

Translation

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Summary of Consolidated Financial Results for the Six Months Ended December 31, 2022 (Based on Japanese GAAP)

February 6, 2023

Company name: SUNNEXTA GROUP Inc.
 Stock exchange listing: Tokyo
 Stock code: 8945 URL <https://www.sunnexa.co.jp/>
 Representative: Representative Director, President AKIRA TAKAKI
 Executive Officer, Head of Accounting and
 Inquiries: Finance Group ISAMU YOSHIDA TEL 03-5229-8839
 Scheduled date to file Quarterly Securities Report: February 10, 2023
 Scheduled date to commence dividend payments: March 3, 2023
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended December 31, 2022 (from July 1, 2022 to December 31, 2022)

(1) Consolidated operating results (cumulative)

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	%
Six months ended December 31, 2022	3,986	(5.5)	340	(1.5)	342	(4.1)	228	(84.6)
Six months ended December 31, 2021	4,219	2.4	346	(10.9)	356	(12.9)	1,484	614.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended December 31, 2022	25.11		24.29	
Six months ended December 31, 2021	147.75		143.20	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	10,111	7,681	74.5
As of June 30, 2022	10,625	7,483	69.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended June 30, 2022	–	17.00	–	18.00	35.00
Year ending June 30, 2023	–	18.00			
Year ending June 30, 2023 (Forecast)			–	18.00	36.00

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 six months ended December 31, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of December 31, 2022	10,749,700 shares	As of June 30, 2022	10,692,700 shares
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Number of treasury shares at the end of the period

As of December 31, 2022	1,632,636 shares	As of June 30, 2022	1,632,636 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended December 31, 2022	9,089,314 shares	Six months ended December 31, 2021	10,047,050 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	5,634,168	4,995,412
Accounts receivable - trade, and contract assets	349,051	310,142
Money advanced to customers	1,132,312	992,328
Merchandise	1,704	4,255
Real estate for sale	171,507	199,649
Work in process	8,247	12,015
Supplies	10,406	11,694
Other	332,330	477,886
Allowance for doubtful accounts	(3,339)	(2,752)
Total current assets	7,636,390	7,000,633
Non-current assets		
Property, plant and equipment	227,031	245,089
Intangible assets	348,945	374,479
Investments and other assets		
Investment securities	2,145,344	2,223,853
Other	267,439	267,533
Allowance for doubtful accounts	–	(23)
Total investments and other assets	2,412,783	2,491,362
Total non-current assets	2,988,761	3,110,932
Total assets	10,625,151	10,111,565
Liabilities		
Current liabilities		
Accounts payable - trade	164,560	148,499
Income taxes payable	692,654	129,770
Customer deposits received	641,150	525,925
Provision for bonuses	52,997	45,490
Provision for bonuses for directors (and other officers)	9,520	5,633
Provision for shareholder benefit program	8,055	–
Other	897,657	857,258
Total current liabilities	2,466,595	1,712,577
Non-current liabilities		
Retirement benefit liability	193,965	190,997
Deferred tax liabilities	479,236	525,962
Other	2,170	870
Total non-current liabilities	675,371	717,829
Total liabilities	3,141,966	2,430,407
Net assets		
Shareholders' equity		
Share capital	972,383	988,033
Capital surplus	727,333	742,983
Retained earnings	5,580,378	5,645,571
Treasury shares	(1,187,197)	(1,187,197)
Total shareholders' equity	6,092,898	6,189,391
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,262,307	1,348,058
Total accumulated other comprehensive income	1,262,307	1,348,058
Share acquisition rights	127,978	143,708
Total net assets	7,483,184	7,681,158
Total liabilities and net assets	10,625,151	10,111,565

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended December 31, 2021	Six months ended December 31, 2022
Net sales	4,219,000	3,986,356
Cost of sales	3,158,787	3,025,123
Gross profit	1,060,213	961,232
Selling, general and administrative expenses	713,910	620,263
Operating profit	346,302	340,969
Non-operating income		
Interest and dividend income	1,257	1,263
Commission income	736	331
Interest on tax refund	1,774	–
Subsidy income	5,963	864
Insurance claim income	747	822
Other	1,211	287
Total non-operating income	11,691	3,569
Non-operating expenses		
Compensation expenses	137	1,332
Other	906	782
Total non-operating expenses	1,044	2,115
Ordinary profit	356,948	342,423
Extraordinary income		
Gain on sale of investment securities	1,826,228	–
Gain on reversal of share acquisition rights	4,227	3,275
Total extraordinary income	1,830,456	3,275
Extraordinary losses		
Loss on retirement of non-current assets	308	27
Impairment losses	7,758	–
Total extraordinary losses	8,067	27
Profit before income taxes	2,179,337	345,672
Income taxes	694,801	117,397
Profit	1,484,536	228,274
Profit attributable to owners of parent	1,484,536	228,274

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended December 31, 2021	Six months ended December 31, 2022
Profit	1,484,536	228,274
Other comprehensive income		
Valuation difference on available-for-sale securities	244,309	85,750
Total other comprehensive income	244,309	85,750
Comprehensive income	1,728,845	314,025
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,728,845	314,025
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended December 31, 2021	Six months ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,179,337	345,672
Depreciation	26,397	21,468
Impairment losses	7,758	–
Amortization of goodwill	17,000	–
Gain on reversal of share acquisition rights	(4,227)	(3,275)
Increase (decrease) in allowance for doubtful accounts	1,203	(587)
Increase (decrease) in provision for bonuses	(15,284)	(7,507)
Increase (decrease) in provision for bonuses for directors (and other officers)	(2,610)	(3,886)
Increase (decrease) in retirement benefit liability	(1,745)	(2,968)
Increase (decrease) in provision for shareholder benefit program	(5,974)	(8,055)
Share-based payment expenses	34,346	33,958
Interest and dividend income	(1,257)	(1,263)
Interest expenses	403	34
Loss on retirement of non-current assets	308	27
Loss (gain) on sale of investment securities	(1,826,228)	–
Decrease (increase) in trade receivables	(381)	38,909
Increase (decrease) in trade payables	2,858	(16,061)
Increase (decrease) in money advanced to customers	406,575	139,984
Decrease (increase) in inventories	(81,685)	(35,748)
Increase (decrease) in advances received	(2,846)	60
Increase (decrease) in contract liabilities	–	31,572
Increase (decrease) in customer deposits received	(266,571)	(115,225)
Other, net	12,479	(112,236)
Subtotal	479,855	304,871
Interest and dividends received	1,257	1,263
Interest paid	(403)	(34)
Income taxes paid	(428,768)	(751,535)
Income taxes refund	138,084	–
Net cash provided by (used in) operating activities	190,026	(445,434)
Cash flows from investing activities		
Purchase of property, plant and equipment	(58,077)	(26,718)
Purchase of intangible assets	(116,888)	(57,246)
Purchase of investment securities	(98,000)	(4,913)
Proceeds from sale of investment securities	1,868,803	–
Proceeds from redemption of investment securities	–	50,000
Proceeds from collection of loans receivable	255	255
Net cash provided by (used in) investing activities	1,596,093	(38,622)
Cash flows from financing activities		
Repayments of lease liabilities	(1,276)	(1,288)
Proceeds from issuance of shares	42,794	9,308
Purchase of treasury shares	(74)	–
Dividends paid	(169,681)	(162,719)
Net cash provided by (used in) financing activities	(128,237)	(154,698)
Net increase (decrease) in cash and cash equivalents	1,657,883	(638,756)
Cash and cash equivalents at beginning of period	4,067,400	5,609,886
Cash and cash equivalents at end of period	5,725,283	4,971,130