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February 14, 2022

## Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (Under Japanese GAAP)

Company name: LaKeel, Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4074  
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 Scheduled date of ordinary general meeting of shareholders: March 25, 2022  
 Scheduled date to file annual securities report: March 25, 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	5,830	9.4	549	116.2	493	102.9	317	127.1
December 31, 2020	5,331	(5.9)	254	42.7	243	33.5	139	61.8

Note: Comprehensive income For the fiscal year ended December 31, 2021: ¥346 million [142.8%]  
 For the fiscal year ended December 31, 2020: ¥142 million [87.0%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on Equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
December 31, 2021	45.88	43.45	16.2	10.8	9.4
December 31, 2020	22.45	–	14.0	7.4	4.8

- Notes: 1. Concerning the results for fully diluted earnings per share, while the Company does have dilutive shares, our shares were unlisted as of the fiscal year ended December 31, 2020. As a result, this information has not been provided because the average share price during the period could not be determined.
2. On July 16, 2021, the Company was listed on the Tokyo Stock Exchange's Mothers, an acronym for market of the high-growth and emerging stocks. Fully diluted earnings per share for the fiscal year ended December 31, 2021 have been calculated from the listing date to December 31, 2021 as the average share price during the period.
3. The Company conducted a 100-for-1 common stock split on December 3, 2020. However, basic earnings per share and fully diluted earnings per share have been calculated assuming the stock split was conducted at the beginning of the fiscal year ended December 31, 2020.

## (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2021	5,442	2,817	51.4	369.20
December 31, 2020	3,736	1,129	29.7	173.87

Reference: Equity

As of December 31, 2021: ¥2,798 million

As of December 31, 2020: ¥1,110 million

Note: The Company conducted a 100-for-1 common stock split on December 3, 2020. However, net assets per share have been calculated assuming the stock split was conducted at the beginning of the fiscal year ended December 31, 2020.

## (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
Fiscal year ended	Millions of yen	Millions of yen	%	Yen
December 31, 2021	409	(301)	1,109	2,570
December 31, 2020	486	(493)	583	1,323

## 2. Cash dividends

	Annual dividends per share					Total dividend payments (Full-year)	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2020	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ended December 31, 2021	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending December 31, 2022 (Forecast)	–	0.00	–	0.00	0.00		–	

## 3. Consolidated earnings forecasts for the fiscal year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2022	6,784	16.4	659	20.0	651	32.1	421	33.0	55.62

\* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: Yes
  - (iv) Restatement: None

Note: For details, please refer to page 12, section “3. Consolidated Financial Statements and Significant Notes Thereto,” item “(5) Notes on consolidated financial statements (Notes on changes in accounting estimates)” of the attached document.

- (3) Number of issued shares (common shares)

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

As of December 31, 2021	7,580,500 shares
As of December 31, 2020	6,388,5000 shares

- (ii) Number of treasury shares at the end of the period

As of December 31, 2021	48 shares
As of December 31, 2020	– shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2021	6,910,264 shares
Fiscal year ended December 31, 2020	6,212,859 shares

Note: The Company conducted a 100-for-1 common stock split on December 3, 2020. However, number of issued shares at the end of the period and treasury shares at the end of the period, as well as the average number of shares outstanding during the period, have been calculated assuming the stock split was conducted at the beginning of the fiscal year ended December 31, 2020.

**(Reference) Summary of Non-consolidated Financial Results**

**1. Non-consolidated financial results for the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)**

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	5,449	9.4	541	119.6	515	115.9	340	149.4
December 31, 2020	4,980	(0.7)	246	54.6	238	54.5	136	143.8

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2021	49.33	46.71
December 31, 2020	21.98	–

Notes: 1. Concerning the results for fully diluted earnings per share, while the Company does have dilutive shares, our shares were unlisted as of the fiscal year ended December 31, 2020. As a result, this information has not been provided because the average share price during the period could not be determined.

2. On July 16, 2021, the Company was listed on the Tokyo Stock Exchange’s Mothers, an acronym for market of the high-growth and emerging stocks. Fully diluted earnings per share for the fiscal year ended December 31, 2021 have been calculated from the listing date to December 31, 2021 as the average share price during the period.

3. The Company conducted a 100-for-1 common stock split on December 3, 2020. However, basic earnings per share and fully diluted earnings per share have been calculated assuming the stock split was conducted at the beginning of the fiscal year ended December 31, 2020.

**(2) Non-consolidated financial position**

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2021	5,321	2,754	51.8	363.24
December 31, 2020	3,625	1,071	29.5	167.66

Reference: Equity

As of December 31, 2021: ¥2,753 million

As of December 31, 2020: ¥1,071 million

Note: The Company conducted a 100-for-1 common stock split on December 3, 2020. However, net assets per share have been calculated assuming the stock split was conducted at the beginning of the fiscal year ended December 31, 2020.

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. Actual business and other results may differ substantially due to various factors. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to page 3, section "1. Overview of Operating Results," item "(4) Business outlook" of the attached document.

## Attached Material

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## 1. Overview of Operating Results

### (1) Overview of operating results for the fiscal year ended December 31, 2021

Under the philosophy of “aiming to be a company that realizes continuous growth together with people as The Human Based Company,” LaKeel and our subsidiaries (hereinafter “the Group”) consider ourselves to be companies of digital natives. We work to contribute to maximizing the value of our customers’ businesses by providing not just technology, but a comprehensive combination of products, services, and methods.

Japan’s economy generally remained stagnant during the current fiscal year (January 1, 2021 to December 31, 2021) amid the government’s re-declaration of a state of emergency concerning COVID-19 early in the year. There were signs of recovery, however, including an improvement in corporate earnings and expansion of capital investment. On the other hand, the resurgence of infections caused by COVID-19 variants has been a cause of concern, and the outlook remains uncertain.

The Group is part of the information services industry, and with companies needing to promote digital transformation (DX) and shift to cloud-based services, the Company anticipates ongoing growth for a variety of related services.

In this environment, the Group has continued the shift to a business centered on our own products and services, like LaKeel DX, a next-generation cloud-based digital business platform, which provides a truly innovative way to develop software through microservice technology.

In September 2021, the Company started selling LaKeel HR, our new integrated human resources SaaS system. In these ways, we have been expanding our product lineup to meet the ever diversifying needs of our clients.

As a result, net sales for the period under review were ¥5,830,059 thousand (+9.4% year-on-year), operating profit was ¥549,267 thousand (+116.2% year-on-year), ordinary profit was ¥493,323 thousand (+102.9% year-on-year), and profit attributable to owners of parent was ¥317,043 thousand (+127.1% year-on-year).

Additionally, as all of the Group’s business falls under the single segment of LaKeel Business, segment information has not been included. However, sales by service are as follows.

Sales of Product Business amounted to ¥2,953,757 thousand (+45.9% year-on-year). Sales of new licenses for LaKeel products and subscription based usage fees, as well as associated consulting services, have all seen significant growth.

Sales of Professional Services Business amounted to ¥2,876,301 thousand (-13.0% year-on-year). The decrease resulted from fewer orders for new system development. However, recurring revenue derived from the maintenance and operation of existing systems remained stable.

Type of services	January 1, 2020 - December 31, 2020		January 1, 2021 - December 31, 2021		Year-on-year	
	Amounts (Thousands of yen)	Composition (%)	Amounts (Thousands of yen)	Composition (%)	Amounts of change (Thousands of yen)	Percentage of change (%)
Product Business	2,024,744	38.0	2,953,757	50.7	929,013	45.9
Professional Services Business	3,306,563	62.0	2,876,301	49.3	(430,262)	(13.0)
Total	5,331,307	100.0	5,830,059	100.0	498,751	9.4

### (2) Overview of financial position for the fiscal year ended December 31, 2021

#### Assets

Current assets as of December 31, 2021 were ¥3,876,744 thousand, an increase of ¥1,610,966 thousand compared with the end of the previous fiscal year. This was primarily the result of cash and deposits increasing by ¥1,247,218 thousand due to capital increases through a public offering conducted when the Company’s shares were listed in July 2021, along with a third-party allotment in connection with an

offering by way of over-allotment. There was also an increase of ¥338,661 thousand in notes and accounts receivable - trade. Non-current assets were ¥1,565,805 thousand, an increase of ¥94,968 thousand compared with the end of the previous fiscal year. This was primarily because of an increase of ¥39,064 thousand in property, plant and equipment due to interior work carried out following the expansion of our offices, and an increase of ¥55,651 thousand in intangible assets, due to the development of LaKeel product software.

As a result, total assets were ¥5,442,549 thousand, an increase of ¥1,705,935 thousand compared with the end of the previous fiscal year.

#### Liabilities

Current liabilities as of December 31, 2021 were ¥1,948,480 thousand, an increase of ¥225,416 thousand compared with the end of the previous fiscal year. This was primarily because the accounts payable - trade increased by ¥108,157 thousand and income taxes payable by ¥102,295 thousand. Non-current liabilities were ¥676,580 thousand, a decrease of ¥207,080 thousand compared with the end of the previous fiscal year. This was primarily because long-term borrowings decreased by ¥186,829 thousand thanks to their repayment.

As a result, total liabilities were ¥2,625,061 thousand, an increase of ¥18,336 thousand compared with the end of the previous fiscal year.

#### Net assets

Total net assets as of December 31, 2021 were ¥2,817,488 thousand, an increase of ¥1,687,598 thousand compared with the end of the previous fiscal year. This was primarily due to increases of ¥670,826 thousand each in share capital and capital surplus as a result of the implementation of capital increases through public offering and third-party allotment as well as the exercise of share acquisition rights, an increase of ¥317,043 thousand in retained earnings from profit attributable to owners of parent, and an increase of ¥29,398 thousand in foreign currency translation adjustment.

### (3) Overview of cash flows for the fiscal year ended December 31, 2021

Cash and cash equivalents (hereinafter “funds”) as of December 31, 2021 were ¥2,570,866 thousand, an increase of ¥1,247,218 thousand compared with the end of the previous fiscal year.

The status of each cash flow and the factors influencing them during the fiscal year under review are as follows.

#### Cash flows from operating activities

Funds obtained as a result of operating activities amounted to ¥409,821 thousand (¥486,187 thousand year-on-year). Primary positive factors were profit before income taxes of ¥492,158 thousand, depreciation of ¥183,152 thousand, and an increase in trade payables of ¥105,308 thousand. On the other hand, an increase in trade receivables of ¥334,448 thousand and payment of income taxes amounting to ¥98,563 thousand had a negative impact.

#### Cash flows from investing activities

Funds utilized for investing activities amounted to ¥301,146 thousand (¥493,942 thousand year-on-year). This was primarily for expenses of ¥226,188 thousand tied to the acquisition of intangible assets for software development related to LaKeel products.

#### Cash flows from financing activities

Funds obtained as a result of financing activities amounted to ¥1,109,057 thousand (¥583,639 thousand year-on-year). This was primarily due to income of ¥1,325,352 thousand from the issuance of shares; expenditures of ¥192,364 thousand for the repayment of long-term borrowings had a negative impact.

### (4) Business outlook

With no end in sight to the COVID-19 pandemic, the economic outlook remains uncertain, and this might to some extent affect plans for corporate IT investment. At the same time, there is a growing awareness of the need to shift to business models suitable for living with COVID-19, and efforts at corporate digital transformation (DX) are expected to accelerate.

Against this backdrop, the Group will continue to focus on the development of our Product Business, and by enhancing products and services such as LaKeel DX, we will pursue our policy of helping to maximize the value of customers' businesses.

As for the consolidated earnings forecast for the fiscal year ending December 31, 2022, the Company expects net sales of ¥6,784 million (+16.4% year-on-year), operating profit of ¥659 million (+20.0% year-on-year), ordinary profit of ¥651 million (+32.1% year-on-year), and profit attributable to owners of parent of ¥421 million (+33.0% year-on-year).

The above forecasts are based on information currently available to the Company and certain assumptions that we consider reasonable, and are not intended to be a guarantee that the forecasts will be achieved. Actual results may differ significantly due to a variety of factors, including changes in economic conditions and customer needs, as well as competition with other companies.

## 2. Basic Approach to the Selection of Accounting Standards

The Group applies Japanese GAAP standards in consideration of the comparability of the consolidated financial statements between periods and among domestic companies.



### 3. Consolidated Financial Statements and Significant Notes Thereto

#### (1) Consolidated balance sheet

(Thousands of yen)

	As of December 31, 2020	As of December 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	1,323,648	2,570,866
Notes and accounts receivable - trade	848,329	1,186,991
Work in process	4,640	2,618
Income taxes receivable	19	-
Other	89,139	116,267
Total current assets	2,265,777	3,876,744
Non-current assets		
Property, plant and equipment		
Buildings	119,927	182,682
Accumulated depreciation	(14,794)	(27,499)
Buildings, net	105,132	155,182
Tools, furniture and fixtures	104,135	72,865
Accumulated depreciation	(84,964)	(50,079)
Tools, furniture and fixtures, net	19,170	22,785
Leased assets	99,053	108,026
Accumulated depreciation	(23,327)	(46,900)
Leased assets, net	75,726	61,126
Total property, plant and equipment	200,030	239,094
Intangible assets		
Goodwill	505,009	470,542
Software	258,862	469,867
Software in progress	114,286	-
Other	65,883	59,283
Total intangible assets	944,041	999,692
Investments and other assets		
Leasehold and guarantee deposits	317,373	303,098
Deferred tax assets	9,341	23,919
Other	49	-
Total investments and other assets	326,764	327,017
Total non-current assets	1,470,837	1,565,805
<b>Total assets</b>	<b>3,736,614</b>	<b>5,442,549</b>

(Thousands of yen)

	As of December 31, 2020	As of December 31, 2021
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	140,600	248,758
Short-term borrowings	600,000	600,000
Current portion of long-term borrowings	192,364	186,829
Lease obligations	21,297	23,304
Accounts payable - other	67,570	79,463
Accrued expenses	108,186	104,641
Income taxes payable	77,945	180,240
Accrued consumption taxes	106,231	96,378
Advances received	281,227	306,326
Provision for bonuses	20,469	38,458
Other	107,170	84,080
Total current liabilities	1,723,063	1,948,480
Non-current liabilities		
Long-term borrowings	771,137	584,308
Lease obligations	56,548	40,459
Asset retirement obligations	55,975	51,813
Total non-current liabilities	883,660	676,580
Total liabilities	2,606,724	2,625,061
<b>Net assets</b>		
Shareholders' equity		
Share capital	341,062	1,011,888
Capital surplus	449,010	1,119,836
Retained earnings	330,450	647,494
Treasury shares	—	(110)
Total shareholders' equity	1,120,524	2,779,109
Accumulated other comprehensive income		
Foreign currency translation adjustment	(9,780)	19,617
Total accumulated other comprehensive income	(9,780)	19,617
Share acquisition rights	600	600
Non-controlling interests	18,546	18,161
Total net assets	1,129,889	2,817,488
Total liabilities and net assets	3,736,614	5,442,549

## (2) Consolidated statement of income and consolidated statement of comprehensive income

## Consolidated statement of income

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net sales	5,331,307	5,830,059
Cost of sales	3,561,741	3,781,515
Gross profit	1,769,566	2,048,543
Selling, general and administrative expenses	1,515,482	1,499,275
Operating profit	254,084	549,267
Non-operating income		
Interest income	134	83
Subsidy income	–	414
Other	953	359
Total non-operating income	1,087	857
Non-operating expenses		
Interest expenses	8,734	9,235
Foreign exchange losses	3,331	30,478
Share issuance costs	–	12,633
Listing expenses	–	4,435
Other	0	19
Total non-operating expenses	12,066	56,802
Ordinary profit	243,105	493,323
Extraordinary losses		
Loss on retirement of non-current assets	–	1,165
Total extraordinary losses	–	1,165
Profit before income taxes	243,105	492,158
Income taxes - current	94,271	191,672
Income taxes - deferred	9,415	(14,577)
Total income taxes	103,686	177,095
Profit	139,418	315,062
Loss attributable to non-controlling interests	(202)	(1,980)
Profit attributable to owners of parent	139,620	317,043

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Profit	139,418	315,062
Other comprehensive income		
Foreign currency translation adjustment	3,107	30,994
Total other comprehensive income	3,107	30,994
Comprehensive income	142,526	346,057
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	142,568	346,441
Comprehensive income attributable to non-controlling interests	(42)	(384)

## (3) Consolidated statement of changes in equity

Fiscal year ended December 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of year	301,865	409,812	190,830	–	902,508
Changes during year					
Issuance of new shares	33,197	33,197			66,395
Exercise of share acquisition rights	6,000	6,000			12,000
Profit attributable to owners of parent			139,620		139,620
Purchase of treasury shares					–
Net changes in items other than shareholders' equity					
Total changes during year	39,197	39,197	139,620	–	218,016
Balance at end of year	341,062	449,010	330,450	–	1,120,524

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of year	(12,351)	(12,351)	600	18,588	909,345
Changes during year					
Issuance of new shares					66,395
Exercise of share acquisition rights					12,000
Profit attributable to owners of parent					139,620
Purchase of treasury shares					–
Net changes in items other than shareholders' equity	2,570	2,570	–	(42)	2,528
Total changes during year	2,570	2,570	–	(42)	220,544
Balance at end of year	(9,780)	(9,780)	600	18,546	1,129,889

Fiscal year ended December 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of year	341,062	449,010	330,450	–	1,120,524
Changes during year					
Issuance of new shares	662,676	662,676			1,325,352
Exercise of share acquisition rights	8,150	8,150			16,300
Profit attributable to owners of parent			317,043		317,043
Purchase of treasury shares				(110)	(110)
Net changes in items other than shareholders' equity					
Total changes during year	670,826	670,826	317,043	(110)	1,658,584
Balance at end of year	1,011,888	1,119,836	647,494	(110)	2,779,109

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of year	(9,780)	(9,780)	600	18,546	1,129,889
Changes during year					
Issuance of new shares					1,325,352
Exercise of share acquisition rights					16,300
Profit attributable to owners of parent					317,043
Purchase of treasury shares					(110)
Net changes in items other than shareholders' equity	29,398	29,398	–	(384)	29,013
Total changes during year	29,398	29,398	–	(384)	1,687,598
Balance at end of year	19,617	19,617	600	18,161	2,817,488

## (4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	243,105	492,158
Depreciation	146,041	183,152
Amortization of goodwill	34,785	34,467
Increase (decrease) in provision for bonuses	2,239	17,988
Increase (decrease) in provision for loss on order received	(46,877)	–
Increase (decrease) in allowance for doubtful accounts	(26)	(229)
Interest income	(134)	(83)
Subsidy income	–	(414)
Interest expenses	8,734	9,235
Share issuance costs	–	12,633
Listing expenses	–	4,435
Loss on retirement of non-current assets	–	1,165
Decrease (increase) in trade receivables	16,617	(334,448)
Decrease (increase) in inventories	29,969	2,161
Decrease (increase) in other current assets	10,121	(20,564)
Increase (decrease) in trade payables	(82,554)	105,308
Increase (decrease) in accounts payable - other	(13,280)	14,352
Increase (decrease) in accrued expenses	3,955	(3,544)
Increase (decrease) in accrued consumption taxes	85,721	(9,284)
Increase (decrease) in other current liabilities	65,620	9,017
Other, net	413	(391)
<b>Subtotal</b>	<b>504,454</b>	<b>517,113</b>
Interest received	133	82
Interest paid	(8,928)	(9,246)
Subsidies received	–	414
Income taxes paid	(32,239)	(98,563)
Income taxes refund	22,767	20
<b>Net cash provided by (used in) operating activities</b>	<b>486,187</b>	<b>409,821</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(48,355)	(75,936)
Purchase of intangible assets	(288,931)	(226,188)
Payments of leasehold deposits	(156,722)	(264)
Proceeds from refund of leasehold deposits	67	8,741
Payments for asset retirement obligations	–	(7,499)
<b>Net cash provided by (used in) investing activities</b>	<b>(493,942)</b>	<b>(301,146)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	600,000	–
Proceeds from long-term borrowings	90,000	–
Repayments of long-term borrowings	(170,944)	(192,364)
Repayments of lease obligations	(13,812)	(23,051)
Proceeds from issuance of shares	78,395	1,325,352
Payments for issuance of shares	–	(12,633)
Payments of listing expenses	–	(4,435)
Purchase of treasury shares	–	(110)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	–	16,300
<b>Net cash provided by (used in) financing activities</b>	<b>583,639</b>	<b>1,109,057</b>
Effect of exchange rate change on cash and cash equivalents	3,265	29,485
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>579,150</b>	<b>1,247,218</b>
Cash and cash equivalents at beginning of period	744,497	1,323,648
<b>Cash and cash equivalents at end of period</b>	<b>1,323,648</b>	<b>2,570,866</b>

(5) Notes on consolidated financial statements

Notes on uncertainties of entity's ability to continue as going concern

Not applicable.

Notes on changes in accounting estimates

In the fiscal year ended December 31, 2021, regarding asset retirement obligations recorded to restore our Head Office site to its original condition based on a real estate lease contract, the accounting estimate was changed due to an alteration to the period of expected use accompanying an extension of the contract period.

The impact of this change on operating profit, ordinary profit, and profit before income taxes for the fiscal year ended December 31, 2021 is insignificant.

Additional information

*Accounting estimates associated with the spread of COVID-19*

Although the spread of COVID-19 is having a certain amount of impact on the Group's business activities, changes have been made to accounting estimates, such as impairment of non-current assets and the possibility of the realization of deferred tax assets, based on the assumption that this impact will be limited.

However, the significant uncertainty over the impact of the spread of COVID-19 and future changes in the business environment could have a serious effect on the Group's financial position and operating results.

Segment information, etc.

*Segment information*

As all of the Group's business falls under the single segment of LaKeel Business, segment information has been omitted.



## Per share data

	January 1, 2020 - December 31, 2020 (Yen)	January 1, 2021 - December 31, 2021 (Yen)
Net assets per share	173.87	369.20
Basic earnings per share	22.45	45.88
Fully diluted earnings per share	–	43.45

- Notes:
- Concerning the results for fully diluted earnings per share, while the Company does have dilutive shares, our shares were unlisted as of the fiscal year ended December 31, 2020. As a result, this information has not been provided because the average share price during the period could not be determined.
  - On July 16, 2021, the Company was listed on the Tokyo Stock Exchange's Mothers, an acronym for market of the high-growth and emerging stocks. Fully diluted earnings per share for the fiscal year ended December 31, 2021 have been calculated from the listing date to December 31, 2021 as the average share price during the period.
  - The Company conducted a 100-for-1 common stock split on December 3, 2020, in accordance with the resolution of the Company's Board of Directors on November 13, 2020. Net assets per share, basic earnings per share, and fully diluted earnings per share have been calculated assuming the stock split was conducted at the beginning of the fiscal year ended December 31, 2020.
  - The basis for calculation of basic earnings per share and fully diluted earnings per share is as follows.

	January 1, 2020 - December 31, 2020	January 1, 2021 - December 31, 2021
Basic earnings per share		
Profit attributable to owners of parent (thousands of yen)	139,620	317,043
Amount not attributable to common shareholders (thousands of yen)	–	–
Profit attributable to owners of parent from common stock (thousands of yen)	139,620	317,043
Average number of shares of common stock outstanding during the period (shares)	6,219,859	6,910,264
Fully diluted earnings per share		
Adjusted profit attributable to owners of parent (thousands of yen)	–	–
Increase in the number of common stock (shares)	–	387,168
(Of those, the number available for share acquisition rights (shares))	–	387,168
Overview of dilutive shares that were not included in the calculation of fully diluted earnings per share because they do not have a dilutive effect	First share acquisition rights Number of share acquisition rights 465 Common stock 465,000 shares Third share acquisition rights Number of share acquisition rights 5,000 Common stock 500,000 shares	Third share acquisition rights Number of share acquisition rights 5,000 Common stock 500,000 shares

Significant events after reporting period

Not applicable.