

Translation

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Summary of Consolidated Financial Results for the Year Ended June 30, 2022 (Based on Japanese GAAP)

August 10, 2022

Company name: SUNNEXTA GROUP Inc.
 Stock exchange listing: Tokyo
 Stock code: 8945 URL <https://www.sunnexta.co.jp/>
 Representative: Representative Director, President AKIRA TAKAKI
 Executive Officer, Head of Accounting and Finance Group ISAMU YOSHIDA TEL 03-5229-8839
 Scheduled date of ordinary general meeting of shareholders: September 28, 2022
 Scheduled date to file Securities Report: September 26, 2022
 Scheduled date to commence dividend payments: September 29, 2022
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended June 30, 2022	8,696	2.1	882	5.5	932	3.0	1,976	269.1
Year ended June 30, 2021	8,519	(1.2)	836	(2.3)	906	0.4	535	(4.7)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended June 30, 2022	204.80	198.36	24.5	7.9	10.1
Year ended June 30, 2021	53.84	52.06	6.7	7.8	9.8

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2022	10,625	7,483	69.2	811.82
As of June 30, 2021	12,975	8,905	67.7	877.41

(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 period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended June 30, 2022	739	2,221	(1,418)	5,609
Year ended June 30, 2021	701	(98)	(215)	4,067

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended June 30, 2021	–	15.00	–	17.00	32.00	320	59.4	4.0
Year ended June 30, 2022	–	17.00	–	18.00	35.00	334	17.1	4.1
Year ending June 30, 2023 (Forecast)	–	18.00	–	18.00	36.00		62.6	

3. Forecast of consolidated financial results for the year ending June 30, 2023 (from July 1, 2022 to June 30, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	9,000	3.5	780	(11.6)	820	(12.1)	540	(72.7)	59.14

4. Notes

(1) Changes in significant subsidiaries during the year ended June 30, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of June 30, 2022	10,692,700 shares	As of June 30, 2021	11,159,800 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	1,632,636 shares	As of June 30, 2021	1,146,888 shares
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Average number of shares during the period

Year ended June 30, 2022	9,649,016 shares	Year ended June 30, 2021	9,941,945 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	4,091,682	5,634,168
Accounts receivable - trade	355,698	–
Accounts receivable - trade, and contract assets	–	349,051
Accounts receivable - other	207,877	220,932
Money advanced to customers	1,474,858	1,132,312
Merchandise	1,395	1,704
Real estate for sale	92,536	171,507
Work in process	10,468	8,247
Raw materials and supplies	10,627	10,406
Other	416,799	111,397
Allowance for doubtful accounts	(1,722)	(3,339)
Total current assets	6,660,221	7,636,390
Non-current assets		
Property, plant and equipment		
Buildings	261,336	201,053
Accumulated depreciation	(148,396)	(105,368)
Buildings, net	112,939	95,684
Tools, furniture and fixtures	244,767	232,057
Accumulated depreciation	(208,071)	(204,547)
Tools, furniture and fixtures, net	36,695	27,509
Vehicles	1,932	–
Accumulated depreciation	(1,529)	–
Vehicles, net	402	–
Land	515,492	99,900
Leased assets	11,809	11,809
Accumulated depreciation	(5,511)	(7,873)
Leased assets, net	6,298	3,936
Total property, plant and equipment	671,828	227,031
Intangible assets		
Goodwill	204,224	–
Software in progress	93,916	250,224
Other	40,672	98,721
Total intangible assets	338,813	348,945
Investments and other assets		
Investment securities	5,014,121	2,145,344
Distressed receivables	894	383
Deferred tax assets	120,889	102,324
Other	168,695	164,731
Total investments and other assets	5,304,600	2,412,783
Total non-current assets	6,315,243	2,988,761
Total assets	12,975,464	10,625,151

(Thousands of yen)

	As of June 30, 2021	As of June 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	189,313	164,560
Accounts payable - other	281,504	297,934
Income taxes payable	344,811	692,654
Customer deposits received	658,815	641,150
Deposits received	54,309	55,283
Advances received	367,875	321,882
Provision for bonuses	62,040	52,997
Provision for bonuses for directors (and other officers)	10,128	9,520
Provision for shareholder benefit program	5,974	8,055
Other	433,216	222,557
Total current liabilities	2,407,988	2,466,595
Non-current liabilities		
Retirement benefit liability	188,740	193,965
Deferred tax liabilities	1,464,889	479,236
Other	8,717	2,170
Total non-current liabilities	1,662,346	675,371
Total liabilities	4,070,335	3,141,966
Net assets		
Shareholders' equity		
Share capital	908,886	972,383
Capital surplus	1,100,036	727,333
Retained earnings	3,945,832	5,580,378
Treasury shares	(459,582)	(1,187,197)
Total shareholders' equity	5,495,172	6,092,898
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,290,312	1,262,307
Total accumulated other comprehensive income	3,290,312	1,262,307
Share acquisition rights	119,644	127,978
Total net assets	8,905,128	7,483,184
Total liabilities and net assets	12,975,464	10,625,151

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Net sales	8,519,101	8,696,650
Cost of sales	6,382,834	6,462,030
Gross profit	2,136,266	2,234,619
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	69,867	72,657
Salaries and allowances	427,216	432,576
Provision for bonuses	33,024	29,320
Provision for bonuses for directors (and other officers)	10,128	12,220
Provision of allowance for doubtful accounts	(1,198)	1,617
Retirement benefit expenses	1,102	1,192
Amortization of goodwill	34,339	25,501
Other	725,683	777,052
Total selling, general and administrative expenses	1,300,161	1,352,137
Operating profit	836,104	882,482
Non-operating income		
Interest and dividend income	44,195	40,105
Commission income	2,376	986
Subsidy income	12,073	8,103
Other	13,159	4,647
Total non-operating income	71,804	53,841
Non-operating expenses		
Interest expenses	604	415
Commission for purchase of treasury shares	–	1,026
Amortization of business commencement expenses	543	–
Other	522	1,895
Total non-operating expenses	1,670	3,337
Ordinary profit	906,239	932,986
Extraordinary income		
Gain on sale of investment securities	7,218	1,903,068
Gain on sale of shares of subsidiaries and associates	–	51,494
Gain on reversal of share acquisition rights	3,613	5,453
Total extraordinary income	10,832	1,960,016
Extraordinary losses		
Loss on sale of non-current assets	10	–
Loss on retirement of non-current assets	6,110	336
Retirement contributions for directors	51,300	–
Impairment losses	25,163	7,758
Total extraordinary losses	82,584	8,095
Profit before income taxes	834,486	2,884,907
Income taxes - current	299,379	935,425
Income taxes - deferred	(240)	(26,658)
Total income taxes	299,138	908,766
Profit	535,347	1,976,141
Profit attributable to owners of parent	535,347	1,976,141

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Profit	535,347	1,976,141
Other comprehensive income		
Valuation difference on available-for-sale securities	1,278,490	(2,028,004)
Total other comprehensive income	1,278,490	(2,028,004)
Comprehensive income	1,813,838	(51,863)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,813,838	(51,863)
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended June 30, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	836,752	1,027,902	3,706,226	(459,582)	5,111,299
Changes during period					
Issuance of new shares	72,133	72,133			144,267
Dividends of surplus			(295,741)		(295,741)
Profit attributable to owners of parent			535,347		535,347
Purchase of treasury shares					
Cancellation of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	72,133	72,133	239,605	–	383,873
Balance at end of period	908,886	1,100,036	3,945,832	(459,582)	5,495,172

	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 period	2,011,822	2,011,822	136,094	7,259,215
Changes during period				
Issuance of new shares				144,267
Dividends of surplus				(295,741)
Profit attributable to owners of parent				535,347
Purchase of treasury shares				
Cancellation of treasury shares				
Net changes in items other than shareholders' equity	1,278,490	1,278,490	(16,450)	1,262,040
Total changes during period	1,278,490	1,278,490	(16,450)	1,645,913
Balance at end of period	3,290,312	3,290,312	119,644	8,905,128

Fiscal year ended June 30, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	908,886	1,100,036	3,945,832	(459,582)	5,495,172
Changes during period					
Issuance of new shares	63,497	63,497			126,994
Dividends of surplus			(341,595)		(341,595)
Profit attributable to owners of parent			1,976,141		1,976,141
Purchase of treasury shares				(1,163,814)	(1,163,814)
Cancellation of treasury shares		(436,200)		436,200	—
Net changes in items other than shareholders' equity					
Total changes during period	63,497	(372,702)	1,634,545	(727,614)	597,726
Balance at end of period	972,383	727,333	5,580,378	(1,187,197)	6,092,898

	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 period	3,290,312	3,290,312	119,644	8,905,128
Changes during period				
Issuance of new shares				126,994
Dividends of surplus				(341,595)
Profit attributable to owners of parent				1,976,141
Purchase of treasury shares				(1,163,814)
Cancellation of treasury shares				—
Net changes in items other than shareholders' equity	(2,028,004)	(2,028,004)	8,334	(2,019,670)
Total changes during period	(2,028,004)	(2,028,004)	8,334	(1,421,944)
Balance at end of period	1,262,307	1,262,307	127,978	7,483,184

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	834,486	2,884,907
Depreciation	77,596	51,013
Amortization of goodwill	34,339	25,501
Impairment losses	25,163	7,758
Gain on reversal of share acquisition rights	(3,613)	(5,453)
Increase (decrease) in allowance for doubtful accounts	(1,198)	1,617
Increase (decrease) in provision for bonuses	26,564	(4,673)
Increase (decrease) in provision for bonuses for directors (and other officers)	(30,871)	2,092
Increase (decrease) in retirement benefit liability	9,864	5,225
Increase (decrease) in provision for shareholder benefit program	2,125	2,080
Share-based payment expenses	48,936	50,792
Interest and dividend income	(44,195)	(40,105)
Interest expenses	953	564
Loss (gain) on sale of investment securities	(7,218)	(1,903,068)
Loss (gain) on sale of shares of subsidiaries and associates	–	(51,494)
Loss (gain) on sale of non-current assets	10	–
Loss on retirement of non-current assets	6,110	336
Retirement contributions for directors (and other officers)	51,300	–
Decrease (increase) in trade receivables	(48,833)	(63,099)
Increase (decrease) in trade payables	32,118	(3,939)
Decrease (increase) in money advanced to customers	(82,462)	342,545
Decrease (increase) in inventories	76,364	(94,111)
Increase (decrease) in advances received	20,627	(17,538)
Increase (decrease) in customer deposits	34,483	(15,190)
Other, net	(45,270)	(60,972)
Subtotal	1,017,380	1,114,789
Interest and dividends received	44,195	40,105
Interest paid	(953)	(564)
Payments of retirement contributions for directors (and other officers)	(51,300)	–
Income taxes paid	(307,837)	(569,493)
Income taxes refund	–	154,899
Net cash provided by (used in) operating activities	701,484	739,735
Cash flows from investing activities		
Payments into time deposits	(0)	(0)
Purchase of property, plant and equipment	(45,068)	(74,890)
Purchase of intangible assets	(13,787)	(241,023)
Proceeds from sale of property, plant and equipment	916	669
Purchase of investment securities	(50,000)	(97,997)
Proceeds from sale of investment securities	9,173	1,946,803
Proceeds from sale of shares of subsidiaries and associates	–	542,243
Proceeds from collection of loans receivable	511	145,205
Net cash provided by (used in) investing activities	(98,254)	2,221,010

(Thousands of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Cash flows from financing activities		
Repayments of lease liabilities	(2,535)	(2,558)
Proceeds from issuance of shares	82,607	89,370
Purchase of treasury shares	–	(1,163,814)
Dividends paid	(295,819)	(341,257)
Net cash provided by (used in) financing activities	(215,747)	(1,418,259)
Net increase (decrease) in cash and cash equivalents	387,483	1,542,486
Cash and cash equivalents at beginning of period	3,679,916	4,067,400
Cash and cash equivalents at end of period	4,067,400	5,609,886