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November 13, 2023

Consolidated Financial Results for the Three Months Ended September 30, 2023 (under Japanese GAAP)

Company name: SUNNY SIDE UP GROUP Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 2180
 URL: <https://ssug.co.jp>
 Representative: Etsuko Tsugihara, President
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 Scheduled date to file Quarterly Securities Report: November 14, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting: None

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

1. Consolidated financial results for the first three months of the fiscal year ending June 30, 2024 (from July 1, 2023 to September 30, 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	%
Three months ended September 30, 2023	3,246	(30.6)	278	(23.0)	286	(29.0)	96	(55.0)
September 30, 2022	4,676	35.8	361	157.2	404	89.0	215	68.4

(Note) Comprehensive income For the three months ended September 30, 2023 ¥31 million [(88.9)%]
 For the three months ended September 30, 2022 ¥285 million [141.2%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
September 30, 2023	6.50	6.46
September 30, 2022	14.41	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2023	7,411	3,539	45.4
June 30, 2023	8,595	3,728	41.4

(Reference) Equity
 As of September 30, 2023 ¥3,364 million
 As of June 30, 2023 ¥3,561 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, 2023	–	0.00	–	15.00	15.00
Fiscal year ending June 30, 2024	–				
Fiscal year ending June 30, 2024 (Forecast)		5.00	–	15.00	20.00

(Note) Revisions to the dividends forecasts most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending June 30, 2024 (from July 1, 2023 to June 30, 2024)

(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, 2024	21,000	10.8	1,560	20.3	1,540	15.3	930	5.1	62.35

(Note) Revisions to the earnings forecasts most recently announced: None

* **Notes**

(1) Changes in significant subsidiaries during the three months ended September 30, 2023 (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(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 September 30, 2023	15,192,100 shares
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As of June 30, 2023	15,191,600 shares
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b. Number of treasury shares at the end of the period

As of September 30, 2023	277,456 shares
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As of June 30, 2023	277,456 shares
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c. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended September 30, 2023	14,914,149 shares
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Three months ended September 30, 2022	14,940,577 shares
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* 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 on Monday, November 13, 2023.

Quarterly Consolidated Financial Statements

(1) Consolidated balance sheet

(Thousands of yen)

	As of June 30, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	3,089,935	2,216,652
Notes receivable - trade	22,093	34,313
Accounts receivable - trade	2,620,516	1,846,951
Merchandise and finished goods	4,573	7,514
Costs on service contracts in progress	551,986	919,552
Raw materials and supplies	25,083	25,805
Other	314,635	615,952
Allowance for doubtful accounts	(6,243)	(4,846)
Total current assets	6,622,581	5,661,896
Non-current assets		
Property, plant and equipment		
Other, net	362,309	385,808
Total property, plant and equipment	362,309	385,808
Intangible assets		
Goodwill	276,121	265,766
Other	24,231	21,902
Total intangible assets	300,352	287,669
Investments and other assets		
Other	1,355,869	1,134,782
Allowance for doubtful accounts	(45,713)	(58,563)
Total investments and other assets	1,310,155	1,076,218
Total non-current assets	1,972,817	1,749,696
Total assets	8,595,398	7,411,592
Liabilities		
Current liabilities		
Accounts payable - trade	1,989,016	1,567,213
Short-term borrowings	586,000	536,000
Current portion of long-term borrowings	181,491	152,002
Income taxes payable	181,173	79,150
Provision for bonuses for directors (and other officers)	153,255	-
Contract liabilities	212,403	284,087
Other	797,646	522,920
Total current liabilities	4,100,987	3,141,373
Non-current liabilities		
Long-term borrowings	411,109	381,878
Asset retirement obligations	99,107	99,492
Other	255,919	249,371
Total non-current liabilities	766,136	730,742
Total liabilities	4,867,123	3,872,115

(Thousands of yen)

	As of June 30, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	547,764	547,996
Capital surplus	696,127	696,360
Retained earnings	2,247,658	2,120,903
Treasury shares	(130,456)	(130,456)
Total shareholders' equity	3,361,094	3,234,804
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	222,920	139,268
Deferred gains or losses on hedges	164	15,321
Foreign currency translation adjustment	(22,960)	(24,580)
Total accumulated other comprehensive income	200,124	130,009
Share acquisition rights	143,559	146,434
Non-controlling interests	23,496	28,228
Total net assets	3,728,275	3,539,477
Total liabilities and net assets	8,595,398	7,411,592

(2) Consolidated statement of income (cumulative)

(Thousands of yen)

	Three months ended September 30, 2022	Three months ended September 30, 2023
Net sales	4,676,164	3,246,393
Cost of sales	3,747,733	2,390,452
Gross profit	928,430	855,941
Selling, general and administrative expenses	567,289	577,788
Operating profit	361,141	278,152
Non-operating income		
Interest income	41	53
Share of profit of entities accounted for using equity method	–	281
Foreign exchange gains	–	20,904
Subsidy income	59,366	–
Other	10,067	10,179
Total non-operating income	69,475	31,419
Non-operating expenses		
Interest expenses	2,407	1,329
Share of loss of entities accounted for using equity method	4,030	–
Foreign exchange losses	12,260	–
Customs duties for prior periods	–	9,535
Provision of allowance for doubtful accounts	–	9,400
Other	7,614	2,413
Total non-operating expenses	26,312	22,679
Ordinary profit	404,303	286,892
Extraordinary income		
Gain on sale of non-current assets	1,636	35
Gain on sale of shares of subsidiaries	–	37,880
Total extraordinary income	1,636	37,915
Extraordinary losses		
Loss on sale of investments in capital of subsidiaries	29,342	–
Loss on valuation of investments in capital	–	96,616
Total extraordinary losses	29,342	96,616
Profit before income taxes	376,597	228,192
Income taxes	167,454	126,502
Profit	209,143	101,689
Profit (loss) attributable to non-controlling interests	(6,169)	4,732
Profit attributable to owners of parent	215,313	96,957