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November 14, 2022

Consolidated Financial Results for the Three Months Ended September 30, 2022 (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: November 14, 2022
 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, 2023 (from July 1, 2022 to September 30, 2022)

(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, 2022	4,676	35.8	361	157.2	404	89.0	215	68.4
September 30, 2021	3,444	–	140	–	213	–	127	–

(Note) Comprehensive income For the three months ended September 30, 2022 ¥285 million [141.2%]
 For the three months ended September 30, 2021 ¥118 million [-%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
September 30, 2022	14.41	–
September 30, 2021	8.48	–

* 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 three months ended September 30, 2021, 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	%
September 30, 2022	8,344	2,837	32.4
June 30, 2022	7,548	2,820	35.7

(Reference) Equity
 As of September 30, 2022 ¥2,705 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	—				
Fiscal year ending June 30, 2023 (Forecast)		0.00	—	13.00	13.00

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

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	16,500	1.9	1,000	30.2	1,020	(20.6)	640	10.1	42.91

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

* **Notes**

(1) Changes in significant subsidiaries during the three months ended September 30, 2022 (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
Newly included: –, 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 September 30, 2022 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 September 30, 2022 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)

Three months ended September 30, 2022 14,940,577 shares

Three months ended September 30, 2021 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

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.

Quarterly Consolidated Financial Statements

(1) Consolidated balance sheet

(Thousands of yen)

	As of June 30, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	3,230,172	2,446,766
Notes receivable - trade	24,352	6,380
Accounts receivable - trade	1,958,834	3,047,627
Merchandise and finished goods	1,763	3,889
Costs on service contracts in progress	295,187	617,835
Raw materials and supplies	24,346	21,505
Other	319,412	556,961
Allowance for doubtful accounts	(10,876)	(20,310)
Total current assets	5,843,193	6,680,654
Non-current assets		
Property, plant and equipment		
Other, net	374,714	343,344
Total property, plant and equipment	374,714	343,344
Intangible assets		
Goodwill	317,539	307,184
Other	10,566	15,089
Total intangible assets	328,106	322,274
Investments and other assets		
Other	1,065,512	1,033,152
Allowance for doubtful accounts	(62,533)	(34,548)
Total investments and other assets	1,002,979	998,603
Total non-current assets	1,705,799	1,664,222
Total assets	7,548,992	8,344,877
Liabilities		
Current liabilities		
Accounts payable - trade	1,062,193	1,443,771
Short-term borrowings	538,000	1,687,369
Current portion of long-term borrowings	521,187	423,401
Income taxes payable	398,362	171,682
Provision for bonuses	-	1,632
Provision for bonuses for directors (and other officers)	129,071	-
Contract liabilities	180,720	317,381
Other	838,855	596,025
Total current liabilities	3,668,390	4,641,263
Non-current liabilities		
Long-term borrowings	661,140	532,450
Asset retirement obligations	125,659	125,438
Other	273,650	208,069
Total non-current liabilities	1,060,451	865,959
Total liabilities	4,728,841	5,507,223

(Thousands of yen)

	As of June 30, 2022	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	547,764	547,764
Capital surplus	696,127	696,127
Retained earnings	1,543,800	1,578,359
Treasury shares	(30,448)	(130,456)
Total shareholders' equity	2,757,244	2,691,795
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,191	1,455
Deferred gains or losses on hedges	–	22,100
Foreign currency translation adjustment	(63,233)	(9,360)
Total accumulated other comprehensive income	(62,041)	14,196
Share acquisition rights	100,016	112,900
Non-controlling interests	24,931	18,761
Total net assets	2,820,150	2,837,654
Total liabilities and net assets	7,548,992	8,344,877

(2) Consolidated statement of income (cumulative)

(Thousands of yen)

	Three months ended September 30, 2021	Three months ended September 30, 2022
Net sales	3,444,461	4,676,164
Cost of sales	2,747,996	3,747,733
Gross profit	696,464	928,430
Selling, general and administrative expenses	556,051	567,289
Operating profit	140,413	361,141
Non-operating income		
Interest income	39	41
Subsidy income	43,276	59,366
Other	33,797	10,067
Total non-operating income	77,113	69,475
Non-operating expenses		
Interest expenses	2,581	2,407
Share of loss of entities accounted for using equity method	–	4,030
Foreign exchange losses	–	12,260
Other	973	7,614
Total non-operating expenses	3,554	26,312
Ordinary profit	213,972	404,303
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	–
Loss on sale of investments in capital of subsidiaries	–	29,342
Total extraordinary losses	138	29,342
Profit before income taxes	213,834	376,597
Income taxes	96,330	167,454
Profit	117,504	209,143
Loss attributable to non-controlling interests	(10,326)	(6,169)
Profit attributable to owners of parent	127,830	215,313