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May 15, 2023

Consolidated Financial Results for the Nine Months Ended March 31, 2023 (under Japanese GAAP)

Company name: SUNNY SIDE UP GROUP Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 2180
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 Scheduled date to file Quarterly Securities Report: May 15, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting: Yes (for individual investors)

(Figures shown are rounded down to the nearest million yen)

1. Consolidated financial results for the first nine months of the fiscal year ending June 30, 2023 (from July 1, 2022 to March 31, 2023)

(1) Consolidated operating results (cumulative) (Percentages show 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	%
Nine months ended								
March 31, 2023	14,007	15.8	1,120	34.6	1,158	(13.5)	673	(15.0)
March 31, 2022	12,099	–	832	–	1,339	–	792	–

(Note) Comprehensive income For the nine months ended March 31, 2023 ¥813 million [4.3%]
 For the nine months ended March 31, 2022 ¥779 million [-%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
March 31, 2023	45.13	–
March 31, 2022	52.59	–

* The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first three months of the fiscal year ended June 30, 2022. The figures pertaining to the nine months ended March 31, 2022, are the figures after applying the accounting standard and relevant ASBJ regulations. The percentage of year-on-year change is not shown.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
March 31, 2023	8,040	3,386	40.2
June 30, 2022	7,548	2,820	35.7

(Reference) Equity
 As of March 31, 2023 ¥3,234 million
 As of June 30, 2022 ¥2,695 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2022	—	0.00	—	12.00	12.00
Fiscal year ending June 30, 2023	—	0.00	—		
Fiscal year ending June 30, 2023 (Forecast)				15.00	15.00

(Note) Revisions to the dividends forecasts most recently announced: Yes

* Regarding revisions to the dividends forecasts, please refer to the “Notice Concerning Revisions to Full-Year Consolidated Earnings Forecasts and Revisions to Dividends Forecasts (Dividend Increase)” (in Japanese only) announced today (May 15, 2023).

3. Consolidated earnings forecasts for the fiscal year ending June 30, 2023 (from July 1, 2022 to June 30, 2023)

(Percentages show 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 June 30, 2023	17,600	8.7	1,200	56.3	1,230	(4.2)	670	15.3	44.69

(Note) Revisions to the earnings forecasts most recently announced: Yes

* Regarding revisions to the earnings forecasts, please refer to the “Notice Concerning Revisions to Full-Year Consolidated Earnings Forecasts and Revisions to Dividends Forecasts (Dividend Increase)” (in Japanese only) announced today (May 15, 2023).

* **Notes**

(1) Changes in significant subsidiaries during the nine months ended March 31, 2023 (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Excluded: 1 company (company name: bills waikiki LLC)

(2) Application of specific accounting for preparing quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

a. Changes in accounting policies due to revisions to accounting standards and other regulations: None

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

d. Restatement of prior period financial statements after error corrections: None

(4) Number of issued shares (common shares)

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

As of March 31, 2023 15,191,600 shares

As of June 30, 2022 15,191,600 shares

b. Number of treasury shares at the end of the period

As of March 31, 2023 277,456 shares

As of June 30, 2022 128,708 shares

c. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended March 31, 2023 14,923,020 shares

Nine months ended March 31, 2022 15,062,932 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Caution concerning forward-looking statements)

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. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors.

(Means of access to supplementary material on quarterly financial results)

The supplementary material on quarterly financial results will be available on the Company's website.

(Quarterly financial results presentation meeting)

The Company is scheduled to hold a financial results presentation meeting for individual investors on Saturday, May 20, 2023.

Quarterly Consolidated Financial Statements

(1) Consolidated balance sheet

(Thousands of yen)

	As of June 30, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	3,230,172	2,606,924
Notes receivable - trade	24,352	17,612
Accounts receivable - trade	1,958,834	1,901,424
Merchandise and finished goods	1,763	4,673
Costs on service contracts in progress	295,187	723,436
Raw materials and supplies	24,346	24,119
Other	319,412	1,006,450
Allowance for doubtful accounts	(10,876)	(9,546)
Total current assets	5,843,193	6,275,094
Non-current assets		
Property, plant and equipment		
Other, net	374,714	393,975
Total property, plant and equipment	374,714	393,975
Intangible assets		
Goodwill	317,539	286,475
Other	10,566	19,379
Total intangible assets	328,106	305,854
Investments and other assets		
Other	1,065,512	1,101,310
Allowance for doubtful accounts	(62,533)	(35,318)
Total investments and other assets	1,002,979	1,065,991
Total non-current assets	1,705,799	1,765,822
Total assets	7,548,992	8,040,916
Liabilities		
Current liabilities		
Accounts payable - trade	1,062,193	1,428,539
Short-term borrowings	538,000	686,000
Current portion of long-term borrowings	521,187	257,351
Income taxes payable	398,362	144,796
Provision for bonuses	–	169,608
Provision for bonuses for directors (and other officers)	129,071	–
Contract liabilities	180,720	792,961
Other	838,855	358,459
Total current liabilities	3,668,390	3,837,717
Non-current liabilities		
Long-term borrowings	661,140	447,980
Asset retirement obligations	125,659	126,422
Other	273,650	242,012
Total non-current liabilities	1,060,451	816,414
Total liabilities	4,728,841	4,654,132

(Thousands of yen)

	As of June 30, 2022	As of March 31, 2023
Net assets		
Shareholders' equity		
Share capital	547,764	547,764
Capital surplus	696,127	696,127
Retained earnings	1,543,800	2,036,531
Treasury shares	(30,448)	(130,456)
Total shareholders' equity	2,757,244	3,149,967
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,191	96,002
Deferred gains or losses on hedges	–	719
Foreign currency translation adjustment	(63,233)	(12,492)
Total accumulated other comprehensive income	(62,041)	84,229
Share acquisition rights	100,016	134,266
Non-controlling interests	24,931	18,321
Total net assets	2,820,150	3,386,784
Total liabilities and net assets	7,548,992	8,040,916

(2) Consolidated statement of income (cumulative)

(Thousands of yen)

	Nine months ended March 31, 2022	Nine months ended March 31, 2023
Net sales	12,099,735	14,007,300
Cost of sales	9,439,527	10,972,099
Gross profit	2,660,208	3,035,201
Selling, general and administrative expenses	1,827,492	1,914,781
Operating profit	832,715	1,120,420
Non-operating income		
Interest income	118	117
Dividend income	5,775	1,549
Distributions of profit or loss on partnerships	151,693	–
Subsidy income	284,192	59,706
Other	74,378	24,047
Total non-operating income	516,157	85,421
Non-operating expenses		
Interest expenses	8,130	6,673
Share of loss of entities accounted for using equity method	85	5,886
Foreign exchange losses	–	21,011
Other	992	13,316
Total non-operating expenses	9,208	46,889
Ordinary profit	1,339,665	1,158,952
Extraordinary income		
Gain on sale of non-current assets	–	1,636
Total extraordinary income	–	1,636
Extraordinary losses		
Loss on retirement of non-current assets	138	0
Loss on sale of non-current assets	–	369
Loss on sale of investments in capital of subsidiaries	–	29,342
Loss on sale of shares of subsidiaries and associates	–	8,647
Loss on valuation of investments in capital	–	34,519
Total extraordinary losses	138	72,878
Profit before income taxes	1,339,527	1,087,710
Income taxes	508,580	420,835
Profit	830,947	666,875
Profit (loss) attributable to non-controlling interests	38,668	(6,609)
Profit attributable to owners of parent	792,278	673,485