	7,513
Total intangible assets	837,515	1,589,834
Investments and other assets		
Investment securities	863,932	1,003,209
Deferred tax assets	154,378	379,909
Guarantee deposits	221,066	258,983
Other	105,937	148,198
Total investments and other assets	1,345,315	1,790,301
Total non-current assets	2,320,721	3,613,085
Total assets	8,790,264	11,378,673

(thousand yen)

	FY 2020 (As of March 31, 2021)	FY 2021 (As of March 31, 2022)
LIABILITIES		
Current liabilities		
Accounts payable-trade	901,626	1,502,986
Shor-term borrowings	—	1,847,000
Current portion of long-term borrowings	855,970	866,532
Accounts payable-other	484,786	541,410
Accrued expenses	193,326	248,949
Income taxes payable	44,463	596,618
Accrued consumption taxes	136,709	103,195
Advances received	146,686	157,357
Provision for bonuses	218,987	289,887
Provision for bonuses for directors (and other officers)	11,748	—
Provision for share awards	20,215	—
Other	61,229	72,532
Total current liabilities	3,075,748	6,226,469
Non-current liabilities		
Long-term borrowings	1,032,404	815,872
Provision for share awards	36,804	58,713
Provision for share awards for directors (and other officers)	12,382	20,013
Deferred tax liabilities	55,163	20,934
Other	500	3,551
Total non-current liabilities	1,137,254	919,084
Total liabilities	4,213,003	7,145,553
NET ASSETS		
Shareholders' equity		
Share capital	824,315	824,315
Capital surplus	903,459	903,459
Retained earnings	2,879,596	3,725,483
Treasury shares	(188,503)	(1,468,600)
Total shareholders' equity	4,418,868	3,984,658
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	158,392	242,331
Total accumulated other comprehensive income	158,392	242,331
Share acquisiton rights	—	6,130
Total net assets	4,577,261	4,233,119
Total liabilities and net assets	8,790,264	11,378,673

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

(thousand yen)

	FY 2020 (April 1, 2020 – March 31, 2021)	FY 2021 (April 1, 2021 – March 31, 2022)
Net sales	13,324,687	16,011,043
Cost of sales	7,508,441	9,171,092
Gross profit	5,816,245	6,839,951
Selling, general and administrative expenses	5,794,567	6,495,144
Operating profit	21,678	344,806
Non-operating income		
Share of profit of entities accounted for using equity method	1,394	68,041
Subsidy income	20,728	32,846
Gain on investments in investment partnerships	2,635	51,769
Other	34,457	70,636
Total non-operating income	59,215	223,293
Non-operating expenses		
Interest expenses	3,963	7,833
Loss on investments in investment partnerships	3,349	102
Settlement payments	462	1,920
Non-deductible consumption tax	2,262	3,725
Other	558	752
Total non-operating expenses	10,595	14,332
Ordinary profit	70,298	553,766
Extraordinary income		
Gain on sales of investment securities	12,133	343,539
Gain on sales of shares of subsidiaries and associates	—	416,552
Total extraordinary income	12,133	760,091
Extraordinary losses		
Loss on valuation of investment securities	14,659	—
Loss on sales of shares of subsidiaries and associates	5,688	—
Total extraordinary losses	20,347	—
Profit before income taxes	62,084	1,313,858
Income taxes-current	192,157	665,275
Income taxes-deferred	508	(309,870)
Total income taxes	192,665	355,404
Profit (loss)	(130,581)	958,454
Profit (loss) attributable to owners of parent	(130,581)	958,454

Consolidated statements of comprehensive income

(thousand yen)

	FY 2020 (April 1, 2020 – March 31, 2021)	FY 2021 (April 1, 2021 – March 31, 2022)
Profit (loss)	(130,581)	958,454
Other comprehensive income		
Valuation difference on available-for-sale securities	68,089	83,938
Foreign currency translation adjustment	(3,542)	—
Total other comprehensive income	64,546	83,938
Comprehensive income	(66,034)	1,042,392
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(66,034)	1,042,392

(3) Consolidated statements of changes in equity

FY 2020 (April 1, 2020 – March 31, 2021)

(thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	824,315	903,459	3,107,289	(227,279)	4,607,784
Changes of items during period					
Dividends of surplus			(92,163)		(92,163)
Profit (loss) attributable to owners of parent			(130,581)		(130,581)
Purchase of treasury shares				(49)	(49)
Disposal of treasury shares				38,825	38,825
Decrease in retained earnings resulting from exclusion of subsidiaries from consolidation			(4,947)		(4,947)
Changes in the scope of consolidation or equity method					–
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	–	(227,692)	38,775	(188,916)
Balance at end of current period	824,315	903,459	2,879,596	(188,503)	4,418,868

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	90,303	3,542	93,846	4,701,630
Changes of items during period				
Dividends of surplus				(92,163)
Profit (loss) attributable to owners of parent				(130,581)
Purchase of treasury shares				(49)
Disposal of treasury shares				38,825
Decrease in retained earnings resulting from exclusion of subsidiaries from consolidation				(4,947)
Changes in the scope of consolidation or equity method				–
Net changes of items other than shareholders' equity	68,089	(3,542)	64,546	64,546
Total changes of items during period	68,089	(3,542)	64,546	(124,369)
Balance at end of current period	158,392	–	158,392	4,577,261

FY 2021 (April 1, 2021 – March 31, 2022)

(thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	824,315	903,459	2,879,596	(188,503)	4,418,868
Changes of items during period					
Dividends of surplus			(112,643)		(112,643)
Profit (loss) attributable to owners of parent			958,454		958,454
Purchase of treasury shares				(1,300,018)	(1,300,018)
Disposal of treasury shares				19,921	19,921
Changes in the scope of consolidation or equity method			76		76
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	–	845,886	(1,280,097)	(434,210)
Balance at end of current period	824,315	903,459	3,725,483	(1,468,600)	3,984,658

	Accumulated other comprehensive income		Share Acquisition Rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of current period	158,392	158,392	–	4,577,261
Changes of items during period				
Dividends of surplus				(112,643)
Profit (loss) attributable to owners of parent				958,454
Purchase of treasury shares				(1,300,018)
Disposal of treasury shares				19,921
Changes in the scope of consolidation or equity method				76
Net changes of items other than shareholders' equity	83,938	83,938	6,130	90,068
Total changes of items during period	83,938	83,938	6,130	(344,141)
Balance at end of current period	242,331	242,331	6,130	4,233,119

(4) Consolidated statements of cash flows

(thousand yen)

	Y 2020 (April 1, 2020 – March 31, 2021)	FY 2021 (April 1, 2021 – March 31, 2022)
Cash flows from operating activities		
Profit (loss) before income taxes	62,084	1,313,858
Depreciation	189,128	282,088
Amortization of goodwill	27,597	34,631
Increase (decrease) in allowance for doubtful accounts	13,707	23,847
Increase (decrease) in provision for bonuses	24,871	70,899
Increase (decrease) in provision for bonuses for directors (and other officers)	11,748	(11,748)
Increase (decrease) in provision for share awards	39,682	1,692
Increase (decrease) in provision for share awards for directors (and other officers)	4,796	7,631
Interest and dividend income	(10,174)	(12,644)
Interest expenses	3,963	7,833
Foreign exchange losses (gains)	(5,336)	(10,505)
Share of loss (profit) of entities accounted for using equity method	(1,394)	(68,041)
Loss (gain) on sales of investment securities	(12,133)	(343,539)
Loss (gain) on valuation of investment securities	14,659	—
Loss (gain) on sales of shares of subsidiaries and associates	5,688	(416,552)
Loss (gain) on investments in investment partnerships	713	(51,666)
Decrease (increase) in notes and accounts receivable–trade	(253,106)	(1,034,168)
Decrease (increase) in inventories	34,773	(396,933)
Decrease (increase) in investment securities for sale	11,068	22,541
Increase (decrease) in notes and accounts payable-trade	141,543	600,566
Increase (decrease) in accounts payable-other	85,141	64,803
Increase (decrease) in accrued consumption taxes	1,257	(33,514)
Subsidy income	(20,728)	(32,846)
Other	(123,137)	(109,025)
Subtotal	246,412	(90,789)
Interest and dividend income received	11,058	11,080
Interest expenses paid	(3,308)	(8,029)
Income taxes paid	(464,809)	(132,226)
Income taxes refund	362	68,344
Proceeds from subsidy income	20,728	32,846
Net cash provided by (used in) operating activities	(189,554)	(118,772)
Cash flows from investing activities		
Purchase of non-current assets	(667,427)	(734,490)
Purchase of investment securities	(1,434)	(32,975)
Proceeds from sales of investment securities	12,184	505,771
Payment for investments in capital of subsidiaries and associates	—	(53,900)
Payments for acquisition of businesses	—	(529,262)
Proceeds from distributions from investment partnerships	—	46,785
Proceeds from return of capital from investment partnerships	—	15,978
Payments for guarantee deposits	(36,669)	(32,517)
Proceeds from collection of guarantee deposits	1,845	5,576

(thousand yen)

	Y 2020 (April 1, 2020 – March 31, 2021)	FY 2021 (April 1, 2021 – March 31, 2022)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(12,371)	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	453,900
Other	463	(4,131)
Net cash provided by (used in) investing activities	(703,410)	(359,266)
Cash flows from financing activities		
Proceeds from short-term borrowings	—	1,847,000
Proceeds from long-term borrowings	1,550,000	650,000
Repayments of long-term borrowings	(774,215)	(855,970)
Purchase of treasury shares	(49)	(1,300,018)
Cash dividends paid	(92,163)	(112,643)
Proceeds from issuance of share options	—	6,130
Proceeds from disposal of treasury shares	41,175	40,310
Other	(2,734)	1,923
Net cash provided by (used in) financing activities	722,013	276,731
Effect of exchange rate change on cash and cash equivalents	7,502	10,505
Net increase (decrease) in cash and cash equivalents	(163,449)	(190,802)
Cash and cash equivalents at beginning of period	3,414,998	3,245,235
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(6,313)	—
Increase in cash and cash equivalents resulting from new consolidation of subsidiaries	—	859
Cash and cash equivalents at end of period	3,245,235	3,055,293

(5) Notes to consolidated financial statements

(Notes to going concern assumptions)

Not applicable

(Change in accounting policy)

(Application of Accounting Standard for Revenue Recognition, etc.)

Effective from the beginning of the fiscal year under review, Startia Holdings has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, the “Standard for Revenue Recognition”), etc. It recognizes revenue when the control of promised goods or services has transferred to a customer and it recognizes as revenue the amount expected to be received upon exchange of the goods or services.

The major impact on the consolidated balance sheet for the fiscal year under review by applying the Standard for Revenue Recognition is as follows.

In providing goods or services, when Startia Holdings judges that its consolidated subsidiary acts as agent, it recognizes as revenue the amount expected to be received upon exchange of the goods or services provided from other parties minus the amount paid to the other parties.

Regarding software and others produced by a consolidated subsidiary by receiving orders, except for contracts with very short periods until meeting the performance obligations, we changed from the method that recognizes revenue at the time of acceptance inspection to the one that recognizes revenue over a certain period based on an estimated progress rate for the fulfillment of the performance obligations. The method of estimating the progress rate for the fulfillment of the performance obligations is based on the ratio of the actual cost to the estimated total cost (input method).

In applying the Standard for Revenue Recognition, we follow the transitional treatment as provided in the Provision of Article 84 of the Standard for Revenue Recognition. However, there was no impact from retained earnings on the balance at the beginning of the fiscal year under review.

As a result, in the fiscal year under review, net sales decreased by 707,555 thousand yen and cost of sales decreased by 707,555 thousand yen.

According to the transitional treatment as provided in Article 89-2 of the Standard for Revenue Recognition, we did not reclassify the figures in the previous fiscal year under the new presentation method. Moreover, according to the transitional treatment as provided in Article 89-3 of the Standard for Revenue Recognition, we did not show information of disaggregated revenue that was generated from contracts with customers in the previous fiscal year.

(Application of Accounting Standard for Fair Value Measurement)

Effective from the beginning of the fiscal year under review, Startia Holdings has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019, the “Accounting Standard for Fair Value Measurement”), etc. According to the transitional treatment as provided in Article 19 of the

Accounting Standard for Fair Value Measurement and Article 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), we apply the new accounting policy stipulated by the Accounting Standard for Fair Value Measurement, etc., going forward. There is no impact of the application of the accounting standard, etc. on the consolidated balance sheet.

(Segment information, etc.)

[Segment information]

1. Description of reportable segments

(1) Method for determining reportable segments

The Group's reportable segments are units for which segregated financial data is available and which are regularly reviewed by the Board of Directors in determining resource allocation and in evaluating business performance.

The Company Group adopts a holding company structure. The Company's functions include establishing the Group's overall management strategy and conducting business administration of each business company, which engages in flexible operations in handling its own products and services.

Accordingly, the Group is comprised of the segments by products and services based on the business companies. We have the following three reportable segments: Digital Marketing, IT Infrastructure and CVC.

Regarding the Overseas segment, which had been reported as an independent reportable segment until the previous fiscal year, we changed the classification to Others from the fiscal year under review since we transferred all shares of Startia Shanghai Inc., which had been a consolidated subsidiary.

(2) Types of products and services in each reportable segment

In the Digital Marketing business, we provide "Cloud Circus," a comprehensive digital marketing service, e-book production software "ActiBook," and "ActiBook AR COCOAR," which enables customers to apply easy e-book production using ActiBook to AR, and engage in the planning, development and sale of web applications, centered on "CMS Blue Monkey" and "Plusdb." We also provide total solutions related to web applications with the aim of increasing sales and improving operational efficiency of customers, such as web production, consulting to boost access counts and entrusted system development and customization.

The "IT Infrastructure" segment provides comprehensive network integrations that meet client company needs and the paces of their growth and system integrations such as cloud technologies. It aims to provide total solutions that combine sales of network equipment and services. It extends from business phone, multi-function printers, and counter fee-based services to leverage the Group's many years of experience in selling information and communications equipment and arranging ISP lines to focus on proposing and selling office layouts that factor in local area networks and other aspects of communications environments. We also generate incentive revenues from telecommunications carrier by handling telephone line arrangements and subscription registrations on their behalves.

The Corporate Venture Capital (CVC) business invests in IT venture companies that try to create new businesses with brand-new ideas and innovative technologies. It also supports growth of the investment targets by using the Group's management resources, such as its customer base and IT solutions capabilities. It also aims to generate new enterprise value by triggering innovations within the Group through the capital alliances with the investment targets.

2. Method for calculating the net sales, profit or loss, assets, liabilities or other data for each reportable segment

The accounting method for the reportable business segments is generally same with that adopted in making the consolidated income statements.

Reportable segment profit is on an operating profit basis.
Intersegment sales and transfers are based on prevailing market prices.

As described in the Change in accounting policy, effective from the beginning of the fiscal year under review, we have applied the Accounting Standard for Revenue Recognition, etc. In line with the change in the method of accounting treatment for revenue recognition, we changed the method for measuring profit or loss in our business segments as well. Due to the change, in the fiscal year under review, sales in the Digital Marketing segment decreased by 371,166 thousand yen and those in the IT Infrastructure segment decreased by 336,389 thousand yen.

3. Net sales, profit or loss, asset, liability and other data, and revenue breakdown in each reportable segment

Previous fiscal year (from April 1, 2020 to March 31, 2021)

(thousand yen)

	Reportable segments				Other Businesses (note 1)
	Digital Marketing	IT Infrastructure	CVC	Total	
Net sales					
Sales to external customers	2,580,785	10, 641,626	57,841	13,280,252	43,499
Inter-segment sales and transfers	6,639	25,412	—	32,051	—
Total	2,587,424	10, 667,038	57,841	13,312,304	43,499
Segment profit (loss)	(121,508)	285,735	44,961	209,188	(52,166)
Segment assets	991,062	3,758,620	120,606	4,870,289	10,903
Other					
Depreciation and amortization	33,061	64,888	—	97,950	887
Amortization of goodwill	—	27,597	—	27,597	—
Increase in property, plant and equipment and intangible assets	481,300	124,830	—	606,130	1,727

	Total	Adjustment (note 2, 3, 5, 6, 7)	Amounts in consolidated financial statements (note 4)
Net sales			
Sales to external customers	13,323,751	935	13,324,687
Inter-segment sales and transfers	32,051	(32,051)	—
Total	13,355,803	(31,116)	13,324,687
Segment profit (loss)	157,022	(135,344)	21,678
Segment assets	4,881,193	3,909,070	8,790,264
Other			
Depreciation and amortization	98,837	90,290	189,128
Amortization of goodwill	27,597	—	27,597
Increase in property, plant and equipment and intangible assets	607,858	51,026	658,884

Notes: 1. The “Other” is a business segment that is not included in the reportable segments.

2. The adjustment amount for the inter-segment sales and transfers consists of 31,116 thousand yen in eliminated inter-segment transactions.
3. The segment profit (loss) adjustment of (135,344) thousand yen consists mainly of income and expenses related to the Company (the holding company).
4. The total segment profit (loss) matches the operating profit on the consolidated statement of income.
5. Within segment assets, 3,909,070 thousand yen of companywide assets are included in the adjustments item. This consists mainly of cash and deposits that are not attributable to any reportable segment, as well as companywide assets that cannot be allocated to any reportable segment.
6. The 90,290 thousand yen adjustment to depreciation and amortization expenses represents companywide expenses that cannot be allocated to any reportable segment.
7. The 51,026 thousand yen adjustment to the increase in property, plant and equipment and intangible assets consists mainly of investment in companywide assets.

Fiscal year under review (from April 1, 2021 to March 31, 2022)

(thousand yen)

	Reportable segments			Total	Other Businesses (note 1)
	Digital Marketing	IT Infrastructure	CVC		
Net sales					
Goods that are transferred at a point in time	828,252	7,241,457	70,070	8,139,780	—
Goods that are transferred over a certain period of time	1,976,681	5,894,340	—	7,871,021	—
Revenue from contracts with customers	2,804,934	13,135,797	70,070	16,010,802	—
Sales to external customers	2,804,934	13,135,797	70,070	16,010,802	—
Inter-segment sales and transfers	12,155	28,109	—	40,264	—
Total	2,817,089	13,163,906	70,070	16,051,067	—
Segment profit (loss)	(274,219)	757,351	46,529	529,662	(2,748)
Segment assets	1,890,714	5,856,855	108,852	7,856,423	8,893
Other					
Depreciation and amortization	150,050	79,809	—	229,860	—
Amortization of goodwill	—	34,631	—	34,631	—
Increase in property, plant and equipment and intangible assets	644,648	26,087	—	670,735	—

	Total	Adjustment (note 2, 4, 5, 6,)	Amounts in consolidated financial statements (note 3)
Net sales			
Goods that are transferred at a point in time	8,139,780	241	8,140,022
Goods that are transferred over a certain period of time	7,871,021	—	7,871,021
Revenue from contracts with customers	16,010,802	241	16,011,043
Sales to external customers	16,010,802	241	16,011,043
Inter-segment sales and transfers	40,264	(40,264)	—
Total	16,051,067	(40,023)	16,011,043
Segment profit (loss)	526,913	(182,107)	344,806
Segment assets	7,865,317	3,513,356	11,378,673
Other			
Depreciation and amortization	229,860	52,228	282,088
Amortization of goodwill	34,631	—	34,631
Increase in property, plant and equipment and intangible assets	670,735	49,082	719,818

Notes: 1. The “Other” is a business segment that is not included in the reportable segments.

2. The adjustment amount for the inter-segment sales and transfers consists of eliminated inter-segment transactions. The adjusted amount for segment profit (loss) includes company-wide profit (loss) and the elimination of inter-segment transactions.

3. The total segment profit (loss) matches the operating profit on the consolidated statement of income.

4. Within segment assets, 3,513,356 thousand yen of companywide assets are included in the adjustments item. This consists mainly of cash and deposits that are not attributable to any reportable segment, as well as companywide assets that cannot be allocated to any reportable segment.

5. The 52,228 thousand yen adjustment to depreciation and amortization expenses represents companywide expenses that

cannot be allocated to any reportable segment.

6. The 49,082 thousand yen adjustment to the increase in property, plant and equipment and intangible assets consists mainly of investment in companywide assets.

(Per-share information)

(yen)

	FY 2020 (For the year ended March 31, 2021)	FY 2021 (For the year ended March 31, 2022)
Net assets per share	463.06	484.26
Profit (loss) per share	(13.25)	100.02

Notes: 1. Diluted profit per share is not shown because there are no latent shares with a dilutive effect.

2. The basis for calculating profit (loss) per share is as follows.

Item	FY 2020 (For the year ended March 31, 2021)	FY 2021 (For the year ended March 31, 2022)
Profit (loss) per share		
Profit (loss) attributable to owners of parent (thousand yen)	(130,581)	958,454
Profit not attributable to common shareholders (thousand yen)	—	—
Profit (loss) attributable to owners of parent related to common stock (thousand yen)	(130,581)	958,454
Average number of outstanding shares of common stock during the fiscal year (shares)	9,858,719	9,582,718
Outline of latent shares not included in the calculation of diluted profit per share due to the absence of dilutive effect	—	Share acquisition rights by resolution of the Board of Directors on December 20, 2021 15,800 Series 6 share acquisition rights (1,580,000 shares of common stock)

3. The basis for calculating net assets per share is as follows.

	FY 2020 (For the year ended March 31, 2021)	FY 2021 (For the year ended March 31, 2022)
Total net assets (thousand yen)	4,577,261	4,233,119
Amount deducted from total net assets (thousand yen)	—	6,130
(of which share acquisition rights) (thousand yen)	—	(6,130)
Net assets attributable to common stock at end of the fiscal year (thousand yen)	4,577,261	4,226,989
Number of shares of common stock used as the basis of calculating net assets per share (shares)	9,884,818	8,728,681

4. Shares of the Company's stock remaining in trust recorded as treasury shares under shareholders' equity are included under treasury shares excluded from calculations of the average number of shares during the fiscal year for the purposes of calculating net income (loss) per share and are included under treasury shares excluded from total shares issued and outstanding at the end of the fiscal year for the purposes of calculating net assets per share.

The average number of shares of such treasury shares excluded from calculations of net income (loss) per share during the fiscal year was 381,618 shares for the previous fiscal year and 336,162 shares for the fiscal year under review. The number of shares of such treasury shares excluded from calculations of net assets per share at the end of the fiscal year was 355,500 shares for the previous fiscal year and 326,600 shares for the fiscal year under review.

(Important Subsequent Event)

None